Long Island office market tightened as availability reached post-pandemic low

▼12.1%	▲276,000	▲436,000	▲$31.39
Availability Rate	SF Net Absorption	SF Leasing Activity	PSF Average Asking Rent

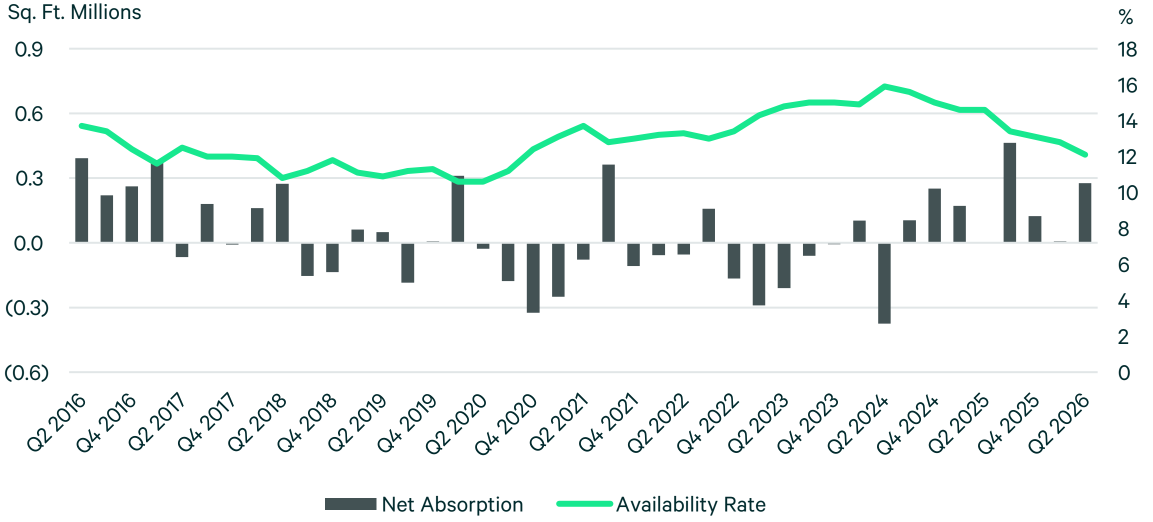
Note: Arrows indicate change from previous quarter.

Market Overview

Long Island's office market tightened further in Q2 2026: availability fell to a post-pandemic low of 12.1%, down 250 basis points (bps) year-over-year, alongside positive net absorption and rising asking rents. Leasing activity of 436,000 sq. ft. outpaced the prior quarter by 7% and the five-year average by 3%. A key tailwind for landlords is the steady removal of obsolete and underutilized office stock via demolition or conversion, which is shrinking competing supply and supporting pricing power over the long term.

Healthcare remained the standout demand driver. NYU Langone Health's $135.5 million acquisition of the 45-acre, 1 and 2 Huntington Quadrangle campus in Melville—slated for a multibillion-dollar medical campus—will pull one building from office inventory while repositioning the other for continued office use. MediSys Health's $13.15 million purchase of 576 Broad Hollow Road, also in Melville, for call-center use added further momentum to the submarket.

Figure 1: Historical Net Absorption and Availability



Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Long Island's private-sector employment remained essentially flat year-over-year, adding just 4,500 jobs through May 2026. Nearly all of this growth was driven by the private education and health services sector (non-office using), which added a strong 10,000 jobs during the period. As of May 2026, the healthcare industry employed 278,700 workers, reinforcing its position as the region's primary source of job growth.

Office-using employment (OUE)—which includes information, financial activities, and professional and business services—increased by a modest 400 jobs year-over-year. Financial activities experienced the largest decline, shedding 800 jobs, while professional and business services partially offset those losses with a gain of 1,500 jobs.

Long Island's unemployment rate rose to 3.5% in May 2026, up from 3.4% in April and 2.9% one year earlier.

Leasing Activity

Leasing activity totaled 436,000 sq. ft. in Q2, up 7% quarter-over-quarter and 3% above the five-year average. Year-to-date volume of 841,000 sq. ft. was 2% ahead of mid-2025 and 4% above the five-year mid-year average.

Central Suffolk led all five submarkets with 165,000 sq. ft. of leasing activity in Q2—113% above its five-year average—highlighted by Microchip Technology's 69,000-sq.-ft. relocation into the former Allstate space at 878 Veterans Memorial Highway in Hauppauge.

Figure 2: Leasing Activity Trend

Source: CBRE Research, Q2 2026

Figure 3: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Microchip Technology	69,000	New Lease	878 Veteran Memorial Highway, Hauppauge	Central Suffolk
Jaspan Schlesinger Narendran LLP	33,000	New Lease	900 Merchants Concourse, Westbury	Central Nassau
Jackson & Lewis	30,000	New Lease	275 Broad Hollow Road, Melville	Western Suffolk
J.P. Morgan	28,000	New Lease	68 South Service Road, Melville	Western Suffolk
USI Insurance	19,000	New Lease	2 Jericho Plaza, Jericho	Eastern Nassau

Source: CBRE Research, Q2 2026

Western Suffolk followed with 122,000 sq. ft. leased, 9% below its five-year average, led by Jackson Lewis's 30,000-sq.-ft. downsize-and-relocation lease at 275 Broad Hollow Road in Melville.

Nassau submarkets were mixed: Eastern Nassau posted 63,000 sq. ft., 13% above its five-year average, while Central Nassau and Western Nassau both lagged behind historical norms by 55% and 23%, respectively .

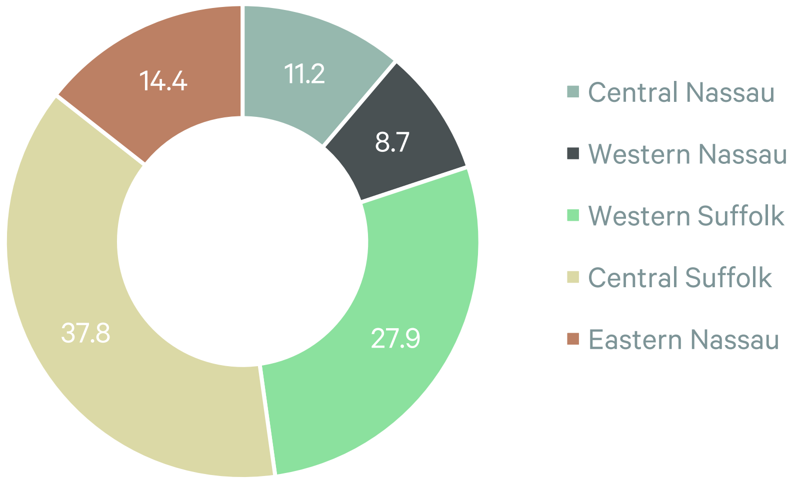
Net Absorption and Availability

Long Island recorded 276,000 sq. ft. of positive net absorption in Q2 2026, driving the availability rate down 70 bps from the previous quarter to 12.1%—the lowest level since 2020. Annually, the availability rate was down an even more significant 250 bps.

Figure 5: Net Absorption Trend

Source: CBRE Research, Q2 2026

Figure 4: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 6: Availability Rates by Class

Source: CBRE Research, Q2 2026

The sale of 1 and 2 Huntington Quadrangle in Melville was a major contributor to the quarter's decline in availability. As previously noted, NYU Langone Health announced plans to develop a state-of-the-art, multibillion-dollar medical campus at the property, resulting in a large block of available space being withdrawn from the market. Consequently, Western Suffolk's availability rate fell 200 bps quarter-over-quarter to 12.6%. Following two consecutive quarters of negative absorption, the submarket posted 184,000 sq. ft. of positive absorption in Q2.

Western Nassau was the only submarket to record negative absorption, totaling 18,000 sq. ft. The loss pushed the availability rate up 30 bps from the prior quarter to 11.7%. The largest addition to available inventory was 22,000 sq. ft. at 111 Great Neck Road in Great Neck.

All other submarkets reported positive absorption during the quarter. Central Nassau recorded 23,000 sq. ft. of absorption, lowering its availability rate by 30 bps to 12.2%. Eastern Nassau posted 42,000 sq. ft. of absorption, contributing to a 60-bps decline in availability to 10.4%. Central Suffolk registered 46,000 sq. ft. of positive absorption, with its availability rate declining quarter-over-quarter to 13.4%.

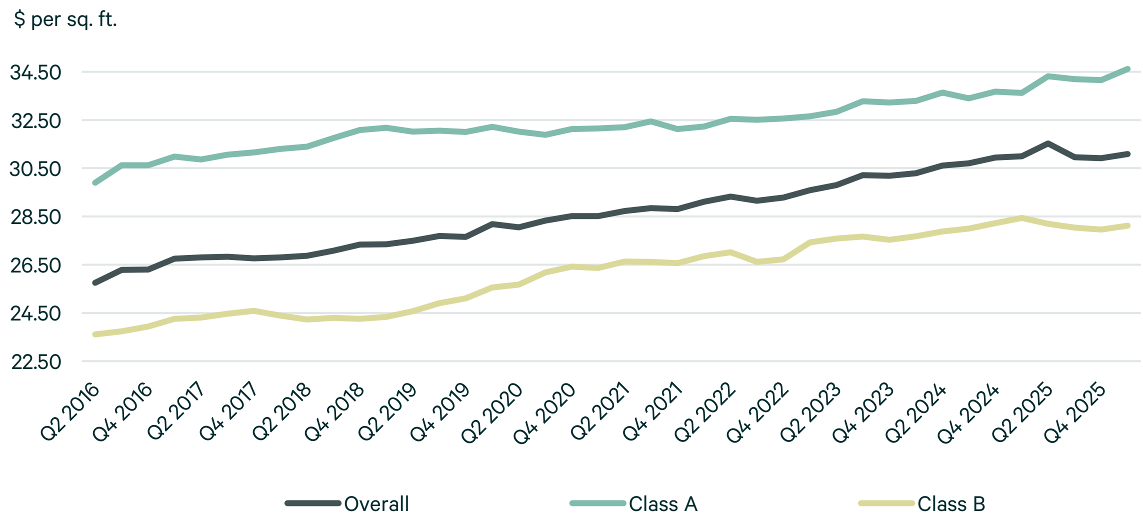
Asking Rent

Long Island's overall average asking rent increased 1% quarter-over-quarter to $31.39 per sq. ft., while remaining essentially unchanged year-over-year. Class A asking rents were stable from the previous quarter at $34.60 per sq. ft. and increased 1% year-over-year. Class B asking rents posted stronger growth, increasing to $28.35 per sq. ft., up 1% both quarter-over-quarter and year-over-year.

Central Nassau drove the overall increase, with average asking rents rising 2% quarter-over-quarter to a record $33.25 per sq. ft. The increase was largely attributable to the withdrawal of a significant block of lower-priced Class B space from the market for redevelopment.

Western Nassau was the only submarket to experience a quarterly decline in asking rents, falling 2% to $36.54 per sq. ft. Despite the decrease, it remained Long Island's most expensive office submarket.

Figure 7: Average Asking Rate by Class



Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 8

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	17.68	11.3	11.8	9.2	2.6	34.60	71,900	107,700	-	-
Class B	20.77	11.8	12.3	10.9	1.4	28.35	204,100	174,800	-	-
Total	**38.45**	**11.5**	**12.1**	**10.1**	**2.0**	**31.39**	**276,100**	**282,500**	-	-

Source: CBRE Research, Q2 2026

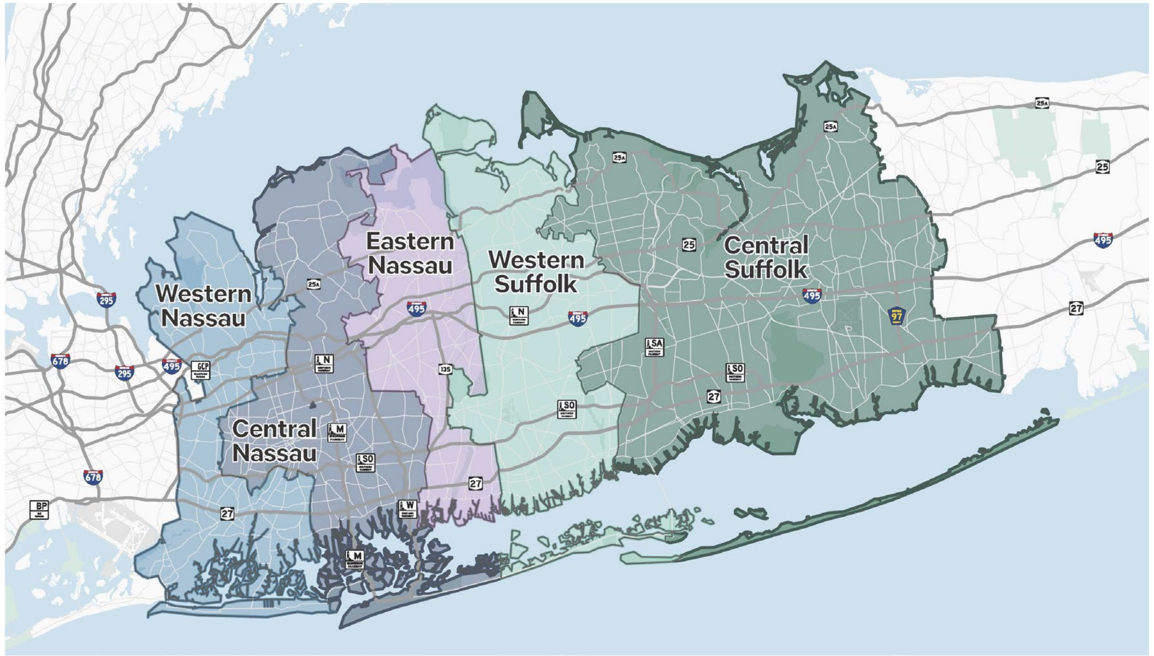
Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Western Nassau	6.62	11.1	11.7	7.6	4.1	36.54	(18,000)	25,500	-	-
Central Nassau	10.18	12.0	12.2	11.1	1.1	33.25	22,800	95,500	-	-
Eastern Nassau	6.48	10.0	10.4	10.0	0.4	31.24	41,700	25,200	-	-
Western Suffolk	9.18	12.0	12.6	9.7	2.9	29.80	183,600	134,400	-	-
Central Suffolk	5.99	12.3	13.4	12.1	1.3	24.51	46,000	1,900	-	-
Total	**38.45**	**11.5**	**12.1**	**10.1**	**2.0**	**31.39**	**276,100**	**282,500**	**-**	**-**

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction.

Asking Rent: Weighted average asking rent.

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.

Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

Vacancy: Unoccupied space available for lease.

Survey Criteria

CBRE's market report analyzes fully modernized office buildings that total 20,000+ sq. ft. in Long Island, including owner-occupied buildings (except those owned and occupied by a government or government agency). New construction must be available for tenant build-out within 12 months. CBRE assembles all information through telephone canvassing and listings received from owners, tenants and members of the commercial real estate brokerage community.

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