

FIGURES | LONG ISLAND OFFICE | Q4 2025

Strong annual leasing contributed to tightening availability



Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Leasing activity totaled 475,000 sq. ft. in Q4 2025—down 12% quarter-over-quarter but up 15% from the five-year quarterly average.
- Full-year leasing activity totaled 1.8 million sq. ft., 12% above 2024’s total and 11% higher than the five-year average.
- Quarterly absorption was 124,000 sq. ft., bringing year-to-date net absorption to 756,000 sq. ft.
- The availability rate was 13.1%—down 30 basis points (bps) from the prior quarter and 190 bps year-over-year.
- The sublease availability rate was 2.2%, down 20 bps quarter-over-quarter and 120 bps year-over year.
- The overall average asking rent was relatively unchanged from the prior quarter and year-over-year at \$30.92 per sq. ft.

Market Overview

Long Island saw a robust leasing performance throughout 2025, capped off by 475,000 sq. ft. of leasing activity in Q4—down 12% from the previous quarter but 15% above the five-year quarterly average. Full-year new leasing activity totaled 1.8 million sq. ft., a 12% increase over 2024 and the highest annual volume since the COVID-19 pandemic. This sustained demand generated 124,000 sq. ft. of absorption in Q4 and 756,000 sq. ft. for the year. As a result, the availability rate fell 30 bps to 13.1%. Sublease availability declined for the sixth consecutive quarter, dropping 20 bps to 2.2%. The reduction in available supply indicated market stabilization as conditions move closer to equilibrium. Improvements in demand and supply reductions did not impact average asking rent in 2025, which were stable at \$30.92 per sq. ft.

Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI’s sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more murkier when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are ‘slow to hire, slow to fire’—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

Long Island’s private sector employment inched up 0.1% year-over-year, adding 700 jobs through September 2025. Nearly all of this growth stemmed from the private education and health services sector (non-office-using), which expanded by a robust 14,000 jobs. As of September 2025, the healthcare industry employed 307,700 people, reaffirming its role as the region’s primary growth sector.

Despite overall private-sector gains, office-using employment (OUE)—which includes information, financial activities, and professional and business services—declined by 3,300 jobs. The financial activities sector recorded the largest drop, losing 2,200 jobs between September 2024 and September 2025.

Long Island’s unemployment rate stood at 3.7% in September 2025, edging down from 3.8% in August but up from 3.0% one year earlier.

Leasing Activity

In Q4 2025, Long Island recorded 475,000 sq. ft. of leasing activity, 15% above the five-year quarterly average of 414,000 sq. ft. This brought full-year leasing to 1.8 million sq. ft., 11% above the five-year annual average and outpaced the ten-year average by 8%.

FIGURE 1: Significant Transactions | Q4 2025

Size (Sq. Ft)	Tenant	Address	Transaction Type
36,587	Grassi & Co.	50 Jericho Quadrangle, Jericho	Renewal
35,161	Estee Lauder	155 Pinelawn Rd, Melville	Renewal
31,514	Morgan Stanley	2 Jericho Plaza, Jericho	Renewal
29,498	Elliquence	100 Sunnyside Blvd, Woodbury	New Lease
23,633	QSAC	711 Stewart Ave, Garden City	New Lease

Source: CBRE Research, Q4 2025.

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q4 2025.

Class A properties drove the market, accounting for 271,000 sq. ft.—57% of all Q4 activity. Class A leasing improved 15% from the prior year and reached its highest annual level since 2016, finishing 16% above the five-year average. Activity was strongest in the Central Nassau submarket, which contributed 98,000 sq. ft. of Class A leasing and led all submarkets with 188,000 sq. ft.—78% above its five-year quarterly average. Key transactions included QSAC’s 24,000-sq.-ft. lease at 711 Stewart Avenue in Garden City and the Defense Contract Management Agency’s 23,000-sq.-ft. lease at 1 Old Country Road in Carle Place.

Eastern Nassau followed with 98,000 sq. ft. of leasing activity, 86% above its five-year quarterly average. The largest deal was Elliquence’s 29,000-sq.-ft. relocation and expansion to 100 Sunnyside Boulevard in Woodbury from Baldwin.

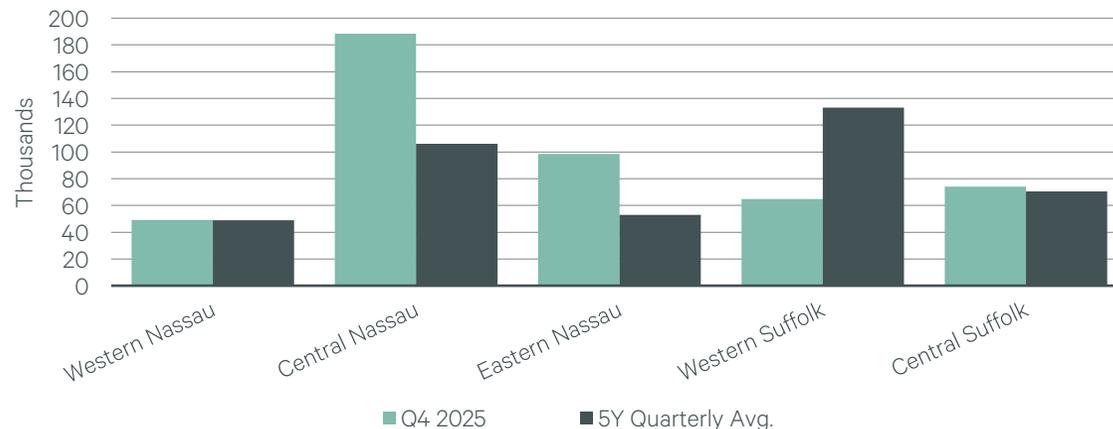
Other submarkets posted average or below-average results. Western Nassau recorded 49,000 sq. ft. of leasing, just 1% above its five-year quarterly average; Central Suffolk reached 74,000 sq. ft., 5% above average; and Western Suffolk underperformed significantly with only 65,000 sq. ft., 51% below its historical norm.

Additionally, several notable renewals occurred this quarter including Grassi & Co.’s 37,000 sq. ft. at 50 Jericho Quadrangle in Jericho and Estée Lauder’s 35,000 sq. ft. at 155 Pinelawn Road in Melville.

Net Absorption and Availability

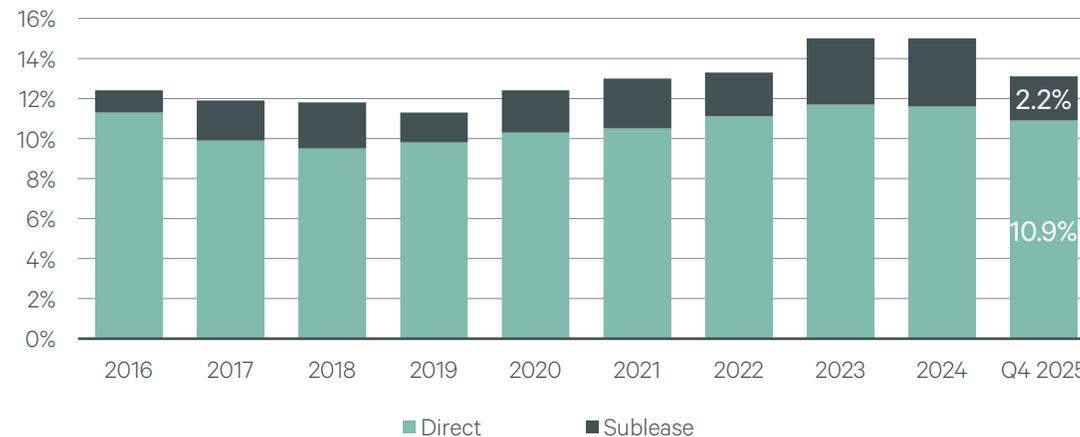
Long Island recorded 124,000 sq. ft. of net absorption in Q4 2025, driving a 30 bps decline in the availability rate to 13.1%. Steady leasing activity and the typically slow addition of new supply allowed absorption to reach its highest annual total since 2016. Q4 added no spaces larger than 50,000 sq. ft. and only six additions ranged between 10,000 and 49,999 sq. ft. Class B space accounted for the majority of the quarter’s positive absorption with 87,000 sq. ft. and pushed the availability rate down 40 bps from the prior quarter to 13.3%.

FIGURE 3: Leasing Activity | By Submarket



Source: CBRE Research, Q4 2025.

FIGURE 4: Sublease and Direct Availability Rate | Historical

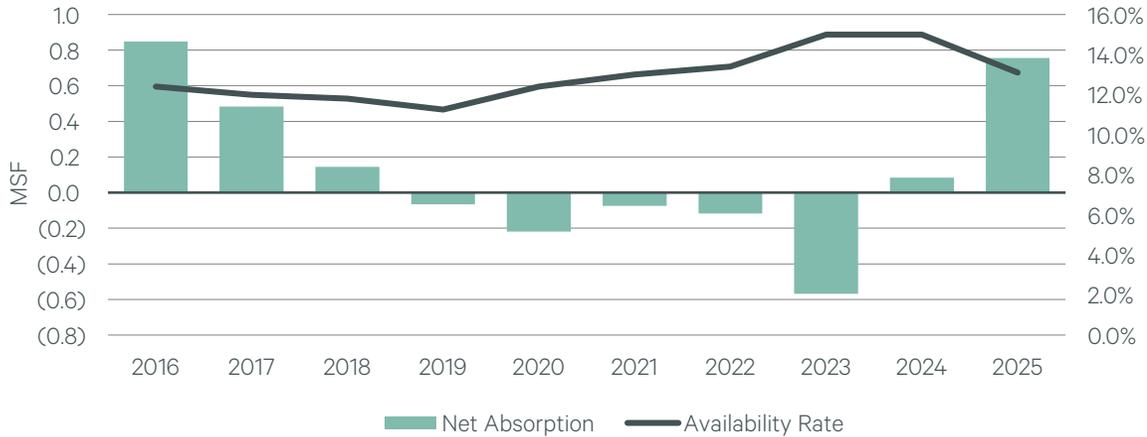


Source: CBRE Research, Q4 2025.

Sublease supply fell for the sixth straight quarter by 7% from Q3 to 873,000 sq. ft. New sublease listings slowed considerably as well, with only two spaces larger than 10,000 sq. ft. introduced during the quarter. Overall, sublease space represented 17.0% of total available inventory in Q4, with Class A properties accounting for 606,000 sq. ft., or 69% of the total.

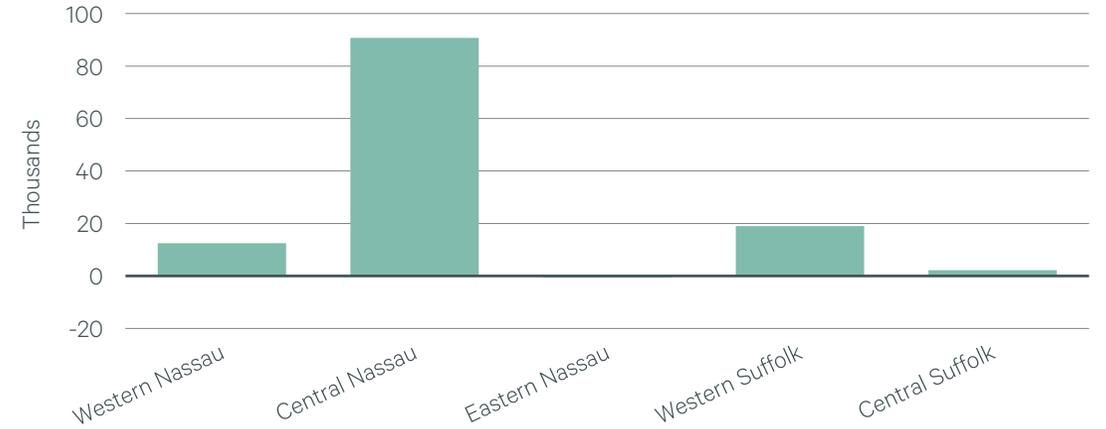
Four of the five submarkets posted positive absorption in Q4. Eastern Nassau was the only exception, recording a slight negative total of 536 sq. ft., despite having one of the largest blocks added this quarter of 28,000 sq. ft. at 88 Froehlich Farm Boulevard in Woodbury—though there is already a lease out for this space. As a result, its availability rate held steady at 10.7%. Central Nassau led the region with 188,000 sq. ft. of absorption, reducing availability to 13.0%. Western Suffolk followed with 19,000 sq. ft., lowering its availability to 14.0%. Western Nassau posted 13,000 sq. ft. of absorption, bringing availability to 13.4%. Central Suffolk recorded a modest 2,000 sq. ft. of absorption and saw no change to its availability rate, which remained at 14.4%.

FIGURE 5: Net Absorption | Historical



Source: CBRE Research, Q4 2025.

FIGURE 6: Quarterly Net Absorption | By Submarket



Source: CBRE Research, Q4 2025.

FIGURE 7: Availability Rate | By Submarket



Source: CBRE Research, Q4 2025.

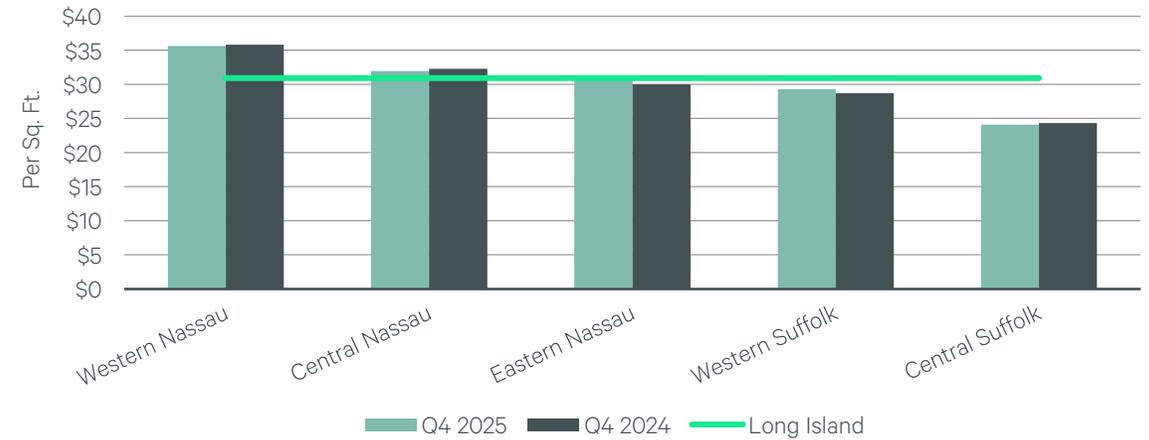
Average Asking Rent

Long Island’s average asking rent in Q4 2025 held stable at \$30.92 per sq. ft. Class A and Class B rents showed minimal movement during the quarter, ending at \$34.15 per sq. ft. and \$27.96 per sq. ft., respectively. On an annual basis, Class A rents rose 1%, while Class B rents edged down 1%.

Eastern Nassau was the only submarket to register a notable quarterly change. Its average asking rent increased nearly 1% from the prior quarter and 2% year-over-year to \$30.61 per sq. ft. The addition of several mid-sized, higher-priced Class A availabilities in Jericho contributed to the increase. Consequently, Class A rents in Eastern Nassau climbed 1% quarter-over-quarter and 7% year-over-year to \$36.43 per sq. ft.

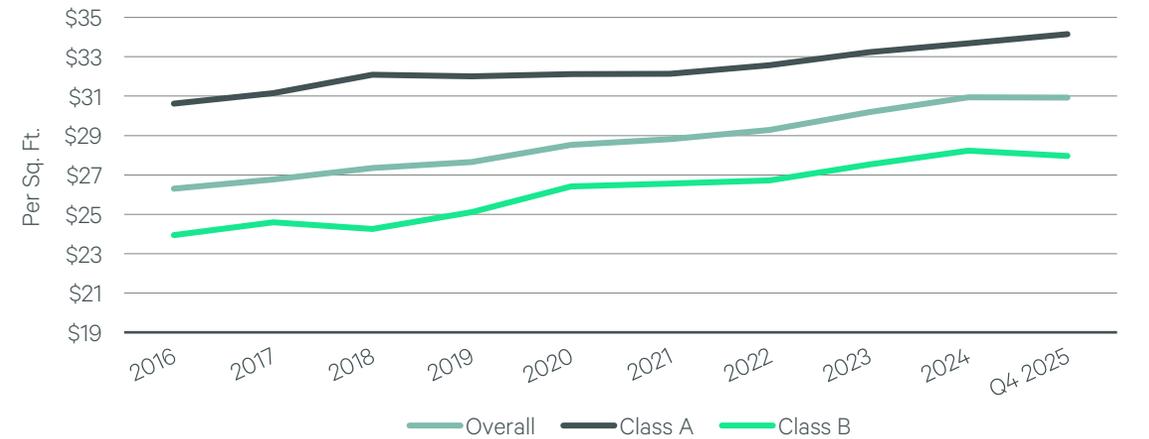
Year-over-year movement across the remaining submarkets was modest. Western Nassau, Central Nassau, and Central Suffolk all saw slight 1% declines. In contrast, Western Suffolk recorded rent growth with average asking rents rising 2% from Q4 2024 to \$29.32 per sq. ft.

FIGURE 8: Average Asking Rent | By Submarket



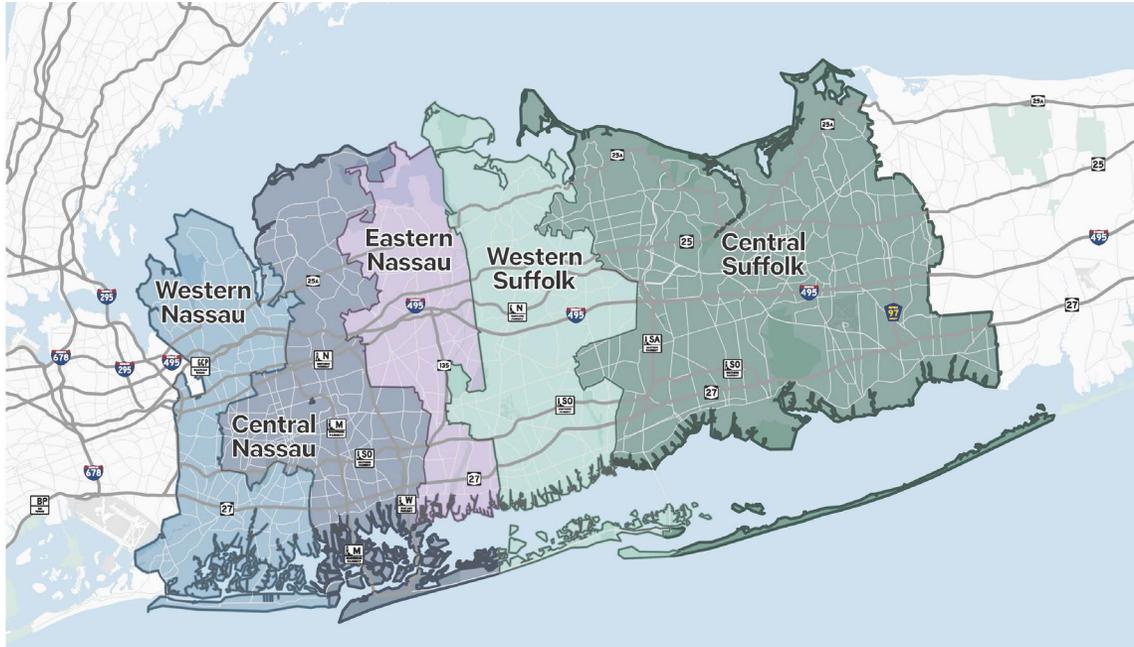
Source: CBRE Research, Q4 2025.

FIGURE 9: Average Asking Rent | Historical



Source: CBRE Research, Q4 2025.

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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