

FIGURES | BROOKLYN | Q2 2026

# Concentrated activity drives availability to lowest level since 2016

▲ 0.38M  
Leasing Activity

▼ 0.67M  
Net Absorption

▼ 17.2%  
Availability Rate

▼ 15.4%  
Vacancy Rate

▼ \$47.61  
Average Asking Rent

Note: Arrows indicate change from previous quarter.

## QUICK FACTS

- Leasing activity totaled 379,000 sq. ft. in Q2 2026, more than double the prior quarter and up 61% from the five-year quarterly average.
- The availability rate was 17.2%, down 190 basis points (bps) from the previous quarter and down 320 bps year-over-year.
- Absorption totaled positive 673,000 sq. ft. in Q2 2026.
- The average asking rent was \$47.61 per sq. ft., down 3% from the prior quarter and down 12% year-over-year.
- The sublease availability rate was down 20 bps from the prior quarter to 1.6% and represented 10% of all available space.

## Market Overview

Brooklyn's office market recorded a strong quarter due to a heavy concentration of large transactions. Significant leasing activity, coupled with the removal of a major block of space from the market, drove positive absorption and pushed availability to its lowest level in nearly a decade. These same market dynamics also influenced asking rents, which continued their downward trend. Despite uneven activity across submarkets, fundamentals strengthened during the quarter as available inventory continued to contract.

## Economic Overview

The U.S. economy entered mid-2026 navigating crosscurrents but grew at a healthy pace. The AI investment boom was a key driver of this expansion. Concerns surrounding the sustainability of this growth were valid, but AI-related business investment was expected to continue. As a result, CBRE projected GDP growth to average 2.2%, broadly in line with 2025.

Nevertheless, the more pressing concern of late was 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 have come to fruition, inflation was expected to fall to the upper 3% range by year-end as energy prices slowly declined. Stickier inflation 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 have refreshed the optimism the CRE market felt at the beginning of the year.

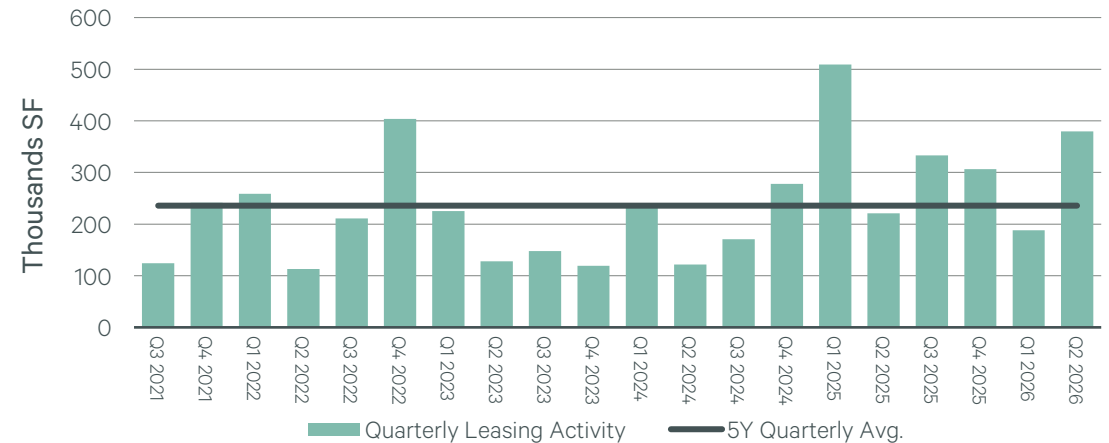
New York City's labor market strengthened after backtracking in 2025 and early 2026, with private employment rising for three straight months to 4.24 million jobs in May 2026—just shy of the March 2025 all-time high. Office-using sectors led the gains: legal services hit a record 90,200 jobs (+1,200), and financial services reached 521,400 jobs, its highest level since 1990, while tech stayed below its 2025 peak despite a modest rebound. Unemployment fell to a tight 5.4%, though it remained above the 4.3% national rate—a supportive backdrop for office-leasing demand.

FIGURE 1: Top Lease Transactions for Q2 2026

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address
209,208	L	D	Brooklyn Defender Services	181 Livingston Street
20,500	E	D	Rising Ground	111 Livingston Street
15,170	E	D	Brooklyn Defender Services	177 Livingston Street
11,000	E	D	Sky Light	300 Kent Avenue
10,500	L	D	New York Foundling Hospital	111 Livingston Street

Source: CBRE Research, Q2 2026. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q2 2026.

## Leasing Activity

Brooklyn recorded 379,000 sq. ft. of leasing activity in Q2 2026, more than doubling the volume achieved in the prior quarter. While overall market performance was strong, activity was heavily concentrated in two submarkets.

Downtown Brooklyn accounted for 273,000 sq. ft. of leasing activity, more than triple its five-year quarterly average of 77,000 sq. ft. Brooklyn Defender Services drove 82% of the submarket's activity through a 209,000 sq. ft. lease at 181 Livingston Street and a 15,000 sq. ft. expansion at 177 Livingston Street. The lease at 181 Livingston Street represented the largest transaction completed in Brooklyn since 2021.

Williamsburg/Greenpoint was the other submarket that exceeded its five-year average, recording 55,000 sq. ft. of leasing activity, supported by Sky Light's 11,000 sq. ft. expansion at 300 Kent Avenue. DUMBO generated 48,000 sq. ft. of new leases and expansions during the quarter,

FIGURE 3: Leasing Activity | By Submarket

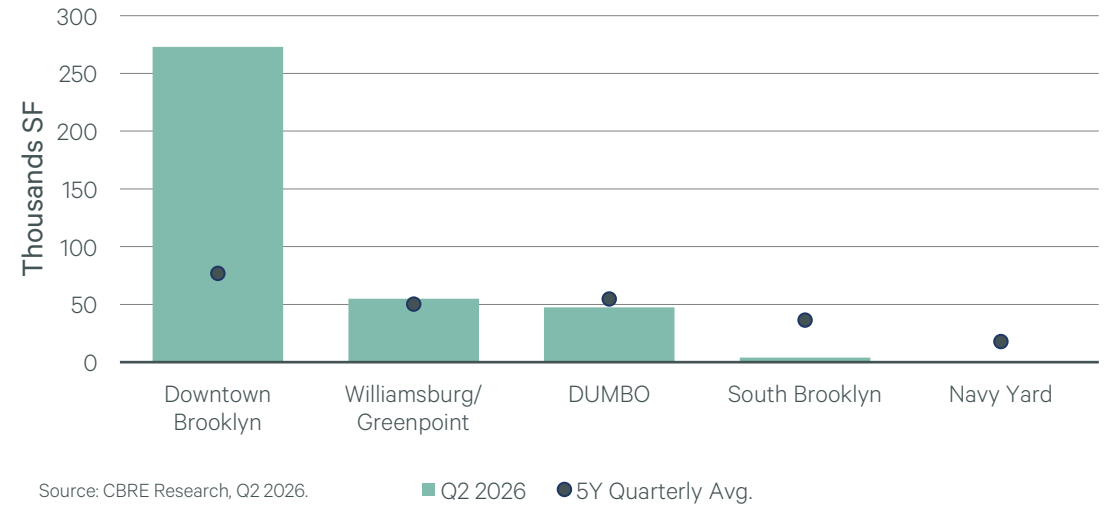
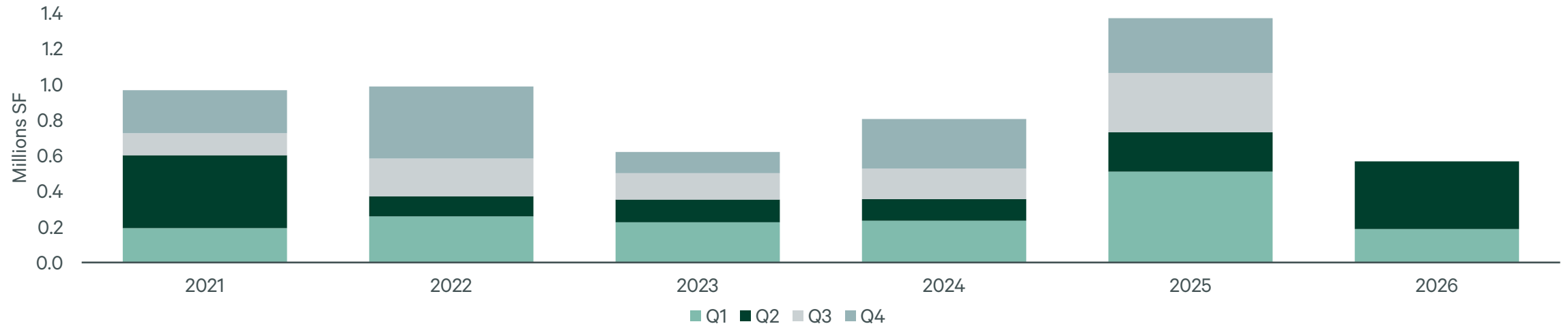


FIGURE 4: Annual Leasing Activity | Annual Historical



finishing 13% below its five-year quarterly average. South Brooklyn, meanwhile, recorded just over 4,000 sq. ft. of leasing activity, 89% below its five-year average, while the Navy Yard did not register any leasing activity during the quarter.

Driven by the quarter's largest lease, the non-profit sector accounted for 69% of all leasing activity in Brooklyn during the first half of 2026. Professional services ranked a distant second and represented 9% of total activity.

## Net Absorption and Availability

Despite leasing activity concentrated in just a handful of large transactions, every Brooklyn submarket recorded positive absorption in Q2 2026, contributing to 673,000 sq. ft. of positive absorption across the market.

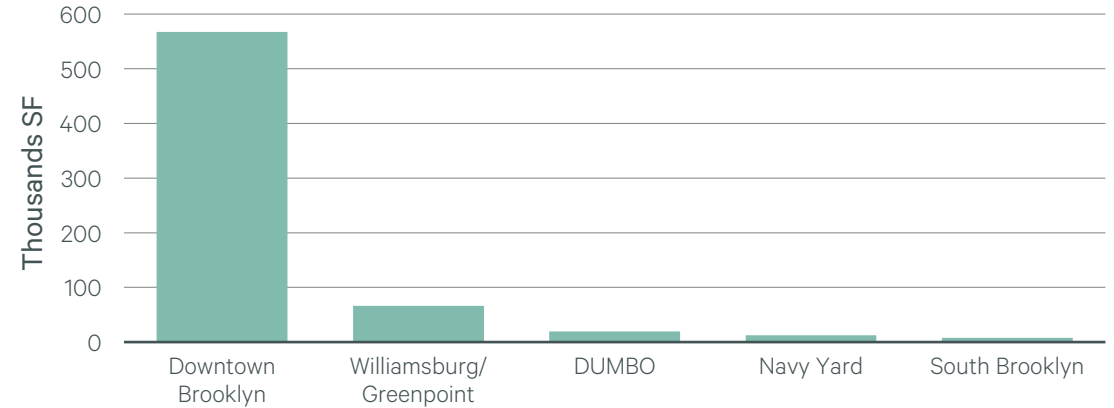
Downtown Brooklyn led all submarkets with 568,000 sq. ft. of absorption, driven by the quarter's strong leasing activity. In addition to new leasing, the submarket saw the withdrawal of 354,000 sq. ft. of direct space at 250 Livingston Street due to an inability to transact following a default on the property's debt obligations.

Williamsburg/Greenpoint was the only other submarket to post notable gains, recording 66,000 sq. ft. of absorption. Above-average leasing activity drove the increase, while few availabilities were added back to the market and none exceeded 10,000 sq. ft. during the quarter.

Brooklyn's availability rate fell 190 bps quarter-over-quarter to 17.2%, marking the market's lowest level since Q3 2016. Consistent leasing activity through the first half of the year combined with the removal of obsolete space from the market drove the decline in overall availability. As a result, available inventory fell to 5.9 million sq. ft., of which only 34% consisted of raw space, with the majority available at some stage of build-out.

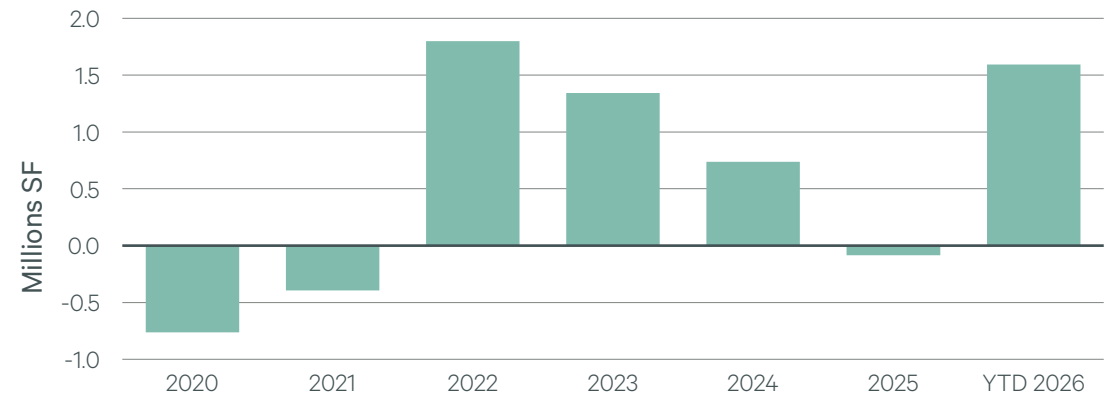
Downtown Brooklyn and Williamsburg/Greenpoint recorded the largest quarter-over-quarter declines in availability, falling 340 bps and 130 bps, respectively. DUMBO, South Brooklyn, and

FIGURE 5: Quarterly Net Absorption | By Submarket



Source: CBRE Research, Q2 2026.

FIGURE 6: Net Absorption | Annual Historical



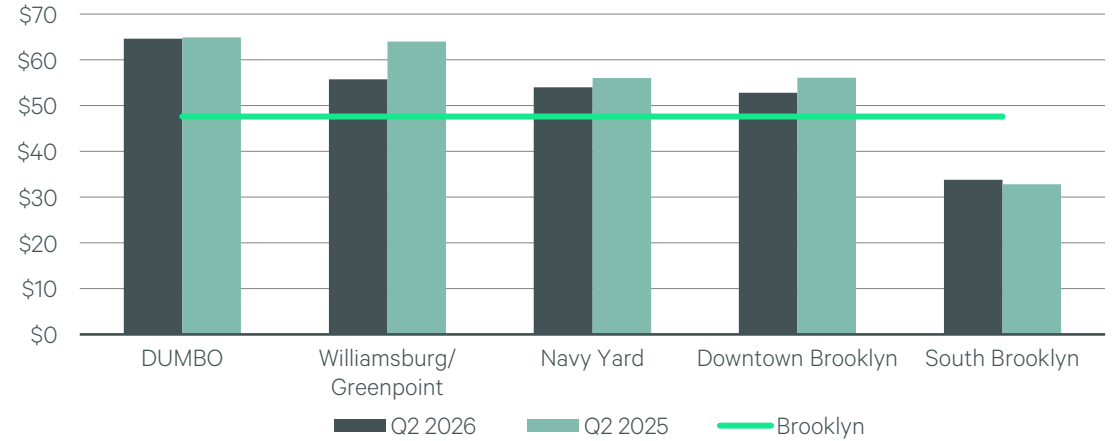
Source: CBRE Research, Q2 2026.

the Navy Yard remained comparatively stable, with no submarket experiencing a change of more than one percentage point.

### Average Asking Rent

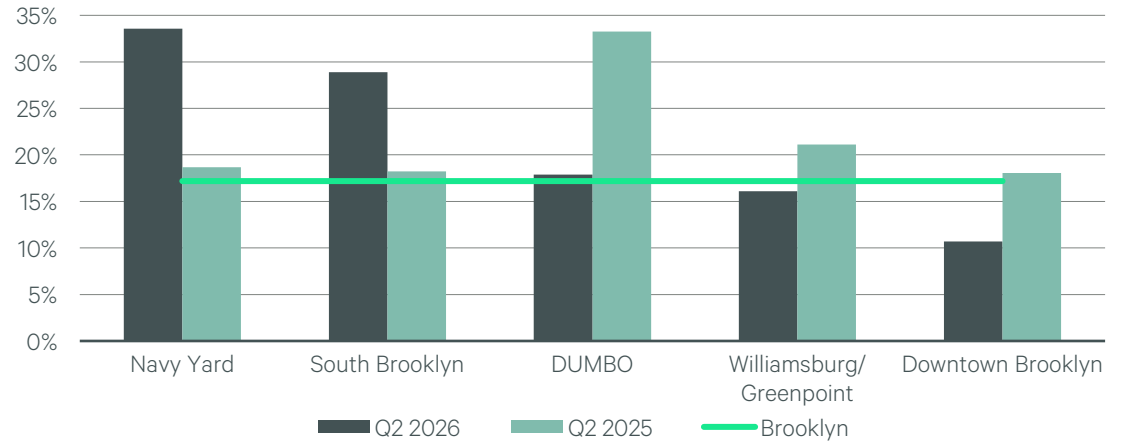
Average asking rents dipped 3% quarter-over-quarter to \$47.61. Q2 2026 marked the fourth consecutive quarter of declining rents, having fallen 12% since the beginning of this decline. The lease of a large, high-quality block of space by Brooklyn Defender Services at 181 Livingston Street drove much of the quarterly decline. However, some downward pressure was offset by the withdrawal of a large block at 250 Livingston Street, which had been marketed at rents below the market average.

FIGURE 7: Average Asking Rent | by Submarket



Source: CBRE Research, Q2 2026.

FIGURE 8: Availability Rate | By Submarket



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.

**Concession Values:** The combination of rent abatement and T.I. allowance. The graph is for new leases for raw space of 25,000 sq. ft. or greater consummated year-to-date, this excludes expansion and renewal deals.

**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.

**Rent Abatement:** The time between lease commencement and rent commencement.

**Taking Rent:** Actual, initial base rent in a lease agreement.

**Taking Rent Index:** Initial taking rents as a percentage of asking rents.

### Definitions

**T.I.:** Tenant improvements.

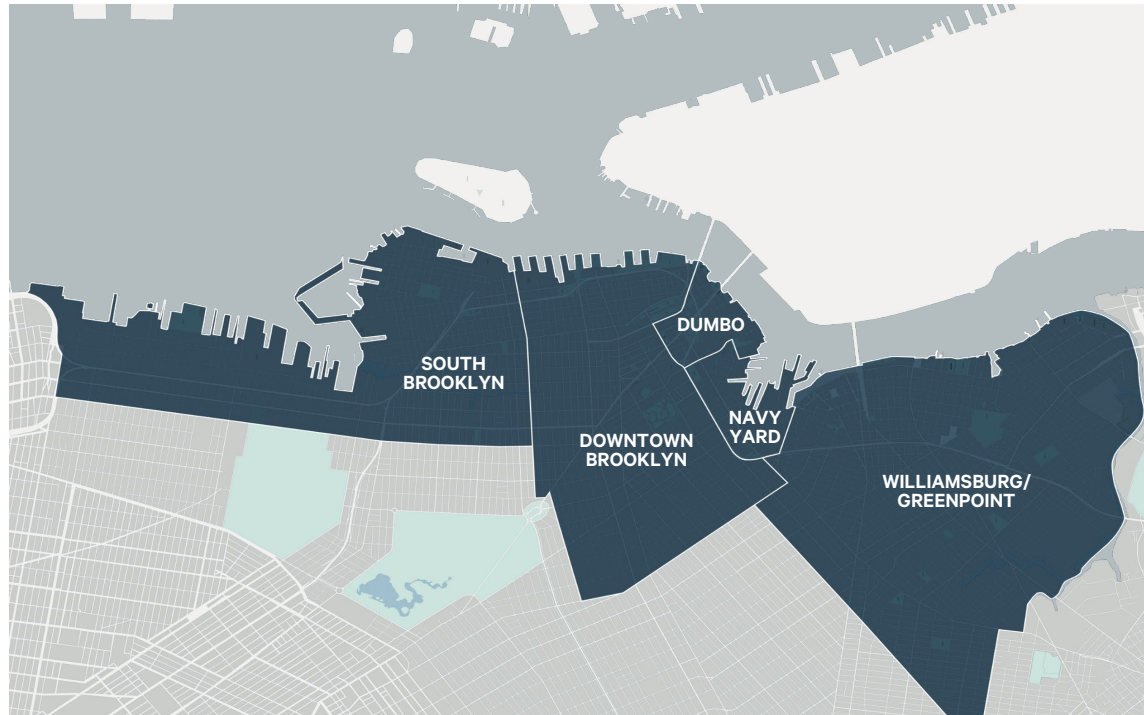
**Vacancy:** Unoccupied space available for lease.

**Percentage of Leasing by Industry:** The percentage of sq. ft. leased by an industry based on transactions where a tenant and industry have been confirmed.

### Survey Criteria

CBRE's market report analyzes fully modernized office buildings that total 25,000+ sq. ft. in Brooklyn, 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.

Market Area Overview



Submarket	Total Size (Mill. Sq. Ft.)	No. of Buildings
Navy Yard	1.72	5
Downtown Brooklyn	16.75	58
DUMBO	3.69	16
South Brooklyn	7.13	26
Williamsburg/Greenpoint	5.08	43
<b>Total Inventory</b>	<b>34.37</b>	<b>148</b>

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