# Large Moveout Leads to Higher Vacancy

▲ **7%**
Vacancy Rate

▼ **-990.8 k**
Sq. Ft. Net Absorption

▲ **710.5 k**
Sq. Ft. Leasing Activity

⬍ **$30.07**
NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

New York City industrial leasing velocity was constant quarter-over-quarter at 711,000 sq. ft. in Q4 2025 and on par with the three-year quarterly average. Demand was driven by third-party logistics (3PL) providers and wholesale distributors leasing mid-size blocks. Leasing velocity ended 2025 at 3.6 million sq. ft., 36% higher year-over-year.

Vacancy continued its upward trend, increasing 50 bps to 6.9% after a large move out on Staten Island. The under-construction pipeline remained at 1.5 million sq. ft. after no properties started or completed construction. The average asking rent for all classes increased 3.6% quarter-over-quarter to $30.07 per sq. ft., while rents for existing and under construction Class A properties decreased 11.2% quarter-over-quarter to $31.46 per sq. ft. after a large availability came onto the market in Staten Island where rents trail the rest of the boroughs.

FIGURE 1: NY Overall Historical Absorption, Construction Completions, and Vacancy



Change in Occupancy (LH) — Construction Completions (LH) — Vacancy Rate (RH)
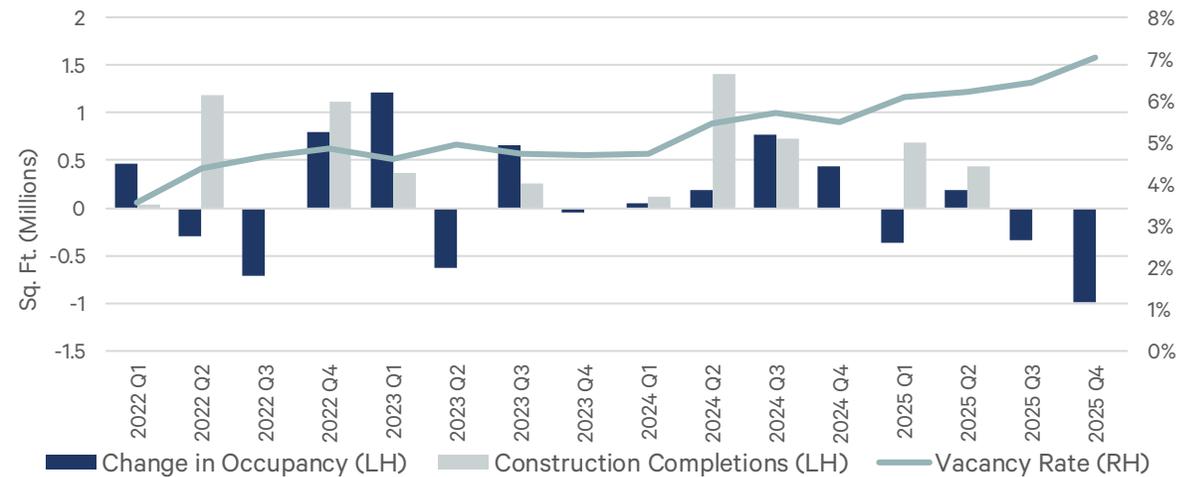
Source: CBRE Research, Q4 2025

## Demand

Demand from 3PL providers and wholesale distributors led to leasing velocity of 711,000 sq. ft. in Q4 2025, largely in-line with the previous quarter's tally as well as the three-year quarterly average. Annual leasing velocity reached 3.6 million sq. ft., a 36% increase over 2024, supported by steady fundamentals for Class B and C space as well as strong renewal activity. Renewals totaled 770,000 sq. ft. in 2025, accounting for 21% of leasing velocity, compared to 14% in 2024. This increase was predominantly due to large New York City government agency renewals.

Leasing in Class A buildings accounted for 8.6% of leasing velocity in Q4 2025 as tenants in the market sought out the cheaper options of Class B and C space. Leasing of Class A space comprised 5.4% of annual leasing in 2025, contributing to the rise in Class A vacancy. Comparatively, Class A demand represented 11% of leasing in 2024.

Quarterly demand was concentrated in mid-sized spaces, with small footprints remaining active, while large-block requirements over 100,000 sq. ft. were scarce. Demand in 2025 was focused in the submarkets surrounding John F. Kennedy International Airport, reflecting the strategic importance of proximity to air cargo operations for logistics users. Demand was also high in the Greenpoint/Williamsburg, Long Island City, and Maspeth submarkets, where established infrastructure and access to dense urban populations attract occupiers.

FIGURE 2: Notable Transactions

| Tenant | Size (Sq. Ft.) | Address | Market | Submarket |
|---|---|---|---|---|
| Super Value Wholesale Distributors | 78,766 | 960 Alabama Ave | Brooklyn | East New York |
| Dry a.s. A Bone | 61,425 | 153-44 S Conduit Ave | Queens | Springfield Gardens |
| Sylvan Cabinetry | 48,000 | 2544 Borough Pl | Queens | Woodside |
| Audible Difference | 41,185 | 140 58th St | Brooklyn | Sunset Park/Greenwood |

Source: CBRE Research, Q4 2025

FIGURE 3: Leasing Velocity
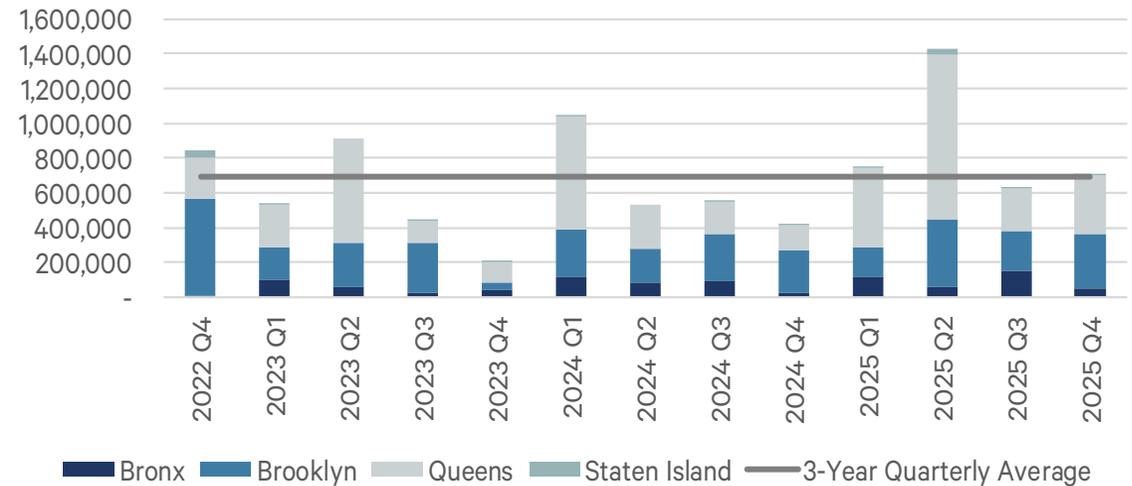


Source: CBRE Research, Q4 2025

## Supply

Vacancy rose 50 basis points (bps) in Q4 to 6.9%, marking the fourth consecutive quarterly increase and leaving the vacancy rate at its highest point since the beginning of the market's e-commerce boom in 2020. This quarter's vacancy increase was almost solely attributable to a retail occupier vacating 975,000 sq. ft. of Class A space in the Mid-Island submarket on Staten Island.

The development pipeline remained static, with no new starts or completions in Q4 2025. Eight properties totaling 1.5 million sq. ft. are currently under construction, primarily unleased Class A logistics facilities slated for delivery by Q3 2026. Given rising Class A vacancy and occupier preference for small, second-generation blocks, construction starts are expected to remain low in the near term.

Availability for existing Class A product was high, growing to 30% by quarter-end. Landlords with large new construction Class A assets have increasingly looked to demising their buildings to match demand trends.

## Rent Trends

Average asking rents for all existing asset classes rose 3.6% quarter-over-quarter to $30.07 per sq. ft., but year-over-year average asking rents held steady. In contrast, Class A rents declined sharply to $31.46 per sq. ft. from $35.44 per sq. ft., driven by the introduction of a large availability in Staten Island. Rents for well-located Class B and C assets should remain resilient given their attractiveness to cost-conscious tenants with basic space needs.

FIGURE 3: Vacancy
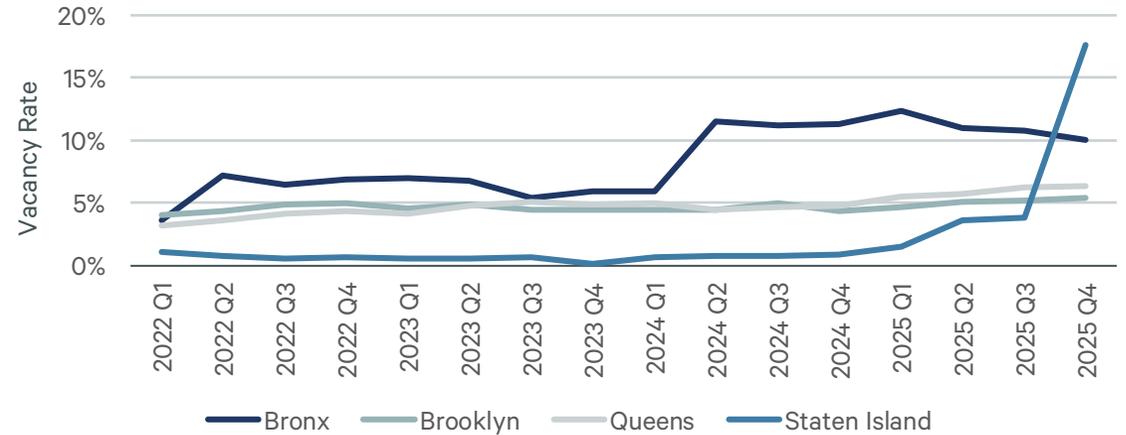


Source: CBRE Research, Q4 2025

FIGURE 4: Average Asking Rents
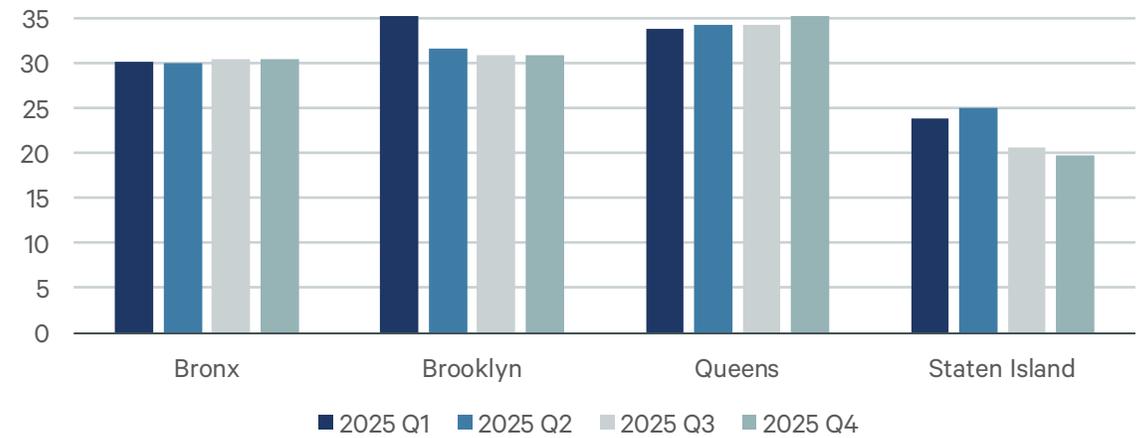


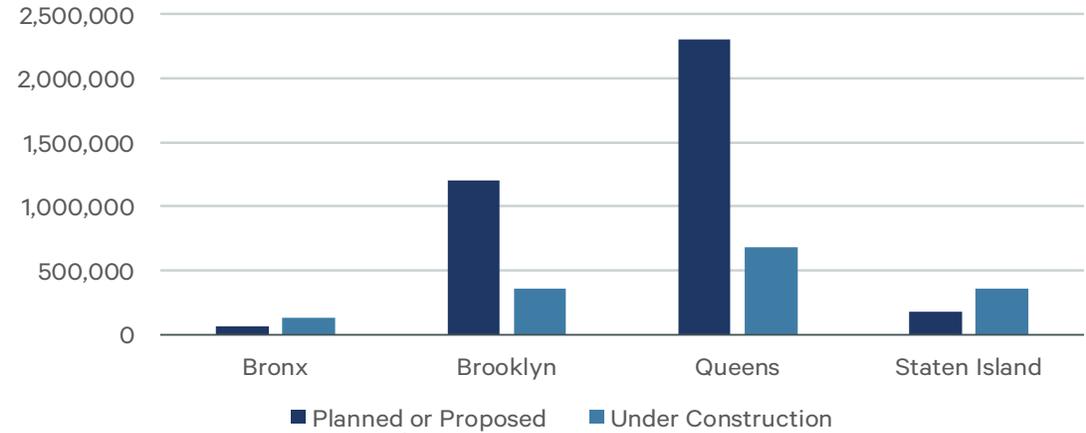Source: CBRE Research, Q4 2025

## 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. Conversely, consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. Annual average GDP growth will be steady in 2026, at 2%. 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.

New York City's industrial employment declined in Q4 2025, falling by 10,400 positions quarter-over-quarter (-1.6%) and was down 6,000 positions year-over-year (-1.0%). Manufacturing firms let go of 1,100 positions in Q4 (-2.1%) while the significantly larger trade, transportation, and utilities sector – which includes logistics and fulfillment center employment – reduced headcount by 9,300 positions (-1.6%). New York City's industrial employment presently stands at 627,700 workers, which is 88.9% of the 2019 level.

New York City's overall unemployment rate is 5.5%, which is above the statewide rate of 4.5%. The national unemployment rate is 4.6% as of November 2025.

FIGURE 5: Development Pipeline



Source: CBRE Research, Q4 2025

FIGURE 6: Market Statistics

| Market | Inventory (SF) | Vacancy Rate (%) | Avg. Asking Rent ($/SF) | Leasing Velocity (SF) | Under Construction (SF) |
|---|---|---|---|---|---|
| Bronx | 27,181,283 | 10.1 | 30.46 | 53,253 | 130,030 |
| Brooklyn | 68,342,730 | 5.4 | 30.89 | 313,608 | 357,883 |
| Queens | 66,013,598 | 6.4 | 36.45 | 335,915 | 680,000 |
| Staten Island | 6,765.727 | 17.5 | 19.79 | 7,750 | 353,480 |
| JFK* | 5,802,199 | 7.9 | 25.89 | 109,522 | 0 |
| **NYC Total** | **168,303,338** | **6.9** | **30.07** | **710,526** | **1,521,393** |

*The JFK submarket is a combination of areas from Queens and Nassau County that primarily serve JFK Airport.

Source: CBRE Research, Q4 2025
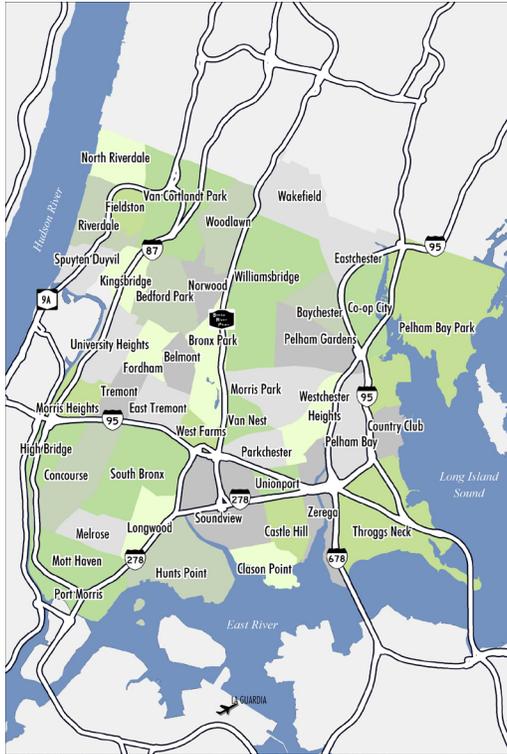
FIGURE 7: The Bronx
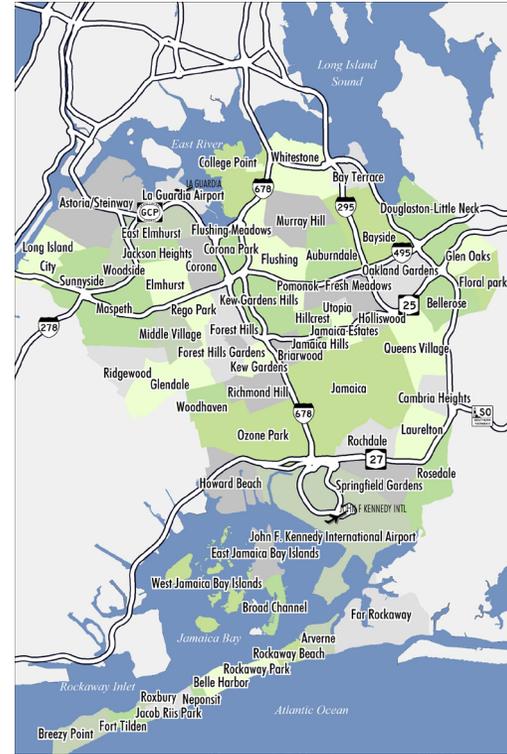


FIGURE 8: Brooklyn



FIGURE 9: Queens



FIGURE 10: Staten Island



## Contact

**Nicole LaRusso**

U.S. Head of Field Research & Data
Intelligence
+1 212 984 7188
Nicole.LaRusso@cbre.com

**Joe Gibson**

Director of Research, Philadelphia
+1 610 727 5922
Joseph.Gibson@cbre.com

**Brian Klimas**

Field Research Manager
+1 201 712 5633
Brian.Klimas@cbre.com

**Anna Schaeffer**

Senior Field Research Analyst
+1 212 984 6653
Anna.Schaeffer@cbre.com

CBRE