Annual leasing tops 1.0 million sq. ft. for the first time since 2020

▼ 0.31M	▲ 0.12M	▼ 20.1%	▼ 18.4%	▼ $51.66
Leasing Activity	Net Absorption	Availability Rate	Vacancy Rate	Average Asking Rent

Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Leasing activity totaled 306,000 sq. ft. in Q4 2025, down 8% from the prior quarter but up 29% from the five-year quarterly average.
- Year-end leasing was 1.37 million sq. ft., up 70% from a year ago.
- The availability rate was 20.1%, down 30 basis points (bps) from the previous quarter but up 40 bps year-over-year.
- Absorption totaled positive 119,000 sq. ft. in Q4 2025, bringing year-end absorption to negative 84,000 sq. ft.
- The average asking rent was $51.66 per sq. ft., down 3% from the prior quarter and down 6% year-over-year.
- The sublease availability rate was up 10 bps from the prior quarter at 1.6% and represented 8% of all available space.

Market Overview

Brooklyn's office market ended the year on a positive note. Strong fourth quarter leasing activity of 306,000 sq. ft. pushed the annual leasing volume above one million sq. ft. for the first time since 2020. The improved demand propelled Q4 to positive absorption of 119,000 sq. ft. and dropped the availability rate to 20.1%. Average asking rents softened modestly, primarily due to the withdrawal of high-priced listings and leasing of premium space. While Brooklyn’s demand picture improved in 2025, the outlook for Brooklyn remains challenged as Manhattan still has an above-average supply of space that would compete for tenants. “Home grown” Brooklyn tenants and small tenants will continue driving demand in 2026.

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Economic Overview

Nationally, the economy is sending mixed signals. Financial markets are focused on the upside, particularly on 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 usher real estate into a new cycle.

The picture gets murkier when looking at households and labor trends. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households, while a softer labor market has entered a "slow to hire, slow to fire" phase for companies – a trend that is likely to last a few quarters. One consequence of this is softer inflation and long-term bond yields trending just below 4% by H2 2026. This mosaic of data supports CBRE's outlook for steady annual average GDP growth of 2% in 2026, a touch softer than in 2025.

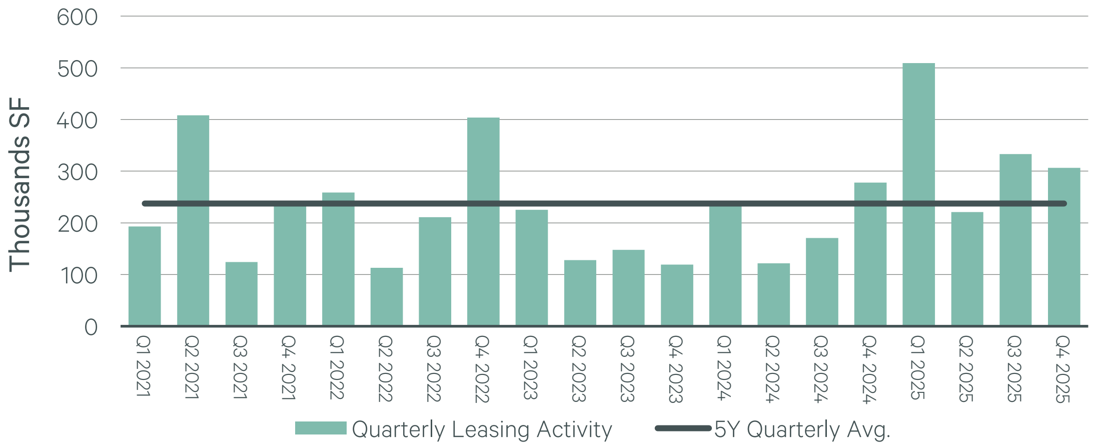
In New York City, the labor market also slowed in 2025, though some aspects remained resilient. Office-using employment (OUE) fell in early 2025 but recovered to 1.86 million jobs as of November 2025 (the most recent data available), less than 1% shy of the all-time high. Financial services was one of the key sectors that shed jobs in 2025, totaling 507,000 jobs as of November 2025, down from 514,000 at year-end 2024. Among the sectors posting the most gains during the year were Information services and accounting, while legal services remained roughly on par with its year-end 2024 level. NYC's unemployment rate steadily declined during the first half of 2025 before rising in recent months and finishing November 2025 at 5.5%. At this level, it was down 10 bps from year-end 2024 but higher than the national rate of 4.6%.

FIGURE 1: Top Lease Transactions for Q4 2025

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address
82,000	RE	D	Union Square Events	168 39th Street
57,350	L	D	Rilla	25 Kent Avenue
50,000	R	D	Bjarke Ingles Group	45 Main Street
39,063	L	D	Arizona College of Nursing	540 Fulton Street
15,000	L	D	Malin Co.	210 Joralemon Street

Source: CBRE Research, Q4 2025. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q4 2025.

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Leasing Activity

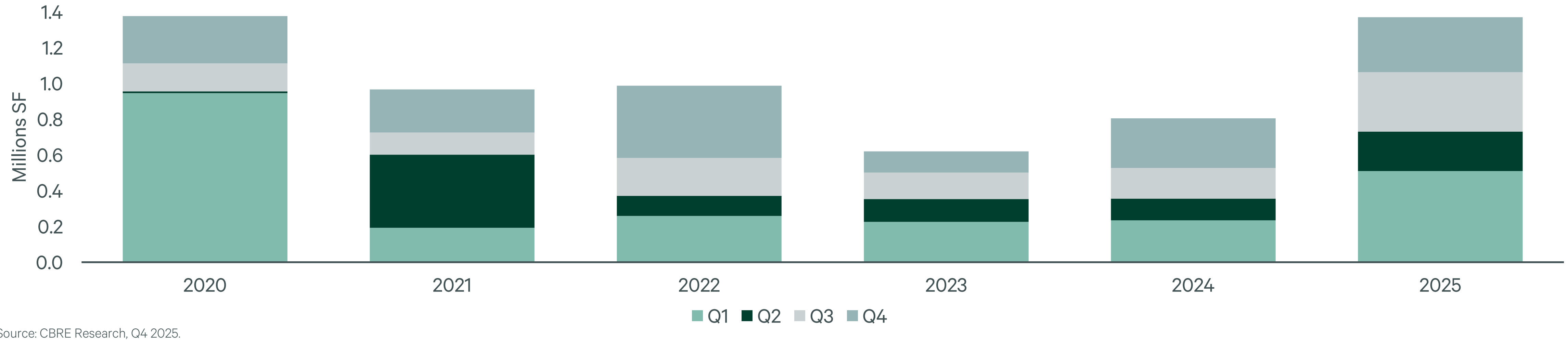
In the fourth quarter, Brooklyn saw 306,000 sq. ft. of new leases and expansions. While this represented a decline in volume from the prior quarter, it was 29% ahead of the five-year quarterly average. 2025 marked the third-highest annual leasing total since CBRE began tracking the Brooklyn market a decade ago and was the first time leasing activity surpassed one million sq. ft. since 2020. The market's 1.37 million sq. ft. was 5% above the average leasing activity in the years between 2015 and 2019. The education sector led leasing activity for the second consecutive year, accounting for 32% of activity in 2025, followed by Technology with 12% and Non-Profit with 11%.

Williamsburg/Greenpoint led all submarkets in leasing activity for the second consecutive quarter, resulting in its highest year-end leasing total since 2019. Leasing activity in the submarket more than doubled its five-year quarterly average, with 99,000 sq. ft. driven by Rilla's 57,000 sq. ft. lease at 25 Kent Avenue.

FIGURE 3: Leasing Activity | By Submarket

Source: CBRE Research, Q4 2025.

FIGURE 4: Annual Leasing Activity | Annual Historical



Source: CBRE Research, Q4 2025.

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DUMBO and Downtown Brooklyn both surpassed their five-year quarterly averages, with 70,000 sq. ft. and 97,000 sq. ft. of leasing activity, respectively. DUMBO saw its highest year-end leasing activity total since 2017 as each quarter of 2025 outpaced the five-year quarterly average. Outside of leasing activity, DUMBO saw Bjarke Ingels Group's 50,000 sq. ft. renewal in the fourth quarter. As a result, DUMBO led all submarkets in year-end total velocity with 516,000 sq. ft. Downtown Brooklyn had its second-highest quarter of leasing for the year, resulting in its highest year-end total since 2021.

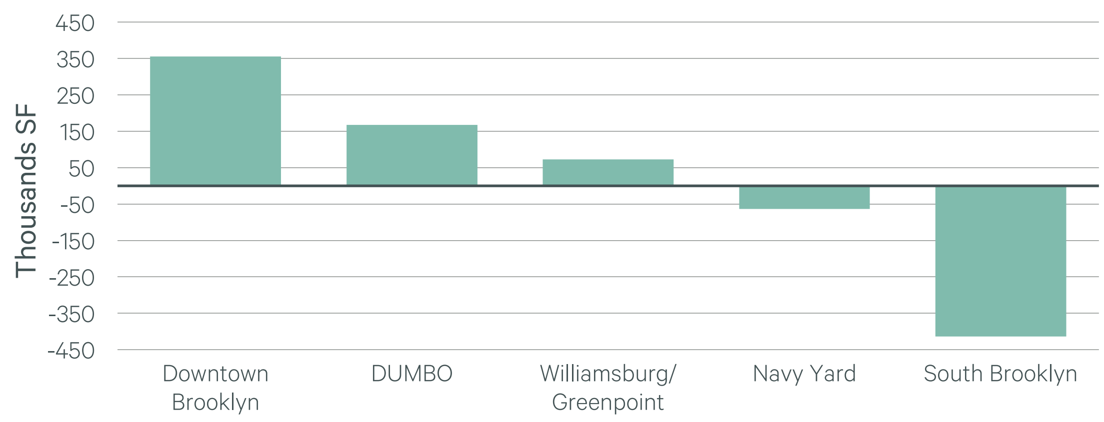
South Brooklyn and Navy Yard both fell below their respective five-year quarterly averages in the fourth quarter. Despite reduced new leasing, South Brooklyn led all submarkets in renewals for 2025 with 97,000 sq. ft., driven by the largest deal of the fourth quarter: Union Square Events' 82,000 sq. ft. renewal/expansion. Despite trailing all other submarkets in leasing volume in 2025, Navy Yard saw its strongest year-end leasing total since 2019 with 96,000 sq. ft.

Net Absorption and Availability

Brooklyn saw 119,000 sq. ft. of absorption in Q4. Downtown Brooklyn was the largest contributor to this positive figure, driven by the removal of 248,000 sq. ft. of space at 141 Willoughby Street due to residential conversion as well as a 15,000 sq. ft. lease by Malin Co. at 210 Joralemon Street. DUMBO and Williamsburg/Greenpoint also saw positive absorption due to strong leasing paired with few new spaces added in the submarkets. Brooklyn South, however, counterbalanced the market with 414,000 sq. ft. of negative absorption. Four buildings within the submarket each added more than 100,000 sq. ft. of availability, most notably 171,000 sq. ft. added at 33 55th Street – Industry City Building #5-6.

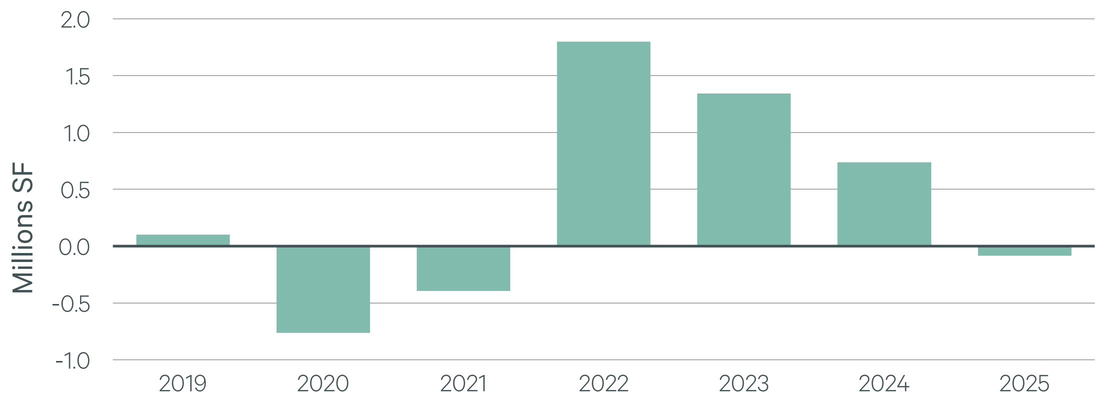
The availability rate fell 30 bps from the prior quarter to 20.1% in Q4. The largest decrease in availability rate occurred in DUMBO, which saw a 370 bps decrease quarter-over-quarter and a 930 bps decrease year-over-year. Conversely, South Brooklyn experienced an increase of 510 bps quarter-over-quarter to 25.4%, largely driven by the previously mentioned space additions in conjunction with below-average leasing activity.

FIGURE 5: Quarterly Net Absorption | By Submarket



Source: CBRE Research, Q4 2025.

FIGURE 6: Net Absorption | Annual Historical



Source: CBRE Research, Q4 2025.

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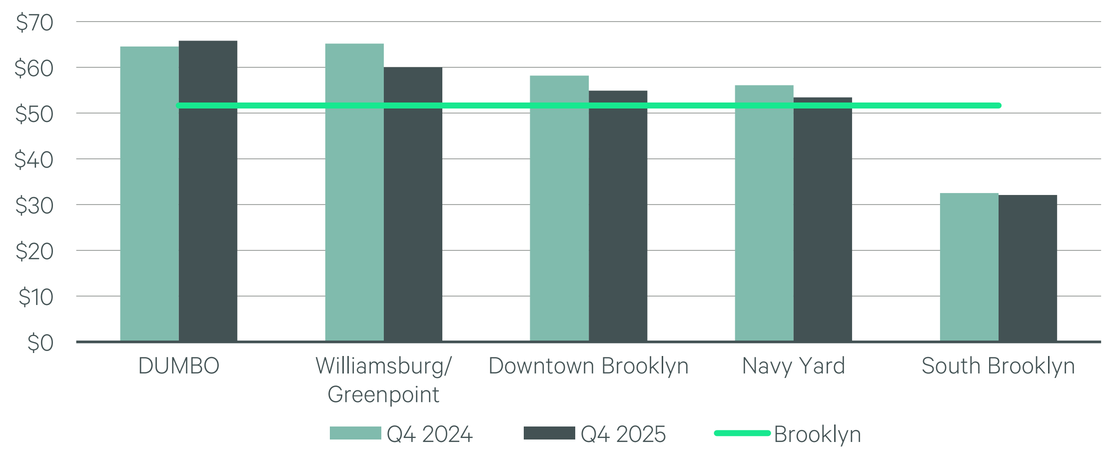
Average Asking Rent

Brooklyn's average asking rent was $51.66 in Q4, a 3% decrease quarter-over-quarter and a 6% decrease year-over-year. The withdrawal of space listed above the market average at 141 Willoughby Street strongly contributed to this decline as well as leasing activity at new construction buildings in Q4, which removed premium availability in the market.

Development Pipeline

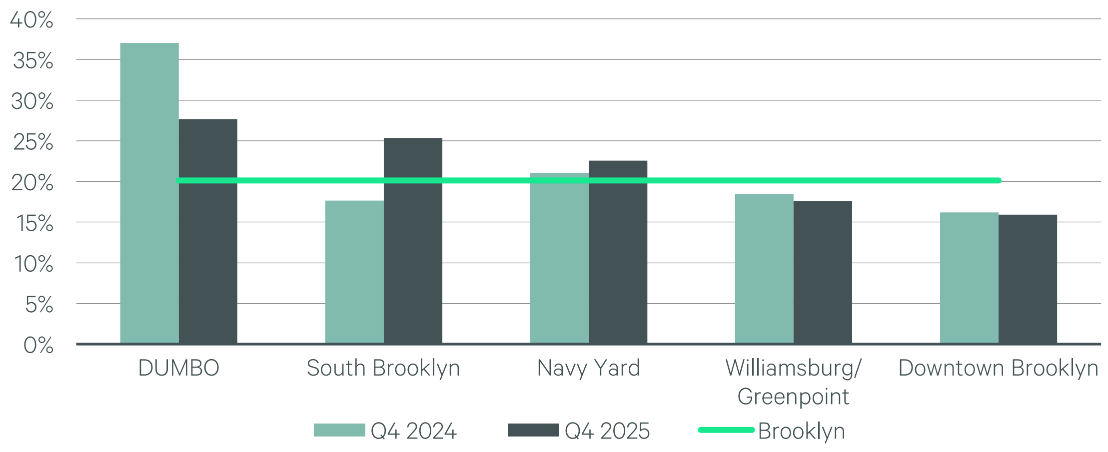
Brooklyn's office supply pipeline included two new construction projects scheduled for 2025: 1 Wythe Avenue, a 102,000 sq. ft. office building, and 121 Morgan Avenue, a 58,000 sq. ft. building. Both are within 12 months of tenant occupancy and therefore included in the statistical set.

FIGURE 7: Average Asking Rent | by Submarket



Source: CBRE Research, Q4 2025.

FIGURE 8: Availability Rate | By Submarket



Source: CBRE Research, Q4 2025.

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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.

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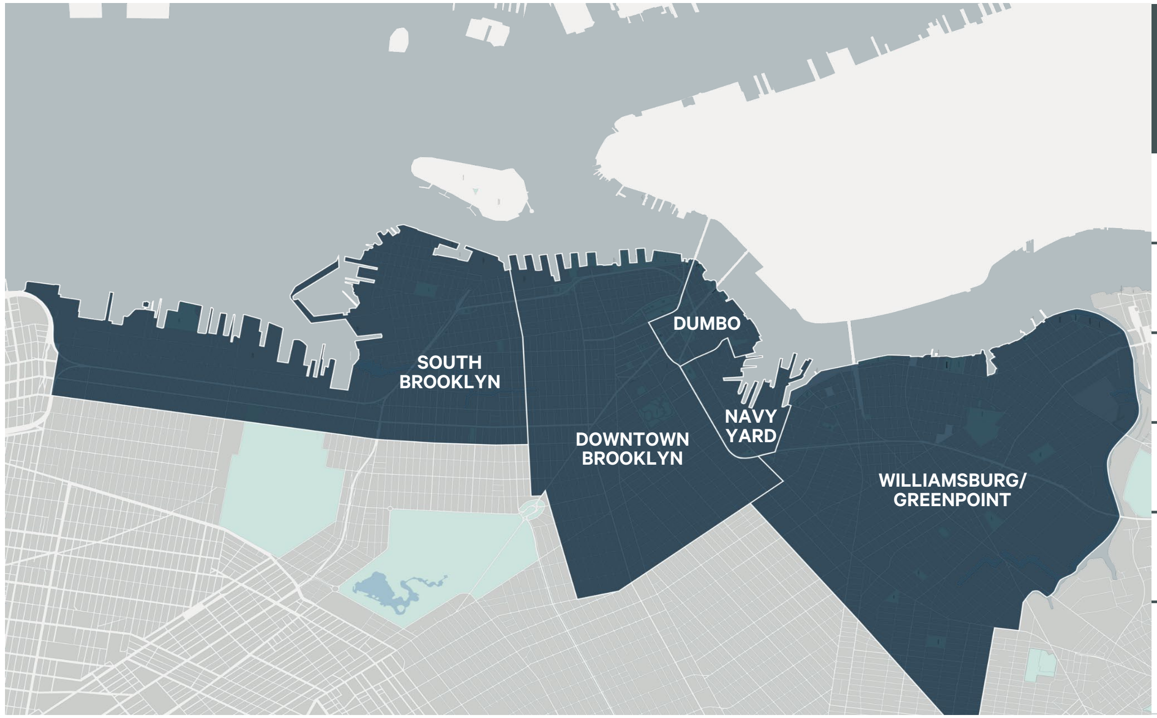
Market Area Overview



Submarket	Total Size (Mill. Sq. Ft.)	No. of Buildings
Navy Yard	2.59	11
Downtown Brooklyn	16.79	57
DUMBO	4.51	21
South Brooklyn	8.27	26
Williamsburg/Greenpoint	5.11	42
Total Inventory	**37.28**	**157**

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