

FIGURES | NEW YORK CITY INDUSTRIAL | Q1 2026

Leasing Remains Steady but Vacancy Edges Higher

▲ 7.5%
Vacancy Rate

▲ 187.1 k
Sq. Ft. Net Absorption

▼ 677.3 k
Sq. Ft. Leasing Activity

▼ \$29.38
NNN / Lease Rate

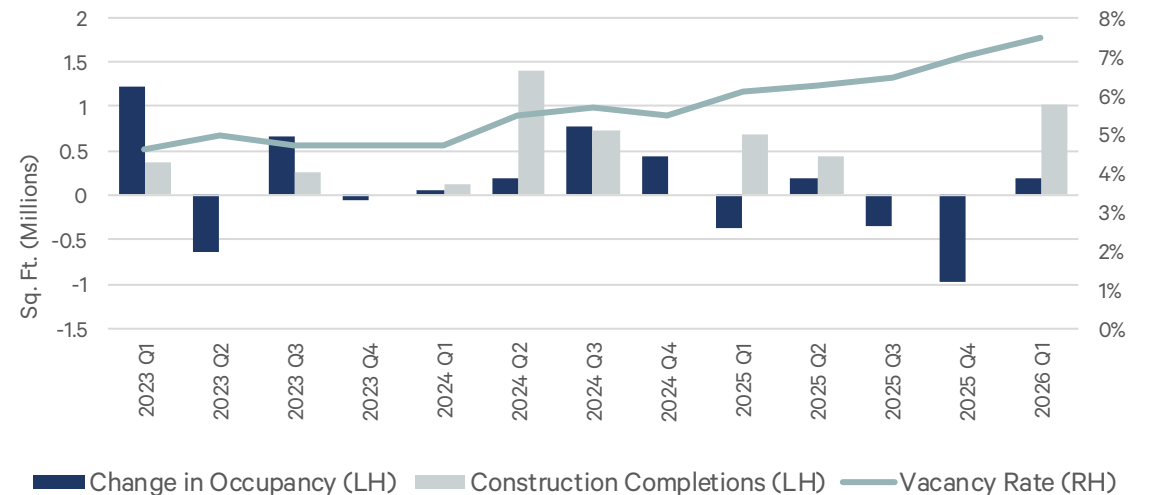
Note: Arrows indicate change from previous quarter.

Market Overview

The NYC industrial market began 2026 with steady mid sized tenant demand but continued pressure on vacancy and softening rents. Leasing reached 677,000 sq. ft., consistent with historical norms, though large national occupiers remained largely absent and tenant preferences leaned toward cost efficient, flexible use space over premium Class A product. Despite 187,000 sq. ft. of positive absorption, vacancy rose to 7.5% due to nearly one million sq. ft. of unleased new deliveries, pushing Class A vacancy to 31.5%.

With availability rising and large footprint requirements limited, no new construction starts occurred for the second straight quarter, reducing the pipeline by 69% to 467,000 sq. ft. Asking rents eased, falling to \$29.38 per sq. ft., down 2.3% quarter over quarter and 7.2% year over year, with the sharpest declines in Brooklyn and the Bronx.

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



Source: CBRE Research, Q1 2026

Demand

Leasing activity in the NYC industrial market reached 677,000 sq. ft. in Q1 2026, a 4.8% quarter-over-quarter decline, yet broadly in line with the three-year quarterly average. After two years of subdued demand in 2023 and 2024, the market regained momentum throughout 2025, and that stability has carried into early 2026. Although the sector lacks large-scale commitments from nationally recognized occupiers, a consistent volume of mid-sized and small transactions has supported an active and diversified leasing environment.

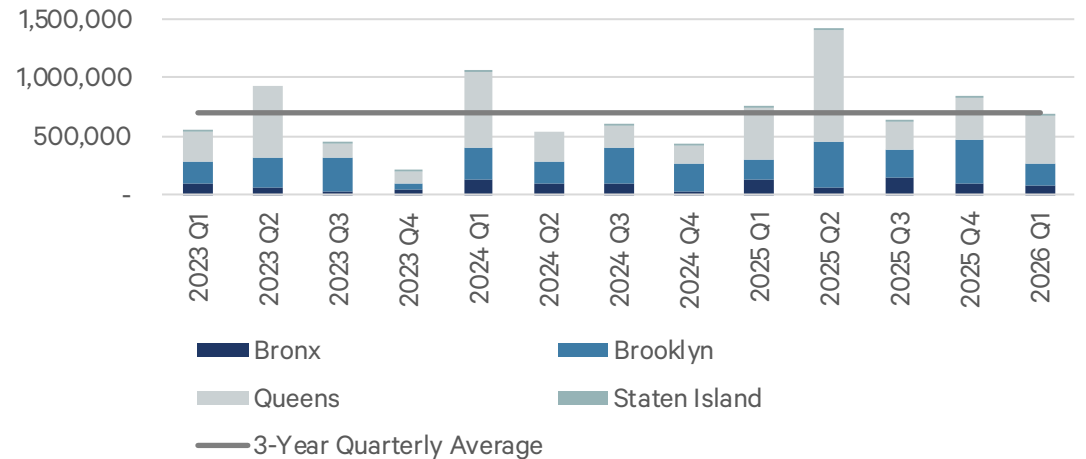
Demand for Class A industrial space remained muted, as most tenants gravitated toward raw storage options or facilities suitable for creative and nontraditional industrial uses. This preference underscores the market’s current tilt toward cost-conscious, flexible-use requirements rather than premium, highly improved space.

FIGURE 2: Notable Transactions

Tenant	Size	Address	City	Transaction Type
Confidential	62,000	3010-3030 Review Ave	Long Island City	New Lease
A1 Heating and Air Conditioning	60,000	3233 47th Ave	Long Island City	New Lease
Confidential	52,757	568 Meserole St	Brooklyn	New Lease
Skylift	47,200	4910 27th St	Long Island City	New Lease

Source: CBRE Research, Q1 2026

FIGURE 3: Leasing Velocity



Source: CBRE Research, Q1 2026

Supply

Despite recording 187,000 sq. ft. of positive net absorption, the market posted its fifth consecutive quarterly increase in vacancy, rising 60 basis points (bps) to 7.5%. This increase was driven entirely by new supply rather than tenant contraction. Two projects—2890 Review Ave, a 654,000-sq.-ft. multistory facility in Long Island City, and 1 Nassau Place (332,000 sq. ft.)—delivered without pre-leasing, collectively adding nearly one million sq. ft. of vacant space to the market in a single quarter. Additionally, three move-outs exceeding 100,000 sq. ft. in Q1 totaled 593,000 sq. ft.

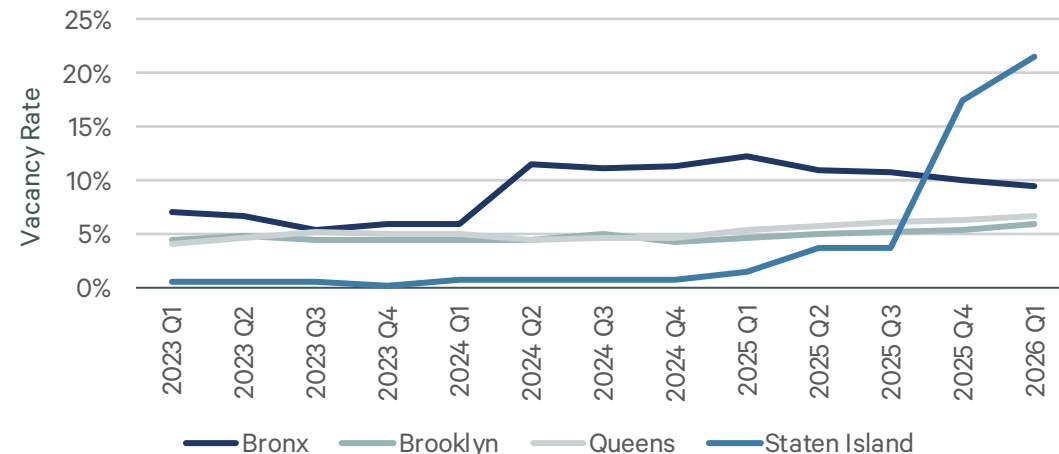
With both overall and Class A vacancy trending upward—and large-footprint requirements remaining scarce—there were no new construction starts for the second consecutive quarter. As a result, and following the two major deliveries this period, the construction pipeline declined 69% to 467,000 sq. ft.

Rent Trends

Despite steady demand from small and mid-sized occupiers, average asking rents softened in line with rising vacancy. The Q1 2026 average asking rent fell to \$29.38 per sq. ft., marking a 2.3% quarterly decline and a 7.2% decrease year-over-year.

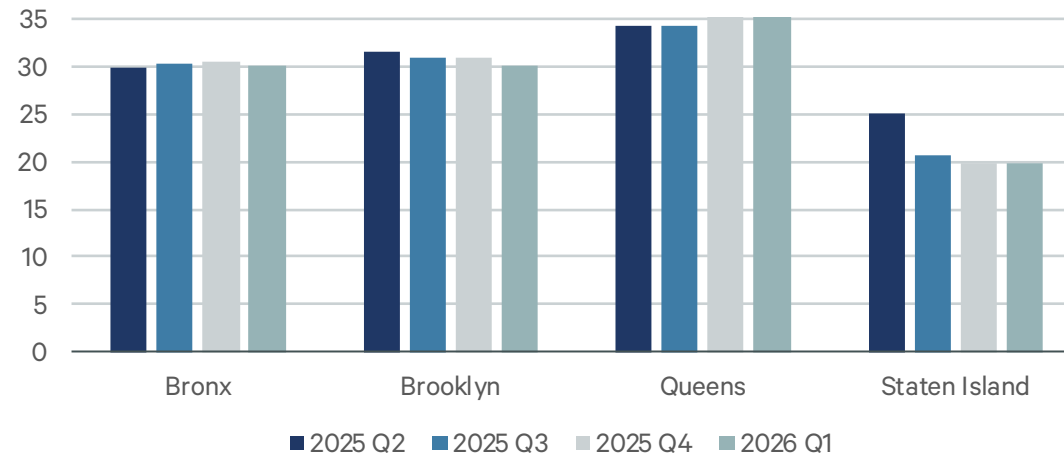
Brooklyn and the Bronx recorded the largest quarterly drops, with average asking rents declining 2.3% to \$30.19 per sq. ft. and 1.6% to \$29.98 per sq. ft., respectively. In contrast, Queens and Staten Island held steady quarter-over-quarter.

FIGURE 3: Vacancy



Source: CBRE Research, Q1 2026

FIGURE 4: Average Asking Rents



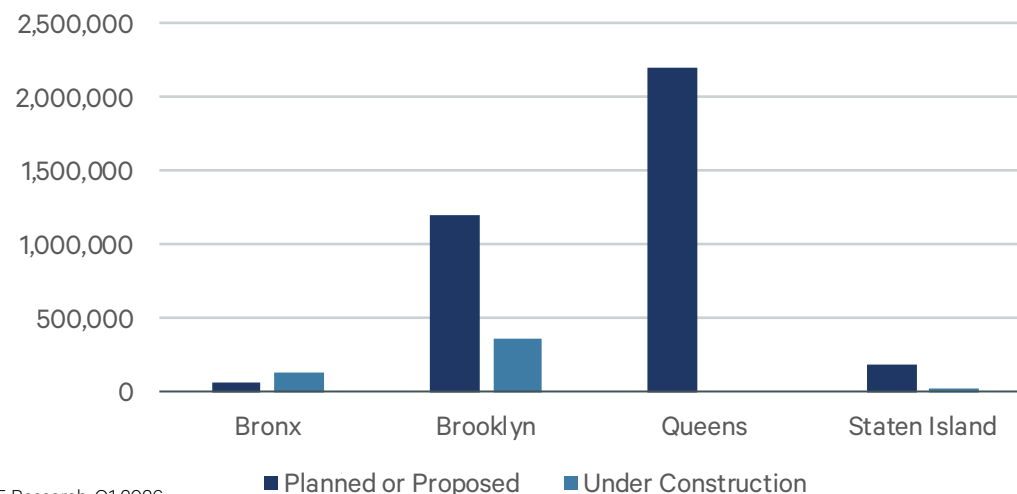
Source: CBRE Research, Q1 2026

Local Economic and Labor Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. Operation Epic Fury and global energy prices are the most immediate concerns. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/barrel range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material.

New York City’s industrial employment declined in Q4, falling by 6,300 positions quarter-over-quarter (-1.0%) and was down 9,500 positions year-over-year (-1.5%). Manufacturing firms let go of 1,500 positions in Q4 (-2.8%) while the significantly larger trade, transportation, and utilities sector – which includes logistics and fulfillment center employment – reduced headcount by 4,800 positions (-0.8%). New York City’s industrial employment presently stands at 627,700 workers, which is 89.0% of the 2019 level. New York City’s overall unemployment rate was 5.6% in December 2025, up from 5.1% in the end of Q3. The national unemployment rate was 4.4% as of December 2025.

FIGURE 5: Development Pipeline



Source: CBRE Research, Q1 2026

FIGURE 6: Market Statistics

Market	Inventory (SF)	Availability (SF)	Availability Rate (%)	Avg. Asking Rent (\$/SF)	Avg. Asking Sale Rate (\$/SF)	Leasing Velocity (SF)	QTD Change in Occupancy (SF)
Bronx	27,181,283	2,647,159	9.7	29.98	258.06	84,810	170,840
Brooklyn	68,323,039	3,840,669	5.6	30.19	0.00	177,648	-360,909
Queens	66,659,695	4,316,946	6.5	36.14	349.24	408,735	394,029
Staten Island	7,134,427	1,540,951	21.6	19.87	0.00	6,075	-16,905
Total	169,298,444	12,345,725	7.3	29.38	312.77	677,268	187,055

Source: CBRE Research, Q1 2026

FIGURE 7: The Bronx



FIGURE 8: Brooklyn



FIGURE 9: Queens

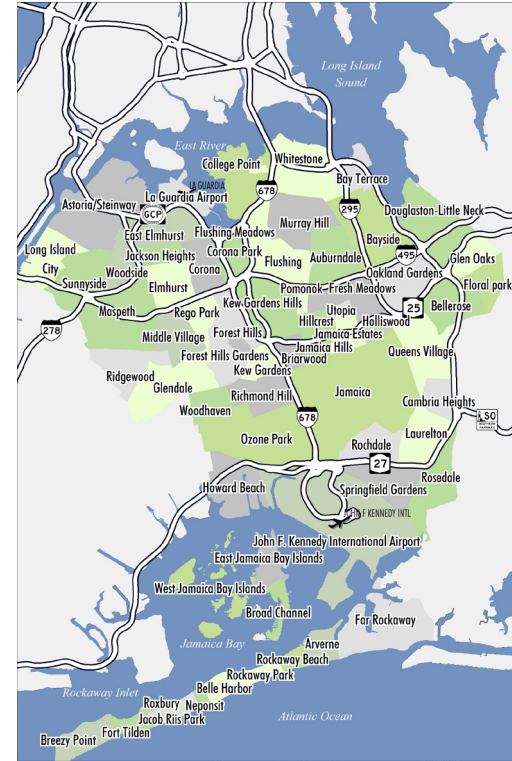


FIGURE 10: Staten Island



Contact

Nicole LaRusso

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

Joe Gibson

Associate 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

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