

DELIVERIES INCREASE VACANCY DESPITE LEASING SURGE

▲ 6.1%

Vacancy Rate

▼ -455,407

Sq. Ft. Net Absorption

▼ 3.0 Million

Sq. Ft. Under Construction

▲ 879,020

Sq. Ft. Leasing Velocity

▼ \$35.60

NNN / Class A Lease Rate Per Sq. Ft.

▲ \$31.65

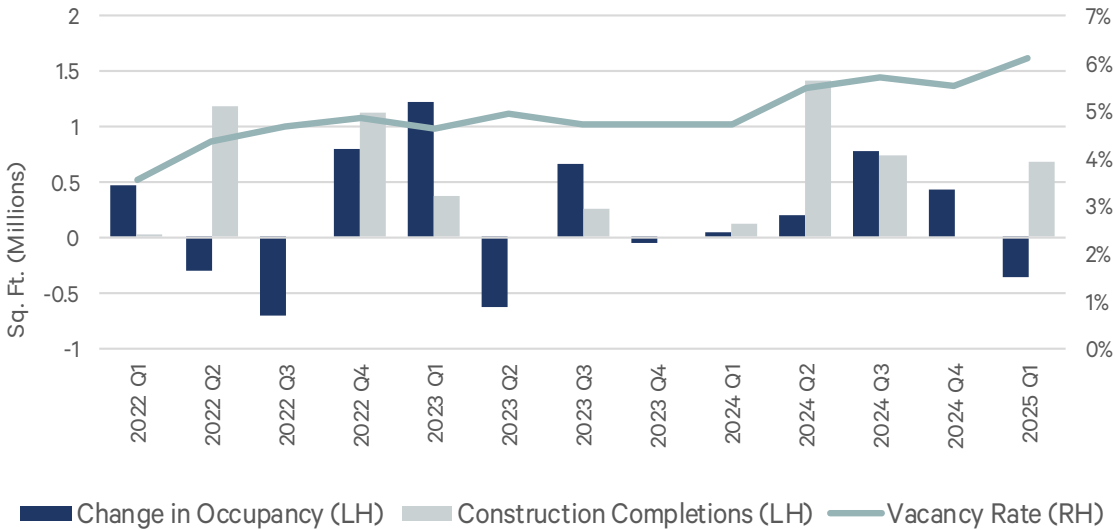
NNN / Lease Rate Per Sq. Ft.

Note: Arrows indicate change from previous quarter.

Market Overview

In Q1 2025, New York City industrial leasing velocity increased 119.2% quarter-over-quarter to 880,000 sq. ft., 34.7% higher than the two-year average. Demand was driven by third-party logistics providers and energy distributors looking for mid- and small-sized space. On the supply side, the development pipeline fell to 3.0 million sq. ft. One unleased property totaling 680,000 sq. ft. completed construction and two properties totaling 470,000 sq. ft. broke ground during the quarter. While Class A average asking rents continued to decline in the face of rising vacancy, overall rents grew 4.1% as the composition of available industrial space became dominated by new construction.

FIGURE 1: Historic Absorption, Construction Completions, and Vacancy



Source: CBRE Research, 2025.

Demand

In Q1 2025, leasing velocity surged to 880,000 sq. ft., 119.2% higher than in Q4 2024 and 34.7% higher than the two-year average. The quarterly increase in leasing velocity can be attributed to third-party logistics providers and energy distributors. Demand from film production studios and food manufacturers decreased from the previous quarter. Tenants continued to show a strong preference for mid- and small-sized spaces; demand for spaces over 100,000 sq. ft. was non-existent.

Supply

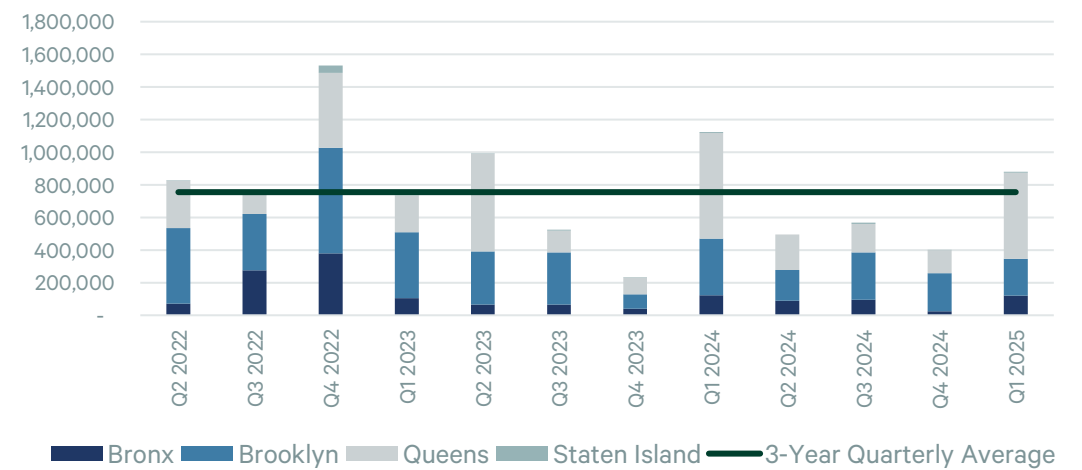
The construction pipeline decreased to 3.0 million sq. ft. after the completion of the Borden Complex, a 680,000 sq.-ft. warehouse and distribution property in the Long Island City submarket. Two properties totaling 470,000 sq. ft. broke ground in Q1 2025. The nine properties under construction are predominantly unleased Class A distribution and logistics properties. The oversupply of Class A product was evident by its availability rate of 23.4%, a quarter-over-quarter increase of 630 bps. The oversupply of Class A product is not expected to right itself in the near future, with an additional 2.6 million sq. ft. expected to deliver by year-end 2025.

FIGURE 2: Notable Lease Transactions

Tenant	Size (Sq. Ft.)	Address	Market	Submarket
Consolidated Edison Company of New York	56,440	683 Court Street	Brooklyn	Red Hook
SpeedX	52,364	18454 149th Avenue	Queens	Springfield Gardens
Confidential Art Storage Tenant	40,000	48-05 Van Dam Street	Queens	Sunnyside
Confidential 3PL Tenant	39,301	147-04 183rd Street	Queens	Springfield Gardens

Source: CBRE Research, 2025.

FIGURE 3: Leasing Velocity



Source: CBRE Research, 2025.

Rent Trends

The average asking rent for all existing asset types increased 4.1% quarter-over-quarter to \$31.65 per sq. ft. after premium availabilities came onto the market in Brooklyn and Queens. Year-over-year the average asking rent is up 5.7%. The average asking rent for existing and under-construction Class A space fell 2.5% quarter-over-quarter to \$35.60 per sq. ft.

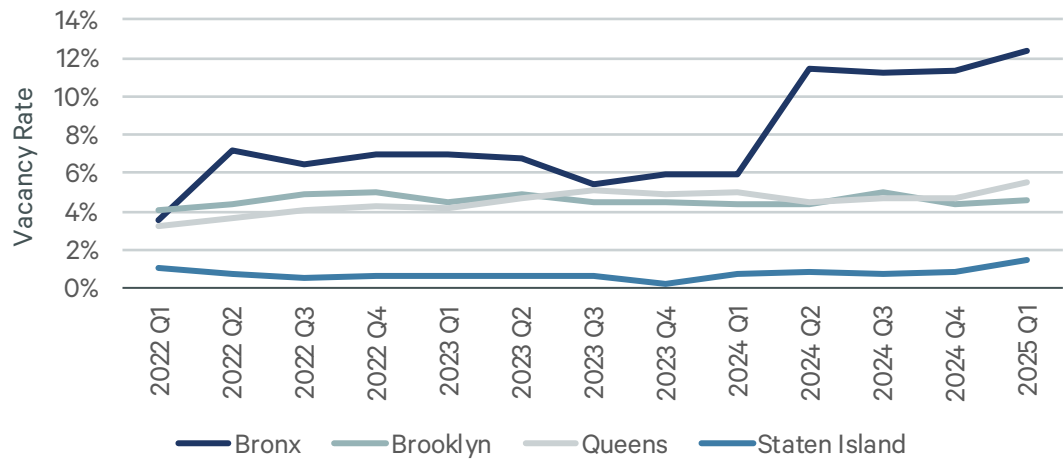
Economic Overview

Policy speculation and announcements are now the key catalysts for macro expectations and financial markets. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, there has been more credit issuance in Q1 compared to where the market was a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend upon the impact of new policies.

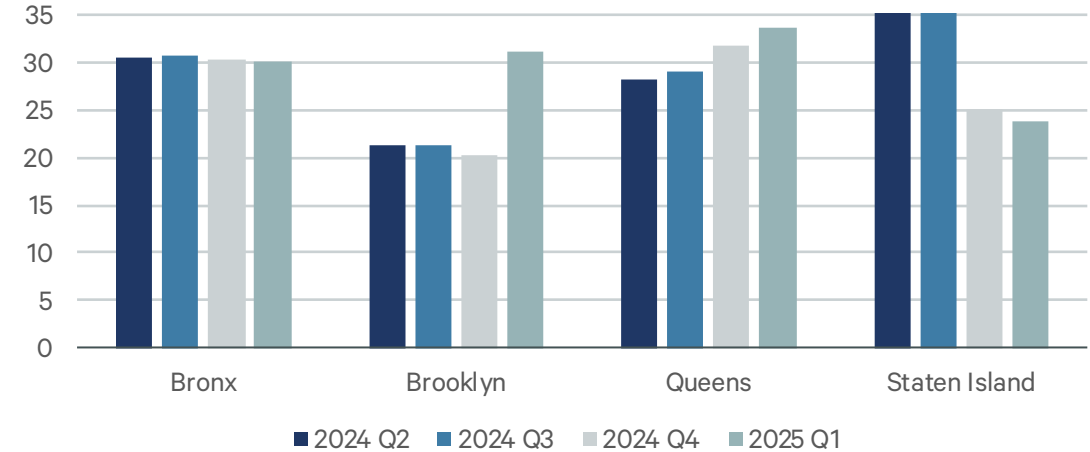
New York City’s industrial employment rose in Q1 2025 as manufacturing employment increased by 700 positions (+0.7%) quarter-over-quarter and the significantly larger trade, transportation, and utilities sector – which includes logistics and fulfillment center employment – increased by 6,100 positions (+1.1%). Overall, New York City gained 6,800 industrial positions in Q1 (+1.1%) resulting in a year-over-year net gain of 1,600 positions.

FIGURE 4: Vacancy



Source: CBRE Research, 2025.

FIGURE 5: Average Asking Rents

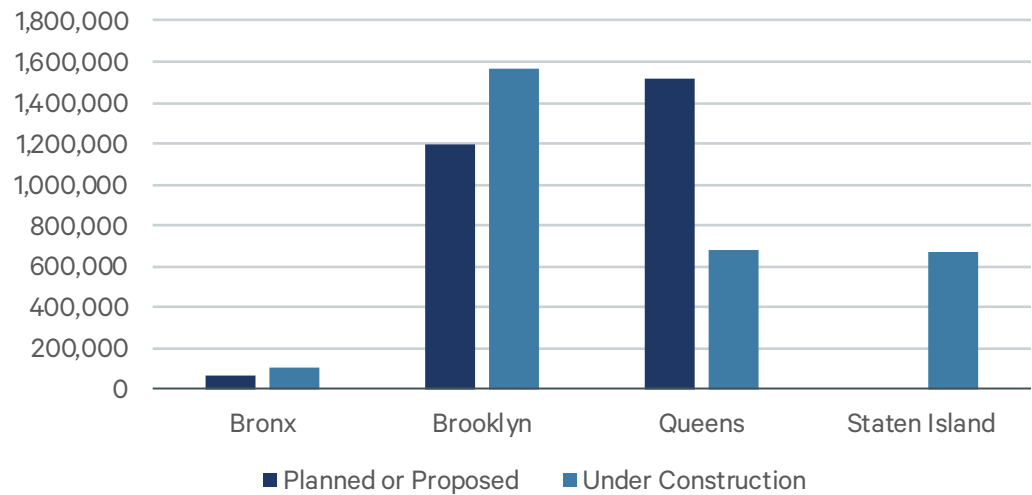


Source: CBRE Research, 2025.

New York City’s industrial employment presently stands at 639,700 workers which is 90.6% of the 2019 level.

New York City’s overall unemployment rate is 5.3%, down from 5.5% at the end of Q4 and above the national unemployment rate of 4.0%.

FIGURE 6: Development Pipeline



Source: CBRE Research, 2025.

FIGURE 5: Market Statistics

Market	Inventory (SF)	Vacancy Rate (%)	Avg. Asking Rent (\$/SF)	Leasing Velocity (SF)	Net Absorption (SF)	Under Construction (SF)
Bronx	27,211,313	12.3	30.11	121,205	(293,588)	100,000
Brooklyn	68,165,730	4.7	31.18	226,023	(262,817)	1,563,845
Queens	65,935,598	5.5	33.70	526,357	133,663	680,000
Staten Island	6,608,461	15.0	23.85	5,435	(32,665)	669,966
JFK*	5,618,428	10.3	28.80	55,304	67,633	0
NYC Total	167,921,102	6.1	31.65	879,020	(455,407)	3,013,811

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

Source: CBRE Research,, 2025.

FIGURE 6: The Bronx



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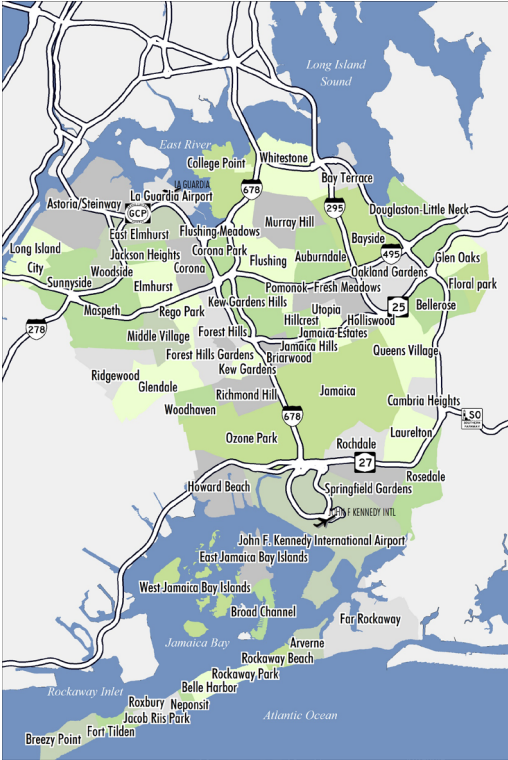
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FIGURE 7: Brooklyn



FIGURE 8: Queens



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FIGURE 9: Staten Island

