

FIGURES | BROOKLYN | Q1 2026

# Leasing activity softens amid market stabilization

▼ 0.19M  
Leasing Activity

▲ 0.92M  
Net Absorption

▼ 19.1%  
Availability Rate

▼ 17.4%  
Vacancy Rate

▼ \$49.28  
Average Asking Rent

Note: Arrows indicate change from previous quarter.

## QUICK FACTS

- Leasing activity totaled 188,000 sq. ft. in Q1 2026, down 39% from the prior quarter and down 21% from the five-year quarterly average.
- The availability rate was 19.1%, down 100 basis points (bps) from the previous quarter and down 170 bps year-over-year.
- Absorption totaled positive 921,000 sq. ft. in Q1 2026.
- The average asking rent was \$49.28 per sq. ft., down 5% from the prior quarter and down 9% year-over-year.
- The sublease availability rate was up 20 bps from the prior quarter to 1.8% and represented 9% of all available space.

## Market Overview

Brooklyn’s leasing activity fell below the five-year average in Q1 2026 following strong tenant demand in the second half of 2025. Market fundamentals were meaningfully influenced by the removal of office inventory due to residential conversions, which drove the quarter’s significant positive absorption and contributed to a notable decline in availability and average asking rent. Overall conditions reflected the market’s rebalancing driven by structural shifts in supply.

## Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. Operation Epic Fury and global energy prices are a concern, however assuming the conflict is resolved quickly, the impact on U.S. growth should be minimal. If the conflict escalates, this will elevate inflation and long-term yields and would likely be felt in the commercial real estate market. Regardless of the outcome, it will materially affect headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February.

On the other hand, America’s aggressive build-out of AI infrastructure gives the U.S economy a unique edge. Hyperscaler capex is nearing 3% of GDP – just below residential investment – though concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Nevertheless, GDP growth is expected to average 2.1% in 2026, matching 2025 and exceeding peer economies.

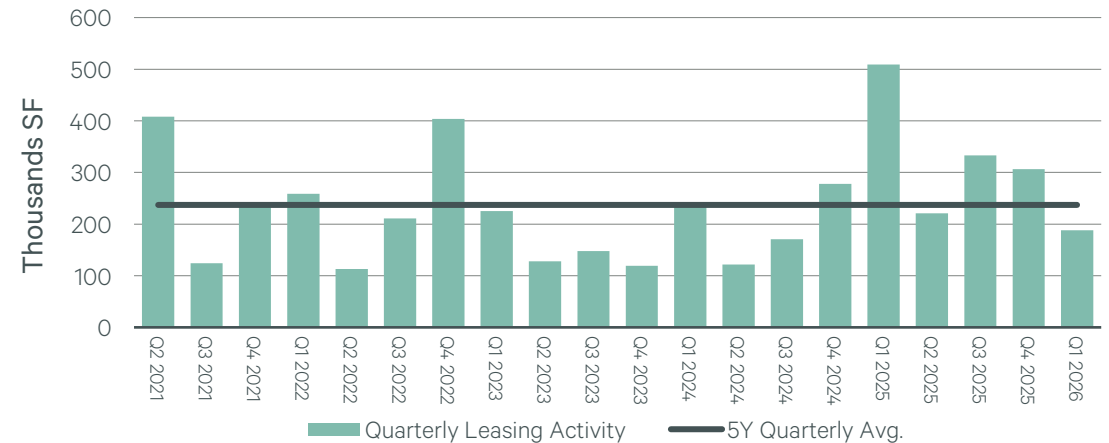
In New York City, the labor market remained muted at the end of 2025. Office-using employment (OUE) stood at 1.86 million jobs as of December 2025 (the most recent data available), on par with Q3 2025’s level, but lower than the all-time high of 1.87 million seen at year-end 2024. In Q4 2025, tech-related sectors like computer systems design saw the most growth, while financial services saw some rebound after falling earlier in 2025. Sectors like legal services remained resilient, up slightly at year-end 2025 from one year ago. NYC’s unemployment rate was 5.6% matching year-end 2024 and above the national rate of 4.4% as of December 2025.

FIGURE 1: Top Lease Transactions for Q1 2026

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address
30,816	E	D	Goodwill Industries of Greater New York	25 Elm Place
25,245	E	D	Confidential Consulting Company	55 Water Street
11,590	E	D	Mindspace	25 Kent Avenue
9,000	E	D	Rubenstein Law	1 Willoughby Square
9,000	E	S	NBA 2K League	41 Flatbush Avenue

Source: CBRE Research, Q1 2026. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q1 2026.

## Leasing Activity

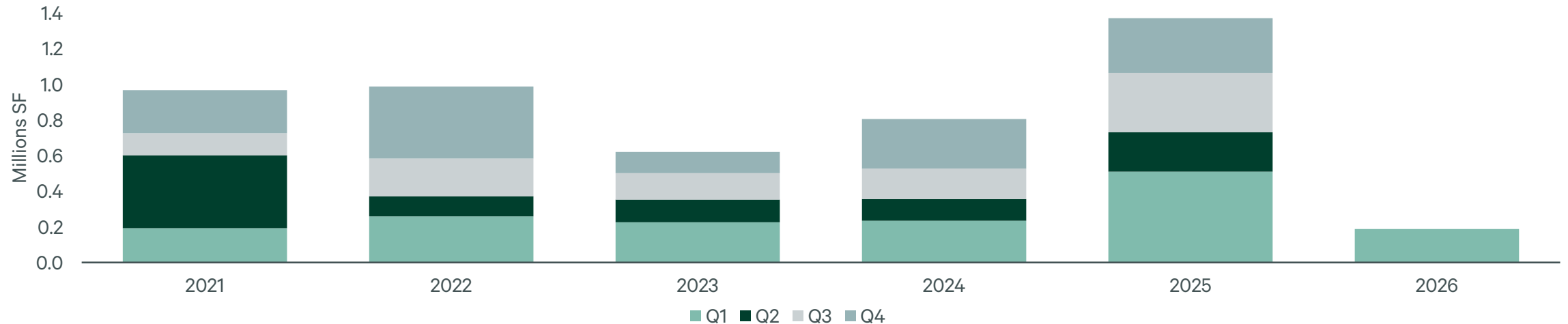
DUMBO emerged as the only submarket to outperform its five-year average—surpassing its average by 34%. The strong leasing performance was driven primarily by a 25,000 sq. ft. expansion by a confidential consulting company at 55 Water Street. This submarket’s activity stood out as a bright spot in an otherwise subdued leasing quarter.

In contrast, Downtown Brooklyn, Navy Yard, South Brooklyn, and Williamsburg/Greenpoint all recorded leasing totals more than 20% below their respective five-year quarterly averages. As a result, Brooklyn’s overall leasing activity finished the quarter 21% below its five-year average, reflecting a pullback in tenant activity following a strong surge during the final two quarters of 2025. The non-profit industry led the Brooklyn market in Q1, accounting for 34% of leasing by volume followed by Coworking/Shared Space with 13% and Technology with 12%. Collectively, these industries accounted for nearly 60% of leasing activity, highlighting Brooklyn’s appeal to firms prioritizing flexibility and affordability.

FIGURE 3: Leasing Activity | By Submarket



FIGURE 4: Annual Leasing Activity | Annual Historical

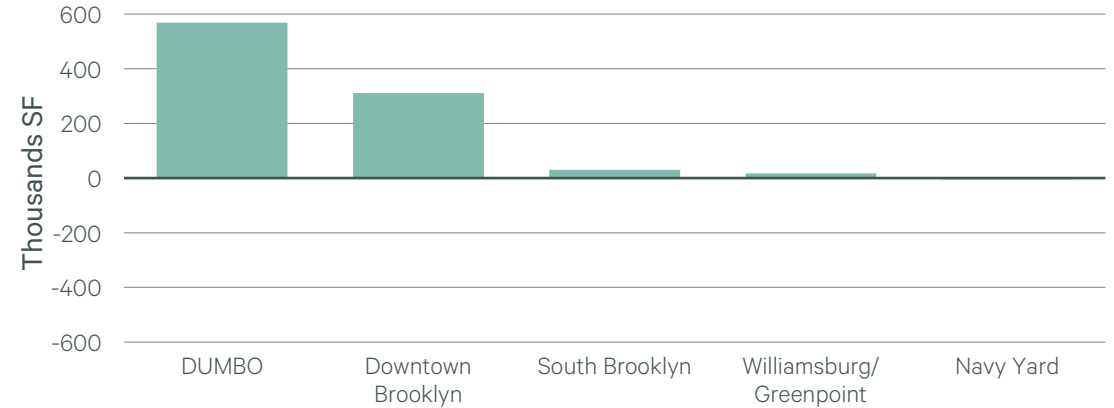


## Net Absorption and Availability

Net absorption across Brooklyn totaled 921,000 sq. ft. during Q1 2026, driven predominantly by inventory removals rather than leasing activity. Brooklyn’s overall availability rate declined by 100 bps from the prior quarter to 19.1%. Overall, four of Brooklyn’s five submarkets recorded positive absorption during the quarter, with Navy Yard as the exception.

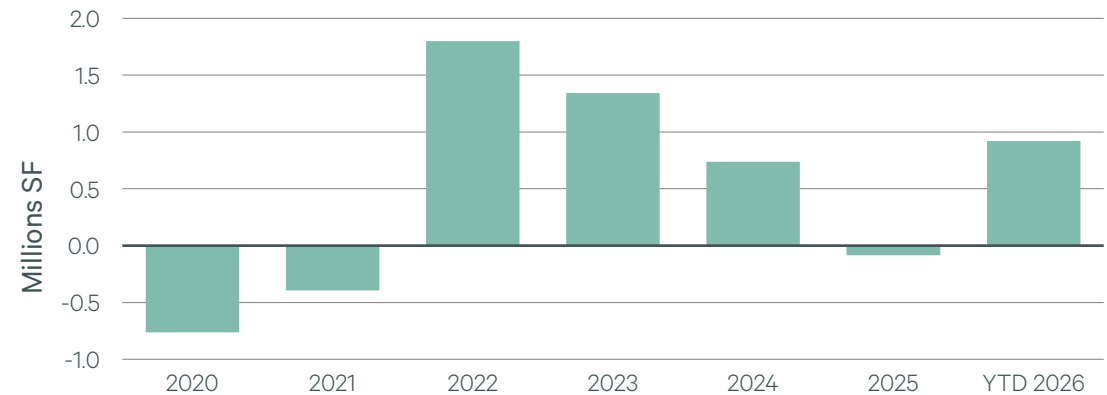
DUMBO recorded approximately 568,000 sq. ft. of positive absorption, the highest among all submarkets. The removal of the Brooklyn Panorama complex and 175 Pearl Street from the inventory due to residential conversion announcements drove DUMBO to post the steepest quarter-over-quarter decline in availability among submarkets, falling to 18.4%. Navy Yard also experienced a pronounced shift, as the announcement of a residential redevelopment at The Hall campus removed 553,000 sq. ft. of office inventory, pushing the submarket’s availability rate up to 34.3%. Among submarkets unaffected by conversion activity, Brooklyn South posted a modest increase in availability to 29.0%, while Downtown Brooklyn and Williamsburg/Greenpoint both fell from the prior quarter to 14.1% and 17.4%, respectively.

FIGURE 5: Quarterly Net Absorption | By Submarket



Source: CBRE Research, Q1 2026.

FIGURE 6: Net Absorption | Annual Historical



Source: CBRE Research, Q1 2026.

## Average Asking Rent

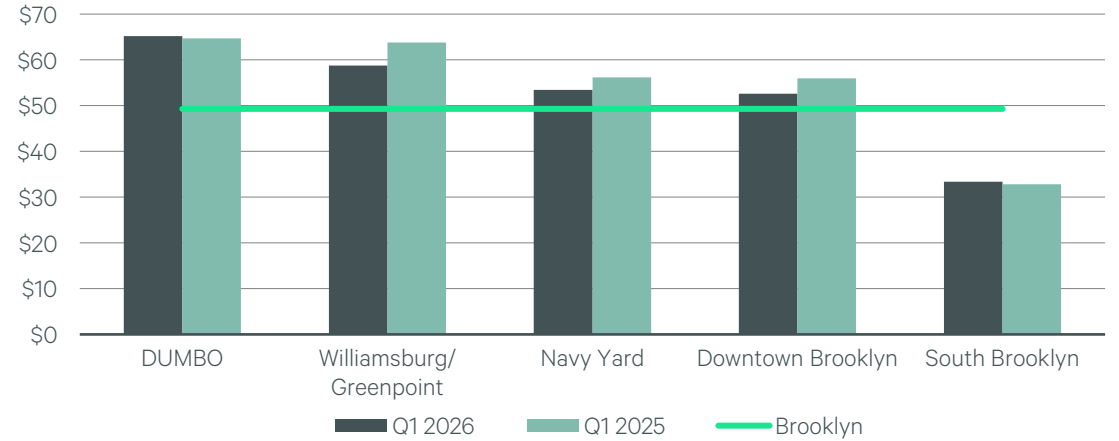
Average asking rents declined 5% quarter-over-quarter to \$49.28 per sq. ft., driven by the removal of high-priced space from market statistics. The 584,000 sq. ft. of availability at Brooklyn Panorama was marketed with rents well above the market average, which moved rents lower following its removal.

## Development Pipeline

Office inventory declined materially due to annual inventory adjustments with the removal of 11 buildings totaling 1.37 million sq. ft. due to residential conversion announcements. These removals included the Brooklyn Panorama complex and 175 Pearl Street in DUMBO and The Hall in Navy Yard.

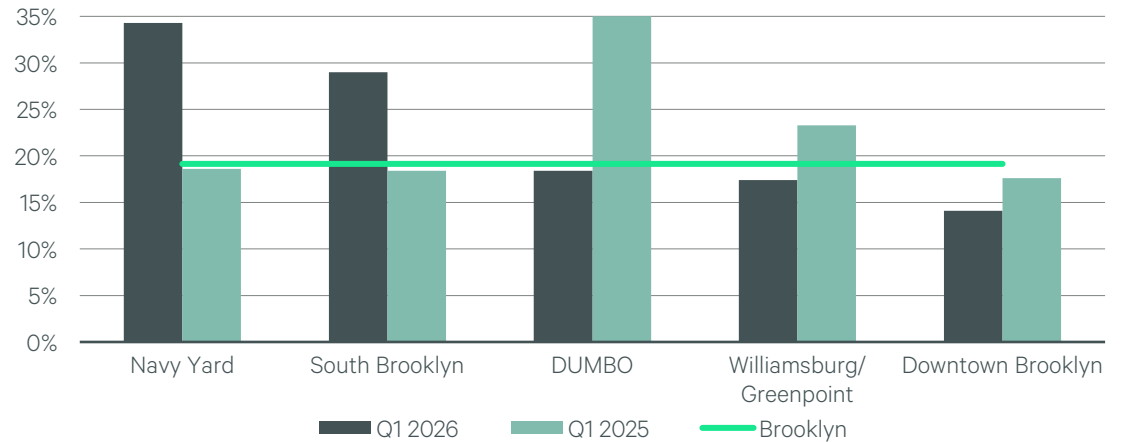
These removals were minimally offset by the addition of two new office developments—67 Taaffe Place in Downtown Brooklyn and 314 Rutledge Street in Williamsburg/Greenpoint—which together added 74,000 sq. ft. to Brooklyn’s inventory.

FIGURE 7: Average Asking Rent | by Submarket



Source: CBRE Research, Q1 2026.

FIGURE 8: Availability Rate | By Submarket



Source: CBRE Research, Q1 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.

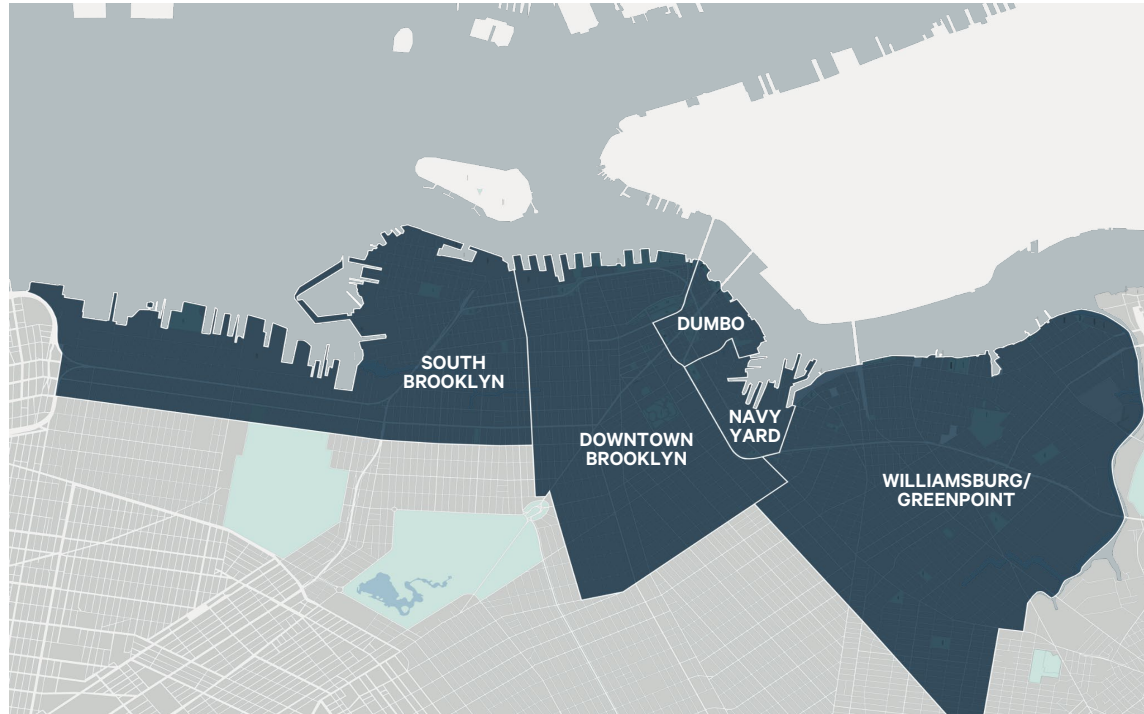
**Vacancy:** Unoccupied space available for lease.

**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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