

FIGURES | LONG ISLAND OFFICE | Q1 2026

# Supply contraction drives stability in Long Island office market

▼ 12.8%

Availability Rate

▼ 6,500

SF Net Absorption

▼ 406,000

SF Leasing Activity

▶ \$31.09

PSF Average Asking Rent

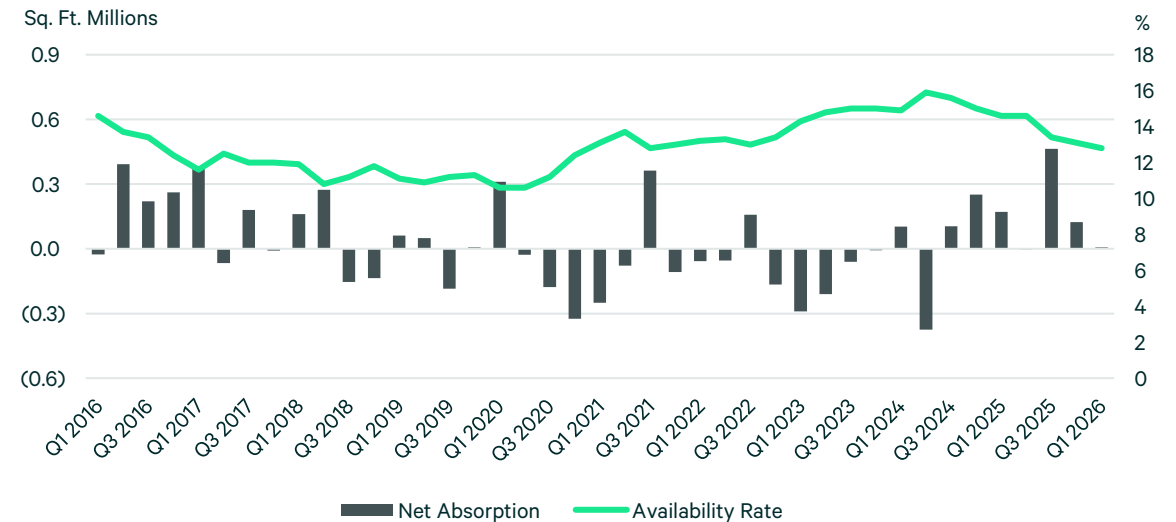
Note: Arrows indicate change from previous quarter.

## Market Overview

The Long Island office market showed clear signs of stabilization in Q1 2026. For the third consecutive quarter availability declined, and net absorption registered positive which pushed overall availability down 30 basis points (bps) to 12.8%—the lowest level since Q3 2021.

Leasing totaled 406,000 sq. ft. during the quarter, down 15% from Q4 2025 and slightly below the five-year quarterly average. During Q1, nearly 1.2 million sq. ft. of obsolete office space was removed from inventory, bringing total removals since 2019 to approximately 3.3 million sq. ft. Limited demand for tertiary office space continued to fuel the repurposing of underused and obsolete buildings that no longer compete in today’s market, reducing supply and laying the groundwork for longer-term market balance. Despite these supply reductions, average asking rents across Long Island held steady at \$31.09 per sq. ft.

Figure 1: Historical Net Absorption and Availability



Source: CBRE Research, Q1 2026

## Economic 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. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capital expenditure is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl 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. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

On Long Island, private sector employment grew by 1.5% year-over-year, with 17,400 jobs added through January 2026. Growth was overwhelmingly concentrated in private education and health services, which added 24,200 jobs and now employs approximately 323,300 workers—solidifying healthcare’s role as the region’s primary employment driver.

While private-sector employment increased overall, office-using employment (OUE)—which includes information, financial activities, and professional and business services—fell by 2,900 jobs year-over-year. Professional and business services saw the steepest losses, down 1,800 jobs between January 2025 and January 2026. Long Island’s unemployment rate declined slightly to 3.2% in December 2025, though it remains above the 3.1% rate recorded a year earlier.

## Leasing Activity

Leasing activity reached 406,000 sq. ft. in Q1 2026—a 15% decrease from Q4 2025 and 3% below the five-year quarterly average. Demand was primarily driven by transactions under 10,000 sq. ft., which accounted for 77% of total leasing activity. This aligns with historical trends, as smaller deals are typically the most active segment in the Long Island market.

Central Nassau led all submarkets with 120,000 sq. ft. of leasing activity, exceeding its five-year quarterly average by 9%. Notable activity included Shinnecock Sovereign Holdings’ 28,000-sq.-ft. lease at 175 Fulton Avenue in Hempstead.

Western Nassau recorded 85,000 sq. ft. of leasing activity, surpassing its five-year quarterly average by 65%. The largest deal in this submarket was New York Cancer & Blood Specialist’s 25,000-sq.-ft. lease at 3 Dakota Drive in Lake Success.

Figure 2: Leasing Activity Trend

Sq. Ft. Millions



Source: CBRE Research, Q1 2026

Figure 3: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Expeditors International	33,000	Renewal	RXR Plaza, Uniondale	Central Nassau
ION Group	32,000	Renewal	RXR Plaza, Uniondale	Central Nassau
Shinnecock Sovereign Holdings	28,000	New Lease	175 Fulton Avenue, Hempstead	Central Nassau
Office of the Principal Legal Advisor (OPLA)	28,000	New Lease	88 Froehlich Farm Boulevard, Woodbury	Eastern Nassau
NY Cancer & Blood Specialists	25,000	New Lease	3 Dakota Drive, Lake Success	Western Nassau

Source: CBRE Research, Q1 2026

Western Suffolk saw 75,000 sq. ft. of leasing activity, 42% below its five-year quarterly average. Central Suffolk registered 65,000 sq. ft., 9% under its five-year quarterly average, while Eastern Nassau exceeded its historical average with 59,000 sq. ft.

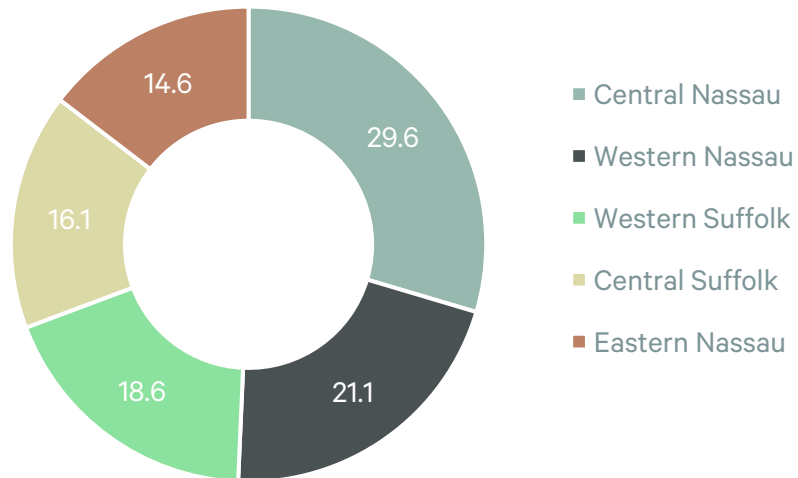
Two significant renewals were completed at RXR Plaza in Uniondale, where Expeditors International renewed 33,000 sq. ft., and ION Group renewed 32,000 sq. ft.

## Net Absorption and Availability

Long Island’s availability declined 30 bps quarter-over-quarter to 12.8%—marking the lowest level since 2021. Net absorption totaled 6,500 sq. ft. in Q1, marking the third consecutive quarter of positive absorption.

Class A availability declined 70 bps quarter-over-quarter to 12.3% and 340 bps year-over-year, reflecting continued tenant preference for higher-quality space. In contrast, Class B availability was unchanged quarter-over-quarter at 13.3% and declined a modest 30 bps compared to one year ago. Large Class A options remain limited, with just three availabilities exceeding 50,000 sq. ft., further constraining choices for larger users.

Figure 4: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 5: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 6: Availability Rates by Class



Source: CBRE Research, Q1 2026

Supply reductions played a substantial role in this improvement. The withdrawal of office buildings at 1979, 1981 and 1983 Marcus Avenue in Lake Success removed 1.05 million sq. ft. from inventory. With limited development options, the future of this site remains unclear. This withdrawal contributed to a sharp decline in Western Nassau’s availability rate, which fell 200 bps quarter-over-quarter to 11.4%. Year-over-year, availability in the submarket declined 380 bps, supported by four consecutive quarters of positive absorption.

Central Nassau recorded 73,000 sq. ft. of net absorption in Q1, pushing availability down 50 bps to 12.5%, its lowest level since 2020. Leasing activity of 120,000 sq. ft., combined with the withdrawal of available space at 300 Garden City Plaza amid conversion speculation, drove this improvement.

Other submarkets saw negative absorption in Q1. Western Suffolk recorded 49,000 sq. ft. of negative absorption, lifting availability 60 bps from last quarter to 14.6%. This increase was driven by the return of two mid-sized blocks at 1300 Walt Whitman Road and 395 North Service Road in Melville. Central Suffolk’s negative absorption totaled 44,000 sq. ft. Despite the addition of the quarter’s largest new availability—40,000 sq. ft. at 4250 Veterans Memorial Highway in Ronkonkoma—availability declined 20 basis points to 14.2%. This was due to the removal of 70,000 sq. ft. at 220 Rabro Drive in Hauppauge, which was sold to Key Capture Energy and is slated for demolition to make way for a lithium-ion Battery Energy Storage System (BESS). Eastern Nassau saw 17,000 sq. ft. of negative absorption with availability increasing quarter-over-quarter to 11.0%.

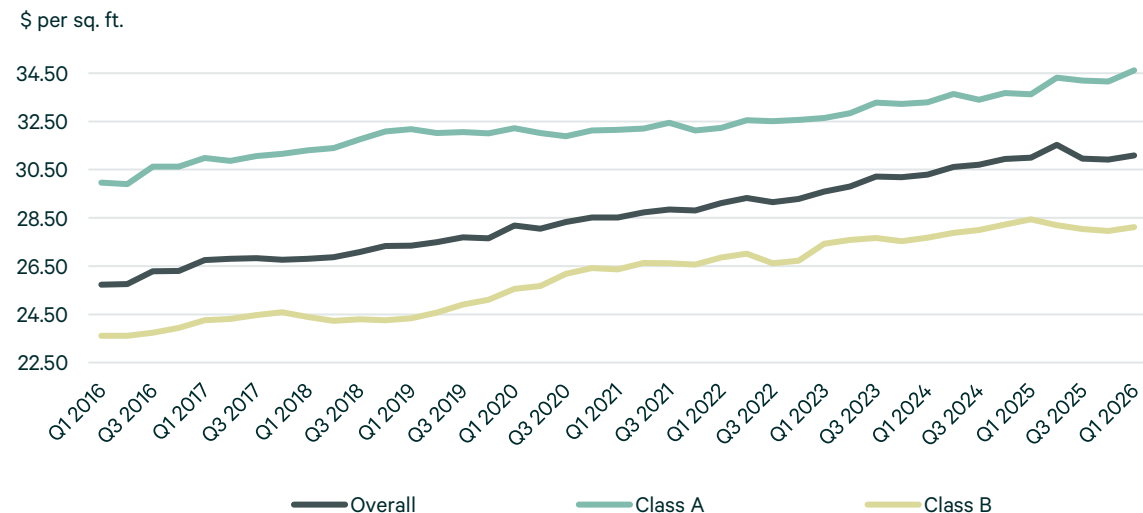
## Asking Rent

Average asking rents across Long Island were flat in Q1 2026 at \$31.09 per sq. ft., unchanged both quarter-over-quarter and year-over-year. Beneath this stability, pricing trends diverged by asset class. Class A asking rents increased 1% quarter-over-quarter to \$34.62 per sq. ft. and were up 3% year-over-year, underscoring continued tenant demand for higher-quality space. In contrast, Class B rents showed limited momentum, ending the quarter at \$28.12 per sq. ft. and declining 1% from a year earlier, reflecting softer pricing power amid ongoing flight-to-quality behavior.

Only one submarket experienced notable movement. Western Nassau posted a strong quarterly gain in asking rent, rising 4% to \$37.19 per sq. ft.—the highest level recorded in that submarket. This jump followed the removal of below-average priced space at 1979, 1981 and 1983 Marcus Avenue in Lake Success, as these buildings were taken out of inventory. As a result, the Class A asking rent increased 7% to \$37.93 per sq. ft.

All other submarkets saw modest year-over-year rent growth. Central Nassau rose 1% to \$32.51 per sq. ft., while Eastern Nassau and Western Suffolk both increased 3% to \$30.85 per sq. ft. and \$29.38 per sq. ft., respectively. Central Suffolk remained relatively unchanged, up just a few cents to \$24.36 per sq. ft.

Figure 7: Average Asking Rate by Class



Source: CBRE Research, Q1 2026

## Market Statistics by Class

Figure 8

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	17.68	11.8	12.3	9.2	3.1	34.62	35,700	35,700	-	-
Class B	20.77	13.1	13.3	11.8	1.5	28.12	(29,200)	(29,200)	-	-
<b>Total</b>	<b>38.45</b>	<b>12.5</b>	<b>12.8</b>	<b>10.6</b>	<b>2.2</b>	<b>31.09</b>	<b>6,500</b>	<b>6,500</b>	-	-

Source: CBRE Research, Q1 2026

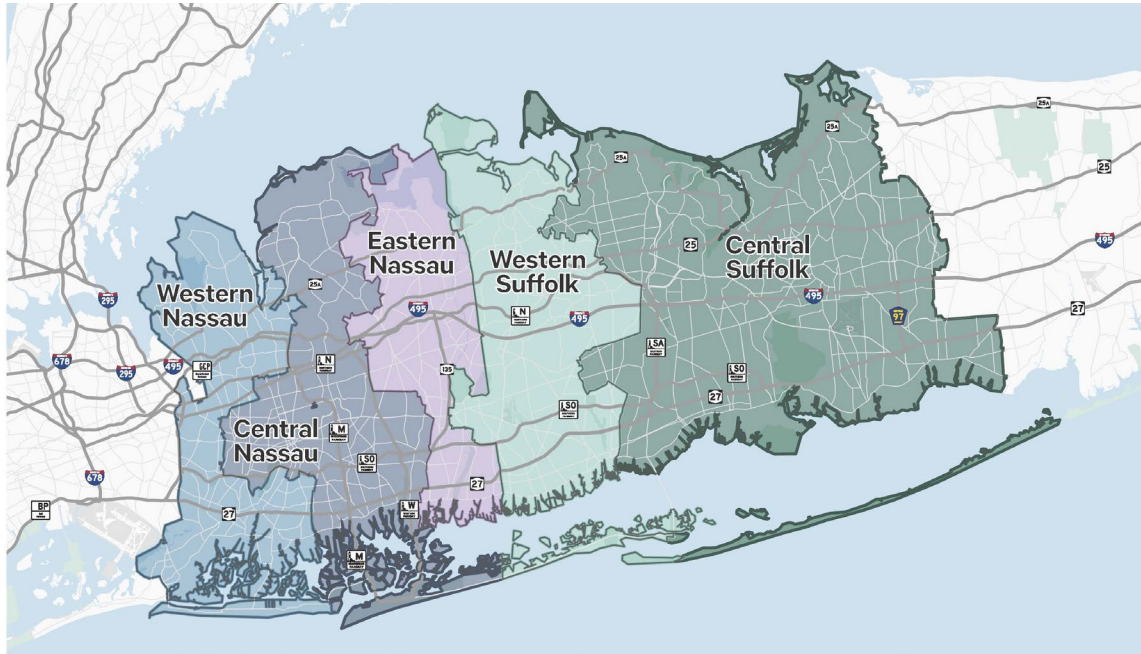
## Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Western Nassau	6.62	11.1	11.4	7.3	4.1	37.19	43,600	43,600	-	-
Central Nassau	10.18	12.1	12.5	11.2	1.3	32.51	72,700	72,700	-	-
Eastern Nassau	6.48	10.6	11.0	10.5	0.5	30.85	(16,500)	(16,500)	-	-
Western Suffolk	9.18	14.1	14.6	11.6	2.9	29.38	(49,300)	(49,300)	-	-
Central Suffolk	5.99	14.1	14.2	11.9	2.3	24.36	(44,000)	(44,000)	-	-
<b>Total</b>	<b>38.45</b>	<b>12.5</b>	<b>12.8</b>	<b>10.6</b>	<b>2.2</b>	<b>30.88</b>	<b>6,500</b>	<b>6,500</b>	-	-

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.

**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.

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

### Survey Criteria

CBRE's market report analyzes fully modernized office buildings that total 20,000+ sq. ft. in Long Island, 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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