

Leasing Remains Steady but Vacancy Edges Higher

▲ 7.5%	▲ 187,000	▼ 467,000	▲ 780,000	▼ \$29.38
Vacancy Rate	Sq. Ft. Net Absorption	Sq. Ft. Under Construction	Sq. Ft. Leasing Velocity	NNN / Lease Rate Per Sq. Ft.

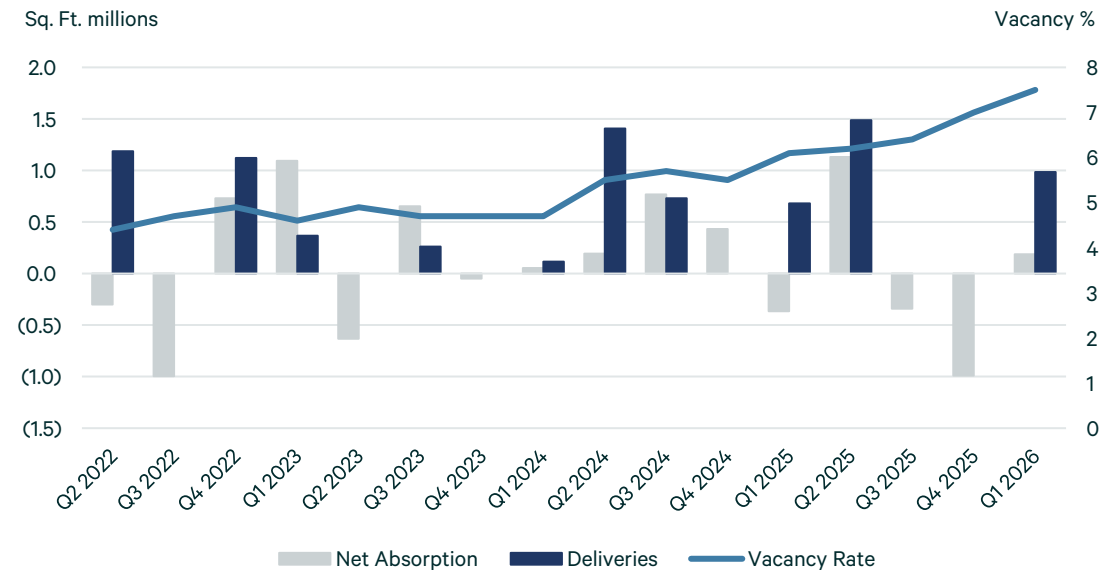
Note: Arrows indicate change from previous quarter.

Market Overview

The NYC industrial market began 2026 with steady mid sized tenant demand but continued pressure on vacancy and softening rents. Leasing velocity reached 780,000 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: Historic Absorption, Construction Completions, and Vacancy



Source: CBRE Research, 2026.

Demand

Leasing activity in the NYC industrial market reached 780,000 sq. ft. in Q1 2026, a 5.2% quarter-over-quarter increase, 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.

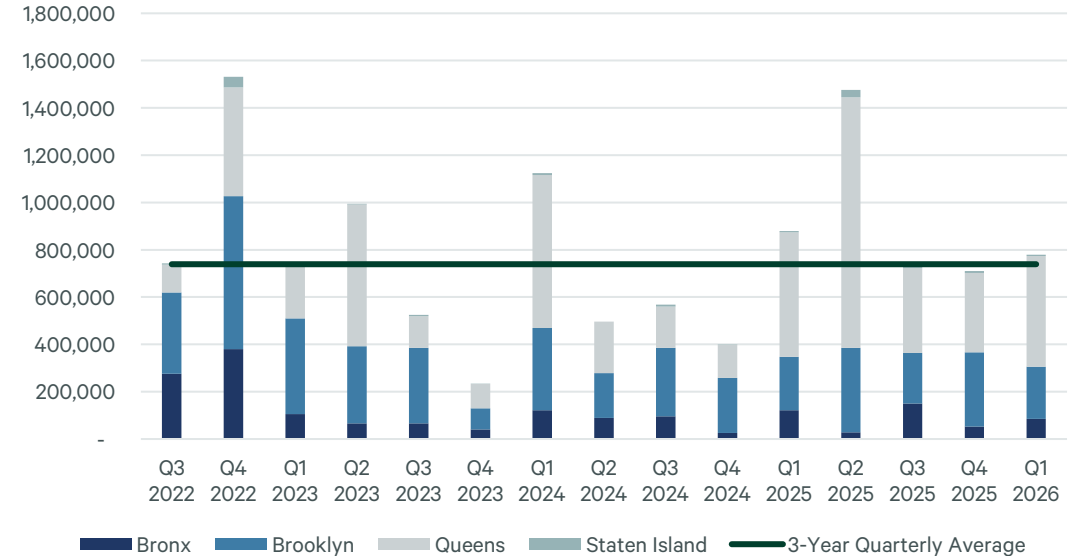
Demand for Class A industrial space remained muted, as most tenants gravitated toward raw storage options or facilities suitable for creative and nontraditional industrial uses. This preference underscores the market’s current tilt toward cost-conscious, flexible-use requirements rather than premium,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

FIGURE 2: Notable Lease Transactions

Tenant	Size (Sq. Ft.)	Address	Market	Submarket
Pink Sparrow	62,000	30-10 30-30 Review Ave	Queens	Long Island City
A1 Heating and Air Conditioning	60,000	32-33 47 th Ave	Queens	Long Island City
Hangman NYC	53,000	568 Meserole St	Brooklyn	Greenpoint/Williamsburg
Skylift	47,000	49-10 27th St	Queens	Long Island City

Source: CBRE Research, 2026.

FIGURE 3: Leasing Velocity (Sq. Ft.)



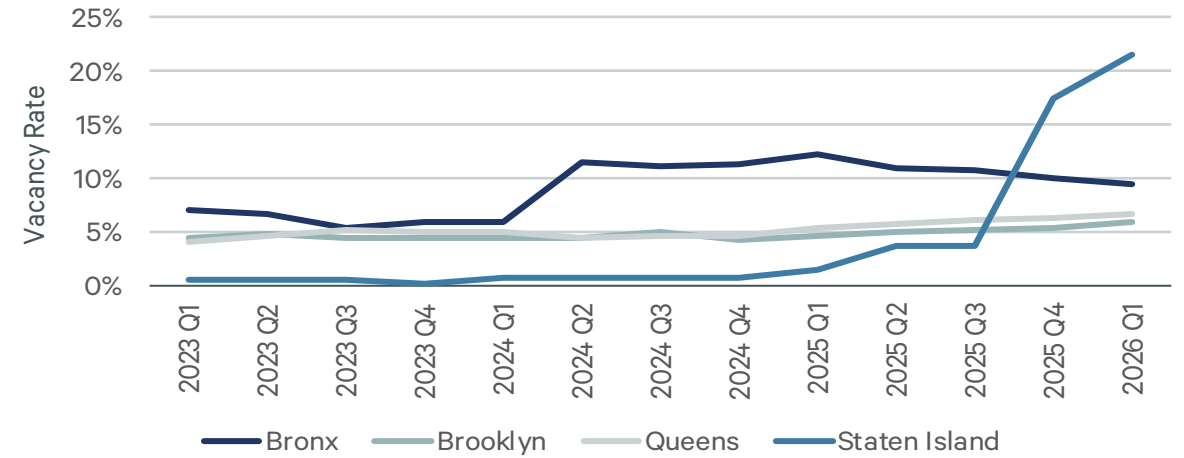
Source: CBRE Research, 2026.

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 in Staten Island (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.

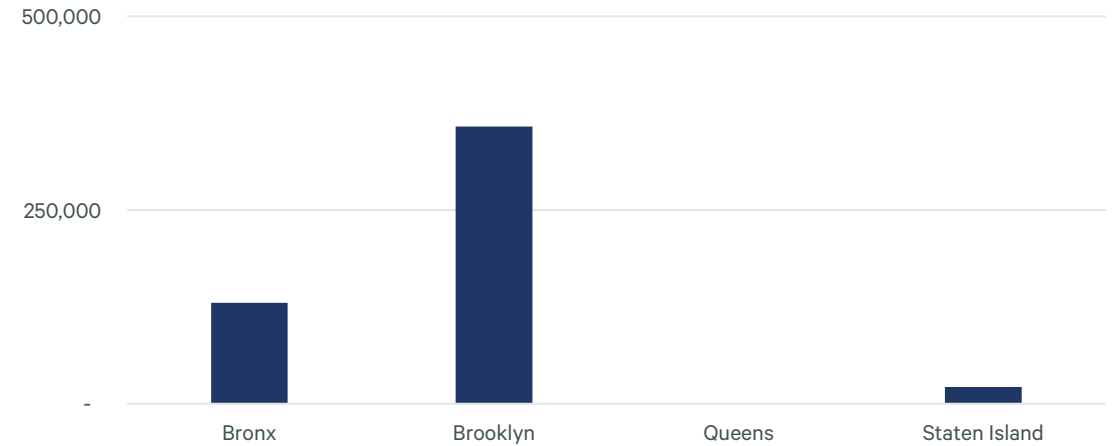
With both overall and Class A vacancy trending upward—and large-footprint requirements remaining scarce—there were no new construction starts for the second consecutive quarter. As a result, and following the two major deliveries this period, the construction pipeline declined 66% to 510,000 sq. ft.

FIGURE 4: Vacancy Rate



Source: CBRE Research, 2026

FIGURE 5: Development Pipeline



Source: CBRE Research, 2026

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.

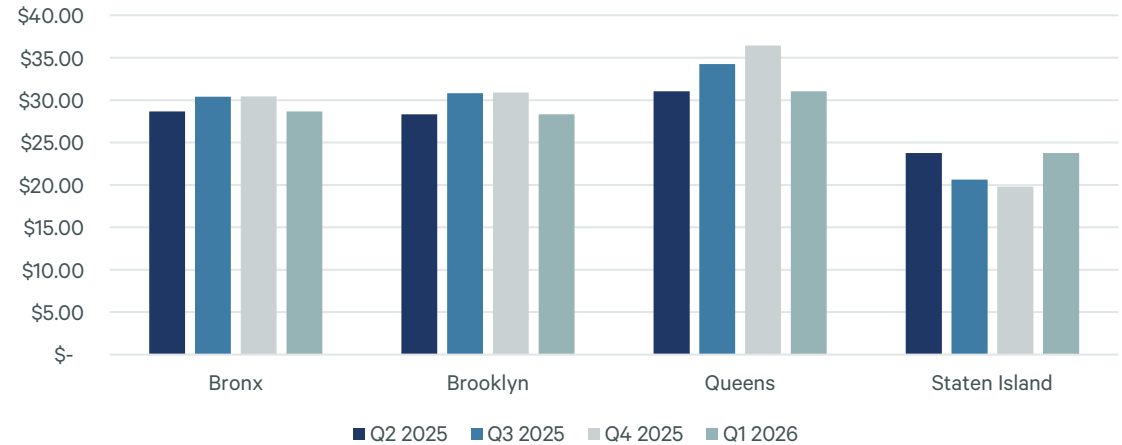
Brooklyn and the Bronx recorded the largest quarterly drops, with average asking rents declining 2.3% to \$30.19 per sq. ft. and 1.6% to \$29.98 per sq. ft., respectively. In contrast, Queens and Staten Island held steady quarter-over-quarter.

Local Economic and Labor Overview

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 6: Average Asking Rent



Source: CBRE Research, 2026

FIGURE 5: Market Statistics

Market	Inventory (SF)	Vacancy Rate (%)	Avg. Asking Rent (\$/SF)	Leasing Velocity (SF)	Under Construction (SF)
Bronx	27,181,283	9.4	29.98	84,810	130,030
Brooklyn	68,323,039	5.9	30.19	177,648	357,883
Queens	66,659,595	6.8	36.14	451,817	0
Staten Island	7,134,427	21.6	19.87	6,075	21,780
JFK*	5,48,061	6.1	24.87	12,835	0
NYC Total	169,298,444	7.5	29.38	1,476,304	509,603

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

Source: CBRE Research, 2026

FIGURE 6: The Bronx



FIGURE 7: Brooklyn



FIGURE 8: Queens

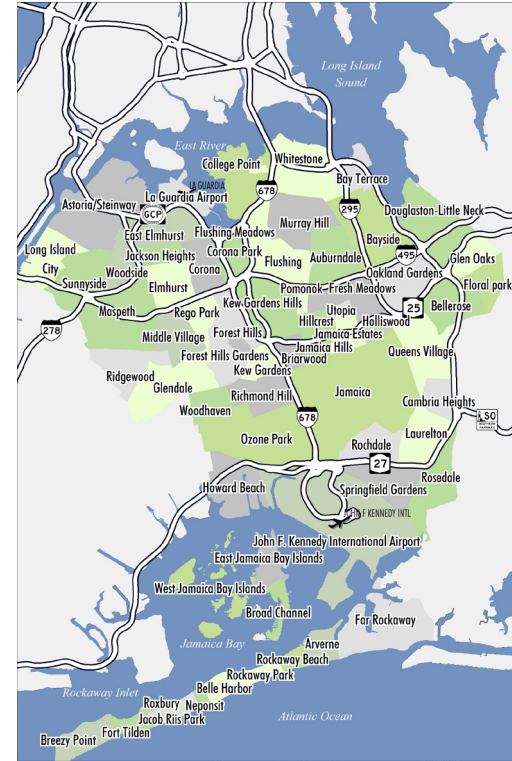


FIGURE 9: Staten Island



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