

FIGURES | LONG ISLAND INDUSTRIAL | Q2 2026

# Long Island industrial vacancy falls to 7.0% as absorption surges

▼ 7.0%  
Vacancy Rate

▲ 817,699  
SF Net Absorption

▼ 43,000  
SF Construction Delivered

▲ 1.6M  
SF Under Construction

▶ \$18.85  
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

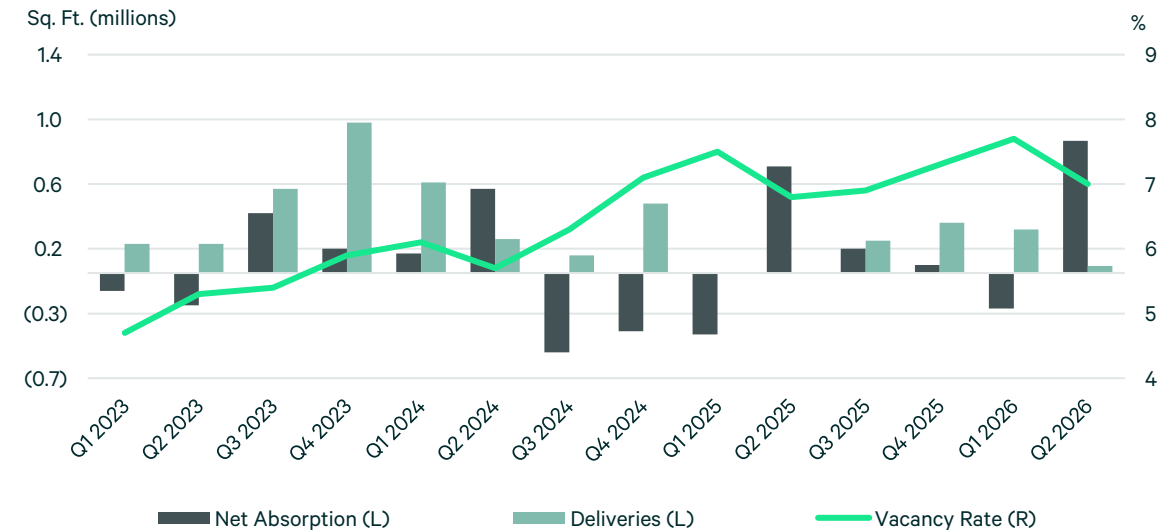
## Market Overview

The Long Island industrial market maintained stable fundamentals in Q2 2026, supported by healthy tenant demand and a limited supply of large-block space. Net absorption surpassed 800,000 sq. ft. during the quarter, contributing to a 70 basis point (bps) vacancy rate decline to 7.0%. Leasing activity totaled 905,000 sq. ft., representing a 43% increase from the previous quarter, driven by demand from wholesale/retail, e-commerce and logistics tenants. Several mid-sized lease transactions were completed during the quarter, reflecting continued occupier activity across the market.

Following several quarters of limited development activity, Long Island's construction pipeline gained momentum in Q2 2026 with the addition of two new project starts. Seven industrial projects totaling 1.6 million sq. ft. were under construction with anticipated delivery by the end of 2027.

Average asking rents remained stable quarter-over-quarter at \$18.85 per sq. ft. and were 1% higher than one year ago, highlighting the market's continued pricing resilience.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

## Vacancy Rate

The industrial vacancy rate declined to 7.0% at the close of Q2 2026, down 70 bps from 7.7% in the prior quarter. Eastern Suffolk was the primary driver of the decrease, with vacancy falling 550 bps quarter-over-quarter to 7.6%. The decline was largely attributable to the withdrawal of approximately 550,000 sq. ft. of available space at Brookhaven Logistics Center in Yaphank, where ownership has proposed redeveloping the property's three vacant warehouses into a data center.

Central Suffolk saw vacancy decrease 50 bps to 8.2%. The decline was driven primarily by Sam Tell's 85,000-sq.-ft. lease at 1724 Fifth Avenue in Bay Shore.

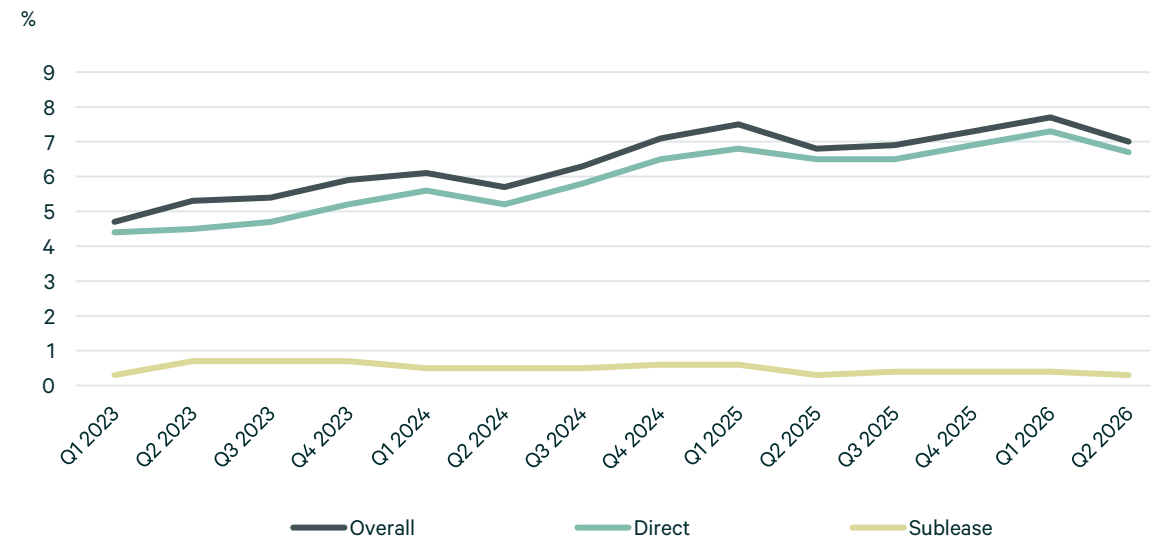
## Asking Rent

Market-wide average asking rents held steady at \$18.85 per sq. ft. in Q2 2026. Despite remaining unchanged from the prior quarter, rents were 1% higher than a year ago, reflecting continued pricing resilience across the market.

Eastern Nassau remained the highest-priced submarket, with average asking rents rising to \$21.66 per sq. ft., up 4% both quarter-over-quarter and year-over-year. Western Nassau asking rent increased 1% quarterly to \$18.33 per sq. ft. but remained 11% below levels a year ago.

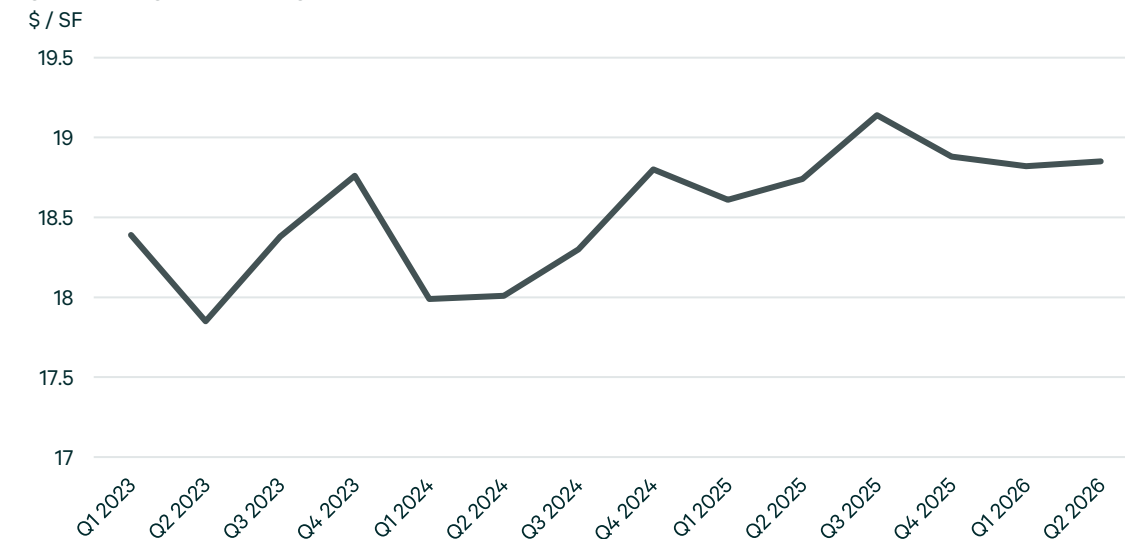
Among the remaining submarkets, Central Suffolk reported an average asking rent of \$18.84 per sq. ft., down 2% from the previous quarter but 2% above one year ago. Eastern Suffolk recorded the largest decline, with asking rents falling 6% quarter-over-quarter and 7% year-over-year to \$16.23 per sq. ft. Western Suffolk also experienced a modest decrease, slipping 1% from the prior quarter to \$15.82 per sq. ft., though rents remained 3% above year-ago levels.

Figure 2: Vacancy Rates



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

## Net Absorption

The market recorded 818,000 sq. ft. of positive net absorption in Q2 2026, driven by several large occupancies and the continued reduction of available inventory. The quarter marked a significant improvement from the 220,000 sq. ft. of negative absorption posted in Q1 2026 and represented a 28% increase from the same period one year ago.

Eastern Suffolk accounted for the majority of the quarter's positive absorption, totaling 541,000 sq. ft. The gain was primarily attributable to the withdrawal of more than 550,000 sq. ft. of available space at Brookhaven Logistics Center in Yaphank, where ownership has proposed converting three vacant warehouse buildings into a data center. The removal of this large block of space further tightened submarket conditions.

Central Suffolk also posted a strong quarter, recording 251,000 sq. ft. of positive absorption. Activity was largely driven by OnTrac's occupancy of its 121,000-sq.-ft. facility in Bohemia, highlighting continued demand from logistics and distribution users. Western Nassau was the only other submarket to register positive absorption, totaling 104,000 sq. ft.

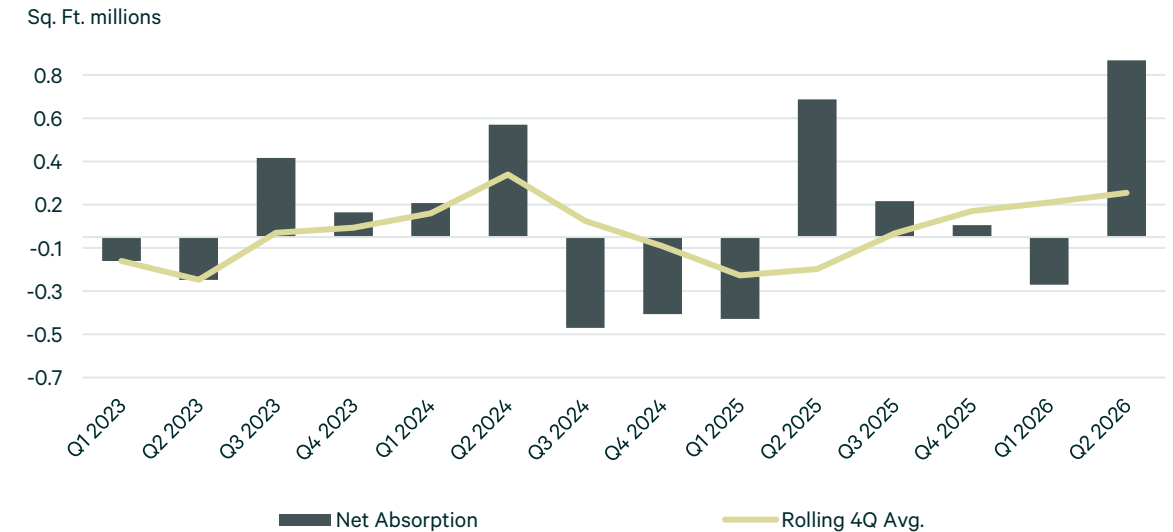
In contrast, Eastern Nassau and Western Suffolk recorded modest vacancy increases during the quarter, posting negative absorption of 32,000 sq. ft. and 46,000 sq. ft., respectively. Despite these declines, market-wide absorption remained firmly positive, underscoring the strength of the industrial sector and the impact of shrinking available inventory on overall fundamentals.

## Construction Activity

As of quarter-end, 1.6 million sq. ft. of industrial space was under construction across Long Island. Although quarterly deliveries declined 84% from Q1 2026, development activity remained robust, with the active construction pipeline expanding 21% quarter-over-quarter and doubling year-over-year.

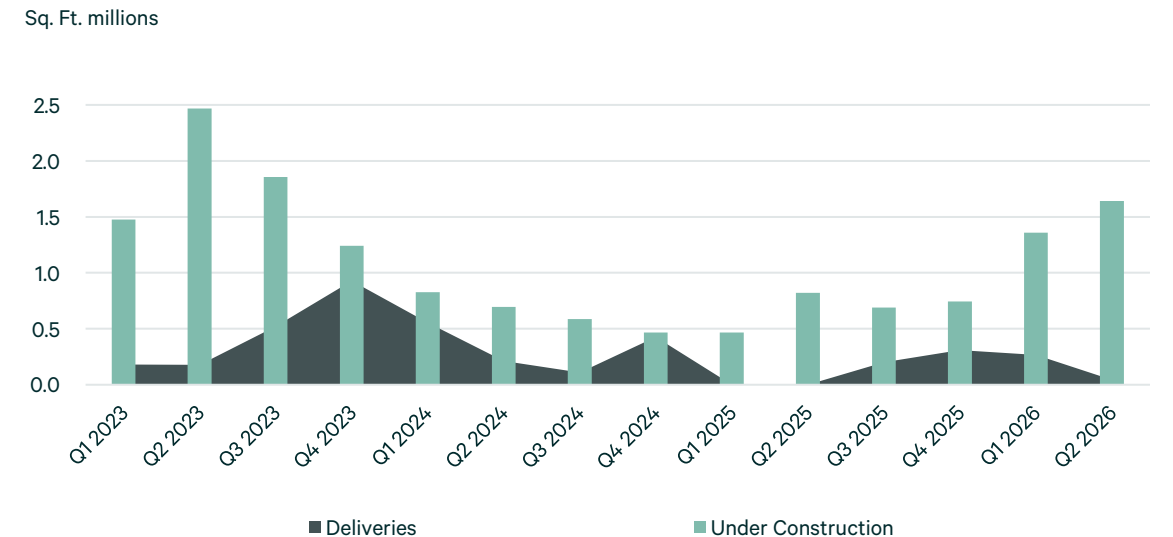
Central Suffolk accounted for the largest share of the pipeline, supported by Trader Joe's 881,000-sq.-ft. build-to-suit distribution facility in Islandia, which remains on track for delivery in Q1 2027. Eastern Suffolk followed with 521,000 sq. ft. under construction and was the only submarket to record a new project groundbreaking during the quarter. Construction commenced at the AIREF Station Road Logistics Center in Bellport, a four-building speculative development totaling 530,000 sq. ft. that is expected to be completed in 2027.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 4: Construction Activity



Source: CBRE Research, Q2 2026

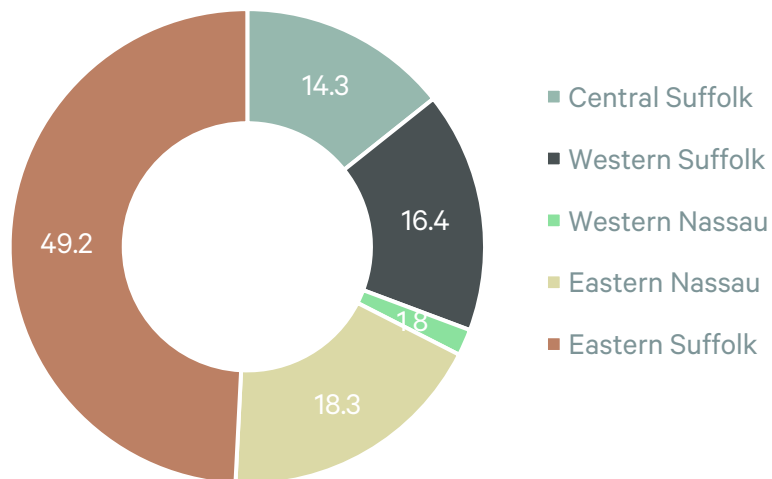
## Leasing Activity

Leasing activity accelerated in Q2 2026, with more than 905,000 sq. ft. of new leases executed during the quarter. Total leasing activity increased 43% from Q1 2026 and surged 77% compared with Q2 2025, reflecting renewed tenant activity across several submarkets.

The quarter's largest transaction involved a wholesale/retail tenant in Yaphank, where NorthPoint Development plans to construct a 414,000-sq.-ft. build-to-suit warehouse. Other notable leases included OnTrac's 121,000-sq.-ft. commitment at 2950 Veterans Memorial Highway in Bohemia and Sam Tell's 85,000-sq.-ft. lease at 1724 Fifth Avenue in Bay Shore.

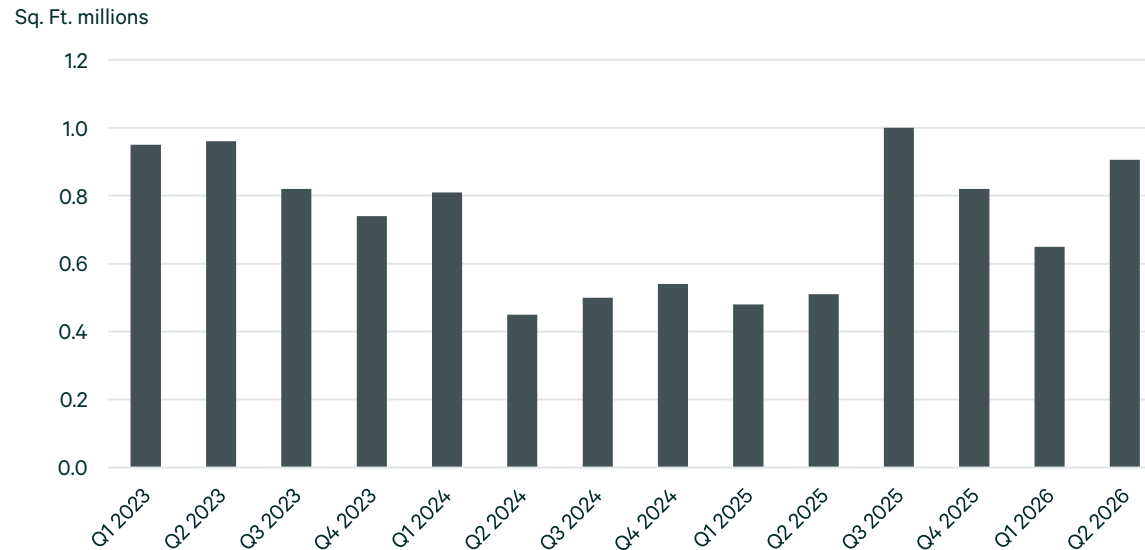
Eastern Suffolk led all submarkets with 446,000 sq. ft. of leasing activity, accounting for nearly half of the market's quarterly total. Eastern Nassau ranked second with 166,000 sq. ft. leased, representing a substantial rebound from recent quarters, with activity increasing 244% quarter-over-quarter and 62% year-over-year.

Figure 6: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	414,000	New Lease	Sills Road, Yaphank	Eastern Suffolk
ABDC	139,000	Renewal	100 New Highway, Amityville	Western Suffolk
Amazon	125,000	New Lease	195 Spagnoli Road, Melville	Western Suffolk
OnTrac	121,000	New Lease	2950 Veterans Memorial Highway, Bohemia	Central Suffolk
Sam Tell	85,000	New Lease	1724 Fifth Avenue, Bay Shore	Central Suffolk

Source: CBRE Research, Q2 2026

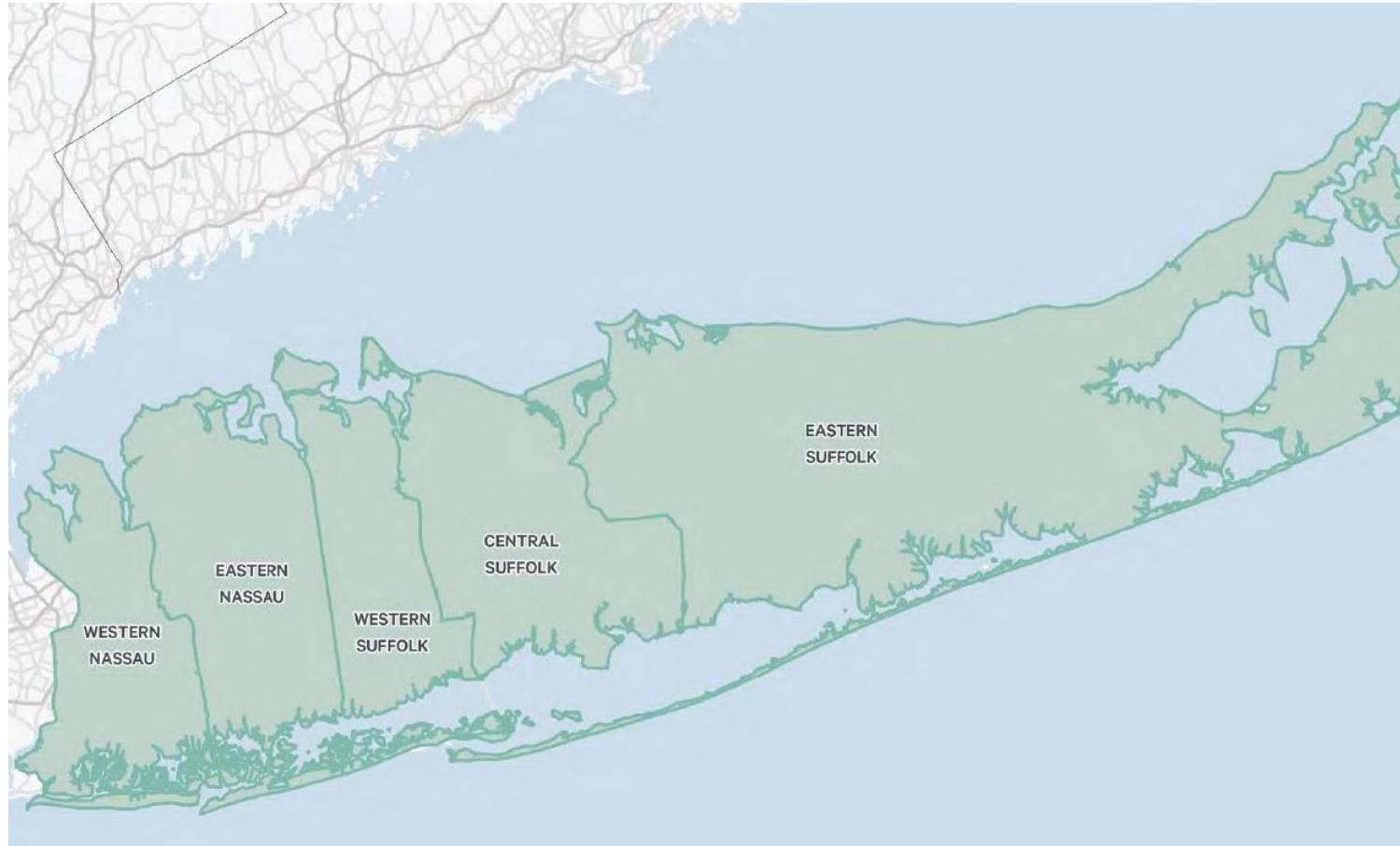
## Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)
Central Suffolk	39.92	8.2	8.0	7.7	0.3	18.84	251,000	242,000	43,000	0.88
Eastern Nassau	20.29	6.7	7.3	7.0	0.3	21.66	(32,000)	32,000	-	0.24
Eastern Suffolk	9.88	7.6	7.9	7.0	0.9	16.53	541,000	552,000	-	0.52
Western Nassau	14.83	5.8	5.3	5.1	0.2	18.33	104,000	123,000	-	-
Western Suffolk	20.47	5.4	5.2	5.0	0.2	15.82	(46,000)	(352,000)	-	-
<b>Total</b>	<b>105.39</b>	<b>7.0</b>	<b>6.9</b>	<b>6.7</b>	<b>0.3</b>	<b>18.85</b>	<b>818,000</b>	<b>598,000</b>	<b>43,000</b>	<b>1.64</b>

Source: CBRE Research, Q2 2026

**Market Area Overview**



**Definitions**

- Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.
- Availability Rate: Total Available Sq. Ft. divided by the total building Area.
- Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.
- Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance.
- Net Absorption: The change in Occupied Sq. Ft. from one period to the next.
- Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.
- Occupied Sq. Ft.: Building Area not considered vacant.
- Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.
- Vacant Sq. Ft.: Space that can be occupied within 30 days.
- Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

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