

CUSHMAN & WAKEFIELD RESEARCH

LONG ISLAND INDUSTRIAL CONSTRUCTION REPORT

Fall 2025



CONSTRUCTION PIPELINE BEGINS TO NORMALIZE AFTER HISTORIC EXPANSION

NEW PROJECTS HIGHLIGHT A SHIFT IN DEVELOPMENT

Long Island's development pipeline began to normalize after a historic expansion in 2022-2024. Seven new projects have broken ground so far this year, bringing the total under construction pipeline to 1.4 million square feet (msf). Additionally, several developments are currently conducting site work and are expected to break ground across the market next year. Tenant demand for Class A product has accelerated significantly, with pre-occupancy rates among these ongoing projects at nearly 70.0%.

Year-to-date (YTD) 2025 completions totaled 518,768 square feet (sf) across three buildings, with 36.2% of the space leased upon delivery. More developers are now opting to focus on build-to-suit (BTS) opportunities and small-bay, multi-tenant projects instead of the more traditional speculative, single-tenant last-mile facilities that were popular during the pandemic-era expansion. This shift is giving developers more certainty in occupancy for BTS developments, and investors more diversity and flexibility in tenancy for small-bay buildings as the construction pipeline continues to slow down from its peak a few years ago.

DEMAND PICKS UP IN NEW CONSTRUCTION BUILDINGS

Since 2019, nearly 6.0 msf of new construction has been completed, marking the market's largest expansion cycle since the late 1980s. Investors and developers have been drawn to Long Island because of its strong demographics, including a solid labor force and a densely populated, affluent consumer base. Rental rate growth has nearly doubled over the same period, and tight vacancy rates have attracted institutional groups from across the country.

The overall vacancy rate of 5.2% has steadily increased from its historic low in 2022, primarily driven by speculative construction over the past few years. Newly built properties account for just 5.5% of total market inventory, with 63 properties completed since 2015. Vacancy levels in these buildings peaked at 46.1% in 2023 during the height of new development and now sit at 30.3% as Class A demand continues to accelerate. Despite elevated vacancy, a construction slowdown should alleviate new supply pressures and allow more time for these developments to secure tenants.

During the recent expansion cycle, projects occurred across Long Island. With the completion of 65 Rason Road in Inwood, there are no new construction projects currently underway in Nassau County for the first time since 2018 as vacant industrial-zoned land has become exceedingly scarce. Suffolk County, meanwhile, has remained the center of development, highlighted by Trader Joe's recent purchase of a 68-acre site at the former Computer Associates headquarters in Islandia. The grocer recently started construction on the 921,300-sf, three-building industrial complex, with a portion dedicated to cold and freezer storage—slated to become the largest single-user industrial building on

STATS ON THE GO | YTD 2025



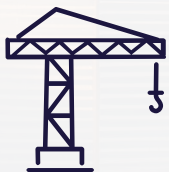
1.4 MSF

Total SF Under Construction



2.7 MSF

Total Development Pipeline Slated for Completion by 2027



100.0%

Of New Projects are in Suffolk County




0.5 MSF

Total Deliveries YTD 2025

OUTLOOK

Market fundamentals continue to strengthen as the economy shows signs of improvement. Developers remain optimistic about Long Island's industrial landscape but are adopting a more strategic approach to new projects. More prospective tenants, including logistics and food & beverage users, are entering the market and focusing on Class A buildings. Existing companies are expanding and consolidating their spaces, finding efficiencies within modern facilities.

A photograph of an industrial facility, possibly a refinery or chemical plant, silhouetted against a dramatic sunset sky. The sky is a mix of orange, yellow, and dark blue. In the foreground, there are large, curved, metallic structures, likely part of a storage tank or conveyor system. The overall scene is industrial and atmospheric.

**Pre-occupancy
rates among
ongoing projects is
at nearly 70.0%.**

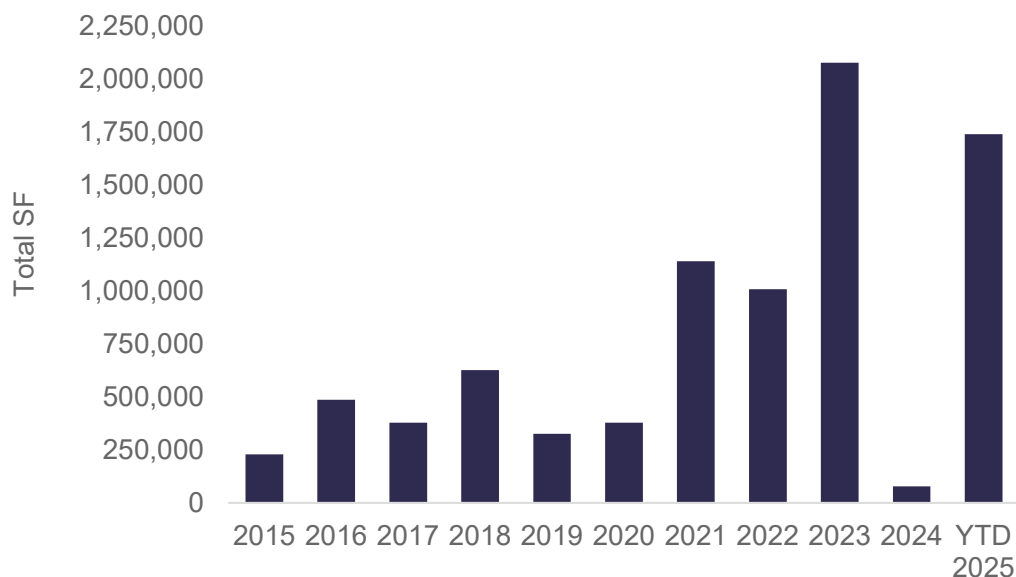
By the end of 2027, 2.7 msf is expected to be delivered, with most developments occurring in Central and Eastern Suffolk County. As the construction pipeline softens and projects push further east due to limited land availability, tenants face increasingly constrained options in site selection—a trend expected to persist through 2026.



WAREHOUSE/DISTRIBUTION— UNDER CONSTRUCTION OVERVIEW

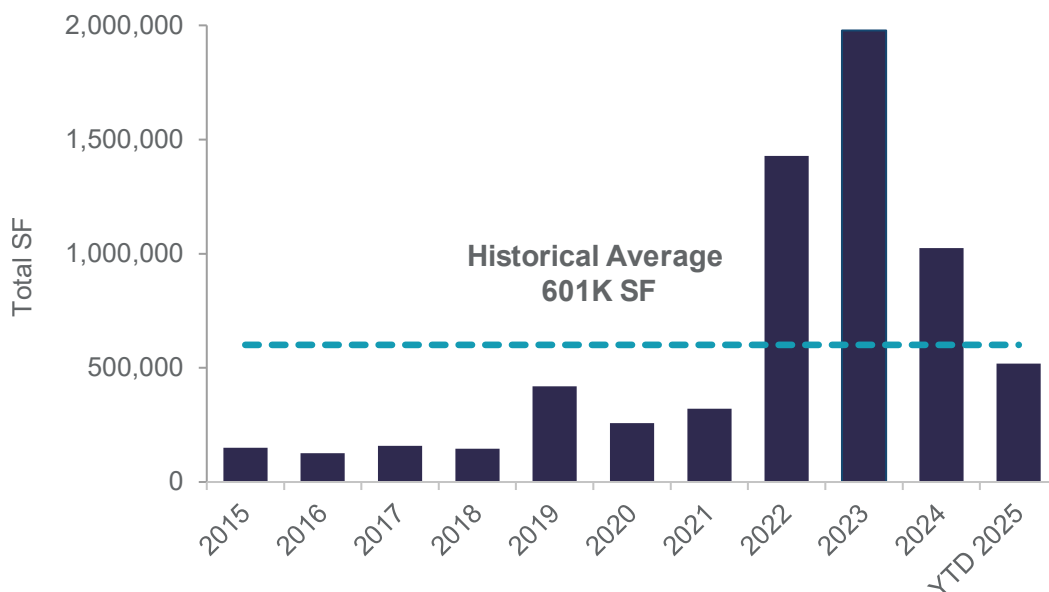
YTD 2025

HISTORICAL CONSTRUCTION



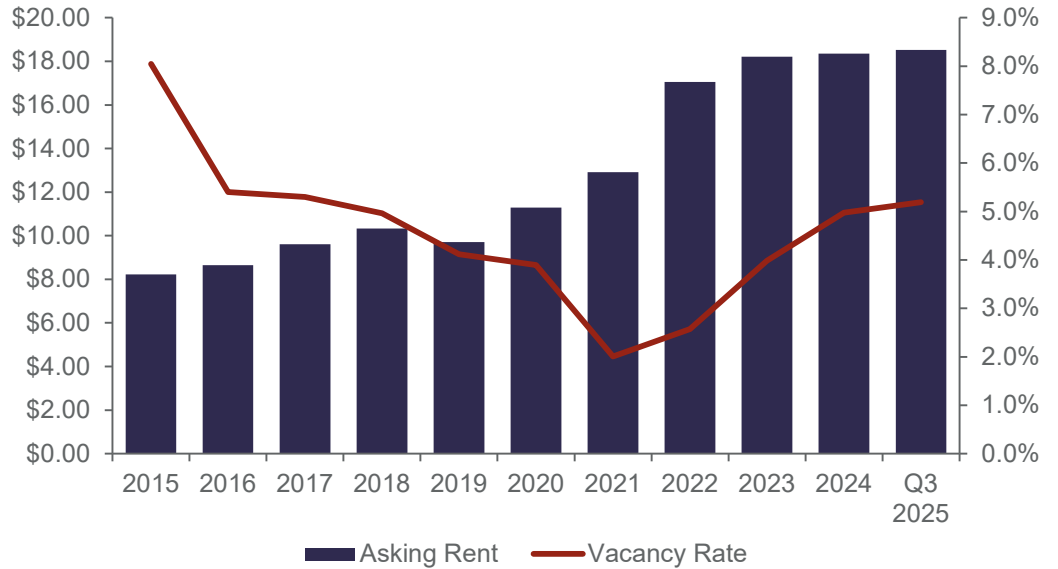
Construction starts are up year-over-year but down from 2023's historic peak.

HISTORICAL NEW DELIVERIES



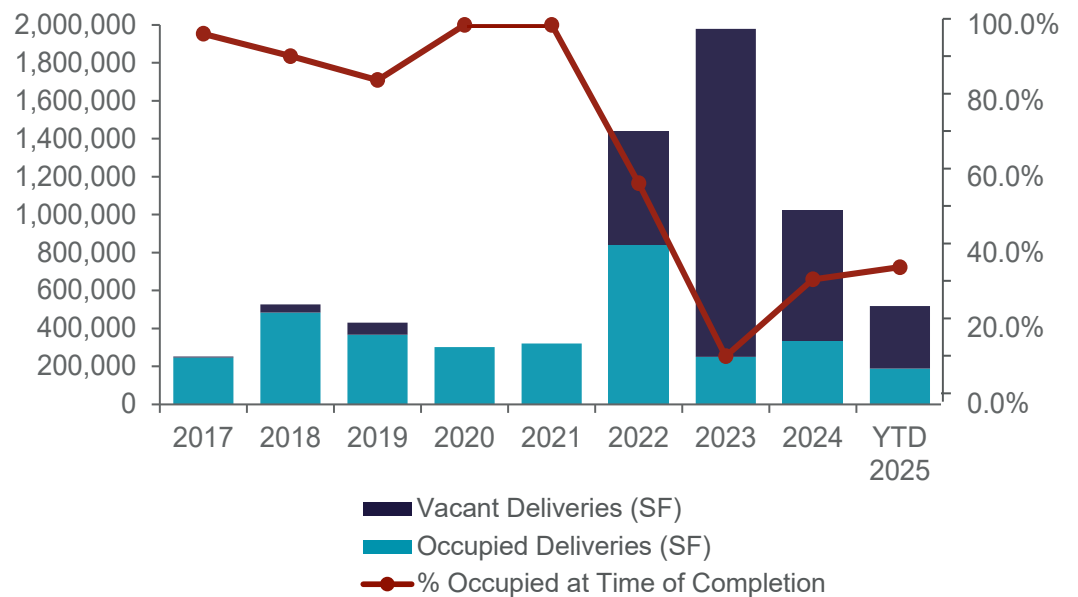
Construction completions have declined, currently sitting just under the 10-year average.

HISTORICAL VACANCY RATE / AVERAGE ASKING RENT (NNN)



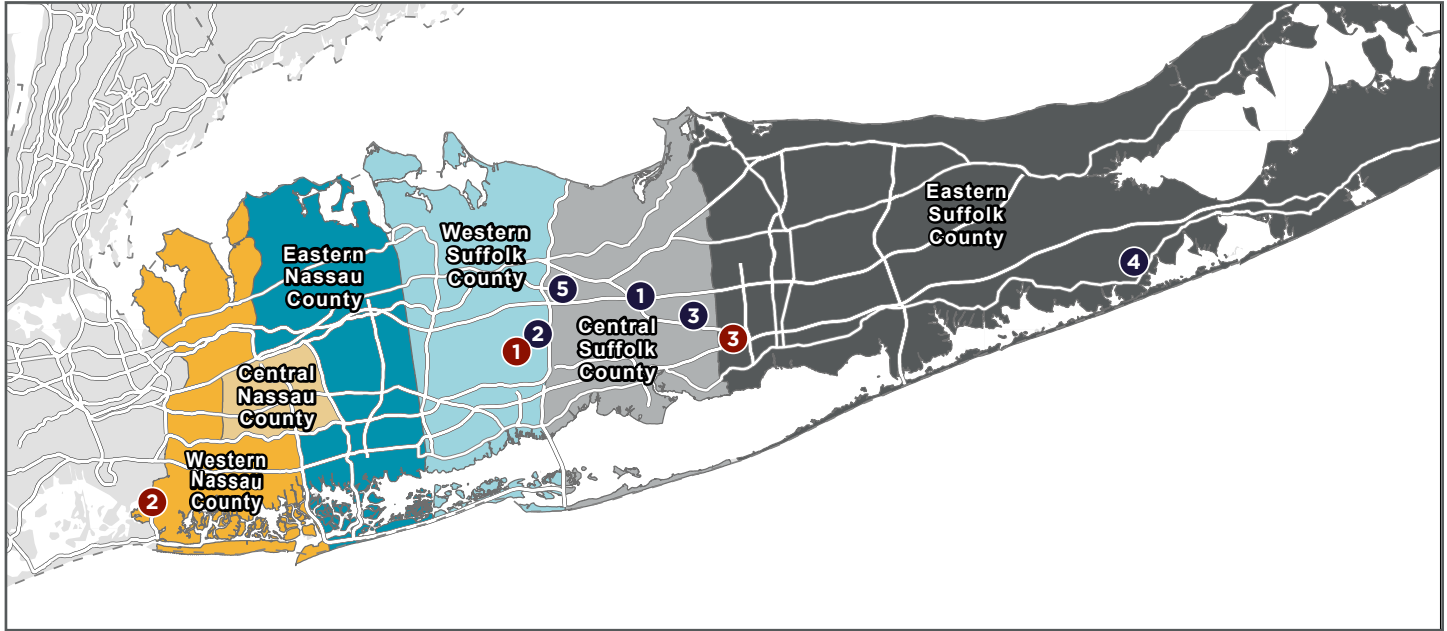
Asking rents remain stable after significant growth as vacancy continues to trend upward.

HISTORICAL PRE-LEASING ACTIVITY



Pre-leasing activity is steadily increasing over the past year, hitting 36.2% so far this year.

LONG ISLAND PROPERTIES BUILT YEAR-TO-DATE & UNDER CONSTRUCTION



UNDER CONSTRUCTION

MAP ID	ADDRESS	CITY	RBA	SUBMARKET
1	1 Computer Associates Plaza	Islandia	921,300	Central Suffolk
2	90 Wilshire Boulevard	Brentwood	160,000	Central Suffolk
3	2100 Smithtown Avenue	Ronkonkoma	137,470	Central Suffolk
4	8 Midhampton Avenue	Quogue	125,500	Eastern Suffolk
5	380 Oser Avenue	Hauppauge	37,000	Central Suffolk

BUILT YTD

MAP ID	ADDRESS	CITY	RBA	SUBMARKET
6	377 Carlls Path	Deer Park	132,515	Western Suffolk
7	65 Rason Road	Inwood	113,775	Western Nassau
8	5150 Veterans Memorial Highway	Holbrook	103,500	Eastern Suffolk



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