



Long Island office market report

Q4 2022

**AVISON
YOUNG**

Long Island office market indicators

12.3%

of space is **available on a direct basis** in Q4 2022, up from 11.2% in Q4 2021.

-1.5%

in occupancy loss occurred in 2022, equating to **-898,588 in net absorption**.

\$414m

in sales **volume transacted** in 2022 averaging at **\$198 psf**, mirroring 2021 average pricing.

1.9%

of space is **available on a sublease basis** in Q4 2022, up from 1.7% in Q4 2021.

\$28.05 psf

average asking rent registered in Q4, down from \$28.12 in Q3 2022.

0 sf

of **construction is underway**, with approximately **41,000 sf delivering in 2022**.

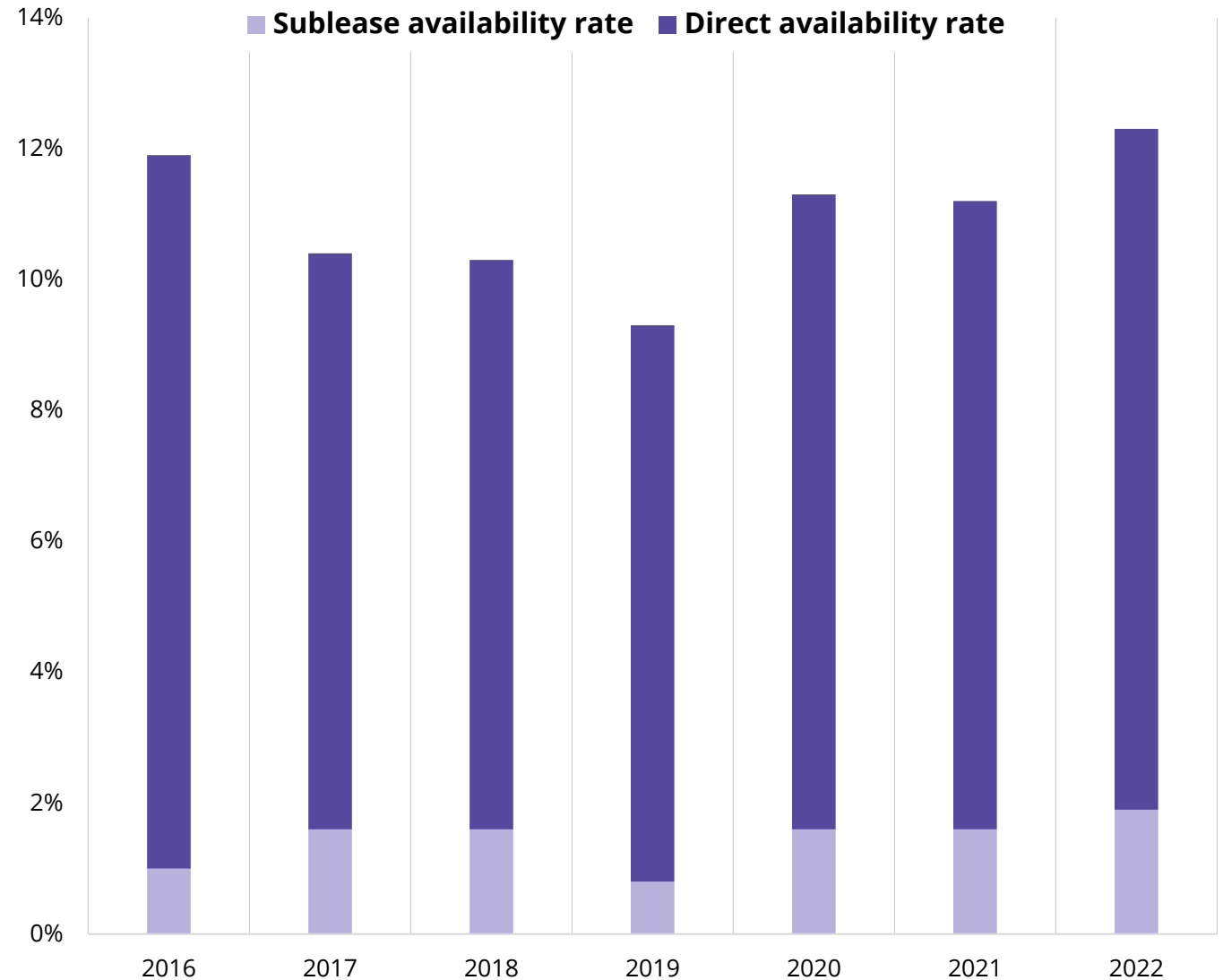
Long Island availability rate

12.3%

Q4 2022 Long Island total availability rate

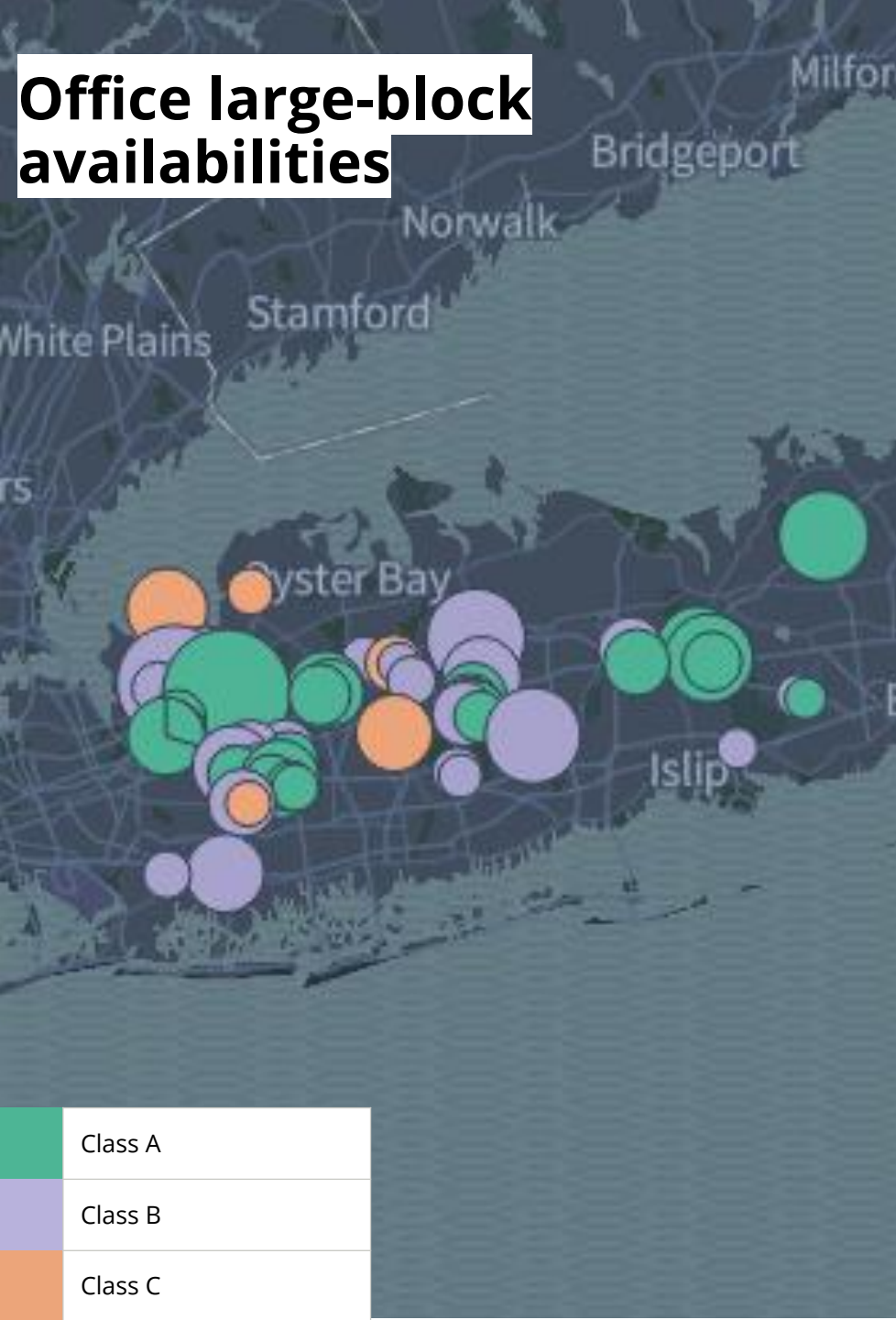
Available space continued to climb in Long Island, matching 2016 levels but remaining well below the island's peak in 2009 when availability reached 16%. Direct availability drove an uptick in supply in, closing the year at 10.4%. However, sublease space also continued to climb, closing the year out at with just over 900,000 sf available or 1.9% of the existing inventory.

+1.09 MSF



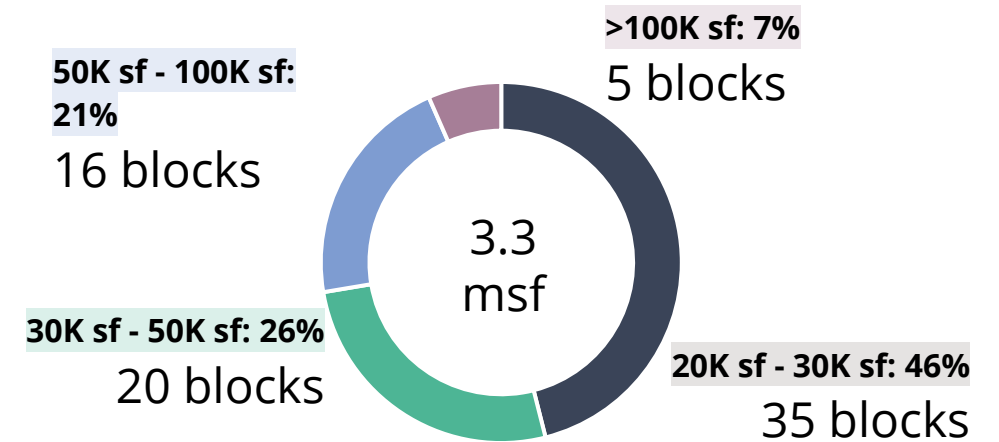
Source: AVANT by Avison Young, CoStar

Office large-block availabilities

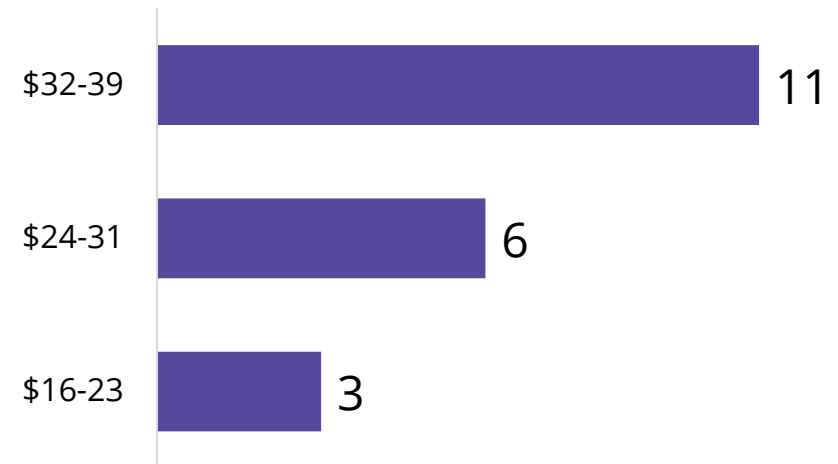


Class A
Class B
Class C

Large-block space size ranges



Large blocks available by asking rent psf



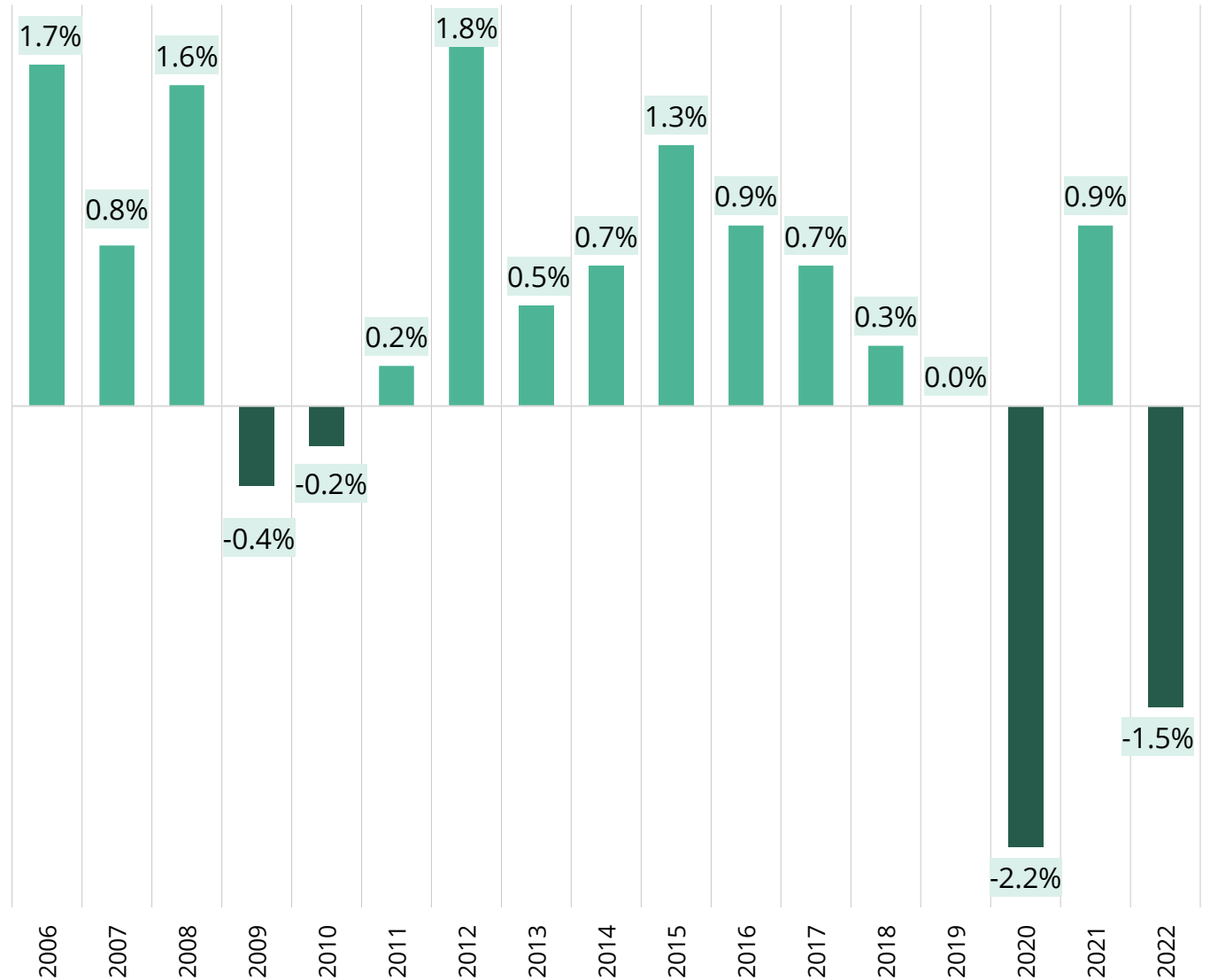
Source: AVANT by Avison Young, CoStar

Long Island Net absorption as a share of inventory

-1.5%

2022 Long Island total absorption as a share of inventory

After a rebound year in 2021, Long Island ended losing the ground it made back up with -898,588 sf in net absorption registering in 2022. This occupancy loss was primarily driven by Nassau County which accounted for 79% of the annual occupancy loss.

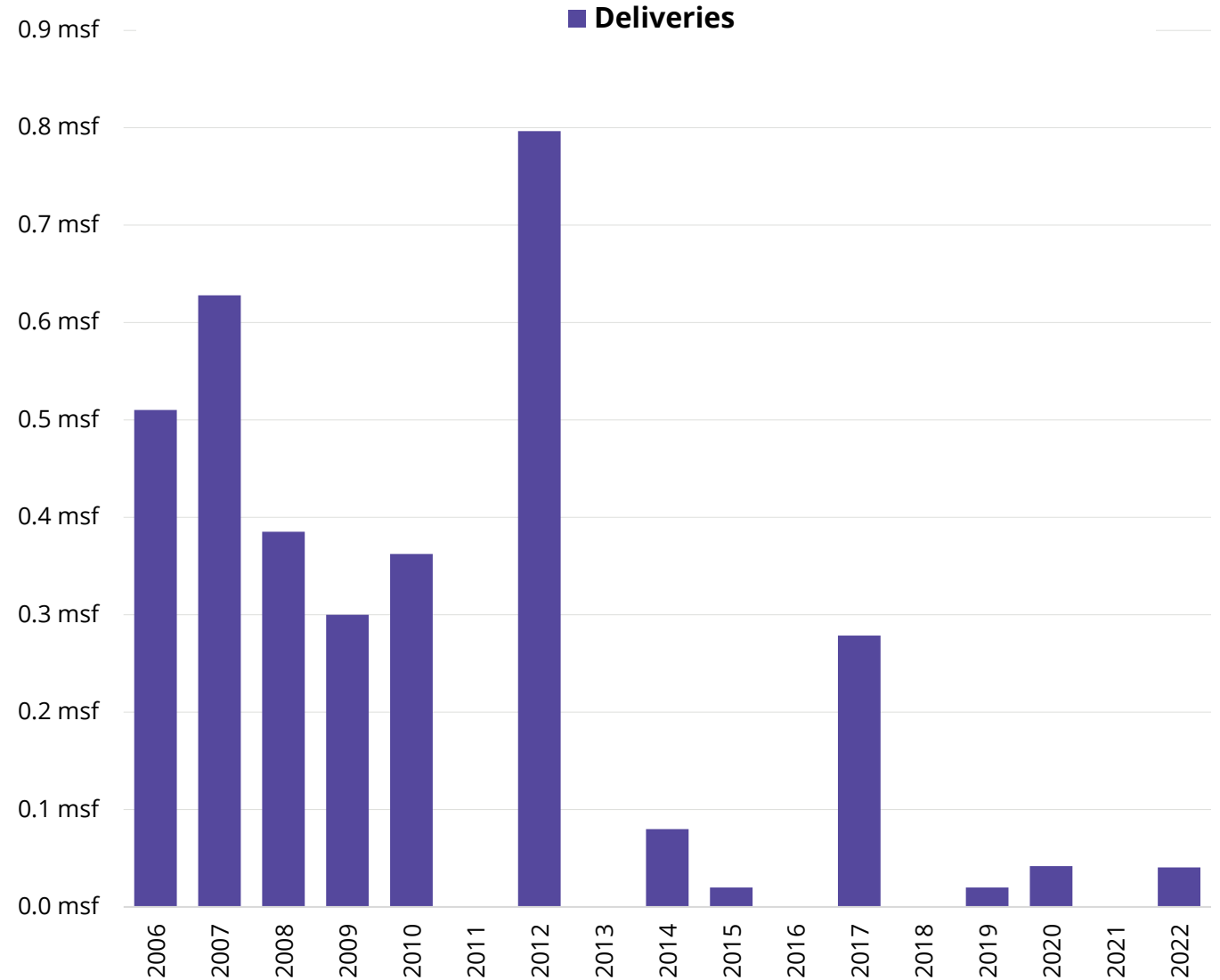


Long Island development activity

41K sf

2022 Long Island delivered sf

Long Island saw a net decrease in existing inventory during 2022 with only 41,000 sf delivering at 410 Motor Parkway in Hauppauge and 278,000 sf taken out of inventory due to a repositioning at 600 Grumman Road in Bethpage.



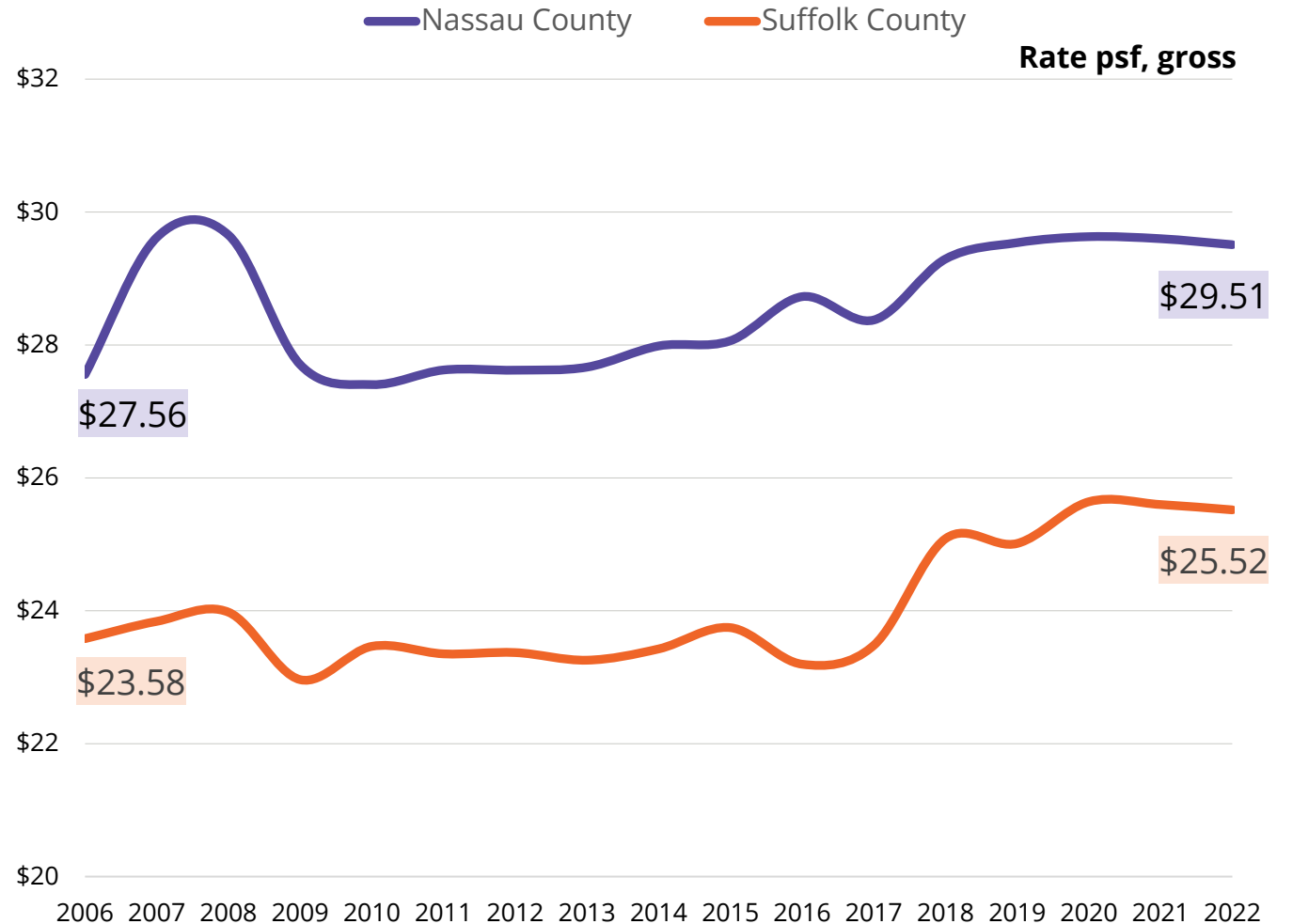
Source: AVANT by Avison Young, CoStar

Long Island asking rents

\$28.05psf

Overall average asking rent

Both Nassau and Suffolk County registered a slight decrease in rents to close out 2022, remaining relatively flat since the onset of the pandemic. Class A rents relatively flat averaging at \$31.20. Whereas Class B rents decreased appositely \$1.00 on average to \$25.01.

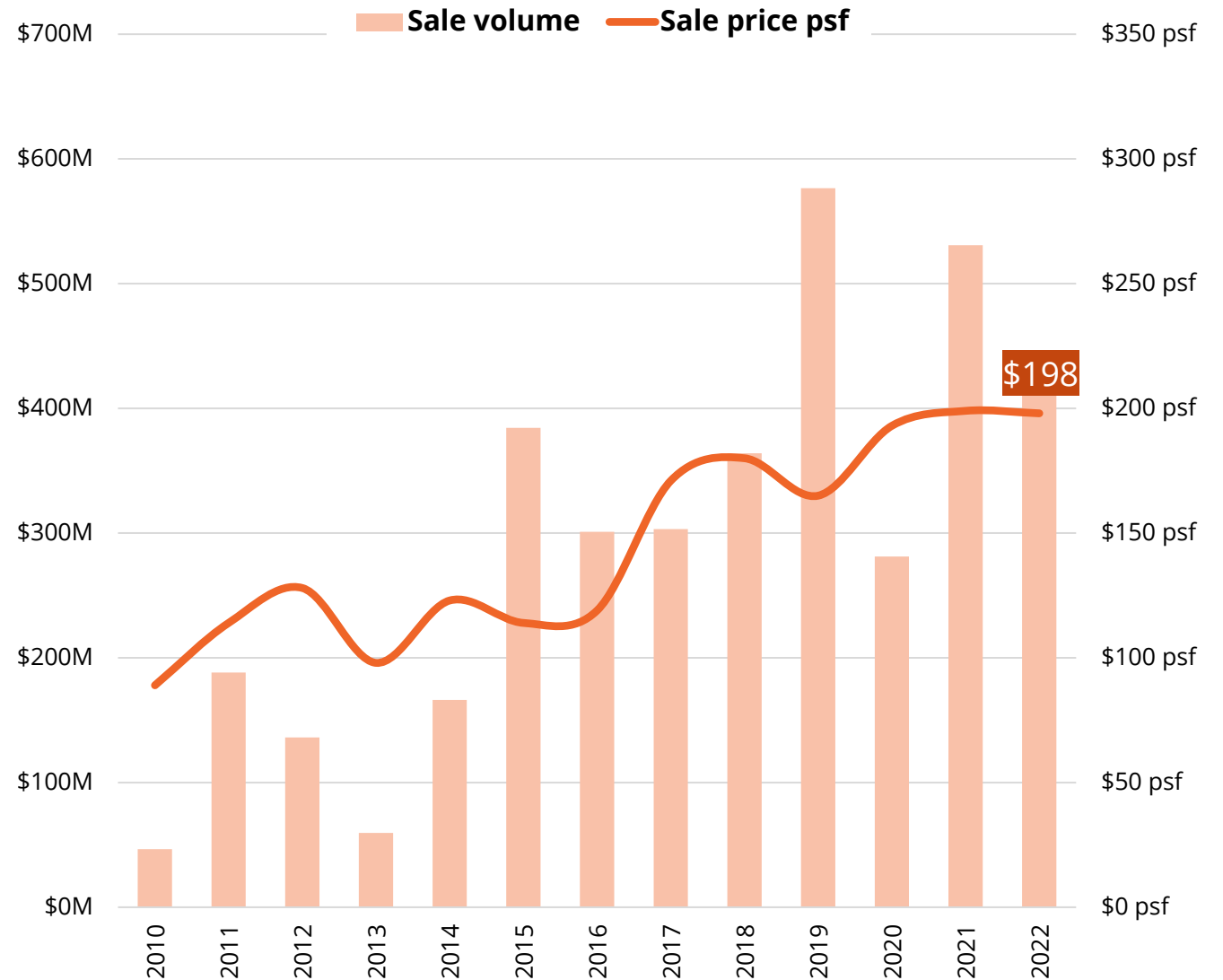


Long Island investment sales activity and price

\$209 psf

2022 Long Island average sale price psf

Sales volume decreased from 2021 levels but remained on par with the trailing five-year average with approximately \$414 million in transaction taking place throughout 2022. Average sale pricing mirrored 2021 pricing.



Source: AVANT by Avison Young, CoStar

Long Island office market activity

Quarterly leasing activity

Tenant name	Address	Sign date	Size (sf)*	Transaction type	Lease type	County
Hospital of Special Surgery	90 Merrick Ave, East Meadow	Nov 2022	38,000	New	Direct	Nassau County
Forester & Garbus	2950 Express Dr S, Islandia	Oct 2022	22,000	New	Sublease	Suffolk County
PKF O'Connor Davies	878 Veterans Memorial Hwy, Hauppauge	Dec 2022	20,000	New	Sublease	Suffolk County
United Mortgage Group	25 Melville Park Rd, Melville	Oct 2022	18,000	Renewal	Direct	Suffolk County

Note: *sf rounded to the nearest thousandth

Quarterly sales activity

Buyer	Address	Sale date	Building Size (sf)	Sale price	Sale price psf	Seller
Watchtower*	750 Woodbury Rd, Woodbury	Dec 2022	236,365	\$27,000,000	\$114	GEICO
Bosfa Properties	320 Carleton Ave, Central Islip	Oct 2022	152,916	\$21,500,000	\$141	The Benjamin Companies
Northwell Health*	800 Community Dr, Manhasset	Dec 2022	23,890	\$7,680,000	\$322	G4 Capital Partners

Note: *denotes the buyer is an occupier of the asset

Notable blocks of availability

Address	Class	Status	Deal type	Building sf	Available sf	Avg. Floor sf	Floor(s)	Landlord (s)
3 Huntington Quadrangle, Melville	A	Vacant	Direct	408,917	115,261	24,446	2-4	Lionstone Capital
1200 Franklin Ave, Garden City	A	Vacant	Direct	155,471	82,000*	46,848	1	Hudson Bay Company
101 Channel Dr, Port Washington	B	Vacant	Direct	80,000	80,000	26,500	1-3	Little Rock Construction
878 Veterans Memorial Hwy, Hauppauge	A	Vacant	Sublease	80,000	60,000	20,000	1-3	Signature Acquisitions

Note: *denotes the available sf can have a medical office component

Long Island office market stats

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total Availability	Net absorption sf (Q4 2022)	Net absorption sf (YTD)	Direct asking rent FS
Nassau County	32,080,856	-	-	10.2%	1.8%	12.0%	(40,881)	(688,048)	\$29.51
Suffolk County	19,607,296	40,678	-	11.2%	2.4%	13.5%	(151,134)	(210,540)	\$25.52
Overall	51,688,161	40,678	-	10.4%	1.9%	12.3%	(192,015)	(898,588)	\$28.05



Office insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

Vitality Index

- **Visitor volumes:** based on extrapolated, anonymized cell phone pings provided by Orbital Insight at custom, geofenced locations, the Vitality Index tracks visitor volumes at representative areas of interest across markets and property types

For more market insights and
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