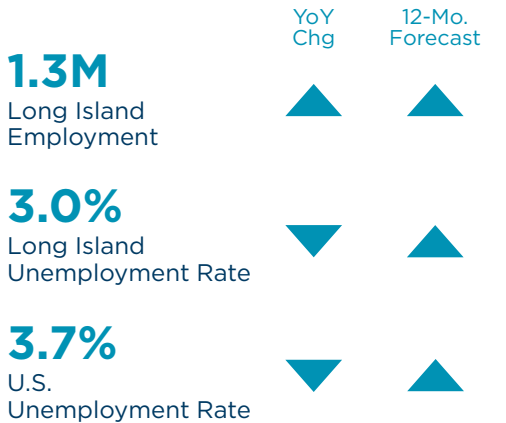


(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2022



Source: BLS

ECONOMY: Long Island Unemployment Rate Stabilizes Despite Minor Losses in Office-Using Employment

Long Island's unemployment rate remained stable, ending the year at 3.0%—70 basis points (bps) below the national average of 3.7%. The rate increased by 10 bps from the previous quarter due to minor losses in total nonfarm employment. While office-using employment—the key driver of the office market—lost 900 jobs quarter-over-quarter (QOQ), job growth occurred in the professional & business services and manufacturing sectors. Despite economic uncertainty, the market's fundamentals and proximity to New York City should provide a buffer from the looming recession expected to occur in 2023.

SUPPLY AND PRICING: Rents Record Slight Increases as More Class A Sublease Space Enters the Market

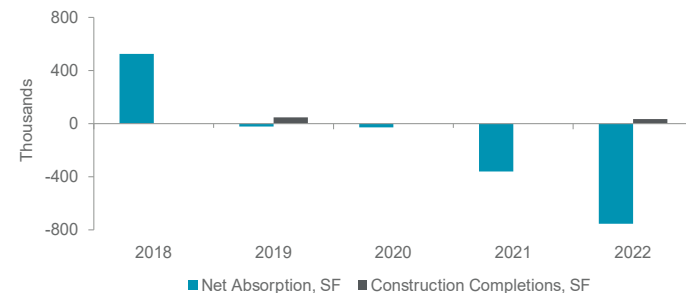
The overall vacancy rate edged higher by 30 bps from the third quarter to 13.5%, driven by increases in both Nassau and Suffolk County. The only submarket with a lower QOQ vacancy was Central Suffolk, which decreased by 210 bps to 13.9%, while Western Nassau remained the only submarket with a single-digit vacancy at 8.8%. Several large blocks of space entered the market in the last three months, most notably 56,000 square feet (sf) added at 615 Merrick Avenue in Westbury—the former NYCB building. This addition led supply to outweigh demand for the 13th consecutive quarter. While year-to-date (YTD) net absorption of negative 753,000 sf continued its downward spiral, Central Suffolk posted positive quarterly absorption—the only submarket to do so.

Overall asking rents recorded slight increases, rising by \$0.02 QOQ to a new high of \$32.61 per square foot (psf). Western Suffolk County's Class A rents exhibited the most significant growth, climbing by 5.4% QOQ to \$34.50 psf as more sublease space in high-quality, amenity-rich buildings entered the market at 395 North Service Road and 175 Pinelawn Road in Melville.

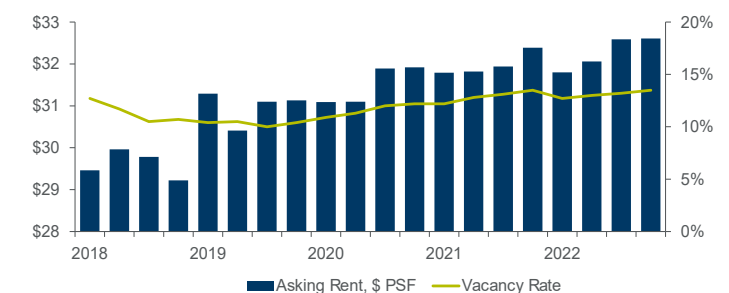
DEMAND: Flight-to-Quality Drives Demand as Deal Volume Surpasses 2021's Total

Total deal volume surpassed the previous peak set in 2021 after a flurry of deals were signed at the end of the year, registering nearly 1.6 million square feet (msf) of leasing activity in 2022—a 2.8% increase year-over-year. Fourth-quarter activity of 383,000 sf continued the momentum set in the year's first half and rose by 21.2% compared to the previous quarter. The Central Nassau submarket led the charge with the top two deals this quarter, including a 42,000-sf lease by Cullen & Dykman at 333 Earle Ovington Boulevard in Uniondale and a 38,000-sf lease by a confidential medical tenant at 90 Merrick Avenue in East Meadow. Class A buildings nearly doubled the YTD leasing of Class B buildings, reaffirming that companies looking for new space prefer high-quality assets.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY** (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Western Nassau	7,166,153	470,037	156,890	8.8%	-31,058	-164,412	169,456	0	\$38.45	\$38.73
Central Nassau	9,060,037	1,271,514	151,667	15.7%	-82,448	-222,231	460,926	0	\$34.31	\$36.35
Eastern Nassau	6,583,349	553,407	137,703	10.5%	-24,608	-191,873	103,232	0	\$31.46	\$38.64
NASSAU TOTALS	22,809,539	2,294,958	446,260	12.0%	-138,114	-578,516	733,614	0	\$34.67	\$37.40
Western Suffolk	8,473,087	1,227,569	231,198	17.2%	-163,946	-166,937	609,999	0	\$31.23	\$34.50
Central Suffolk	5,630,724	602,073	181,812	13.9%	67,853	-7,722	243,714	0	\$25.99	\$32.71
SUFFOLK TOTALS	14,103,811	1,829,642	413,010	15.9%	-96,093	-174,659	853,713	0	\$29.65	\$34.36
LONG ISLAND TOTALS	36,913,350	4,124,600	859,270	13.5%	-234,207	-753,175	1,587,327	0	\$32.61	\$36.43

	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT*	DIRECT AVG ASKING RENT*
Class A	18,148,847	1,810,645	599,367	13.3%	-174,362	-437,810	1,004,623	0	\$36.43	\$36.49
Class B	18,764,503	2,313,955	259,903	13.7%	-59,845	-315,365	582,704	0	\$29.36	\$29.34

*Rental rates reflect gross asking \$psf/year

**Does not include renewals

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	TENANT	SIZE	LEASE TYPE	SUBMARKET
58 S Service Road, Melville	Morgan Stanley	50,000	Renewal*	Western Suffolk
333 Earle Ovington Boulevard, Uniondale	Cullen & Dykman	42,317	New Lease	Central Nassau
90 Merrick Avenue, East Meadow	Confidential Medical	37,903	New Lease	Central Nassau
878 Veterans Memorial Highway, Hauppauge	PKF O'Connor	20,239	Sublease	Central Suffolk

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SELLER/BUYER	SIZE	PRICE / \$ PSF	SUBMARKET
750 Woodbury Road, Woodbury	GEICO / Jehova's Witnesses HQ	236,365	\$27.0M / \$114	Eastern Nassau
88 Froehlich Farm Boulevard, Woodbury	RXR Realty / Aresco Management	110,000	\$21.5M / \$195	Eastern Nassau
420-424 Crossways Park Drive, Woodbury	Dunkirk Realty / Power Home Remodeling Group, LLC	35,000	\$8.2M / \$233	Eastern Nassau
800 Community Drive, Manhasset	G4 Capital Partners / Northwell Health	23,890	\$7.7M / \$321	Western Nassau

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