
SUPPLEMENTAL MARKET ANALYSIS SUPPORTING DEMAND AND NEED

Expressway Drive North Warehouse Buildings Yaphank, NY

NPV No.02045

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ATTACHMENTS

- A Cushman & Wakefield, Long Island Marketbeat, Q1 2022
- B Colliers, Long Island Industrial Market Overview Q1 2022
- C Nassau-Suffolk Counties, Long Island Lease Comparables
- D Proposed Industrial Developments in Suffolk County

1.0 INTRODUCTION AND PURPOSE

Nelson Pope Voorhis (NPV) has been requested to prepare additional supplemental information concerning the need for the proposed industrial warehouse buildings on Expressway Drive North in Yaphank. This report addresses that need in order to support Brookhaven Industrial Development Agency (IDA) tax deferral incentives to facilitate this proposed project. This information supplements the Economic & Fiscal Impact Analyses for this project as contained in the NPV report referenced as follows:

- Economic & Fiscal Impact Analysis, Expressway Drive North Industrial Buildings, NPV, May 16, 2022

This economic/fiscal report document the construction/operational employment benefits of the project and further quantify the tax revenue benefits at full taxation. Job creation and tax base support are important to the economic stability of the Town, County and region as documented in this prior report.

The pandemic has increased the pre-existing demand for trucking, storage and delivery of goods and services to commercial and domestic consumers. This has spurred a need for local and regional warehouse and distribution centers and support facilities. The Wildflower project in Yaphank is designed to meet this demand.

The IDA notes that there are many projects for industrial use approved and/or pending in the Town of Brookhaven and general locale of the proposed Wildflower projects. The IDA has expressed concern that the application is currently speculative with no defined user at this time. As the IDA is being asked to support the project financially, the IDA seeks information to ensure that the project will be successful and that an excess of industrial space is not being created.

This report describes local and regional conditions that drive the market for industrial warehouse space. Understanding the dynamics of this unique market is critical to determining the significant demand for such facilities. There are unique aspects to the construction and leasing of industrial warehouse space that drive the market demand for existing and proposed projects. This document provides additional supporting information to demonstrate that there remains a need for such facilities.

It is noted that Wildflower has another application pending before the IDA for a proposed industrial warehouse building on National Boulevard in Medford. That project involves construction and annual operations of one building, which is proposed to be 129,237 sf of warehouse space. Wildflower finds there is demand for the proposed project in Yaphank that is addressed in this report, as well as the Medford project. The data and information contained herein support the need for both of these projects and that even with completion of both projects, there remains a demand for industrial warehouse space locally and regionally.

2.0 PROPOSED PROJECT AND LOCATION

The proposed development consists of three single-story warehouse buildings, known as Expressway Drive North Warehouse Buildings, located in the hamlet of Yaphank, Town of Brookhaven, Suffolk County. This project involves the construction and annual operations of the three buildings, which are proposed to be 203,548 square feet (sf), 176,670 sf, and 169,724 sf, resulting in a total of 549,942 sf of warehouse space.

The site location is more specifically described as the north side of Long Island Expressway (I-495) North Service Road, approximately 100 feet west of Sills Road. The Suffolk County Tax Map (SCTM) number of the subject site is: 200-662-2-5.16.

3.0 APPLICANT INFORMATION SUPPORTING NEED

Wildflower LTD specializes in creating and leasing industrial warehouse space in the New York metropolitan area. The Yaphank and Medford project locations were screened by Wildflower for suitability to serve the market and provide successful, occupied space to support the demand for such space.

Wildflower has a reputation and a track record of successfully constructing and leasing industrial warehouse space. It is important to understand that all Wildflower projects are built without a tenant lease already signed and in-hand. Wildflower's business model for industrial warehouse space requires Wildflower to develop sites that tenants seek to occupy as explained further herein. Over the past eight (8) years, all Wildflower projects have been built on a speculative basis, and all are currently 100% leased. Wildflower's approach is not unique. This is industry-wide in the industrial market. Industrial builders either build on speculation, or the potential tenants go elsewhere where there is already space available to meet their needs.

Interestingly, the tenants that require and occupy warehouse space, do not typically embark on the cumbersome process of locating and acquiring land, followed by completion of the site plan land use review process and procurement of building permits to entitle that land to be developed for their use. This process can easily take 12 and potentially up to 24 months to complete. Due to the variability of market conditions, tenants are not making commitments for over 12 months into the future. These tenants require approved space that is ready to occupy and seek locations that meet their business needs. Tenants are averse to zoning and construction financing risk and typically seek an approved loan with lending institutions that require completion guarantees assured by the developer, in this case, Wildflower. As a result, though buildings are built without a tenant lease already signed and in-hand, this process allows high quality, versatile industrial space to enter the market by having the developer (Wildflower) carry the up-front risk. In short, Wildflower bridges the demand for the space with production of the space for tenants to occupy.

Wildflower is also unique in that the company does not sell approved projects. Instead, Wildflower builds the projects and retains the space. This business model has proven to be extremely successful in serving the market need for flexible space that serves the warehouse, self-storage space and film studio industries.

Wildflower fulfills a critical role to deliver space to tenants requiring flexible warehouse buildings for occupancy and operations with modern specifications that are not found in the overwhelming majority of the total industrial warehouse market on Long Island. Having a long-term outlook and being able to deliver needed space allows Wildflower to work with many different types of users to serve their warehouse space needs.

If a developer such as Wildflower were not used to bridge the market and deliver space, very few projects would be built. Tenants would be forced to use compromised space and the innovation and progress that is facilitated by quality space would be significantly hindered.

As a for-profit company, Wildflower is most interested in the success of their projects. The company understands the markets they serve and focuses on project success. Wildflower only serves the New York metropolitan area and has developed a specialty in the industrial warehouse market. A number of successful projects have been completed on Long Island including the JFK Logistics Center and public storage facilities in Middle Island and Holbrook, and all of these projects were built without a tenant lease already signed and in-hand.

The proposed location in Yaphank was selected as a prime location in the Long Island Expressway (LIE) Exit 66 area. This location serves a significant market need. The current conditions indicate historically low-vacancy rates with space being readily occupied when delivered to the market. The model for this market is based on availability of space to occupy immediately when the need is determined. As a result, Wildflower has had inquiries from multiple users and brokers that represent tenants. Wildflower is known for delivering quality space and can offer space to existing tenants in other areas that require space in central Brookhaven Town as well as new tenants in this market.

Wildflower works with all major brokerages and also handles most leasing in-house with a focus on the highest credit tenants to match tenants with desired space. As of the summer of 2022, Wildflower and their brokers maintained a proprietary list of 30 companies seeking a total of 3,405,000 SF of industrial warehouse space. This demand for space is not met by existing inventory, and will not be met by proposed projects that are currently being pursued in Suffolk County.

4.0 MARKET RESEARCH AND ANALYSIS

4.1 Long Island Market Conditions

Long Island specific industrial market research is available from Cushman & Wakefield, a reputable source of real estate information. Available research for the first quarter of 2022 supports a finding that the industrial market on Long Island is strong and will remain strong, and that there is unfilled surplus demand for industrial warehouse space.

Cushman & Wakefield publishes Marketbeat, Long Island. The most recent available Cushman & Wakefield report for the first quarter of 2022 (Industrial Q1 2022) is included as **Attachment A**. This document indicates the following:

- Unemployment Rate Declines as Industrial Job Sector Expands
- Vacancy Hits Historic Low as Tenant Demand Eclipses Supply
- Construction Delays Put Pressure on Supply as Older Buildings Attract Tenants

With low vacancy rates (2.3%) and high demand (record activity exceeding 1.3 million square feet), the lease rates go up and tenants seek other inferior space for their operations. The year-to-date net absorption rate 320,000 SF is 7.4% higher than the first quarter of 2021 even though first quarter transaction volume is traditionally lower than the rest of the year. Other data supports the increased rental rates which clearly show a need for space to serve the current and future market. This activity demonstrates a continuing demand for industrial space in Suffolk County and for Long Island as a region.

Attachment B provides additional supporting information as contained in the Colliers Long Island Industrial Market Overview (Q1 2022). This market report supports the findings of Cushman & Wakefield that availability of space is low, rents are increasing, and the absorption rate is high.

4.2 Long Island Industrial Lease/Land Comparables

Recent industrial lease comparables were researched based on data collected by Cushman & Wakefield. The recent leases involve some new space, but mostly covers leasing of existing and older industrial space. **Attachment C** provides the most recent listing of these uses for Suffolk and Nassau County.

Of the Suffolk County comparables, only 158 Candlewood in Bay Shore, 120 Wilshire Boulevard in Brentwood and 215/230 Roger's Way, Westhampton are more recent construction; all others are approximately 20 or more years old (prior to 2000). None of the more recently constructed leased spaces are near the Long Island Expressway. It is noted that there is a high volume of leased space listed in **Attachment C**, further expressing the demand for industrial space. These types of spaces are filling the current demand in Suffolk County. In Nassau County, there is 1

million less square feet that was leased for industrial use; however, population density is higher and there remains a demand for space in Nassau County. This supports a finding that Suffolk County is fulfilling some of the industrial space demand for industrial square footage in Nassau County. In review of the age of the industrial comparables in Nassau County, all of the listed comparables are 20 or more years old, many are smaller spaces and most are not proximate to the LIE. Only the Plainview, and Syosset listings have convenient access to the LIE. The age, location and volume of sales of recent comparables supports the need for in new industrial space.

Review of **Attachment C** provides information regarding the types of tenants that are seeking and leasing space and land. A sampling of the types of companies and uses marks a shift toward eCommerce as well as some more traditional warehouse/distribution uses and other uses. The majority of uses are for warehouse/distribution, with limited uses representing manufacturing or research & development. There is only one use of 122,000 SF in Hauppauge which is listed as manufacturing/R&D, and that is a lease renewal, except for Tate’s Cookies who leased 60,000 SF of space in Westhampton for manufacture/distribution. All the rest involve warehouse and distribution tenants. The list includes the following industries, companies and uses:

<u>Suffolk County</u>	<u>Nassau County</u>	<u>Land Comps (Suffolk-Nassau)</u>
Snapple	Brinks	Veolia
Duro Dyne	Food Distributor	Car Dealer Parking
Lindemeyer Monroe	Power Home Remodeling	Stone Masonry
Elecnor Hawkey LLC	Office Solutions Group	Jupiter Electric
Tekweld	Peleton	Reliant School Buses
Amazon	Amazon	American Pavers
The Oil & Lubricant Depot LLC	Cobham	Amazon
G-Fuel	Gate Gourmet	Performance Food Group
Unilever	Lazer Ship	Viola Construction
Sterling Digital Print		Waste Handler User
Cookies United		DHS Fraco
Tate’s Cookies		
Supply One		
Speedcast		
Estee Lauder		

The list of use types shows a wide variety of specific warehouse/distribution occupancies. Amazon, an eCommerce distributor, is listed in each grouping. As noted, these uses are occupying smaller and older spaces that are not generally proximate to major distribution routes of travel such as the LIE. Review of lease and land comps demonstrates an underserved market for newer, more flexible and modern industrial warehouse/distribution space that is conveniently located near the Long Island Expressway.

4.3 Long Island Industrial Market Projects

This lack of existing newer quality space located proximate to transportation corridors and distribution hubs has given rise to additional construction of new space to meet market demands. A list of expected projects coming to the market over the next 2-3 years has been compiled. This list identifies 21 projects that are in various stages of approvals, other than the Wildflower projects. Of these projects, 6 are located in Nassau County totaling 867,330 SF; and, 15 are located in Suffolk County totaling 3,183,258 SF. Of the 15 projects in Suffolk County, 12 are centrally located with relative proximity to the LIE, totaling 1,887,553 SF. There are 4 projects in Brookhaven Town, totaling 1,061,900 SF. Three (3) of these projects are located in proximity to the LIE (538,000 SF), and one is located in the more southerly portion of the Town (523,100 SF). With the Wildflower projects, representing 679,179 SF, the total proposed industrial space in Brookhaven Town is 1,741,079 SF, of which 1,217,979 SF is located centrally with access to the LIE. **Attachment D** includes the compiled list of projects based on multiple sources.

The pending projects in Nassau County are sorely needed and will easily be absorbed into the market to fulfill the need for new industrial warehouse space in this critical high population area which is proximate to the boroughs of New York City.

The pending projects in Suffolk County include about 1.3 million SF that has compromised access but will serve more local and subregional needs including last mile delivery. The balance of space will service the current and emerging markets for eCommerce and other industrial warehouse/distribution needs.

Projects in Brookhaven include 1,061,000 SF of which 523,100 is not centrally located for convenient access to the LIE. Brookhaven is centrally located in Suffolk County and can serve markets to the east and west.

Wildflower proposes two (2) projects in Yaphank and Medford totaling 679,179 SF. Combined with other projects in Brookhaven, this totals 1,741,079 SF of pending new industrial space. Of this space, approximately 1,217,979 is centrally located with LIE access and 523,100 SF is located in south-central Brookhaven Town. The Medford/Yaphank area is central within Brookhaven Town and is ideally positioned geographically to meet existing and future demand.

The current demand for industrial user space in Brookhaven, Suffolk County and Long Island is strong. At the current absorption rate of 320,000 SF per quarter, this space will be occupied in approximately 3 years. Market delivery dates for this space range from 2022 through 2024. It is noted that extended land use review periods often occur and may delay some space getting to market. Historically, some percentage (at least 25%) of proposed space never gets built or is significantly delayed.

There is a long list of potential users for this space and only a limited amount of space can be constructed based on zoning, land ownership and other constraints. Not all of the available space is proximate to Suffolk County and regional transportation corridors. It is expected that there will be delays in having all of the pending projects approved and available for occupancy within the next 3 years. During this period, it is expected that demand will increase as indicated in real estate market reports from Cushman & Wakefield. Given the industrial space currently being proposed and the current and expected increase in demand for this space, there is a high potential for successful occupancy of the space that is currently in review, including the Wildflower projects.

5.0 WILDFLOWER COMPETITIVE EDGE AND SURPLUS DEMAND

The three (3) buildings proposed by Wildflower in Yaphank have a high probability for successful occupancy as a result of the business model and track record of Wildflower. The proposed buildings enjoy a competitive edge as a result of the following factors:

- Flexible warehouse/distribution building space is in demand
- Wildflower builds space that can accommodate many different types of users
- Proposed space will have high ceilings and less interior columns through new construction, that makes the space very versatile
- Buildings are able to be subdivided to meet the space needs of tenants
- Wildflower provides single and multiple tenant industrial warehouse space
- Mechanical, Electrical & Plumbing (MEP) systems are designed so that buildings can be divided and metered for smaller tenants

The Yaphank location to be offered by Wildflower features safe, convenient access to the Long Island Expressway. As noted in other sections, this is an important factor in offering tenant space to new users.

As noted in **Section 3.0**, Wildflower is known for offering high-quality industrial space for warehouse/distribution tenant needs. The reputation of Wildflower for offering and filling such space is a key factor in attracting tenants.

Also as noted in **Section 3.0**, the current tenants-in-market (TIM) for space totals 30 potential tenants with a demand for 3,405,000 SF of industrial warehouse space. The total of the proposed projects in Suffolk County of 3,183,258 SF will not fulfill this need. More locally, the total of 1,061,900 SF of pending industrial warehouse space in Brookhaven Town, will also fall far short of the demand for space based on the C&W/Wildflower proprietary list of potential tenants.

The 549,942 SF of space proposed in Yaphank is very much in demand. Further, the 679,179 SF of combined space (Medford and Yaphank) proposed by Wildflower will help to meet this demand, but only partially fulfills the significant need for space. Even if 10% of the TIM identified in the fall of 2021 settle for inferior space before the Wildflower projects are available for occupancy, there is still a net demand for 2,385,321 SF of space when factoring in the Wildflower projects. In other words, the Wildflower projects in Yaphank and Medford will only meet 22.2% of the demand for space based on TIM, even considering a lower demand should 10% of the space needs be met before approval of the Wildflower projects.

Based on the edge that Wildflower has in offering quality space at an ideal location, and the demand for such space, there is a significant surplus demand for industrial warehouse facilities.

5.0 SUMMARY OF MARKET ANALYSIS, DEMAND AND NEED

This report outlines current market conditions, existing leases and comparables, anticipated demand for industrial space and highlights Wildflower's market strategy and anticipated ability to lease space for multiple industrial users. Key market conditions supporting a strong demand and need for industrial warehouse space as presented in this report are as follows:

- Low vacancy rates
- High industrial space absorption rates
- Increasing rents
- Market predictions by leading market analysts
- Lack of newer (less than 20 years old) industrial space
- Lack of industrial space near LIE
- High occupancy of older compromised space in non-ideal locations
- Lack of vacant industrial land for construction, particularly in Nassau County
- Lack of industrial space in Nassau County being served by Suffolk County
- Increase in eCommerce and other users competing for industrial space
- Limited industrial space in the approval pipeline
- Demand for industrial warehouse is expected to exceed supply over next 3 years based on conservative absorption rates
- The net excess demand for industrial warehouse space after factoring in the Wildflower projects is 2,385,321 SF. Wildflower will only meet 22.2% of the demand for space based on 90% of the tenants-in-market identified by C&W/Wildflower in the fall of 2021.

In summary, this report addresses the demand and need for industrial warehouse space in connection with the project site proposed in the Town of Brookhaven by Wildflower, LTD. The site in Yaphank will feature three (3) buildings totaling 549,942 SF. Documentation provided includes information on Wildflower and the industry trend for leasing of industrial space as well as an assessment of Long Island industrial market information. Market information addresses current market conditions, a lease comparables assessment and projects that are currently proposed and pending. Consideration is given to TIM for space as documented by C&W/Wildflower. The strength of Wildflower to lease the proposed space is summarized in review of the type of space, location and potential tenants. Overall, the factors above support the finding that there is a strong demand and need for additional new, quality, properly located industrial warehouse space in central Brookhaven Town.

ATTACHMENT A
Cushman & Wakefield
Long Island Marketbeat Q1 2022

	YoY Chg	12-Mo. Forecast
2.3% Vacancy Rate	▼	▼
320K YTD Net Abs., SF	▲	▲
\$13.79 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
1.3M Long Island Employment	▲	▲
3.6% Long Island Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Unemployment Rate Declines as Industrial Job Sector Expands

Long Island economic conditions continued to trend upward during the first quarter, as total nonfarm employment grew by 11,500 jobs since year-end 2021. Despite the slight reduction of manufacturing workers, the addition of 4,710 trade, transportation & utilities occupations fueled industrial job growth. The regional economy also benefited from higher employment levels, as the unemployment rate fell by 120 basis points (bps) to 3.6%.

SUPPLY & DEMAND: Vacancy Hits Historic Low as Tenant Demand Eclipses Supply

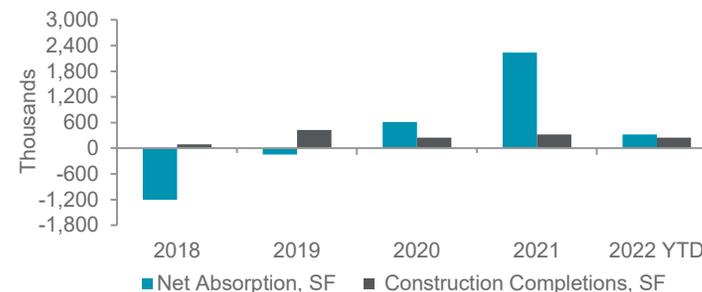
The industrial vacancy rate for Long Island closed the quarter at a new historic low, posting a year-over-year (YOY) decrease of 150 bps to 2.3%. At quarter-end, the Central Nassau submarket boasted a 1.1% rate, the lowest in the region. Surging demand continued to outpace supply, resulting in a year-to-date (YTD) positive net absorption of 320,000 square feet (sf)—7.4% higher than 2021's first quarter. Even with supply shortages, leasing activity exceeded 1.3 million square feet (msf)—the highest point in recent history—surpassing the previous peak by 140,000 sf achieved during the third quarter of 2020. Although first quarter deal volume is traditionally slower, activity tripled fourth quarter 2021 totals, resulting from eight deals inked above 50,000 sf. Suffolk County led the charge in overall leasing activity with nearly 1.1 msf transacted, driven by a confidential e-commerce company's 246,500-sf lease at 90 Ruland Road in Melville and Tekweld's 104,000-sf lease at 85 Nikon Court in Hauppauge.

Overall asking rents increased by \$0.68 per square foot (psf) to \$13.79 since year-end 2021—the market's highest rent on record as existing product continued to dissipate. This can be attributed to increases across the board for warehouse/distribution buildings, which surpassed \$14.00 psf for the first time. Most notably, Eastern Nassau's warehouse average asking rental rate yielded a 19.2% quarterly increase, the largest growth rate on Long Island during this period. The market's average rate surged by 42.2% over the last three years.

OUTLOOK: Construction Delays Put Pressure on Supply as Older Buildings Attract Tenants

Out of the gate in 2022, the industrial market improved with labor indicators and robust tenant demand. However, several developments currently under construction have reported delays of up to one year due to global supply chain issues and longer lead times for construction materials. This has redirected tenants to focus on older Class B and C buildings to meet their requirements, pushing rental rates for these properties to similar levels of Class A product. Investors are now shifting their priority toward redeveloping antiquated office buildings in tandem with adapting to the office market's flight-to-quality trend to meet evolving market needs.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION	UNDER CONSTRUCTION (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (W/D)*	OVERALL WEIGHTED AVG NET RENT*
Western Nassau	16,348,964	362,093	2.2%	-77,773	-77,773	235,234	\$10.66	\$15.48	\$15.56	\$15.32
Central Nassau	7,439,778	80,028	1.1%	13,500	13,500	101,930	N/A	\$13.00	\$13.03	\$13.00
Eastern Nassau	21,072,583	657,893	3.1%	94,100	94,100	204,000	\$12.04	\$15.82	\$17.48	\$16.39
NASSAU TOTALS	44,861,325	1,100,014	2.5%	29,827	29,827	541,164	\$11.83	\$14.95	\$16.74	\$15.74
Western Suffolk	30,698,646	381,880	1.2%	320,672	320,672	599,983	\$15.00	\$10.75	\$12.88	\$12.44
Central Suffolk	43,217,905	1,146,752	2.7%	69,656	69,656	206,134	\$11.36	\$12.10	\$13.71	\$13.35
Eastern Suffolk	14,181,032	434,160	3.1%	-100,000	-100,000	177,620	N/A	N/A	\$12.02	\$12.02
SUFFOLK TOTALS	88,097,583	1,962,792	2.2%	290,328	290,328	983,737	\$12.50	\$11.65	\$13.08	\$12.86
LONG ISLAND TOTALS	132,958,908	3,062,806	2.3%	320,155	320,155	1,524,901	\$12.13	\$13.25	\$14.03	\$13.79

*Rental rates reflect weighted net asking \$psf/year

HT = High Technology/Flex MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET	LEASE TYPE
90 Ruland Road, Melville	246,500	Confidential E-Commerce Tenant	Warehouse/Distribution	Eastern Suffolk	New Lease
300 Michael Drive, Syosset	150,145	Krystal Fruits and Vegetables	Warehouse/Distribution	Eastern Nassau	New Lease
85 Nikon Court, Hauppauge	104,000	Tekweld	Warehouse/Distribution	Central Suffolk	New Lease

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
81 Spence Street, Bay Shore	129,500	Duro Dyne Corporation / Metropolitan Realty Associates	Warehouse/Distribution	\$22.3M / \$172	Central Suffolk
45 Oser Avenue, Hauppauge	121,830	STORE Capital Corporation / Link Logistics	Flex	\$21.0M / \$172	Central Suffolk
1 Newport Plaza, Freeport	114,000	Aml Realty LLC / Uniware	Warehouse/Distribution	\$14.5M / \$127	Western Nassau

NOTABLE PROJECTS UNDER CONSTRUCTION

PROPERTY	SF	DEVELOPER	MAJOR TENANT	SUBMARKET
235 Pinelawn Road, Melville	599,983	Hartz Mountain Industries	Speculative	Western Suffolk
253-51 Rockaway Boulevard/ JFK Logistics Center, Woodmere	235,234	Wildflower LTD	Confidential	Western Nassau
303 Robbins Lane, Syosset	204,000	Scannell Properties	Confidential	Eastern Nassau

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ATTACHMENT B
Colliers
Long Island Industrial Market Overview Q1 2022

Long Island | Industrial

Market Overview

Q1 2022



Inventory

	Q1 2022	Q4 2021	Q1 2021
Nassau County	44,387,498	44,714,498	44,856,667
Suffolk County	98,771,801	98,933,739	98,865,609
Long Island Overall	143,159,299	143,648,237	143,722,276



Leasing Activity

Nassau County	171,419	266,287	315,625
Suffolk County	882,413	251,122	582,126
Long Island Overall	1,053,832	517,409	897,751



Availability Rate

Nassau County	3.8%	4.1%	6.2%
Suffolk County	2.9%	3.0%	3.4%
Long Island Overall	3.1%	3.4%	4.2%



Average Asking Rent (\$PSF/Yr.)

Nassau County	\$17.26	\$16.60	\$15.84
Suffolk County	\$12.76	\$12.59	\$12.55
Long Island Overall	\$14.27	\$13.88	\$13.62



Quarterly Net Absorption

Nassau County	178,716	55,515	84,546
Suffolk County	160,665	(102,362)	46,102
Long Island Overall	339,381	(46,847)	130,648

Long Island Overall

Long Island's industrial market continues to be extremely strong and directly benefitting from the sustained growth of e-commerce sales. This has led to increased occupier demand for industrial space which caused pricing to increase and the availability rate to consequently decrease. During the first quarter, there was over 1.0 MSF of leasing activity and the availability rate decreased 30-basis points quarter-to-quarter to 3.1%. As the industrial supply in the Long Island market becomes constrained, the quarter exhibited 339,381 SF of positive net absorption.

Long Island's average asking rent continued to increase as demand persists, and is now 2.8% higher than the previous quarter, with an average asking rate of \$14.27/SF.

In order to meet ongoing demand, developers have accelerated their construction pipeline in the market. At the end of the first quarter, two properties were delivered totaling 481,734 SF, there were five properties under construction totaling 1.3 MSF, and twenty-two properties totaling 3.8 MSF are proposed in the market.

Long Island industrial has continued to be an investor favorite. At the end of the first quarter investment sales volume reached \$106,074,100. As it continues to be the case, investors are pursuing fully leased industrial buildings with 89% of the buildings sold being 100% leased.

With widespread inflation, the U.S. Federal Reserve raised its benchmark interest rate by 25 basis points this quarter to 0.50%. As interest rates rise, look for a tightening in the capital markets sector directly influencing free capital and purchase prices.

Metropolitan Realty Associates, LLC's \$22.5 million acquisition of 81 Spence Street in Bay Shore represented the most significant sale of the quarter. The 129,500 SF warehouse sold for \$171.81/SF. Also significant were Brookfield's acquisitions of 72,000 SF at 100 Commercial street, Plainview for \$15,475,000

or \$214.93 PSF and 114,939 SF at 485 South Broadway, Hicksville for \$16,810,645 or \$146.26 SF.

Nassau County

The availability rate in Nassau County dropped 30-basis points quarter-to-quarter to 3.8%. During the quarter, the submarket experienced 178,716 SF of positive net absorption.

Coinciding with the availability rate going down and net absorption exhibiting positive movement, the average asking rent improved 3.97% quarter-to-quarter and is now asking \$17.26/SF for industrial space.

Amazon maintained its growth in Nassau County. 303 Robbins Lane in Syosset continued construction and it's expected to be completed in the third quarter of 2022. 253-51 Rockaway Boulevard in Woodmere completed construction and added 235,234 SF to Amazon's Long Island portfolio.

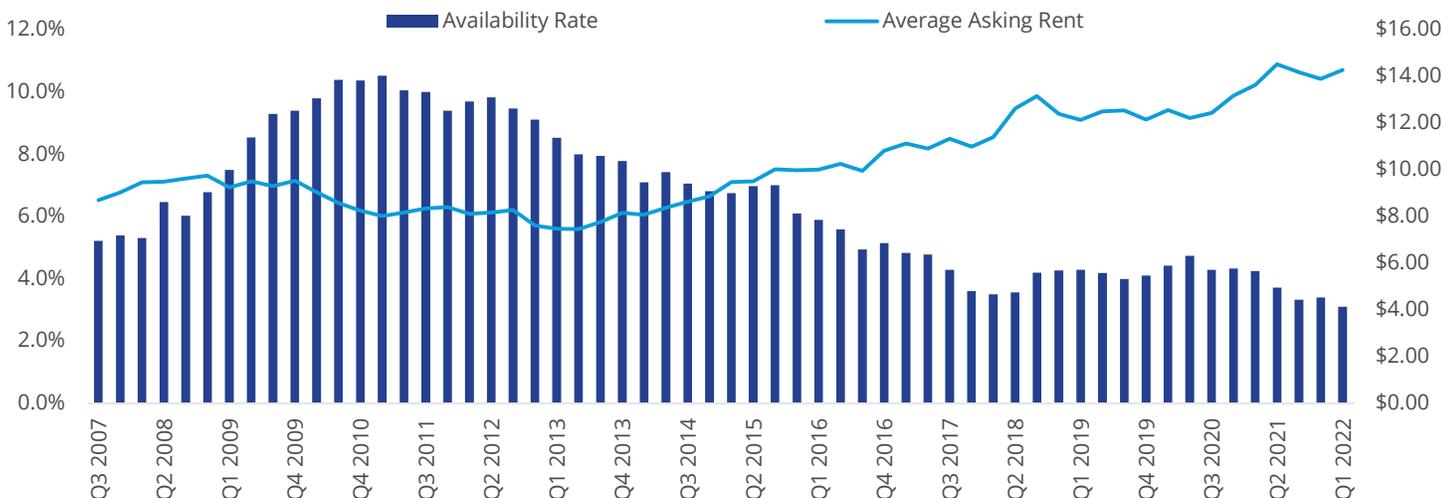
Krystal Fruits and Vegetables signed the largest new lease in the submarket and took 150,145 SF at 300 Michael Drive in Syosset.

Suffolk County

Suffolk County once again posted the lowest availability rate on record, the availability rate decreased from last quarter to 2.9%. The County experienced 160,665 SF of positive net absorption this quarter. The industrial average asking rate for the submarket increased slightly by \$0.17 this quarter to \$12.76/SF.

Amazon signed the largest new lease in the submarket and took 246,500 SF at 90 Ruland Road in Melville.

There are four ongoing projects under construction totaling 1.3 MSF, with the largest being developed by Hartz Mountain Industries, Inc. at 235 Pinelawn Road in Melville, totaling 599,983 SF. Bristol Group, Inc. also broke ground on their 178,134 SF speculative project at 49 Mall Drive in Commack.

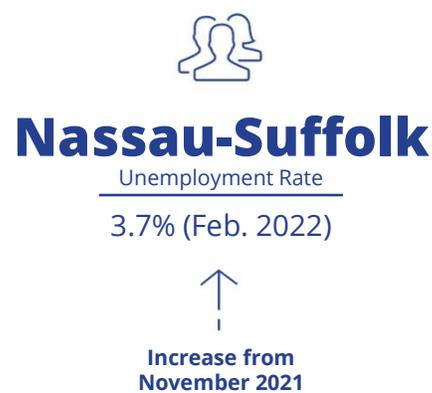


Long Island Industrial Submarket Overview

Submarket	Stock	Total Inventory	Availability Rate (%)	Average Asking Rent (\$)	Net Absorption (QTR.)	Under Construction
Nassau County						
Western Nassau	154	5,836,161	1.8%	\$20.10	38,303	0
Northern Nassau	45	1,759,587	1.9%	\$15.00	(19,750)	0
Central Nassau	234	6,824,036	3.9%	\$14.55	(330,483)	0
Eastern Nassau	495	20,251,004	4.4%	\$17.99	105,375	204,000
Southern Nassau	377	9,716,710	4.3%	\$16.67	40,871	0
Total Nassau County	1,305	44,387,498	3.8%	\$17.26	(165,684)	204,000
Suffolk County						
Western Suffolk	1,471	57,963,505	3.5%	\$12.69	(34,047)	1,177,813
Southwest Suffolk	337	8,595,264	0.9%	\$13.77	38,208	0
Central Suffolk	806	27,754,745	2.2%	\$12.35	47,240	138,059
Eastern Suffolk	143	4,458,287	3.0%	\$14.25	(30,674)	0
Total Suffolk County	2,757	98,771,801	2.9%	\$12.76	20,727	1,315,872
Market Total	4,062	143,159,299	3.1%	\$14.27	(144,957)	1,519,872

Source: Colliers

Economic Indicators



Source: U.S. Department of Commerce, The Conference Board, Bureau of Labor Statistics

494 offices in 62 countries on 6 continents

United States: 158

Canada: 44

Latin America: 19

Asia Pacific: 39

Australia & New Zealand: 58

EMEA: 108



\$4.1 B

In revenue



2B

Square feet under management



17,000 +

Professionals

About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 62 countries, our 17,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 27 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of 20% for shareholders. With annual revenues of \$4.1 billion and more than \$50 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people. Learn more at corporate.colliers.com, Twitter @Colliers or LinkedIn.

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ATTACHMENT C
Nassau-Suffolk Counties
Industrial Lease Comparables
(Cushman & Wakefield)

Attachment C

Suffolk and Nassau County
Industrial Lease Comparables
(Cushman & Wakefield, June 2022)

SUFFOLK INDUSTRIAL LEASE COMPS 

Date Leased	Address Line 1	City	Leased SF	Lease Term	Net Leased Price P	Clear Height (Ft.)	Tenant Name	Price Per Cubic Foot	Building Type	Status
Pending	125 Baylis Rd	Melville	103,500	10	\$19.50	36	Snapple	\$0.54	Pending WH/Distribution	Pending
2nd Q22'	158 Candlewood Rd	Bay Shore	82,000	10	\$15.85	40	Duro Dyne	\$0.40	Warehouse / Distribution	New Lease
2nd Q22'	158 Candlewood Rd	Bay Shore	115,000	5	\$14.50	40	Lindenmeyer Munroe	\$0.36	Warehouse / Distribution	New LEase
1st Q 22'	100 Marcus Blvd	Hauppauge	69,000	7	\$13.50	22	Elecnor Hawkeye LLC	\$0.61	Warehouse / Distribution	Renewal
1st Q 22'	85 Nicon Court	Hauppauge	113,440	5	\$12.00	43	Tekweld	\$0.28	Warehouse / Distribution	New Lease
1st Q22'	90 Ruland Road	Melville	246,500	10	\$18.75	40	Amazon	\$0.47	Warehouse / Distribution	New Lease
1st Q 22'	64 Court St.	Copiague	64,184	10	\$13.50	16	The Oil and Lubricant Depot LLC	\$0.84	Warehouse / Distribution	New Lease
4th Q 21'	100 Wireless Blvd	Hauppauge	73,000	5	\$14.25	43	G-Fuel	\$0.33	Warehouse / Distribution	New Lease
3rd Q 21'	1 Adams Ave	Farmingdale	93,000	5	\$13.75	22	Unilever	\$0.63	Warehouse / Distribution	Renewal
2nd Q 21'	70 Corporate Drive	Hauppauge	75,000	10	\$13.50	16	Sterling Digital Print	\$0.84	Flex / Warehouse	new Lease
2nd Q 21'	4 Henry Street	Commack	50,000	5	\$13.50	24	Cookies United	\$0.56	Warehouse	New Lease
1st Q 21'	1770 Walt Whittman Rd	Melville	213,914	10	\$14.00	29	Amazon	\$0.48	Distribution	New Lease
1st Q 21'	540 Broad Hollow Rd	Melville	96,000	10	\$14.00	36.5	Amazon	\$0.38	Distribution	New Lease
4th Q 20'	215 Rogers Way **	West Hampton	60,000	3	\$13.50	22	Tate's Cookies	\$0.61	Manufacturing/Distribution	New Lease
4th Q 20'	230 Rogers Way	West Hampton	90,000	10	\$15.00	26	Amazon	\$0.58	Distribution	New Lease
3rd Q 20'	120 Wilshire Boulevard*	Brentwood	75,000	7	\$13.00	24.5	Supply One	\$0.53	Warehouse/Distribution	Sublease
4th Q 19'	45 Oser Avenue	Hauppauge	122,000	15	\$13.50	14	Speedcast	\$0.96	Manufacturing/ R&D	renewal
3rd Q 19'	65 Maxess Road	Melville	51,780	10	\$15.00	24	Estee Lauder	\$0.63	Warehouse/Distribution	New Lease
			1,793,318							

Note: Although the information provided is deemed accurate and from reliable sources, the data remains subject to change and/ or confirmation
Amazon Leases are transacted on a highly confidential basis, psf rental rates, terms and building specs are quoted as approximate terms/ estimated pricing.

NASSAU INDUSTRIAL LEASE COMPS 

Date Leased	Address Line 1	City	Leased SF	Lease Term	Net Leased Price PSF	Clear Height	Tenant Name	Building Type	Status
2nd Q22'	1 Brooklyn Road	Hempstead	76,028	TBD	\$13.50	22	Brinks		
1st Q 22'	300 Michael Dr	Syosset	150,000	10	\$13.00	24'	Food Distributor	Warehouse / Distribution	
1st Q 22'	121 Express Street	Plainview	25,596	7	\$14.95	20'	Power Home Remodeling	Flex / Warehouse	New Lease
2nd Q 21'	250 Duffy Ave	Hicksville	50,000	5	\$13.00	14'	Office Solutions Group	Warehouse	
2nd Q 21'	85 Harbor Road	Port Washington	130,000	5	\$12.70	20.5'	Peleton	Warehouse	
3rd Q 20'	2 Westbury Ave	Carle Place	56,000	10	\$18.00	20'	Amazon	Converted Retail	
2nd Q 20'	35 S Service Rd	Plainview	72,312	8	\$16.00	14'	Cobham	Flex	
2nd Q 20'	30 Inip Dr	Inwood	92,000	8	\$16.67	32'	Gate Gourmet	Warehouse / Distribution	
1st Q 20'	255 E Second St	Mineola	85,000	7	\$14.00	16'-18'	Lazer Ship	Warehouse/ Distribution	
			736,936.00						

ATTACHMENT D

Proposed Industrial Developments in Suffolk County (Compilation By WF, CBAH, NPV and Market Information)

Attachment D – Proposed Industrial Developments in Suffolk County

#	Address	Total SF	Available SF	Office SF	Lease Rate PSF NNN	Clear Ht (Ft)	Dock Doors	Drive Ins	Status (Existing, U/C, Proposed)	Delivery/ Availability Year	Delivery/ Availability Quarter	Car Parking	Trailer Parking	# of Access Points	Truck Yard Depth (Ft)	Shared Truck Yard?	Owner
1	1700 Walt Whitman Road, Melville	77,000	77,000	BTS	\$19.00	40	10	1	Proposed	2023	Q4	154	TBD	2	135	No	Rubie's Costume Company
2	60 Vanderbilt Motor Parkway, Hauppauge	96,982	96,982	BTS	\$22.00 - \$23.00	42	24	BTS	Proposed	2023	Q1	TBD	TBD	1	130	No	LINK Logistics
3	107 Charles Lindbergh Boulevard, Garden City	101,930	101,930	6,272	\$23.00	32	42	2	U/C	2023	Q4	175	TBD	3	135	No	Brookfield
4	125 Baylis Road, Melville	103,500	103,500	BTS	\$23.00	32	20	2	Proposed	2023	Q4	216	TBD	2	120	No	Creation RE
5	88 Parkway Drive South, Hauppauge	111,980	111,980	4,800	\$22.00 - \$23.00	42	29	TBD	Proposed	2023	Q1	264	TBD	3	145	No	LINK Logistics
6	2950 Veterans Memorial Highway, Islip	121,846	121,846	6,092	\$20.00 - \$21.00	36	22	2	Proposed	2023	Q1	195	119 Vans/Trucks	4	130	No	Venture One Realty
7	45 Oser Avenue, Hauppauge	135,645	135,645	BTS	\$22.00 - \$23.00	42	19	BTS	Proposed	2023	Q3	147	TBD	2	135	No	LINK Logistics
8	10 Donald's Way, Medford, NY	138,800	138,800	BTS	\$18.00	28	15	4	Proposed	2023	Q2	220	TBD	3	110	No	Rechler Equity Partners
9	200 Crossways Park Drive, Woodbury	150,000	150,000	BTS	\$24.00	36	45	BTS	Proposed	2024	Q1	170	22	3	135-170	No	Rockerfeller Group
10	1085 Old Country Road Westbury, NY	153,000	153,000	BTS	\$16.00	32	12	5	Existing	2022	Q3	375	Available (Total site with additional parking is approx. 9 acres)	4	78-115	No	Sanders Equities
11	90 Wilshire Boulevard, Edgewood	160,000	160,000	BTS up to 16,000	\$16.00	32-35	20	2	U/C	2022	Q3	300	41	1	140	No	Heartland Buisness Center
12	55 Paradise Lane, Bay Shore	172,622	172,622	BTS	\$23.00	40	40	2	U/C	2023	Q1	270	TBD	2	135	No	Rockerfeller Group
13	49 Mall Drive Commack, NY	178,134	178,134	BTS	\$18.00	36	31	2	U/C	2022	Q4	205	16	1	130	No	Bristol Group
14	125 New South Road Hicksville, NY (Building 1)	204,800	204,800	10,800	\$24.00	36	37	2	U/C	2023	Q4	289	None	3	205	Yes	Brookfield
15	125 New South Road Hicksville, NY (Building 2)	97,600	97,600	7,200	\$24.00	36	16	2	U/C	2023	Q4	87	None	3	205	Yes	Brookfield
16	Precision Innovation Park Precision Drive, Shirley (Bldg. 1)	150,000	150,000	BTS	TBD	36	28	2	Proposed	2023	Q1	250	28	3	205	No	Scannell Properties
17	Precision Innovation Park Precision Drive, Shirley (Bldg.. 2)	250,000	250,000	BTS	TBD	40	42	2	Proposed	2023	Q1	417	52	3	205	No	Scannell Properties
18	195 Spagnoli Road Melville, NY	399,696	399,696	BTS	\$20.00 - \$25.00	40	66	2	Proposed	2023	Q3	699 Stalls + 142 Land Banked Stalls	51	2	TBD	TBD	Hartz Mountain
19	235 Pinelawn Road, Melville, NY	599,983	599,983	30,758	\$20.00	40	120	2	U/C	2022	Q3	479	171	2	TBD	TBD	Hartz Mountain
20	49 Wireless Boulevard, Hauppauge, NY	123,970	123,970	3,610	\$22.00 - \$23.00	36	27	2	Proposed	2023	Q4	123	40	2	180	No	Venture One Realty
21	Station Road, Bellport	523,100	523,100	26,470	\$20.00 - \$21.00	36	28	2	Proposed	2023	Q4	1058	140	3	TBD	TBD	Black Creek