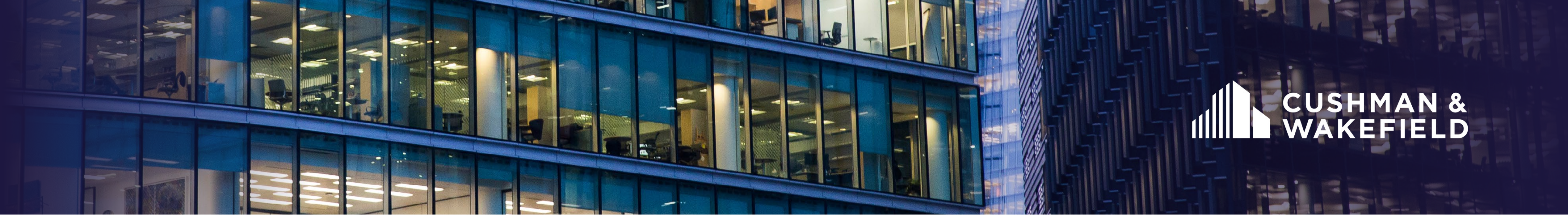


MARKETBEAT
BROOKLYN
OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.9% Vacancy Rate	▼	▲
294K YTD Net Absorption, SF	▲	▼
$51.01 Asking Rent, PSF	▼	▼

(Overall, Net Asking Rent)

ECONOMIC INDICATORS

	YOY Chg	Outlook
883K Brooklyn Employment	▲	▼
5.8% Brooklyn Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	—	▲

Source: BLS

ECONOMY: LABOR MARKET REMAINS RESILIENT DESPITE SLOWER JOB GROWTH

Brooklyn's labor market remained stable through Q2 2026, with total nonfarm employment increasing by 100 jobs year-over-year (YOY) to 883,300. National nonfarm employment also posted modest gains, rising 0.2% YOY to 158.9 million jobs. While job growth was limited, Brooklyn's labor market continued to demonstrate resilience, with the unemployment rate increasing only slightly to 5.8% from 5.5% one year ago. By comparison, the national unemployment rate remained unchanged over the same period, reflecting stronger labor market conditions nationwide.

SUPPLY AND DEMAND: VACANCY TIGHTENS AND LEASING VELOCITY IMPROVES

Brooklyn's overall vacancy rate fell to 19.9% in Q2 2026, its lowest level in six years and 320 basis points (bps) below the year-ago rate. Downtown Brooklyn recorded a significant decline in vacancy, dropping 330 bps quarter-over-quarter (QOQ), driven largely by the approval of an office-to-residential conversion at 141 Willoughby Street. Northern Brooklyn's vacancy rate decreased modestly by 20 bps QOQ to 15.1%. Conversely, Coastal Brooklyn recorded a 60-bp increase QOQ to 22.8%, following the addition of 66,200 square feet (sf) of new sublease space.

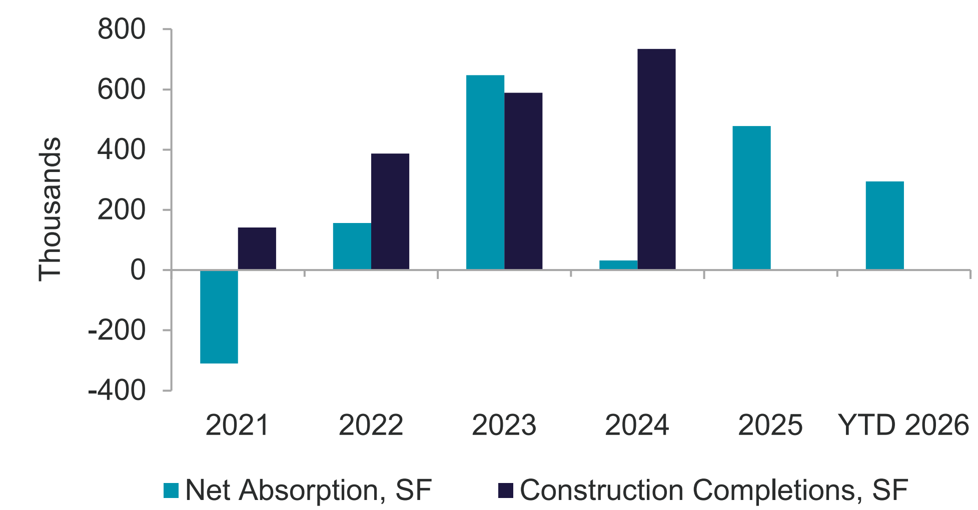
New leasing activity year-to-date (YTD) totaled 536,226 sf, down 38.0% compared with the same period last year. Despite the slower annual pace, Q2 2026 new leasing activity increased notably to 395,687 sf—a 181.5% uptick QOQ. Downtown Brooklyn accounted for 71.7% of total leasing volume during the quarter, supported by one lease exceeding 100,000 sf and three additional transactions greater than 10,000 sf. Coastal Brooklyn captured 26.1% of activity, while Northern Brooklyn accounted for the remaining 2.2%.

Class A properties accounted for 66.6% of total leased square footage while representing just 33.3% of the total number of transactions. In contrast, Class B and C properties represented only 33.4% of leased square footage but 66.7% of the number of transactions—highlighting ongoing demand for more affordable office space.

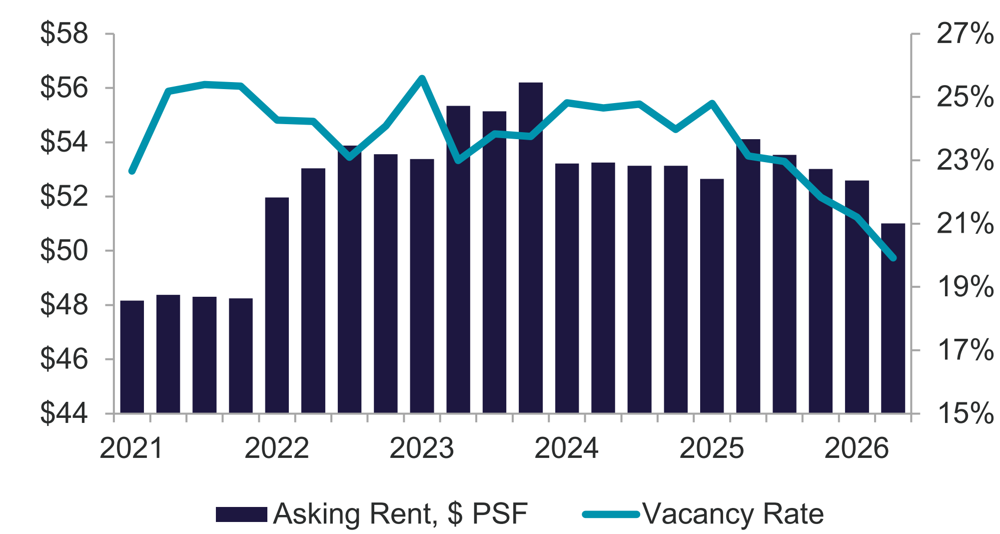
PRICING: PRICING SOFTENS WHILE NORTHERN BROOKLYN REMAINS STABLE

Brooklyn's average asking rent decreased by $1.58 QOQ to $51.01 per square foot (psf) in Q2 2026, down 5.7% YOY and extending a year-long downward trend. Coastal Brooklyn's average asking rent fell to $48.80 psf, while Downtown declined to $55.28 psf, reflecting QOQ decreases of 1.5% and 3.3%, respectively. Northern Brooklyn remained comparatively stable, with asking rents increasing by $0.07 psf to $42.02 psf, 2.5% above year-ago levels.

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)*
North Brooklyn	1,847,484	277,030	1,424	15.1%	1,142	1,089	18,948	-	$42.02	$48.64
Coastal Brooklyn	14,480,169	2,852,403	451,865	22.8%	-108,748	12,512	163,408	164,634	$48.80	$53.17
Downtown Brooklyn	14,352,944	2,439,483	87,836	17.6%	265,424	281,213	353,870	60,000	$55.28	$58.22
31,090,561	**30,680,597**	**5,568,916**	**541,125**	**19.9%**	**157,818**	**294,454**	**536,226**	**224,634**	**$51.01**	**$55.08**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
181 Livingston Street	Borough Hall	Brooklyn Defender Services	212,000	New Lease
25 Elm Place	Borough Hall	Goodwill	30,816	Expansion
111 Livingston Street	Borough Hall	Rising Ground	20,500	New Lease
177 Livingston Street	Borough Hall	Brooklyn Defender Services	15,170	New Lease
9 Bond Street*	Borough Hall	Mid Rockland Imaging Partners, Inc.	13,451	Renewal

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
188 Montague Street*	Brooklyn Heights	The Treeline Companies / The Gora Group	51,385	$16.8M / $327

**Buildings not tracked in leasing statistics*

KEY CONSTRUCTION COMPLETIONS Q2 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER

No significant completions in Q2 2026.

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