

Lower Hudson Valley, NY



Industrial Q2 2026



MARKET DESCRIPTION

The Lower Hudson Valley industrial market, defined as buildings 50,000 square feet (sf) and larger across Orange, Rockland, Putnam and Dutchess counties, comprises 335 properties totaling 54.3 million square feet (msf). Orange County remains the region's dominant industrial hub, accounting for 54.8% of the market's inventory. The market continues to modernize, with Class A warehouse and distribution space expanding to 17.5 msf, representing 32.2% of the Lower Hudson Valley's total industrial inventory. Orange County leads the region with 12.9 msf of Class A product, or 74.0% of the region's total.

MARKET OVERVIEW

Occupancy gains in the Lower Hudson Valley market remained positive for the second consecutive quarter, with a decline in sublease vacancy. The market recorded 587,681 square feet (sf) of positive net absorption during the second quarter, bringing year-to-date (YTD) net absorption to 664,991 sf. Despite the improvement in occupancy, vacancy remained elevated as newly available existing space and the delivery of three largely vacant speculative buildings exceeded demand. As a result, the vacancy rate held above 12.0% for the third consecutive quarter, ending the quarter up slightly to 12.4%.

Occupier demand remained broad-based across the Lower Hudson Valley during the second quarter, with all four submarkets recording positive net absorption. Orange County led the market with 555,744 sf of occupancy gains, bringing its YTD net absorption total to 706,173 sf. Despite positive second quarter performances, first quarter occupancy losses continued to weigh on Rockland and Dutchess counties, leaving YTD net absorption at negative 19,805 sf and negative 21,377 sf, respectively. The widespread return of occupancy growth across the region nevertheless points to improving tenant demand within the market.

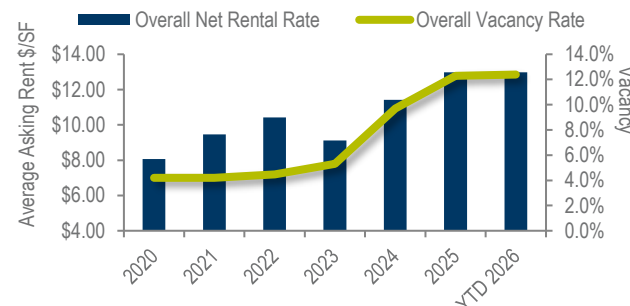
The Lower Hudson Valley's industrial development pipeline continued to moderate during the second quarter, with five projects totaling 2.0 msf under construction. Orange County remained the center of development activity, accounting for four projects and 1.9 msf of the pipeline. During the quarter, Scannell Properties broke ground on the market's largest project, a 650,000-sf build-to-suit for Southern Glazer Wine & Spirits at 22 McBride Road in Slate Hill. Construction deliveries were concentrated in Orange County, where three projects totaling nearly 800,000 sf were completed. The largest was Crow Holdings' 535,603-sf speculative warehouse at 350 Silver Lake Scotchtown Road in Middletown.

Continued delivery of modern warehouse and distribution facilities helped drive rental growth across the Lower Hudson Valley, with the average asking rent increasing 20.0% year-over-year to \$12.98 per square foot (psf). Demand for newer product also remained evident, as Class A warehouse space commanded a 17.4% premium over the overall market at \$15.23 psf.

CLASS A OVERVIEW

Class A Inventory:	17.5 MSF
Class A Inventory as % of Overall Market:	32.2%
Class A Vacancy Rate:	24.6%
Class A Vacancy as % of Overall Market:	7.9%

OVERALL W/D VACANCY & ASKING RENT

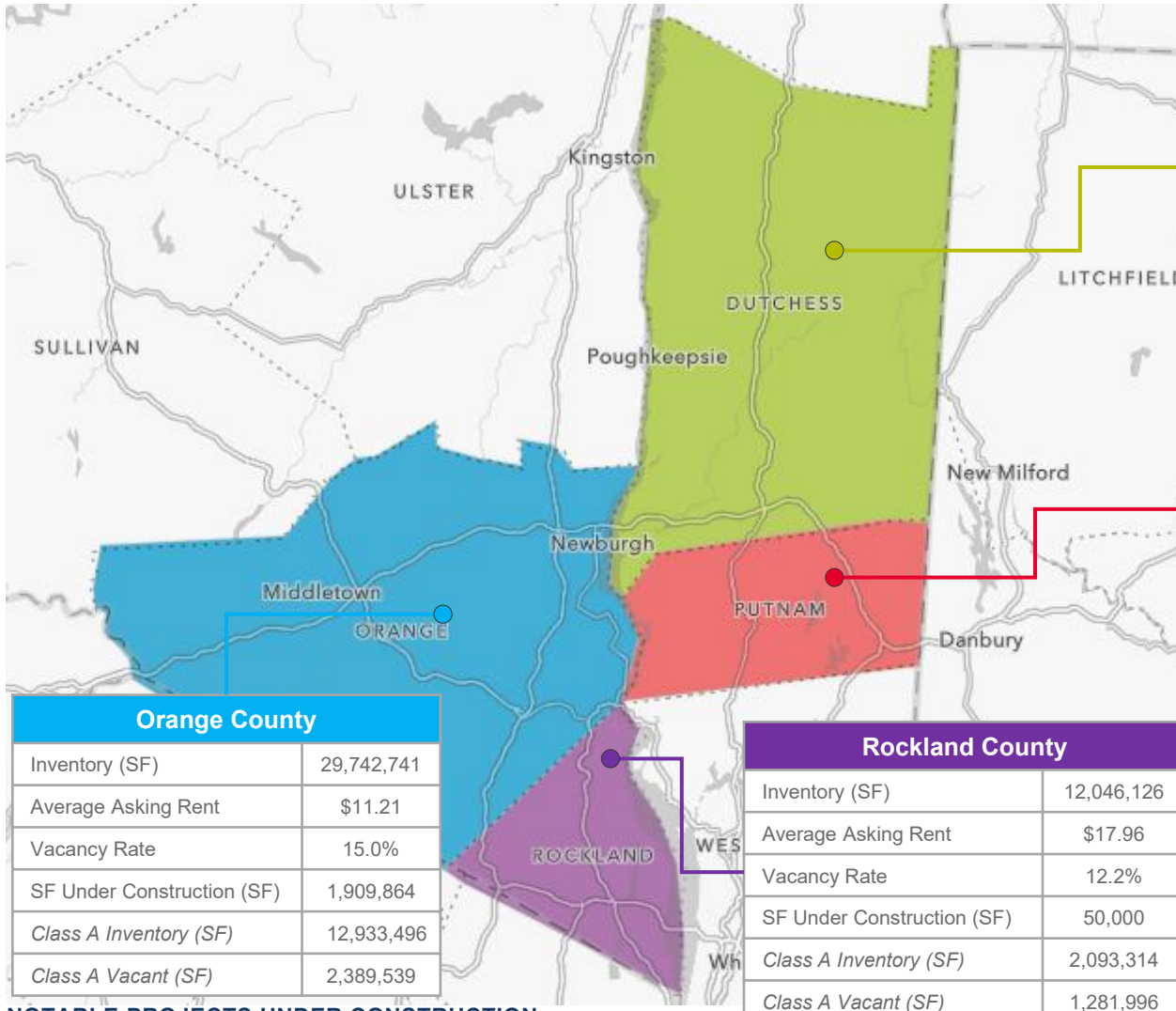


NET ABSORPTION / DELIVERIES



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NOTABLE PROJECTS UNDER CONSTRUCTION

PROPERTY	SQUARE FEET	CONSTRUCTION TYPE	EST. COMPLETION DATE	COUNTY
22 McBride Road, Slate Hill	650,000	Build-to-Suit	Q2 2027	Orange
222 Route 17K, Newburgh	595,900	Speculative	Q3 2026	Orange
700 South Street, Newburgh	422,983	Speculative	Q3 2026	Orange
1081 Dolsontown Road, Middletown	240,981	Speculative	Q3 2026	Orange

Dutchess County	
Inventory (SF)	10,028,610
Average Asking Rent	\$13.67
Vacancy Rate	1.6%
SF Under Construction (SF)	-
Class A Inventory (SF)	1,327,781
Class A Vacant (SF)	-

Putnam County	
Inventory (SF)	2,449,544
Average Asking Rent	\$16.00
Vacancy Rate	25.3%
SF Under Construction (SF)	-
Class A Inventory (SF)	1,115,048
Class A Vacant (SF)	618,000

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