

1Q25

Manhattan Office Market Overview

NEWMARK



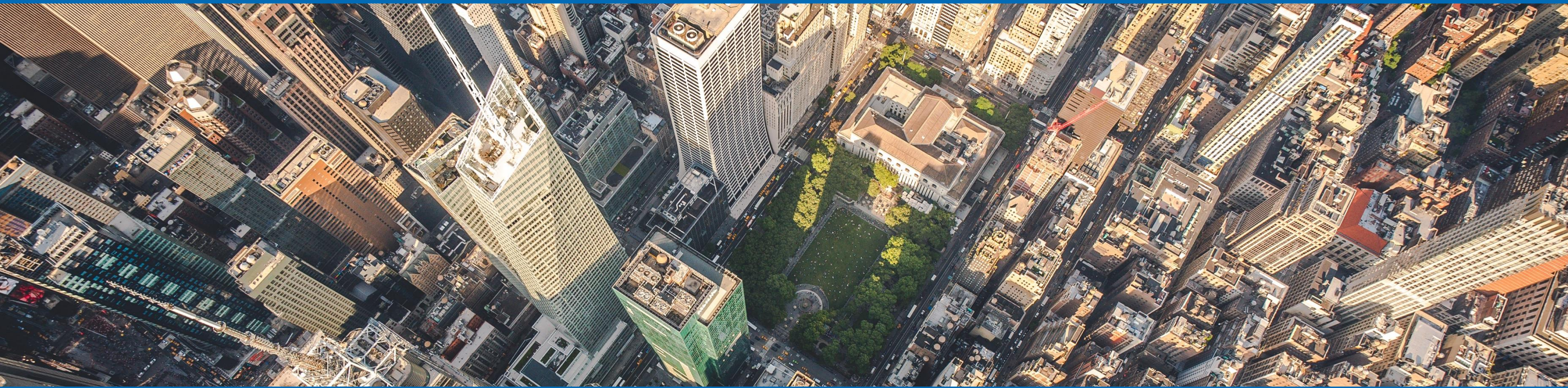
Market Observations

Positive absorption for a second consecutive quarter along with strong leasing activity led to a decline in availability to 17.2%.

March leasing recorded 4.7 MSF, the highest month of activity since November 2019.

1Q25 leasing activity totaled 11.7 MSF with 16 leases above 100K, including 13 signed in Midtown.

Available sublease space decreased to 15.8 MSF, currently just 4.1 MSF above pre-pandemic levels with 2.4 MSF removed from the market since year-end 2024.



Midtown trophy assets continued to outperform the overall market as direct availability within the set declined 100 basis points in the first quarter to 5.7%.

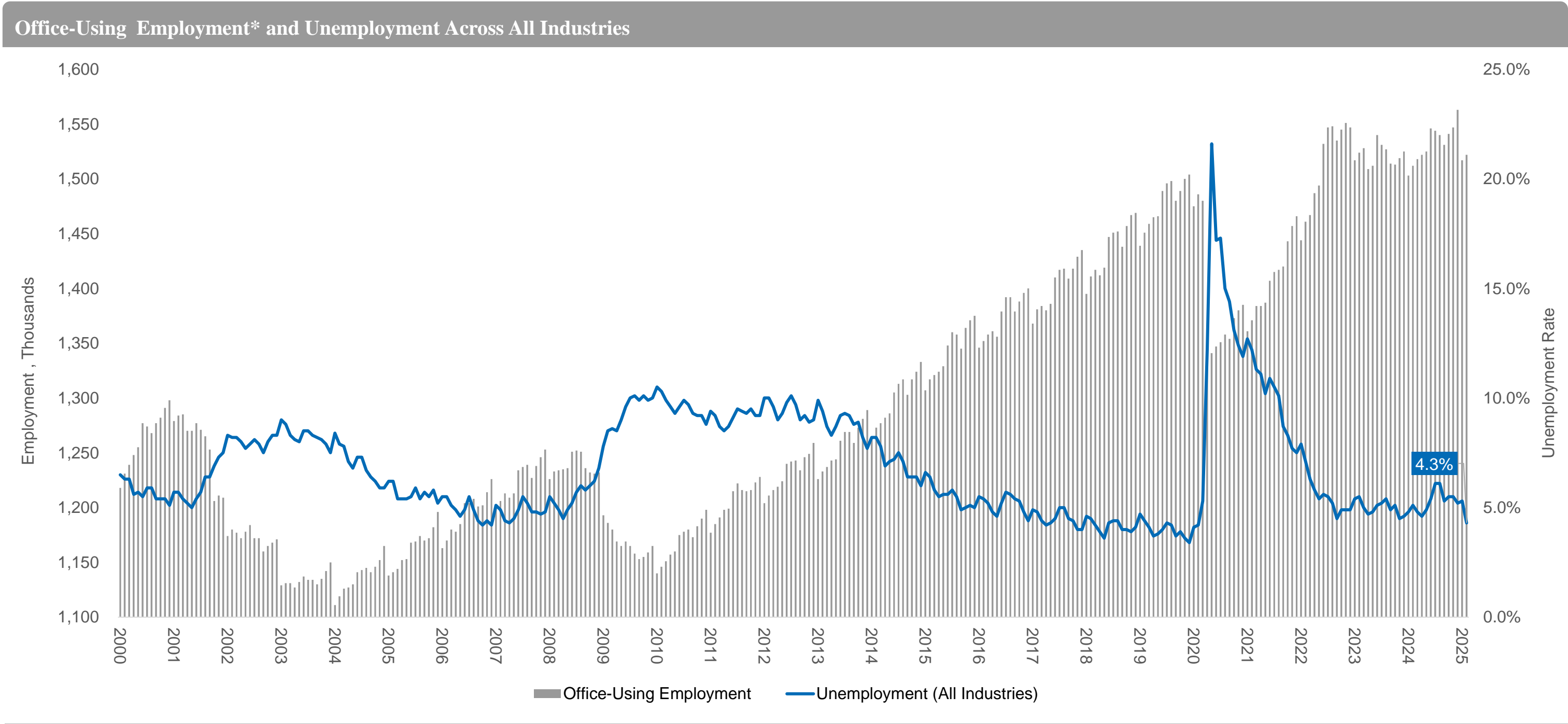
Demand for office space remains strong with 25.4 MSF of active requirements, representing a greater volume than the 2019 average of 23.3 MSF.

There has been more than 30.0 MSF of new office construction in the past decade, yet just 522K set to deliver over the next several years.

12.9 MSF has either commenced conversion or is planning to do so, following 2.6 MSF of buildings converted since 2020.

Overall Office-Using Employment Has Rebounded

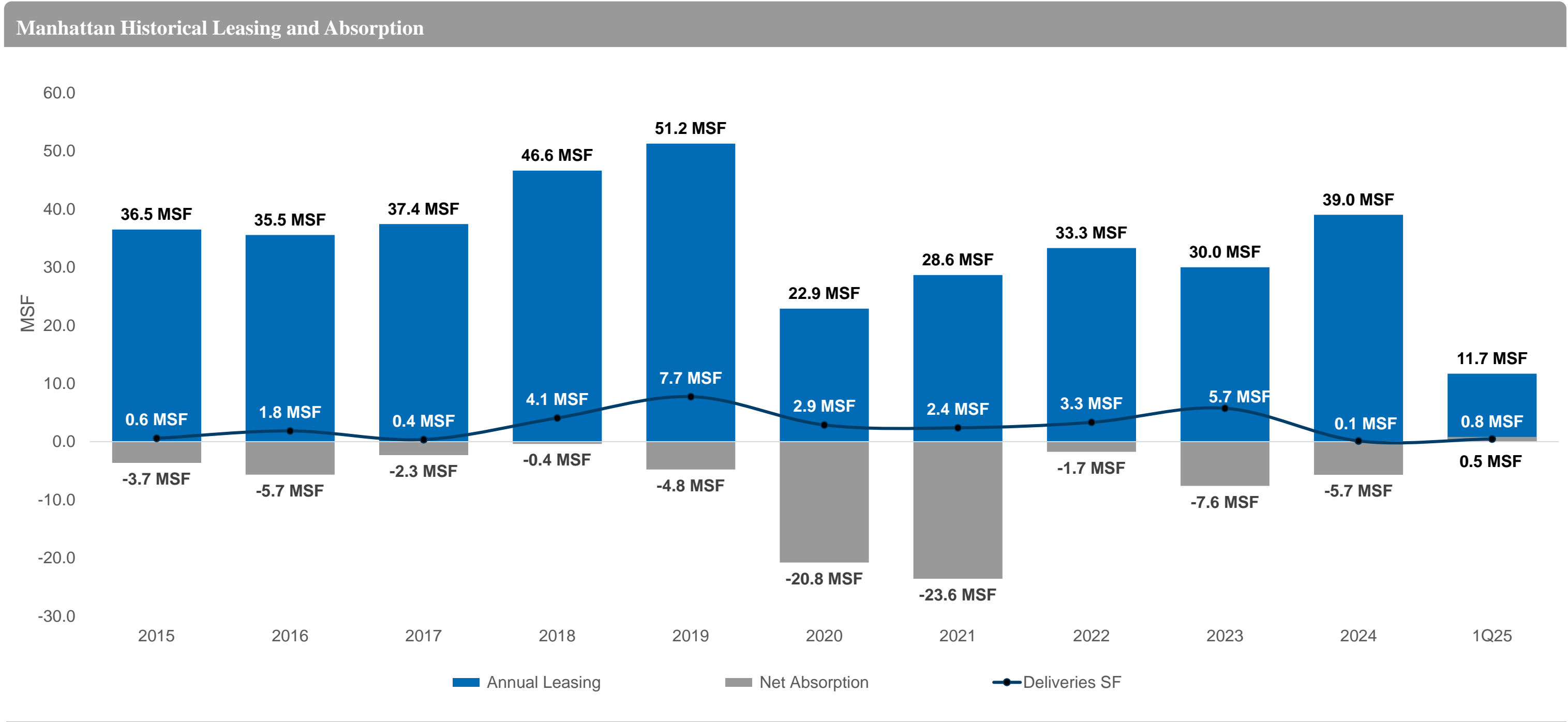
Despite dropping below the previously recorded high in December 2024, the number of office-using jobs has rebounded from the five-year low to 1.5 million. Local unemployment has followed national trends, decreasing after earlier slowdowns in hiring while the labor force continued grow.



Source: U.S. Bureau of Labor Statistics, New York City
Note: February 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Leasing and Absorption Analysis

Net absorption ended the first quarter at 820,921 square feet, marking the first set of consecutive quarters of positive absorption since 2017. Manhattan has delivered 29.0 MSF of newly constructed space in the last 10 years, however only 0.5 MSF remains on track to deliver this year.



Source: Newmark Research

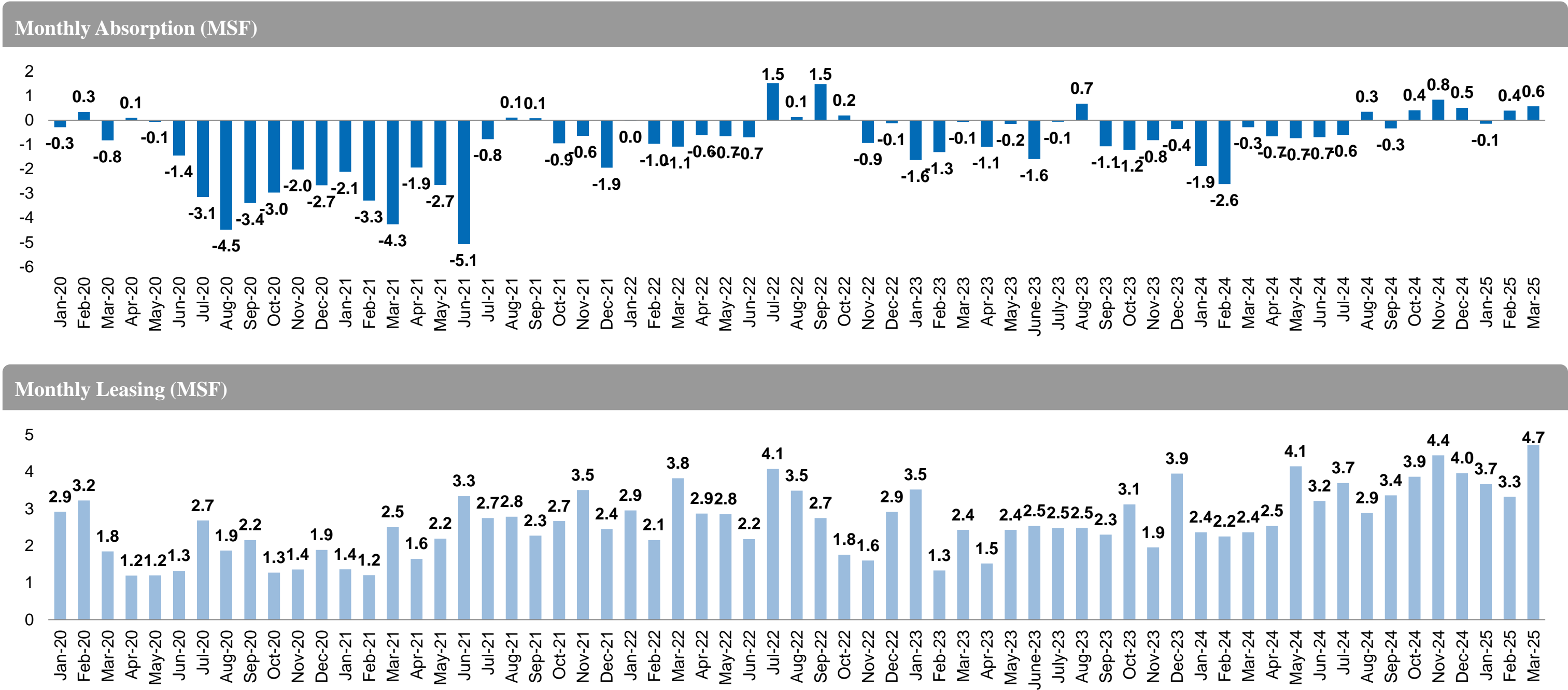
Construction Velocity



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Manhattan Absorption and Leasing Activity

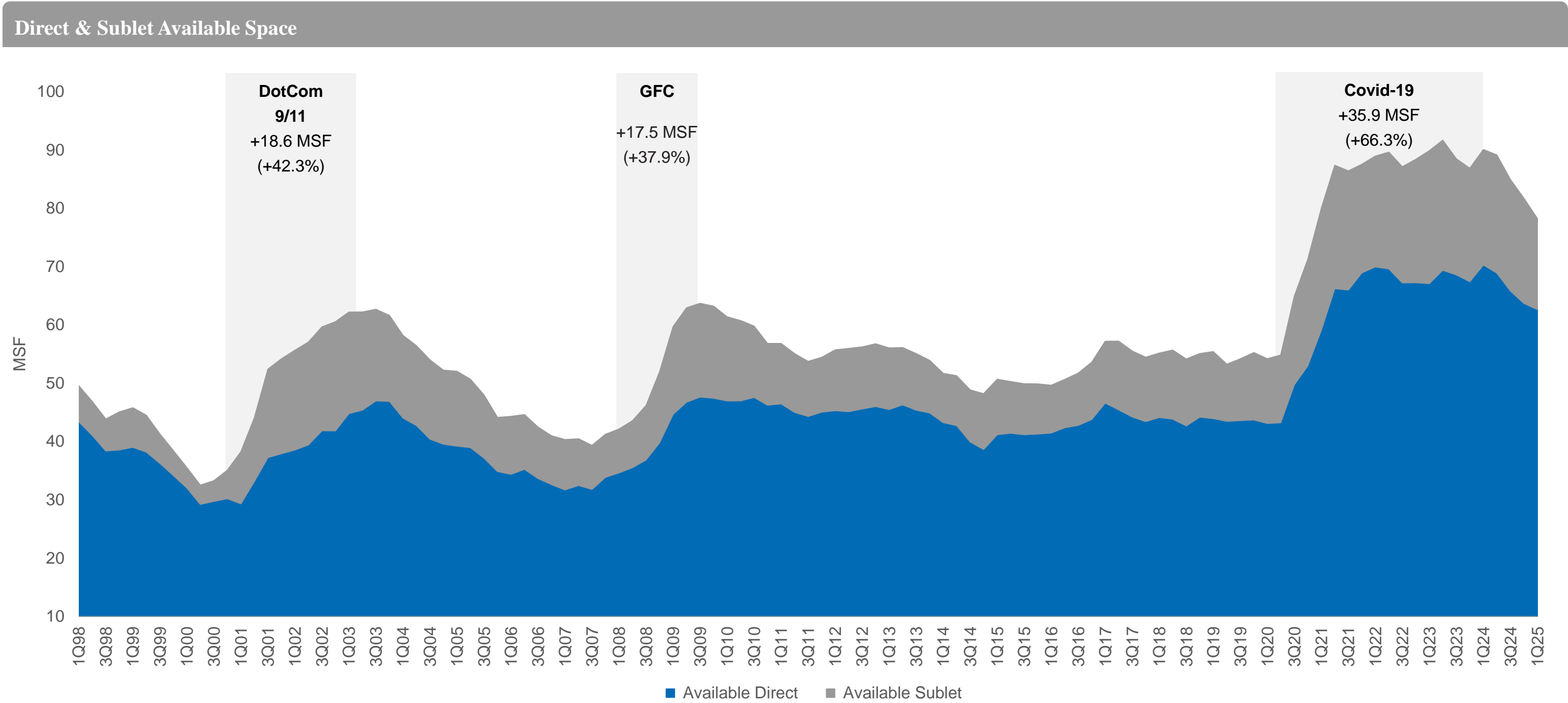
March 2025 leasing activity recorded 4.7 million square feet, marking a seventh consecutive month of leasing over 3.0 million square feet and bringing 2025 leasing to 11.7 million square feet. Monthly absorption recorded positive as strong leasing and limited space additions continue as the primary market trend.



Source: Newmark Research

Historical Availability Composition

Over the past year, total available space decreased by 11.8 MSF. In the four years prior to that, total available space rose by 35.9 MSF, driven by a 78.6% increase in sublease space.



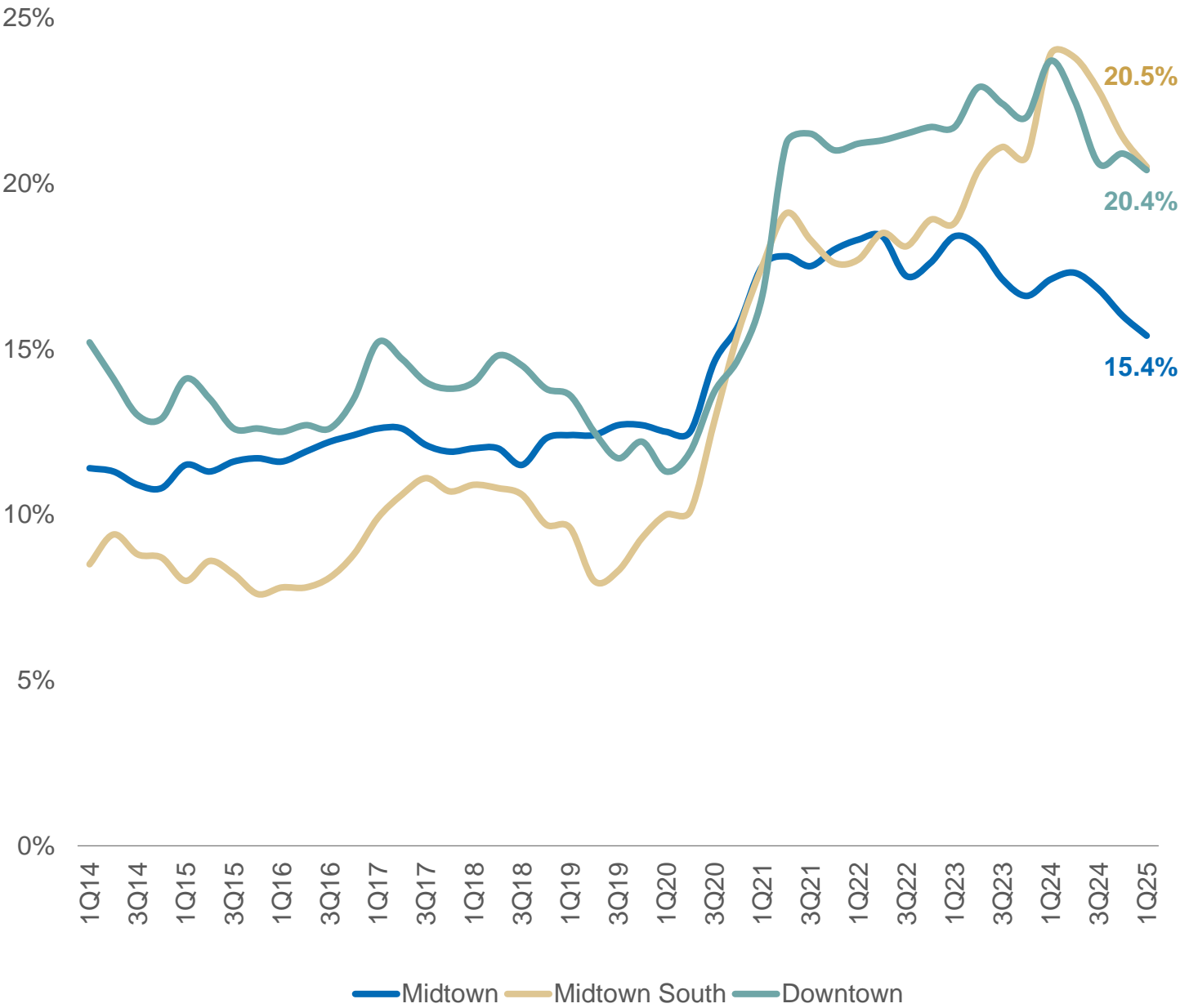
Source: Newmark Research

Manhattan Market/Submarket Comparison | Availability Rates

Manhattan overall availability dropped 60 basis points quarter-over-quarter to 17.2% reaching the lowest rate since fourth quarter of 2020. Strong leasing and improved absorption continue to drive the market as first quarter leasing recorded the second-highest quarterly activity since 2019.

Overall Availability by Market

Market/Submarket	1Q25	1Q20	Change in Bps.
MANHATTAN	17.2%	11.8%	540
MIDTOWN	15.4%	12.5%	290
Eastside	16.7%	16.8%	-10
Far West Side	8.8%	4.9%	390
Grand Central	14.7%	11.7%	300
Murray Hill	22.9%	11.2%	1,170
Park Avenue	8.7%	10.8%	-210
Penn District	16.9%	12.0%	490
Plaza District	16.0%	16.8%	-80
Sixth Avenue/Rock Center	13.2%	10.4%	280
Times Square	20.4%	17.3%	310
Times Square South	15.6%	9.1%	650
Westside	23.8%	17.3%	650
MIDTOWN SOUTH	20.5%	9.9%	1,060
Chelsea	22.0%	9.2%	1,280
East Village	28.0%	25.7%	230
Flatiron/Union Square	19.1%	11.1%	800
Hudson Square/Meatpacking	23.3%	7.5%	1,580
Noho/Soho	15.6%	9.1%	650
DOWNTOWN	20.4%	11.3%	910
Downtown East	23.0%	10.7%	1,230
Downtown West	16.7%	12.7%	400
Tribeca/City Hall	22.1%	8.8%	1,330



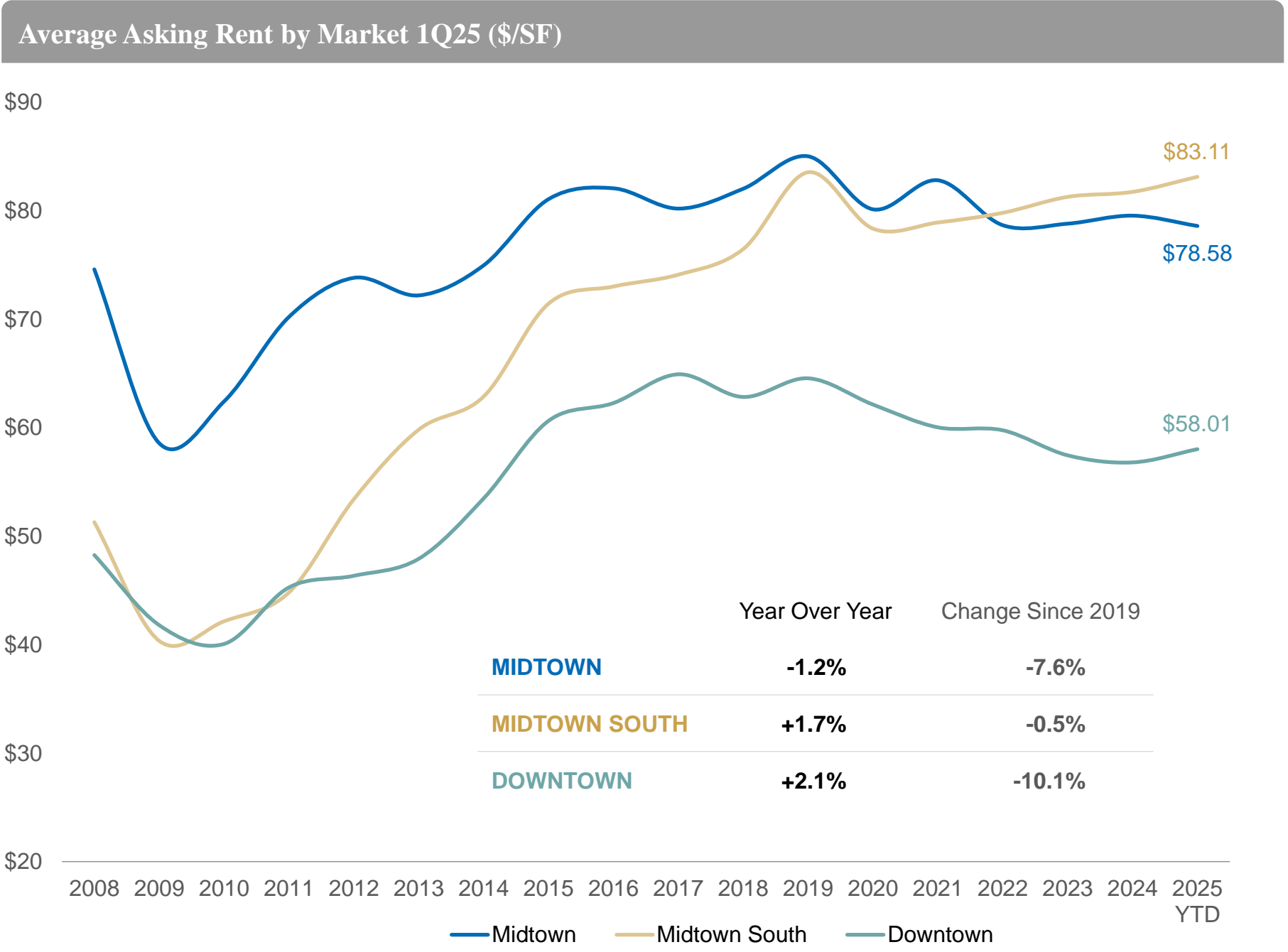
Source: Newmark Research

Manhattan Market/Submarket Comparison | Asking Rents

Manhattan asking rents dropped \$0.03/SF from the previous quarter to \$74.80/SF. Midtown led rate decreases for a second quarter due to high-quality space leasing, dropping \$0.95/SF quarter-over-quarter.

Average Asking Rent Market/Submarket 1Q25 (\$/SF)	
MANHATTAN	\$74.80
MIDTOWN	\$78.58
Eastside	\$67.60
Far West Side	\$131.30
Grand Central	\$67.92
Murray Hill	\$61.52
Park Avenue	\$118.37
Penn District	\$73.81
Plaza District	\$111.61
Sixth Avenue/Rock Center	\$93.87
Times Square	\$70.84
Times Square South	\$52.05
Westside	\$66.49
MIDTOWN SOUTH	\$83.11
Chelsea	\$79.70
East Village	\$76.22
Flatiron/Union Square	\$80.02
Hudson Square/Meatpacking	\$86.70
Noho/Soho	\$100.02
DOWNTOWN	\$58.01
Downtown East	\$54.35
Downtown West	\$61.53
Tribeca/City Hall	\$70.52

Source: Newmark Research



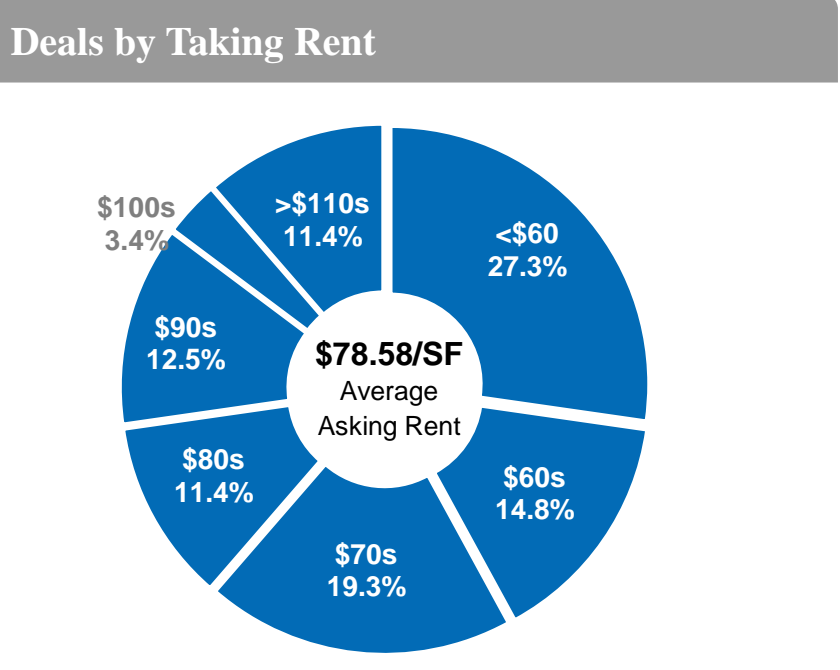
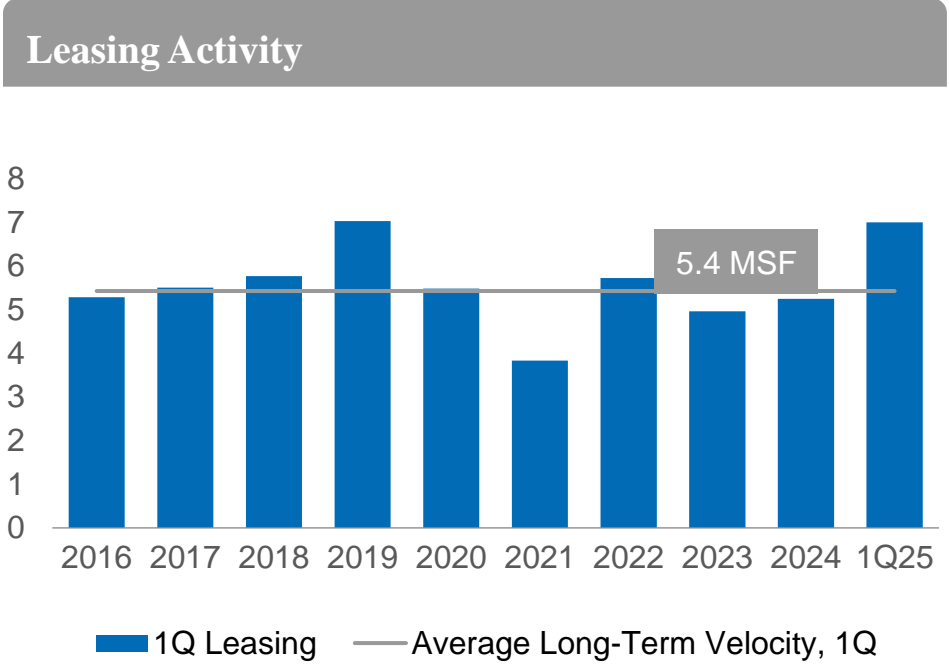
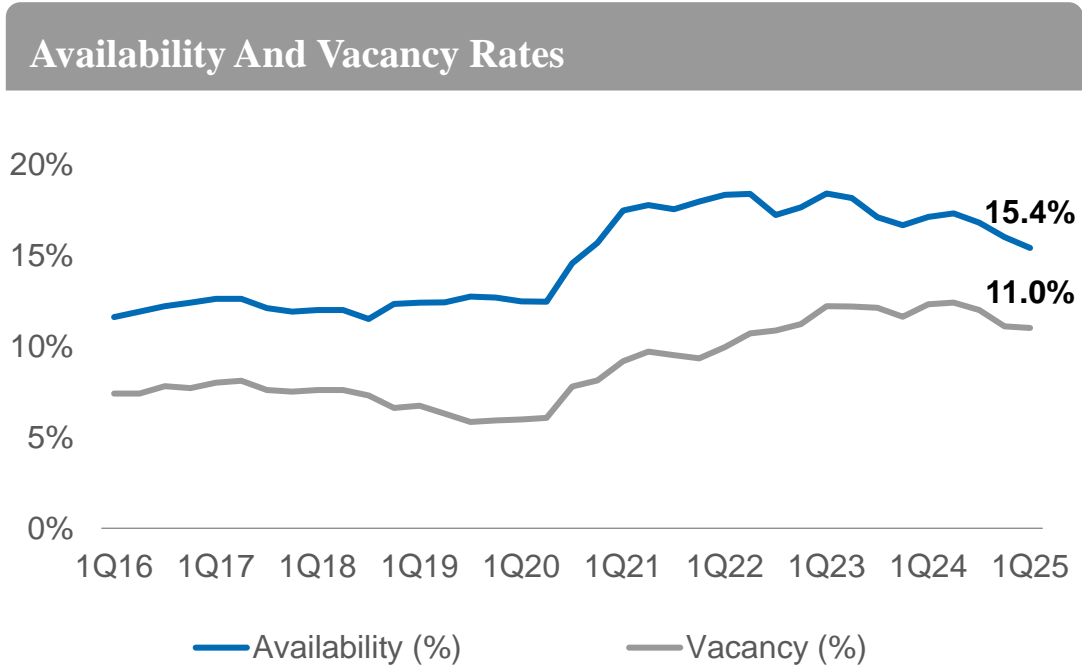
Flight to Quality | Taking & Net Effective Rent Comparison








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Midtown Market Overview

Midtown leasing remained robust in the first quarter of 2025, registering 7.0 MSF of activity while net absorption posted positive for the second straight quarter. Three of the top five deals in the market represented renewals as quality large block inventory for relocation remains minimal. Availability dropped for the third consecutive quarter, ending March at 15.4%, its lowest level since the third quarter of 2020.



First Quarter Top Deals

				
2 Penn Plaza	237 Park Avenue	437 Madison Avenue	7 Times Square	227 East 45th Street
Universal Music Group	Amazon	Banco Santander	Knitwell Group	A&E Television Networks
333,516 SF	193,431 SF	191,667 SF	191,258 SF	151,920 SF
Direct New	Sublease New	Direct Renewal	Direct Renewal	Direct Renewal

Select Tenants in the Market/Upcoming LXD's

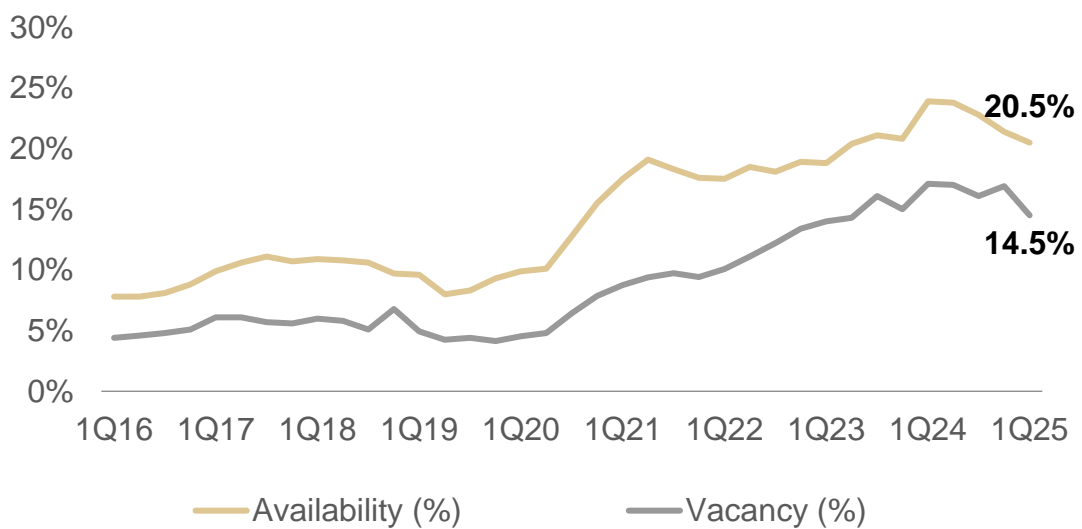
Tenant	Size (SF)	Current Location
Apollo Global Management	1.0M	9 West 57th Street
Deloitte	500K+	Multiple Locations
Jefferies	400K+	520 Madison Avenue
Nomura Securities	400K+	825 Eighth Avenue
Warner Music Group	250K+	1633 Broadway

Source: Newmark Research

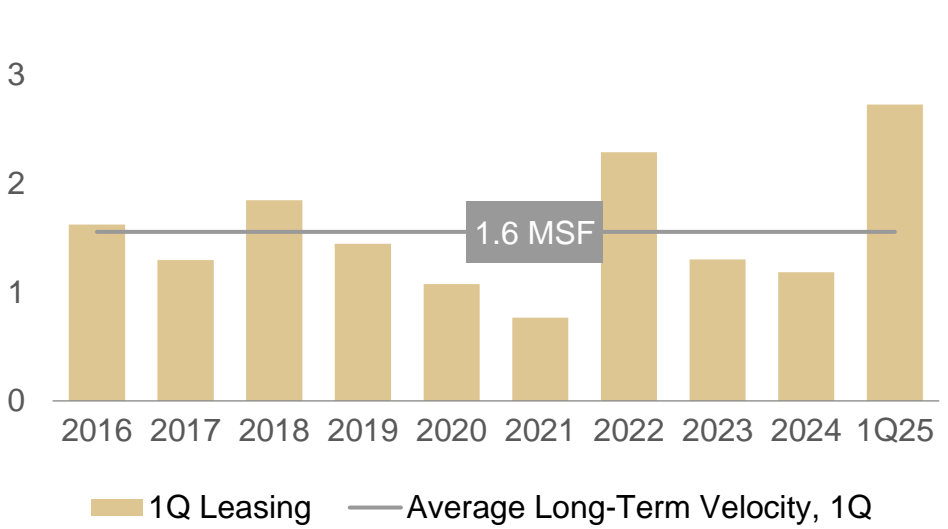
Midtown South Market Overview

Midtown South availability declined to 20.5% in the first quarter as leasing momentum accelerated to 2.7 MSF. For the first time since 2015, Midtown South has registered three consecutive quarters with over 2.0 MSF of leasing activity. Echoing the broader trend across Manhattan, four of the five largest deals this quarter were Renewals/Expansions. Average asking rents ended the first quarter at \$83.11/SF, marking a jump of \$1.39/SF from last quarter.

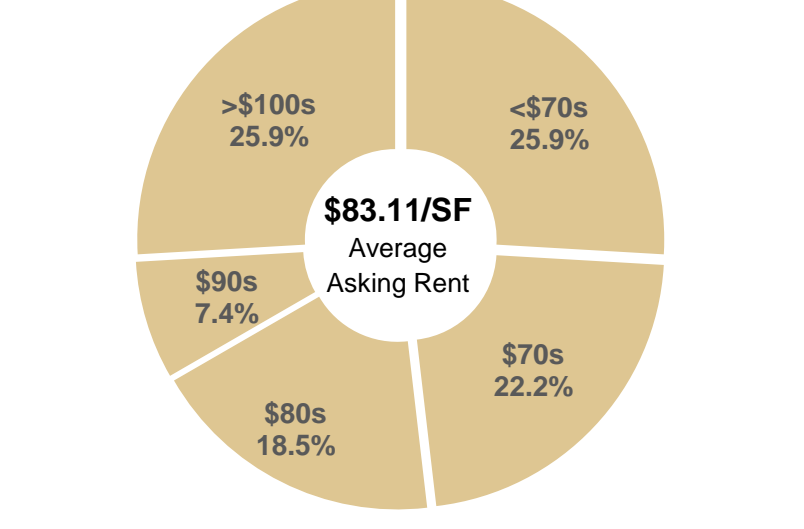
Availability And Vacancy Rates



Leasing Activity



Deals by Taking Rent



First Quarter Top Deals

				
75 Varick Street	200 Fifth Avenue	114 Fifth Avenue	1 Madison Avenue	601 West 26th Street
Horizon Media	Goodwin Procter LLP	Capital One	IBM	Level 3 Communications
360,000 SF	244,433 SF	96,618 SF	92,663 SF	92,000 SF
Direct Extension	Direct New	Direct Expansion	Direct Expansion	Direct Extension

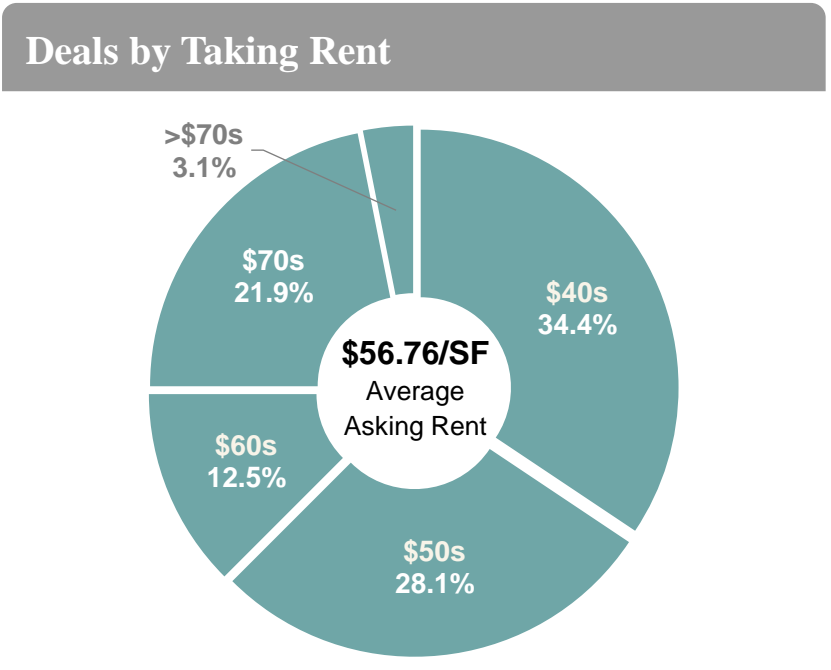
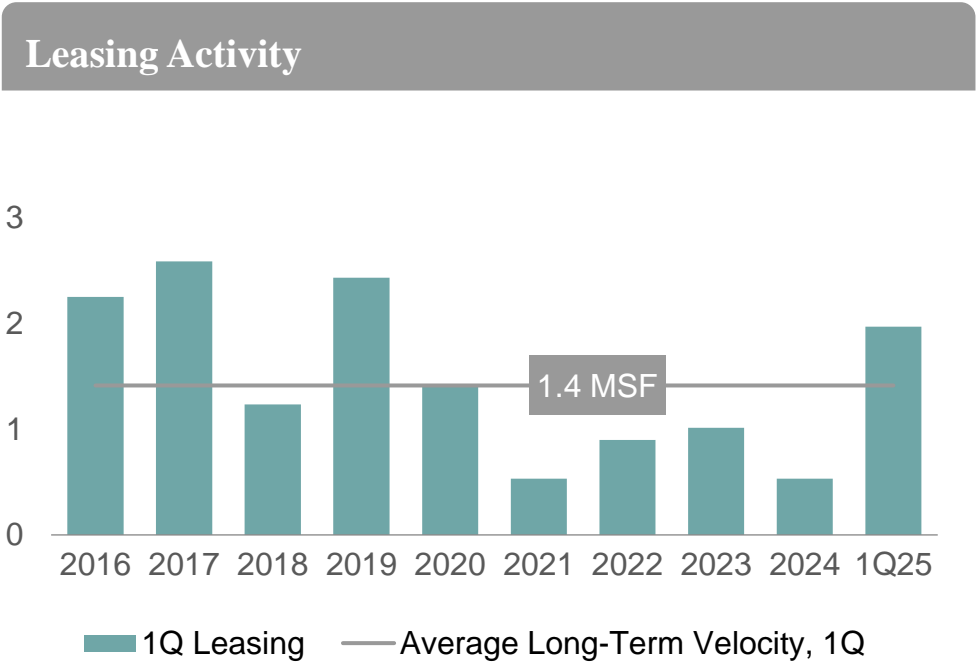
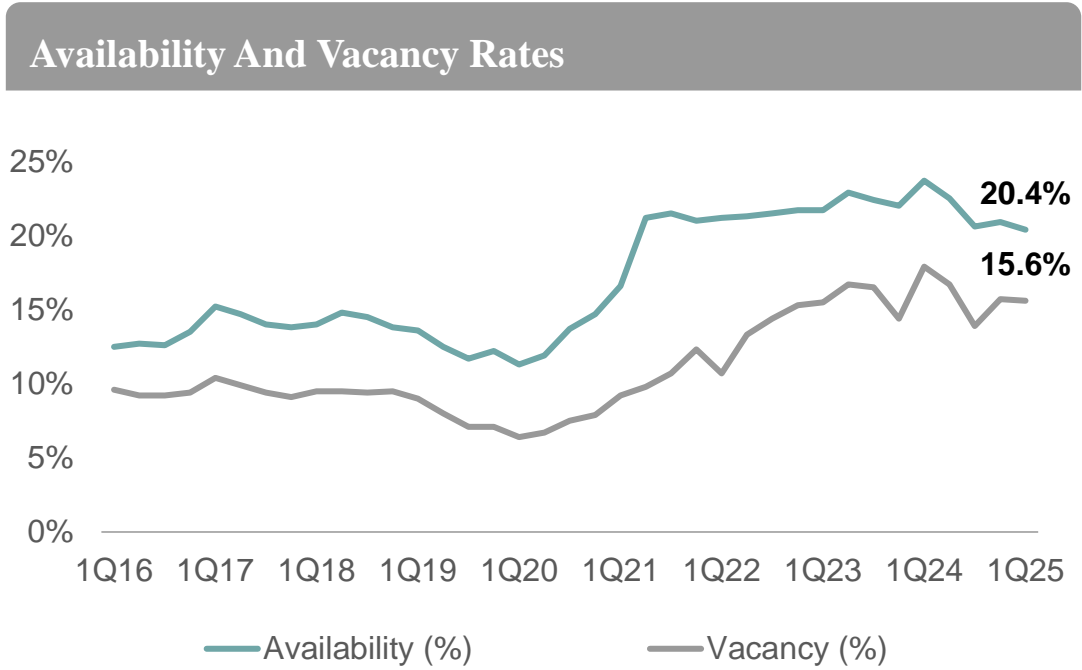
Select Tenants in the Market/Upcoming LXD's

Tenant	Size (SF)	Current Location
Capital One	500K+	Multiple Locations
Rockstar Games	100k+	622 Broadway
Paypal	150K+	95 Morton Street
Pinterest	80K+	225 Park Avenue South
Current Bank	40K+	620 Ave. of Americas





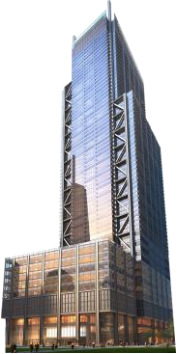
Source: Newmark Research

Downtown Market Overview

Led by Jane Street signing a 983,791 square foot renewal and expansion at 250 Vesey Street, Downtown leasing activity reached 2.0 MSF in the first quarter of 2025. Availability fell to 20.4%, marking a drop of 330 basis points from one year ago. Residential conversions continue to change the Downtown landscape, with planned and commenced projects totaling 5.6 MSF.



First Quarter Top Deals

				
250 Vesey Street	140 Broadway	1 World Trade Center	25 Broadway	3 World Trade Center
Jane Street Group	ARUP	Axsome Therapeutics	Borough of Manhattan Community College	Uber
983,791 SF	99,418 SF	96,293 SF	44,815 SF	44,110 SF
Direct Renewal & Expansion	Direct New	Sublease New	Direct Renewal	Direct Expansion

Select Tenants in the Market/Upcoming LXD's

Tenant	Size (SF)	Current Location
American Express	1.0M	200 Vesey Street
Sullivan & Cromwell	500K+	125 Broad Street
Moody's	300K+	7 World Trade Center
AON	175K+	1 Liberty Plaza
NYS DMV	100K+	17 Battery Place

Source: Newmark Research

Office to Residential Conversions



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