NEWMARK

*Manhattan*

# Office Market

2Q26

NMRK.COM

# Market Observations

Manhattan availability declined to the lowest level since 3Q20 with total available space 30.6% below the 2Q23 peak.

Square footage in Manhattan class A large blocks has dropped 51.4% since 2021

Leasing recorded 24.7 MSF in the first half of 2026, as June marked the 13th consecutive month of activity above 3.0 MSF.

Current AI tenant requirements total 2.5 MSF as tech/media demand has reached the highest level in more than a decade.

Direct availability in Midtown trophy assets dropped 70 basis points to 2.7%. The direct availability rate within the trophy set has not registered a quarterly rise since 1Q23.

Rental rate recovery continued as overall asking rents grew to $80.80/SF. Manhattan overall rents remain 1.1% below the 1Q20 average, yet Midtown South asking rents recorded a record high.

Net absorption registered negative 167,342 SF through the first half of the year, as multiple large blocks were added to the market in May.

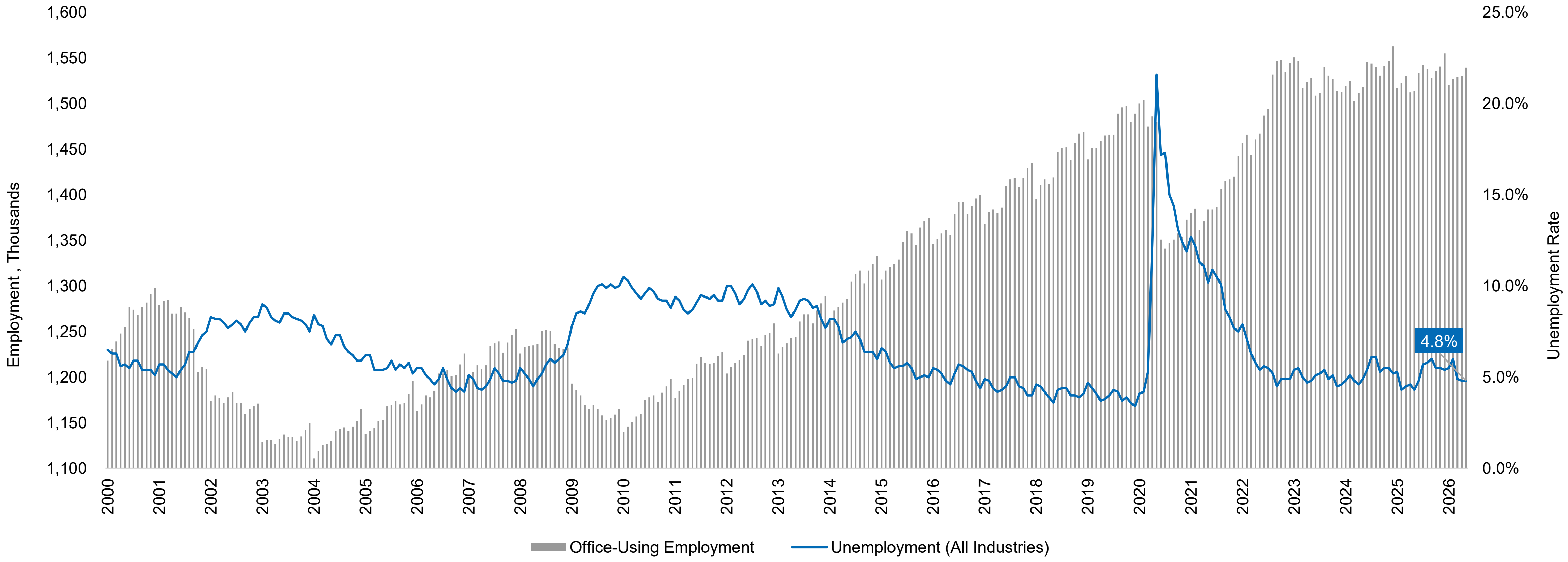
18.3 MSF has either commenced conversion or is planning to do so, following 3.9 MSF of buildings converted since 2020

Source: Newmark Research

# Overall Office-Using Employment

Office-using employment remains near a cyclical high while the unemployment rate has declined for a fourth consecutive month to 4.8%, reflecting continued strength across the city's economy.

**Office-Using Employment* and Unemployment Across All Industries**

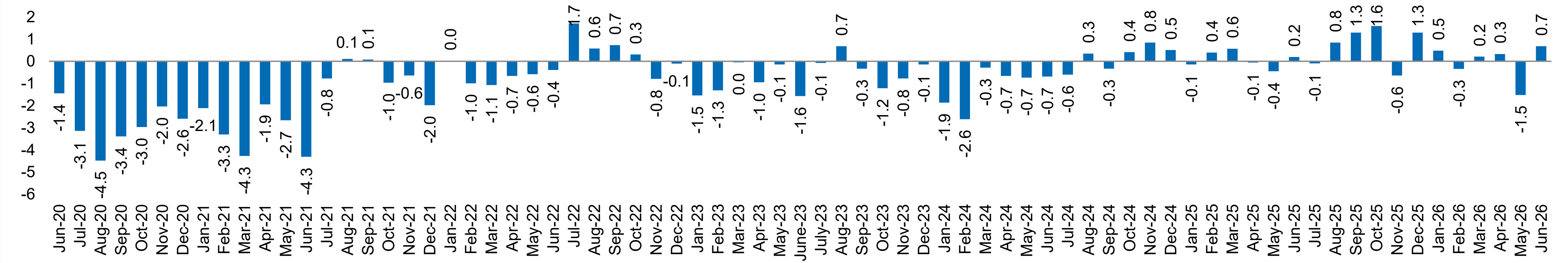



Source: U.S. Bureau of Labor Statistics, New York City
Note: May 2026 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

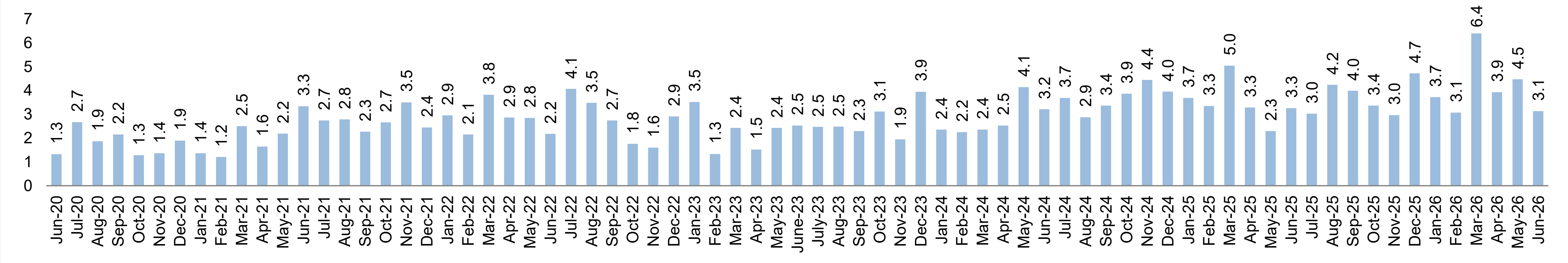
# Manhattan Absorption and Leasing Activity

June marked the thirteenth consecutive month of leasing over 3.0 million square feet, bringing year-to-date leasing to 24.7 million square feet. Four of the last six months recorded positive absorption as heightened leasing continues to drive monthly activity.

## Monthly Absorption (MSF)




## Monthly Leasing (MSF)

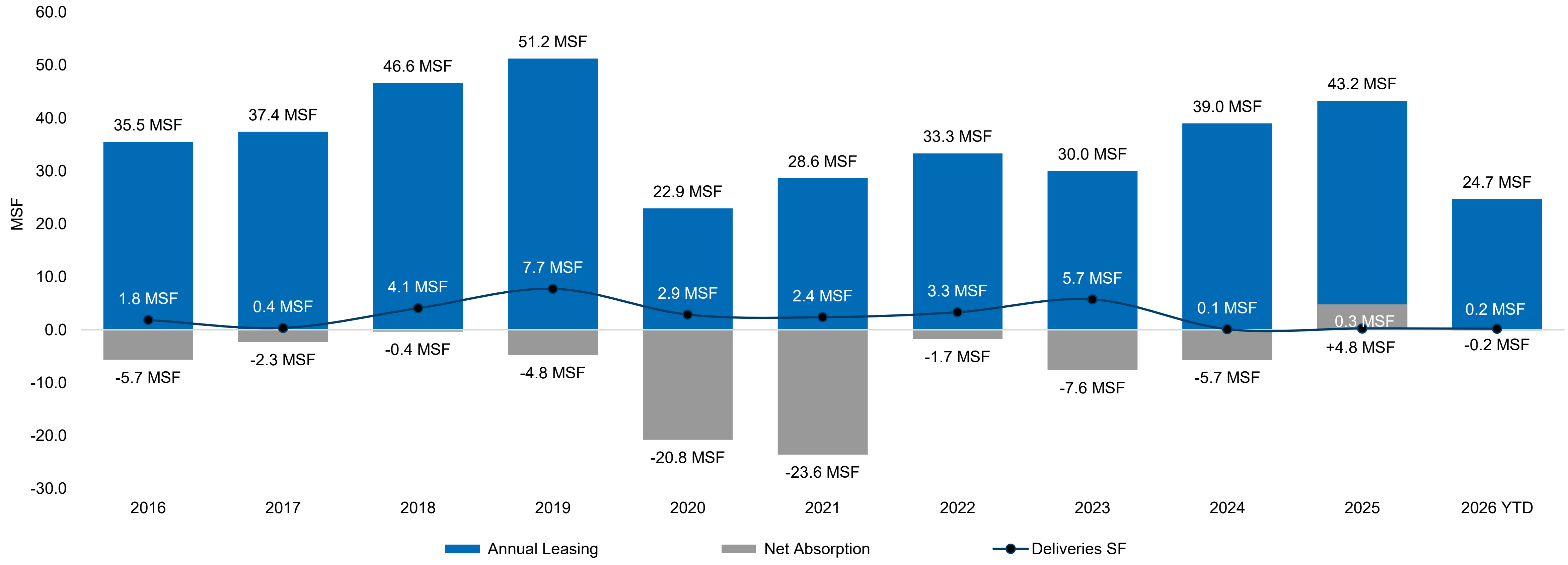



Source: Newmark Research

# Leasing and Absorption Analysis

Net absorption registered -0.2 MSF through the first half of the year, as multiple large blocks added to market in May skewed absorption negatively. Leasing demand remains robust, reaching 24.7 MSF for 1H26, marking the strongest first-half activity since 2019. Annual construction deliveries are expected to remain minimal with only 210,886 SF delivering in 2026.

## Manhattan Historical Leasing and Absorption

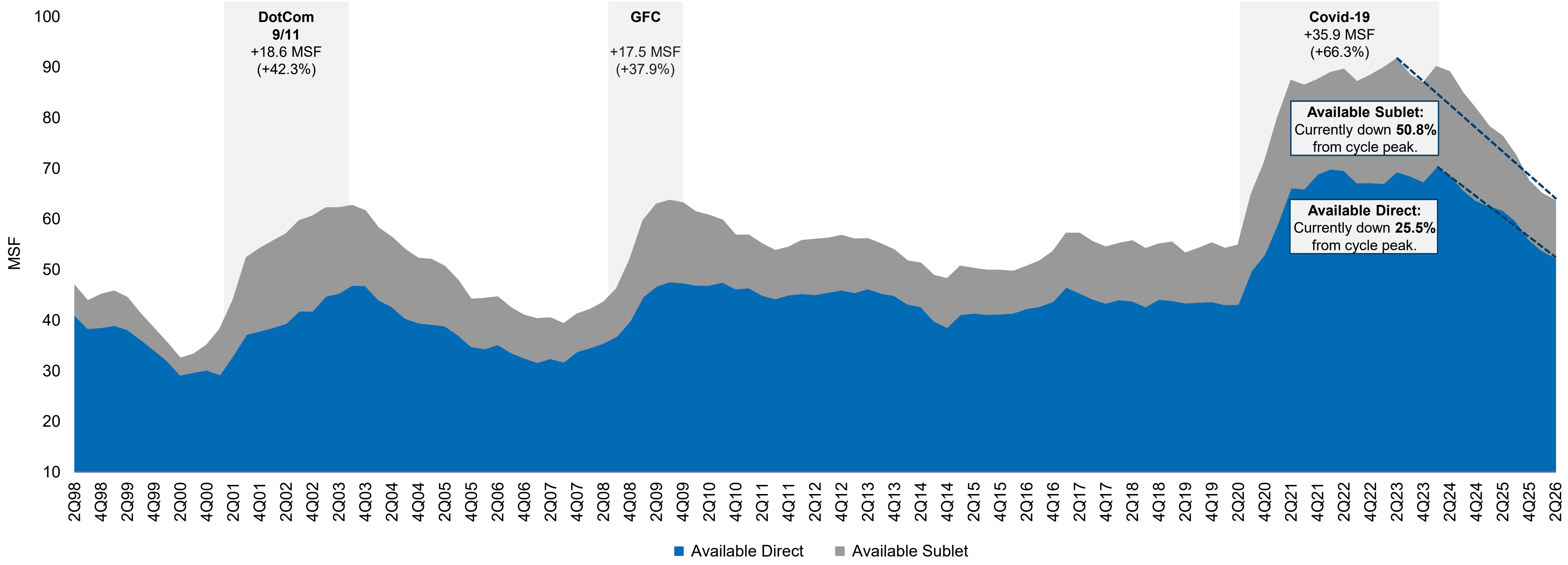



Source: Newmark Research

# Historical Availability Composition

Total available space has continued to decline, falling a total of 28.1 MSF over the past three years. Sublease space has decreased 50.8% from its peak in 1Q23 and is currently below 4Q19 levels.

## Direct & Sublet Available Space



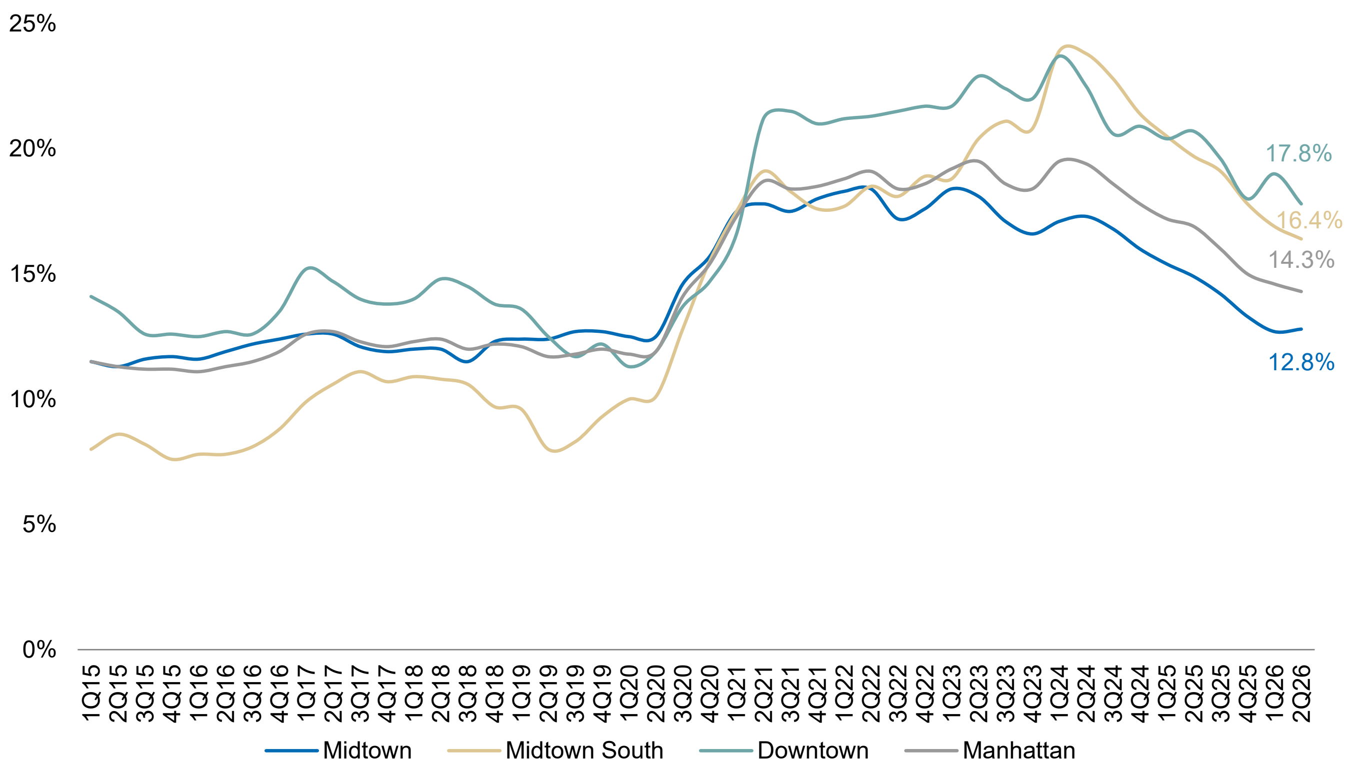

Source: Newmark Research

# Manhattan Market/Submarket Comparison | Availability

Manhattan availability continues to improve, falling to 14.3% in the second quarter from a post-pandemic peak of 19.5%. Midtown remains the tightest of the markets at 12.8%, while Midtown South and Downtown remain more elevated at 16.4% and 17.8%, respectively.

## Overall Availability by Market

| Market/Submarket | 2Q26 | Post-Pandemic Peak | Change in Bps. |
|---|---|---|---|
| **MANHATTAN** | **14.3%** | **19.5%** | **-520** |
| **MIDTOWN** | **12.8%** | **18.5%** | **-570** |
| Eastside | 16.0% | 23.2% | -720 |
| Far West Side | 4.4% | 26.6% | -2,220 |
| Grand Central | 11.8% | 18.8% | -700 |
| Murray Hill | 20.9% | 28.1% | -720 |
| Park Avenue | 8.5% | 16.2% | -770 |
| Penn District | 11.6% | 22.7% | -1110 |
| Plaza District | 13.4% | 20.7% | -730 |
| Sixth Avenue/Rock Center | 12.2% | 14.2% | -200 |
| Times Square | 12.6% | 28.7% | -1,610 |
| Times Square South | 13.5% | 18.8% | -530 |
| Westside | 21.0% | 24.6% | -360 |
| **MIDTOWN SOUTH** | **16.4%** | **23.9%** | **-750** |
| Chelsea | 19.3% | 28.0% | -870 |
| Flatiron/Union Square | 12.9% | 28.7% | -1,580 |
| Hudson Square | 18.6% | 27.9% | -930 |
| Meatpacking | 9.2% | 28.1% | -1,890 |
| Noho/Soho | 15.2% | 23.8% | -860 |
| **DOWNTOWN** | **17.8%** | **23.7%** | **-590** |
| Downtown East | 19.8% | 27.4% | -760 |
| Downtown West | 15.5% | 20.1% | -460 |
| Tribeca/City Hall | 16.6% | 22.4% | -580 |



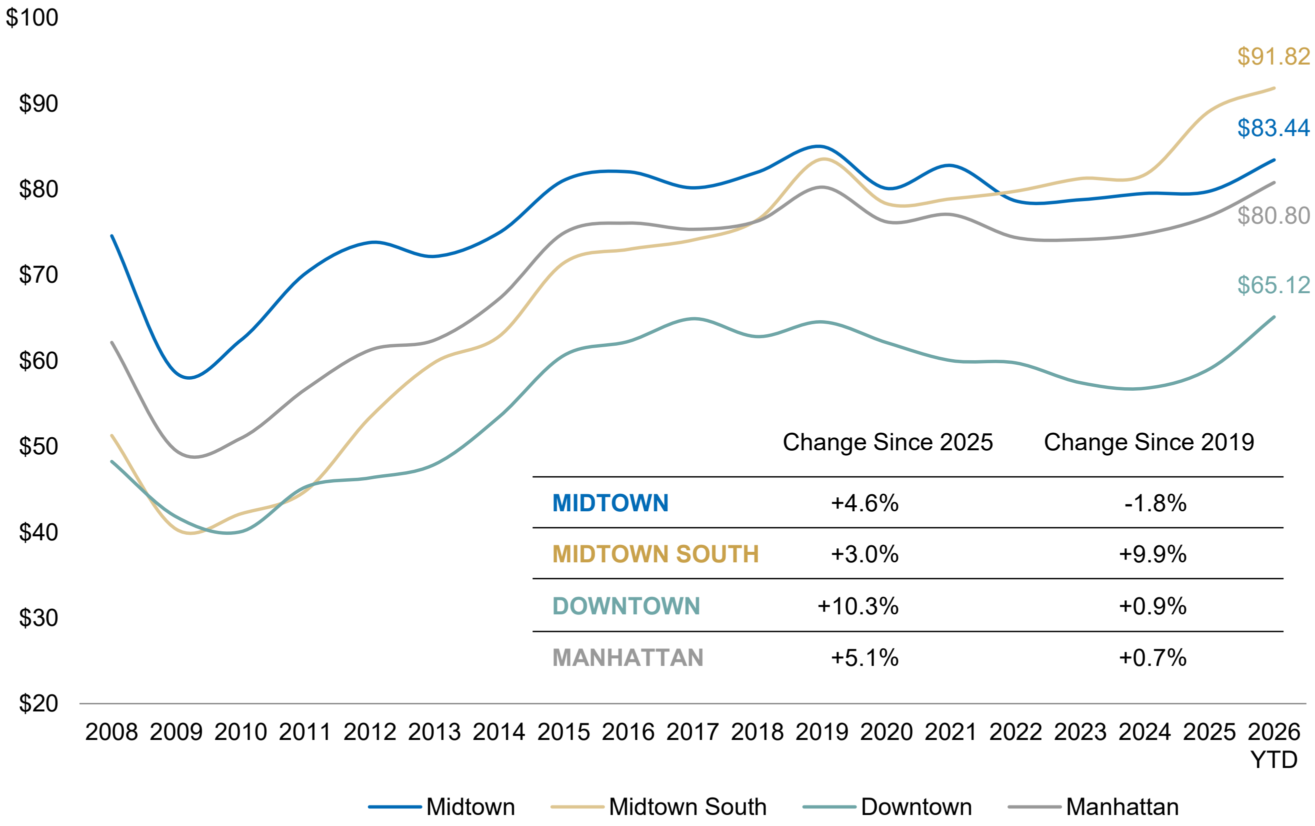

Source: Newmark Research

# Manhattan Market/Submarket Comparison | Asking Rents

Manhattan rents rose $5.31/SF from the previous year to $80.80/SF, led by the Downtown market where rents have increased 11.5%, as new blocks became available in Downtown West. The Midtown South market remains the strongest performer compared to 2019 rents as new class A space remains on market.

## Average Asking Rent by Market ($/SF)

| Market/Submarket | 2Q26 | 2Q25 | YoY Change |
|---|---|---|---|
| **MANHATTAN** | **$80.80** | **$75.49** | **7.0%** |
| **MIDTOWN** | **$83.44** | **$79.84** | **4.5%** |
| Eastside | $74.72 | $68.24 | 9.5% |
| Far West Side | $132.02 | $136.55 | -3.3% |
| Grand Central | $77.99 | $69.87 | 11.6% |
| Murray Hill | $64.64 | $62.62 | 3.2% |
| Park Avenue | $127.78 | $119.42 | 7.0% |
| Penn District | $70.09 | $76.39 | -8.2% |
| Plaza District | $115.95 | $109.42 | 6.0% |
| Sixth Avenue/Rock Center | $103.02 | $95.74 | 7.6% |
| Times Square | $78.97 | $70.93 | 11.3% |
| Times Square South | $55.04 | $52.66 | 4.5% |
| Westside | $66.43 | $65.90 | 0.8% |
| **MIDTOWN SOUTH** | **$91.82** | **$83.28** | **10.3%** |
| Chelsea | $93.79 | $80.27 | 16.8% |
| Flatiron/Union Square | $86.98 | $79.17 | 9.9% |
| Hudson Square | $91.02 | $85.97 | 5.9% |
| Meatpacking | $92.43 | $107.56 | -14.1% |
| Noho/Soho | $94.92 | $92.64 | 2.5% |
| **DOWNTOWN** | **$65.12** | **$58.42** | **11.5%** |
| Downtown East | $59.85 | $55.42 | 8.0% |
| Downtown West | $71.23 | $61.63 | 15.6% |
| Tribeca/City Hall | $75.36 | $67.73 | 11.3% |



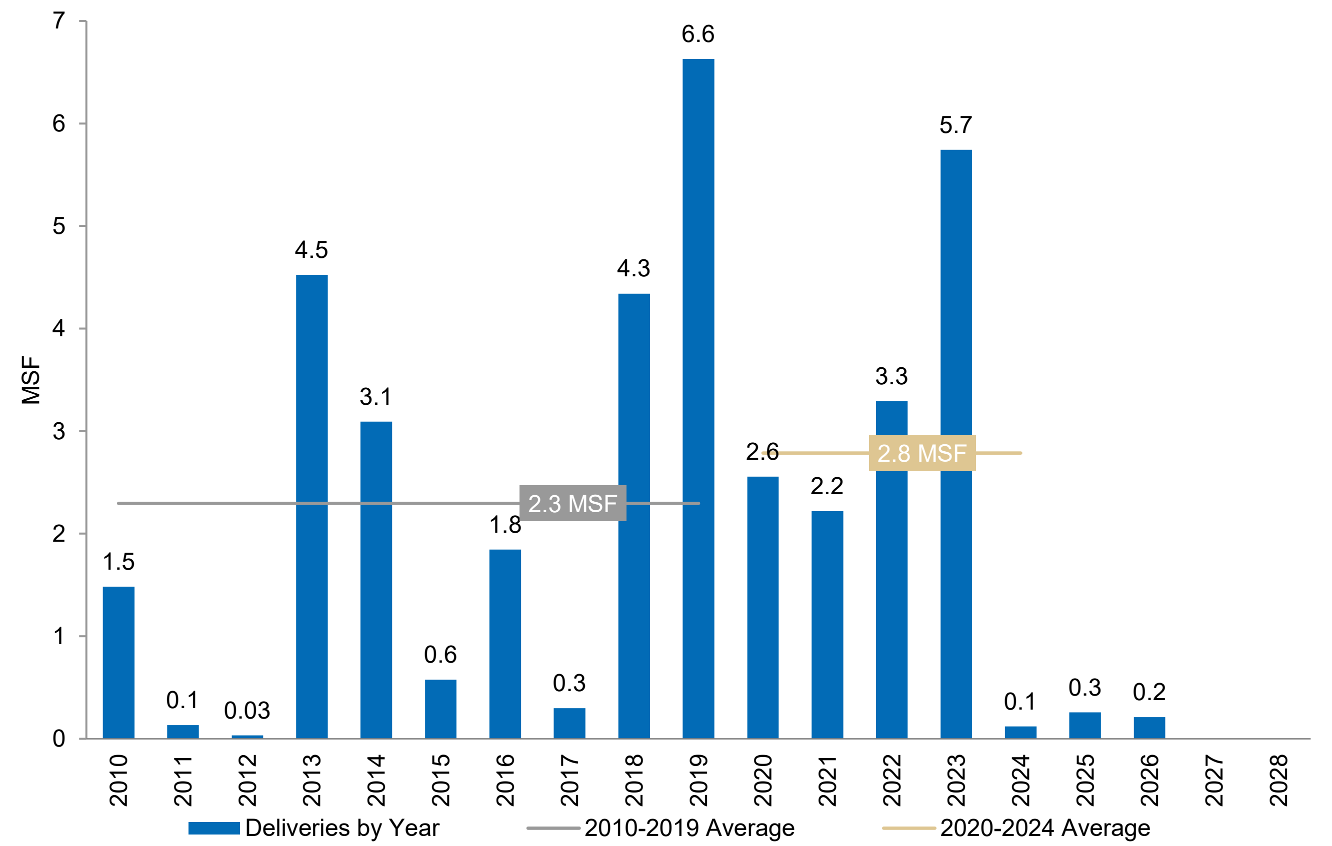

| | Change Since 2025 | Change Since 2019 |
|---|---|---|
| MIDTOWN | +4.6% | -1.8% |
| MIDTOWN SOUTH | +3.0% | +9.9% |
| DOWNTOWN | +10.3% | +0.9% |
| MANHATTAN | +5.1% | +0.7% |

Source: Newmark Research

# Construction Velocity

The Manhattan office market has experienced a significant shift in supply over the past fifteen years, adding 45.4 MSF since 2010. 520 Fifth Avenue delivered 210,886 SF in the first quarter, the only building set to deliver this year. Minimal new construction deliveries are expected over the next few years. Additional deliveries are expected to pick up in the 2030s, beginning with 343 Madison Avenue, 70 Hudson Yards and 570 Fifth Avenue.

## Manhattan Deliveries (MSF)




## New Construction Overview - 2010-Present

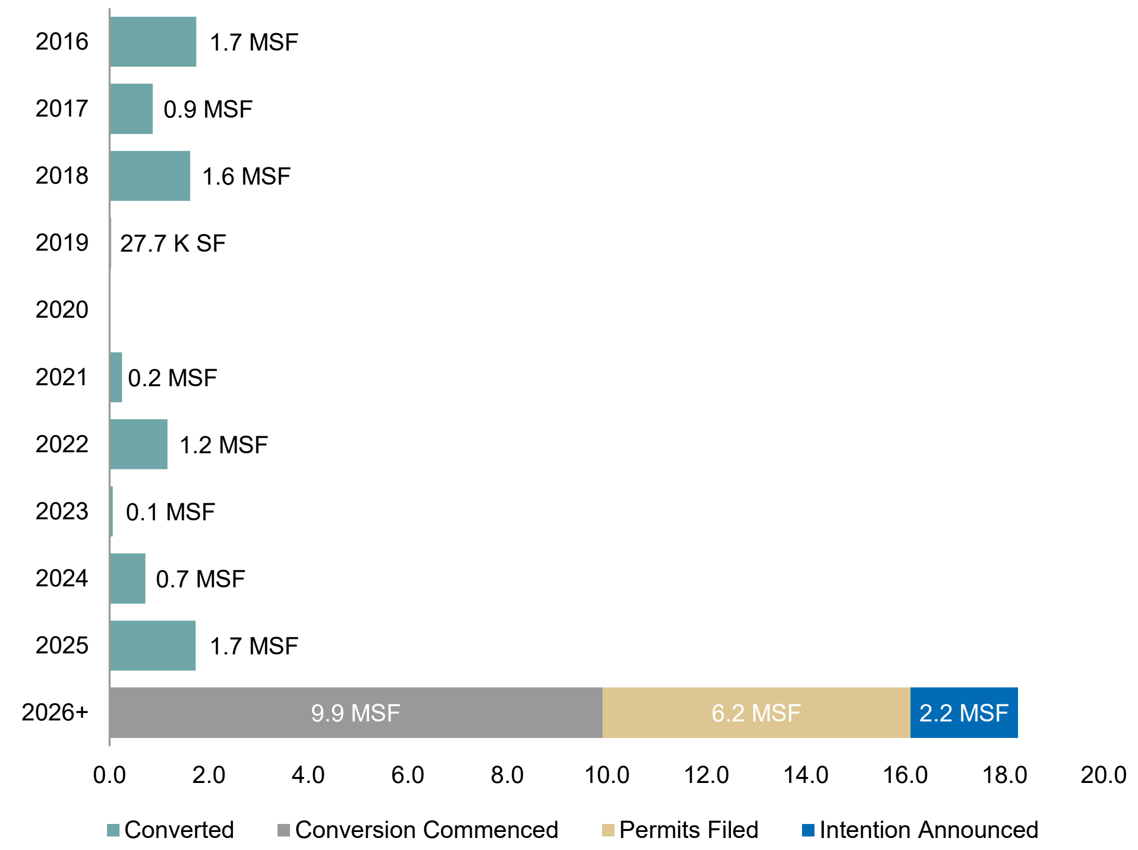
| Building | RBA Added | # of Buildings | Direct Availability Rate |
|---|---|---|---|
| MT | 29.3 MSF | 30 | 3.0% |
| MTS | 8.1 MSF | 44 | 25.4% |
| DT | 8.1 MSF | 5 | 6.2% |
| **Overall** | **45.4 MSF** | **79** | **7.6%** |

Source: Newmark Research

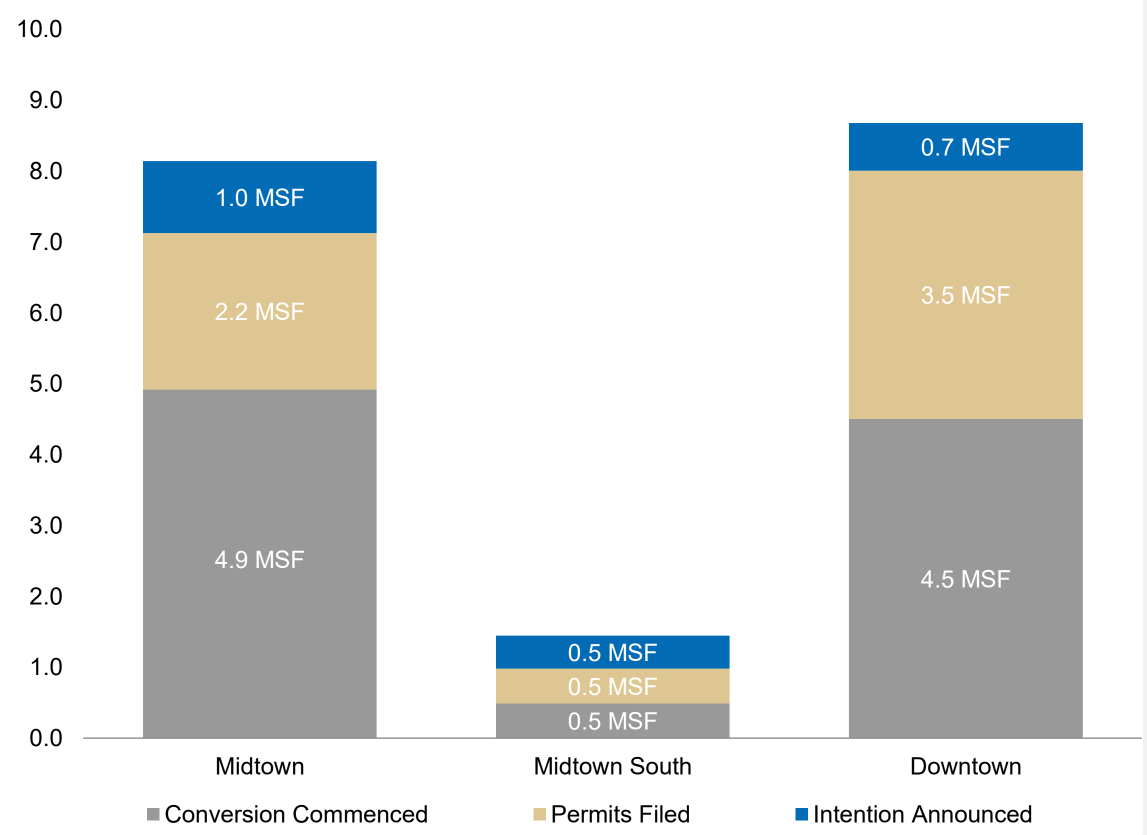
# Office to Residential Conversions

There is 18.3 MSF of active and planned office to residential conversions in Manhattan, following 3.9 MSF of buildings converted since 2020. Construction has commenced for the conversion of thirty-two buildings, sixteen located in Midtown, eleven in Downtown, and five in Midtown South.

## Manhattan Ten-Year Office-to-Residential Conversion Movement




## Office-to-Residential Conversion Pipeline by Market

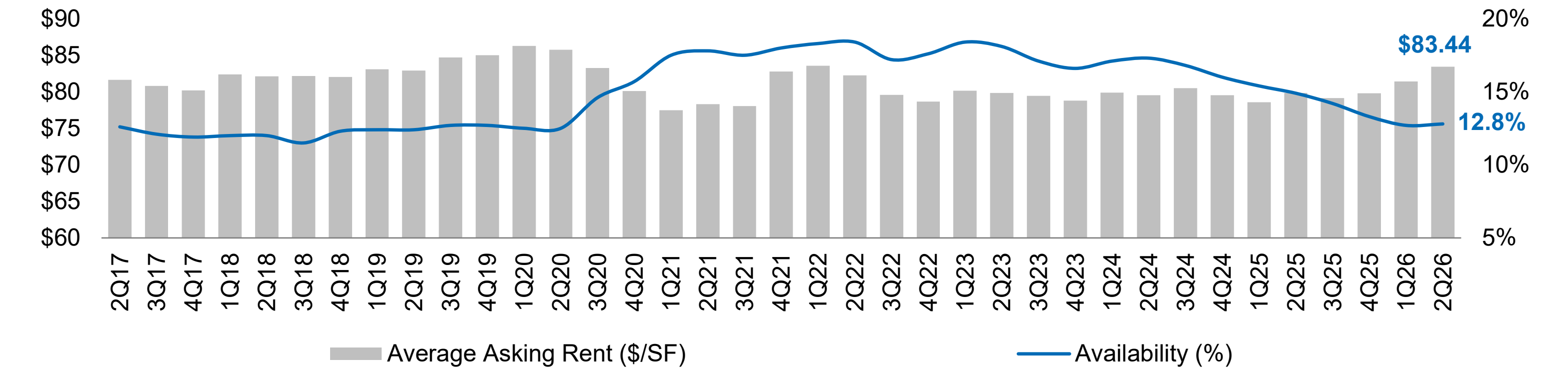



Source: Newmark Research
Note: "active" includes commenced and planned conversions

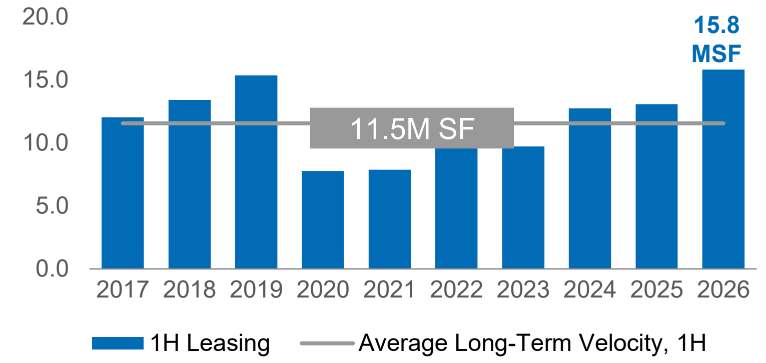
# Midtown Market Overview

Midtown leasing momentum carried through the first sixth months of 2026, with activity totaling 15.8 MSF, up 20.9% year-over-year and the strongest first-half performance historically. Renewals and/or expansions dominated the market, accounting for three of the five largest transactions, as limited large-block availability continued to constrain relocation options. Average asking rent climbed $2.01/SF to $83.44/SF, while availability ticked up modestly to 12.8%, its second-lowest level since the second quarter of 2020.

## Availability Rates & Asking Rents




## Leasing Activity




## Second Quarter Top Deals





| 570 Fifth Avenue | 10 Hudson Yards | 229 West 43rd Street | 345 Park Avenue | 51 West 52nd Street |
|---|---|---|---|---|
| Simpson, Thacher & Bartlett | L'Oreal USA | Versant Media | Loeb & Loeb | Alston & Bird |
| 916,000 SF | 478,415 SF | 249,054 SF | 178,959 SF | 169,664 SF |
| Direct New | Direct Renewal | Direct Renewal & Expansion | Direct Renewal & Expansion | Direct New |

## Select Tenants in the Market/Upcoming LXD's

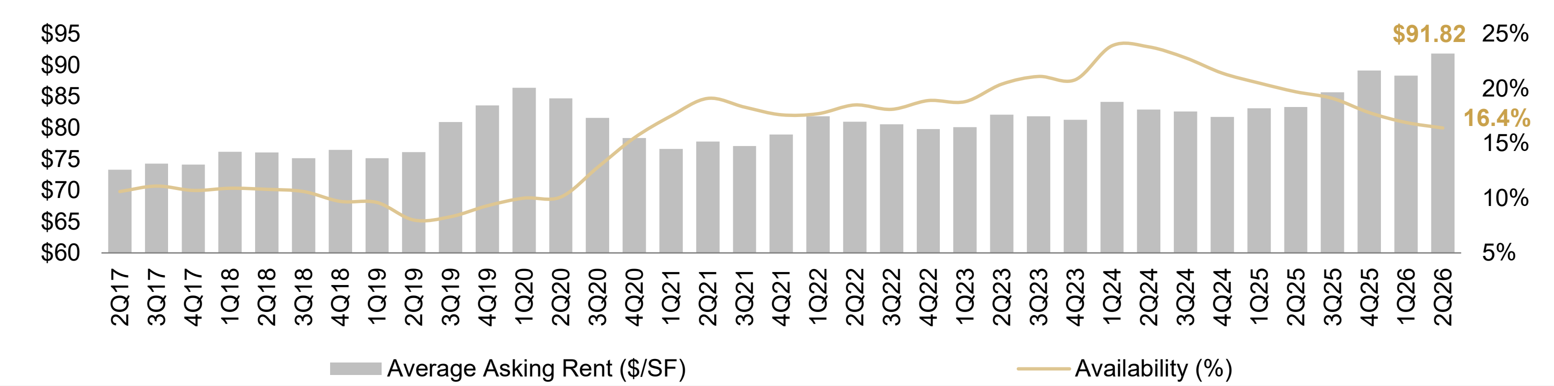
| Tenant | Size (SF) | Current Location |
|---|---|---|
| PwC | 1.0M+ | 300 Madison Avenue<br>90 Park Avenue |
| Data Dog | 500K+ | 620 Eighth Avenue |
| Societe Generale | 500K+ | 245 Park Avenue |
| General Atlantic | 300K+ | 55 East 52nd Street |
| PGIM | 200K+ | 2 Manhattan West |

Source: Newmark Research

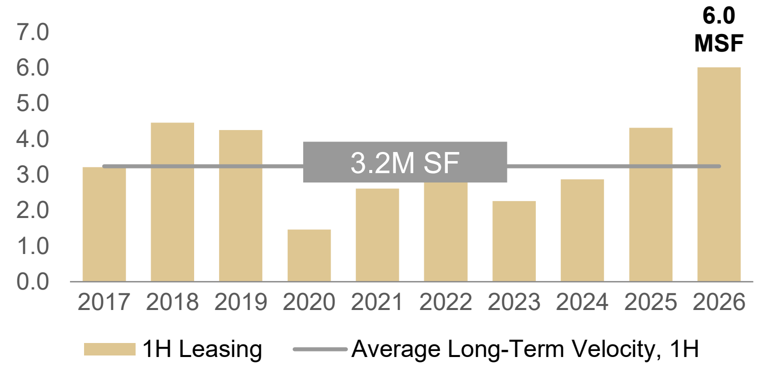
# Midtown South Market Overview

Midtown South posted 6.0 MSF of leasing activity in the first half of 2026, up 39.1% year-over-year and its strongest first-half performance since 1H15. Technology tenants led activity, accounting for the three largest deals, with a deep pipeline of additional tech requirements. Availability fell 50 basis points to 16.4%, the lowest level since 4Q20, while average asking rent climbed $3.50 to $91.82/SF, an all-time high.

## Availability Rates & Asking Rents




## Leasing Activity




## Second Quarter Top Deals





| 315 Hudson Street | 345 Hudson Street | 11 East 26th Street | 75 Varick Street | 902 Broadway |
|---|---|---|---|---|
| Google Inc. | Tennr Incorporated | Sierra AI | Harry’s Shave | Fenwick & West |
| 410,556 SF | 124,733 SF | 94,145 SF | 76,694 SF | 72,800 SF |
| Direct Renewal | Sublease New | Direct New | Direct New | Direct Renewal & Expansion |

## Select Tenants in the Market/Upcoming LXD’s

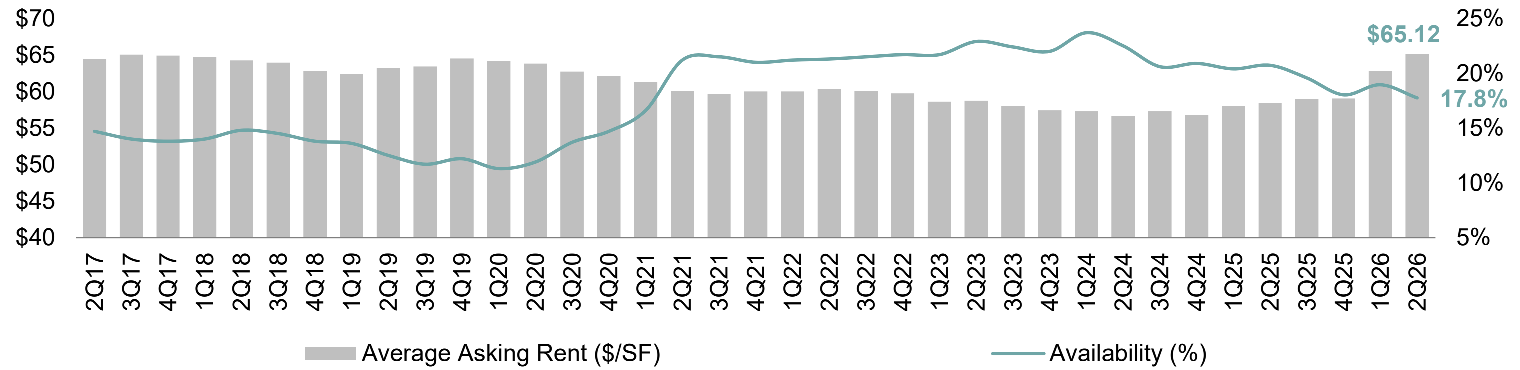
| Tenant | Size (SF) | Current Location |
|---|---|---|
| Two Sigma | 600K+ | 100 Ave of Americas<br>101 Ave of Americas |
| Anthropic | 450K+ | 155 Ave of Americas |
| Palantir | 300K+ | 620 Ave of Americas |
| Cursor AI | 150K+ | 5 Crosby Street |
| On Running (On Cloud) | 150K+ | 165 Mercer Street |

Source: Newmark Research

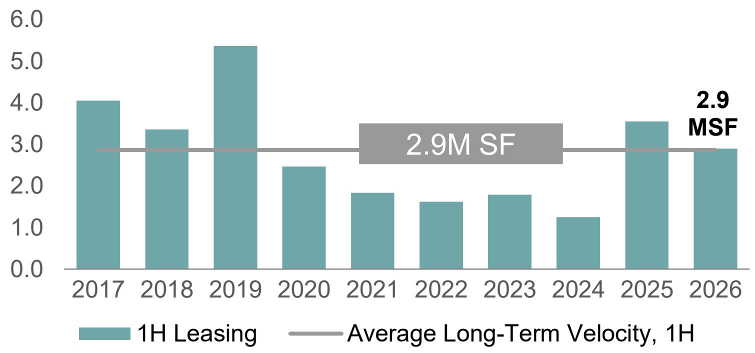
# Downtown Market Overview

The first-half of 2026 recorded 2.9 MSF of leasing, down 18.5% year-over-year. During the first quarter, American Express committed to own and occupy 2 World Trade Center, a 2.0-MSF-plus development site, which is not reflected in leasing volume. Four of the five largest transactions were direct new deals, signaling continued tenant demand for quality space despite the softer overall total. Average asking rent climbed $2.31/SF to $65.12/SF, reaching its highest level on record, while availability dropped 120 basis points to 17.8%.

## Availability Rates & Asking Rents




## Leasing Activity




## Second Quarter Top Deals





| 1 Liberty Plaza | 55 Water Street | 1 World Trade Center | 80 Maiden Lane | 59 Maiden Lane |
|---|---|---|---|---|
| Cleary Gottlieb Steen & Hamilton, LLP | City of NY Board of Education Retirement System | Norm AI | Adapt Community Network | London Fischer LLP |
| 475,952 SF | 78,079 SF | 64,313 SF | 61,554 SF | 59,896 SF |
| Direct New | Direct New | Direct New | Direct New | Direct Extension |

## Select Tenants in the Market/Upcoming LXD's

| Tenant | Size (SF) | Current Location |
|---|---|---|
| Royal Bank of Canada (RBC) | 750K+ | 200 Vesey Street |
| Hudson River Trading | 500K+ | 3 World Trade Center |
| Gap | 300K+ | 40 Worth Street |
| J Crew | 300K+ | 225 Liberty Street |
| Healthfirst | 250K+ | 100 Church Street |

Source: Newmark Research

# 2Q26 Market Statistics

## Submarket Statistics

| Market | Total Inventory (SF) | Under Construction (SF) | Total Availability Rate | Qtr Absorption (SF) | YTD Absorption (SF) | Direct Asking Rent (Price/SF) | Sublet Asking Rent (Price/SF) | Total Asking Rent (Price/SF) |
|---|---|---|---|---|---|---|---|---|
| **Midtown** | **285,485,405** | **3,895,000** | **12.8%** | **-635,028** | **145,178** | **$88.06** | **$60.04** | **$83.44** |
| Eastside | 24,027,603 | 0 | 16.0% | -111,595 | -194,420 | $77.69 | $51.61 | $74.72 |
| Far West Side | 19,297,299 | 1,370,000 | 4.4% | 109,741 | 491,851 | $132.49 | $128.81 | $132.02 |
| Grand Central | 46,623,328 | 2,525,000 | 11.8% | 71,054 | 229,670 | $80.98 | $59.92 | $77.99 |
| Murray Hill | 7,820,796 | 0 | 20.9% | -49,598 | -88,478 | $66.08 | $54.79 | $64.64 |
| Park Avenue | 24,603,197 | 0 | 8.5% | -248,563 | -44,410 | $129.13 | $110.78 | $127.78 |
| Penn District | 22,287,252 | 0 | 11.6% | 241,490 | 95,426 | $69.47 | $71.74 | $70.09 |
| Plaza District | 25,209,822 | 0 | 13.4% | -312,213 | -157,989 | $119.75 | $95.14 | $115.95 |
| Sixth Ave/Rock Center | 45,381,986 | 0 | 12.2% | -38,800 | -277,195 | $106.56 | $70.25 | $103.02 |
| Times Square | 11,591,783 | 0 | 12.6% | 14,576 | 122,592 | $79.00 | $40.00 | $78.97 |
| Times Square South | 35,544,716 | 0 | 13.5% | -229,357 | -156,119 | $56.23 | $49.51 | $55.04 |
| Westside | 23,097,623 | 0 | 21.0% | -81,763 | 124,250 | $80.65 | $40.72 | $66.43 |
| **Midtown South** | **76,047,750** | **0** | **16.4%** | **270,414** | **911,825** | **$94.29** | **$76.37** | **$91.82** |
| Chelsea | 28,623,567 | 0 | 19.3% | -86,116 | -181,581 | $95.98 | $79.03 | $93.79 |
| Flatiron/Union Square | 23,086,584 | 0 | 12.9% | 221,416 | 765,845 | $87.26 | $84.27 | $86.98 |
| Hudson Square | 10,473,320 | 0 | 18.6% | 228,205 | 376,755 | $96.41 | $71.46 | $91.02 |
| Meatpacking | 1,657,047 | 0 | 9.2% | 274 | 58,731 | $91.69 | $98.00 | $92.43 |
| NoHo/SoHo | 12,207,232 | 0 | 15.2% | -93,365 | -107,925 | $99.80 | $67.66 | $94.92 |
| **Downtown** | **82,471,898** | **0** | **17.8%** | **-147,358** | **-1,224,345** | **$69.97** | **$47.63** | **$65.12** |
| Downtown East | 41,672,436 | 0 | 19.8% | -130,272 | -131,019 | $63.04 | $47.23 | $59.85 |
| Downtown West | 34,529,744 | 0 | 15.5% | 63,594 | -1,026,831 | $79.53 | $47.83 | $71.23 |
| Tribeca/City Hall | 6,269,718 | 0 | 16.6% | -80,680 | -66,495 | $78.43 | $50.91 | $75.36 |
| **Manhattan** | **444,005,053** | **3,895,000** | **14.3%** | **-511,972** | **-167,342** | **$85.35** | **$58.91** | **$80.80** |

Source: Newmark Research

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.