
4Q24

Manhattan Office Market Overview



NEWMARK

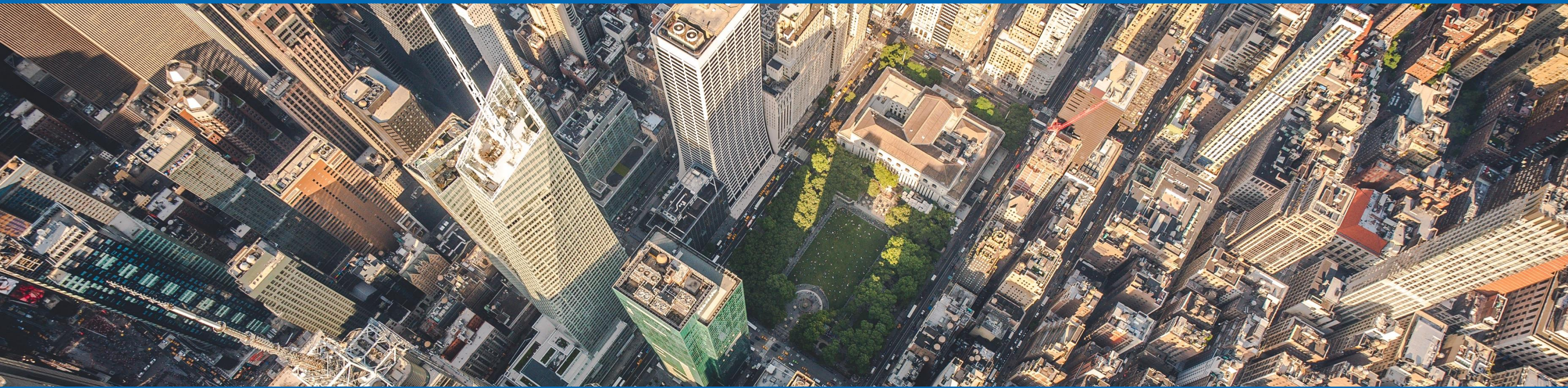
Market Observations

Strong leasing activity in the fourth quarter led to a decline in availability to 17.8% as 15 of 19 submarkets recorded reductions.

Available sublease space decreased to 18.0 MSF, the lowest level since 3Q20. Available sublease space peaked at 22.8 MSF in 1Q23.

Absorption was positive in December for a third consecutive month and tallied 1.2 MSF in the second half of 2024.

Quality large block availabilities (100K+) are becoming scarcer with 78.5% of Midtown large space options in the base or mid-rise of buildings.



Led by class A transactions in Midtown, 2024 year-end leasing totaled 38.1 MSF, up 27.1% from a year ago.

Midtown trophy assets continued to outperform the overall market as direct availability within the set declined to 6.7%, down from 8.5% in 3Q24.

Free rent and work allowance deal concessions have started to decline driven by increased competition for high-quality space.

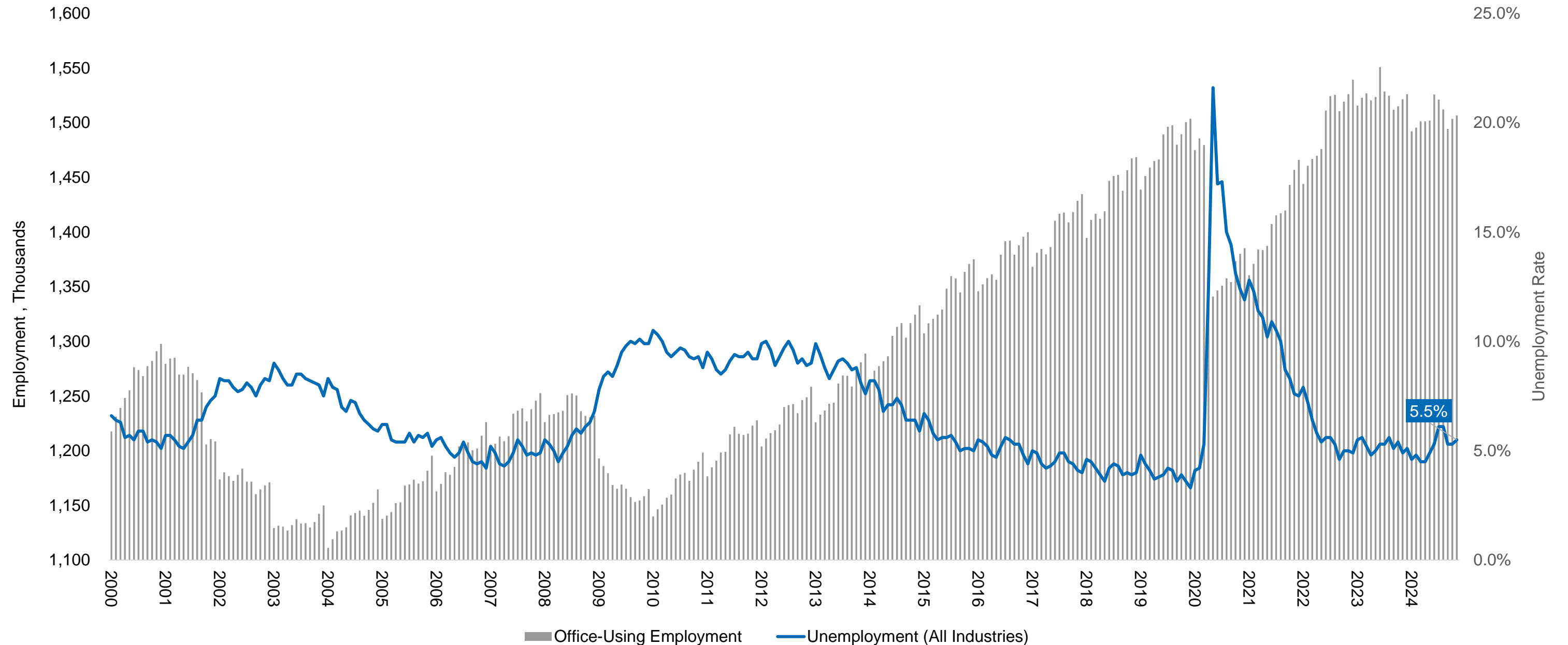
Manhattan rents dropped \$1.14/SF from last quarter to \$74.83/SF as leasing of high-quality space in Midtown helped push rental rate averages lower.

12.0 MSF has either commenced conversion or is planning to do so in Manhattan. Including active and potential conversions. Downtown inventory would reduce by 11.7%.

Overall Office-Using Employment Has Rebounded

The number of office jobs has rebounded from the five-year low to 1.5 million but has dropped below the previously recorded high in May 2023. Local unemployment has followed national trends, decreasing after earlier slowdowns in hiring while the labor force continued grow.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, New York City

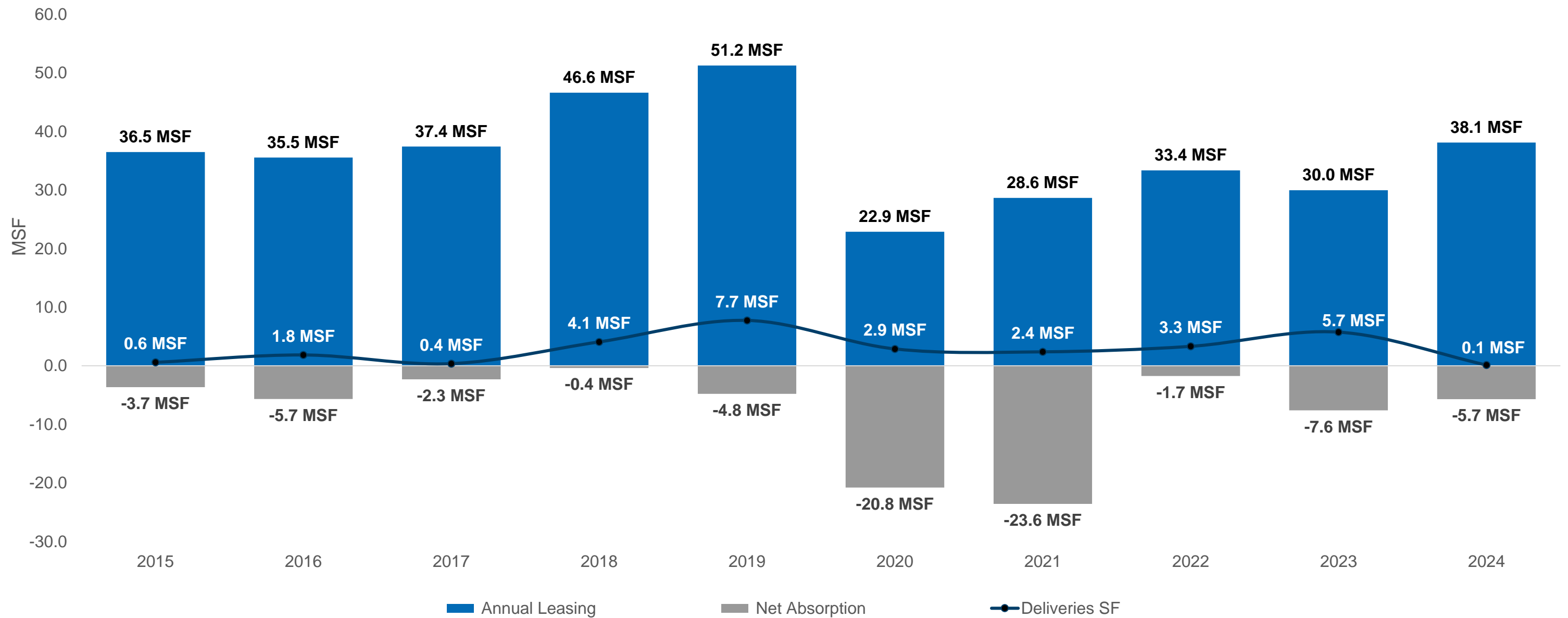
Note: November 2024 data is preliminary.

*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Leasing and Absorption Analysis

Net absorption closed 2024 at -5.7M SF, while leasing totaled 38.1M SF, a post-pandemic record. Unlike previous years, the amount of new construction space delivered in 2024 was only 121,284 square feet, the lowest level seen in over a decade. Notable projects that are expected to deliver in 2025 are 1 Saint Marks Place, 125 West 57th Street, and 520 Fifth Avenue.

Manhattan Historical Leasing and Absorption



Source: Newmark Research

Construction Velocity

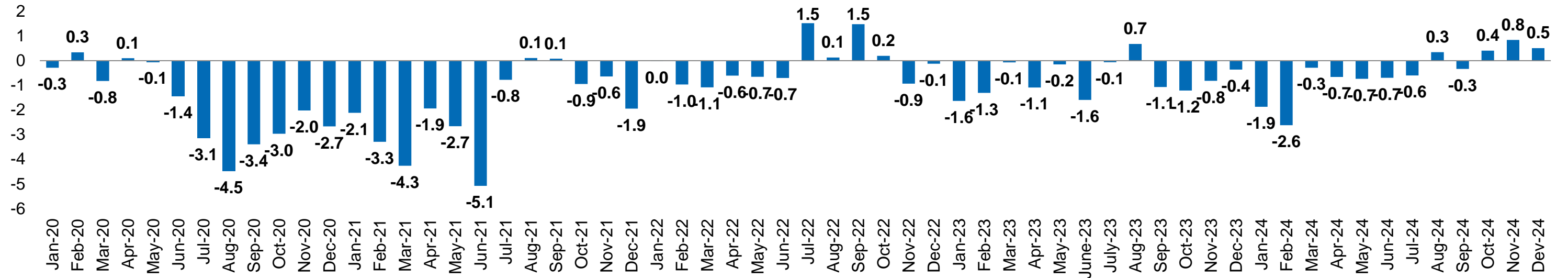


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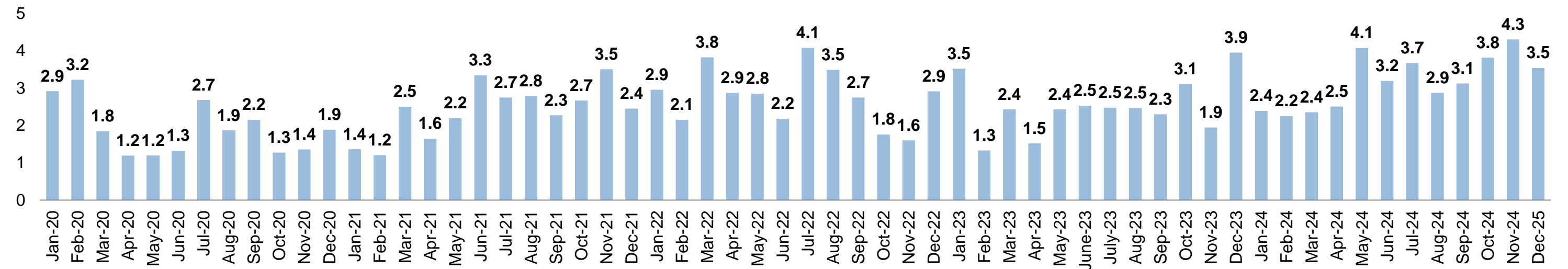
Manhattan Absorption and Leasing Activity

December 2024 leasing activity recorded 3.5 million square feet, bringing year-end leasing to 38.1 million square feet. Monthly absorption recorded positive for a third consecutive month as leasing activity remained elevated.

Monthly Absorption (MSF)



Monthly Leasing (MSF)

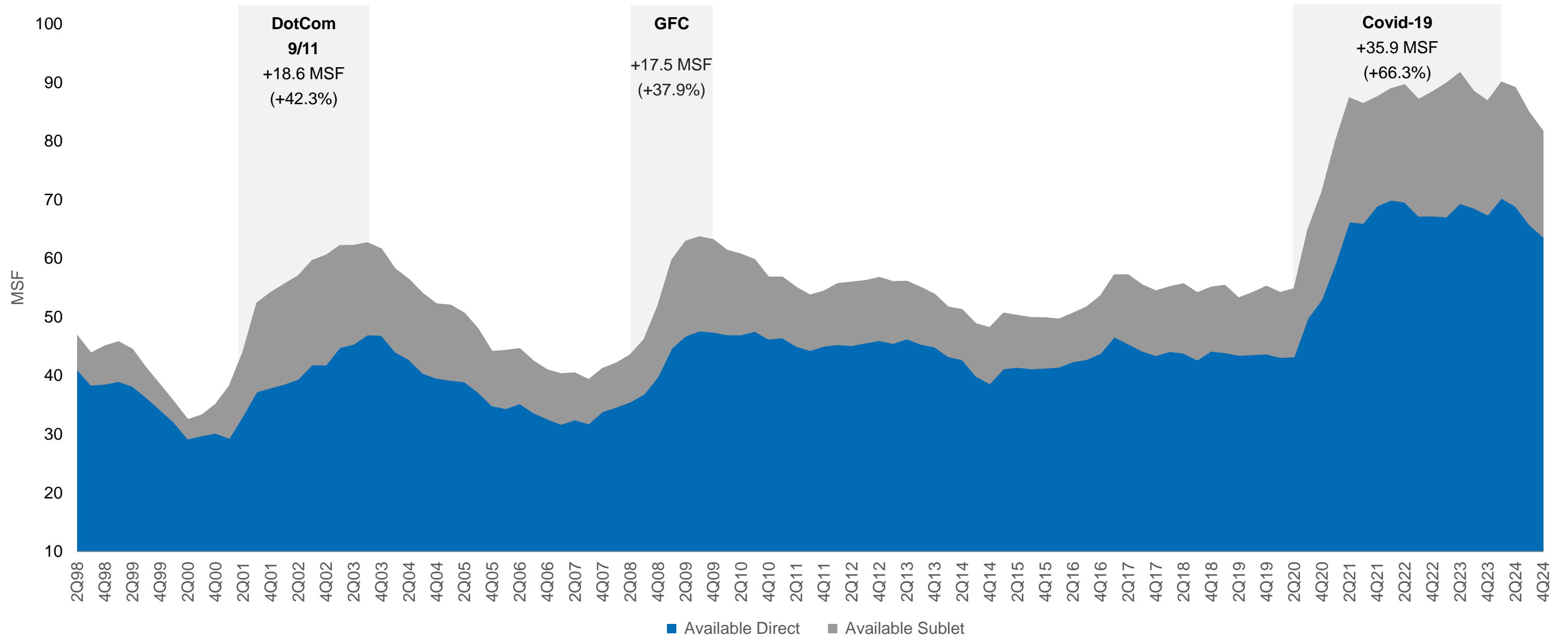


Source: Newmark Research

Historical Availability Composition

From March 2020 through the first quarter of 2024, total available space rose by 35.9 MSF, driven by an 78.6% increase in sublease space. Since the first quarter, total available space has declined by 8.4 MSF.

Direct & Sublet Available Space



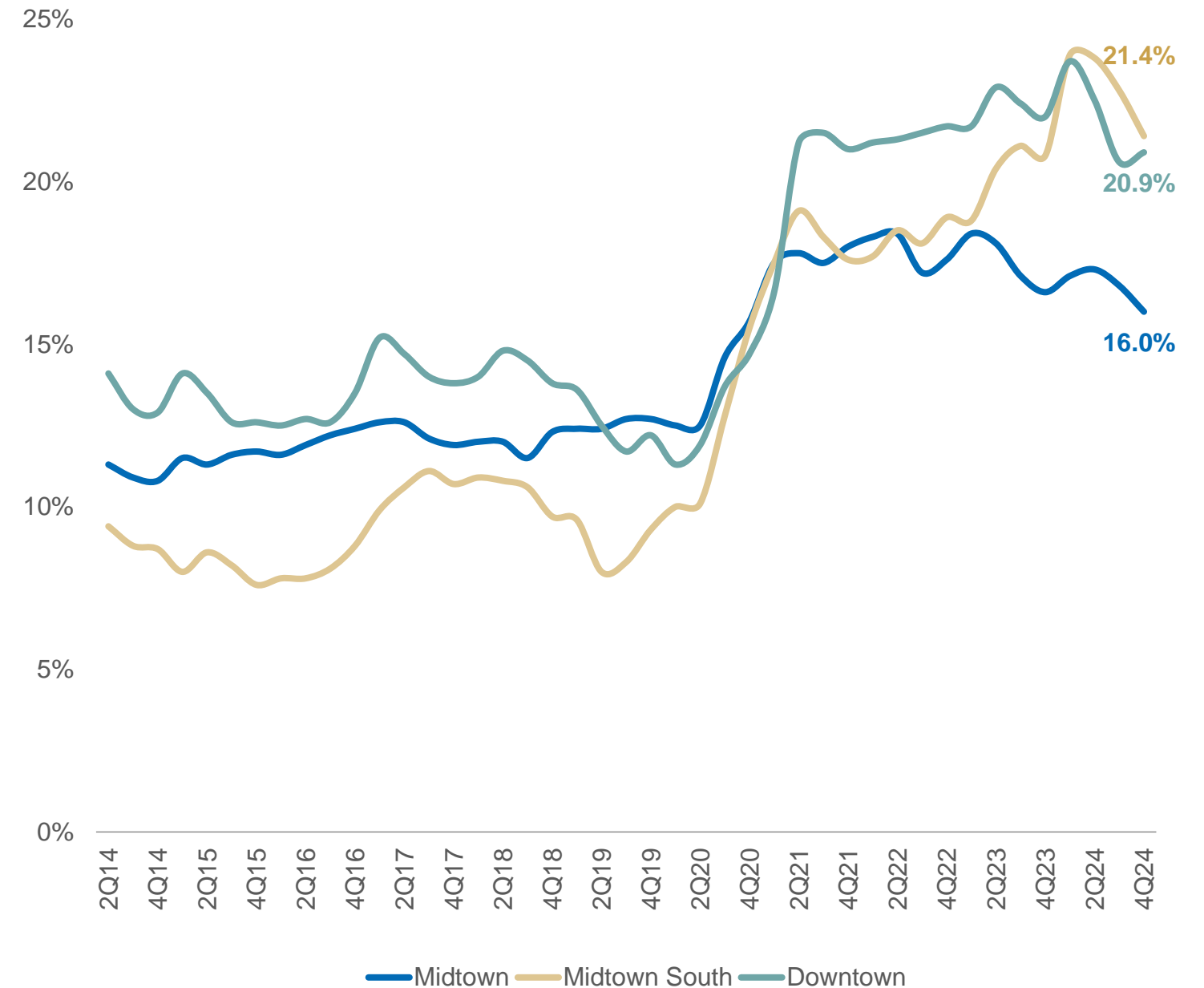
Source: Newmark Research

Manhattan Market/Submarket Comparison | Availability Rates

Manhattan overall availability dropped 70 basis points quarter-over-quarter to 17.8% as improved quarterly absorption and strong leasing activity drove the market. The overall availability rate in Midtown has remained within a tight range over the past three years, while Midtown South continues to gradually decrease following a significant bump due to Terminal Warehouse availability.

Overall Availability by Market

Market/Submarket	4Q24	1Q20	Change in Bps.
MANHATTAN	17.8%	11.8%	600
MIDTOWN	16.0%	12.5%	350
Eastside	16.8%	16.8%	0
Far West Side	12.7%	4.9%	780
Grand Central	14.8%	11.7%	310
Murray Hill	27.8%	11.2%	1,660
Park Avenue	9.6%	10.8%	-120
Penn District	18.8%	12.0%	680
Plaza District	16.3%	16.8%	-50
Sixth Avenue/Rock Center	13.9%	10.4%	350
Times Square	19.5%	17.3%	220
Times Square South	15.0%	9.1%	590
Westside	23.5%	17.3%	620
MIDTOWN SOUTH	21.4%	9.9%	1,150
Chelsea	23.1%	9.2%	1,390
East Village	27.6%	25.7%	190
Flatiron/Union Square	19.6%	11.1%	850
Hudson Square/Meatpacking	24.4%	7.5%	1,690
Noho/Soho	16.7%	9.1%	760
DOWNTOWN	20.9%	11.3%	960
Downtown East	22.2%	10.7%	1,150
Downtown West	19.1%	12.7%	640
Tribeca/City Hall	22.0%	8.8%	1,320



Source: Newmark Research

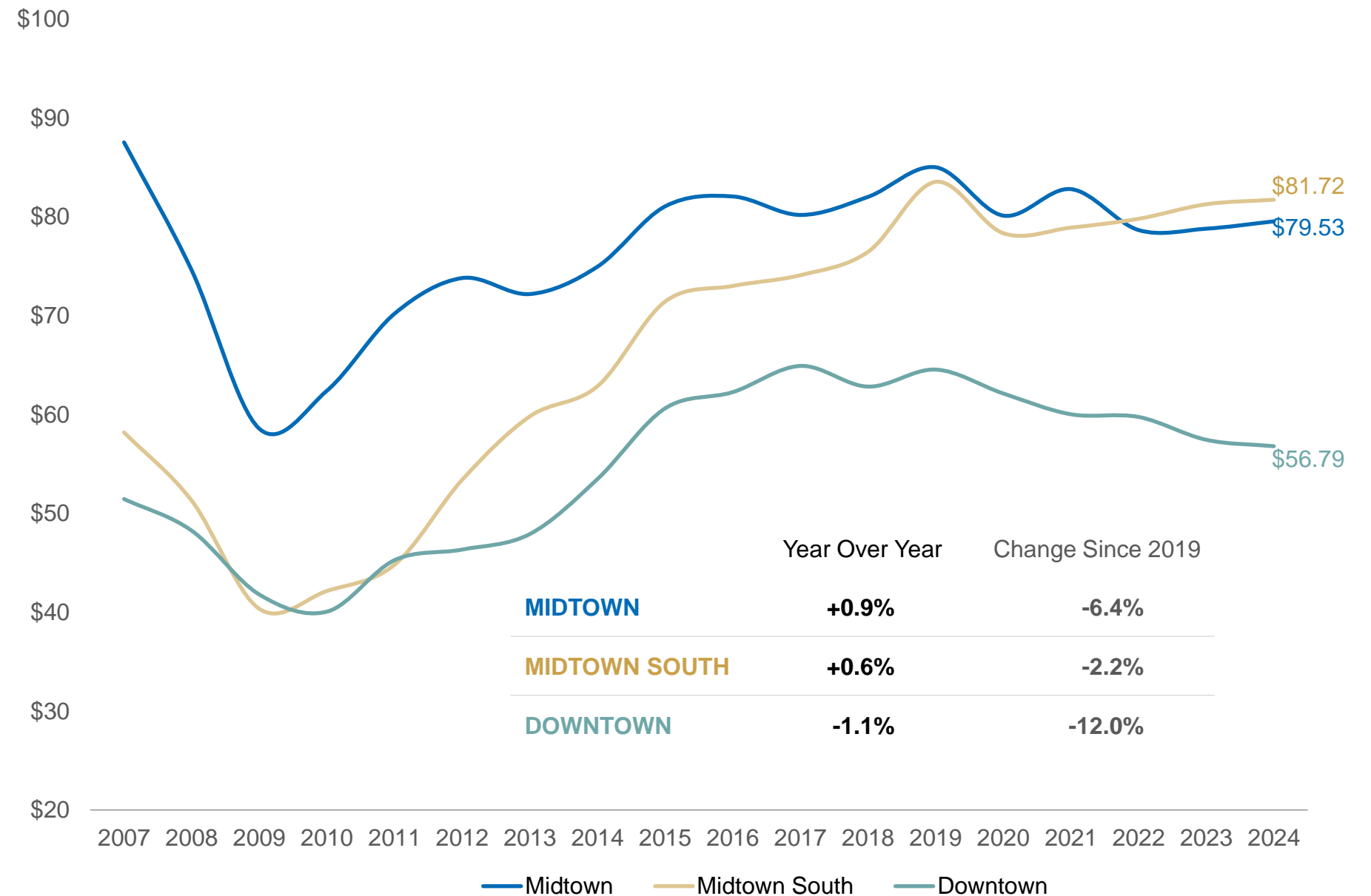
Manhattan Market/Submarket Comparison | Asking Rents

Fourth quarter asking rents registered \$74.83/SF, an \$1.14/SF decrease from the previous quarter. Decreases in average asking rents were led by Midtown leasing high-quality space, where average asking rates dropped \$0.97/SF quarter-over-quarter.

Average Asking Rent Market/Submarket 4Q24 (\$/SF)

MANHATTAN	\$74.83
MIDTOWN	\$79.53
Eastside	\$67.11
Far West Side	\$126.15
Grand Central	\$68.02
Murray Hill	\$61.90
Park Avenue	\$114.32
Penn District	\$77.25
Plaza District	\$113.21
Sixth Avenue/Rock Center	\$92.00
Times Square	\$74.04
Times Square South	\$51.53
Westside	\$65.95
MIDTOWN SOUTH	\$81.72
Chelsea	\$77.01
East Village	\$75.58
Flatiron/Union Square	\$78.51
Hudson Square/Meatpacking	\$86.57
Noho/Soho	\$100.15
DOWNTOWN	\$56.76
Downtown East	\$54.03
Downtown West	\$58.94
Tribeca/City Hall	\$66.06

Average Asking Rent by Market 4Q24 (\$/SF)



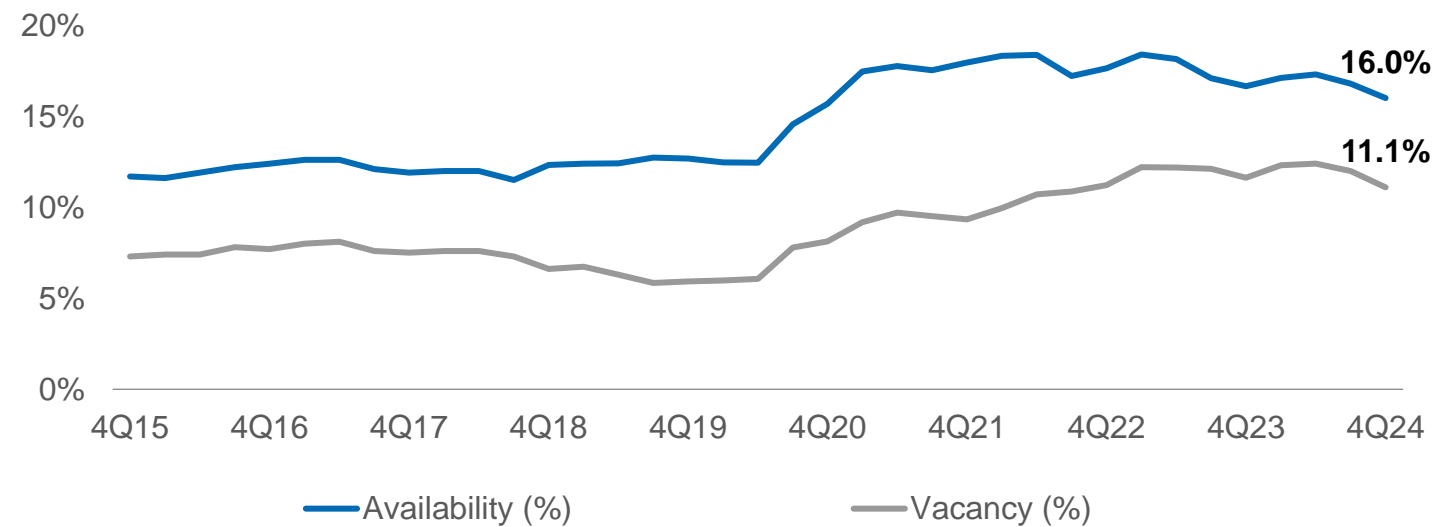
Flight to Quality | Taking & Net Effective Rent Comparison

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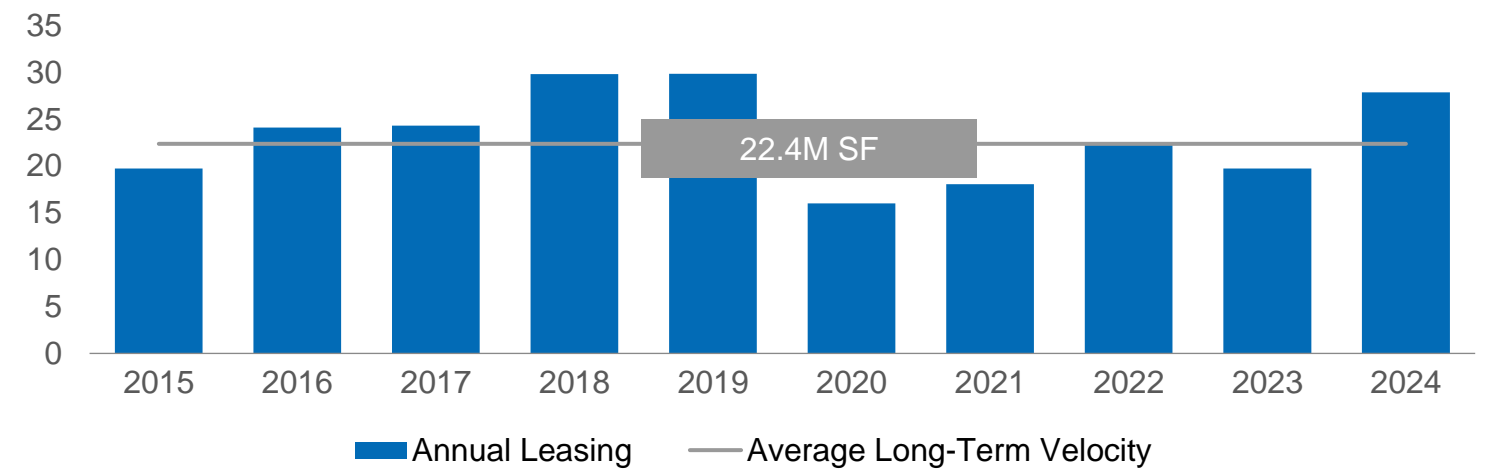
Midtown Market Overview

Midtown closed 2024 with 27.8M square feet leased, the highest level since 2019 and 23.0% higher than the historical long-term average. With the strongest leasing post-pandemic, availability dropped 80 basis points to 16.0%, its lowest level since 4Q20. Financial Service tenants continued to drive activity, accounting for two of the top five deals this quarter. Average asking rents fell to \$79.53/SF, however, remain \$0.78/SF higher than one year ago.

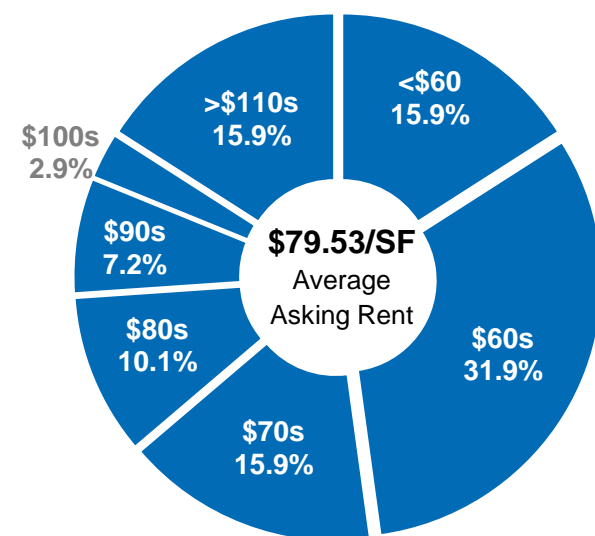
Availability And Vacancy Rates








Leasing Activity



Deals by Taking Rent



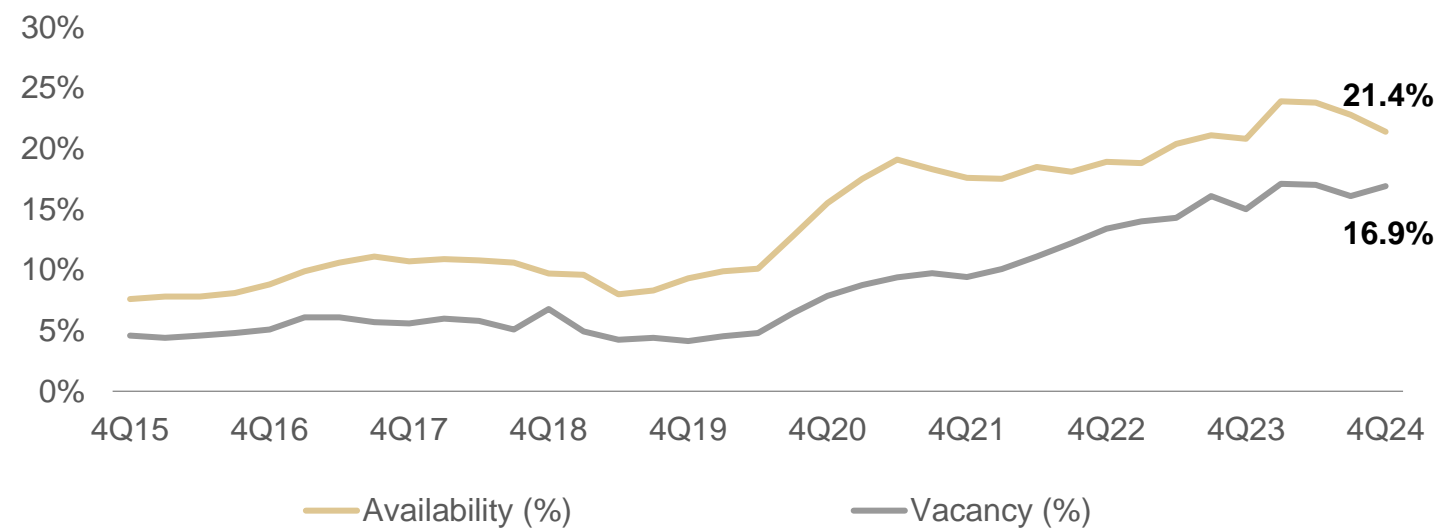
Fourth Quarter Top Deals

919 Third Avenue	1285 Ave of Americas	660 Fifth Avenue	11 Penn Plaza	277 Park Avenue
				
Bloomberg, LP	Ropes & Gray LLP	Citadel	Apple	JP Morgan Chase Bank
749,035 SF	535,000 SF	504,400 SF	397,894 SF	361,328 SF
Direct Extension	Direct New	Direct New	Sublease Expansion & Extension	Direct Renewal

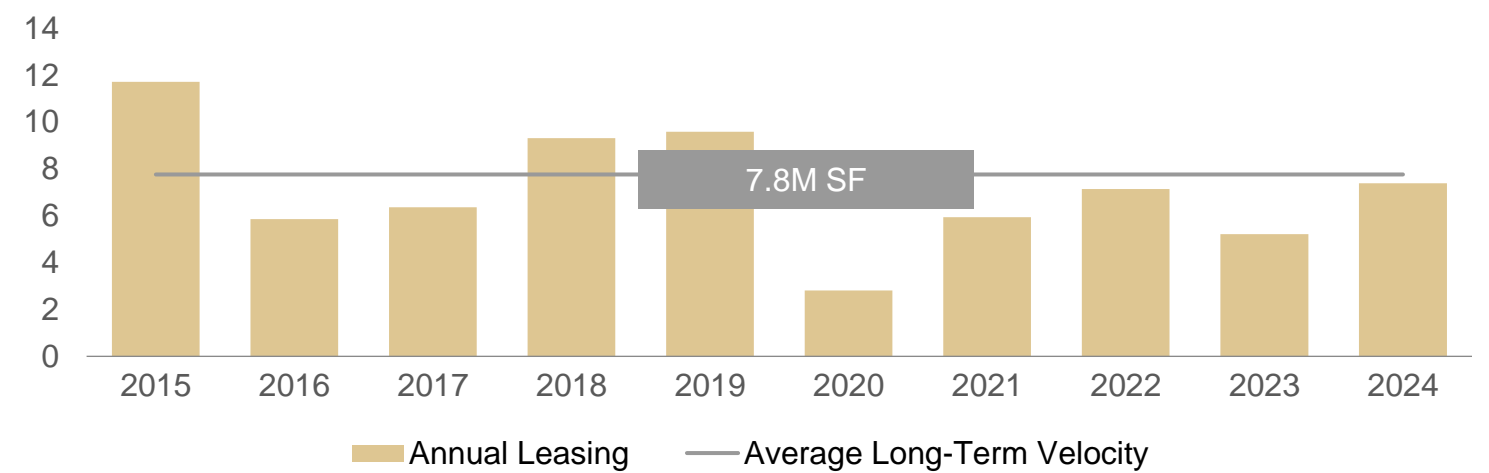
Midtown South Market Overview

Midtown South leasing activity ended 4Q24 with 2.3 million square feet leased, the highest level since 3Q19. New York University signed the largest deal of the year, at 770 Broadway, helping to drive availability down to 21.4%. Average asking rents fell modestly to end 2024 at \$81.72/SF, marking a drop of \$0.84/SF from last quarter.

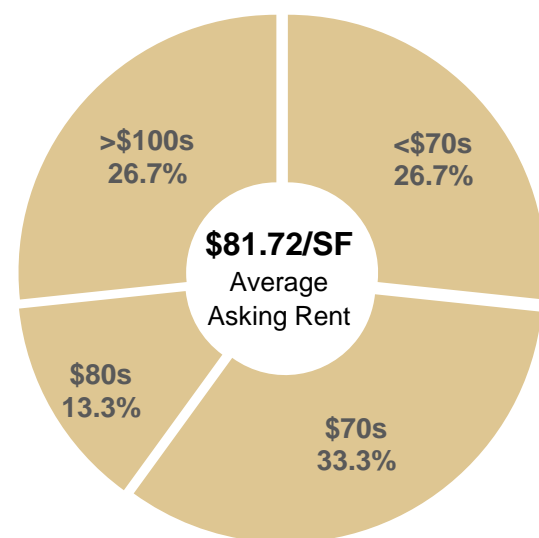
Availability And Vacancy Rates



Leasing Activity



Deals by Taking Rent



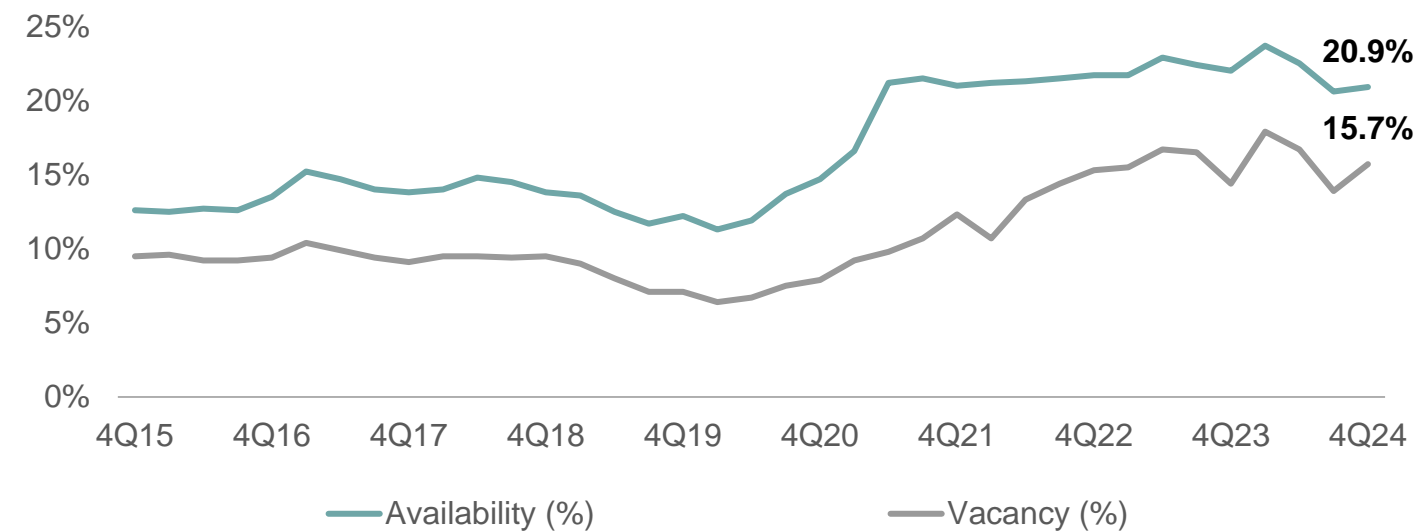
Fourth Quarter Top Deals

				
770 Broadway	295 Lafayette Street	130 Fifth Avenue	902 Broadway	620 Avenue of the Americas
NYU	OpenAI	Capital One	William Grant & Sons	Global Trading System
1,100,000 SF	90,000 SF	53,200 SF	36,400 SF	35,156 SF
Direct New	Direct New	Direct New	Direct New	Direct New

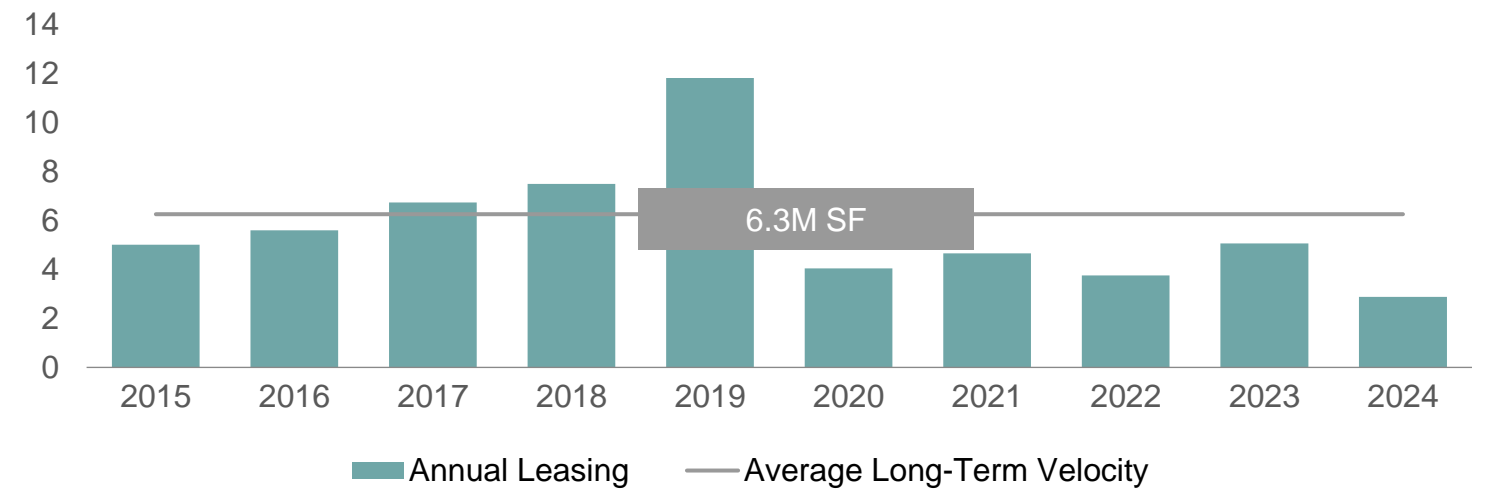
Downtown Market Overview

Leasing activity Downtown remained challenged through 2024, with only 2.9M square feet leased for the year while availability jumped for the first time in three quarters, to 20.9%. Net Absorption ended the year at negative 1.4 million square feet, marking the fifth consecutive year of negative absorption Downtown. Residential conversions continue to change the market landscape, with planned and commenced projects totaling 5.2 million square feet.

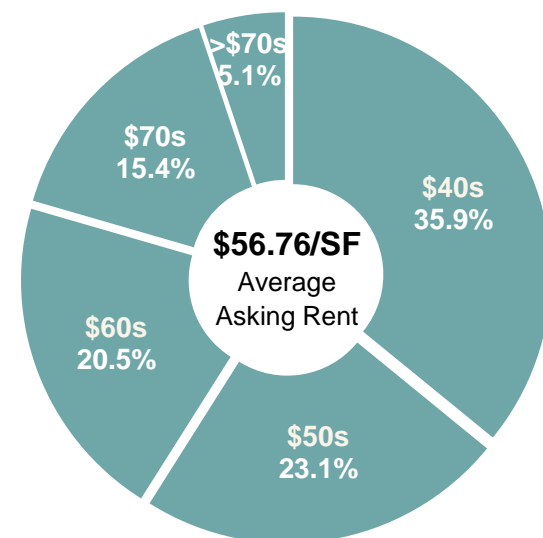
Availability And Vacancy Rates








Leasing Activity



Deals by Taking Rent



Fourth Quarter Top Deals

				
14 Wall Street	1 Battery Park Plaza	1 State Street Plaza	225 Liberty Street	100 Wall Street
F.J. Sciamè Construction Co.	Skarzynski, Marick, & Black LLP	Arizent	DRW Holdings	Rosenbaum & Rosenbaum
37,206 SF	28,307 SF	27,156 SF	22,296 SF	19,645 SF
Direct Renewal	Direct Extension	Direct New	Direct Expansion	Direct Renewal

Office to Residential Conversions

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