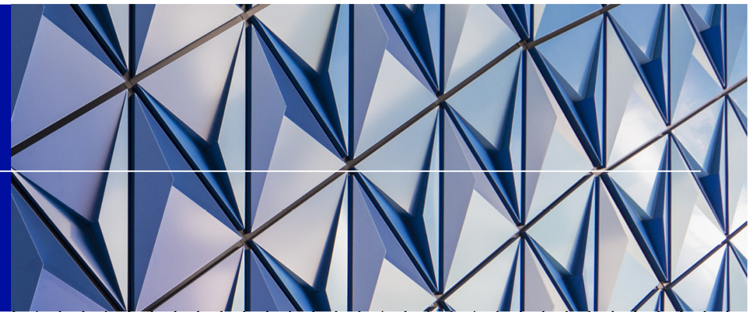


RESEARCH NOVEMBER 2020

Manhattan Monthly Snapshot

Rent Decline and Availability Rise Continue

Manhattan asking rents fell for the seventh straight month, closing November at $77.46/SF. This represents a decline of $4.25/SF since March. The Manhattan availability rate was recorded at 15.0%, continuing its monthly uptick for the sixth consecutive month. The 40-basis-point increase from October was due to two new 100,000-square-foot large blocks, one in Midtown and one in Downtown, as well as smaller sublease listings. Approximately 16.9 million square feet of sublease space was available at month's end—1.1 million square feet more than last month—with an additional 2.3 million square feet still expected to be added to the market. These space additions continued to outpace leasing velocity, which totaled just 681,000 square feet, resulting in five straight months of absorption posting under negative 2.0 million square feet. This drop-off in activity coincided with stagnant New York City mobility numbers. After bouncing back from the early lows of the pandemic in the third quarter, transit ridership and car traffic have been flat in recent weeks.

Midtown

Manhattan's three largest transactions this month were signed in Midtown. Apple expanded its footprint at 11 Penn Plaza by 116,526 square feet, further solidifying the Far West Side and Penn District as Manhattan tech hubs. Industrious signed for 53,161 square feet at 44 West 37th Street in Times Square South, the largest co-working deal since the start of COVID-19, and one of only five co-working deals during that time. Investment firm Ardian also expanded and extended its lease at 1370 Avenue of the Americas for 43,104 square feet. The availability rate, which jumped in each Midtown submarket, increased from 14.9% last month to 15.3%. This was propelled by a large block addition from Zillow at 1250 Broadway and 60,194 square feet from Heidrick & Struggles at the Grace Building. Asking rents were recorded at $81.74/SF, down $4.54/SF since March.

Midtown South

The Midtown South availability rate increased by 80 basis points to 14.9%, the largest increase of the three markets. The sublease availability rate jumped by 40 basis points to 5.0% following space additions from The New School at 79 Fifth Avenue and Weight Watchers at 675 Avenue of the Americas. Construction also began at 1 Madison Avenue, which will add 746,475 square feet to market inventory upon its anticipated delivery in 2024.

Downtown

The Downtown market was the most stable of the three in November, with limited asking rent changes and the smallest month-over-month availability rate increase by only 20 basis points. This increase to 14.4% was driven by a 139,569 square-foot large block addition at 7 World Trade Center, as MSCI made its space available for sublease. Despite market stability, Downtown leasing activity was flat, as the market's largest deal was for just 14,116 square feet, a consolidation by Investors Bank at 111 Broadway.

Current Conditions

- The availability rate increased to 15.0% from last month and is now up 320 basis points since the start of the pandemic in March.
- November leasing activity was recorded at approximately 681,000 square feet. Apple's expansion at 11 Penn Plaza accounted for more than 15% of velocity.
- Asking rents have fallen 5.2% since the start of the pandemic, closing November at $77.46/SF.

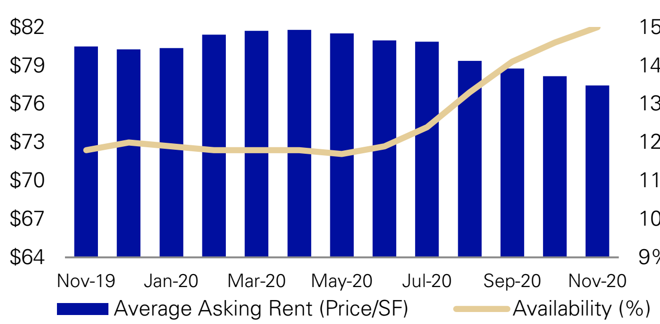
Market Summary

	Current Month	Prior Month	Year Ago Period	12 Month Forecast
Total Inventory	461.0 MSF	461.0 MSF	458.7 MSF	↑
Availability Rate	15.0%	14.6%	11.8%	↑
Monthly Net Absorption	-2,022,024	-2,964,867	-843,399	↓
Average Asking Rent	$77.46	$78.18	$80.50	↓
Under Construction	14.8 MSF	14.1 MSF	16.9 MSF	↑
Deliveries	0 MSF	0 MSF	0 MSF	↑

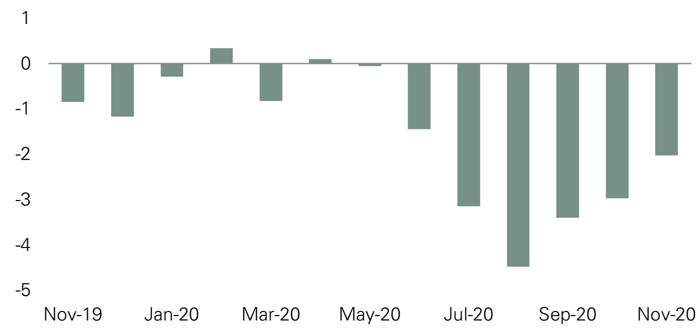
NEWMARK

Market Analysis

ASKING RENT AND AVAILABILLITY



NET ABSORPTION (SF, MILLIONS)



Significant Lease Transactions

Tenant	Address	Market/Submarket	Type	Square Feet
Apple	11 Penn Plaza	Penn District	Sublease Expansion	116,526
Apple subleased the ninth and tenth floors from Macy's, bringing its occupancy in the building to more than 335,000 square feet.				
Industrious	44 West 37th Street	Times Square South	Direct New	53,161
Industrious signed a 53,161-square-foot lease to operate the entirety of 44 West 37th Street.				
Ardian USA	1370 Avenue of the Americas	Sixth Avenue/ Rockefeller Center	Direct Expansion and Extension	43,104
Ardian expanded and extended across four floors at 1370 Avenue of the Americas.				
Swann Galleries	104 East 25th Street	Flatiron/Union Square	Direct Renewal	21,200
Swann Galleries renewed its lease on the fifth and sixth floors for two years at 104 East 25th Street in Flatiron.				
Investors Bank	111 Broadway	Downtown West	Direct New	14,116
Investors Bank is consolidating its operations Downtown across 14,116 square feet.				

Submarket Statistics

	Total Inventory (SF)	Monthly Net Absorption (SF)	YTD Net Absorption (SF)	Nov-20 Total Availability Rate	Oct-20 Total Availability Rate	Nov-19 Total Availability Rate	Nov-20 Avg. Asking Rent (Price/SF)	Oct-20 Avg. Asking Rent (Price/SF)	Nov-19 Avg. Asking Rent (Price/SF)
Midtown – A	**229,431,810**	**-795,505**	**-6,569,166**	**15.0%**	**14.7%**	**13.1%**	**$88.94**	**$89.51**	**$90.58**
Overall	289,247,857	-1,149,057	-10,599,459	15.3%	14.9%	12.6%	$81.74	$82.62	$85.56
Midtown South - A	**18,201,247**	**-110,400**	**-1,139,348**	**16.6%**	**16.0%**	**8.8%**	**$102.73**	**$104.50**	**$96.76**
Overall	76,348,900	-632,282	-5,167,490	14.9%	14.1%	8.7%	$79.52	$80.76	$80.97
Downtown - A	**75,150,588**	**-125,922**	**-1,798,510**	**14.6%**	**14.5%**	**12.1%**	**$63.47**	**$63.56**	**$66.73**
Overall	95,425,530	-240,695	-2,392,897	14.4%	14.2%	11.9%	$62.25	$62.36	$65.11
Manhattan - A	**322,783,645**	**-1,031,827**	**-9,507,024**	**15.0%**	**14.7%**	**12.6%**	**$83.95**	**$84.39**	**$85.23**
Overall	461,022,287	-2,022,034	-18,159,846	15.0%	14.6%	11.8%	$77.46	$78.18	$80.50

For more information:

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

Jonathan Mazur
Senior Managing Director
212-372-2154
jmazur@ngkf.com

Stephanie Jennings
Managing Director
212-372-2099
stjennings@ngkf.com

Alison Baumann
Associate Director, Research

Michael Miceli
Associate Director, Research

Stephen Tsamblakos
Senior Research Analyst

Ronnie Wagner
Director, Research

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