2Q24

Manhattan Office Market Overview

Market Observations

Improved quarterly absorption and stronger leasing activity in the second quarter led to a modest decline in availability to 19.4%.

1H24 leasing recorded 16.5 MSF, up 19.8% from the first-half of last year.

Class A assets comprised 71.4% of Manhattan activity with Midtown accounting for 74.8% of second quarter leasing.

Midtown trophy assets continued to outperform the overall market posting an increase in rents as availability within the set declined to 8.6%.

Demand remains on large blocks of space in Midtown as 100K blocks comprise 32.0% of total available space, down from 42.8% in January 2020.

Free rent and work allowance deal concessions remain elevated but appear to be stabilizing.

There has been more than 30 MSF of new office construction in the past decade, yet just 500K set to deliver over the next several years.

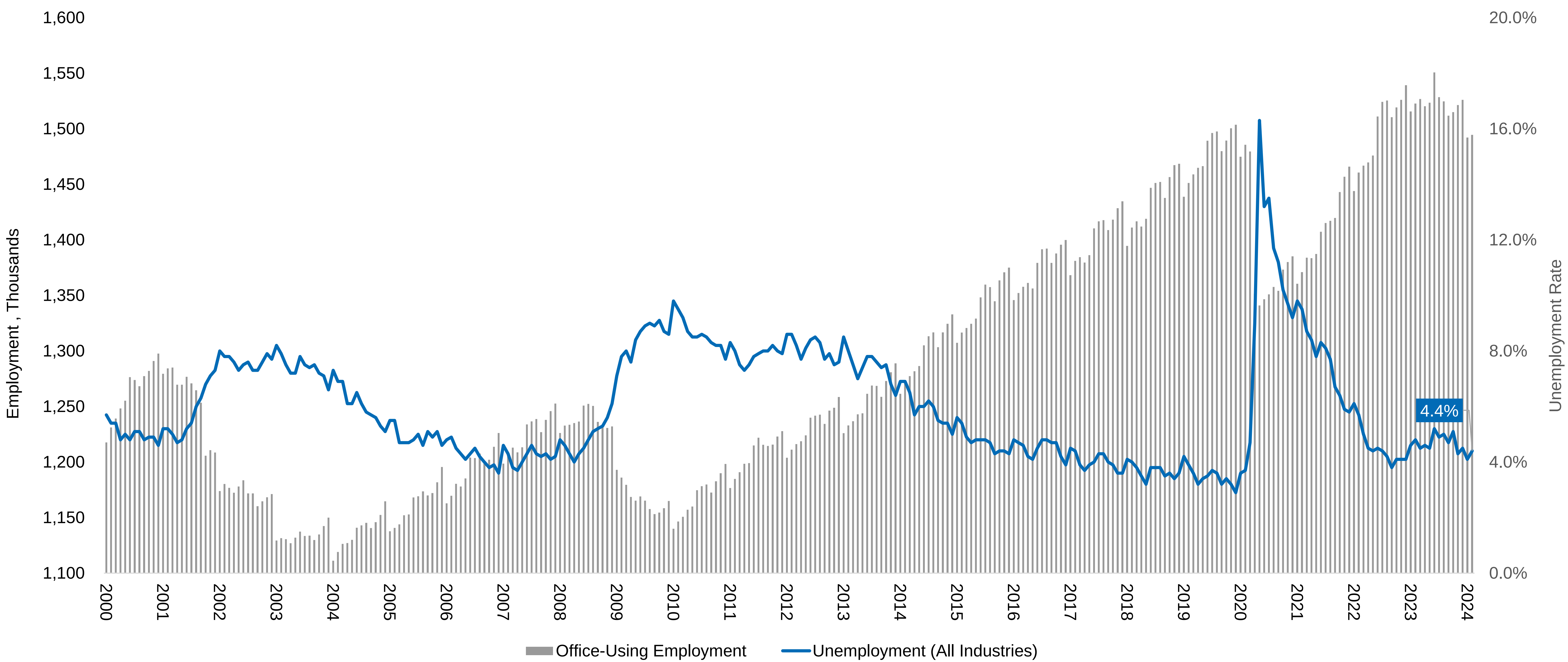
9.5 MSF has either commenced conversion or is planning to do so, following 6.6 MSF of buildings converted since 2015.

Currently 47% of the commenced and planned conversions are located Downtown with inventory set to be reduced by 10%.

Overall Office-Using Employment Has Rebounded

The number of office jobs has rebounded from pre-pandemic levels but dropped below the previously recorded high. Unemployment has remained stable with slight employment decreases in the information and construction industries.

Office-Using Employment* and Unemployment Across All Industries



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

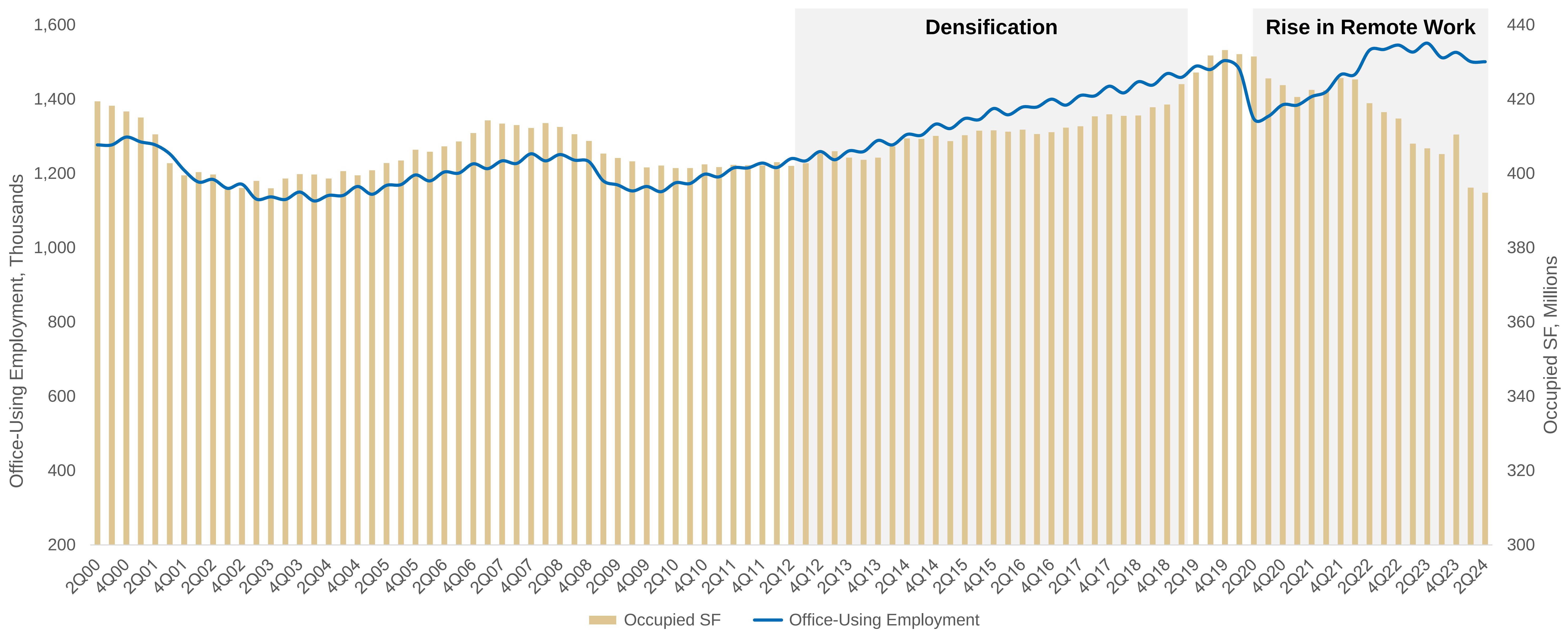
Note: January and February 2024 data is preliminary.

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

NYC Employment & Occupied SF

Historically, office-using employment and occupied square footage followed the same trend-line. After the Global Financial Crisis, employment growth outpaced occupancy increases, as tenants prioritized efficiency and began densifying their footprints. In 2020, remote work was at first necessary and then popularized, resulting in negative occupancy gains despite rising office-using employment.

Office-Using Employment* and Occupied Square Footage



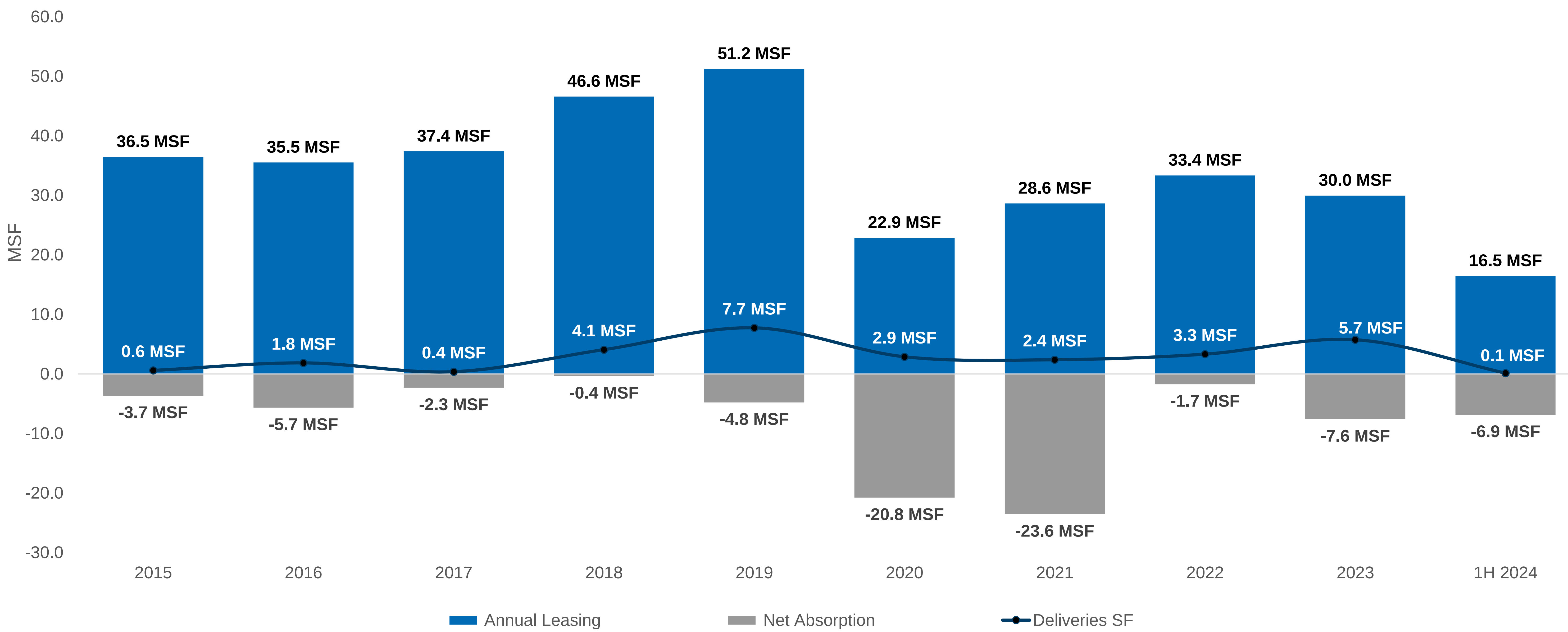
Sources: US Bureau of Labor Statistics, Newmark Research

Office-Using and unemployment data is not seasonally adjusted (seasonal adjustment not applicable), in thousands. Occupancy calculated as inventory minus overall vacancy.

Leasing and Absorption Analysis

Net absorption ended the first half of 2024 at -6.9M SF, while leasing totaled 16.5M SF. Unlike previous years, the amount of new construction expected to come to market has slowed, with only 197,858 SF expected to deliver this year.

Manhattan Historical Leasing and Absorption



Source: Newmark Research

Construction Velocity

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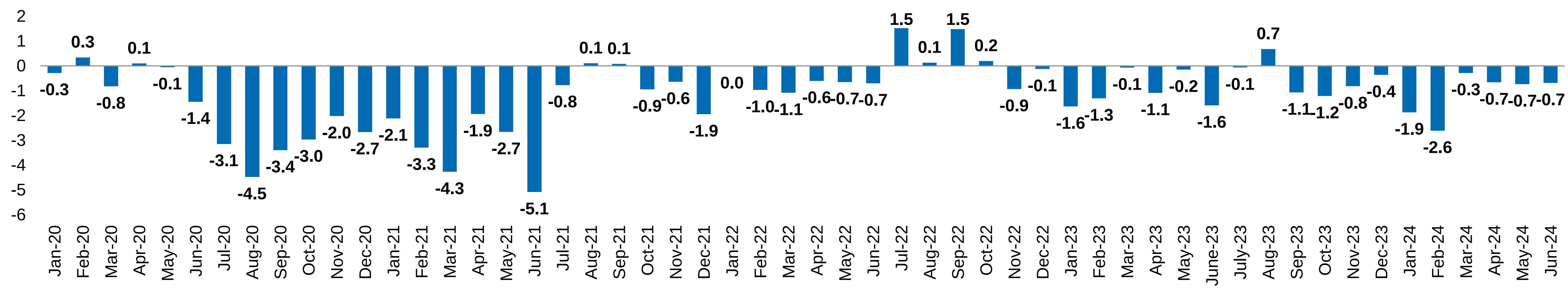
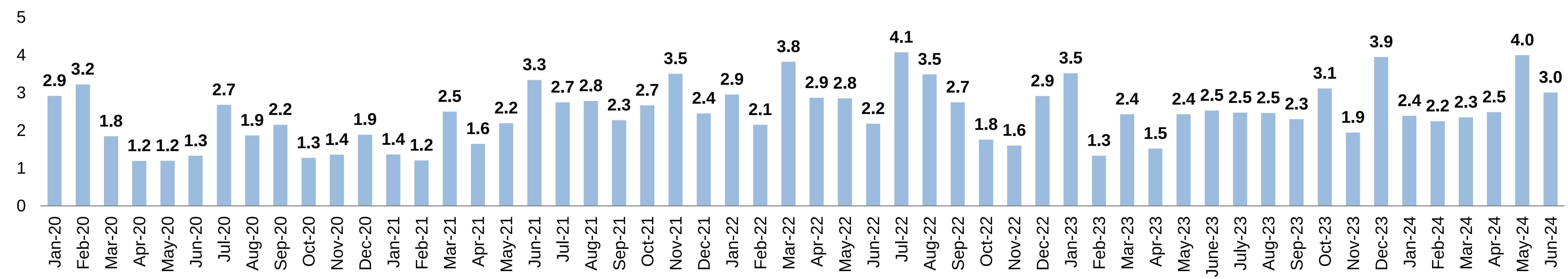
Manhattan Absorption and Leasing Activity

June 2024 leasing activity recorded 3.0 million square feet, bringing year-to-date activity to 16.5 million square feet. Monthly absorption ended negative for a tenth consecutive month as six large block additions outpaced leasing activity.

Monthly Absorption (MSF)



Monthly Leasing (MSF)

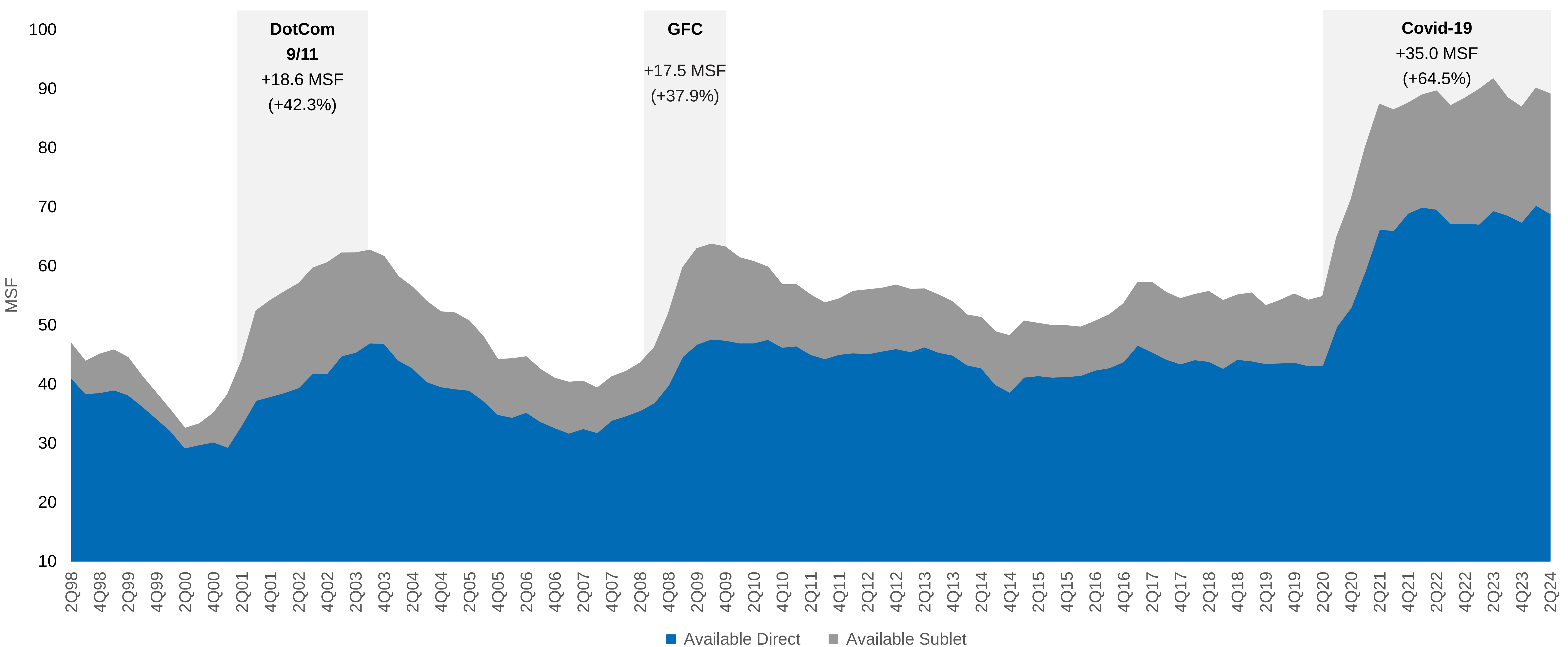


Source: Newmark Research

Historical Availability Composition

Since March 2020, total available space has risen 35.0 MSF, driven by an 82.6% increase in sublease space. Following the previous two inflection points, total available space increased by 18.6 MSF and 17.5 MSF respectively.

Direct & Sublet Available Space



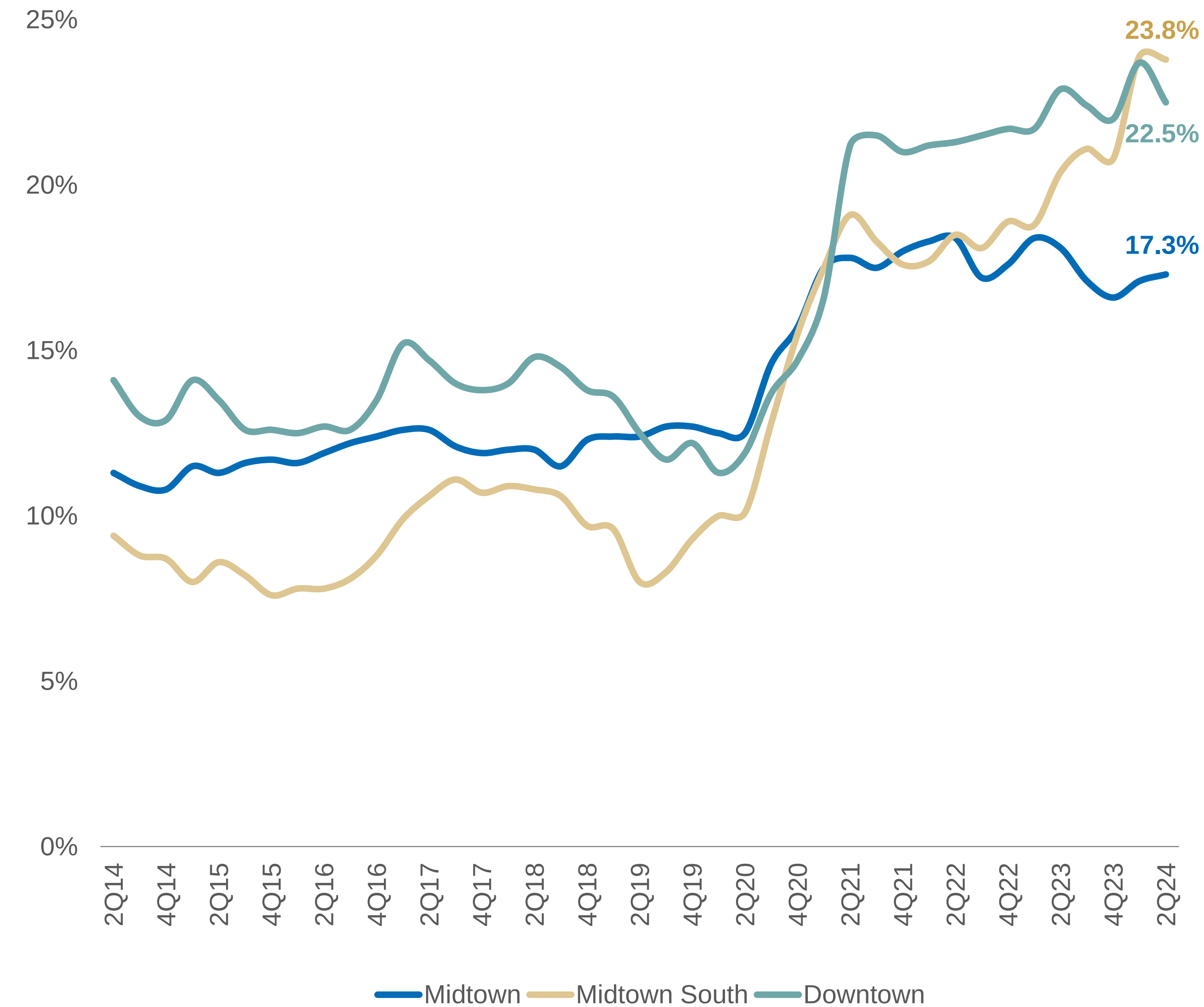
Source: Newmark Research

Manhattan Market/Submarket Comparison | Availability Rates

Manhattan overall availability dropped 10 basis points quarter-over-quarter to 19.4%, with Downtown boasting the largest quarterly decrease due to building and space removals for residential conversions. The overall availability rate in Midtown has remained between 16.6% and 18.4% for the past three years, while Midtown South decreased slightly following a significant bump due to Terminal Warehouse availability.

Overall Availability by Market

Market/Submarket	2Q24	1Q20	Change in Bps.
MANHATTAN	19.4%	11.8%	760
MIDTOWN	17.3%	12.5%	480
Eastside	19.0%	16.8%	220
Far West Side	16.2%	4.9%	1,130
Grand Central	15.6%	11.7%	390
Murray Hill	28.1%	11.2%	1,690
Park Avenue	9.2%	10.8%	-160
Penn District	21.8%	12.0%	980
Plaza District	17.5%	16.8%	70
Sixth Ave/Rock Center	13.3%	10.4%	290
Times Square	26.5%	17.3%	920
Times Square South	16.5%	9.1%	740
Westside	24.6%	17.3%	730
MIDTOWN SOUTH	23.8%	9.9%	1,390
Chelsea	25.0%	9.2%	1,580
East Village	27.6%	25.7%	190
Flatiron/Union Square	22.3%	11.1%	1,120
Hudson Square/Meatpacking	25.4%	7.5%	1,790
Noho/Soho	21.6%	9.1%	1,250
DOWNTOWN	22.5%	11.3%	1,120
Downtown East	24.7%	10.7%	1,400
Downtown West	20.0%	12.7%	730
Tribeca/City Hall	20.7%	8.8%	1,190



Source: Newmark Research

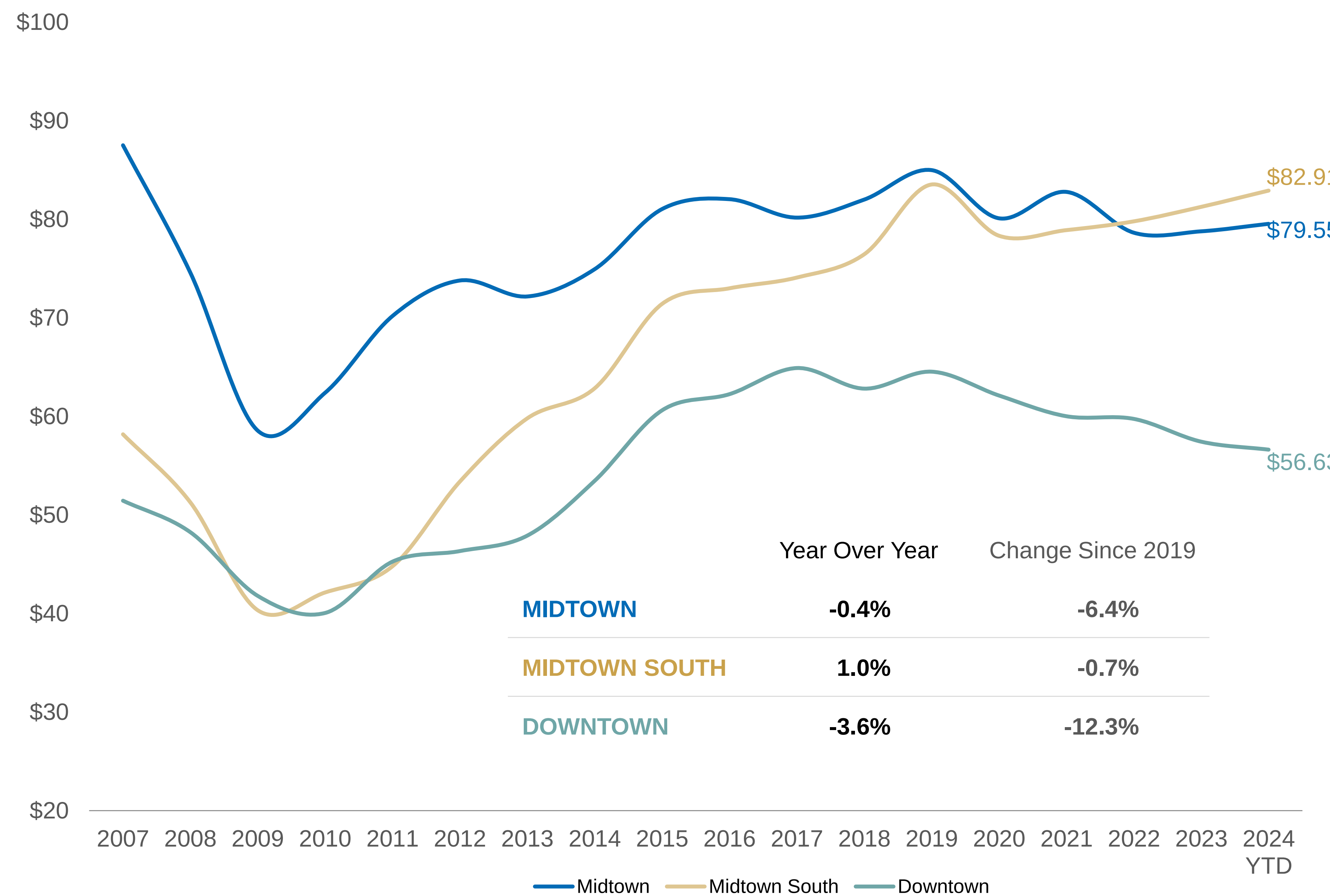
Manhattan Market/Submarket Comparison | Asking Rents

Second quarter asking rents registered $75.14/SF, a $0.28/SF decrease from the previous quarter. Significant submarket shifts were primarily led by large block additions and inventory changes as office conversions continue to grow throughout the markets.

Average Asking Rent Market/Submarket 2Q24 ($/SF)

MANHATTAN	**$75.14**
MIDTOWN	**$79.55**
Eastside	$75.13
Far West Side	$131.53
Grand Central	$67.56
Murray Hill	$60.86
Park Avenue	$106.68
Penn District	$75.56
Plaza District	$118.63
Sixth Ave/Rock Center	$83.98
Times Square	$75.44
Times Square South	$51.99
Westside	$65.52
MIDTOWN SOUTH	**$82.91**
Chelsea	$77.80
East Village	$75.42
Flatiron/Union Square	$78.60
Hudson Square/Meatpacking	$87.40
Noho/Soho	$103.82
DOWNTOWN	**$56.63**
Downtown East	$54.29
Downtown West	$58.52
Tribeca/City Hall	$66.59

Average Asking Rent by Market 2Q24 ($/SF)



	Year Over Year	Change Since 2019
MIDTOWN	**-0.4%**	**-6.4%**
MIDTOWN SOUTH	**1.0%**	**-0.7%**
DOWNTOWN	**-3.6%**	**-12.3%**

Source: Newmark Research

Flight to Quality | Taking & Net Effective Rent Comparison

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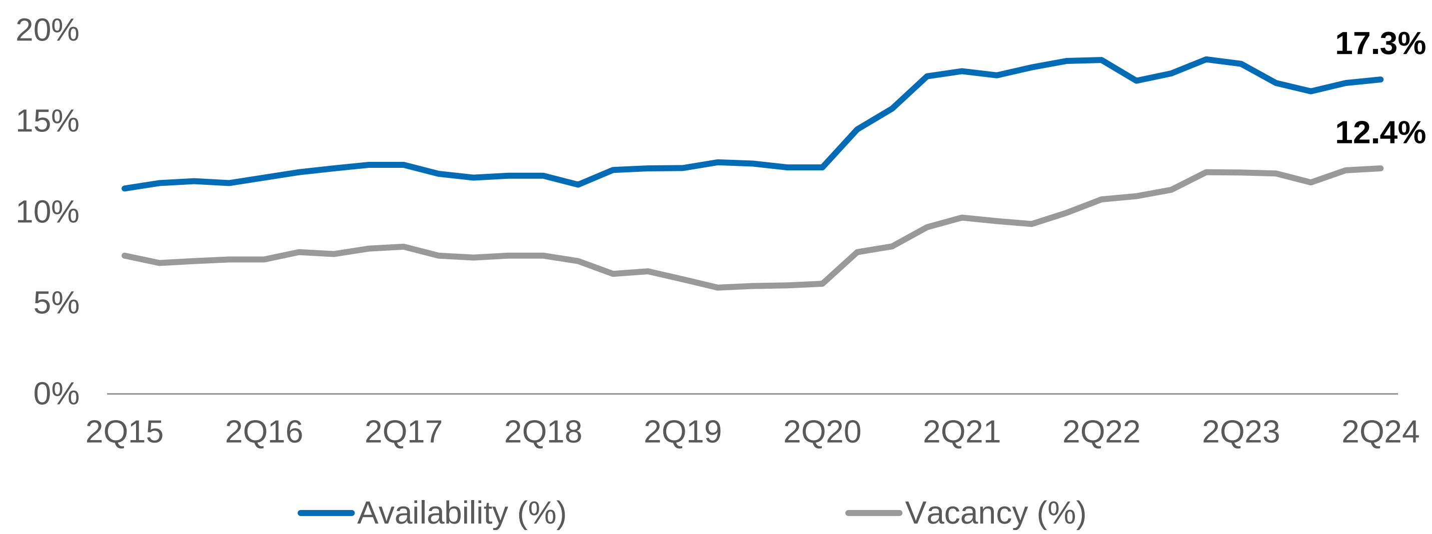
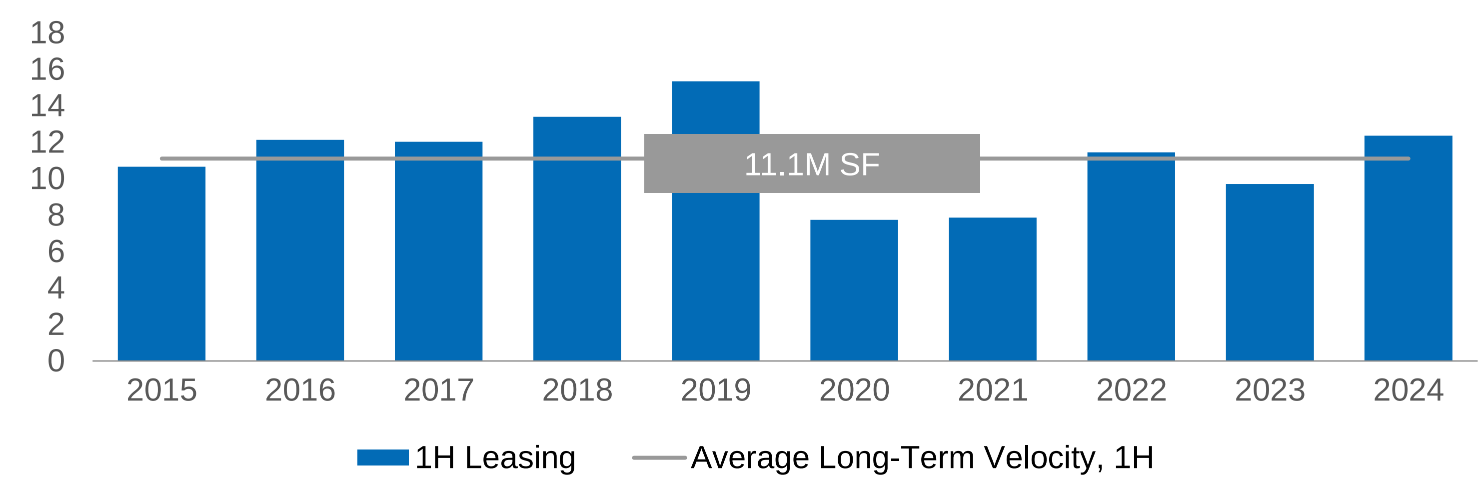
Midtown Market Overview

Leasing activity through the first half of 2024 registered the strongest six month start to the year since 2019, with 12.4M SF leased through June, led by Bloomberg's long-term renewal at 731 Lexington Avenue. Despite strong leasing, availability ticked up to 17.3% as 926,775 square feet of sublease space was added to the market in the second quarter. Overall asking rents reversed course, falling for the first time in a year, to $79.55/SF.

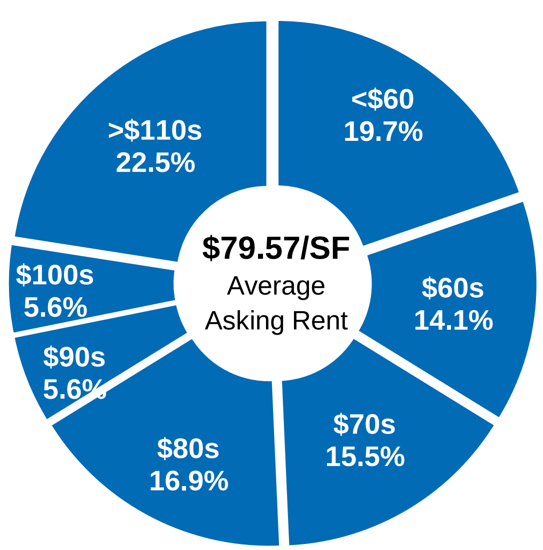
Availability And Vacancy Rates



Leasing Activity



Deals by Taking Rent



Second Quarter Top Deals

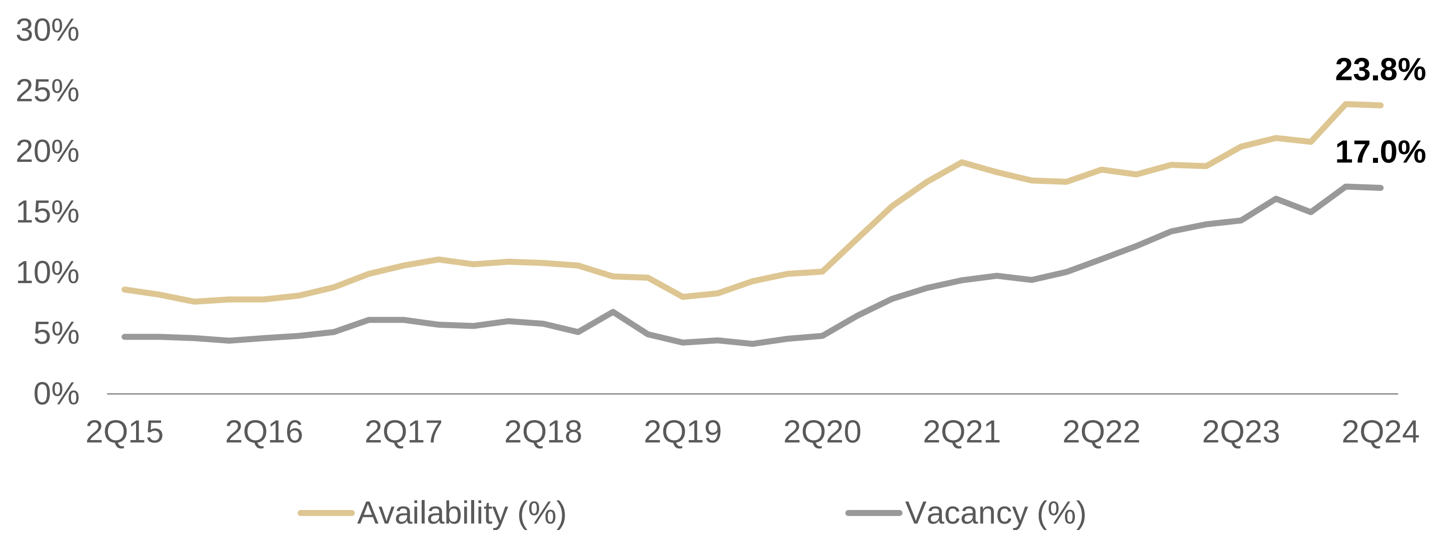
731 Lexington Avenue	12 East 49th Street	22 Vanderbilt Avenue	30 Hudson Yards	280 Park Avenue
Bloomberg	Industrious	Bain & Company	Covington & Burling	Elliot Management
946,815 SF	240,000 SF	235,201 SF	234,126 SF	149,437 SF
Direct Renewal	Direct New	Direct New	Sublease New	Direct/Sublease New

Source: Newmark Research

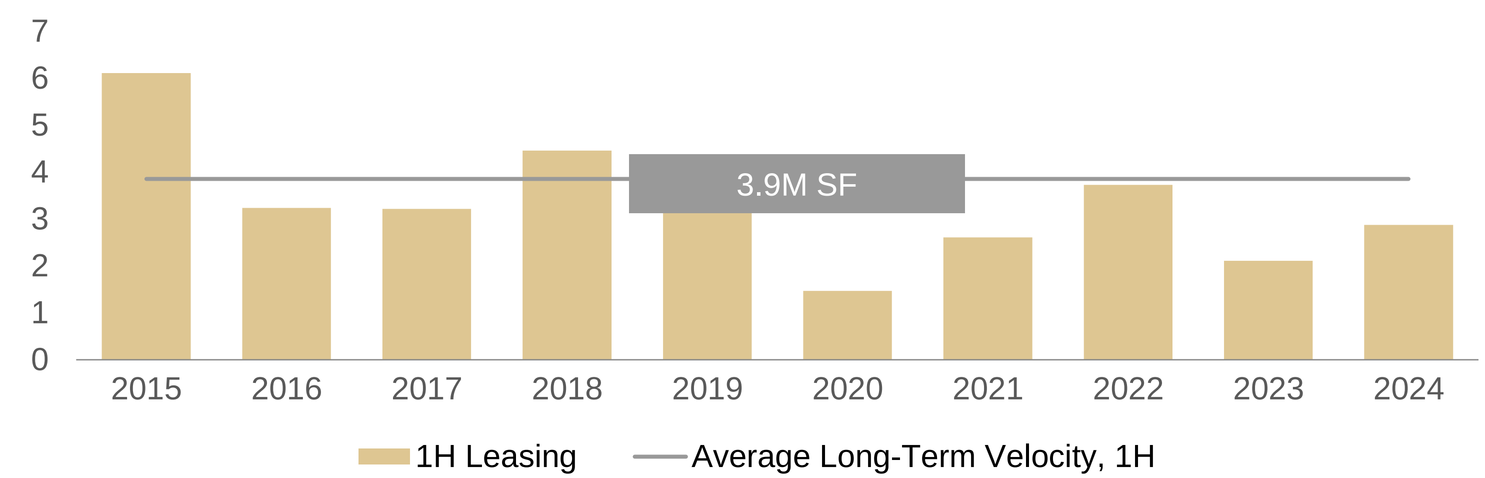
Midtown South Market Overview

Midtown South activity increased 43.0% quarter over quarter, ending June with 1.7M SF of activity for 2Q24. Leasing volumes for the first half of the year registered well below the long-term average as Midtown South activity continues to be challenged. Availability saw a 10-basis point decrease, remaining elevated at 23.8%. Average asking rents fell $1.19/SF from last quarter, yet still sit $0.84/SF higher than one year ago.

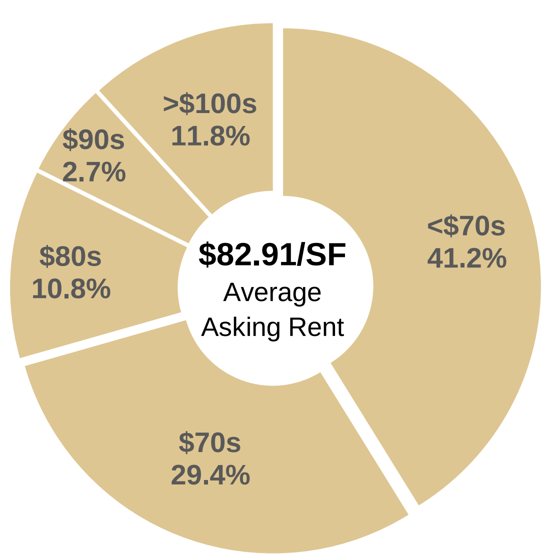
Availability And Vacancy Rates



Leasing Activity



Deals by Taking Rent



Second Quarter Top Deals





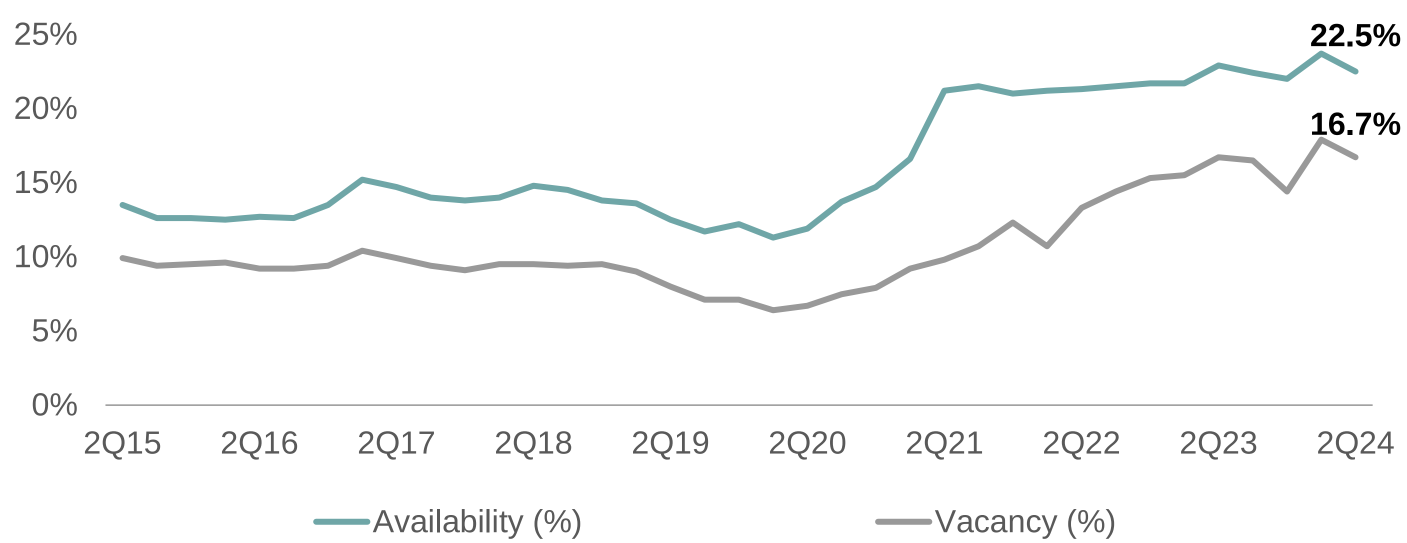
63 Madison Avenue	1 Madison Avenue	51 Astor Place	225 Park Avenue South	1 Madison Avenue
American Eagle Outfitters	Coinbase	Daily Mail Online	Pinterest	Fan Duel (Flutter)
338,085 SF	67,208 SF	42,232 SF	42,000 SF	35,898 SF
Direct/Sublease New	Direct New	Direct Expansion	Sublease New	Direct New

Source: Newmark Research

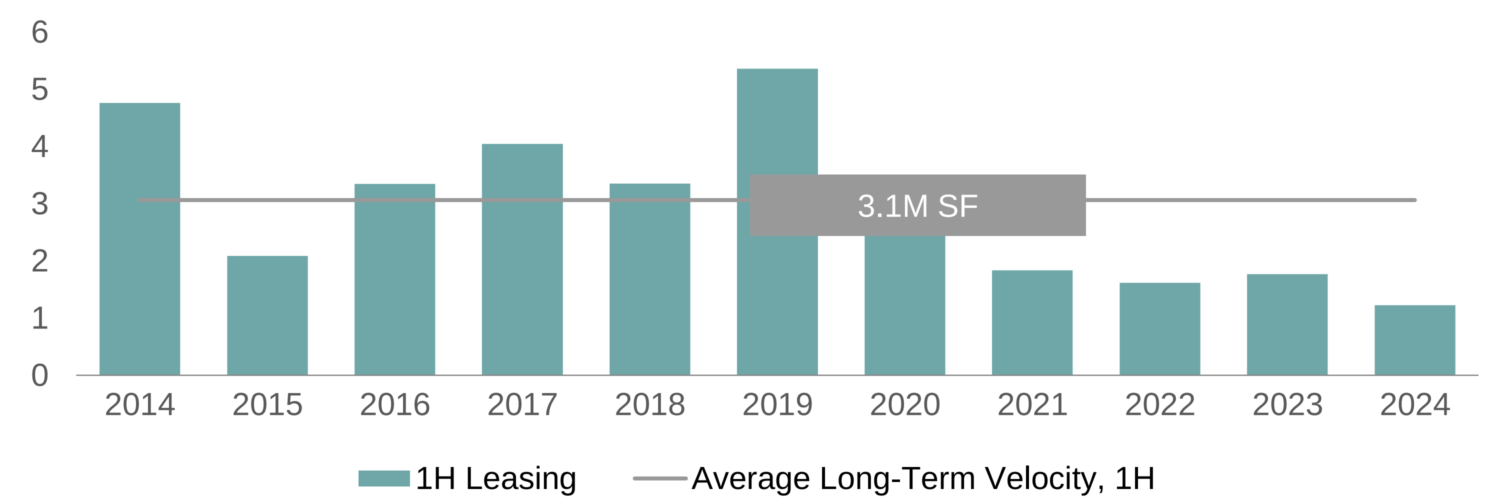
Downtown Market Overview

Downtown availability retreated from an all-time high to close the second quarter at 22.5%. Leasing momentum remains sluggish, despite a 32.7% jump over the prior quarter, with just 700,348 square feet of activity. Stripe signed the largest lease of the quarter at 28 Liberty Street, taking 145,985 square feet of sublease space from AIG. Average asking rents fell for the fourth consecutive quarter, ending 1H24 at $56.63/SF.

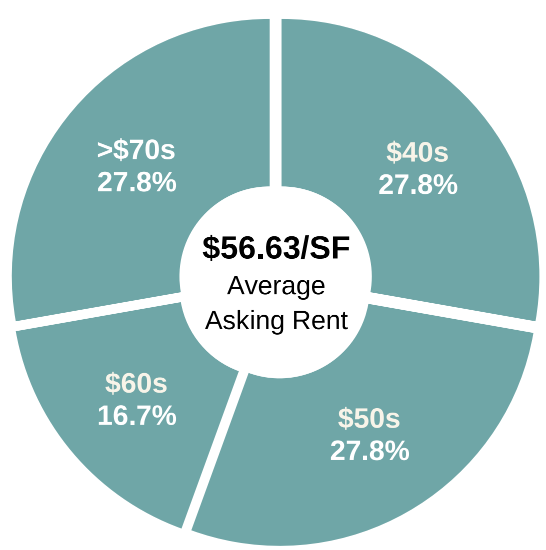
Availability And Vacancy Rates



Leasing Activity



Deals by Taking Rent



Second Quarter Top Deals

28 Liberty Street	32 Avenue of the Americas	1 World Trade Center	1 Liberty Plaza	100 Church Street
Stripe	MCI Communication Services	Kroll Associates	Wasserman Music	H Work, LLC
145,985 SF	58,775 SF	48,026 SF	45,000 SF	22,873 SF
Sublease New	Direct New	Sublease New	Sublease New	Direct Renewal

Source: Newmark Research

Manhattan Building Conversions: Inventory Allocations

Please reach out to your
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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.

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