
3Q24

Manhattan Office Market Overview



NEWMARK

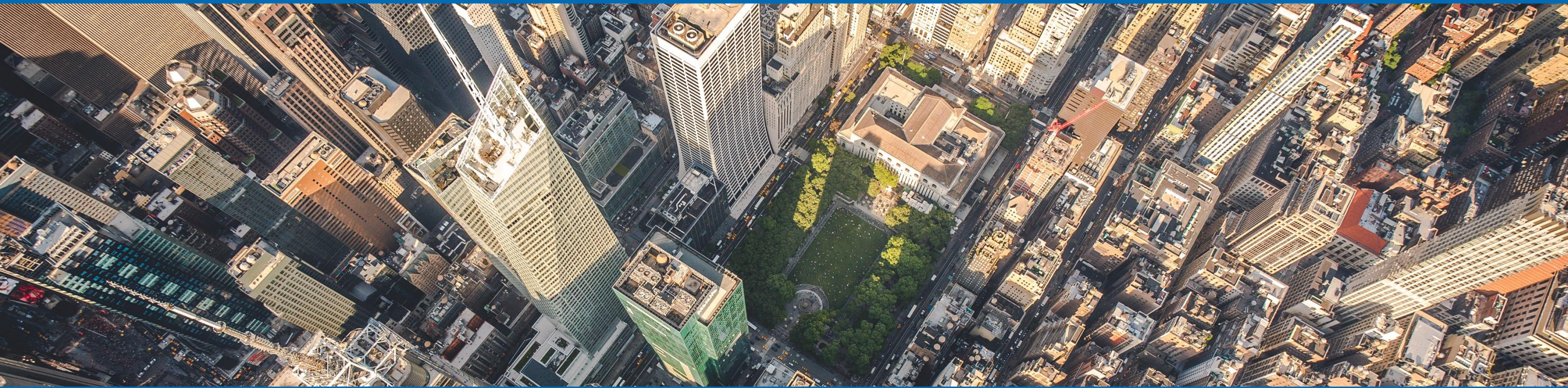
Market Observations

Improved quarterly absorption, stronger leasing activity and withdrawals for conversions led to a decline in availability to 18.5%.

Year-to-date leasing activity totaled 26.1 MSF, up 24.7% from the same period last year.

Class A assets comprised 79.7% of third quarter leasing activity in Midtown.

Midtown trophy direct availability rate dropped 10 basis points to 8.5%, driven by strong leasing activity



Ten leases greater than 100,000 SF closed during the quarter, six of which were in Midtown.

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

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.

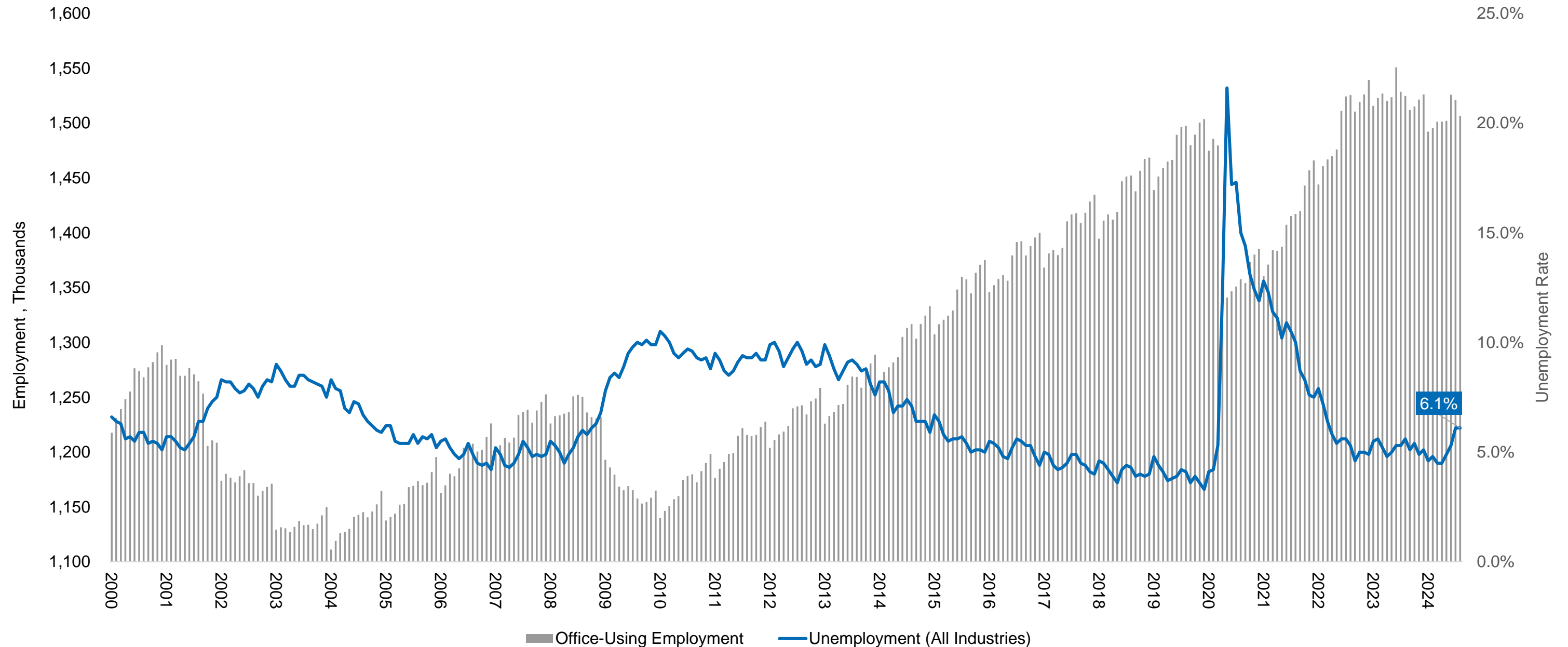
10.3 MSF has either commenced conversion or filed permits, following 7.1 MSF of buildings converted since 2015.

Including active and potential conversions, Downtown inventory would reduce by 11.6%.

Overall Office-Using Employment Has Rebounded

The number of office jobs has rebounded from pre-pandemic levels to 1.5 million but has dropped below the previously recorded high in May 2023. Local unemployment has followed national trends, increasing as there are slowdowns in hiring while the labor force continues grow.

Office-Using Employment* and Unemployment Across All Industries



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

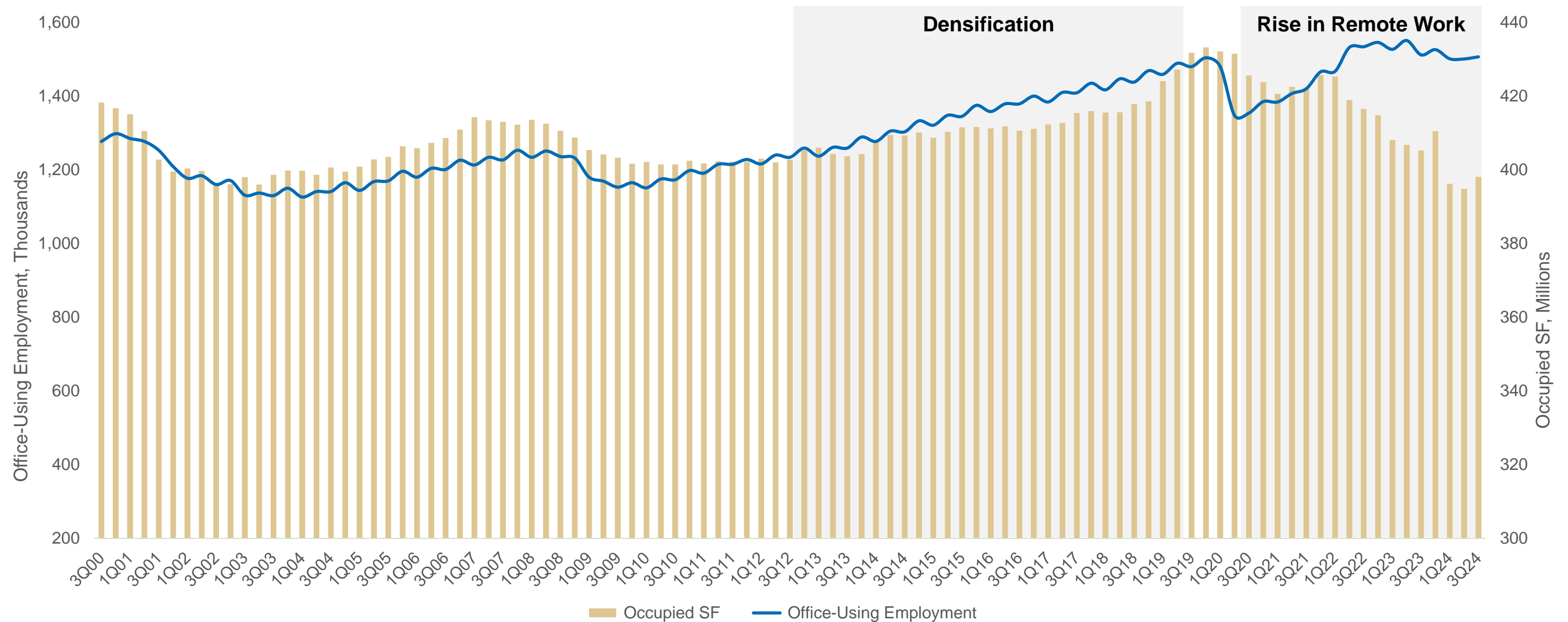
Note: August 2024 data is preliminary.

*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



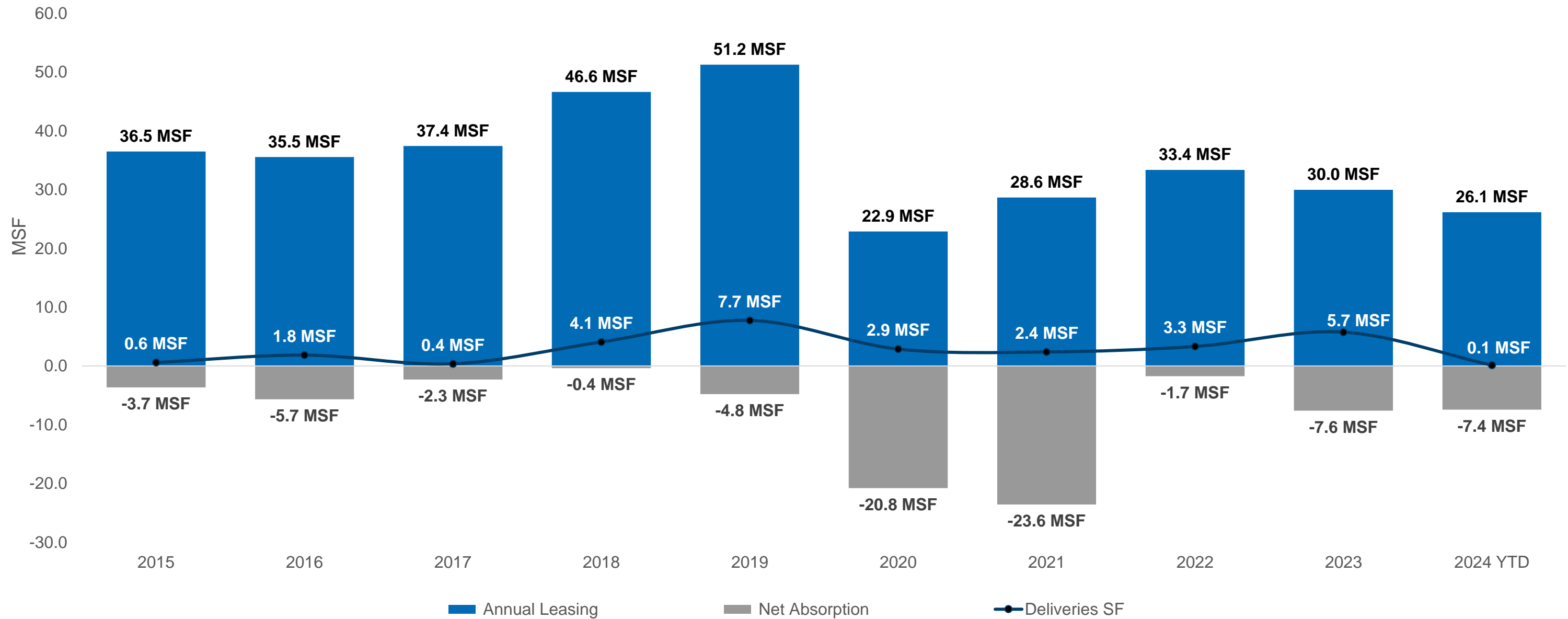
Sources: US Bureau of Labor Statistics, Newmark Research

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 third quarter of 2024 at -7.4M SF, while leasing totaled 26.1M SF. Unlike previous years, the amount of new construction space on the horizon has decreased significantly, with only 197,858 SF expected to deliver this year. Leasing activity is on pace to surpass 2023 totals with several large deals expected to close in the fourth quarter.

Manhattan Historical Leasing and Absorption



Source: Newmark Research

Construction Velocity

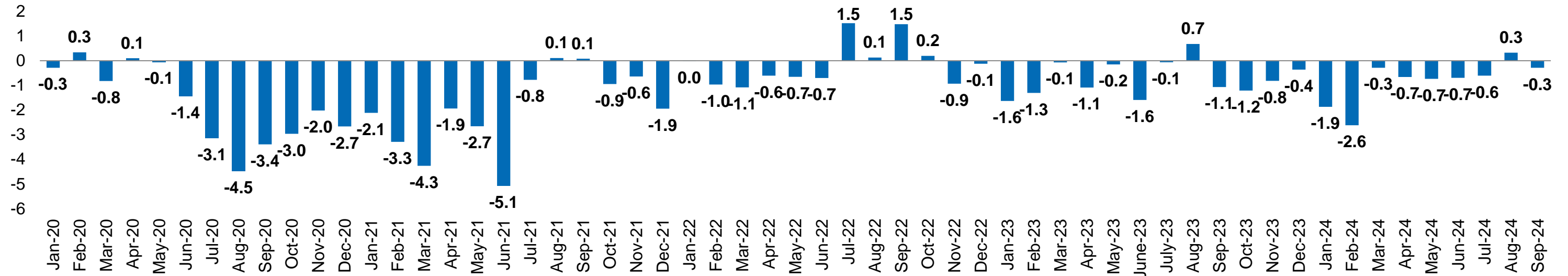


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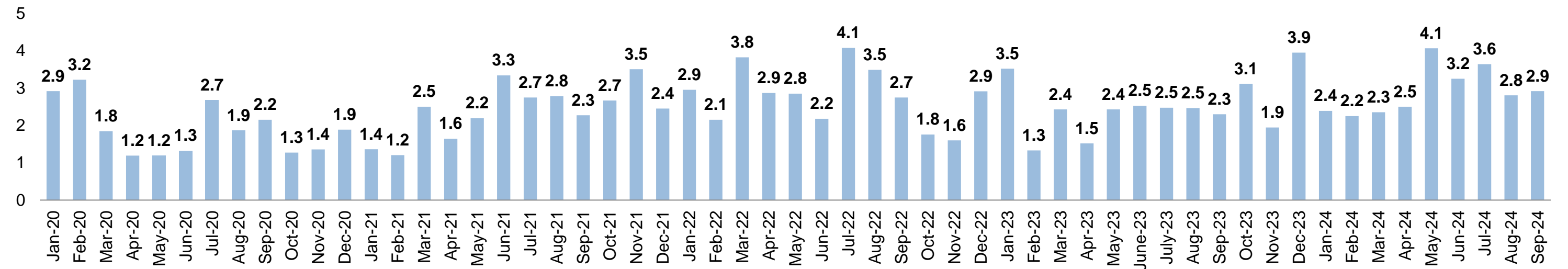
Manhattan Absorption and Leasing Activity

September 2024 leasing activity recorded 2.9 million square feet, bringing year-to-date activity to 26.1 million square feet. Monthly absorption recorded negative, as five large blocks added over 650K square feet to the market. Absorption was nearly flat for the month of September, which would have been the first back-to-back months with a positive recording since 2022.

Monthly Absorption (MSF)



Monthly Leasing (MSF)

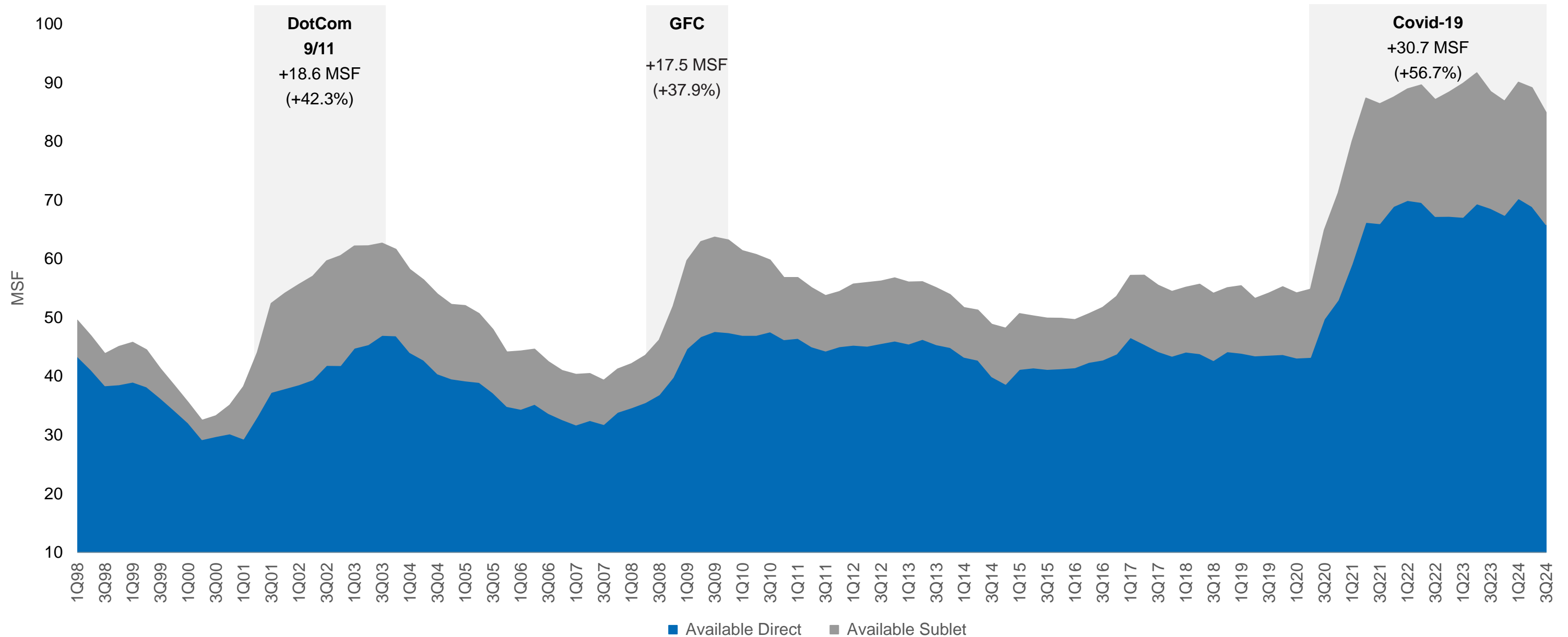


Source: Newmark Research

Historical Availability Composition

From March 2020 through the first quarter of 2024, total available space rose 35.9 MSF, driven by an 78.6% increase in sublease space. Since the first quarter, total available space has declined by 5.2 MSF.

Direct & Sublet Available Space



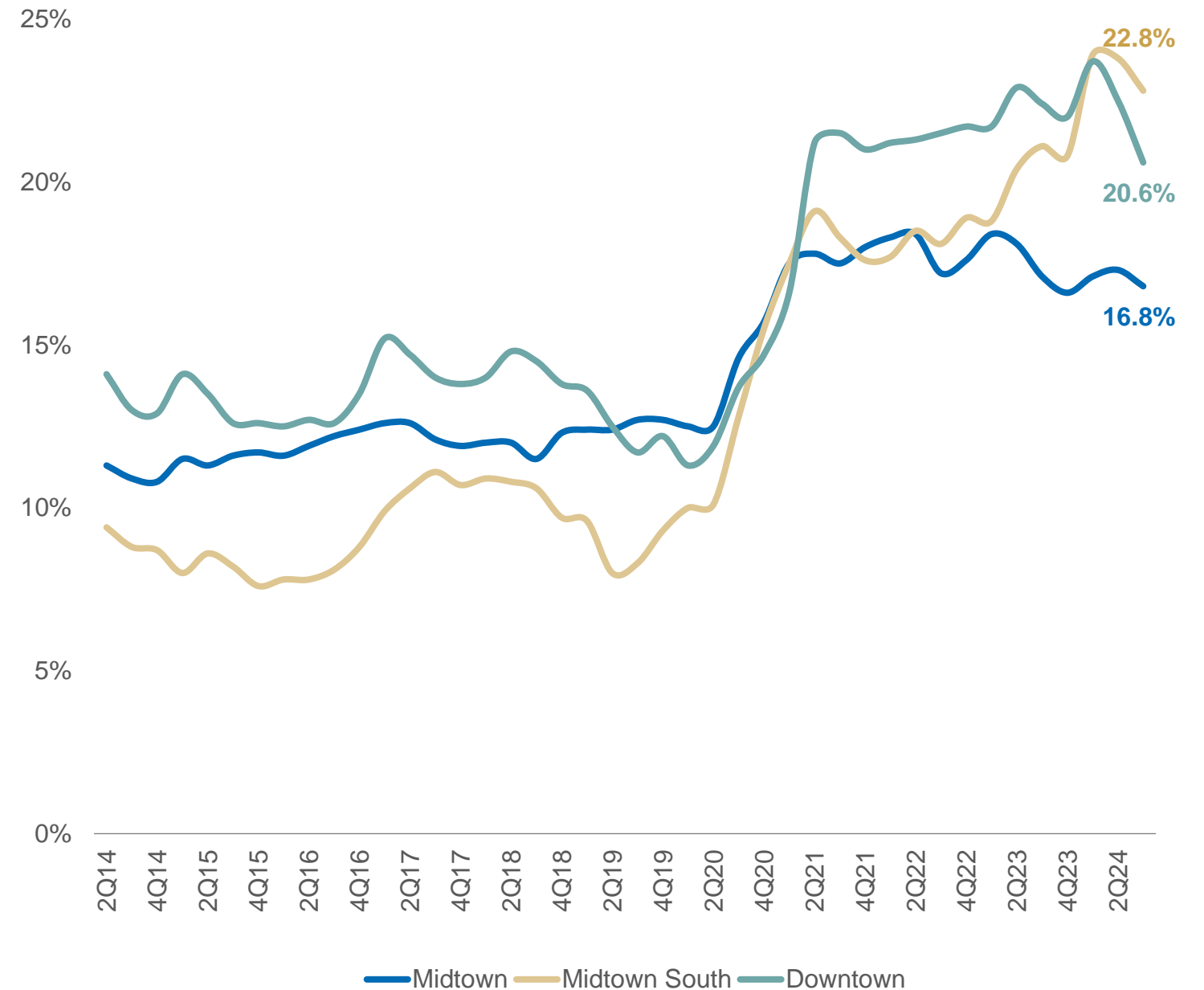
Source: Newmark Research

Manhattan Market/Submarket Comparison | Availability Rates

Manhattan overall availability dropped 90 basis points quarter-over-quarter to 18.5% as Downtown continues to boast the largest quarterly decrease due to building and space removals for residential conversions. The overall availability rate in Midtown has remained within a two-percentage point range for 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	3Q24	1Q20	Change in Bps.
MANHATTAN	18.5%	11.8%	670
MIDTOWN	16.8%	12.5%	430
Eastside	18.0%	16.8%	120
Far West Side	16.1%	4.9%	1,120
Grand Central	15.3%	11.7%	360
Murray Hill	27.0%	11.2%	1,580
Park Avenue	9.8%	10.8%	-100
Penn District	21.2%	12.0%	920
Plaza District	17.4%	16.8%	60
Sixth Ave/Rock Center	14.2%	10.4%	380
Times Square	19.5%	17.3%	220
Times Square South	15.3%	9.1%	620
Westside	23.7%	17.3%	640
MIDTOWN SOUTH	22.8%	9.9%	1,290
Chelsea	24.2%	9.2%	1,500
East Village	28.0%	25.7%	230
Flatiron/Union Square	20.7%	11.1%	960
Hudson Square/Meatpacking	24.9%	7.5%	1,740
Noho/Soho	21.1%	9.1%	1,200
DOWNTOWN	20.6%	11.3%	930
Downtown East	21.9%	10.7%	1,120
Downtown West	18.7%	12.7%	600
Tribeca/City Hall	21.7%	8.8%	1,290



Source: Newmark Research

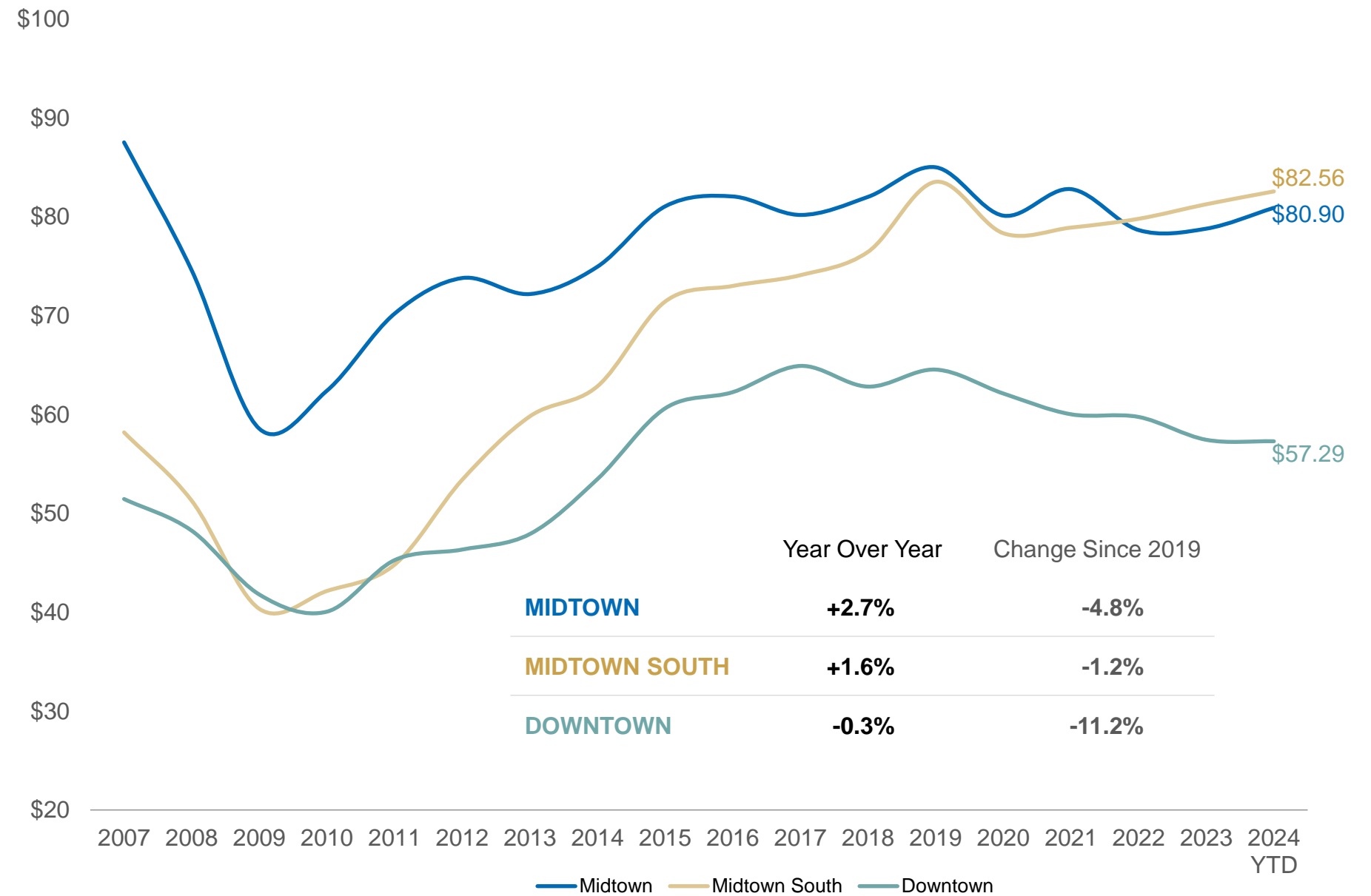
Manhattan Market/Submarket Comparison | Asking Rents

Third quarter asking rents registered \$75.97/SF, an \$0.83/SF increase from the previous quarter. The most significant submarket asking rents shifts continue to be led by large block movements and inventory changes as office conversions continue to surge in Manhattan.

Average Asking Rent Market/Submarket 3Q24 (\$/SF)

MANHATTAN	\$75.97
MIDTOWN	\$80.50
Eastside	\$68.90
Far West Side	\$128.73
Grand Central	\$67.67
Murray Hill	\$60.09
Park Avenue	\$116.65
Penn District	\$76.12
Plaza District	\$120.42
Sixth Ave/Rock Center	\$88.18
Times Square	\$75.15
Times Square South	\$51.73
Westside	\$65.44
MIDTOWN SOUTH	\$82.56
Chelsea	\$77.46
East Village	\$74.85
Flatiron/Union Square	\$79.19
Hudson Square/Meatpacking	\$85.81
Noho/Soho	\$102.37
DOWNTOWN	\$57.29
Downtown East	\$54.66
Downtown West	\$59.33
Tribeca/City Hall	\$66.50

Average Asking Rent by Market 3Q24 (\$/SF)



Source: Newmark Research

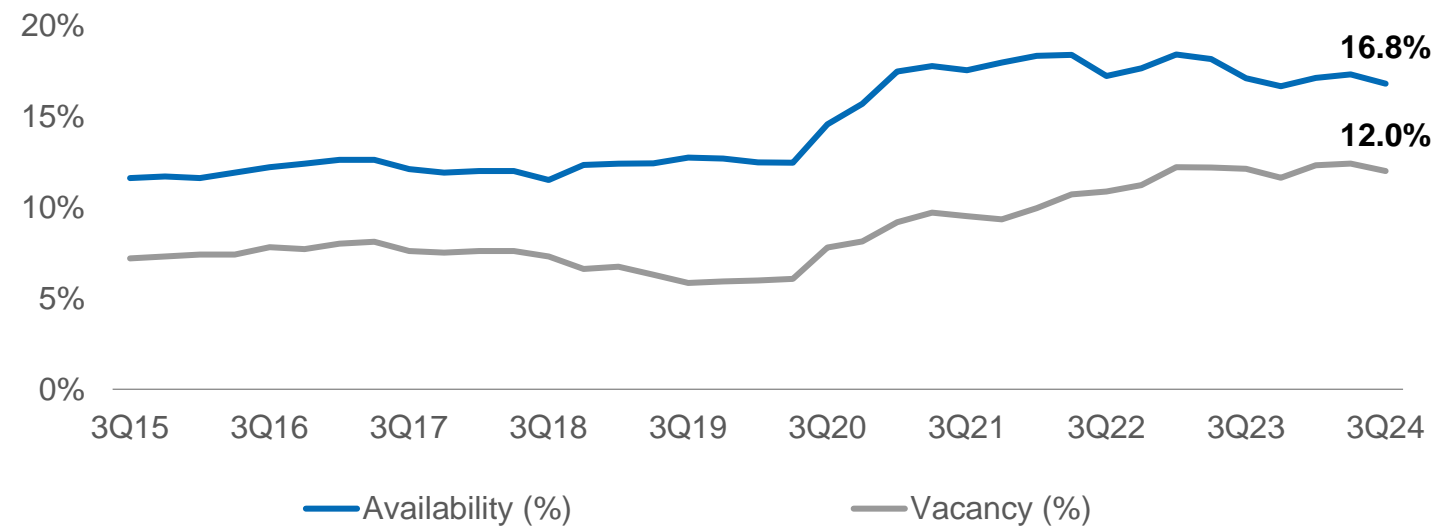
Flight to Quality | Taking & Net Effective Rent Comparison

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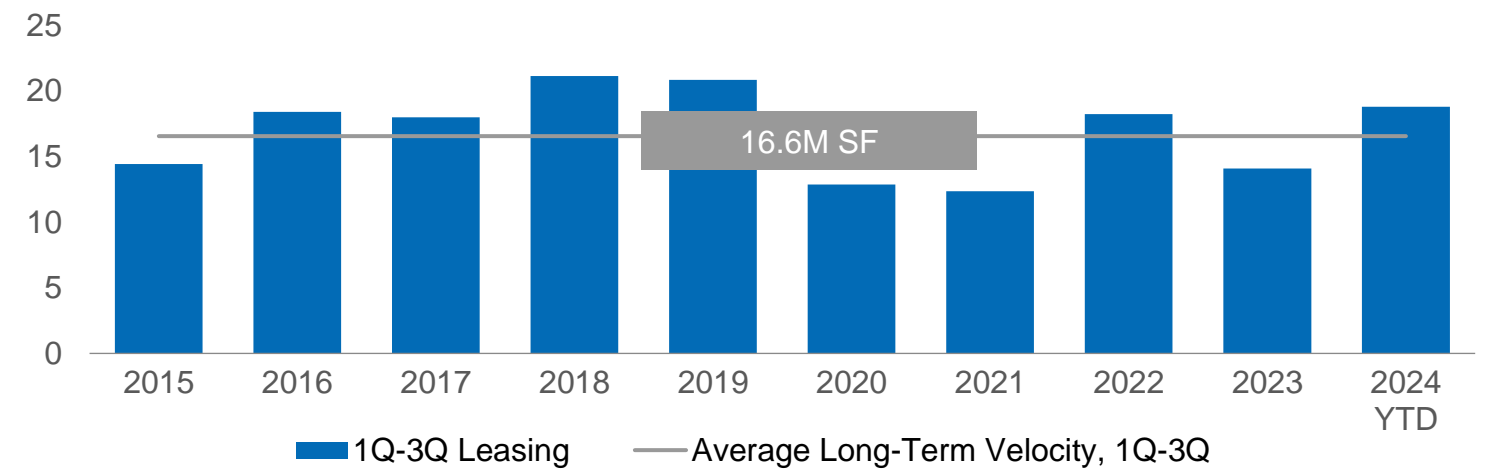
Midtown Market Overview

Midtown closed 3Q24 with a 16.8% availability rate, its lowest level in 2024 as YTD leasing momentum registered 33% higher than the same period last year. Renewals continue to command a large share of the market, accounting for four of the top five deals this quarter. Average asking rents increased \$0.95/SF to end the quarter at \$80.50/SF, the highest level in over two years.

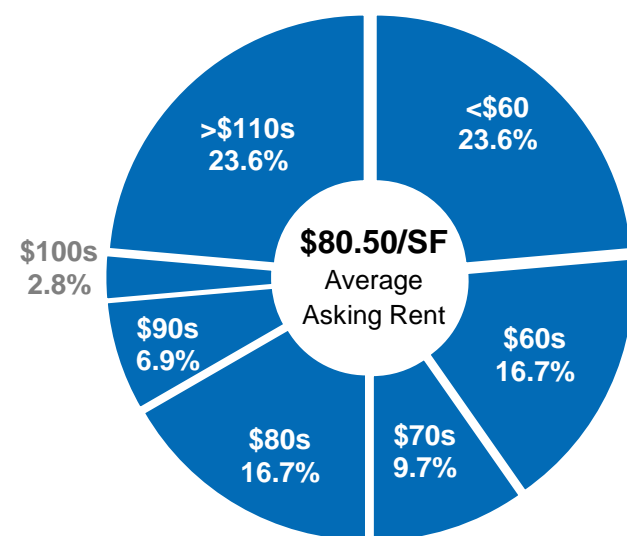
Availability And Vacancy Rates








Leasing Activity



Deals by Taking Rent



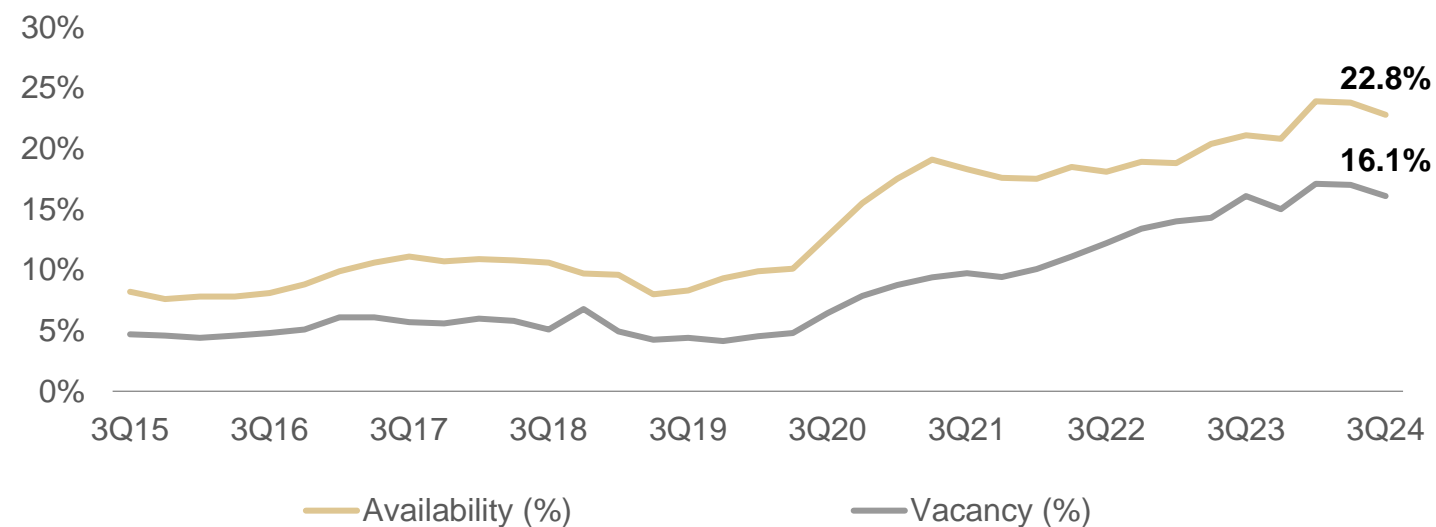
Third Quarter Top Deals

				
345 Park Avenue	20 Rockefeller Plaza	245 Park Avenue	200 Park Avenue	1293-1311 Broadway
Blackstone	Christie's	Ares Capital	CBRE	Yeshiva University
1,006,000 SF	400,000 SF	307,336 SF	180,000 SF	160,000 SF
Direct Extension & Expansion	Direct Renewal	Direct Renewal & Expansion	Direct Renewal	Direct New

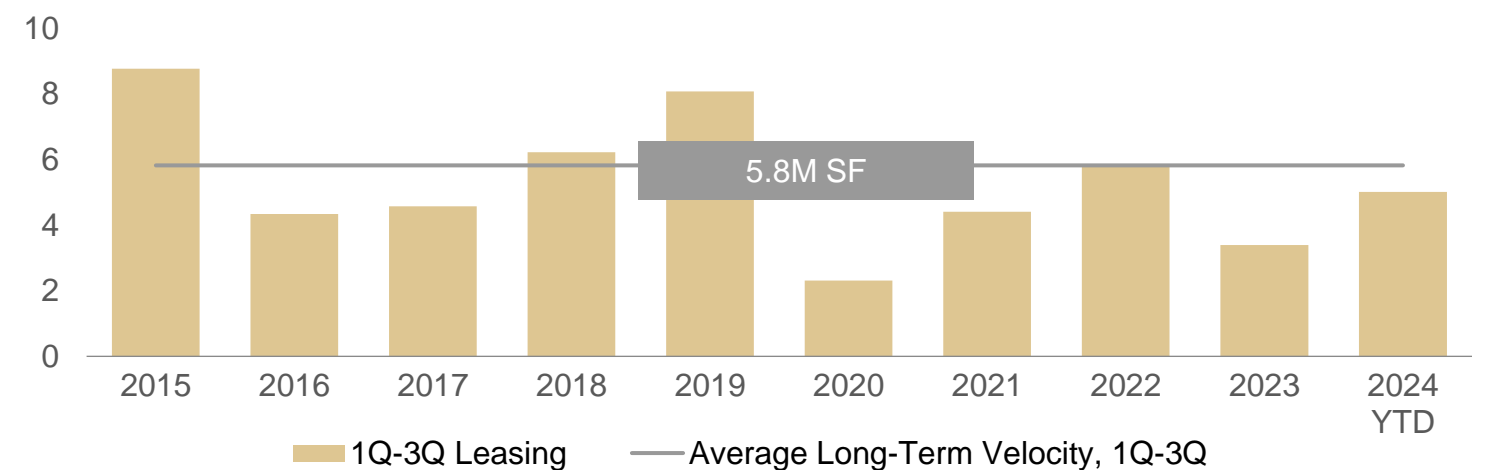
Midtown South Market Overview

Midtown South leasing activity surpassed 2.0M square feet for the first time in two years, helping to lower availability a full point to 22.8% for 3Q24. While still elevated over historical levels, availability has now fallen for three straight quarters, easing off post-pandemic highs. Average asking rents registered \$82.56/SF, marking a drop of \$0.35/SF from last quarter.

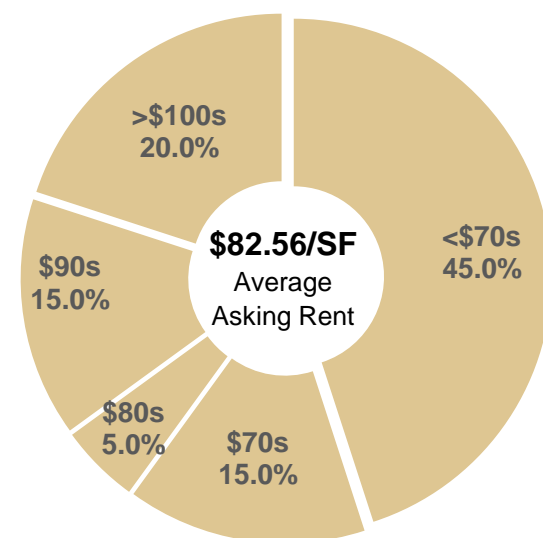
Availability And Vacancy Rates







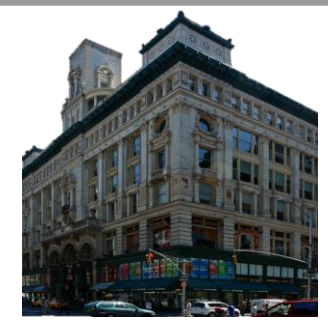
Leasing Activity



Deals by Taking Rent



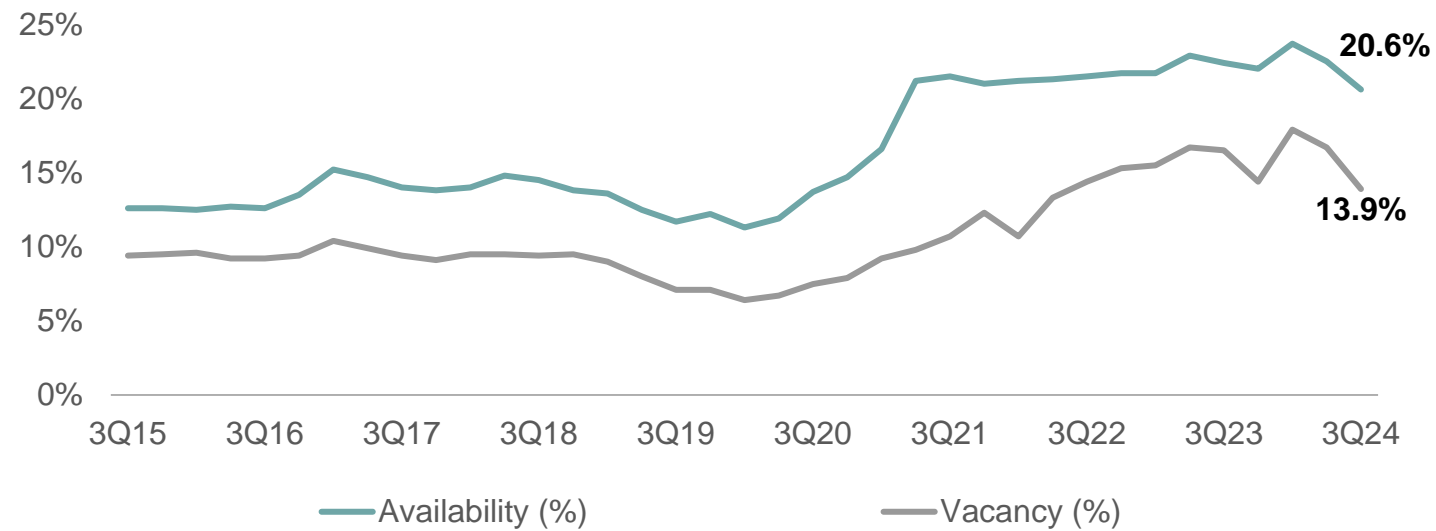
Third Quarter Top Deals

				
85 Tenth Avenue	360 Bowery	28-40 West 23rd Street	295 Fifth Avenue	620 Avenue of the Americas
Google	Chobani	Ramp	Bridgewater Associates	Cole Haan
297,000 SF	111,963 SF	66,000 SF	63,703 SF	62,262 SF
Direct Renewal	Direct New	Direct Expansion	Direct New	Direct Renewal

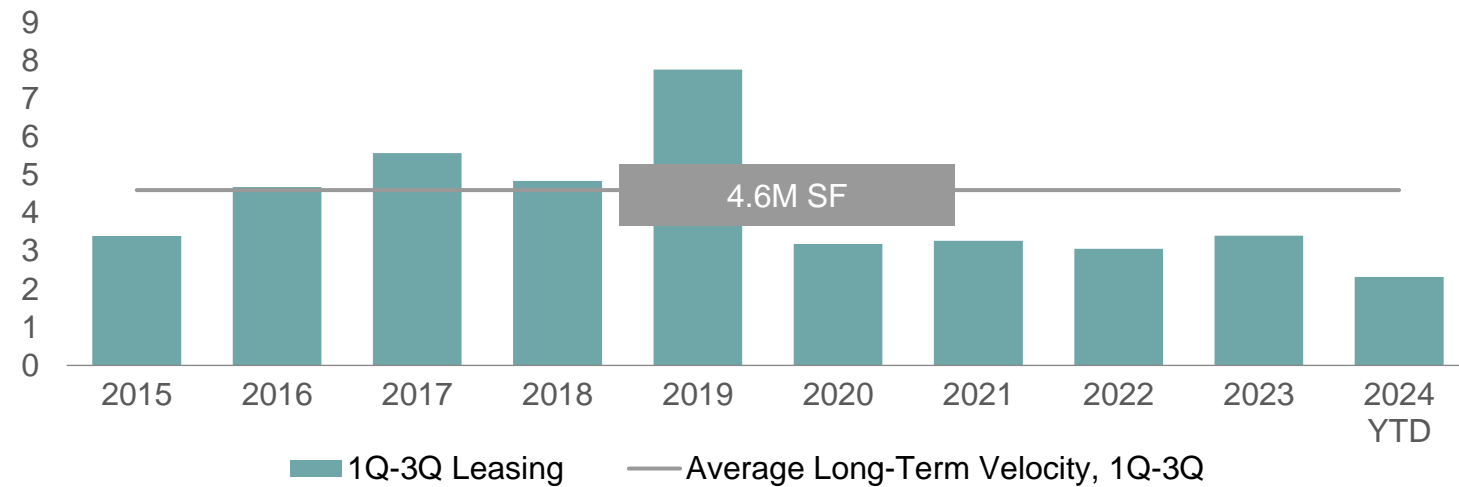
Downtown Market Overview

Downtown leasing momentum increased 46.9% from last quarter, recording 1.1M square feet of activity in 3Q24. Downtown availability fell to 20.6%, it's lowest level in over three years, as residential conversions reshape Lower Manhattan. Conversions are expected to reduce inventory by 11.6% over the next several years with projects totaling 12.8M square feet.

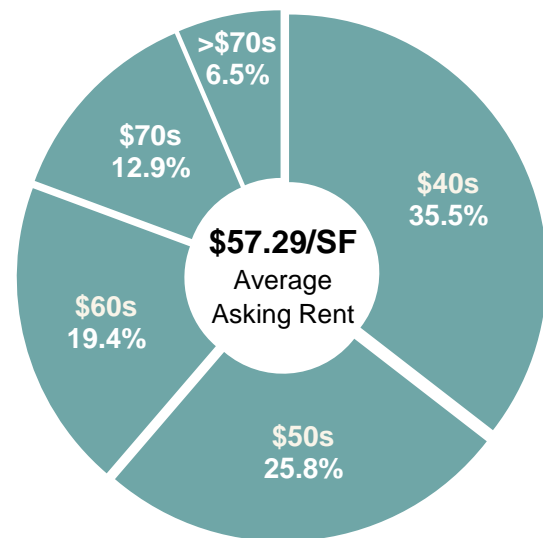
Availability And Vacancy Rates








Leasing Activity



Deals by Taking Rent



Third Quarter Top Deals

				
60 Hudson Street	4 World Trade Center	14 Wall Street	250 Vesey Street	90 Church Street
Verizon	StubHub (Viagogo)	City of NY Dept of Aging	Jane Street Group	NYPD
172,119 SF	103,188 SF	80,000 SF	56,583 SF	52,051 SF
Direct Renewal	Sublease New	Direct New	Sublease New	Direct Renewal

Source: Newmark Research

Manhattan Building Conversions: Inventory Allocations

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