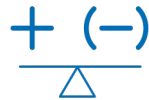




456.6M

Inventory



3.9M

Net Absorption SF



12.9%

Direct Available Rate



16.3%

Total Availability



2.2M

Under Construction SF



\$73.07

Asking Rent PSF

Strong Start to 2025 for Manhattan Office Market

Market Observations

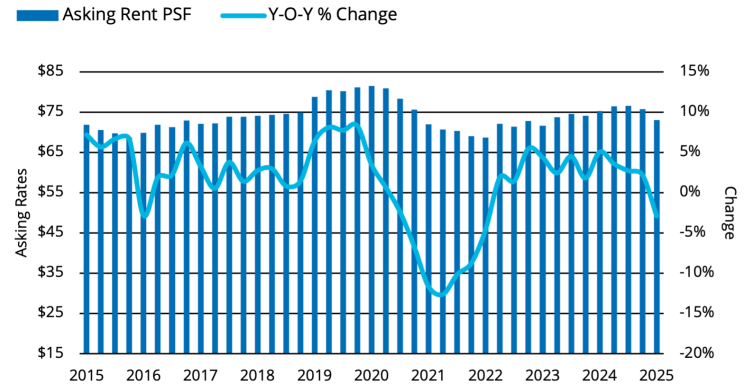
- Manhattan leasing approached 10.1 MSF in Q1 2025, the best first-quarter result since 2014. More than a dozen deals exceeding 100,000 SF were signed, spanning all of Manhattan's major submarkets and kicking off 2025 with a solid start.
- Overall availability decreased to 16.3%, its lowest level since 2020, as both sublet and direct availabilities tightened. The current level is 2.6 percentage points below the year-ago rate and down 0.8 pp from last quarter.
- Net absorption was robust at 3.9 MSF in Q1 2025, one of the highest totals of the last decade and well above the Q4 2024 level of 2.6 MSF and the negative 2.7 MSF generated in Q1 2024.
- Rents decreased to \$73.07 as high-priced spaces were scooped up, leaving lower-priced space on the market. Prices decreased 3.5% from last quarter and 2.9% year-over-year.
- The construction pipeline remains near historic lows at just 2.2 MSF in Q1, largely unchanged from last quarter and a year ago. Most of the active construction is in Midtown South and includes 1.1 MSF of space at Terminal Warehouse in the Chelsea/Flatiron submarket.



MANHATTAN OFFICE MARKET | Q1 2025

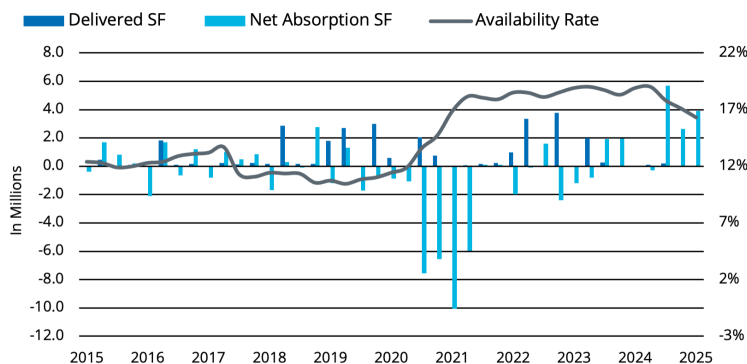
- Class A availability** is at 15.5%, its lowest level since 2020, while Class B availability has decreased to 19.1% across the borough. Midtown has the tightest Class A rate at 13.4% as its many trophy properties continue to see strong increases in leasing activity.
- Net absorption** was also dominated by Midtown with over 1.6 MSF taken up. Downtown saw a healthy bounce at 1.2 MSF compared with negative 351,400 SF in Q4, owing to several sublet block withdrawals and a 983,800 SF lease from Jane Street at 250 Vesey Street.
- Asking rents** are currently 10.3% below their 2020 peak level. Rents decreased in all three of Manhattan's major submarkets, both from last quarter and year-over-year. Most of the smaller submarkets also experienced declines in asking rates.
- Construction activity** will dwindle further with several large deliveries expected this year and very little new construction underway, though there is another 14.8 MSF of core office proposed across Manhattan. While some may be unlikely to go forward until anchor tenants are secured, that may be less of a concern than in previous years, given the meager pipeline.

ASKING RENT



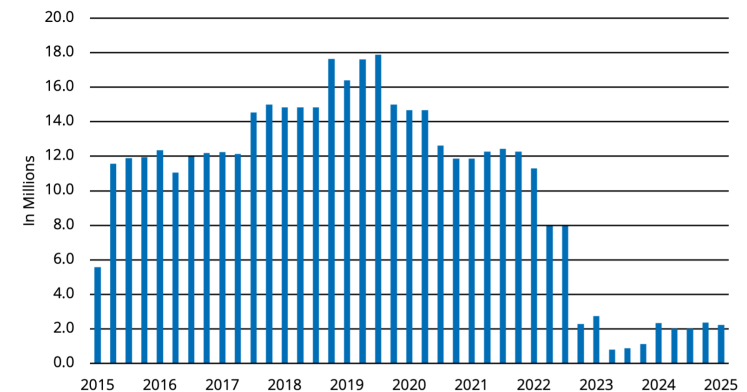
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



MANHATTAN OFFICE MARKET | Q1 2025

MARKET INDICATORS All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	OVERALL AVAILABILITY RATE	OVERALL VACANCY RATE	CLASS A AVERAGE RENT PSF	CLASS B AVERAGE RENT PSF	OVERALL AVERAGE RENT PSF
CITY HALL/TRIBECA	10,059,710	86,171	86,171	21.3%	24.8%	\$61.46	\$51.13	\$59.36
FINANCIAL DISTRICT	38,209,846	596,758	596,758	22.2%	24.3%	\$54.57	\$48.82	\$54.28
INSURANCE DISTRICT	9,336,411	-313,439	-313,439	18.9%	21.0%	\$54.31	\$42.42	\$48.11
WORLD TRADE CENTER	33,466,937	819,704	819,704	16.8%	14.0%	\$56.42	\$43.07	\$54.85
DOWNTOWN TOTAL	91,072,904	1,189,194	1,189,194	19.7%	20.2%	\$55.98	\$45.22	\$54.47
CHELSEA/FLATIRON	28,885,620	167,597	167,597	20.3%	16.9%	\$121.68	\$58.77	\$88.93
GRAMERCY PARK	32,096,427	522,995	522,995	18.3%	19.1%	\$96.85	\$64.58	\$79.54
GREENWICH VILLAGE	5,642,464	814	814	13.5%	22.3%	\$85.29	\$112.75	\$104.06
HUDSON SQUARE	9,607,658	142,401	142,401	25.7%	25.2%	\$78.42	\$74.87	\$77.33
SOHO	6,081,779	262,308	262,308	17.7%	14.8%	\$85.74	\$77.16	\$80.64
MIDTOWN SOUTH TOTAL	82,313,948	1,096,115	1,096,115	19.5%	18.9%	\$103.13	\$67.57	\$84.60
COLUMBUS CIRCLE	29,595,255	145,558	145,558	16.7%	16.5%	\$67.92	\$58.74	\$65.82
EAST SIDE	14,775,485	18,238	18,238	19.8%	18.7%	\$72.72	\$61.79	\$71.82
GRAND CENTRAL	55,392,325	685,838	685,838	14.2%	16.1%	\$70.02	\$62.56	\$68.53
PENN PLAZA	70,003,257	1,356,978	1,356,978	13.0%	15.0%	\$101.75	\$54.77	\$84.33
PLAZA DISTRICT	69,048,621	-410,810	-410,810	11.3%	12.0%	\$95.32	\$90.85	\$95.09
TIMES SQUARE	44,410,272	-190,531	-190,531	17.5%	15.9%	\$74.12	\$58.16	\$71.67
MIDTOWN TOTAL	283,225,215	1,605,271	1,605,271	14.3%	15.0%	\$82.28	\$59.32	\$77.72
TOTAL	456,612,067	3,890,580	3,890,580	16.3%	16.7%	\$77.13	\$60.57	\$73.07

Source: CoStar, Transwestern



MANHATTAN OFFICE MARKET | Q1 2025

Research Methodology

The information in this report is the result of a compilation of information on office properties located in Manhattan. This report includes single-tenant and multi-tenant Class A and B office properties with at least 100,000 SF in Midtown, 50,000 SF in Midtown South, and 75,000 SF Downtown.

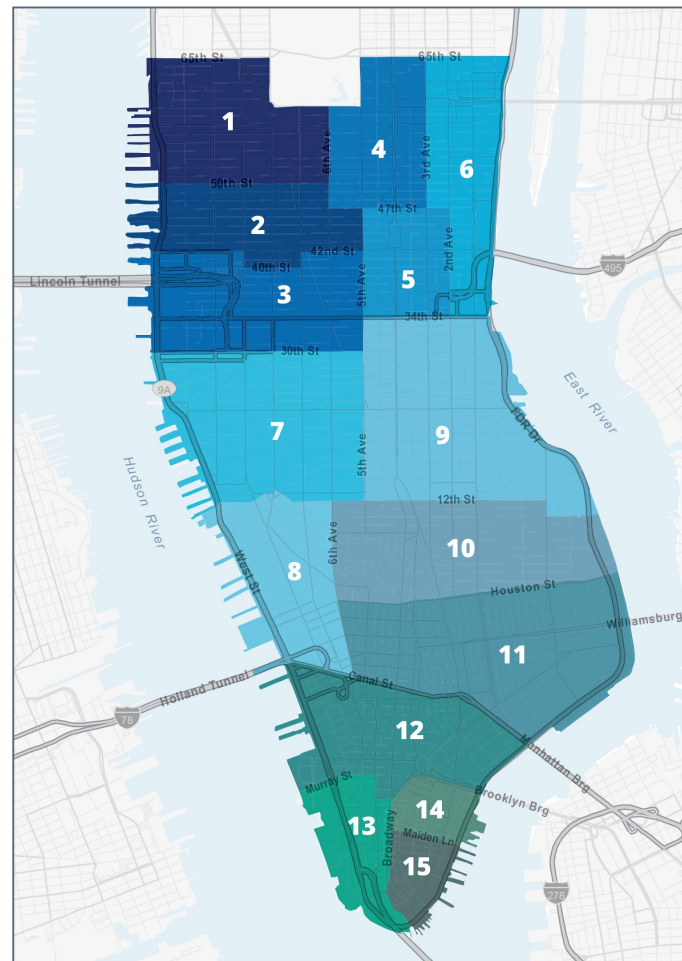
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For more information

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NEW YORK OFFICE SUBMARKETS

Midtown

- 1 Columbus Circle
- 2 Times Square
- 3 Penn Plaza
- 4 Plaza District
- 5 Grand Central
- 6 East Side

Midtown South

- 7 Chelsea/Flatiron
- 8 Hudson Square
- 9 Gramercy Park
- 10 Greenwich Village
- 11 SoHo

Downtown

- 12 City Hall/Tribeca
- 13 World Trade Center
- 14 Insurance District
- 15 Financial District

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