

Midtown Office Market

Midtown Leasing Velocity Remains Robust Following Several Large Relocations

Midtown leasing velocity in the first quarter totaled 5.5 million square feet, an increase of 47.5% from the first quarter of 2021. Despite the improvement in activity since the start of the pandemic quarterly velocity remained 6.1% below the five-year average of 5.9 million square feet. Eight leases of at least 100,000 square feet drove the bump in activity. Five of those large deals were relocations.

The largest deal in Midtown this quarter was a 330,000 square-foot renewal and expansion by Blackstone at 601 Lexington Avenue, followed by a 252,000-square-foot lease by Mutual of America Financial Group at 320 Park Avenue, which it previously owned outright. Financial services accounted for the largest percentage of velocity by industry, at 34.4%. Other large deals by financial services firms were relocations by AlphaSights to 100 Park Avenue, Morgan Stanley to 55 East 52nd Street, PDT Partners to 1 Columbus Circle and a renewal and expansion by Signature Bank at 1400 Broadway.

Roku signed an eight-floor deal for 240,000 square feet at 5 Times Square, accounting for 52.6% of TAMI activity.

Notable midsized transactions included a three-floor lease for 71,575 square feet for Hermès at 550 Madison Avenue, becoming the second office tenant to sign in the building, which was recently redeveloped.

Several deals were also signed in new construction, including six leases at 1 Vanderbilt Avenue, totaling 65,476 square feet. Tenor Capital Management signed the largest deal there, taking the entire 62nd floor while GFL Environmental leased the entire 73rd floor. At 50 Hudson Yards, ServiceNow signed for 31,000 square feet and SK E&S signed for 25,000 square feet.

Availability Rate Reaches Cyclical-High as Direct Blocks Come to Market

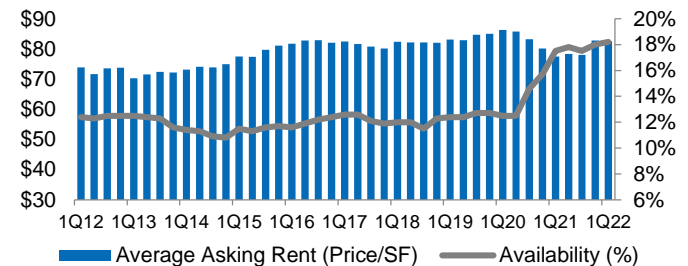
The Midtown availability rate increased 20 basis points quarter over quarter to 18.2%, its highest levels in over a decade. There were four new large-block additions of at least 100,000 square feet. These included 272,000 square feet at 335 Madison Avenue and

Current Conditions

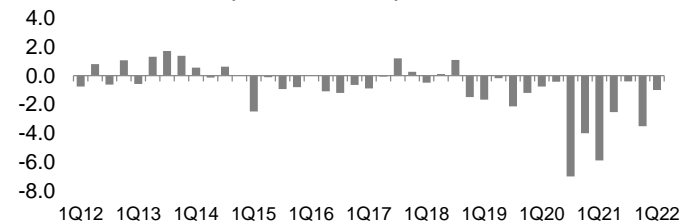
- Leasing velocity was recorded at 5.5 million square feet, a 47.5% improvement from the first quarter of 2021.
- Midtown average asking rents were stable, down just \$0.24/SF, or 0.3%, from the fourth quarter, closing at \$82.55/SF.
- The Midtown availability rate increased by 20 basis points to 18.2%, as four large blocks came to market across Midtown.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Market Summary

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	298.2 MSF	298.2 MSF	290.3 MSF	↑
Availability Rate	18.2%	18.0%	17.5%	↑
Quarterly Net Absorption	-996,075	-3,488,981	-5,866,004	↓
Avg. Ask Rent	\$82.55	\$82.79	\$77.48	↓
Under Const.	9.7 MSF	9.7 MSF	10.6 MSF	↑
Deliveries	0 SF	0 SF	795,244 SF	↑

RESEARCH 1Q 2022

117,000 square feet at 655 Third Avenue in Grand Central; 132,000 square feet at 609 Fifth Avenue, formerly occupied by WeWork; and a 135,000-square-foot block at 51 West 52nd Street. There were an additional 12 blocks of space between 50,000 square feet and 100,000 square feet added to the market, all but two of which were on a direct basis. These included 86,000 square feet from IPG at 622 Third Avenue and 67,000 square feet from Intersection at 10 Hudson Yards.

Available sublease space in Midtown increased by 300,000 square feet from the fourth quarter to 10.3 million square feet, 79.4% of which was in Class A buildings. As availability increased in Midtown, quarterly absorption posted at negative 996,075 square feet.

Midtown Construction Pipeline Continues to Lead Manhattan

Approximately 9.7 million square feet remains under construction in Midtown, accounting for 73.5% of the 13.1 million square feet under construction in Manhattan. Each of the Midtown projects are in the Far West Side, across four developments, three of which are

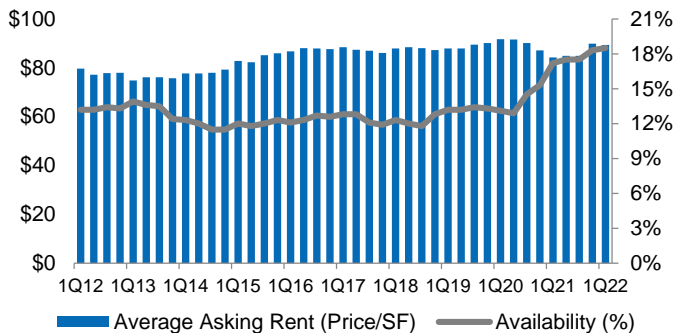
scheduled to open later this year. These include 50 Hudson Yards, 66 Hudson Boulevard, and 2 Manhattan West. Two million square feet at 3 Hudson Boulevard is expected to deliver in 2025. In addition to the space already under construction, as much as 25.6 million square feet remains in the planning stages across the market, including 2.1 million square feet at 175 Park Avenue; 1.3 million square feet at 5 East 51st Street; and 753,000 square feet at 343 Madison Avenue, as well as a potentially large Penn District redevelopment. Plans were also announced this quarter for a renovation of 390 Park Avenue.

Rents Remain Stable Across Midtown

Midtown asking rents closed the first quarter at \$82.55/SF, a decline of \$0.24/SF, or 0.3%, from the fourth quarter. Despite the quarter-over-quarter drop, asking rents rose by \$5.07/SF, or 6.5% year over year, a sign of the market's recovery, as rents are 95.7% of pre-pandemic levels. Submarket rents did not see large quarter-over-quarter changes in the first quarter, as just two submarkets, Grand Central and Park Avenue, recorded shifts of more than \$1.00/SF. Grand Central asking rents fell by \$1.47/SF to \$69.93/SF, and Park Avenue rents dropped by \$1.30/SF to \$99.65/SF.

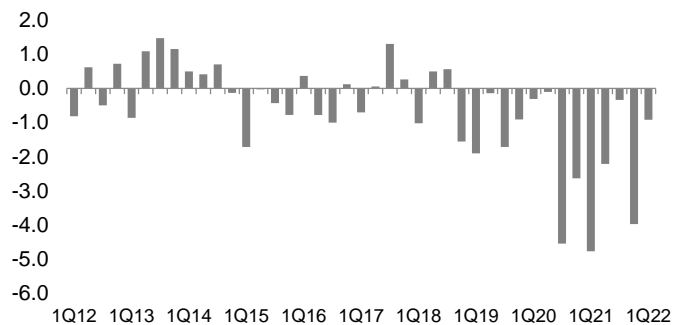
Class A

AVERAGE ASKING RENT (\$/SF) AND AVAILABILITY



Class A

NET ABSORPTION (SF, MILLIONS)



Midtown Lease Transactions

Tenant	Market	Building	Type	Square Feet
Blackstone	Eastside	601 Lexington Avenue	Direct Renewal & Expansion	330,000
Mutual of America Financial Group	Park Avenue	320 Park Avenue	Direct New	252,000
Touro College	Times Square	3 Times Square	Direct New	243,305
Roku	Times Square	5 Times Square	Direct New	240,000
AlphaSights, Inc.	Grand Central	100 Park Avenue	Direct New	236,026

Submarket Statistics

Market	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Midtown	298,195,202	9,662,418	18.2%	(996,075)	(996,075)	\$87.97	\$59.12	\$82.55
Eastside	24,819,196	0	23.0%	(209,264)	(209,264)	\$75.71	\$54.41	\$72.82
Far West Side	19,634,299	9,662,418	24.9%	(38,540)	(38,540)	\$154.83	\$93.90	\$148.24
Grand Central	48,897,768	0	17.6%	(579,743)	(579,743)	\$74.07	\$54.63	\$69.93
Murray Hill	7,930,696	0	21.4%	(22,161)	(22,161)	\$63.67	\$45.92	\$60.88
Park Avenue	25,983,580	0	14.4%	(205,236)	(205,236)	\$106.95	\$68.19	\$99.65
Penn District	22,418,031	0	20.7%	(109,202)	(109,202)	\$91.06	\$55.90	\$80.21
Plaza District	26,259,546	0	17.0%	(156,204)	(156,204)	\$99.41	\$77.47	\$97.78
Sixth Ave/Rock Center	45,329,301	0	12.1%	(263,242)	(263,242)	\$84.76	\$60.39	\$80.31
Times Square	14,834,999	0	23.8%	481,404	481,404	\$81.95	\$60.71	\$80.25
Times Square South	35,906,746	0	15.7%	188,024	188,024	\$54.82	\$46.49	\$53.06
Westside	26,181,040	0	21.8%	(81,911)	(81,911)	\$76.66	\$60.09	\$71.35
Midtown South	79,369,611	3,457,332	17.5%	(589,398)	(589,398)	\$85.91	\$68.13	\$81.70
Chelsea	30,770,281	906,000	15.8%	15,365	15,365	\$74.14	\$66.61	\$72.07
East Village	1,712,321	301,321	22.0%	(2,026)	(2,026)	\$88.04	\$72.87	\$87.99
Flatiron/Union Square	24,193,279	1,049,035	22.2%	(102,108)	(102,108)	\$89.69	\$68.03	\$85.65
Hudson Sq./Meatpacking	11,986,799	1,200,976	19.5%	(655,738)	(655,738)	\$100.94	\$70.49	\$90.28
NoHo/SoHo	10,706,931	0	9.1%	155,109	155,109	\$87.93	\$69.61	\$85.53
Downtown	95,781,076	20,172	21.2%	(201,985)	(201,985)	\$63.70	\$48.62	\$59.98
Downtown East	50,382,484	0	25.2%	(24,368)	(24,368)	\$59.50	\$43.36	\$56.14
Downtown West	36,688,566	0	17.8%	(112,355)	(112,355)	\$69.44	\$55.06	\$64.50
Tribeca/City Hall	8,710,026	20,172	12.2%	(65,262)	(65,262)	\$84.09	\$43.62	\$79.37
Manhattan	473,345,889	13,139,922	18.7%	(1,787,458)	(1,787,458)	\$82.30	\$57.83	\$77.17

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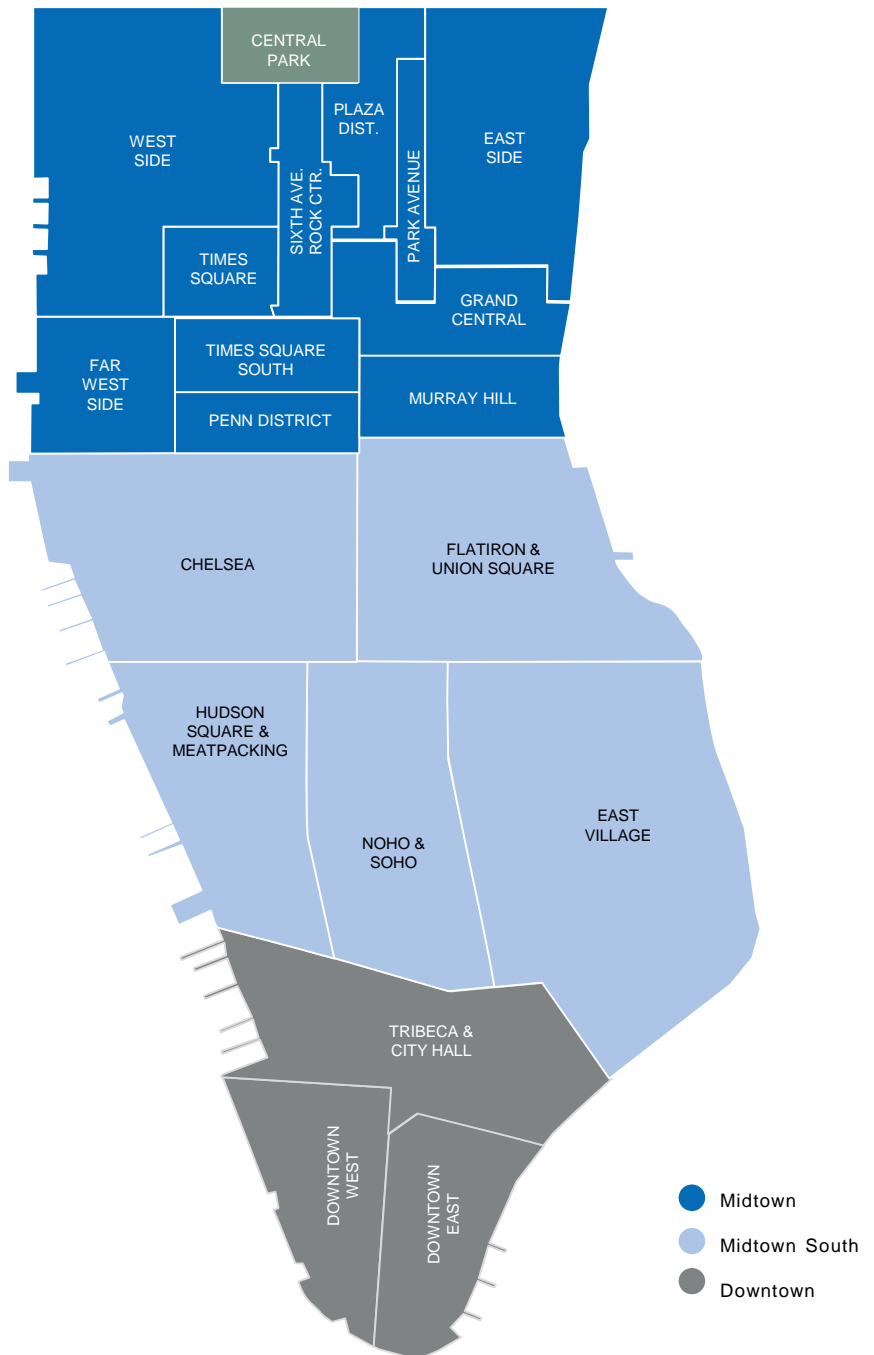
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