

Downtown Manhattan Office Market

Downtown Leasing Velocity Reaches Pandemic High

Led by Fried Frank's renewal at 1 New York Plaza for nearly 400,000 square feet, Downtown activity reached its highest point since the first quarter of 2020. The 1.3 million square feet of activity this quarter pushed year-to-date activity up to 3.1 million square feet. While velocity remains 23.0% below the five-year quarterly average, this represents an 82.2% improvement year over year. Several subleases in the range of 30,000 to 50,000 square feet also contributed to this bump in leasing activity. In addition to the deals signed by Daily Pay, Constellation Agency, and Reddit, three other large subleases were finalized in the third quarter. At 1 World Trade Center, IBIS and Network Capital Funding subleased the 56th and 57th floors, respectively, and at 300 Vesey Street, Galaxy Digital completed a 45,927-square-foot sublease for a single floor from IQVIA. These transactions resulted in a 70-basis-point decrease in the Downtown West sublease availability rate, which closed the quarter at 5.7%. The overall Downtown West availability rate also fell by 50 basis points to 17.8%.

Rents Stable From Second Quarter

Downtown asking rents closed at \$59.65/SF, a quarter-over-quarter drop of \$0.41/SF that was due to high-priced sublease space being leased. Notable examples of deals include Daily Pay at 55 Water Street and Reddit and Constellation Agencies at 1 World Trade Center. Asking rents in Downtown East and Downtown West were stable quarter over quarter, closing at \$56.38/SF and \$63.45/SF, respectively. Tribeca/City Hall asking rents increased by \$4.82/SF quarter over quarter, a function of the submarket's limited inventory, to \$77.86/SF. This increase was caused by an asking increase at the recently delivered 15 Laight Street, as well as the removal of inexpensive space from the market at 32 Avenue of the Americas. Despite this improvement in Tribeca/City Hall, Downtown asking rents fell below \$60.00/SF for the first time since the third quarter of 2015.

Downtown Availability Rate Reaches Record High After Anticipated Large-Block Additions

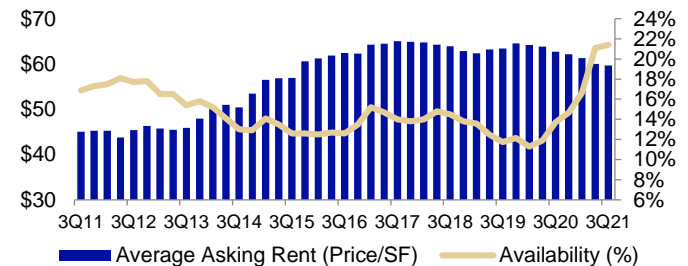
The Downtown availability rate increased for the sixth consecutive quarter, closing at 21.4%, a record-high for the market. Two large-block additions of 100,000 square feet at 85 Broad Street and 14 Wall Street

Current Conditions

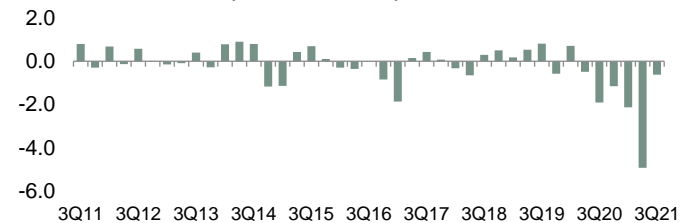
- Downtown leasing velocity reached 1.3 million square feet, the highest total since the start of the pandemic.
- The Downtown availability rate increased by 30 basis points quarter over quarter to 21.4%, another record high.
- Downtown average asking rents were stable, closing the quarter at \$59.65/SF.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Market Summary

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	95.8 MSF	95.8 MSF	95.4 MSF	↑
Availability Rate	21.4%	21.1%	13.7%	↑
Quarterly Net Absorption	-621,115	-4,913,802	-1,909,998	↓
Avg. Ask Rent	\$59.65	\$60.06	\$62.73	↓
Under Const.	20,172 SF	100,172 SF	80,000 SF	↑
Deliveries	80,000 SF	0 SF	0 SF	↓

propelled the 30-basis-point increase from the second quarter. There were also several notable space additions of at least 50,000 square feet throughout the Downtown East submarket. Although leasing activity reached 1.3 million square feet, the highest quarterly total since the pandemic began, it was not enough to offset the increased availability from the direct space additions. The largest deal of the quarter was a 399,724-square-foot renewal by Fried Frank at 1 New York Plaza. Absorption posted negative for the sixth consecutive quarter, closing at negative 621,115 square feet.

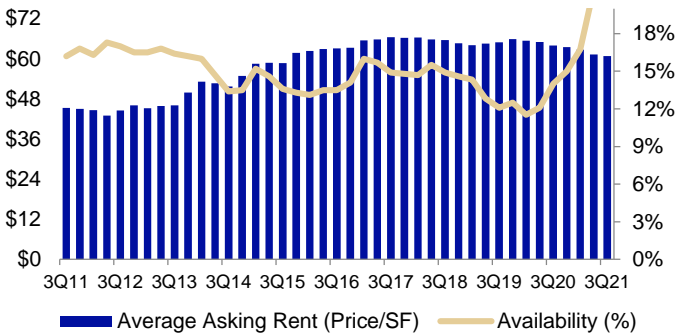
The amount of available sublease space on the market Downtown has continued to decrease, with the Downtown sublease availability dropping 10 basis points quarter over quarter to 5.3%. In addition to large sublease blocks that were leased, such as the 137,274 square feet Daily Pay subleased from S&P, there was more than 140,000 square feet of additional sublease space withdrawals. Notable examples include the DAZN Group, which removed 50,668 square feet at 1 World Trade Center; the Rubicon Project, which removed 26,664 square feet at 222 Broadway; and Gyro, which removed 21,312 square feet at 115 Broadway. Approximately 5.1 million square feet of space remains available for sublease Downtown.

Space Continues to Come to Market in Downtown East

The Downtown East availability rate closed the third quarter at 25.8%, a quarter-over-quarter increase of 120 basis points. Outside of the East Village, this is the highest submarket availability rate in Manhattan. In addition to the two direct large-block additions at 85 Broad Street and 14 Wall Street, there were multiple smaller block additions. These include subleases from Wolters Kluwer at 28 Liberty Street, Nielsen at 85 Broad Street, and Macmillan at 1 New York Plaza. The combination of these three subleases propelled sublease availability in the submarket to 5.7%. The 2.9 million square feet of sublease space in Downtown East makes up 56.7% of all sublease space Downtown. There were also new direct blocks added at 1 Whitehall Street, 110 William Street and 140 Broadway, pushing the direct availability rate up to 20.1%.

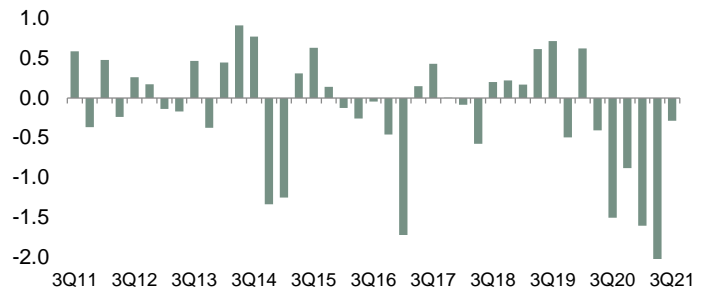
Class A

AVERAGE ASKING RENT (\$/SF) AND AVAILABILITY



Class A

NET ABSORPTION (SQUARE FEET, MILLIONS)



Downtown Lease Transactions

Tenant	Market	Building	Type	Square Feet
Fried, Frank, Harris, Shriver & Jacobson	Downtown East	1 New York Plaza	Direct Renewal	399,724
DailyPay	Downtown East	55 Water Street	Sublease New	137,274
Cedar Cares	Tribeca/City Hall	32 Avenue of the Americas	Direct New	66,595
Constellation Agency	Downtown West	1 World Trade Center	Sublease New	48,000
Reddit	Downtown West	1 World Trade Center	Sublease New	47,848

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	293,484,762	9,662,418	17.5%	(391,647)	(8,779,756)	\$83.43	\$58.21	\$78.06
Eastside	24,873,390	0	22.4%	32,077	(786,679)	\$75.80	\$56.48	\$73.19
Far West Side	14,834,159	9,662,418	13.7%	22,186	(1,047,656)	\$146.34	\$89.79	\$136.82
Grand Central	48,897,768	0	16.4%	268,063	(1,270,667)	\$74.88	\$52.73	\$70.16
Murray Hill	7,930,696	0	21.2%	(176,744)	(535,224)	\$63.60	\$46.26	\$59.97
Park Avenue	25,983,580	0	15.1%	89,032	(234,137)	\$111.91	\$68.00	\$103.76
Penn District	22,418,031	0	14.4%	(309,444)	(864,290)	\$69.17	\$55.38	\$62.48
Plaza District	26,205,352	0	18.9%	18,911	(393,239)	\$102.50	\$78.09	\$100.41
Sixth Ave/Rock Center	45,329,301	0	12.7%	80,371	(739,712)	\$84.88	\$59.23	\$79.90
Times Square	14,834,999	0	25.7%	120,462	(1,061,026)	\$84.70	\$62.24	\$82.80
Times Square South	35,996,446	0	18.2%	(46,014)	(1,032,008)	\$54.63	\$49.83	\$53.39
Westside	26,181,040	0	22.5%	(490,547)	(815,118)	\$78.59	\$60.30	\$72.53
Midtown South	79,016,954	3,906,141	18.3%	423,512	(3,515,137)	\$81.56	\$64.69	\$76.99
Chelsea	30,675,281	1,212,167	17.8%	274,973	(1,467,094)	\$74.03	\$64.92	\$71.09
East Village	1,712,321	301,321	31.9%	(37,087)	(217,071)	\$84.42	NA	\$84.42
Flatiron/Union Square	24,193,279	1,015,035	21.8%	(16,760)	(1,448,596)	\$86.79	\$63.93	\$82.03
Hudson Sq./Meatpacking	11,722,369	1,195,431	13.8%	67,757	(192,596)	\$91.88	\$64.93	\$78.46
NoHo/SoHo	10,713,704	182,187	14.3%	134,629	(189,780)	\$78.54	\$67.59	\$77.27
Downtown	95,781,076	20,172	21.4%	(621,115)	(7,659,934)	\$63.19	\$48.86	\$59.65
Downtown East	50,382,484	0	25.8%	(727,333)	(6,474,272)	\$59.79	\$44.29	\$56.38
Downtown West	36,688,566	0	17.8%	9,113	(897,195)	\$67.17	\$55.59	\$63.45
Tribeca/City Hall	8,710,026	20,172	11.2%	97,105	(288,467)	\$82.72	\$39.33	\$77.86
Manhattan	468,282,792	13,588,731	18.5%	(589,250)	(19,954,827)	\$78.39	\$57.06	\$73.47

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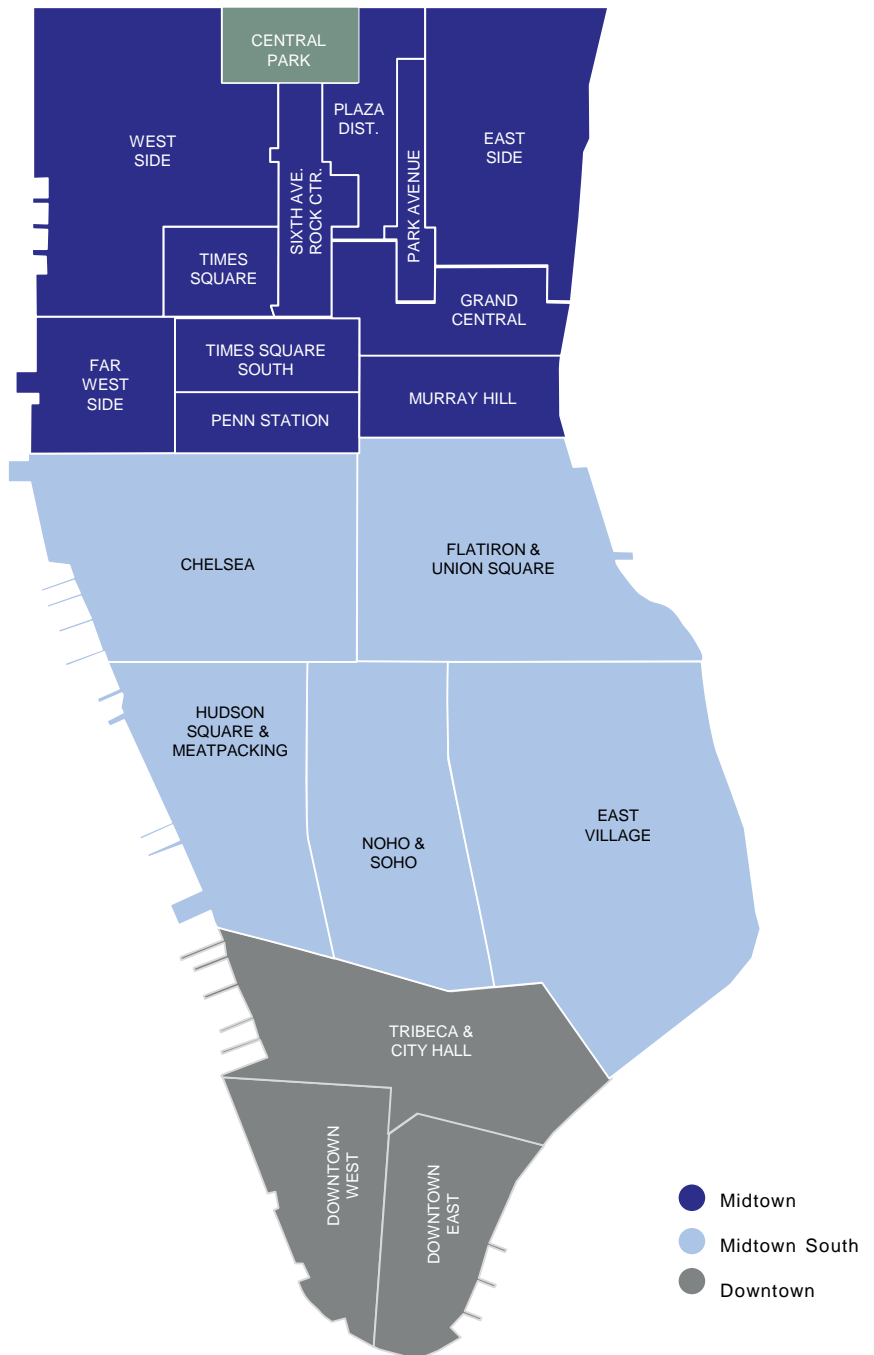
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