

Downtown Manhattan Office Market

Downtown Leasing Velocity Surges

Downtown leasing velocity increased substantially in the third quarter, closing at 1,405,993 square feet. It marked a jump of 86.9% quarter over quarter, and the second-highest leasing velocity in the market since the start of the pandemic. Since the first quarter of 2020, approximately 76.8% of all leases signed Downtown were in Class A properties.

The three largest deals of the quarter were signed in the Downtown West submarket. At 3 World Trade Center, Freshfields Bruckhaus Deringer LLP signed a four-floor deal for 179,724 square feet. At 250 Vesey Street, Jane Street Capital expanded by 155,762 square feet and the New York City District Attorney's Office signed a 112,526-square-foot extension. Government tenants signed three of the 10 largest deals this quarter. In addition to the transaction at 250 Vesey Street, the New York City Housing Development Corporation signed a 112,000-square-foot deal at 120 Broadway, and the Social Security Administration signed a 48,211-square-foot renewal at 123 William Street, both in Downtown East.

Other notable deals include Fiserv's expansion of 76,052 square feet at 1 Broadway, AXA Insurance's 56,043-square-foot deal at 225 Liberty Street and Alexander Wang's 46,000-square-foot lease at the recently repositioned 11 Fulton Street.

Availability Rate Continues to Tick Upward

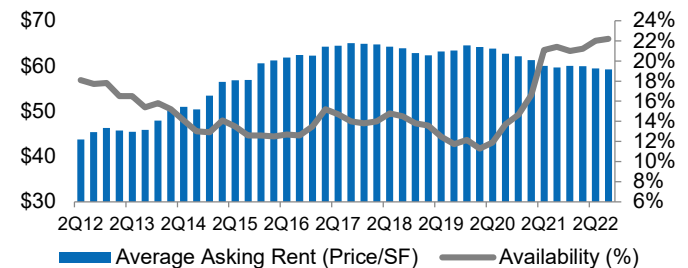
The availability rate closed the third quarter at 22.2%, a quarter-over-quarter increase of 18 basis points. Despite the rise, the rate of increase slowed substantially as compared to the past quarter, when availability increased by 77 basis points. Since the start of the pandemic, overall available space Downtown has increased by approximately 105.0%.

Current Conditions

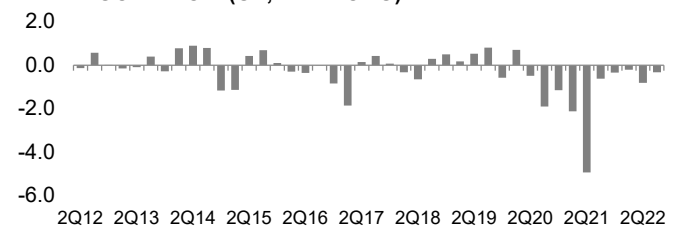
- Downtown leasing activity surged 86.9% quarter over quarter, closing at 1.4 million square feet.
- The availability rate increased by 18 basis points quarter over quarter to 22.2%, following multiple block additions.
- Asking rents were stable, dropping just \$0.27/SF, or 0.5%, to \$59.22/SF.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Market Summary

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	95.9 MSF	95.8 MSF	95.8 MSF	↑
Availability Rate	22.2%	22.0%	21.5%	↑
Quarterly Net Absorption	-322,848	-807,936	-621,115	↓
Avg. Ask Rent	\$59.22	\$59.49	\$59.65	↓
Under Const.	0 SF	0 SF	20,172 SF	↑
Deliveries	0 SF	0 SF	80,000 SF	↓

There were four space additions above 50,000 square feet this quarter. In addition to 154,441 square feet that was added at 32 Avenue of Americas following iHeartMedia’s departure for 125 W. 55th Street, three subleases were added: 137,274 square feet from Daily Pay at 55 Water Street; 65,589 square feet from Orchard Technologies at 195 Broadway; and 62,289 square feet from QBE at 55 Water Street.

Although the overall availability rate increased by just 18 basis points from the second quarter, the change varied vastly by submarket. In Downtown East and Tribeca/City Hall, the availability rate increased by 0.6% and 2.4%, respectively, while it declined by 0.9% in Downtown West. The Downtown East availability rate of 26.7% remains the highest of any Manhattan submarket.

Despite the significant improvement in leasing activity, new space additions continued to outpace velocity, as Downtown

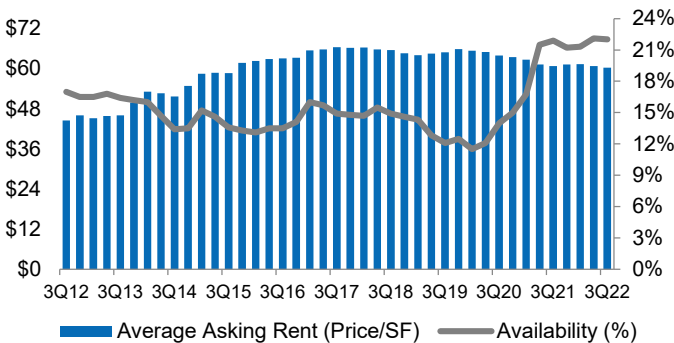
absorption posted at negative 322,848 square feet. This marks the tenth consecutive quarter of negative absorption.

Asking Rents Fluctuate by Submarket

Downtown asking rents declined \$0.27/SF, or 0.5%, to \$59.22/SF, with the largest decrease recorded in Downtown West. As with availability, submarket rental rates differed quite significantly. The Downtown East average asking rent increased by \$0.77/SF quarter over quarter to \$56.49/SF. Downtown West and Tribeca/City Hall posted decreases, however, dropping by \$2.53/SF and \$1.65/SF, to \$61.42/SF and \$76.58/SF, respectively. These changes were driven by 1,090,100 square feet of Class A space being leased in Downtown West and the addition at 32 Avenue of the Americas in Tribeca. Overall Downtown rental rates remained \$4.96/SF, or 7.7%, below pre-pandemic levels, driven by the absorption of high-quality space and some rent corrections.

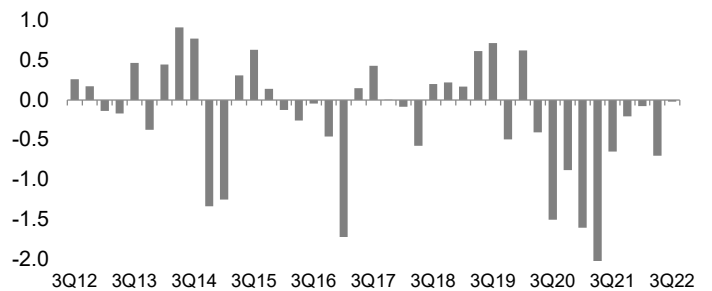
Class A

AVERAGE ASKING RENT (\$/SF) AND AVAILABILITY



Class A

NET ABSORPTION (SQUARE FEET, MILLIONS)



Downtown Lease Transactions

Tenant	Market	Building	Type	Square Feet
Freshfields Bruckhaus Deringer LLP	Downtown West	3 World Trade Center	Direct New	179,724
Jane Street Capital	Downtown West	250 Vesey Street	Direct Expansion	155,762
New York County District Attorney’s Office	Downtown West	250 Vesey Street	Direct Expansion	112,526
New York City Housing Development Corporation	Downtown East	120 Broadway	Direct New	112,000
FiServ	Downtown West	1 Broadway	Direct Expansion	76,052

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	7,046,658	17.3%	2,468,773	724,217	\$83.84	\$63.16	\$79.57
Eastside	24,819,196	0	21.5%	353,334	14,825	\$73.94	\$54.91	\$71.28
Far West Side	19,634,299	6,812,418	17.6%	1,387,849	590,455	\$149.07	\$105.71	\$134.27
Grand Central	48,897,768	0	17.8%	-134,689	-621,282	\$73.40	\$55.31	\$69.91
Murray Hill	7,930,696	0	21.9%	-80,558	-34,758	\$63.17	\$44.21	\$60.63
Park Avenue	25,983,580	234,240	12.0%	359,875	365,997	\$116.67	\$63.86	\$105.49
Penn District	22,418,031	0	21.4%	-137,933	-437,076	\$89.43	\$54.78	\$79.34
Plaza District	26,259,546	0	18.5%	-66,116	-401,613	\$96.98	\$90.51	\$96.26
Sixth Ave/Rock Center	45,329,301	0	11.8%	253,741	-121,375	\$84.02	\$60.34	\$78.89
Times Square	14,834,999	0	22.6%	285,195	741,409	\$82.13	\$70.24	\$80.92
Times Square South	35,906,746	0	15.5%	-71,495	146,772	\$53.84	\$44.02	\$51.80
Westside	26,181,040	0	19.8%	319,570	480,863	\$76.18	\$57.84	\$71.22
Midtown South	79,478,298	3,394,459	18.0%	391,887	-688,576	\$83.39	\$70.26	\$80.39
Chelsea	30,878,968	866,492	16.5%	186,661	68,353	\$72.23	\$67.35	\$70.99
East Village	1,712,321	65,764	18.6%	38,117	56,077	\$88.37	\$72.87	\$88.30
Flatiron/Union Square	24,193,279	807,949	21.3%	288,399	118,826	\$87.27	\$68.23	\$82.92
Hudson Sq./Meatpacking	11,986,799	1,654,254	18.7%	131,592	-580,719	\$99.67	\$75.45	\$93.68
NoHo/SoHo	10,706,931	0	14.1%	-252,882	-351,113	\$81.73	\$84.35	\$82.13
Downtown	95,903,759	0	22.2%	-322,848	-1,240,798	\$81.58	\$49.95	\$59.22
Downtown East	50,385,052	0	26.7%	-310,381	-769,025	\$60.43	\$43.86	\$56.49
Downtown West	36,808,681	0	17.8%	179,836	-198,205	\$66.90	\$52.98	\$61.42
Tribeca/City Hall	8,710,026	0	14.7%	-192,303	-273,568	\$81.58	\$49.95	\$76.58
Manhattan	473,577,259	10,441,117	18.4%	2,537,812	-1,205,157	\$79.09	\$59.71	\$74.66

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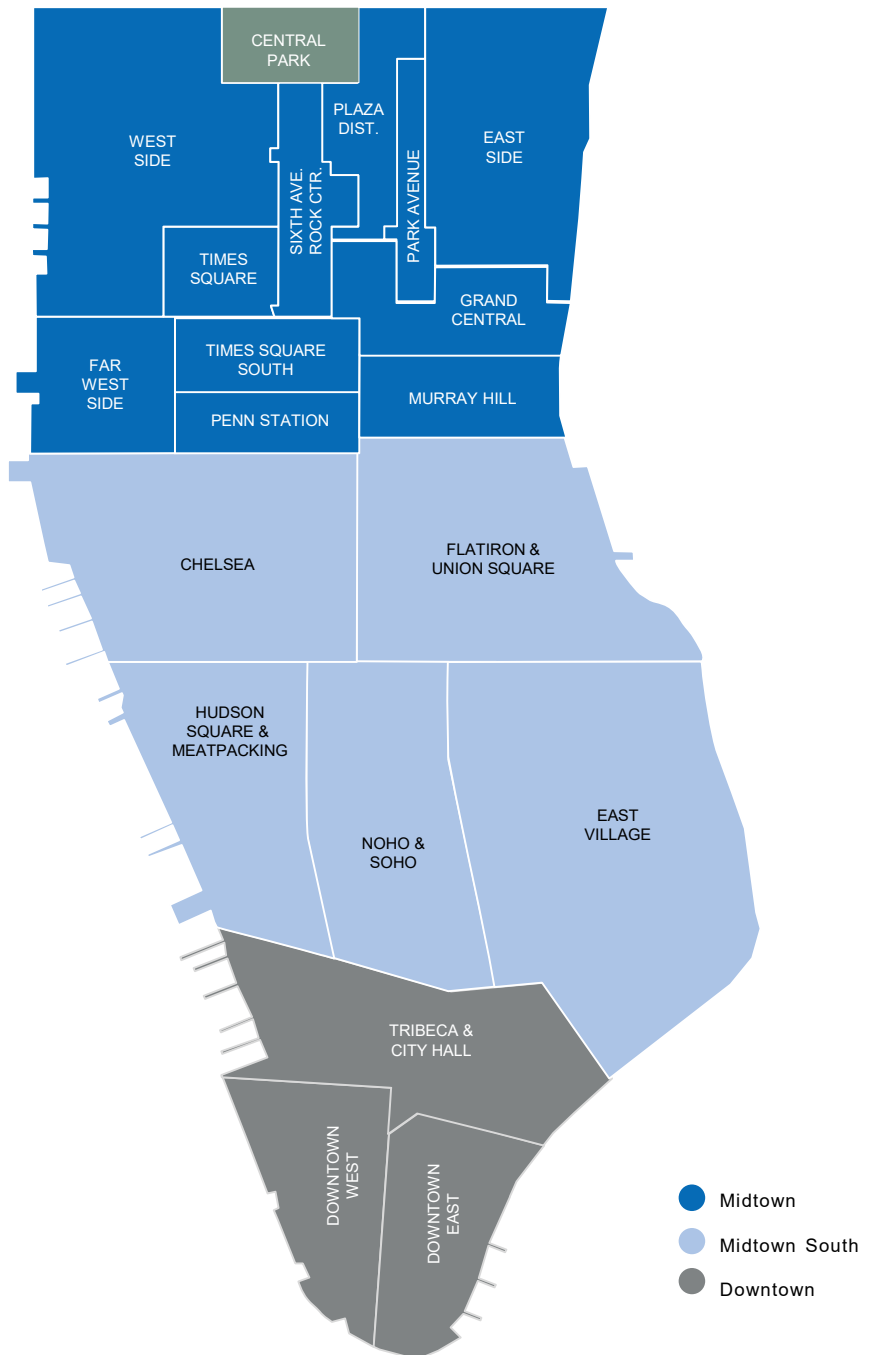
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