

# Downtown Manhattan Office Market

## Downtown Market Continues to Fluctuate

The Downtown availability rate decreased by 30 basis points quarter over quarter to 21.8%. This was driven by significant declines in Tribeca/City Hall and Downtown West, where availability rates fell by 200 and 50 basis points, respectively. Downtown East was stable, ticking up just 10 basis points to 26.8%, the highest across the three markets.

These improvements occurred despite several new sublease additions. Among the largest new listings were subleases at 28 Liberty Street for 139,009 square and at 250 Vesey St. for 113,713 square feet. Other additions included WONDER at 4 World Trade Center, Epic Insurance at 1 State Street Plaza, Business Insider at 1 Liberty Plaza, and Namely at 195 Broadway. The largest new direct space addition was at 120 Broadway, where 122,293 square feet came to market.

More than half a million square feet was taken off the market at 25 Water Street, formerly 4 New York Plaza, as the property is set to undergo an office-to-residential conversion. This space removal propelled absorption positive for the first time since the first quarter of 2020, posting at 319,202 square feet.

Leasing velocity closed the fourth quarter at 631,503 square feet. This marked a 55.8% decline from the third quarter's post-Covid high of 1.4 million square feet. Activity in 2022 totaled 3.7 million square feet, a 19.4% decline from 2021. Although activity was limited compared to Midtown and Midtown South, 68.6% of the space leased this quarter was in Class A product, a year-over-year increase of more than six percentage points.

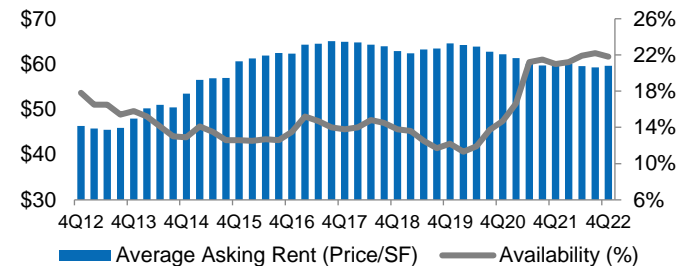
While financial services was the dominant driver of leasing this quarter, each of the top five transactions was signed by a tenant in a different industry, led by Lumen's 68,304-square-foot renewal at 32 Avenue of the Americas.

## Current Conditions

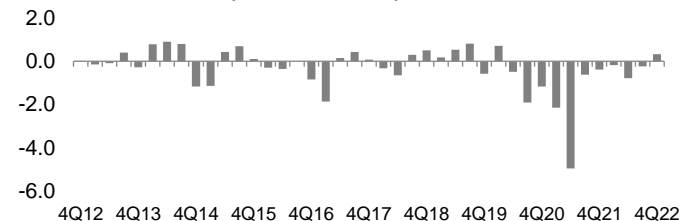
- The availability rate decreased by 30 basis points quarter over quarter to 21.8%, despite multiple new large blocks.
- Average asking rents increased by \$0.31/SF from the third quarter, to \$59.59/SF.
- Although activity was limited compared to Midtown and Midtown South, 68.6% of the space leased this quarter was in Class A product.

## Market Analysis

### ASKING RENT AND AVAILABILITY



### NET ABSORPTION (SF, MILLIONS)



## Market Summary

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	95.7 MSF	95.7 MSF	95.5 MSF	↑
Availability Rate	21.8%	22.2%	16.6%	↓
Quarterly Net Absorption	319,202	-322,848	-383,590	↑
Avg. Ask Rent	\$59.59	\$59.22	\$61.27	↓
Under Const.	1.0 MSF	1.0 MSF	1.0 MSF	↑
Deliveries	0 SF	0 SF	0 SF	↓

### Downtown Asking Rents Modestly Increase

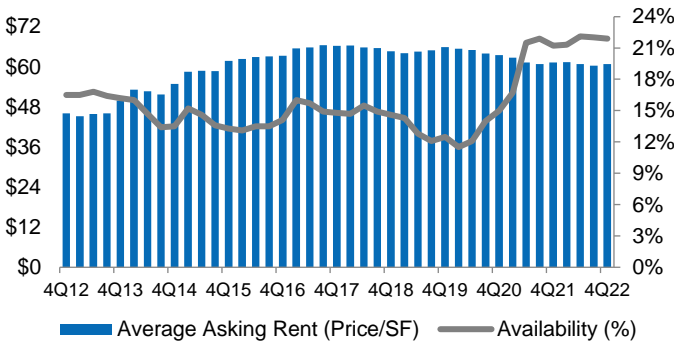
Average asking rents increased by \$0.31/SF from the third quarter, to \$59.59/SF. Each of the three Downtown markets recorded limited rent increases. The Downtown East average asking rent increased by \$0.59/SF quarter over quarter to \$57.17/SF. The rise in asking rents was largely a result of space at the aforementioned 25 Water having been removed as the building will be converted to residential use. Downtown West was the most stable of the three submarkets, inching up by \$0.20/SF from the third quarter, closing the year at \$61.62/SF. Tribeca/City Hall posted a quarter-over-quarter increase of \$0.76/SF, to \$77.34/SF. Overall Downtown rental rates remained \$4.59/SF, or 7.7%, below pre-pandemic levels.

### New Construction Updates

111 Wall Street, formerly occupied by Citi, was sold just at the start of the pandemic, and is now undergoing a full renovation. Upon its expected completion in 2023, more than one million square feet of new Class A product will be delivered in Downtown East. This would mark the first redevelopment completion in the submarket since 100 Pearl Street's improvements in 2021.

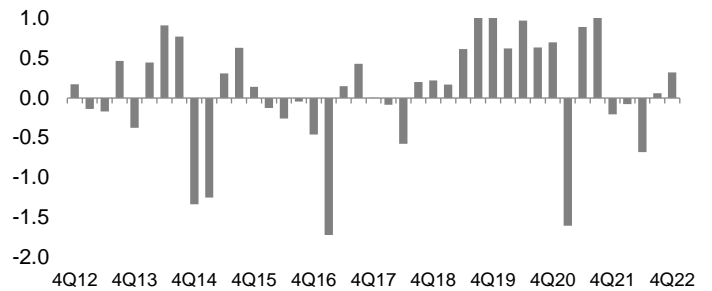
#### Class A

AVERAGE ASKING RENT (\$/SF) AND AVAILABILITY



#### Class A

NET ABSORPTION (SQUARE FEET, MILLIONS)



### Downtown Lease Transactions

Tenant	Market	Building	Type	Square Feet
Lumen	Tribeca/City Hall	32 Avenue of the Americas	Direct Renewal	68,304
Vibrant Emotional Health	Downtown East	80 Pine Street	Direct New	59,550
Scale Facilitation	Downtown West	1 World Trade Center	Sublease New	36,099
US Census Bureau	Downtown West	25 Broadway	Direct New	21,977
CLO Virtual Fashion	Downtown West	1 World Trade Center	Sublease New	17,238

## 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)
<b>Midtown</b>	<b>298,195,202</b>	<b>8,574,658</b>	<b>17.7%</b>	<b>-1,026,865</b>	<b>-233,500</b>	<b>\$82.69</b>	<b>\$64.13</b>	<b>\$78.61</b>
Eastside	24,819,196	0	20.8%	203,686	218,511	\$73.54	\$54.31	\$71.09
Far West Side	19,634,299	6,812,418	19.6%	-394,400	61,257	\$148.48	\$106.45	\$130.61
Grand Central	48,897,768	0	18.8%	-471,924	-1,093,206	\$72.59	\$53.19	\$68.09
Murray Hill	7,930,696	0	22.5%	-51,977	-86,935	\$62.77	\$43.81	\$60.16
Park Avenue	25,983,580	234,240	11.2%	129,789	495,786	\$112.60	\$64.33	\$100.16
Penn District	22,418,031	0	22.0%	-252,140	-567,333	\$90.13	\$54.43	\$79.82
Plaza District	26,259,546	1,528,000	18.0%	-104,723	-296,890	\$97.06	\$85.03	\$95.83
Sixth Ave/Rock Center	45,329,301	0	12.0%	-39,122	29,361	\$83.81	\$56.02	\$78.56
Times Square	14,834,999	0	24.7%	-86,143	425,481	\$79.63	\$76.66	\$79.26
Times Square South	35,906,746	0	16.3%	-37,307	109,465	\$53.66	\$46.25	\$52.00
Westside	26,181,040	0	19.9%	-132,050	471,003	\$75.70	\$58.97	\$70.83
<b>Midtown South</b>	<b>80,379,292</b>	<b>4,047,984</b>	<b>18.9%</b>	<b>361,316</b>	<b>-531,130</b>	<b>\$83.51</b>	<b>\$68.14</b>	<b>\$79.79</b>
Chelsea	31,234,320	866,492	17.8%	-65,403	-94,528	\$73.28	\$67.10	\$71.61
East Village	1,712,321	65,764	18.9%	-4,194	51,883	\$87.07	\$72.87	\$87.01
Flatiron/Union Square	24,578,340	1,461,474	20.5%	490,643	609,469	\$87.49	\$64.51	\$82.31
Hudson Sq./Meatpacking	11,986,799	1,654,254	20.4%	48,682	-532,037	\$98.66	\$70.81	\$90.22
NoHo/SoHo	10,867,512	0	16.9%	-108,412	-565,917	\$82.52	\$81.14	\$82.30
<b>Downtown</b>	<b>95,666,759</b>	<b>1,036,154</b>	<b>21.8%</b>	<b>319,202</b>	<b>-873,718</b>	<b>\$63.48</b>	<b>\$49.57</b>	<b>\$59.59</b>
Downtown East	50,148,052	1,036,154	26.8%	-43,597	-774,592	\$60.51	\$45.97	\$57.17
Downtown West	36,808,681	0	17.2%	179,820	-8,537	\$66.89	\$53.97	\$61.62
Tribeca/City Hall	8,710,026	0	12.7%	182,979	-90,589	\$83.00	\$48.08	\$77.34
<b>Manhattan</b>	<b>474,241,253</b>	<b>13,658,796</b>	<b>18.7%</b>	<b>-346,347</b>	<b>-1,638,348</b>	<b>\$78.52</b>	<b>\$60.74</b>	<b>\$74.29</b>

For more information:

**New York Headquarters**

125 Park Ave.  
New York, NY 10017  
t 212-372-2000

**Jonathan Mazur**

Executive Managing Director  
212-372-2154  
Jonathan.Mazur@nrmk.com

**Michael Miceli**

Director, Research

**Carly Barwick**

Associate Director, Research

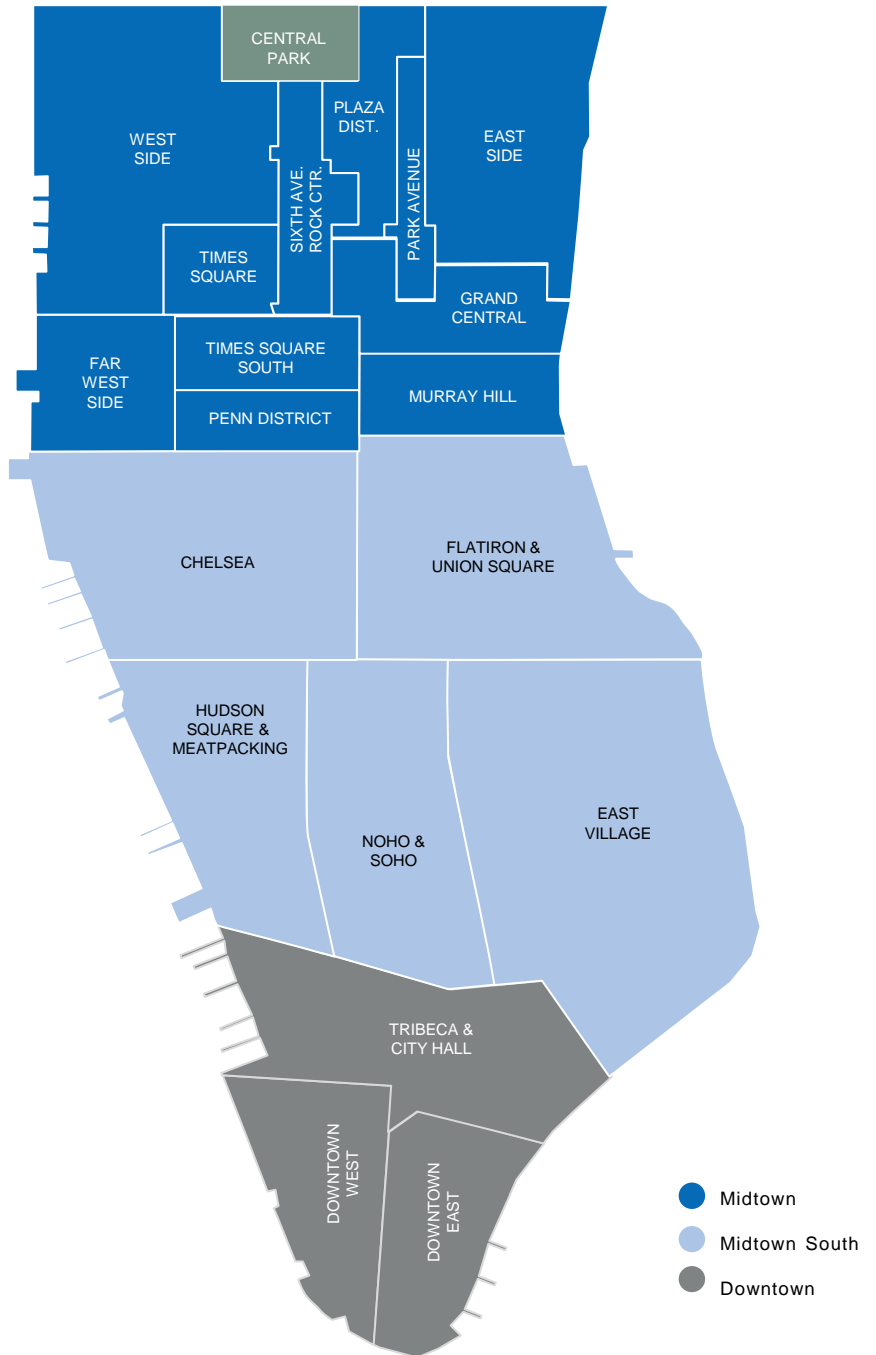
**John O'Connor**

Senior Analyst

**Ronnie Wagner**

Director, Research

[nrmk.com](http://nrmk.com)



Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at [nrmk.com/research](http://nrmk.com/research).

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.