

Manhattan Monthly Snapshot

Asking Rents and Availability Rates Both Decrease Following Class A Leasing

The Manhattan availability rate fell to 18.7%, a month-over-month decrease of 10 basis points, despite two large-block additions in Midtown and Midtown South. Velocity outpaced those additions, however, closing at more than 3.4 million square feet, 70.5% of which was in Class A properties. The construction pipeline remains robust, with 11.7 million square feet under construction, including a recent delivery at 145 Delancey Street.

Midtown

Asking rents in Midtown fell by \$1.63/SF, or 2.0%, month over month to \$79.60/SF. The decrease was a result of a \$16.30/SF drop in the Far West Side submarket, where KPMG leased 456,000 square feet at 2 Manhattan West. The accounting firm is expected to move into the new development by 2025 as it consolidates space from multiple offices. Midtown activity totaled 1.9 million square feet, bolstered by KPMG's deal, as well as deals by financial services firms such as Cohen & Steers and Brevan Howard Credit along Sixth Avenue. Leasing outpaced new additions, with the availability rate falling 10 basis points from July to 17.8%. A significant large-block addition was in the Westside, as Nityo listed 122,190 square feet for sublease at 1675 Broadway, after leasing more than 500,000 square feet at the property last month.

Midtown South

The Midtown South availability rate declined by 40 basis points from last month to 18.0%, despite a large-block addition at 770 Broadway from Verizon totaling 156,341 square feet. Capital One topped the market's largest deals in August with a 116,926-square-foot renewal and expansion. Other notable deals absorbed sublease space, including Monday.com, which signed 109,507 square feet at 225 Park Avenue South; and Doordash, which subleased 57,691 square feet at 200 Fifth Avenue. Midtown South asking rents were stable at \$80.36/SF, down just \$0.08/SF, or 0.1% from July, with the largest drop recorded in Chelsea at \$1.31/SF.

Downtown

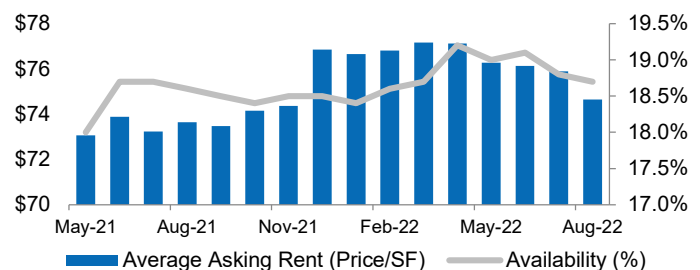
The Downtown availability rate increased by 20 basis points from July to 22.1%. Although the Downtown East submarket saw an increase of 30 basis points from last month, Downtown West posted a decline of the same amount, driven heavily by the largest Downtown relocation, a 179,724-square-foot lease at 3 World Trade Center by Freshfields Bruckhaus Deringer. Overall Downtown activity totaled 547,946 square feet, which was also driven by government tenants at 120 Broadway and 123 William Street. Asking rents were down \$0.77/SF, or 1.3% from last month, closing at \$58.74/SF.

Current Conditions

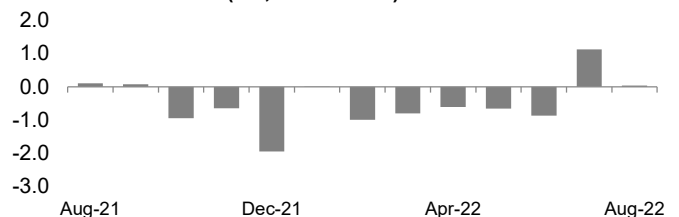
- The Manhattan availability rate decreased by 10 basis points from July to 18.7%, with leasing outpacing two large-block additions.
- Leasing activity closed at 3.4 million square feet, down 15.9% month over month but up 46.9% from the monthly average from the start of the pandemic.
- Asking rents declined by \$1.24/SF month over month to \$74.65/SF driven by the absorption of high-quality space.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Market Summary

	Current Month	Prior Month	Prior Year	12-Month Forecast
Total Inventory	473.6 MSF	473.6 MSF	468.1 MSF	↑
Availability Rate	18.7%	18.8%	18.6%	↓
Monthly Net Absorption	44,448	1,132,178	104,932	↑
Average Asking Rent	\$74.65	\$75.89	\$73.64	↑
Under Construction	11.7 MSF	11.7 MSF	13.9 MSF	↑
Deliveries	174,623 SF	0 MSF	0.1 MSF	↑

Significant Lease Transactions				
Tenant	Address	Market/Submarket	Type	Square Feet
KPMG	2 Manhattan West	Far West Side	Direct New	456,000
KPMG signed a 456,000-square-foot lease at 2 Manhattan West, where it will consolidate multiple offices across Manhattan in the coming years.				
Freshfields Bruckhaus Deringer LLP	3 World Trade Center	Downtown West	Direct New	179,724
The law firm Freshfields Bruckhaus Deringer finalized a 179,724-square-foot lease at 3 World Trade Center across four tower floors.				
Edelman	250 Hudson Street	Hudson Square/Meatpacking	Direct Renewal	173,618
Edelman renewed its 173,618-square-foot space at 250 Hudson Street, a sign of commitment to the Midtown South market.				
Cohen & Steers	1166 Avenue of the Americas	Sixth Avenue/Rockefeller Center	Direct New	160,000
Financial firm Cohen & Steers executed a 160,000-square-foot relocation from 280 Park Avenue to 1166 Avenue of the Americas across four floors.				
Owl Rock Capital Partners	375 Park Avenue	Park Avenue	Direct Expansion	135,803
Financial lender Owl Rock Capital expanded 135,803-square-feet at 375 Park Avenue, taking multiple floors at the base of the building.				

Submarket Statistics									
	Total Inventory (SF)	Monthly Net Absorption (SF)	YTD Net Absorption (SF)	Aug-22 Total Availability Rate	July-22 Total Availability Rate	Aug-21 Total Availability Rate	Aug-22 Avg. Asking Rent (Price/SF)	July-22 Avg. Asking Rent (Price/SF)	Aug-21 Avg. Asking Rent (Price/SF)
Midtown – A	237,536,086	146,210	-823,301	18.2%	18.4%	17.6%	\$85.73	\$87.61	\$84.50
Overall	298,195,202	-54,847	-826,589	17.8%	17.9%	17.8%	\$79.60	\$81.23	\$78.22
Midtown South - A	20,368,782	258,310	27,167	18.0%	19.3%	18.9%	\$94.73	\$94.58	\$96.43
Overall	79,478,298	333,411	-711,316	18.0%	18.4%	18.2%	\$80.36	\$80.44	\$77.16
Downtown - A	75,377,027	-7,251	-474,946	21.6%	21.8%	21.8%	\$59.87	\$60.83	\$60.87
Overall	95,901,191	-234,116	-119,614	22.1%	21.9%	21.3%	\$58.75	\$59.51	\$59.60
Manhattan - A	333,281,895	397,269	-1,271,080	19.0%	19.2%	18.7%	\$79.45	\$81.03	\$78.83
Overall	473,574,691	44,448	-2,677,519	18.7%	18.8%	18.6%	\$74.65	\$75.89	\$73.64

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