

Manhattan Monthly Snapshot

Availability Rate Eclipses 16%, A New Record High

The Manhattan availability rate continued to increase, surging to 16.4%, a 60-basis-point increase from last month. The new record was primarily a result of several large direct space additions across nine of Midtown's eleven submarkets and increased sublease space, which jumped by 788,000 square feet month-over-month. These space additions, coupled with limited leasing activity, resulted in negative 3.3 million square feet of absorption this month. Of the ten largest deals signed in February, none were direct relocations. Manhattan average asking rents declined for the tenth consecutive month, closing at \$75.00/SF, down 8.2% since the pandemic began last March.

Midtown

Four of the five largest deals this month were signed in Midtown. Seyfarth Shaw signed an eight-year extension across four floors at 620 Eighth Avenue, where it will occupy more than 130,000 square feet through 2032. G/O Media completed the largest relocation, 52,258 square feet, in its move to 1290 Avenue of the Americas from 1540 Broadway. LIM College also signed two renewals at 216 East 45th Street and 545 Fifth Avenue, totaling 90,000 square feet. The availability rate increased by 70 basis points from January to 16.6%, the greatest increase in the three Manhattan markets. This increase was driven by two large block additions at 423 West 55th Street and 1251 Avenue of the Americas from Related and Mizuho Securities, respectively. Asking rents were recorded at \$79.12/SF, with increases in Penn District and Park Avenue.

Midtown South

February's largest deal was a 21,716-square-foot renewal at Starrett-Lehigh by architectural firm Diller Scofidio + Renfro. The Midtown South availability rate increased by 50 basis points from last month to 16.2%, a 6.6-percentage-point jump year over year and the highest rate on record. Asking rents fell by \$1.49/SF to \$75.73/SF, with Hudson Square/Meatpacking posting a month-over-month decline of \$4.07/SF.

Downtown

Downtown posted the smallest month-over-month rise in the availability rate, up 40 basis points to 16.0%. Leasing activity was again stagnant, closing February at 143,598 square feet. The largest deal was a 26,598-square-foot renewal at 40 Worth Street by Public Health Solutions. Downtown asking rents were stable at \$63.01/SF, despite the \$4.01/SF drop in Tribeca/City Hall rents, where large spaces came to market at 32 Avenue of the Americas and 40 Worth Street. A public-private partnership including Brookfield Properties and Silverstein Properties announced plans for a mixed use development at 5 World Trade Center, including 190,000 square feet of office space.

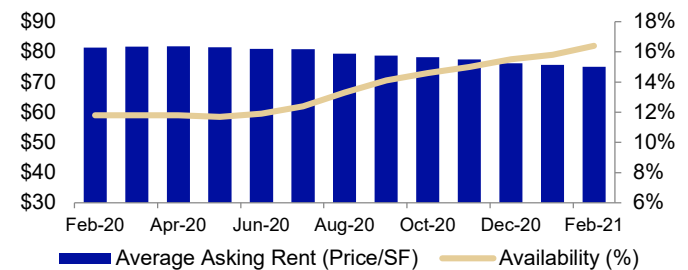
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Current Conditions

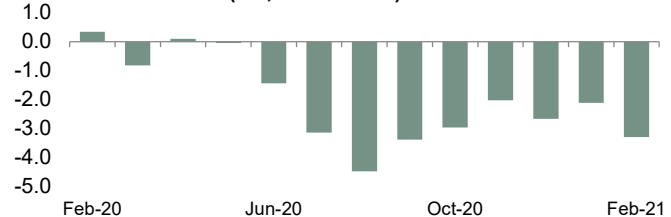
- Manhattan set a new availability record for the second straight month, as the overall rate increased by 60 basis points from last month to 16.4%.
- February leasing activity topped just one million square feet, as only one 100,000-square-foot lease was signed this month.
- Asking rents were recorded at \$75.00/SF, an 8.2% decline since the beginning of Covid-19 last March.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Market Summary

	Current Month	Prior Month	Prior Year	12-Month Forecast
Total Inventory	461.8 MSF	461.7 MSF	460.3 MSF	↑
Availability Rate	16.4%	15.8%	11.8%	↓
Monthly Net Absorption	-3,303,751	-2,116,341	342,634	↑
Average Asking Rent	\$75.00	\$75.71	\$81.42	↓
Under Construction	14.0 MSF	14.0 MSF	16.2 MSF	↑
Deliveries	0 MSF	0.7 MSF	0.5 MSF	↑

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Significant Lease Transactions				
Tenant	Address	Market/Submarket	Type	Square Feet
Seyfarth Shaw	620 Eighth Avenue	Times Square South	Direct Extension	132,094
Seyfarth Shaw signed an eight-year extension across four floors at 620 Eighth Avenue through 2032.				
LIM College	216 East 45th Street	Grand Central	Direct Renewal	60,000
In the larger of its two deal signed this month, LIM College renewed its 60,000-square-foot space at 216 East 45th Street.				
G/O Media	1290 Avenue of the Americas	Sixth Ave/Rock Center	Sublease New	52,258
G/O Media finalized a sublease at 1290 Avenue of the Americas from State Street Bank.				
LIM College	545 Fifth Avenue	Grand Central	Direct Renewal	30,000
LIM College also signed a 30,000-square-foot renewal at 545 Fifth Avenue in Grand Central.				
Public Health Solutions	40 Worth Street	Tribeca/City Hall	Direct Renewal	26,598
Public Health Solutions completed a 26,598-square-foot renewal on the fifth floor at 40 Worth Street.				

Submarket Statistics									
	Total Inventory (SF)	Monthly Net Absorption (SF)	YTD Net Absorption (SF)	Feb-21 Total Availability Rate	Jan-21 Total Availability Rate	Feb-20 Total Availability Rate	Feb-21 Avg. Asking Rent (Price/SF)	Jan-21 Avg. Asking Rent (Price/SF)	Feb-20 Avg. Asking Rent (Price/SF)
Midtown – A	229,431,810	-1,831,046	-2,350,967	16.1%	15.5%	13.0%	\$86.06	\$87.14	\$91.73
Overall	289,611,286	-2,333,573	-3,144,625	16.6%	15.9%	12.4%	\$79.12	\$79.98	\$86.39
Midtown South - A	18,358,519	-120,844	16,985	16.6%	16.2%	11.2%	\$99.22	\$99.65	\$108.90
Overall	76,729,373	-517,087	-715,227	16.2%	15.7%	9.6%	\$75.73	\$77.22	\$84.42
Downtown - A	75,150,588	-120,323	-1,118,885	16.1%	16.0%	11.8%	\$63.01	\$63.07	\$65.23
Overall	95,425,530	-453,091	-1,560,240	16.0%	15.6%	11.5%	\$61.65	\$61.71	\$64.12
Manhattan - A	322,940,917	-2,072,213	-3,452,867	16.2%	15.6%	12.6%	\$81.44	\$82.01	\$86.65
Overall	461,766,189	-3,303,751	-5,420,092	16.4%	15.8%	11.8%	\$75.00	\$75.71	\$81.42

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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 ngkf.com/research.

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