TRANSWESTERN

MIDTOWN MANHATTAN

OFFICE MARKET | Q1 2025

283.2M
Inventory

1.6M
Net Absorption SF

11.2%
Direct Available Rate

14.3%
Total Availability

471,589
Under Construction SF

$77.72
Asking Rent PSF

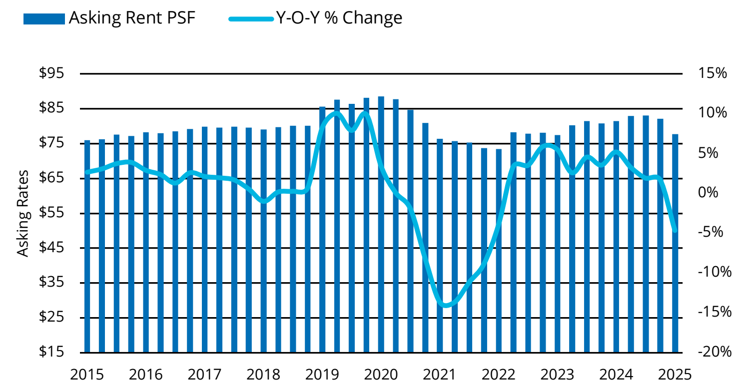
Midtown Starts 2025 with Strong Fundamentals

Market Observations

- Midtown leasing approached 6.3 MSF in Q1 2025, the best first-quarter result since 2014 and well above the five-year average of 5.0 MSF. Almost a dozen deals exceeding 100,000 SF were signed, spanning all of six of Midtown's submarkets and kicking off 2025 with a solid start.
- Overall availability decreased to 14.3%, its lowest level since 2020, as both sublet and direct availability tightened. The current level is 2.2 percentage points below the year-ago rate and down 0.5 pp from last quarter.
- Net absorption was a healthy 1.6 MSF in Q1 2025, marking a third consecutive positive quarter. Absorption was down from the Q4 2024 level of 2.5 MSF but well above the negative 775,900 SF generated in Q1 2024.
- Rents decreased to $77.72 as high-priced spaces were scooped up, leaving lower-priced space on the market. Prices decreased 5.5% from last quarter and 4.7% year-over-year.
- The construction pipeline is severely constrained at 471,600 SF, largely unchanged from last quarter and a year ago.

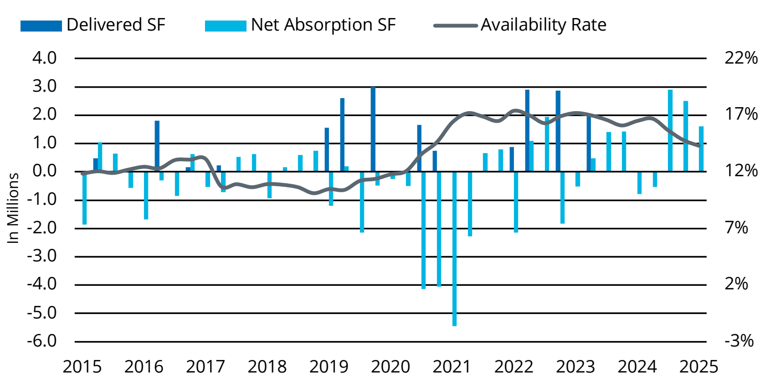
- **Availability** among Midtown submarkets ranges from 11.3% in the Plaza District, where trophy buildings have seen a flurry of leasing activity in recent quarters, to 19.8% in the less prominent East Side submarket, dominated by older, unrenovated stock.
- **Net absorption** was strongest in the Penn Plaza submarket at nearly 1.4 MSF, driven by a 333,500 SF direct lease from Universal Music Group at Penn 2 and a 112,000 SF sublease from Amazon at Five Manhattan West..
- **Asking rents** are highest in the Plaza District; the average is $95.09 PSF, but trophy properties like 550 Madison Avenue, 9 West 57th Street, 425 Park Avenue, and Lever House (390 Park Avenue) are asking upwards of $200 PSF.
- **Active new construction** in Midtown, outside of owner-occupied assets, comprises just two properties: 520 Fifth Avenue, in the Times Square submarket, and 125 West 57th Street, in Columbus Circle. Both are expected to deliver this year, and another 9 MSF is proposed, but has yet to break ground.

ASKING RENT



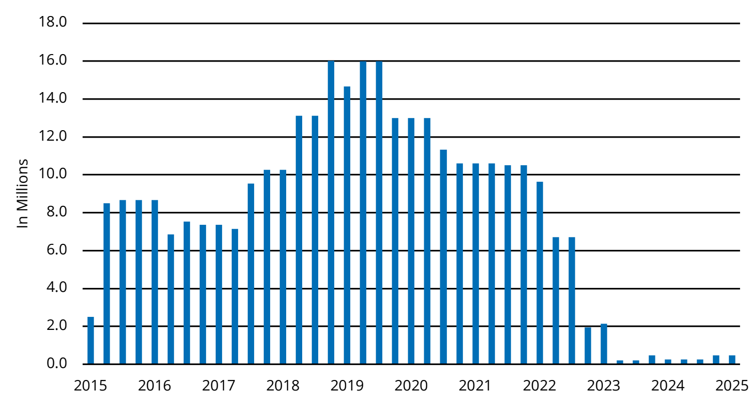
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

MARKET INDICATORS
All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	OVERALL AVAILABILITY RATE	OVERALL VACANCY RATE	CLASS A AVERAGE RENT PSF	CLASS B AVERAGE RENT PSF	OVERALL AVERAGE RENT PSF
COLUMBUS CIRCLE	29,595,255	145,558	145,558	16.7%	16.5%	$67.92	$58.74	$65.82
EAST SIDE	14,775,485	18,238	18,238	19.8%	18.7%	$72.72	$61.79	$71.82
GRAND CENTRAL	55,392,325	685,838	685,838	14.2%	16.1%	$70.02	$62.56	$68.53
PENN PLAZA	70,003,257	1,356,978	1,356,978	13.0%	15.0%	$101.75	$54.77	$84.33
PLAZA DISTRICT	69,048,621	-410,810	-410,810	11.3%	12.0%	$95.32	$90.85	$95.09
TIMES SQUARE	44,410,272	-190,531	-190,531	17.5%	15.9%	$74.12	$58.16	$71.67
MIDTOWN TOTAL	**283,225,215**	**1,605,271**	**1,605,271**	**14.3%**	**15.0%**	**$82.28**	**$59.32**	**$77.72**

Source: CoStar, Transwestern

Research Methodology

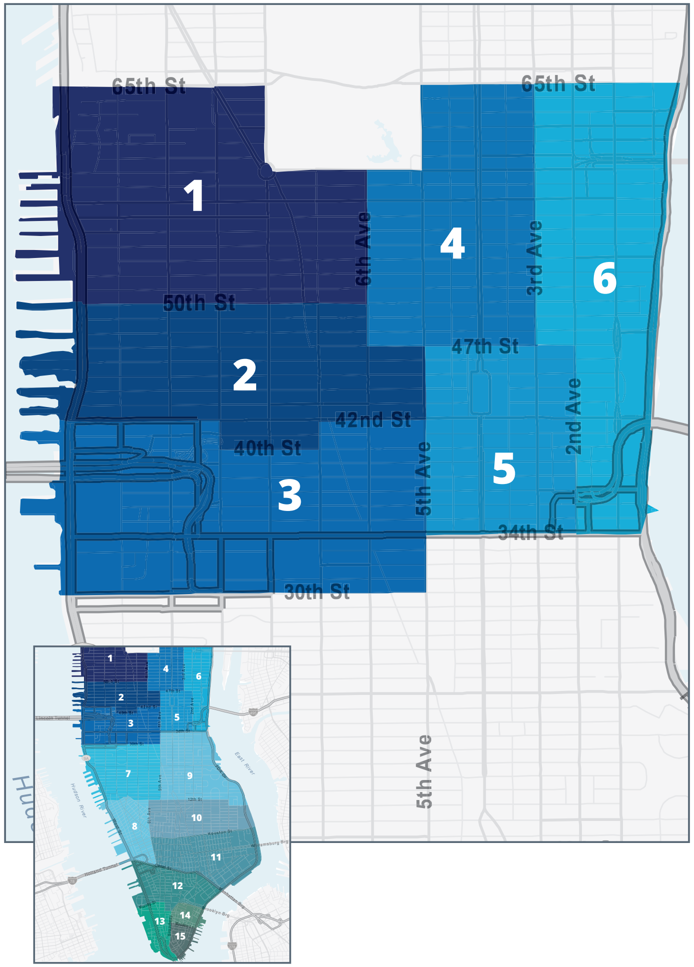
The information in this report is the result of a compilation of information on office properties located in Manhattan. This report includes single-tenant and multi-tenant Class A and B office properties with at least 100,000 SF in Midtown, 50,000 SF in Midtown South, and 75,000 SF Downtown.

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and @Transwestern.

For more information

Corrie Slewett
Research Manager – New York
National Tenant Advisory Research Leader
Corrie.Slewett@transwestern.com
212.537.7690



NEW YORK OFFICE SUBMARKETS

Midtown
1 Columbus Circle
2 Times Square
3 Penn Plaza
4 Plaza District
5 Grand Central
6 East Side

Midtown South
7 Chelsea/Flatiron
8 Hudson Square
9 Gramercy Park
10 Greenwich Village
11 SoHo

Downtown
12 City Hall/Tribeca
13 World Trade Center
14 Insurance District
15 Financial District