

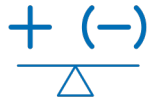
# DOWNTOWN MANHATTAN

## OFFICE MARKET | Q1 2025



**91.1M**

Inventory



**1.2M**

Net Absorption SF



**14.7%**

Direct Available Rate



**19.7%**

Total Availability



**0.2M**

Under Construction SF



**\$54.47**

Asking Rent PSF

## Absorption Improves Amid Active Leasing Quarter

### Market Observations

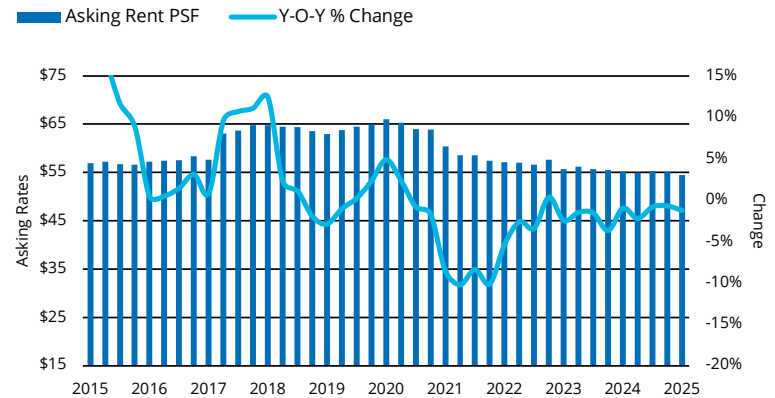
- Downtown leasing topped 1.9 MSF in Q1 2025, the best result since late 2023, led by a massive 983,800 SF renewal and expansion from Jane Street at 250 Vesey Street in the World Trade Center submarket.
- Overall availability decreased to 19.7%, led by a drop in sublet availability. The current level is 2.8 percentage points below the year-ago rate and down 1.2 pp from last quarter.
- Net absorption was a healthy 1.2 MSF in Q1 2025, one of the highest totals of the last decade and a major improvement on the negative 351,400 SF logged in Q4 2024 and the negative 396,100 SF seen a year ago.
- Rents decreased to \$54.47 PSF, as Downtown's excess sublet space and a shortage of upgraded inventory weighed on asking prices. Rates decreased 1.1% from last quarter and 1.3% year-over-year.
- Active construction among core office assets remains near historic lows with just one 230,000 SF property underway, unchanged from last quarter and a year ago.



# DOWNTOWN MANHATTAN OFFICE MARKET | Q1 2025

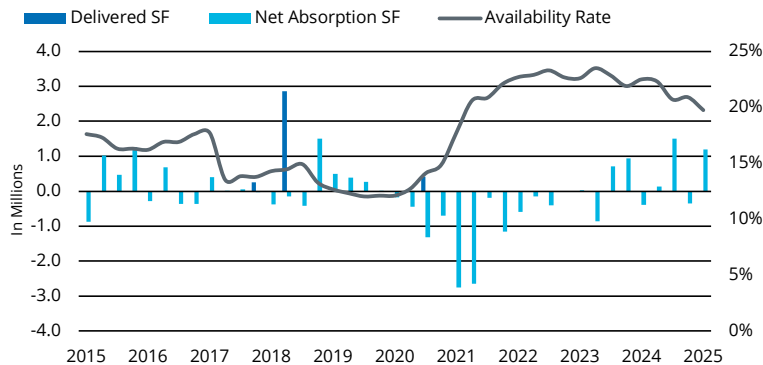
- **Sublet availability** continues to be a concern. The sublet availability rate of 5.0% represents more than a quarter of Downtown's total available space; in the World Trade Center submarket, this ratio rises to almost 35% of total availability.
- **Net absorption** was positive in Class A space, but negative in Class B space. Three of Downtown's four submarkets showed positive overall absorption, led by the World Trade Center submarket with 819,700 SF taken up.
- **Asking rents** have been decreasing steadily over the last five years and are 17.5% below their 2020 peak level. Rents decreased in nearly all Downtown submarkets, both from last quarter and year-over-year.
- **Downtown's construction pipeline** will be largely empty after the completion of 250 Water Street this year. About 3.8 MSF is proposed, dominated by a 2.8 MSF tower addressed at 2 World Trade Center.

## ASKING RENT



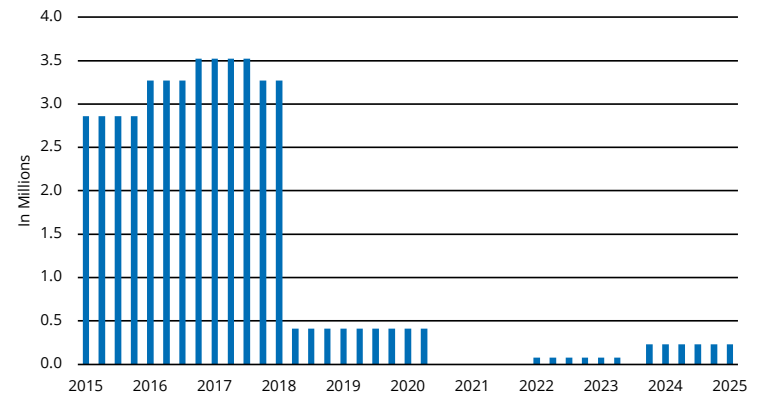
Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# DOWNTOWN MANHATTAN OFFICE MARKET | Q1 2025

## 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
CITY HALL/TRIBECA	10,059,710	86,171	86,171	21.3%	24.8%	\$61.46	\$51.13	\$59.36
FINANCIAL DISTRICT	38,209,846	596,758	596,758	22.2%	24.3%	\$54.57	\$48.82	\$54.28
INSURANCE DISTRICT	9,336,411	-313,439	-313,439	18.9%	21.0%	\$54.31	\$42.42	\$48.11
WORLD TRADE CENTER	33,466,937	819,704	819,704	16.8%	14.0%	\$56.42	\$43.07	\$54.85
<b>DOWNTOWN TOTAL</b>	<b>91,072,904</b>	<b>1,189,194</b>	<b>1,189,194</b>	<b>19.7%</b>	<b>20.2%</b>	<b>\$55.98</b>	<b>\$45.22</b>	<b>\$54.47</b>

Source: CoStar, Transwestern



# DOWNTOWN MANHATTAN OFFICE MARKET | Q1 2025

## 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.

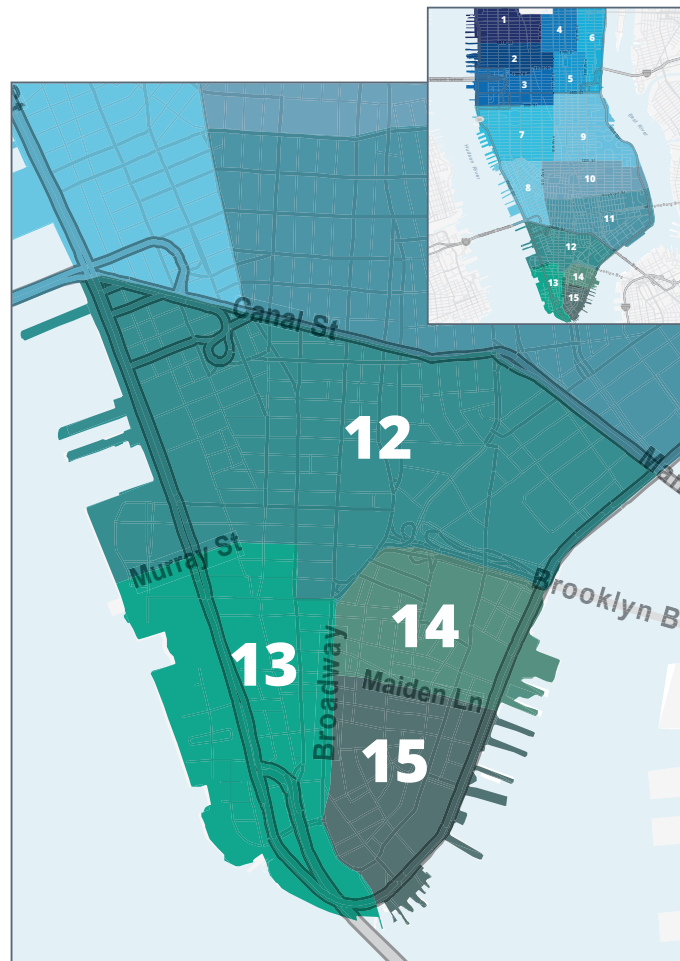
## About Transwestern

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](https://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern).

## For more information

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## 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

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