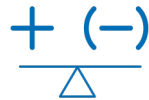


MIDTOWN SOUTH MANHATTAN

OFFICE MARKET | Q1 2025



82.3M
Inventory



1.1M
Net Absorption SF



16.8%
Direct Available Rate



19.5%
Total Availability



1.5M
Under Construction SF



\$84.60
Asking Rent PSF

Large Leases and Strong Absorption Kick Off 2025

Market Observations

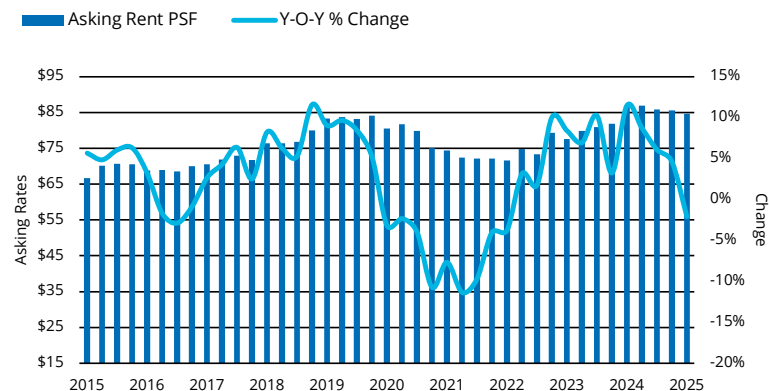
- Midtown South logged more than 1.9 MSF of leasing activity in Q1, the second highest quarterly total seen in the last two years. Leasing was dominated by media and tech-related companies.
- Overall availability decreased to 19.5%, down 1.6 percentage points from last quarter and 3.7 pp year-over-year. Sublet availability is now just 2.7%, on par with 2020 levels.
- Net absorption improved to 1.1 million SF, one of the strongest quarters in a decade. Absorption was a sharp improvement on the negative 1.5 MSF figure from Q1 2024, and more than double the Q4 2024 result of 485,600 SF.
- Rents decreased to \$84.60 as some high-priced spaces were scooped up, leaving lower-priced space on the market. Prices decreased 1.2% from last quarter and are 2.1% below the year-ago level.
- The construction pipeline of 1.5 MSF is likely to empty out over the course of the next year with several highly anticipated deliveries. Construction levels are unchanged from last quarter and down 7.0% from a year ago.



MIDTOWN SOUTH MANHATTAN OFFICE MARKET | Q1 2025

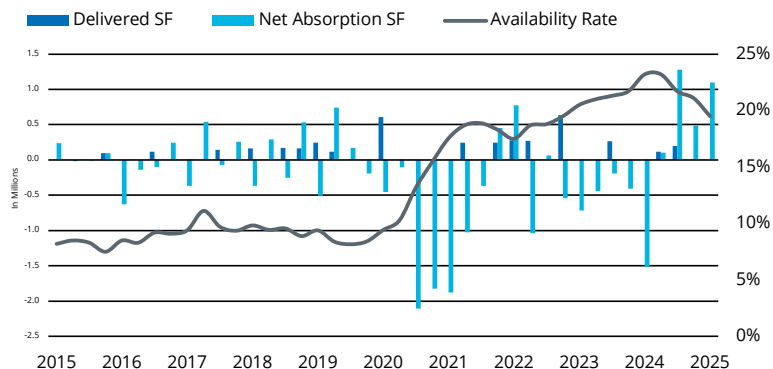
- **Availability** has decreased steadily from the year-ago peak. All of Midtown South's submarkets showed a decrease from their Q4 levels; Greenwich Village is the tightest at 13.5%.
- **Net absorption** was positive in both Class A and Class B space, a trend mirrored in most of Midtown South's submarkets. Gramercy Park had the highest total with 523,000 SF of take-up, boosted by the withdrawal of a 391,200 SF block at 2 Park Avenue and a 92,700 SF expansion from IBM at One Madison Avenue.
- **Asking rents** for Class A space are trending more than 50% higher than Class B rates. The weighted average for Class A includes over 1 million SF of brand-new trophy space at Terminal Warehouse in Chelsea/Flatiron, as yet unleased.
- **Construction continues** at 1 St. Marks Place in Greenwich Village and Terminal Warehouse, Le Gallerie, One High Line and the Hudson Arts Building, all in Chelsea/Flatiron. The entire slate is anticipated to be completed this year, with another 2.1 MSF proposed in Midtown South, most of it likewise in Chelsea/Flatiron.

ASKING RENT



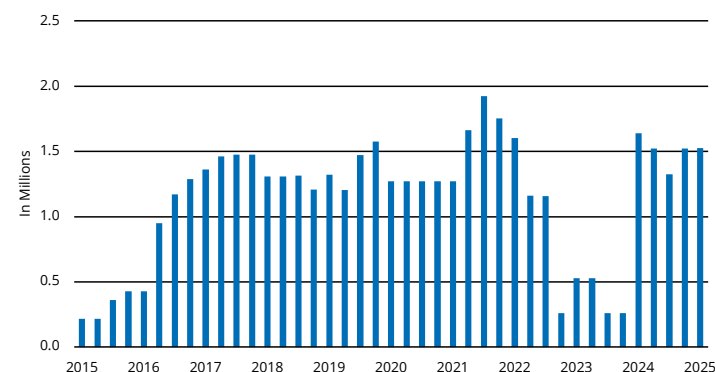
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



MIDTOWN SOUTH 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
CHELSEA/FLATIRON	28,885,620	167,597	167,597	20.3%	16.9%	\$121.68	\$58.77	\$88.93
GRAMERCY PARK	32,096,427	522,995	522,995	18.3%	19.1%	\$96.85	\$64.58	\$79.54
GREENWICH VILLAGE	5,642,464	814	814	13.5%	22.3%	\$85.29	\$112.75	\$104.06
HUDSON SQUARE	9,607,658	142,401	142,401	25.7%	25.2%	\$78.42	\$74.87	\$77.33
SOHO	6,081,779	262,308	262,308	17.7%	14.8%	\$85.74	\$77.16	\$80.64
MIDTOWN SOUTH TOTAL	82,313,948	1,096,115	1,096,115	19.5%	18.9%	\$103.13	\$67.57	\$84.60

Source: CoStar, Transwestern



MIDTOWN SOUTH 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.

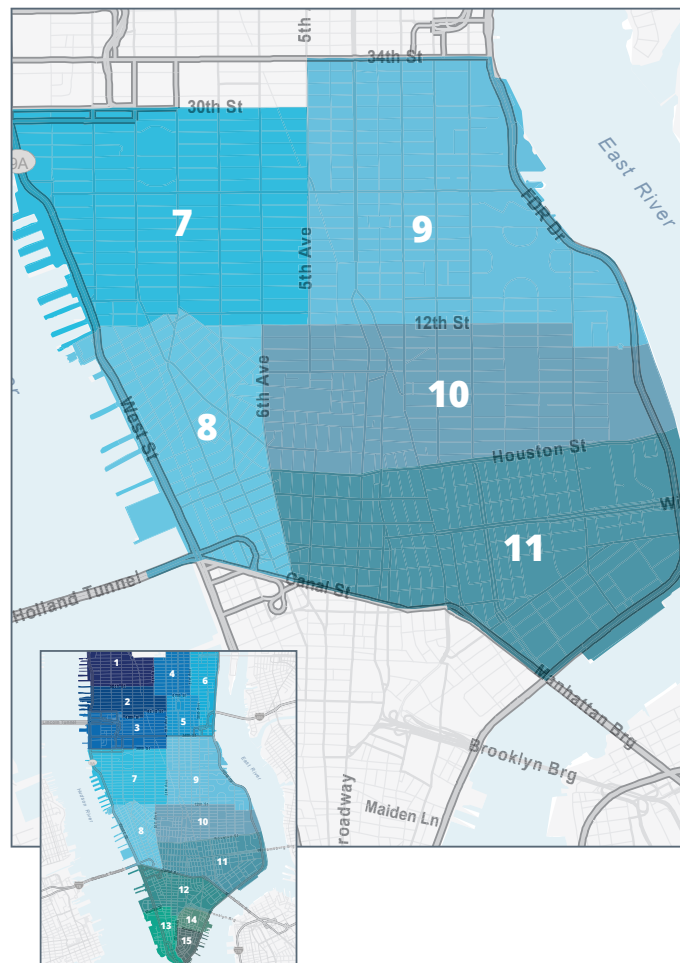
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For more information

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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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