TRANSWESTERN

MANHATTAN

OFFICE MARKET | Q2 2025

457.4M
Inventory

3.6M
Net Absorption SF

12.4%
Direct Available Rate

15.5%
Total Availability

2.9M
Under Construction SF

$72.98
Asking Rent PSF

Strong Q2 Drives a Robust First Half of 2025

Market Observations

- Manhattan leasing approached 9.1 MSF in the second quarter, including half a dozen deals exceeding 100,000 SF that spanned all of Manhattan's submarkets. Leasing for the first half of the year was 19.3 MSF, about 20% higher than the first half of 2024.
- Overall availability decreased to 15.5%, as both sublet and direct availability levels tightened. The current overall availability rate is a decrease of 0.8 percentage points from last quarter and 3.5 pp year-over-year.
- Net absorption was 3.6 MSF in Q2, some 8.2% below the Q1 2025 level, but still one of the highest totals of the last decade and significantly higher than the negative 292,100 SF recorded in Q2 2024.
- Rents decreased to $72.98 PSF as high-priced spaces were scooped up, leaving lower-priced space on the market. Prices decreased 0.1% from last quarter and 4.5% year-over-year.
- The construction pipeline remains near historic lows at just 4.0 MSF in Q2, though this represents an 81% increase from last quarter and is double the year-ago level. The latest buildings to get underway are a 712,600 SF tower at 570 Fifth Avenue and a 1.1 MSF tower at 70 Hudson Yards, both in Midtown.

MANHATTAN OFFICE MARKET | Q2 2025

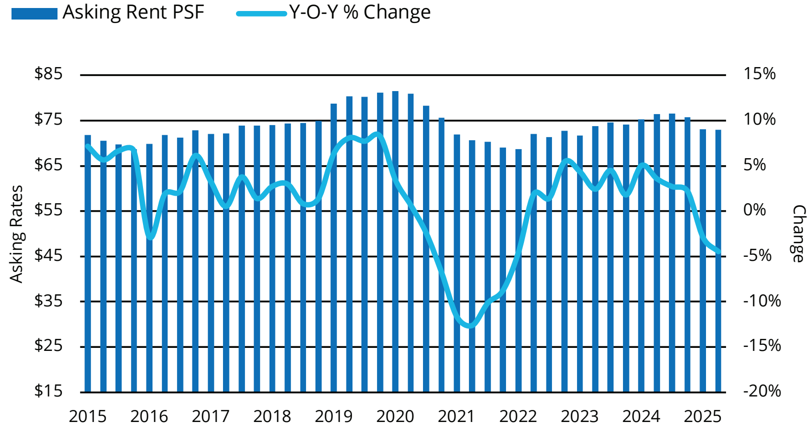
- **Availability** in both Class A and Class B space has decreased steadily over the past four quarters. Class A availability is 14.6%, its lowest since 2020, while Class B stands at 18.5% across Manhattan. While the decrease in available space can be partially attributed to improved leasing, some of the Class B decrease comes from the removal of underutilized spaces for renovation or residential conversion.

- **Net absorption** in the first half of the year was 7.5 MSF, the highest first-half total in at least 15 years. Absorption was robust in both Midtown and Midtown South, with each submarket seeing about 1.5 MSF taken up.

- **Asking rents** are currently 10.4% below their 2020 peak. Most of Manhattan's submarkets saw little change from Q1; Downtown asking rents increased 0.7% from last quarter, while Midtown South rates decreased by 0.7% and Midtown rates were flat.

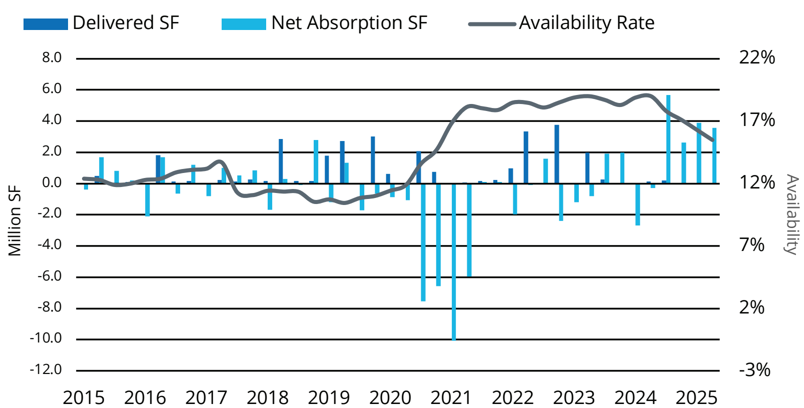
- **Construction activity** remains light but could intensify, with about 15 MSF of core office proposed across Manhattan. While some may be unlikely to go forward until anchor tenants are secured, at least one developer has suggested groundbreaking will proceed even before occupiers are confirmed.

ASKING RENT



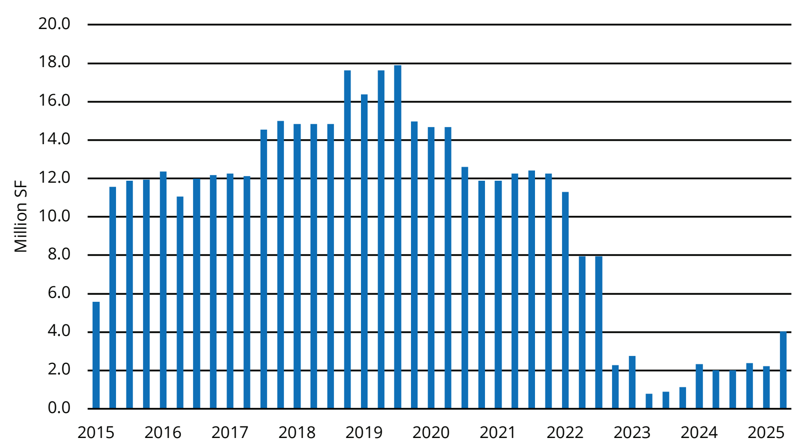
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

MANHATTAN OFFICE MARKET | Q2 2025

MARKET INDICATORS
All Classes of Space | Q2 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	21,837	108,008	21.1%	24.5%	$61.08	$53.36	$59.67
FINANCIAL DISTRICT	38,248,347	239,998	836,756	21.5%	24.7%	$55.48	$48.83	$55.22
INSURANCE DISTRICT	9,336,411	-9,216	-322,655	19.0%	16.5%	$55.05	$42.88	$49.15
WORLD TRADE CENTER	33,466,937	332,976	1,152,680	15.8%	13.6%	$56.23	$42.69	$54.27
DOWNTOWN TOTAL	**91,111,405**	**585,595**	**1,774,789**	**19.1%**	**19.8%**	**$56.39**	**$45.33**	**$54.83**
CHELSEA/FLATIRON	28,964,628	377,648	545,245	18.9%	14.9%	$121.85	$59.01	$88.33
GRAMERCY PARK	32,050,795	730,109	1,253,104	16.1%	18.8%	$98.50	$64.51	$78.04
GREENWICH VILLAGE	5,602,802	23,816	24,630	13.2%	22.4%	$107.60	$112.00	$110.73
HUDSON SQUARE	9,993,283	201,067	343,468	22.7%	21.9%	$74.56	$77.57	$75.51
SOHO	6,080,533	162,652	424,960	15.0%	14.2%	$85.34	$72.74	$77.57
MIDTOWN SOUTH TOTAL	**82,692,041**	**1,495,292**	**2,591,407**	**17.6%**	**17.7%**	**$104.46**	**$67.60**	**$84.05**
COLUMBUS CIRCLE	29,732,487	138,839	284,397	16.1%	16.1%	$68.36	$58.33	$66.00
EAST SIDE	14,736,003	282,967	301,205	17.9%	19.1%	$75.07	$50.76	$74.33
GRAND CENTRAL	55,098,053	417,927	1,103,765	13.5%	14.5%	$74.29	$62.33	$71.85
PENN PLAZA	69,891,302	-186,603	1,170,375	13.3%	14.7%	$98.99	$54.21	$82.78
PLAZA DISTRICT	69,715,084	258,316	-152,494	10.8%	12.2%	$92.13	$91.65	$92.11
TIMES SQUARE	44,409,901	580,258	389,727	16.2%	17.1%	$73.50	$58.33	$71.06
MIDTOWN TOTAL	**283,582,830**	**1,491,704**	**3,096,975**	**13.7%**	**14.8%**	**$82.45**	**$58.59**	**$77.73**
TOTAL	**457,386,276**	**3,572,591**	**7,463,171**	**15.5%**	**16.3%**	**$77.15**	**$60.25**	**$72.98**

Source: CoStar, Transwestern

Research Methodology

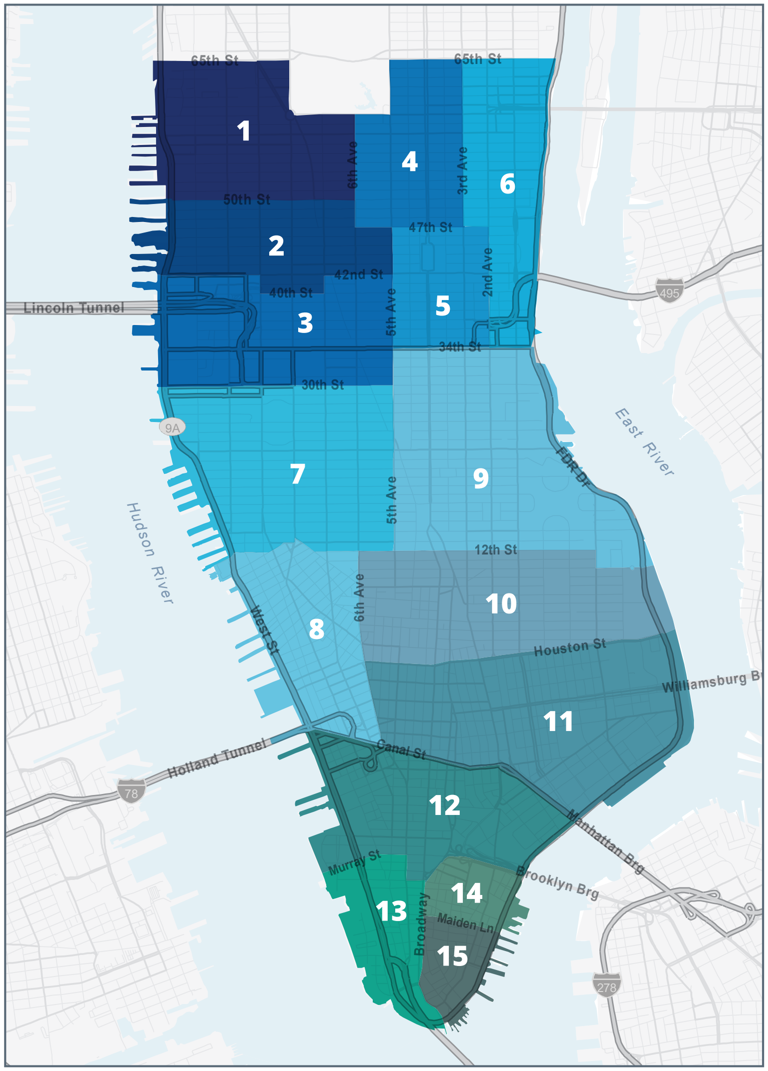
The information in this report is the result of a compilation of information on office properties located in Manhattan. This report includes single-tenant and multi-tenant Class A and B office properties with at least 100,000 SF in Midtown, 50,000 SF in Midtown South, and 75,000 SF Downtown.

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