TRANSWESTERN

MIDTOWN MANHATTAN

OFFICE MARKET | Q3 2025

282.2M
Inventory

2.4M
Net Absorption SF

10.4%
Direct Available Rate

12.9%
Total Availability

3.0M
Under Construction SF

$77.15
Asking Rent PSF

Midtown Leasing and Absorption Continue Elevated Streak

Market Observations

- Midtown leasing approached 6.2 MSF in Q3 2025, bringing the year-to-date total to 17.8 MSF, just below the 18.0 MSF leased in the same period of 2024. There were twelve leases exceeding 100,000 SF this quarter in Midtown, the only Manhattan submarket to achieve any deals of this size.

- Both sublet and direct availability decreased for a fifth consecutive quarter, and overall availability decreased to 12.9%, its lowest level since 2020. The current level is 2.8 percentage points [pp] below the year-ago rate and down 0.8 pp from Q2.

- Net absorption reached 2.4 MSF in Q3 2025, marking a fifth straight positive quarter. Absorption was about 914,000 SF higher than the Q2 level and 499,000 SF lower than the year-ago tally.

- Rents decreased to $77.15 PSF, down 0.7% from Q2 and 7.1% from the year-ago level. Rents are highest in the Plaza District at $92.08 PSF, lifted by asking rates of $200 and up at trophy properties like 550 Madison Avenue, 9 West 57th Street, 425 Park Avenue, and Lever House (390 Park Avenue).

- Midtown’s construction pipeline increased about 30% from last quarter to 2.9 MSF as 343 Madison Avenue broke ground in the Grand Central submarket. The current level is ten times the year-ago level, but still quite low compared with the 10-year average of 7.8 MSF.

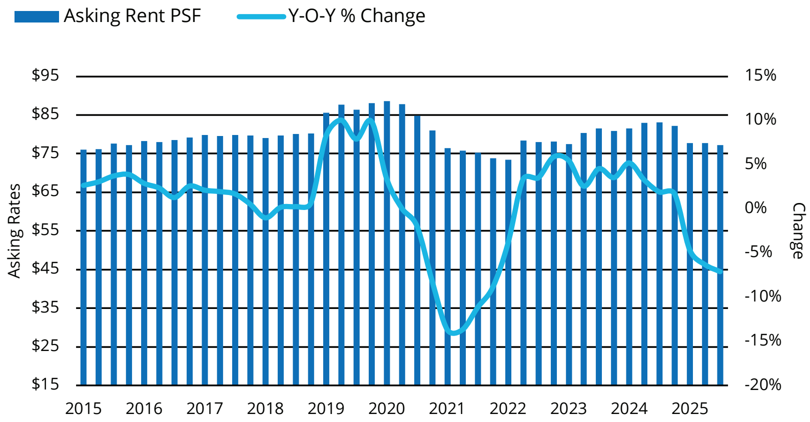
- **Availability** among Midtown submarkets ranges from 10.7% in the Plaza District, where trophy buildings continue to see strong leasing, to 16.9% in the East Side submarket, which is dominated by older, unrenovated stock. Sublet availability is quite low throughout, with sublet space comprising less than 2.5% of availability in most Midtown submarkets.

- **Net absorption** was strongest in the Penn Plaza submarket at more than a million SF, driven by large new leases from Deloitte (807,000 SF) at 70 Hudson Yards, Amazon (259,000 SF) at 1440 Broadway, and Verizon (199,900 SF) at 2 Penn Plaza. All Midtown submarkets logged positive absorption both in-quarter and year-to-date.

- **Asking rents** in Class A space decreased this quarter, while Class B rates increased; the latter is seeing additional demand, with rates rising accordingly, as trophy and Class A spaces become more scarce.

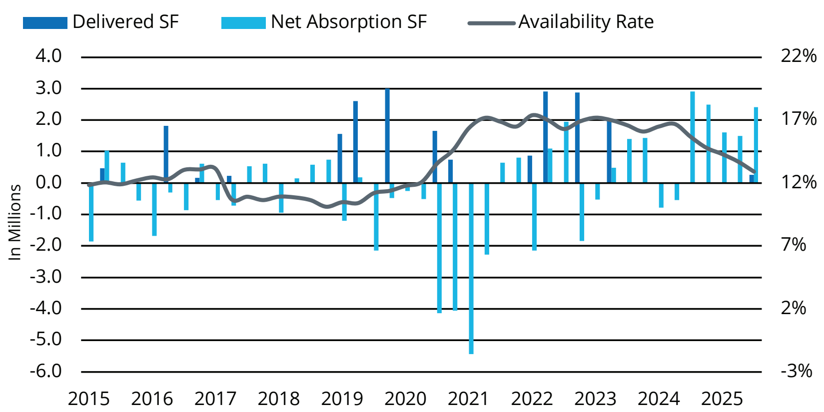
- **Active construction** is at a three-year peak in Midtown and another 6.1 MSF is proposed. While the aforementioned tower at 343 Madison broke ground with no confirmed occupiers, most of the proposed buildings will be unlikely to get underway until an anchor tenant is attached.

ASKING RENT



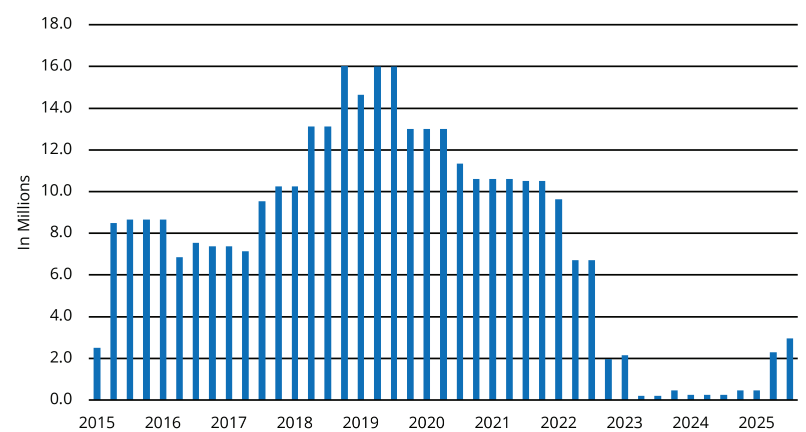
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

MARKET INDICATORS

All Classes of Space | Q3 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	29,711,453	436,050	720,447	14.7%	17.1%	$66.90	$58.36	$64.68
EAST SIDE	14,643,866	175,071	476,276	16.9%	19.4%	$75.99	$52.56	$75.37
GRAND CENTRAL	55,277,570	259,664	1,363,429	13.0%	14.4%	$74.21	$63.94	$72.26
PENN PLAZA	69,577,062	1,086,580	2,256,955	11.8%	13.1%	$96.16	$54.74	$80.40
PLAZA DISTRICT	68,847,543	205,876	53,382	10.7%	12.1%	$91.97	$94.44	$92.08
TIMES SQUARE	44,156,137	242,367	632,094	15.7%	15.5%	$74.24	$58.08	$71.70
MIDTOWN TOTAL	**282,213,631**	**2,405,608**	**5,502,583**	**12.9%**	**14.2%**	**$81.56**	**$59.18**	**$77.15**

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

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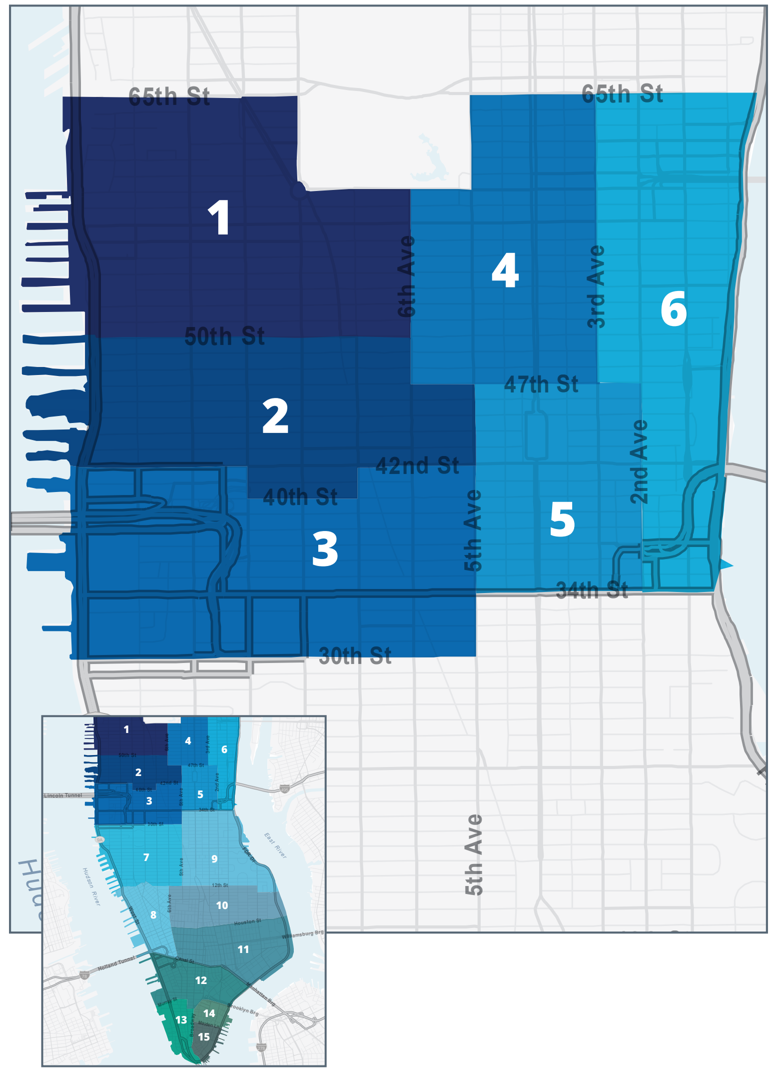

NEW YORK OFFICE SUBMARKETS

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