TRANSWESTERN

MANHATTAN

OFFICE MARKET | Q3 2025

455.2M
Inventory

3.6M
Net Absorption SF

12.0%
Direct Available Rate

14.8%
Total Availability

3.2M
Under Construction SF

$73.02
Asking Rent PSF

Manhattan Office Recovery in Full Swing

Market Observations

- Manhattan leasing topped 8.7 MSF in Q3 2025, including about a dozen deals exceeding 100,000 SF, all of which were signed in Midtown. Year-to-date leasing reached 28.2 MSF, some 12% higher than the same period in 2024.

- Both sublet and direct availability levels tightened for a fifth straight quarter, bringing overall availability down to 14.8%. The current rate is a decrease of 0.7 percentage points from last quarter and 3.0 percentage points year-over-year.

- Net absorption was robust at 3.6 MSF in Q3 2025, extending the strong performance of the prior four quarters. The total take-up was on par with the Q2 2025 result, and about 37% lower than the Q3 2024 outcome, which itself had been the highest in more than a decade.

- Rents ticked up to $73.02 PSF, a gain of just 0.1% from last quarter and a decrease of 4.6% year-over-year, as higher availability in secondary and tertiary properties and submarkets continues to weigh on asking rates.

- The construction pipeline remains near historic lows at just 3.2 MSF. This represents a 22% decrease from last quarter following the delivery of several highly anticipated projects, including the 1.1 MSF Terminal Warehouse in Midtown South's Chelsea/Flatiron submarket. Active construction is 56% higher than the year-ago level.

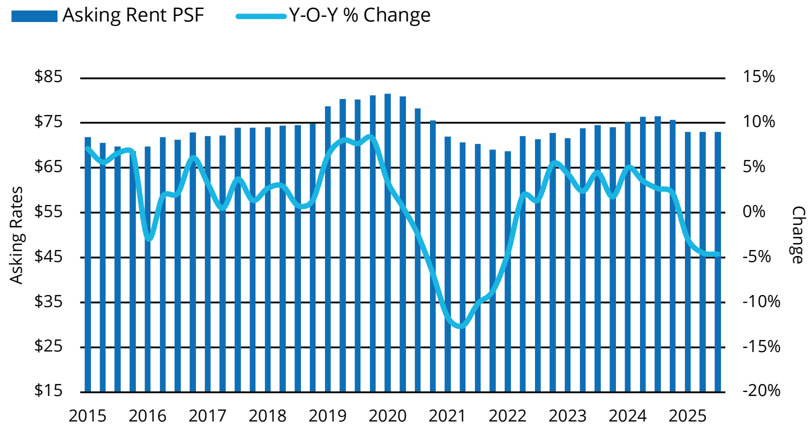
- **Availability** in both Class A and Class B space has decreased steadily over the past five quarters. Class A availability is 14.2% while Class B stands at 17.0%, both at their lowest since 2020. While the decrease in available space can be partially attributed to improved leasing, some of the tightening in Class B comes from the removal of underutilized spaces for conversion or renovation.

- **Net absorption** was strongest in Midtown at 2.4 MSF, but Midtown South and Downtown trended positive as well, both in-quarter and year-to-date. In all, Manhattan's year-to-date absorption surpassed 11 MSF, comparing very favorably with the 2.7 MSF taken up in the first three quarters of 2024.

- **Asking rents** are currently 10.4% below their 2020 peak. Rents increased in Midtown South as well as Downtown, while Midtown saw a small decrease from Q2.

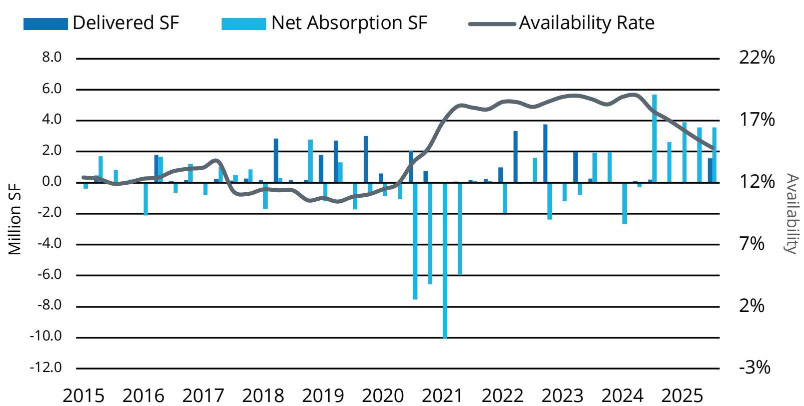
- **Construction activity** could ramp up in the coming months, with 11 MSF of core office space proposed across Manhattan. While some may be unlikely to go forward until anchor tenants are secured, BXP is taking a leap of faith, breaking ground on 343 Madison Avenue in Midtown without a confirmed occupier.

ASKING RENT



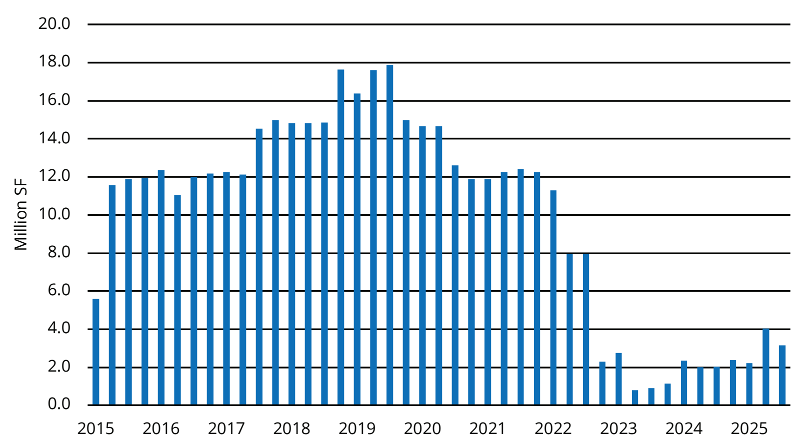
Source: CoStar, Transwestern

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
CITY HALL/TRIBECA	10,072,613	65,803	173,811	20.4%	24.2%	$61.12	$53.91	$59.76
FINANCIAL DISTRICT	38,248,886	212,043	1,048,799	21.0%	25.5%	$56.13	$48.67	$55.84
INSURANCE DISTRICT	9,384,438	543,535	220,880	13.1%	14.6%	$55.02	$42.25	$51.31
WORLD TRADE CENTER	33,454,168	279,076	1,431,756	14.9%	13.1%	$56.21	$42.81	$54.12
DOWNTOWN TOTAL	**91,160,105**	**1,100,457**	**2,875,246**	**17.9%**	**19.7%**	**$56.70**	**$46.02**	**$55.46**
CHELSEA/FLATIRON	29,005,500	163,302	708,547	18.2%	18.9%	$123.54	$59.25	$88.58
GRAMERCY PARK	31,250,186	-62,870	1,190,234	16.7%	19.7%	$98.95	$65.25	$79.24
GREENWICH VILLAGE	5,527,615	27,973	52,603	12.8%	21.1%	$107.46	$109.27	$108.76
HUDSON SQUARE	9,991,913	80,875	424,343	21.9%	21.6%	$76.40	$77.61	$76.74
SOHO	6,070,488	-143,402	281,558	17.4%	17.2%	$82.89	$72.35	$76.90
MIDTOWN SOUTH TOTAL	**81,845,702**	**65,878**	**2,657,285**	**17.7%**	**19.5%**	**$103.97**	**$67.92**	**$84.41**
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**
TOTAL	**455,219,438**	**3,571,943**	**11,035,114**	**14.8%**	**16.3%**	**$76.76**	**$61.21**	**$73.02**

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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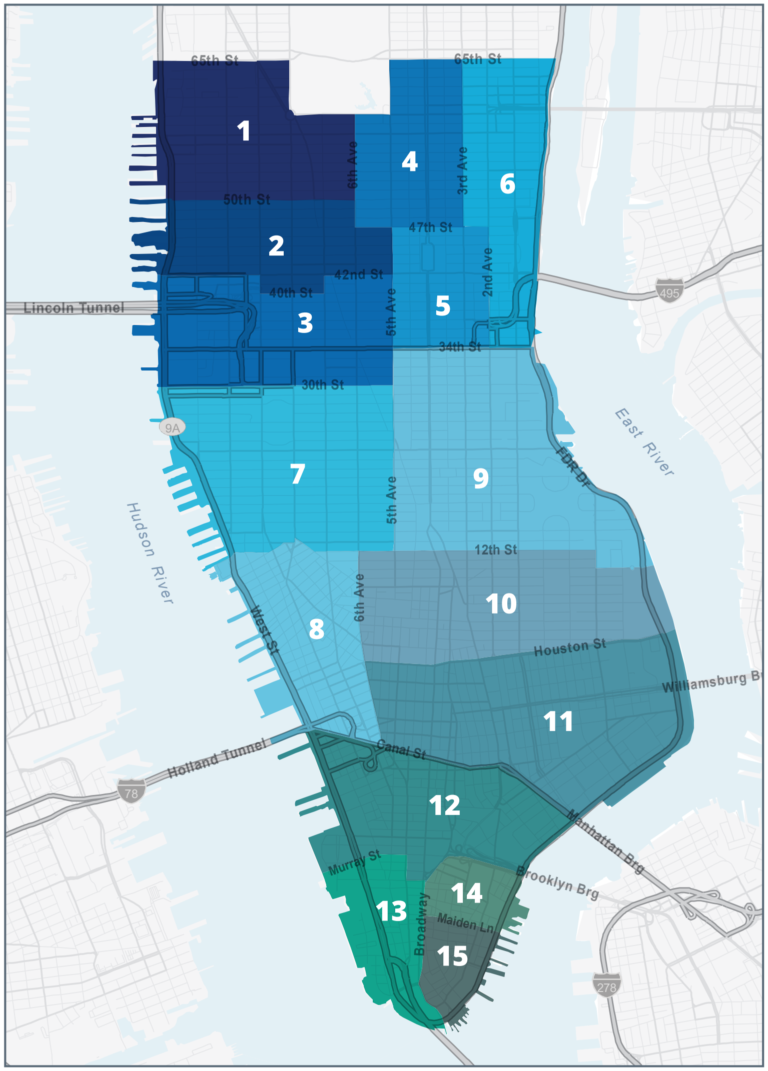

NEW YORK OFFICE SUBMARKETS

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