TRANSWESTERN

MIDTOWN SOUTH MANHATTAN

OFFICE MARKET | Q4 2025

82.0M
Inventory

0.9M
Net Absorption SF

14.5%
Direct Available Rate

16.5%
Total Availability

0.2M
Under Construction SF

$82.54
Asking Rent PSF

Strong Leasing Drives a Robust Quarter

Market Observations

- Midtown South logged 1.9 MSF of leasing activity in Q4, summing to 8.0 MSF for the full year. This compares favorably to the 6.4 MSF signed during 2024 and represents the submarket's best year since 2018. The largest lease of the quarter was a 222,000 SF deal from Scholastic, which sold and leased back its headquarters at 555 Broadway in Soho.
- Overall availability decreased 1.2 percentage points [pp] from last quarter to 16.5%. This is 4.6 pp below the year-ago level. Sublet availability is at 2.0%, the lowest since 2018.
- Net absorption improved to 942,900 SF in Q4, well ahead of the 65,900 SF recorded in Q3. Quarterly absorption was also significantly higher than the 485,600 SF taken up in Q4 2024.
- Rents decreased to $82.54 PSF. This is 2.2% below the Q3 level and 3.6% below the Q4 2024 asking rate.
- The Midtown South construction pipeline has largely emptied out; construction levels are flat from last quarter and down 87% from a year ago after several prominent deliveries in the third quarter of 2025.

MIDTOWN SOUTH MANHATTAN OFFICE MARKET | Q4 2025

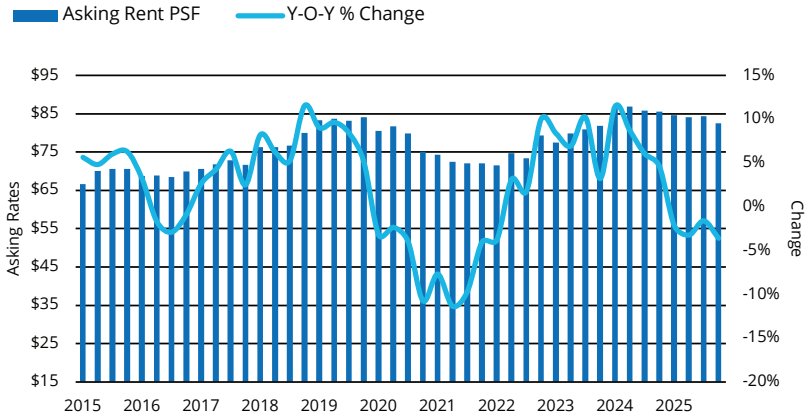
- **Availability** has been on a general downward trend from its early 2024 peak. Greenwich Village retains Midtown South's lowest availability at 10.2%, a drop of 2.6 pp from last quarter. All of Midtown South's smaller submarkets experienced a decrease in availability from Q3.

- **Net absorption** was positive in both Class A and Class B, both in-quarter and for the full year, and this trend was echoed in all of Midtown South's smaller submarkets. Gramercy Park had the strongest quarterly take-up at 420,100 SF, helped by three large tech leases: a 138,600 SF renewal and expansion from Monday.com at 225 Park Avenue South, and a pair of 92,700 SF leases at One Madison from Harvey AI and Coinbase.

- **Asking rents** for Class A space are just over $99 PSF, about 45% higher than their Class B counterparts at $68.14 PSF. The weighted average for Class A includes over 1 million SF of brand-new office space at Terminal Warehouse, as yet unleased.

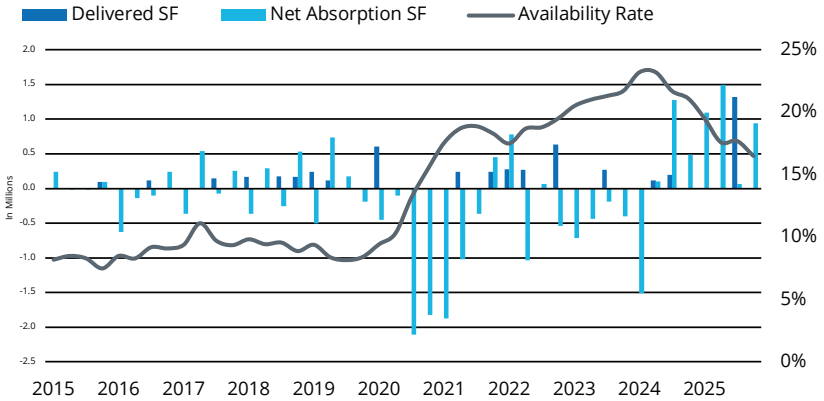
- **Construction continues** at 220 Eleventh Avenue in the Chelsea/Flatiron submarket, now Midtown South's only core ground-up office project. Another 1.6 MSF is proposed for the district, most of it likewise in Chelsea/Flatiron.

ASKING RENT



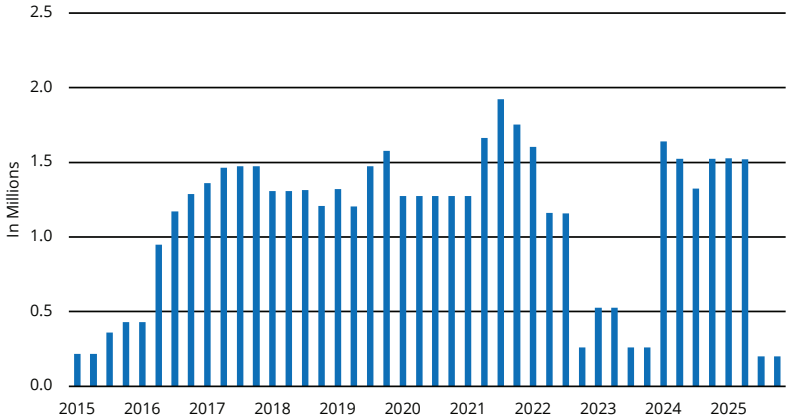
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

MARKET INDICATORS
All Classes of Space | Q4 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	29,004,543	127,220	835,767	17.8%	19.2%	$123.73	$61.45	$89.40
GRAMERCY PARK	31,307,852	420,113	1,610,347	15.3%	17.1%	$85.29	$67.41	$75.04
GREENWICH VILLAGE	5,525,090	147,189	199,792	10.2%	19.6%	$78.63	$104.85	$96.32
HUDSON SQUARE	9,986,839	120,139	544,482	20.7%	22.9%	$77.57	$77.99	$77.69
SOHO	6,147,934	128,203	409,761	15.1%	19.0%	$82.76	$66.03	$74.20
MIDTOWN SOUTH TOTAL	**81,972,258**	**942,864**	**3,600,149**	**16.5%**	**18.8%**	**$99.04**	**$68.14**	**$82.54**

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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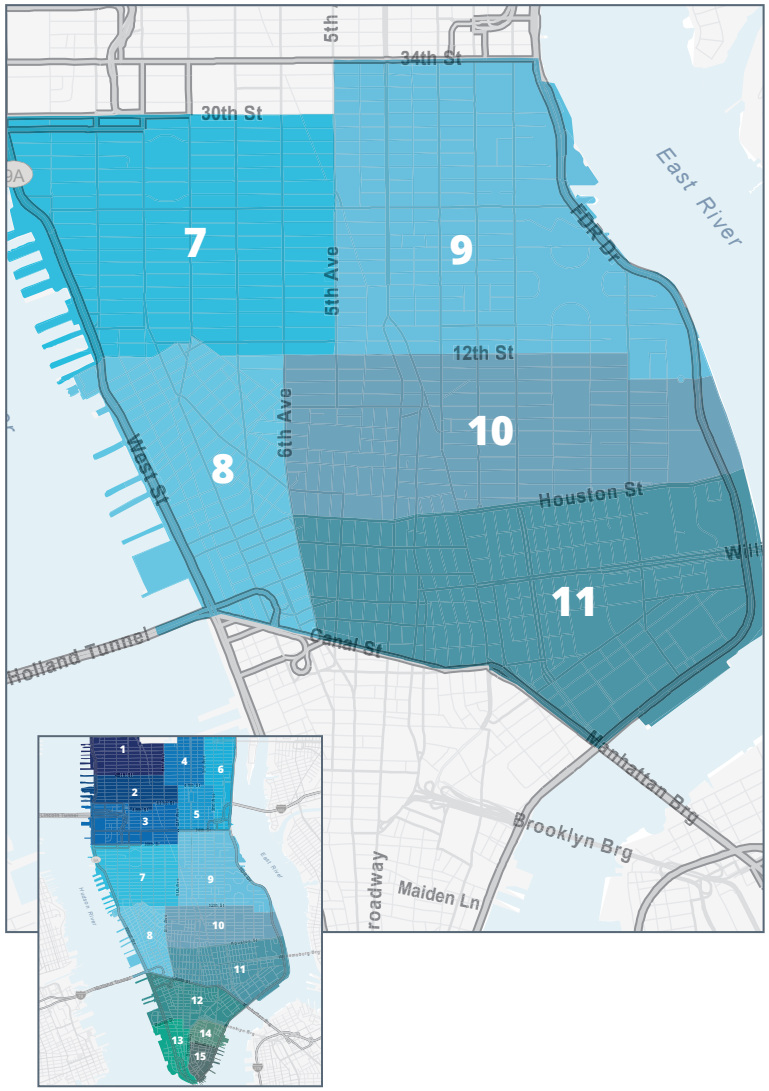

NEW YORK OFFICE SUBMARKETS

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

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