

The SquareFoot Manhattan Market Report Aggregate (MMRA) 2019

The MMRA is an overview of commercial real estate costs and availability in Manhattan, curated for growing companies in search of new office space.

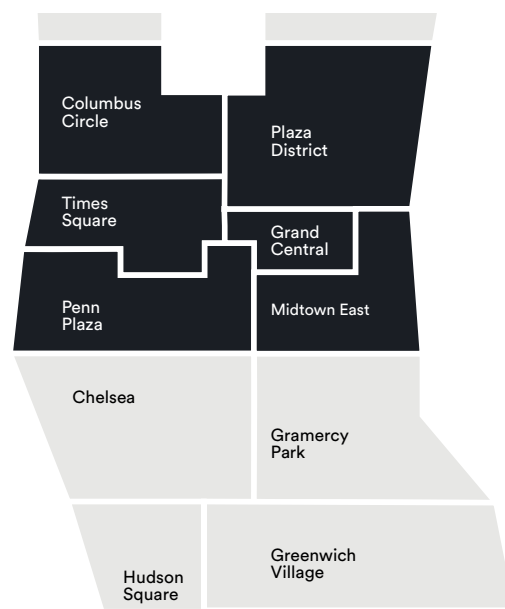
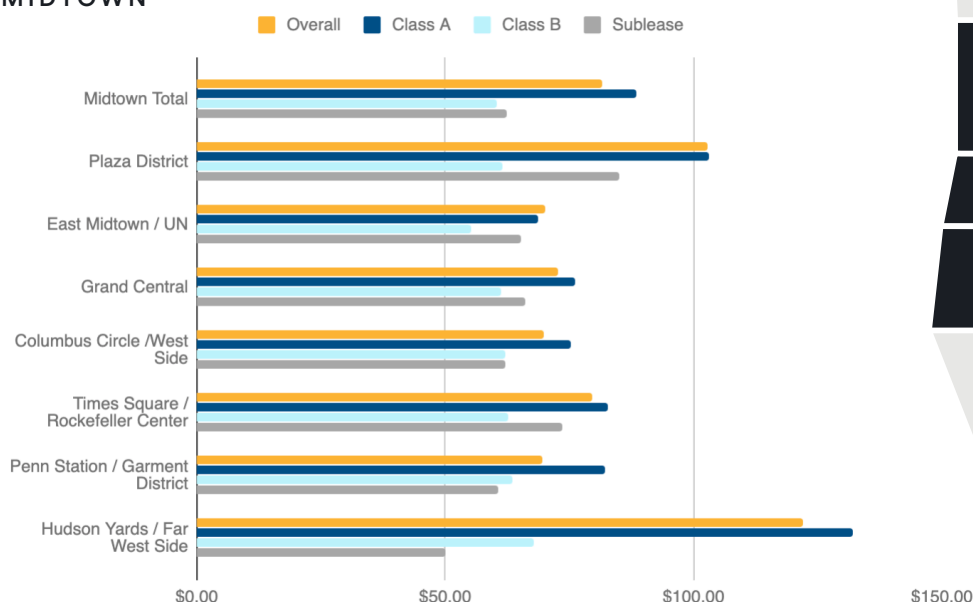
The New York City office market is frothing. Large firms across industry categories—from finance to tech, from law to consulting—are signing leases and moving into glassy new towers at Hudson Yards and in Midtown, with record-breaking rents in the newest Class A buildings surpassing \$100 per square foot.

But it's also a time for cool heads and strategic thinking, especially among growing firms that aren't necessarily looking to make headlines as they upgrade and increase their office space. That's one broad takeaway from the numbers that capture the Manhattan commercial real estate market in the first quarter of 2019. Here are six more that SquareFoot distilled from several exhaustive studies in the borough for leaders of growing companies:

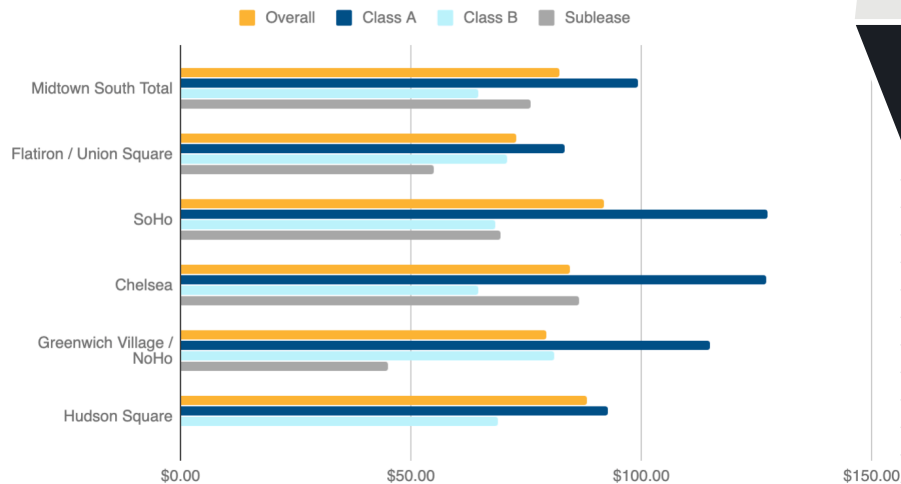
- 1 The market is as strong as you'd expect at a time when New York City has record private sector employment, but there are signs that the breakneck growth may be slowing.
- 2 Vacancy rates in the quarter increased slightly in midtown and midtown south, while declining downtown.
- 3 Although landlords were seeking record rents throughout the city, the data suggest they were softening the blow with increased concessions such as free months of rent and generous tenant improvement allowances.
- 4 Smaller companies seeking value will find increased opportunities to sublet space left behind in the rush to fill the aforementioned new towers.
- 5 Asking rents for Class B space are up slightly, but not as much as those for Class A space.
- 6 The most affordable Manhattan offices continue to be in the garment and financial districts.

Office Rent

MIDTOWN



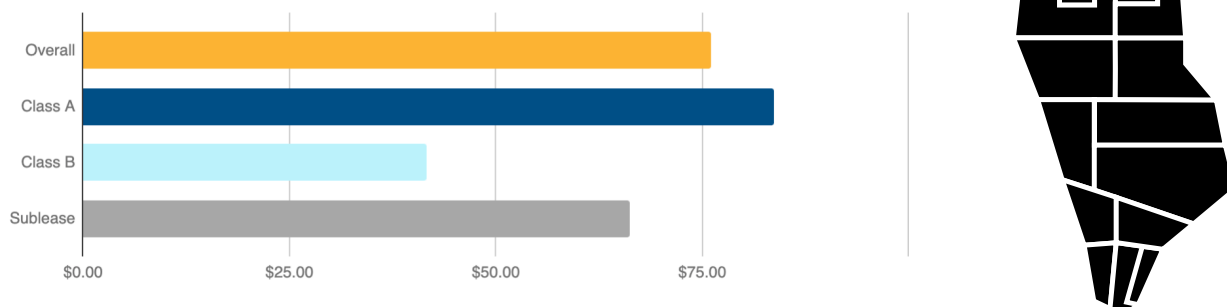
MIDTOWN SOUTH



DOWNTOWN



MANHATTAN TOTAL



Source: CBRE, Cushman & Wakefield, JLL, Newmark, Savills, Colliers, Avison Young, ABS Partners

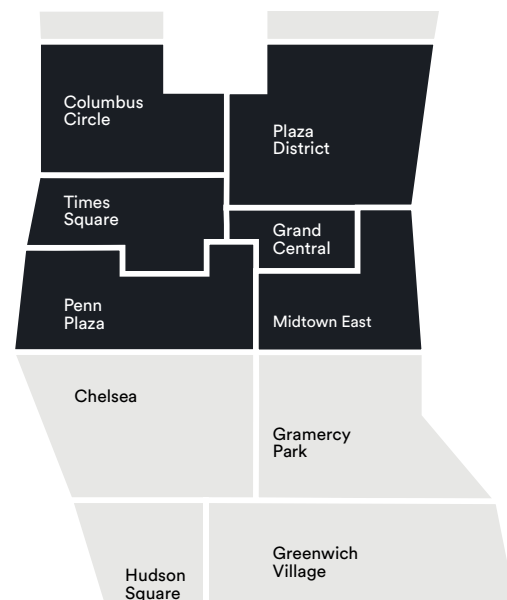
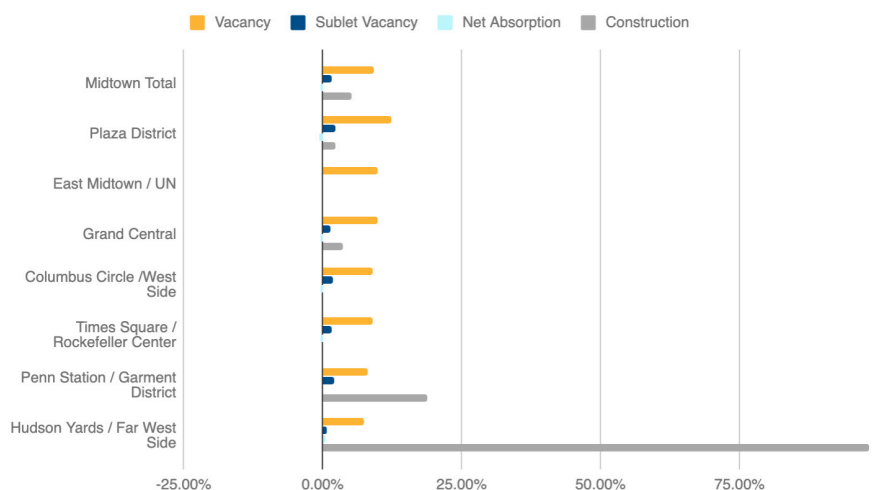
Notes: 1. Average rents for Manhattan office space broken down by neighborhood, based on asking prices from landlord listings; 2. Although data is adjusted for differing neighborhood boundaries in aggregated sources, some inconsistencies remain. 3. Data for first quarter 2019.

Office Market Trends

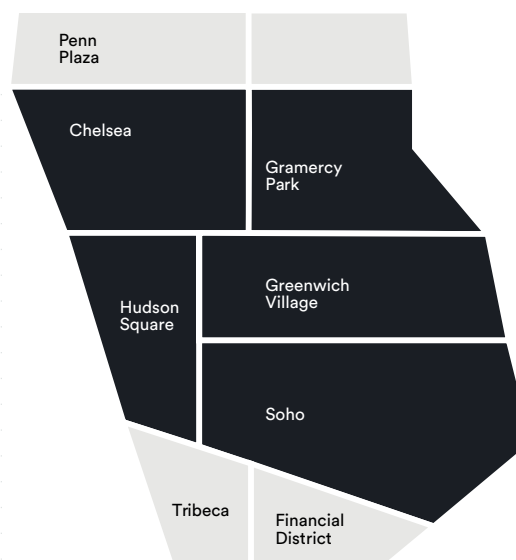
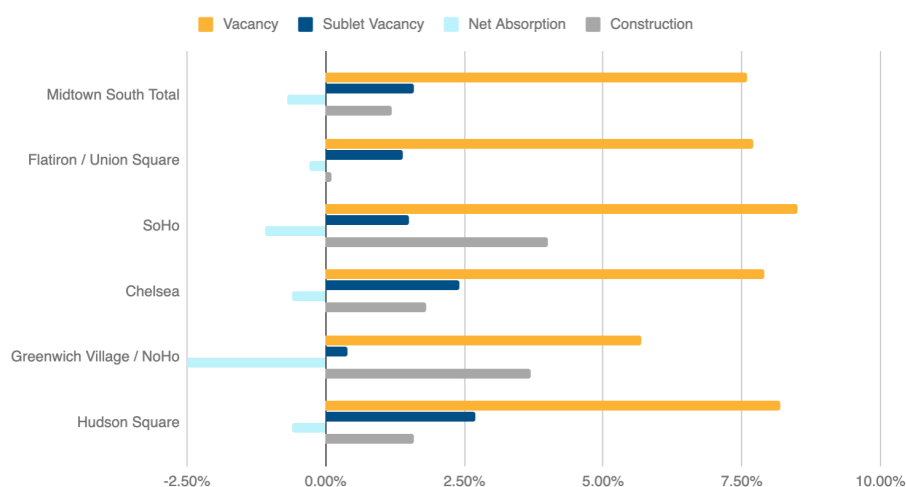
Below are several indicators of the trends in the Manhattan office market, that highlight neighborhoods where space is tight—and, thus, rents are likely to rise—as well as areas in which oversupply may make landlords much more willing to negotiate.

- Vacancy Rate** is the percentage of office space in the neighborhood that is available to rent. The higher the number, the better the deals.
- Sublet Vacancy Rate** is a subset of the overall vacancy indicating how much space is available to sublet.
- Net Absorption** shows whether space is becoming more or less available after taking into account new constructions and tenants moving in and out. A positive number means more space is being rented than is available.
- Construction** is how much space is being built and is expected to come on the market in the next few years.

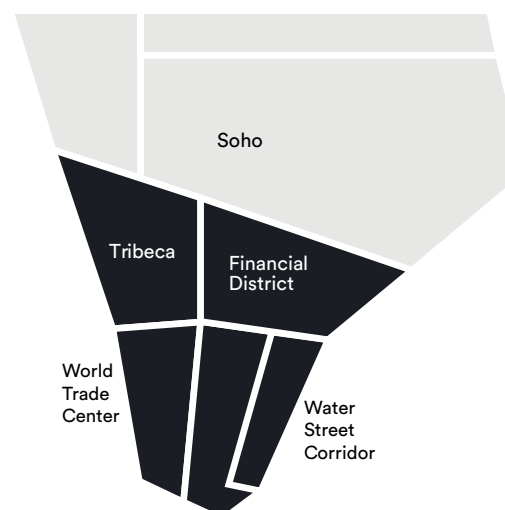
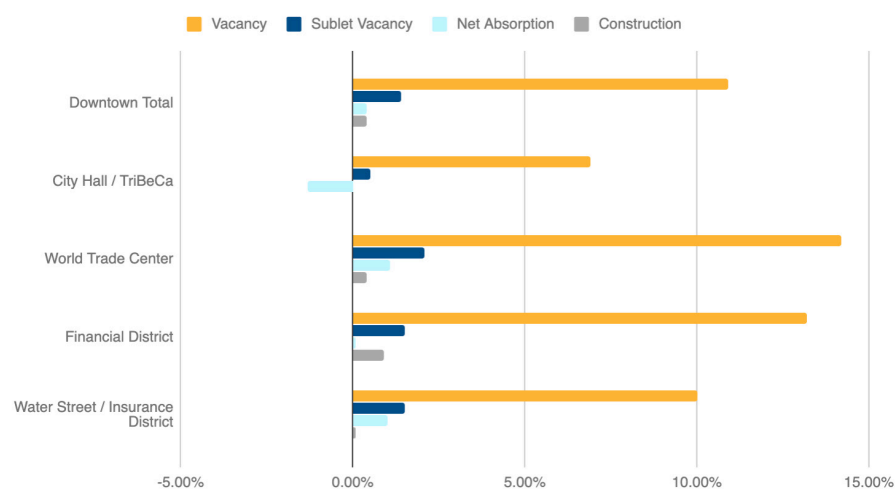
MIDTOWN



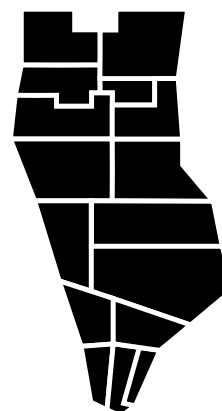
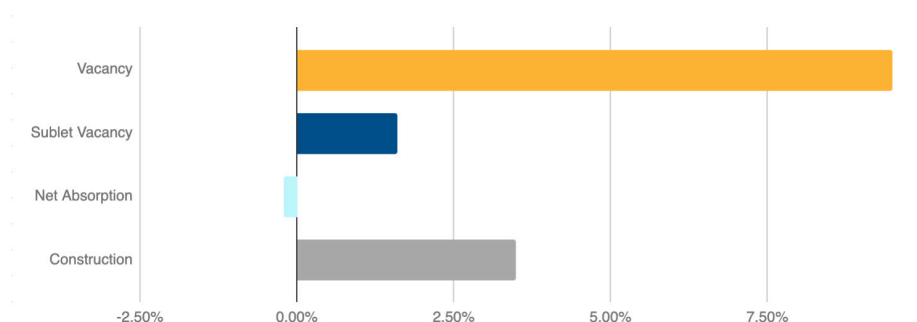
MIDTOWN SOUTH



DOWNTOWN



MANHATTAN TOTAL



Source: CBRE, Cushman & Wakefield, JLL, Newmark, Savills, Colliers, Avison Young, ABS Partners

Notes: 1. All measures are square feet as percentage of existing office inventory; 2. Although data is adjusted for differing neighborhood boundaries in aggregated sources, some inconsistencies remain. 3. Data for first quarter 2019.

Appendix: Tables

OFFICE RENT	Asking Rent (Per square foot, per month)			
	Overall	Class A	Class B	Sublease
Midtown Total	\$81.73	\$88.52	\$60.42	\$62.38
Plaza District	\$102.89	\$103.12	\$61.48	\$85.03
East Midtown / UN	\$70.18	\$68.78	\$55.23	\$65.32
Grand Central	\$72.73	\$76.27	\$61.26	\$66.23
Columbus Circle /West Side	\$69.98	\$75.32	\$62.01	\$62.08
Times Square / Rockefeller Center	\$79.64	\$82.70	\$62.63	\$73.54
Penn Station / Garment District	\$69.63	\$82.12	\$63.63	\$60.79
Hudson Yards / Far West Side	\$122.01	\$132.10	\$67.88	\$50.00
Midtown South Total	\$82.36	\$99.38	\$64.48	\$76.02
Flatiron / Union Square	\$72.91	\$83.32	\$70.86	\$54.98
SoHo	\$91.95	\$127.35	\$68.32	\$69.30
Chelsea	\$84.49	\$127.05	\$64.65	\$86.58
Greenwich Village / NoHo	\$79.35	\$114.98	\$81.18	\$45.00
Hudson Square	\$88.11	\$92.75	\$69.01	\$0.00
Downtown Total	\$62.62	\$65.96	\$60.34	\$53.37
City Hall / TriBeCa	\$61.72	\$50.17	\$60.28	\$64.40
World Trade Center	\$71.35	\$73.76	\$54.25	\$0.00
Financial District	\$59.11	\$58.73	\$53.64	\$59.31
Water Street / Insurance District	\$56.38	\$59.60	\$56.55	\$48.59
Manhattan Total	\$76.12	\$83.71	\$41.66	\$66.25

Source: CBRE, Cushman & Wakefield, JLL, Newmark, Savills, Colliers, Avison Young, ABS Partners

Notes: 1. Average rents for Manhattan office space broken down by neighborhood, based on asking prices from landlord listings; 2. Although data is adjusted for differing neighborhood boundaries in aggregated sources, some inconsistencies remain. 3. Data for first quarter 2019.

OFFICE MARKET TRENDS	Vacancy	Sublet Vacancy	Net Absorption	Construction
	Percentage of total office space inventory by square feet			
Midtown Total	9.3%	1.7%	-0.3%	5.3%
Plaza District	12.3%	2.2%	-0.5%	2.2%
East Midtown / UN	9.8%	0.0%	0.0%	0.0%
Grand Central	9.9%	1.5%	-0.3%	3.6%
Columbus Circle /West Side	8.9%	1.8%	-0.3%	0.1%
Times Square / Rockefeller Center	9.0%	1.7%	-0.3%	0.1%
Penn Station / Garment District	8.0%	2.0%	0.1%	18.9%
Hudson Yards / Far West Side	7.4%	0.8%	0.5%	98.4%
Midtown South Total	7.6%	1.6%	-0.7%	1.2%
Flatiron / Union Square	7.7%	1.4%	-0.3%	0.1%
SoHo	8.5%	1.5%	-1.1%	4.0%
Chelsea	7.9%	2.4%	-0.6%	1.8%
Greenwich Village / NoHo	5.7%	0.4%	-2.5%	3.7%
Hudson Square	8.2%	2.7%	-0.6%	1.6%
Downtown Total	10.9%	1.4%	0.4%	0.4%
City Hall / TriBeCa	6.9%	0.5%	-1.3%	0.0%
World Trade Center	14.2%	2.1%	1.1%	0.4%
Financial District	13.2%	1.5%	0.1%	0.9%
Water Street / Insurance District	10.0%	1.5%	1.0%	0.1%
Manhattan Total	9.5%	1.6%	-0.2%	3.5%

Source: CBRE, Cushman & Wakefield, JLL, Newmark, Savills, Colliers, Avison Young, ABS Partners

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