



MANHATTAN

Q4 2024



SUMMARY OF THE COMMERCIAL OFFICE MARKET- Q4 2024 OVERALL

NEW YORK CITY ECONOMY

The United States' monthly civilian labor force for November 2024 was 168.4 million, an increase from 167.1 million the past year. However, unemployment rate increased to 7.1 million (i.e., 4.2% unemployment rate) in November 2024 from 6.2 million (i.e., 3.7% unemployment rate) in November 2023.

NYC's Monthly civilian labor force for November 2024 is 4.3 million, an increase from November 2023's 4.2 million. However, unemployment in NYC increased to 230,000 (i.e., 5.4% unemployment rate) in November 2024 from 225,000 (i.e., 5.3% unemployment rate) in November 2023.

Even though New York City's economy deteriorated, this can be attributed to the transition of power in the United States from the Democrats to the Republicans.

OVERALL MARKET

New York City's rental rate was \$49.99 psf in Q3 2024, but it increased to \$50.51 psf in Q4 2024. The availability rate is currently 16.4%, the lowest since Q1 2021. The availability rate dropped in Midtown and Midtown South, while Downtown remained the same.

HIGHEST LEASING ACTIVITY SINCE 2020

New York City's leasing was 37,468,413 rsf in 2024, an increased by 6,000,000 rsf from 2023. 9,597,900 was leased in the 4th quarter. The top ten deals comprised half of all leasing activity in NYC.

THE MIDTOWN MARKET STILL DOMINATED IN LEASING ACTIVITY

Leasing Activity in Midtown is still the highest out of all 3 markets, comprising 78% of the leasing activity in New York City, even though it only has 60% of the market. Downtown represented 6 % of all leasing activity, even though it comprises 21% of the market.

LEASING ACTIVITY BY CLASS

76.3% of leasing activity occurred in Class A Buildings, 80.6% in Midtown, and 67.2% in Downtown. In Midtown South, only 31.9% of leasing activity took place in Class A buildings. However, 48.6% of all leasing activity in Midtown South occurred in Class B buildings.

CONCESSION PACKAGE INCREASED AND LENGTH TERM INCREASED

The concession package increased from Q4 2023 to Q4 2024, and the average term length increased to 87.00 months from 81 months in Q4 2023.

CONVERSION OF OFFICE TO RESIDENTIAL CONTINUES

Approximately 11,000,000 rsf of office buildings are in various stages of conversion. These conversions occur in Midtown, Midtown South, and Downtown. In the fourth quarter, new ownership of 767 Third Avenue announced that the building is being converted. It was also announced that David Werner had just purchased 675 Third Avenue from the Durst Family. He will most likely convert the office building into a residential building.

CMBS LOANS

Over 80 office properties, or 60,000,000 rsf, will have office building loans due in the next two years. For thirty-six of the office building loans, the owners are paying less than 4% interest. When these loans become due, the interest rates will increase to 7%. As a result, the owner will need to modify or pay down the loan. During the negotiation between the office building owner and the lender, tenants will have difficulty making deals.

THE PIPELINE FOR NEW OFFICE BUILDINGS KEEPS DECREASING

As noticed in previous reports, the pipeline for new offices buildings keeps decreasing, in Q4 2023 there were 27 building being built, representing 17.2 million sf, in Q4 2024 there are only 14 building being built representing 5 million sf.

10 LARGEST DEALS COMPLETED

In Q4 2024, eight out of the ten top deals were completed in Midtown and two in Midtown South. Ten out of ten were done in Class A buildings. Five out of ten were renewals and five relocations.

SUMMARY

As the years have passed since the pandemic, tenants feel they can make long-term commitments because they see a future in their businesses. Corporations are instituting a policy that employees can not work from home. As a result, corporations will need to lease more space to accommodate the employees returning to work. As buildings get converted to residential, the office inventory will decrease. As a result, the availability rate will decrease, Landlords will be able to increase rents and decrease concession packages.

The information provided in this report is from CoStar and Compstack

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Economic Indicators



PARTIAL ECONOMIC DATA



	NOV 2023	NOV 2024
JOB GROWTH	3.7%	4.2%
12-MONTH U.S. INFLATION	3.1%	2.7%
U.S. UNEMPLOYMENT RATE	3.7%	4.2%
MONTHLY CIVILIAN LABOR FORCE (IN MILLIONS)	167.12	168.48
FEDERAL FUNDS EFFECTIVE RATE	5.33%	4.58%
U.S. 10-YEAR TREASURY	4.33%	4.43%
AVERAGE HOTEL OCCUPANCY RATE	58.4%	59.4%

	NOV 2023	NOV 2024
JOB GROWTH	5.3%	5.4%
12-MONTH NEW YORK CITY INFLATION	3.0%	4.3%
NEW YORK CITY UNEMPLOYMENT RATE	5.3%	5.4%
MONTHLY CIVILIAN LABOR FORCE (IN MILLIONS)	4.3	4.2
KASTLE SYSTEMS RETURN TO OFFICE RATES	49.6%	52.9%
BROADWAY OFFICE BOX REVENUE (MILLIONS)	\$32.9	\$29
AVERAGE HOTEL OCCUPANCY RATE	84%	86.6%

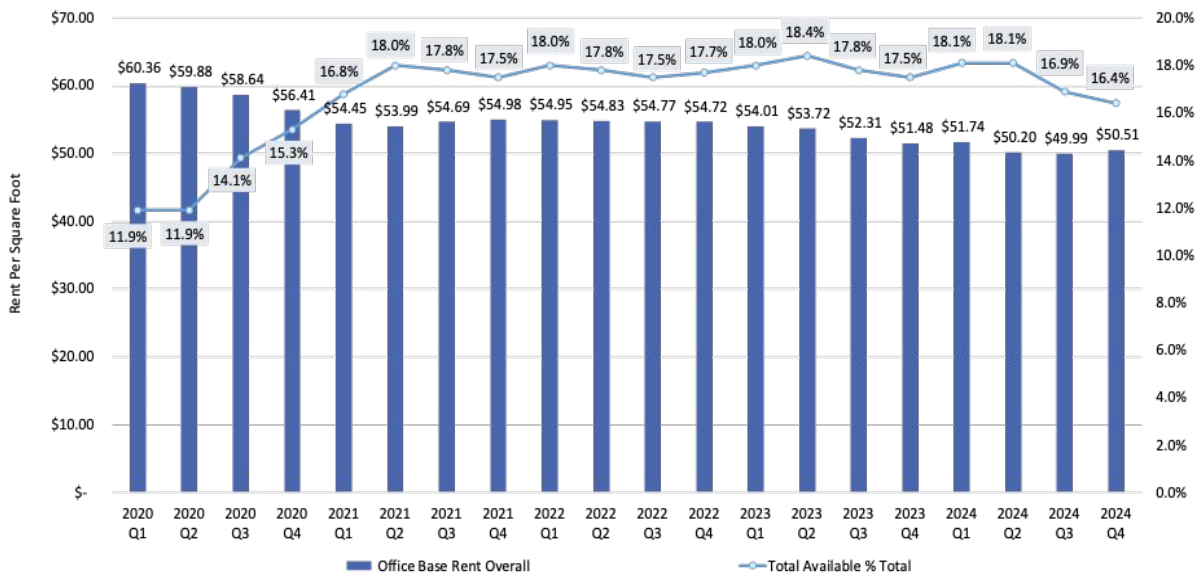
*This information was checked with Microsoft Copilot

An aerial photograph of the Manhattan skyline in New York City during sunset. The sky is a mix of blue and orange, with scattered clouds. The sun is low on the horizon, casting a warm glow over the city. The Empire State Building is the most prominent skyscraper in the center-right. Other notable buildings include the Chrysler Building on the left and the Freedom Tower in the distance. The city is densely packed with skyscrapers of various heights and architectural styles.

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Q4 2024

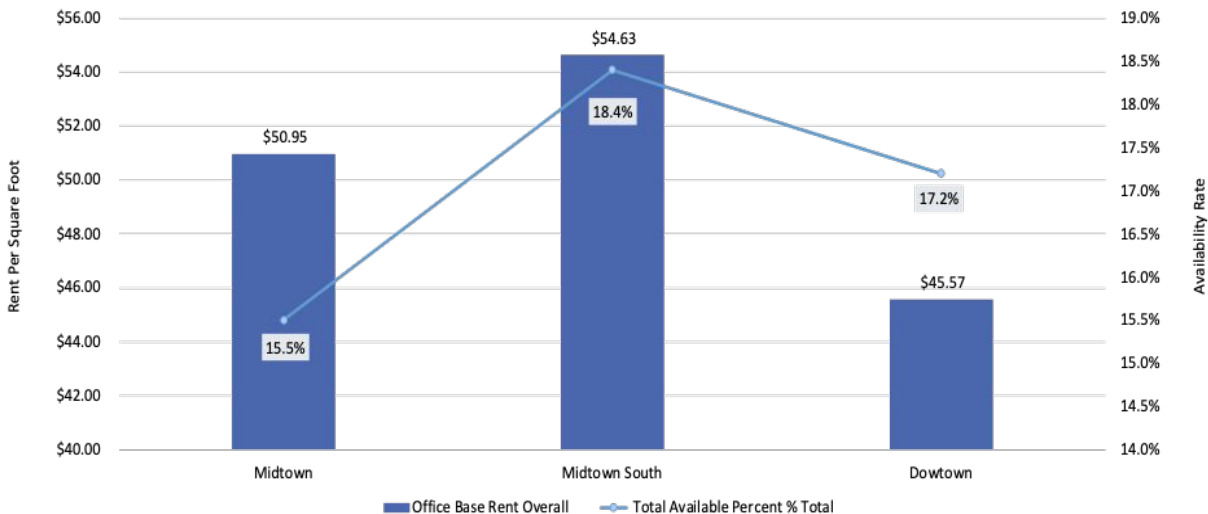
MANHATTAN OVERALL- RENT VS AVAILABILITY



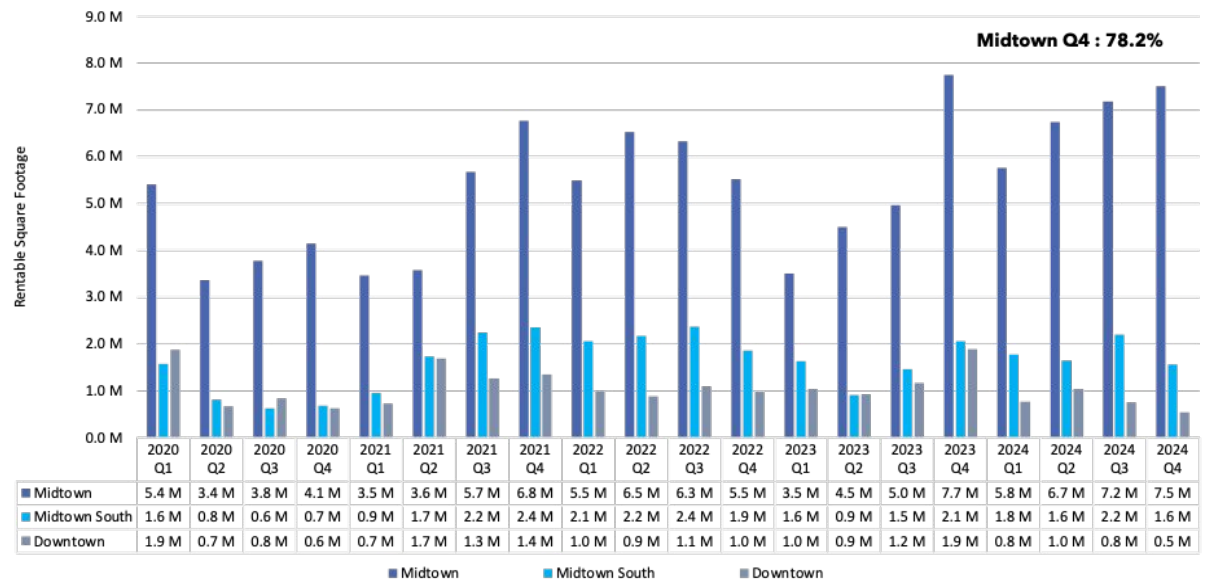
MANHATTAN OVERALL- LEASING ACTIVITY (QUARTERLY)



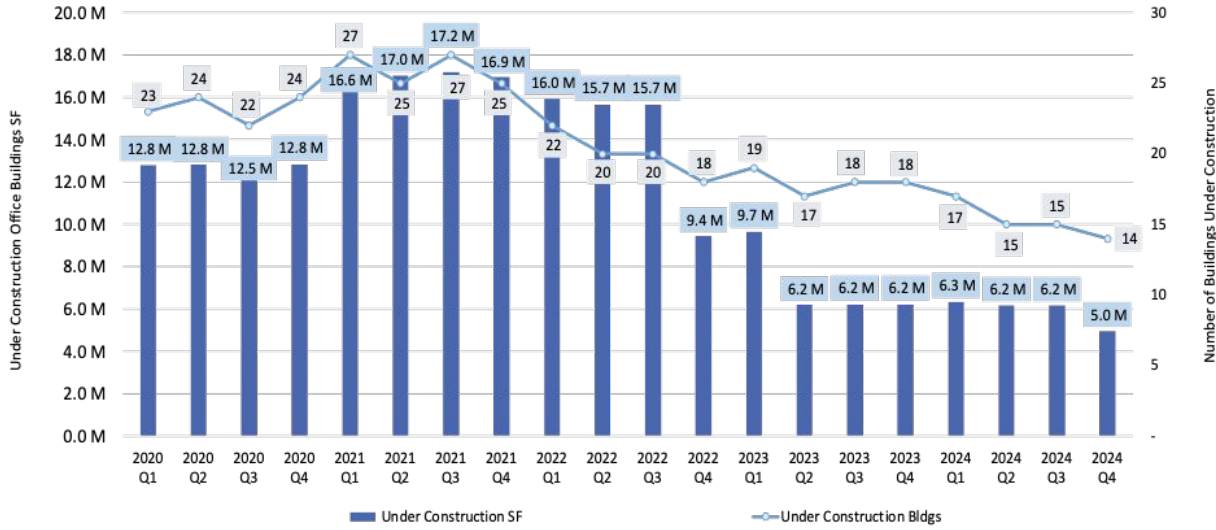
MANHATTAN OVERALL- BASE RENT VS AVAILABILITY RATE



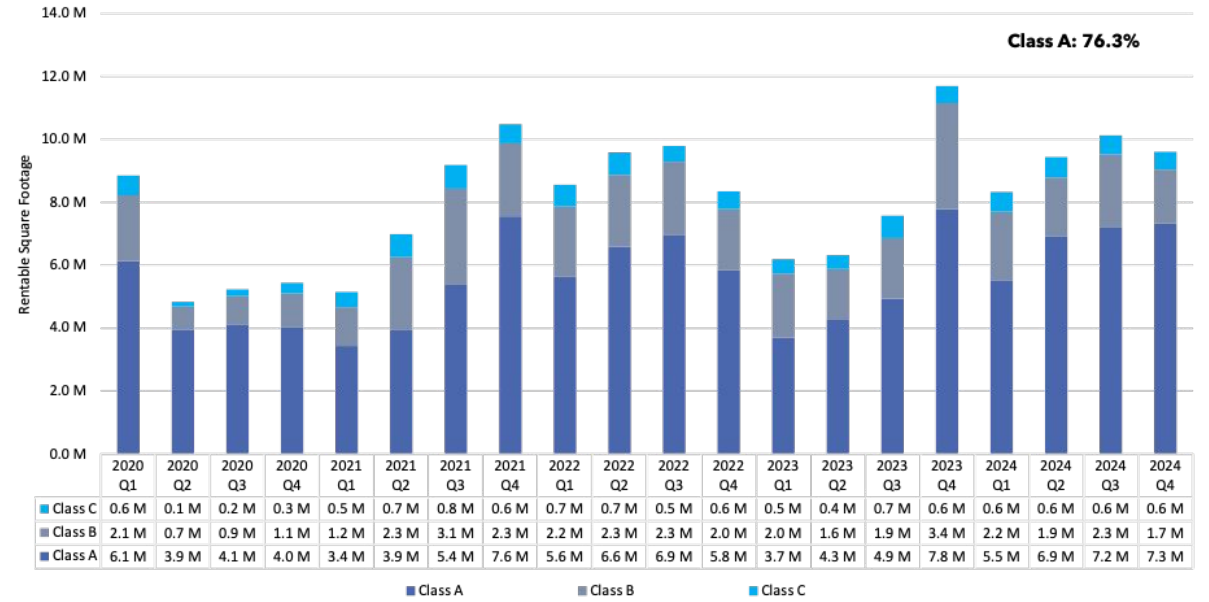
ALL MARKETS- LEASING ACTIVITY SF TOTAL



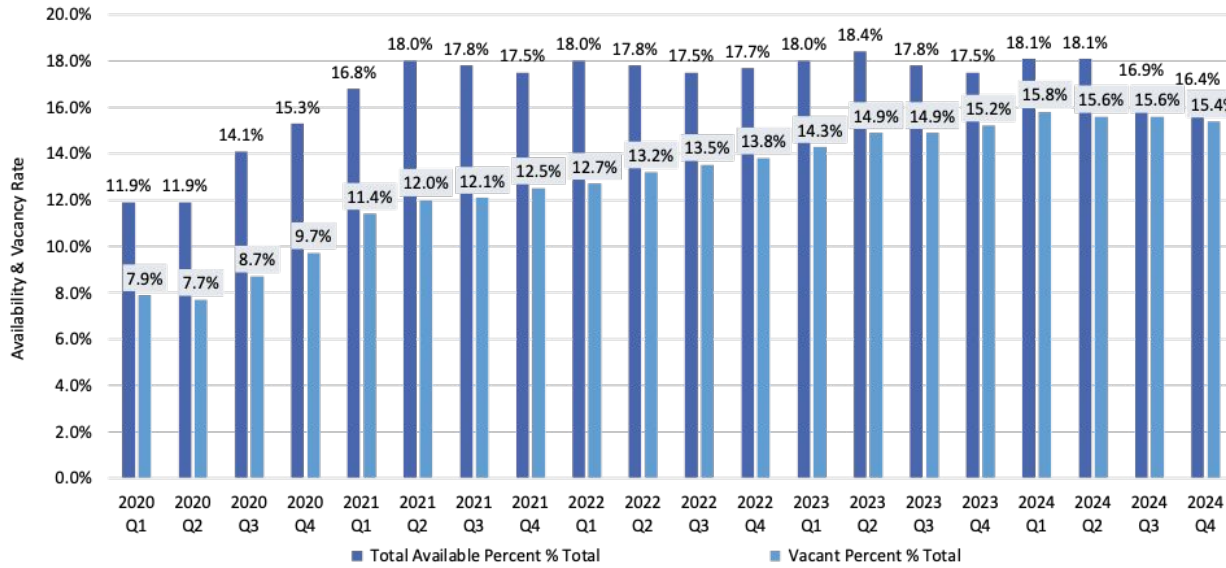
UNDER CONSTRUCTION BUILDINGS SF VS NUMBER OF OFFICE BUILDINGS UNDER CONSTRUCTION



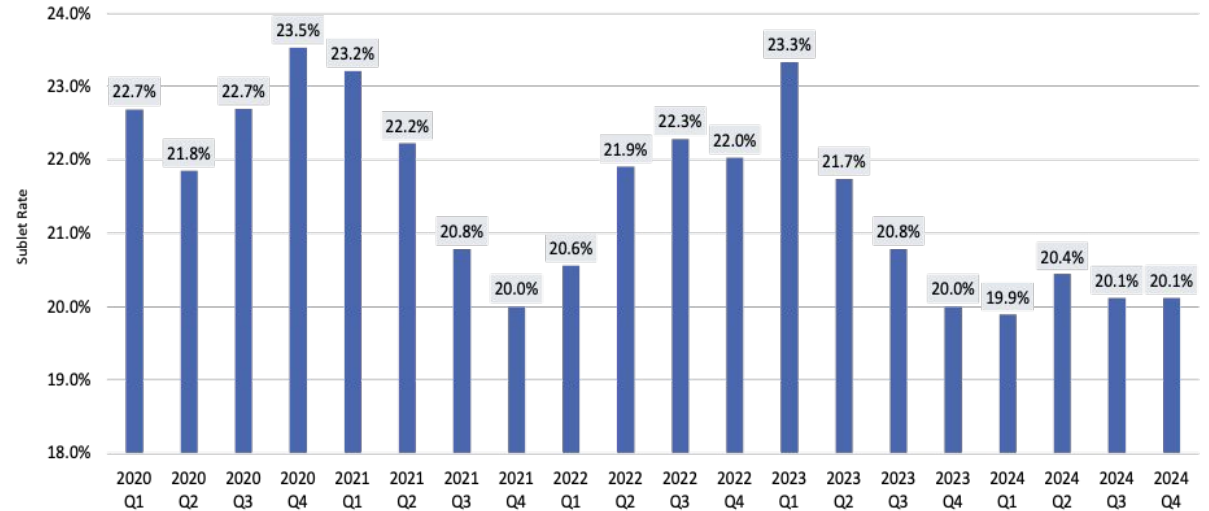
MANHATTAN OVERALL- LEASING ACTIVITY BY CLASS



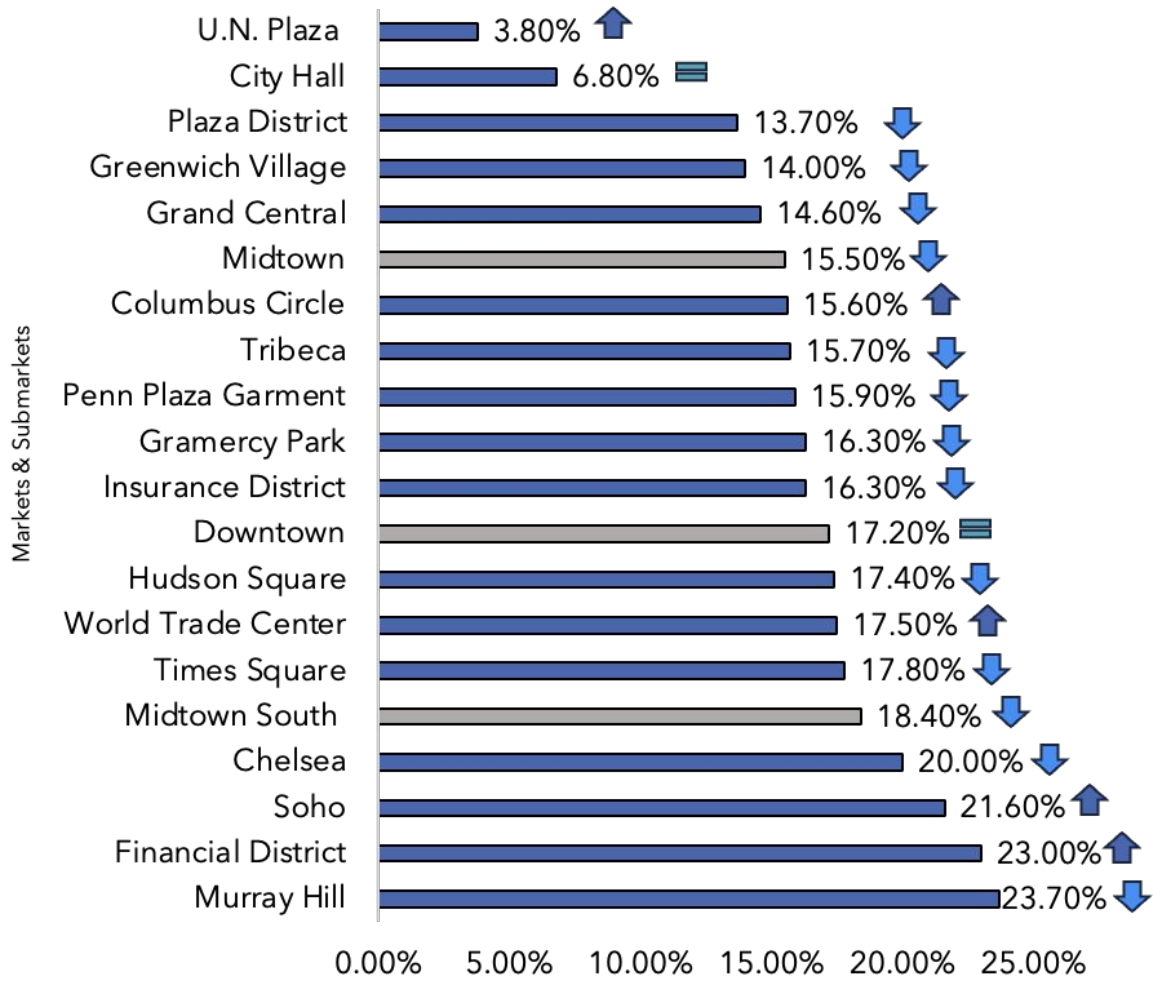
MANHATTAN OVERALL- AVAILABILITY VS VACANCY



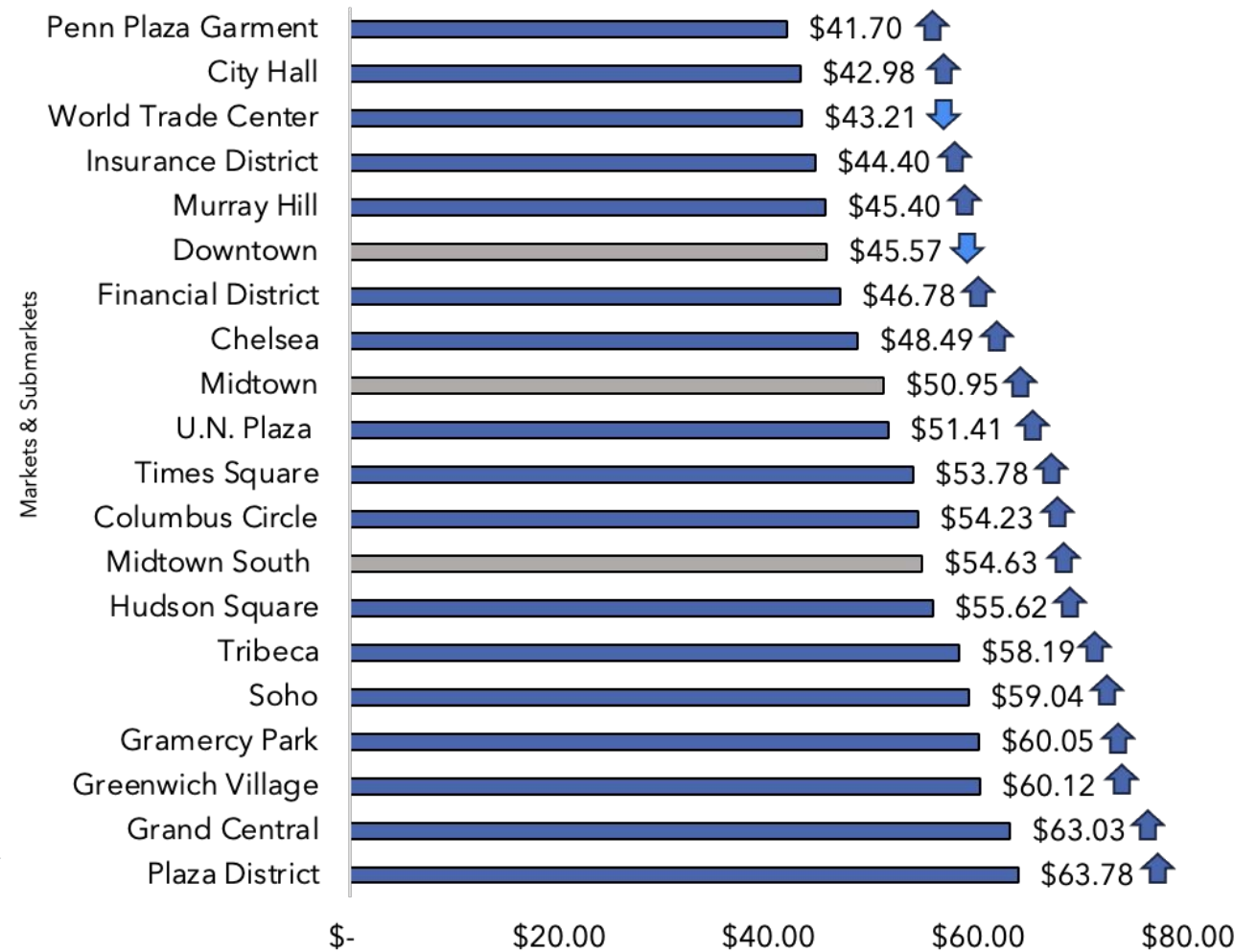
MANHATTAN OVERALL- SUBLET % TO TOTAL AVAILABILITY



TOTAL AVAILABLE PERCENT



OFFICE BASE RENT

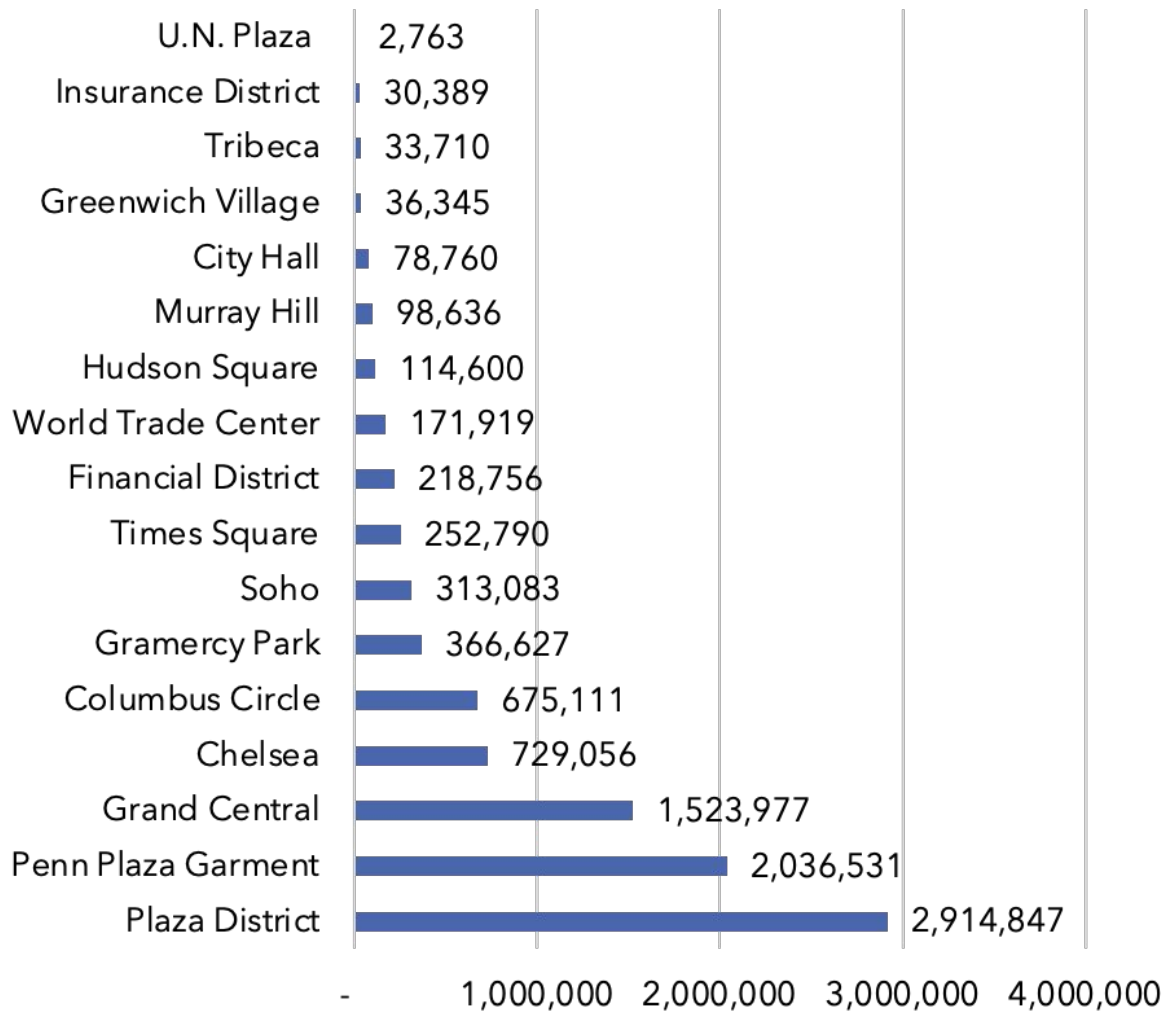


↑ Up
↓ Down
▬ Remain stable

*Changes from 3Q of 2024 to 4Q of 2024

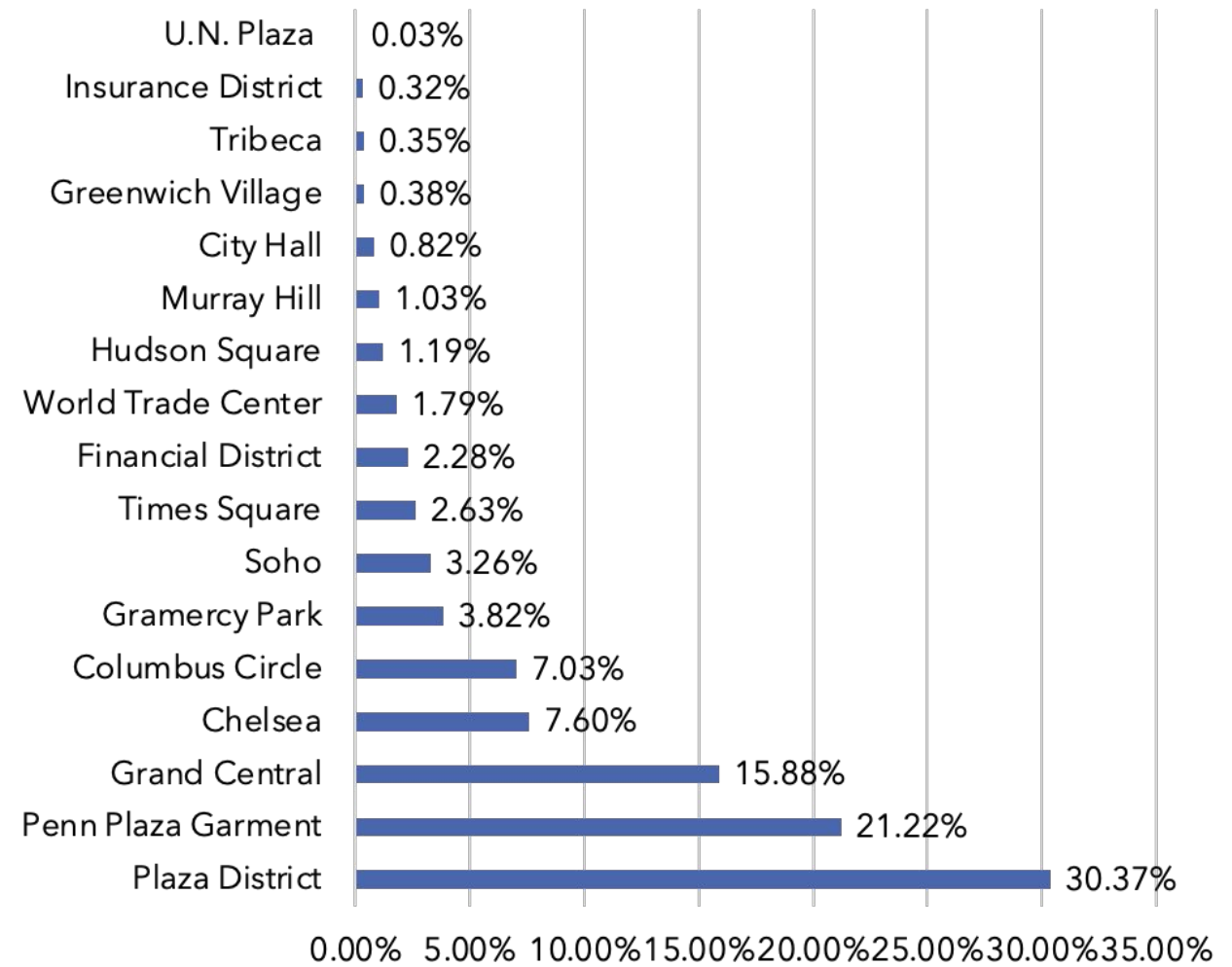
There are 20 markets in **Overall Manhattan**, the total available percent increased in 5 markets, decreased in 13, and remained stable in 2; As for the Office Base Rent increased in 18 markets, and decreased in 2 markets.

LEASING ACTIVITY SF BY SUBMARKET



LEASING ACTIVITY % BY SUBMARKET

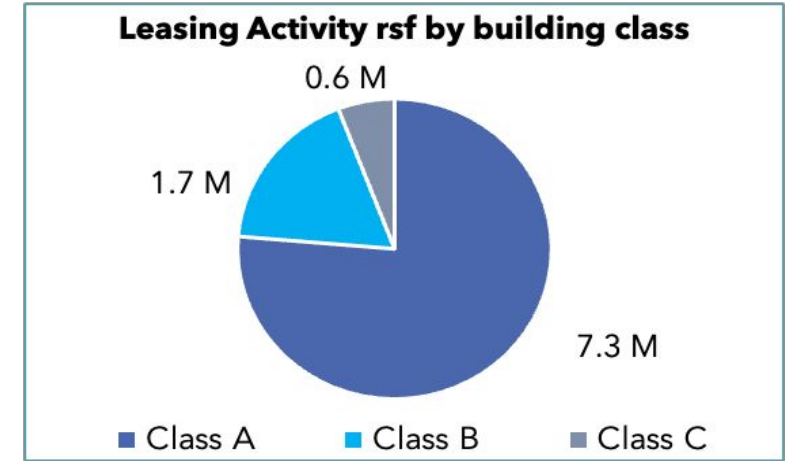
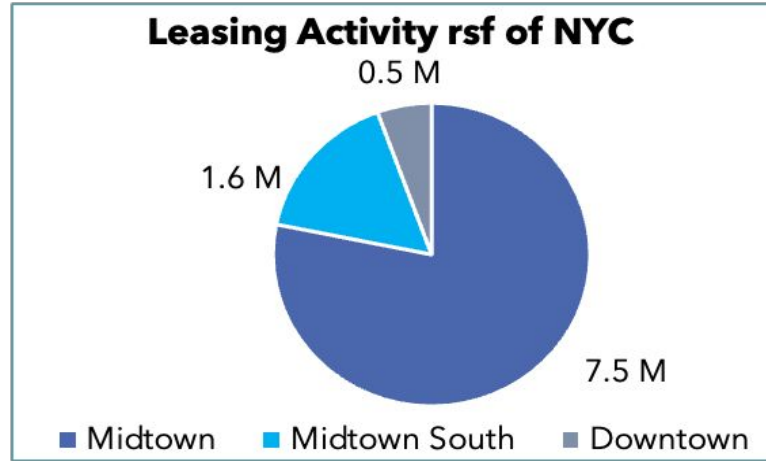
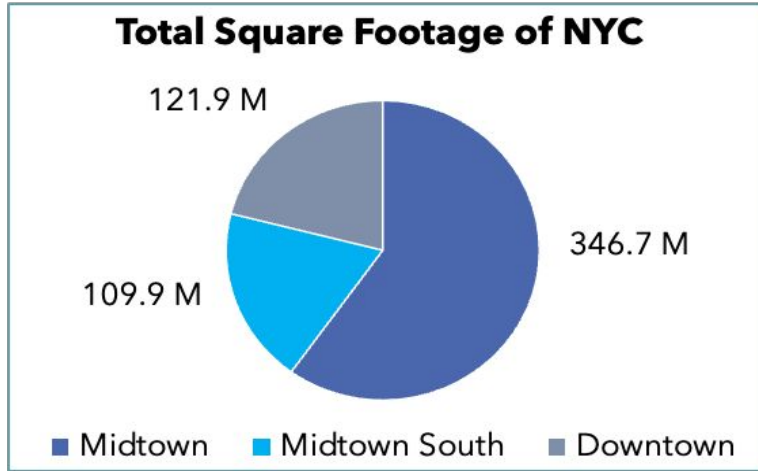
30% of all leasing activity was done in the Plaza District



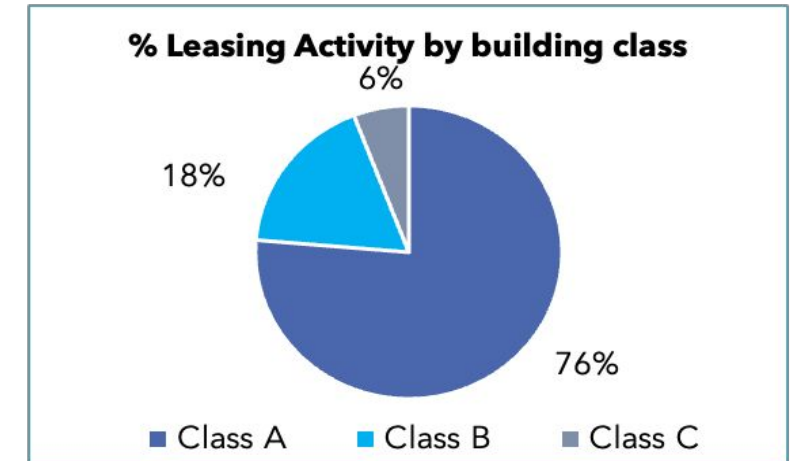
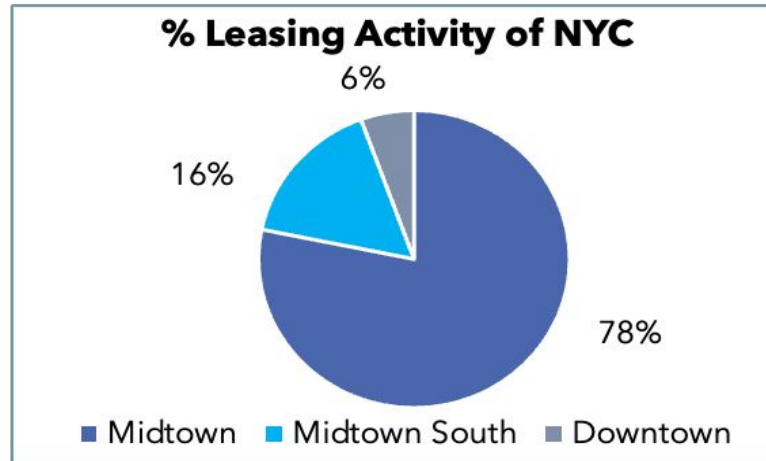
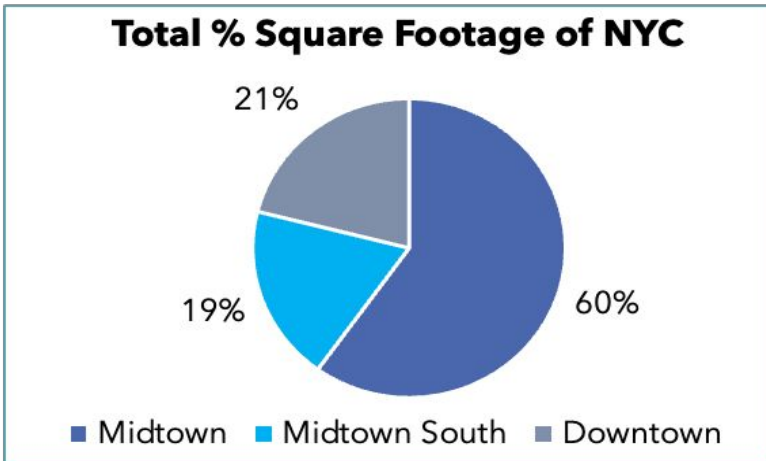
Total Leasing activity SF Overall Manhattan: 9,597,900

COMMERCIAL OFFICE MARKET Q4 2024 - NYC TOTAL SQUARE FOOTAGE

RENTABLE SQUARE FOOTAGE



PERCENTAGE



Total Square footage of NYC: 578.5 M

* Class D buildings are not reflected in this chart

10 LARGEST DEALS COMPLETED IN MANHATTAN - Q4 2024

TENANT	ADDRESS	MARKET	SUBMARKET	SF	TRANSACTION TYPE	DIRECT OR SUBLET	EXPANSION/REDUCTION	BUILDING CLASS
NYU	770 Broadway	Midtown South	Greenwich Village	1,100,000	Relocation	Direct	Expansion	A
Bloomberg L.P.	919 Third Avenue	Midtown	Plaza District	924,876	Renewal	Direct	Expansion	A
Citadel	660 Fifth Avenue	Midtown	Plaza District	504,000	Relocation	Direct	Expansion	A
Ropes & Gray	1285 Avenue of the Americas	Midtown	Columbus Circle	535,000	Relocation	Direct	Expansion	A
Apple	11 Penn Plaza	Midtown	Penn Plaza/Garment	397,894	Renewal	Direct	Expansion	A
JPMorgan Chase & Co.	277 Park Avenue	Midtown	Plaza District	361,328	Renewal	Direct	Remained the same	A
WeWork	330 W 34th Street	Midtown	Penn Plaza/Garment	303,741	Relocation	Direct	Expansion	A
TPG Angelo Gordon	66 Hudson Blvd	Midtown	Penn Plaza/Garment	301,276	Relocation	Direct	Expansion	A
Google	85 Tenth Avenue	Midtown South	Chelsea	300,000	Renewal	Direct	Remained the same	A
Blue Owl Capital	375 Park Avenue	Midtown	Plaza District	238,673	Renewal	Direct	Expansion	A

Eight out of ten deals were expansions

AVERAGE TAKING DEAL

Market	Quarter	Starting Rent	TI Value	Free Rent (mo)	Free Rent	Total Concession Package	Term (mo)
Overall Market	Q4 2024	\$73.43	\$108.98	7.40	\$45.28	\$154.26	87.00
	Q4 2023	\$70.16	\$101.24	6.70	\$39.17	\$140.41	81.00
	Q2 2023	\$68.55	\$94.08	6.60	\$37.70	\$131.78	79.00
Midtown	Q4 2024	\$79.08	\$116.53	8.10	\$53.38	\$169.91	93.00
	Q4 2023	\$74.87	\$107.18	7.20	\$44.92	\$152.10	85.00
	Q2 2023	\$73.26	\$100.65	7.10	\$43.35	\$144.00	83.00
Midtown South	Q4 2024	\$67.28	\$86.43	5.30	\$29.72	\$116.15	69.00
	Q4 2023	\$64.36	\$90.68	5.00	\$26.82	\$117.50	65.00
	Q2 2023	\$63.72	\$84.23	5.10	\$27.08	\$111.31	64.00
Downtown	Q4 2024	\$48.20	\$61.58	6.60	\$26.51	\$88.09	81.00
	Q4 2023	\$49.24	\$57.99	7.00	\$28.72	\$86.71	86.00
	Q2 2023	\$50.08	\$65.09	6.30	\$26.29	\$91.38	80.00

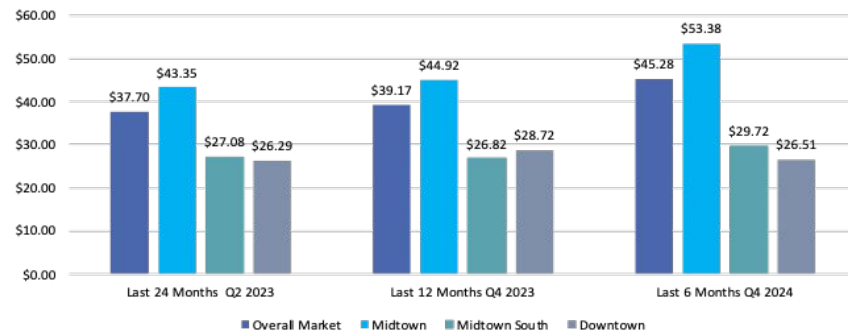
The information provided in this chart is from Compstack

CONCESSION PACKAGE Q4 2024

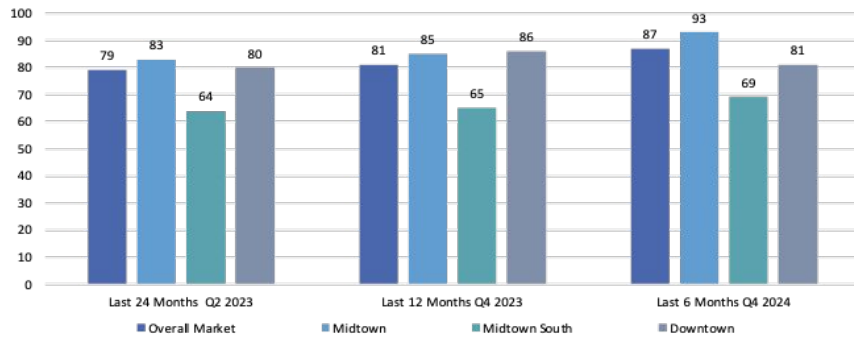
STARTING RENT



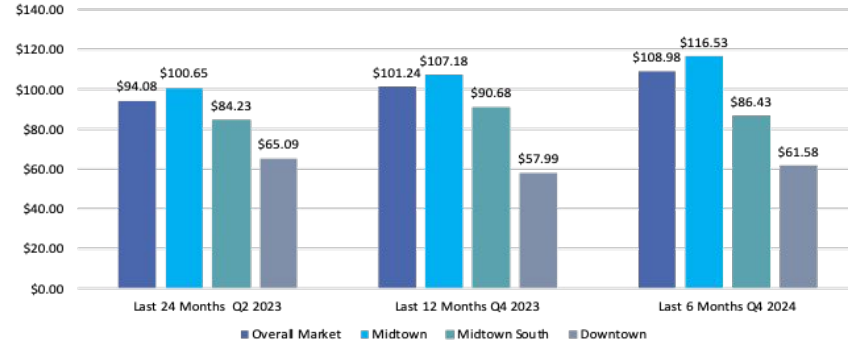
FREE RENT IN \$



LENGTH TERM



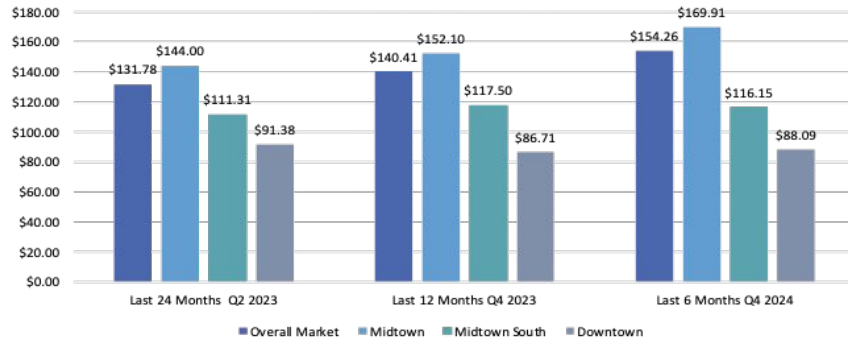
LANDLORD CASH CONTRIBUTION



FREE RENT IN NUMBER MONTHS



TOTAL CONCESSION PACKAGE



The information provided in this chart is from Compstack

AVERAGE TAKING DEAL ON A 10-YEAR BASIS

Market	Quarter	Starting Rent	TI Value	Free Rent	Free Rent Dollar Value	Total Concession Package	Term (mo)
Overall Market	Q4 2024	\$73.43	\$150.32	10.21	\$62.46	\$212.77	120.00
	Q4 2023	\$70.16	\$149.99	9.93	\$58.03	\$208.02	120.00
	Q2 2023	\$68.55	\$142.91	10.03	\$57.27	\$200.18	120.00
Midtown	Q4 2024	\$79.08	\$150.36	10.45	\$68.88	\$219.24	120.00
	Q4 2023	\$74.87	\$151.31	10.16	\$63.42	\$214.73	120.00
	Q2 2023	\$73.26	\$145.52	10.27	\$62.67	\$208.19	120.00
Midtown South	Q4 2024	\$67.28	\$150.31	9.22	\$51.68	\$201.99	120.00
	Q4 2023	\$64.36	\$167.41	9.23	\$49.51	\$216.92	120.00
	Q2 2023	\$63.72	\$157.93	9.56	\$50.78	\$208.71	120.00
Downtown	Q4 2024	\$48.20	\$91.23	9.78	\$39.27	\$130.50	120.00
	Q4 2023	\$49.24	\$80.92	9.77	\$40.08	\$121.00	120.00
	Q2 2023	\$50.08	\$97.64	9.45	\$39.44	\$137.07	120.00

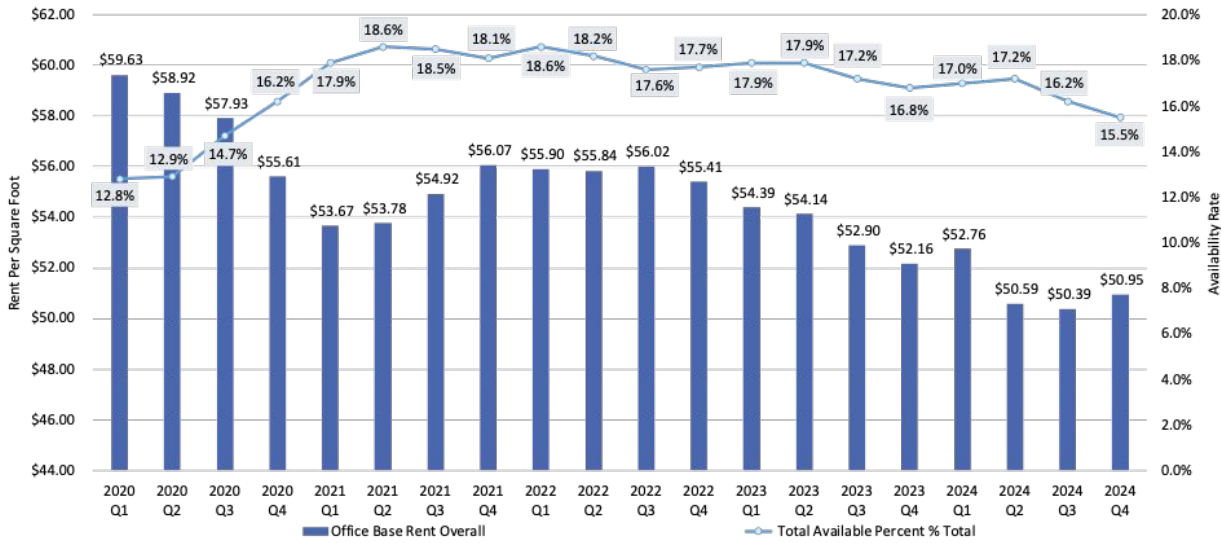
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MIDTOWN

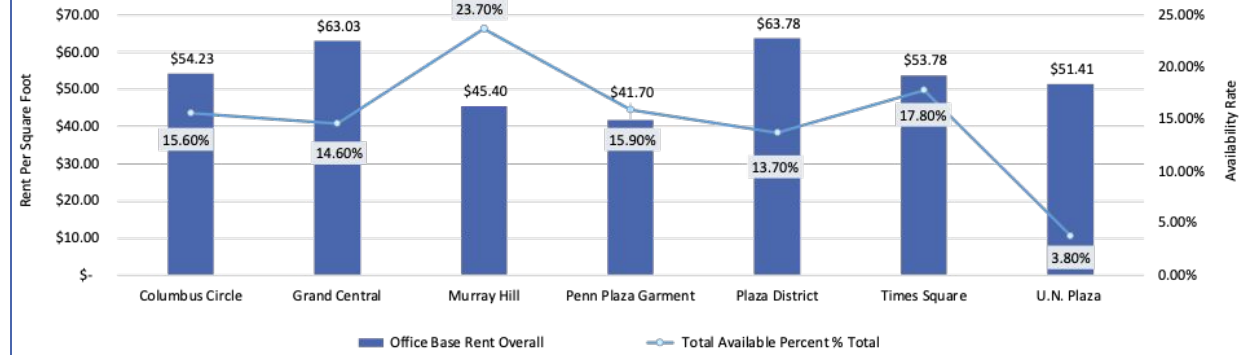
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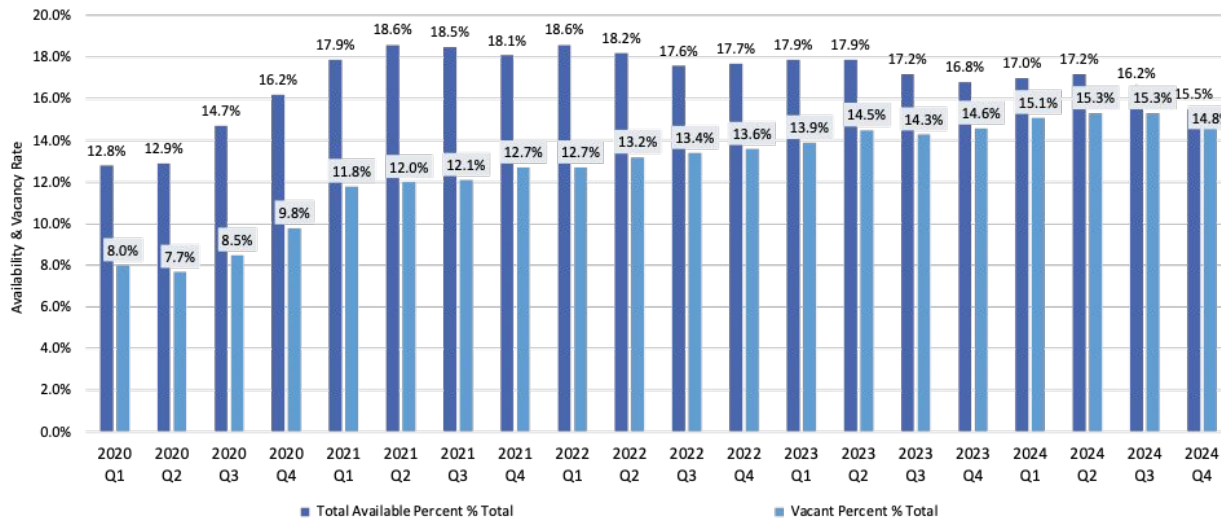
MIDTOWN- BASE RENT VS AVAILABILITY RATE



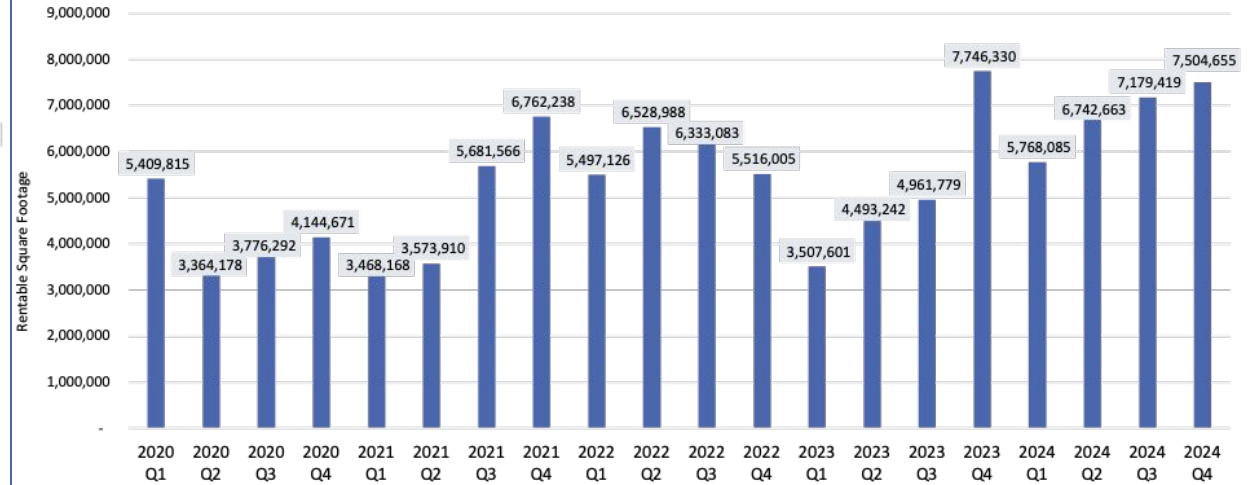
MIDTOWN SUBMARKETS- BASE RENT VS AVAILABILITY RATE



MIDTOWN- AVAILABILITY VS VACANCY

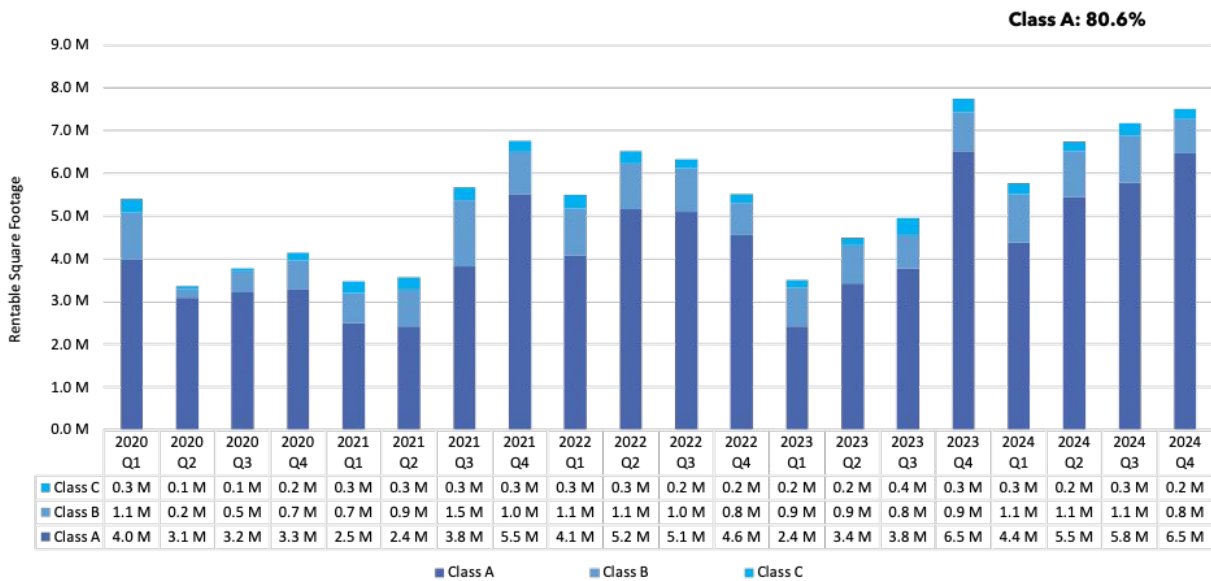


MIDTOWN- LEASING ACTIVITY (QUARTERLY)

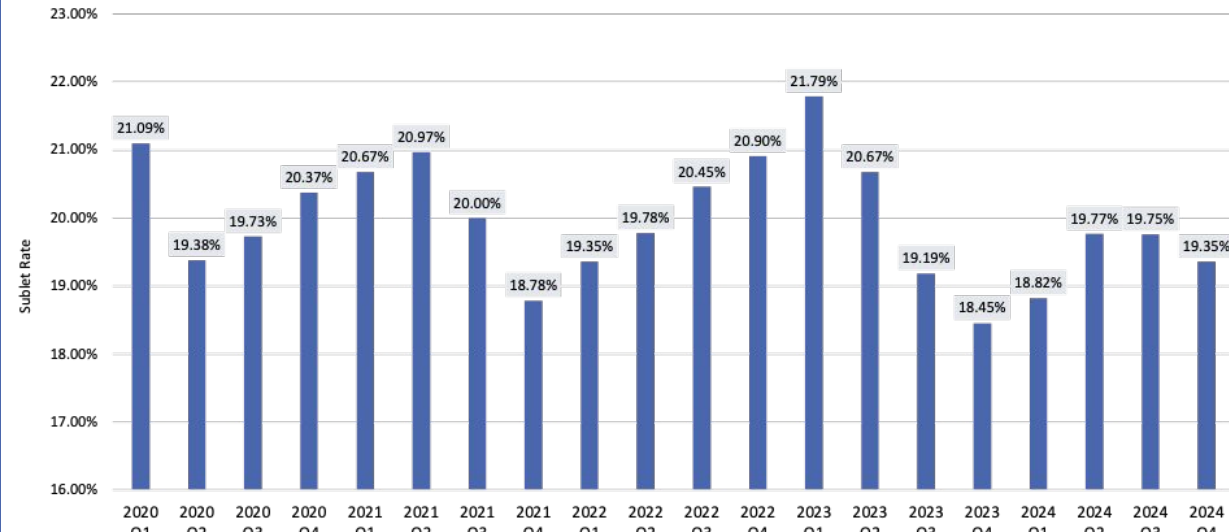


Year	2020	2021	2022	2023	2024
Yearly Leasing Activity	16,694,956	19,485,882	23,875,202	20,708,952	27,194,822

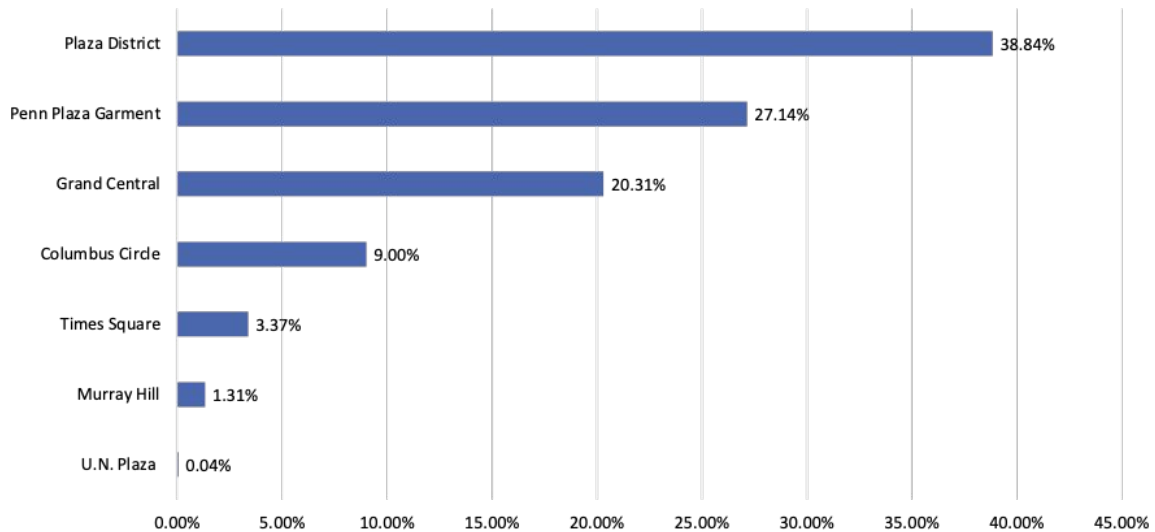
MIDTOWN- LEASING ACTIVITY BY CLASS



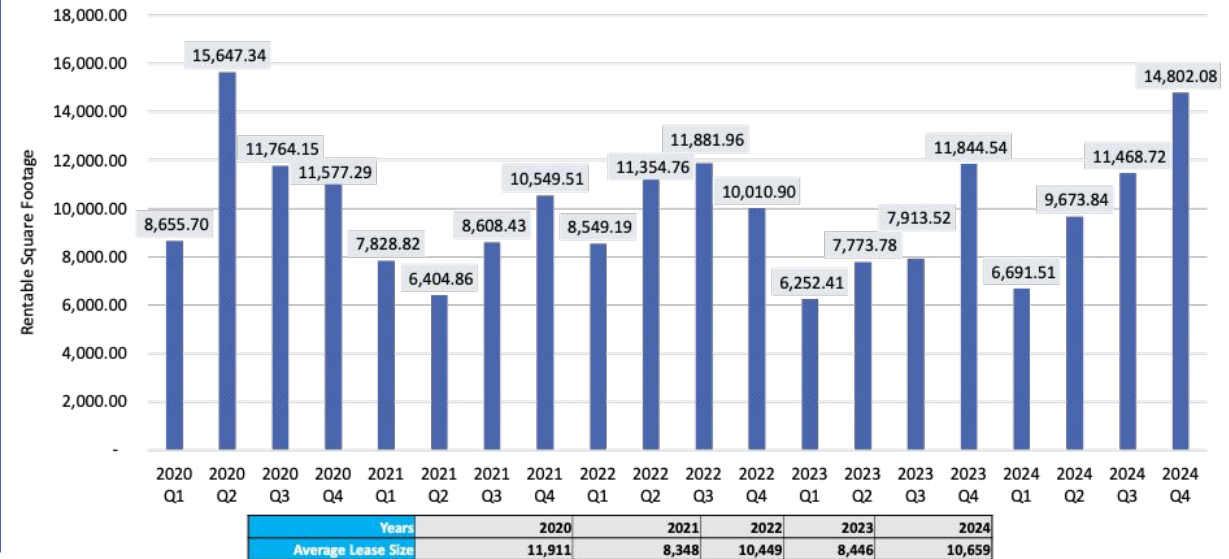
MIDTOWN- % SUBLET OVER TOTAL AVAILABILITY



MIDTOWN- LEASING ACTIVITY % TOTAL



MIDTOWN- AVERAGE LEASE SIZE



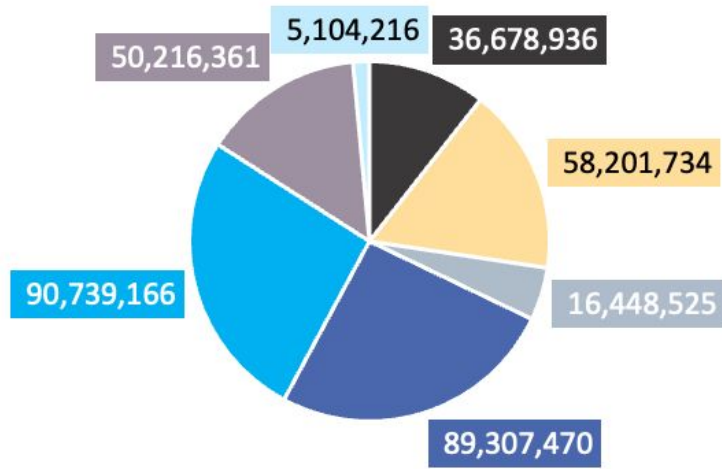
5 LARGEST DEALS COMPLETED IN MIDTOWN - Q4 2024

TENANT	ADDRESS	MARKET	SUBMARKET	SF	TRANSACTION TYPE	DIRECT OR SUBLET	EXPANSION/REDUCTION	BUILDING CLASS
Bloomberg L.P.	919 Third Avenue	Midtown	Plaza District	924,876	Renewal	Direct	Expansion	A
Citadel	660 Fifth Avenue	Midtown	Plaza District	504,000	Relocation	Direct	Expansion	A
Ropes & Gray	1285 Avenue of the Americas	Midtown	Columbus Circle	535,000	Relocation	Direct	Expansion	A
Apple	11 Penn Plaza	Midtown	Penn Plaza/Garment	397,894	Renewal	Direct	Expansion	A
JPMorgan Chase & Co.	277 Park Avenue	Midtown	Plaza District	361,328	Renewal	Direct	Remained the same	A

MIDTOWN SUBMARKETS - TOTAL SQUARE FOOTAGE

Total Square Footage

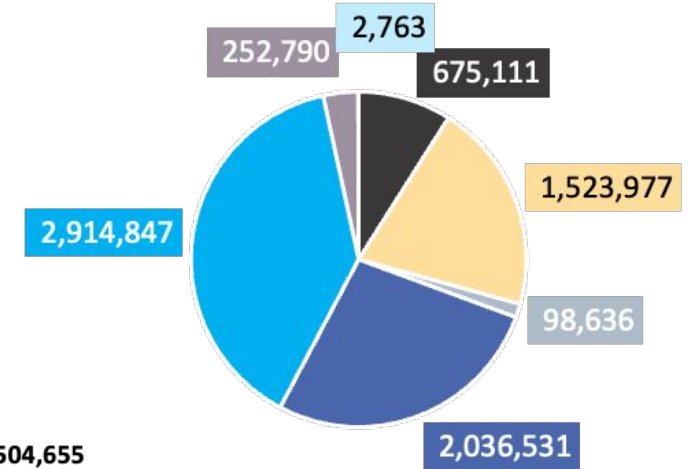
- Columbus Circle
- Grand Central
- Murray Hill
- Penn Plaza Garment
- Plaza District
- Times Square
- U.N. Plaza



Midtown total SF: 346,696,408

Leasing Activity SF Total

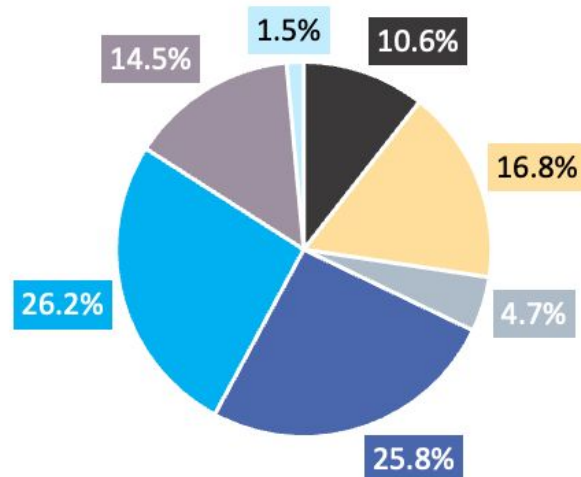
- Columbus Circle
- Grand Central
- Murray Hill
- Penn Plaza Garment
- Plaza District
- Times Square
- U.N. Plaza



Midtown leasing activity SF: 7,504,655

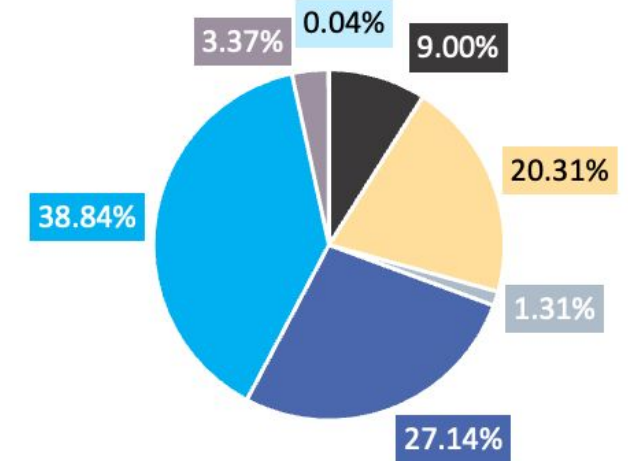
Total % Square Footage

- Columbus Circle
- Grand Central
- Murray Hill
- Penn Plaza Garment
- Plaza District
- Times Square
- U.N. Plaza



Leasing Activity % Total

- Columbus Circle
- Grand Central
- Murray Hill
- Penn Plaza Garment
- Plaza District
- Times Square
- U.N. Plaza



MIDTOWN SOUTH

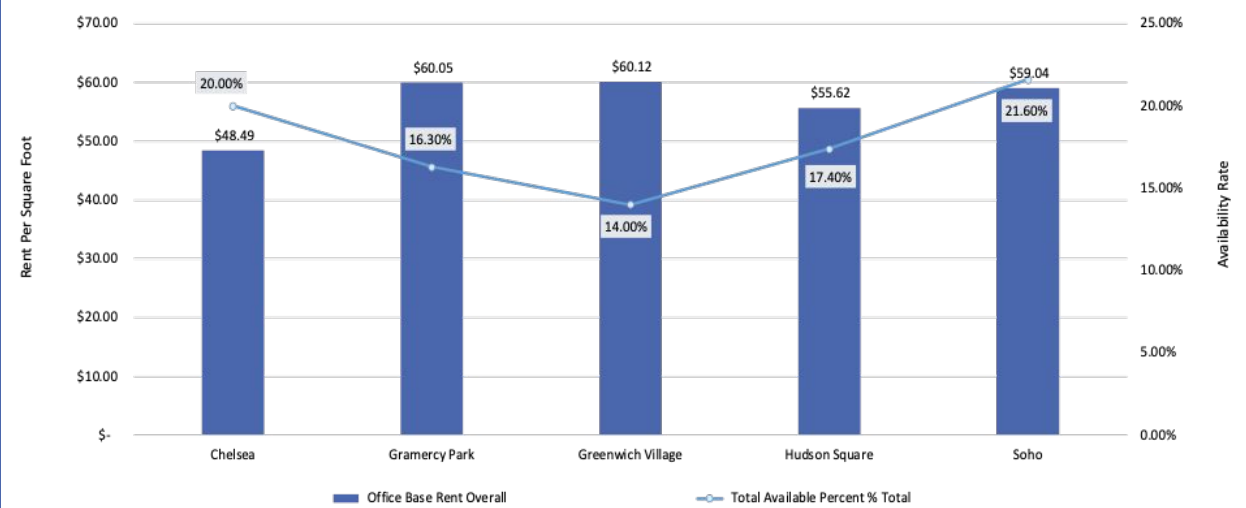
Q4 2024

W UNION SQUARE

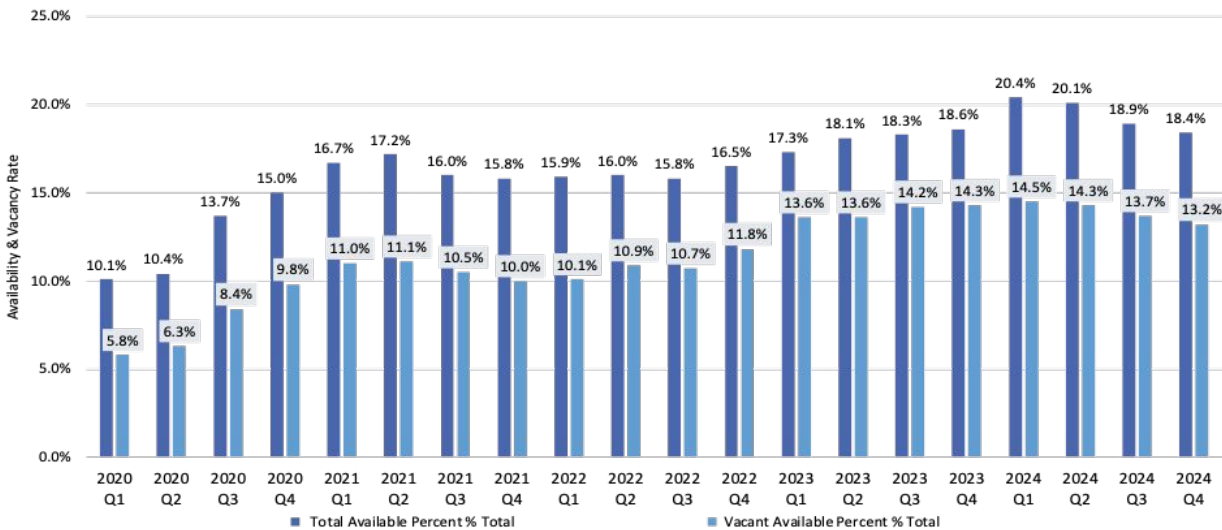
MIDTOWN SOUTH- RENT VS AVAILABILITY



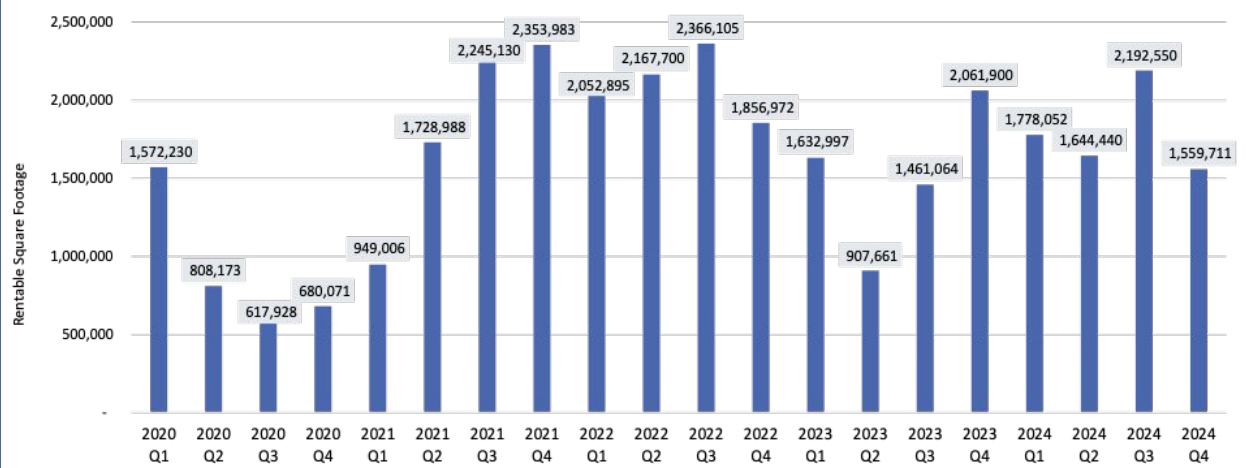
MIDTOWN SOUTH SUBMARKETS- RENT VS AVAILABILITY RATE



MIDTOWN SOUTH- AVAILABILITY VS VANCANCY

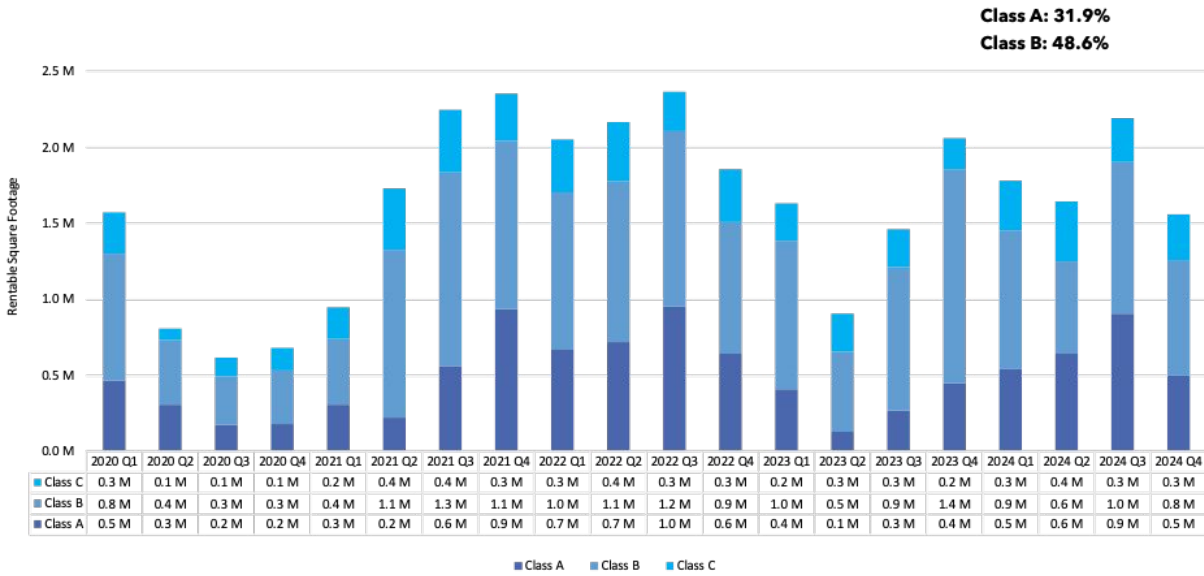


MIDTOWN SOUTH- LEASING ACTIVITY (QUARTERLY)

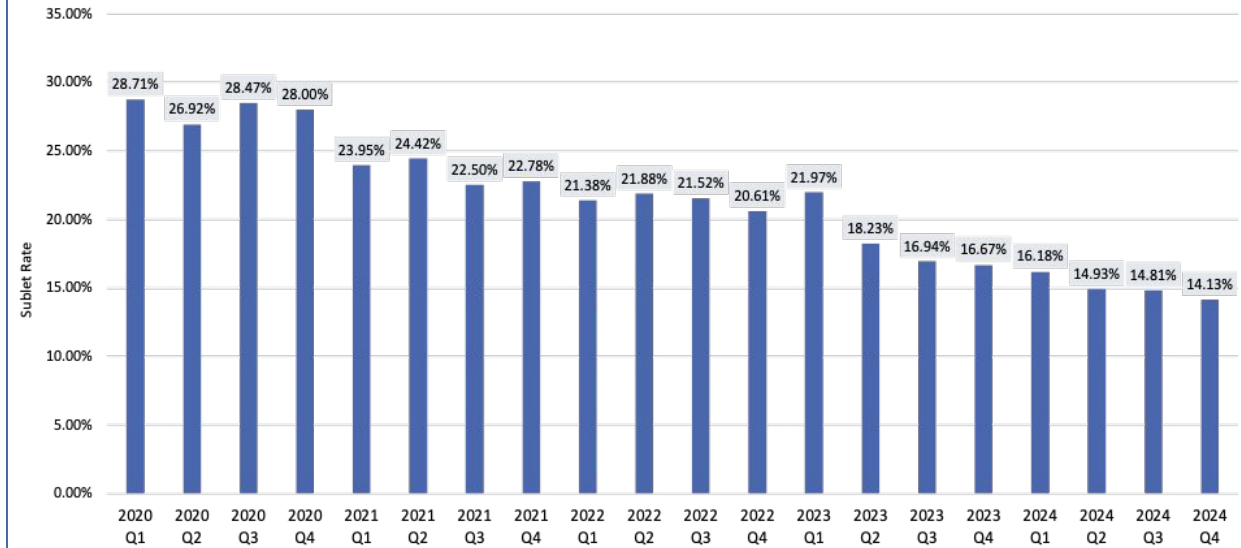


Year	2020	2021	2022	2023	2024
Yearly Leasing Activity	3,678,402	7,277,107	8,443,672	6,063,622	7,174,753

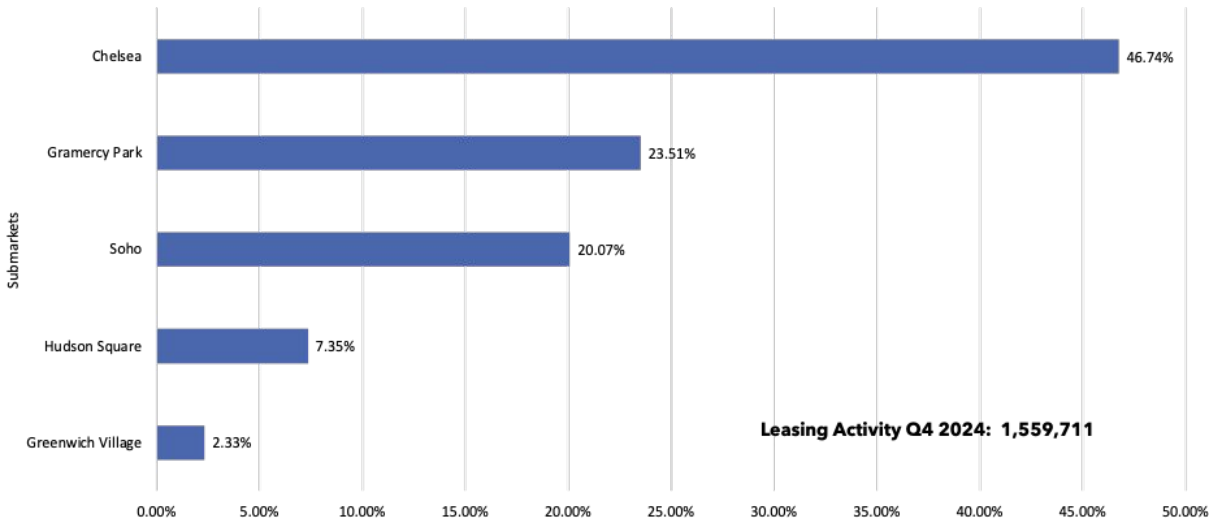
MIDTOWN SOUTH- LEASING ACTIVITY BY CLASS



MIDTOWN SOUTH- SUBLET % TO TOTAL AVAILABILITY



MIDTOWN SOUTH- LEASING % TOTAL



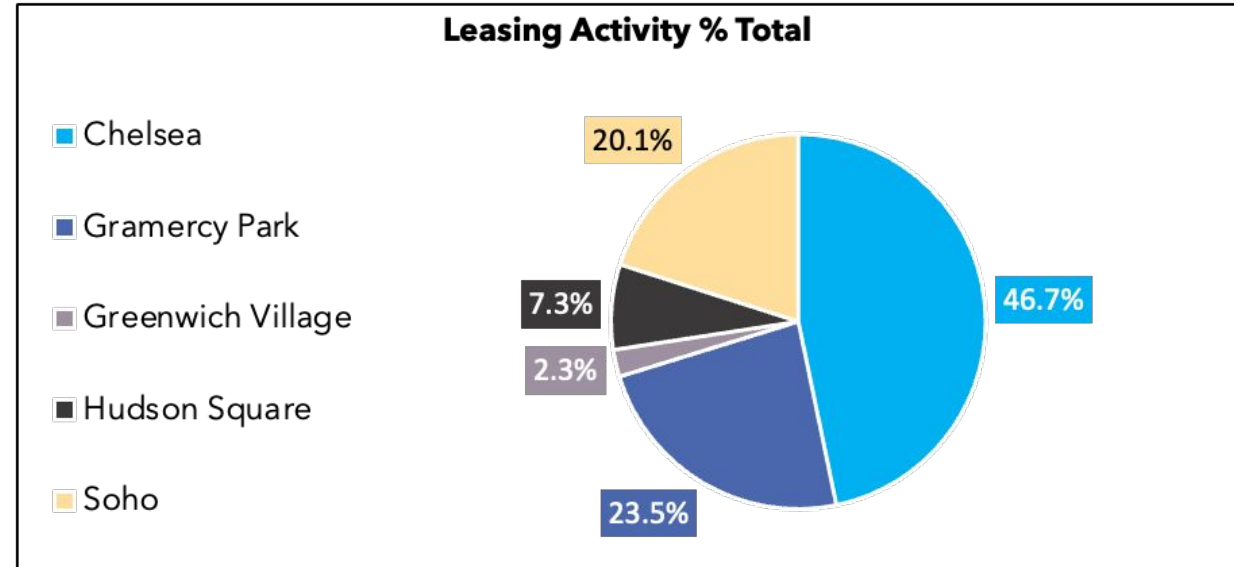
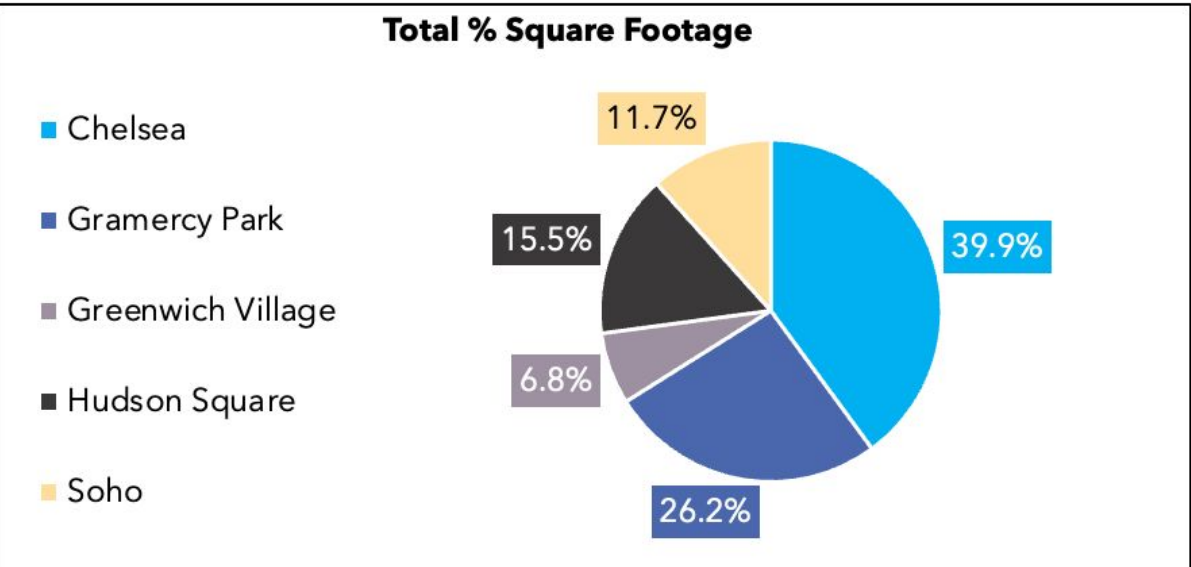
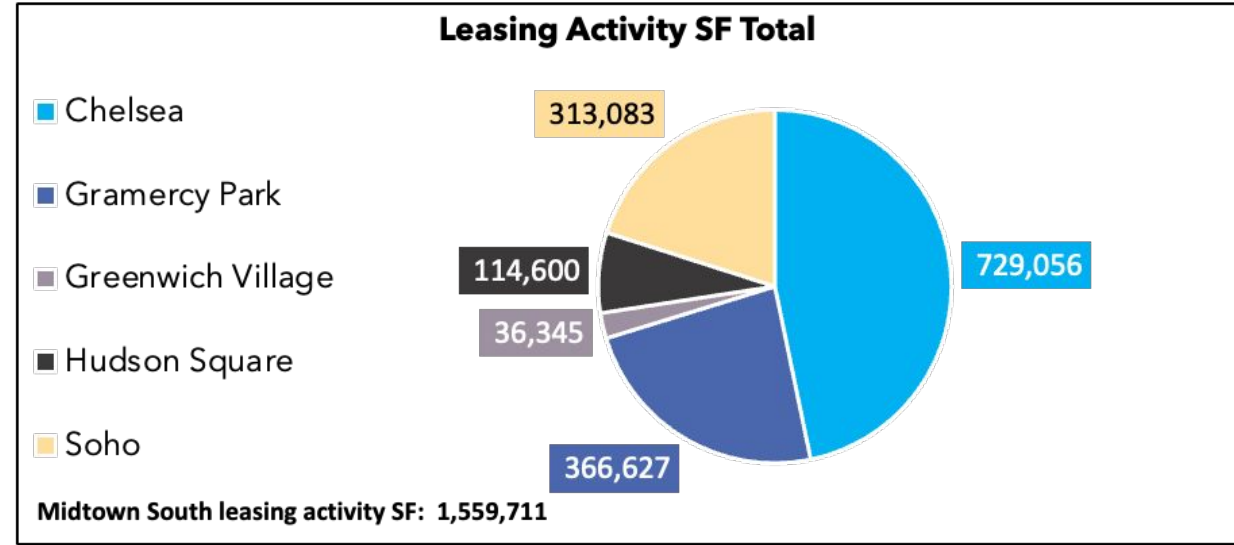
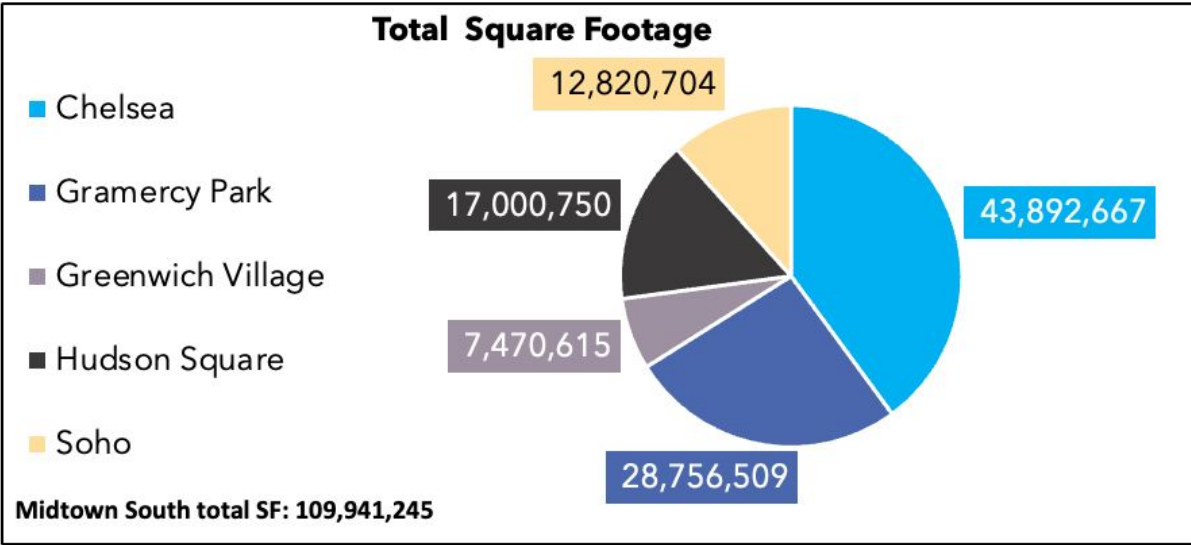
MIDTOWN SOUTH- AVERAGE LEASE SIZE



5 LARGEST DEALS COMPLETED IN MIDTOWN SOUTH - Q3 2024

TENANT	ADDRESS	MARKET	SUBMARKET	SF	TRANSACTION TYPE	DIRECT OR SUBLET	EXPANSION/REDUCTION	BUILDING CLASS
NYU	770 Broadway	Midtown South	Greenwich Village	1,100,000	Relocation	Direct	Expansion	A
Google	85 Tenth Avenue	Midtown South	Chelsea	300,000	Renewal	Direct	Remained the same	A
Chobani	360 Bowery	Midtown South	Greenwich Village	121,000	Relocation	Direct	Expansion	A
OpenAI	295 Lafayette Street	Midtown South	Soho	90,102	Relocation	Direct	Expansion	A
Compass	110 Fifth Avenue	Midtown South	Chelsea	81,410	Relocation	Direct	Expansion	B

MIDTOWN SOUTH SUBMARKETS - TOTAL SQUARE FOOTAGE

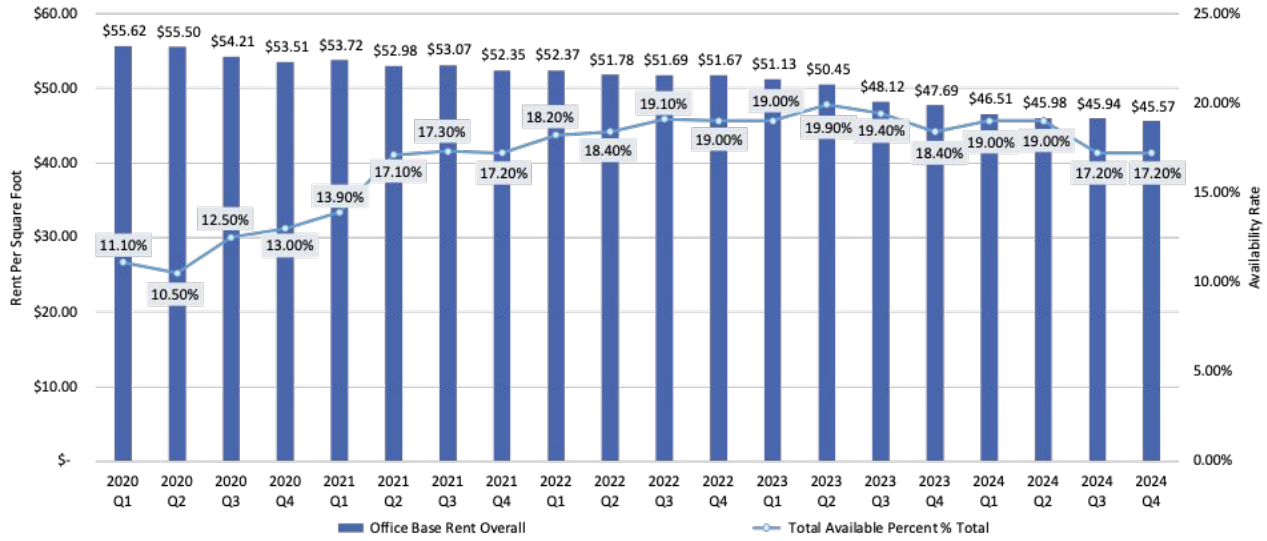


DOWNTOWN

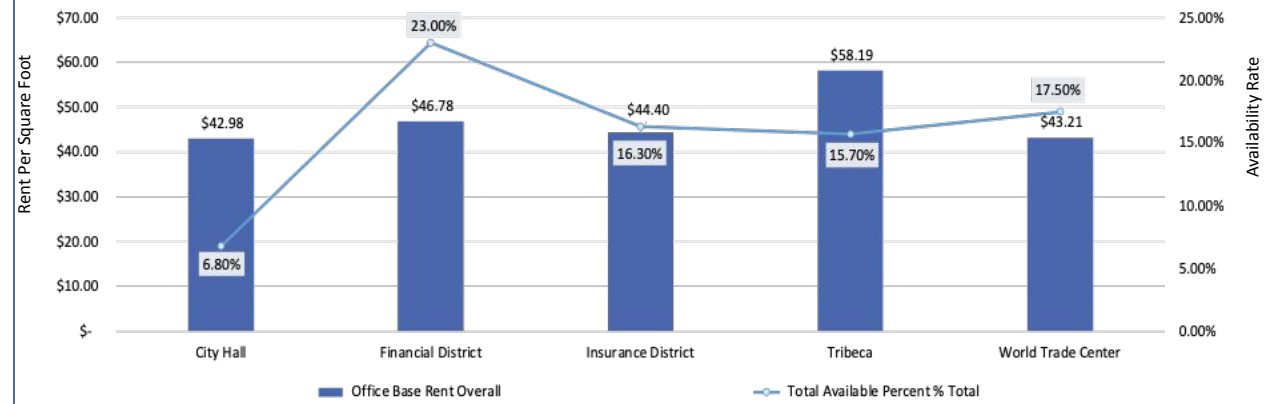
Q4 2024



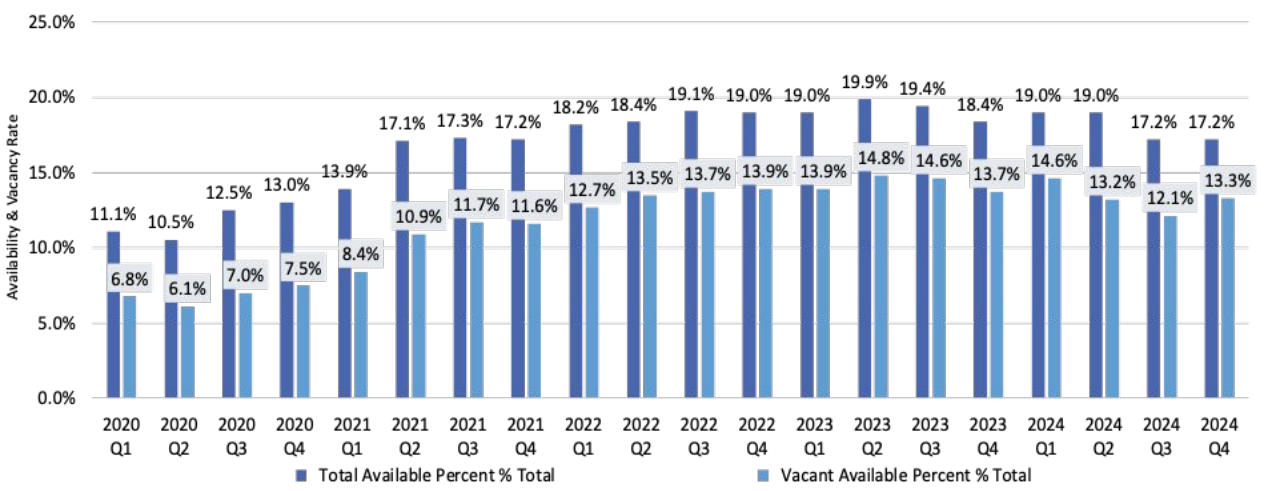
DOWNTOWN- RENT VS AVAILABILITY



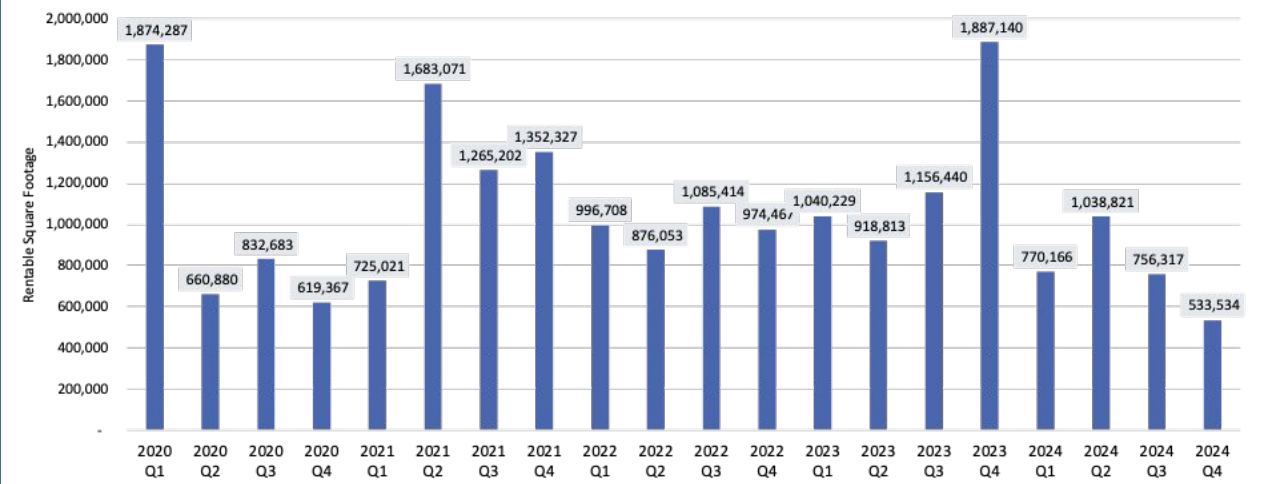
DOWNTOWN SUBMARKETS- RENT VS AVAILABILITY RATE



DOWNTOWN- AVAILABILITY VS VACANCY

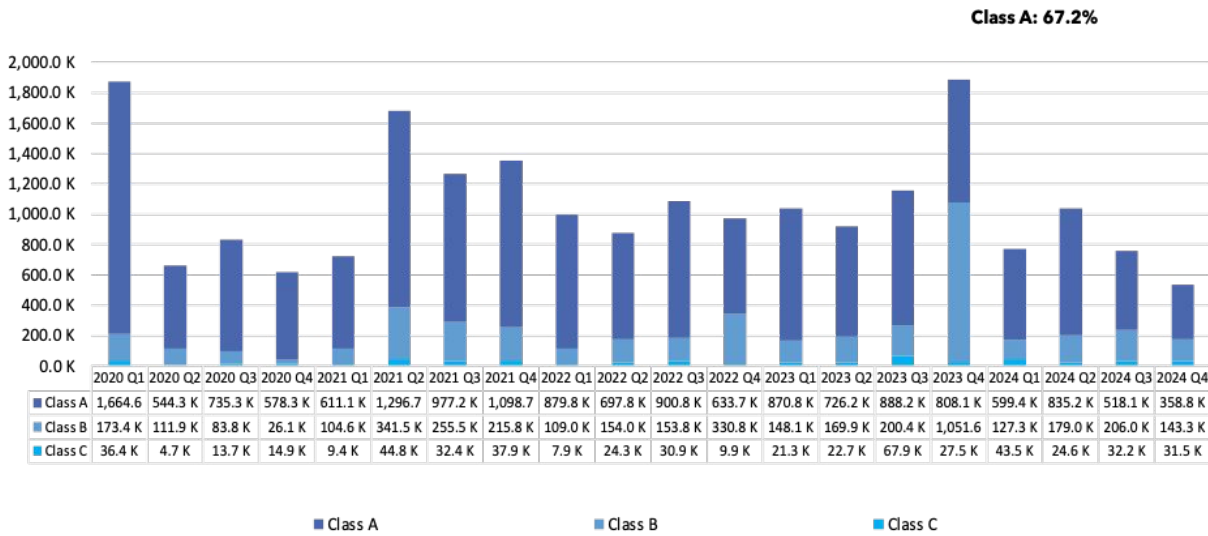


DOWNTOWN- LEASING ACTIVITY (QUARTERLY)

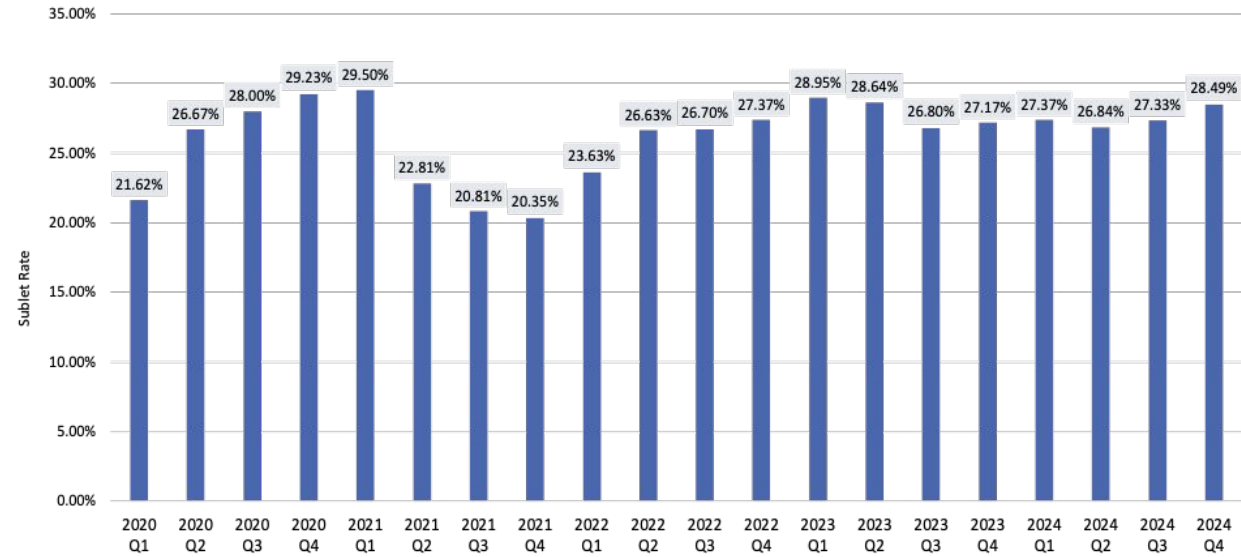


Year	2020	2021	2022	2023	2024
Yearly Leasing Activity	3,987,217	5,025,621	3,932,642	5,002,622	3,098,838

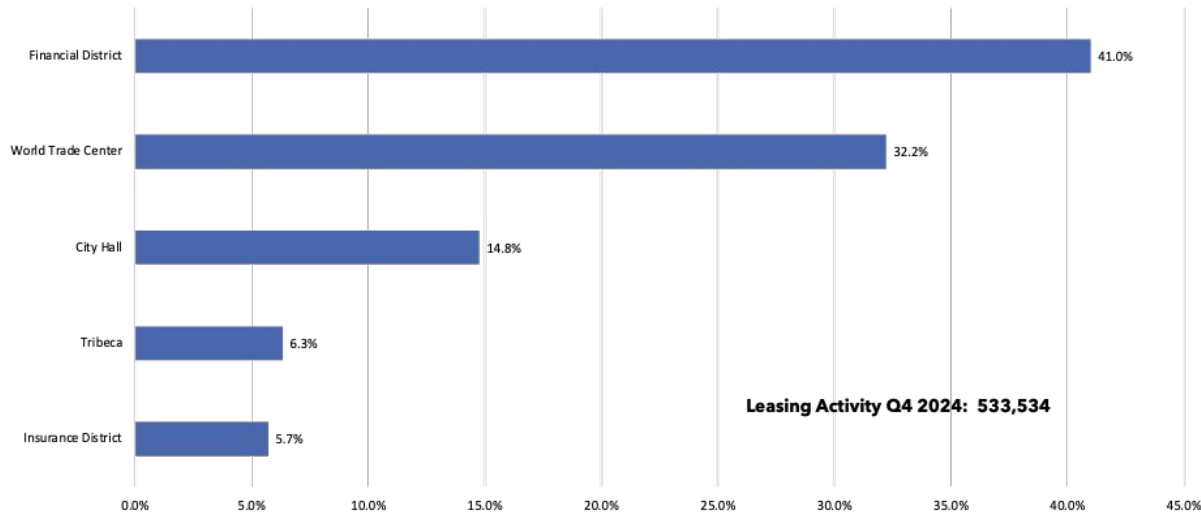
DOWNTOWN- LEASING ACTIVITY BY CLASS



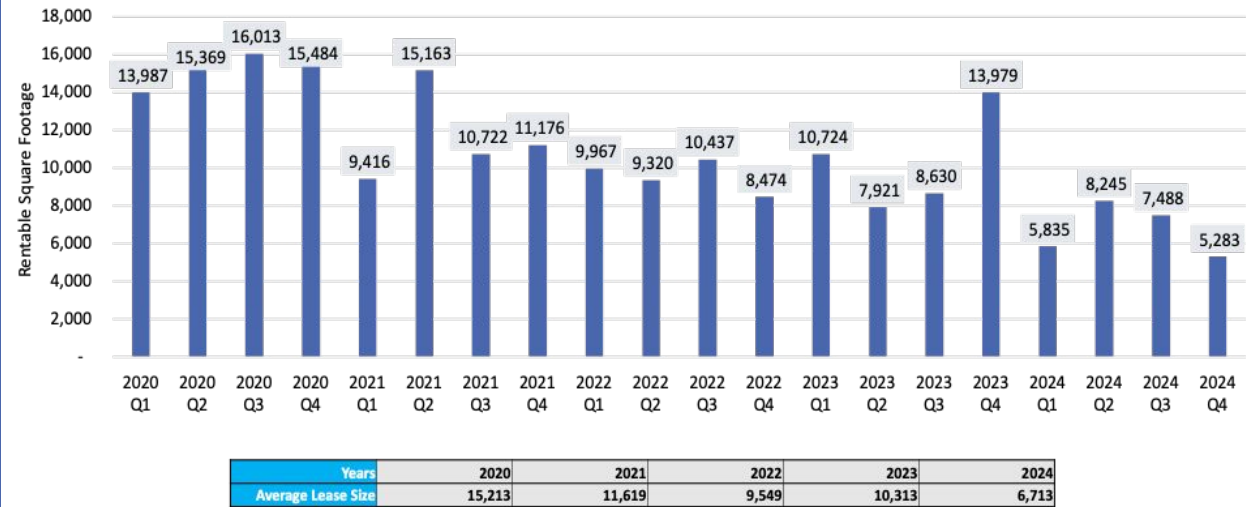
DOWNTOWN- SUBLET % TO TOTAL AVAILABILITY



DOWNTOWN- LEASING % TOTAL



DOWNTOWN- AVERAGE LEASE SIZE



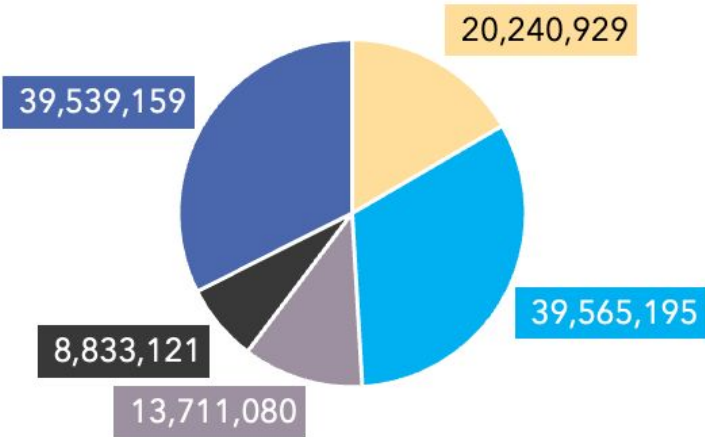
5 LARGEST DEALS COMPLETED IN DOWNTOWN - Q3 2024

TENANT	ADDRESS	MARKET	SUBMARKET	SF	TRANSACTION TYPE	DIRECT OR SUBLET	EXPANSION/REDUCTION	BUILDING CLASS
Freshfields	3 World Trade Center	Downtown	World Trade Center	44,931	Relocation	Direct	Expansion	A
Industrious	11 Park Place	Downtown	City Hall	39,600	Relocation	Direct	Expansion	B
Sciame Construction	14 Wall Street	Downtown	Financial District	37,266	Renewal	Direct	Remained the same	A
State of New York	60 Broad Street	Downtown	Financial District	35,316	Relocation	Direct	Expansion	A
Skarzynski Marick & Black LLP	1 Battery Park Plaza	Downtown	Financial District	28,307	Relocation	Direct	Expansion	A

DOWNTOWN SUBMARKETS - TOTAL SQUARE FOOTAGE

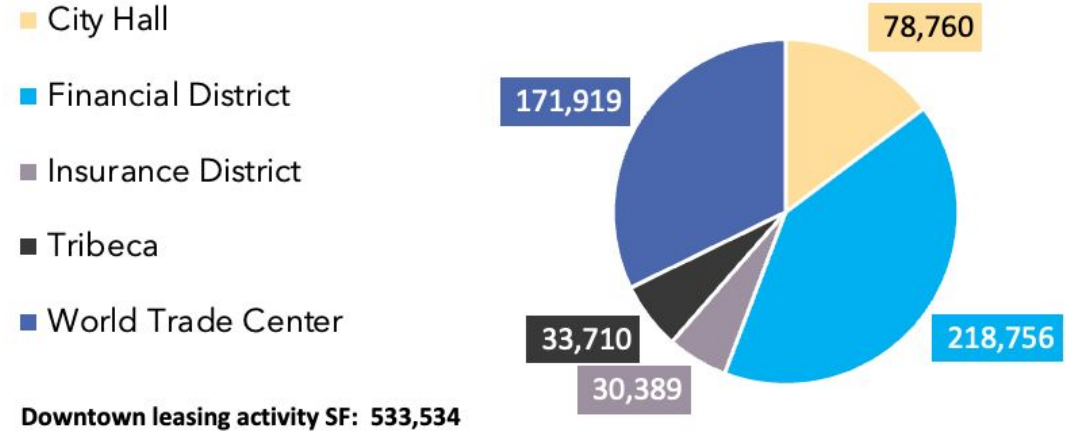
Total Square Footage

- City Hall
- Financial District
- Insurance District
- Tribeca
- World Trade Center



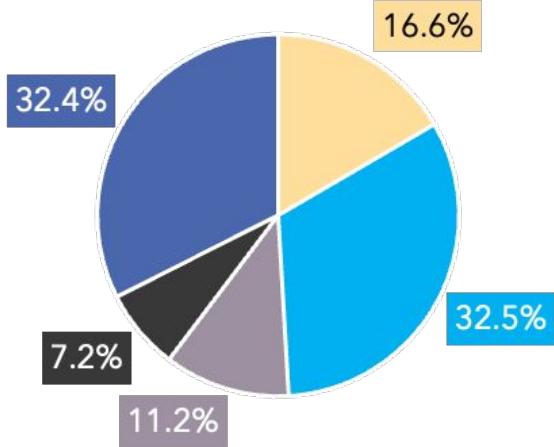
Leasing Activity SF Total

- City Hall
- Financial District
- Insurance District
- Tribeca
- World Trade Center



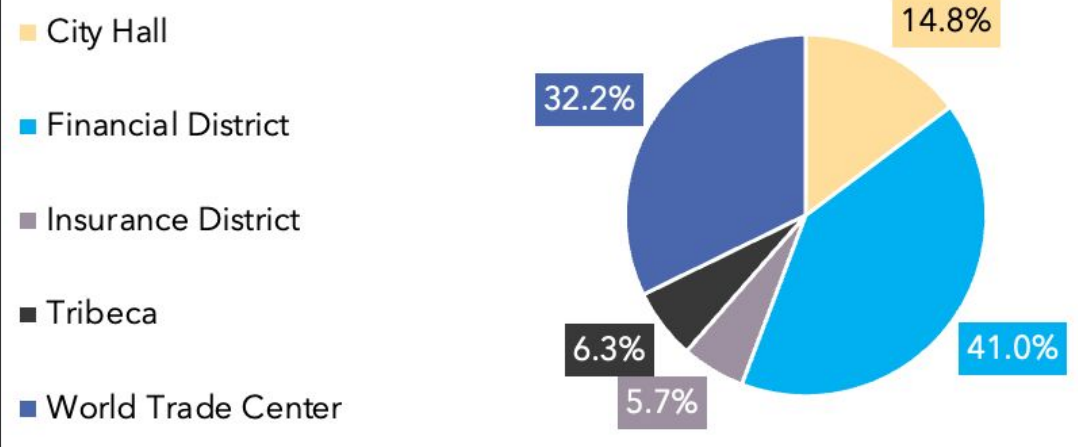
Total Square Footage %

- City Hall
- Financial District
- Insurance District
- Tribeca
- World Trade Center



Leasing Activity % Total

- City Hall
- Financial District
- Insurance District
- Tribeca
- World Trade Center



An aerial photograph of the New York City skyline during sunset. The Empire State Building is the central focus, with its iconic spire reaching towards the sky. The city is densely packed with various skyscrapers and buildings, some of which are illuminated by the warm, golden light of the setting sun. The sky is a mix of soft pinks, oranges, and blues, with scattered white clouds. In the background, the Hudson River and the New York Harbor are visible, along with the distant horizon.

APPENDIX 1: GLOSSARY

APPENDIX PART 1



Availability rate: the percent of space available on the last day of each quarter or the current date in the case of the current quarter. Total available SF divided by the total RBA on the last day of each quarter.

Broadway attendance: The total number of people who attended Broadway shows during a specific period, usually a week, month, or season.

Broadway office box revenue: The total amount of money earned from ticket sales directly through the box office of Broadway theaters.

Civilian labor force: The total number of non-institutionalized civilians aged 16 and over who are either employed or actively seeking employment.

Class A building: Class A building is an extremely desirable investment-grade property with the highest quality construction and workmanship, materials and systems, significant architectural features, the highest quality/expensive finish and trim, abundant amenities, first-rate maintenance, and management.

Class B building: Class B building offers more utilitarian space without special attractions. It will typically have ordinary architectural design and structural features, with average interior finish, systems, and floor plans, adequate systems, and overall condition.

Class C building: Class C building is a no-frills, older building that offers basic space. The property has below-average maintenance and management, a mixed or low tenant prestige, and inferior elevators and mechanical/electrical systems.

Direct space: Space offered for lease directly from the landlord or owner of a building, as opposed to space offered in a building by another tenant (or broker of a tenant) trying to sublet a space already leased.

Federal funds effective rate: The interest rate that depository institutions (such as banks and credit unions) charge each other for overnight loans.

Gross domestic product: The total market value of all final goods and services produced within a country's borders in a specific period.

Hotel occupancy rate: The percentage of hotel rooms occupied on a night. It is a crucial indicator of the health of the hospitality industry and the demand for hotel development and investment.

Inflation: The rate of change in the Consumer Price Index (CPI) over the past 12 months. This is a crucial indicator of the economy's health and can significantly impact real estate pricing and affordability.

*This is a compilation of data from CoStar and Compstack



APPENDIX PART 2

Leasing activity: Refers to the volume of square footage committed to and signed in a given period. It includes direct leases, subleases, and renewals of existing leases. It also includes any pre-leasing activity in under-construction, planned buildings, or under-renovation buildings.

One-bedroom asking rent: The typical monthly rent that landlords request for a 1-bedroom apartment in a specific area at a particular time. It's a helpful metric for understanding housing affordability and rental market trends.

Return to office rate: The percentage of employees who work in their traditional office space regularly, usually compared to pre-pandemic levels.

Sublet space: Space being marketed or vacated by a tenant whose lease with the building owner has not yet expired. The tenant will attempt to find a subtenant to resume the remaining term of the lease.

Subway ridership rate: Measures the number of people using the subway system in a time frame. It helps monitor how busy the subway is, track trends like post-pandemic recovery, and guide decisions on resource allocation and service improvements.

Total available space: The total amount of space currently being marketed as available for lease or sale in a specific period.

Treasury Bills: Short-term, low-risk loan to the US Treasury Department with a one-year or less maturity. Treasury bills are usually sold in denominations of \$1,000, while some can reach a maximum denomination of \$5 million.

Transportation rates: Refers to the negotiated costs of moving freight from one origin to the destination. All costs associated with the beginning to end of the process may be evaluated.

Treasury Bonds: Debt securities with maturities exceeding ten years, representing a loan from the investor to the government with fixed interest payments until maturity.

Treasury Notes: Short and intermediate-term debt securities with maturities between two and ten years. They pay a fixed rate of interest every six months.

U.S. 10-Year Treasury: A debt obligation issued by the Treasury Department of the United States Government, with a maturity of ten years.

Unemployment rate: The percentage of the labor force that is unemployed and actively seeking work. A low unemployment rate can indicate a strong economy and lead to labor shortages and wage inflation.

Vacancy rate: Expressed as a percentage - it identifies the amount of New/Relet/Sublet space vacant divided by the existing RBA. It can be used for buildings or markets.

*This is a compilation of data from CoStar and Compstack