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Q4 2024

# Manhattan Office Report

Cresa Research



# Flight to Quality Leading Office Comeback in Manhattan

The overall job market has started to recover since earlier this fall, with 72,100 jobs added from September through November in New York City. A large percentage of the jobs were within the education and healthcare sectors. Office-occupying jobs inched higher in November, but over the past 12-months a total of 14,800 jobs have been eliminated, representing a 1.0 percent decline in New York City.

## Manhattan Office Market

The Manhattan office market is trending higher as availability rates declined by 120-basis points compared to the prior year, representing nearly 5.6 million square feet. The Grand Central and Penn Plaza submarkets removed the most available square footage with approximately 4.0 million square feet, comprising 71.5 percent of the availability reduction in the past year. The improvement was a combination of improved leasing activity and owners taking large swaths of space off the market as office-to-residential conversions become more commonplace.

Leasing activity has been focused on top-tier, highly amenitized buildings as occupiers feel more pressure to act as new construction deliveries dwindle, particularly within the Plaza District and Grand Central submarkets. Despite leasing improvement in trophy-type buildings, the sheer amount of available space in the market continues to provide additional leverage for occupiers. Generous concession packages will be required to fill vacant spaces as long as availability remains elevated.

## Manhattan Office Highlights

### Average Asking Rate

<b>\$77.26</b>	<b>\$76.45</b>
Q4 2024	Q4 2023

### Net Absorption

<b>577K</b>	<b>-1.5M</b>
Q4 2024	Q4 2023

### Availability Rate

<b>18.7%</b>	<b>19.9%</b>
Q4 2024	Q4 2023



# Manhattan Highlights Q4 2024

	Q4 2024	Q4 2023	Q4 2022
Average Asking Rate (\$/SF/Yr)	\$77.26	\$76.45	\$74.77
Availability Rate	18.7%	19.9%	20.1%
Net Absorption SF (TTM)	(1,637,968)	(8,585,784)	(352,615)
Net Delivered SF (TTM)	176,412	2,296,602	8,055,264
Under Construction SF	2,178,770	2,355,182	4,098,508

Source: CoStar, Cresa Note; TTM = Trailing Twelve Months, Data includes Class A & Class B

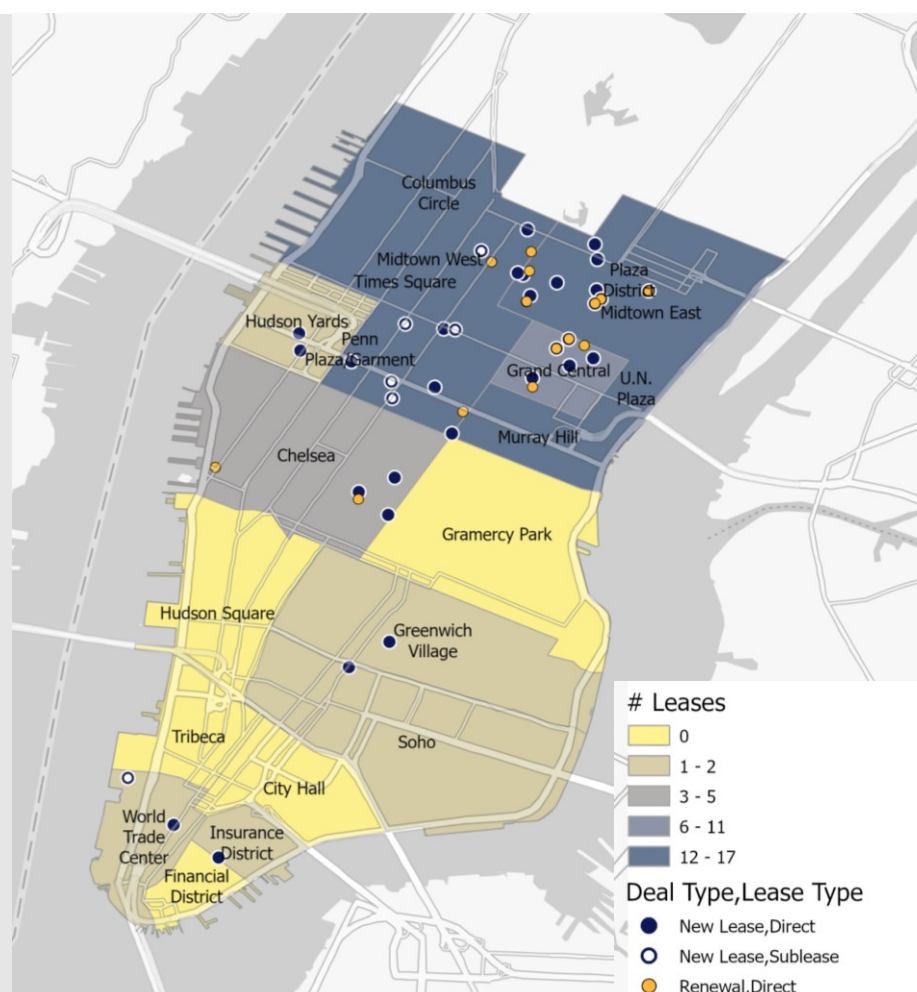
## Office Leasing Activity by Submarket

Leasing Activity in the Second Half of 2024 for Spaces Over 50,000 Square Feet

Source: CoStar, Cresa

Leases with a minimum of 50,000 square feet in the second half of 2024 have been concentrated in Midtown. The Plaza District, Penn Plaza, and Grand Central submarkets led the way with over two-thirds of the leases signed in the past 6 months. By volume, the Plaza District submarket contained approximately 47.2 percent of the total square footage of space leased.

New leases represented 71 percent of the leases signed over the past six months, with renewals making up the other 29.1 percent. Subleases made up 12.7 percent of signed leases. Other submarkets with activity include Columbus Circle, Chelsea, and the World Trade Center. Buildings on Park Avenue, including 200 Park Ave, 245 Park Ave, 345, and 375 Park Ave – located within the Grand Central and Plaza District submarkets – were particularly active.



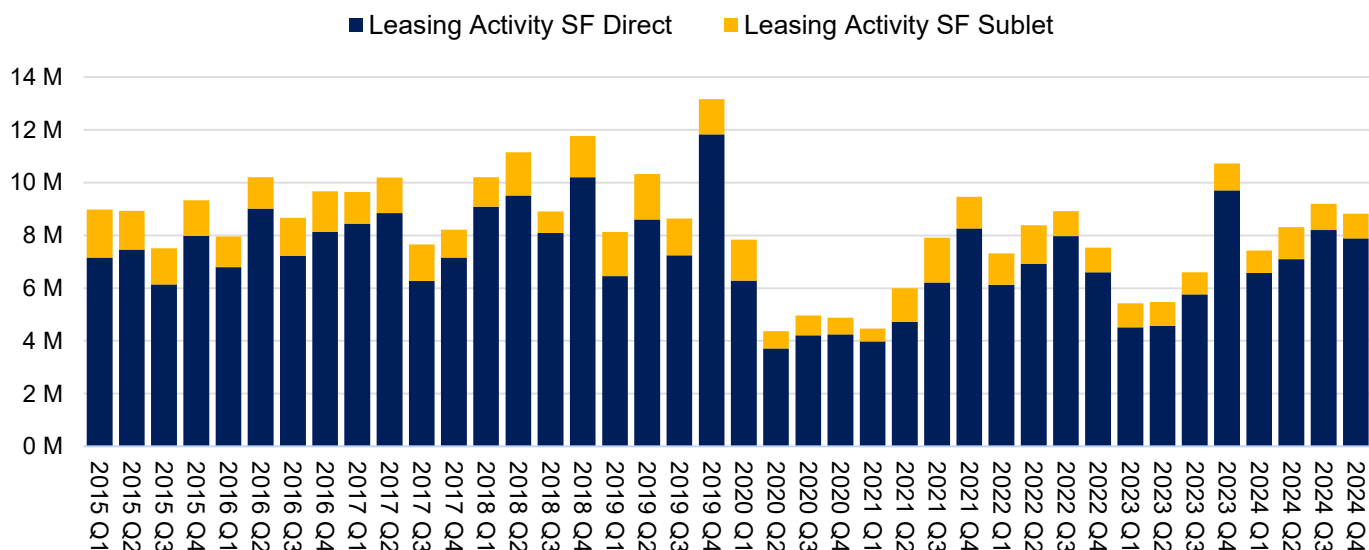
The availability rate includes the amount of space that is being marketed as available for lease, regardless of whether the space is vacant, occupied, available for sublease or available at a future date

# Manhattan Leasing Activity

Overall leasing activity in the Manhattan office market is trending higher over the past year. Citadel agreed to lease 504,000 square feet over 20 floors at 660 Fifth Avenue as the financial services firm is building its new headquarters at 350 Park Avenue. AmLaw 100 law firm Ropes & Gray signed a 20-year deal to relocate from 1211 Avenue of the Americas to 1285 Avenue of Americas, while law firm Winston & Strawn renewed at 200 Park Avenue West.

Tenant	Address	Submarket	Sign Date	Start Date	SF Leased	Floors	Lease Type	Deal Type
Bloomberg	919 Third Ave	Plaza District	Oct-24	Mar-29	748,956	2-11, 14-18, 28-33	Direct	Renewal
Citadel	660 Fifth Ave	Plaza District	Dec-24	Jun-25	504,000	17-25,28-38	Direct	New Lease
Ropes & Gray	1285 Avenue of Americas	Columbus Circle	Nov-24	Jan-28	390,834	24-37	Direct	New Lease
TPG Global LLC	66 Hudson Blvd	Penn Plaza	Oc-24	Mar-25	301,276	57-64	Direct	New Lease
Winston & Strawn LLP	200 Park Ave	Grand Central	Oct-24	Dec-25	237,815	40-44	Direct	Renewal
Alvarez & Marsal	100 Park Ave	Grand Central	Nov-24	Jan-26	220,221	3-4,7-9	Direct	New Lease
Travelers	485 Lexington Ave	Grand Central	Dec-24	Sep-26	133,479	7-9	Direct	Renewal
OpenAI	295-309 Lafayette St	Soho	Oct-24	Jan-25	86,593	2-3,8-9	Direct	New Lease

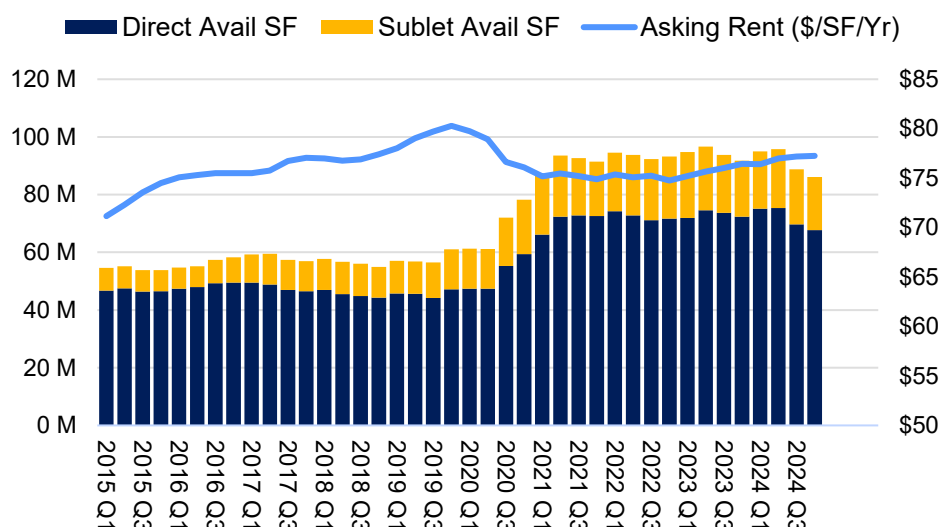
## Leasing Activity SF (Direct and Sublease) 2015 – Q4 2024





# Manhattan Market Data

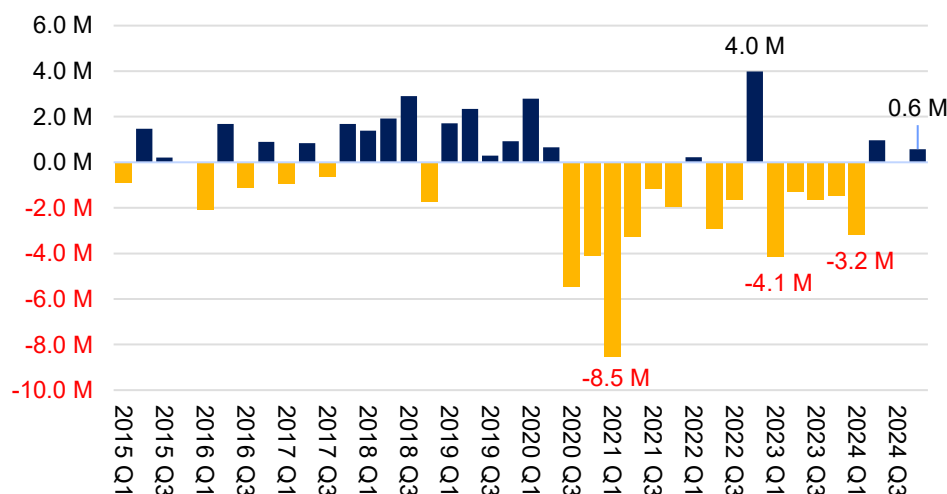
## Asking Rent & Availabilities 2015 – Q4 2024



### Asking Rent / Availabilities

Availabilities have dropped for 4 of the past 6 quarters, which has correlated with asking rates drifting higher. Nevertheless, generous concession packages are still resulting with substantial discounts on net effective rents.

## Net Absorption 2015 – Q4 2024



### Net Absorption

Net absorption has generally stabilized over the past three quarters, reversing trends from the past 2-plus years. Still, there is still a lot of room to move higher from the -36.6 million square feet of negative net absorption between the third quarter of 2020 and the first quarter of 2024.

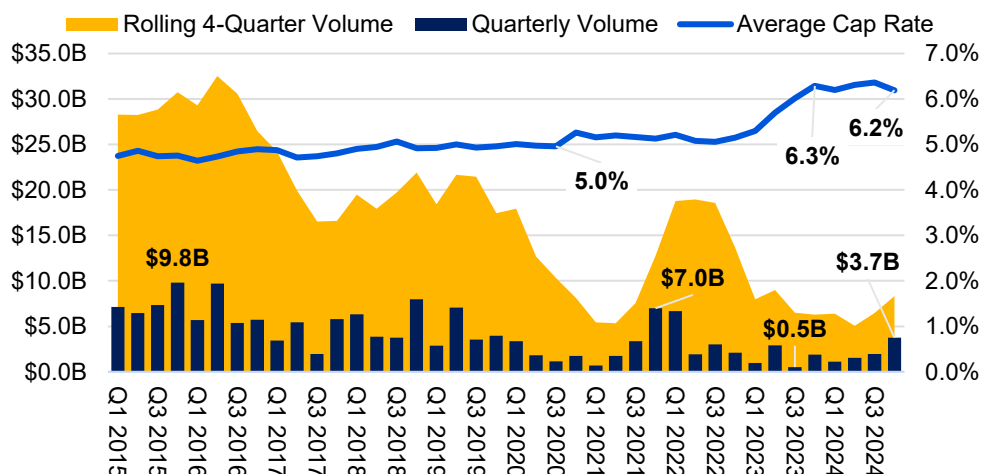
## Manhattan Submarkets Snapshot Q4 2024

	Inventory SF	Availability Rate	Net Absorption SF (12-Mo.)	Class A Average Asking Rate (PSF/Yr.)	Class A 12-Mo. Change	Class B Average Asking Rate (PSF/Yr.)	Class B 12-Mo. Change	Net Delivered SF (12-Mo.)	Under Construction SF
<b>Manhattan</b>	<b>458,337,392</b>	<b>18.70%</b>	<b>(1,637,968)</b>	<b>\$85.25</b>	<b>1.20%</b>	<b>\$54.61</b>	<b>1.05%</b>	<b>176,412</b>	<b>2,178,770</b>
<b>Downtown</b>	<b>94,252,553</b>	<b>21.40%</b>	<b>(700,028)</b>	<b>\$62.39</b>	<b>0.88%</b>	<b>\$52.72</b>	<b>0.67%</b>	<b>0</b>	<b>230,000</b>
City Hall	6,915,619	16.80%	(233,335)	\$64.26	0.66%	\$50.92	0.16%	0	0
Financial District	36,661,871	24.00%	(323,294)	\$58.27	0.81%	\$45.29	1.05%	0	0
Insurance District	10,661,697	19.20%	140,694	\$60.36	0.97%	\$44.23	0.80%	0	230,000
Tribeca	4,349,989	27.90%	(211,861)	\$74.77	0.86%	\$76.81	0.75%	0	0
World Trade Ctr	35,663,377	19.40%	(72,232)	\$66.44	0.95%	\$49.33	0.71%	0	0
<b>Midtown South</b>	<b>68,690,602</b>	<b>23.20%</b>	<b>(85,604)</b>	<b>\$91.95</b>	<b>0.99%</b>	<b>\$59.07</b>	<b>1.41%</b>	<b>176,412</b>	<b>1,477,181</b>
Chelsea	25,286,164	25.90%	(151,222)	\$93.15	1.05%	\$55.86	1.34%	0	1,423,181
Grammercy Park	21,099,904	19.60%	596,455	\$101.61	0.86%	\$61.07	1.46%	0	0
Greenwich Village	5,552,820	15.70%	(139,188)	\$100.33	1.04%	\$61.91	1.49%	118,022	54,000
Hudson Square	10,229,366	26.40%	(375,910)	\$80.49	1.07%	\$62.82	1.50%	0	0
Soho	6,522,348	24.50%	(15,739)	\$82.12	1.01%	\$63.23	1.38%	58,390	0
<b>Midtown</b>	<b>295,394,237</b>	<b>16.80%</b>	<b>(852,336)</b>	<b>\$91.89</b>	<b>1.30%</b>	<b>\$52.12</b>	<b>0.91%</b>	<b>0</b>	<b>471,589</b>
Columbus Circle	29,822,233	18.60%	(821,970)	\$84.19	1.07%	\$54.88	0.96%	0	260,703
Grand Central	50,423,570	15.30%	(323,412)	\$85.88	1.94%	\$56.75	0.91%	0	0
Murray Hill	13,554,981	26.80%	47,058	\$62.64	-0.44%	\$51.33	1.02%	0	0
Penn Plaza	72,332,505	16.10%	912,571	\$99.01	1.61%	\$47.21	0.85%	0	0
Plaza District	84,261,549	14.70%	142,092	\$99.38	1.13%	\$61.75	1.06%	0	0
Times Square	41,580,263	20.30%	(969,818)	\$86.26	1.10%	\$51.10	0.93%	0	210,886
UN Plaza	3,419,136	5.60%	161,143	\$70.09	0.77%	\$60.06	0.91%	0	0



# Manhattan Office Capital Markets

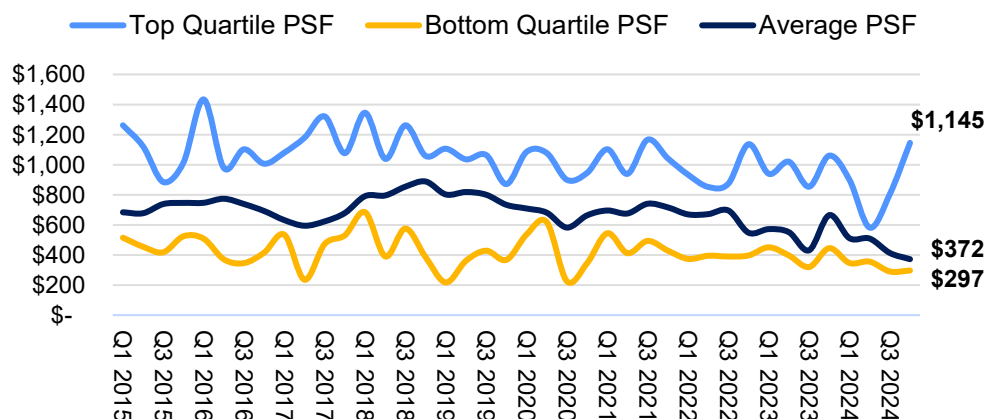
## Office Sales Volume and Average Cap Rate 2015 – Q4 2024



### Sales Volume / Cap Rates

Sales volume ticked higher in the fourth quarter but is still only 65 percent of pre-pandemic levels. The sales volume of \$3.7 billion this quarter was the highest level since the first quarter of 2022. The average cap rate has stabilized over the past 6 quarters.

## Office Sales Price Per Square Foot 2015 – Q4 2024



### Price Per Square Foot

Prices per square foot for top quartile office assets has pushed higher over the past two quarters. While there is a small sample size of top-quartile sales, the average price passed \$1,000 per square foot, the highest level since the third quarter of 2021.



## Contact

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