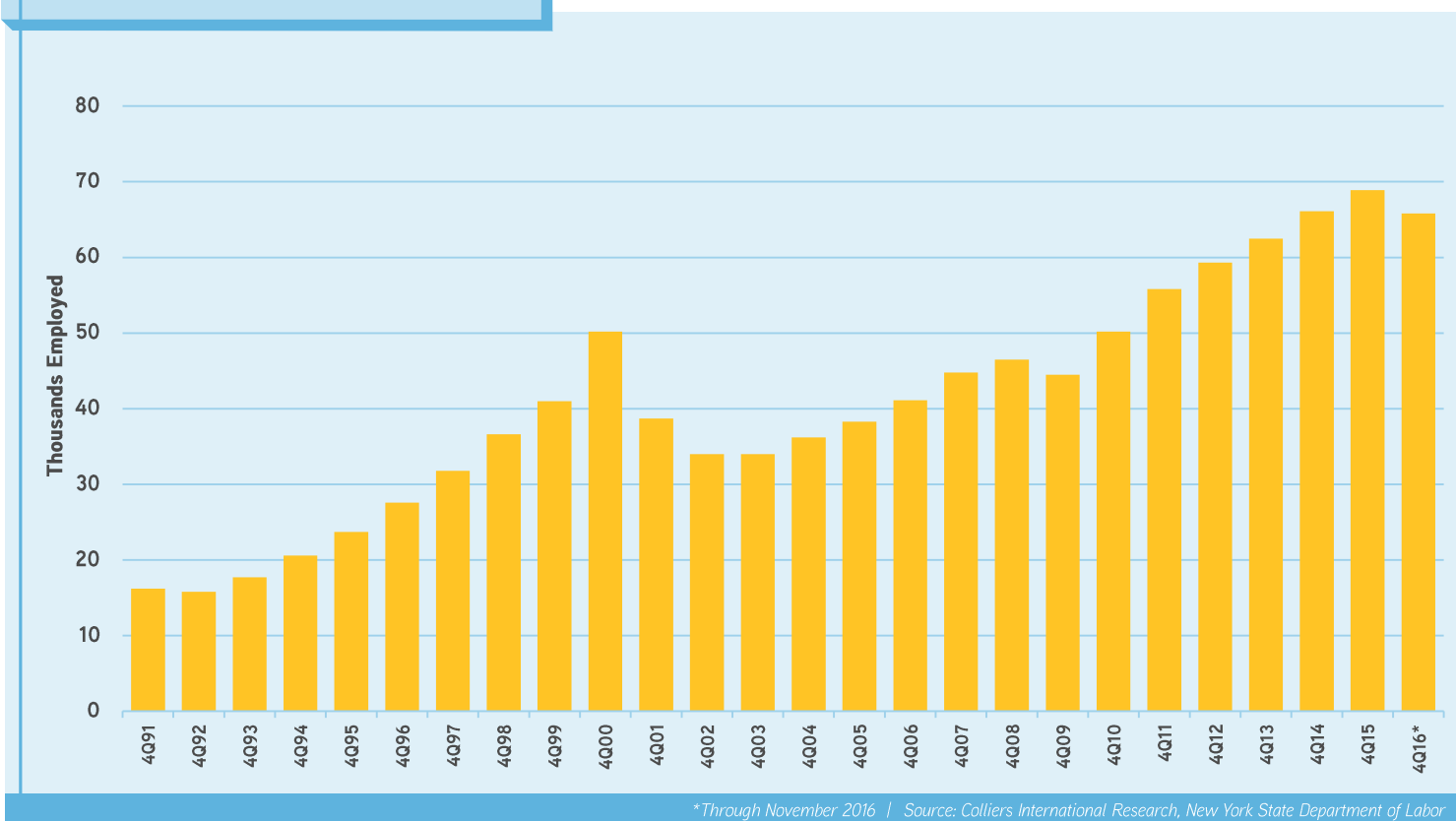




Leasing in Manhattan’s technology sector was up year-over-year, despite the first drop in tech employment since 2009.¹ Through November 2016, tech employment was down 4.5% from year-end 2015, compared to nearly flat growth for financial and professional services firms.²

Computer Systems Design and Related Services Employment



One in Ten

Yearly leasing by technology companies increased by 28.6% to 3.32 MSF, the sector’s second strongest year behind 2014’s 3.99 MSF. Tech leasing accounted for 10% of all Manhattan leasing activity, close to 2014’s total of 10.7%.

Google’s 264,000 SF deal at SuperPier was the largest tech lease since 2014. Other significant tech leases last year included Salesforce.com at 1095 Avenue of the Americas and Facebook at 225-233 Park Avenue South, both firms leased approximately 200,000 SF.

¹ Note: Technology sector leasing includes: hardware, software, telecommunications, ecommerce, social media and other applicable computer/internet related companies. Tech sector employment data from New York State Department of Labor is limited to jobs in computer systems design and related services employment.

² Source: New York State Department of Labor employment statistics for financial activities, information, professional and business services industries.

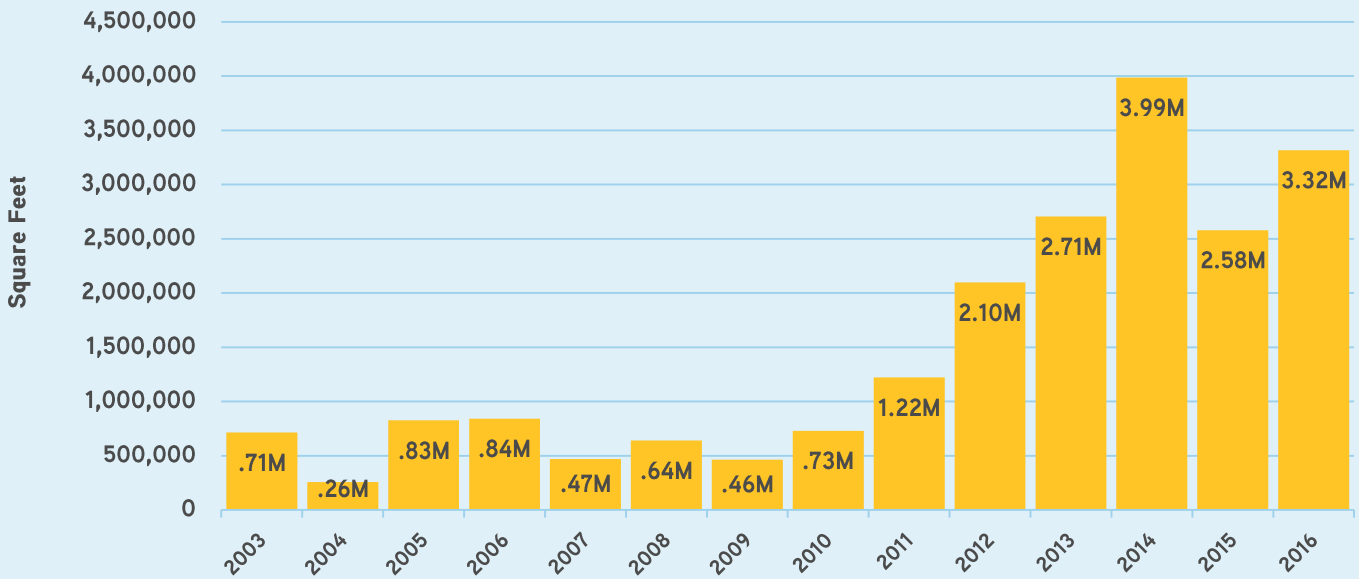
50+ for Six

For the sixth consecutive year, Midtown South captured over 50% of all tech leasing, up 5.0pp (percentage points) from 2015 and led by leases from Google, Facebook and Verizon at 601 West 26th Street (135,000 SF).

Midtown followed with a 25% share of yearly tech leasing, down 6.0pp from 2015 but including two 50,000 SF + relocations from Midtown South. These were the first such large Midtown South-to-Midtown moves by tech companies since 2014 and both relocated to buildings near Midtown's Bryant Park: Take-Two Interactive leased 61,000 SF at 1133 Avenue of the Americas and Movable Ink will move into 55,000 SF at 1065 Avenue of the Americas. Also in Midtown, near Bryant Park, Salesforce.com subleased 203,000 SF in a consolidation/relocation to 1095 Avenue of the Americas.

Downtown trailed 2016 tech leasing with a small 10% share, up 1.0pp from 2015. Tech leasing activity Downtown has been below 20% of overall Manhattan tech leasing since 2010. Moreover, no tech tenants larger than 50,000 SF have relocated Downtown from within Manhattan since 2014.

Tech Leasing Activity



Source: Colliers International Research

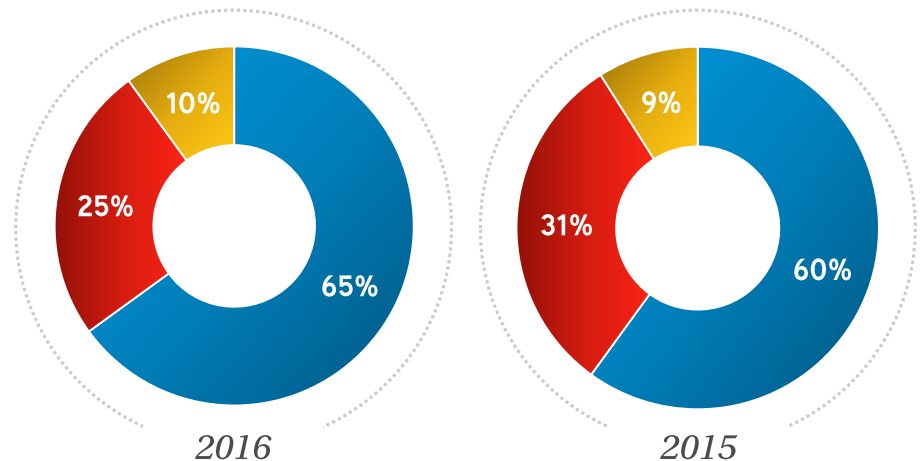
Big, Big Shortage

In the entire 165.62 MSF Midtown South market, there are only three available blocks over 250,000 SF (two at 5 Manhattan West and one at 601 West 26th Street).³ Options for 100,000-250,000 SF tenants are also limited with only six separate available blocks, three of which are in newly constructed/renovated buildings with asking rents above \$100.00/ SF (One Soho Square West, 412 West 15th Street and 512 West 22nd Street).

Looking ahead, the supply of large blocks in Midtown South is similarly constrained. Outside of Hudson Yards/ Manhattan West, there is 3.98 MSF pipeline of new/renovated inventory, mostly in boutique buildings with an average rentable square footage of 137,000. This shortage of space over 100,000 SF will surely create opportunities in the price competitive Downtown and Brooklyn markets and likely Midtown as well.

Tech Leasing Share by Market

■ Midtown South ■ Midtown ■ Downtown

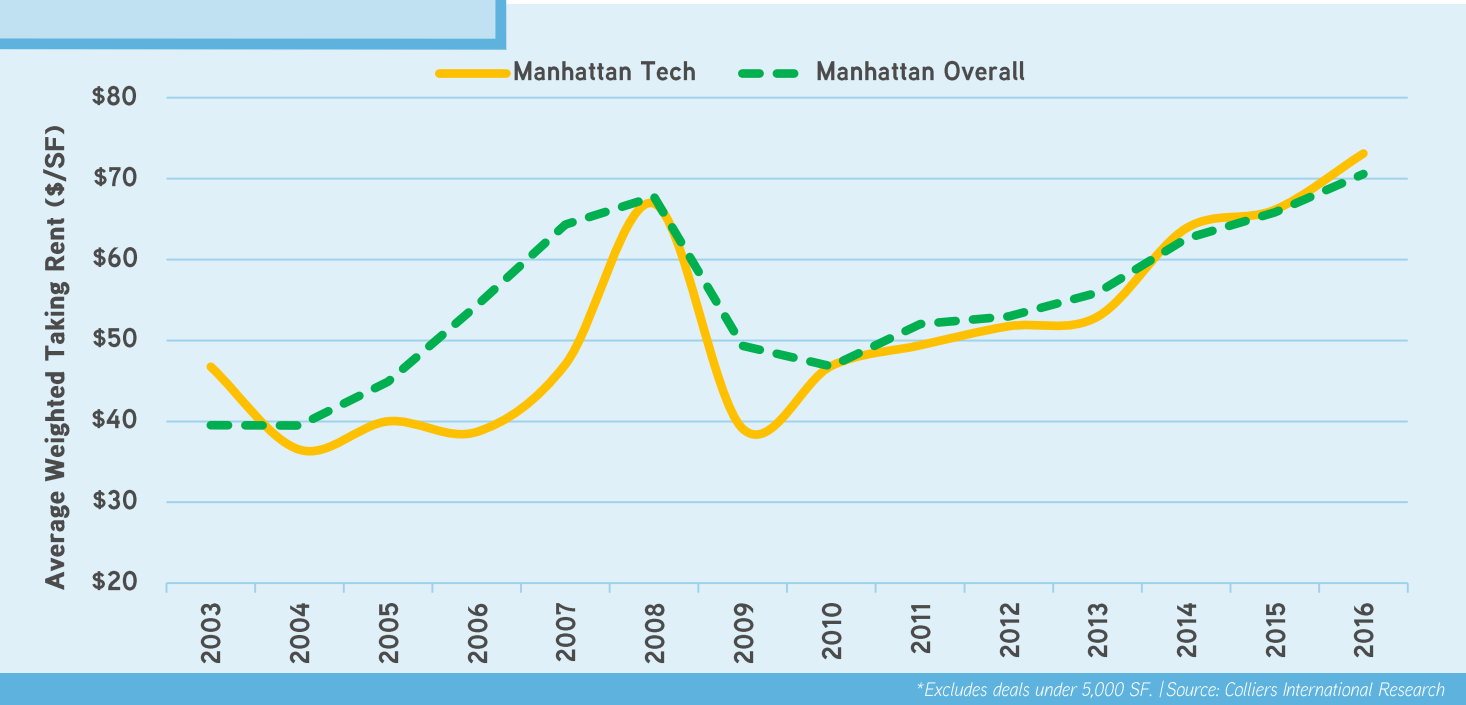


³ Note: Based on blocks that fall within the availability rate defined as actively marketed space scheduled by the landlord for tenant build-out within 12 months

Deeper Pockets

At \$73.10/ SF, the weighted taking rent average for tech company leases was up 10.5% from \$66.14/ SF in 2015 and was 3.6% above the 2016 average for all other industries in Manhattan.

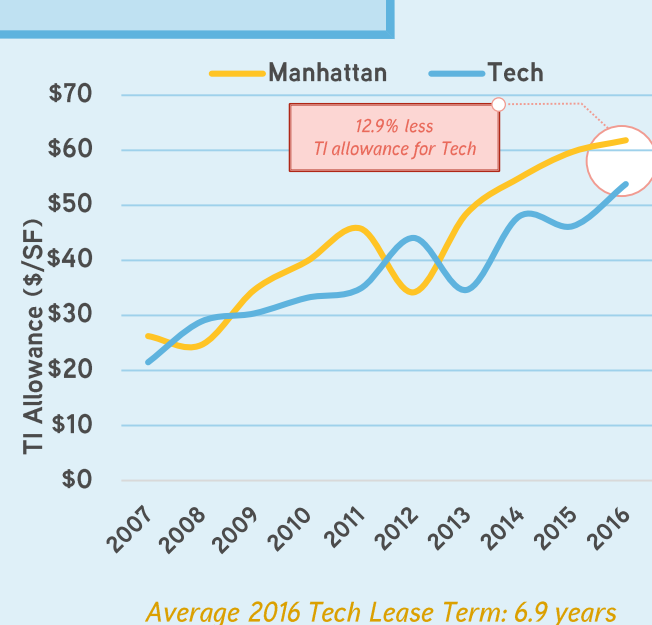
Average Taking Rent of Leases



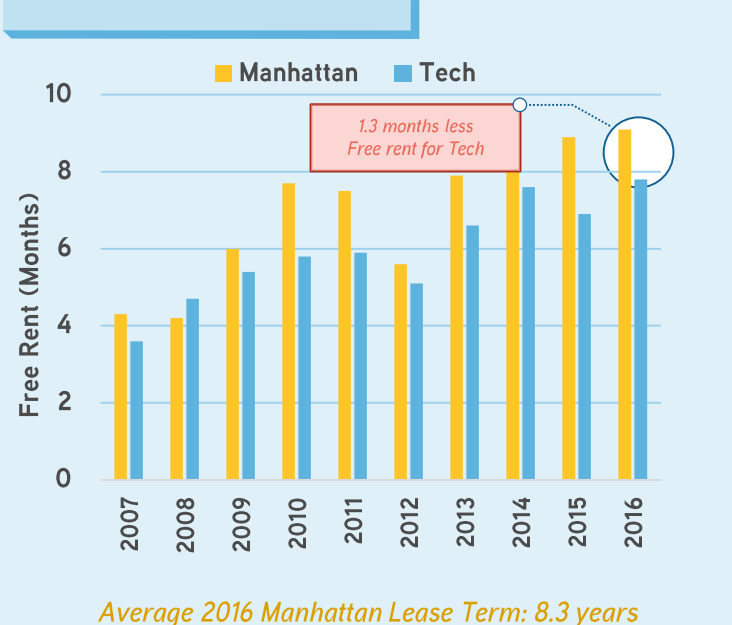
The weighted average rental abatement period for tech companies was up to 7.8 months in 2016 from 6.9 months in 2015 but below the 9.1 months year-end 2016 average for all other industry sectors.

Year-over-year, the weighted average tenant work allowance for tech leases increased by 16.5% to \$53.84/ SF. Here too, the year-end average is below the weighted average of \$61.82/ SF for all other Manhattan industry sectors.

TI Allowance



Free Rent



Source: Colliers International Research

554 offices in
66 countries on
6 continents

United States: **153**

Canada: **34**

Latin America: **24**

Asia Pacific: **231**

EMEA: **112**

\$2.5

billion in annual
revenue

2.0

billion square feet
under management

16,000

professionals
and staff

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