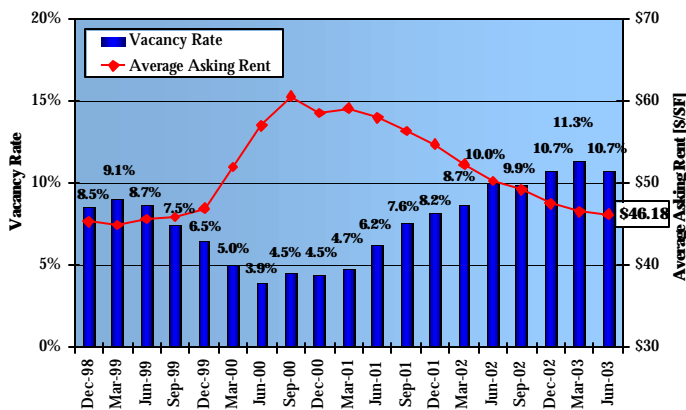


## June 2003 Calmer Winds for Now

At the halfway point of 2003, the Manhattan commercial real estate market looks to be steadying itself. The vacancy rate did climb slightly in June but asking rents are stabilizing and there is a definite up tick in leasing activity. In addition, the number of tenants in the market has grown substantially of late, across many industry sectors, with the one exception being financial services (which remains in contraction mode). One negative factor is that that there are very few *new* tenants to Manhattan looking for space (and no office job growth so far this year). For the most part, all the deals being made are relocations or renewals (and not necessarily expansions).

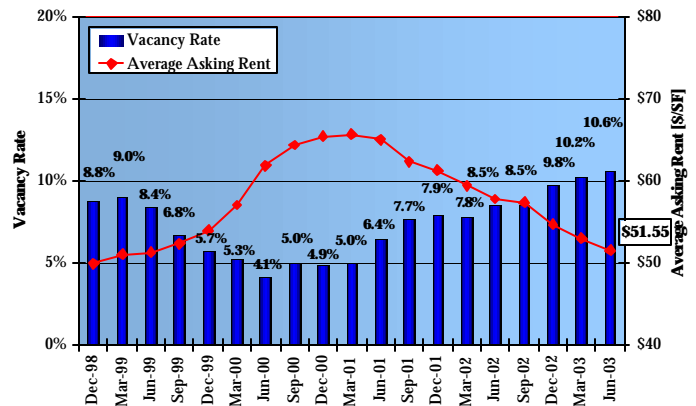
The **Manhattan** class A vacancy rate did climb in June to 10.7% from 10.5% in May. This was due to additional space placed on the market in Midtown. The class A average asking rent climbed slightly to \$46.18/sf from \$46.15/sf. The Manhattan overall vacancy rate dropped to 12.7% from 12.8% due to Class B leasing activity. Overall average asking rents climbed to \$36.94/sf from \$36.74/sf in May, only the third month over month climb since September 11<sup>th</sup>, 2001.

Manhattan Class A Vacancy Rates and Asking Rents



**Midtown** saw its vacancy rate jump to 10.6% in June, up from 10.2% in May. This was due, in large part, to JP Morgan Chase putting 256,000-sf on the sublease market at 1211 Avenue of the Americas. In addition, PricewaterhouseCoopers is now marketing large blocks of sublease space at both 1177 and 1301 Avenue of the Americas. It has subleased 62,600-sf at 1301 Avenue of the Americas already to New York Mortgage Company, relocating from Midtown South. Also in June, AOL Time Warner and Turner Broadcasting began marketing its sublease space at 75 Rockefeller Plaza (305,000-sf) and 420 Fifth Avenue (114,000-sf), respectively. This is in anticipation of the move to the new AOL Time Warner Center HQ at Columbus Circle next year.

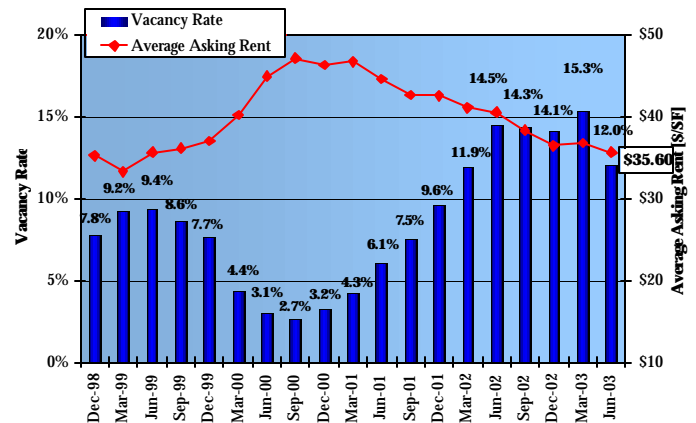
Midtown Class A Vacancy Rates and Asking Rents



**Midtown South** saw a slight rise in its class A vacancy rate in June to 7.3% from 7.2% in May. Meanwhile, the class A average asking rent fell to \$31.20/sf from \$32.24/sf. Overall, Midtown South saw a decline in its vacancy rate, to 13.3% in June from 13.7% in May. Average asking rents actually picked up slightly to \$27.71/sf from \$27.64/sf.

The **Downtown** market once again saw its vacancy rate fall in June, the fourth straight monthly decline. The June class A vacancy rate dropped to 12.0% from 12.3%, primarily due to the leasing of 190,000-sf to Oppenheimer Funds at 2 World Financial Center. Expect a steadying vacancy rate over the next few months as additional leasing activity will be offset by some space coming on the market. The class A average asking rent for June was \$35.60/sf, down from \$36.36/sf in May.

Downtown Class A Vacancy Rates and Asking Rents



## NOTE WORTHY DEALS ANNOUNCED IN JUNE

Address	Tenant/Buyer	Sq. Ft.	Circumstances
450 West 33 <sup>rd</sup> Street	Associated Press	291,000	Relocating from 50 Rock Plaza
2 World Financial Center	Oppenheimer Funds	190,000	Relocating from 498 Seventh Ave
299 Park Avenue	Cerberus Capital Management	80,200	Relocating from 450 Park Ave
200 Park Avenue	Bovis Lend Lease	75,000	Renewal
1301 Avenue of the Americas	New York Mortgage Company	62,600	Relocating from 304 Park Ave S
2 World Financial Center	Platinum Underwriters Holdings	50,000	Relocating from 195 Broadway
1 Battery Park Plaza	Jones Hirsch Connors & Bull	25,510	Relocating from 1 Dag Plaza

## MANHATTAN OFFICE MARKET OVERVIEW

Submt/ Building Class	Rentable Square Feet	Net Absorption* YTD 2003	Overall Vacancy** June 2003 (SF)	%	Overall Vacancy** May 2003 (SF)	%	Overall Vacancy** June 2002 (SF)	%	Avg Asking Rent*** June 2003 (PSF)	Avg Asking Rent*** May 2003 (PSF)	Avg Asking Rent*** June 2002 (PSF)
<b>Midtown</b>											
<b>A</b>	147,255,815	(1,338,726)	15,624,452	10.6%	15,048,164	10.2%	12,370,598	8.5%	\$51.55	\$51.42	\$57.75
<b>B</b>	71,890,570	(1,031,342)	11,482,029	16.0%	11,940,730	16.6%	10,421,719	14.5%	\$35.64	\$35.71	\$38.47
<b>C</b>	24,125,958	193,602	2,776,708	11.5%	2,859,514	11.9%	3,263,267	13.5%	\$23.61	\$23.68	\$25.59
<b>Subtotal</b>	243,272,343	(2,176,466)	29,883,189	12.3%	29,848,408	12.3%	26,055,584	10.8%	\$42.84	\$42.48	\$46.01
<b>Midtown South</b>											
<b>A</b>	14,054,244	12,600	1,022,303	7.3%	1,014,494	7.2%	1,034,916	7.4%	\$31.20	\$32.24	\$37.65
<b>B</b>	50,779,638	571,983	7,412,959	14.6%	7,727,964	15.2%	7,324,600	14.4%	\$28.77	\$28.62	\$32.76
<b>C</b>	33,297,267	20,439	4,655,755	14.0%	4,711,249	14.1%	4,920,872	14.8%	\$25.27	\$25.04	\$27.69
<b>Subtotal</b>	98,131,149	605,022	13,091,017	13.3%	13,453,707	13.7%	13,280,388	13.5%	\$27.71	\$27.64	\$31.26
<b>Downtown</b>											
<b>A</b>	54,224,079	1,406,792	6,492,795	12.0%	6,662,718	12.3%	8,130,706	14.5%	\$35.60	\$36.36	\$40.46
<b>B</b>	31,931,370	41,709	4,525,322	14.2%	4,468,694	14.0%	4,733,984	14.8%	\$28.95	\$28.75	\$32.54
<b>C</b>	5,038,360	105,995	805,491	16.0%	834,831	16.6%	958,785	19.0%	\$23.72	\$24.11	\$26.40
<b>Subtotal</b>	91,193,809	1,554,496	11,823,608	13.0%	11,966,243	13.1%	13,823,475	14.9%	\$32.24	\$32.67	\$36.78
<b>Manhattan</b>											
<b>A</b>	215,534,138	80,666	23,139,550	10.7%	22,725,376	10.5%	21,536,220	10.0%	\$46.18	\$46.15	\$50.26
<b>B</b>	154,601,578	(417,650)	23,420,310	15.1%	24,137,388	15.6%	22,480,303	14.5%	\$32.17	\$32.15	\$35.36
<b>C</b>	62,461,585	320,036	8,237,954	13.2%	8,405,594	13.5%	9,142,924	14.6%	\$24.56	\$24.49	\$26.80
<b>Total</b>	432,597,301	(16,948)	54,797,814	12.7%	55,268,358	12.8%	53,159,447	12.3%	\$36.94	\$36.74	\$39.92

\*Net change in occupied space between two points in time; includes both direct and sublease space

\*\* Includes space available for sublease \*\*\* Weighted by SF available for lease

Colliers ABR, Inc.'s **Manhattan Office Market Report** serves as a supplement to our quarterly review, *The Barometer*. For more information, please contact Robert Sammons, (212) 318-9750, e-mail: [rsammons@colliersabr.com](mailto:rsammons@colliersabr.com). This report is also listed on [www.colliersabr.com](http://www.colliersabr.com). Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. Data is sourced from CoStar and the NYC Office of Comptroller.

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