

The Colliers logo is located in the top right corner. It consists of the word "Colliers" in a white serif font, centered within a blue rounded rectangle. Below the text are three horizontal bars in yellow, red, and blue from top to bottom.

Colliers

The background of the entire page is a photograph of the New York City skyline at dusk. The Freedom Tower is the most prominent feature, illuminated with blue lights. Other skyscrapers are lit up with warm yellow and orange lights. The sky is a mix of orange and blue. In the foreground, there is a dark blue area that serves as a background for the text.

Research Report: New York City

Downtown Office

Q2 2022

Accelerating success.

Downtown Office Report

Lower Manhattan leasing activity decreased, quarter-over-quarter. Meanwhile, the available inventory increased to a new record-high with negative absorption while the asking rent average decreased since Q1 2022.

Lowest Quarterly Leasing Since Q1 2021

Lower Manhattan's Q2 2022 leasing activity (0.59 million square feet) was down by approximately one-half since the prior quarter and Q2 2021. This was also Downtown's lowest quarter of activity since Q1 2021. However, demand during H1 2022 (1.78 million square feet) surpassed H1 2021's activity by 17.6%.

The largest transactions during Q2 2022 included the 69,000 sq. ft. extension and expansion by Berkshire Hathaway Specialty Insurance at 85 Broad Street, the 45,000 sq. ft. new lease by Industrious at 25 Broadway and the 42,000 sq. ft. sublease by Lattice at 195 Broadway.

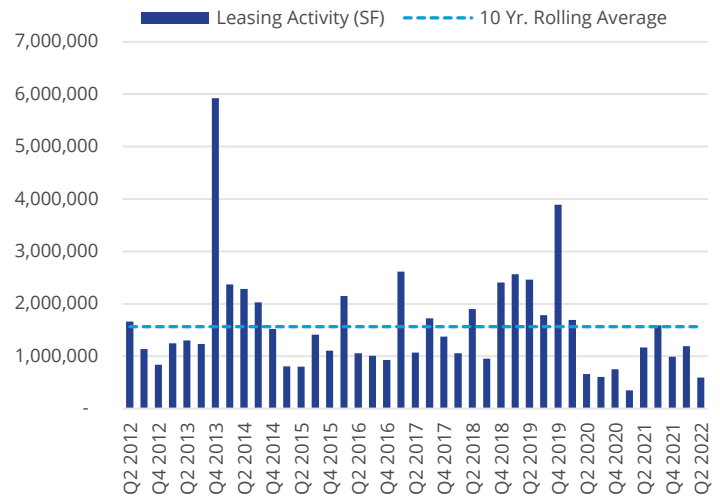
Berkshire Hathaway's extension and expansion at 85 Broad Street and the lease by Industrious at 25 Broadway resulted in the FIRE (financial services, insurance and real estate) sector having the largest share of leasing volume Downtown during Q2 2022, at 45%. The professional services sector followed at 21%, led by the 22,000 sq. ft. new lease to TB Associates at 80 Pine Street and Kostelanetz & Fink's 18,000 sq. ft. renewal at 7 World Trade Center.

City Hall and Tribeca were the only Downtown submarkets to post quarterly gains in leasing activity, at 21,000 sq. ft. and 8,000 sq. ft. of volume, respectively. However, the World Trade Center (WTC) submarket accounted for the largest share of leasing volume in Lower Manhattan – at 0.30 million square feet – with leases by Industrious at 25 Broadway and Lattice at 195 Broadway.

Downtown Market Indicators

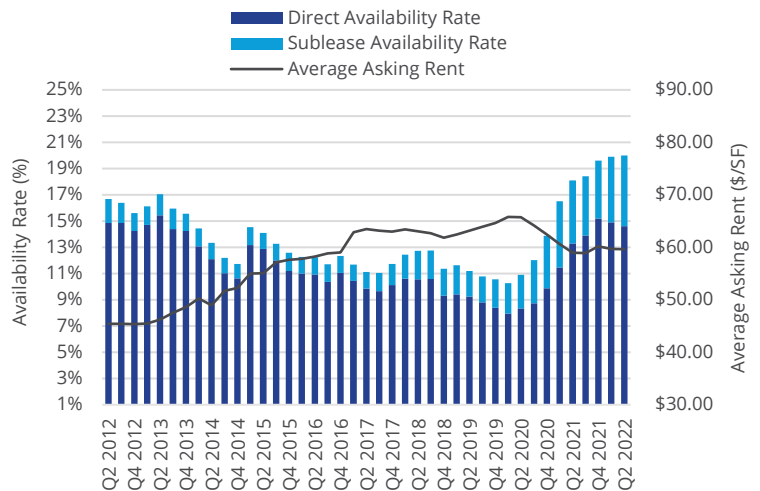
	Q2 2021	Q1 2022	Q2 2022
Availability Rate	18.1%	19.9%	20.1%
Average Asking Rent (\$/SF/YR)	\$58.94	\$59.70	\$59.61
Leasing Activity	1,166,882	1,192,875	591,903
Net Absorption	(1,663,481)	(371,689)	(200,220)

Leasing Activity



Source: Colliers. Excludes deals less than 5,000 sq. ft.

Average Asking Rent and Availability Rate



Source: Colliers

Downtown Office Report

Average Asking Rent Down 9.4% Since March 2020

Lower Manhattan's asking rent average decreased by 0.2% during the second quarter to \$59.61/SF. Lower-repricing took place in portions of Downtown along with 66,000 sq. ft. of below-average priced sublet space listed at 195 Broadway. But this was partially offset by a 100,000+ sq. ft. block of above-average priced space listed at 32 Avenue of the Americas along with a 50,000-99,999 sq. ft. above-average priced sublet addition at 32 Old Slip. Lower Manhattan's asking rent average grew by 1.1%, year-over-year, but was lower by 9.4% compared to March 2020.

The Class A asking rent average was reduced by 0.6% to \$60.54/SF. Meanwhile, the Class B asking rent average increased by 2.5% to \$55.64/SF. The Class C average was lower by 0.1% to \$52.13/SF. The sublet asking rent average grew – for the first time since Q2 2020 – by 1.9% to \$48.12/SF after above-average priced sublet space was listed at 32 Old Slip.

Tribeca was the only Downtown submarket to record a quarterly asking rent increase during Q2 2022, by 0.2% to \$80.15/SF. Meanwhile, the Insurance District's 1.1% decrease to \$55.12/SF was the sharpest asking rent cut in Lower Manhattan during the quarter. This was also the Insurance District's lowest asking rent average since Q4 2017.

Downtown's post-2000 inventory asking rent average increased – for the second consecutive quarter – by 0.7% to \$81.25/SF due to higher-repricing in portions of the post-2000 product.

There were 12 Downtown contiguous blocks of space greater than 250,000 sq. ft., compared to 11 blocks during Q1 2022. Pricing for these large blocks grew by 4.0% to \$65.77/SF, a 10.3% premium to the market average compared to a 5.9% premium in Q1 2022.

Record-High Availability Rate

With the additional 50,000-99,999 sq. ft. sublet availabilities added during the quarter at 140 Broadway and 28 Liberty Street, Downtown's availability rate grew – for the ninth consecutive quarter – by 0.2 pp (percentage points) to a record-high 20.1%. Lower Manhattan ended Q2 2022 with the highest availability rate within Manhattan's three major markets. At 21.50 million square feet, total availability increased by 11.3% since Q2 2021 and by 96.6% since Q1 2020.

The Insurance District (22.3%) was the only Downtown submarket to record a drop to its availability rate since the prior quarter, decreasing by 0.7 pp. City Hall's availability remained stable at 13.1% while the remaining three Lower Manhattan submarkets recorded quarterly gains to their availability rates.

Tribeca's availability rate expanded by 2.2 pp to 14.2%, the sharpest percentage point increase in Manhattan. This was mostly due to the 100,000+ sq. ft. addition at 32 Avenue of the Americas. Additionally, the Financial District ended the second quarter with the highest availability in Manhattan at 25.2%.

Sublet space represented 27.1% of Downtown's overall availability and Lower Manhattan's total sublet supply expanded by 0.50 million square feet during Q2 2022. Downtown's sublet inventory more than doubled since March 2020 to 5.82 million square feet with a year-over-year gain of 13.9%.

Downtown's quarterly absorption was negative 0.20 million square feet. Downtown's net absorption since Q1 2020 totaled negative 10.56 million square feet while the negative absorption over the last 12 months accounted for a disproportionately lower share at 2.18 million square feet.

Top Five Lease Transactions of Q2 2022

Tenant	Address	Size (SF)	Transaction Type
Berkshire Hathaway Specialty Insurance	85 Broad Street	68,732	Extension/Expansion
Industrious	25 Broadway	44,578	New
Lattice	195 Broadway	41,937	New
Nationwide Mutual Insurance Company	1 Battery Park Plaza	38,287	New
Brennan Center for Justice	120 Broadway	24,409	Expansion

494 offices in 62 countries on 6 continents

United States: 158

Canada: 44

Latin America: 19

Asia Pacific: 39

Australia & New Zealand: 58

EMEA: 108



\$4.3B

In revenue



2B

Square feet under management



17,000

Professionals

Colliers' statistical sample set for Manhattan totals 540 million square feet and includes all commercial office properties with at least 25,000 sq. ft. of office space, from 59th Street to the Battery and river to river. Colliers' availability rate includes only office space scheduled for tenant build-out within 12 months. In tracking leasing activity, Colliers includes all lease types: renewals, expansions, relocations, and the occasional sale-leaseback.

About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 62 countries, our 17,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 27 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of 20% for shareholders. With annual revenues of \$4.3 billion and \$77 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people. Learn more at corporate.colliers.com, [@Colliers](https://twitter.com/Colliers) or [LinkedIn](https://www.linkedin.com/company/colliers).

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