







Market Indicators	2Q 2019	1Q 2020	CURRENT
 AVAILABILITY RATE	11.2%	10.3%	10.9%
 AVERAGE ASKING RENT (\$/SF/YR)	\$63.18	\$65.79	\$65.73
 LEASING ACTIVITY	2,462,382	1,692,888	661,931
 ABSORPTION	458,746	273,499	(683,349)

Downtown leasing volume and the average asking rent decreased during 2Q 2020. Additionally, absorption was negative while availability increased.

Public Sector Drove Downtown Leasing

Lower Manhattan’s quarterly leasing volume decreased by 60.9% since 1Q 2020 to 0.66 million square feet. This was Downtown’s lowest quarterly leasing volume since 4Q 2010. Leasing velocity also declined by 73.1%, year-over-year. Meanwhile, leasing velocity during 1H 2020 (2.35 million square feet) was 53.1% below leasing volume during 1H 2019 (5.03 million square feet).

The public sector dominated leasing in Lower Manhattan during 2Q 2020, at 54%, and was led by the SEC’s 241,000 SF new lease at 100 Pearl Street – Manhattan’s largest lease during 2Q 2020 – and the GSA’s 66,000 SF renewal at 32 Old Slip. Leasing by the FIRE (financial services, insurance and real estate) sector followed at 16%, driven by Policygenius at 32 Old Slip (86,000 SF) and Healthfirst at 1 Liberty Plaza (44,000 SF).

Leasing volume was lower or unchanged in all five of Downtown’s submarkets. The Financial District (FiDi) drove Lower Manhattan leasing during the quarter at 0.49 million square feet, accounting for nearly 75.0% of Downtown velocity in the second quarter, primarily due to the transactions at 100 Pearl Street and 32 Old Slip.

Asking Rent Average Decreased in All Five Submarkets

Lower Manhattan’s quarterly asking rent average was mostly stable, decreasing by less than one-tenth of a percent since 1Q 2020 to \$65.73/ SF. Year-over-year, the average was higher by 4.0%. For the first time since 4Q 2010, pricing was lower in all five of Downtown’s submarkets, quarter-over-quarter. Below-average priced sublet inventory was added at 55 Water Street (163,000 SF) and 33 Whitehall Street (105,000 SF) while above-average priced space was leased and removed from the available inventory at 100 Pearl Street and 32 Old Slip.

The asking rent for sublet space increased by 0.2% since March 2020 to a quarterly record-high of \$57.33/ SF. The average asking rent for Lower Manhattan Class A space increased – for the sixth consecutive quarter – by 0.2% to a quarterly record-high of \$66.96/ SF. The Class C average was also higher, by 4.6% to \$45.21/ SF. Meanwhile, the Class B inventory experienced an average asking rent decrease of 0.8% since March 2020 to \$61.26/ SF.

Lower Manhattan’s post-2000 asking rent average decreased – for the first time since 1Q 2019 – by 2.4% to \$91.44/ SF.

The asking rent average was lower across all five of Downtown’s submarkets with Tribeca’s \$0.68/ SF decrease to \$93.82/ SF as the largest \$/ SF drop in Lower Manhattan during the quarter. But FiDi’s \$0.63/ SF decrease to \$57.83/ SF was the largest percentage decline Downtown at 1.1%. The decrease was driven by the sublet inventory listed at 55 Water Street and 33 Whitehall Street along with the removal of the blocks from the available inventory at 100 Pearl Street and 32 Old Slip.

There were two Downtown contiguous blocks of space greater than 250,000 SF, unchanged since 1Q 2020. Pricing for these large blocks remained at \$68.60/ SF, a 4.4% premium to the market average compared to a 4.3% premium in March 2020.

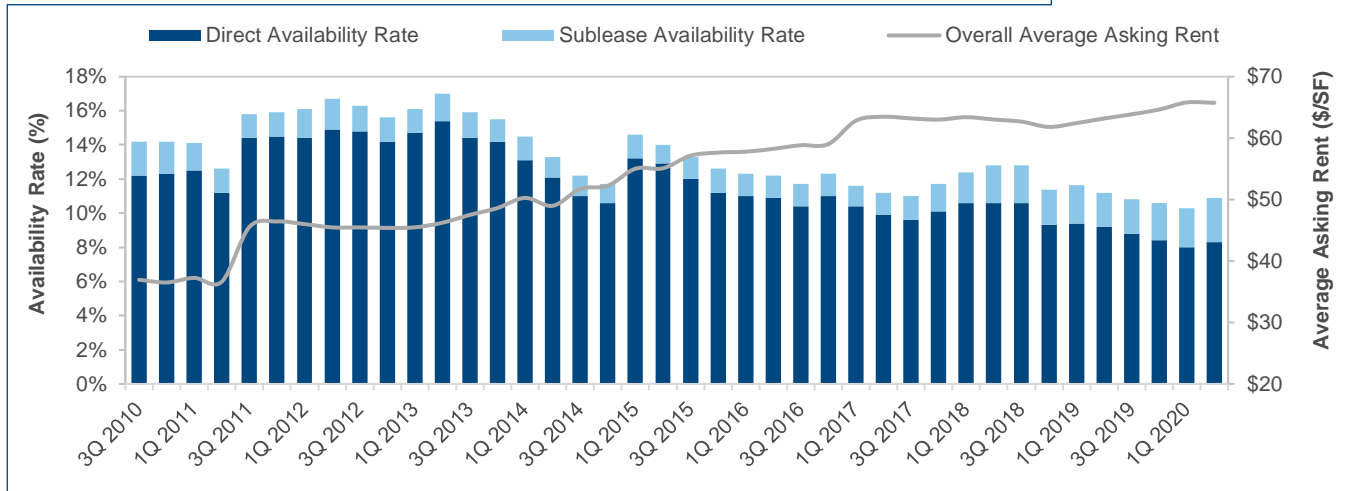
Largest Quarterly Jump in Availability Since 2018

After four consecutive quarters of tightening availability and positive absorption in Lower Manhattan, the availability rate increased – by 0.6 pp (percentage points) – to 10.9% during 2Q 2020 while absorption was negative at 0.68 million square feet. This was the largest quarterly jump in availability and the highest quarter of negative absorption since 1Q 2018. Other sizable blocks of space were added to the availability rate during the quarter at 200 Vesey Street (296,000 SF), 100 Church Street (92,000 SF) and 195 Broadway (84,000 SF-sublet). Meanwhile, Lower Manhattan’s sublet availability increased by 0.3 pp to 2.6% while the share of total availability increased by 1.1 pp to 23.6%, the highest sublet availability and highest share of overall availability since 2009.

There were increases in availability in three of Downtown’s five submarkets since March 2020. The World Trade Center’s 1.7 pp increase to 12.7% was the largest pp increase in Manhattan during the quarter, due to the additions at 200 Vesey Street, 100 Church Street and 195 Broadway. This was also the largest quarterly percentage point jump in the World Trade Center since 2015.

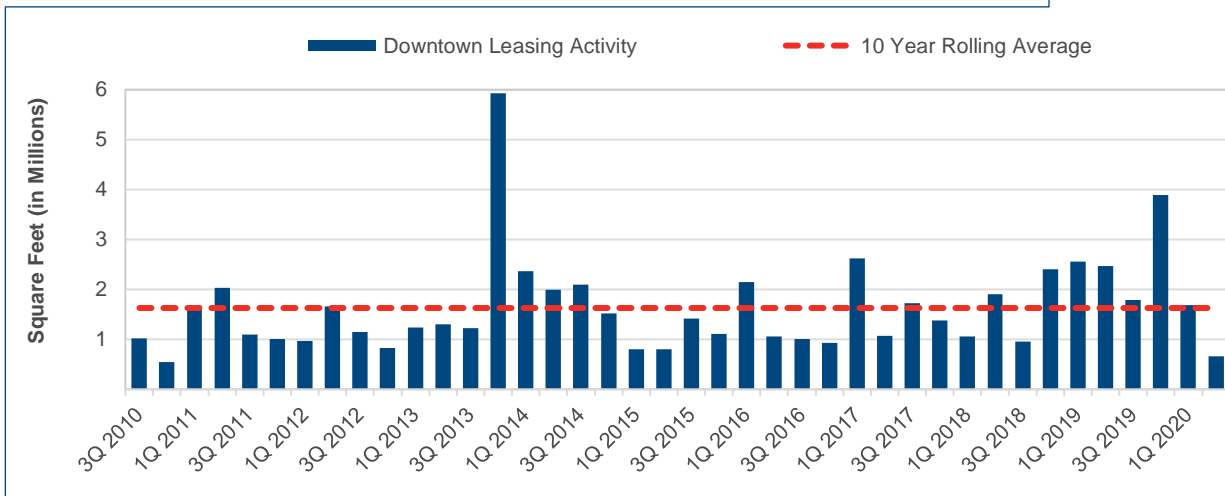
Meanwhile, FiDi’s availability rate remained stable at 10.1% while the Insurance District’s available supply dropped slightly by 0.1 pp to 9.8%. Additionally, the availability rate increased across all of Lower Manhattan’s inventory by age-category (pre-war, post-war, post-1980 and post-2000). The post-2000 availability rate increased – for the first time in two years – by 0.6 pp to 11.9%.

Downtown | Overall Average Asking Rent and Overall Availability Rate



Source: Colliers International Research

Downtown | Overall Leasing Activity



Source: Colliers International Research

Downtown | Top 2Q 2020 Leases

Company	Address	Submarket	Size	Transaction Type
U.S. Securities and Exchange Commission (SEC)	100 Pearl Street	Financial District	241,171	New
Policygenius	32 Old Slip	Financial District	85,526	New
U.S. General Services Administration (GSA)	32 Old Slip	Financial District	65,796	Renewal
Healthfirst	1 Liberty Plaza	World Trade Center	44,042	New
Walden Macht & Haran	250 Vesey Street	World Trade Center	33,018	New

Source: Colliers International Research