

The Colliers logo is located in the top right corner. It consists of the word "Colliers" in a white serif font, centered within a dark blue rectangular box. Below the text, there are three horizontal stripes: a yellow stripe on top, a red stripe in the middle, and a blue stripe on the bottom.

Colliers

A white horizontal bar containing the text "Research Report: New York City" in a dark blue sans-serif font.


Research Report: New York City

The main title "Midtown South Office" is displayed in a large, white, sans-serif font against a dark blue background. The text is positioned on the left side of the page, overlapping the city street image.

Midtown South Office

The text "Q2 2022" is written in a white sans-serif font, positioned below the main title on the dark blue background.

Q2 2022

The tagline "Accelerating success." is located at the bottom right of the page. It is written in a white sans-serif font and is preceded by a thin white horizontal line that extends from the left edge of the page.

Accelerating success.

Midtown South Office Report

Midtown South leasing activity jumped by more than 30.0%, quarter over quarter. Meanwhile, the available inventory increased with negative absorption while the asking rent average also increased since Q1 2022.

Strongest Quarterly Leasing Since 2019

At 3.42 million square feet, Midtown South's leasing volume jumped by 30.9% since Q1 2022 and doubled since Q2 2021. This was also Midtown South's strongest quarter of activity since Q4 2019.

The largest transactions during the second quarter included Tiffany & Co.'s 287,000 sq. ft. renewal at 200 Fifth Avenue, HSBC's 264,000 sq. ft. new lease at 66 Hudson Boulevard and Clifford Chance's 145,000 sq. ft. new lease at 2 Manhattan West.

With leases by HSBC at 66 Hudson Boulevard and Wellington Asset Management at 799 Broadway (71,000 sq. ft.), the FIRE (financial services, insurance and real estate) sector led Midtown South leasing volume at 28%. The TAMI (technology, advertising, media and information services) and consumer goods/retail sectors closely followed – each with a 23% share – led by Tiffany & Co. at 200 Fifth Avenue, Tory Burch's 130,000 sq. ft. renewal at 11 West 19th Street and Apple's 60,000 sq. ft. expansion at Penn 11.

Quarterly leasing volume increased in five of Midtown South's eight submarkets, compared to only three during Q1 2022. Driven by Ripley-Grier's 62,000 sq. ft. renewal at 520 Eighth Avenue and Apple's expansion at Penn 11, Penn Plaza/Garment District accounted for the largest share of Midtown South leasing during the quarter at 0.85 million square feet.

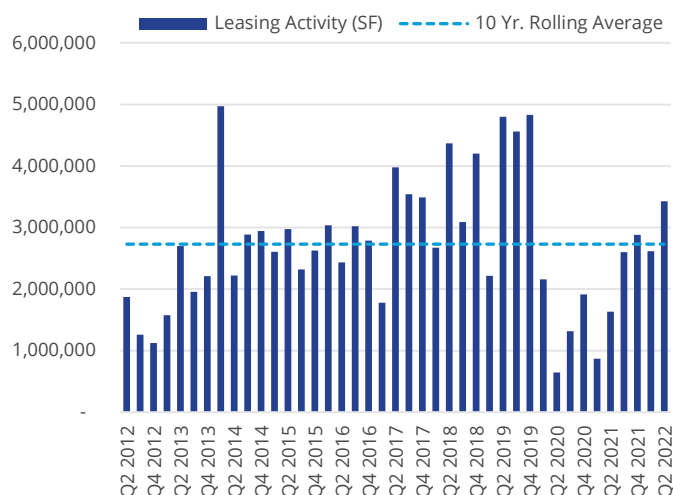
Asking Rent Average Surpassed Midtown

For the sixth consecutive quarter, Midtown South's asking rent average increased, growing by 2.1%

Midtown South Market Indicators

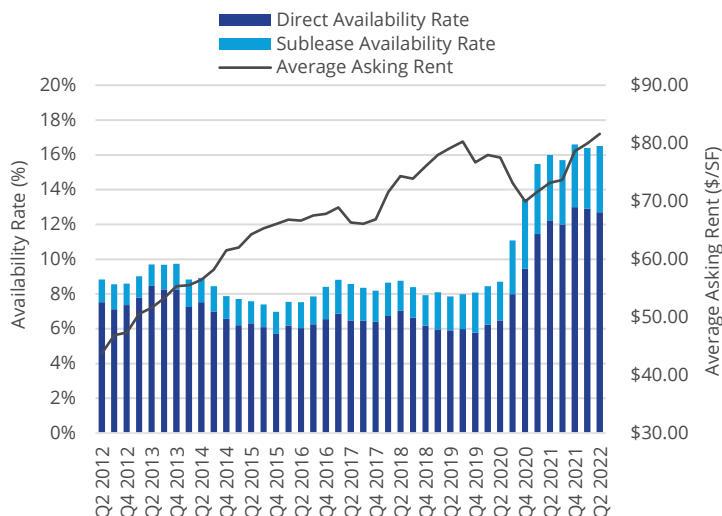
	Q2 2021	Q1 2022	Q2 2022
Availability Rate	16.0%	16.3%	16.5%
Average Asking Rent (\$/SF/YR)	\$73.19	\$79.95	\$81.64
Leasing Activity	1,630,410	2,615,547	3,424,630
Net Absorption	(921,931)	38,393	(312,943)

Leasing Activity



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

Average Asking Rent and Availability Rate



Source: Colliers

Midtown South Office Report

since Q1 2022 to \$81.64/SF. Furthermore, for the second consecutive quarter, Midtown South's asking rent average surpassed Midtown's overall average (\$79.60/SF). The increase during the second quarter was mostly fueled by above-average priced massive blocks of space added to the available inventory at 30 Hudson Yards (453,000 sq. ft. sublet) and 1 Madison Avenue (403,000 sq. ft.). There were additional 100,000+ sq. ft. above-average priced availabilities listed at 5 West 13th Street, 225 Park Avenue South (sublet) and 441 Ninth Avenue (sublet) as well as cases of higher-repricing in pockets of the market. Midtown South's asking rent average increased by 11.5%, year-over-year, and Midtown South was the only Manhattan market to surpass its pre-pandemic asking rent average from March 2020 (\$77.95/SF).

Class A asking rents increased by 1.4% to a record-high \$106.71/SF. Meanwhile, the Class B asking rent average grew – for the fifth consecutive quarter – by 1.6% to \$69.57/SF while the Class C average (\$53.71/SF) increased by 5.2%, quarter-over-quarter. At \$67.93/SF, Midtown South's sublet asking rent average leapt by 11.9% during Q2 2022, the largest quarterly increase since 2018. This was on account of the above-average priced sublet spaces listed during the quarter at 30 Hudson Yards, 441 Ninth Avenue and 225 Park Avenue South.

The second quarter produced higher asking rents in six of Midtown South's eight submarkets. Gramercy Park (\$81.79/SF) had the sharpest percentage increase to its asking rent average in Manhattan during Q2 2022 at 5.1%. The noteworthy gain was driven by the above-average priced spaces listed at 1 Madison Avenue and 225 Park Avenue South. Meanwhile, Greenwich Village (\$88.74/SF), had the sharpest percentage drop in Manhattan during Q2 2022 – at 9.0% – due to higher-priced space coming off the market after Wellington Asset Management's lease at 799 Broadway.

Midtown South's post-2000 inventory asking rent average grew by 0.1% to \$133.44/SF, once again surpassing Midtown (\$97.10/SF) as Manhattan's most expensive post-2000 product.

There were 12 Midtown South contiguous blocks of space greater than 250,000 sq. ft., compared to 11 during Q1 2022. Pricing for these large blocks decreased by 1.8% to \$125.73/SF,

a 54.0% premium to the market average compared to 60.2% in Q1 2022.

Availability Rate Increased During Q2 2022

With an additional 100,000+ sq. ft. block of space listed at 1 Soho Square (multiple smaller sublet blocks), Midtown South's availability rate expanded by 0.2 pp (percentage points) during Q2 2022 to 16.5%, just short of the record-high of 16.8% recorded in February and April of this year. At 31.72 million square feet, Midtown South's total available supply grew by 4.6% since Q2 2021 and more than doubled since March 2020.

Availability remained stable or tightened across only two of Midtown South's eight submarkets during the quarter, compared to four during Q1 2022. Soho (14.0%) had the sharpest percentage point availability rate decrease in Manhattan during Q2 2022, at 1.5 pp, due to the 22,000 sq. ft. new lease by Solana Labs at 141 East Houston Street. This was also Soho's tightest availability since Q2 2020. Penn Plaza/Garment District (14.4%) followed with a 0.7 pp decrease.

Meanwhile, at 1.5 pp, Gramercy Park (16.0%) had Midtown South's leading percentage point increase in supply since the prior quarter. The increase was mainly due to the large blocks of space listed at 1 Madison Avenue and 225 Park Avenue South. This was also Gramercy Park's highest post-pandemic availability rate. Hudson Yards/Manhattan West (23.9%), Murray Hill (22.8%) and Hudson Square (17.3%) also ended Q2 2022 with their highest post-pandemic availability rates.

Sublet space represented 23.1% of Midtown South's overall availability. Midtown South's total sublet supply increased – for the first time since Q1 2021 – by 0.69 million square feet during the quarter. Although Midtown South's sublet inventory increased by 84.7% since March 2020 to 7.33 million square feet, the year-over-year gain was only 2.7%.

Midtown South's quarterly absorption was negative 0.31 million square feet. Absorption since March 2020 totaled negative 16.52 million square feet while negative absorption over the last 12 months was only 1.41 million square feet.

Top Five Lease Transactions of Q2 2022

Tenant	Address	Size (SF)	Transaction Type
Tiffany & Co.	200 Fifth Avenue	287,393	Renewal
HSBC	66 Hudson Boulevard	263,875	New
Clifford Chance	2 Manhattan West	144,903	New
Tory Burch	11 West 19 th Street	130,000	Renewal
Turner Construction Company	66 Hudson Boulevard	87,184	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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