



Market Indicators	1Q 2019	4Q 2019	CURRENT
AVAILABILITY RATE	10.0%	11.1%	11.6%
AVERAGE ASKING RENT (\$/SF/YR)	\$83.18	\$85.80	\$85.76
LEASING ACTIVITY	4,287,901	4,450,377	2,954,546
ABSORPTION	(682,785)	(1,192,997)	(990,534)

Midtown's quarterly leasing volume decreased. Meanwhile, asking rents were stable despite more supply and negative absorption.

### Lowest Quarterly Leasing Volume Since 2013

Midtown's quarterly leasing volume decreased by one-third since 4Q 2019 to 2.96 million square feet, Midtown's lowest quarterly leasing total since 2013. Additionally, leasing volume dropped by 30.9%, year-over-year. The Plaza District submarket led Manhattan leasing at 1.20 million square feet, driven by Cantor Fitzgerald's 152,000 SF renewal at 110 East 59th Street.

Cantor Fitzgerald's renewal contributed to the FIRE (financial services, insurance and real estate) sector's 56% first quarter share of leasing volume. Leasing by TAMI (technology, advertising, media and information services) tenants trailed at 19%, led by Marvel's 99,000 SF sublease at 1290 Avenue of the Americas.

### Asking Rent Average Only Increased in Times Square

Midtown's asking rent average remained stable since the previous quarter, decreasing by only \$0.04/ SF to \$85.76/ SF. The average was higher by 3.1% since 1Q 2019.

Class A asking rents were lower by 0.2% since December 2019 to an average of \$88.84/ SF while the Class C average increased by 1.7% to \$56.11/ SF. With above-average priced space listed at 1740 Broadway (93,000 SF), Class B asking rents increased by 5.5% to \$65.98/ SF. The sublet asking rent average was higher by 2.6% during 1Q 2020 to \$64.33/ SF.

Times Square was Midtown's only submarket to experience an increase – higher by 3.6% to \$78.86/ SF – in asking rents, quarter-over-quarter. The increase mostly stemmed from above-average priced blocks of space added at 1166 Avenue of the Americas (320,000 SF) and 660 Twelfth Avenue (95,000 SF), higher-repricing at 151 West 42nd Street and the removal of a below-average priced sublet block at 1440 Broadway (197,000 SF).

With below-average priced space added during the quarter at 660 Twelfth Avenue, Midtown's post-2000 inventory asking rent average decreased by 5.6% since 4Q 2019 to \$145.17/ SF, still the most expensive post-2000 inventory in Manhattan. Furthermore, the

Broadway corridor's asking rent average increased by \$5.35/ SF since 4Q 2019 to \$82.80/ SF, the largest \$/ SF gain along a Midtown avenue. Park Avenue (\$105.11/ SF), meanwhile, had the largest \$/ SF decrease, by \$3.82/ SF due to below-average priced sublet space (123,000 SF) listed at 101 Park Avenue.

There were eleven Midtown contiguous blocks of space greater than 250,000 SF, unchanged since December 2019. Pricing for these large blocks fell 8.3% to \$92.33/ SF, a 7.7% premium to the market average compared to 17.4% in 4Q 2019.

### Third Quarter of Negative Absorption + Higher Availability

Midtown's first quarter availability rate was higher by 0.5 pp (percentage points) since December 2019 to 11.6%, the highest quarterly availability since 2014. Absorption for the quarter was negative 0.99 million square feet. For the first time since 2012, Midtown experienced three consecutive quarters of both negative absorption and increasing availability.

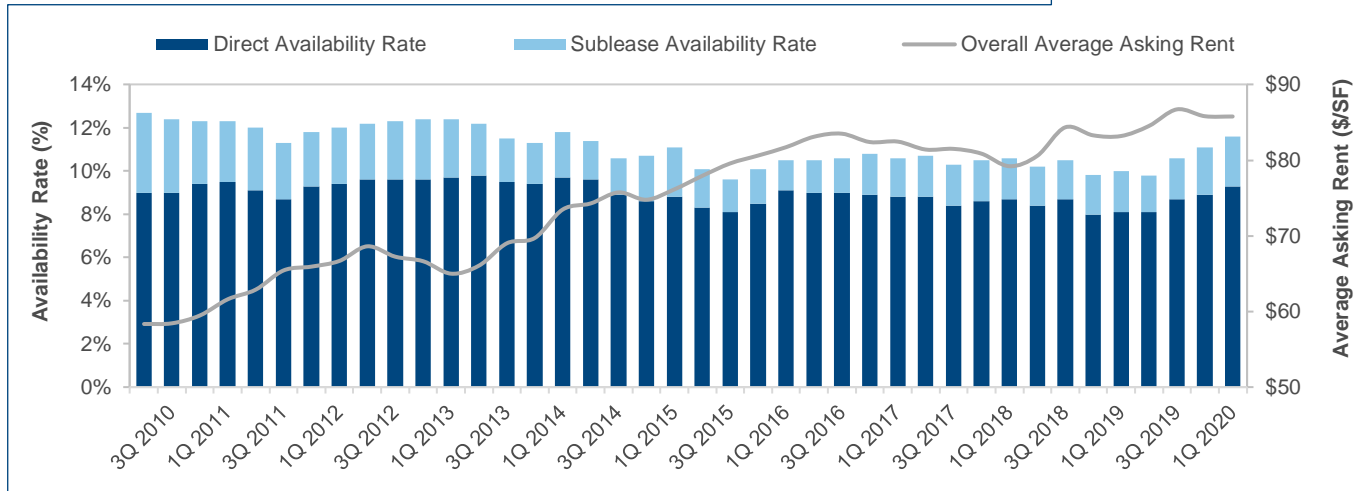
The increase in supply and negative absorption was primarily driven by the drop in leasing volume and was compounded by newly listed 250,000 SF plus inventory at 1166 Avenue of the Americas and 750 Third Avenue, as well as smaller (50,000-99,999 SF) blocks of availability listed throughout Midtown.

All five of Midtown's submarkets ended 1Q 2020 with higher availability with Columbus Circle (13.5%) having the largest quarterly change (0.8 pp) in Midtown due to inventory added at 1740 Broadway (93,000 SF), 3 Columbus Circle (79,000 SF) and 1700 Broadway (53,000 SF-sublet).

Along the avenues, Seventh Avenue's availability tightened by 0.8 pp since December 2019 to 7.8%. Third Avenue, meanwhile, had the largest quarterly increase in supply, by 1.1 pp to 14.5% due to the available block added at 750 Third Avenue.

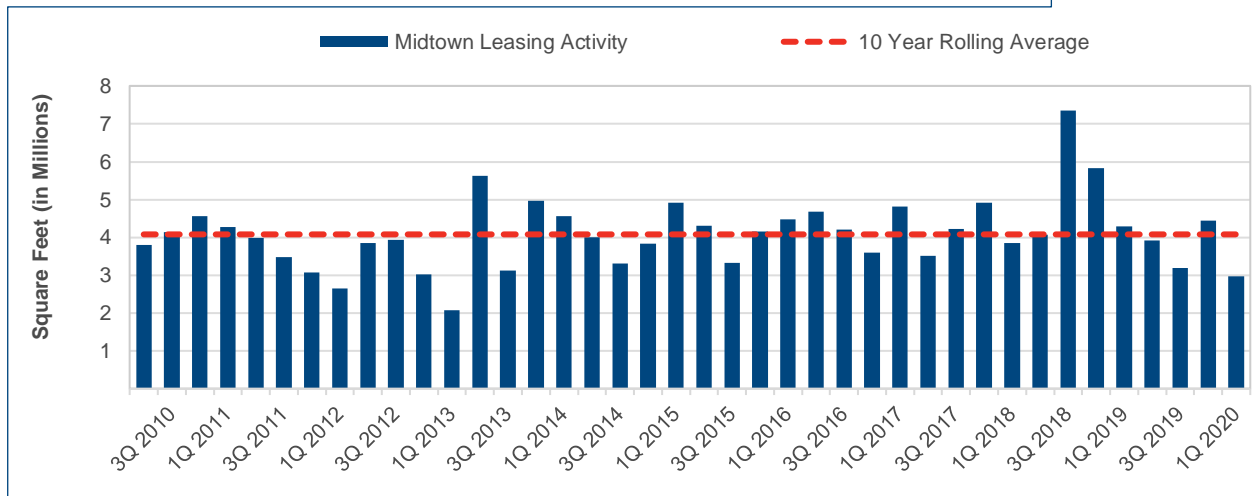
Midtown's sublet availability rate increased by 0.1 pp during 1Q 2020 to 2.3%. Despite the increase, the sublet share of total availability in Midtown dropped by 0.3 pp to 19.8%.

## Midtown | Overall Average Asking Rent and Overall Availability Rate



Source: Colliers International Research

## Midtown | Overall Leasing Activity



Source: Colliers International Research

## Midtown | Top 1Q 2020 Leases

Address	SF Leased	Tenant	Submarket	Lease Type
Cantor Fitzgerald	110 East 59 <sup>th</sup> Street	Plaza District	151,980	Renewal
JLL	330 Madison Avenue	Grand Central	143,135	Renewal / Expansion
Citadel	350 Park Avenue	Plaza District	119,421	Expansion
McLaughlin & Stern	260 Madison Avenue	Grand Central	113,520	Renewal
Marvel	1290 Avenue of the Americas	Plaza District	98,483	New

Source: Colliers International Research