



**Market Indicators**

	3Q 2019	2Q 2020	CURRENT
<b>%</b> AVAILABILITY RATE	10.6%	11.9%	<b>13.4%</b>
<b>\$</b> AVERAGE ASKING RENT (\$/SF/YR)	\$86.70	\$85.91	<b>\$84.83</b>
<b>📈</b> LEASING ACTIVITY	3,188,540	1,880,969	<b>2,887,975</b>
<b>±</b> ABSORPTION	(2,027,729)	(767,973)	<b>(3,569,501)</b>

Midtown’s quarterly leasing volume increased since the previous quarter. However, asking rents decreased with more supply and negative absorption.

**YTD Leasing Volume Fell by Nearly One-Third**

Midtown’s quarterly leasing volume increased by 53.5% since 2Q 2020 to 2.89 million square feet. However, leasing volume decreased by 9.4%, year-over-year. Leasing volume during the first three quarters of 2020 (7.73 million square feet) was nearly one-third less than the 11.40 million square feet leased during the same period last year.

The Times Square submarket led Manhattan leasing volume with 1.33 million square feet of activity, driven by Morgan Stanley’s 538,000 SF sale-leaseback at 522 Fifth Avenue and NBCUniversal’s 340,000 SF renewal at 1221 Avenue of the Americas.

The sale-leaseback by Morgan Stanley at 522 Fifth Avenue and the 323,000 SF renewal by BNP Paribas at 787 Seventh Avenue contributed to the FIRE (financial services, insurance and real estate) sector’s 57% third quarter share of leasing volume. Leasing by professional service tenants followed at 18%, led by Goodwin Procter’s 216,000 SF renewal/expansion at 620 Eighth Avenue and FTI Consulting’s 121,000 SF new lease at 1166 Avenue of the Americas.

**Asking Rents Were Lower in All Five Submarkets**

Midtown’s asking rent average decreased by 1.3% since 2Q 2020 to \$84.83/ SF. The average was also lower by 1.1% since 1Q 2020 and by 2.2% since 3Q 2019. Below-average priced large blocks (100,000+ SF) were added to the available inventory at 885 Third Avenue, 220 West 42nd Street and 1325 Avenue of the Americas (sublet) while lower-repricing occurred at 1185 Avenue of the Americas, 420 Lexington Avenue, 707 Eleventh Avenue and 575 Madison Avenue.

Class A asking rents were lower by 1.0% since June 2020 to an average of \$88.27/ SF. The Class B asking rent average decreased by 1.3% to \$64.06/ SF and the Class C average was lower by 6.4% to \$52.49/ SF. With the addition of below-average priced sublet spaces at 1325 Avenue of the Americas (132,000 SF) and 399 Park Avenue (50,000 SF) plus the 70,000 SF sublease of above-average priced space to AEA Investors at 520 Madison Avenue, the sublet asking rent average was lower by 0.5% to \$65.06/ SF.

The third quarter produced lower asking rents across all five of Midtown’s submarkets for the first time in nearly four years. Times Square’s asking

rent average decreased by 1.6% since 2Q 2020 to \$76.39 SF, the largest drop in Midtown. Below-average priced inventory was added at 220 West 42nd Street (230,000 SF), lower re-pricing occurred at 1185 Avenue of the Americas and above-average priced space was leased at 1166 Avenue of the Americas (121,000 SF).

Midtown’s post-2000 inventory asking rent average decreased – for the fourth consecutive quarter – by 5.0% to \$137.44/ SF. The notable drop was due to below-average priced 50,000-99,999 SF inventory listed at 620 Eighth Avenue (sublet), 7 Times Square and 390 Madison Avenue (sublet).

With the addition of the 250,000+ SF block of above-average priced space at 885 Third Avenue, the asking rent average on Third Avenue increased – for the seventh consecutive quarter – by 1.8% to \$71.98/ SF, the largest gain along a Midtown avenue during the quarter. Madison Avenue (\$108.61/ SF), however, had the largest percentage decrease, by 4.0%.

There were thirteen Midtown contiguous blocks of space greater than 250,000 SF, unchanged since 2Q 2020. Pricing for these large blocks decreased by a slight 0.1% to \$93.11/ SF, an 9.8% premium to the market average compared to 8.5% in 2Q 2020

**Highest Quarterly Availability Since 2010**

Midtown’s third quarter availability rate was higher by 1.5 pp (percentage points) since June 2020 to 13.4%, the highest quarterly availability since 2010 and the largest quarterly increase since 2009. Additional large blocks (100,000+ SF) were added at 399 Park Avenue (sublet) and 75 Rockefeller Plaza. Availability grew by 1.8 pp since 1Q 2020. For the first time since 2012, Midtown experienced five consecutive quarters of increasing availability. Absorption for the quarter was negative 3.57 million square feet, the highest quarterly negative absorption since 2009.

All five Midtown submarkets ended 3Q 2020 with higher availability. Two of the submarkets ended the quarter at the highest post-Great Recession availability on record.<sup>1</sup> The Plaza District (14.6%) had the largest quarterly increase (1.9 pp) in Midtown. Third Avenue had the largest quarterly increase in supply along the avenues, growing by 2.6 pp to 18.2%.

Midtown’s sublet inventory increased by 0.76 million square feet during the quarter. But, nearly four times as much direct space was added. Therefore, the sublet share of total availability grew by only 0.3 pp to 18.5%.

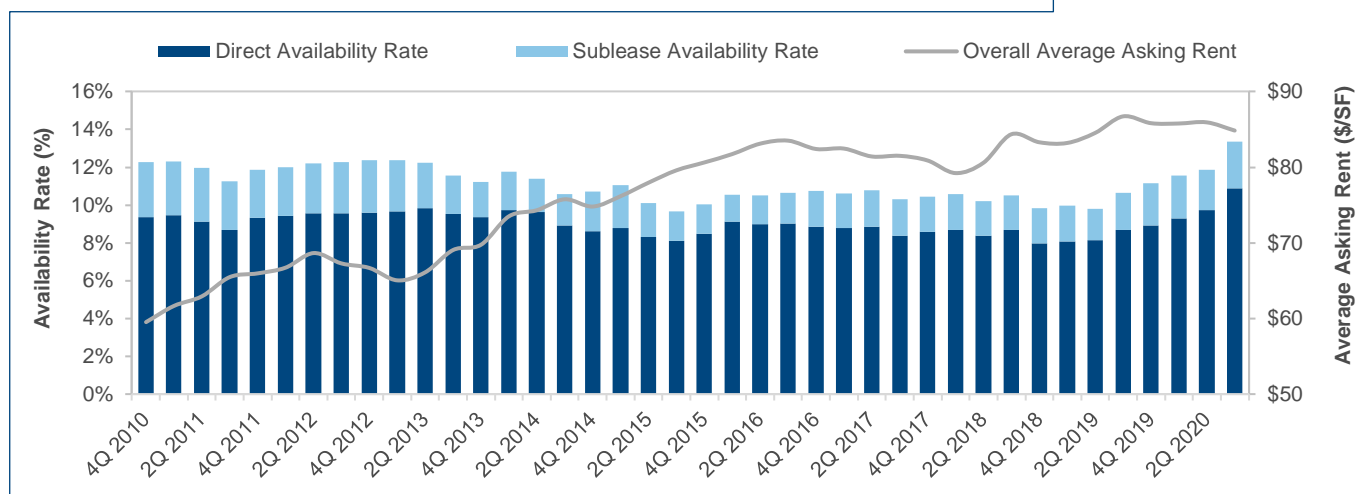
<sup>1</sup> Note: Plaza District (14.6%) and Columbus Circle (14.2%)

Note: pp (percentage points)

Note: The availability rate is based on actively marketed space scheduled for tenant build-out within 12 months

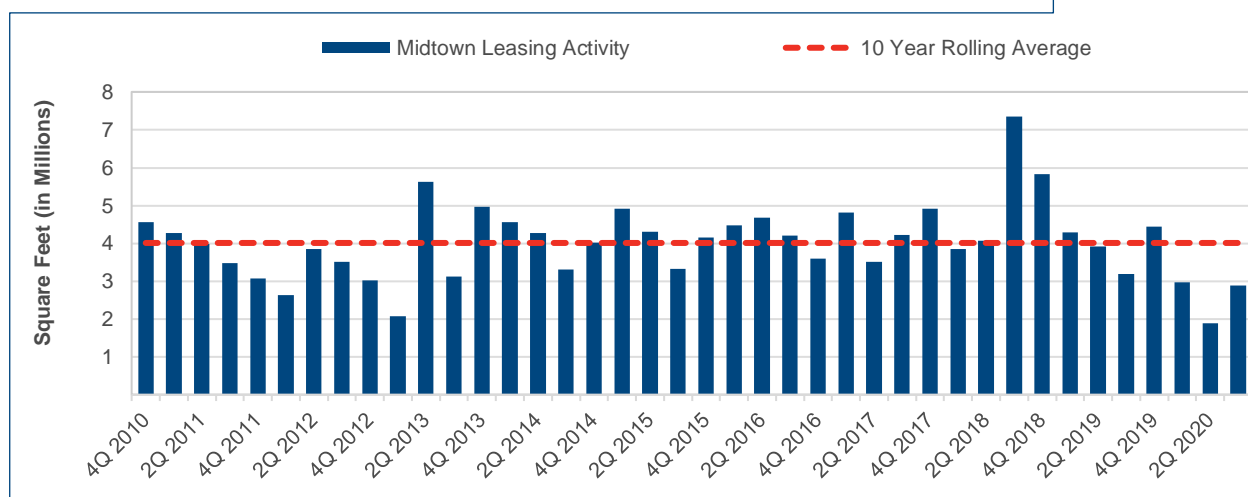


## Midtown | Overall Average Asking Rent and Overall Availability Rate



Source: Colliers International Research

## Midtown | Overall Leasing Activity



Source: Colliers International Research

## Midtown | Top 3Q 2020 Leases

Company	Address	Submarket	Size	Transaction Type
Morgan Stanley	522 Fifth Avenue	Times Square	537,685	New (Sale-leaseback)
NBCUniversal Media	1221 Avenue of the Americas	Times Square	339,833	Renewal
BNP Paribas	787 Seventh Avenue	Columbus Circle	322,586	Renewal
Goodwin Procter LLP	620 Eighth Avenue	Times Square	216,419	Renewal/Expansion
Raymond James Financial, Inc.	320 Park Avenue	Plaza District	144,704	New

Source: Colliers International Research