



Colliers



Research Report: New York City

# Downtown Office

Q1 2022

Accelerating success.

# Downtown Office Report

Lower Manhattan's leasing activity increased, quarter over quarter. However, availability grew to a new record-high with negative absorption while the asking rent average decreased since Q4 2021.

## Quarterly Leasing Volume Higher by 20.2%

Lower Manhattan's Q1 2022 leasing activity (1.19 million square feet) increased by 20.2% since the prior quarter and was Downtown's second-strongest quarter of leasing volume since the pandemic began. Additionally, demand more than tripled since Q1 2021.

The largest transactions during Q1 2022 included leases by Brown Brothers Harriman at 140 Broadway (188,000 sq. ft. renewal), MJHS at 55 Water Street (138,000 sq. ft. new lease) and Celonis at 1 World Trade Center (75,000 sq. ft. extension and expansion).

Brown Brothers Harriman's renewal at 140 Broadway and Capstone's expansion at 7 World Trade Center (41,000 sq. ft.) resulted in the FIRE (financial services, insurance and real estate) sector having the largest share of Downtown leasing volume during Q1 2022, at 32%. The public sector followed at 21%, led by the 57,000 sq. ft. renewal by National Urban League at 80 Pine Street and the 52,000 sq. ft. extension and expansion by Uncommon Schools at 55 Broad Street.

Led by Brown Brothers Harriman at 140 Broadway and MJHS at 55 Water Street, the Financial District led Downtown leasing volume during the quarter at 0.77 million square feet.

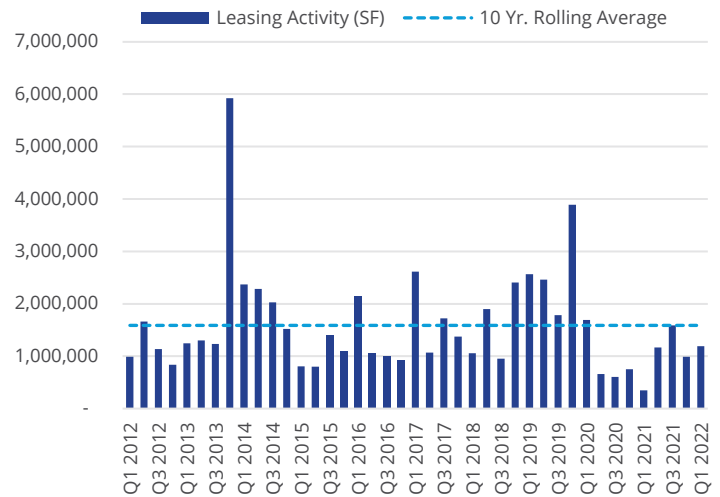
## Asking Rent Average Down 9.3% in 2 Years

Lower Manhattan's asking rent average decreased by 0.7% during Q1 2022 to \$59.70/SF. Lower-repricing took place in portions of Downtown while an above-average priced block of space was

### Downtown Market Indicators

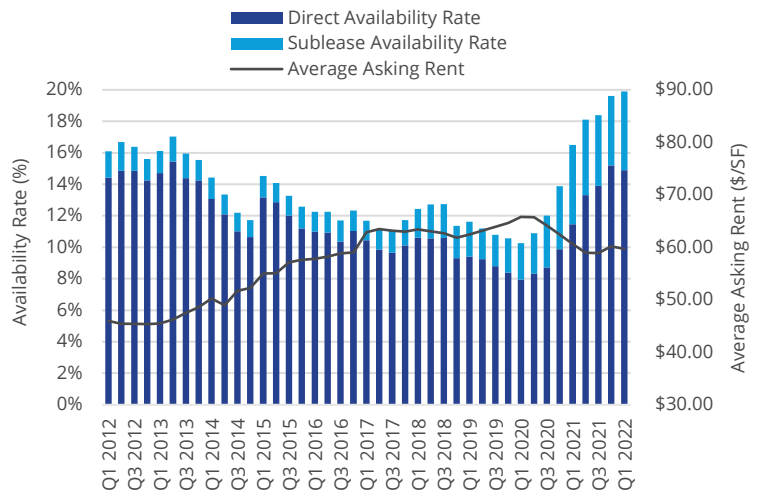
	Q1 2021	Q4 2021	Q1 2022
Availability Rate	16.5%	19.6%	<b>19.9%</b>
Average Asking Rent (\$/SF/YR)	\$60.57	\$60.15	<b>\$59.70</b>
Leasing Activity	351,008	992,276	<b>1,192,875</b>
Net Absorption	(2,855,677)	(1,227,224)	<b>(371,689)</b>

### Leasing Activity



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

### Average Asking Rent and Availability Rate



Source: Colliers

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removed from the available inventory at 140 Broadway (renewal by Brown Brothers Harriman). Additionally, below-average priced large blocks of sublet space were listed at 225 Liberty Street (332,000 sq. ft.) and 25 Broadway (130,000 sq. ft.). Lower Manhattan's asking rent average decreased by 1.4%, year-over-year, and by 9.3% since March 2020.

Class A asking rents were lower by 0.8% to an average of \$60.92/SF. Meanwhile, the Class B asking rent average decreased – for the ninth consecutive quarter – by 0.5% to \$54.26/SF. The Class C average jumped by 15.6% to \$52.19/SF. The jump in the Class C average was driven by pricing adjustments in a few small blocks of space that had a significant impact on the average. The sublet asking rent decreased – for the seventh consecutive quarter – by 1.9% to \$47.23/SF, a 17.4% drop over the last 24 months.

The first quarter produced lower asking rents in all five of Downtown's submarkets. City Hall (\$54.01/SF) had the sharpest percentage decrease in Manhattan during Q1 2022, at 2.4%, driven by lower-repricing at 250 Broadway. City Hall also had the leading decrease to the asking rent average in Lower Manhattan since March 2020, at 15.8%.

Downtown's post-2000 inventory asking rent average grew – for the first time in two years – by 4.0% to \$80.70/SF due to below-average priced space leased at 1WTC (World Trade Center) by Celonis (75,000 sq. ft. expansion and extension) as well as above-average priced space listed at 7WTC (41,000 sq. ft.) and higher-repricing in portions of post-2000 product.

There were 11 Downtown contiguous blocks of space greater than 250,000 sq. ft., unchanged since Q4 2021. Pricing for these large blocks decreased by 2.3% to \$63.25/SF, a 5.9% premium to the market average compared to a 7.6% premium in Q4 2021.

## Nearly 20% Availability Rate

Downtown's availability rate grew – for the eighth consecutive quarter – by 0.3 pp (percentage points) since December 2021 to a record-high 19.9%. Lower Manhattan ended Q1 2022 with the highest availability rate within Manhattan's three major markets. At 21.30 million square feet, total availability increased by 94.7% since March 2020.

The Financial District (25.1%) was the only Downtown submarket to record a drop in its availability rate, quarter-over-quarter, decreasing by 0.5 pp. Tribeca's 1.3 pp increase in availability to 12.0% was the most significant percentage point gain in Manhattan during Q1 2022 due to smaller 25,000-49,999 sq. ft. blocks of sublet space added to the available inventory at 200 Hudson Street and 32 Avenue of the Americas.

All five Downtown submarkets had net increases to their availability over the last 24 months. However, the Financial District's increase by 15.0 pp was the largest gain in Lower Manhattan since March 2020. This massive increase was due to large blocks of space added to the available inventory at buildings such as: 60 Wall Street, 111 Wall Street and 140 Broadway.

Sublet space represented 25.0% of Downtown's overall availability – up from 22.3% in Q4 2021. In addition, Lower Manhattan's total sublet supply expanded by 0.66 million square feet during Q1 2022. Net sublet availability more than doubled since March 2020 to a total of 5.32 million square feet.

Quarterly absorption was negative at 0.37 million square feet. Downtown's net absorption since March 2020 totaled negative 10.36 million square feet.

## Top Five Lease Transactions of Q1 2022

Tenant	Address	Size (SF)	Transaction Type
Brown Brothers Harriman	140 Broadway	188,059	Renewal
Metropolitan Jewish Health System (MJHS)	55 Water Street	138,374	New
Celonis	1 World Trade Center	75,091	Extension/Expansion
National Urban League	80 Pine Street	57,245	Renewal
Uncommon Schools	55 Broad Street	52,316	Extension/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



## \$4.1 B

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 \$4.1 billion and more than \$50 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](http://corporate.colliers.com), [@Colliers](https://twitter.com/Colliers) or [LinkedIn](https://www.linkedin.com/company/colliers).

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