







| Market Indicators | 4Q 2019 | 3Q 2020 | CURRENT |
|--|-----------|-------------|-------------|
|  AVAILABILITY RATE | 10.6% | 12.0% | 13.9% |
|  AVERAGE ASKING RENT (\$/SF/YR) | \$64.64 | \$64.14 | \$62.40 |
|  LEASING ACTIVITY | 3,891,496 | 602,758 | 754,876 |
|  ABSORPTION | 237,827 | (1,193,624) | (1,990,262) |

Lower Manhattan leasing activity increased, quarter-over-quarter. However, the available inventory was higher with negative absorption while the asking rent average decreased.

Lowest Yearly Leasing Volume Since 2010

After three consecutive quarters of decreasing leasing volume, Lower Manhattan’s quarterly leasing activity increased by more than one-fourth since 3Q 2020 to 0.75 million square feet. However, Downtown’s volume was still a fraction of the 3.89 million square feet recorded in 4Q 2019. Full-year 2020 leasing activity (3.71 million square feet) was nearly two-thirds less than the 10.70 million square feet leased in 2019 and was Downtown’s lowest year of leasing volume since 2010.

With renewals by Justworks at 55 Water Street (270,000 SF) and Topps Company at 1 Whitehall Street (71,000 SF), the TAMI (technology, advertising, media and information services) sector led Downtown leasing during the fourth quarter at 48%. The public sector followed at 24% with the City of New York’s 157,000 SF renewal at 250 Broadway. The TAMI sector also drove Lower Manhattan’s share of full-year 2020 leasing activity at 30%, owing to leases during the year by Justworks, PolicyGenius (86,000 SF at 32 Old Slip) and Topps.

With leases by Justworks, Topps and CapCo (49,000 SF at 77 Water Street), FiDi (Financial District) led Downtown leasing volume during the fourth quarter at 0.54 million square feet. FiDi also had the strongest Downtown leasing volume in 2020, with 2.19 million square feet of activity, due to additional 100,000+ SF leases earlier in the year by SEC at 100 Pearl Street, L Brands at 55 Water Street, AIG at 28 Liberty Street, Stroock & Stroock & Lavan at 180 Maiden Lane and Refinitiv at 28 Liberty Street.

City Hall (0.31 million square feet) was the only Downtown submarket with an uptick in full-year leasing activity, primarily driven by two separate 100,000+ SF City of New York renewals at 250 Broadway during the year.

Sharpest Quarterly Decline in Pricing in Ten Years

Lower Manhattan’s asking rent average decreased by 2.7% since 3Q 2020 to \$62.40/ SF, the lowest quarterly average in two years and the sharpest quarterly decline in ten years. The average was also reduced by 5.2% since March 2020 and by 3.5%, year-over-year. Above-average priced space was removed from the available inventory as part of the City’s renewal at 250 Broadway. Furthermore, more than 1 million square feet of below-average priced space was added to the inventory at 111 Wall Street while 206,000 SF of below-average priced sublet space was listed at 55 Water Street. Lower-

repricing also occurred in various available blocks.

Class A asking rents were lower by 2.8% since September 2020 to an average of \$63.59/ SF. Meanwhile, the Class B asking rent average decreased by 3.4% to \$58.23/ SF while the Class C average increased by 3.9% to \$43.68/ SF. The sublet asking rent average was lower by 1.5% during 4Q 2020 to \$54.54/ SF.

The fourth quarter produced lower asking rents across all five of Downtown’s submarkets. City Hall’s asking rent average (\$57.42/ SF) decreased by 7.0% since 3Q 2020 – the largest percentage drop in Lower Manhattan – driven by above-average priced space leased at 250 Broadway and below-average priced sublet space listed at 225 Broadway (60,000 SF). City Hall’s twelve-month decrease by 11.1% was also the largest percentage drop in Lower Manhattan.

Downtown’s post-2000 inventory asking rent average decreased by 3.9% to \$84.86/SF due to a below-average priced 100,000+ SF sublet block listed at 7 World Trade Center.

There were three Downtown contiguous blocks of space greater than 250,000 SF, compared to two in 3Q 2020. Because of the addition at 111 Wall Street, pricing for these large blocks dropped by 10.5% to \$61.38/ SF, a 1.6% discount to the market average compared to a 7.0% premium in 3Q 2020.

Highest Quarterly Availability Since 2015

Downtown’s quarterly availability rate grew by 1.9 pp (percentage points) since September 2020 to 13.9%, both the highest quarterly availability rate and the sharpest quarterly increase in supply since 2015. Net availability increased by 32.0%, year-over-year.

Absorption for the quarter was negative 1.99 million square feet – the highest quarterly negative absorption since 2011 – while total net absorption in 2020 was negative 3.59 million square feet.

Tribeca (8.5%) and City Hall (13.2%) availability remained stable during the fourth quarter while availability increased in Lower Manhattan’s three other submarkets. FiDi (14.7%) had the largest percentage point increase Downtown during 2020, higher by 3.8 pp during the year. The World Trade Center submarket (14.9%) closely followed at 3.7 pp.

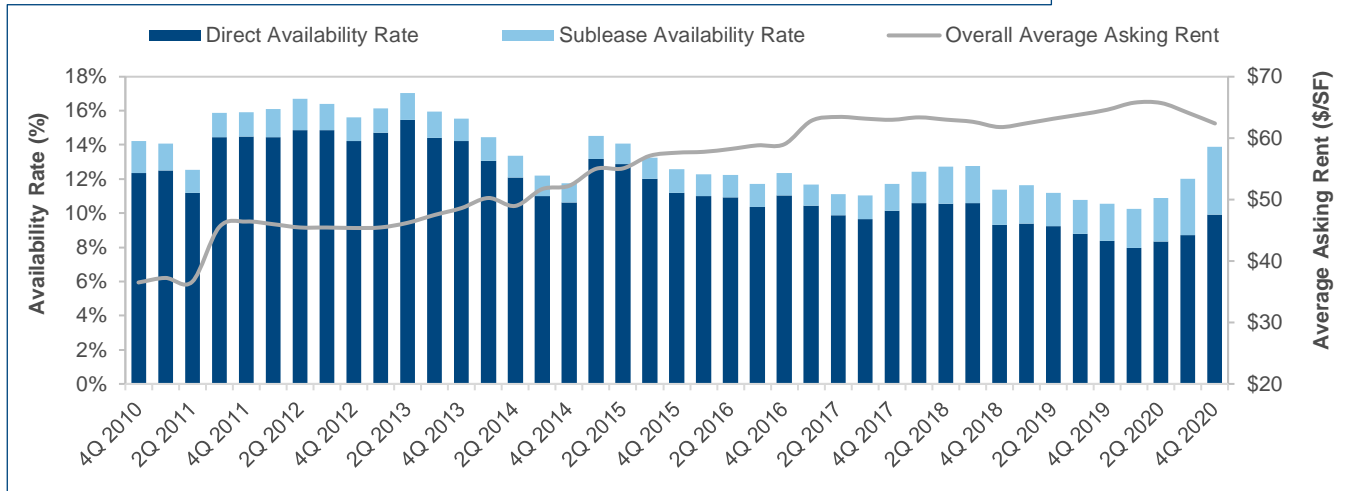
Sublet space represented 28.9% of Downtown’s availability, an increase of 1.5 pp since 3Q 2020 and the highest share since 2003. Downtown’s sublet supply increased by 1.96 million square feet in 2020.



Note: pp (percentage points)

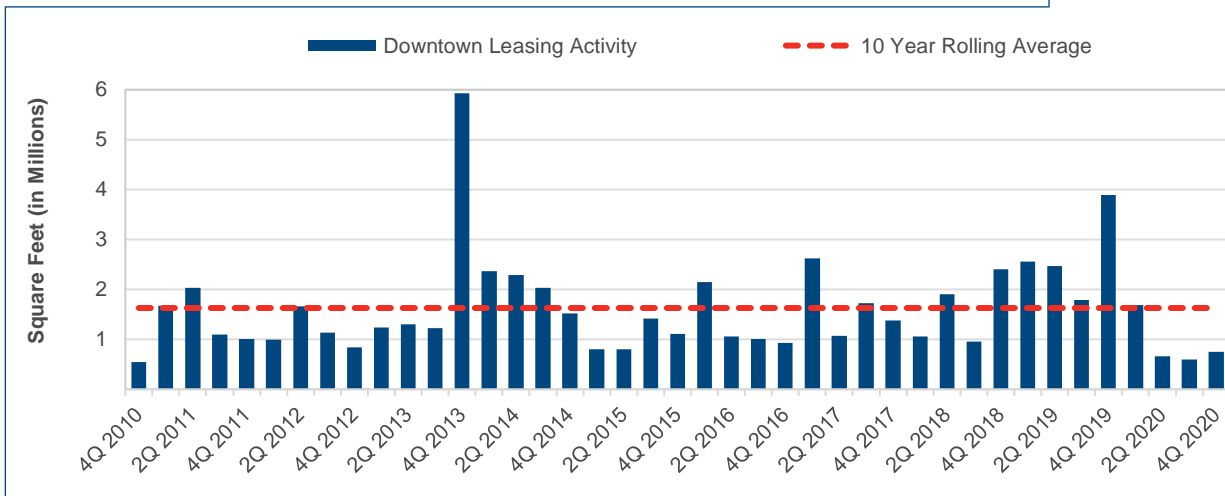
Note: The availability rate is based on actively marketed space scheduled for tenant build-out within 12 months

Downtown | Overall Average Asking Rent and Overall Availability Rate



Source: Colliers International Research

Downtown | Overall Leasing Activity



Source: Colliers International Research

Downtown | Top 4Q 2020 Leases

| Company | Address | Submarket | Size | Transaction Type |
|---------------------|--------------------|--------------------|---------|------------------|
| Justworks, Inc. | 55 Water Street | Financial District | 270,000 | Renewal |
| City of New York | 250 Broadway | City Hall | 157,092 | Renewal |
| Topps Company, Inc. | 1 Whitehall Street | Financial District | 70,635 | Renewal |
| Capco | 77 Water Street | Financial District | 48,700 | Renewal |
| Jay Suites | 40 Wall Street | Financial District | 43,489 | New |

Source: Colliers International Research