

Market Snapshot: New York City

New Jersey | Office

Manhattan Office

July 2022



Leasing Activity (SF-Monthly)

	July 2022	June 2022	July 2021
Midtown	1,976,155	980,457	603,353
Midtown South	707,630	1,052,588	925,942
Downtown	480,018	182,724	824,467
Manhattan	3,163,803	2,215,769	2,353,762



Availability Rate

	July 2022	June 2022	July 2021
Midtown	16.0%	16.4%	17.5%
Midtown South	16.4%	16.5%	16.1%
Downtown	20.1%	20.1%	18.3%
Manhattan	17.0%	17.2%	17.1%



Average Asking Rent (\$/SF/Yr)

	July 2022	June 2022	July 2021
Midtown	\$79.86	\$79.60	\$78.95
Midtown South	\$81.06	\$81.64	\$73.12
Downtown	\$59.47	\$59.61	\$58.80
Manhattan	\$75.43	\$75.61	\$72.72

Manhattan

At 3.16 million square feet, Manhattan's July leasing activity jumped by 42.8% since June and by 34.4%, year-over-year. This was also Manhattan's strongest monthly leasing total since January 2020. Although July's velocity surpassed the 2020 (1.58 million square feet) and 2021 (2.08 million square feet) average monthly volume, it was 11.6% below the 2019 pre-pandemic average (3.58 million square feet). The top two largest transactions in July were renewals and expansions by

Datadog (330,000 sq. ft.) and Indeed (247,000 sq. ft.).

Manhattan's availability rate tightened by 0.2 pp (percentage points) to 17.0%. Meanwhile, absorption was positive 1.09 million square feet, the strongest monthly positive absorption since August 2021. Nonetheless, the overall availability has grown by 70.2% since COVID-19 was declared a pandemic in March 2020 to 91.66 million square feet.

Manhattan Office Snapshot

Net sublet availability was cut by 0.37 million square feet in July to 20.10 million square feet. But this was only 5.0% below the pandemic peak of 21.16 million square feet in July 2021. Manhattan's total sublet inventory has increased by 68.8% since March 2020. Meanwhile, the average asking rent decreased by 0.2% to \$75.43/SF. Although the average has increased by 3.8% since the pandemic low of \$72.68/SF in August 2021, it was still lower by 5.1% compared to March 2020 (\$79.47/SF).

Midtown

With 1.98 million square feet leased in July – the highest monthly volume since December 2018 – Midtown's leasing activity doubled since June and more than tripled since July 2021. Midtown also accounted for four of the top five largest Manhattan leases during the month. Midtown's largest transactions included Datadog's renewal and expansion at 620 Eighth Avenue, Indeed's renewal and expansion at 1120 Avenue of the Americas and Katz Media Group's renewal at 125 West 55th Street (227,000 sq. ft.).

Midtown's availability dropped by 0.4 pp to 16.0% – the lowest availability rate since January 2021 – due to increased leasing activity along with a 489,000 sq. ft. block of sublet space withdrawn from the market at 1675 Broadway. In addition, absorption was positive – for the fifth consecutive month – at 0.98 million square feet. The only large (100,000+ sq. ft.) additional block of space listed during the month was at 488 Madison Avenue (134,000 sq. ft.). Midtown's availability has tightened by 3.50 million square feet since the pandemic peak in July 2021. Despite this, Midtown's total supply has increased by 39.1% since March 2020 to 38.55 million square feet.

The asking rent average increased by 0.3% to \$79.86/SF. The gain was mostly due to the removal of the below-average priced space at 1675 Broadway and 620 Twelfth Avenue. Since the start of the pandemic, the asking rent average has declined by 6.9%.

Midtown South

At 0.71 million square feet, Midtown South's leasing volume shrank by nearly one-third since June and by nearly one-fourth, year-over year. Midtown South's largest transactions included Capital One's 117,000 sq. ft. renewal and expansion at 114 Fifth Avenue, a 95,000 sq. ft. new lease by Vista Equity

Partners at 50 Hudson Yards and a separate 78,000 sq. ft. renewal by Capital One at 11 West 19th Street.

Despite the drop in leasing volume, the availability rate tightened by 0.1 pp to 16.4%. The largest addition in July – and the only block larger than 50,000 sq. ft. added during the month – was an 84,000 sq. ft. sublet at 350 Fifth Avenue. Also, Midtown South's absorption was positive in July at 0.15 million square feet. Nevertheless, the available supply has more than doubled since March 2020 to a total of 31.57 million square feet.

The asking rent average decreased by 0.7% to \$81.06/SF due to the above-average priced space leased at 50 Hudson Yards, lower-repricing in pockets of the market and the below-average priced sublet space listed at 350 Fifth Avenue. For the fifth consecutive month, Midtown South's asking rent average was higher than Midtown's. Additionally, Midtown South's asking rent average increased by 18.0% since the pandemic low of \$68.69/SF in February 2021 and surpassed its March 2020 asking rent average (\$77.95/SF) by 4.0%.

Downtown

With 0.48 million square feet leased in July, Downtown's leasing activity more than doubled since June but was 41.8% below than the 0.82 million square feet of leasing volume recorded in July 2021. Lower Manhattan's largest transactions included Jane Street Capital's 156,000 sq. ft. expansion at 250 Vesey Street and Fiserv's 76,000 sq. ft. expansion at 1 Broadway.

Downtown's availability rate remained stable during the month, albeit at a record-high of 20.1%. Absorption was also flat, but negative, at 37,000 sq. ft.. The largest addition to Downtown's available supply during the month was a 59,000 sq. ft. block listed at 44 Wall Street. Despite the stable availability rate in July, Lower Manhattan's overall available supply has increased by 96.9% since March 2020 to a total of 21.54 million square feet.

Downtown's sublet inventory decreased – for the first time since December 2021 – by 27,000 sq. ft. However, sublet supply has more than doubled since March 2020 to 5.79 million square feet.

At \$59.47/SF, Downtown's asking rent average decreased by 0.2% since the prior month, mostly driven by the below-average priced addition at 44 Wall Street and above-average priced space leased at 1 Broadway. Since the onset of the pandemic, the asking rent average has dropped by 9.6%.

Top Five Lease Transactions of July 2022

Address	Size (SF)	Tenant	Market	Lease Type
620 Eighth Avenue	330,000	Datadog	Midtown	Renewal/Expansion
1120 Avenue of the Americas	247,494	Indeed	Midtown	Renewal/Expansion
125 West 55 th Street	227,000	Katz Media Group	Midtown	Renewal
250 Vesey Street	155,762	Jane Street Capital	Downtown	Expansion
620 Twelfth Avenue	144,113	Verizon	Midtown	New

Note: Leasing activity excludes deals under 5,000 sq. ft. The availability rate is based on actively marketed space scheduled for tenant build-out or possession within 12 months.
Note: pp (percentage points)