



Market Indicators	Full Year 2018	Full Year 2019	Y-O-Y Change
AVAILABILITY RATE	9.8%	11.1%	+1.3pp
AVERAGE ASKING RENT (\$/SF/YR)	\$83.28	\$85.80	+3.0%
LEASING ACTIVITY	21,098,005	15,850,838	-24.9%
ABSORPTION	1,503,574	(3,471,415)	(4,974,989)

Midtown leasing volume in 2019 decreased significantly from the previous year. Along with the drop in leasing, availability increased while absorption was negative. Yearly asking rents were higher.

Six-Year Low Leasing Volume

Midtown leasing volume in 2019 decreased nearly 25% from the previous year, totaling 15.85 million square feet, which marks a six-year low. The FIRE (financial services, insurance and real estate) sector dominated Midtown leasing, making up 50% of annual market activity, including WeWork’s 362,000 SF new lease at 437 Madison Avenue and Macquarie Group’s 269,000 SF renewal at 125 West 55th Street.

The Plaza District (5.66 million square feet) led leasing among Midtown’s five submarkets and was tied with the Financial District as having the largest volume of leasing activity out of Manhattan’s 18 submarkets in 2019. Three mega-leases over 250,000 SF closed in the Plaza District in 2019 at 437 Madison Avenue (WeWork), 599 Lexington Avenue (Shearman & Sterling) and 277 Park Avenue (Sumitomo Mitsui Banking Corporation). Yearly leasing volume was either unchanged or lower in all of Midtown’s submarkets.

Asking Rents Increased in All Submarkets

The average asking rent increased to \$85.80/ SF, up 3.0% since 2018. Large blocks of space (over 250,000 square feet) with above-average asking rents were added to Midtown’s available inventory at One Vanderbilt and 151 West 42nd Street, while higher-repricing took place at 405 Lexington Avenue and 335 Madison Avenue. A below-average priced 250,000 square foot plus block of space at 666 Fifth Avenue was also withdrawn from the market.

Year-over-year, rents were higher in Class A, Class B and Class C properties. Additionally, for the first time since 2013, year-end asking rents in all five of Midtown’s submarkets were higher, year-over-year.

Class A asking rents increased 2.5% to an annual average of \$89.04/ SF. The Class B annual asking rent average was also higher, by 3.8% to \$62.56/ SF. Class C asking rents ended 2019 at an average of \$55.18/ SF, higher by 1.0% since 2018. Midtown’s sublet asking rent was also higher, by 6.3% to \$62.69/ SF.

Park Avenue (\$108.93/ SF) was still the most expensive avenue in Midtown, despite rents decreasing by a slight \$0.49/ SF, year-over-year. Seventh Avenue’s asking rent average had the most significant increase among Midtown’s avenues in 2019, by \$8.13/ SF to \$74.00/ SF, a three-year high.

Midtown had eleven separate blocks of space over 250,000 SF at year-end 2019, a nearly three-fold increase over the four blocks one year ago. Pricing for these large blocks decreased 27.1% to \$100.73/ SF, a 17.4% premium to the market average compared to a 65.8% premium in 2018.

Highest Availability in Nearly Five Years

Midtown’s annual availability rate increased by 1.3 pp (percentage points) since 4Q 2018 to 11.1%, the largest yearly increase since 2009 and the highest quarterly supply of office inventory in nearly five years. Several 250,000 SF plus blocks of available space were listed in 2019 at One Vanderbilt, 151 West 42nd Street, 625 Madison Avenue, 1301 Avenue of the Americas, 1675 Broadway (sublet) and 825 Third Avenue. Midtown’s sublet availability increased by 0.3 pp during 2019 to 2.2%.

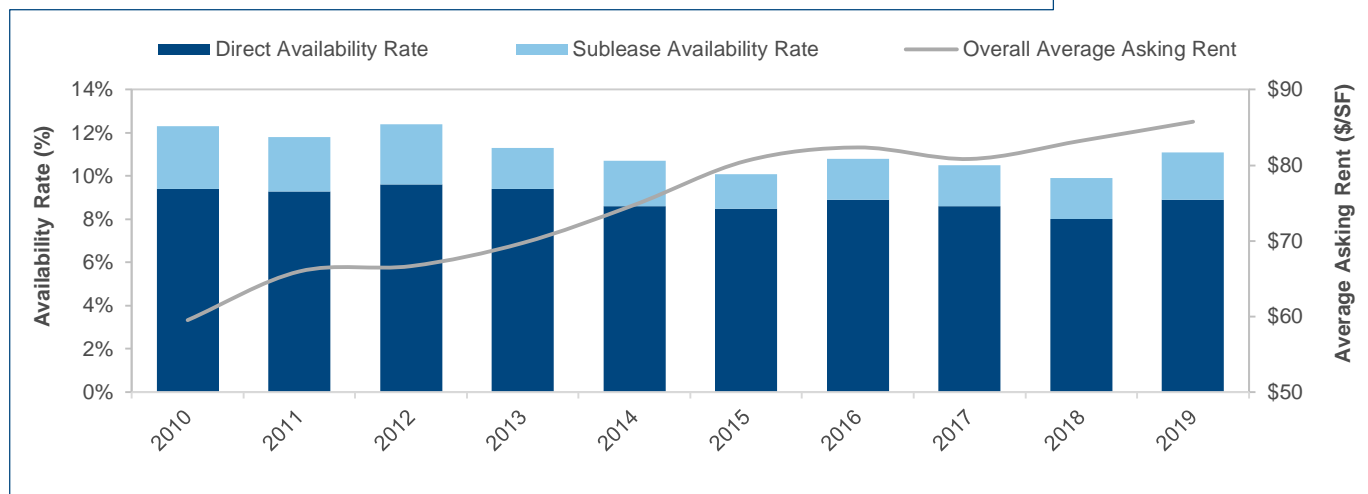
Availability increased in all five of Midtown’s submarkets during the year. The Columbus Circle submarket’s 3.2 pp yearly increase to 12.7% – the highest availability rate in Manhattan – was primarily driven by new 250,000 SF plus and 100,000 SF plus inventory listed at 1675 Broadway, 1301 Avenue of the Americas, 525 West 57th Street, 1345 Avenue of the Americas, 135 West 50th Street and One Columbus Circle.

Third Avenue’s availability rate increased by 5.4 pp to 13.4% with 250,000 SF plus and 100,000 SF plus blocks listed during the year at 825 Third Avenue, 850 Third Avenue and 750 Third Avenue.

With nearly 600,000 SF of available space at One Vanderbilt entering the availability rate in 2019, Midtown was the only market to experience an increase, by 1.3 pp to 6.8%, to its post-2000 inventory during the year.

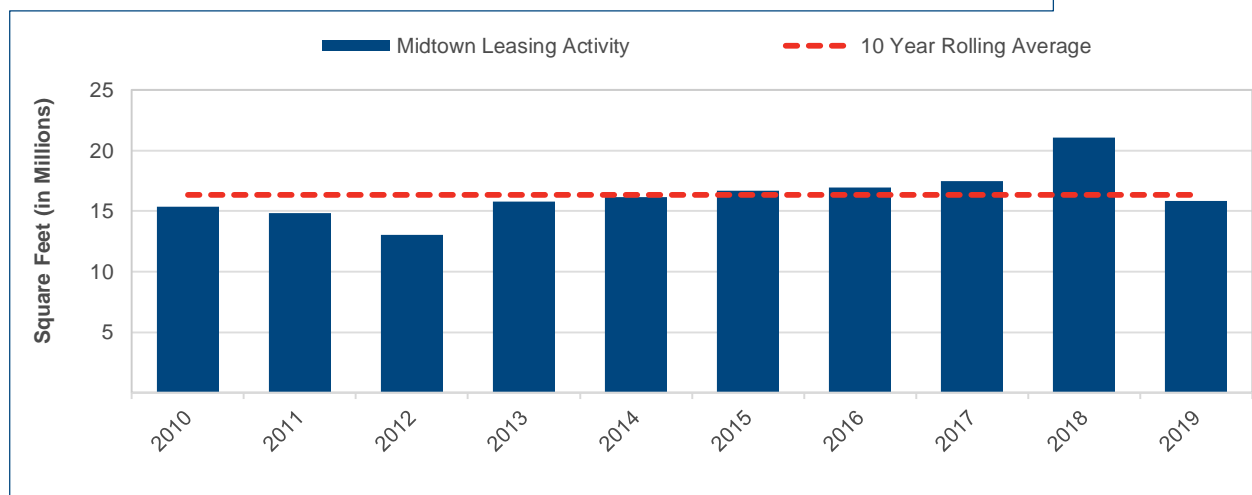
Yearly absorption was negative 3.47 million square feet, the largest yearly volume of negative absorption since 2009 (6.45 million square feet).

Midtown | Overall Average Asking Rent and Overall Availability Rate



Source: Colliers International Research

Midtown | Overall Leasing Activity



Source: Colliers International Research

Midtown | Top 2019 Leases

Address	SF Leased	Tenant	Submarket	Lease Type
622 Third Avenue	464,598	McCann Worldgroup	Grand Central	Renewal
437 Madison Avenue	362,197	WeWork	Plaza District	New
599 Lexington Avenue	338,057	Shearman & Sterling	Plaza District	Renewal
1271 Avenue of the Americas	320,237	American International Group (AIG)	Columbus Circle	New
1 Bryant Park	280,000	Akin Gump Strauss Hauer & Feld LLP	Times Square	Renewal

Source: Colliers International Research