

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following the second quarter. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for real estate occupiers and investors. [Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office market over the next two years that we hope will help refine your organization's CRE strategy. [Click for Article](#)

CUSHMAN & WAKEFIELD WEEKLY COVID-19 UPDATES

[Click to Sign Up for ongoing insights in your inbox.](#)

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
East Side/UN	21,306,456	534,311	2,357,843	13.6%	-323,824	-323,824	226,444	0	\$74.87	\$75.58
Grand Central	44,065,875	1,101,641	4,767,579	13.3%	-96,440	-96,440	568,216	1,732,955	\$72.37	\$74.94
Madison/Fifth	22,500,251	557,465	3,328,236	17.3%	-6,306	-6,306	238,037	0	\$89.61	\$94.58
Murray Hill	14,142,543	393,777	1,166,336	11.0%	-117,490	-117,490	151,177	0	\$62.09	\$68.70
Park Avenue	20,217,866	699,464	1,498,779	10.9%	-37,659	-37,659	472,490	1,790,160	\$87.99	\$87.99
Penn Station	21,190,661	736,811	1,154,049	8.9%	146,707	146,707	951,821	8,403,439	\$94.16	\$104.92
Sixth Avenue/Rock Center	41,816,982	787,526	2,711,999	8.4%	160,954	160,954	326,585	84,000	\$79.72	\$80.68
Times Square South	30,953,994	1,153,677	2,752,947	12.6%	-571,468	-571,468	260,405	0	\$56.45	\$66.49
West Side	30,981,301	1,335,786	3,388,859	15.2%	-560,635	-560,635	237,972	95,347	\$78.23	\$81.56
MIDTOWN TOTALS	247,175,929	7,300,458	23,126,627	12.3%	-1,406,161	-1,406,161	3,433,147	12,105,901	\$76.45	\$82.76
Chelsea	16,660,129	623,400	1,043,887	10.0%	-85,410	-85,410	133,925	574,722	\$72.96	\$93.90
Greenwich/NoHo	4,820,157	112,787	205,460	6.6%	-25,014	-25,014	40,518	480,609	\$84.33	\$49.00
Hudson Square/West Village	10,000,435	335,390	279,019	6.1%	3,786	3,786	39,281	1,300,000	\$90.41	\$104.58
Madison/Union Square	32,593,617	719,848	1,938,643	8.2%	38,527	38,527	434,279	200,000	\$73.26	\$85.50
SoHo	4,187,232	205,913	310,211	12.3%	-17,270	-17,270	56,441	0	\$86.14	\$115.32
MIDTOWN SOUTH TOTALS	68,261,570	1,997,338	3,777,220	8.5%	-85,381	-85,381	704,334	2,555,331	\$76.79	\$93.47
City Hall	7,731,533	66,166	500,168	7.3%	-7,972	-7,972	18,990	0	\$59.53	\$47.33
Financial East	33,809,294	526,181	3,006,591	10.4%	822,578	822,578	712,552	48,077	\$59.01	\$62.21
Financial West	6,017,928	130,710	993,868	18.7%	81,245	81,245	146,271	185,295	\$59.03	\$72.03
Insurance	13,000,604	228,941	1,334,426	12.0%	-371,131	-371,131	39,493	51,755	\$57.49	\$64.03
TriBeCa	5,124,468	56,974	170,887	4.4%	-76,916	-76,916	4,861	0	\$79.76	\$82.19
World Trade	24,103,907	1,158,314	1,375,906	10.5%	351,216	351,216	494,677	40,504	\$71.29	\$71.33
DOWNTOWN TOTALS	89,787,734	2,167,286	7,381,846	10.6%	799,020	799,020	1,416,844	325,631	\$62.42	\$66.76
MANHATTAN TOTALS	405,255,233	11,465,082	34,285,693	11.3%	-692,522	-692,522	5,554,325	14,986,863	\$73.57	\$80.06

*Rental rates reflect full service asking ** Not reflective of U.S. Tables

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
66 Hudson Boulevard	Penn Station	Debevoise & Plimpton LLP	530,884	New Lease
55 Water Street	Financial East	L Brands	235,065	New Lease
11 Penn Plaza	Penn Station	Apple	220,229	New Lease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
330 Madison Avenue	Madison/Fifth	ADIA / Munich RE	846,000	\$900M/\$1,064
44 Wall Street	Financial East	Blackstone / Gaedeke Group	354,000	\$200M/\$565
530 Broadway	SoHo	Wharton Properties / SHVO / Deutsche Finance America / Bilgili Holding	198,000	\$382M/\$1,929

RICHARD PERSICHELLI

Vice President
Tri-State Region Research Lead
richard.persichetti@cushwake.com

LORI ALBERT

Research Director
lori.albert@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.