

	YoY Chg	12-Mo. Forecast
21.5% Vacancy Rate	▲	▲
-1.2M Net Abs. YTD, SF	▼	▲
\$71.64 Asking Rent, PSF	▼	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS
Q2 2022

	YoY Chg	12-Mo. Forecast
4.5M New York City Employment	▲	▲
5.0% New York City Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Office-Using Employment Slowly Approaches 2020 Peak

Total employment in New York City reached nearly 4.5 million jobs through May—a year-over-year (YOY) growth of 304,600 jobs and the highest level recorded since March 2020. Private sector employment recovered 353,400 jobs over the past 12 months, as leisure and hospitality gained 124,500 jobs. Financial services employment steadily increased over the past four months, reaching 468,900 jobs in May, while information services achieved an all-time high of 235,900 jobs. New York City office-using employment climbed to nearly 1.5 million—only 6,500 jobs below the February 2020 peak.

SUPPLY AND DEMAND: Leasing Activity Trails the Previous Two-Quarter Average

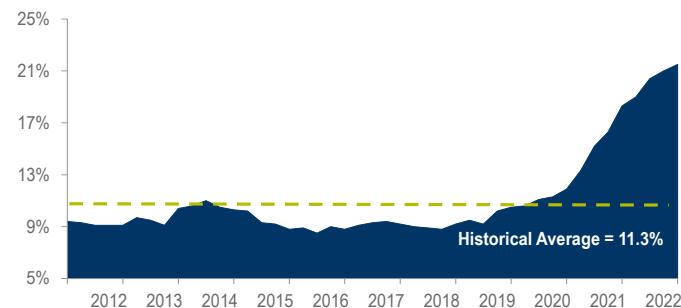
Manhattan new leasing in the second quarter of 2022 fell below the 7.3 million square feet (msf) average achieved in the prior two quarters with 5.9 msf transacted. Six new and expansion leases, each greater than 100,000 square feet (sf), were executed, down from 11 leases in the first three months of 2022. Financial services accounted for nearly 75.0% of the large block activity, while legal services represented 25.0% of lease transactions greater than 100,000 sf. Year-to-date (YTD) leasing registered 13.1 msf—up from 5.9 msf transacted one year ago. The number of second quarter new leases greater than 25,000 sf accounted for 8.6% of activity—down from 11.9% in the first quarter of 2022. Lease renewals rose by 10.5% YOY to nearly 2.8 msf, led by Tiffany & Company's 287,393-sf renewal at 200 Fifth Avenue and Tory Burch renewing for 130,000 sf at 601 Lexington Avenue.

Overall vacant space in Manhattan increased by 2.8% during the quarter to 88.4 msf, due in part to three new construction deliveries: 50 Hudson Yards, 1245 Broadway, and 124 East 14th Street, bringing more than 1.0 msf of vacant space to the market. Consequently, overall vacancy climbed by 40 basis points (bps) quarter-over-quarter (QOQ) to 21.5%, up from 18.3% one year ago. Sublease vacant space inched up a modest 0.8% throughout the quarter to 20.7 msf, fueled by Warner Media's former 452,869-sf space entering the market at 30 Hudson Yards. Overall YTD absorption registered negative 1.2 msf, while Class A's was positive at 199,159 sf—marking the first time absorption was in positive territory since the first quarter of 2020.

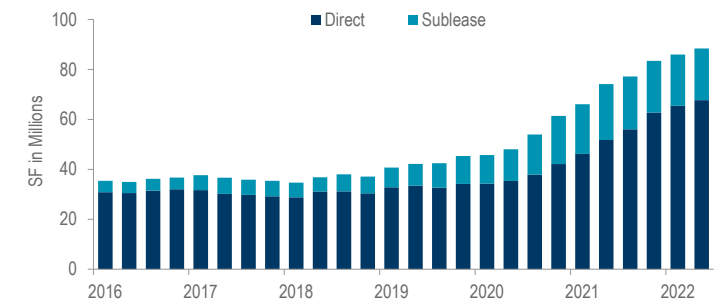
PRICING: A Steady Stream of New Construction Bumps Up Asking Rents

Manhattan overall asking rents rose by \$0.92 per square foot (psf) during the second quarter to \$71.64, while Class A rents climbed by \$1.55 psf to \$79.09. Midtown asking rents grew by \$1.39 psf to \$76.84, as Class A rents surged by \$2.01 psf to \$83.52, fueled by two blocks totaling 630,572 sf at the newly constructed 50 Hudson Yards—pushing Penn Station rents to an all-time high of \$108.00 psf. Midtown South asking rents increased by \$0.35 to \$71.69 psf due to the completion of 1245 Broadway. Downtown asking rents dropped by \$0.38 to \$56.80 psf, down from \$60.13 one year ago.

OVERALL VACANCY



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



MARKETBEAT MANHATTAN

Office Q2 2022



Midtown

Midtown new leasing activity fell 10.9% during the second quarter of 2022 to 4.5 msf—82.4% comprised of Class A space. YTD leasing totaled 9.5 msf—up from 4.1 msf executed one year ago and 15.8% higher than through the first 10 months of 2021. All six Manhattan leases greater than 100,000 sf took place in Midtown, three occurring in new developments: HSBC Bank for 263,762 sf at 66 Hudson Boulevard, Macquarie Group for 221,764 sf at 660 Fifth Avenue, and Clifford Chance for 144,903 sf at Two Manhattan West. Midtown leasing accounted for 72.6% of the Manhattan YTD volume and 75.5% of the quarterly total. Overall vacancy rose by 30 bps to 21.4%—partially due to three large blocks added in the Penn Station submarket, including the delivery of 50 Hudson Yards and two sublease blocks for 452,869 sf at 30 Hudson Yards and 100,638 sf at 441 Ninth Avenue. Sublease supply rose by 3.7% during the quarter to 11.7 msf. Overall absorption was positive at 58,720 sf due to 76.0% of space absorbed at 50 Hudson Yards.

Midtown South

Midtown South new leasing fell to a four-quarter low of 846,050 sf as 91.8% of transactions were less than 35,000 sf. YTD leasing jumped to 2.2 msf—up from 876,825 sf recorded one year ago. The TAMI (technology, advertising, media & information services) sector accounted for 61.2% of YTD new leases 10,000 sf and larger, down from 75.4% in the first quarter of 2022. Overall vacancy climbed by 160 bps to an all-time high of 21.3%, driven by 245,813 sf added at 611 Broadway and the completion of 124 East 14th Street, which brought 216,078 sf of vacant space to the market. Sublease vacant space fell by 2.4% to a seven-quarter low of nearly 3.1 msf. Overall, YTD absorption remained negative at 546,435 sf, though Class A absorption was positive at 42,288 sf.

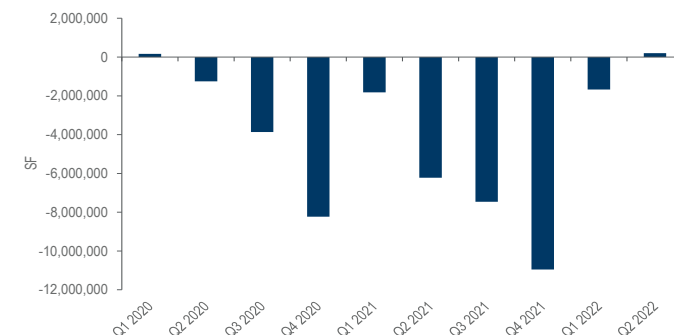
Downtown

Downtown new leasing dipped 23.0% QOQ to 609,743 sf—though the YTD total jumped 48.8% to 1.4 msf. The Lattice lease for 41,937 sf at 195 Broadway and Fiserv's 41,844-sf transaction at One Broadway represented the largest second quarter lease transactions. Overall vacancy remained flat during the quarter at 21.6% due to the absence of large block additions. Sublease vacant space fell by 3.1% to 5.9 msf. Overall YTD absorption registered negative at 704,089 sf—the least amount of YTD negative absorption recorded since the third quarter of 2020 and an improvement over the negative 5.6 msf registered at year-end 2021. Class A direct absorption was positive at 366,038 sf.

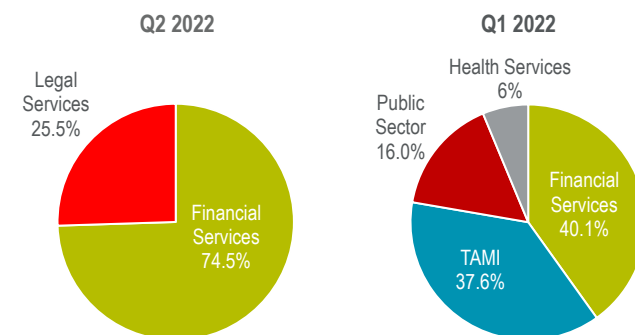
Outlook

- Look for vacancy and rents to escalate as 5.6 msf of new construction will be delivered to the market in the second half of 2022
- An abundance of high-quality space fueled by new construction should continue to generate healthy leasing activity
- Expect full employment recovery by year-end

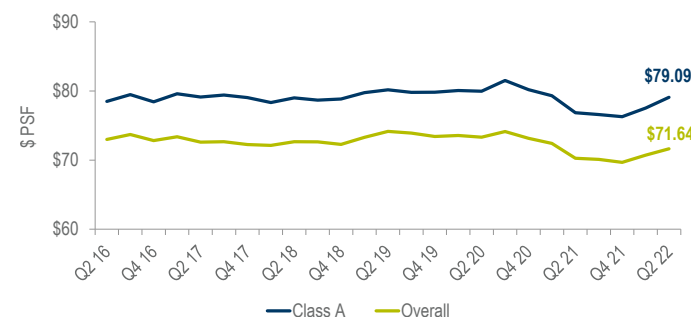
MANHATTAN CLASS A QUARTERLY ABSORPTION IS POSITIVE FOR THE FIRST TIME SINCE Q1 2020



LEASES GREATER THAN 100,000 SF CONSIST ENTIRELY OF FINANCIAL & LEGAL SERVICES



ASKING RENT COMPARISON



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	20,811,754	3,776,612	661,007	21.3%	-239,633	-567,837	508,529	0	\$69.63	\$70.58
Grand Central	45,798,830	8,198,919	2,242,370	22.8%	-161,996	-319,659	1,600,611	0	\$67.85	\$69.85
Madison/Fifth	23,358,351	5,297,057	619,835	25.3%	-140,972	-117,826	1,406,401	0	\$97.60	\$103.18
Murray Hill	14,276,425	2,450,739	879,092	23.3%	-92,666	-136,905	347,196	0	\$57.51	\$62.64
Park Avenue	20,684,306	3,822,274	733,337	22.0%	-330,126	-21,263	1,280,382	1,132,460	\$98.54	\$98.54
Penn Station	25,283,341	2,602,286	2,080,307	18.5%	1,144,597	1,206,224	1,042,292	6,745,245	\$108.88	\$124.69
Sixth Avenue/Rock Center	41,900,982	4,540,358	1,312,713	14.0%	-19,886	-185,382	984,802	0	\$77.49	\$78.19
Times Square South	31,059,874	6,088,444	1,210,992	23.5%	-70,455	-69,243	1,239,192	0	\$57.11	\$63.25
West Side	31,908,400	6,152,271	2,012,687	25.6%	-19,827	270,611	1,112,871	0	\$74.71	\$77.21
MIDTOWN TOTALS	255,082,263	42,928,960	11,752,340	21.4%	69,036	58,720	9,522,276	7,877,705	\$76.84	\$83.52
Chelsea	16,428,101	2,571,508	610,461	19.4%	-428,875	-293,985	345,375	891,636	\$67.19	\$84.80
Greenwich/NoHo	5,340,770	1,057,106	132,297	22.3%	-289,341	-167,924	242,938	0	\$83.27	\$125.05
Hudson Square/West Village	10,140,993	875,777	675,558	15.3%	-2,257	84,526	174,770	2,682,000	\$78.00	\$84.86
Madison/Union Square	31,627,845	6,260,663	1,526,207	24.6%	-211,750	-175,616	1,260,588	1,623,560	\$71.18	\$90.93
SoHo	4,481,224	653,346	120,602	17.3%	-98,161	6,564	163,129	174,951	\$68.35	\$105.00
MIDTOWN SOUTH TOTALS	68,018,933	11,418,400	3,065,125	21.3%	-1,030,384	-546,435	2,186,800	5,372,147	\$71.69	\$90.12
City Hall	7,731,533	619,924	75,901	9.0%	4,534	38,813	8,550	0	\$52.30	\$55.29
Financial East	33,014,926	4,455,741	2,518,649	21.1%	-197,205	-47,305	578,046	48,077	\$51.28	\$52.52
Financial West	6,211,658	1,642,627	462,741	33.9%	-93,644	-457,635	190,220	0	\$54.09	\$65.35
Insurance	12,668,839	3,676,805	483,034	32.8%	-158,624	-157,482	252,788	0	\$53.17	\$55.83
TriBeCa	5,031,971	411,549	241,257	13.0%	-31,666	-27,691	15,462	0	\$80.69	\$84.27
World Trade	24,144,411	2,533,041	2,101,635	19.2%	126,331	-52,789	356,392	0	\$66.54	\$67.37
DOWNTOWN TOTALS	88,803,338	13,339,687	5,883,217	21.7%	-350,274	-704,089	1,401,458	48,077	\$56.80	\$60.54
MANHATTAN TOTALS	411,904,534	67,687,047	20,700,682	21.5%	-1,311,622	-1,191,804	13,110,534	13,297,929	\$71.64	\$79.09

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
601 Lexington Avenue	East Side/UN	Blackstone Group	326,348	Expansion/Renewal*
200 Fifth Avenue	Madison/Union Square	Tiffany & Co.	287,393	Renewal*
66 Hudson Boulevard	Penn Station	HSBC Bank	263,762	New Lease

*Renewal portion not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
475 Fifth Holding LLC	Grand Central	T-C 475 Fifth Avenue Venture LLC/ 475 Fifth Holding LLC	220,413	\$291M / \$1,320
645 Madison Ave	Madison/Fifth	645 Madison Properties LLC/ Titan Golden Property Investor LLC	164,615	\$196.6M / \$1,194
355 West 52nd Street	West Side	52 West Associates, LLC/ Trea SV 355 W 52nd Street LLC	45,665	\$47.4M / \$1,038

COMPLETED CONSTRUCTION Q2 2022

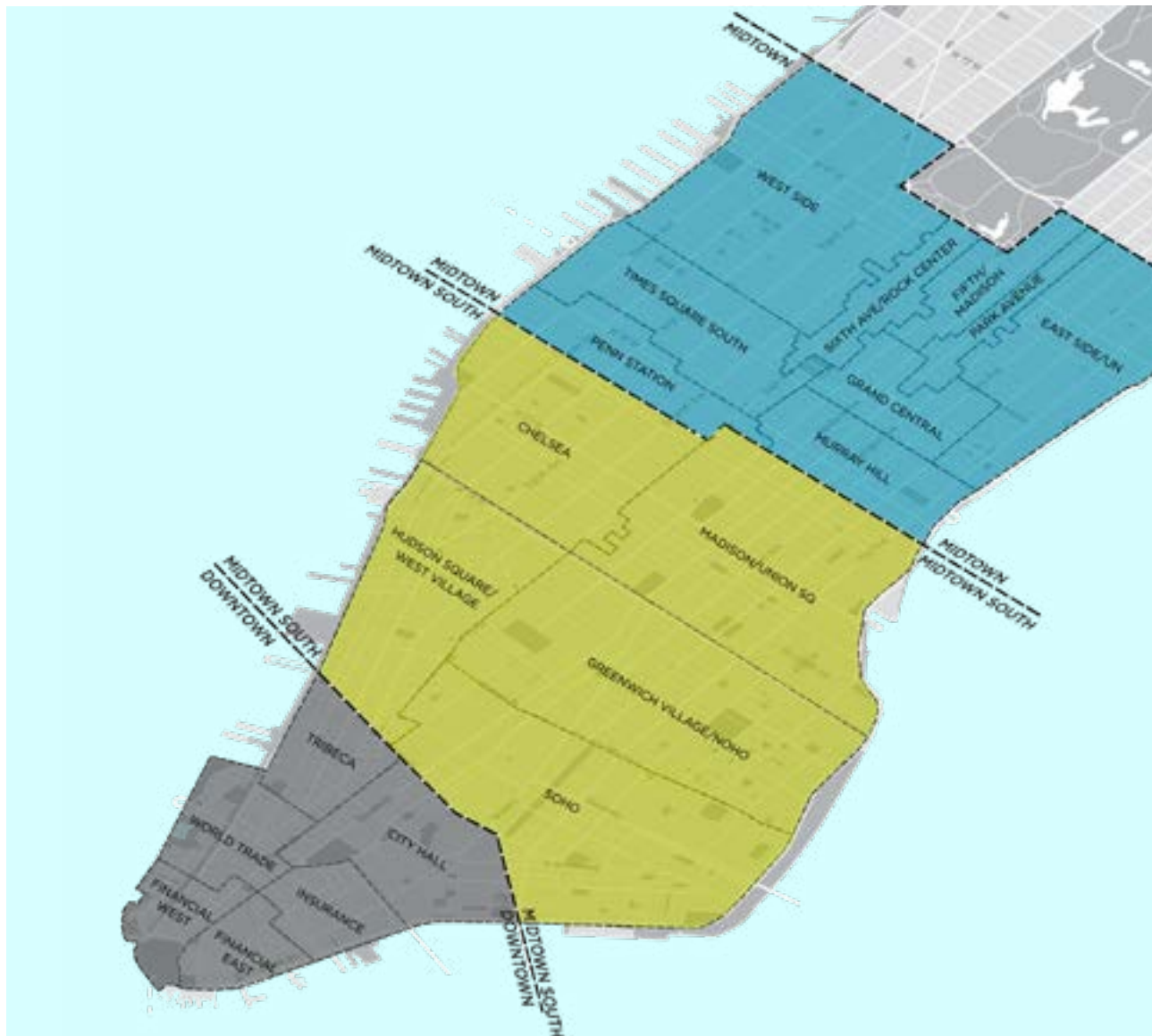
PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
50 Hudson Yards	Penn Station	BlackRock	2,891,194	Mitsui Fudosan & Related Companies & Oxford Properties
124 East 14th /Zero Irving	Greenwich/NoHo	Civic Hall/Melio	268,000	NYCEDC
1245 Broadway	Madison/Union Square	A23 Studios	200,000	GDSNY

MARKETBEAT MANHATTAN

Office Q2 2022



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