

FIGURES | MANHATTAN OFFICE | Q4 2023

# Annual leasing fell short of prior year's total despite Q4 rally



Note: Arrows indicate change from previous quarter.

## QUICK FACTS

- Leasing activity totaled 6.38 million sq. ft. in Q4, 20% ahead of the five-year quarterly average of 5.34 million sq. ft.
- Year-end leasing activity totaled 18.93 million sq. ft., down 18% from the prior year.
- Renewals totaled 2.63 million sq. ft. in Q4, bringing the year-end total to 7.07 million sq. ft.
- The availability rate was up 20 basis points (bps) from last quarter at 20.0% and was up 80 from a year ago.
- Net absorption was negative 708,000 sq. ft. in Q4, bringing the year-end total to negative 3.13 million sq. ft.
- At \$76.83 per sq. ft., the average asking rent was flat both quarter-over-quarter and year-over-year.
- The sublease availability rate was flat from last quarter at 4.9%, with the average asking rent down 4% from one year ago to \$57.17 per sq. ft.

FIGURE 1: Top Lease Transactions for Q4 2023

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address	Market
765,931	L	D	Paul, Weiss, Rifkind, Wharton & Garrison LLP	1345 Avenue of the Americas	Midtown
530,653	R	D	New York City Administration for Children's Services	150 William Street	Downtown
395,941	R	D	MetLife	200 Park Avenue	Midtown
269,905	RE	D	PJT Capital LLC	280 Park Avenue	Midtown
255,750	RE	D	Polo Ralph Lauren Corporation	601 West 26th Street	Midtown South

Source: CBRE Research, Q4 2023. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Manhattan Market Activity

	Dec. 2023	Nov. 2023	Dec. 2022	YE 2022	YE 2023
Leasing Activity	2.87 MSF	1.55 MSF	1.77 MSF	23.21 MSF	18.93 MSF
Renewals	0.75 MSF	0.57 MSF	1.82 MSF	5.96 MSF	7.07 MSF
Absorption	(0.74) MSF	(1.31) MSF	1.58 MSF	(2.19) MSF	(3.13) MSF
Availability Rate	20.0%	20.1%	19.2%		
Vacancy Rate	15.9%	15.6%	15.4%		
Average Asking Rent	\$76.83 PSF	\$76.98 PSF	\$77.24 PSF		
Taking Rent Index	90.6%	90.5%	88.6%		

FIGURE 3: Midtown Market Activity

	Dec. 2023	Nov. 2023	Dec. 2022	YE 2022	YE 2023
Leasing Activity	2.05 MSF	1.04 MSF	1.18 MSF	14.81 MSF	12.19 MSF
Renewals	0.61 MSF	0.41 MSF	1.68 MSF	4.15 MSF	4.42 MSF
Absorption	0.66 MSF	0.01 MSF	0.36 MSF	(1.68) MSF	0.51 MSF
Availability Rate	18.0%	18.3%	18.3%		
Vacancy Rate	14.0%	13.8%	14.2%		
Average Asking Rent	\$82.89 PSF	\$83.12 PSF	\$83.31 PSF		
Taking Rent Index	91.7%	91.7%	88.2%		

Source: CBRE Research, Q4 2023.

FIGURE 4: Midtown South Market Activity

	Dec. 2023	Nov. 2023	Dec. 2022	YE 2022	YE 2023
Leasing Activity	0.52 MSF	0.43 MSF	0.42 MSF	5.27 MSF	3.90 MSF
Renewals	0.14 MSF	0.10 MSF	0.07 MSF	1.35 MSF	1.04 MSF
Absorption	(0.09) MSF	(1.03) MSF	0.42 MSF	(1.00) MSF	(3.12) MSF
Availability Rate	22.5%	22.4%	19.2%		
Vacancy Rate	18.3%	17.5%	15.9%		
Average Asking Rent	\$83.35 PSF	\$83.40 PSF	\$83.13 PSF		
Taking Rent Index	87.8%	89.8%	90.3%		

FIGURE 5: Downtown Market Activity

	Dec. 2023	Nov. 2023	Dec. 2022	YE 2022	YE 2023
Leasing Activity	0.30 MSF	0.08 MSF	0.16 MSF	3.13 MSF	2.84 MSF
Renewals	0.01 MSF	0.07 MSF	0.08 MSF	0.47 MSF	1.61 MSF
Absorption	0.16 MSF	(0.29) MSF	0.81 MSF	0.49 MSF	(0.52) MSF
Availability Rate	23.0%	23.2%	21.9%		
Vacancy Rate	19.0%	18.8%	18.3%		
Average Asking Rent	\$57.21 PSF	\$57.28 PSF	\$58.31 PSF		
Taking Rent Index	87.3%	86.7%	90.7%		

### Definitions

Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction.

Asking Rent: Weighted average asking rent.

Concession Values: The combination of rent abatement and T.I. allowance. The graph is for new leases for raw space of 25,000 sq. ft. or greater consummated year-to-date, this excludes expansion and renewal deals.

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.

Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

Rent Abatement: The time between lease commencement and rent commencement.

Taking Rent: Actual, initial base rent in a lease agreement.

Taking Rent Index: Initial taking rents as a percentage of asking rents.

### Definitions

T.I.: Tenant improvements.

Vacancy: Unoccupied space available for lease.

Percentage of Leasing by Industry: The percentage of sq. ft. leased by an industry based on transactions where a tenant and industry have been confirmed.

### Survey Criteria

CBRE's market report analyzes fully modernized office buildings that total 150,000+ sq. ft. in Midtown, 75,000+ sq. ft. in Downtown, and 50,000+ sq. ft. in Midtown South, including owner-occupied buildings (except those owned and occupied by a government or government agency). New construction must be available for tenant build-out within 12 months. CBRE assembles all information through telephone canvassing and listings received from owners, tenants and members of the commercial real estate brokerage community.

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