MARKETBEAT
MANHATTAN
OFFICE Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.0% Vacancy Rate	▼	▼
4.1 MSF YTD Net Absorption, SF	▲	▲
$72.81 Asking Rent, PSF	▼	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.9M New York City Employment	▲	▼
4.7% New York City Unemployment Rate	▼	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Information Services Leads Office-Using Employment Growth in Q3 2025

New York City added 88,800 jobs over the past year, bringing total employment to 4.9 million jobs as of August 2025. Third quarter growth was led by the health care and social services sector, which added 4,500 jobs during the quarter. These gains helped offset declines in private sector employment and leisure and hospitality, which shed 28,700 jobs and 7,200 jobs, respectively. Office-using employment fell by 13,400 jobs during the quarter to 1.54 million, led by reductions in financial services and professional business services employment. In contrast, the information services sector posted a modest gain of 2,000 jobs quarter-over quarter (QOQ) reaching 233,900—its highest total since February 2023.

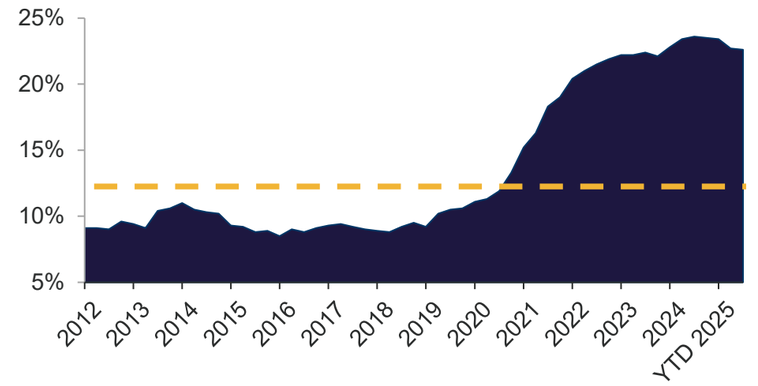
SUPPLY AND DEMAND: Class A Leasing Hits a Historic High

Manhattan new leasing remained well above average in Q3 2025, reaching 7.3 million square feet (msf)—a notable increase from the 2024 quarterly average of 5.8 msf. Despite a modest 13.9% QOQ decline, large block transactions continued to sustain demand, with 10 new and expansion leases each greater than 100,000 sf collectively accounting for nearly a quarter of the third quarter volume. Year-to-date (YTD) new leasing totaled nearly 23.0 msf, up by 37.6% compared to the same period in 2024. Class A leasing led the way, registering 17.9 msf YTD—the highest January-to-September volume in over 30 years. Combined new and renewal leasing totaled 29.0 msf YTD, surging by 27.5% from 22.7 msf in Q3 2024. The increase was driven by 14 leases greater than 250,000 sf totaling 6.4 msf, compared to only six transactions amounting to 3.3 msf one year ago. As leasing activity continued to outpace new supply, the Manhattan overall vacancy rate fell by 50 basis points (bps) in Q3 2025 to 22.0%—its lowest level since April 2023. While direct vacant space remained steady during the quarter at 77.1 msf, sublease supply fell for the fifth consecutive quarter to slightly under 15.0 msf, down by nearly 7.0 msf year-over-year (YOY). Following negative absorption in the first half of the year, YTD absorption turned positive in Q3 2025, totaling 4.1 msf.

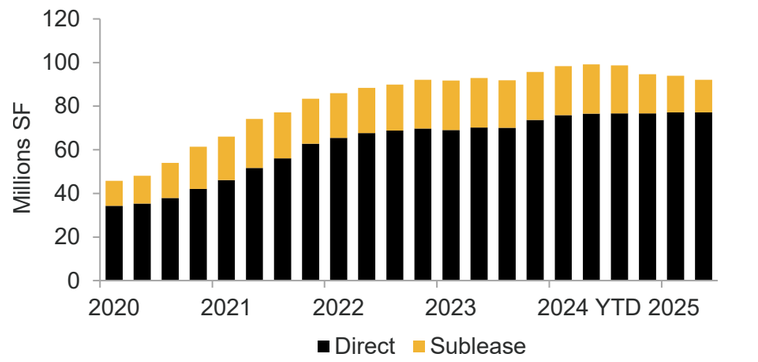
PRICING: New Construction Drives Uptick in Midtown South Asking Rents

Manhattan overall asking rents inched up by $0.20 during the quarter to $72.81 per square foot (psf), while Class A asking rents rose by $0.22 to $81.89 psf. Midtown asking rents fell by $0.56 psf to $75.58, as Class A rents dipped by $0.64 to $84.10 psf, driven by the absorption of space in recently constructed or renovated properties. Midtown South asking rents grew by $1.75 psf to $83.06, propelled by the delivery of One High Line at 500 West 18th Street. Downtown rents also climbed, up by $0.22 psf to $56.40, as Class A rents climbed by $0.74 psf to $61.28.

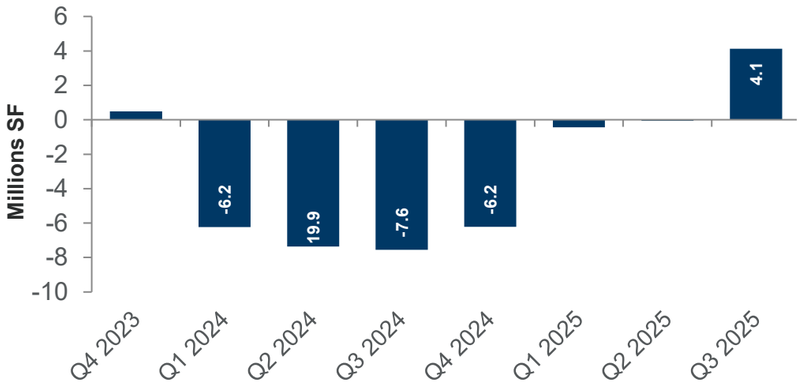
OVERALL VACANCY



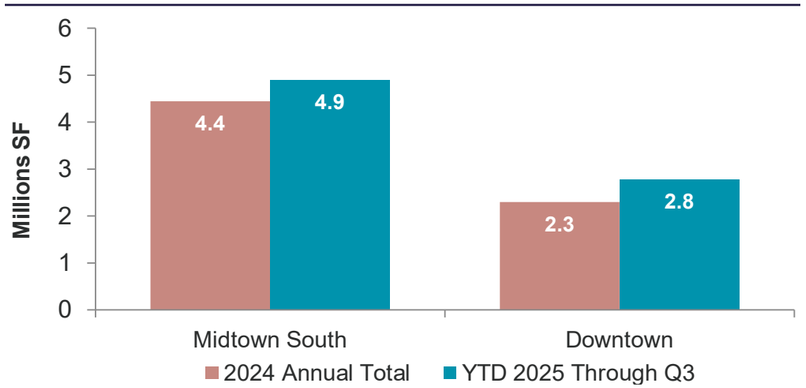
DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



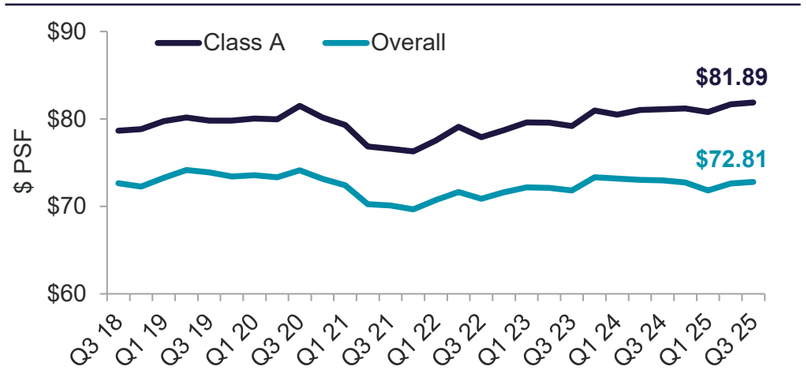
YTD ABSORPTION TURNS POSITIVE FOR FIRST TIME IN SEVEN QUARTERS



MIDTOWN SOUTH & DOWNTOWN YTD NEW LEASING SURPASSES 2024 TOTALS IN Q3 2025



ASKING RENT COMPARISON



MIDTOWN

Midtown recorded 4.8 msf of new leasing in Q3 2025, raising the YTD total to 15.3 msf—an increase of 34.2% compared to Q3 2024. Activity was driven by nine new and expansion leases surpassing 100,000 sf. Seven of Midtown's nine submarkets posted YOY gains, with the East Side, Madison/Fifth Avenue and Sixth Avenue/Rock Center submarkets already surpassing the full-year 2024 totals. Financial Services remained the primary driver of demand through the third quarter, accounting for 38.8% of new leases greater than 10,000 sf. Class A new leasing reached 13.2 msf, accounting for 85.9% of Midtown's overall activity. Combined new and renewal leasing totaled 19.4 msf YTD, up by 15.6% from the 16.8 msf recorded one year ago. Midtown's vacancy rate declined by 70 bps during the quarter to 21.1%, fueled by a 10.9% reduction in sublease supply, which fell below 10.0 msf for the first time since October 2020. Overall YTD absorption turned positive, reaching 3.4 msf—the highest level of occupancy growth since Q4 2018.

MIDTOWN SOUTH

Midtown South sustained its strong leasing momentum in Q3 2025 with new leasing activity reaching 1.4 msf—marking the second-highest quarterly total in the past five quarters. Activity was driven by four leases over 50,000 sf, led by the Farmer's Dog's 58,800-sf transaction at 568-578 Broadway. Total new YTD leasing surged to 4.9 msf, exceeding the full-year 2024 total by 10.1%. Combined new and renewal leasing YTD jumped by 51.4% YOY to 5.7 msf from 3.7 msf in Q3 2024. Leasing was concentrated in the Madison/Union Square and Greenwich/NoHo submarkets, which together accounted for 64.7% of total YTD activity. Overall vacancy dipped by 20 bps to a six-quarter low of 24.9%, while Class A vacancy edged up slightly to 25.9%, driven by space additions at 225 Park Avenue South and new construction deliveries at One Saint Marks Place and 500 West 18th Street (One Highline). Overall YTD absorption remained positive for the second consecutive quarter, posting 526,793 sf of occupancy gains.

DOWNTOWN

Downtown new leasing registered 1.1 msf in Q3 2025, exceeding the 1.0 msf threshold for the first time since Q3 2022. The uptick in activity was highlighted by two notable transactions: Bank of NY Mellon's 192,915-sf lease at One World Trade Center and the City of New York's 110,000-sf commitment at 14 Wall Street. Downtown YTD new leasing climbed 44.6% YOY to 2.8 msf, outpacing the full-year 2023 and 2024 totals of 2.5 msf and 2.3 msf, respectively. Combined new and renewal leasing surged by 77.3% YOY to 3.9 msf with activity centered around the World Trade Center submarket accounting for 53.5% of activity, followed by the Financial East submarket at 31.8%. Overall vacancy declined by 30 bps during the quarter to 22.5%, supported by four leases each topping 40,000 sf. Overall YTD absorption was positive for the first time since Q1 2020, totaling 180,144 sf.

OUTLOOK

- The dynamic pace of leasing seen in the first three quarters of 2025 is expected to continue through the remainder of the year.
- An upward trend in office-to-residential conversions, combined with a limited construction pipeline is expected to drive vacancy rates lower.
- The tech sector is poised for continued growth in both leasing activity and employment.

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	20,894,132	4,396,695	256,327	22.3%	-132,138	-333,097	1,104,955	0	$72.77	$73.46
Grand Central	43,858,125	7,967,389	1,480,445	21.5%	174,603	-72,123	2,504,872	1,789,418	$67.26	$71.22
Madison / Fifth	23,155,274	4,955,799	433,493	23.3%	-881	130,312	2,262,571	135,300	$103.27	$115.61
Murray Hill	14,883,527	2,963,341	359,644	22.3%	-174,549	121,207	335,035	0	$58.03	$65.29
Park Avenue	23,292,570	2,051,280	532,815	11.1%	2,595,740	2,422,242	1,094,370	0	$121.40	$121.40
Penn Station	31,900,614	4,657,429	1,485,514	19.3%	268,255	795,697	2,899,599	1,100,000	$101.35	$119.47
Sixth Avenue/Rock Center	41,926,375	5,949,345	1,069,990	16.7%	172,669	601,588	2,993,297	0	$85.46	$86.91
Times Square South	30,356,943	6,683,534	721,994	24.4%	-79,669	-187,692	1,418,136	0	$52.99	$67.12
West Side	30,908,797	6,324,566	2,756,107	29.4%	83,936	-59,015	698,936	0	$69.52	$71.27
MIDTOWN TOTALS	261,176,357	45,949,378	9,096,329	21.1%	2,907,966	3,419,119	15,311,771	3,024,718	$75.58	$84.10
Chelsea	18,262,347	4,334,986	475,096	26.3%	68,925	12,078	480,513	198,983	$83.95	$114.18
Greenwich/NoHo	5,701,187	909,124	91,271	17.6%	-44,773	294,735	1,293,601	0	$113.63	$131.37
Hudson Square/West Village	13,169,139	2,509,531	615,614	23.7%	-89,462	-30,039	345,463	0	$93.51	$107.73
Madison/Union Square	31,512,861	7,605,382	320,460	25.2%	13,816	223,929	2,234,127	0	$76.14	$99.95
SoHo	4,881,311	1,297,988	162,588	29.9%	-67,267	26,090	543,125	0	$74.76	$66.76
MIDTOWN SOUTH TOTALS	73,526,845	16,657,011	1,665,029	24.9%	-118,761	526,793	4,896,829	198,983	$83.06	$104.73
City Hall	7,705,533	1,024,953	78,723	14.3%	-39,534	-95,641	140,629	0	$50.54	$52.43
Financial East	29,924,951	6,017,662	1,938,905	26.6%	-316,835	-445,646	1,023,119	0	$52.51	$54.71
Financial West	6,211,658	1,637,146	245,422	30.3%	-2,257	60,916	140,587	0	$49.52	$56.14
Insurance	10,330,665	2,741,517	314,269	29.6%	-72,171	-269,177	140,684	0	$52.30	$59.62
TriBeCa	4,921,026	693,505	101,351	16.2%	21,533	-47,232	58,256	0	$71.05	$71.29
World Trade	24,144,411	2,410,183	1,559,077	16.4%	61,704	976,924	1,267,938	0	$69.28	$71.35
DOWNTOWN TOTALS	83,238,244	14,524,966	4,237,747	22.5%	347,560	180,144	2,771,213	0	$56.40	$61.28
MANHATTAN TOTALS	417,941,446	77,131,355	14,999,105	22.0%	2,441,645	4,126,056	22,979,813	3,223,701	$72.81	$81.89

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
330 Madison Avenue	Grand Central	Guggenheim Partners	360,000	Expansion/Renewal*
1095 Avenue of the Americas	Sixth Avenue/Rock Center	Salesforce	314,294	Expansion/Renewal*
50 Hudson Yards	Penn Station	BlackRock	290,439	New Lease

**Renewals not included in leasing statistics*

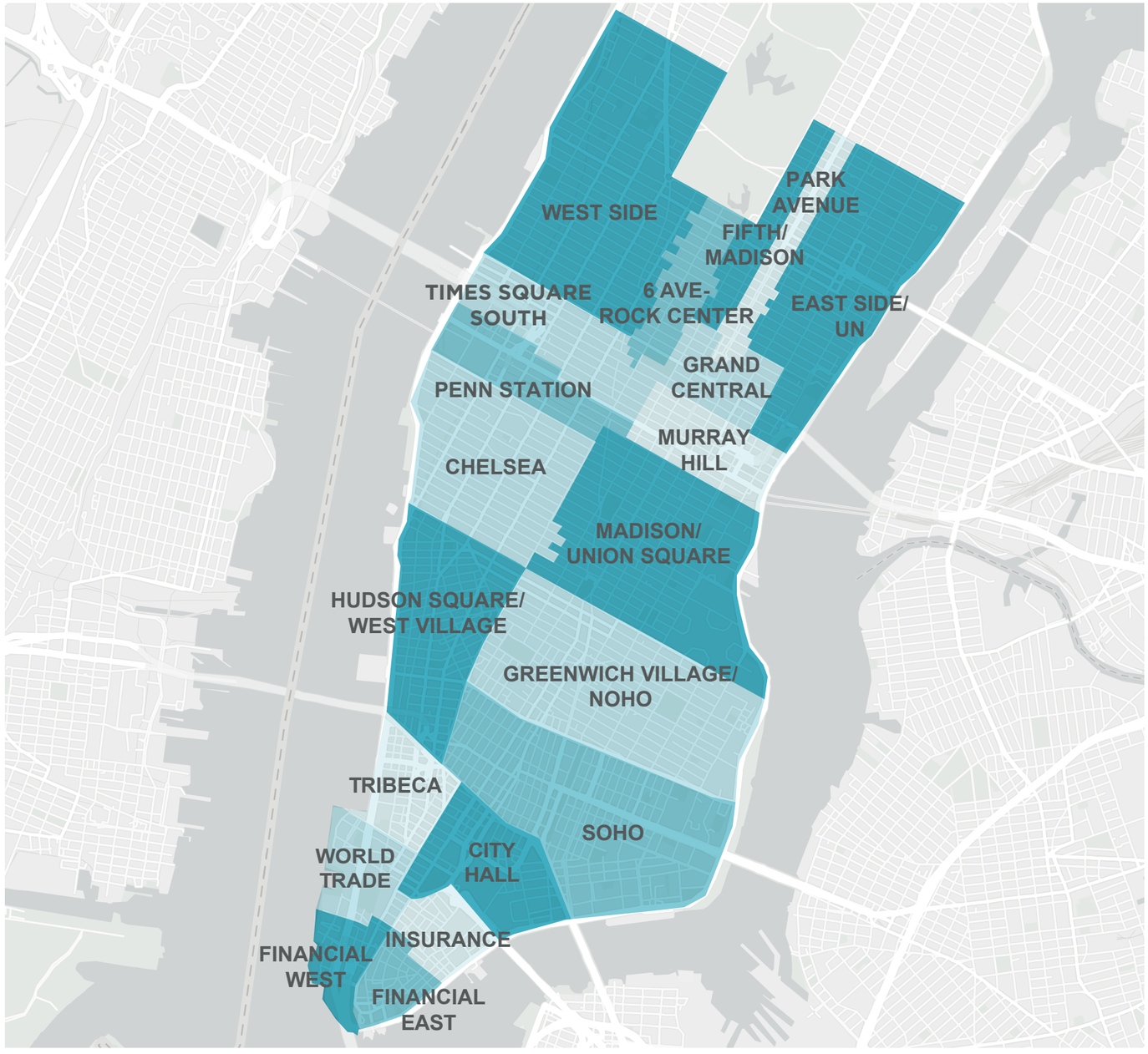
KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE /$ PSF
590 Madison Avenue	Madison/Fifth Avenue	Ohio STRS (State Teachers Retirement System) / RXR Realty JV Elliott Management JV Baupost Group	1,026,413	$1.1 B / $1,052
1177 Avenue of the Americas	Grand Central	CalSTRS JV Silverstein Properties / *Norges JV Beacon Capital	995,000	$571.1M / $574
440 Ninth Avenue	Penn Station	Taconic Partners JV Nuveen / David Werner Real Estate	552,418	$105.0M / $301

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
270 Park Avenue	Park Avenue	JP Morgan Chase	2,500,000	JPMorgan Chase / Tishman Speyer
125 West 57th Street	Sixth Avenue/Rock Center	AdaptHealth	185,000	Alchemy ABR Investment Partners
261 Eleventh Avenue	Chelsea	N/A	1,129,341	Columbia Property REIT JVL&L Holdings JV Allianz SE L&L Holding Company

OFFICE SUBMARKETS



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