



CBRE issues January 2013 Manhattan Marketview Snapshot

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Manhattan logged 1.98 million s/f of leasing activity in December, 55% above the 1.28 million s/f recorded in November, but 22% below December 2011's 2.53 million s/f of activity. Full-year leasing for Manhattan totaled 22.32 million s/f, 20% below 2011's full-year total of 27.88 million s/f. Manhattan experienced 160,000 s/f of positive absorption in December, resulting in a slight improvement to the full-year net absorption level, which ended the year at negative 5.87 million s/f. Notably, all three Manhattan submarkets registered negative absorption in 2012. By comparison, Manhattan logged 6.28 million s/f of positive absorption in 2011.

The Manhattan-wide availability rate, at 11.9%, was unchanged from the previous month, but was up 120 basis points year-over-year. At year's end, Manhattan's average asking rent stood at \$58.84 per s/f, up \$0.85, or 1%, from the previous month, and \$5.73, or 11%, from 2011's year-end average asking rent of \$53.11 per s/f.

Among the report's highlights:

Midtown - Saw 1.35 million s/f of leasing in December, topping its five-year monthly average of 1.16 million s/f by 16%. Full-year leasing activity totaled 12.84 million s/f, 23% short of the previous year's full-year total of 16.77 million s/f. December's above-average activity offset new availabilities added to the market, resulting in 760,000 s/f of positive absorption for the month. However, total absorption for the year remained in negative territory, at negative 2.44 million s/f. By comparison, Midtown saw 1.55 million s/f of positive absorption in 2011. The Midtown availability rate ended the year at 12%. Midtown's average asking rent stood at \$67.80 per s/f at year's end, up \$0.97, or 1%, from the previous month, and \$5.37, or 9%, year-over-year.

Midtown South - Leasing activity totaled 280,000 s/f in December, 13% below the market's five-year monthly average of 320,000 s/f. On an annual basis, the market logged another blockbuster year of leasing, with 2012's 5.00 million s/f of total activity falling just shy of the previous year's record-setting level of 5.25 million s/f. The month's 180,000 s/f of positive absorption was largely due to space withdrawals and a relatively low level of new availabilities. The 2012 full-year absorption level stood at negative 190,000 s/f. The availability rate ended 2012 at 8.6%. The average asking rent rose by \$0.86, or 2%, during December to a new all-time high of \$55.14 per s/f. Year-over-year, the average asking rent was up \$9.80, or 22%.

Downtown - Recorded 350,000 s/f of leasing in December, 6% above its five-year monthly average of 330,000 s/f. Full-year leasing activity for 2012 totaled 4.48 million s/f, trailing 2011's robust level of 5.86 million s/f by 24%. A 1.04 million-sq.-ft. block of new direct space at 4 World Trade Center, currently under construction, fell within 12 months of tenant possession in December, fueling the month's 780,000 s/f of negative absorption and pushing the full-year net absorption level to negative 3.23 million s/f. By comparison, Downtown logged 2.54 million s/f of positive absorption in 2011. The 4 WTC space also drove a 90-basis-point monthly increase in Downtown's availability rate, which

ended the year at 14.2%. With some 4 WTC space priced above the previous month's average asking rent, Downtown's average asking rent rose by \$1.47, or 3%, during the month to \$46.85 per s/f. For the year, the average asking rent increased \$7.55, or 19%.

Capital Markets - East End Capital and GreenOak Real Estate purchased 321 West 44th Street from Kushner Companies for \$92.5 million (\$406 per s/f).

American Realty Capital New York Recovery REIT purchased 229 West 36th Street from Real Estate Capital Partners for \$64.9 million (\$461 per s/f).

RFR Realty, East End Capital and GreenOak Real Estate purchased 285 Madison Avenue from WPP Group (Young & Rubicam) for \$189.25 million (\$357 per s/f).

Princeton International Properties purchased 104 West 40th Street from Savanna for \$105 million (\$499 per s/f).

Quantum Global and LaSalle Investment Management purchased a 49.5% interest in 521 Fifth Ave. from SL Green for \$156.1 million (\$644 per s/f). The full valuation of the building is approximately \$315.4 million.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540