



## **Cbre Group, Inc. issues June 2013 Manhattan Marketview Snapshot**

July 15, 2013 - Front Section

Manhattan logged 2.08 million s/f of leasing in May, up 24% year-over-year from May 2012's 1.68 million s/f of activity. Manhattan's three largest, new space commitments were by tech firms. Through May, total Manhattan leasing activity paced 20% ahead of 2012's year-to-date level. Manhattan experienced 580,000 s/f of negative absorption in May as a combined 350,000 s/f of positive absorption in Midtown and Midtown South was offset by 930,000 s/f of negative absorption in Downtown. The availability rate inched up 10 basis points from the previous month, while the average asking rent was stable.

Among the report's highlights:

**Midtown** - May leasing activity was 26% above the market's five-year monthly average of 1.17 million s/f. Through May, year-to-date leasing activity paced 38% ahead of 2012 levels. The month's above-average leasing offset new availabilities, resulting in 220,000 s/f of positive absorption for the month. Midtown's availability rate dropped 10 basis points during May. However, the availability rate was up 90 basis points year-over-year. The average asking rent rose by \$1.05, or 2%, to \$69.96 per s/f, its highest level since January 2009. The increase was attributed to a combination of the leasing of low-priced sublease space, the addition of space to the market priced above the previous month's average, and the upward re-pricing of space already on the market.

**Midtown South** - May leasing activity was 24% ahead of the market's five-year monthly average of 330,000 s/f. The tech sector accounted for the month's top two deals, with Facebook, Inc. and High 5 Games signing new leases for 99,000 s/f and 58,000 s/f, respectively, at 770 Broadway. Midtown South logged its third consecutive month of positive absorption in May. However, the year-to-date absorption level remained deep in negative territory. During May, the overall availability rate dropped 20 basis points to 10.0%, and the sublease availability rate dropped 30 basis points to 2.1%. The average asking rent rose by \$0.48, or 1%, during the month to a record-high \$63.59 per s/f. Year-over-year, the average asking rent was up 24%, or \$12.36 per s/f.

**Downtown** - In May, Downtown leasing activity fell 43% short of the market's five-year monthly average of 350,000 s/f. Notwithstanding the month's below-average leasing, total leasing activity for the year was 21% ahead of 2012's year-to-date level. May's negative absorption was driven by the addition of 834,000 s/f. of direct space at 180 Maiden Lane, which was already on the market, but fell within 12 months of tenant possession during the month. The overall availability rate increased by 110 basis points month-over-month, and the year-to-date net absorption level crossed into negative territory. The average asking rent was stable during May.

**Capital Markets Activity** -- The Sungate Trust and M. Safra & Co. purchased a 40% interest in the General Motors Building (767 Fifth Avenue) from Goldman Sachs U.S. Real Estate Opportunities Fund (USREO) and Meraas Capital.

JPMorgan Asset Management purchased 125 West 55th Street from a venture consisting of Boston Properties, Goldman Sachs USREO and Meraas Capital for \$470 million (\$856 per s/f).

Clarion Partners purchased 100-104 Fifth Avenue from Invesco Real Estate for \$230 million (\$829 per s/f).

Spear Street Capital purchased 315 Park Avenue South from BCN Development for \$230 million (\$691 per s/f).

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