



## CBRE issues February 2014 Manhattan Office MarketView Snapshot

March 24, 2014 - New York City

January Manhattan leasing totaled 2.83 million s/f, slightly higher than the 2.67 million s/f of activity in December. All three Manhattan markets topped their respective five-year monthly leasing averages in January. The year started with 2.51 million s/f of negative absorption, which was caused by new additions to the building inventory as well as new availabilities added to the market. Manhattan's availability rate increased to 12.3% during January, up 50 basis points compared to 11.8% in December. The Manhattan-wide average asking rent in the market was \$63.61 per s/f, up 7% from \$59.44 per s/f one year ago.

Among the report's highlights:

\* Midtown - Leasing activity in Midtown during January totaled 1.68 million s/f, 36% above the market's five-year monthly average of 1.23 million s/f. The month's 1.08 million s/f of negative absorption was largely driven by the addition to the market of 820,000 s/f of Condé Nast space at 4 Times Square in advance of its move to One World Trade Center. The availability rate in Midtown increased to 12.2% during January, up 50 basis points from 11.7% in the previous month. At month's end, the average asking rent stood at \$73.64 per s/f, up \$0.79 from \$72.85 per s/f in December. Rents in Midtown have increased nearly 9% over the last 12 months and were at their highest level since reaching \$74.76 per s/f in January 2009.

\* Midtown South - January's leasing activity total of 750,000 s/f was the market's largest monthly total since May 2007. January's blockbuster leasing total more than doubled Midtown South's five-year monthly average of 360,000 s/f. The month's robust leasing offset new availabilities brought to market, resulting in 420,000 s/f of positive absorption. This was the strongest monthly level seen since July 2012. The availability rate dropped 70 basis points during the month to 9.5%, its lowest level since 8.6% in December 2012. The average asking rent remained stable, finishing at \$64.01 per s/f, slightly lower than the previous month's historical high of \$64.58 per s/f. Year-over-year, the average was up 7%.

\* Downtown - Leasing activity totaled 400,000 s/f during January, on par with January 2013's tally of 400,000 s/f, and higher than the market's five-year monthly average of 370,000 s/f. Downtown registered 1.85 million s/f of negative absorption during January. The month's negative absorption was largely driven by the addition of One World Trade Center to the building inventory, which added 1.35 million s/f of available space to the market. The availability rate increased 140 basis points during January to 14.9%. Meanwhile, the sublease availability rate remained stable at 1.6%, the lowest of the three Manhattan markets. Downtown's average asking rent increased to its highest level since November 2008, finishing the month at \$48.09 per s/f. The increase was largely caused by the addition of space to the market priced well above the previous month's average.

Capital Markets Activity

- \* A joint venture between Related Companies, GIC and Abu Dhabi Investment Authority purchased 10 Columbus Circle from Time Warner, Inc. for \$1.3 billion (\$1,182 per s/f).
- \* Eastgate Realty purchased Miller Global Properties' 20% minority interest in 875 Third Ave. for \$95.0 million (\$661 per s/f).
- \* Lee Roosevelt Thirty Eight purchased 22 West 32nd St. from Imperial Investing Corporation for \$55.0 million (\$487 per s/f).
- \* Extell Development purchased the remaining 50% interest in the 14-building Frank Ring portfolio for a total of \$308.2 million (\$662 average price per s/f). (\* Price does not include one building in the portfolio, which had not appeared on city records at time of reporting.)
- \* Princeton International Properties purchased 90 Broad St. from a joint venture between JP Morgan and Swig Burris Equities for \$128.6 million (\$321 per s/f).

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