



## DTZ Manhattan Office Market Report for April Highlights

May 11, 2015 - Front Section

The following are highlights from DTZ Manhattan Office Market Report for April:

### Market Stabilizes in April

- \* After starting the year off slow with negative 2.3 million s/f of absorption in January, the Manhattan office market started to chip away at that number with three consecutive months of positive absorption through April
- \* 19 leases greater than 100,000 s/f have already been completed this year
- \* The positive 197,899 s/f of absorption in April brought the year-to-date total down to just over 1.5 million s/f and pushed the overall availability rate down 10 basis points to 9.7%
- \* Both Midtown and Downtown contributed to the drop in available supply, while Midtown South availability remained flat
- \* Class A Asking rents continued to edge up, as class A product posted the most positive absorption with 270,456 s/f in April
- \* The \$0.67 per s/f increase to \$77.18 was the highest class A asking rental month-over-month rise this year

### Midtown Big Deals Help Market

- \* Only five out of nine submarkets posted positive absorption in April, but it was enough to drop the availability rate 10 basis points to 9.8%
- \* Leasing activity has been strong, as 16 of the 19 big leases signed this year were in Midtown
- \* Of the 16 Midtown leases greater than 100,000 s/f, five were lease renewals
- \* Class A asking rents continue to rise, up \$0.90 per s/f to \$85.87
- \* Despite Class A asking rents reaching the highest level during the current real estate cycle, rents are still 15.5% off the historical highs from 2008
- \* The Park Avenue submarket has performed well over the past 12 months, as the availability rate reached its lowest level since 2011
- \* At 8.7%, the Park Avenue availability rate is down 260 basis points since its recent market high of 11.3% in April 2014
- \* The surge in demand for Park Avenue space has led to a 6.7% in class A asking rents to \$99.08 per s/f.

### Midtown South Steadies

- \* Midtown South availability remained at 6.6% in April, despite a mere 10,613 s/f of negative absorption
- \* The Hudson Square/TriBeCa submarket has been in high demand as the availability rate dropped 400 basis points in the last year to 4.8%, the second lowest in Manhattan
- \* Little available supply and high demand has caused Class B asking rents at \$66.70 per s/f to rank as the fifth highest in Manhattan, a considerable feat for a submarket which historically does not

compete with Midtown submarkets for pricing

#### Downtown's Up and Down

- \* At 12.4%, availability is down 20 basis points since last month, but equals the level from January
- \* After the addition of almost 1.5 million s/f of space to start 2015, minimal leasing activity this year has stalled Downtown's recovery
- \* Only two leases greater than 50,000 s/f have been signed, which keeps the year-to-date leasing activity below 800,000 s/f through the first four months of the year
- \* Activity is likely to pick up over the next few months as Downtown has 21 value-options for tenants looking for over 100,000 s/f of space
- \* Both Class A and Class B asking rents grew minimally in April, up \$0.14 per s/f to \$61.75 and \$0.11 to \$44.13 per s/f, respectively

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