



Manhattan office market posts mixed results in Q4 2022 according to TRS research

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New York, NY The Manhattan office market posted 5.9 million s/f in leasing activity in the fourth quarter of 2022, bringing the 2022 total to 29.7 million s/f, 8% higher than the 2021 figure, according to research from Transwestern Real Estate Services (TRS).

Despite the low leasing total, average asking rents increased to \$72.79 per s/f, an increase of 5.4% from the end of 2021 and up 2% from the third quarter of 2022. Each major submarket in Manhattan saw average rents increase, with Midtown South asking rates surpassing Midtown for the first time on record.

“As we continue to move through 2023, it will remain a historically great time for tenants to leverage the market,” said Rory Murphy, partner, Transwestern. “We ended 2022 with a slower leasing quarter than anticipated, as broader economic uncertainty made decision-making and real estate planning more complicated. While we continue to see an overall flight to quality pushing Class A rents, we are simultaneously seeing landlords reach as it relates to concession packages and net effective rents.”

Additional notable results from the report include:

- The fourth quarter leasing total was the lowest quarterly total since the second quarter of 2021.
- Ten leases exceeding 50,000 s/f were signed during the year’s final frame.
- Absorption for the year was negative 2.8 million s/f, much better than 2021’s total of negative 15.8 million s/f.
- All three major submarkets experienced negative absorption, contributing to availability rates rising to 18.5%.

“There had been a fair amount of optimism heading into the final quarter of 2022, based on the third quarter results and the market indicators,” said Corrie Slewett, research manager, Transwestern. “While that optimism didn’t fully materialize, there were still bright spots to be found, including rent increases across each major submarket, which indicates market strength and a certain level of confidence.”