



Cushman & Wakefield publishes legal sector leasing insights and NYC office market update

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Manhattan, NY Cushman & Wakefield released its Legal Sector Leasing Insights report for the fourth quarter of 2023 alongside a January 2024 Office Market Update report.

“Leasing activity in the legal sector was strong in 2023, comprising 23.7% of Manhattan’s overall leasing, marking the highest industry total in over a decade at 4.3 million s/f,” said Seth Schiffman, senior research analyst. “Law firms showed a notable pattern of expansion throughout 2023, indicating confidence in the sector. Renewals were substantial, suggesting a preference for established locations and an overall positive sector outlook.”

Cushman & Wakefield’s Legal Sector Leasing Insights report revealed a year marked by strong activity in Manhattan with a total of 99 leases. Notably, an impressive 4.3 million s/f (ms/f) of space was leased throughout the year by the legal sector, 1.8 ms/f of which was secured during the fourth quarter alone, accounting for 41.5% of the yearly total leased for the sector.

The Sixth Ave./Rock Center and Grand Central submarkets accounted for 68.8% of annual legal sector leasing. Renewals constituted 45.7% of the legal sector’s leasing activity for the year, while four of the five largest new leases by law firms involved expansions, suggesting a robust demand within core legal submarkets.

“Data from these reports presents a dual narrative: on one side, the legal sector is charting a course of growth, while on the other, we recognize the overall adjustment in Manhattan’s office leasing landscape. We continue to see the market respond with agility to the evolving needs of landlords and occupiers, as the data showcases a measured yet optimistic outlook for New York City,” said Lori Albert, director of tri-state research.

Despite recording six new leases, each greater than 50,000 s/f, Manhattan new leasing in January fell by 35.9% year-over-year, totaling nearly 1.6 ms/f. Midtown leasing registered at 1.2 msf, a 41.9% decline compared to the previous year, but marked the second-highest monthly total in the past 12 months, following December 2023. Downtown leasing reached a five-month high of 307,313 s/f, driven by a large lease at Four World Trade Center.

Lease renewals in Manhattan totaled 298,566 s/f in January, a 25.6% decline from last year, while new and renewal combined activity amounted to nearly 1.9 ms/f, down from 2.9 ms/f in January 2023. Overall vacancy in Manhattan fell by 30 basis points in January to 22.6% and sublease supply

dropped to a 14-month low of 21.9 ms/f.

Overall asking rents in Manhattan increased by \$0.06 per s/f in January to \$73.39 psf, while class A rents rose by \$0.16 per s/f to \$81.14 per s/f. Midtown overall asking rents registered a \$0.35 per s/f monthly increase to \$78.57 psf, as class A rents climbed by \$0.64 psf to \$86.08 per s/f.

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