



Manhattan Monthly Snapshot

Availability Continues To Increase

The Manhattan availability rate increased for the fifth consecutive month, closing October at 14.6%. The 50-basis-point jump was driven by one large-block addition, as well as numerous subleases across each market. More than 16.0 million square feet of sublease space was available at the end of October, with another 2.3 million square feet expected to follow. Approximately 1.1 million square feet of leasing velocity was recorded in October, 28.8% below the monthly average since the start of the pandemic. With continued space additions and limited market activity, monthly net absorption posted at negative 2.9 million square feet.

Overall Manhattan asking rents declined for the sixth straight month, falling to \$78.18/SF, down \$1.91/SF from last year.

Midtown

The two largest deals of October were signed in Midtown. Centric Brands signed a new deal at the Empire State Building across three floors in the base, taking 212,154 square feet. Noom, a tech-based fitness company, subleased the entire 113,422-square-foot 11th floor from IPG at 5 Manhattan West through 2030. Every Midtown submarket's availability rate, except for the Far West Side, either increased or remained stable. The Midtown availability rate increased from 14.6% at the end of the third quarter to 14.9%. This was propelled by new sublease space at 2 Park Avenue, as Medical Liability Insurance made 54,616 square feet available. Approximately 80,000 square feet was added at 240 West 40th Street, formerly occupied by DKNY. The entire building is now available. Midtown asking rents were recorded at \$82.62/SF, down \$3.77/SF from pre-COVID-19 levels.

Midtown South

The availability rate in Midtown South increased by 1.3 percentage points to 14.1%, the greatest increase of the three markets. The addition of 120 and 122 Fifth Avenue, totaling 300,000 square feet, drove the increase in availability. Sublease space also contributed, with Midtown South's sublease availability rate up 50 basis points to 4.6%. Approximately 94,000 square feet was added at 200 Fifth Avenue from Grey Advertising, as well as 116,000 square feet from Mastercard and

AKQA at 114 Fifth Avenue. Although velocity increased by 103.6% from last month to 155,000 square feet, it still lags more than 50.0% behind pre-pandemic totals.

Downtown

The Downtown availability rate increased by 50 basis points to 14.2%, with major sublease additions recorded at 1 Liberty Plaza from Virtu Financial and 199 Water Street from W2O Group. Downtown leasing activity was limited at approximately 120,000 square feet, with renewals by Topps and CLS at 1 Whitehall Street and 32 Old Slip, respectively, composing 88.2% of velocity. Downtown asking rents were recorded at \$62.36/SF, a decline of \$0.37/SF month over month, the smallest change in any of the three markets.

Current Conditions

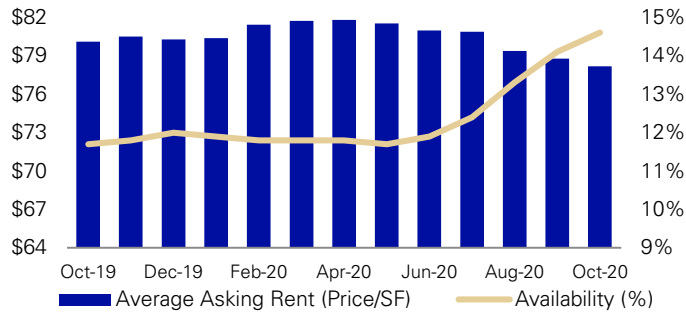
- The availability increased in each market, ending October at 14.6% for Manhattan, a month-over-month increase of 50 basis points.
- October leasing activity was recorded at 1.1 million square feet, driven by two 100,000-square-foot deals by Centric Brands and Noom that made up 30.0% of total activity.
- Asking rents declined in each market, with the steepest drop in Midtown South, as overall Manhattan rents dropped to \$78.18/SF.

Market Summary

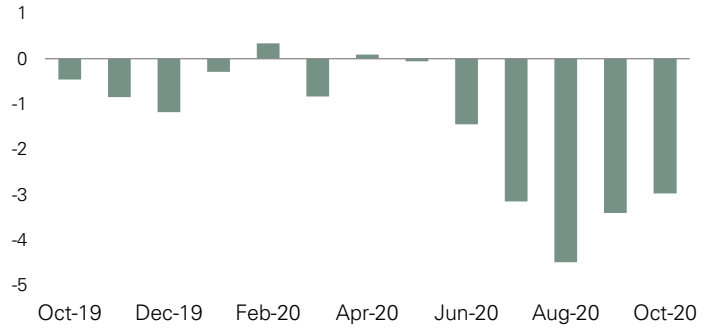
| | Current Month | Prior Month | Year Ago Period | 12 Month Forecast |
|------------------------|---------------|-------------|-----------------|-------------------|
| Total Inventory | 461.0 MSF | 461.0 MSF | 456.1 MSF | ↑ |
| Availability Rate | 14.6% | 14.1% | 11.7% | ↑ |
| Monthly Net Absorption | -2,964,867 | -3,393,001 | -455,390 | ↓ |
| Average Asking Rent | \$78.18 | \$78.77 | \$80.09 | ↓ |
| Under Construction | 14.1 MSF | 14.3 MSF | 16.8 MSF | ↑ |
| Deliveries | 0 MSF | 1.8 MSF | 2.3 MSF | ↑ |

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Significant Lease Transactions

| Tenant | Address | Market/Submarket | Type | Square Feet |
|--|--------------------|-----------------------|------------------|-------------|
| Centric Brands | 350 Fifth Avenue | Penn District | Direct New | 212,154 |
| Centric Brands downsized in the Empire State Building but signed a new ten-year deal for 212,154 square feet. | | | | |
| Noom | 5 Manhattan West | Far West Side | Sublease New | 113,422 |
| Noom subleased the entire 11th floor from IPG through 2030. | | | | |
| The Topps Company | 1 Whitehall Street | Downtown East | Direct Renewal | 66,684 |
| The trading card company renewed its lease across three floors at 1 Whitehall Street for twelve more months. | | | | |
| CLS | 32 Old Slip | Downtown East | Direct Renewal | 38,743 |
| CLS renewed its lease on the 23rd floor at 32 Old Slip for an additional five years. | | | | |
| Regus | 136 Madison Avenue | Flatiron/Union Square | Direct Extension | 36,600 |
| Despite declaring bankruptcy in the third quarter, Regus signed an extension for 36,600 square feet at 136 Madison Avenue. | | | | |

Submarket Statistics

| | Total Inventory (SF) | Monthly Net Absorption (SF) | YTD Net Absorption (SF) | Oct-20 Total Availability Rate | Sept-20 Total Availability Rate | Oct-19 Total Availability Rate | Oct-20 Avg. Asking Rent (Price/SF) | Sept-20 Avg. Asking Rent (Price/SF) | Oct-19 Avg. Asking Rent (Price/SF) |
|--------------------------|----------------------|-----------------------------|-------------------------|--------------------------------|---------------------------------|--------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| Midtown – A | 229,443,649 | -825,421 | -5,773,661 | 14.7% | 14.5% | 13.4% | \$89.51 | \$90.09 | \$90.03 |
| Overall | 289,259,696 | -1,335,965 | -9,450,402 | 14.9% | 14.6% | 12.8% | \$82.62 | \$83.24 | \$85.18 |
| Midtown South - A | 18,201,247 | -191,818 | -1,028,948 | 16.0% | 14.9% | 8.7% | \$104.50 | \$105.73 | \$97.27 |
| Overall | 76,348,900 | -1,164,599 | -4,535,208 | 14.1% | 12.8% | 8.3% | \$80.76 | \$81.58 | \$80.80 |
| Downtown - A | 75,150,588 | -381,871 | -1,672,588 | 14.5% | 14.0% | 11.6% | \$63.56 | \$63.94 | \$65.00 |
| Overall | 95,425,530 | -464,303 | -2,152,202 | 14.2% | 13.7% | 11.4% | \$62.36 | \$62.73 | \$63.65 |
| Manhattan - A | 322,795,484 | -1,399,110 | -8,475,197 | 14.7% | 14.4% | 12.7% | \$84.39 | \$84.98 | \$84.68 |
| Overall | 461,034,126 | -2,964,867 | -16,137,812 | 14.6% | 14.1% | 11.7% | \$78.18 | \$78.77 | \$80.09 |

For more information:

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

Jonathan Mazur

Senior Managing Director
212-372-2154
jmazur@ngkf.com

Stephanie Jennings

Managing Director
212-372-2099
stjennings@ngkf.com

Alison Baumann

Associate Director, Research

Michael Miceli

Associate Director, Research

Stephen Tsamblakos

Senior Research Analyst

Ronnie Wagner

Director, Research

nmrk.com

ALABAMA

Birmingham

ARIZONA

Phoenix

ARKANSAS

Fayetteville
Little Rock

CALIFORNIA

El Segundo
Irvine
Los Angeles
Newport Beach
Pasadena
Sacramento
San Francisco
San Jose
San Mateo
Santa Rosa

COLORADO

Denver

CONNECTICUT

Stamford

DELAWARE

Wilmington

DISTRICT OF COLUMBIA

FLORIDA

Boca Raton
Jupiter
Miami
Palm Beach
Tampa

GEORGIA

Atlanta

ILLINOIS

Chicago

INDIANA

Indianapolis

KENTUCKY

Louisville

LOUISIANA

New Orleans

MARYLAND

Baltimore
Salisbury

MASSACHUSETTS

Boston

MICHIGAN

Detroit

MINNESOTA

Minneapolis

MISSOURI

St. Louis

NEVADA

Las Vegas
Reno

NEW JERSEY

Rutherford/Saddle Brook
Whippany

NEW YORK

Buffalo/Amherst
New York

NORTH CAROLINA

Charlotte

OHIO

Cincinnati
Cleveland
Columbus

OKLAHOMA

Oklahoma City

OREGON

Portland/Lake Oswego

PENNSYLVANIA

Allentown
Philadelphia
Pittsburgh

TEXAS

Austin
Dallas
Houston

UTAH

Salt Lake City

VIRGINIA

Tysons Corner

WASHINGTON

Seattle

WISCONSIN

Milwaukee

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at ngkf.com/research.

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.