

MANHATTAN MONTHLY SNAPSHOT

COVID-19 EFFECTS CONTINUE

Ten weeks into the start of social distancing, leasing activity, rents, and availability remain largely frozen, but concessions and sublease space have begun to rise. Velocity declined by 26.1% from last month, with just 52 leases signed. The number of deals completed represents an 86.5% drop-off from last May. Of the space that was leased in May, 37.1% was from renewals. Of the five largest deals this month, there were just two relocations. Coinciding with the decreased leasing velocity, absorption posted at negative 50,802 square feet. Asking rents were flat, coming in at \$81.51/SF. At the same time, however, landlords have begun to offer increased concessions.

The Manhattan availability rate was recorded at 11.7%, a 10-basis-point decline from April, as no large blocks of at least 100,000 square feet were added to the market. Despite that slight drop, sublease space has begun to rise, up 997,105 SF from April to end at approximately 12.5 million square feet of subleases currently available or coming to market.

MIDTOWN

Law firm Allen & Overy signed a five-year renewal for 143,331 square feet at 1221 Avenue of the Americas after retracting a deal to relocate to the Plaza District. This resulted in a \$1.22/SF month-over-month decline in average asking rents in the Sixth Avenue/Rockefeller Center submarket. In turn, Midtown asking rents fell \$0.35/SF to \$86.14/SF. The availability rate dropped 10 basis points from April to 12.3%, and absorption posted at positive 97,052 square feet in Midtown, the only market with positive absorption.

MIDTOWN SOUTH

Leasing activity totaled just 144,005 square feet in Midtown South, but was up 66.4% month over month. The scarcity of notable leases is reflected in the market's negative 105,575 square feet of absorption. The availability rate declined to 9.8% from 9.9%, despite the limited leasing activity. The largest space that came to market was 11,511 square feet at 632 Broadway. Average asking rents decreased by \$0.59/SF from April, with the largest asking rent decline, of \$1.22/SF, seen in NoHo/SoHo.

DOWNTOWN

Policygenius, an online insurance company, signed the largest lease Downtown this month, taking 85,526 square feet at 32 Old Slip. This deal accounted for 80% of Downtown leasing activity in May, which totaled approximately 107,000 square feet. With minimal activity and a lack of new blocks, the availability rate remained stable at 11.4%. Average asking rents saw limited improvement, closing at \$63.78/SF.

CURRENT CONDITIONS

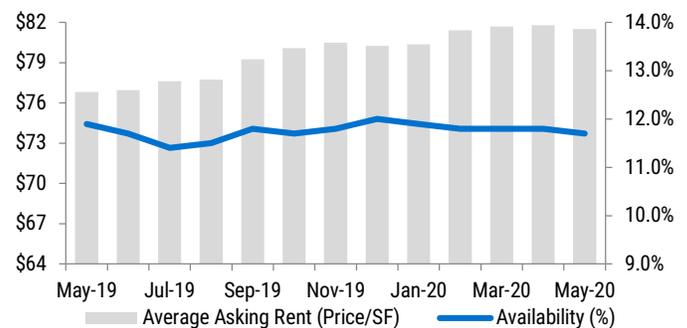
The impact of COVID-19 continued in May, resulting in a dramatic decline in velocity and a greater proportion of renewals.

There has not yet been a noticeable change in asking rents, as most landlords have kept prices stable for the time being.

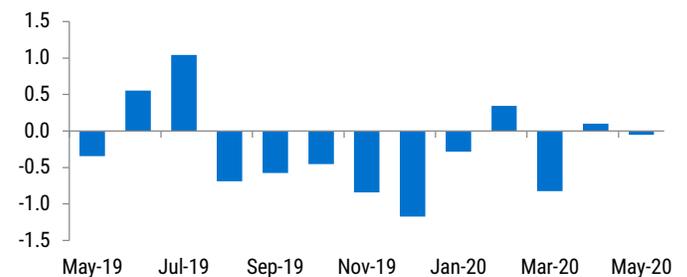
Despite a slight decline in the availability rate, it is expected to increase as more sublease space becomes available.

MARKET ANALYSIS

Asking Rent and Availability



Net Absorption (SF, Millions)



MARKET SUMMARY

	Current Month	Prior Month	Year Ago Period	12 Month Forecast
Total Inventory	460.5 MSF	460.5 MSF	450.7 MSF	↑
Availability Rate	11.7%	11.8%	11.9%	↑
Monthly Net Absorption	-50,802	98,315	-344,390	↓
Average Asking Rent	\$81.51	\$81.80	\$76.82	↓
Under Construction	16.1 MSF	16.1 MSF	17.0 MSF	↑
Deliveries	0 MSF	0 MSF	0 MSF	↑

SIGNIFICANT LEASE TRANSACTIONS

Tenant	Address	Market/Submarket	Type	Square Feet
Allen & Overy	1221 Avenue of the Americas	Sixth Avenue/Rock Center	Direct Renewal	143,331

The law firm signed a five-year renewal at 1221 Avenue of the Americas after relocations plans fell through following the COVID-19 outbreak.

Policygenius	32 Old Slip	Downtown East	Direct New	85,526
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Policygenius will be moving Downtown from Chelsea after signing for 85,526 square feet across three floors at 32 Old Slip.

Owl Rock Capital Partners	399 Park Avenue	Park Avenue	Direct Extension & Expansion	50,178
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Owl Rock Capital Partners extended and expanded on the 37th and 38th floors at 399 Park Avenue.

Hightower Advisors	505 Fifth Avenue	Grand Central	Direct Renewal	36,815
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The financial advisor renewed its space on the 4th, 12th, and 14th floors at 505 Fifth Avenue for one year.

Triplemint	1500 Broadway	Times Square	Sublease New	31,317
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Triplemint subleased 31,317 square feet on the 6th floor at 1500 Broadway.

SUBMARKET STATISTICS

	Total Inventory (SF)	Monthly Net Absorption (SF)	YTD Net Absorption (SF)	May-20 Total Availability Rate	Apr-20 Total Availability Rate	May-19 Total Availability Rate	May-20 Avg. Asking Rent (Price/SF)	Apr-20 Avg. Asking Rent (Price/SF)	May-19 Avg. Asking Rent (Price/SF)
Midtown - A	229,393,649	209,045	181,814	12.8%	12.9%	13.3%	\$91.79	\$92.08	\$87.62
Overall	288,690,125	97,052	-412,993	12.3%	12.4%	12.5%	\$86.14	\$86.49	\$82.75
Midtown South - A	18,201,247	-2,437	-459,109	13.0%	13.1%	11.2%	\$108.73	\$109.07	\$90.50
Overall	76,559,240	-105,575	-870,002	9.8%	9.9%	8.6%	\$86.61	\$87.20	\$75.68
Downtown - A	75,057,823	-1,963	523,927	11.7%	11.7%	13.1%	\$65.00	\$64.73	\$63.53
Overall	95,272,939	-42,279	564,299	11.4%	11.4%	12.7%	\$63.78	\$63.65	\$61.70
Manhattan - A	322,652,719	204,645	246,632	12.5%	12.7%	13.2%	\$86.86	\$87.04	\$81.62
Overall	460,522,304	-50,802	-718,696	11.7%	11.8%	11.9%	\$81.51	\$81.80	\$76.82

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Newmark Knight Frank 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 Knight Frank Research Reports are available at www.ngkf.com/research

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