



# Manhattan office market report

Q3 2024

**AVISON  
YOUNG**

# Manhattan office market trends

## 23.1 msf

### Manhattan leasing activity YTD 2024 is significantly ahead of Q1-Q3 2023

Year-to-date 2024 leasing activity in Manhattan has reached 23.1 million square feet (msf) – placing leasing activity 25.1% above this time last year.

The number of 100k+ sf transactions through Q3 also increased from 2023 to 2024 - jumping from 18 transactions to 25. This increase in large-block leasing activity has strongly contributed to 2024's leasing activity significantly outpacing 2023.

## 18.7%

### Manhattan availability rate drops below 19%

Manhattan's overall availability rate of 18.7% in Q3 2024 marks the first quarter of sub-19% availability since Q1 2021. Quarter-over-quarter, the overall availability rate dropped by 90 basis points (bps) from 19.6%. This drop was mostly led by a 4.3 msf decrease in direct available space from last quarter, while sublease only decreased by ~400,000-sf.

This decrease in available office space in just one quarter, combined with the elevated year-to-date leasing activity, demonstrates the current strength of the Manhattan office leasing market.

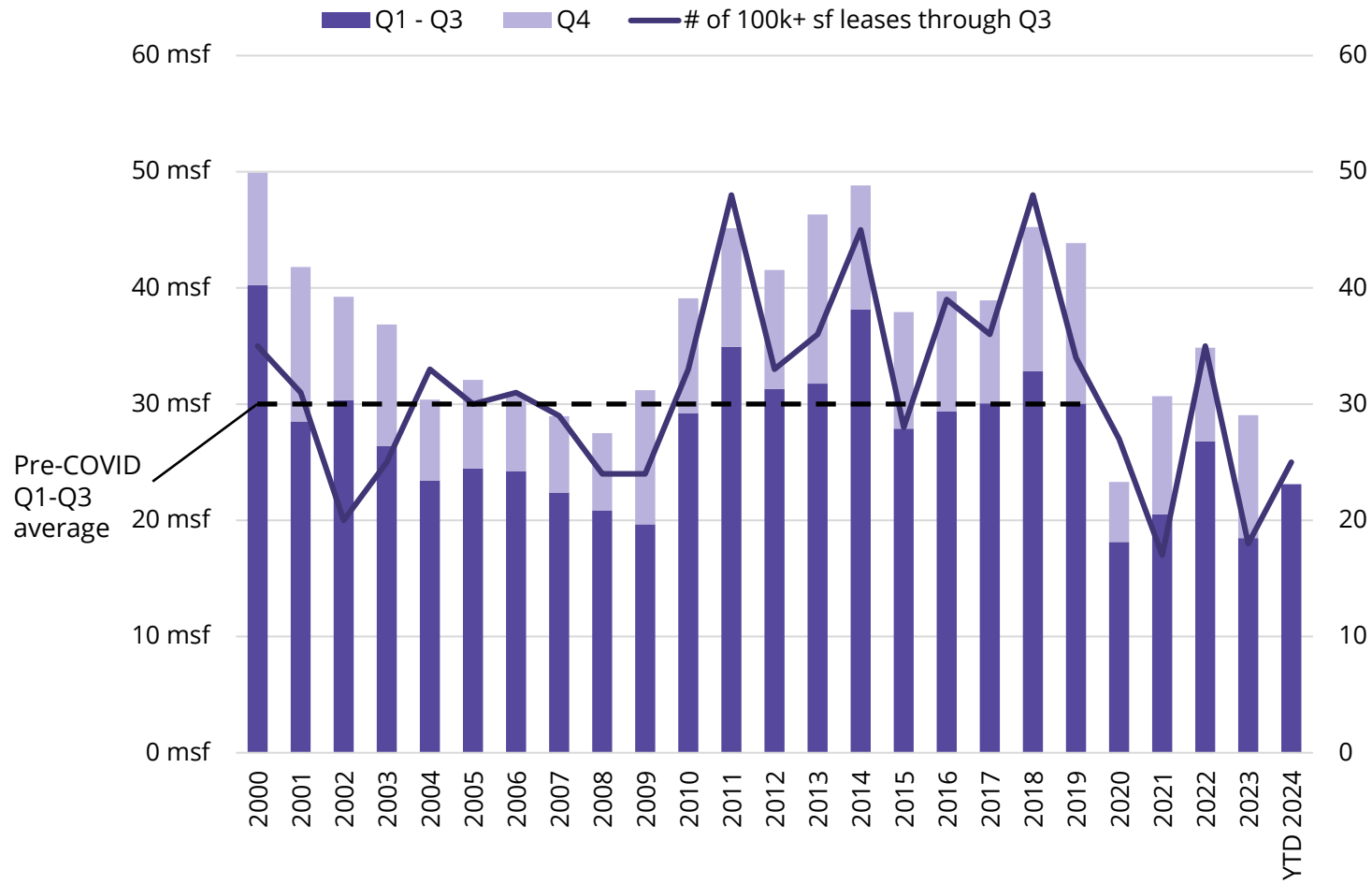
## 73.4%

### Manhattan office busyness, August 2024 vs. August 2019

As of August 2024, office buildings in Manhattan are 73.4% as busy as they were in August 2019. This figure sits well above the overall U.S. office busyness level at 60.4%. Much of Manhattan's office strength can be attributed to banking/finance and government tenants that have been the foundation of the Manhattan office market for decades.

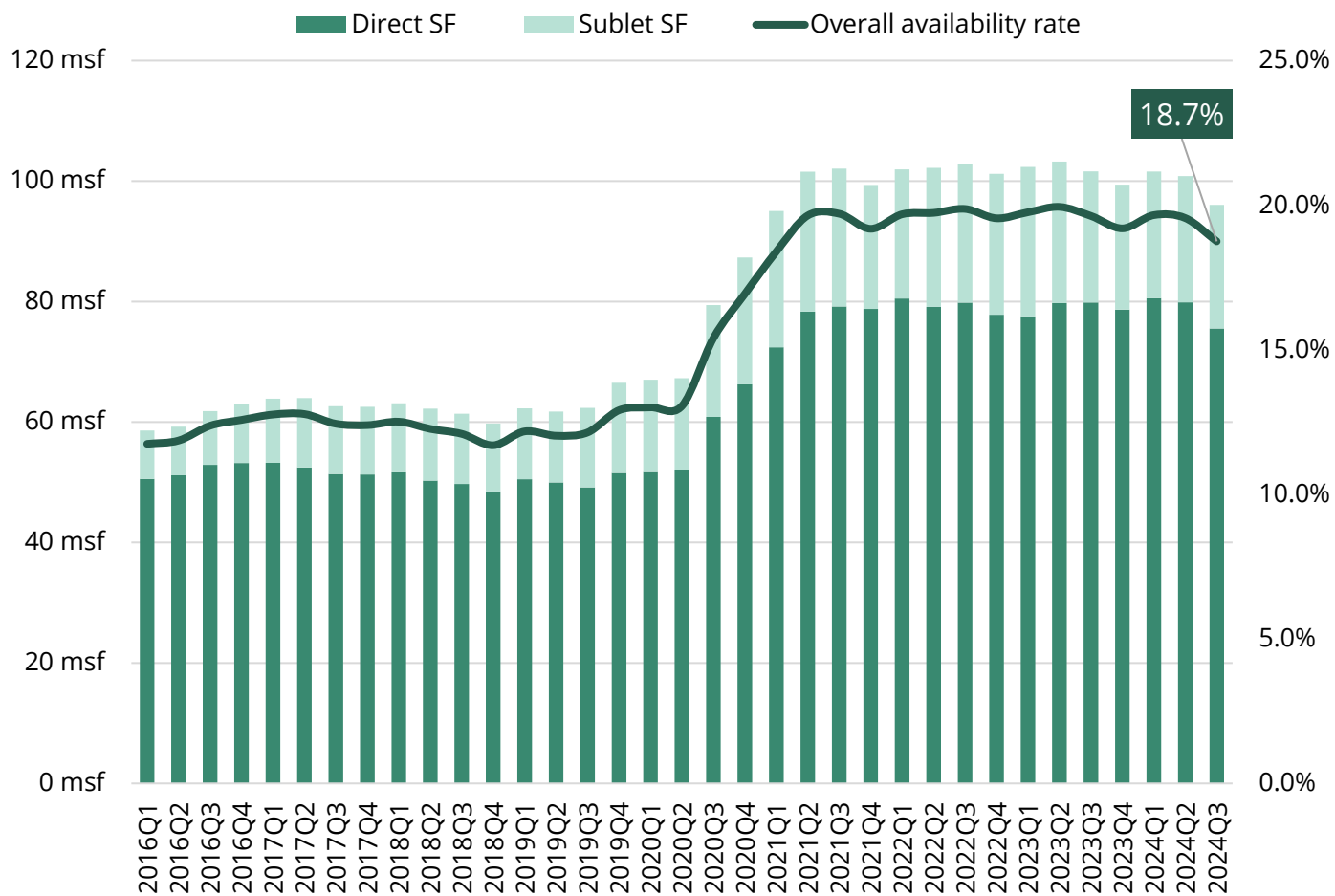
Midtown Manhattan has seen the strongest growth in year-over-year office busyness. Midtown West and Central Park have seen +21.3% and +12.7% year-over-year increases, respectively.

# Leasing activity



At 23.1 msf, Q1-Q3 2024 leasing activity is up 25.1% from Q3 2023 and is on pace to surpass 2023 by year-end.

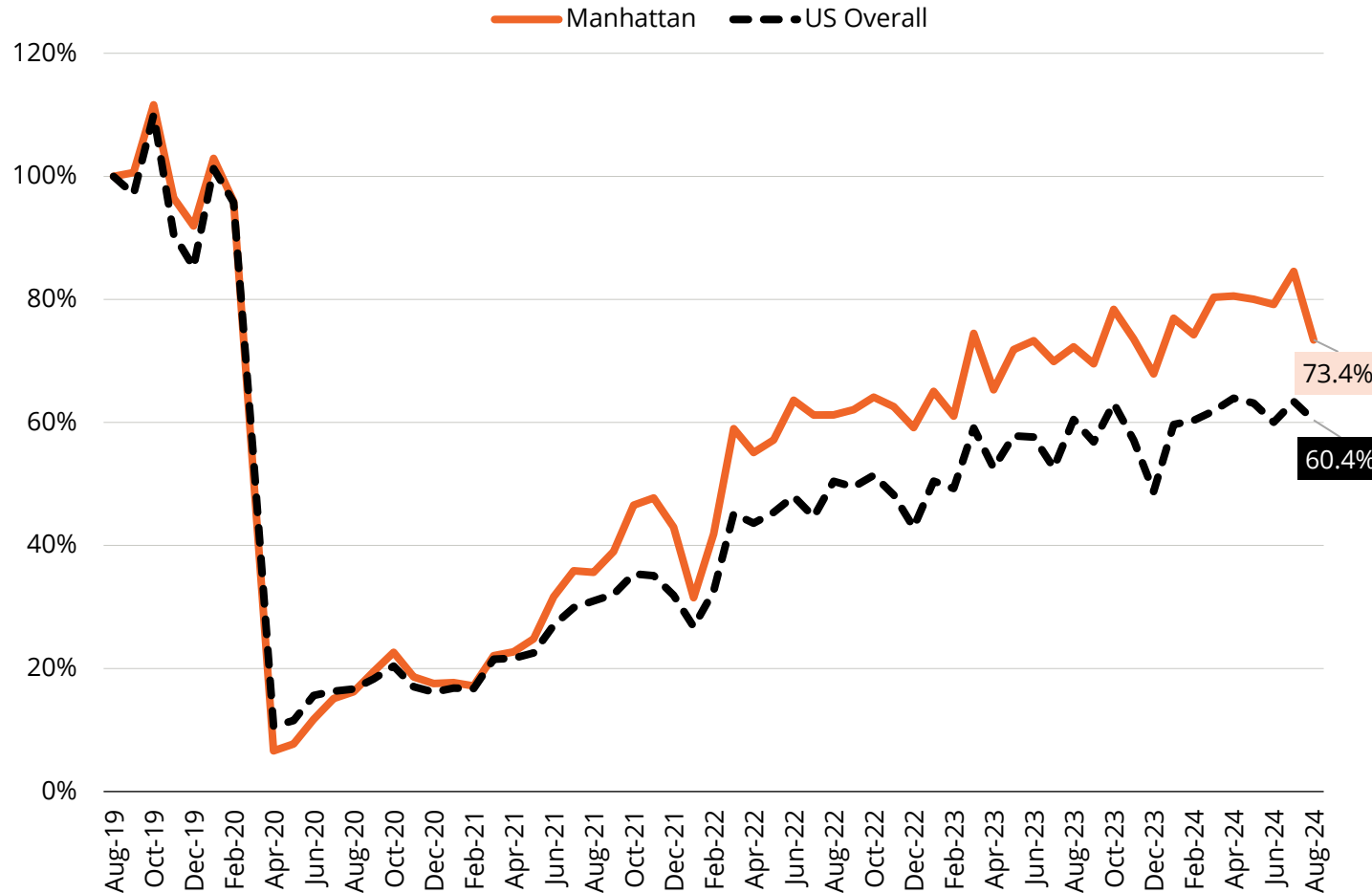
# Available space



Total available space in Manhattan has seen a 4.8 msf drop quarter-over-quarter.

The significant decrease in total available space has translated to a 90-basis point reduction in the overall availability rate and represents the lowest availability rate since Q1 2021.

# Manhattan office busyness, August 2024 vs. August 2019



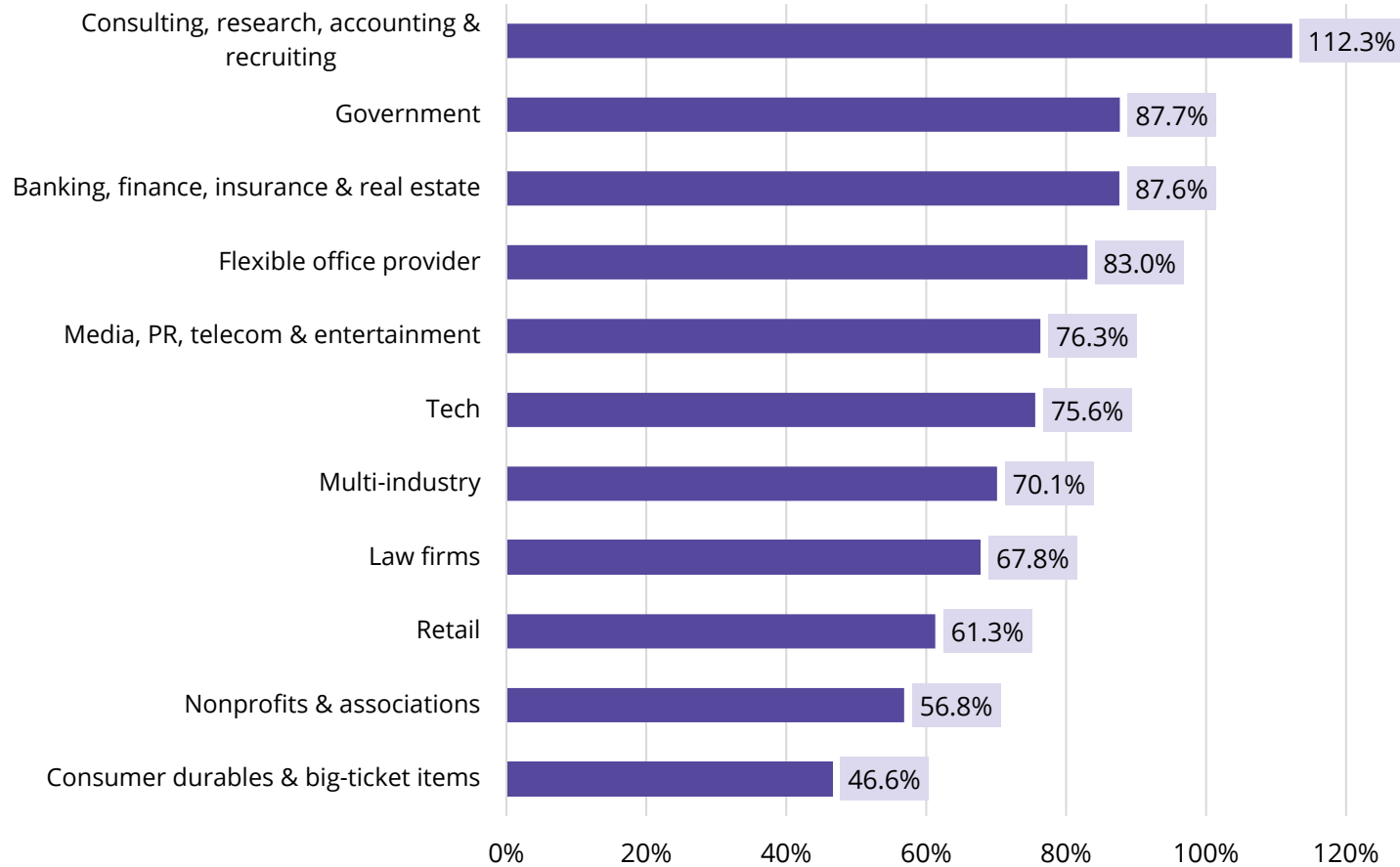
As of August 2024, office buildings in Manhattan are 73.4% as busy as they were in August 2019.

As one of the strongest office markets in the U.S., Manhattan is well above the overall U.S. office busyness of 60.4%.

# Market drivers



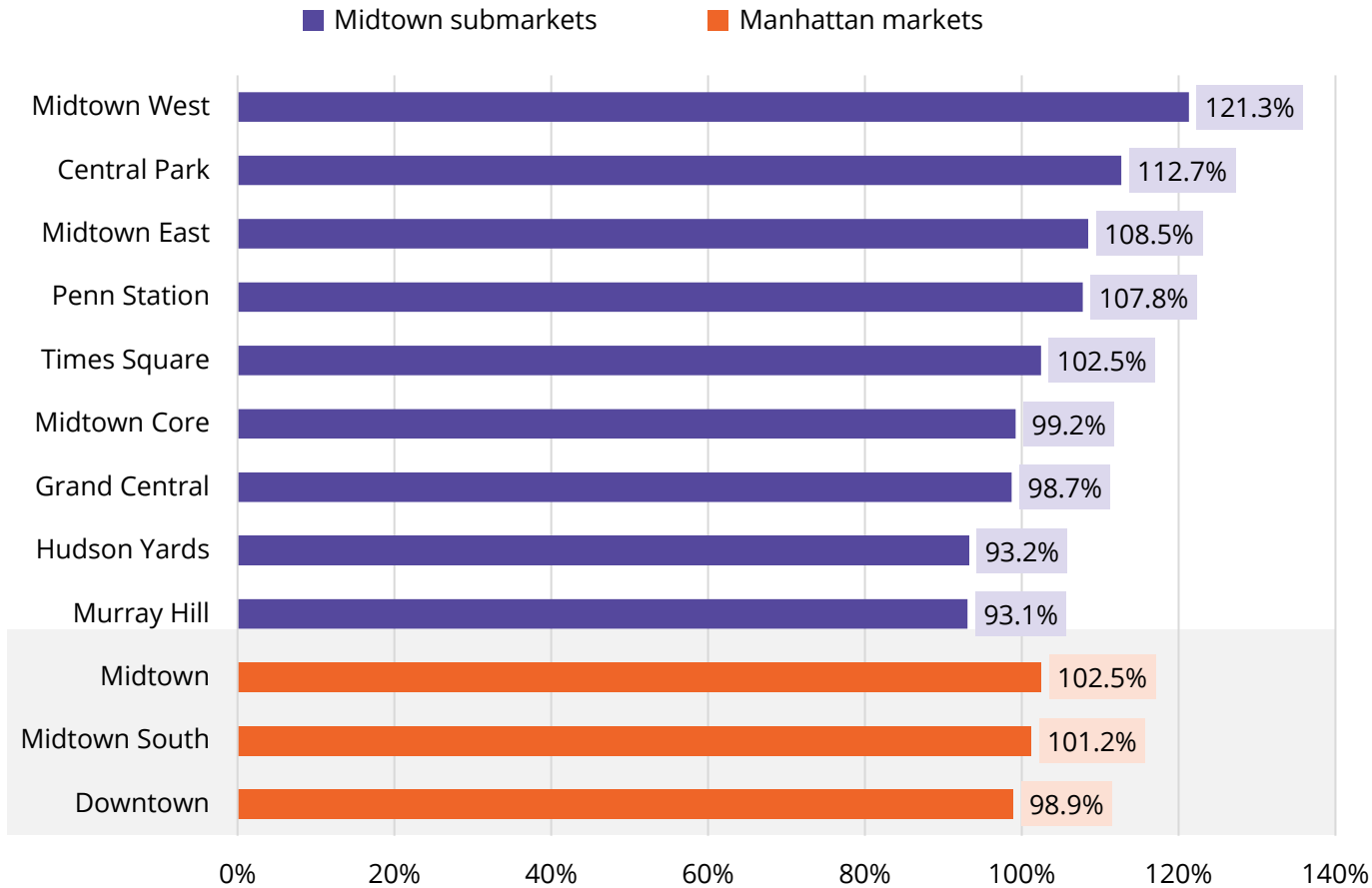
# Manhattan office busyness by major industry, August 2024 vs. August 2019



Certain industries across Manhattan have seen stronger office busyness than others. Consulting, research, accounting & recruiting. For example – Manhattan has seen a +12.3% increase in office busyness compared to 2019.

Other major industries like government and banking/finance have seen very strong office busyness figures at almost 90% due to their industries' return to office mandates.

# Manhattan office busyness by submarket, August 2024 vs. August 2023

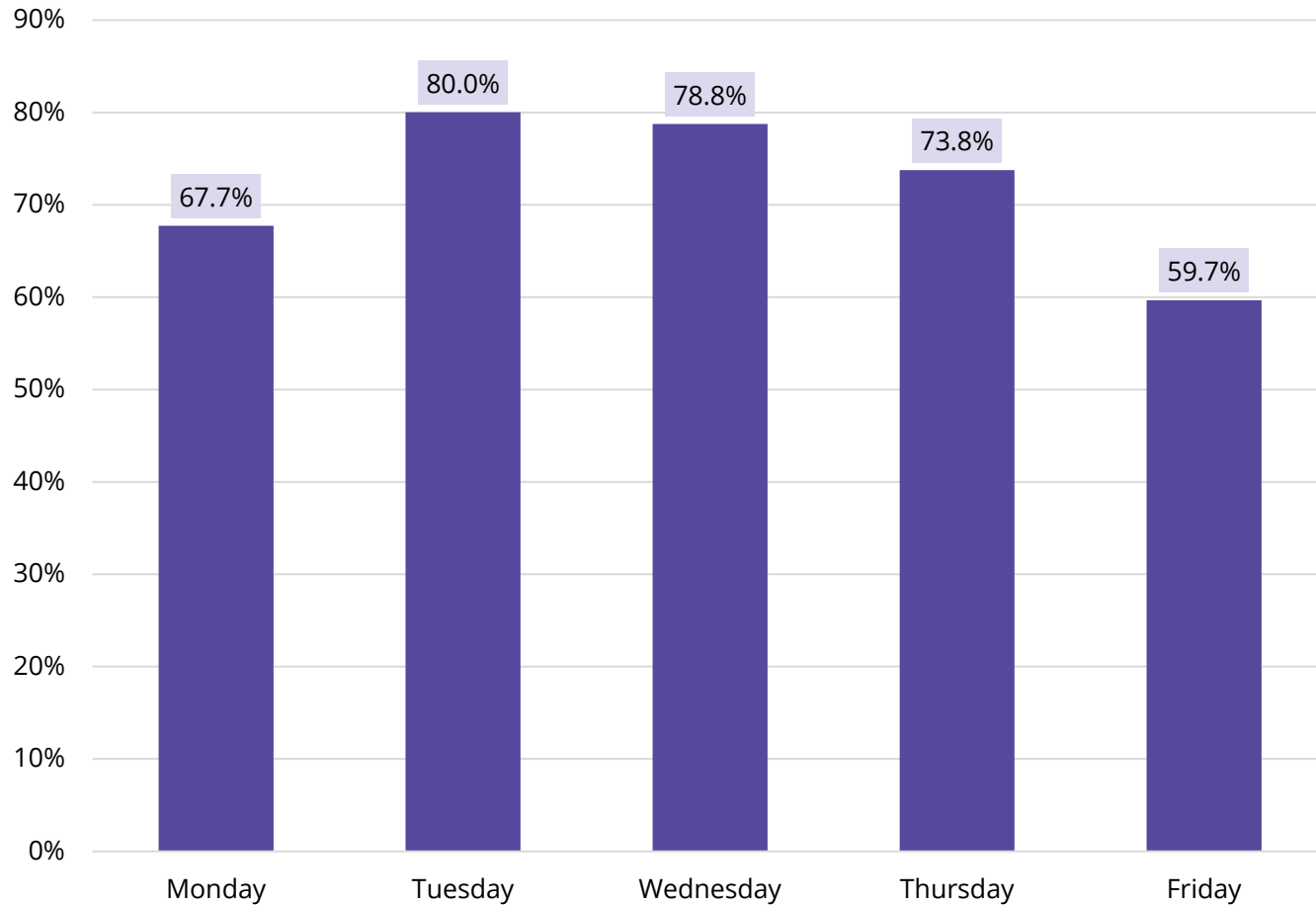


Some submarkets, many in Midtown Manhattan, have seen significant year-over-year improvement in office busyness.

Midtown West, Central Park, Midtown East, Penn Station, & Times Square have all seen busier offices on average in August 2024 than August 2023.

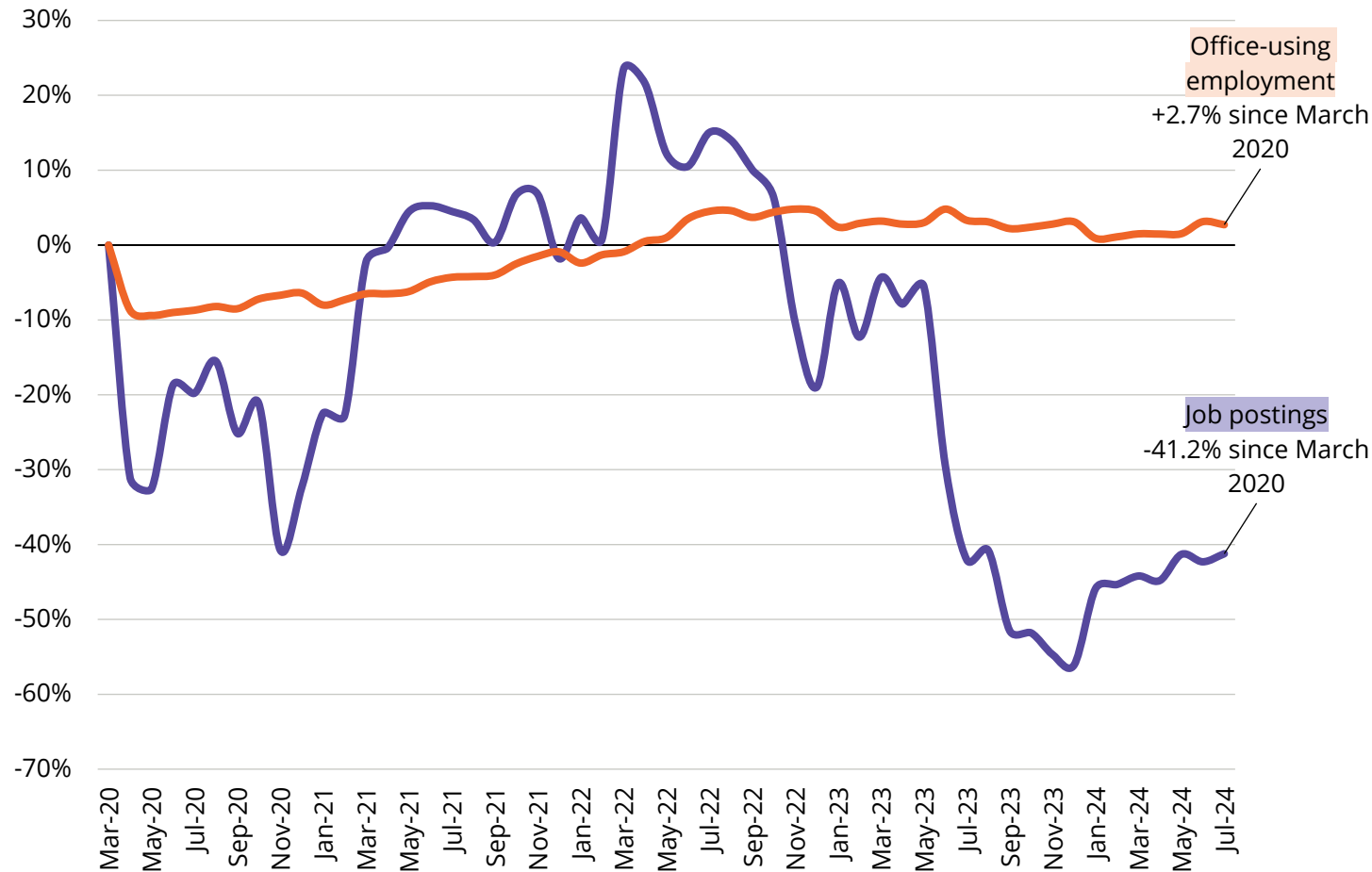


# Manhattan office busyness by day of week, August 2024 vs. August 2019



Looking at office busyness in Manhattan by day of the week, it is no surprise that Tuesday – Thursday led the way. Given the hybrid structure of many companies, most employees seem to be adopting a Tuesday, Wednesday, & Thursday office schedule with some Mondays & Fridays remote.

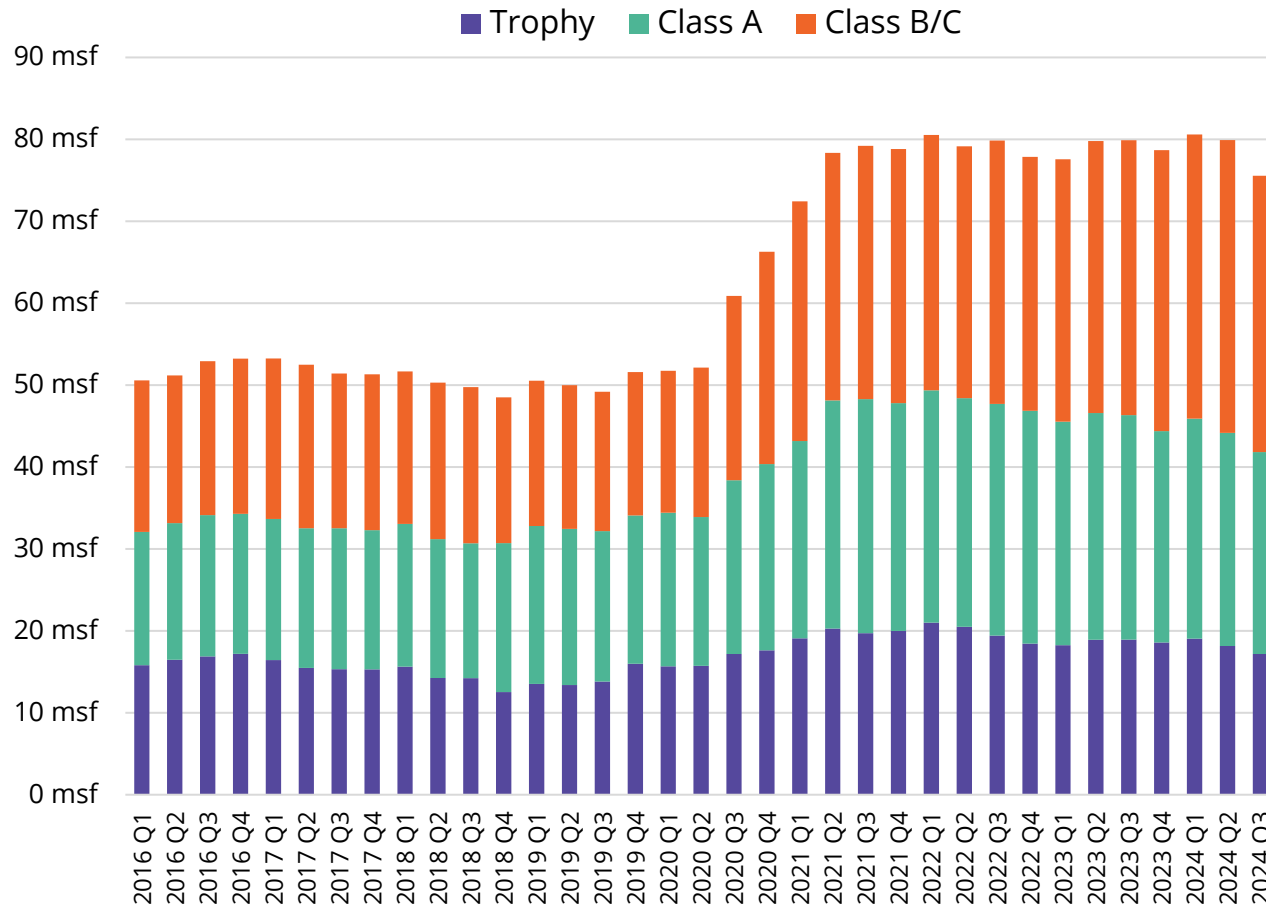
# Office-using employment and job postings



Office-using employment in Manhattan has experienced quarter-over-quarter growth and is up +2.7% since March 2020.

Job postings in Manhattan have decreased by 41.2% since March 2020, but have seen significant growth throughout the year – a positive indicator for the Manhattan labor market.

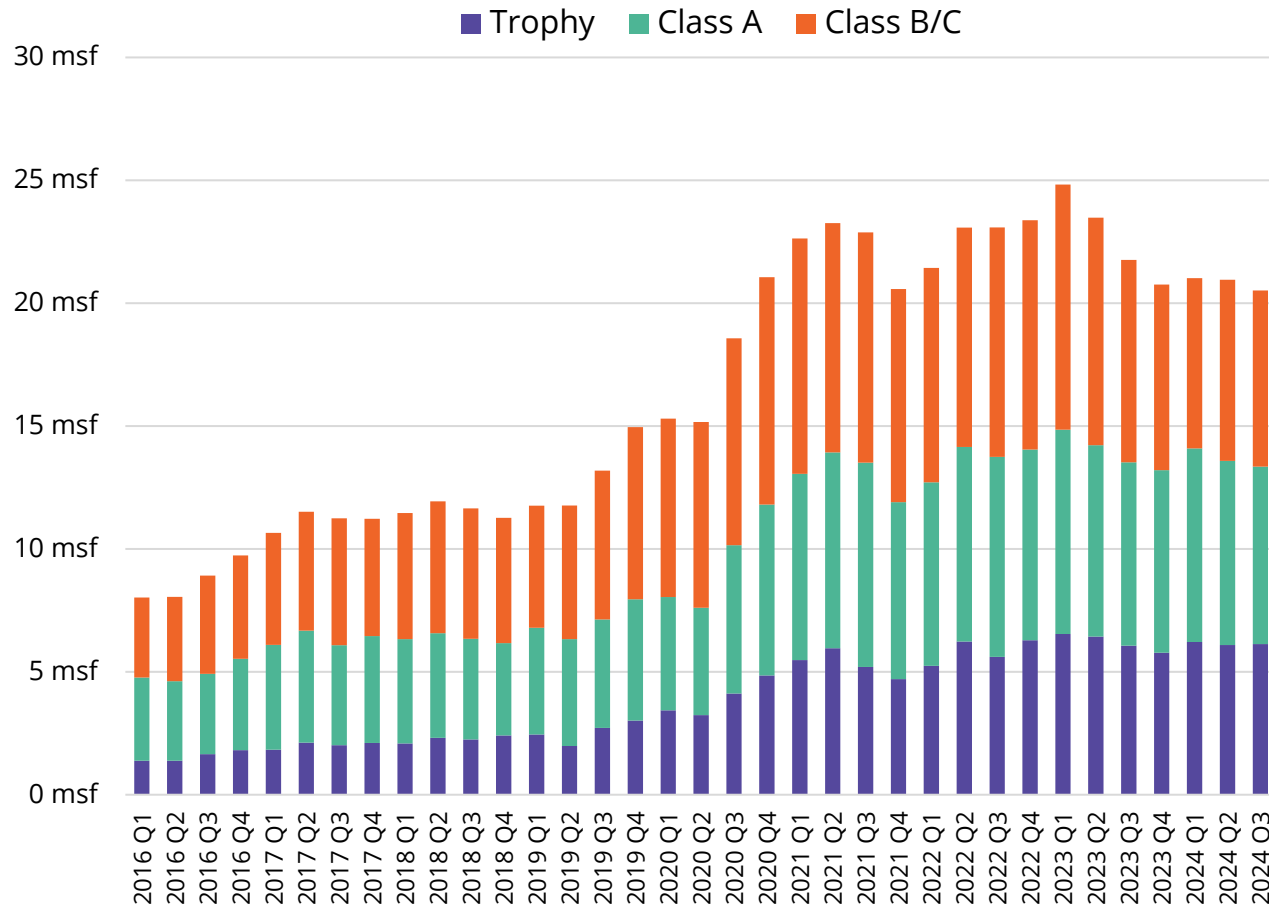
# Available direct space



Direct available space (75.5 msf) represents a 5.5% decrease from Q2 2024 (79.9 msf). Each asset class dropped between 5.2% and 5.6% quarter-over-quarter.

This figure remains elevated compared to pre-COVID values, but this is the largest quarter-over-quarter dip in direct availability in recent history.

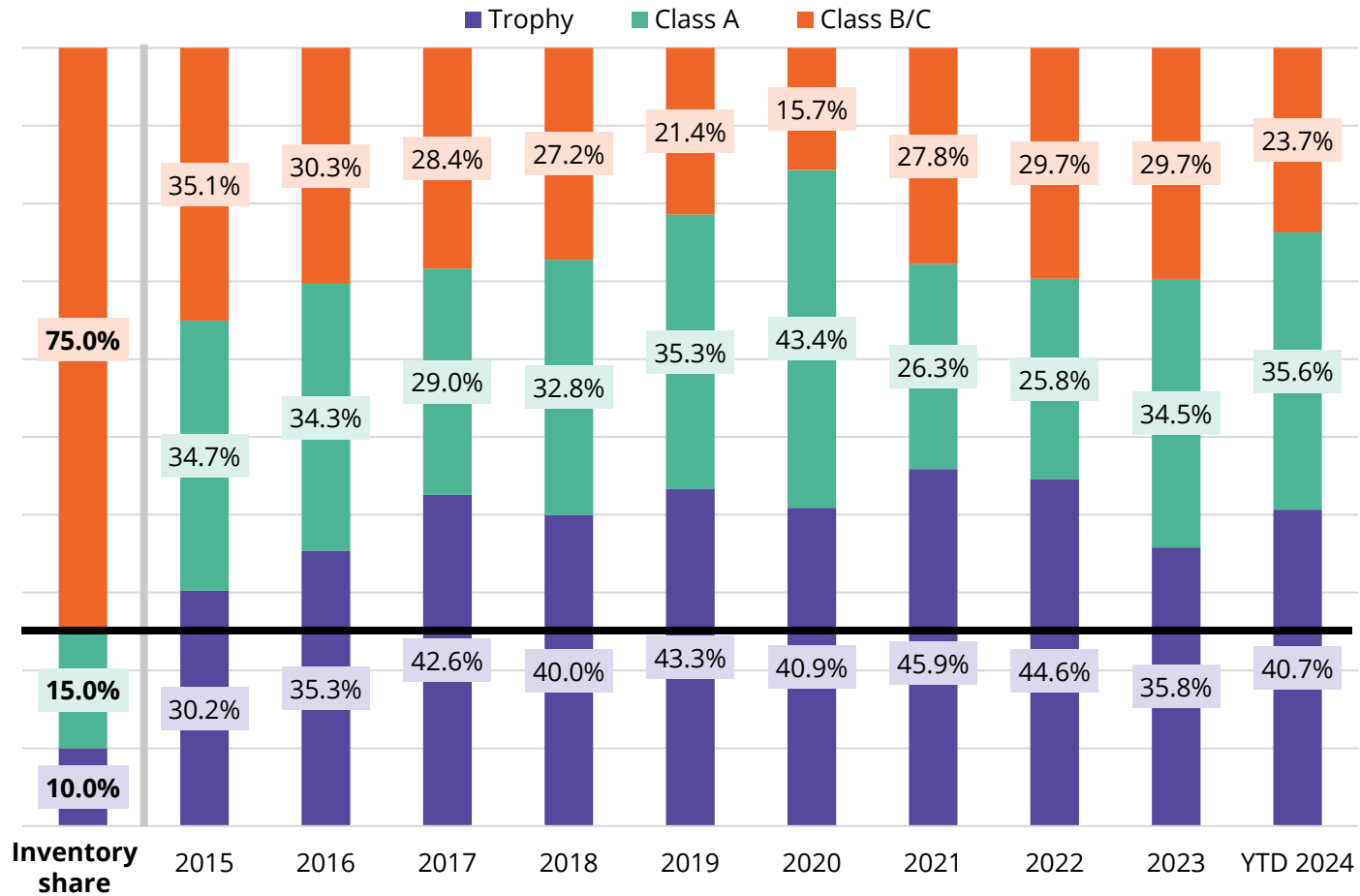
# Available sublet space



Sublet available space at 20.5 msf has seen a slight decrease from Q2 2024, dropping by 400,000-sf or 2.0%.

Any decrease in supply, regardless of the amount, is a positive sign for the long-term outlook of the office market's strength.

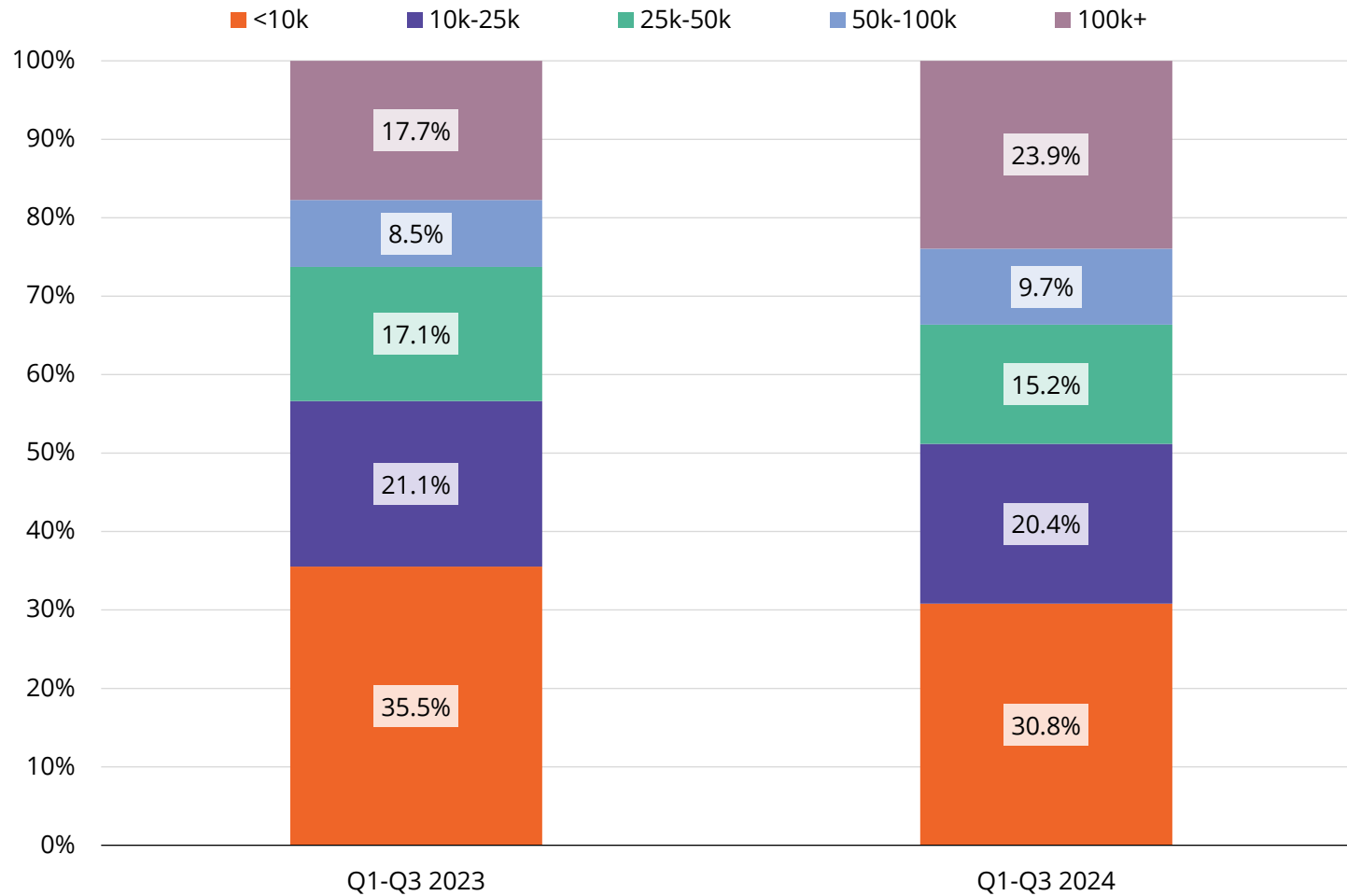
# Transaction activity by asset class, by square footage



Year-to-date, trophy properties have captured the largest share of Manhattan leasing activity by class at 40.7%. This is a big increase over 2023 and falls more in line with 2017–2020 levels.

Additionally, class A's share remains outsized relative to its proportion of the market. Together, trophy and class A – the top 25% of inventory – have accounted for 76.3% of leasing activity thus far in 2024.

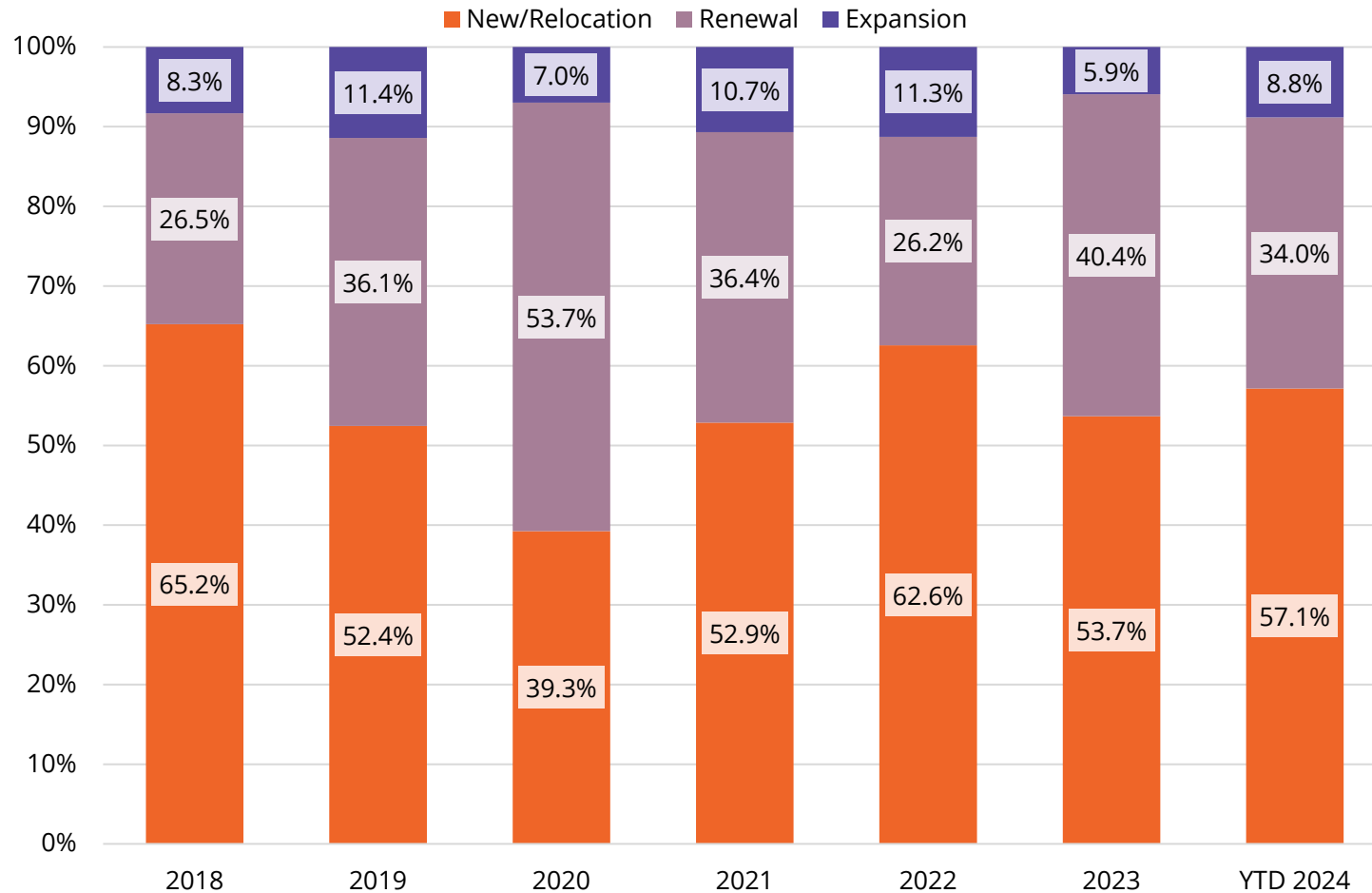
# Transaction activity by size tranche



From Q1–Q3 2023, leases of 100,000-sf or greater accounted for 17.7% of all leasing activity by square footage. Conversely, leases of 10,000-sf or smaller accounted for 35.5% of leasing activity.

Year-to-date 2024 shows a significant shift, with leases of 100,000-sf or more increasing their share of leasing activity to 23.9%, while leases of 10,000-sf or less decreased their share to 30.8%.

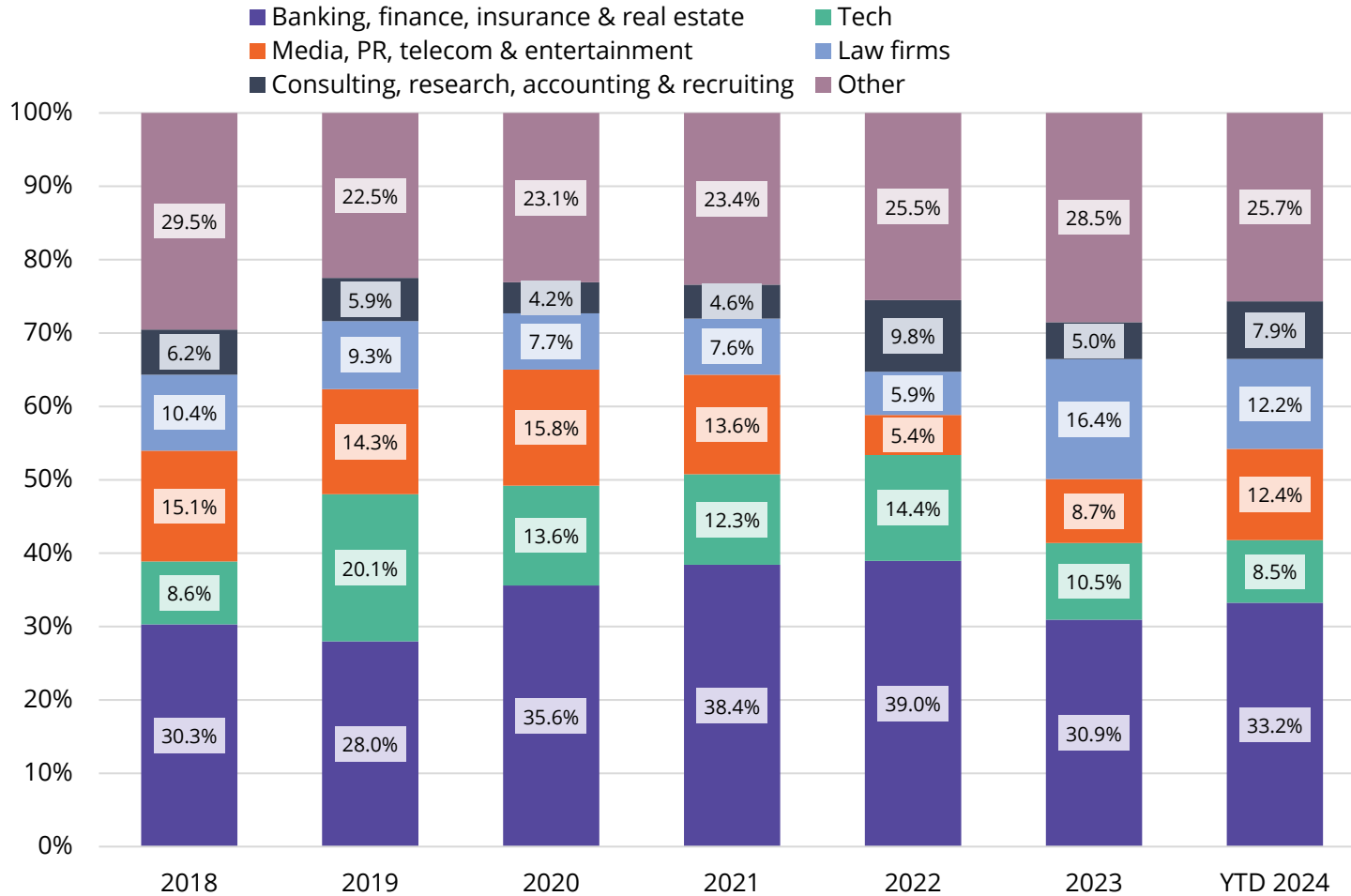
# Transaction activity by lease type



New/relocations' share of transaction activity is the highest level since 2018 other than 2022.

2023 experienced a significantly oversized share of renewals. It has regressed back towards normalcy in 2024, despite still experiencing a handful of large renewals.

# Leasing activity share by industry

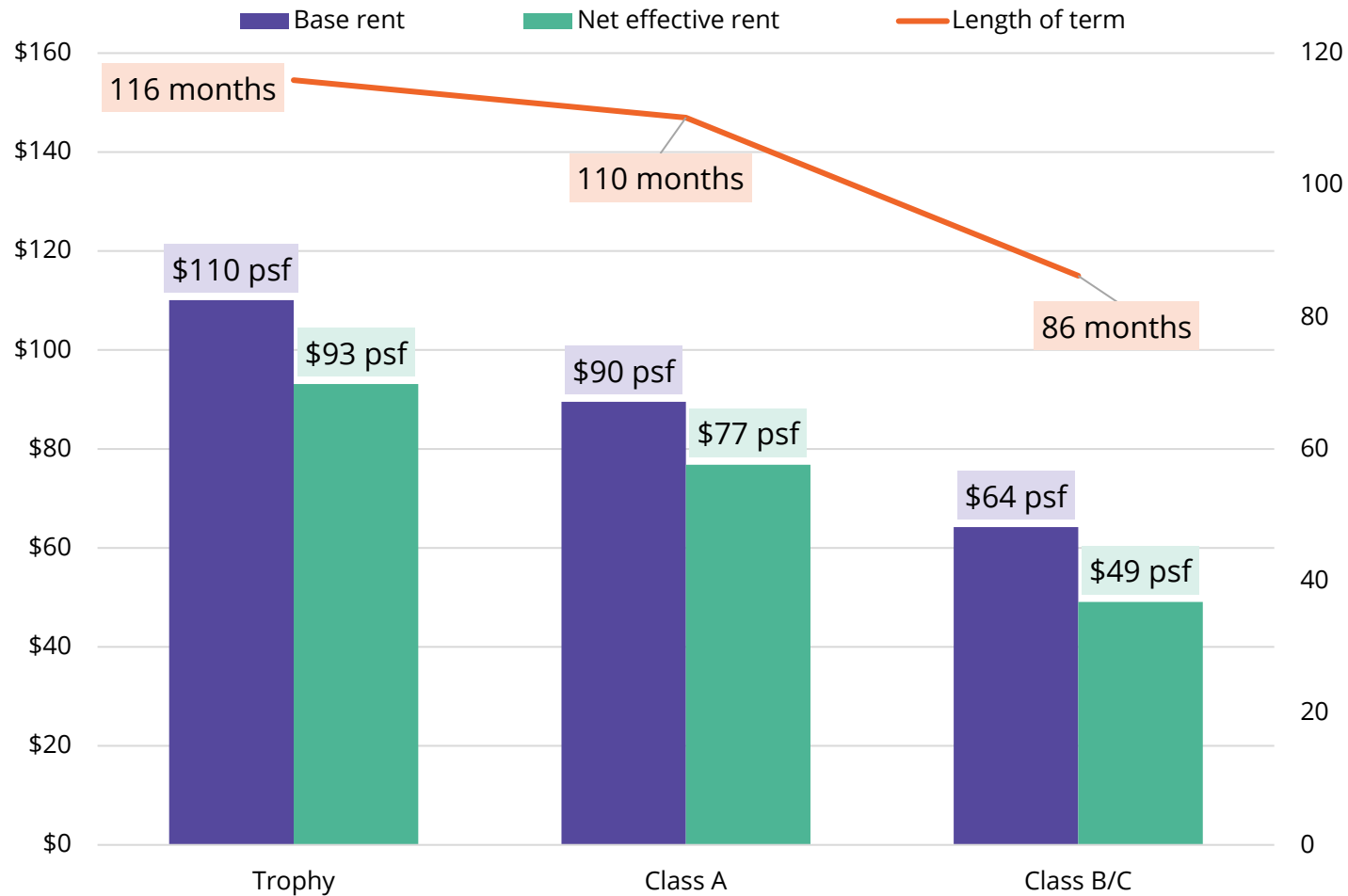


Office-using industries across Manhattan have fallen into different leasing cycles over time.

Law firms have seen a significant increase in their share of leasing activity in 2023 and YTD 2024. Banking/finance tenants, given their enormous footprint in Manhattan, will always have a large share of leasing.



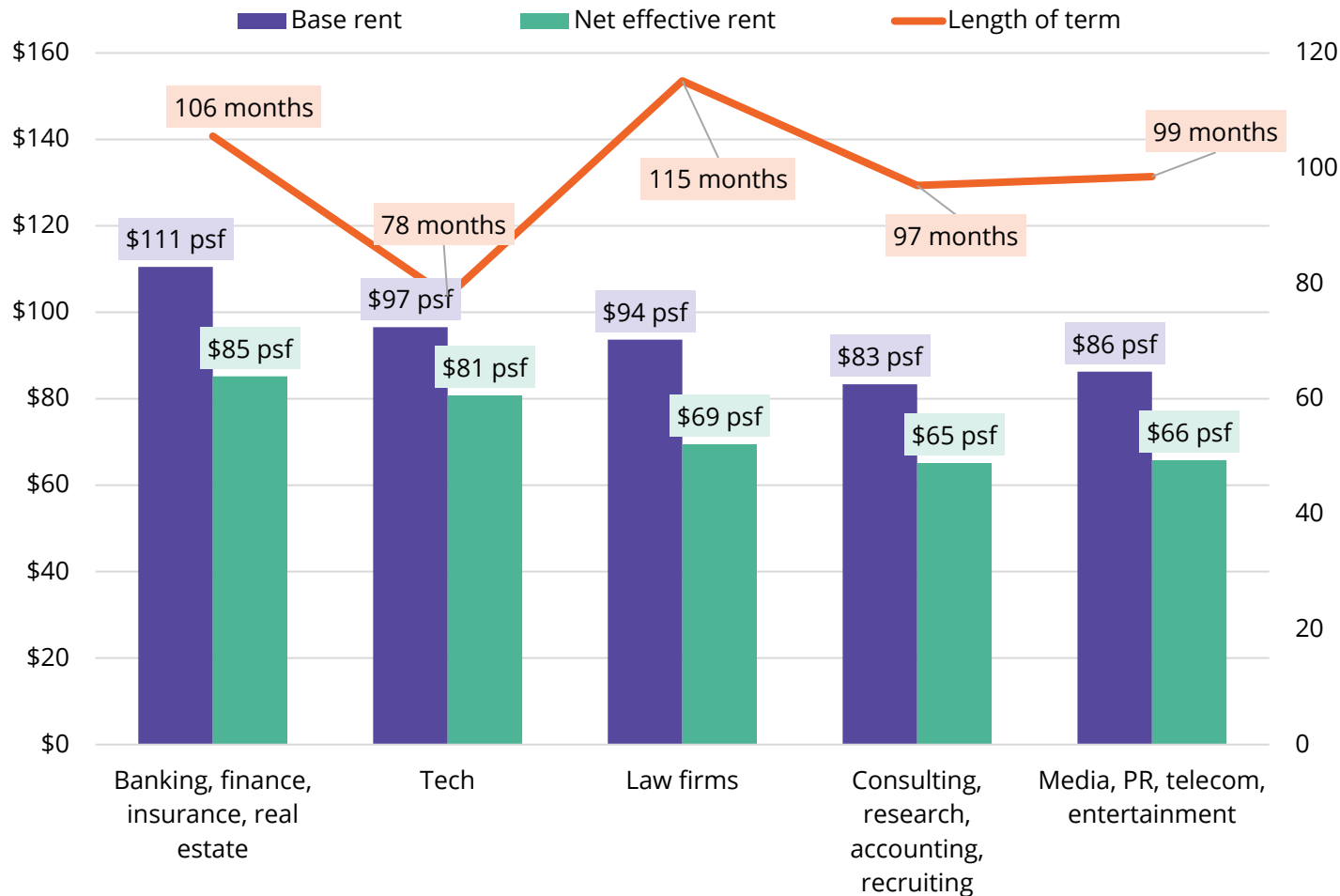
# Lease economics by class



Trophy leases continue to average the longest lease terms of all the asset classes at 116 months while class B/C leases are averaging by far the shortest lease terms at 86 months.

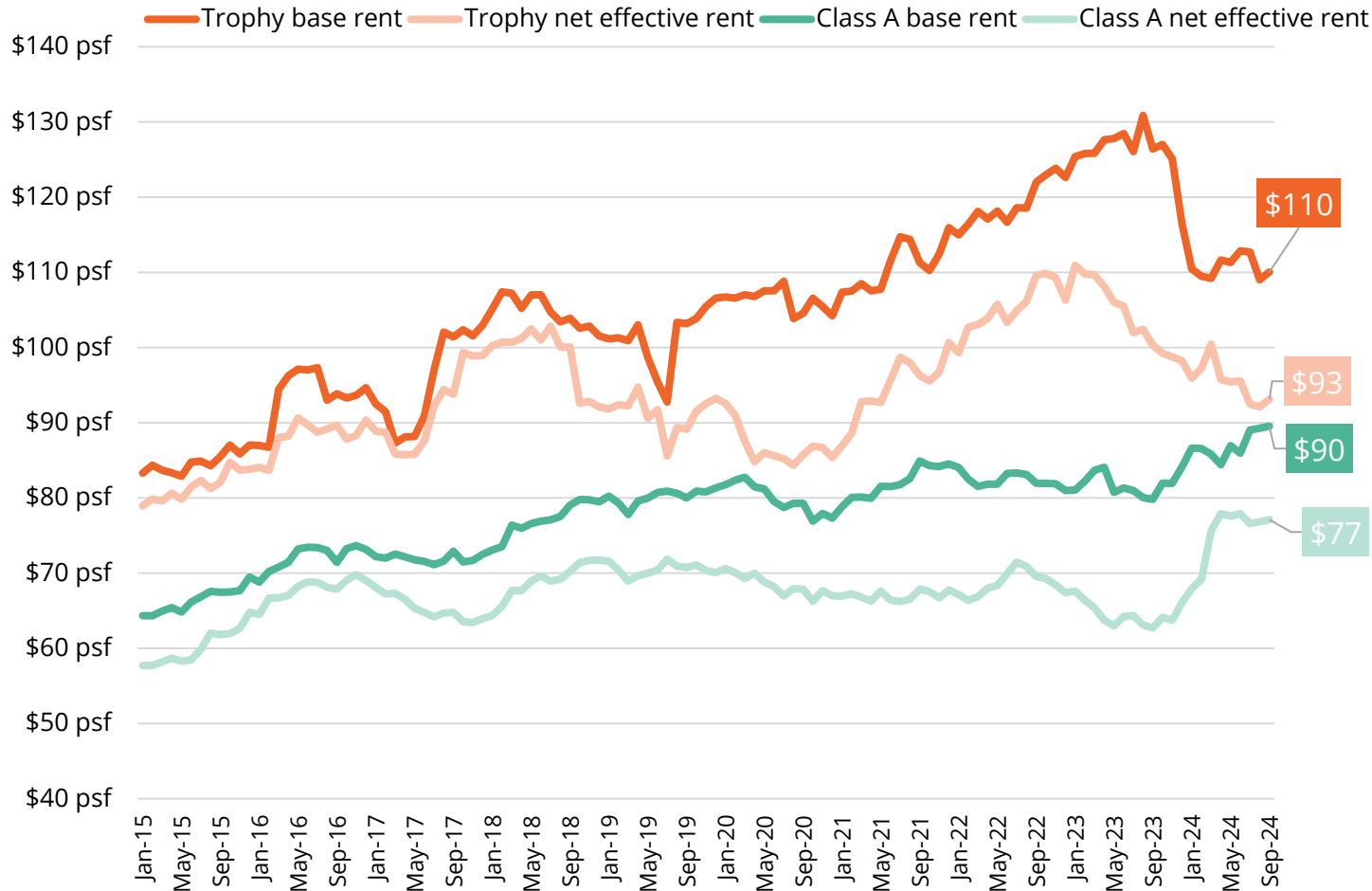
The gaps between base and net effective rents, however, have grown across all asset classes – now averaging between \$12–\$17 psf.

# Lease economics by industry



Over the past 12 months, banking, finance, insurance, and real estate tenants have seen the highest average base rent of \$111 psf and law firms continue to sign the longest lease terms on average at 115 months.

# Base and net effective rents by class

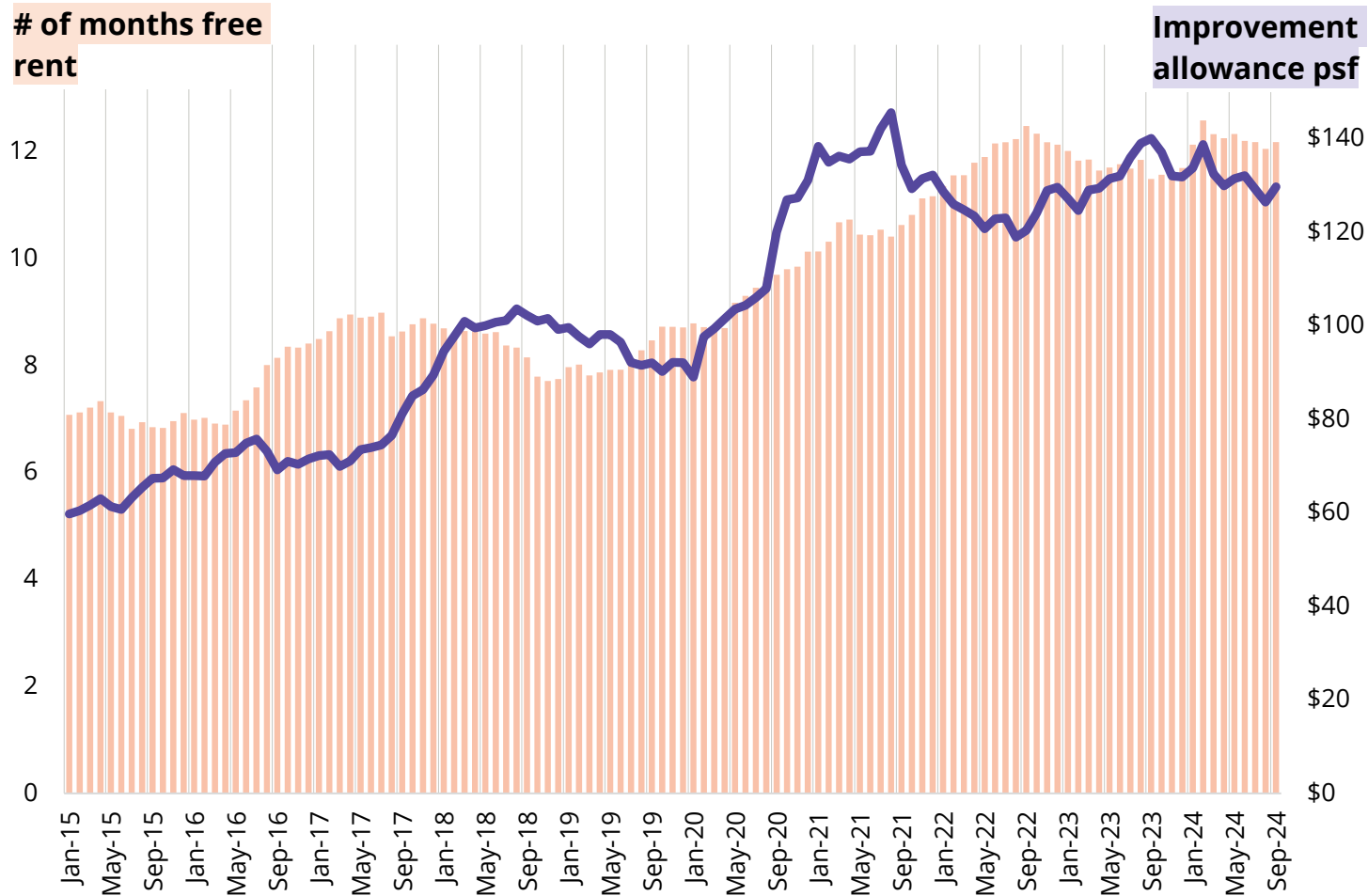


Trophy base and net effective rents have continued to decrease in 2024, due to most of the most desirable space being previously leased.

Meanwhile, class A base and net effective rents are trending upwards, with base rents reaching the highest value to date.

Note: Direct relocations only. Trophy properties represent the top 10% of the Manhattan office market in terms of rents and build date. Class A properties represent the top 25% but not the top 10%. Source: AVANT by Avison Young

# Trophy office concession packages

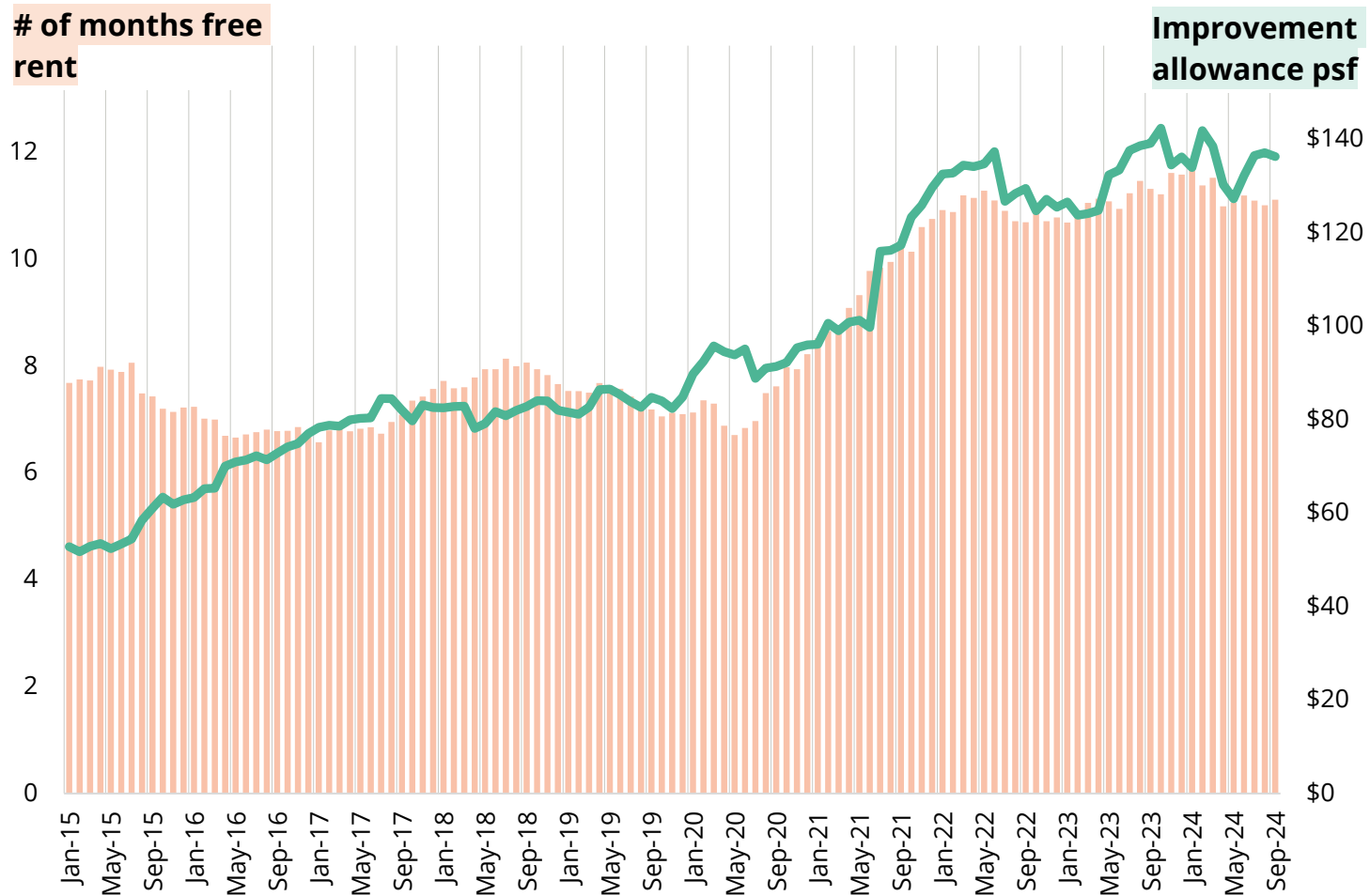


Tenant improvement allowances and free rent months for trophy properties in Manhattan are currently at \$130 psf and 12 months, respectively.

Tenant improvement allowances for trophy properties have experienced some fluctuation throughout 2024. They currently sit 7.4% lower than that of Q3 2023, due to most of the top tier product being leased in previous quarters.

Note: Direct relocations only. Trophy properties represent the top 10% of the Manhattan office market in terms of rents and build date. Normalized to 10-year lease terms.  
Source: AVANT by Avison Young

# Class A office concession packages

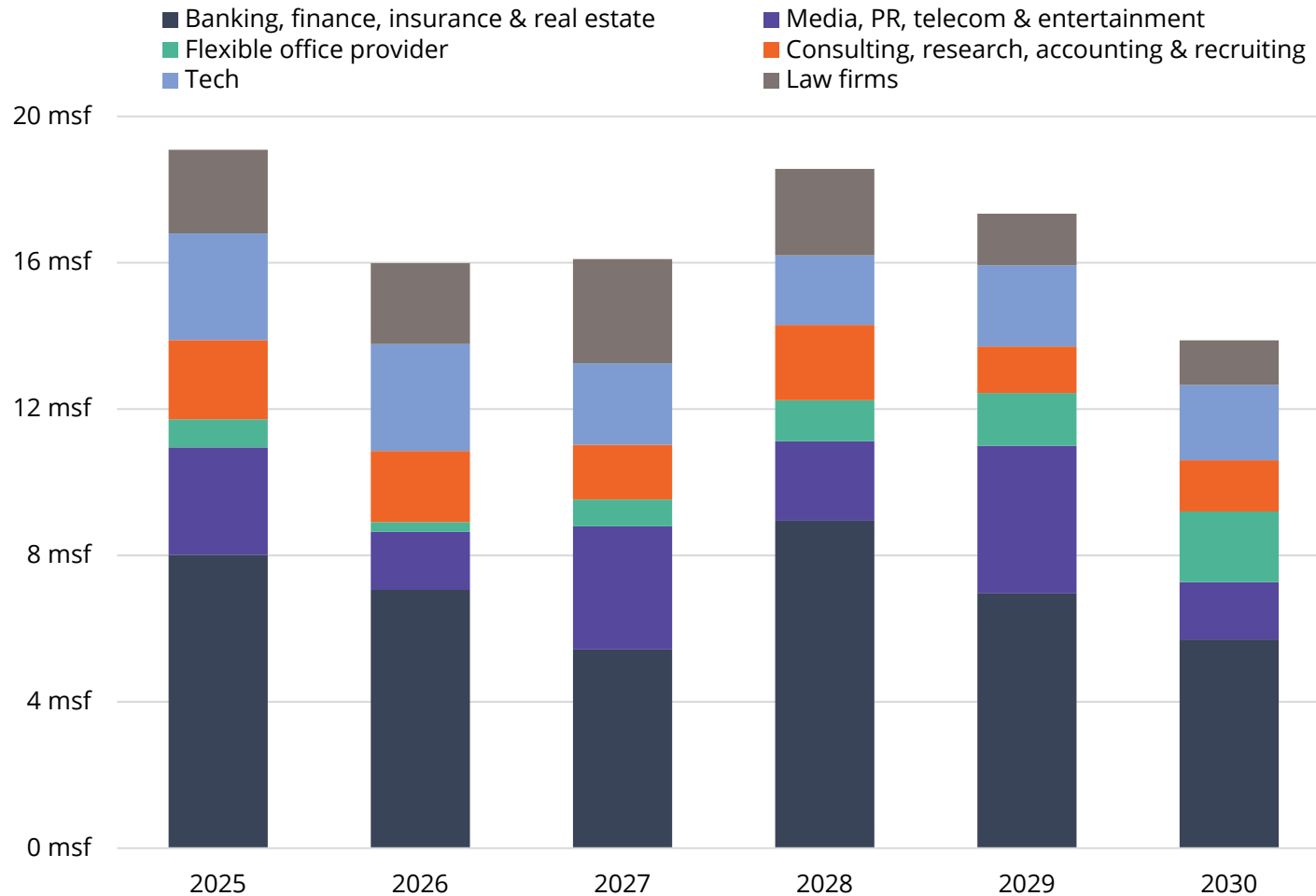


Tenant improvement allowances and free rent months for class A properties in Manhattan are currently at \$136 psf and 11 months, respectively.

Class A tenant improvement allowances are currently 3.1% higher than they were at the end of Q2 2024, and at \$136 per square foot the value is more than that of trophy buildings. This is due to a high demand for class A+ buildings, since most high-quality trophy space is already leased.

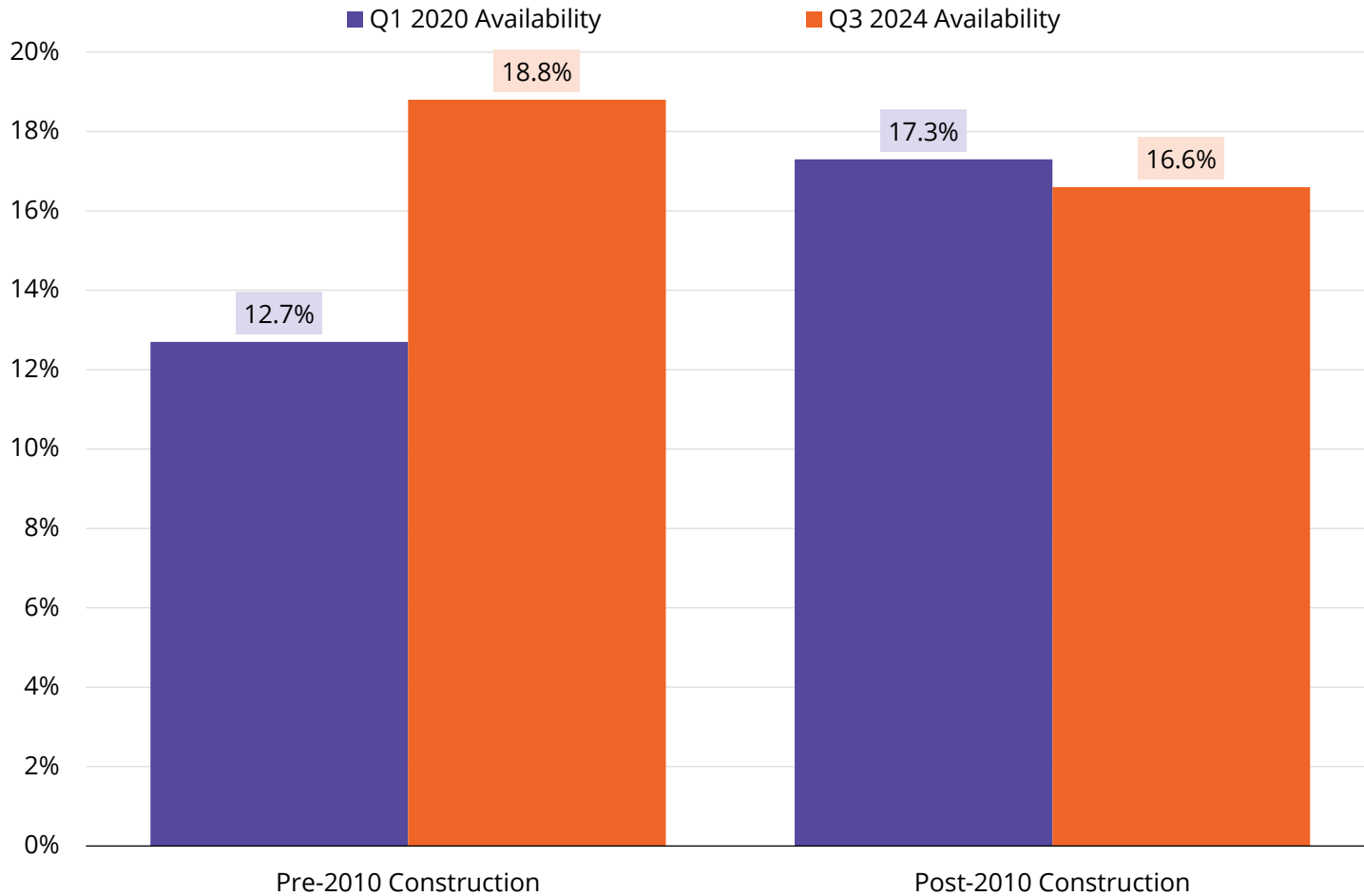
Note: Direct relocations only. Class A properties represent the top 25% but not the top 10% of the Manhattan office market in terms of rents and build date. Normalized to 10-year lease terms. Source: AVANT by Avison Young

# Upcoming lease expirations by major industry



Banking, finance, insurance, and real estate tenants make up 41.7% of expiring leases by square footage among major office-using industries from 2025 to 2030, totaling 42.1 msf. The next largest share of lease expirations is Media & PR at 15.5%.

# Availability by build year, Q3 2024 vs. Q1 2020



Manhattan buildings constructed before 2010 have experienced an increase in availability from 12.7% in Q1 2020 to 18.8% in Q3 2024. In contrast, availability in newly constructed Manhattan buildings (post-2010) has decreased from 17.3% in Q1 2020 to 16.6% in Q3 2024.

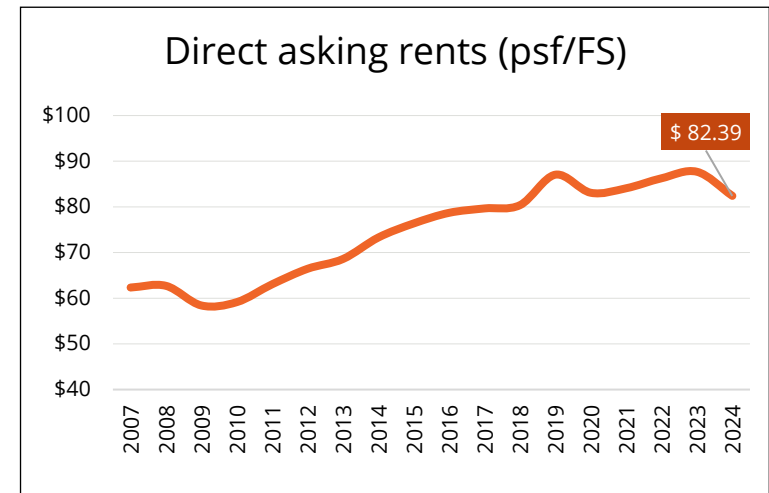
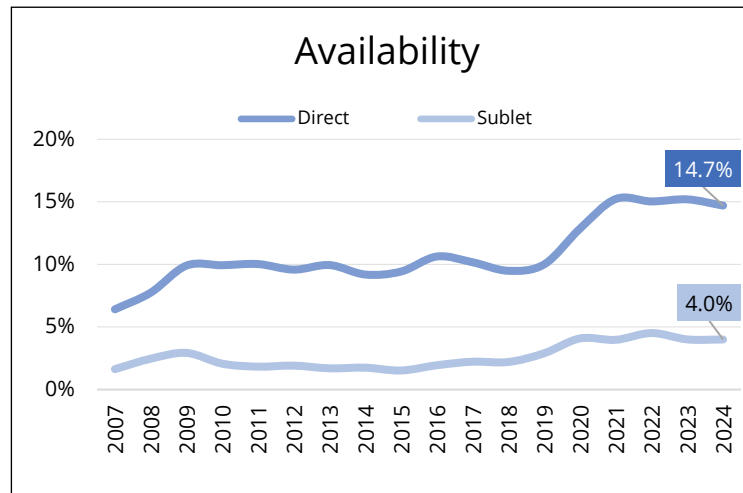
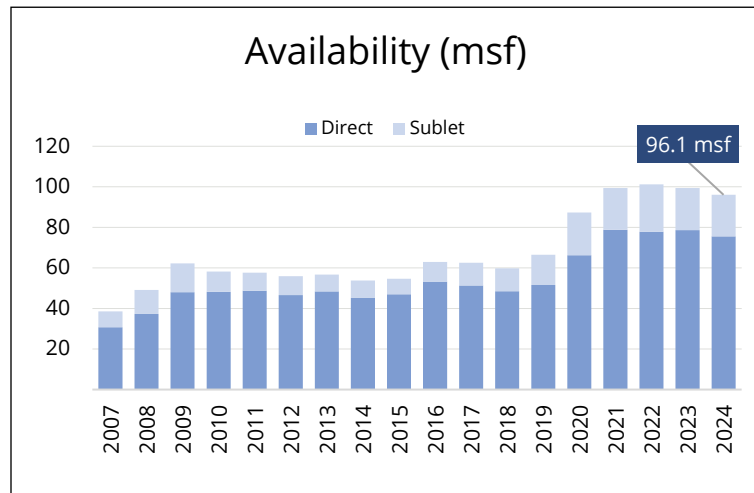
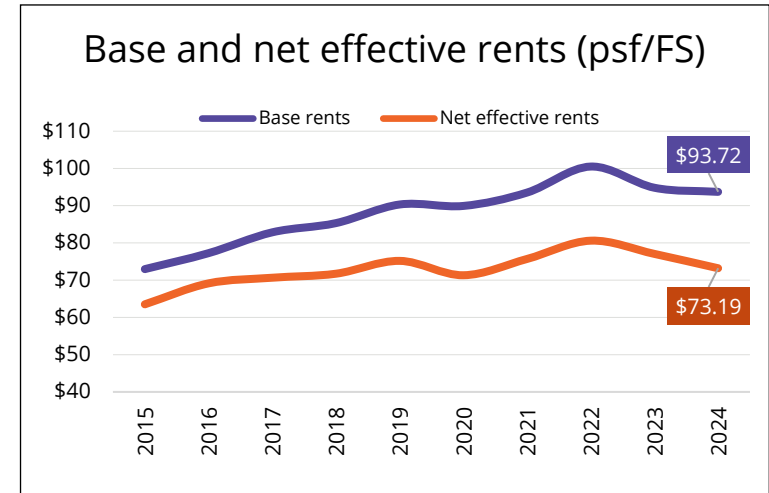
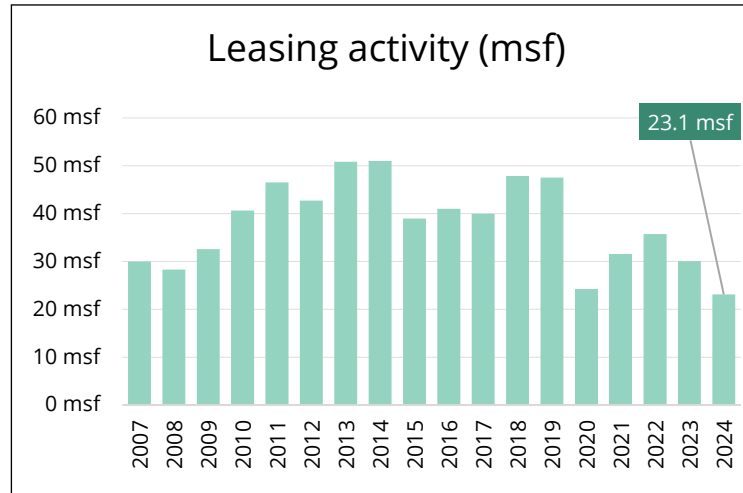
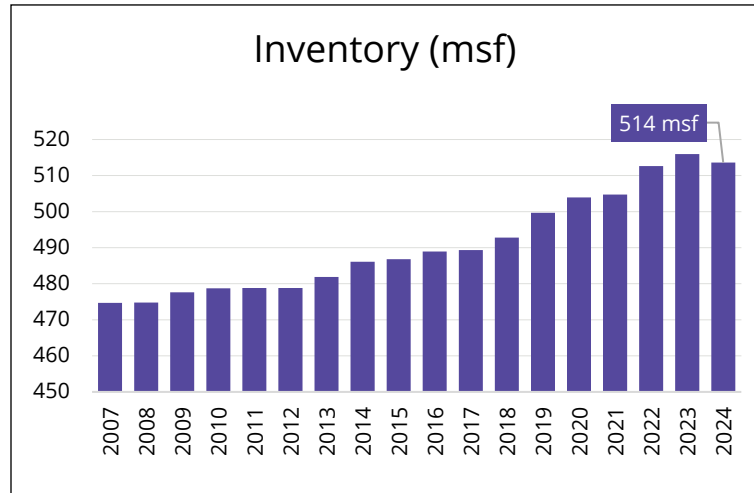
Landlords must continue to modernize and invest in aging properties, while tenants entering the market need to understand their asset-specific leverage in this increasingly segmented marketplace.

# Appendix





# Manhattan office market indicators



# Manhattan office market activity

## Q3 2024 leasing activity (170,000+ sf)

Tenant	Address	Submarket	Sign date	Size sf	Transaction type	Lease type
Blackstone	345 Park Avenue	Midtown Core	Jul 2024	913,106	Renewal/Expansion	Direct
Christie's	20 Rockefeller Plaza	Midtown Core	Aug 2024	406,719	Renewal	Direct
Willkie Farr & Gallagher	787 Seventh Avenue	Times Square	Jul 2024	313,086	Renewal/Expansion	Direct
Ares Management	245 Park Avenue	Grand Central	Jul 2024	307,336	Renewal/Expansion	Direct
CBRE	200 Park Avenue	Grand Central	Jul 2024	180,997	Renewal	Direct
Verizon	60 Hudson Street	Tribeca	Jul 2024	172,119	Renewal	Direct

## Large contiguous space availabilities added in Q3 2024

Address	Submarket	Space type	Block size sf	Date available
1185 Avenue of Americas	Grand Central	Direct	232,288	Nov 2025
909 Third Avenue	Midtown East	Direct	125,643	May 2025
345 Hudson Street	Hudson Square	Sublet	124,733	Immediate
345 Hudson Street	Hudson Square	Sublet	107,790	Immediate
1290 Avenue of Americas	Midtown Core	Direct	105,952	May 2025

# Manhattan office market stats

Submarket	Existing inventory sf	Under development sf	Direct availability	Sublet availability	Total availability	Annual direct asking rent psf FS
Central Park	31,201,346	-	10.9%	3.8%	14.7%	\$124.71
Grand Central	80,168,810	-	12.2%	3.2%	15.4%	\$78.6
Hudson Yards	19,487,097	-	7.6%	8.1%	15.7%	\$166.88
Midtown Core	58,990,282	-	11.3%	2.4%	13.7%	\$99.49
Midtown East	23,547,120	-	16.8%	1.1%	17.9%	\$73.05
Midtown West	3,572,812	-	16.4%	23.6%	40.0%	\$61.81
Murray Hill	11,029,299	-	22.5%	3.9%	26.4%	\$72.03
Penn Station	52,814,658	-	16.0%	3.1%	19.1%	\$79.06
Times Square	35,269,902	-	18.3%	4.1%	22.4%	\$77.59
<b>Midtown Total</b>	<b>316,081,326</b>	<b>-</b>	<b>13.7%</b>	<b>3.6%</b>	<b>17.3%</b>	<b>\$85.91</b>
Chelsea	17,335,672	158,180	23.1%	4.4%	27.5%	\$75.59
East Village	744,085	-	15.7%	8.8%	24.5%	-
Flatiron District/Gramercy Park	40,477,733	-	19.0%	2.6%	21.6%	\$103.47
Greenwich Village	7,296,312	112,617	16.6%	0.7%	17.3%	\$117.15
Hudson Square	10,725,544	1,200,000	15.2%	5.2%	20.4%	\$87.18
Lower East Side	2,680,266	-	25.4%	6.3%	31.7%	\$63.38
Meatpacking District	8,221,022	-	4.0%	1.3%	5.3%	\$46.39
SoHo	6,579,510	-	18.2%	4.2%	22.4%	\$80.64
West Village	293,542	60,674	31.2%	0.0%	31.2%	-
<b>Midtown South Total</b>	<b>94,353,686</b>	<b>1,531,471</b>	<b>17.9%</b>	<b>3.3%</b>	<b>21.2%</b>	<b>\$93.66</b>
City Hall	8,025,249	-	14.6%	1.8%	16.4%	\$54.73
Financial District	44,311,430	-	20.4%	4.4%	24.8%	\$67.55
Tribeca	7,630,681	-	16.7%	3.9%	20.6%	\$57.15
Water Street Corridor	18,270,530	-	10.1%	10.7%	20.8%	\$59.49
World Trade Center	22,769,692	-	7.3%	7.2%	14.5%	\$76.48
<b>Downtown Total</b>	<b>101,007,582</b>	<b>-</b>	<b>14.8%</b>	<b>5.9%</b>	<b>20.7%</b>	<b>\$66.71</b>
Upper East Side	535,947	-	3.5%	1.5%	5.0%	-
Upper West Side	1,603,866	-	6.3%	1.5%	7.8%	-
<b>Manhattan Total</b>	<b>513,582,407</b>	<b>1,531,471</b>	<b>14.7%</b>	<b>4.0%</b>	<b>18.7%</b>	<b>\$82.39</b>

# Manhattan office market stats by class

Class	Existing inventory sf	Under development sf	Direct availability	Sublet availability	Total availability	Annual direct asking rent psf FS
Trophy	138,176,795	1,358,180	12.3%	4.4%	16.7%	\$128.78
Class A	157,979,900	173,291	15.6%	4.6%	20.2%	\$82.60
Class B/C	217,425,712	-	15.5%	3.3%	18.8%	\$60.18
<b>Market Total</b>	<b>513,582,407</b>	<b>1,531,471</b>	<b>14.7%</b>	<b>4.0%</b>	<b>18.7%</b>	<b>\$82.39</b>



# Manhattan submarket map

Midtown



Midtown South



Downtown



[Click here to download larger maps](#)

# Office insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

## Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and  
information visit **avisonyoung.com**

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