Above-average leasing led to best annual total since 2019

▲ 1.57M	▲ 0.82M	▼ 18.8%	▼ 15.7%	▶ $58.40
Leasing Activity	Net Absorption	Availability Rate	Vacancy Rate	PSF Average Asking Rent

Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Leasing activity totaled 1.57 million sq. ft. in Q4, 99% ahead of the five-year quarterly average of 787,000 sq. ft.
- Year-end leasing activity amounted to 4.75 million sq. ft., up 112% from the prior year.
- Renewals totaled 492,000 sq. ft. in Q4, bring the year-end total to 1.62 million sq. ft.
- The availability rate fell 100 (basis points) bps from the last quarter to 18.8% and was down 180 bps from a year ago.
- Net absorption was positive 821,000 sq. ft. in Q4, bringing the year-end total to positive 2.02 million sq. ft.
- At $58.40 per sq. ft., the average asking rent was flat quarter-over-quarter but up 2% year-over-year.
- The sublease availability rate was down 10 bps from the last quarter to 4.3%, with the average asking rent down 1% from one year ago at $45.26 per sq. ft.

Market Overview

Downtown recorded 1.57 million sq. ft. of leasing activity in Q4—the fourth consecutive quarter leasing outpaced the five-year average and contributed to the highest annual leasing total since 2019 at 4.75 million sq. ft. Large-block leasing re-emerged in 2025 with spaces larger than 50,000 sq. ft. capturing 44% of leasing activity volume—more than double the share seen in 2024. Most of this demand came from occupiers already located within Downtown, as migration of new tenants was 36% below typical levels. Renewal activity was 492,000 sq. ft. in Q4—bringing the annual renewal volume to 1.62 million sq. ft. and marking the submarket's best year of renewal activity since 2020.

While demand has picked up, the removal of obsolete office stock remains a major part of the Downtown market. As of Q4 2025, fifteen buildings representing 5.76 million sq. ft. were either actively underway or planning a conversion away from office use. The removal of obsolete stock and the pickup in demand reduced the available office supply in Downtown throughout the year. Q4 marked the eighth consecutive quarter of positive absorption Downtown, dropping the availability rate 100 bps to 18.8%. Downtown's asking rent of $58.40 per sq. ft. was a discount of 31% from the other Manhattan markets. Attractive pricing, a lack of large-block availability in Midtown and Midtown South, and an evolving streetscape have Downtown's office market primed to continue improving in 2026.

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Economic Overview

Nationally, the economy is sending mixed signals. Financial markets are focused on the upside, particularly on AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping usher real estate into a new cycle.

The picture gets murkier when looking at households and labor trends. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households, while a softer labor market has entered a "slow to hire, slow to fire" phase for companies – a trend that is likely to last a few quarters. One consequence of this is softer inflation and long-term bond yields trending just below 4% by H2 2026. This mosaic of data supports CBRE's outlook for steady annual average GDP growth of 2% in 2026, a touch softer than in 2025.

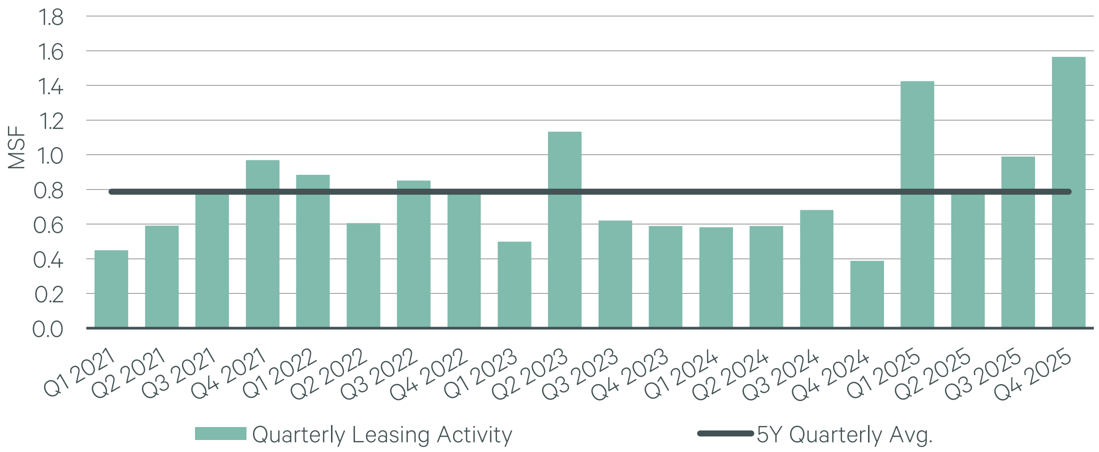
In New York City, the labor market also slowed in 2025, though some aspects remained resilient. Office-using employment (OUE) fell in early 2025 but recovered to 1.86 million jobs as of November 2025 (the most recent data available), less than 1% shy of the all-time high. Financial services was one of the key sectors that shed jobs in 2025, totaling 507,000 jobs as of November 2025, down from 514,000 at year-end 2024. Among the sectors posting the most gains during the year were Information services and accounting, while legal services remained roughly on par with its year-end 2024 level. NYC's unemployment rate steadily declined during the first half of 2025 before rising in recent months and finishing November 2025 at 5.5%. At this level, it was down 10 bps from year-end 2024 but higher than the national rate of 4.6%.

FIGURE 1: Top Lease Transactions for Q4 2025

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address
457,773	L	D	Moody's Investors Service	200 Liberty Street
378,438	RE	D	New York State Attorney General Office	28 Liberty Street
139,497	L	D	Stripe	28 Liberty Street
79,118	L	S	Scale AI	1 World Trade Center
73,581	L	D	Arch Labs	199 Water Street

Source: CBRE Research, Q4 2025. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q4 2025.

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Leasing Activity

Downtown recorded its best quarter of leasing since Q4 2019 with 1.57 million sq. ft. of activity in Q4—a 58% quarterly improvement and nearly double the five-year quarterly average of 787,000 sq. ft. Four quarters of above-average leasing propelled Downtown's annual leasing total to 4.75 million sq. ft.—112% ahead of the prior year and its largest annual total since 2019.

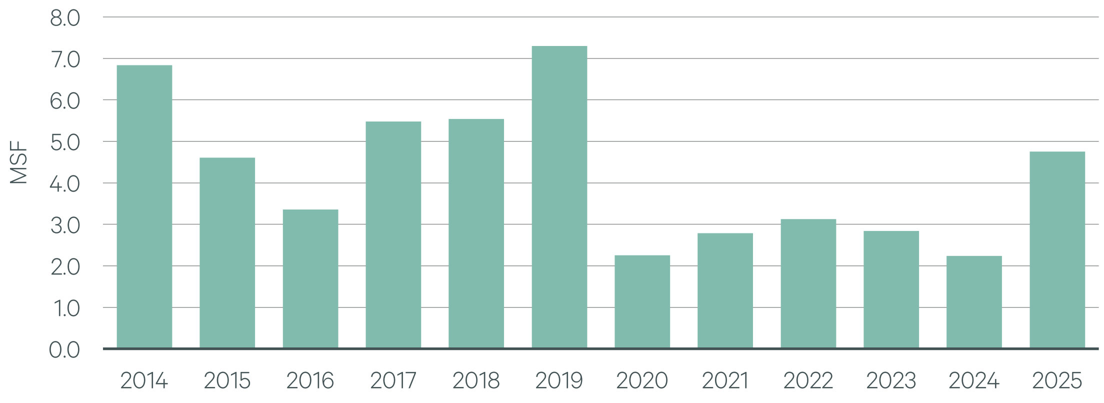
The re-emergence of leasing in blocks larger than 50,000 sq. ft. was a contributing factor for improved totals in 2025. Leasing in blocks larger than 50,000 sq. ft. made up 44% of the square footage leased after only accounting for 20% and 36% in 2024 and 2023, respectively. This trend will remain relevant in 2026 as Downtown has the potential to benefit from increasingly scarce large-block availability in Midtown South and Midtown.

Relocations from other Manhattan markets, a significant driver of leasing demand in previous cycles, remained subdued with only 249,000 sq. ft. of such activity in 2025. Over the past five years, there has been an annual average of 391,000 sq. ft. of relocation activity, a significant drop from the five-year average of 1.63 million sq. ft. recorded from 2015 through 2019.

Downtown recorded 492,000 sq. ft. of renewal activity in Q4, bringing the annual total to 1.62 million sq. ft. This is a significant improvement over the 239,000 sq. ft. of renewals recorded in 2024. The largest renewal Downtown in Q4 was the New York State Attorney General Office's 378,000 sq. ft. renewal/expansion at 28 Liberty Street. Several other large tenant recommitments completed earlier in the year bolstered the annual total including Jane Street's 984,000 sq. ft. renewal/expansion at 250 Vesey Street in Q1, Invesco's 204,000 sq. ft. renewal at 225 Liberty Street in Q2, and GFI Group's 129,00 sq. ft. renewal/expansion at 55 Water Street in Q3.

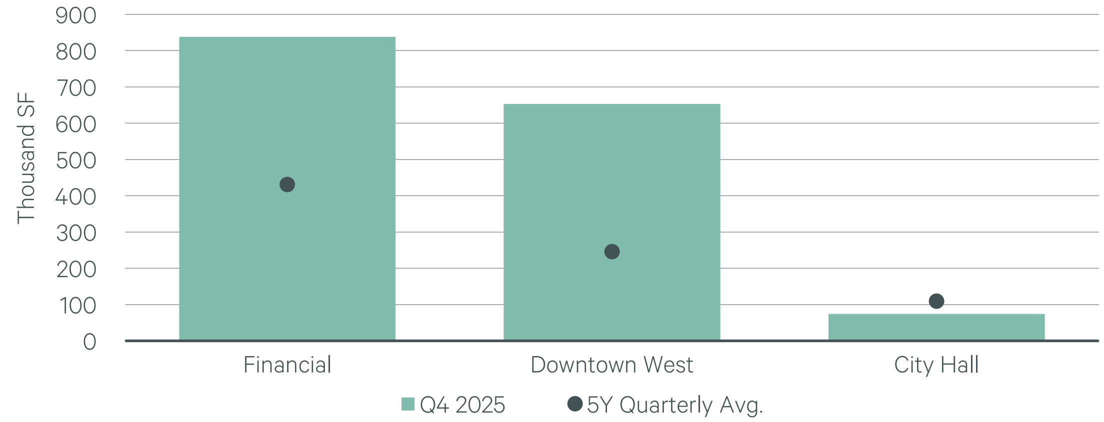
The financial services sector played a significant role in Downtown's overall office demand in 2025 with the sector accounting for 33% of leasing activity. The largest financial services transactions from Q4 were Moody's 458,000 sq. ft. consolidation at 200 Liberty Street, Arch's 74,000 sq. ft. relocation from Midtown South to 199 Water Street, and Velocity Clearing's 35,000 sq. ft. short-term sublet of Frank Recruitment Group space at 199 Water Street.

FIGURE 3: Leasing Activity | Historical



Source: CBRE Research, Q4 2025.

FIGURE 4: Leasing Activity | By District



Source: CBRE Research, Q4 2025.

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The technology sector captured 17% of the annual leasing activity in Q4 with Stripe's 139,000 sq. ft. expansion at 28 Liberty Street, Scale AI's 79,000 sq. ft. sublet of Bounce Exchange space at 1 World Trade Center, and Collibra's 16,000 sq. ft. long-term direct lease at 28 Liberty Street. The law sector rounded out the top three industries with an 8% share of 2025 leasing activity in Q4 with a handful of small leases but buoyed by Lewis Brisbois Bisgaard, & Smith's 78,000 sq. ft. long-term direct lease at 140 Broadway completed in Q3.

The Financial district led Downtown leasing activity in Q4 with 838,000 sq. ft. This total represented an 18% improvement over the amount leased in the previous quarter and was ahead of the five-year quarterly average of 431,000 sq. ft. by 94%. The Financial district finished the year with 2.31 million sq. ft. of leasing activity—a 49% improvement over the prior year and marked the highest yearly total since 2019 when activity reached 4.84 million sq. ft.

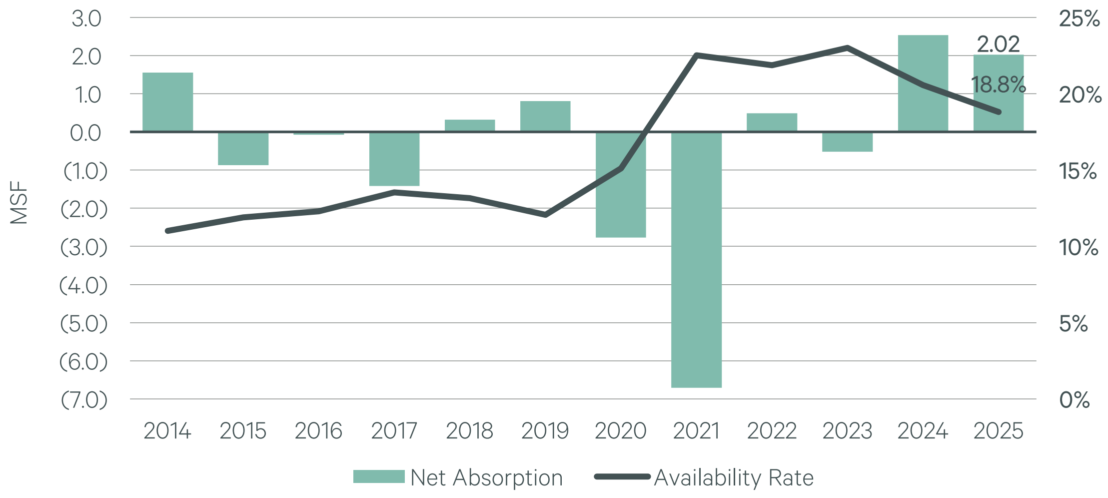
Downtown West leasing activity totaled 653,000 sq. ft. in Q4. This amount was nearly four times more than what was leased in the previous quarter and was 165% ahead of the district's five-year quarterly average of 246,000 sq. ft. Thanks to a very strong start and end to the year, Downtown West's full-year leasing activity in 2025 reached 2.06 million sq. ft.— its highest total in twelve years. City Hall experienced 74,000 sq. ft. of leasing activity in Q4, a 30% drop from the previous quarter and 32% behind its five-year quarterly average of 109,000 sq. ft. City Hall's annual leasing reached 377,000 sq. ft.—68% ahead of the total seen in 2024.

Net Absorption and Availability

Downtown's Q4 net absorption reached 821,000 sq. ft.—the submarket's eighth consecutive quarter of positive absorption that marked the longest quarterly streak of positive absorption on record. Subsequently, the submarket's availability rate fell 100 bps in Q4 to its lowest quarterly level since Q1 2021 at 18.8%. Annual absorption reached 2.02 million sq. ft in 2025 ,the first time since 2000 that two consecutive years surpassed two million sq. ft. in annual absorption.

Available sublease space fell 4% in Q4 to 3.58 million sq. ft.—declining for the seventh consecutive quarter and accounted for 23% of all available space in the submarket. Downtown sublease space has fallen 40% since the start of 2024. Despite this contraction, there was still a pair of sublet additions over 50,000 sq. ft. in Q4: Morgan Stanley's 251,000-sq.-ft. space at 1 New York Plaza and Rippling's 69,000-sq.-ft. space at 4 World Trade Center.

FIGURE 5: Net Absorption & Availability Rate | Historical



Source: CBRE Research, Q4 2025.

FIGURE 6: Quarterly Net Absorption | By District

Source: CBRE Research, Q4 2025.

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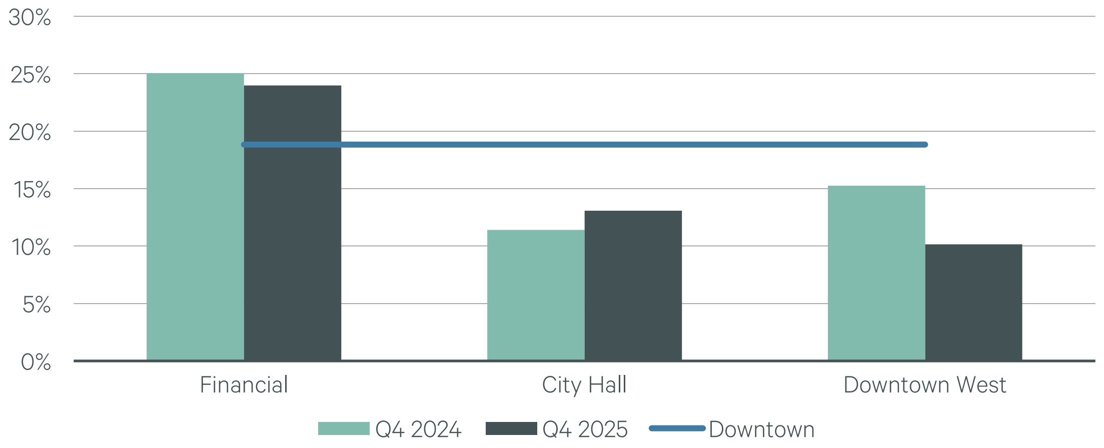
The Financial district recorded 460,000 sq. ft. of absorption in Q4, bringing its availability down 90 bps quarter-over-quarter and 100 bps year-over-year to 24.0%. Year-end absorption in the district totaled 1.21 million sq. ft. Despite this strong absorption, the Financial district still has the second highest availability rate in Manhattan, only trailing Midtown South's Chelsea at 24.3%.

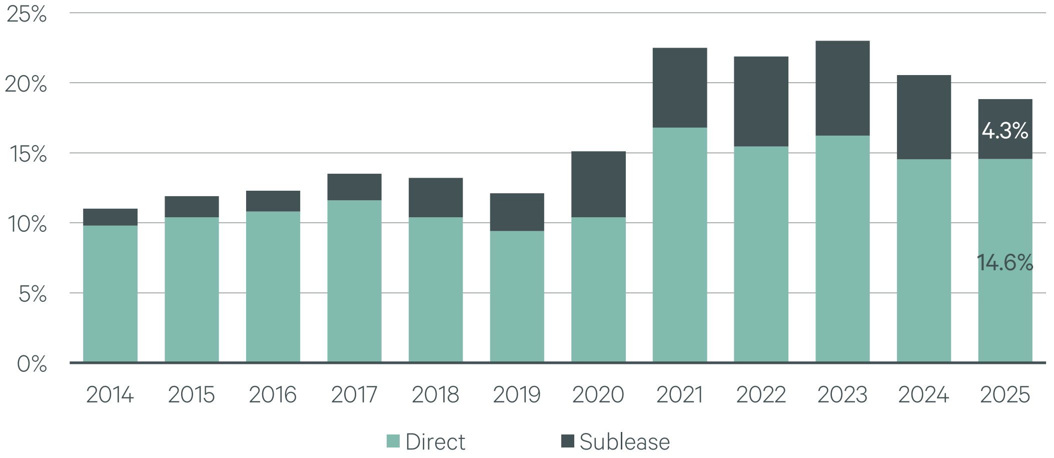
Downtown West absorption in Q4 totaled 270,000 sq. ft., bringing its year-end total to 1.03 million sq. ft. while dropping the availability rate by 130 bps quarter-over-quarter to 10.2%. City Hall's availability rate fell 60 bps quarter-over-quarter to 13.1% as the district logged 91,000 sq. ft. of absorption in Q4. City Hall totaled 222,000 sq. ft. of negative absorption in 2025, almost entirely due to a single large space addition in Q1.

FIGURE 8: Availability Rate | By District



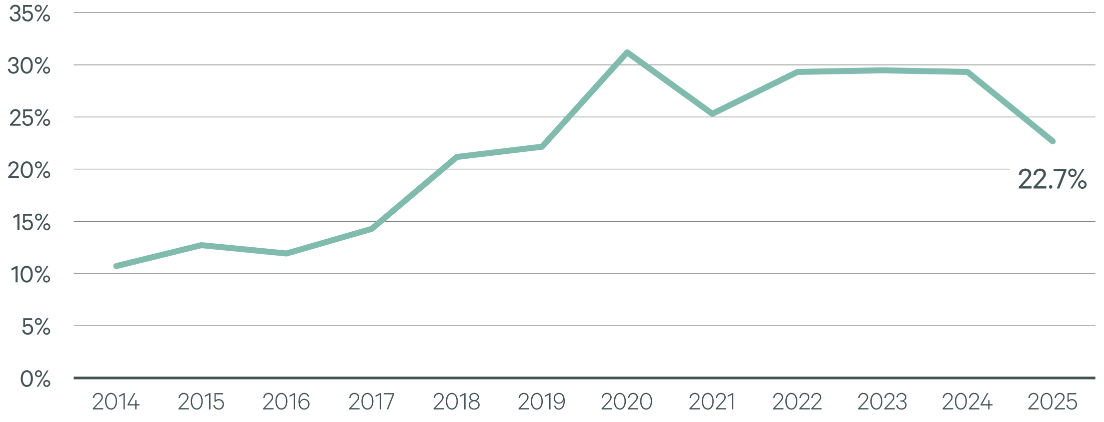
Source: CBRE Research, Q4 2025.

FIGURE 7: Sublease and Direct Availability Rate | Historical



Source: CBRE Research, Q4 2025.

FIGURE 9: Sublease Space as a % of Available Space | Historical



Source: CBRE Research, Q4 2025.

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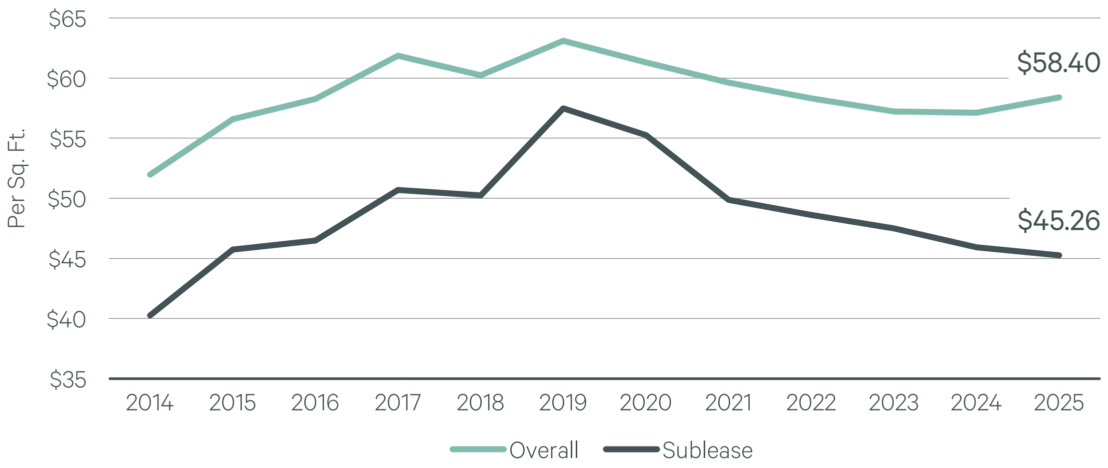
Average Asking Rent

The average asking rent Downtown was $58.40 per sq. ft. in Q4, on par with last quarter and up 2% from one year ago but still trailed May 2020's all-time peak of $63.98 per sq. ft. by 9%.

The Financial district's average asking rent in Q4 was $56.43 per sq. ft., stable from last quarter but up 2% year-over-year. Downtown West saw its average asking rent increase by 4% quarter-over-quarter and 15% year-over-year to $76.66 per sq. ft., largely driven by upward repricing in the World Trade Center combined with a sharp reduction in low-priced sublet space. City Hall's asking rent of $49.88 per sq. ft. as of Q4 remained unchanged both quarter-over-quarter but down 2% year-over-year.

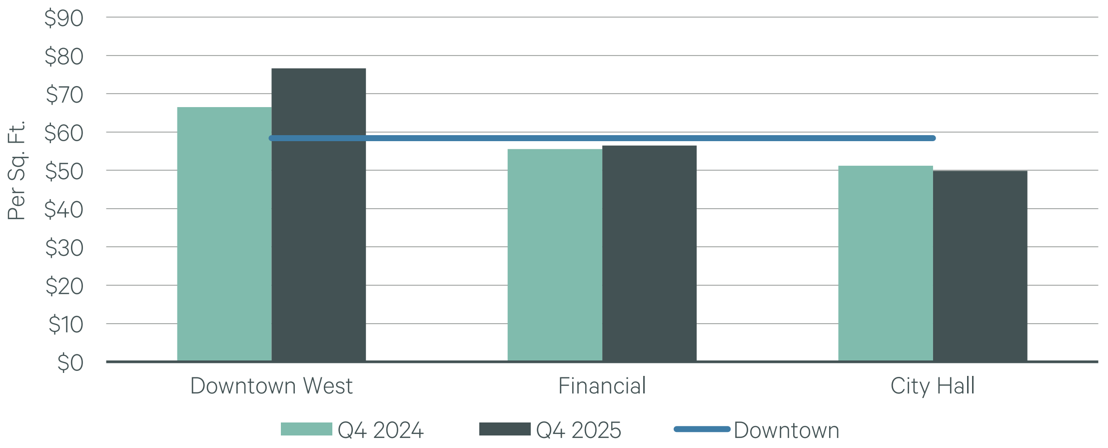
Downtown's asking rent represented a notable discount compared to the other Manhattan markets with average asking rents trailing Midtown and Midtown South by 31% on average.

FIGURE 10: Average Asking Rent | Historical



Source: CBRE Research, Q4 2025.

FIGURE 11: Average Asking Rent | By District



Source: CBRE Research, Q4 2025.

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Taking Rent Index

Downtown's taking rent index increased by 240 bps from the prior quarter to 89.2%, an improvement over 2024's 83.8% average.

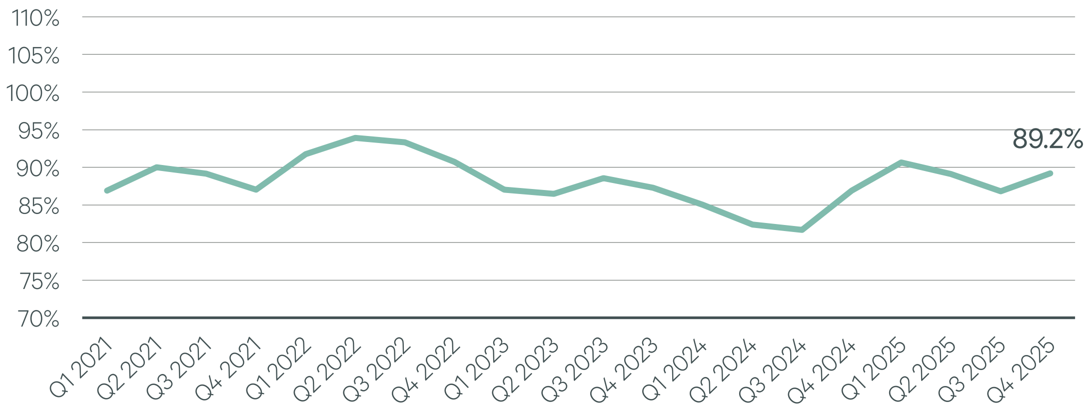
Concessions remain elevated for new leases Downtown. The average tenant improvement allowance (TI) for new leases of raw space larger than 25,000 sq. ft. increased 5% from year-end 2024 to $158.83 per sq. ft. While this average is up 58% from 2019, the average TI has hovered in the $150 per sq. ft. range since 2023. The free rent period averaged 19 months, down from the 20 months at year-end 2024 but above the 12 months given in 2019.

Development and Conversion Pipeline

No large-scale office projects are under construction Downtown. Two World Trade Center, a 2.80 million sq. ft. proposed development, remains the most noteworthy Downtown project potentially on the horizon.

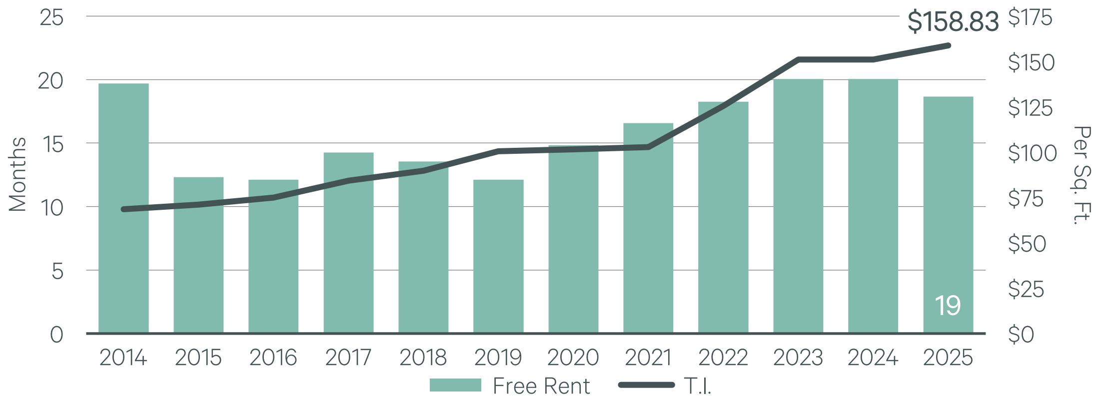
Downtown conversion activity was active in Q4 with 5.76 million sq. ft. of office stock converting or planning to convert across 15 buildings. Additionally, six buildings representing 3.46 million sq. ft. of office stock are rumored to be either exploring a conversion themselves or are being offered for sale as a potential conversion.

FIGURE 12: Taking Rent Index | Quarterly Historical



Source: CBRE Research, Q4 2025.

FIGURE 13: Concession Values | Historical



This study examines all direct new leases larger than 25,000 sq. ft. with a term length greater than 10 years (omits renewals and expansions). 2025 figures represent a blended average of 2023 – YTD 2025 data.

Source: CBRE Research, Q4 2025.

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Market Area Overview

Definitions

Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction.

Asking Rent: Weighted average asking rent.

Concession Values: The combination of rent abatement and T.I. allowance. The graph is for new leases for raw space of 25,000 sq. ft. or greater consummated year-to-date, this excludes expansion and renewal deals.

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.

Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

Rent Abatement: The time between lease commencement and rent commencement.

Taking Rent: Actual, initial base rent in a lease agreement.

Taking Rent Index: Initial taking rents as a percentage of asking rents.

Definitions

T.I.: Tenant improvements.

Vacancy: Unoccupied space available for lease.

Percentage of Leasing by Industry: The percentage of sq. ft. leased by an industry based on transactions where a tenant and industry have been confirmed.

Survey Criteria

CBRE’s market report analyzes fully modernized office buildings that total 75,000+ sq. ft. in Downtown, including owner-occupied buildings (except those owned and occupied by a government or government agency). New construction must be available for tenant build-out within 12 months. CBRE assembles all information through telephone canvassing and listings received from owners, tenants and members of the commercial real estate brokerage community.

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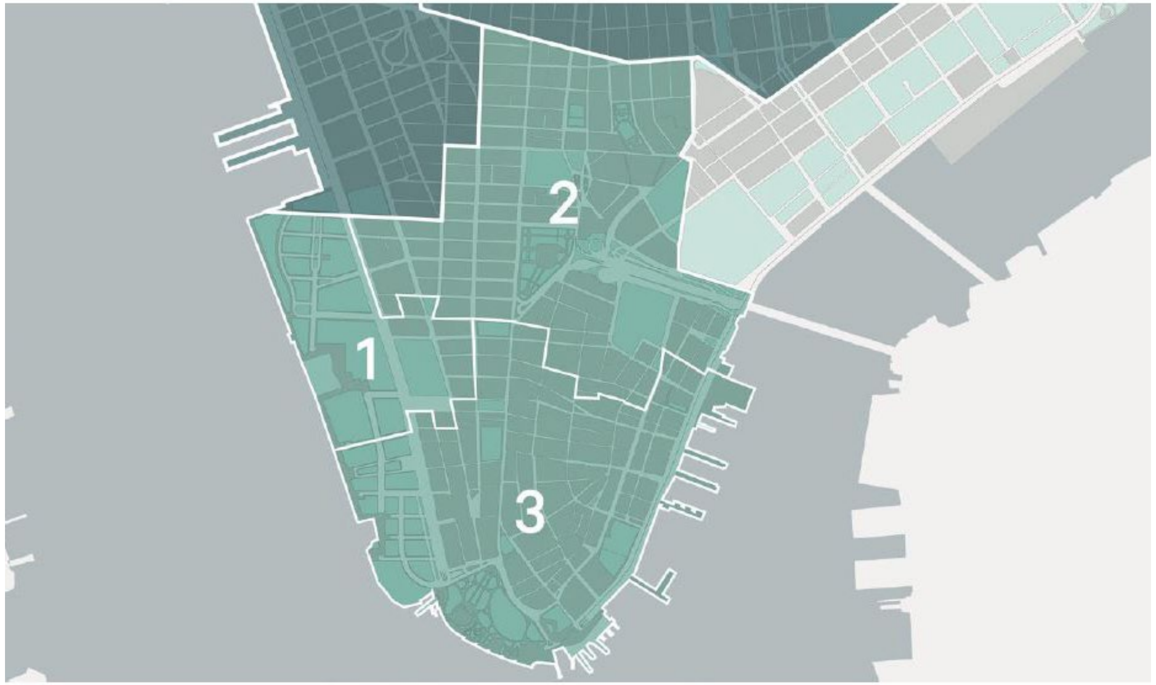
Market Area Overview



District		Total Size (MSF)	No. of Buildings
1	Downtown West	20.4	10
2	City Hall	13.8	30
3	Financial	49.8	72
TOTAL INVENTORY		**83.9**	**112**

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