

Year-to-date net absorption off to strongest start since 2014

▼ 0.34M
Leasing Activity

▼ 0.13M
Net Absorption

▼ 22.3%
Availability Rate

▲ 19.3%
Vacancy Rate

▶ \$84.42
Average Asking Rent

Note: Arrows indicate change from previous month.

QUICK FACTS

- Leasing activity totaled 337,000 sq. ft. in February, on par with the five-year monthly average of 337,000 sq. ft.
- Year-to-date leasing activity amounted to 885,000 sq. ft., up 63% from the prior year.
- No renewals occurred in February, leaving the year-to-date total at 19,000 sq. ft.
- The availability rate was down 10 basis points (bps) from last month at 22.3% and was down 40 bps from a year ago.
- Net absorption was positive 126,000 sq. ft. in February, bringing the year-to-date total to positive 420,000 sq. ft.
- At \$84.42 per sq. ft., the average asking rent was essentially flat month-over-month and year-over-year.
- The sublease availability rate was down 10 bps from last month at 3.2%, with the average asking rent essentially flat from one year ago at \$60.81 per sq. ft.

FIGURE 1: Top Lease Transactions for February 2025

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address
33,295	E	D	NetFlix, Inc.	888 Broadway
21,100	L	S	Winebow, Inc.	401 Park Avenue South
19,420	E	S	Capital One Labs	114 Fifth Avenue
12,103	L	D	Reckoner Capital Management	11-15 East 26th Street
10,946	L	D	Flowdesk USA	215 Park Avenue South

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

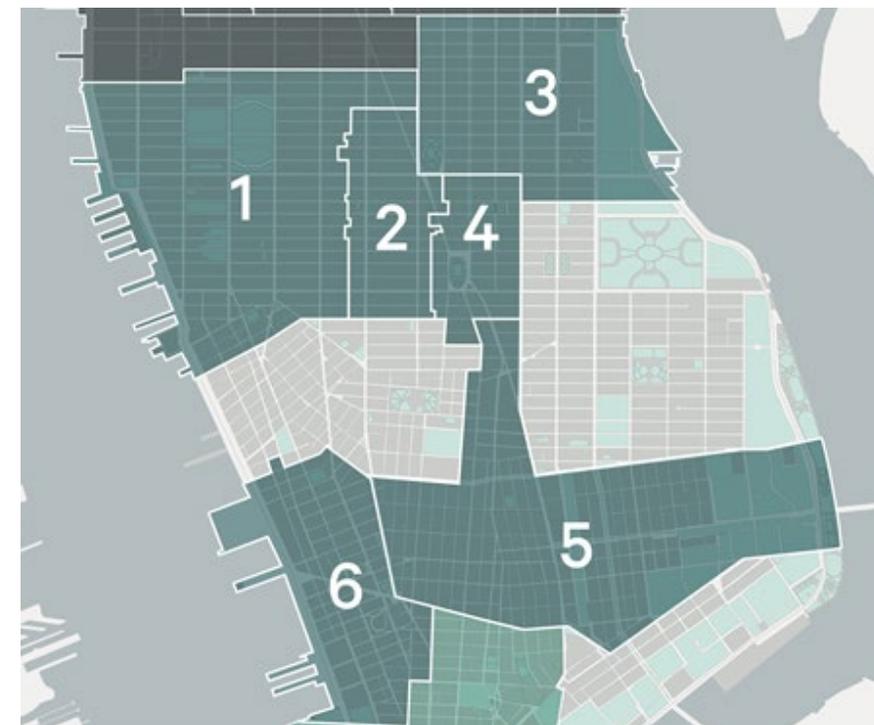
FIGURE 2: Midtown South Market Activity

	Feb. 2025	Jan. 2025	Feb. 2024	YTD 2024	YTD 2025
Leasing Activity	0.34 MSF	0.55 MSF	0.34 MSF	0.54 MSF	0.88 MSF
Renewals	0.00 MSF	0.02 MSF	0.02 MSF	0.09 MSF	0.02 MSF
Absorption	0.13 MSF	0.29 MSF	(0.01) MSF	(0.01) MSF	0.42 MSF
Availability Rate	22.3%	22.4%	22.7%		
Vacancy Rate	19.3%	19.0%	18.1%		
Average Asking Rent	\$84.42 PSF	\$84.37 PSF	\$83.70 PSF		
Taking Rent Index	92.8%	91.1%	86.0%		

Source: CBRE Research, March 2025.

Major New Availabilities

- 29,000 sq. ft. of direct space at 7 Penn Plaza
- 24,000 sq. ft. of direct space at 31 Penn Plaza
- 21,000 sq. ft. of Vitech Systems Group, Inc. sublet space at 401 Park Avenue South
- 18,000 sq. ft. of direct space at 416 West 13th Street
- 17,000 sq. ft. of Teads.tv sublet space at 55 Fifth Avenue



Submarket		Total Size (MSF)	No. of Buildings
1	Chelsea	18.3	78
2	Flatiron	12.2	73
3	Park Avenue S./Madison Sq.	19.3	57
4	Union Sq.	5.7	38
5	NoHo/SoHo/Lower East Side	9.1	67
6	Hudson Sq./Tribeca	18.1	36
TOTAL INVENTORY		82.5	349

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 20,000+ sq. ft. in Midtown South, 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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