

FIGURES | MIDTOWN SOUTH MANHATTAN OFFICE | DECEMBER 2022

Net absorption positive despite soft leasing activity



Note: Arrows indicate change from previous month.

QUICK FACTS

- Monthly leasing activity totaled 317,000 sq. ft., down 25% from the five-year monthly average of 420,000 sq. ft.
- Year-to-date leasing activity totaled 4.85 million sq. ft., up 10% from the same period last year.
- Renewals totaled 45,000 sq. ft. in November, bringing the year-to-date total to 1.27 million sq. ft.
- The availability rate decreased 20 basis points (bps) from last month to 19.7% but was up 170 bps from a year ago.
- Net absorption was positive 146,000 sq. ft. in November, bringing the year-to-date total to negative 1.41 million sq. ft.
- The average asking rent was \$83.05 per sq. ft., virtually unchanged from last month and up 6% from one year ago.
- Sublease availability decreased 10 bps month-over-month to 4.8%, with an average asking rent of \$65.24 per sq. ft., up 2% from one year ago.

FIGURE 1: Top Lease Transactions for November 2022

Size (Sq. Ft.)	Tenant	Address
25,529	GameChanger Media, Inc.	0 Irving
24,553	RE Maytex Mills Corporation	261 Fifth Avenue
22,000	Alpine Investments	0 Irving
14,500	Pushkin	5 Union Square West
14,103	Axonius	41 Madison Avenue

Source: CBRE Research, December 2022. Renewal (R), Expansion (E), Renewal and Expansion (RE).

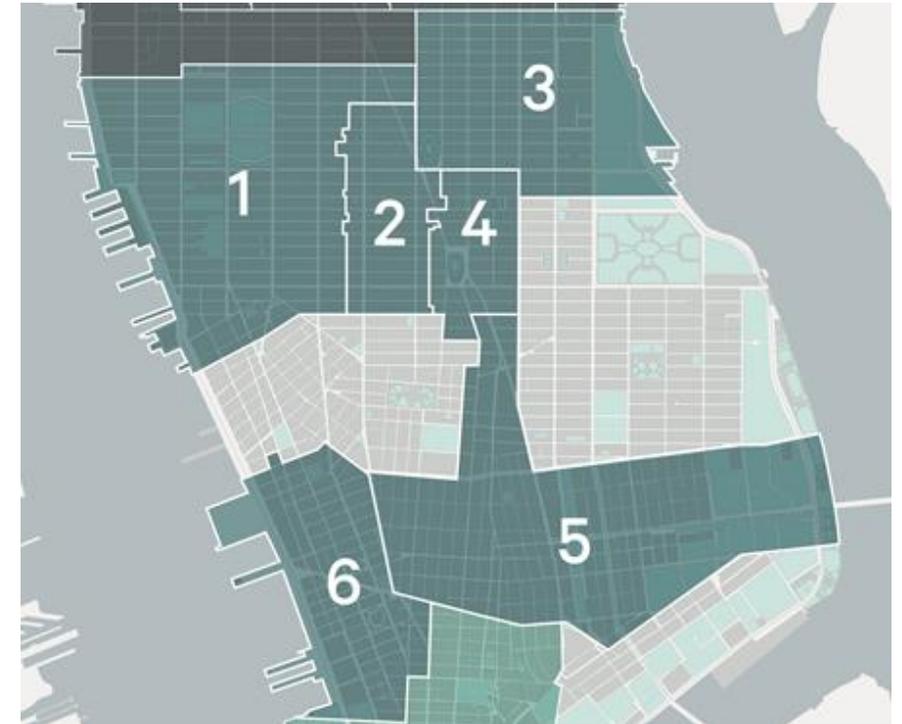
FIGURE 2: Midtown South Market Activity

	Nov. 2022	Oct. 2022	Nov. 2021	YTD 2021	YTD 2022
Leasing Activity	0.32 MSF	0.32 MSF	0.43 MSF	4.41 MSF	4.85 MSF
Renewals	0.05 MSF	0.02 MSF	0.06 MSF	0.40 MSF	1.27 MSF
Absorption	0.15 MSF	(0.59) MSF	0.13 MSF	(2.26) MSF	(1.41) MSF
Availability Rate	19.7%	19.9%	18.0%		
Vacancy Rate	15.4%	15.6%	13.2%		
Average Asking Rent	\$83.05 PSF	\$83.58 PSF	\$78.36 PSF		
Taking Rent Index	94.2%	93.4%	89.9%		

Source: CBRE Research, December 2022.

Major New Availabilities

- 39,000 sq. ft. of Medidata Solutions, Inc. sublet space at 350 Hudson Street
- 39,000 sq. ft. of Deloitte Digital sublet space at 330 Hudson Street
- 26,000 sq. ft. of Lowe & Partners Worldwide sublet space at 386 Park Avenue South
- 26,000 sq. ft. of direct space at 229 West 28th Street
- 24,000 sq. ft. of Butterfly Network sublet space at 11 East 26th Street



Submarket		Total Size (MSF)	No. of Buildings
1	Chelsea	18.8	72
2	Flatiron	12.4	72
3	Park Avenue S./Madison Sq	20.1	59
4	Union Sq.	5.4	34
5	NoHo/SoHo/Lower East Side	8.5	61
6	Hudson Sq./Tribeca	16.9	36
TOTAL INVENTORY		82.0	334

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 25,000+ 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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