

FIGURES | MIDTOWN MANHATTAN | Q1 2026

Availability approaches 2019 levels

▼ 4.20M

Leasing Activity

▼ 1.61M

Net Absorption

▼ 12.8%

Availability Rate

▼ 10.2%

Vacancy Rate

▶ \$84.79

Average Asking Rent

Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Leasing activity totaled 4.20 million sq. ft. in Q1, 7% ahead of the five-year quarterly average of 3.92 million sq. ft.
- Year-to-date leasing activity was down 14% from the prior year.
- Renewals totaled 2.79 million sq. ft. in Q1, up 150% from the same time last year.
- The availability rate was down 60 basis points (bps) from the prior quarter at 12.8% and was down 310 bps from a year ago.
- Net absorption was positive 1.61 million sq. ft. in Q1.
- At \$84.79 per sq. ft., the average asking rent was flat quarter-over-quarter but was up 2% year-over-year.
- The sublease availability rate was down 10 bps from the prior quarter to 2.2%, with the average asking rent up 4% from one year ago at \$64.02 per sq. ft.

Market Overview

Midtown ended Q1 2026 with strong fundamentals, registering 4.20 million sq. ft. of leasing activity, above the quarterly average for the tenth consecutive quarter, and extending last year's historic momentum. Sustained tenant demand tightened available supply, resulting in 1.61 million sq. ft. of positive absorption. As a result, the availability rate compressed to 12.8%, its lowest level in more than five years, and is within 150 bps of 2019's year-end benchmark of 11.3%.

Leasing activity gravitated back to Midtown's core districts, despite the scarcity of large contiguous blocks. These core districts captured 65% of total leasing activity while accounting for just 57% of the submarket's inventory, underscoring the depth of tenant preference for central, amenity-rich locations. Demand at the upper end of the market also was pronounced, with large-block users overwhelmingly favoring high-quality product regardless of geography; eight of the ten largest transactions in Q1 occurred in Better Buildings¹. Looking ahead, the delivery of new developments will be increasingly consequential as prime availability continues to tighten.

Asking rents were largely unchanged, as pricing power in top-tier assets was offset by the lingering supply of challenged commodity space. While Midtown's overall asking rent was flat quarter-over-

quarter and posted only modest annual growth, prime buildings with strong leasing momentum recorded notable year-over-year increases, registering a 10% increase year-over-year. This widening performance gap highlights the bifurcation between best-in-class assets and the broader market.

Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. Operation Epic Fury and global energy prices are a concern, however assuming the conflict is resolved quickly, the impact on U.S. growth should be minimal. If the conflict escalates, this will elevate inflation and long-term yields and would likely be felt in the commercial real estate market. Regardless of the outcome, it will materially affect headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February.

On the other hand, America’s aggressive build-out of AI infrastructure gives the U.S economy a unique edge. Hyperscaler capex is nearing 3% of GDP – just below residential investment – though concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Nevertheless, GDP growth is expected to average 2.1% in 2026, matching 2025 and exceeding peer economies.

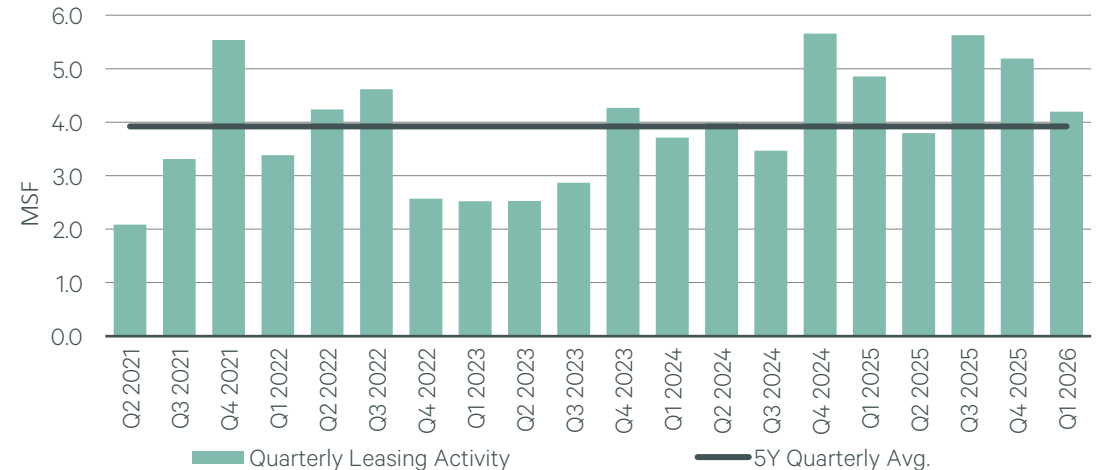
In New York City, the labor market remained muted at the end of 2025. Office-using employment (OUE) stood at 1.86 million jobs as of December 2025 (the most recent data available), on par with Q3 2025’s level, but lower than the all-time high of 1.87 million seen at year-end 2024. In Q4 2025, tech-related sectors like computer systems design saw the most growth, while financial services saw some rebound after falling earlier in 2025. Sectors like legal services remained resilient, up slightly at year-end 2025 from one year ago. NYC’s unemployment rate was 5.6% matching year-end 2024 and above the national rate of 4.4% as of December 2025.

FIGURE 1: Top Lease Transactions for Q1 2026*

| Size (Sq. Ft.) | Deal Type | Sublet/Direct | Tenant | Address |
|----------------|-----------|---------------|-------------------------|-----------------------------|
| 2,400,000 | RE | D | Bank of America NA | 1 Bryant Park |
| 150,036 | L | D | Carlyle Group | 245 Park Avenue |
| 143,564 | RE | D | CBIZ | 685 Third Avenue |
| 139,332 | E | S | JP Morgan Chase Digital | 5 Manhattan West |
| 131,354 | E | D | Latham & Watkins | 1285 Avenue of the Americas |

Source: CBRE Research, Q1 2026. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q1 2026.

Leasing Activity

Leasing activity exceeded the five-year quarterly average for the tenth consecutive quarter, totaling 4.20 million sq. ft. in Q1, 7% above the five-year quarterly average. Renewal activity also strengthened notably, reaching 2.79 million sq. ft., the highest quarterly total since Q4 2024 and nearly double the five-year average, as occupiers increasingly prioritized lease extensions amid tightening availability.

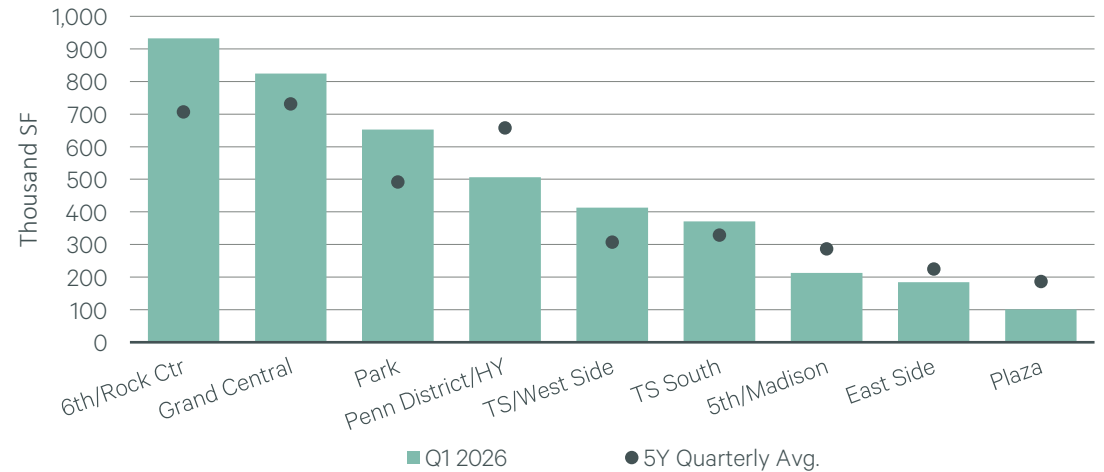
While high-quality space in Midtown’s core remained scarce, demand from large occupiers stayed squarely focused on top-tier assets. In Q1 2026, 80% of transactions larger than 75,000 sq. ft. occurred in Better Buildings¹. This pattern reinforces that, even as leasing activity shifts across geographies, asset quality remains the primary driver of large occupiers’ decision-making. Looking ahead, the ongoing scarcity of premium blocks is expected to intensify competition for these assets, supporting rental growth, interest in development projects and elevated renewal activity.

Financial services made up 42% of Midtown leasing activity in Q1, propelled by seven transactions exceeding 50,000 sq. ft. Financial services leasing activity outpaced the next most active industries, law firms at 15% and technology at 6%.

After two consecutive quarters in which the Penn District/Hudson Yards district led leasing totals, Midtown’s core districts (Plaza, Sixth Avenue/Rockefeller, Fifth/Madison, Park Avenue, and Grand Central) re-emerged as the primary engines of leasing activity. In Q1 2026, these core districts accounted for 65% of Midtown’s total leasing activity, a notable increase from the prior two quarters, when they captured just 54% of activity. This shift underscores persistent tenant preference for centrally located transit-oriented locations amid tightening supply.

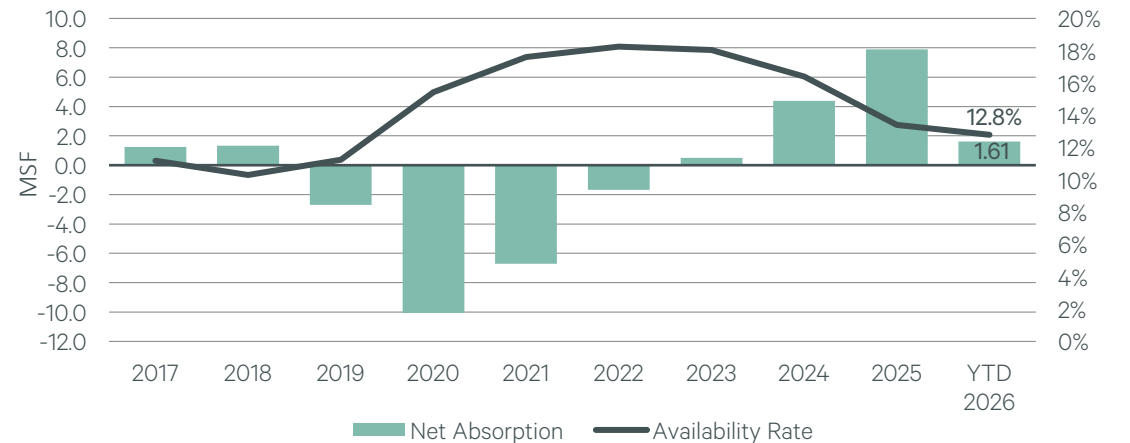
Sixth Avenue/Rockefeller Center led Midtown leasing activity in Q1, recording 932,000 sq. ft., 32% above the five-year quarterly average and 8% higher than the prior quarter. Activity was anchored by Latham & Watkins’ expansion at 1285 Avenue of the Americas, while mid-sized transactions also contributed meaningfully. Nine deals ranging from 25,000 to 49,999 sq. ft. were completed during the quarter, collectively accounting for 34% of the district’s leasing activity.

FIGURE 3: Leasing Activity | By District



Source: CBRE Research, Q1 2026.

FIGURE 4: Net Absorption & Availability Rate | Historical



Source: CBRE Research, Q1 2026.

Grand Central also posted strong leasing activity in Q1, totaling 824,000 sq. ft., 13% above the five-year quarterly average, though 17% below Q4 2025. Performance in the district was driven largely by small transactions, with 37 deals under 50,000 sq. ft. accounting for 60% of total leasing volume. This activity profile highlights the depth of demand among small-to-mid-sized occupiers in the Grand Central submarket.

Net Absorption and Availability

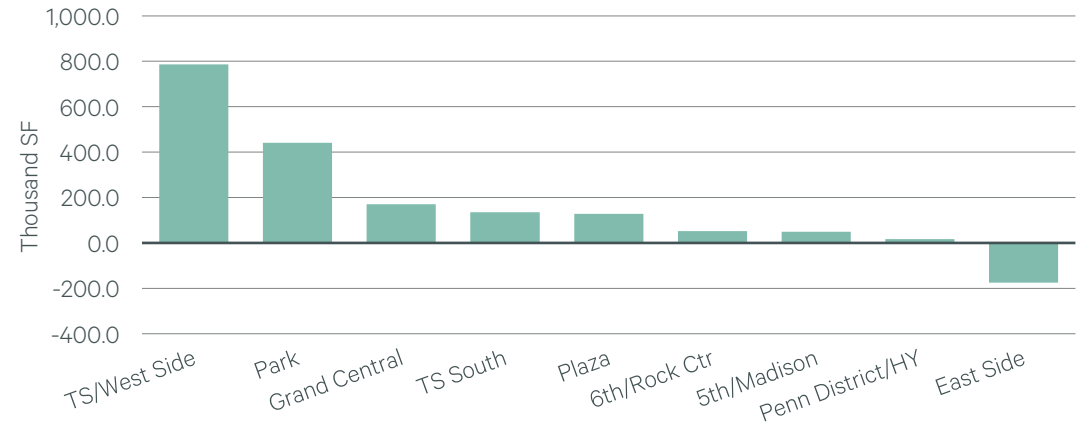
Midtown’s available supply tightened in Q1 2026, driven by sustained tenant demand and limited new space additions. Net absorption totaled 1.61 million sq. ft. during the quarter, compressing the availability rate by 60 bps to 12.8%, its lowest level since Q2 2020, and 310 bps lower than one year ago. Midtown has now recorded seven consecutive quarters of positive absorption, totaling 14.21 million sq. ft. over that span, representing the strongest and longest sustained run of positive absorption on record. Supply pressures were further reinforced by muted new availability, with only four spaces larger than 100,000 sq. ft. entering the market in Q1, down from six in each of the prior two quarters. There are currently 47 blocks of available space in Midtown greater than 100,000 sq. ft., down significantly from the 59 blocks available one year ago.

Available sublease space fell to 5.42 million sq. ft. in Q1, marking a 55% decline from the February 2023 peak. Sublease inventory now accounts for just 17% of Midtown’s total availability and sits 21% below year-end 2019 levels.

Supply conditions in Midtown’s core districts continued to tighten in Q1, falling in line with the market’s estimated equilibrium range of 10% to 12%. The aggregate availability rate across all quality tiers declined to 11.6% during the quarter. High quality space remained particularly scarce, with availability in Better Buildings’ within the core falling to just 6.9% as of Q1 2026, emphasizing the intensifying competition for premium assets.

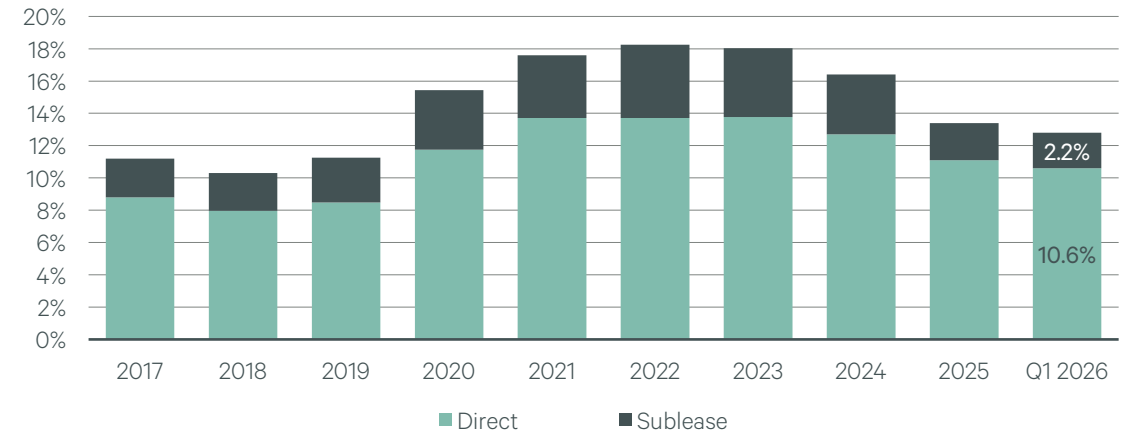
Times Square/West Side recorded the highest absorption of any Midtown district in Q1, totaling 787,000 sq. ft. Performance was driven by a combination of above-average leasing activity, limited new space additions, and several large space withdrawals. Two withdrawals exceeding 100,000 sq. ft. accounted for roughly 40% of the district’s total absorption, led by a 192,000 sq. ft. block at 1515 Broadway that was removed from the market for conversion to hotel use².

FIGURE 5: Quarterly Net Absorption | By District



Source: CBRE Research, Q1 2026.

FIGURE 6: Sublease and Direct Availability Rate | Historical



Source: CBRE Research, Q1 2026.

Park Avenue followed with 441,000 sq. ft. of positive absorption in Q1, driven primarily by elevated leasing activity and reinforced by limited new supply, with only one space addition exceeding 50,000 sq. ft. As a result, the district’s availability rate declined by 150 bps to 7.4%, making Park Avenue the tightest office district in Manhattan. Notably, availability now sits 150 bps below the year-end 2019 level.

The East Side was the only Midtown district to record negative absorption in Q1, with availability increasing by 175,000 sq. ft. Performance was weighed down by below-average leasing activity and three space additions exceeding 50,000 sq. ft., including a 167,000 sq. ft. block at 805 Third Avenue. As a result, the district’s availability rate rose by 150 bps to 17.3%. Despite the quarterly increase, availability remains 120 bps lower than one year ago.

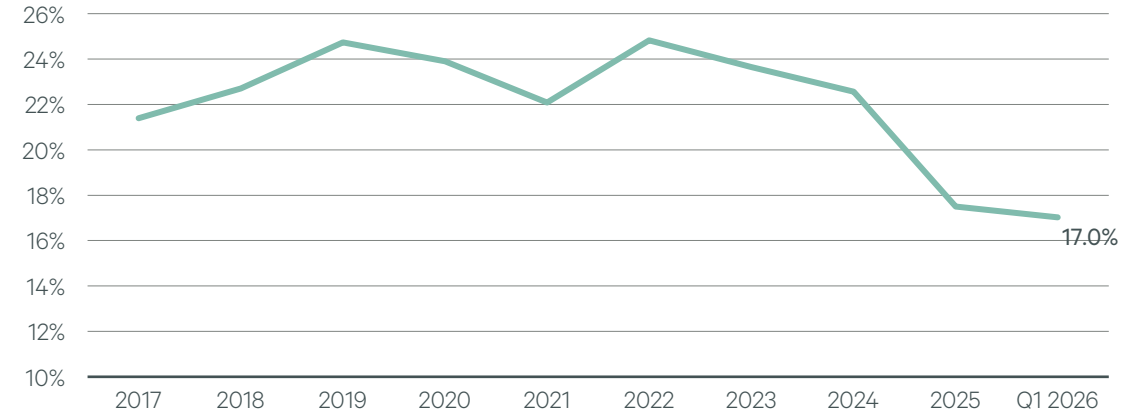
Average Asking Rent

Midtown’s average asking rent held steady in Q1 2026 at \$84.79 per sq. ft., reflecting a 2% increase from one year earlier. While quarterly rent growth remained flat, strong leasing activity continued to remove high-end product from the market, leaving a large concentration of commodity space that tempered headline gains. Pricing trends in quality assets told a different story: Better Buildings¹ within Midtown’s core maintained elevated asking rents at \$119.04 per sq. ft., up 14% from their post-pandemic quarterly trough of \$104.08 in Q4 2021, supported by sustained demand and increasingly limited availability.

Sixth Avenue/Rockefeller Center recorded the strongest rent growth of any Midtown district in Q1, with asking rents increasing 5% quarter-over-quarter. Growth was driven by the introduction of newly marketed, premium-priced space, including six availabilities larger than 25,000 sq. ft. listed at triple-digit rents. Several of these offerings had been previously marketed but now fall within 12 months of tenant occupancy, therefore entering the statistical set. As a result, the district’s average asking rent rose to \$93.40 per sq. ft., representing a 12% increase year-over-year.

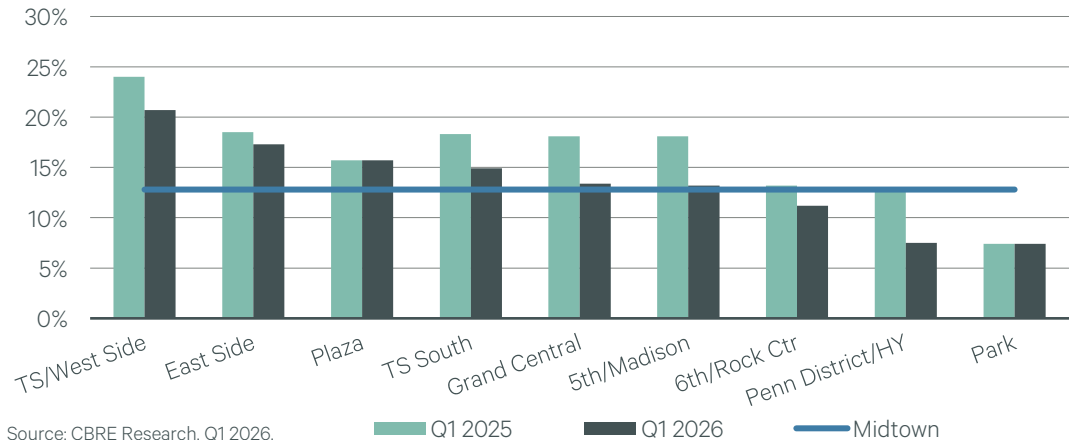
Park Avenue was the only Midtown district to record a meaningful decline in the average asking rent during Q1, with rents falling 4% quarter-over-quarter to \$105.33 per sq. ft. The decline does not reflect the direction of market pricing but was a result of the leasing of high-quality, premium-priced space from the available inventory, lowering the district’s average. During the

FIGURE 7: Sublease Space as a % of Available Space | Historical



Source: CBRE Research, Q1 2026.

FIGURE 8: Availability Rate | By District



Source: CBRE Research, Q1 2026.

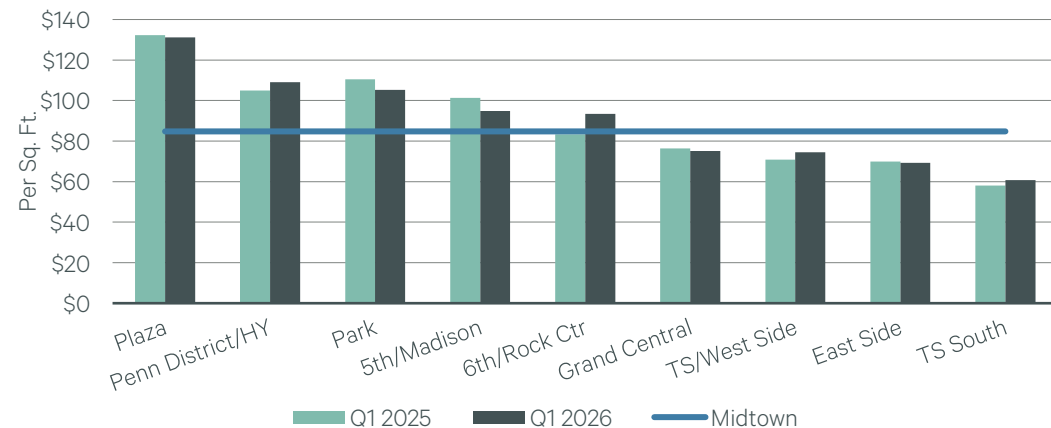
quarter, seven availabilities larger than 25,000 sq. ft. with asking rents of \$100 per sq. ft. or higher were taken off the market. As a result, average asking rents in the district are now 5% lower than one year ago.

Fifth/Madison Avenue, East Side, Plaza and Times Square/West Side recorded modest rent movement of +/- 2% or less, while Times Square South, Grand Central and Penn District/Hudson Yards remained stable compared to Q4 2025.

Taking Rent Index

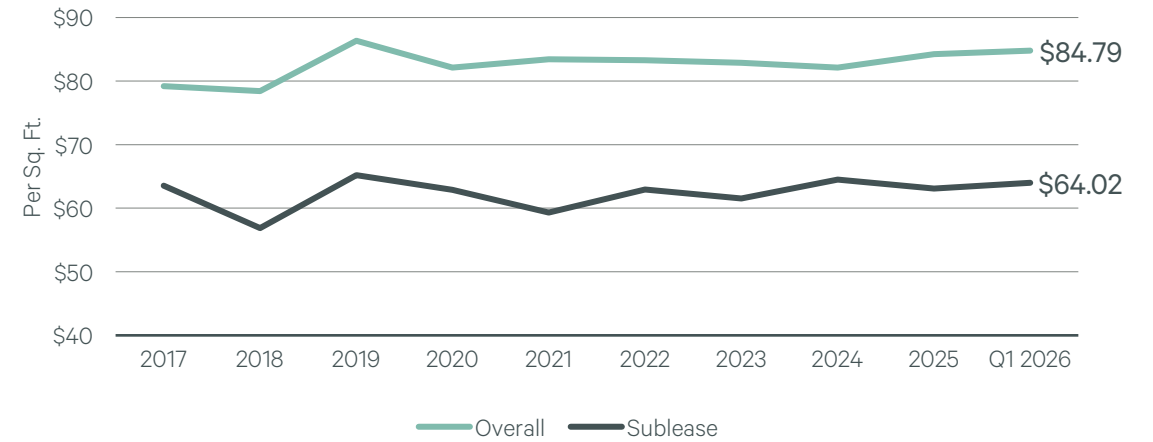
The taking-rent index decreased 40 bps quarter-over-quarter to 95.9% but was up 220 bps year-over-year. The current taking-rent index has eclipsed the year-end 2019 level when the index was 95.3%. That said, concession packages for new leases of raw space have remained at the near-record levels over the past several years. Over the past 15 months, packages averaged \$156.36 per sq. ft. in tenant improvement allowance (TI) and 16 months of free rent. Since 2019, average TI packages have increased 48% and average free rent has increased 18%.

FIGURE 9: Average Asking Rent | By District



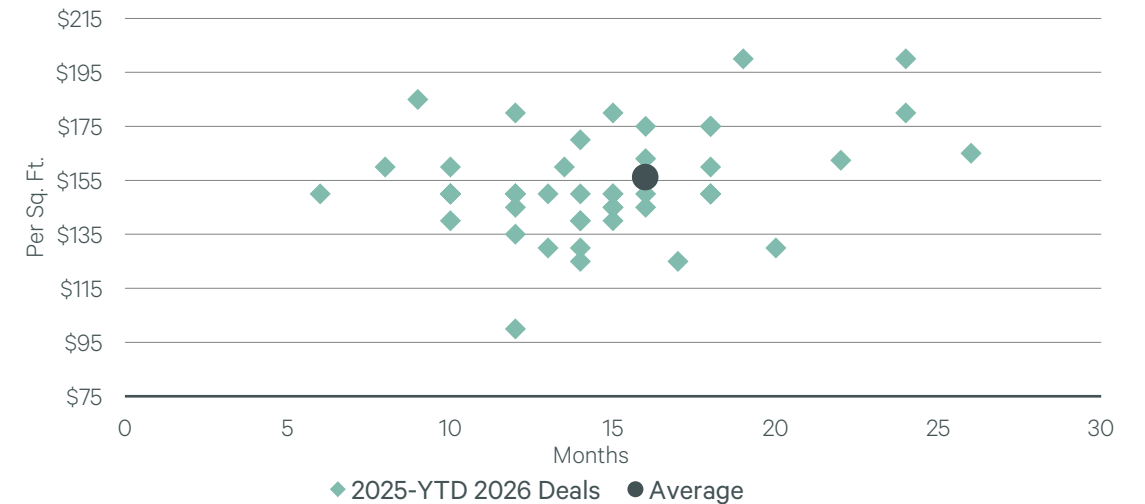
Source: CBRE Research, Q1 2026.

FIGURE 10: Average Asking Rent | Historical



Source: CBRE Research, Q1 2026.

FIGURE 11: Concession Values | Rent Abatement and T.I. Allowance



*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).
Source: CBRE Research, Q1 2026.

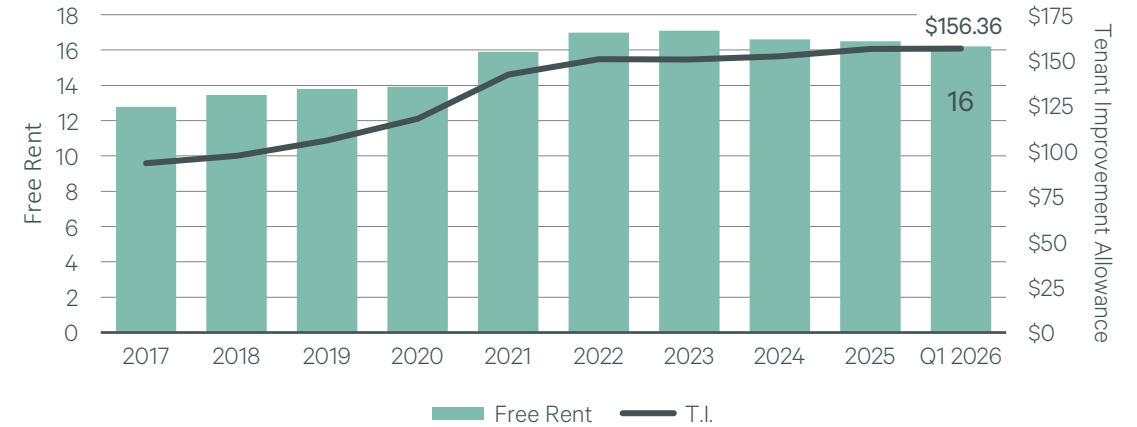
Development Pipeline

The Midtown development pipeline features two significant office construction projects slated for completion in the next 12 months: 520 Fifth Avenue and 665 Fifth Avenue. Collectively, these projects will deliver approximately 340,000 sq. ft. of new space to inventory, with a pre-committed rate of 48%.

The first project is Rabina Properties' mixed-use supertall development at 520 Fifth Avenue, offering both residential units and 211,000 sq. ft. of office space. The second, Rolex's new headquarters at 665 Fifth Avenue, will encompass 126,000 sq. ft. of office space.

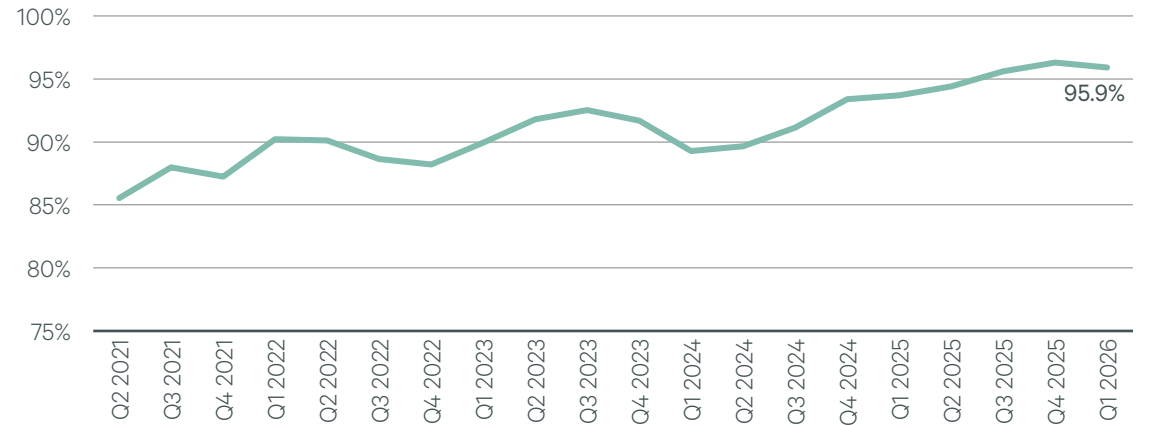
There is an additional project currently underway in Midtown, slated for completion in 2028, Related's 70 Hudson Yards. This project recently broke ground following a commitment from Deloitte to anchor the project.

FIGURE 12: Concession Values | Historical*



* Data includes direct, new leases, 25,000+ sq. ft. with a term of at least 10 years and non-zero TI and free rent values. 2026 figures represent a blended average of 2025 – YTD 2026 data. Source: CBRE Research, Q1 2026.

FIGURE 13: Taking Rent Index | Historical



Source: CBRE Research, Q1 2026.

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. Includes new leases for raw space, 25,000 sq. ft. or greater and 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, 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 150,000+ sq. ft. in Midtown, 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.

Appendix:

¹ Better Building represents high-quality assets in the market, including new construction, extensively renovated buildings and buildings that have fully modernized systems, a desirable location, abundant light and air, and ample amenities.

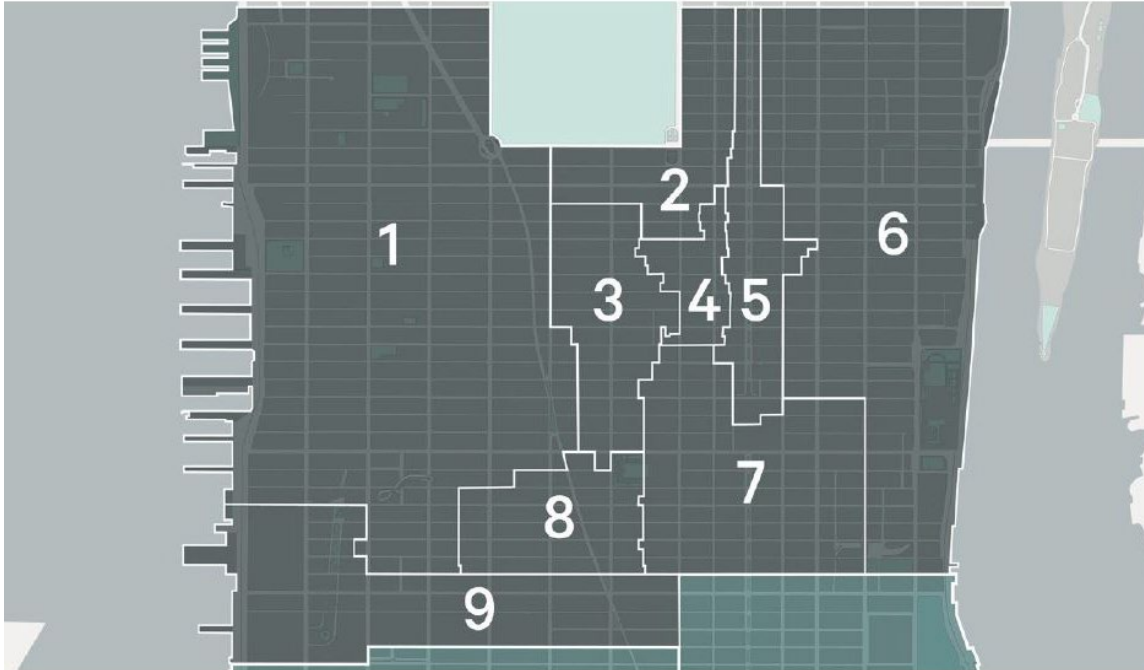
² <https://www.forbes.com/sites/marchershberg/2025/12/12/hotel-could-replace-casino-above-broadway-theater/>

* <https://www.bloomberg.com/news/articles/2026-03-16/bofa-inks-lease-for-entire-office-tower-at-nyc-s-one-bryant-park>

<https://therealdeal.com/new-york/2026/03/10/carlyle-expands-midtown-footprint-with-202k-sf-leases/>

<https://commercialobserver.com/2026/02/jp-morgan-chase-expansion-five-manhattan-west/>

Market Area Overview



| Districts | Total Size (MSF) | No. of Buildings |
|-------------------------------------|-------------------------|-------------------------|
| 1 Times Sq./West Side | 31.0 | 42 |
| 2 Plaza | 10.7 | 22 |
| 3 Sixth Avenue/Rockefeller | 44.3 | 46 |
| 4 Fifth/Madison Avenue | 11.6 | 27 |
| 5 Park Avenue | 30.8 | 37 |
| 6 East Side | 19.7 | 42 |
| 7 Grand Central | 44.6 | 81 |
| 8 Times Sq. South | 19.5 | 48 |
| 9 Penn District/Hudson Yards | 35.8 | 37 |
| TOTAL INVENTORY | 248.1 | 382 |

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