

FIGURES | DOWNTOWN MANHATTAN | Q3 2026

Downtown posts strongest year-to-date absorption since 2006

▼ 0.61M

Leasing Activity

▼ 0.58M

Net Absorption

▼ 15.9%

Availability Rate

▼ 13.5%

Vacancy Rate

▲ \$62.40

Average Asking Rent

Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Leasing activity totaled 615,000 sq. ft. in Q3, 26% behind the five-year quarterly average of 830,000 sq. ft.
- Year-to-date leasing activity totaled 2.66 million sq. ft. and was down 16% from the prior year.
- Renewals totaled 335,000 sq. ft. in Q3, bringing the year-to-date total to 991,000 sq. ft.
- The availability rate was down 70 basis points (bps) from last quarter to 15.9% and was down 390 bps from a year ago.
- Net absorption was positive 576,000 sq. ft. in Q3, bringing the year-to-date total to positive 2.68 million sq. ft.
- At \$62.40 per sq. ft., the average asking rent was up 2% quarter-over-quarter and 8% year-over-year.
- The sublease availability rate was down 20 bps from last quarter to 3.3%, with the average asking rent up 7% from one year ago to \$48.68 per sq. ft.

Market Overview

Downtown's office market tightened in Q3 2026 despite a below-average quarter for leasing. Leasing activity totaled 615,000 sq. ft., 26% below the five-year quarterly average. Absorption totaled 576,000 sq. ft., bringing the year-to-date total to 2.68 million sq. ft., the highest year-to-date total since 2006. The availability rate fell 70 bps quarter-over-quarter to 15.9% as tenants reoccupied sublease space and conversions removed office space from the market. The average asking rent rose 8% year-over-year to \$62.40 per sq. ft.

Downtown continues to retain its tenant base, with occupiers reclaiming sublease space, renewing, signing long-term new leases or relocating within the submarket. Renewals totaled 991,000 sq. ft. year-to-date, reflecting strong tenant commitment to Downtown. Technology firms, including AI companies, also contributed to the market's diverse industry mix.

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

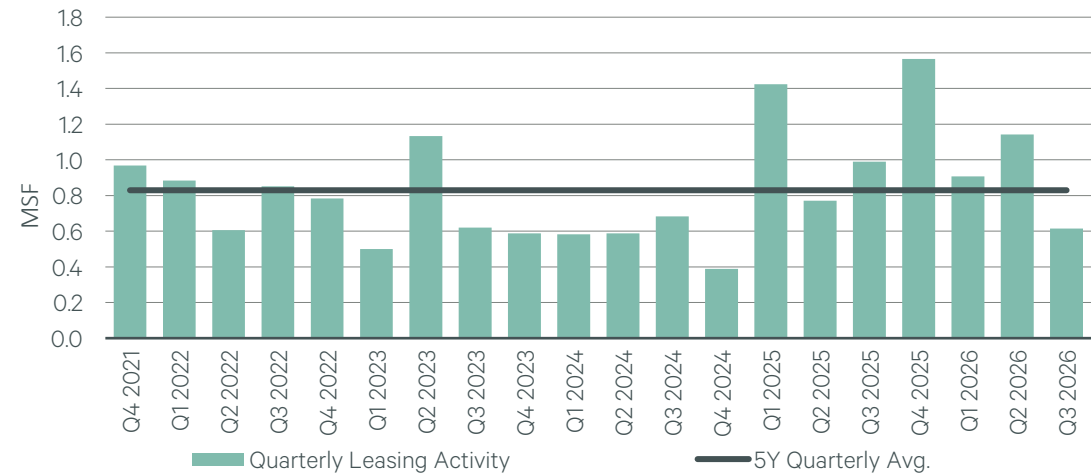
The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

FIGURE 1: Top Lease Transactions for Q3 2026

Size (Sq. Ft.)	Deal Type	Sublet/ Direct	Tenant	Address
171,112	R	D	Seward & Kissel	1 Battery Park Plaza
70,602	L	D	Morgan & Morgan	199 Water Street
54,217	E	D	Royal Bank of Canada	200 Vesey Street
45,559	L	D	Amwins	1 Liberty Plaza
45,198	L	S	Sweet Group	1 New York Plaza

Source: CBRE Research, Q3 2026. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q3 2026.

Leasing Activity

Leasing activity moderated in Q3 2026 after four consecutive quarters of strong demand. Downtown leasing activity (new leases and expansions) totaled 615,000 sq. ft. in Q3 2026, down 46% from Q2 and 26% below the five-year quarterly average of 830,000 sq. ft.

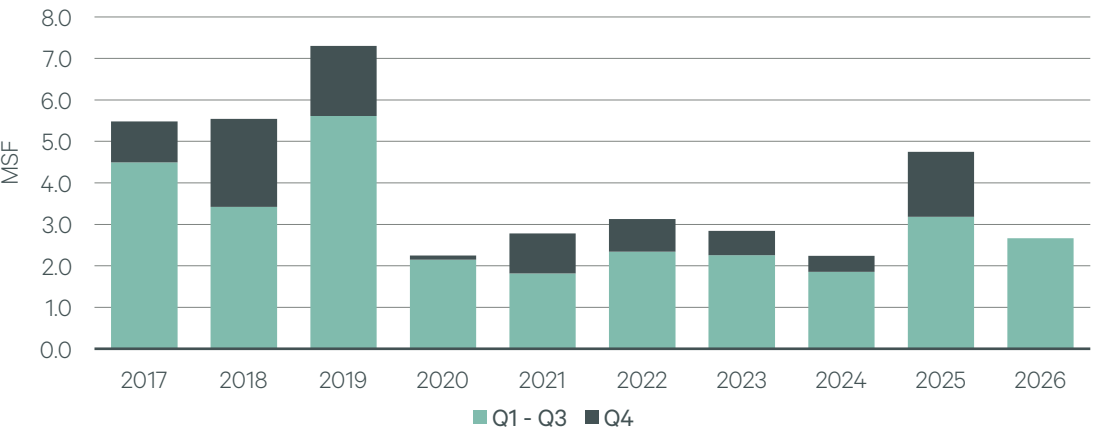
Year-to-date leasing totaled 2.66 million sq. ft., down 16% from the same period last year but the second-highest total since 2020. Leasing in contiguous blocks under 50,000 sq. ft. accounted for 80% of Q3 leasing activity and 67% of year-to-date activity.

Law and insurance firms were the most active industries in Q3. Law led all sectors with 101,000 sq. ft. of leasing activity, propelled by Morgan & Morgan's 71,000 sq. ft. commitment at 199 Water Street, where the firm converted its sublease into a direct lease and expanded its footprint. The insurance sector followed with 57,000 sq. ft., led by Amwins' 46,000 sq. ft. lease at 1 Liberty Plaza. Year-to-date, the technology (23%), financial services (17%) and law (12%) were the most activity sectors and captured 53% of leasing activity.

The Financial District recorded the most leasing activity of any Downtown district in Q3 with 375,000 sq. ft., 19% below its five-year quarterly average of 463,000 sq. ft. Downtown West recorded 161,000 sq. ft., 38% below its five-year quarterly average of 262,000 sq. ft., driven by Royal Bank of Canada's expansion at 200 Vesey Street. City Hall added 78,000 sq. ft., 25% below its five-year quarterly average of 104,000 sq. ft., led by the New York City Taxi & Limousine Commission's relocation to 250 Broadway.

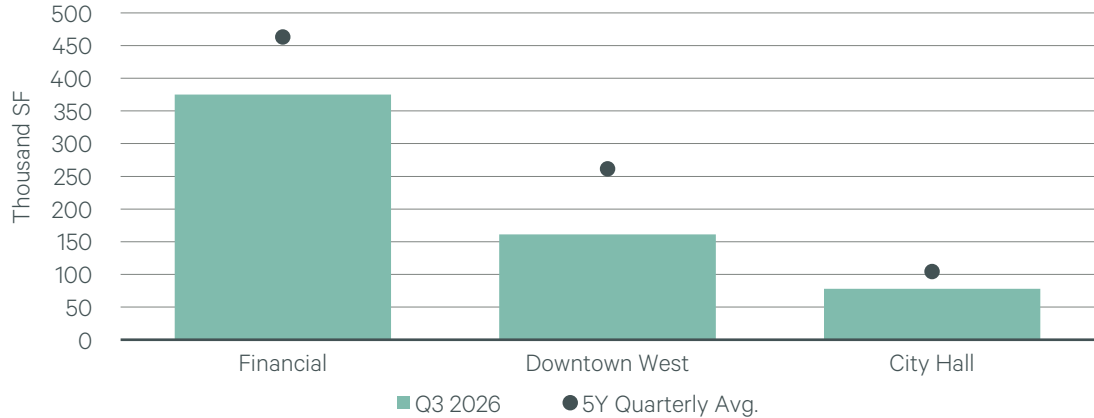
Renewal activity totaled 335,000 sq. ft. in Q3, down 33% quarter-over-quarter but 27% above the five-year quarterly average. The quarter's largest renewal was Seward & Kissel's 171,000-sq.-ft. recommitment at 1 Battery Park Plaza. Year-to-date renewal activity totaled 991,000 sq. ft., 12% below the same period last year.

FIGURE 3: Leasing Activity | Historical



Source: CBRE Research, Q3 2026.

FIGURE 4: Leasing Activity | By District



Source: CBRE Research, Q3 2026.

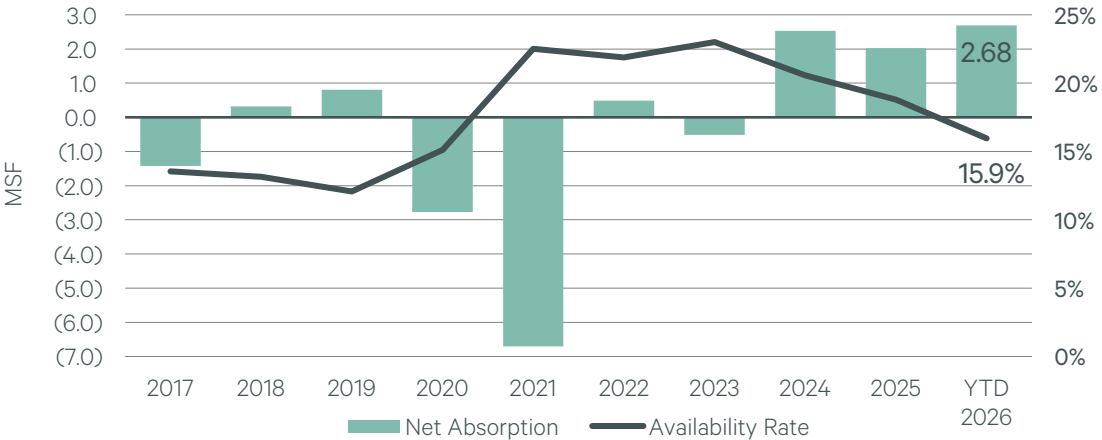
Net Absorption and Availability

Downtown recorded 576,000 sq. ft. of positive net absorption in Q3, bringing the year-to-date total to 2.68 million sq. ft., the highest year-to-date total since 2006. The availability rate declined 70 bps quarter-over-quarter and 390 bps year-over-year to 15.9%. Availability ended the quarter at 20.2% in the Financial District, 11.3% in Downtown West and 7.8% in City Hall.

Available sublease space declined 7% quarter-over-quarter to 2.73 million sq. ft., representing 20.8% of Downtown’s available space. Despite the quarterly decline, sublease availability remained 13% above the 2019 level. Approximately 412,000 sq. ft. was withdrawn driven by tenants reoccupied space, led by Morgan Stanley at 1 New York Plaza and Avon Cosmetics at 1 Liberty Plaza.

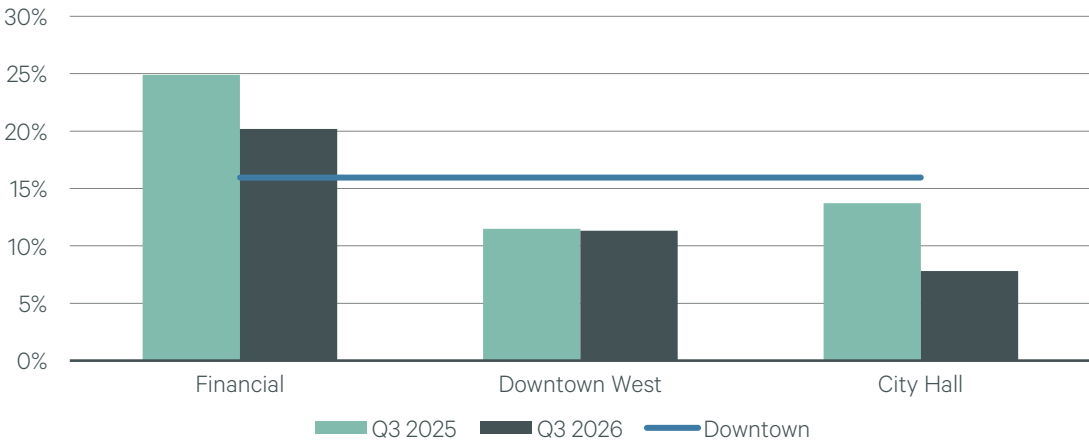
The Financial District led the submarket with 663,000 sq. ft. of positive net absorption, supported in part by the withdrawal of 202,000 sq. ft. of availability across three buildings slated for residential conversion. City Hall recorded 53,000 sq. ft. of positive net absorption, while Downtown West posted 140,000 sq. ft. of negative net absorption. Bank of Nova Scotia’s 185,000 sq.-ft. sublease at 250 Vesey Street moved into the 12-month availability window, adding to supply. In the Financial District, other notable additions included 83,000 sq. ft. of direct space at 120 Wall Street and an 82,000 sq. ft. W2O Group sublease listing at 199 Water Street.

FIGURE 5: Net Absorption & Availability Rate | Historical



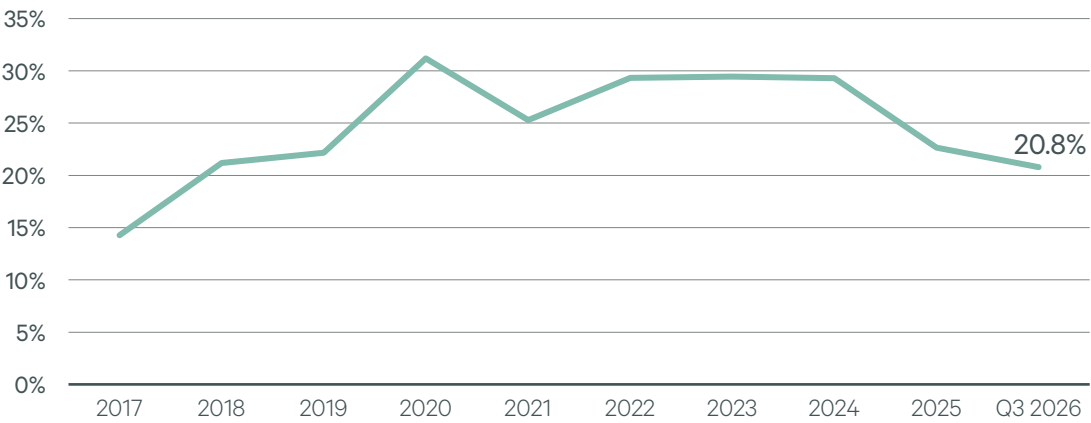
Source: CBRE Research, Q3 2026.

FIGURE 6: Availability Rate | By District



Source: CBRE Research, Q3 2026.

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



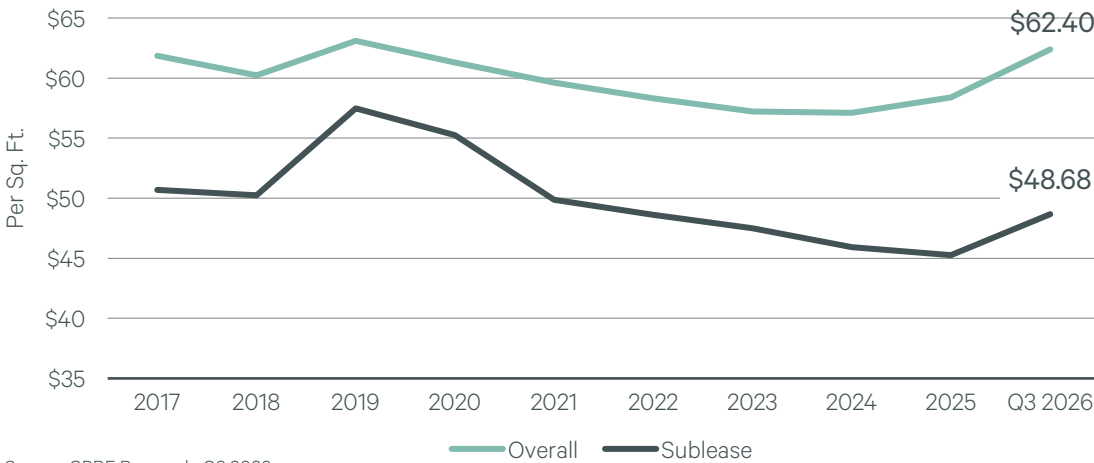
Source: CBRE Research, Q3 2026.

Average Asking Rent

Downtown’s average asking rent rose 2% quarter-over-quarter and 8% year-over-year to \$62.40 per sq. ft. in Q3 2026. The average was lifted by the removal of several below-average-priced blocks, including conversion-related availability at 30 Broad Street, 75 Broad Street and 110 Wall Street. Still, the average asking rent remained 2% below its May 2020 peak of \$63.98 per sq. ft. The sublease average asking rent increased 7% year-over-year to \$48.68 per sq. ft.

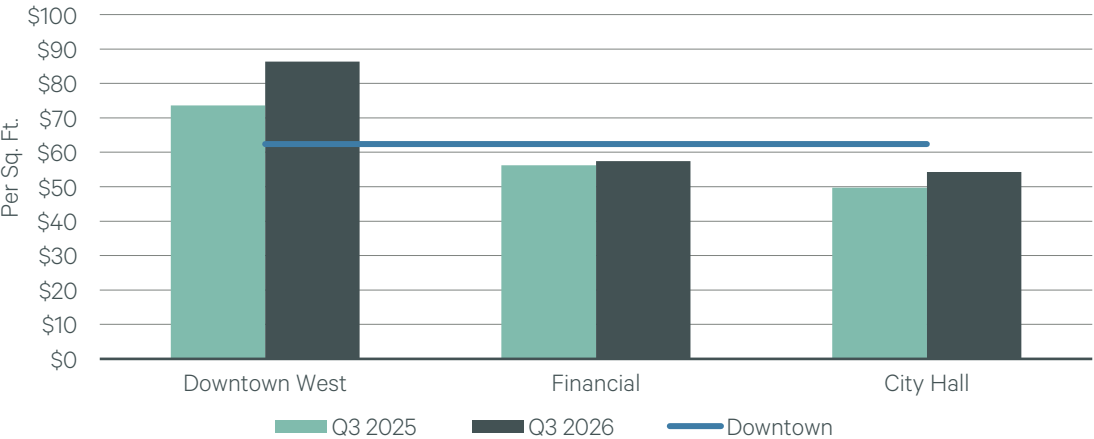
The Financial District’s average asking rent increased 2% quarter-over-quarter and year-over-year to \$57.48 per sq. ft. The increase was supported by the removal of lower-priced availability, including a large withdrawal at 14 Wall Street and reoccupied sublease space at 1 New York Plaza and 195 Broadway. Downtown West’s average asking rent was virtually unchanged quarter-over-quarter at \$86.31 per sq. ft. but increased 17% year-over-year. City Hall’s average asking rent was flat quarter-over-quarter at \$54.28 per sq. ft. but increased 9% year-over-year.

FIGURE 8: Average Asking Rent | Historical



Source: CBRE Research, Q3 2026.

FIGURE 9: Average Asking Rent | By District



Source: CBRE Research, Q3 2026.

Taking Rent Index

Downtown's taking rent index declined 250 bps quarter-over-quarter to 92.9%. Despite the quarterly drop, the index remained above 2023-2025.

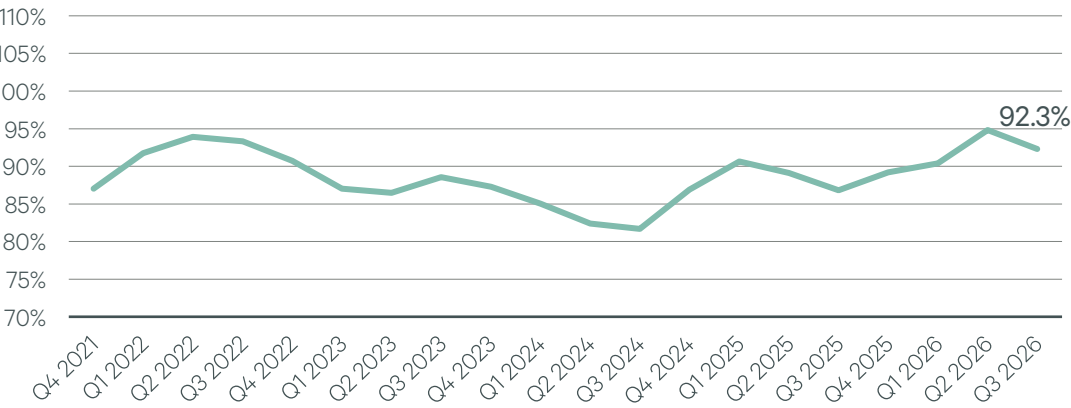
Concessions remained elevated relative to 2019. Since 2023, Downtown's weighted-average tenant improvement allowance for new leases exceeding 25,000 sq. ft. averaged \$142 per sq. ft., 41% higher than the 2019 average. Free rent averaged 17 months, up from 12 months in 2019.

Development and Conversion Pipeline

Groundwork began on Two World Trade Center, a 2.80 million sq. ft. development to be anchored and fully occupied by American Express as its new headquarters. The tower is planned for delivery in 2031.

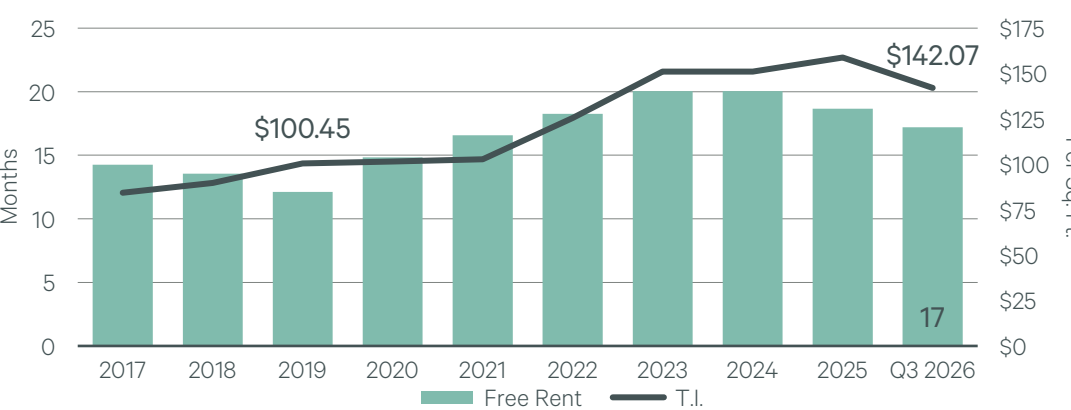
As of Q3 2026, there are still 3.9 million sq. ft. of planned and announced conversions expected to be removed from the office inventory in Downtown.

FIGURE 10: Taking Rent Index | Quarterly Historical



Source: CBRE Research, Q3 2026.

FIGURE 11: 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). 2026 figures represent a blended average of 2023 – YTD 2026 data.

Source: CBRE Research, Q3 2026.

Market Statistics

Figure 12: Market Statistics

Submarket	Net Rentable Area (MSF)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Total Vacancy (%)	Avg. Asking Rate (\$/SF/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Quarterly Leasing (MSF)	YTD Leasing (MSF)
City Hall	13.49	7.8%	7.3%	0.6%	7.0%	\$54.28	0.05	0.74	0.08	0.26
Downtown West	20.48	11.3%	7.7%	3.6%	7.7%	\$86.31	(0.14)	(0.25)	0.16	0.72
Financial	48.29	20.2%	16.2%	4.0%	17.8%	\$57.48	0.66	2.19	0.38	1.68
Total	82.27	15.9%	12.6%	3.3%	13.5%	\$62.40	0.58	2.68	0.61	2.66

Source: CBRE Research

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.

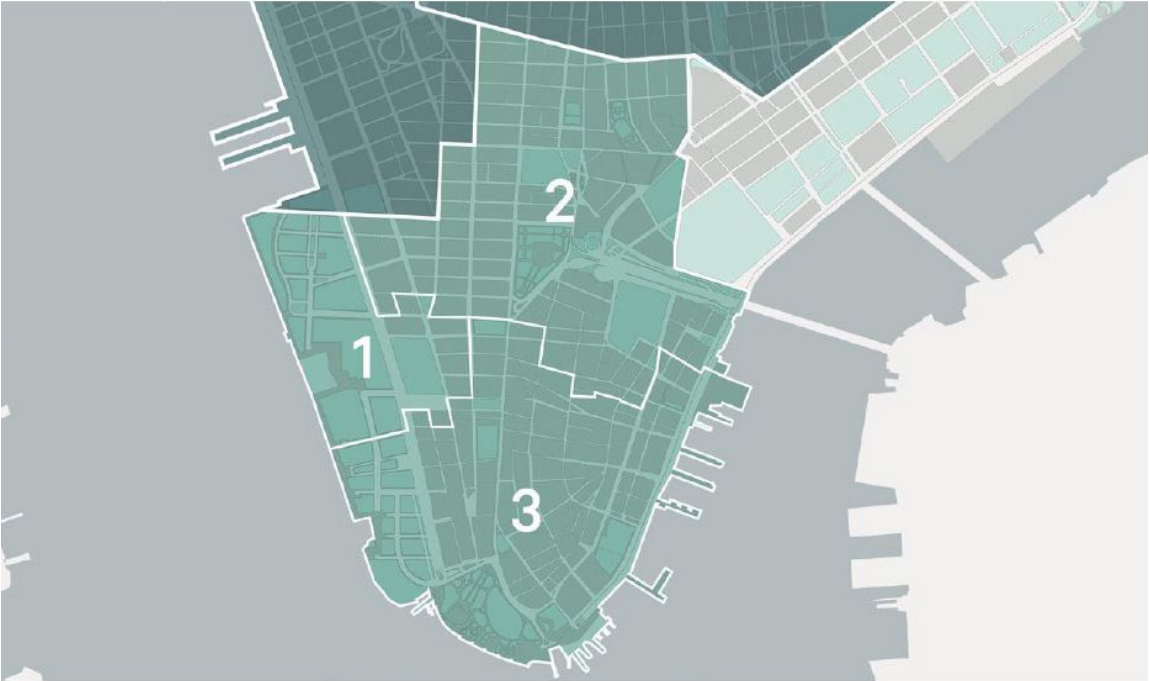
Definitions

- 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.

Market Area Overview



District		Total Size (MSF)	No. of Buildings
1	Downtown West	20.5	10
2	City Hall	13.5	29
3	Financial	49.3	69
TOTAL INVENTORY		82.3	108

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