

FIGURES | MIDTOWN MANHATTAN | Q3 2026

Strong absorption drives down availability



Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Leasing activity totaled 4.35 million sq. ft. in Q3, 6% ahead of the five-year quarterly average of 4.10 million sq. ft.
- Year-to-date leasing activity totaled 13.10 million sq. ft. and was down 8% from the prior year.
- Renewals totaled 1.41 million sq. ft. in Q3, bringing the year-to-date total to 5.77 million sq. ft.
- The availability rate was down 60 basis points (bps) from last quarter to 12.1% and was down 240 bps from a year ago.
- Net absorption was positive 1.48 million sq. ft. in Q3, bringing the year-to-date total to positive 3.35 million sq. ft.
- At \$85.53 per sq. ft., the average asking rent was essentially unchanged quarter-over-quarter but up 3% year-over-year.
- The sublease availability rate was down 10 bps from last quarter to 2.2%, with the average asking rent down 3% from one year ago at \$61.05 per sq. ft.

Market Overview

Leasing activity in Midtown remained robust in Q3 2026, marking the twelfth consecutive quarter of above-average demand. Leasing continued to outpace new availability, driving 1.48 million sq. ft. of positive net absorption and reducing the availability rate to 12.1%. This represents Midtown's lowest availability level since Q1 2020 and places the market just 80 bps above its year-end 2019 rate.

Leasing activity was evenly distributed across Midtown in Q3, with the core Midtown districts¹ accounting for 57% of total leasing activity, closely matching their share of market inventory. Year-to-date, these districts have captured 64% of leasing volume, underscoring tenants' preference for highly accessible, amenity-rich locations and best-in-class office environments. Meanwhile, the limited supply of large, contiguous blocks of space has continued to constrain tenant options, increasingly driving larger occupiers toward preleasing opportunities in forthcoming developments.

Overall asking rents were stable from last quarter, but the lingering availability of lower-quality commodity space has masked what is happening with Midtown's pricing. Beneath the headline figures, market performance continued to diverge. Top-tier assets with strong leasing momentum maintained significant pricing power, with several trophy properties achieving record or near-record asking rents.

This growing disparity reinforces the bifurcation of Midtown's office market, where demand and rent growth are increasingly concentrated among best-in-class assets, while commodity properties face ongoing competitive pressure. Better buildings² in Midtown's core districts¹ have seen asking rents increase 6% from one year ago, while trophy assets³, Midtown's top asset class, have seen a 12% increase over the same period.

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.

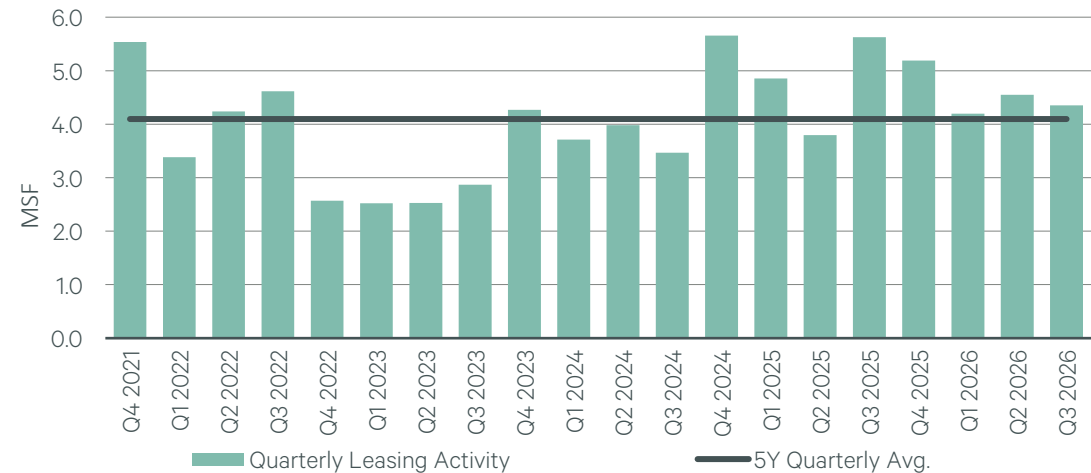
After backtracking in early 2026, New York City's labor market rebounded with private employment growing for five straight months, before dropping again in August 2026 (most recent data available) to 4.22 million jobs. Despite the recent dip, NYC's private employment still stood within 1% of the March 2025 all-time high. As of August 2026, nearly all the key office-using sectors were down relative to year-end 2025. The information sector (-3,400) and financial services sector (-2,700) were among those down the most. While the employment total fell in August 2026, the unemployment rate decreased to a tight 4.8%, an unusual occurrence due in part to a notable shrinking of the labor force. At this level NYC's unemployment rate remained above the national rate of 4.2%.

FIGURE 1: Top Lease Transactions for Q3 2026

Size (Sq. Ft.)	Deal Type	Sublet/Direct	Tenant	Address
447,548	RE	D	Proskauer Rose	11 Times Square
255,471	RE	D	Havas Group	200 Madison Avenue
205,000	L	D	Morgan, Lewis & Bockius	1251 Avenue of the Americas
198,893	L	S	Snap	2 Penn Plaza
151,083	L	D	General Atlantic	625 Madison Avenue

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 remained strong in Q3 2026, totaling 4.35 million sq. ft., 6% above the five-year quarterly average and extending Midtown's streak of above-average leasing to twelve consecutive quarters. Year-to-date leasing volume reached 13.10 million sq. ft., trailing the same period last year by 8% but still ranking as the second-highest YTD total since 2018. Renewal activity totaled 1.41 million sq. ft. during the quarter, modestly below the five-year average, yet year-to-date renewals have reached 5.77 million sq. ft., a 65% increase from the same period in 2025. As a result, renewals have accounted for 31% of Midtown leasing velocity in 2026, significantly above the 22% average recorded between 2015 and 2019, highlighting tenants' preference to secure existing space amid tightening market conditions.

The constrained supply of large, high-quality availabilities channeled leasing demand toward Midtown's development pipeline in Q3. As opportunities to secure sizable blocks of premier space within the existing buildings became increasingly limited, occupiers with significant requirements were committing earlier to future projects to meet long-term space needs. Preleasing activity totaled 401,000 sq. ft. during the quarter, led by General Atlantic's 151,000 sq. ft. anchor lease at 625 Madison Avenue, officially launching leasing at the property. Preleasing accounted for 9% of all leasing activity during the quarter, underscoring the growing importance of Midtown's development pipeline in accommodating large-scale tenant demand.

After trailing law firms in the previous quarter, financial services reclaimed its position as Midtown's most active leasing industry in Q3. Activity was broad-based, driven by a high volume of small and mid-sized transactions rather than a handful of blockbuster deals, including 29 leases exceeding 10,000 sq. ft. Collectively, financial services firms accounted for 35% of all leasing activity, more than doubling the share captured by law firms (15%) and comfortably outpacing Apparel/Retail Sales tenants (13%).

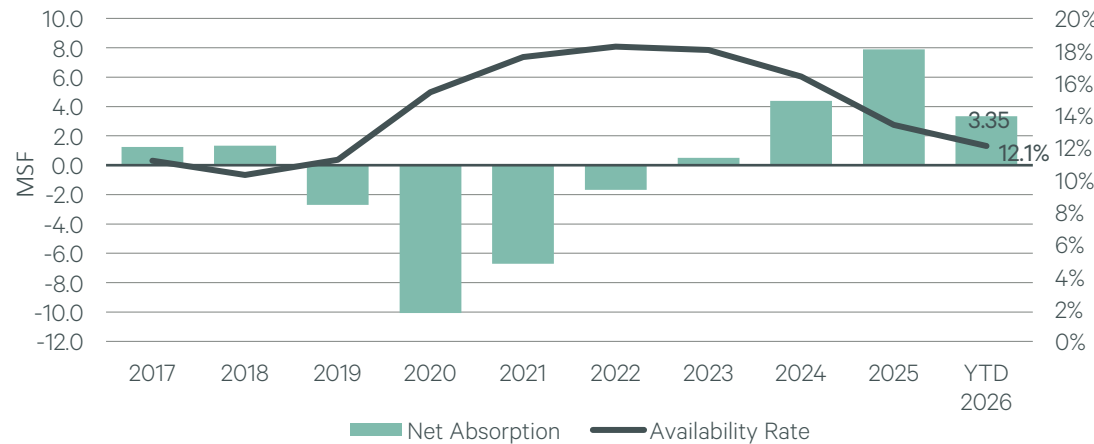
Midtown's core districts, including Plaza, Sixth Avenue/Rockefeller Center, Fifth/Madison, Park Avenue, and Grand Central, remained at the center of leasing activity in Q3. While demand was more evenly distributed across the market than in recent quarters, these districts still accounted for 57% of total leasing volume, consistent with their proportion of Midtown inventory. On a year-to-date basis, however, they have captured 64% of all leasing activity, reinforcing the sustained appeal of highly accessible, amenity-rich office environments.

FIGURE 3: Leasing Activity | By District



Source: CBRE Research, Q3 2026.

FIGURE 4: Net Absorption & Availability Rate | Historical



Source: CBRE Research, Q3 2026.

Penn District/Hudson Yards emerged as Midtown’s most active district in Q3, reaching 806,000 sq. ft. of leasing activity, exceeding its five-year benchmark by 15% and outpacing last quarter by 32%. Leasing activity was driven by several significant commitments, including Snap’s 199,000 sq. ft. sublease at 2 Penn Plaza and United Talent Agency’s 101,000 sq. ft. lease at the Empire State Building. Additional momentum came from Hudson Yards, where Qube Research & Technology leased 52,000 sq. ft. at 70 Hudson Yards and Visa USA expanded its footprint by 50,000 sq. ft. at 30 Hudson Yards. Year-to-date, Penn District/Hudson Yards has recorded 1.92 million sq. ft. of activity, 15% of Midtown’s total.

Times Square South and Plaza delivered Midtown's strongest leasing performances relative to their historical norms in Q3, each posting activity levels well above their long-term averages. Times Square South recorded 549,000 sq. ft. of leasing activity, its highest quarterly total since Q4 2021 and 60% above its five-year average. Momentum was concentrated at 1411 Broadway, which secured four transactions totaling 213,000 sq. ft. during the quarter.

Plaza generated similarly robust results, recording 529,000 sq. ft. of leasing activity, its strongest quarter on record and an impressive 153% above its five-year average. Much of this activity was driven by pre-leasing at 625 Madison Avenue, where three transactions totaling 294,000 sq. ft. underscored tenants' hunt for quality supply.

Net Absorption and Availability

Midtown's available supply tightened in Q3 2026 as sustained leasing demand and a limited influx of new space drove another quarter of positive absorption. Net absorption totaled 1.48 million sq. ft., bringing the year-to-date total to 3.35 million sq. ft. Q3 marked Midtown's ninth consecutive quarter of positive absorption, extending the longest uninterrupted stretch on record.

Sustained reduction in Midtown’s available space translated into a 60 bps quarterly decline in availability to 12.1%, down 240 bps year-over-year and now just 80 bps above its year-end 2019 level. Sublease availability contracted as well, declining to 5.36 million sq. ft. and remaining 56% below its February 2023 peak. As a result, sublease space now accounts for just 18% of Midtown's total availability and sits 22% below 2019 levels.

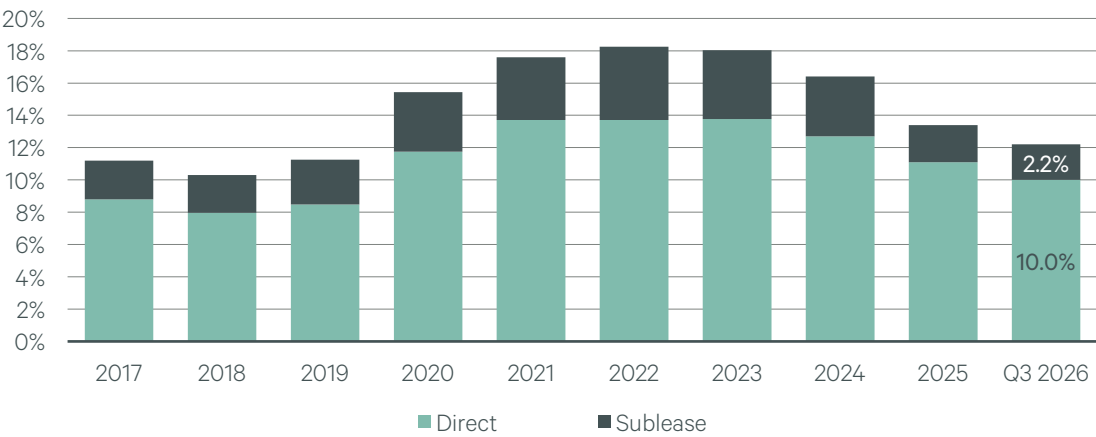
The tightening of Midtown's core districts¹ accelerated in Q3, with availability levels moving

FIGURE 5: Quarterly Net Absorption | By District



Source: CBRE Research, Q3 2026.

FIGURE 6: Sublease and Direct Availability Rate | Historical



Source: CBRE Research, Q3 2026.

deeper into the market's estimated equilibrium range of 10% to 12%. Across all quality tiers, availability declined 60 bps quarter-over-quarter to 10.8%, reflecting continued occupancy gains and a limited influx of new supply. Conditions were even tighter among better buildings², where availability stood at just 6.8%, underscoring the increasingly competitive landscape for high-quality space.

Penn District/Hudson Yards posted Midtown's strongest absorption performance in Q3, with 542,000 sq. ft. of positive absorption, as robust tenant demand depleted available inventory. The district's availability rate fell 150 bps during the quarter to just 5.2%, the lowest in Midtown and the tightest office market in Manhattan. The decline has caused a remarkable 540-bps improvement over the past year, pushing availability to its lowest level since Q1 2000.

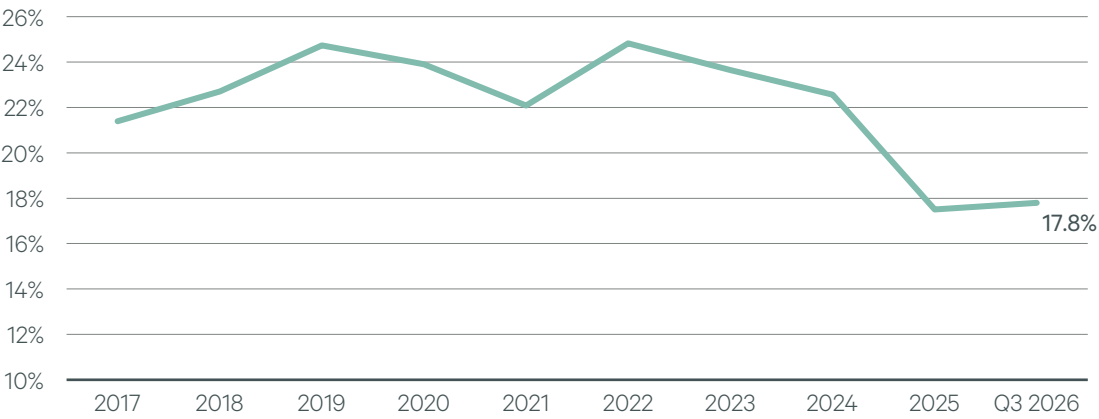
Grand Central recorded 370,000 sq. ft. of positive absorption in Q3 as robust leasing activity more than offset a notable increase in new availabilities. The district registered 754,000 sq. ft. of leasing volume during the quarter, outpacing 18 new availabilities exceeding 10,000 sq. ft. that collectively added more than 300,000 sq. ft. to the market. As a result, availability declined 90 bps quarter-over-quarter to 12.5%, marking a 240-bps improvement from one year ago.

Times Square/West Side was Midtown's weakest-performing district in Q3, posting 247,000 sq. ft. of negative absorption as several large blocks of space returned to the market. The district accounted for four of Midtown's five largest space additions during the quarter, including each of the market's three new availabilities exceeding 100,000 sq. ft.—the largest being a 180,000 sq. ft. direct block at 1540 Broadway. This influx of supply pushed the availability rate up 80 bps quarter-over-quarter to 21.8%. Despite the increase, availability remains 200 bps below its level one year ago, reflecting the district's substantial progress over the past 12 months.

Average Asking Rent

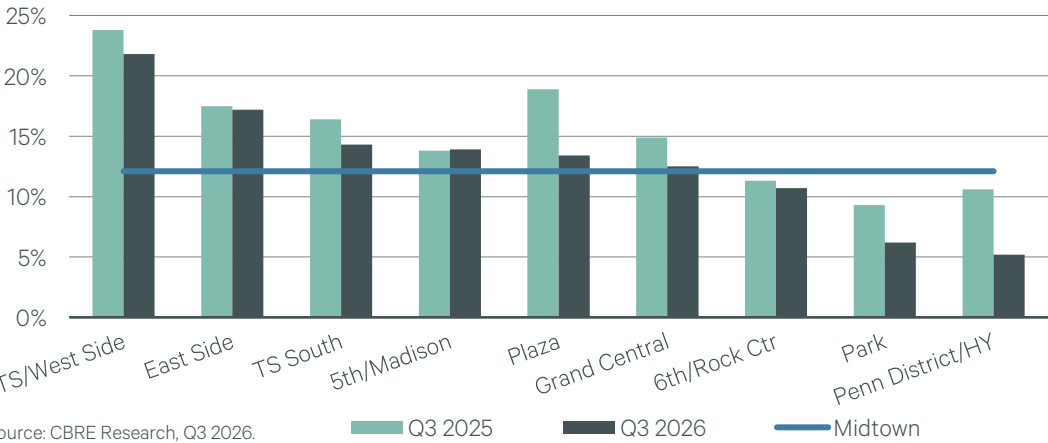
Midtown's average asking rent held steady at \$85.53 per sq. ft. in Q3 2026, up 3% year-over-year. While elevated levels of commodity space continue to weigh on headline rent growth, pricing at the top end of the market remains firmly on an upward trajectory, supported by sustained tenant demand and a dwindling supply of premier options. Asking rents in better buildings¹ across Midtown's core averaged \$124.35 per sq. ft., representing a 6% increase from one year ago and a 19% increase from the post-pandemic low of \$104.08 per sq. ft. recorded in Q4 2021.

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



Source: CBRE Research, Q3 2026.

FIGURE 8: Availability Rate | By District



Source: CBRE Research, Q3 2026.

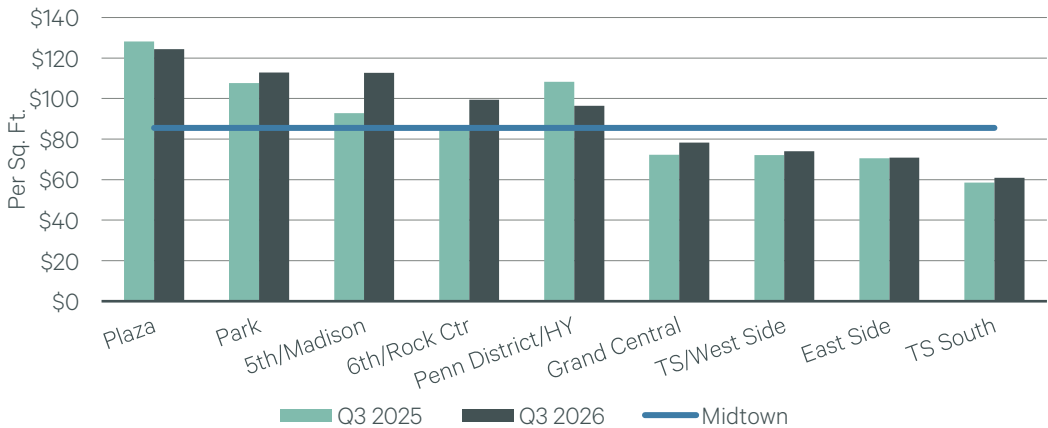
Q3 2025 Q3 2026 Midtown

Grand Central posted the strongest asking rent growth of any Midtown district in Q3, with average rents climbing 4% quarter-over-quarter to \$78.29 per sq. ft. The increase was driven by a combination of premium-priced space entering the market, most notably a 47,000 sq. ft. availability at 120 Park Avenue, and the absorption of lower-cost inventory, including space at 200 Madison Avenue leased by Havas. Grand Central's average asking rent sat 8% higher than it did one year ago.

Penn District/Hudson Yards and Times Square South both recorded declines in average asking rents during Q3, though in each case the movement reflected healthy leasing activity rather than weakening fundamentals. In Penn District/Hudson Yards, the average asking rent fell 6% quarter-over-quarter and 11% year-over-year to \$96.42 per sq. ft. after six availabilities with asking rents well into the triple digits were leased and removed from the market. Similarly, Times Square South's average asking rent declined 4% to \$60.90 per sq. ft., driven by the absorption of two 50,000 sq. ft. blocks at 1411 Broadway that were priced roughly 50% above the district average. In both districts, the leasing of premium space lowered headline asking rents while reducing the supply of high-quality inventory.

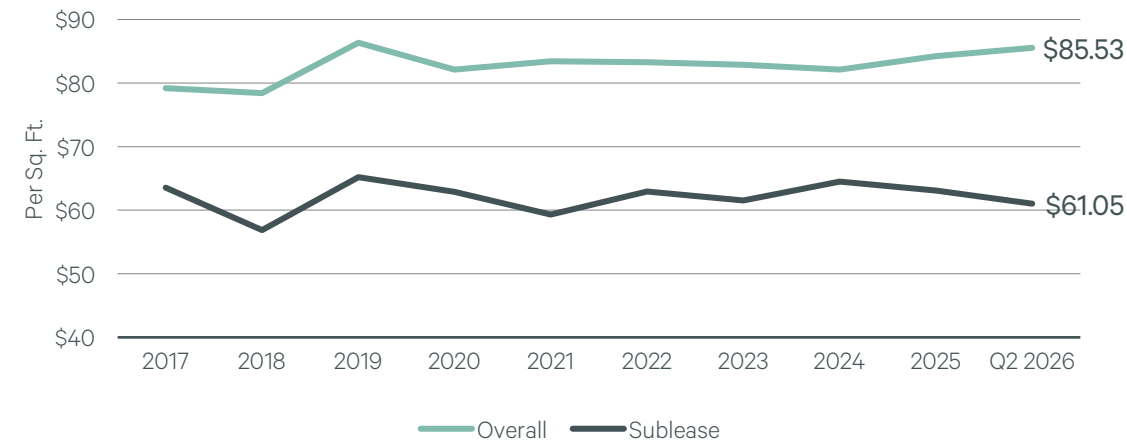
Park Avenue and Fifth/Madison Avenue recorded modest rent movement of +/- 2.0%, while East Side, Sixth Avenue/Rockefeller Center, Times Square/West Side and Plaza remained stable.

FIGURE 9: Average Asking Rent | By District



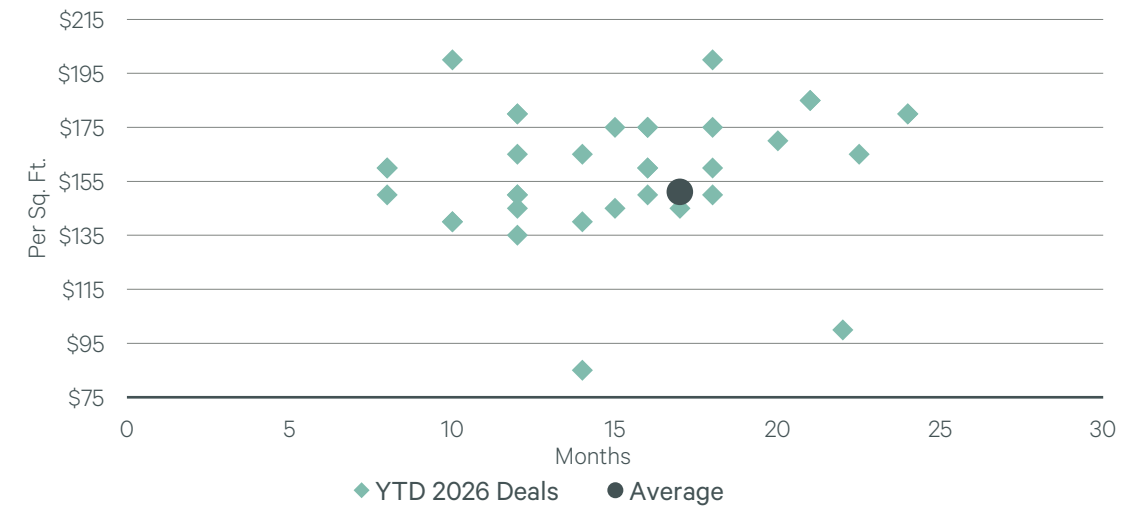
Source: CBRE Research, Q3 2026.

FIGURE 10: Average Asking Rent | Historical



Source: CBRE Research, Q3 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, Q3 2026.

Taking Rent Index

The taking-rent index increased 40 bps quarter-over-quarter to 95.0% but was down 60 bps year-over-year. The current taking-rent index is essentially on par with the year-end 2019 high 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. Packages averaged \$151 per sq. ft. in tenant improvement allowance (TI) and 17 months of free rent. Since 2019, average TI packages have increased 43% and average free rent has increased 20%.

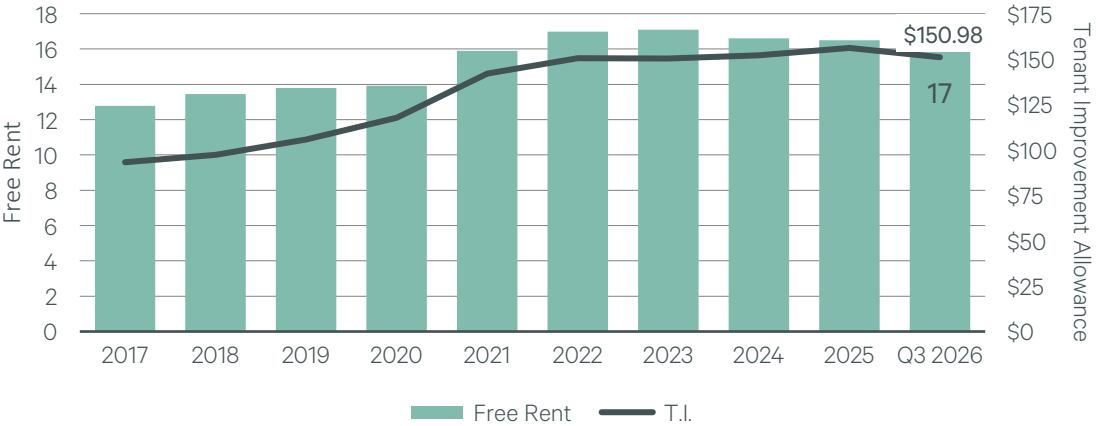
Development Pipeline

Midtown's development pipeline remains exceptionally limited, with just three major office projects currently underway. The first to deliver will be the redevelopment of 665 Fifth Avenue, which is expected to add approximately 126,000 sq. ft. of office space over the next 12 months. Beyond 665 Fifth Avenue, new supply remains years away. Related Companies' 1.39 million sq.-ft.-70 Hudson Yards is slated for delivery in 2028 following Deloitte's commitment to anchor the building, while 343 Madison Avenue, anchored by CV Starr, is expected to deliver approximately 930,000 sq. ft. in 2029. More than half of the space at 343 Madison Avenue has already been spoken for, further limiting the impact of future deliveries on Midtown's supply outlook.

Two additional developments appear poised to move forward following the recent securing of anchor tenants. Related Companies' 625 Madison Avenue is expected to break ground after General Atlantic committed to anchor the project, which will deliver 821,000 sq. ft. of office space. Meanwhile, Extell's 570 Fifth Avenue is set to advance following Simpson Thacher & Bartlett's 916,000 sq. ft. lease commitment. The project is slated to deliver approximately 1.6 million sq. ft. of office space in 2030, further expanding Midtown's next generation of premier office inventory.

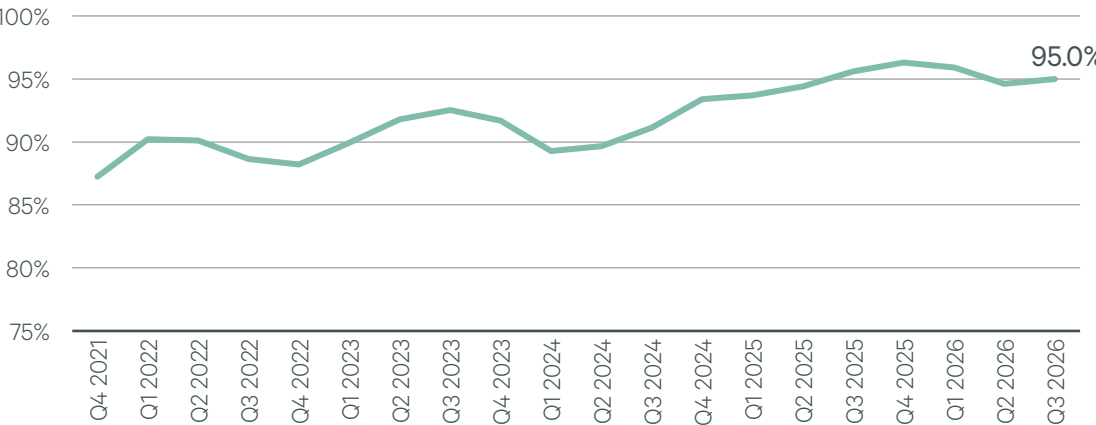
Collectively, Midtown's active development pipeline outlined above is already 58% pre-leased, emphasizing the demand for future high-quality supply and limiting the impact of upcoming deliveries on market availability.

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.
Source: CBRE Research, Q3 2026.

FIGURE 13: Taking Rent Index | Historical



Source: CBRE Research, Q3 2026.

Market Statistics

Figure 14: 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)
5th/Madison	11.58	13.9%	11.3%	2.6%	11.1%	\$112.72	0.09	(0.04)	0.17	0.59
East Side	19.72	17.2%	15.1%	2.1%	13.6%	\$70.86	(0.00)	(0.16)	0.15	0.56
Grand Central	44.59	12.5%	10.9%	1.7%	9.9%	\$78.29	0.37	0.56	0.75	3.39
Park Avenue	30.84	6.2%	5.7%	0.5%	4.5%	\$112.90	0.25	0.80	0.34	1.32
Penn District/Hudson Yards	35.78	5.2%	3.7%	1.5%	4.2%	\$96.42	0.54	0.84	0.81	1.92
Plaza	10.69	13.4%	11.6%	1.9%	12.2%	\$124.35	0.13	0.37	0.53	0.81
Sixth/Rockefeller	44.35	10.7%	9.7%	0.9%	7.5%	\$99.47	0.13	0.27	0.70	2.30
Times Square South	19.56	14.3%	11.1%	3.2%	10.6%	\$60.90	0.21	0.25	0.55	1.17
Times Square/West Side	30.98	21.8%	15.4%	6.3%	17.7%	\$74.02	(0.25)	0.45	0.36	1.02
Total	248.09	12.1%	10.0%	2.2%	9.5%	\$85.53	1.48	3.35	4.35	13.10

Source: CBRE Research, Q3 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:

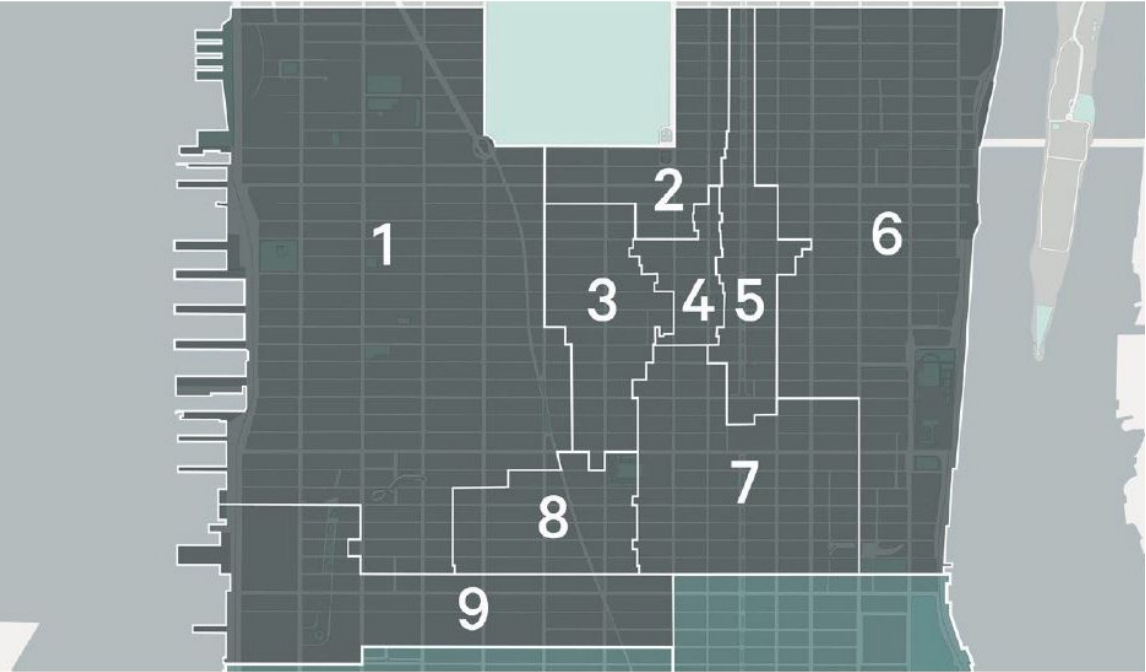
¹Midtown’s core districts: Plaza, Sixth Avenue/Rockefeller Center, Fifth/Madison, Park Avenue, and Grand Central.

² “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.

³Trophy assets represent the “best-in-class” category and comprise 2%-8% of buildings in the market, representing A+ inventory. This is a subset of the “Better” category.



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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