Research Report: New York City

Manhattan Office

Q1 2025

Accelerating success.

Manhattan Office Report

Manhattan's leasing volume grew by 11.6%, quarter over quarter. Meanwhile, availability tightened with positive absorption and higher pricing.

At 5.3%, New York City's January 2025 unemployment rate was notably lower than the 5.5% rate three months earlier, but increased by 0.5 pp (percentage points), year over year.[1] In addition, New York City's 1.8% annual private sector job growth surpassed the growth nationally (1.2%) and at the state level (1.3%).[2]

Strongest volume since Q4 2019

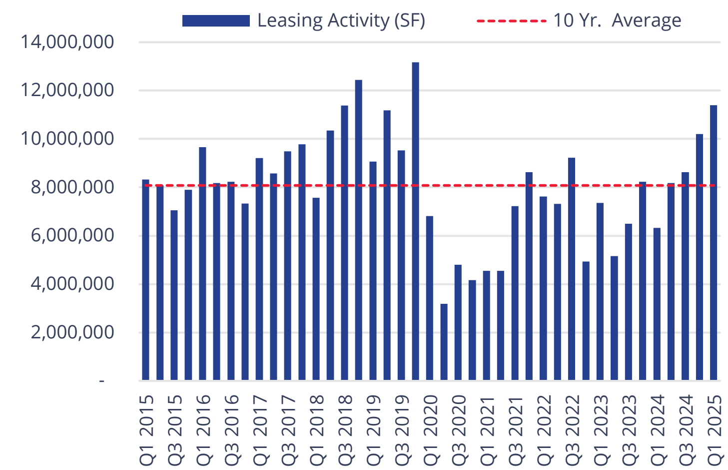
Manhattan office leasing activity grew by more than one-tenth since Q4 2024 to 11.39M SF and increased 80.0%, year over year. The Q1 2025 leasing activity – Manhattan's strongest quarterly volume since Q4 2019 – was 64.9% above the five-year quarterly average (6.91M SF) and was 41.0% above the ten-year average (8.08M SF). Additionally, this was Manhattan's fourth consecutive quarterly increase in demand and was the highest first quarter of leasing since 2014. However, a similar level of demand will be needed throughout the rest of 2025 to surpass 2019's pre-pandemic total yearly volume (42.97M SF).

The largest transactions during the quarter included Jane Street Group's 984,000-sq.-ft. extension and expansion at 250 Vesey Street, the 425,000-sq.-ft. renewal by the United Nations at 2 United Nations Plaza and Horizon Media's 360,000-sq.-ft. extension at 75 Varick Street. The major occupiers played a pivotal role in driving demand as six separate 250,000+-sq.-ft. leases during Q1 accounted for almost 25.0% of the total leasing velocity. Moreover, Manhattan's Class A product captured 75.5% of the total leasing volume – at 8.60M SF – and outperformed relative to its 64.4% share of the total market inventory.

Manhattan's FIRE (financial services, insurance and real estate) sector led leasing by industry during the quarter with a 41% share of activity. At 22%, the TAMI (technology, advertising, media and information services) industry had the second-

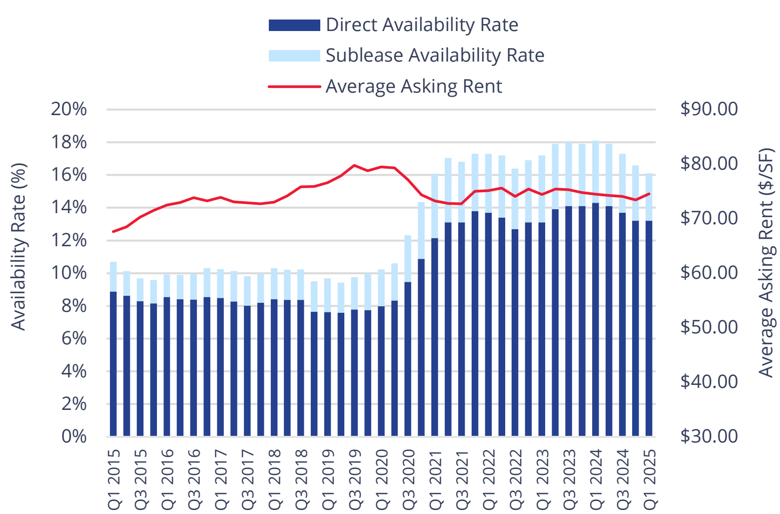
Manhattan Market Indicators			
	Q1 2024	**Q4 2024**	**Q1 2025**
Availability Rate	18.1%	16.5%	**16.1%**
Average Asking Rent ($/SF/YR)	$74.51	$73.42	**$74.53**
Leasing Activity (SF)	6,330,704	10,207,541	**11,393,161**
Net Absorption (SF)	(1,298,234)	3,932,342	**3,615,083**

Leasing Activity



Source: Colliers. Excludes deals less than 5,000 sq. ft.

Average Asking Rent and Availability Rate



Source: Colliers

[1] Source: New York State Department of Labor. Data is non-seasonally adjusted.
[2] Source: New York State Department of Labor. Growth between Feb. 2024-Feb. 2025.

largest segment of leasing while the professional services industry had the third-largest, at 14%.

Asking rent was 6.2% below March 2020 average

After six consecutive quarterly decreases, Manhattan's asking rent average increased in Q1 – by 1.5% to $74.53/SF – after several above-average priced large (100,000+-sq.-ft.) blocks of space were added to the available inventory, higher-repricing occurred in pockets of the market and below-average priced large blocks of space were removed from the availability. In addition, Manhattan's asking rent average was stable, year over year, increasing less than 0.1%, but was 6.2% below the March 2020 average of $79.47/SF.

The quarterly asking rent average was higher in 13 of Manhattan's 18 submarkets. Moreover, Hudson Yards/ Manhattan West ($130.02/SF), Greenwich Village ($106.01/SF), Chelsea ($80.56/SF) and Murray Hill ($65.16/SF) ended the quarter with asking rents above their respective Q1 2020 pre-pandemic averages.

The Insurance District recorded a 6.0% drop – the sharpest pricing decrease in Manhattan – to $46.50/SF, its lowest average since Q3 2015. This was primarily driven by the removal of 80,000 sq. ft. of above-average priced space at 89 South Street and lower-repricing within the submarket.

The Hudson Yards/ Manhattan West submarket's asking rent grew by 5.3% to $130.02/SF. This was the biggest percentage point gain in Manhattan during Q1 after 708,000 sq. ft. of below-average priced sublet space at 30 Hudson Yards was removed from the availability (a combination of several sublease transactions plus the remaining availability withdrawn from the market) and 112,000 sq. ft. of lower-priced space at 5 Manhattan West was subleased by WeWork.

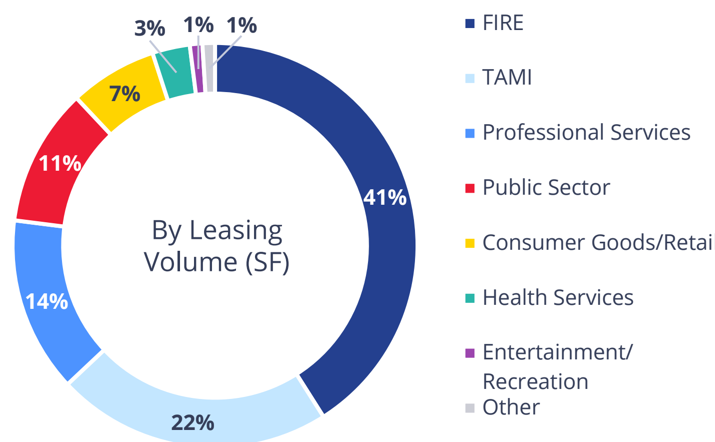
The average sublet asking rent ($57.24/SF) grew by 1.0% since Q4 2024 and the direct asking rent average ($78.22/SF) increased by 0.9%. The average asking rent in Class A product ($81.54/SF) jumped by 2.0% since December 2024 while the average in Class B product ($66.15/SF) increased by 1.4% and the Class C inventory ($48.58/SF) was 0.4% higher.

Manhattan's Q1 2025 GRV (Gross Rental Value is equal to leasing demand multiplied by average asking rent) of $849.13M represented an 80.0% increase compared to the Q1 2024 GRV of $471.70M and a 13.3% increase compared to the $749.44M GRV during Q4 2024.

Available Blocks of Space Q1 2025

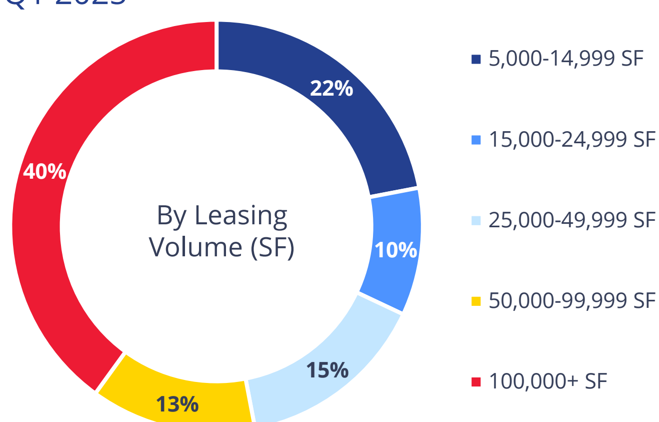
Source: Colliers

Leasing Activity by Industry Q1 2025



Source: Colliers

Leasing Activity by Size Q1 2025



Source: Colliers

Manhattan Office Report

The Q1 2025 weighted average rental abatement period for new deals and expansions was 12.1 months, compared to 14.8 months as the average in full-year 2024. Additionally, the Q1 2025 average tenant improvement allowance for new deals and expansions ($118.65/SF) was 14.4% below the 2024 average of $138.65/SF. The full year abatement period for renewals increased to 12.5 months in Q1 2025, up from 11.7 months in 2024. However, the allowance for renewals ($74.20/SF) was a 14.5% decrease from the 2024 average ($86.74/SF).

Tightest available supply since February 2021

The Manhattan office market ended Q1 2025 with an availability rate of 16.1% and was lower by 0.4 pp since the prior quarter.[3] This was also the fourth consecutive quarterly availability rate decrease. Although Manhattan's available supply grew by 58.9% since March 2020, the March 2025 total (85.55M SF) was the lowest since February 2021. In addition, the availability rate was lower or unchanged across 12 of Manhattan's 18 submarkets, quarter over quarter. There were 30 Manhattan listings with over 250,000 sq. ft. of contiguous space, less than the 32 blocks during Q4 2024, but double the number (15) during Q1 2020.

Meanwhile, sublet availability was lower – for the fourth consecutive quarter – with a net decrease of 2.66M SF. Even as Manhattan's sublet inventory recorded a 29.7% gain since March 2020, the sublet availability was reduced by more than 25.0% since March 2024, and at 15.44M SF, this was the tightest sublet supply since September 2020.

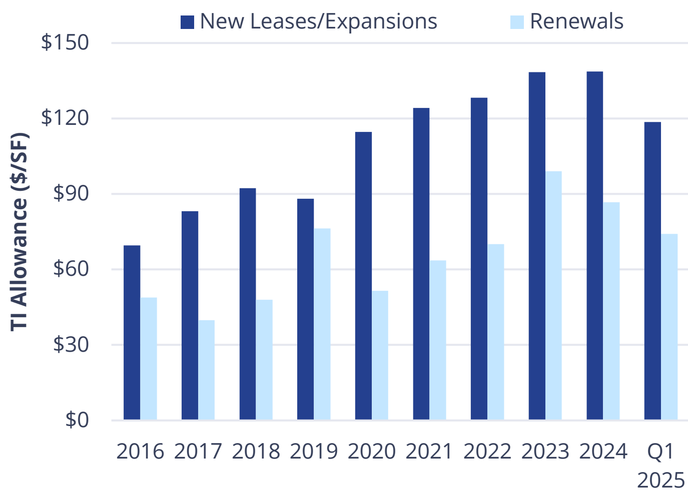
Manhattan's quarterly net absorption was positive 3.62M SF and included 0.98M SF of space removed from the available inventory for planned conversion to non-office use. Despite 31.70M SF of negative absorption since March 2020, approximately 7.72M SF of positive absorption occurred since Q1 2022.

[3] Note: Mostly due to numerous conversions to non-office use underway, Manhattan's total office inventory for 2025 was adjusted to 531.02M SF, down from 539.40M SF in 2024. As a result, certain markets and submarkets experienced tempered decreases to their availability rates or even higher availability rates since Q4 2024, even if the available supply decreased.

Average Free Rent

Source: Colliers. Concession average based on direct deals with 5+ year term.

Average TI Allowance



Source: Colliers. Concession average based on direct deals with 5+ year term.

Top Five Lease Transactions of Q1 2025

Tenant	Address	Size (SF)	Transaction Type
Jane Street Group	250 Vesey Street	983,791	Extension / Expansion
United Nations	2 United Nations Plaza	425,190	Renewal
Horizon Media	75 Varick Street	360,000	Extension
Universal Music Group	Penn 2	336,000	New
Mayer Brown	1221 Avenue of the Americas	330,662	Renewal / Expansion

Q1 2025 Manhattan Office Market Overview

Submarket	Inventory (SF)	Overall Availability Rate	Leasing Activity (SF)	Net Absorption (SF)	Overall Average Asking Rent ($/SF/YR)	Class A Average Asking Rent ($/SF/YR)	Class B Average Asking Rent ($/SF/YR)
Midtown	**237,961,180**	**15.0%**	**5,861,355**	**775,105**	**$80.47**	**$85.43**	**$55.85**
Columbus Circle	33,090,295	17.5%	479,384	66,356	$72.04	$75.19	$63.94
Grand Central	55,649,284	15.2%	1,768,656	643,475	$71.31	$72.94	$61.29
Plaza District	86,477,134	13.0%	1,701,304	(266,368)	$94.33	$96.08	$65.62
Times Square	58,605,823	17.3%	1,232,908	348,634	$77.49	$89.16	$47.03
U.N. Plaza	4,138,644	3.8%	679,103	(16,992)	$63.54	$64.92	$53.13
Midtown South	**190,976,200**	**16.2%**	**3,541,538**	**1,708,177**	**$78.09**	**$98.67**	**$74.23**
Chelsea	43,585,681	17.9%	708,522	(33,707)	$80.56	$107.69	$82.09
Gramercy Park	26,867,872	16.6%	347,884	120,067	$83.27	$96.26	$80.40
Greenwich Village	6,695,928	16.0%	108,400	47,288	$106.01	$139.32	$100.59
Hudson Square	14,617,323	18.4%	435,692	63,631	$82.73	$90.61	$79.81
Hudson Yards/ Manhattan West	20,359,368	8.3%	501,847	958,145	$130.02	$141.16	$77.56
Murray Hill	14,002,179	22.2%	157,986	(70,400)	$65.16	$71.65	$57.18
Penn Plaza/ Garment District	55,343,057	15.2%	1,056,134	330,425	$61.20	$91.01	$54.08
Soho	9,504,792	17.6%	225,073	292,728	$81.03	$81.88	$86.47
Downtown	**102,087,203**	**18.5%**	**1,990,268**	**1,131,801**	**$57.90**	**$60.69**	**$50.90**
City Hall	7,238,662	12.6%	42,176	112,674	$48.84	$52.93	$44.78
Financial District	39,539,569	23.5%	366,452	(16,464)	$57.49	$59.32	$48.89
Insurance District	9,347,666	19.8%	43,929	95,269	$46.50	$50.42	$43.02
Tribeca	8,845,610	13.6%	76,568	(1,199)	$70.21	-	$69.85
World Trade Center	37,115,696	15.1%	1,461,143	941,521	$61.06	$65.76	$43.68
Manhattan	**531,024,583**	**16.1%**	**11,393,161**	**3,615,083**	**$74.53**	**$81.54**	**$66.15**

70
Countries we operate in

$4.8B+
Annual revenue

2B
Square feet managed

23,000
Professionals

Colliers' statistical sample set for Manhattan totals 531.02M SF and includes all commercial office properties with at least 25,000 sq. ft. of office inventory from 59th Street to the Battery and river to river. Government owner-occupied properties are excluded from the total tracked inventory. Colliers' total tracked inventory for Manhattan declined by 8.37M SF in 2025, mostly due to conversions to non-office use as well as adjustments to tracked inventory.

Colliers' availability rate includes only office spaces scheduled for tenant build-out within 12 months. Colliers' leasing activity data includes all lease types greater than 5,000 square feet, including new leases, renewals, expansions and occasional sale-leasebacks.

About Colliers

Colliers is a global diversified professional services and investment management company. Operating through three industry-leading platforms – Real Estate Services, Engineering, and Investment Management – we have a proven business model, an enterprising culture, and a unique partnership philosophy that drives growth and value creation. For 30 years, Colliers has consistently delivered approximately 20% compound annual returns for shareholders, fueled by visionary leadership, significant inside ownership and substantial recurring earnings. With annual revenues exceeding $4.8 billion, a team of 23,000 professionals, and $99 billion in assets under management, Colliers remains committed to accelerating the success of our clients, investors, and people worldwide. Learn more at corporate.colliers.com, X @Colliers or LinkedIn.

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