

Q1 2025 NYC OFFICE OVERVIEW

LOCAL EXPERTISE | NATIONAL REACH
WORLD CLASS

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Economic Update

As of February 2025, the New York City unemployment was 5.30%, a 0.50% decrease from November, and significantly below the long-term average of 7.70%. Private sector jobs in New York City rose by 79,800 to 4,236,900 in November 2024. Gains occurred in private education and health services, leisure and hospitality, trade, transportation, and utilities, and other services.

New York City's congestion pricing initiative, launched in January 2025, has led to a noticeable increase in subway ridership. Early data shows that subway usage rose by approximately 12.7% on the first weekday after the tolls were implemented, compared to the same day the previous

year. Over the first three days, ridership was up by 34.7% compared to the same period in 2024, suggesting that the pricing strategy has encouraged more commuters to opt for public transportation instead of driving into the city. While the full impact of congestion pricing will take time to assess, these initial figures indicate a shift in commuting patterns, with more people relying on public transit.

Metro-North Railroad has seen a notable increase in ridership. Daily ridership rose by an average of 13.5% in January compared to previous years. This trend continued into February, with ridership increasing by 5% compared to the same month last year.



UNEMPLOYMENT RATE

5.3%

JAN 2025 (NYC)

4.1%

FEB 2025 (US)



INFLATION RATE

2.8%

FEB 2025

2.9%

NOV 2025



FEDERAL FUNDS RATE

4.33%

4.25% | 4.50%

TARGET RANGE



SUBWAY RIDERSHIP

3.6M

AVERAGE DAILY RIDERS
FEB 2025

75%

OF PRE-PANDEMIC
LEVELS



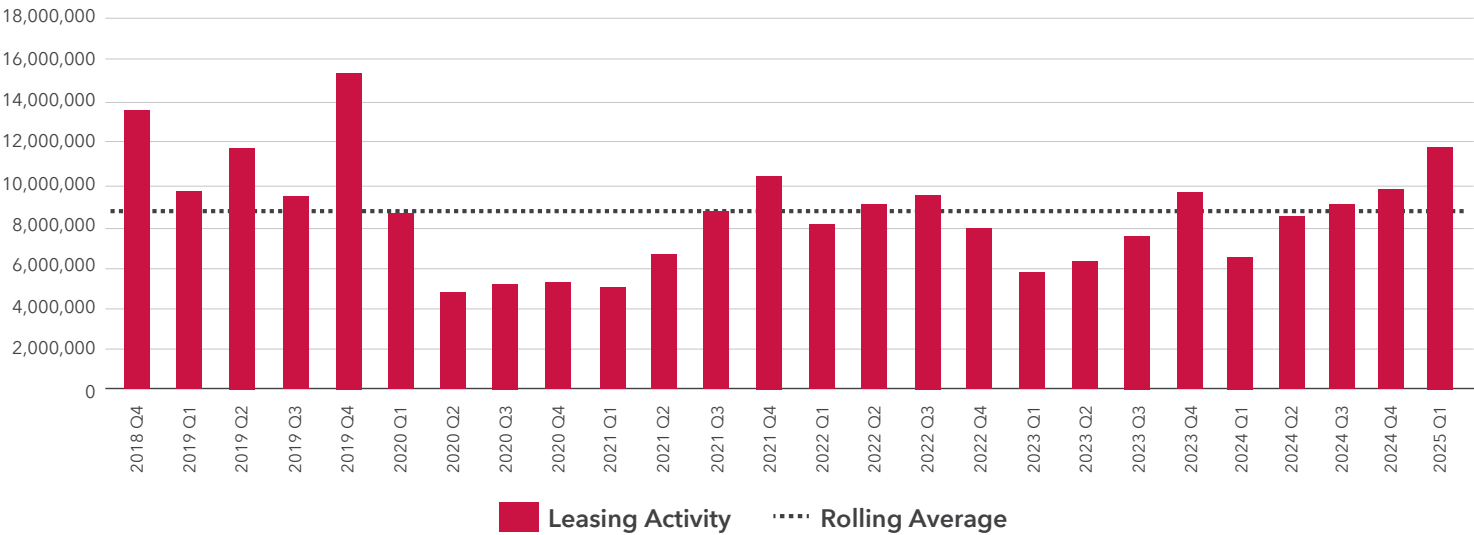
Leasing Activity

Building on its robust performance in Q4, Manhattan’s office leasing activity reached a total of 11.8 million square feet leased in Q1, the strongest quarter since Q4 2019. Financial services accounted for 45% of this quarter’s leasing volume, with Jane Street signing the largest lease of 943,685 square feet at 250 Vesey Street. Additionally, Q1 saw 15 leases over 100,000 square feet, half of them being renewals. Large corporations are increasingly implementing return-to-office protocols, and New York City leads the nation in office visits, with January occupancy levels hitting 85% of pre-pandemic rates. These return-to-office trends are expected to continue as major companies such as JP Morgan Chase, Dell, and Amazon enforce RTO protocols. Manhattan has

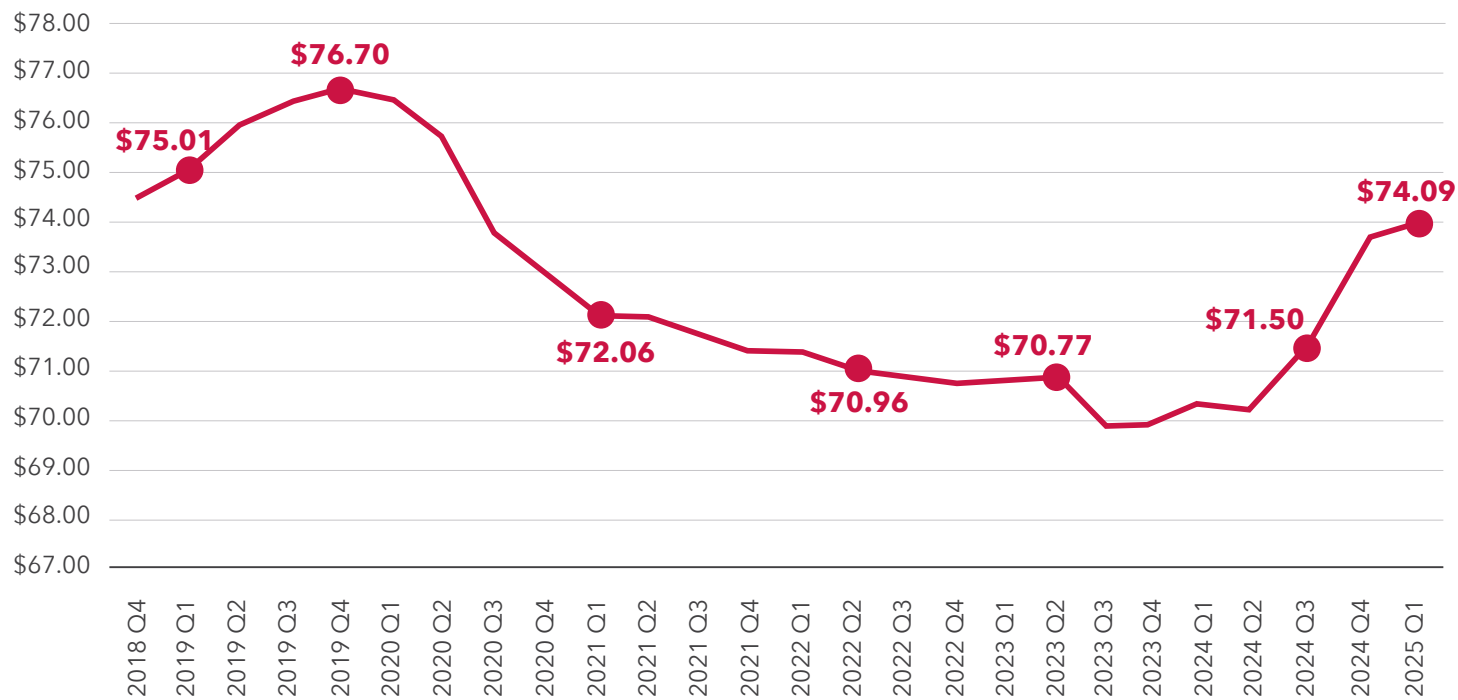
once again confirmed the trend known as flight-to-quality, with employers flocking to top-tier properties featuring desirable amenities. Obsolete office inventory continues to be removed from the market, largely due to planned or ongoing conversions to residential buildings, further reducing vacancy rates.

After declining during the pandemic, Manhattan market rents have steadily increased over the last several quarters, averaging \$74.09 PSF in Q12025, continuing an onward trend toward the pre-pandemic peak of \$76.70 PSF. Class A building rents spiked at \$85.62 PSF, an 8% increase from Q4 and surpassing the pre-pandemic peak of \$84.15 PSF.

LEASING ACTIVITY



MANHATTAN MARKET RENT



Midtown

With 7,307,824 square feet leased, Midtown continued its red-hot leasing activity, staying on par with Q4 leasing, up 22% from Q1 2024 and starting the year with the strongest leasing volume since the pre-pandemic years. 12 leases exceeding 100,000 square feet were signed, including Universal Music Group's new lease for 333,516 SF at Penn 2 and law firm Mayer Brown's 331,000 SF renewal and expansion at 1221 Avenue of the Americas. Q1 market rents increased from \$81.43 per square foot in Q4 to \$82.41 per square foot in Q1, and tenants continue to flock to trophy spaces over aging class A and B/C buildings.



Midtown South

In Q4, Midtown South's leasing activity reached 2,309,244 square feet and surpassed the five-year quarterly average by 55%, with a 23.3% increase from Q4. Average rents remained steady at \$68.41 per square foot, while availability decreased by 1.4% since the last quarter. In Q1, the top lease in Midtown South was IBM's 93,000 square foot lease at 1 Madison.



Downtown

Downtown leasing volume saw a significant increase in Q1, totaling 1,875,986 square feet, surpassing the five-year rolling quarterly average of 1.2M SF. Downtown still accounts for the lowest rental rates among all Manhattan submarkets with \$57.99 per square foot, just below the \$58.60 PSF average in 2023. Despite this area's leasing struggles, downtown saw the two largest leases of the quarter at 250 Vesey Street and 75 Varick Street, as well as 3 leases exceeding 40,000 square feet.



TOP LEASE TRANSACTIONS



Jane Street

250 VESEY STREET

943,685 SF



75 VARICK STREET

366,992 SF



UNIVERSAL MUSIC GROUP

PENN2

504,000 SF

**MAYER
BROWN**

1221 AVENUE OF THE AMERICAS

330,662 SF

iCapital

60 EAST 42ND STREET

220,737 SF



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