

# Q2 2025 MARKET REPORT

## OFFICE OVERVIEW



# MANHATTAN OFFICE MARKET SEES STRONGEST FIRST HALF SINCE 2019 AMID RISING LEASING DEMAND AND STABILIZING ECONOMIC INDICATORS

Manhattan’s office leasing activity in the first half of 2025 reached approximately 22 million square feet, reflecting a **nearly 20% rise from 18.3 million square feet in the same period of 2024**, marking the strongest first half since 2019. In Q2 2025, Class B and C leasing demand comprised 25% of total leasing activity, while leases in the 0-5k square foot range represented 60% of all leasing, reflecting a growing demand for smaller spaces among tenants. In Q2 2025, leasing activity totaled 10.4 million square feet, down from 11.5 million square feet in Q1 2025 but up 7.6% year-over-year. Robust leasing and the absence of new developments in Q2 led to a decline in **Manhattan’s availability rate to 15.1% from 15.5%**, the lowest since Q4 2020. Rents across all three Manhattan submarkets increased both quarter over quarter and year over year, reflecting a stabilizing market throughout Manhattan.

In May 2025, New York City’s private sector employment totaled 4,248,300, up by 57,100 jobs from the previous year. Significant gains were seen in private education and health services (+63,800), information (+3,200), and trade, transportation, and utilities (+600). Losses were recorded in natural resources, mining, and construction (-4,100), professional and business services (-2,900), financial activities (-1,400), leisure and hospitality (-1,100), manufacturing (-800), and other services (-200). The city’s seasonally adjusted **unemployment rate was 4.7%, a decrease of 0.2% from April 2025 and 0.3% from June 2024**, compared to New York State’s rate of 4.0%. Office visits in June 2025 mirrored the upward trend in employment, with recovery rates climbing to 76%, according to Placer.Ai. This marks a 300 basis point increase since January and a 600 basis point rise compared to the same period last year.



## UNEMPLOYMENT RATE



4.7%  
JUNE 2025

5.0%  
JUNE 2024

Source: BLS

## INFLATION RATE



2.7%  
JUNE 2025

3.0%  
JUNE 2024

Source: BLS

## SUBWAY RIDERSHIP



4.2M

AVERAGE DAILY RIDERS  
MAY 2025

Source: MTA

## RETURN TO OFFICE RECOVERY RATES



76%  
JUNE 2025

70%  
JUNE 2024

Source: Placer.Ai

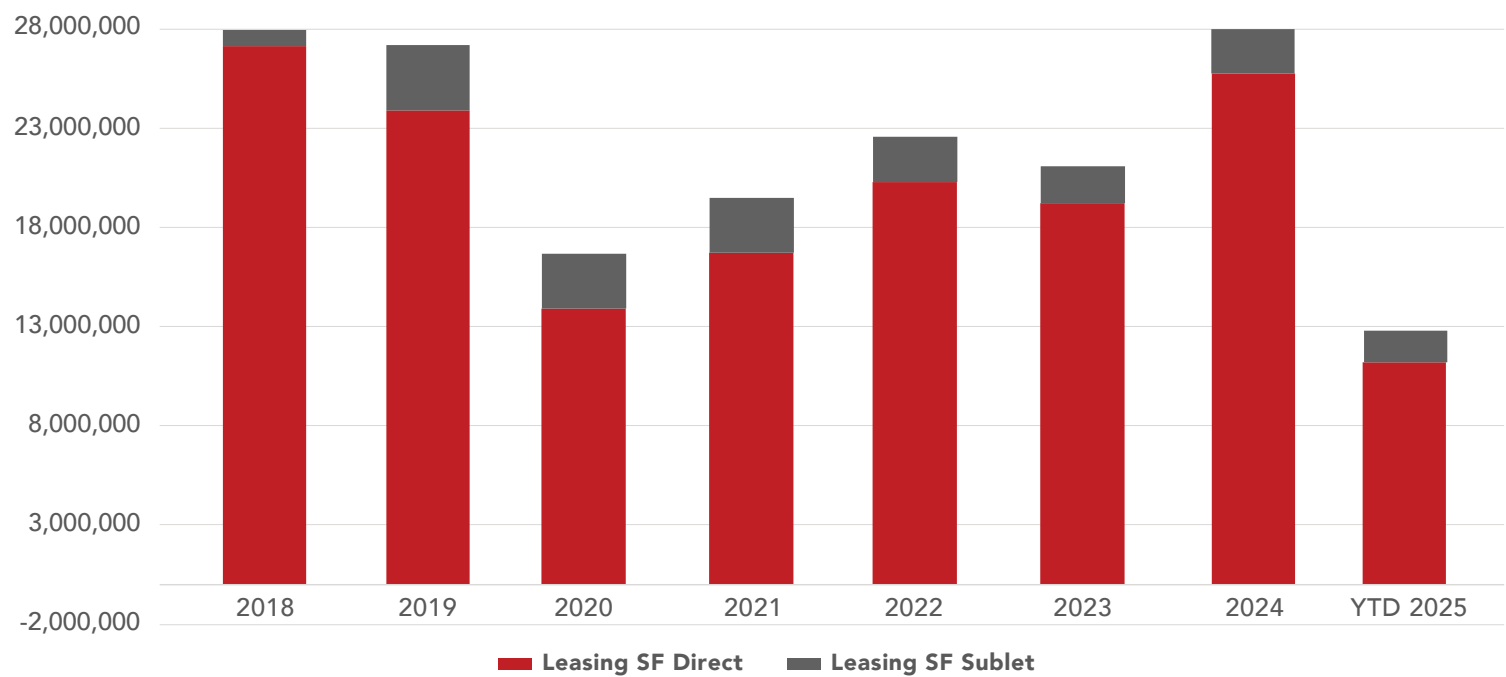


# MIDTOWN REPORT

## MIDTOWN INDICATORS

	Q2 2024	Q1 2025	Q2 2025
Availability Rate	17.00%	14.80%	14.50% ↓
Average Asking Rent (\$/SF/YR)	\$82.80	\$83.06	\$83.13 ↑
Average Lease Size (SF)	10,273	10,801	9,386 ↓
Leasing Activity(SF)	6,901,811	6,993,096	5,823,149 ↓

## MIDTOWN LEASING



### Midtown

Midtown’s office market in Q2 2025 showed robust leasing activity, reaching 5.8 million sf with year-to-date leasing totaling 12.8 million sf. Class A leasing dominated at 4.7 million sf, comprising 80.6% of the quarterly total. Notable leases included The United Nations Association’s 425,190 sf renewal at 2 United Plaza, and Amazon’s 330,000 sf commitment at 452 Fifth Avenue. Despite recording four leases over 100,000 sf in the quarter, demand for smaller spaces in Midtown surged, with leasing activity for spaces ranging from 0-5,000 sf comprising 59% of total leasing in the first half of 2025, up 313 basis point from 55.9% in the first half of 2024. Availability declined across all property classes, with overall availability reflecting a drop of 250 basis points YOY to 14.5%. YTD net absorption reached 1.5 million sf, with Class A properties achieving a robust 1.9 million sf, the highest in twenty quarters. Asking rents rose to \$83.13 per sf, a \$0.33 year-over-year (YOY) increase, the highest for Midtown since Q4 2019.

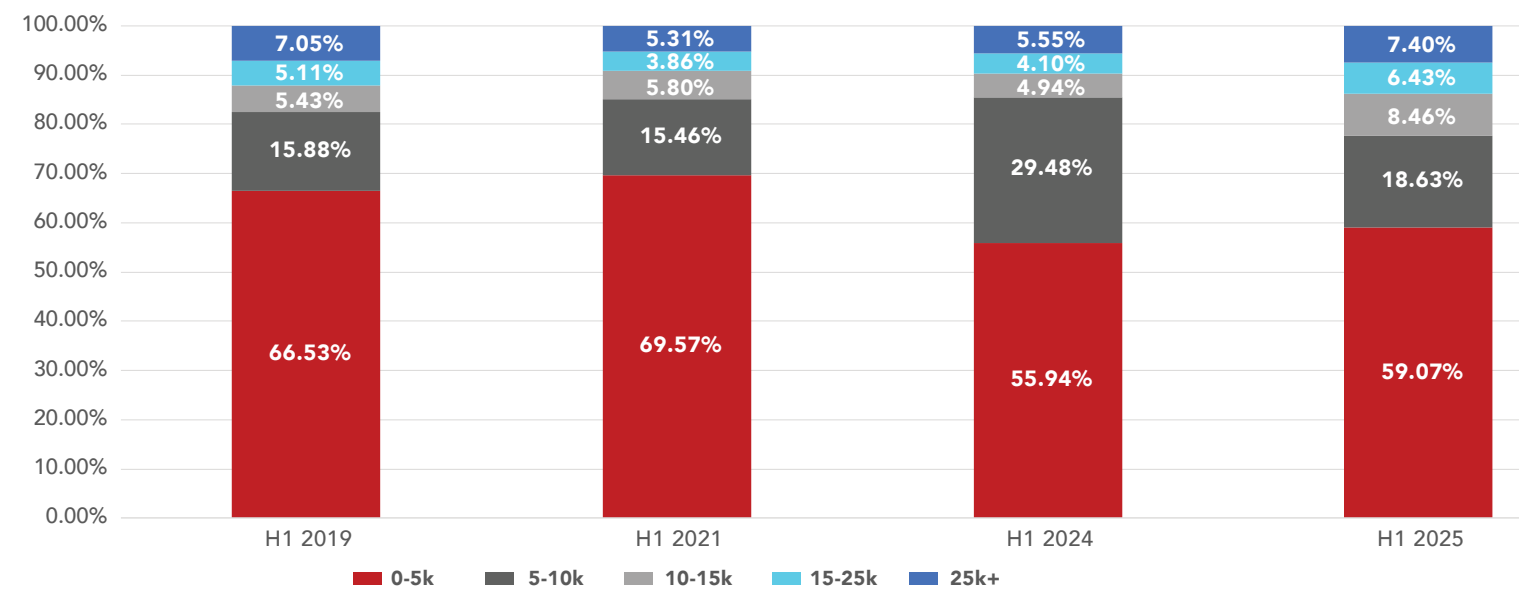
AVAILABILITY RATE  
DOWN TO **14.5%** FROM **17.0%**  
FROM PRIOR YEAR



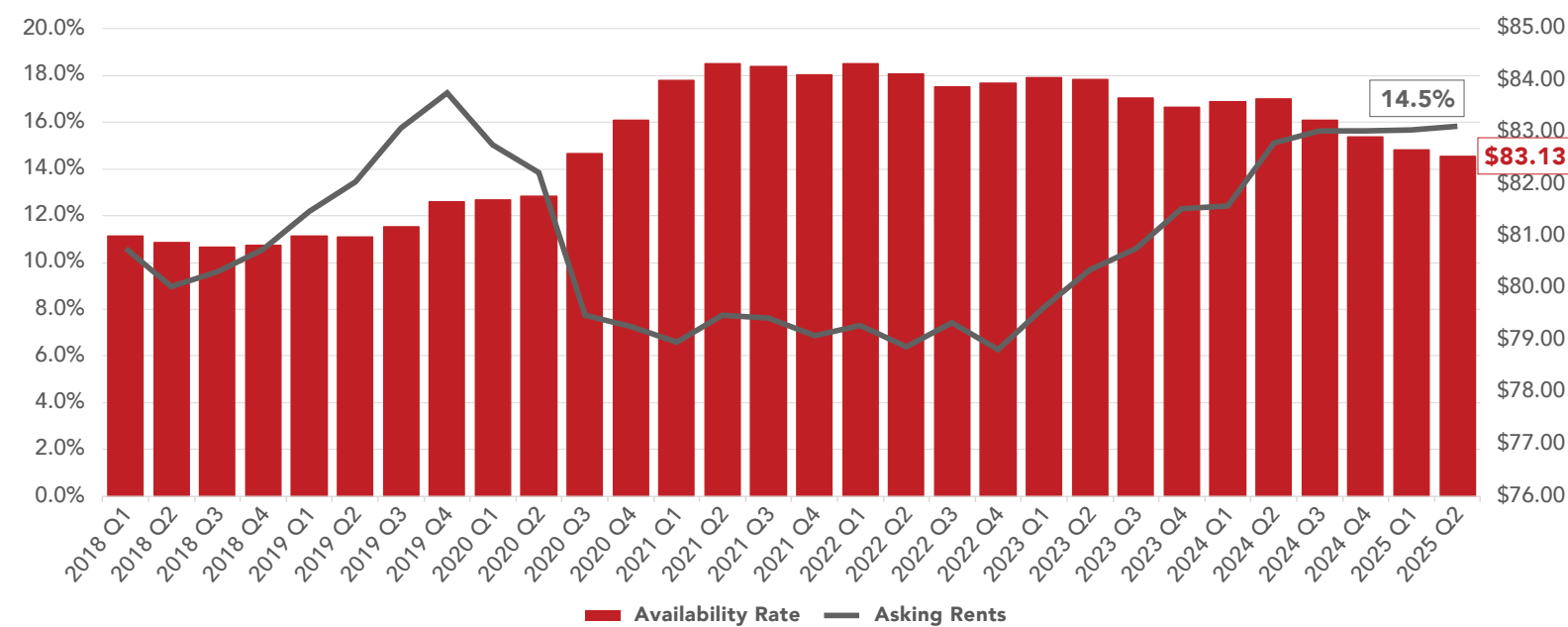


ROBUST LEASING ACTIVITY  
REACHING **5.8M SF** WITH YEAR-TO-  
DATE LEASING TOTALING **12.8M SF**

## MIDTOWN LEASING ACTIVITY BY SIZE TRANCHE



## MIDTOWN - AVAILABILITY









# TOP 5 MAJOR LEASES (MIDTOWN)





# MIDTOWN CLASS B OFFICE MARKET

## MIDTOWN INDICATORS

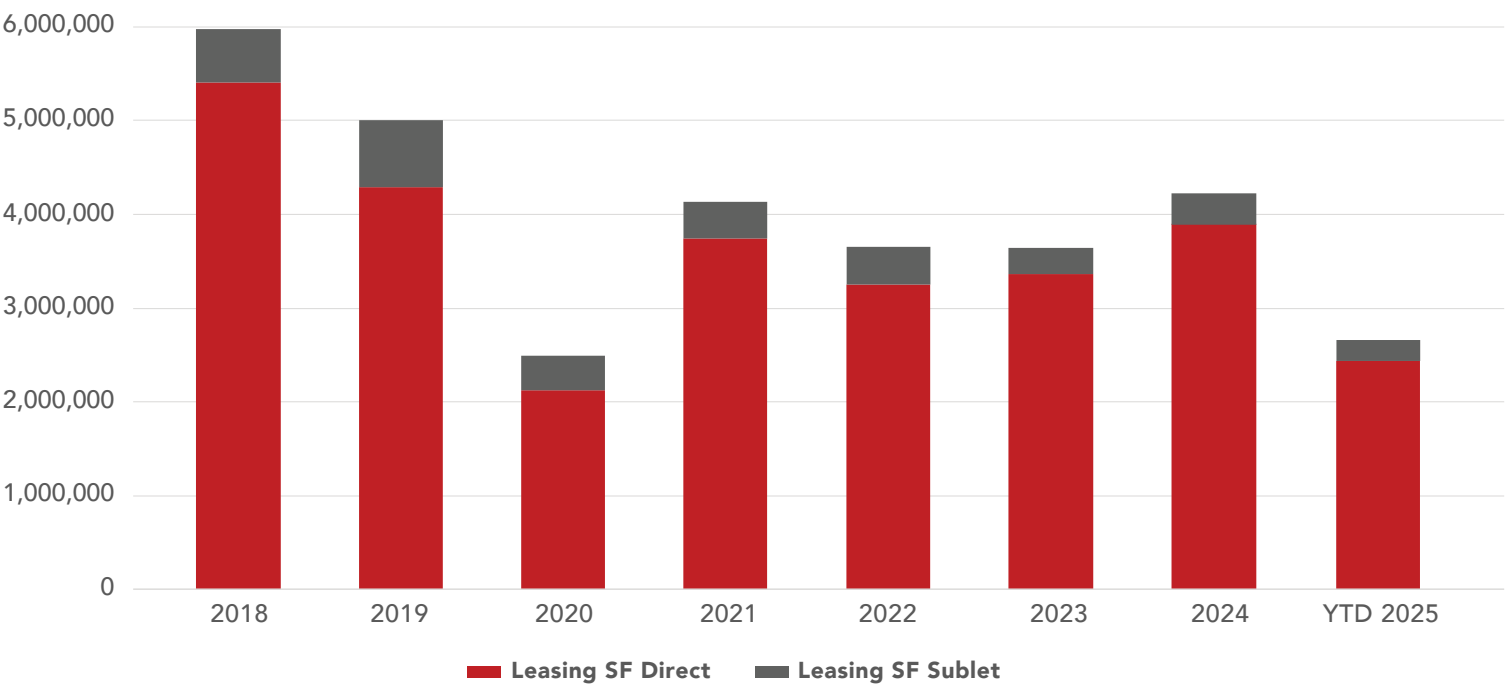
	Q2 2024	Q1 2025	Q2 2025
Availability Rate	17.00%	15.90%	15.90% 
Average Asking Rent (\$/SF/YR)	\$52.42	\$52.92	\$53.01 
Average Lease Size (SF)	4,181	6,894	3,775 
Leasing Activity (SF)	1,118,112	1,731,384	925,562 

Property	Submarket	Tenant	SF	Type
60 East 42nd Street	Grand Central	 GLOBAL EXECUTIVE GROUP	77,382	Renewal
551 Fifth Avenue	Grand Central	 NATIONAL WOMEN'S SOCCER LEAGUE	20,850	New Lease
469 Seventh Street	Penn Plaza/Garment		17,058	Renewal

CLASS B LEASING DEMAND  
COMPRISED **16% OF TOTAL**  
**LEASING ACTIVITY**



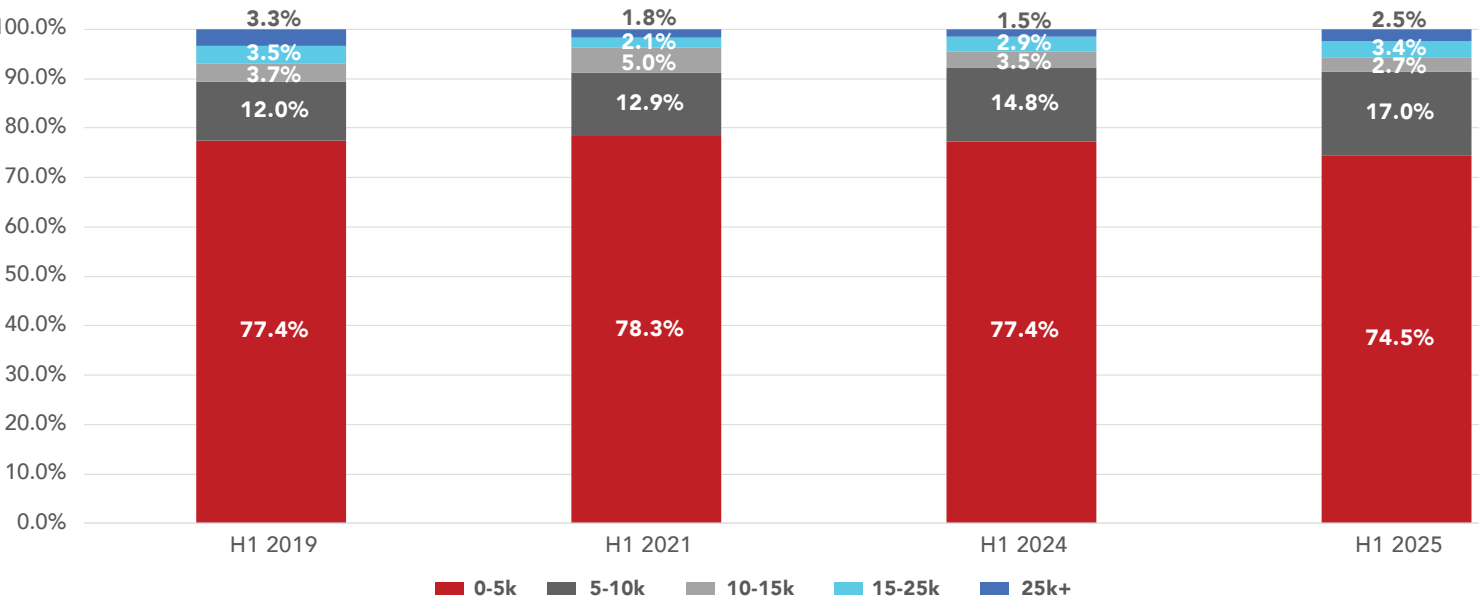
# MIDTOWN CLASS B LEASING



## Shifting Tenant Preferences Drive Demand for Smaller, Lower-Tier Spaces

In Q2 2025, Class B leasing demand accounted for 16% of total leasing activity in Midtown, indicating a notable share of tenant interest in more cost-effective, lower-tier office spaces. Simultaneously, leases for spaces in the 0-5,000 sf range made up a significant 77% of all leasing transactions. This trend highlights a clear shift in tenant behavior, with growing demand for smaller, more flexible spaces. The preference for compact office footprints is likely being driven by evolving work models, such as hybrid and remote arrangements, as well as increased financial prudence among small to mid-sized businesses. This ongoing transition suggests that landlords and developers may need to reassess their strategies, focusing more on subdividing larger spaces and investing in amenities that appeal to tenants seeking value and efficiency.

# MIDTOWN CLASS B LEASING ACTIVITY BY SIZE TRANCHE



# MIDTOWN CLASS B - AVAILABILITY









# MIDTOWN SOUTH REPORT

## Midtown South

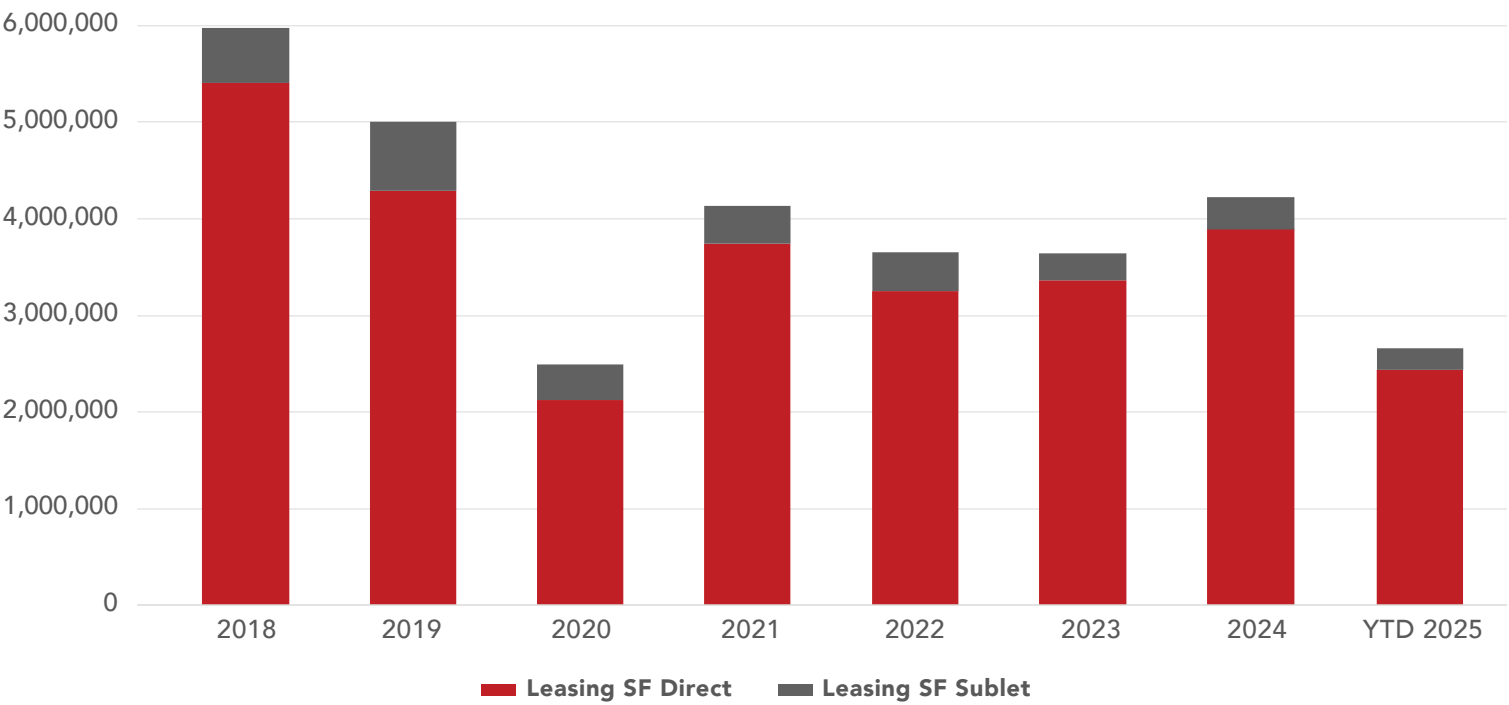
Midtown South recorded its strongest leasing quarter since Q4 2019, with 3.2 million sf in Q2 2025, and YTD leasing reached 5.5 million sf, a 57.6% YOY increase. The Chelsea and Greenwich Village submarkets accounted for nearly 70% of Q2 leasing, driven by NYU’s 1.0 MSF lease at 770 Broadway and Goodwin Procter’s lease at 200 Fifth Avenue. Availability rates declined quarter-over-quarter in both submarkets, with the overall availability rate dropping for the fifth consecutive quarter to 16.1%. Sublease availability fell to 1.8%, the lowest since pre-pandemic levels. YTD net absorption hit a record-breaking positive 2.7 million sf, marking three consecutive quarters of positive absorption. Overall asking rents increased to \$68.01 per sf, up \$0.46 YOY, while Class A rents rose to \$88.26 per sf, a \$0.44 YOY increase.



## MIDTOWN SOUTH INDICATORS

	Q2 2024	Q1 2025	Q2 2025
Availability Rate	20.30%	17.10%	16.10% 
Average Asking Rent (\$/SF/YR)	\$44.86	\$45.25	\$45.34 
Average Lease Size (SF)	6,199	7,849	10,910 
Leasing Activity(SF)	1,758,233	2,310,253	3,161,251 

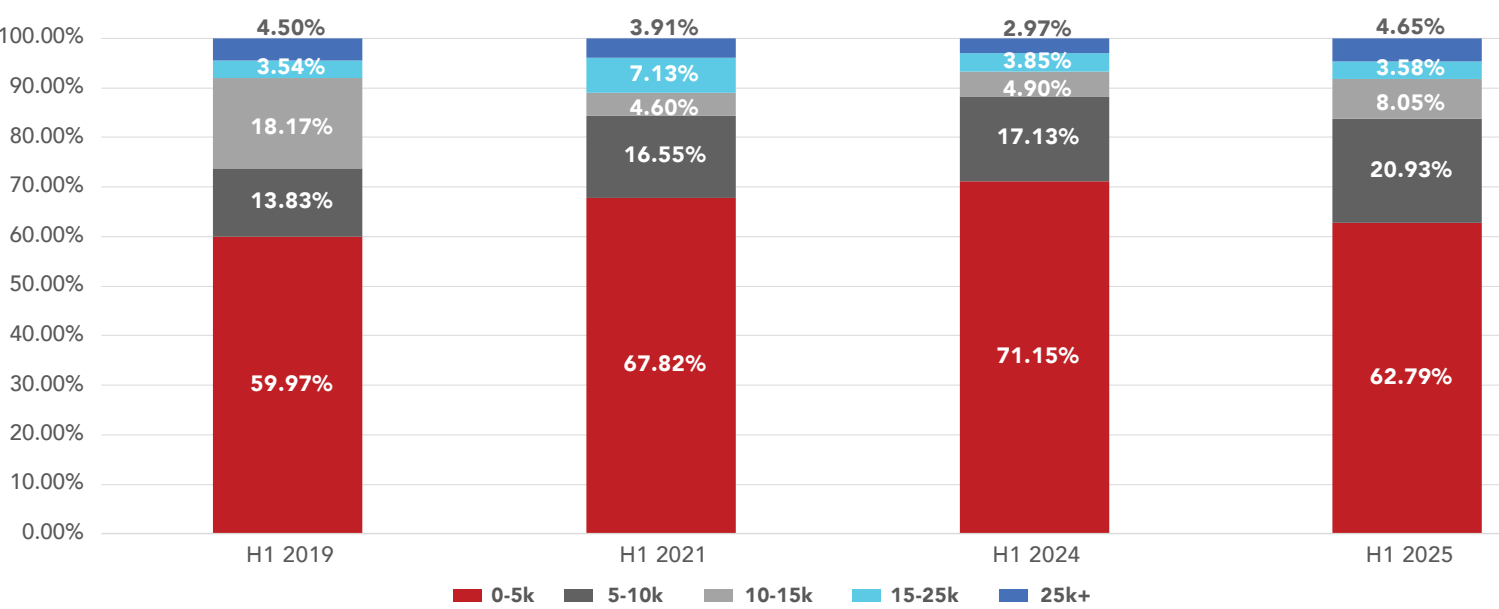
## MIDTOWN SOUTH LEASING



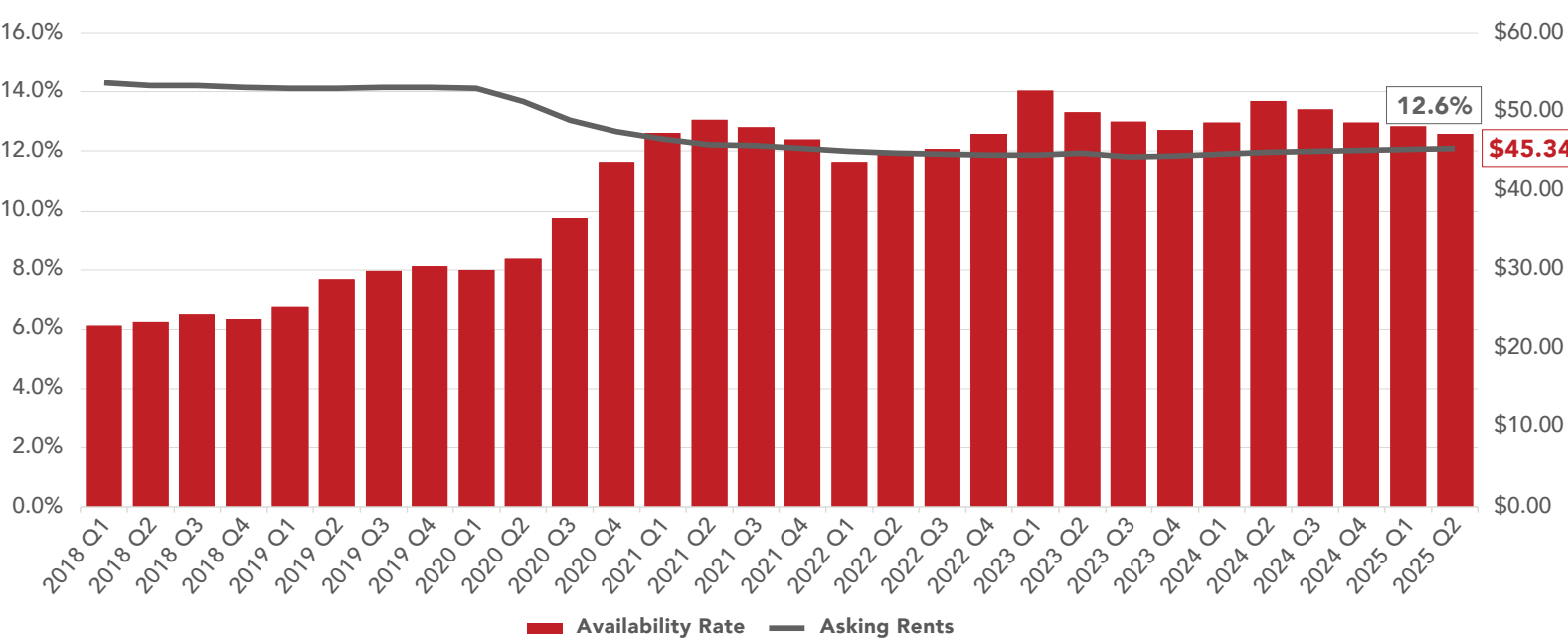




## MIDTOWN SOUTH LEASING ACTIVITY BY SIZE TRANCHE



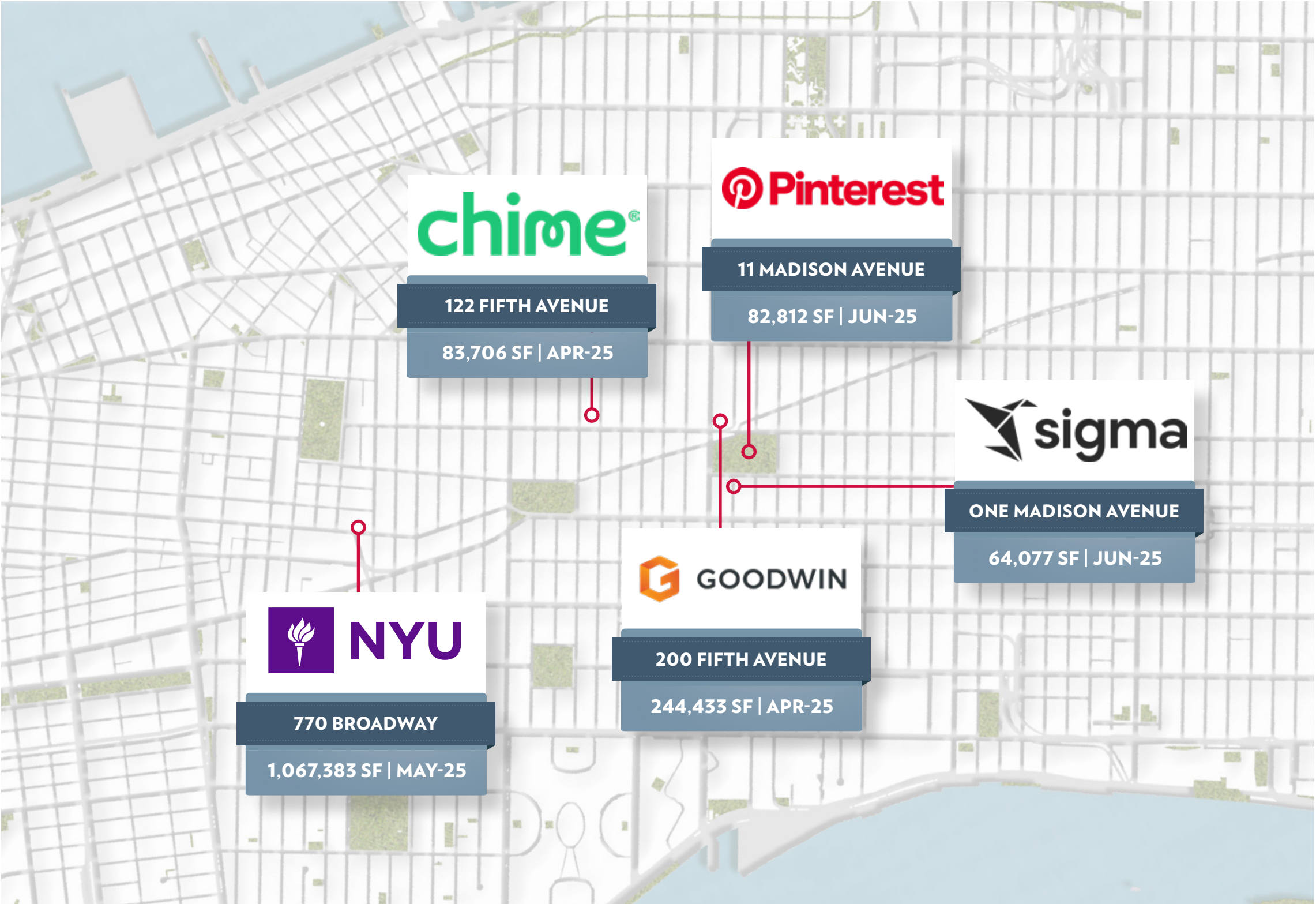
## MIDTOWN SOUTH - AVAILABILITY



AVAILABILITY RATE  
DROPPED FOR THE FIFTH  
CONSECUTIVE QUARTER  
DOWN TO **16.1%**



# TOP 5 MAJOR LEASES (MIDTOWN SOUTH)







# MIDTOWN SOUTH CLASS B OFFICE MARKET

## MIDTOWN SOUTH CLASS B INDICATORS

	Q2 2024	Q1 2025	Q2 2025
Availability Rate	18.30%	15.90%	15.20%
Average Asking Rent (\$/SF/YR)	\$58.78	\$59.27	\$59.27
Average Lease Size (SF)	4,181	5,661	5,796
Leasing Activity(SF)	598,490	854,252	889,958

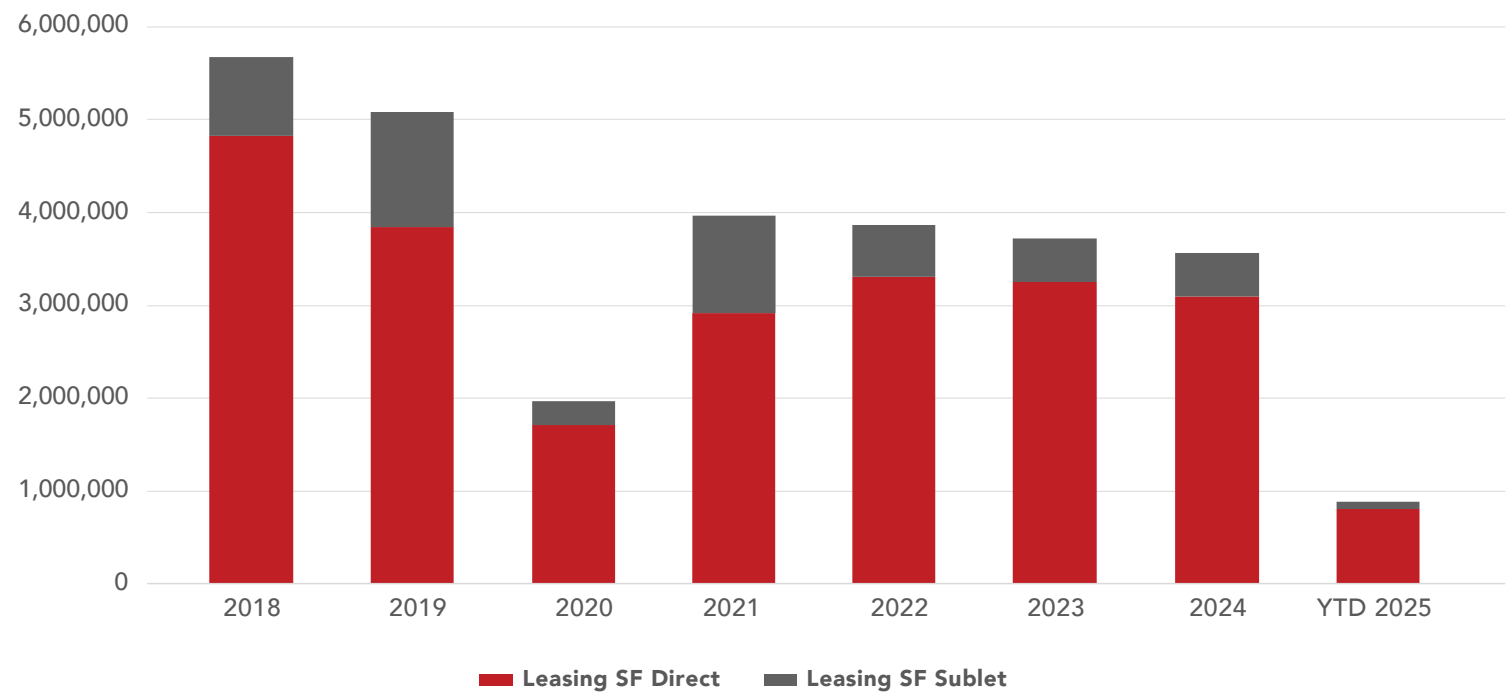
Property	Submarket	Tenant	SF	Type
287 Park Avenue South	Gramercy Park		80,427	New Lease
11 East 26th Street	Gramercy Park		24,166	New Lease
200 West 26th Street	Chelsea		19,833	New Lease

AVAILABILITY RATE  
LOWEST IN 10 QUARTERS  
TO **15.2%**

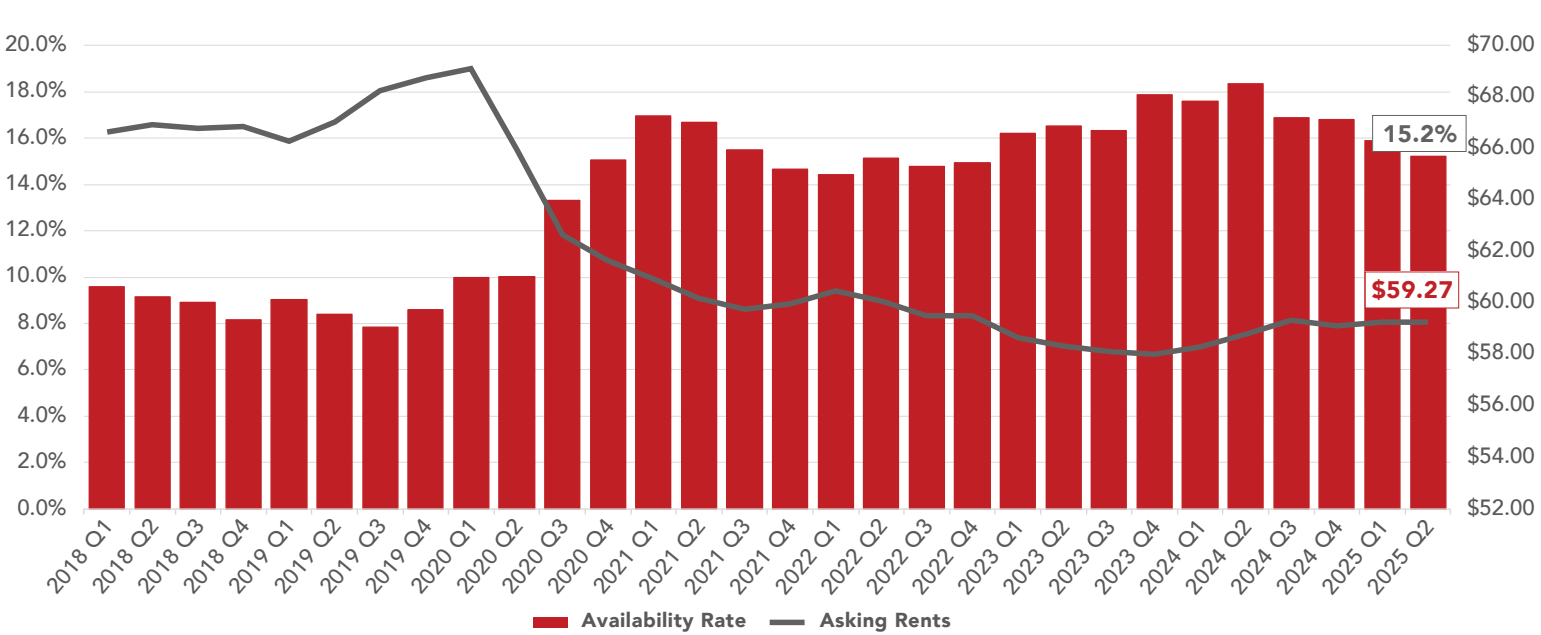




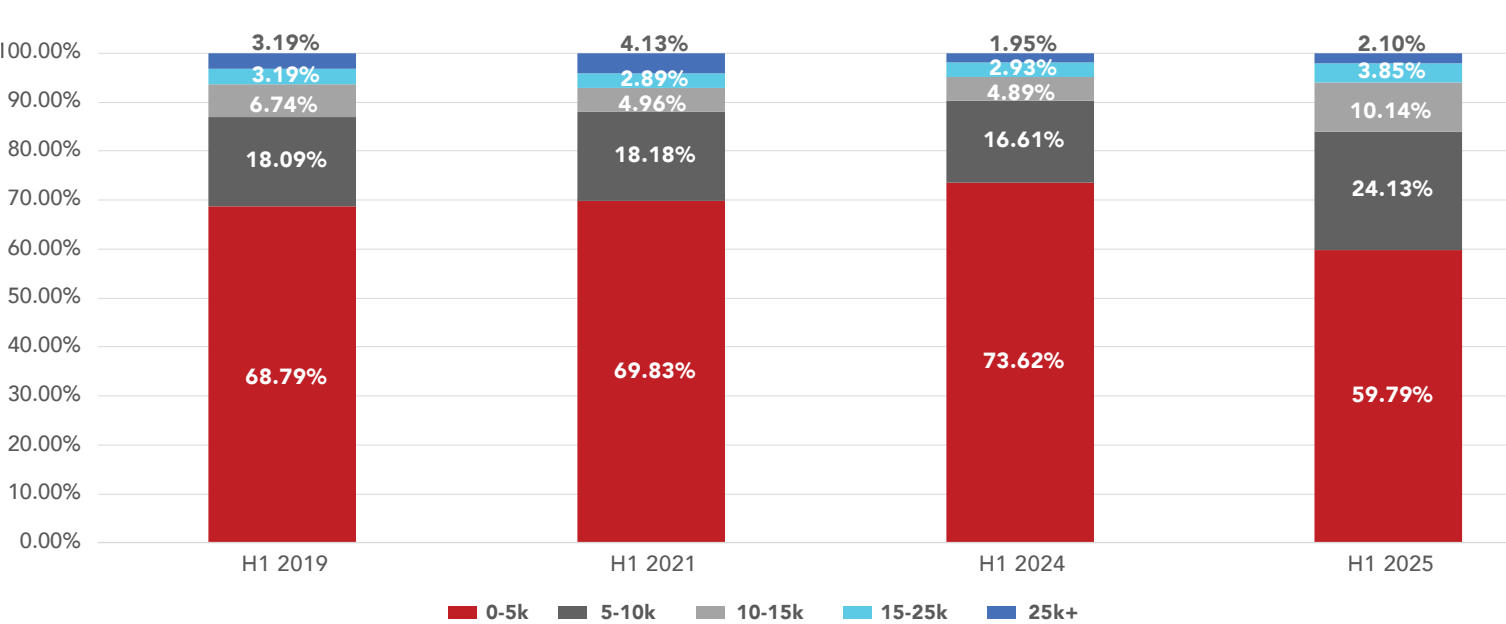
## MIDTOWN SOUTH CLASS B LEASING



## MIDTOWN CLASS B - AVAILABILITY



## MIDTOWN SOUTH CLASS B LEASING ACTIVITY BY SIZE TRANCHE





# DOWNTOWN REPORT

## Downtown

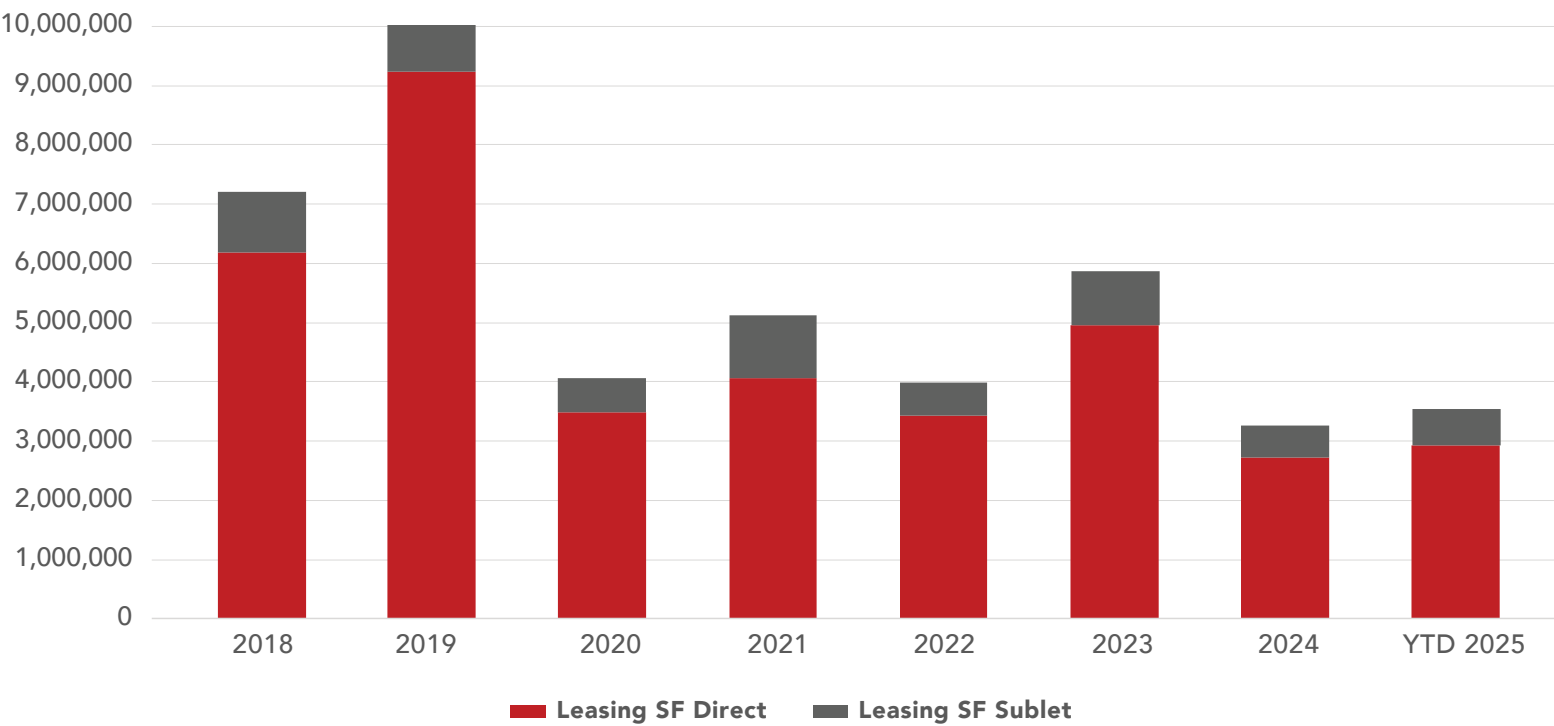
Downtown saw strong leasing activity in the first half of the year, with 3.5 million sf leased, nearly doubling the amount recorded in the first half of 2024. In Q2 2025, total leasing hit 1.4 million sf, with the World Trade Center submarket driving over half of the activity, led by BNY Mellon’s 192,915 sf sublease at One World Trade Center and Invesco Real Estate’s 154,399 sf expansion at 225 Liberty Street. Availability dropped 50 basis points quarter-over-quarter to 16.2%, down 250 basis points YOY from 18.7%. Residential conversions, totaling 4.0 million sf in planned and commenced projects, continued to reshape the market. Asking rents increased to \$57.93, aligning with the Manhattan-wide trend.



## DOWNTOWN INDICATORS

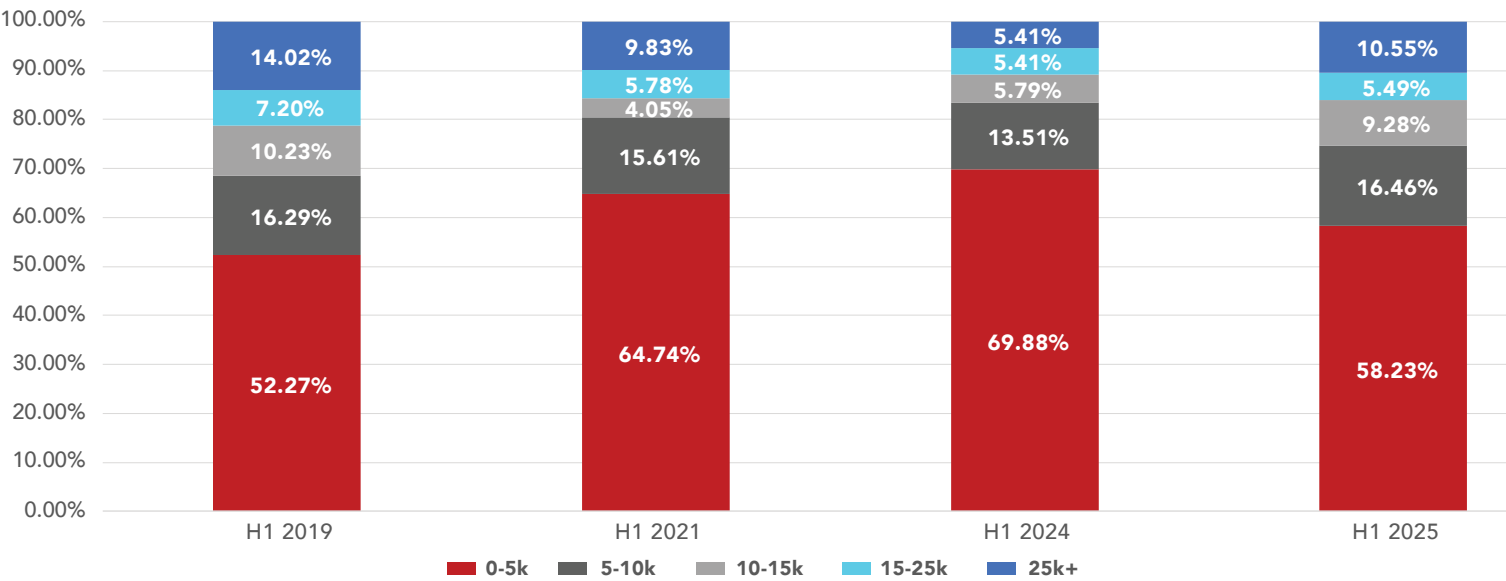
	Q2 2024	Q1 2025	Q2 2025
Availability Rate	18.70%	16.70%	16.20%
Average Asking Rent (\$/SF/YR)	\$57.23	\$57.90	\$57.93
Average Lease Size (SF)	8,073	16,192	11,931
Leasing Activity(SF)	1,015,303	2,137,198	1,409,074

## DOWNTOWN LEASING

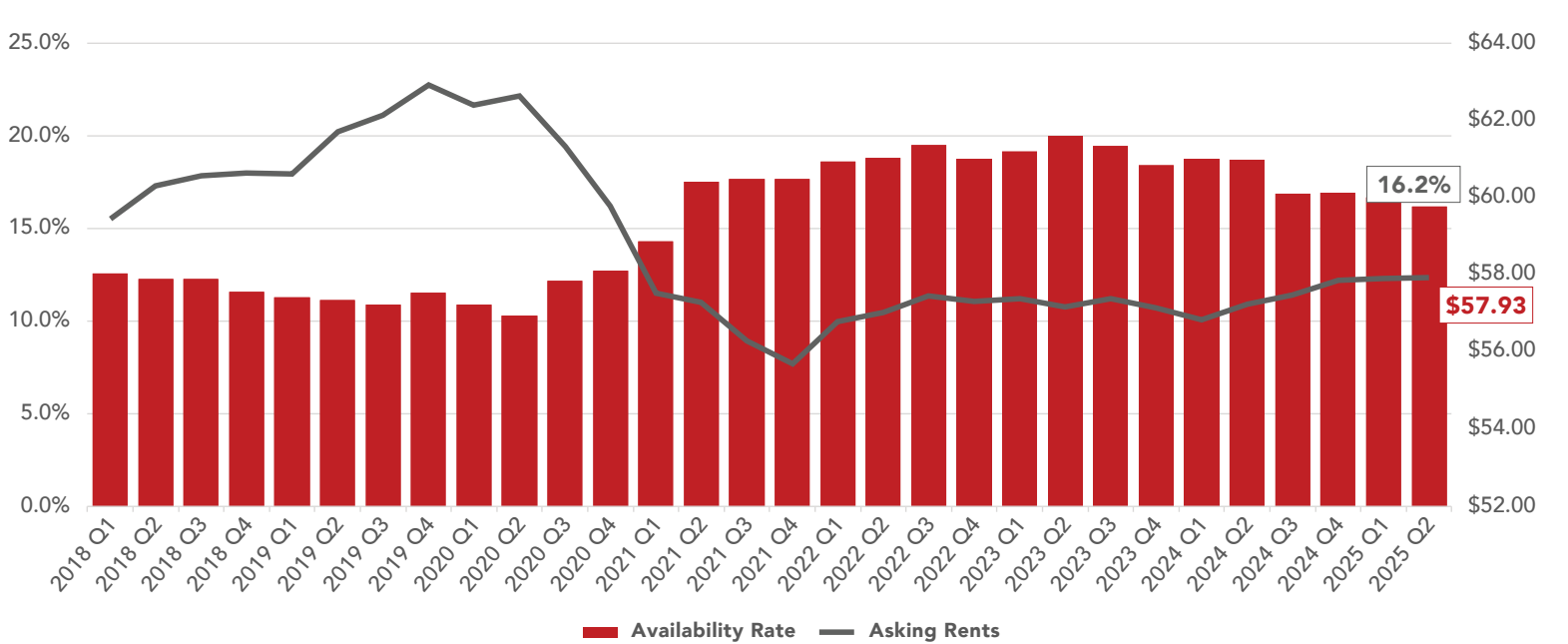




# DOWNTOWN LEASING ACTIVITY BY SIZE TRANCHE



# DOWNTOWN - AVAILABILITY



FIRST HALF LEASING DOUBLED  
FROM PRIOR YEAR AT  
**3.5M SF**



# TOP 5 MAJOR LEASES (DOWNTOWN)







# MARKET STATISTICS

Market	Availability Rate	Availability Rate % Direct	Availability Rate % Sublet	Available SF Direct	Available SF Sublet	Available SF Total	Inventory SF	Leasing SF Direct	Leasing SF Sublet	Leasing SF Total	Market Asking Rent/SF	Net Absorption SF	Net Absorption SF 12 Mo	Under Construction SF	Vacancy Rate	Vacant SF Total
Midtown	14.5%	11.9%	2.6%	41,247,460	9,136,762	50,384,222	343,010,266	5,343,777	479,372	5,823,149	\$83.13	632,117	1,516,218	3,887,901	14.5%	49,595,754
Columbus Circle	15.5%	9.3%	6.2%	3,305,138	2,214,317	5,519,455	35,345,422	401,119	21,310	422,429	\$80.82	185,732	-443,309	260,703	14.3%	5,053,669
Grand Central	12.9%	10.3%	2.7%	5,912,338	1,525,516	7,437,854	57,540,511	810,081	126,660	936,741	\$81.55	763,766	551,374	0	15.1%	8,663,226
Murray Hill	19.8%	18.4%	1.4%	2,869,281	218,110	3,087,391	15,589,499	111,103	13,058	124,161	\$56.49	-170,157	38,784	0	17.1%	2,670,961
Penn Plaza/Garment	15.1%	12.6%	2.5%	11,209,076	2,213,853	13,422,929	88,826,383	1,455,295	134,624	1,589,919	\$74.17	10,669	1,426,077	0	15.2%	13,506,355
Plaza District	13.0%	11.4%	1.7%	10,656,504	1,548,185	12,204,689	91,071,180	1,298,350	142,622	1,440,972	\$98.78	-248,325	755,345	2,699,000	12.9%	11,738,200
Times Square	16.3%	13.5%	2.8%	6,784,705	1,415,881	8,200,586	49,377,305	841,139	41,098	882,237	\$83.69	83,888	-706,474	928,198	15.6%	7,698,336
U.N. Plaza	9.7%	9.7%	0.0%	510,418	900	511,318	5,259,966	426,690	0	426,690	\$61.81	6,544	-105,579	0	5.0%	265,007
Midtown South	16.1%	14.3%	1.8%	15,887,007	1,986,999	17,873,339	109,446,323	2,912,810	248,441	3,161,251	\$68.01	786,975	2,694,851	1,520,524	15.1%	16,578,566
Chelsea	17.5%	15.6%	1.9%	7,182,553	869,481	8,051,367	44,434,774	959,540	41,825	1,001,365	\$63.55	467,445	1,033,471	1,466,524	14.7%	6,523,251
Gramercy Park	14.0%	13.1%	0.9%	3,755,635	269,137	4,024,772	28,770,987	518,077	47,810	565,887	\$72.73	18,905	531,886	0	15.3%	4,415,208
Greenwich Village	13.4%	12.1%	1.3%	918,174	97,736	1,015,910	7,536,626	1,119,223	17,048	1,136,271	\$72.46	16,173	-18,779	54,000	17.8%	1,343,251
Hudson Square	16.1%	12.9%	3.2%	2,099,631	513,183	2,612,814	16,222,986	76,153	95,499	171,652	\$71.20	186,752	1,122,185	0	15.0%	2,437,580
Soho	17.4%	15.5%	1.9%	1,931,014	237,462	2,168,476	12,480,950	239,817	46,259	286,076	\$66.66	97,700	26,088	0	14.9%	1,859,276
Downtown	16.2%	12.8%	3.4%	15,453,646	4,103,887	19,557,533	120,343,676	929,469	479,605	1,409,074	\$57.93	-515,659	-1,602,211	230,000	15.8%	19,014,431
City Hall	6.8%	5.9%	0.9%	1,147,195	173,895	1,321,090	19,526,187	68,180	9,811	77,991	\$53.90	-46,346	-69,355	0	7.6%	1,479,305
Financial District	21.8%	17.4%	4.4%	6,877,465	1,743,728	8,621,193	39,554,202	163,584	139,072	302,656	\$54.45	-354,201	-1,609,088	0	23.5%	9,290,838
Insurance District	19.1%	16.6%	2.5%	2,174,960	331,296	2,506,256	12,893,350	269,060	9,825	278,885	\$53.43	-118,803	-343,709	230,000	15.2%	1,953,432
Tribeca	15.7%	13.4%	2.3%	1,187,993	201,395	1,389,388	8,836,923	28,025	1,613	29,638	\$71.54	54,785	-10,823	0	15.4%	1,363,582
World Trade Center	14.5%	10.3%	4.2%	4,066,033	1,653,573	5,719,606	39,533,014	400,620	319,284	719,904	\$61.86	-51,094	430,764	0	12.5%	4,927,274
Manhattan	15.1%	12.5%	2.6%	74,660,041	15,269,485	89,928,859	589,614,597	9,235,251	1,207,418	10,442,669	\$74.33	871,343	2,512,951	6,484,625	14.8%	87,012,811





# CLASS B STATISTICS

Market	Availability Rate	Availability Rate % Direct	Availability Rate % Sublet	Available SF Direct	Available SF Sublet	Available SF Total	Inventory SF	Leasing SF Direct	Leasing SF Sublet	Leasing SF Total	Market Asking Rent/SF	Net Absorption SF	Net Absorption SF 12 Mo	Vacancy Rate	Vacant SF Total
Midtown	15.9%	13.8%	2.1%	9,917,314	1,509,409	11,426,723	71,946,209	859,960	65,602	925,562	\$53.01	-103,767	-363,758	14.2%	10,182,730
Columbus Circle	11.6%	9.3%	2.3%	659,047	163,742	822,789	7,069,374	4,375	0	4,375	\$55.17	-12,757	-112,504	8.2%	576,558
Grand Central	16.6%	13.8%	2.8%	1,695,217	337,548	2,032,765	12,246,304	238,450	3,805	242,255	\$56.20	67,080	-233,959	14.1%	1,725,179
Murray Hill	22.1%	20.8%	1.3%	1,268,060	81,773	1,349,833	6,104,774	95,161	5,829	100,990	\$52.00	-55,204	10,688	16.1%	982,345
Penn Plaza/Garment	15.9%	14.8%	1.1%	4,315,962	318,534	4,634,496	29,080,927	383,245	53,485	436,730	\$47.93	-169,196	-121,381	16.1%	4,670,714
Plaza District	10.6%	10.2%	0.4%	975,811	38,866	1,014,677	9,527,709	69,894	2,483	72,377	\$64.06	38,091	115,150	10.6%	1,011,607
Times Square	25.6%	16.2%	9.3%	991,218	568,946	1,560,164	6,103,677	68,835	0	68,835	\$50.69	23,977	-17,316	19.8%	1,206,728
U.N. Plaza	0.7%	0.7%	0.0%	11,999	0	11,999	1,813,444				\$57.45	4,242	-4,436	0.5%	9,599
Midtown South	15.2%	13.8%	1.4%	7,177,722	736,635	7,914,357	52,020,195	804,795	85,163	889,958	\$59.27	293,814	986,716	14.3%	7,454,222
Chelsea	16.1%	14.8%	1.4%	3,192,625	293,257	3,485,882	21,643,058	355,015	31,566	386,581	\$56.30	314,776	613,692	15.4%	3,336,219
Gramercy Park	15.0%	13.3%	1.7%	2,052,533	261,337	2,313,870	15,452,966	289,897	41,678	331,575	\$60.41	-47,200	83,367	15.6%	2,406,876
Greenwich Village	16.5%	15.8%	0.7%	617,173	27,601	644,774	3,906,723	33,839	2,309	36,148	\$63.06	-14,402	129,831	15.3%	597,097
Hudson Square	12.4%	9.8%	2.6%	503,783	134,462	638,245	5,129,860	36,195	0	36,195	\$60.44	12,522	117,254	8.7%	444,030
Soho	14.1%	13.8%	0.3%	811,608	19,978	831,586	5,887,588	89,849	9,610	99,459	\$63.60	28,118	42,572	11.4%	670,000
Manhattan	15.3%	13.6%	1.7%	21,464,850	2,704,561	24,169,411	157,649,394	1,819,789	161,739	1,981,528	\$54.98	280,389	968,800	13.9%	21,955,435



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