

Q3 2025 MARKET REPORT

QUARTER *LEE* OFFICE OVERVIEW

MANHATTAN OFFICE MARKET HITS POST-PANDEMIC HIGHS AS LEASING SURGES AND AVAILABILITY TIGHTENS IN Q3 2025

The Manhattan office market demonstrated robust recovery in Q3 2025, characterized by an availability rate of 14.5%, the lowest since Q3 2020, with leasing volume surpassing pre-Covid levels. Tenants signed 31.3 million square feet (SF) of new leases through September, while quarterly absorption was reported at 5.8 million SF, contributing to four consecutive quarters of tightening availability. This strong demand, fueled by the financial services sector and high return-to-office rates, pushed overall availability down to 14.5% corresponding with an overall vacancy rate of 14.7%—the lowest in nine quarters—and a tight 13.7% vacancy in Class A buildings in Midtown. Major firms confirmed their confidence in Manhattan’s long-term role as a global business center through massive, long-term commitments, including Deloitte’s 800,010 SF lease at 70 Hudson Yards, the largest deal of the quarter, Guggenheim Partners’ 364,118 SF renewal and expansion at 330 Madison Avenue, and Salesforce’s 350,000 SF renewal and expansion at 3 Bryant Park. Pricing reflected this increased demand, as the average asking rent rose quarter-over-quarter to \$74.04 per square foot, Midtown Class A rents increased to \$89.79 per square foot, and Class B offices posted the biggest proportional jump, up 65 basis points to \$57.15.

In the third quarter of 2025, New York City’s labor market sustained steady momentum, reflecting the city’s ongoing post-pandemic economic resilience. Private sector employment climbed to roughly 4.3 million, a year-over-year gain of 40,000 to 50,000 jobs on a seasonally adjusted basis. Job growth was driven by education and health services, information and technology, and leisure and hospitality, while finance, professional and business services, and construction experienced minimal or slightly negative changes. The city’s unemployment rate averaged 4.5%, edging down from the Spring and remaining modestly above the statewide figure of about 4.0%. Office visitation also strengthened, with September 2025 foot traffic up 8.3% compared to the prior year, underscoring renewed workplace engagement. Manhattan’s Q3 leasing activity remained robust, with finance, technology, media, and legal firms accounting for 61.1% of total leasing volume. Together, these indicators point to a city regaining its economic stride, with diversified sectoral growth and improving business confidence paving the way for continued stability into 2026.



UNEMPLOYMENT RATE



4.9%
AUGUST 2025

5.2%
AUGUST 2024

Source: BLS

INFLATION RATE



2.9%
AUGUST 2025

2.5%
AUGUST 2024

Source: BLS

SUBWAY RIDERSHIP DAILY RIDERS (AVG.)



4.2M
AUGUST 2025

3.2M
AUGUST 2022

5.5M
AUGUST 2019

Source: MTA

RETURN TO OFFICE RECOVERY RATES



78%
SEPTEMBER
2025

72%
SEPTEMBER
2024

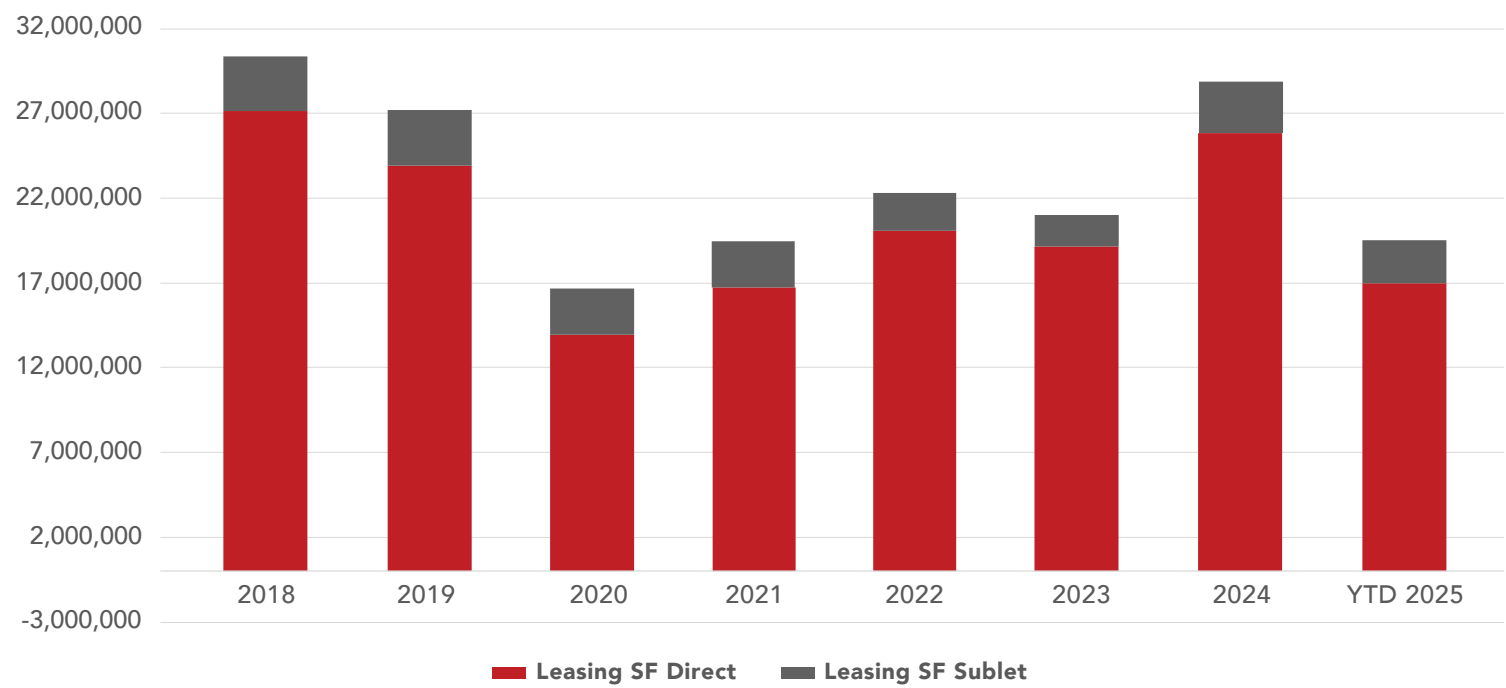
Source: Placer.AI

MIDTOWN REPORT

MIDTOWN - INDICATORS

	Q3 2024	Q2 2025	Q3 2025
Availability Rate	16.10%	14.60%	13.90% ↓
Average Asking Rent (\$/SF/YR)	\$80.50	\$80.23	\$80.31 ↑
Average Lease Size (SF)	12,440	9,710	11,485 ↑
Leasing Activity (SF)	7,341,555	5,940,601	6,702,903 ↑

MIDTOWN - LEASING



Midtown

Midtown’s office market in Q3 2025 maintained its leadership position in Manhattan, recording 6.7 million square feet of leasing activity, supported by robust demand across Class A assets. The three largest leases in Manhattan during the quarter were all completed in Midtown, led by Deloitte’s 800,010-square-foot lease at 70 Hudson Yards, the largest transaction of the period. Guggenheim Partners followed with a 364,118-square-foot renewal and expansion at 330 Madison Avenue, while Salesforce secured a 350,000-square-foot renewal and expansion at 3 Bryant Park, underscoring Midtown’s continued dominance in major leasing activity. The submarket’s vacancy rate stood at 13.90%, while available space measured roughly 33.6 million square feet, indicating a gradual tightening from earlier quarters. Net absorption reached 4.2 million square feet, a strong rebound driven by several large renewals and new leases, signaling confidence among occupiers. Asking rents rose slightly to \$80.31 per square foot, reflecting stable rent growth amid elevated tenant activity and constrained new deliveries.



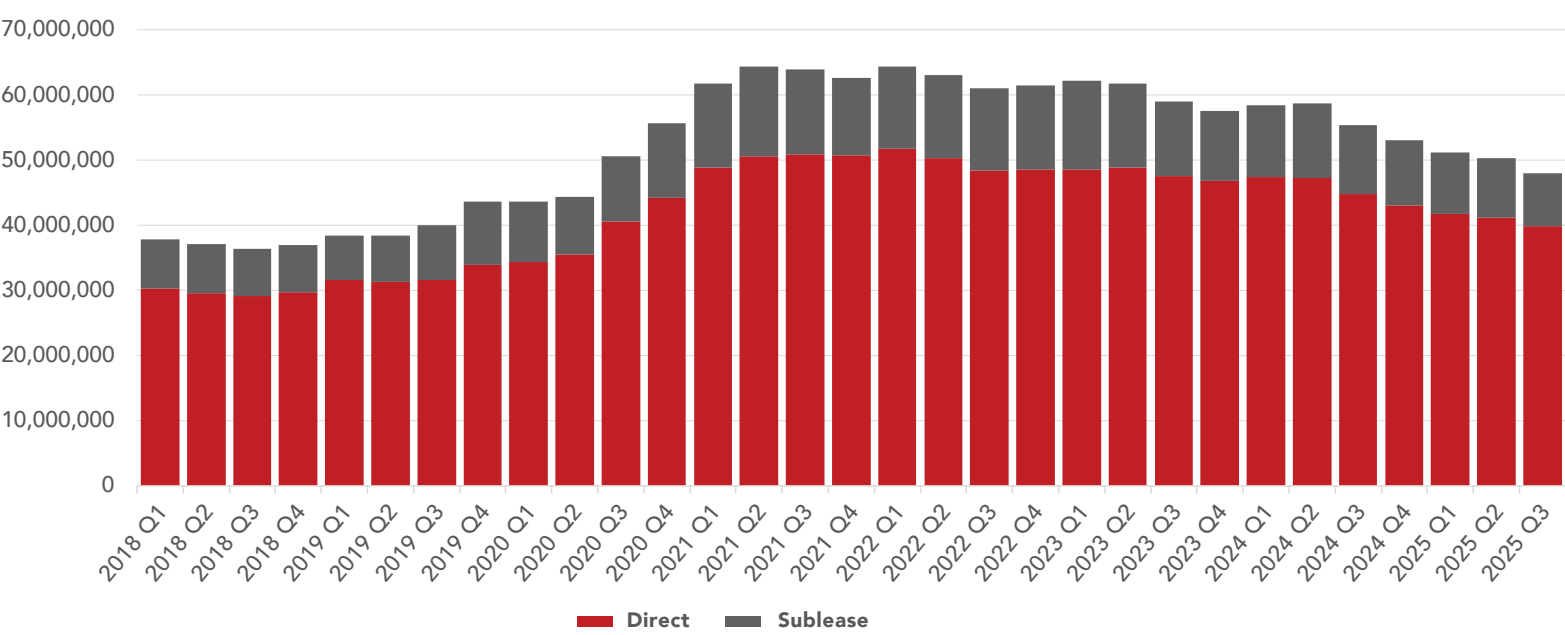
MIDTOWN’S OFFICE MARKET TIGHTENED TO A **13.9%** VACANCY RATE IN Q3 2025, WITH ASKING RENTS CLIMBING TO **\$80.31/SF** AMID STRONG CLASS A DEMAND



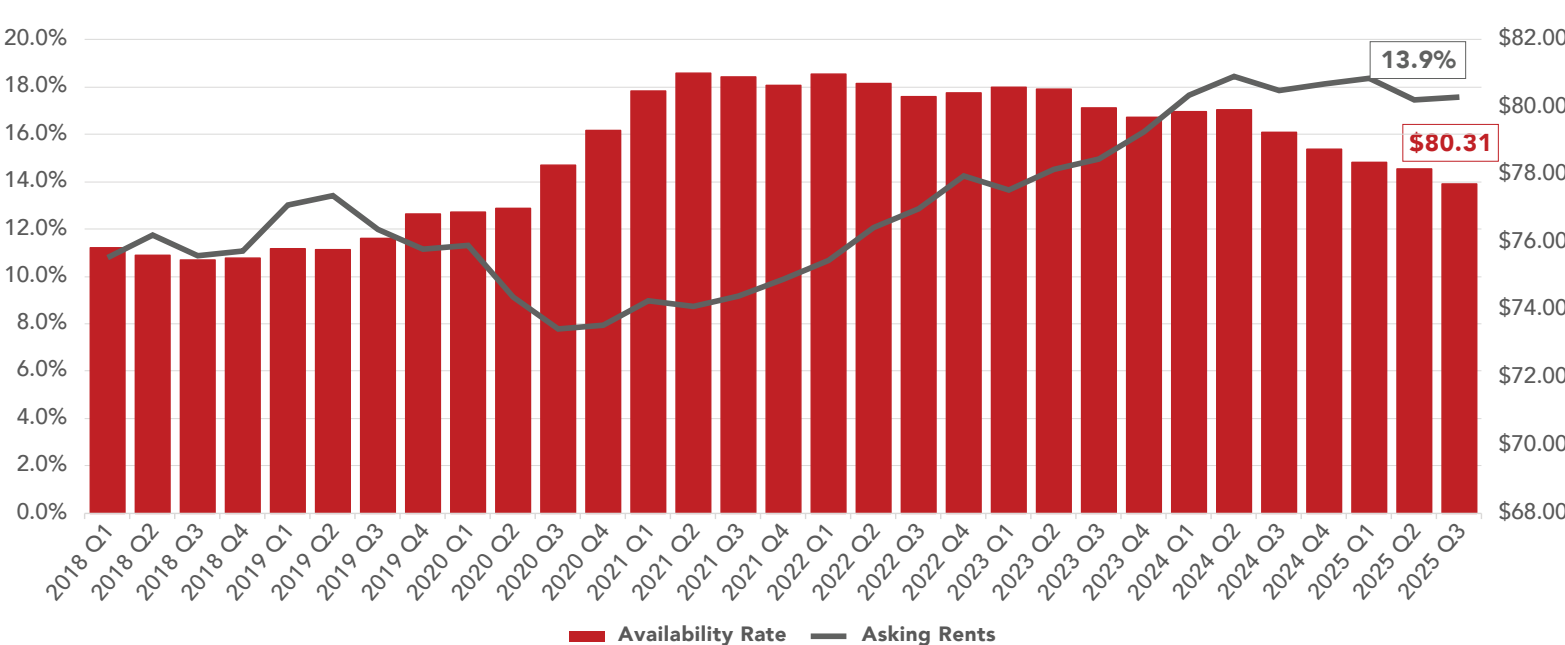
WITH **6.7M SF** OF LEASING AND 4.2M SF OF POSITIVE ABSORPTION, MIDTOWN'S Q3 REBOUND SIGNALLED **RENEWED CONFIDENCE AMONG TOP-TIER TENANTS**



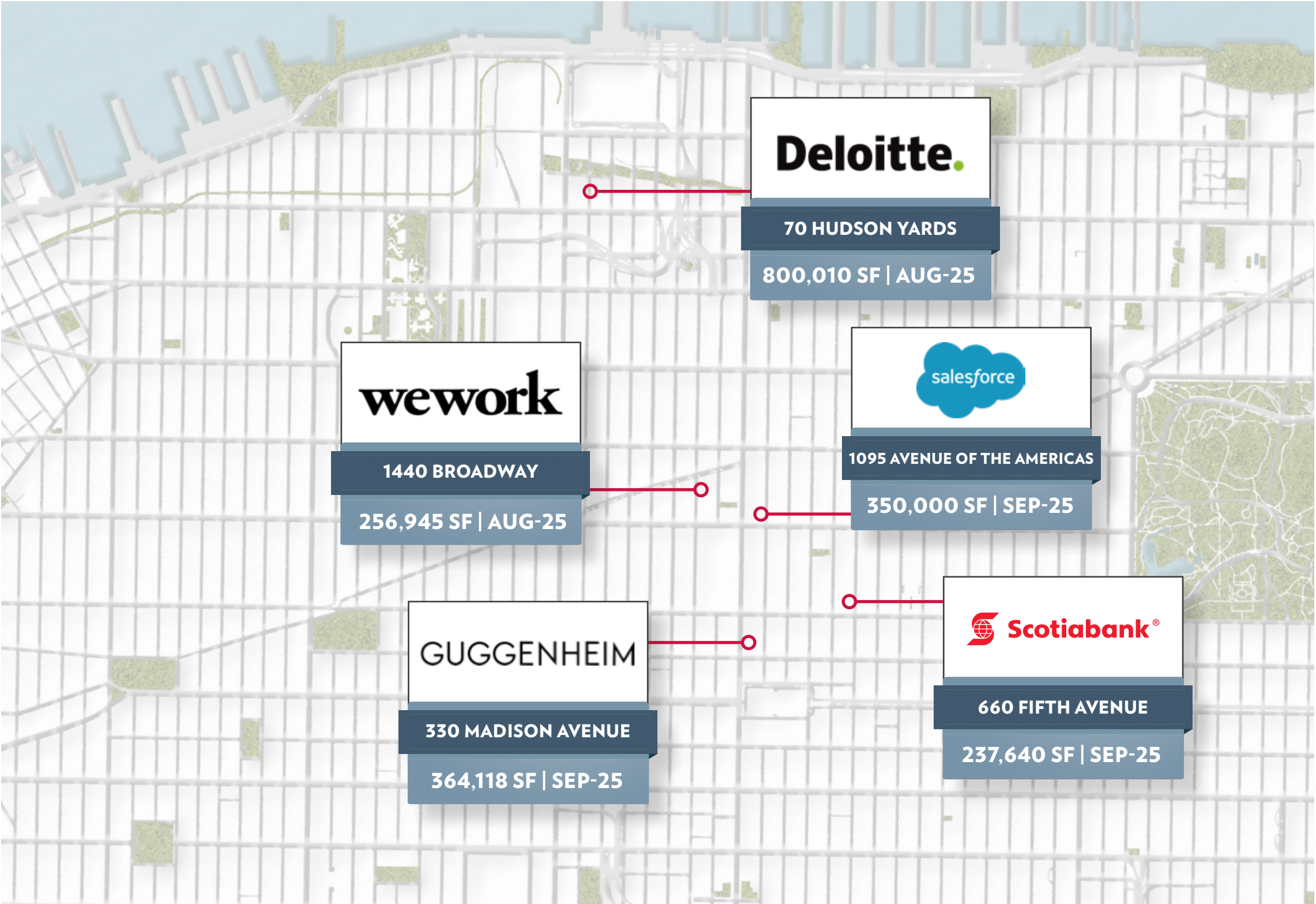
MIDTOWN - DIRECT VS. SUBLEASE



MIDTOWN - AVAILABILITY










TOP 5 MAJOR LEASES (MIDTOWN)



MIDTOWN CLASS A OFFICE MARKET

MIDTOWN CLASS A - INDICATORS

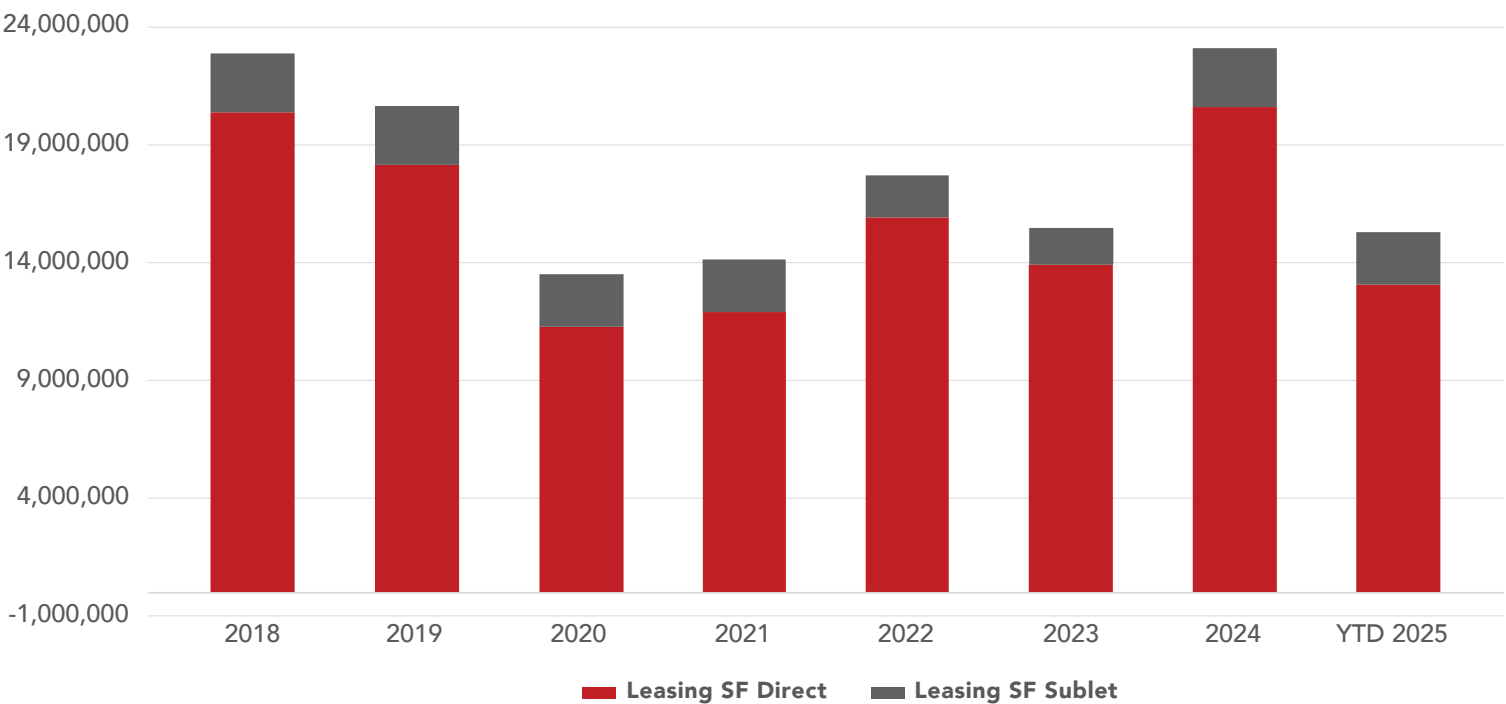
	Q3 2024	Q2 2025	Q3 2025
Availability Rate	16.30%	14.20%	13.70% 
Average Asking Rent (\$/SF/YR)	\$90.18	\$89.69	\$89.79 
Average Lease Size (SF)	20,942	16,608	17,914 
Leasing Activity(SF)	5,868,013	4,772,470	5,461,541 

Property	Submarket	Tenant	SF	Type
70 Hudson Yards	Hudson Yards		800,010	New Lease
330 Madison Avenue	Grand Central		364,118	Renewal
1095 Avenue of the Americas	Sixth - Rockefeller		350,000	Renewal

MIDTOWN AVAILABILITY TIGHTENED TO **13.7%**
IN Q3 2025 — THE LOWEST SINCE 2020 — AS
LEASING ACTIVITY **CLIMBED TO 5.46M SF** AND
CLASS A RENTS INCHED UP TO \$89.79/SF



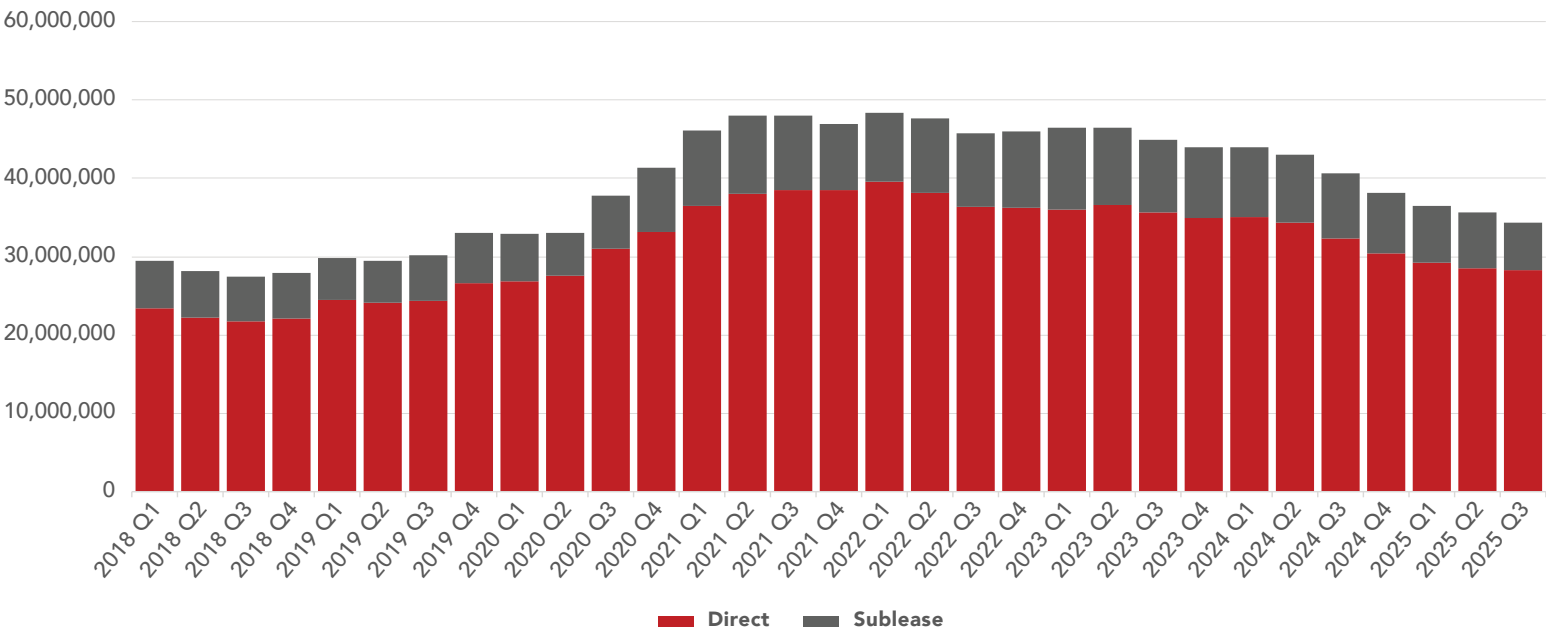
MIDTOWN CLASS A - LEASING



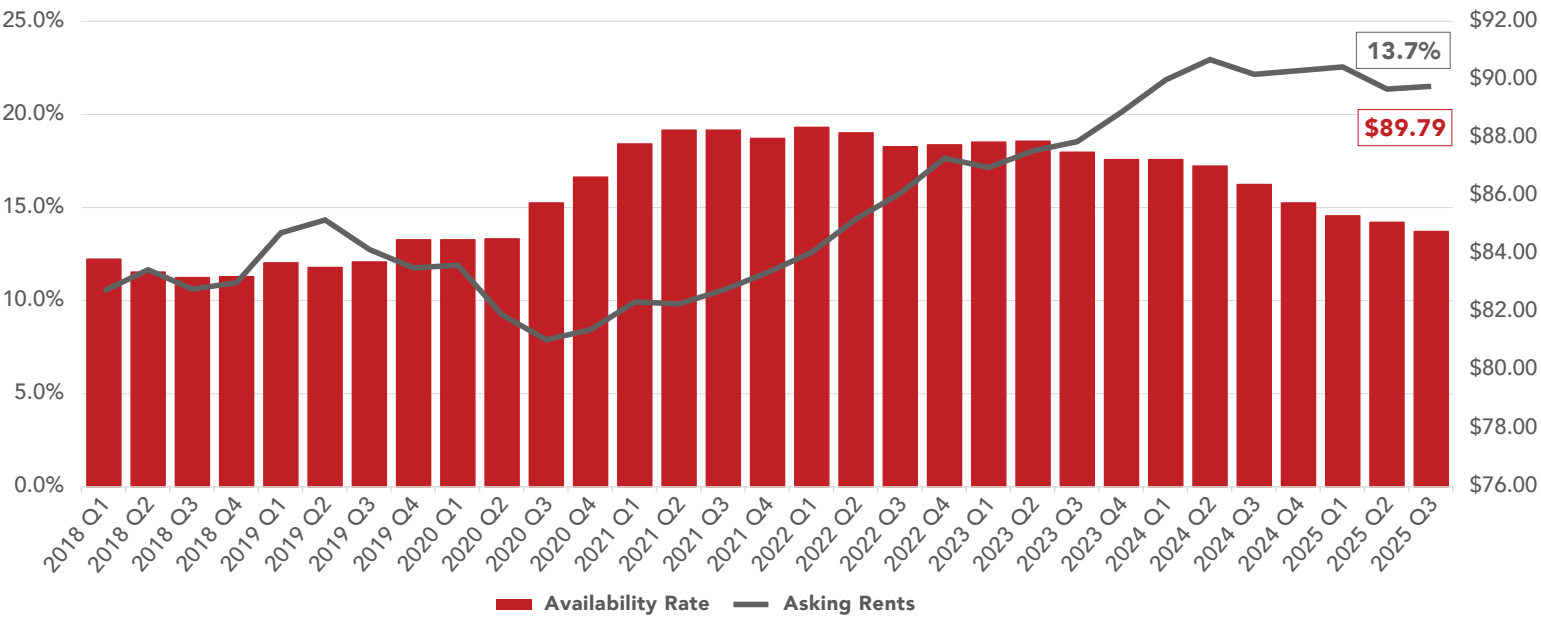
Stabilizing Leasing Activity Amid Moderating Availability and Sublease Declines

Midtown Class A leasing activity remains steady through YTD 2025, following a strong rebound in 2024. While total leasing volume has eased slightly from last year’s highs, overall activity continues to reflect resilient tenant demand in top-tier assets. The share of sublease space—both in leasing and overall availability—has continued to decline since its 2021 peak, signaling that tenants are gradually reabsorbing or exiting surplus space. Availability has trended down to roughly 13.7%, while asking rents have held firm around \$89.79 per square foot, underscoring landlords’ pricing confidence despite softer market fundamentals. The data points to a Midtown office market that is normalizing: leasing volumes are healthy, sublease pressure is easing, and rent levels remain relatively stable as the sector transitions toward a more balanced post-pandemic environment.

MIDTOWN CLASS A - DIRECT VS. SUBLEASE







MIDTOWN CLASS A - AVAILABILITY



MIDTOWN CLASS B OFFICE MARKET

MIDTOWN CLASS B - INDICATORS

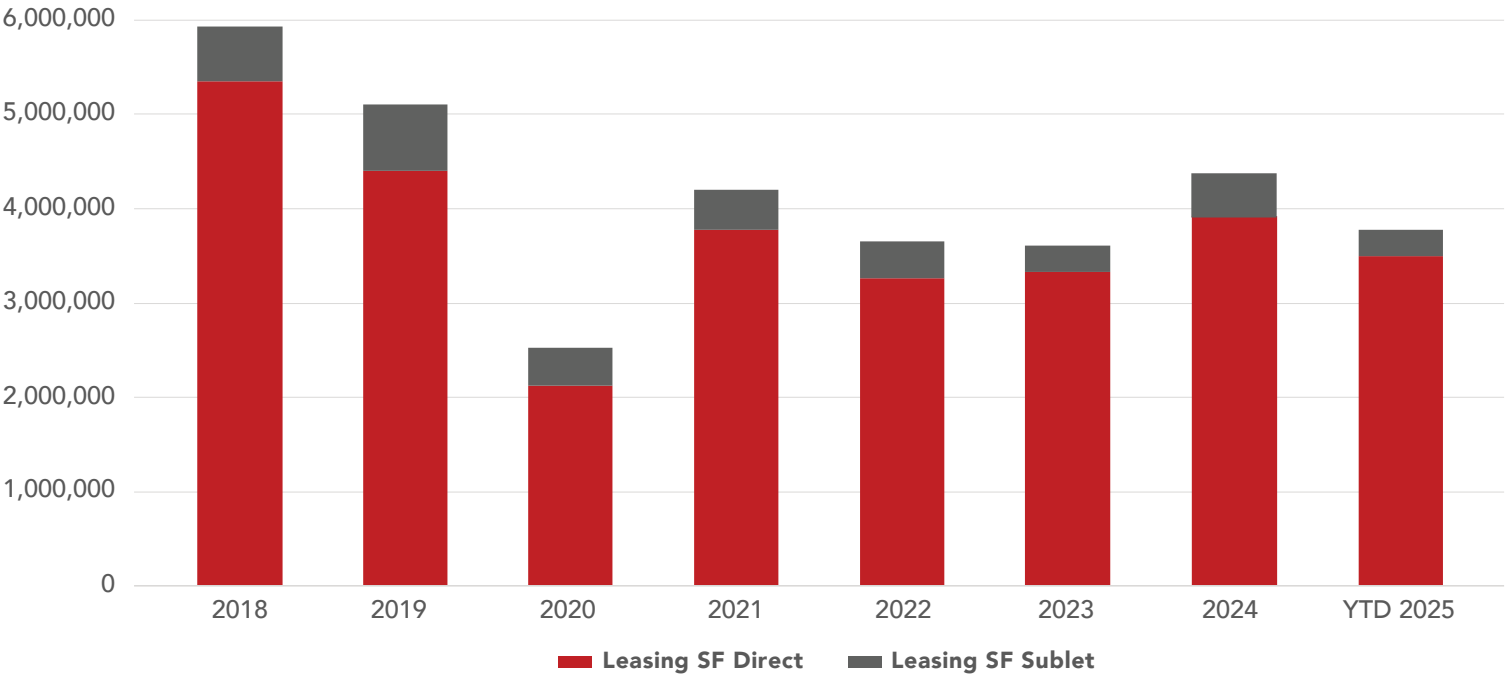
	Q3 2024	Q2 2025	Q3 2025
Availability Rate	16.30%	16.30%	15.30% 
Average Asking Rent (\$/SF/YR)	\$56.78	\$57.13	\$57.15 
Average Lease Size (SF)	5,310	3,827	4,669 
Leasing Activity(SF)	1,221,470	933,760	1,007,796 

Property	Submarket	Tenant	SF	Type
475 Fifth Avenue	Grand Central		47,433	Renewal
505 Eighth Avenue	Penn Plaza		32,328	New Lease
1900 Broadway	Columbus Circle		22,501	New Lease

AVAILABILITY FELL TO 15.3% AND
RENTS ROSE TO **\$57.15/SF** AS LEASING
SURPASSED **1 MILLION SF** IN Q3 2025



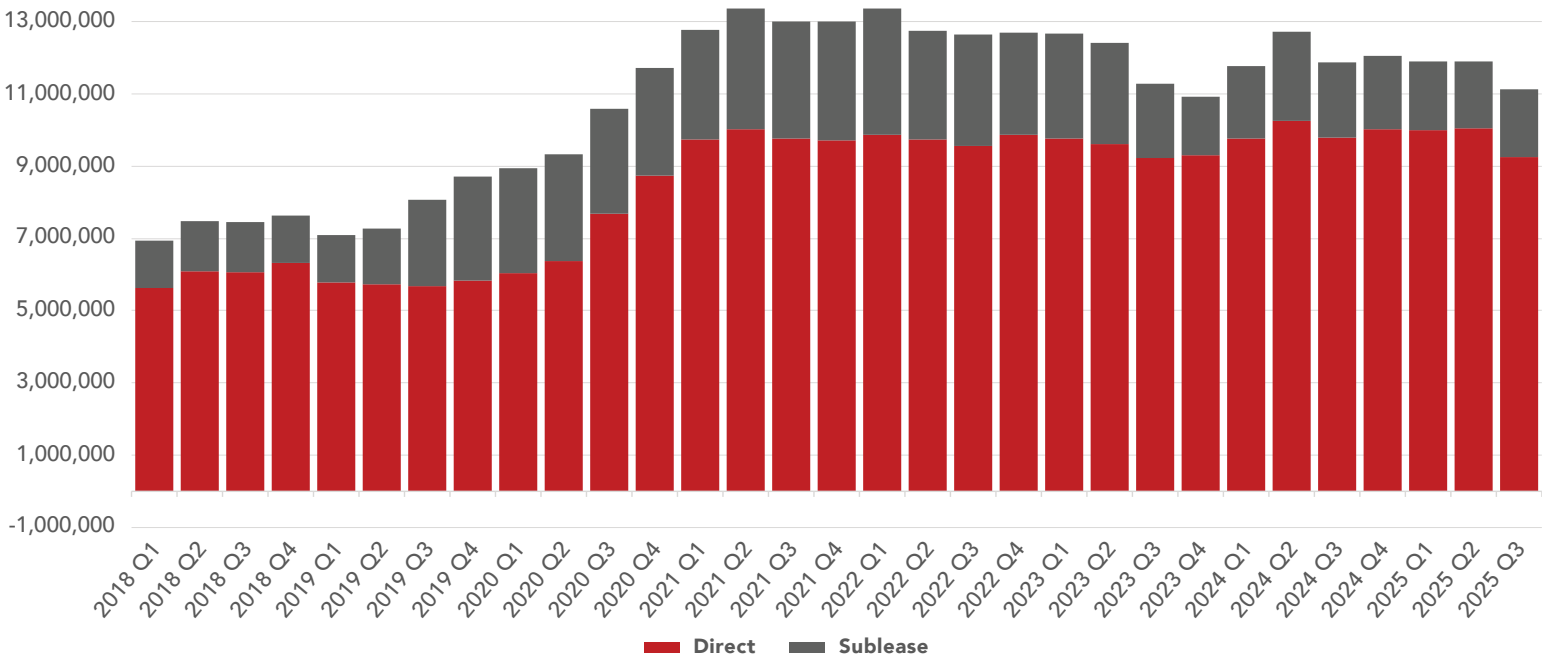
MIDTOWN CLASS B - LEASING



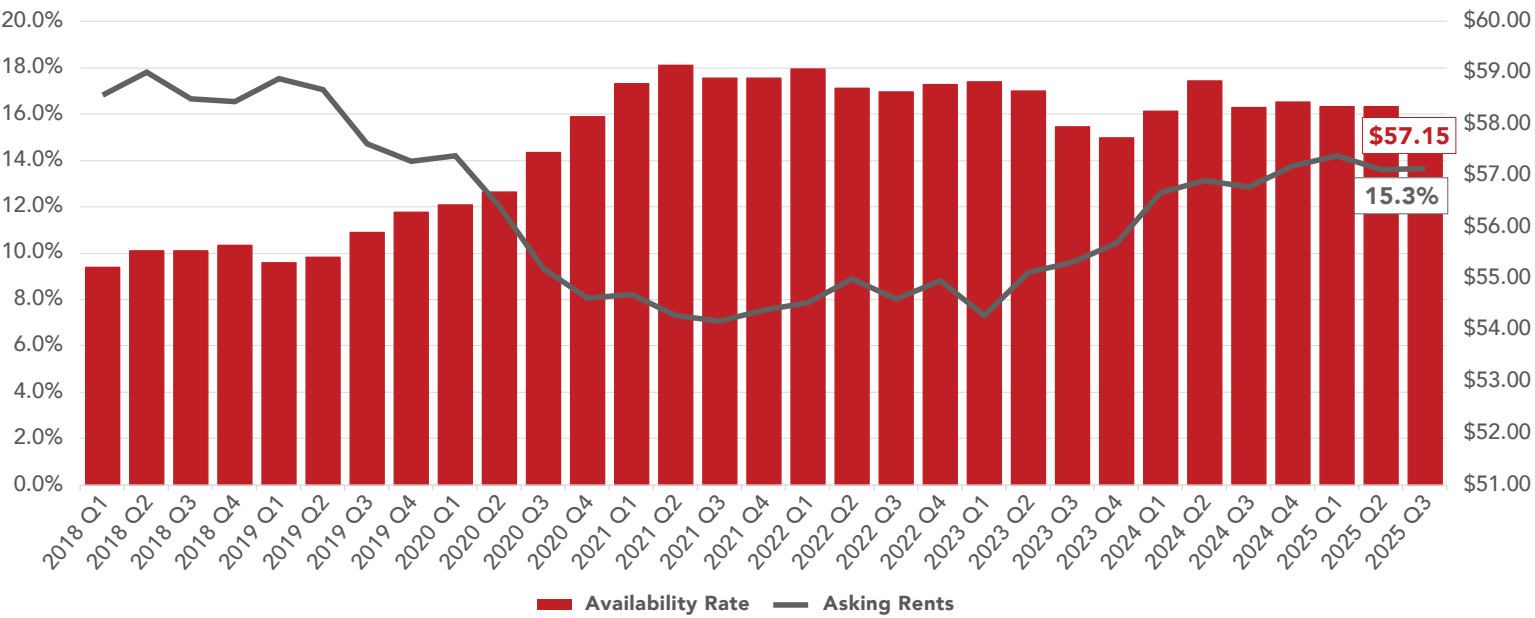
Class B Market Strengthens as Leasing Activity and Rents Edge Up

Midtown's Class B office market showed encouraging momentum in Q3 2025, with leasing activity rising to over 1.0 million SF, up from 933,760 SF the previous quarter. The availability rate declined to 15.3%, reflecting tightening conditions and sustained tenant interest in more affordable, well-located spaces. Average asking rents inched up to \$57.15 per SF, marking a steady gain quarter-over-quarter, while the average lease size also increased to 4,669 SF. Notable transactions included Stantec's renewal at 475 Fifth Avenue, alongside new leases by Breaking Ground and Industrious, signaling continued demand from both established firms and flexible workspace operators. The data suggests that Midtown's Class B segment remains a resilient and attractive option for cost-conscious tenants seeking quality locations and adaptable footprints.

MIDTOWN CLASS B - DIRECT VS. SUBLEASE



MIDTOWN CLASS B - AVAILABILITY



MIDTOWN SOUTH REPORT

Midtown South

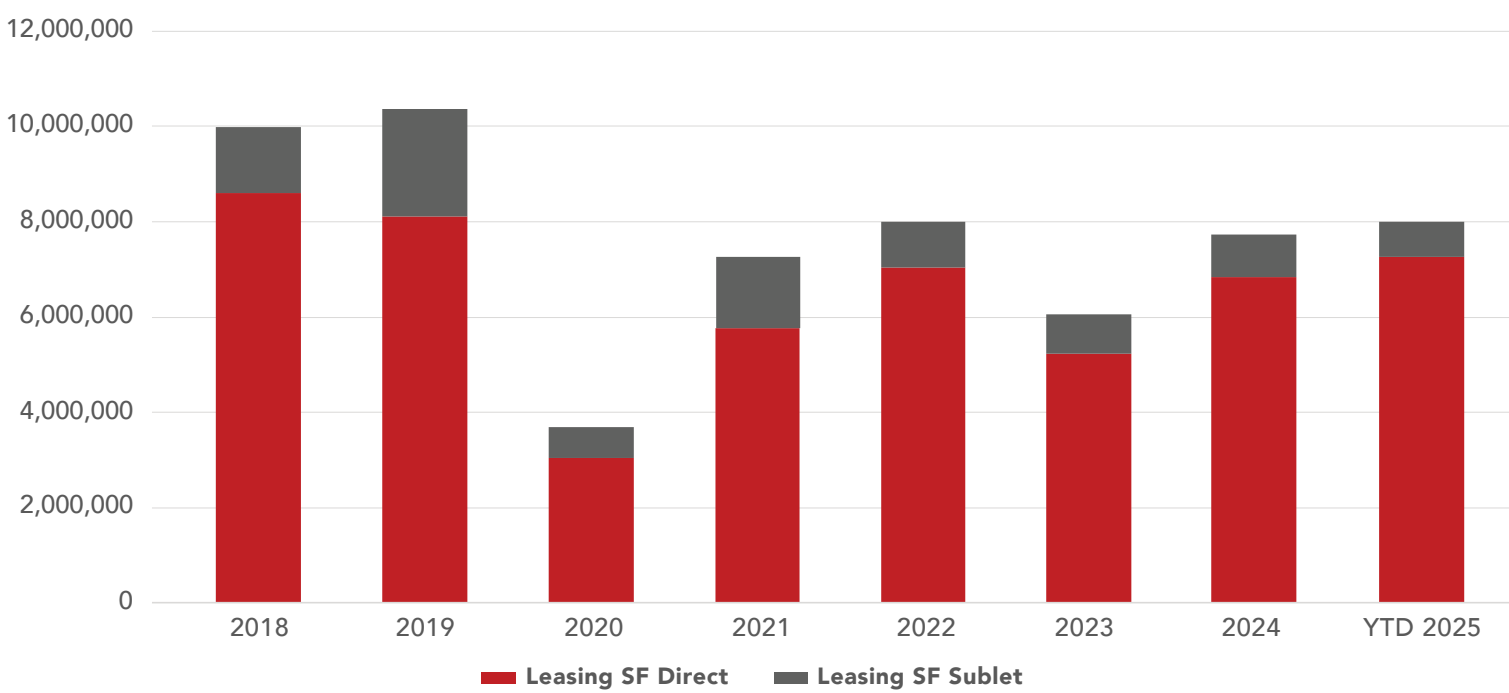
Following a strong first half of 2025, Midtown South leasing activity eased to 2.0 million SF in Q3, down from 3.1 million SF in the previous quarter. Despite the slowdown, the availability rate continued to decline, reaching 15.8%, its lowest point in over two years. Average asking rents ticked slightly higher to \$67.36/SF, reflecting steady demand for quality space even amid reduced deal volume. The average lease size fell to 6,868 SF, suggesting a greater mix of smaller transactions, consistent with ongoing tenant preference for efficient, flexible footprints. Overall, the submarket remains healthy, with tightening availability and resilient pricing underscoring Midtown South’s continued appeal to creative, tech, and professional services tenants.



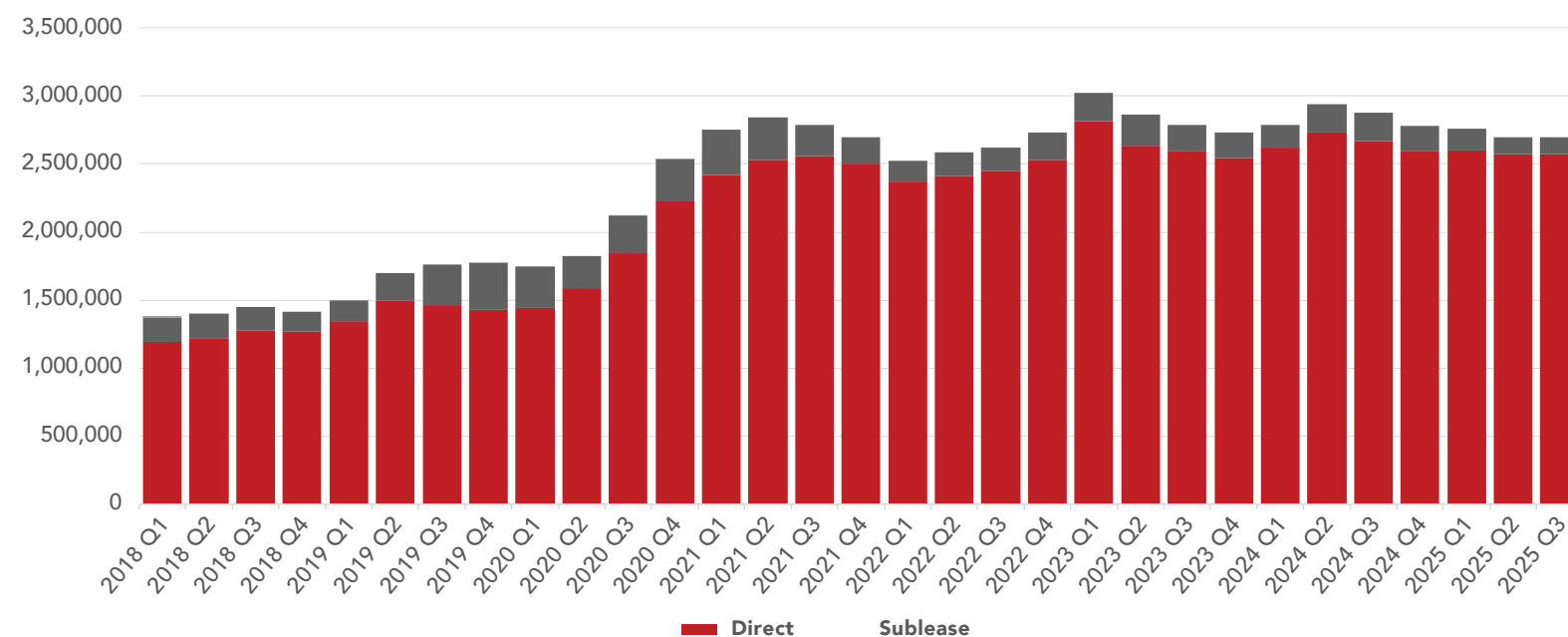
MIDTOWN SOUTH - INDICATORS

	Q3 2024	Q2 2025	Q3 2025
Availability Rate	19.00%	16.00%	15.80%
Average Asking Rent (\$/SF/YR)	\$67.27	\$67.26	\$67.36
Average Lease Size (SF)	7,969	10,875	6,868
Leasing Activity (SF)	2,270,198	3,109,504	2,051,698

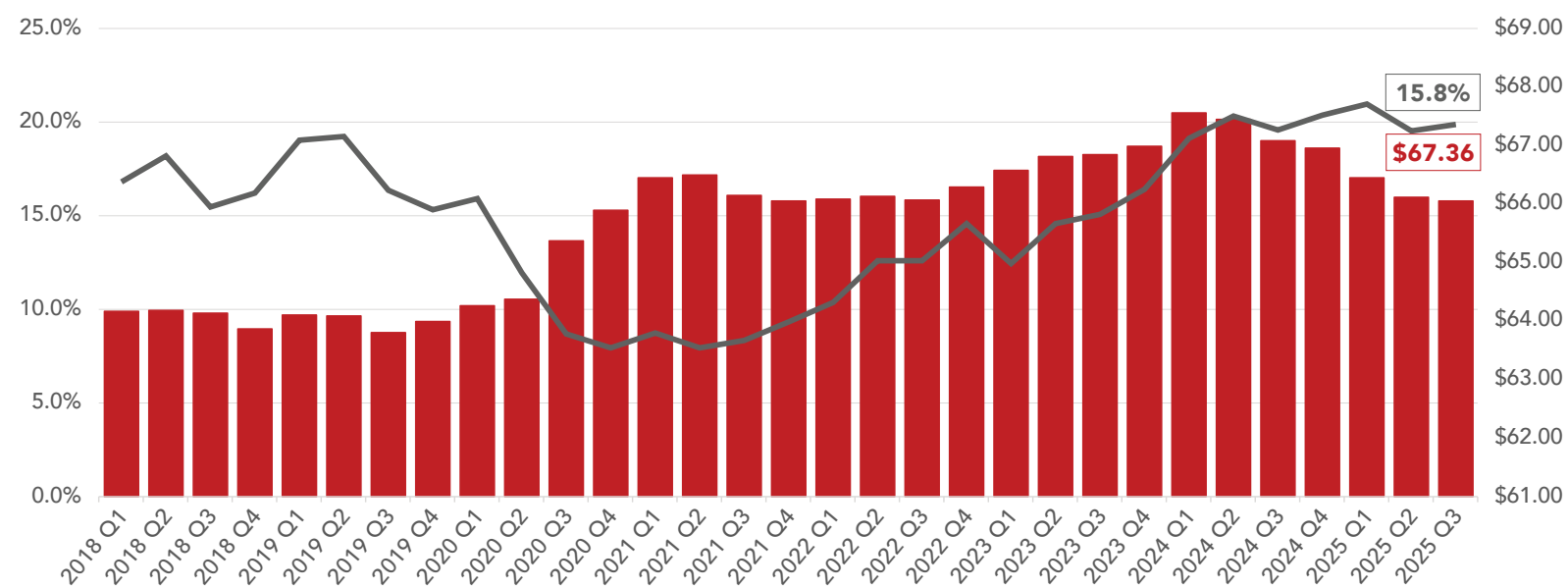
MIDTOWN SOUTH - LEASING



MIDTOWN SOUTH - DIRECT VS. SUBLEASE



MIDTOWN SOUTH - AVAILABILITY

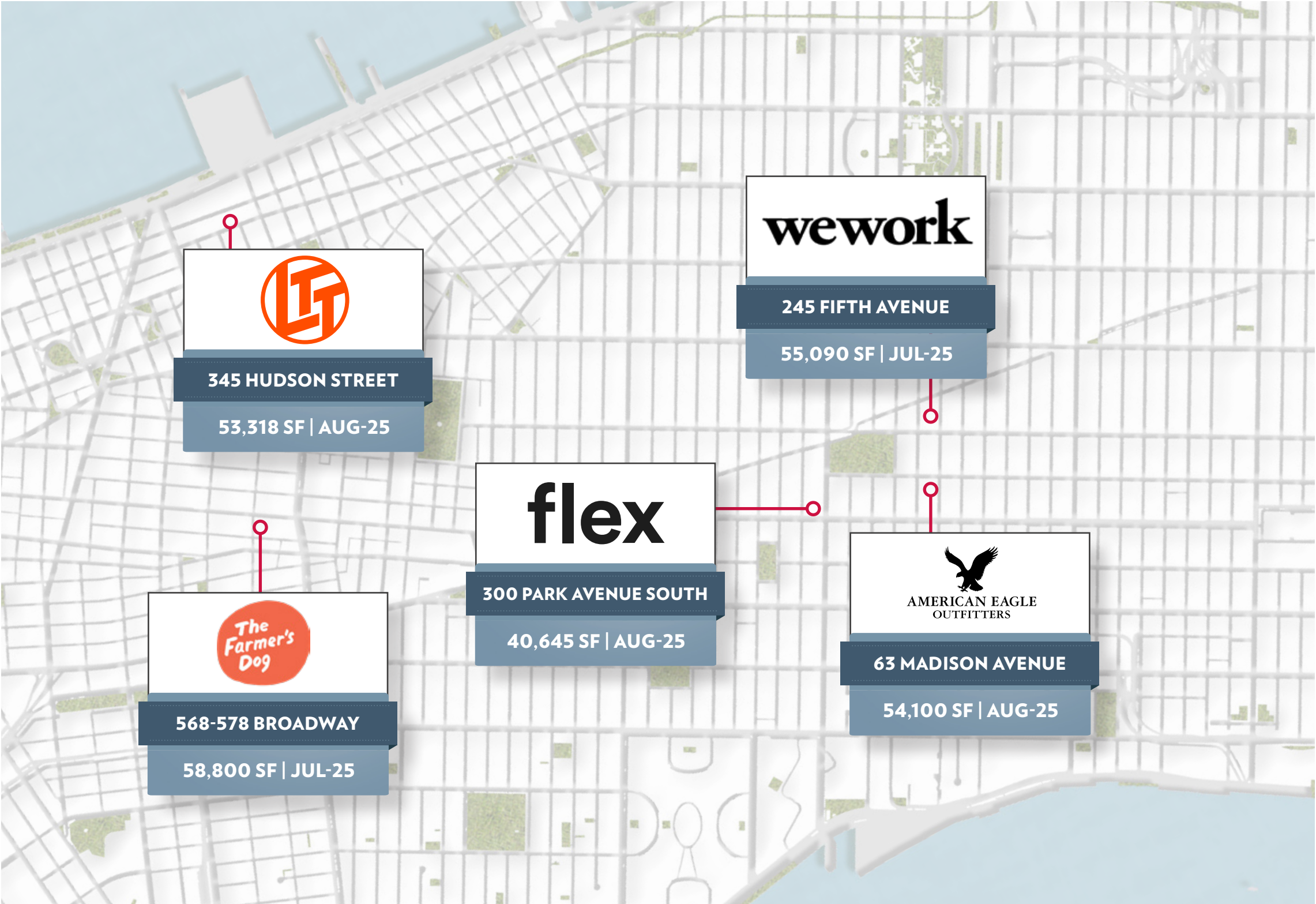


AVAILABILITY RATE
DROPPED FOR THE SIXTH
CONSECUTIVE QUARTER
DOWN TO **15.8%**

TOP 5 MAJOR LEASES (MIDTOWN SOUTH)



300 PARK AVENUE SOUTH








MIDTOWN SOUTH CLASS A OFFICE MARKET

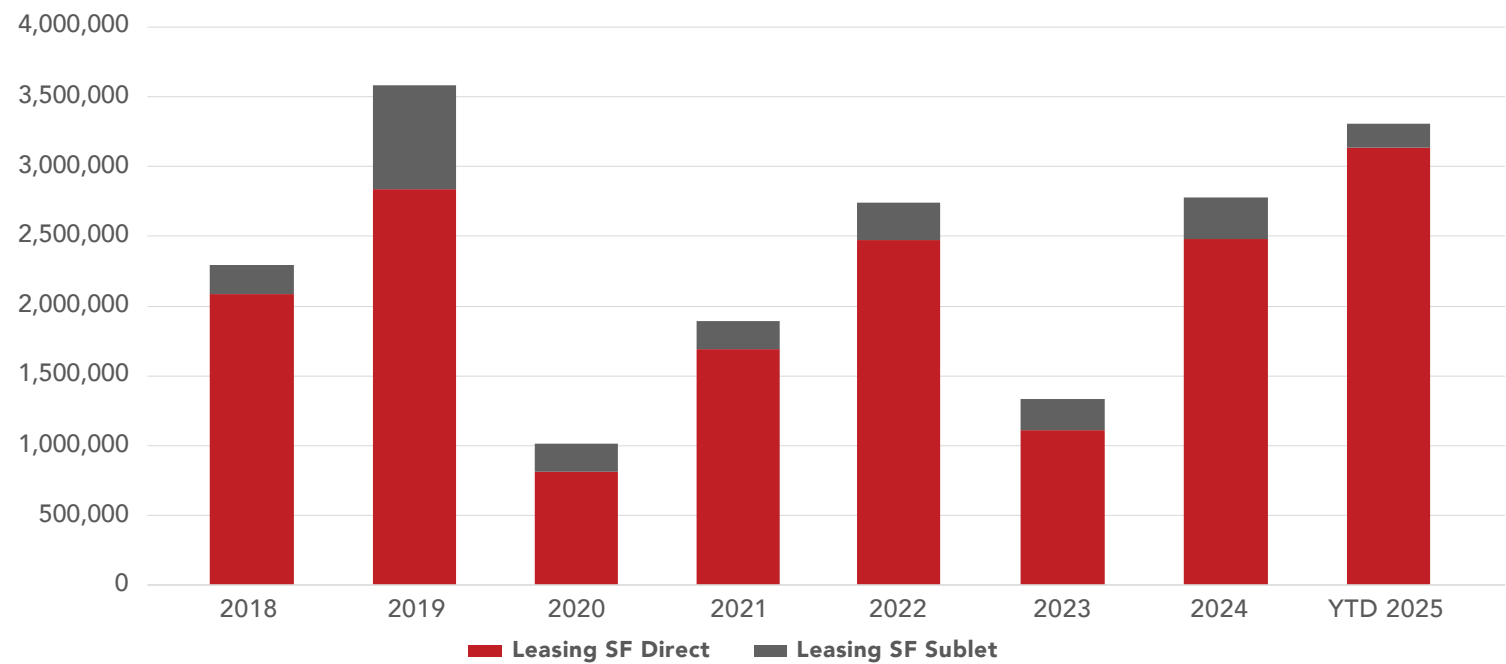
MIDTOWN SOUTH CLASS A - INDICATORS

	Q3 2024	Q2 2025	Q3 2025
Availability Rate	23.70%	18.70%	18.50% ↓
Average Asking Rent (\$/SF/YR)	\$85.80	\$85.45	\$85.60 ↑
Average Lease Size (SF)	21,797	20,235	12,454 ↓
Leasing Activity(SF)	598,490	854,252	889,958 ↑

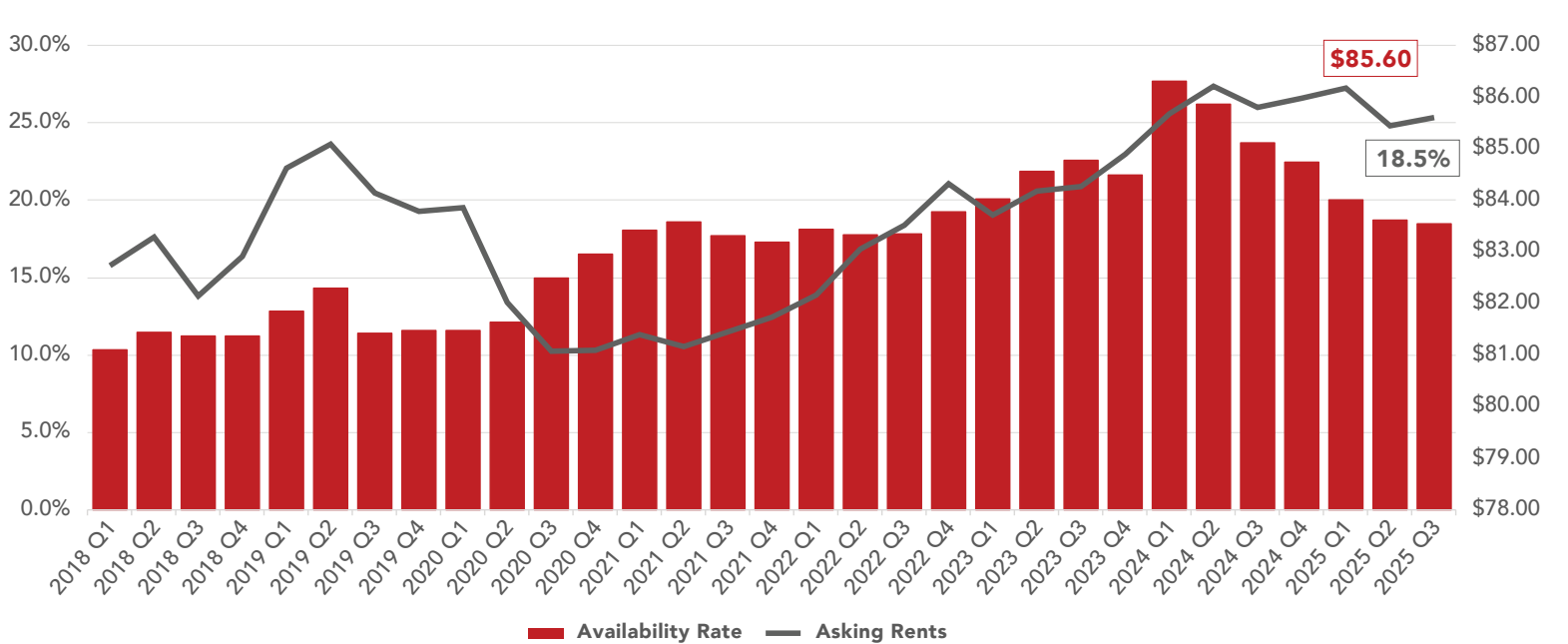
Property	Submarket	Tenant	SF	Type
568-578 Broadway	Soho		58,800	New Lease
63 Madison Avenue	Gramercy Park		54,100	New Lease
11 Madison Avenue	Gramercy Park		39,565	New Lease

AVAILABILITY EASED TO **18.5%**
AS LEASING CLIMBED TO NEARLY
890,000 SF IN Q3 2025

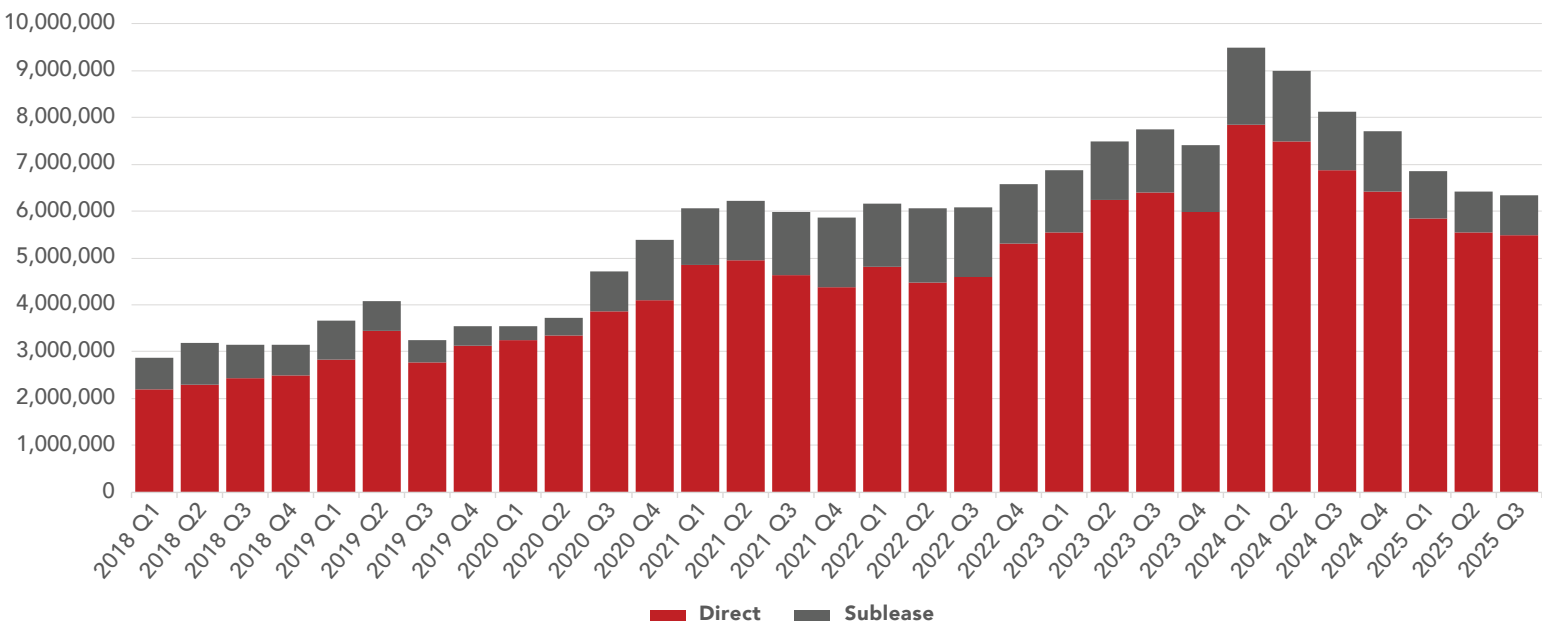
MIDTOWN SOUTH CLASS A - LEASING



MIDTOWN SOUTH CLASS A - AVAILABILITY










MIDTOWN SOUTH CLASS A - DIRECT VS. SUBLEASE



MIDTOWN SOUTH CLASS B OFFICE MARKET

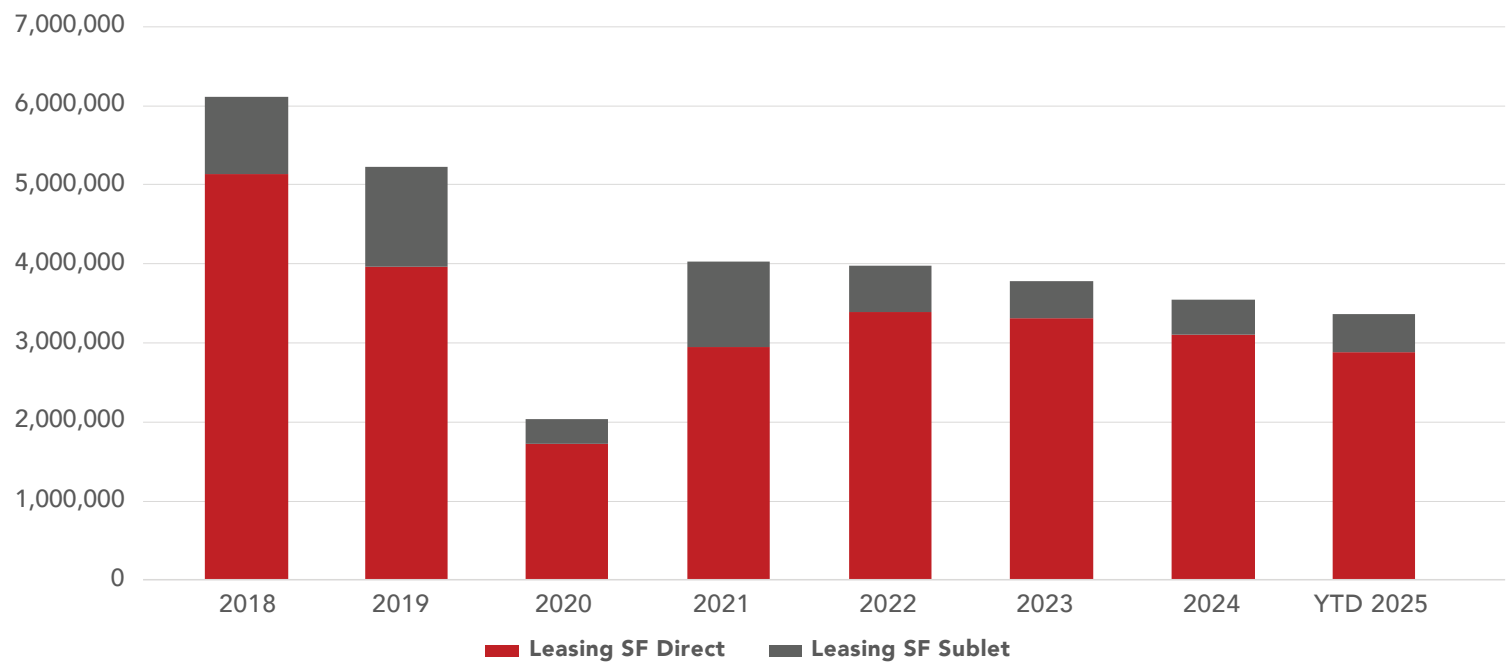
MIDTOWN SOUTH CLASS B - INDICATORS

	Q3 2024	Q2 2025	Q3 2025
Availability Rate	17.90%	15.90%	16.00% 
Average Asking Rent (\$/SF/YR)	\$60.74	\$60.92	\$61.02 
Average Lease Size (SF)	6,671	5,717	6,488 
Leasing Activity(SF)	1,002,962	880,230	1,116,764 

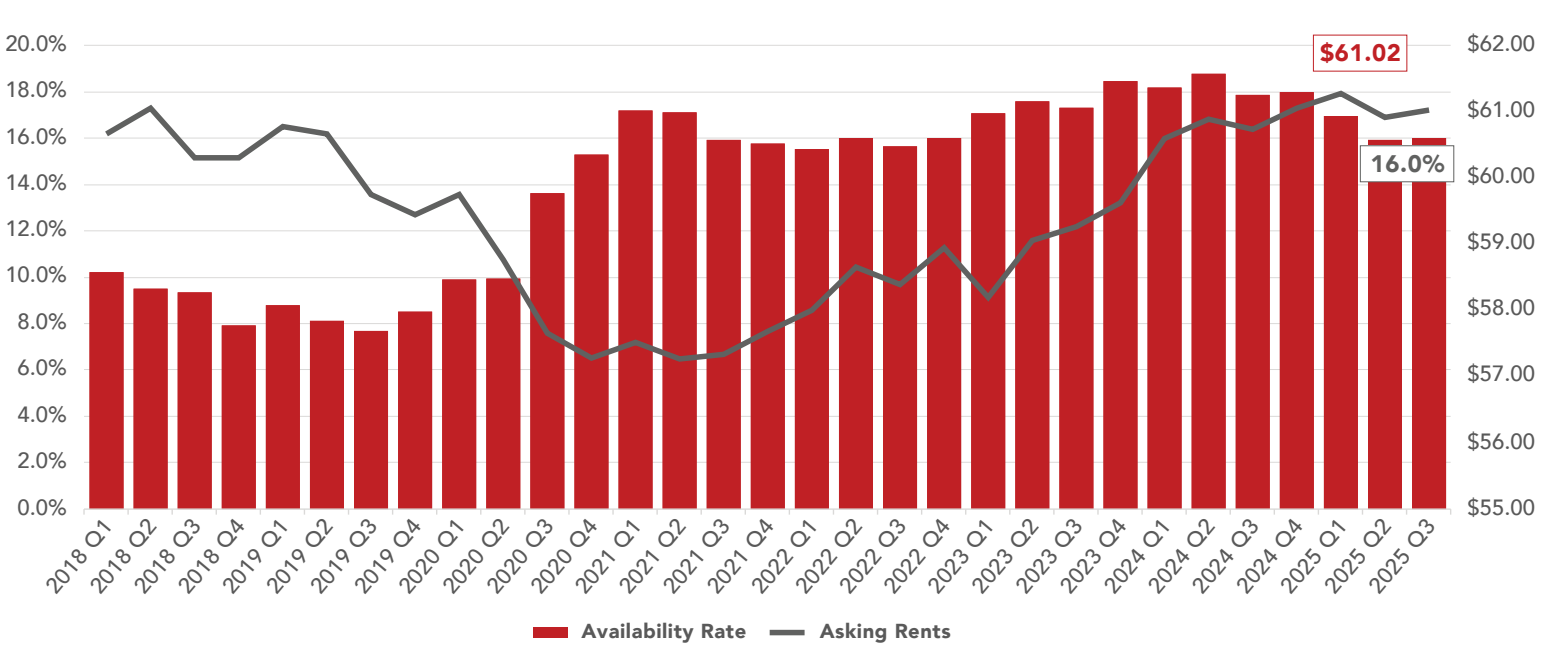
Property	Submarket	Tenant	SF	Type
245 Fifth Avenue	Gramercy Park		55,090	New Lease
345 Hudson Street	Hudson Square		53,318	New Lease
300 Park Avenue South	Gramercy Park		40,645	New Lease

LEASING ACTIVITY CLIMBED TO **1.1 MILLION SF** IN Q3 2025, UP SHARPLY FROM THE PREVIOUS QUARTER
RENTS ROSE TO **\$61.02/SF**

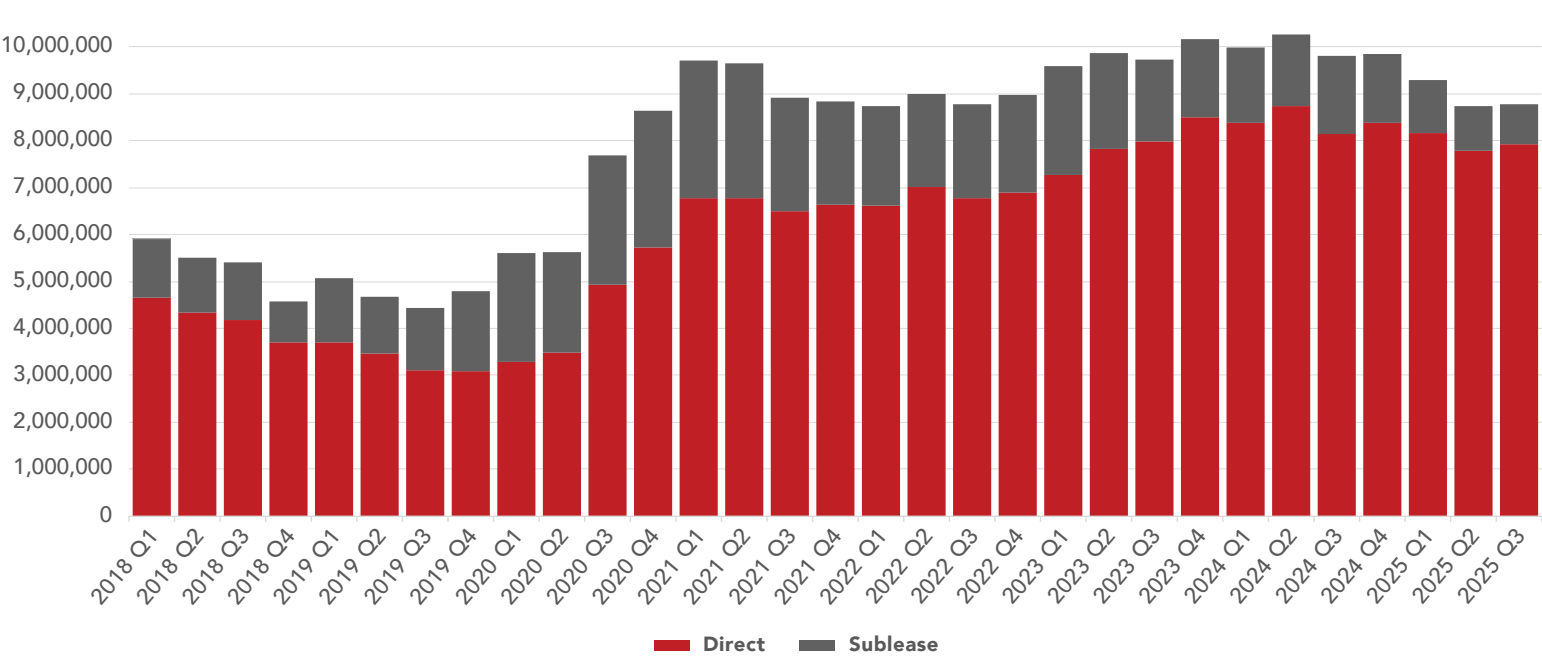
MIDTOWN SOUTH CLASS B - LEASING



MIDTOWN SOUTH CLASS B - AVAILABILITY



MIDTOWN SOUTH CLASS B - DIRECT VS. SUBLEASE



DOWNTOWN REPORT

Downtown

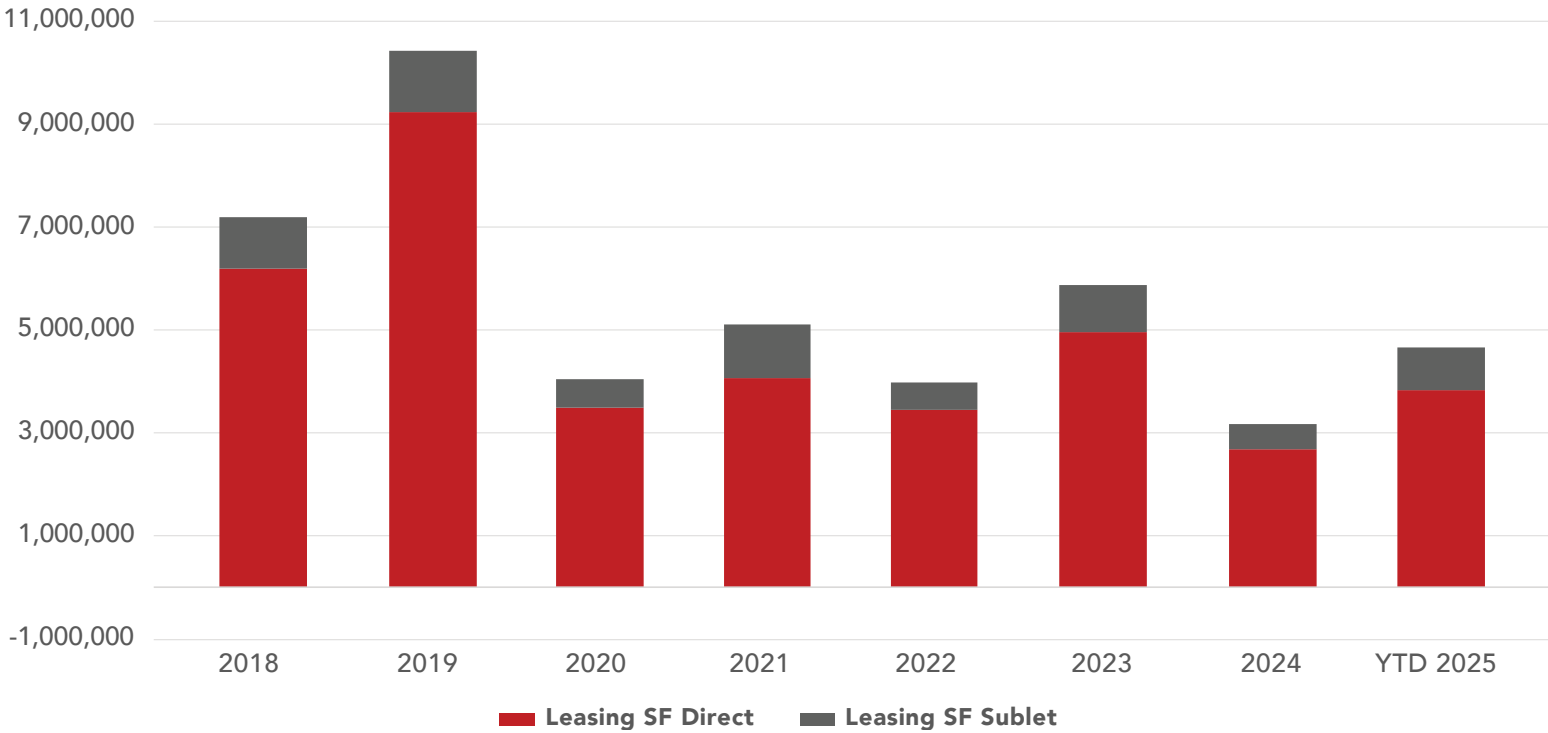
Downtown Manhattan's office sector in Q3 2025 posted modest improvement, with 1.06 million square feet of leasing and a vacancy rate of 15.10%. Total available space measured approximately 14.5 million square feet, reflecting a slight decline as several large tenants renewed rather than relocated. Net absorption turned positive at 190,000 square feet, marking a steady shift toward stabilization after quarters of negative activity. Unlike Midtown, Downtown recorded no new construction this quarter, keeping future supply minimal. Average asking rents hovered at \$57.24 per square foot, maintaining competitiveness relative to other submarkets and attracting cost-conscious tenants. The area’s improving occupancy rates and affordability have continued to draw legal, government, and financial services firms seeking efficient footprints and excellent transit accessibility.



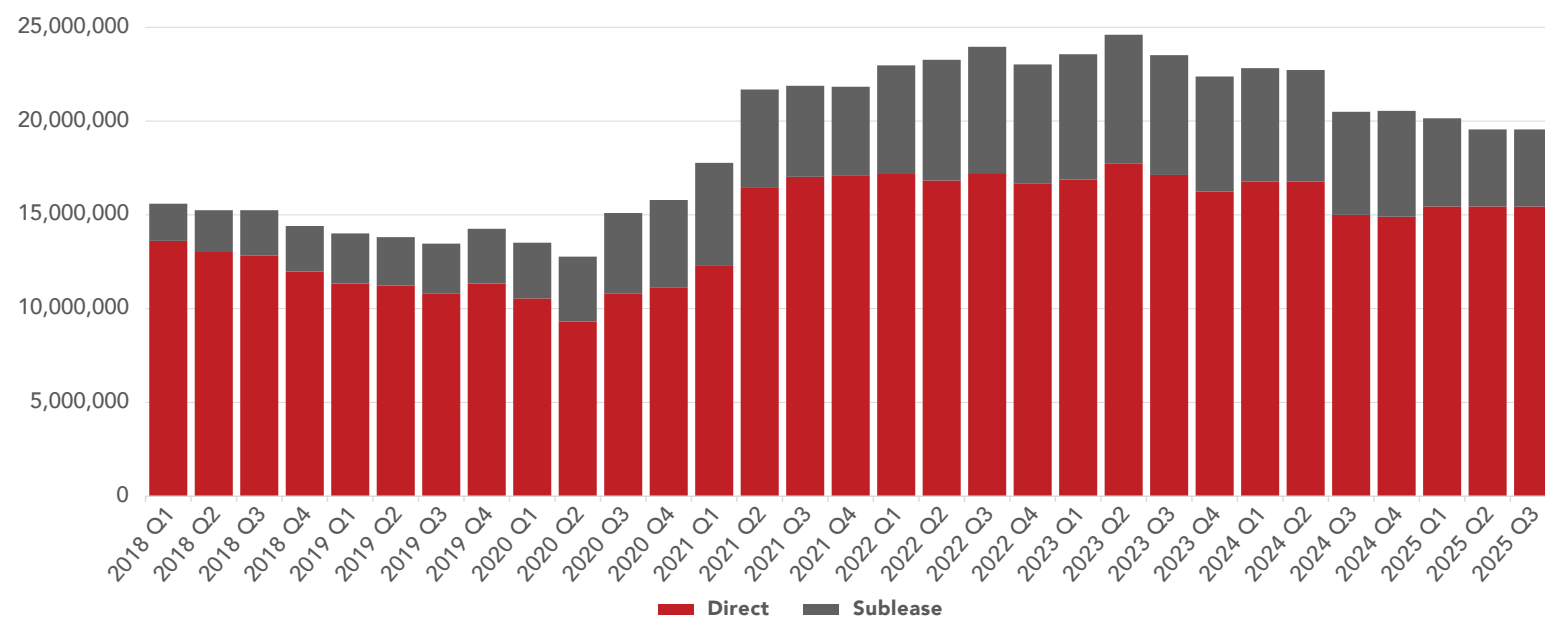
DOWNTOWN INDICATORS

	Q3 2024	Q2 2025	Q3 2025
Availability Rate	16.80%	16.10%	15.10%
Average Asking Rent (\$/SF/YR)	\$57.57	\$57.21	\$57.24
Average Lease Size (SF)	8,841	12,059	9,967
Leasing Activity(SF)	818,699	1,305,247	1,057,886

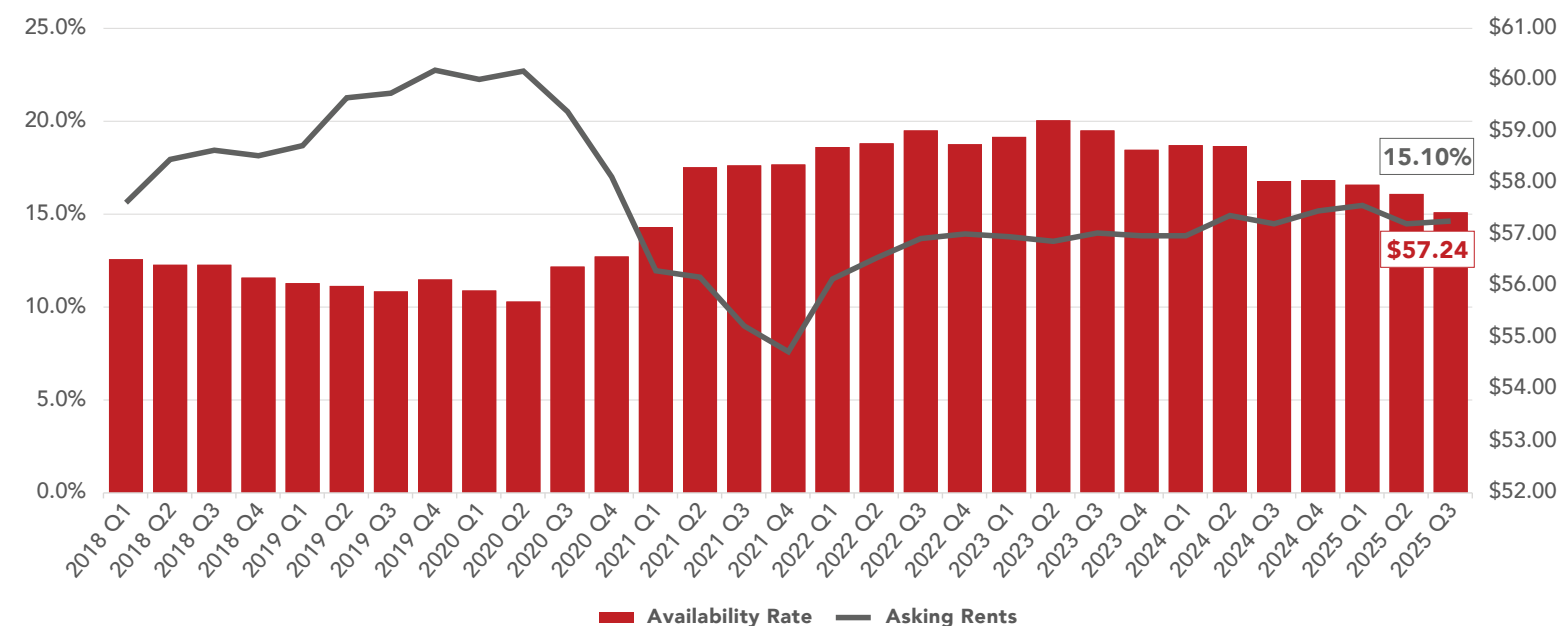
DOWNTOWN - LEASING



DOWNTOWN - DIRECT VS SUBLEASE



DOWNTOWN - AVAILABILITY



AVAILABILITY HELD AT **15.1%** IN Q3 2025 WHILE ASKING RENTS EDGED UP TO **\$57.24/SF**

SUBLEASE INVENTORY CONTINUED TO EASE, SIGNALING IMPROVED BALANCE AS DIRECT LEASING REMAINS STEADY ACROSS THE DOWNTOWN MARKET

TOP 5 MAJOR LEASES (DOWNTOWN)





MARKET STATISTICS

Market	Availability Rate	Availability Rate % Direct	Availability Rate % Sublet	Available SF Direct	Available SF Sublet	Available SF Direct	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	13.9%	11.6%	2.4%	39,894,008	29,042,085	8,154,538	48,048,546	342,732,526	5,951,743	787,208	6,738,951	\$80.31	4,216,536	4,706,128	1,848,774	14.1%	48,243,556
Columbus Circle	14.3%	8.7%	5.6%	3,086,963	2,238,114	1,991,696	5,078,659	35,471,226	372,121	145,889	518,010	\$80.41	-12,507	-219,976	0	15.0%	5,326,879
Grand Central	14.1%	12.0%	2.2%	7,005,895	4,348,786	1,272,612	8,278,507	57,662,519	935,228	71,531	1,006,759	\$80.67	32,388	314,742	930,000	15.0%	8,630,838
Murray Hill	20.1%	18.8%	1.3%	2,762,134	2,104,828	192,913	2,955,047	14,712,957	218,305	0	218,305	\$57.30	96,081	37,463	0	17.5%	2,574,880
Penn Plaza/Garment	13.5%	11.4%	2.1%	10,184,117	8,181,518	1,831,478	12,015,595	89,048,531	2,659,419	300,422	2,959,841	\$75.79	947,662	1,750,886	0	14.1%	12,558,693
Plaza District	12.4%	10.8%	1.6%	9,877,055	6,946,270	1,495,939	11,372,994	91,393,154	1,569,488	208,261	1,777,749	\$96.89	2,671,164	2,395,782	201,462	12.8%	11,670,671
Times Square	15.7%	12.9%	2.7%	6,449,797	4,946,580	1,369,000	7,818,797	49,184,173	197,182	61,105	258,287	\$81.08	502,630	547,692	717,312	14.6%	7,195,706
U.N. Plaza	10.1%	10.0%	0.0%	528,047	275,989	900	528,947	5,259,966				\$62.37	-20,882	-120,461	0	5.4%	285,889
Midtown South	15.8%	14.1%	1.7%	15,702,002	12,868,330	1,855,759	17,557,094	110,780,552	1,887,039	174,459	2,061,498	\$67.36	-56,685	2,698,985	198,983	16.1%	17,879,622
Chelsea	16.5%	14.6%	1.9%	6,701,412	5,533,424	866,338	7,567,083	45,599,025	777,009	59,745	836,754	\$64.16	214,314	1,079,924	198,983	16.5%	7,525,006
Gramercy Park	14.6%	13.7%	0.9%	3,949,505	3,420,916	245,895	4,195,400	28,794,284	657,790	16,200	673,990	\$74.29	-303,617	63,866	0	16.4%	4,718,825
Greenwich Village	13.2%	11.8%	1.4%	891,126	717,207	108,489	999,615	7,559,028	72,727	4,896	77,623	\$72.61	104,478	81,866	0	16.6%	1,258,344
Hudson Square	15.6%	13.2%	2.4%	2,147,699	1,690,706	392,622	2,540,321	16,281,952	101,891	61,202	163,093	\$72.38	85,116	1,420,428	0	14.4%	2,352,464
Soho	18.0%	16.0%	1.9%	2,012,260	1,506,077	242,415	2,254,675	12,546,263	277,622	32,416	310,038	\$68.06	-156,976	52,901	0	16.1%	2,024,983
Downtown	15.1%	11.8%	3.3%	14,190,364	11,920,022	3,965,355	18,155,719	120,320,886	933,204	130,732	1,063,936	\$57.24	190,770	-1,647,942	0	15.5%	18,657,276
City Hall	6.6%	5.7%	0.9%	1,114,689	1,023,645	175,656	1,290,345	19,545,550	99,541	0	99,541	\$53.89	58,886	48,538	0	7.3%	1,420,419
Financial District	21.1%	16.7%	4.4%	6,571,304	5,548,591	1,749,459	8,320,763	39,435,960	555,692	50,813	606,505	\$54.12	-175,189	-1,854,270	0	24.0%	9,466,027
Insurance District	14.9%	12.3%	2.6%	1,605,855	1,260,634	333,155	1,939,010	13,018,932	75,336	0	75,336	\$52.19	274,269	-87,810	0	12.9%	1,679,163
Tribeca	15.0%	12.7%	2.3%	1,117,974	1,048,674	199,895	1,317,869	8,796,514	50,394	2,150	52,544	\$69.67	-8,851	26,659	0	15.6%	1,372,433
World Trade Center	13.4%	9.6%	3.8%	3,780,542	3,038,478	1,507,190	5,287,732	39,523,930	152,241	77,769	230,010	\$60.90	41,655	218,941	0	11.9%	4,719,234
Manhattan	14.5%	13.0%	1.7%	14,190,364	70,076,297	13,975,652	84,051,282	578,400,914	7,530,939	1,276,899	8,807,838	\$74.04	4,345,622	5,753,933	2,047,757	14.7%	84,828,674

LOCAL EXPERTISE
NATIONAL REACH
WORLD CLASS

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