

Q3 2026 MARKET REPORT

QUARTER *LEE* OFFICE OVERVIEW

AVAILABILITY FALLS TO 12.3% IN A TENTH STRAIGHT QUARTER OF TIGHTENING

Manhattan office leasing moderated in the third quarter but remained healthy, with volume totaling 10.02 million square feet, compared with 11.25 million SF in Q2 and 10.38 million SF a year earlier, extending to nine the string of quarters above 10 million SF. Availability tightened at a faster pace, falling to 12.3%, down 62 bps from Q2 and 173 bps year-over-year, marking a tenth consecutive quarterly decline, the longest such stretch since the mid-2000s, as available space fell 3.52 million square feet quarter-over-quarter. Demand continued to skew toward higher-quality product, with Class A capturing 62.3% of Q3 leasing.

The quarter’s headline was Anthropic’s 446,684 SF new lease at 330 Hudson Street in Hudson Square, the largest Manhattan office commitment of the quarter. Midtown’s largest transactions were led by law firms and media: Proskauer Rose’s 412,874 SF renewal at 11 Times Square, NBCUniversal’s 244,185 SF renewal at 1221 Avenue of the Americas, Morgan Lewis’s 209,577 SF new lease at 1251 Avenue of the Americas, Snap’s 198,893 SF sublease at Penn 2, and Loeb & Loeb’s 160,051 SF expansion at 345 Park Avenue. Midtown availability fell 84 bps quarter-over-quarter to 11.8%.

In Midtown South, the Anthropic commitment and Legora’s 98,420 SF new lease at 11 Madison Avenue underscored the depth of AI and tech-sector demand, with Midtown South availability falling 86 bps quarter-over-quarter to 12.3%. Downtown was the exception, where leasing slowed to 597,522 SF and availability rose 26 bps to 13.6%, despite Aon’s 225,212 SF renewal at 1 Liberty Plaza. Pricing continued to firm: the Manhattan average asking rent rose to \$79.75 per square foot, with Class A averaging \$92.11 PSF and Class B reaching \$63.98 PSF. Class B rents are up 3.5% year-over-year versus 2.7% for Class A, signaling that rent growth, while measured, continues to broaden beyond trophy blocks.



UNEMPLOYMENT RATE



4.5%
Q3 2026

4.9%
Q3 2025

Source: BLS

INFLATION RATE



3.4%
Q3 2026

2.9%
Q3 2025

Source: BLS

SUBWAY RIDERSHIP

DAILY RIDERS (AVG.)



4.2M
SEP 2026

3.2M
SEP 2022

5.6M
SEP 2019

Source: MTA

RETURN TO OFFICE RECOVERY RATES



82%
AUG 2026

75%
AUG 2025

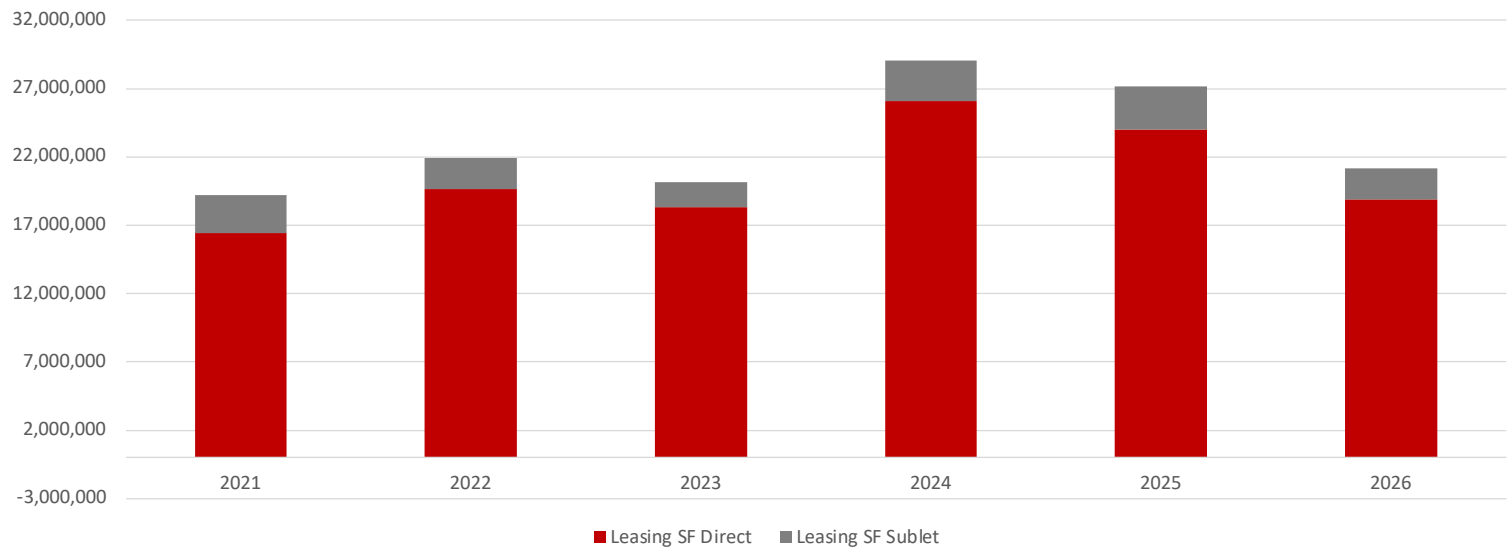
Source: Placer.AI

MIDTOWN REPORT

MIDTOWN - INDICATORS

	Q3 2025	Q2 2026	Q3 2026
Availability Rate	13.8%	12.7%	11.8% ↓
Average Asking Rent (\$/SF/YR)	\$86.65	\$89.11	\$89.20 ↑
Average Lease Size (SF)	12,219	11,036	12,198 ↓
Leasing Activity(SF)	7,213,739	6,578,654	6,436,525 ↓

MIDTOWN - LEASING



Midtown

Midtown leasing activity totaled 6.4 million square feet in Q3 2026, a modest step down from Q2 and roughly 11% below a strong year-ago quarter. Large-block demand remained healthy, led by Proskauer Rose’s 412,874 SF renewal at 11 Times Square, NBCUniversal’s 244,185 SF renewal at 1221 Avenue of the Americas, and Morgan Lewis’s 209,577 SF new lease at 1251 Avenue of the Americas.

Availability tightened roughly 90 basis points to 11.8%, a ninth consecutive quarterly decline and the lowest level in more than five years, while average asking rent edged up to \$89.20 per square foot. Class A drove the improvement, with availability falling 100 basis points to 11.5% on 5.2 million SF of leasing and rent holding above \$100 at \$101.50 per square foot. Class B availability slipped to 13.1% as rent rose to \$65.94 per square foot.

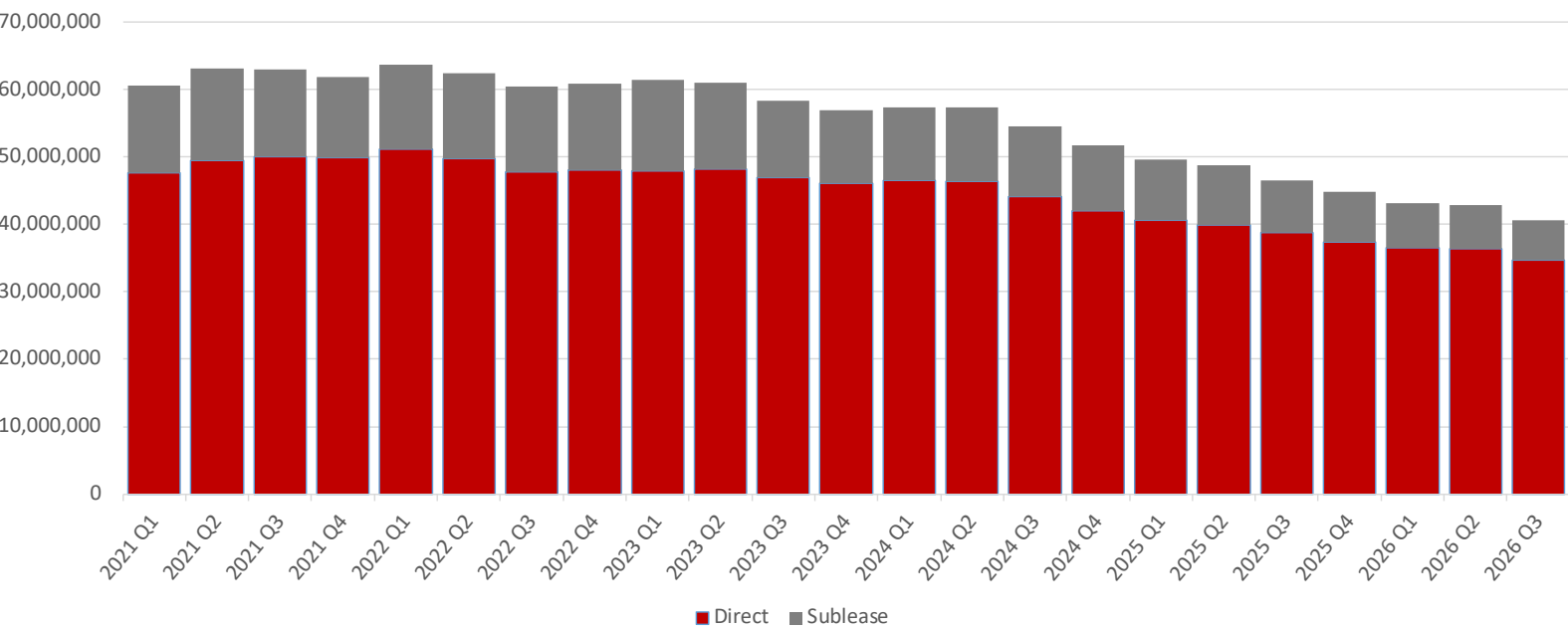
AVAILABILITY TIGHTENED ROUGHLY 90 BASIS POINTS TO 11.8%, WHILE AVERAGE ASKING RENT EDGED UP TO \$89.20 PER SQUARE FOOT



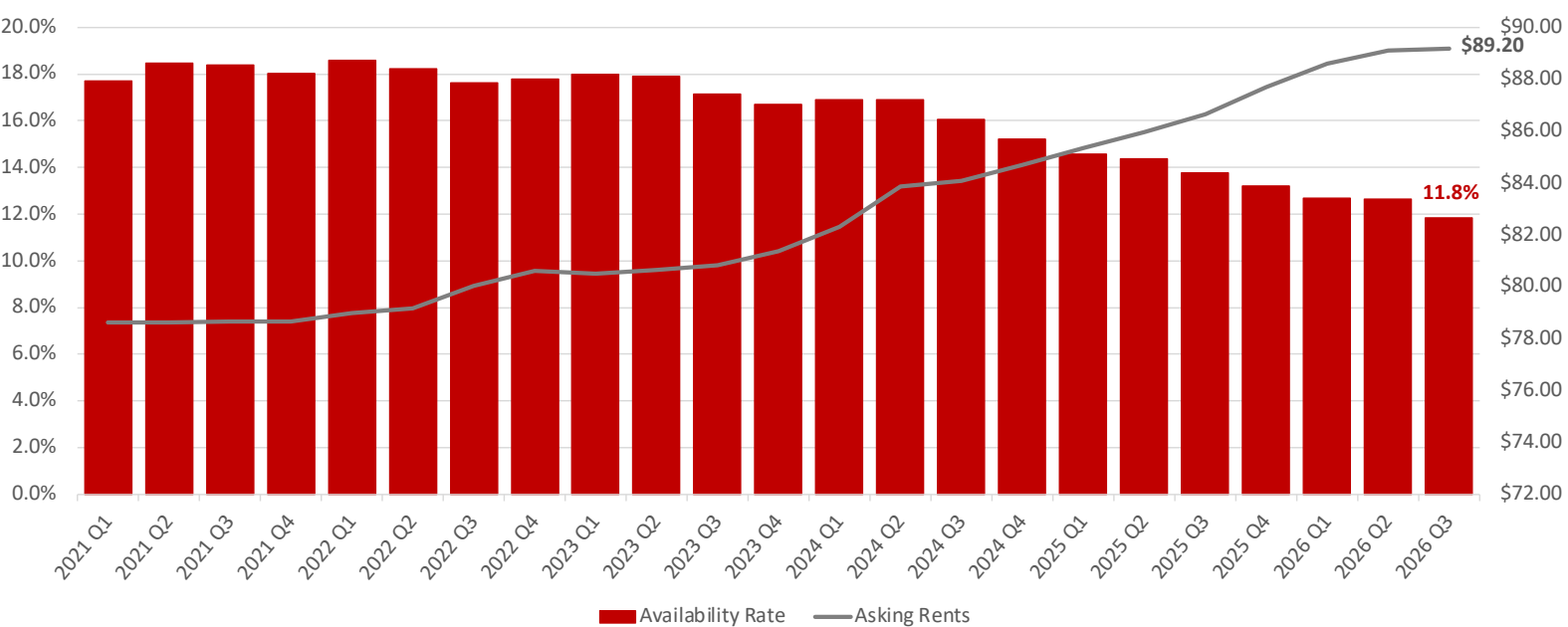
MIDTOWN AVAILABILITY FELL FOR A NINTH STRAIGHT QUARTER AS SUBLEASE SPACE DROPPED BELOW 6 MILLION SF, DOWN 24% YEAR-OVER-YEAR



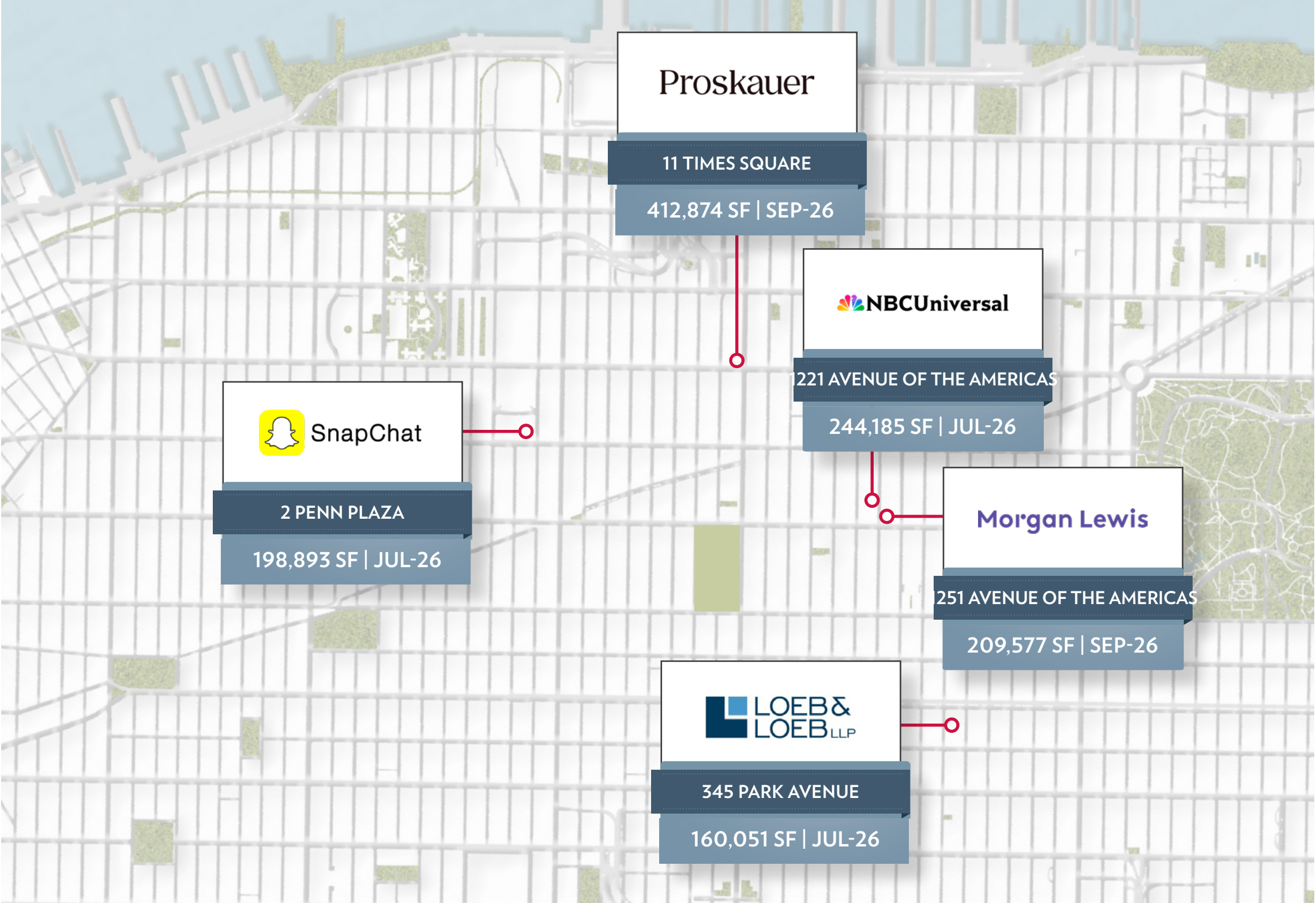
MIDTOWN - DIRECT VS. SUBLEASE



MIDTOWN - AVAILABILITY



TOP 5 MAJOR LEASES (MIDTOWN)



MIDTOWN CLASS A OFFICE MARKET

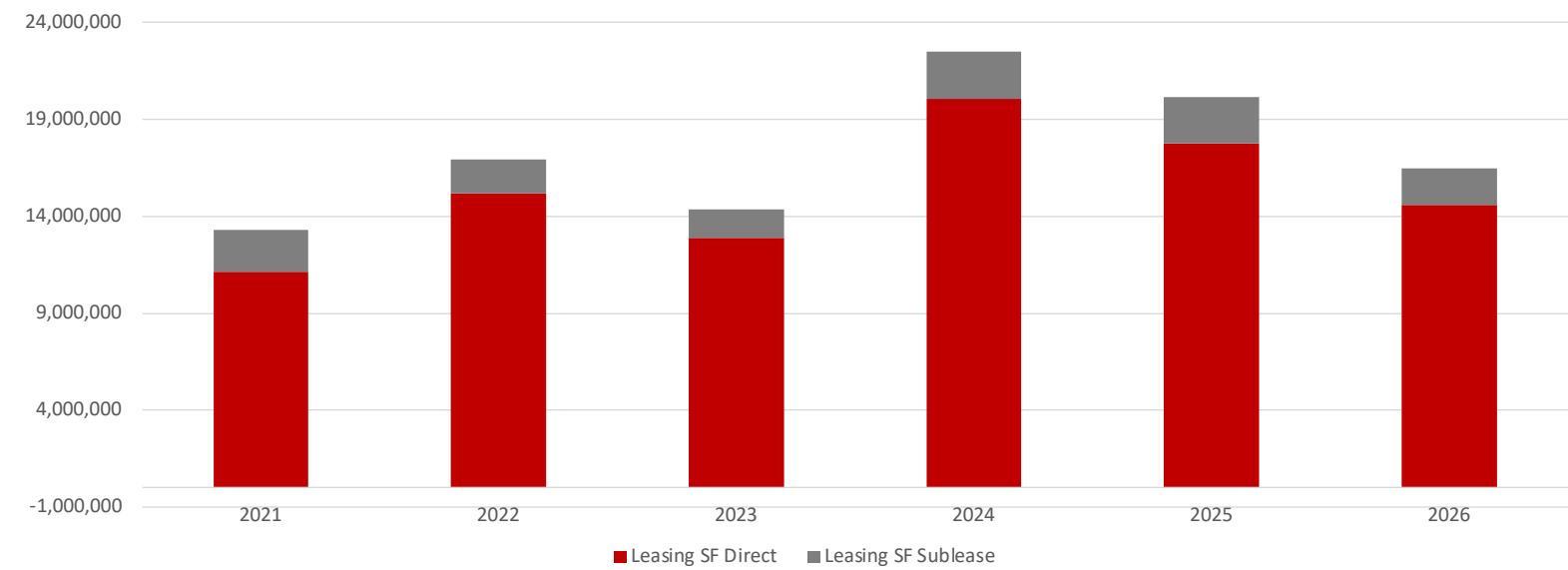
MIDTOWN CLASS A - INDICATORS

	Q3 2025	Q2 2026	Q3 2026
Availability Rate	13.6%	12.5%	11.5%
Average Asking Rent (\$/SF/YR)	\$98.56	\$101.43	\$101.50
Average Lease Size (SF)	18,874	19,331	20,664
Leasing Activity (SF)	5,407,132	5,095,494	5,201,919

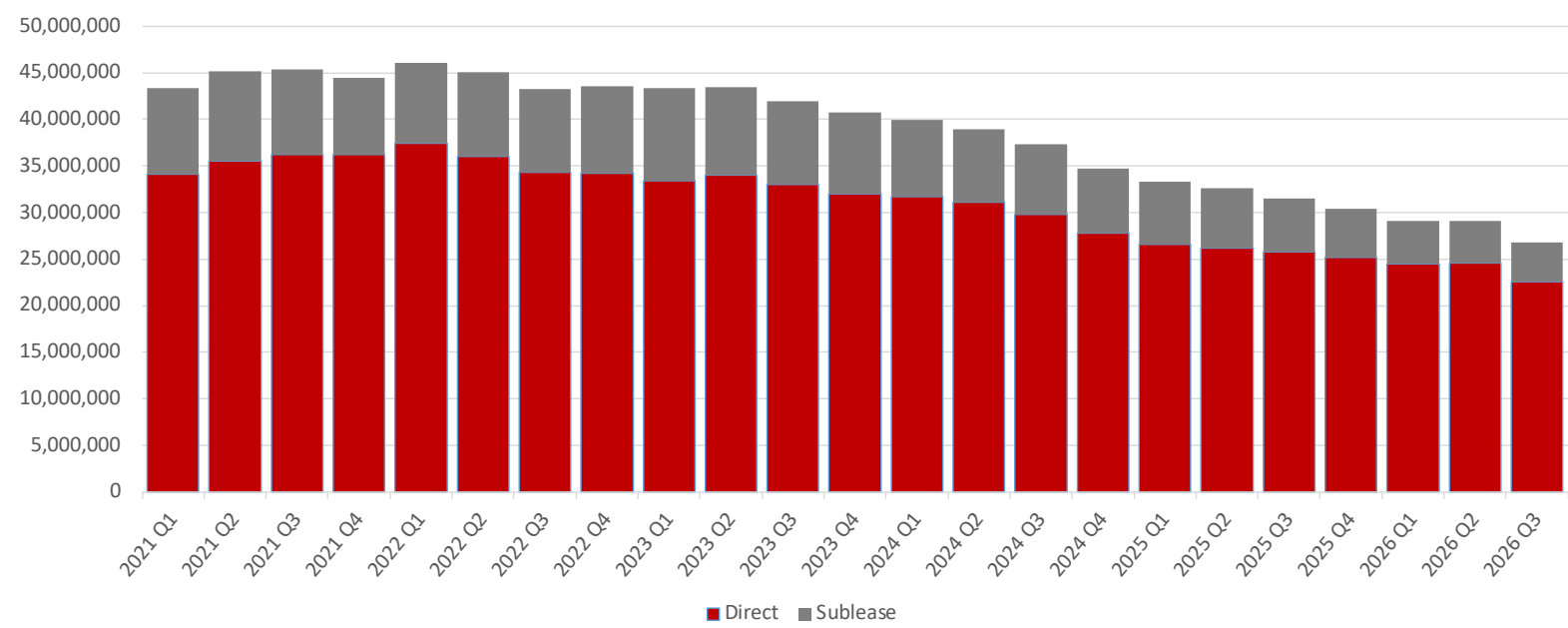
Property	Submarket	Tenant	SF	Type
11 Times Square	Times Square	Proskauer	412,874	Renewal
1221 Avenue of the Americas	Times Square	NBCUniversal	244,185	Renewal
1251 Avenue of the Americas	Times Square	Morgan Lewis	209,577	New Lease

CLASS A AVAILABILITY FELL 100 BASIS POINTS TO 11.5% AS LEASING ROSE TO 5.2M SF AND RENTS HELD ABOVE \$100 AT \$101.50/SF

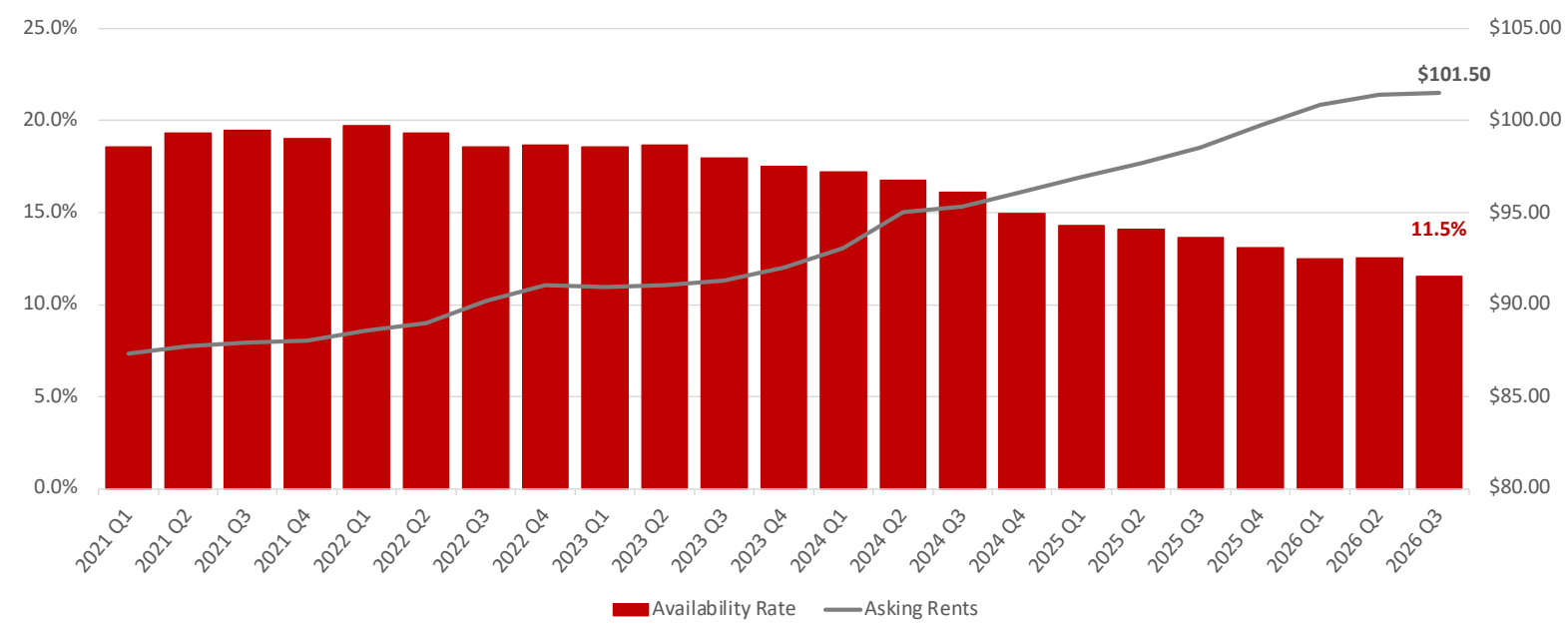
MIDTOWN CLASS A - LEASING



MIDTOWN CLASS A - DIRECT VS. SUBLEASE



MIDTOWN CLASS A - AVAILABILITY



MIDTOWN CLASS B OFFICE MARKET

MIDTOWN CLASS B - INDICATORS

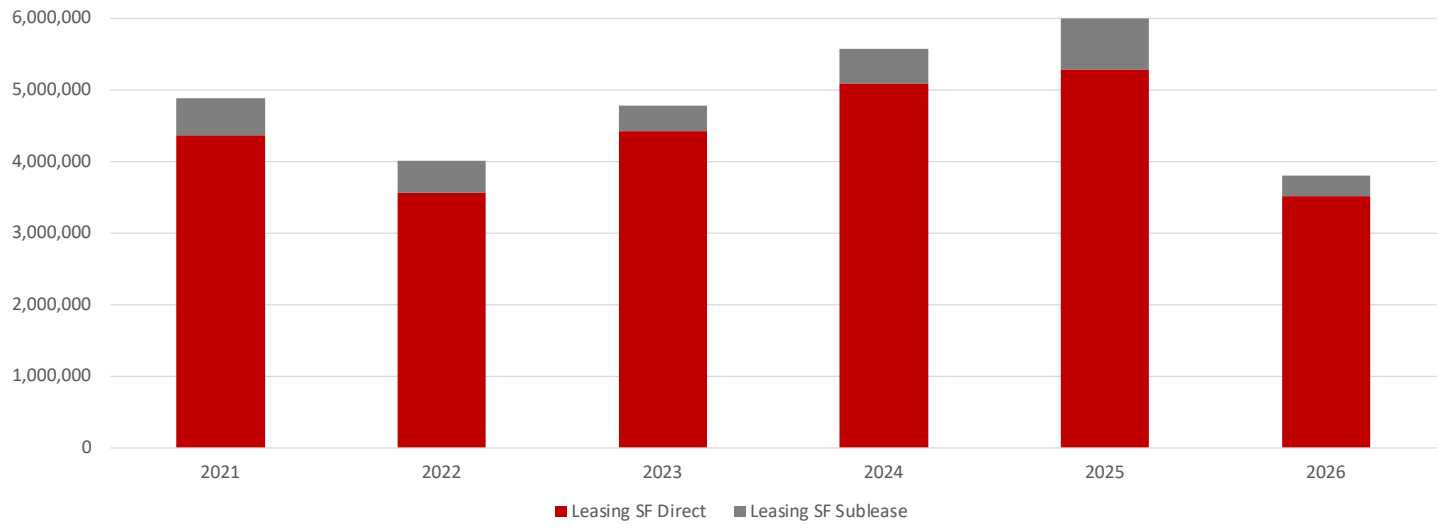
	Q3 2025	Q2 2026	Q3 2026
Availability Rate	14.6%	13.4%	13.1%
Average Asking Rent (\$/SF/YR)	\$64.17	\$65.81	\$65.94
Average Lease Size (SF)	6,545	4,452	4,636
Leasing Activity (SF)	1,559,352	1,229,672	940,015

Property	Submarket	Tenant	SF	Type
520 Eighth Avenue	Penn Plaza	Centre for Justice Innovation	24,000	New Lease
463 Seventh Avenue	Penn Plaza	bagatelle international inc.	23,785	New Lease*
16 East 34th Street	Murray Hill	DIPTYQUE PARIS	18,014	New Lease

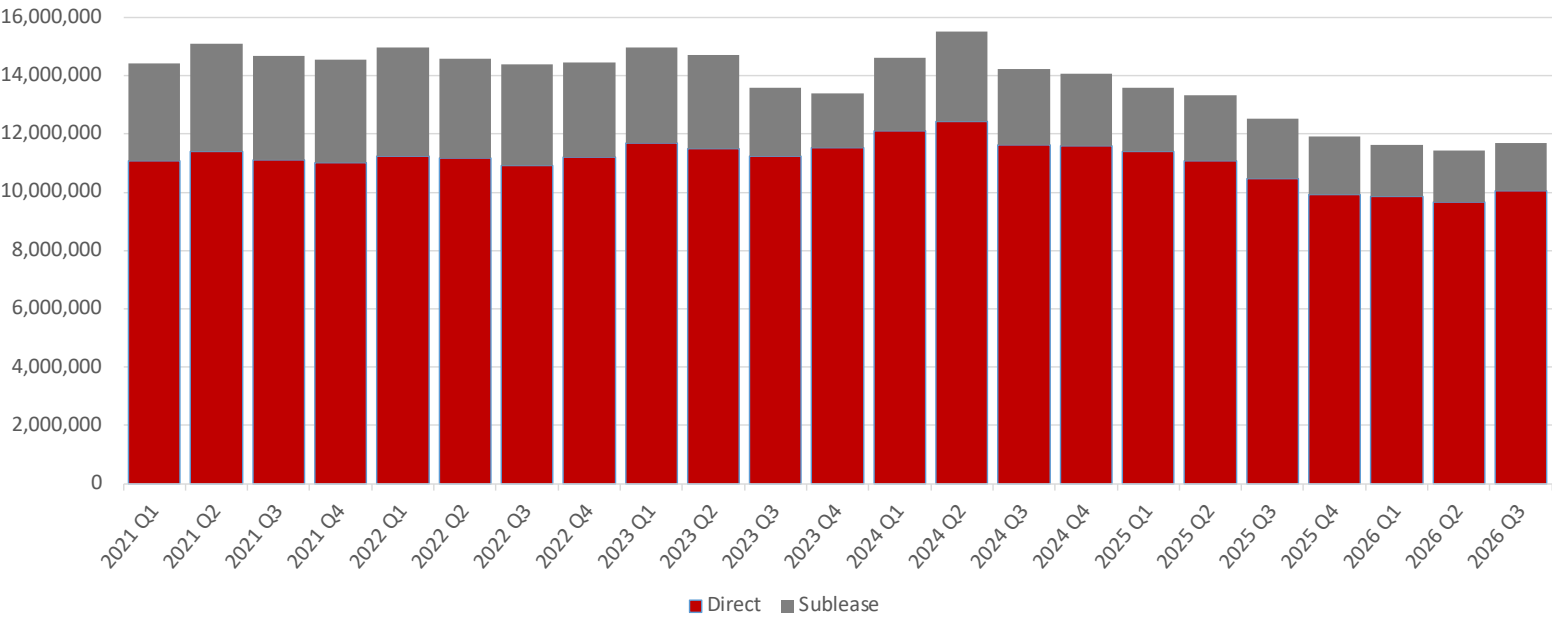
*Lee & Associates NYC deal

AVAILABILITY FELL TO 13.1% AND RENTS ROSE TO \$65.94/SF AS LEASING SLOWED TO 940,000 SF IN Q3 2026

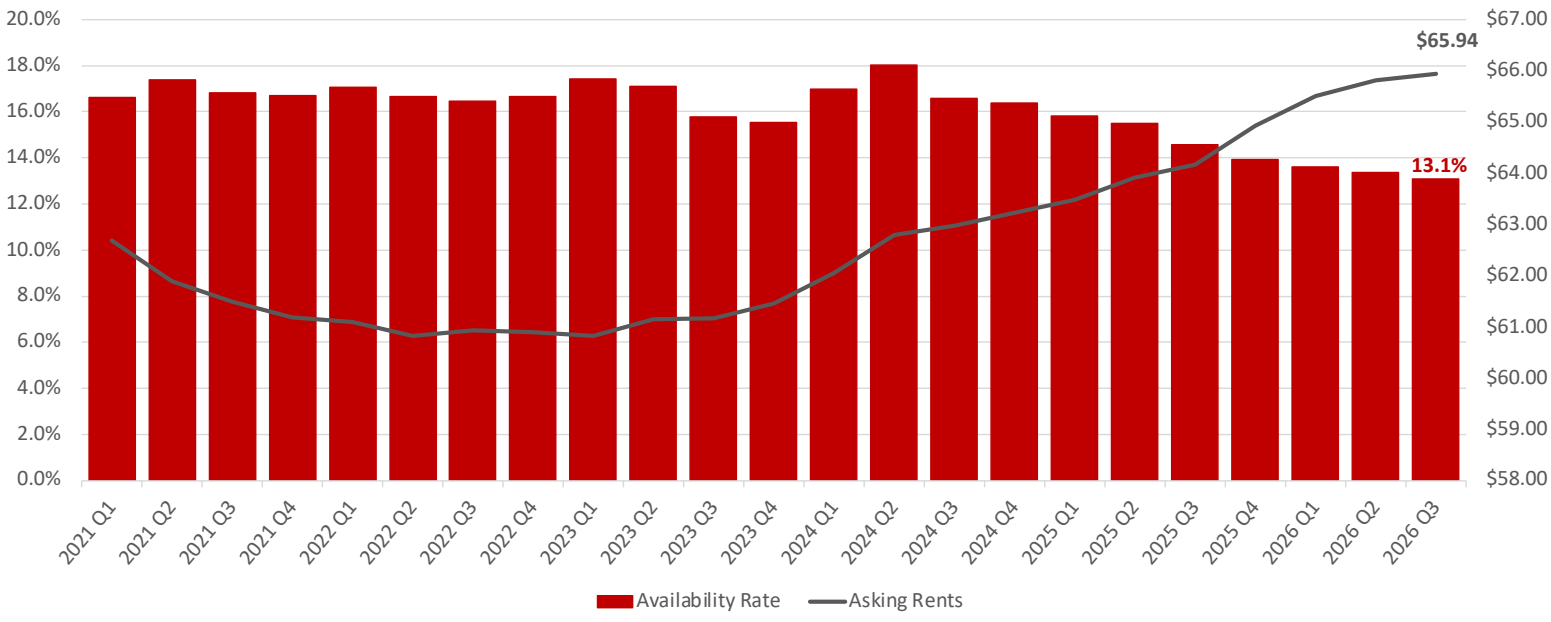
MIDTOWN CLASS B - LEASING



MIDTOWN CLASS B - DIRECT VS. SUBLEASE



MIDTOWN CLASS B - AVAILABILITY



MIDTOWN SOUTH REPORT

Midtown South

Midtown South leasing totaled 2.87 million square feet in Q3 2026, down 8% from Q2 but more than 30% above year-ago levels, bringing year-to-date volume to 9.0 million SF, already 90% of 2025’s full-year total. Activity was led by Anthropic’s 446,684 SF new lease at 330 Hudson Street, the largest lease across the three core markets, followed by the NYC Human Resources Administration’s 174,186 SF renewal at 244-260 Eleventh Avenue and Legora’s 98,420 SF new lease at 11 Madison Avenue.

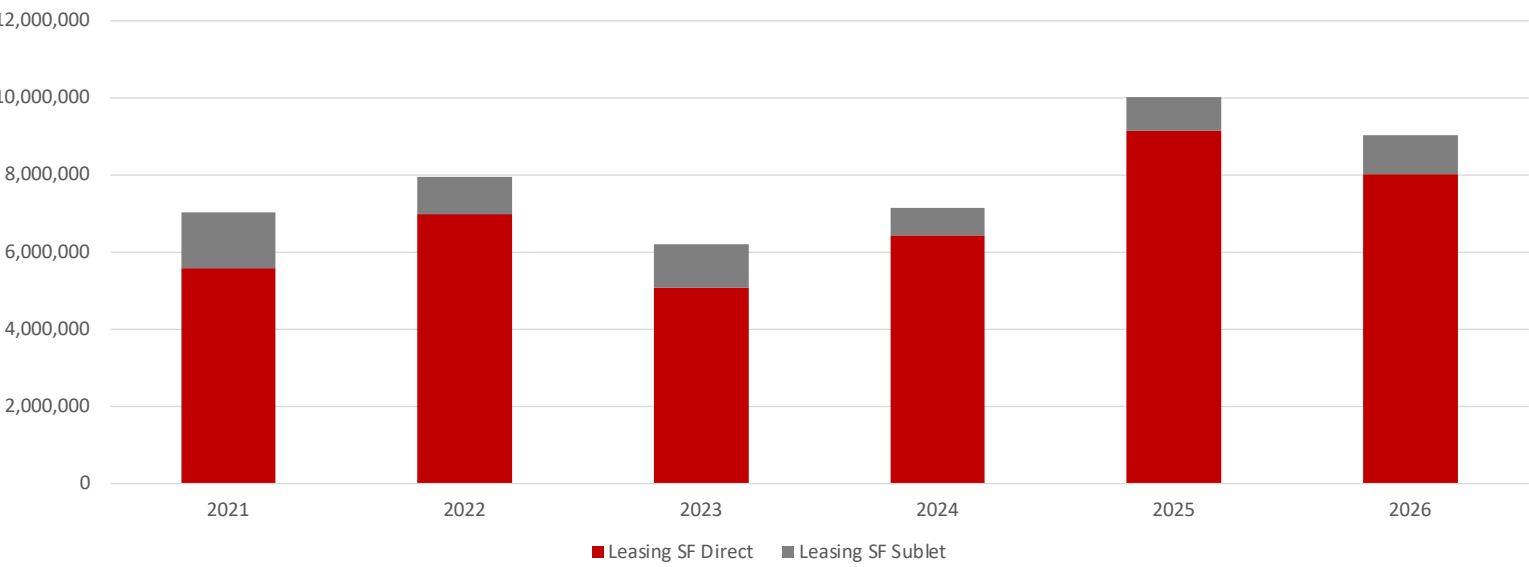
Availability fell roughly 90 basis points to 12.3%, the lowest level in more than five years and down more than 700 basis points from its early-2024 peak, while average asking rent rose to \$73.75 per square foot. Class B led the tightening, with availability dropping 120 basis points to 12.8% on a robust 2.0 million SF of leasing, while Class A availability tightened to 12.7% with rent essentially flat at \$95.58/SF.



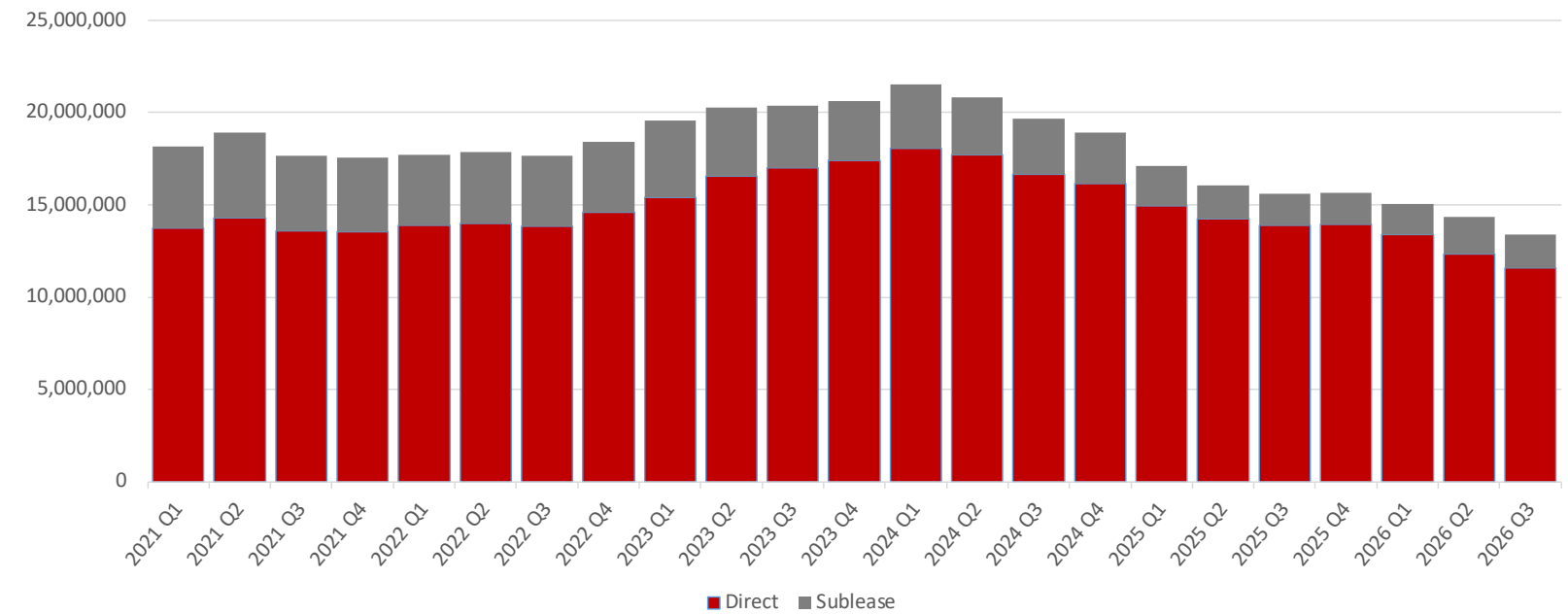
MIDTOWN SOUTH - INDICATORS

	Q3 2025	Q2 2026	Q3 2026
Availability Rate	14.3%	13.2%	12.3%
Average Asking Rent (\$/SF/YR)	\$71.43	\$73.65	\$73.75
Average Lease Size (SF)	7,183	9,239	10,543
Leasing Activity (SF)	2,201,610	3,121,791	2,872,067

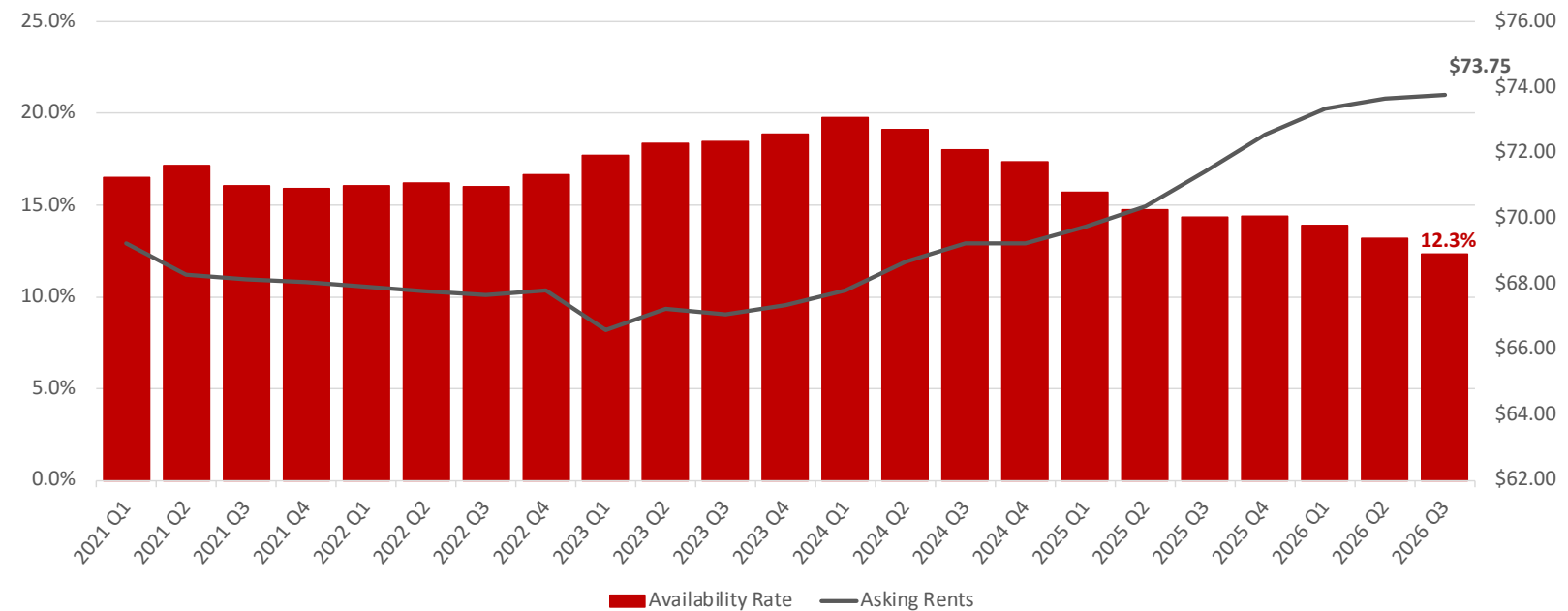
MIDTOWN SOUTH - LEASING



MIDTOWN SOUTH - DIRECT VS. SUBLEASE



MIDTOWN SOUTH - AVAILABILITY



AVAILABILITY RATE
DROPPED FOR THE THIRD
CONSECUTIVE QUARTER
DOWN TO 12.3%

TOP 5 MAJOR LEASES (MIDTOWN SOUTH)



330 HUDSON STREET



MIDTOWN SOUTH CLASS A OFFICE MARKET

MIDTOWN SOUTH CLASS A - INDICATORS

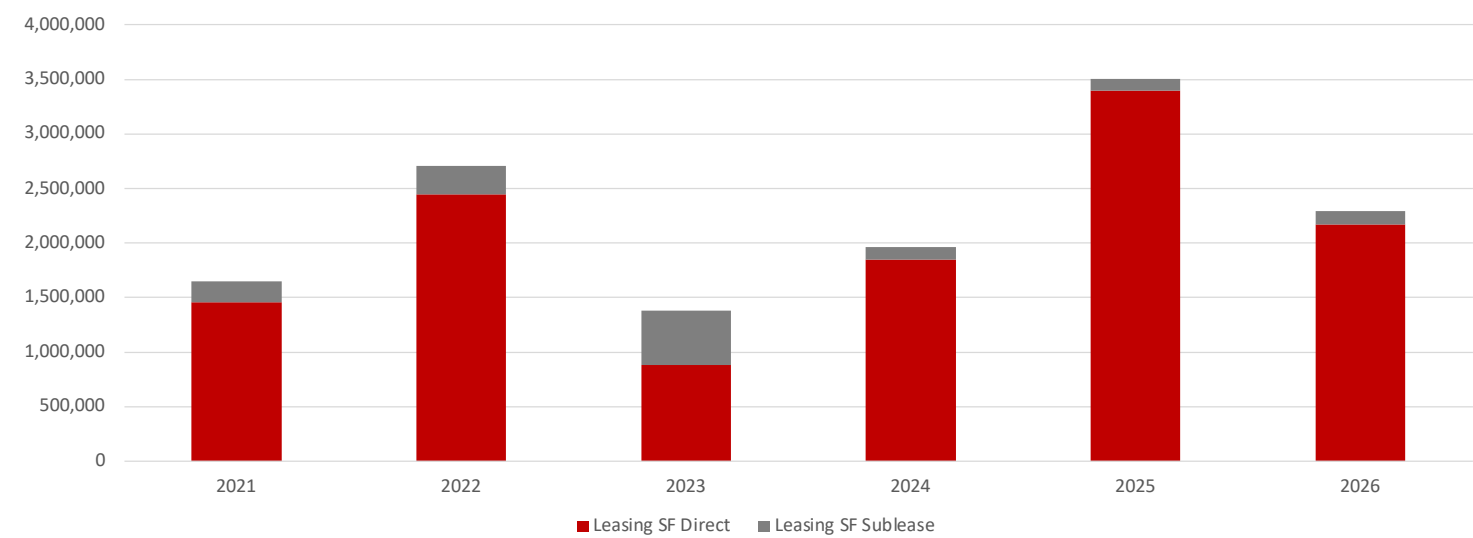
	Q3 2025	Q2 2026	Q3 2026
Availability Rate	14.3%	13.1%	12.7% ↓
Average Asking Rent (\$/SF/YR)	\$93.96	\$95.50	\$95.58 ↓
Average Lease Size (SF)	16,870	27,579	15,376 ↑
Leasing Activity (SF)	490,678	911,824	562,219 ↑

Property	Submarket	Tenant	SF	Type
11 Madison Avenue	Gramercy Park	LEGORA	98,420	New Lease
304 Park Avenue South	Gramercy Park	IMG	84,827	Renewal
395 Hudson Street	Hudson Square	David	55,905	New Lease

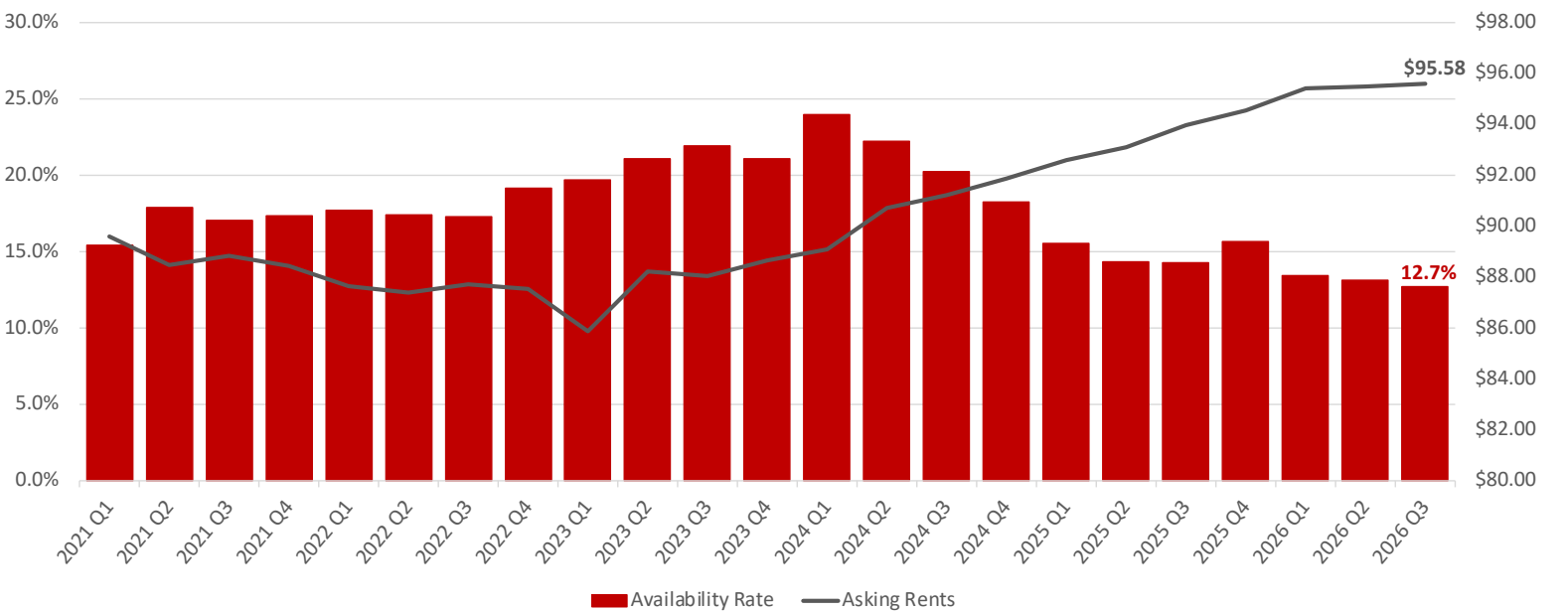


AVAILABILITY TIGHTENED TO 12.7%
AS RENTS HELD FIRM AT \$95.58/SF
IN Q3 2026

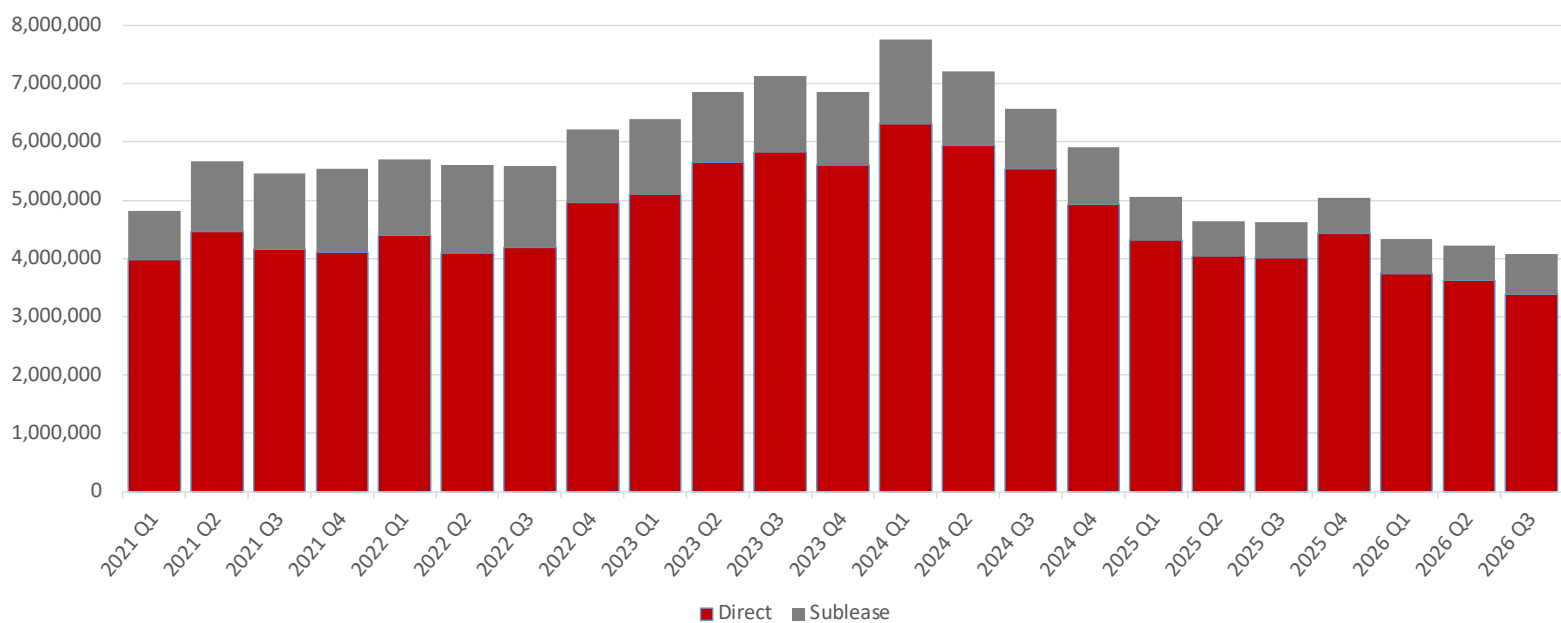
MIDTOWN SOUTH CLASS A - LEASING



MIDTOWN SOUTH CLASS A - AVAILABILITY



MIDTOWN SOUTH CLASS A - DIRECT VS. SUBLEASE



MIDTOWN SOUTH CLASS B OFFICE MARKET

MIDTOWN SOUTH CLASS B - INDICATORS

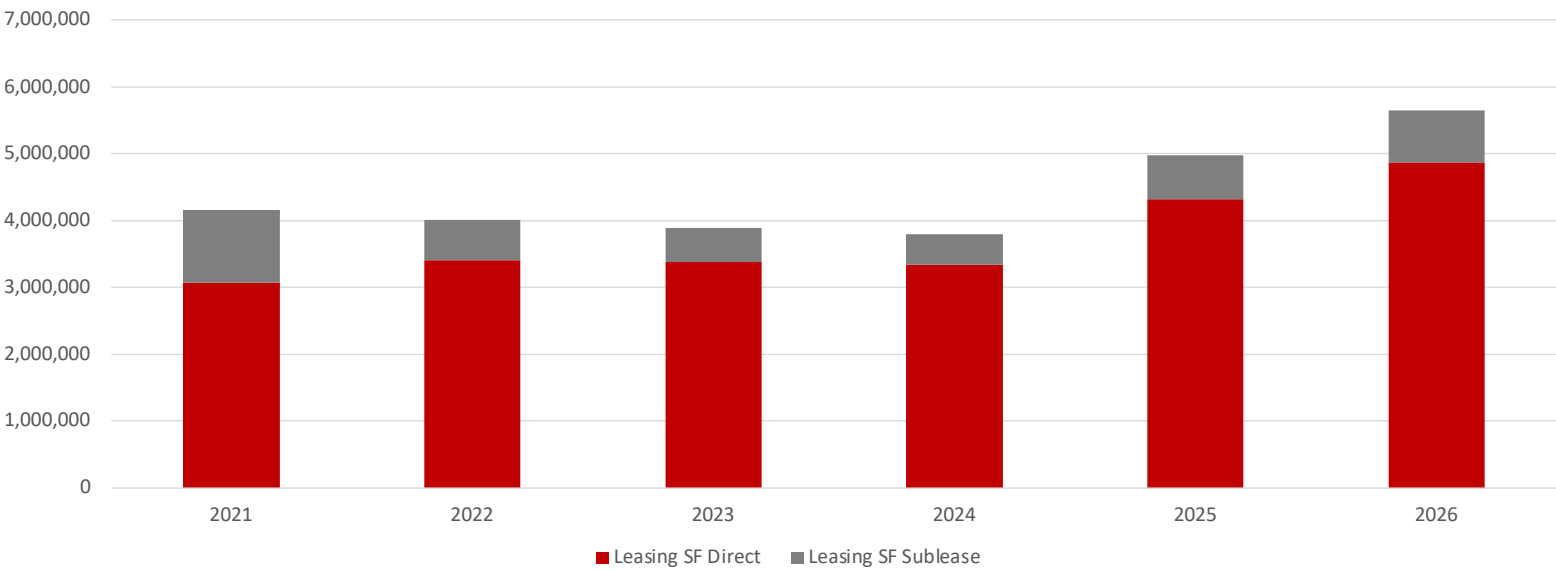
	Q3 2025	Q2 2026	Q3 2026
Availability Rate	15.4%	14.0%	12.8%
Average Asking Rent (\$/SF/YR)	\$63.73	\$66.32	\$66.44
Average Lease Size (SF)	6,605	8,577	12,206
Leasing Activity (SF)	1,234,626	1,733,268	2,009,441

Property	Submarket	Tenant	SF	Type
330 Hudson Street	Hudson Square	ANTHROPIC	446,684	New Lease
244-260 Eleventh Avenue	Chelsea	NYC Human Resources Administration Department of Social Services	174,186	Renewal
160-170 Varick Street	Hudson Square	WNYCSTUDIOS	87,179	Renewal

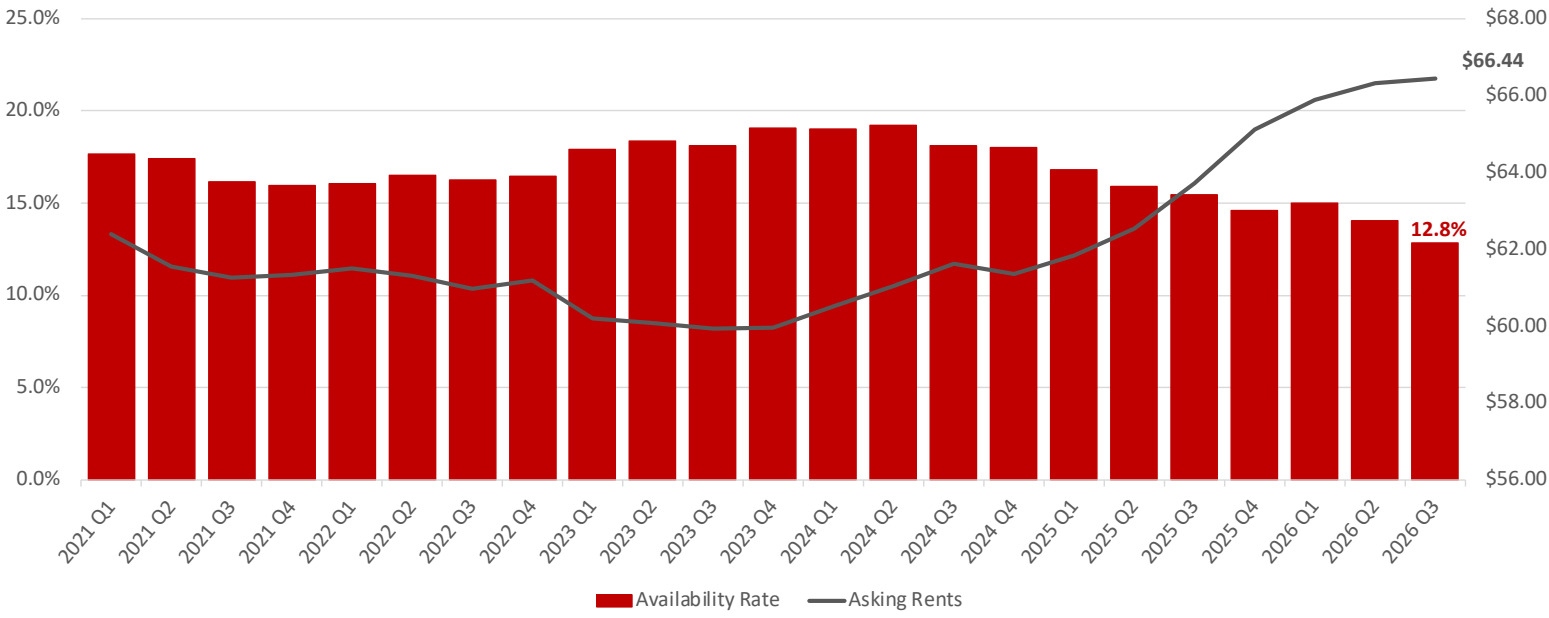


LEASING ACTIVITY CLIMBED TO 2.0M SF
IN Q3 2026 AS AVAILABILITY FELL 120 BASIS
POINTS TO 12.8%

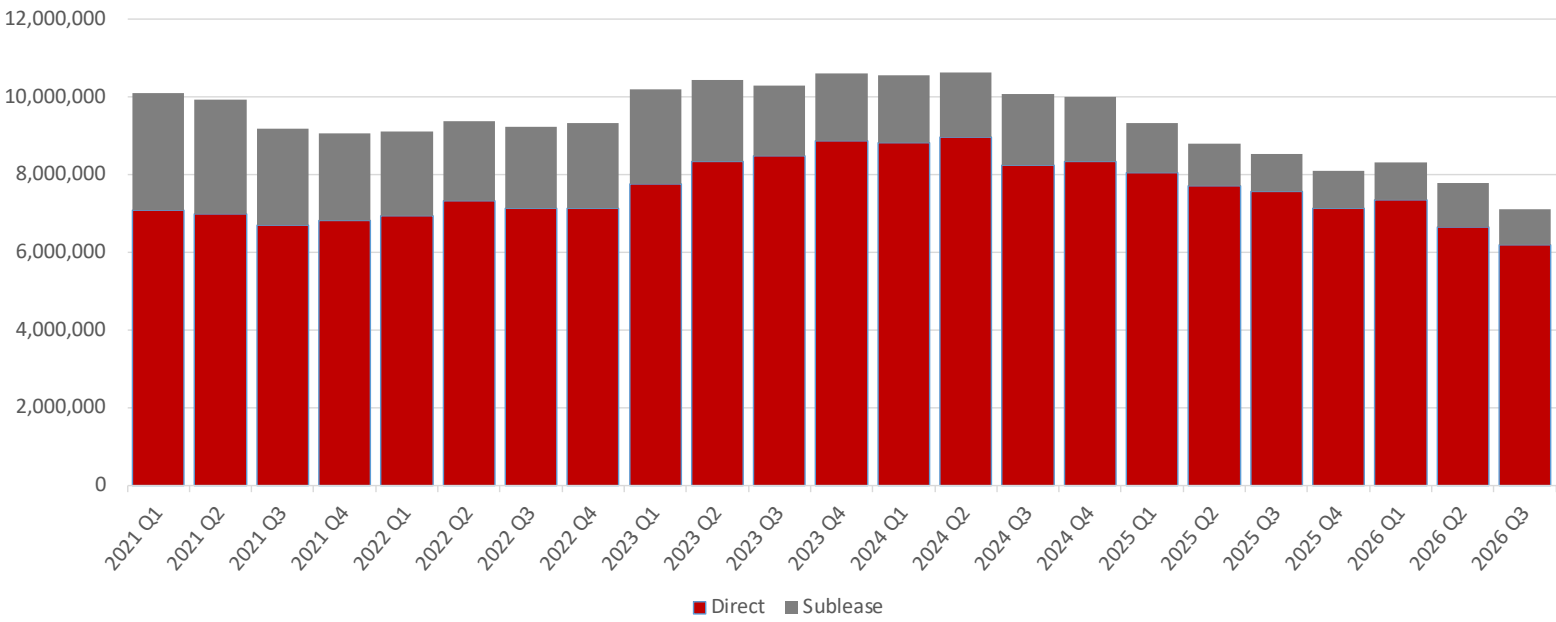
MIDTOWN SOUTH CLASS B - LEASING



MIDTOWN SOUTH CLASS B - AVAILABILITY



MIDTOWN SOUTH CLASS B - DIRECT VS. SUBLEASE



DOWNTOWN REPORT

Downtown

Downtown leasing activity slowed to roughly 598,000 square feet in Q3 2026, a pullback from a second quarter that had been lifted by Cleary Gottlieb’s 475,960 SF renewal. Renewals defined the quarter, led by Aon’s 225,212 SF renewal at 1 Liberty Plaza, followed by BGRE’s 29,154 SF renewal at 225 Liberty Street and Allied Global Marketing’s 29,098 SF renewal at 233 Broadway.

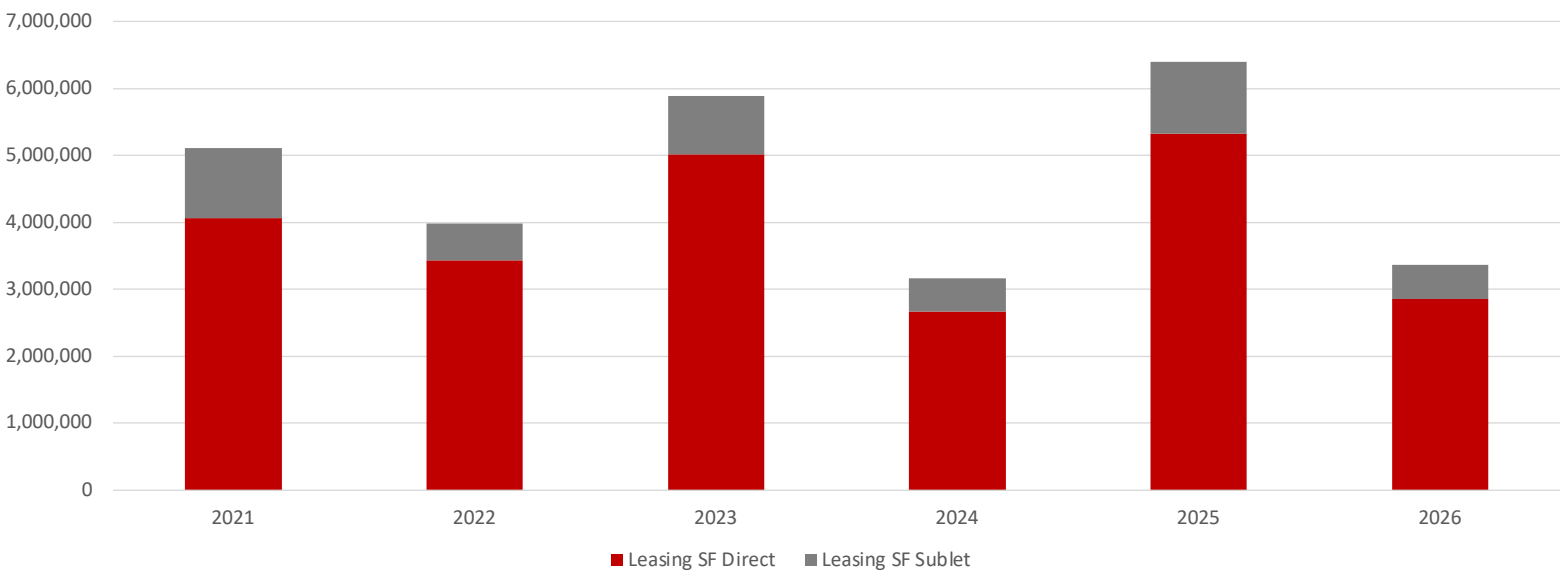
Availability edged up 20 basis points to 13.6%, still 100 basis points below year-ago levels, while average asking rent held above \$60 at \$60.94 per square foot. Sublease availability continued to unwind, falling to 2.65 million SF, down 28% year-over-year, even as direct space rose. Class A availability held essentially flat at 15.5%, while Class B rose to 11.2%, still the tightest Class B reading among the three core markets.



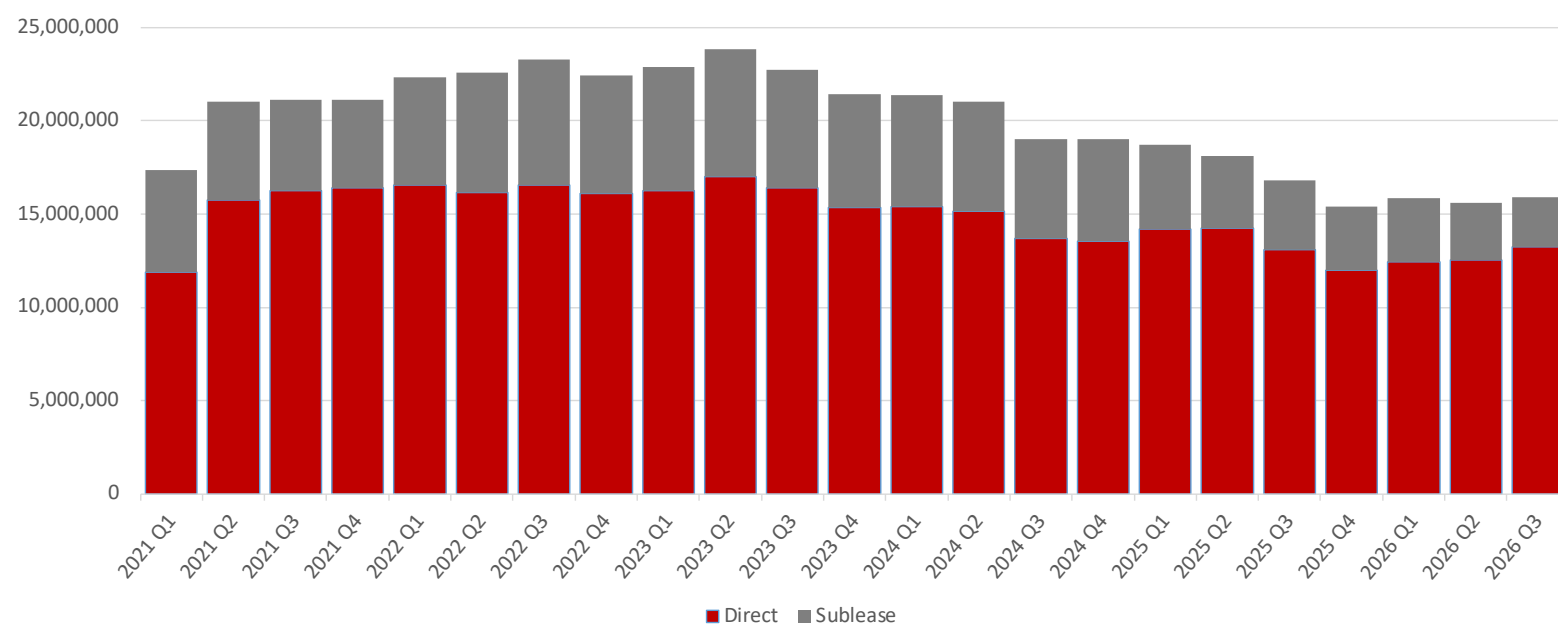
DOWNTOWN INDICATORS

	Q3 2025	Q2 2026	Q3 2026
Availability Rate	14.6%	13.4%	13.6%
Average Asking Rent (\$/SF/YR)	\$59.35	\$60.89	\$60.94
Average Lease Size (SF)	8,726	12,950	8,567
Leasing Activity (SF)	928,785	1,460,370	597,522

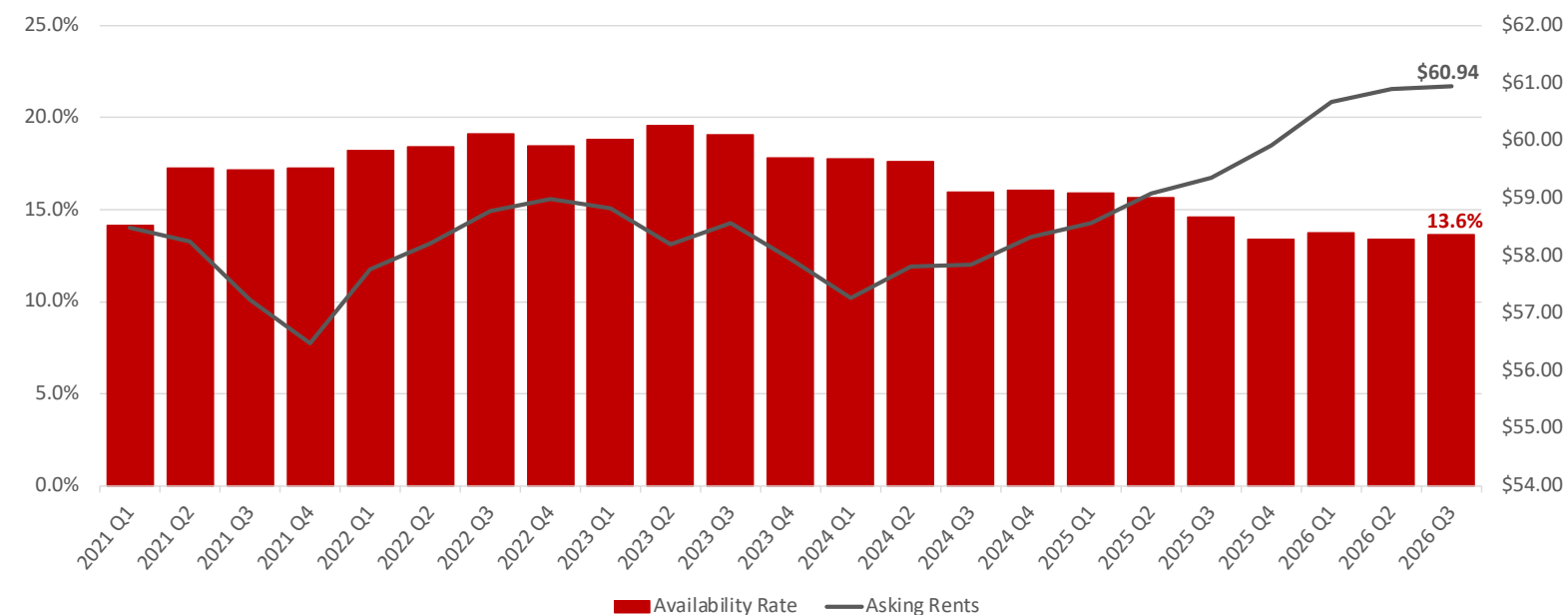
DOWNTOWN - LEASING



DOWNTOWN - DIRECT VS SUBLEASE

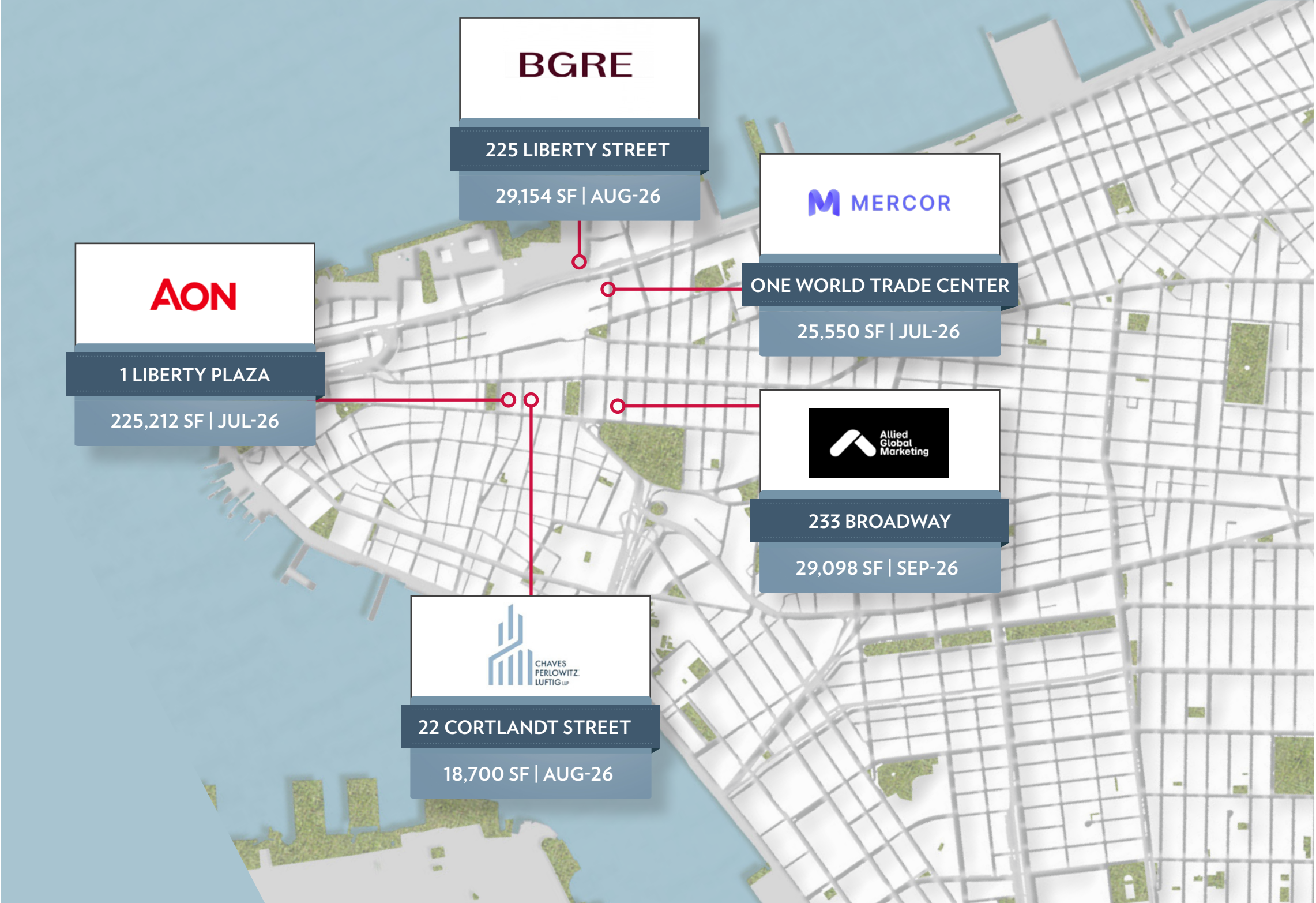


DOWNTOWN - AVAILABILITY



AVAILABILITY EDGED UP TO 13.6% IN Q3 2026 WHILE ASKING RENTS HELD ABOVE \$60 AT \$60.94/SF

TOP 5 MAJOR LEASES (DOWNTOWN)



DOWNTOWN CLASS A OFFICE MARKET

DOWNTOWN CLASS A - INDICATORS

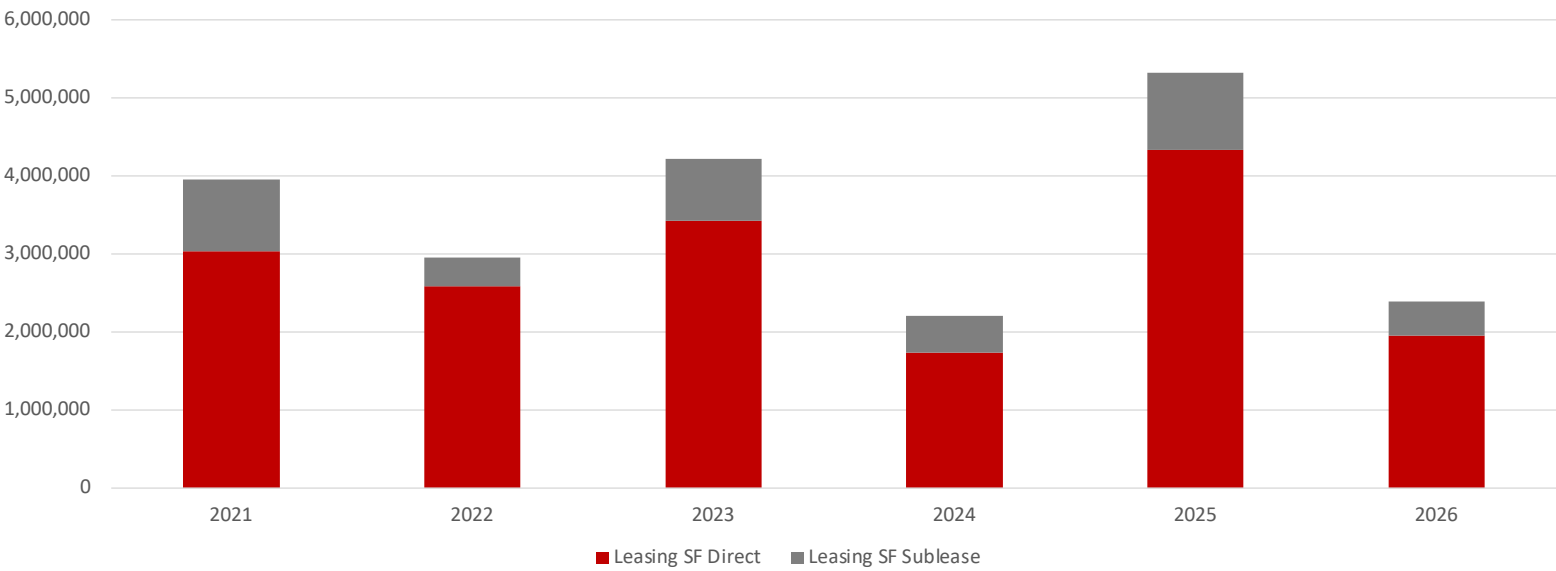
	Q3 2025	Q2 2026	Q3 2026
Availability Rate	15.9%	15.4%	15.5% 
Average Asking Rent (\$/SF/YR)	\$62.56	\$63.77	\$63.81 
Average Lease Size (SF)	16,717	26,352	17,294 
Leasing Activity (SF)	764,301	1,037,447	457,716 

Property	Submarket	Tenant	SF	Type
1 Liberty Plaza	World Trade Center		225,212	Renewal
225 Liberty Street	World Trade Center		29,154	Renewal
233 Broadway	City Hall		29,098	Renewal

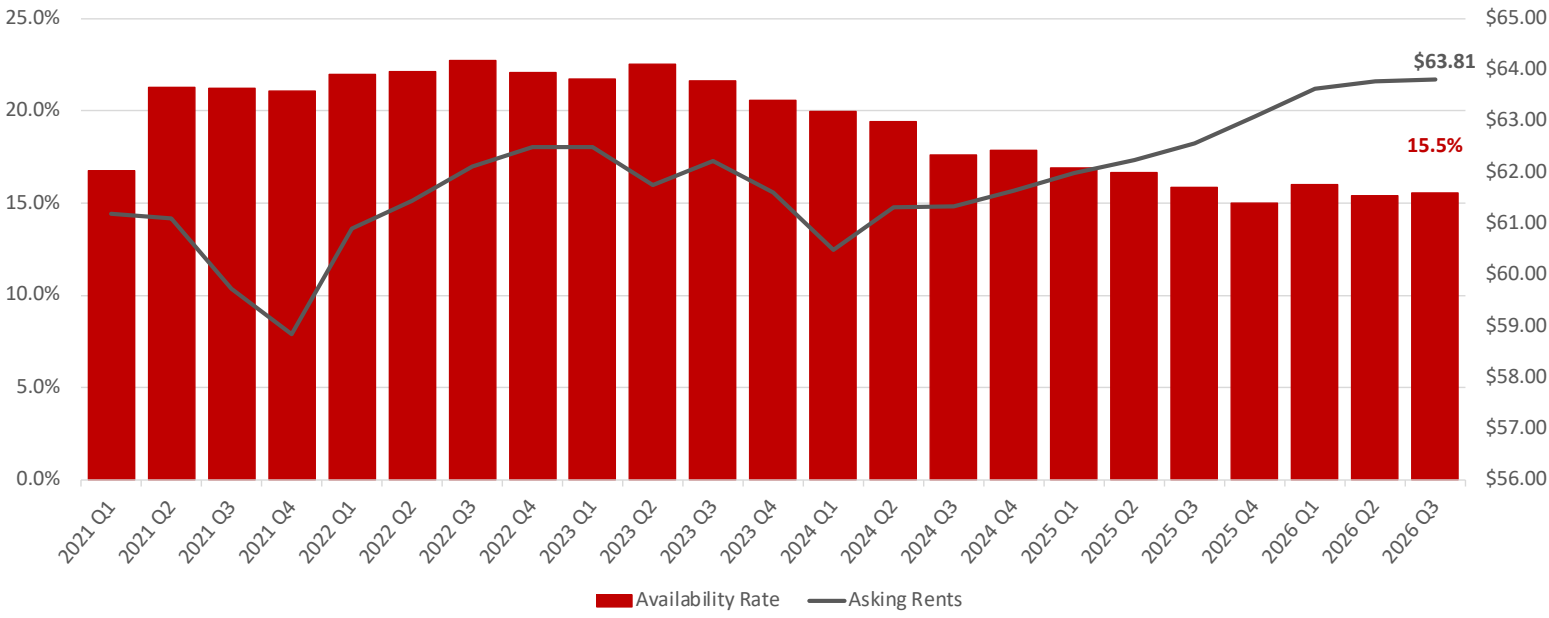


AVAILABILITY HELD NEAR 15.5% AS
SUBLEASE SPACE FELL TO 2.4M SF
AND RENTS HELD AT \$63.81/SF

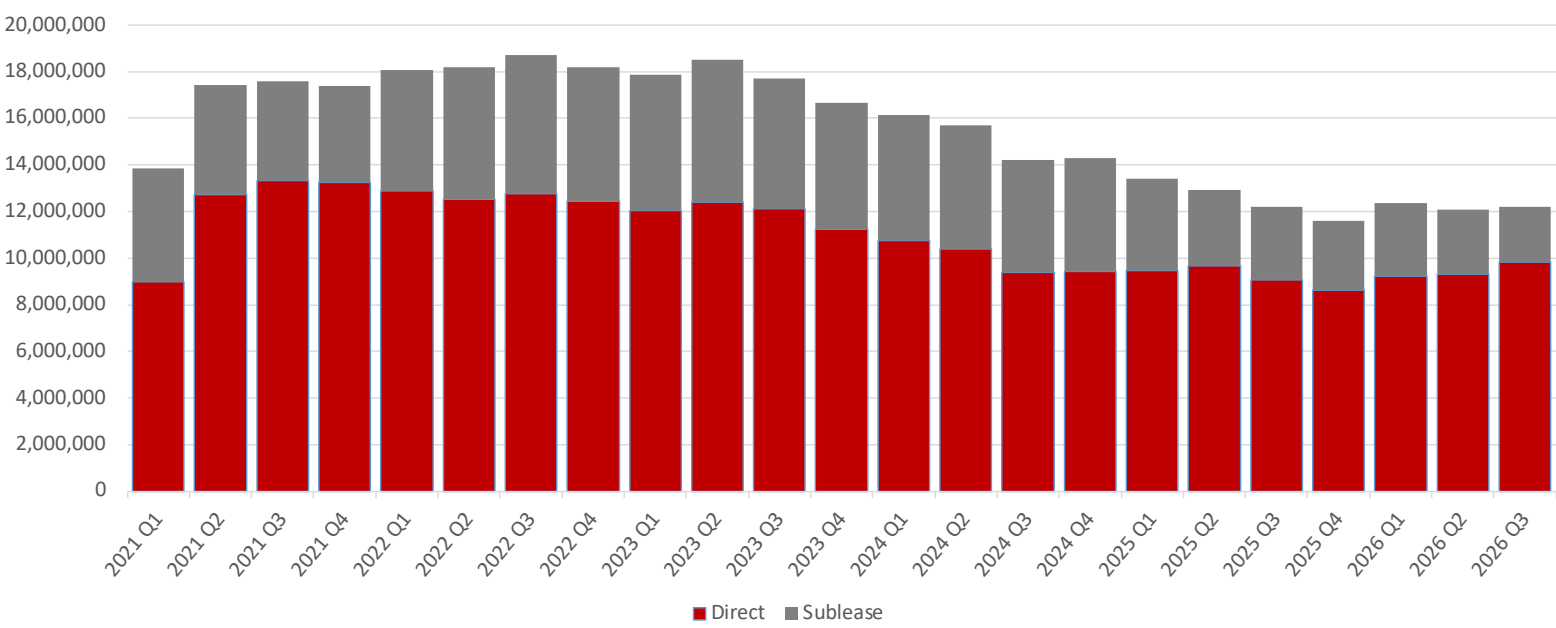
DOWNTOWN CLASS A - LEASING



DOWNTOWN CLASS A - AVAILABILITY



DOWNTOWN CLASS A - DIRECT VS. SUBLEASE



DOWNTOWN CLASS B OFFICE MARKET

DOWNTOWN CLASS B - INDICATORS

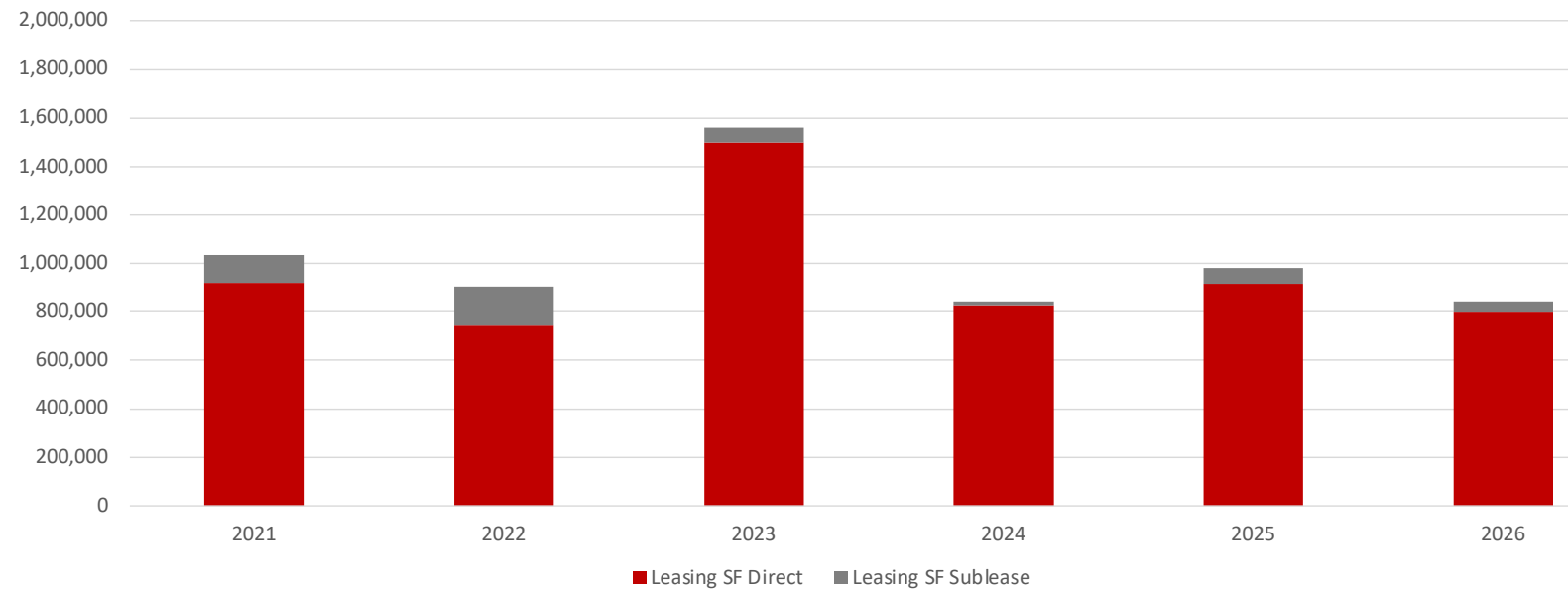
	Q3 2025	Q2 2026	Q3 2026
Availability Rate	13.6%	10.4%	11.2% 
Average Asking Rent (\$/SF/YR)	\$53.46	\$55.70	\$55.79 
Average Lease Size (SF)	3,546	6,276	2,663 
Leasing Activity (SF)	137,155	395,911	114,473 

Property	Submarket	Tenant	SF	Type
90 Broad Street	Financial District	PHOSPHERE	7,383	New Lease
39 Broadway	World Trade Center	Grand Central Chiropractic	4,325	New Lease

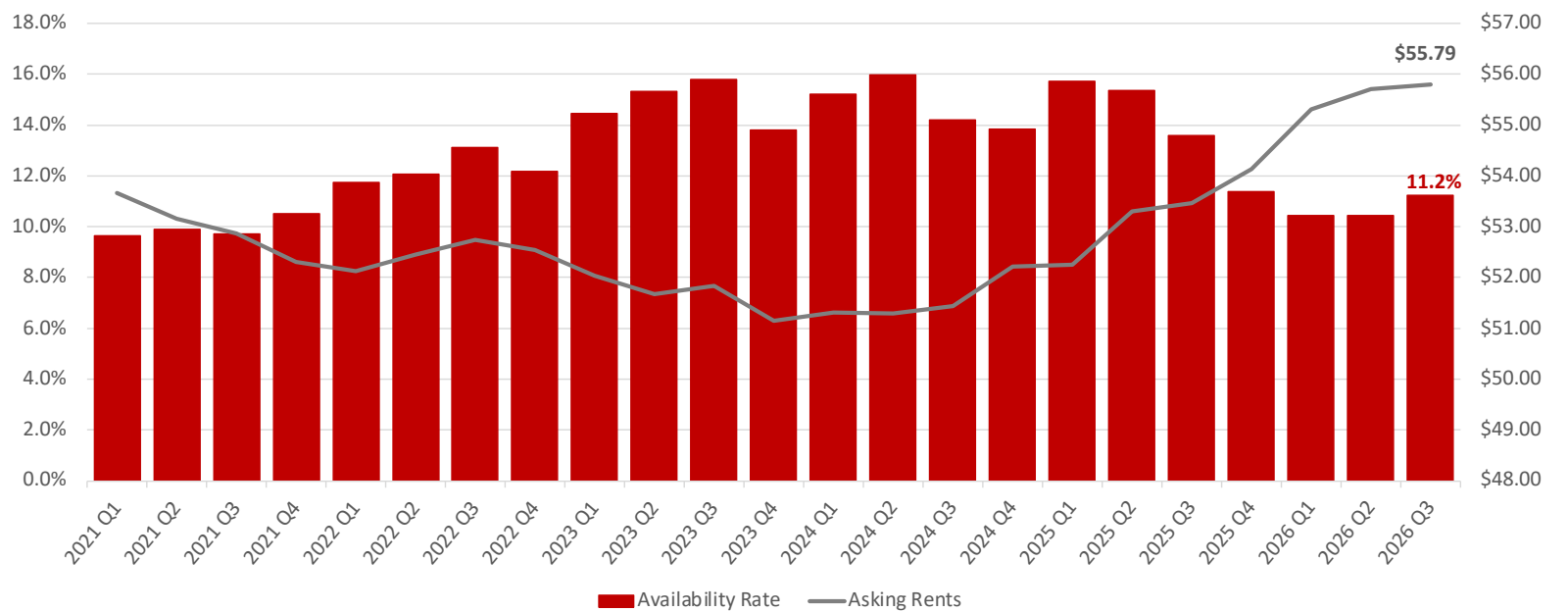


AVAILABILITY ROSE TO 11.2%, STILL
THE TIGHTEST CLASS B READING
AMONG THE THREE CORE MARKETS,
AS RENTS REACHED \$55.79/SF

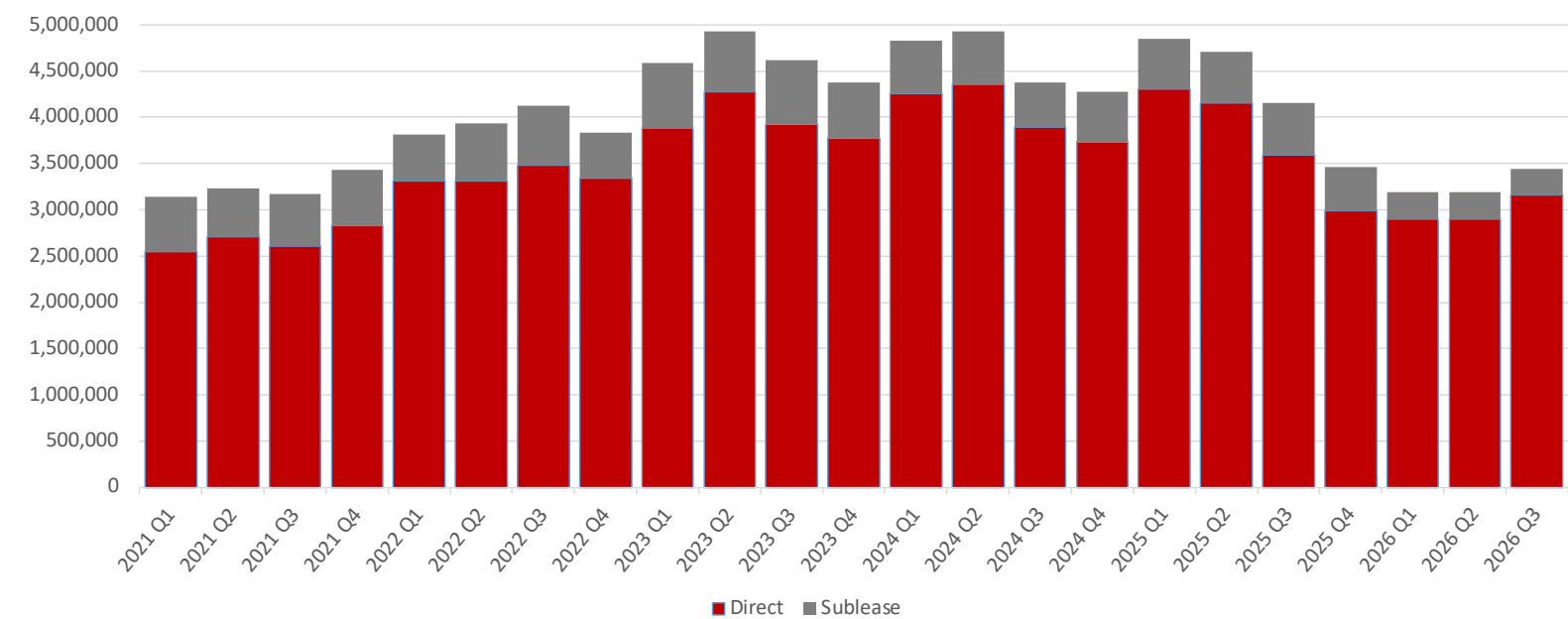
DOWNTOWN CLASS B - LEASING



DOWNTOWN CLASS B - AVAILABILITY



DOWNTOWN CLASS B - DIRECT VS. SUBLEASE





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 Delivered SF 12 Mo	Under Construction SF	Vacancy Rate	Vacant SF Total
Midtown	11.8%	10.2%	1.8%	34,662,904	5,957,464	40,095,243	334,722,825	5,618,418	818,107	6,436,525	\$89.20	-1,486,743	4,383,077	11.6%	38,976,274
Columbus Circle	13.8%	9.4%	4.4%	3,059,136	1,428,386	4,487,522	32,407,988	298,832	71,823	370,655	\$86.08	-75,968	0	12.5%	4,047,847
Grand Central	11.6%	10.4%	1.2%	6,017,760	710,952	6,728,712	56,845,586	558,839	109,797	668,636	\$90.30	-392,650	930,000	12.7%	7,202,433
Murray Hill	18.9%	17.9%	1.0%	2,605,218	149,655	2,754,873	14,578,614	534,273	57,356	591,629	\$60.64	-9,300	0	18.0%	2,622,279
Penn Plaza/Garment	9.6%	8.0%	1.5%	7,147,868	1,362,871	8,510,739	87,584,930	1,439,399	364,176	1,803,575	\$82.94	-217,864	1,430,681	10.4%	9,137,376
Plaza District	10.8%	9.4%	1.4%	8,556,019	1,285,274	9,841,293	90,089,557	1,496,010	206,702	1,702,712	\$102.23	-767,421	1,026,396	10.6%	9,542,108
Times Square	15.0%	14.0%	2.0%	6,874,631	1,002,443	7,351,949	48,157,646	1,291,065	8,103	1,299,168	\$87.95	-23,540	996,000	12.7%	6,110,977
U.N. Plaza	8.3%	8.0%	0.4%	402,272	17,883	420,155	5,058,504	0	150	150	\$66.35	0	0	6.2%	313,254
Midtown South	12.3%	10.7%	1.7%	11,589,307	1,808,175	13,395,738	108,268,553	2,603,457	268,610	2,872,067	\$73.75	-288,975	260,928	12.1%	13,115,326
Chelsea	14.7%	12.9%	1.9%	5,787,371	842,968	6,628,595	44,755,818	850,801	99,788	950,589	\$68.95	-9,297	256,483	14.9%	6,660,870
Gramercy Park	9.3%	8.1%	1.3%	2,280,007	354,354	2,634,361	28,181,167	516,928	71,866	588,794	\$78.33	-249,178	0	8.7%	2,439,242
Greenwich Village	10.6%	9.1%	1.5%	677,513	113,176	790,689	7,460,250	129,110	9,943	139,053	\$76.28	0	0	9.5%	706,455
Hudson Square	11.7%	9.3%	2.3%	1,460,428	363,514	1,823,942	15,649,395	842,854	62,324	905,178	\$78.81	0	0	10.9%	1,703,443
Soho	12.4%	11.3%	1.1%	1,383,988	134,163	1,518,151	12,221,923	263,764	24,689	288,453	\$72.84	-30,500	4,445	13.1%	1,605,316
Downtown	13.6%	11.4%	2.3%	13,242,660	2,653,152	15,895,812	114,616,580	536,393	61,129	597,522	\$60.94	-1,126,728	1,950,025	13.8%	15,841,543
City Hall	4.6%	4.3%	0.3%	837,885	57,762	895,647	19,629,905	65,514	2,000	67,514	\$55.74	-25,000	0	5.4%	1,051,102
Financial District	18.9%	15.7%	3.2%	5,726,611	1,170,739	6,897,350	36,576,363	94,379	7,117	101,496	\$55.95	0	0	20.4%	7,463,403
Insurance District	12.0%	10.4%	1.6%	1,260,443	188,957	1,449,400	12,115,282	24,214	8,666	32,880	\$54.65	-420,788	0	12.0%	1,457,454
Tribeca	12.8%	12.8%	0.0%	1,060,575	850	1,061,425	8,279,339	18,079	0	18,079	\$70.05	-30,200	0	15.9%	1,312,813
World Trade Center	14.0%	10.9%	3.1%	4,357,146	1,234,844	5,591,990	38,015,691	334,207	43,346	377,553	\$68.09	-650,740	1,950,025	12.0%	4,556,771
Manhattan	12.3%	10.6%	1.8%	61,504,545	10,478,589	71,456,265	573,239,457	8,870,429	1,147,846	10,018,275	\$79.75	-2,487,473	6,946,430	12.2%	69,760,297

LOCAL EXPERTISE
NATIONAL REACH
WORLD CLASS

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