



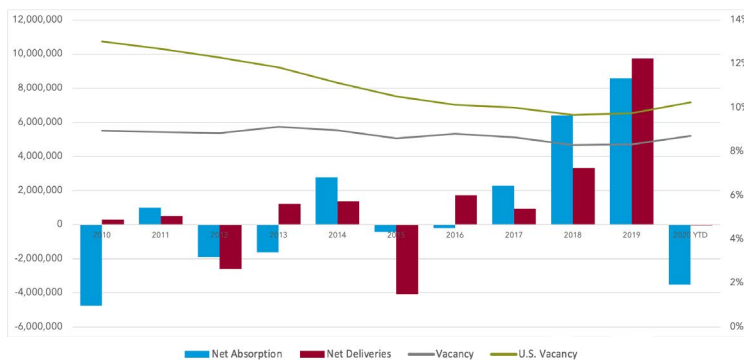
### OFFICE MARKET OVERVIEW

KENNETH SALZMAN, SIOR, *Executive Managing Director, Principal*

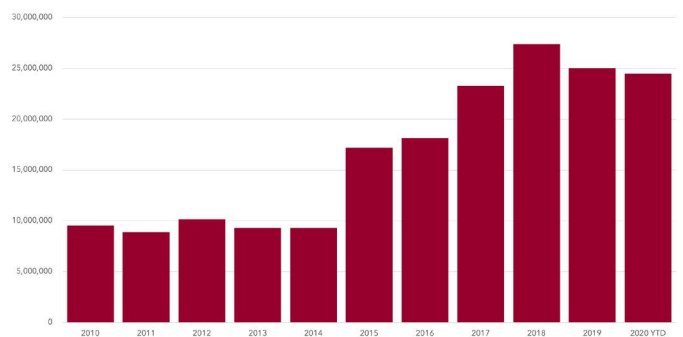
The Pandemic has caused an economic “heart attack” across NYC. Unemployment reached a peak of 18.3% in May and recovery will be predictably slow, tipping fundamentals towards the tenant’s favor. Leasing activity during 2Q20 dropped to near-record lows, as 243,000 SF of space was added to the market and vacancy rate reached 8.4%. As the effect of corporate social-distancing policies and work from home trends are still unknown, and typical lease concessions in Class A buildings exceeding 12 mos. of free rent, with TI contributions for long-term transactions averaging \$90-\$100+/SF, we anticipate that rents will decrease by 10-20% to counter the amount of available space expected to be added to the market over the next 6 months.

| MARKET INDICATORS     | Q2 2020     | Q1 2020     | Q4 2019     | Q3 2019     | Q2 2019     |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| ▼ Net Absorption      | 2,423,968   | 5,760,052   | 8,583,464   | 6,039,233   | 8,490,013   |
| ◀▶ Vacancy Rate       | 8.40%       | 8.40%       | 8.30%       | 8.10%       | 8.20%       |
| ▼ Avg NNN Asking Rate | \$58.62     | \$58.77     | \$58.90     | \$58.74     | \$58.49     |
| ▲ Under Construction  | 24,475,760  | 24,091,114  | 25,017,819  | 28,785,704  | 29,094,733  |
| ▲ Inventory           | 942,609,821 | 942,445,465 | 942,532,801 | 938,175,938 | 937,420,080 |

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF   | SIZE         | SALE PRICE                    | BUYER / SELLER                       | BUILDING CLASS |
|-------------------------------|--------------|-------------------------------|--------------------------------------|----------------|
| 1633 Broadway<br>New York, NY | 2,499,105 SF | \$240,000,000<br>\$96.03 PSF  | Undisclosed<br>Paramount Group, Inc. | Class A        |
| 1 Madison Ave<br>New York, NY | 1,369,000 SF | \$492,200,000<br>\$359.53 PSF | Hines<br>SL Green Realty Corp        | Class A        |
| 1375 Broadway<br>New ork, NY  | 513,401 SF   | Undisclosed                   | Undisclosed<br>Undisclosed           | Class B        |

| TOP LEASE TRANSACTIONS BY SF                | SIZE       | LANDLORD               | TENANT                 | TENANT INDUSTRY        |
|---|------------|------------------------|------------------------|------------------------|
| 151 W. 42nd St<br>New York, NY              | 232,138 SF | The Durst Organization | TikTok                 | Social Media           |
| 1221 Avenue of the Americas<br>New York, NY | 143,331 SF | Invesco Real Estate    | Allen & Overy          | Law Firms              |
| 655 Third Ave<br>New York, NY               | 116,964 SF | The Durst Organization | Mitsubishi Corporation | Financial Institutions |