



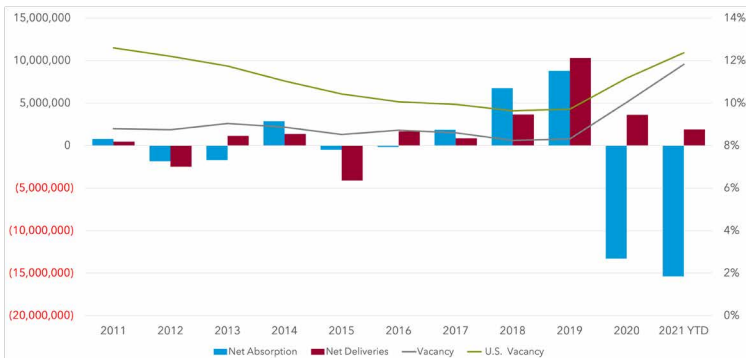
OFFICE MARKET OVERVIEW

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

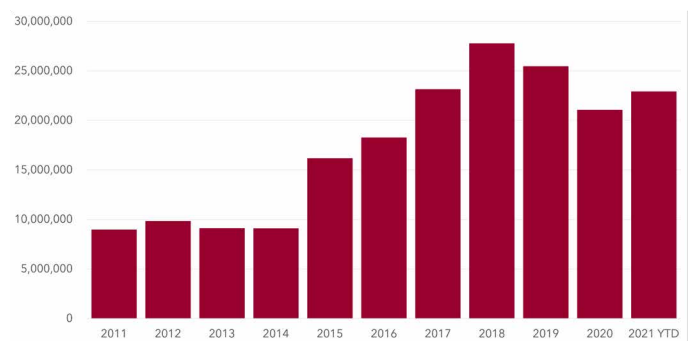
New York City is slowly recovering from the negative impact caused by the Covid-19 pandemic. The number of firms offering their offices for sublease increased 30%, resulting in 27.1 M SF of space being returned to the market during 2Q21 and leasing activity remained sluggish, pushing vacancy to 11.7% of available inventory. Average rents contracted 3.7%. Many believe the market has bottomed and some firms are taking advantage of large concession packages. By the end of 2Q21, nearly 73% of people 18+ have received at least one vaccination shot. While private-sector office usage throughout the quarter remained below 25%, businesses are actively announcing their return to office strategies. According to the US BLS, unemployment rates in Manhattan are more than 50% lower than the 15.2% high in 2020, however unemployment remains 200 bps greater the national average (7.5% vs. 5.5%). There is optimism the market will stabilize the 2nd half of the year.

MARKET INDICATORS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
▼ 12 Mo. Net Absorption SF	(27,144,753)	(22,311,709)	(13,278,266)	(2,724,222)	3,316,676
▲ Vacancy Rate	11.7%	11.1%	10.0%	9.2%	8.4%
▼ Avg Asking Rate	\$56.36	\$56.85	\$57.12	\$57.67	\$58.62
▼ SF Under Construction	22,931,097	23,286,448	21,069,194	21,851,895	24,385,092
▲ Inventory SF	956,869,992	956,004,603	954,890,401	954,158,316	951,416,187

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
11 East 26th Street New York, NY	264,660 SF	\$32,900,000 \$888 PSF	11 MSNA1 LLC 11-13 E 26 St Holding Corporation	Class B
325 Hudson Street New York, NY	223,000 SF	\$135,000,000 \$605 PSF	Divco West Jamestown, LP	Class B
524 Broadway New York, NY	180,000 SF	\$234,720,000 \$1,304 PSF	Northwood Investors Tahl Property Equities	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
200 Vesey Street New York, NY	302,525 SF	Brookfield Properties	U.S. Securities Exchange Commission	Public Administration
11 Penn Plaza New York, NY	155,724 SF	Vornado Realty Trust	SPARC Group	Retailer
40 Worth Street New York, NY	122,310 SF	GFP Real Estate	Legal Services of New York	Professional, Scientific, and Technical Services

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