



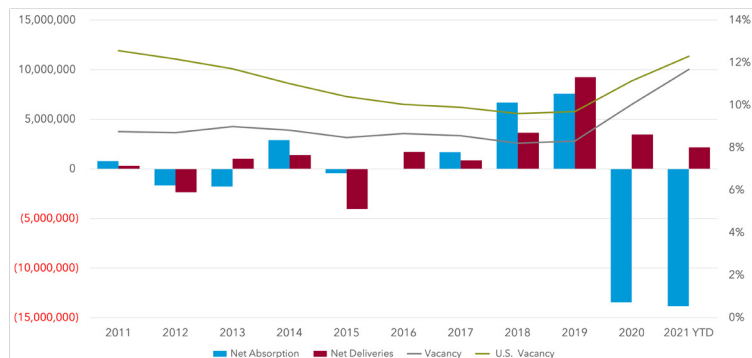
OFFICE MARKET OVERVIEW

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

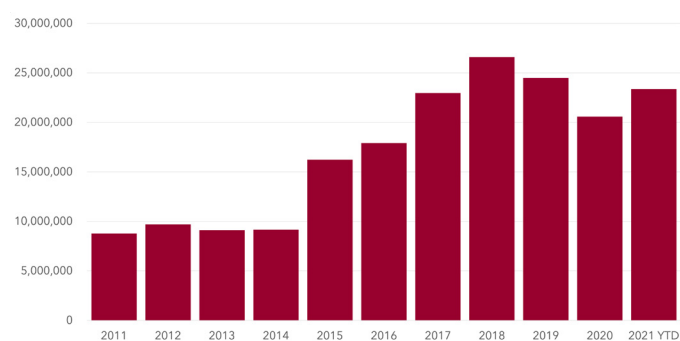
While remote work has become widely popular, and 23+ million SF of new office development is under construction, signs indicate that a leasing recovery is underway. The rate of new sublease additions has slowed and new leases outpaced renewals. The tech industry (Facebook, Apple, TikTok) is responsible for most of the new leasing activity, particularly in Midtown Manhattan. Negative net absorption dropped 24% and the vacancy rate ticked down to 11.6%. To incentivize tenants, Landlord's discounted rents and offered higher than typical free rent and construction allowances. They also offered Tenants unprecedented lease flexibility (in the form of shorter lease terms and cancellation clauses). Private-sector office usage increased at the end of the quarter as employees returned to the office. We remain optimistic that the office market will continue to stabilize, prompting further absorption by year-end.

MARKET INDICATORS	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
▲ 12 Mo. Net Absorption SF	(21,499,179)	(28,258,790)	(22,479,370)	(13,460,161)	(3,479,458)
▼ Vacancy Rate	11.6%	11.8%	11.1%	10.0%	9.1%
▼ Avg NNN Asking Rate PSF	\$56.70	\$56.88	\$57.34	\$57.70	\$58.27
▲ SF Under Construction	23,370,693	22,505,282	22,888,475	20,584,147	21,330,920
▲ Inventory SF	960,538,684	960,243,616	959,264,791	958,365,717	957,715,365

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1633 Broadway New York, NY	2,499,105 SF	\$240,000,000 \$960.34 PSF	Undisclosed Paramount Group, Inc.	Class A
1 Madison Avenue New York, NY	1,369,000 SF	\$492,200,000 \$726.33 PSF	Hines National Pension Serv of Korea SL Green Realty Corp	Class A
195 Broadway New York, NY	1,052,861 SF	\$525,000,000 \$498.64 PSF	L&L Holding Co, LLC Samsung Grp Korea Inv & Sec Co., Ltd L&L Holding Company, LLC	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1 New York Plaza New York, NY	400,000 SF	AEW Capital Management	Fried Frank	Financial
1301-1305 Avenue of the Americas New York, NY	167,000 SF	Paramount Group	Credit Agricole	Financial
200 Park Avenue New York, NY	137,736 SF	Tishman Speyer/Irvine Company	BDO	Financial

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