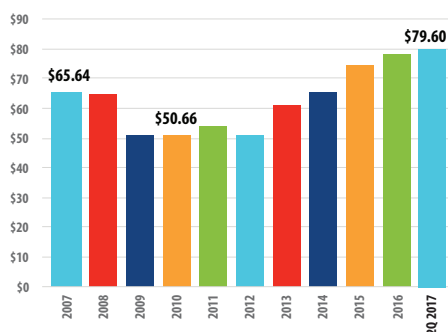
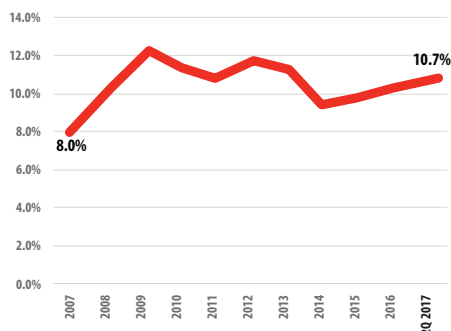


New York City

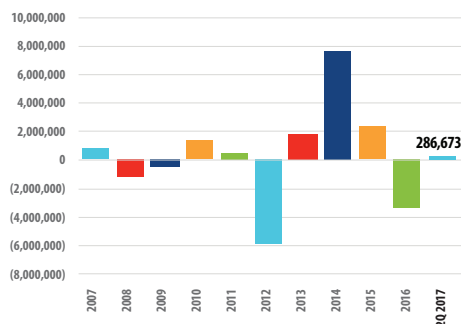
Overall Average Asking Rent



Overall Historical Vacancy



Overall Historical Net Absorption



Lackluster Leasing Volume, Smaller Deal Size, But Market Remains Diversified and in Equilibrium

After a strong first quarter, office leasing velocity in the second quarter 2017 has been lackluster. Preliminary second quarter leasing volume of 4.5 million square feet is down 38.0 percent year-over-year. Leasing volume for the first half of 2017 was 13.0 million square feet, down 18.0 percent year-over-year. While FIRE (financial services, insurance, real estate) tenants represented 38.0 percent of the second quarter volume, leasing activity overall was diversified by sizable government/public administration transactions added to a mix of numerous smaller-sized deals.

Soft Leasing Activity in Midtown; Hudson Yards Remains Attractive

Midtown's second quarter leasing activity is down 39.0 percent year-over-year (3.1 million versus 5.0 million square feet), with volume for the total first half of the year down 24.0 percent (7.6 million versus 10.0 million square feet). Four large-block leases (greater than 100,000 square feet) were consummated in Midtown during the second quarter of this year compared to eight for the same period last year; the average deal size excluding the large-blocks ranged from 20,000 to 30,000 square feet (lower than the 30,000 to 40,000 square feet a year ago). Despite the smaller average deal size and lower number of transactions thus far this year, Hudson Yards continues to grow in attraction among financial services and legal firms. Activity in this geographic area helped keep the 11.0 percent second quarter overall Midtown vacancy rate flat compared to last quarter, but up from 10.1 percent year-over-year. The annual increase can be attributed to more available Class A space on the market in the Plaza District and Sixth Avenue/Rockefeller Center submarkets. The overall (all classes) average asking rent of \$86.77 is down 1.0 percent from last quarter, but is up close to 4.0 percent year-over-year.

Tightest Vacancies Remain in Midtown South; Rental Rate Increases Continue

For Midtown South, quarterly leasing volume is currently down 26.0 percent year-over-year (770,000 versus 1.0 million square feet) and 17.0 percent (1.8 million versus 2.2 million square feet) through the first half of the year. Outside of the transactions by Google (60,000-square-foot expansion at 85 10th Avenue) and the New York City Department of Citywide Administrative Services (349,000-square-foot renewal at 109 East 16th Street by this government/public administration entity), the average deal size ranged from 15,000 to 20,000 square feet (compared to 30,000 to 40,000 square feet one year ago). The overall vacancy rate for Midtown South came in at 8.0 percent, above the 7.8 percent in the prior quarter and 6.8 percent in the prior year, respectively. This increase is partly the result of the addition of 170,000 square feet of direct space that recently came online in the SoHo/NoHo submarket, in addition to over 270,000 square feet of sublease space (Tommy Hilfiger – 601 West 26th Street) put on the market last year in Chelsea. Supply remains tightest for Midtown South in comparison to all other markets, with asking rents of \$74.10 up 2.0 percent from the prior quarter and up almost 17.0 percent from one year ago, representing the highest year-over-year increase throughout any of the markets in Manhattan.

Downtown Leasing Velocity Takes a Breather for the Second Quarter, But Up Year-Over-Year

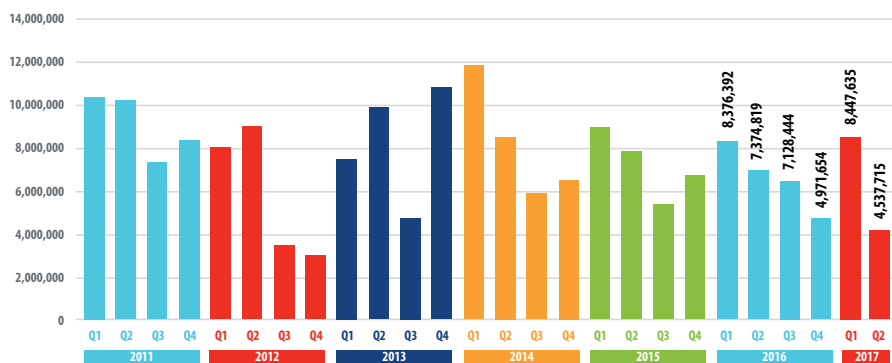
Office leasing activity Downtown was the softest of all markets during the second quarter, with volume down 46.0 percent year-over-year (699,000 versus 1.3 million square feet), but up 2.0 percent (3.5 million versus 3.4 million square feet) for the first half of the year. Outside of the one large-block lease by the Human Resources Administration (193,000-square-foot new lease at 375 Pearl Street by this government/public administration entity), the average deal size ranged from 15,000 to 20,000 square feet (compared to 25,000 to 35,000 square feet one

(Downtown Cont'd)

year ago). The overall vacancy rate for Downtown came in at 12.3 percent, below the 12.8 percent from the previous quarter and above the 10.4 percent year-over-year. While this year-over-year increase is attributed to availability at 3 World Trade Center, on a quarterly basis, there was a smaller amount of large-block space that came online. Overall asking rents of \$65.30 are up 1.0 percent from the prior quarter and up 8.0 percent year-over-year.

Although the average deal size is smaller overall for all office leasing transactions through mid-year, vacancy remained at 10.7 percent from the prior quarter and the Manhattan market remains in equilibrium. While leasing velocity came in softer during the second quarter, new leases continue to outpace renewal activity and there continues to be a healthy diverse mix of space options for a growing tenant mix.

Historical Leasing Activity by Quarter



| | Second Quarter 2016 | Second Quarter 2017 |
|---------------|---------------------|---------------------|
| Midtown | 5,026,281 SF | 3,068,361 SF |
| Midtown South | 1,044,262 SF | 770,485 SF |
| Downtown | 1,304,276 SF | 689,869 SF |

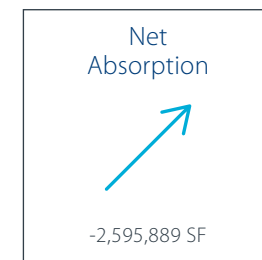
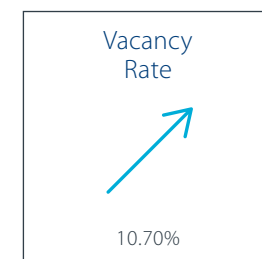
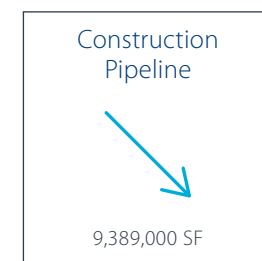
* Preliminary as of 6/21/2017

Notable Lease Transactions

| Tenant | Address Submarket | Size Lease Type |
|--|--|-------------------------|
| HSBC | 452 Fifth Avenue Grand Central | 548,000 SF Renewal |
| New York City Department of Citywide Administrative Services | 109 East 16th Street Gramercy Park | 349,777 SF Renewal |
| JPMC Digital | 5 Manhattan West Penn Plaza/Garment | 305,000 SF New lease |
| Human Resources Administration | 375 Pearl Street TriBeCa/City Hall | 193,821 SF New lease |
| Mizuho Americas | 1271 Avenue of the Americas Sixth Avenue/Rockefeller Center | 148,000 SF New lease |

Market Indicators

Year-to-date market indicators overall

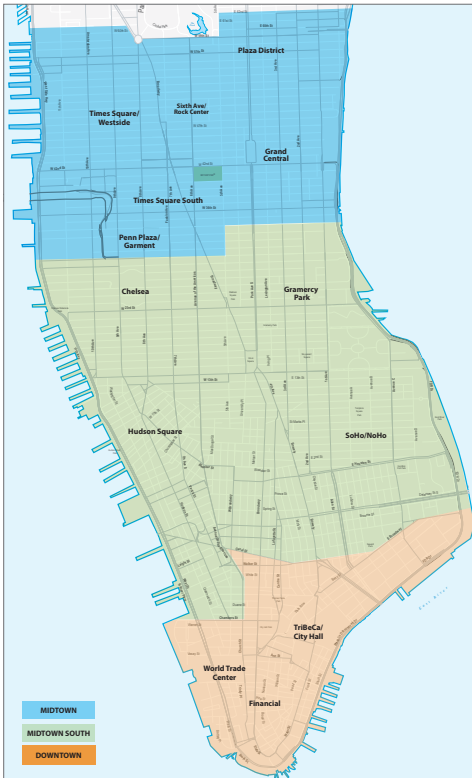


Markets By The Numbers

| Submarket | Inventory (SF) | Direct Vacant (SF) | Sublet Vacant (SF) | 2Q17 Overall Vacancy Rate | 2Q17 Net Absorption (SF) | Year-to-Date Absorption | Current Under Construction (SF) | Overall Asking Rent Class A | Overall Asking Rent Class B |
|--------------------------------|--------------------|--------------------|--------------------|---------------------------|--------------------------|-------------------------|---------------------------------|-----------------------------|-----------------------------|
| Midtown | | | | | | | | | |
| Grand Central | 54,672,316 | 5,510,819 | 889,377 | 11.7% | 169,917 | 310,778 | 1,733,000 | \$73.66 | \$56.33 |
| Penn Plaza/Garment | 25,414,784 | 1,548,757 | 525,234 | 8.2% | 302,586 | 178,931 | 6,716,000 | \$79.77 | \$60.06 |
| Plaza District | 76,789,890 | 7,988,014 | 2,005,574 | 13.0% | (410,294) | (1,859,326) | 670,000 | \$104.31 | \$59.88 |
| Sixth Ave./Rockefeller Center | 55,834,791 | 4,495,318 | 1,109,214 | 10.0% | 181,250 | 96,406 | 0 | \$87.11 | \$56.04 |
| Times Square South | 24,493,961 | 2,318,428 | 547,498 | 11.7% | (196,683) | 173,250 | 0 | \$80.51 | \$57.84 |
| Times Square/West Side | 37,234,925 | 2,589,779 | 545,361 | 8.4% | (151,149) | 163,618 | 0 | \$80.32 | \$59.98 |
| Total | 274,440,667 | 24,451,115 | 5,622,258 | 11.0% | (104,373) | (936,343) | 9,119,000 | \$89.98 | \$58.29 |
| Midtown South | | | | | | | | | |
| Chelsea | 22,796,554 | 1,188,326 | 748,205 | 8.5% | (98,507) | (105,499) | 270,000 | \$144.02 | \$51.59 |
| Hudson Square | 13,749,608 | 898,671 | 330,933 | 8.9% | 52,156 | 99,716 | 0 | \$92.29 | \$72.09 |
| Gramercy Park | 30,536,623 | 1,468,981 | 583,068 | 6.7% | 133,570 | 138,702 | 0 | \$71.21 | \$63.20 |
| SoHo/NoHo | 8,624,666 | 621,160 | 209,195 | 9.6% | (200,887) | (209,783) | 0 | \$93.94 | \$71.43 |
| Total | 75,707,451 | 4,177,138 | 1,871,401 | 8.0% | (113,668) | (76,864) | 270,000 | \$104.48 | \$62.38 |
| Downtown | | | | | | | | | |
| TriBeCa/City Hall | 19,824,655 | 1,267,967 | 204,856 | 7.4% | 124,414 | (109,687) | 0 | \$54.74 | \$62.53 |
| Financial District | 51,658,758 | 5,040,724 | 889,661 | 11.5% | 271,356 | (143,033) | 0 | \$60.54 | \$49.80 |
| World Trade Center | 28,752,165 | 4,407,821 | 461,630 | 16.9% | 108,944 | (1,329,972) | 0 | \$77.77 | \$47.27 |
| Total | 100,235,578 | 10,716,512 | 1,569,147 | 12.3% | 504,714 | (1,582,692) | 0 | \$67.09 | \$53.37 |
| Manhattan Overall Total | | | | | | | | | |
| Manhattan Overall Total | 450,383,696 | 39,344,765 | 9,062,806 | 10.7% | 286,673 | (2,595,899) | 9,389,000 | \$84.01 | \$59.15 |

* Data as of 6/21/2017

About the Market



Midtown

Plaza District: Borders East 62nd and West 59th Streets on the north, Seventh Avenue on the west, East 47th and West 56th Streets on the south and the East River on the east (includes prior Park Avenue submarket)

Grand Central: Borders East 47th Street on the north, Fifth Avenue on the west, East 35th Street on the south and the East River on the east

Sixth Avenue/Rockefeller Center: Carved out section that borders West 56th Street on the north, Seventh Avenue on the west, West 41st Street on the south and Fifth Avenue on the east

Times Square/West Side: Borders West 64th Street on the north, the Hudson River on the west, West 41st Street on the south and Fifth Avenue on the east (includes Columbus Circle)

Times Square South: Borders West 41st Street on the north, the Hudson River on the west, West 36th Street on the south and Fifth Avenue on the east

Penn Plaza/Garment District: Borders West 36th Street on the north, the Hudson River on the west, West 30th Street on the south and Fifth Avenue on the east (includes Hudson Yards and Manhattan West)

Midtown South

Chelsea: Borders West 30th Street on the north, the Hudson River on the west, West 12th Street on the south and Fifth Avenue on the east (includes prior Flatiron submarket)

Gramercy Park: Borders East 35th Street on the north, Fifth Avenue on the west, East 12th Street on the south and the East River on the east (includes prior Union Square/Madison Square/Park Avenue South submarkets)

Hudson Square: Borders Morton Street on the north, the Hudson River on the west, Chambers Street on the south and Sixth Avenue/Avenue of the Americas on the east

SoHo/NoHo: Borders East 12th Street on the north, Sixth Avenue/Avenue of the Americas on the west, Canal Street/East Broadway on the south and the East River on the east (includes Greenwich Village)

Downtown

TriBeCa/City Hall: Borders Canal Street/East Broadway on the north, West Street on the west at Warren Street, Ann Street on the south and the East River on the east (all of upper-lower Manhattan); (includes prior insurance submarket)

World Trade Center: Borders Vesey Street on the north, the Hudson River on the west, Albany Street on the south and Church Street/Trinity Place on the east

Financial District: Borders Albany and Ann Streets on the north, the Hudson River on the west, South Street on the south and the East River on the east (rest of lower Manhattan)



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avisonyoung.com

For more information, please contact:

A. Mitti Liebersohn
President and Managing Director, NYC Operations
212.729.7734
mitti.liebersohn@avisonyoung.com

Marisha Clinton
Senior Director of Research, Tri-State
212.729.1193
marisha.clinton@avisonyoung.com



Corey Deslandes
Research Manager
212.729.6973
corey.deslandes@avisonyoung.com

1166 Avenue of the Americas
15th Floor
New York, NY 10036
212.729.7140