



Manhattan office market report

Q1 2025

**AVISON
YOUNG**

Manhattan office market trends

10.1 msf

Q1 2025 leasing activity, fueled by large transactions, hits highest Q1 value since 2018

Q1 2025 leasing activity in Manhattan has reached 10.1 million square feet (msf); 20.8% higher than that of Q1 2024.

The number of 100k+ square feet (sf) transactions in Q1 2025 has reached the highest first quarter amount since 2018 with 14 transactions. This increase in leasing activity has been led by the banking, finance, insurance & real estate industry, which has accounted for just under half of all activity this quarter.

17.3%

Manhattan availability rate hits lowest value since 2020

Manhattan's overall availability rate of 17.3% in Q1 2025 marks the lowest availability rate in over four years. Year-over-year, the overall availability rate dropped by 240 basis points (bps) from 19.7%. This drop came from a decrease in both direct and sublet available space, which currently sit at 72.0 msf and 16.4 msf, respectively.

However, when considering factors such as conversion candidates, property class, and other extenuating circumstances, the availability rate is even lower.

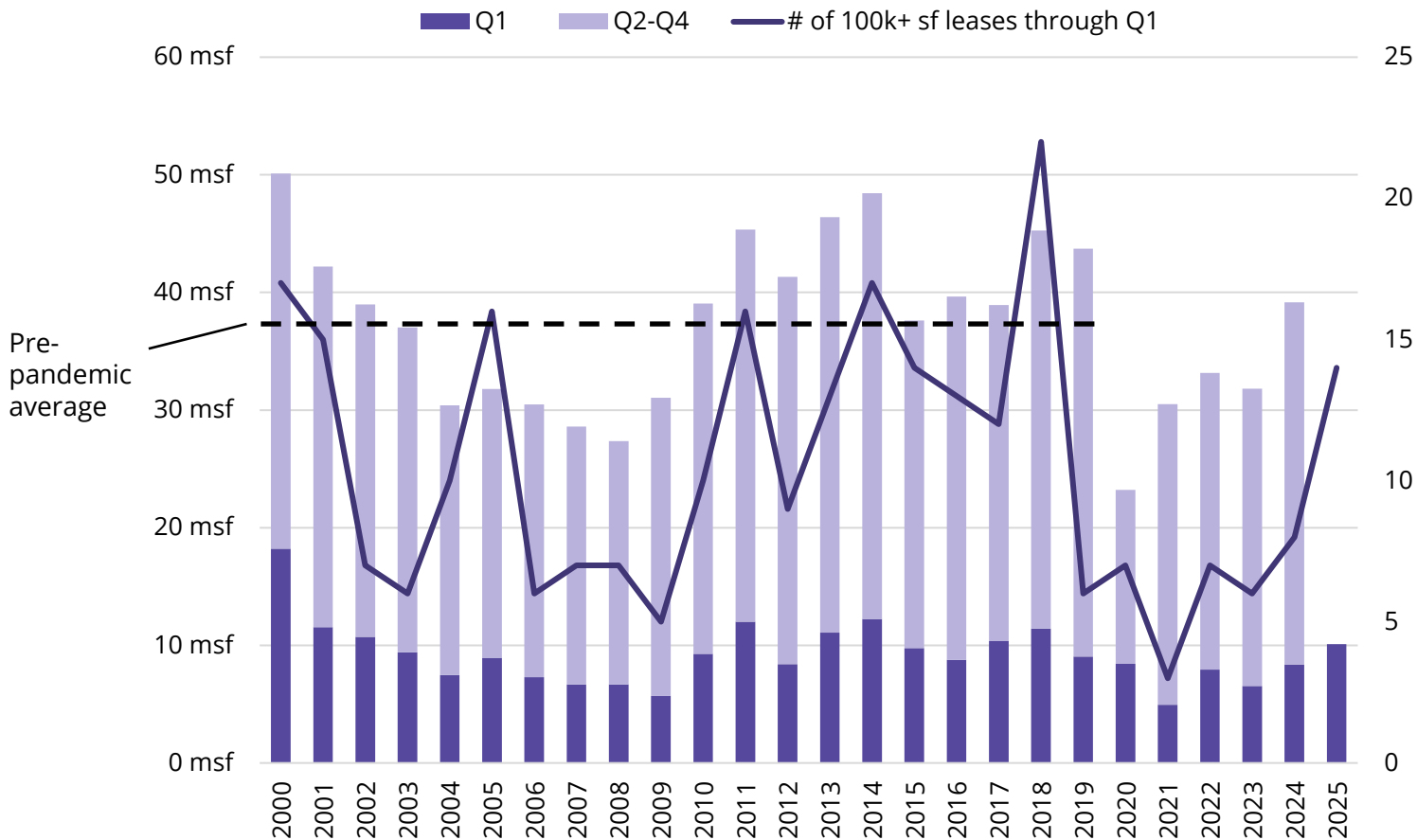
61.6%

Trophy building's share of leasing activity reaches decades-long high

Though it makes up only the top 10% of inventory, trophy leases accounted for the largest share of leasing activity by class by a wide margin. This share is up significantly compared to Q1 2024 in which trophy leases accounted for only 32.1% of activity.

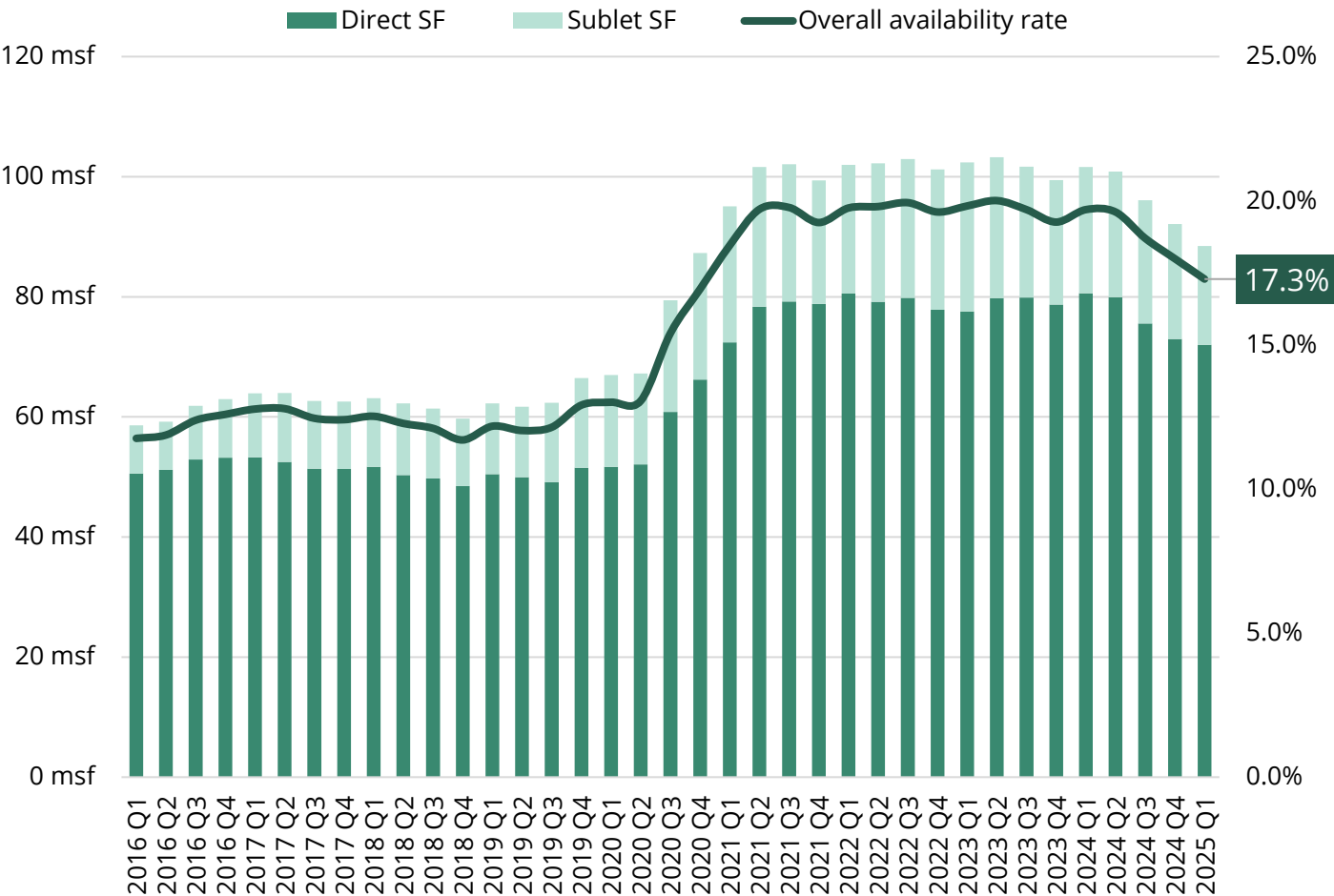
Landlords of trophy and trophy+ buildings are continuing to benefit from the flight to quality trend, with occupiers actively choosing pricier rents and competing for footprints in better quality buildings.

Leasing activity



Through the end of Q1 2025 there has been 10.1 msf of leasing activity across Manhattan, the highest Q1 value since 2018. There has also been an influx of larger transactions, with 14 100k+ sf leases being signed this quarter. This is the highest Q1 amount of 100k+ sf leases since 2018.

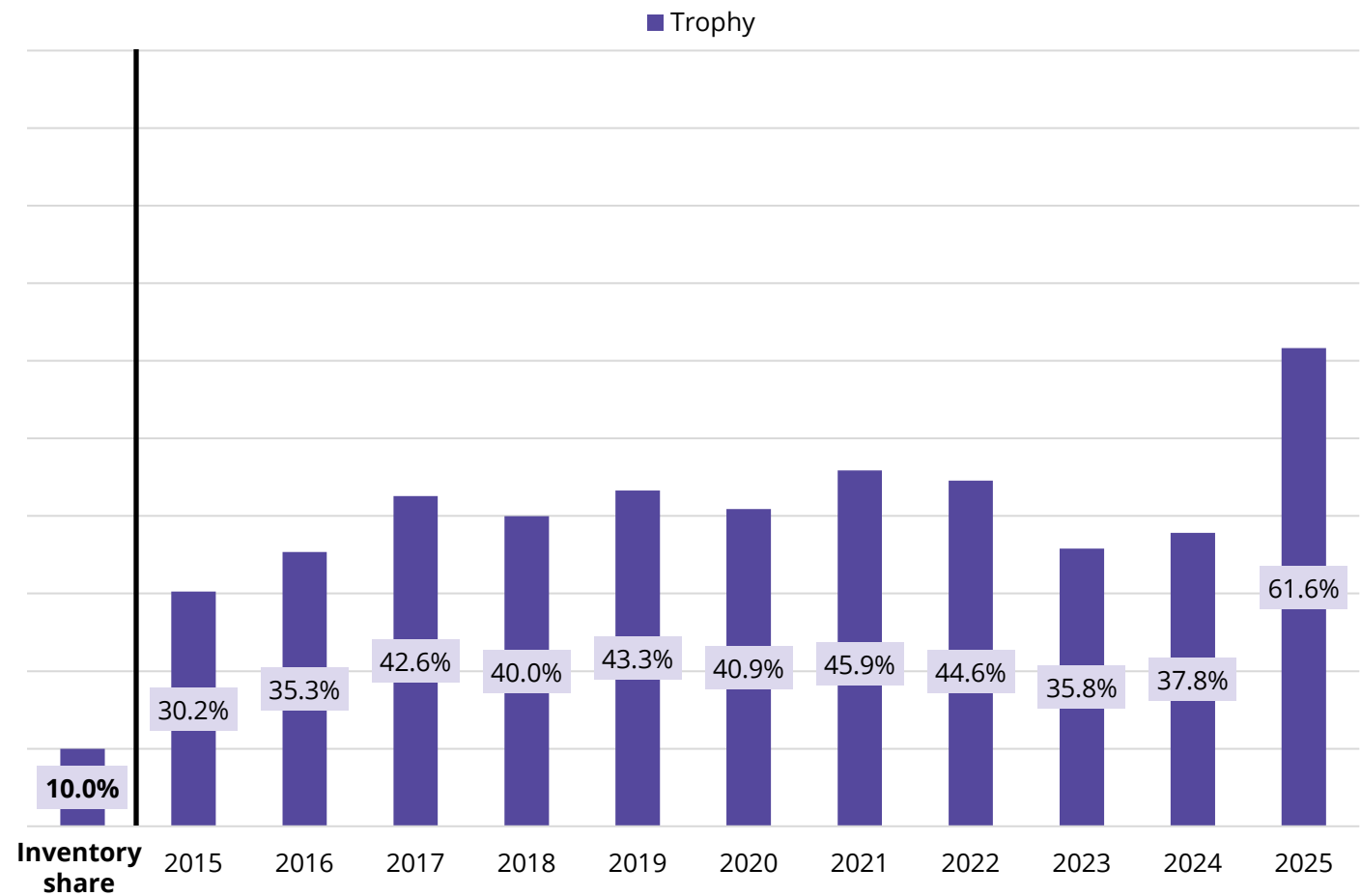
Available space



The overall availability rate has continued the downward trend seen throughout 2024 and currently sits at 17.3%, the lowest value since Q4 2020.

The significant decrease in availability rate can be attributed to sublet available space decreasing by 14.2% quarter-over-quarter. Direct available space also saw a decrease from Q4 2024.

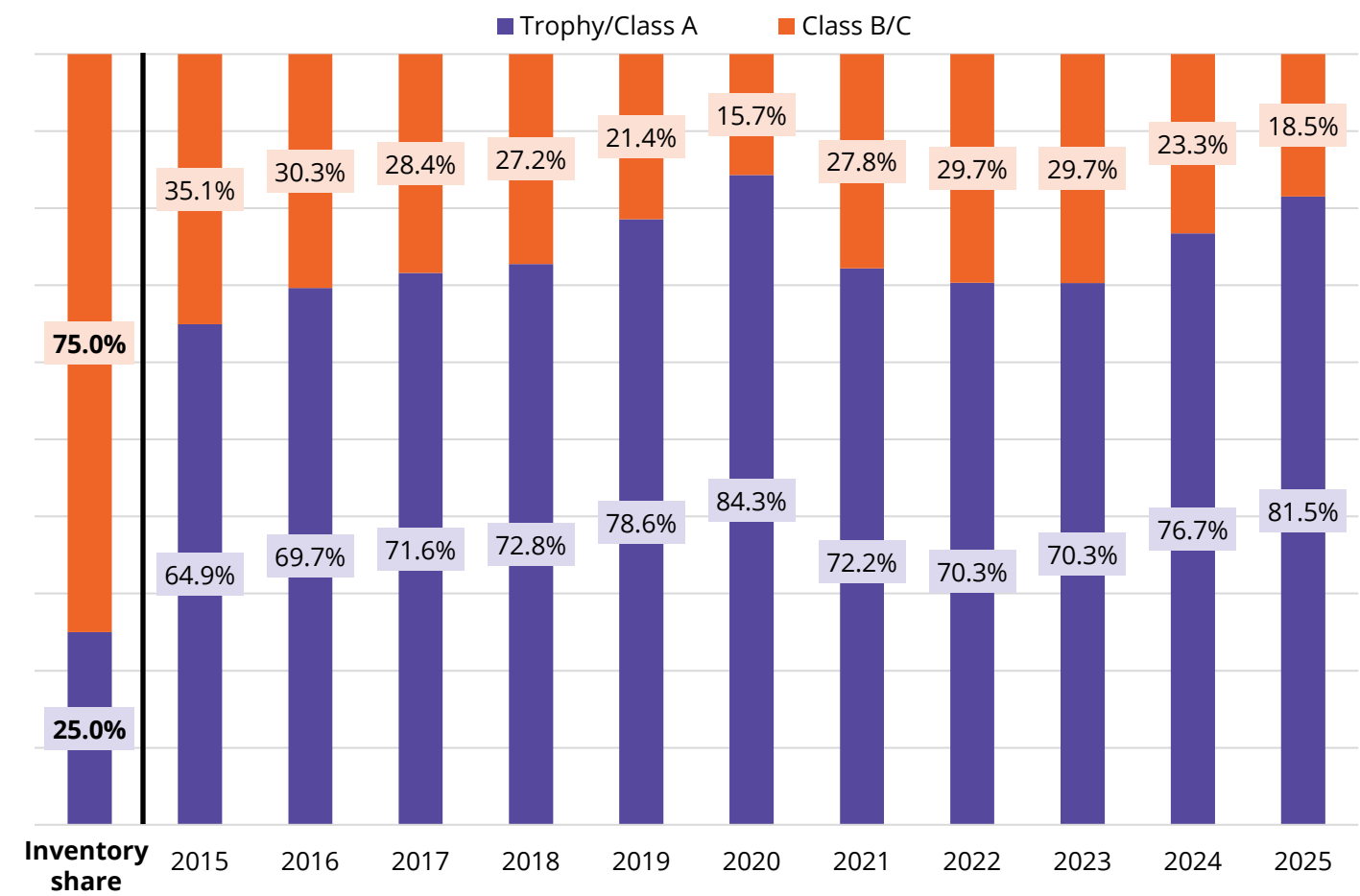
Trophy transaction activity, by square footage



In Q1 2025, trophy properties captured the largest share of Manhattan leasing activity by class at 61.6%. This overwhelming share of activity is a result of the continuing flight to quality, where tenants prefer high-end, new space over the aging class A and B/C product.

Additionally, trophy’s share remains oversized relative to its proportion of the market. Trophy– the top 10% of inventory – has accounted for the bulk of leasing activity in Q1 2025.

Transaction activity by asset class, by square footage



In Q1 2025, trophy and class A properties captured 81.5% of Manhattan leasing activity by class. This overwhelming share of activity reflects the ongoing flight to quality, with tenants favoring high-end, new space over the aging class B/C product.

Additionally, trophy and class A's share remains oversized relative to its proportion of the market. Together, trophy and class A – the top 25% of inventory – have accounted for the vast majority of leasing activity in this quarter.

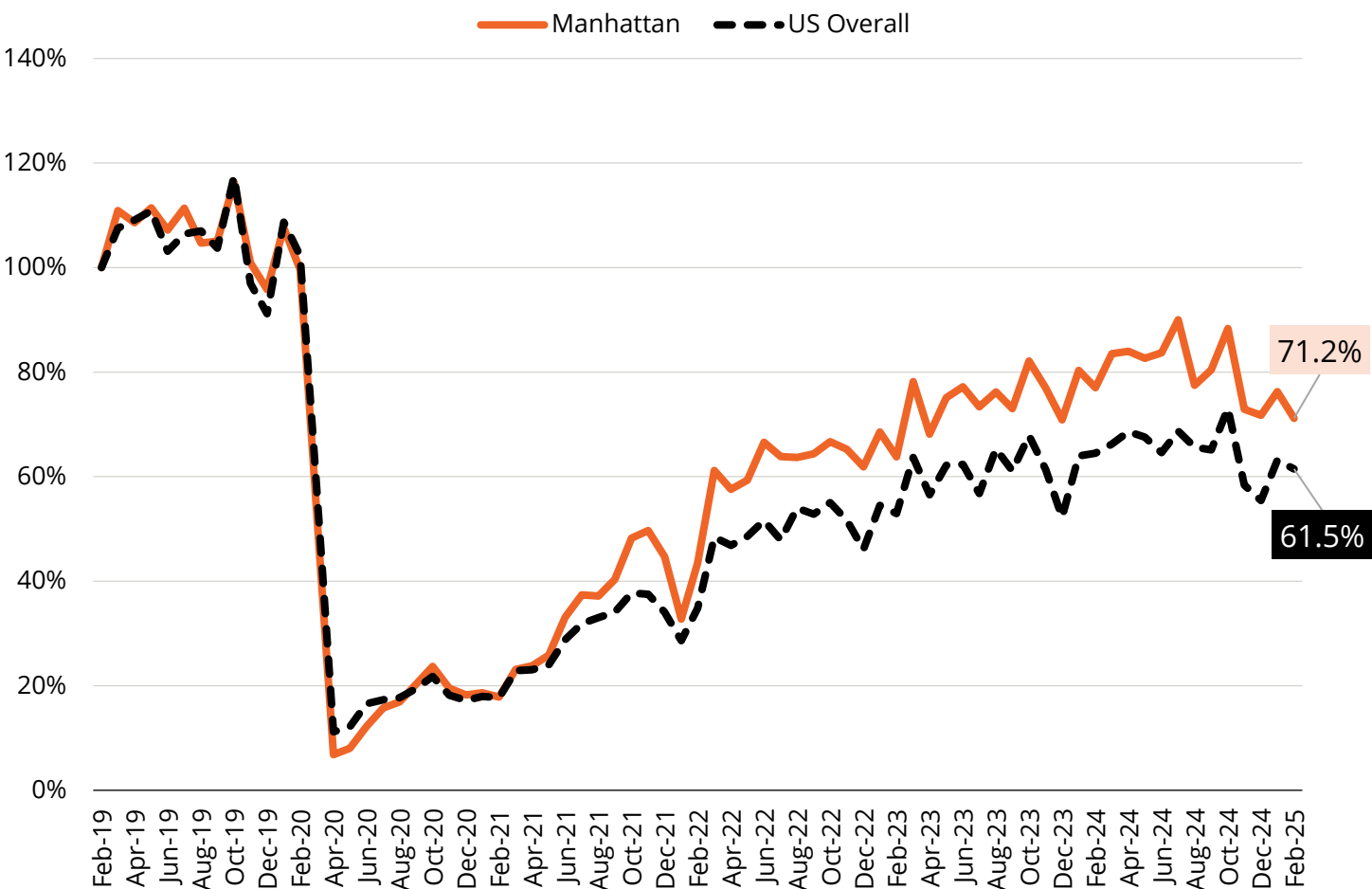
Trophy properties represent the top 10% of the Manhattan office market in terms of rents and build date. Class A properties represent the top 25% but not the top 10%.
Source: Avison Young Market Intelligence, CoStar

Market drivers

Examining more prevailing
office trends



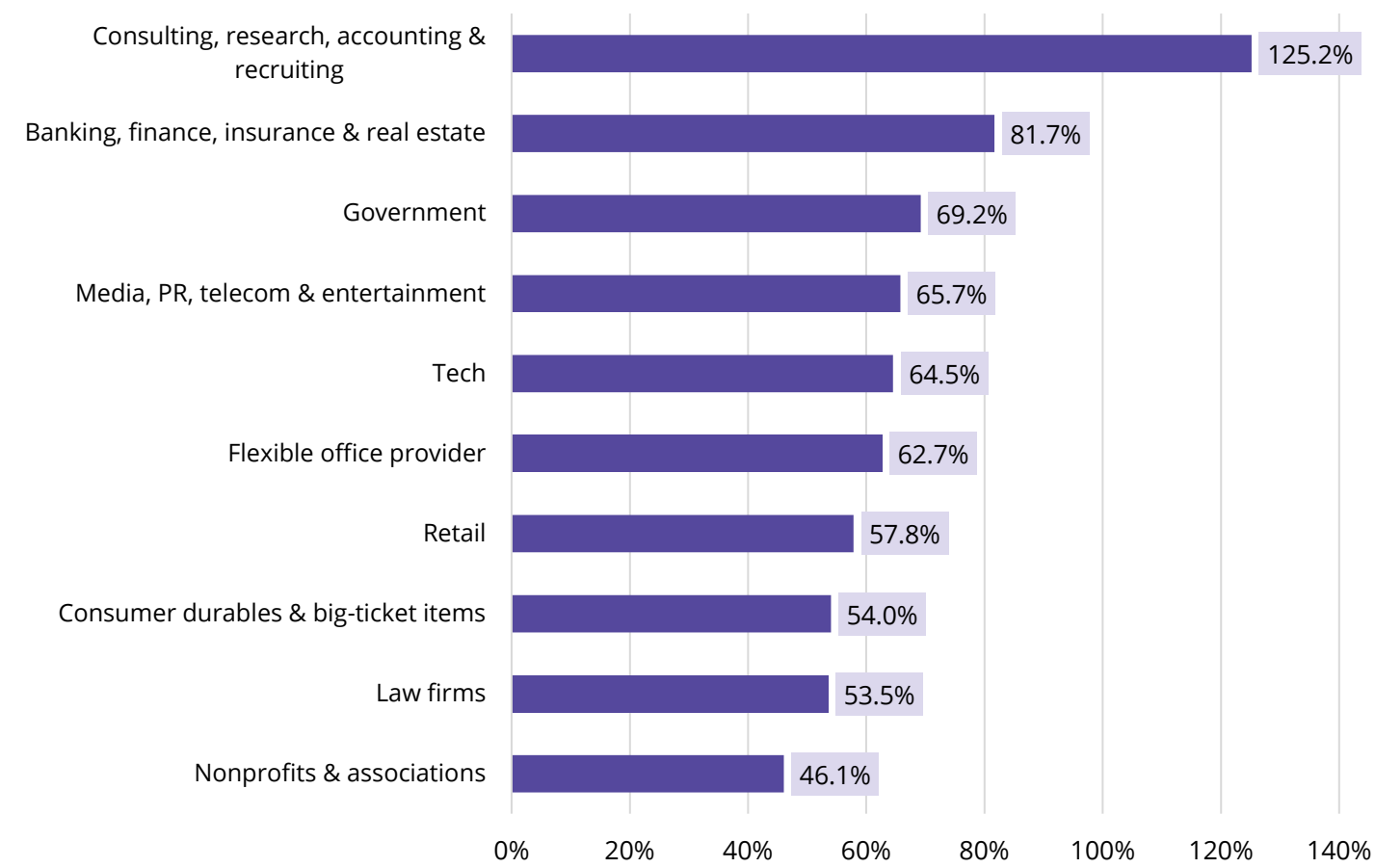
Manhattan office busyness, February 2025 vs. February 2019



As of February 2025, office buildings in Manhattan are 71.2% as busy as they were in February 2019.

Seeing as Manhattan is one of the strongest office markets in the nation, it's no surprise that it has a higher office busyness rate than the U.S. average of 61.5%.

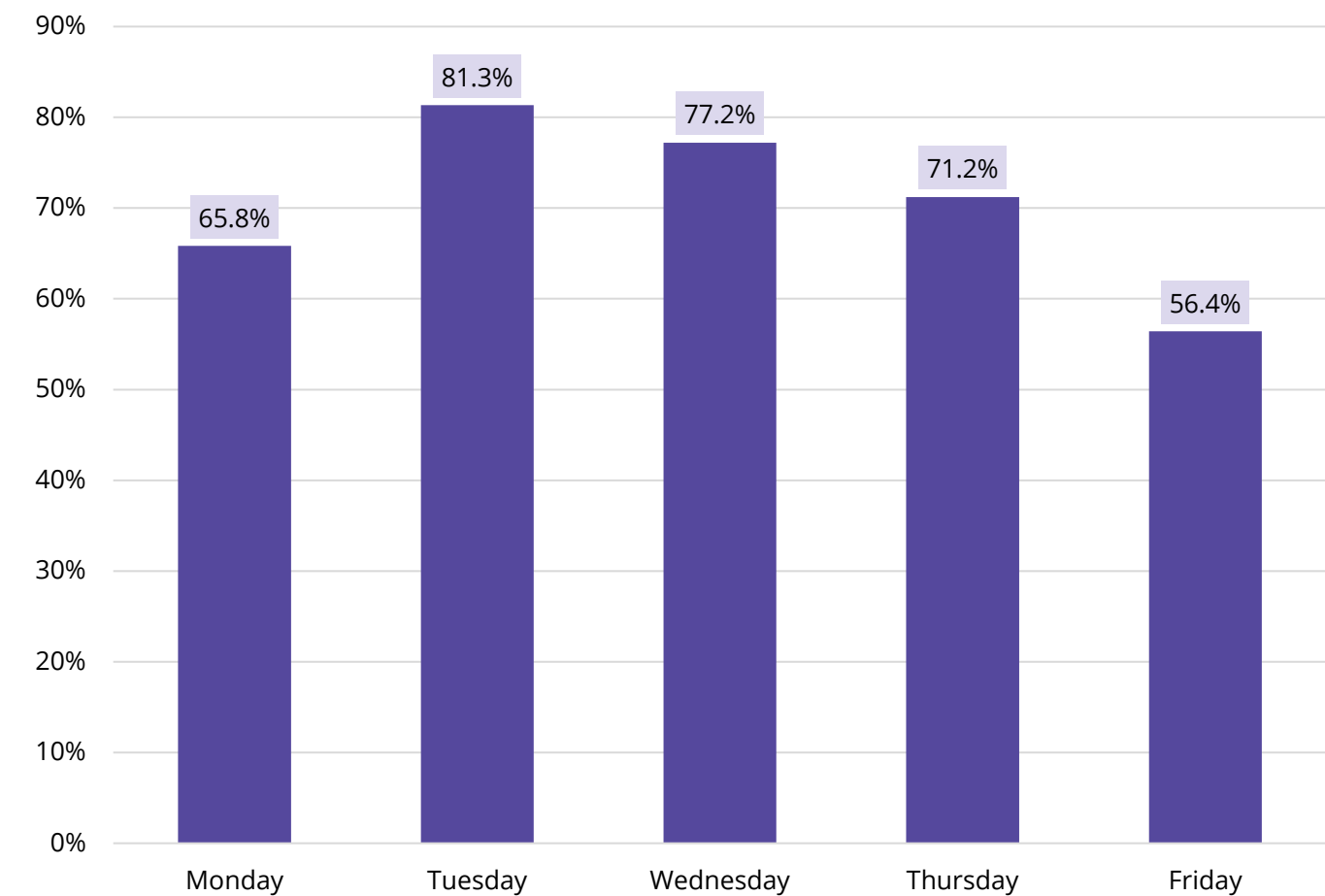
Manhattan office busyness by major industry, February 2025 vs. February 2019



Certain industries across Manhattan have seen stronger office busyness than others. For example, the consulting, research, accounting & recruiting industry was 25.2% busier in February 2025 compared to February 2019.

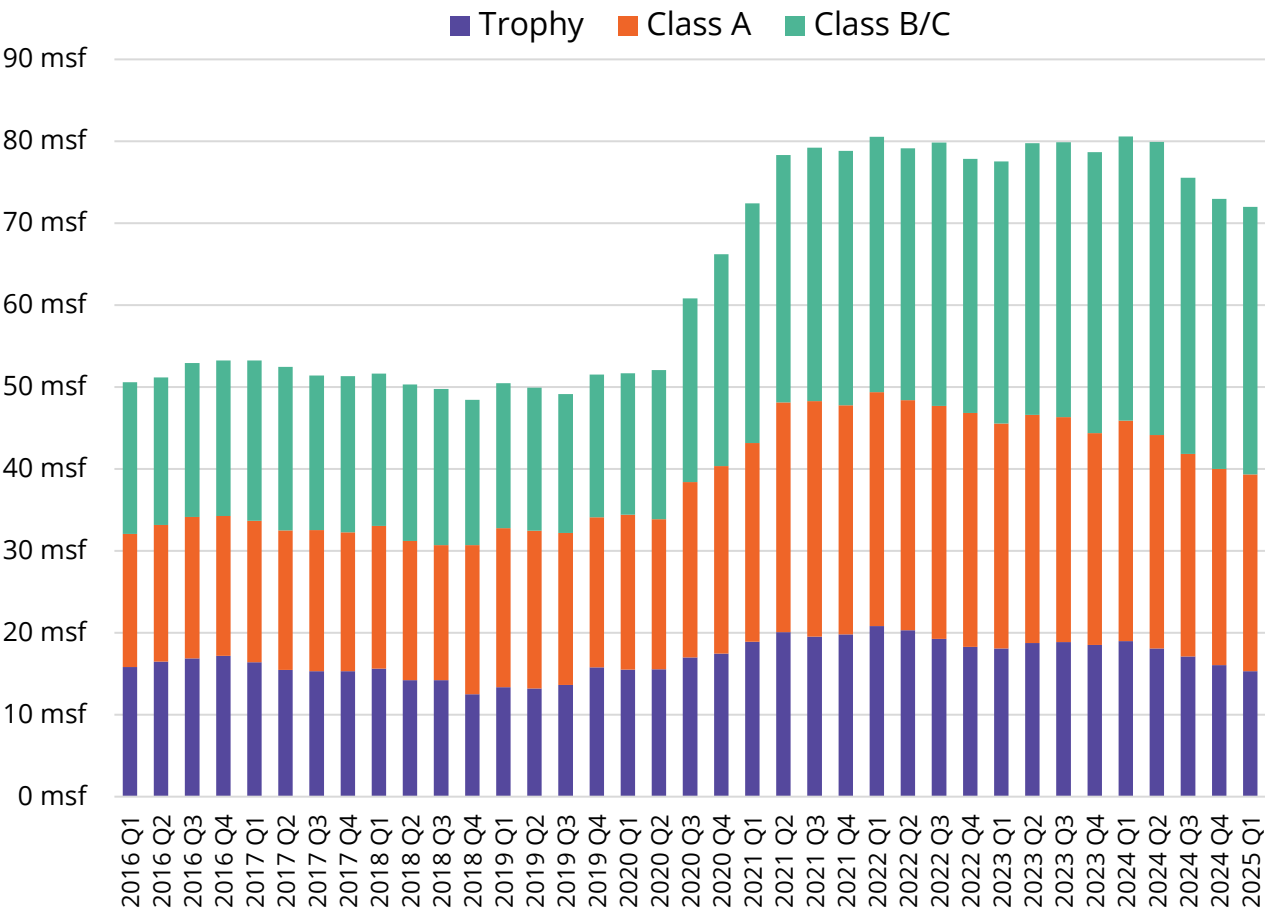
Other major industries like banking, finance, insurance & real estate, and government have seen strong office busyness figures due to their industries' return to office requirements.

Manhattan office busyness by day of week, February 2025 vs. February 2019



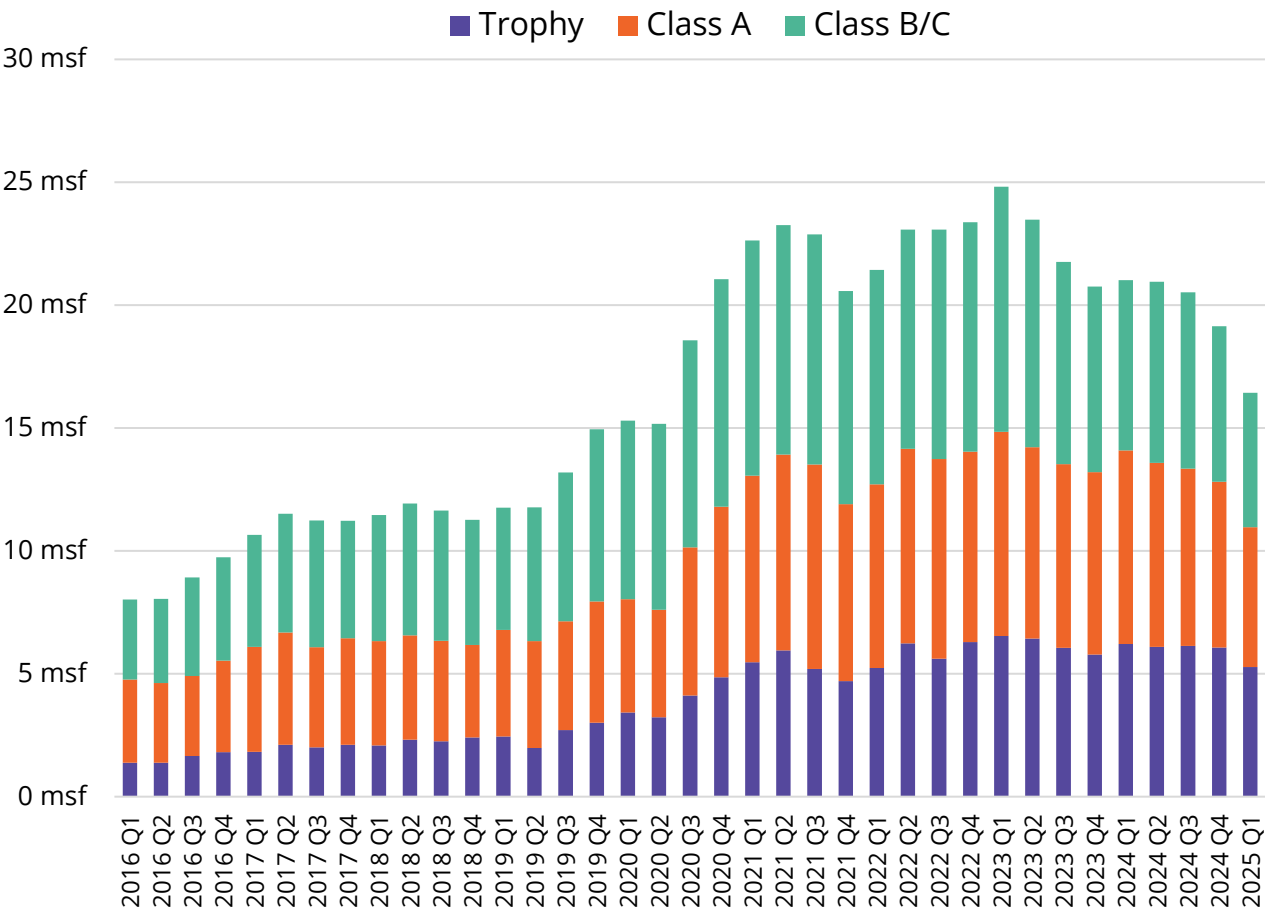
Looking at office busyness in Manhattan by day of the week, Tuesday – Thursday continue to lead the way. Given the hybrid structure of many companies, most employees seem to be adopting a Tuesday, Wednesday, & Thursday office schedule with some Mondays & Fridays remote.

Available direct space



Direct available space sits at 72.0 msf, the lowest value since Q4 2020. Trophy space saw the biggest quarter-over-quarter decrease at 4.7% and dropped to 15.3 msf, its lowest value in over five years.

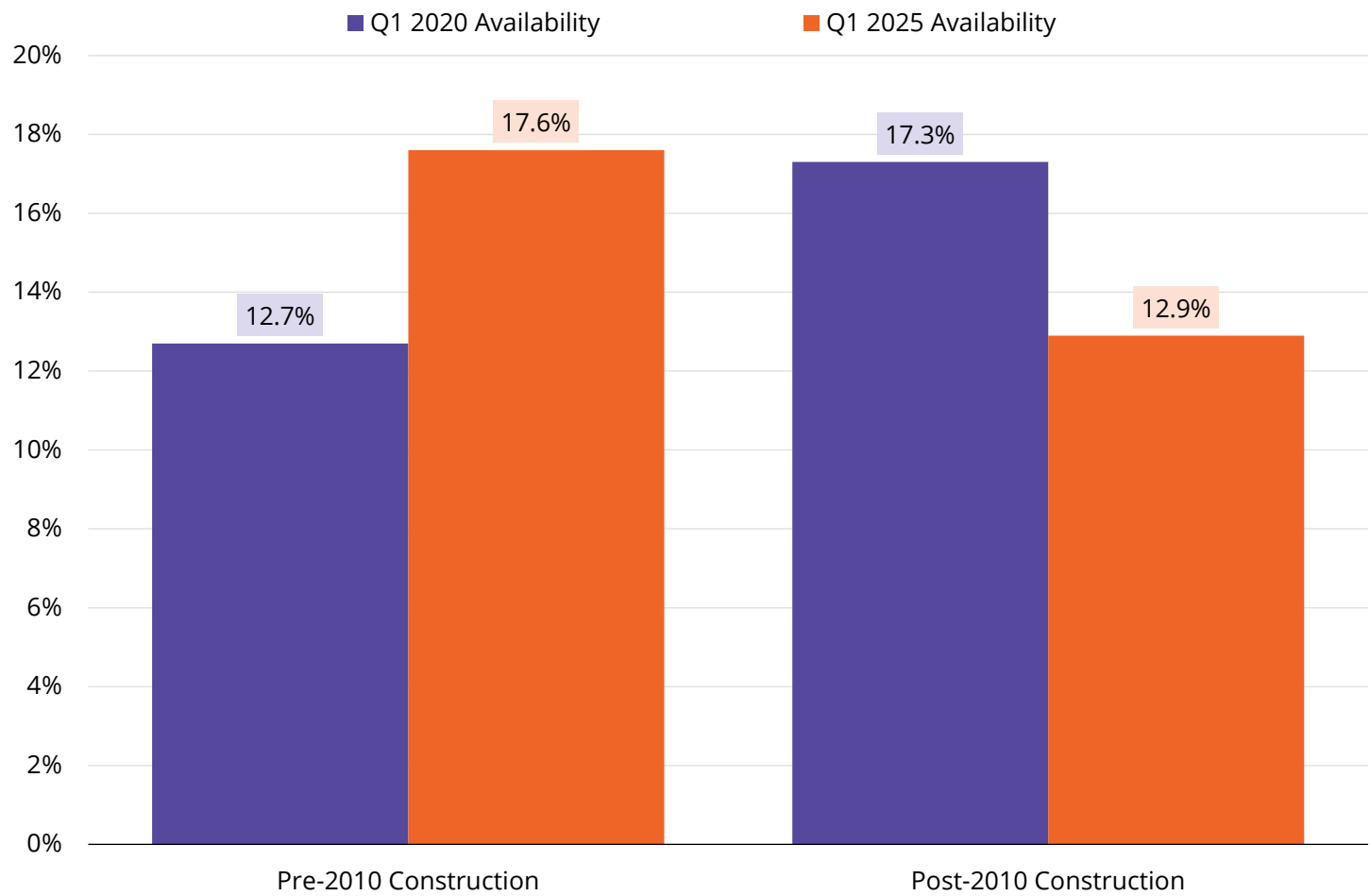
Available sublet space



Sublet available space is currently at 16.4 msf, the lowest value since Q2 2020. Every asset class saw substantial quarter-over-quarter decreases, with class A seeing the biggest drop of 15.5%.

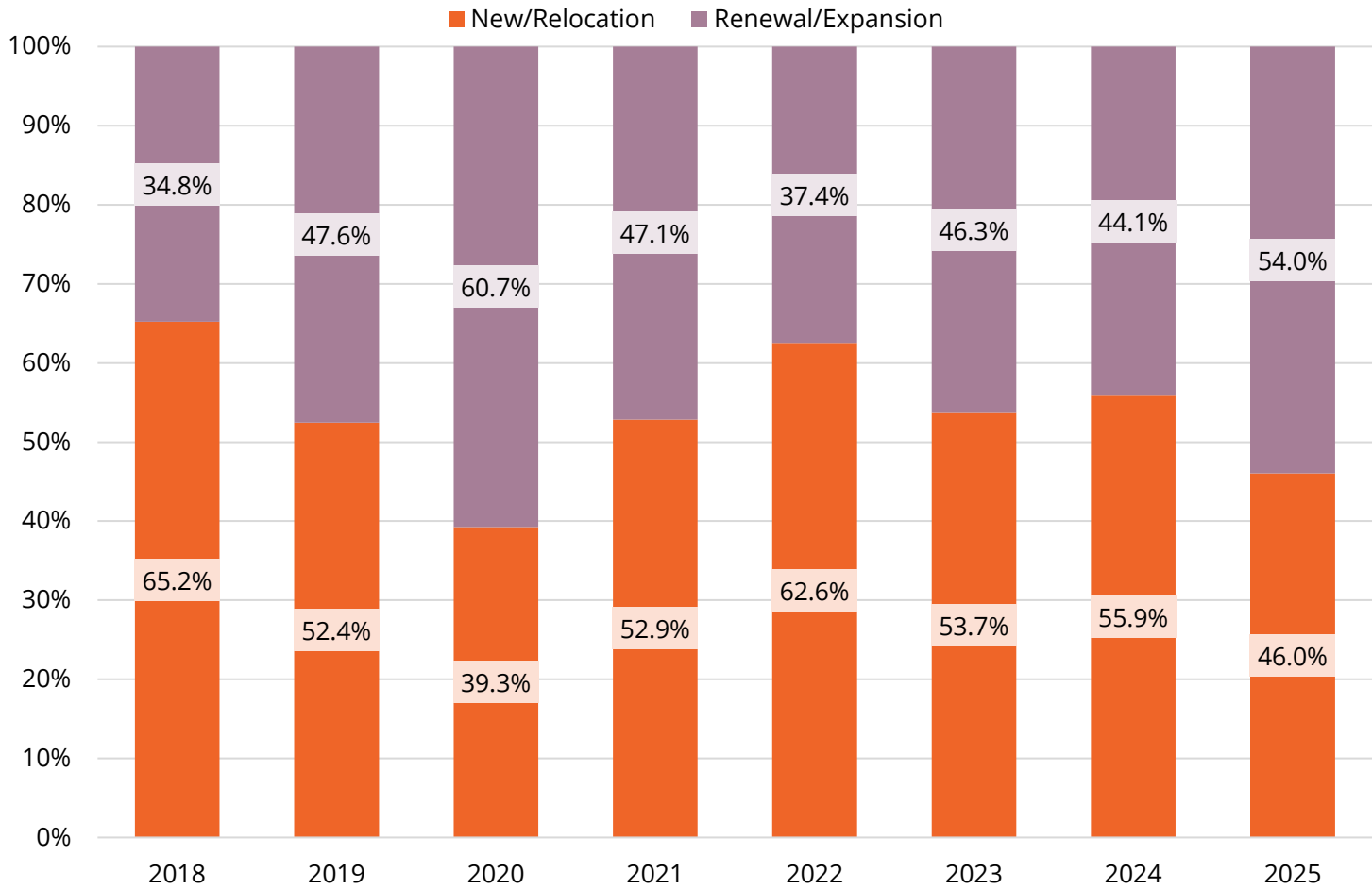
This decrease in supply is a positive sign for the Manhattan office market, signaling its return to pre-pandemic numbers.

Availability by year built, Q1 2025 vs. Q1 2020



Manhattan buildings constructed before 2010 have experienced an increase in availability from 12.7% in Q1 2020 to 17.6% in Q1 2025. In contrast, availability in newly constructed Manhattan buildings (post-2010) has decreased from 17.6% in Q1 2020 to 12.9% in Q1 2025.

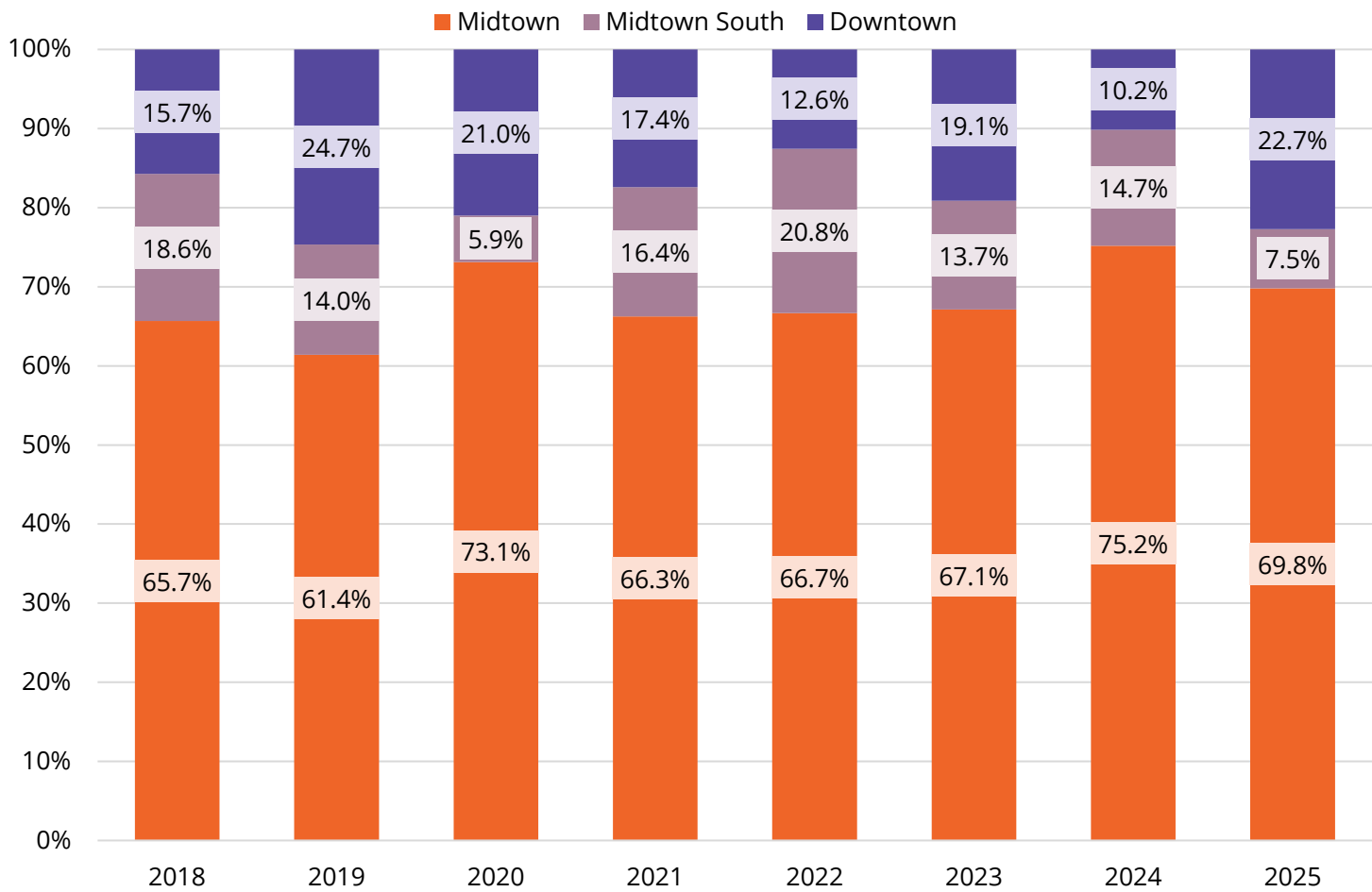
Transaction activity by lease type



Renewal/expansion leases have made up 54.0% of leasing activity this quarter, the highest share since 2020.

Meanwhile, new/relocations saw a decrease in share of activity and sit at 46.0% for the quarter.

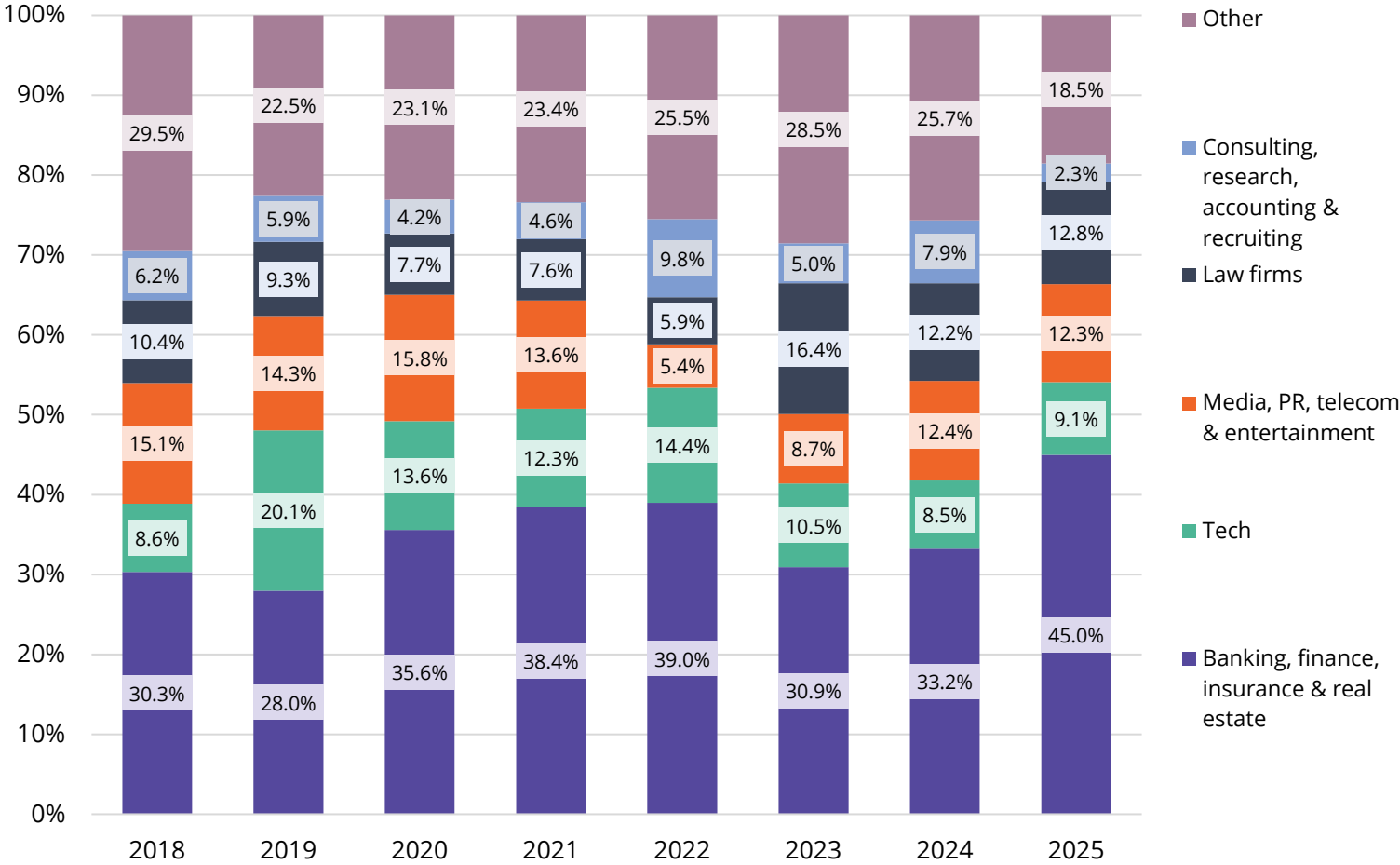
Transaction activity by Manhattan market



Downtown leases accounted for 22.7% of overall activity in Q1 2025, it's largest share since 2019. This surge of activity has been led by large transactions such as Jane Street (943.7k sf) and Horizon Media (367.0k sf) being signed in that area of the city.

Meanwhile Midtown South saw its lowest share of activity since 2020 at 7.5%.

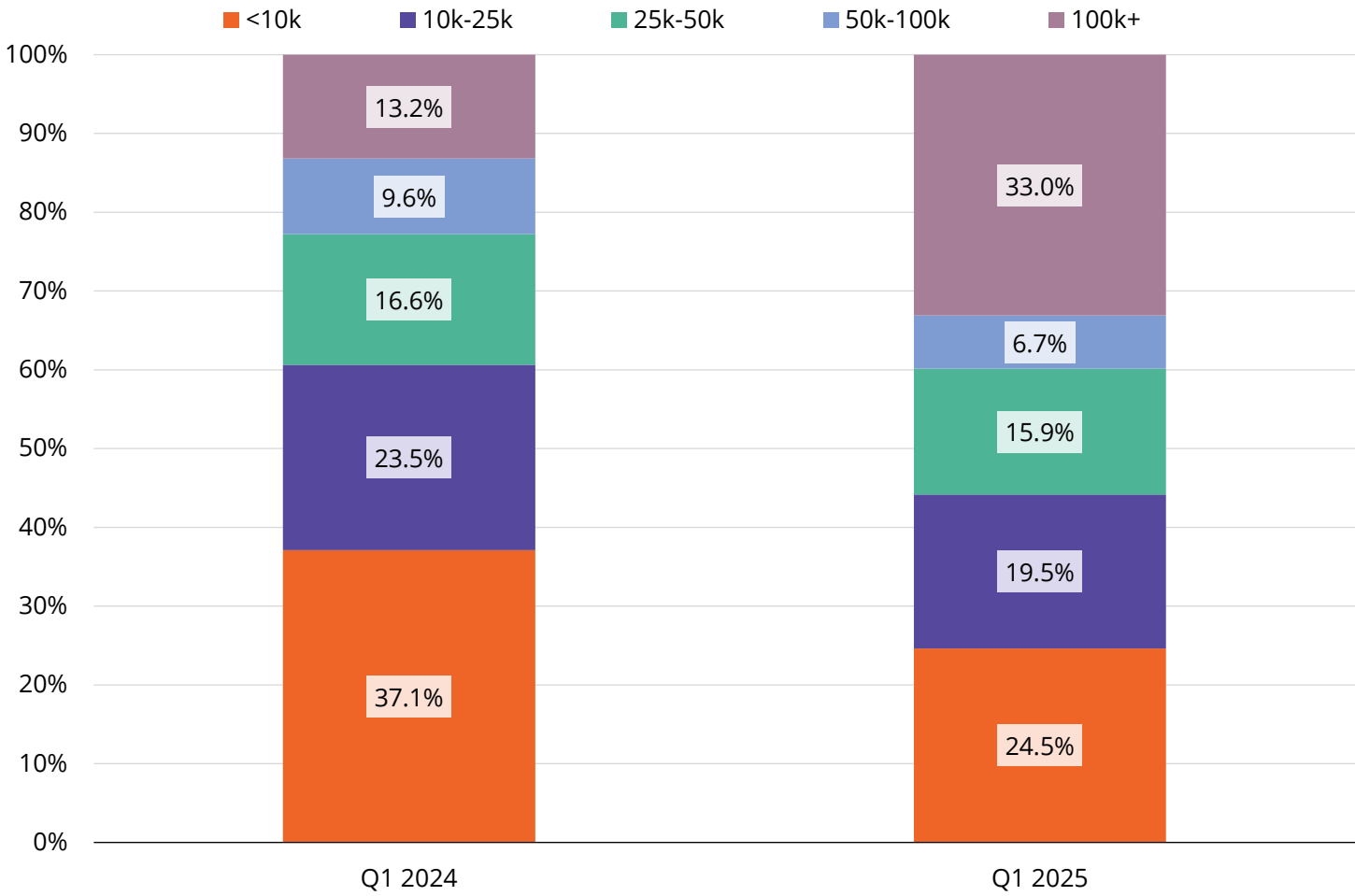
Leasing activity share by industry



Of the major office-using industries across Manhattan, banking, finance, insurance & real estate continues to dominate market share due to their large footprint in the city.

In Q1 2025, there was a shift among other office-using industries. Tech and law firms saw an up-tick in activity, while media, PR, telecom & entertainment and consulting, research, accounting, & recruiting firms saw decreases in their shares.

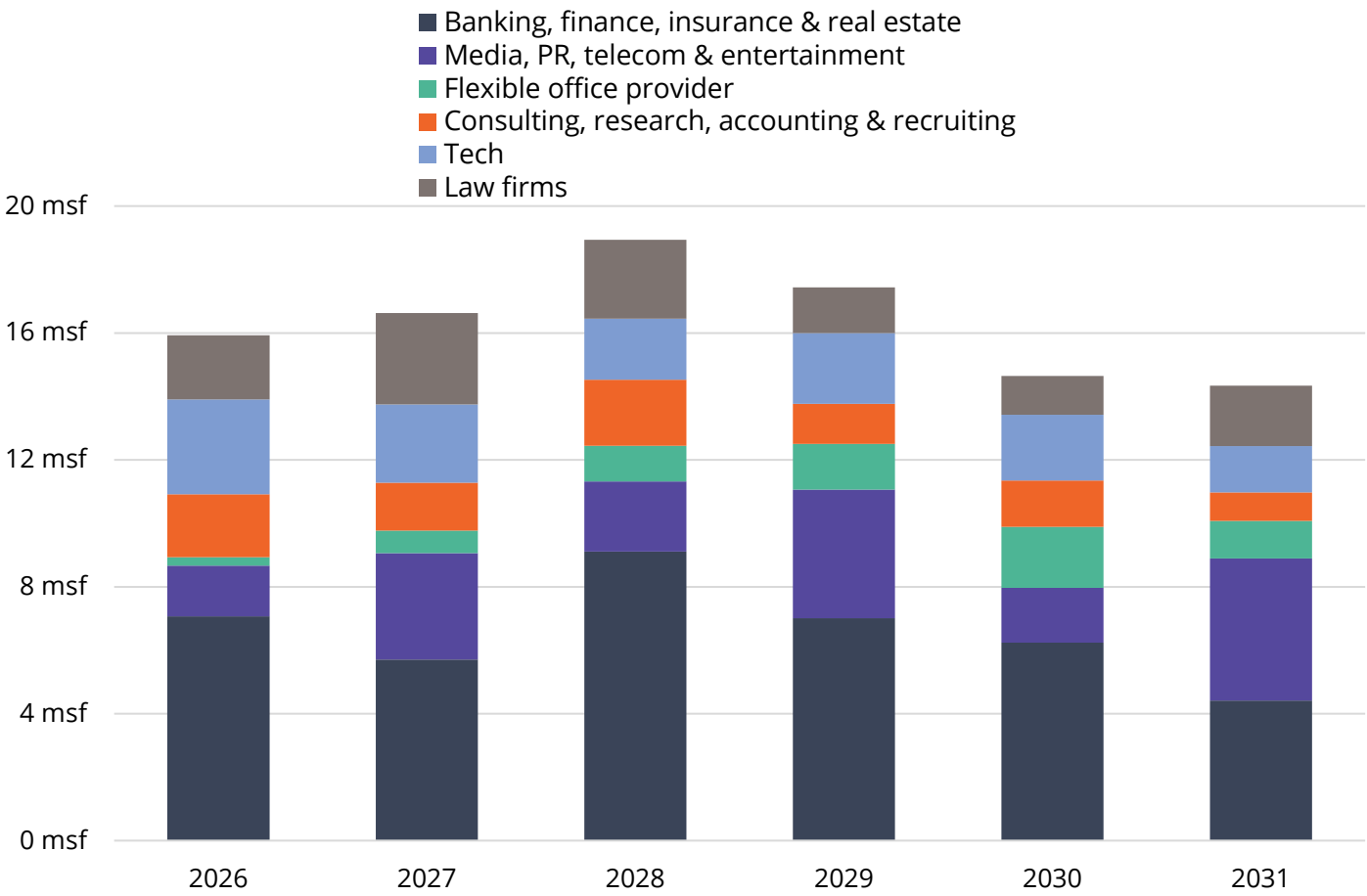
Manhattan leasing activity by size tranche, Q1 2024 vs. Q1 2025



In Q1 2024, large leases accounted for a small share of activity by size tranche at 13.2%.

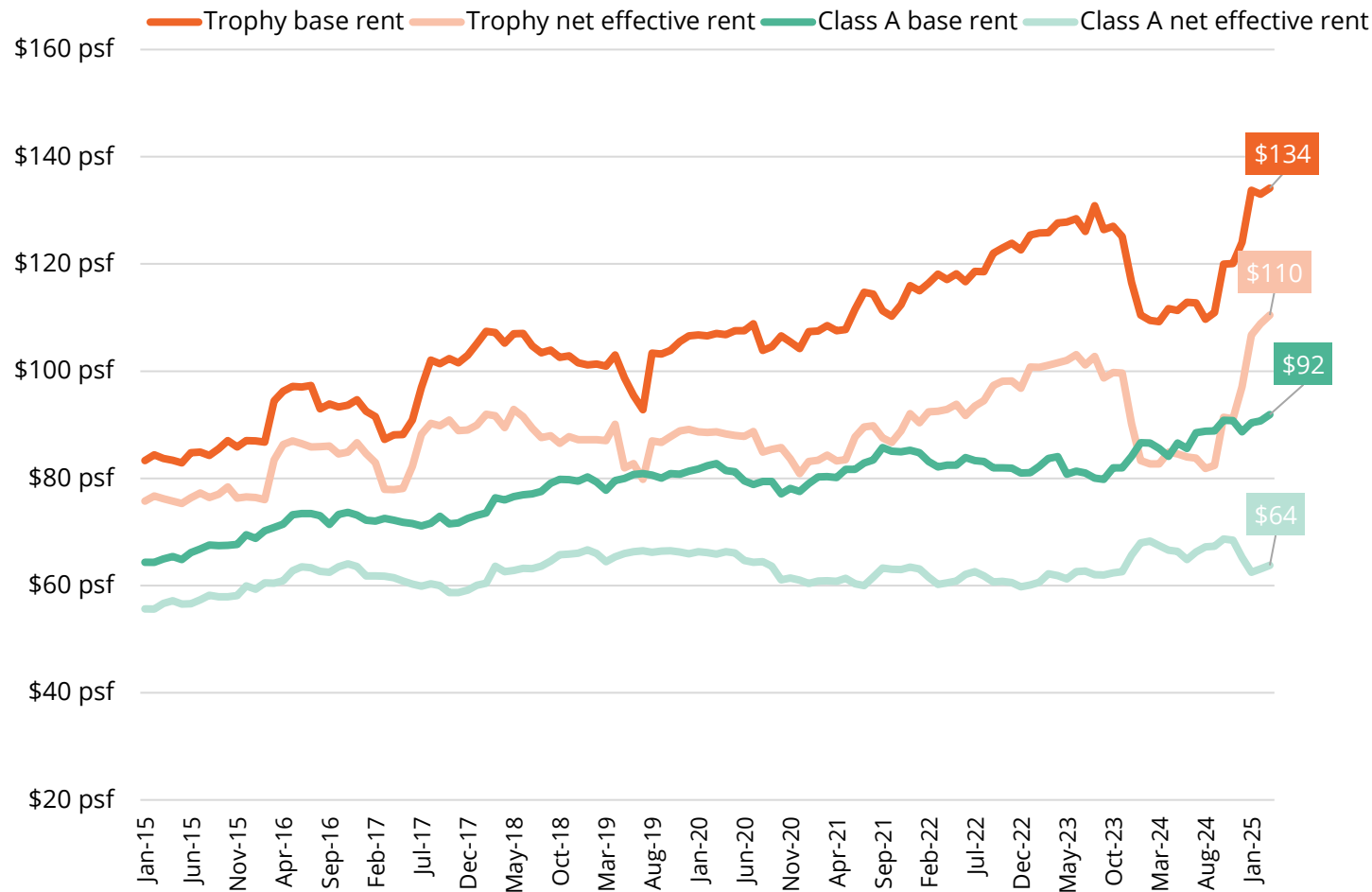
However, the complete opposite has been true in Q1 2025. This quarter, large-block leases of 100k+ sf have accounted for 33.0% of total activity. Meanwhile, every other size tranche saw a year-over-year decrease in share with leases <10k sf declining the most.

Upcoming lease expirations by major industry



Banking, finance, insurance & real estate tenants make up 40.4% of expiring leases by square footage among major office-using industries from 2026 to 2031, totaling 39.5 msf. The next largest share of lease expirations is media, PR, telecom & entertainment at 17.8%, totaling 17.4 msf.

Base and net effective rents by class

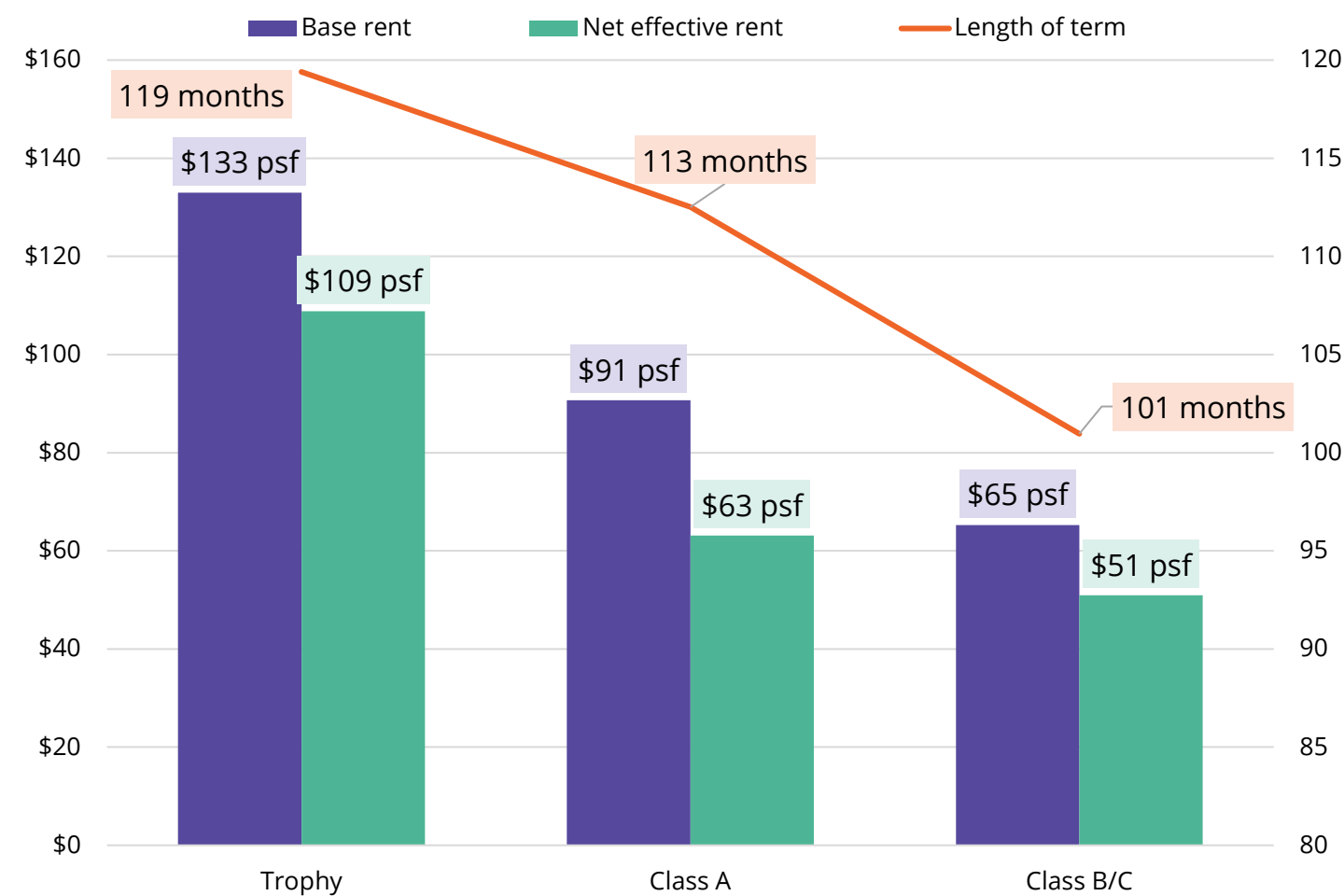


Trophy base and net effective rents saw large jumps in Q1 2025 due to increased activity and lower availability among high-quality buildings.

Meanwhile, class A base and net effective rents saw slight increases in Q1, with base rents reaching its highest value to date.

Note: Direct relocations only. Trophy properties represent the top 10% of the Manhattan office market in terms of rents and build date. Class A properties represent the top 25% but not the top 10%.
Source: Avison Young Market Intelligence, CoStar

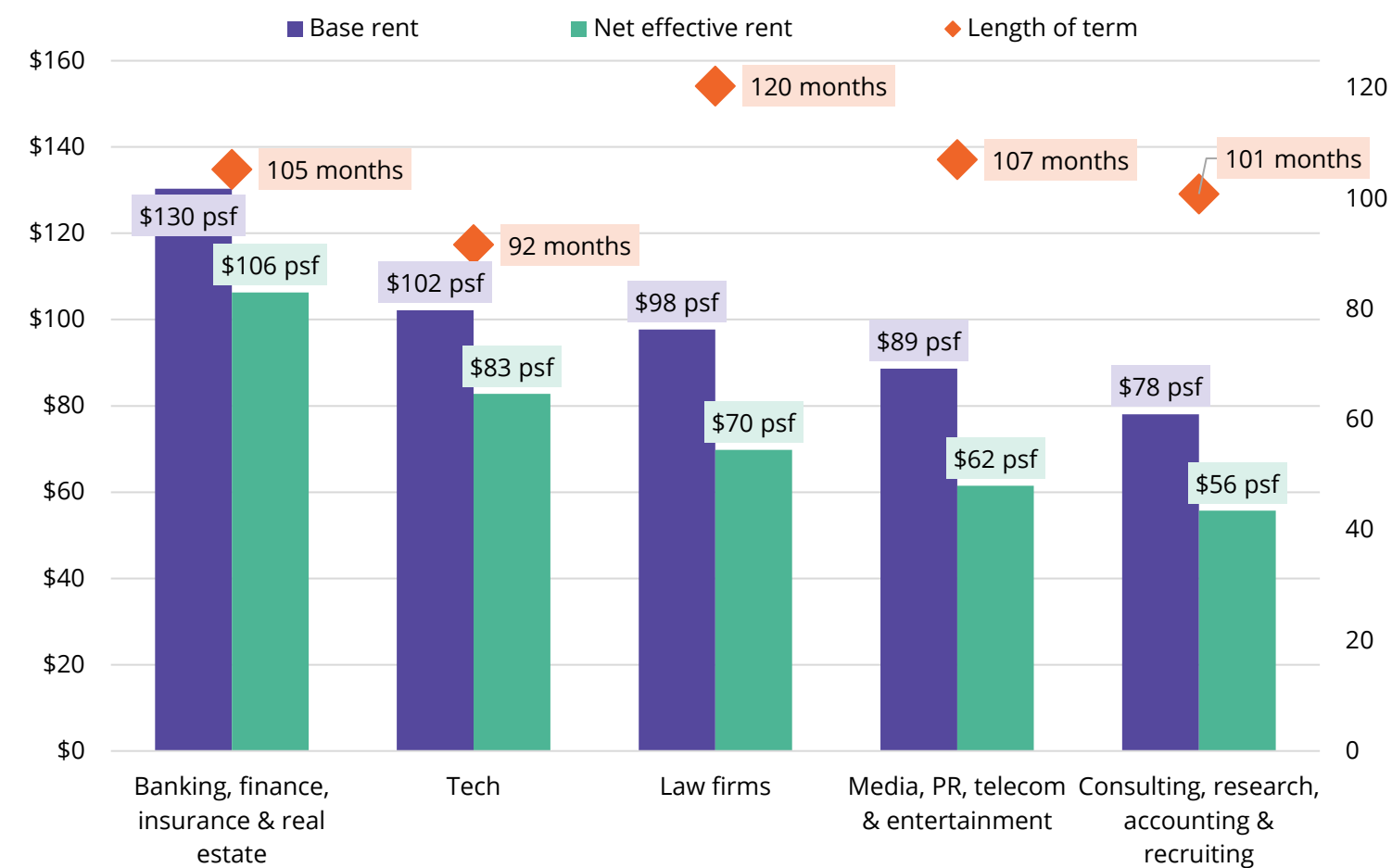
Lease economics by class



Trophy leases continue to average the longest lease terms of all the asset classes at 119 months, as well as the highest base and net effective rents at \$133 and \$109, respectively.

The gap between base and net effective rents continues to grow for all asset classes, with class A leases seeing the largest difference.

Lease economics by industry

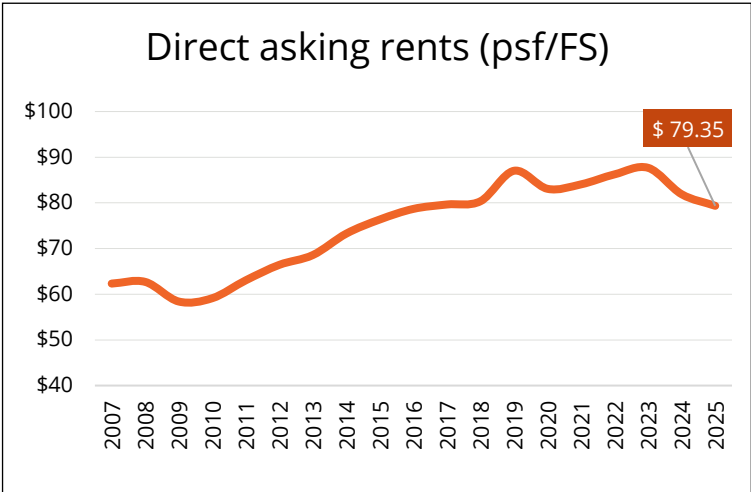
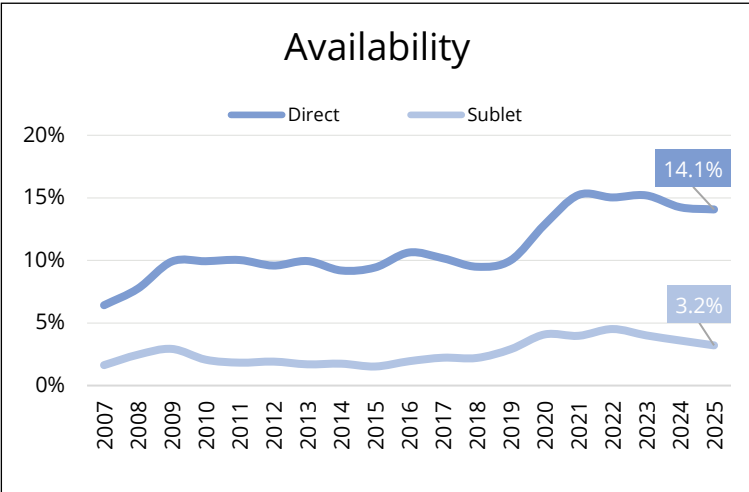
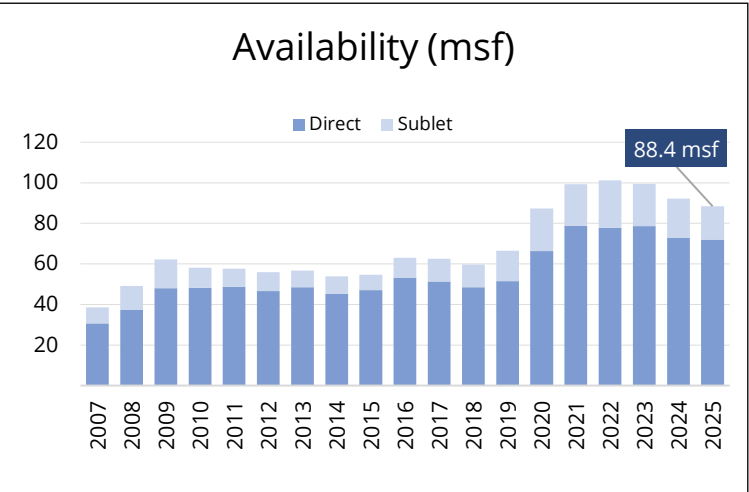
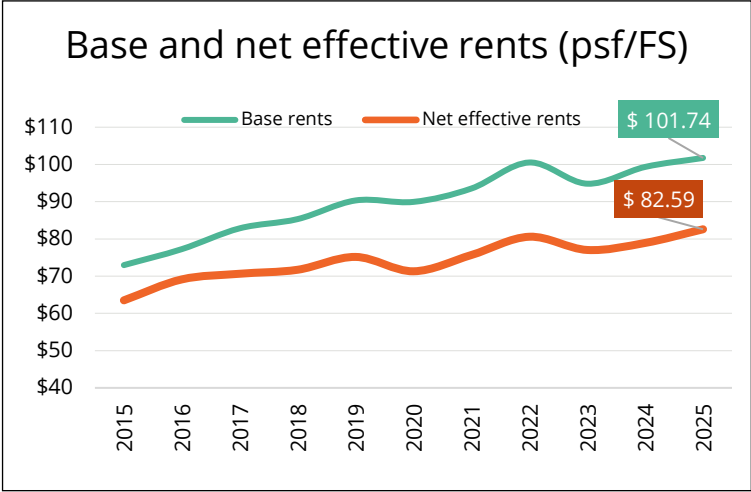
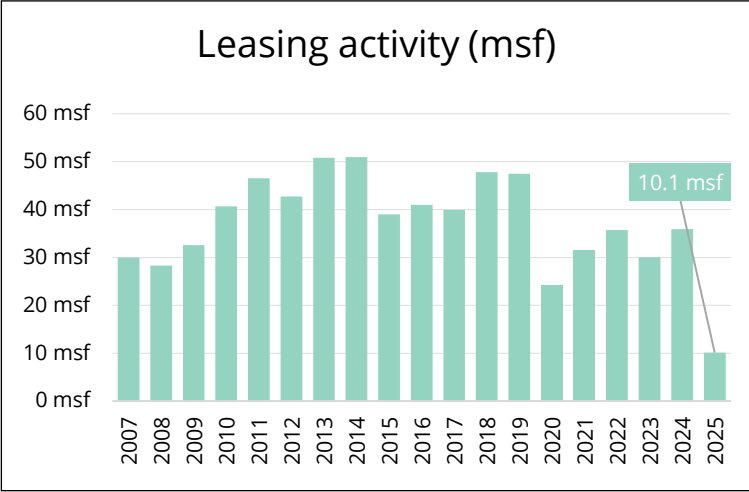
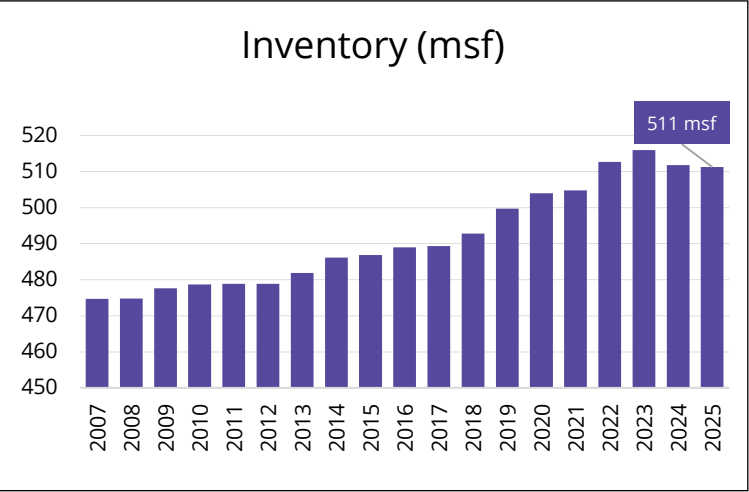


Over the past 12 months, banking, finance, insurance & real estate tenants have seen the highest average base rent of \$130 psf and law firms continue to sign the longest lease terms on average at 120 months.

Appendix



Manhattan office market indicators



Manhattan office market activity

Q1 2025 leasing activity (330,000+ sf)

Tenant	Address	Submarket	Sign date	Size sf	Transaction type	Lease type
Jane Street Group	250 Vesey Street	World Trade Center	Feb 2025	943,685	Renewal/Expansion	Direct
Citadel	660 Fifth Avenue	Midtown Core	Jan 2025	491,124	New	Direct
Horizon Media	1 Hudson Square	Tribeca	Mar 2025	366,992	Renewal	Direct
Mayer Brown	1221 Avenue of the Americas	Midtown Core	Jan 2025	352,644	Renewal/Expansion	Direct
Universal Music Group	2 Penn Plaza	Penn Station	Mar 2025	333,516	New	Direct

Large contiguous space availabilities added in Q1 2025

Address	Submarket	Space type	Block size sf	Date available
343 Madison Avenue	Grand Central	Direct	941,324	Oct 2028
150 William Street	Financial District	Direct	503,720	Sep 2025
850 Third Avenue	Midtown East	Direct	347,389	Aug 2025
695 Avenue of the Americas	Chelsea	Direct	253,556	Oct 2028
620 Eighth Avenue	Times Square	Sublet	195,819	Sep 2025

Manhattan office market stats

Submarket	Existing inventory sf	Under development sf	Direct availability	Sublet availability	Total availability	Annual direct asking rent psf FS
Central Park	31,138,254		12.5%	3.4%	15.9%	\$ 117.76
Grand Central	79,434,799		11.2%	2.6%	13.8%	\$ 79.00
Hudson Yards	19,487,097		4.8%	3.8%	8.6%	\$ 168.16
Midtown Core	58,990,282	199,000	10.2%	2.4%	12.6%	\$ 103.21
Midtown East	23,445,120		16.5%	1.1%	17.6%	\$ 75.80
Midtown West	3,572,812		20.9%	21.7%	42.6%	\$ 62.69
Murray Hill	10,946,421		18.6%	2.0%	20.6%	\$ 68.78
Penn Station	52,597,263		16.3%	2.2%	18.5%	\$ 77.21
Times Square	35,147,791		17.8%	5.1%	22.9%	\$ 72.04
Midtown Total	314,759,839	199,000	13.1%	3.0%	16.1%	\$ 83.67
Chelsea	17,257,838	158,180	22.0%	4.2%	26.2%	\$ 78.44
East Village	744,085		9.6%	8.8%	18.4%	-
Flatiron District/Gramercy Park	40,452,257		16.7%	0.9%	17.6%	\$ 86.76
Greenwich Village	7,408,735		12.4%	1.2%	13.6%	\$ 126.12
Hudson Square	10,356,262		17.4%	4.3%	21.7%	\$ 72.51
Lower East Side	2,729,930		24.3%	5.9%	30.2%	\$ 69.36
Meatpacking District	8,221,022		3.6%	2.6%	6.2%	\$ 127.94
SoHo	6,579,510		14.0%	2.9%	16.9%	\$ 91.40
West Village	293,542	60,674	30.3%	0.0%	30.3%	\$ 62.94
Midtown South Total	94,043,181	218,854	16.3%	2.4%	18.7%	\$ 88.30
City Hall	7,754,185	-	14.6%	1.6%	16.2%	\$ 53.58
Financial District	43,910,586	-	20.9%	3.2%	24.1%	\$ 67.72
Tribeca	7,630,681	-	17.3%	3.8%	21.1%	\$ 80.79
Water Street Corridor	18,270,530	-	10.6%	9.3%	19.9%	\$ 60.19
World Trade Center	22,769,692	-	7.1%	5.0%	12.1%	\$ 78.43
Downtown Total	100,335,674	-	15.2%	4.6%	19.8%	\$ 67.14
Upper East Side	496,947	-	3.5%	1.6%	5.1%	-
Upper West Side	1,603,866	-	11.2%	0.0%	11.2%	\$ 43.12
Manhattan Total	511,239,507	417,854	14.1%	3.2%	17.3%	\$ 79.35

Manhattan office market stats by class

Class	Existing inventory sf	Under development sf	Direct availability	Sublet availability	Total availability	Annual direct asking rent psf FS
Trophy	138,009,249	357,180	11.1%	3.8%	14.9%	\$ 121.61
Class A	157,152,224	60,674	15.3%	3.6%	18.9%	\$ 82.81
Class B/C	216,078,034	-	15.1%	2.5%	17.6%	\$ 60.29
Market Total	511,239,507	417,854	14.1%	3.2%	17.3%	\$ 79.35

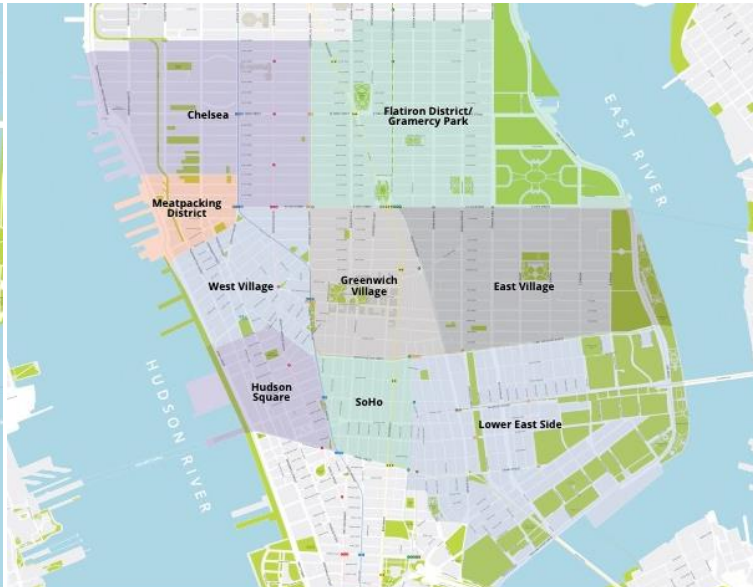


Manhattan submarket map

Midtown



Midtown South



Downtown



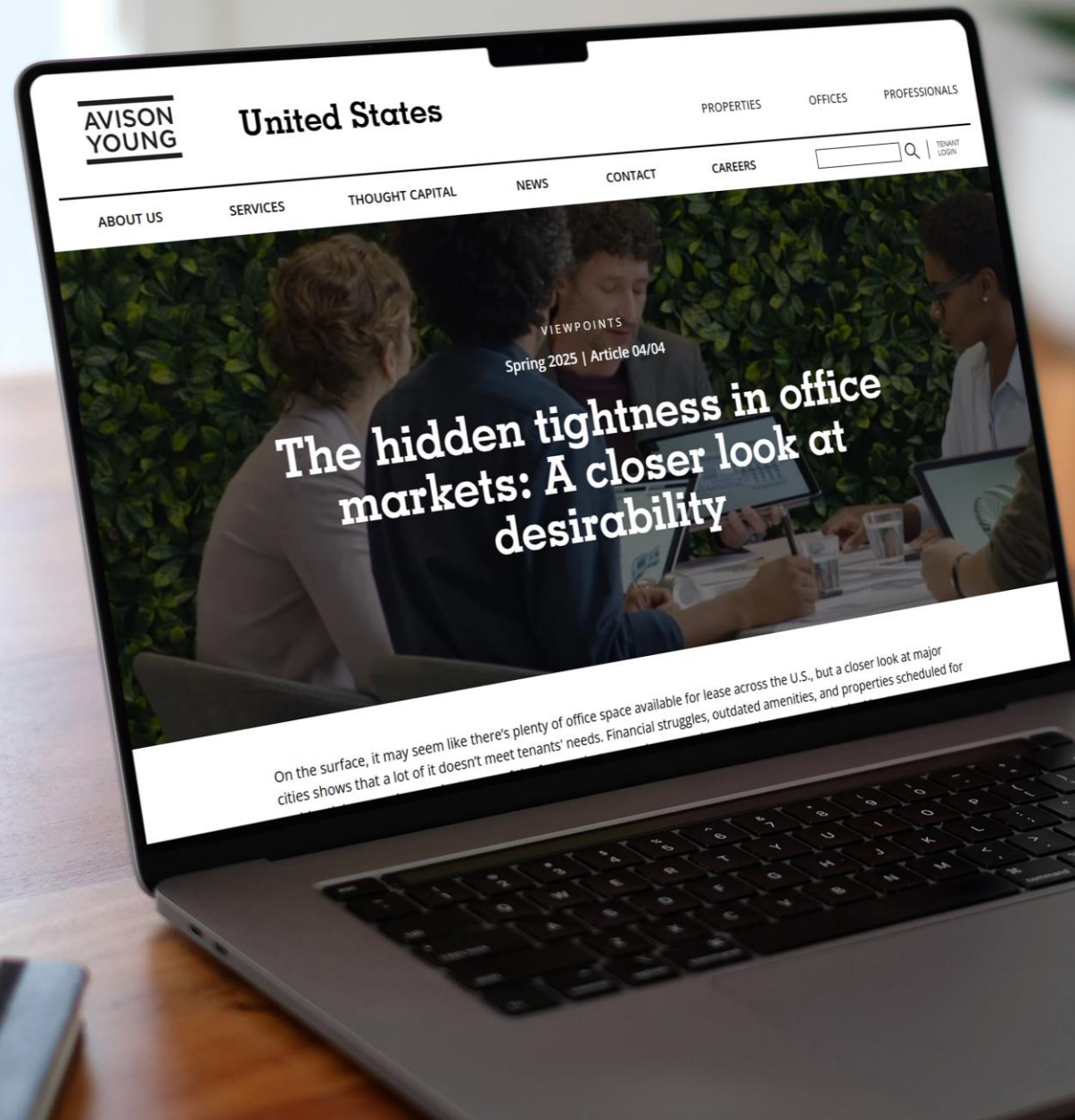
[Click here to download larger maps](#)

The hidden tightness in office markets: a closer look at desirability

The office space market in major cities is more competitive than it appears, with high-quality spaces being in limited supply and requiring strategic leasing decisions.

Learn more from our experts in Avison Young's Spring 2025 edition of **Viewpoints**.

[Read article](#)



Office insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and
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