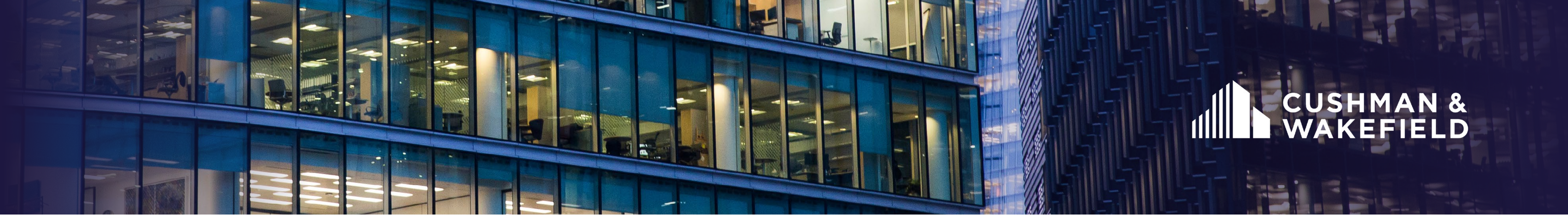
MARKETBEAT
MANHATTAN
OFFICE Q2 2026



MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.3% Vacancy Rate	▼	▼
2.4 MSF YTD Net Absorption, SF	▲	▲
$72.83 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.9M New York City Employment	▲	▲
4.9% New York City Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▬	▲

Source: BLS

ECONOMY: OFFICE-USING EMPLOYMENT REACHES HIGHEST LEVEL IN FIVE MONTHS

New York City employment increased by 14,100 jobs in Q2 2026, bringing total employment to nearly 4.9 million positions through May. Private sector hiring accounted for the majority of gains, with employment rising by 46,800 jobs during the quarter. Leisure and hospitality surged by 16,200 jobs to reach its highest level since November 2025, while education & health services fell by a modest 1,500 positions. Office-using employment rose by 10,600 jobs to a five-month high of 1.54 million positions—supported by continued strength in professional business services, which added 11,300 jobs and financial services, which gained 1,200 positions. Although information services shed 1,900 jobs during the quarter, employment remained 2,500 jobs above the level of one year ago.

SUPPLY AND DEMAND: LEASING REMAINS ELEVATED DESPITE A MODEST DECLINE IN SECOND-QUARTER ACTIVITY

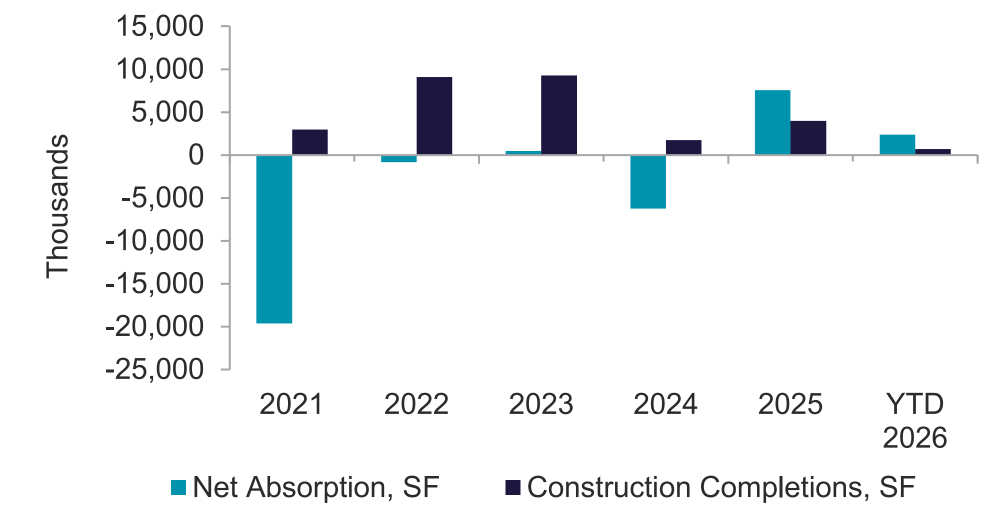
Following an exceptionally strong first quarter that generated 9.5 million square feet (msf) of new leasing activity, Manhattan posted another robust quarter, recording 8.2 msf of leasing volume—well above the 2025 quarterly average of 7.7 msf. The strong performance brought the year-to-date (YTD) total to 17.7 msf, a 12.6% increase over the same period in 2025 and significantly outpacing the historical mid-year average. Combined new and renewal leasing climbed by 14.9% over the past 12 months to 23.5 msf, driven by a 22.9% year-over-year (YOY) increase in lease renewals—marking the strongest first-half year total on record. While the number of leases greater than 100,000 square feet (sf) remained unchanged from the first half of 2025 at 24, the total square footage leased increased by 24.7%, rising from 7.7 msf to 9.7 msf. Class A space continued to account for the majority of leasing, capturing 77.5% of total new and renewal demand—a modest decline from 80.9% at the same point in 2025. The continued tightening of Class A supply has prompted tenants to increasingly consider high-quality Class B space as a viable alternative, contributing to an increase in the Class B share from 14.7% to 16.6%—an uptick also driven in part by growing AI-related leasing activity.

As a result of the sustained leasing momentum, Manhattan's overall vacancy rate declined by 60 basis points (bps) during the quarter to 19.3%—the lowest quarterly total since Q3 2021. Sublease supply fell by 5.1% during the quarter to 12.1 msf, the lowest quarterly rate since Q2 2020. Direct vacant space declined to 16-quarter low of 67.9 msf, driven by strong leasing activity along with the removal of several buildings slated for residential conversion. Overall YTD absorption remained positive for the fourth consecutive quarter, totaling 2.4 msf. Class A properties recorded nearly 2.9 msf of positive absorption, offsetting Class B and C occupancy losses.

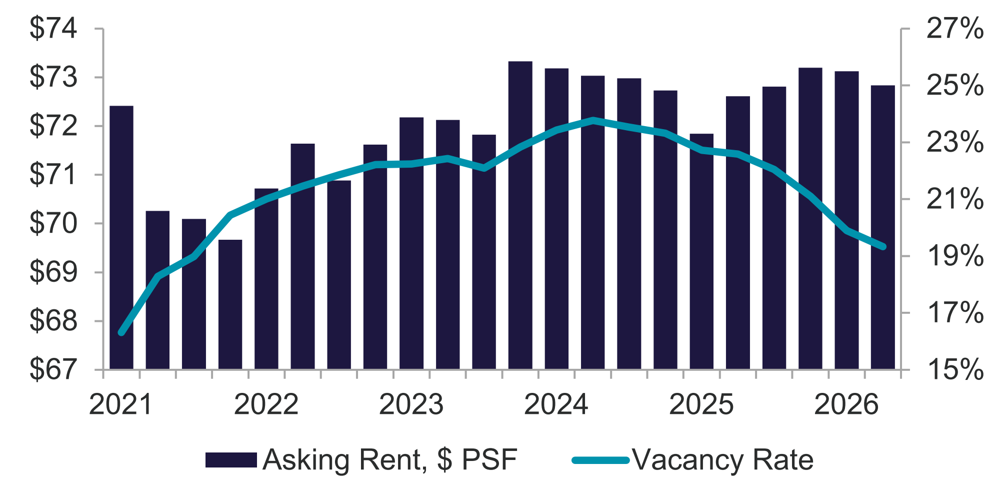
PRICING: CLASS A ASKING RENTS INCREASE THROUGHOUT MANHATTAN

Manhattan overall asking rents dipped by $0.29 to $72.83 per square foot (psf) in Q2 2026 while Class A asking rents increased by $1.54 to $84.79 psf. Midtown overall asking rents remained stable at $76.98 psf, as Class A rents climbed by $1.93 to $88.50 psf, due to premium space additions at 277 Park Avenue. Midtown South overall asking rents increased by $0.20 to $81.14 psf, while Class A rents rose modestly by $0.12 to $104.50 psf. Downtown overall rents held steady during the quarter at $56.66 psf, while Class A rents rose by $1.82 psf to $63.60 psf, led by pricier sublease additions at Four World Trade Center.

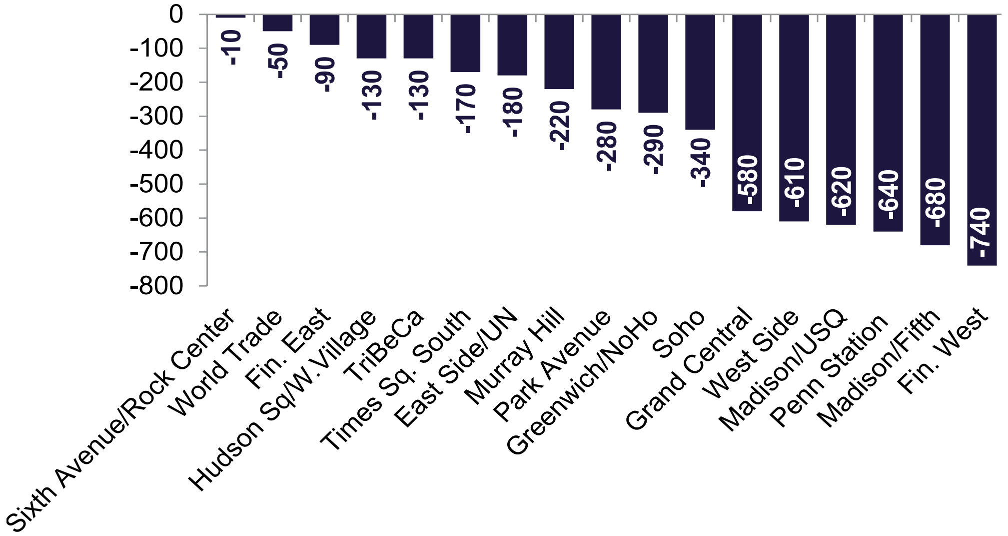
SPACE DEMAND / DELIVERIES



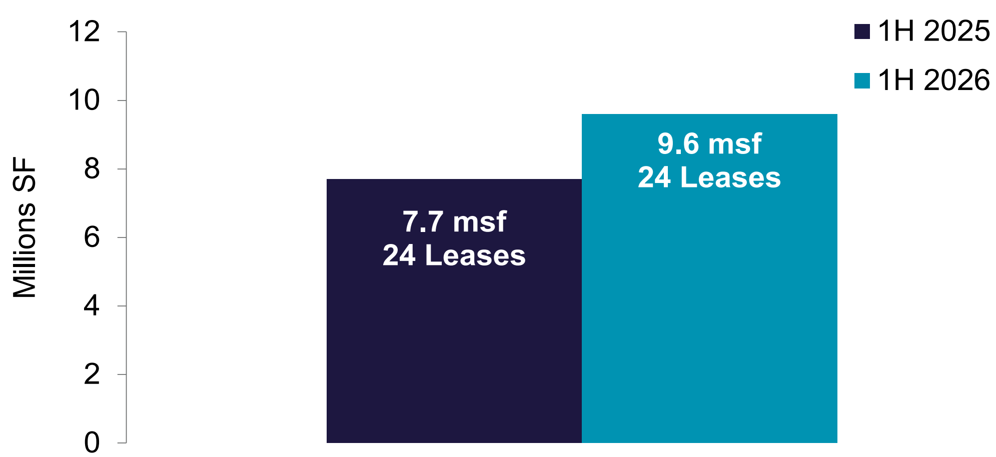
OVERALL VACANCY & ASKING RENT



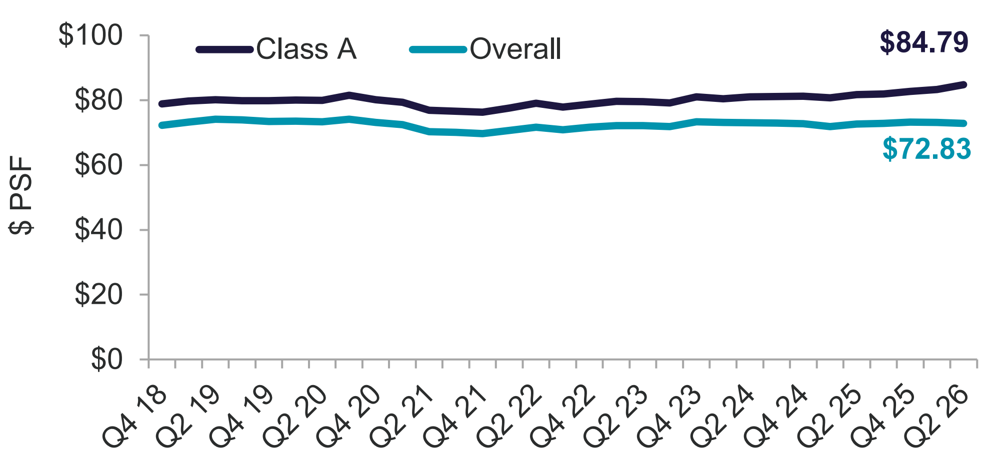
VACANCY FALLS YOY IN 17 OF 20 MANHATTAN SUBMARKETS



100,000 SF LEASES INCREASE IN SIZE IN 1H 2026 (NEW & RENEWAL LEASES)



ASKING RENT COMPARISON



MIDTOWN

Midtown new leasing in Q2 2026 rose by 15.0% to 5.0 msf, fueled by four leases each greater than 100,000 square feet (sf)—the largest being Simpson Thacher & Bartlett's 916,000-sf pre-lease to anchor 570 Fifth Avenue. Despite the quarter's stronger performance, YTD new leasing remained 10.5% below the same period in 2025, with 9.4 msf transacted. Class A properties continued to capture the majority of demand, accounting for 7.8 msf, or 82.6% of YTD activity. Financial Services remained the leader of demand, representing 37.5% of new leases greater than 10,000 signed YTD—followed by the TAMI sector (Technology, Advertising, Media and Information Services) at 23.4% and legal services at 23.0%. Combined new and renewal leasing totaled 13.5 msf through midyear, slightly below the 13.6 msf recorded in the first half of 2025. The overall Midtown vacancy rate fell by 60 bps to a 21-quarter low of 17.7%, a decrease supported by the removal of several office buildings for residential conversion—notably including 135 East 57th Street and 845 Third Avenue, both of which contributed to a significant portion of vacant space on the market. All nine submarkets posted YOY vacancy declines, with six reporting vacancy rates below 20.0%. Overall YTD absorption remained positive for the fourth consecutive quarter at 1.7 msf.

OUTLOOK

- Vacancy is expected to continue declining as strong leasing demand outpaces new supply, supported by a limited development pipeline and ongoing office conversions.
- Asking rents are expected to increase as supply constraints place upward pressure on rents for high-quality space.
- Look for growing AI-related leasing demand to support increased absorption of Class B space.

MIDTOWN SOUTH

Midtown South new leasing declined by 6.9% quarter-over-quarter to 2.1 msf, though it remained well above the 1.6-msf quarterly average in 2025. YTD new leasing reached 4.3 msf, up 21.5% from 3.5 msf during the same period in 2025. Class B leasing accounted for the largest share of activity at 42.0%, slightly outpacing Class A leasing at 40.8%. The TAMI sector continued to drive demand, representing 61.4% of new leases 10,000 sf and greater—up sharply from a 25.2% share in the first half of 2025. Growing demand from the AI sector was a key contributor to the uptick in TAMI leasing. Lease renewals climbed to a six-quarter high of 521,061 sf, led by Google's 410,556-sf renewal at 315 Hudson Street—the largest renewal completed in Manhattan during the quarter. The uptick in renewal activity brought the combined new and renewal YTD total to 5.0 msf—up 20.7% YOY from 4.2 msf. Midtown South vacancy fell for the seventh straight quarter to 21.8%, down from 25.1% one year ago, with all five submarkets posting lower or stable vacancy rates. Overall YTD absorption stayed positive at 1.0 msf.

DOWNTOWN

Downtown recorded 1.1 msf of new leasing during the quarter, bringing the YTD sum to 4.0 msf—a 137.8% increase from the 1.7 msf transacted during the same period in 2025 and the highest midyear total since 2019. Class A demand drove the majority of activity, accounting for 87.3% of YTD new leasing. Financial services drove 63.0% of YTD new leasing activity for new leases 10,000 sf and greater, followed by legal services at 14.7%. Combined new and renewal YTD leasing increased by 82.8% YOY to 4.9 msf, with Class A leasing accounting for 88.0% of the YTD total. The World Trade Center submarket captured 65.5% of YTD new and renewal leasing. While direct vacant space edged up during the quarter to 14.8 msf, sublease space fell to 3.5 msf—the lowest quarterly total since Q2 2020. YTD absorption was slightly negative at 363,687 sf, as new space additions during the quarter outpaced occupancy gains.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
East Side/UN	20,081,339	3,627,743	349,804	19.8%	-120,629	-199,095	502,466	0	$73.55	$74.41
Grand Central	43,107,714	6,271,603	870,069	16.6%	134,441	155,349	2,896,748	2,076,740	$71.65	$78.07
Madison / Fifth	23,036,941	3,722,761	365,509	17.8%	-134,830	604,979	591,077	975,300	$100.93	$114.01
Murray Hill	14,804,437	2,733,238	284,460	20.4%	-218,267	-1,707	384,669	0	$61.26	$71.49
Park Avenue	22,547,770	2,013,091	284,778	10.2%	40,269	17,055	917,778	0	$124.72	$124.72
Penn Station	31,900,614	3,353,819	1,154,912	14.1%	127,867	872,031	856,883	1,400,000	$99.44	$122.90
Sixth Avenue/Rock Center	41,830,965	6,032,137	939,264	16.7%	-655,280	-113,056	1,514,765	0	$94.81	$97.02
Times Square South	30,132,281	6,147,018	760,844	22.9%	-530,211	-544,086	1,061,264	0	$51.91	$65.46
West Side	30,090,211	4,474,115	2,142,525	22.0%	-82,714	917,794	697,728	0	$67.15	$72.51
MIDTOWN TOTALS	257,532,272	38,375,525	7,152,165	17.7%	-1,439,354	1,709,264	9,423,378	4,452,040	$76.98	$88.50
Chelsea	18,308,970	4,286,667	614,231	26.8%	-93,605	-169,321	567,634	198,983	$83.35	$111.11
Greenwich/NoHo	5,701,187	637,591	105,716	13.0%	-69,982	-72,137	156,439	0	$94.96	$126.68
Hudson Square/West Village	13,198,139	2,709,383	344,748	23.1%	86,579	-24,844	945,001	0	$90.32	$106.63
Madison/Union Square	31,380,307	5,925,384	121,168	19.3%	609,985	1,117,037	2,242,792	0	$73.97	$101.70
SoHo	5,172,215	1,101,669	200,187	25.2%	92,146	175,065	358,287	0	$79.23	$70.32
MIDTOWN SOUTH TOTALS	73,760,818	14,660,694	1,386,050	21.8%	625,123	1,025,800	4,270,153	198,983	$81.14	$104.50
City Hall	7,705,533	995,273	72,378	13.9%	45,770	6,726	205,060	0	$51.21	$53.91
Financial East	28,270,610	5,457,973	1,698,690	25.3%	-140,703	-2,539	578,978	0	$53.75	$56.57
Financial West	6,211,658	1,401,789	100,642	24.2%	-30,367	137,401	91,724	0	$49.74	$58.65
Insurance	10,970,665	3,439,231	116,791	32.4%	-75,180	-86,647	216,639	0	$51.67	$64.08
TriBeCa	5,031,971	781,162	88,542	17.3%	-119,886	-95,190	23,269	0	$84.22	$86.02
World Trade	24,144,411	2,766,721	1,466,207	17.5%	-250,907	-323,438	2,891,957	0	$66.19	$72.35
DOWNTOWN TOTALS	82,334,848	14,842,149	3,543,250	22.3%	-571,273	-363,687	4,007,627	0	$56.66	$63.60
MANHATTAN TOTALS	**413,627,938**	**67,878,368**	**12,081,465**	**19.3%**	**-1,385,504**	**2,371,377**	**17,701,158**	**4,651,023**	**$72.83**	**$84.79**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
570 Fifth Avenue	Grand Central	Simpson Thacher & Bartlett	916,000	New Lease
10 Hudson Yards	Penn Station	L'Oreal	484,170	Renewal*
One Liberty Plaza	World Trade	Cleary Gottlieb Steen & Hamilton LLP	475,052	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $PSF
55 East 52nd Street*	Park Avenue	Closer Properties, Zhang Xin. / Vornado Realty Trust	1,190,000	$539.0M / $924
346 Madison Avenue*	Grand Central	SL Green Realty Corp.. / Mori Building	850,000	$85.8M / $206
885 Second Avenue	East Side/U.N	Rockpoint Group / David Werner Real Estate	645,800	$270.0M / $418

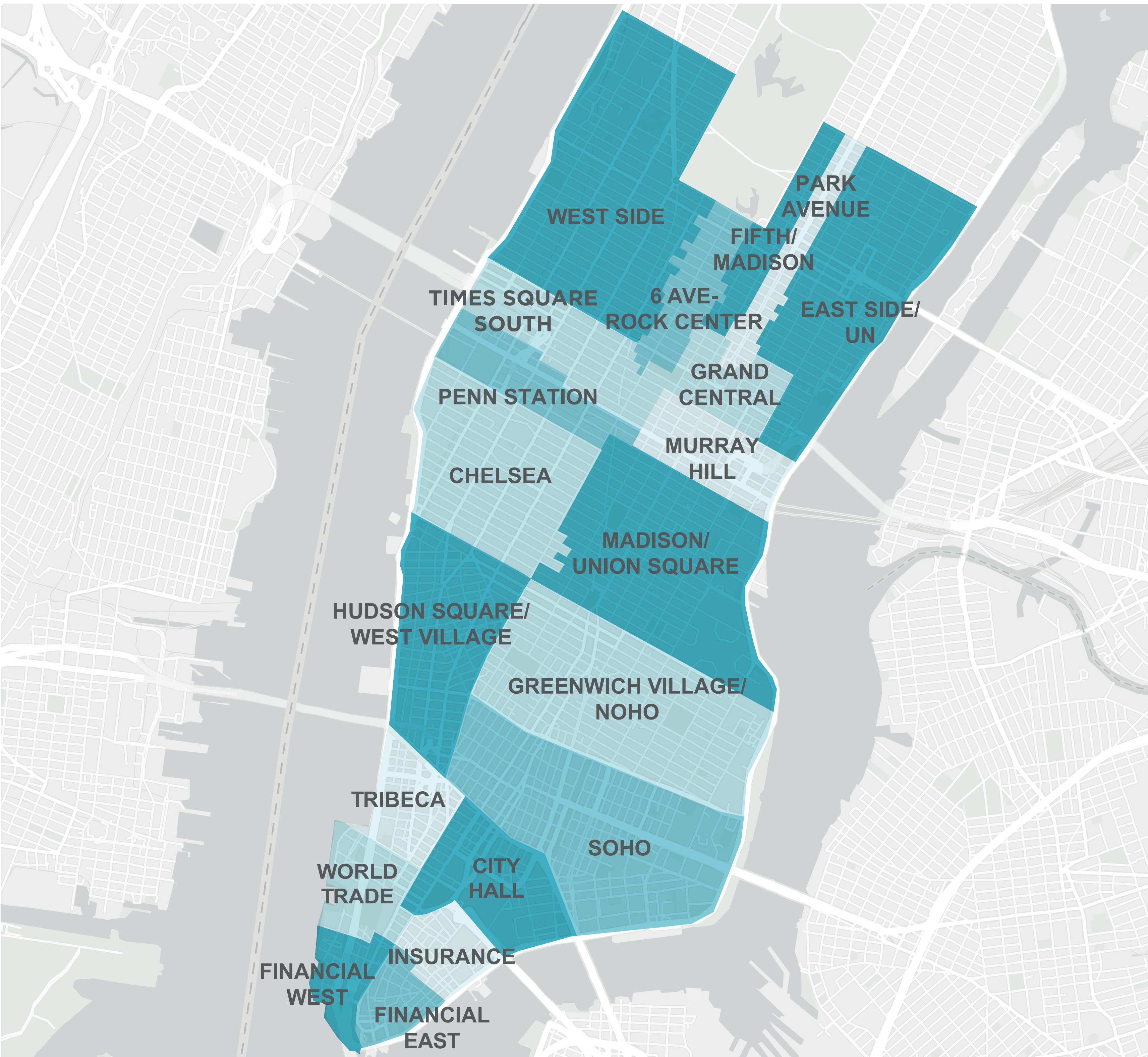
**49% partial interest*

KEY CONSTRUCTION COMPLETIONS Q2 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER

No key construction completions in Q2 2026

OFFICE SUBMARKETS



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