

MARKET FUNDAMENTALS

	YOY Chg	Outlook
18.6% Vacancy Rate	▼	▼
5.4 MSF YTD Net Absorption, SF	▲	▲
\$74.37 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 HITS RECORD HIGH IN JULY BEFORE AUGUST PULLBACK

New York City employment increased by 8,100 jobs between June and August 2026, bringing total employment to 4.86 million positions—56,400 jobs above its year-ago level. Office-using employment reached a 17-month high of 1.56 million jobs in July before declining by 24,800 positions in August, reflecting a gain of 1,300 jobs over the past 12 months. Professional and business services shed 18,000 jobs in Q3 2026, while information services lost 4,000 jobs and financial activities declined by 2,300 positions. Leisure and hospitality employment, which steadily increased in the first half of the year, fell by 18,100 jobs in Q3 2026.

SUPPLY AND DEMAND: VACANCY FALLS TO LOWEST LEVEL SINCE 2021

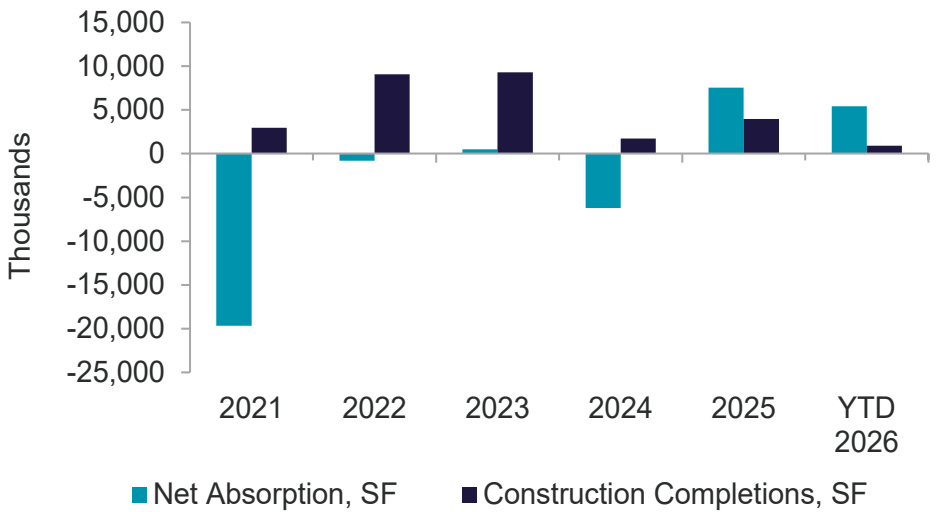
Manhattan recorded 6.2 million square feet (msf) of new leasing in Q3 2026, down 23.8% quarter-over-quarter (QOQ) but remaining 3.5% above the prior three-year quarterly average of 6.0 msf. Despite the quarterly drop in leasing, year-to-date (YTD) activity accelerated by 4.2% from the same period in 2025 to 23.9 msf. Class A space captured 74.3% of YTD new leasing, down from 77.8% a year ago, while the Class B share increased from 16.0% to 19.4%. AI-related office leasing helped drive demand growth, with the YTD total reaching 2.8 msf—nearly triple the full-year 2025 level and surpassing every prior full-year total. Despite the boost in AI leasing, it accounted for only 11.7% of total new leasing. Renewal activity surged, climbing 37.9% from the prior quarter to 2.9 msf, lifting YTD renewals up 44.5% YOY to 8.7 msf. Combined new and renewal YTD leasing totaled 32.6 msf, 12.5% ahead of last year’s pace and the strongest January-to-September total on record. Six leases greater than 200,000 square feet (sf), totaling 1.3 msf, were transacted during the quarter, bringing the YTD total to 16 leases totaling 9.4 msf—up from 6.7 msf during the same period in 2025.

Manhattan’s overall vacancy rate decreased by 70 basis points (bps) during the quarter to 18.6%, the lowest level since Q2 2021 and the ninth consecutive quarterly decline. Sublease supply fell 12.1% to 10.6 msf, the lowest level since Q3 2019, while direct vacant space declined to 66.0 msf—the lowest since Q1 2022. Overall absorption was positive for the fifth consecutive quarter, bringing YTD absorption to 5.4 msf. Class A properties recorded 5.1 msf of YTD absorption, while Class B and Class C properties both moved into positive territory on a YTD basis in the third quarter.

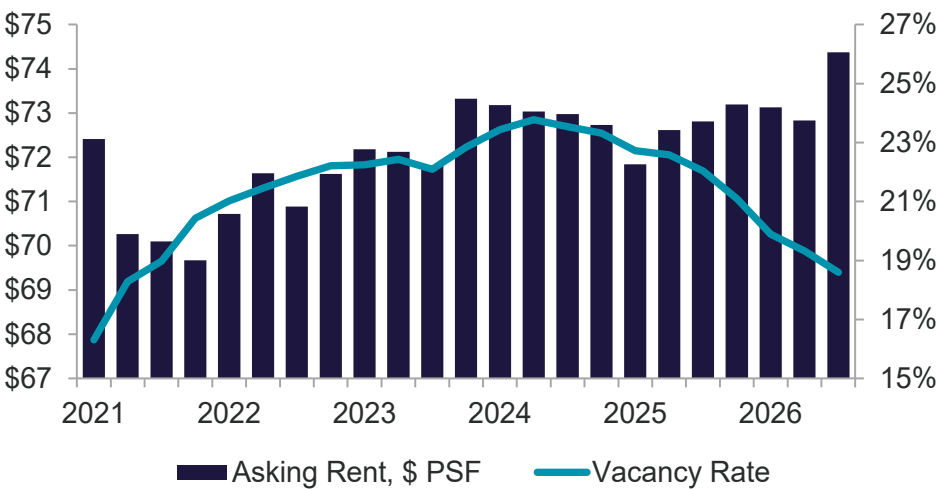
PRICING: ASKING RENTS RISE THROUGHOUT MANHATTAN AS CLASS A REACHES RECORD HIGH

Manhattan overall asking rents increased by \$1.53 per square foot (psf) during the quarter to \$74.37 psf, the highest level since May 2019, while Class A asking rents climbed \$1.96 to a record \$86.74 psf, 5.9% above a year ago. Midtown overall asking rents rose by \$1.85 psf to \$78.83, as Class A rents increased by \$2.07 to \$90.57 psf, the highest level since 2008. Midtown South overall asking rents increased by \$1.00 psf to \$82.14, while Class A rents climbed \$2.13 psf to a record \$106.62. Downtown overall rents rose by \$1.43 psf to \$58.09, while Class A rents increased by \$2.37 to \$65.96 psf, the highest level since mid-2020.

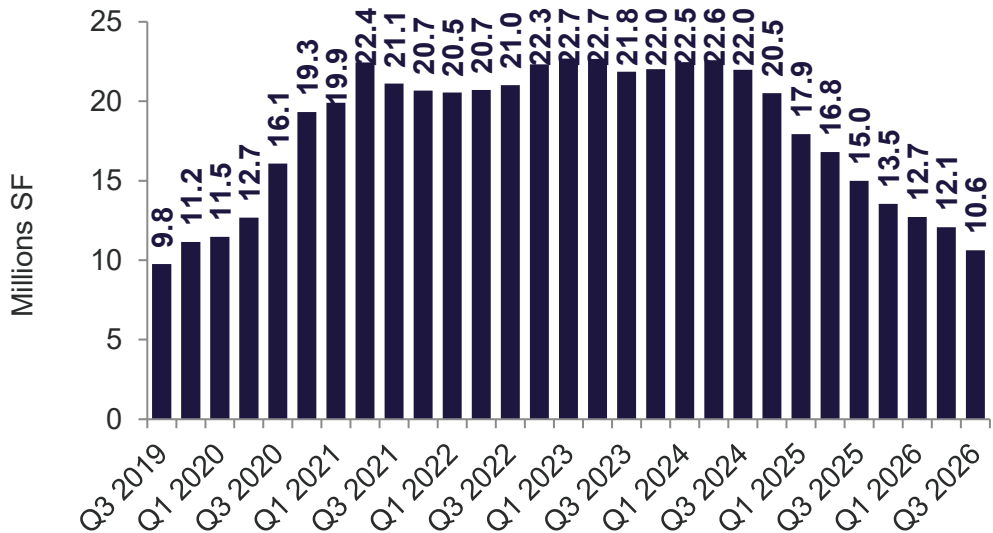
SPACE DEMAND / DELIVERIES



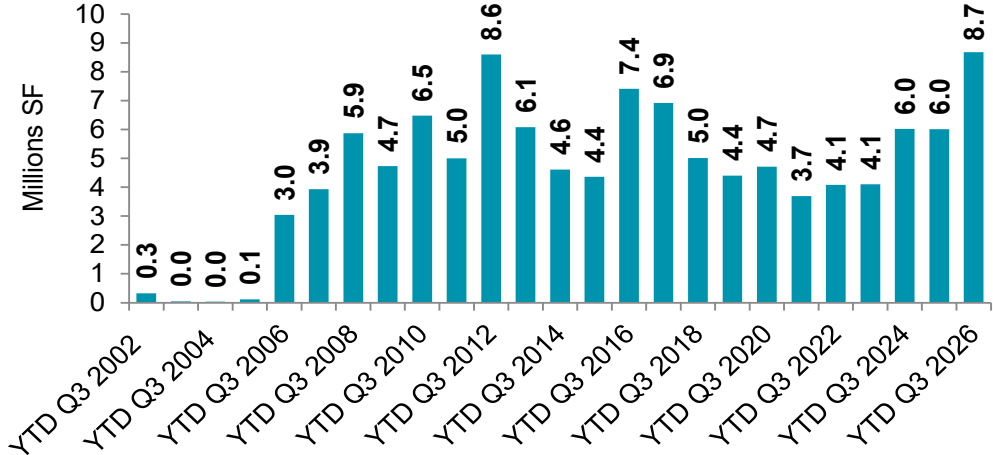
OVERALL VACANCY & ASKING RENT



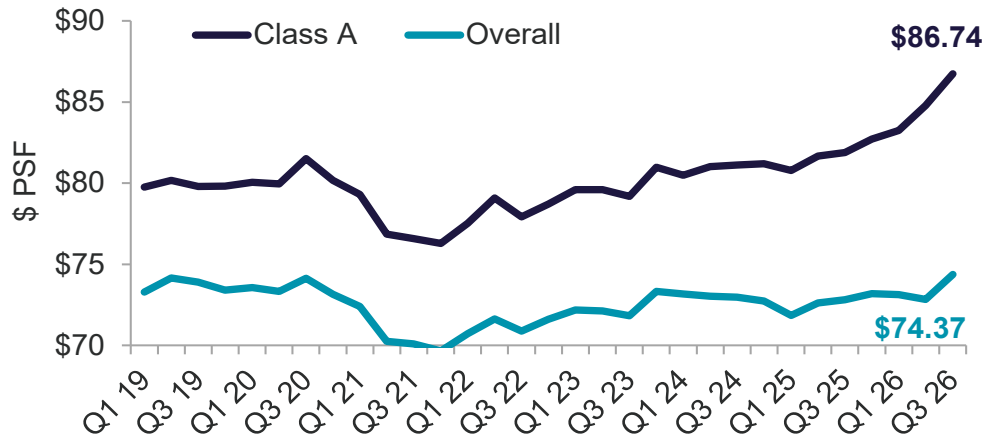
SUBLEASE SPACE FALLS TO LOWEST LEVEL SINCE Q3 2019



LEASE RENEWALS REACH HIGHEST YTD THIRD QUARTER TOTAL ON RECORD



ASKING RENT COMPARISON



MIDTOWN

Midtown new leasing declined by 22.0% during the quarter to 3.9 msf, 17.8% below Q3 2025, with YTD new leasing at 13.4 msf—trailing last year’s pace by 12.8%. Class A properties accounted for 85.0% of quarterly new leasing and 83.3% of YTD activity. Legal Services led YTD demand, representing 32.7% of new leases greater than 10,000 sf, followed by Financial Services, accounting for 30.1% of activity. The largest new deals were Morgan Lewis’s 210,000-sf transaction at 1251 Avenue of the Americas and Snap’s 198,893-sf sublease at Penn 2. Renewals nearly doubled to 2.1 msf, led by Proskauer Rose LLP’s 447,698-sf renewal at 11 Times Square, lifting combined new and renewal YTD leasing to 19.6 msf—1.1% above 2025. The overall vacancy rate fell by 70 bps to 17.0%, the lowest since Q1 2021. All nine submarkets posted YOY declines, with six currently below 20.0% vacancy. YTD absorption remained positive at 3.6 msf, with Class A properties accounting for 3.5 msf.

MIDTOWN SOUTH

Midtown South new leasing declined by 12.9% quarter-over-quarter to 1.8 msf but was 29.7% above Q3 2025 and exceeded the 2025 quarterly average of 1.6 msf. YTD new leasing reached 6.1 msf, up 23.8% YOY. Class A accounted for 44.9% of YTD new leasing, with Class B accounting for 39.5%. The TAMI sector (Technology, Advertising, Media & Information Services) represented 65.9% of new leases of 10,000 sf and greater signed during the quarter, with Anthropic’s 465,630-sf lease at 330 Hudson Street representing the largest new lease in Manhattan during the quarter. Lease renewals rose 16.5% to 607,000 sf, bringing combined new and renewal YTD leasing to 7.4 msf—up 31.5% YOY. Vacancy declined for the eighth consecutive quarter to 21.5%, down from 24.9% one year ago and the lowest level since Q2 2022, though Hudson Square/West Village was the only submarket to post a YOY increase. Overall YTD absorption was positive at 1.4 msf.

DOWNTOWN

Downtown recorded 514,706 sf of new leasing during the quarter, a 52.6% decline from the second quarter, bringing YTD new leasing to 4.5 msf—up 63.2% YOY and the highest nine-month total since 2019. Class A space drove 87.0% of YTD new leasing with the World Trade submarket capturing 69.7% of YTD volume. Financial Services led new leases of 10,000 sf and greater, representing 58.5% of activity, followed by Legal Services at 16.3%. Combined new and renewal YTD leasing rose 41.7% YOY to 5.6 msf, supported by AON’s 202,000-sf renewal at One Liberty Plaza. Overall vacancy fell by 130 bps to a 20-quarter low of 21.0%, as sublease space declined 22.8% to 2.7 msf, the lowest level since Q1 2020, while direct vacant space dropped 3.5% to 14.3 msf. YTD absorption turned positive at 460,609 sf, reversing last quarter’s 363,687 sf of negative absorption.

OUTLOOK

- Expect vacancy to keep tightening as Class A availability shrinks, supporting further rent growth
- Look for demand to broaden into next-tier buildings
- Anticipate AI tenants to remain a key driver of Midtown South leasing

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	20,066,339	3,562,907	322,482	19.4%	66,773	-110,527	739,730	0	\$72.71	\$73.96
Grand Central	43,299,293	6,498,169	678,840	16.6%	51,333	263,169	3,320,161	1,865,858	\$76.83	\$85.34
Madison / Fifth	23,036,941	3,290,558	425,872	16.1%	94,626	976,819	1,113,685	975,300	\$100.29	\$113.40
Murray Hill	14,804,437	2,790,181	254,777	20.6%	-117,029	-75,657	681,050	0	\$60.59	\$70.55
Park Avenue	22,547,770	2,127,558	203,602	10.3%	-62,464	-16,236	1,169,520	0	\$132.25	\$132.25
Penn Station	31,900,614	3,008,543	1,059,517	12.8%	395,446	1,312,702	1,547,747	1,400,000	\$96.17	\$124.47
Sixth Avenue/Rock Center	41,830,965	5,968,388	704,467	16.0%	213,408	178,825	2,293,662	0	\$98.59	\$101.02
Times Square South	30,132,281	5,717,198	694,965	21.3%	368,027	-107,068	1,549,452	0	\$50.92	\$64.05
West Side	29,954,751	4,228,064	2,176,535	21.4%	123,934	1,129,835	940,642	0	\$71.53	\$72.34
MIDTOWN TOTALS	257,573,391	37,191,566	6,521,057	17.0%	1,134,054	3,551,862	13,355,649	4,241,158	\$78.83	\$90.57
Chelsea	18,308,970	4,119,883	638,799	26.0%	108,646	-55,824	796,878	198,983	\$84.19	\$111.65
Greenwich/NoHo	5,701,187	617,211	122,630	13.0%	-4,688	-75,764	284,881	0	\$99.58	\$134.69
Hudson Square/West Village	13,310,921	3,019,847	310,450	25.0%	-128,536	-76,132	1,660,211	0	\$92.57	\$109.92
Madison/Union Square	31,380,307	5,610,361	110,366	18.2%	282,280	1,443,066	2,854,616	0	\$73.10	\$100.95
SoHo	5,174,050	1,123,713	177,823	25.2%	279	175,344	466,470	0	\$82.67	\$75.69
MIDTOWN SOUTH TOTALS	73,875,435	14,491,015	1,360,068	21.50%	257,981	1,410,690	6,063,056	198,983	\$82.14	\$106.62
City Hall	7,705,533	954,927	49,536	13.0%	6,426	24,639	198,371	0	\$50.00	\$53.89
Financial East	27,850,111	4,946,069	1,572,394	23.4%	309,472	313,666	715,579	0	\$53.90	\$57.03
Financial West	5,483,343	1,351,431	112,909	26.7%	-4,172	133,229	72,976	0	\$49.98	\$68.52
Insurance	10,970,665	3,456,320	89,233	32.3%	-51,126	-76,178	360,870	0	\$54.63	\$63.96
TriBeCa	5,031,971	735,845	3,000	14.7%	0	-49,873	23,269	0	\$87.28	\$89.19
World Trade	24,144,411	2,884,294	910,070	15.7%	191,544	115,126	3,151,268	1,950,025	\$73.01	\$81.25
DOWNTOWN TOTALS	81,186,034	14,328,886	2,737,142	21.0%	452,144	460,609	4,522,333	1,950,025	\$58.09	\$65.96
MANHATTAN TOTALS	412,634,860	66,011,467	10,618,267	18.6%	1,844,179	5,423,161	23,941,038	6,390,166	\$74.37	\$86.74

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
330 Hudson Street	Hudson Square/West Village	Anthropic	465,630	New Lease
11 Times Square	Times Square South	Proskauer Rose LLP	447,698	Renewal*
200 Madison Avenue	Murray Hill	Havas Health and You	254,118	Expansion / Renewal*

*Renewals and renewal portions not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2026

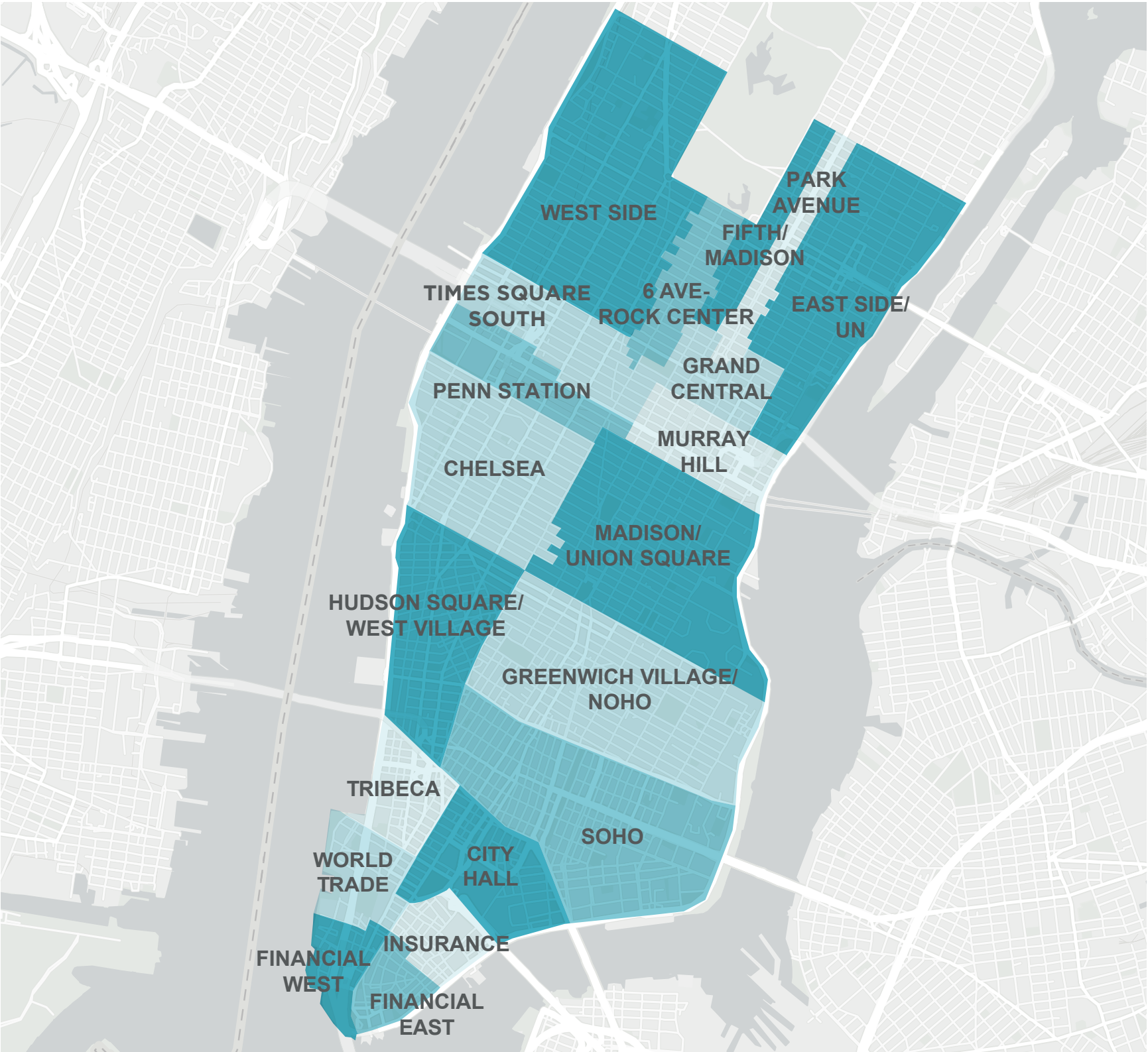
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
600 Third Avenue	Grand Central	L&L Holding Company, BlackRock / L&L Infinite, Mack Real Estate Group, BLDG Management Co.	548,000	\$245.0M / \$447
1441 Broadway (10 Times Square)	Times Square South	L.H. Charney Associates / 60 Guilders, Sentry Realty	523,152	\$238.2M / \$455
10 East 53rd Street	Madison/Fifth	SL Green Realty Corp. / Meadow Partners	398,456	\$310.0M / \$778

KEY CONSTRUCTION COMPLETIONS Q3 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
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No key construction completions in Q3 2026

OFFICE SUBMARKETS



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