

Q2 2024 NYC OFFICE OVERVIEW

LOCAL EXPERTISE | NATIONAL REACH
WORLD CLASS

FOR MORE INFORMATION, PLEASE CONTACT:

PETER BRAUS

President

212.776.1203

pbraus@lee-associates.com

JAMES WACHT

Managing Principal

212.776.1202

jwacht@lee-associates.com

TODD KORREN

Director of Leasing | Principal

212.776.1283

tkorren@lee-associates.com



Economic Update

New York City’s economy continued to show signs of progress through Q2 2024. As of May 2024, the unemployment rate decreased to 4.80%, marking a 0.30% improvement from February and significantly below the historical average of 7.72%. This improvement reflects a growing economy as private sector employment rose by 60,300 jobs year-over-year, totaling 4,178,100. The broader nonfarm job sector nearly returned to its pre-pandemic levels, reaching 98.9% recovery with 4,749,900 jobs.

and bus ridership reached 71% and 60% respectively, while commuter rail saw the largest rebound. The Long Island Railroad carried 260,745 riders on Tuesday, May 14, the highest ridership for a single weekday since the pandemic. The average LIRR & Metro North ridership for Tuesday through Thursday of that week was 222,244 riders, also a post-pandemic record. Office occupancy in New York City is gradually increasing, reaching nearly 80% of pre-pandemic levels, according to Placer.ai. The report attributes this resurgence mainly to major Wall Street firms such as Citigroup, HSBC, and Barclays encouraging employees to return to the office.



UNEMPLOYMENT RATE

4.8%

MAY 2024 (NYC)

4.1%

JUNE 2024 (US)



INFLATION RATE

3.00%

MAR 31, 2024

3.48%

MAR 2024



FEDERAL FUNDS RATE

5.33%

5.25%

5.50%

TARGET RANGE



SUBWAY RIDERSHIP

3.3M

AVERAGE DAILY RIDERS
JAN 2024

71%

OF PRE-PANDEMIC
LEVELS



Leasing Activity

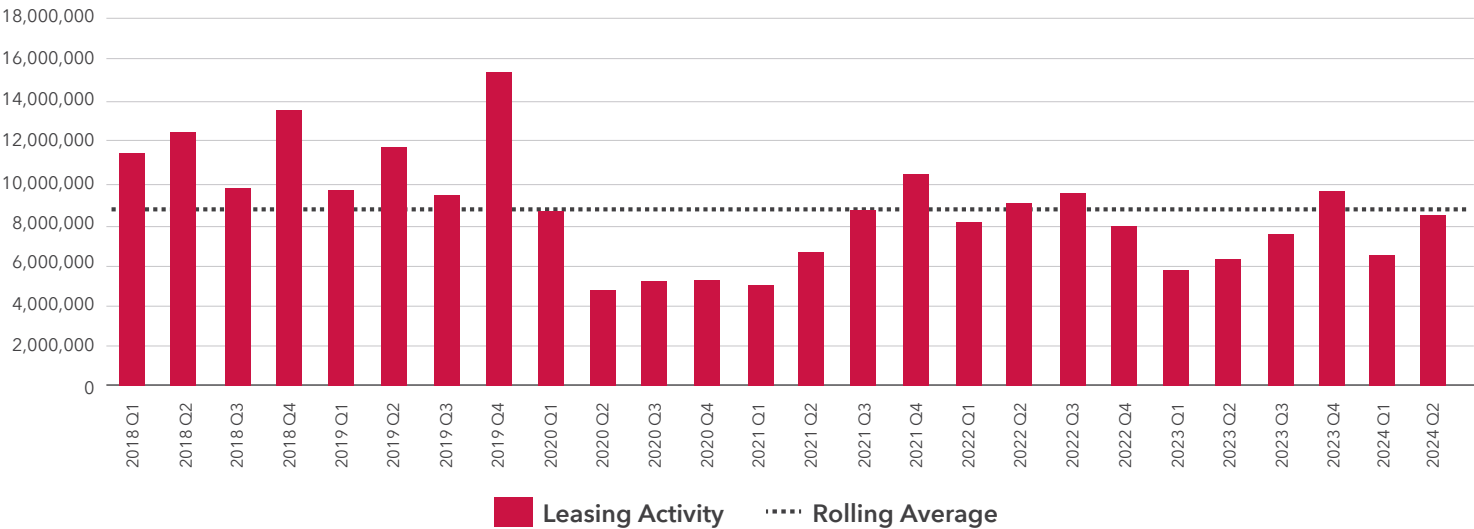
Manhattan’s office leasing activity rebounded in the second quarter of 2024, totaling 8,460,142 million square feet after a slow Q1. YTD 2024 leasing activity reached 14.7 million square feet, an 18.5% increase compared to the first half of 2023. Bloomberg, American Eagle, and Covington & Burling signed significant leases totaling 1,520,379 square feet, with the latter two companies upgrading their building class and continuing the trend of flight to higher quality spaces.

Manhattan vacancy rate improved to 17.9%, down 1.7% from last quarter and down 4% from the end of 2023. Q2 saw a growing number of lower quality buildings being transformed into residential or alternative purposes.

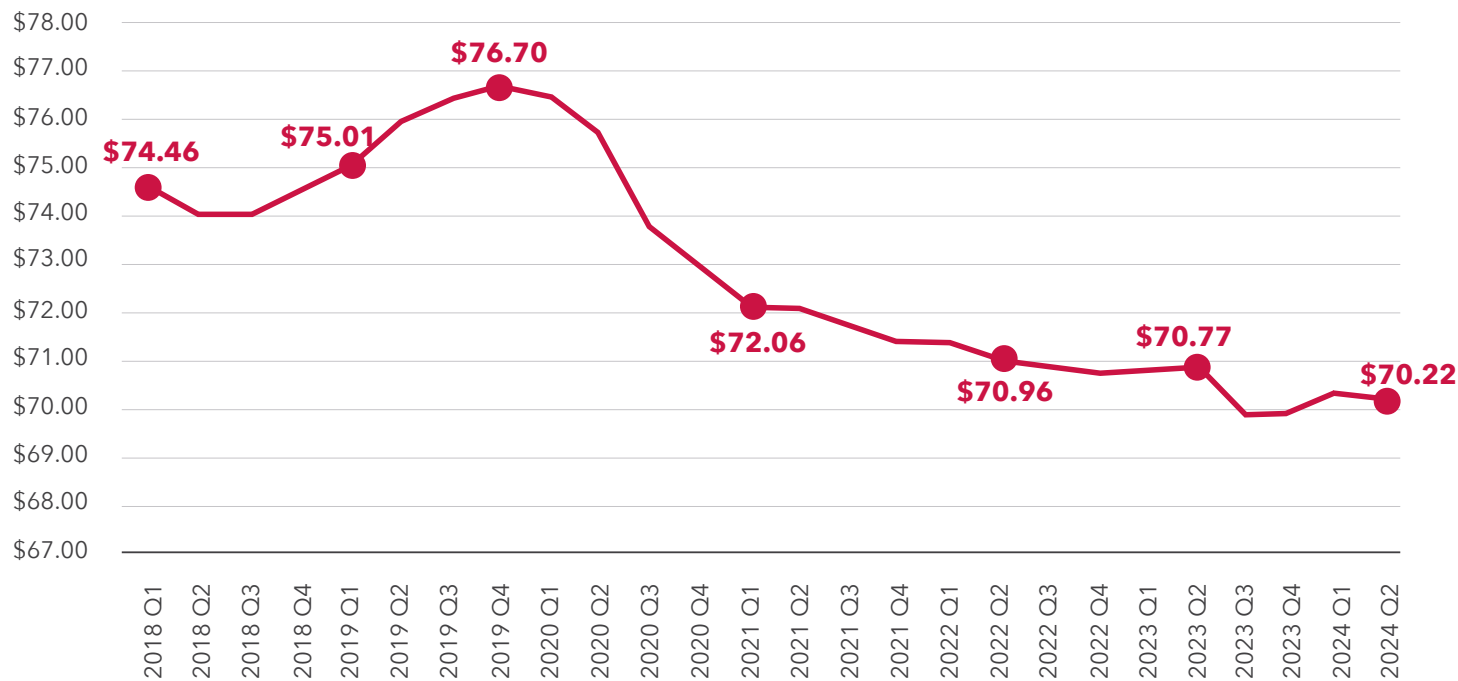
While there is a decline in Class B inventory, the rising vacancy rate indicates a consistent shift towards flight to quality. Trophy space has increased by more than 8 million square feet since 2023, with recent quarters showing a decline in vacancy rates.

After declining during the pandemic, Manhattan market rents have remained relatively stable over the last several quarters, averaging \$70.22 PSF in Q2 2024, but still down 8.4% from the pre-pandemic peak of \$76.70 PSF. Class A building rents remained steady at just under \$80 PSF, though still 5.6% below their pre-pandemic peak of \$84.15 PSF.

LEASING ACTIVITY



MANHATTAN MARKET RENT



Midtown

With 6.16 million square feet leased, Midtown saw a promising increase from a lackluster Q1. Leasing activity was up 22% from the previous quarter and 35.2% from Q2 2023. Five new leases exceeding 100,000 square feet were signed, and asking rents remained stable at \$76.42 per square foot. Midtown also accounted for 7 out of the 10 largest leases signed this quarter.



Midtown South

In Q2, Midtown South's leasing activity surpassed the five-year quarterly average by 48% and saw a 15% increase from Q1. Year-to-date leasing activity reached 2.9 million square feet, a 13% rise compared to the first half of 2023. Average rents remained stable at just under \$68 per square foot, while availability decreased by 0.40% since the last quarter. American Eagle accounted for the largest lease in Midtown South, inking a 338,000 square foot relocation of its headquarters to 63 Madison Avenue.



Downtown

Downtown leasing volume totaled 623,535 square feet in Q2 2024, down 18% from Q1 and falling short of the five-year rolling quarterly average of 1.2M SF. The largest lease in this area was the 146,500 SF sublease at 28 Liberty Street by electronic payment company Stripe, relocating and expanding from their current 125,000 SF location at 199 Water Street. Sublease space accounted for a third of the total leasing volume downtown and average rents have steadily increased to \$57.16 since Q1 2023.



TOP LEASE TRANSACTIONS

Bloomberg

731 LEXINGTON AVENUE

946,815 SF



**AMERICAN EAGLE
OUTFITTERS**

63 MADISON AVENUE

338,085 SF

COVINGTON

COVINGTON & BURLING LLP

30 HUDSON YARDS

235,479 SF



BAIN & COMPANY

22 VANDERBILT

235,201 SF



INDUSTRIOUS

12 EAST 49TH STREET

222,309 SF

stripe

28 LIBERTY STREET

146,500 SF



FOR MORE INFORMATION, PLEASE CONTACT:

PETER BRAUS

President

212.776.1203

pbraus@lee-associates.com

JAMES WACHT

Managing Principal

212.776.1202

jwacht@lee-associates.com

TODD KORREN

Director of Leasing | Principal

212.776.1283

tkorren@lee-associates.com



**LEE &
ASSOCIATES**

COMMERCIAL REAL ESTATE SERVICES