News Release

Colliers

For Immediate Release

Manhattan's Highest Year of Leasing Demand Since 2019

Availability rate tightened in Q4 with positive absorption and higher pricing

New York, January 2, 2026 – Manhattan office leasing activity was noticeably higher since Q3 2025 after increasing by more than 25.0% to 11.87M SF during the fourth quarter according to Colliers' most recent quarterly report.[1] Moreover, the Q4 2025 leasing activity was 51.6% above the five-year quarterly average (7.83M SF) and 43.5% above the ten-year average (8.27M SF). Furthermore, this was Manhattan's strongest single quarter of leasing velocity since Q4 2019 (13.17M SF) as the quarterly demand grew by 16.3%, year over year. Manhattan's total leasing volume in 2025 was 41.92M SF, the highest yearly total since 2019 (42.97M SF). This represented more than a 25.0% increase compared to the yearly demand in 2024 (33.34M SF) and was only 2.4% below 2019's pre-pandemic total.

The largest transactions during the fourth quarter included Bloomberg's 496,000-sq.-ft. renewal at 120 Park Avenue, the 460,000-sq.-ft. new lease by Moody's at 200 Liberty Street and Millennium Management's 438,000-sq.-ft. extension at 399 Park Avenue. Meanwhile, Manhattan's Class A product captured 74.2% of the total leasing volume – at 8.81M SF – surpassing its 64.4% share of the total market inventory.

Manhattan's FIRE (financial services, insurance and real estate) sector led leasing by industry during the quarter with a 37% share of activity. The TAMI (technology, advertising, media and information services) sector had the second-largest share of activity – at 34% – while the professional services sector followed with a 14% share.

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[1] Based on deals 5,000+ sq. ft.

At 6.0%, New York City's September 2025 unemployment rate increased by 1.2 pp (percentage points) from three months earlier and grew by 0.7 pp, year over year.[2] Yet, New York City's 1.2% annual private sector job growth surpassed the growth nationally (0.8%) and at the state level (1.0%).[3]

Manhattan's asking rent average grew in Q4 – by 1.5% to $76.00/SF – after several below-average priced large (100,000+-sq.-ft.) blocks of space were removed from the available inventory, higher-repricing occurred in pockets of the market and above-average priced large blocks of space were added to the availability. In addition, this was Manhattan's highest average since October 2020. What's more, the asking rent was higher by 3.5%, year over year, but was 4.4% below the March 2020 average of $79.47/SF. Meanwhile, the quarterly asking rent average increased in all but five of Manhattan's 18 submarkets. The average asking rent in Class A product ($83.01/SF) increased by 1.6% since the third quarter to its highest level since September 2020 while the average in Class B product grew by 1.1% to a record-high of $68.61/SF. Lastly, the Class C average ($49.07/SF) was higher by 3.4%.

At 13.9%, Manhattan's availability rate was cut by 0.7 pp since September 2025. This was the seventh straight quarter of a tightening or stable availability rate, the longest period since 2007. Though the available supply grew by 36.7% since March 2020, the December 2025 total (73.61M SF) was substantially lower than the post-pandemic peak of 98.05M SF in February 2024. The supply decreased by 17.5% since December 2024 and was Manhattan's tightest availability since November 2020. Separately, sublet availability was lower – for the seventh successive quarter – with a net decrease of 1.15M SF. The sublet availability was reduced by 37.0% over the last 12 months and at 11.41M SF, was Manhattan's lowest sublet supply since October 2019.

Manhattan's quarterly net absorption was positive 3.96M SF while the total yearly absorption was positive 15.56M SF, including 2.14M SF of space removed from the availability for planned

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[2] Source: New York State Department of Labor. Unemployment data is not seasonally adjusted and no monthly unemployment data is available pre-1976.

[3] Source: New York State Department of Labor. Annual growth between September 2024-September 2025.

conversion to non-office use. Approximately 19.10M SF of positive absorption was recorded over the last four years. Nonetheless, Manhattan's net absorption since March 2020 was negative 19.76M SF.

"The year 2025 will be remembered as a watershed moment in the Manhattan office market's recovery," said Franklin Wallach, executive managing director of research & business development for Colliers in New York. "Tenant demand practically matched the pre-pandemic volume while supply has tightened for the longest continuous quarterly period in nearly twenty years. All the while, sublet inventory fell below the March 2020 benchmark, more $150.00+/SF and $200+/SF deals closed compared to 2019 and some corridors recorded record-high asking rents. However, the Manhattan office market has only shed half of its post-pandemic excess supply. The healthy demand recorded in 2025 and conversions of underutilized office assets must, therefore, continue in 2026 and 2027."

Manhattan Market Indicators			
	Q4 2024	**Q3 2025**	**Q4 2025**
Availability Rate	16.5%	14.6%	**13.9%**
Average Asking Rent ($/SF/YR)	$73.42	$74.89	**$76.00**
Leasing Activity	10,207,541	9,422,537	**11,866,519**
Net Absorption	3,932,342	4,413,916	**3,961,742**

<u>Midtown</u>

At 5.27M SF, Midtown's demand grew by one-fourth since Q3 2025 but was lower by 16.0% since Q4 2024. Yet, Midtown's Q4 2025 leasing velocity was 30.9% above both the five-year quarterly average and the ten-year average (4.03M SF). The largest leases during the quarter included Bloomberg's renewal at 120 Park Avenue, Millennium Management's extension at 399 Park Avenue and Ropes & Gray's 377,000-sq.-ft. extension at 1211 Avenue of the Americas. Midtown's total 2025 demand was 19.32M SF, a 0.7% increase since 2024 (19.19M SF) and the highest yearly total since 2018 (21.10M SF).

Leases by Millennium Management at 399 Park Avenue and Natixis at 1633 Broadway (203,000-sq.-ft. new lease) led to the FIRE sector leading Midtown demand with a 58% share of fourth quarter activity. Transactions from the professional services sector followed at 22%, driven by Ropes & Gray at 1211 Avenue of the Americas and BakerHostetler at 45 Rockefeller Plaza (115,000-sq.-ft. renewal and relocation within the building).

Midtown's asking rent average jumped by 2.7% during the quarter to $82.92/SF. Although still 3.3% below the March 2020 average ($85.76/SF), this was Midtown's highest asking rent since October 2020. Moreover, Midtown's average increased by 6.5%, year over year, the sharpest yearly growth since 2015. The notable gain during Q4 was primarily the result of 100,000+-sq.-ft. below-average priced blocks of space removed from the availability at 1633 Broadway (278,000 sq. ft., including 203,000 sq. ft. leased to Natixis), 1515 Broadway (192,000-sq.-ft. sublet), 151 West 42nd Street (165,000-sq.-ft. sublet, including 82,000-sq.-ft. sublease expansion by Bank of Montreal), 311 West 43rd Street (132,000 sq. ft.) and 1325 Avenue of the Americas (125,000-sq.-ft. sublet, including 76,000-sq.-ft. sublease by WTW). On top of this, above-priced large blocks were listed at 1211 Avenue of the Americas (287,000 sq. ft.), 1540 Broadway (164,000 sq. ft.), 245 Park Avenue (150,000 sq. ft.) and 444 Madison Avenue (124,000 sq. ft.). Higher-repricing occurred in Midtown as well.

Despite an additional 100,000+-sq.-ft. block of space listed at 1230 Avenue of the Americas (122,000-sq.-ft. sublet), Midtown's availability rate tightened for the seventh consecutive quarter – the longest period of a tightening or stable rate since 2011 – by 0.5 pp to 12.6%. The available inventory was only 8.2% higher compared to March 2020 and was cut by 28.7% since the post-pandemic peak of 42.05M SF in July 2021. At 29.97M SF, Midtown's available supply also tightened by 18.0% since December 2024 and ended 2025 at the lowest availability since July 2020. Sublet space represented 16.8% of Midtown's overall availability while Midtown's total sublet supply contracted – for the sixth quarter in a row – by 0.70M SF. At 5.04M SF – the lowest since October 2019 – Midtown's net sublet availability was sharply reduced by 27.0% in the last 12 months.

Midtown ended the fourth quarter with 1.12M SF of positive absorption. Although 2.26M SF of negative absorption was recorded since March 2020, the total over the last four years was positive

10.36M SF, including 6.60M SF since December 2024. On top of this, Midtown's absorption was positive for seven successive quarters.

Midtown Market Indicators			
	Q4 2024	**Q3 2025**	**Q4 2025**
Availability Rate	15.2%	13.1%	**12.6%**
Average Asking Rent ($/SF/YR)	$77.89	$80.71	**$82.92**
Leasing Activity	6,278,939	4,234,610	**5,274,393**
Net Absorption	804,449	2,054,205	**1,117,091**

Midtown South

At 4.43M SF, leasing demand in Q4 2025 was higher by a marginal 3.2% since the prior quarter and grew by 30.9%, year over year. Additionally, this was the fifth consecutive quarter of higher demand and was Midtown South's strongest quarter of activity since Q4 2019 (4.83M SF). The Q4 leasing velocity was also well ahead of the five-year quarterly average (2.74M SF) and the ten-year average (2.89M SF). The largest transactions during Q4 included Scholastic's 220,000-sq.-ft. new lease (via sale-leaseback) at 555-557 Broadway, the 177,000-sq.-ft. renewal by AMC Networks at Penn 11 and Monday.com's 138,000-sq.-ft. renewal and expansion at 225-233 Park Avenue South. Overall, Midtown South's yearly leasing velocity jumped by 39.5% since 2024 to 16.20M SF, the strongest since 2019 (16.41M SF).

Scholastic's transaction at 555-557 Broadway, AMC's renewal at Penn 11 and Monday.com's lease at 225-233 Park Avenue South led to the TAMI sector capturing the largest share of Midtown South leasing volume, at 62%. The FIRE sector followed with a 12% share, mostly from Robinhood's 125,000-sq.-ft. new sublease at Penn 2 and the 103,000-sq.-ft. new sublease by Sixth Street at 66 Hudson Boulevard.

Midtown South's asking rent average grew by a modest 0.1% to $79.30/SF. Above-average priced large blocks of space were added to the available inventory at 2 Park Avenue (190,000 sq. ft.) and 188-198 Madison Avenue (160,000 sq. ft.) while higher-repricing occurred in areas of Midtown South.

However, this was nearly offset by the above-average priced blocks of space leased by Rippling at 330 West 34th Street (133,000-sq.-ft. new lease), DICK'S Sporting Goods at Penn 2 (125,000-sq.-ft. new lease) and multiple 25,000-99,999-sq.-ft. leases throughout Penn 2 and 1 Madison Avenue, resulting in several hundred thousand square feet of above-average priced space removed from the available inventory at the two buildings. Midtown South's asking rent also grew by 0.9% over the last 12 months and was 1.7% above the March 2020 average of $77.95/SF.

Midtown South's availability rate dropped – for the sixth quarter in a row – by 1.0 pp to 13.7%. Despite the available inventory expanding by 72.2% since March 2020 to 26.17M SF, Midtown South's availability was at its lowest since January 2021. What's more, the supply decreased by approximately 20.0% since December 2024 and was cut by 27.6% since the post-pandemic peak of 36.16M SF in November 2023. Sublet space represented 10.6% of Midtown South's overall availability while the total sublet supply shrank – for the ninth successive quarter – by 0.25M SF to 2.77M SF, Midtown South's lowest sublet availability since October 2016. Since reaching the post-pandemic peak of 8.15M SF in March 2023, the sublet supply was reduced by almost two-thirds and was cut by more than 50.0%, year over year.

Net absorption during Q4 was positive 1.85M SF and Midtown South recorded six consecutive quarters of positive absorption for the first time since 2015. While Midtown South's net absorption since March 2020 was negative 10.97M SF, it was positive 5.27M SF over the last four years.

Midtown South Market Indicators

	Q4 2024	Q3 2025	Q4 2025
Availability Rate	17.0%	14.7%	**13.7%**
Average Asking Rent ($/SF/YR)	$78.57	$79.22	**$79.30**
Leasing Activity	3,383,425	4,291,083	**4,428,678**
Net Absorption	1,885,834	1,924,834	**1,850,973**

Downtown

At 2.16M SF, Downtown's leasing velocity more than doubled since Q3 2025 and almost quadrupled, year over year. Unlike the third quarter – which included only one 100,000+-sq.-ft. lease – four separate 100,000+-sq.-ft. transactions closed, accounting for half of Lower Manhattan's fourth quarter demand. Downtown's largest leases during the quarter included the new lease by Moody's at 200 Liberty Street, the Office of the New York State Attorney General's 378,000-sq.-ft. extension and expansion at 28 Liberty Street and Stripe's 139,000-sq.-ft. expansion at 28 Liberty Street. Downtown's leasing volume was more than double the five-year quarterly average (1.06M SF) and was 60.4% above the ten-year average (1.35M SF). Moreover, Lower Manhattan's yearly leasing total of 6.39M SF far surpassed 2024's 2.55M SF total. Although this was Downtown's strongest post-pandemic year of demand, it remained well below the 2019 total (10.70M SF).

At 35%, the FIRE sector accounted for the largest share of leasing volume Downtown. The FIRE demand was mostly influenced by Moody's lease at 200 Liberty Street and BGC Group's 129,000-sq.-ft. renewal and expansion at 55 Water Street. The TAMI sector followed with a 26% share of Downtown leasing volume after Stripe's expansion at 28 Liberty Street and Scale AI's 79,000-sq.-ft. new sublease at 1 World Trade Center.

Lower Manhattan's asking rent average increased for the fifth straight quarter – the longest period since Q1 2020 – by 1.1% to $59.83/SF. This was Downtown's highest average since February 2022. The higher pricing during Q4 was mostly the result of a few key factors. An above-average priced 100,000+-sq.-ft. block of space was added to the availability at 200 Liberty Street (157,000 sq. ft.) while higher-repricing occurred in segments of Downtown. At 55 Water Street, 122,000 sq. ft. of below average-priced sublet space was removed from the market (including the 57,000-sq.-ft. portion subleased by Verra Mobility). Furthermore, 331,000 sq. ft. of lower-priced space across multiple buildings was withdrawn for planned conversion to non-office use, including at 101 Greenwich Street and 30 Broad Street. Lower Manhattan's average asking rent grew by 4.9% over the last 12 months, the sharpest yearly growth since 2017. However, the asking rent was still 9.1% below the March 2020 average of $65.79/SF.

Even with additional 100,000+-sq.-ft. availabilities listed during Q4 at 1 New York Plaza (251,000-sq.-ft. sublet) and 22 Cortlandt Street (132,000 sq. ft.), Lower Manhattan's quarterly availability rate was reduced by 1.0 pp to 17.1%. Despite Downtown's 59.6% availability growth since March 2020, the available supply (17.47M SF) decreased by almost 25.0% since the post-pandemic peak of 23.05M SF in February 2024 and was reduced by 12.7%, year over year.

Sublet space represented 20.6% of Downtown's total availability while the sublet supply decreased – for the seventh uninterrupted quarter – by 0.21M SF. Even as Downtown's sublet inventory swelled by 46.4% since March 2020 to 3.60M SF, the sublet availability decreased by nearly 35.0% over the last 12 months and was 45.0% below the post-pandemic peak of 6.55M SF in September 2023. Meanwhile, Lower Manhattan's absorption during Q4 was positive 0.99M SF and approximately 3.47M SF of positive absorption was recorded over the last four years. Nonetheless, Downtown's net absorption since March 2020 was negative 6.53M SF.

Downtown Market Indicators

	Q4 2024	Q3 2025	Q4 2025
Availability Rate	18.8%	18.1%	**17.1%**
Average Asking Rent ($/SF/YR)	$57.03	$59.15	**$59.83**
Leasing Activity	545,177	896,844	**2,163,448**
Net Absorption	1,242,059	434,877	**993,678**

Capital Markets

Manhattan's office investment sales volume remained stable in Q4 2025 as buyers selectively pursued both stabilized and transitional assets, including a growing number of larger, institutional-quality transactions. During the quarter, 15 office properties traded, generating $2.1 billion in total sales volume, which was in-line with prior year levels as pricing expectations continued to reset. The median sale price reached $104.0 million, though continued dispersion between trophy and non-trophy buildings resulted in a median price of $477/SF.

While adaptive reuse remains an ongoing theme within the Manhattan office market, most of the sales in Q4 2025 were acquisitions with the intent of continued office use. Notable transactions during the quarter include Weill Cornell Medicine's acquisition of 1334 York Avenue for $510.0 million ($1,256/SF). This was followed by Empire State Realty Trust's acquisition of Scholastic's New York office portfolio at 555-557 Broadway for $386.0 million ($1,175/SF). Rounding out the quarter's notable transactions was Sovereigns Partners' acquisition of Two Grand Central Tower for $273.0 million ($429/SF).

Manhattan Investment Sales (Office Sales Over $10 Million)					
	Q4 2021	Q4 2022	Q4 2023	Q4 2024	**Q4 2025**
Total Sales Volume	$6.8B	$1.0B	$0.2B	$2.2B	**$2.1B**
Median Sale Price	$117.0M	$101.0M	$34.7M	$90.0M	**$104.0M**
Median Price/SF	$874	$725	$456	$707	**$477**

Sources: MSCI Real Capital Analytics, New York City Department of Finance

Additional Manhattan market highlights from Q4 2025 include:

- The Plaza District submarket led Manhattan leasing during the quarter, at 2.02M SF. The Penn Plaza/Garment District submarket followed, at 1.49M SF.
- Manhattan's Q4 2025 GRV (Gross Rental Value is equal to leasing demand multiplied by average asking rent) of $901.86 million represented a 27.8% increase compared to the Q3 2025 GRV of $705.65 million and was 20.3% higher compared to the $749.44 million GRV during Q4 2024.
- The 2.4 pp drop in the Insurance District's availability rate to 16.8% was the sharpest decrease in Manhattan during Q4 and was the lowest rate in the Insurance District since Q4 2020.
- Midtown's Avenue of the Americas Avenue corridor asking rent average jumped by 7.5% to $93.88/SF. This represented the sharpest pricing gain along a Midtown avenue during Q4 and was 12.8% higher than the pre-pandemic average ($83.24/SF) in March 2020.

Top Five Lease Transactions of Q4 2025			
Tenant	**Address**	**Size (SF)**	**Transaction Type**
Bloomberg	120 Park Avenue	495,753	Renewal
Moody's Corporation	200 Liberty Street	460,000	New
Millennium Management	399 Park Avenue	438,000	Extension
Office of the New York State Attorney General	28 Liberty Street	378,438	Extension / Expansion
Ropes & Gray	1211 Avenue of the Americas	376,903	Extension

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