

MANHATTAN OFFICE MARKET

Yardi® Matrix

Market Analysis

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Aggregated and anonymized
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Momentum Slows in Big Apple



Post-financial crisis regulations have cut into the growth of the financial sector, but New York City remains the largest office market in the U.S. for a number of industries. Traditional office-using sectors such as **finance, law and accounting** have **moved northward** from Lower Manhattan to Midtown, while less-traditional submarkets such as **Midtown South** are attracting new **media, technology and advertising** firms. The emergence of **tech giants** Google, Uber and Snap in **Midtown South** has driven construction of new properties, especially in the Chelsea submarket.

A total of **76,000 jobs were added in Manhattan** in the 12 months ending in May, with education and health services accounting for almost half (37,300). Professional and business services (18,500) and financial activities (10,300) also delivered strong gains. While Manhattan is no longer one of the fastest-growing job markets on a percentage basis, its sheer size attracts jobs and creates demand for new office space.

Meanwhile, **investors continue to snatch up space at record-high prices**, drawn by New York's position as the center of global business and recession-proof demand. That has even crowded out a large number of U.S. institutions and left open the question of whether pricing has peaked.

Over the next several years, the significant new supply coming online will test the market in Lower Manhattan as new **World Trade Center** buildings open and in **Hudson Yards** on the west side, where more than **10 million square feet is planned over five to seven years**. The Hudson Yards properties will feature mostly mixed-use projects, exercising the concept of **"live-work-play"** that provides the opportunity to live close to the office and amenities such as shopping and entertainment.