

# MANHATTAN OFFICE MARKET

Yardi® Matrix

## Market Analysis

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## Office Landscape Stands Steady



Manhattan remains one of the most dynamic office markets in the U.S., with a growing and diversified economy. At the same time, Manhattan's office market continues to evolve to accommodate new developments and an increase in tenants in the media and technology industries.

Some **93,400 jobs** were added year-over-year in March, led by 48,200 new jobs in Education and Health Services and 18,400 new jobs related to Professional and Business Services. **Rejuvenated and emerging submarkets** were a magnet for office tenants with a young workforce. Submarkets such as Midtown South and Chelsea are adding firms in the TAMI (technology, advertising, media and information) industries, while some in the bedrock financial sector ponder a shift to Hudson Yards, where more than 9 million square feet is expected to come online over the next few quarters. BlackRock's relocation from the **Plaza District**—where vacancy reached 10.9% in April—to the Hudson Yards megadevelopment is evidence of the slow exodus and a symbol of the changing office landscape.

**Strong demand** is producing healthy fundamentals, though rent growth may be sparse going forward in some submarkets, as rents have reached cycle peaks and the first wave of the 20 million square feet that is under construction starts to come online.

Sales of office buildings are declining, as the past year saw around \$12 billion in transactions.