

MANHATTAN OFFICE MARKET

Yardi® Matrix

Market Analysis

First Quarter 2019

Contacts

Jeff Adler

*Vice President & General
Manager of Yardi Matrix*
Jeff.Adler@Yardi.com
(800) 866-1124 x2403

Jack Kern

*Director of Research and
Publications*
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Chris Nebenzahl

Senior Analyst
Chris.Nebenzahl@Yardi.com
(800) 866-1124 x2200

Veronica Grecu

Senior Real Estate Market Analyst
Veronica.Grecu@Yardi.com
(306) 955-1855 x7583

Author

Corina Ștef

Associate Editor
Corina.Stef@Yardi.com

Aggregated and anonymized expense and lease expiration data is available to Yardi Matrix subscribers. Please contact us for details!

For more information please contact:

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Diversity Drives Demand



Manhattan's office market continues its steady performance, and all economic indicators point to further growth in the coming quarters. However, the potential impact of tariffs, increasing construction costs and rising Fed rates is clouds of uncertainty looming over the borough's skyline. WeWork has recently become Manhattan's largest private office tenant, a sign that new subsectors such as coworking are reshaping the traditional office landscape.

The professional and business services sector led the way in job growth, with more than 14,000 positions added in the 12 months ending in September. Despite solid growth in the financial sector—bolstered by higher interest rates and lower corporate taxes—large employers including Deutsche Bank and AllianceBernstein are downzising or relocating to less expensive metros. And with the rise of robotics and job automation, Manhattan's banking workforce is likely to continue to shrink in the next few years.

As of October, office vacancy rates were highest in Lower Manhattan's Financial District (11.5%) and World Trade Center (16.1%) submarkets, despite major TAMM and fashion tenants inking leases here. Tech firms are thriving in Midtown South, driving office growth in the area. Facebook's lease extension across the entire office portion at 63 Madison Ave. and Discovery Channel's lease for roughly 360,000 square feet at 230 Park Ave. S. are a testament to the submarket's growing tech sector.