Yardi® Matrix

OFFICE MARKET REPORT

Megaleases Drive Activity In Manhattan

Winter 2020

Economic Growth Loses Steam

Downtown Leasing Activity Peaks

Deliveries Hold Steady

MANHATTAN OFFICE MARKET

Yardi® Matrix

Market Analysis

Winter 2020

Shrinking Vacancy Leads to Rising Rents

The Manhattan office market managed to remain hot throughout 2019 despite the cooling national economy; the metro started the year at full speed and ended it similarly, on a high note. Sector-based incentives and public-private partnerships—including various bond financing programs, the Emerging Developer Loan and Life Science expansion space fund, the NY Empowerment Zone program, Start-Up NY and commercial revitalization programs—continue to bolster Manhattan's economic powerhouse status.

Job expansion was fueled by the ongoing rise of tech and service-based companies such as Google, Facebook and Justworks, which accounted for 6,800 new jobs added year-over-year through November. The demand for coworking space continues, as seen by various deals signed by WeWork, Industrious, Knotel and Spaces in 2019. As companies continue to actively add workers, they fuel tenant demand for office space and contribute to rising asking rates, particularly in submarkets with low vacancies such as Tribeca, Hudson Square and Chelsea.

Manhattan's development pipeline encompassed some 20 million square feet of office space as of December. Construction activity was concentrated in Midtown and Midtown South, particularly in the Chelsea and Times Square-Hell's Kitchen submarkets. While the Hudson Yards megadevelopment attracted interest from established tenants such as Facebook and Amazon, rising office rents and redevelopment efforts spurred businesses such as Refinitiv to seek opportunities in Lower Manhattan.

Image by Melpomenem/iStockphoto.com

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

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

Author

Corina Stef
Associate Editor