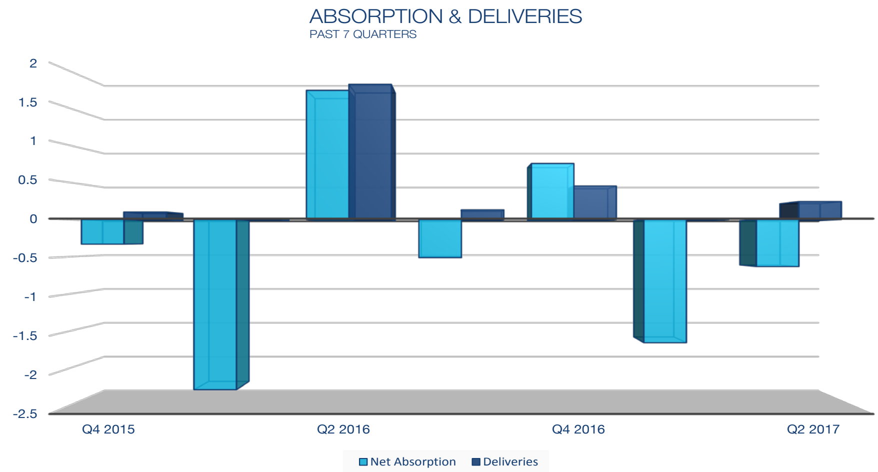
MHP REAL ESTATE SERVICES

THE MHPOV
Q2 MARKET ANALYSIS 2017

MANHATTAN
Q2 2017 SNAPSHOT

AVG ASKING RENT	$59.93/SF	↓
VACANCY RATE	8.2%	↓
NET ABSORPTION	- 628,949 SF	↑

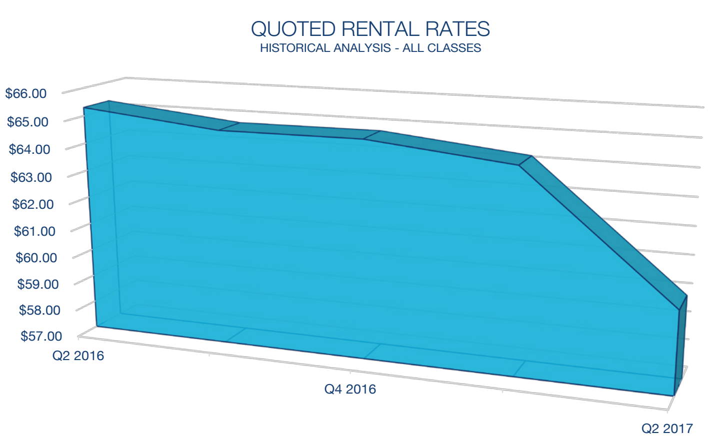


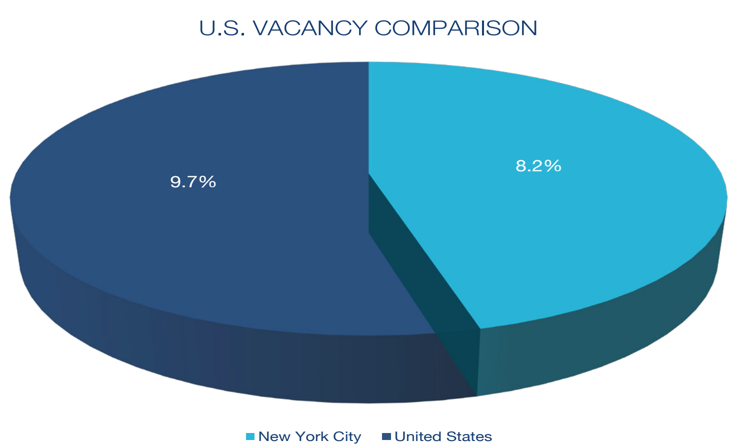
The Manhattan office leasing market ended the second quarter of 2017 with a negative absorption of nearly 630,000 square feet, more than 1,000,000 square feet stronger than Q1. The vacancy rate citywide is now 8.2% having ticked downwards by 0.2% almost 1.5% stronger than the national marketplace. Average rents across the Manhattan office market fell to just below $60psf. The pricing correction and significantly lower negative absorption rate indicates a leveling of the office leasing market.

Vacant sublease space increased to almost 4,900,000 square feet, an increase of approximately 400,000 square feet from Q1 2017.

In any other city in the US, new construction of approximately 15,500,000 square feet over several years would swamp the office leasing market. Yet here in Manhattan it will add just 2.7% to the total building stock of 560,000,000 square feet of current office space.

Q2 Capital Market sales continued the downward trend with just 13 office transactions compared to 17 a year earlier as cap rates continued to decline. With 25% fewer sales, skewed pricing of $775psf resulted in an anomaly whereby average pricing in Q2 2017 was more than $150psf lower than the previous year at approximately $940psf.





Source: MHP, CoStar Group, Inc.