



# Manhattan Monthly

OFFICE | MAY | 2009



## MARKET STATISTICS

Total leasing activity is about 30% of what it was over the same period last year.

The Manhattan overall vacancy rate climbed to 13.1% in May, the highest since December 1996.

Midtown continued to suffer with its Class A vacancy rate climbing to 13.7% due to continuing space givebacks among financial services firms.

Downtown, after managing to remain stable in the first four months of 2008, finally saw an uptick in its Class A vacancy rate, up 30 basis points in May.

### Signs of Life?

Are there finally signs of life popping up in the Manhattan commercial real estate market? Leasing activity, though still weak by historical standards, appears to be at least picking up somewhat from the past few months, albeit with most transactions either relocations or renewals. Total leasing activity for the first five months of the year remains well below this time last year (approximately 5.0-mm-sf versus 16.7-mm-sf over the same period in 2008). At the same time, there are a number of tenants getting much more serious about a transaction, whether it be a renewal or a relocation (due to an upcoming lease expiration). These same tenants are obviously interested in taking advantage of the dramatic re-pricing that has gone on over the past year. In any case, it does restore some hope that industries (whether FIRE, legal, media or non-profit, among others) still have a very strong desire to remain in Manhattan during and after this recession.

Now with the somewhat positive news out of the way - Manhattan yet again struggled in May as its vacancy rate continued to climb while its average asking rent continued to fall. The primary issue remained the ongoing restructuring within the financial services industry. The Manhattan Class A vacancy rate climbed to 11.9% in May, up from 11.3% in April with direct availability up from 15.5-mm-sf to 16.2-mm-sf while sublease availability climbed from 10.8-mm-sf to 11.5-mm-sf. Class B and Class C availability increased over the month as well, pushing the overall Manhattan vacancy rate to 13.1%, its highest level since reaching the same figure in December 1996. The Class A average asking rent tumbled to \$65.43/sf in May, down 4.9% from \$68.83/sf in April.

### Midtown

Midtown Manhattan remained the eye of the storm as the Class A vacancy rate continued to soar, closing May at a rather shocking 13.7%, up from 13.0%

in April and its highest figure since the 13.9% in February 1996. Two of the largest blocks to enter availability during the month were at 1271 Avenue of the Americas (320,000-sf sublease from Barclays Bank) and 277 Park Avenue (411,000-sf sublease from JPMorgan Chase). The Class A average asking rent slid to \$69.23/sf, down 5.7% from \$73.39/sf (with the sharpest adjustments in Plaza, Midtown West and Times Square).

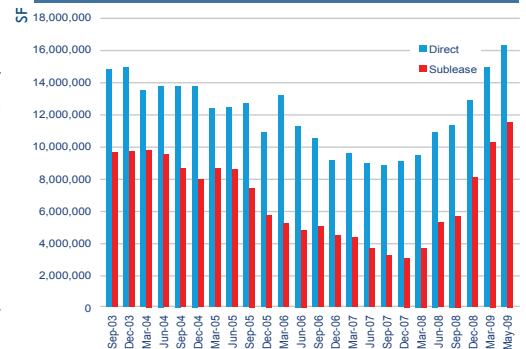
### Midtown South

For the overall Midtown South submarket, the vacancy rate hit 13.7%, up from 13.4% in April with 78% of the total figure being direct availability. The average asking rent drifted slightly lower for the month, to \$41.82/sf from \$41.89/sf in April.

### Downtown

After recording either flat or lower vacancy for the first four months of 2009, Downtown finally saw an uptick in its Class A figure, closing May at 7.7%, up from 7.4% in April. The cause was a rise in both direct and sublease availability across several buildings in the Financial and World Trade submarkets. The Class A average asking rent closed the month nominally lower at \$49.26/sf, down from \$49.56/sf in April.

MANHATTAN CLASS A DIRECT AND SUBLEASE AVAILIBILITIES



## MANHATTAN OFFICE MARKET OVERVIEW

	Rentable SF	Net Absorption* YTD 09	Overall Vacancy (SF)** 05/09	Overall Vacancy (SF)** 04/09	Overall Vacancy (SF)** 05/08	Avg Asking Rent*** 05/09	Avg. Asking Rent*** 04/09	Avg. Asking Rent*** 05/08
<b>MIDTOWN</b>								
Class A	162,663,320	(4,399,768)	22,317,622 (13.7%)	21,215,368 (13.0%)	11,405,072 (7.1%)	\$69.23	\$73.39	\$99.22
Class B	70,622,487	(1,666,437)	10,609,812 (15.0%)	10,067,419 (14.3%)	7,903,312 (11.1%)	\$46.44	\$46.36	\$61.55
Class C	24,125,958	(642,884)	2,200,492 (9.1%)	2,136,665 (8.9%)	1,209,315 (5.0%)	\$34.23	\$34.85	\$43.10
<b>Subtotals</b>	<b>257,411,765</b>	<b>(6,709,089)</b>	<b>35,127,926 (13.6%)</b>	<b>33,419,452 (13.0%)</b>	<b>20,517,699 (8.0%)</b>	<b>\$60.15</b>	<b>\$62.78</b>	<b>\$81.40</b>
<b>MIDTOWN SOUTH</b>								
Class A	14,176,244	(304,785)	1,127,435 (8.0%)	1,011,284 (7.1%)	822,759 (5.8%)	\$51.25	\$51.41	\$61.93
Class B	52,215,845	(1,449,551)	7,929,964 (15.2%)	7,762,009 (14.9%)	5,404,169 (10.3%)	\$42.64	\$42.64	\$50.51
Class C	31,947,410	(551,200)	4,440,270 (13.9%)	4,397,687 (13.8%)	3,487,307 (10.9%)	\$37.98	\$38.39	\$43.88
<b>Subtotals</b>	<b>98,339,499</b>	<b>(2,305,536)</b>	<b>13,497,669 (13.7%)</b>	<b>13,170,980 (13.4%)</b>	<b>9,714,235 (9.9%)</b>	<b>\$41.82</b>	<b>\$41.89</b>	<b>\$49.10</b>
<b>DOWNTOWN</b>								
Class A	55,573,774	5,038	4,266,868 (7.7%)	4,101,310 (7.4%)	3,501,061 (6.3%)	\$49.26	\$49.56	\$59.23
Class B	29,926,449	(424,342)	4,660,204 (15.6%)	4,548,649 (15.2%)	3,393,008 (11.3%)	\$37.68	\$37.22	\$44.32
Class C	4,243,507	(1,688)	659,862 (15.5%)	662,139 (15.6%)	603,497 (14.2%)	\$35.79	\$35.96	\$42.03
<b>Subtotals</b>	<b>89,743,730</b>	<b>(420,992)</b>	<b>9,586,934 (10.7%)</b>	<b>9,312,098 (10.4%)</b>	<b>7,497,566 (8.4%)</b>	<b>\$42.71</b>	<b>\$42.56</b>	<b>\$51.10</b>
<b>MANHATTAN GRAND TOTAL</b>								
Class A	232,413,338	(4,699,515)	27,711,925 (11.9%)	26,327,962 (11.3%)	15,728,892 (6.9%)	\$65.43	\$68.83	\$88.37
Class B	152,764,781	(3,540,330)	23,199,980 (15.2%)	22,378,077 (14.6%)	16,700,489 (10.9%)	\$43.38	\$43.21	\$54.48
Class C	60,316,875	(1,195,772)	7,300,624 (12.1%)	7,196,491 (11.9%)	5,300,119 (8.8%)	\$36.65	\$37.12	\$43.49
<b>Totals</b>	<b>445,494,994</b>	<b>(9,435,617)</b>	<b>58,212,529 (13.1%)</b>	<b>55,902,530 (12.5%)</b>	<b>37,729,500 (8.5%)</b>	<b>\$53.03</b>	<b>\$54.49</b>	<b>\$67.06</b>

## NOTEWORTHY SALES IN MAY

Address	Buyer	Seller	Square Feet	Price
N/A	N/A	N/A	N/A	N/A

## NOTEWORTHY LEASES IN MAY

Address	Tenant	Square Feet	Circumstances
750 Third Avenue	Marcum & Kliegman	67,200	Relocation
125 Broad Street	Herzfeld & Rubin	56,300	Relocation
250 Park Avenue	Anheuser-Busch InBev	31,600	New Location
399 Park Avenue	Trilantic Capital Partners	13,300	New Location

Source: Colliers

293 OFFICES IN 61 COUNTRIES  
ON 6 CONTINENTS

USA 99  
Canada 19  
Latin America 18  
Asia Pacific 62  
EMEA 95

868 million square feet  
under management

11,048 Professionals

## CONTACT INFORMATION

### UNITED STATES

New York City  
Colliers ABR, Inc.  
40 E. 52nd Street  
New York, NY 10022  
Tel: 212/758.0800  
Fax: 212/758.2082

Researcher's information:  
Robert Sammons  
Email: [RSammons@ColliersABR.com](mailto:RSammons@ColliersABR.com)

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\*Net change in occupied space between two points in time; includes both direct and sublease space  
\*\*Includes space available for sublease  
\*\*\*Weighted by SF available for lease

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