



## Overall Market Information 2Q 2017

<p>Average Vacancy Rate</p> <p><b>8.2%</b> </p>	<p>Net Absorption</p> <p><b>-629k SF</b> </p>
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Arrows indicate changes based on previous quarter

## Significant 2nd quarter lease transactions

TENANT	BUILDING	SQ FT
HSBC Bank	452 Fifth Ave*	548,000
J.P. Morgan Chase & Co.	5 Manhattan West	306,000
New York City Human Resources Administration	375 Pearl St	216,100
Aetna	61 Ninth Ave	145,741
Shiseido Americas Corp	900 Third Ave*	142,356
Mizuho Americas	1271 Avenue of the Americas	140,676
Deloitte	1221 Avenue of the Americas	98,018
STARR Companies	399 Park Ave	97,303
Business Insider	22 One Liberty Plaza	88,050

\*Renewal

## Average Rental Rates

	Class A	Class B	Class C
<b>Downtown</b>	\$55.70	\$50.65	\$48.79
<b>Midtown</b>	\$70.95	\$60.71	\$48.96
<b>Midtown South</b>	\$80.71	\$65.40	\$57.67

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## Market Overview

The New York City Office market ended the second quarter 2017 with a vacancy rate of 8.2%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (628,949) square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 4,889,397 square feet. Rental rates ended the second quarter at \$59.93, a decrease over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 244,412 square feet, with 15,532,985 square feet still under construction at the end of the quarter.

### Lease Rates

The average quoted asking rental rate for available office space, all classes, decreased 8.4% from the end of the first quarter. At the end of the second quarter, the average quoted rate within the Class-A sector was \$62.91, while Class-B rates stood at \$60.70, and Class-C rates at \$52.35.

### Unemployment



### Vacancy

The office vacancy rate in the NYC market area increased to 8.2% at the end of the second quarter 2017. The vacancy rate was 8.1% at the end of the first quarter 2017, 8.0% at the end of the fourth quarter 2016, and 8.2% at the end of the third quarter 2016.

## Market Overview *continued*

### Deliveries and Construction

During the second quarter 2017, two buildings totaling 244,412 square feet were completed in the New York City market area. This compares to no deliveries in the first quarter 2017, one building totaling 450,000 square feet completed in the fourth quarter 2016, and 126,643 square feet in two buildings completed in the third quarter 2016.

### Inventory

Total office inventory in the New York City market area amounted to 560,227,261 square feet in 3,798 buildings as of the end of the second quarter 2017. The Class-A office sector consisted of 329,250,164 square feet in 471 projects. There were 1,408 Class-B buildings totaling 159,955,283 square feet, and the Class-C sector consisted of 71,021,814 square feet in 1,919 buildings. Within the Office market there were 185 owner occupied buildings accounting for 26,857,833 square feet.

### Cap Rates

Cap rates have been lower in 2017, averaging 2.66% compared to the same period in 2016 when they averaged 4.25%.

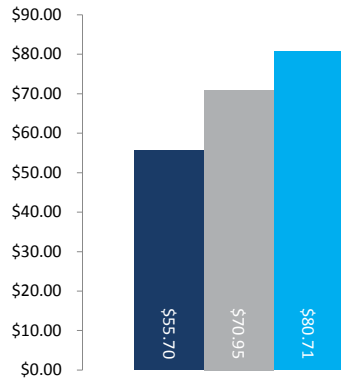
### Absorption

Net absorption for the overall New York City office market was negative (628,949) square feet in the second quarter 2017. That compares to negative (843,234) square feet in the first quarter 2017, positive 1,314,923 square feet in the fourth quarter 2016, and negative (476,904) square feet in the third quarter 2016.

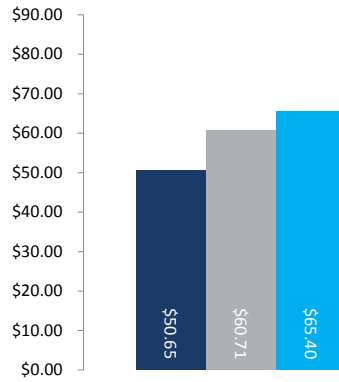


# New York City Average Rental Rates

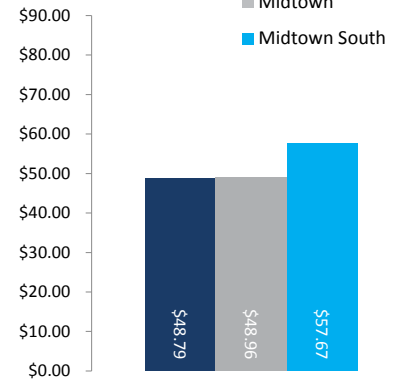
Class A



Class B

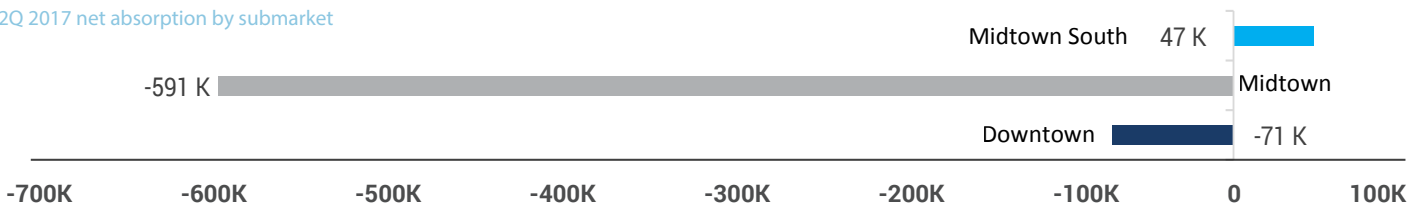


Class C



## Total Net Absorption (1,652,906) SF

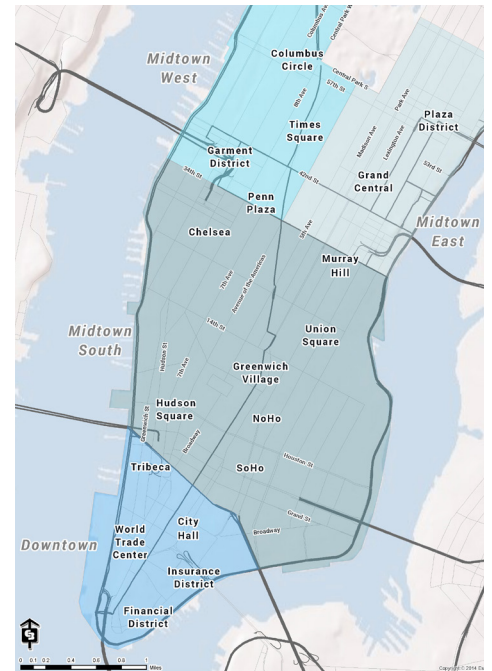
2Q 2017 net absorption by submarket



## Quoted Rental Rates

SUBMARKET	CLASS A	CLASS B	CLASS C
Chelsea	N/A	\$60.44	\$55.99
City Hall	\$49.73	\$54.24	\$51.50
Columbus Circle	\$68.31	\$60.24	\$47.00
Financial District	\$54.40	\$51.16	\$42.57
Gramercy Park	\$82.00	\$67.28	\$59.79
Grand Central	\$67.18	\$61.89	\$45.61
Greenwich Village	N/A	\$62.82	\$62.01
Hudson Square	\$77.31	\$68.00	\$63.19
Insurance District	\$59.78	\$42.12	\$47.28
Murray Hill	\$52.03	\$59.26	\$52.79
Penn Plaza/Garment	\$60.41	\$60.12	\$47.65
Plaza District	\$75.60	\$61.69	\$65.89
Soho	N/A	\$68.24	\$58.62
Times Square	\$71.43	\$62.94	\$49.79
Tribeca	N/A	\$76.95	\$58.85
U.N. Plaza	\$63.55	N/A	N/A
World Trade Center	\$57.36	\$40.83	\$44.21

## NYC Submarket Map



- Midtown:**
  - Columbus Circle
  - Grand Central
  - Penn Plaza/Garment
  - Plaza District
  - Times Square
  - U.N. Plaza
- Midtown South:**
  - Chelsea
  - Gramercy Park
  - Greenwich Village
  - Hudson Square
  - Murray Hill
  - Soho
- Downtown:**
  - City Hall
  - Financial District
  - Insurance District
  - Tribeca
  - World Trade Center



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