



MANHATTAN MONTHLY SNAPSHOT APRIL 2016

FIRE AND HEALTH CARE TENANTS DRIVE TOP DEALS

The Manhattan office market continued to see strong leasing in April, with 3.5 million square feet of activity recorded. However, top deals were concentrated almost entirely in Midtown, which accounted for 2.7 million square feet of the Manhattan leasing total this month. While the FIRE (financial, insurance and real estate) sector was the primary driver of demand, several notable deals involved health care tenants expanding their presence. Two large blocks of space coming online this month counterbalanced the strong leasing and held overall availability flat at 11.1%.

Five of the six largest deals signed in April involved high-profile FIRE tenants renewing or expanding their presence in the market. PricewaterhouseCoopers established additional offices at 90 Park Avenue, where the accounting giant leased 240,605 square feet. The firm's main offices are at 300 Madison Avenue, where it occupies 800,000 square feet. Concurrently, investment firm D.E. Shaw renewed its 195,375-square-foot lease at 1166 Avenue of the Americas, while Credit Suisse signed a partial renewal for 186,396 square feet of its space at 11 Madison Avenue, where it occupies a total of 1.3 million square feet.

Health care companies were active in the market in April, with NYU Langone Medical Center completing the largest transaction of the month, a 30-year triple-net lease for the entirety of 222 East 41st Street. The research hospital plans to convert the 389,522-square-foot building to medical offices. Memorial Sloan-Kettering Cancer Center signed a 45,000-square-foot expansion at 1 Dag Hammarskjold Plaza for a total footprint of 115,000 square feet in the building. Additionally, healthcare-oriented tech start-up Quartet Health leased 32,000 square feet at 114 West 41st Street, a nearly ten-fold expansion from its previous 3,500-square-foot offices at 45 West 34th Street.

Midtown

Despite the strong month of leasing, Midtown availability was stable at 11.5% in April. A block of 392,519 square feet became available at 399 Park Avenue this month, effectively neutralizing the impact of NYU Langone's deal on the available supply. The addition of high-priced space to the market pushed Midtown asking rents up to \$82.41/SF from \$81.68/SF in March.

A future block of space appeared on Midtown's horizon this month, when the Olayan Group bought 550 Madison Avenue. The 850,000-square-foot tower was originally slated for conversion to hotel and residential use, but the new owners intend to reposition the currently vacant building back to office use.

Midtown South

Midtown leasing was relatively quiet in April, with the aforementioned Credit Suisse renewal the largest deal of the month. A block of 158,000 square feet was added at 360 Park Avenue South, which pushed Midtown South availability up slightly to 8.0% from 7.8% in March.

Downtown

After a strong start to the year, Downtown leasing activity tailed off in April. With no large deals signed or large blocks coming online, availability was flat at 12.2% but finished down from 14.0% one year ago.

Current Conditions

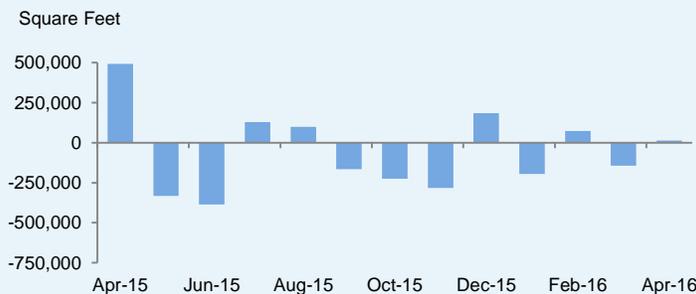
- Manhattan recorded 3.5 million square feet of leasing in April, largely driven by strong activity in Midtown.
- Financial tenants continued to drive top deals, with renewals and expansions comprising much of the activity.
- NYU Langone leased the entirety of 222 East 41st Street in the largest of several notable health care tenant signings.
- Overall availability was flat at 11.1%, as the addition of large blocks has been countered by leasing activity.

Market Analysis

Asking Rent and Availability



Net Absorption



Market Summary

	Current Month	Prior Month	Year Ago Period	12 Month Forecast
Total Inventory	443.2MSF	443.2MSF	441.8MSF	↑
Availability Rate	11.1%	11.1%	11.2%	↔
Monthly Net Absorption	13,774	-143,200	492,690	↓
Average Asking Rent	\$76.19	\$75.69	\$69.76	↔
Under Construction	11.4MSF	11.4MSF	10.7MSF	↑


**MANHATTAN
MONTHLY SNAPSHOT
APRIL 2016**
Significant Lease Transactions

Tenant	Address	Market/Submarket	Type	Square Feet
NYU Langone Medical Center	222 East 41st Street	Midtown, Grand Central	New	389,522
Research hospital signed a 30-year net lease for the entirety of 222 East 41st Street, which will be converted to medical office use.				
PricewaterhouseCoopers	90 Park Avenue	Midtown, Grand Central	New	240,605
Accounting giant established an additional location at 90 Park Avenue, where it will occupy 240,605 square feet across six floors.				
D.E. Shaw	1166 Avenue of the Americas	Midtown, Sixth Ave/Rock Ctr.	Renewal	195,375
Investment firm renewed its 195,375-square-foot lease at 1166 Avenue of the Americas.				
Credit Suisse	11 Madison Avenue	Midtown South, Flatiron/Union Sq.	Renewal	186,396
Financial services firm committed to a partial renewal at 11 Madison Avenue, where it occupies a total of 1.3 million square feet.				
Wells Fargo Capital Finance	100 Park Avenue	Midtown, Grand Central	Renewal	103,000
Division of Wells Fargo renewed its lease at 100 Park Avenue, where it occupies 103,000 square feet.				

Market Statistics

	Total Inventory (SF)	Monthly Net Absorption (SF)	YTD Net Absorption (SF)	Apr-16 Total Availability Rate	Mar-16 Total Availability Rate	Apr-15 Total Availability Rate	Apr-16 Avg. Asking Rent (Price/SF)	Mar-16 Avg. Asking Rent (Price/SF)	Apr-15 Avg. Asking Rent (Price/SF)
Midtown - A	217,073,417	191,935	527,886	11.90%	12.00%	11.60%	\$87.75	\$86.91	\$82.96
Overall	278,243,626	168,665	227,594	11.50%	11.60%	11.10%	\$82.41	\$81.68	\$77.23
Midtown South - A	14,564,835	35,975	21,437	2.60%	2.90%	2.70%	\$87.09	\$85.76	\$82.58
Overall	72,520,525	-144,568	-511,035	8.00%	7.80%	8.30%	\$72.12	\$72.00	\$66.89
Downtown - A	71,711,726	40,835	254,301	12.70%	12.80%	15.20%	\$62.54	\$62.32	\$58.36
Overall	92,450,458	-10,323	31,499	12.20%	12.20%	14.00%	\$61.44	\$61.24	\$56.52
Manhattan - A	303,349,978	268,745	803,624	11.70%	11.80%	12.00%	\$81.03	\$80.36	\$74.24
Overall	443,214,609	13,774	-251,942	11.10%	11.10%	11.20%	\$76.19	\$75.69	\$69.76

Data through April 30, 2016

New York City
HEADQUARTERS

 125 Park Avenue
 New York, NY 10017
 212.372.2000

Jonathan Mazur

 Managing Director, Research
 212.372.2154
 jmazur@ngkf.com

Stephanie Jennings

 Tri-State Director, Research
 212.372.2099
 stjennings@ngkf.com

David Chase

 Senior Research Analyst
 212.372.2261
 dchase@ngkf.com

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