

REVIEW

NEW YORK OFFICE MARKET

USA 2025



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Real Estate for a changing world



2025

OFFICE MARKET
NEW YORK

KEY FIGURES

458m sqft

INVENTORY

13.5%

VACANCY RATE

\$77.4

PRIME AVERAGE ASKING RENT

\$14.0bn

TOTAL INVESTMENT

\$11.2bn

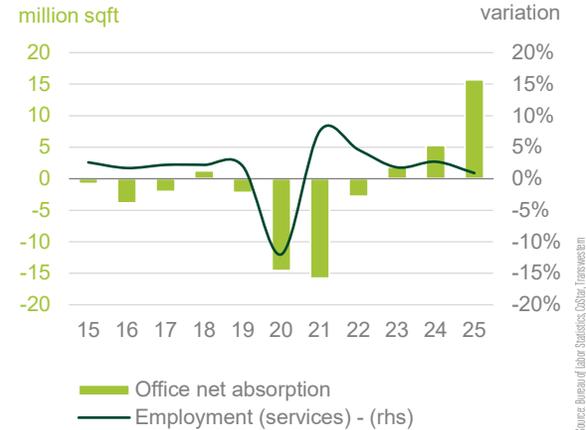
OFFICE INVESTMENT

6.50%

OFFICE PRIME CAP RATE

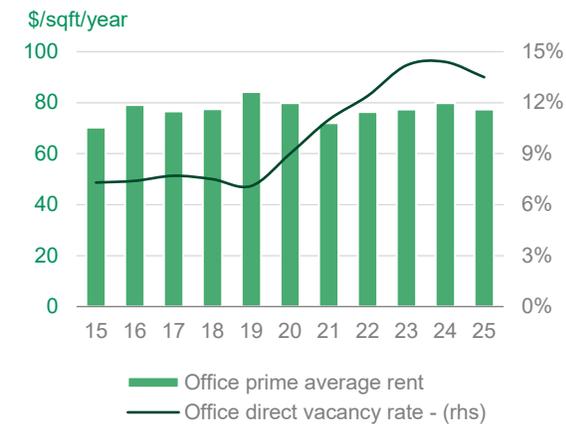
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Net Absorption / Employment



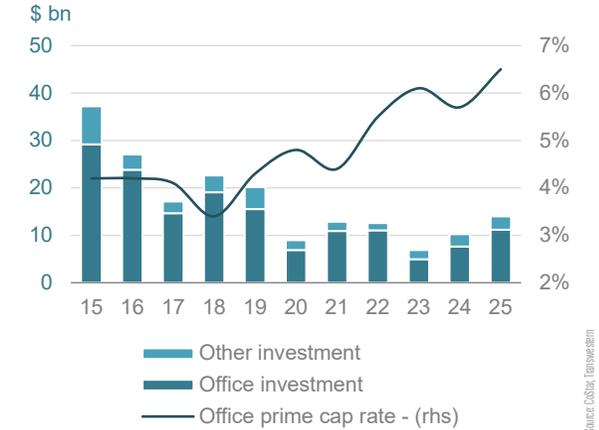
Source: Bureau of Labor Statistics, CoStar, Tenovestain

Prime rent / Vacancy Rate



Source: CoStar, Tenovestain

Investment / Capital Rate



Source: CoStar, Tenovestain

Manhattan Absorption Soars

Manhattan employment rolls are at peak level, but growth has slowed to just 0.9% year over year, echoing the nationwide pullback in hiring. Even so, Manhattan's net office absorption was a robust 15.7 MSF in 2025, the strongest in over a decade and nearly triple the prior year's result. Class A take-up is driving overall absorption, signifying tenants' clear preference for the newest and best assets, but Class B has strengthened as well. Deals from tech and AI companies are ramping up, joining NYC's more prominent sectors like law, finance, and media, and we continue to see significant long-term renewal and expansion deals by large, well-established tenants, indicating a recovery that is well underway.

Vacancies are Descending, but Excess Class B Space is Pressuring Rents

The active leasing environment is beginning to help lower vacancies across Manhattan. The current direct vacancy rate of 13.5% is a decrease of 0.9 percentage points year-over-year, following five years of annual increase. Manhattan also saw a mild year-over-year pullback in rents that is partially attributed to the declining vacancy; as higher-priced trophy spaces lease up. Less pricey space, particularly in Class B assets, remains on the market, lowering the overall ask. Manhattan prime rents dipped 3.1% year-over-year to \$77.38 PSF in Q4, though some well-appointed spaces are asking upwards of \$200 PSF, with some approaching the \$300 PSF mark. Further evidencing the "tale of two markets," prime rents are roughly 27% higher than their Class B counterparts.

Sales Volume Ticks up Again

Manhattan investment sales were up again in 2025, reaching their highest total since 2019. Retail volume was \$2.7 billion for the year, slightly ahead of the 2024 result, while office sales topped \$11.1 billion. Total volume of \$14.0 billion, including industrial, was well ahead of last year's \$10.4 billion. Some of the top deals were for partial stakes in highly valued assets. The largest office investments were a minority stake in One Vanderbilt Avenue for \$2,712 PSF, putting a \$4.7 billion price tag on the trophy tower, and a minority stake in 1345 Avenue of the Americas that valued the tower at \$1.4 billion. Other buyers were scooping up distressed offices with an eye for residential conversion, though many investors are still exercising caution, particularly with a new mayor on board who could invoke significant changes in New York City's CRE environment.



2025

OFFICE MARKET
USA

Occupier Market	Inventory (million sqft)	Net Absorption (000 sqft)	Vacancy Rate (%)		Office Prime Average Rent (\$/sqft/year)		
	2025	2025	2024	2025	2024	2025	Trend
Atlanta	177	20	22.3%	22.4%	33.0	33.9	3%
Chicago	156	-1,400	21.7%	22.6%	73.1	77.4	6%
Dallas/Fort Worth	308	2,200	19.5%	18.4%	72.1	74.3	3%
Denver	164	-1,880	16.5%	18.7%	32.1	33.5	4%
Detroit	202	1,174	10.9%	11.0%	21.3	21.3	0%
Houston	206	-1,300	20.8%	21.5%	46.1	48.9	6%
Los Angeles	396	-1,700	16.6%	15.4%	45.4	44.7	-2%
Miami	52	200	11.5%	11.6%	86.7	89.7	3%
Minneapolis	83	-1,200	19.8%	21.0%	29.5	30.5	3%
New York/Manhattan	458	15,700	14.4%	13.5%	79.9	77.4	-3%
Phoenix	198	360	20.8%	17.0%	30.1	32.1	7%
San Diego	120	-400	12.5%	12.7%	36.5	38.3	5%
San Francisco	93	1,200	30.4%	30.1%	70.0	74.3	6%
Seattle	181	-1,613	16.5%	18.2%	36.5	34.5	-5%
Washington DC	145	-800	14.9%	16.0%	83.3	88.3	6%
Total 15 markets	2,939	10,561	17.9%	18.0%	51.7	53.3	2.8%

Investment Market	Total investment volume (\$ million)		Office investment volume (\$ million)		Cap rate (%)		
	2024	2025	2024	2025	2024	2025	bps
Atlanta	15,090	15,990	1,170	1,560	8.20%	8.30%	10
Chicago	770	920	590	550	NA	NA	NA
Dallas/Fort Worth	2,510	13,410	410	3,440	6.40%	6.20%	-20
Denver	3,070	7,740	730	1,260	6.00%	7.20%	120
Detroit	1,700	1,550	260	300	8.90%	8.60%	-30
Houston	9,840	14,170	1,220	1,710	11.50%	NA	NA
Los Angeles	9,460	13,080	2,150	4,140	NA	5.80%	NA
Miami	5,120	4,830	1,760	1,290	6.80%	6.90%	10
Minneapolis	5,380	5,470	860	670	7.30%	7.70%	40
New York/Manhattan	10,240	14,010	7,620	11,180	5.70%	6.50%	80
Phoenix	7,110	9,870	1,140	1,170	7.50%	7.20%	-30
San Diego	4,380	4,970	930	1,600	7.50%	6.20%	-130
San Francisco	1,850	2,700	630	1,790	6.60%	4.40%	-220
Seattle	3,000	2,440	1,210	1,110	6.40%	7.60%	120
Washington DC	1,090	1,300	790	870	8.60%	9.00%	40
Total 15 markets	80,610	112,450	21,470	32,640	7.49%	7.05%	-1

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