

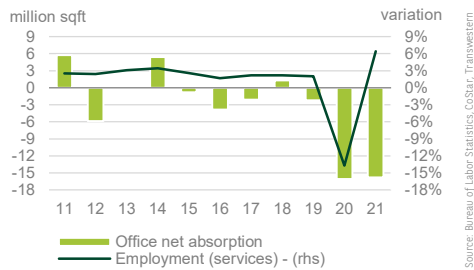
RESEARCH

AT A GLANCE Q4 2021

NEW YORK OFFICE MARKET

February 2022

NET ABSORPTION - EMPLOYMENT

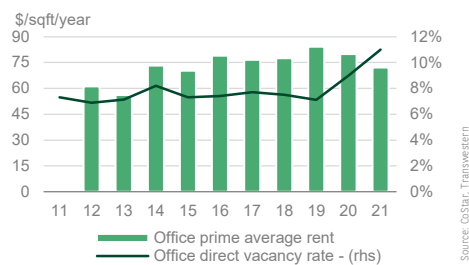


Manhattan posts absorption of negative 15.8 million SF

Manhattan's recovery is underway and gained momentum through 2021. Employment has improved considerably from the April 2020 bottom and is now within 10% of the pre-pandemic peak level. While workers are returning, many NYC offices are still not fully reoccupied. Sublet space additions continued to ease

and the decline in sublet space helped lower the overall availability rate. Net absorption turned positive in the last two quarters of 2021 as leasing activity ramped up. Absorption for the full year was negative 15.8 million SF, slightly better than 2020.

PRIME ASKING RENT - VACANCY RATE

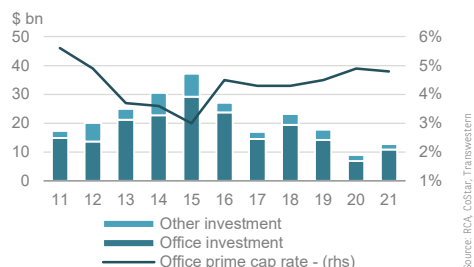


High vacancy continues to hinder rent growth

Vacancy remains elevated in Manhattan as spaces left empty during COVID have been slow to fill. The direct vacancy rate rose by 20 basis points from year-end 2020 and is now 40 bps above the pre-pandemic level. Availability also increased year-over-year, though it has fallen for two straight quarters, led by a

decrease in sublet availability. The elevated vacancy and availability rates are pressuring rents, which have fallen for seven straight quarters. However, the lower asking rates also reflect the flight to quality: as high-rent spaces are now being leased up, lower priced spaces are left on the market

INVESTMENT - CAPITAL RATE



Sales volume increases 43% year-over-year

Manhattan rolling 4-quarter sales volume reached \$12.8 billion in 2021, some 43% higher than the 2020 result. Four-quarter office volume was \$10.9 billion, a gain of 57.3% from the 2020 total. The average office sale price was \$849 PSF for the full year 2021, an improvement of nearly 11% over 2020, though pricing is difficult to pin down since there have been

few true core office sales since the pandemic began. The largest office transaction of 2021 was the \$1 billion dollar sale of Hudson Commons at 441 Ninth Avenue. Manhattan cap rates for prime office deals as well as the overall office market each saw a 0.1 basis point decline from 2020, ending the year at 4.8%.


OFFICE MARKET OVERVIEW - USA

Occupier Market	Inventory (million sqft)	Net Absorption (million sqft)		Vacancy Rate (%)		Office Prime Asking Rent (\$/sqft/year)		
	2021	2021	2020	2021	2020	2021	2020	Trend
New York/Manhattan	460	-15.8	-16.0	11.0%	9.0%	72.0	79.8	-10%
Dallas/Fort Worth	316	-1.8	-3.1	16.7%	15.9%	42.8	41.3	4%
Houston	239	-1.4	-5.1	20.5%	19.4%	43.4	43.4	0%
Los Angeles	211	-7.7	-3.9	17.1%	15.2%	45.9	47.3	-3%
Detroit	198	-0.2	-1.5	11.0%	10.4%	20.8	20.8	0%
Chicago	182	-3.6	-0.2	14.3%	11.9%	45.6	43.8	4%
Atlanta	173	-3.0	-2.6	22.3%	19.3%	29.3	27.8	5%
Denver	169	-0.2	-1.5	15.3%	13.3%	28.7	28.6	0%
Seattle	165	0.0	2.5	7.7%	5.4%	38.4	37.8	2%
Washington DC	144	-1.5	-1.4	12.9%	11.7%	78.6	78.5	0%
Phoenix	144	0.6	-0.5	14.8%	14.6%	28.0	27.9	0%
San Diego	103	-0.1	-7.9	12.2%	11.6%	35.9	34.8	3%
San Francisco	103	-3.3	-5.3	12.5%	7.6%	84.2	86.9	-3%
Minneapolis	92	-0.9	-0.5	17.2%	17.2%	25.3	24.8	2%
Miami	47	-0.1	-0.8	15.4%	14.7%	48.3	44.2	9%

Investment Market	Total investment volume (\$ million)			Office investment volume (\$ million)			Cap rate (%)		
	2021	2020	Trend	2021	2020	Trend	2021	2020	bps
New York/Manhattan	12,800	8,950	43%	10,890	6,930	57%	4.80%	4.90%	-10
Dallas/Fort Worth	17,840	10,000	78%	5,970	2,800	113%	5.99%	6.21%	-22
Houston	4,190	4,450	-6%	1,420	1,050	35%	6.60%	7.30%	-70
Los Angeles	19,590	9,160	114%	5,880	1,850	218%	4.80%	5.10%	-30
Detroit	2,320	1,920	21%	680	448	52%	8.50%	9.40%	-90
Chicago	14,660	9,500	54%	3,090	2,280	36%	6.38%	6.28%	10
Atlanta	11,250	14,280	-21%	3,230	970	233%	6.60%	7.60%	-100
Denver	7,530	4,640	62%	2,980	1,900	57%	6.10%	6.62%	-52
Seattle	8,290	5,260	58%	5,260	4,340	21%	4.90%	5.10%	-20
Washington DC	2,590	1,300	99%	1,440	830	73%	5.00%	0.00%	500
Phoenix	8,380	12,270	-32%	3,420	950	260%	6.60%	7.50%	-90
San Diego	4,860	1,950	149%	1,740	840	107%	5.20%	5.00%	20
San Francisco	10,420	8,780	19%	6,120	5,700	7%	5.00%	5.20%	-20
Minneapolis	2,390	3,130	-24%	560	940	-40%	NA	NA	NA
Miami	2,850	1,270	124%	1,660	360	361%	5.90%	6.00%	-10
Total 15 markets	129,960	96,860	34%	54,340	32,188	69%			

Source: RCA, CoStar, Transwestern

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