

Q1 2024  
**NYC OFFICE  
OVERVIEW**

LOCAL EXPERTISE | NATIONAL REACH  
**WORLD CLASS**

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# Economic Update

New York City's economy continued to show signs of progress through Q1 2024. As of February 2024, the unemployment rate decreased to 5.10%, marking a 0.20% improvement from the previous quarter and significantly below the historical average of 7.72%. This improvement reflects a growing economy as private sector employment rose by 19,200 jobs year-over-year, totaling 4,090,200. The broader nonfarm job sector nearly returned to its pre-pandemic levels, reaching 98.7% recovery with 4,659,600 jobs.

Public transportation usage, a key indicator of urban economic activity, showed substantial recovery towards pre-pandemic levels: subway and bus ridership reached 71% and 60% respectively, while commuter rail saw a 75% rebound. Office visits, however, remained 14.5% below pre-pandemic figures, despite a significant 22% year-over-year increase in foot traffic. This recent resurgence in office activity is attributed partly to major firms like Goldman Sachs, Morgan Stanley, and Chase, who have mandated a return to office work.



## UNEMPLOYMENT RATE

**5.1%** | **3.8%**  
FEB 2024 (NYC) | MARCH 2024 (US)



## INFLATION RATE

**3.48%** | **4.98%**  
MAR 31, 2024 | MAR 2023



## FEDERAL FUNDS RATE

**5.25%** | **5.50%**



## SUBWAY RIDERSHIP

**3.3M**  
AVERAGE DAILY RIDERS  
JAN 2024

**71%**  
OF PRE-PANDEMIC  
LEVELS

# Leasing Activity

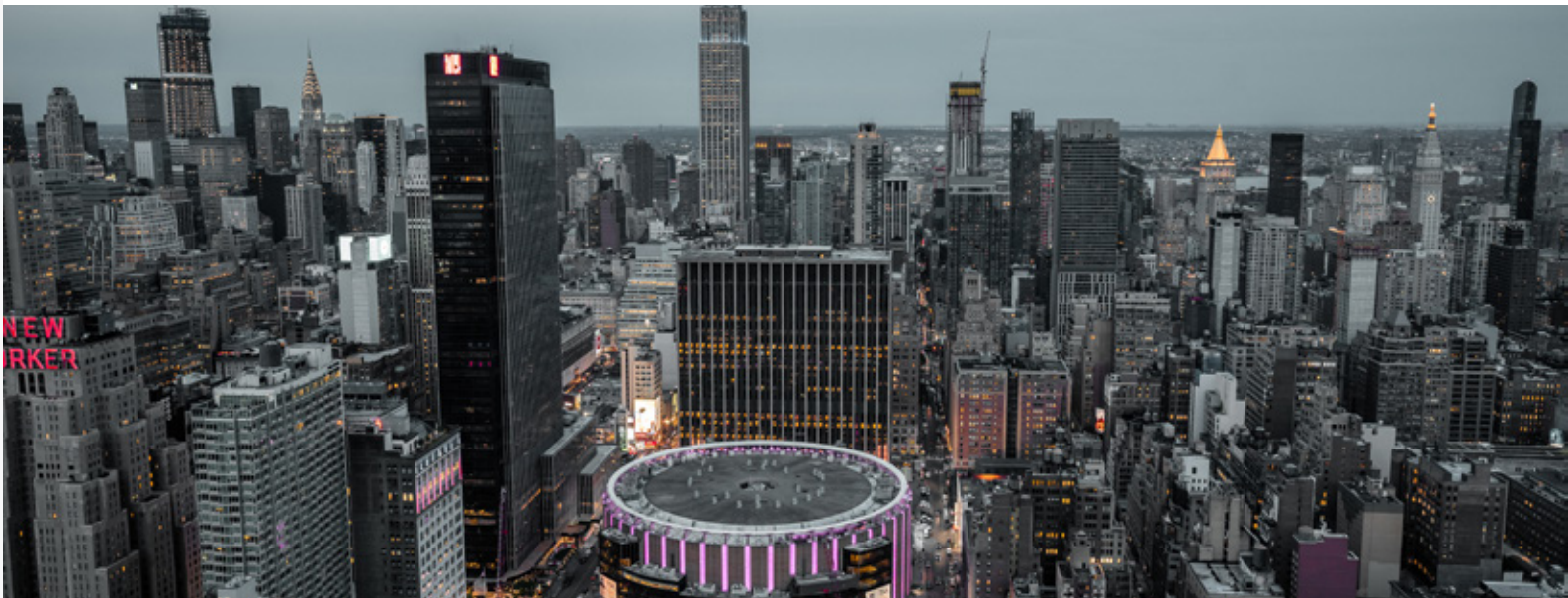
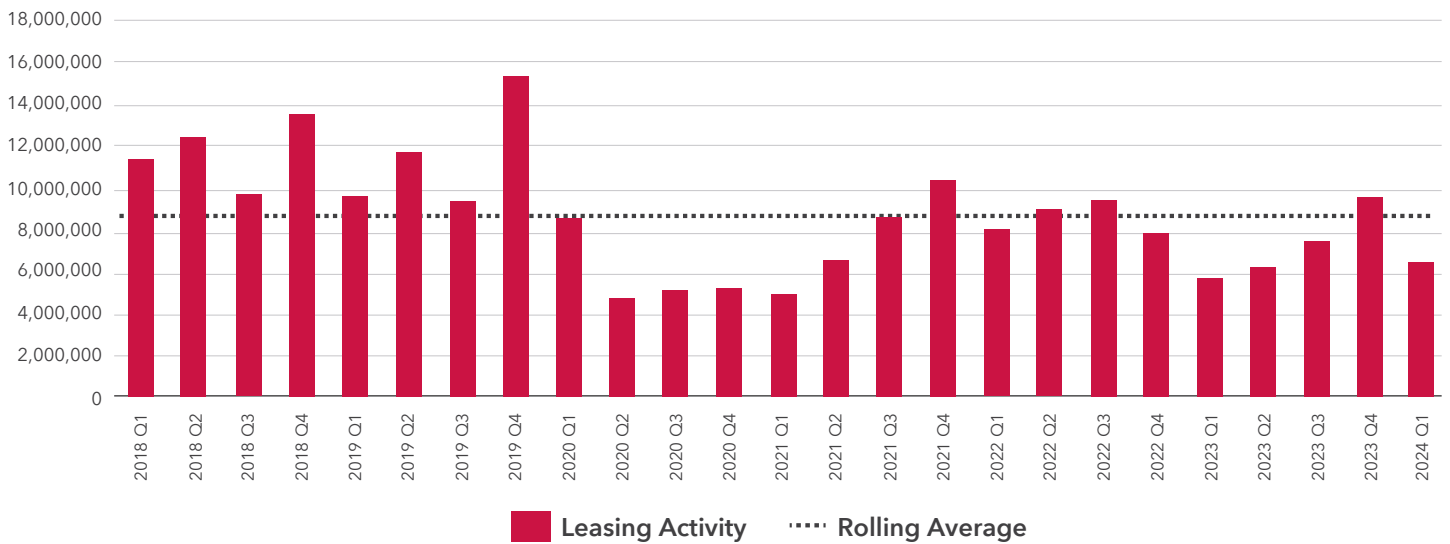
Manhattan’s office market experienced a contraction in leasing volume during the first quarter of 2024. Total leased space totaled 6,256,688 square feet, a decrease from the nearly 10 million square feet recorded in the final quarter of 2023, and a downturn of almost 40% from levels seen before the pandemic. Despite this decrease, large transactions, particularly in Class A buildings, persisted, driven by substantial tenants attracted by competitive rents and concessions. Class A building leases accounted for 70% of new deals inked in Q1 2024.

The vacancy rate in Manhattan saw an increase, reaching 19.6% this quarter, up by 2.3% from the end of 2023. Despite

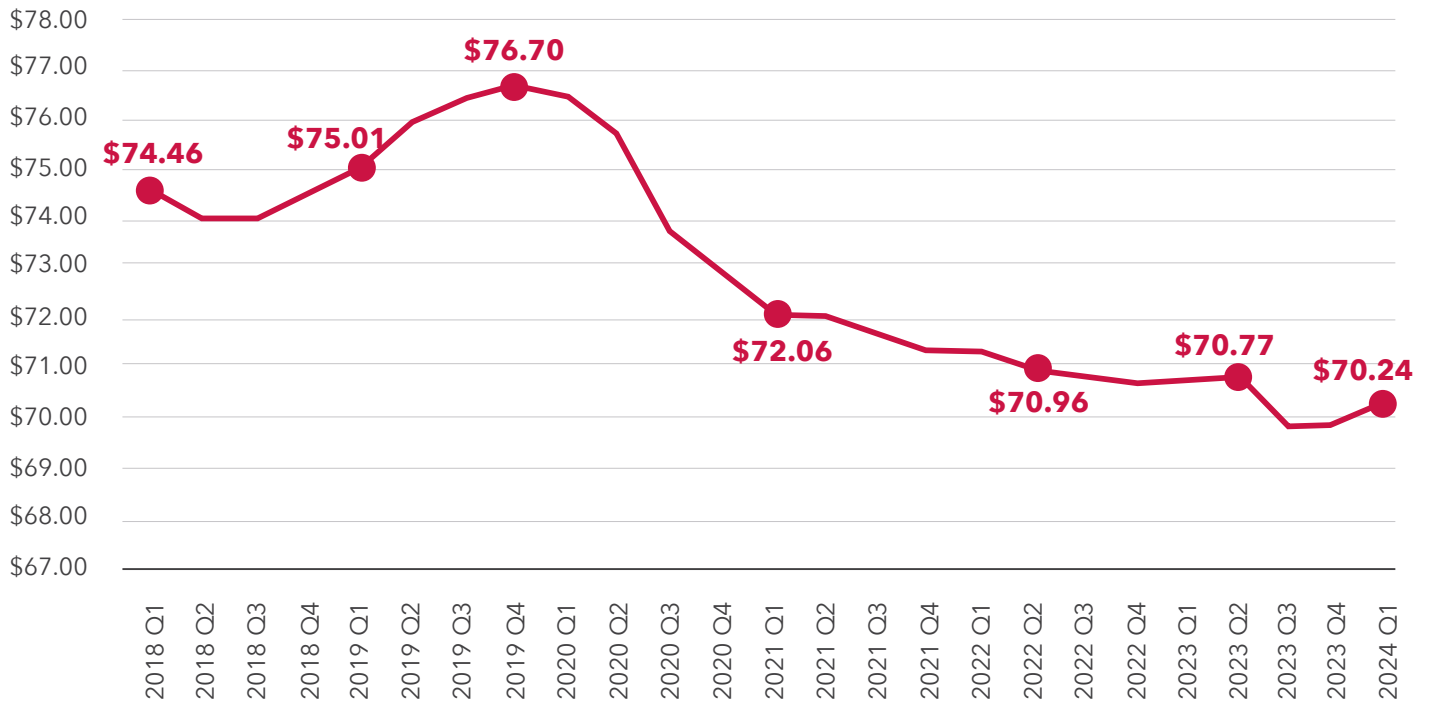
this uptick, average rents have held steady, averaging slightly above \$71 per square foot. Meanwhile, the square footage under construction experienced a notable decline, decreasing by 45% compared to the previous quarter. The delivery of over 7 million square feet of new construction is anticipated to elevate the overall vacancy rate further.

After declining during the pandemic, Manhattan market rents have remained relatively stable over the last several quarters, averaging \$70.24 PSF in Q1 2024, but still down 8.4% from the pre-pandemic peak of \$76.70 PSF. Class A building rents remained steady at just under \$80 PSF, though still 5.6% below their pre-pandemic peak of \$84.15 PSF.

## LEASING ACTIVITY



## MANHATTAN MARKET RENT



## Midtown

Midtown leasing activity dipped significantly in Q1 2024, down nearly 35% from the prior quarter's strong performance. Q4 2023 saw a flurry of major leases, including Paul Weiss's record-breaking 765,000-square-foot relocation in December. However, there were still positive signs in Q1. Five new leases exceeding 100,000 square feet were signed, and asking rents remained stable at around \$76.00 per square foot.



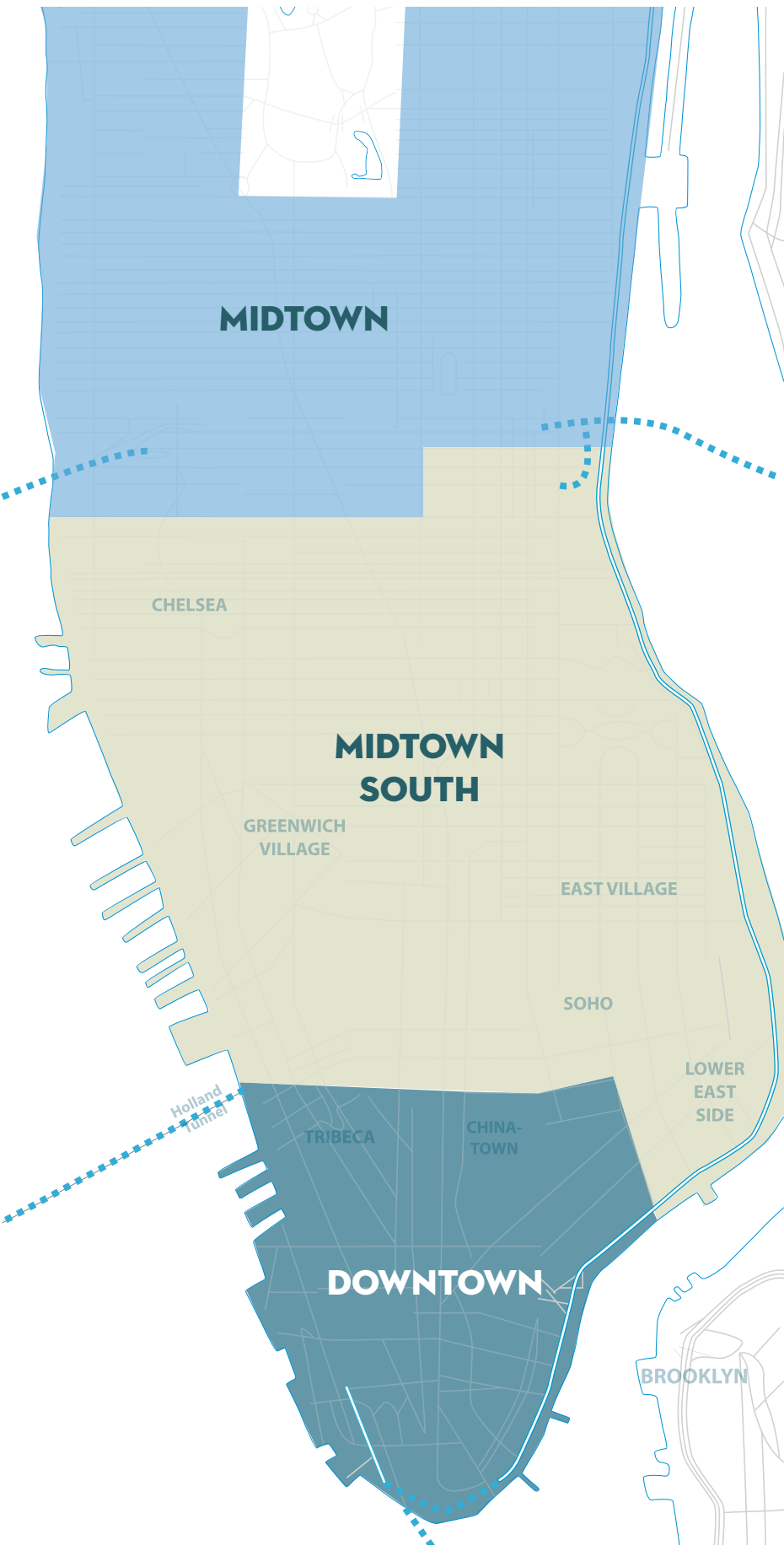
## Midtown South

Leasing activity in Midtown South dipped to its lowest point since Q2 2023, reflecting a 25% year-over-year decline in occupied square footage. This slowdown comes after a period of sustained growth over the last year. Asking rents held steady around \$67.00 PSF, however, availability has crept up 1.8% since last quarter. The overall vacancy rate increased due to a significant sublease offering of 336,000 square feet at 200 Fifth Avenue.



## Downtown

Downtown leasing volume totaled 760,077 square feet in Q1 2024, falling short of the five-year rolling quarterly average of 1.2M SF. The largest lease in this area was the 150,000 SF expansion & renewal at 200 Hudson Street by jewelry brand David Yurman. Sublease space accounted for 35.7% of the total leasing volume downtown and average rents have steadily increased to \$57.04 since Q1 2023. The 68,680 SF sublease at 4 World Trade Center signed by payroll service Rippling will create 390 new jobs and unlock a \$29 million investment in New York-based research and development over the next 10 years.



**TOP LEASE  
TRANSACTIONS**

**MICHAEL KORS**

**11 WEST 42ND STREET**

203,064 SF

RENEWAL

**Burlington**  
coat factory

**1400 BROADWAY**

170,763 SF

RENEWAL/EXPANSION



**ARCHDIOCESE  
OF NEW YORK**

**488 BROADWAY**

153,667 SF

RELOCATION

**DAVID YURMAN**

**200 HUDSON STREET**

150,700 SF

RENEWAL/EXPANSION



**1345 AVENUE OF THE AMERICAS**

142,946 SF

RELOCATION

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