

# NEW YORK CITY OFFICE

Market Report | First Quarter 2007



# New York City Market Overview

## TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



## STATISTICS:

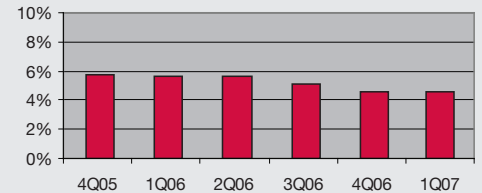
Number of Buildings .....	3,017
Market Size (SF) .....	495,321,134
Overall Vacancy Space (SF) .....	22,875,250
Overall Vacancy(%) .....	4.62%
Direct Vacancy (SF) .....	19,462,012
Sublease Vacancy (SF) .....	3,413,238
Net Absorption (SF) .....	3,103,433
Average Asking Rental Rate (\$/SF/YR) .....	\$53.93

## OVERVIEW:

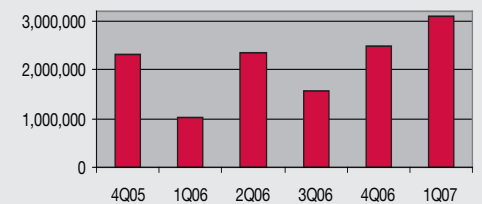
The Manhattan Office market closed yet another record quarter as quoted rental rates rose, absorption remained positive, and vacancy stalled. Average quoted rental rents in Manhattan continue to surge as they rose over \$4.50/sf/yr from the fourth quarter of 2006 to \$53.93/sf/yr in the first quarter of 2007. The average quoted office rental rates increased in all but two of the 17 Manhattan submarkets. The Plaza District in Midtown led the market with average rents quoted at over \$83.05/sf/yr while Chelsea, in Midtown South, represented the lowest average asking rates with \$36.40/sf/yr. In addition, net absorption for Manhattan totaled a positive 3.1 million SF marking the 12th consecutive quarter of positive net absorption for New York's office market.

The Downtown Manhattan office market continues to build momentum as rates have increased 15% since the first quarter of 2006 and almost half of this quarter's net absorption resulted from leasing activity in the Downtown area. Subsequently, Midtown saw 1.3 million SF of positive absorption while Midtown South saw a mere 368,187 SF of positive absorption. Financial, Legal, and Insurance industries continue to fuel demand for office space in Manhattan and with little new construction delivering, the market can expect rental rates to continue to increase throughout 2007.

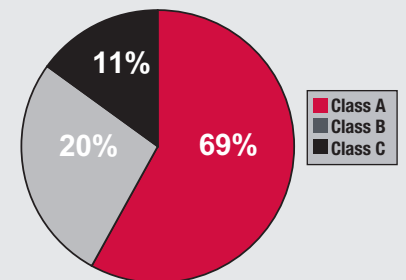
Overall Vacancy (%)



Net Absorption (in thousands SF)



Market Inventory (%)



## Significant Leasing Activity

Tenant:	Address:	Size:	Submarket:
Euro RSCG Worldwide	350 Hudson Street	158,284 SF	Hudson Square
Delia's	50 West 23rd Street	52,000 SF	Chelsea
WestPoint Home	63 Madison Avenue	49,120 SF	Gramercy Park
Rubies	1115 Broadway	23,370 SF	Chelsea
About.Com	249 West 17th Street	20,500 SF	Chelsea

## Significant Building Sales

Address:	Size:	Price:	Price (PSF):	Buyer:	Seller:
666 Fifth Avenue	1,500,000 SF	\$1,800,000,000	\$1,200.00 PSF	Kushner Companies	Tishman Speyer
450 West 33rd	1,700,000 SF	\$700,000,000	\$412.00 PSF	Broadway Partners	Chetrit Group
1745 Broadway	675,000 SF	\$509,000,000	\$754.00 PSF	Witkoff Organization	n/a
85 10th Avenue	600,000 SF	\$430,000,000	\$717.00 PSF	The Related Companies	Somerset Partners
14 Wall Street	1,000,000 SF	\$325,000,000	\$325.00 PSF	Capstone Equities	Lev Leviev/Boymelgreen
23 Gramercy Park	6,017 SF	\$14,500,000	\$2,409.00 PSF	Michael Hirtinstein	Gould Foundation for Children

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OFFICE MARKET	# BLDGS.	TOTAL RBA (SF)	TOTAL VACANT (SF)	TOTAL VACANT AVAIL (%)	TOTAL NET ABSORTION (SF)	TOTAL AVERAGE RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
<b>MIDTOWN</b>							
Columbus Circle	125	36,581,072	1,162,433	3.20%	73,022	\$57.26	0
Grand Central	166	50,964,862	2,788,544	5.50%	267,472	\$63.08	0
Murray Hill	151	13,274,638	365,766	2.80%	106,682	\$43.50	0
Penn Plaza	451	67,769,401	2,635,446	3.90%	149,606	\$41.90	0
Plaza District	445	86,697,982	3,492,237	4.00%	116,478	\$83.05	0
Times Square	172	38,408,416	1,564,625	4.10%	639,586	\$71.53	3,636,441
UN Plaza	28	3,655,717	203,308	5.60%	(28,692)	\$40.68	0
<b>MIDTOWN TOTAL</b>	<b>1,538</b>	<b>297,352,088</b>	<b>12,212,359</b>	<b>4.11%</b>	<b>1,324,154</b>	<b>\$63.79</b>	<b>3,636,441</b>
<b>MIDTOWN South</b>							
Chelsea	454	38,924,746	1,511,348	3.90%	322,643	\$36.40	50,000
Gramercy Park	247	26,947,741	589,680	2.20%	26,817	\$43.23	0
Greenwich Village	86	6,345,754	155,721	2.50%	226,370	\$44.71	0
Hudson Square	81	13,881,340	1,530,092	11.00%	(99,640)	\$41.42	0
Soho	184	7,863,597	547,285	7.00%	(108,003)	\$45.18	0
<b>MIDTOWN SOUTH TOTAL</b>	<b>1,052</b>	<b>93,963,178</b>	<b>4,334,126</b>	<b>4.61%</b>	<b>368,187</b>	<b>\$40.51</b>	<b>50,000</b>
<b>DOWNTOWN</b>							
City Hall	109	6,816,023	236,667	3.50%	30,822	\$40.06	25,000
Financial District	91	45,177,311	2,543,717	5.60%	8,31,415	\$42.43	0
Insurance	90	14,617,423	467,571	3.20%	244,911	\$36.70	0
Tribeca	83	9,268,426	563,632	6.10%	(69,743)	\$40.08	0
World Trade	54	28,126,685	2,517,178	8.90%	373,687	\$48.43	4,600,000
<b>DOWNTOWN TOTAL</b>	<b>427</b>	<b>104,005,868</b>	<b>6,328,765</b>	<b>6.09%</b>	<b>1,411,092</b>	<b>\$44.10</b>	<b>4,625,000</b>
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# SUMMARY

## Methodology

We have divided Manhattan into three markets: Midtown, Midtown South and Downtown. These markets have been separated into the following submarkets: Columbus Circle, Times Square, Grand Central, Plaza, Penn Plaza, Chelsea, Gramercy Park, Financial/World Trade Center and Insurance/City Hall.

## Glossary

**Average Asking Rental Rate** – Quoted asking rental rates, given on a per-square-foot, per-year basis and provided as a weighted average by the amount of square footage available for direct vacancy space.

**Direct Vacancy** – Space currently available in the market for lease directly with the landlord or building owner.

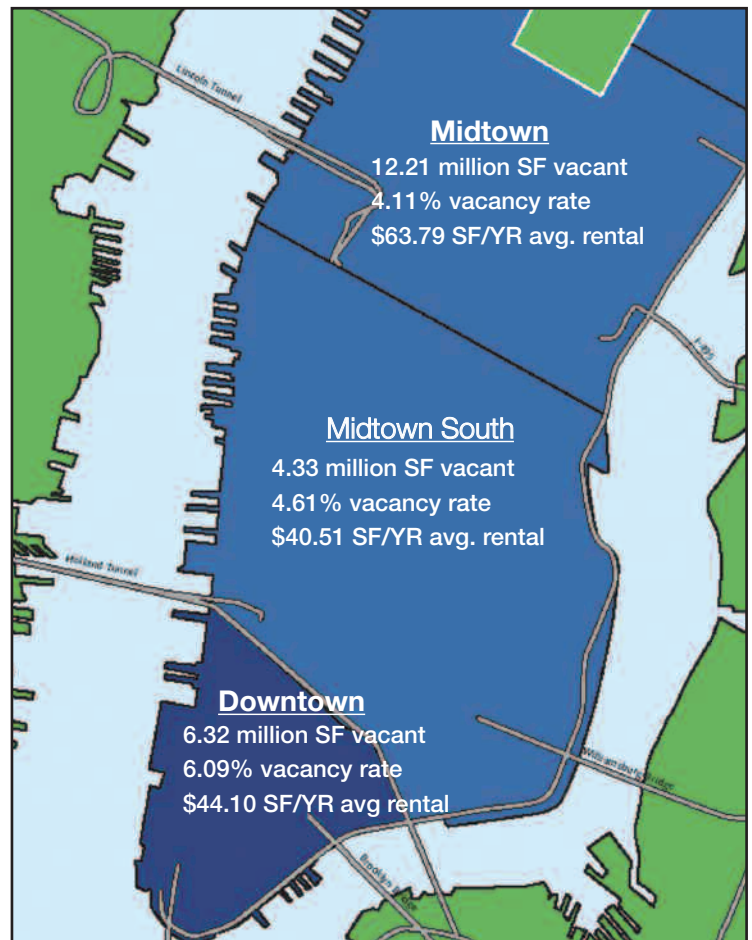
**Market Size** – Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

**Net Absorption** – Net Absorption measures the total amount of square feet leased over a period of time minus the space that is vacated during the same period.

**Overall Market Vacancy** – Direct and sublease space available for lease in the market divided by the market size.

**Overall Vacancy** – All available lease space, either direct or sublease.

**SF/PSF** – Square foot/per square foot, used as a unit of measurement.



**Sublease** – Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

**Sublease Vacancy** – Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

**QTD** – Quarter to date. The latest information available.

**YTD** – Year to Date. The latest information available.