

Manhattan

The Manhattan office market started the year on a positive note as 1,148,787 square feet of space was removed from the market offsetting nearly 9.5% of the 12 million square feet added in 2009. The availability rate dropped to 13.6% and remained above the 12.0% rate reported one year ago. The vacancy rate declined to 8.1% from 8.3% in December and was up from 6.9% reported one year ago. The average asking rent rose to \$44.33/sf from \$43.98/sf in December and remained 32.6% below the peak average asking rent reported in February 2008.

Midtown

The Midtown market continued to make progress in January as 715,649 square feet of positive absorption took place, pulling off 11.7% of the 6.1 million square feet of space added to the market in 2009. The availability rate fell to 14.3% at the end of January, still up from 13.0% reported one year ago. The average asking rent rose to \$52.80/sf from \$52.04/sf in December and remained 36.4% below the peak reached in January 2008. The Eastside district showed significant change in the availability rate from 16.9% in December to 15.0% in January. The average asking rent was \$46.83/sf, down 36.1% from the high of \$73.28/sf reached in January of 2008.

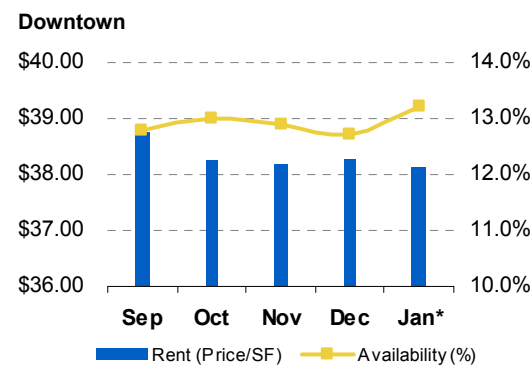
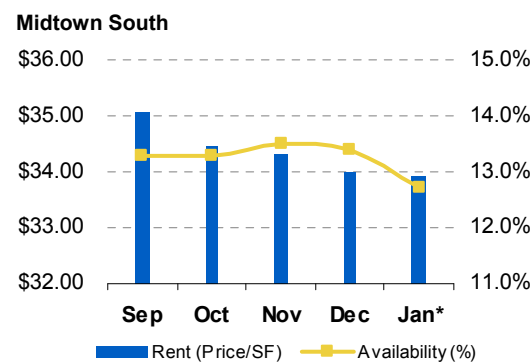
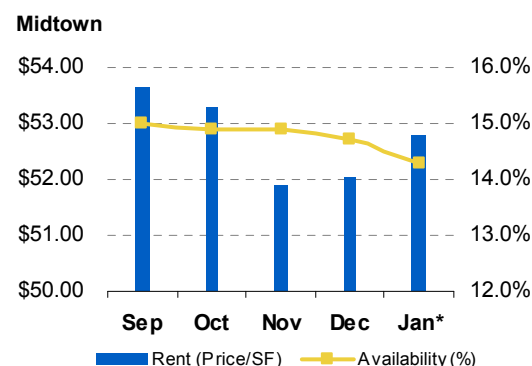
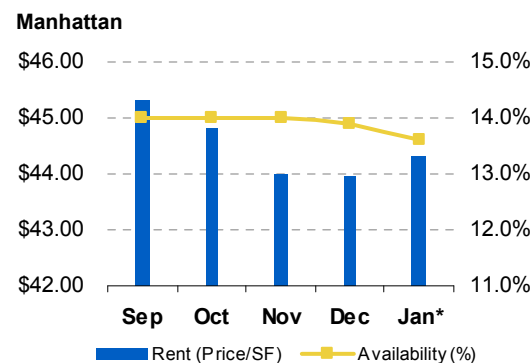
Midtown South

The Midtown South market experienced the most improvement in January as nearly 1.0 million square feet of positive absorption took place reversing 20.4% of the 4.9 million square feet of space added to the market in 2009. The availability rate dropped to 12.7% from 13.4% in December and remained above 10.9% reported one year ago. The total average asking rent was stable at \$33.94/sf and down 32.4% from the peak of \$50.19/sf reached in February of 2008. The Park Avenue South district posted 477,937 square feet of positive net absorption in January. The availability rate declined to 13.0% from 15.4% in December and remained above the 9.9% rate reported one year ago. The average asking rent fell to \$37.70/sf in January from \$38.34/sf in December.

Downtown

Downtown was the only submarket in Manhattan to post negative net absorption in January as 505,334 square feet were returned to the market. The availability rate rose to 13.2% from 12.7% in December and was up from 11.6% reported one year ago. The average asking rent fell slightly to \$38.13/sf from \$38.28/sf reported in December, and remained down 9.5% from the rate reported one year ago. The City Hall District posted positive absorption as 43,681 square feet of space was removed from the market. The availability rate declined to 16.0% and remained above 12.7% reported one year ago. Rents in the City Hall District were unchanged at \$35.42/sf.

Weighted Average Asking Rent & Availability



*Data through January 31, 2010