

April 9, 2020**Contact:****Tom Nolan/Francisco Miranda****212-741-2977****tom@greatink.com; francisco@greatink.com****Office Leasing Tenants Push Pause Button Amid COVID-19,
Avison Young Report Shows**

First quarter volume of 7.0 million square feet is the lowest since the Great Recession

New York City – April 9, 2020 – The COVID-19 global health pandemic is taking a toll on the Manhattan office leasing market, with many occupiers of space pushing the pause button on their real estate decisions, according to **Avison Young’s First Quarter 2020 Office Leasing Report for Manhattan.**

In the first quarter of 2020, Manhattan office leasing volume was slightly above 7.0 million square feet, which represents a new first quarter low since the first quarter of 2009 during the Great Recession (December 2007 to June 2009) when leasing volume totaled 5.3 million square feet.

“Office leasing velocity started out the quarter slow in January, followed by an uptick in February, but dropped 39.0 percent in March compared to March 2019,” said **Mitti Liebersohn, President and Managing Director of Avison Young’s New York City Operations**, noting that the COVID-19 virus was declared a global pandemic on March 11.

Marisha Clinton, Senior Director of Research, Tri-State added, “Although we may not see the full impact of COVID-19 on the office leasing market until the end of the second quarter, we can potentially expect to see a decline in average asking rents and an increase in the vacancy rate, especially if there is a rise in the amount of sublet space (currently at 27.0 percent of total vacant space) put on the market given the inability of some tenants to cover their rent payments.”

The overall vacancy rate for the first quarter of 2020 in Manhattan was 10.8 percent, up 110 basis points year-over-year due to less leasing activity. Average asking rents were a record \$83.30 per square foot, representing a 3.7 percent increase over the prior year due to higher priced space that came to market.

Overall for the first quarter of 2020, Midtown posted leasing volume of 4.6 million square feet, which was down 14.0 percent from its five-year quarterly average. There were just six large-block transactions greater than 100,000 square feet executed this quarter versus 11 for the same period a year ago.

For Midtown South, volume of just 929,000 square feet was down 23.0 percent from its five-year quarterly average and the largest deal recorded in this market was only 75,000 square feet.

Meanwhile, leasing volume of 1.5 million square feet also softened for the Downtown market, which was off 24.0 percent from its five-year quarterly average.

The report also highlighted other areas to watch including the halt in nonessential construction, which will affect eight significant office operations (greater than 150,000 square feet) with expected completion dates of 2020, and the effect of COVID-19 on flexible office and co-working providers.

To read a full copy of the report, please click [HERE](#).

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