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Companies are once again battling for Manhattan office space and prices are surging

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The sexy view-happy patio at the Lever House.

Trophy offices are so hot, brokers say tenants better put a ring on it before someone else does.

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Adam Henick of Current Real Estate Advisors had financial clients that were eyeing the newly built boutique office building at 360 Bowery near Soho that could have housed numerous family offices and well-funded tech funds. Then, he recalled, “In one fell swoop all that supply was taken off the market because Chobani leased the entire building.”

Even the city’s core Plaza District that includes Fifth, Madison and Park avenues north of Grand Central will soon have “No Vacancy” signs up.



Newly built 360 Bowery.
Handout

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Leading the city's stats, leasing in the Plaza District hit 3.26 million square feet in the last quarter of 2024. This includes a Citadel lease for 504,000 square feet at Brookfield's 660 Fifth Ave. that paves the way for its current offices at 350 Park and the adjacent 40 E. 52 St. to be demolished and rebuilt with 1.8 million square feet touching 1,600 feet high — but it won't be ready until ... oh, maybe 2032.

Since there is little new development rolling out and another 100 million square feet in "zombie" properties that can't sign deals due to fiscal or other issues, the unspoken for portion of the remaining 360 million feet is getting all the action.

JLL reported overall leasing hit 30.2 million square feet and was the most since 2018 with a vacancy of 18%. A record 28 deals were signed above \$200 per foot with 212 above \$100 per foot.

Leases for two full floors at Stefan Soloviev's 9 W. 57th St. with Tikehau Capital and Platinum Equity were among those signed at over \$200 a foot.

"There are fewer opportunities and fewer buildings that can meet the market," said Mark Weiss of Cushman & Wakefield. "We went from weak market to a tight market within a year. Premium buildings and premium locations have great pricing power."



Trophy offices in the Plaza District are being gobbled up by major players. Just look at 660 Fifth Ave., where finance giant Citadel signed a massive half-million-square-foot deal.

Brookfield Properties

The most recent deals at Lever House at 390 Park Ave. were all signed above \$200 per foot, well outpacing the average trophy rent of \$150 per foot, according to CBRE. Remaining floors now have asking rents ranging from \$240 to \$280 per foot. CBRE, whose main offices are at 200 Park, even nailed down six floors at Lever House for its own “global financial headquarters” with two as flex space for top executives, who also get the use of its upscale club.

Market rents for investors are being underwritten 20% to 30% higher since the pandemic, especially around Park Avenue and for towers with access to Grand Central Terminal. The trophy One Vanderbilt, for instance, is getting nearly \$300 per foot — when available.

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“This is obviously a changing market, the type of workplaces [people] want to be in, the neighborhoods they want to be in, the type of buildings they want to be in,” said Scott Rechler of RXR. “There’s a flight to quality.”



Lever House at 390 Park Ave. is seeing deals over \$200 a foot. Downtown, 60 Wall St. is attracting savvy tenants looking for value.

Lucas Blair Simpson

Rechler’s Commodore Tower at 175 Park Ave. next to Grand Central Terminal already has a 453,000-square-foot Park Hyatt in hand but the 2.8 million-square-foot monster in

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waiting by RXR, TF Cornerstone and Michael Dell's firm, DFO Management, needs a boost from a big office anchor to fill the remaining 2.1 million square feet.

The Plaza District is the tightest submarket and because capital markets have suffocated construction, Henick said that dynamic won't change very soon.

Other projects that need anchor tenants before getting construction financing include BXP's 347 Madison Ave., which has asking rents from \$175 a foot in the base to over \$300 at the top.

"They are not getting price resistance," said one broker who asked for anonymity. But brokers are hoping BXP doesn't wait for an anchor because, they say: "Build it and the tenants will come."

"The story of 2024 was how well core Midtown has done but as companies [seeking space] realize what they want doesn't exist, the demand will broaden to other submarkets." - Howard Fiddle of CBRE

Floors at Alchemy-ABR's entirely new 125 W. 57th St., which all have views of Central Park, are expected to be gobbled up by those needing floorplates of around 11,000 square feet.

SL Green's 245 Park Ave. is undergoing a redo and is expected to get high rents, as well.

Between West 42nd and West 43rd streets, the new boutique 520 Fifth Ave. includes access to its private club. It will be open later this year and negotiating several deals.

"The building is on fire and a complement to Nicky Rabina and how great a developer he is," said investment sales broker Doug Middleton of CBRE.

Next door at 522 Fifth Ave., owner Aby Rosen said he has worked out finances at the vacant building and is targeting companies that want a corporate headquarters.

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Gary Barnett's tower at 570 Fifth Ave., with an IKEA in its base, won't be available for at least three years.

Still, tenants that first start looking at that time will have difficulty finding solutions, Henick explained.



The new ground floor space at 570 Fifth Ave. will be ready for Ikea to move in by 2028.
INGKA

Further out from Grand Central Terminal and Hudson Yards, the demand is weaker and rents are lower — now averaging around \$77 per foot overall.

“The story of 2024 was how well core Midtown has done but as companies [seeking space] realize what they want doesn’t exist, the demand will broaden to other submarkets,” predicted Howard Fiddle of CBRE.

Since not every company can afford \$200 a foot, Fiddle believes tenants will also make fiscally prudent leaps to downtown, where Colliers reports an average asking rent of \$57.03 per foot.

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Already, Colliers reports downtown's total leasing of 2.27 million square feet was the most since 2014.



Downtown, 60 Wall St. is attracting savvy tenants looking for value.
Lois Weiss

Fiddle is part of the leasing team for 60 Wall St., where asking rents start in the \$70s per foot. Owner Paramount Group [has a \\$250 million renovation](#) underway for the entirely vacant 1.6 million-square-foot former headquarters building.

Just north of Tribeca in Hudson Square, Disney is settling into its new digs, and brokers believe it will boost the area's restaurants and retailers.

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It may also kickstart Taconic Partners and Nuveen's One Grand, a 28-story, 478,000-square-foot boutique office building designed by SHoP that will include a new public school on land at 76 Varick St. owned by Trinity Church.

Nearby, Hudson Square Properties, a joint venture, redeveloped 345 Hudson St. by joining it to the entirely new 555 Greenwich St. This now 1.7 million-square-foot building has new amenities, a town hall and rooftop terraces.



Din Tai Fung occupies 26,000 square feet of the underground level at 1633 Broadway.
Jason Varney

In Midtown, Paramount Group's 1633 Broadway has floorplates of 40,000 to 50,000 square feet and rents from the \$60s to \$80s per foot. There's an Equinox, plus its new restaurant, Din Thai Fung, has a cult following and a new lobby renovation is forthcoming.

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Unique hospitality-like amenities are creating bidding wars for the offices at 10 Grand Central.

“We have four groups vying for the same space,” said Craig Deitelzweig of Marx Realty. “We built out two floors of pre-builts and they are all gone.”

Here, Marx has 11,000 square feet of amenities that include an elegant 200-seat town hall, which “everyone wants for events and product launches” and had city approvals in time for his holiday party, featuring Rockettes and sushi. A podcast room and movie spot are in adjoining areas while a second floor of amenities has a boardroom and cozy, see-through igloos on its terrace.

“Tenants want amazing spaces and want to enjoy going to work and if you don’t make it special and distinctive it won’t lease. But if you do, you will get high rent,” said Deitelzweig.

Three floors of around 12,000 square feet will be available this year at Marx’s highly amenitized 545 Madison Ave. that is co-branded with Baccarat. Asking rents range from \$120 to \$130 per foot — and he expects to get that pricing.

When clients tour and can compare new construction with even glass towers built 50 or 60 years ago, they can see vast differences. “You can add amenities and you can refresh the lobby, but you are not removing columns or making the windows larger,” Henick said. “That is one of the issues that will plague the market.”

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