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Madison Avenue retail rents reach record high with the Hermes lease at 691 Madison at \$1,700/SF and pending leases at 680 Madison Avenue for \$2,200/ SF.

Office vacancies continue to decline as existing commercial buildings are converted to residential and hotels with limited new commercial construction being completed.

New York City Market Overview: [\[1\]](#)

One year after Hurricane Sandy ravaged Lower Manhattan, the area has mostly recovered according to The Downtown Alliance. All sectors of the real estate market: office; residential and retail have been steadily improving over the year, and have shown gains in the last quarter.

Commercial investors in New York City real estate are after "land". Sales of prospective development sites multiplied, while sales of other types of commercial properties, including multi-family assets and office buildings have declined.

New York is the biggest real estate investment market in the world. The metropolitan area saw commercial property investments rise 39 percent, to \$49.2 billion, from the start of 2012's third quarter and the end of this year's second quarter. New York is the dominant investor in multifamily and hospitality sectors.

Manhattan office leasing continued to recover, although some segments of the market began to stratify. Class B rent increases outpaced those for Class A space, while the very high-end of the leasing market had more than 50 leases with taking rents over \$100 per square foot

have been signed.

The purchase of New York's Cassa Hotel in 2012, whose owners were in bankruptcy proceedings, is one example of Chinese investors snapping up commercial properties in distress, a trend that seems to be picking up steam.

Rather than re-absorbing the office space they cast off during the economic downturn, big banks are continuing to decrease their presence in Manhattan. The 10 largest banks in the city reduced their space by 6 million square feet, to just under 32 million square feet between 2008 and early 2012.

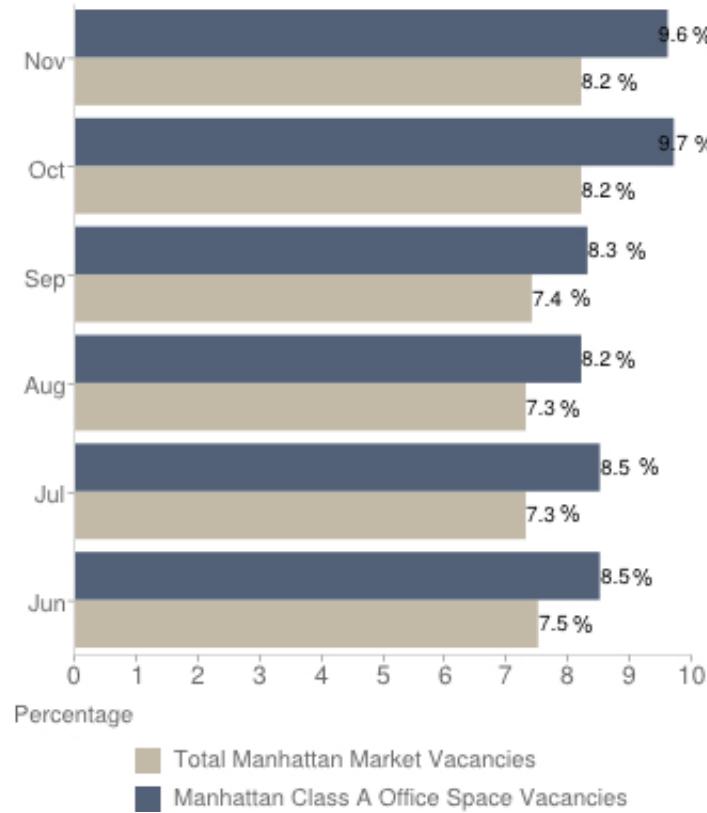
Tech and fashion tenants are re-shaping an area bordered by Herald Square to the south and Times Square to the north

It's boom time for hotels in New York City. The overall number of Manhattan hotels is slated to jump about 10 percent to over 90,000 by the end of 2014.

Manhattan's expected growth in the hotel sector is the highest in the nation and is more than double the ADR's seen in Miami and Washington. New York City hoteliers in search of financing can find loans through multi-borrower securitizations.

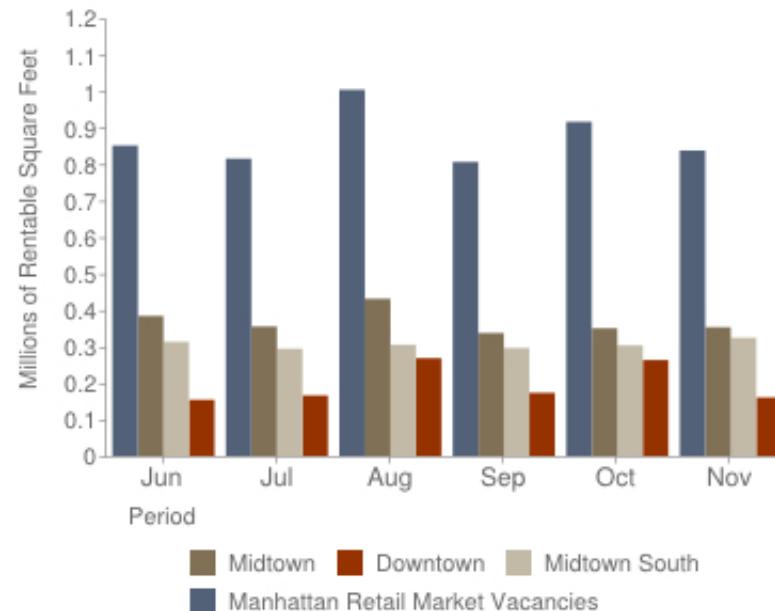
[2]

2013 Manhattan Office Market Vacancies



- Total Manhattan Class A Office vacancies [2] decreased from 9.7 % vacant to 9.6 % vacant.
- Total New York City Office vacancy [2] stayed at 8.2 % vacant

2012-2013 Manhattan Retail Market Vacancies



[3]

- Total Available New York City Retail Space For Lease
[3] decreased from 0.916 million SF to 0.84 million SF.

Source URL: <http://www.optimalspaces.com/november-2013-new-york-city-office-retail-market-report>

Links:

- [1] <http://www.optimalspaces.com/node/105/nojs>
- [2] <http://www.optimalspaces.com/november-2013-new-york-real-estate-office-statistics>
- [3] <http://www.optimalspaces.com/november-2013-new-york-retail-graphs-statistics>