



COMPSTAK

Q2 2016

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Effective Rent Report

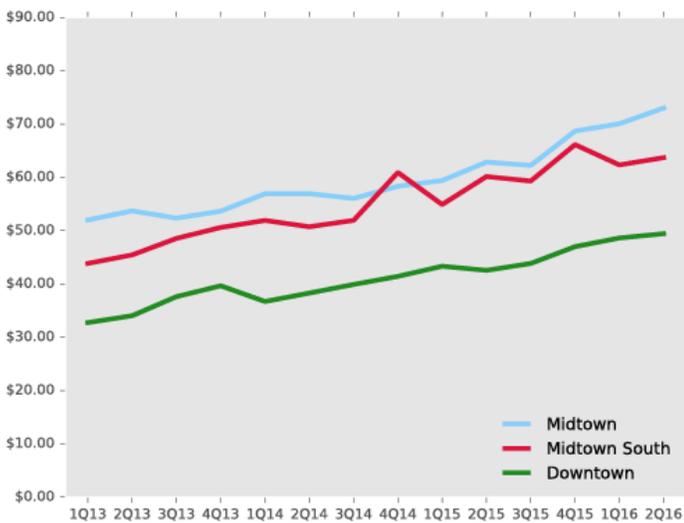
Manhattan Office Snapshot

OVERVIEW

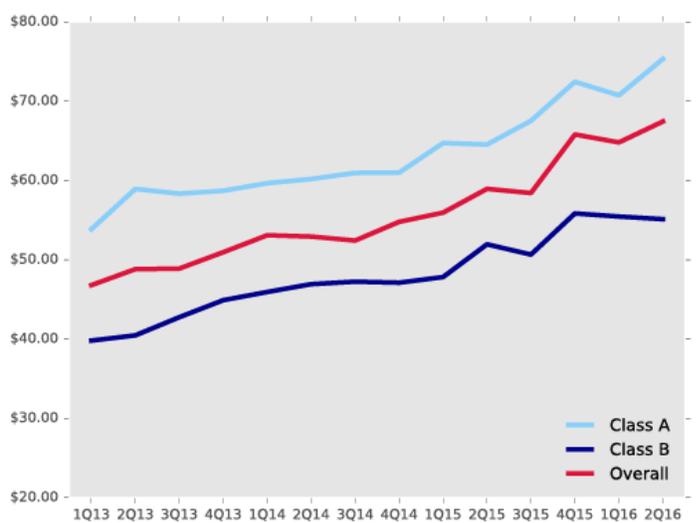
Across the board, average effective rents for office spaces were up in Manhattan markets, continuing last quarter's positive rent growth. Average effective rent rose 4.07% during the quarter to \$67.44. That represents a considerable year-over-year increase of 14.41% and an indication of a bull market. Average concession values, while elevated by recent historical standards, declined slightly by 25 basis points in 2Q2016 compared to 1Q2016, ending the quarter at 13.36%.

Overall Market Summary					
Averages	Q2 2016	Prior Quarter	Year Ago Period	Change Current and Last Quarter	Change Current and Previous Year
Starting Rent	\$70.90	\$69.14	\$62.18	2.55%	14.04%
Effective Rent	\$67.44	\$64.80	\$58.94	4.07%	14.41%
Concession Value	13.36%	13.61%	10.93%	(1.84%)	22.26%

Manhattan Office Effect Rent By Market



Manhattan Office Effective Rent By Building Class



MIDTOWN

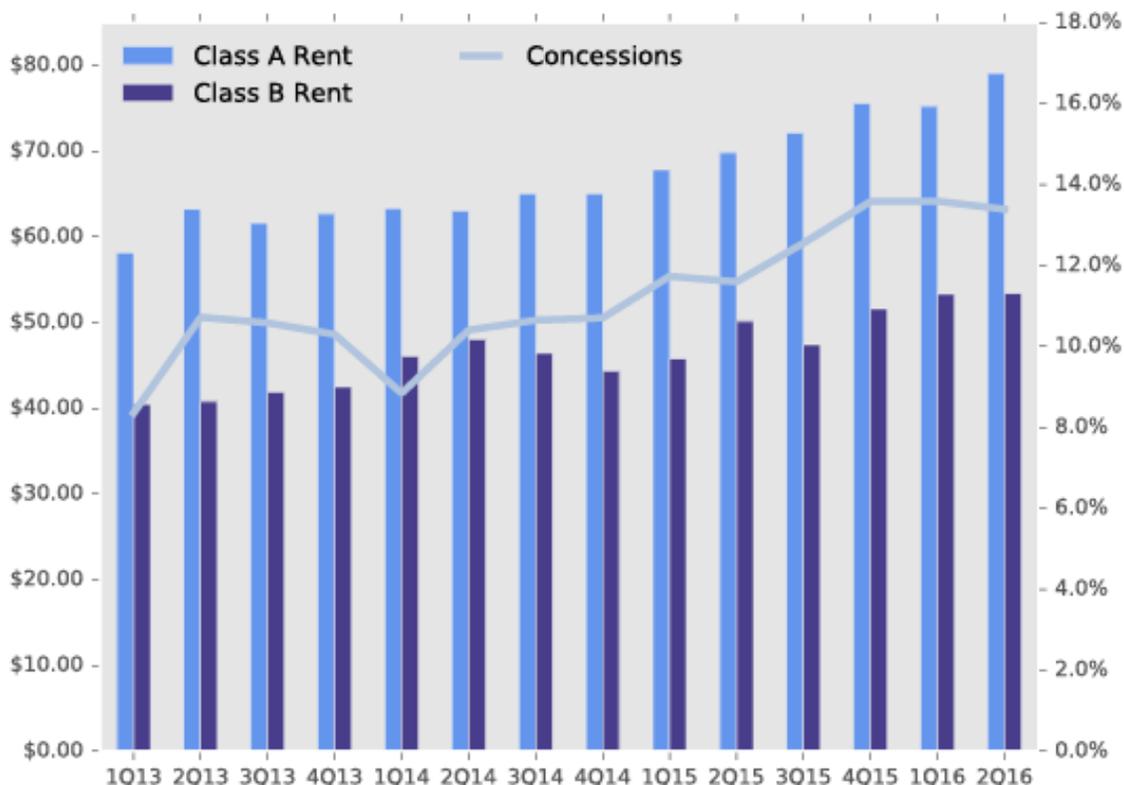
Landlords made small gains in average effective rent in Midtown in 2Q2016 generally, with a quarter-over-quarter increase of 4.33%, from \$70.35 to \$73.40. Compared to the same period last year, effective rents are up 15.95% in the market. The strengthening was most pronounced for the Class A sector, which saw effective rents grow to \$78.31 during the quarter, representing 12.55% growth year-over-year.

Average concession value, while remaining on the higher end of its historical range, held mostly steady with only a slight decline of 20 basis points to 13.39% of total lease value.

Notable leases signed in the quarter:

- o **UBS**: 1285 Avenue of the Americas, Size: 890,861, Renewal
- o **DE Shaw & Co**: 1166 Avenue of the Americas, Size: 195,375 combined, Renewal
- o **GE Capital**: 285 Madison Avenue, Size: 42,989, New Lease
- o **Schroeder Investment Management North America**: 7 Bryant Park, Size: 73,000, New Lease

Midtown Effective Rent and Concessions



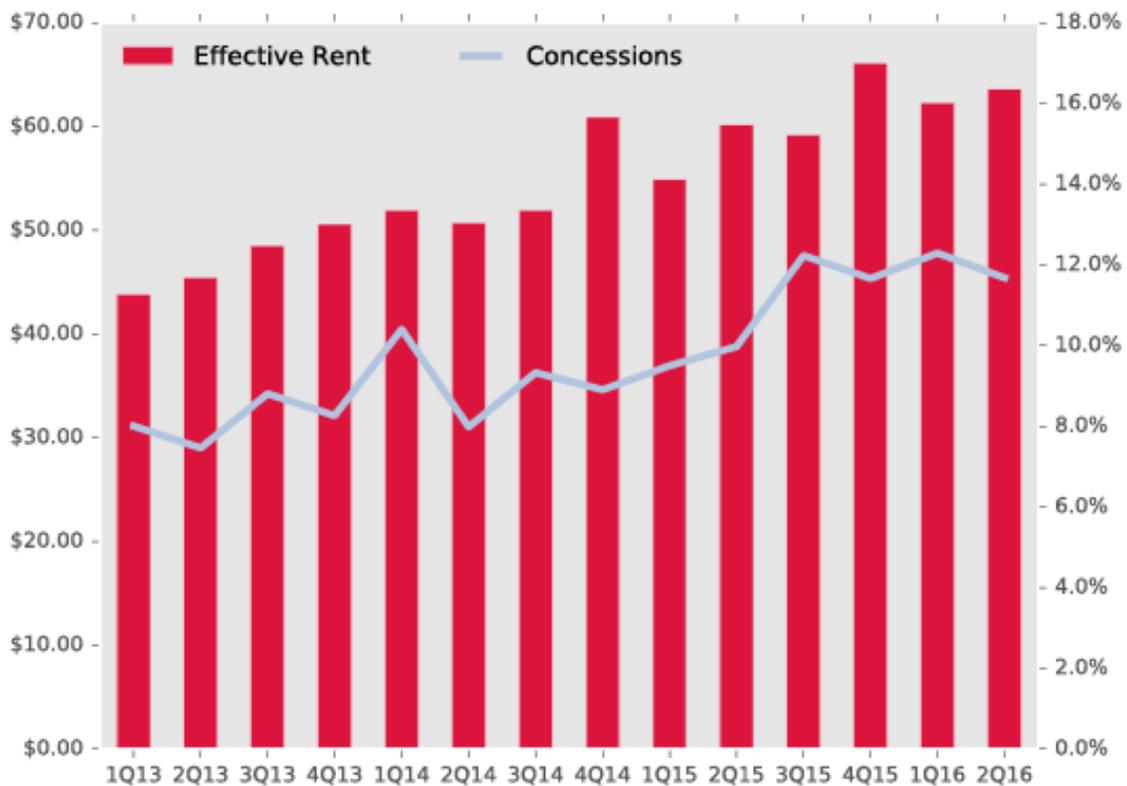
MIDTOWN SOUTH

After flat effective rent growth in the first quarter, Midtown South saw a small increase in 2Q2016 of 2.06% to \$63.60. That brings the average effective rent for the market up a moderate 5.74% compared to the same period last year. As with Midtown, average concession value remained elevated, around 12% in the quarter.

Mid-sized transactions, especially among TAMI tenants, dominated activity during the quarter. Some notable technology, advertising, media, and information services tenants signing in Midtown South in the second quarter included:

- o [The Nielsen Company](#): 675 Avenue of the Americas, Size: 43,529, New Lease
- o [Galvanize](#): 315 Hudson Street, Size: 54,500, New Lease
- o [Collective Media Inc.](#): 250 Hudson Street, Size: 27,039, New Lease

Midtown South Effective Rent and Concessions



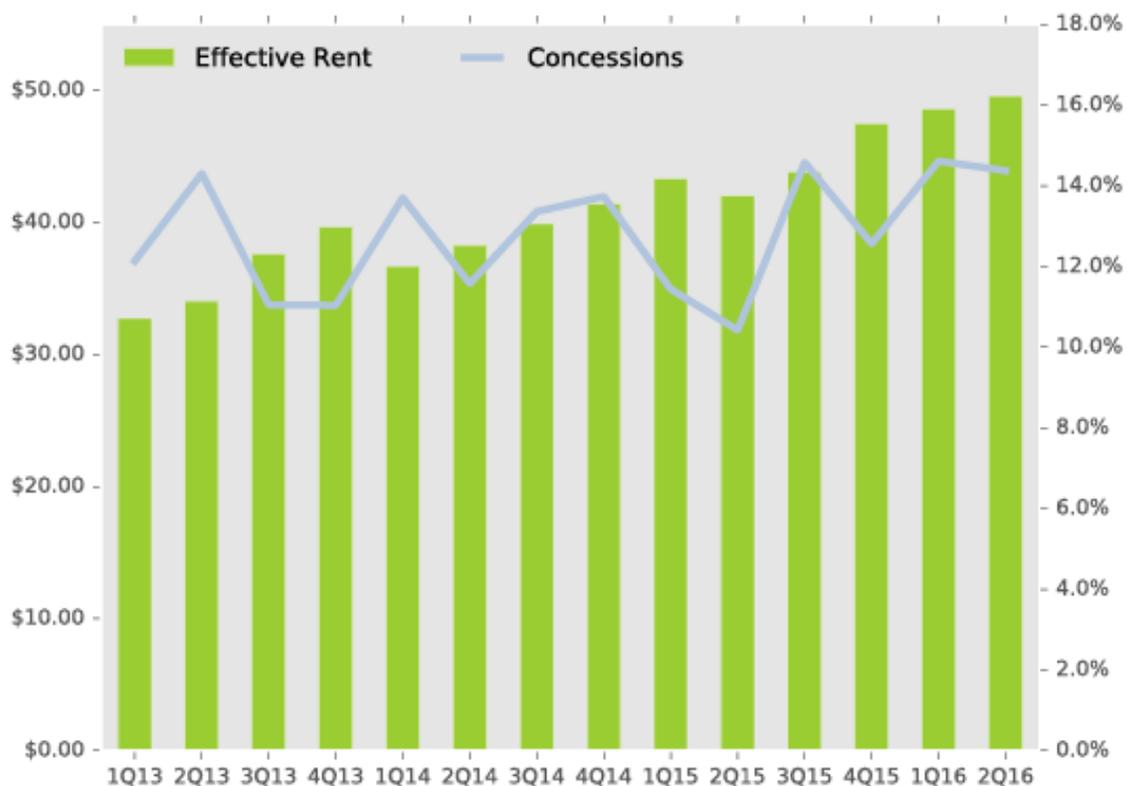
DOWNTOWN

Downtown has experienced four consecutive quarters of positive rent growth. Average effective rent increased to \$49.58 in 2Q2016, representing an increase of 1.98% since the previous quarter and 18% year-over-year. Average concession value dipped slightly by 24 basis points to 14.37% but nevertheless remained elevated.

More than 70% of transactions completed in the market were for new leases. Additionally, most of the large transactions were for relocations within Downtown's submarkets, including:

- o [QBE](#): 55 Water Street, Size: 97,228, New/Relocation
- o [Hudson River Trading](#): 4 World Trade Center, Size: 69,000, New/Relocation

Downtown Effective Rent and Concessions





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About CompStak

The Effective Rent Report is produced by CompStak, Inc. For comments or questions, please contact Regina Glick at Regina@CompStak.com.

About CompStak: CompStak is the world's first comprehensive database of commercial lease comparable data. We gather our data from our users, a committed community of commercial real estate brokers, appraisers and researchers. Our analysts review all of the data we receive to ensure data integrity and quality.

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*Effective Rent takes into consideration the rent paid for every year of the lease, as well as landlord concessions such as free months and tenant improvement allowance.