

## Sales Volume

Total transaction volume for all product totaled \$24 Billion in 2017, representing a decrease of 44% to the \$43 billion of activity in 2016. Manhattan office transaction volumes fell 35%, with 56 transactions totaling \$16 billion, compared to 90 transactions totaling \$22 billion in 2016. There are \$5.8 B of deals currently under contract and \$18 B of deals currently on the market. Transaction activity has averaged \$30 B per annum over the last 10 years

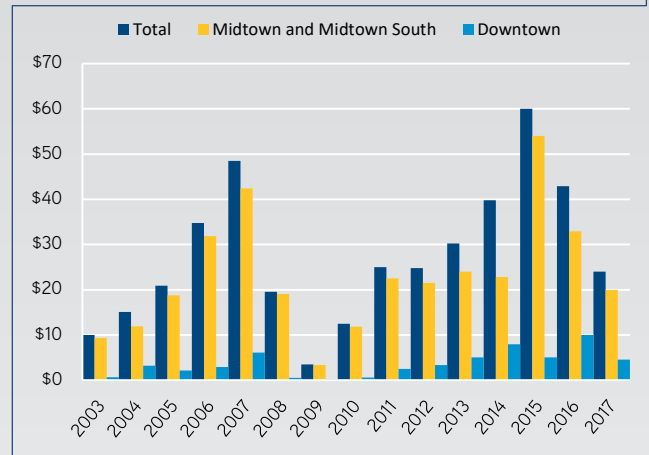
## Cap Rates

The Midtown Class-A office market witnessed a rise in cap rates for the first time in several years to an average of 4.5%, from 4.0%. Class-B office rates remained steady around 3.75% - 4.25%. Cap rates remain very sensitive on a deal by deal basis given the near-term upside potential and in-place vs market rent.

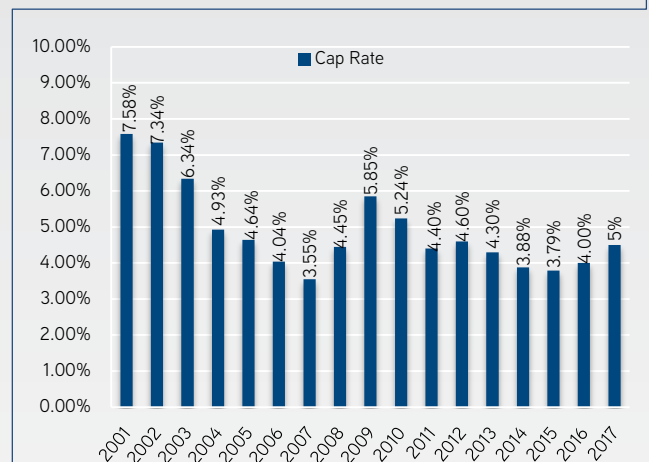
## Capital Values

Capital values continue to remain strong, especially in Midtown South and Downtown. Midtown Class-A values were nearly unchanged year over year and finished 2017 at \$1,122 PSF, while Downtown values rose by more than 10% to \$624 PSF. The average price per square foot for a Manhattan office building is now \$890.

## Annual Investment Sales Activity



## Midtown Class A Cap Rates



## Weighted Average Midtown Class A Office



## Rental Rates and Statistics

At 37.05 MSF leasing activity increased by 10.9% in Manhattan compared to 2016. The leasing volume in 2017 was the second highest since 2003, slightly behind 2014's 27.38 MSF. At an average of \$72.74/SF, asking rents were down by 0.7% from 2016. Manhattan's availability rate decreased by 0.3 pp to 10.0%. Deals by FIRE tenants led leasing activity in 2017 with a 34% share. TAMI companies trailed FIRE considerably at 23%. Major leases in 2017 included BlackRock's 849,660 SF relocation to 50 Hudson Yards, 21<sup>st</sup> Century Fox's 767,885 SF renewal/expansion at 1211 Avenue of the Americas and E&Y's 604,168 SF lease at 1 Manhattan West.

At 4.0%, New York City's unemployment rate was down 0.7 pp year-over-year. This was the second lowest monthly unemployment rate on record. From November 2016 to November 2017, New York City added 68,100 new private sector jobs.

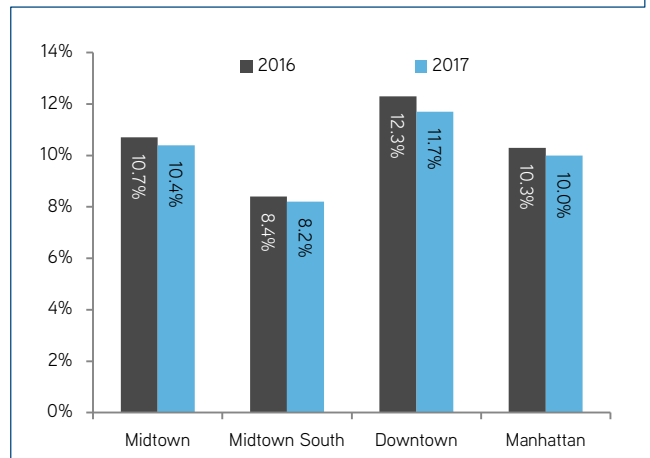
## Buyer Profile

Foreign buyers from all corners of the globe accounted for 45% of total investment, contributing to \$10.8 billion in transactions. Global and domestic investors demonstrated their continued recognition of the safety, security, and long-term capital appreciation potential of the Manhattan real estate market as the demand for product continues to far outpace supply. Volatility in the equities markets is likely to push additional capital into New York City real estate.

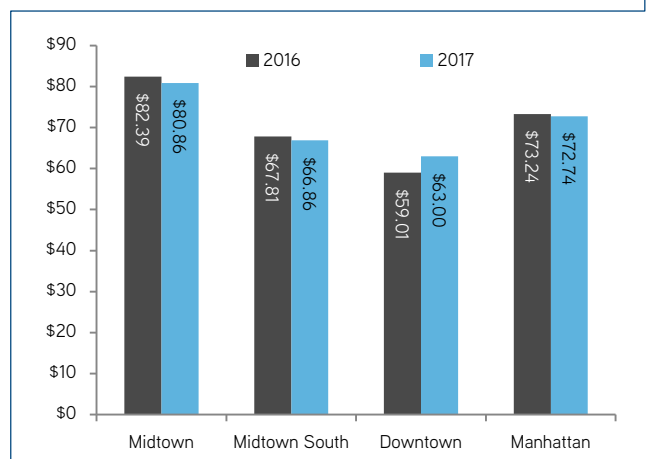
## Looking Ahead

Strong job growth, increased hourly wages and an overall strength in the domestic economy all point to a rising interest rate environment. After several years as record low levels, interest rates are anticipated to witness their first meaningful increase as we enter 2018. There remains ample liquidity in both the debt and equity market to support both acquisition debt and refinancing proceeds, albeit at rates which are 25 – 75 basis points higher than the previous 12-18 months.

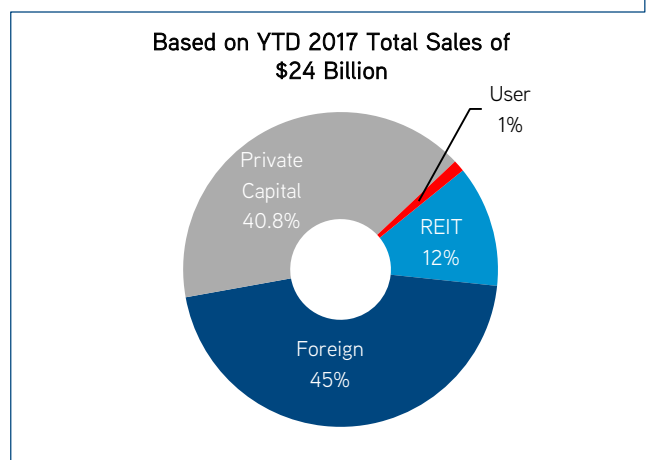
## Overall Availability Rates by Market



## Overall Asking Rents by Market

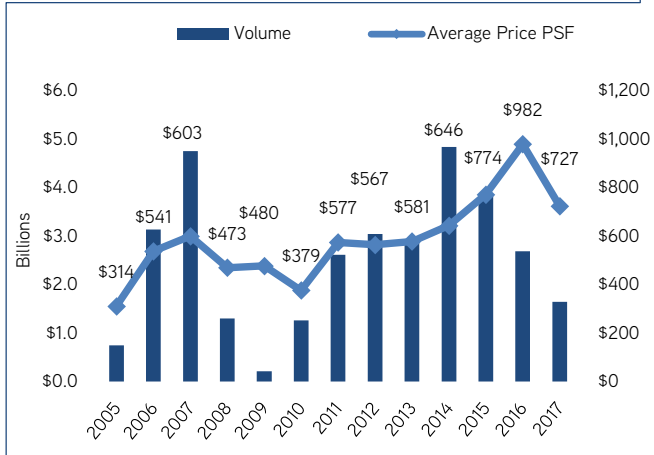


## Investment Sales by Investor Profile

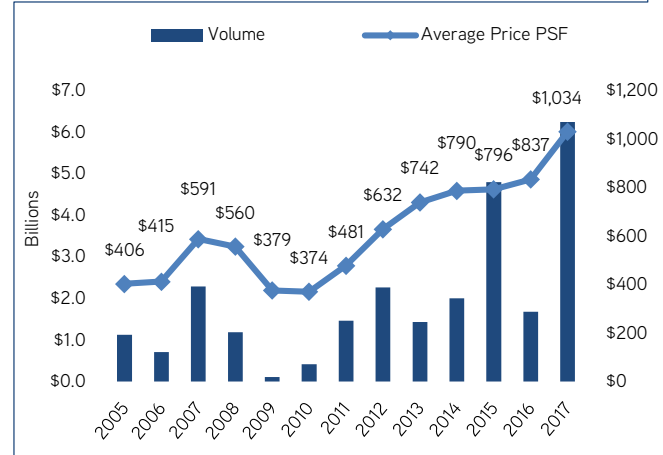


	Midtown Class A	Midtown Class B	Midtown South	Downtown	Uptown	Total
Total # of Deals	7	13	25	10	1	56
Total SF	8,538,841	2,308,336	6,682,680	7,038,733	52,584	24,621,174
Total Dollar Volume	\$5,266,500,000	\$1,658,791,030	\$6,261,585,828	\$2,960,767,150	\$30,578,890	\$16,178,222,898
Average Price PSF	\$1,122	\$727	\$1,034	\$624	\$582	\$890
Average Deal Size	\$752,357,143	\$127,599,310	\$250,463,433	\$296,076,715	\$30,578,890	\$288,896,837
Average Cap Rate	4.0% - 4.75%	3.75% - 4.5%	3.75% - 4.25%	4.0% - 4.75%	5.0% - 5.75%	3.75% - 4.75%

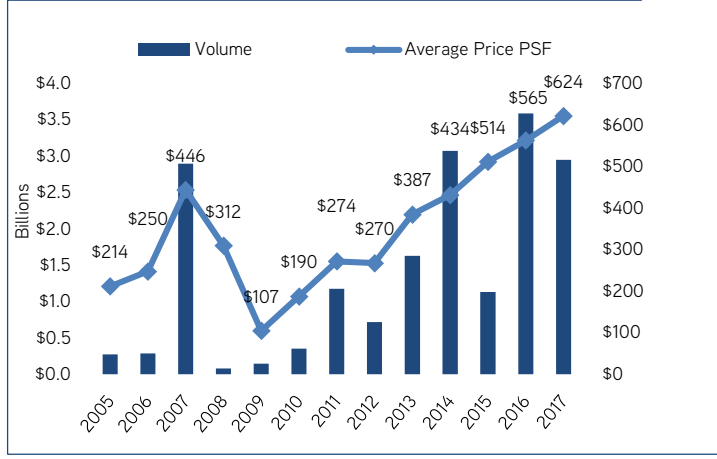
**Midtown Class B Historical Office Sales**



**Midtown South Historical Office Sales**



**Downtown Historical Office Sales**



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**396** offices in  
**68** countries on  
**6** continents

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United States: **153**

Canada: **29**

Latin America: **24**

Asia Pacific: **36**

AZN: **42**

EMEA: **111**

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**\$2.6**  
billion in annual  
revenue

**2.0**  
billion square feet  
under management

**15,000**  
professionals  
and staff

Colliers' statistical sample set for Manhattan totals 510 MSF and includes all commercial office properties with at least 25,000 SF of office space, from 59<sup>th</sup> Street to the Battery and river to river. Colliers' availability rate includes only office space scheduled for tenant build-out within 12 months. In tracking leasing activity, Colliers includes all lease types: renewals, expansions, relocations, and the occasional sale-leaseback.

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