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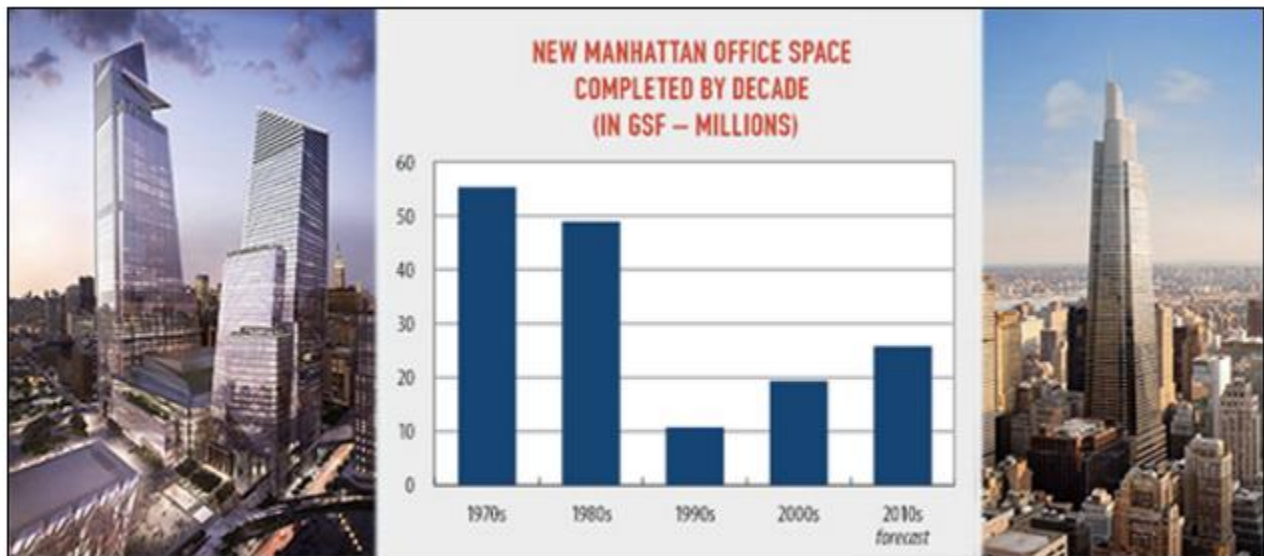
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<http://therealdeal.com/2016/09/19/manhattan-to-add-20m-sf-of-new-office-space-by-2021/>

Manhattan to add 20M sf of new office space by 2021

The space will be spread across 23 buildings: New York Building Congress



From left: Rendering of 10 Hudson Yards, Building Congress graph of office space completed and rendering of One Vanderbilt

By [Kathryn Brenzel](#)

Over the next five years, more than 20 million square feet of new office space is expected to be added to Manhattan.

The office space is spread across 23 new buildings, with much of it — approximately 6.5 million square feet — concentrated in Related Companies and Oxford Properties Group’s Hudson Yards projects, according to a new report by the New York Building Congress. The organization bills the increase as a sign of a healthy office market, the best seen in the borough since the 1980s, said Richard Anderson, the organization’s president.

The report only counts one building impacted by the Midtown East rezoning — SL Green Realty’s [One Vanderbilt](#), which is expected to be completed in 2021 and will span 1.6 million square feet. More new office space is expected in the neighborhood in the coming decades. Last month, the Department of City Planning released a long-awaited proposal to [rezone Midtown East](#), which seeks to bulk up the neighborhood’s office stock. The proposal identifies 16 sites where a total of 6.5 million square feet of new office space could be added under the rezoning.

The proposal, however, estimates that this construction would be completed by 2036 — and it's not yet clear how many of the property owners at the 16 sites will be on board with adding office space.

Anderson told The Real Deal that a high volume of new office space in the city is long overdue. Related and Oxford's first office building in the Far West Side [megaproject](#), 10 Hudson Yards, is already fully leased. And Cushman & Wakefield is rumored to be potentially anchoring the newly-restyled [390 Madison Avenue](#).

Still, there's always a certain level of uncertainty as to how much of the new space coming online will be absorbed.

“The office market is strong, but of course it raises the question, when you're adding this much supply, of how much demand there is,” he said.

According to CBRE's [August office market report](#), Manhattan's overall net absorption stood at negative 2.65 million square feet year-to-date, a 131 percent increase over the same period last year. The availability rate also rose slightly to 11.2 percent from 10.6 percent. Asking rent is also up from \$70.08 per square foot to \$73.72.

The Building Congress' report doesn't include [2 World Trade Center](#)'s anticipated 2.8 million square feet of office space, since construction on the project was halted earlier this year. Silverstein Properties still has not found a tenant to replace News Corp. and 21st Century Fox. The developer, as is typical in trophy office buildings, has indicated that he won't start construction at the site until a significant chunk of the building is pre-leased.

Meanwhile, Brooklyn and Long Island City in Queens are expected to complete 9.2 million square feet of new office space by 2020, and have a total of 13.4 million square feet either under construction or in the planning stages, according to Cushman & Wakefield. Most of that space — 10 million square feet — is expected to be in the planning stages or under construction at the Brooklyn Navy Yard, in Downtown Brooklyn, Williamsburg, DUMBO and Red Hook.

“Manhattan will always be the center of gravity for the office world,” Anderson said in a statement. “What is happening right now in Brooklyn and Queens is quite remarkable and a potential boon to New York's long-term economy.”

Still, new office construction started in the first half of this year totaled \$1.6 billion, a massive drop from 2015, which had \$5.7 billion worth of new projects during the same timeframe. The Building Congress attributes this gap primarily to the Hudson Yards and the far West Side towers started last year. The report also notes that this year's numbers outshine those of previous years, like the first half of 2014, which saw \$1.2 billion worth of new construction and 2012, which saw \$829 million.