

Manhattan - Midtown

CONCESSIONS PUSH HIGHER, EFFECTIVE RENT FALLS

Takeaway

Average negotiated rent fell below \$100 for the first time since 2014 as landlords stretched to boost leasing activity. Owners pushed concessions even higher into record territory, spurring an 11.2% decrease in tenant effective rent during 2017. Tenants responded. Leasing volume surged in the second half of the year, totaling nearly 19.0 msf. Despite the increased activity, most firms will still have multiple space options to choose from in the next few quarters, compelling landlords to keep concessions at their current record levels.

Negotiated Rent

\$96.09
TOTAL GROSS RENT -7.0%

Concessions

\$181.69 **\$93.61** **11.0**
8.5% IMPROVEMENT ALLOWANCE AVERAGE FREE RENT AVERAGE (MONTHS)

Tenant Effective Rent

\$72.36 -11.2%

Building Expenses

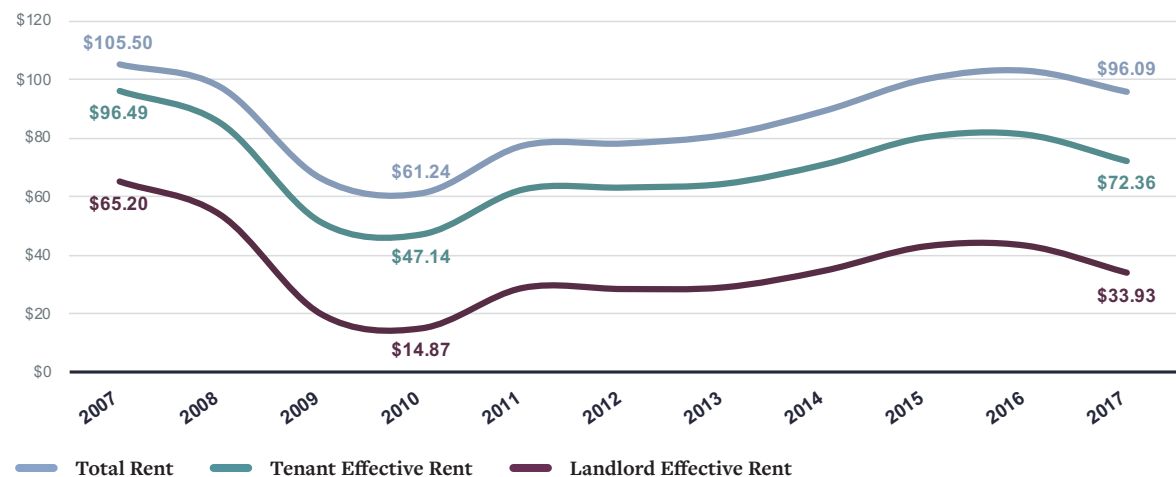
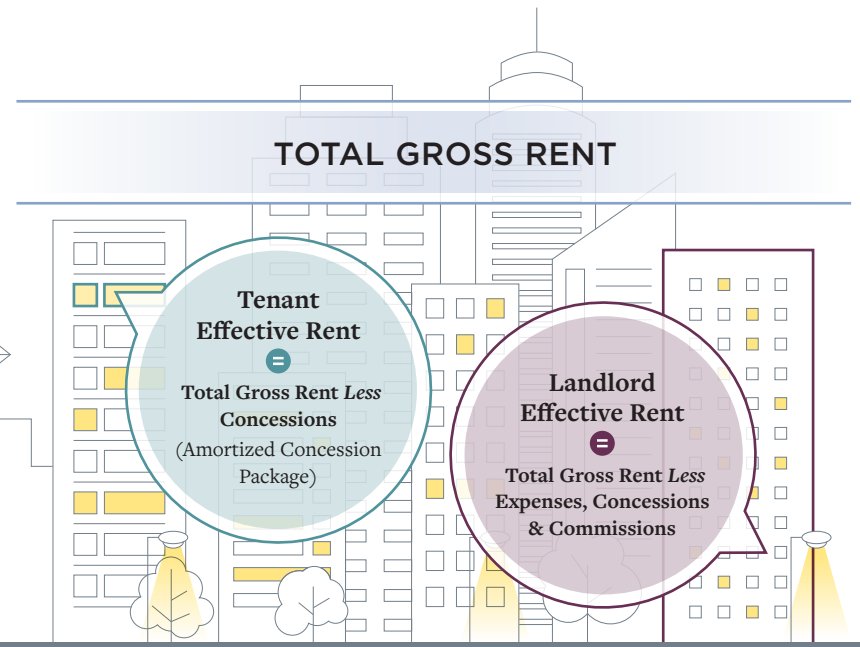
\$14.75 **\$16.90**
OPEX 1.7% RE TAXES 0.9%

Landlord Effective Rent

\$33.93 -21.5%



RENT SENSIBLY.
DO YOU KNOW WHERE YOUR RENT GOES?



METHODOLOGY

The *Effective Rent Index* tracks what tenants truly pay for top tier Class A office space (tenant effective rent) and what landlords ultimately walk away with (landlord effective rent) once building expenses and leasing costs are deducted from net rent. Derived from negotiated office leases, the index provides critical insight into the health of each market and its position along the 'landlord-tenant favorable' spectrum. For more information about the report or detailed methodology visit: www.savills-studley.com/research/us/effective-rent-indexes.aspx.

