

DOWNTOWN MANHATTAN VACANCY RATE FALLS, SURVEY SAYS

CRAIG J. MCGUIRE

end of February.

At the same time, average rates slid to \$38.24 per square foot, from \$38.77 reported the month before.

The overall Manhattan vacancy rate (including Midtown, Midtown South and Downtown) remained steady

NEW YORK — There was a significant drop in the Downtown Manhattan vacancy rate in March, as more space was leased than was added to the market in Lower Manhattan during that month.

However, while occupancy increased, average asking rental rates declined slightly. That is according to a first-quarter report recently released by **Cushman & Wakefield** (C&W), one of the largest real estate firms in the nation.

Based on C&W's findings, as of March 31, the downtown Manhattan office vacancy rate stood at 13.3%, compared with 13.7% at the

at 12.3%, up from 12% at year-end, C&W reported.

Attributing the decline to several factors, such as

business incentives and availability, Kenneth Krasnow, senior managing director and head of C&W's New York office, said, "Right now, New York City has a lot of office space available at a bargain."

According to C&W's first quarter statistics, class-A space Downtown commanded the highest vacancy rate of any asset class in all three submarkets.

Specifically, as of March 31, the class-A vacancy rate downtown stood at 16.3%, compared to 11.1% in Midtown and 7.7% in Midtown South.

But, while the class-A vacancy rate in Midtown has risen since the end of February, and the

vacancy for comparable space in Midtown South has declined 0.3%, Downtown's class-A vacancy rate dropped

C&W's OFFICE MARKET BREAKDOWN*

MANHATTAN	1Q '03	FEB. '03	4Q '02	1Q '02
Vacancy	12.3%	12.3%	12.0%	10.4%
Rent	\$41.97	\$42.52	\$42.96	\$45.69
DOWNTOWN	1Q '03	FEB. '03	4Q '02	1Q '02
Vacancy	13.3%	13.7%	13.2%	11.9%
Rent	\$38.24	\$38.77	\$39.17	\$40.55
MID. SOUTH	1Q '03	FEB. '03	4Q '02	1Q '02
Vacancy	13.9%	13.4%	13.5%	12.1%
Rent	\$31.43	\$32.90	\$33.23	\$36.71
MIDTOWN	1Q '03	FEB. '03	4Q '02	1Q '02
Vacancy	11.5%	11.3%	11.1%	9.3%
Rent	\$47.30	\$47.57	\$48.15	\$51.68

nearly one full percentage point to 16.3% at the end of March, from 17.2% at the end of February.

According to Krasnow, several leasing transactions were completed in March that helped push the vacancy lower. These included the New York City Teachers Retirement Fund at 55 Water St. (157,000-sq. ft.), the City of New York at 40 Rector St. (22,000-sq. ft.), and Shepardson Stern & Kaminsky at 88 Pine St.

(20,000-sq. ft.).

At 13.3%, the Downtown vacancy rate is up from 13.2% at year-end, but below where it stood at the end of the third quarter 2002, at 13.4%.

According to the statistics compiled by C&W, the Downtown vacancy rate peaked at 19.5% in the first quarter of 1996.

To find out more about Cushman & Wakefield's report, visit the firm's Web site at www.cushmanwakefield.com.

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