

# COMMERCIAL SCORECARD

Could 2016 be the year of the commercial slowdown? So far it seems that way. Manhattan office and retail leasing activity is down and retail availabilities are flat — or up — in some of the borough's most high-profile markets. Meanwhile, on the heels of a record-breaking 2015, building sales are expected to slow down this year, too.

## MANHATTAN LEASING

### OFFICE LEASING



**"Things are slow and getting a little slower, until stuff sorts out."**

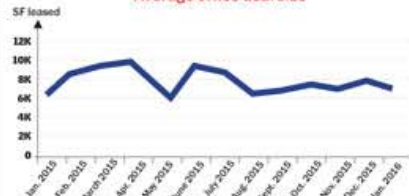
**JOSEPH THANHAUSER, BYRNAM WOOD**  
on the impact of city regulations and national elections.

#### Manhattan office leasing activity



Source: TRData analysis of CoStar Group figures; data for last month is through Jan. 26.

#### Average office deal size



Source: TRData analysis of CoStar Group figures; data for last month is through Jan. 26.

### ACTIVITY SLOWS

By ADAM PINCUS

**M**anhattan office and retail leasing got off to a tepid start in 2016, and brokers are now increasingly nervous about what's ahead. Those nerves stem largely from global and political uncertainties that are making tenants cautious.

Both office and retail leasing volume were down last month compared to the month-over-month and year-over-year figures. Office leasing activity was down about 1 million square feet from both December and January 2015.

"Things are slow and getting a little slower, until stuff sorts out," said Joseph Thanhauser, chairman of the Manhattan-based Byrnam Wood. "There seems to be an increasing reluctance to make big commitments now in the presence of so much uncertainty."

Meanwhile, insiders are expecting a more modest retail market this year, with some predicting a drop in tourism and others noting that tenants are jittery over high rents. Manhattan retail leasing ended 2015 on a high note, even as availability rates crept up. But January's preliminary figures show a reversal of that leasing rush. The five submarkets with the highest availability saw their figures rise or stay flat. Much of that, however, is at spaces where landlords are seeking higher rents. "They have the right to ask for increases in rents. And sometimes the tenants push back," said Soozan Baxter, an independent retail advisor. **TRD**

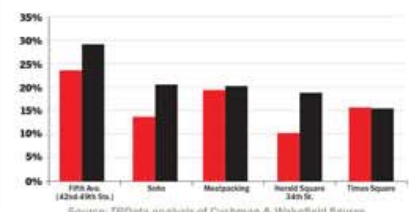
### RETAIL LEASING



**"Sometimes the tenants push back and say, 'That does not work with our business model.'"**

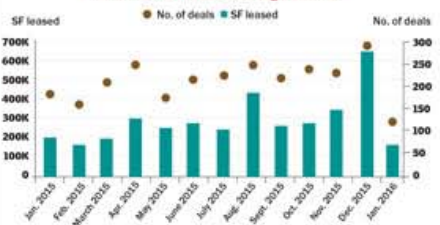
**SOOZAN BAXTER, RETAIL CONSULTANT**  
on rising Manhattan retail availability rates.

#### Manhattan markets with highest retail availability



Source: TRData analysis of Cushman & Wakefield figures

#### Manhattan retail leasing volume

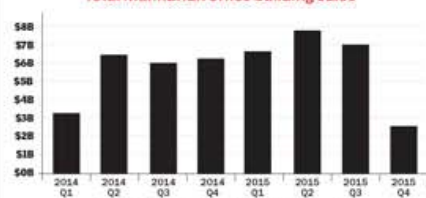


Source: TRData analysis of CoStar Group figures; data for last month is through Jan. 26.

## INVESTMENT SALES

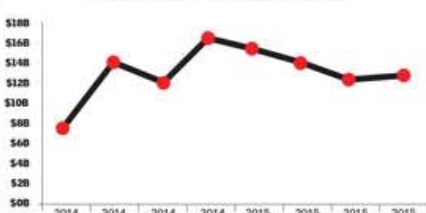
### MANHATTAN SALES

#### Total Manhattan office building sales



Source: TRData analysis of CoStar Group figures

#### Total Manhattan investment sales



Source: TRData analysis of CoStar Group



**"I think at some point what goes up must go down."**

**GEORGE NIBLOCK, FRIEDMAN-ROTH REALTY SERVICES**  
On the changing mood of buyers shopping for NYC buildings.

### FEW MEGA DEALS

By ADAM PINCUS

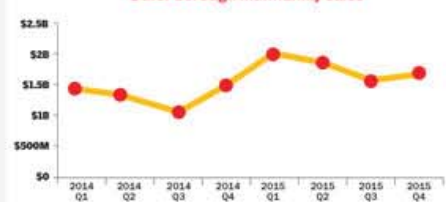
**B**rokers are also sounding a cautious note in the investment sales world. In 2015, citywide sales volume hit a record \$74.5 billion, but the general sentiment is that figure will not be bested this year. In fact, despite that high-water mark, the fourth quarter saw a steep decline in closed office building trades, typically the main driver of Manhattan investment transactions. The largest traditional office building sale to close during that end-of-the-year stretch was the \$247 million purchase of the 295,000-square-foot 370 Lexington Avenue by Unizo Holdings — although there are several mega-deals pending, like RXR Realty's expected purchase of 1285 Sixth Avenue for \$1.7 billion.

Several brokers said that while their buyers remain in the game, the mood so far in 2016 is decidedly more circumspect. "I think at some point what goes up must go down," said George Niblock of commercial brokerage Friedman-Roth Realty Services. In the outer boroughs, multifamily sales activity, the main market driver, dipped at the end of 2015 compared to earlier in the year.

And residential development site sales — generally seen as a canary in the coalmine of the NYC market — were slowing, said Adam Hess, a partner at the Brooklyn-based firm TerraCRG. "It's coming more into focus that the peak was in the middle of last year," said Hess. **TRD**

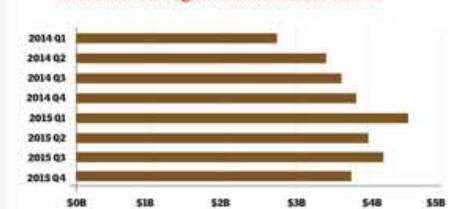
### OUTER BOROUGH SALES

#### Outer borough multifamily sales



Source: TRData analysis of CoStar Group figures

#### Total outer borough investment sales volume



Source: TRData analysis of CoStar Group



**"It's coming more into focus that the peak was in the middle of last year."**

**ADAM HESS, TERRACRG**  
On a falloff in the Brooklyn market at the end of 2015.