NEW YORK OFFICE BRIEFING · Q2 2026

The market flipped. The price hasn't caught up. Yet.

Seven data-driven reads on Manhattan, Brooklyn & Long Island City — and exactly where tenant leverage still lives if your lease expires in 2027 or 2028.

14.89M SF
H1 MANHATTAN LEASING — MATCHING 2025'S RECORD PACE

−310 bps
AVAILABILITY DROP, YEAR OVER YEAR

+4%
ASKING RENT GROWTH — SUPPLY REPRICED, RENT HASN'T

18–24 mo
THE WINDOW WHERE TENANTS STILL CONTROL THE PROCESS

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HOW TO USE THIS BRIEFING

Averages are where leverage goes to die.

The headline says "Manhattan is at 14.4% availability." Almost nobody actually leases at 14.4%. Depending on your block, your size, and your timing, your real market runs from functionally full to wide open — and each one is a different negotiation.

WHAT'S INSIDE

Who this is for

Decision-makers at companies leasing roughly 7,500–150,000 SF in New York with a lease event on the horizon — an expiration, an option date, or a growth problem the current space can't solve.

The one-sentence thesis

Availability has collapsed faster than rent has risen. That gap is the last tenant-friendly number in New York — and every quarter you wait, it gets smaller.

About the data

Market statistics throughout are drawn from CBRE Research figures for Q2 2026 (Manhattan, Midtown, Midtown South, Downtown, Brooklyn, and Long Island City). Analysis, commentary, and conclusions are my own — and I only ever sit on the tenant's side of the table.

"The tenants who win are the ones at the table 18–24 months out, with alternatives real enough to matter."

Six numbers that describe the whole market.

7.88M SF
Q2 LEASING ACTIVITY
24% ahead of the five-year quarterly average. Demand isn't recovering — it recovered.

14.4%
AVAILABILITY
Down 310 bps in a year. Supply has repriced; rent hasn't caught up.

$80.17
AVG. ASKING RENT / SF
Up just 4% year-over-year — the gap that's still open, and closing.

5.93M *SF*
H1 RENEWALS
Up from 3.37M last year. Tenants toured, did the math, and re-signed.

2.6%
SUBLEASE AVAILABILITY
The bargain bin isn't discounted anymore. It's empty.

94.8%
TAKING-RENT INDEX
Tenants are signing within ~5% of ask. A near-full-price market wearing discount price tags.

> *Three years ago, a tenant with a 2026 expiration could tour twenty buildings and make landlords compete for the privilege. That tenant toured this year, did the math, and re-signed.*

WHY THIS BRIEFING EXISTS

Every quarter, the market publishes averages. Averages don't negotiate leases — **specifics do**: your submarket's real availability, your size range's real competition, your building's real alternatives. The seven insights that follow break the New York market into the pieces you'd actually transact in, and tell you where the leverage sits in each one.

Read the chapter for your market first. Then read the timeline on page 11 — because in this market, **when you start** is worth more than almost any clause you'll negotiate.

Marquee deals of the quarter

Simpson Thacher & Bartlett — 916K SF · 570 Fifth Ave
L'Oréal (renewal) — 484K SF · 10 Hudson Yards
Cleary Gottlieb — 475K SF · 1 Liberty Plaza
Google (renewal) — 411K SF · 315 Hudson St

When Google and L'Oréal — companies that can afford to move anywhere — choose to stay, pay attention.

Renewals are up 76% this year. That's not loyalty — that's a market signal.

5.93M	14.89M	+3.02M	$59.94
SF RENEWED, H1 2026	SF LEASED YEAR-TO-DATE	SF NET ABSORPTION, Q2	AVG. SUBLEASE ASK / SF
vs. 3.37M in H1 2025	Matches 2025 record pace	+5.08M SF YTD	Rising 3% / yr

THE READ

Tenants renewed 5.93 million square feet of Manhattan office space in the first half of 2026. When that many companies look at the open market and decide staying put beats moving, they're telling you what they found out there. Sophisticated occupiers with full market visibility are concluding the alternatives don't beat their current position.

Now look at the two numbers that don't match. Availability has collapsed **310 basis points** in a year. Asking rents are up only **4%**. Supply has repriced; rent hasn't — and tenants are still signing at roughly 95% of ask, which is a near-full-price market wearing a discount market's price tags.

That gap is the last tenant-friendly number left in Manhattan, and it's closing: asking-rent growth accelerated to 3% **in a single quarter** — the fastest move since this cycle turned. And the sublease market, three years the escape valve for price-sensitive tenants, is functionally gone at 2.6% availability with rents now rising.

> *The bargain bin isn't discounted anymore. It's empty.*

Numbers to negotiate with

14.4% availability — down 70 bps in a single quarter.

$80.17/SF average ask — up 3% quarter-over-quarter.

94.8% taking-rent index — the market's real discount is ~5%, not the 15% your 2021 memory says.

Why renewals matter to *you*

The companies renewing at record pace aren't sentimental. They ran the numbers early enough to act on them — which is exactly the option that expires if you wait.

IF YOUR LEASE EXPIRES IN 2027–2028

You're negotiating in a market that has flipped but hasn't finished repricing.

Every quarter you wait, the gap between what the market is and what it charges gets smaller. Eighteen to twenty-four months out is when you still control the process. Twelve months out, the building does.

The Midtown window is closing — just not where you think.

4.55M	12.7%	7.0%	40%
SF LEASED — 11TH STRAIGHT ABOVE-AVG. QUARTER	AVAILABILITY	AVAILABILITY, CORE DISTRICTS	OF LEASING FROM LAW FIRMS
	Lowest since Q2 2020	$123.92/SF asking	1st time in 23 qtrs

THE READ

Everyone asks if Midtown is "back." Wrong question. Midtown never left — what left is the leverage tenants had in 2021. The market has split in two, and only one half is negotiable: the headline says 12.7%, but the buildings tenants actually want are at **7.0% availability**.

Law firms just outbid the banks. For the first time in 23 quarters, legal — not financial services — led Midtown leasing. When the most lease-literate tenant category in the world starts moving this aggressively, they're telling you what they think happens to pricing next.

The best space now gets leased before it exists. Preleasing was 27% of the quarter — headlined by a 916,000 SF commitment at 570 Fifth Avenue, a building delivering in 2030. If your requirement is 100,000+ SF with a 2028–2030 horizon, your real competition is already negotiating.

> *Landlords are defending face rents and paying for it in the package. That trade only works for tenants who know how to price it.*

The last tenant-friendly number

Even with rents grinding up, new leases on raw space still average about **$160/SF in TI** and **17 months free rent**. Concessions are where the deal is won now — which is precisely the conversation asking rents are designed to keep you from having.

Tightest corners

Penn District at **6.7%** availability. Park Avenue at **7.0%**. At those levels, the building is choosing you.

IF YOUR LEASE EXPIRES IN 2027–2028

The discount era is over in the core. The concession era isn't.

The spread between a well-run process and a landlord-paced renewal has rarely been wider. Start earlier than feels necessary — the tenants who win are at the table 18–24 months out, with alternatives real enough to matter.

Best first half on record. If you're a 15,000 SF tenant, you're now bidding against AI money.

4.09M	76%	$85.73	0
SF LEASED H1 — BEST FIRST HALF EVER	OF TECH LEASING FROM AI FIRMS Was 39% a year ago	AVG. ASKING / SF Within 1% of all-time high	SF UNDER CONSTRUCTION IN THE ENTIRE SUBMARKET

THE READ

Here's who you're competing with now: companies that raise nine figures, sign fast, expand faster, and lease ahead of headcount. Rogo doubled its footprint at 360 Park Avenue South barely a year after moving in. These tenants don't grind on concessions for four months — they pick a building and commit. If your process is built around deliberating, you're touring spaces that get taken while you deliberate.

And there's no cavalry coming: **nothing is under construction**, the sublease discount has evaporated (2.3% availability, rents up 7%), and free rent just ticked down from 16 months to 15 — the first move this cycle. Concessions are always the last number to move. It's moving.

> *The market has split by size — and that's where the actual leverage lives.*

Blocks under 50,000 SF did **74% of all activity** in Q2, up 54% from Q1. Activity in the 50–100K range fell 54%. If you need 12,000 SF of character space in Flatiron, you're in a knife fight. If you can anchor 60,000 SF, landlords will still talk. Same submarket, two completely different negotiations.

Nine straight quarters

Availability down nine consecutive quarters — matching the longest streak ever recorded — to **17.0%**, the lowest since early 2021. Absorption positive nine straight, the longest run since 2005.

Who's signing

Google (renewal) — 411K SF
Tennr — 125K SF sublease
Sierra Technologies — 94K SF
Synthesia · Rain AI — 38–50K SF each

IF YOUR LEASE EXPIRES IN 2027–2028

Know which side of the 50,000 SF line your negotiation falls on.

Sub-50K tenants need speed, a real shortlist, and a landlord who takes them seriously on day one — the AI tenant touring behind you closes in weeks. Larger tenants have more room than the headlines suggest, but only against the blocks that are genuinely sitting.

SOURCE: CBRE RESEARCH

Manhattan's last value play — and the inventory is literally disappearing.

16.6%	1.27M	$61.34	500K
AVAILABILITY	SF REMOVED BY RESIDENTIAL CONVERSION, Q2 ALONE	AVG. ASKING / SF	SF OF RENEWALS THIS QUARTER
−270 bps in one quarter		+7% YoY, a full tier below Midtown	

THE READ

Here's the thing nobody tells you about Downtown: the discount is real, and it's shrinking for a reason that has **nothing to do with leasing**. Some of the drop is genuine demand — 1.14M SF leased, a sixth straight quarter above average, anchored by Cleary Gottlieb's 475K SF at 1 Liberty Plaza. But a huge slice is supply simply exiting: conversions pulled ~1.27M SF off the board this quarter, with nearly two million more square feet announced behind it.

Read that as a tenant and the math is simple: **the buildings converting are disproportionately the cheap ones.** Every conversion pulls low-priced space out of the average — that's part of why the average ask climbed 7% while still sitting a tier below Midtown.

The renewal wave is a tell. Half a million square feet of renewals — including a 202K SF recommitment at 1 Liberty Plaza — is existing tenants doing the diligence and concluding the grass isn't greener at the price. The "Downtown is emptying out" narrative is officially dead.

> *If Downtown is on your shortlist, the version of this market you're picturing is the 2024–2025 version. The 2027 version will cost more.*

The top end goes triple-digit

Downtown West asks jumped **21% YoY to $87**, with new premium space at 225 Liberty marketed near **$100**. Prime Downtown is starting to price like Midtown's second tier — which tells you where the rest of the district's quality space is headed.

The arbitrage, priced

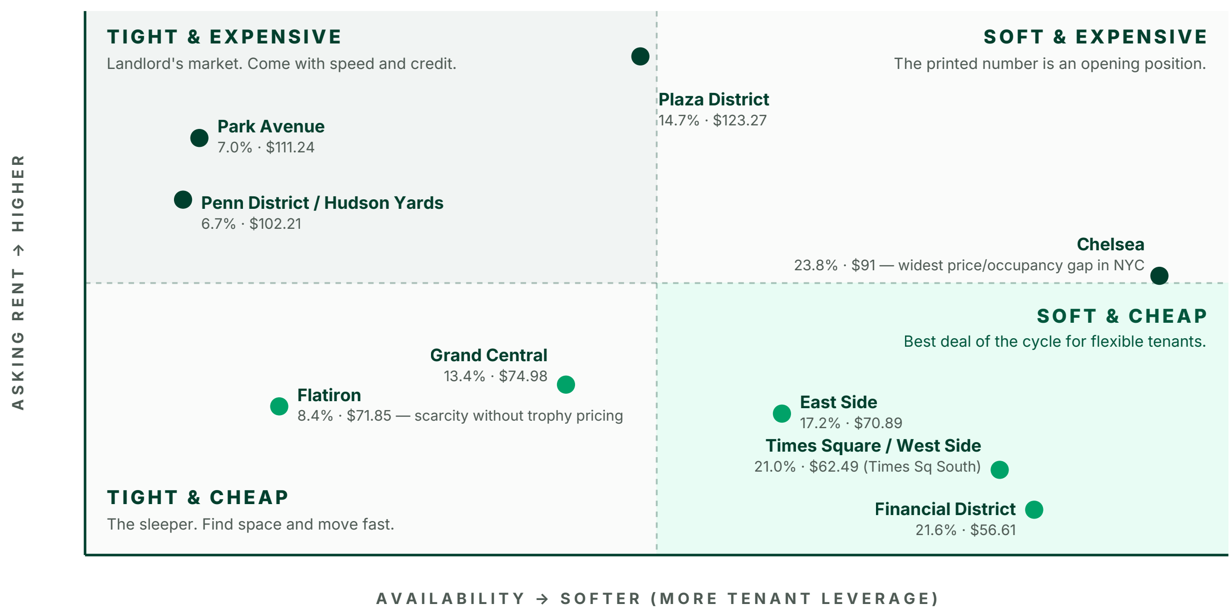
Concessions on new raw-space deals still average in the **mid-$150s/SF** with roughly **a year and a half free** — on rents a full tier below Midtown. The best quality-for-cost trade in Manhattan, with a clock on it.

IF YOUR LEASE EXPIRES IN 2027–2028

The Downtown-to-Midtown spread is still the best arbitrage in Manhattan office.

But conversion economics are removing exactly the inventory that keeps pricing honest. If Downtown fits your business, underwrite it now — against today's tape, not the version you remember.

Park Avenue is at 7%. Times Square is at 21%. Stop negotiating in "Manhattan."



THE READ

If your broker is quoting you "the Manhattan market," they're describing a place that doesn't exist. The strategies for a 7% submarket and a 21% submarket aren't variations of each other — **they're different playbooks**. The four blocks between Park Avenue and Grand Central are a **$36/SF pricing decision**. Some companies need Park. Most companies need to have chosen it on purpose.

One warning: don't confuse soft with permanent. Contiguous blocks over 50K SF are down 29% from the 2023 peak (396 → 281) and shrinking every quarter. The spread between submarkets is your leverage — and it's compressing.

The sublease distortion

Times Square/West Side subleases average **$44.36 vs. $85.27 direct** — a 48% discount in the same buildings. Union Square subleases now ask **more** than direct ($91.89 vs. $90.38). Two submarkets, two miles apart, and "sublease" means opposite things in each.

The only NYC office market where rents are falling. Pay attention.

$47.61	17.2%	379K	~⅓
AVG. ASKING / SF	AVAILABILITY	SF LEASED IN Q2	OF AVAILABLE SPACE IS RAW — THE REST HAS BUILD-OUT IN PLACE
−12% YoY, 4th straight decline	Lowest since 2016	61% above 5-yr avg.	

THE READ

Manhattan tenants are fighting over a shrinking pool of quality space. Across the river, the opposite dynamic is playing out — and almost nobody is arbitraging it. Falling rents and falling availability at the same time is an unusual combination, and it's worth understanding why before it resolves.

The quarter was two deals deep. The bulk of Q2's volume came from a single 209K SF commitment at 181 Livingston Street — Brooklyn's largest lease since 2021 — plus a nearby expansion. Nonprofits drove nearly 70% of first-half leasing. That's not a broad demand wave; it's a thin market where one motivated tenant moves every number.

Supply is exiting sideways. A 354K SF block at 250 Livingston was pulled from the market after the property's debt situation made transacting impossible. Distress-driven withdrawals shrink availability without a single tenant signing — which flatters the stats while telling you something honest about landlord balance sheets in the borough.

> *Markets this thin reprice fast when demand shows up — negotiate against today's tape, not next year's.*

Who this trade fits

Organizations whose people and clients live on the L, the 2/3, or in the borough — nonprofits, creative firms, back-office and mission-driven users.

The hidden speed play

Two-thirds of Brooklyn's available space comes with build-out in place. For a tenant, that's **speed and lower capital cost** hiding in plain sight — at a third or less of core Midtown pricing.

IF YOUR LEASE EXPIRES IN 2027–2028

Brooklyn is where the leverage still runs your direction.

Rents down double digits, motivated ownership, move-in-capable space. If the fit is right and you're paying Manhattan rents out of habit, this quarter's numbers are your business case.

Every Manhattan market is tightening. LIC just went the other way — and nobody's paying attention.

26.9%	-340K	$51.33	12
AVAILABILITY	SF NET ABSORPTION, H1	AVG. ASKING / SF	BLOCKS OVER 100K SF AVAILABLE — 3 OVER 250K
Vacancy 24.1% — 1 in 4 SF sits empty		$29/SF below Manhattan avg.	

THE READ

Let me be straight about what this is and isn't. LIC is soft because demand is soft — the tenants who were supposed to fill these towers largely chose Manhattan, and a 13.6M SF market doesn't give you forty options in your size range. If your business needs a Manhattan address, nothing here changes that.

But if it doesn't? **This is the only office market in New York where the landlord needs you more than you need them.** At $51.33 against Manhattan's $80.17, you start $29/SF ahead before a single term is negotiated — on a 25,000 SF lease, that's over **$700K a year in gross rent** before concessions. And concessions are where 27% availability does its real work: a landlord staring at a quarter-empty building doesn't hold the line on free rent, TI, or flexibility rights.

> *Everything is negotiable in a market with negative absorption. Nothing is negotiable on Park Avenue at 7%.*

The specific fits: back-office and operations groups splitting from a Manhattan front office, lab and life-science users, nonprofits and institutions priced out of Manhattan's recovery, and any company whose workforce actually lives in Queens, Brooklyn, or on the 7 line. One stop from Grand Central is a real commute story — for the right employee base.

Even if you stay in Manhattan

A credible LIC alternative in your negotiation is worth real dollars. Landlords price against your options — and right now this is the most aggressive option on the table.

The precedent

The tenants who signed Downtown at the 2023 bottom look smart today. Markets this soft don't stay soft forever in New York. **Same movie, new borough.**

Sublease depth

7.2% sublease availability — roughly triple Manhattan's rate.

IF YOUR LEASE EXPIRES IN 2027–2028

Run the two-market analysis before you renew by default.

Even a company that never moves to LIC should know what LIC would pay it to come. That number belongs in your Manhattan negotiation.

Your 2027–2028 decision timeline.

In this market, when you start is worth more than almost any clause you'll negotiate. Here's the process, working backward from your expiration.

24–18 months out	**You control the process.** Define the requirement — headcount, growth, submarket, budget. Survey the full market, including the quadrants you'd never considered. Open the renewal conversation from strength: your landlord should learn you have real alternatives before they price yours. **This is where you are supposed to be right now if your lease expires in 2027 or 2028.**
18–12 months out	**Create genuine competition.** Tour the shortlist, issue RFPs to 3–5 buildings including your own, and force landlords to bid against each other on the full package — face rent, free rent, TI, flexibility rights. In tight submarkets, this is also when the best spaces get taken; speed and credibility win tours.
12–9 months out	**Negotiate the winner — with a live runner-up.** Trade term sheets while the alternative is still real. Concessions ($160/SF TI, 17 months free on institutional deals) are won here, not at lease execution. Lock economics before your leverage expires.
9–0 months out	**Paper it and build it.** Lease documentation, permitting, and construction — a build-out alone can consume six to nine months. Tenants who start here aren't negotiating; they're accepting. Twelve months out, the building controls the process. Don't be that tenant.

THE UNCOMFORTABLE TRUTH

"We'll start next quarter" is a pricing decision.

Every chapter in this briefing points the same direction: availability falling, concessions starting to move, the sublease valve shut. The market is repricing in a specific order — and the tenants who start earliest capture the difference. Start earlier than feels necessary.

$160	17 mo	−29%	95%
PER-SF TI ALLOWANCE STILL ON THE TABLE FOR WELL-RUN INSTITUTIONAL DEALS	FREE RENT ON NEW RAW-SPACE LEASES — THE LAST LEGACY OF THE TENANT'S MARKET	LARGE CONTIGUOUS BLOCKS VS. 2023 PEAK — YOUR ALTERNATIVES ARE SHRINKING	OF ASK IS WHAT TENANTS SIGN AT TODAY — PROCESS IS HOW YOU BEAT IT

The averages are free. Your numbers are the edge.

Everything in this briefing describes the market. What moves your negotiation is the version scoped to your building, your block, and your size range — the availability you'd actually tour, the deals that actually comp, the quadrant you're actually in.

Request a custom market report →

A no-obligation, tenant-side briefing built on your actual requirement: your submarket's real-time availability and pricing, the comparable deals that set your negotiating range, your building's position versus its alternatives, and the timeline that fits your expiration. Reply to the email that delivered this briefing, or reach out at **theofficeadvisor.com**.

Peter Michailidis

EXECUTIVE VICE PRESIDENT, CBRE · TENANT REPRESENTATION ONLY

I represent tenants — never landlords — in office leases across New York City, from 10,000 to 150,000 square feet. My job is simple: make the market compete for you, and make sure the person across the table isn't the only one in the room who knows what the building is worth.

3M+ SF

IN COMPLETED TRANSACTIONS

121K SF

CHOBANI HQ, 360 BOWERY — CORENET NYC DEAL OF THE YEAR

10K–150K SF

MANHATTAN TENANT REQUIREMENTS REPRESENTED

Market data: CBRE Research, Q2 2026.
Analysis and commentary: Peter Michailidis.