NYC COMMERCIAL REAL ESTATE REPORT

The flywheel, *moving again*.

Manhattan investment sales nearly triple quarter-over-quarter on the year's first Fed cut, office leasing extends to its strongest YTD pace since 2002, retail availability approaches historic lows, and hospitality holds its rate-led recovery.

THE KADEN TEAM
OFFICE · RETAIL · INVESTMENT SALES

PUBLISHED NOVEMBER 2025
KADEN.NYC

CONTENTS

In this report.

A quarter-by-quarter survey of New York City's four commercial sectors — synthesized from the most rigorous published research and framed for owners, operators, and investors making capital decisions in 2025.

01 — EXECUTIVE SUMMARY

The flywheel turns.

The third quarter was the inflection. Manhattan investment sales nearly tripled quarter-over-quarter to $4.9 billion — the strongest quarter in more than three years — anchored by the largest single-asset office trade since 2022. Office leasing extended to a year-to-date pace not seen since 2002, retail availability fell to 12.5%, and hospitality continued its rate-led recovery.

MANHATTAN OFFICE LEASING (Q3)	MANHATTAN OFFICE AVAILABILITY	MANHATTAN RETAIL AVAILABILITY	MANHATTAN INVESTMENT SALES (Q3)
9.42 MSF	14.6%	12.5%	$4.9B
▲ +2.0% Q/Q · YTD 30.05 MSF	▲ –80 bps Q/Q · 6th straight	▲ –140 bps Y/Y · near historic low	▲ +191% Q/Q · best in 3 yrs

Key takeaways

Manhattan office leasing reached 9.42 million square feet in the third quarter, up 2.0% from Q2 and pushing year-to-date volume to 30.05 MSF — **the strongest YTD pace since 2002**.[1] Availability fell 80 basis points to 14.6%, the sixth consecutive quarter of tightening and the longest such streak since 2014.[1] Net absorption was positive 4.41 MSF; sublet availability reached its lowest level since June 2020.[1]

Retail availability fell to 12.5% across Manhattan — down 140 basis points year-over-year and approaching the historic floor.[2] Nine of eleven prime retail corridors recorded year-over-year improvement.[2] CBRE's prime-16 corridor average held at $671 per square foot, essentially flat quarter-over-quarter as supply-constrained submarkets cleared their highest-priced spaces.[3] Food & beverage drove 32.5% of year-to-date leasing volume.[2]

Manhattan hotel performance held its rate-led trajectory, with H1 RevPAR at $255.51 (+7.1% Y/Y) and luxury properties leading the segment at +10.1% RevPAR growth.[4] Manhattan posted the highest absolute hotel performance metrics in CoStar's top-25 U.S. markets — 84.1% occupancy, $333.71 ADR, $280.71 RevPAR — on a full-year basis.[5]

Manhattan investment sales totaled approximately **$4.9 billion in Q3 — up 191% quarter-over-quarter and 54% year-over-year**, the strongest quarterly performance in three years.[6] RXR and Elliott Investment Management's $1.08 billion acquisition of 590 Madison Avenue was the largest single-asset office sale in Manhattan since 2022.[6] Development site dollar volume rose 1,993% quarter-over-quarter, signaling the return of the land bid at institutional scale.[6] Avison Young projects 2025 full-year volume at $12.3 billion, +9% Y/Y.[6]

02 — MACRO & CAPITAL MARKETS BACKDROP

The Fed cuts; the logjam breaks.

After holding through Q1 and Q2 at 4.25%–4.50%, the Federal Reserve cut the federal funds rate by 25 basis points on September 17 to 4.00%–4.25% — the first reduction since December 2024. The cut broke an eighteen-month logjam in commercial capital markets, with investment sales volume responding within weeks.[7]

Conditions investors faced

INDICATOR	Q3 2025	Q2 2025	DIRECTION
Federal Funds Rate (target, upper bound)	4.25%	4.50%	Cut on September 17 — first cut since December 2024
10-Year Treasury (quarterly avg.)	~4.10%	~4.35%	Lower — bond market priced in further easing
Manhattan Office Asking Rent (avg.)	$74.89	$73.85	Up 1.4% Q/Q on Class A absorption
Manhattan Office Availability Rate	14.6%	15.4%	Sixth consecutive quarter of tightening
Manhattan Investment Sales Volume	$4.9B	$1.7B	+191% Q/Q — strongest quarter since early 2022

Sources: Federal Reserve H.15;[7] Colliers Manhattan Office Q3 2025;[1] Avison Young Tri-State Investment Sales Q3 2025.[6]

The September FOMC decision was the defining macro event of the quarter. Chair Powell framed the cut as "risk management" responding to a "shift in the balance of risks" toward labor market weakness — August nonfarm payrolls had added just 22,000 jobs, with July revised sharply lower.[7] Markets priced in further cuts at the October and December meetings, both of which subsequently delivered an additional 50 basis points combined.[7]

For commercial real estate, the cut was the **psychological inflection point**. Buyers and sellers had been frozen at the bid–ask gap since 2023; the rate decision, combined with the bond market's pricing of further easing, broke that. The 10-year Treasury — the more direct driver of CRE pricing than the overnight rate — moved into the 4.0%–4.2% range from the 4.35% Q2 average.[7]

> *"The rate moves over the past 60 days have improved the math to make the same asking price from a month ago actually make sense now. The trough has passed."*
>
> — ERIK EDEEN, PRINCIPAL, AVISON YOUNG
>
> 6

Office investment sales doubled the H1 rate in Q3 alone, with three nine-figure trades closing in the quarter — a recovery signal far clearer than the leasing data.[6] Development sites, dormant since 2022, recorded a 1,993% quarter-over-quarter volume increase.[6] Tariff-related uncertainty remained the principal downside risk, but Q3 data did not yet show consumer-side impact at scale.

03 — OFFICE MARKET

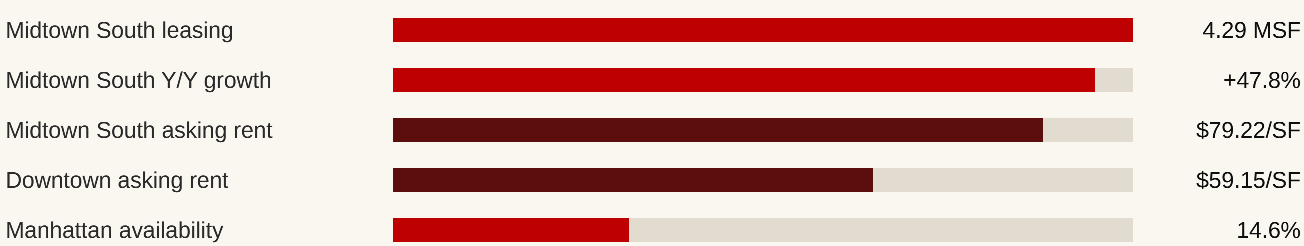
Six consecutive quarters tighter.

Manhattan office leasing reached 9.42 million square feet in the third quarter — up 2.0% from Q2 and pushing year-to-date volume to 30.05 MSF, the strongest YTD pace since 2002. Availability tightened to 14.6% for the sixth consecutive quarter, the longest streak of declining availability since 2014.[1]

MANHATTAN LEASING VOLUME	AVAILABILITY RATE	AVG. ASKING RENT	Q3 NET ABSORPTION
9.42 MSF	14.6 %	$74.89 /SF	+4.41 MSF
▲ +2.0% Q/Q · YTD 30.05 MSF	▲ Lowest since 2020	▲ +1.4% Q/Q	▲ Strongest in 2+ years

Submarket performance

Q3 2025 — SUBMARKET HIGHLIGHTS



Sources: Colliers Manhattan Office Q3 2025;[1] *Colliers Midtown South Q3 2025;*[8] *Colliers Downtown Q3 2025.*[9]

Midtown South led the quarter. Leasing demand reached 4.29 million square feet — up 8.9% quarter-over-quarter and a remarkable *+47.8% year-over-year*.[8] Asking rents climbed 2.2% to $79.22 per square foot, the highest in any Manhattan submarket. Net absorption was positive 1.92 MSF — the fifth consecutive quarter of positive absorption, the first such streak since 2015.[8]

Downtown leasing softened in the quarter at 0.90 MSF, down one-third from Q2 but still up 31.2% year-over-year. Availability tightened 40 bps to 18.1%; Lower Manhattan asking rents climbed for the fourth consecutive quarter to $59.15/SF.[9]

Mega-leases anchor the quarter

Q3 leasing was anchored by a return of mega-tenant commitments — the kind of 500,000+ SF deals that had largely disappeared from Manhattan between 2020 and 2023. Four major tenants signed for more than 3.0 million square feet combined.[1]

TENANT	BUILDING	SUBMARKET	SIZE
Deloitte	70 Hudson Yards	Hudson Yards	~807,000 SF
NYU	770 Broadway (full-building)	Midtown South	~1,080,000 SF
Jane Street Group	250 Vesey Street	World Financial Center	~984,000 SF
Piper Sandler	1301 Sixth Avenue (Paramount Plaza)	Midtown West	~140,000 SF

Sources: Colliers Manhattan Office Q3 2025;[1] Newmark 3Q25 U.S. Office Market;[10] published transaction coverage.

Sublet supply continues to drain

Sublet availability declined for the sixth consecutive quarter, with a net decrease of 1.33 MSF in Q3.[1] Manhattan sublet supply is now at its lowest level since June 2020. Two dynamics drove the decline: sub-lessees re-occupying space they had previously offered, and structural absorption by new tenants of the highest-quality built-and-furnished blocks.[1]

Class A captures the demand

Class A buildings captured roughly half of all U.S. office leasing in Q3 — despite representing only one-third of inventory.[10] In Manhattan, the flight-to-quality dynamic was sharper: trophy floors in Hudson Yards and Park Avenue are clearing at meaningful premiums, while Class B and C in older Midtown stock are trading at deep discounts to 2017 basis.[6]

The rent picture diverged by submarket and asset tier. CBRE recorded Manhattan asking rents at $74.89/SF on average — up 1.4% quarter-over-quarter on Class A absorption — while Class B/C rents continued to face structural pressure.[1] This bifurcation is the structural reason conversions (Section 04) have become the lead repositioning play for B/C inventory.

> *"Manhattan continues to lead the country, with pre-pandemic levels of leasing activity driving significant absorption and lowering vacancy rates."*
>
> — COLLIERS, Q3 2025 U.S. OFFICE OUTLOOK
>
> 11

04 — OFFICE-TO-RESIDENTIAL CONVERSIONS

From execution to acceleration.

The conversion thesis Q2 had described as "moving from approvals to execution" became, in Q3, a fully operational program. Year-to-date conversion starts reached 4.3 MSF — up roughly 60% from the comparable 2024 period — with another 9.5 MSF expected to break ground in 2026, the largest forward pipeline on record.[12]

YTD 2025 CONVERSION STARTS	2026 PIPELINE	OFFICE REMOVED VIA CONVERSION (2025)
4.3 MSF	9.5 MSF	2.14 MSF
▲ +60% vs YTD 2024	▲ Expected ground-breaks	▲ 16 buildings withdrawn

Where the activity sits

PROJECT	SUBMARKET	UNITS / SF	STATUS
25 Water Street	Financial District	1,320 units	Delivered Q2 2025
5 Times Square	Times Square	1,250 units	Groundbreaking Q3 2025 (313 affordable)
135 East 57th Street	Midtown East	Withdrawn	Q3 2025 — removed from office market
845 Third Avenue	Midtown East	Withdrawn	Q3 2025 — removed from office market
101 Greenwich Street	Financial District	Withdrawn	Q3 2025 — removed from office market
611 Fifth Avenue (Saks)	Midtown	Acquired Q3	Vornado planning residential conversion[6]

Sources: Cushman & Wakefield NYC conversion data;[12] Colliers Manhattan Office Q3 2025;[1] Avison Young Q3 2025.[6]

Owner-led — not buyer-led

The defining Q3 dynamic: conversion-related *sales volume* actually declined ~46% from 2024 to roughly $1.3 billion full-year-tracked, while *conversion construction starts* rose ~60%.[6,12] Major institutional owners (GFP, TPG, Vanbarton, SL Green, RXR, Apollo, Rudin) are increasingly converting their own obsolete office assets rather than selling at a discount.[6] Conversions removed 2.14 MSF across 16 office buildings in 2025 — a permanent drain on Class B/C supply that helps explain the six-quarter office availability decline.[12]

> *"Conversion activity is accelerating despite lower sales volume, with 4.3 million square feet commencing construction in the eleven months through November — up nearly 60% year-over-year."*
>
> — CUSHMAN & WAKEFIELD, 2025 CONVERSION PIPELINE

05 — RETAIL MARKET

Availability approaches the historic floor.

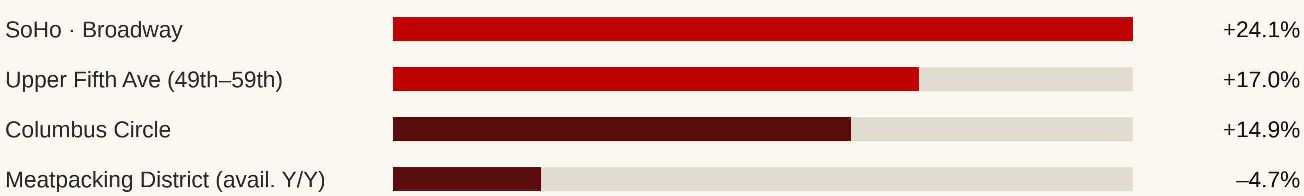
Manhattan prime retail availability fell to 12.5% in the third quarter — down 140 basis points year-over-year and the tightest reading in years. Nine of eleven prime retail corridors recorded year-over-year improvement; six tightened quarter-over-quarter.[2]

MANHATTAN RETAIL AVAILABILITY	PRIME 16 AVG. ASKING RENT	YTD LEASING	F&B SHARE OF YTD LEASING
12.5%	$671/SF	3.0+ MSF	32.5%
▲ –140 bps Y/Y · –30 bps Q/Q	▲ Stable Q/Q · –6% Y/Y (lease-up)	▲ 4th straight quarterly gain	▲ Largest tenant category

Corridor leaders

Year-to-date rent gains continued to concentrate in three corridors. SoHo Broadway extended its lead with a 24.1% H1 increase, with Q3 leasing further compressing supply.[13] Prince Street ground-floor availability fell **below 2% for the first time since CBRE began tracking in 2019**.[3] The 14th Street corridor saw frontage availability fall 750 bps in a single quarter to 21.8%.[3]

YTD 2025 ASKING RENT CHANGE — LEADING CORRIDORS



Sources: REBNY H1 2025 Manhattan Retail Report;[13] Cushman & Wakefield Manhattan Retail Q3 2025.[2]

Where the leasing happened

Q3 retail leasing was driven by food & beverage at 32.5% of YTD volume — by a wide margin the largest tenant category.[2] The largest disclosed Q3 restaurant lease was Bread & Butter's 11,804 SF deal at Grand Central; Meatpacking saw Bilt sign a mixed-use lease at 837 Washington Street and Elsa (Jen Rubio's new label) open at 50 Ninth Avenue.[2] Luxury retailers continued integrating F&B as a retention strategy — Armani at 760 Madison, Le Café Louis Vuitton at 6 East 57th, Tiffany's Blue Box Café at 727 Fifth.[2]

A pricing picture that diverges by methodology

The headline rent picture diverged by tracker, much as it did in Q2. CBRE's prime-16 corridor average held at $671/SF — essentially flat quarter-over-quarter, down 6% year-over-year.[3] The Y/Y decline is a lease-up effect, not weakness: strong leasing in supply-constrained corridors has cleared the highest-priced spaces, mechanically pulling the average down even as the underlying market tightens.[3] Where supply is genuinely tight — Prince Street, Madison 57th–72nd, prime Fifth 49th–60th — landlords are receiving multiple offers above ask.[2]

Where availability concentrated

CORRIDOR	AVAILABILITY PRESSURE	Q3 READ
SoHo (Broadway)	Very tight	Frontage availability <2% — first time since 2019
Upper Fifth Ave (49–59)	Very tight	+17.0% YTD asking rent growth
Madison Avenue (57–72)	Very tight	Luxury absorption; 21.8 pt tighter vs 2020 peak
Columbus Circle	Tight	+14.9% YTD rent growth
Meatpacking District	Tight	–4.7% Y/Y availability; Bilt, Elsa drove activity
14th Street corridor	Tightening	Frontage availability –750 bps in a single quarter
West Village	Tight	F&B-driven, slightly below 2019 peaks
Times Square	Loose	Tourism-dependent; international softness

Sources: Cushman & Wakefield Manhattan Retail Q3 2025;[2] CBRE Manhattan Retail Q3 2025;[3] REBNY H1 2025 Manhattan Retail Report.[13]

Q3 retail capital markets standout

IKEA's $213 million acquisition of Nike's flagship at 529 Broadway in late September was the quarter's marquee retail investment trade — a vote of conviction on SoHo Broadway at the new pricing level, and a meaningful single-asset data point for prime ground-floor retail capital markets.[6]

Headwinds: tariffs and tourism

Q3 was the second consecutive quarter brokers flagged measurable, if modest, retailer caution tied to tariff policy.[13] Tourism from Canada and Europe continued to soften — air travel from Canada was down ~30% at JFK as of mid-2025 — pressuring retailers in tourist-dependent corridors.[13] The H2 picture is one of strong fundamentals at the prime tier alongside elongated deal timelines in tier-two corridors.

> *"Manhattan's retail corridors remain highly desirable, but landlords and tenants alike are bracing for a more cautious back half of 2025."*
>
> — CBRE COMMENTARY, MANHATTAN RETAIL Q3 2025
>
> 3

06 — HOSPITALITY MARKET

Rate-led growth holds; luxury extends its lead.

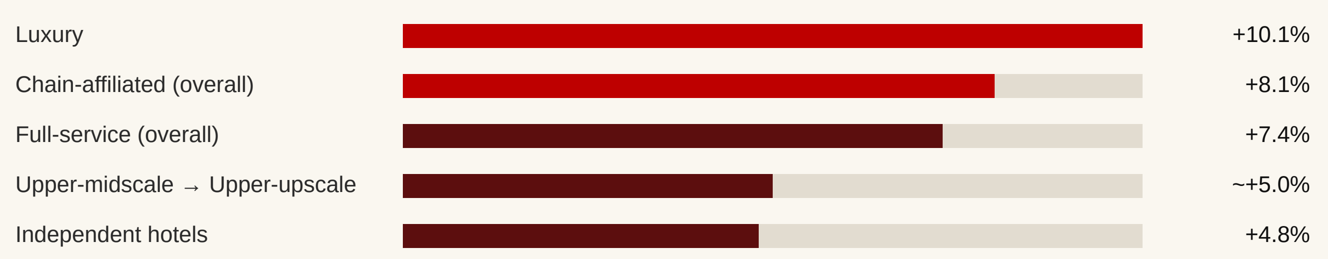
Manhattan's hotel recovery extended through the third quarter on the same rate-led trajectory PwC documented in H1 — RevPAR up 7.1% year-over-year to $255.51, driven by a 5.7% ADR gain. National Q3 performance softened, but Manhattan continued to outperform every major U.S. market by absolute pricing power.[4]

H1 2025 MANHATTAN REVPAR	H1 2025 MANHATTAN ADR	H1 OCCUPANCY	H1 LUXURY REVPAR GROWTH
$255.51	$310.51	82.3%	+10.1%
▲ +7.1% Y/Y	▲ +5.7% Y/Y	▲ +1.4 pts Y/Y	▲ ~2x upper-upscale rate

The luxury bifurcation widens

Luxury Manhattan hotels posted H1 RevPAR growth of **10.1%** — nearly double the upper-midscale-through-upper-upscale rate.[4] Chain-affiliated hotels also outperformed independents materially, with H1 RevPAR growth of 8.1% versus 4.8% — the widest spread since the post-pandemic recovery began.[4]

H1 2025 REVPAR GROWTH BY SEGMENT — MANHATTAN



Source: PwC Manhattan Lodging Index, First Half 2025.[4]

Submarket leaders & national context

Midtown East posted Manhattan's largest H1 RevPAR increase at +10.6% — a sharp reversal from H1 2024, when it was the weakest submarket.[4] National Q3 performance softened: CBRE recorded U.S. hotel occupancy down 1.5% year-over-year, with RevPAR off 1.4%.[14] Manhattan, however, registered the highest absolute levels in CoStar's top-25 markets on a full-year 2025 basis: **84.1% occupancy, $333.71 ADR, $280.71 RevPAR**.[5]

What to watch: international visitation — Canada air travel was down ~30% at JFK as of mid-2025 — and the FIFA World Cup 2026 tailwind, with eight matches and the final at MetLife expected to bolster Manhattan ADR materially in

07 — INVESTMENT SALES

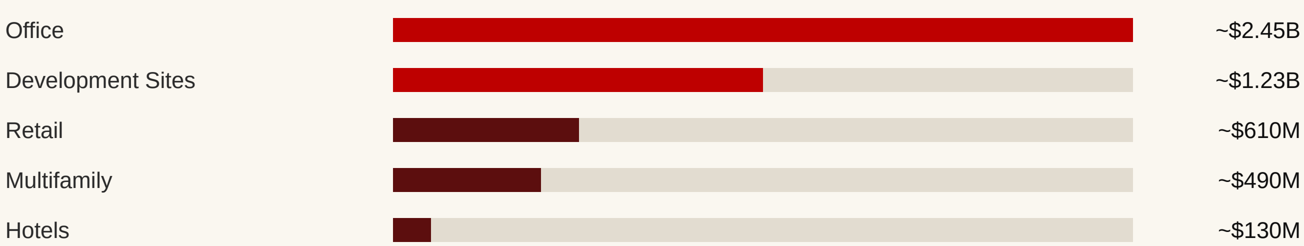
The strongest quarter since early 2022.

Manhattan investment sales totaled approximately $4.9 billion in the third quarter — up 191% from Q2 and 54% year-over-year. Office assets accounted for roughly half the dollar volume; development sites recorded a 1,993% quarter-over-quarter increase. The September Fed cut was the trigger; pent-up institutional capital was the fuel.[6]

Q3 DOLLAR VOLUME	OFFICE SHARE OF Q3 VOLUME	DEVELOPMENT SITES Q/Q	2025 FULL-YEAR PROJECTION
$4.9B	~50%	+1,993%	$12.3B
▲ +191% Q/Q · +54% Y/Y	▲ First office-led quarter in 3 yrs	▲ Land bid returns at scale	▲ +9% Y/Y · Avison Young est.

Volume by sector — Q3 2025

Q3 2025 DOLLAR VOLUME BY ASSET CLASS — MANHATTAN



Source: Avison Young Tri-State Investment Sales Q3 2025;[6] Bisnow capital markets coverage. Sector splits are estimates based on disclosed Q3 trades.

Office drove the quarter. The 590 Madison Avenue trade — RXR and Elliott Investment Management's $1.08 billion ($1,025/SF) acquisition from the State Teachers Retirement System of Ohio — was the largest single-asset office sale in Manhattan since 2022.[6] Norges Bank Investment Management and Beacon Capital paid Silverstein and CalSTRS $572.3 million for 1177 Sixth Avenue in September.[6] Vornado acquired 611 Fifth Avenue from Cohen Brothers for $218 million, with a residential conversion planned following Saks's departure.[6]

Development sites came back at scale. Naftali Group's $810 million purchase of 800 Fifth Avenue from Spitzer Enterprises and Winter Properties drove the headline; Naftali plans a luxury condo tower on the site.[6]

Notable Q3 2025 transactions

PROPERTY	ASSET CLASS	BUYER	PRICE
590 Madison Avenue	Office (Class A)	RXR / Elliott Investment Management	$1.08B $1,025/SF
1177 Sixth Avenue	Office	Norges Bank / Beacon Capital Partners	$572.3M
800 Fifth Avenue	Development Site	Naftali Group	$810M $2,869/BSF
250 Park Avenue	Office (corporate user)	JPMorgan Chase	~$320M
611 Fifth Avenue	Office / Conversion	Vornado Realty Trust	$218M
529 Broadway	Retail (Flagship)	IKEA	$213M
355 Exterior Street, Mott Haven	Development Site	Beitel Group (from Lightstone)	$84M

Source: Avison Young Tri-State Investment Sales Q3 2025;[6] *published transaction coverage via Bisnow.*

Office: a tale of two tiers, sharpening

Class A and trophy assets accounted for approximately 85% of office sales dollar volume year-to-date 2025, with pricing averaging $801/SF — **up 17% year-over-year**.[16] Class B/C represented 75% of office transactions by count but only 15% of dollar volume, with multiple trades closing at 70%+ discounts to 2017 basis.[16] The 590 Madison trade at $1,025/SF reset the institutional trophy benchmark to a level not seen since 2021.

What the quarter signaled

The 191% quarter-over-quarter jump was a behavioral inflection. Buyers and sellers had been frozen at the bid–ask spread between 2021 valuations and 2024 cost-of-debt underwriting for nearly two years. The September Fed cut moved that math enough for institutional sellers — state pension funds, sovereign wealth, REITs — to clear inventory at marks they were finally willing to accept.[6]

> *"For an institution to consider selling, they need to be convinced that there's a real buyer pool. That's now been established, so this should lead to other large-scale offerings."*
>
> — JAMES NELSON, HEAD OF U.S. INVESTMENT SALES, AVISON YOUNG
>
> 6

08 — KADEN'S TAKE

Where we'd act.

A directional read on the four sectors — not a forecast, but how we'd position capital and brokerage focus into Q4 2025 and the first half of 2026. Distilled from the data above and from what we're seeing in live deal flow.

OFFICE

Trophy is the lease bid. B/C is conversion-or-stranded.

The 590 Madison print at $1,025/SF re-sets the institutional benchmark. Class A in Midtown South — at +47.8% YoY demand — is where tenants should sign at current terms before concessions compress further. Class B/C owners without a conversion path face a multi-year revaluation; the +60% YoY rise in conversion starts is the only real exit.

RETAIL

Lock prime corridors now. Negotiate hard in tier two.

SoHo Broadway, Upper Fifth (49–59), and Madison 57–72 are operationally full — Prince Street availability is below 2% for the first time since 2019. Operators with proven economics should commit at the prime tier this quarter. Tier-two corridors still offer meaningful TI, free rent, and rent-step flexibility for F&B and experiential tenants with traction.

HOSPITALITY

2026 is the disposition window, not 2025.

RevPAR at $255.51 (+7.1% YoY) and luxury at +10.1% are the headline strength, but the ADR boost from FIFA World Cup 2026 prints in H1 2026 — that's when cap rates compress on the comp set. Owners considering a sale should market late Q1 to early Q2 2026, after the World Cup booking curve becomes visible to buyers.

INVESTMENT SALES

Sell-side window is open Q4 2025 through Q2 2026.

The 191% Q/Q jump is a behavioral reset, not a one-quarter event. Sellers of Class A office, prime retail, and development sites are in the strongest position they've held in three years. The contrarian counter-trade: Class B/C office at conversion-basis pricing, where the +1,993% Q/Q development-site surge confirms institutional capital is rebuilding the land bid.

09 — OUTLOOK

What Q3 implied for the close of 2025.

The third quarter delivered the recovery signal the first half had projected. The Fed cut, institutional capital returned to large-format office trades, and the bid–ask gap closed enough for $4.9 billion of property to change hands. The risks shifted again — from cost-of-capital concerns to whether the easing path holds and whether international visitation rebounds.

SECTORAL OUTLOOK ENTERING Q4 2025

—	**Office**	Demand should hold near the YTD pace. Q4 leasing is likely to mirror Q3 (~9–10 MSF), pushing full-year toward 40+ MSF — Manhattan's strongest yearly total since 2019. The Class A vs B/C divergence will widen as conversions accelerate.
—	**Conversions**	The 4.3 MSF of 2025 construction starts will likely close above 5 MSF by year-end as Q4 groundbreaks land. The 9.5 MSF 2026 pipeline is execution-stage, not speculative — owner-led conversion is the dominant model.
—	**Retail**	Tightness in the prime tier will persist; rent firmness should continue in SoHo Broadway, Upper Fifth, and Madison. Tariff-driven build-out costs and softer tourism will elongate tier-two corridor deal timelines.
—	**Hospitality**	ADR growth should persist; occupancy is the variable. The FIFA World Cup 2026 tailwind will start to influence H1 2026 booking pace by Q4 2025. Luxury and chain-affiliated will continue outperforming independents and limited-service.
—	**Investment Sales**	Q4 should sustain the Q3 acceleration. Avison Young's $12.3B full-year projection implies a Q4 in the $4B+ range. The Deutsche Bank Center transaction and other institutional offerings in the pipeline support upside.

What to watch into 2026

Three indicators warrant priority attention through year-end 2025 and into Q1 2026. *First,* the Fed's December and January meetings: markets are pricing further cuts, but persistent tariff-driven inflation could pause the cycle. *Second,* the 10-year Treasury yield — the more direct CRE cap-rate driver than the federal funds rate. The 10-year held in the 4.0–4.2% range through Q3; a break below 4.0% would catalyze further cap rate compression. *Third,* international tourism, which has been the principal demand-side drag on Manhattan's hospitality and tier-two retail.

Our base case for the next two quarters: **continued recovery**. Office availability tightens below 14%; retail prime corridors push back toward 2019 rent peaks in select submarkets; hospitality holds rate-led growth on World Cup tailwinds; investment sales reach $14–16 billion in 2026.

10 — SOURCES & METHODOLOGY

How this report was assembled.

This report synthesizes published research from the principal commercial real estate firms operating in New York City, supplemented by federal statistical sources and direct review of transaction coverage. All figures cited are as published by the source organization; where revisions exist, the most recent figure is used.

Methodology notes

Manhattan office statistics combine readings from Colliers Manhattan Office Q3 2025, Newmark 3Q25 U.S. Office Market Conditions, and submarket-level Colliers reports. Retail data draws on Cushman & Wakefield Manhattan Retail Q3 2025, CBRE Manhattan Retail Q3 2025 Figures, and REBNY's H1 2025 Manhattan Retail Report. Hospitality data is from PwC's Manhattan Lodging Index H1 2025 (the most recent quarterly publication) and CoStar full-year 2025 U.S. hotel performance data. Investment sales figures are from Avison Young's Tri-State Investment Sales Q3 2025 report, supplemented by transaction-level reporting from Bisnow and The Real Deal.

References

1 Colliers. *Manhattan Office Market Report — Q3 2025.* colliers.com/en/research/new-york/nyc-q3-2025-manhattan-office-report

2 Cushman & Wakefield. *Manhattan Retail MarketBeat — Q3 2025.* cushmanwakefield.com

3 CBRE. *Manhattan Retail Figures — Q3 2025.* cbre.com/insights/figures/manhattan-retail-figures-q3-2025

4 PricewaterhouseCoopers. *Manhattan Lodging Index — First Half 2025.* pwc.com/us/en/industries/consumer-markets/hospitality-leisure/manhattan-lodging-index.html

5 CoStar Group. *U.S. Hotel Performance Data — Full-Year 2025.* Hotel Management coverage, January 2026.

6 Avison Young. *Tri-State Investment Sales Q3 2025.* avisonyoung.us; Bisnow coverage, October 20, 2025.

7 Federal Reserve. *September 17, 2025 FOMC Statement.* federalreserve.gov

8 Colliers. *Midtown South NYC Office Market Report — Q3 2025.* colliers.com/en/research/new-york/nyc-q3-2025-midtown-south-office-market-report

9 Colliers. *Downtown NYC Office Market Report — Q3 2025.* colliers.com/en/research/new-york/nyc-q3-2025-downtown-office-market-report

10 Newmark. *3Q25 U.S. Office Market Conditions & Trends.* nmrk.com/insights/market-report/3q25-u-s-office-market-conditions-trends

11 Colliers. *U.S. Office Market Outlook Report — Q3 2025.* colliers.com

12 Cushman & Wakefield. *NYC Office Conversion Pipeline 2025.* Cited via Ariel Property Advisors Year-End Report.

13 REBNY. *H1 2025 Manhattan Retail Report.* rebny.com/press-release/h1-2025-manhattan-retail-report

14 CBRE. *Q3 2025 U.S. Hotel Figures.* cbre.com/insights/figures/q3-2025-us-hotel-figures

15 HVS. *Manhattan Hotel Market Recovery Outlook, 2025.* hvs.com — June 2025.

16 Ariel Property Advisors. *NYC Year-End 2025 Investment Sales Report.* arielpa.nyc — January 2026.

11 — ABOUT KADEN

A boutique commercial brokerage in New York.

The Kaden Team is a New York City commercial real estate brokerage specializing in four verticals: office, retail, hospitality, and investment sales. Founded in 2012, the firm represents owners, occupiers, and investors across more than *$50 million in transaction value* and *100+ closed deals* through more than thirteen years of NYC market activity.

What we do

SELL-SIDE

Disposition strategy and execution for owners of office, retail, and hospitality assets across Manhattan, Brooklyn, and Queens — including marketed offerings, off-market processes, and confidential sales.

BUY-SIDE

Acquisition strategy and tenant representation for occupiers, owner-users, and institutional investors. Buyer/tenant representation is a strategic emphasis for the firm.

How to engage with this report

The Kaden Quarterly is published without subscription or registration requirement. Future editions will continue to cover the four sectors above and expand on themes warranting deeper treatment — including submarket-level data, transaction-level analysis, and policy developments affecting NYC commercial assets. For tailored analysis of a specific asset, portfolio, or acquisition mandate, please contact us directly.

Bledar Asllani
FOUNDER · ASSOCIATE BROKER
(212) 729-3526
info@kaden.nyc

KADEN
at Keller Williams NYC
360 Madison Avenue
New York, NY 10017
kaden.nyc

Quietly closing New York's most *considered* deals.

Office. Retail. Hospitality. Investment Sales. Across more than $50 million in closed transactions over thirteen years of New York market activity.

The Kaden Team
at Keller Williams NYC
360 Madison Avenue
New York, NY 10017

kaden.nyc
info@kaden.nyc
(212) 729-3526