



THE KADEN TEAM
KELLER WILLIAMS NYC
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QUARTERLY MARKET REPORT · Q4 2025

The Year New York Came Back.

*Office leasing closes 2025 at its highest annual total in six years.
Retail availability hits a record low. A new mayor arrives. The
market chooses momentum.*

OFFICE LEASING Q4

11.87M SF

Strongest quarter since Q4 2019

INV SALES FY 2025

\$22.77B

+45% YoY · Ariel Property Advisors

RETAIL PRIME AVAIL.

13.7%

Tightest since JLL began tracking
in 2017

HOTEL REVPAR FY

\$280.71

Highest of any U.S. top-25 market



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FOUNDER · ASSOCIATE BROKER

OFFICE · RETAIL · HOSPITALITY · INVESTMENT SALES

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SECTION 01

Executive Summary

A watershed quarter. Every vertical closed 2025 stronger than it began. The bifurcation that defined the cycle did not narrow — it widened — and the top of every market reaccelerated.

Q4 2025 delivered 11.87 million square feet of office leasing — Manhattan's strongest single quarter since Q4 2019 — and the lowest availability rate in five years. Full-year office leasing reached 41.92M SF, just 2.4% below the 2019 pre-pandemic benchmark. Retail availability across Manhattan's prime corridors compressed to 13.7%, the tightest reading since JLL began tracking in 2017. Hospitality closed the year with the highest absolute occupancy, ADR, and RevPAR of any U.S. market. Manhattan investment sales crossed \$22.77 billion, up 45% year-over-year per Ariel Property Advisors.

Three forces converged. The Fed delivered three consecutive 25-basis-point cuts, bringing the benchmark to 3.50–3.75%. Mayor-elect Zohran Mamdani's victory triggered a multifamily repricing — Q4 dollar volume fell 57% quarter-over-quarter — while core office and luxury markets continued to set records. And tenants who had spent three years waiting for clarity stopped waiting.

This was not a rising tide. Trophy office rents climbed past \$300/SF while Class B and C buildings traded at 50%+ discounts. SoHo retail asking rents surged 25% while Herald Square availability approached 40%. Manhattan luxury hotels grew RevPAR at twice the rate of limited-service. The pattern is consistent: capital is concentrating at the top of every segment.

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THE QUARTER IN FIVE NUMBERS

11.87_M	13.7%	\$22.77_B	-175_{bps}	-57%
<small>SF OFFICE LEASED</small>	<small>RETAIL AVAIL.</small>	<small>INV SALES FY</small>	<small>FED CUTS</small>	<small>MULTIFAMILY QOQ</small>
<small>Strongest since '19</small>	<small>Tightest since '17</small>	<small>+45% YoY</small>	<small>Since Sept '24</small>	<small>Post-election</small>

A NOTE ON METHODOLOGY

This report synthesizes published Q4 2025 research from Colliers, JLL, CBRE, Cushman & Wakefield, REBNY, Ariel Property Advisors, Avison Young, PwC, CoStar/STR, and HVS, alongside Federal Reserve policy releases and trade press coverage. Where market estimates conflict, we cite the most recent published reading. Every figure is sourced; full citations appear on page 11.

THE KADEN VIEW

"Capital that had been waiting for clarity on rates and politics decided in Q4 that waiting cost more than acting. The sell-side window is open. We expect it to stay open through Q2 2026."

SECTION 02

Macro & Capital Markets

The Fed cut three times. The 10-year stayed sticky. Deal flow accelerated anyway — capital that had been on the sidelines decided that waiting cost more than acting.

FED FUNDS RATE

3.50–3.75%

-175 bps since Sept '24

10-YEAR TREASURY

~4.10%

Range-bound 6 months

30-YR MORTGAGE

6.19%

Lowest of 2025

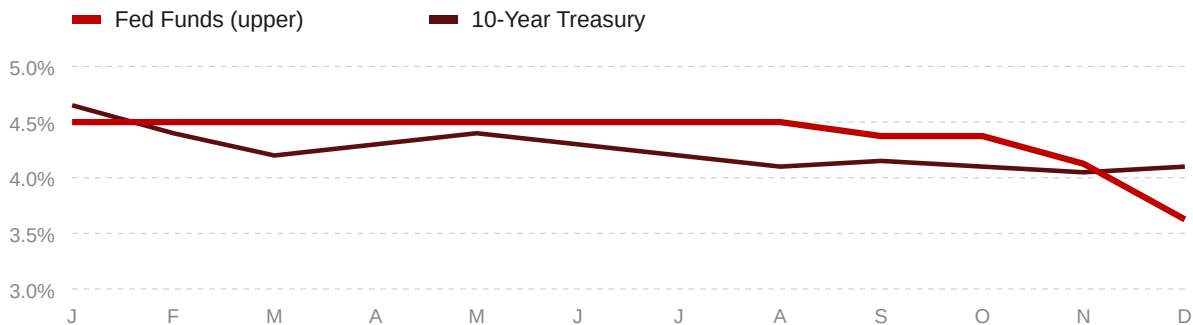
CMBS SPREADS

200–300 bps

Above Treasuries

FED FUNDS & 10-YEAR TREASURY · 2025

Three Q4 cuts brought benchmark to 3.50–3.75%. Long end stayed near 4.10%.


THE FED CYCLE

The FOMC closed 2025 with its third consecutive 25-basis-point cut — a cumulative 175 basis points of easing since September 2024. The December decision passed 9–3, with one dissent for a deeper cut and two for no cut at all. Chair Powell guided the Fed to “within a broad range of estimates of neutral” and signaled patience. The dot plot projected just one more cut in 2026.

THE LONG END DID NOT COOPERATE

For commercial real estate, this is the dynamic that matters. The 10-year Treasury traded in a tight band around 4.10% for most of H2 2025. Mortgage rates touched 6.19% in mid-December — the year’s low — but CMBS spreads stayed 200–300 basis points wide. Short-term cash and bridge got cheaper; permanent debt did not.

THE REFI WALL, STILL STANDING

Roughly \$1 trillion in CRE loans mature in coming quarters, many underwritten 2020–2022 at sub-3% rates. Refinancing into 6.5–7.0% forces equity injections, extensions, or sales. In Q4 the third option accelerated — distressed sellers became a meaningful share of the office trade pipeline.

The combination of tariff revenue, foreign investment into American assets, and a lower-rate environment is boosting capital inflows, especially into hard assets such as real estate.

— MARLON JONES, EMD, U.S. CAPITAL MARKETS, AVISON YOUNG

SECTION 03

Political Backdrop

Mamdani's election as mayor was the single most-watched event of Q4. The market's reaction has been more measured than the rhetoric — and the policy exposure is sharply asset-class specific.

MOST EXPOSED

- Rent-stabilized multifamily**
- Free-market multifamily** in gentrifying areas
- Ground-up development** reliant on 485-x

LEAST EXPOSED

- Class A office** in core Midtown / Downtown
- Luxury condo** development
- Prime retail** and **hospitality**

WHAT THE MAYOR CAN — AND CANNOT — DO

The mayor does not set rent-stabilized rents directly; the Rent Guidelines Board does, and the mayor appoints its members. The mayor cannot unilaterally raise state taxes — that requires Albany. The mayor cannot rewrite HSTPA. What the mayor can do is set tone, direct enforcement, and influence what gets built and where.

THE MULTIFAMILY REPRICING

The largest measurable Q4 impact was on multifamily investment sales, which fell 57% quarter-over-quarter as rent-stabilized owners — many holding for decades — moved to exit. Rent-stabilized assets continue to trade at average discounts near 50% from pre-HSTPA levels.

WHAT DID NOT HAPPEN

The expected luxury exodus did not materialize. Signed contracts for Manhattan homes \$4M+ rose 25% in November versus October. Mamdani's announcement that Police Commissioner Jessica Tisch would remain in her post quieted "defund" anxiety. Office capital markets activity, after a brief pause, resumed within two weeks.

HISTORICAL CONTEXT

New York has weathered progressive administrations before. Comparable cycles in Boston, Chicago, and Los Angeles have shown that campaign-trail proposals often soften considerably in execution, constrained by state law, fiscal reality, and the political cost of capital flight. Brandon Johnson's tax agenda in Chicago largely stalled; Michelle Wu's mandates in Boston are under pressure to roll back. The pattern is not deterministic, but it is informative.

THE READ

We do not advise clients to underwrite multifamily acquisitions on the assumption that the rent freeze is short-lived. We do advise that the broader market is not a single asset class — and the gap between policy debate and the actual transaction environment in Q4 was significant. Trade with that asymmetry in mind.

I don't believe that friction will fundamentally change the underlying strength of New York's business and real estate markets.

— DJ JOHNSTON, EVP, MATTHEWS

THE Q4 EVIDENCE
MULTIFAMILY Q4 QoQ

-57%

Largest impact, by asset class

\$4M+ HOME CONTRACTS

+25%

Nov vs Oct · the exodus that wasn't

OFFICE CAP MKTS PAUSE

2 weeks

Brief freeze, then normal pace

The bifurcation here is asset-class specific. Rent-stabilized multifamily wears the policy risk. Everything else continued to set records.

Vertical 01 · Section 04

Office

11.87M SF leased in Q4 — the largest single-quarter total since Q4 2019. Full-year 41.92M SF, just 2.4% below pre-pandemic.

Q4 LEASING

11.87M

SF · +25% QoQ

AVAILABILITY

13.9%

Lowest in 5 years

AVG ASKING RENT

\$76.00

/SF · Class A: \$83

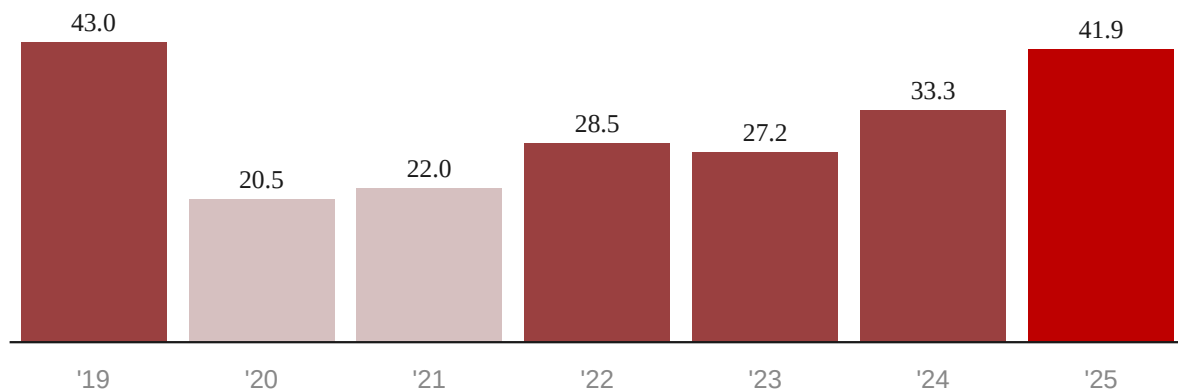
NET ABSORPTION

+3.96M

SF · FY +15.56M

MANHATTAN OFFICE LEASING · 7-YEAR TRAJECTORY (M SF)

2025 closed at 41.92M SF — only 2.4% below 2019, the highest annual total since.



Class A captured 74.2% of Q4 volume (8.81M SF), against a 64.4% share of inventory. Trophy assets in the Midtown core cleared \$300+/SF on individual transactions. 2.14M SF was removed for residential, hotel, or storage conversion across 16 buildings — and tenants displaced added to absorption elsewhere. Despite headline strength, Manhattan still carries 73.6M SF of available office, having shed only half of post-pandemic excess supply. Class B and C made up 75% of sale transactions but only 15% of dollar volume — the trophy and commodity markets are now two different markets.

TENANT	BUILDING	SUBMARKET	SF	TYPE
Bloomberg	120 Park Avenue	Grand Central	496,000	Renewal
Moody's	200 Liberty Street	Downtown	460,000	New Lease
Millennium Management	399 Park Avenue	Plaza District	438,000	Extension
NY State Attorney General	28 Liberty Street	Downtown	378,000	Ext. & Exp.
CV Starr & Company	343 Madison Avenue	Grand Central	228,000	New Lease
Scholastic	555–557 Broadway	SoHo	220,000	Sale-leaseback

THE SUBMARKET READ

Midtown led with 19.32M SF for the full year — its highest total since 2018. Midtown South recorded its sixth consecutive quarter of declining availability. Downtown's 2.2M SF Q4 leasing was its strongest single quarter since Q4 2019, reversing the multi-year FiDi-softness narrative.

OUR OFFICE POSTURE

Trophy and Class A — lift offers now. Class B and C — patient buyer's market for at least another year as 2026–2027 refinancings hit the wall. Conversion candidates remain the highest-conviction trade in the sector.

Vertical 02 · Section 05

Retail

Prime corridor availability fell to 13.7% — the tightest since 2017. SoHo dipped below 10% for the first time. The slowest-recovering vertical is finally clearing.

PRIME AVG RENT

\$584

/SF · +6.7% YoY (JLL)

PRIME AVAIL.

13.7%

Tightest since 2017

SOHO YOY

+25%

Broadway rent surge

MADISON AVE

\$982

/SF · highest since 2019

CORRIDOR SNAPSHOT · Q4 2025

Bars = availability (red is tight, gray is soft). Asking rent shown right.

CORRIDOR	Q4 AVAILABILITY	ASKING RENT
Upper Madison	7.0%	\$982/SF
SoHo Broadway	9.8%	\$355/SF
Meatpacking	11.0%	Premium/SF
Flatiron Broadway	12.0%	\$406/SF
Plaza District	13.5%	Mid-tier/SF
Fifth Ave 49-59	15.0%	Premium/SF
Times Square	22.0%	\$960/SF
Herald Square	40.0%	\$421/SF

THE TWO RETAIL MARKETS

SoHo, Upper Madison, Meatpacking, and prime Flatiron are clearing — landlords are receiving above-asking offers with multiple backups. Times Square, Fifth Avenue (49th–59th), and Herald Square are not. The split is roughly: corridors where luxury competes are tightening; corridors that depend on tourist traffic are still recalibrating.

SOHO IS THE STORY OF THE YEAR

SoHo availability tightened to 9.8% — the first time below 10%. Broadway in SoHo saw asking rents climb 25% YoY to \$355/SF. Upper Madison fell to 7.0% with \$982/SF asking rents, the highest since 2019. Madison counted only 13 storefronts in marketing at year-end, down from 35 two years earlier. Q4 signings included Equinox (50K SF in Chelsea), Chelsea Piers (47K SF Midtown), and Aritzia (25K SF Flatiron).

The retail market in Manhattan is "on fire." High profile areas like Upper Madison and Soho now often have leases out above their asking rents with several back-up offers.

— ROBIN ABRAMS, VICE CHAIRMAN, COMPASS

Vertical 03 · Section 06

Hospitality

NYC posted the highest absolute occupancy, ADR, and RevPAR of any U.S. market. With FIFA World Cup 2026 arriving — 8 matches plus the final at MetLife — at least one more leg of pricing power ahead.

FY OCCUPANCY

84.1%

Highest in U.S.

FY ADR

\$333.71

+4.7% YoY

FY REVPAR

\$280.71

+4.5% YoY

LUXURY REVPAR

+10.1%

H1 2025 YoY

HOTEL REVPAR · NYC VS COMPARISON MARKETS · FY 2025

NYC posted the highest absolute level of any U.S. top-25 market. National RevPAR fell 0.3% — first annual decline since 2020.

New York	\$280.71	+4.5%
San Francisco	\$155.84	+11.8%
Las Vegas	\$149.13	-10.9%
U.S. Average	\$100.02	-0.3%

THE BEST PERFORMING U.S. MARKET

CoStar's full-year 2025 data confirmed New York City posted the highest absolute levels of every key hotel metric of any top-25 market. PwC's H1 2025 Manhattan Lodging Index showed RevPAR growth of 7.1% — rate-led growth that continued through H2. Luxury properties drove the trend with H1 RevPAR growth of 10.1%, nearly double the upper-midscale tier.

THE 2026 CATALYST

MetLife Stadium will host eight FIFA World Cup matches plus the final in 2026. HVS forecasts demand will substantially bolster leisure and tourism volumes, with ADR likely to spike during the tournament window. This is the largest one-time demand catalyst since the Super Bowl.

THE F&B FOOTNOTE

While Manhattan hotels enjoyed a banner year, the restaurant industry nationally finished 2025 in a different posture. Industry-average net profit margins remained between 3% and 5%. Eat-in occasions fell from 56% in 2011 to 35% in 2025 — a structural change that reshapes restaurant economics permanently. Asset sales remain primarily operator-to-operator; bid-ask is wider than at any point since the pandemic.

Vertical 04 · Section 07

Investment Sales

\$22.77B in Manhattan investment sales for 2025 — a 45% increase over 2024 and the strongest year since 2018. Office dominated, accounting for half of total dollar volume.

FY MANHATTAN

\$22.77B

+45% YoY (Ariel)

OFFICE FY

\$11.29B

+126% YoY · 73 trades

CLASS A \$/SF

\$819

+18% YoY

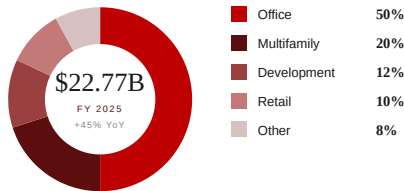
MULTIFAMILY QOQ

-57%

Post-election drop

FY 2025 BY ASSET CLASS

Office captured half of all dollar volume.



DEFINING TRADES · 2025

ASSET	TYPE	PRICE
Paramount Group (8-bldg)	Office	~\$3.8B
590 Madison Avenue	Office	\$1.08B
800 Fifth Avenue	Condo Dev	\$810M
10 Waterside Plaza (50%)	Multifamily	\$800M
Riverbank West	Multifamily	\$243.5M
525 W 52nd Street (75%)	Multifamily	\$202M

Roughly a quarter of all NYC office acquisitions in Q4 2025 were made by end users — owner-occupiers buying buildings for their own businesses. Avison Young's Erik Edeen noted there has "probably never" been such a high proportion of end-user activity in NYC office sales. The single largest Q4 story was the multifamily reset: dollar volume fell 57% QoQ while transaction count declined only 3%, meaning per-asset price compressed sharply. Q1 2026 already posted \$3.7B in Manhattan property sales — the strongest quarter since Q4 2021.

WHO'S BUYING

End-users (owner-occupiers), institutional capital re-entering after a three-year pause, family offices, and 1031 buyers chasing stabilized mixed-use. Foreign capital making selective trophy bets.

CAP RATE CONTEXT

Office cap rates settled near 6%; multifamily near 7%. All-cash buyer depth created a price floor on multiple Q4 trades. The Naftali 800 Fifth trade at \$2,869/BSF reset the ultra-luxury condo land bar.

OUR POSTURE

Sell-side window open Q4 '25 through Q2 '26. End-users are the most aggressive buyers of small-to-mid Class A office. Rent-stabilized multifamily is a buyer's market — only sell if you must.

SECTION 08

Kaden's Take

The data tells you what happened. Our view tells you what we are doing about it — vertical by vertical, in the language of the operators and investors we represent.

OFFICE

The trophy bid is open. The Class B reset is not finished.

Trophy and Class A core leasing is back to pre-pandemic posture. If you are tenant on these floors, you have less leverage than six months ago. Sellers of trophy office should lift offers now while cap-rate compression has visible runway. Buyers of Class B and C should not rush — the discount cycle has at least another year as 2026–2027 refinancings hit the wall. Conversion candidates are the highest-conviction trade in the sector.

RETAIL

Lock prime corridors at this asking. Negotiate hard in tier two.

SoHo, Upper Madison, Meatpacking, and prime Flatiron are pricing to perfection. If you have a flagship strategy in these corridors, lock long-term deals at current asking now — by Q3 2026 we expect another step-up. Times Square, Herald Square, and 34th Street still have negotiating room. The mid-corridor opportunity — Chelsea, Plaza District, West Village — is where most of our 2026 representation work will be.

HOSPITALITY

2026 is the disposition window. Use the World Cup tailwind.

Hotel owners who have held through the recovery now have the rate environment, demand setup, and one-time World Cup catalyst to justify trading. Buyer pool depth for trophy and luxury Manhattan hotels has not been this deep since 2018. On the restaurant side, asset-sale valuations remain pressured — operators selling should reset expectations and lean on creative deal structures (earn-outs, seller financing, equity rolls) to bridge bid-ask.

INVESTMENT SALES

The sell-side window is open Q4 '25 through Q2 '26.

The combination of capital re-entering, all-cash buyer depth, and a Fed in cutting mode creates the cleanest sell-side environment in three years. End-users are the most aggressive buyers of small-to-mid Class A office. Family offices and 1031 capital are competing for stabilized mixed-use. Rent-stabilized multifamily is a buyer's market — only sell if you must. The window is real, and it is finite.

OFFICE

Lift trophy offers.
Patient on Class B.

RETAIL

Lock prime.
Negotiate tier two.

HOSPITALITY

Dispose into World
Cup tailwind.

INV SALES

Sell-side window:
now through Q2 '26.

"We are not in the business of predicting markets. We are in the business of being early on the trades the rest of the market will validate by Q3."

— THE KADEN VIEW · Q4 2025

SECTION 09

2026 Outlook

Eight things we are watching. We are not in the business of predicting markets — we are in the business of being early on the trades the rest of the market will validate by Q3.

01

THE 10-YEAR TREASURY

Base case: range-bound 3.85%–4.40%. A break below 3.85% unlocks another wave of refi and acquisition activity. A break above 4.40% slows the recovery. Path matters more than level.

03

OFFICE-TO-RESI VELOCITY

4.3M SF of conversion starts in 2025 was the largest annual figure in a decade. Whether this scales to 6M+ SF in 2026 depends on capital-stack availability and city-level approvals. We expect more, not less, activity.

05

THE FED SUCCESSION

Powell's term ends May 2026. The Trump administration's pick — and the Senate's response — sets the tone for monetary policy through end-of-decade. A dovish successor accelerates cutting; hawkish slows it.

07

AI LEASING TRAJECTORY

AI firms accounted for ~22% of Manhattan tech/media leasing requirements in 2025. Whether this share grows or plateaus determines Midtown South pricing in 2026. Early Q1 read: growth, not plateau.

02

THE RGB'S FIRST VOTE

The first Rent Guidelines Board vote under Mamdani is the single most-watched policy moment of 2026 for NYC multifamily. A full freeze deepens distress; a token 1–2% calms markets. We expect the latter but underwrite the former.

04

FIFA DEMAND CLIFF

The tournament will lift Manhattan ADR meaningfully during the match window (mid-June through mid-July 2026). The question is RevPAR in H2 2026 after the demand pulse subsides. We expect normalization, not reversal.

06

REFI WAVE RESOLUTION

The ~\$1T of CRE loan maturities "extending and pretending" since 2023 are running out of runway. We expect a meaningful uptick in distressed sales, particularly Class B/C office, beginning Q2 2026. The buy-side opportunity of the year.

08

CAPITAL MARKETS LIQUIDITY

Q1 2026 already posted \$3.7B of Manhattan sales — the strongest quarter since Q4 2021. If liquidity holds through H1, full-year 2026 volume could approach \$25B citywide. Base case: yes. Risk: the 10-year.

OUR POSTURE

Bullish on office. Bullish on prime retail. Bullish on hospitality through the World Cup. Patient on multifamily. Recommending sell-side execution for clients with stabilized trophy product. Recommending buy-side aggression for Class B/C distressed office. Recommending lease extensions in prime retail corridors at current pricing. Underwriting to current-state debt — not projected future cuts.

SECTION 10

Sources & About Kaden

METHODOLOGY & CITATIONS

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FOUR VERTICALS

- Office** · trophy & conversion plays
- Retail** · prime corridor & flagship reps
- Hospitality** · hotel sales & F&B
- Investment Sales** · all asset classes



Quietly closing New York's most considered deals.

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