

# New York City 2025 Year-End Commercial Real Estate Trends Preliminary Numbers

Final numbers will be available  
at Coffee & Cap Rates Event on February 5<sup>th</sup>, 2026



Investment Sales  
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2025 Year-End NYC Preliminary Numbers

# Market Observations

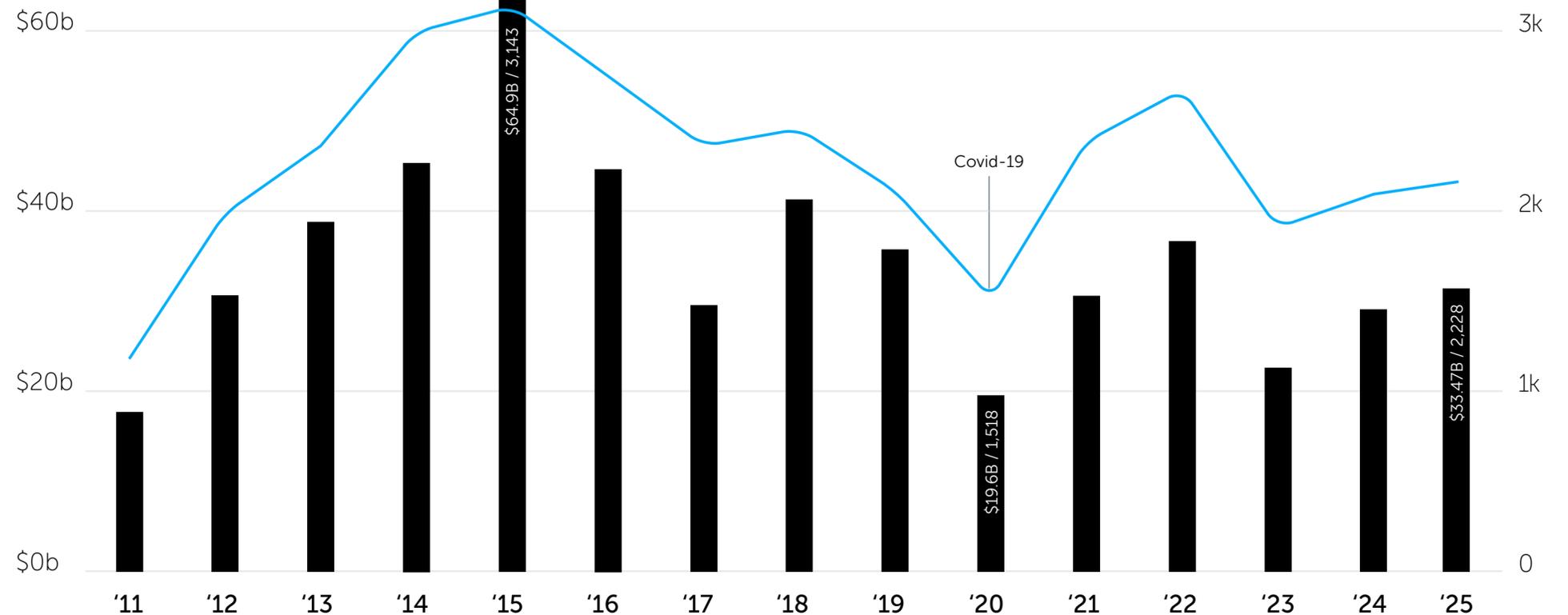
New York City investment sales totaled \$33.5B in 2025, up 18% year-over-year, reflecting a market driven more by necessity than enthusiasm. This growth in dollar volume was largely driven by the entity sale of Paramount to Rithm Capital, contributing \$3.8B to the New York City Class A office sector, without which investment sales dollar volume would be in line with 2024. Many transactions were tied to mortgage maturities, partnership restructurings, or fund expirations rather than discretionary selling.

With fundamentals holding and forward indicators improving—rent growth expectations, easing capital markets, and returning investor interest—many owners chose to wait, limiting overall supply. Activity concentrated in high-quality assets with strong fundamentals, while pressured assets traded largely out of necessity. Partial-interest transactions exceeded 13% of total volume, reflecting a preference for recapitalizations over full exits as capital selectively targeted prime New York City assets.

Despite 75 basis points of Fed rate cuts, elevated Treasury yields constrained borrowing costs and delayed broader repricing. Looking ahead, Fannie Mae and Freddie Mac’s record \$176 billion agency lending cap, half of which is allocated to mission-driven housing, positions multifamily as the clearest beneficiary of the next phase of recovery.



Real Estate Timeline ■ Dollar Vol | ✓ Transaction Vol



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# Market Observations Continued...

**Office:** Office investment activity posted the strongest YoY gains among major asset classes in 2025, with dollar volume up 111% while transaction count remained in line with 2024. Activity was driven by improving fundamentals and renewed interest from both investors and lenders, supporting large single-asset and partial-interest trades concentrated in high-quality Manhattan offices, including 590 Madison Avenue, 1345 Avenue of the Americas, 1211 Avenue of the Americas, 1177 Avenue of the Americas, and 1334 York Avenue. Additionally, this year, Rithm Capital acquired the publicly-traded REIT Paramount Group, adding 8 Class A office buildings, which are valued at approximately \$3.8B, to its New York City portfolio in the largest post-pandemic office deal.

- **Class A and Trophy:** Top-tier buildings accounted for 85% of the \$11.2B in office sales, trading at an average of \$801/SF, up 17% YoY. Leasing performance has been equally strong, with large deals exceeding 100K SF totaling more than 10.4M SF, led by tenants in finance, law, tech, and AI.
- **Class B and C:** Representing 15% of total dollar office volume but 75% of transaction count, these assets traded at an average of \$557 per square foot, roughly in line with 2024 pricing. Pricing strength reflects both spillover demand into older office stock amid constrained Class A supply and enhanced value optionality, with the latter reinforced by the 467-m and City of Yes, which

Dollar Volume Comparison

Product Type	2025	2025 VS 2024	2024	2025 VS 2023	2023
Multifamily	\$8.28B	-9%	\$9.10B	6%	\$7.77B
Retail	\$3.61B	3%	\$3.50B	44%	\$2.50B
Ind / WH / Sto*	\$1.23B	-39%	\$2.02B	-24%	\$1.62B
Development	\$6.20B	11%	\$5.58B	72%	\$3.61B
Office	\$11.25B	111%	\$5.34B	238%	\$3.33B
Hotel	\$1.69B	-12%	\$1.92B	-29%	\$2.39B
Special Purpose	\$1.21B	24%	\$974.1M	-4%	\$1.26B
<b>Grand Total**</b>	<b>\$33.47B</b>	<b>18%</b>	<b>\$28.44B</b>	<b>49%</b>	<b>\$22.50B</b>

Transaction Volume Comparison

Product Type	2025	2025 VS 2024	2024	2025 VS 2023	2023
Multifamily	1,203	5%	1,142	13%	1,065
Retail	248	-3%	256	12%	221
Ind / WH / Sto*	188	-16%	224	-10%	209
Development	393	17%	336	34%	293
Office	104	1%	103	55%	67
Hotel	20	-31%	29	-38%	32
Special Purpose	72	16%	62	-1%	73
<b>Grand Total</b>	<b>2,228</b>	<b>4%</b>	<b>2,152</b>	<b>14%</b>	<b>1,960</b>

\*Ind / Wh / Sto: Industrial / Warehouse / Self Storage  
 \*\* Possible rounding errors in calculations.

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# Market Observations Continued...

materially broadened conversion eligibility. Approximately \$1.3B traded specifically for demolition or conversion, captured within our development sales.

**Multifamily:** While overall dollar volume declined 9% YoY in 2025, smaller assets led the market’s recovery, with tax-class protected buildings posting increases in dollar volume, up 9% YoY, and transaction volume, up 4% YoY, reflecting investor interest. In contrast, dollar volume for buildings with 10 units and above declined 14% YoY, amid reduced institutional investment.

**Buildings With At Least 10 Units:**

- **Free Market:** This asset class accounted for 68% of multifamily dollar volume and 48% of transactions, driven by Manhattan & Brooklyn, which together represented 94% of sales volume. Manhattan pricing averaged \$858/SF, up 6% YoY but still 18% below peak, offering investors the opportunity to acquire assets at a lower basis despite improving conditions. Fundamentals remain exceptionally strong, with Manhattan rents at a record \$95/SF (up 10% YoY) and vacancy at 2.5%, according to Douglas Elliman.
- **Rent-Stabilized:** Representing 23% of dollar volume and 48% of transactions, rent-stabilized assets continued to reprice lower, with dollar volume down 27% YoY, reflecting the sustained impact of HSTPA-era constraints. Average pricing declines have been most severe in Manhattan (down 54%), followed by Northern Manhattan

(down 53%), the Bronx (down 52%), Queens (down 40%), and Brooklyn (down 25%), with select trades at 70%–90% discounts since HSTPA, driven by violations, deteriorating conditions, and a widening gap between persistently rising operating costs—including insurance, which has grown exponentially in higher-risk locations—up 54%, and RGB-driven rent growth of just 16% over the past decade.

- **Affordable Housing:** Affordable housing sales were in line with 2024, representing 9% of dollar volume and 4% of transactions, supported by strong investor demand amid limited supply. Activity remains constrained due to the pause of the Private Housing Finance Law Amendment 610 and HPD staffing shortfalls (agency headcount down ~5%), though the LIHTC bond threshold reduction from 50% to 25% is expected to support mixed-income development. The largest trades involved GP-position transfers and public–private partnerships, involving Brookfield, Tredway, and nonprofit sponsors.

**Development:** Development sales totaled \$6.2B in 2025, up 11% YoY, while transactions rose 17%, supported by improving rental and condo fundamentals alongside policy-driven tailwinds.

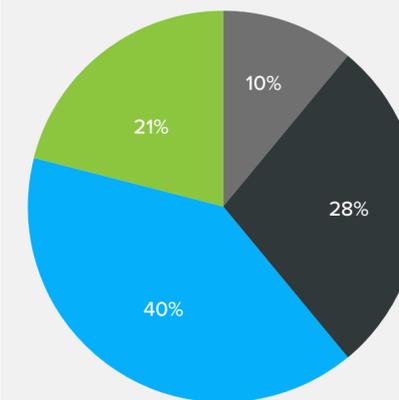
- **Ground-Up Development:** While the largest ground-up sale was 800 Fifth Avenue, an \$800M condo-driven transaction that accounted for 13% of total development dollar volume, activity by deal count skewed toward rental sites. Rental sites represented

63% of all ground-up development trades, supported by expanded buildable area under the City of Yes and the 485x and vested 421a tax incentives. These rental development trades increased 38% YoY, driven primarily by smaller sites, typically for projects of 99 units or fewer, as 485-x wage mandates continue to constrain larger-scale projects. At the policy level, Midtown South and

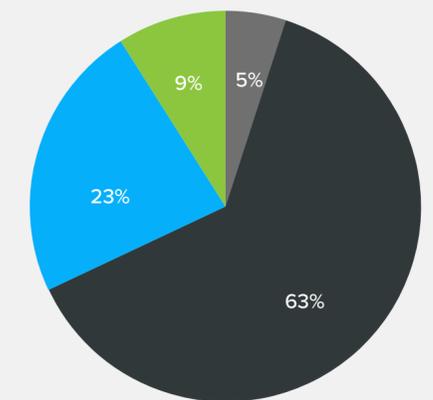
**DEVELOPMENT ACTIVITY BREAKDOWN**



**Transaction Volume Breakdown**



**Dollar Volume Breakdown**



**Note:** Ground-up rental and condo designations reflect highest-and-best-use assumptions for traded development sites. Not all development business plans have been announced and are subject to change.

## 2025 Year-End NYC Preliminary Numbers

# Market Observations Continued...

Atlantic Avenue—both approved this year—along with the OneLIC and Jamaica Neighborhood rezonings advancing through review, are expected to deliver nearly 41,000 homes, including 13,000 affordable units.

- **Office Conversions & Demolitions:** Office conversion and demolition sales totaled approximately \$1.3B in 2025, down roughly 46% from \$2.4B in 2024, reflecting a shift toward owner-led conversions rather than diminished conviction. Some of these owners include GFP, TPG, Vanbarton, SL Green, RXR, Apollo, and Rudin. Conversion activity accelerated despite lower sales volume, with 4.3M SF commencing construction in the 11 months through December, up nearly 60% YoY, and an additional 9.5M SF expected to break ground in 2026, according to Cushman & Wakefield. Activity remains concentrated in Manhattan, supported by the 467-m, expanded eligibility through the City of Yes, and the Midtown South rezoning.

**Retail:** Retail investment activity remained in line with 2024, supported by exceptional fundamentals in prime corridors, with availability at 12.5%, the lowest rate since Q4 2014, according to Cushman & Wakefield, and pricing up 6% YoY and 8% since 2019, even as asking rents remained roughly in line with last year. Demand continues to be driven by owner-users and institutional investors, with

capital concentrated in trophy asset trades, such as IKEA's \$213M acquisition of 529 Broadway and Kering's recapitalization of 715–717 Fifth Avenue with Ardian, illustrating sustained conviction in top-tier retail locations.

**Hotel:** Investment sales totaled approximately \$1.7B in 2025, down 12% YoY, despite strong operating fundamentals. Occupancy was 88% in November 2025, up slightly YoY, while RevPAR rose 5%, outperforming inflation and materially exceeding national trends. Tourism demand remained resilient, with Broadway attendance near pre-pandemic levels. Supply remains constrained, with only 5,800 rooms expected through 2026 due to zoning and regulatory limits such as Local Law 18, further reinforced by the failure of an Airbnb-backed effort to ease short-term rental restrictions—supporting long-term value for existing inventory.

**Industrial:** Industrial investment activity fell to its lowest dollar volume since 2014, while transaction volume declined at a lower pace, reflecting a pullback from large institutional trades. Activity shifted toward smaller owner-user acquisitions—particularly self-storage and production facilities—led by groups such as Storage Post, with institutional participation from Carlyle, Morgan Stanley, and Bridge Investment Group limited to selective single-asset deals.

## WATCHLIST:

The macro environment remains exposed to risks, including an economic slowdown, geopolitical conflict, and tariffs, alongside policy uncertainty tied to the incoming Zohran Mamdani administration. In the near term, a proposed rent freeze could further strain rent-stabilized housing economics, though a pragmatic focus on rehabilitating vacant and distressed regulated units could help stabilize supply over time.

Offsetting these headwinds, New York City's fundamentals remain strong, supported by sustained demand across Class A office, free market and affordable housing, and well-located retail, a deep luxury market, and a pro-development policy legacy from the outgoing Eric Adams administration anchored by City of Yes and major passed and in-progress rezonings—including Midtown South, Atlantic Avenue, Bronx Metro-North, OneLIC, and Jamaica—which materially expand the city's long-term housing pipeline. As financing conditions ease amid expected rate cuts, pricing expectations should realign, supporting renewed transaction activity.

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