

# THE REAL DEAL

REAL ESTATE NEWS

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## Manhattan office market on pace for best year since Y2K

Tenants inked deals for 4.2M square feet in May



Extell Development's Gary Barnett, Jack Resnick & Sons president Jonathan Resnick and Columbia Property Trust's Adam Frazier; 315 Hudson Street, 229 West 43rd Street and 570 Fifth Avenue (Getty, Extell Development, Jack Resnick & Sons, Columbia Property Trust, Google Maps)

By Elizabeth Cryan

The Manhattan office market may have its best year since people were worrying about Y2K.

Tenants inked deals for 4.2 million square feet in May, up 17 percent from April and 35 percent year-over-year, according to a new Colliers report. Year-to-date leasing volume reached 19.6 million square feet, up 10 percent from the same period last year. If leasing continues at its current pace, 2026 is shaping up to Manhattan's best year of total volume since 2000.

A few big-ticket transactions drove the month. The largest was law firm Simpson Thacher & Bartlett's [916,000-square-foot lease](#) at Extell's office tower at 570 Fifth Avenue, which is under construction and expected to be finished in 2028. The lease – Manhattan's second-largest this year – is 200,000 square feet larger than was previously reported.

Other major deals included Google's 411,000-square-foot renewal at Jack Resnick & Sons' 315 Hudson Street and Versant's [249,000-square-foot renewal and expansion](#) at Columbia Property Trust's 229 West 43rd Street.

The strong leasing activity helped shrink Manhattan's availability rate to 13.2 percent, down slightly from April. Available inventory fell to 69.2 million square feet, the lowest level since October 2020 and almost 30 percent below its post-pandemic peak of 98 million square feet. Sublease space has shrunk 25 percent year-over-year.

Midtown remained the market's engine, accounting for more than half of all leasing activity in May. Leasing volume in the submarket nearly doubled from April and a year earlier, fueled by the Simpson Thacher deal. Although down from April, Midtown South posted leasing volume well above its ten-year average. Downtown availability tightened despite a slowdown in deal volume from April, which got a boost from law firm [Cleary Gottlieb's large lease](#).

Landlords also gained pricing power. Manhattan's average asking rent rose to \$77.76 per square foot, the highest level since August 2020 and nearly 6 percent higher than a year ago.