# New York City office market rebounds amid rising investor confidence despite AI-driven uncertainties



Investors are demonstrating overwhelming confidence in New York City’s office market, signalling a robust recovery and a sharp reversal of the remote work trend that characterised the pandemic years. Billions of dollars are being poured into commercial real estate, particularly in the city’s Class A office towers, reflecting a belief among landlords and market players that the work-from-home era was a temporary disruption rather than a permanent shift.

According to Ran Eliasaf, founder and managing partner at Northwind Group, New York offices have returned to pre-COVID levels of leasing activity. This resurgence is evident in the influx of refinancing deals and leasing commitments by blue-chip tenants like major law firms and financial institutions. Robert Gilman, head of the real estate group at Anchin, an accounting advisory firm, acknowledges that most workers have indeed returned to their desks following the Labour Day weekend, marking a pivotal moment for office foot traffic in the city. “With asking people to come back to the office, nobody wanted to be the first because everybody was afraid that people will leave. But that’s not happening now,” Gilman told the Daily Mail.

The commitment to office spaces in New York is illustrated by recent substantial refinancing transactions in some iconic towers. For example, the Durst Organization secured a $1.3 billion commercial mortgage-backed securities (CMBS) loan for One Five One, a 48-story Class A building in Times Square, tenants include social media giant TikTok and Nasdaq. The loan was facilitated by Wells Fargo, JPMorgan, and Bank of America, with a strong subscription underscoring investor appetite for prime Manhattan assets. Similarly, Blackstone raised $850 million in debt for 1345 Sixth Avenue—a building that houses the prestigious law firm Paul Weiss—and Paramount refinanced $900 million for 1301 Sixth Avenue, home to Crédit Agricole and Norton Rose. Vornado’s refinancing of Apple’s flagship New York location near Penn Station for $450 million further exemplifies the financial vitality in the sector.

Data from commercial real estate analytics firm Placer.ai highlights the tangible return of workers onsite, with office visits in New York City in July 2025 surpassing pre-pandemic levels by 1.3 percent compared to July 2019. New York stands out nationally as the only major market to exceed previous office foot traffic levels, supported by the city’s population growth and the strong presence of “Big Law” firms and Wall Street institutions known for their preference for in-person collaboration. The VTS Office Demand Index also marks New York as the leader in office demand recovery, with a remarkable 25.3 percent year-over-year increase driven largely by finance and tech sectors.

However, despite these promising signs, market experts caution against over-optimism. While Class A office buildings in Manhattan are experiencing near-full occupancy and positive investor sentiment, lower-tier Class B and C properties continue to struggle, facing higher vacancies and selling at steep discounts. Industry reports indicate these buildings remain vulnerable, requiring repositioning and significant investment to regain traction.

Looking further ahead, there is growing concern about the long-term impact of artificial intelligence (AI) on office leasing and employment. Eliasaf warned that the next two to three years may remain positive, but beyond that, AI-driven automation could reduce demand for office space by eliminating many entry-level roles. This aligns with broader economic forecasts where, according to Anthropic CEO Dario Amodei, up to half of all entry-level white-collar jobs might disappear in the next five years, posing considerable risks for the workforce and office occupancy. Similarly, voices on Wall Street and reports from the World Economic Forum foresee a looming job disruption that could elevate structural unemployment, particularly in knowledge-based sectors foundational to New York’s office market.

In essence, while New York’s office sector is experiencing a renaissance marked by rising leasing, refinancings, and tenant returns, underlying economic shifts driven by technology set a more uncertain horizon. For now, landlords and investors are capitalising on the post-pandemic rebound, but the evolution of workplace dynamics, propelled by AI, will be key to watch as they could reshape the future demand for office space in America’s largest and most pivotal commercial real estate market.

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* Paragraph 7 – [[1]](https://www.dailymail.co.uk/yourmoney/article-15043219/new-york-office-boom-remote-work-dead.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)

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## Bibliography

1. <https://www.dailymail.co.uk/yourmoney/article-15043219/new-york-office-boom-remote-work-dead.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/8d1c9978-353a-4a2b-81d3-0d4113ce0b85> - Investors are showing renewed confidence in New York City’s office market, pouring billions into refinancing skyscrapers amid a broader return-to-office trend. According to data from Bank of America and the Financial Times, $3 billion in commercial mortgage-backed securities (CMBS) has been raised recently, increasing total New York CMBS office lending to $11 billion this year—its highest since 2021. This resurgence is notable as it includes investments in older, non-“trophy” buildings across business-heavy corridors like Sixth and Park Avenues, Times Square, and near Penn Station. Key deals include Paramount refinancing $900 million for 1301 Sixth Avenue, Blackstone's $850 million for 1345 Sixth Avenue, Vornado’s $450 million refinancing near Penn Station, and Durst Organization’s $1.3 billion for the former Condé Nast HQ in Times Square. These properties mostly feature high occupancy by “blue-chip” tenants like Crédit Agricole, law firm Paul Weiss, and TikTok. While leasing activity is rising and Midtown availability dropped from 18.2% to 15.5% year-over-year, experts caution that investor confidence remains limited to well-leased, high-quality assets. Lenders are still cautious, demanding lower leverage and sometimes additional equity from developers, underscoring a recovery focused on prime buildings.
3. <https://www.reuters.com/business/finance/owner-landmark-manhattan-skyscraper-closes-13-billion-loan-2025-08-06/> - The Durst Organization has secured a $1.3 billion commercial mortgage-backed security (CMBS) loan for One Five One, a 48-story Class A office building in Manhattan's Times Square, formerly known as 4 Times Square. This deal, co-originated by Wells Fargo, JPMorgan, and Bank of America, represents one of 2025’s largest office financings and reflects growing confidence in New York’s office market post-COVID-19. Designed by Fox & Fowle (now FXCollaborative), One Five One has attracted prominent tenants like TikTok and Nasdaq. The loan, carrying a 5.865% interest rate and maturing in 2030, is based on a $2.3 billion property valuation with a loan-to-value ratio of 56.5%. The financing will be used for tenant improvements and capital expenditures. Legal representation was provided by Rosenberg + Estis, who described the deal as a significant milestone for the city's office market recovery. The strong demand for the bonds and the oversubscription underscore renewed investor appetite for prime Manhattan assets with reputable sponsorship and strong amenities.
4. <https://www.vts.com/news/january2025vodi> - New York City has emerged as the leader in the ongoing office demand recovery, surpassing its pre-pandemic benchmark in the fourth quarter. The city experienced a remarkable 25.3 percent year-over-year growth, driven by robust demand from the tech and finance sectors, according to the quarterly VTS Office Demand Index (VODI). The VODI tracks unique new tenant tour requirements of office properties in core U.S. markets, and is the earliest available indicator of upcoming office leasing activity as well as the only commercial real estate index to explicitly track new tenant demand. While New York City is the clear winner of 2024, ending the year with a VODI of 94 after briefly topping 100 (the pre-pandemic benchmark) in November, several other markets also demonstrated varied but encouraging signs of recovery. San Francisco, for instance, led the way with the highest annual growth rate among VODI markets at 32.4 percent, driven by a resurgence in activity from tech tenants who are re-entering the office space market after years of remote work dominance.
5. <https://www.reuters.com/markets/us/new-york-workers-return-office-ignites-deal-hopes-battered-real-estate-market-2025-03-07/> - As companies call employees back to the office, investors, including Blackstone and wealthy individuals, show increasing interest in New York office properties, suggesting a recovery in the commercial real estate market. This renewed demand for top-quality offices signals a potential broader economic recovery in major cities as in-person work resumes, boosting local services. Notable signs of this recovery include Amazon seeking space, BXP negotiating new buildings, and Blackstone becoming more optimistic about the sector. Despite this optimism, challenges persist for older Class B and C buildings. Economic growth and lower interest rates also contribute to the revived demand for offices. For example, Ken Griffin's Citadel is developing a 62-story skyscraper in New York due to space shortages. Commercial property sales volumes rose 9% in 2024, with occupancy rates climbing. Wealthy investors are returning to higher-quality offices, indicating growing confidence in the market. Similar trends are observed in Europe, where demand for high-quality office spaces is rising, especially in central London.
6. <https://www.reuters.com/business/blackstone-talks-buy-stake-new-york-office-building-sources-2025-01-30/> - Blackstone is in discussions to purchase a significant stake in a 50-story office building in New York City located at 1345 Avenue of the Americas from institutional investors advised by JPMorgan Asset Management, according to sources. This move follows statements from Blackstone executives indicating stabilization in the commercial real estate sector. The building is jointly owned by investors advised by J.P. Morgan Global Alternatives and Fisher Brothers, with JPMorgan Asset having no direct equity. Early signs of sector relief come from easing U.S. Federal Reserve policies and corporate giants like JPMorgan Chase and Amazon enforcing stricter return-to-office policies, increasing office space demand. Blackstone President Jonathan Gray cited a strong U.S. economy and falling borrowing costs as indicators of real estate recovery prospects in 2025. The firm's real estate arm manages $315.4 billion, with $27.9 billion in inflows in 2024.
7. <https://www.forbes.com/sites/shimonshkury/2025/02/25/3-assets-behind-rise-in-2024-new-york-city-commercial-real-estate-sales/> - The New York City office market saw a 63% surge in sales to $5.4 billion. Of the City’s total office sales, $5.1 billion were in Manhattan spread across five Class A and 50 Class B and C office buildings. Manhattan’s Class A office towers performed exceptionally well last year with high-end corporations such as hedge funds, financial institutions and law firms not only returning to the office but seeking to lease space in highly amenitized buildings where they can create a club-like corporate culture for their employees. In fact, Class A office buildings are so desirable that 8 million square feet of new office space is being built in the City by JP Morgan, Rolex and Citadel for their own use and by Vornado, Moinian and Brookfield for tenants. Investors and lenders also stepped up to take a piece of the Class A market as illustrated by SL Green’s sale of 11% of One Vanderbilt to Japan’s Mori Building Company for $4.7 billion, or $2,800/SF, and Rockefeller Center’s $3.5 billion refinancing with Bank of America and Wells Fargo. Class B and C buildings weren’t as fortunate, however. Vacancies and financial challenges contributed to 14 buildings being sold at discounts ranging from 11% to 73%. Opportunistic investors took advantage of the low basis and picked up these assets for repositioning. Class B & C office properties traded at discounts between 11% and 73% in 2024.