CUSHMAN & WAKEFIELD

VANTAGE POINT

NEW YORK CITY RESEARCH

THE POWER OF PROXIMITY

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Transit Hubs: Engines of Office Demand

Transit hubs have long played a foundational role in shaping New York City's commercial landscape, acting as magnets for business activity and urban development. Grand Central Terminal and Penn Station in Midtown, and the Oculus Transportation Hub in Downtown, are vital arteries for regional mobility that anchor some of Manhattan's most dynamic office submarkets. Their unparalleled connectivity to nearly 20 million people in the metro area fosters high foot traffic, supports tenant retention, and enhances the appeal of nearby buildings for companies seeking accessibility and visibility.

These three hubs have taken on renewed significance as gateways for the city's returning workforce. As hybrid work models evolve and companies encourage more in-office presence, accessibility has become a critical factor in office location decisions. Transit hubs facilitate the daily flow of commuters from across the region and serve as centers of economic activity, drawing tenants and talent to offices.

UNDERSTANDING THE TRANSIT ADVANTAGE

This report examines the performance of office buildings located within a quarter-mile radius of New York City's three major transit hubs: Grand Central Terminal, Penn Station and the Oculus Transportation Hub. These transit hubs represent the city's most critical nodes of connectivity, serving hundreds of thousands of commuters daily and anchoring some of Manhattan's most active commercial corridors.

As the broader Manhattan office market continues to face challenges, offices near these transit hubs are showing signs of resilience. Through lower vacancies, stronger rental rates, healthier net absorption, and higher in-office visitation, proximity to transit appears to be a key differentiator in post-pandemic office performance.

By focusing on these high-accessibility areas, the report aims to highlight how transit-oriented office buildings are outperforming the market at large. The findings suggest that location remains a powerful driver of tenant demand and workplace engagement, especially as companies assess their real estate strategies in a hybrid work environment.

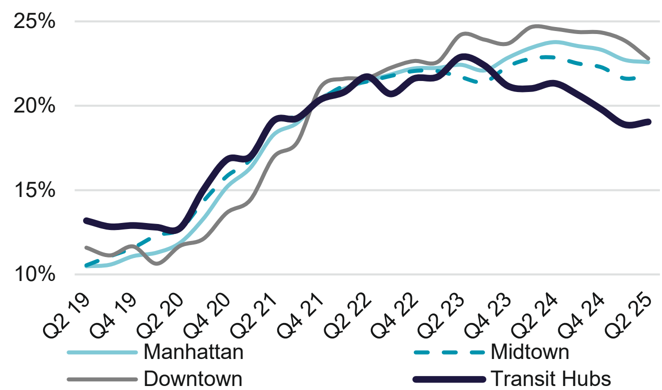
MANHATTAN'S REGIONAL TRANSIT HUBS

DRIVEN BY TRANSIT

Office buildings within one **quarter mile** of Grand Central Terminal, Penn Station and the Oculus Transportation hub **outperform** the overall Manhattan office market in several key metrics.

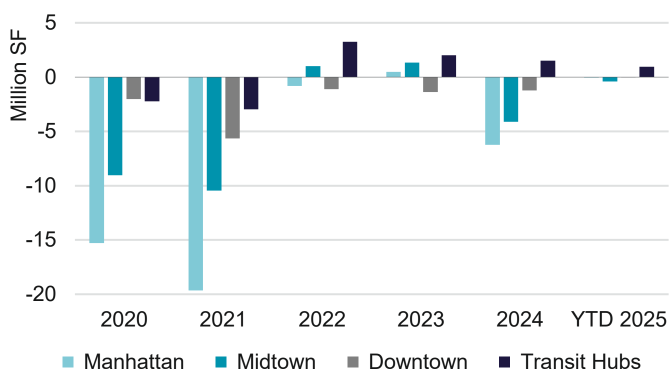
THE VACANCY DIVIDE

TRANSIT HUB OFFICE VACANCY HAS TRENDED BELOW THE MANHATTAN AVERAGE SINCE 2023



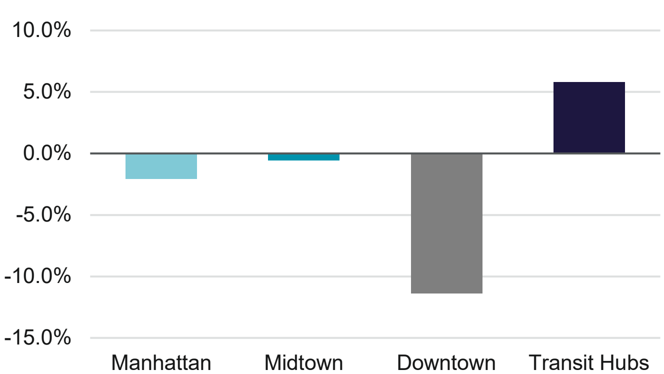
NET ABSORPTION ON TRACK

TRANSIT HUB OFFICES HAVE MAINTAINED POSITIVE NET ABSORPTION SINCE 2022



ASKING RENTS ON THE RISE

PERCENT CHANGE Q2 2019 VS Q2 2025



Source: Cushman & Wakefield Research

Cushman & Wakefield Research tracks occupancy, rental rates and various other data points for more than 1,300 office buildings in Manhattan. Of these, 160 are located within a quarter mile of the three major hubs. These transit-adjacent assets form a distinct subset of the Manhattan office market. From 2019 through early 2022, vacancy rates in this cohort generally aligned with those of Manhattan overall. However, beginning in 2022, a clear divergence emerged. Transit hub office buildings began to outperform the broader market, maintaining consistently lower vacancy rates than both Midtown and Downtown, as well as Manhattan at large. This period also marked the beginning of a steady uptick in return-to-office mandates, which further bolstered demand for well-connected, transit-accessible locations. As of mid-2025, overall vacancy in the transit-adjacent group stands at 19.0%. In contrast to the overall Manhattan vacancy of 22.6%, and even Midtown's more favorable 21.8%, this gap reinforces the strength and resilience of transit-accessible locations in a dynamic leasing environment.

In addition to lower vacancy rates, office buildings near Grand Central, Penn Station, and the Oculus have also demonstrated stronger leasing momentum and tenant absorption. Since 2022, the transit-adjacent subset has recorded positive net absorption each year. This achievement is not mirrored by the broader Manhattan office market, which continues to face headwinds despite a resurgence from the lows of 2020-2021. For many tenants, proximity to these hubs also reduces reliance on the subway system, enhancing convenience for many employees. As shown in the accompanying *Net Absorption on Track* chart, transit-adjacent buildings have consistently outperformed the general market. This sustained demand reinforces the appeal of transit-accessible locations and signals a meaningful shift in tenant preferences toward convenience and connectivity to New York City suburbs and exurbs with transit access.

Although asking rents across much of Manhattan's office market have faced downward pressure in recent years, transit-adjacent buildings have defied the trend. From a Q2 2019 baseline, these offices have recorded an average 5.8% increase in asking rents. In contrast, asking rents across Manhattan overall have declined by 2.1% during the same period. Midtown and Downtown have also recorded decreases of 0.6% and 11.4%, respectively. This rental rate growth reinforces the broader performance story, aligning with lower vacancy and sustained positive net absorption, and underscores the enduring appeal of transit-accessible office assets.

The clear outperformance of these properties suggests that location near major transit hubs remains a key differentiator in tenant decision-making. As companies continue to evaluate their space needs and prioritize convenience for employees, buildings near Grand Central Terminal, Penn Station, and the Oculus Transportation Hub are likely to remain highly competitive within the broader office landscape.

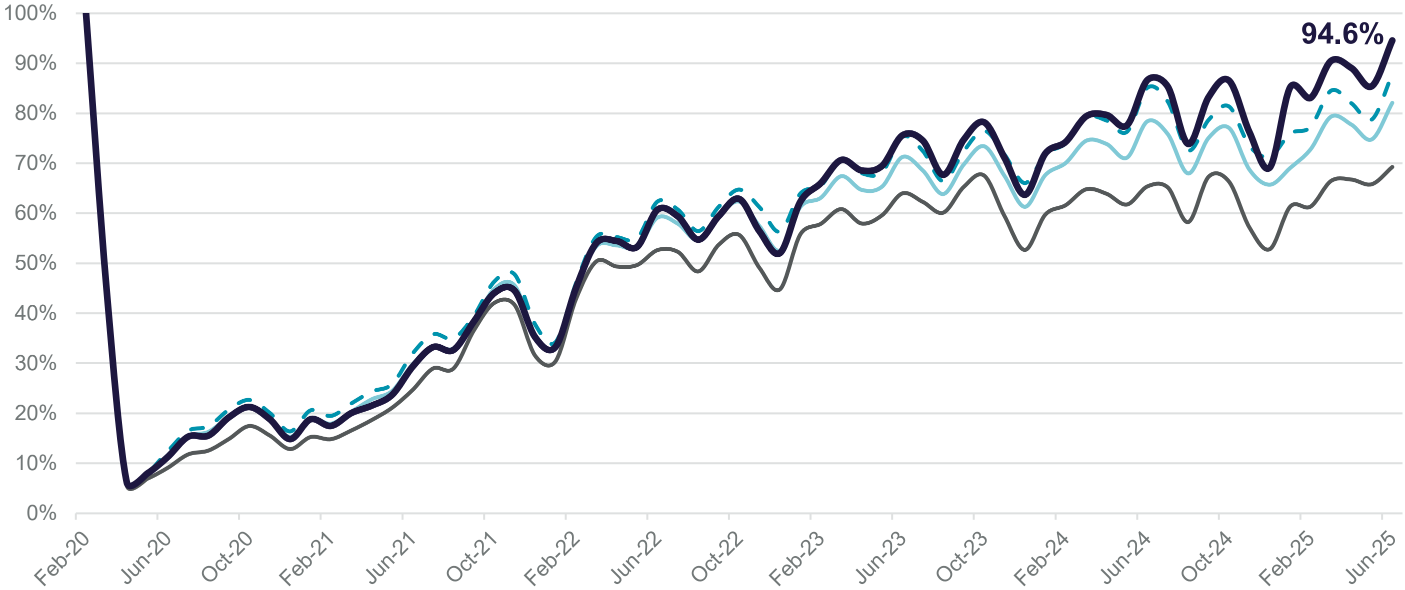
RETURN-TO-OFFICE MOMENTUM

In addition to office building statistics, foot traffic provides a similar story. Using anonymized mobile device data from Placer.ai, the numbers reveal a notable shift in office activity patterns across Manhattan. Since 2023, the transit-adjacent offices have recorded noticeably higher levels of visitation compared to the broader Manhattan market. The chart below illustrates that this trend has been building steadily, with these offices consistently leading the market. While Midtown has shown solid improvement and Manhattan overall has rebounded moderately with Downtown lagging, the transit subset has outperformed all markets.

The consistent strength of transit-adjacent buildings suggests that accessibility remains a key factor in driving employee return-to-office behavior. This trend reinforces the overall strength of transit-linked assets. Higher in-office visitation, coupled with lower vacancy rates and rising asking rents, paints a picture of demand resilience in buildings with superior accessibility to the broader metropolitan area. As companies continue to prioritize convenience and connectivity, transit-adjacent offices are emerging as a clear outperformer in Manhattan's evolving office landscape.

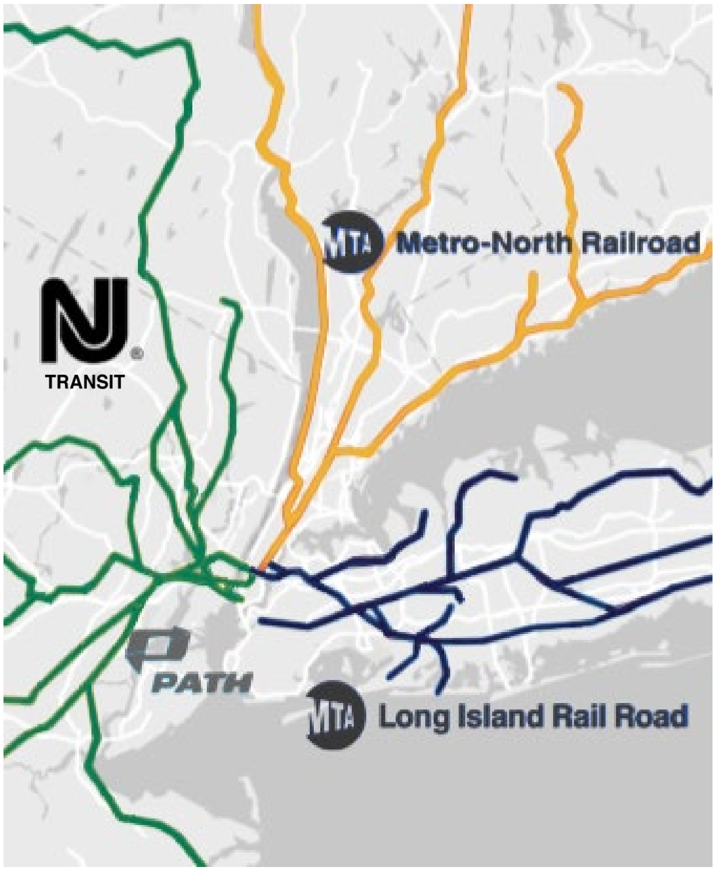
MONTHLY OFFICE VISITATION RECOVERY

WEEKDAY VISITS OVER 150 MINUTES AS A % OF FEBRUARY 2020 TOTAL



Source: Placer.ai

Mobile device data revealed that transit-adjacent offices recorded an employee visitation recovery of up to 94.6% from February 2020



COMMUTER RAIL RIDERSHIP REBOUNDS

Finally, commuter rail ridership across the New York City metro area has shown a strong and steady rebound since the pandemic lows of 2020-2021. In 2024, the Long Island Rail Road (LIRR), with services to Penn Station and Grand Central Terminal, recorded 75.5 million riders, up from 22.2 million in 2020 though still below its 2019 peak of 93.3 million. Metro-North Railroad, servicing Grand Central Terminal, followed a similar trajectory, reaching 67.4 million riders in 2024, a significant recovery from 27.2 million in 2020. NJ Transit's Newark Division to Penn Station reported 36.9 million riders for its fiscal year ending in June 2024, up from just 12.2 million in 2021. PATH ridership to the Oculus Transportation Hub also climbed to over 13.3 million in 2024, nearly doubling its 2020 figure. These numbers reflect a broader trend of renewed regional mobility and reinforce the importance of transit infrastructure in supporting the return-to-office movement and urban economic recovery.

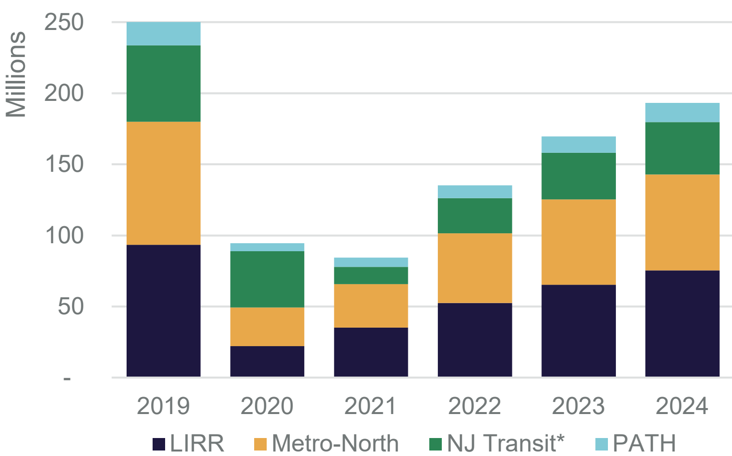
The resurgence of commuter rail ridership also signals a broader trend of regional mobility. Many former city residents have relocated to nearby suburbs and secondary cities, yet continue to rely on transit to maintain ties to Manhattan. This pattern of regional reshuffling rather than long-distance migration emphasizes the enduring importance of commuter rail in sustaining economic activity and urban connectivity across the tri-state area.

ANNUAL RAIL RIDERSHIP NUMBERS

COMMUTER RAIL SYSTEM	2019	2020	2021	2022	2023	2024
Long Island Rail Road	93,300,000	22,200,000	35,037,000	52,541,000	65,239,000	75,500,000
Metro-North Railroad	86,620,000	27,178,000	30,722,000	48,853,000	60,141,000	67,379,000
NJ Transit* *(Newark Division)*	53,700,000	39,400,000	12,200,000	24,700,000	32,800,000	36,900,000
PATH *(WTC)*	16,882,534	5,808,552	6,330,353	9,187,605	11,376,918	13,368,349

**New Jersey Transit reports on fiscal years ending in June, therefore lowest ridership numbers were recorded in FY2021*

Source: Metropolitan Transit Authority, New Jersey Transit Corporation, Port Authority of New York and New Jersey



193 million

riders utilized commuter rail to transit hubs in Manhattan in 2024

This uptick in commuter rail usage is closely tied to the performance of transit-adjacent office buildings. As more employees opt for public transit over driving, buildings near major hubs are observing stronger foot traffic, higher occupancy, and increased leasing activity. This reinforces the idea that accessibility remains a critical factor in workplace strategy, especially in a hybrid work environment. The recent implementation of Manhattan's congestion pricing program for vehicles entering below 60th Street has further incentivized public transit use, contributing to a 12% drop in vehicle entries and a surge in ridership across subways, buses, and commuter rails. Meanwhile, the planned $7 billion redevelopment of Penn Station, set to begin construction by the end of 2027, promises to transform the nation's busiest rail hub into a modern, efficient, and welcoming gateway for millions of daily commuters. Together, these developments signal a renewed investment in transit infrastructure that will continue to shape office demand and urban mobility across the region.

RESILIENCE THROUGH CONNECTIVITY

In summary, transit-adjacent office buildings are outperforming the broader Manhattan market in key statistical areas through lower vacancy rates, increased leasing demand and climbing asking rents. Their proximity to the major transportation hubs of Grand Central Terminal, Penn Station, and the Oculus Transportation Hub has proven to be a critical asset in the post-pandemic recovery, offering tenants and their employees unmatched accessibility and convenience.

This performance is not only reflected in office leasing metrics, but also in behavioral patterns and transit ridership numbers. Mobile device data shows that employees are returning to offices near transit hubs at significantly higher rates, reinforcing the importance of location in workplace strategy. As hybrid models evolve, companies are increasingly prioritizing buildings that ease the commute and support employee engagement. Meanwhile, post-pandemic commuter rail ridership continues to increase each year, bringing millions of employees back to Manhattan offices.

Taken together, these insights affirm that transit-oriented office assets are not only outperforming the broader market today, but are uniquely positioned to lead Manhattan's next chapter of workplace recovery and urban resilience.

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