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CRE NEWS



THE SHRINKING SUPPLY ADVANTAGE: HOW OFFICE CONVERSIONS ARE RESHAPING LEASING DYNAMICS IN NYC



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Hebron Realty is a Brooklyn-based, **family-run commercial real estate firm** second and third-generation CRE brokers with deep roots in the industry. Specializing in **office leasing, investment sales, and strategic advisory,**

SUMMARY: **Tax Incentive 467M shrinks office supply**

As Class B and C office buildings convert to residential at an accelerating pace—**fueled by tax incentives like 467-m and a deep pool of underutilized assets**—the total supply of leasable office space in **NYC is beginning to contract.** This shift has major implications for landlords of currently occupied office properties. With less competition in the mid-tier office market, well-located and upgraded assets stand to benefit from tighter supply, rising market rents, and improved tenant retention.

At the same time, **tenants seeking flexibility or affordability** will have fewer options, increasing the relative value of repositioned buildings that remain in the office pool. **For landlords, the message is clear: the time to invest in tenant experience and asset quality is now—before the conversion-driven reshuffling of the market permanently redefines what “competitive” looks like in NYC office leasing.**



347.528.5077



www.HebronRE.com



16 Court St. 2105

Brooklyn NY 11241



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Impact for Landlords: Time to sign!

Landlords should act aggressively now because NYC's office supply is shrinking due to a wave of office-to-residential conversions, tightening the competition for quality space. As more buildings exit the office market, well-located assets with available space are becoming increasingly valuable to tenants seeking stability. Locking in tenants today not only secures income in a volatile market but positions landlords ahead of future rent growth and reduced leasing leverage.