MOODY'S

Building Blocks for High-Resolution Forecasts: A Case Study on Office-to-Residential Conversions in NYC

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Agenda

1

Laying the Foundation: Building a Smarter Database

Greater Insight With Higher Resolution

Nation

ZIP codes

Count	1
Population	340,110,988
Size	3,531,905

Regions

Count	4
Population	85,027,747
Size	883,324

Divisions

Count	9
Population	37,790,109
Size	392,588

States

CBSA / metro

Count	51
Population	6,668,842
Size	69,280

Counties

Count	3,143
Population	108,177
Size	1,097

Census tracts

CRE markets & submarkets

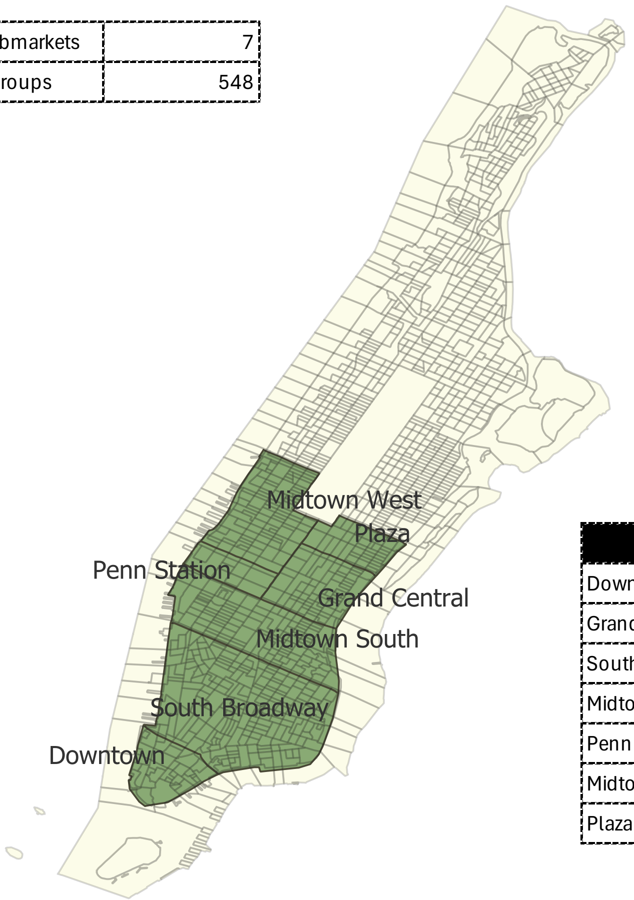
Count	84,414
Population	3,926
Size	42

Block groups

Count	239,780
Population	1,418
Size	15

Office Market by Block Group

# of CRE Submarkets	7
# of Block Groups	548



	# of Block Groups
Downtown	34
Grand Central	60
South Broadway	196
Midtown South	112
Penn Station	9
Midtown West	98
Plaza	39

HOW-TO: A High-Resolution Database and Forecast

1

Foundation Database

Start with Moody's **best-in-class U.S. regional** historical and forecast database at metropolitan area and county level

2

Multi-Source Data Collection

Collect the highest-quality, highest-frequency block group data from Census, BEA, BLS, Equifax, Dodge, CoreLogic and First American. Supplement with alternative data and socioeconomic metrics

3

Historical Enhancement

Create estimates that adjust for geographical, industrial and methodological breaks, increase frequency (annual to quarterly), and reduce lags for more current data by anchoring to Moody's proprietary metro/county forecasts

4

Regular Updates

Update dataset regularly to ensure fresh, current data while enabling continuous improvement of methodologies

5

Geographic Aggregations

Aggregate block groups to custom geographic definitions for meaningful economic analysis

6

Forecasting

Create forecasts anchored to our world-class proprietary metro and county forecasts using AI technologies to improve forecast quality and accuracy

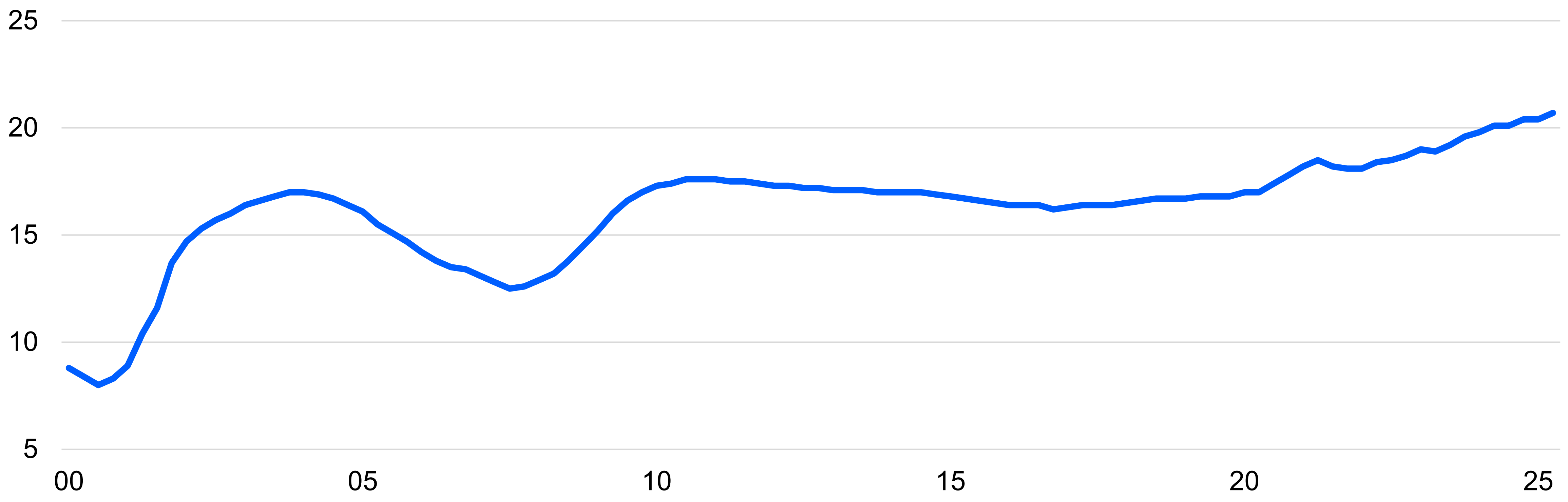
Today	2025Q4	2026Q2
50+ economic and demographic variables @ block group	Industry employment, median HH income, income by cohort, housing stock	Block group forecasts

2

The Evolving Office Market

Office Vacancy Rate at Record High

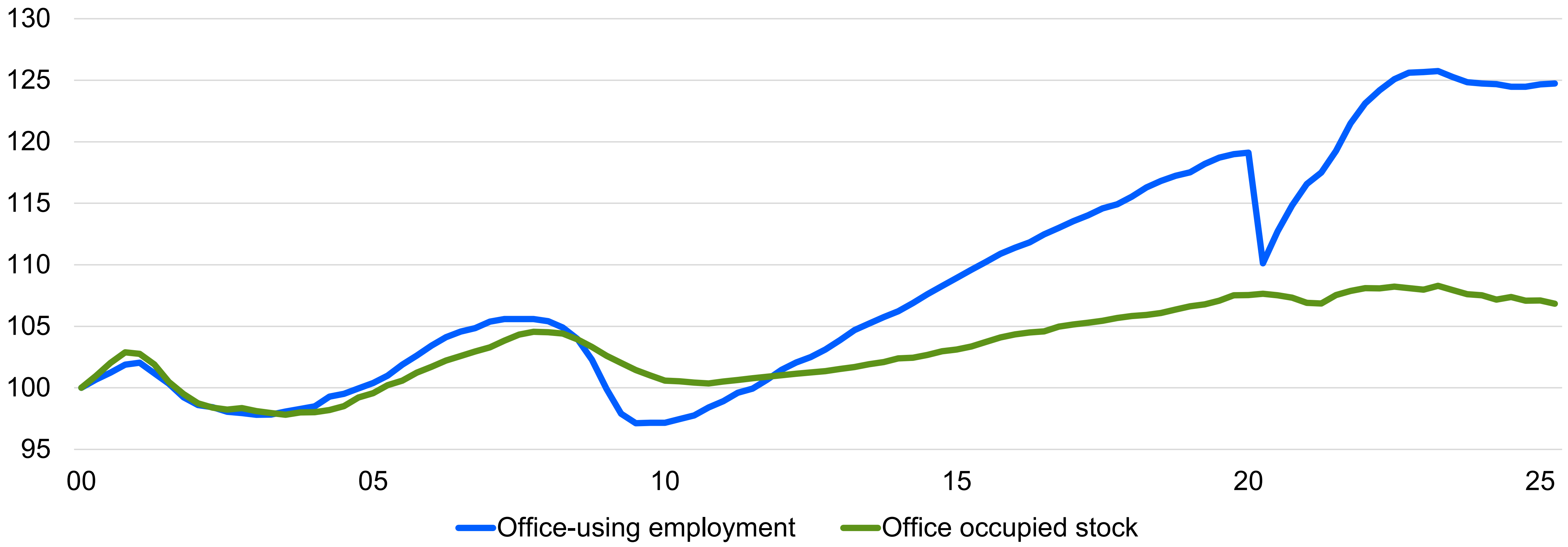
U.S. office vacancy rate, %



Source: Moody's Analytics

Office Struggles Are Nothing New

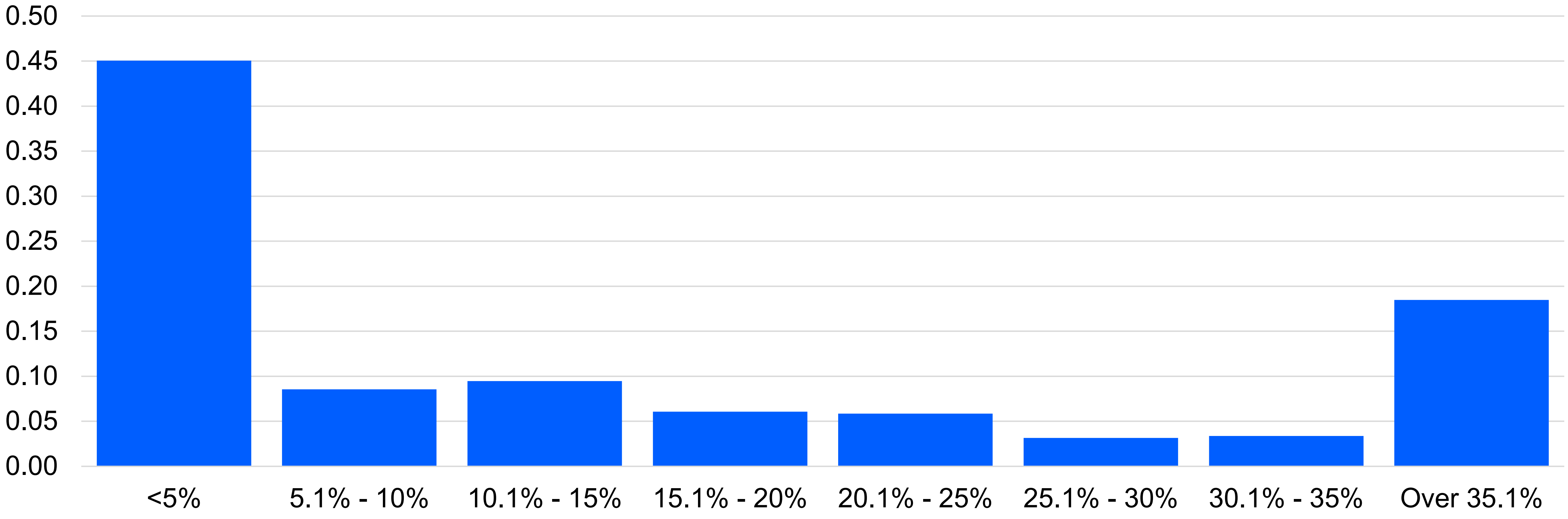
2000=100



Source: Moody's Analytics

Even Nashville Has Problem Spots

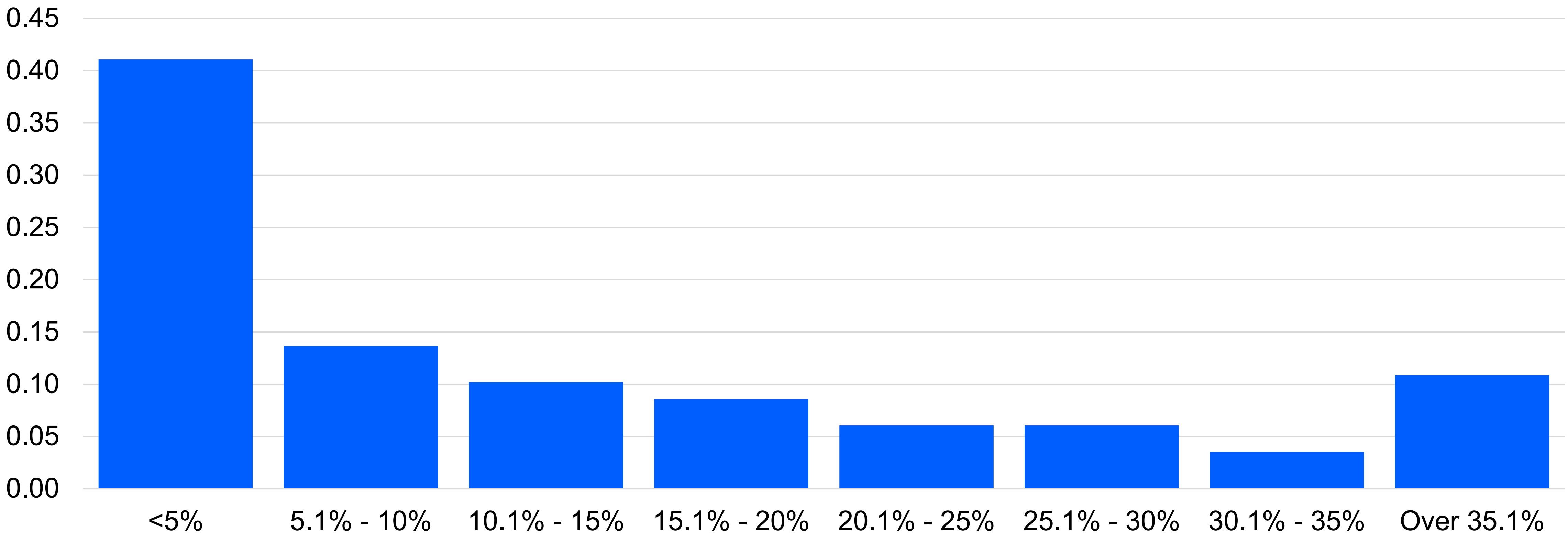
Vacancy rate histogram, % of properties in each vacancy rate bin



Source: Moody’s Analytics

New York Has Faced/Faces Similar Challenges

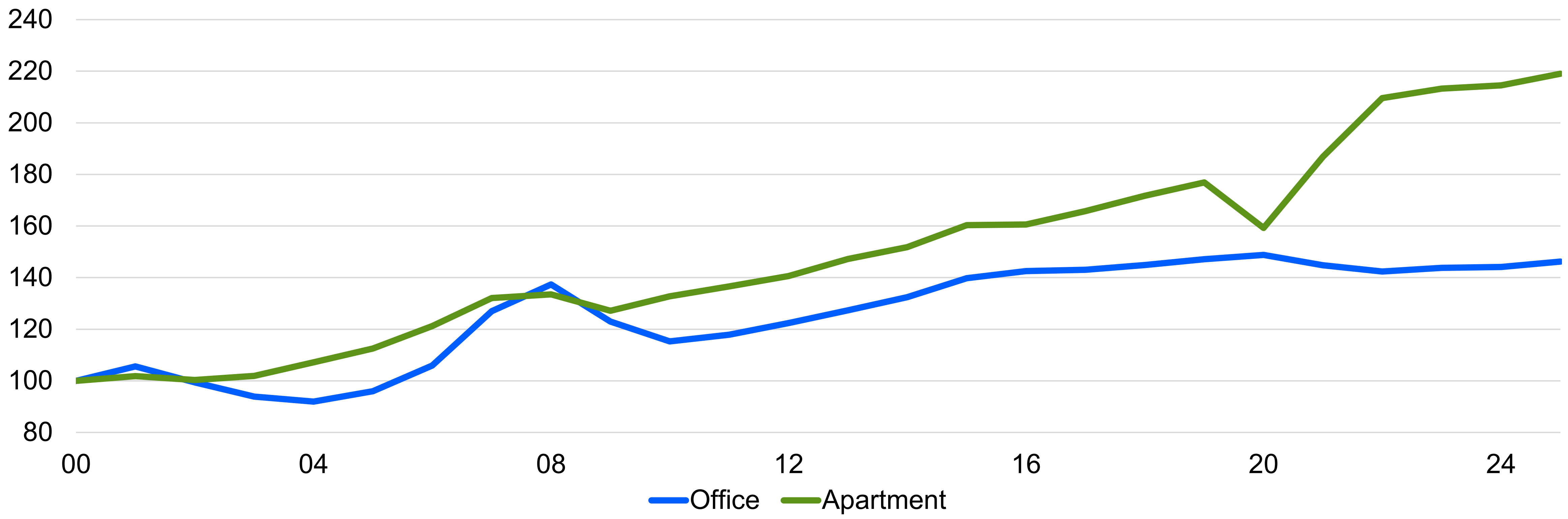
Vacancy rate histogram, % of properties in each vacancy rate bin



Source: Moody's Analytics

Diverging Performance for Office and Apartment Properties in NYC

Asking Rent Index, 2000=100, New York



Source: Moody's Analytics

Downtown Manhattan Has Been at the Forefront of the Office Stress

% diff in downtown vs. Manhattan rent

Source: Moody’s Analytics

Midtown West Is Now Facing a Similar Predicament

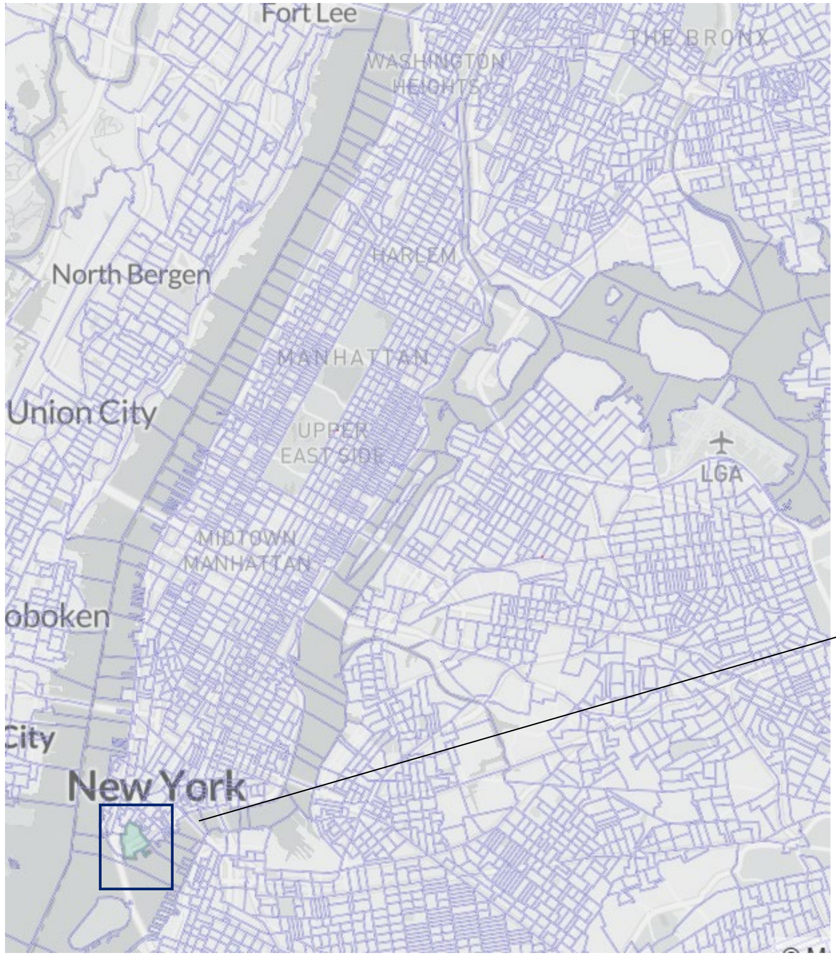
% diff in Midtown West vs. Manhattan rent

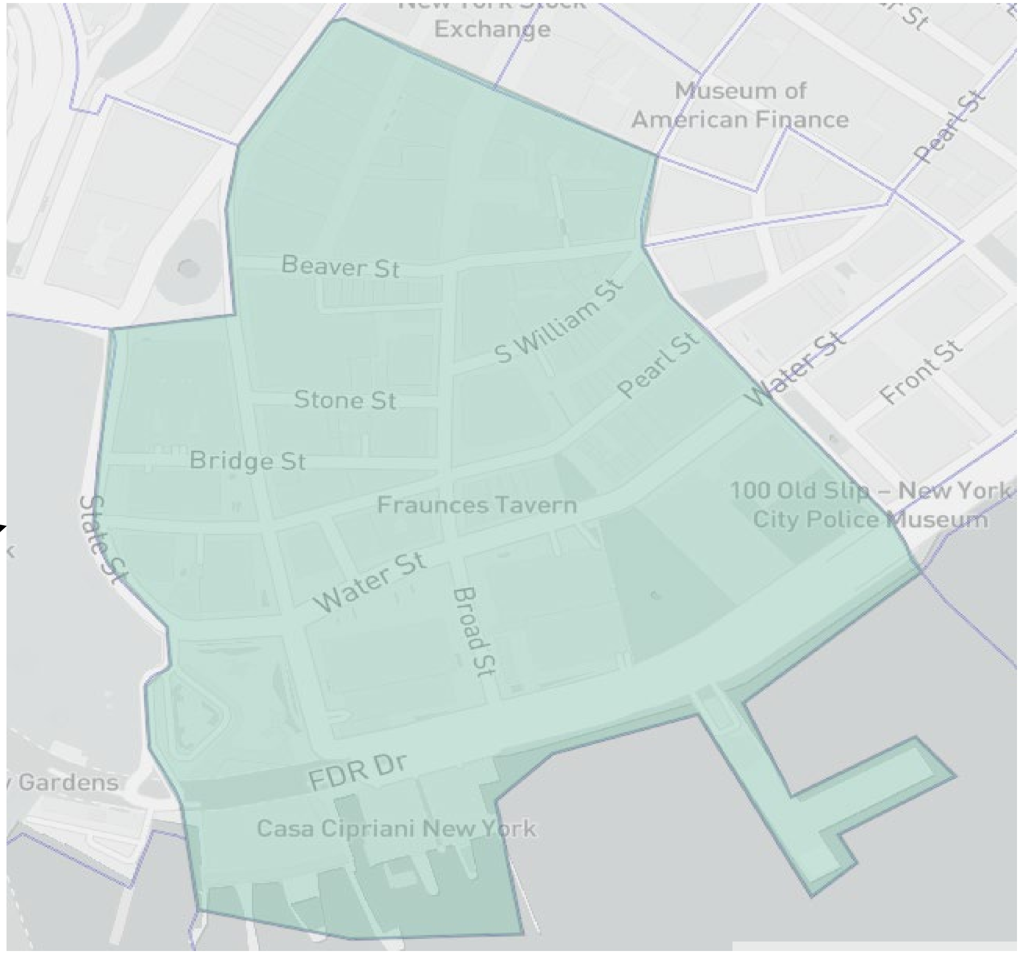
Source: Moody's Analytics

3

Putting It Together: Office-to-Residential Conversions in Manhattan

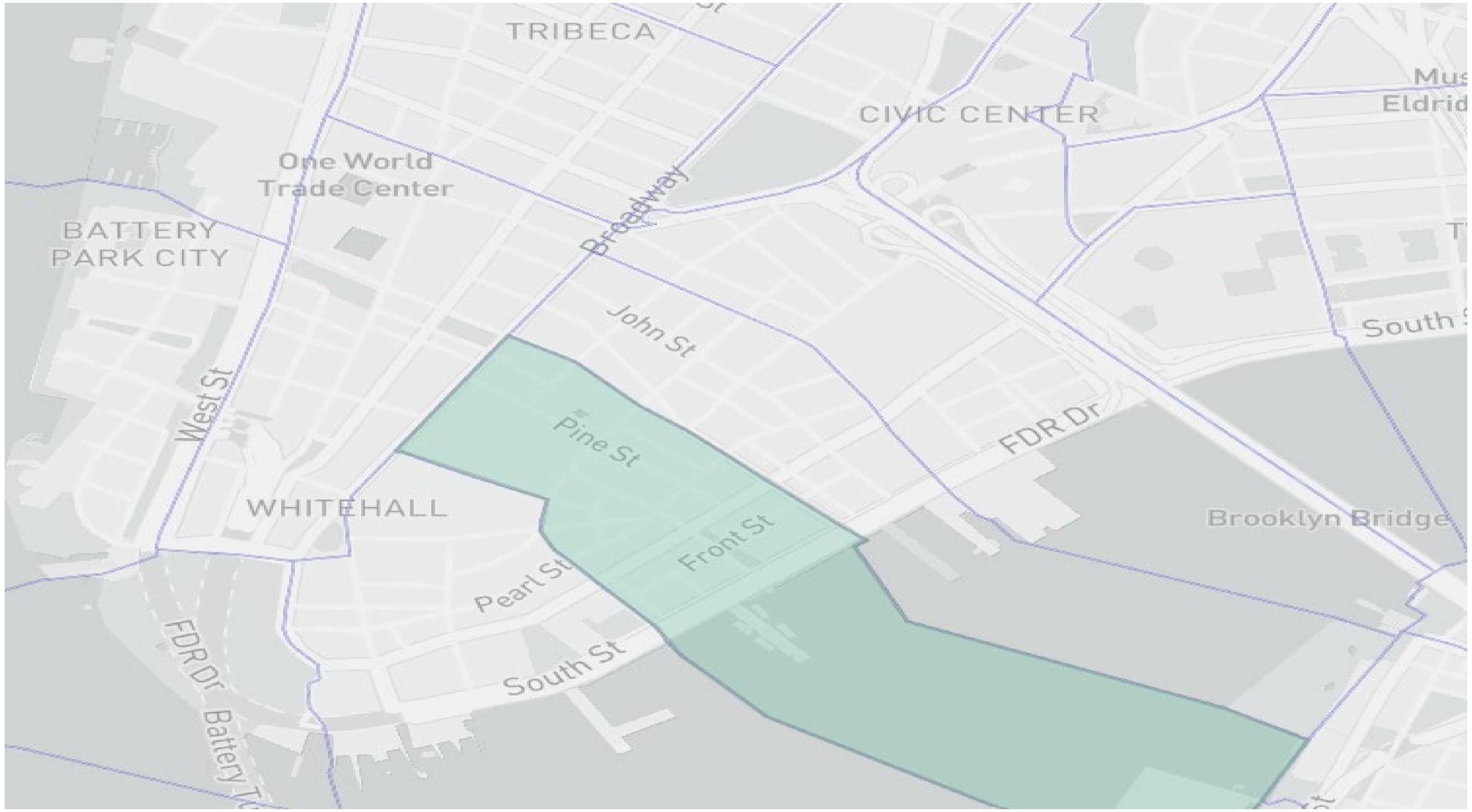
One Block Group May Be NYC's Conversion Hotspot...





Sources: New York City Comptroller, Census Bureau, Moody's Analytics

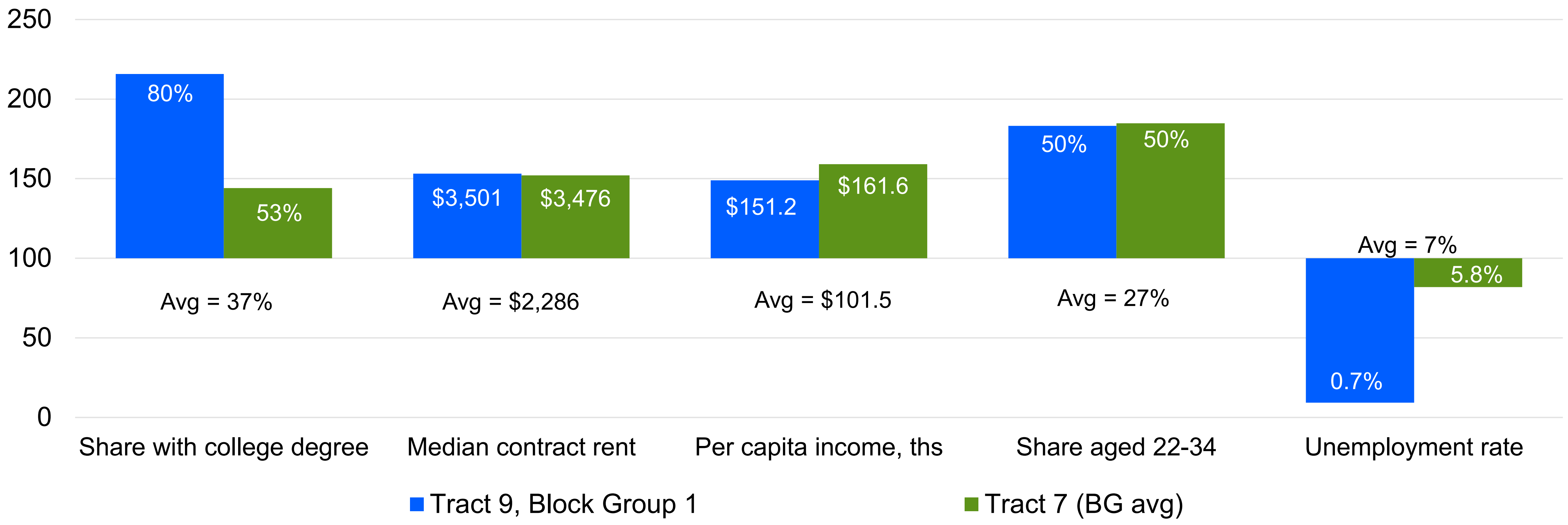
…And the Tract to the Northeast Is Very Popular as Well



Sources: Census Bureau, Moody's Analytics

Conversions Are Linked in Part to Structural Advantages

Selected block group and census tract metrics, 2019-2023 avg, Manhattan block group avg=100

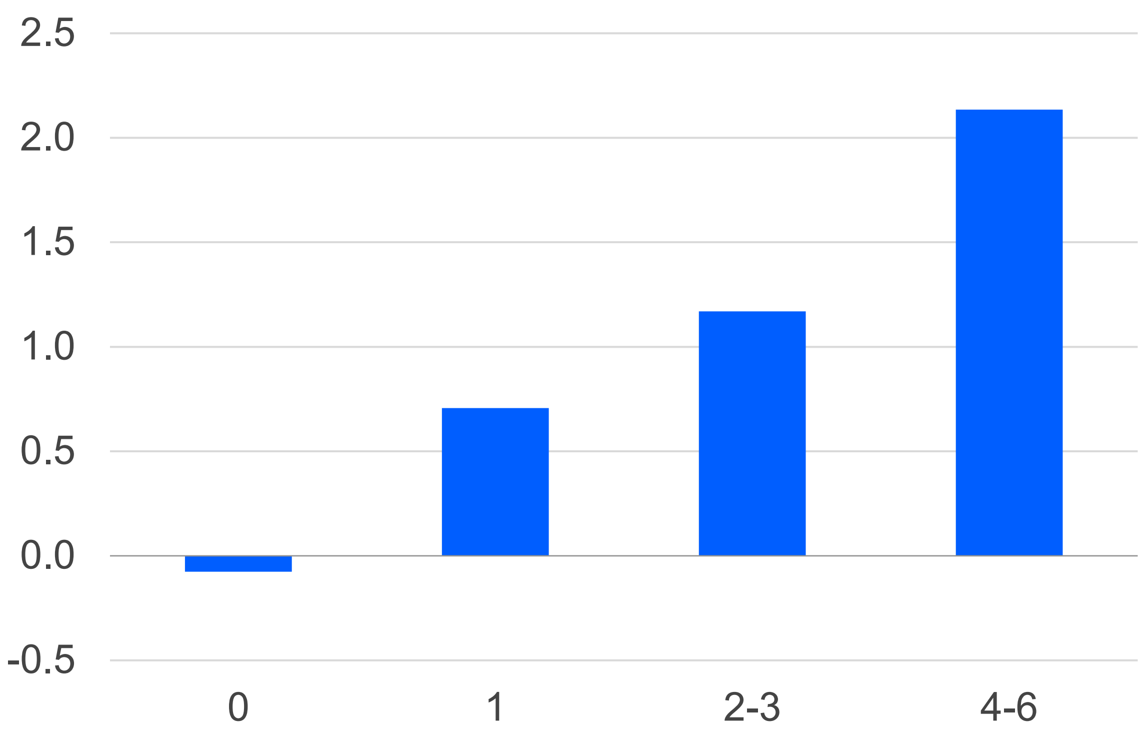


Sources: Census Bureau, Moody’s Analytics

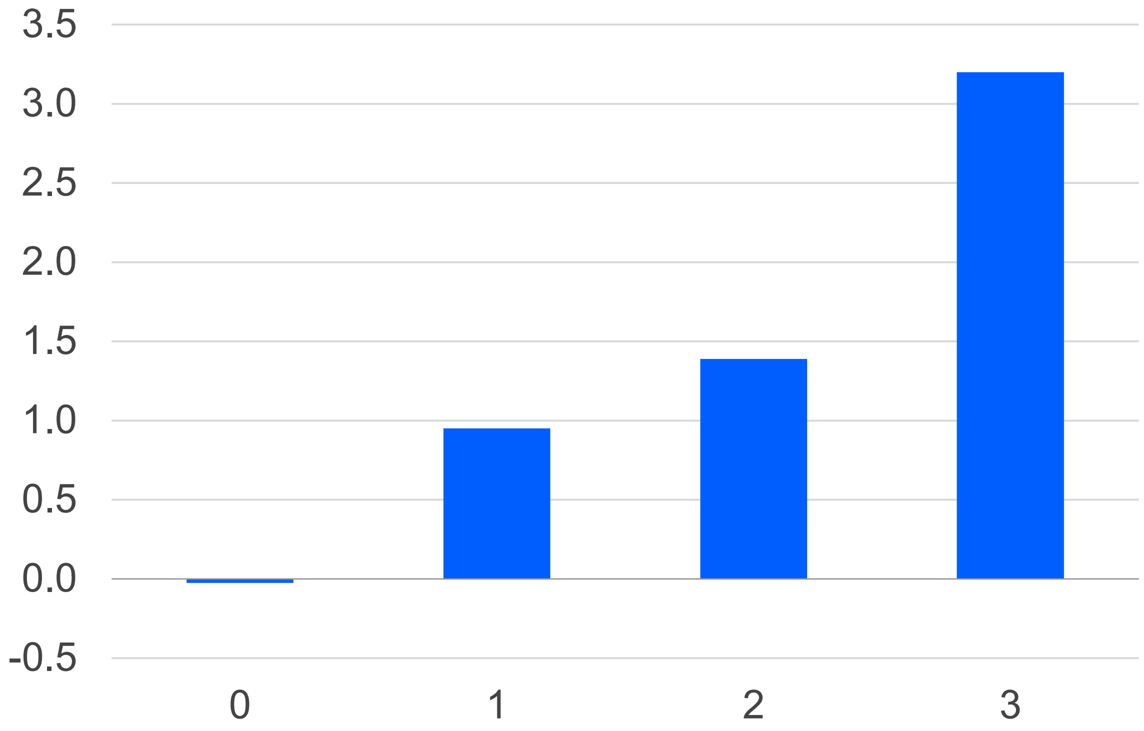
Pattern Is Also Clear When Zooming Out Across Manhattan

Avg z-score for 22- to 34-yr-old and college graduate shares, by number of conversions

By Census Tract



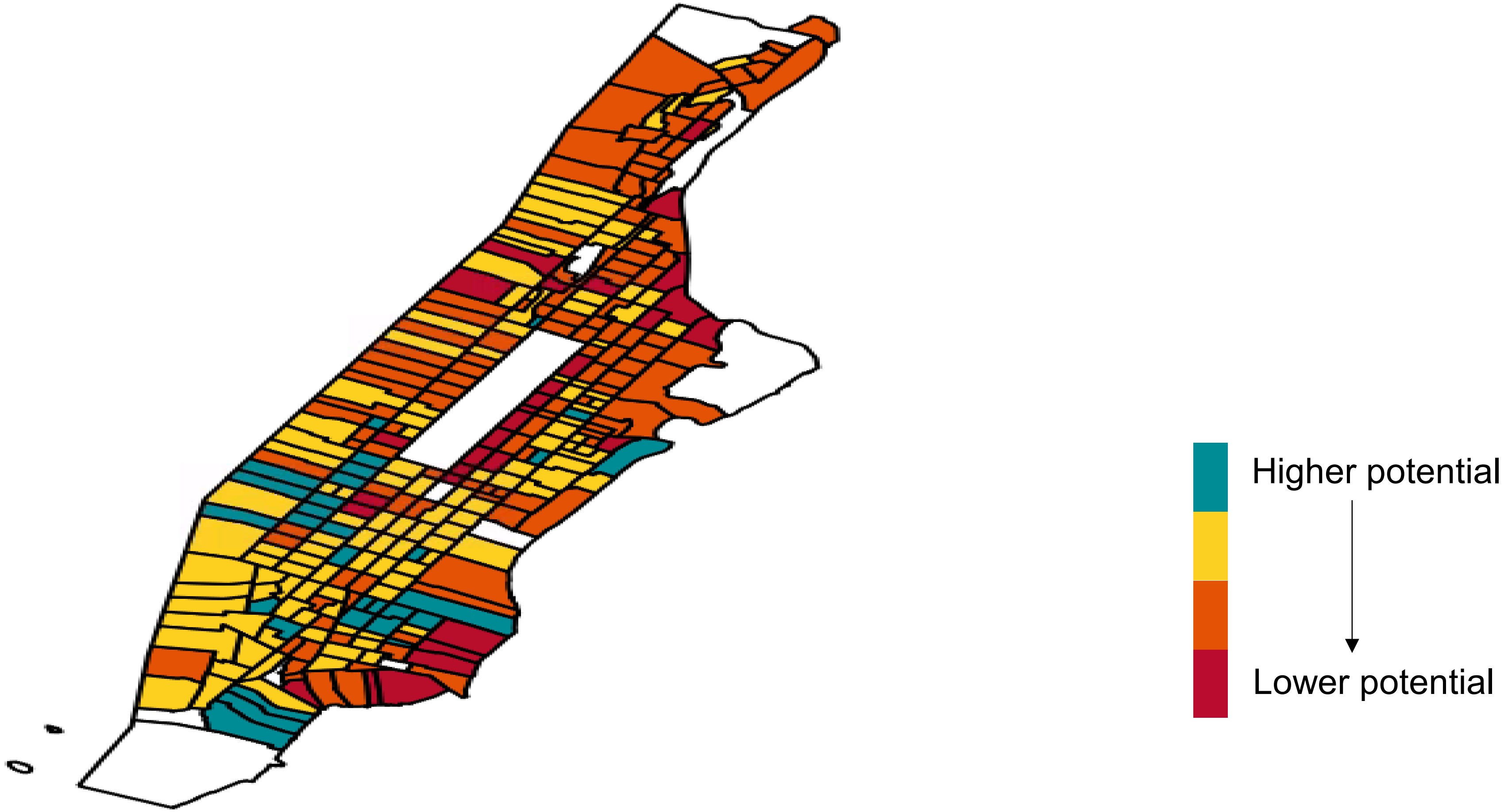
By Block Group



Sources: New York City Comptroller, Census Bureau, Moody's Analytics

Tracts With Favorable Demand Conditions Tend to Cluster Together…

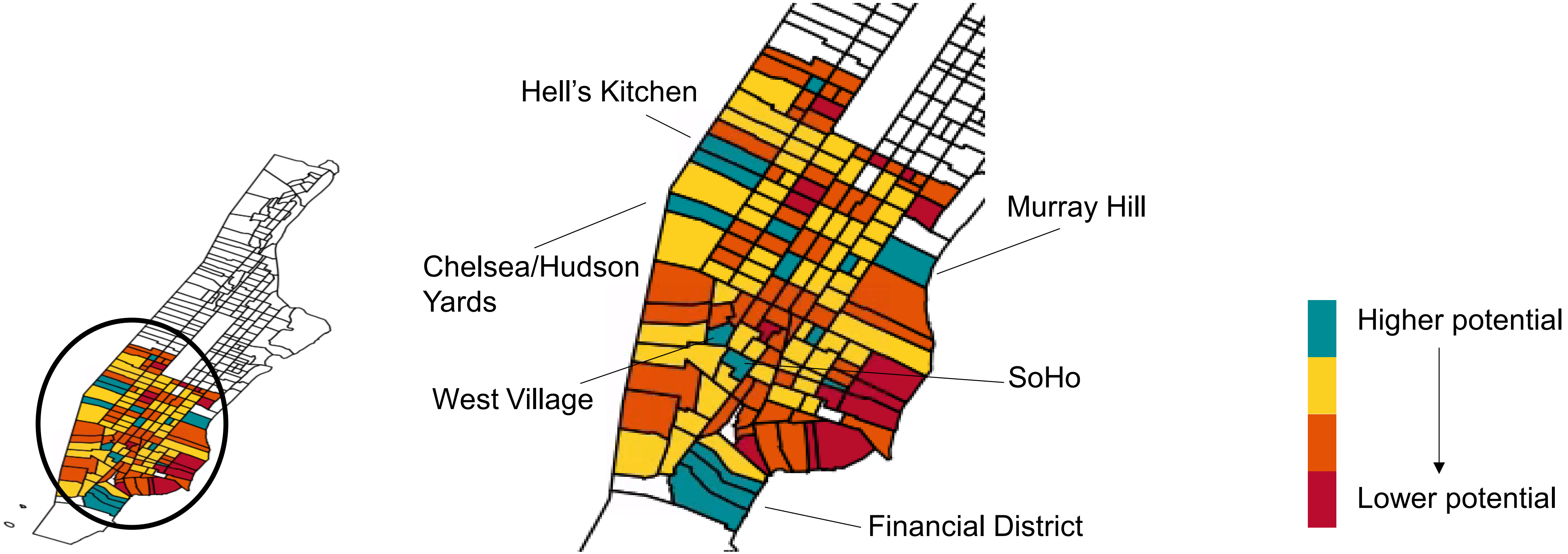
Z-score, educational attainment and 22-34 share, avg across block groups by tract



Sources: Census Bureau, Moody's Analytics

…But Much of Manhattan Faces Supply Constraints

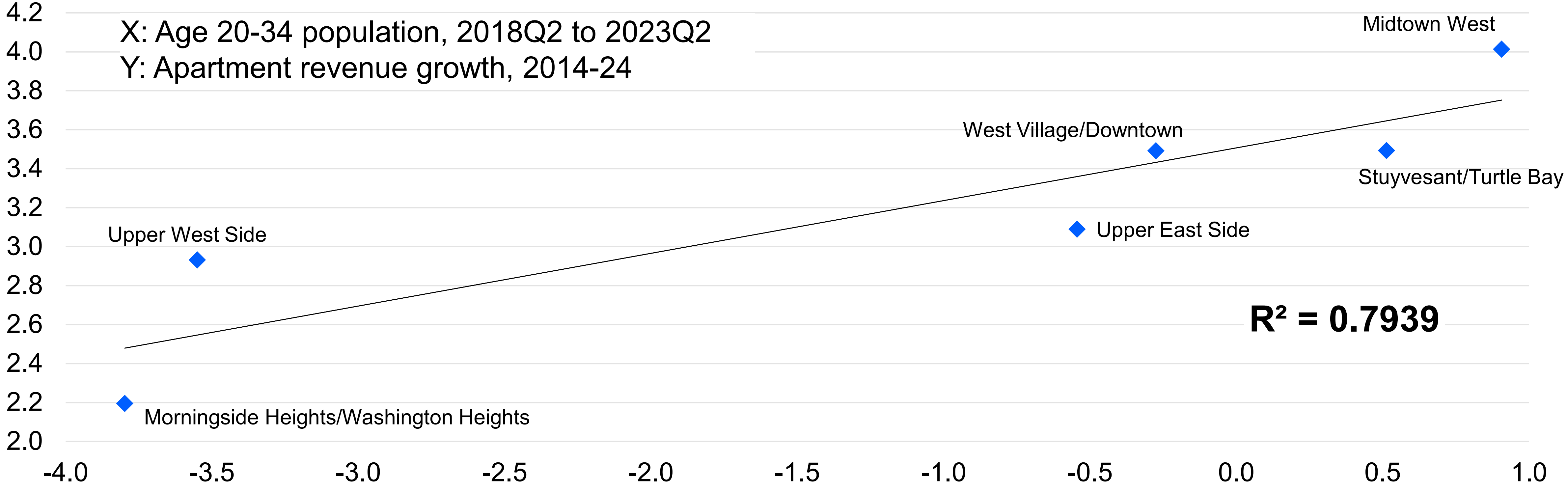
Z-score, educational attainment, 22-34 share, and change in office vacancies, avg across block groups by tract



Sources: Census Bureau, Moody's Analytics

Adding Young Adults Is Secret Sauce for Manhattan Apartment Submarkets

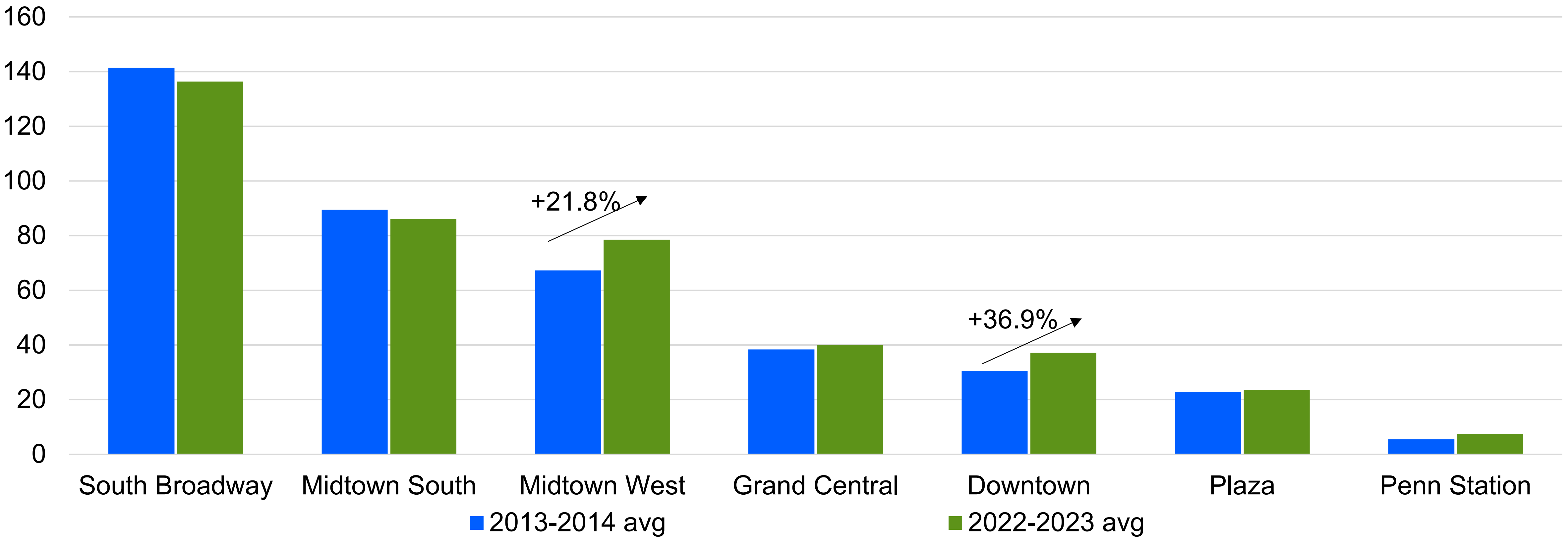
Annualized % change



Sources: Census Bureau, Moody’s Analytics

Rising Number of Employed Residents Presents Opportunity

Employment by office submarket, ths



Sources: BLS, Census Bureau, Moody’s Analytics

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