

# The RPG Newsletter

*News and Insight on New York City's Office Condominium Market*

## The Owner/Occupier Premium

In the wake of a soft New York City office market, some commercial buildings are changing hands at historically low prices. An illustration of this trend can be found in properties such as 6 East 45th Street, which has recently sold for under \$300 per square foot, a price that would have been unimaginable in 2019. These buildings are increasingly being acquired by shrewd investors who believe in the potential for rents and occupancy rates to rise over time.

In stark contrast, office condominiums have maintained a considerable premium, consistently selling for over 80% more per square foot than traditional office buildings. What distinguishes these office condos is their primary target audience: owner/occupiers—businesses that intend to utilize the space for their offices. This unique buyer demographic also perceives these purchases as opportunistic, recognizing that while office condo pricing is higher, it still represents a cost-effective alternative when analyzed over a five to ten-year period.

To provide a clearer perspective, let's examine recent transactions in the New York City commercial real estate landscape:

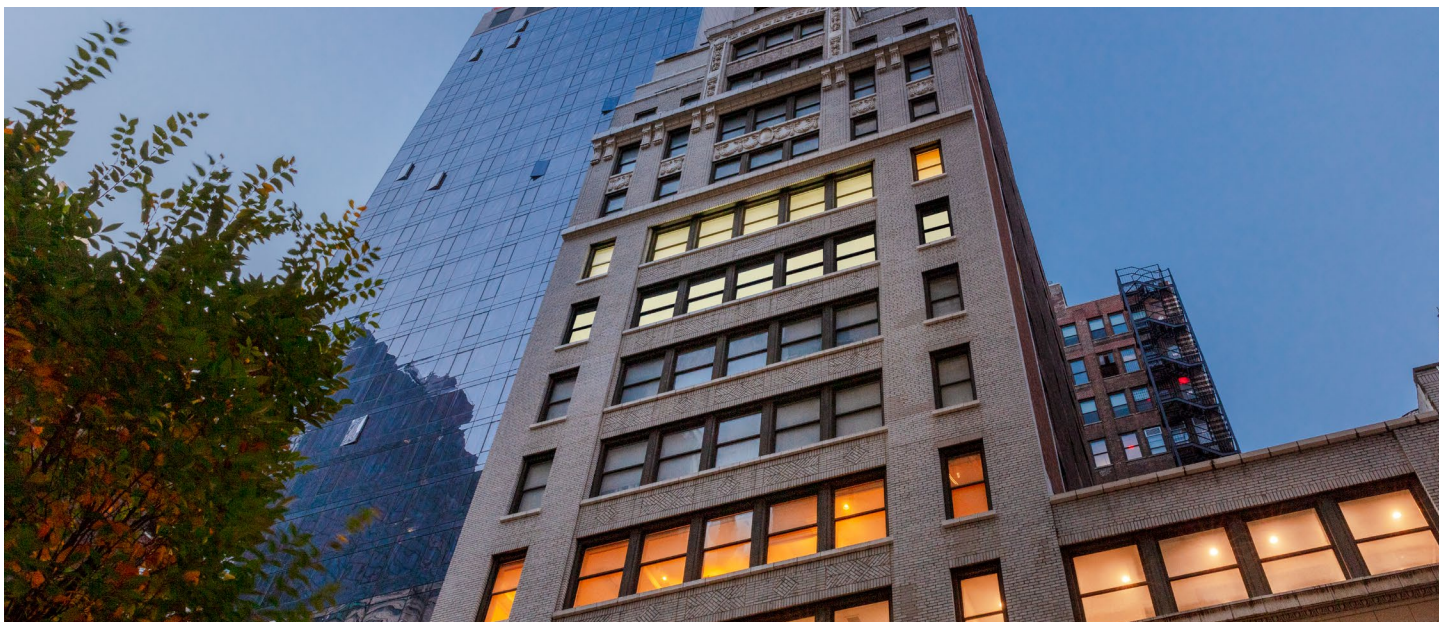


### Office Building Sales

A list of six office building sales reveals an average price of **\$396** per square foot. This figure represents a substantial discount compared to office condominium prices.

### Office Condominium Sales

In contrast, the average price per square foot for the six recent office condominium sales stands at **\$726**—a remarkable **83% premium** over office building sales.



Office Condominiums at 32 West 39th Street

This substantial premium enjoyed by office condo sellers is compelling, especially for owners of traditional office buildings who are grappling with high vacancy rates. In such a climate, it's worth considering the benefits of converting a building into office condos and selling units individually rather than liquidating the entire property at a steep discount.

By pursuing this path, property owners stand to achieve significantly higher sales prices for individual office condo units. Such a strategy not only capitalizes on the strong demand from owner/occupiers but also opens the door to a wealth of opportunities in the evolving New York City real estate market.

In conclusion, the softening NYC office market has created a significant gap in property values between traditional office buildings and office condominiums. Owner/occupiers are increasingly willing to pay a premium for the stability and long-term value these spaces provide. As we navigate these changing dynamics, building owners should carefully evaluate their options and consider the advantages of converting their properties into office condos. This strategic move has the potential to unlock a new level of success in an otherwise challenging real estate landscape.

**Owner/Occupier  
Premium**

**83%**

## RUDDER PROPERTY GROUP

Rudder Property Group is a commercial real estate services firm that specializes exclusively in the sale of office condominiums in the New York metropolitan area. With 20 years of experience in this niche market, the principals of Rudder Property Group have sold over two million square feet of office condominiums with a dollar value in excess of \$1 billion. In the small, highly specialized field of office condominium sales, Rudder Property Group is the market leader.

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