

The **RPG** Newsletter

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



Unlocking Value in Distressed NYC Office Buildings through Office Condominium Conversions

The office market in New York City has been under significant pressure, experiencing skyrocketing vacancy rates and plummeting rents. These challenging conditions have left many office building owners facing an uphill battle to cover their mortgage payments and meet loan maturity deadlines.

Amid these challenges, office building owners should turn to office condominium conversions as a strategic solution. The benefits of this approach are multifaceted and can be particularly advantageous for landlords of distressed, overleveraged properties.

One of the key benefits of an office condominium conversion is the opportunity for landlords to monetize vacant space. By selling off individual units, landlords can generate capital to reduce their debt load while maintaining ownership of the occupied parts of the building, preserving a steady income stream.

Office condominium conversions also allow landlords to reach a broader buyer base. The NYC market is home to a plethora of small businesses, tax-exempt

non-profit organizations, government entities and medical professionals who are more interested in owning, rather than leasing, their office space. Offering units for sale helps landlords tap into this potential market.

The concept of the sum of the parts being greater than the whole holds true in real estate, and office condominium conversions are no exception. This strategy allows landlords to achieve a higher aggregate price than would be possible if they sold the building as a single entity. This is a compelling way for landlords to unlock the latent value in their buildings.

In summary, office condominium conversions present a viable strategy for distressed, overleveraged office building owners in New York City. By selling off individual units, landlords can alleviate their debt, tap into a new pool of potential buyers, and potentially realize a higher aggregate value from their buildings.

While this strategy offers significant potential advantages, it also comes with its own set of challenges and requires careful planning and strategic execution.

Contact Rudder Property Group to delve deeper into the legal, financial, and logistical considerations involved in office condominium conversions.

The Rising Trend: Why Foreign-Born Entrepreneurs are Dominating NYC's Office Condominium Market



In a striking trend in New York City's real estate scene, over 80% of office condominiums sold or under contract this year by Rudder Property Group were purchased by foreign-born business owners. This surge isn't random, but rather a mix of cultural preferences, market conditions, and entrepreneurial resilience.

Many immigrants hail from cultures that highly value property ownership, a perspective that's driving their investments in the NYC office condo market. This isn't about moving money overseas or green card pursuits. It's a testament to their commitment to their businesses and their new homeland.

Amid global uncertainty, NYC's real estate market offers an opportunity. With office condominium prices significantly lower than past highs, foreign-born entrepreneurs see NYC as "on sale". Instead of being deterred by the economic climate, they're seizing the chance to invest.

These entrepreneurs are reinvesting their profits back into their businesses, signing personal recourse on substantial loans, and pouring their equity into these properties. This trend speaks to the vibrant entrepreneurial spirit immigrants bring to the US, contributing to the economy and simultaneously building their long-term wealth.

In summary, the rise of foreign-born entrepreneurs in the NYC office condo market underscores their resilience and foresight. Recognizing the enduring value of real estate in an iconic city like New York, they're reaffirming the global relevance and vitality of the American Dream.



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Over 80% of the office condominiums we've sold this year have been to foreign born business owners. While Americans are spooked by the doom & gloom media, foreigners with a cultural preference towards real estate ownership see NYC as on sale, 50% off. No spreadsheet needed.

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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