

# The **RPG** Office Condominium Report

First Half 2023



## First Half of 2023 Office Condominium Sales

### At a Glance

- **Sales Are 50% Below the Five-Year Average:** The first half of 2023 showed the lowest amount of total square footage sold and total dollars spent in five years. The first half saw \$61.7 million in sales compared to the five-year average of \$121 million in sales.
- **Pricing Remains Stable:** Office condominium pricing was \$741 per square foot, down .05% from the second half of 2022 but only 4% lower than the five-year average of \$775 per square foot.
- **A Bright Spot in the Market – Office Condominium Conversions:** A success story of one landlord converting their office rental building to an office condominium building.

## Market Overview

The Manhattan office condominium market is made up of 106 buildings, occupying a total of 12.3 million square feet. The Midtown submarket is comprised of 6.5 million square feet; Midtown South is comprised of 3.5 million square feet; and Downtown is comprised of 2.3 million square feet. There are 3.6 million square feet of Class A office condominiums, 6.2 million square feet of Class B, and 2.5 million square feet of Class C.

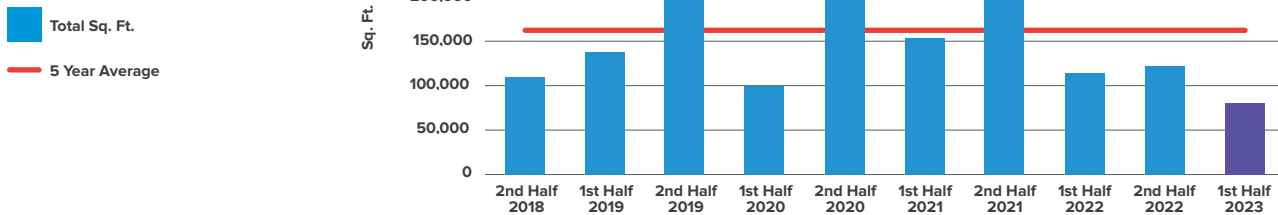
### First Half of 2023 Office Condominium Sales:

In the first half of 2023, there were 83,388 square feet of office condominium sales in Manhattan totaling \$61,759,496. There were 20 office condominium sales, averaging 4,169 square feet per sale, at an average of \$741 per square foot.

## Market Overview (continued)

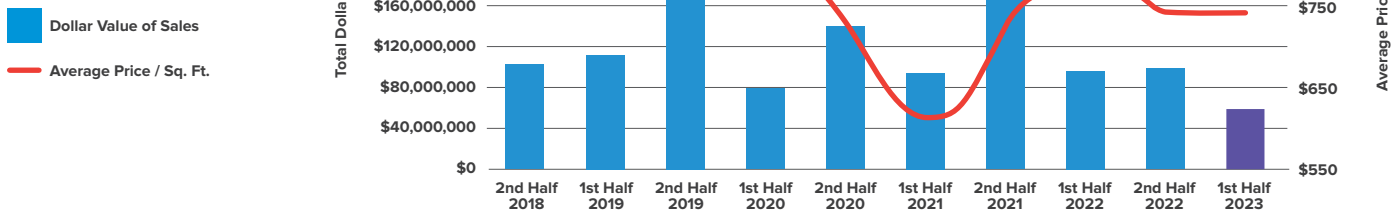
**Square Footage of Sales:** The 83,388 square feet sold in the first half is 31% less than the 121,441 square feet sold in the second half of 2022 and 47% lower than the five-year average of 156,191 square feet sold. Out of the 20 sales, 16 of them were 5,000 square feet or less.

### Sq. Ft. Sold per Half Year



**Dollar Value of Sales:** In the first half of 2023, office condominium sales totaled \$61,759,496, which is 32% less than the \$90,340,850 in sales for the second half of 2022. The dollar value of sales is 49% less than the five-year average of \$121,383,347.

### Dollar Value of Sales per Half Year



**Average Price Per Square Foot:** In the first half of 2023, the average price per square foot was \$741. This is .05% lower than the second half of 2022 average of \$744 per square foot and 4% lower than the five-year average of \$775 per square foot.

**Number of Sales:** There were 20 sales in the first half of 2023, the same as the second half of 2022. The number of office condominiums sold in the first half of 2023 was the same as the five-year average of 20 sales.

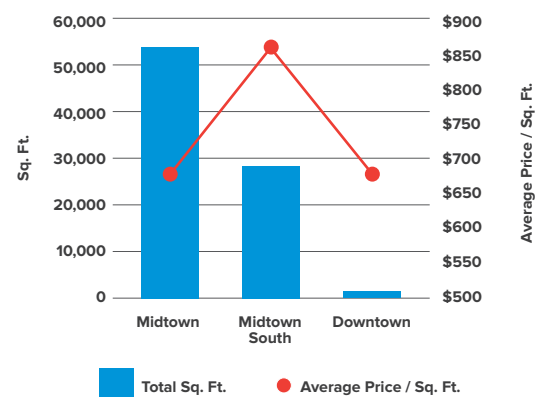
## Submarket Statistics

**The Midtown submarket** is Manhattan's largest office condominium submarket, comprised of approximately 6.5 million square feet. In the first half of 2023, there were 13 sales totaling 54,059 square feet. The dollar value of these sales totaled \$36,684,496, averaging \$679 per square foot

**The Midtown South submarket** is comprised of approximately 3.5 million square feet of office condominiums. In the first half of 2023, there were 6 sales totaling 28,295 square feet. The dollar value of these sales was \$24,375,000, averaging \$861 per square foot.

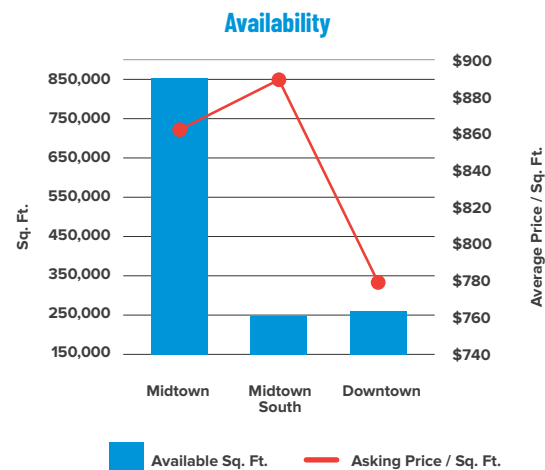
**The Downtown submarket** is comprised of approximately 2.3 million square feet of office condominiums. In the first half of 2023, there was 1 sales totaling 1,034 square feet. The dollar value of this sale was \$700,000, averaging \$677 per square foot.

### 1H 2023 Sales by Submarket



## Availability

There are currently 1,382,544 square feet of office condominiums available in Manhattan (180 units are for sale across 75 buildings) with an average asking price of \$855 per square foot. This equates to an 11.2% availability rate which is a 3.7% increase from the second half of 2022. The increase in availability rate is partly due to 28,000 square feet across 3 floors becoming available for sale at the newly constructed 185 Broadway in Lower Manhattan. In the Midtown submarket, 852,740 square feet are for sale with an average asking price of \$862 per square foot. In the Midtown South submarket, 254,573 square feet are for sale with an average asking price of \$890 per square foot. In the Downtown submarket, 275,231 square feet are for sale with an average asking price of \$801 per square foot.



## Notable Office Condominium Sales



### 137 FIFTH AVENUE

Between West 20th and West 21st Streets

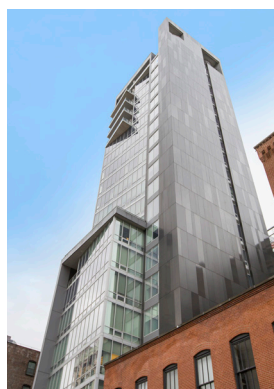
**11th Floor:** 3,300 Sq. Ft.

**Price:** \$2,150,000 (\$652/Sq. Ft.)

**Sale Date:** 05/22/23

**Purchaser:** Riverside Builders

**Seller:** Lex XI LLC



### 545 WEST 25TH STREET

Between Tenth and Eleventh Avenues

**15th Floor:** 3,945 Sq. Ft.

**Price:** \$3,775,000 (\$957/Sq. Ft.)

**Sale Date:** 04/04/23

**Purchaser:** FlatRate Moving

**Seller:** Joan Mitchell Foundation



### 520 WEST 27TH STREET

Between Tenth and Eleventh Avenues

**Unit 303:** 3,908 Sq. Ft.

**Price:** \$2,750,000 (\$704/Sq. Ft.)

**Sale Date:** 03/24/23

**Purchaser:** Studio MDA

**Seller:** Artemis Inc.



### 10 WEST 46TH STREET

Between Fifth and Sixth Avenues

**11th Floor:** 4,658 Sq. Ft.

**Price:** \$3,500,000 (\$751/Sq. Ft.)

**Sale Date:** 02/15/23

**Purchaser:** Mehar Realty LLC

**Seller:** GHH Associates LLC



### 599 BROADWAY

On the corner of West Houston Street and Broadway

**4th Floor:** 11,000 Sq. Ft.

**Price:** \$9,500,000 (\$864/Sq. Ft.)

**Sale Date:** 01/18/23

**Purchaser:** Carhartt Work In Progress

**Seller:** MunMun Realty LLC



### 70 WEST 36TH STREET

Between Fifth and Sixth Avenues

**Unit 5B:** 2,901 Sq. Ft.

**Price:** \$2,388,291 (\$823/Sq. Ft.)

**Sale Date:** 01/12/23

**Purchaser:** Makeup Artists & Hairstylist Local 798 Union

**Seller:** Time Equities, Inc.





## The Successful Office Condominium Sellout of 35 West 36th Street

Rudder Property Group is pleased to report the recent successful sellout of the office condo sales at 35 West 36th Street, a project we have been representing on behalf of Hidrock Properties in partnership with Assurant and Regal Ventures.

In 2019, RPG/Hidrock filed an offering plan with the Attorney General to convert the 12-story building at 35 West 36th Street into office condos. The plan received approval in January 2020, and we were off to a promising start, receiving offers in the \$950 per square foot range. With expectations of sales quickly rising above \$1,000 per square foot, the onset of the COVID-19 pandemic in March posed unforeseen challenges as all buyers rescinded their offers.

However, we adapted swiftly and resumed receiving inquiries. By summer 2020, sales began to pick up in the \$600 per square foot range. As of the first half of 2023, we have successfully sold the last unit that we are selling at 35 West 36th Street, with all sales taking place during the COVID-19 pandemic. The average price achieved was \$685 per square foot, resulting in \$49 million in total sales. The sold units ranged from 3,300 square feet to full-floor spaces of 6,700 square feet. The buyers encompassed various industries, including apparel firms, jewelry firms, doctors, contractors, finance, and media.

The sellout of 35 West 36th Street is truly remarkable, considering the perception that loft office buildings in the West 30s are now considered functionally obsolete, with an overwhelming amount of available space for lease. The fact that we achieved a complete sellout during these challenging times is a testament to the power of office condo ownership. It is worth noting that all buyers were owner/occupiers, and many of the principals were born abroad and had a cultural preference towards ownership. These buyers recognize that the New York office market is currently approximately 50% off, presenting a unique opportunity for long-term investment.

Considering the success Rudder Property Group has achieved with our sales, we anticipate that more building owners will be inspired to convert their currently vacant office buildings into office condos. Our track record demonstrates the viability and potential for success in this market segment.

To learn more about the office condominium conversion process please contact us or visit: [rudderpg.com/the-office-condominium-conversion](https://rudderpg.com/the-office-condominium-conversion).

## 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, Rudder Property Group has 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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