The **RPG** Office Condominium Report

First Half 2026

First Half of 2026 Office Condominium Sales

At a Glance

- **Transaction Volume Remains Strong Despite Fewer Sales:** Office condominium sales totaled 211,607 square feet in the first half of 2026, representing a 49% increase above the five-year average of 142,008 square feet. While the number of transactions declined to 16 sales, versus the five-year average of 22 sales, buyers continued to pursue larger acquisitions, resulting in the third consecutive half-year with more than 200,000 square feet sold.
- **Pricing Continues to Recover as Larger Deals Drive the Market:** Average office condominium pricing reached $491 per square foot in the first half of 2026, an increase of 10% from the second half of 2025 and 17% above the first half of 2025. Although pricing remains 19% below the five-year average of $606 per square foot, the market has now posted three consecutive periods of pricing growth.
- **Large Users Continue to Capitalize on Ownership Opportunities:** The average sale size increased to 13,225 square feet, nearly double the five-year average of 6,653 square feet. With office condominiums still trading at a meaningful discount to historical pricing and leasing costs remaining elevated, owner-users continue to view ownership as an attractive long-term strategy for cost certainty and value creation.

Market Overview

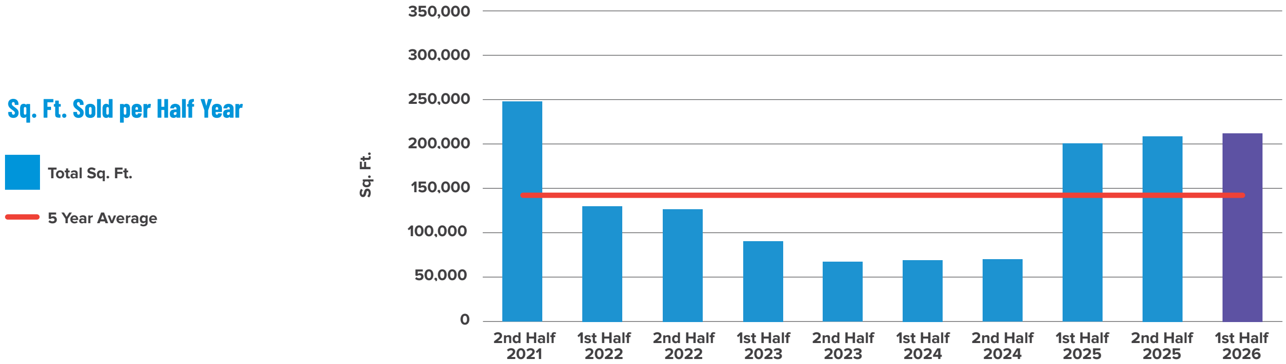
The Manhattan office condominium market is made up of 113 buildings, occupying a total of 12.5 million square feet. The Midtown submarket is comprised of 6.3 million square feet; Midtown South is comprised of 4.1 million square feet; and Downtown is comprised of 2.1 million square feet. There are 3.6 million square feet of Class A office condominiums, 6.2 million square feet of Class B, and 2.7 million square feet of Class C.

First Half of 2026 Office Condominium Sales:
In the first half of 2026, there were 211,607 square feet of office condominium sales in Manhattan totaling $103,931,288. There were 16 office condominium sales, averaging 13,225 square feet per sale, at an average of $491 per square foot.

Market Overview (continued)

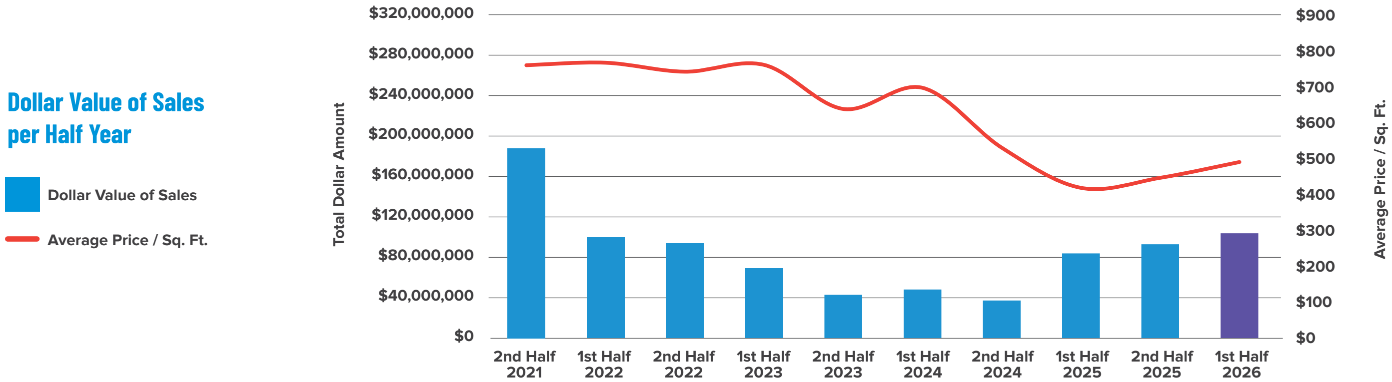
Square Footage of Sales: The 211,607 square feet sold in the first half of 2026 is 2% higher than the 208,125 square feet sold in the second half of 2025 and 49% higher than the five-year average of 142,008 square feet sold. Out of the 16 sales, the smallest sale was 948 square feet and the largest sale was 101,542 square feet.

Sq. Ft. Sold per Half Year



Dollar Value of Sales: In the first half of 2026, office condominium sales totaled $103,931,288 which is 12% more than the $93,036,349 in sales for the second half of 2025. The dollar value of sales is 21% more than the five-year average of $85,993,301. The increase in dollar volume and average transaction size is another indicator of the market's continued recovery.

Dollar Value of Sales per Half Year



Average Price Per Square Foot: In the first half of 2026, the average price per square foot was $491. This is 10% higher than the second half of 2025 average of $447 per square foot and 19% lower than the five-year average of $606 per square foot.

Number of Sales: There were 16 sales in the first half of 2026, down five sales from the second half of 2025. The number of office condominiums sold in the first half of 2026 was six less than the five-year average of 22 sales.

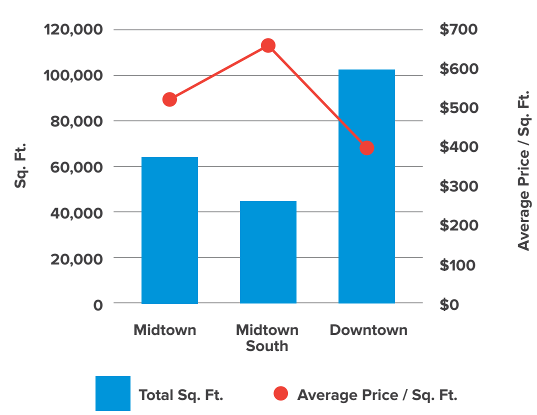
Submarket Statistics

The Midtown submarket is Manhattan's largest office condominium submarket, comprised of approximately 6.3 million square feet. In the first half of 2026, there were 9 sales totaling 64,225 square feet. The dollar value of these sales totaled $33,511,288, averaging $522 per square foot.

The Midtown South submarket is comprised of approximately 4.1 million square feet of office condominiums. In the first half of 2026, there were 5 sales totaling 44,892 square feet. The dollar value of these sales was $29,650,000, averaging $660 per square foot. Two sales swayed the average price per square foot: one sale at 25 East 21st Street for $818 per square foot and a 20,464 square foot sale at 207 West 25th Street for $731 per square foot.

The Downtown submarket is comprised of approximately 2.1 million square feet of office condominiums. In the first half of 2026, there were 2 sales totaling 102,490 square feet. The dollar value of these sales was $40,770,000, averaging $398 per square foot. There was one large transaction in the Downtown submarket at 40 Rector Street, where Metropolitan College of NY sold its 101,000 square foot multi-floor condominium to The City University of NY for $40,000,000 or $394 per square foot.

1H 2026 Sales by Submarket



Availability

There are currently 1,824,561 square feet of office condominiums available in Manhattan (262 units are currently for sale across 86 buildings) with an average asking price of $640 per square foot. This equates to a 14.56% availability rate which is a 2.5% increase from the second half of 2025. In the Midtown submarket, 1,055,318 square feet are for sale with an average asking price of $616 per square foot. In the Midtown South submarket, 358,478 square feet are for sale with an average asking price of $740 per square foot. In the Downtown submarket, 410,765 square feet are for sale with an average asking price of $613 per square foot.

Notable Office Condominium Sales

207 WEST 25TH STREET

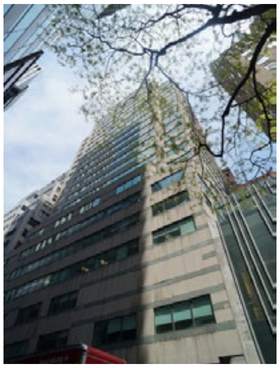
Entire Grd & 2nd Floors: 20,464 Sq. Ft.

Price: $14,950,000 ($731/Sq. Ft.)

Sale Date: 03/25/26

Purchaser: The Community Church of NY

Seller: Stickley Audi



55 EAST 59TH STREET

10th Floor: 11,430 Sq. Ft.

Price: $5,500,000 ($481/Sq. Ft.)

Sale Date: 01/28/26

Purchaser: Nano Nuclear Energy Inc.

Seller: Spitzer Enterprises LLC

40 RECTOR STREET

Grd, 6th, 7th & 8th Floors: 101,542 Sq. Ft.

Price: $40,000,000 ($394/Sq. Ft.)

Sale Date: 01/27/26

Purchaser: The City University of New York

Seller: Metropolitan College of New York

121 VARICK STREET

Entire 3rd Floor: 12,623 Sq. Ft.

Price: $6,500,000 ($515/Sq. Ft.)

Sale Date: 02/25/26

Purchaser: GEP Worldwide

Seller: Ascot Properties NYC

25 EAST 21ST STREET

Entire 3rd Floor: 4,400 Sq. Ft.

Price: $3,600,000 ($818/Sq. Ft.)

Sale Date: 02/04/26

Purchaser: Stenstroms Inc

Seller: Laguarda Low Architects LLC

420 FIFTH AVENUE

E. 6th Floor: 33,058 Sq. Ft.

Price: $18,181,900 ($550/Sq. Ft.)

Sale Date: 01/20/26

Purchaser: Vakif Bank

Seller: The Witkoff Group

633 Third Avenue: The Original Trophy Office Condominium

Nearly one quarter of the office condominium space at 633 Third Avenue is now being marketed for sale, the largest wave of inventory since the building's office condominium conversion in 1995.

Falling asking prices, lender driven sales, rising carrying costs and the departure of two major tenants have created one of the most compelling office condominium buying opportunities in Midtown East. Despite these challenges, the building's long-term fundamentals remain strong.

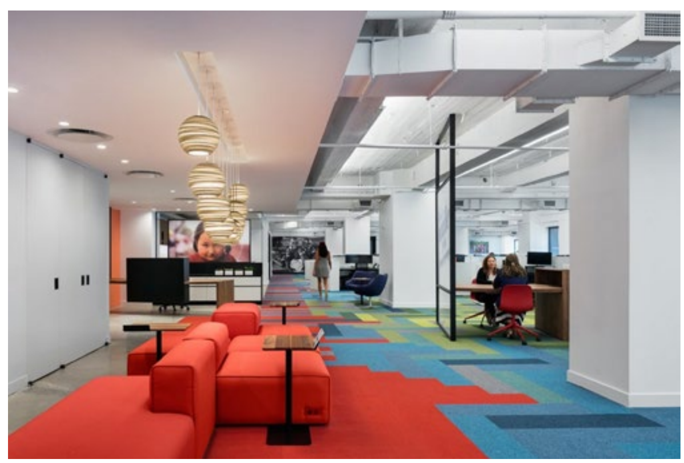
A Contrarian Beginning (1995–2013)

The 41 story, one million square foot office tower between East 40th and East 41st Streets was completed in 1962 and converted to office condominiums in February 1995 by Travelers Insurance Company.

With Manhattan's office leasing market in a prolonged downturn, the lender chose to convert the property to office condominium ownership rather than sell the building outright after foreclosure. The contrarian strategy proved highly successful and became one of New York City's earliest large scale office condominium conversions.

Initial purchasers included the United Nations Development Corporation, Memorial Sloan Kettering, the Government of Switzerland, The National Center on Addiction and First American Title Insurance. Initial sales ranged from approximately $165 to $275 per square foot, premium pricing despite weak leasing fundamentals.

Over the next two decades, 633 Third Avenue became one of Manhattan's premier office condominium buildings. Its ownership roster included foreign governments, major nonprofit organizations and established private companies.



Smile Train's offices at 633 Third Avenue. They paid $847 per square foot in 2017; values are now 65% lower.

Foreign government owners included Liechtenstein, Afghanistan, Trinidad and Tobago, Burkina Faso, Uruguay and Austria. Other notable owners included the New York State Governor's Office, Mount Sinai, Fedcap Rehabilitation Services, The Fresh Air Fund, Community Service Society, Zionist Organization of America, Smile Train, Grow America, Salibello & Broder, later acquired by BDO, Maze Health, Marcus & Pollack, the New York Electrical Contractors Association and Navillus Contracting.

Unlike institutional office buildings, office condominium values are driven primarily by owner occupier demand rather than investment yields. For years, 633 Third Avenue became a pricing leader and barometer for Midtown's office condominium market.

Between 2014 and 2019, fifteen office condominium units totaling 221,247 square feet sold for nearly $156 million, averaging $705 per square foot. Since 2020, nine office condominium sales totaling 57,104 square feet have closed at an average of $682 per square foot, demonstrating that pricing remained relatively resilient through the pandemic.

A Market Reset Creates Opportunity (2020–Present)

Thirty years after its successful conversion, the building has reached another turning point.

Over the past two years, approximately fifteen office condominium units totaling nearly 245,000 square feet have come to market for sale, with additional floors expected to follow. This is the largest concentration of available office condominium space in the building's history.

The increase in inventory is largely the result of two major vacancies within one institutional owner rather than widespread owner distress. Affiliates of Time Equities own multiple floors throughout the building. UNICEF is vacating several mid block floors, while the New York State Governor's Office is relocating from a substantial block of upper floors.

Current asking prices average approximately $404 per square foot. Based on current market conditions, transaction pricing is expected to settle closer to $300 per square foot, approximately 57 percent below the average achieved over the previous twelve years and comparable to the building's original sales prices nearly three decades ago.

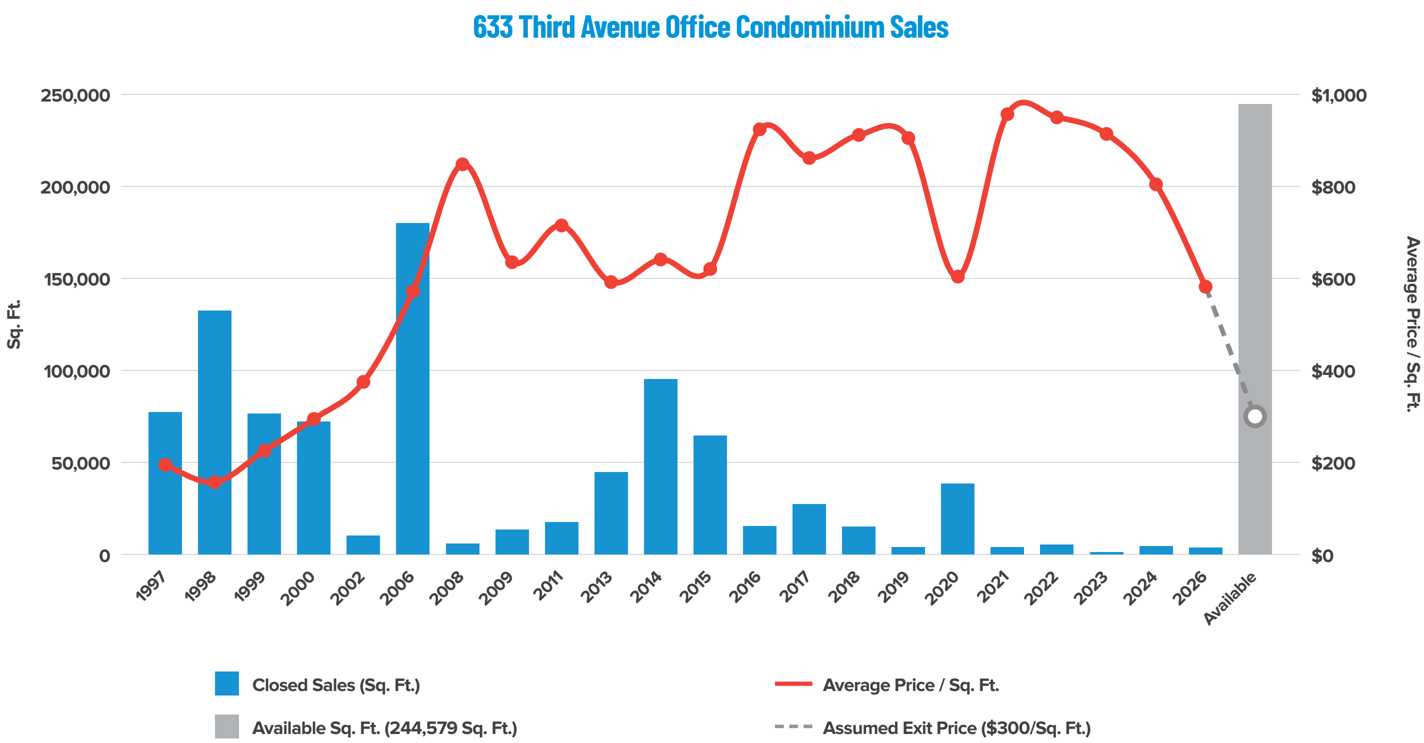
At these levels, buyers can acquire Midtown office space well below replacement cost and, in many cases, own for less than the cost of leasing comparable space.

Longer marketing periods, slower transaction velocity and lender driven sales have further weighed on pricing. For years, 633 Third Avenue helped define the upper end of the office condominium market. Today, it is temporarily defining the lower end.

Carrying Costs

Combined common charges and real estate taxes have increased from approximately $16.87 per square foot in 2014 to more than $30.00 per square foot today, a 78 percent increase and well above the Manhattan office condominium average of approximately $20 per square foot.

Reducing operating expenses represents one of the building's greatest opportunities to create value. Lower carrying costs would improve affordability, expand the buyer pool and support higher pricing.



The Next Chapter

Nearly 20 million square feet of office-to-residential conversions are underway throughout New York City, many concentrated along the Third Avenue corridor in the East 40s. As obsolete office space is permanently removed from the market, the remaining buildings are benefiting from declining vacancy, stronger leasing demand and rising rents.

There is also very little competing office condominium inventory. Aside from the current availability at 633 Third Avenue and a limited amount of space at 866 United Nations Plaza, owner occupants have few opportunities to purchase large blocks of office condominium space in Midtown East.

Today's pricing reflects a temporary supply imbalance rather than long term fundamentals. As the current inventory is absorbed, new ownership enters the building and operating costs become a greater focus, 633 Third Avenue is well positioned to reclaim its place as one of New York City's premier office condominium buildings.

Nearly 20 million square feet of office-to-residential conversions are underway, many concentrated along the Third Avenue corridor in the East 40s, strengthening the long-term outlook for 633 Third Avenue.

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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