

The **RPG** Office Condominium Report

Second Half 2019



Second Half of 2019 Office Condominium Sales

At a Glance

- **Prices Up from First Half:** The average price per square foot in the second half of 2019 was \$886, which is 7% higher than the first half of 2019.
- **Sales Velocity More Than Doubles:** Due to two large sales, one at 809 United Nations Plaza and the other at 866 United Nations Plaza, the amount of square footage sold in the second half of 2019 more than doubled compared to the first half of 2019.
- **A Decade in Review:** While office condominiums have existed in New York for over 40 years, the market has experienced growth and more widespread acceptance over the past decade. The value of office condominiums have increased by 42% over the past decade, and there have been 11 new office condominium buildings brought to the market, totaling 1,174,357 square feet.

Market Overview

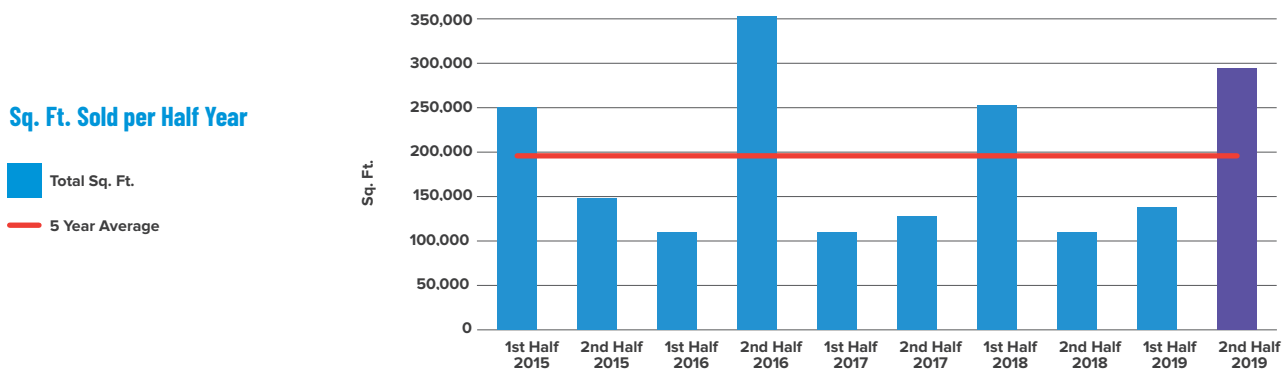
The Manhattan office condominium market is made up of 100 buildings, occupying a total of 10.9 million square feet. The Midtown submarket is comprised of 6 million square feet; Midtown South is comprised of 2.8 million square feet; Downtown is comprised of 2.1 million square feet. There are 3.4 million square feet of class A office condominiums, 5.4 million square feet of class B, and 2.1 million square feet of class C.

Second Half of 2019 Office Condominium Sales:

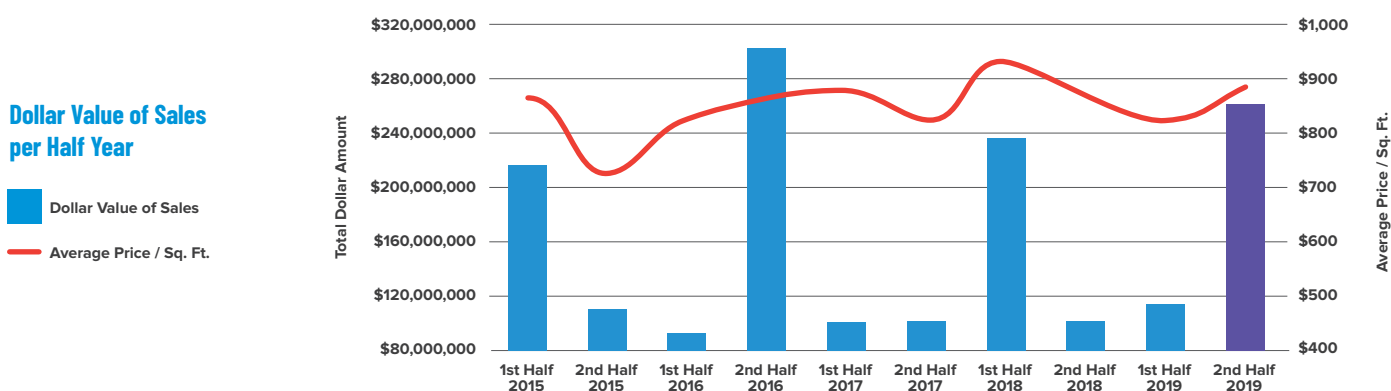
In the second half of 2019, there were 292,068 square feet of office condominium sales in Manhattan, totaling \$258,737,909. The sales averaged \$886 per square foot. There were 19 office condominium units sold in 14 different buildings, averaging 15,372 square feet per sale.

Market Overview (continued)

Square Footage of Sales: The square footage of sales were more than double in the second half of 2019 compared to the first half of 2019. There were 292,068 square feet sold in the second half of 2019 and 136,137 square feet in the first half of 2019. The square footage of sales is 52% higher than the five-year average of 191,711 square feet per half-year.



Dollar Value of Sales: In the second half of 2019, there were \$258,737,909 in sales, which is significantly higher than the \$112,885,955 in sales in the first half of 2019. The dollar value of sales is 57% more than the five-year average of \$164,418,310.



Average Price Per Square Foot: In the second half of 2019, the average price per square foot was \$886. Pricing was higher than the first half of 2019 average of \$829 per square foot. The average price per square foot was 3% higher than the five-year average of \$858 per square foot.

Number of Sales: There were 19 sales in the second half of 2019 compared to 20 sales in the first half of 2019. The number of office condominiums sold in the second half of 2019 was also 29% lower than the five-year average.

Submarket Statistics

The Midtown submarket is Manhattan's largest office condominium submarket, comprising approximately 6 million square feet. In the second half of 2019, there were 18 sales totaling 284,452 square feet. The dollar value of these sales totaled \$252,537,909, averaging \$887 per square foot.

The Midtown South submarket comprises approximately 2.8 million square feet of office condominiums. In the second half of 2019, there was one sale totaling 7,616 square feet. The dollar value of this sale was \$6,200,000, \$814 per square foot.

The Downtown submarket comprises approximately 2.1 million square feet of office condominiums. In the second half of 2019, there were no sales in the Downtown submarket.

Current Availability

There is 1,052,894 square feet of available Manhattan office condominiums, which equates to a 9.6% availability rate. A total of 126 units are for sale in 51 buildings, with an average asking price of \$933 per square foot. In the Midtown submarket, there is 657,751 square feet for sale with an average asking price of \$941 per square foot. In the Midtown South submarket, there is 185,527 square feet for sale with an average asking price of \$1,059 per square foot. In the Downtown submarket, there is 209,616 square feet for sale with an average asking price of \$797 per square foot.



Notable Office Condominium Sales



866 UNITED NATIONS PLAZA

Between 48th and 49th Streets

6th Floor: 74,036 Sq. Ft.

Price: \$59,200,000 (\$800/Sq. Ft.)

Sale Date: 07/22/19

Purchaser: Kingdom of Saudi Arabia, a United Nations Mission and Consulate

Seller: The Carlyle Group, the building's sponsor



15 WEST 34TH STREET

Between Fifth and Sixth Avenues

3rd and 4th Floors: 14,664 Sq. Ft.

Price: \$10,200,000 (\$696/Sq. Ft.)

Sale Date: 07/18/19

Purchaser: Enchante Accessories, a beauty, jewelry and apparel firm

Seller: Russo 34 Realty, an apparel firm



24 WEST 40TH STREET

Between Fifth and Sixth Avenues

6th Floor: 5,314 Sq. Ft.

Price: \$6,483,080 (\$1,220/Sq. Ft.)

Sale Date: 12/06/19

Purchaser: Sonic Union, a recording studio

Seller: Thor Equities, a real estate investment firm



445 FIFTH AVENUE

Between 39th and 40th Streets

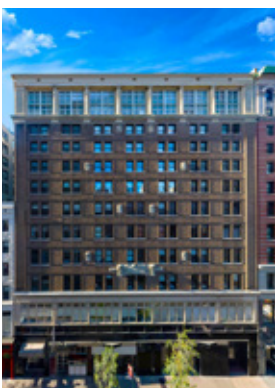
7th and 8th Floors: 23,700 Sq. Ft.

Price: \$21,600,000 (\$911/Sq. Ft.)

Sale Date: 12/04/19

Purchaser: 445 Fifth Seventh Floor LLC

Seller: New York Public Library, the owner of the base of the building



20 WEST 33RD STREET

Between Fifth and Sixth Avenues

10th Floor: 13,966 Sq. Ft.

Price: \$12,499,570 (\$895/Sq. Ft.)

Sale Date: 09/04/19

Purchaser: DK Beauty, a cosmetics firm

Seller: The Carlyle Group, the building's sponsor and converter



809 FIRST AVENUE

Between 45th and 46th Streets

Floors 1-4 & 7: 103,000 Sq. Ft.

Price: \$91,000,000 (\$883/Sq. Ft.)

Sale Date: 09/04/19

Purchaser: The Qatar Investment Authority, a United Nations Permanent Mission

Seller: Institute of International Education, a United Nations non-profit




DECADE
— IN —
REVIEW

While office condominiums have existed in New York for over 40 years, the market has experienced growth and more widespread acceptance over the past decade.

The average price per square foot has increased by 42% over the past 10 years, when comparing the average of the first half of the decade to the second half.

From the first half of 2009 to the second half of 2014 the average price per square foot was \$604. From the first half of 2015 to the second half of 2019 the average price per square foot was \$858.

820 Second Avenue Case Study

To highlight the appreciation in pricing over the past decade we compare two office condominium sales at 820 Second Avenue. In September 2009, Pierre Funding Corp purchased unit 7C, a 3,609 square feet office condominium for \$1,700,000, \$351 per square foot. In September 2019, Heritage Way Advisors purchased unit 13C, a 1,197 square foot office condominium for \$900,000, \$752 per square foot. The increase in the sales price per square foot in the 10 years is 114%.



820 Second Avenue

Office Condominium Conversions

Over the last decade there have been 11 buildings either converted or newly constructed as office condominiums. The 11 office condominium buildings total 1,174,357 square feet, and they contain 258 units.

A sizable percentage of the additional square feet came from the office condominium conversion at 866 United Nations Plaza. The property was purchased at the end of 2013 by Meadow Partners and added 471,000 square feet to the office condominium market. Recent purchasers include the Mission and Consulate of Saudi Arabia, the Permanent Mission of Lebanon and the Desai Sethi Foundation.

The most recent office condominium conversion occurred in 2019, when Hidrock Properties converted 35 West 36th to office condominiums. The 81,000 square foot, 12-story building is located in the heart of the garment district and contains 24 units.

DECADE IN REVIEW



Featured Sale

Ken Smith Landscape Architecture purchased 11,800 Sq. Ft. at 450 West 31st St. for \$220/Sq. Ft.

2010



Featured Sale

Fedcap Rehabilitation Services purchased 44,779 Sq. Ft. at 633 Third Ave. for \$592/Sq. Ft.

2012



Featured Sale

Dr. David Shusterman purchased 19,600 Sq. Ft. at 800 Second Ave. for \$640/Sq. Ft.

2014



Featured Sale

Smile Train purchased 19,744 Sq. Ft. at 633 Third Ave. for \$847/Sq. Ft.

2016



Office Condominium Conversion

Hidrock Properties converted 35 West 36th St., an 81,000 Sq. Ft., 12-story building

2018

2019

RPG is Founded

Rudder Property Group launches the first ever commercial real estate brokerage firm that solely specializes in New York's office condominium market



Featured Sale

Urban Justice Center purchased 32,522 Sq. Ft. at 40 Rector St. for \$259/Sq. Ft.

URBAN JUSTICE CENTER

Office Condominium Conversion

Meadow Partners converted 866 UN Plaza, a 471,000 Sq. Ft., 100 unit building, to office condominiums



Office Condominium Conversions

The Carlyle Group converted 20 West 33rd St. and 345 East 37th St., totaling 282,000 Sq. Ft., to office condominiums



Featured Sale

Luxottica Group purchased 36,000 Sq. Ft. at 420 Fifth Ave. for \$1,000/Sq. Ft.



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.

Michael Rudder

Office: (212) 966-3611
Mobile: (646) 483-2203
mrudder@rudderpg.com

Justin Harris

Office: (212) 966-5638
Mobile: (914) 582-9227
jharris@rudderpg.com

Matthew Werner

Office: (212) 966-3622
Mobile: (914) 815-7860
mwerner@rudderpg.com

Rudder Property Group

36 West 44th Street, Suite 1411
New York, NY 10036
www.rudderpg.com

