

The **RPG** Office Condominium Report

Second Half 2020



Second Half of 2020 Office Condominium Sales

At a Glance

- **Buyers Re-emerge:** In the first half of 2020, office condominium sales slowed down with the onset of COVID-19. The first half of 2020 closed with \$81 million in office condominium sales. The slowdown didn't last for long, as buyers regained confidence and re-emerged in the market in the second half of 2020. There were more than \$140 million in office condominium sales in the second half of 2020, which marks a 73% increase in dollar volume over the first half of the year.
- **Larger Sales:** Despite fewer office condominium sales in the second half of 2020, the units sold were much larger. The 13 sales in the second half of 2020 averaged 15,000 square feet, which is more than double the size of the average office condominium sold in the first half of 2020. Additionally, this is 80% higher than the five-year running average.
- **Uncovering the Real Impact of COVID-19:** The average office condominium sales price decreased 12.6% in the second half of 2020 when compared to the first half of the year. However, we expect the real impact on office condominium pricing is far greater. When analyzing the sales of office condominiums in three different buildings, both pre-COVID-19 and during COVID-19, we found the pandemic has caused a 32% decrease in values in the three buildings. This is likely a far better indicator of the pandemic's real impact on the values of office condominiums.

Market Overview

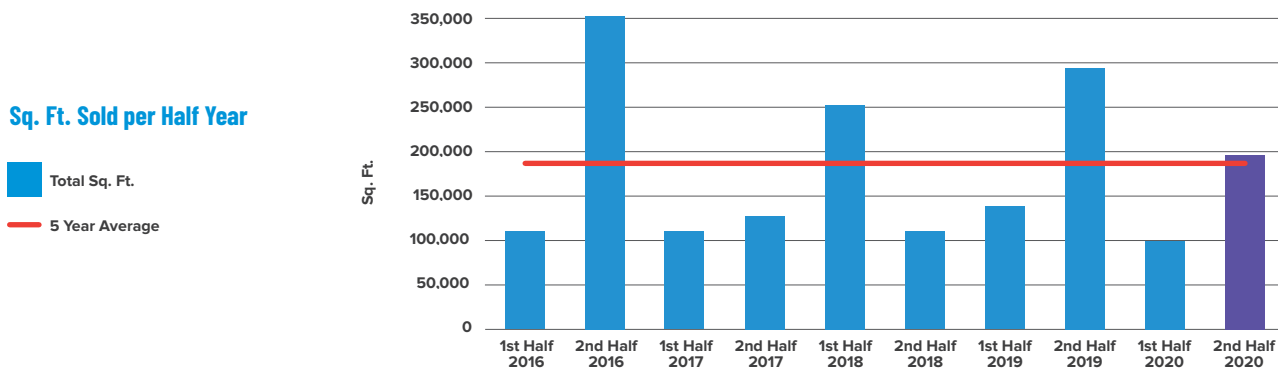
The Manhattan office condominium market is made up of 103 buildings, occupying a total of 11.2 million square feet. The Midtown submarket is comprised of 6.1 million square feet; Midtown South is comprised of 3 million square feet; and Downtown is comprised of 2.1 million square feet. There are 3.4 million square feet of Class A office condominiums, 5.5 million square feet of Class B, and 2.3 million square feet of Class C.

Second Half of 2020 Office Condominium Sales:

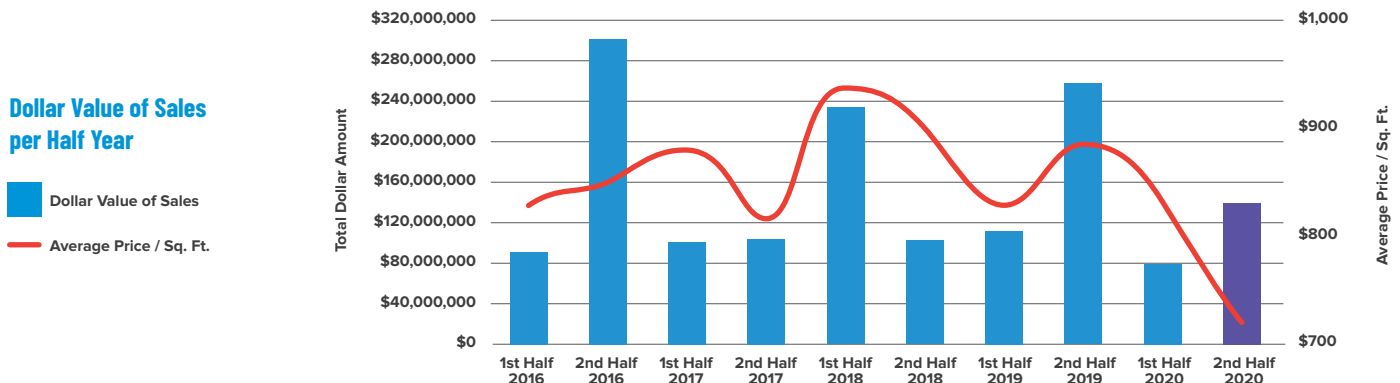
In the second half of 2020, there were 194,255 square feet of office condominium sales in Manhattan totaling \$140,185,087. This included 13 office condominium sales (averaging 14,943 square feet) in 12 different buildings at an average of \$722 per square foot.

Market Overview (continued)

Square Footage of Sales: The 194,255 square feet sold in the second half is more than double the 97,969 square feet sold in the first half of 2020. The total square footage of sales in the second half of 2020 is in line with the five-year average of 180,862 square feet sold per half-year.



Dollar Value of Sales: In the second half of 2020, office condominium sales totaled \$140,185,087, which is significantly higher than the \$80,937,095 in sales for the first half of 2020. The dollar value of sales is only 9% less than the five-year average of \$153,995,998.



Average Price Per Square Foot: In the second half of 2020, \$722 was the average price per square foot. This is 12.65% lower than the first half of 2020 average of \$826 per square foot and 15.24% lower than the five-year average of \$851 per square foot.

Number of Sales: There were 13 sales in the second half of 2020 compared to 17 sales in the first half of 2020. The number of office condominiums sold in the second half of 2020 was lower than the five-year average by 10 sales.

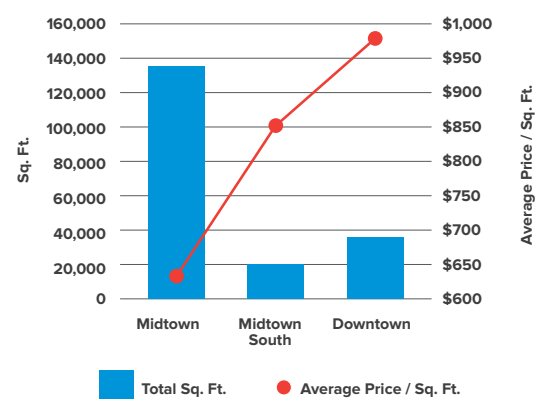
Submarket Statistics

The Midtown submarket is Manhattan's largest office condominium submarket, comprised of approximately 6.1 million square feet. In the second half of 2020, there were six sales totaling 137,590 square feet. The dollar value of these sales totaled \$87,273,417, averaging \$634 per square foot.

The Midtown South submarket is comprised of approximately 3 million square feet of office condominiums. In the second half of 2020, there were six sales totaling 20,115 square feet. The dollar value of these sales was \$17,092,670, averaging \$850 per square foot.

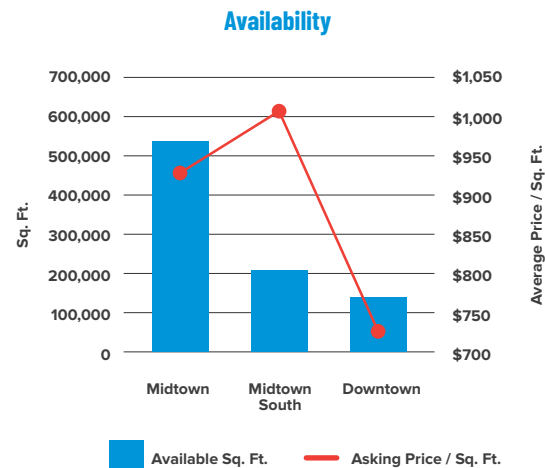
The Downtown submarket is comprised of approximately 2.1 million square feet of office condominiums. In the second half of 2020, there was one sale totaling 36,550 square feet. The dollar value of the sale was \$35,819,000 and averaged \$980 per square foot.

2H 2020 Sales by Submarket



Availability

There are currently 873,745 square feet of office condominiums available in Manhattan (122 units are for sale across 57 buildings) with an average asking price of \$910 per square foot. This equates to a 7.8% availability rate which is a 1.2% decrease from the first half of 2020. In the Midtown submarket, 536,421 square feet are for sale with an average asking price of \$919 per square foot. In the Midtown South submarket, 208,035 square feet are for sale with an average asking price of \$1,000 per square foot. In the Downtown submarket, 129,289 square feet are for sale with an average asking price of \$729 per square foot.



Notable Office Condominium Sales



375 PEARL STREET

Between Pearl and Madison Streets

31st Floor: 36,550 Sq. Ft.

Price: \$35,819,000 (\$980/Sq. Ft.)

Sale Date: 09/09/20

Purchaser: Rafael Viñoly Architects

Seller: Sabey Corporation



10 WEST 46TH STREET

Between Fifth and Sixth Avenues

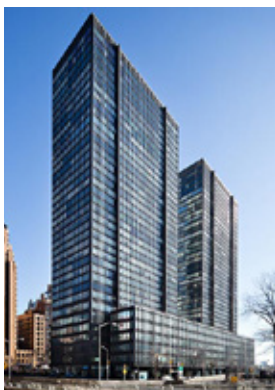
14th Floor: 4,658 Sq. Ft.

Price: \$4,050,000 (\$869/Sq. Ft.)

Sale Date: 12/09/20

Purchaser: Dr. Oleg Klempner, DDS

Seller: GHH Associates LLC



866 UNITED NATIONS PLAZA

Between East 48th and East 49th Streets

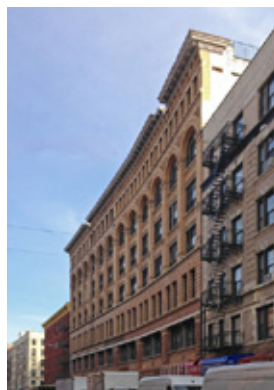
P. 4th Floor: 13,126 Sq. Ft.

Price: \$9,457,283 (\$721/Sq. Ft.)

Sale Date: 10/30/20

Purchaser: 866 UNP 418 LLC

Seller: The Carlyle Group



128 MOTT STREET

Between Grand and Hester Streets

P. 6th Floor: 2,437 Sq. Ft.

Price: \$2,217,670 (\$910/Sq. Ft.)

Sale Date: 07/22/20

Purchaser: Gotham 888 LLC

Seller: Tan Family LLC



305 SEVENTH AVENUE

Between Sixth and Seventh Avenues

2nd Floor: 9,476 Sq. Ft.

Price: \$7,500,000 (\$791/Sq. Ft.)

Sale Date: 09/25/20

Purchaser: American Guild of Musical Artists

Seller: Sheltering Arms Children and Family Services



13 EAST 16TH STREET

Between Union Square West and Fifth Avenue

6th Floor: 2,500 Sq. Ft.

Price: \$2,175,000 (\$870/Sq. Ft.)

Sale Date: 06/18/20

Purchaser: Mehra Properties

Seller: Jo Rene Fine

COVID-19's Impact on Office Condominiums

The average price of office condominiums sold in the second half of 2020 was 18.5% lower than those sold in the second half of 2019. However, this does not fully reflect the pandemic's real impact on the value of office condominiums. One example to help illustrate this is a sale within 375 Pearl Street. A 36,550-square-foot unit on the 31st floor of the building closed in September 2020 but was negotiated in June 2018. Thus, its \$980 per square foot sale price is not reflective of pandemic pricing and skews the cost per square foot for units sold in the second half of 2020.

To dig into this further, and to better understand the pandemic's true impact on the value of office condominiums, we compared 2020 sale prices against pre-COVID-19 sales prices at three different office condominium buildings, as illustrated in the graphic below. There were 20 pre-COVID-19 sales, which averaged \$909 per square foot. During COVID-19, there have been six sales, which averaged \$616 per square foot. This shows COVID-19 has caused a 32% decrease in office condominium values in these three buildings.

"COVID has caused a 32% decrease in the office condominium values..."

The pandemic has brought office condominium pricing to the lowest levels we've seen in over five years, making it an opportune time for buyers to strike while the iron is hot to reap the long-term benefits of office ownership.

		PRE-COVID SALES	2020 COVID SALES	REDUCTION IN VALUE
20 West 33rd Street		6 Sales \$875/Sq.Ft.	1 Sale \$630/Sq.Ft.	-33%
633 Third Avenue		6 Sales \$907/Sq.Ft.	2 Sales \$630/Sq.Ft.	-28%
50 West 47th Street		8 Sales \$1,028/Sq.Ft.	3 Sales \$608/Sq.Ft.	-41%
Total		20 Sales \$909/Sq.Ft.	6 Sales \$616/Sq.Ft.	-32%

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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