

The **RPG** Office Condominium Report

First Half 2021



First Half of 2021 Office Condominium Sales

At a Glance

- **Pricing Hits New Low but Rebound is Expected:** In the first half of 2021, office condominiums hit their lowest levels in five years, averaging \$608 per square foot. The pricing in the first half of 2021 was 26% lower than the five-year average of \$825 per square foot. Rudder Property Group anticipates that prices will begin to rebound in the second half of 2021.
- **Post-Covid Buyer Profile:** Industries that have historically purchased office space continued to use the first half of 2021 as a buying opportunity. Non-profit organizations, jewelers and medical professionals—industries that were largely sheltered from the impacts of Covid-19—were in a position to take advantage of lower pricing.

Market Overview

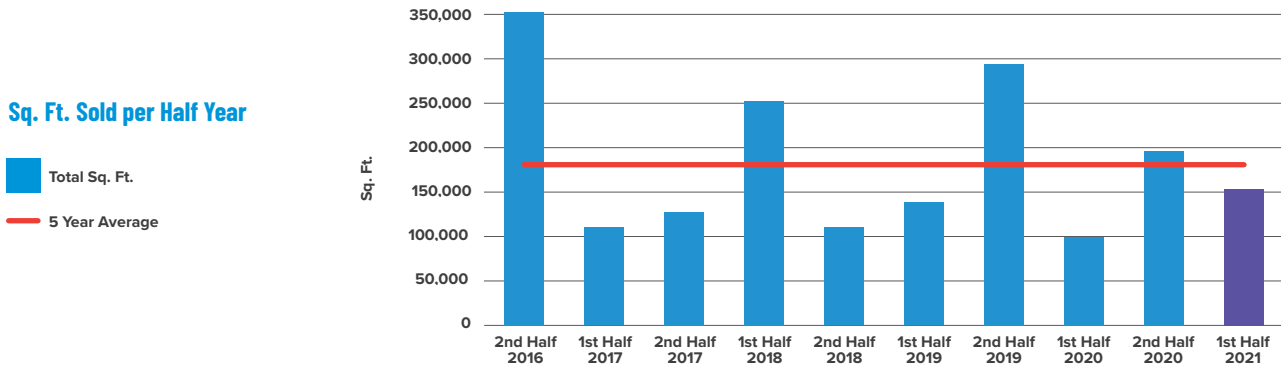
The Manhattan office condominium market is made up of 103 buildings, occupying a total of 11.2 million square feet. The Midtown submarket is comprised of 6.1 million square feet; Midtown South is comprised of 3 million square feet; and Downtown is comprised of 2.1 million square feet. There are 3.4 million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

First Half of 2021 Office Condominium Sales:

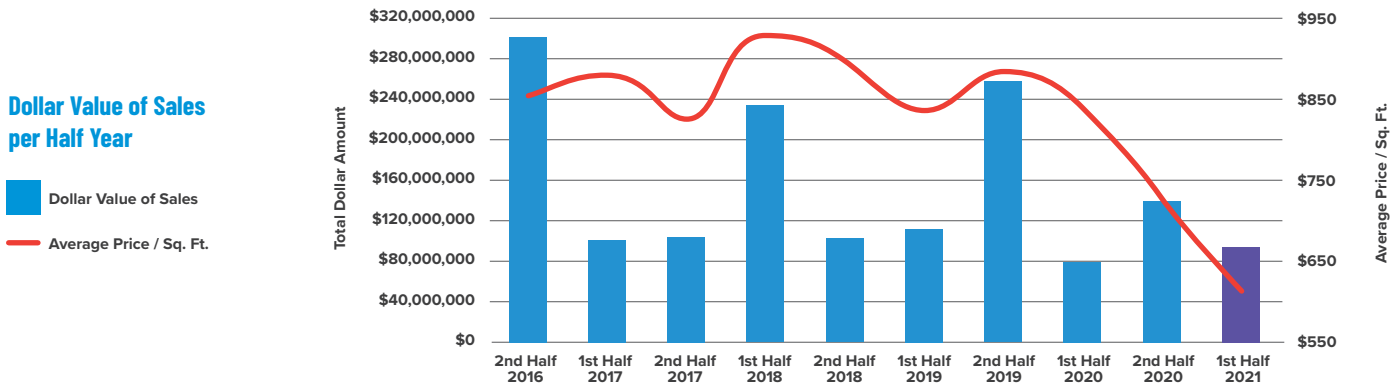
In the first half of 2021, there were 155,344 square feet of office condominium sales in Manhattan totaling \$94,521,942. There were 15 office condominium sales, averaging 10,356 square feet per sale, at an average of \$608 per square foot.

Market Overview (continued)

Square Footage of Sales: The 155,344 square feet sold in the first half is 20% less than the 194,255 square feet sold in the second half of 2020 and 16% lower than the five-year average of 185,000 square feet sold.



Dollar Value of Sales: In the first half of 2021, office condominium sales totaled \$94,521,942, which is 33% less than the \$140,185,087 in sales for the second half of 2020. The dollar value of sales is 39% less than the five-year average of \$154,127,654.



Average Price Per Square Foot: In the first half of 2021, the average price per square foot was \$608. This is 16% lower than the second half of 2020 average of \$722 per square foot and 26% lower than the five-year average of \$825 per square foot.

Number of Sales: There were 15 sales in the first half of 2021 compared to 13 sales in the second half of 2020. The number of office condominiums sold in the first half of 2021 was lower than the five-year average by eight sales.

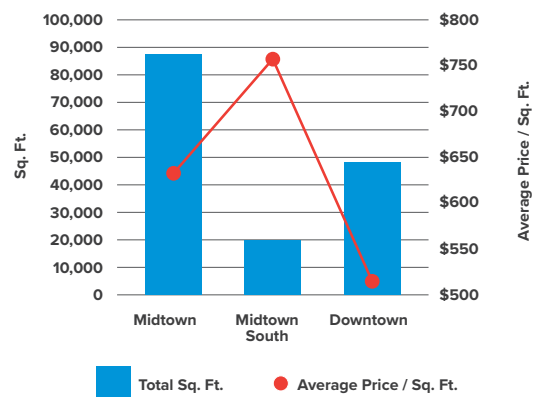
Submarket Statistics

The Midtown submarket is Manhattan’s largest office condominium submarket, comprised of approximately 6.1 million square feet. In the first half of 2021, there were 10 sales totaling 86,846 square feet. The dollar value of these sales totaled \$54,543,525, averaging \$628 per square foot.

The Midtown South submarket is comprised of approximately 3 million square feet of office condominiums. In the first half of 2021, there were four sales totaling 19,674 square feet. The dollar value of these sales was \$14,965,000, averaging \$761 per square foot.

The Downtown submarket is comprised of approximately 2.1 million square feet of office condominiums. In the first half of 2021, there was one sale totaling 48,824 square feet. The dollar value of the sale was \$25,013,417, averaging \$512 per square foot.

1H 2021 Sales by Submarket



Availability

There are currently 975,734 square feet of office condominiums available in Manhattan (125 units are for sale across 70 buildings) with an average asking price of \$903 per square foot. This equates to an 8.7% availability rate which is a 0.9% increase from the second half of 2020. In the Midtown submarket, 583,554 square feet are for sale with an average asking price of \$941 per square foot. In the Midtown South submarket, 242,378 square feet are for sale with an average asking price of \$942 per square foot. In the Downtown submarket, 149,802 square feet are for sale with an average asking price of \$689 per square foot.



Notable Office Condominium Sales



40 RECTOR STREET
 Between West and Washington Streets
3rd & 4th Floors: 48,824 Sq. Ft.
Price: \$25,013,417 (\$512/Sq. Ft.)
Sale Date: 01/14/21
Purchaser: Orthodox Union of Jewish Congregations of America
Seller: Philips International



633 THIRD AVENUE
 Between 40th and 41st Streets
18th Floor: 18,680 Sq. Ft.
Price: \$10,740,000 (\$575/Sq. Ft.)
Sale Date: 01/04/21
Purchaser: The Republic of Austria
Seller: The National Center on Addiction



515 WEST 38TH STREET
 Between Tenth and Eleventh Avenues
3rd Floor: 12,277 Sq. Ft.
Price: \$10,228,525 (\$833/Sq. Ft.)
Sale Date: 03/04/21
Purchaser: Committee To Protect Journalists
Seller: Imperial Companies



137 WEST 25TH STREET
 Between Sixth and Seventh Avenues
10th Floor: 7,690 Sq. Ft.
Price: \$6,000,000 (\$780/Sq. Ft.)
Sale Date: 05/26/21
Purchaser: Ultra Records
Seller: Diamond In The Rough



10 WEST 46TH STREET
 Between Fifth and Sixth Avenues
15th Floor: 4,658 Sq. Ft.
Price: \$4,200,000 (\$902/Sq. Ft.)
Sale Date: 02/16/21
Purchaser: Shefi Diamonds
Seller: GHH Associates LLC



99 HUDSON STREET
 Between Harrison and Franklin Streets
12th Floor: 9,816 Sq. Ft.
Price: \$7,275,000 (\$741/Sq. Ft.)
Sale Date: 04/30/21
Purchaser: Olshan Properties
Seller: CM&F Group

Examining the Post-Covid Buyers

Certain sectors have historically gravitated toward office condominium ownership, including non-profits, medical professionals, and jewelers. These industries are largely recession-proof and have stable office space needs. As these industries typically do not rapidly shrink or grow, they were in a position to take advantage of the historically low office condominium prices in the first half of 2021.



Non-Profits

Most non-profit organizations remain stable and remain in the same buildings for decades. Non-profits are also exempt from paying real estate taxes when they own and occupy an office condominium and benefit from a variety of financing options. Combined, these make office condominium ownership an attractive option.

Non-profits who purchased office condominiums in the first half of 2021 include the Orthodox Union of Jewish Congregations of America who bought 48,824 square feet at 40 Rector Street; Committee To Protect Journalists who bought 12,277 square feet at 515 West 38th Street; and The Republic of Austria who bought 18,680 square feet at 633 Third Avenue.



Medical Professionals

Medical professionals have largely remained unphased throughout the pandemic, as healthcare needs have not wavered—perhaps only accelerated. With expensive build-out and infrastructure costs, medical professionals recognize the long-term benefits of condominium ownership and prefer to own space to amortize costs. Medical professionals also benefit from attractive financing, as banks eagerly provide financing of up to 90%.

Medical professionals who purchased office condominiums in the first half of 2021 include DERMACARE MEDICAL P.C who bought 1,825 square feet at 36 West 44th Street; CreoDent who bought 9,697 square feet at 545 West 45th Street; and Dr. Edward Kaufman DDS who bought 943 square feet at 14 East 4th Street.



Jewelers

Jewelers also historically like to own office condominiums and have thrived throughout the pandemic. As consumers curtailed spending throughout the pandemic and benefitted from extra savings and stimulus checks, jewelers have been the beneficiaries. With steady business throughout the pandemic and expensive build-out costs—including security systems, vaults and mantraps—office condominium ownership is a more practical solution for jewelers.

Examples of jewelers who've purchased office condominiums in the first half of 2021 include Shefi Diamonds who bought 4,658 square feet at 10 West 46th Street and Shivham Group who bought 8,584 square feet at the International Gem Tower at 50 West 47th Street.

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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