

# The **RPG** Office Condominium Report

First Half 2015



## First Half 2015 Office Condominium Sales

### At a Glance

- **Pricing Soars:** In the first half of 2015 the average price per square foot of \$862 was up over 50% compared to the previous half year. Pricing was \$290 per square foot higher than the five year average of \$575 per square foot.
- **Supply Constrained:** There is 738,371 square feet of available Manhattan office condominiums, a 7% availability rate. If the units at the newly converted 866 United Nations Plaza and the International Gem Tower at 50 West 47th Street were extracted from the statistics, there would only be 171,762 square feet of available office condominiums for sale; a mere 1.6% availability rate.
- **Office Condominium Sales Prices Compared to Lease Rates:** In collaboration with CompStak, we compared five office condominium sales from the first half of 2015 to comparable office leases. Using this information we determined the “Office Condominium Pricing Ratio”, an estimated spread between office condominium sales prices and lease rates.

## Market Overview

There are 93 office condominium buildings in Manhattan, totaling 10.5 million square feet. The Midtown submarket is comprised of 5.7 million square feet. Midtown South is comprised of 2.8 million square feet. Downtown is comprised of 2 million square feet. There are 3.8 million square feet of class A office condominiums, 4.4 million square feet of class B, and 2.3 million square feet of class C.

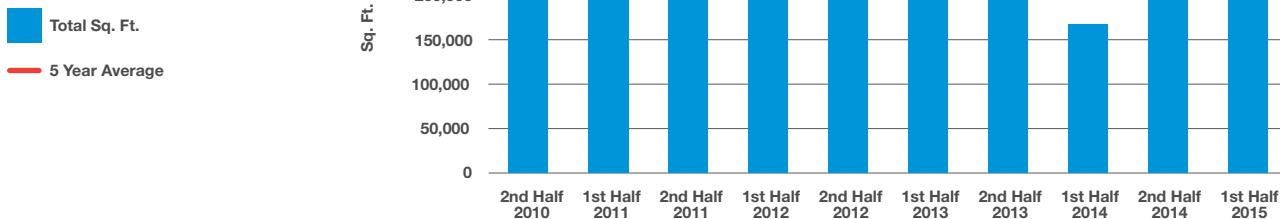
### *First Half of 2015 Office Condominium Sales:*

In the first half of 2015 there were a total of 252,017 square feet of office condominium sales in Manhattan, totaling \$217,248,738. The sales averaged \$862 per square foot. There were a total of 39 office condominium units sold in 27 different buildings, averaging 6,462 square feet per sale.

## Market Overview (continued)

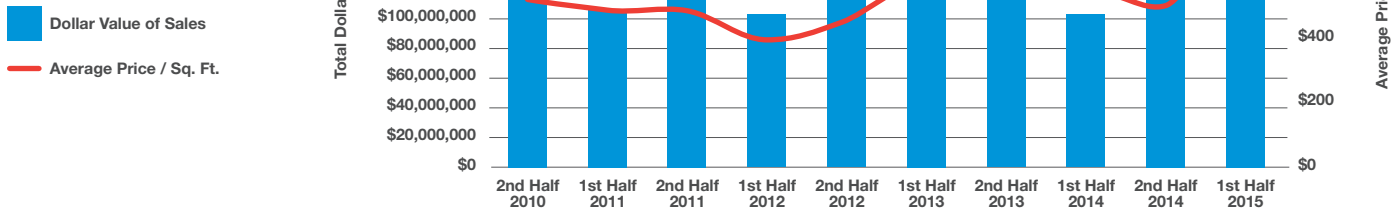
**Square Footage of Sales:** In the first half of 2015 the total square footage of sales decreased compared to the second half of 2014. 252,017 square feet was sold, compared to 346,388 square feet in the second half of 2014. The total square footage of sales in the first half of 2015 is slightly higher than the five year average of 236,972 square feet.

Sq. Ft. Sold per Half Year



**Dollar Value of Sales:** In the first half of 2015 there was a total of \$217,248,738 in sales, higher than the second half of 2014 sales which totaled \$199,610,042. The average dollar value of sales per half year over the past five years totaled \$136,979,802.

Dollar Value of Sales per Half Year



**Average Price Per Square Foot:** In the first half of 2015 the average price per square foot was \$862, significantly higher than the \$567 average price per square foot in the second half of 2014. Pricing was \$290 per square foot higher than the five year average of \$575 per square foot.

**Number of Sales:** There were 39 sales in the first half of 2015, 14 sales more than the second half of the 2014. The number of office condominiums sold in the first half of 2015 was only one fewer than the five year average.

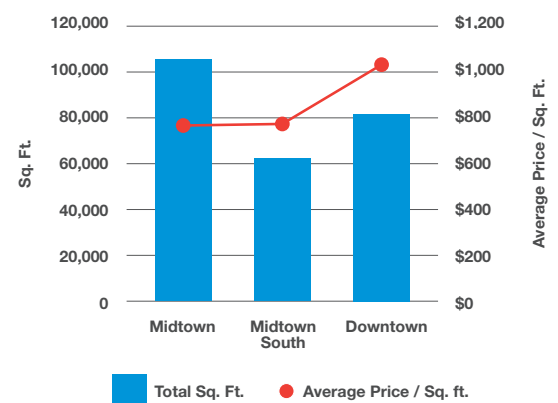
## Submarket Statistics

**The Midtown submarket** is Manhattan's largest office condominium submarket, comprised of 5.7 million square feet. In the first half of 2015 there were 14 sales totaling 105,602 square feet. The dollar value of these sales totaled \$81,742,943, averaging \$774 per square foot.

**The Midtown South submarket** is comprised of approximately 2.8 million square feet of office condominiums. In the first half of 2015 there were 9 sales totaling 63,685 square feet. The dollar value of these sales totaled \$49,992,000 averaging \$785 per square foot.

**The Downtown submarket** is comprised of approximately 2 million square feet of office condominiums. In the first half of 2015 there were 16 sales totaling 82,730 square feet. The dollar value of these sales totaled \$85,513,795, averaging \$1,034 per square foot.

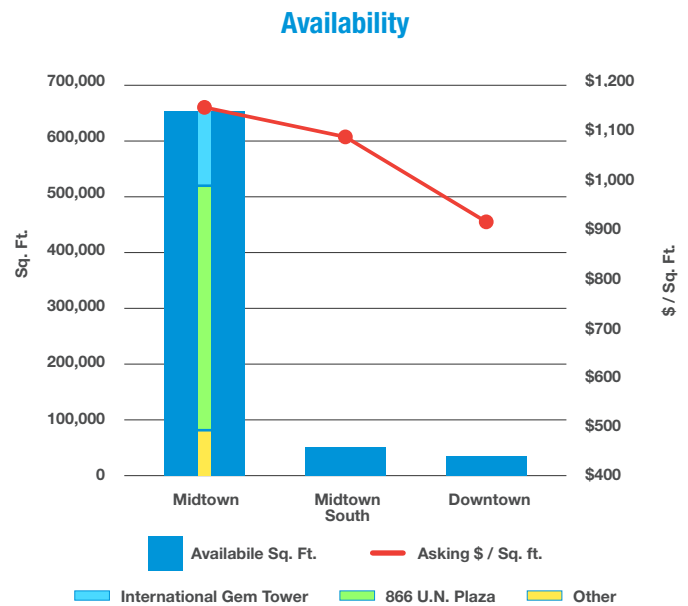
1H Sales by Submarket



## Availability

There is 738,371 square feet of available Manhattan office condominiums, a 7% availability rate. There are units for sale in 24 buildings, with an average asking price of \$1,132 per square foot. In the Midtown submarket there is 650,985 square feet for sale, with an average asking price of \$1,145 per square foot. In the Midtown South submarket there is 54,815 square feet for sale, with an average asking price of \$1,103 per square foot. In the Downtown submarket there is 32,571 square feet for sale, with an average asking price of \$934 per square foot.

The newly converted 866 United Nations Plaza and the International Gem Tower at 50 West 47th Street make up 87% of the available square footage in the Midtown submarket. If the available square footage from the two buildings were extracted from the statistics, the citywide office condominium availability would only be 171,762 square feet; a mere 1.6% availability rate.



## Office Condominium Sales Prices Compared to Lease Rates

In collaboration with CompStak, a real estate data firm, we compared five office condominium sales from the first half of 2015 to comparable office leases in comparable buildings. Using this information we determined an estimated spread between office condominium sales prices to lease rates. We refer to the estimated spread between office condominium sales prices and lease rates as the "Office Condo Pricing Ratio" or OCPR. OCPR is determined by dividing the office condominium sales price per square foot by the lease rate.

$$\text{Office Condominium Pricing Ratio (OCPR)} = \frac{\text{Office Condo Sales Price / Sq. Ft.}}{\text{Lease Rate}}$$



### Sale 131 West 33rd Street

**Purchaser:** PDK Worldwide  
**Sale Date:** 3/10/15  
**Size:** 7,291 Sq. Ft.

**Price:** \$791/Sq. Ft.



### Lease 7 Penn Plaza

**Tenant:** Retail Wholesale & Department Store Union (RWDSU)  
**Lease Date:** Q1 2015  
**Size:** 30,500 Sq. Ft.

**Starting Rent:** High \$40's/Sq. Ft.

**OCPR**  
16.65



### Sale 15 West 34th Street

**Purchaser:** Enchante Accessories  
**Sale Date:** 5/21/15  
**Size:** 7,283 Sq. Ft.

**Price:** \$652/Sq. Ft.



### Lease 1 West 34th Street

**Tenant:** LM Cohen & Company CPA  
**Lease Date:** Q2 2015  
**Size:** 5,792 Sq. Ft.

**Starting Rent:** High \$40's/Sq. Ft.

**OCPR**  
13.73



## Sale 39 West 29th Street

**Purchaser:** Pacific Television Center  
**Sale Date:** 3/25/15  
**Size:** 5,068 Sq. Ft.

**Price:** \$971/Sq. Ft.

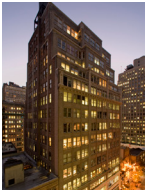


## Lease 44 West 28th Street

**Tenant:** Yellowhammer Media Group  
**Lease Date:** Q2 2015  
**Size:** 12,083 Sq. Ft.

**Starting Rent:** High \$40's/Sq. Ft.

**OCPR**  
20.44



## Sale 70 West 36th Street

**Purchaser:** Shalbf Brothers  
**Sale Date:** 1/26/15  
**Size:** 4,448 Sq. Ft.

**Price:** \$776/Sq. Ft.



## Lease 65 West 36th Street

**Tenant:** Delivery Agent  
**Lease Date:** Q3 2014  
**Size:** 2,050 Sq. Ft.

**Starting Rent:** High \$40's/Sq. Ft.

**OCPR**  
16.34



## Sale 25 East 21st Street

**Purchaser:** Daphne Foundation  
**Sale Date:** 5/5/15  
**Size:** 4,400 Sq. Ft.

**Price:** \$1,091/Sq. Ft.



## Lease 920 Broadway

**Tenant:** OpenTable  
**Lease Date:** Q2 2014  
**Size:** 6,500 Sq. Ft.

**Starting Rent:** High \$60's/Sq. Ft.

**OCPR**  
16.16

**Average Office Condominium Pricing Ratio (OCPR) = 16.44**

All lease information was provided by CompStak.com. CompStak Exchange is a free platform for CRE brokers, appraisers and researchers to exchange verified commercial lease comps anonymously. CompStak Enterprise offers unlimited fee-based access to comp information to CRE landlords, lenders and investors.

Research by



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## Rudder Property Group

Rudder Property Group is a commercial real estate services firm that solely specializes in the sale of office condominiums in the New York Metropolitan area. With over a decade of experience in this niche market, the principals of Rudder Property Group have sold over 700,000 square feet of office condominiums with a dollar value in excess of \$350 million. In the small, highly specialized field of office condominium sales, Rudder Property Group is the market leader.

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