

# The **RPG** Office Condominium Report

First Half 2017



## First Half of 2017 Office Condominium Sales

### At a Glance

- **The Market Pauses:** The first half of 2017 had significantly less sales in terms of total dollar value and total square footage sold compared to the second half of 2016. There was a mere \$103 million in sales in the half year, which is 33% less than the five-year average. The velocity of sales in the first half of 2017 has cooled down after the previous record-breaking half year.
- **Record Pricing:** Despite a slowdown in sales velocity, the average price per square foot in the first half of 2017 was a record high of \$875, significantly higher than the \$687 five-year average price per square foot.
- **The Townhouse Disadvantage:** While townhouse ownership remains a luxurious and sought-after option for many businesses, non-profits and governments, office condominiums are the more practical, more efficient and lower cost solution.

## Market Overview

There are 99 office condominium buildings in Manhattan, totaling 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.

### *First Half of 2017 Office Condominium Sales:*

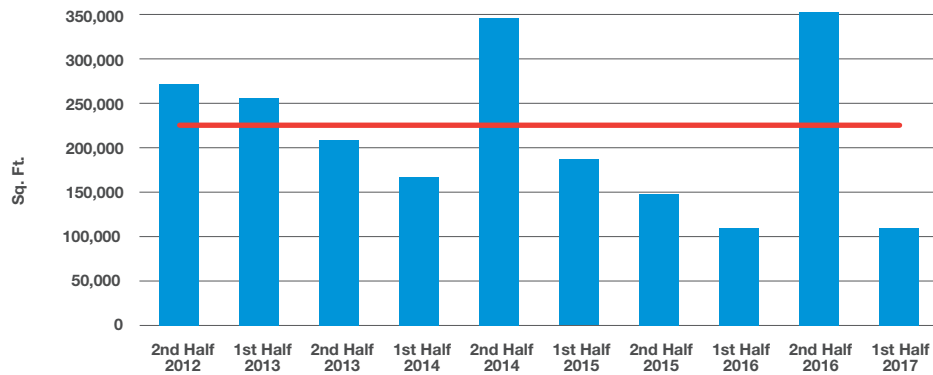
In the first half of 2017 there were a total of 118,041 square feet of office condominium sales in Manhattan, totaling \$103,332,871. The sales averaged \$875 per square foot. There were a total of 25 office condominium units sold in 17 different buildings, averaging 4,722 square feet per sale.

# Market Overview (continued)

**Square Footage of Sales:** In the first half of 2017 the total square footage of sales declined by 67%. 118,041 square feet was sold in the first half of 2017, compared to 359,082 square feet in the second half of 2016. The total square footage of sales in the first half of 2017 is also considerably lower than the five-year average of 224,414 square feet.

## Sq. Ft. Sold per Half Year

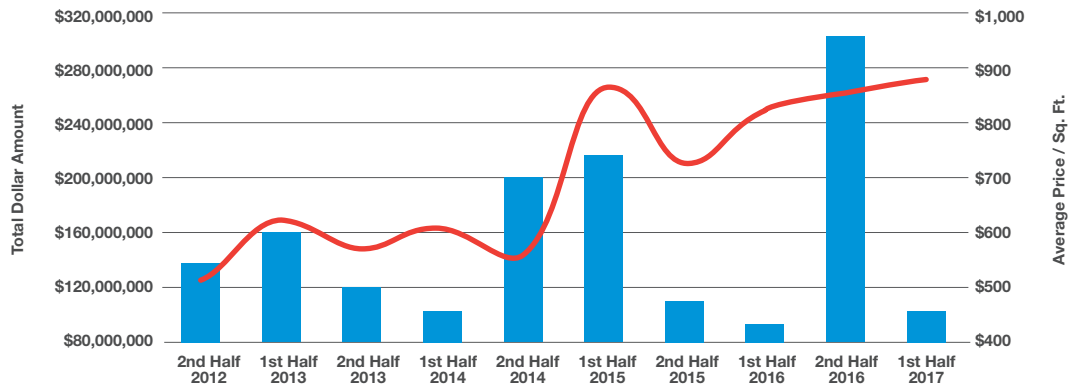
■ Total Sq. Ft.  
— 5 Year Average



**Dollar Value of Sales:** In the first half of 2017 there was a total of \$103,322,871 in sales, 66% less than the amount of sales in the second half of 2016 which totaled a record high of \$304,040,259, and also significantly less than the five-year average of \$154,237,131.

## Dollar Value of Sales per Half Year

■ Dollar Value of Sales  
— Average Price / Sq. Ft.



**Average Price Per Square Foot:** In the first half of 2017 the average price per square foot was a record high of \$875, 3% higher than the \$847 average price per square foot in the second half of 2016. Pricing was significantly higher than the \$687 five-year average price per square foot.

**Number of Sales:** There were 25 sales in the first half of 2017, nearly half the number of sales than in the second half of 2016. The number of office condominiums sold in the first half of 2017 was less than the five-year average by 11 sales.

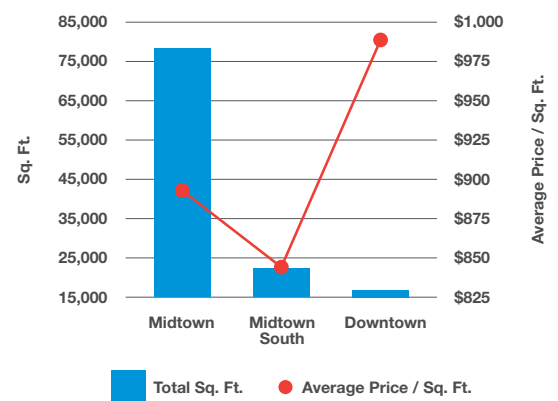
# Submarket Statistics

**The Midtown submarket** is Manhattan's largest office condominium submarket, comprising approximately 6 million square feet. In the first half of 2017 there were 15 sales totaling 78,848 square feet. The dollar value of these sales totaled \$67,872,303, averaging \$892 per square foot.

**The Midtown South submarket** comprises approximately 2.8 million square feet of office condominiums. In the first half of 2017 there were 3 sales totaling 22,078 square feet. The dollar value of these sales totaled \$18,585,000, averaging \$842 per square foot.

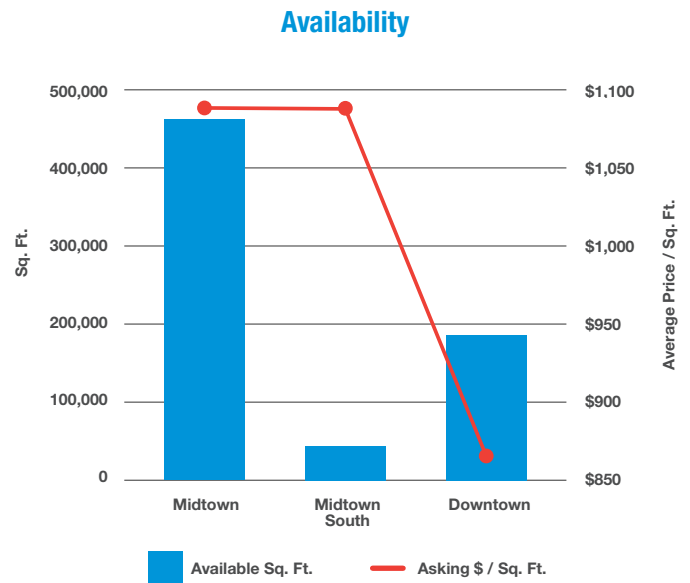
**The Downtown submarket** comprises approximately 2.1 million square feet of office condominiums. In the first half of 2017 there were 7 sales totaling 17,115 square feet. The dollar value of these sales totaled \$16,865,568, averaging \$985 per square foot.

## 1H Sales by Submarket



## Availability

There is 695,197 square feet of available Manhattan office condominiums, which equates to a 6.4% availability rate. There are 61 units for sale in 33 buildings, with an average asking price of \$1,022 per square foot. In the Midtown submarket there is 455,797 square feet for sale, with an average asking price of \$1,080 per square foot. In the Midtown South submarket there is 52,552 square feet for sale, with an average asking price of \$1,079 per square foot. In the Downtown submarket there is 186,848 square feet for sale, with an average asking price of \$866 per square foot.



## Townhouses vs. Office Condominiums

Office occupiers who are looking to own their office space have two options: 1) a small building or townhouse, or 2) an office condominium.

In this section we compare the advantages and disadvantages of townhouse versus office condominium ownership. We compare Midtown townhouses currently listed for sale on Streeteasy.com to Midtown office condominiums currently on the market for sale.

In order to compare the square footages of townhouses to that of office condominiums, we asked Jattuso Architects to do a square footage study. After extracting all common areas from a townhouse's square footage, including any corridors, stairs, elevators and mechanical space, the loss factor is comparable to standard office condominium loss factors.

There are 20 townhouses in Midtown currently listed for sale on Streeteasy.com. The townhouses total 116,119 square feet, with a total asking price of \$268,484,000, which is an average asking price of \$2,312 per square foot.

There are 66 office condominiums for sale in Midtown. The office condominiums total 455,797 square feet, with a total asking price of \$492,293,659, which is an average asking price of \$1,080 per square foot.

### Townhouses



#### Pros:

- Control
- Separate entrance
- Signage
- Residential potential

#### Cons:

- Inefficient
- Management-intensive
- High carrying costs
- More expensive
- No growth potential

### Office Condominiums



#### Pros:

- Building services and staff
- Management-free
- Lower operating expenses
- Expansion potential
- Attended lobby and better security

#### Cons:

- Board approval
- Shared common elements
- No residential potential
- Building restrictions



# Notable Office Condominium Sales



## 131 WEST 33RD STREET

**Penn Plaza**  
*between Sixth and Seventh Avenues*

**Unit 10A:** 1,680 Sq. Ft.  
**Price:** \$1,670,000 (\$ 994/Sq. Ft.)  
**Sale Date:** 03/27/17  
**Purchaser:** Up and Away Travel  
**Seller:** Cignature Realty



## 131 WEST 35TH STREET

**Penn Plaza/Garment**  
*between Broadway and Seventh Avenues*

**Entire 5th Floor:** 7,725 Sq. Ft.  
**Price:** \$6,200,000 (\$803/Sq. Ft.)  
**Sale Date:** 06/22/17  
**Purchaser:** Tekscope  
**Seller:** Kalman Strobel



## 305 SEVENTH AVENUE

**Chelsea**  
*between 27th and 28th Streets*

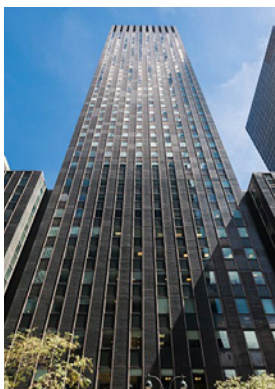
**Entire 6th Floor:** 9,267 Sq. Ft.  
**Price:** \$7,610,000 (\$821/Sq. Ft.)  
**Sale Date:** 02/22/17  
**Purchaser:** SAGE (Advocacy & Services for LGBT Elders)  
**Seller:** Pedersen Design Group



## 450 WEST 31ST STREET

**Penn Plaza**  
*between Tenth and Dyer Avenues*

**Entire 6th Floor:** 10,775 Sq. Ft.  
**Price:** \$8,900,000 (\$826/Sq. Ft.)  
**Sale Date:** 06/15/17  
**Purchaser:** The One Club for Creativity  
**Seller:** EverGreene Architectural Arts



## 633 THIRD AVENUE

**Grand Central**  
*between 40th and 41st Streets*

**Partial 9th Floor:** 19,774 Sq. Ft.  
**Price:** \$16,750,000 (\$847/Sq. Ft.)  
**Sale Date:** 04/21/17  
**Purchaser:** Smile Train  
**Seller:** Marcus & Pollack LLP



## 866 UNITED NATIONS PLAZA

**U.N. Plaza**  
*between 48th and 49th Streets*

**Unit 300:** 20,280 Sq. Ft.  
**Price:** \$18,250,000 (\$900/Sq. Ft.)  
**Sale Date:** 01/13/17  
**Purchaser:** Mission of Kenya  
**Seller:** Meadow Partners

## Rudder Property Group

Rudder Property Group is the New York metropolitan area's premier office condominium sales firm. With over a decade of experience in this niche market, the principals of Rudder Property Group have sold over 1,000,000 square feet of office condominiums with a dollar value in excess of \$500 million. In the small, highly specialized field of office condominium sales, Rudder Property Group is the market leader.

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