

The **RPG** Office Condominium Report

Year End 2014



2014 Manhattan Office Condominium Sales

At a Glance

- **Record Sales:** There were \$200 million of office condominium sales in the second half of 2014. That is the highest dollar value of sales ever in a half-year period; 40% higher than the five year average.
- **Deceptively Low Pricing:** The average purchase price in the second half of 2014 was \$567 per square foot. That price would have been \$81 per square foot higher if the statistics had excluded a single, large transaction: Metropolitan College's \$403 per square foot purchase of 110,000 square feet at 40 Rector Street.
- **Notable Sales:** The three largest sales accounted for more than half of the total square footage sold. In addition to Metropolitan College's purchase at 40 Rector Street, The Community Service Society purchased 44,779 square feet at 633 Third Avenue for \$614 per square foot and MS Aerospace purchased 24,434 square feet at 55 East 59th Street for \$1,146 per square foot.

Market Overview

There are 72 office condominium buildings in Manhattan, totaling 9.09 million square feet. The Midtown submarket is comprised of 5.3 million square feet. Midtown South is comprised of 2.06 million square feet. Downtown is comprised of 1.88 million square feet. There are 3.4 million square feet of class A office condominiums, 3.79 million square feet of class B, and 1.88 million square feet of class C.

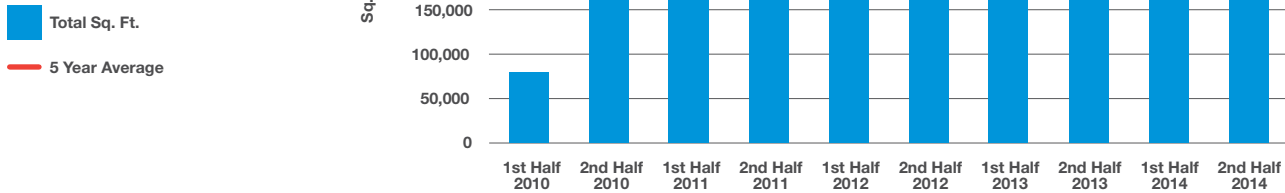
Second Half of 2014 Office Condominium Sales:

In the second half of 2014 there was a total of 346,388 square feet of office condominium sales in Manhattan, totaling \$199,610,042. The sales averaged \$576 per square foot. A total of 25 office condominium units were sold in 19 different buildings, averaging 13,856 square feet per sale.

Market Overview (continued)

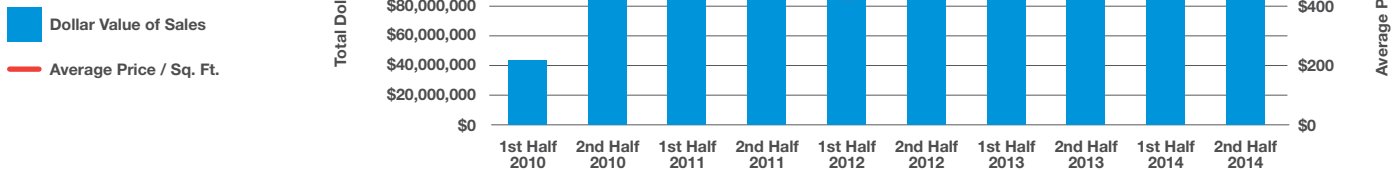
Square Footage of Sales: In the second half of 2014 the total square footage of sales more than doubled the amount in the first half of 2014. 346,388 square feet of space was sold, compared to 167,564 square feet in the first half of 2014. This is also considerably higher than the five year average of 219,646 square feet.

Sq. Ft. Sold per Half Year



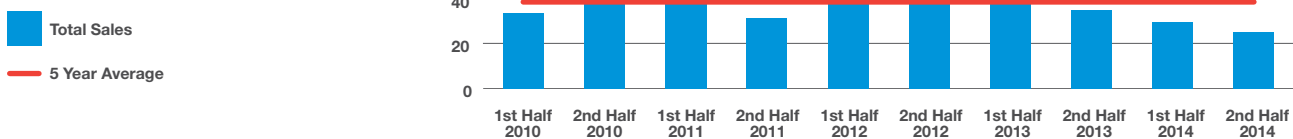
Dollar Value of Sales: In the second half of 2014 there was a total of \$199,610,042 in sales, nearly twice as much as the first half of 2014 sales which totaled \$101,256,848. The average dollar value of sales per half year over the past five years is \$119,689,286.

Dollar Value of Sales per Half Year



Average Price Per Square Foot: In the second half of 2014 the average price per square foot was \$567, slightly lower than the \$604 average price per square foot in the first half of 2014. Pricing was \$24 per square foot higher than the five year average of \$543 per square foot. The average price per square foot in the second half of 2014 would have been \$81 per square foot higher if the statistics excluded Metropolitan College of New York's purchase of a 110,000 square foot office condominium at 40 Rector Street for \$403 per square foot. 40 Rector Street is a 575,000 square foot office condominium building in Lower Manhattan. Units there have historically sold for 40% less than the average market price per square foot.

Number of Sales



Number of Sales: There were 25 sales in the second half of 2014, which is five fewer sales than the first half of the 2014 and 14 less than the five year average.

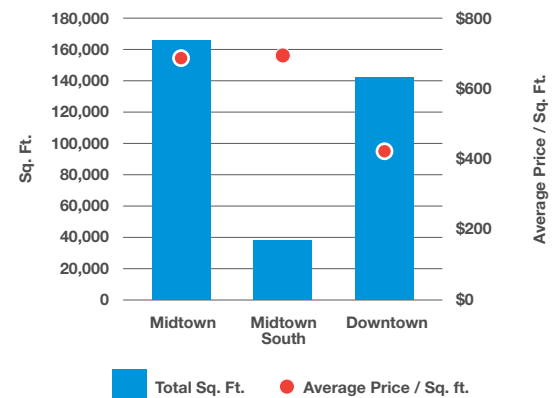
Submarket Statistics

The Midtown submarket is Manhattan's largest office condominium submarket, comprised of 5.3 million square feet. In the second half of 2014, there were 15 sales totaling 166,215 square feet. The dollar value of these sales totaled \$113,837,080, averaging \$685 per square foot.

The Midtown South submarket is comprised of approximately 2.1 million square feet. In the second half of 2014, there were six sales totaling 37,956 square feet. The dollar value of these sales totaled \$26,280,003, averaging \$692 per square foot.

The Downtown submarket is comprised of approximately 1.7 million square feet. In the second half of 2014, there were four sales totaling 142,217 square feet. The dollar value of these sales totaled \$59,492,959, averaging \$418 per square foot.

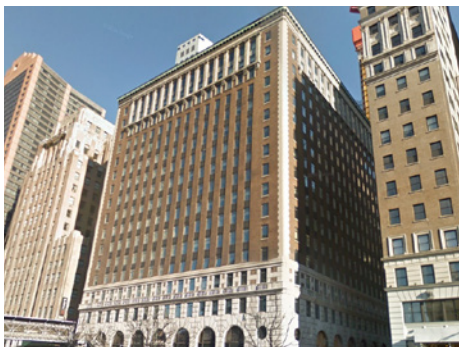
2H Sales by Submarket



Availability

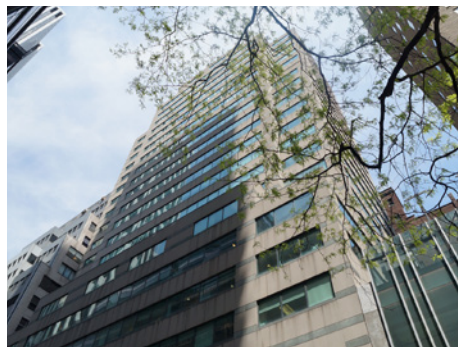
490,258 square feet of Manhattan office condominiums are available, which equates to a 5.4% availability rate. 45 units are for sale in 23 buildings, with an average asking price of \$922 per square foot. In the Midtown submarket, 340,767 square feet is for sale, with an average asking price of \$999 per square foot. In the Midtown South submarket, 42,911 square feet is for sale, with an average asking price of \$1,213 per square foot. In the Downtown submarket, 106,580 square feet is for sale, with an average asking price of \$558 per square foot.

2014 Highlighted Sales



40 Rector Street

Metropolitan College of New York purchased 110,212 square feet on the 6th through 8th floors for \$44.4 million, or \$403 per square foot. Several other non-profits have recently purchased units in this building, including the China Institute, Urban Justice Center and NAACP.



55 East 59th Street

MS Aerospace, a specialty fastener company based in California, purchased 24,434 square feet on the 8th and 9th floors for \$28 million, or \$1,146 per square foot. The French fashion firm Hermes, which already owned a floor in the building, purchased an additional 7,136 square feet for \$7 million, or \$981 per square foot.



633 Third Avenue

The Community Service Society of New York purchased the 44,779 square foot 10th floor of 633 Third Avenue for \$27,500,000, or \$614 per square foot. A Russian investment firm purchased the 19,930 square foot 13th floor for \$12,800,000, or \$642 per square foot. Time Square Construction and Development purchased the 19,930 square foot 17th floor for \$12 million, or \$602 per square foot. Lastly, the Permanent Mission of Burkina Faso to the United Nations purchased a 10,569 square foot portion of the 31st floor for \$8,752,823, or \$828 per square foot.



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Rudder Property Group specializes in the sale of office condominiums in the New York Metropolitan area. With over a decade of experience in this niche market, Rudder Property Group has 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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