

The **RPG** Office Condominium Report

Second Half 2021



Second Half of 2021 Office Condominium Sales

At a Glance

- **Sales Velocity is Back to Pre-Pandemic Levels:** The second half of 2021 saw high sales velocity, with a 127% increase in sales since the first half of 2021. Buyers continue to re-emerge, resulting in the highest number of transactions since the onset of Covid-19.
- **Prices Continue to Inch Toward Peak Levels:** Office condominium sales continue to increase, and they reached an average of \$723 per square foot in the second half of 2021. This pricing is a 19% increase over the first half of 2021 but still 25% below the market peak of \$934 per square foot in the first half of 2018.
- **The Emergence of Conversions:** During a soft leasing market, opportunistic owners are pursuing the office condominium conversion strategy. Another building, 32 West 39th Street, will soon come onto the market, after filing an offering plan with the Attorney General.

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.

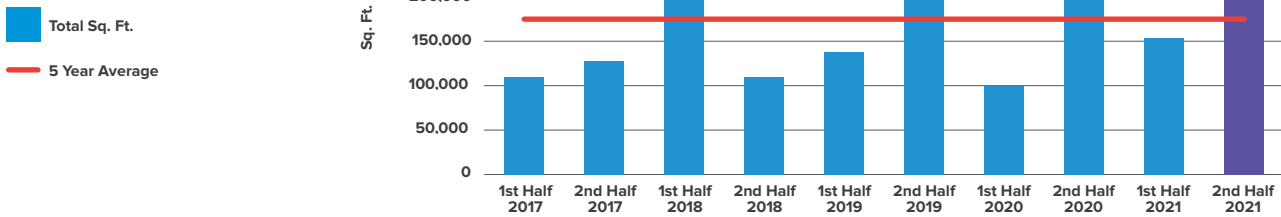
Second Half of 2021 Office Condominium Sales:

In the second half of 2021, there were 247,964 square feet of office condominium sales in Manhattan totaling \$179,224,746. There were 34 office condominium sales, averaging 7,293 square feet per sale, at an average of \$723 per square foot.

Market Overview (continued)

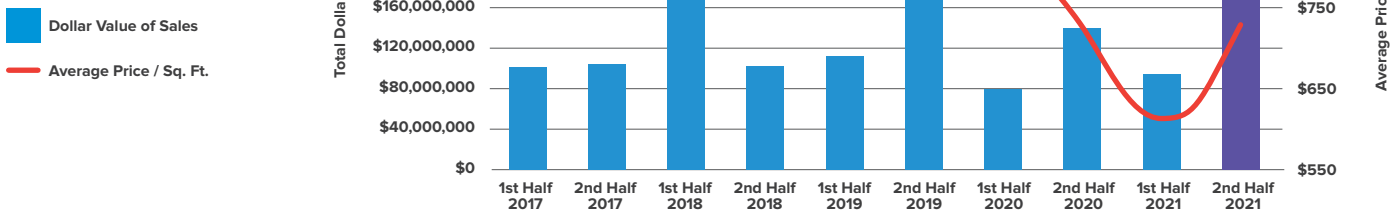
Square Footage of Sales: The 247,964 square feet sold in the second half is 60% more than the 155,344 square feet sold in the first half of 2021 and 43% higher than the five-year average of 173,970 square feet sold.

Sq. Ft. Sold per Half Year



Dollar Value of Sales: In the second half of 2021, office condominium sales totaled \$179,224,746 which is 90% more than the \$94,521,942 in sales for the first half of 2021. The dollar value of sales is 27% more than the five-year average of \$141,646,103.

Dollar Value of Sales per Half Year



Average Price Per Square Foot: In the second half of 2021, the average price per square foot was \$723. This is 19% higher than the first half of 2021 average of \$608 per square foot and 11% lower than the five-year average of \$812 per square foot.

Number of Sales: There were 34 sales in the second half of 2021 compared to 15 sales in the first half of 2021. The number of office condominiums sold in the second half of 2021 was higher than the five-year average by 12 sales.

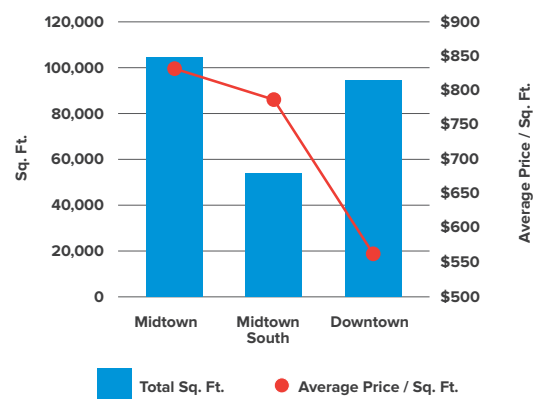
Submarket Statistics

The Midtown submarket is Manhattan’s largest office condominium submarket, comprised of approximately 6.1 million square feet. In the second half of 2021, there were 19 sales totaling 104,499 square feet. The dollar value of these sales totaled \$87,099,746, averaging \$833 per square foot.

The Midtown South submarket is comprised of approximately 3 million square feet of office condominiums. In the second half of 2021, there were 11 sales totaling 51,330 square feet. The dollar value of these sales was \$40,165,000, averaging \$782 per square foot.

The Downtown submarket is comprised of approximately 2.1 million square feet of office condominiums. In the second half of 2021, there were four sales totaling 92,135 square feet. The dollar value of these sales was \$51,960,000, averaging \$564 per square foot.

2H 2021 Sales by Submarket



Availability

There are currently 1,051,656 square feet of office condominiums available in Manhattan (139 units are for sale across 73 buildings) with an average asking price of \$908 per square foot. This equates to a 9.4% availability rate which is a 0.7% increase from the first half of 2021. In the Midtown submarket, 686,906 square feet are for sale with an average asking price of \$924 per square foot. In the Midtown South submarket, 237,920 square feet are for sale with an average asking price of \$928 per square foot. In the Downtown submarket, 126,830 square feet are for sale with an average asking price of \$689 per square foot.



Notable Office Condominium Sales



121 VARICK STREET
Between Dominick and Broome Streets

E. 2nd Floor: 12,623 Sq. Ft.
Price: \$8,000,000 (\$634/Sq. Ft.)
Sale Date: 12/21/21
Purchaser: Platinum Inc.
Seller: Irene David Realty



148 WEST 24TH STREET
Between Sixth and Seventh Avenues

E. 5th Floor: 4,500 Sq. Ft.
Price: \$3,900,000 (\$867/Sq. Ft.)
Sale Date: 11/16/21
Purchaser: Important Studios
Seller: Aguilar Amplification



35 WEST 36TH STREET
Between Fifth and Sixth Avenues

Unit 4W: 3,276 Sq. Ft.
Price: \$2,700,000 (\$824/Sq. Ft.)
Sale Date: 12/21/21
Purchaser: Dr. Lev Haimoff
Seller: Hidrock



24 WEST 40TH STREET
Between Fifth and Sixth Avenues

E. 4th & 5th Floors: 11,158 Sq. Ft.
Price: \$10,750,000 (\$963/Sq. Ft.)
Sale Date: 10/03/21
Purchaser: Loftex Home
Seller: Thor Equities



14 EAST 4TH STREET
Between Broadway and Lafayette Street

Unit 408, 409, 410: 7,000 Sq. Ft.
Price: \$6,250,000 (\$893/Sq. Ft.)
Sale Date: 12/10/21
Purchaser: CM & Associates
Seller: OCV Architects



445 FIFTH AVENUE
Between 39th and 40th Streets

Floors 2-6: 44,927 Sq. Ft.
Price: \$38,000,000 (\$846/Sq. Ft.)
Sale Date: 09/17/21
Purchaser: Jon Stryker
Seller: NY Public Library

The Emergence of Conversions

R&B Realty Group, a family-owned real estate investment, management and development firm, filed an offering plan with the Attorney General to convert 32 West 39th Street to office condominiums.

32 West 39th Street is a 16-story, 87,072 square foot office building located one block south of Bryant Park and adjacent to Amazon's new Fifth Avenue headquarters. The building is centrally located between Grand Central Terminal and the Penn District. R&B Realty Group is converting the building in response to exceptional market demand for, and scarcity of, full-floor units and multi-floor office condos within Midtown.

"As a former owner/operator of a successful business, as well as a real estate investor, I have always seen the long-term value of owning your own space," said Aron Rosenberg, President of R&B Realty Group, owner of 32 West 39th Street. "I have always found it interesting there aren't more office condos in New York City, and I am thrilled to help fill this void by offering full-floor units for sale at our excellent building on 39th and Fifth Avenue."

The effects of the pandemic on the office market have made a growing number of building owners consider the office condominium strategy versus continuing to lease. Demand continues to outweigh available supply, making office condominium conversions a unique and profitable strategy to navigate a soft market.



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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