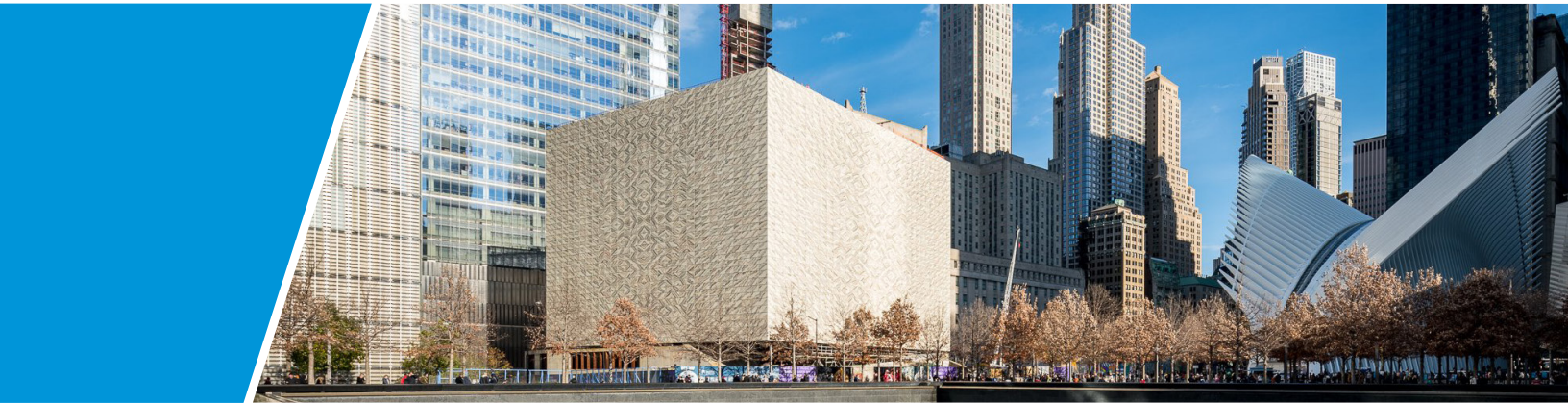


# The **RPG** Office Condominium Report

Second Half 2022



## Second Half of 2022 Office Condominium Sales

### At a Glance

- **Sales Velocity Remains at Historic Lows:** The second half of 2022 mirrored the first half of the year – very sluggish, with the first and second halves of the year producing a historically low velocity of office condominium sales. The full year saw \$180 million in sales, which is 49% below a typical year that averages \$350 million in sales
- **Pricing Remains Stable:** Office condominium pricing was \$744 per square foot, down 4% from the first half of 2022 but only 6% lower than the five-year average of \$795 per square foot.
- **Calling All Non-Profits:** NYC Economic Development Corporation's "Build NYC" program offers ample high loan-to-value, low interest rate financing for non-profits looking to purchase their office space.

## Market Overview

The Manhattan office condominium market is made up of 106 buildings, occupying a total of 12.3 million square feet. The Midtown submarket is comprised of 6.5 million square feet; Midtown South is comprised of 3.5 million square feet; and Downtown is comprised of 2.3 million square feet. There are 3.6 million square feet of Class A office condominiums, 6.2 million square feet of Class B, and 2.5 million square feet of Class C.

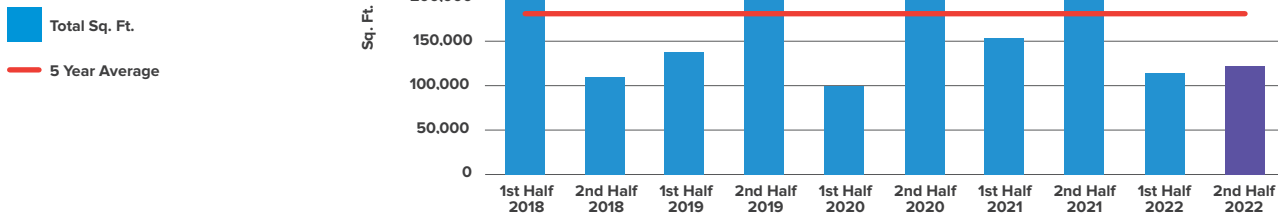
### Second Half of 2022 Office Condominium Sales:

In the second half of 2022, there were 121,441 square feet of office condominium sales in Manhattan totaling \$90,340,850. There were 20 office condominium sales, averaging 6,072 square feet per sale, at an average of \$744 per square foot.

## Market Overview (continued)

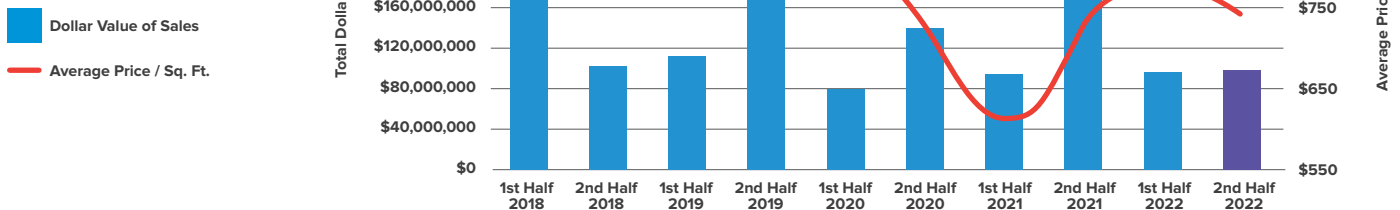
**Square Footage of Sales:** The 121,441 square feet sold in the second half is 4% more than the 116,591 square feet sold in the first half of 2022 and 30% lower than the five-year average of 173,169 square feet sold.

### Sq. Ft. Sold per Half Year



**Dollar Value of Sales:** In the second half of 2022, office condominium sales totaled \$90,340,850, which is 0.28% more than the \$90,084,669 in sales for the first half of 2022. The dollar value of sales is 35% less than the five-year average of \$138,857,520.

### Dollar Value of Sales per Half Year



**Average Price Per Square Foot:** In the second half of 2022, the average price per square foot was \$744. This is 4% lower than the first half of 2022 average of \$773 per square foot and 6% lower than the five-year average of \$795 per square foot.

**Number of Sales:** There were 20 sales in the second half of 2022 compared to 18 sales in the first half of 2022. The number of office condominiums sold in the second half of 2022 was lower than the five-year average by one sale.

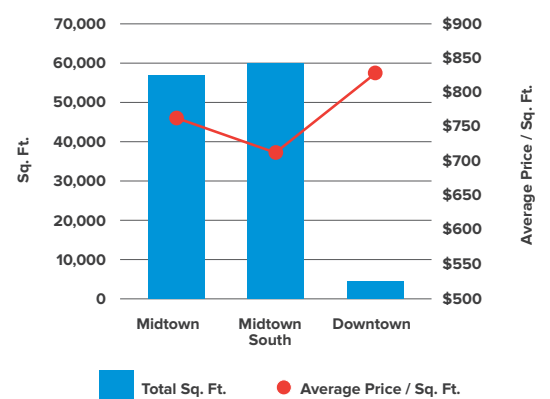
## Submarket Statistics

**The Midtown submarket** is Manhattan's largest office condominium submarket, comprised of approximately 6.5 million square feet. In the second half of 2022, there were 8 sales totaling 56,979 square feet. The dollar value of these sales totaled \$43,590,850, averaging \$765 per square foot.

**The Midtown South submarket** is comprised of approximately 3.5 million square feet of office condominiums. In the second half of 2022, there were 10 sales totaling 59,828 square feet. The dollar value of these sales was \$42,900,000, averaging \$717 per square foot.

**The Downtown submarket** is comprised of approximately 2.3 million square feet of office condominiums. In the second half of 2022, there were 2 sales totaling 4,634 square feet. The dollar value of these sales was \$3,850,000, averaging \$831 per square foot.

### 2H 2022 Sales by Submarket



## Availability

There are currently 1,330,670 square feet of office condominiums available in Manhattan (199 units are for sale across 81 buildings) with an average asking price of \$920 per square foot. This equates to a 10.8% availability rate, compared to 10.3% from the first half of 2022. The increase in availability rate is partly due to 74,000 RSF and 13 new floors becoming available for sale at the newly formed office condominiums at 32 West 39th Street. In the Midtown submarket, 854,372 square feet are for sale with an average asking price of \$905 per square foot. In the Midtown South submarket, 278,648 square feet are for sale with an average asking price of \$978 per square foot. In the Downtown submarket, 197,650 square feet are for sale with an average asking price of \$905 per square foot.



## Notable Office Condominium Sales



### 520 WEST 27TH STREET

Between Tenth and Eleventh Avenues

**Unit 601:** 3,200 Sq. Ft.

**Price:** \$2,875,000 (\$898/Sq. Ft.)

**Sale Date:** 11/16/22

**Purchaser:** Kwan Ng

**Seller:** Melissa Shoes



### 420 FIFTH AVENUE

Between W. 37th and W. 38th Streets

**E. 14th Floor:** 18,003 Sq. Ft.

**Price:** \$16,250,000 (\$903/Sq. Ft.)

**Sale Date:** 08/25/22

**Purchaser:** Urban Home Ownership Corp.

**Seller:** Marist College



### 936 BROADWAY

S/E/C of E. 22nd Street

**5th Floor & PH:** 14,939 Sq. Ft.

**Price:** \$12,850,000 (\$860/Sq. Ft.)

**Sale Date:** 09/28/22

**Purchaser:** Stein Adler Dabah & Zerkowitz LLP

**Seller:** Infusion



### 866 UNITED NATIONS PLAZA

Between E. 48th and E. 49th Streets

**Unit 587:** 4,477 Sq. Ft.

**Price:** \$4,000,000 (\$893/Sq. Ft.)

**Sale Date:** 08/11/22

**Purchaser:** The U.S. Department of State

**Seller:** The Carlyle Group



### 450 WEST 31ST STREET

Between Ninth and Tenth Avenues

**E. 3rd Floor:** 11,800 Sq. Ft.

**Price:** \$7,900,000 (\$669/Sq. Ft.)

**Sale Date:** 09/28/22

**Purchaser:** Melkonian Capital

**Seller:** BiographyPARTNER



### 25 WEST 31ST STREET

Between Fifth and Sixth Avenues

**E. 12th Floor:** 5,930 Sq. Ft.

**Price:** \$4,750,000 (\$801/Sq. Ft.)

**Sale Date:** 07/28/22

**Purchaser:** Kim, Song & Associates, PLLC

**Seller:** The Peak Organization



# How the Build NYC program can help non-profits purchase their office space

## **BUILDNYC**

Build NYC Resource Corporation



**Emily Marcus**  
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Build NYC  
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### **What is the Build NYC program?**

Build NYC Resource Corporation (Build NYC) helps 501(c)(3) organizations and other exempt facilities make real estate capital investments by accessing low-cost debt through tax-exempt bond financing. Build NYC is managed by staff from the New York City Economic Development Corporation.

### **What are the benefits?**

Tax-exempt bonds issued through Build NYC can offer several benefits to borrowers, including

- Lower Interest Rates:** Tax-exempt bonds typically offer lower rates than other types of loans.
- Mortgage Recording Tax Waiver:** The 2.8% mortgage recording tax may be entirely waived if the project involves a mortgage.
- Refinance Existing Debt:** Pay down existing debt inexpensively using Build NYC bonds.
- Longer Repayment Terms:** Financing terms can be as long as 30 to 40 years.

### **Who is eligible?**

Build NYC may issue tax-exempt bonds for registered 501(c)(3) organizations, such as:

- Primary & Secondary Education
- Higher Education
- Cultural Institutions
- Social & Human Services
- Hospitals & Healthcare

Build NYC is also open to inquiries from for-profit companies carrying out capital projects that may be eligible for tax-exempt financing under federal laws. Eligible project types may include:

- Airport facilities
- Dock and wharf facilities

- Solid waste disposal facilities
- Recycling facilities
- Transportation-related infrastructure

### **How much demand is there for this type of financing?**

Given the benefits listed above, there is significant market demand for tax-exempt bond financing as a source of capital for real estate investments in New York City. Since its inception in 2011, Build NYC has issued several billion dollars in tax-exempt bonds.

### **Can you give some case studies and examples of a non-profit that used the Build NYC program to buy an office space?**

Build NYC bonds can be used by nonprofits to acquire, construct, or renovate real estate. Specific to the acquisition of an office condo, an example of a past Build NYC deal includes:

In February 2022, Manhattan Neighborhood Network (“MNN”) closed a \$16.5M tax-exempt bond financing transaction with Build NYC to help acquire and renovate an office condominium unit located at 509 West 38th Street in Manhattan. The renovated unit provides new, state-of-the-art studio facilities for community use, as well as office space and event space. MNN is a public access media organization serving the Borough of Manhattan. Proceeds from bonds will also be used to refinance a taxable loan as well as fund a debt service reserve fund and capitalized interest as part of the facility purchase plan. The bonds have a 27-year maturity and were directly purchased by Flushing Bank.

### **How big of an impact does the recent interest rate spikes have on a purchaser?**

Even under the current credit conditions, tax-exempt bonds can offer an attractively low interest rate compared to other financing options. Moreover, Build NYC can still offer a full waiver of the 2.8% mortgage recording tax if the capital investment involves taking out a mortgage. Both of these benefits continue to hold significant value, even during economic downturns. In addition, many nonprofits may still find it attractive to issue bonds to finance time-sensitive capital expansions. Moreover, refinancings remain attractive for borrowers seeking to extend amortization periods, forestall balloon payments, or transition from older LIBOR-based financing deals.

[edc.nyc/build-nyc](https://edc.nyc/build-nyc)

## 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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