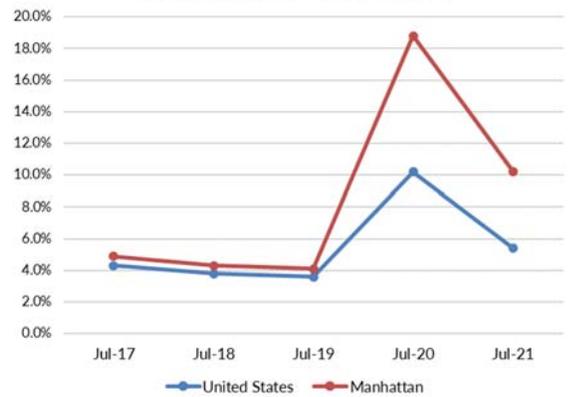


Manhattan Office Sales Volume & Buying Trends – August 2021

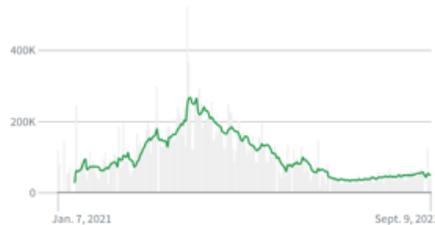
COVID-19 surfaced in the United States in Mid-March 2020. Federal, state, and local governments responded by issuing strict stay-at-home orders and closing nonessential business. Trends in retail sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. The New York Daily New Case table below highlights the progression of daily case counts. As of Q3 2021, societal conditions surrounding the COVID-19 Pandemic continue to fluctuate, with the Delta variant causing increases in case counts and hospitalizations. Although vaccines are now available to all individuals aged 12 or older in New York, the swell in new cases and hospitalizations raises questions about return to office policies and mask mandates, which impact the market. It also raises questions for companies regarding the office environment. Many companies continue working under a hybrid model, where employees tend to work more from home than in the office. As the calendar moves into fall, investors will be looking for sustainable trends in transaction volume and pricing that have yet to occur.

With COVID on the forefront, fundamentals in many major markets have been greatly altered. This publication analyzes sales trends in terms of number of transactions and dollar volume for office properties in the Manhattan market, encompassing the Downtown, Midtown South, and Midtown submarkets.

Unemployment Rate - Five Year Trend



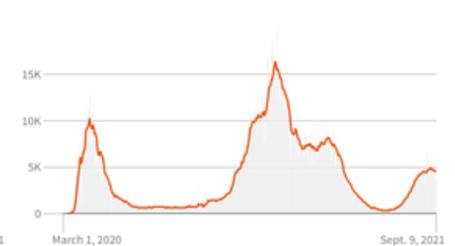
Vaccine doses given
7-day avg: 48,201
68.6% at least one dose



Source: Reuters

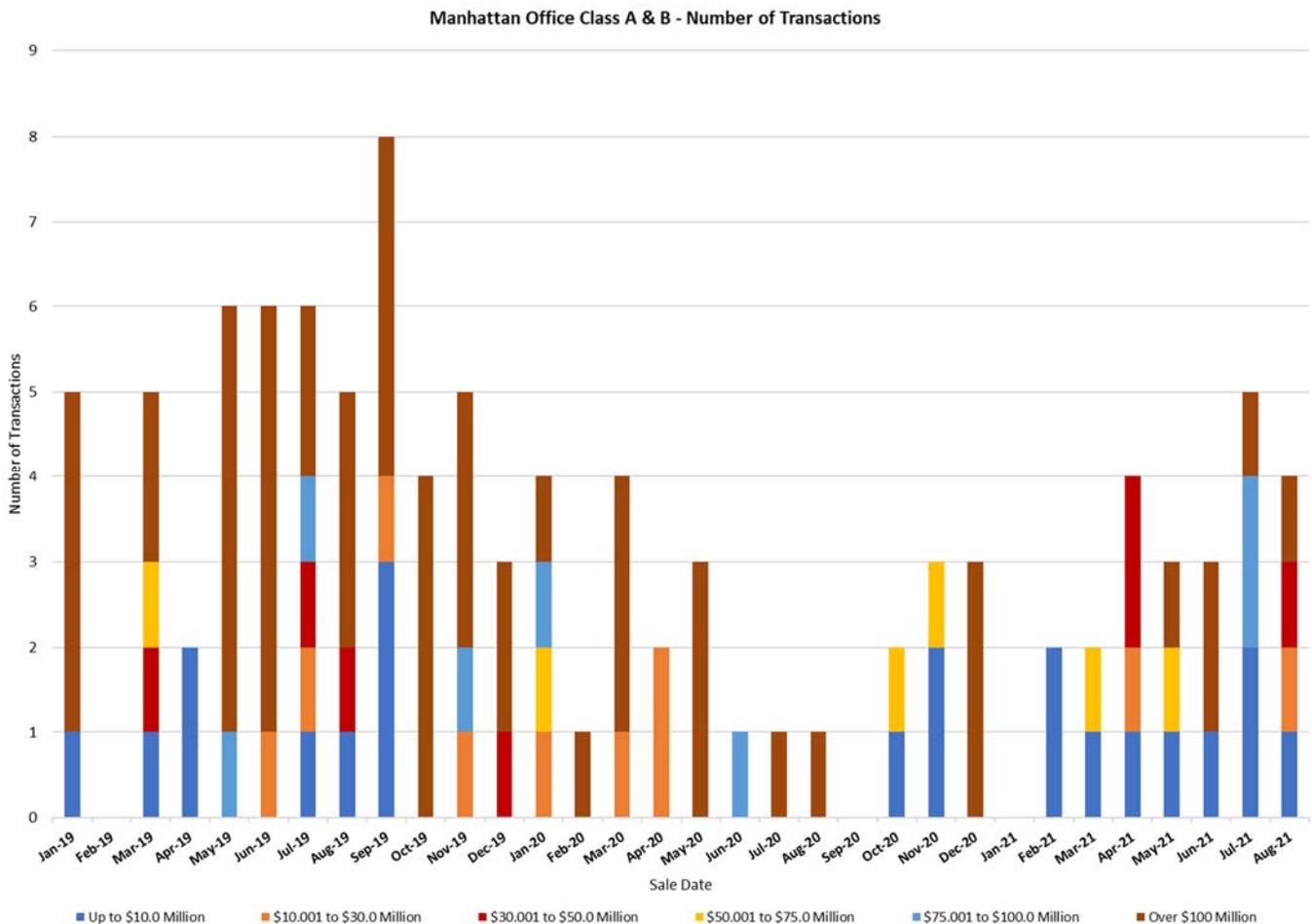
New York State

New cases
7-day avg: 4,540



Number of Sales Transactions

- Parameters: Class A & B office investment sales in Manhattan, including the Downtown, Midtown South, and Midtown submarkets, segmented by price tranche.
- January 2019 - March 2020- number of monthly transactions ranged from 0 to 8, averaging 4.27 per month.
- April 2020 – March 2021- number of monthly transactions ranged from 0 to 3, averaging 1.67 per month.
- Three months with zero sales (February 2019, September 2020, January 2021).
- August 2021- 4 total transactions: 1 transaction in the “Up to \$10 Million” tranche, 1 transaction in the “\$10 to 30 Million” tranche, 1 transaction in the “\$30 to 50 Million” tranche, and 1 transaction in the “Over \$100 Million” tranche.
- Over the analysis period – 20.4% of transactions in the Up to \$10 million tranche.
- Over the analysis period – 9.7% of transactions in the \$10 to \$30 million tranche.
- Over the analysis period- 36.9% of total transactions in the three tranches under \$50 million.
- Over the analysis period – 50.5% of transactions in the over \$100 million tranche.

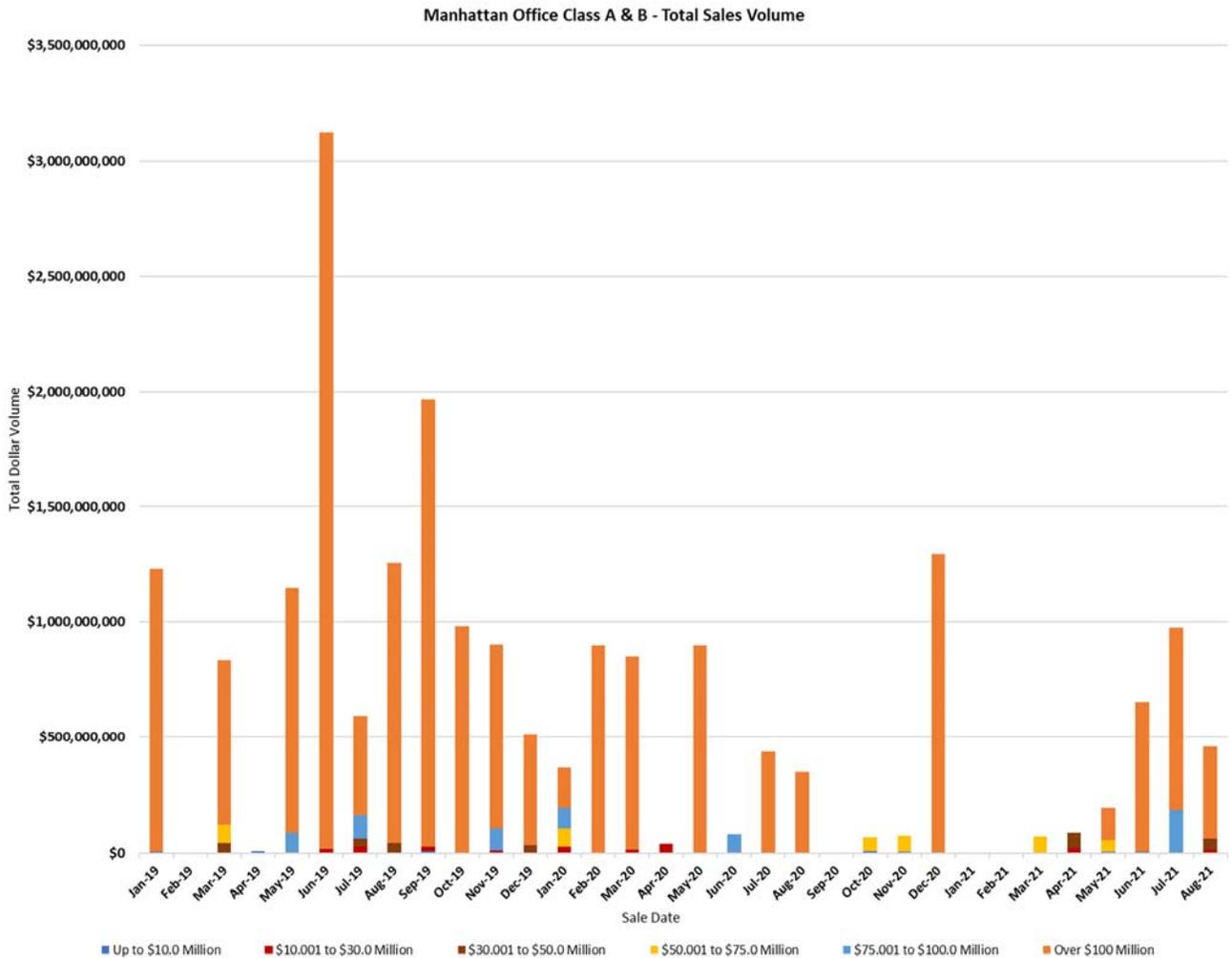


Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately \$1.05 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$447 million, reflecting a decrease of approximately 57%. Thus far in 2021, average monthly sales volume is roughly \$306 million, which represents a substantial 32% year-over-year decrease. This figure incorporates zero recorded sales in January 2021. We tracked the dollar volume of monthly sales by tranche as seen below.

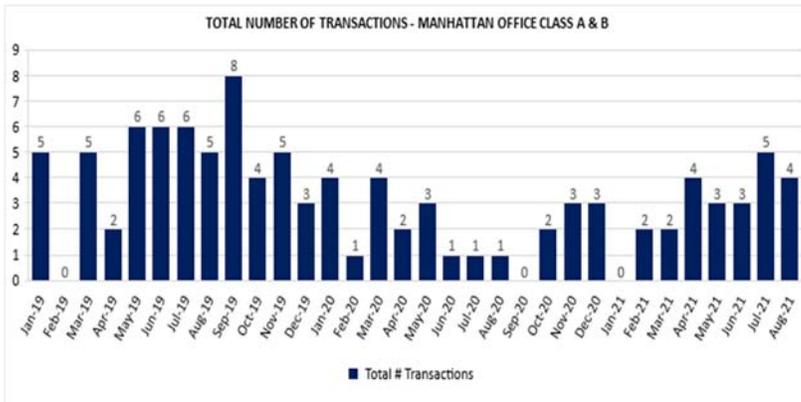
Total Dollar Volume - Manhattan Office Class A & B			
YEAR	2019	2020	2021 (Jan-Aug)
Min	\$0	\$0	\$0
Max	\$3,124,550,888	\$1,294,500,000	\$974,759,948
Average	\$1,046,415,406	\$447,481,409	\$305,670,228
% Difference	-	-57.2%	-31.7%

- Average sales volume from January 2019 to March 2020 was \$978,498,991.
- Average sales volume from April 2020 to August 2021 was \$334,978,749.
- August 2021 includes 1 sale over \$100 million.
- Investors are highly scrutinizing transactions of trophy office assets.



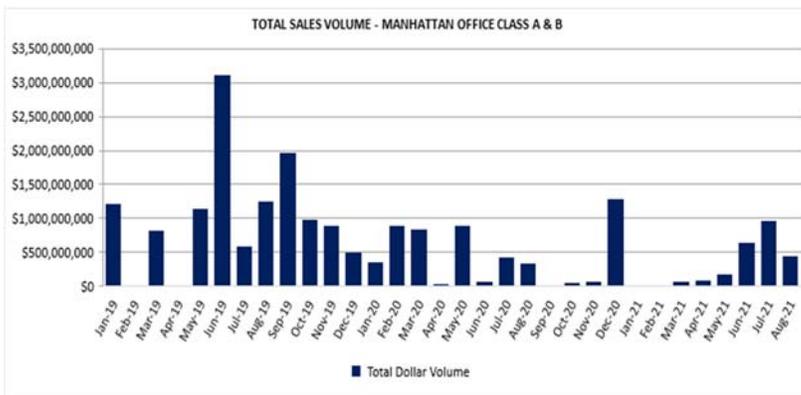
SALES (2019-2021): Volume

The number of monthly, Class A & B Office transactions in the Manhattan market has been uniform, with no month registering more than 8 transactions. The market tallied a consistent number of sales from May 2019 through January 2020. Since then, the market has remained soft with very few sales occurring. The August 2021 sales period has decreased slightly from the prior month and includes four transactions. There have only been eight sales in the “over \$100 million” tranche since September 2020, three of which occurred in December 2020, one in May 2021, two in June 2021, one in July 2021, and one in August 2021.



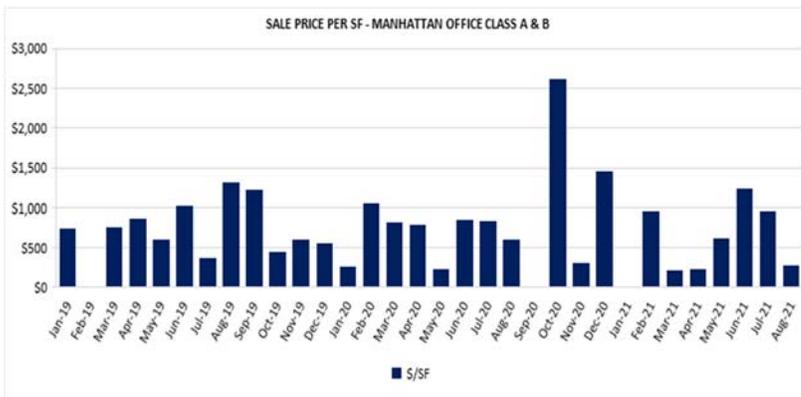
Dollar Volume of Sales

Dollar volume of sales is noticeably lower after April 2020 compared to the prior period. Dollar volume is highly skewed by the sale of trophy assets in the office market. The dollar volume of \$3.12 billion in June 2019 appears to be an outlier in the data set. December 2020 saw dollar volume on par with the pre-COVID period. Dollar volume has increased slightly during June and July of 2021 and now decreased in August of 2021 indicating a contraction in the Manhattan office market.



Sale Price Per Square Foot

Over the period, sale price per square foot has ranged from \$222 per square foot to \$2,627 per square foot, averaging \$812 per square foot. From January 2019 to March 2020, Class A & B Office properties sold at an average price of \$766 per square foot. From June 2020 to August 2021, these properties sold at an average of \$866 per square foot. In general, the last three months during the 2021 period show a decrease in sales volume, with a sharp decrease from July to August. This indicates an apparent downward shift within the Manhattan office market.



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SOURCE: eMarketer, CoStar, STDB, US Bureau of Labor Statistics, and Marshall & Stevens