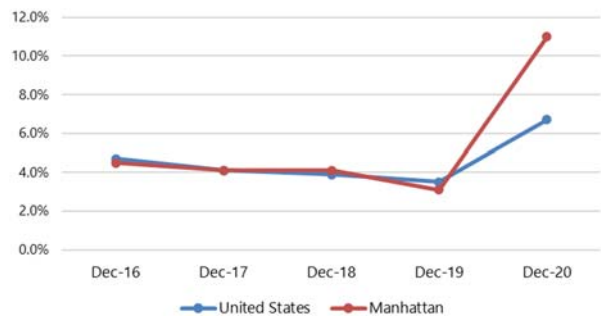


Manhattan Office Sales Volume & Buying Trends – January 2021

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 relative to legislation imposed by state and local governments. A new high in case counts led to the implementation of the mask mandate in April 2020. Effective social distancing and mask mandates helped curb case counts over spring and summer 2020, and restrictions loosened. Colder weather coupled with the holidays in late fall and winter sent case counts surging again, shattering the previous high set in April 2020. Unemployment spiked over the period, reaching a high of 15.9 percent in New York State in July. The unemployment rate has decreased in five consecutive months since, which is an encouraging sign. Attention now turns to the rollout of the COVID vaccine and its effects on consumer sentiment and underlying market performance.

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, Midtown, and Uptown submarkets.

Unemployment Rate - Five Year Trend



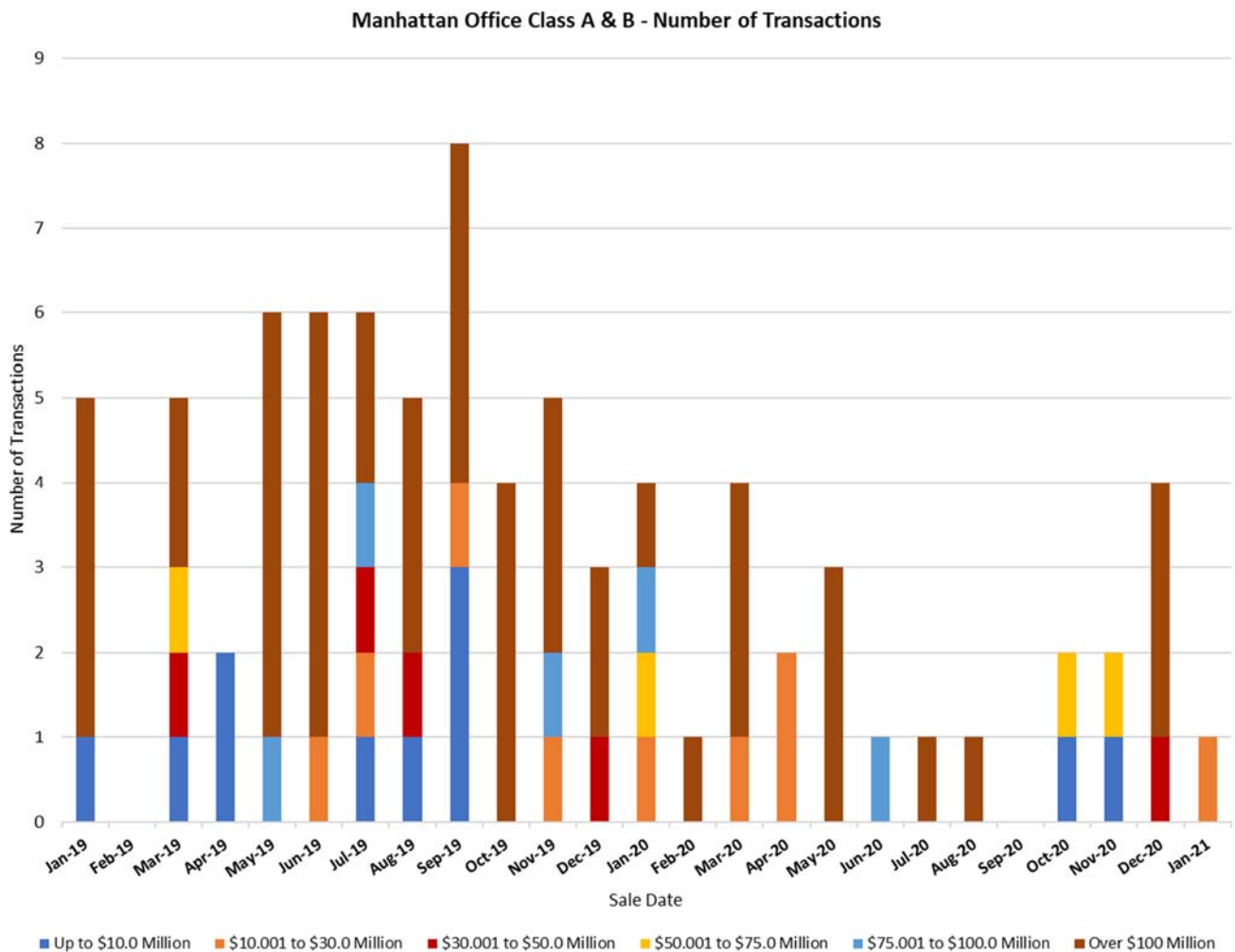
New York - Daily New Cases



Source: Reuters

Number of Sales Transactions

- Parameters: Class A & B office investment sales in Manhattan, segmented by price tranche.
- January 2019 - March 2020- number of monthly transactions ranged from 0 to 8, averaging 4.27 per month.
- April 2020 – January 2021- number of monthly transactions ranged from 0 to 4, averaging 1.7 per month.
- Two months with zero sales (February 2019 and September 2020).
- December 2020- 3 transactions over \$100 million.
- January 2021- 1 total transaction (\$10 to \$30 million tranche).
- Over analysis period - 13.6% of transactions in the "Up to \$10 million" tranche
- Over analysis period - 11.1% of transactions in the \$10 to \$30 million tranche
- Over analysis period - 58% of transactions in the over \$100 million tranche

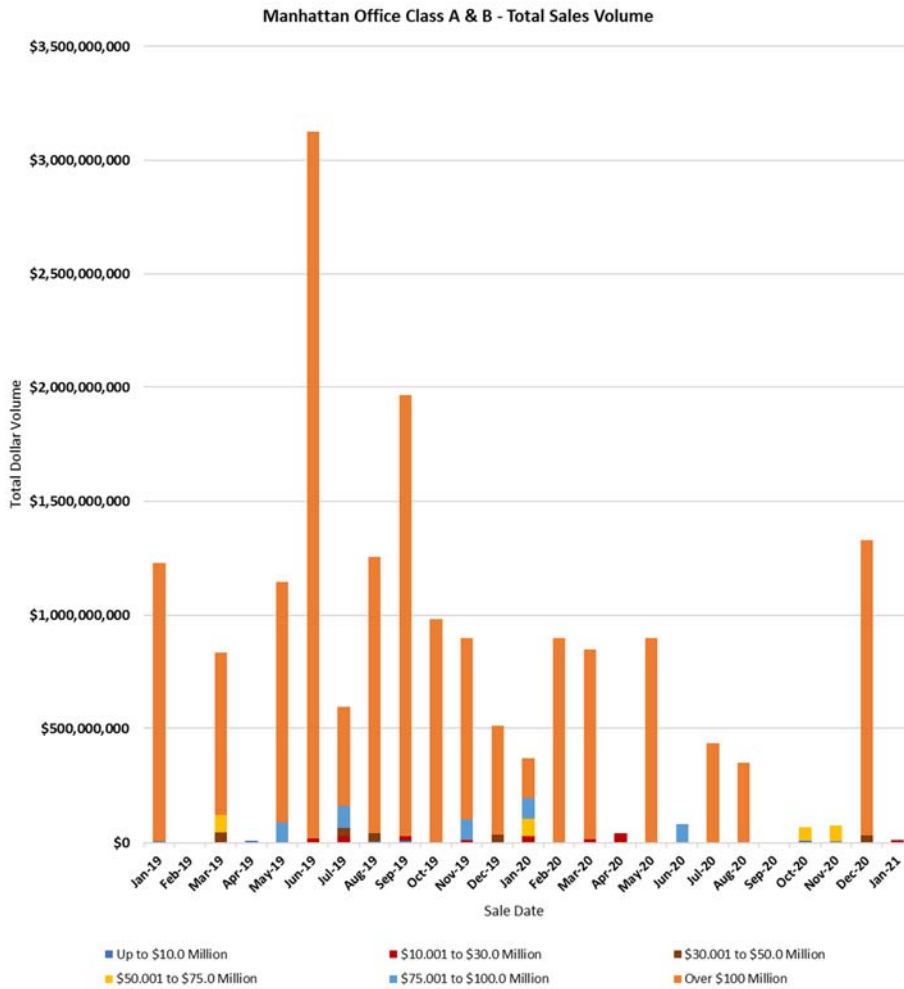


Dollar Volume of Sales Transactions

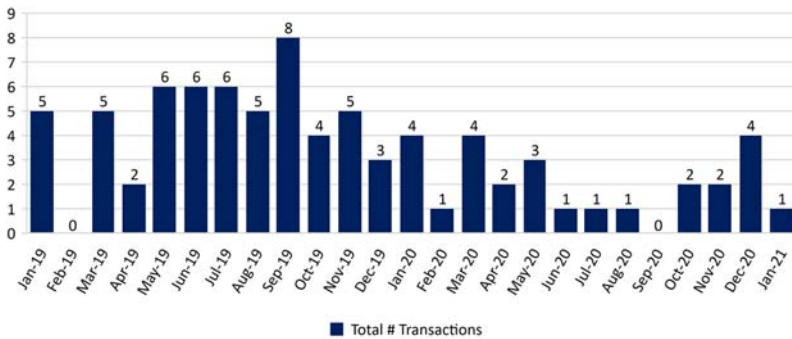
In 2019, the average monthly sales volume was approximately \$1.05 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$450 million, reflecting a decrease of approximately 57%. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - Manhattan Office Class A & B			
YEAR	2019	2020	2021 (Jan)
Min	\$0	\$0	\$10,740,000
Max	\$3,124,550,888	\$1,328,064,375	\$10,740,000
Average	\$1,046,415,406	\$450,218,440	\$10,740,000
% Difference	-	-57.0%	-97.6%

- Average sales volume from January 2019 to March 2020 was \$978,498,991.
- Average sales volume from April 2020 to January 2021 was \$329,286,128.
- Of December 2020 transactions, 97% of total dollar volume lies in the over \$100 million tranche.
- The 99% decrease in transaction volume from December 2020 to January 2021 shows the market remains stalled.
- Investors are highly scrutinizing transactions of trophy office assets.



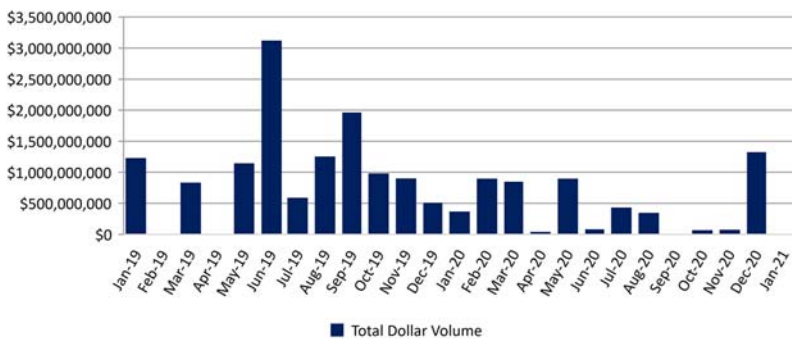
TOTAL NUMBER OF TRANSACTIONS - MANHATTAN OFFICE CLASS A & B



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, there has been greater fluctuation in number of transactions. The chart shows a clear downward trend in number of sales over the second and third quarters of 2020, followed by a more active fourth quarter.

TOTAL SALES VOLUME - MANHATTAN OFFICE CLASS A & B



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 space. The dollar volume of \$3.12 billion in June 2019 appears to be an outlier in the data set. From January 2019 to March 2020, the market topped \$500 million in 12 months. From April 2020 to January 2021, the market topped \$500 million in only 2 months.

SALE PRICE PER SF - MANHATTAN OFFICE CLASS A & B



Sale Price Per Square Foot

Over the period, sale price per square foot has ranged from \$0 per square foot to \$2,627 per square foot, averaging \$751 per square foot. From January 2019 to March 2020, Class A & B Office properties sold at an average price of \$715 per square foot. From April 2020 to January 2021, these properties sold at an average of \$805 per square foot, which is largely attributable to the October price per square foot figure of \$2,627. Excluding this figure, the average price per square foot from April 2020 to January 2021 is \$604, a decrease of 25%. Overall, the wide fluctuations in pricing may be less concerning than the abject lack of sales volume.



Patrick T. Craig, MAI, MRICS
 Executive Managing Director
 Real Estate Valuation Practice
 212.897.9481
 ptcraig@marshall-stevens.com



Emily Ferreira
 Director
 Real Estate Valuation Practice
 646.438.7605
 eferreira@marshall-stevens.com



Matt Schlatter
 Director
 Real Estate Valuation Practice
 646.438.7603
 mschlatter@marshall-stevens.com

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