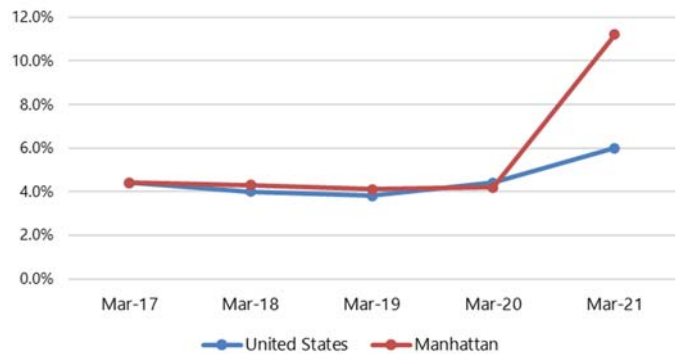


# Manhattan Office Sales Volume & Buying Trends – March 2021

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 and an increase in indoor gatherings around the holidays sent case counts surging again in the late fall and winter, 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 decreased over the following five months before a slight increase in January 2021. Attention now turns to the rollout of the COVID-19 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**



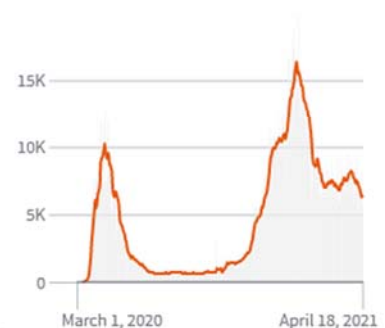
**New York State**

**Vaccine doses given**

7-day avg: **209,841**  
**42.8%** at least one dose

**New cases**

7-day avg: **6,217**

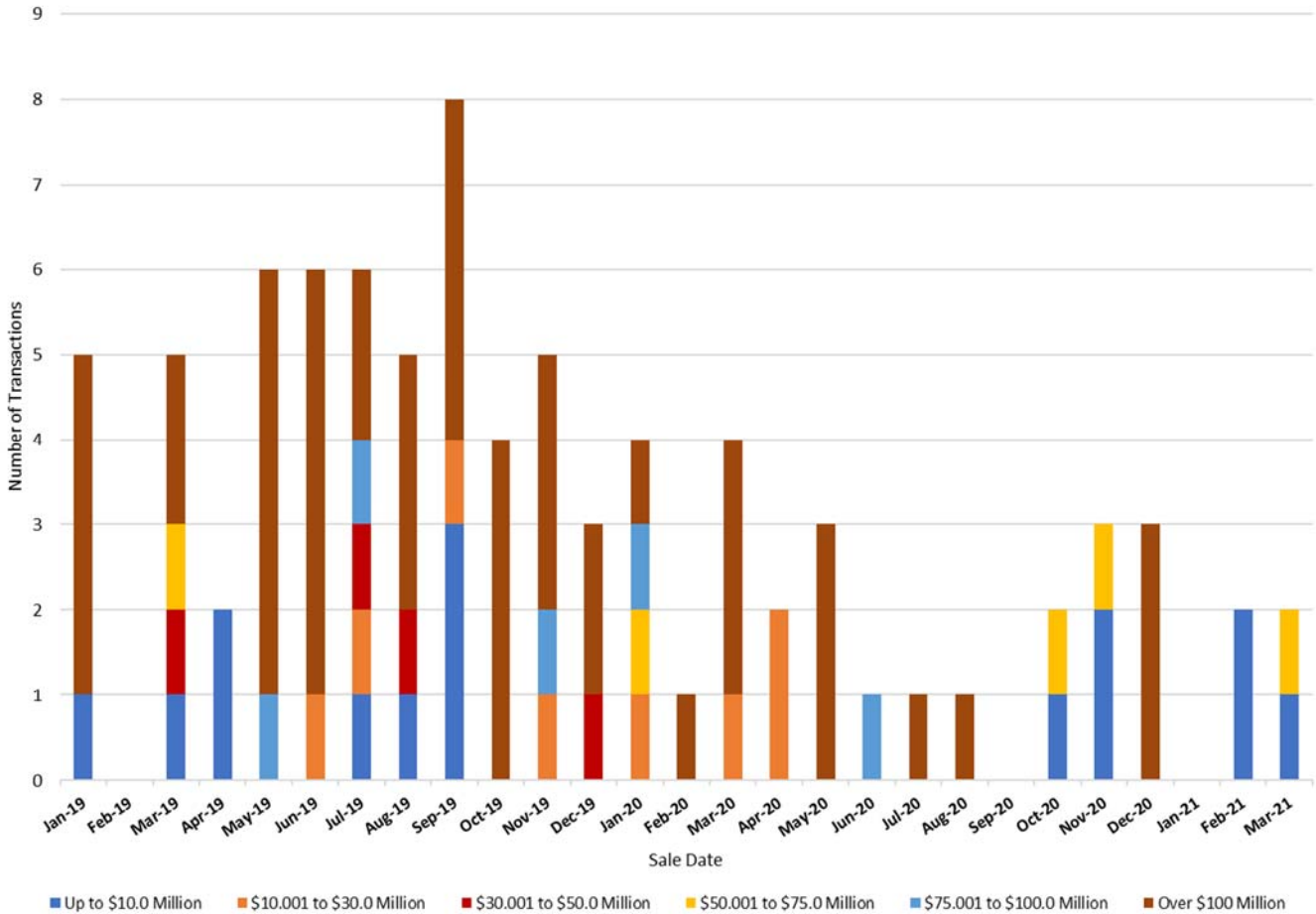


Source: Reuters

**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 – 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).
- February 2021- 2 total transactions (up to \$10 million tranche).
- March 2021- 2 total transactions (1 up to \$10 million tranche, 1 between \$50 and \$75 million tranche).
- Over analysis period - 18% of transactions in the Up to \$10 million tranche.
- Over analysis period – 9.5% of transactions in the \$10 to \$30 million tranche.
- Over analysis period - 56% of transactions in the over \$100 million tranche.

**Manhattan Office Class A & B - Number of Transactions**

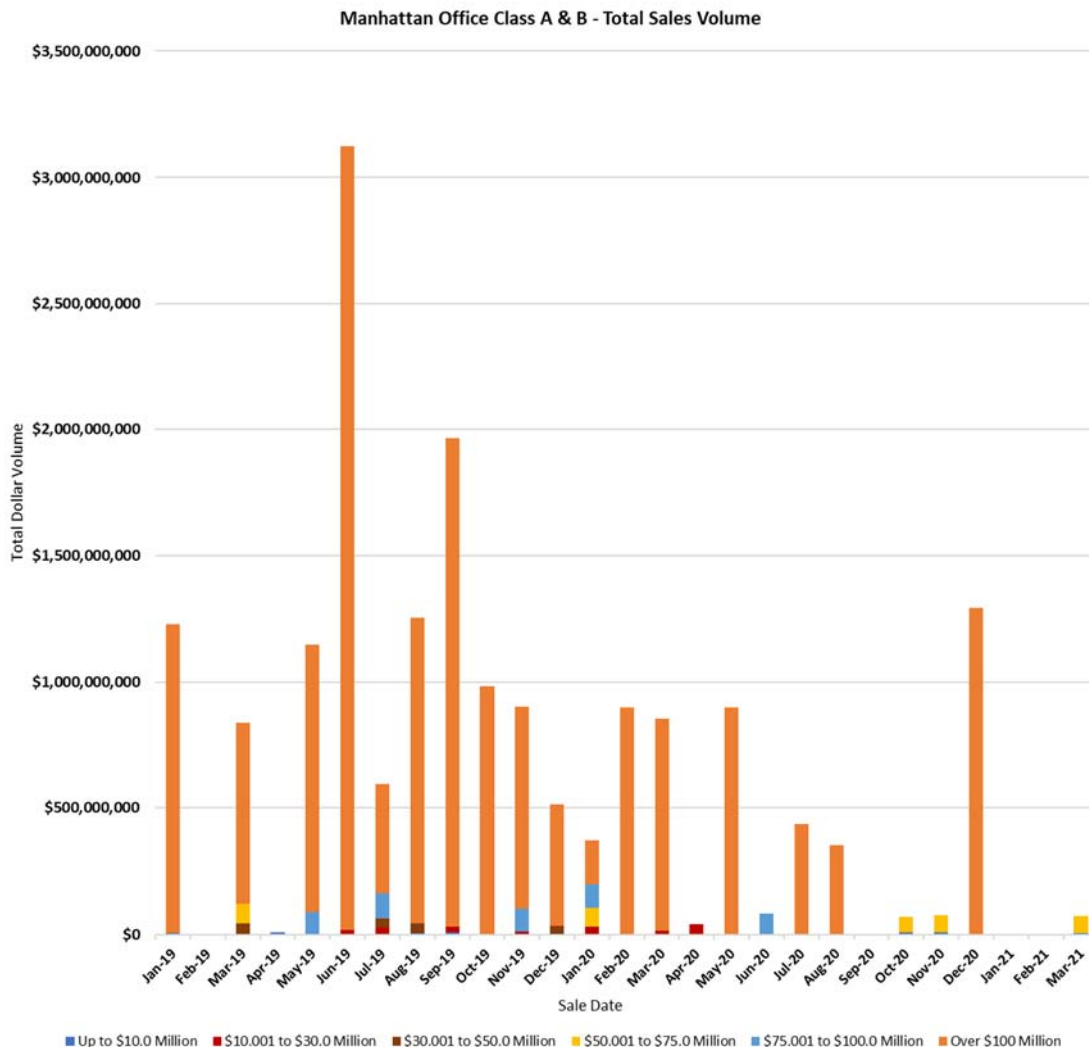


**Dollar Volume of Sales Transactions**

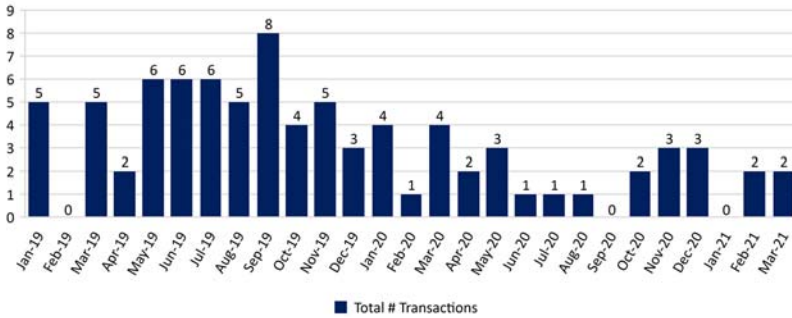
In 2019, the average monthly sales volume was approximately \$1.05 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$450 million, reflecting a decrease of approximately 57%. Thus far in 2021, average monthly sales volume is just over \$25 million, which represents a substantial 94% year-over-year decrease. This figure is inflated due to 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-Mar)
Min	\$0	\$0	\$0
Max	\$3,124,550,888	\$1,294,500,000	\$73,250,000
Average	\$1,046,415,406	\$447,481,409	\$25,273,667
% Difference	-	-57.2%	-94.4%

- Average sales volume from January 2019 to March 2020 was \$978,498,991.
- Average sales volume from April 2020 to March 2021 was \$277,091,492.
- Market is stagnant in early 2021, with only four small transactions over the first three months.
- Investors are highly scrutinizing transactions of trophy office assets.



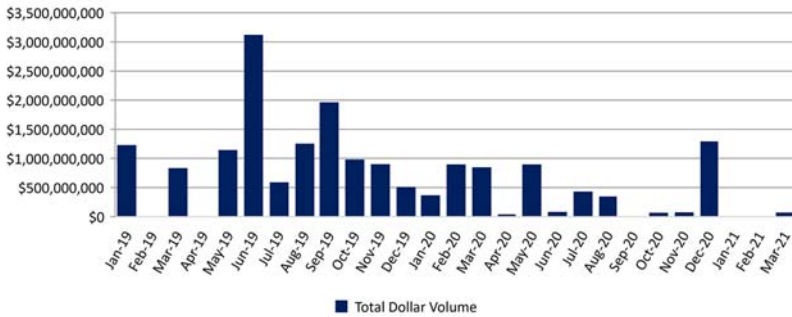
TOTAL NUMBER OF TRANSACTIONS - MANHATTAN OFFICE CLASS A & B



**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, the market has remained soft with very few sales occurring since April 2020.

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 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, but dollar volume was negligible in Q1 2021.

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 \$742 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 March 2021, these properties sold at an average of \$744 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 \$594, a decrease of 25%. Overall, the wide fluctuations in pricing may be less concerning than the abject lack of sales volume.



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