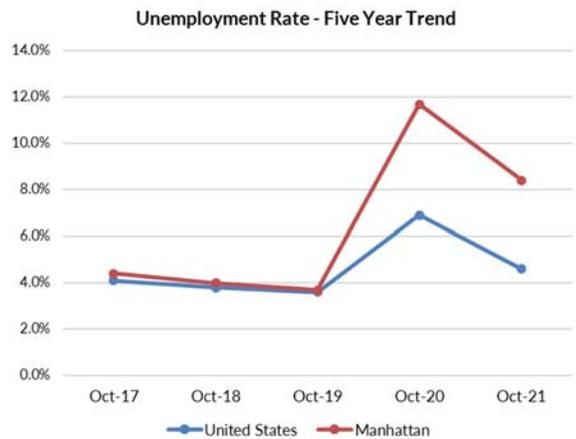


Manhattan Office Sales Volume & Buying Trends – November 2021

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 Q4 2021, societal conditions surrounding the COVID-19 Pandemic continue to fluctuate, with the Delta and Omicron variants 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 through into the winter, 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.



Vaccine doses given
7-day avg: 1,984,721
72.0% at least one dose



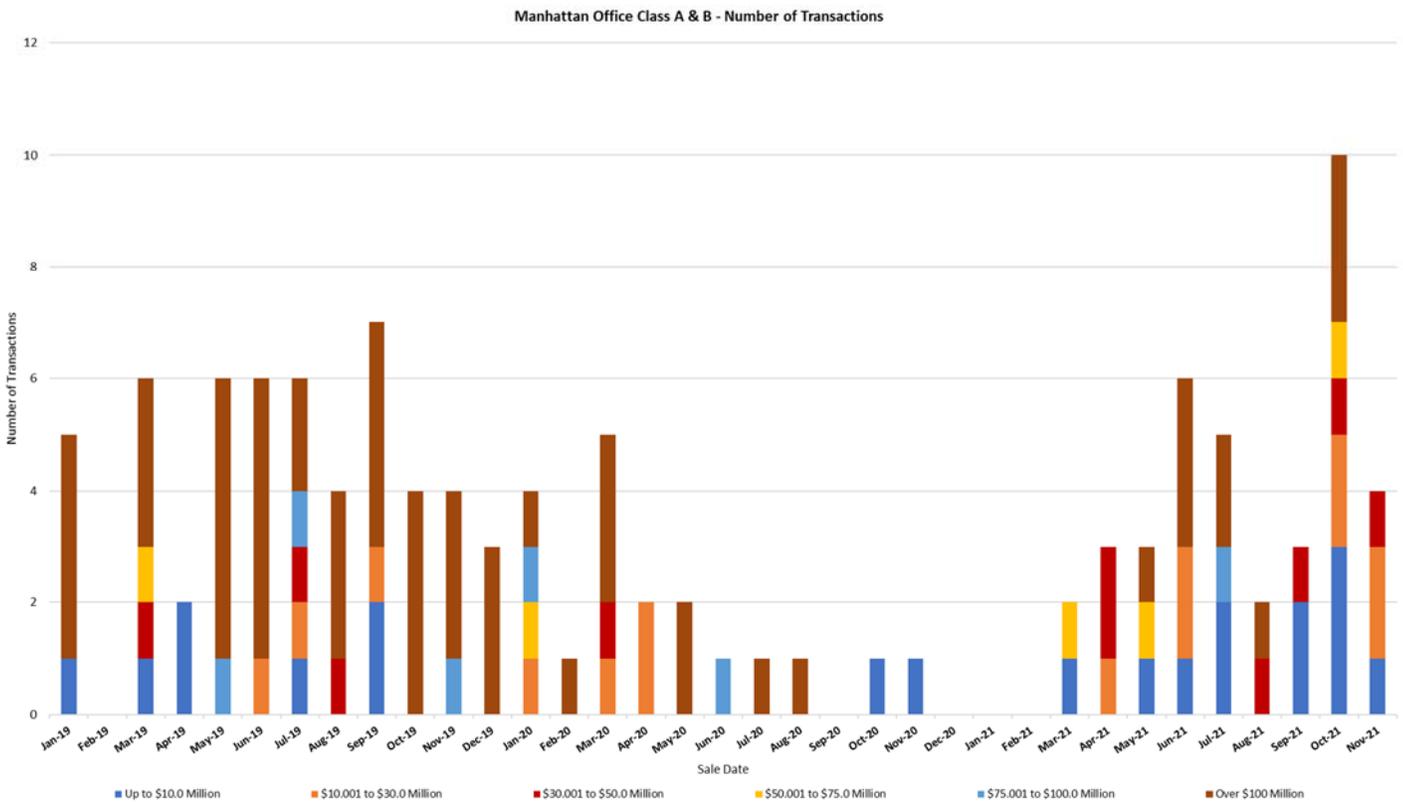
New cases
7-day avg: 121,365



Source: Reuters

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 7, averaging 4.2 per month.
- April 2020 – March 2021- number of monthly transactions ranged from 0 to 2, averaging 0.92 per month.
- Five months with zero sales (February 2019, September 2020, January 2021, February 2021, March 2021).
- November 2021- 4 total transactions: 1 transaction in the “Up to \$10 Million” tranche, 2 transactions in the “\$10 Million to \$30 Million” tranche, and 1 transaction in the “\$30 Million to \$50 Million” tranche.
- Over the analysis period – 18.2% of transactions in the Up to \$10 million tranche.
- Over the analysis period – 12.7% of transactions in the \$10 to \$30 million tranche.
- Over the analysis period- 40.0% of total transactions in the three tranches under \$50 million.
- Over the analysis period – 50.0% of transactions in the over \$100 million tranche.

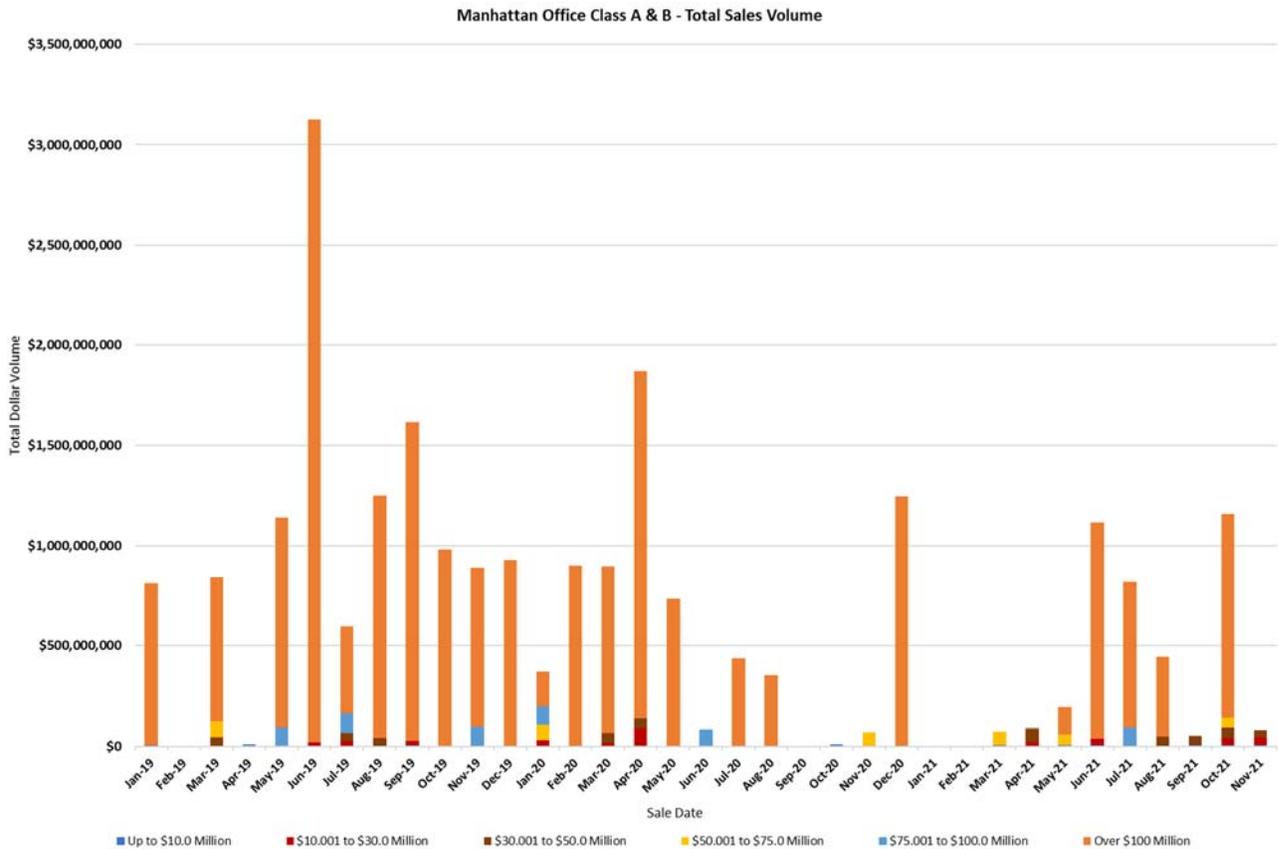


Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately \$1.01 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$428 million, reflecting a decrease of approximately 58%. Thus far in 2021, average monthly sales volume is roughly \$365 million, which represents a substantial 14.7% year-over-year decrease. This figure incorporates zero recorded sales in January, February, and March 2021. We tracked the dollar volume of monthly sales by tranche as seen below.

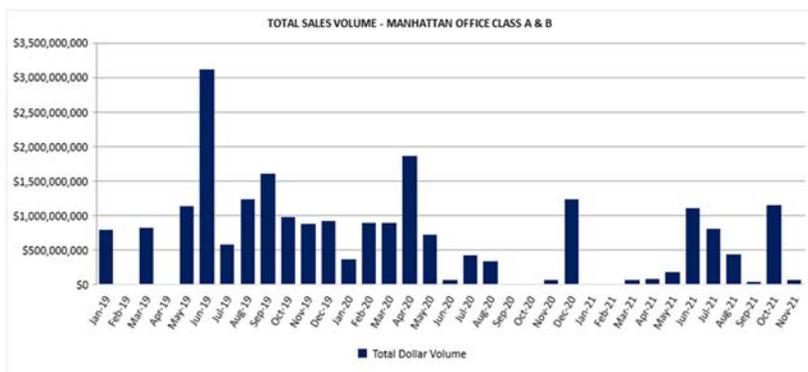
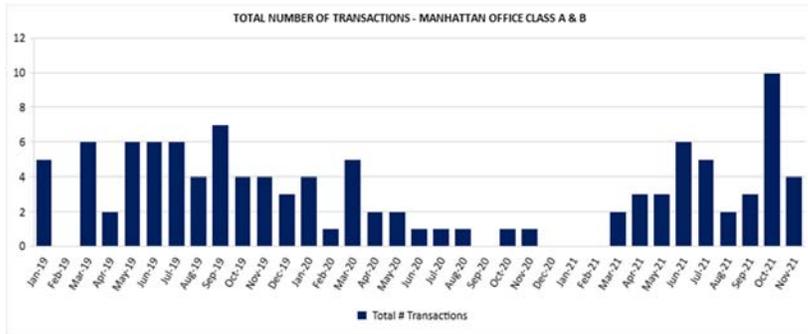
Total Dollar Volume - Manhattan Office Class A & B			
YEAR	2019	2020	2021 (Jan-Nov)
Min	\$0	\$0	\$0
Max	\$3,124,550,888	\$1,246,875,000	\$1,158,727,500
Average	\$1,014,976,878	\$428,068,246	\$365,167,308
% Difference	-	-57.8%	-14.7%

- Average sales volume from January 2019 to March 2020 was \$956,581,502.
- Average sales volume from April 2020 to November 2021 was \$349,232,967.
- November 2021 includes 4 sales, all under \$50 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 nine 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 November 2021 sales period has shifted downward with four sale transactions compared with 10 sales the prior month. In November, all four transactions are under \$50 Million, compared to last month having three recorded sales over \$100 Million.



Dollar Volume of Sales

Dollar volume of sales is noticeably lower after August 2020 compared to the prior period. Dollar volume is highly skewed by the sale of trophy assets in the office market. December 2020 saw dollar volume on par with the pre-COVID period. Dollar volume decreased during August and September 2021, with a sharp spike in October 2021. However, in November 2021 sales volume has decreased dramatically, which is representative of trends throughout the 2021 period.

Sale Price Per Square Foot

Over the analysis period, sale price per square foot has ranged from \$172 per square foot to \$1,403 per square foot, averaging \$673 per square foot. From January 2019 to March 2020, Class A & B Office properties sold at an average price of \$733 per square foot. From June 2020 to November 2021, these properties sold at an average of \$645 per square foot. November 2021 presents a sales price per square foot on the lower end of the range seen in the analysis period, indicating a contraction in the New York Office market.



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