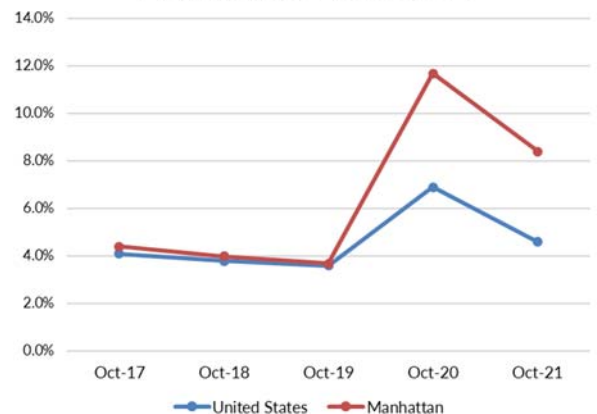


# Manhattan Office Sales Volume & Buying Trends – October 2021

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 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 through 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

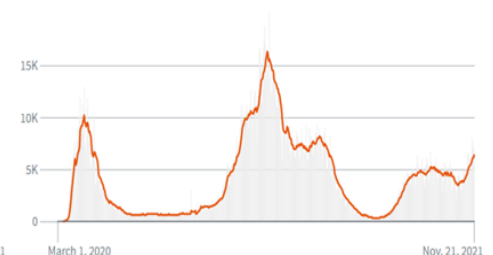


Vaccine doses given  
7-day avg: 100,163  
77.1% at least one dose



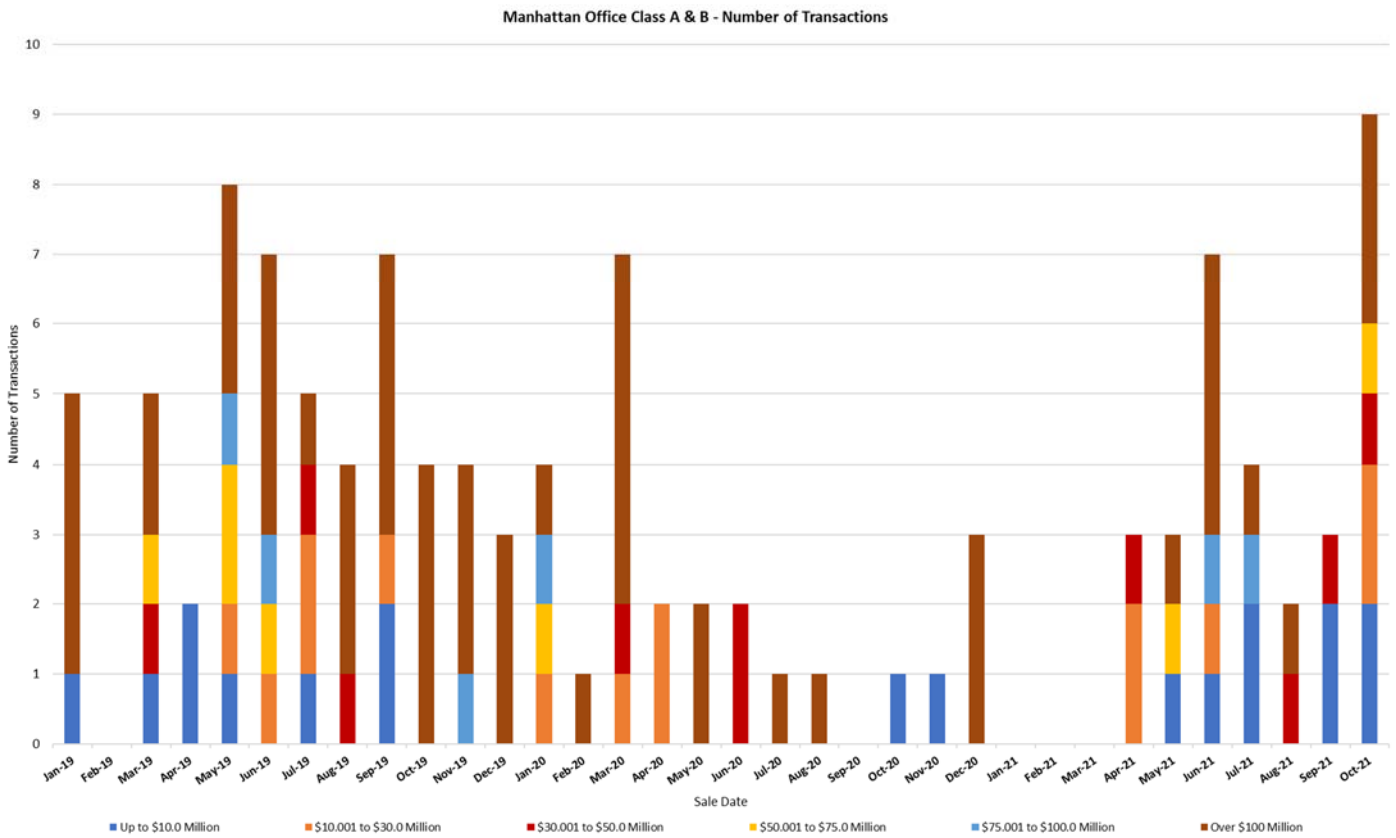
New York State

New cases  
7-day avg: 6,435



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 4.4 per month.
- April 2020 – March 2021- number of monthly transactions ranged from 0 to 3, averaging 1.08 per month.
- Five months with zero sales (February 2019, September 2020, January 2021, February 2021, March 2021).
- October 2021- 9 total transactions: 2 transactions in the “Up to \$10 Million” tranche, 2 transactions in the “\$10 Million to \$30 Million” tranche, 1 transaction in the “\$30 to 50 Million” tranche, 1 transaction in the \$50 Million to \$75 Million” tranche, and 3 transactions in the “Over \$100 Million” tranche.
- Over the analysis period – 16.4% 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- 38.2% of total transactions in the three tranches under \$50 million.
- Over the analysis period – 50.0% of transactions in the over \$100 million tranche.

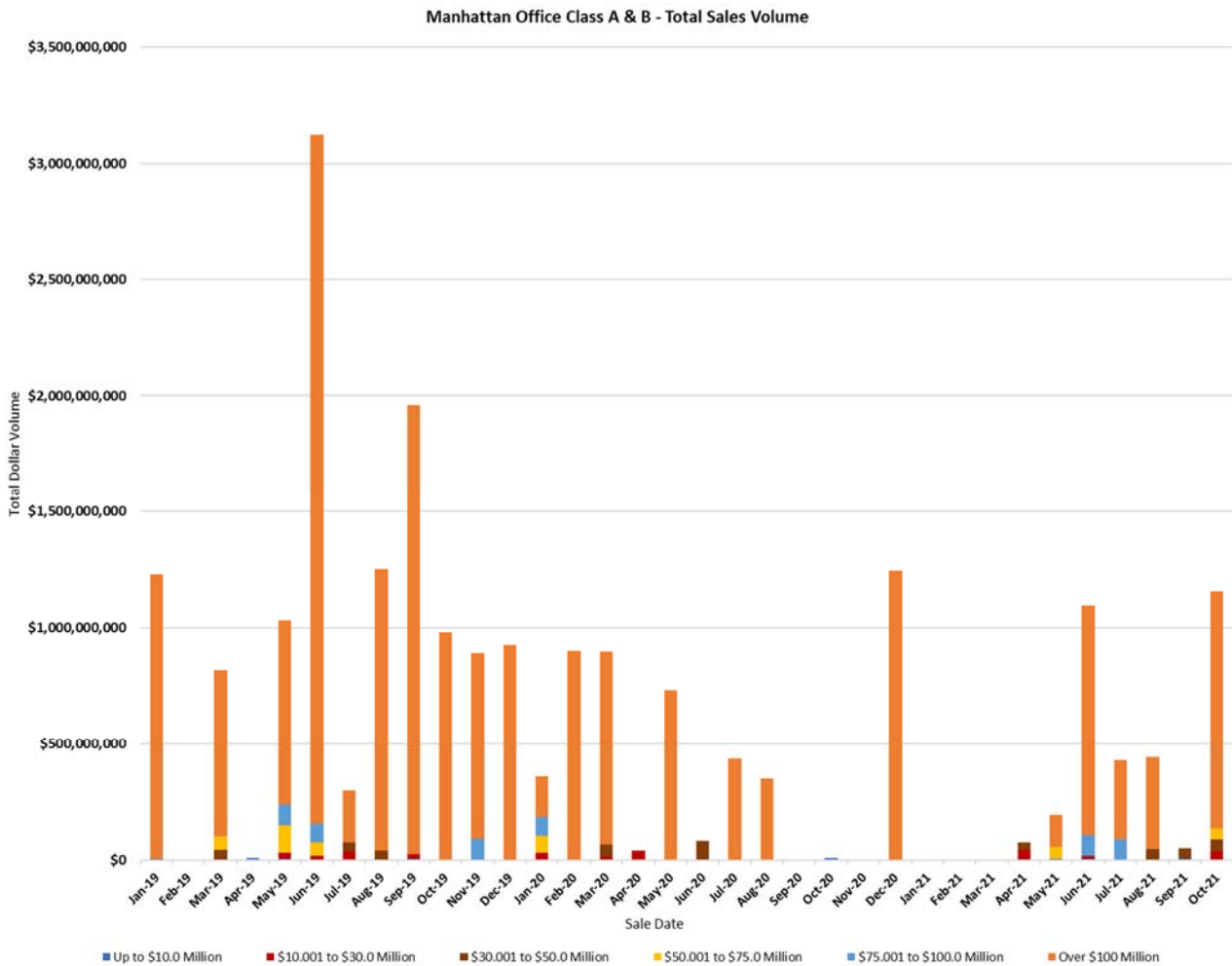


Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately \$1.04 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$421 million, reflecting a decrease of approximately 60%. Thus far in 2021, average monthly sales volume is roughly \$344 million, which represents a substantial 18% 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.

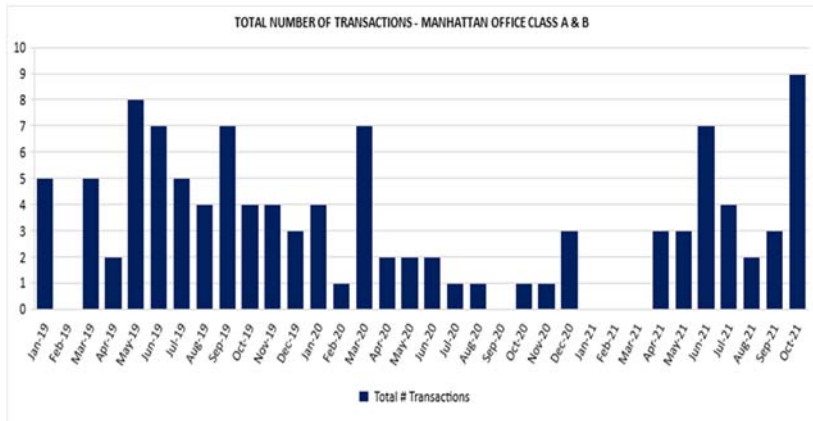
| Total Dollar Volume - Manhattan Office Class A & B |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| YEAR   | 2019            | 2020            | 2021 (Jan-Oct)  |
| Min  | \$0             | \$0             | \$0             |
| Max  | \$3,124,550,888 | \$1,246,875,000 | \$1,155,527,500 |
| Average  | \$1,044,076,780 | \$421,358,081   | \$344,411,245   |
| % Difference                                       | -               | -59.6%          | -18.3%          |

- Average sales volume from January 2019 to March 2020 was \$979,159,959.
- Average sales volume from April 2020 to October 2021 was \$333,785,863.
- October 2021 includes 3 sales over \$100 million.
- Investors are highly scrutinizing transactions of trophy office assets.



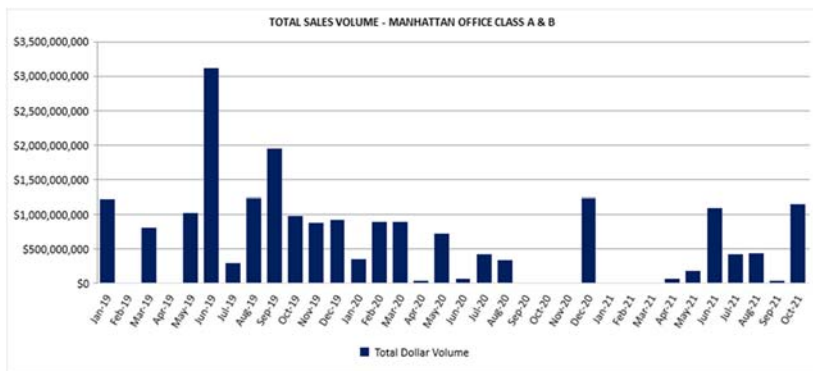
**SALES (2019-2021): Volume**

There were 9 Class A & B Office transactions in October 2021, the highest number of sales per month over the study period. Following a period of no sales in 1Q 2021, activity began to slowly pick up steam. Between April 2021 and October 2021 there were sales, averaging more than 4 per month. The results for October 2021 included 3 sales "Over \$100 Million". During 2021, prior to October, there were only 7 sales in this tranche.



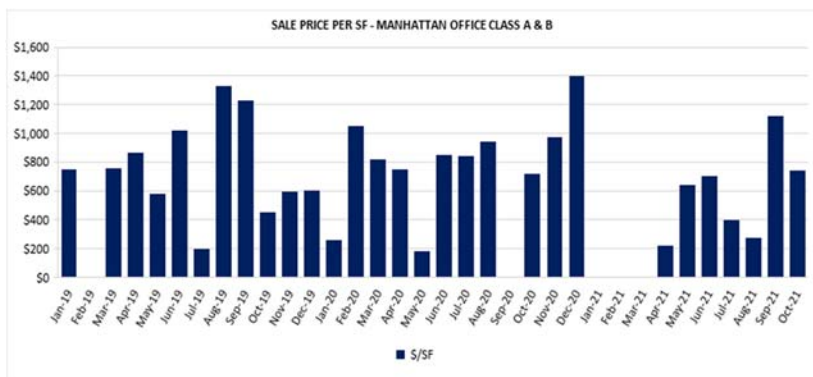
**Dollar Volume of Sales**

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. This indicates a potential return to stability in the months ahead.



**Sale Price Per Square Foot**

Over the analysis period, sale price per square foot has ranged from \$188 per square foot to \$1,402 per square foot, averaging \$736 per square foot. From January 2019 to March 2020, Class A & B Office properties sold at an average price of \$753 per square foot. From June 2020 to October 2021, these properties sold at an average of \$759 per square foot. September 2021 shows a sales price per square foot compared that is representative of the entire period under analysis.



**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



**Brianna Strzezek**  
 Analyst  
 Real Estate Valuation Practice  
 732.500.1609  
 bstrzezek@marshall-stevens.com

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