



Colliers International: Manhattan office sales market eyes near-record mark

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Rebounding after five years, the Manhattan office property sales market reached \$866 per s/f as of the end of the third quarter. If 2013 closes at or above this level, it would register as the all-time highest single-year average price per square foot for Manhattan office property sales, according to new research from Colliers International.

In addition, assuming that momentum in the Manhattan sales market does not stall as a result of the political stalemate in Washington, D.C., total transaction volume for calendar year 2013 has a chance of exceeding \$20 billion, which would place the aggregate value as one of the largest office property sales years ever, second only to 2007, at \$30.3 billion.

At the close of the third quarter, the Manhattan office property sales market registered 36 transactions totaling a healthy \$11.2 billion, with an average transaction size of \$310 million, driven by a combination of multiple factors, including: pent-up investor demand, record levels of available debt financing and equity capital, profit taking, and a low-interest rate environment.

The year-to-date Manhattan office property sales market has been dominated by core office properties, including: the \$1.36 billion, 40% sale of the GM Building at 767 Fifth Ave. for \$1,890/sf; the \$858 million sale of a 49% interest in the News Corp. Building at 1211 Avenue of the America for \$900/sf; and the \$385 million sale of 499 Park Ave. for \$1,285 per s/f.

Another \$5 billion worth of Manhattan office sales are currently under contract and are expected to close by year end, including the \$694 million sale of a 49.5% interest in 7 Times Square for \$1,170 per s/f, and the \$725 million sale of 1345 Avenue of the Americas for \$725 per s/f. Additional core properties are being marketed with the potential to close this year.

"Pricing for Manhattan office properties will continue to push towards record territory," said James Murphy, executive managing director in Colliers International's Investment Services Group. "Overall Manhattan office rents have come back over the last two years, and investor confidence rests at a five-year high. Investors are projecting continued healthy rent growth and are making investment decisions accordingly."

The Colliers International research also shows that, year-to-date:

- * Average Manhattan class A property sales have averaged \$990 per s/f (the highest all-time mark)
- * Average Midtown class A property sales have averaged \$1,123 per s/f (the highest all-time mark)
- * Average Midtown North class A property sales have averaged \$1,128 per s/f
- * Average Midtown class B property sales have averaged \$631 per s/f (the highest all-time mark)
- * Manhattan office property sale transaction has averaged \$310 million, which ranks third all-time behind \$446 million in 2007 and \$413 million in 2008.