

FORECLOSURES: FALL 5 BOROUGH

PRICED Brooklyn of Real Estate

Volume 74, No. 5

Tuesday, February 2 - Monday, February 8, 2010

\$3.00

Sales of Comm., Investment Property in B'klyn Have Not Turned Corner Yet

Massey Knakal Reports Brooklyn Sales Vol. Down 61%, Transactions Down 57%, Prices Are 'Still Sliding'

By Linda Collins
Brooklyn Record

MANHATTAN — In contrast with Dennis Holt's summary of 2009 residential sales in Brooklyn in Jan. 26th's *Brooklyn Daily Eagle*, commercial and multi-family building sales in Brooklyn have not turned a corner yet.

Based on a report by Prudential Douglas Elliman and Miller Samuel, Holt reported that the number of residential sales in the fourth quarter of 2009 increased over the previous year and over the prior quarter.

"While average sales prices continued to drop, although at a less sharp pace, the drop encouraged more people to get into the market," Holt noted. "It led to a fourth-quarter sales total of more than \$103 million, about \$3 million more than prior quarter."

Robert Knakal of Massey Knakal Realty Services, a commercial and investment sales brokerage with offices in Downtown Brooklyn, reported at a breakfast meeting Tuesday at the Union League Club in Manhattan that the total of sales for the city was \$6.3 billion in 2009.

"That's down 75 percent from the

\$25.3 billion in 2008 and 90 percent down from the \$62.2 billion at the peak in 2007," he said.

The number of transactions city-wide in 2009 were 1,224 for 1,439 buildings sold, representing 0.87 in turnover, according to Knakal.

"That's down 54 percent from 2008 and down 71 percent from the peak in 2007," he said.

In Brooklyn, the sales volume total was \$797 million in 2009. That's down 61 percent from 2008 and down 79 percent from the peak in 2007, according to Ken Krasnow, director of Brooklyn operations for Massey Knakal, who gave the Brooklyn report.

In terms of number of transactions, there were 415 with 378 buildings sold in Brooklyn in 2009, down 57 percent from 2008 and 79 percent from 2007. Brooklyn had the lowest rate of turnover, at 0.73 percent.

"There's just not enough product in Brooklyn and we are seeing a flight south and a flight to quality and stable assets, particularly in markets like Bensonhurst and Bay Ridge," Krasnow said.

Robert Knakal



Kenneth Krasnow

Pricing, however, has held pretty well in Brooklyn, but this is based on a very limited supply, he explained.

As an example, one broker said he recently had "not one offer from an equity fund." All were from what he described as "old school families" who were looking to improve their portfolios.

Forecast

"We believe we have passed the bottom in terms of volume of sales," said Knakal in his forecast for 2010.

"It is interesting to note, in looking at 2009 quarter by quarter, that the volume went from 0.7 percent in the first quarter to 0.9 percent and then up to 1.7 percent in the fourth quarter," he said. "We predict it will be between 1.2 and 1.6 percent for 2010. There is a trend upward and we think that trend will continue."

Where will the product come from? It will come back as distressed assets come to the market, but that will come slowly, he said.

Massey Knakal estimates there are 15,000 properties in the city which represent approximately \$65 billion in debt.