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## NYC property sales close in on record in 4Q

For the year, sales rose 43% to \$39 billion. A surging Brooklyn market bucked the trend by hitting a new record volume of \$4.4 billion for the year.

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Published: January 22, 2013 - 1:37 pm

Property sales across all five boroughs of the city surged in 2012's fourth quarter as building owners rushed to close deals before tax increases kicked in at the end of the year, according to statistics released Tuesday by Massey Knakal Realty Services.

Citywide sales in the final quarter totaled \$17.8 billion, a near record, and the highest three-month total since the first quarter of 2007, the high water mark of the property boom before the recession. Back then \$20 billion worth of properties changed hands.

For the year as whole sales came to \$39.1 billion, according to Massey Knakal, a 43% increase over 2011 but still well below the roughly \$48 billion of properties that were sold per year on average during the heated period between 2005 and 2007.

The investment sales market has been notching steady gains since the downturn as the property market has recovered, but 2012's pace of deals appeared to accelerate at the prospect of 2013's rise in capital gains tax rates.

Sales spiked 63% in the second half of the year as the deadline began to loom.

"The threat of capital gains tax increases had a tangible impact on the investment sales market in 2012," Robert Knakal, Massey Knakal's chairman, said.

Last year, 1,148 properties were sold in Manhattan below 96th Street, a record volume. There, property sales last year totaled \$30.3 billion. Mr. Knakal said the dollar volume would have been higher had more big buildings changed hands.

Even a few massive office building sales, which can trade for north of \$1 billion apiece, can meaningfully push up sales totals for the year. Instead, a number of prominent properties failed to sell, including Worldwide Plaza and 11 Madison Ave. The result was that despite the high number of deals, the year's dollar volume paled in comparison to the \$52.5 billion of deals done in Manhattan in 2007, when large sales were taking place with frequency.

"The underlying thing that's going to help big office buildings [sell], is if tenants start committing to space," Mr. Knakal said. "If there is a lowering in vacancies and higher rents, those are the things that will put a building into position where a deal will be compelling for a buyer."

Brooklyn's surging property market set a new record last year. The borough saw sales of \$4.4 billion for the year, 15% above the record year of 2007. Stephen Palmese, a Massey Knakal broker who specializes in that borough, noted that the total was boosted hugely by the sale of the Kings Plaza shopping mall to Macerich in December for \$750 million, a deal that alone accounted for 17% of the year's tally.

The deal "speaks to the fact that the change in tax structure didn't just affect the mom and pop sellers, it affected the entire spectrum," Mr. Palmese said.

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