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NYC property sales on track to rise 19% this year

The dollar volume is expected to total \$32 billion, paced by a trebling in sales in northern Manhattan where prices in some cases have returned to near peak levels. Brooklyn is the borough with the biggest gain.

By Amanda Fung
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Through the first half of the year the dollar volume of property sales is on track to reach as much as \$32 billion this year, up 19% from 2011, according to a New York City report released by Massey Knakal Realty Services Tuesday. Activity in northern Manhattan was especially robust the first half of the last six months.



[\[+\]Enlarge](#) Buck Ennis
Commercial real estate sales totaled \$14 billion in the first six months of 2012, up 14% from the first half of last year, according to a report from Massey Knakal Realty Services, headed by Paul Massey (left) and Robert Knakal.

Citywide, real estate sales totaled \$14 billion in the period, up 14% from the first half of 2011, the first-half report said. While the dollar volume was up in all boroughs, the gains were the strongest in northern Manhattan. There sales tripled to \$441 million in the first half of 2012. Despite that performance in its upper reaches, Manhattan as whole saw the smallest increase of any borough, with sales inching up just 4% to \$11.2 billion. In contrast, sales jumped 60% to \$1.5 billion in city's second biggest market, Brooklyn. In Queens, meanwhile, \$539 million worth of properties changed hands, up 36%, while the Bronx saw a 48% jump in sales to \$383 million. The report covers the sales of all property types including office, multifamily and development sites.

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"Across the board we are seeing healthy increases," said Paul Massey, chief executive of Massey Knakal, adding "Northern Manhattan is on fire."

During the first half of the year, buyers snapped up 118 properties in Northern Manhattan, up 93% from the same period a year ago. Elevator buildings accounted for 30% of all sales. Much of that sales volume was driven by a major deleveraging by institutional investors, who bought apartment buildings at the height of the market in 2006 and 2007 at inflated prices, and are now selling them, according to Robert Shapiro, first vice president of sales at Massey Knakal.

In many cases, those investors are getting out at the same price they paid five and six years ago, a victory of sorts made possible by rising market demand for multifamily properties and their steady returns, he said. The hot rental market and historically low interest rates are also fueling investment activity in multifamily properties across the region. Mr. Shapiro added that market-rate rents are up by as much as 10% in Washington Heights and Harlem, two northern Manhattan neighborhoods.

Citywide there were 1,315 sales in the first half of the year, up 30% from same time last year. Based on that performance Massey Knakal predicted that the city would end the year with 2,630 sales, up nearly 20% from 2011, but still far below the 2007 peak of 5,018 sales.

In Manhattan, development sites made up 15% of the 366 sales. Brooklyn experienced a surge in development site sales during the first half of the year. Land sales were especially strong in Brooklyn which had 99 of them, up 86% from the same time last year. Half of those were logged in just three neighborhoods—Williamsburg, Greenpoint and Downtown Brooklyn area.

"[The results signal] a pick up in future development," Mr. Massey said.

The report noted that distressed loan sales have nearly dried up in Manhattan. Year-to-date the firm was involved in seven note sales for \$28 million, all in the boroughs outside of Manhattan. That compares to 31 sales for \$126 million last year. In 2010, Massey Knakal did 37 note sales for \$223 million, most of them related to stalled Manhattan condominium projects.

"The next wave will be from funds that bought pools of nonperforming mortgages [on different property types in the outer boroughs]," said James Nelson, a partner at Massey Knakal, adding that the funds will likely sell each individual loan separately.