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# Property sales hit supply wall

Owners' reluctance to put their holdings on the market pushes citywide property sales lower for the third quarter in a row, though they are still up strongly from a year ago.

By Amanda Fung

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The dollar volume of property sales citywide in the first quarter were up from the levels of a year ago, but were down for the third quarter in a row compared to the previous period according to a report released by Massey Knakal Realty Services on Tuesday.

In the first quarter, the city saw \$6.9 billion in real estate sales, up 62% from the same period of 2011, but down slightly from the \$7 billion figure posted in the final quarter of 2011. Citywide, 547 properties sold during the first three months of the year, up 12% from the same time a year ago. However, like dollar volume, the number of property sales was slightly down from the previous quarter, when there were 606 sales.

"The results are modest," said Robert Knakal, chairman of Massey Knakal, at a morning press conference. "They were disappointingly not better, but happily, not worse."

Mr. Knakal attributed the slowdown in activity over the past few quarters to low supply of buildings on the market despite strong demand for them. One of the factors in that scarcity is that property owners "don't know what to do with their money if they do sell," he added, noting that prospects for returns in the stock market and on other investments are still weak.

The limited supply has also been reflected in the number of listings Massey Knakal has. According to the brokerage, today it boasts 500 exclusive listings, down from the 740 listings it had in 2008, a year after the peak. However, the firm is optimistic that later this year the fear of an increase in the capital gains tax will encourage property owners to beat the deadline for a higher tax treatment by putting their properties on the market.

In the first quarter, Brooklyn had the largest number of sales, accounting for 189 properties that changed hands in the quarter. At the other end of the spectrum, Queens saw the smallest number, 67 properties.

As always, Manhattan led the way in terms of dollar volume, with a total of \$5.7 billion in sales, up 68% from the same quarter of 2011. Northern Manhattan, north of 96th Street on the east side and north of 110th St. on the west, recorded the biggest jump in activity from a year ago, based on dollar volume, rising 83% to \$155 million in sales. The Bronx still struggled with \$150 million in sales, down 16% from the same period last year.

If activity continues at the current quarterly rate, Massey Knakal estimates that there would be a total of 2,188 properties sold across the city this year, 2% below last year's total and 56% off of the peak level of 2007.

"We don't expect large increases in number of sales and dollar volume this year because of supply," said Mr. Knakal.

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