

Good Times Keep Rolling for NYC Investment Sales

By **Paul Bubny** | New York

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Knakal: Investment sales conditions remain about as good as possible.

NEW YORK CITY—Commercial property sales citywide in the second quarter picked up "right where the first quarter left off," **Robert Knakal**, chairman of **Massey Knakal Realty Services**, said Tuesday at the firm's quarterly media briefing. And when he summed up Q1 results three months earlier, Knakal said conditions for investment sales couldn't be better. "That continues to be the case."

So much so, in fact, that the firm is continuing to forecast that 5,100 properties will change hands by the time 2014 is done, and Knakal said the market is already on pace to surpass that forecast. That would represent a 35% increase over 2013's full-year tally of 3,928 sales. It's all the

more remarkable, he said, on account of the rise not being tied to any external factors, such as the threat of a capital gains tax increase that fueled a late-2012 spike in sales volume.

Although at present the market this year is on track to record \$54.8 billion across the four boroughs for which Massey Knakal provides regular updates, Knakal said the firm is maintaining its projection from six months ago of \$63 billion for all of '14, since the third and fourth quarters tend to be stronger in any given year. If that projection were realized, it would represent a new historic high for 12-month totals.

Other metrics were on the rise during the first half of the year. The price per square foot citywide rose to \$421, an 8% increase on last year's annual average. Leading the way among submarkets for price-per-square-foot increases was Northern Manhattan, up 19% over the year prior.

Manhattan north of 96th Street also saw the second lowest cap rates at 5%, with only Manhattan south of 96th posting a lower average at 4.1%. Discussing cap rates, Knakal said, "People say 'how low can they go?' and they still keep going lower."

Moving in the opposite direction were both sales and prices per square foot of development sites. Citywide, the price per square foot averaged a post-recession high of \$219, while in Queens, Q2 saw parcel sales generate 26% of the total number of property deals and 36% of the total dollar volume.

