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Massey Knakal: Single Trades Bolstered Boroughs in 2011

By Carl Gaines

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NEW YORK CITY-According to **Massey Knakal**, 2011 was a mixed bag, depending on the usual factors—location, asset class and how much cash you had on hand to secure financing.

The firm kicked off its 2011 Year-End Property Sales report Tuesday with an assessment of its own growth during 2011 and ahead for 2012. CEO and founding partner **Paul Massey, Jr.** said that the firm "added significantly in 2011, especially around the company's allied businesses—specifically **mortgage brokerage** and **retail leasing**." There are 52 originating brokers currently at the firm, though he said they plan to significantly increase the size of the firm, adding some 30 new brokers in the new year.

Overall, the firm said that stats were trending positive. "New York City's property sales markets recovery continues to generally trend positive, but remains uneven," chairman **Robert Knakal** said. He added that the year saw $25.5 billion in total dollar value transactions—up 80% from the previous year. The number of buildings sold climbed to 2,122 properties sold, another healthy gain.

A leader, by borough, was Queens, which saw 358 properties sold for the year, a 19% increase. The Queens metrics were bolstered by some larger sales, such as 28-10 Queens Plaza, **Stephen Preuss**, director of sales, said. "This accounts for $415 million of the dollar volume," he said. "Excluding this sale, the Queens market would still show a very hefty increase of 64% from 2010." All property types in the borough exceeded their 2010 dollar values, according to Preuss.

In Brooklyn, where 742 properties sold in the year, dollar volumes were up as well. Of the $1.5 billion the year saw, $502 million was accrued in the fourth quarter of 2011 said director of sales **Stephen Palmese**. "When you break that down, the average sales price of a property in Brooklyn was approximately $2 million," he said. Palmese predicted an ongoing trend in the borough in the development market, where "the average price per square foot for a development site has increased from $101 a buildable foot to $115 a buildable foot."

Another large deal—the CubeSmart/Storage Deluxe deal—boosted numbers in the Bronx. The $202.7 million portfolio sale had a bulk of sites located in the borough and accounted for a big part of the specialty use properties that moved during the year. "Even without that trade in there," said director of sales **Karl Brumback**, "it's still up 16%, 17% on dollar volume." Elevators are hot, he added, and can cause a drop in cap rates "by almost three fourths of a point." The big trend in the Bronx has been retail development, Brumback added.

"We sold the Stella D'oro building for just shy of $19 million." Also upcoming in the Bronx, as GlobeSt.com reported, is the potential non-retail redevelopment of the **Kingsbridge Armory.** New York City mayor **Michael Bloomberg** called for action at the site during his recent State of the City address.

In Manhattan, partner **James Nelson** said that volume was up among all asset classes. Multifamily, he said, performed "exceptionally well" during 2011. "There has been a big pick up in activity since last year," he said. "There was almost $2.5 billion of trades, which was double the activity of 2010." The average price per square foot in Manhattan, he added, picked up by 30% for the year.

Looking forward, the main pressures on the market—the land mines, as the firm called them—are the debt uncertainty in Europe, the upcoming US presidential election and the fact that interest rates have no where to go but up.

Categories: Northeast, Office, Acquisitions/Dispositions, Capital Markets, Development, New York

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