

Investment sales cool as prices rise: Massey Knakal report

Average price per foot for Manhattan deals hit \$1,629 in third quarter

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From left: Robert Knakal, Harry Macklowe, 985-989 Third Avenue rendering and 719 Seventh Avenue

Demand for New York City investment properties dipped over the past quarter as buyers absorbed the continuing increases in values, Robert Knakal, chairman of Massey Knakal Realty Services, said this morning at a quarterly media market briefing at the company's Midtown headquarters.

"It is just really remarkable how prices have been escalating and volume is continuing," Knakal said. He noted that those high values have had an impact on sales in the last quarter.

"Volume is down slightly. Some people feel that may be a little bit of pushback to the crazy prices that are being achieved," Knakal said. "But the volume of sales is still very, very high, given these price increases."

The total sales volume in the city declined to \$11.3 billion in the third quarter, down from \$13.9 billion the previous three months, the company reported. On an annualized basis, that would work out to \$52 billion, up from \$38 billion for 2013. The company has estimated sales will hit \$63 billion for all of 2014.

The average price per foot in Manhattan rose sharply last quarter to \$1,629 per square foot from \$1,281 per foot, Massey Knakal data show. The spike was in part because of pricey retail deals.

In the third quarter, the city also saw three transactions break the \$1,000 per foot mark for a development site for the first time, the firm reported. SL Green Realty and Jeff Sutton purchased 719 Seventh Avenue in Times Square for \$41 million, or \$1,462 per buildable square foot. [Extell Development](#) sold 16-18 West 57th Street for \$95 million or \$1,262 per foot. And [Harry Macklowe](#) purchased 985-989 Third Avenue for \$100 million or \$1,118 per square foot.

Prices rose in Brooklyn, Queens and the Bronx even as sales slowed overall.

In Queens, the average price per square foot is up 5 percent in 2014 to \$295 per foot. In Brooklyn, the average price per foot is \$308 per foot, or 14 percent higher in 2014 compared with \$271 per foot in 2013. In the Bronx, the average price per foot is down from 2013. For this year the average price dropped one percent to \$157 per square foot.