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Manhattan investment sale prices up 20 percent since boom

Activity up 41 percent year-over-year, data show
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By Hiten Samtan

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New York City real estate may not be quite back to the dizzying heights of the 2007 peak, but the climb back seems to be strong and swift. Property sales activity clocked in at \$17.96 billion in the first half of 2013, a year-over-year increase of 41.3 percent, according to data from Real Capital Analytics provided to *The Real Deal*.

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Dan Fasulo of Real Capital Analytics

"We're at an interesting point in the cycle where investors and owners are taking different perspectives on value," said Real Capital's Dan Fasulo. "This leads to more activity."

Every major sector saw an increase in total dollar volume of sales activity, the data show (See chart below).

Sector	2007	2012	2013 (Year-to-date)
Apartment	\$11.99 billion	\$12.21 billion	\$5.25 billion
Development Site	\$4.39 billion	\$2.27 billion	\$0.90 billion
Hotel	\$4.16 billion	\$2.33 billion	\$0.84 billion
Industrial	\$1.08 billion	\$1.48 billion	\$0.54 billion
Office	\$41.18 billion	\$14.48 billion	\$9.22 billion
Retail	\$2.66 billion	\$6.47 billion	\$1.22 billion
Total	\$65.46 billion	\$39.24 billion	\$17.96 billion

Source: Real Capital Analytics

New York City sales transactions by sector

Prices have increased by 20 percent in the overall Manhattan market and 9 percent in the boroughs since the peak in the fourth quarter of 2007, making New York City one of the few U.S. markets that have seen an appreciation relative to peak levels.

Most notably, prices in the Manhattan apartment sector have jumped 30 percent since the peak, the largest such increase nationwide. The apartment sector saw total sales activity of \$5.25 billion year-to-date, including the New York City buildings that were part of Lehman Brothers' sale of Archstone's apartment portfolio to Sam Zell's Equity Residential and AvalonBay Communities.

Indeed, though the office market was anchored by the return of the billion-dollar transaction, as *The Real Deal* reported, Fasulo said the improvement was across the board.

"The big deals might drive the headline numbers, but properties are trading all over the city," he said.

Inventory was also a factor, Fasulo said, with a lot of top-tier properties, such as Westbrook Partners' 295 Madison Avenue and 444 Madison Avenue, hitting the market.

(Westbrook had also offered four residential buildings as part of the portfolio, which HFZ Capital Group purchased for \$600 million, as the Wall Street Journal reported today.)

Looking forward, Fasulo was bullish about the second half of 2013, saying there was a tendency for an uptick in the second half of the year.

"We're certainly on pace to match or surpass 2012, which was a very strong year with an explosive fourth quarter," he said.

Massey Knakal Chairman Robert Knakal also predicted a surge in activity in the second half of the year, as *The Real Deal* reported. Neil Helman of Avison Young previously told *The Real Deal* that New York remains extremely attractive to foreign investors and sovereign wealth funds.

Tags: Dan Fasulo, investment sales, real capital analytics, westbrook partners

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