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New York City Posts \$14.2 Billion of Commercial Investment Sales in Mid 2012, 14% Above Last Year's Pace



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According to Massey Knakal Realty Services' (MKRS) First Half 2012 Property Sales Report for the entire New York City area (Manhattan, Northern Manhattan/Bronx, Brooklyn, and Queens), Manhattan is enjoying a slight uptick in commercial investment sales in 2012.



Robert Knakal

"In the first half of 2012, the property sales market in New York City continued to perform at essentially the same moderate levels seen last year. If we annualize the \$14.2 billion of sales volume in the first half, our annualized projection will be slightly above the \$27.4 billion in all of 2011," stated Bob Knakal, Massey Knakal Chairman. "The dollar volume of sales in the second quarter actually dropped from the first quarter and, at \$6.9 billion, was the first time quarterly activity was less than \$7 billion in 5 quarters. The number of properties sold fared much better we are on pace for about a 20% increase in the number of trades over 2011 totals. In fact, the 728 properties sold citywide in 2Q12 was the highest quarterly total going back to 2Q09," added Knakal.

During the first half of 2012 (1Q-2Q12), there were \$14.2B in NYC sales, a 14% increase from 1H11. Thus far, there have been 1,310 properties sold, an increase of 28% from the same period last year, and 9% from 2H11. The 1,310 sales represent an annualized turnover of 1.57%. In 2Q12, there was \$6.9B citywide, down 5% from 1Q12 and 15% from 2Q11.

The investment sales market has continued to see marked improvement in fundamentals across property classes, with the number of property sales on pace to eclipse 2011 by 18%. Once again, office properties dominate dollar volume, accounting for 35% of citywide volume. Walk-Ups lead the way with 23% of property sales volume. Within the different markets Massey Knakal tracks, Northern Manhattan has seen a resurgence already surpassing 2011's total dollar and property sales volume. Brooklyn is on pace to double 2011's dollar volume.

MKRS report highlights include the following:

Manhattan (south of 96th Street on the east side and south of 110th Street on the west side)

- 314 transactions occurred, a 21% increase over 1H11 with 176 transactions occurring in 2Q12
- 388 properties sold, an increase of 30% from 1H11, with 201 properties sold during 2Q12
- The aggregate sales consideration in 1H12 was \$11.2B, an increase of 4% from the same period last year

Brooklyn

- 384 transactions occurred, a 27% increase over 1H11 and 14% over 2H11, with 222 transactions in 2Q12 alone
- 482 properties sold, an increase of 30% from 1H11 with 275 properties sold during 2Q12

Manhattan

- The aggregate sales consideration in 1H12 was \$1.5B, an increase of 106% from the same period last year

Queens

- 189 transactions occurred, a 8% increase over 1H11 with 100 transactions occurring within 2Q12
- 200 properties sold, an increase of 14% from 1H11 with 118 properties sold during 2Q12
- The aggregate sales consideration in 1H12 was \$539M, an increase of 14% from the same period last year

Northern Manhattan (north of 96th St. east of Central Park and north of 110th St. west of Central Park)

- 79 transactions occurred, up 52% from 2H11 and up 80% from 1H11
- 118 properties sold, up 87% from 2H11 and up 93% from 1H11
- The aggregate sales consideration in the first half of 2012 for Northern Manhattan was \$441M, up 104% from 2H11 and up 200% from 1H11

The Bronx

- 98 transactions occurred, on par with 2H11 and up 13% from 1H11
- 124 properties sold, down 5% from 2H11 and up 11% from 1H11
- The aggregate sales consideration was \$383M, down 23% from 2H11 but up 48% from 1H11

"While market wide trends are clearly moving positively, the investment sales market in New York City is somewhat uneven. The most noticeable trend in the market is in property values, which are increasing sharply as commercial mortgage rates have plummeted," said Massey Knakal Chairman and Founding Partner Robert A. Knakal. "Cap rates are falling in all sub-markets and for all product types," added Knakal.

