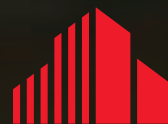


# BUILDING SALES JOURNAL

VOL 26, ISSUE 4 | 4TH QUARTER 2015



**CUSHMAN &  
WAKEFIELD**

# Sales Market Keeps Roaring but is the End in Sight?



If you are a frequent reader of this column, you know that I have often said that 2014 was the best investment sales market I have seen in the 32 years I have been brokering in New York City. Thus far, 2015 has been putting up a valiant challenge to that title. In some ways it is not quite measuring up and, in others, it is well on the way to making history.

If we look at the dollar volume of sales in the New York City market, we see that 2015 will undoubtedly set a new all-time record. In the third quarter of 2015 (3Q15), there was \$17.9 billion in sales bringing the year's total to \$55.43 billion. This total is just \$2.5 billion short of the sales volume in all of 2015 in which there was \$57.95 billion. The \$55.43 billion pace, if annualized, will lead to a yearly total of \$73.91 billion which would set a new record by a mile. The current pace would lead 2015's total to be 27.5 percent above last year's \$57.95 total and, remarkably, 18.8 percent above the previous record which was established in 2007 when sales volume reached \$62.2 billion.

While the dollar volume has been astounding, much of its rise has been due to rapidly escalating property values. If the same basket of assets was sold this year, as compared to a prior year, the volume would be much higher based upon these increased values (more on property values below). Where today's market is not quite as robust as last year's is in the number of

properties sold. Here, there were 1,287 properties that sold in 3Q15 bringing the year's total to 3,949. This metric is on pace, if annualized to hit 5,265 for the year which would be down 4.86 percent from last year. While this number is below the pace set in 2014, the number itself is a whopper. It is important to remember that in 2014, this metric established a new all-time record of 5,534 properties sold which shattered the previous record of 5,018 by more than 10 percent. So, if the present pace were to continue through the end of the year, it would actually have established a new record had 2014 not been such an amazing year. Notwithstanding the comparison to last year, 2015 will be a great year for the number of properties sold.

In the Manhattan submarket, the numbers have been equally impressive with a higher dollar volume in the first three quarters of 2015 than in all of 2014. Thus far in 2015, there has been \$42.13 billion of sales ever so slightly eclipsing the \$42.12 billion which occurred in all of last year. Here, the pace, if annualized would reach \$56.17 billion. This figure would break the previous record for this submarket where the current record was set in 2007 at \$52.5 billion. Thus far, the number of properties sold in Manhattan has been 811, on pace for 1,081 for the year which would beat the 1,016 that changed hands in 2014. The record for the submarket was established in 2012 with 1,200 properties sold, something that occurred as sellers rushed to beat the anticipated increase in capital gains taxes.

So with volume rolling along, what is happening with property values? If we look at how they have performed for the year, all appears rosy. For the year thus far, the price per square foot metric has risen from a citywide average last year of \$460 per square foot to \$496 this year, an increase of 7.8 percent. This appreciation rate has resulted from continuing capitalization rate compression which is pushing cap rates to historic lows. Since the market started its recovery in 2011, the average compression in citywide cap rates has

been about 33 basis points annually. The compression observed in 2015 from 2014 levels has been more than twice that 69 basis points.

In the Manhattan submarket, cap rates have averaged below 4 percent across all product types for the first time ever. The average so far this year has been a shocking 3.82 percent. If we look at individual product types, we see a very tight range due mainly to the exhaustive search for yield by investors which are, more than ever, searching across all property types, even if that investor has historically not been an active purchaser for that type of property. At the high end of the average cap rate range is office product at 3.99 percent while at the low end of the range are elevated apartment buildings which have an average of 3.62 percent.

While values for the year are certainly moving in the right direction, a slight cause for concern are the value statistics coming out of the 3Q15 results. It appears values per square foot have been flat quarter over quarter for the first time in 19 quarters. Additionally, capitalization rates rose in 3Q15 for the first time in those same 19 quarters. History has taught us that a single quarter does not make a trend but, needless to say, we will be watching these two metrics very closely in the fourth quarter. Should the trend continue, it could mean that we are presently at the peak of the present cycle. If not, then this condition will just have been a blip on the screen. Either way, it makes the fourth quarter even more interesting than it would have otherwise been.

You can read Mr. Knakal's "Concrete Thoughts" articles for the Commercial Observer at [www.commercialobserver.com/tag/concrete-thoughts](http://www.commercialobserver.com/tag/concrete-thoughts)



# Cushman & Wakefield Sells Prestigious Development Site in Manhattan for \$300 Million



A development site at 143-161 East 60th Street, between Lexington and Third Avenues bordering Midtown's Plaza District and the Upper East Side, was sold in an all-cash transaction valued at \$300,000,000.

The assemblage, consisting of six contiguous low-rise buildings that sit on approximately 19,685 square feet of land, features 200 feet of street frontage directly across from the world-renowned Bloomingdale's flagship store and contains roughly 282,925 buildable square feet above grade. Zoning allows for a base FAR of 10.0 on a residential or commercial basis, with an additional 2.0 FAR of strictly residential rights permitted through the Inclusionary Housing Program, which have already been transferred to the site and were included in the sale. The sale price equates to approximately \$1,060 per buildable square foot.

The seller of 143-161 East 60th Street is New York City-based developer, The World Wide Group, which completed the property assemblage in 2014. Kuafu Properties, a Chinese developer, purchased the assemblage.

Adjacent to Billionaire's Row, the site provides the opportunity to construct a global icon that will undoubtedly attract elite residential purchasers and draw top retail and commercial tenants from around the globe. Flexible zoning offers a first-class residential and commercial development opportunity in one of Manhattan's most prominent zip codes. Due to the unlimited height potential, expansive lot size, and desirable location, development of this property will alter the Manhattan skyline and become one of the city's tallest structures that will offer panoramic views of Central Park, Manhattan, and beyond.

"World Wide did an amazing job of assembling this site over a ten-year period which created tremendous value in the property. And they were great folks to work with," said Cushman & Wakefield's Bob Knakal, Chairman, New York Investment Sales, who exclusively handled this transaction with Clint Olsen. "Kuafu was also an extreme pleasure to deal with. I have rarely seen a foreign buyer move so swiftly, yet carefully, to acquire such a major site. They were totally professional every step of the way," added Knakal.

The seller was represented by Laurie Grasso, Esq. and Douglas Hoffmann, Esq. of Hunton & Williams LLP. The buyer was represented by Daniel Dwyer, Esq. of Dai & Associates, PC.

MANHATTAN



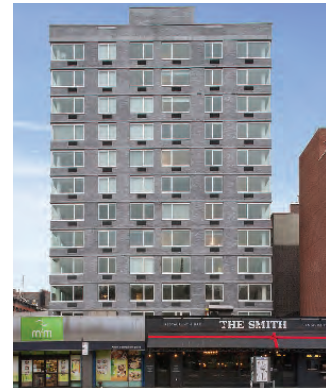
143-161 East 60th Street  
Manhattan, NY  
**\$300 MILLION**  
Development Site



9 East 16th Street  
Manhattan, NY  
**\$30 MILLION**  
Mixed Use Loft



334 East 79th Street  
Manhattan, NY  
**\$25.5 MILLION**  
Multifamily



55 Third Avenue  
Manhattan, NY  
**\$24.4 MILLION**  
Retail Condo



413 E 78th St & 328 W 19th St  
Manhattan, NY  
**\$24 MILLION**  
Multifamily Portfolio



1703-1705 Second Avenue  
Manhattan, NY  
**\$22.3 MILLION**  
Mixed Use



337 Lafayette Street  
Manhattan, NY  
**\$20.7 MILLION**  
Conversion Site



71 Fourth Avenue  
Manhattan, NY  
**\$19.97 MILLION**  
Development Site



135 Bowery  
Manhattan, NY  
**\$16.1 MILLION**  
Office



320 Manhattan Avenue  
Manhattan, NY  
**\$15.5 MILLION**  
Multifamily



23 East 17th Street  
Manhattan, NY  
**\$13.25 MILLION**  
Mixed Use



18 West 76th Street  
Manhattan, NY  
**\$11.7 MILLION**  
Multifamily

**NORTHERN MANHATTAN/THE BRONX**



667 East 187th Street & 1704 Van Buren Street  
N. Manhattan/Bronx, NY

**\$73.5 MILLION**

Mixed Use Portfolio



125 Seaman Avenue  
N. Manhattan/Bronx, NY

**\$15.8 MILLION**

Multifamily



5008 Broadway  
N. Manhattan/Bronx, NY

**\$15.8 MILLION**

Mixed Use



574 & 580 West 176th Street  
N. Manhattan/Bronx, NY

**\$13 MILLION**

Two Multifamily Buildings



201-212 Wadsworth Avenue  
N. Manhattan/Bronx, NY

**\$8 MILLION**

Development Site



521 Bergen Avenue  
N. Manhattan/Bronx, NY

**\$6 MILLION**

Warehouse



1961 Adam Clayton Powell Boulevard  
N. Manhattan/Bronx, NY

**\$3.4 MILLION**

Retail Condo



640-46 Gerard Avenue & 148 East 151st Street  
N. Manhattan/Bronx, NY

**\$2.3 MILLION**

Development Site

**BROOKLYN**



525 Broadway  
Brooklyn, NY  
**\$32.8 MILLION**  
Development Site



100 Luquer Street  
Brooklyn, NY  
**\$21.2 MILLION**  
Multifamily



1875 Atlantic Avenue  
Brooklyn, NY  
**\$7.3 MILLION**  
Development Site



1217-1221 Bedford Avenue  
Brooklyn, NY  
**\$7 MILLION**  
Loft Building



210 Bedford Avenue  
Brooklyn, NY  
**\$6.8 MILLION**  
Mixed Use



1713 8th Avenue  
Brooklyn, NY  
**\$5.4 MILLION**  
Office



116 Bedford Avenue  
Brooklyn, NY  
**\$5.2 MILLION**  
Mixed Use



1026-1030 Manhattan Avenue  
Brooklyn, NY  
**\$5 MILLION**  
Development Site

QUEENS



160-04-06 Northern Boulevard  
Queens, NY

**\$18.2 MILLION**

Retail



9729 64th Road  
Queens, NY

**\$11.5 MILLION**

Development Site

NEW JERSEY



90 Millburn Avenue  
Millburn, NJ

**\$6.1 MILLION**

Office



23-00 Route 208  
Fair Lawn, NJ

**\$4.1 MILLION**

Office



175 Cedar Lane  
Teaneck, NJ

**\$2.9 MILLION**

Office

# The Cushman & Wakefield Territory System™

The Territory System™ is the foundation of the Cushman & Wakefield firm, the basis for all our philosophies and practices, and the cornerstone of our relationship with our clients.

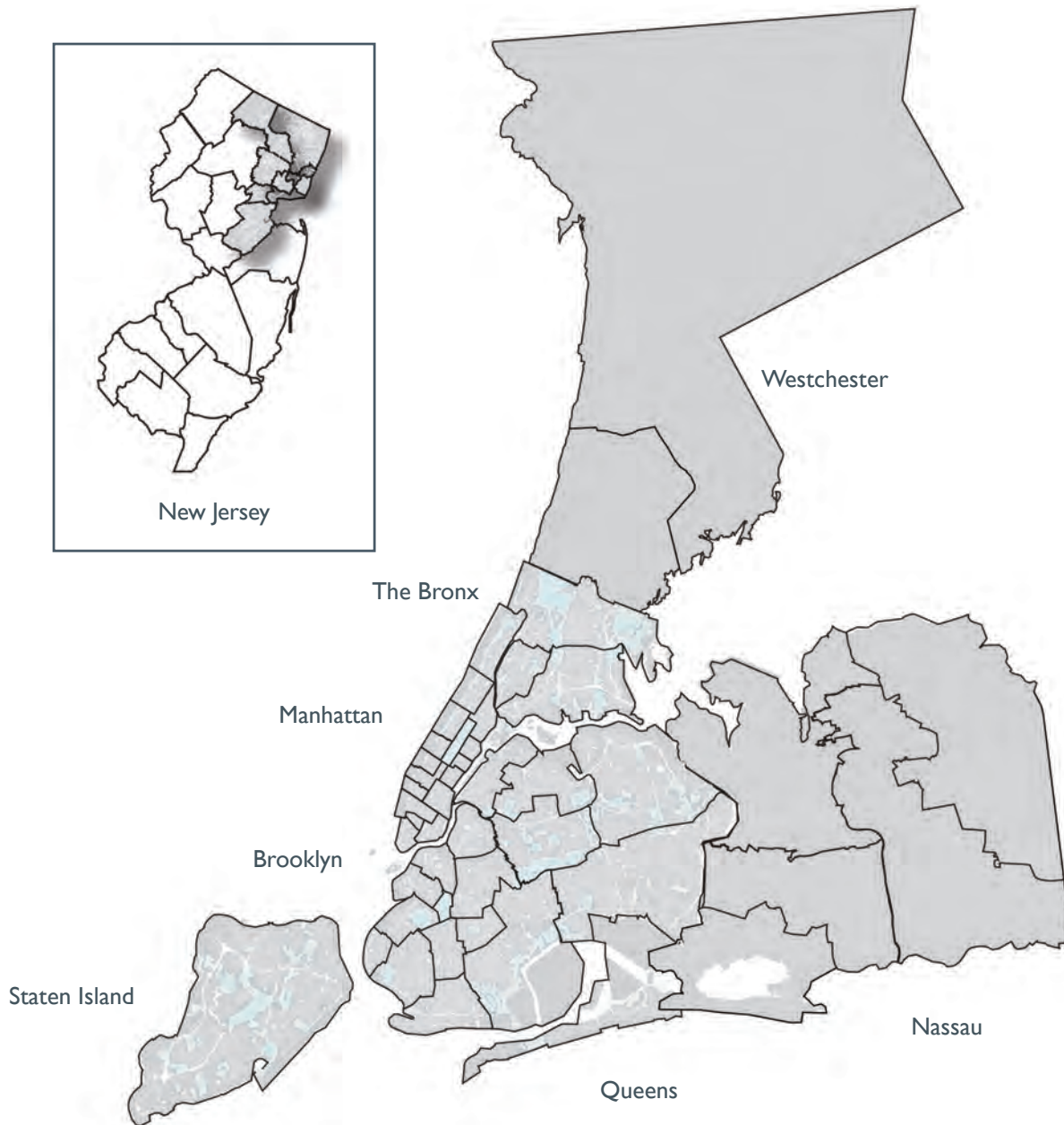
The New York metropolitan area is too large for one agent to know well; even a borough is made up of diverse neighborhoods with different real estate trends. So we divided the New York metropolitan area into territories,

and delegated responsibility for each territory to a single agent. We've created a system that allows agents with expert knowledge of a specific neighborhood to provide critical real estate information that benefits the seller, the buyer and the community at large.

Delving deep into the heart of a neighborhood, our agents develop long-lasting, trusting relationships with property owners, making them a valuable resource

when the decision to sell is made. At the same time, the agents' expertise and neighborhood property inventory allow them to be a valuable resource for area property buyers as well.

Expert knowledge and trusting relationships are just a few of the benefits our clients and customers can expect to receive from Cushman & Wakefield's unique Territory System.





# New York Investment Sales

Cushman & Wakefield closes over three times the number of sales transactions as other real estate firms in New York City annually. A big reason for our success is our unique Territory System™. It enables our agents to develop the best market knowledge and deliver superior marketing materials to the most comprehensive pool of commercial real estate investors, retail tenants, banks and brokers. As a result, owners are matched with the perfect buyer, tenant or financing solution.

Our sales agents are experienced in representing properties of all values, from \$500,000 buildings and small storefronts to portfolios in excess of \$1 billion. Cushman & Wakefield handles many different property types:

- Apartment Buildings
- Commercial Buildings, Condos & Co-Ops
  - Retail Spaces
  - Loft Buildings
  - Office Properties
- Development / Conversion Sites
- Industrial Properties
- Mixed-Use Buildings
- Townhouses
- Retail Storefronts

## INVESTMENT SALES MANHATTAN



**Christoffer Brodhead**  
Director  
Midtown West



**Robert Burton**  
Executive Director  
Chinatown (North), Hudson Square, NoLiTa, SoHo



**John Ciraulo**  
Vice Chairman  
Flatiron, Gramercy Park, Murray Hill, Union Square



**Michael DeCheser**  
Executive Director  
Alphabet City, Chinatown (East), Lower East Side



**Brock Emmetsberger**  
Executive Director  
Chelsea



**Thomas Gammino Jr.**  
Executive Vice President  
Carnegie Hill, Upper East Side, Yorkville



**Guthrie Garvin**  
Executive Director  
Upper East Side



**Robert Knakal**  
Chairman  
Hudson Yards, Midtown West, Penn Station



**James Nelson**  
Vice Chairman  
East Village, Greenwich Village, NoHo



**Clint Olsen**  
Director  
Midtown East



**Hall Oster**  
Senior Director  
Morningside Heights, Upper West Side



**Andrew Posil**  
Director  
Hospitality



**Paul Smadbeck**  
Executive Director  
Upper West Side



**Guillermo Suarez**  
Director  
Chinatown (South), Financial District, TriBeCa

INVESTMENT SALES NORTHERN MANHATTAN/BRONX/WESTCHESTER



**Karl Brumback**  
Executive Director  
Bathgate, Belmont, Fordham, Kingsbridge, Norwood, Riverdale, Tremont, Wakefield, Williamsbridge, Woodlawn



**Nicholas Burns**  
Director  
Hunts Point, Melrose, Morris Park, Morrisania, Mott Haven, Pelham Parkway, Port Morris, Soundview, The Hub



**William Eisenhut**  
Director  
Westchester County



**Lev Kimyagarov**  
Director  
Harlem (East)



**Josh Lipton**  
Director  
Harlem (West)



**Robert Shapiro**  
Executive Vice President  
Inwood, Washington Heights



**David Simone**  
Director  
Concourse, Highbridge, Melrose, Morris Heights, Morrisania, Mount Hope, Tremont

INVESTMENT SALES QUEENS



**Daniel Abbondandolo**  
Director  
The Rockaways, South Nassau County



**David Chkheidze**  
Director  
Astoria/LIC



**Thomas Donovan**  
Vice Chairman  
Central, Eastern Queens



**Benjamin Efraimov**  
Director  
North Nassau County



**Stephen Preuss**  
Executive Director  
Northeastern Queens



**Brian Sarath**  
Director  
Southern Queens

INVESTMENT SALES BROOKLYN/STATEN ISLAND



**Michael Amirkhanian**  
Executive Director  
Central Brooklyn



**Winfield Clifford**  
Director  
South Brooklyn Waterfront



**Edward Gevinski**  
Director  
Eastern Brooklyn



**Brendan Maddigan**  
Director  
Northern Brooklyn



**Stephen Palmese**  
Vice Chairman  
Greater Downtown Brooklyn



**Jeffrey Shalom**  
Executive Director  
Southwest Brooklyn



**Aliaksandr Svetlakov**  
Director  
Southern Brooklyn



**Richard Velotta**  
Director  
Greater Flatbush, Central Brooklyn



**Aaron Warkov**  
Director  
West Brooklyn Bay Area



**Shaya Deaton**  
Director  
Staten Island

INVESTMENT SALES NEW JERSEY



**Kim Kretowicz**  
Director  
South Middlesex County



**Alexander McGee**  
Director  
North Middlesex County,  
Union County



**John Notte**  
Director  
Essex County, Hudson  
County, Union County



**Fahri Ozturk**  
Director  
Hudson County



**Seth Pollack**  
Director  
North Bergen County,  
Passaic County



**Dmitry Shaplyka**  
Director  
South Bergen County

# New York Capital Services

Cushman & Wakefield Capital Services (CWCS) offers a unique solution for capital service needs for building owners throughout the New York metropolitan area. Our Territory System™, the same system that has made Cushman & Wakefield NYC's #1 building sales firm for 14 consecutive years, enables our mortgage brokers to have the deepest market knowledge within the New York metro region, resulting in the most complete and best underwriting of your loan. We have strong relationships with all major financial institutions, and deliver the same excellent, focused, professional service that Cushman & Wakefield clients have come to expect. Our mortgage brokers provide customized financing strategies across all asset classes.

CWCS operates across the full capital stack, ensuring our clients access to the optimum financing solution. CWCS specializes in a variety of real estate financings, including fixed-rate, floating-rate, construction, land and bridge loans.

We offer a complete package of services, including:

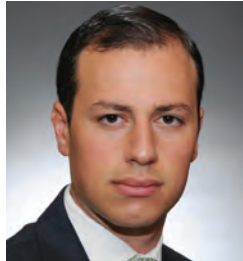
- Initial underwriting
- Preparation of lender package
- Solicitation of numerous lender quotes
- In consultation with the borrower, determination of the optimal capital source and structure
- Closing of the loan with selected capital provider, ensuring certainty of execution

CWCS does not maintain correspondent relationships with capital sources in order to offer our clients the most effective and efficient service.

## CAPITAL SERVICES MANHATTAN



**Kal Bassily**  
Director  
Midtown West



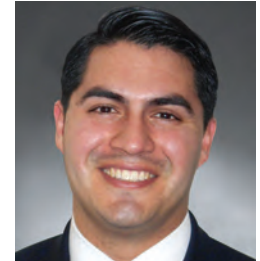
**Morris Betesh**  
Managing Director  
Hudson Yards, Midtown West, Penn Station



**Justin Boruchov**  
Director  
Upper West Side



**Jamie Ehrental**  
Director  
Nassau County, The Rockaways



**Christopher Holland**  
Director  
Central, Eastern Queens



**Preston Flammang**  
Director  
Alphabet City, Chinatown, Lower East Side



**Jessica Ke**  
Director  
Chelsea

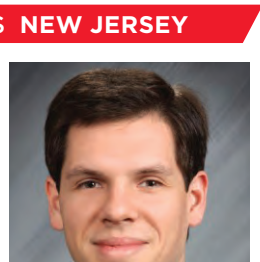


**John Leslie**  
Director  
East Village, Greenwich Village, NoHo

## CAPITAL SERVICES QUEENS



**George Gnad**  
Director  
Hudson County



**Jonathan Kristofich**  
Director  
Passaic, N. Bergen County

## CAPITAL SERVICES NEW JERSEY

# RECENT LOAN CLOSINGS

CLOSED

**\$104 MILLION**

ACQUISITION  
LAND

2 Court Square  
Queens, New York

CLOSED

**\$15.9 MILLION**

ACQUISITION  
MIXED-USE

1004 Second Avenue  
New York, New York

CLOSED

**\$8.1 MILLION**

REFINANCE  
MIXED-USE

500 Nostrand Avenue  
Brooklyn, New York

CLOSED

**\$5.3 MILLION**

CONSTRUCTION  
HOTEL

1691 East New York Avenue  
Brooklyn, New York

For more information, please contact **Garrett Thelander** at  
212 696 2500 or [garrett.thelander@cushwake.com](mailto:garrett.thelander@cushwake.com)

## Being Early is On Time and Being On Time is Late (The Downside is You'll be On Time)

For many years I took Tae Kwon Do (I did get my black belt and sparred frequently but for me it was always about the cardio). I'd usually take the noon class two (2) or three (3) days a week led by a fantastic 5th degree teacher who is now one of my long-time dear friends, Master Ed Bungert. Our school (founded by the late "father" of NYC karate, S. Henry Cho) was traditional but not overly formal and focused more on the physical aspect of the sport rather than the spiritual.

There was one quaint rule at the gym: if you arrived late, you had to kneel in the doorway until the teacher felt like letting you onto the gym floor. It had always required a lot of discipline for me to walk out of the office promptly at 11:40 am on the days I was going to karate class. Sometimes I dreaded the serious physical challenge the classes presented but I usually felt great after I got through each class.

There was a period where I was consistently late for class, usually by about 10 minutes or so. I always had some excuse or meeting that ran a little late. One day, after weeks of consistent tardiness, Master Bungert (Ed when we weren't in class) pulled me aside and said, "If you can be so consistently late by ten (10) minutes, I'm sure you can be consistently ten (10) minutes early from now on... besides I don't enjoy being disrespected by your late arrival." I was floored. I had always sought Ed's approval on every level and it had never occurred to me about how he might feel. It was around this time that I was reading a book by Bo Schembechler, the legendary University of Michigan (1960s and 1970s) football coach on "Bo's Basic Values." One whole chapter was dedicated to one of his favorite sayings - "Being early is on time and being on time is late." Ed Bungert and Bo clearly shared a lot of the same good values.

The story resonates through the words of one of my long-time mentors, the late Albert Gordon, Chairman of Wall St. powerhouse Kidder Peabody (now

part of UBS) when one day he asked me, "Have you ever thought about what the message is when you're late for a meeting? It's like saying, "thanks for waiting to start this meeting while I finished whatever was more important than whatever business we're about to cover." Being early (or at least on time) is nothing more than a good habit. It also allows people to count on you - a great overall reflection.

Be that person everyone can count on. Strive to be a little early to every meeting. That way if your day isn't going exactly as planned the worst case is at least you'll be on time.



# CUSHMAN & WAKEFIELD IS NYC'S #1 BUILDING SALES FIRM

FOR THE 14TH CONSECUTIVE YEAR



# Transactions '01-'14

**CUSHMAN & WAKEFIELD, INC. 3,668**

Marcus & Millichap 1,106

Besen & Associates, Inc. 826

GFI Capital Resources Group, Inc. 719

Eastern Consolidated 718

Rosewood Realty Group 455

Capin & Associates 372

Douglas Elliman 346

Newmark Grubb Knight Frank 327

CBRE 319

Eastdil Secured 235

The Corcoran Group 231

Greiner-Maltz Company, Inc. 175

Kalmon Dolgin Affiliates, Inc. 169

Itzhaki Properties 165

TerraCRG 157

Lee Odell Real Estate, Inc. 149

Ariel Property Advisors 146

Sholom & Zuckerbrot Realty, LLC 95

Jones Lang LaSalle 86

Friedman-Roth Realty Services, LLC 84

Weissman Realty Group, LLC 82

Swig Equities, LLC 79

Pinnacle Realty of New York, LLC 71

CPEX Real Estate 68

**Total Transaction Volume (Brokers on Chart) 10,848**

Based on # of Transactions (All Sales \$500,000 and Over)



**CONTACT US**

To learn more about Cushman & Wakefield, contact one of our four office locations:

**MANHATTAN**

Representing Manhattan, The Bronx and Westchester County  
(212) 696 2500

**BROOKLYN**

Representing Brooklyn and Staten Island  
(718) 238 8999

**QUEENS**

Representing Queens and Nassau County  
(718) 275 3400

**NEW JERSEY**

Representing all of New Jersey  
(201) 935 4000

**CUSHMAN & WAKEFIELD**

275 Madison Avenue, 3rd Floor  
New York, NY 10016

# Property Sales Reports & Our Exclusive Investor List

The Property Sales Reports continue to be a hit among investors, owners and the press. Published quarterly, these reports detail every property sale in each borough, including up-to-the-minute statistics for PPSF, Cap Rate and GRM. If you are on our investor list, you can access all our reports directly in the News section of our website.

If you are on this list, you can also opt to receive customized emails twice per week, containing new and updated Cushman & Wakefield listings that precisely meet your investment criteria. To join the investor list, please contact:

Nishant Shah at (212) 696-2500 or [Nishant.Shah@cushwake.com](mailto:Nishant.Shah@cushwake.com)

The collage displays several reports from the 3rd Quarter 2015. The reports include:

- Manhattan Property Sales Report:** Features a cityscape with the Empire State Building. It includes a 'RETAIL VOLUME & NUMBER OF PROPERTIES SOLD' chart showing a significant increase in volume and number of properties sold compared to the previous quarter.
- Brooklyn Property Sales Report:** Features a view of the Manhattan Bridge. It includes a 'TOP 10 DOLLAR VOLUME BY TYPE' pie chart and a 'RETAIL VOLUME & NUMBER OF PROPERTIES SOLD' chart.
- Queens Property Sales Report:** Features a view of a modern high-rise building. It includes a 'TOP 10 DOLLAR VOLUME BY TYPE' pie chart and a 'RETAIL VOLUME & NUMBER OF PROPERTIES SOLD' chart.
- Triplex Manhattan & Bronx Property Sales Report:** Features a view of a residential complex. It includes a 'TOP 10 DOLLAR VOLUME BY TYPE' pie chart and a 'RETAIL VOLUME & NUMBER OF PROPERTIES SOLD' chart.

The detailed data pages within the reports contain:

- Market Overview:** Textual analysis of the market conditions and trends for the quarter.
- Key Metrics:** Charts and tables showing sales volume, number of properties sold, and average prices.
- Property Listings:** Tables listing individual properties with details such as address, type, price, and sale date.
- Investor List:** A list of exclusive investors and their contact information.