# Manhattan Investment Sales Volumes Appear To Be Climbing

Manhattan's investment sales market in 2020 ended up ugly by any measure. The number of properties sold and the dollar volume of sales were down significantly. Additionally, there was tremendous downward pressure on property values due to the pandemic's impact.

Now, we'll look at how product types performed last year and offer an outlook for 2021.

To recap performance in 2020 in the Manhattan investment sales market for properties selling for at least $10 million, we see that the year finished with $11.28 billion of activity. This total was down 61 percent from the $28.7 billion in 2019, and down 80 percent from the cyclical market peak in 2015 of $57.5 billion.

With regard to the number of properties sold in 2020 above $10 million in Manhattan, there were 105 transactions last year, which was down 52 percent from the 220 sales in 2019. This total was down 78 percent from the 484 properties sold at the peak of the market in 2015.

With regard to product types in 2020, retail properties suffered the most. The dollar volume of retail property transactions was just $880 million, down 75 percent from the $3.6 billion in 2019. There were also just 15 transactions above $10 million in this sector, down 58 percent from the 36 transactions that closed in 2019.

Land sales in Manhattan also had a difficult year with just $775 million of volume, down 70 percent from the $2.6 billion in 2019. In this sector, there were only 21 sales in 2020, down 32 percent from the 31 in 2019. it should be noted that this total was down 84 percent from the 131 land sales that closed in 2015.

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Office building sales volume fell 56 percent, to $6.5 billion for the year, with just 29 trades above $10 million.

The least-impacted sector was multifamily, in which there were $2.5 billion in sales, down 38 percent from the $4 billion in 2019. There were 30 sales that closed last year, down 50 percent from 2019's total of 60 transactions.

Two or three years from now, it will be very clear that the low point in the volume of sales in Manhattan will be recognized as the second and third quarters of 2020, with third-quarter activity slightly lower than the second quarter. Third-quarter activity, with respect to the dollar volume of sales, was just $1.37 billion. This was the lowest quarterly total going back to fourth quarter 2009. And think about how that total compares to the $16.15 billion of sales activity that we saw in fourth quarter 2015.

In third quarter 2020, we also had just 16 properties sell for $10 million or more in Manhattan, the lowest quarterly total going back to third quarter 2009, in which there were just 13 properties sold for more than $10 million. The Great Recession took the greatest single-year toll on investment sales, with just 60 sales of more than $10 million and a dollar volume of sales of just $3.3 billion.

It is important to note that those 2009 totals need to be inflation-adjusted to be a truly apples-to-apples comparison to 2020. Notwithstanding that, even during the Great Recession, sales volumes only dropped for three consecutive years (with 2009 the low point).

Last year, on the other hand, was the fifth consecutive year of volume reductions in this cycle, making this the longest correction since at least 1984. For reference, during the savings and loan crisis in the early 1990s, sales volume dropped for four consecutive years; and, during the recession in the early 2000s, we had three years of reduced volumes.

In terms of past corrections, the savings and loan crisis produced a 47-month correction. We are now 65 months since the latest correction began. If sales volumes continue to increase in 2021, and it becomes apparent that third quarter 2020 was indeed the low point in this cycle, we will be able to make the call that this correction in volume lasted 60 months — or more than a year longer than the correction that the savings and loan crisis created.

As with all corrections, values lag volume. Just as values continued to increase in 2016 as volumes were dropping, so will values continue to decline in 2021 as volume starts to pick up.

For those of us who rely on transaction volume, 2021 should indeed be a better year. However, the form of those transactions could leave some significant damage in its wake.

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