

Outer-Borough Investment Sales Volume Numbers Look Mixed, But ...

In the first quarter of 2022, the Manhattan submarket continued its upward trajectory with very strong numbers both within dollar volume and number of properties sold. In the outer boroughs, though, the performance was mixed.

This result was not at all surprising as movements within our investment sales market typically move first in Manhattan with the outer boroughs following. This week we will dive deep in the outer boroughs but first will quickly recap Manhattan's performance in the first quarter.

The dollar volume of investment sales in Manhattan (south of 96th Street on the East Side and south of 110th Street on the West Side) for transactions over \$10 million was \$8.6 billion, which came on the heels of \$8.56 billion in the fourth quarter of 2021, which saved last year's numbers. Without the fourth-quarter bounce, last year would have finished below the 2020 numbers. The \$8.6 billion first-quarter total, if annualized, would lead to about \$34.4 billion for the year. This pace is more than double 2021's \$15.75 billion total.

Regarding the number of properties sold, which is always a better indication of market

activity than the dollar volume (keep that in mind when we discuss the outer boroughs), there were 55 sales closed in Manhattan in the first quarter. This puts the market on pace for 220 sales for the year, which would be 15 percent higher than the 191 that occurred last year. The 220 sales pace is identical to what we had in 2019 pre-pandemic. In Manhattan, the numbers have been positive across the board.

Given that changes in the Manhattan submarket tend to occur before those in the outer boroughs, it is not surprising that the performance was mixed outside of Manhattan. In the first quarter, the number of properties sold for over \$10 million was up, but the dollar volume is on pace to be lower than last year.

We will look first with the number of properties sold, as that is the positive metric. In the first quarter, there were 54 properties sold for over \$10 million in the outer boroughs. That is lower than the 64 properties sold in the fourth quarter. This shift is not surprising, as fourth-quarter numbers tend to be robust as investors are often motivated to make moves prior

to the end of the year. If we compare the 54 sales in the first quarter of 2022 to the first quarter of 2021, when just 18 sales closed, we see the year-over-year quarterly comparison is very positive. If we annualize first-quarter 2022 results, the market is on pace for 216 sales

for the year, which would be up 29 percent from the 168 properties that traded hands in 2021 — also a very positive sign.

With regard to the dollar volume of sales, there were \$1.7 billion of sales in the first quarter of 2022. If annualized, the market is on pace for \$6.8 billion, which would be 30 percent lower than the \$9.8 billion in 2021. However, nearly all of this reduction can

be explained by the surge in outer-borough apartment building sales in the second half of 2021, in which about \$6.5 billion of property traded hands. This put the multifamily market at over \$7 billion for 2021, and in first quarter 2022 that product type is on pace for just \$1.7 billion. Two positive take-aways include the fact that first quarter 2022 multifamily totals were \$419 million versus just \$52.5 million in first quarter 2021, and

the fact that within all of the outer boroughs first quarter 2022 sales totals of \$1.7 billion compares very favorably to the \$406 million in first quarter 2021.

As far as performance by borough, the Bronx was the biggest positive surprise with \$356 million in sales, putting it on pace to see an increase of 163 percent from 2021. The biggest drop was in Brooklyn, where we saw \$719 million in sales, which is a pace that is 60 percent below the 2021 total.

With regard to number of properties sold, the Bronx again came in with impressive numbers as there were 14 trades above \$10 million in the first quarter, putting the borough on pace for a 100 percent increase from the 28 properties that traded last year. All other boroughs show paces that reflect increases over last year's totals, including Brooklyn, where the number of properties sold is on pace to be up by 11 percent.

This performance leaves us very optimistic about the future. As the number of properties sold continues to increase, we expect dollar volume to follow suit.

Robert Knakal is chairman of New York investment sales at JLL.



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