



Northern Manhattan investment property sales jump 49% to \$3.22 billion in 2014

February 23, 2015 - New York City

The market for Northern Manhattan investment properties saw strong, consistent growth in 2014, a year characterized by more transactions and continued price appreciation. Growing market rents and record condominium prices are fueling the area's continued evolution into a premier destination for residents, businesses, and institutions.

In 2014, the dollar volume of investment properties sold uptown jumped 49% to \$3.22 billion, transaction volume increased 19% to 377, and the number of properties sold rose 8% to 584, compared to 2013 which recorded dollar volume of \$2.16 billion, transaction volume of 316, and property volume of 541, according to Ariel Property Advisors' Northern Manhattan 2014 Year-End Sales Report.

The multifamily asset class dominated investment sales in northern Manhattan, accounting for 85% of the total dollar volume and 56% of the transaction volume, while townhouse users accounted for the second highest number of transactions, 26%.

Multifamily Buildings

Year-over-year, multifamily property transactions rose 26% to 216, and the dollar volume of those deals increased 58% to over \$2.7 billion. The sale of the \$1.04 billion Urban American East Harlem Multifamily Portfolio to Brookfield Investment Group was the largest deal uptown, but there also was a consistent deal flow throughout the year for properties priced at \$20 million and higher.

Multifamily properties hit new pricing highs in 2014, surpassing previous records seen in 2007. Many investors who purchased multifamily buildings uptown two or three years ago saw their assets appreciate by 25 to 50% last year, and buildings that experienced significant rent growth from below-market levels appreciated even more.

A strong rental market uptown, especially for owners dividing their units to accommodate tenant sharing situations, and continued low interest rates pushed the average cap rate down to 4.63%, while some transactions with significant upside saw cap rates as low as 3%. The average gross rent multiple rose 1.6 points, ending the year at 12.67; the average price per unit rose 31% to a record \$237,865; and the average price per s/f rose 22.5% to \$266, above the 2007 peak of \$239 per s/f.

Development Sites

Although the number of development properties sold in Northern Manhattan increased year-over-year by 18% to 66, the dollar volume of those trades declined 12% to \$200 million. The stable volume was attributed more to a lack of supply than a pause in demand, however.

In fact, higher demand for Upper Manhattan development sites pushed the average price per buildable s/f up by 10% to \$131, with several development sites in various locations exceeding \$200 per buildable s/f—a price point that has typically been reserved for sites offering unique retail components or location factors like historic districts or park views. Since new condominiums on

relatively ordinary, mid-block locations are selling out at above \$900 per s/f, prices over \$200 per buildable make sense.

The sale of a corner development site at 414 West 128th St., which traded for over \$228 per buildable s/f in December, illustrates the strength of the Northern Manhattan development market.

User Properties

In 2014, Northern Manhattan also recorded significant growth for end-user townhouse sales, a market experiencing more consistent sales at prices north of \$800 per s/f. The number of properties traded jumped 30% to 103, and the dollar volume of those trades jumped 42% to \$172.9 million.

The average price per s/f for high-end user townhouses came in \$458, which is above last year's record of \$443 and well above the peak 2007 price of \$395. As the residential market continues to gain steam and as townhouses remain in high demand throughout the city, we expect this segment to reach new highs in 2015.

For a copy of the Northern Manhattan 2014 Mid-Year Sales Report, please visit <http://arielpa.com/newsroom/report-APA-N-Man-2014-Sales-Report>. The report tracks all development, multifamily, industrial, and other commercial property sales over \$850,000.

Ariel Property Advisors is a New York City investment property sales firm with an expertise in the multifamily market and development sites. The firm also produces a number of research reports including the Multifamily Month in Review: New York City; Multifamily Quarter in Review: New York City; Multifamily Year in Review: New York City; and semi-annual sales reports on Manhattan, Northern Manhattan, Brooklyn, Queens, and the Bronx. For more information, please see arielpa.com.

Victor Sozio is a vice president of Ariel Property Advisors, New York, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540