



Record Year for Northern Manhattan Investment Property Sales: Uptown Prices Return to Pre-Crisis Levels

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Northern Manhattan's investment property transactions rose 16 percent, the number of properties sold increased 44 percent, and the dollar volume of those trades jumped 83 percent in 2013 from 2012, according to Ariel Property Advisors' Northern Manhattan 2013 Year-End Sales Report.

In 2013 Northern Manhattan saw 310 investment property transactions consisting of 534 properties totaling approximately \$2.12 billion in gross consideration, compared to 2012, which saw 268 transactions comprised of 371 properties totaling \$1.166 billion in gross consideration.

Multifamily pricing in 2013 was the strongest it's been since the 2007 peak as average capitalization rates and the average price per unit hit record levels. For the year, the average capitalization rate came in at 5.13 percent, which is 139 basis points lower than 2012 and includes a multitude of deals that took place in the low 4 percent cap rate range. The average gross rent multiples also climbed steeply to 11.12, which is almost 2 multiples higher than 2012.

The multifamily sector accounted for 47 percent of the investment property transactions uptown and 77 percent of the dollar volume during the year. The area saw 147 multifamily transactions comprised of 344 properties totaling \$1.656 billion in gross consideration, a 57 percent increase in the number of properties sold, and a 100 percent jump in dollar volume compared to 2012.

"Much of the multifamily activity was the result of large portfolio transactions as institutional sellers were incentivized by strong pricing and the prospect of achieving well above their projected returns in shorter than anticipated time-frames," said Victor Sozio, vice president of Ariel Property Advisors. "Sellers were also able to capitalize on the large amounts of available capital looking to enter or become further entrenched in the highly competitive multifamily market, while investors remained attracted by historically low interest rates and looked ahead to major public-private initiatives that will further strengthen the area's rental market."

Development site transactions in Northern Manhattan increased 13 percent to 43, and the dollar value of those trades jumped 91 percent to \$227 million.

The year ended with the average price per buildable square foot for vacant land coming in at \$119, a figure that surpasses the average price of \$115 seen in 2007. While the sample size of vacant buildings is not large, strength in the market can also be seen in the average price per square foot for vacant buildings of \$291, the highest level seen since 2008 and more than 50 percent higher than 2012.

"Strong rents, scarce new condo product, more neighborhood amenities, and the prospect of achieving higher yield lent tremendous momentum to Northern Manhattan development site sales," said Michael Tortorici, vice president of Ariel Property Advisors. "Many uptown developments now average \$700 per square foot and an increasing number of full service condominiums in prime locations are approaching or surpassing \$1,000 per s/f. Increased confidence from developers,

coupled with increased liquidity from lenders, also led developers to broaden their search parameters to areas such as East Harlem, Washington Heights, and Inwood.”

High-end user properties in Northern Manhattan saw significant appreciation throughout 2013 with the sales volume of townhouses reaching 2007 levels and pricing even higher. The average price per square foot reached \$443, which is a 37 percent increase from 2012 and higher than the previous record level of \$395 per s/f in 2007. Owners clearly took note as the number of properties sold increased in 2013 to 105 from 66 seen in 2012.

The Northern Manhattan 2013 Year-End Sales Report tracks development, multifamily, industrial, and other commercial property sales over \$850,000 north of E. 96th St. and north of W. 110th St.

A copy of Ariel Property Advisors’ Northern Manhattan 2013 Year-End Sales Report is available at <http://arielpa.com/newsroom/report-APA-N-Man-2013-Sales-Report>.

Ariel Property Advisors is a New York City investment property sales firm with an expertise in the multifamily market. 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. More information is available at arielpa.com.

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