



## **Ariel Property Advisors' Manhattan 2014 Mid-Year Sales Report**

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Investment property sales in Manhattan showed a 59 % increase in dollar volume, despite experiencing only a moderate increase in transactions and properties traded in the first half of 2014 compared to the first half of 2013, according to Ariel Property Advisors' Manhattan 2014 Mid-Year Sales Report.

Manhattan recorded 348 transactions consisting of 422 investment properties totaling \$16.5 billion in 1H14, compared to 332 transactions consisting of 417 investment properties totaling \$10 billion in 1H13. The Manhattan 2014 Mid-Year Sales Report tracks all development, multifamily, industrial, and other commercial property sales over \$1 million south of E. 96th Street and south of West 110th Street.

"The Manhattan office asset class exhibited the strongest performance across all product types in terms of total dollars spent in 1H2014, accounting for 35 % of the aggregate and a 15 % increase over 1H2013 to \$5.7 billion," said Howard Raber, vice president of Ariel Property Advisors. "Total dollars spent were bolstered in part by the sale of 5 Times Square for \$1.5 billion."

Institutional investors contributed to the exponential increase in Manhattan's commercial sales, which rose in the first half of the year to more than \$4 billion over 38 transactions consisting of 41 properties. Notable sales included the retail condo portion of 1-6 World Trade Center for \$1.4 billion and Time Warner's sale of 10 Columbus Circle for \$1.3 billion.

Manhattan development site sales increased 75 % to more than \$2.866 billion in 1H14 compared to \$1.641 billion in 1H13, and the number of development properties traded increased 32 % year-over-year to 104.

"The increase in development site sales can be attributed to rising land prices as the trend of record high rents and condo/co-op sales seen at the end of 2013 continued into 2014," said Randy Modell, vice president of Ariel Property Advisors. "Notable development transactions included 415 8th Avenue, a 49.33-foot wide Chelsea parking lot with 77,724 buildable square feet that traded for \$65 million (\$742/buildable). The site has the potential to increase buildable square footage through the assemblage of adjacent buildings to support a retail and residential development of well over 200,000 square feet."

Manhattan's multifamily market registered a 15 % increase year-over-year in dollar volume to \$2.558 billion in gross consideration in the first half of 2014 compared to \$2.231 billion in the first half of 2013.

"Pricing for the multifamily product class also remained strong in Manhattan with the average price per square foot increasing to \$781 from \$736 in 1H2013, supported in part by the continuing rise in rents and condo prices," said Jesse Deutch, associate vice president of Ariel Property Advisors. "As a result, cap rates decreased to 3.72 % from 4.46 % in 1H2013, while the average gross rent

multiple climbed to 18.19 from 15.91."

Examples of multifamily pricing trends include 222-224 West 21st Street, adjacent walk-up buildings in Chelsea that traded for \$16.8 million (\$835 per square foot, 3.07 % capitalization rate and 20.66 times the gross rent), and 1134 1st Avenue, a mixed-use walk-up in the Upper East Side, which traded for \$8.7 million (\$890 per square foot, 4.0 % capitalization rate and 21.17 times the gross rent).

A copy of Ariel Property Advisors' Manhattan 2014 Mid-Year Sales Report is available at <http://arielpa.com/newsroom/report-APA-Manhattan-mid2014-Sales-Report>

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