



NYC multifamily building sales rise 18% in 2Q 2014 compared to 2Q 2013

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New York City multifamily building sales increased 18% in the second quarter of 2014 compared to the second quarter of 2013, and the dollar volume of those trades rose a modest 1%, according to Ariel Property Advisors' Multifamily Quarter in Review: New York City, Q2 2014.

In the second quarter 2014, 328 multifamily buildings traded citywide over 174 transactions totaling \$2.137 billion, compared to 277 buildings selling over 174 transactions totaling \$2.106 billion in the second quarter of 2013. Volume in the second quarter declined compared to the first quarter, which had 195 transactions and 344 building trades valued at \$2.985 billion in gross consideration.

"Pricing continued to advance considerably year-over-year, as every submarket covered in the report showed gains across pricing metrics," said Shimon Shkury, president of Ariel Property Advisors. "Strong pricing, coupled with the speed at which multifamily properties are going into contract, led to a supply constraint that slowed trading activity."

The following is a breakdown of the second quarter 2014 volume by submarket:

• **The Bronx.** The Bronx had more transactions and buildings trade in the second quarter 2014 than any other submarket, with large portfolio sales continuing to drive most activity and single asset trades also picking up. Transactions increased by 49% to 52, the number of buildings traded increased 48% to 98, and the dollar volume jump 77% to \$483 million in the second quarter of 2014 compared to the second quarter of 2013. Transactions, building volume, and dollar volume also rose 6%, 7%, and 3% in the second quarter compared to the first quarter of this year. One mixed-use asset, 1770 Grand Concourse, sold to Goldfarb Properties for \$27.75 million, or \$207 per square foot, demonstrated the submarket's strong pricing.

• **Northern Manhattan.** Northern Manhattan volume increased in 2Q14 with strong year-over-year and quarter-to-quarter gains. In the second quarter 2014, Northern Manhattan saw 70 buildings sell over 33 transactions totaling \$327.9 million, which is a 37% increase in building volume, a 6% increase in transactions, and a 26% increase in dollar volume compared to second quarter 2013. The second quarter figures also increased from the first quarter with a 75% increase in building volume, 22% increase in transactions, and a 30% increase in dollar volume compared to the first quarter of 2014. Of note, Yeshiva University sold a 10-building portfolio to Cammeby's International for \$72.5 million, which represents roughly 22% of the dollar volume that traded in 2Q.

• **Brooklyn.** Portfolio and institutional sales in Brooklyn drove the 86% increase in multifamily dollar volume to \$578.8 million and the 34% increase in building volume to 95 in the second quarter 2014 compared to second quarter 2013. Volume was lower, however in the second quarter compared to the first quarter 2014. Notable sales included two newly-constructed buildings located in Bushwick and East Williamsburg that sold for \$58 million and \$35.6 million, respectively. These sales represent the borough's appeal because both sold for well over \$550 per square foot.

Â· Manhattan. Trading activity in Manhattan declined on a year-over-year and a quarter-to-quarter basis to 31 transactions, over 50 buildings, totaling \$666.6 million in gross consideration in the Q2 2014. Market participants express how supply has been notably light for the borough's multifamily offerings as owners are withholding assets from the market because they cannot find suitable replacements for Manhattan assets, which many consider to be among the safest investments in the world. Nonetheless, the quarter saw several large transactions take place, such as a 144-unit asset located on 10th Street in the West Village, which sold for \$68.17 million, or \$495 per square foot. The new owner plans to reposition the asset by increasing the size of the units.

Â· Queens. In Queens, multifamily transactions declined 13% to 13, the number of buildings traded declined 17% to 15, and the dollar volume declined by 71% to \$81 million in the second quarter 2014 compared to the second quarter 2013. A newly-constructed 56,000 square foot mixed-use building located in Jamaica sold for \$15 million, or \$268 per square foot. The area surrounding Downtown Jamaica appears to be gaining positive momentum in the wake of city officials and BRP Companies announcing a \$225 million investment.

The multifamily transactions included in the analysis occurred at a minimum sales price of \$1 million, with a minimum gross area of 5,000 square feet, and with a minimum of 10 units.

More information is available from Mr. Shkury at 212-544-9500, ext. 11, or sshkury@arielpa.com. For a copy of the report, please see <http://arielpa.com/newsroom/report-MFQIR-Q2-2014>.

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