REBNY Report: Bronx Investment Property Values Rise in the Second Half of 2017

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New York, NY New York City experienced a drop in Investment Sales activity and the total value of transactions completed in the second half of 2017, according to the Real Estate Board of New York (REBNY) Investment Sales Report.

New York City's total investment sales consideration (monetary value for completed transactions) was $17 billion, a 37 percent decline from $26.8 billion in the second half of 2016. Citywide investment sales activity retreated by 19 percent year-over-year, dropping to 2,334 transactions in the second half of 2017 from 2,880.

Despite declines in total investment sales consideration and activity across the boroughs, the Bronx recorded gains with investors spending $1.5 billion on investment property trades in the second half of 2017 compared to $1.4 billion in the second half of 2016. This increase was driven by the $115 million sale of the office building at 260 East 161st Street in Concourse Village, and the $86 million sale of the Frances Schervier Home and Hospital at 720 West 231st Street.

When compared to the significant declines in investment sales consideration and activity seen in the other boroughs, Bronx investment sales activity remained stable, slipping four percent year-over-year to 375 sales from 392.

"The current of demand and value of Bronx properties, as seen in our most recent New York City Residential Sales Report, carried over to investment property trades in the second half of 2017," said John H. Banks, REBNY President. "While the pace of completed transactions lagged citywide in 2017, investors continue to show interest in income-producing properties across the five boroughs."

Manhattan's total investment sales consideration dropped 40 percent to $10.1 billion in the second half of 2017 from $17 billion in the second half of 2016, while sales activity declined 26 percent to 452 transactions in the second half of 2017 from 612 in the second half of 2016. Since REBNY published its first Investment Sales Report in the second half of 2015, sales activity data has continued to show growth in the number of properties sold outside of Manhattan. Although the borough's investment property trading continued to outpace the other boroughs, accounting for 60 percent of total citywide consideration in the second half of 2017, the share of dollars spent in Manhattan has gradually declined since its peak of 74 percent in the second half of 2014.

In the second half of 2017, the total consideration for Manhattan Retail properties rose 33 percent to $917 million from $688 million in the second half of 2016, while sales activity jumped 34 percent year-over-year to 63 sales from 47. The total consideration for Manhattan Industrial properties nearly tripled, increasing 226 percent to $562 million from $172 in the second half of 2016, while sales activity rose eight percent to 14 sales.

Total sales consideration in:

• Brooklyn declined 27 percent to $3.2 billion from $4.4 billion, while total transactions decreased 18 percent to 783 from 954 in the second half of 2016

• Queens fell 46 percent to $1.9 billion, while the number of transactions completed in the borough declined 18 percent to 534 sales, compared to 649 in the second half of 2016

• Staten Island dropped 59 percent year-over-year to $203 million from $492 million, while the number of transactions completed in the borough declined 30 percent to 190 in the second half of 2017 compared to 273 in the second half of 2016

Among property types, the citywide total consideration for:

• Hotel properties fell 60 percent year-over-year to $1.3 billion from $3.2 billion, while the numbers of completed transactions decreased 35 percent to 20 from 31

• Office properties slipped 46 percent to $4.1 billion from $7.5 billion, while sales slipped four percent to 215 from 224 in the second half of 2016

• Garages, Gas Stations, and Vacant Property decreased by 38 percent year-over-year to $1.3 billion from $2.2 billion

The three largest investment sales transactions (by sale price) in the first half of 2017 took place in Manhattan. They were: the $580 million ground lease of 375 Hudson Street, a 19-story office building; the $520 million sale of the office building at 1440 Broadway; and the $468 million sale of the office building at 685 Third Avenue.

The top transactions (by sale price) for the second half of 2017 in:

• Brooklyn, took place in Brooklyn Heights—the $203 million sale of Leverich Towers Hotel Dormitory at 79 Willow Street, the $171 million sale of the office building at 16 Court Street, and the $135 million sale of the dormitory at 90 Sands Street

• Queens, were the $135 million sale of the multifamily rental apartment complex at 7-11 Seagirt Avenue in Far Rockaway, the $115 million sale of the Assi Plaza supermarket at 131 39th Avenue in Flushing, and the $94 million sale of the vacant site at 31-07 20th Avenue in Astoria

• The Bronx, were the $115 million sale of the office building at 260 East 161st Street in Concourse Village, and the $86 million sale of the Frances Schervier Home and Hospital at 720 West 231st Street, which drove the Bronx's rise in total consideration

• Staten Island, were the $11.7 million and $8.3 million sales for two neighboring Travis-Chelsea hotels at 290 and 310 Wild Avenue, and $7.2 million sale of the former prison at 2911 Arthur Kill Road

Click here to download the New York City Investment Sales Report.