



Analyzing quarter 1: 2024 sales for New York City - by Robert Khodadadian

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As we dive into the first quarter of 2024, the latest sales transactions provide a clear picture of the current real estate market in New York City. While the data highlights significant challenges, it also reveals opportunities that we can seize. Here's a closer look at what the numbers tell us.

Manhattan, often seen as a barometer for NYC's real estate health, saw a 12.8% decline in investment sales. Northern Manhattan had an even steeper drop of 31.9%. The total dollar volume for Manhattan transactions was \$2.56 billion. These figures might seem daunting, but they reflect cautious investor sentiment shaped by last year's economic conditions and contract decisions.

But of course, each borough tells its own story. Brooklyn saw a 39.6% decrease in investment sales, amounting to \$810 million. Despite this decline, Brooklyn's market remains resilient, continuing to attract interest due to its diverse property portfolio. Queens experienced a 45.4% drop, with transactions totaling \$662 million. This highlights the borough's sensitivity to market fluctuations and investor confidence. The Bronx faced the most significant decline at 54.4%, with a dollar volume of \$207 million. This sharp decrease underscores the broader economic challenges facing the outer boroughs. This stark decrease points to the broader economic challenges impacting the outer boroughs more acutely.

Overall, NYC's investment sales volume fell by 28.8%, totaling \$4.34 billion. This citywide downturn underscores the pervasive caution among investors as we contend with economic uncertainties. Monthly transaction activity from January 2022 to March 2024 reveals a fluctuating but downward trend in both the number of buildings sold and the dollar volume of transactions. The peak activity in early 2022 has given way to a more subdued market, reflecting the evolving investor sentiment and external economic pressures.

Performance across different property types varied, painting a complex picture of the market. Office buildings faced a 46.3% decline in transactions, with a dollar volume of \$587.99 million. This sector continues to adapt to post-pandemic work trends and economic headwinds. Elevator buildings saw a 30.2% decrease, while walk-up buildings declined by 19.3%. These segments remain integral to NYC's housing market but are not immune to broader market dynamics. Mixed-use properties and retail condos experienced declines of 28.7% and 6%, respectively. The latter's modest drop suggests some resilience in retail investments. Development sites held steady, indicating ongoing interest in future projects despite the current downturn. Industrial properties saw a 22.2% decline, highlighting challenges but also potential for strategic investments.

Despite the evident slowdown, I maintain a cautiously optimistic outlook for the NYC real estate market. The deals closed in the first quarter reflect contracts signed under last year's challenging conditions, yet they also lay a groundwork of resilience and forward-looking positivity. Additionally, investors are adapting their strategies, adjusting to evolving market conditions and identifying new growth opportunities.

The recent surge in contract signings is a promising sign, indicating a potential uptick in future

transactions.

The Q1 2024 investment sales paint a picture of a market in transition, facing significant headwinds but also poised for recovery. As investors, we must remain adaptable, resilient, and forward-thinking. The challenges we face today will shape the opportunities of tomorrow, and I am confident that the NYC real estate market will regain its momentum, offering promising prospects for all.

In navigating these complex times, we must keep our eyes on the horizon, ready to seize the opportunities that lie ahead. The market is down but not out, and with strategic thinking and adaptability, we can steer through this period towards a more robust future.

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