

October 10, 2014

Massey Knakal Releases Third Quarter 2014 Market Findings

Massey Knakal has completed its third quarter 2014 extensive analysis of the New York City real estate market. This study includes an in-depth look at the retail, capital markets, and hospitality landscapes as well as the New York City investment sales market overall and its submarkets.

The New York City investment sales market continues on pace to set an all-time record for the number of properties sold in a given year. The city is expected to see more than 5,100 properties sold, breaking the previous high set in 2007. The on-going rise in transactional volume can be attributed to the resurgence of the outer markets (Brooklyn, Queens, Northern Manhattan, the Bronx) where 83% of all activity has taken place. This is due in large part to the “Manhattanization” of the outer markets, where increased investor interest and confidence has begun to blur the lines in institutional investor consciousness between Manhattan and certain submarkets within the outer markets.

Some highlights include:

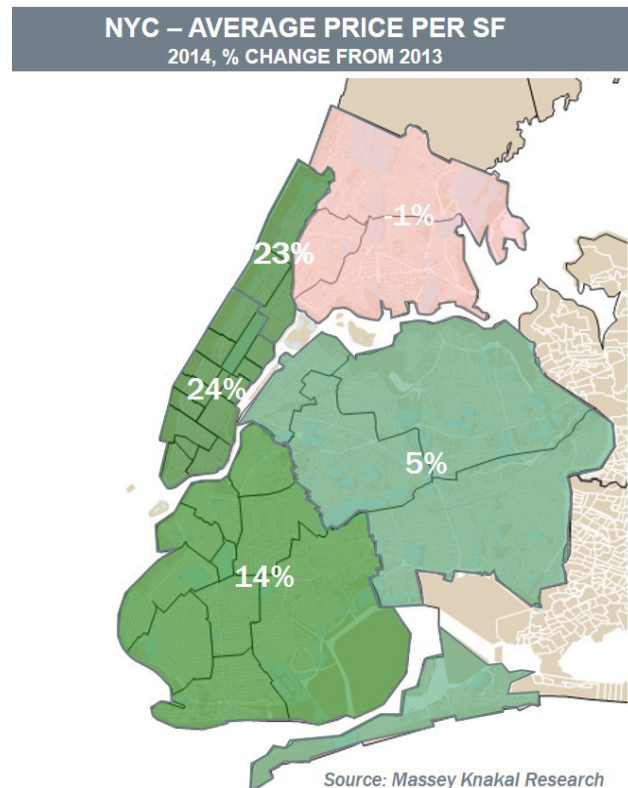
Citywide, dollar volume is on pace to reach \$52.2 billion - We expect a robust fourth quarter to push year-end figures north of \$60 billion.

Brooklyn dollar volume is expected to reach \$6.8 billion - The \$5.1 billion achieved through the first three quarters already exceeds its previous annual high of \$4.8 billion set back in 2012.

Manhattan leading value appreciation - The average price per square foot in New York City increased 13% compared to 2013, with Manhattan leading the way with an increase of 24%, ending the quarter at \$1,303 per square foot. The increase in value can be largely attributed to the impact the retail sector has had with retail transactions trading on average at \$3,454 per square foot in Manhattan.

Land is becoming increasingly scarce - The lack of available land in Manhattan continues to exert upward pressure on development site pricing. The average price per buildable foot in Manhattan reached north of \$650 in 3Q14, with several properties changing hands for over \$1,000 per buildable foot.

The hospitality inventory set to increase - Backed by strong tourism data, the hospitality market is set to add 6,400 rooms by the end of the year to increase inventory to 102,000 rooms citywide, an increase of 6.7% from 2013. As most metrics within the sector remain positive, untraditional hot spots of activity are popping up. The Financial District, once almost exclusively consisting of office buildings has seen a transformation since 9/11 into a 7-day mixed-use neighborhood with 15 hotels comprising 3,428 rooms now servicing the submarket.



“We are beginning to see the blurring of geographical lines between Manhattan and the outer markets in institutional investors’ consciousness. Investors who had not previously looked to invest in these markets are looking outside of Manhattan for yield and opportunity,” said Adrian Mercado, Vice President, Research.

Massey Knakal’s property sales reports, the most comprehensive study of the investment sales market by each product type in the New York City area (Manhattan, Northern Manhattan/Bronx, Brooklyn, and Queens) will be released in the coming weeks.

About Massey Knakal

Massey Knakal is a diversified real estate company, exclusively representing owners in the sale, retail lease and financing of their properties. With over 200 employees, four offices and thorough coverage of New York City’s five boroughs, Westchester County, Long Island and New Jersey, Massey Knakal has dominated the New York metropolitan area for the last two decades by providing premier real estate brokerage and advisory services. Leveraging our proprietary Territory System™, our agents have partnered with owners throughout our markets to close over 5,000 transactions, with an aggregate value in excess of \$21 billion since 1988. www.masseyknakal.com

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