

April 13, 2020**Contact:****Tom Nolan/Eric Nizguretsky****212-741-2977****tom@greatink.com; en@greatink.com****First quarter Manhattan investment sales volume totals
\$4.4 billion across 65 transactions, Avison Young report shows**

COVID-19 Pandemic's effect on the market expected to be reflected in second quarter figures

New York City – April 13, 2020 – Manhattan's first quarter investment sales dollar volume totaled \$4.4 billion across 65 total sales in the first quarter, a 1 percent increase and 10 percent decline, respectively, compared to the trailing four quarter average, according to **Avison Young's 1Q20 Property Sales Report for Manhattan.**

"In spite of new regulations governing rent regulated buildings and the threat of new laws, the first quarter numbers would indicate that 2020 wouldn't be vastly different than 2019," said **James Nelson, head of Avison Young's Tri-State Investment Sales group.** "However, due to the lagging nature of a real estate transaction where terms are agreed upon months before a closing date, the statistical significance of the first quarter's numbers may be minimal because we expect the COVID-19 pandemic to depress the market in the second quarter."

Of the total dollar volume in the first quarter, four large transactions accounted for 56 percent of the total, these included: Amazon's purchase of WeWork's vacant building at 424 Fifth Avenue for \$978 million; 330 Madison Avenue, an office building that sold for \$900 million; 10 East 29th Street, a multi-family building that sold for \$381million; and 417 Park Avenue, a development property that sold for \$184 million.

The following is a breakdown of Manhattan investment sales by asset class:

Multi-Family

The first quarter of 2020 recorded only 26 multi-family and mixed-use sales totaling \$811 million. The 26 sales represent a 13 percent decline off the trailing four quarter average. Only 7.6 percent of the multi-family properties sold were rent regulated, indicating a preference for free market assets which is likely due to the more restrictive regulations in the Housing Stability and Tenant Protection Act of 2019. The price per square foot continued to drop from the trailing four quarter average, falling by 27 percent to \$752 per square foot. The largest transaction for the quarter was Global Holdings Management Group's purchase of 10 East 29th Street for \$381 million.

Retail

The retail market saw a steep decline in dollar volume, dropping by 70 percent off the trailing four quarter average to \$53 million. Prior to the COVID-19, the retail market was already fragile, faced with rising cap rates, low volume and empty storefronts, which will likely be exacerbated into the next quarter. COVID-19 will likely change the retail landscape as we know it, despite government interventions to delay mortgage payments and prop up small businesses and

maintain payrolls. The leading transaction for the quarter was 37 Greene Street, a retail condo purchased by Acadia Realty Trust for \$15.4 million.

Office

The first quarter of 2020 was another strong period of transaction activity in the Manhattan office sector with the total dollar volume coming in just under \$3 billion over 13 total sales. The price per square foot and cap rates remained steady at \$1,060 and 4.51 percent, respectively, while dollar volume saw a 26 percent increase and total sales saw a 16 percent increase off the trailing four quarter average. There was a wide variety of transaction types including newly renovated and fully leased properties, buildings in need of a gut-renovation, as well as several end-users opting to purchase. This quarter's most significant transaction was Amazon's purchase of WeWork's vacant building at 424 Fifth Avenue for \$978 million.

Development

Development saw a rise as total dollar volume was just above \$499 million, which was 77 percent higher than the trailing four quarter average, and total sales numbered 12, which was 60 percent above the trailing four quarter average. The average price per buildable square foot was \$514, a 22 percent decline from the trailing four quarter average. As the new development luxury condo market struggles, this drop in land pricing may indicate an adjustment in expectations from developers. 417 Park Avenue was the largest transaction in the first quarter. Klovern AB and GDS Development Management paid \$184 million for the 29 co-op units.

For a copy of the full report, please click [HERE](#).

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