

## FOR IMMEDIATE RELEASE

### MANHATTAN 2022 INVESTMENT SALES TOTAL \$21 BILLION, ACCORDING TO ARIEL PROPERTY ADVISORS REPORT

**New York, NY – February 8, 2023** – In 2022, Manhattan investment sales strongly rebounded from the Covid pandemic despite headwinds from rising interest rates and economic uncertainty during the second half of the year. Transactions during the year were the most since 2016 with 419 deals totaling \$20.9 billion in sales, a 40% increase in dollar volume from 2021, according to the recently released [Ariel Property Advisors 2022 Manhattan Year-End Commercial Real Estate Trends report](#).

“Multifamily, commercial and office asset classes all showed significant increases, with Downtown West the most transactional with 22% of the transactions, and Midtown East representing 29% of overall dollar volume,” said Howard Raber, Director, Investment Sales. “However, the market softened significantly during the second half of the year once it became clear to investors that elevated interest rates and inflation would persist longer than hoped.”

Founding Partner Michael Tortorici added, “Multifamily properties remained the most transactional of all asset classes in Manhattan, accounting for 38% of the aggregate dollar amount traded and capturing 58% of total transactions. This underscores both the market’s appetite for cash-flowing assets and its long term faith in Manhattan multifamily investments, despite near-term challenges.”

The following is a summary of the report:

#### **Multifamily:**

- Transactions for all Manhattan multifamily buildings (small, 6-9 units, 10+ units) totaled 244 with a dollar value of \$7.9 billion, a 115% year-over-year increase.
- The price per square foot increased to \$712 and price per unit rose to \$525,856 in 2022 across all multifamily assets, a gradual recovery since the 2020 pandemic lows, even though multifamily properties are still trading at a notable discount from 2019 levels.
- Of all multifamily buildings traded, 90% were for properties with less than 50% rent stabilized units.
- Residential vacancies reached a low of 2.69% in December, highlighting the growing need for additional multifamily housing and investors’ attraction to the asset class.

#### **Office:**

- Although the office sector continues to face challenges, 2022 showed a gradual recovery, with a 53% increase in dollar volume across all office transactions to \$7.4 billion and 63% increase in transactions to 52.
- A shift to high quality office space is continuing, with rents on Class A new construction reaching a premium.

#### **Development:**

- With dollar volume of \$2.7 billion across 38 transactions, development activity for 2022 compared to 2021 remained relatively flat once the \$931 million sale of the Upper West Side ABC Studios complex is removed from the data.

- The average price per buildable square foot saw an 11% drop from 2021 to \$425 and is down 41% compared to 2019 pre-pandemic levels.
- Several factors impacted land pricing, including the expiration of the 421-a tax abatement that incentivized developers to build affordable housing and a softer residential condo market.

### Commercial:

- Commercial activity, including hotels and retail properties, increased 95% in total transactions to 80 and 63% in dollar value to \$2.5 billion.
- Pricing remained low with a 52% decline in price per square foot to \$1,251, largely due to discounted prices in hotel transactions as post-pandemic tourism rates remained sluggish.
- Although hotel room inventory grew since January 2020, total supply remained at a deficit of as many as 400 rooms compared to pre-pandemic levels.
- Leisure and business travel rebounded during 2022, which will positively impact pricing metrics moving into 2023.
- Investor confidence in retail is increasing with 2022 performing the best of the pandemic-era years (2020 and 2021) across both leasing velocity and storefront availability.

### Year-End Outlook:

- The trends regarding inflation, the resulting direction of interest rates, and the strength of the economy overall will be a major driver of sales activity and pricing throughout 2023.
- Market fundamentals have recovered, but buyers and sellers are cautiously pricing properties to account for elevated rates and a potential recession. This will likely drive prices down in 2023, though sales volume may increase because of property loans coming due.
- Despite improved market fundamentals, development site sales are hobbled by higher interest rates. Clarity on replacing the 421a Affordable New York Program, streamlining DOB operations, and fast-tracked rezoning initiatives are essential to improve development.

To read the full Manhattan 2022 Year-End Commercial Real Estate Trends report, click [HERE](#).

### About Ariel Property Advisors

Ariel Property Advisors is a commercial real estate services and advisory company located in New York City. The company covers all major commercial asset types throughout the NY metropolitan area while maintaining a very sharp focus on multifamily, mixed-use and development properties. Ariel's Research Division produces a variety of market reports that are referenced throughout the industry. [arielpa.nyc](http://arielpa.nyc).

### 2022 Manhattan Investment Sales Activity

40% ↑ \$20.9b  
Dollar

14% ↑ 419  
Transaction

1% ↑ 534  
Property

## Real Estate Timeline

■ Dollar Vol | ↗ Transaction Vol

