

New York City

Q3-2024 Market Report

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Q3 2024 Quarterly Recap

NYC INVESTMENT SALES

OVERVIEW

The New York City investment sales market has slowed down in the third quarter of 2024. According to our data, transaction volume decreased by 13% compared to the previous quarter, with Q3 closing at \$5.43 billion, down from \$6.27 billion in Q2. The number of transactions followed suit, dropping to 583 deals from 619 in Q2. Multifamily and Office sectors remained the most active, leading in transaction volume with \$1.47 Billion and \$1.12 billion respectively.

SECTOR PERFORMANCE

Transaction volume rose across most asset classes, with Office leading all asset classes with \$1.12 Billion in transactions compared to \$1.66 Billion in Q2 2024. The uptick in office transactions this year is largely attributed to an increase in conversions to multifamily properties. More investors are looking to repurpose office space to meet the rising demand for housing, particularly as hybrid work models reduce the need for traditional office space. This trend highlights the growing focus on optimizing underutilized commercial buildings, transforming them into residential units and enhancing asset value.

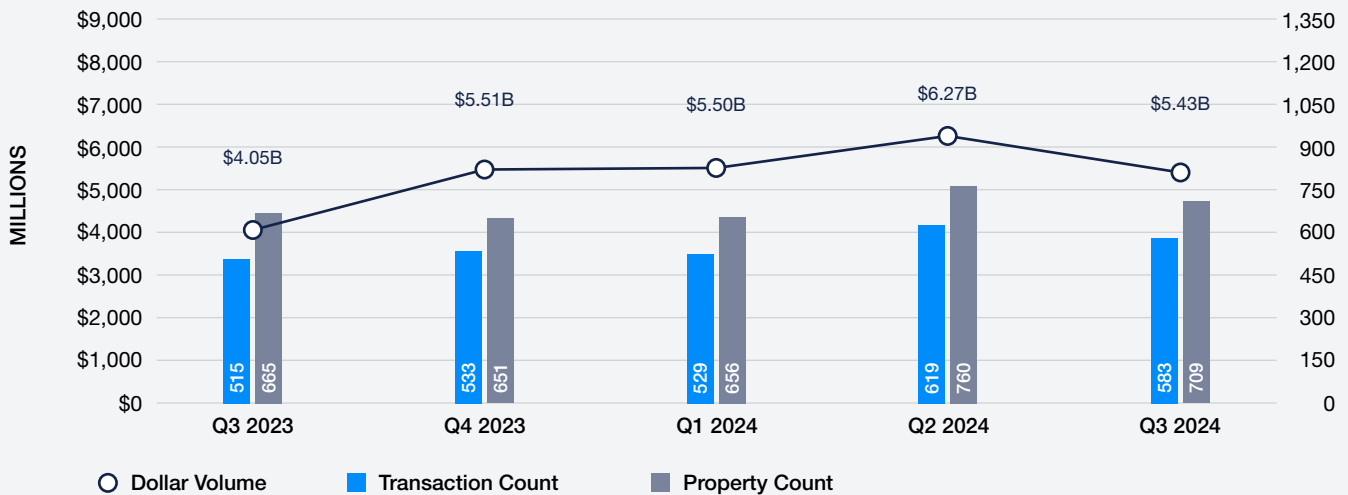
MARKET DYNAMICS

The Real Estate market is emerging from its multi-year decline. Optimism has been fueled by the Federal Reserve's rate cut in September, providing a much-needed boost to market sentiment. However, the delayed implementation of this and anticipated additional cuts later in the year have tempered the recovery of real estate capital markets and property values. While the long-term outlook remains positive, the speed of recovery will largely hinge on future monetary policy adjustments and how investors respond to these shifts.

OUTLOOK

The Federal Reserve's optimism, coupled with distressed properties entering the market, is beginning to drive an uptick in transaction volume. Anticipated rate cuts are expected to unlock new opportunities for well-capitalized buyers, positioning them to benefit from more favorable financing conditions. As the upcoming election nears, potential policy changes may create temporary uncertainty in market sentiment. However, long-term growth prospects remain solid, underpinned by strong economic fundamentals and continued investor confidence. The evolving landscape presents both challenges and opportunities for market participants looking to capitalize on shifting conditions.

NYC INVESTMENT SALES

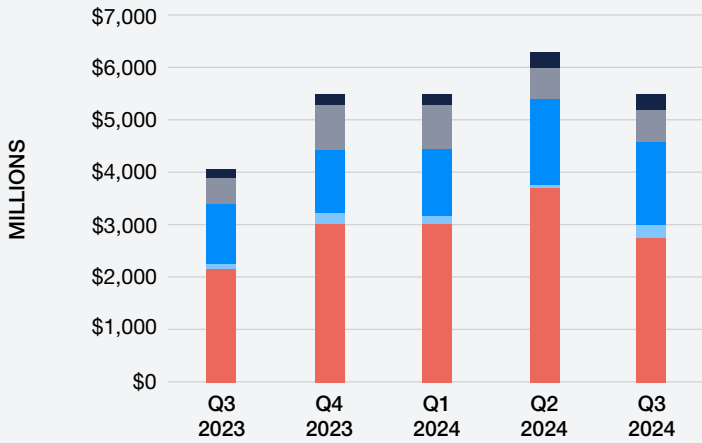


Dollar Volume	Transaction Count	Property Count	Average Price/SF
\$5.43B	583	709	\$402
-13% vs. Q2 24 ↓ ↑ +34% vs. Q3 23	-6% vs. Q2 24 ↓ ↑ +13% vs. Q3 23	-7% vs. Q2 24 ↓ ↑ +7% vs. Q3 23	-19% vs. Q2 24 ↓ ↓ -26% vs. Q3 23

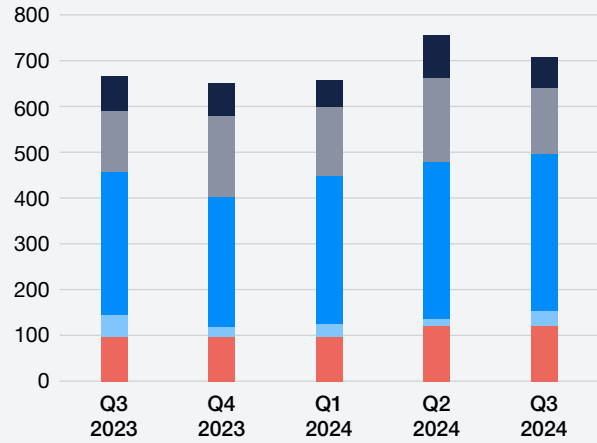


Analysis By Borough

DOLLAR VOLUME



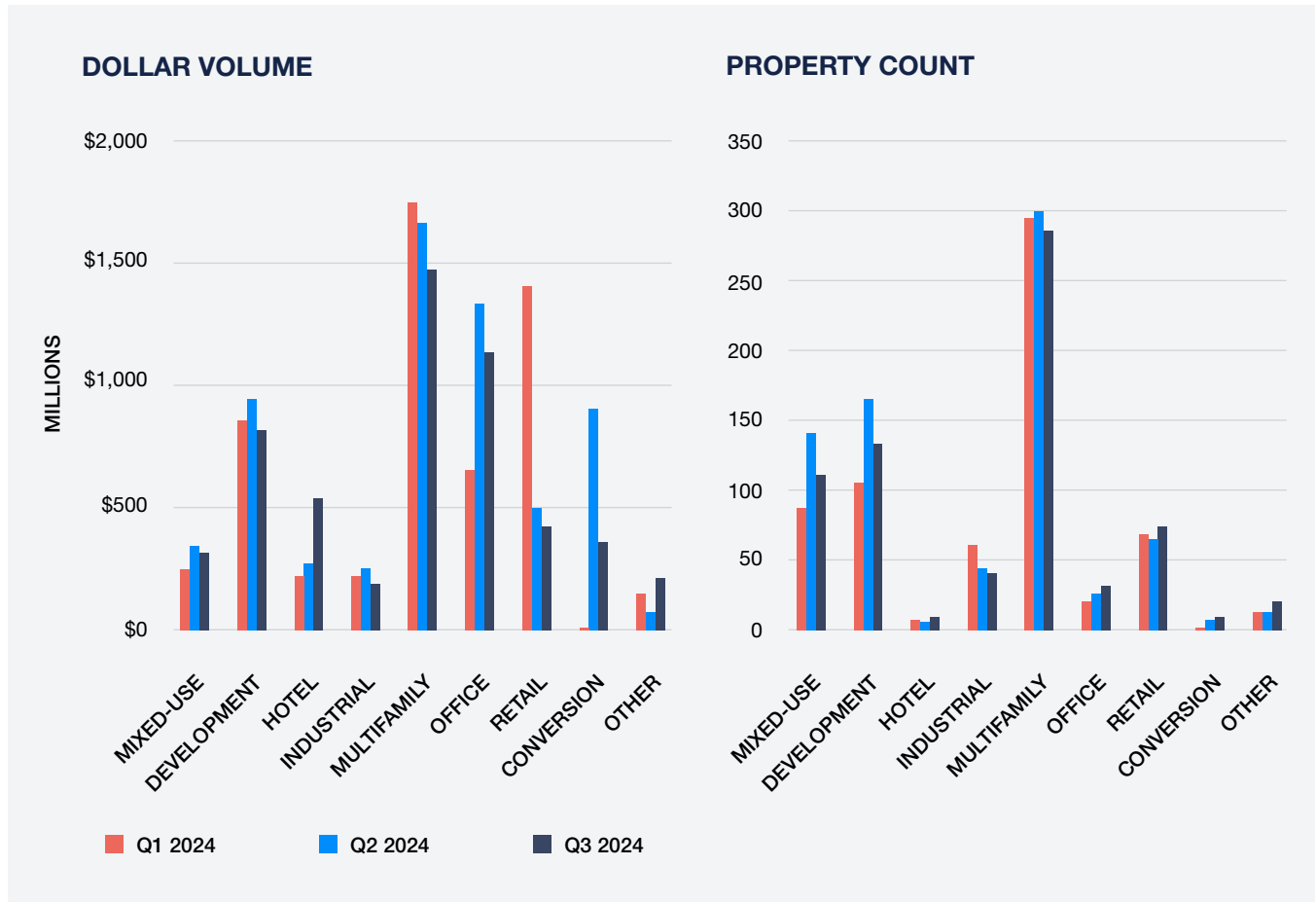
PROPERTY COUNT



	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	QoQ	YoY
MANHATTAN							
Dollar Volume	\$2,083,683,831	\$3,026,494,505	\$3,027,653,282	\$3,713,875,129	\$2,699,301,582	-27%	30%
Transaction Count	78	86	80	108	105	-3%	35%
Property Count	97	99	97	119	121	2%	25%
N. MANHATTAN							
Dollar Volume	\$159,230,664	\$190,585,690	\$126,674,948	\$47,256,500	\$232,509,158	392%	46%
Transaction Count	24	20	26	19	16	-16%	-33%
Property Count	48	22	30	19	32	68%	-33%
BROOKLYN							
Dollar Volume	\$1,125,749,776	\$1,222,594,039	\$1,308,885,435	\$1,607,028,620	\$1,583,157,104	-1%	41%
Transaction Count	251	227	249	268	278	4%	11%
Property Count	309	279	321	346	345	0%	12%
QUEENS							
Dollar Volume	\$498,057,816	\$873,219,415	\$846,074,862	\$619,837,875	\$615,588,620	-1%	24%
Transaction Count	103	142	125	148	130	-12%	26%
Property Count	135	173	150	186	145	-22%	7%
BRONX							
Dollar Volume	\$178,817,338	\$202,338,310	\$190,772,894	\$281,703,044	\$302,426,067	7%	69%
Transaction Count	59	58	49	76	54	-29%	-8%
Property Count	76	78	58	90	66	-27%	-13%
NYC TOTAL							
Dollar Volume	\$4,045,539,424	\$5,515,231,959	\$5,500,061,421	\$6,269,701,168	\$5,433,202,531	-13%	34%
Transaction Count	515	533	529	619	583	-6%	13%
Property Count	665	651	656	760	709	-7%	7%



Analysis by Property Type



QoQ & YoY

PROPERTY TYPE	TRANSACTION VOLUME			TRANSACTION COUNT			PROPERTY COUNT			AVERAGE PRICE/SF		
	Current	QoQ	YoY	Current	QoQ	YoY	Current	QoQ	YoY	Current	QoQ	YoY
Mixed-Use	\$308,708,913	-5%	50%	105	-12%	36%	110	-21%	33%	\$667 /SF	25%	4%
Development	\$812,291,324	-14%	50%	85	-11%	21%	133	-19%	16%	\$217 /BSF	16%	-19%
Hotel	\$539,181,099	96%	93%	8	60%	14%	8	33%	14%	\$381 /SF	-63%	-40%
Industrial	\$190,509,720	-22%	3%	33	3%	18%	41	-7%	0%	\$530 /SF	38%	20%
Multifamily	\$1,473,127,727	-12%	2%	237	-13%	-7%	285	-5%	-12%	\$351 /SF	-9%	-16%
Office	\$1,127,512,515	-16%	13%	32	33%	33%	32	33%	39%	\$289 /SF	-40%	-57%
Retail	\$421,587,500	-16%	35%	62	9%	55%	75	17%	34%	\$775 /SF	-22%	38%
Conversion	\$359,558,091	-60%	0%	9	29%	0%	9	29%	0%	\$212 /SF	-52%	0%
Other	\$200,725,643	174%	134%	17	70%	21%	20	54%	18%	\$744 /SF	195%	34%
TOTAL	\$5,433,202,531	-13%	34%	588	-5%	14%	713	-6%	7%	\$402 /SF	-19%	-26%



Top Highlighted Transactions

250 PARK AVENUE CENTRAL MIDTOWN, MANHATTAN



Office
Price: \$320,152,500
Date: 08/15/2024
SF: 519,783
Price / SF: \$616

1414 6TH AVENUE CENTRAL MIDTOWN, MANHATTAN



Hotel
Price: \$233,768,080
Date: 7/12/2024
SF: 109,908
Price / SF: \$2,127

673 MADISON AVENUE WEST VILLAGE, MANHATTAN



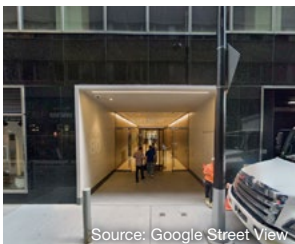
Mixed-Use
Price: \$36,000,000
Date: 9/17/2024
SF: 9,320
Units: 12
Price / Unit: \$3,000,000

1 OAK STREET, 2 OAK STREET GREENPOINT, BROOKLYN



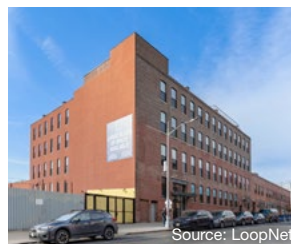
Development
Price: \$174,100,000
Date: 07/31/2024
BSF: 2,071,067
Price / BSF: \$84

80 PINE STREET FINANCIAL DISTRICT, MANHATTAN



Conversion
Price: \$160,000,000
Date: 09/06/2024
SF: 1,104,184
Price / SF: \$145
Units: 70
Price / Unit: \$2,285,714

92 3RD STREET GOWANUS, BROOKLYN



Office
Price: \$29,500,000
Date: 09/30/2024
SF: 72,700
Price / SF: \$406

102 N 6TH STREET WILLIAMSBURG, BROOKLYN



Retail
Price: \$143,000,000
Date: 09/25/2024
SF: 59,236
Price / SF: \$2,414

107 W 135TH STREET HARLEM, NORTHERN MANHATTAN



Multifamily
Price: \$64,000,000
Date: 09/06/2024
Units: 198
Price / Unit: \$323,232

Debt Capital Markets

MACRO ENVIRONMENT

In Q3, the Federal Reserve made a notable move by cutting interest rates by 50 basis points, which has spurred renewed activity in the capital markets. This move was part of a broader attempt to navigate persistent inflation while still supporting economic growth. The rate cut has created more favorable conditions for borrowers, easing some of the turbulence seen in previous quarters.

At the end of Q3, the 5-year Treasury closed at 3.85% and the 10-year Treasury at 4.05%, both down from the prior quarter, reflecting the overall trend of decreasing interest rates. While inflation concerns still remain, the rate drop has encouraged optimism and a moderate resurgence in deal-making as we move into Q4.

ISSUANCE AND LENDING CLIMATE

The CMBS (Commercial Mortgage-Backed Securities) market has continued to show resilience, remaining a viable option for borrowers seeking permanent debt solutions. This option has been particularly attractive for sponsors aiming to avoid personal guarantees and pursue more conservative underwriting terms. With the reduction in rates, more sponsors are actively exploring CMBS transactions, fueling increased activity as we head into Q4. Agency lenders have also been highly competitive in Q3, offering borrowers attractive rates with options to buy down rates further. This has led to an uptick in agency loan transactions, particularly for stabilized multifamily properties, where long-term fixed rates remain an attractive option.

Regional and community banks, however, remain conservative in their lending approach. While some have marginally loosened their stance due to the rate cut, most institutions are still in a risk-off mode, demanding higher deposit requirements and being selective in financing terms.

CONSTRUCTION FINANCING

Construction financing remains active, but sponsors continue to approach new projects cautiously. Insurance costs have increased, particularly in high-risk areas like Florida, and concerns over rent growth are still prominent. Nevertheless, the drop in interest rates has sparked some renewed interest in new projects with strong fundamentals. Lenders are primarily focused on deals with strong un-trended numbers, and underwriting remains tight on speculative or pro-forma projects across many markets.

Private capital and non-bank lenders continue to fill the gap for construction financing, particularly where traditional lenders remain hesitant. In certain regions, construction deals are starting to gain more traction as developers adjust expectations and are more willing to move forward with strategic projects.

OUTLOOK

As we enter Q4, the outlook for commercial real estate financing is cautiously optimistic. The Federal Reserve's rate cut has certainly provided a boost, and there is a general expectation that activity will pick up as borrowers capitalize on the lower cost of capital. CMBS and agency loans will likely continue to dominate the market as competitive lending options, particularly for well-stabilized properties and borrowers seeking long-term debt solutions.

That said, the lending environment remains cautious, with banks holding back on aggressive lending strategies. The gap between buyer and seller expectations also persists, but there is hope that more transactions will close as pricing becomes more aligned with the current market conditions.



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