



Investment Properties Report, Q3 2008

**A quarterly analysis of multifamily properties in three key regions:
New York City, San Francisco and Los Angeles**

Summary

Number of Transactions

New York City: 3,039 (-23.0%)	↓
Los Angeles: 2,356 (+17.3%)	↑
San Francisco: 334 (-9.0%)	↓

Median Sale Price

New York City: \$590,000 (-9.1%)	↓
Los Angeles: \$435,000 (-35.1%)	↓
San Francisco: \$859,000 (-4.6%)	↓

Median Price per Unit

New York City: \$245,000 (-8.1%)	↓
Los Angeles: \$168,750 (-25.4%)	↓
San Francisco: \$285,917 (-8.5%)	↓

Note: All percentage changes are based on comparison to the third quarter of 2007.

New York City, San Francisco and Los Angeles

New York City boroughs send mixed signals: While the number of closed transactions and the median sale price hit two-year lows in New York City, some boroughs did better than others. Manhattan experienced a substantial quarterly increase in the dollar volume, passing \$1.1 billion, even with the number of closed deals dropping. The Bronx had its largest multifamily sale (\$67.7 million) in at least 5 years, despite two-year lows in both the number of sales and in the price indicators, while Staten Island had more sales than in the previous two quarters despite a major drop in median prices. Queens and Brooklyn both had a significant decrease in the number of sales, while median prices in Brooklyn declined by 2% and median prices in Queens fell 12% compared to Q3 2007.

Transactions surge in Los Angeles as distressed properties flood the market: Los Angeles was the only city among the three in this report that had an increase in the number of sales compared to both Q3 2007 and Q2 2008. However, the increase in transactions was driven by the large number of distressed properties (trustee sales, notices of default or REO's) in the market, predominantly in the 2-4 family building classes. Fifty-four percent of all properties that sold in the third quarter of 2008 were in distress this year.

Median prices in San Francisco and Los Angeles decline substantially: Both California counties experienced significant median price declines, well below their previous two-year record lows. Compared to the third quarter of 2007, the median sale price fell 35.1% in Los Angeles and 4.6% in San Francisco. The median sale price per unit fell 25.4% in Los Angeles, and 8.5% in San Francisco, when compared to Q3 2007.

Los Angeles County

Number of Transactions

Sales: 2,356
 % Change prior Qtr: +11.3% ↑
 % Change over Q307: +17.3% ↑

Median Sale Price

Sale Price: \$435,000
 % Change prior Qtr: -11.8% ↓
 % Change over Q307: -35.1% ↓

Median Price per Unit

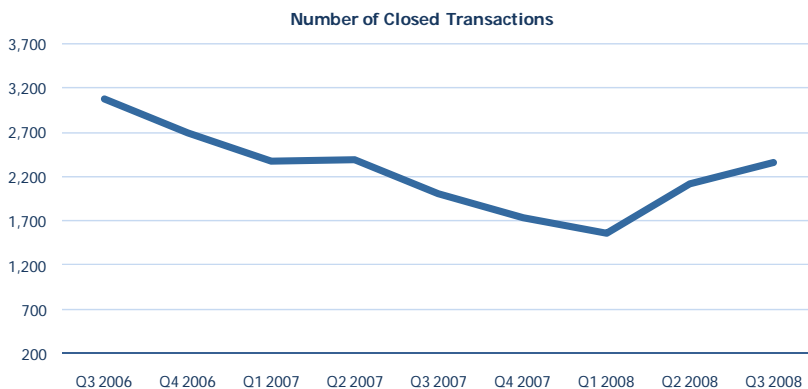
Price per Unit: \$168,750
 % Change prior Qtr: -7.4% ↓
 % Change over Q307: -25.4% ↓

Transactions surge as distressed properties flood the market

Continuing the upward trend in the number of transactions set last quarter, the Los Angeles investment property market rose by 11% compared to Q2 2008, and was up by 17% compared to Q3 2007. However, the increase in transactions was driven by the large number of 2-4 family distressed properties (trustee sales, notices of default or REO's) in the market. Fifty-four percent of all properties that sold in the third quarter of 2008 were in distress in 2008.

Multifamily prices in free fall The median price per unit (down 25%), and the median sale price (down 35%) both decreased significantly compared to the same quarter last year, reaching two-year lows.

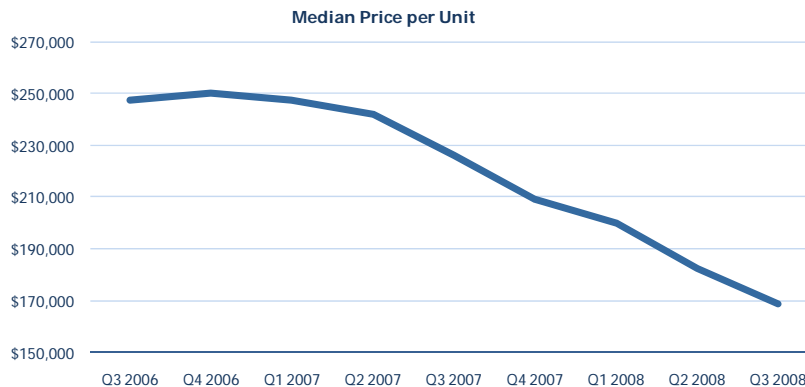
Five+ unit buildings are the healthiest multifamily property class in LA Despite being the only property segment among the three in this report that had a drop in sales compared to Q2 2008 and Q3 2007, the five+ unit apartment buildings were the least affected by foreclosures and the associated decline in prices. Less than 10% of all sold properties were in distress in 2008 (compared to 65% in the 2-4 family property segment), while the median price per unit at \$130,000 marked an increase from Q2 2008 (up 5.7%) and Q3 2007 (up 2.8%).



Property repossessed by bank in Culver City



Price: \$4,000,000
Size: 4 units
 Culver City, Los Angeles County



San Francisco County

Number of Transactions

Closed Transactions: 334
 % Change prior Qtr: -3.2% ↓
 % Change over Q307: -9.0% ↓

Median Sale Price

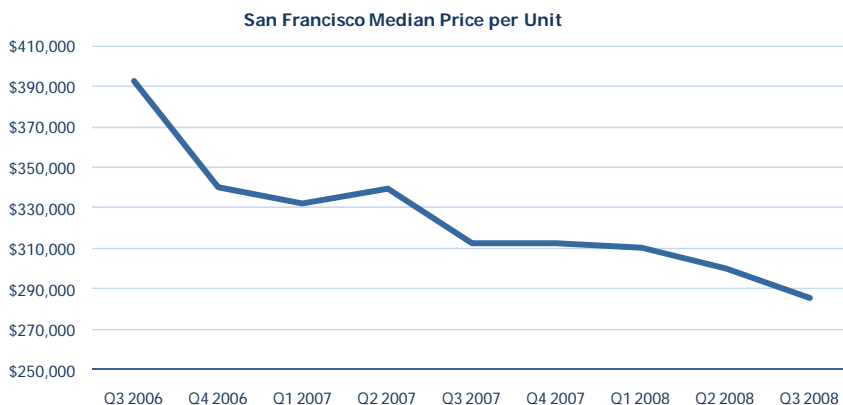
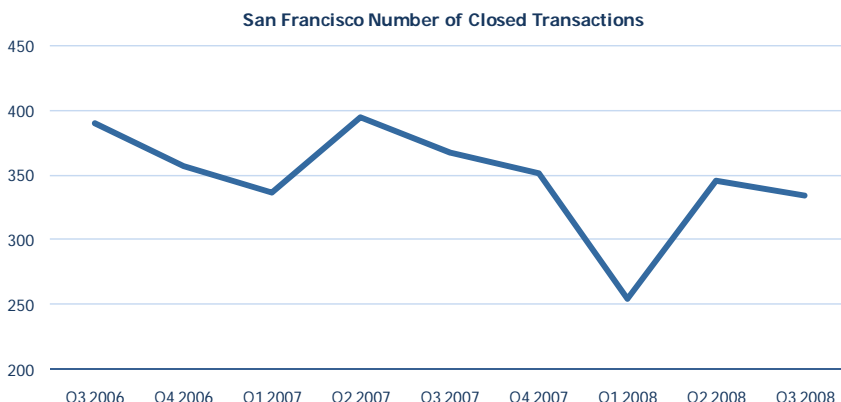
Sale Price: \$859,000
 % Change prior Qtr: -4.6% ↓
 % Change over Q307: -4.6% ↓

Median Price per Unit

Price per Unit: \$285,917
 % Change prior Qtr: -4.9% ↓
 % Change over Q307: -8.5% ↓

San Francisco investment property transactions drop The number of closed transactions for multi-unit investment properties was down 3.2% compared to Q2 2008, and down 9% compared to Q3 2007.

Prices hit two-year lows in San Francisco The median sale price in San Francisco was \$859,000, down 4.6% from Q2 2008, and down 4.6% from Q3 2007. In Q3 2008, the median price paid per unit was \$285,917, down 4.9% from Q2 2008, and down 8.5% from Q3 2007. The current values represent a two-year low for both price indicators.



Manhattan, New York City

Number of Transactions

Sales: 132
 % Change prior Qtr: -1.5% ↓
 % Change over Q307: -36.2% ↓

Median Sale Price

Sale Price: \$3,375,000 ↓
 % Change prior Qtr: -3.6% ↓
 % Change over Q307: -11.2% ↓

Median Price per Unit

Price per Unit: \$283,430 ↓
 % Change prior Qtr: -18.7% ↓
 % Change over Q307: -17.5% ↓

Sales transactions down, although total dollar volume higher

The third quarter of 2008 saw 132 deals, down 1.5% from the previous quarter (134), and down 36.2% from the third quarter of 2007 (207 closed transactions). However, the third quarter of 2008 reached \$1.13 billion in transactions, the highest quarterly value of 2008, up 36% from the second quarter of 2008 (\$0.83 billion).

Finance still available, but scarce

The increase in dollar volume from the first two quarters of 2008 was caused by a number of large transactions taking place in the market, such as the \$191 million deal for the elevator apartment building on [814 Madison Avenue](#), and the \$170 million deal for the elevator apartment building on [265 Cherry Street](#).

Top Sales in Manhattan for the third quarter of 2008



[814 Madison Avenue, 10065, Manhattan](#)

Price: \$191,800,000
Size: 50 units
Type: Elevator Apartment



[103 East 86 Street, 10028, Manhattan](#)

Price: \$56,000,000
Units: 52
Type: Elevator Apartment



[265 Cherry Street, 10002, Manhattan](#)

Price: \$170,785,013
Units: 491
Type: Elevator Apartment



[713 Madison Avenue, 10065, Manhattan](#)

Price: \$48,000,000
Units: 8
Type: Mixed Use



[841-849 West End Avenue, 10025, Manhattan](#)

Price: \$83,124,000
Units: 91
Type: Elevator Apartment

Brooklyn and Queens, New York City

Number of Transactions

Brooklyn: 1,189
 % Change prior Year 3Q: -24.7% ↓
 Queens: 1,107
 % Change over Q307: -16.3% ↓

Median Sale Price

Brooklyn: \$645,000
 % Change prior Year 3Q: -2.3% ↓
 Queens: \$580,000
 % Change over Q307: -12.1% ↓

Median Price per Unit

Brooklyn: \$250,000
 % Change prior Year 3Q: -4.8% ↓
 Queens: \$264,285
 % Change over Q307: -9.6% ↓



Address: [2026 Ocean Avenue, 11230, Brooklyn](#)
Size: 66 units
Price: \$11,250,000



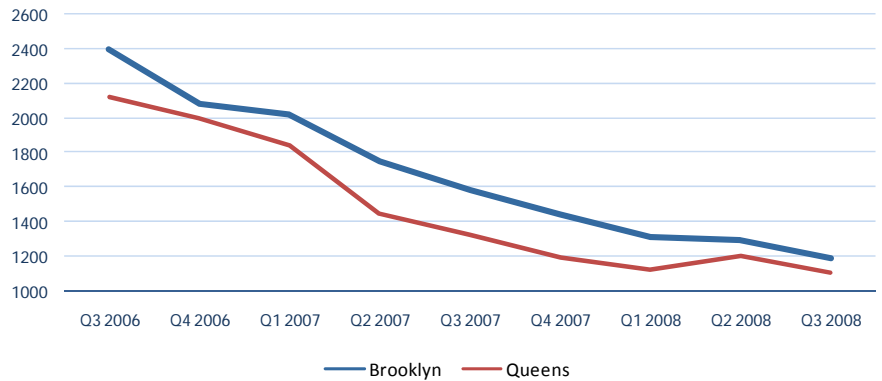
Address: [8026 Baxter Avenue, 11373, Queens](#)
Size: 52 units
Price: \$9,650,000

Sales at two-year lows in Brooklyn and Queens Brooklyn had 1,189 transactions in the third quarter of 2008, down 25% from the third quarter of 2007, while Queens had 1,107 transactions, down 16% from the third quarter of 2007. Both boroughs experienced the lowest number of sales in two-years, as well as the lowest total sales volume dollars, \$929 million in Brooklyn (down -36% from Q3 2007) and \$730 million in Queens (down 25% from Q3 2007).

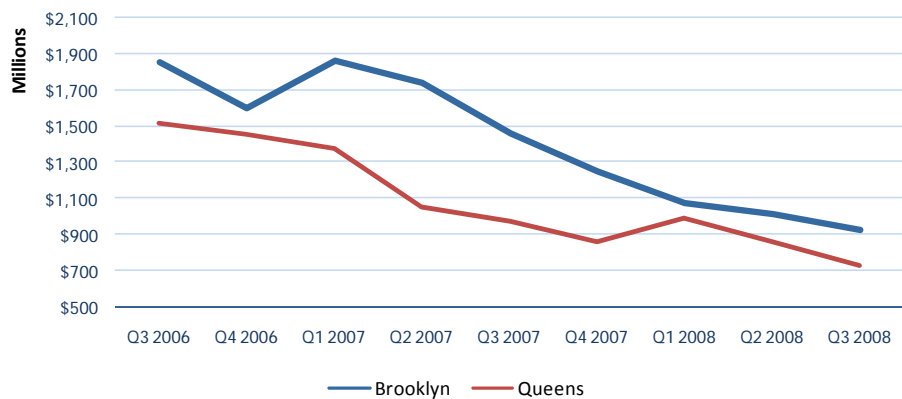
Number of closed deals down for all building categories Queens and Brooklyn were the only boroughs that saw a decline in closed deals for all three building categories analyzed in this report, 2-4 family buildings, mixed use buildings, and five+ unit apartment buildings.

Bushwick and Ridgewood had the highest activity in the five+ and mixed use building categories Neighborhoods along the northern part of the M line experienced the highest activity in the five+ and mixed use buildings in both Brooklyn and Queens, with zip code 11237 (23 sales), 11221 (15 sales), and 11385 (13 sales) on top of the list.

Closed Transactions



\$ Transactions



The Bronx and Staten Island, New York City

Number of Transactions

The Bronx: 374	
% Change over Q307: -27.4%	↓
Staten Island: 237	
% Change over Q307: -27.1%	↓

Median Sale Price

The Bronx: \$540,000	
% Change over Q307: -3.6%	↓
Staten Island: \$440,000	
% Change over Q307: -16.2%	↓

Median Price per Unit

The Bronx: \$200,000	
% Change over Q307: -5.9%	↓
Staten Island: \$215,000	
% Change over Q307: -15.4%	↓

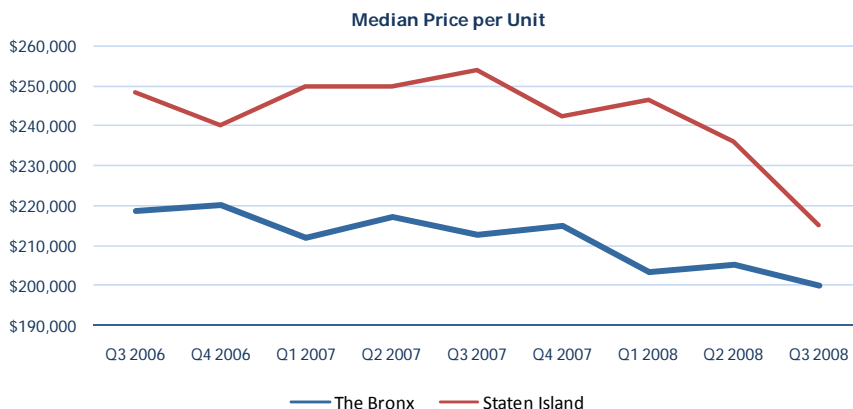
Number of sales, median sale price, price per unit hit two-year lows in the Bronx All market indicators in this report hit two-year lows in the Bronx in the third quarter of 2008. There were 374 closed transactions in Q3 2008, down 12% from Q2 2008, and down 27% from Q3 2007. Compared to Q2 2008, the median price per unit fell 2.5%, dropping to \$200,000, the lowest value in two years.

Despite falling prices, the Bronx had a record multifamily sale Despite weakened sales and falling prices, the condominium project on the [3260 Henry Hudson Parkway](#), sold to Columbia University for \$67.6 million, marking the highest apartment building sale in the borough potentially ever, but at least in the last 5 years that we examined.

Highest quarterly transactions in 2008, but prices fell sharply in Staten Island Staten Island saw a rebound in the number of sales (237) from both the first (206) and second quarter (235) of 2008. However, the number of sales is significantly lower than Q3 2007 (325 sales). The median sale price was down 16.2%, and the median price per unit was down 15.4%, compared to Q3 2007, marking the lowest values in two-years.



Address: [1580 Pelham Parkway S, 10461, Bronx](#)
Size: 177 units
Price: \$20,750,000



Methodology

Sales count: We define a *sale* in this report as any change of ownership between two parties, where the sale price is at least \$10,000. Transactions in New York City between government agencies, churches, and family members were excluded, as well as package deals (multiple sale transactions). In New York City 'RPTT' type documents were considered transactions, that is a transfer of at least a 50 percent ownership interest in a corporation, partnership, trust, or other entity that owns or leases real property; initial transfers of shares of stock in cooperative housing by the sponsor; and subsequent transfers of co-op stock.

Location: The data included in this market report encompasses the five boroughs of New York City, Los Angeles County and San Francisco County through the end of the third quarter of 2008 (Q3 2008).

Property Types: We define an *investment property* as a residential or mixed use building, consisting of at least 2 residential units. It does not include single family homes, coop or condo units, or other commercial or industrial buildings. A detailed list of all building categories, for all three markets, can be found in the tables below.

Data Sources: All data is aggregated from government records and is supplied as-is for informational purposes. It should not be used for making investment decisions. PropertyShark.com will not be liable for any losses or damages arising from or in any way related to this report, including without limitation any errors therein. PropertyShark.com will not be liable for any losses or damages arising from or in any way related to this report, including without limitation any errors therein.

New York City Building Class Categories		
Building Class	Subcategory	Multifamily Sector
Class B - Two Family Dwellings	Entire Class	2-4 Family
Class C - Walk Up Apartments	C0 Three Families	2-4 Family
Class C - Walk Up Apartments	C1 Over Six Families Without Stores	Five+
Class C - Walk Up Apartments	C2 Five to Six Families	Five+
Class C - Walk Up Apartments	C3 Four Families	2-4 Family
Class C - Walk Up Apartments	C4 Old Law Tenements	Five+ (if 5 units or more)
Class C - Walk Up Apartments	C5 Converted Dwelling or Rooming House	Five+ (if 5 units or more)
Class C - Walk Up Apartments	C7 Over Six Families With Stores	Mixed Use
Class D Buildings - Elevator Apartments	D1 Semi-fireproof Without Stores	Five+ (if 5 units or more)
Class D Buildings - Elevator Apartments	D2 Artists in Residence	Five+ (if 5 units or more)
Class D Buildings - Elevator Apartments	D3 Fireproof Standard Construction Without Stores	Five+ (if 5 units or more)
Class D Buildings - Elevator Apartments	D5 Converted	Five+ (if 5 units or more)
Class D Buildings - Elevator Apartments	D6 Fireproof - With Stores	Mixed Use
Class D Buildings - Elevator Apartments	D7 Semi-Fireproof With Stores	Mixed Use
Class D Buildings - Elevator Apartments	D8 Luxury Type	Five+ (if 5 units or more)
Class D Buildings - Elevator Apartments	D9 Miscellaneous	Five+ (if 5 units or more)
Class S Buildings - Residence - Multiple Use	Entire Class	Mixed Use
Class K Buildings - Store Buildings	K4 Stores, Apartments Above	Mixed Use

Los Angeles Property Use Classification Chart		
Property Use Classification	Subcategory	Multifamily Sector
02 - Double, Duplex or Two Units	Entire Class*	2-4 Family
03 - Three Units (Any Combination)	Entire Class*	2-4 Family
04 - Four Units (Any Combination)	Entire Class*	2-4 Family
05 - Five or More Apartment Units	Entire Class*	Five+
12 - Store Combination	1 Store & Residential Combination	Mixed Use

* except vacant parcel (V), vacant parcel that has improvement value (X), condominium units (C) and cooperative units (A).

San Francisco Property Class Description

Property Class	Description	Multifamily Sector
A	Apartment	2-4 Family, Five+ *
DA	Dwellings - Apartments	2-4 Family, Five+ *
OA	Office and Apartments	Mixed Use
AC	Apartment and Commercial Store	Mixed Use
F	Flats and Duplex	Mixed Use
MIX	Mixed Use	Mixed Use
DD	Two Dwellings on one Parcel	2-4 Family, Five+ *
DF	One Flat and Dwelling - One Parcel	2-4 Family, Five+ *
FA	One Flat and one Apartment - One Parcel	2-4 Family, Five+ *

* categorized depending upon the number of units within the sold building