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January 31, 2010

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NORTHERN MANHATTAN: MANHATTAN'S FINAL FRONTIER

By Robert Shapiro, First Vice President of Sales, Massey Knakal Realty Services

The robust year over year expansion in both dollar and transactional volume clearly signaled a recovery in Northern Manhattan. We believe this is only the beginning of a sustained upward trend as numerous factors will continue to stimulate and encourage growth. The tremendous deployment of capital into Harlem, Washington Heights and Inwood over the past real estate cycle has replenished the formally famished neighborhoods. Large scale institutional investments from hedge funds, international hotel chains, and Columbia University, have also played a significant role helping revitalizing the landscape uptown.

Northern Manhattan has shown tremendous resiliency throughout one of the most tumultuous economic crises in modern history. Healthy buyer demand has continued to help keep investment property values afloat. This demand is causing more potential sellers to get off the sidelines and into the market. Specifically, in Washington Heights and Inwood, we witnessed 35 multifamily properties (walk-up, elevator and mixed-use) transfer in 2010. This represents a 35% increase over the 26 buildings traded in 2009. The total value of property transfers was a combined \$182,483,000. This represents a resounding 191% increase over the total dollar volume of \$62,798,552 in 2009

Even with the strong increase in turnover in 2010, we are only performing at approximately 50% of the levels observed in 2006. Of the many reasons to not enter the market over the past two years, fear and uncertainty were the most prominent. Today, a number of positive economic indicators, and encouraging signs of stability, are helping these deterrents begin to subside. The pent up desire to sell over the past two years will also be a factor in the expected increase in property transfers in 2011.

A significant shift in sentiment has occurred as neighborhoods and blocks once considered a blight or taboo, are now perceived as highly desirable and sought after investment opportunities. Crime levels have dropped to unimaginable helping foster demand from new residential tenants and trendy retailers.

With more than ample public transportation, residents and visitors are assured they are never more than a few blocks away from the Metro-North commuter train, express bus or subway line at any given point. Public transportation options have always played an important role in value and development in NYC. Few areas in the city can rival the options available in Northern Manhattan.

In 2010, the Aloft Hotel, a vision of Starwood Hotel and Resorts, opened its doors on Frederick Douglass Boulevard and 123rd. The surrounding neighborhood has flourished with trendy new bars, coffee shops, clothiers, and eateries. Catering to the demands of Harlem's new consumer, eager local and national retailers are transforming abandoned storefronts.

Another significant boost for continued development in Northern Manhattan is the recent ruling by the Court of Appeals regarding the Columbia University expansion. The Ivy League school received final clearance in its a high contested and publicized eminent domain battle with a handful of local property owners. The favorable ruling clears the path to build a 17-acre expansion at the cost of approximately \$7 billion. The surrounding neighborhoods will significantly benefit in both the short and long term from the development and permanently expanded University presence.

Today, Northern Manhattan sits with a foundation upon which a prosperous future will be built. We expect the leaps and bounds achieved uptown during the last market boom to dwarf in comparison to what tomorrow will bring. Looking behind at a resurgent 2010, we clearly see a very bullish outlook on the future of this market. The tremendous amount of capital deployed over the past 10 years made significant strides in the quality of life for uptown residents. Investment dollars have continued to flock uptown as they still perceive future upside opportunities. We expect demand to increase as the success of projects like the Aloft Hotel on Frederick Douglass Boulevards and 122nd Street continue to redefine neighborhoods. The final approval of Columbia University's expansion plan has removed any hesitation from the market place and will help paint a bright future for the last remain frontier on Manhattan.

Robert M. Shapiro began his career at Massey Knakal in 2001 and has been selling commercial investment property in NYC for 10 years. In 2010, Robert sold 17 properties for an aggregate value of approximately \$80,000,000 representing 48% of all the commercial property sold in the neighborhood. 2010 highlights include 920 Riverside Drive for \$15,575,000 and 839, 845, & 853 Riverside Drive for \$17,300,000.