

Manhattan CRE Sales Volume and Buying Trends – June 2020

Manhattan continues to face an uphill battle as the effects of the COVID-19 pandemic are becoming more apparent in the first few months of post-crisis data. Unemployment, closures, and rent collection are on the forefront of the Manhattan commercial real estate industry. Statistics for the first six months of 2020 suggest investors have been wary of market fundamentals. However, this report points to some positive signs that activity is slowly returning. June 2020 was the first month with an increase in transactions since December 2019. With New York moving forward with business re-openings, could this be the start of a recovery trend?

This report analyzes trends in investment sales for all property types in Manhattan from January 2019 through June 2020.

FEATURE: COVID-19 and its Impact on the Commercial Real Estate Market

The Manhattan market was stable during the first two and a half months of 2020. The global COVID-19 pandemic surfaced in the United States in Mid-March. Federal, State, and local governments responded by issuing strict social distancing orders and economic closures to curb the spread of the virus.

The crisis has caused short and long-term effects across Manhattan's commercial real estate landscape, which are highlighted on this page.

Short Term Impact

Governor Cuomo unveiled a plan to open New York State in stages. As of July 27, New York City has entered Phase Four of reopening, although reopening dates for schools, indoor restaurant dining, museums, theaters, and malls have not been determined.

Hardest hit in Manhattan has been the retail sector. Landlords have routinely reported collection loss of over 50 percent for non-essential commercial tenants. Landlords, not receiving rental payments, are struggling to pay tax bills—the largest source of revenue for the city. Additionally, a new wave of coronavirus cases seen in other parts of the country could threaten economic re-openings and cause additional hardship for landlords and tenants alike.

Long Term Impact

The impact of COVID-19 on commercial real estate will unfold over time. Some sectors will rebound faster than others, and fundamentals will vary greatly between property types. Restaurants, bars, and other retail that warrants close contact have been especially hard hit, with some proprietors concerned for their survival. Remote working and the need for additional spacing will likely lower demand for office space in the CBD. These are just some of the pressing issues that Manhattan faces moving forward.