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Written by Mark Heschmeyer (mheschmeyer@costar.com)

Back in Business: CRE Sales Volumes Make Strong Comeback

Just Like the Old Days, Deal Flow Returns to Historical Levels

The dollar volume of commercial real estate sales vaulted back to longterm historical levels in 2011. CoStar Group has confirmed \$291.6 billion in CRE sales in 2011, a 32% increase over the sales volume in 2010.

Last year's volume bested the 12-year average volume of \$254.2 billion. However, the 2011 dollar volume is still overshadowed by credit-bubble level of \$560.5 billion in 2007.

Sales of office property led all other types in dollar volume totaling almost \$74 billion. That volume was 39% higher than 2010, but it was only one-third the volume of office sales in 2007.

Nine New York City office building sales that traded for more than \$500 million each accounted for \$6 billion of the total office sales volume in 2011 or 8%. The largest sale in any category last year was RXR Realty's \$920 million purchase of the the Starrett-Lehigh Building at 601 W 26th St. in New York, a 2.7 million-square-foot property.

While office sales led the way, perhaps the big winner in 2011 was multifamily sales. Apartment sales jumped 46% to \$62.1 billion, about two-thirds of the 2007 volume.

Retail sales also had a strong year, jumping 43% from 2010 levels to \$58.7 billion. That volume, however, was only one-fourth the sales volume for retail property in 2007.

Industrial property sales were up 8% from 2010 and totaled \$35.9 billion. That volume was a little more than half the level of 2007.

Hospitality property sales were up 32% from 2010 to \$20.9 billion and were about half of what they were in 2007.

Land sales of \$19.6 billion were the disappointment of 2011. After increasing in 2010 from 2009 levels, land sales decreased 14% in 2011 from 2010 levels. Land sales peaked in 2005 at \$62.2 billion and had fallen every year until 2010.

Interest in health care related real estate helped boost the catch all category of 'Other property types,' which jumped 76% from 2010 activity. The \$20.5 billion of sales in this category include sales of specialty, health care and sports & entertainment related venues. Health care related property sales made up roughly one-fourth of the volume. Total sales in this category nearly matched their volume of 2007 - falling just \$500 million short.

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