

FIGURES | TRI-STATE CAPITAL MARKETS | Q4 2023

New York Tri-State Real Estate Investment Volume Falls Over 40% in 2023



Arrows indicate change from the previous year.

¹All references to deal volume cited in this report are based on MSCI Real Assets transactional database, which includes single-asset and portfolio transactions and excludes development site transactions.

Executive Summary

- Total New York Tri-State commercial real estate investment volume of \$7.5 billion in Q4 2023 brought the 2023 total to \$33.2 billion.
- Multifamily led all sectors for investment volume in 2023 (\$9.9 billion) followed by office (\$7.4 billion) and retail (\$6.2 billion).
- Manhattan led the region for investment volume in 2023 (\$12.7 billion), down 42% year-over-year, followed by New Jersey (\$8.5 billion), where investment also fell by 42% year-over-year.
- Private buyers accounted for over half of 2023 investment volume (\$17.7 billion), down 50% from the volume seen in 2022.
- Cross-border investment in the Tri-State region rose by 15% year-over-year to \$4.9 billion in 2023.
- New York Tri-State was the leading market for investment volume in 2023, followed by Los Angeles (\$30 billion) and Dallas (\$18 billion).
- For more CBRE capital markets insights, view the [U.S. CBRE Capital Markets Report | Q4 2023](#).

Looking Ahead: What to Expect in 2024

MACRO TRENDS TO WATCH

Tri-State investment volume continued to trend downwards in 2023 amidst a period of economic uncertainty that has many buyers waiting on the sidelines.

High interest rates and tight credit conditions are expected to keep weighing on investment volume through the first half of 2024.

Despite substantial declines in investment volume across major asset types including office, multifamily, and industrial, promising signs of life were seen in the hotel and retail sectors, which have been supported by a strident travel recovery and a resilient consumer.

The U.S. economy is expected to achieve a “soft landing,” avoiding a recession and achieving modest GDP growth of approximately 1.2% in 2024 as core inflation falls and the Fed is expected to make at least four interest rate cuts totaling 100 basis points

Notable amounts of equity capital remained on the sidelines at the end of 2023, particularly for value-add and opportunistic strategies. It is expected that some of this capital will be deployed throughout 2024.

GDP grew by 3.3% on an annualized basis in Q4 2023, above Wall Street expectations of 2%. Consumers continued to spend on goods and services and business investment was generally strong across the board, with notable spending on structures.

High interest rates, elevated construction costs and limited demand, along with record-high vacancy, will deter developers from breaking ground on new office projects in 2024 even as demand for the best office space remains robust.

Total investment volume is expected to decrease by 5% year-over-year in 2024, stabilizing after a 45% drop in 2023. Lower levels of investment activity are directly tied to expectations that the 10-year treasury yield will remain elevated throughout the year.

Healthy economic growth bodes well for leasing demand, which CBRE expects will be resilient in 2024. As the Fed cuts short-term rates and long-term rates fall, CBRE expects investment activity to pick up in the second half of the year.

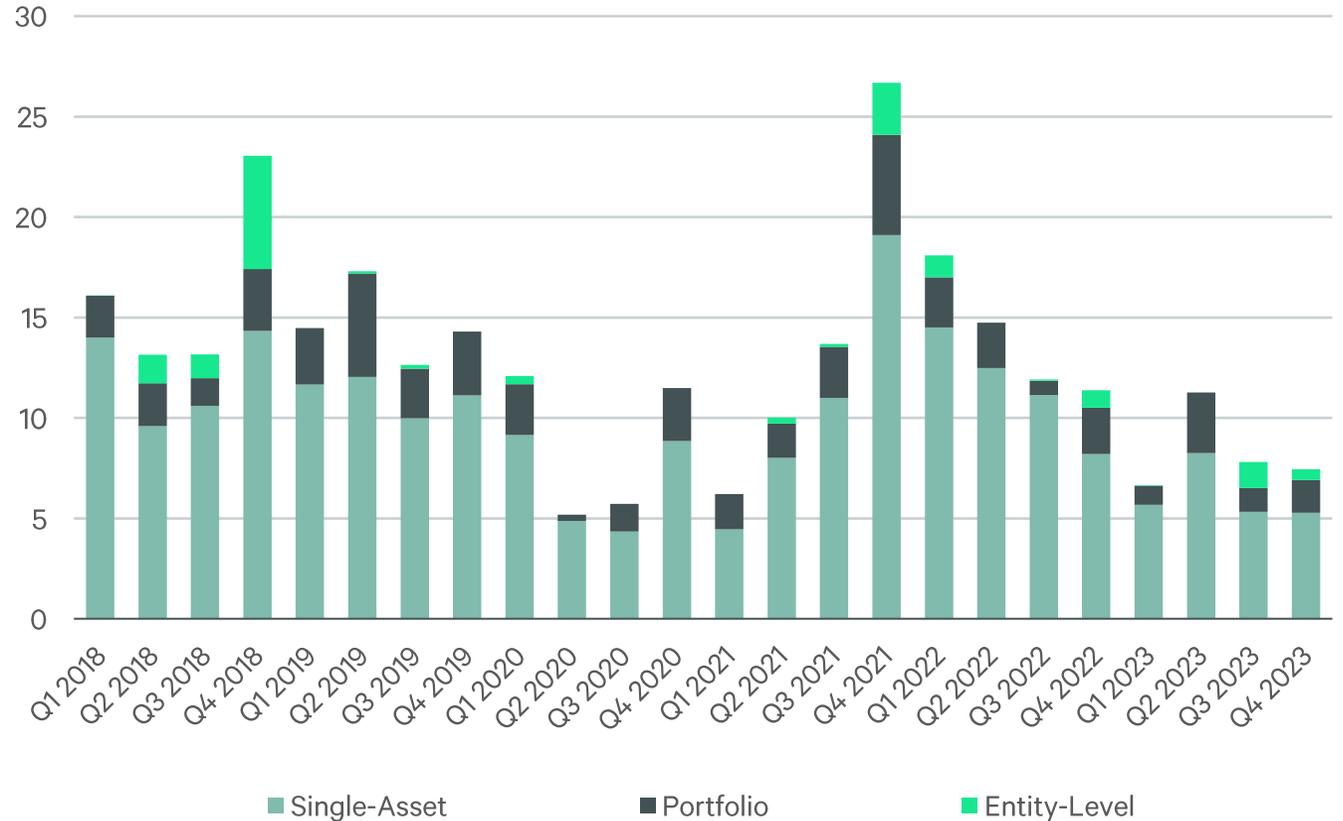
Figure 1 Historical commercial real estate investment volume

- Tri-State commercial real estate investment volume totaled \$33.2 billion in 2023, down 41% from the \$56.1 billion invested in 2022.
- Portfolio investment volume fell by 13% compared to 2022 levels to \$6.8 billion.
- Quarterly investment volume in Q4 2023 was \$7.5 billion, down 35% year-over-year from the \$11.4 billion invested in Q4 2022.

Assessment

- Elevated interest rates and economic uncertainty resulted in a year of subdued investment in Tri-State.
- Foreign buyers were bullish on Manhattan with non-US based investors accounting for four of the region’s five largest transactions in 2023.
- Retail was an unlikely thread across top transactions with Prada picking up two adjacent Fifth Avenue offices for over \$800 million in separate deals and Wells Fargo purchasing the former Neiman Marcus department store at Hudson Yards for conversion into offices.
- Investment activity is expected to improve in the latter half of 2024 as inflation cools and the Fed begins cutting rates. CBRE expects the first rate cut to come at the May Federal Open Market Committee meeting with three additional cuts throughout the year.

Investment Volume (\$ Billions)



Note: Volume excludes development site transactions.
Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 2
Tri-State commercial real estate investment volume by sector, 2023 vs. 2022

- Multifamily led all sectors for annual investment volume in 2023 with \$9.9 billion, down 49% from 2022.
- Office was the second most-preferred sector with \$7.4 billion, down 58% from 2022.
- Retail was the third most-preferred sector in 2023 with \$6.2 billion, up just under 1% from a year ago.

	Total (\$ billions)				Total (\$ billions)			
	Q4 2023	Q4 2022	Change (%)	Market Share (%)	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	1.56	3.17	-50.8	20.9	9.92	19.55	-49.3	29.9
Industrial	1.22	2.59	-52.9	16.4	5.24	9.90	-47.1	15.8
Office	1.90	2.90	-34.5	25.5	7.36	17.61	-58.2	22.2
Retail	1.40	1.92	-27.1	18.8	6.16	6.12	0.7	18.6
Hotel	1.28	0.80	61.0	17.2	3.94	2.46	60.1	11.9
Other	0.10	0.02	535.7	1.3	0.57	0.50	13.3	1.7
Total	7.45	11.39	-34.5	100.0	33.19	56.14	-40.9	100.0

Assessment

- Multifamily performance in 2023 was driven by New York City’s outer boroughs, where year-over-year multifamily investment volume declined by a relatively modest 23% compared to 49% regionally.
- Investment was less concentrated in the office and multifamily sectors in 2023 than in 2022 when those asset types attracted over two-thirds of all investment volume compared to just over half in 2023.
- Retail and hotel saw increased investment volume in 2023 in response to confident American consumers and rebounding travel.

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
 Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 3
Manhattan commercial real estate investment volume, 2023 vs. 2022

- Office led all sectors for investment volume in 2023 with \$4.6 billion, a 58% year-over-year decrease.
- Multifamily was the second most-preferred sector with \$3.5 billion, down 58% from one year ago.

	Total (\$ billions)			
	Q4 2023	Q4 2022	Change (%)	Market Share (%)
All Types of Investment				
Multifamily	0.70	1.46	-51.9	17.7
Industrial	0.02	0.03	-21.6	0.5
Office	1.42	1.43	-1.2	35.8
Retail	0.91	0.28	227.0	23.1
Hotel	0.90	0.24	276.8	22.8
Other	0.00	0.00	N/A	0.0
Total	3.96	3.44	15.1	100.0

	Total (\$ billions)			
	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Market Share (%)
All Types of Investment				
Multifamily	3.45	8.19	-57.8	27.1
Industrial	0.03	0.12	-73.8	0.2
Office	4.60	10.93	-57.9	36.1
Retail	1.79	1.37	30.8	14.1
Hotel	2.84	1.24	129.4	22.3
Other	0.03	0.00	N/A	0.2
Total	12.74	21.84	-41.7	100.0

Figure 4
NYC Outer Boroughs commercial real estate investment volume, 2023 vs. 2022

- Multifamily led all sectors for investment volume in 2023 with \$3.8 billion, a 23% year-over-year decrease.
- Retail was the second most-preferred sector with \$1.2 billion, an 18% decrease from one year ago.

* NYC's outer borough markets include Brooklyn, Queens, the Bronx, and Staten Island.

	Total (\$ billions)			
	Q4 2023	Q4 2022	Change (%)	Market Share (%)
All Types of Investment				
Multifamily	0.29	1.00	-71.3	24.9
Industrial	0.21	0.28	-23.3	18.5
Office	0.13	0.11	15.8	11.0
Retail	0.17	0.43	-59.5	15.1
Hotel	0.31	0.22	38.5	26.6
Other	0.04	0.00	N/A	3.8
Total	1.15	2.05	-43.6	100.0

	Total (\$ billions)			
	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Market Share (%)
All Types of Investment				
Multifamily	3.75	4.88	-23.1	49.7
Industrial	1.01	2.52	-59.8	13.4
Office	0.86	1.41	-38.8	11.4
Retail	1.16	1.42	-18.2	15.4
Hotel	0.65	0.35	86.5	8.6
Other	0.11	0.14	-20.5	1.5
Total	7.56	10.73	-29.5	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
 Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 5
New Jersey commercial real estate investment volume, 2023 vs. 2022

- Industrial led all sectors for investment volume in 2023 with \$3.4 billion, a 38% year-over-year decrease.
- Multifamily was the second most-preferred sector with \$1.9 billion, down 48% from one year ago.

	Total (\$ billions)			
	Q4 2023	Q4 2022	Change (%)	Market Share (%)
All Types of Investment				
Multifamily	0.19	0.51	-63.4	12.0
Industrial	0.84	2.06	-59.1	54.0
Office	0.29	1.06	-72.8	18.5
Retail	0.16	0.38	-57.7	10.3
Hotel	0.04	0.16	-77.2	2.3
Other	0.04	0.01	289.7	2.9
Total	1.56	4.18	-62.7	100.0

	Total (\$ billions)			
	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Market Share (%)
All Types of Investment				
	1.91	3.50	-48.4	21.3
	3.40	5.53	-38.4	40.1
	1.34	3.73	-64.1	15.8
	1.32	1.34	-1.7	15.5
	0.33	0.43	-23.2	3.9
	0.28	0.21	36.0	3.3
Total	8.48	14.74	-42.4	100.0

Figure 6
Long Island commercial real estate investment volume, 2023 vs. 2022

- Industrial led all sectors for investment volume in 2023 with \$474 million, down 49% year-over-year.
- Multifamily was the second most-preferred sector with \$464 million, down 34% from one year ago.

	Total (\$ millions)			
	Q4 2023	Q4 2022	Change (%)	Market Share (%)
All Types of Investment				
Multifamily	208.00	13.30	1,463.9	54.9
Industrial	25.55	165.07	-84.5	6.7
Office	15.94	127.34	-87.5	4.2
Retail	114.10	614.78	-81.4	30.1
Hotel	15.00	11.00	36.4	4.0
Other	0.00	0.00	N/A	0.0
Total	378.58	931.49	-59.4	100.0

	Total (\$ millions)			
	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Market Share (%)
All Types of Investment				
	463.73	705.87	-34.3	28.5
	474.00	927.29	-48.9	29.1
	162.40	386.55	-58.0	10.0
	427.66	987.70	-56.7	26.3
	47.85	146.76	-67.4	2.9
	52.50	36.40	44.2	3.2
Total	1,628.15	3,190.57	-49.0	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 7
Hudson Valley* commercial real estate investment volume, 2023 vs. 2022

- Retail led all sectors for investment volume in 2023 with \$800 million, a 32% year-over-year increase.
- Multifamily was the second most-preferred sector with \$309 million, down 72% from one year ago.

*Hudson Valley includes Westchester, Putnam, Dutchess, Orange, and Rockland Counties.

	Total (\$ millions)				Total (\$ millions)			
	Q4 2023	Q4 2022	Change (%)	Market Share (%)	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	148.20	51.73	186.5	46.0	308.68	1,101.96	-72.0	17.6
Industrial	102.05	65.97	54.7	31.7	266.17	525.82	-49.4	15.2
Office	37.30	40.60	-8.1	11.6	293.48	521.03	-43.7	16.8
Retail	14.20	72.58	-80.4	4.4	799.63	607.22	31.7	45.7
Hotel	20.59	97.90	-79.0	6.4	47.30	172.67	-72.6	2.7
Other	0.00	0.00	N/A	0.0	34.95	113.76	-69.3	2.0
Total	322.33	328.79	-2.0	100.0	1,750.21	3,042.47	-42.5	100.0

Figure 8
Fairfield County, CT commercial real estate investment volume, 2023 vs. 2022

- Retail led all sectors for investment volume in 2023 with \$658 million, a 70% year-over-year increase.
- Multifamily was the second most-preferred sector with \$130 million, down 89% from one year ago.

	Total (\$ millions)				Total (\$ millions)			
	Q4 2023	Q4 2022	Change (%)	Market Share (%)	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	23.10	123.54	-81.3	28.3	129.82	1,171.24	-88.9	12.7
Industrial	18.96	0.00	N/A	23.2	52.46	283.87	-81.5	5.1
Office	10.43	122.75	-91.5	12.7	101.53	633.98	-84.0	9.9
Retail	22.34	143.06	-84.4	27.3	658.14	387.03	70.0	64.2
Hotel	0.00	67.83	-100.0	0.0	24.51	122.07	-79.9	2.4
Other	6.94	3.50	98.3	8.5	58.20	3.50	1,562.9	5.7
Total	81.76	460.68	-82.3	100.0	1,024.66	2,601.68	-60.6	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
 Source: CBRE Research, MSCI Real Assets, Q4 2023.

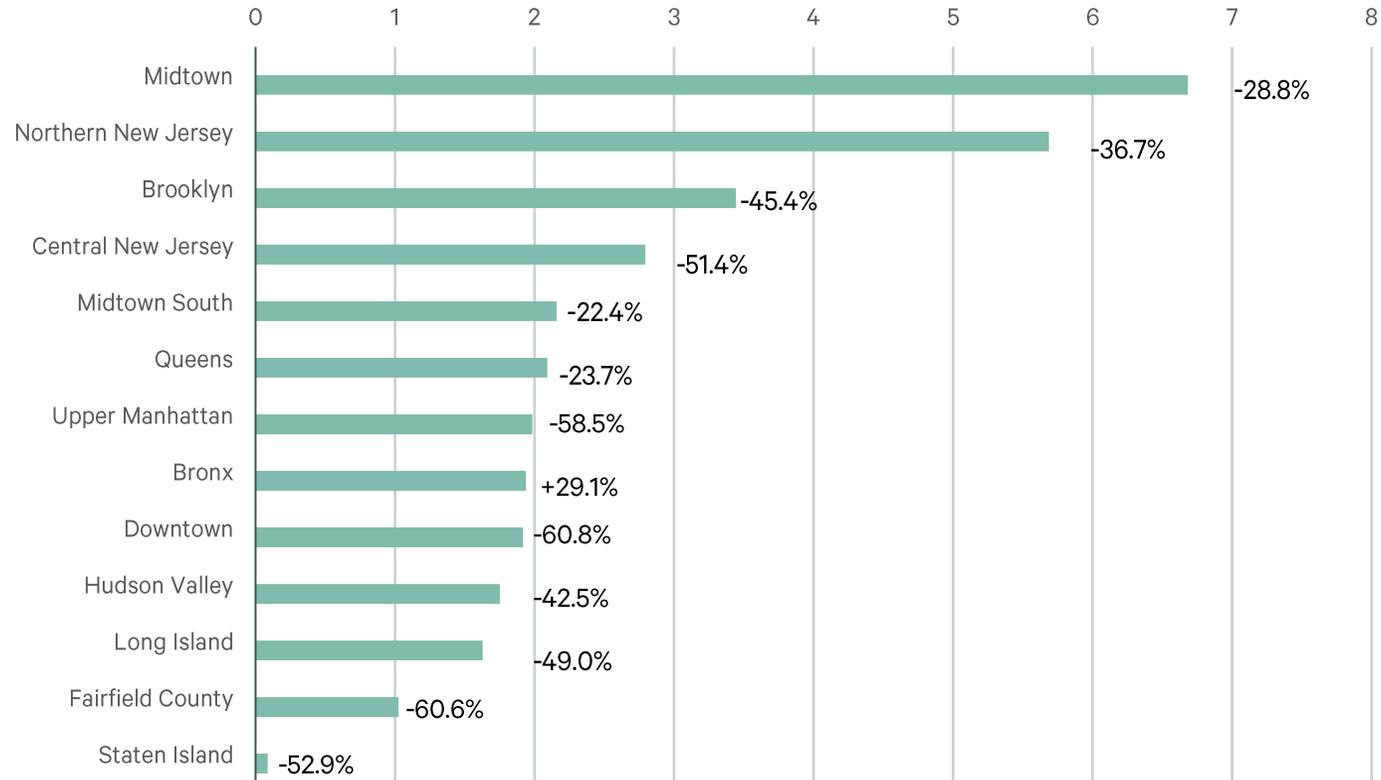
Figure 9 2023 Investment Volume & Annual Percent Change

- Midtown Manhattan led the Tri-State area for annual investment volume in 2023 with \$6.7 billion.
- Northern New Jersey had the second highest total with \$5.7 billion.
- Brooklyn rounded out the top three with \$3.4 billion.
- The Bronx was the only area in Tri-State to see a year-over-year increase in investment volume, driven by several large residential transactions.

Assessment

- While investment contracted sharply across Tri-State, Midtown and Midtown South experienced relatively modest contractions on the strength of trophy office and retail transactions.
- A decline in residential and industrial investment led to sharp transaction decreases in suburban markets.

Investment Volume (\$ Billions) & YoY Percent Change Across Tri-State



Note: Volume excludes development site transactions.
Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 10
Investment volume by market & property type, year ending Q4 2023

Overall Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Midtown	6,681	-28.8%
2	Northern New Jersey	5,687	-36.7%
3	Brooklyn	3,442	-45.4%
4	Central New Jersey	2,795	-51.4%
5	Midtown South	2,159	-22.4%
6	Queens	2,091	-23.7%
7	Upper Manhattan	1,984	-58.5%
8	Bronx	1,939	29.1%
9	Downtown	1,918	-60.8%
10	Hudson Valley	1,750	-42.5%

Office Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Midtown	2,909	-52.0%
2	Northern New Jersey	962	-58.4%
3	Downtown	879	-71.7%
4	Midtown South	742	-1.8%
5	Brooklyn	441	-47.5%
6	Central New Jersey	376	-73.4%
7	Hudson Valley	293	-43.7%
8	Queens	250	-46.5%
9	Bronx	166	74.9%
10	Long Island	162	-58.0%

Industrial Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Northern New Jersey	2,392	-17.0%
2	Central New Jersey	1,012	-61.7%
3	Queens	505	-35.5%
4	Long Island	474	-48.9%
5	Brooklyn	359	-72.8%
6	Hudson Valley	266	-49.4%
7	Bronx	150	-58.1%
8	Fairfield County	52	-81.5%
9	Midtown South	23	-44.4%
10	Upper Manhattan	4	-75.7%

Multifamily Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Brooklyn	1,654	-49.8%
2	Upper Manhattan	1,540	-53.3%
3	Bronx	1,474	61.4%
4	Northern New Jersey	1,336	-49.9%
5	Midtown South	748	-51.1%
6	Midtown	644	-63.1%
7	Queens	609	-8.8%
8	Downtown	519	-67.8%
9	Central New Jersey	472	-43.8%
10	Long Island	463	-34.2%

Retail Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Midtown	1,123	168.0%
2	Hudson Valley	800	31.7%
3	Northern New Jersey	672	-12.9%
4	Fairfield County	658	70.0%
5	Central New Jersey	645	13.5%
6	Brooklyn	580	-15.8%
7	Long Island	428	-56.7%
8	Queens	381	-27.9%
9	Upper Manhattan	245	-40.3%
10	Midtown South	238	-38.0%

Hotel Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Midtown	708	-52.5%
2	Northern New Jersey	348	67.9%
3	Brooklyn	233	128.0%
4	Queens	221	106.2%
5	Downtown	186	20.7%
6	Upper Manhattan	142	14.3%
7	Hudson Valley	128	-36.2%
8	Central New Jersey	108	-34.5%
9	Fairfield County	92	-11.6%
10	Midtown South	62	33.3%

Note: Tables ranked by highest investment volume among Tri-State Markets
 Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 11 Investment volume by buyer type, Q4 2023 vs. Q4 2022

- Private investors accounted for \$17.7 billion or 53% of total Tri-State investment volume in 2023.
- Inbound cross-border investment volume increased by 50% year-over-year in 2023 to \$4.9 billion.

Assessment

- Foreign buyers were more bullish than their American counterparts, increasing their year-over-year investment volume in a variety of asset types while domestic investors pulled back.
- Private buyers, led by property owners, operators and developers, were the largest buyer type while publicly traded companies, under pressure to reduce costs, have continued to be less active in the capital markets.

	Volume (\$ billions)			Market Share (%)	
	Year Ending Q4 '23	Year Ending Q4 '22	Change (%)	Year Ending Q4 '23	Year Ending Q4 '22
Private	\$17.7	\$35.0	-49.5	53.3	62.3
Institutional	\$6.7	\$8.7	-23.1	20.2	15.5
Public Companies	\$2.1	\$4.9	-57.1	6.3	8.7
Cross-Border	\$4.9	\$3.3	49.6	14.7	5.8
Other*	\$1.8	\$4.3	-57.4	5.5	7.7
Total	\$33.2	\$56.1	-40.9	100.0	100.0

*Other = user, unknown, other types of investors.
Source: CBRE Research, MSCI Real Assets, Q4 2023.

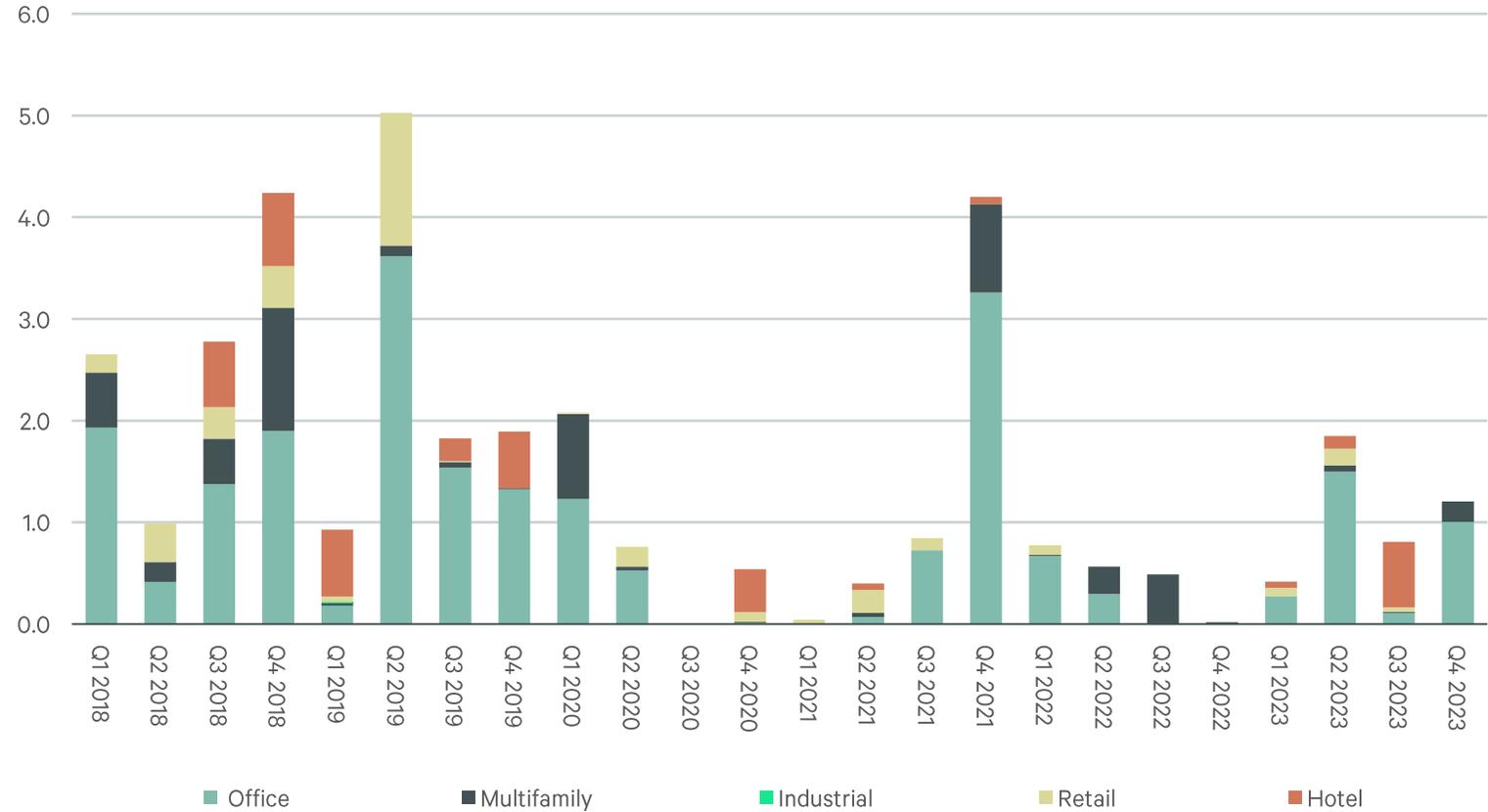
Figure 12
Cross-border investment
by property type, Manhattan

- Office was the leading sector for inbound cross-border investment into Manhattan in 2023 with \$2.9 billion, followed by hotels with \$830 million due to the \$623 million purchase of the Park Lane Hotel by the Qatar Investment Authority.

Assessment

- The \$2.9 billion spent on Manhattan real estate by foreign investors in 2023 was a 132% increase from the year prior when sales to foreign buyers were fewer, smaller, and more targeted towards multifamily assets.
- Despite a mixed global economic picture, foreign buyers emerged from a variety of markets including Italy, Japan, Canada, and Qatar.

Investment Volume (\$ Billions)



Source: CBRE Research, MSCI Real Assets, Q4 2023.

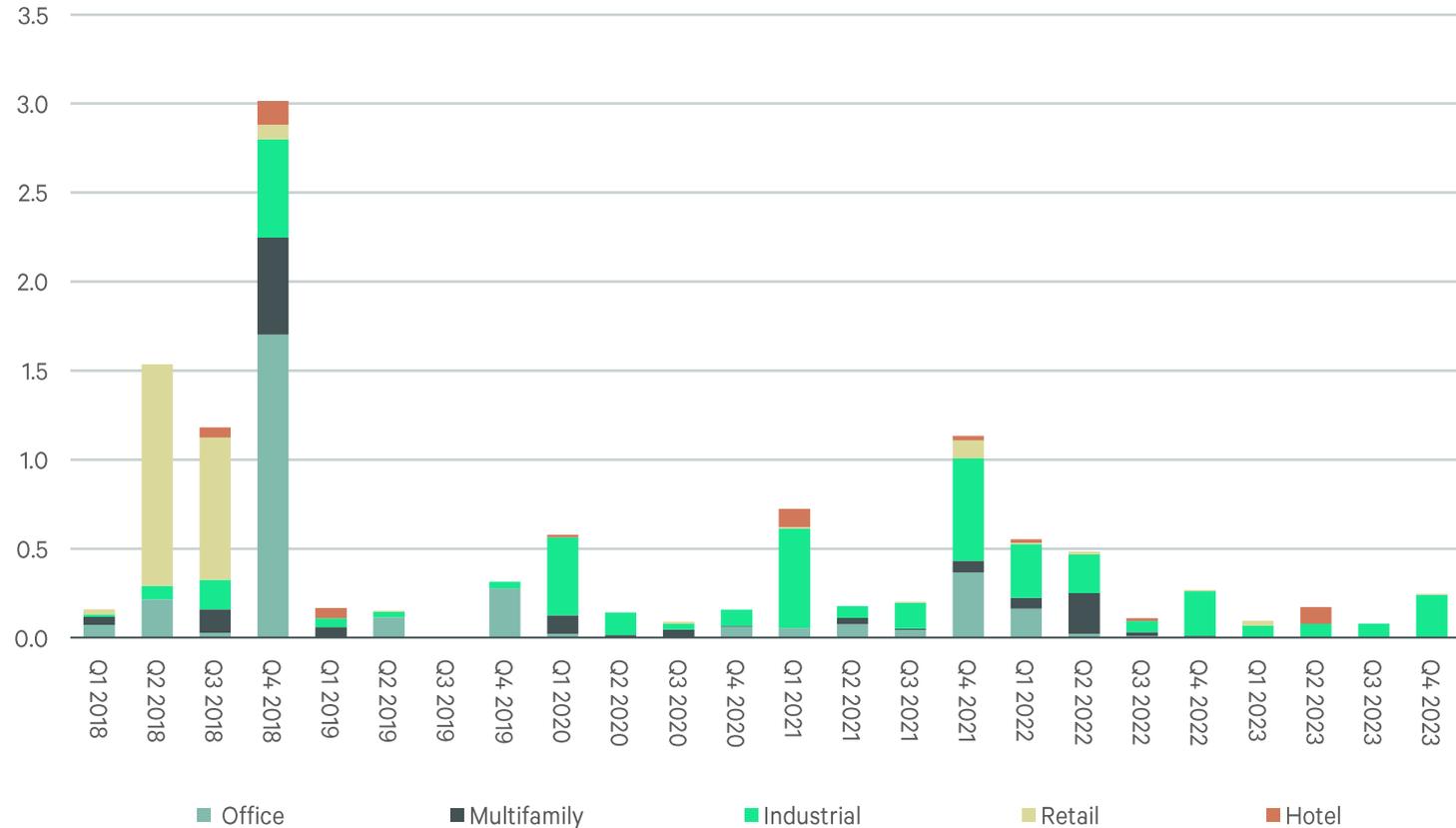
Figure 13 Cross-border investment by property type, Outer Boroughs & Suburbs

- Industrial was the leading sector for inbound cross-border investment into the outer boroughs and suburbs in 2023 with \$461 million, followed by hotels with \$96 million.

Assessment

- Cross-border investment into the outer boroughs and suburbs remained weak throughout 2023 with industrial being the only sector to consistently attract foreign buyers.
- Industrial properties claimed nearly 80% of all outer-borough and suburban investment volume in 2023 compared to 60% in each of the two years prior.

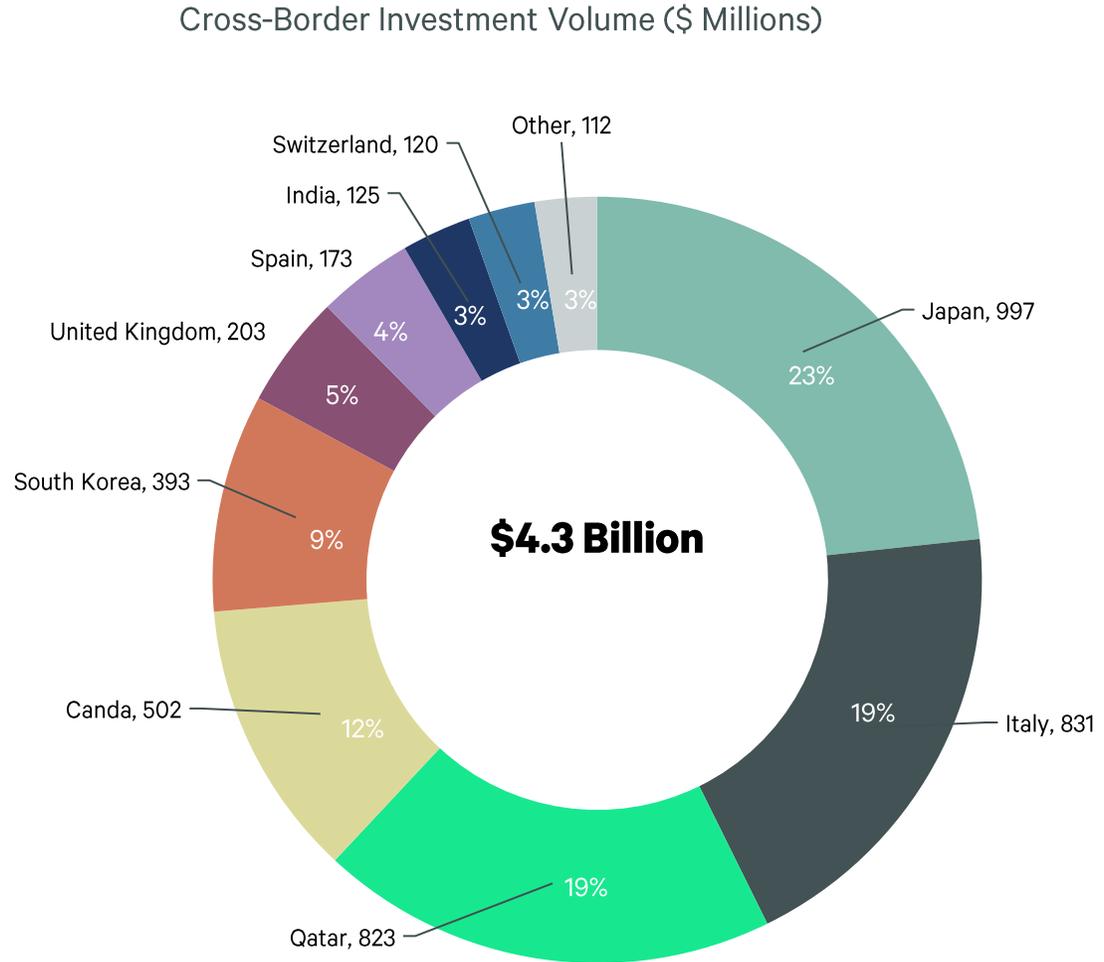
Investment Volume (\$ Billions)



Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 14
Cross-border investment for all asset types by country of origin, trailing four quarters ending Q4 2023: Manhattan

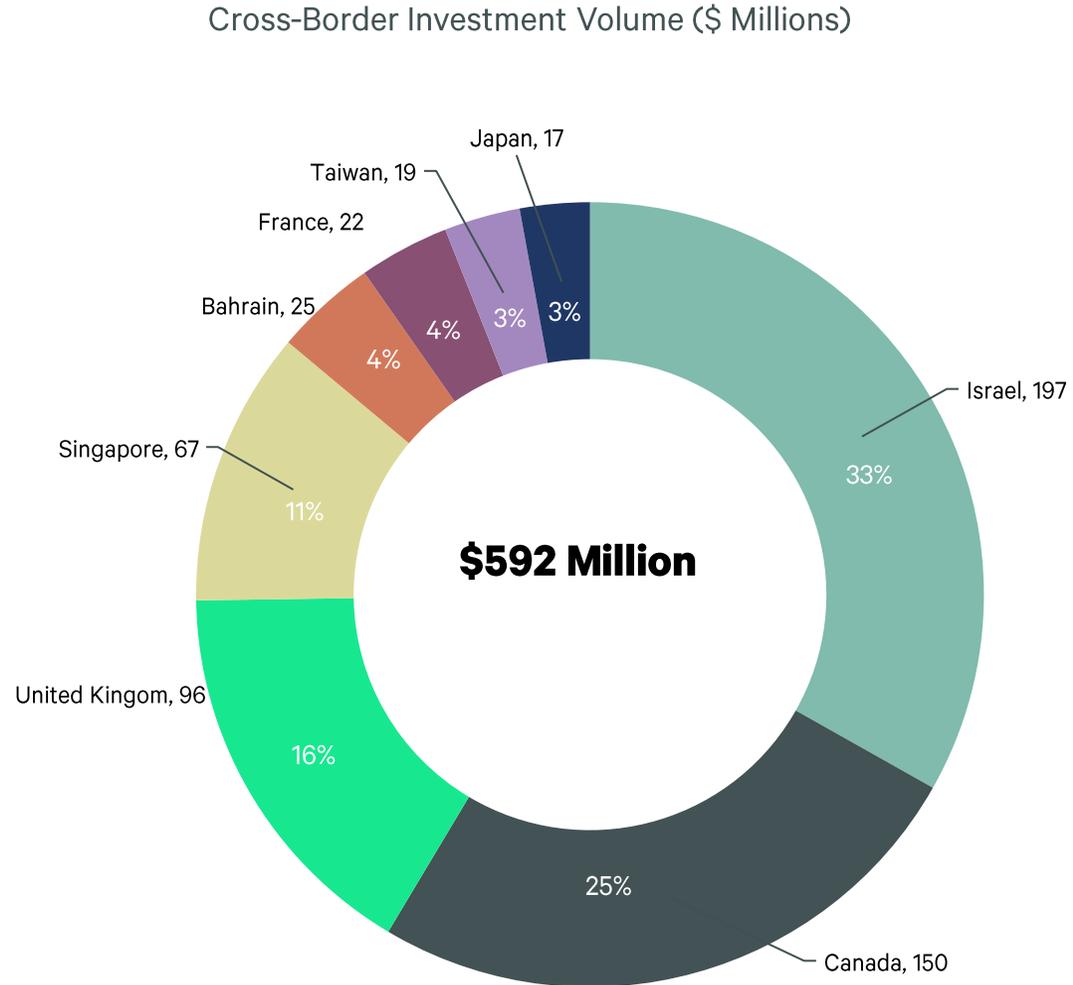
- Japan was the top country for inbound cross-border investment into Manhattan with \$997 million or 23.3% of the 2023 total
- Italy accounted for 19.4% of the total volume with \$831 million, attributed to two office building purchases by the fashion brand Prada.
- Qatar had the third highest total investment cross-border investment volume in 2023 with \$823 million or 19.2%.



Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 15
Cross-border investment for all asset types by country of origin, trailing four quarters ending Q4 2023, Outer Boroughs and Suburbs

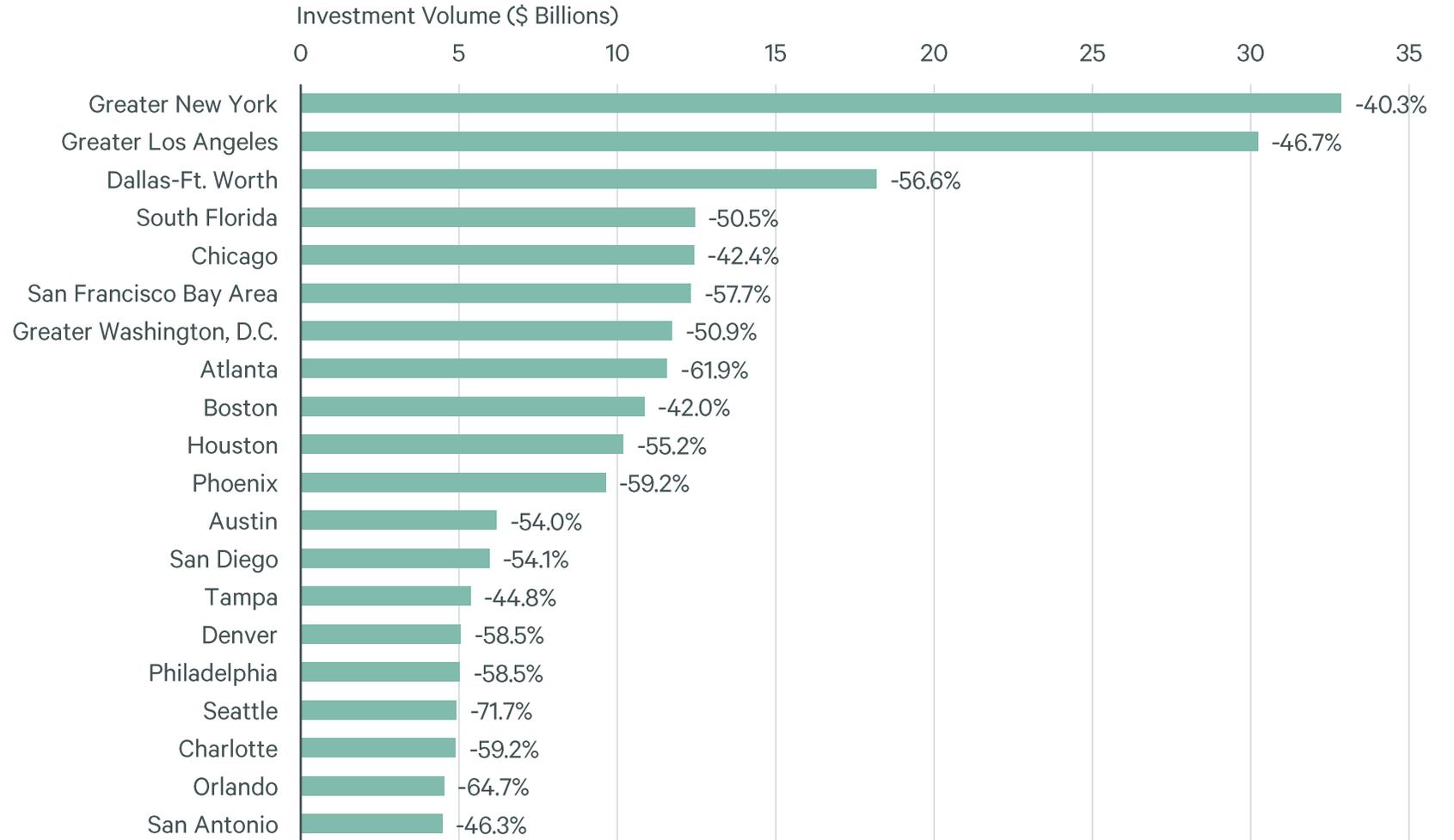
- Israel was the top country for inbound cross-border investment into the Tri-State region outside of Manhattan with \$197 million or 33% of the total for 2023.
- Canada accounted for 25% of the total volume with \$150 million followed by the United Kingdom with \$96 million or 16%.



Source: CBRE Research, MSCI Real Assets, Q4 2023.

Figure 16
Top 20 markets for total investment volume, trailing four quarters ending Q4 2023

- New York was the leading U.S. market for total investment volume in 2023, capturing approximately \$33 billion, followed by Los Angeles and Dallas.
- New York also had the smallest year-over-year decline in investment volume, followed by Boston and Chicago.



Note: Volume excludes development site transactions. Greater New York figures in this chart do not include New Jersey's Princeton submarket, which accounts for roughly \$325 million in additional transaction activity.

*Percentage change from trailing four quarter total in previous year.

Source: CBRE Research, MSCI Real Assets, Q4 2023.

Contacts

Richard Barkham, Ph.D., MRICS

Global Chief Economist
& Head of Americas Research
+1 617 912 5215
richard.barkham@cbre.com
Twitter: @RichardJBarkham

Chris Ludeman

Global President
Capital Markets
chris.ludeman@cbre.com

Darin Mellott

Vice President
Capital Markets Research
+1 801 869 8014
darin.mellott@cbre.com
Twitter: @DarinMellott

Carsten Raaum

Associate Research Director
+1 312 660 3475
carsten.raaum@cbre.com

Nicole LaRusso

Senior Director, Research & Analysis
CBRE | Americas Advisory North
+1 212 984 7188
nicole.larusso@cbre.com

Ben Wurtzel

Senior Research Analyst
CBRE | Northeast
ben.wurtzel@cbre.com

© Copyright 2024. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

