

# WELCOME TO COFFEE & CAP RATES<sup>SM</sup>

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WILL BEGIN SHORTLY



Presented By:

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President

Ariel Property Advisors



&



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# ABOUT ARIEL PROPERTY ADVISORS

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Quality  
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RESEARCH



Asset Evaluations  
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**Vision | Structure | Discipline | Skills | Support**

A diverse group of young people, including men and women of various ethnicities, are smiling and waving their hands. They are holding a large white banner with blue text. The background is a repeating pattern of the 'LEGAL OUTREACH & Ariela' logo, which includes the tagline 'RAISING THE BAR' and 'PROPERTY ADVISORS'.

**Thank you for supporting us**



# AGENDA

MARKET SNAPSHOT

LOOKING FORWARD

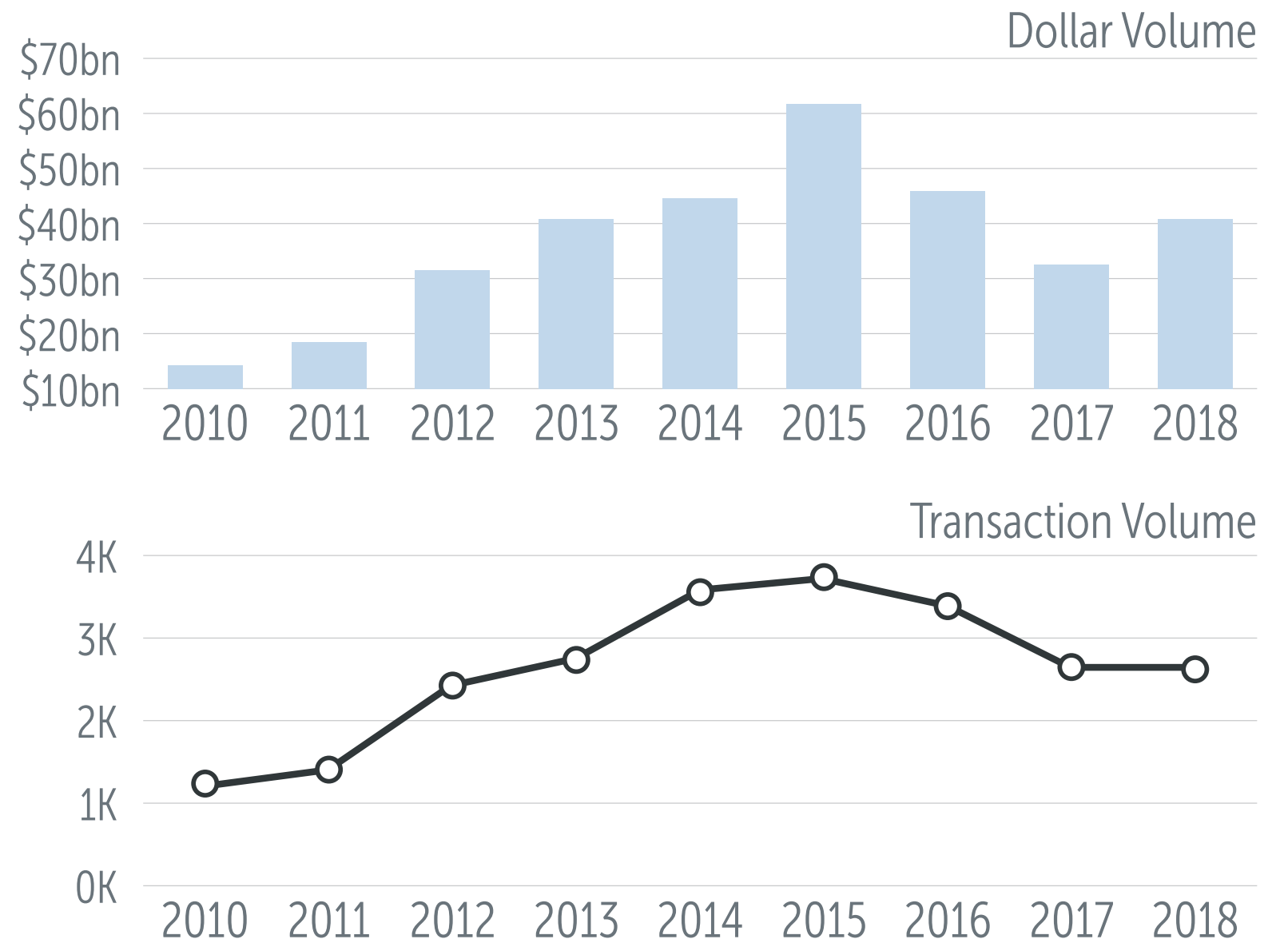
# NYC MARKET ACTIVITY

## DOLLAR VOLUME BREAKDOWN VS. 2017

**\$41 Billion**  
**(27%)**

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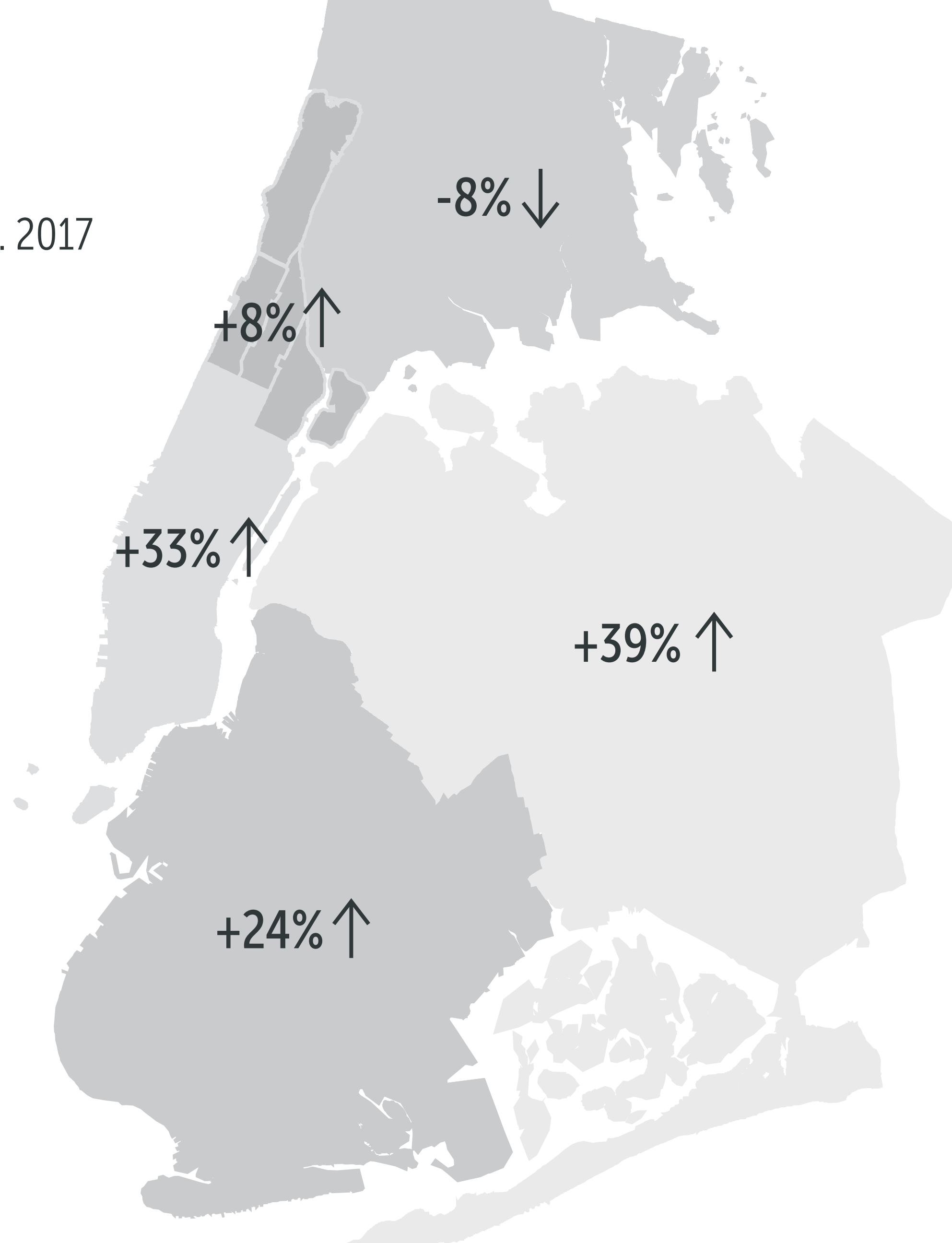
Transaction volume  
remained flat.



# SUB-MARKET PERFORMANCE

DOLLAR VOLUME BREAKDOWN VS. 2017

MANHATTAN: **\$24.4 BILLION**  
BROOKLYN: **\$7.84 BILLION**  
QUEENS: **\$4.67 BILLION**  
N. MANHATTAN: **\$2.06 BILLION**  
BRONX: **\$2.05 BILLION**





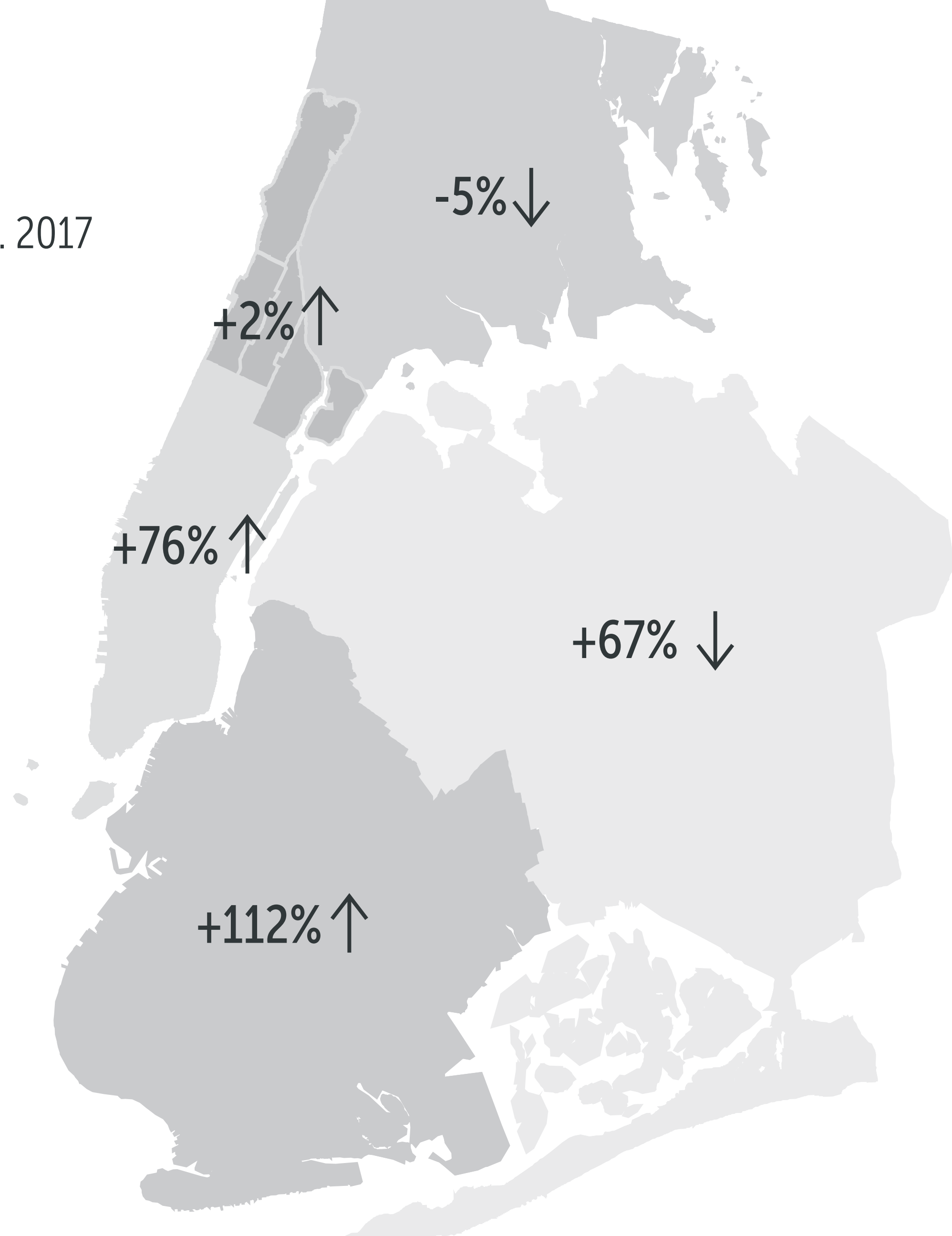
## MULTIFAMILY MARKET

DOLLAR VOLUME BREAKDOWN VS. 2017

**\$11.1 Billion**  
**(+55%)**

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Transaction volume increased by 5%, and property volume increased by 16%.





# MULTIFAMILY TRANSACTIONS OVER \$250 MILLION



101 West End Avenue | \$416 M



980-996 Ave Of The Americas | \$316 M



Stonehenge Village | \$287 M



E&M Associates Harlem MF Portfolio | \$270 M



Starrett City Portfolio | \$904 M



Parker Towers Queens Portfolio | \$475 M

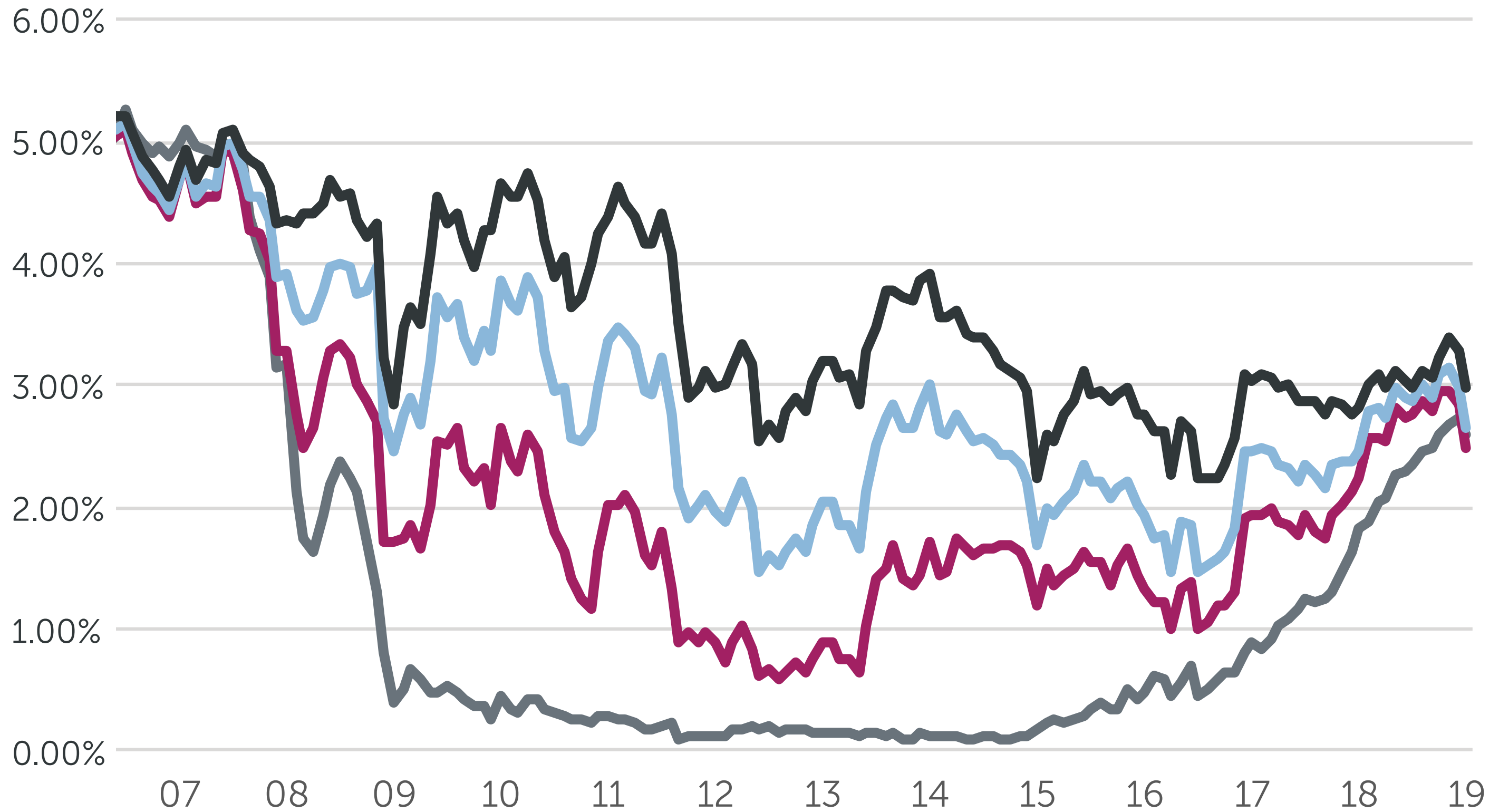


23-01 42nd Road | \$284 M



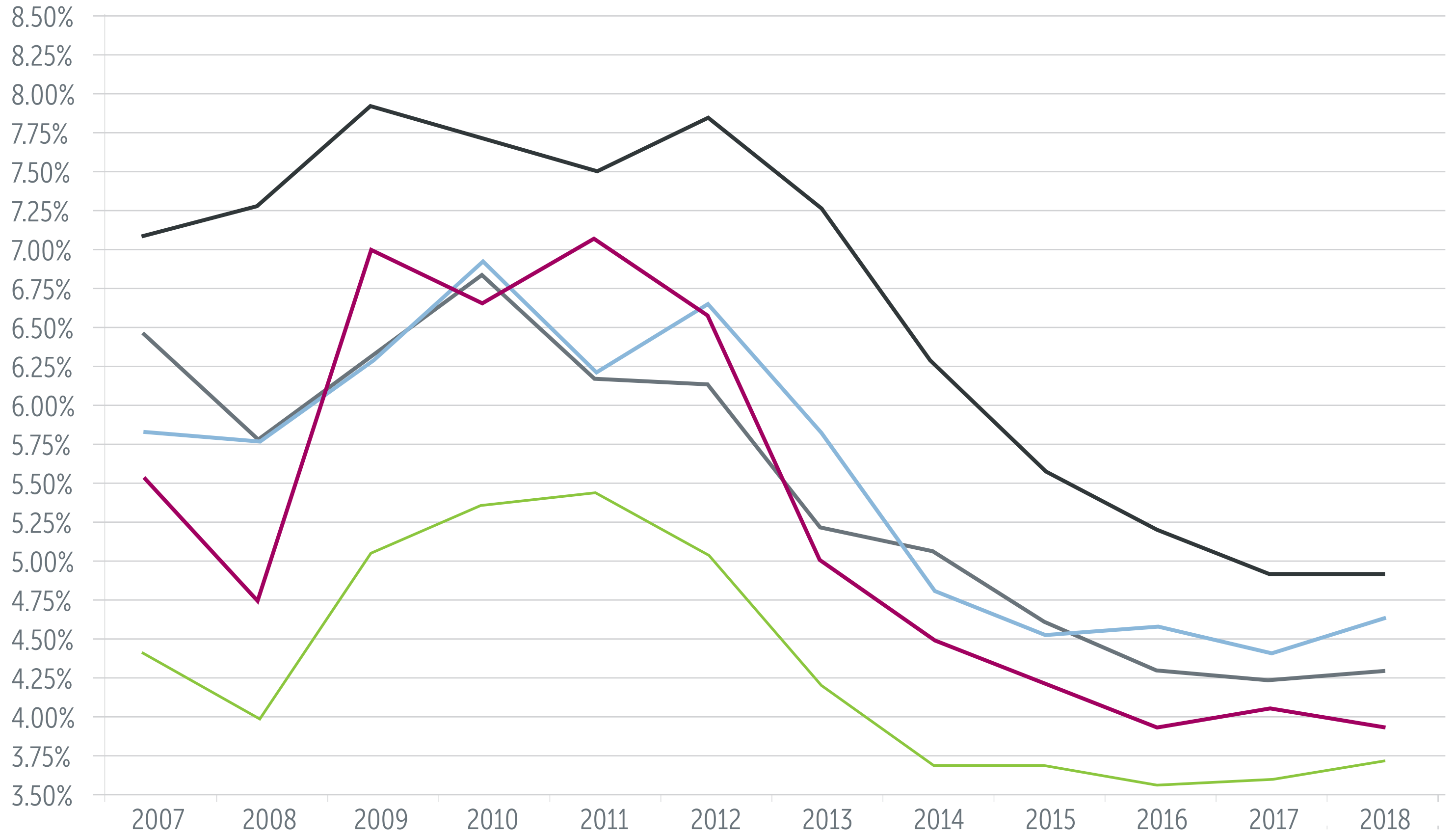
# Treasury Yield Rates

Treasury Yield Curve Rates | 30-year | 10-year | 5-year | 1-year



# NYC HISTORICAL MULTIFAMILY CAP RATES

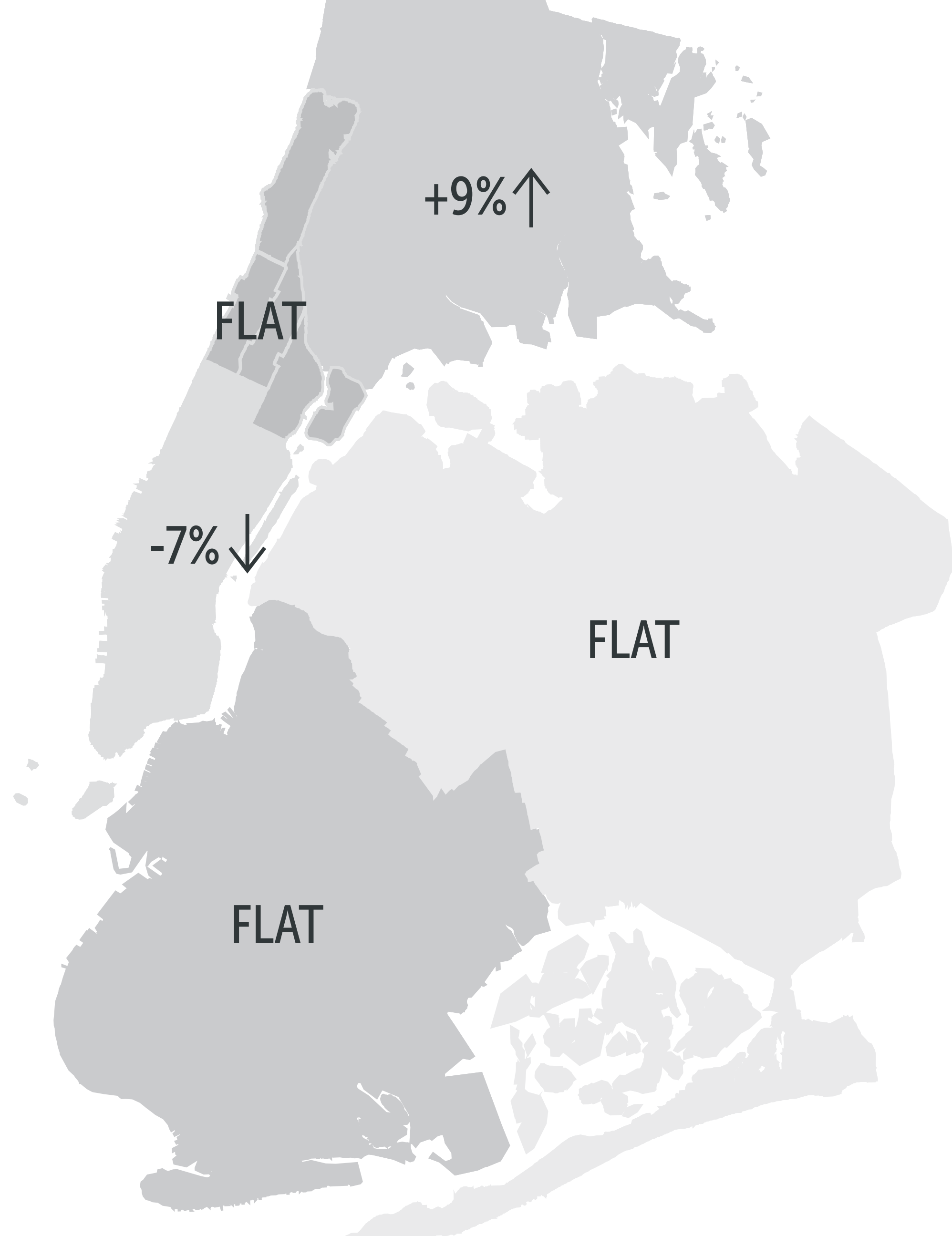
● Manhattan | ● Bronx | ● Brooklyn | ● Northern Manhattan | ● Queens





# MULTIFAMILY PRICING

## \$/SF vs. 2017



# OFFICE MARKET REBOUNDED

BACK TO 2016 LEVELS



75 9th Avenue  
Google's Chelsea Market | \$2.4 B



261-275 11th Avenue  
L&L MAG | \$880 M

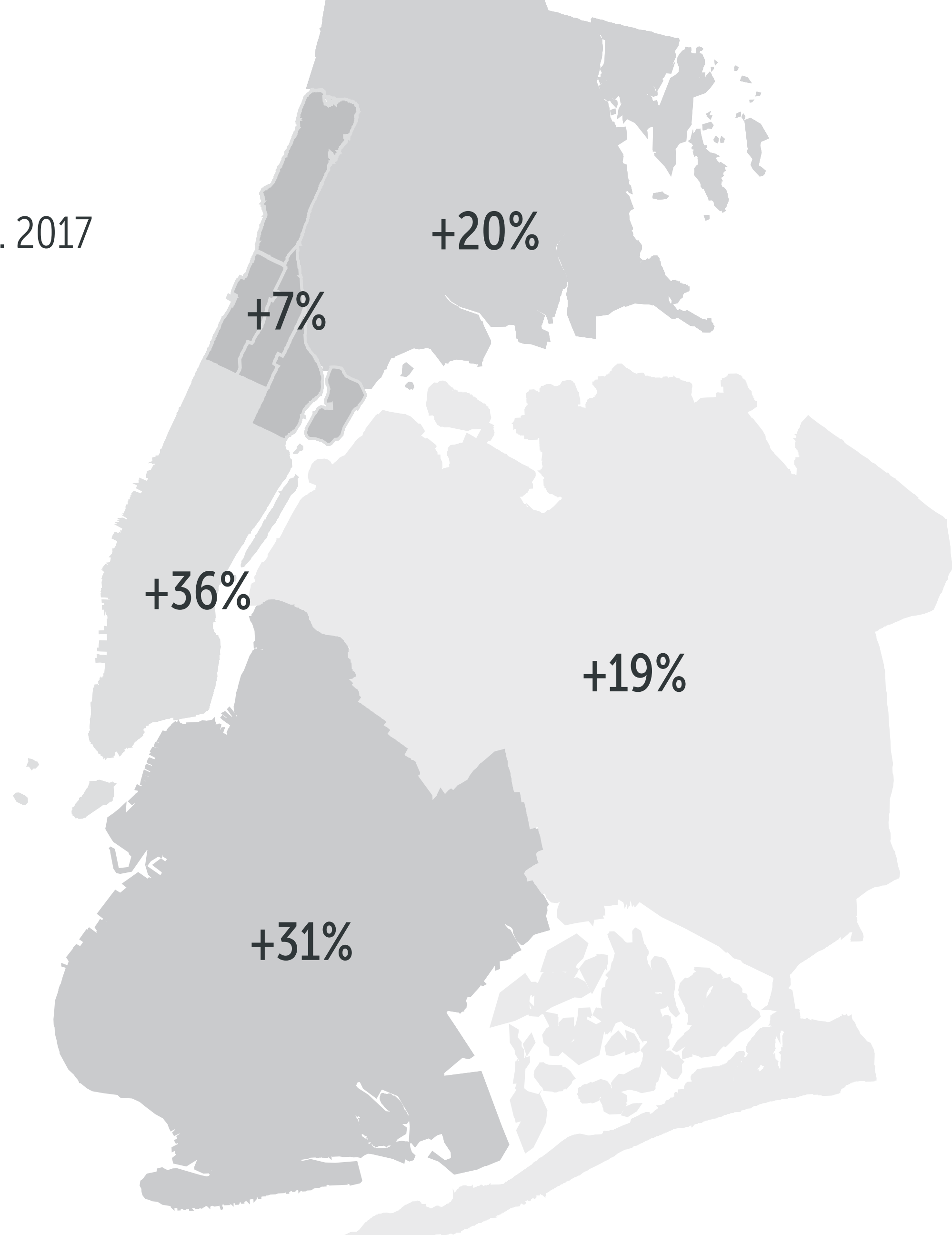


425 Lexington Avenue  
Vanbarton Group | \$701 M

# DEVELOPMENT MARKET

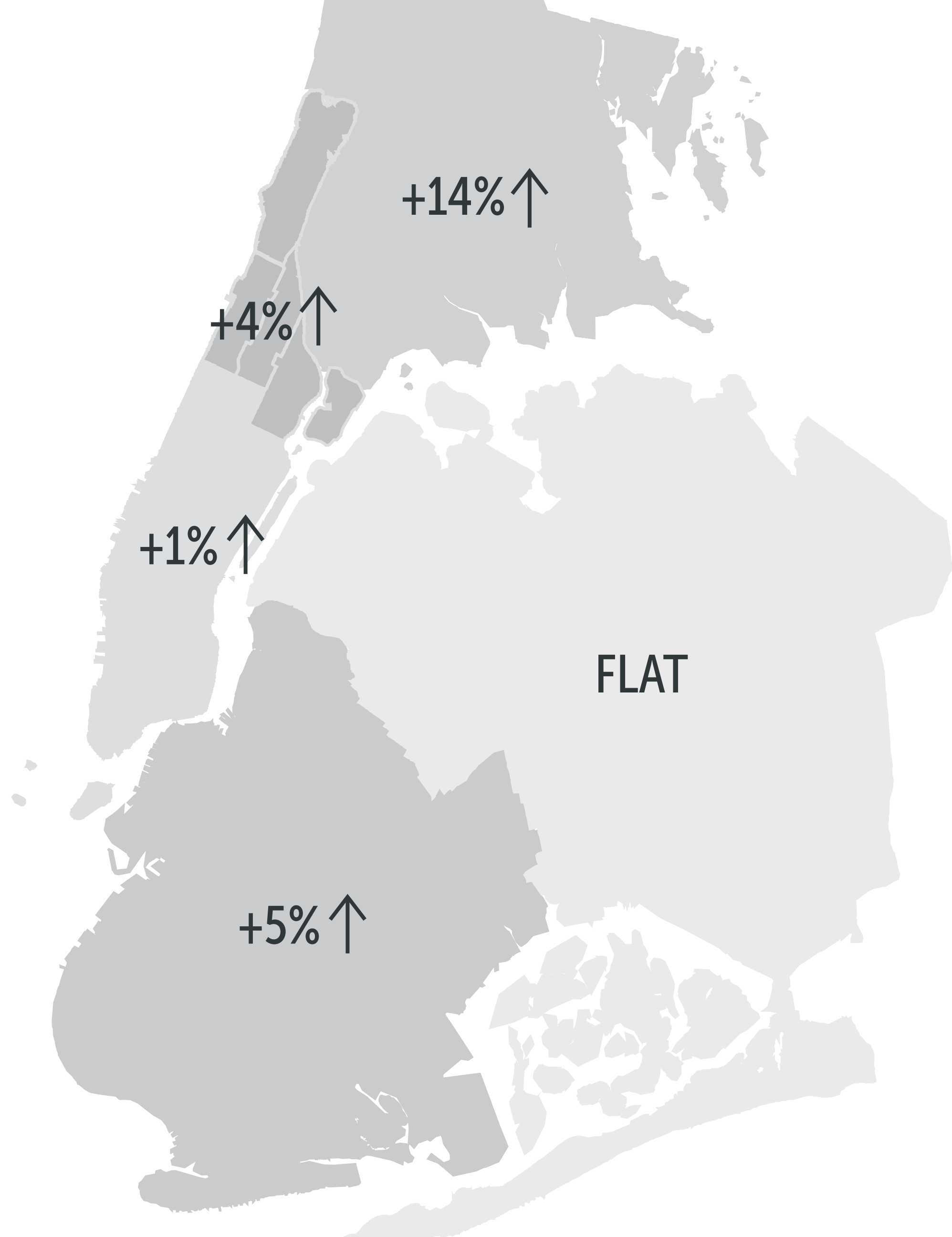
DOLLAR VOLUME BREAKDOWN VS. 2017

\$9.2 Billion  
(+29%)



# DEVELOPMENT PRICING

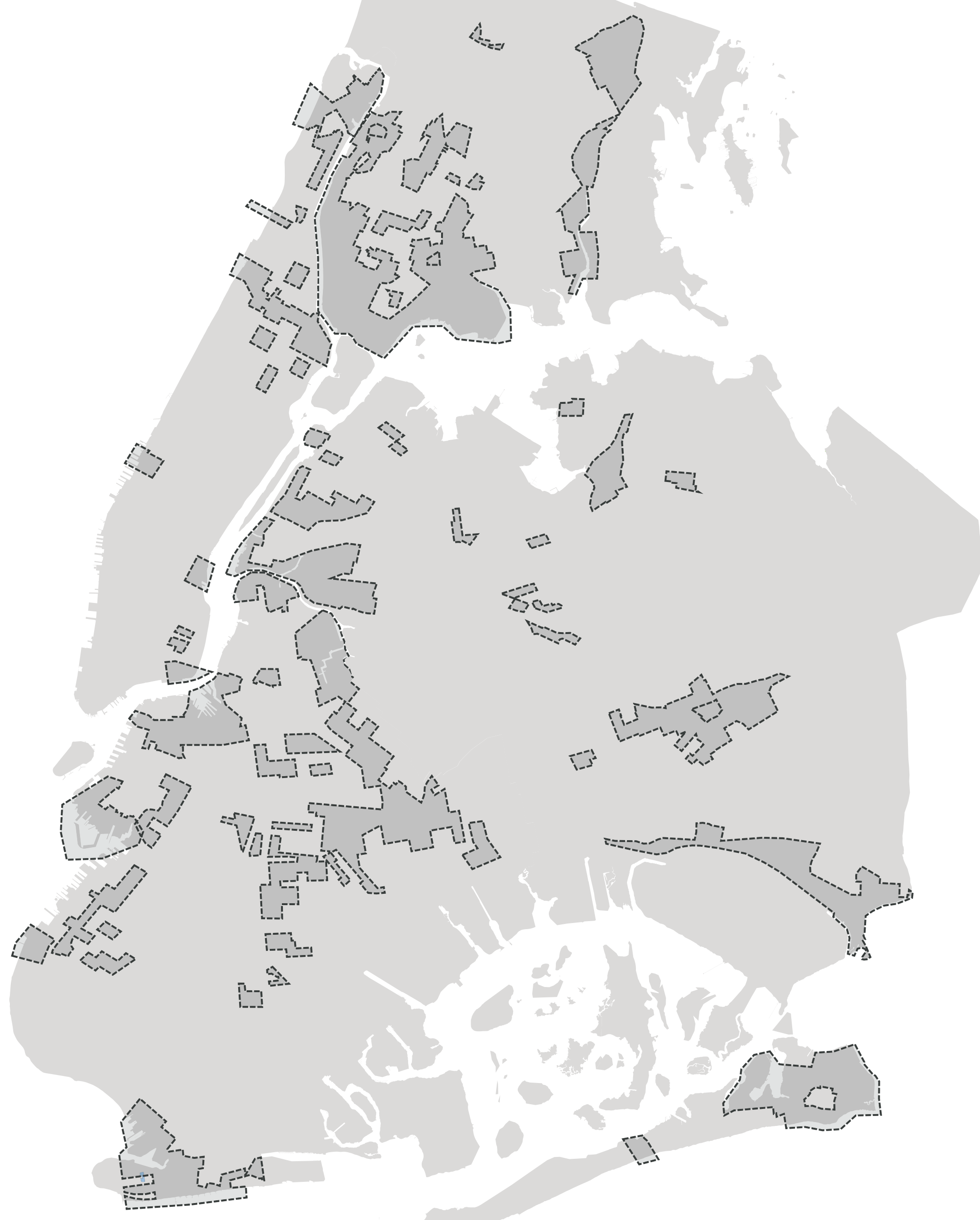
## \$/BSF vs. 2017





# MARKET TRENDS AND DRIVERS

# OPPORTUNITY ZONES



# RETAIL FUNDAMENTALS

Retail rents are dropping

Flexible lease terms

New tenants and personalized experiences

## WAREHOUSE / INDUSTRIAL SPACE

Lowest warehouse vacancy rate since the early 2000's

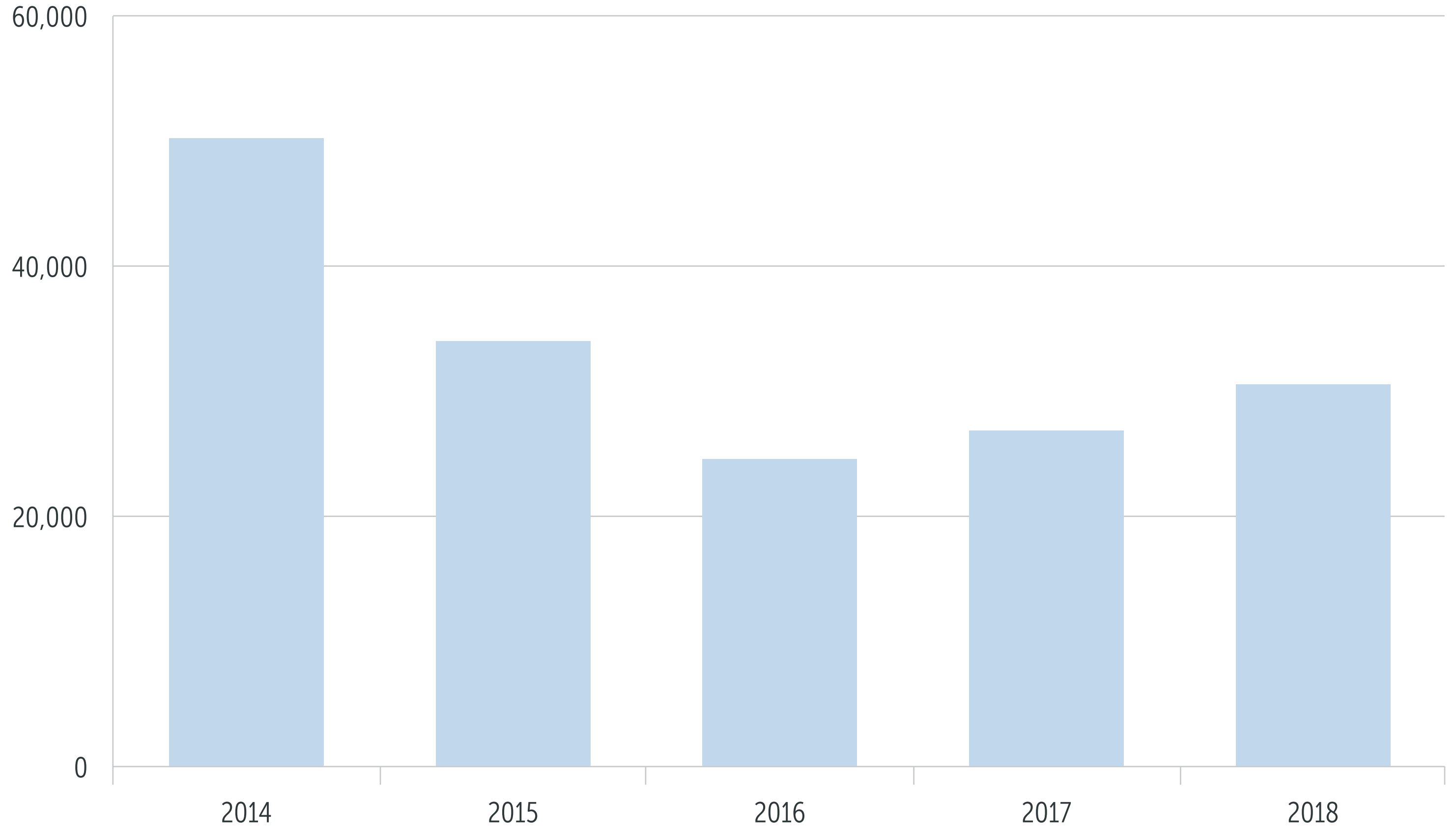
Demand for last-mile warehousing

Rise in short-term "on demand warehousing"



# RENTAL ABSORPTION

New York City Residential Job Filings



# WATCHLIST

## MACRO

Slowing economic growth

Volatile stock market

Lending environment

- Potential for 2 interest rate increases in 2019
- 30-year, 10-year and 5-year treasuries showing similar rates

Increase in construction costs

U.S.-China trade war

## MICRO

Rent regulation

Rezoning initiatives

Opportunity zones

New tenancies

- Life sciences
- Co-working
- Co-living

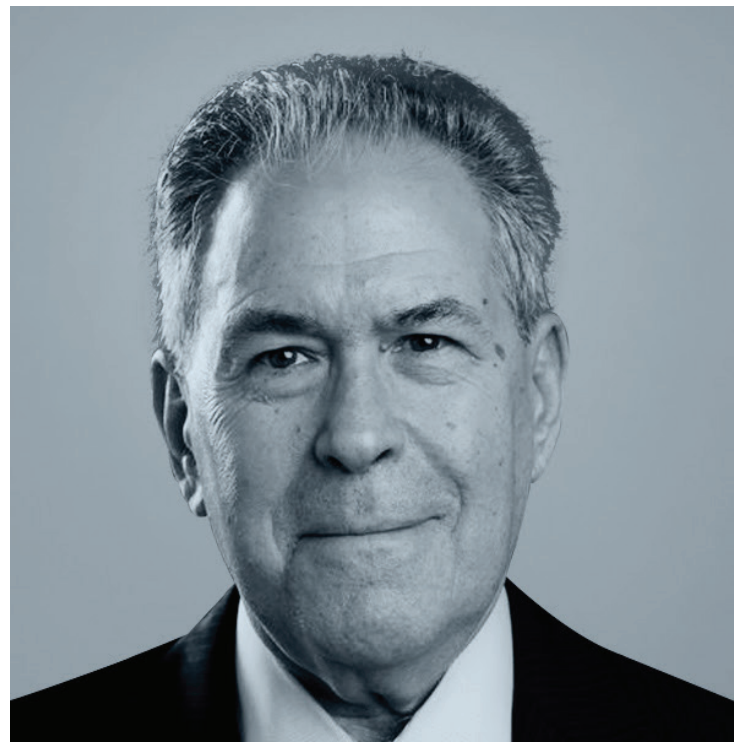
## CONCLUSION FOR 2019

Lower transaction and dollar volume for multifamily assets

Pricing will remain steady with downward pressure

Outer borough developments will benefit from opportunity zones  
and rezonings

## PANELISTS



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