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OUR PRESENTATION
WILL BEGIN SHORTLY



Presented By:

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President

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ABOUT ARIEL PROPERTY ADVISORS

Complementary Divisions

INVESTMENT SALES



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Debt &
Equity Solutions

RESEARCH



Asset Evaluations
& Market Reports



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Vision | Structure | Discipline | Skills | Support

A diverse group of young people, including students and professionals, are smiling and waving their hands. They are holding a large white banner with blue text that reads "Thank you for supporting us". 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

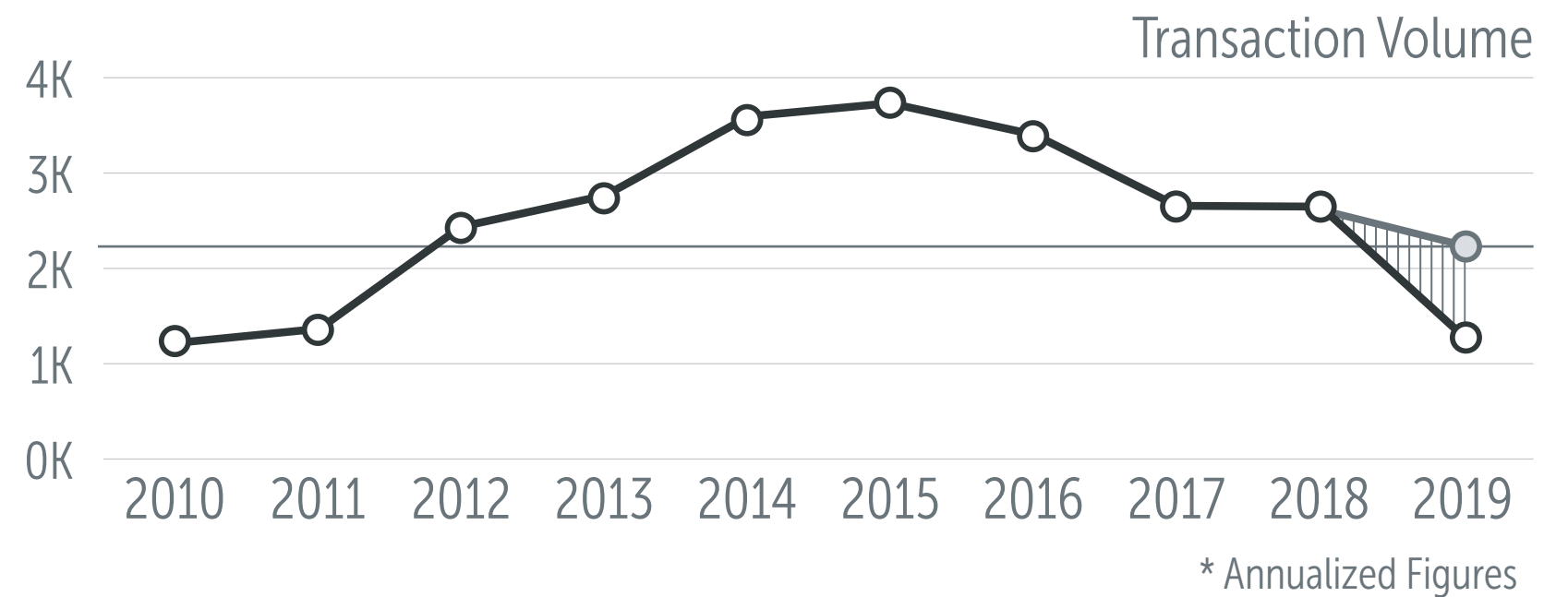
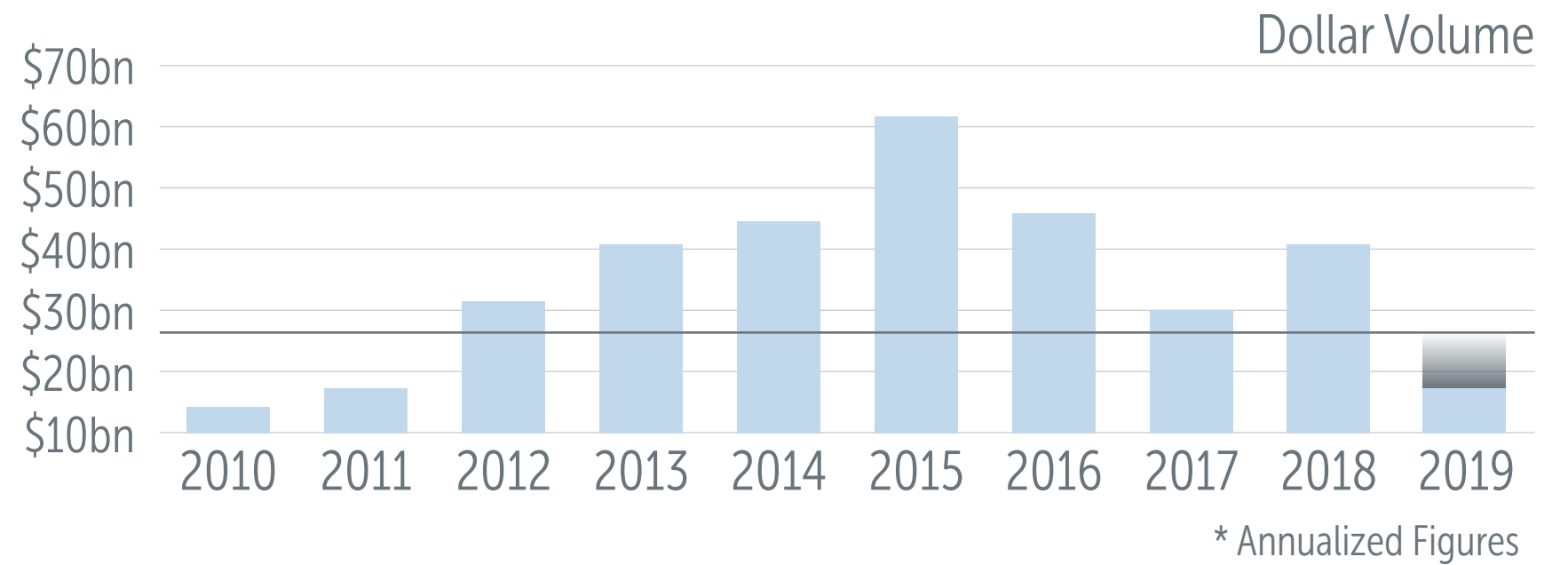
NYC MARKET ACTIVITY

DOLLAR VOLUME
VS. 1H 2018

\$16.3 Billion
(-25%)

TRANSACTION VOLUME
VS. 1H 2018

1,070
(-15%)



SUB-MARKET PERFORMANCE

DOLLAR VOLUME BREAKDOWN VS. 1H 2018

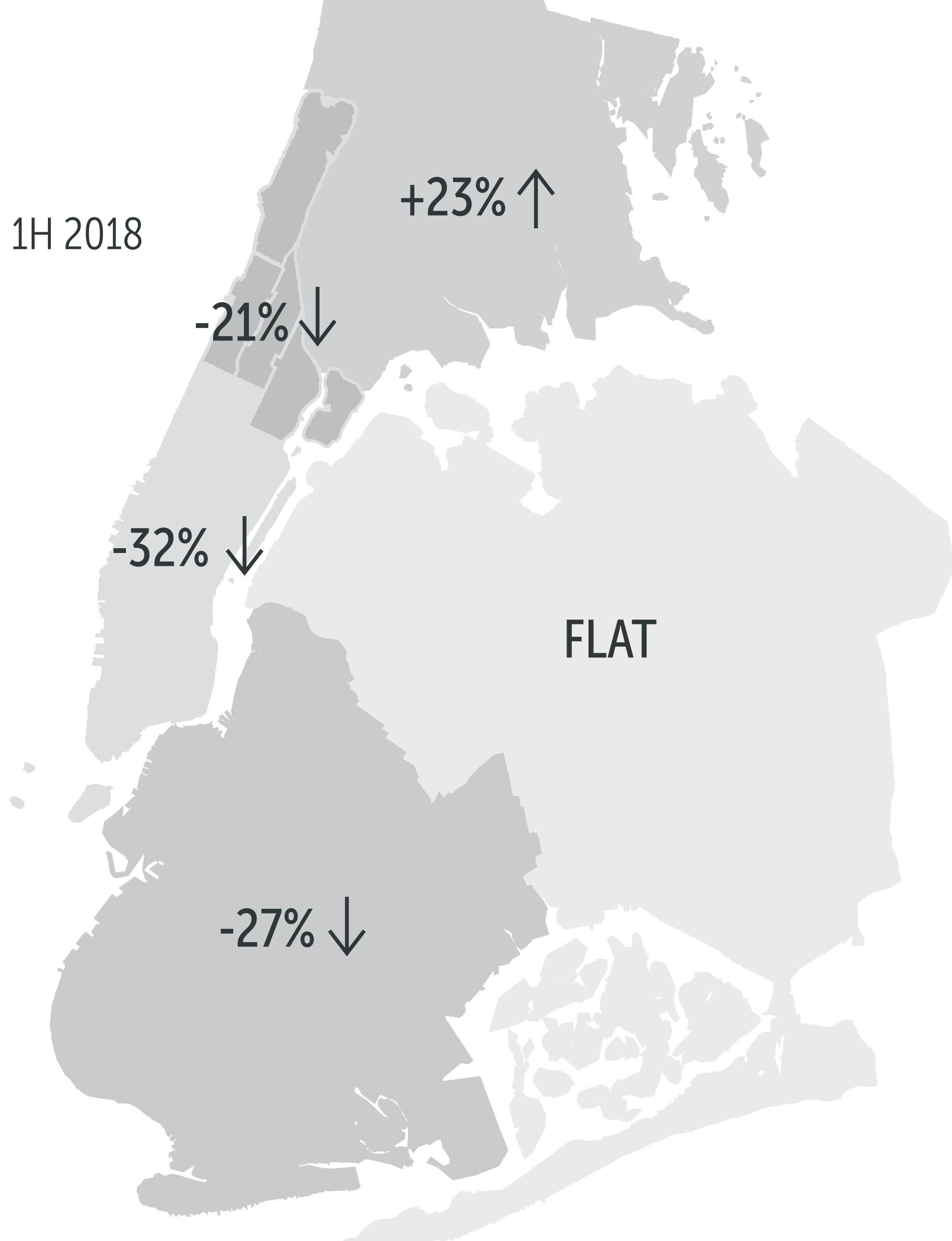
MANHATTAN: **\$9.37 BILLION**

BROOKLYN: **\$3.06 BILLION**

QUEENS: **\$2.12 BILLION**

BRONX: **\$1.15 BILLION**

N. MANHATTAN: **\$644.43 MILLION**



DEVELOPMENT MARKET

DOLLAR VOLUME BREAKDOWN VS. 1H 2018

\$2.6 Billion
(-48%)

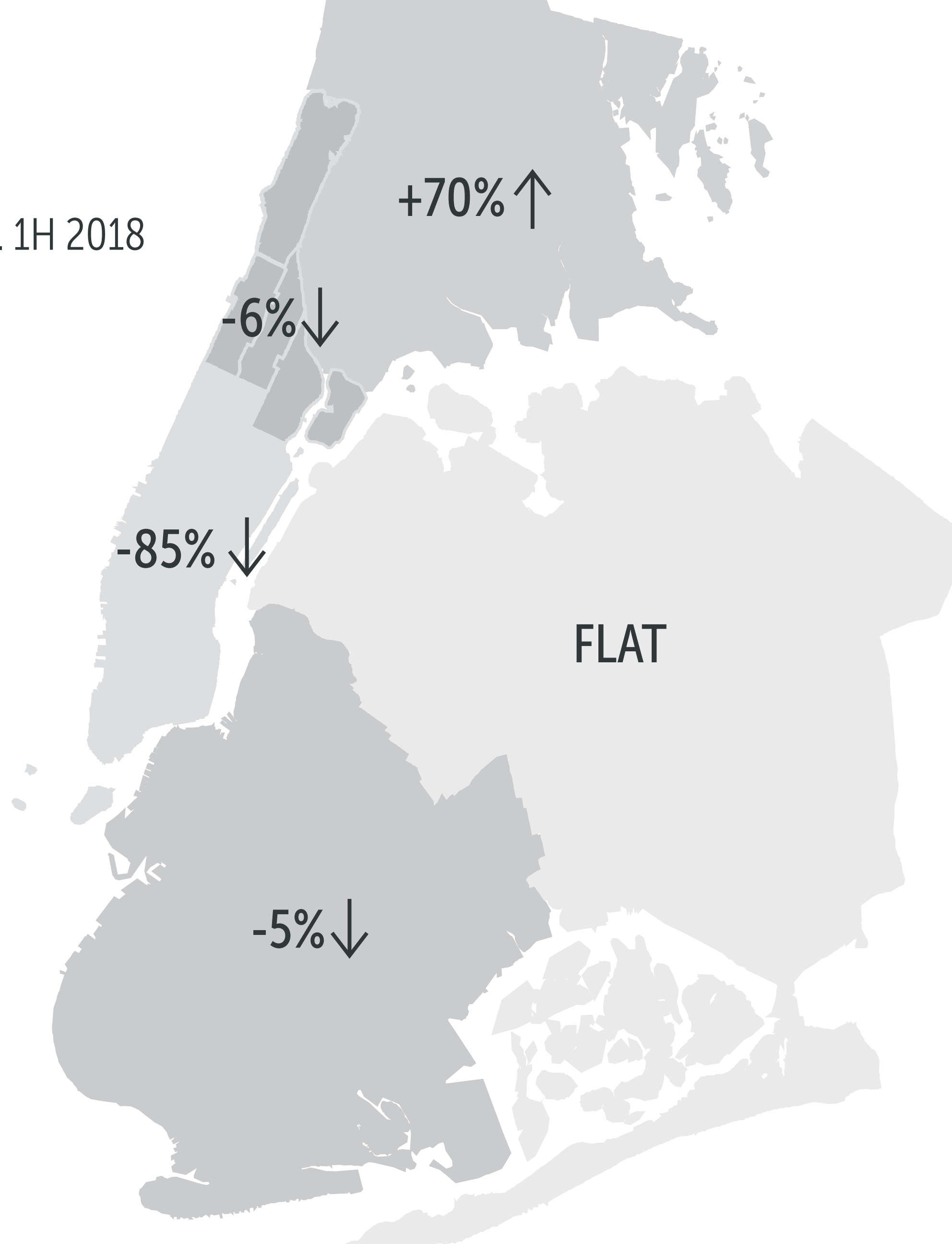
BROOKLYN: \$1.02 BILLION

QUEENS: \$715.45 MILLION

MANHATTAN: \$449.97 MILLION

BRONX: \$278.10 MILLION

N. MANHATTAN: \$133.72 MILLION



DEVELOPMENT PRICING

*\$/BSF VS. 2018

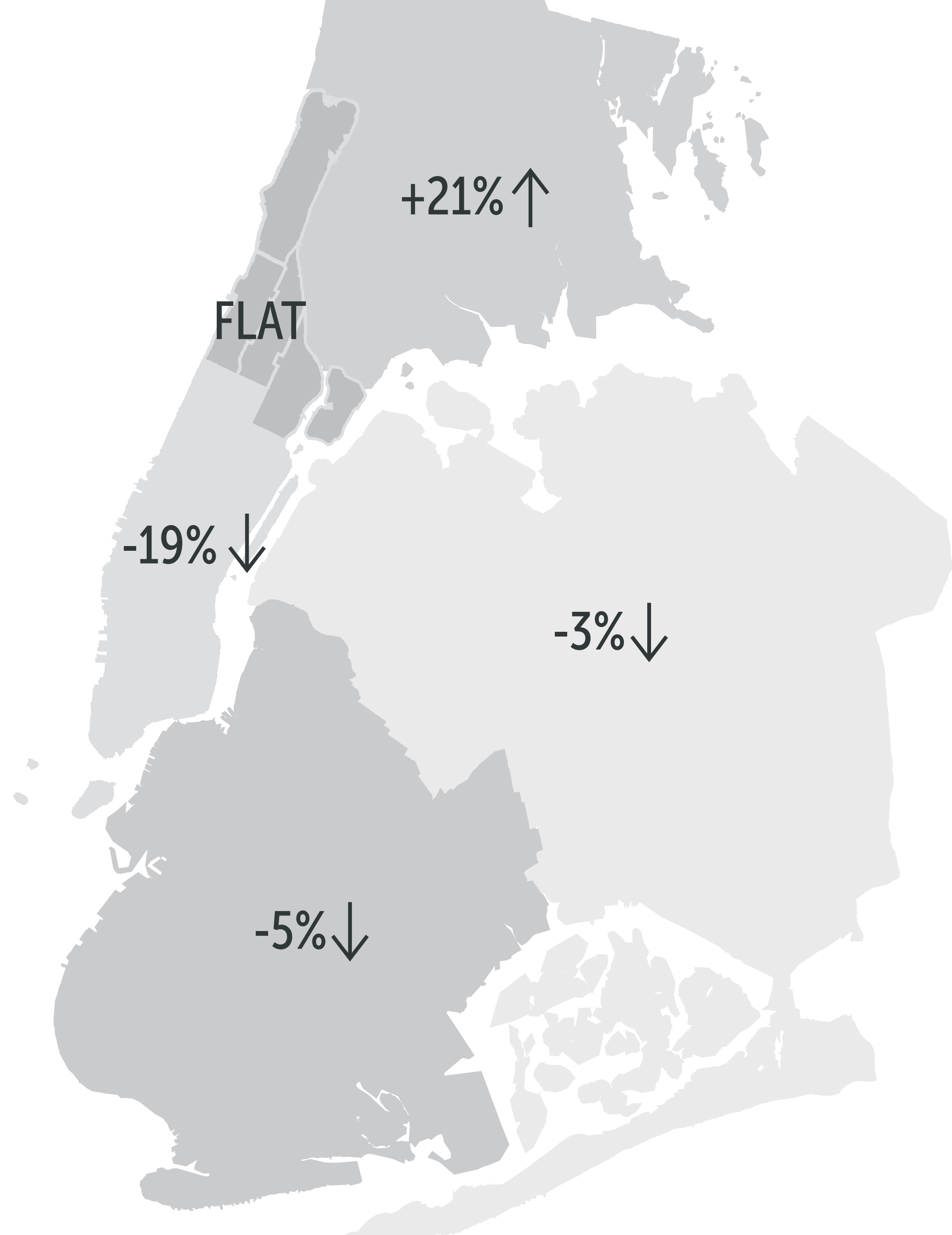
MANHATTAN: **\$561**

BROOKLYN: **\$247**

N. MANHATTAN: **\$215**

QUEENS: **\$205**

BRONX: **\$87**



* Vacant land only

MULTIFAMILY MARKET

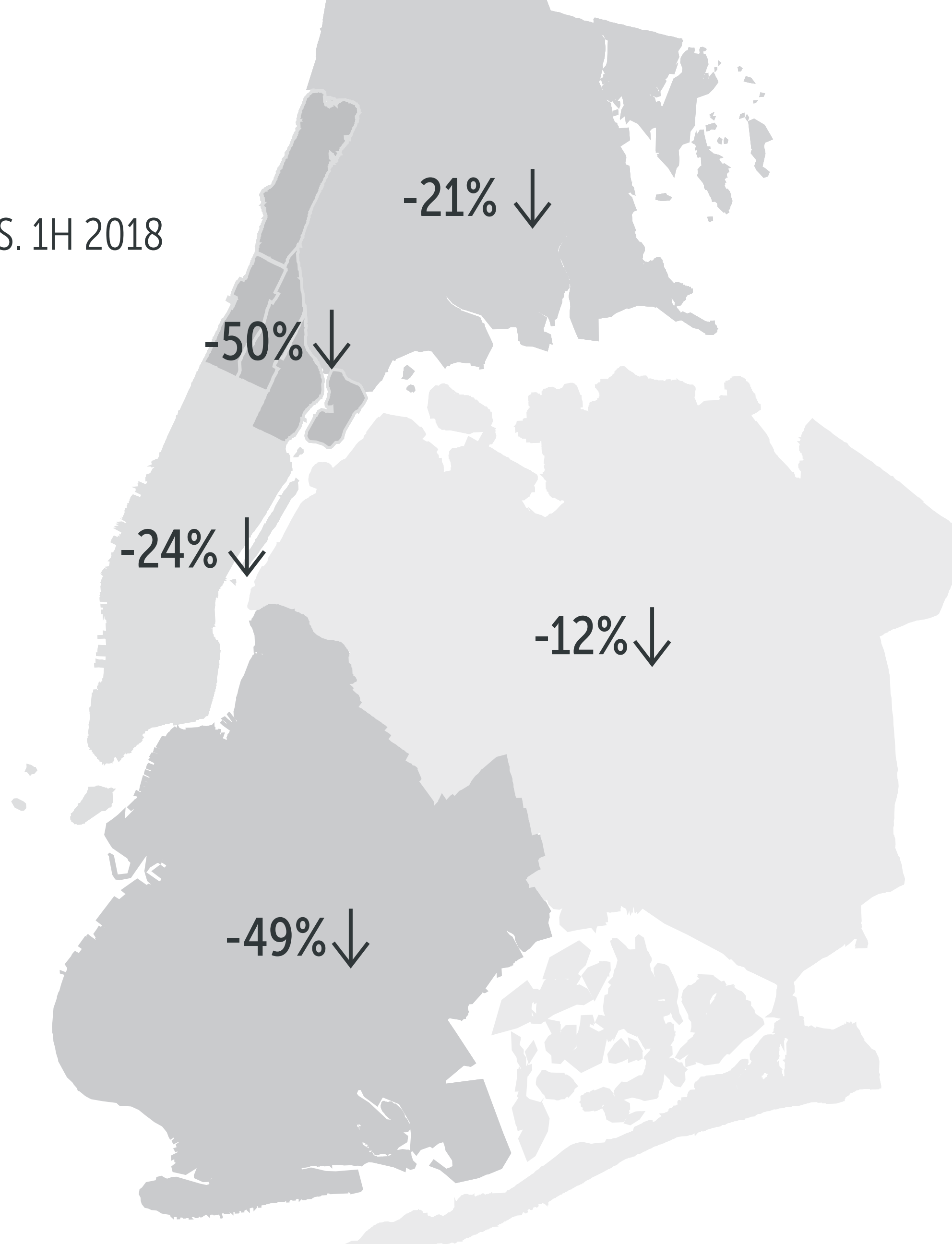
*DOLLAR VOLUME BREAKDOWN VS. 1H 2018

\$3.39 BILLION
(-34%)

Transaction volume decreased by 27%
and building volume decreased by 37%

MANHATTAN: \$1.39 BILLION
BROOKLYN: \$964.96 MILLION
BRONX: \$404.94 MILLION
QUEENS: \$393.27 MILLION
N. MANHATTAN: \$237.06 MILLION

* Multifamily properties over 10 residential units



MARKET TRENDS AND DRIVERS

RENT REGULATION: THE HOUSING STABILITY AND TENANT PROTECTION ACT OF 2019

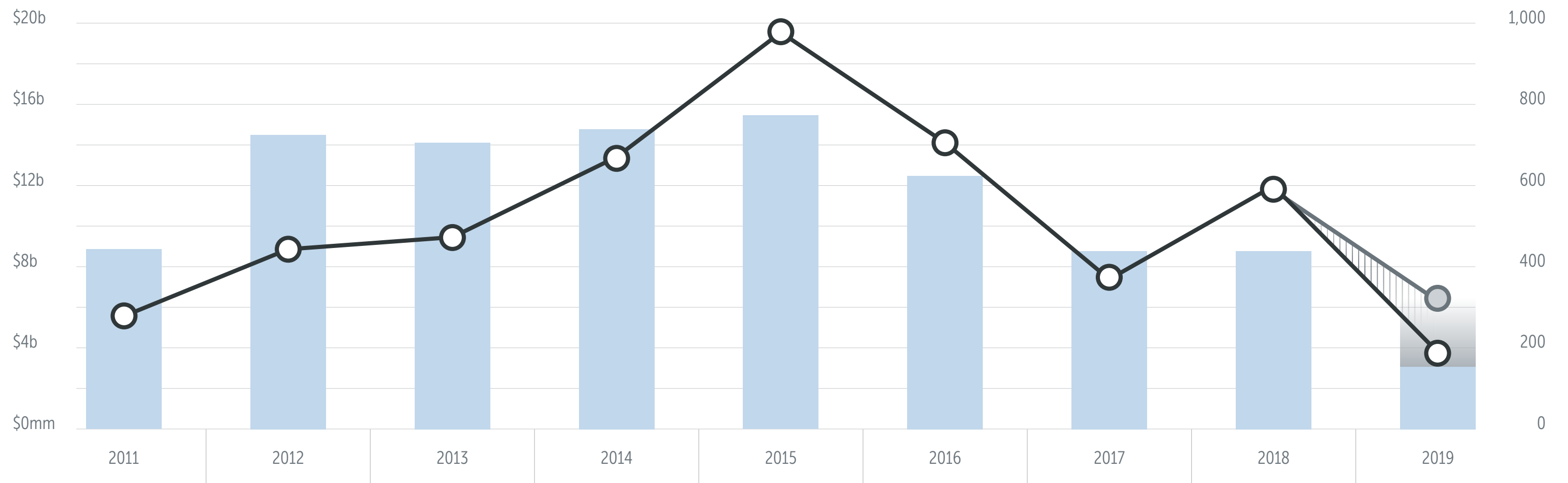
HOW DID THIS AFFECT THE MULTIFAMILY INDUSTRY IN 1H 2019?

Speculation regarding the legislation caused a slowdown in the multifamily asset class

- Low transaction volume
- Low Dollar Volume

MULTIFAMILY TRANSACTION TIMELINE 2011-2019

Transaction Volume ● | Dollar Volume ○



*Annualized Figures

WHAT DOES RENT REGULATION MEAN FOR THE FUTURE OF NYC MULTIFAMILY?

Pricing of Multifamily Assets will Change:

Number of Rent Stabilized Units

How Deeply Stabilized the Units are

Location

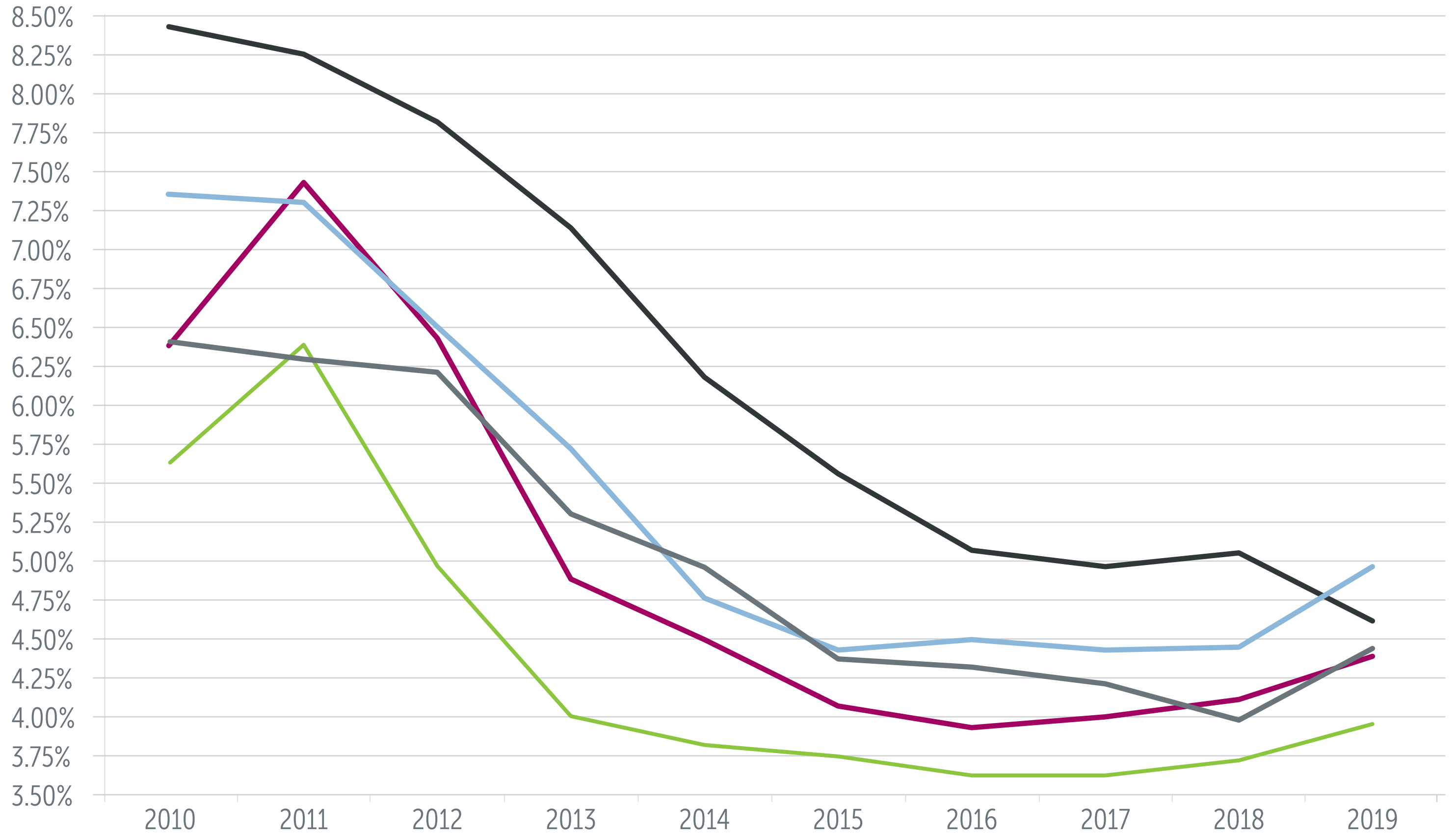
Investors will begin looking into other asset classes

Current multifamily investors will not improve their buildings

Owners are suing the city

NYC HISTORICAL CAPITALIZATION RATES

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



RETAIL FUNDAMENTALS

Closing of department stores in NYC

Average asking retail rents declined in 12 out of the 17
Manhattan corridors

Service/experiential, non-discretionary, low-price point

Traditional retail is adapting

Potential commercial rent control bill

OFFICE FUNDAMENTALS

Life sciences sector

Unemployment at a 50-year low and the amount of job openings surpassing the number of available workers in the US

Office rents are ticking up

Brooklyn: 10% boost in rent

Manhattan: .07% boot in rent

Manhattan has 20.8 million SF of office space in the pipeline
(most in the US)

Office development market is faring well

INDUSTRIAL/WAREHOUSE FUNDAMENTALS

Rise in e-commerce has led to a demand for last-mile warehousing

Dollar Volume **+22%** vs. 2H 2018, **+184%** vs. 1H 2018

Self-storage demand increases

WATCHLIST

MACRO

Federal Reserve signaled rate cuts this year

Financing environment

- Rates are below 4%
- Longer-term notes are more efficient
- 10-year treasury has dropped

Stock market at record highs

Lowest unemployment rates

Elections are beginning to take shape

Trade tensions

MICRO

Rent regulation

Opportunity zones

New Tenancies

- Life Sciences
- Homeless shelters
- Senior Housing (AIRS)

Rezoning initiatives

NYC as the new film capital

CONCLUSION FOR THE REMAINDER OF 2019

Transaction volume and dollar volume will be on par or below 1H 2019

Pricing for rent stabilized multifamily assets should continue to soften significantly

Residential rental development in the boroughs

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THANK YOU FOR ATTENDING

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