

BRONX 2021 YEAR-END SALES REPORT

by Ariel Property Advisors | Released January 2022

NEW REPORT FEATURE

To help digest the reports at a glance, we've introduced pricing and volume icons for each asset class. The colors represent the following trends:

- Green means performance has improved
- Gray means performance is unchanged
- Purple means performance has dipped



Dollar
volume



Y-O-Y \$(B)/SF
price change



Transaction
count



Asset class dollar
volume share





Investment Sales
Capital Services
Investment Research

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2021 YEAR-END OVERVIEW

 **\$2.07B** Dollar Volume
18% increase compared to 2020

 **263** Transaction Volume
11% increase compared to 2020

 **438** Property Volume
28% increase compared to 2020

Looking back at 2021, the Bronx saw a continued recovery out of the pandemic that was seen throughout all asset classes. With increases in affordable housing transactions and appetite for development sites, there is clear optimism for the continued success in the borough heading into 2022. South Bronx was the most transactional with 103 transactions, 39% of the borough. South Bronx also had the most dollars spent \$974.3 million (48% of the borough).

Looking ahead, we are expecting these positive trends to spill over into this year. Higher demand for industrial properties and rising rents will continue, along with investors hoping to transact on development sites and begin pre-development plans before the expiring 421a tax abatement.

We look forward to continuing to provide the Bronx community with the most accurate and insightful market knowledge available. For further information regarding any of the enclosed properties or to discuss real estate trends in general, please feel free to contact us at any time.

MULTIFAMILY

- Uptick in the multifamily market in 2H of 2021 specifically in affordable housing that we see funneling into 2022
- Of the 75 transactions with at least 10 residential units, The Bronx saw 9 Affordable Housing trades totaling \$346MM, the highest since 2014

DEVELOPMENT

- While development sales were down by 33%, transactions were up by 13% versus 2020. As land pricing was transacting at a similar level to the previous year, there were significantly smaller land deals in 2021. The average deal size in 2020 was 125k buildable square feet compared to 2021 which averaged 60k buildable square feet
- The largest sale in the sector was 1110 Oakpoint Avenue in Hunts Point. Innovo Property Group purchased the M-zoned site for \$102.5MM with plans to build a warehouse facility. This portrays the strong investment and interest in the industrial sector of The Bronx

IND / WH / STO

- Industrial vacancy in the Bronx is at an all-time low with rents pushing higher for spaces 5,000 SF-10,000 SF for owner users with demand outpacing supply available. The Bronx industrial sector has also seen a few mega projects in different stages of development that are helping to drive the industrial boom in the borough
- 1080 Leggett Avenue sold for \$116.5MM in 2021, three times the 2019 purchase price, due to a large investment in a conversion to a Class A warehouse for last mile distribution

COMMERCIAL

- Bounce back year as investor confidence in the sector makes a comeback from low point in 2020
- Dollar volume increased 28% year over year while transaction volume increased by 10%

New York City appears to be on the cusp of a significant jump in investment property sales activity. Challenges remain, especially with respect to the threat of persistent inflation, the market's response to inevitable interest rate hikes and regulatory uncertainty. The upcoming expiration of the Affordable New York tax abatement program and the potential enactment of Good Cause Eviction legislation may have a significant impact on pricing.

At the same time, many are surprised at just how quickly New York real estate fundamentals have recovered from the pandemic. Investors are once again underwriting with proformas, not just in place cash flow. Recent re-zonings in Soho and Gowanus may mark the beginning of more pro-development policies coming out of City Hall. Debt will remain historically cheap even after interest rate hikes.

Lastly, there are a lot of owners interested in selling properties who understandably held off on marketing their properties until the pandemic receded and showed meaningful improvement. As several recent sales indicate, those owners will be selling into a much more confident market that is flush with capital.

We're confident the City's real estate market is poised to build on the strength seen in the second half of 2021, leading to many more transactions in 2022 and beyond.



Dollar volume



Transaction count



Y-O-Y \$/(B)SF price change



Asset class dollar volume share

REAL ESTATE TIMELINE / PRICING METRICS

\$172

\$ / SF - Multifamily**

\$152,775

\$ / Unit - Multifamily**

5.97%

Cap Rate - Multifamily**

9.18

GRM - Multifamily**

\$82

\$ / BSF - Development*

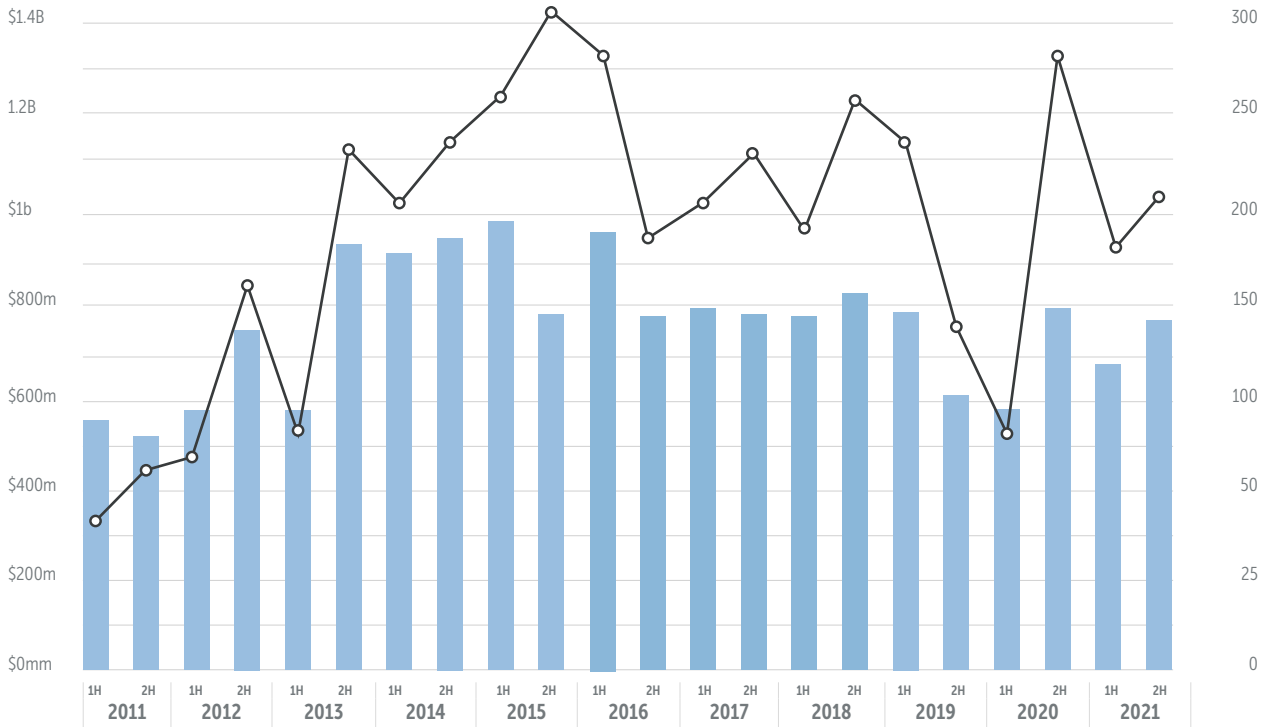
\$532

\$ / SF - Commercial

2021 Property Value Metrics

BRONX 2011 - 2021 REAL ESTATE TIMELINE

Transaction Volume ● | Dollar Volume ○



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PROPERTY VALUE METRIC COMPARISON (2016 - 2021)

INDICATOR	2016	2017	2018	2019	2020	2021
\$/SF - Multifamily**	\$184	\$196	\$213	\$193	\$182	\$172
\$/Unit - Multifamily**	\$163,290	\$175,503	\$185,436	\$171,855	\$161,545	\$152,775
Cap Rate - Multifamily**	5.19%	4.94%	4.94%	5.33%	5.74%	5.97%
GRM - Multifamily**	11.06	11.89	12.08	11.00	10.28	9.18
\$/BSF - Development*	\$64	\$63	\$72	\$81	\$87	\$82
\$/SF - Commercial	\$457	\$445	\$417	\$489	\$436	\$532

*reflects transactions of vacant land or equivalent development sites
 **reflects multifamily transactions of 10+ residential units

OBSERVATIONS BY PRODUCT TYPE

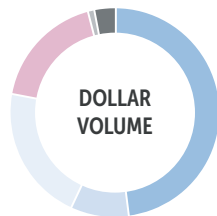
	PROPERTY TYPE	2021	% CHANGE '21 - '20	2020	% CHANGE '21 - '19	2019
DOLLAR VOLUME	Multifamily	\$990,116,585	48%	\$667,751,513	38%	\$716,518,057
	MF-MU 10+ resi units	\$928,166,932	47%	\$630,979,787	40%	\$661,936,225
	MF-MU 6-9 resi units	\$30,303,988	168%	\$11,288,726	-26%	\$40,873,832
	MF-MU Small	\$31,645,665	24%	\$25,483,000	131%	\$13,708,000
	Commercial	\$177,938,452	28%	\$139,266,605	-14%	\$206,366,650
	Ind / WH / Sto*	\$443,231,064	107%	\$214,638,500	-10%	\$494,788,500
	Development	\$377,374,417	-33%	\$566,346,866	-9%	\$416,038,250
	Office	\$27,764,740	124%	\$12,373,000	-70%	\$91,495,163
	Special Purpose	\$58,388,407	-65%	\$165,362,086	34%	\$43,671,680
	GRAND TOTAL	\$2,074,813,665	18%	\$1,765,738,570	5%	\$1,968,878,300

TRANSACTION VOLUME	Multifamily	111	35%	82	19%	93
	MF-MU 10+ resi units	75	29%	58	21%	62
	MF-MU 6-9 resi units	17	113%	8	-15%	20
	MF-MU Small	19	19%	16	73%	11
	Commercial	45	10%	41	-2%	46
	Ind / WH / Sto*	29	-31%	42	-22%	37
	Development	63	13%	56	7%	59
	Office	4	33%	3	-43%	7
	Special Purpose	11	-21%	14	10%	10
	GRAND TOTAL	263	11%	238	4%	252

PROPERTY VOLUME	Multifamily	228	107%	110	65%	138
	MF-MU 10+ resi units	185	120%	84	75%	106
	MF-MU 6-9 resi units	22	144%	9	5%	21
	MF-MU Small	21	24%	17	91%	11
	Commercial	51	2%	50	-4%	53
	Ind / WH / Sto*	38	-33%	57	-16%	45
	Development	105	12%	94	-1%	106
	Office	4	-56%	9	-56%	9
	Special Purpose	12	-43%	21	0%	12
	GRAND TOTAL	438	28%	341	21%	363

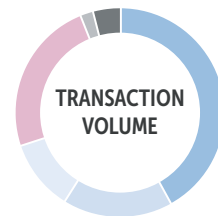
DOLLAR VOLUME COMPARISON BY PROPERTY TYPE

48%	Multifamily
9%	Commercial
21%	Ind / WH / Sto*
18%	Development
1%	Office
3%	Special Purpose



TRANSACTION VOLUME COMPARISON BY PROPERTY TYPE

42%	Multifamily
17%	Commercial
11%	Ind / WH / Sto*
24%	Development
2%	Office
4%	Special Purpose

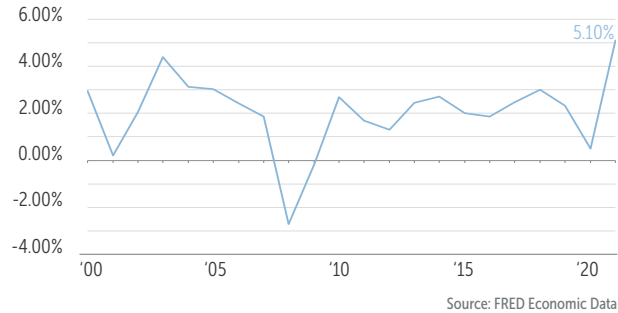


*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

MACRO-ECONOMIC OVERVIEW & MARKET FUNDAMENTALS

% Change in Real Gross Domestic Product:

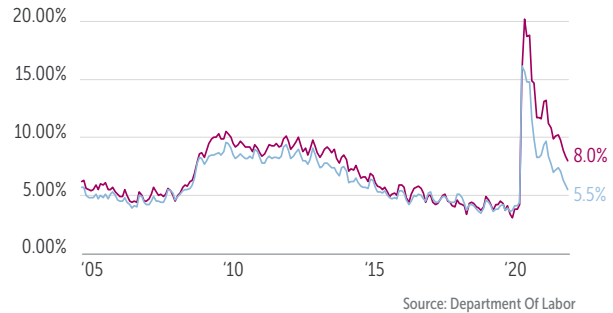
Change in GDP as of 3Q 2021: 5.10%



Unemployment:

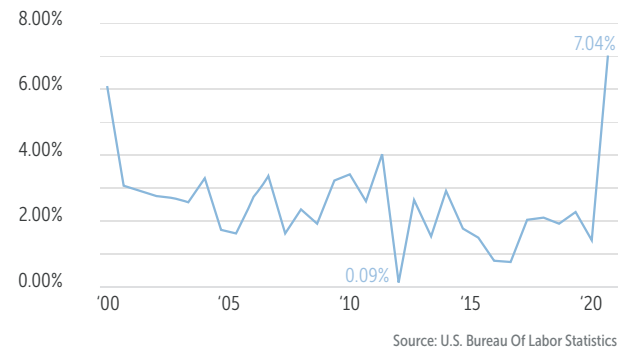
NYS: 5.50% | NYC: 8.00% as of November 2021

Unemployment Rate History | **NYS** (Seasonally Adjusted) & **NYC** (Not Seasonally Adjusted)



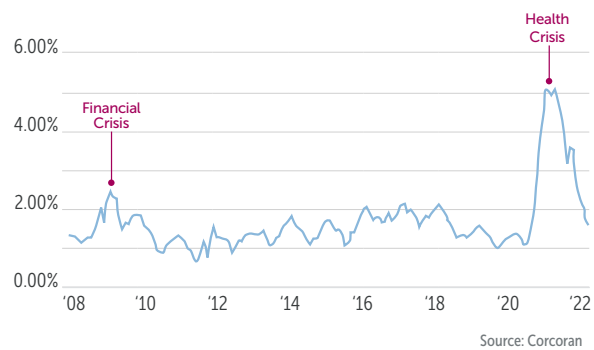
Consumer Price Index (CPI):

National CPI Growth - December Y-O-Y



Rental Market / Vacancy:

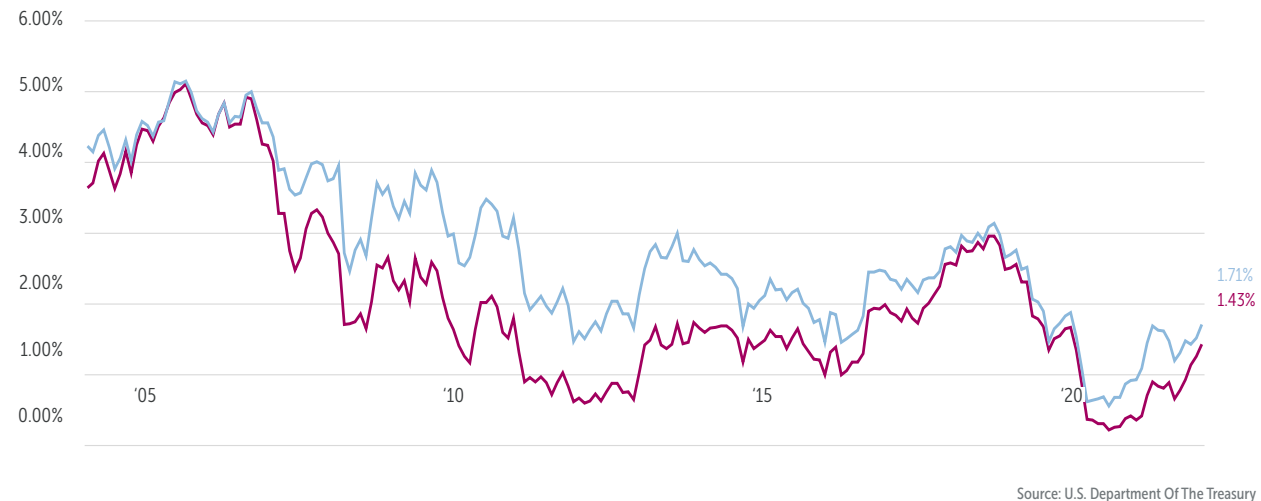
Manhattan Residential Rental Vacancy 2008-2021



Financing:

10-Year: 1.71% | 5-Year: 1.43% | as of January 2022

Treasury Yield Curve Rates 10-year | 5-year



FEATURED TRANSACTIONS

University Heights
Blackshore Realty Bronx
MF Portfolio



Property Type: **Multifamily**
Sale Amount: **\$122,000,000**
\$/SF: **\$180**
Sale Date: **6/23/2021**

Port Morris
511 Barry Street



Property Type: **Warehouse**
Sale Amount: **\$119,000,000**
\$/SF: **\$773**
Sale Date: **8/24/2021**

Port Morris
1080 Leggett Avenue



Property Type: **Warehouse**
Sale Amount: **\$116,500,000**
\$/SF: **\$803**
Sale Date: **5/19/2021**

Port Morris
1110 Oakpoint Avenue



Property Type: **Development**
Sale Amount: **\$102,500,000**
\$/BSF: **\$135**
Sale Date: **6/4/2021**

Clason Point
Academy Gardens
Portfolio



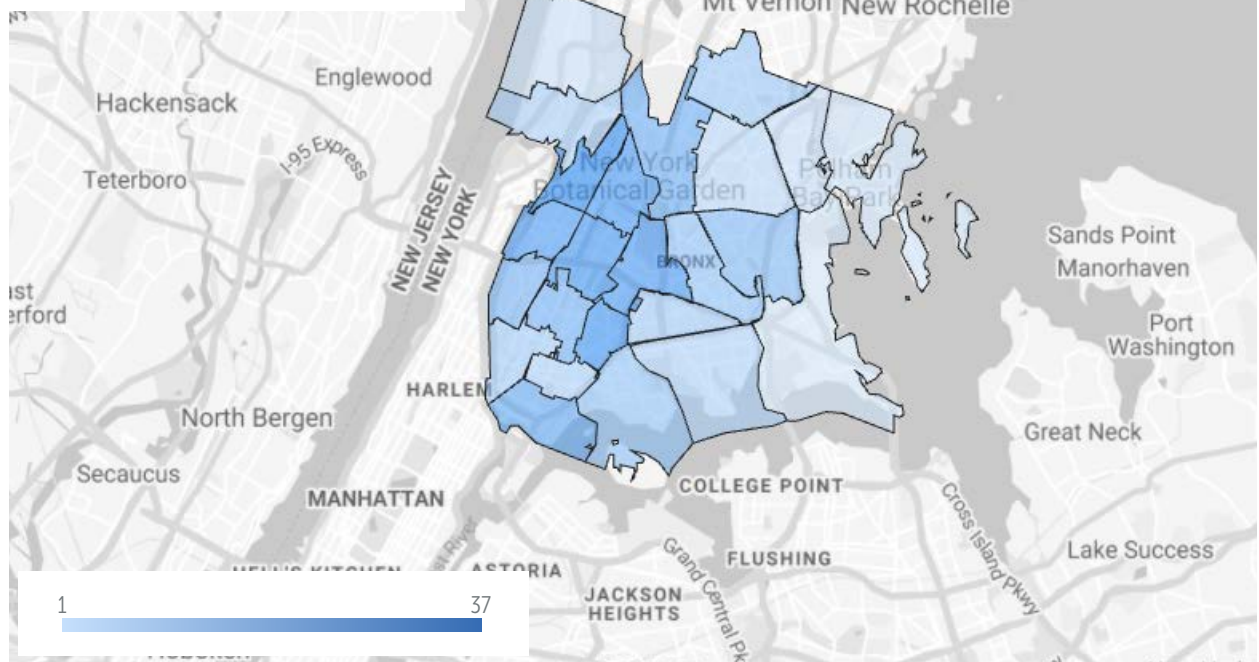
Property Type: **Multifamily**
Sale Amount: **\$91,000,000**
\$/SF: **\$242**
Sale Date: **9/17/2021**

Ariela

BRONX PROPERTY SALES HEAT MAP 2021 BY ZIP CODE

TOP 5 NEIGHBORHOODS BY PROPERTY VOLUME

NEIGHBORHOOD	# OF PROPERTIES
1. Mott Haven	36
2. Morrisania	34
3. Fordham	31
4. Highbridge	29
5. Melrose	29



THOUGHT LEADERSHIP FEATURED IN FORBES

Forbes

Ariel Property Advisors has been a regular contributor for Forbes.
Below is a list of featured articles that appeared in Forbes over the past 6 months.

| Aug 6, 2021

Q2 2021 Numbers Affirm New York City's Multifamily Comeback

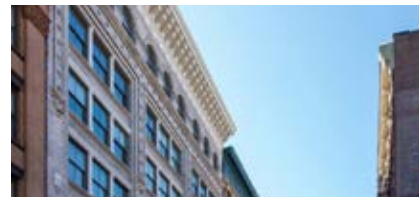
There was a major uptick across indicators in Q2 2021 as the city recorded 74 transactions comprising 118 properties for a total \$1.24 billion in dollar volume.



| Aug 26, 2021

Manhattan's Recovery Is Defined By A Flight To Quality

As New York begins to embrace the pandemic recovery, workers head back to the office and students refill classrooms, Manhattan's investment sales numbers show a complex market but one that is in the middle of a robust recovery marked by a flight to quality.



| Sep 27, 2021

Affordable Housing Drives The Bronx And Northern Manhattan's Investment Sales Market

While the Bronx has lately seen a huge resurgence of interest in industrial properties and Northern Manhattan has a growing life sciences industry, affordable multifamily is still the leading bellwether for the investment sales markets in these boroughs.



| Oct 27, 2021

Small Deals Are Attracting Big Money In NYC

While the overall multifamily volume of transactions in New York City has been slow, one segment in particular is showing explosive growth.



| Nov 4, 2021

NYC's Q3 Numbers Show Increasing Clarity For Multifamily Investors

New York City's multifamily market continued along the promising trajectory indicated by 2021's first half. Q3 2021 showed increases of 20% in building volume and 6% in dollar volume despite five fewer transactions overall at 85 across 199 properties.



| Nov 18, 2021

What You Need To Know About CPACE Financing

If you own property in New York City larger than 25,000 square feet, then you need to meet Local Law 97 benchmarks soon as a result of the Climate Mobilization Act.



| Dec 16, 2021

Why Life Sciences Will Drive Robust Office Growth In New York City

Recent office development and leasing activity momentum suggests New York is poised to rise up the rankings—and the Life Sciences segment diversification is changing the dynamics of the city's commercial market.



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OUR METHODOLOGY

Data collection:

- Property transfers are collected through ACRIS and Property Shark each week, vetted by the research team, and cross-checked with news articles.
- Information obtained from third-party sites such as Costar and LoopNet, along with news articles from sites such as The Real Deal.
- Information from appraisers and brokers on sales not yet publicized.

Criteria:

- Minimum sales price of \$1mm
- Does not include city transactions, internal sales, notes & ground leases

Projections:

- Sales are averaged on a per-day basis throughout the year and projected as such
- The assumed ACRIS transfer lag time is 30 days -if final data collection is December 31st, we are projecting the sales that will eventually surface from December 17th-31st.

Location Definitions:

- Manhattan - South of East 96th Street and South of West 110th Street
- Northern Manhattan - North of East 96th Street, North of West 110th Street
- The Bronx - Bronx Borough
- Brooklyn - Brooklyn Borough
- Queens - Queens Borough



COMPLIMENTARY ASSET EVALUATION

Please call us at 212.544.9500 to request an Asset Evaluation

Whether you are considering selling your building or you just want to know the current market value of your property, we are available to provide you with a complimentary asset evaluation. Produced by the joint efforts of our investment sales and investment research teams, an Asset Evaluation will provide you with a thorough analysis of your investment property, and will detail our future marketing efforts on your behalf.

CAPITAL SERVICES DIVISION

A Diligent Approach for Procuring Your Ideal Commercial Real Estate Lender

Our Capital Services Division provides clients with a broad spectrum of funding sources through our established relationships with over 150 lending entities coupled with our powerful research & investment sales platforms. Our dynamic professionals are immersed in the market, versed in the competition and service each client with a personalized unique offering memorandum and ongoing financial guidance.

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