

MANHATTAN 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

 **\$13.7B** Dollar Volume
35% increase compared to 2020

 **311** Transaction Volume
38% increase compared to 2020

 **443** Property Volume
40% increase compared to 2020

New York, along with the rest of the country, has continued its welcomed path to recovery from the Covid Pandemic. In turn, the steady growth in residential and retail leasing activity has provided confidence to investors, evidenced by increases in aggregate spending and transaction levels for quality assets.

Geographically, investors returned to Midtown West, with a 233% increase in spending over 2020 (\$5.58 billion that accounted for 40% of all spending across the borough). The most transactions, however, were in Midtown East (62 transactions, 38% increase).

MULTIFAMILY



- 2021 was the most transactional year for the entire multifamily sector since 2016 with 205 trades. However, the \$2.8 billion in 2021 and \$2.5 billion in 2020 in total dollar volume were the lowest since 2010. The 63% increase in transactions coupled with only an 11% increase in dollar volume and flat pricing metric indicates an appetite from investors for smaller properties
- The largest transaction was Hubb NYC's acquisition of a 24-building Manhattan apartment portfolio for \$182.3 million (\$512k per unit and \$736 per square foot) from AIMCO

DEVELOPMENT



- With Affordable NY/421a expiring on June 15, 2022, developers remained focused on identifying projects that will allow them to capitalize before the deadline
- Even though the number of transactions remained flat (27 transactions), the \$1.06 billion spent represented a 51% increase compared to 2020
- \$471 price per buildable square foot remained stable compared to 2020

OFFICE



- While the office market is struggling, well-located class A buildings with prime tenants are trading at a premium. 441 9th Avenue, which sold for \$1.03 billion and has Peloton and Lyft as tenants, traded for over \$2,000 per square foot
- Investors are expecting a market rebound towards the second half of 2022 as employees continue to return to their offices

IND / WH / STO



- As part of a \$2.9 billion portfolio, Manhattan Mini Storage sold their Manhattan (below 96th Street) storage facilities for \$2.3 billion which represents \$1,115 per square foot (above grade)
- In a rare sighting, a new 17-story self-storage development is coming to Chelsea with the Davis Companies' partial interest purchase in 155-165 West 29th Street

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

\$660

\$ / SF - Multifamily**

\$452,380

\$ / Unit - Multifamily**

4.56%

Cap Rate - Multifamily**

13.53

GRM - Multifamily**

\$471

\$ / BSF - Development*

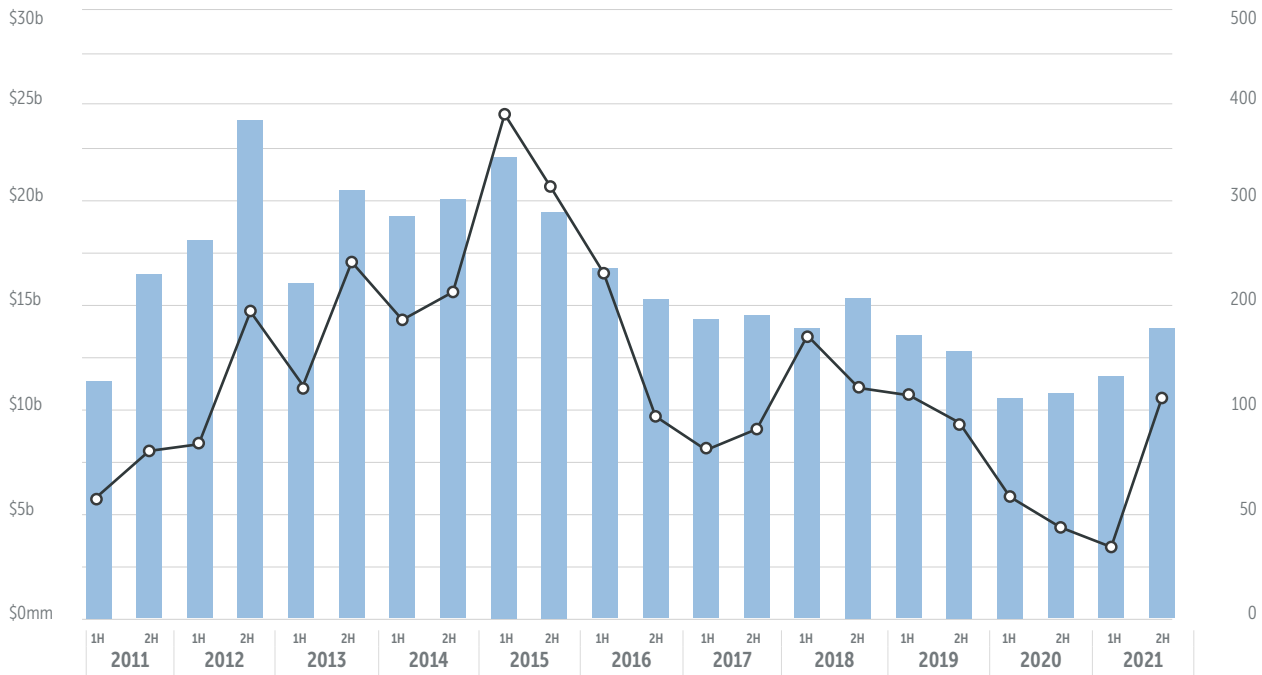
\$1,902

\$ / SF - Commercial

2021 Property Value Metrics

MANHATTAN 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**	\$958	\$945	\$891	\$940	\$647	\$660
\$/Unit - Multifamily**	\$675,522	\$669,315	\$693,251	\$758,217	\$490,607	\$452,380
Cap Rate - Multifamily**	3.57%	3.61%	3.72%	3.98%	4.58%	4.56%
GRM - Multifamily**	20.53	19.49	18.35	16.01	14.25	13.53
\$/BSF - Development*	\$640	\$682	\$691	\$598	\$469	\$471
\$/SF - Commercial	\$1,987	\$2,146	\$2,313	\$2,543	\$1,671	\$1,902

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

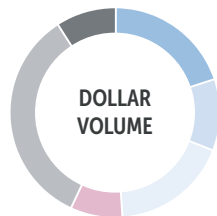
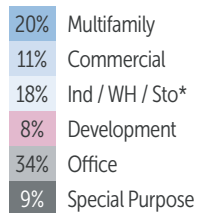
OBSERVATIONS BY PRODUCT TYPE

	PROPERTY TYPE	2021	% CHANGE '21 - '20	2020	% CHANGE '21 - '19	2019
DOLLAR VOLUME	Multifamily	\$2,801,988,237	11%	\$2,534,393,610	-12%	\$3,202,157,855
	MF-MU 10+ resi units	\$2,147,232,470	0%	\$2,150,475,745	-8%	\$2,328,467,591
	MF-MU 6-9 resi units	\$313,155,132	154%	\$123,334,465	-29%	\$442,781,969
	MF-MU Small	\$341,600,635	31%	\$260,583,400	-21%	\$430,908,295
	Commercial	\$1,468,584,255	4%	\$1,407,830,799	-56%	\$3,329,782,764
	Ind / WH / Sto*	\$2,417,108,671	N/A	\$0	N/A	\$5,500,000
	Development	\$1,063,707,944	51%	\$706,139,232	-50%	\$2,145,788,733
	Office	\$4,741,381,197	-8%	\$5,160,051,508	-60%	\$11,835,828,345
	Special Purpose	\$1,231,568,612	217%	\$388,404,252	205%	\$404,106,089
	GRAND TOTAL	\$13,724,338,916	35%	\$10,196,819,401	-34%	\$20,923,163,786

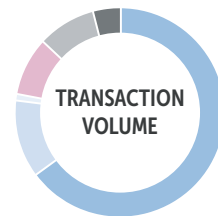
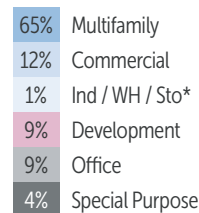
TRANSACTION VOLUME	Multifamily	205	63%	126	19%	172
	MF-MU 10+ resi units	101	46%	69	16%	87
	MF-MU 6-9 resi units	50	163%	19	14%	44
	MF-MU Small	54	42%	38	32%	41
	Commercial	37	32%	28	-36%	58
	Ind / WH / Sto*	2	N/A	0	100%	1
	Development	27	0%	27	-37%	43
	Office	28	-22%	36	-48%	54
	Special Purpose	12	33%	9	20%	10
	GRAND TOTAL	311	38%	226	-8%	338

PROPERTY VOLUME	Multifamily	300	53%	196	49%	201
	MF-MU 10+ resi units	188	38%	136	74%	108
	MF-MU 6-9 resi units	55	162%	21	25%	44
	MF-MU Small	57	46%	39	16%	49
	Commercial	38	31%	29	-49%	75
	Ind / WH / Sto*	17	N/A	0	N/A	1
	Development	37	-16%	44	-51%	76
	Office	35	-8%	38	-44%	62
	Special Purpose	16	60%	10	45%	11
	GRAND TOTAL	443	40%	317	4%	426

DOLLAR VOLUME COMPARISON BY PROPERTY TYPE



TRANSACTION VOLUME COMPARISON BY PROPERTY TYPE

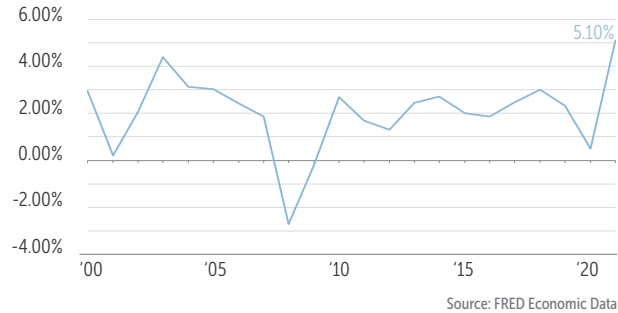


*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

MACRO-ECONOMIC OVERVIEW & MARKET FUNDAMENTALS

% Change in Real Gross Domestic Product:

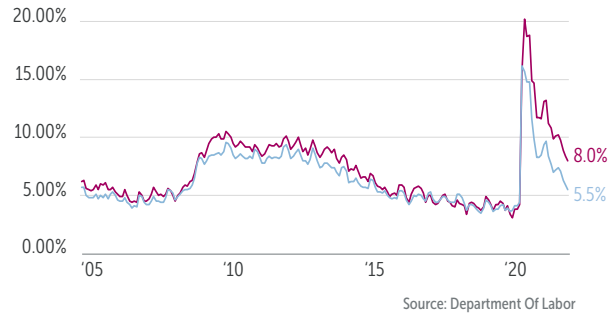
Change in GDP as of 3Q 2021: 5.10%



Unemployment:

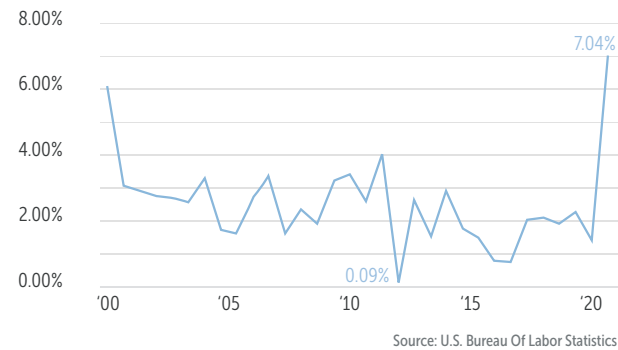
NYS: 5.50% | NYC: 8.00% as of November 2021

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



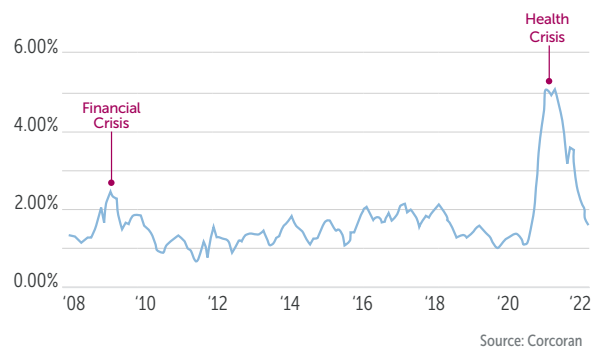
Consumer Price Index (CPI):

National CPI Growth - December Y-O-Y



Rental Market / Vacancy:

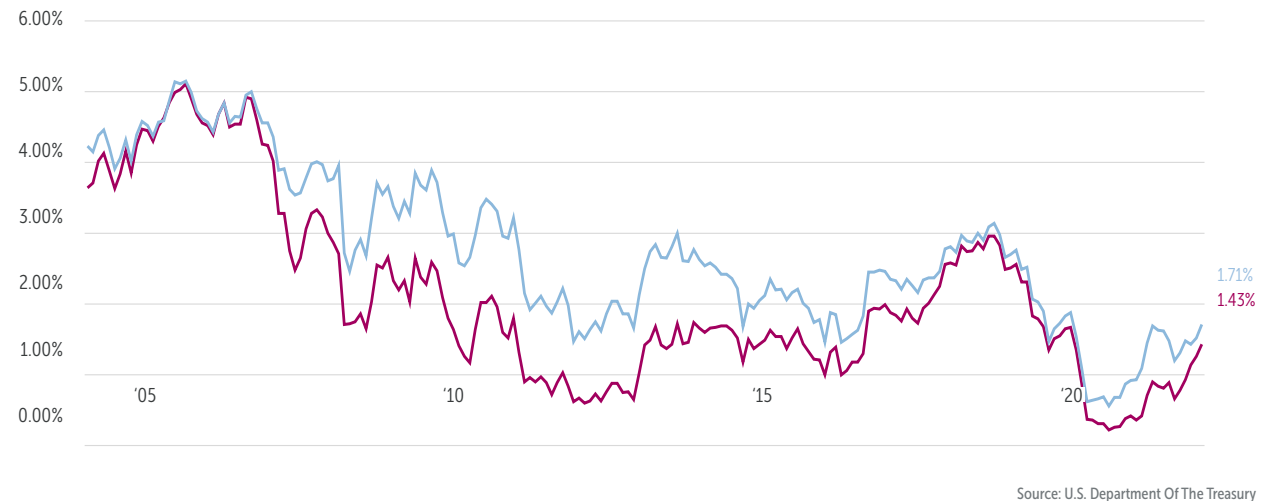
Manhattan Residential Rental Vacancy 2008-2021



Financing:

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

Treasury Yield Curve Rates 10-year | 5-year



FEATURED TRANSACTIONS

Chelsea
Manhattan Mini Storage Portfolio*



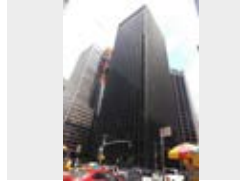
Property Type: **Warehouse**
Sale Amount: **\$2,307,100,000**
\$/SF: **\$1,115**
Sale Date: **12/16/2021**

Hells Kitchen
441 9th Avenue



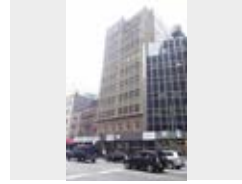
Property Type: **Office**
Sale Amount: **\$1,033,000,000**
\$/SF: **\$2,005**
Sale Date: **12/17/2021**

Midtown
51 West 52nd Street



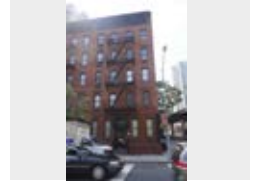
Property Type: **Office**
Sale Amount: **\$760,000,000**
\$/SF: **\$930**
Sale Date: **10/13/2021**

Financial District
7 Hanover Square



Property Type: **Office**
Sale Amount: **\$756,275,798**
\$/SF: **\$764**
Sale Date: **12/29/2021**

Upper West Side
AIMCO Manhattan Portfolio



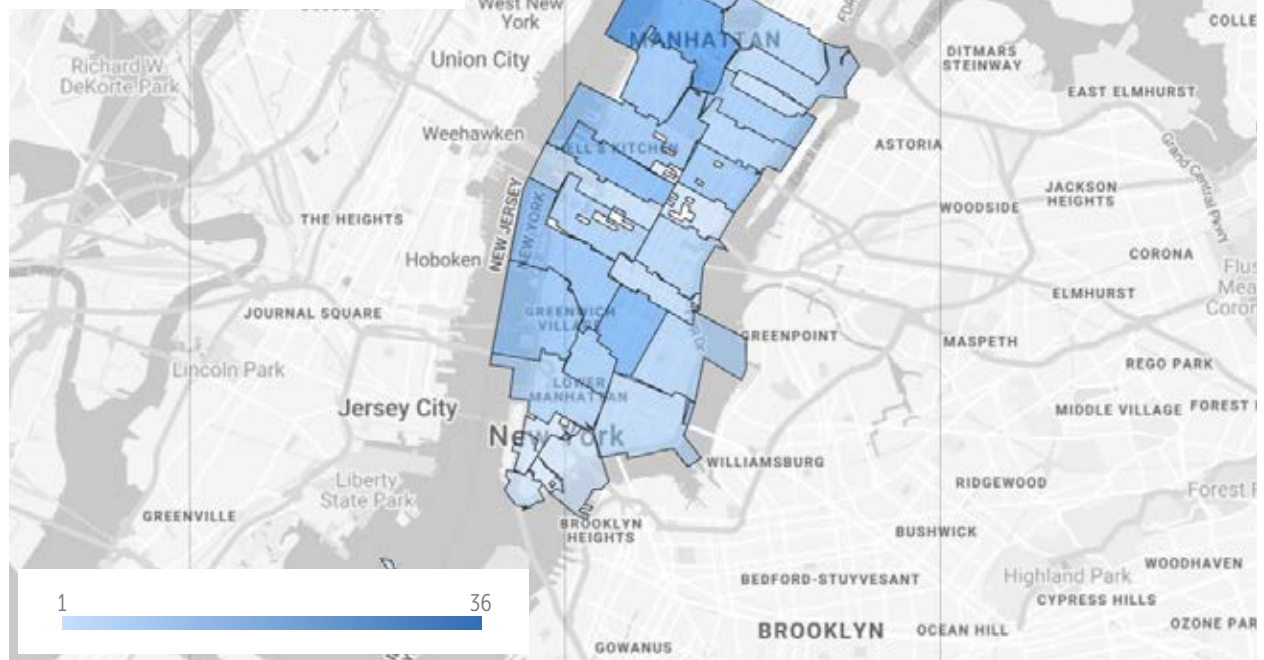
Property Type: **Multifamily**
Sale Amount: **\$182,375,000**
\$/SF: **\$736**
Sale Date: **11/9/2021**

*Part of a \$2.9 Billion Portfolio

MANHATTAN PROPERTY SALES HEAT MAP 2021 BY ZIP CODE

TOP 5 NEIGHBORHOODS BY PROPERTY VOLUME

NEIGHBORHOOD	# OF PROPERTIES
1. Upper West Side	79
2. Upper East Side	72
3. Greenwich Village	49
4. Hell's Kitchen	41
5. Midtown East	30



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

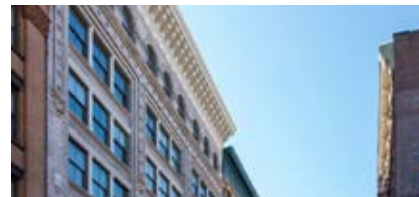
There was a major uptick across indicators in Q2 2021 as the city recorded 74 transactions comprising 118 properties for a total \$1.24 billion in dollar volume.



| 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.

For more information, please contact:

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