

NORTHERN 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



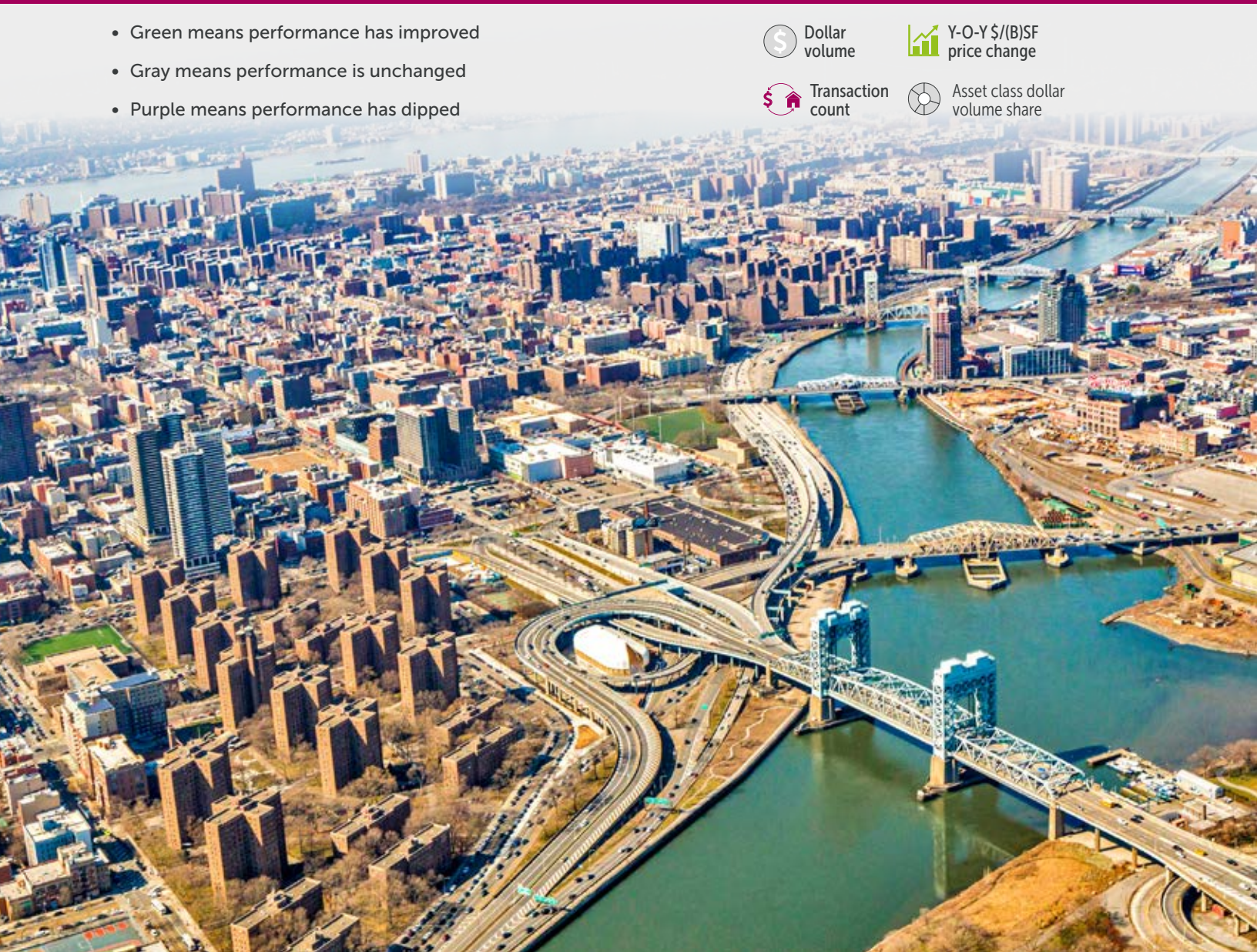
Y-O-Y \$(B)/SF price change



Transaction count



Asset class dollar volume share




Investment Sales
Capital Services
Investment Research

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2021 YEAR-END OVERVIEW

 **\$1.57B** Dollar Volume
173% increase compared to 2020

 **82** Transaction Volume
22% increase compared to 2020

 **127** Property Volume
23% increase compared to 2020

Northern Manhattan investment property sales concluded a challenging 2021 on a positive note as the market displayed recovery on several fronts. Crucially, the number of transactions returned to a level last seen pre-Covid in 2019. A few institutional-caliber transactions and a rebound in mid-range transactions drove tremendous improvement in dollar volume. With residential rents, residential sales and retail rents in full Covid recovery mode, buyers and sellers are showing more confidence.

Multifamily property prices are reverting to trends evident before the pandemic as values of predominantly free market versus rent regulated diverge. Despite continued caution, development site sales volume and pricing picked up in the second half. Provided the Affordable New York Program is not drastically reformed, we expect development site sales to show continued improvement.

MULTIFAMILY

- Sales volume up from Covid levels, but remains well below pre-HSTPA levels
- Average cap rate rose 16 basis points to 5.41%, average GRM steady at 10 with a divergence between buildings that are predominantly rent-stabilized versus mark-rate buildings
- With Covid impact hopefully fading this year, investor focus will return to ongoing impact of the HSTPA on pricing

DEVELOPMENT

- Average price per buildable marginally ticked up to \$176, but area saw a wide range (\$58 to \$536) depending on location, retail potential and affordability requirements like MIH
- Transaction activity had been declining since 2017, but modestly ticked up in 2021 as developers had more confidence due to improving fundamentals and lower seller price expectations

IND / WH / STO

- With zero transactions in these asset classes since 2017, Northern Manhattan saw two closings in 2021
- As part of a \$2.9 billion portfolio, Manhattan Mini Storage sold their uptown storage facilities for \$665.1 million which represents \$794 per square foot (above grade)

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

\$283

\$/SF - Multifamily**

\$214,364

\$/Unit - Multifamily**

5.41%

Cap Rate - Multifamily**

10.06

GRM - Multifamily**

\$176

\$/BSF - Development*

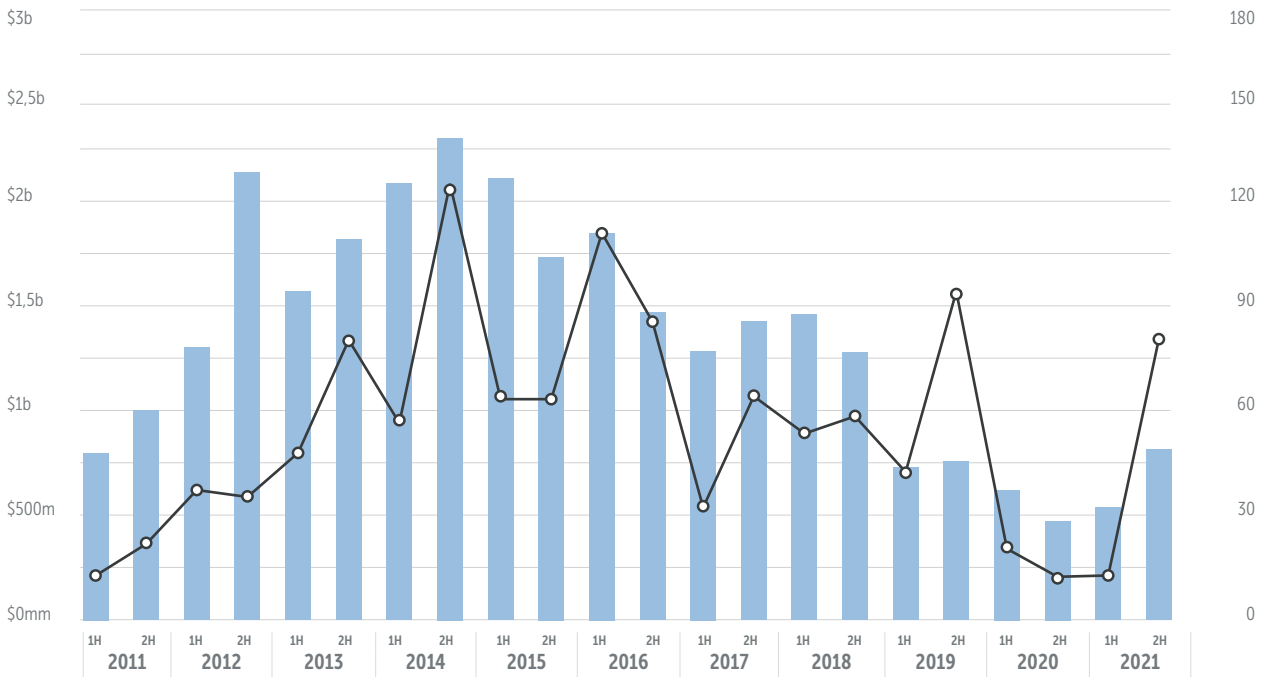
\$870

\$/SF - Commercial

2021 Property Value Metrics

NORTHERN MANHATTAN 2011 - 2021 REAL ESTATE TIMELINE

Transaction Volume ● | Dollar Volume ○



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PROPERTY VALUE METRIC COMPARISON (2014 - 2021)

| INDICATOR | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$/SF - Multifamily** | \$271 | \$337 | \$361 | \$382 | \$376 | \$353 | \$321 | \$283 |
| \$/Unit - Multifamily** | \$236,520 | \$273,232 | \$315,261 | \$320,729 | \$314,012 | \$307,738 | \$220,654 | \$214,364 |
| Cap Rate - Multifamily** | 4.56% | 4.28% | 3.95% | 4.08% | 4.06% | 4.73% | 5.25% | 5.41% |
| GRM - Multifamily** | 12.82 | 14.66 | 15.87 | 15.24 | 15.36 | 13.72 | 10.08 | 10.06 |
| \$/BSF - Development* | \$135 | \$199 | \$228 | \$209 | \$218 | \$216 | \$169 | \$176 |
| \$/SF - Commercial | \$496 | \$635 | \$838 | \$1,240 | \$759 | \$725 | \$678 | \$870 |

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

OBSERVATIONS BY PRODUCT TYPE

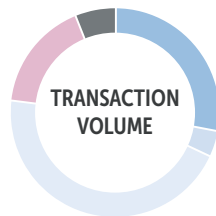
| | PROPERTY TYPE | 2021 | % CHANGE '21 - '20 | 2020 | % CHANGE '21 - '19 | 2019 |
|---------------|----------------------|-----------------|--------------------|---------------|--------------------|-----------------|
| DOLLAR VOLUME | Multifamily | \$450,340,862 | 65% | \$273,282,610 | -74% | \$1,711,776,385 |
| | MF-MU 10+ resi units | \$428,386,202 | 76% | \$244,002,610 | -74% | \$1,658,175,000 |
| | MF-MU 6-9 resi units | \$15,341,618 | -15% | \$17,975,000 | -58% | \$36,649,973 |
| | MF-MU Small | \$6,613,042 | -42% | \$11,305,000 | -61% | \$16,951,412 |
| | Commercial | \$55,456,647 | 55% | \$35,881,875 | 48% | \$37,391,000 |
| | Ind / WH / Sto* | \$707,826,590 | N/A | \$0 | N/A | \$0 |
| | Development | \$268,130,240 | 37% | \$196,248,732 | -5% | \$281,801,000 |
| | Office | \$0 | N/A | \$58,997,291 | N/A | \$8,000,000 |
| | Special Purpose | \$89,157,225 | 643% | \$12,000,000 | -69% | \$291,464,429 |
| | GRAND TOTAL | \$1,570,911,564 | 173% | \$576,410,508 | -33% | \$2,330,432,814 |

| | | | | | | |
|--------------------|----------------------|----|------|----|------|----|
| TRANSACTION VOLUME | Multifamily | 46 | 24% | 37 | -8% | 50 |
| | MF-MU 10+ resi units | 37 | 61% | 23 | 32% | 28 |
| | MF-MU 6-9 resi units | 6 | -33% | 9 | -57% | 14 |
| | MF-MU Small | 3 | -40% | 5 | -63% | 8 |
| | Commercial | 4 | -33% | 6 | -33% | 6 |
| | Ind / WH / Sto* | 2 | N/A | 0 | N/A | 0 |
| | Development | 28 | 40% | 20 | 17% | 24 |
| | Office | 0 | N/A | 3 | N/A | 1 |
| | Special Purpose | 2 | 100% | 1 | -71% | 7 |
| | GRAND TOTAL | 82 | 22% | 67 | -7% | 88 |

| | | | | | | |
|-----------------|----------------------|-----|------|-----|------|-----|
| PROPERTY VOLUME | Multifamily | 73 | 9% | 67 | -30% | 105 |
| | MF-MU 10+ resi units | 63 | 21% | 52 | -24% | 83 |
| | MF-MU 6-9 resi units | 7 | -30% | 10 | -50% | 14 |
| | MF-MU Small | 3 | -40% | 5 | -63% | 8 |
| | Commercial | 4 | -43% | 7 | -50% | 8 |
| | Ind / WH / Sto* | 7 | N/A | 0 | N/A | 0 |
| | Development | 41 | 71% | 24 | 24% | 33 |
| | Office | 0 | N/A | 4 | N/A | 1 |
| | Special Purpose | 2 | 100% | 1 | -71% | 7 |
| | GRAND TOTAL | 127 | 23% | 103 | -18% | 154 |

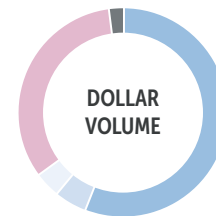
DOLLAR VOLUME COMPARISON BY PROPERTY TYPE

| | |
|-----|-----------------|
| 28% | Multifamily |
| 4% | Commercial |
| 45% | Ind / WH / Sto* |
| 17% | Development |
| 0% | Office |
| 6% | Special Purpose |



TRANSACTION VOLUME COMPARISON BY PROPERTY TYPE

| | |
|-----|-----------------|
| 56% | Multifamily |
| 5% | Commercial |
| 4% | Ind / WH / Sto* |
| 33% | Development |
| 0% | Office |
| 2% | Special Purpose |

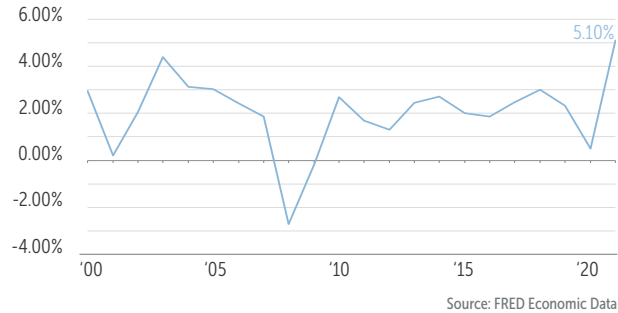


*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

MACRO-ECONOMIC OVERVIEW & MARKET FUNDAMENTALS

% Change in Real Gross Domestic Product:

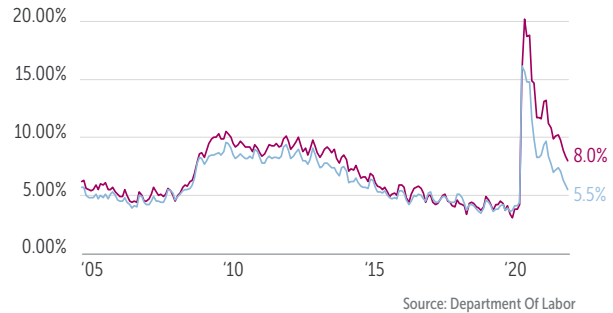
Change in GDP as of 3Q 2021: 5.10%



Unemployment:

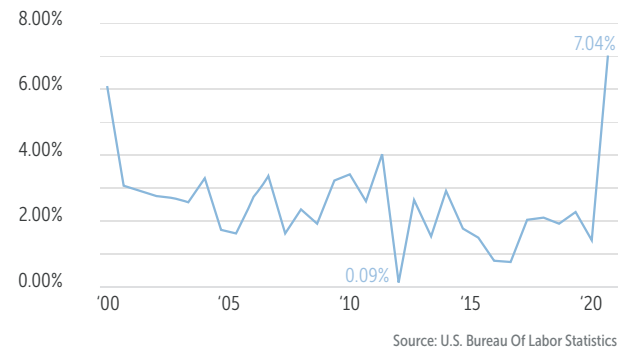
NYS: 5.50% | NYC: 8.00% as of November 2021

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



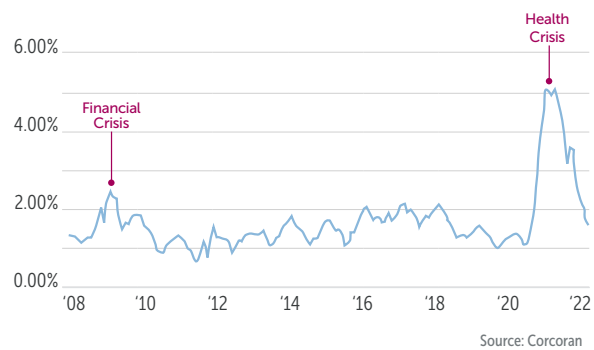
Consumer Price Index (CPI):

National CPI Growth - December Y-O-Y



Rental Market / Vacancy:

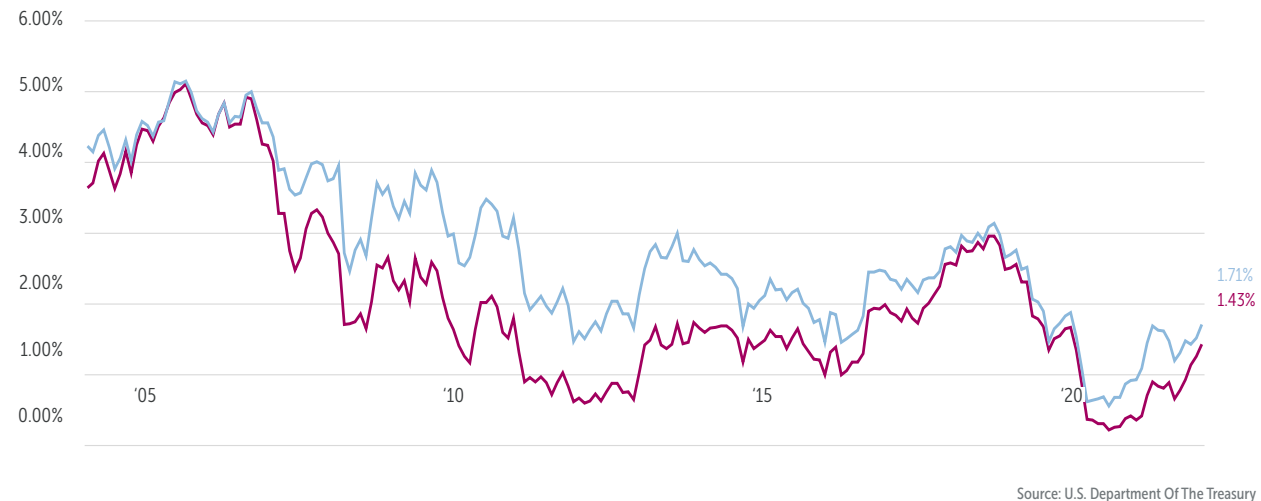
Manhattan Residential Rental Vacancy 2008-2021



Financing:

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

Treasury Yield Curve Rates 10-year | 5-year



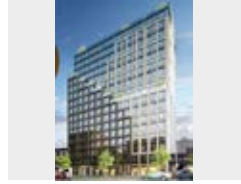
FEATURED TRANSACTIONS

West Harlem
**Northern Manhattan Mini
Storage Portfolio***



Property Type: **Warehouse**
Sale Amount: **\$665,100,000**
\$/SF: **\$795**
Sale Date: **12/16/2021**

Central Harlem
56 West 125th Street



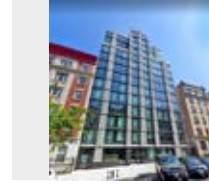
Property Type: **Multifamily**
Sale Amount: **\$105,000,000**
\$/SF: **\$754**
Sale Date: **9/15/2021**

West Harlem
**2298,2310 & 2328 12th
Avenue**



Property Type: **Development**
Sale Amount: **\$84,000,000**
\$/BSF: **\$384**
Sale Date: **12/30/2021**

Morningside Heights
415 West 120th Street



Property Type: **Special
Purpose**
Sale Amount: **\$83,750,000**
\$/SF: **\$1,408**
Sale Date: **11/3/2021**

Morningside Heights
2871-2877 Broadway



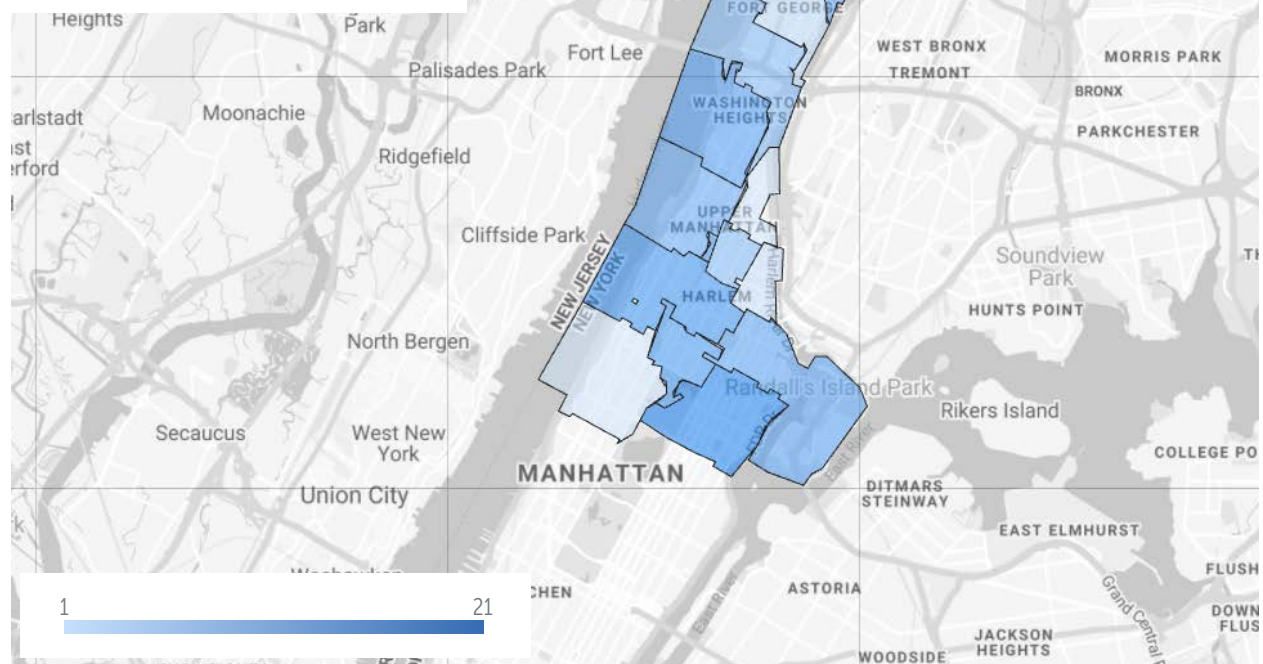
Property Type: **Commercial
Building**
Sale Amount: **\$35,000,000**
\$/SF: **\$1,434**
Sale Date: **10/28/2021**

*Part of a \$2.9 Billion Portfolio

NORTHERN MANHATTAN PROPERTY SALES HEAT MAP 2021 BY ZIP CODE

TOP 5 ZIP CODES BY PROPERTY VOLUME

| ZIP CODE | # OF PROPERTIES |
|-----------------------|-----------------|
| 1. East Harlem | 37 |
| 2. Washington Heights | 33 |
| 3. Central Harlem | 33 |
| 4. Inwood | 11 |
| 5. Hamilton Heights | 10 |



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 70 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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