

NORTHERN MANHATTAN 2018 MID-YEAR SALES REPORT

by Ariel Property Advisors | Released July 2018



Investment Sales
Capital Services
Investment Research

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2018 MID-YEAR OVERVIEW

\$886mm

Dollar Volume



121

Transaction Volume



155

Building Volume



Dear Friends,

The Northern Manhattan investment property sales market got off to a cautiously optimistic start in the 1H18. Though sales dipped somewhat compared to the 2H17, dollar volume significantly improved year-over-year and pricing held strong throughout the half.

For 1H18, Northern Manhattan saw 121 transactions consisting of 155 properties totaling approximately \$886 million in gross consideration. Year-over-year, this represents a 25% increase in dollar volume while transaction volume fell a modest 10%. Nearly all asset classes performed better in terms of dollar volume and transaction volume except for user properties, which accounted for much of the transaction volume decline. Though 1H18 activity represents a modest decline compared to 2H17, much of that can be attributed to an active 2H17 that was at least partially a reaction to pent up demand after a slow start to the year.

The multifamily asset class experienced solid year-over-year gains in dollar volume, which rose 21%, and transaction volume, which rose 16%. Pricing also held strong. Some significant value-add plays in Hamilton Heights and Central Harlem helped compress average cap rates down 27 basis points and pushed rent multiples up a full point compared to 2017 figures, even though changes in the average price per square foot and price per unit rose marginally.

Development site sales got a significant boost in 1H18, bumping up overall sales stats for the half and serving as a positive driver for the overall market going forward. The area's \$163 million in development site sales was more than double the dollar volume we saw in 2H17 and was up 50% year-over-year basis. Development site pricing remained relatively steady compared to 2017 figures.

2018's healthier and more transactional start can mainly be attributed to stronger economic indicators and a reasonably clear economic outlook. As prices remain stable at elevated levels and as all different asset classes continue to receive multiple bids, the supply of available opportunities at attractive prices continues to pale in comparison to the demand. Though we're keeping an eye on rising interest rates and the impact of macro-economic

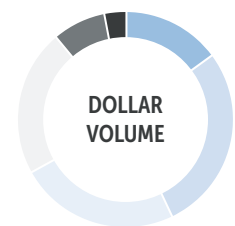
as well as political developments, the outlook for the balance of the year remains positive. We also expect the impact of the East Harlem rezoning, the pending Inwood rezoning and the inclusion of Northern Manhattan neighborhoods as Opportunity Zones in the recent federal tax plan will play a more prominent role in the second half of the year.

We look forward to our continued efforts in providing the Northern Manhattan community with the most informative 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.

We wish you all a healthy and prosperous summer.

DOLLAR VOLUME COMPARISON BY SUB-MARKET

15%	Washington Heights	\$136,097,999
28%	Central Harlem	\$243,006,680
24%	Hamilton Heights / West Harlem	\$216,359,635
22%	East Harlem	\$195,817,718
8%	Inwood	\$65,901,818
3%	Morningside Heights	\$28,472,728
	GRAND TOTAL	\$885,656,578



TRANSACTION VOLUME COMPARISON BY SUB-MARKET

15%	Washington Heights	19
39%	Central Harlem	47
25%	Hamilton Heights / West Harlem	31
14%	East Harlem	17
5%	Inwood	5
2%	Morningside Heights	2
	GRAND TOTAL	121



REAL ESTATE TIMELINE / PRICING METRICS

\$396

\$ / SF - MF

\$325,675

\$ / Unit - MF

3.81%

Cap Rate - MF

16.24

GRM - MF

\$203

\$ / BSF - Development*

\$638

\$ / SF - Commercial

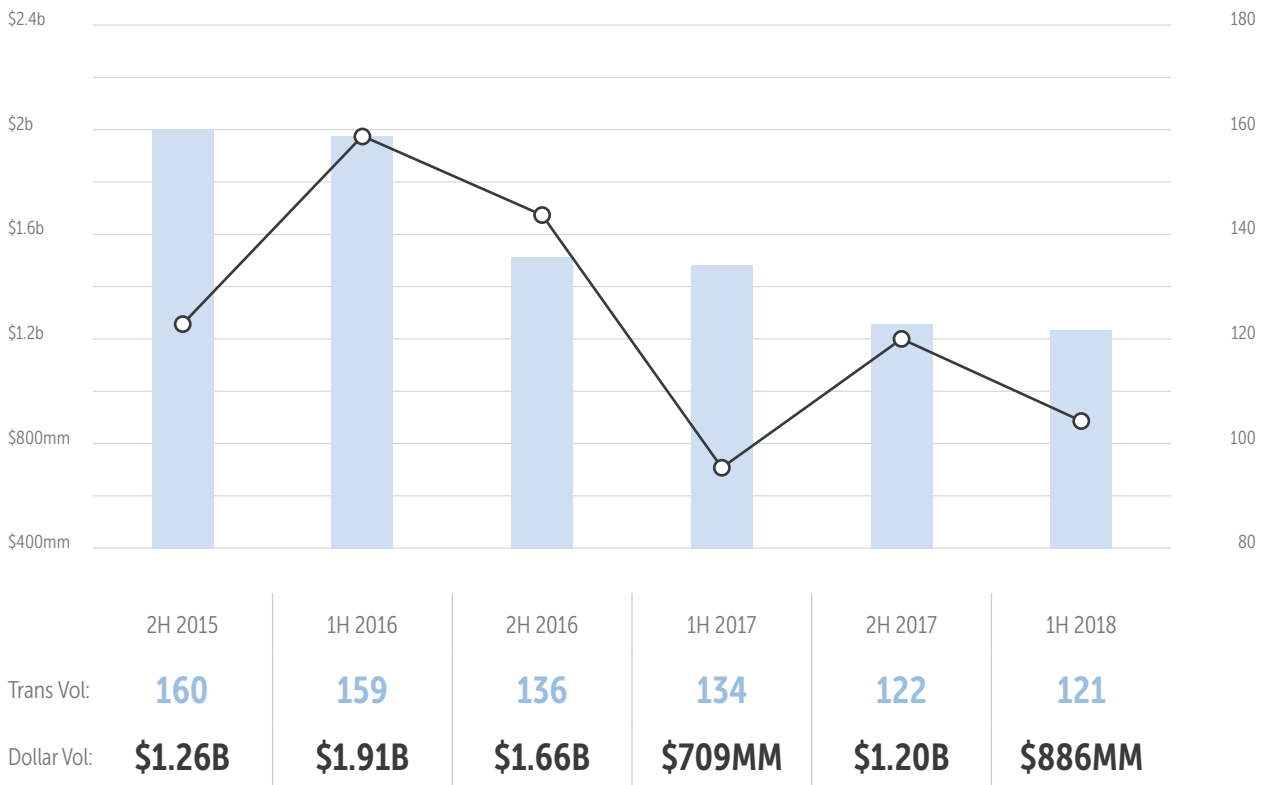
\$662

Townhouses

2018 Property Value Metrics

NORTHERN MANHATTAN 2015 - 2018 REAL ESTATE TIMELINE

Transaction Volume ● | Dollar Volume ○



PROPERTY VALUE METRIC COMPARISON (2011-2018)

INDICATOR	2011	2012	2013	2014	2015	2016	2017	2018
\$/SF - MF	\$150	\$173	\$219	\$271	\$337	\$361	\$382	\$396
\$/Unit - MF	\$125,986	\$140,817	\$178,971	\$236,520	\$273,232	\$315,261	\$320,729	\$325,675
Cap Rate - MF	6.91%	6.10%	4.92%	4.56%	4.28%	3.95%	4.08%	3.81%
GRM - MF	8.33	9.22	11.21	12.82	14.66	15.87	15.24	16.24
\$/BSF - Development*	\$90	\$87	\$119	\$135	\$199	\$228	\$209	\$203
\$/SF - Commercial	\$488	\$533	\$589	\$496	\$635	\$838	\$1,240	\$638
Townhouses	\$346	\$441	\$439	\$500	\$547	\$644	\$647	\$662

*reflects transactions of vacant land or equivalent development sites

OBSERVATIONS BY PRODUCT TYPE

Multifamily | Central Harlem, Hamilton Heights, Washington Heights and Manhattanville remain in high demand. One transaction that exemplifies multifamily market's continued strength was the \$26.2 million sale of 3430 Broadway, a 72,774 square foot, 55 unit mixed-use elevator building on the corner of West 140th Street. The sale represented \$360 per square foot and an aggressive 2.68% capitalization rate. Another notable trade was the sale of 523 West 135th Street, a 21 unit walk-up building, which traded for \$547 per square foot and \$343,000 per unit. The transaction represents a 33% increase from the building's last sale in 2015, when it sold for \$4.8 million or \$364 per square foot. Another highlight was the \$44.1 million sale of 1274 5th Avenue, which translates to an impressive \$778 per square foot and, reportedly, a sub-3% capitalization rate. Pricing was helped by the property's additional 34,000 square feet of air rights and its direct views of Central Park.

Development Sites | Institutional capital continues to drive investment into the Northern Manhattan development market as relatively attractive land values and rising condominium values are enticing new entrants to the market. Anbau Enterprises, a well-known Manhattan developer, recently acquired the Verizon parking garage site at 620 West 153rd Street in Hamilton Heights for \$22.5 million. Plans call for 150,000 buildable square feet in which the developer will build 150 condominiums across two towers connected by an interior courtyard. Another notable trade took place at 54-62 West 125th Street, located steps away from the new Whole Foods on Lenox Avenue. The site allows for 75,690 buildable square feet as-of-right and 100,920 buildable square feet with the 125th Street Visual Arts Bonus. The site traded for \$26.5 million, or \$350 per buildable square foot. Another

trade worth noting was the \$20.3 million sale of 415 West 120th Street. Recently filed plans provide for the construction of a fourteen-story, 80-unit residential building that will encompass 63,640 square feet, of which 57,340 will be dedicated to residential use. The site is located in the heart of Morningside Heights, between Columbia University's undergraduate campus and their highly anticipated Manhattanville Campus, which is slated to be completed by 2020. The sale represented \$446 per buildable square foot and was a record setting price for the neighborhood. Considering several development sites we know of that are currently in contract, we expect the market to remain robust through the balance of the year.

Commercial & Office | Despite some skepticism over the future of the retail sector, recent commercial property sales in Upper Manhattan confirm retail and commercial assets along major thoroughfares continue to attract investor capital to the market. One notable sale was Carver Federal Savings banking building at 75 West 125th Street in Central Harlem. The building sold for \$19.45 million, which represents an impressive \$696 per square foot for a multi-level office building. Another trade worth noting was RCG Longview's \$33.75 million sale of the 124-key Aloft Harlem hotel. The hotel traded for \$592 per square foot and is located on the corner of 124th Street and Frederick Douglas Boulevard. The boutique hotel spans 57,000 square feet from the condominium buildings sub-cellar to the sixth floor. The submarket recorded one noteworthy retail condominium sale in West Harlem located on the corner of West 142 Street and Edgecombe Avenue. The two-tenant retail condominium traded for \$1.56 million or \$1,041 and is anchored by Manhattanville Coffee.

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	PROPERTY TYPE	1H 2018	% CHANGE 1H '18 - 2H '17	2H 2017	% CHANGE 1H '18 - 1H '17	1H 2017
DOLLAR VOLUME	Commercial	\$51,345,818	185%	\$18,033,636	109%	\$24,600,000
	Ind / Gar / Dev*	\$163,955,764	106%	\$79,605,000	58%	\$103,738,841
	Multifamily	\$553,762,860	-44%	\$980,285,922	21%	\$458,582,084
	Office	\$26,181,818	-14%	\$30,578,890	N/A	\$0
	Special Purpose	\$0	0%	\$0	0%	\$0
	User	\$90,410,318	-7%	\$97,739,811	-26%	\$122,961,202
	Grand Total	\$885,656,578	-27%	\$1,206,243,259	25%	\$709,882,127
TRANSACTION VOLUME	Commercial	4	0%	4	100%	2
	Ind / Gar / Dev*	15	25%	12	-25%	20
	Multifamily	65	2%	64	16%	56
	Office	2	100%	1	N/A	0
	Special Purpose	0	0%	0	0%	0
	User	35	-15%	41	-38%	56
	Grand Total	121	-1%	122	-10%	134
PROPERTY VOLUME	Commercial	4	0%	4	100%	2
	Ind / Gar / Dev*	22	10%	20	-4%	23
	Multifamily	89	-6%	95	27%	70
	Office	3	200%	1	N/A	0
	Special Purpose	0	0%	0	0%	0
	User	37	-10%	41	-34%	56
	Grand Total	155	-4%	161	3%	151

*Ind / Gar / Dev: Industrial / Garage / Development

FEATURED TRANSACTIONS

East Harlem
1680 MADISON AVENUE



Property Type: **Multifamily**
Sale Amount: **\$57,000,000**
\$/SF: **\$438**
Sale Date: **1/22/2018**

East Harlem
1274 5TH AVENUE



Property Type: **Multifamily**
Sale Amount: **\$44,100,000**
\$/SF: **\$778**
Sale Date: **2/22/2018**

Hamilton Heights
1930-1934 AMSTERDAM AVENUE



Property Type: **Multifamily**
Sale Amount: **\$43,000,000**
\$/SF: **\$241**
Sale Date: **1/22/2018**

Central Harlem
2300 8TH AVENUE #HU



Property Type: **Hotel**
Sale Amount: **\$33,800,000**
\$/SF: **\$592**
Sale Date: **3/13/2018**

Central Harlem
54-62 WEST 125TH STREET

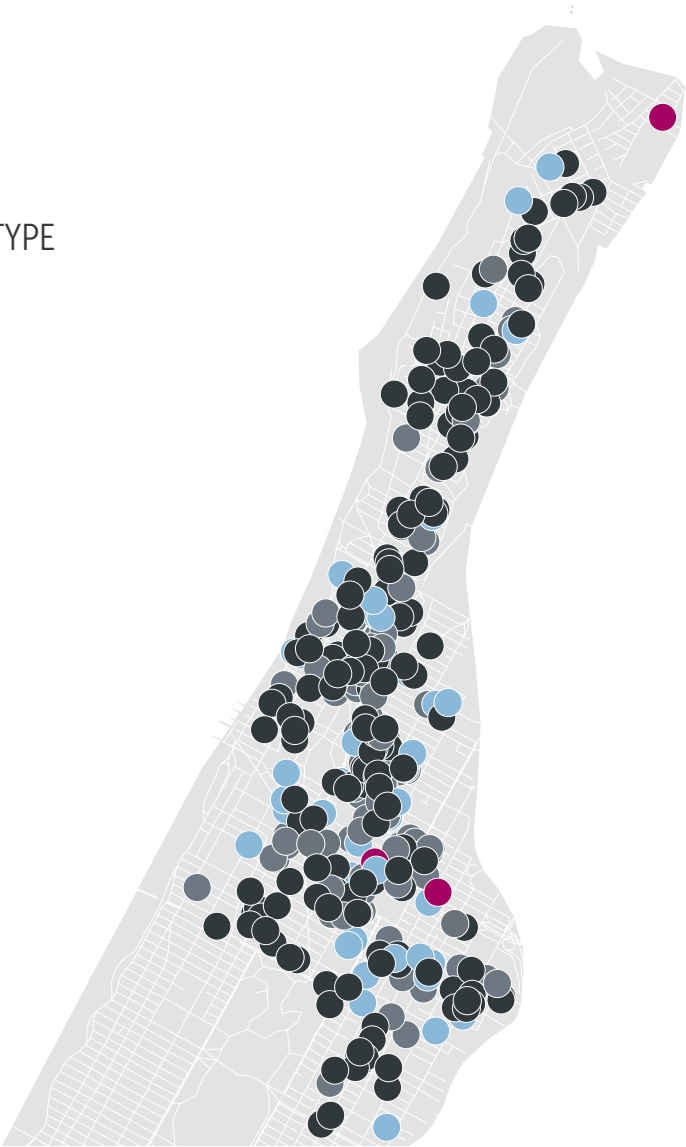


Property Type: **Development**
Sale Amount: **\$26,500,000**
\$/SF: **\$350**
Sale Date: **6/8/2018**

TRANSACTION MAP & OVERVIEW BY PROPERTY TYPE

LEGEND

- Multifamily
- Industrial, Garage and Development
- Office
- Commercial
- User
- Special Purpose





Sendero Verde

Developer: **Jonathan Rose**
Companies: **L+M Development Partners**
Status: **In-Design**
Completion: **2021**
Type: **Mixed Use**
Gross SF: **750,000**



201 East 125th Street

Developer: **The Richman Group**
Status: **Planned**
Completion: **N/A**
Type: **Mixed Use**
Gross SF: **421,000**



Ronald O Perelman Center for Business Innovation

Developer: **Columbia University**
Status: **Construction**
Completion: **2021**
Type: **Educational**
Gross SF: **229,000**



Victory Plaza

Developer: **Camber Property Group, Harlem Congregations for Community Development**
Status: **Planned**
Completion: **Late 2020**
Type: **Senior Living**
Gross SF: **150,537**



Hamilton Theater

Developer: **Todd Zwigard Architects**
Status: **Planned**
Completion: **N/A**
Type: **Theater**
Gross SF: **N/A**



Lenox Terrace Redevelopment

Developer: **Olnick Organization**
Status: **Planned**
Completion: **First Phase: 2022, Second Phase: 2027**
Type: **Retail/Community Center**
Gross SF: **N/A**

NORTHERN MANHATTAN 2018 DEVELOPMENT* ACTIVITY BY NEIGHBORHOOD

LOCATION	TOTAL DOLLAR VALUE TRADED	TOTAL TRANSACTIONS	TOTAL PROPERTIES TRADED	TOTAL BSF
Central Harlem	\$51,700,784	5	11	179,072
East Harlem	\$4,225,000	2	2	18,164
Hamilton Heights / West Harlem	\$27,073,000	2	2	170,145
Inwood	\$38,300,000	2	2	239,624
Morningside Heights	\$20,300,000	1	1	45,565
Washington Heights	\$2,394,000	2	2	19,167
GRAND TOTAL	\$143,992,784	14	20	671,737

*Includes vacant land & conversion properties only



May - August '17

September - November '17

NEWS TIMELINE

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May 21 | More than 200 people were on hand for Community Board 11's key hearing on the City's plans for a site on East 111th Street and a far wider proposed rezoning of East Harlem, Citylimits reported. Both proposals are part of the de Blasio administration's program aiming to increase the number of residential units in selected neighborhoods-producing some market-rate apartments and some income-targeted units-with the goal of increasing the availability of affordable housing.

July 23 | It will be at least another year before the discussion about whether and how to rezone Inwood reaches a conclusion, City Limits reported. A recent meeting, where residents roundly denounced the latest de Blasio administration proposal, suggested it will be a very long year. Representatives of the city's Economic Development Corporation presented the administration's latest thinking on the Northern Manhattan neighborhood at a meeting of Community Board 12's Land Use Committee.

The Durst Organization picked up a second vacant lot in Harlem, directly across from its land at 1800 Park Avenue, The Real Deal reported. The development firm, led by Douglas Durst, bought an L-shaped lot running from East 124th Street to the middle of East 125th Street at Park Avenue's northeast corner from the Northern Manhattan Rehabilitation and Nursing Center, according to the New York Post. The lot, which the organization had used for parking, was priced at nearly \$20 million.

August 13 | A City Council committee approved plans for a more than 60-story apartment tower in East Harlem, delivering a decisive victory for the de Blasio administration's housing agenda, Crain's New York Business reported. The project will rise 673 feet on a full block site bounded by East 96th and East 97th Streets

between First and Second Avenues once it is approved by the full council. In addition to roughly 1,000 apartments-a third of which will be enrolled in an affordable-housing program-the project will create space for three high schools and replace an existing playground.

September 3 | Plans to redevelop Inwood's library into affordable housing is moving forward, Curbed New York reported. Last week, the city's Department of Housing Preservation and Development, in partnership with the New York Public Library, released a request for proposals to redevelop the site at 4790 Broadway. The city is looking for the new development to be 100 percent affordable, and come with a new library, and a universal pre-K facility (UPK).

November 19 | A growing residential market is driving higher prices for investment properties throughout Inwood, Manhattan's northernmost neighborhood that is sometime overlooked, Ariel Property Advisors reported. In the year through August, the average price per square foot for multifamily assets in Inwood leaped 47% versus 2016, reaching \$368, while the average price per unit rose 15% to \$238,874, according to the company's research.

November 26 | The City Council's Land Use Committee greenlighted a proposal to rezone East Harlem under the Mandatory Inclusionary Housing program - a plan that is expected to create 1,288 affordable housing units on private sites, The Real Deal reported. Under MIH, the city estimates that at least 20 to 25 percent of all new residential units in East Harlem will be affordable. As a part of the plan, New York City Housing Authority's East Harlem properties will get a \$50 million investment, and \$101 million will be set aside for the creation of a new park between



December '17 - April '18

May - June '18

125th and 132nd streets.

December 3 | The East Harlem rezoning plan was approved by City Council last week, CoStar Group reported. The approval should garner plenty of market attention to what is going on in East Harlem as it will likely increase affordable housing and mixed-use development in the highly popular area for real estate investment sales.

December 31 | Realty Check's favorite subway ride these days is the A line between Fulton Center and 125th Street/St. Nicholas Avenue, the New York Post reported. The speedy express skips 12 stops and covers about as many miles in 23 minutes - faster than you might fly between Manhattan's most resurgent neighborhoods. The Wall Street area and Harlem wouldn't seem to have much in common. And they don't - except that each reflects, in a different way, the city's extraordinary, possibly unique, regenerative powers.

In 2017, Northern Manhattan real estate investors continued to enjoy enviable returns, with multifamily property prices appreciating on strong demand and limited supply, Ariel Property Advisors reported. Activity has noticeably picked up in recent months as tenants and landlords chase neighborhoods offering sustained growth and a good basis, such as Hamilton Heights, an area where picturesque streets are interspersed with significant landmarks and institutions.

April 3 | Northern Manhattan has undeniably been a favored destination for real estate developers, due largely to its relative affordability and the upside potential offered by many of its neighborhoods, Ariel Property Advisors reported. East Harlem has

been a hot spot for investment, with the area's recently-approved rezoning all but guaranteeing it will remain popular for years to come.

May 1 | More than a decade after it was first proposed, Columbia University's massive Manhattanville campus has started to take shape in earnest, with two of the biggest buildings now open: the 450,000-square-foot Jerome L. Greene Science Center at 3227 Broadway and the 60,000-square-foot Lenfest Center for the Arts at 615 West 129th Street, The Real Deal reported. Columbia President Lee Bollinger touted the local benefits of the expansion, which will include about 15 new buildings and an acre of public green space, last summer.

May 30 | The Landmarks Preservation Commission voted unanimously Tuesday to create a new historic district between Lenox Avenue and Adam Clayton Powell Jr. Boulevard and between West 130th and 132nd Streets, The Real Deal reported. The district has about 164 buildings, and is notable for its 19th century row houses in Renaissance Revival, Romanesque Revival, Queen Anne and neo-Grec styles. The move is likely to irk developers.

June 18 | Northern Manhattan's West Harlem lies at the epicenter of a surge in investor demand for commercial real estate, a trend that will likely continue for years to come, Ariel Property Advisors reported. Asset values in the up-and-coming neighborhood are poised to appreciate further as Columbia University's massive Manhattanville campus expansion, along with the revitalization of the Factory District, usher in a sharp uptick in economic and population growth.

FEATURED MARKET ACTIVITY

BY ARIEL PROPERTY ADVISORS



54-62 WEST 125TH STREET
New York, NY 10027

Location: **Harlem**
Property Type: **Development**

SOLD: \$26,500,000



3427-35 BROADWAY
New York, NY 10031

Location: **Hamilton Heights**
Property Type: **Multifamily, Retail**

SOLD: \$18,000,000



ADAM CLAYTON POWELL CLUSTER
New York, NY 10030

Location: **Central Harlem**
Property Type: **Multifamily**

SOLD: \$16,400,000



561-63 WEST 140TH STREET
New York, NY 10031

Location: **Hamilton Heights**
Property Type: **Multifamily**

SOLD: \$7,425,000



523 WEST 135TH STREET
New York, NY 10031

Location: **Hamilton Heights**
Property Type: **Multifamily**

SOLD: \$7,200,000



121-123 WEST 138TH STREET
New York, NY 10030

Location: **Central Harlem**
Property Type: **Development**

SOLD: \$3,828,000



514 WEST 169TH STREET
New York, NY 10032

Location: **Washington Heights**
Property Type: **Multifamily**

SOLD: \$2,500,000



210 EAST 117TH STREET
New York, NY 10035

Location: **East Harlem**
Property Type: **Development**

SOLD: \$2,250,000



159 EAST 118TH STREET
New York, NY 10035

Location: **East Harlem**
Property Type: **Development**

SOLD: \$1,975,000



465 WEST 163RD STREET
New York, NY 10032

Location: **Washington Heights**
Property Type: **Development**

SOLD: \$1,494,000

INVESTMENT SALES,
CAPITAL SERVICES &
INVESTMENT RESEARCH



EXCLUSIVE
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QUALITY
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ABOUT US

Ariel Property Advisors is an investment real estate services and advisory company located in New York City.

Our company is unique to the industry in that it is structured like an investment bank, with separate divisions for investment sales, capital services and research. This strategic approach to commercial brokerage services allows our professionals to deploy greater resources and provide consistent, seamless execution to every transaction.

We cover all major commercial asset types throughout the New York metropolitan area, but maintain a very sharp focus on multifamily, mixed-use, development, commercial and industrial properties.

From consultation through closing, our professionals are dedicated to achieving optimal results for our clients. Combining the insights of veteran brokers with the latest real estate market intelligence, we find solutions that meet the specific needs of both the client and the asset.

Cultivating long-lasting relationships with the real estate community is essential to the success of both our firm and our clients, so we encourage all market participants to use our company as a resource.

Contact us today for Asset Evaluations, listing information, financing opportunities or our latest market reports.

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OUR METHODOLOGY

Data collection:

- Property transfers are collected through ACRIS and Property Shark each week, vetted by research team, and cross-checked with news articles.
- Information collected 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 \$850k
- 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 January 15, we are projecting the sales that will eventually surface from January 16-31.

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

If you would like to use or quote this report on the web, we ask that you quote the source as **"Northern Manhattan 2018 Mid-Year Sales Report by Ariel Property Advisors"** and link report from our website page arielpa.nyc/investor-relations/research-reports.



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.