

QUEENS 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



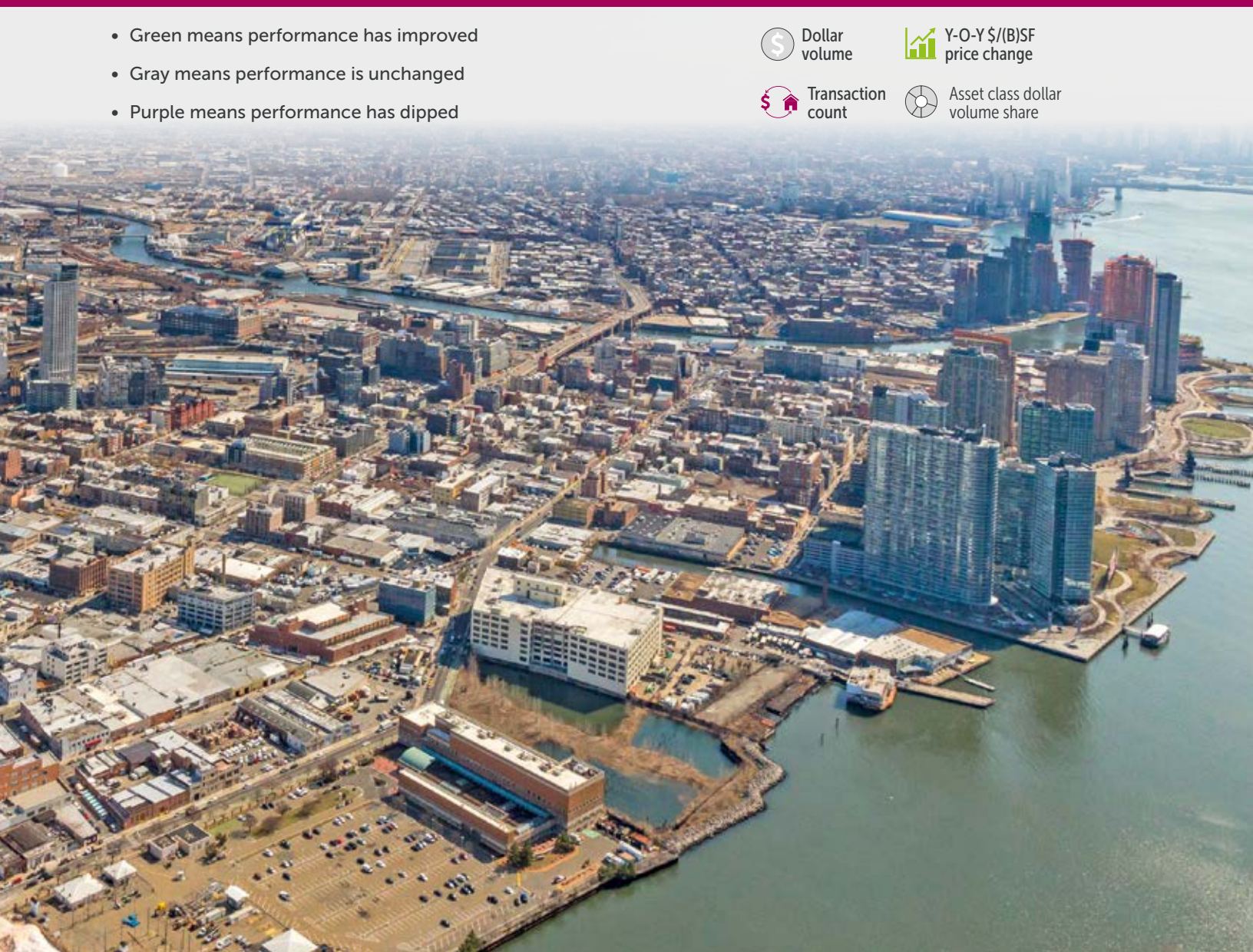
Y-O-Y \$(B)/SF
price change



Transaction
count



Asset class dollar
volume share



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2021 YEAR-END OVERVIEW

\$3.47B Dollar Volume
46% increase compared to 2020

537 Transaction Volume
52% increase compared to 2020

676 Property Volume
53% increase compared to 2020

The Queens investment sales market in 2021 displayed several signs of recovery from the Covid-19 pandemic. Borough-wide dollar volume increased by 46% to \$3.5 billion and transaction volume was up by 52% to 537 compared to 2020. While dollar volume was down 14% compared to the pre-pandemic levels of 2019, the number of transactions interestingly increased by 8%, showing that investor confidence is very high. This can be attributed to a mix of drop in pricing for multifamily and smaller deals taking place. The fundamentals of the recovery from the pandemic are in full swing with almost 85% of NYC adults vaccinated, vacancy continuously decreasing on a monthly basis, and Queens continuing to become a major haven for businesses.

MULTIFAMILY

- Multifamily transactions contributed 44% of the borough's transaction volume but only 23% of the dollar volume. Most of the attention from investors was on the smaller mixed-use assets which made up 53% of multifamily transactions. The small mixed-use properties outperformed the pre-Covid levels of 2019
- While pricing increased in 2021, the effects of HSTPA 2019 are evident by the significant discount of \$286 per square foot versus \$343 in 2019 in multifamily assets with at least 10 residential units
- Local Law 97 will be a consideration for multifamily investors of 25,000 square feet and up in the years to come and will have an impact on pricing

IND / WH / STO

- The industrial, warehouse and storage asset sector is continuing to see strong interest as Queens presents great logistical potential to investors and tenants, with great accessibility to Long Island and the boroughs
- The top transaction in the borough was a 130,000 square foot warehouse in Maspeth for \$132 million. The fully leased, last-mile distribution center sold for a staggering \$1,015 per gross square foot and \$587 per lot square foot

DEVELOPMENT

- Development was ultimately the top performer in terms of dollar volume in Queens, with 24% of the market
- Three of the top five transactions in the borough were development sites: a last mile logistics site for \$128.5 million, a fully Affordable Housing development in Far Rockaway for \$90.4 million, and a residential site in Long Island City for \$88.5 million
- Affordable New York is due to sunset in June 2022 and developers are seizing opportunities to capitalize on the current tax exemption

COMMERCIAL

- The commercial sector saw three-digit percentage increases for dollar, transaction and property volume versus 2020. In addition, it outperformed pre-pandemic numbers of 2019
- The four hotel sales of 2021 attributed \$158 million (23% of commercial dollar volume) while only three sales took place in 2019 and 2020 totalling only \$71 million.
- Pricing saw a 20% increase over 2019 with a focus on smaller mom-and-pop retail. There were 83 transactions below \$5 million in 2021 while there were only 43 in 2020 and 57 in 2019

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

\$286

\$ / SF - Multifamily**

\$226,938

\$ / Unit - Multifamily**

5.40%

Cap Rate - Multifamily**

10.93

GRM - Multifamily**

\$217

\$ / BSF - Development*

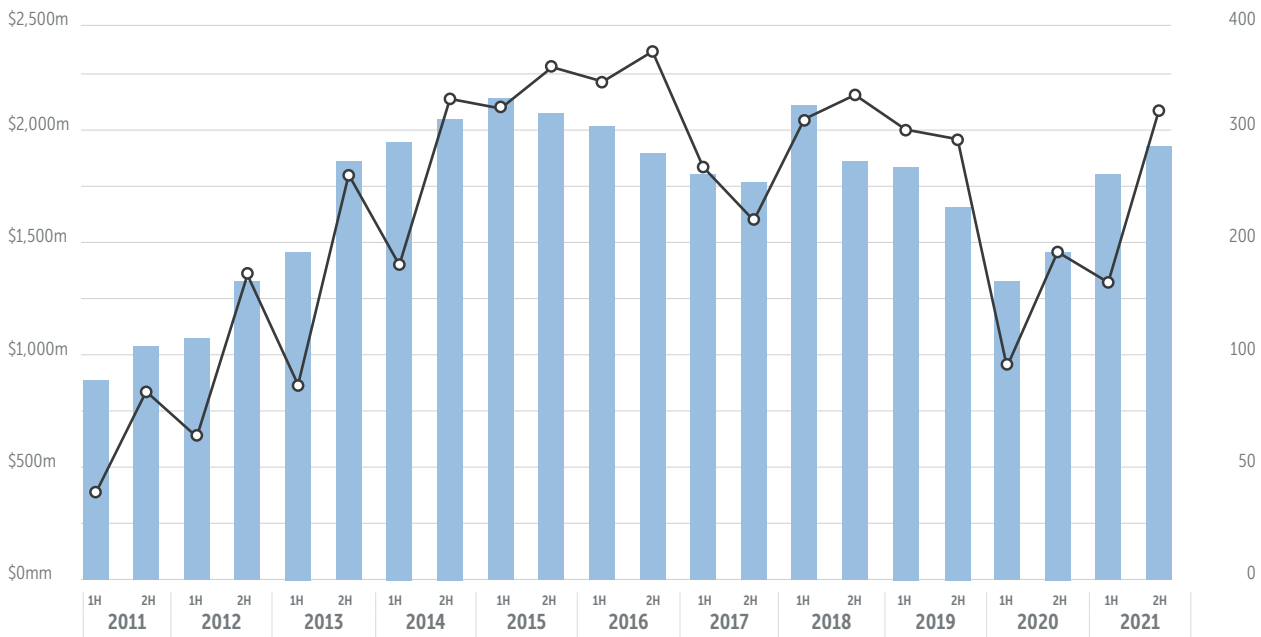
\$693

\$ / SF - Commercial

2021 Property Value Metrics

QUEENS 2011 - 2021 REAL ESTATE TIMELINE

Transaction Volume ● | Dollar Volume ○



3

PROPERTY VALUE METRIC COMPARISON (2016-2021)

INDICATOR	2016	2017	2018	2019	2020	2021
\$/SF - Multifamily**	\$346	\$371	\$365	\$343	\$246	\$286
\$/Unit - Multifamily**	\$283,588	\$282,834	\$294,798	\$276,261	\$213,813	\$226,938
Cap Rate - Multifamily**	4.27%	4.25%	4.31%	4.46%	5.46%	5.40%
GRM - Multifamily**	15.44	15.31	15.71	14.67	10.35	10.93
\$/BSF - Development*	\$185	\$212	\$211	\$208	\$222	\$217
\$/SF - Commercial	\$536	\$537	\$714	\$577	\$680	\$693

*reflects transactions of vacant land or equivalent development sites

**reflects multifamily transactions of 10+ residential units

OBSERVATIONS BY PRODUCT TYPE

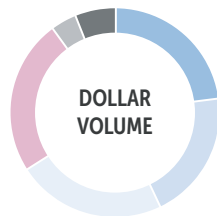
	PROPERTY TYPE	2021	% CHANGE '21 - '20	2020	% CHANGE '21 - '19	2019
DOLLAR VOLUME	Multifamily	\$806,109,096	68%	\$480,419,118	-27%	\$1,098,809,656
	MF-MU 10+ resi units	\$472,160,809	83%	\$258,542,000	-39%	\$776,300,345
	MF-MU 6-9 resi units	\$122,577,561	63%	\$75,127,026	-17%	\$147,811,682
	MF-MU Small	\$211,370,726	44%	\$146,750,092	21%	\$174,697,629
	Commercial	\$688,828,170	187%	\$240,410,660	57%	\$437,663,542
	Ind / WH / Sto*	\$782,710,803	80%	\$435,944,877	-13%	\$900,712,376
	Development	\$850,903,493	28%	\$662,355,929	-9%	\$934,761,816
	Office	\$185,795,896	562%	\$28,055,000	-64%	\$516,667,450
	Special Purpose	\$160,820,350	-69%	\$526,457,830	0%	\$161,356,679
	GRAND TOTAL	\$3,475,167,808	46%	\$2,373,643,414	-14%	\$4,049,971,519

TRANSACTION VOLUME	Multifamily	235	54%	153	11%	211
	MF-MU 10+ resi units	40	54%	26	0%	40
	MF-MU 6-9 resi units	71	69%	42	-4%	74
	MF-MU Small	124	46%	85	28%	97
	Commercial	119	120%	54	45%	82
	Ind / WH / Sto*	82	46%	56	5%	78
	Development	61	-3%	63	-38%	98
	Office	16	167%	6	23%	13
	Special Purpose	24	14%	21	71%	14
	GRAND TOTAL	537	52%	353	8%	496

PROPERTY VOLUME	Multifamily	259	44%	180	4%	248
	MF-MU 10+ resi units	52	16%	45	-24%	68
	MF-MU 6-9 resi units	76	65%	46	-3%	78
	MF-MU Small	131	47%	89	28%	102
	Commercial	155	138%	65	53%	101
	Ind / WH / Sto*	106	51%	70	-3%	109
	Development	103	27%	81	-26%	139
	Office	27	125%	12	50%	18
	Special Purpose	26	-21%	33	-24%	34
	GRAND TOTAL	676	53%	441	4%	649

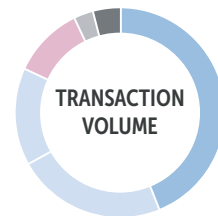
DOLLAR VOLUME COMPARISON BY PROPERTY TYPE

23%	Multifamily
20%	Commercial
23%	Ind / WH / Sto*
24%	Development
6%	Office
4%	Special Purpose



TRANSACTION VOLUME COMPARISON BY PROPERTY TYPE

44%	Multifamily
23%	Commercial
15%	Ind / WH / Sto*
11%	Development
3%	Office
4%	Special Purpose

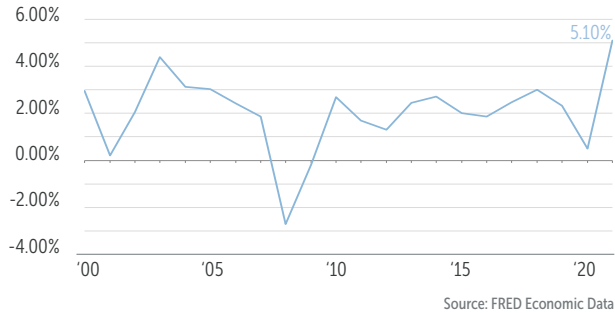


*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

MACRO-ECONOMIC OVERVIEW & MARKET FUNDAMENTALS

% Change in Real Gross Domestic Product:

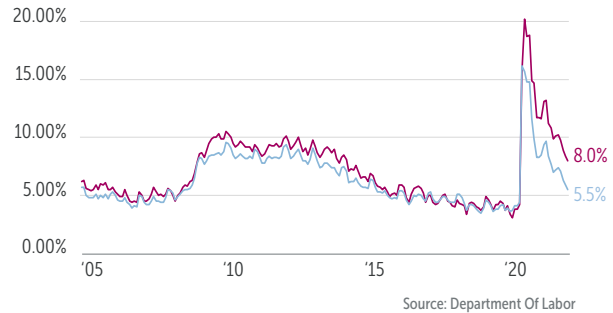
Change in GDP as of 3Q 2021: 5.10%



Unemployment:

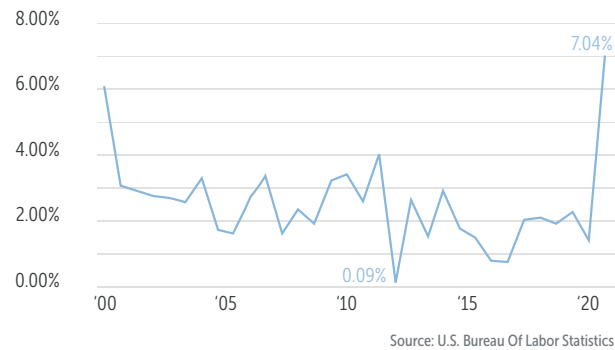
NYS: 5.50% | NYC: 8.00% as of November 2021

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



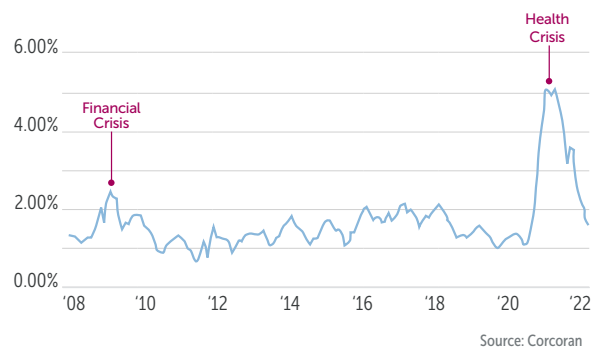
Consumer Price Index (CPI):

National CPI Growth - December Y-O-Y



Rental Market / Vacancy:

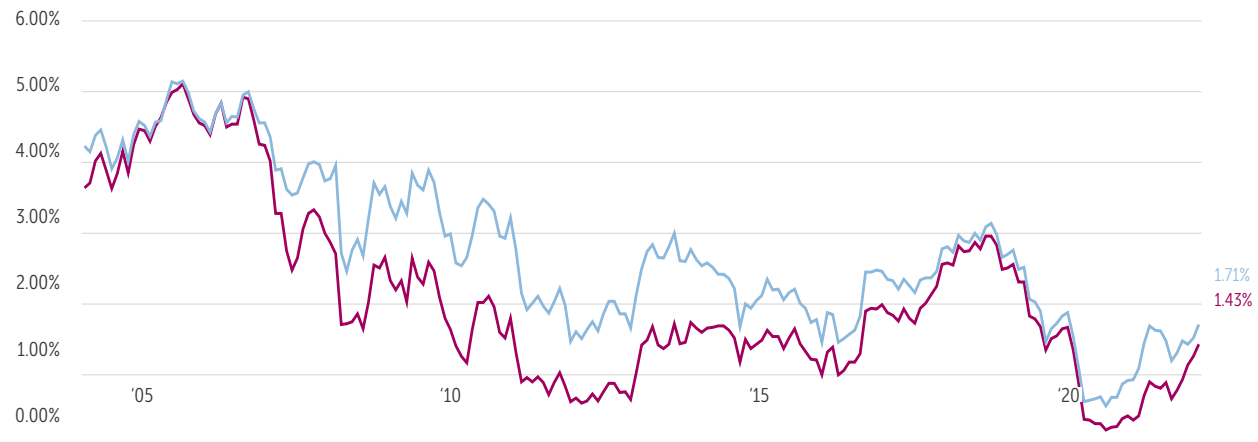
Manhattan Residential Rental Vacancy 2008-2021



Financing:

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

Treasury Yield Curve Rates 10-year | 5-year



FEATURED TRANSACTIONS

Maspeth
50-35 56th Road



Property Type: **Warehouse**
Sale Amount: **\$132,000,000**
\$/SF: **\$1,015**
Sale Date: **12/28/2021**

Long Island City
39-04 Northern Blvd &
40-30 Northern Blvd



Property Type: **Development**
Sale Amount: **\$128,500,000**
\$/BSF: **\$185**
Sale Date: **11/16/2021**

Long Island City
43-10 23rd Street



Property Type: **Office**
Sale Amount: **\$92,500,000**
\$/SF: **\$612**
Sale Date: **12/17/2021**

Edgemere
The Arker Companies Far
Rockaway Development
Portfolio



Property Type: **Development**
Sale Amount: **\$90,400,000**
\$/BSF: **\$77**
Sale Date: **11/18/2021**

Briarwood
80-08/81-01 135th Street

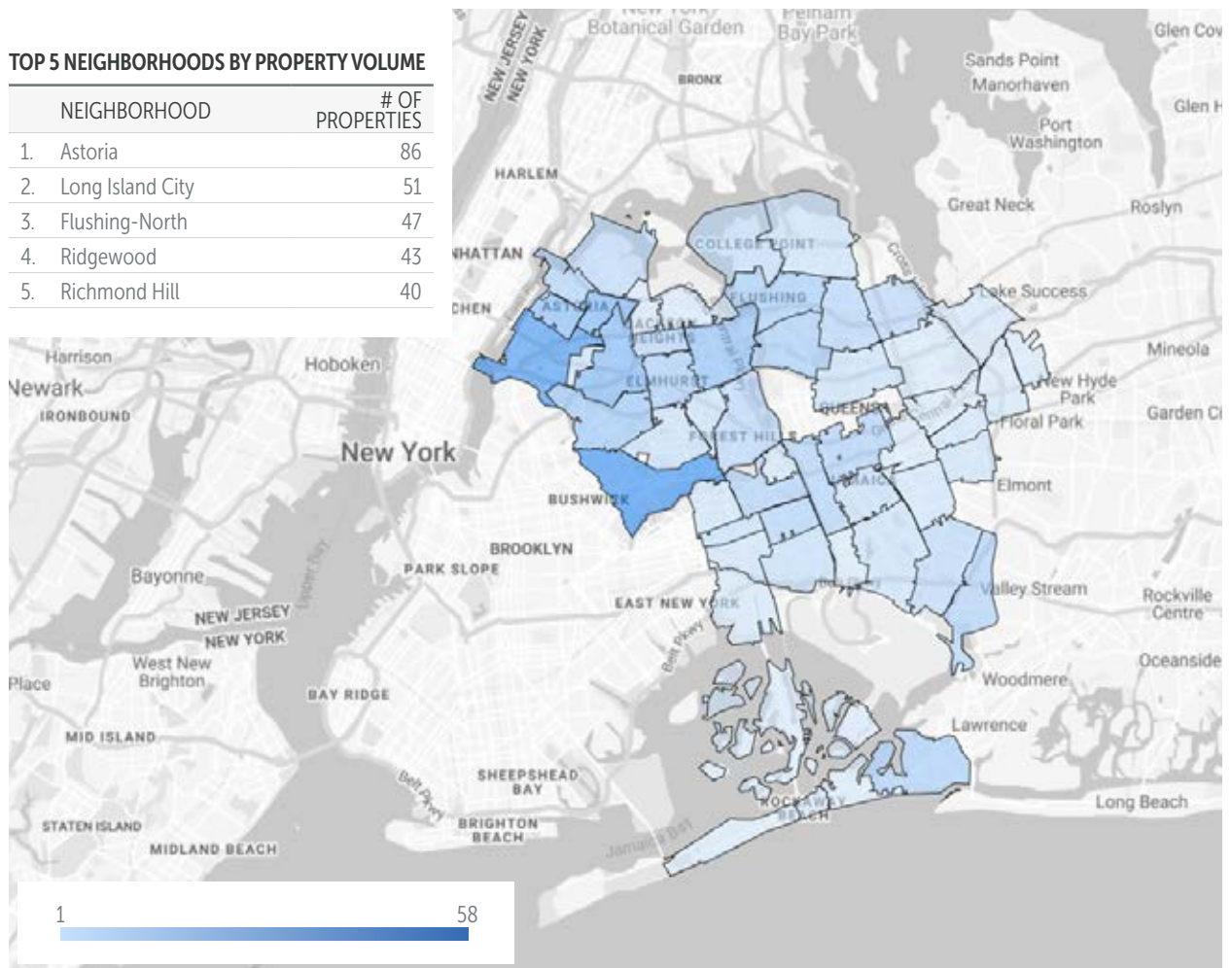


Property Type: **Multifamily**
Sale Amount: **\$87,200,000**
\$/SF: **\$228**
Sale Date: **12/28/2021**

QUEENS PROPERTY SALES HEAT MAP 2021 BY ZIP CODE

TOP 5 NEIGHBORHOODS BY PROPERTY VOLUME

NEIGHBORHOOD	# OF PROPERTIES
1. Astoria	86
2. Long Island City	51
3. Flushing-North	47
4. Ridgewood	43
5. Richmond Hill	40



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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