

## MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | APRIL 2019

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## ABOUT THE REPORT | CONTENT

Ariel Property Advisors is pleased to present its Multifamily Month In Review: New York City. The report provides a monthly overview of market activity, benchmark transactions, revenue and expense trends, and current events that affect the multifamily real estate market.

The Multifamily Month In Review is distributed to our clients on a monthly basis. Past versions of the Multifamily Month In Review can be found at [arielpa.nyc/investor-relations/research-reports](http://arielpa.nyc/investor-relations/research-reports)

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# MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | APRIL 2019

The New York City multifamily market started off the second quarter of the year mirroring similar patterns to the first quarter. Multifamily investors were in a holding sequence as they awaited clarity on the pending rent regulation changes expiring in June. Legislators made sweeping changes to the rent regulation laws on June 15, 2019 that were widely perceived as more pro-tenant than anticipated. The ability to deregulate rent-stabilized units in order to increase rents to market levels or convert them to condos has been a prominent business strategy utilized by multifamily owners. In light of this news, investors remained hesitant, which was clearly shown in the April metrics. When measured against the trailing six-month averages, all three metrics declined: transaction volume down 6%, building volume down 42% and dollar volume down 34%. The methodology used for all comparisons below takes this month's data versus trailing six-month data, October 2018 to March 2019.

In the month of April, the multifamily asset class in New York City saw 28 transactions among 35 buildings totaling \$636 million in gross consideration. Pricing, moreover, was a mixed bag for the submarkets. Manhattan and Northern Manhattan experienced price per square foot declines, while the price per square foot in the Bronx, Brooklyn and Queens rose. Further, cap rates in Northern Manhattan and Queens remained consistent, whereas cap rates expanded in the Bronx, Manhattan and Brooklyn (please refer to page 6).

Manhattan posted 9 transactions comprised of 11 buildings for a total consideration of \$284.42 million. These figures represent a consistency in transaction volume, 25% decrease in building volume and 33% decrease in dollar volume. The average dollar per square foot in Manhattan dropped 2% to \$902 and cap rates expanded by almost 4% to 3.80%. The largest sale for the month was the residential condo portion of 165 West 66th Street by CIM Group for \$200 million, while previous ownership group, Crescent Heights, retained ownership of the ground floor retail condominium. The 151-unit residential condo sale pencils out to \$856 per square foot.

Northern Manhattan's multifamily market presented 5 transactions consisting of 10 buildings that comprised \$121.56 million in aggregate value. Comparatively, these numbers show a 20% increase in transaction volume, 44% decrease in building volume and 3% increase in dollar volume. In terms of pricing, the average dollar per square foot for April was \$353, an 11% dip, and cap rates remained consistent at 4.11%. The largest transaction in Northern Manhattan was for \$41.7 million for the sale of 2-elevator properties located at 725 West 184th Street & 110 Bennett Avenue. These properties, located in Washington Heights, consist of 131 units and span over 120,000 square feet. A purchase price of \$41.7 million works out to \$344 per square foot and a 3.59% cap rate.

The Bronx had 7 transactions among 7 buildings for a total consideration of \$111.70 million. These numbers signify gains of 20% and 62% for transaction volume and dollar volume, respectively, while building volume declined by 31%. Pricing in the Bronx showed a 1.6% increase in price per square foot to \$208 and cap rates expanded as well by 4% to 5.15%. The Bronx's largest sale for the month of April was bought by FBE Limited at 2001 Story Avenue from The Related Companies. 2001 Story Avenue is a 355-unit elevator building in the Unionport neighborhood of the Bronx. FBE Limited paid \$87.9 million, or \$208 per square foot.

Brooklyn saw declines across the board. The borough saw 4 trades involving 4 buildings amounting to \$91.87 million for the month of April. These records indicate declines of 38%, 64% and 49% for transaction, building and dollar volume, respectively. Pricing, however, saw increases as the average dollar per square foot rose 9% to \$462 and cap rates surged 10.5% to 4.85%. The sale of 151 Kent Avenue from Zelda Mehl to Steven Carter of DLJ Real Estate Capital Partners for \$41.25 million was the largest sale in Brooklyn for April. This 56,000 square foot elevator property in Williamsburg sold for \$729 per square foot.

Queens experienced a lull in April with 3 transactions totaling \$26.08 million in gross consideration. The borough presented declines of 25%, 49% and 85% for transaction volume, building volume and dollar volume, respectively. Regarding pricing, the average dollar per square foot rose 8% to \$384 and cap rates remained steady at 4.21%. The largest sale for April in Queens was at 87-40 165th Street, a 119-unit mixed-use elevator building in Jamaica Hills. Harry Silverstein sold the property to Rajmattie Persaud of Fordham Fulton Realty, Corp for \$15.75 million, or \$130 per square foot, which is significantly lower than the average of the other 2 sales at \$352 per square foot.

\*All comparison statistics are based on comparing April 2019 to trailing six-month data (October 2018 to March 2019)

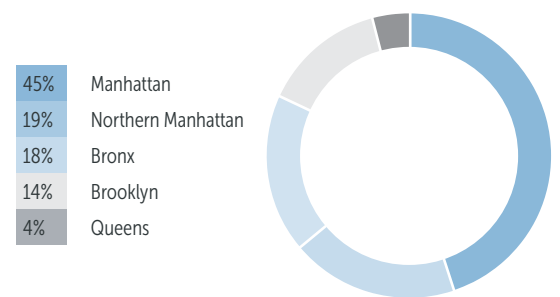
## NEW YORK CITY

METRICS	APRIL 2019	% CHANGE VS. MARCH 2019	MARCH 2019	% CHANGE VS. APRIL 2018	APRIL 2018
Transaction Vol	28	22%	23	0%	28
Building Vol	35	17%	30	-3%	36
Dollar Vol	\$635,615,208	11%	\$570,768,787	64%	\$386,999,007
Total Units	1,398	-10%	1,554	35%	1,036

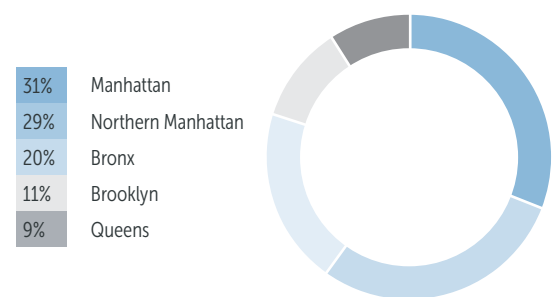
## APRIL 2019 SNAPSHOT

Dollar Volume	Transaction Volume	Building Volume
\$636 million	28	35
64% increase compared to April 2018	Unchanged compared to April 2018	3% decrease compared to April 2018

## DOLLAR VOLUME COMPARISON BY LOCATION CHART



## BUILDING VOLUME COMPARISON BY LOCATION CHART



## LEGEND:

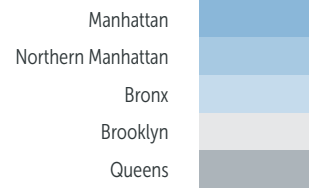
Manhattan	
Northern Manhattan	
Bronx	
Brooklyn	
Queens	

Manhattan is defined as below 96<sup>th</sup> Street on the east side and below 110<sup>th</sup> Street on the west side

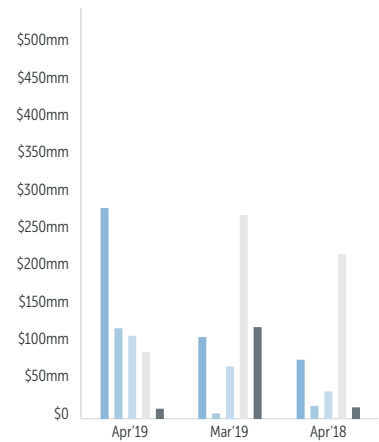
# MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		APRIL 2019	% CHANGE VS. MARCH 2019	MARCH 2019	% CHANGE VS. APRIL 2018	APRIL 2018
MANHATTAN	Transaction Vol	9	50%	6	125%	4
	Building Vol	11	38%	8	175%	4
	Dollar Vol	\$284,415,000	170%	\$105,208,787	265%	\$77,834,007
	Total Units	292	181%	104	195%	99
N. MANHATTAN	Transaction Vol	5	400%	1	67%	3
	Building Vol	10	900%	1	233%	3
	Dollar Vol	\$121,560,000	3,185%	\$3,700,000	566%	\$18,250,000
	Total Units	333	1,288%	24	412%	65
BRONX	Transaction Vol	7	40%	5	17%	6
	Building Vol	7	-13%	8	-30%	10
	Dollar Vol	\$111,700,000	64%	\$68,020,000	140%	\$46,505,000
	Total Units	487	67%	291	105%	237
BROOKLYN	Transaction Vol	4	-20%	5	-60%	10
	Building Vol	4	-20%	5	-71%	14
	Dollar Vol	\$91,865,208	-66%	\$271,000,000	-58%	\$220,660,000
	Total Units	132	-84%	835	-76%	552
QUEENS	Transaction Vol	3	-50%	6	-40%	5
	Building Vol	3	-63%	8	-40%	5
	Dollar Vol	\$26,075,000	-79%	\$122,840,000	10%	\$23,750,000
	Total Units	154	-49%	300	86%	83

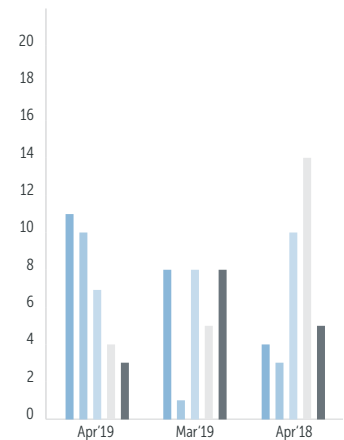
LEGEND:



DOLLAR VOLUME COMPARISON GRAPH

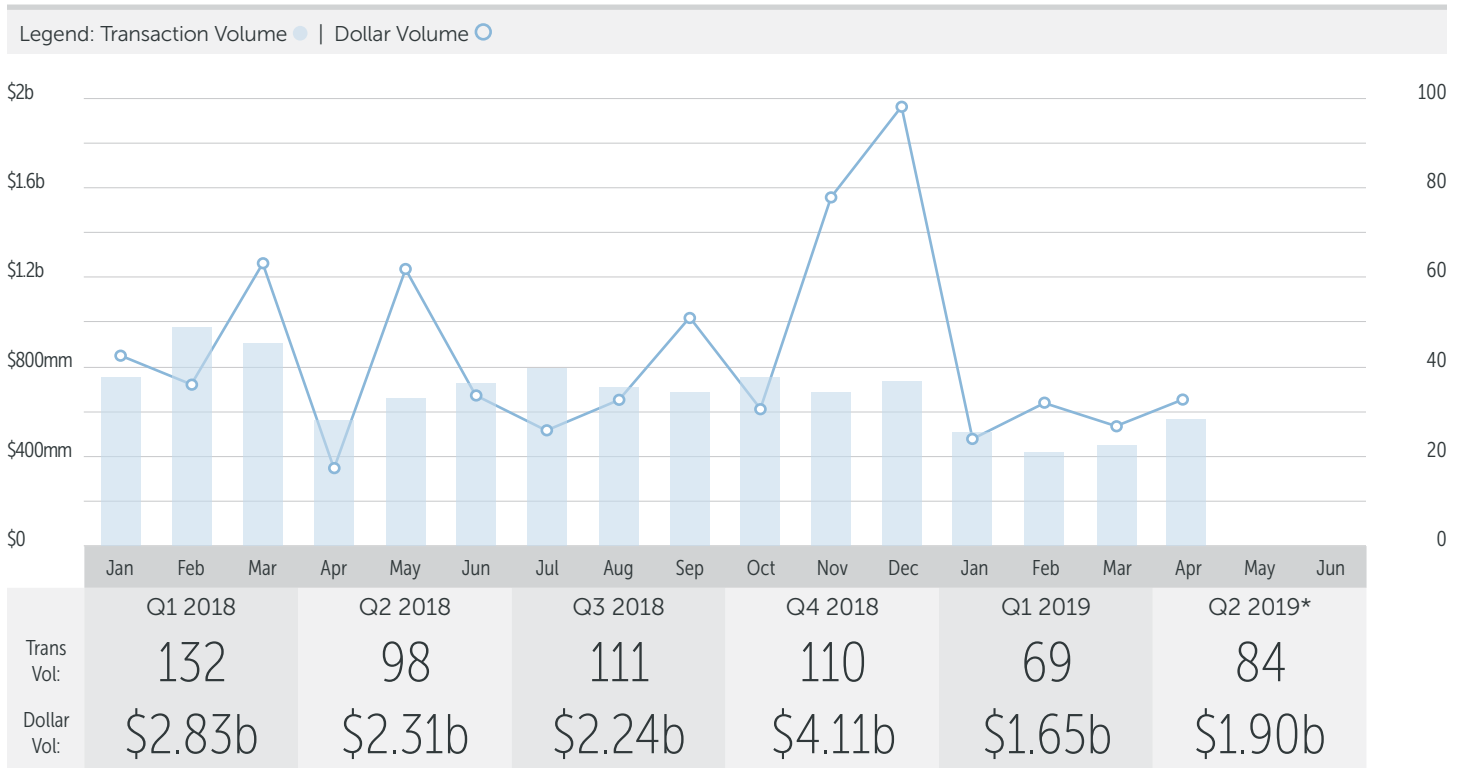


BUILDING VOLUME COMPARISON GRAPH



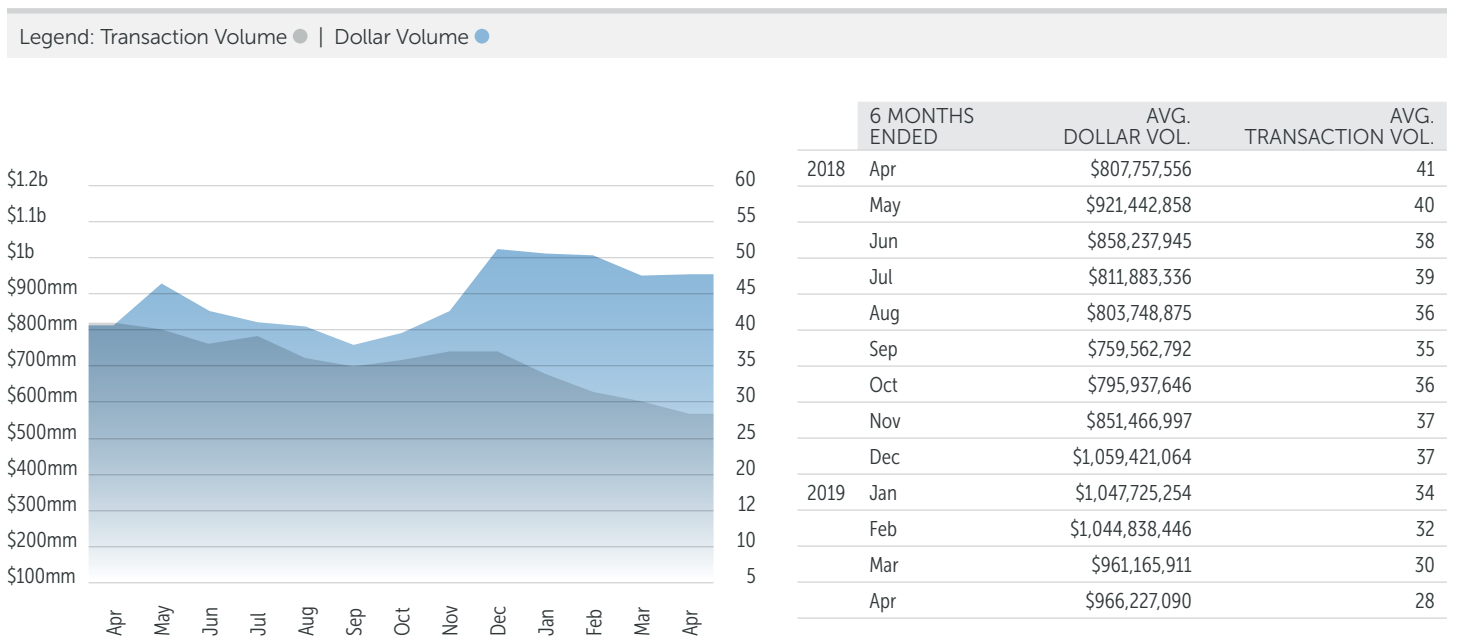
# TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

## MULTIFAMILY TRANSACTION TIMELINE



\*Values projected for last two months of latest quarter based on first month of latest quarter

## THE TRAILING 6-MONTH MOVING AVERAGE



# PRICING INDICATORS & DISTRIBUTIONS

## TRANSACTION SUMMARY

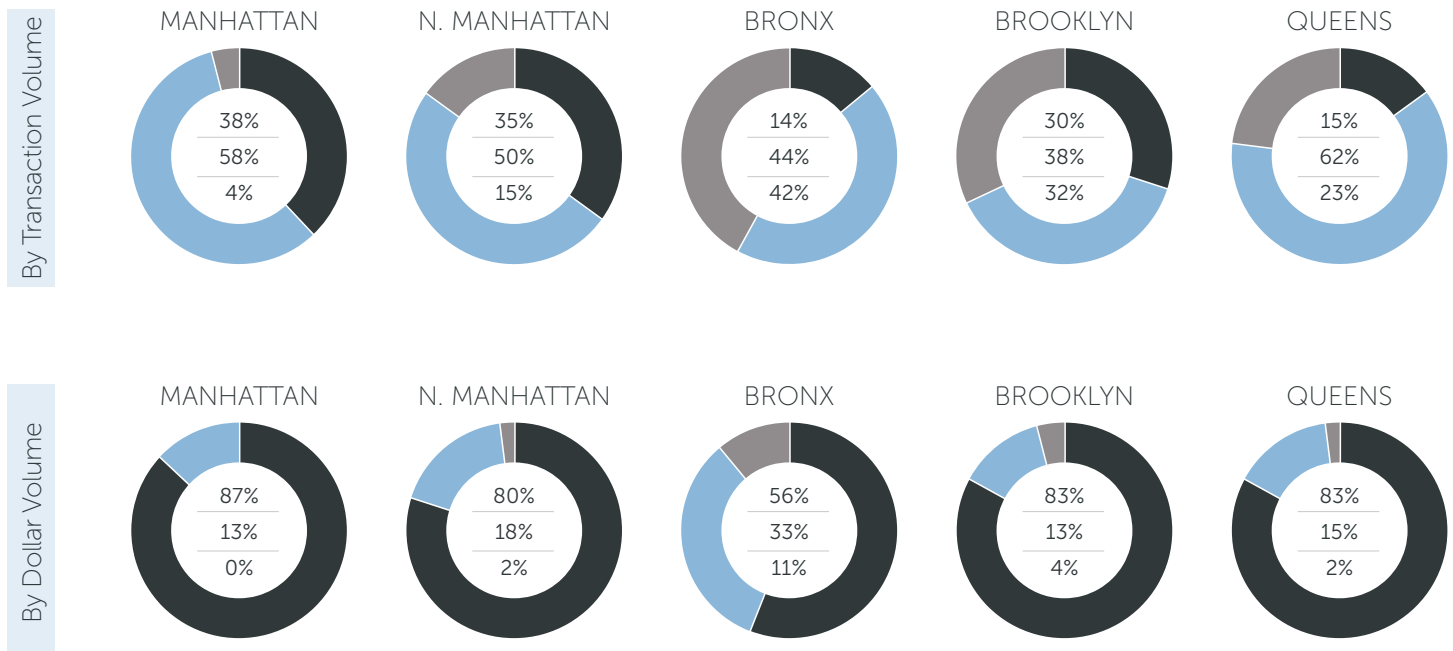
NOV 2018 - APR 2019 TRAILING NUMBERS							NOV 2017 - APR 2018 TRAILING NUMBERS					
Location / Criteria	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	50	76	\$2,574,722,461	\$14,550,000	3,875	23	55	64	\$1,953,717,007	\$12,076,000	2,603	20
N. Manhattan	20	100	\$682,298,997	\$15,880,000	2,077	52	41	81	\$882,008,042	\$9,000,000	3,099	29
Bronx	36	53	\$440,985,994	\$7,192,500	2,163	41	56	115	\$610,172,244	\$6,385,387	3,605	37
Brooklyn	37	63	\$1,063,656,995	\$8,000,000	3,099	24	67	97	\$954,115,189	\$7,500,000	2,764	24
Queens	26	37	\$1,035,698,095	\$7,375,000	2,669	32	28	43	\$446,532,856	\$7,015,000	2,019	20
Summary	169	329	\$5,797,362,542	\$10,000,000	13,883	30	247	400	\$4,846,545,338	\$8,550,000	14,090	26

## PRICING INDICATORS

NOV 2018 - APR 2019 TRAILING NUMBERS					NOV 2017 - APR 2018 TRAILING NUMBERS			
Location	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$769,038	\$902	3.80%	16.98	\$653,700	\$920	3.66%	18.84
N. Manhattan	\$322,538	\$353	4.11%	15.25	\$316,193	\$396	4.12%	15.01
Bronx	\$187,686	\$208	5.15%	11.67	\$179,299	\$205	4.96%	12.51
Brooklyn	\$378,794	\$462	4.85%	14.57	\$355,565	\$425	4.39%	15.69
Queens	\$315,985	\$384	4.21%	15.49	\$289,374	\$354	4.23%	17.41

## THE TRAILING 6-MONTH MOVING AVERAGE

Legend: \$20MM+ ● | \$5-20mm ● | \$1-5mm ●







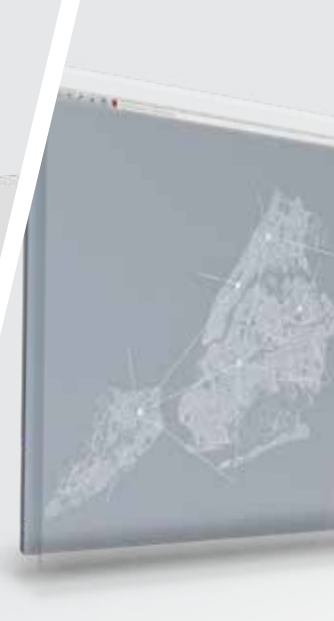
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## ABOUT ARIEL PROPERTY ADVISORS

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

The multifamily transactions included in the analysis occurred at a minimum sales price of \$1 million and with a minimum of 10 residential units. Our estimated sales statistics reflect all data available on public records and through other sources we deem reliable.

### TYPES OF TRANSACTIONS CONSIDERED:

Transactions in which there was a transfer of ownership and deed document recorded on ACRIS were considered. Data is collected from public sources and other sources we deem reliable.

### LOCATION DEFINITIONS:

Manhattan - South of East 96<sup>th</sup> Street, South of West 110<sup>th</sup> Street  
Northern Manhattan - North of East 96<sup>th</sup> Street, North of West 110<sup>th</sup> Street  
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.