

MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | JANUARY 2018

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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

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MUTIFAMILY MONTH IN REVIEW: NEW YORK CITY | JANUARY 2018

The New York City multifamily market in January experienced across-the-board declines compared to the previous month. As the end of 2017 neared, there was a concerted effort in the market to close out transactions that had been slated for the year's pipeline, causing a surge in overall activity and dollar volume to exceed \$1 billion in December. This momentum, however, did not continue into the new year and a general slowdown took hold. Portfolio sales were scant in January and dollar volume fell below \$1 billion.

For the month, New York City saw 43 multifamily transactions comprised of 68 buildings totaling \$898.06 million in gross consideration. On a month-over-month basis, January's figures represent decreases of 9% in transaction volume, 21% in building volume, and 14% in dollar volume. On a year-over-year basis, transaction volume decreased 4%, but building and dollar volume increased 5% and 91%, respectively. This sharp rise in dollar volume versus the same month in 2017 can be attributed to a large transaction in Manhattan.

In fact, Manhattan registered the highest dollar volume of all sub-markets in New York City. While on a month-over-month basis, transaction volume was unchanged and building volume decreased by 18%, dollar volume increased by 39% to approximately \$514.93 million. The relatively high dollar volume can be attributed to the sale of 980-996 Avenue of the Americas, a 339-unit Garment District elevated building which was purchased by Vanbar-ton Group for \$316 million. The purchase price translates to \$790 on a per square foot and \$932,153 on a per unit basis. Across the sub-market's 13 transactions, only 1 was a portfolio transaction, down from 4 the prior month.

Northern Manhattan experienced the most significant across-the-board declines in January, with transaction, building and dollar volume decreasing 40%, 76%, and 68%, respectively. The 6 transactions in the sub-market saw the sale of 8 properties for a total consideration of \$144.50 million. The steep decreases in dollar and building volume compared to the previous month can be attributed to factoring in December's sale of Harvard Management Company's stake in the 13-building A&E portfolio to Blackstone Group for \$243.65 million. On a year-over-year basis, January's transaction and building volume were unchanged, while dollar volume surged by 134%.

The Bronx registered the lowest dollar volume of any sub-market. While there was a 23% increase in building volume, dollar and transaction volume fell by 33% and 22%, respectively. The borough saw 7 transactions in which 16 properties were traded for a gross consideration of \$49.29 million. The largest transaction in the borough was the sale of six-building PRB Realty Corp. Bronx Portfolio for \$14.14 million. The largest single property transaction in the Bronx was the sale of 1417 Longfellow, which sold for \$9.88 million.

Brooklyn, meanwhile, was the only sub-market to experience across-the-board gains on a month-over-month basis, with transaction, building, and dollar volume increasing 44%, 50%, and 32%, respectively. On a year-over-year basis, the sub-market recorded increases in all three metrics. Notable sales include the \$46 million sale of a portfolio of 3 properties comprised of 2301-2312 85th Street, 320 Ocean Parkway, and 420 Avenue F.

Queens was the least transactional sub-market, continuing its performance from the previous month. The borough saw 4 transactions comprised of 8 buildings with a gross consideration of \$69.35 million. Building and transaction volume fell by 33% and 47%, respectively, but dollar volume increased 11%. Of the 4 transactions, 75% were in excess of \$20 million. The borough's largest sale was 34-04 34th Avenue, 30-44 32nd Street, and 31-36 32nd Street in Astoria, which Steelpoint Property Group purchased for \$22.65 million.

Looking at the trailing 6-month averages ending in January of 2018, The Bronx continued to experience cap rate compression and gradual increases in GRM. Compared to the same period a year earlier, Northern Manhattan saw price per square foot rise 2.22% to \$369, while Brooklyn's gained 2.88% to \$393. Also noteworthy were cap rates in Manhattan, which decreased 4.46% to 3.64%.

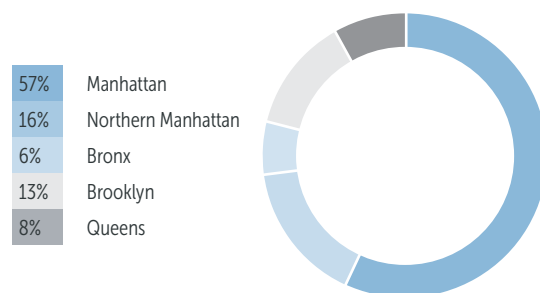
NEW YORK CITY

METRICS	JANUARY 2018	% CHANGE VS. DECEMBER 2017	DECEMBER 2017	% CHANGE VS. JANUARY 2017	JANUARY 2017
Transaction Vol	43	-9%	47	-4%	45
Building Vol	68	-21%	86	5%	65
Dollar Vol	\$898,060,773	-14%	\$1,043,312,566	91%	\$469,034,348
Total Units	1,964	-35%	3,024	32%	1,486

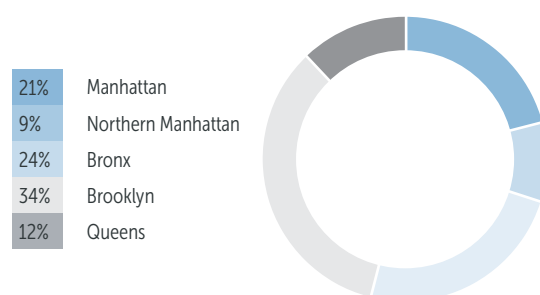
JANUARY 2018 SNAPSHOT

Dollar Volume	Transaction	Building Volume
\$898 million	43	68
91% increase compared to January 2017	4% decrease compared to January 2017	5% increase compared to January 2017

DOLLAR VOLUME COMPARISON BY LOCATION CHART



BUILDING VOLUME COMPARISON BY LOCATION CHART



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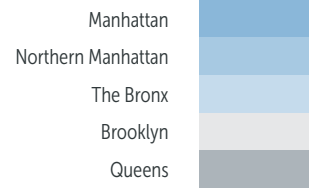
Manhattan	
Northern Manhattan	
The Bronx	
Brooklyn	
Queens	

Manhattan is defined as below 96th Street on the east side and below 110th Street on the west side

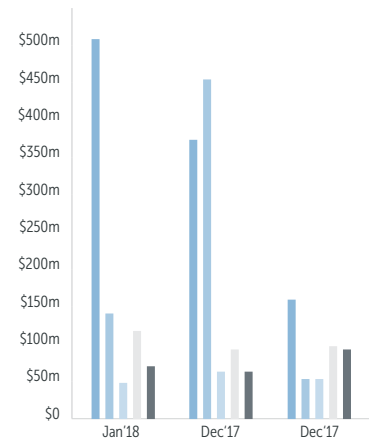
MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		JANUARY 2018	% CHANGE VS. DECEMBER 2017	DECEMBER 2017	% CHANGE VS. JANUARY 2017	JANUARY 2017
MANHATTAN	Transaction Vol	13	0%	13	0%	13
	Building Vol	14	-18%	17	0%	14
	Dollar Vol	\$514,926,000	39%	\$371,150,000	223%	\$159,246,515
	Total Units	610	29%	472	100%	305
N. MANHATTAN	Transaction Vol	6	-40%	10	0%	6
	Building Vol	6	-76%	25	0%	6
	Dollar Vol	\$144,500,000	-68%	\$455,049,710	134%	\$61,657,500
	Total Units	447	-74%	1,696	119%	204
THE BRONX	Transaction Vol	7	-22%	9	-30%	10
	Building Vol	16	23%	13	-11%	18
	Dollar Vol	\$49,288,773	-23%	\$63,765,000	-14%	\$57,448,650
	Total Units	307	-10%	340	-9%	337
BROOKLYN	Transaction Vol	13	44%	9	18%	11
	Building Vol	24	50%	16	14%	21
	Dollar Vol	\$119,996,000	32%	\$91,050,000	25%	\$95,631,683
	Total Units	390	60%	243	16%	335
QUEENS	Transaction Vol	4	-33%	6	-20%	5
	Building Vol	8	-47%	15	33%	6
	Dollar Vol	\$69,350,000	11%	\$62,297,856	-27%	\$95,050,000
	Total Units	210	-23%	273	-31%	305

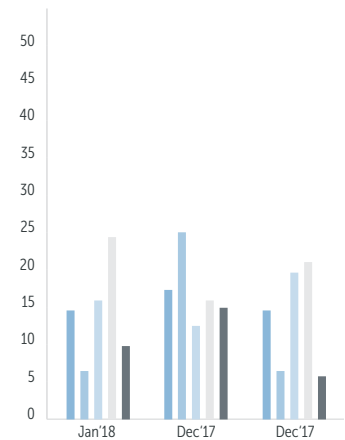
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DOLLAR VOLUME COMPARISON GRAPH



BUILDING VOLUME COMPARISON GRAPH

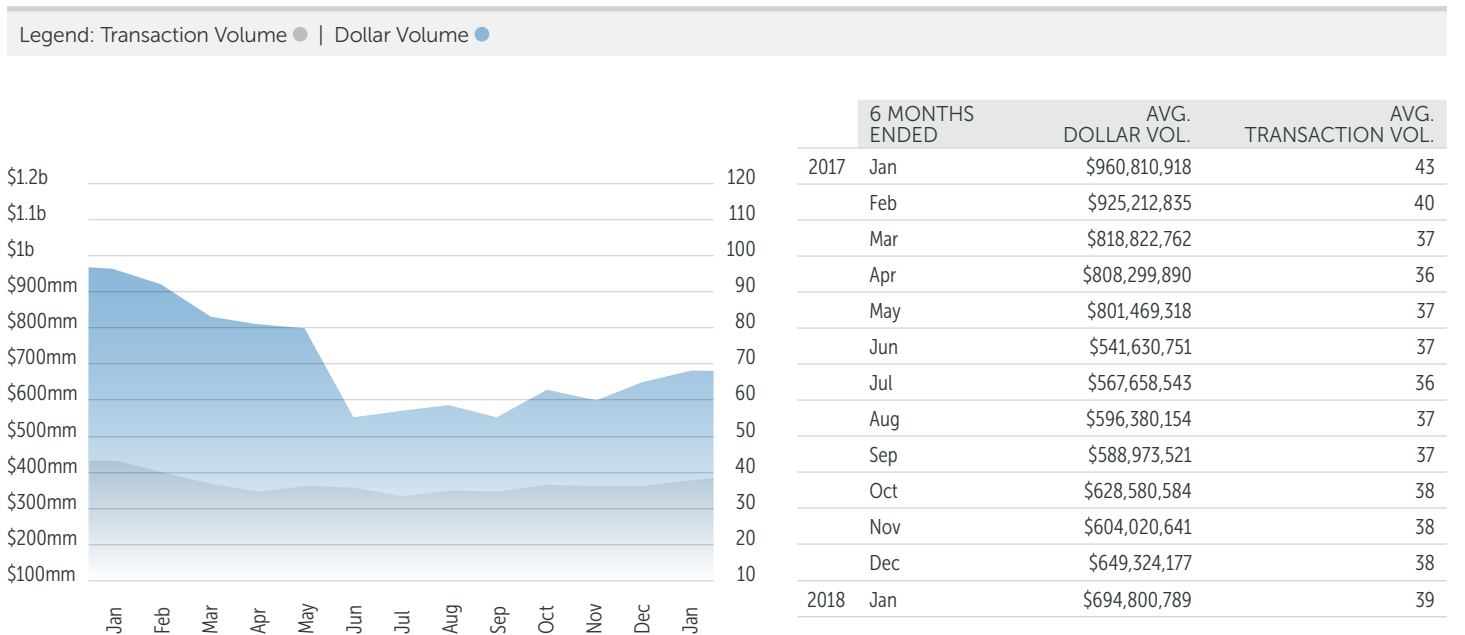


TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

MULTIFAMILY TRANSACTION TIMELINE



THE TRAILING 6-MONTH MOVING AVERAGE



PRICING INDICATORS & DISTRIBUTIONS

TRANSACTION SUMMARY

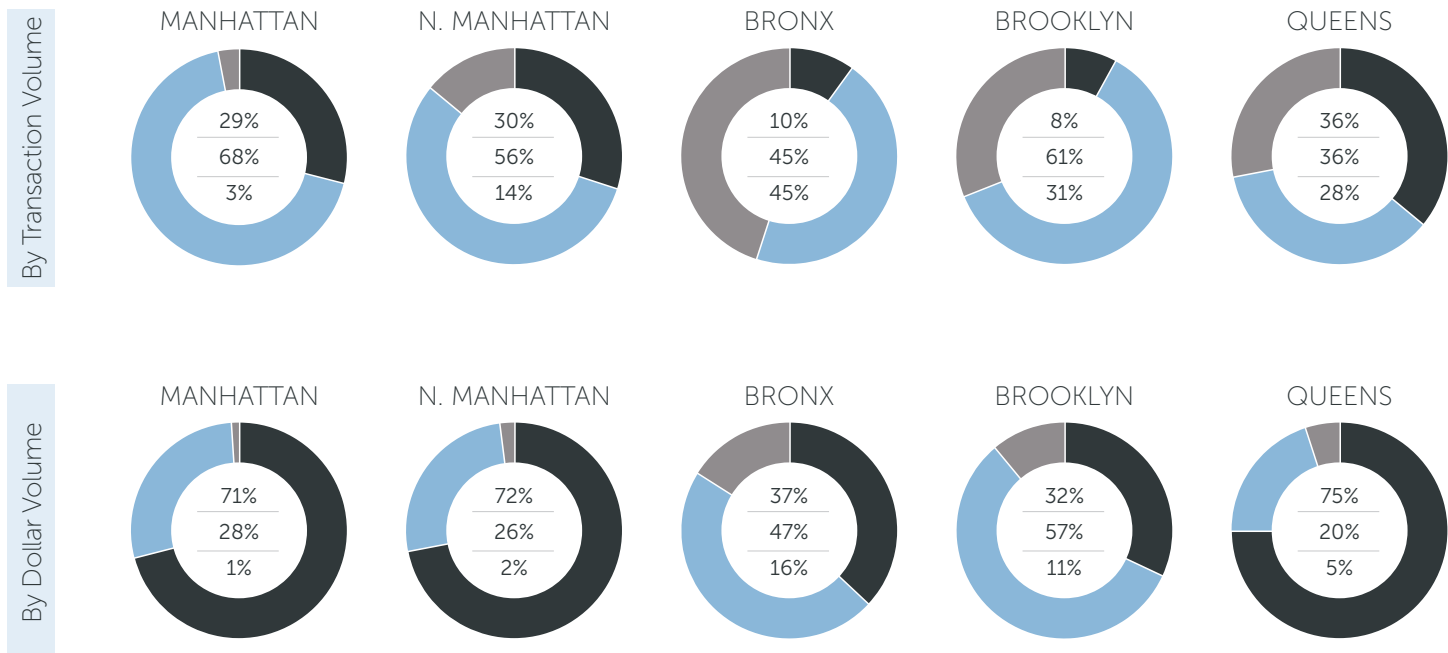
Location / Criteria	AUG 2017 - JAN 2018 TRAILING NUMBERS						AUG 2016 - JAN 2017 TRAILING NUMBERS					
	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	65	78	\$1,755,367,000	\$12,750,000	2,654	20	70	96	\$2,552,820,733	\$12,538,258	3,953	21
N. Manhattan	43	72	\$982,511,310	\$11,700,000	3,457	45	38	116	\$911,137,500	\$9,100,000	3,236	33
Bronx	42	61	\$397,901,466	\$5,937,500	2,367	32	56	78	\$456,838,816	\$4,945,000	3,209	28
Brooklyn	61	94	\$638,137,103	\$6,700,000	2,048	22	69	111	\$1,130,415,181	\$5,900,000	2,931	21
Queens	22	38	\$394,887,856	\$10,712,500	1,852	26	27	44	\$713,653,280	\$10,000,000	3,220	34
Summary	233	343	\$4,168,804,735	\$9,875,000	12,378	25	260	445	\$5,764,865,510	\$7,950,000	16,549	26

PRICING INDICATORS

Location	AUG 2017 - JAN 2018 TRAILING NUMBERS				AUG 2016 - JAN 2017 TRAILING NUMBERS			
	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$672,671	\$927	3.64%	18.25	\$666,132	\$960	3.81%	19.38
N. Manhattan	\$316,031	\$369	3.97%	15.35	\$290,138	\$361	3.65%	16.20
Bronx	\$175,690	\$197	5.18%	11.68	\$169,564	\$199	5.37%	11.46
Brooklyn	\$327,312	\$393	4.15%	15.93	\$346,336	\$382	4.57%	16.18
Queens	\$279,967	\$347	4.49%	15.48	\$312,663	\$372	4.05%	15.99

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, with a minimum gross area of 5,000 square feet and with a minimum of 10 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 ACRIIS were considered. Data is collected from public sources and other sources we deem reliable.

LOCATION DEFINITIONS:

Manhattan - South of East 96th Street, 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 "Multifamily Month In Review: New York City by Ariel Property Advisors" and link report from our website page (<http://arielpa.nyc/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.

The information contained herein has either been given to us by the owner of the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy but we do not guarantee the accuracy of any information provided herein. As an example, all zoning information, buildable footage estimates and indicated uses must be independently verified. Vacancy factors used herein are an arbitrary percentage used only as an example, and does not necessarily relate to actual vacancy, if any. The value of this prospective investment is dependent upon these estimates and assumptions made above, as well as the investment income, the tax bracket, and other factors which your tax advisor and/or legal counsel should evaluate. The prospective buyer should carefully verify each item of income, and all other information contained herein. March 15, 2018 12:53 PM

