

MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | JULY 2017

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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 | JULY 2017

The New York City multifamily market saw its third best month of the year, as July's activity substantially outperformed the average volumes seen in the first half of 2017, maintaining the positive momentum registered to end 2Q17. While July's performance dipped on a month-over-month and year-over-year basis, the City's multifamily market was coming off its strongest two months of the year in May and June.

For the month, New York City saw 39 multifamily transactions comprised of 69 buildings totaling \$630.78 million in gross consideration. July's dollar volume was up 40% and transaction volume was up 15% from the activity seen in January through April when average monthly gross consideration was \$452.08 million and transactions averaged 34 per month. On a month-over-month basis, July's numbers represent declines of 15% in transaction volume, 33% in building volume, and 18% in dollar volume.

Manhattan led the City in dollar volume in July with its strongest month of the year so far, registering \$280.30 million in gross consideration across 11 transactions, three of which were above \$50 million. Year-over-year these numbers represent declines of 19% for dollar volume, and 8% for transaction volume. The largest transaction during the month took place on the Lower East Side, where a 78-unit elevator building located at 331 East Houston Street sold for \$61.5 million, representing \$910 per square foot and \$788,462 per unit.

Northern Manhattan experienced light transaction volume in July as just five transactions consisting of six buildings took place, three of which exceeded \$15 million. This activity pushed dollar volume to \$91.28 million, the sub-markets second highest total of the year, despite a 29% month-over-month decrease. The largest sale of the month in Northern Manhattan took place in Washington Heights, where Sugar Hill Capital Partners purchased a 95-unit elevator building located at 200 Haven Avenue for \$41 million, or \$329 per square foot.

The Bronx saw large increases across the board, and was the only sub-market to see month-over-month improvement for all volume metrics. Notwithstanding, the gains, July was only the second highest month in terms of dollar volume for the borough. For the month, the borough saw 12 transactions consisting of 34 buildings totaling \$143.84 in gross consideration, a month-over-month increase of 100% and 15% for transaction and dollar volumes, respectively. The borough even saw dollar volume rise 27% year-over-year as well, the only sub-market to see any gains against the same month last year. An eight-building portfolio with a mix of walk-up and elevator buildings was the largest transaction of the month. The 232-unit package sold by Paradise Management for \$34.7 million translates to \$158 per square foot, and nearly \$150,000 per unit.

Brooklyn saw steep month-over-month declines as the borough saw half the dollar volume and a third less transactions take place than June. For the month, Brooklyn saw 10 transactions consisting of 13 buildings sell for a combined dollar volume of \$106.38 million. Notable sales included the \$35.25 million sale of a 62-unit new construction elevator building located at 97 Grand Avenue in Clinton Hill to Madison Realty Capital and the \$27 million sale of a three-property portfolio to DH Property Holdings, where the price for the 146 units represented \$215 per square foot and \$3184,932 per unit.

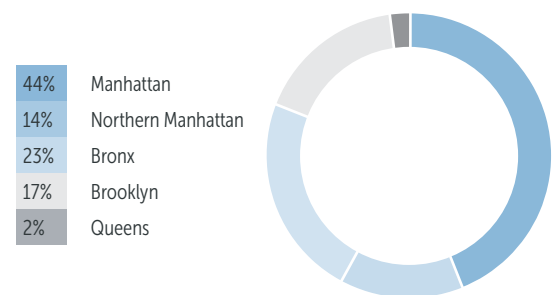
Queens activity dried up in July with only a single transaction taking place. That sale was the two-building portfolio at 43-35 & 43-39 42nd Street in Sunnyside that traded hands for \$8.98 million or \$382 per square foot.

Looking at the trailing 6-month averages for the six months ending in July of 2017 (page 5), transaction volume ticked a drop lower but has held relatively stable for the past five months, while dollar volume increased modestly from its lowest level since June of 2013. In terms of pricing, prices were stable in all sub-markets aside from Brooklyn which saw an 8% increase in price per square foot and a 5% increase in price per unit. Also of note were Manhattan cap rates which have compressed for three straight months and now stand at an average of 3.51%

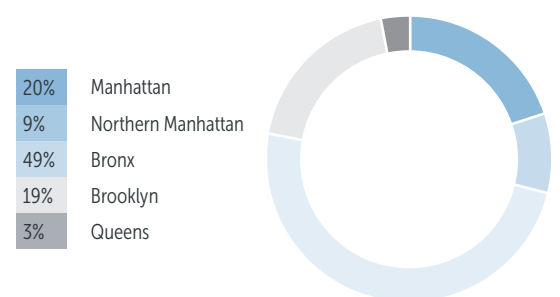
JULY 2017 SNAPSHOT

Dollar Volume	Transaction	Building Volume
\$631 million	39	69
18% decrease compared to June 2017	15% decrease compared to June 2017	33% decrease compared to June 2017

DOLLAR VOLUME COMPARISON BY LOCATION CHART



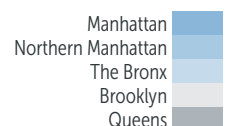
BUILDING VOLUME COMPARISON BY LOCATION CHART



NEW YORK CITY

METRICS	JULY 2017	% CHANGE VS. JUNE 2017	JUNE 2017	% CHANGE VS. JULY 2016	JULY 2016
Transaction Vol	39	-15%	46	-37%	62
Building Vol	69	-33%	103	-39%	113
Dollar Vol	\$630,781,100	-18%	\$770,491,348	-48%	\$1,207,620,851
Total Units	1,870	-42%	3,204	-61%	4,788

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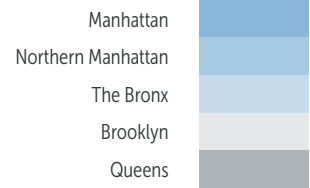


Manhattan is defined as below 96th Street on the east side and below 110th Street on the west side

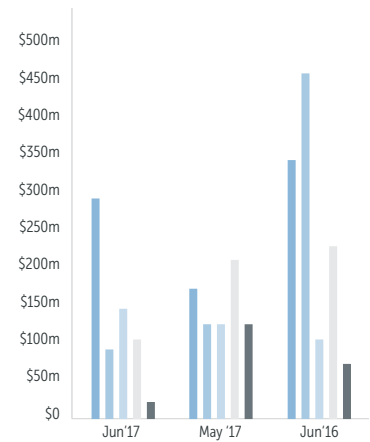
MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		JULY 2017	% CHANGE VS. JUNE 2017	JUNE 2017	% CHANGE VS. JULY 2016	JULY 2016
MANHATTAN	Transaction Vol	11	22%	9	-8%	12
	Building Vol	14	-7%	15	-48%	27
	Dollar Vol	\$280,301,000	58%	\$176,960,000	-19%	\$344,525,000
	Total Units	401	37%	292	-40%	669
N. MANHATTAN	Transaction Vol	5	-50%	10	-55%	11
	Building Vol	6	-54%	13	-76%	25
	Dollar Vol	\$91,280,400	-29%	\$128,175,000	-80%	\$453,746,000
	Total Units	268	-29%	380	-88%	2,240
THE BRONX	Transaction Vol	12	100%	6	-20%	15
	Building Vol	34	467%	6	42%	24
	Dollar Vol	\$143,839,700	15%	\$124,831,348	27%	\$113,477,850
	Total Units	805	-32%	1,185	3%	778
BROOKLYN	Transaction Vol	10	-33%	15	-38%	16
	Building Vol	13	-77%	56	-52%	27
	Dollar Vol	\$106,380,000	-50%	\$211,625,000	-53%	\$225,524,149
	Total Units	362	-53%	778	-55%	812
QUEENS	Transaction Vol	1	-83%	6	-88%	8
	Building Vol	2	-85%	13	-80%	10
	Dollar Vol	\$8,980,000	-93%	\$128,900,000	-87%	\$70,347,852
	Total Units	34	-94%	569	-88%	289

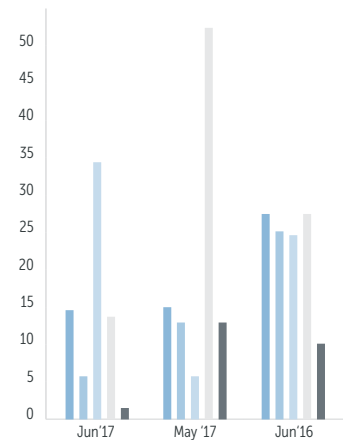
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DOLLAR VOLUME COMPARISON GRAPH

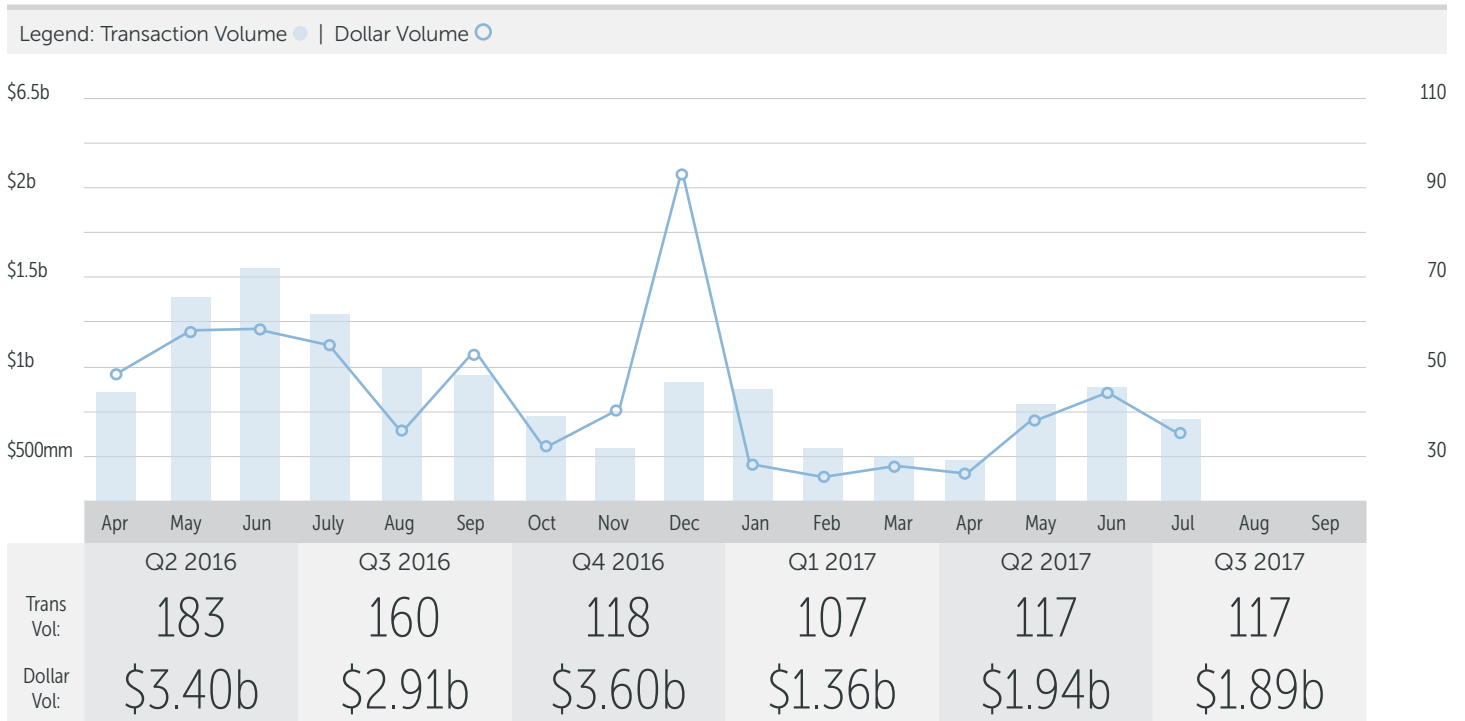


BUILDING VOLUME COMPARISON GRAPH

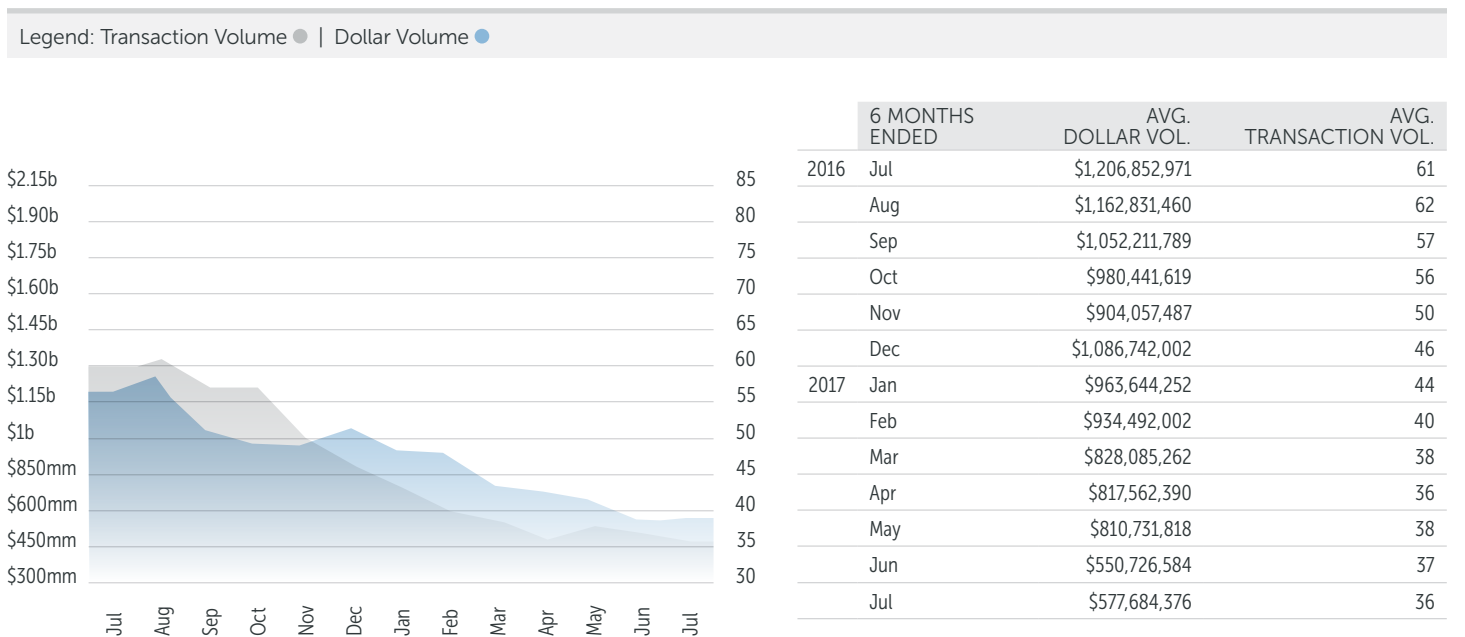


TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

MULTIFAMILY TRANSACTION TIMELINE



THE TRAILING 6-MONTH MOVING AVERAGE



PRICING INDICATORS & DISTRIBUTIONS

TRANSACTION SUMMARY

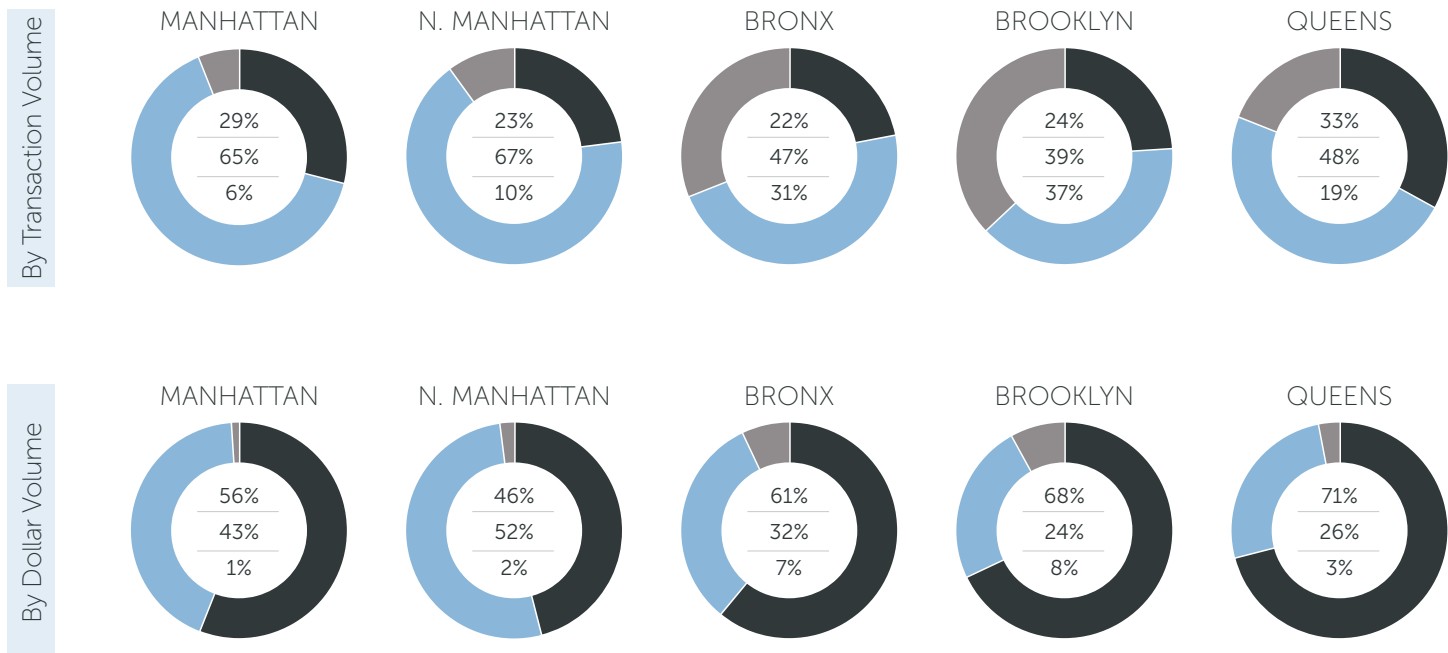
FEB 2017 - JUL 2017 TRAILING NUMBERS							FEB 2016 - JUL 2016 TRAILING NUMBERS					
Location / Criteria	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	52	71	\$965,003,719	\$15,296,597	1,459	23	73	124	\$2,589,267,000	\$13,650,000	3,787	23
N. Manhattan	31	45	\$438,169,984	\$12,350,000	1,407	36	59	106	\$1,477,714,909	\$11,100,000	5,634	40
Bronx	55	104	\$770,630,055	\$8,350,000	4,936	50	81	165	\$844,382,038	\$3,600,000	5,534	24
Brooklyn	59	133	\$879,140,000	\$6,000,000	2,737	20	112	182	\$1,564,632,029	\$6,175,000	4,617	24
Queens	21	82	\$413,162,500	\$11,375,000	1,606	34	40	63	\$765,121,852	\$7,012,500	3,042	31
Summary	218	435	\$3,466,106,258	\$10,725,000	12,145	31	365	640	\$7,241,117,828	\$8,280,000	22,614	27

PRICING INDICATORS

FEB 2017 - JUL 2017 TRAILING NUMBERS					FEB 2016 - JUL 2016 TRAILING NUMBERS			
Location	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$714,530	\$958	3.51%	20.74	\$690,323	\$965	3.65%	20.25
N. Manhattan	\$331,526	\$385	4.09%	15.89	\$328,596	\$360	4.04%	15.64
Bronx	\$175,680	\$195	4.79%	12.01	\$154,791	\$175	5.19%	10.88
Brooklyn	\$314,653	\$392	4.45%	15.11	\$304,541	\$363	4.59%	15.33
Queens	\$282,016	\$381	4.22%	15.69	\$264,499	\$334	4.44%	14.22

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 ACRIS 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. September 13, 2017 3:59 PM

