

MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | JULY 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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MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | JULY 2018

The New York City multifamily market started off the third quarter of the year with a slight decline in transaction volume while dollar volume dropped substantially. Comparing the overall market activity observed during July to the average activity of the previous six months, dollar volume fell across the board in all submarkets, with the exception of the Bronx. On a year-over-year basis, while transaction and building volume remained largely unchanged, a decline in dollar volume was evident.

A total of 38 transactions involving the sale of 70 buildings for a gross consideration of \$530.81 million were registered during July. Comparing these figures to the monthly average of the previous six months, transaction and dollar volume declined by 8% and 37% respectively, while building volume increased by 3%. With regards to pricing, based on the trailing 6-month averages, cap rates in Northern Manhattan declined by approximately 6.22%, while cap rates in Manhattan increased by approximately 8.91%. Other submarkets remained relatively stable.

Manhattan registered 7 transactions involving the sale of 14 buildings for a total consideration of \$176.64 million. In comparison to the average of the previous six months, transaction and dollar volume decreased by 24% and 37% respectively, while building volume increased by 24%. The largest transaction of the month was the sale of 832-838 West End Avenue, a 68-unit elevator building in the Upper West Side, for \$72.00 million or \$734.69 per square foot.

Northern Manhattan registered the sharpest declines across the board. Comparing the submarket's monthly figures to the average of the previous six months, they translate to declines of 82%, 89%, and 91% in transaction, building, and dollar volume respectively. This can be attributed to the fact that there was only one transaction recorded in the submarket during July, which was the sale of 561-63 West 140th Street for \$7.43 million or \$431.56 per square foot.

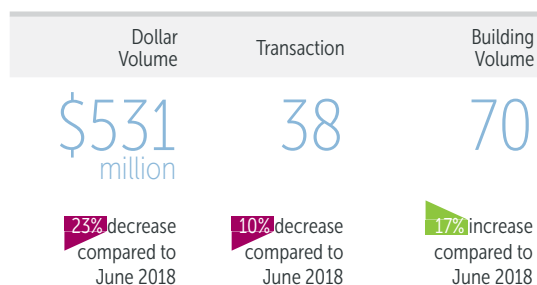
The Bronx was the only submarket to register increases in both transaction and dollar volume. The borough registered 9 transactions involving 17 buildings for a total consideration of \$91.95 million. These figures represent increases of 6% and 8% in transaction and dollar volume respectively when compared to the average of the previous six months. Building volume meanwhile declined by 3% based on the same comparison. The largest transaction of the month involved the sale of Emerald Equity Group's Bronx Multifamily Portfolio for \$25.75 million, which equated to \$247.72 per square foot.

Brooklyn, while registering respective increases of 15% and 33% in transaction and building volume in comparison to the average of the previous six months, also registered a 32% decrease in dollar volume. Altogether, 15 transactions were recorded in July, which involved the sale of 30 buildings for a total consideration of \$220.25 million. The largest transaction in the submarket was the \$50.00 million sale of 3528 Mermaid Avenue, a 264-unit mixed-use elevator building located in the Sea Gate section of Brooklyn for \$217.52 per square foot.

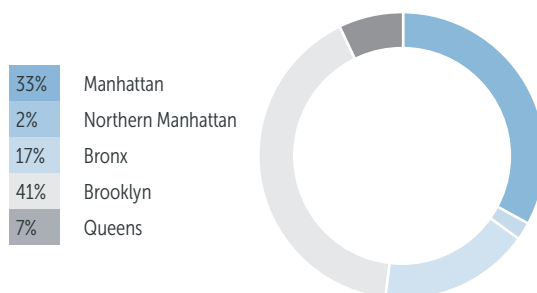
Queens yielded similar results to that of Brooklyn when comparing its July figures to the average of the previous six months. An analysis of those figures indicates that the 6 transactions involving the sale of 8 buildings for a total consideration of \$34.55 million represented increases of 20% in transaction volume and 14% in building volume, while dollar volume declined by 55%. The largest transaction in the submarket during the month was the sale of 23-05 29th Street, a 23-unit mixed-use walk-up building in Astoria, for \$11.00 million or \$653.36 per square foot.

The slowdown observed since the beginning of the second quarter of 2018 continued as we entered the third quarter. This was evident on a year-over-year basis and in comparison to the average of the previous six months.

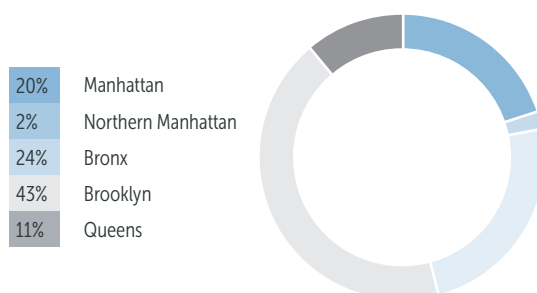
JULY 2018 SNAPSHOT



DOLLAR VOLUME COMPARISON BY LOCATION CHART



BUILDING VOLUME COMPARISON BY LOCATION CHART



NEW YORK CITY

METRICS	JULY 2018	% CHANGE VS. JUNE 2018	JUNE 2018	% CHANGE VS. JULY 2017	JULY 2017
Transaction Vol	38	-10%	42	0%	38
Building Vol	70	17%	60	4%	67
Dollar Vol	\$530,814,320	-23%	\$693,533,090	-15%	\$625,201,100
Total Units	1,706	-22%	2,201	-7%	1,829

LEGEND:

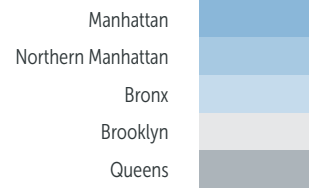


Manhattan is defined as below 96th Street on the east side and below 110th Street on the west side

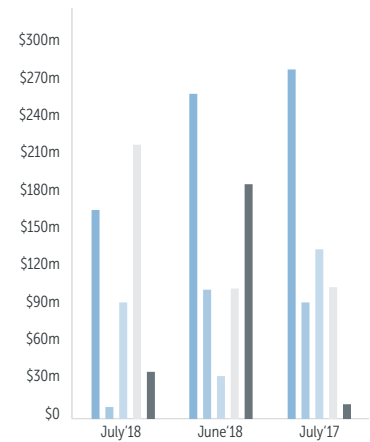
MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		JULY 2018	% CHANGE VS. JUNE 2018	JUNE 2018	% CHANGE VS. JULY 2017	JULY 2017
MANHATTAN	Transaction Vol	7	-46%	13	-36%	11
	Building Vol	14	-22%	18	0%	14
	Dollar Vol	\$176,643,320	-33%	\$263,380,000	-37%	\$280,301,000
	Total Units	230	-33%	341	-43%	401
N. MANHATTAN	Transaction Vol	1	-83%	6	-80%	5
	Building Vol	1	-88%	8	-83%	6
	Dollar Vol	\$7,425,000	-93%	\$100,575,000	-92%	\$91,280,400
	Total Units	26	-91%	302	-90%	268
BRONX	Transaction Vol	9	125%	4	-18%	11
	Building Vol	17	113%	8	-47%	32
	Dollar Vol	\$91,950,000	191%	\$31,613,000	-33%	\$138,259,700
	Total Units	478	169%	178	-37%	764
BROOKLYN	Transaction Vol	15	15%	13	50%	10
	Building Vol	30	100%	15	131%	13
	Dollar Vol	\$220,246,000	112%	\$103,765,090	107%	\$106,380,000
	Total Units	879	87%	469	143%	362
QUEENS	Transaction Vol	6	0%	6	500%	1
	Building Vol	8	-27%	11	300%	2
	Dollar Vol	\$34,550,000	-82%	\$194,200,000	285%	\$8,980,000
	Total Units	93	-90%	911	174%	34

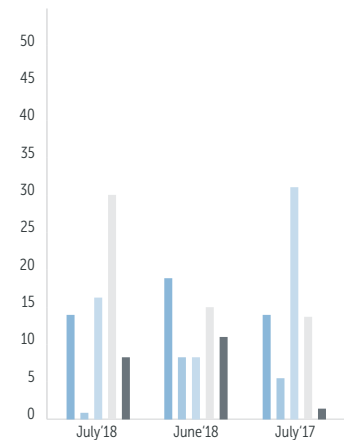
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DOLLAR VOLUME COMPARISON GRAPH

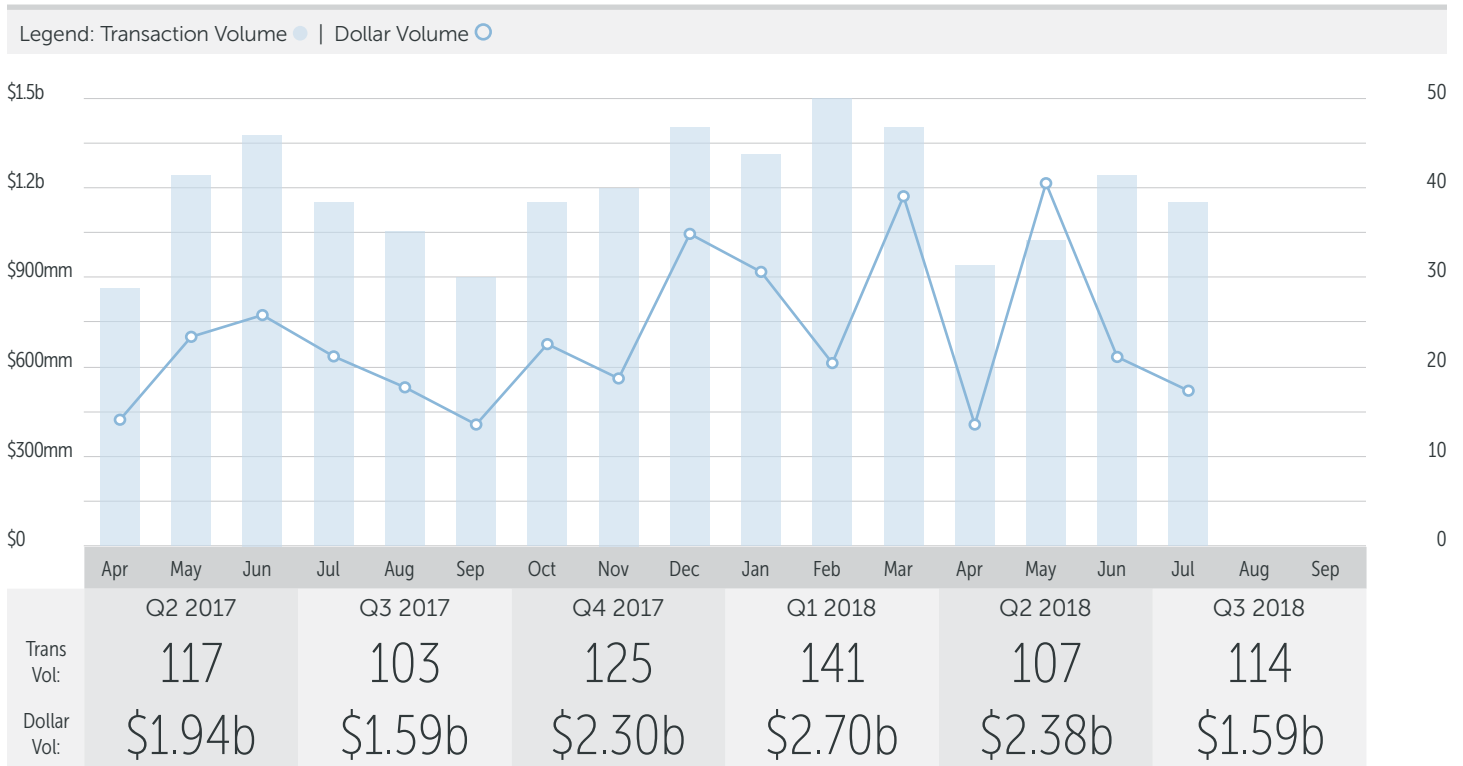


BUILDING VOLUME COMPARISON GRAPH

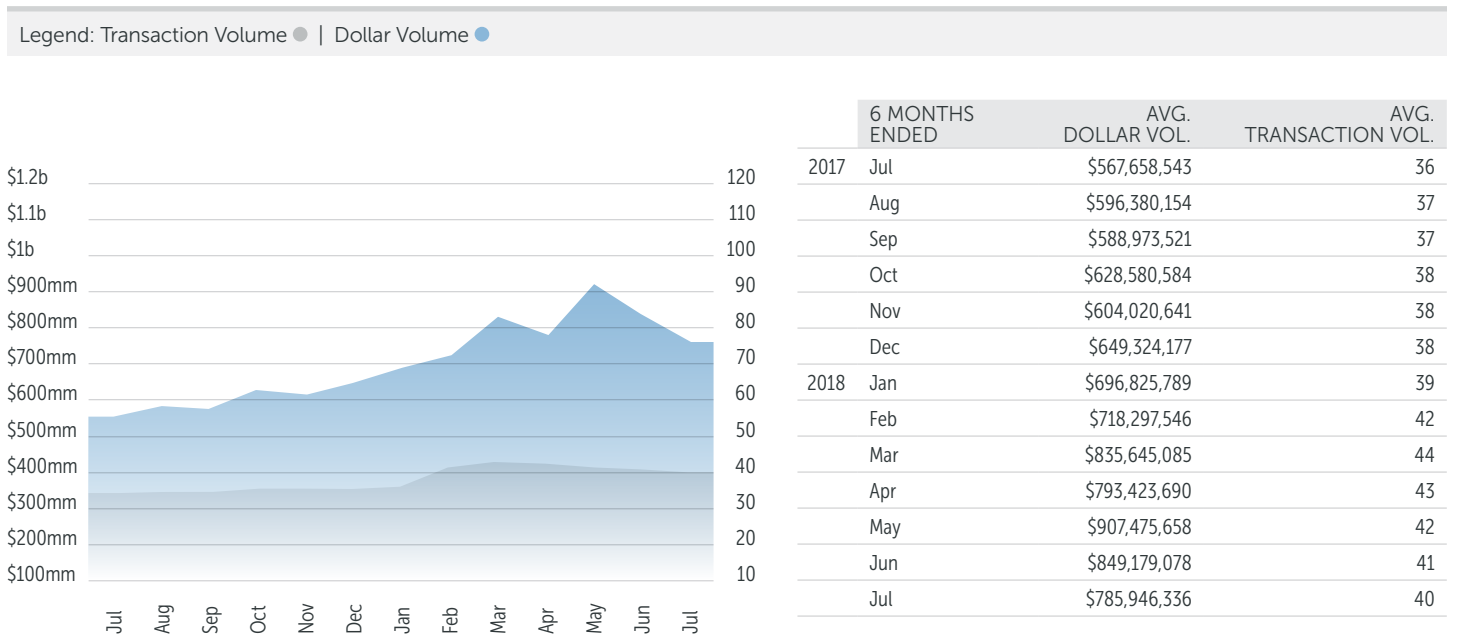


TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

MULTIFAMILY TRANSACTION TIMELINE



THE TRAILING 6-MONTH MOVING AVERAGE



PRICING INDICATORS & DISTRIBUTIONS

TRANSACTION SUMMARY

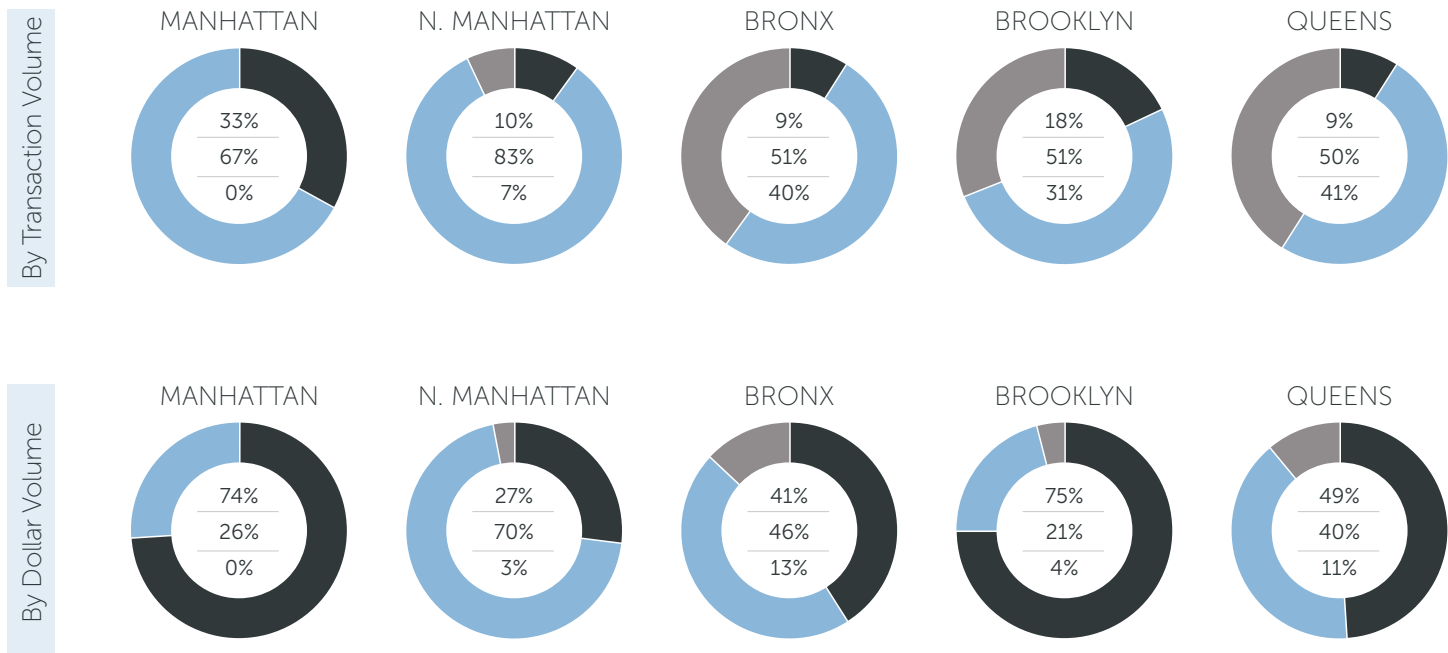
FEB 2018 - JUL 2018 TRAILING NUMBERS							FEB 2017 - JUL 2017 TRAILING NUMBERS					
Location / Criteria	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	48	67	\$1,333,435,327	\$13,850,000	1,917	20	52	71	\$965,003,719	\$15,296,597	1,459	23
N. Manhattan	29	52	\$350,793,332	\$8,600,000	1,068	28	31	45	\$438,169,984	\$12,350,000	1,407	36
Bronx	53	106	\$554,886,721	\$5,800,000	2,983	31	54	102	\$765,150,055	\$8,400,000	4,897	51
Brooklyn	80	141	\$2,055,267,636	\$8,375,000	9,355	28	58	132	\$824,465,000	\$5,925,000	2,634	20
Queens	32	42	\$421,295,000	\$5,975,000	1,605	19	21	82	\$413,162,500	\$11,375,000	1,606	34
Summary	242	408	\$4,715,678,016	\$8,500,000	16,928	27	216	432	\$3,405,951,258	\$10,725,000	12,003	31

PRICING INDICATORS

FEB 2018 - JUL 2018 TRAILING NUMBERS					FEB 2017 - JUL 2017 TRAILING NUMBERS			
Location	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$791,607	\$962	3.79%	18.40	\$714,530	\$958	3.48%	20.84
N. Manhattan	\$326,791	\$403	3.77%	16.51	\$331,526	\$385	4.02%	15.51
Bronx	\$195,987	\$222	5.10%	12.17	\$176,393	\$195	4.88%	11.92
Brooklyn	\$338,582	\$399	4.60%	15.63	\$310,909	\$392	4.48%	15.17
Queens	\$307,561	\$373	4.35%	16.16	\$282,016	\$381	4.31%	15.69

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
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 17, 2018 7:09 PM

