

MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | JUNE 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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MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | JUNE 2017

The New York City multifamily market capped off 2Q17 with its strongest month of the year so far. In June, the City saw more transactions and higher dollar volume than any month since December 2016, culminating with the year's first \$100 million sale. While dollar and transaction volumes both increased over last month's numbers, all volume metrics fell below the activity seen in June of 2016. Looking at the trailing 6-month averages, transaction volume held steady from last month's pace while dollar volume continued to drop lower and now stands at its lowest level since June of 2013. In terms of pricing, prices per square foot dropped in all sub-markets besides Manhattan, while cap rates fell in all markets besides Northern Manhattan. Manhattan cap rates have compressed for two straight months and now stand at an average of 4.55%

For the month, New York City saw 47 transactions comprised of 104 buildings totaling \$777.14 million in gross consideration. These numbers represent a 12% increase in transaction volume and a 7% rise in dollar volume, but a 15% slide in building volume compared with the previous month.

Manhattan was the only sub-market to see all volume metrics fall against the previous month, as the borough posted \$183.61 million in gross consideration across 10 transactions consisting of 16 buildings. While these numbers represent month-over-month declines across the board, dollar and building volumes both demonstrated increases compared to the same period last year rising by 22%, and 14% respectively. The largest trade during the month took place in Hell's Kitchen, where a 33-unit elevator building located at 351 West 54th Street sold for \$34 million, representing \$1,271 per square foot and \$1,030,303 per unit.

Northern Manhattan had another strong month and was the only sub-market to see gains across the board, as 10 sales consisting of 13 buildings traded for a total of \$128.18 million. A two-building portfolio in Washington Heights located at 385-395 Ft. Washington Avenue that traded in June was the sub-market's largest transaction of the year so far. The 119-unit mixed-use elevator buildings sold for \$40.1 million, or \$353 per square foot and \$336,975 per unit.

The Bronx saw the steepest month-over-month declines in transaction volume of any borough, while dollar volume squeaked out marginal gains. For the month, the borough saw only six sales take place consisting of six buildings for a gross consideration of \$124.83. The largest of these transactions was the sale of a 955-unit Section 8 housing complex known as Stevenson Commons to Camber Property Group and Settlement Housing Fund for nearly \$71 million.

Brooklyn led all sub-markets in dollar, transaction and building volume this month, buoyed by the City's largest multifamily transaction of the year. The 15 transactions, consisting of 56 buildings, represented increases of 50% and 81% respectively compared with the previous month, while dollar volume actually fell by 8% against the same time period. The borough saw the City's only trade above \$100 million this year take place in Sunset Park where a 42-building, 403-unit affordable housing portfolio traded for \$100 million, or \$281 per square foot

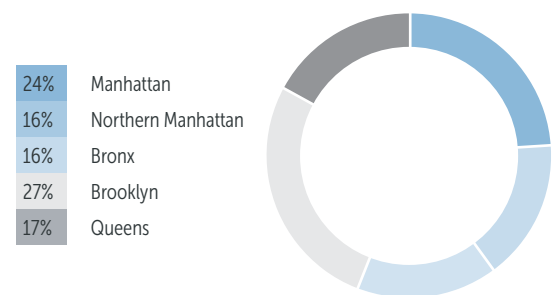
Queens experienced the largest gains in dollar and transaction volumes this month as two sales above \$20 million pushed the borough to month-over-month increases of 79% and 50% respectively. In June, Queens saw \$128.90 million trade across six transactions consisting of 13 buildings. The largest transaction in the borough this month was A&E's purchase of a 343-unit, seven-building portfolio from Ares Management for \$82.75 million or \$304 per square foot.

For the six months ending in June of 2017 (page 5), the average monthly transaction volume for New York City held steady at 38 transactions per month from the previous month and the average monthly dollar volume decreased to \$551.83 million from \$810.73 million during the same period.

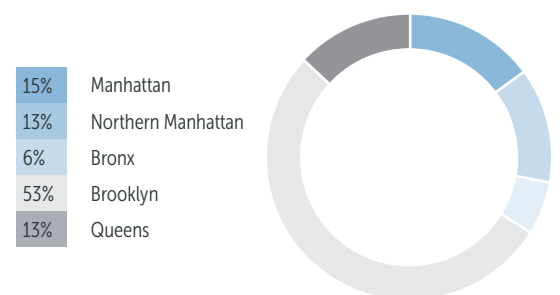
JUNE 2017 SNAPSHOT

Dollar Volume	Transaction	Building Volume
\$777 million	47	104
7% increase compared to May 2017	12% increase compared to May 2017	15% decrease compared to May 2017

DOLLAR VOLUME COMPARISON BY LOCATION CHART



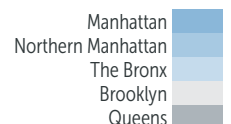
BUILDING VOLUME COMPARISON BY LOCATION CHART



NEW YORK CITY

METRICS	JUNE 2017	% CHANGE VS. MAY 2017	MAY 2017	% CHANGE VS. JUNE 2016	JUNE 2016
Transaction Vol	47	12%	42	-34%	71
Building Vol	104	-15%	123	-13%	120
Dollar Vol	\$777,141,348	7%	\$725,555,749	-36%	\$1,218,215,657
Total Units	3,213	35%	2,372	-32%	4,708

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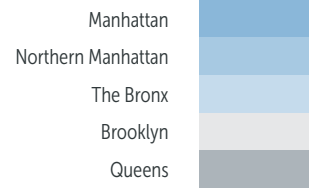


Manhattan is defined as below 96th Street on the east side and below 110th Street on the west side

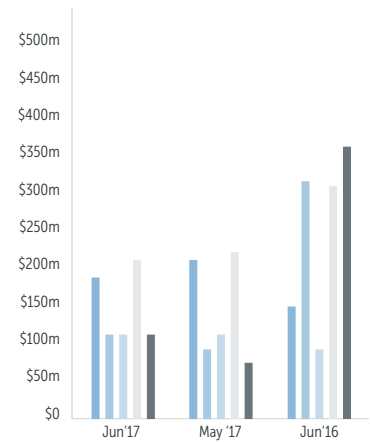
MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		JUNE 2017	% CHANGE VS. MAY 2017	MAY 2017	% CHANGE VS. JUNE 2016	JUNE 2016
MANHATTAN	Transaction Vol	10	-9%	11	-9%	11
	Building Vol	16	-6%	17	14%	14
	Dollar Vol	\$183,610,000	-16%	\$219,740,194	22%	\$150,075,000
	Total Units	302	-16%	359	34%	225
N. MANHATTAN	Transaction Vol	10	25%	8	-23%	13
	Building Vol	13	8%	12	-43%	23
	Dollar Vol	\$128,175,000	57%	\$81,814,584	-60%	\$319,556,346
	Total Units	380	37%	278	-73%	1,397
THE BRONX	Transaction Vol	6	-33%	9	-62%	16
	Building Vol	6	-57%	14	-68%	19
	Dollar Vol	\$124,831,348	3%	\$121,068,471	54%	\$80,835,000
	Total Units	1,185	64%	723	129%	518
BROOKLYN	Transaction Vol	15	50%	10	-38%	24
	Building Vol	56	81%	31	17%	48
	Dollar Vol	\$211,625,000	-8%	\$230,825,000	-30%	\$302,220,311
	Total Units	777	22%	637	-35%	1,204
QUEENS	Transaction Vol	6	50%	4	-14%	7
	Building Vol	13	-73%	49	-19%	16
	Dollar Vol	\$128,900,000	79%	\$72,107,500	-65%	\$365,529,000
	Total Units	569	52%	375	-58%	1,364

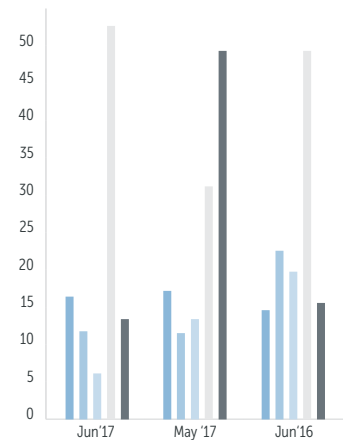
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DOLLAR VOLUME COMPARISON GRAPH

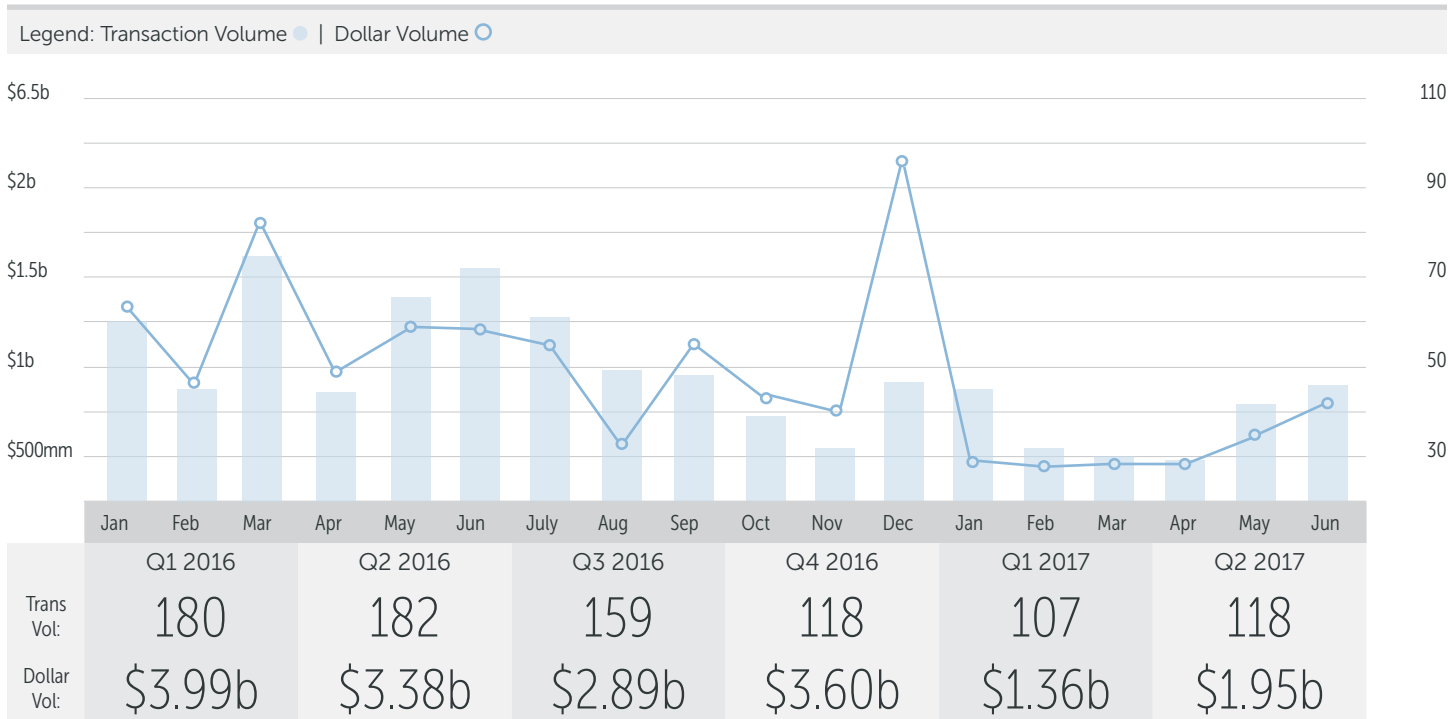


BUILDING VOLUME COMPARISON GRAPH

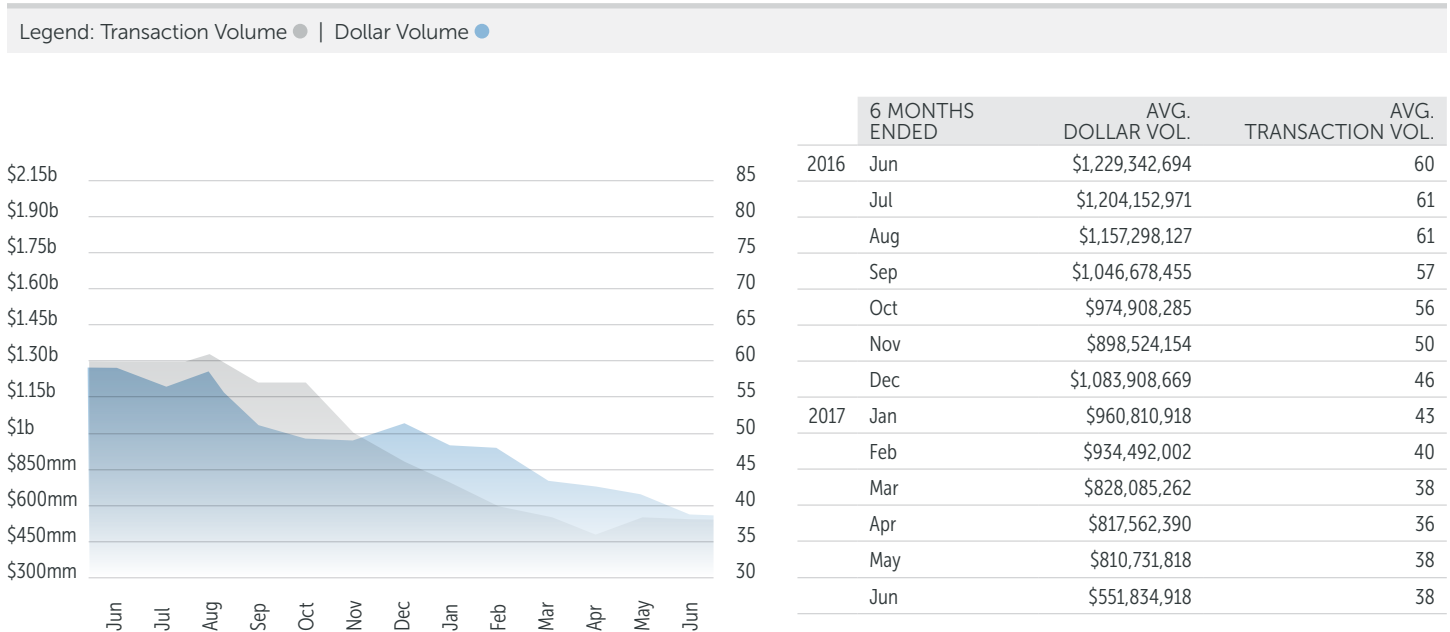


TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

MULTIFAMILY TRANSACTION TIMELINE



THE TRAILING 6-MONTH MOVING AVERAGE



PRICING INDICATORS & DISTRIBUTIONS

TRANSACTION SUMMARY

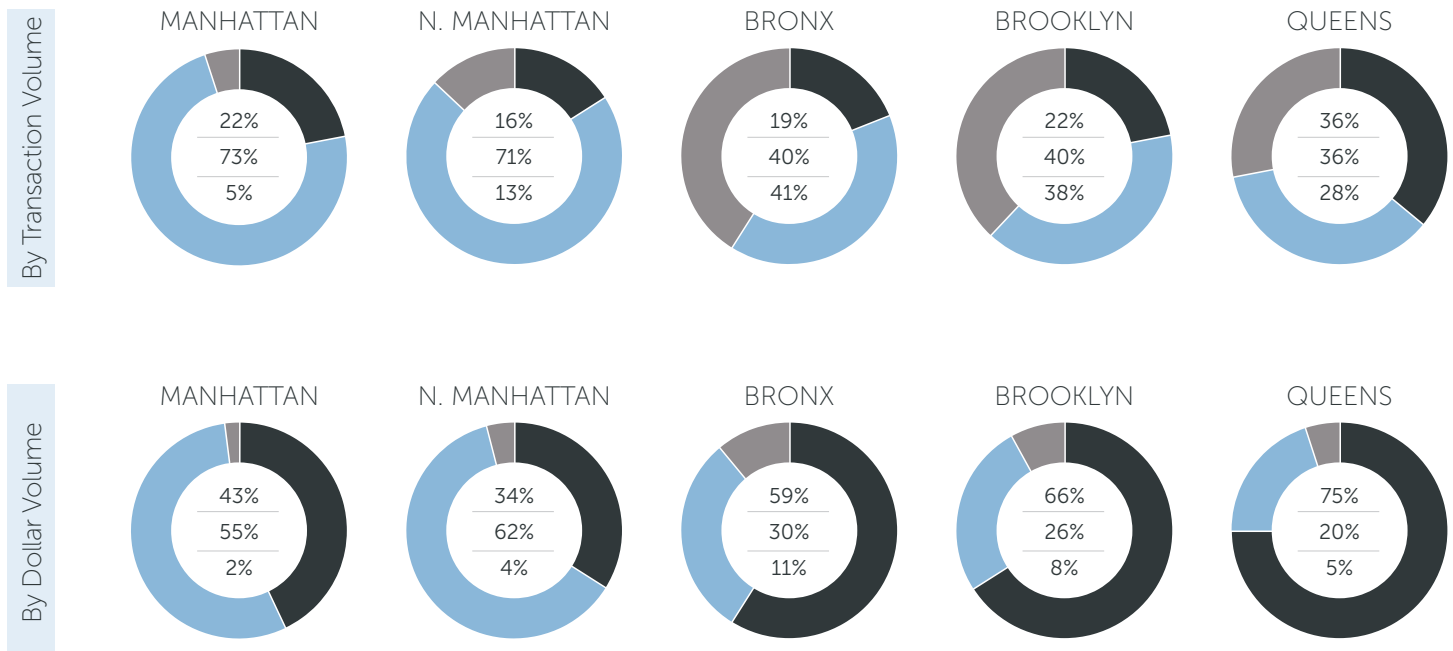
JAN 2017 - JUN 2017 TRAILING NUMBERS							JAN 2016 - JUN 2016 TRAILING NUMBERS					
Location / Criteria	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	55	72	\$850,599,234	\$12,700,000	1,373	20	73	110	\$2,786,558,690	\$13,000,000	3,856	22
N. Manhattan	32	45	\$408,547,084	\$12,112,500	1,343	35	56	93	\$1,279,468,909	\$9,150,000	4,661	33
Bronx	53	88	\$684,239,005	\$6,155,000	4,468	41	83	168	\$857,266,688	\$4,100,000	5,588	28
Brooklyn	60	141	\$868,391,683	\$6,500,000	2,709	22	109	170	\$1,564,487,880	\$6,000,000	4,275	20
Queens	25	86	\$499,232,500	\$11,375,000	1,879	30	41	64	\$888,274,000	\$7,230,000	3,278	32
Summary	225	432	\$3,311,009,506	\$10,200,000	11,772	28	362	605	\$7,376,056,167	\$8,000,000	21,658	26

PRICING INDICATORS

JAN 2017 - JUN 2017 TRAILING NUMBERS					JAN 2016 - JUN 2016 TRAILING NUMBERS			
Location	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$708,183	\$970	3.55%	20.40	\$698,109	\$966	3.65%	19.56
N. Manhattan	\$328,963	\$390	4.08%	15.81	\$331,545	\$362	4.06%	16.07
Bronx	\$170,698	\$192	4.88%	11.88	\$156,600	\$174	5.08%	10.99
Brooklyn	\$300,484	\$364	4.55%	15.26	\$323,427	\$380	4.43%	16.51
Queens	\$285,014	\$378	4.24%	15.43	\$265,486	\$321	4.53%	14.00

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. August 14, 2017 4:35 PM

