

MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | MARCH 2018

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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 | MARCH 2018

The New York City multifamily market finished off the first quarter of 2018 with strong activity that demonstrated significant year-over-year increases for the month of March. Dollar volume exceeded \$1 billion for the first time this year, reaching its highest level since December of 2016. Looking at the trailing 6-month moving averages, while transactions continued to remain steady from last month, dollar volume continued to increase and now stands at its highest level since May of 2017. Additionally, cap rates continued to decline in Manhattan and Brooklyn, where it has compressed for nine straight months and now stands at respective averages of 3.62% and 4.40%.

During the month, New York City saw 46 multifamily transactions that involved the trade of 84 buildings for \$1.09 billion in gross consideration. While transaction volume is up by 53% year-over-year, building and dollar volume increased by 110% and 132% respectively.

Manhattan registered the highest dollar volume of any submarket. The borough posted \$591.57 million in gross consideration across 9 transactions consisting of 12 buildings. While transaction volume did not increase compared to the previous month, building and dollar volume increased in comparison to both the prior month and year. In comparison to last year, transaction and building volume increased by 50% and 71% respectively, while dollar volume increased by 584%, the largest year-over-year percentage increase of any submarket. The largest trade during the month took place in the Upper West Side, where Stonehenge Village sold \$287 million, which amounts to \$570 per square foot and \$683,333 per unit.

Northern Manhattan saw transaction and dollar volume decline from last month but posted strong activity in comparison to the prior year. The 5 transactions registered this month involved 17 buildings for a gross consideration of \$56.85 million. These figures represent year-over-year increases of 25%, 89%, and 6% in transaction, building, and dollar volume respectively. The largest transaction was the sale of West River Association Hamilton Heights Portfolio, which involved the sale of six buildings for \$16.85 million, or \$174.96 per square foot and \$151,802 per unit.

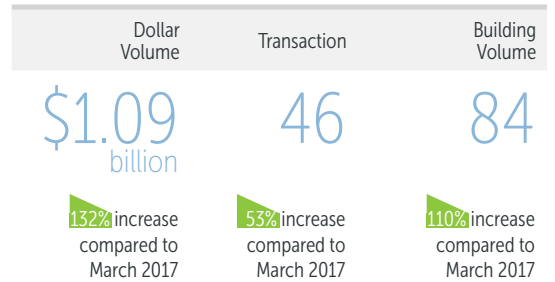
The Bronx had another strong month and was the only submarket to see gains across the board as 15 transactions consisting of 36 buildings traded for \$185.71 million. These figures not only represent increases in comparison to last month, but also year-over-year increases of 36% in transaction volume, 200% in building volume, and 6% in dollar volume. The sharp year-over-year increase in building volume is the highest of any submarket and represents increases in portfolio transactions. The largest transaction was the sale of the 14-building Emerald Equity Group Portfolio for \$61.53 million, which amounts to \$236.48 per square foot and \$213,628 per unit.

Brooklyn, meanwhile, was the only submarket to see month-over-month declines across the board. The borough registered 13 transactions that involved the trade of 15 buildings for a total consideration of \$190.42 million. These figures in comparison to the prior year represent increases of 160% in transaction volume, 150% in building volume, and 112% in dollar volume. Based on these percentage increase in volume metrics, Brooklyn is the only submarket that saw year-over-year gains exceed 100% across the board. The largest transaction was the sale of 442 Grand Street for \$43 million, or \$747.83 per square foot and \$796,296 per unit.

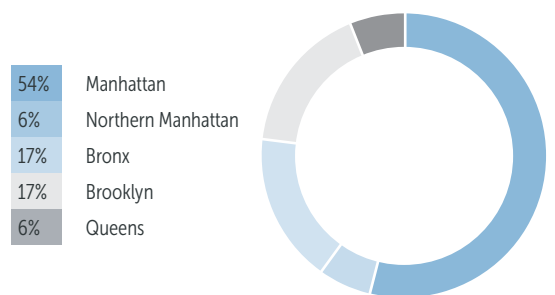
Queens was the least transactional submarket with only 4 transactions consisting of 4 buildings for a total consideration of \$68.10 million. The borough was the only submarket that did not register any year-over-year gains. While transaction volume remained unchanged from the prior year, building and dollar volume declined by 33% and 2% respectively. The largest transaction was the \$56.50 million sale of 94-25 56th Avenue, which was the only sale in the borough that exceeded \$10 million. This sale price translates to \$300.85 per square foot and \$338,323 per unit.

For the six months ending in March of 2018 (page 8), the average monthly transaction volume in New York City increased to 44 transactions per month from 42 transactions in the previous month, while average monthly dollar volume increased to \$834.97 million from \$723.86 million during the same period.

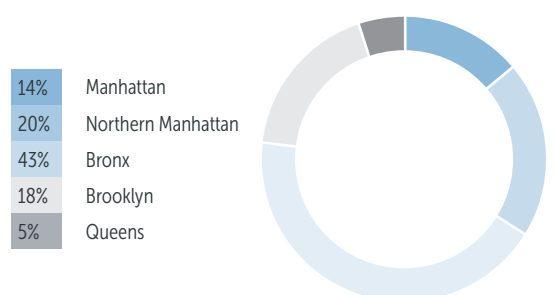
MARCH 2018 SNAPSHOT



DOLLAR VOLUME COMPARISON BY LOCATION CHART



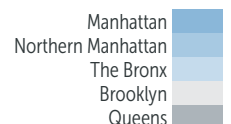
BUILDING VOLUME COMPARISON BY LOCATION CHART



NEW YORK CITY

| METRICS | MARCH 2018 | % CHANGE VS. FEBRUARY 2018 | FEBRUARY 2018 | % CHANGE VS. MARCH 2017 | MARCH 2017 |
|-----------------|-----------------|----------------------------|---------------|-------------------------|---------------|
| Transaction Vol | 46 | -8% | 50 | 53% | 30 |
| Building Vol | 84 | 1% | 83 | 110% | 40 |
| Dollar Vol | \$1,092,645,500 | 56% | \$700,675,205 | 132% | \$470,420,061 |
| Total Units | 2,729 | 14% | 2,397 | 46% | 1,868 |

LEGEND:

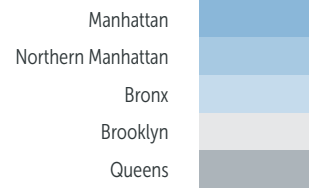


Manhattan is defined as below 96th Street on the east side and below 110th Street on the west side

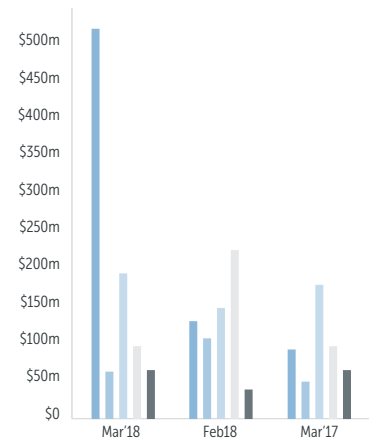
MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

| METRICS | | MARCH 2018 | % CHANGE VS. FEBRUARY 2018 | FEBRUARY 2018 | % CHANGE VS. MARCH 2017 | MARCH 2017 |
|--------------|-----------------|---------------|----------------------------|---------------|-------------------------|---------------|
| MANHATTAN | Transaction Vol | 9 | 0% | 9 | 50% | 6 |
| | Building Vol | 12 | 20% | 10 | 71% | 7 |
| | Dollar Vol | \$591,570,000 | 372% | \$125,463,000 | 584% | \$86,484,525 |
| | Total Units | 914 | 315% | 220 | 702% | 114 |
| N. MANHATTAN | Transaction Vol | 5 | -44% | 9 | 25% | 4 |
| | Building Vol | 17 | 13% | 15 | 89% | 9 |
| | Dollar Vol | \$56,850,000 | -50% | \$113,808,332 | 6% | \$53,850,000 |
| | Total Units | 230 | -25% | 308 | 2% | 226 |
| BRONX | Transaction Vol | 15 | 50% | 10 | 36% | 11 |
| | Building Vol | 36 | 38% | 26 | 200% | 12 |
| | Dollar Vol | \$185,708,000 | 20% | \$154,305,721 | 9% | \$170,600,536 |
| | Total Units | 950 | 3% | 923 | -10% | 1,059 |
| BROOKLYN | Transaction Vol | 13 | -24% | 17 | 160% | 5 |
| | Building Vol | 15 | -42% | 26 | 150% | 6 |
| | Dollar Vol | \$190,417,500 | -28% | \$266,113,152 | 112% | \$89,860,000 |
| | Total Units | 428 | -47% | 809 | 97% | 217 |
| QUEENS | Transaction Vol | 4 | -20% | 5 | 0% | 4 |
| | Building Vol | 4 | -33% | 6 | -33% | 6 |
| | Dollar Vol | \$68,100,000 | 66% | \$40,985,000 | -2% | \$69,625,000 |
| | Total Units | 207 | 51% | 137 | -18% | 252 |

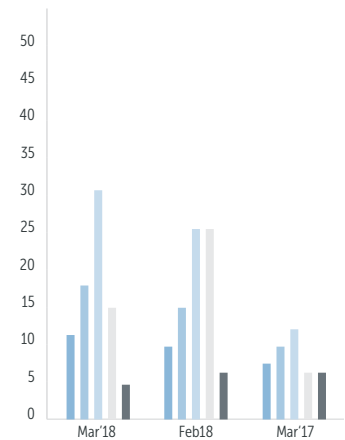
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DOLLAR VOLUME COMPARISON GRAPH



BUILDING VOLUME COMPARISON GRAPH

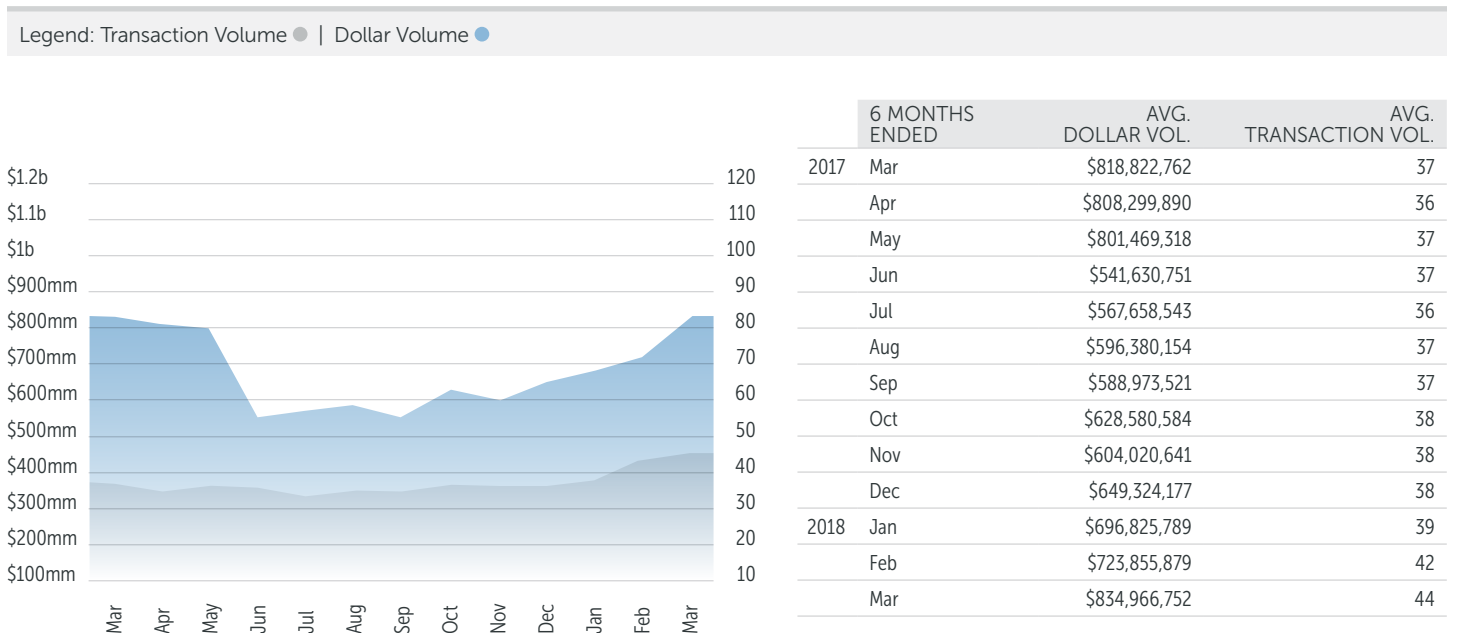


TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

MULTIFAMILY TRANSACTION TIMELINE



THE TRAILING 6-MONTH MOVING AVERAGE



PRICING INDICATORS & DISTRIBUTIONS

TRANSACTION SUMMARY

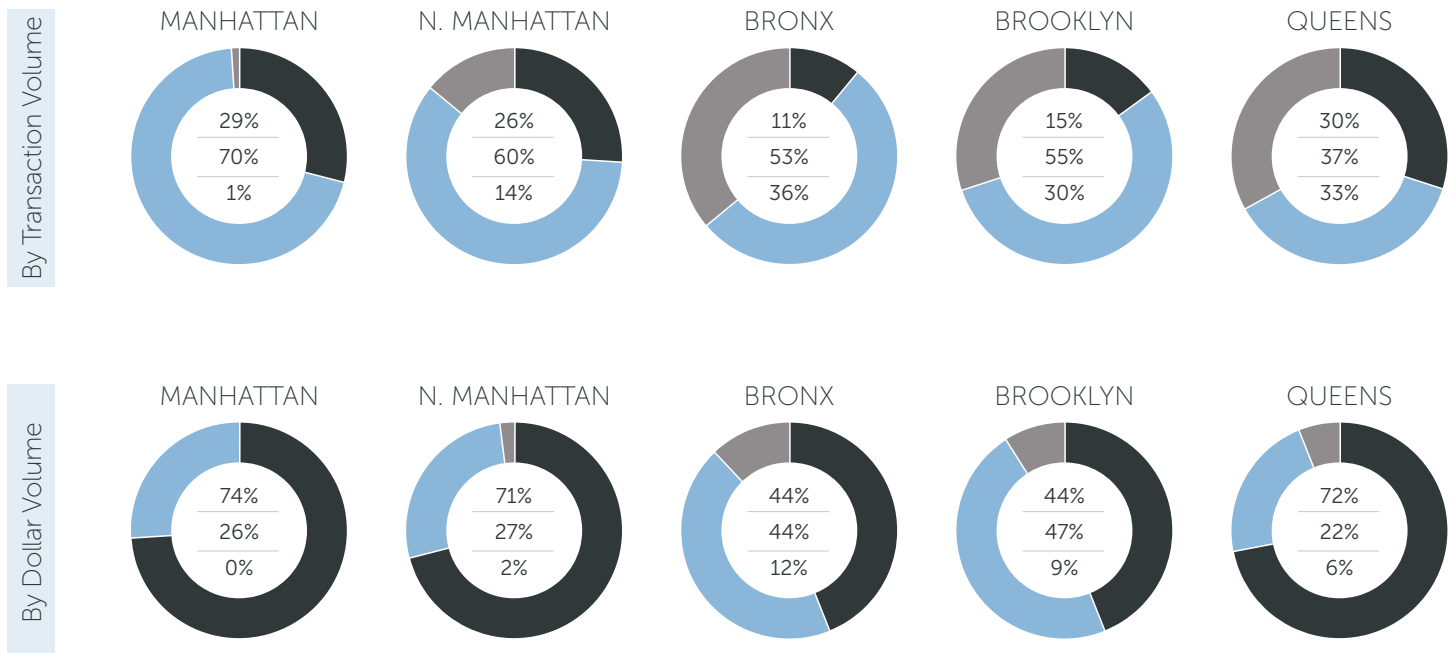
| OCT 2017 - MAR 2018 TRAILING NUMBERS | | | | | | | OCT 2016 - MAR 2017 TRAILING NUMBERS | | | | | |
|--------------------------------------|--------------------|------------------------|---------------------------|--------------|--------------------|----------------------------|--------------------------------------|------------------------|---------------------------|--------------|--------------------|----------------------------|
| 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 | 69 | 84 | \$2,102,958,000 | \$13,000,000 | 3,058 | 20 | 57 | 72 | \$2,017,153,040 | \$13,100,000 | 2,833 | 21 |
| N. Manhattan | 42 | 84 | \$934,694,642 | \$10,362,500 | 3,288 | 45 | 31 | 108 | \$872,487,500 | \$12,000,000 | 3,066 | 38 |
| Bronx | 58 | 114 | \$677,146,025 | \$6,610,387 | 3,934 | 38 | 57 | 78 | \$510,698,352 | \$5,085,000 | 3,108 | 31 |
| Brooklyn | 69 | 102 | \$829,953,989 | \$7,572,337 | 2,478 | 24 | 59 | 97 | \$918,134,683 | \$5,900,000 | 2,572 | 23 |
| Queens | 27 | 42 | \$465,047,856 | \$7,500,000 | 2,098 | 24 | 20 | 35 | \$594,463,000 | \$10,500,000 | 2,835 | 37 |
| Summary | 265 | 426 | \$5,009,800,512 | \$9,420,000 | 14,856 | 26 | 224 | 390 | \$4,912,936,575 | \$9,042,500 | 14,414 | 29 |

PRICING INDICATORS

| OCT 2017 - MAR 2018 TRAILING NUMBERS | | | | | OCT 2016 - MAR 2017 TRAILING NUMBERS | | | |
|--------------------------------------|--------------|------------|---------------|----------|--------------------------------------|------------|---------------|----------|
| Location | Avg. \$/Unit | Avg. \$/SF | Avg. Cap Rate | Avg. GRM | Avg. \$/Unit | Avg. \$/SF | Avg. Cap Rate | Avg. GRM |
| Manhattan | \$698,926 | \$941 | 3.62% | 18.65 | \$690,463 | \$968 | 3.88% | 19.21 |
| N. Manhattan | \$330,834 | \$384 | 3.84% | 15.42 | \$298,205 | \$380 | 3.73% | 16.09 |
| Bronx | \$179,490 | \$201 | 5.26% | 11.70 | \$169,394 | \$194 | 5.06% | 11.73 |
| Brooklyn | \$362,825 | \$413 | 4.40% | 15.77 | \$302,510 | \$361 | 4.63% | 15.81 |
| Queens | \$278,062 | \$350 | 4.67% | 15.33 | \$301,486 | \$375 | 4.33% | 15.81 |

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. May 17, 2018 4:08 PM

