



MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | NOVEMBER 2017

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Join Our Network:
e-mail join@arielpa.com or visit arielpa.nyc

COMPILED BY:

SALES TEAM:

Shimon Shkury
212.544.9500 ext. 11
sshkury@arielpa.com

Victor Sozio
212.544.9500 ext. 12
vsozio@arielpa.com

Michael A. Tortorici
212.544.9500 ext. 13
mtortorici@arielpa.com

ANALYST TEAM:

Aryeh Orlofsky
212.544.9500 ext. 21
aorlofsky@arielpa.com

Dusan Panic
212.544.9500
dpanic@arielpa.com

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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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MUTIFAMILY MONTH IN REVIEW: NEW YORK CITY | NOVEMBER 2017

The New York City multifamily market in November saw transaction volume increase year-over-year for the first time in 2017. Similar to last month when dollar volume outpaced last year's total for the first time, November's gains are a continued result of hesitation that took hold of the multifamily market around last year's presidential election. When compared to the previous month, the number of transactions and buildings sold both increased, while dollar volume fell by double digits. Outer-borough portfolio sales pushed transaction and building sales higher in November, while Manhattan registered its lowest dollar volume in more than six years.

For the month, New York City saw 40 multifamily transactions comprised of 57 buildings totaling \$578.20 million in gross consideration. On a month-over-month basis, November's numbers represent increases of 8% in transaction volume and 24% in building volume, but a decline of 15% in dollar volume. On a year-over-year basis, these figures represent increases of 25% in transaction volume and 30% in building volume, but a decline of 25% in dollar volume.

Manhattan registered lower dollar volume than all other sub-markets in a month for the first time since February 2011, as November's gross consideration was the borough's lowest total since May 2011. Manhattan was also the only sub-market to see any weakness month-over-month as the borough's nine transactions consisting of nine buildings for a total of \$75.22 million represented significant declines both month-over-month and year-over-year. The largest transaction during the month took place in SoHo, where a 39-unit elevator building located at 37-39 King Street sold for \$17.50 million, representing \$873 per square foot and a reported capitalization rate of just over 2%.

Northern Manhattan saw large increases across the board in November, as all volume metrics were up month-over-month, and all but dollar volume was up year-over-year. Led by four transactions above \$10 million, three of which were portfolios, the Northern Manhattan sub-market saw gains of 100% in transaction volume, 150% in building volume and 76% in dollar volume as 15 properties sold in 8 transactions for a total consideration of \$104.98 million. The largest sale of the month in Northern Manhattan took place in Inwood, where Heritage Realty purchased a three-building portfolio consisting of 161 units for \$41 million or \$303 per square foot and \$254,658 per unit.

The Bronx had a strong month in November, as the borough saw nine transactions consisting of 14 buildings sell for \$110.60 in gross consideration. These figures were good for month-over-month increases of 29%, 75% and 3% for transaction, building, and dollar volumes, respectively. The borough also notched year-over-year gains in building and dollar volume while transaction volume held steady. A Highbridge elevator portfolio was the largest transaction of the month. The 264-unit, four-building portfolio was purchased by Emerald Equity Group for \$47 million and translates to \$166 per square foot, and more than \$178,000 per unit.

Brooklyn bounced back from one of its worst months of the year last month by recording gains in dollar, transaction and building volumes against both the previous month and previous year. The borough was led by four portfolio transactions that sold for more than \$10 million. For the month, Brooklyn saw nine transactions consisting of 13 buildings sell for a combined dollar volume of \$103.95 million. Notable sales included the \$26.5 million sale of 4710 Avenue D & 787 East 46th Street, a two-building elevator East Flatbush portfolio consisting of 128 units, and the \$17.90 million sale of a 49-unit portfolio at 291 & 292 Lincoln Place in Prospect Heights, where the price for the two buildings represented \$437 per square foot and a reported 3.66% capitalization rate.

Queens led the City in dollar volume for only the second time this year, as the borough registered its highest totals of the year in November, on the heels of its first \$100 million sale in 2017. In fact, with \$183.45 million in sales, the sub-market saw nearly as much dollar volume this month as it did the previous five months combined. While still low compared to the other sub-markets, Queens registered substantial month-over-month and year-over-years gains across all volume metrics. The borough's largest sale was the 924-unit rental complex at 711 Seagirt Avenue in Far Rockaway that Treetop Development purchased for \$135 million or \$181 per square foot.

Looking at the trailing 6-month averages for the six months ending in November of 2017 (page 5), transaction volume stayed flat at 38, in line with the averages seen since March, while dollar volume decreased modestly for the first time since June to \$656.19. In terms of pricing, The Bronx was the only borough to see all pricing metrics rise compared to the same period last year. Brooklyn saw price per square foot rise to \$391, a 10.5% against the comparable period last year. Also of note were Manhattan and Brooklyn cap rates which compressed 2.7% and 8.1% respectively.

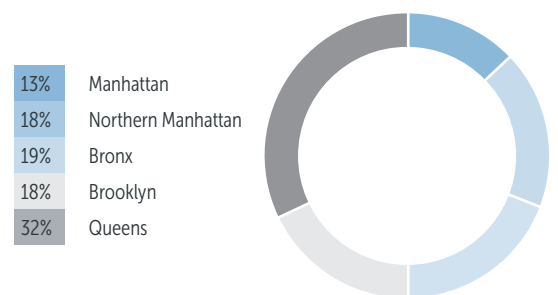
NEW YORK CITY

METRICS	NOVEMBER 2017	% CHANGE VS. OCTOBER 2017	OCTOBER 2017	% CHANGE VS. NOVEMBER 2016	NOVEMBER 2016
Transaction Vol	40	8%	37	25%	32
Building Vol	57	24%	46	30%	44
Dollar Vol	\$578,196,087	-15%	\$678,760,381	-25%	\$766,539,184
Total Units	2,847	61%	1,765	69%	1,681

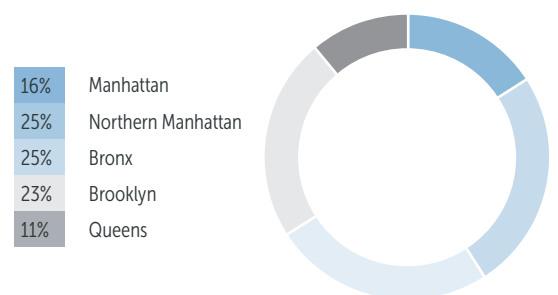
NOVEMBER 2017 SNAPSHOT

Dollar Volume	Transaction	Building Volume
\$578 million	40	57
15% decrease compared to October 2017	8% increase compared to October 2017	24% increase compared to October 2017

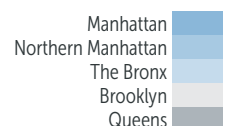
DOLLAR VOLUME COMPARISON BY LOCATION CHART



BUILDING VOLUME COMPARISON BY LOCATION CHART



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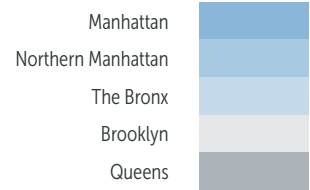


Manhattan is defined as below 96th Street on the east side and below 110th Street on the west side

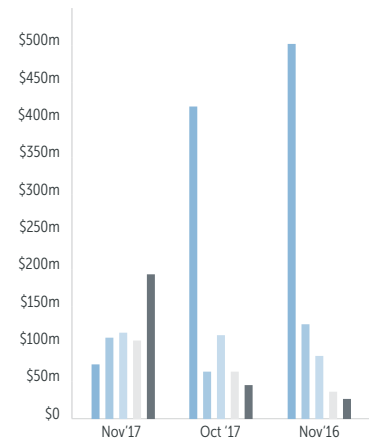
MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		NOVEMBER 2017	% CHANGE VS. OCTOBER 2017	OCTOBER 2017	% CHANGE VS. NOVEMBER 2016	NOVEMBER 2016
MANHATTAN	Transaction Vol	9	-40%	15	-18%	11
	Building Vol	9	-57%	21	-40%	15
	Dollar Vol	\$75,224,000	-82%	\$412,475,000	-85%	\$499,433,000
	Total Units	160	-76%	671	-71%	548
N. MANHATTAN	Transaction Vol	8	100%	4	100%	4
	Building Vol	15	150%	6	88%	8
	Dollar Vol	\$104,975,000	76%	\$59,511,600	-14%	\$122,400,000
	Total Units	392	82%	215	9%	361
THE BRONX	Transaction Vol	9	29%	7	0%	9
	Building Vol	14	75%	8	56%	9
	Dollar Vol	\$110,599,750	3%	\$107,478,781	30%	\$85,026,184
	Total Units	817	56%	523	45%	563
BROOKLYN	Transaction Vol	9	12%	8	50%	6
	Building Vol	13	62%	8	30%	10
	Dollar Vol	\$103,947,337	78%	\$58,430,000	198%	\$34,930,000
	Total Units	404	98%	204	199%	135
QUEENS	Transaction Vol	5	67%	3	150%	2
	Building Vol	6	100%	3	200%	2
	Dollar Vol	\$183,450,000	349%	\$40,865,000	641%	\$24,750,000
	Total Units	1,074	607%	152	1351%	74

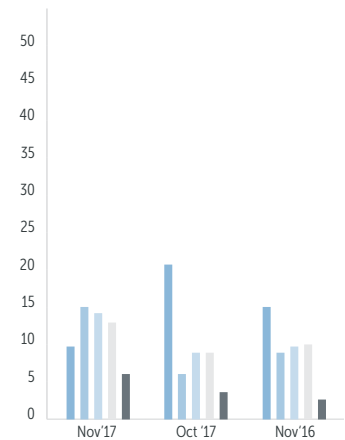
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DOLLAR VOLUME COMPARISON GRAPH

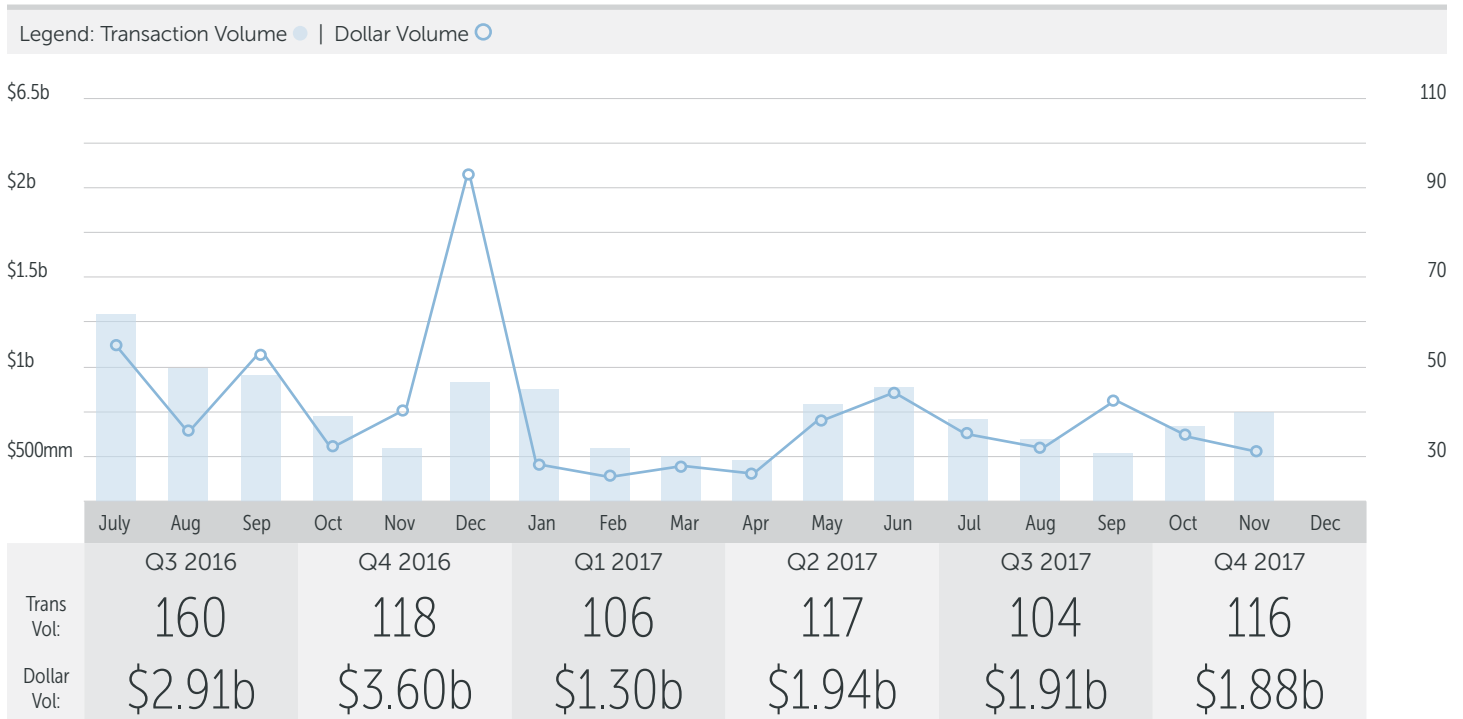


BUILDING VOLUME COMPARISON GRAPH

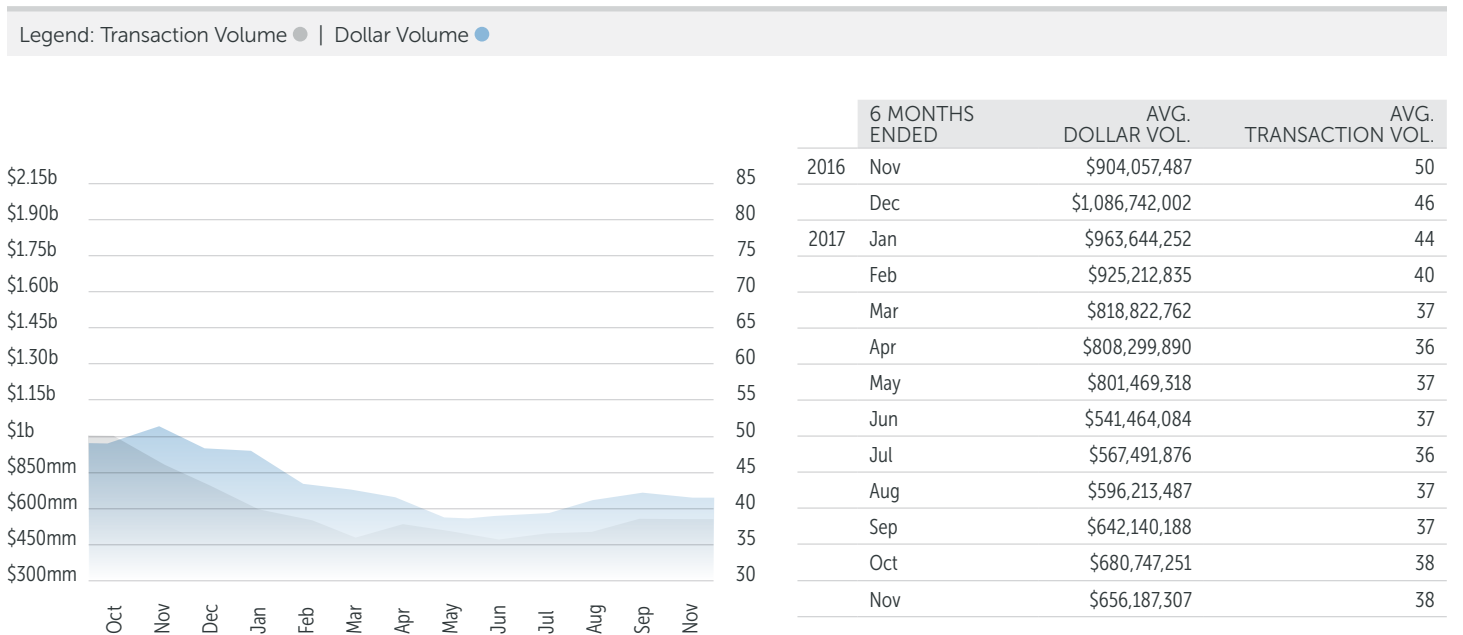


TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

MULTIFAMILY TRANSACTION TIMELINE



THE TRAILING 6-MONTH MOVING AVERAGE



PRICING INDICATORS & DISTRIBUTIONS

TRANSACTION SUMMARY

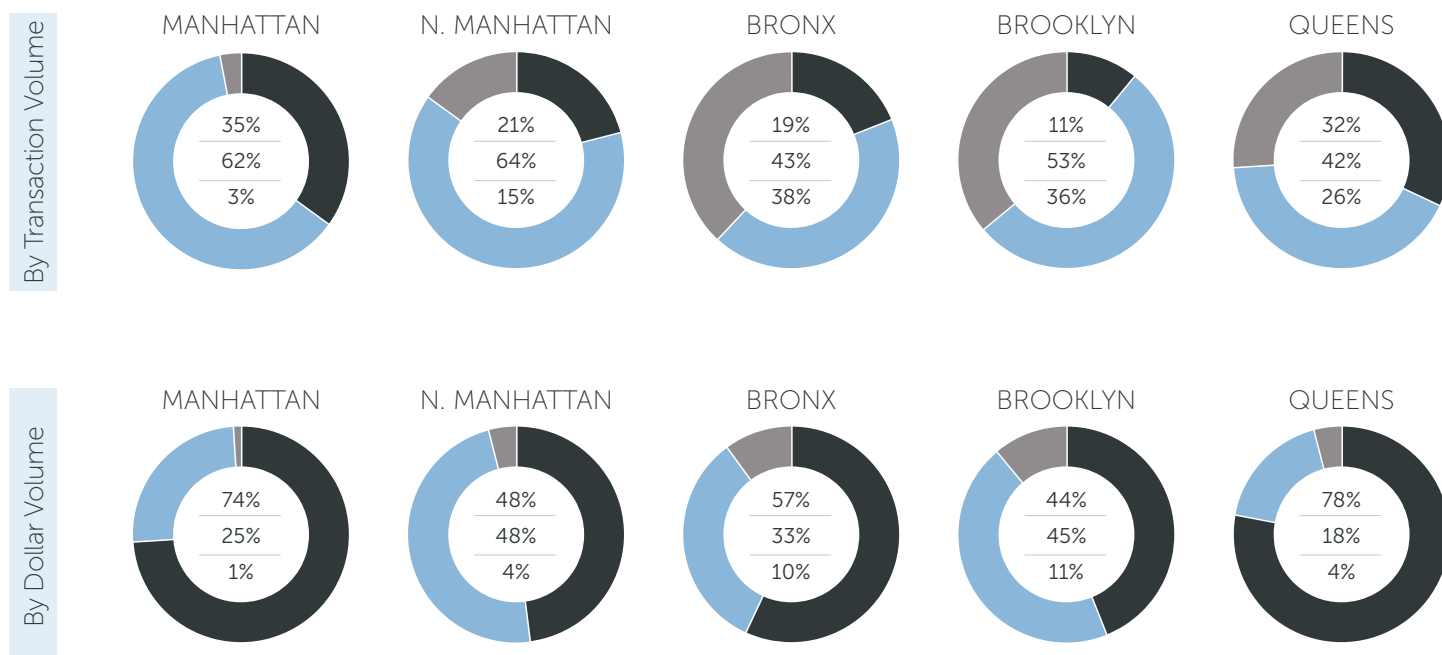
JUN 2017 - NOV 2017 TRAILING NUMBERS							JUN 2016 - NOV 2016 TRAILING NUMBERS					
Location / Criteria	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	60	77	\$1,646,552,000	\$15,250,000	2,604	24	69	107	\$2,022,740,218	\$13,000,000	3,279	22
N. Manhattan	42	60	\$602,417,000	\$11,650,000	1,962	42	46	81	\$1,059,157,346	\$8,675,000	4,647	32
Bronx	42	69	\$541,938,741	\$6,252,500	3,626	36	69	91	\$546,152,267	\$4,625,000	3,842	28
Brooklyn	64	123	\$745,096,103	\$6,050,000	2,555	22	87	143	\$1,113,552,958	\$6,025,000	3,492	27
Queens	19	30	\$401,120,000	\$8,875,000	1,972	28	32	48	\$682,742,132	\$8,840,000	2,498	35
Summary	227	359	\$3,937,123,844	\$9,100,000	12,719	27	303	470	\$5,424,344,921	\$7,900,000	17,758	27

PRICING INDICATORS

JUN 2017 - NOV 2017 TRAILING NUMBERS					JUN 2016 - NOV 2016 TRAILING NUMBERS			
Location	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$643,078	\$913	3.54%	19.26	\$681,355	\$987	3.64%	20.42
N. Manhattan	\$305,653	\$381	4.10%	15.12	\$280,423	\$326	3.71%	15.80
Bronx	\$184,837	\$199	4.68%	12.28	\$165,290	\$187	5.28%	11.18
Brooklyn	\$312,101	\$391	4.20%	15.64	\$315,278	\$354	4.57%	15.31
Queens	\$265,446	\$349	3.73%	15.34	\$286,551	\$368	4.06%	15.43

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.

COMPILED BY:

INVESTMENT SALES

Shimon Shkury x11 sshkury@arielpa.com	Victor Sozio x12 vsozio@arielpa.com	Michael A. Tortorici x13 mtortorici@arielpa.com
Sean R. Kelly x59 srkelly@arielpa.com	Marko Agbaba x32 magbaba@arielpa.com	Jonathan Berman x20 jberman@arielpa.com
Matthew L. Gillis x42 mgillis@arielpa.com	Jason Gold x22 jgold@arielpa.com	Alexander McGee x54 amcgee@arielpa.com
Howard Raber x23 hraber@arielpa.com	Andre Sigourney asigourney@arielpa.com	Daniel Tropp x26 dtropp@arielpa.com
Aaron Warkov x62 awarkov@arielpa.com	Jesse Greshin x5272 jgreshin@arielpa.com	David Khukhashvili x 5139 dkhukhashvili@arielpa.com
McNally Lee x60 mlee@arielpa.com	Orry Michael x4002 omichael@arielpa.com	Jennifer Djurkovic x18 jldjurkovic@arielpa.com
Daniel Mahfar x1045 dmahfar@arielpa.com		

CAPITAL SERVICES

Paul McCormick x45 pmccormick@arielpa.com	Matthew Dzbanek x48 mdzbanek@arielpa.com	Matthew Swerdlow x56 mswerdlow@arielpa.com
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INVESTMENT RESEARCH

Ivan Petrovic ipetro@arielpa.com	Aryeh Orlofsky aorlofsky@arielpa.com	David Baruch dbaruch@arielpa.com
Dusan Panic dpanic@arielpa.com	Stefan Todic stodic@arielpa.com	Lazar Jovovic ljovovic@arielpa.com

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. January 11, 2018 4:20 PM

