

## MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | OCTOBER 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](http://arielpa.nyc/investor-relations/research-reports)

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# MULTIFAMILY MONTH IN REVIEW: NEW YORK CITY | OCTOBER 2018

The New York City multifamily market started the fourth quarter of 2018 leaving transaction volume unchanged while posting a substantial increase in dollar volume. Comparing the year-over-year average of the trailing 6 months, the average transaction volume remained at 38 transactions, while the average dollar volume increased by nearly 27% to \$796.37 million from \$628.58 million during the prior year. Building volume, however, declined slightly by nearly 5% based on the year-over-year average.

Overall, 72 buildings traded across 40 transactions that comprised \$615.34 million in aggregate value. With regards to pricing, based on the year-over-year trailing 6-month data, excluding the Bronx, the average cap rates increased with a softening in pricing manifesting through declines in the average price per square foot. (Please refer to page 6.)

Manhattan led the submarkets across the board in transaction, building, and dollar volume. The 14 transactions that transpired in the borough involved 22 buildings for a total consideration of \$246.63 million. The trailing 6-month averages year-over-year indicate an 3% decline in transaction volume, while building and dollar volume increased by 6% and 20% respectively. The largest transaction of the month was the sale of The Orbach Group's five-building multifamily portfolio in Manhattan Valley for \$57.00 million, which equates to \$484 on a per square foot basis.

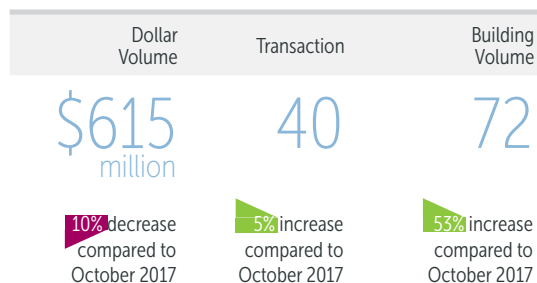
Northern Manhattan was once again the only submarket that experienced across-the-board declines in transaction, building, and dollar volume. The trailing 6-month averages year-over-year indicate respective drops of 24%, 11%, and 26% in transaction, building, and dollar volume. Overall, 10 transactions were recorded during the month of October that involved 19 buildings for a gross consideration of \$166.58 million. The largest transaction of the month also involved The Orbach Group, which sold a three-building multifamily section-8 portfolio for \$50.38 million or \$564 per square foot.

The Bronx posted 6 transactions that involved 15 buildings for a total consideration of \$85.47 million. The trailing 6-month averages year-over-year show respective increases of 12% and 30% in transaction and building volume, while dollar volume declined by 12%. The largest transaction of the month was a portfolio sale of nine multifamily buildings previously owned by First Bronx Realty Management for \$35.60 million, which equates to \$165 on a price per square foot basis.

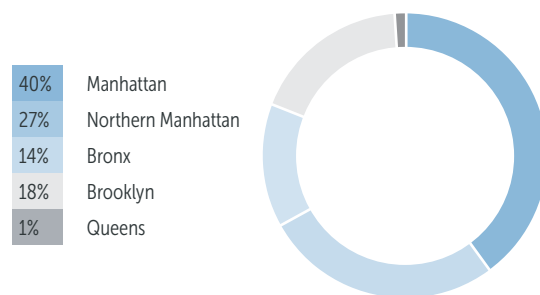
Despite minimal to no changes pertaining to building and dollar volume, Brooklyn posted the largest increase in dollar volume based on the year-over-year trailing 6-month averages. During October, 9 transactions involving 15 buildings for a total consideration of \$113.36 million were recorded. Dollar volume increased by 103% based on the year-over-year trailing 6-month average from 145.49 million to nearly \$294.80 million. The largest transaction of the month, which was also the largest multifamily transaction of the month in New York City, was the sale of 23 Caton Place, a 126-unit elevator building in the Kensington section for Brooklyn, for \$74.70 million or \$619 per square foot.

Queens, being the least transactional submarket, posted respective increases of 22% and 11% in transaction and dollar volume, while building volume declined by 59% based on the year-over-year trailing 6-month averages. The submarket had only one transaction for the month of October, which was the sale of 94-12 85th Road, a 16-unit walk-up building in the neighborhood of Woodhaven for \$3.30 million, which equates to \$234 on a per square foot basis.

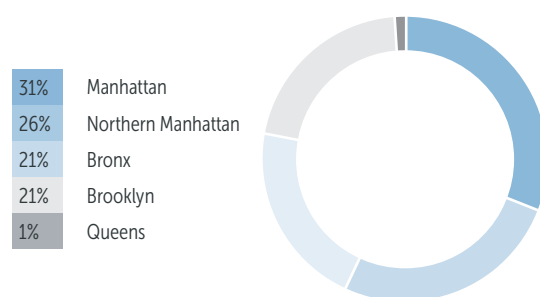
## OCTOBER 2018 SNAPSHOT



## DOLLAR VOLUME COMPARISON BY LOCATION CHART



## BUILDING VOLUME COMPARISON BY LOCATION CHART



## NEW YORK CITY

METRICS	OCTOBER 2018	% CHANGE VS. SEPTEMBER 2018	SEPTEMBER 2018	% CHANGE VS. OCTOBER 2017	OCTOBER 2017
Transaction Vol	40	21%	33	5%	38
Building Vol	72	-8%	78	53%	47
Dollar Vol	\$615,338,132	-40%	\$1,018,904,000	-10%	\$684,760,381
Total Units	1,719	-24%	2,275	-5%	1,808

## LEGEND:

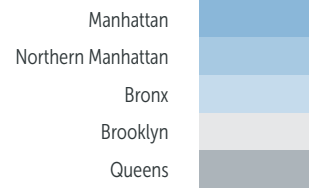


Manhattan is defined as below 96<sup>th</sup> Street on the east side and below 110<sup>th</sup> Street on the west side

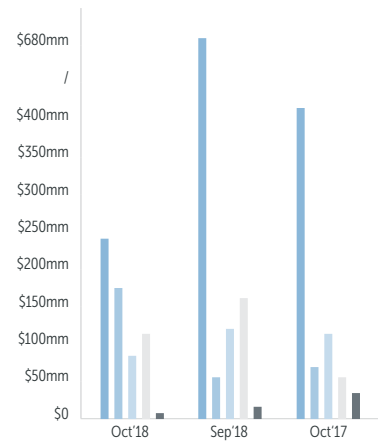
# MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		SEPTEMBER 2018	% CHANGE VS. AUGUST 2018	AUGUST 2018	% CHANGE VS. SEPTEMBER 2017	SEPTEMBER 2017
MANHATTAN	Transaction Vol	14	40%	10	-7%	15
	Building Vol	22	100%	11	5%	21
	Dollar Vol	\$246,627,007	-64%	\$683,439,000	-40%	\$412,475,000
	Total Units	465	-45%	841	-31%	671
N. MANHATTAN	Transaction Vol	10	100%	5	150%	4
	Building Vol	19	90%	10	217%	6
	Dollar Vol	\$166,580,625	219%	\$52,165,000	180%	\$59,511,600
	Total Units	549	158%	213	155%	215
BRONX	Transaction Vol	6	-33%	9	-25%	8
	Building Vol	15	-32%	22	67%	9
	Dollar Vol	\$85,473,000	-30%	\$121,775,000	-25%	\$113,478,781
	Total Units	457	-36%	715	-19%	566
BROOKLYN	Transaction Vol	9	29%	7	13%	8
	Building Vol	15	-55%	33	88%	8
	Dollar Vol	\$113,357,500	-27%	\$155,775,000	94%	\$58,430,000
	Total Units	232	-51%	476	14%	204
QUEENS	Transaction Vol	1	-50%	2	-67%	3
	Building Vol	1	-50%	2	-67%	3
	Dollar Vol	\$3,300,000	-43%	\$5,750,000	-92%	\$40,865,000
	Total Units	16	-47%	30	-89%	152

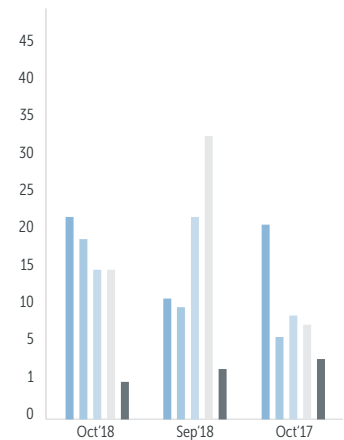
LEGEND:



DOLLAR VOLUME COMPARISON GRAPH

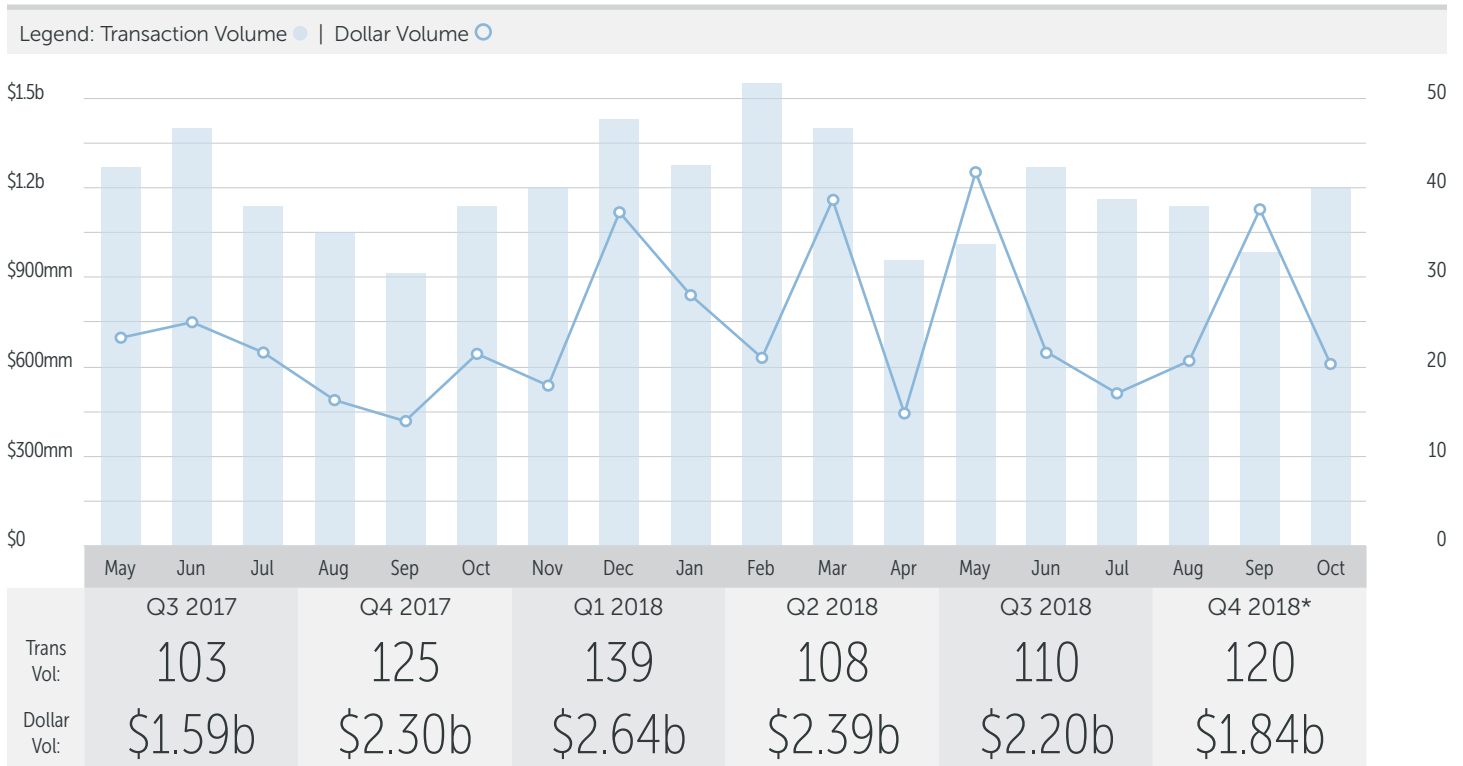


BUILDING VOLUME COMPARISON GRAPH



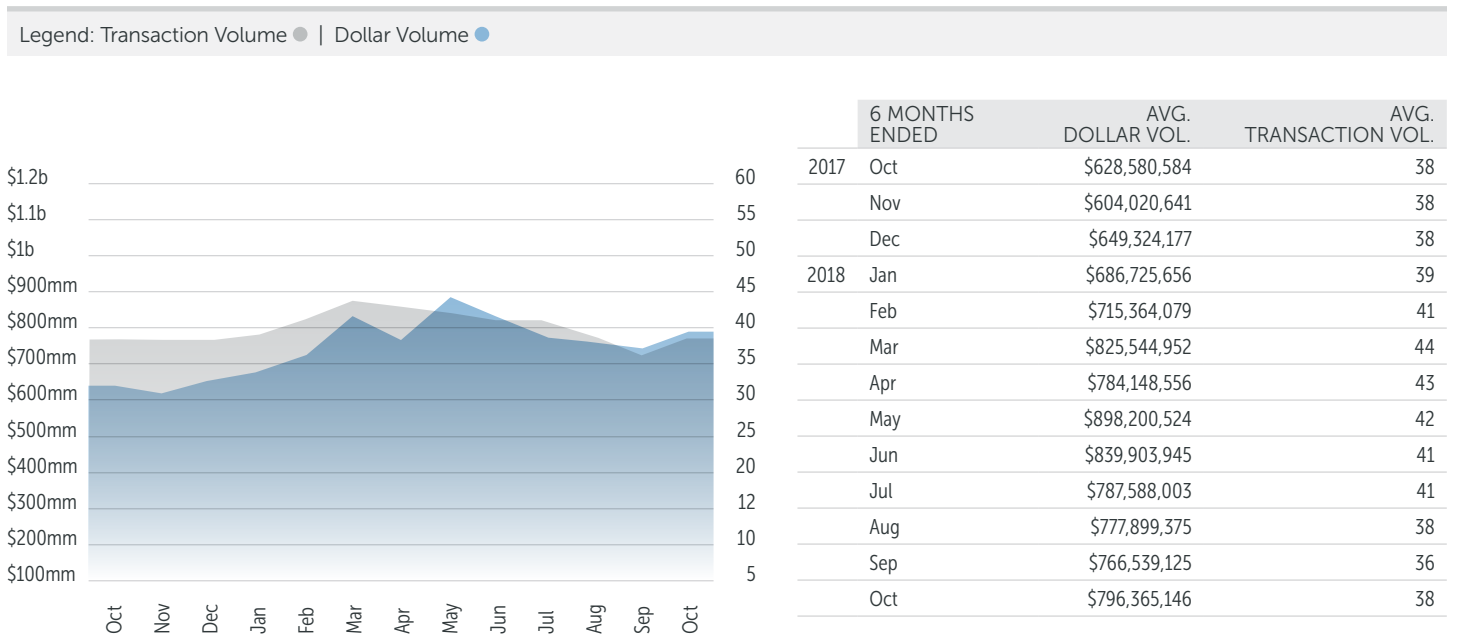
# TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

## MULTIFAMILY TRANSACTION TIMELINE



\*Values projected for last two months of latest quarter based on first month of latest quarter

## THE TRAILING 6-MONTH MOVING AVERAGE



# PRICING INDICATORS & DISTRIBUTIONS

## TRANSACTION SUMMARY

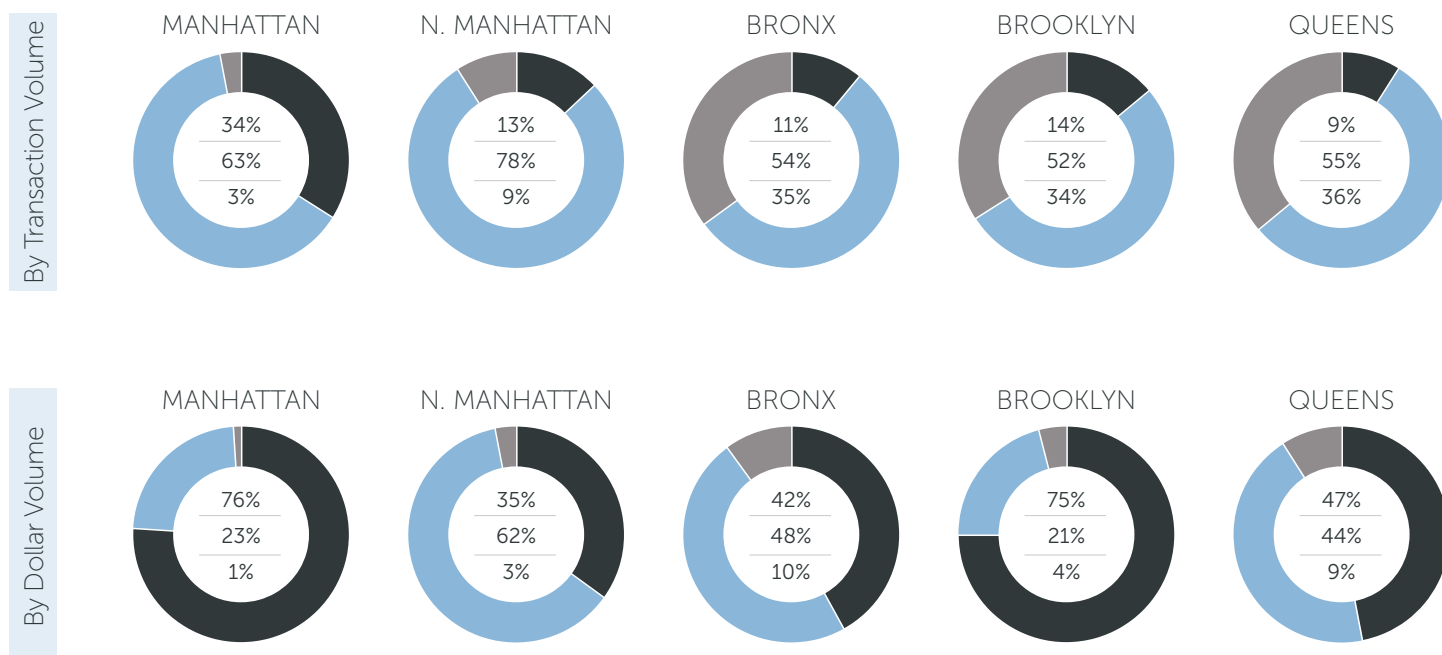
MAY 2018 - OCT 2018 TRAILING NUMBERS							MAY 2017 - OCT 2017 TRAILING NUMBERS					
Location / Criteria	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	59	89	\$1,769,064,327	\$13,700,000	2,663	20	61	84	\$1,471,068,194	\$16,600,000	2,464	25
N. Manhattan	32	51	\$427,530,625	\$9,600,000	1,344	33	42	57	\$579,256,584	\$11,650,000	1,848	42
Bronx	48	91	\$492,059,440	\$6,301,000	2,671	32	43	70	\$558,407,462	\$7,200,000	3,575	47
Brooklyn	65	144	\$1,768,826,484	\$7,600,000	8,668	27	65	141	\$872,973,766	\$5,850,000	2,788	21
Queens	22	30	\$320,710,000	\$7,550,000	1,362	25	18	73	\$289,777,500	\$8,927,500	1,273	27
Summary	226	405	\$4,778,190,876	\$8,950,000	16,708	27	229	425	\$3,771,483,506	\$10,700,000	11,948	27

## PRICING INDICATORS

MAY 2018 - OCT 2018 TRAILING NUMBERS					MAY 2017 - OCT 2017 TRAILING NUMBERS			
Location	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$704,082	\$926	3.83%	17.61	\$685,741	\$940	3.64%	18.94
N. Manhattan	\$322,693	\$369	3.92%	16.13	\$317,798	\$384	3.93%	15.65
Bronx	\$187,378	\$216	5.02%	11.54	\$181,418	\$198	4.97%	11.75
Brooklyn	\$309,320	\$366	4.83%	15.12	\$309,162	\$384	4.25%	15.55
Queens	\$279,151	\$320	4.20%	15.01	\$263,774	\$359	3.28%	17.03

## 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 96<sup>th</sup> Street, South of West 110<sup>th</sup> Street  
Northern Manhattan - North of East 96<sup>th</sup> Street, North of West 110<sup>th</sup> 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. December 12, 2018 5:00 PM

