



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

The New York City multifamily market ended the third quarter of 2018 leaving transaction volume nearly unchanged while posting a substantial increase in dollar volume. Comparing the year-over-year average of the trailing 6 months through September of 2018, the average transaction volume fell to 36 transactions from 37 during the prior year. Based on the same criteria, the average dollar volume increased by nearly 30% to \$766.54 million from \$588.97 million during the prior year. Some of the largest transactions that occurred in certain submarkets this month were also the largest for the entire quarter.

Overall, 78 buildings traded across 33 transactions that comprised \$1.02 billion in aggregate value. With regards to pricing, through an observation of the year-over-year trailing 6-month figures, evident increases in cap rates are prevalent with average prices per square foot declining. (Please refer to page 6.)

Manhattan led the submarkets in transaction and dollar volume, as well as the largest transaction of the month. The 10 transactions that transpired here involved 11 buildings for a total consideration of \$683.44 million. The trailing 6-month averages year-over-year indicate an 11% decline in transaction volume and a 43% increase in dollar volume. Building volume however, remained nearly unchanged. The largest transaction of the month, which is also the largest for the year thus far, was the sale of Equity Residential's 101 West End Avenue to a joint venture of the Dermot Company and a Dutch pension fund for \$416.10 million.

Northern Manhattan was the only submarket that experienced declines across-the-board in transaction, building, and dollar volume. The trailing 6-month averages year-over-year indicate respective drops of 40%, 38%, and 54% in transaction, building, and dollar volume. In total, 5 transactions occurred during September involving 10 buildings for a gross consideration of \$52.17 million. The largest transaction of the month was the sale of 3440 Broadway, a mixed-use elevator building in the Hamilton Heights section of Northern Manhattan, for \$18.45 million.

The Bronx posted 9 transactions that involved 22 buildings for a total consideration of \$121.78 million. The trailing 6-month averages year-over-year show an increase of 14% in transaction volume, while dollar volume declined by 19%. The largest transaction of the month was Prana Investments' purchase of a portfolio of eight multifamily buildings from the Morgan Group for \$64.63 million, which equates to \$196.45 on a price per square foot basis.

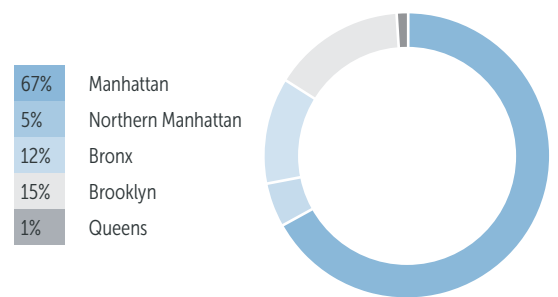
Brooklyn, meanwhile, posted positive activity across-the-board. In total, 33 buildings traded across 7 transaction that comprised \$155.78 million in gross consideration. Year-over-year, the trailing 6-month averages indicate respective increases of 12%, 7%, and 124% in transaction, building, and dollar volume. Delshah Capital's acquisition of a large multifamily portfolio from Silvershore Properties was the largest transaction. With consideration to the Brooklyn component of this deal, 26 buildings traded for a total of \$88.40 million or \$442.00 per square foot.

Queens, being the least transactional submarket, posted an increase of 30% in dollar volume and slight declines in transaction and building volume based on the year-over-year trailing 6-month averages. The 2 transactions recorded during September totaled \$5.75 million in gross consideration and each involved one walk-up building.

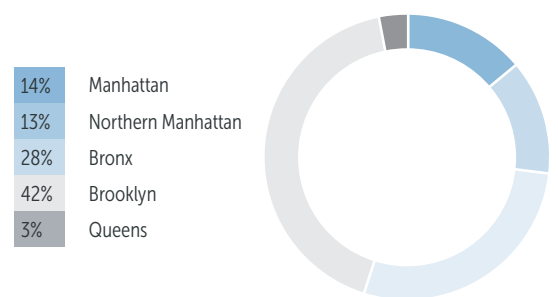
SEPTEMBER 2018 SNAPSHOT

Dollar Volume	Transaction	Building Volume
\$1.02 billion	33	78
139% increase compared to September 2017	10% increase compared to September 2017	100% increase compared to September 2017

DOLLAR VOLUME COMPARISON BY LOCATION CHART



BUILDING VOLUME COMPARISON BY LOCATION CHART



NEW YORK CITY

METRICS	SEPTEMBER 2018	% CHANGE VS. AUG 2018	AUGUST 2018	% CHANGE VS. SEP 2017	SEPTEMBER 2017
Transaction Vol	33	-13%	38	10%	30
Building Vol	78	42%	55	100%	39
Dollar Vol	\$1,018,904,000	56%	\$652,193,440	139%	\$425,980,262
Total Units	2,275	16%	1,968	98%	1,147

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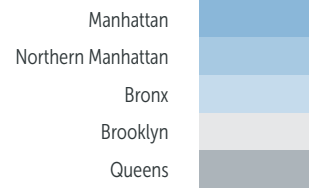
Manhattan	
Northern Manhattan	
Bronx	
Brooklyn	
Queens	

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

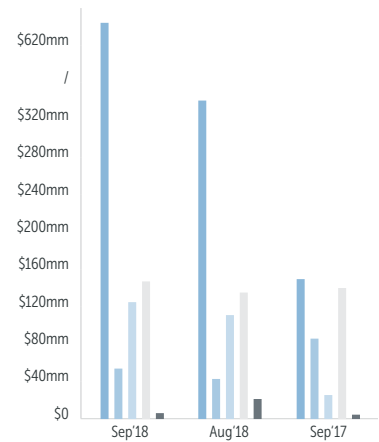
MULTIFAMILY MARKET PERFORMANCE BY SUB-MARKET

METRICS		SEPTEMBER 2018	% CHANGE VS. AUGUST 2018	AUGUST 2018	% CHANGE VS. SEPTEMBER 2017	SEPTEMBER 2017
MANHATTAN	Transaction Vol	10	0%	10	43%	7
	Building Vol	11	-31%	16	38%	8
	Dollar Vol	\$683,439,000	102%	\$338,725,000	335%	\$157,200,000
	Total Units	841	22%	688	239%	248
N. MANHATTAN	Transaction Vol	5	25%	4	-17%	6
	Building Vol	10	150%	4	11%	9
	Dollar Vol	\$52,165,000	24%	\$42,000,000	-38%	\$84,350,000
	Total Units	213	129%	93	-31%	309
BRONX	Transaction Vol	9	-18%	11	200%	3
	Building Vol	22	10%	20	633%	3
	Dollar Vol	\$121,775,000	5%	\$116,443,440	232%	\$36,656,162
	Total Units	715	14%	626	269%	194
BROOKLYN	Transaction Vol	7	-36%	11	-46%	13
	Building Vol	33	154%	13	83%	18
	Dollar Vol	\$155,775,000	19%	\$131,225,000	9%	\$142,924,100
	Total Units	476	14%	416	25%	380
QUEENS	Transaction Vol	2	0%	2	100%	1
	Building Vol	2	0%	2	100%	1
	Dollar Vol	\$5,750,000	-76%	\$23,800,000	19%	\$4,850,000
	Total Units	30	-79%	145	88%	16

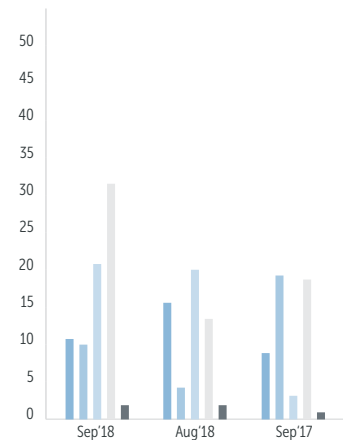
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DOLLAR VOLUME COMPARISON GRAPH

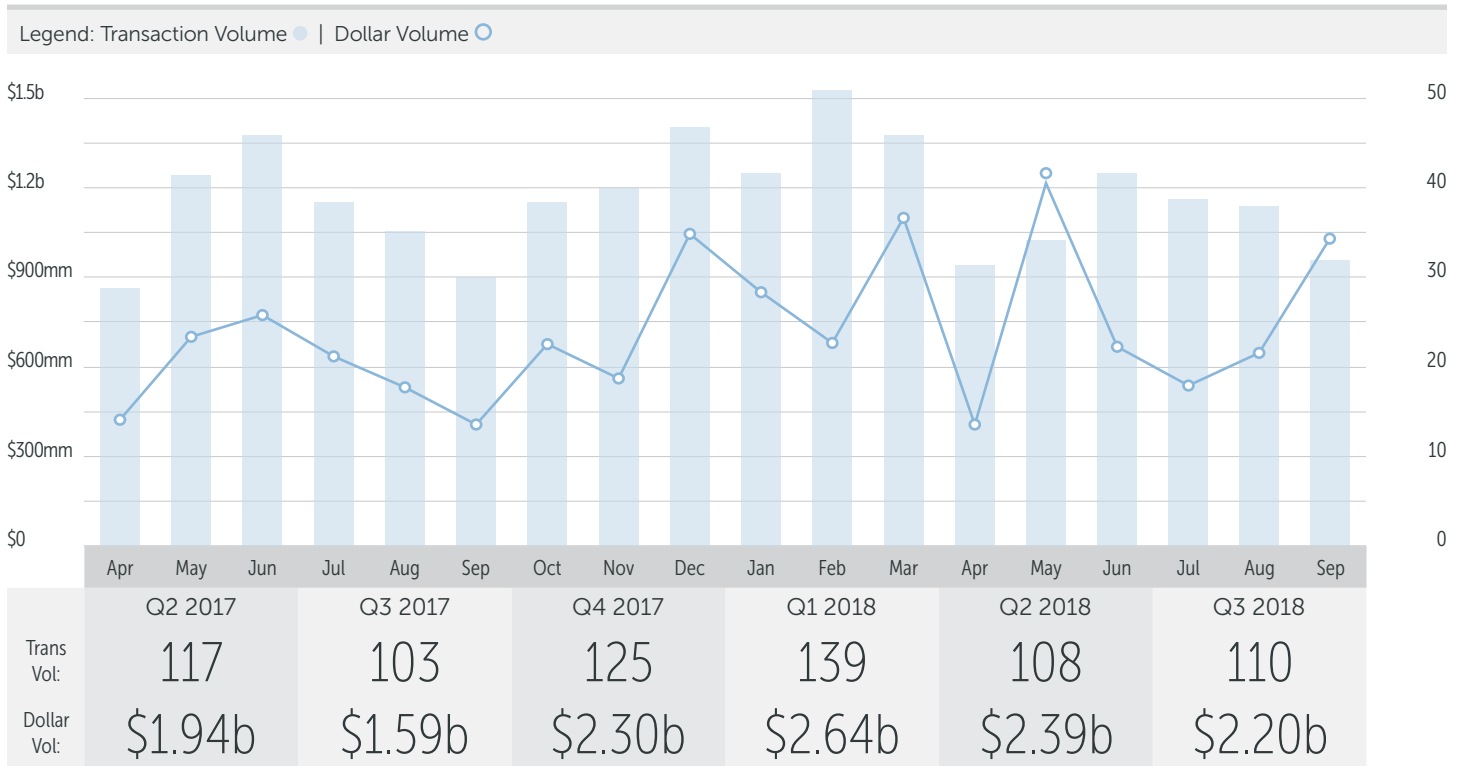


BUILDING VOLUME COMPARISON GRAPH

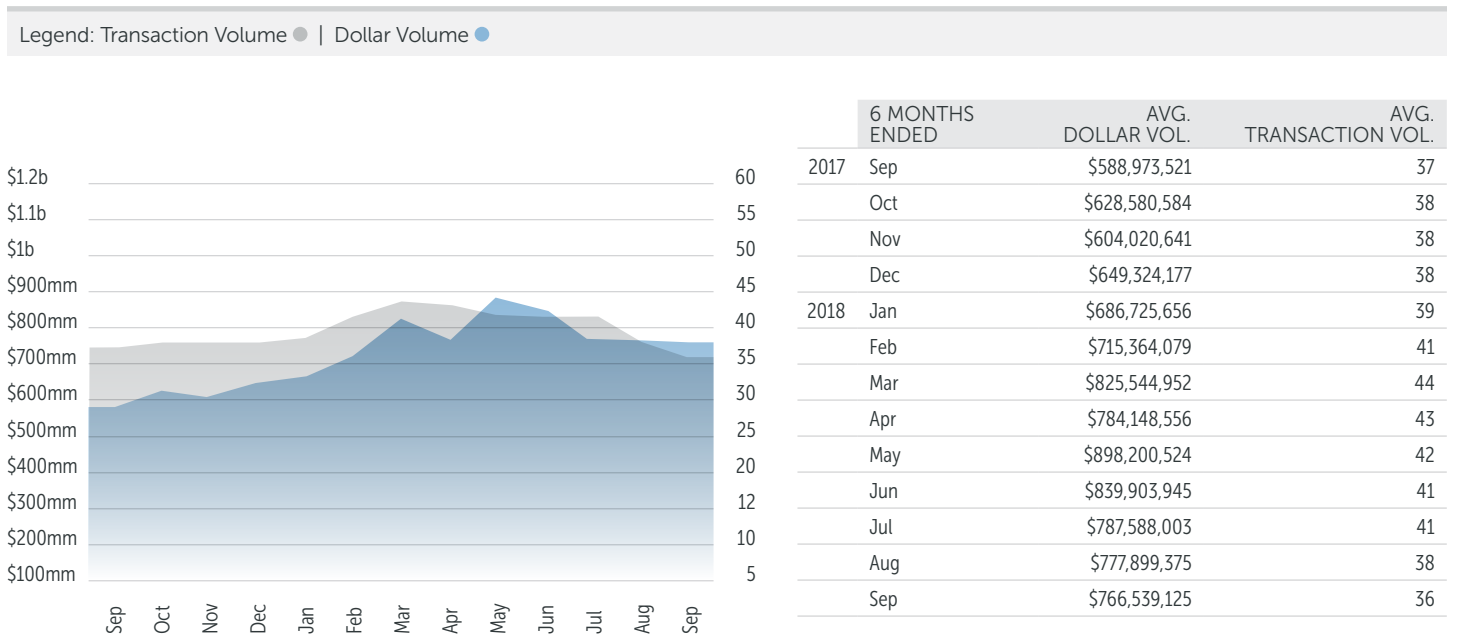


TRANSACTION & DOLLAR VOLUME BY QUARTER | TRAILING 6-MONTH MOVING AVERAGE

MULTIFAMILY TRANSACTION TIMELINE



THE TRAILING 6-MONTH MOVING AVERAGE



PRICING INDICATORS & DISTRIBUTIONS

TRANSACTION SUMMARY

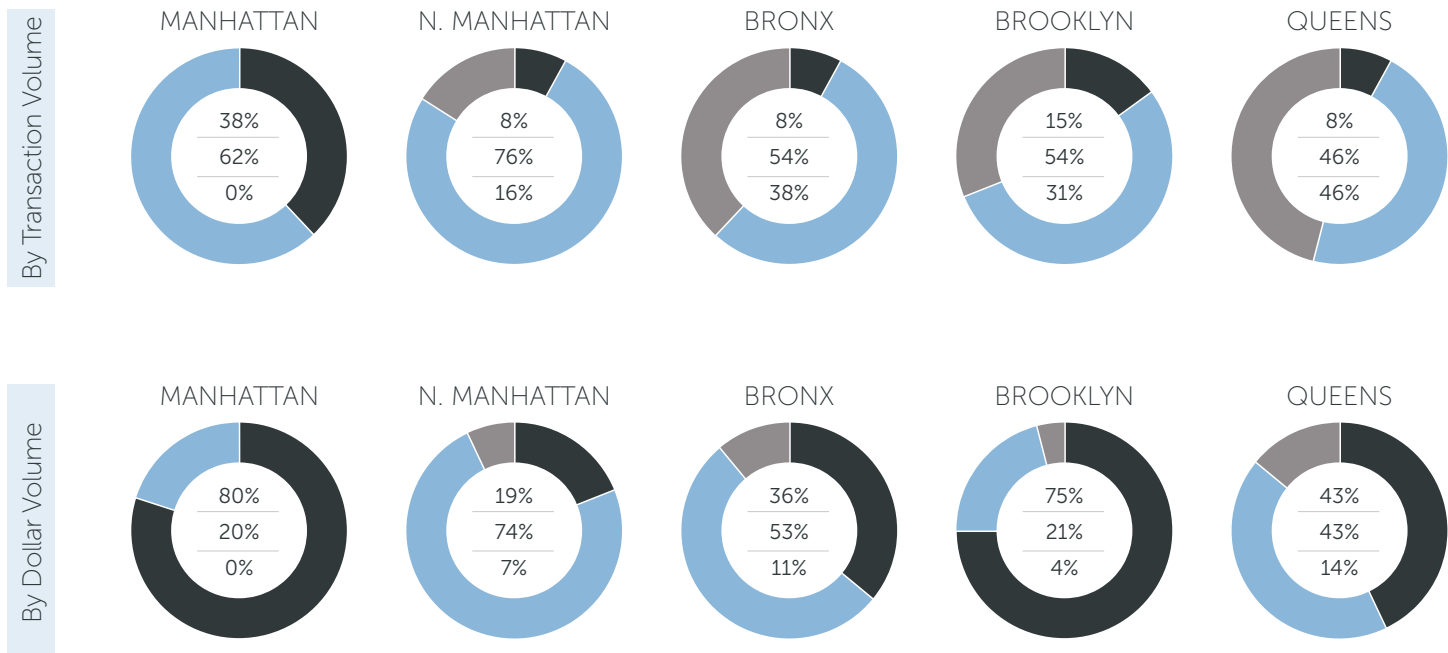
APR 2018 - SEP 2018 TRAILING NUMBERS							APR 2017 - SEP 2017 TRAILING NUMBERS					
Location / Criteria	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction	Total Transactions	Total Buildings Traded	Total Dollar Value Traded	Median Price	Total Units Traded	Median Units / Transaction
Manhattan	50	72	\$1,641,146,327	\$14,062,500	2,312	20	56	73	\$1,151,661,194	\$12,950,000	1,930	23
N. Manhattan	25	35	\$279,200,000	\$7,425,000	860	25	42	56	\$602,794,984	\$12,075,000	1,888	39
Bronx	48	86	\$453,091,440	\$6,301,000	2,451	31	42	84	\$560,203,681	\$6,021,250	3,675	43
Brooklyn	67	145	\$1,879,086,984	\$8,025,000	9,000	27	60	136	\$840,018,766	\$5,999,550	2,701	21
Queens	28	37	\$346,710,000	\$5,605,000	1,452	20	20	80	\$379,162,500	\$10,787,500	1,479	32
Summary	218	375	\$4,599,234,751	\$8,300,000	16,075	25	220	429	\$3,533,841,125	\$10,775,000	11,673	30

PRICING INDICATORS

APR 2018 - SEP 2018 TRAILING NUMBERS					APR 2017 - SEP 2017 TRAILING NUMBERS			
Location	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM	Avg. \$/Unit	Avg. \$/SF	Avg. Cap Rate	Avg. GRM
Manhattan	\$778,465	\$925	3.71%	18.85	\$676,710	\$938	3.53%	19.86
N. Manhattan	\$338,487	\$382	4.02%	16.14	\$332,973	\$393	4.01%	15.59
Bronx	\$187,990	\$219	4.99%	11.83	\$178,181	\$200	4.96%	12.00
Brooklyn	\$303,807	\$367	4.63%	15.40	\$308,692	\$395	4.25%	15.41
Queens	\$290,210	\$350	4.44%	14.88	\$292,227	\$380	4.05%	15.89

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. November 15, 2018 7:50 PM

