

# MANHATTAN 2020 MID-YEAR SALES REPORT

by Ariel Property Advisors | Released July 2020



Investment Sales  
Capital Services  
Investment Research

arielpa.nyc  
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# 2020 MID-YEAR OVERVIEW

**\$5.63B**  
Dollar Volume



**107**  
Transaction Volume



**130**  
Property Volume



Dear Friends,

The first half of 2020 will forever be notable for the COVID-19 pandemic and its global effects that were felt on personal and professional levels. As a direct result, the Manhattan multifamily market has been experiencing steady declines. Before the pandemic, investors were still grappling with last June's historic changes to the market primarily due to new rent legislation that, among other things, imposed restrictions on landlords' abilities to increase rents for rent stabilized units. Now investors, landlords and developers are working to predict how the market will proceed over the next 12 months.

For 1H2020, Manhattan saw a total of 107 transactions (-41% from 1H2019) consisting of 130 properties (-38%) totaling approximately \$5.63 billion in gross consideration (-51%). Geographically, Midtown East was the most transactional area with 26% of all activity (28 transactions), and saw 62% of the borough's total dollar volume (\$3.47 billion) where investors focused primarily on larger office products. Downtown West was not far behind, as the area saw 25% of all transactions (27), amounting to \$956 million in gross consideration, or 17% of total dollar volume.

For the multifamily asset class rather than examine a year-over-year analysis, it is more beneficial to look back to 2H2019 -- when the new rent regulations were imposed. While 54 transactions for 62 properties exhibit a decline from 2H2019 (-21% and -25%, respectively), there was actually a 12% increase in spending (\$1.19 billion), demonstrating that investors were beginning to adjust objectives to the new rent regulations. As part of these adjustments, the average cap rate rose to 5.04% while the average price per square foot declined to \$750. Notable transactions include Global Holdings Management Group's, \$380.6 million acquisition of 10 East 29th Street, a 50-story building with 392 market-rate units (\$934 per square foot), and the \$66.2 million purchase of 340 East 51st Street, a 114-unit building, by a partnership including Stonehenge NYC and Alex Rodriguez (\$747 per square foot).

The office asset class continues to bolster the market as it accounted for 59% of Manhattan's dollar volume (\$3.34 billion), despite a 51% decrease in total dollars spent on the relatively same number of transactions (24) and properties (26) compared to 1H2019. Most notably, Amazon continued its growth in the market with its purchase of the former Lord & Taylor building at 424 5th Avenue from WeWork HQ for nearly \$1 billion (\$1,482 per square foot).

Looking at development, based on continued softening in the condo market, rising hard costs, and now an uncertain office market due to the Covid-19 pandemic, the development asset class saw a decrease in activity from 1H2019 with only \$433 million spent on 11 transactions involving 24 properties. Still, there are interesting deals

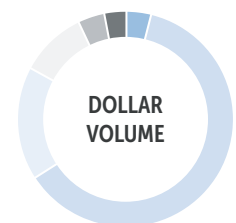
on the horizon, such as HFZ Capital Group's acquisition of 150-154 East 79th Street, a final piece for a possible total 80,000 buildable square foot residential assemblage for \$49.1 million.

Heading into 2H2020, the market outlook for sales volume and pricing is unpredictable, although it can be surmised that activity will continue to decline as the world adjusts to new lifestyles, habits, business objectives and overall practices. While the Federal Reserve has signaled that interest rates will be held near zero possibly until 2022, the 2020 presidential election will bring more uncertainty to the marketplace. In addition, the Rent Guidelines Board voted to freeze rents for rent-stabilized apartments for one-year leases, while for two-year leases, the first year will be frozen with a one percent increase on the second. Regardless, investors are pursuing opportunities, albeit with caution, as they seek to acquire quality assets in Manhattan - a market that has shown resilience and growth over the course of history.

We look forward to our continued efforts in providing the Manhattan community with the most informative and insightful market knowledge available. For further information regarding any of the enclosed properties or to discuss real estate trends in general, please feel free to contact us at any time.

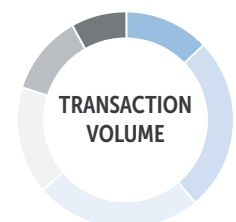
## DOLLAR VOLUME COMPARISON BY SUB-MARKET

4%	Midtown West	\$245,847,431
62%	Midtown East	\$3,469,835,765
17%	Downtown West	\$956,144,518
10%	Downtown East	\$565,918,209
4%	Upper East Side	\$230,849,480
3%	Upper West Side	\$165,934,440
	GRAND TOTAL	\$5,634,529,843



## TRANSACTION VOLUME COMPARISON BY SUB-MARKET

13%	Midtown West	14
26%	Midtown East	28
25%	Downtown West	27
16%	Downtown East	17
12%	Upper East Side	13
8%	Upper West Side	9
	GRAND TOTAL	107



# REAL ESTATE TIMELINE / PRICING METRICS

**\$750**

\$ / SF - Multifamily

**\$571,110**

\$ / Unit - Multifamily

**5.04%**

Cap Rate - Multifamily

**13.34**

GRM - Multifamily

**\$663**

\$ / BSF - Development\*

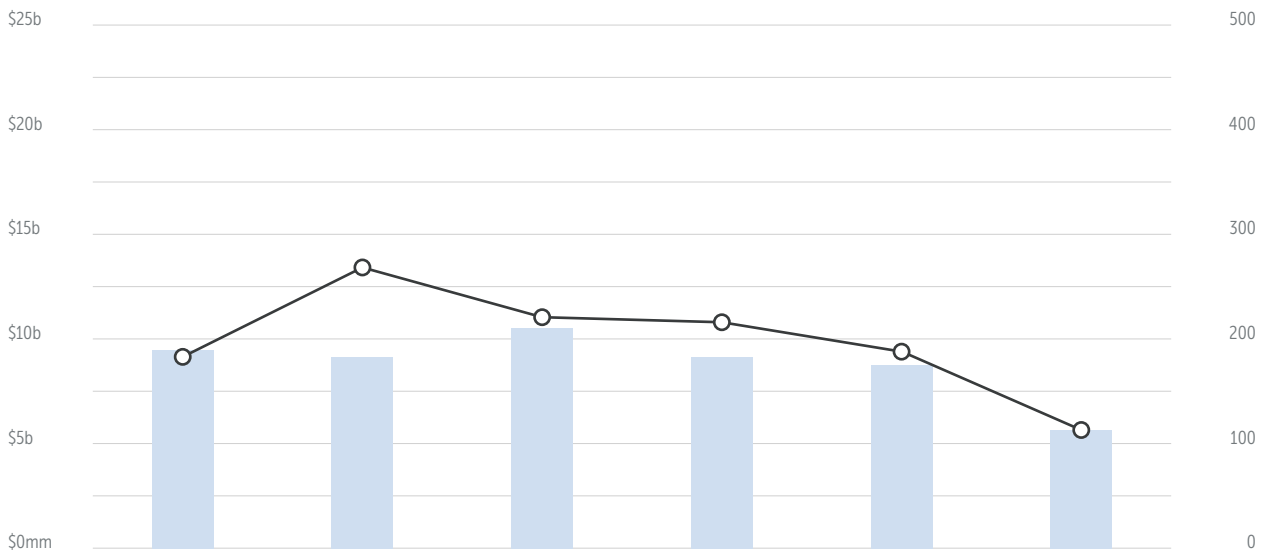
**\$1,876**

\$ / SF - Commercial

2020 Property Value Metrics

## MANHATTAN 2017 - 2020 REAL ESTATE TIMELINE

Transaction Volume ● | Dollar Volume ○



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	2H 2017	1H 2018	2H 2018	1H 2019	2H 2019	1H 2020
Trans Vol:	<b>188</b>	<b>183</b>	<b>203</b>	<b>180</b>	<b>158</b>	<b>107</b>
Dollar Vol:	<b>\$9.29B</b>	<b>\$13.8B</b>	<b>\$11.5B</b>	<b>\$11.4B</b>	<b>\$9.54B</b>	<b>\$5.63B</b>

## PROPERTY VALUE METRIC COMPARISON (2015 - 2020)

INDICATOR	2015	2016	2017	2018	2019	2020
\$/SF - Multifamily**	\$936	\$958	\$945	\$891	\$940	\$750
\$/Unit - Multifamily**	\$725,520	\$675,522	\$669,315	\$693,251	\$758,217	\$571,110
Cap Rate - Multifamily**	3.72%	3.57%	3.61%	3.72%	3.98%	5.04%
GRM - Multifamily**	19.55	20.53	19.49	18.35	16.01	13.34
\$/BSF - Development*	\$610	\$640	\$682	\$691	\$598	\$663
\$/SF - Commercial	\$2,192	\$1,987	\$2,146	\$2,313	\$2,543	\$1,876

\*reflects transactions of vacant land or equivalent development sites  
 \*\*reflects multifamily transactions of 10+ residential units

# OBSERVATIONS BY PRODUCT TYPE

	PROPERTY TYPE	1H 2020	% CHANGE 1H '20 - 2H '19	2H 2019	% CHANGE 1H '20 - 1H '19	1H 2019
DOLLAR VOLUME	Multifamily	\$1,185,420,077	12%	\$1,057,803,126	-45%	\$2,144,354,729
	MF-MU 10+ resi units	\$966,173,834	35%	\$714,746,631	-40%	\$1,613,720,960
	MF-MU 6-9 resi units	\$47,502,312	-62%	\$126,273,200	-85%	\$316,508,769
	MF-MU Small	\$171,743,931	-21%	\$216,783,295	-20%	\$214,125,000
	Commercial	\$367,543,467	-78%	\$1,678,693,756	-78%	\$1,651,089,008
	Ind / WH / Sto*	0	N/A	0	N/A	\$5,500,000
	Development	\$433,290,879	-69%	\$1,399,154,436	-42%	\$746,634,297
	Office	\$3,339,617,817	-34%	\$5,054,501,324	-51%	\$6,781,327,021
	Special Purpose	\$308,657,603	-11%	\$348,043,589	451%	\$56,062,500
	GRAND TOTAL	\$5,634,529,843	-41%	\$9,538,196,231	-51%	\$11,384,967,555

TRANSACTION VOLUME	Multifamily	54	-21%	68	-48%	104
	MF-MU 10+ resi units	26	-16%	31	-54%	56
	MF-MU 6-9 resi units	7	-61%	18	-73%	26
	MF-MU Small	21	11%	19	-5%	22
	Commercial	12	-65%	34	-50%	24
	Ind / WH / Sto*	0	N/A	0	N/A	1
	Development	11	-42%	19	-54%	24
	Office	24	-23%	31	4%	23
	Special Purpose	6	0%	6	50%	4
	GRAND TOTAL	107	-32%	158	-41%	180

PROPERTY VOLUME	Multifamily	62	-25%	83	-47%	118
	MF-MU 10+ resi units	33	-13%	38	-53%	70
	MF-MU 6-9 resi units	7	-61%	18	-73%	26
	MF-MU Small	22	-19%	27	0%	22
	Commercial	12	-74%	47	-57%	28
	Ind / WH / Sto*	0	N/A	0	N/A	1
	Development	24	-43%	42	-29%	34
	Office	26	-30%	37	4%	25
	Special Purpose	6	-14%	7	50%	4
	GRAND TOTAL	130	-40%	216	-38%	210

\*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

# FEATURED TRANSACTIONS

Midtown  
424-434 5<sup>th</sup> Avenue



Property Type: **Office**  
Sale Amount: **\$978,090,439**  
\$/SF: **\$1,482**  
Sale Date: **3/12/2020**

Midtown  
330 Madison Avenue



Property Type: **Office**  
Sale Amount: **\$900,000,000**  
\$/SF: **\$1,064**  
Sale Date: **2/28/2020**

SoHo  
530 Broadway



Property Type: **Office**  
Sale Amount: **\$382,000,000**  
\$/SF: **\$2,247**  
Sale Date: **3/3/2020**

Midtown  
10 East 29<sup>th</sup> Street



Property Type: **Multifamily**  
Sale Amount: **\$380,600,000**  
\$/SF: **\$934**  
Sale Date: **2/19/2020**

Financial District  
44 Wall Street

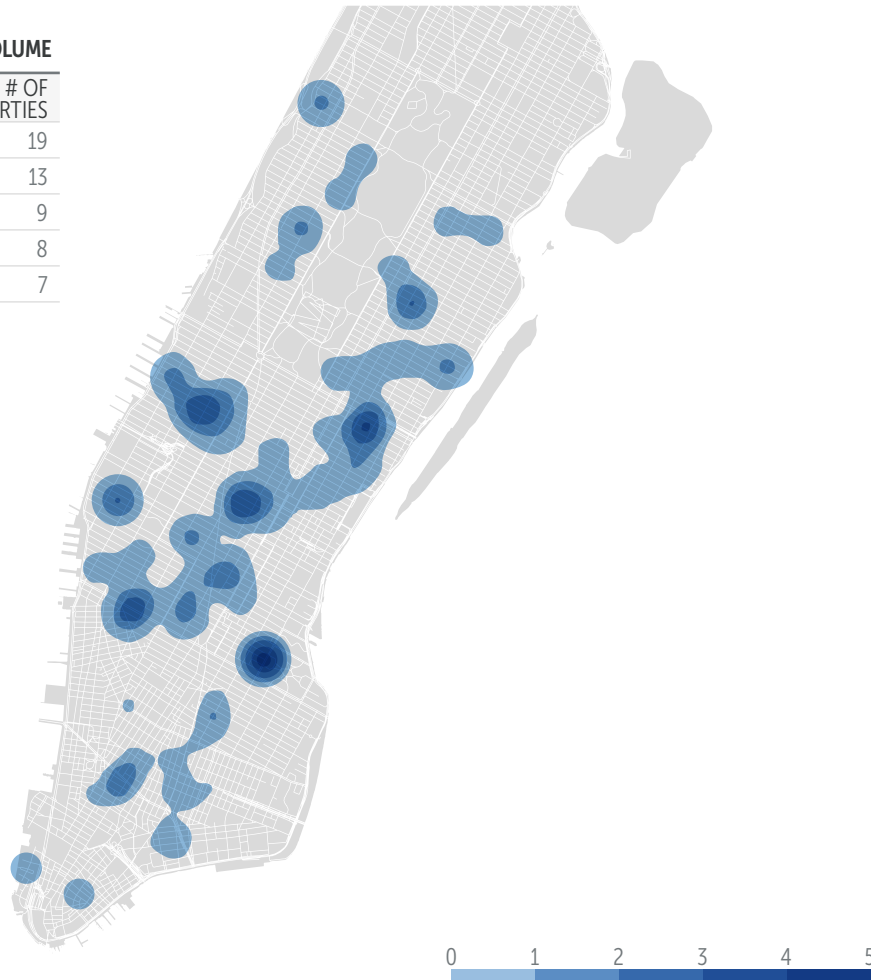


Property Type: **Office**  
Sale Amount: **\$200,000,000**  
\$/SF: **\$565**  
Sale Date: **3/10/2020**

## MANHATTAN HEAT MAP BY NUMBER OF PROPERTIES TRADED

### TOP 5 NEIGHBORHOODS BY PROPERTY VOLUME

NEIGHBORHOOD	# OF PROPERTIES
1. Midtown	19
2. Upper East Side	13
3. Chelsea	9
4. Upper West Side	8
5. East Village	7



# DEVELOPMENT PROJECTS IN PROGRESS

## BOROUGH-WIDE PROJECT UPDATES



**JPMorgan Chase Headquarters**  
270 Park Avenue

Developer: **JP Morgan**  
Status: **In progress**  
Type: **Office**  
Gross SF: **2,439,635**



**500 East 30<sup>th</sup> Street**

Developer: **NYC Health + Hospitals**  
Status: **Planned**  
Type: **Commercial**  
Gross SF: **587,137**



**451 10<sup>th</sup> Avenue**

Developer: **Related**  
Status: **In Progress**  
Type: **Mixed Use**  
Gross SF: **511,325**



**60 Norfolk Street**

Developer: **Gotham Organizations**  
Status: **Planned**  
Type: **Mixed Use**  
Gross SF: **376,987**



**312 West 43<sup>rd</sup> Street**

Developer: **Taconic**  
Status: **Planned**  
Type: **Residential**  
Gross SF: **373,133**



**185 Broadway**

Developer: **SI Green**  
Status: **In Progress**  
Type: **Mixed Use**  
Gross SF: **259,269**

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### MANHATTAN 2020 DEVELOPMENT\* ACTIVITY BY SUB-MARKET

LOCATION	TOTAL DOLLAR VALUE TRADED	TOTAL TRANSACTIONS	TOTAL PROPERTIES TRADED	TOTAL BSF
Downtown East	\$40,000,000	1	2	64,764.00
Downtown West	\$17,241,666	2	2	42,367.94
Midtown East	\$243,827,314	3	8	252,405.00
Midtown West	\$66,206,698	4	8	311,409.00
Upper East Side	\$49,165,000	1	3	35,360.00
<b>GRAND TOTAL</b>	<b>\$416,440,678</b>	<b>11</b>	<b>23</b>	<b>706,305.94</b>

\*Includes vacant land & conversion properties only and doesn't include projection data

INVESTMENT SALES,  
CAPITAL SERVICES &  
INVESTMENT RESEARCH



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MARKET  
REPORTS



COMPLIMENTARY  
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EVALUATIONS



QUALITY  
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## ABOUT US

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.

# FEATURED MARKET ACTIVITY

## BY ARIEL PROPERTY ADVISORS



**111 WASHINGTON STREET**  
New York, NY 10006

Location: **Financial District**  
Property Type: **Development**

**FOR SALE: PLEASE INQUIRE**



**14 EAST 69<sup>TH</sup> STREET**  
New York, NY 10021

Location: **Upper East Side**  
Property Type: **Townhouse**

**FOR SALE: PLEASE INQUIRE**



**105 WASHINGTON STREET**  
New York, NY 10006

Location: **Financial District**  
Property Type: **Development**

**FOR SALE: \$17,000,000**



**16 ST. MARKS PLACE**  
New York, NY 10003

Location: **East Village**  
Property Type: **Multifamily, Retail**

**SOLD: \$8,475,000**



**211 HENRY STREET**  
New York, NY 10002

Location: **Lower East Side**  
Property Type: **Multifamily**

**FOR SALE: \$7,995,000**



**4-6 ALLEN STREET**  
New York, NY 10002

Location: **Chinatown**  
Property Type: **Commercial Building**

**FOR SALE: \$5,980,000**



**218 WEST 108<sup>TH</sup> STREET**  
New York, NY 10025

Location: **Upper West Side**  
Property Type: **Development**

**IN CONTRACT: PLEASE INQUIRE**



**MANHATTAN CB4 INCLUSIONARY AIR RIGHTS**  
New York, NY 10019

Location: **Hells Kitchen**  
Property Type: **Air Rights**

**FOR SALE: PLEASE INQUIRE**





**140 LEXINGTON AVENUE**

New York, NY 10016

Location: **Midtown**  
Property Type: **Development**

**FOR SALE: \$10,000,000**



**354 WEST 56<sup>TH</sup> STREET**

New York, NY 10019

Location: **Hells Kitchen**  
Property Type: **SRO**

**FOR SALE: PLEASE INQUIRE**



**127 7<sup>TH</sup> AVENUE - RETAIL CONDO**

New York, NY 10011

Location: **Chelsea**  
Property Type: **Commercial Condo**

**FOR SALE: PLEASE INQUIRE**



**MANHATTAN CBS  
INCLUSIONARY AIR RIGHTS**

New York, NY 10016

Location: **Midtown**  
Property Type: **Air Rights**

**FOR SALE: PLEASE INQUIRE**

For a full list of properties for sale please visit us at [arielpa.nyc](http://arielpa.nyc)

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## OUR METHODOLOGY

### Data collection:

- Property transfers are collected through ACRIS and Property Shark each week, vetted by the research team, and cross-checked with news articles.
- Information obtained from third-party sites such as Costar and LoopNet, along with news articles from sites such as The Real Deal.
- Information from appraisers and brokers on sales not yet publicized.

### Criteria:

- Minimum sales price of \$1mm
- Does not include city transactions, internal sales, notes & ground leases

### Projections:

- Sales are averaged on a per-day basis throughout the year and projected as such
- The assumed ACRIS transfer lag time is 30 days -if final data collection is July 1, we are projecting the sales that will eventually surface from 16-30.

### Location Definitions:

- Manhattan - South of East 96<sup>th</sup> Street and 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
- The Bronx - Bronx Borough
- Brooklyn - Brooklyn Borough
- Queens - Queens Borough



## 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.

## CAPITAL SERVICES DIVISION

A Diligent Approach for Procuring Your Ideal Commercial Real Estate Lender

Our Capital Services Division provides clients with a broad spectrum of funding sources through our established relationships with over 70 lending entities coupled with our powerful research & investment sales platforms. Our dynamic professionals are immersed in the market, versed in the competition and service each client with a personalized unique offering memorandum and ongoing financial guidance.

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