

# MULTIFAMILY QUARTER IN REVIEW: NEW YORK CITY | Q2 2020

by Ariel Property Advisors | Released July 2020

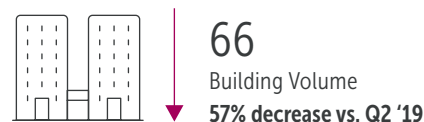
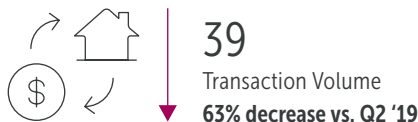
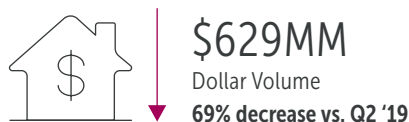


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# MULTIFAMILY QUARTER IN REVIEW:

## NEW YORK CITY | Q2 2020



The negative economic impact of COVID-19 was fully realized by the NYC multifamily market in Q2 2020. This quarter, NYC recorded its lowest transaction volume in the last decade and its lowest dollar volume in the past nine years. One factor that created buyer and lender uncertainty within this asset type was diminished rent collections amongst rent-stabilized units. Simultaneously, free-market units faced higher vacancy rates due to a mass exiting of former NYC residents. Finally, the NYC on Pause order restricted real estate services causing sales activity to reach a stalemate.

The multifamily market in Q2 2020 grossed \$629 million across 39 transactions that consisted of 66 buildings. This translates to a 58% and 41% decrease in dollar volume and transaction volume comparative to Q1 2020. One outlier sale that attributed to the large disparity in dollar volume quarter-over-quarter was 218 Cumberland Avenue. This property transacted for \$380.6 million in Q1 2020. Once removing this outlier from the data set, the actual dollar volume decreased by 43%. Next, when comparing year-over-year metrics, dollar volume decreased by 69% and transaction volume decreased by 63%.

Manhattan grossed \$241 million in Q2, which accounted for 38% of NYC's total dollar volume. Additionally, with a total of 13 transactions, the borough ranked second highest in dollar volume and transaction volume. One notable sale this quarter was 23 St. Marks Place in the East Village. UBS Realty Investors purchased the 37,038 square foot building from Cape Advisors for \$34 million, which equates to \$917 per square foot or \$739,130 per unit. The current average price per square foot in Manhattan for 1H 2020 is \$750, \$221 less from last year's average. However, the luxury 41-unit building was able to transact at a premium price during the midst of the pandemic due to its recent high-end renovations. Furthermore, 23 St. Marks Place holds historical significance as it used to serve as Andy Warhol's Electric Circus Nightclub in the 1960s, adding to the property's unique characteristics.

Northern Manhattan only recorded 3 transactions this quarter and grossed \$24.7 million. This marks a 78% decrease in sales dollar volume and 5 fewer transactions compared to Q1 2020. Every sale in Northern Manhattan was under \$15 million year-to-date, except for the Irgang Group Portfolio transaction that sold for \$74 million in Q1 2020. This outlier transaction attributes to the large gap in recorded dollar volume quarter-over-quarter. Once removing the outlier sale of the Irgang Group Portfolio, dollar volume actually decreased by 49% this quarter. The largest sale in Northern Manhattan this quarter was the Central Harlem LIHTC portfolio which Prana Associates purchased from Goldmont Realty Corporation. The 6 building portfolio holds

107 units and spans 103,185 square feet. Prana Associates paid \$13,750,000 for the portfolio which is equivalent to \$133 square feet or \$128,505 per unit.

Brooklyn recorded the highest dollar and transaction volume amongst all other boroughs achieving \$315 million in gross consideration across 16 transactions. Additionally, Brooklyn accounted for half of the total dollar volume generated this quarter. The transaction with the highest building volume in the borough was the Coltown BK Portfolio which consisted of 8 buildings located in Flatbush. Camber Property Group and Belveron Partners purchased the portfolio for \$81.98 million with plans to convert the units to affordable housing. The portfolio ranked as the second-largest sale this quarter and spans 411,892 square feet consisting of 383 units. The sales metrics translate to \$199 per square foot or \$214,047 per unit.

Queens was the least transactional out of all boroughs with only two sales this quarter grossing \$12.4 million. Q2 2020 had six fewer transactions and an 80% decrease in sales dollar volume when compared to Q1 2020. The larger of the two transactions that took place in the borough was 212-45/213-21 Hillside Ave which was a three-building portfolio that is comprised of 28,600 square feet and contains 36 apartments. The portfolio was purchased for \$7 million at \$244 per square foot or \$194,444 per unit.

The Bronx recorded \$34.8 million in gross consideration across 4 transactions. In Q1 2020 the borough was significantly more active with 15 transactions that achieved \$118 million in gross consideration. This represents a 71% decrease in dollar volume from Q1 2020 to Q2 2020. The largest sale in the borough this quarter was 165 E 179th Street. Parkash 2165 LLC purchased the 85-unit elevator building for \$12.48 million which accounts for 42% of The Bronx's total dollar volume. The property, located in Mount Hope, is 93,400 square feet and sold for \$134 per square foot or \$150,361 per unit. Due to the limited transactions in the Bronx, this sale contributes to the downward trend of The Bronx's average price per square foot. In the first half of 2019, the average price per square foot was \$197 and has since fallen to \$166 in 2H 2020.

The NYC multifamily market has recorded historical lows over the past quarter. Looking forward, the future of the NYC multifamily market is uncertain. Concerns of a second COVID-19 wave and the potential of a financial crisis loom over investors' heads. In an effort to stimulate economic growth, the Federal Reserve announced that it will keep interest rates near zero through 2022. Additionally, NYC recently opened phase 3 enabling businesses to open as well as real estate services to begin.

# MULTIFAMILY MARKET PERFORMANCE

## BY SUB-MARKET

	Metrics	Q2 2020	% Change vs. Q1 2020	Q1 2020	% Change vs. Q2 2019	Q2 2019
MANHATTAN	Transaction Vol	13	0%	13	-62%	34
	Building Vol	18	20%	15	-54%	39
	Dollar Vol	\$241,388,238	-67%	\$724,785,596	-73%	\$890,015,000
	Total Units	484	-57%	1,126	-58%	1,153
N. MANHATTAN	Transaction Vol	3	-63%	8	-73%	11
	Building Vol	12	-45%	22	-57%	28
	Dollar Vol	\$24,782,081	-78%	\$112,200,000	-88%	\$198,670,000
	Total Units	177	-57%	411	-72%	637
BRONX	Transaction Vol	5	-67%	15	-78%	23
	Building Vol	7	-61%	18	-79%	33
	Dollar Vol	\$34,834,587	-71%	\$118,283,356	-89%	\$310,002,500
	Total Units	233	-71%	814	-86%	1,695
BROOKLYN	Transaction Vol	16	-27%	22	-38%	26
	Building Vol	25	-31%	36	-29%	35
	Dollar Vol	\$315,157,797	-34%	\$477,299,833	-32%	\$461,219,690
	Total Units	1,118	-3%	1,150	7%	1,043
QUEENS	Transaction Vol	2	-75%	8	-83%	12
	Building Vol	4	-50%	8	-80%	20
	Dollar Vol	\$12,347,223	-75%	\$49,488,500	-93%	\$183,912,250
	Total Units	64	-67%	194	-92%	794
NEW YORK CITY	Transaction Vol	39	-41%	66	-63%	106
	Building Vol	66	-33%	99	-57%	155
	Dollar Vol	\$628,509,926	-58%	\$1,482,057,285	-69%	\$2,043,819,440
	Total Units	2,076	-44%	3,695	-61%	5,322

# TRAILING SIX MONTH ANALYSIS

## INTRODUCTION

### Trailing Six Month Analysis Methodology

Given the commercial real estate industry's cyclical nature and relatively small number of sample properties that trade in any month or quarter, Ariel Property Advisors developed the Trailing Six Month Analysis as a unique research tool for identifying multifamily sales trends in New York City.

The Trailing Six Month Analysis includes charts for the most recent six month period that detail the average price per unit, average price per square foot, average cap rate, average gross rent multiplier, and total transactions and prices for multifamily properties in Manhattan (south of East 96th Street and south of West 110th Street), Northern Manhattan (north of East 96th Street, north of West 110th Street), The Bronx, Brooklyn, and Queens. Sales figures from neighborhoods that had transactions during the six month period also are highlighted.

### Trailing Six Month Performance - Averages

Jan 2020 - Jun 2020 Trailing Numbers

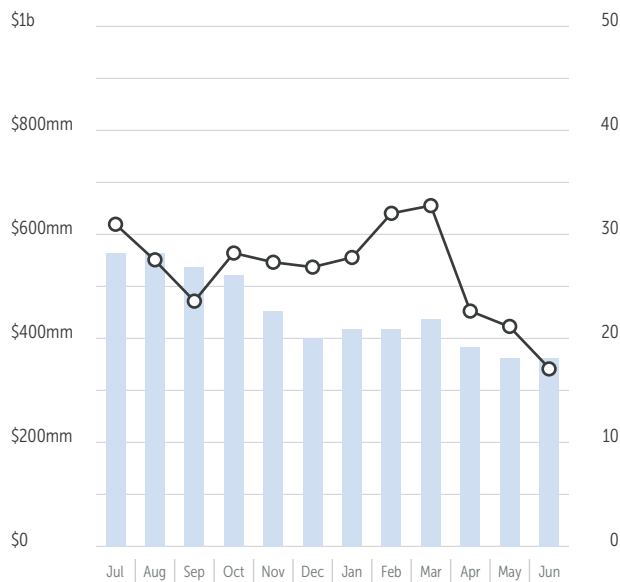
Jan 2019 - Jun 2019 Trailing numbers

Location	\$ / Unit	\$ / SF	Cap Rate	GRM	\$ / Unit	\$ / SF	Cap Rate	GRM
Manhattan	\$571,110	\$750	5.04%	13.34	\$820,329	\$971	3.89%	16.87
N. Manhattan	\$247,001	\$339	4.80%	9.67	\$292,429	\$343	4.60%	13.84
Bronx	\$146,933	\$166	6.51%	9.69	\$178,861	\$197	4.78%	11.62
Brooklyn	\$363,355	\$406	5.17%	11.84	\$394,897	\$442	4.82%	14.52
Queens	\$252,945	\$289	5.58%	12.24	\$283,840	\$337	4.48%	15.11

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### The Trailing 6-Month Moving Average

Transaction Volume ● | Dollar Volume ○



	6 Months Ended	Average Dollar Vol.	Average Transaction Vol.
2020	Jun	\$348,752,668	18
2020	May	\$410,127,413	18
2020	Apr	\$450,997,178	19
2020	Mar	\$651,547,606	22
2020	Feb	\$631,521,076	21
2020	Jan	\$564,060,865	21
2019	Dec	\$550,684,726	20
2019	Nov	\$554,687,621	23
2019	Oct	\$575,308,602	26
2019	Sep	\$486,783,240	27
2019	Aug	\$557,599,746	28
2019	Jul	\$611,761,636	28

# FEATURED Q2 2020 TRANSACTIONS | REAL ESTATE TIMELINE

Flatbush  
Coltoun BK Portfolio



Property Type: **Multifamily**  
Sale Amount: **\$81,980,000**  
\$/SF: **\$199**  
\$/Unit: **\$214,047**  
Sale Date: **4/1/2020**

Upper West Side  
305 & 317 West 99<sup>th</sup> Street



Property Type: **Multifamily**  
Sale Amount: **\$37,000,000**  
\$/SF: **\$386**  
\$/Unit: **\$451,220**  
Sale Date: **5/19/2020**

Central Harlem  
Central Harlem LIHTC  
Portfolio



Property Type: **Multifamily**  
Sale Amount: **\$13,750,000**  
\$/SF: **\$133**  
\$/Unit: **\$128,505**  
Sale Date: **4/14/2020**

Mount Hope  
165 East 179<sup>th</sup> Street



Property Type: **Multifamily**  
Sale Amount: **\$12,480,000**  
\$/SF: **\$134**  
\$/Unit: **\$150,361**  
Sale Date: **5/29/2020**

Queens Village  
212-45/213-21 Hillside  
Avenue

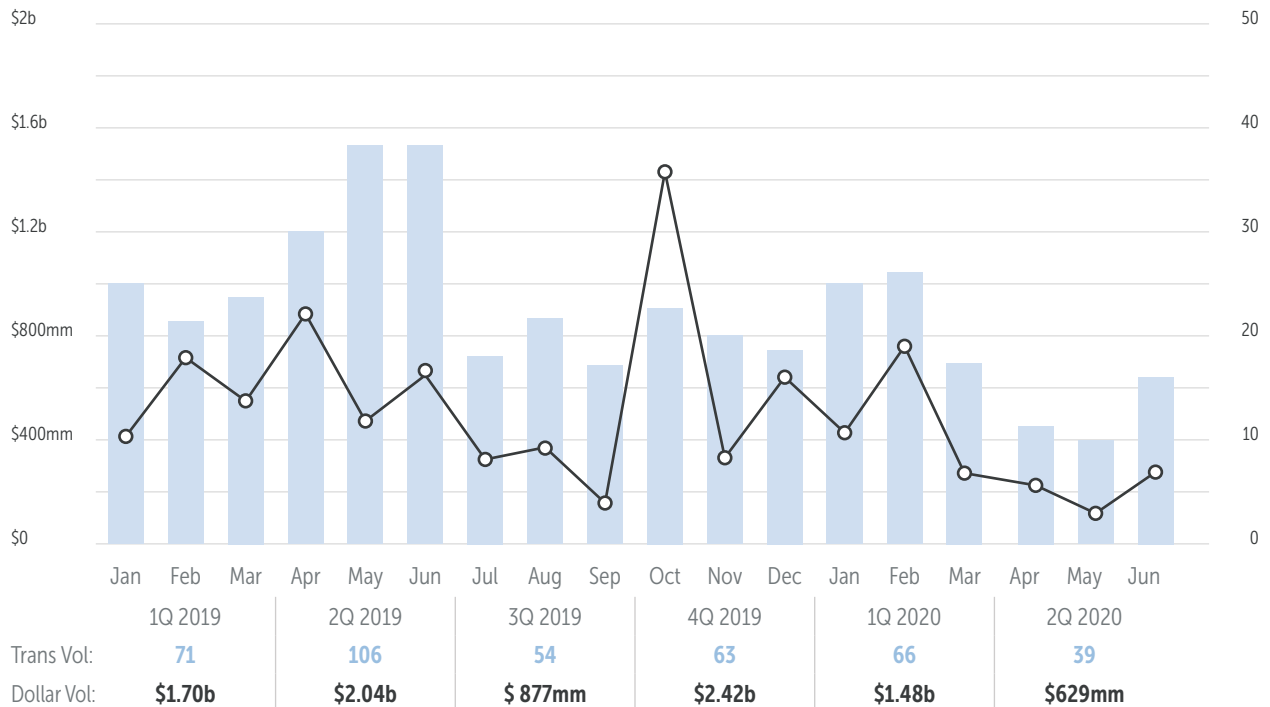


Property Type: **Multifamily**  
Sale Amount: **\$7,000,000**  
\$/SF: **\$245**  
\$/Unit: **\$194,444**  
Sale Date: **6/9/2020**

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## Multifamily Real Estate Timeline

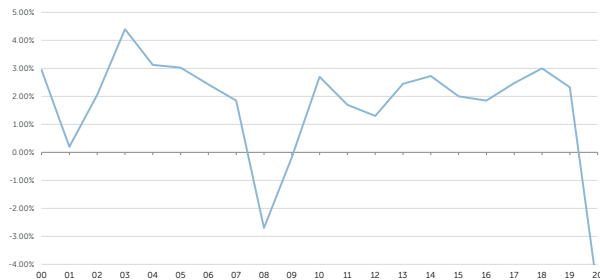
Transaction Volume ● | Dollar Volume ○



# MACRO-ECONOMIC OVERVIEW & MARKET FUNDAMENTALS

## % Change in Real Gross Domestic Product:

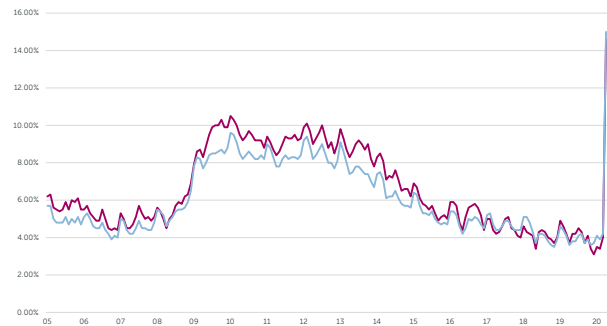
Change in GDP as of 1Q 2019: -5.00%



## Unemployment:

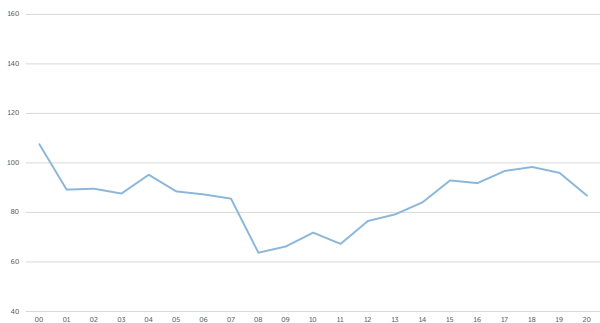
NYS: 15.00% | NYC: 14.6% as of April 2020

Unemployment Rate History | [NYS](#) (Seasonally Adjusted) & [NYC](#) (Not Seasonally Adjusted)



## Consumer Sentiment Index:

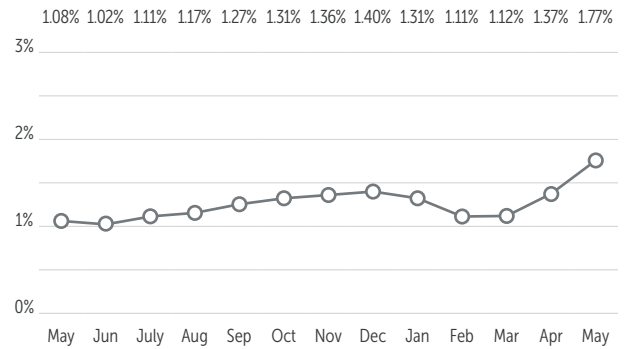
CSI as of May 2020 is 86.8



## Rental Market / Vacancy:

Manhattan Vacancy as of May 2020: 1.77%

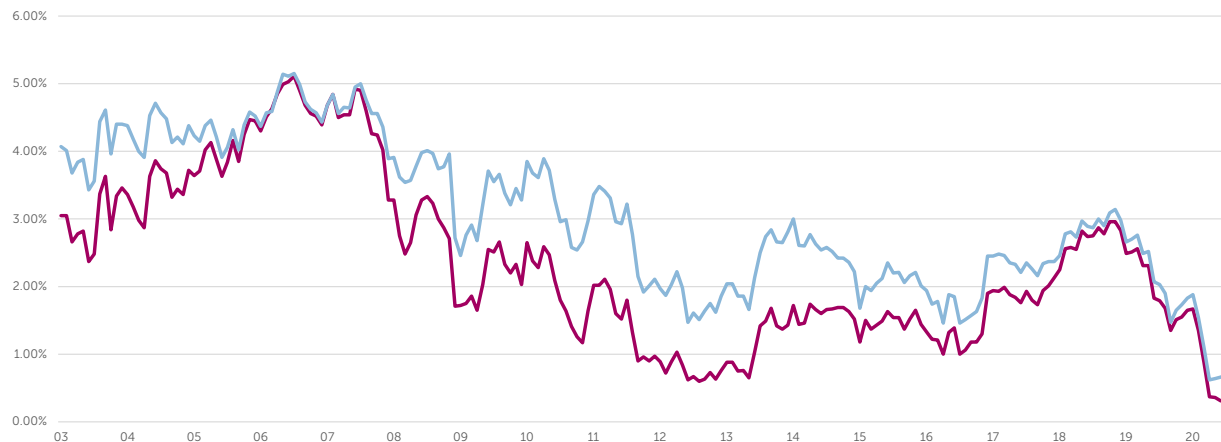
Source Corcoran



## Financing:

10-Year: 0.69% | 5-Year: 0.31% | as of July 2020

Treasury Yield Curve Rates 10-year | 5-year



# GEOGRAPHIC COVERAGE SYSTEM

## BY ARIEL PROPERTY ADVISORS

Ariel's unique company structure, with separate divisions for Investment Sales, Capital Services and Investment Research, ensures outstanding service for our clients. Whether it's implementing a strategic marketing process, compiling a comprehensive Asset Evaluation, securing financing or providing timely market information, every assignment is served by a team of specialized professionals.

### Institutional Team / Partners:

Shimon Shkury  
Victor Sozio  
Michael A. Tortorici  
Ivan Petrovic

### Capital Services:

Paul McCormick  
Eli Weisblum  
Matthew Dzbaneck  
Matthew Swerdlow  
Matthew Lev  
Ahron Sussman

### Sales Associates:

Jack Moran  
Sean O'Brien  
Oliver Elihu  
Drew Chartash

### Broker Coverage:

#### Manhattan:

**Matthew L. Gillis** - Upper East Side  
**Howard Raber, Esq.** - Midtown East

#### Northern Manhattan:

**Mark Anderson** - East Harlem  
**James Nestor** - Washington Heights, Inwood

#### Brooklyn:

**Sean R. Kelly, Esq.** - Downtown Brooklyn  
**David Khukhashvili** - Fort Greene, Clinton Hill

#### Jiani Zhou - Cobble Hill, Carroll Gardens, Boerum Hill

**Stephen Vorvolakos** - Sunset Park, Bay Ridge,  
Greenwood Heights

**Matt Davis** - North Bushwick

**Jonathan Berman** - Crown Heights,  
Bedford-Stuyvesant

**James Meehan** - Bedford-Stuyvesant

**Lawrence Sarn** - Flatbush, East Flatbush, Borough Park

**Dov Chein** - Crown Heights

**John Higgins** - South Brooklyn, Bensonhurst,

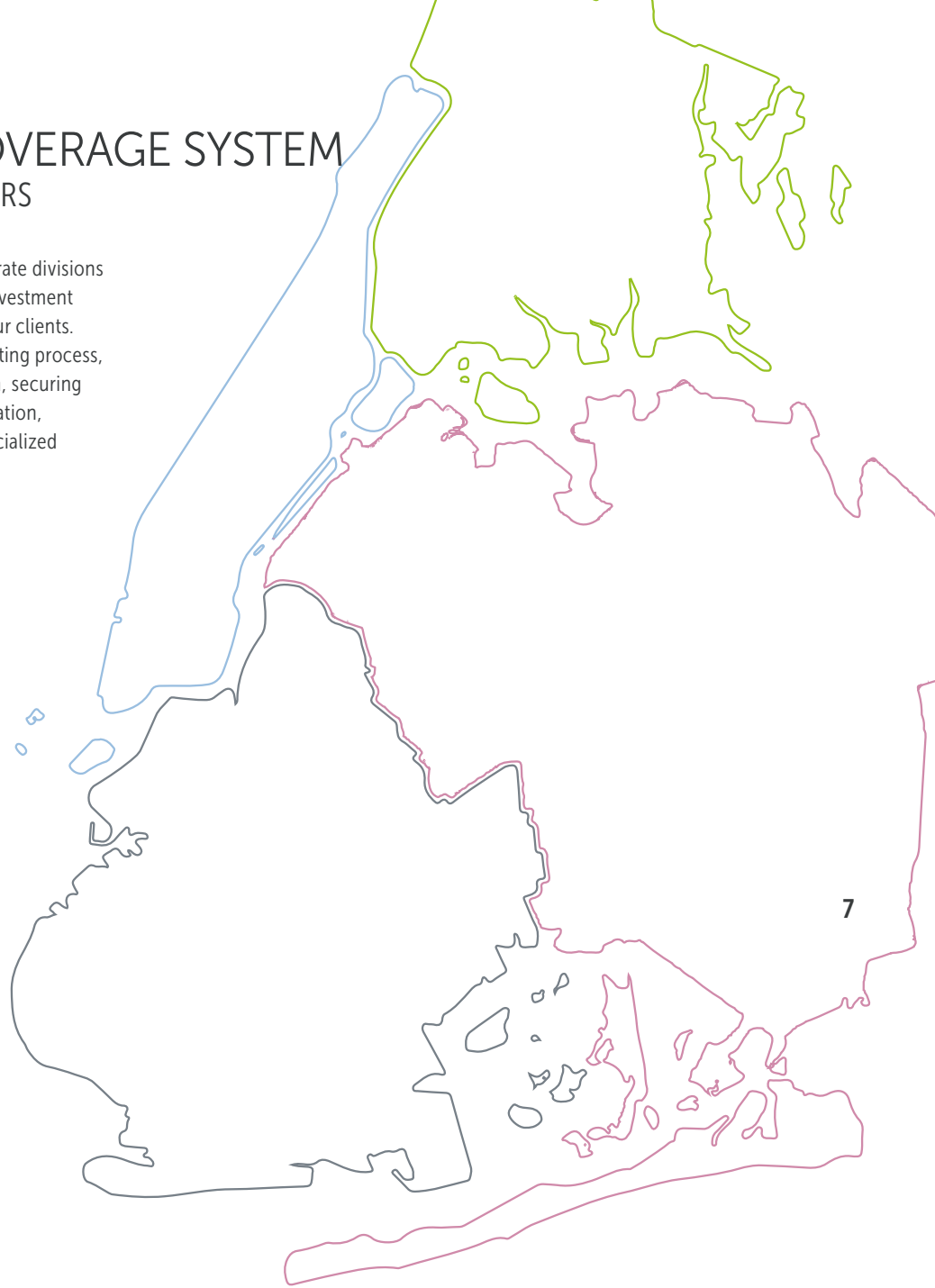
Sheepshead Bay, Bath Beach, North Staten Island

#### Bronx:

**Daniel Mahfar** - Fordham, Belmont  
**Jason M. Gold** - South Bronx, Melrose,  
Mott Haven, Morrisania

#### Queens:

**Alexander Taic** - Long Island City,  
Sunnyside  
**Dorit Pinhas** - Ridgewood



#### METHODOLOGY

The multifamily transactions included in the analysis occurred at a minimum sales price of \$1 million and with a minimum of 10 residential units. Our estimated sales statistics reflect all data available on public records and through other sources we deem reliable.

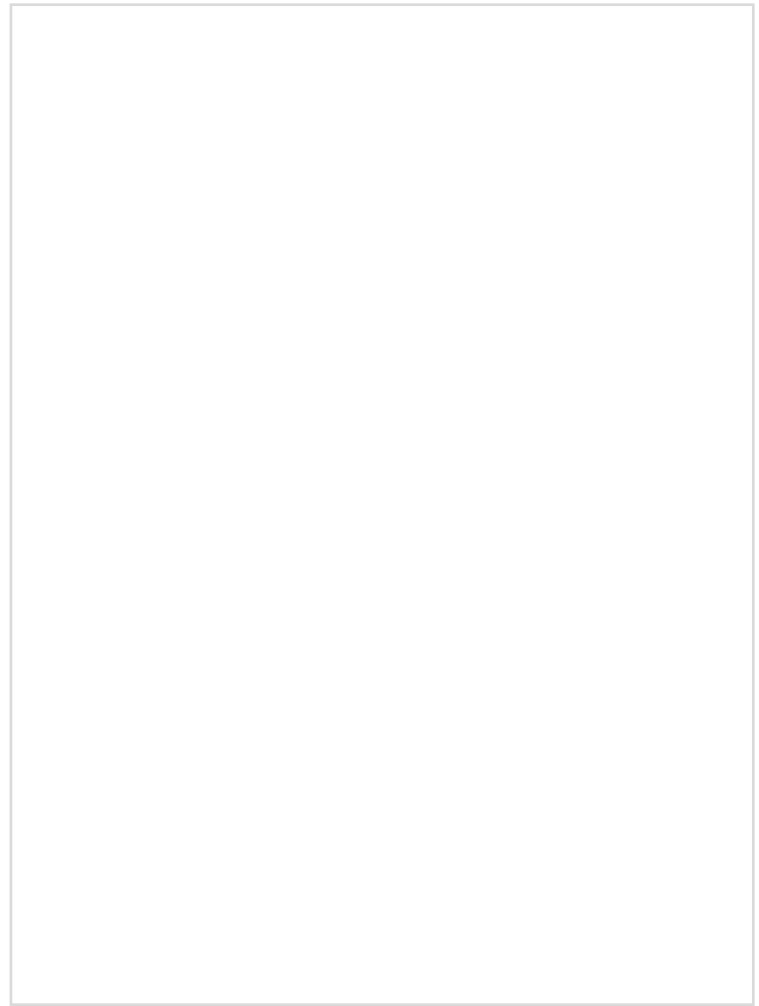
#### TYPES OF TRANSACTIONS CONSIDERED

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 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

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## COMPLIMENTARY 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.



Please call us at 212.544.9500 to request an Asset Evaluation

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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.

For more information, please contact:  
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