



AVISON
YOUNG

2Q19

Property Sales Report

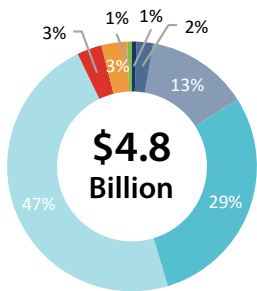
Manhattan
Investment Sales

Investment Sales Summary

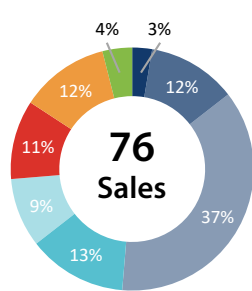
In the second quarter of 2019, dollar volume for all Manhattan sales was \$4.8 billion, which is 10 percent lower than the trailing four quarter average. This consisted of 76 sales, which is 17 percent less than the trailing four quarter average. Though the second quarter had the fewest number of trades of the last four quarters, the dollar volume was higher than the fourth quarter of 2018 and first quarter of 2019. That being said, 46 percent was attributed to the single trade at 30 Hudson Yards for \$2.2 billion. Without it, the quarterly dollar volume would drop to \$2.6 billion, the lowest quarterly average since 2010.

After the sweeping rent regulation law was passed in Albany in June and on the heels of Amazon's departure, the New York City market is at an inflection point. As the market adjusts, it remains to be seen if investors will view this as an opportunity to buy with rates at all time lows. On a positive note, private sector job growth rose in New York City over year-over-year by 2.4 percent, to 4,055,700 jobs in May 2019.

TOTAL 2Q19 DOLLAR VOLUME BY ASSET CLASS



NUMBER OF 2Q19 SALES BY ASSET CLASS



Multi-Family

The 39 multi-family sales for a combined \$763 million in the second quarter of 2019, represented a 13 percent and 26 percent increase, respectively, relative to the first quarter. The first-half annualized total is projected at \$2.9 billion which is a 15 percent reduction in dollar volume from 2018, while the projected 140 trades remained nearly flat from the 136 recorded last year. Expanding the picture to include pricing, cap rates are at 4.21 percent, a 39 basis point increase from the trailing four-quarter average while the \$952 average price per square foot was 17 percent lower. Considering the anticipation and eventual severity of the Housing Stability and Tenant Protection Act of 2019, the pricing correction is not a surprise and the market will likely take some time to settle into a new normal.

Retail

As the multi-year retail correction continues, transaction dollar volume and pricing have taken a significant hit. However, the year-over-year number of transactions have held relatively steady. This quarter, the eight investment-grade transactions totaled \$153 million dollars – which, when combined with a similarly under-performing first quarter, represents the first year since 2013 when total dollar volume dropped below the \$1 billion threshold. The relatively small sample size of trades in the quarter averaged a 5.95 percent cap rate and the average price per square foot of \$2,006 represented a 108 basis point increase and 14 percent decrease, respectively.

Office Building and Office Condo

Office building and office condominium sales represented 77 percent of the dollar volume in the second quarter, however the \$2.2 billion sale-leaseback of the TimeWarner condo at 30 Hudson Yards represented 46 percent of the market alone. Cap rates for office buildings held relatively flat at 4.56 percent while the sales of 875 Washington Street and 450 West 15th Street, each over \$1,800 per rentable square foot, pushed the average price per square foot up by 23 percent to \$1,135. This asset class continues to be one of the most sought after by investors despite a dearth of supply on the market.

Development

The nine development sites that transacted for \$159 million during the second quarter amounted to just over 200,000 buildable square feet at an average of \$767 per buildable square foot. Development trades continued to see a focus on condominium developments and end-user scenarios in Manhattan where the land pricing disqualifies rental product. This number obscures the fact that development site pricing is heavily dependent on hyper-location and zoning with pricing ranging from the just under \$400 to over \$1,200 per buildable square foot.

↓ 10%

*Percent change from trailing four quarter average

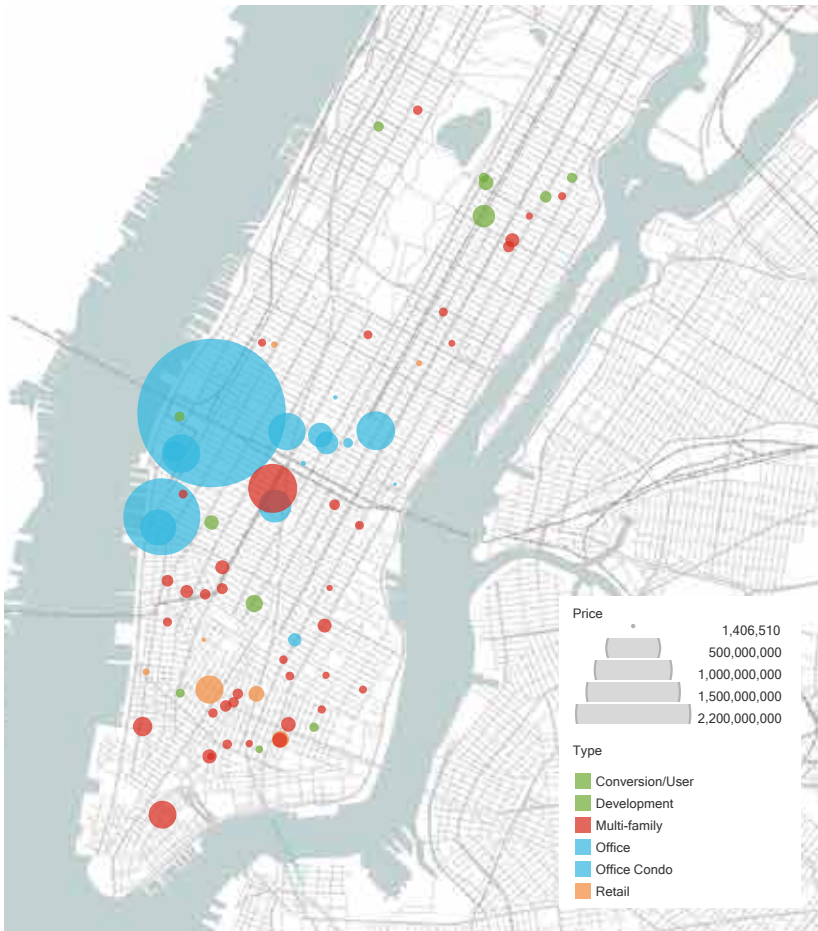
↓ 17%

- Elevator Apartments
- Walk-Up Apartments
- Mixed-Use
- Office Buildings
- Office Condos/Co-ops
- Retail
- Development
- Conversion/User

Trends to Watch

- How seriously will pricing be impacted by the Housing Stability and Tenant Protection Act of 2019
- If Albany does not exempt New York City from the proposed new prevailing wage law, how will that affect current and future development projects in the city?
- Will there be a financial impact of the new Green initiative? If so, what?

Manhattan Market Snapshot



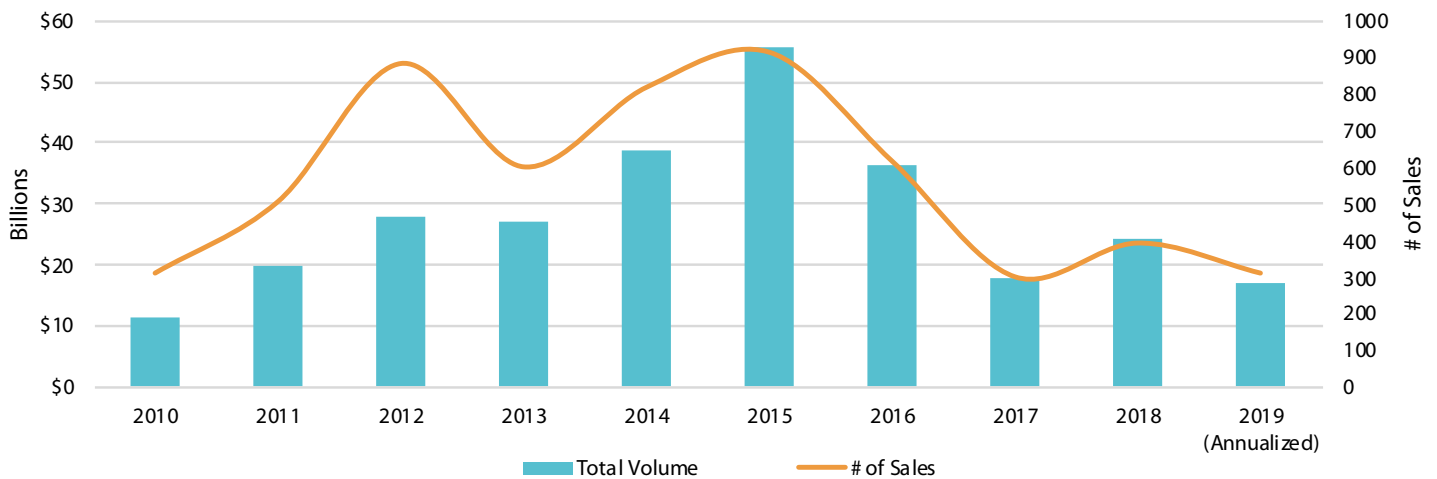
ALL TRANSACTIONS IN MANHATTAN

Year	Total Volume	Number of Sales
2010	\$11,260,000,000	310
2011	\$19,990,000,000	505
2012	\$27,750,000,000	882
2013	\$27,030,000,000	600
2014	\$38,840,000,000	817
2015	\$55,500,000,000	913
2016	\$36,440,000,000	616
2017	\$17,750,000,000	300
2018	\$24,254,854,822	392
2019 (Annualized)	\$17,075,215,914	310
10 Year Average	\$27,589,007,074	564

Methodology

Avison Young's Tri-State Investment Sales group tracks confirmed transactions above \$5 million (\$1 million for retail properties and office condominiums / co-ops) sold in Manhattan south of 96th Street.

Transaction Volume and Number of Sales by Year



Detailed sale information is available on page 10

Multi-Family/Mixed-Use

Market Snapshot



\$763M

Total Dollar Volume

↓ 23%*



39

Number of Sales

↓ 12%*



4.21%

Average Cap Rate

↑ 39bps*



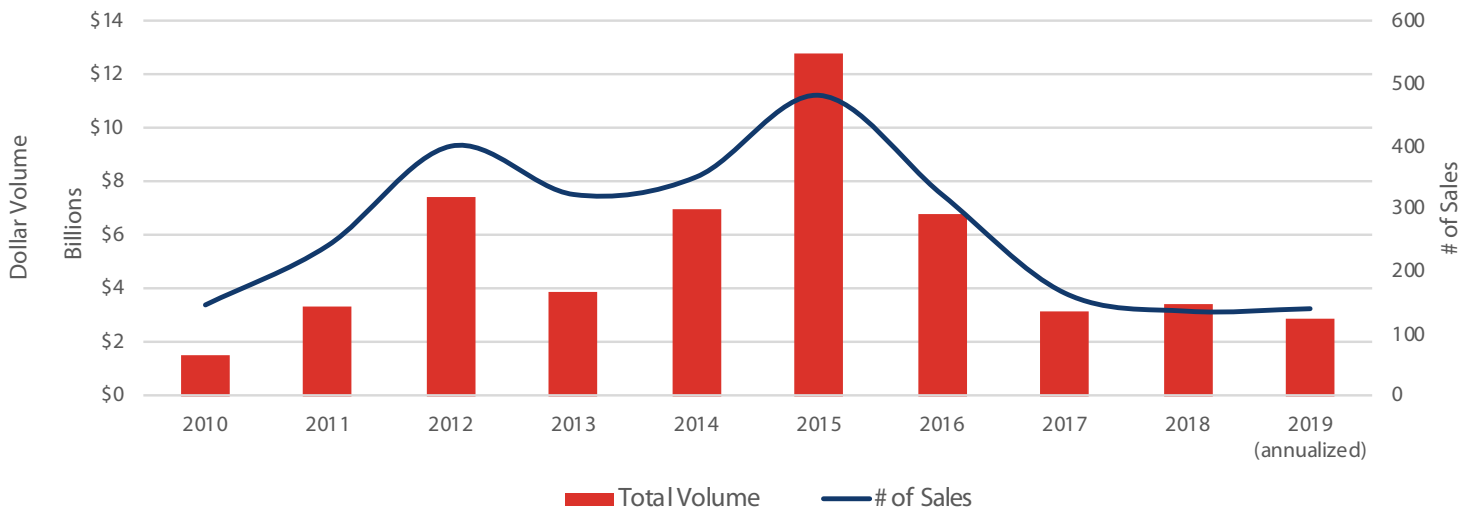
\$952

Average Price PSF

↓ 17%*

*Percent change from trailing four quarter average

Transaction Volume & Number of Sales by Year



Largest Transactions



800 Sixth Avenue
\$240,000,000



106 Fulton Street
\$77,500,000



186 Franklin Street
\$37,400,000



249-251 Broome Street
\$22,500,000



122-124 Ludlow Street
\$21,500,000

Retail

Market Snapshot



\$153M

Total Dollar Volume

↓ 57%*



8

Number of Sales

↓ 32%*



5.95%

Average Cap Rate

↑ 108bps*



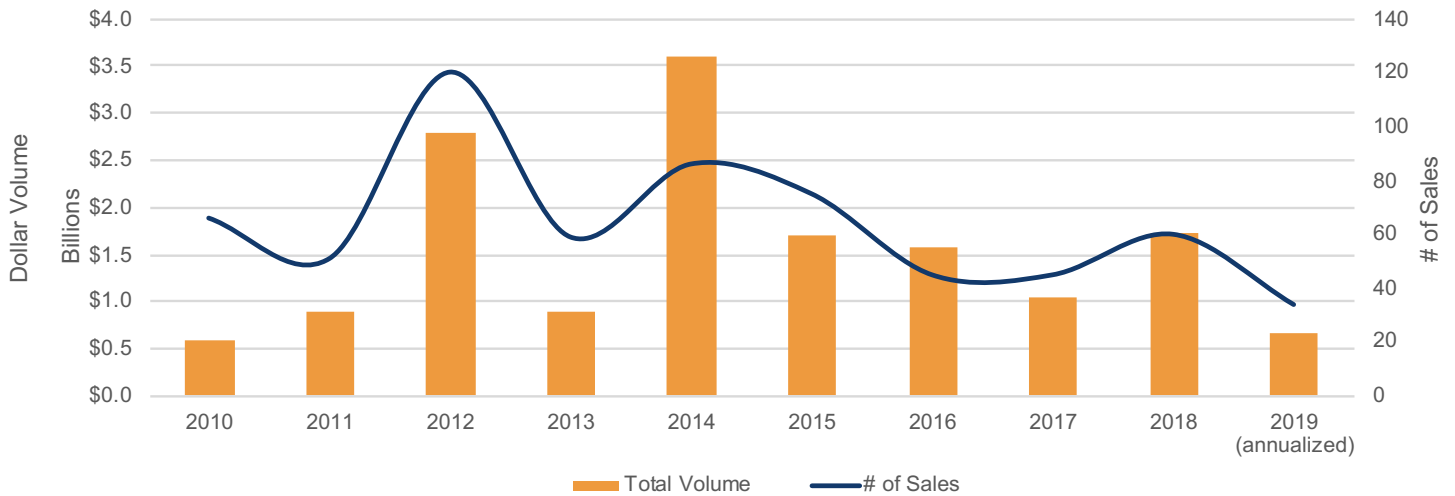
\$2,006

Average Price PSF

↓ 14%*

*Percent change from trailing four quarter average

Transaction Volume & Number of Sales by Year



Largest Transactions



106 Spring Street
\$79,451,010



242 Broome Street
\$28,999,999



250 Bowery
\$25,000,000



490 - 506 Greenwich Street
\$4,750,000



674 Ninth Avenue
\$4,000,000

Office

Market Snapshot



\$1.4B

Total Dollar Volume

↓ 45%¹



10

Number of Sales

↓ 17%¹



4.56%

Average Cap Rate

↑ 7bps¹



\$1,135

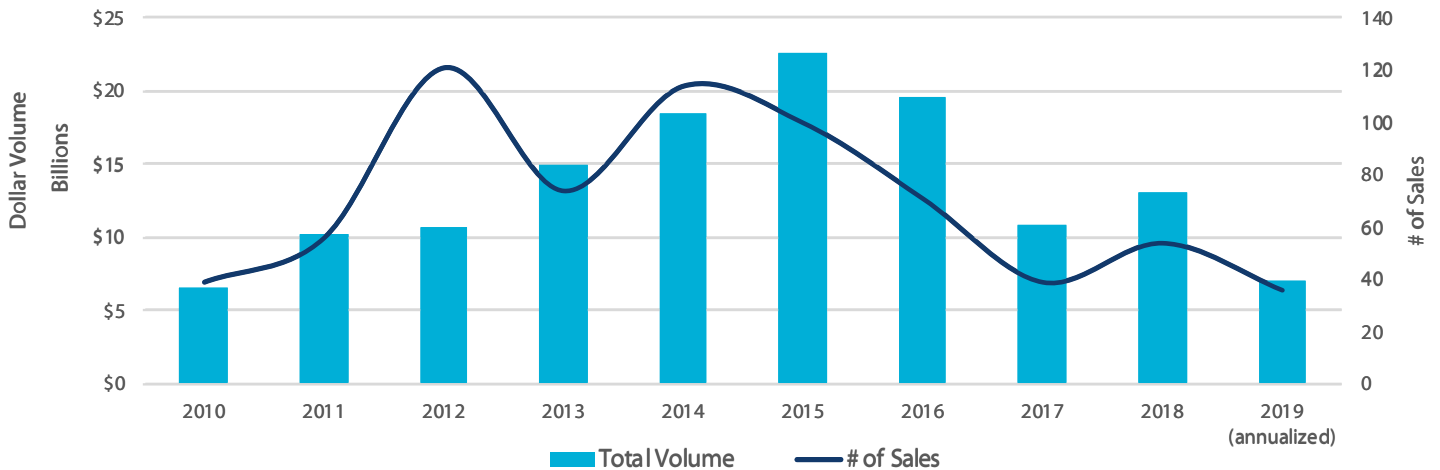
Average Price PSF

↑ 23%^{1,2}

¹ Percent change from trailing four quarter average.

² The Chrysler building price per square foot is removed from the average due to the high ground lease payment effecting pricing. Average price per square foot was \$593 with the asset included in the data set.

Transaction Volume & Number of Sales by Year



Largest Transactions



450 West 15th Street
\$591,800,000



Chrysler Building
\$150,000,000



511-541 West 25th Street
\$148,254,500



142 West 36th Street /
234 West 39th Street
\$140,000,000



875 Washington Street
\$129,500,000

Office Condo / Co-op

Market Snapshot



\$2.3B

Total Dollar Volume

N/A¹



7

Number of Sales

↓ 20%²



\$888

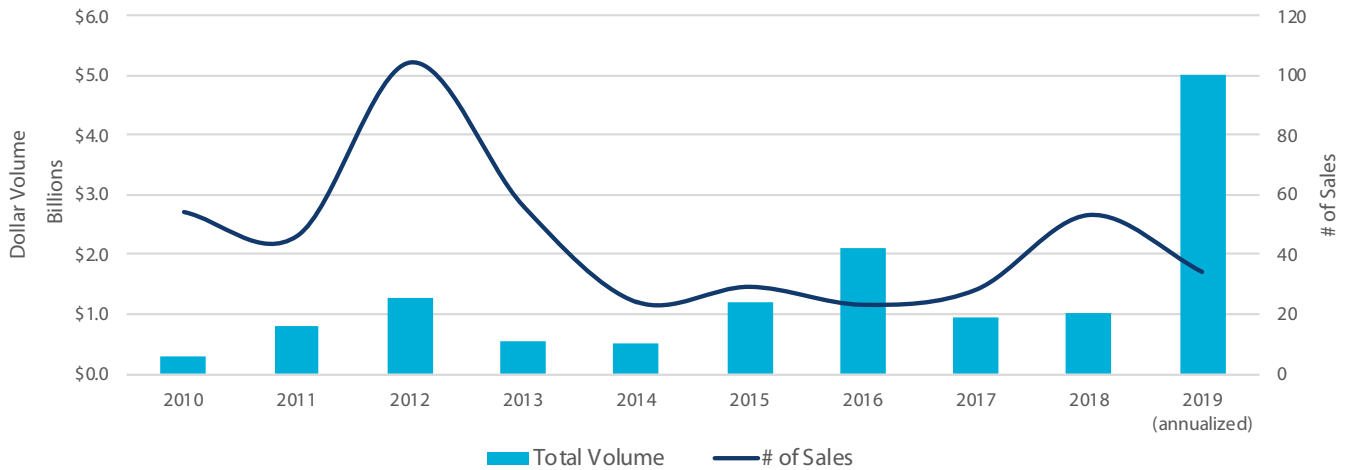
Condo / Co-op Average Price PSF

↓ 7%²

¹ Significant dollar increase due to 30 Hudson Yards sale. Removing the sale represents a 79% decrease in volume.

² Percent change from trailing four quarter average

Transaction Volume & Number of Sales by Year



Largest Transactions



30 Hudson Yards
\$2,200,000,000



420 Fifth Avenue
\$27,300,000 & \$25,100,000



49 West 24th Street
\$4,300,000



20 West 33rd Street
\$2,757,648



36 West 44th Street
\$1,793,250

Development

Market Snapshot



\$159M

Total Dollar Volume

↓79%*



9

Number of Sales

↓37%*



207k

Total BSF

↓82%*



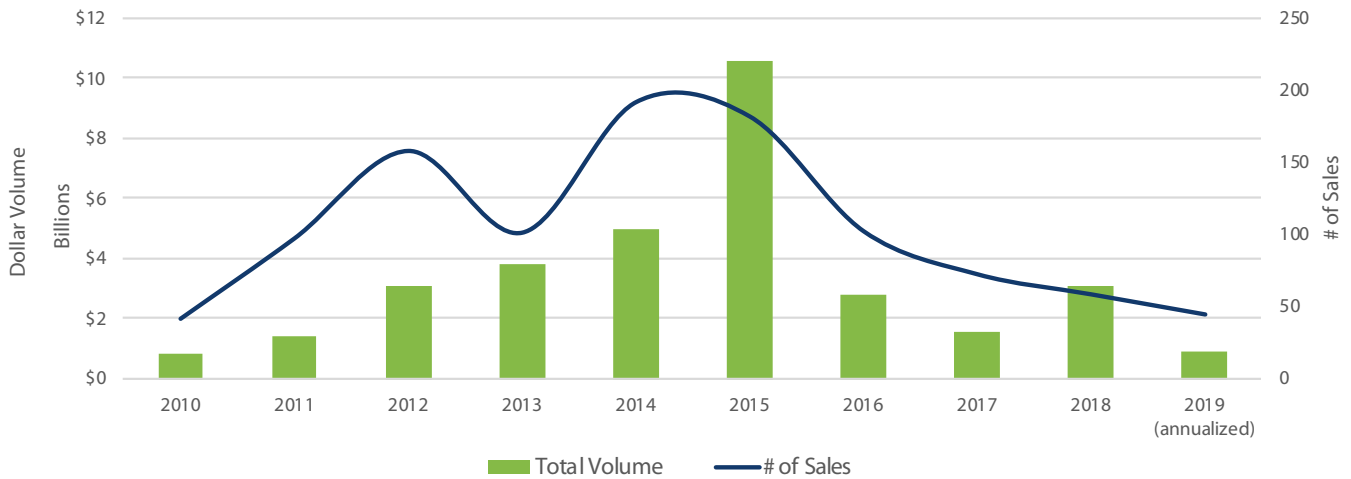
\$767

Average Price BSF

↑12%*

*Percent change from trailing four quarter average

Transaction Volume & Number of Sales by Year



Largest Transactions



109 - 111 East 79th Street
\$50,553,225



64 University Place
\$30,000,000



1122 Madison Avenue
\$22,500,000



306 East 86th Street
\$13,420,000



604 West 30th Street
\$10,121,875

Conversion/User

Market Snapshot



\$29M

Total Dollar Volume

↓94%*



3

Number of Sales

↓65%*



26k

Total SF

↓96%*



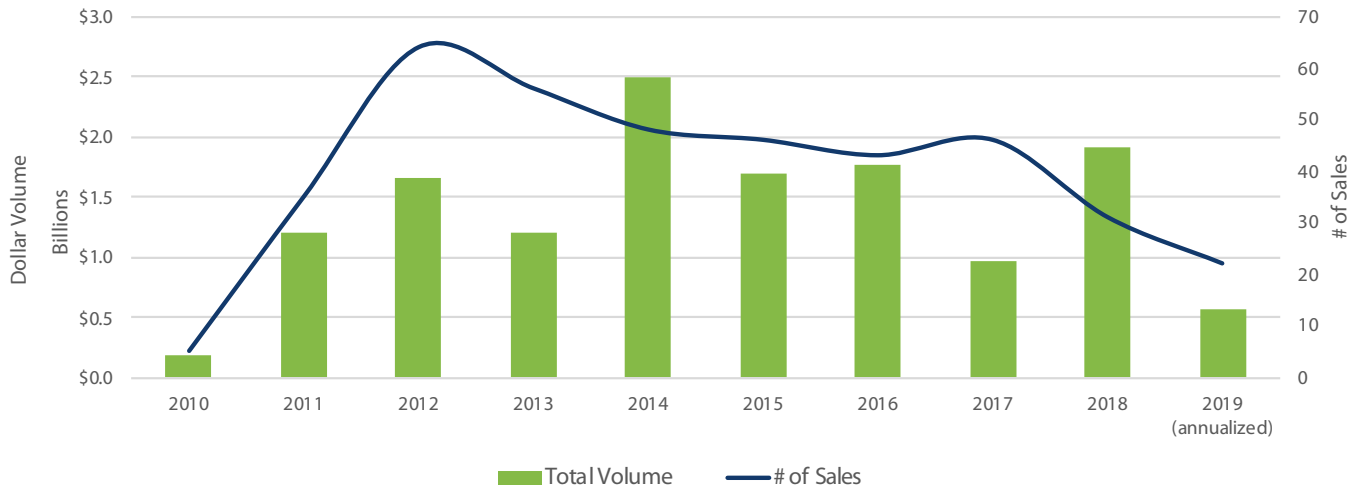
\$1,435

Average Price BSF

↑20%*

*Percent change from trailing four quarter average

Transaction Volume & Number of Sales by Year



Largest Transactions



155 West 83rd Street
\$10,600,000



1745 First Avenue
\$10,300,000

Sale Details

ELEVATOR APARTMENT

Address	Price	# Units	SF	\$/Units	\$/SF	Cap Rate
29 Fifth Avenue	\$16,500,000	14	14,884	\$1,178,571	\$1,109	2.81%
157 Lexington Avenue	\$11,500,000	14	12,452	\$821,429	\$924	Not Reported

WALK-UP APARTMENT

Address	Price	# Units	SF	\$/Units	\$/SF	Cap Rate
249-251 Broome Street	\$22,500,000	22	19,053	\$1,022,727	\$1,181	4.53%
106 West 13th Street	\$19,500,000	30	16,893	\$650,000	\$1,154	3.00%
184 West 10th Street	\$16,450,000	17	12,500	\$967,647	\$1,316	2.88%
37 West 88th Street	\$8,875,000	1	6,689	\$8,875,000	\$1,327	Delivered Vacant
59 Morton Street	\$8,300,000	5	6,700	\$1,660,000	\$1,239	Not Reported
418 West 20th Street	\$7,850,000	5	5,230	\$1,570,000	\$1,501	Not Reported
439 West 46th Street	\$6,600,000	20	9,490	\$330,000	\$695	3.70%
263 East 7th Street	\$6,300,000	2	4,900	\$3,150,000	\$1,286	Not Reported
519 East 6th Street	\$5,250,000	10	7,295	\$525,000	\$720	Value Add

MIXED-USE

Address	Price	# Units	SF	\$/Units	\$/SF	Cap Rate
800 Sixth Avenue	\$240,000,000	266	293,978	\$902,256	\$816	Not Reported
106 Fulton Street	\$77,500,000	84	74,863	\$922,619	\$1,035	Not Reported
186 Franklin Street	\$37,400,000	8	25,575	\$4,675,000	\$1,462	4.00%
122-124 Ludlow Street	\$21,500,000	45	21,000	\$477,778	\$1,024	5.23%
106 - 108 Bayard Street	\$20,150,000	54	30,582	\$373,148	\$659	7.46%
266 East 78th Street	\$19,700,000	17	26,312	\$1,158,824	\$749	3.61%
211-217 First Avenue	\$19,650,000	20	24,523	\$982,500	\$801	Not Reported
227 Waverly Place	\$17,600,000	32	15,117	\$550,000	\$1,164	4.00%
561- 567 Hudson Street	\$13,700,000	17	7,976	\$805,882	\$1,718	Not Reported
212 Lafayette Street	\$13,400,000	17	8,815	\$788,235	\$1,520	5.10%
251 East 77th Street	\$13,000,000	21	11,430	\$619,048	\$1,137	Not Reported
57 West 10th Street	\$12,100,000	22	12,874	\$550,000	\$940	4.41%
13-15 Christopher Street	\$11,300,000	7	8,280	\$1,614,286	\$1,365	4.50%
247 Mulberry Street	\$11,000,000	19	10,500	\$578,947	\$1,048	2.65%
51 Spring Street	\$10,825,000	17	8,076	\$636,765	\$1,340	3.95%
111 Mott Street	\$9,170,000	23	10,476	\$398,696	\$875	5.90%
35 Crosby Street	\$8,950,000	11	9,100	\$813,636	\$984	Partially Vacant
519 Second Avenue	\$8,000,000	9	8,588	\$888,889	\$932	4.00%
48 West 55th Street	\$8,000,000	7	5,958	\$1,142,857	\$1,343	Delivered Vacant
833 Lexington Avenue	\$7,950,000	8	5,765	\$993,750	\$1,379	5.70%
228 West 72nd Street	\$7,900,000	9	11,280	\$877,778	\$700	4.88%
77 East Third Street	\$7,750,000	17	11,025	\$455,882	\$703	Delivered Vacant
85 Second Avenue	\$7,200,000	4	5,307	\$1,800,000	\$1,357	4.70%
303 East Houston Street	\$6,800,000	6	7,128	\$1,133,333	\$954	4.80%
1670 First Avenue	\$6,400,000	7	6,000	\$914,286	\$1,067	3.20%
87 Chrystie Street	\$5,500,000	11	10,716	\$500,000	\$513	4.90%
102 Bayard Street	\$5,500,000	19	9,125	\$289,474	\$603	4.87%
1583 Second Avenue	\$5,100,000	21	4,408	\$242,857	\$1,157	2.55%

RETAIL

Address	Price	Tenants	Type	SF	\$/SF	Cap Rate
106 Spring Street	\$79,451,010	-	Co-Op	5,936	\$13,385	Not Reported
242 Broome Street	\$28,999,999	-	Full Building	32,474	\$893	Vacant
250 Bowery	\$25,000,000	International Center of Photography	Full Building	11,009	\$2,271	Owner/User
490 - 506 Greenwich Street	\$4,750,000	Homer / Boris Bidjan Saberi	Condo	8,903	\$534	5.36%
674 Ninth Avenue	\$4,000,000	Vacant	Full Building	7,041	\$568	Vacant
141 East 55th Street	\$3,750,000	Lychee House / Mingle	Condo	3,029	\$1,238	6.60%
173-175 Bleecker Street	\$2,200,000	Village Tattoo / Village Gifts	Condo	1,773	\$1,241	Owner/User
2279 Third Avenue	\$4,900,000	H&R Block, Veteran's Administration, Israelite	Condo	6,128	\$800	5.88%

OFFICE

Address	Price	Class	RSF	\$/RSF	Cap Rate
450 West 15th Street	\$591,800,000	A	325,000	\$1,821	Owner/User
Chrysler Building	\$150,000,000	A	1,260,000	\$119	Not Reported
511-541 West 25th Street	\$148,254,500	B	200,002	\$741	95% Interest Sale
142 West 36th Street / 234 West 39th Street	\$140,000,000	C	211,146	\$663	4.50%
875 Washington Street	\$129,500,000	B	70,766	\$1,830	Not Reported
24-28 West 25th Street	\$107,350,000	B	133,561	\$804	Not Reported
22 West 38th Street	\$60,500,000	C	75,000	\$807	4.30%
555 West 25th Street	\$43,300,000	B	51,301	\$844	4.15%
137 Second Avenue	\$18,000,000	C	21,896	\$822	5.30%
32 East 39th Street	\$9,500,000	B	10,626	\$894	Vacant

OFFICE CONDO / CO-OP

Address	Price	Unit	RSF	\$/RSF
30 Hudson Yards*	\$2,200,000,000	TW	1,463,234	\$1,504
420 Fifth Avenue	\$27,300,000	5th Floor	33,058	\$826
420 Fifth Avenue	\$25,100,000	4th Floor	33,058	\$759
49 West 24th Street	\$4,300,000	8th Floor	4,850	\$887
20 West 33rd Street	\$2,757,648	2008a	3,528	\$782
36 West 44th Street	\$1,793,250	6th Floor	2,391	\$750
345 East 37th Street	\$1,406,510	202A	1,980	\$710

DEVELOPMENT

Address	Price	Zoning	Planned Use	Assemblage	BSF	\$/BSF
109 - 111 East 79th Street	\$50,553,225	R10A	Condo	Yes	40,860	\$1,237
64 University Place	\$30,000,000	C1-7	Condo/Retail	No	40,424	\$742
1122 Madison Avenue	\$22,500,000	C5-1, MP	TBD	Yes	22,580	\$996
306 East 86th Street	\$13,420,000	C2-8A, TA	Condo / Retail	Yes	22,480	\$597
604 West 30th Street	\$10,121,875	C6-4X, HRP	Rental / Retail	Yes	24,680	\$410
24 East 84th Street	\$10,000,000	C5-1, MP	TBD	Yes	11,420	\$876
66 Clinton Street	\$8,700,000	R7A / C1-5	Condo	No	16,348	\$532
30 Thompson Street	\$8,000,000	M1-5B, M1-5A	TBD	No	13,630	\$587
71 Eldridge Street	\$5,880,000	C6-1G	TBD	No	15,000	\$392

CONVERSION / USER

Address	Price	Zoning	Planned Use	Existing SF	\$/ Existing SF
155 West 83rd Street	\$10,600,000	R8B, C2-5	Assemblage	6,824	\$1,553
1745 First Avenue	\$10,300,000	C2-8	Religious	15,000	\$687
11 West Ninth Street	\$8,000,000	R6	Single Family	3,872	\$2,066

*Outlier

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