AVISON YOUNG

3Q20

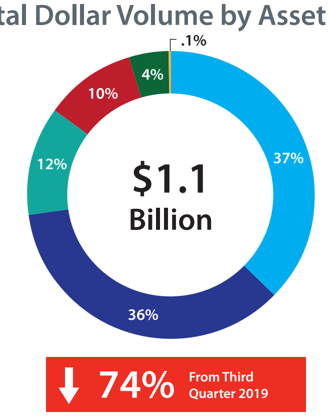
Property Sales Report

Manhattan Investment Sales

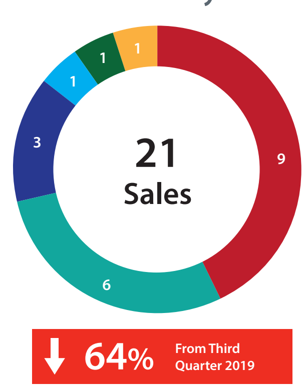
Investment Sales Summary

In the third quarter of 2020, Manhattan investment sales experienced a continued decline in activity due to the fallout from the COVID-19 virus. Manhattan saw 21 transactions, the lowest number of sales since the third quarter of 2009 and a 64 percent decline from the third quarter of 2019. The total dollar volume amounted to $1.1 billion, a 74 percent decrease off the third quarter of 2019 and the lowest since the first quarter of 2010. Two transactions, 1375 Broadway and 522 Fifth Avenue, which went into contract before COVID-19, accounted for 68 percent of the total dollar volume. Year-to-date through the end of the third quarter, there were 44 percent fewer transactions and 48 percent less dollar volume compared to the same period last year, the slowest three quarters since 2009. The annualized pace of transaction velocity forecasts that 2020 will end with 155 sales and $8.4 billion in dollar volume, which is a 72 percent and 69 percent decrease off the ten-year average, respectively. Of note, these totals are 46 percent and 52 percent lower than 2019's tallies, which marked the previous 10-year low.

Total Dollar Volume by Asset Class



Number of Sales by Asset Class



Office | Conversion
Multi-Family | Development
Office Condos | Retail

Trends to Watch

- When will distress hit the market and how will it affect pricing?
- When will people and business move back into the city?
- Will investor appetite for retail pick up steam in the coming quarters?

Multi-Family/Mixed-Use

The third quarter of 2020 only recorded nine multifamily/mixed-use transactions for a total of $121 million in dollar volume, a decline of 55 percent and 82 percent, respectively, compared to the third quarter of 2019. Pricing fell to $553 per square foot, which is a 40 percent decrease off the third quarter of 2019 and a new low for the year. Average cap rates rose to 5.01 percent, an increase of 67 basis points from the third quarter of 2019. However, with only nine transactions this quarter, these numbers may not perfectly represent market pricing. The leading transaction for the quarter was 400 East 58th Street. The mixed-use building located at the corner of First Avenue in Sutton Place was sold by SL Green to A&E Real Estate Holdings for $62 million, equating to $443 per square foot and a cap rate of 5.00 percent.

Retail

The third quarter of 2020 only saw one retail transaction for $1.5 million. Certainly, COVID-19 was the driving force behind the lack of activity taking place in Manhattan, as owners were forced into triage mode with respect to their lenders and tenants. While the outer boroughs saw the bulk of New York City's retail sales volume, the activity was depressed across the board. The sole transaction for the quarter in Manhattan was 152 Franklin Street, a vacant retail condo in Tribeca that sold $417 per square foot and was bought out of foreclosure.

Office

The third quarter of 2020 saw only one office sale for $435 million, while the office condo market recorded three sales for $412 million. Like retail, COVID-19 halted office market activity. The unknown of when companies will be returning to the office and the likelihood of tenants paying their full rent has left investors unsure of values. The 513,401 RSF office building at 1375 Broadway, which went into contract in February, was purchased by Savanna Partners for $847 per square foot and a 4.80 percent cap rate. Rents in the building are below market, which allows for a value-add opportunity.

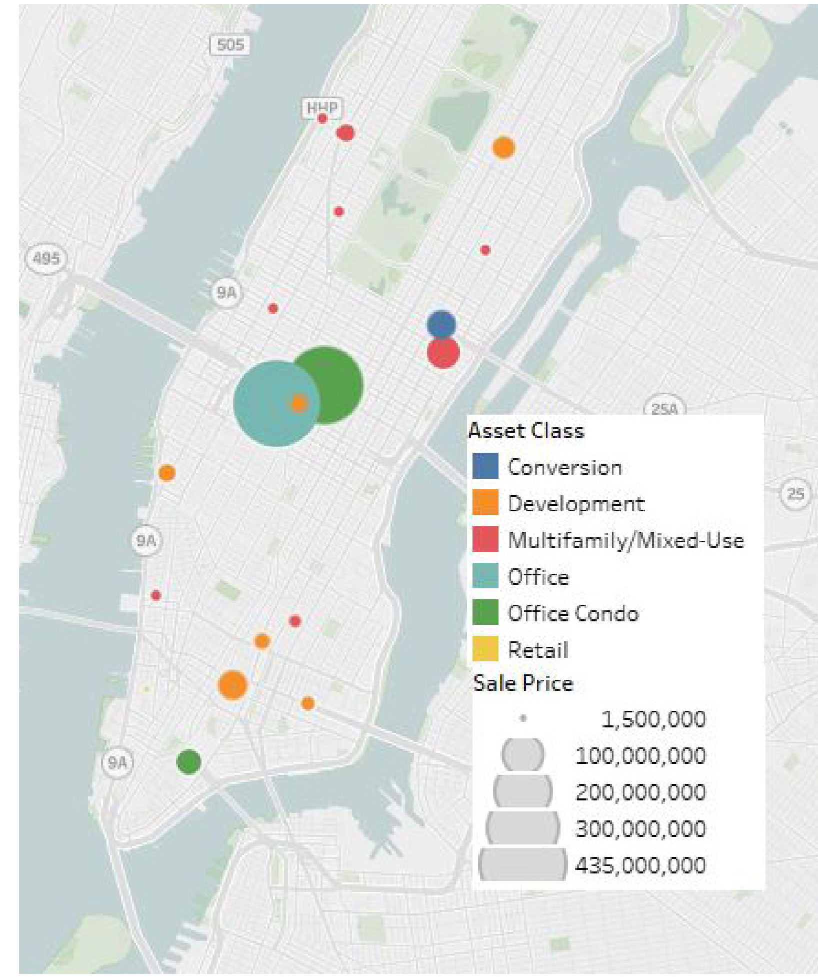
Development

The third quarter of 2020 saw six development sales for a total of $141 million dollars, a 50 percent increase and a 56 percent decrease, respectively, off the third quarter of 2019. Based off the third quarter of 2019, the price per buildable square foot decreased by 22 percent to $483, while the total number of buildable square feet decreased by 56 percent to 253,617. The leading transaction for the quarter was Real Estate Equities Corp.'s 99-year ground lease purchase of an assemblage at 156-166 Bowery for $50 million. The assemblage has a total of 90,000 BSF, equating to $556 per buildable square foot.

Conversion

The third quarter of 2020 saw just one conversion sale for a total of $51 million. Jason Carter bought 305-307 East 61st Street via a bankruptcy auction. Plans for this stalled condo conversion project call for 14 residential units and a commercial component totaling around 14,800 square feet.

Manhattan Market Snapshot



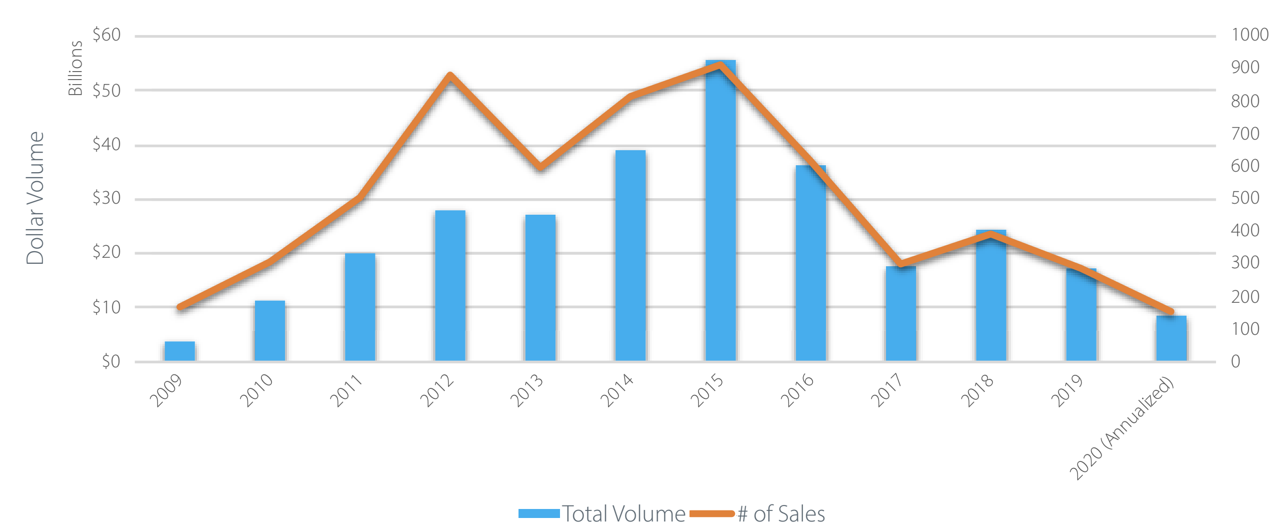
ALL TRANSACTIONS IN MANHATTAN

Year	Total Volume	Number of Sales
2009	$3,690,000,000	170
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	$17,430,000,000	287
2020 (Annualized)	**$8,419,750,000**	**155**
10 Year Average	$27,624,485,482	562

Methodology

Avison Young's Tri-State Investment Sales group tracks confirmed transactions above $5 million and retail transfers above $1 million sold in Manhattan south of 96th Street. Numbers are subject to change based on cut off date being 10.1.2020.

Transaction Volume & Number of Sales by Year



Detailed sale information is available on page 10

Multi-Family/Mixed-Use

Market Snapshot

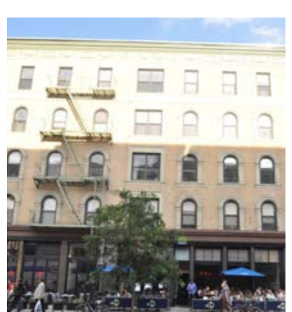
$121M	9	5.01%	$553
Total Dollar Volume	Number of Sales	Average Cap Rate	Average Price PSF
↓ -82%*	↓ -55%*	↑ 67 bps*	↓ 40%*

*Percentage change from Third Quarter 2019

Transaction Volume & Number of Sales by Year

Largest Transactions

400 East 58th Street
$62,000,000



180 West 81st Street
$17,000,000

94 St. Marks Place
$8,500,000

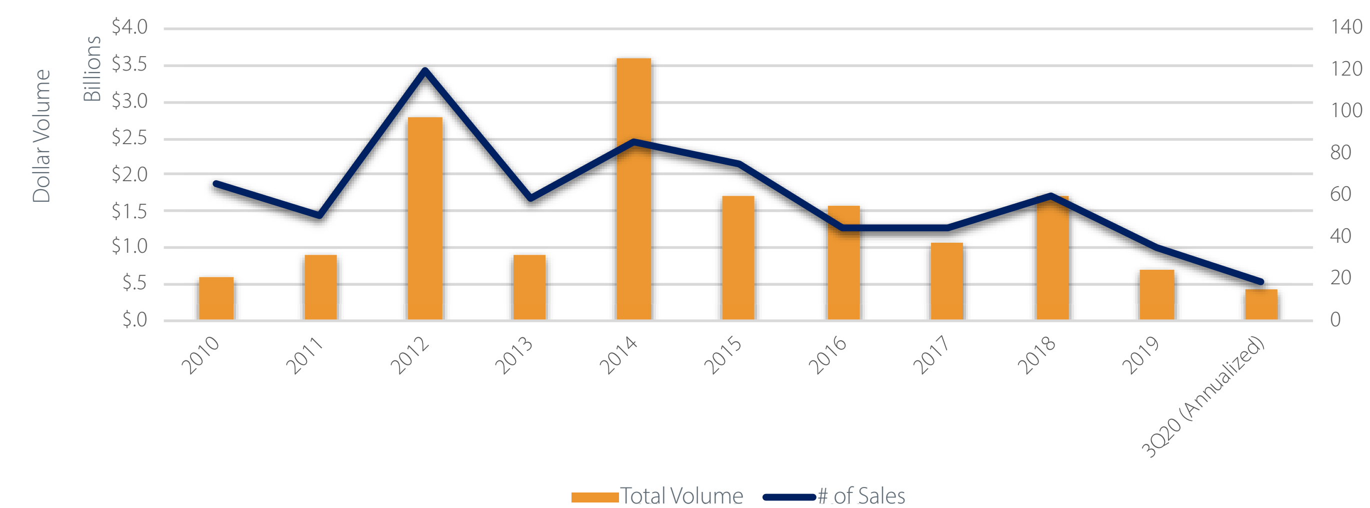
Retail

Market Snapshot

$1.5M	1	$417
Total Dollar Volume	Number of Sales	Average Price PSF
↓ 99%*	↓ 83%*	↓ 71%*

*Percentage change from Third Quarter 2019

Transaction Volume & Number of Sales by Year



Largest Transactions

152 Franklin Street
$1,500,000

Office

Market Snapshot

$435M
Total Dollar Volume
↓ 79%*

1
Number of Sales
↓ 89%*

$847
Average Price PSF
↓ 36%*

*Percentage change from Third Quarter 2019

Transaction Volume & Number of Sales by Year

Largest Transactions


1375 Broadway
$435,000,000

Office Condo / Co-op

Market Snapshot

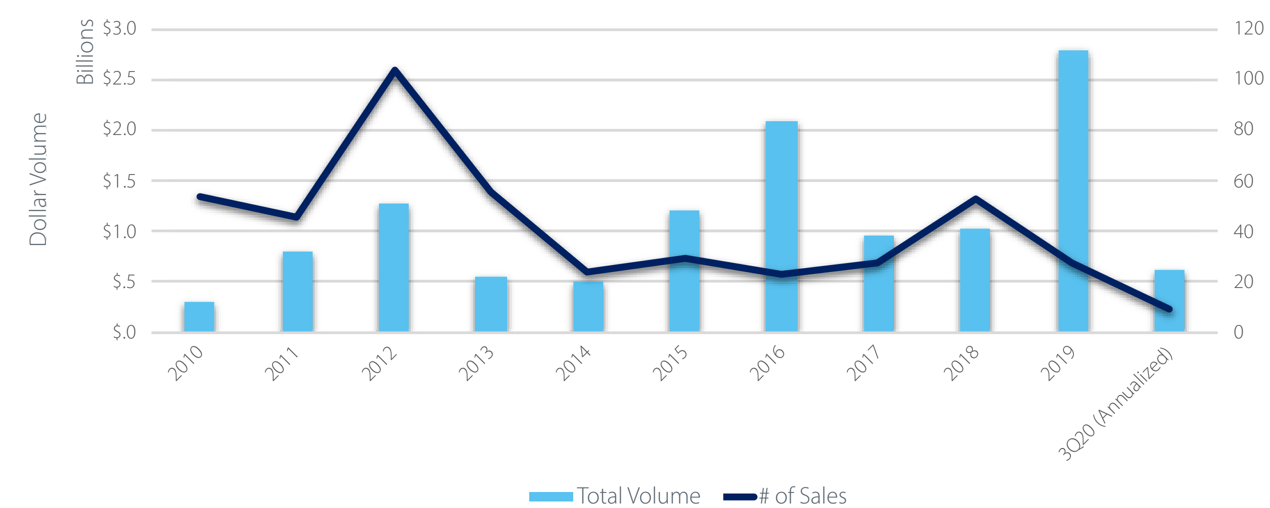
$412M
Total Dollar Volume
↑ 369%*

3
Number of Sales
↓ 25%*

$916
Condo / Co-op Average Price PSF
↑ 15%*

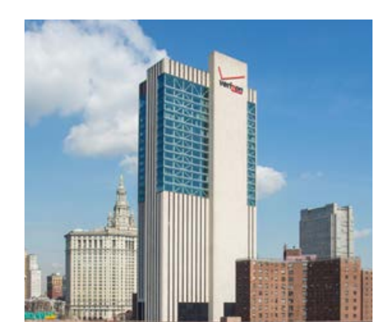
*Percentage change from Third Quarter 2019

Transaction Volume & Number of Sales by Year



Largest Transactions


522 Fifth Avenue
$350,000,000


375 Pearl Street
$35,820,000


50 West 47th Street (flrs 12, 14)
$26,500,000

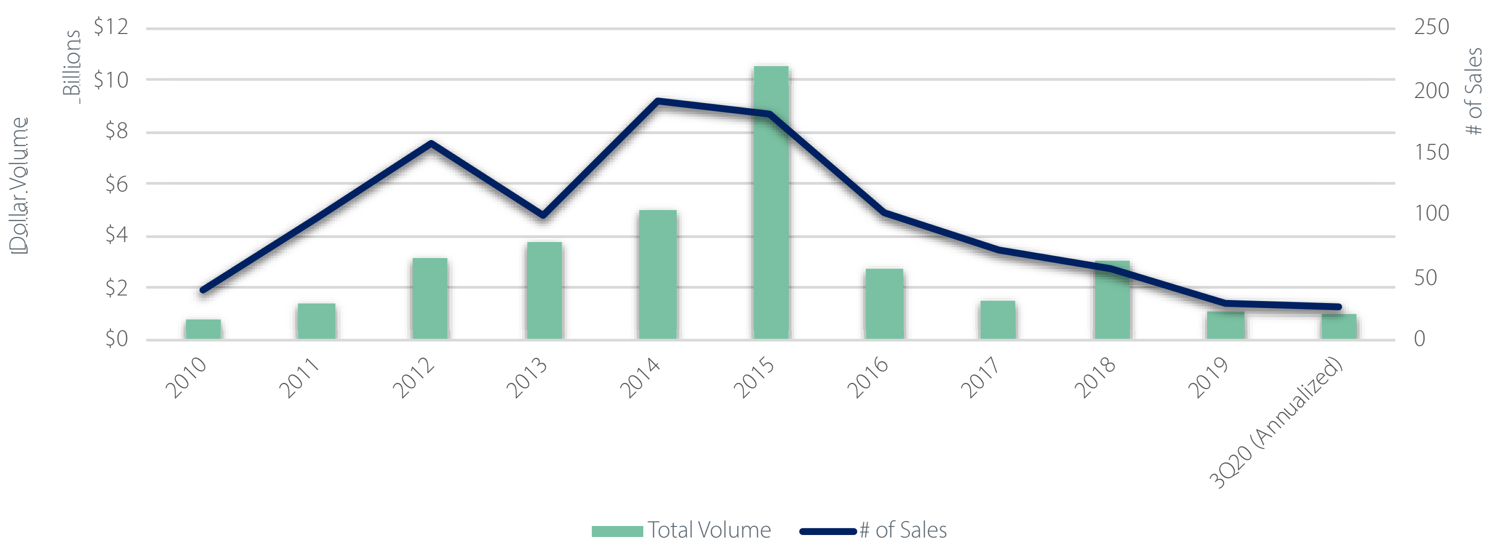
Development

Market Snapshot

$141M	6	254K	$483
Total Dollar Volume	Number of Sales	Total BSF	Average Price BSF
↓ 56%*	↑ 50%*	↓ 51%*,1	↓ 22%*

*Percentage change from Third Quarter 2019
[1]Does Not Include 45 West 39th Street and 38 Second Avenue

Transaction Volume & Number of Sales by Year



Largest Transactions

156-166 Bowery (Ground Lease)
$50,000,000

150 East 9th Street
$29,500,000

428-432 West 19th Street
$18,500,000

Conversion/User

Market Snapshot

$51M	1	$774
Total Dollar Volume	Number of Sales	Average Price BSF
↓ 85%*	↓ 89%*	↓ 11%*

*Percentage change from Third Quarter 2019

Transaction Volume & Number of Sales by Year

Largest Transactions

305-307 East 61st Street
$51,000,000

Sale Details

MULTI-FAMILY/MIXED-USE

Elevator Apartment Properties	Sale Price	Sale Date	# of Units	SF	$/SF	$/Unit	Cap Rate
27 West 69th Street	$6,060,000	08/24/20	7	9,125	$664	$865,714	-
Mixed-Use Apartment Properties							
400 East 58th Street	$62,000,000	09/09/20	132	140,000	$443	$469,697	5.00%
180 West 81st Street	$17,000,000	09/16/20	15	21,568	$788	$1,133,333	5.82%
94 St Marks Place	$8,500,000	08/24/20	10	9,000	$944	$850,000	4.70%
422 Hudson Street	$5,500,000	08/10/20	4	5,481	$1,003	$1,375,000	Vacant
319 East 75th Street	$5,250,000	07/28/20	22	11,105	$473	$238,636	5.15%
Walk-Up Apartment Properties							
750 Ninth Avenue	$6,000,000	07/31/20	14	10,250	$585	$428,571	-
203 West 80th Street	$5,400,000	09/11/20	10	7,200	$750	$540,000	4.40%
308 West 81st Street	$5,350,000	07/10/20	4	5,052	$1,059	$1,337,500	-

RETAIL

Property	Sale Price	Sale Date	SF	$/SF	Cap Rate
152 Franklin Street	$1,500,000	08/11/20	3,600	$417	-

OFFICE

Property	Sale Price	Sale Date	RSF	$/RSF	Cap Rate
1375 Broadway	$435,000,000	07/15/20	513,401	$847	4.80%

OFFICE CONDO

Property	Sale Price	Sale Date	RSF	$/RSF
522 Fifth Avenue	$350,000,000	09/01/20	371,406	$942
375 Pearl Street	$35,820,000	09/09/20	35,000	$1,023
50 West 47th Street (Floors 12 & 14)	$26,500,000	07/01/20	43,910	$604

DEVELOPMENT

Property	Sale Price	Sale Date	BSF	$/BSF	Zoning
156-166 Bowery (Ground Lease)	$50,000,000	08/27/20	90,000	$556	C6-1, LI
150 East 91st Street	$29,500,000	08/14/20	45,094	$654	C1-8X
428-432 West 19th Street	$18,500,000	07/21/20	41,492	$446	R8
45 West 39th Street	$17,932,500	07/22/20	21,230	$845	M1-5
38 Second Avenue	$14,500,000	07/15/20	17,620	$823	C6-2A
61-63 Pitt Street	$10,500,000	07/01/20	38,181	$275	R8A

CONVERSION

Property	Sale Price	Sale Date	Existing SF	$/Existing SF	Zoning
305-307 East 61st Street	$51,000,000	09/09/20	65,875	$774	R8B, C2-5

Notes:

For more information please contact:

James Nelson
Principal, Head of Tri-State Investment Sales
212.729.6585
james.nelson@avisonyoung.com

James Kinsey
Principal, Senior Director of Tri-State Investment Sales
212.729.3291
james.kinsey@avisonyoung.com

Erik Edeen
Principal, Director of Operations
212.729.7402
erik.edeen@avisonyoung.com

Sean Noone
Analyst
917.999.0019
sean.noone@avisonyoung.com

AVISON YOUNG—NEW YORK
530 Fifth Avenue, 4th Floor
New York, NY 10036
212.729.7140 | avisonyoung.com