



## **Ariel's Multifamily Year in Review available**

February 13, 2012 - Front Section

The number of multifamily buildings sold in the city increased 33% in 2011 compared to 2010, with institutional investors driving the 43% year-over-year jump in dollar volume, according to Ariel Property Advisors' Multifamily Year in Review: New York City 2011.

In 2011, there were 436 multifamily transactions consisting of 589 buildings totaling \$4.23 billion in gross consideration, versus 2010, which had 392 multifamily transactions with 442 buildings totaling \$2.949 billion in gross consideration.

"Multifamily sales in 2011 were distinguished by institutional investors returning to the market and an increase in portfolio sales," said Shimon Shkury, president of Ariel Property Advisors. "Institutional sales grabbed a larger share of overall dollar volume, accounting for 57% of N.Y.C.'s total dollar volume in 2011, versus 40% in 2010. Also in 2011, there were 36 transactions that sold for \$20 million or higher, which is more than double the number of similar, high priced transactions in 2010." Shkury said "While banks were reluctant to swallow such large transactions in the aftermath of the financial crisis, we believe today's stronger fundamentals, greater appetite for yield, and more confident underwriting will continue to attract institutional investors through 2012."

The report noted that several factors strengthened the hand of sellers in 2011. Rents increased significantly and tenant concessions nearly went away as unemployment declined slowly but steadily. Interest rates hit all-time lows, giving owners the ability to either sell at excellent cap rates or re-finance at great rates. Lastly, supply of available inventory remained tight, leaving many buyers bidding for few available properties.

Transaction details for all five major submarkets are included in the report, which highlighted that Manhattan south of 96th St. and Brooklyn posted the strongest gains for the year. Northern Manhattan and The Bronx showed modest increases in activity. Sales in Queens declined, particularly with respect to dollar volume.

\* Manhattan (below 96th St.): Manhattan's multifamily asset class saw 126 transactions consisting of 167 buildings totaling \$2.554 billion in 2011. This represents a 25% increase in transaction volume, a 49% increase in the number of buildings sold, and a 53% increase in dollar volume compared to 2010, which saw 101 transactions consisting of 112 buildings totaling \$1.673 billion in gross consideration. Institutional transactions valued at more than \$20 million accounted for 17% of the transaction volume but 73% of dollar volume.

\* Brooklyn: In 2011, Brooklyn saw 119 multifamily transactions consisting of 154 buildings totaling approximately \$592 million in gross sales. This represents an impressive 25% increase in transaction volume, a 50% increase in the number of buildings sold and an 88% increase in dollar volume compared to 2010, which saw 95 transactions totaling 103 buildings valued at approximately \$314.5 million in gross consideration. The most active neighborhood by dollar volume was Williamsburg which had \$120 million in sales, though this was largely due to the \$76 million sale of

173 Kent Ave.

\* Northern Manhattan: Northern Manhattan's multifamily asset class saw 65 transactions consisting of 94 buildings totaling \$353.8 million in gross consideration in 2011. This represents a 14% increase in transaction volume, a 25% increase in building volume and a 16% increase in dollar volume compared to 2010, which saw 57 transactions comprised of 75 transactions totaling \$304.6 million in gross consideration. Washington Heights was once again the most active neighborhood within Northern Manhattan, accounting for 40% of dollar volume.

\* Queens: With 38 transactions consisting of 40 buildings totaling \$262.6 million in sales, the Queens submarket saw the lightest multifamily activity of the markets analyzed in this report. While this represents a 10% decrease in transaction volume and 7% decrease in the number of buildings sold, it also accounts for a 23% increase in dollar volume compared to 2010, which saw 42 sales consisting of 43 buildings totaling \$213.5 million in gross consideration. This higher dollar volume is explained by a significant number of properties that sold in prime areas of Astoria, which accounted for 30% of sales volume and 35% of Queens' dollar volume.

\* The Bronx: The Bronx saw 88 multifamily transactions consisting of 134 buildings totaling \$468.9 million in total dollar volume in 2011. This represents a 9% decline in transaction volume but a 23% increase in the number of buildings sold and a 6% increase in dollar volume compared to 2010, which saw 97 transactions with 109 buildings totaling \$443 million in gross consideration. These numbers reflect an increasing number of portfolio sales that have taken place. Highbridge was the most active in terms of dollar volume with \$60 million in gross sales, much of which was the result of a \$46 million portfolio transaction.

More information is available from Shkury at 212-544-9500, ext. 11, or [sshkury@arielpa.com](mailto:sshkury@arielpa.com). A full copy of the report and analysis is available at <http://arielpa.com/research/reports/>.

Ariel Property Advisors is a New York City investment property sales firm with an expertise in the multifamily market. The firm also produces a number of research reports including the Multifamily Month in Review: New York City; Northern Manhattan Sales Report; Northern Manhattan Commercial Report; and the Northern Manhattan Residential Rental Report. More information is available at [www.arielpa.com](http://www.arielpa.com).

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540