

Welcome

The Amazon Effect & 2019 Market Outlook



Arthur Mirante

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**AVISON
YOUNG**

2018 New York City Investment Sales Review and 2019 Outlook



James Nelson
Principal, Head of Tri-State Investment Sales
at Avison Young

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2018 NYC Property Sales

\$45B

Total Dollar Volume



35%

Year-Over-Year

1,565

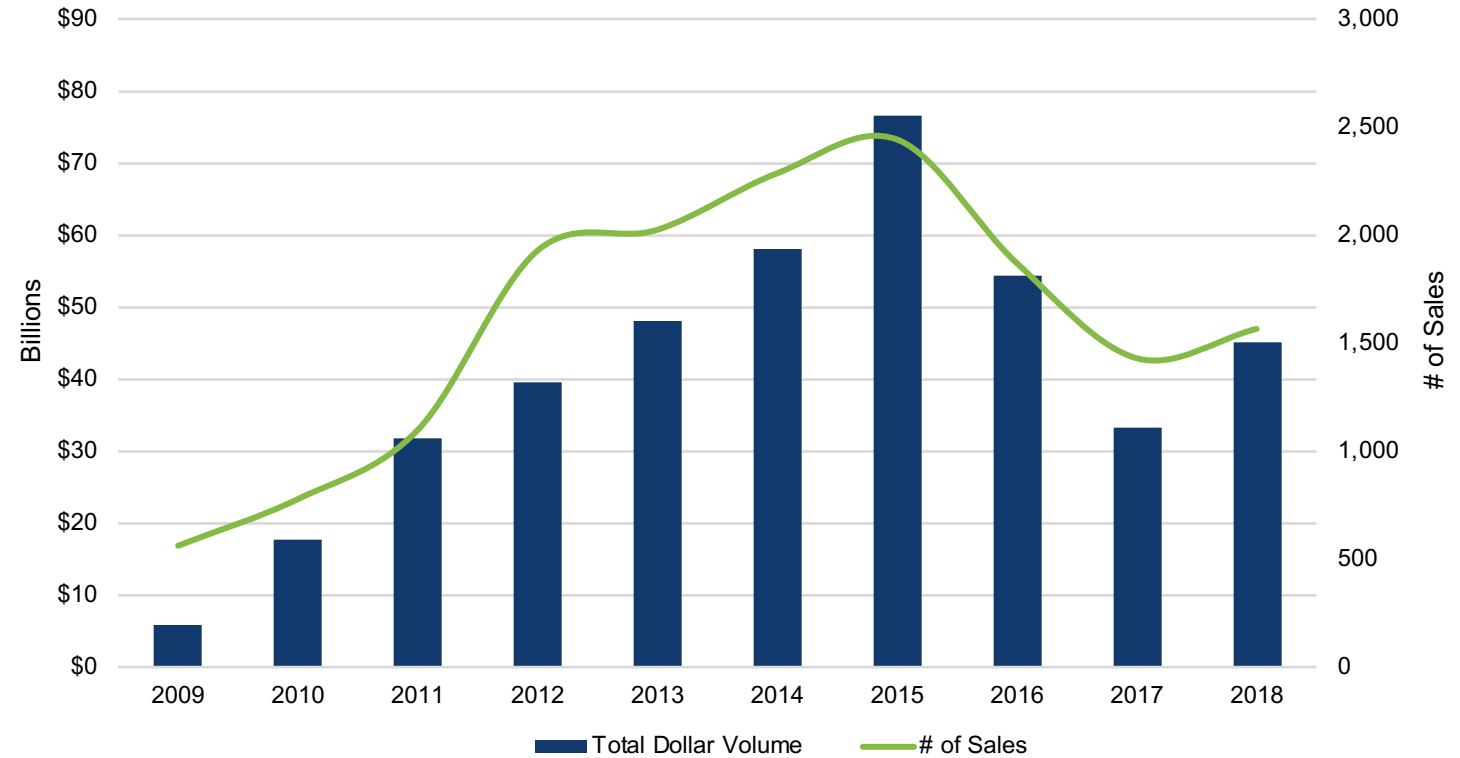
Total Number of Sales



10%

Year-Over-Year

Transaction Volume & Number of Sales by Year



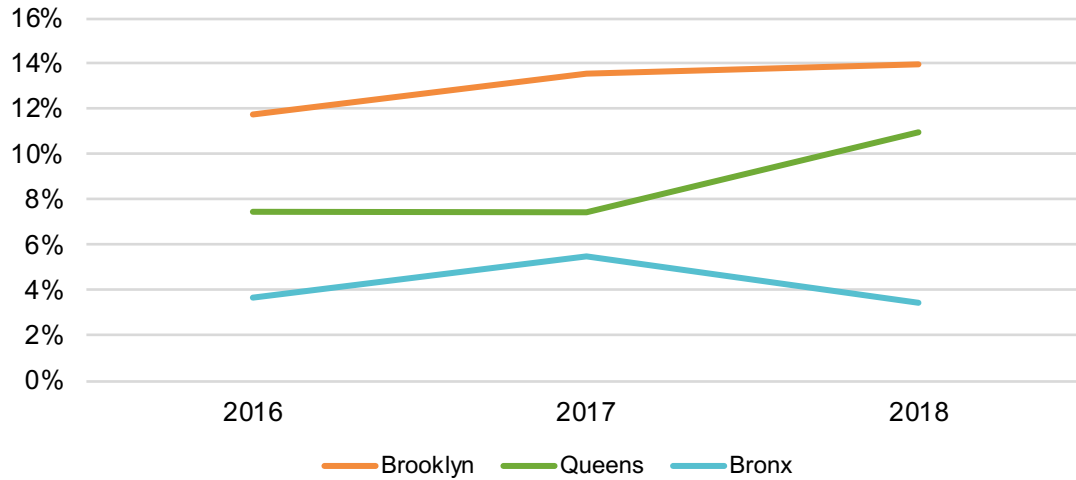
Total dollar volume 10-year average: \$41B

2018 New York City Investment Sales Summary

	Total Dollar Volume	% Δ YOY	# of Sales	% Δ YOY	Cap Rate	Price Per Square Foot
Multi-Family	\$13.6B	64% ↑	750	13% ↑	4.52% ↑	\$525 ↓
Office	\$18.8B	17% ↑	164	1% ↑	4.89% ↓	\$949 ↑
Development	\$4.5B	64% ↑	163	16% ↑	N/A	\$275 ↑
Retail	\$4.7B	8% ↑	365	8% ↑	4.53% ↓	\$1,011 ↓

2018 NYC Borough Overview

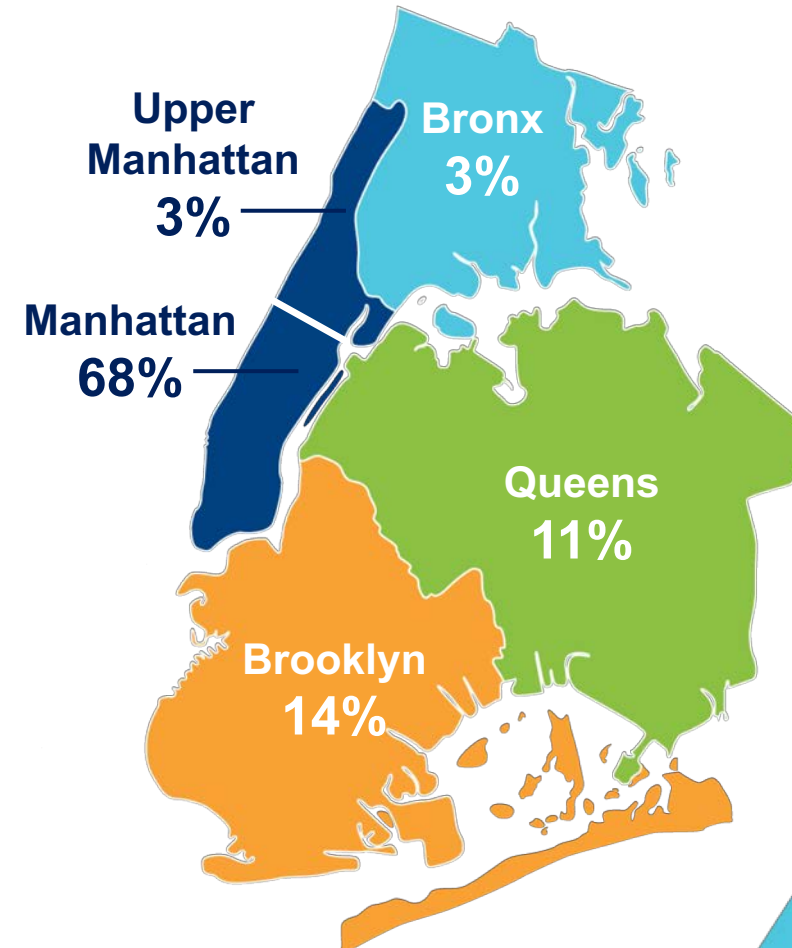
Percentage of Total NYC Sales



Percentage of NYC Total

	2016	2017	2018
Brooklyn	12%	14%	14%
Queens	7%	8%	11%
Bronx	4%	6%	3%
Total	23%	28%	28%

2018 NYC Sales by Borough



2018 Manhattan Investment Sales

\$24B

Total Dollar Volume

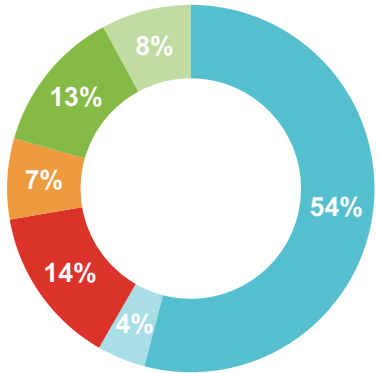
↑ 37% YOY

392

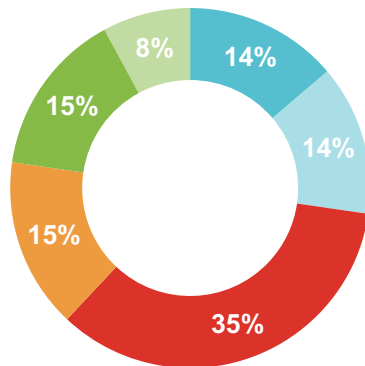
Total Number of Sales

↑ 31% YOY

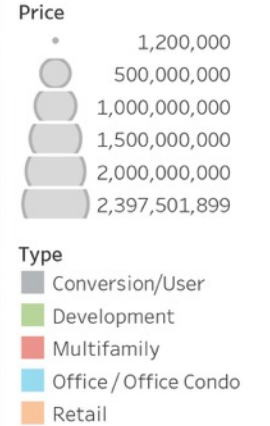
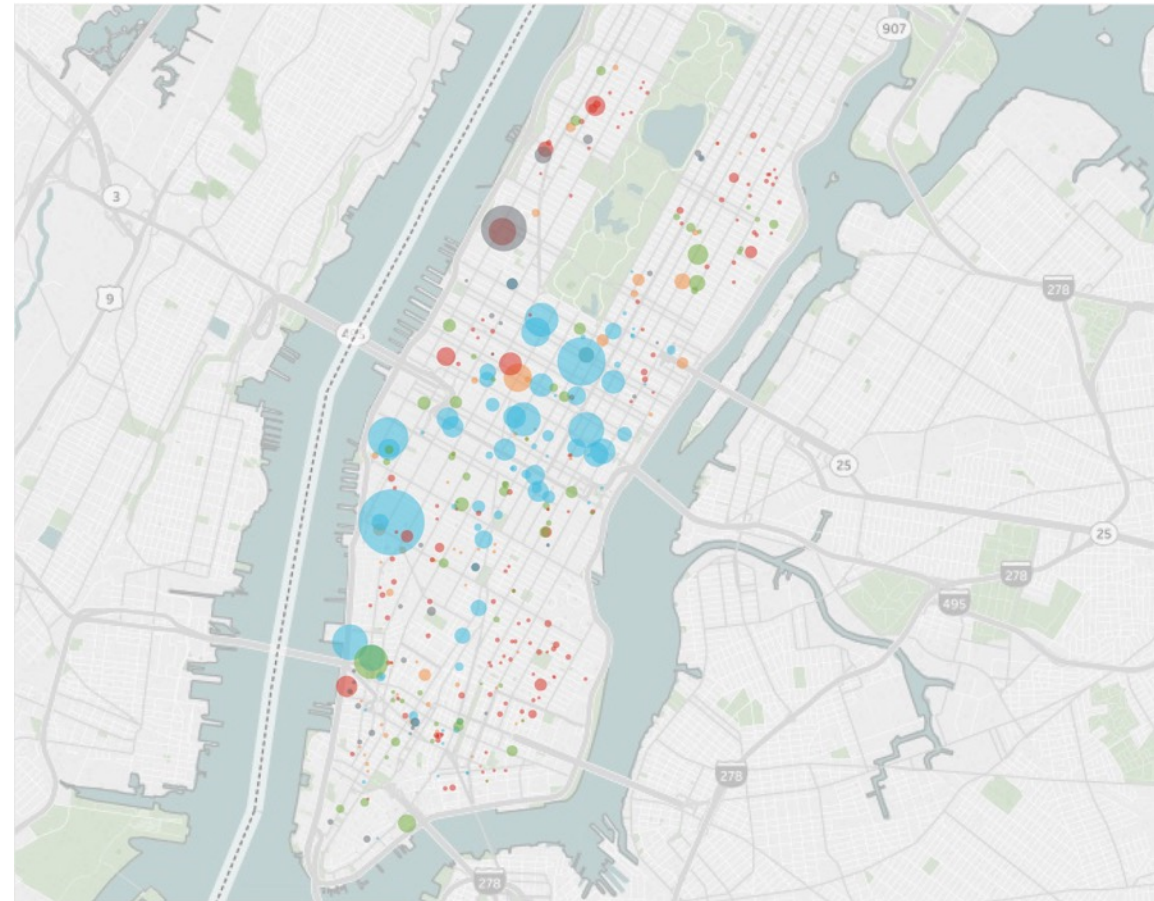
Total Dollar Volume by Asset Class



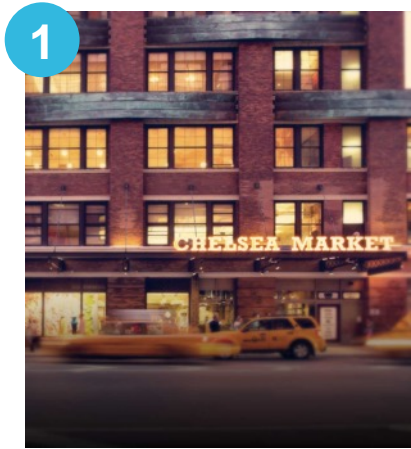
Number of Sales by Asset Class



2018 Manhattan Investment Sales



Top 5 Manhattan Sales in 2018



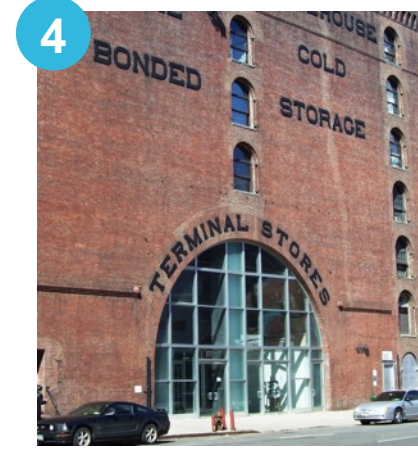
Chelsea Market
75 Ninth Avenue
\$2,397,501,899



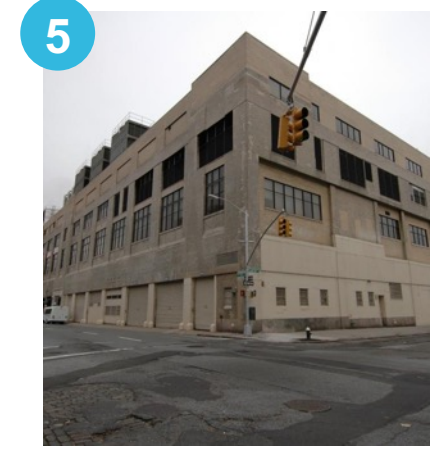
666 Fifth Avenue (office)
\$1,286,083,000



ABC/Silverstein Portfolio
\$1,155,000,000



Terminal Stores
261-271 11th Avenue
\$900,000,000



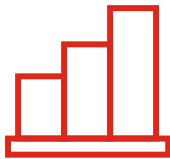
St. John's Terminal
340 West Street
\$700,000,000

2018 Manhattan Multi-Family Investment Sales



\$3.4B Total Dollar Volume

↑ 9% YOY



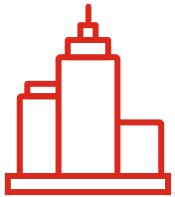
136 Number of Sales

↓ -18% YOY



3.66% Average Cap Rate

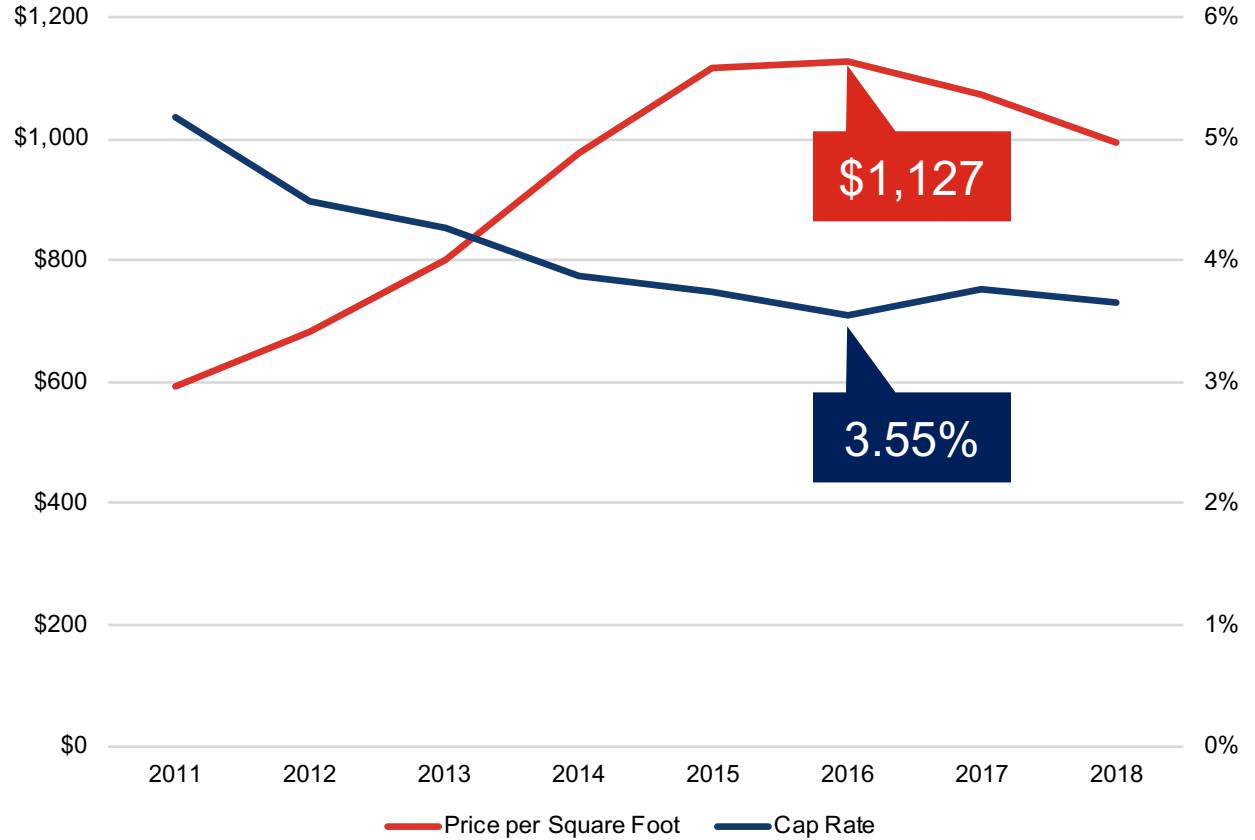
↓ -10 bps YOY



\$995 Average price per square foot

↓ -7% YOY

Historical Multi-Family Pricing



2018 Manhattan Retail Investment Sales



\$1.7B Total Dollar Volume

↑ 63% YOY



60 Number of Sales

↑ 33% YOY



4.84% Average Cap Rate

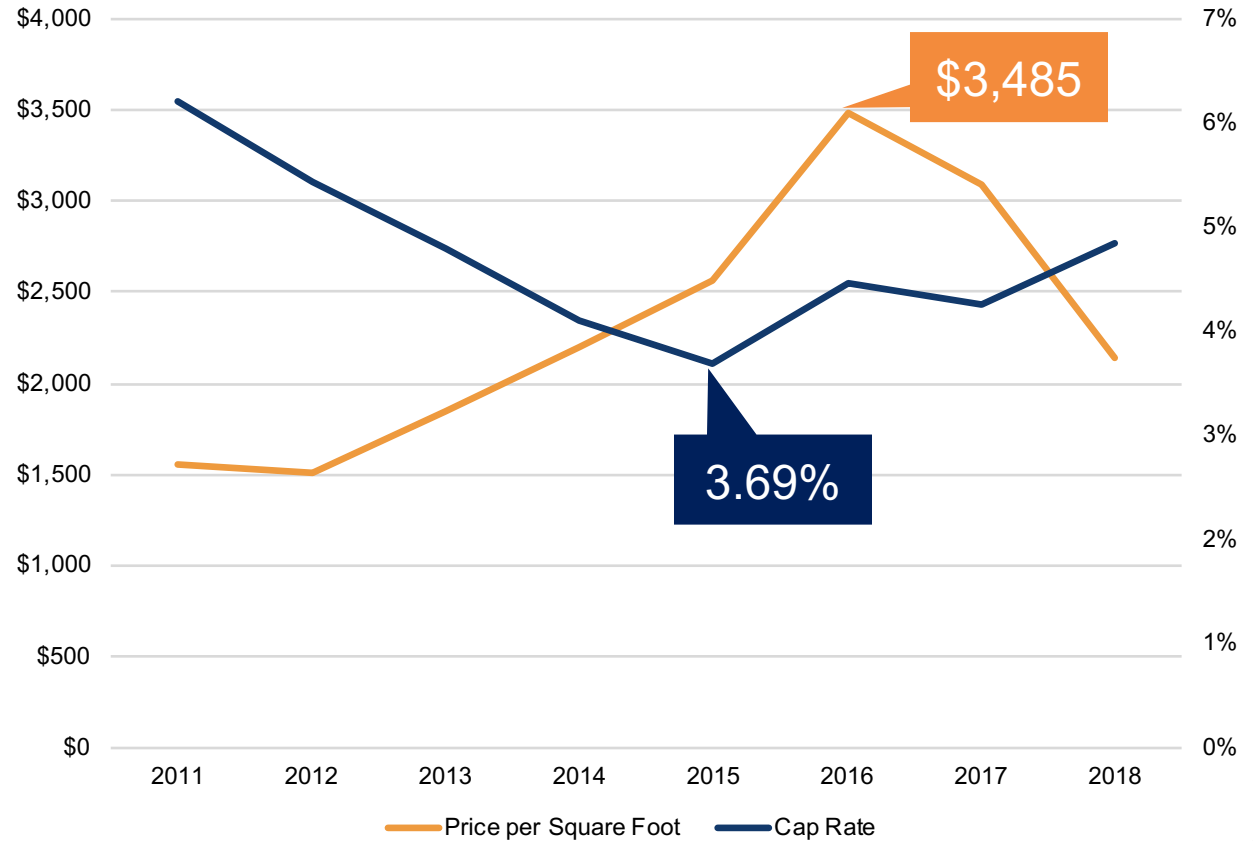
↑ 58 bps YOY



\$2,135 Average price per square foot

↓ -31% YOY

Historical Retail Pricing



2018 Manhattan Office Investment Sales



\$13B Total Dollar Volume

↑ 22% YOY



54 Number of Sales

↑ 38% YOY



4.31% Average Cap Rate

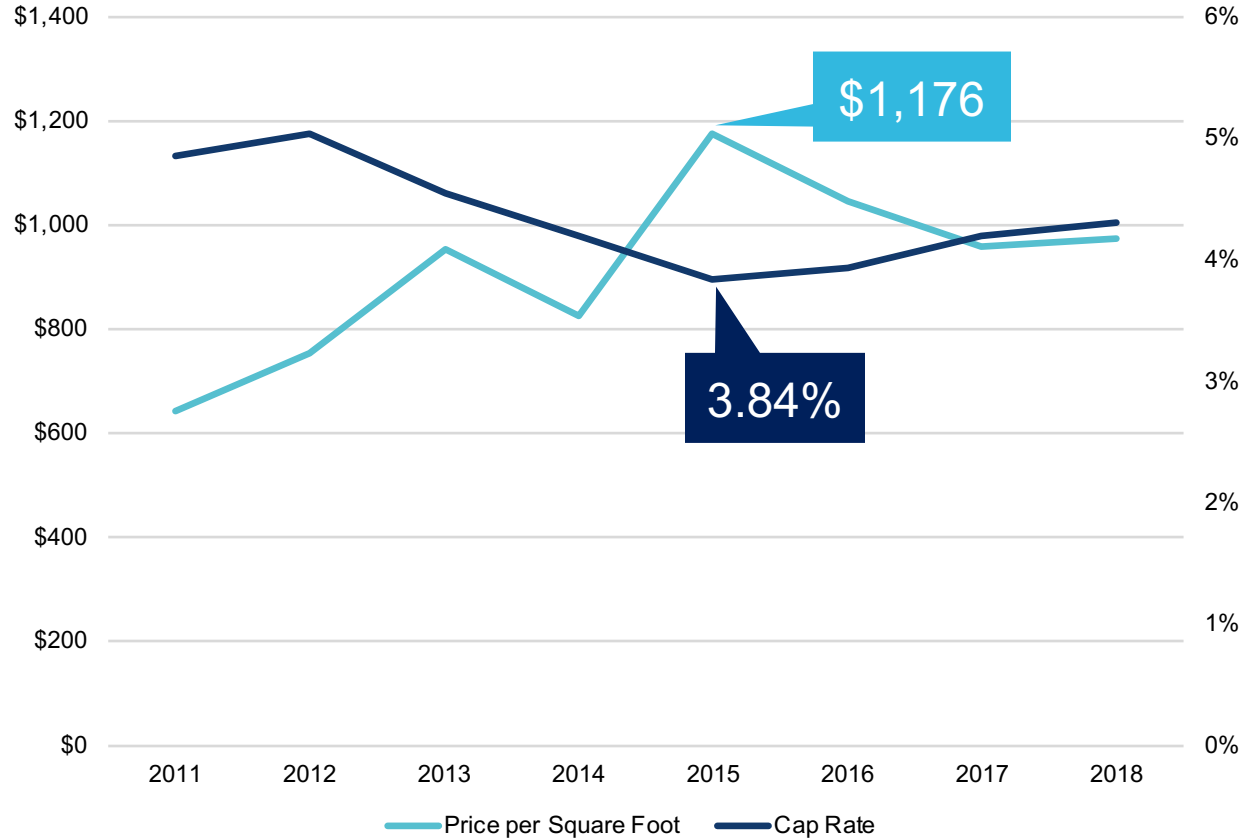
↑ 11bps YOY



\$969 Average price per RSF

↑ 1% YOY

Historical Office Pricing



2018 Manhattan Development Investment Sales



\$3B Total Dollar Volume

↑ 101% YOY

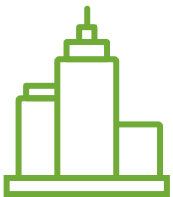


58 Number of Sales

↓ -19% YOY



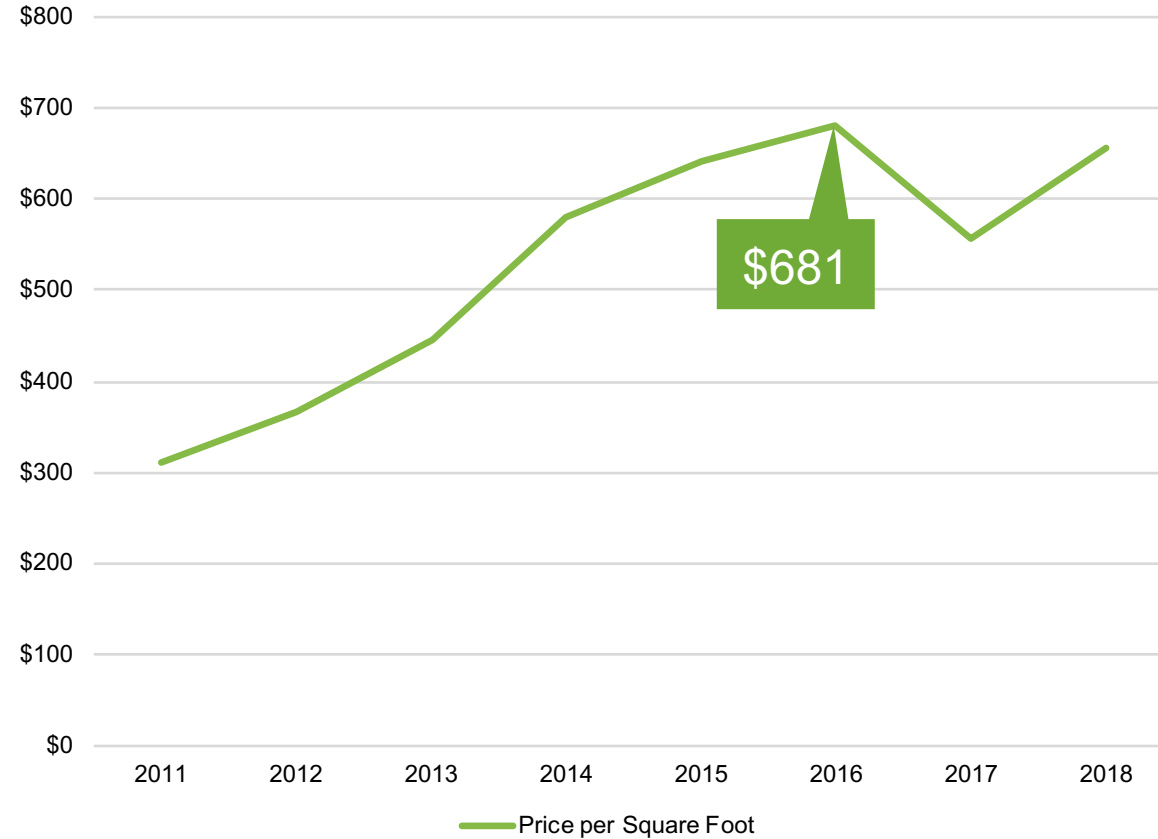
4.7M Total BSF



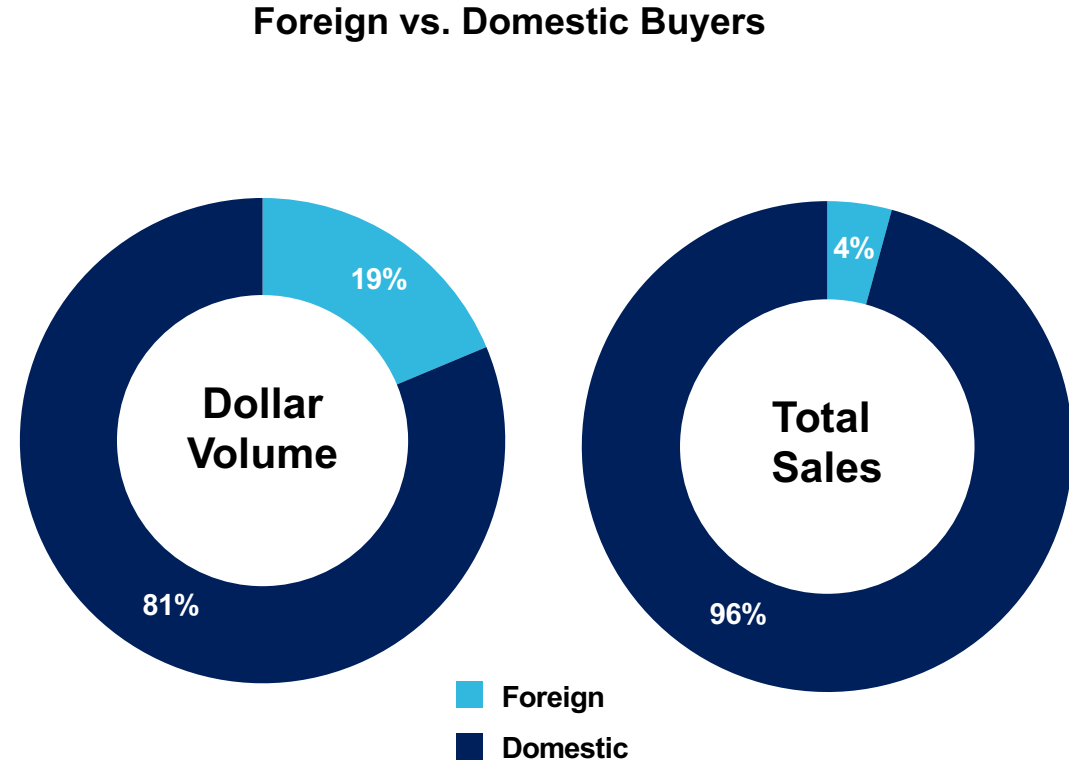
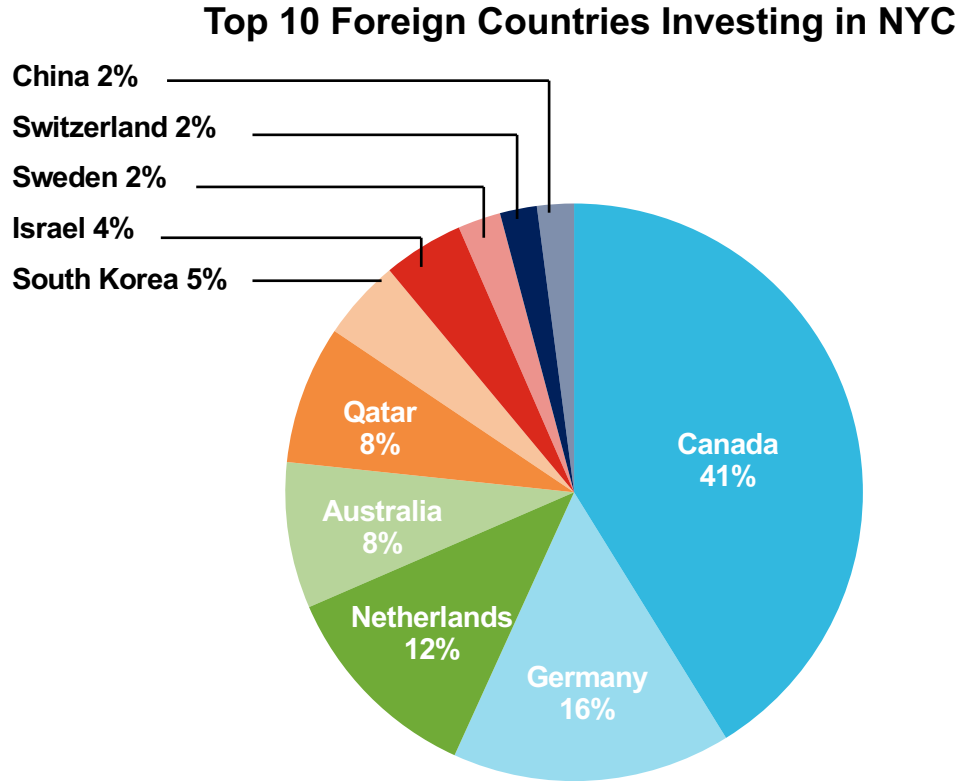
\$655 Average price per BSF

↑ 17% YOY

Historical Development Pricing



2018 Foreign Investments in New York City



Foreign investment as a percentage of total dollar volume has decreased by 50% from 2015 high

China's investment has decreased from 33% in 2015 to 2% in 2018

New York City dollar volume will continue to surpass the 10-year average with \$45B driven by office, boroughs and unsuccessful refinances.

Multi-family sales volume dropped 23% to \$10B due to rent regulations. Citywide cap rates will expand by 25 bps to 4.75%.

Retail sales volume will stabilize but cap rates will rise to 5.25%.

Manhattan office sales will set an all time record at \$1,250 PSF driven by new construction sales.

Development sales will experience a 20% uptick attributed to Opportunity Zones.

Foreign investments will remain flat as domestic buyers continue to lead the way.

The Boroughs account for over 30% of the sales volume due to Opportunity Zones and Amazon.

The Amazon Effect

The New York Times

Amazon to bring 25,000 jobs to Long Island City, in exchange for as much as \$3 billion in state and city incentives

Bloomberg

Amazon would spend about \$2.5 billion to create an 8.5 million square foot campus on the East River waterfront

NEW YORK POST

December 2018 saw 30% more residential sales in Long Island City compared with November 2017



Long Island City home prices surge after Amazon HQ2 announcement



Amazon to bring in over \$27 billion in state and local tax revenue that can help improve subways and buses

The Amazon Effect



David Brause

President of Brause Realty and
Chair of the LIC BID Board of Directors



Elizabeth Lusskin

President of the LIC
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Jeremy Shell

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MODERATOR

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