Dear Friends,

In 2012, The Bronx experienced the most active investment property sales market since the 2008 financial crisis occurred.

For the year, the borough saw 210 transactions comprised of 341 properties totaling $1.28 billion in gross consideration. This represents a massive 63% increase in dollar volume, a 39% increase in transaction volume and a 46% increase in property volume compared to 2011, which saw 147 transactions consisting of 223 properties and totaling $613 million.

Sales volume saw major increases as owners sought to avoid higher capital gains taxes that would arrive in 2013. Several factors also contributed to higher prices. First, demand continued to outpace even elevated supply levels. Second, interest rates also added upward pricing pressure.

Third, and most importantly, 2012 may also be seen as a turning point for investor perceptions of the borough. With prices soaring and yields falling in other areas of New York City, investors are increasingly choosing The Bronx as the destination – not an alternative – for their capital.

Multifamily continued to be a favored asset class but other sectors are seeing great increases in all pricing metrics.

It’s also worth noting the strength of institutional level transactions, for 2012 saw 37 transactions take place at prices higher than $10 million. Such highlights include:

- Omni New York, a developer and operator that specializes in revitalizing affordable housing units, paid more than $137 million for a massive residential complex composed of 1,654 apartments, along with a $33.25 million purchase of a Section 8 portfolio consisting of nine elevated buildings.

- The Lightstone Group purchased the Whitestone Cinemas and the surrounding land for $30 million, and is looking to bring New York City’s first outlet mall to the site.

- CubeSmart completed its purchase of several properties from Storage Deluxe, acquiring one of their facilities for nearly $60 million, the single largest property sale in The Bronx since the Lehman Brothers collapse in 2008.

Though sales volume may dip in early 2013 as owners acclimate themselves to the new tax environment, we expect 2013 to be another year of modest improvement for Bronx investment properties. With demand continuing to outpace supply and interest rates remaining at historically low levels, the volume and value of trades will remain strong.

After some brief commentary on the next page discussing the different types of properties available in The Bronx, this report provides you with a catalog of notable 2012 transactions.

We look forward to our continued efforts in providing the Bronx community with the most informative and insightful market knowledge available. For further information regarding any of the enclosed properties, or to discuss real estate trends in general, please feel free to contact us at any time.

We wish you all a healthy and prosperous 2013.

Warmest Regards,

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Ariel Property Advisors | 212.544.9500 | arielpa.com
The Bronx Sales Report: Market Observations

Multifamily:

Bronx multifamily sales dominated the market throughout 2012. There were 126 multifamily transactions totaling $966 million in gross consideration. These numbers represent a dramatic increase from 2011, which saw only 92 transactions totaling $555 million. These improved trends are a product of the favorable lending environment, where interest rates are at an all-time low and banks are bullish on lending for cash-flowing multifamily assets, as well as an increased pool of investors looking to capitalize on more favorable returns in The Bronx compared to other boroughs.

Development Sites:

With 23 transactions totaling $64 million in gross consideration, the dollar volume for Bronx development sites dipped in 2012, while transaction volume remained flat. On the other hand, land prices in 2012 saw the average price per buildable square foot come in at approximately $30. This is an increase from levels seen in recent years, and is likely due to the continued demand for quality affordable and supportive housing and the increased availability of both public and private financing for such projects.

Industrial Sites:

This sector of the market boomed in 2012, with 23 transactions totaling $202 million in gross consideration, including the highest single transaction in the borough since 2008. These numbers exceeded 2011 figures by 168% in terms of dollar volume and 130% in terms of transaction volume. This trend will likely continue in 2013 with more large storage facilities expected to trade.

Commercial / Other Sites:

There were 38 transactions totaling $139 million in gross consideration, which was steered by several retail strips trading for around $300 per square foot. The figures surpassed 2011 across the board, improving 63% in terms of dollar volume and 41% in terms of transaction volume. Redevelopment projects such as the expansion of the Hutchinson Metro Center, Bay Plaza Mall, as well as the redevelopment of the Kingsbridge Armory will be a major revenue stream for the economy and dramatically alter the landscape for retail opportunities in the borough.
The Bronx 2011-2012 Real Estate Timeline

### Deals

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Date</th>
<th>Transaction Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2011</td>
<td>7 Aug 2011</td>
<td>Former Stella D’Oro Factory purchased by retail developers who are building a new shopping center.</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>1 Oct 2011</td>
<td>Sheridan Avenue Portfolio purchased by Chestnut Holdings from Prana Investment Group.</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>2 Oct 2011</td>
<td>Carpenter Ave Ir Colgate House Portfolios traded for $7.5 million.</td>
</tr>
<tr>
<td>Q1 2012</td>
<td>3 Nov 2011</td>
<td>Prestige Properties announces plans to develop The Mall at Bay Plaza.</td>
</tr>
<tr>
<td>Q1 2012</td>
<td>4 Mar 2012</td>
<td>$9.6mm 11-building Bronx portfolio sold near Yankee Stadium.</td>
</tr>
<tr>
<td>Q2 2012</td>
<td>5 Apr 2012</td>
<td>$11.2mm 2-building portfolio sells near Yankee Stadium.</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>6 May 2012</td>
<td>$17.425mm 330 West 236th Street 103,400 sf elevated building with 84 units trades for $12.5m in Riverdale.</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>7 May 2012</td>
<td>$5.2mm 110-unit building sells on Grand Concourse.</td>
</tr>
<tr>
<td>Q4 2012</td>
<td>8 May 2012</td>
<td>$8.75mm 2150 Wallace Avenue 71-unit building trades for $135k per unit.</td>
</tr>
<tr>
<td>Q1 2012</td>
<td>9 May 2012</td>
<td>$14mm 530 West 236th Street 103,400 sf elevated building with 84 units trades for $12.5m in Riverdale.</td>
</tr>
<tr>
<td>Q2 2012</td>
<td>10 May 2012</td>
<td>$15mm 2150 Wallace Avenue 71-unit building trades for $135k per unit.</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>11 May 2012</td>
<td>$20mm 2150 Wallace Avenue 71-unit building trades for $135k per unit.</td>
</tr>
<tr>
<td>Q4 2012</td>
<td>12 May 2012</td>
<td>$25mm 2150 Wallace Avenue 71-unit building trades for $135k per unit.</td>
</tr>
</tbody>
</table>

### Economy

- **NYS Labor Department** reported the state added 14,100 private sector jobs. **Construction permits** for new buildings, alterations & demolition increased by about 12% from 2011 to 2012.
- **Real GDP** increases 2.5% from 2.2% in 2011.
- **Mortgage rates** hit record lows.
- **Manhattan accounts** for 83% of multifamily dollar volume in Q3 2011.
- **Unemployment rate fell to 9.0%**.
- **Conference Board report** shows improving U.S. economy.
- **Reports show** real estate market improving nationwide.
- **Consumer Spending** in July jumps 0.6% from June.
- **Home prices increase** in 20 major cities for third consecutive month.
- **U.S. creates 114,000 jobs in August**.
- **Unemployment rate falls to 7.8%**.
- **Fed Chairman signals** new efforts to boost the economy.

National Home Building Index reaches 2007 levels. Fed plans to keep rates near zero through 2014. Existing home sales up 4.3% in January. U.S. unemployment rate falls to 7.8%.

Downtown Brooklyn led city in job growth and wages, report shows. Manhattan rents rise again in July. NYC multifamily transactions up 31 percent year-over-year. Fed Chairman signals new efforts to boost the economy. NYC multifamily sales dip in July, but trend continues to look up.
2012 Featured Transactions by Ariel Property Advisors

Southern Boulevard Portfolio
Nine (9) Elevatored Buildings
Project Based Section 8 Package
Residential Units: 371
Retail Units: 1
Price: $33,250,000
Sale Date: June 2012

2025 Seward Avenue
154-Unit Elevatored Building
83-Car Parking Lot | Approved Plans for 25 Additional Units
Price: $21,335,000
Sale Date: October 2012

1765-67 Davidson Avenue & 643-47 Cauldwell Avenue
Three (3) Walk-Up Buildings, 134 Units
Residential Units: 133
Retail Units: 1
LIHTC properties encumbered by regulatory agreements
Please Inquire for Details
Sale Date: December 2012

1314 Seneca Avenue
Corner Elevatored Building
Residential Units: 60
Retail Units: 2
In Contract

906 East 180th Street
Newly Constructed Mixed-Use Building
Residential Units: 5
Retail Units: 5
Office Units: 3
Price: $2,050,000
Sale Date: May 2012

Bronx Amsterdam Portfolio
Three (3) Walk-Up Buildings, 24 Units
Residential Units: 22
Retail Units: 2
Price: $1,610,000
Sale Date: November 2012

*Please note all dimensions are approximate
## The Bronx

<table>
<thead>
<tr>
<th>Location</th>
<th>Transaction Volume</th>
<th>Property Volume</th>
<th>Dollar Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast Bronx</td>
<td>33</td>
<td>43</td>
<td>$267,830,000</td>
</tr>
<tr>
<td>Northwest Bronx</td>
<td>71</td>
<td>103</td>
<td>$258,159,491</td>
</tr>
<tr>
<td>South Bronx</td>
<td>77</td>
<td>147</td>
<td>$611,499,384</td>
</tr>
<tr>
<td>Southeast Bronx</td>
<td>29</td>
<td>48</td>
<td>$142,499,360</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>210</strong></td>
<td><strong>341</strong></td>
<td><strong>$1,279,988,235</strong></td>
</tr>
</tbody>
</table>

### Multifamily Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap Rate - Multifamily</td>
<td>8.05%</td>
</tr>
<tr>
<td>GRM - Multifamily</td>
<td>7.04</td>
</tr>
<tr>
<td>$ / Unit - Multifamily</td>
<td>$90.108</td>
</tr>
<tr>
<td>$ / SF - Multifamily</td>
<td>$97</td>
</tr>
</tbody>
</table>

### Legend

- Elevatored Buildings
- Walk-up Buildings
- Mixed-Use Buildings
- Vacant Buildings
- Vacant Land
- Commercial Buildings
- Industrial Buildings
- Special Purpose

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Bronx 2012 Year-End Sales Report

Ariel Property Advisors | Building Results | 122 East 42nd Street, Suite 1015 - New York NY 10168 | 212.544.9500 | arielpa.com
## The Bronx 2012 Market Indicators

### Southeast Bronx

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Transaction Volume</th>
<th>Property Volume</th>
<th>Dollar Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>2</td>
<td>7</td>
<td>$8,150,000</td>
</tr>
<tr>
<td>Industrial</td>
<td>4</td>
<td>4</td>
<td>$6,385,000</td>
</tr>
<tr>
<td>Multifamily</td>
<td>11</td>
<td>20</td>
<td>$91,427,500</td>
</tr>
<tr>
<td>Commercial/Other</td>
<td>12</td>
<td>17</td>
<td>$36,536,860</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>29</strong></td>
<td><strong>48</strong></td>
<td><strong>$142,499,360</strong></td>
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</table>

### South Bronx

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Transaction Volume</th>
<th>Property Volume</th>
<th>Dollar Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>10</td>
<td>37</td>
<td>$29,985,156</td>
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<tr>
<td>Industrial</td>
<td>14</td>
<td>14</td>
<td>$126,503,939</td>
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<tr>
<td>Multifamily</td>
<td>45</td>
<td>87</td>
<td>$431,485,289</td>
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<tr>
<td>Commercial/Other</td>
<td>8</td>
<td>9</td>
<td>$23,525,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>77</strong></td>
<td><strong>147</strong></td>
<td><strong>$611,499,384</strong></td>
</tr>
</tbody>
</table>

### Northeast Bronx

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Transaction Volume</th>
<th>Property Volume</th>
<th>Dollar Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>4</td>
<td>5</td>
<td>$67,420,000</td>
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<tr>
<td>Multifamily</td>
<td>19</td>
<td>33</td>
<td>$238,525,002</td>
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<tr>
<td>Commercial/Other</td>
<td>10</td>
<td>10</td>
<td>$51,885,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>33</strong></td>
<td><strong>48</strong></td>
<td><strong>$357,830,002</strong></td>
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</tbody>
</table>

### Northwest Bronx

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Transaction Volume</th>
<th>Property Volume</th>
<th>Dollar Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>11</td>
<td>26</td>
<td>$25,802,040</td>
</tr>
<tr>
<td>Industrial</td>
<td>1</td>
<td>1</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Multifamily</td>
<td>51</td>
<td>68</td>
<td>$204,507,451</td>
</tr>
<tr>
<td>Commercial/Other</td>
<td>8</td>
<td>8</td>
<td>$26,650,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>71</strong></td>
<td><strong>103</strong></td>
<td><strong>$258,159,491</strong></td>
</tr>
</tbody>
</table>

### Multifamily Indicators

- **$ / Unit**: $135,195
- **$ / SF**: $139

### Bronx Multifamily Pricing Indicators

- **Cap Rate**: 8.05%
- **$/SF**: $97
- **GRM**: 7.04
- **$/Unit**: $90

### Dollar Volume Breakdown By Property Type

- **Development**: 11%
- **Industrial**: 5%
- **Multifamily**: 68%
- **Commercial / Other**: 16%

### Transaction Volume Breakdown By Property Type

- **Development**: 11%
- **Industrial**: 18%
- **Multifamily**: 11%
- **Commercial / Other**: 60%
Project-Based Section 8 Housing | Three (3) Elevatored Buildings
The Belmont-Venezia Portfolio, Bronx NY | Please inquire for Pricing

The Belmont-Venezia Portfolio is a Project Based Section 8 portfolio that consists of three elevatored multifamily buildings in the Belmont/Little Italy section of The Bronx.

Together, the properties contain 178 total units, of which there is 1 retail unit and 177 apartments. The residential unit mix consists of 37 three-bedroom apartments, 75 two-bedroom apartments, 63 one-bedroom apartments and 2 studio units. The retail unit is a barber shop located at 2476 Hughes Avenue. The portfolio is subject to a HAP agreement – please contact us for further information on its terms. Located in the heart of the Little Italy neighborhood, with several notable nearby destinations including Fordham University and The Bronx Zoo. It is also a short walk to the popular and highly rated eateries on the famous Arthur Avenue. Easy access to Manhattan is provided by the Metro North train station at Fordham Avenue. With its notable scale and excellent location, The Belmont-Venezia Portfolio stands out as a premier affordable housing preservation opportunity.

Large Development Site, Prime Bronx Location
62-66 Willis Avenue, Mott Haven | $4,750,000

Development Site, Prime Riverdale Location
40,022 Buildable Sq. Ft.
5959 Broadway, Riverdale | IN CONTRACT

Mixed-Use Medical Building
1870 Grand Concourse, Mount Hope | $1,650,000

Performing Note Collateralized By Retail Strip With Seven (7) Stores
2445 Creston Avenue, Fordham | Please inquire for details

North Bronx 8-family REO | Please inquire for details
637 East 224th Street, Williamsbridge
Sample Market Activity By Ariel Property Advisors

As Of January 2013

51 Unit Mixed-Use Building | 122 Feet of Frontage
887-89 Hunts Point Avenue, Hunts Point - Bronx
FOR SALE: $4,500,000

Ariel Property Advisors has been retained to promote the sale of 887-889 Hunts Point Avenue in the Hunts Point section of The Bronx. Located on the west side of Hunts Point Avenue between Garrison and Seneca Avenues, the properties consist of 46 residential and 5 retail units, including one Superin- tendent’s apartment. The unit mix consists of 21 two-bedroom apartments, 21 one-bedroom apartments and 4 three-bedroom apartments. Originally constructed in 1925 and gut renovated in 1997, the buildings receive J-51 benefits and are encumbered by a regulatory agreement through 2027. In addition, eleven of the units are currently allocated to HOME tenants, as part of a recently expired program with HPD. Please inquire for a comprehensive marketing package and more details regarding the regulatory agreement and the HOME program.

Market Activity Below $1,000,000

Corner Mixed-Use Building
753 Union Avenue, Morrisania | $679,000

Retail Strip With Two (2) Stores
4635-37 White Plains Road, Wakefield | $600,000

Mixed-Use Building
511 East 183rd Street, Bathgate | $520,000

Six (6) Unit Walk-Up Building | SOLD: $640,000
766 East 215th Street, Williamsbridge

Four (4) Unit Residential Building With 3-Car Parking Garage
20 East 205th Street, Bedford Park | SOLD: $475,000

Performing Note Collateralized By Mixed-Use Walk-Up Properties
2355-57 Jerome Avenue, Tremont | SOLD: $440,000
The Bronx Projects In Progress

Hutchinson Metro Center

The Hutchinson Metro Center is one of the most successful commercial office complexes in the region. The 42-acre development, which is currently under expansion, will offer unprecedented amounts of Class A office/medical and retail space, an LA Fitness Center and a 125-room Marriott Residence Inn. Tower One features 280,000 square feet of Class A space on nine floors with four floors of covered parking. A second tower of 320,000 square feet is planned for construction adjacent to Tower One. The two towers will be connected by a common lobby. The first Hutchinson Metro Center building of 460,000 square feet was fully leased in less than two years.

Via Verde

The gold-LEED certified 222-unit rental and co-op building represents a new model for affordable, green, and healthy living. The complex, which opened in 2012, will be approximately 30% more energy efficient than a standard building, by providing each apartment with energy-efficient lighting, appliances, and natural cross ventilation.

BRONX COMMONS - An Arts-based Mixed-use Development Collaboration with WHEDco and Blue Sea Development Corporation

The non-profit giant, WHEDco and Blue Sea Development Corporation are collaborating to develop a 361,600 square foot mixed-use development site. The site which is scheduled to open 2013 will include 293 affordable rental apartments along with the WHEDco Bard Academy Charter School for grades 6-12 with an El Sistema-inspired music education curriculum.

West Farms Development

Signature Urban Properties received final approval for the West Farms Development Project and are expecting to break ground on their 10-building portfolio consisting of 1,325 affordable housing units and 46,000 square feet of retail space in the summer of 2013. The project will be the largest private residential development in the Bronx in decades.
Investment Sales Brokerage | NYC

Ariel Property Advisors is a New York City investment property sales firm founded by Shimon Shkury.

From multifamily portfolios to office buildings and vacant lots to warehouses, the Company has successfully handled nearly every different kind of asset class and transaction size. Our success has led us to develop a vast network of relationships with investors, developers, institutions, brokers and other market participants throughout the region.

Our Approach

Ariel Property Advisors is committed to providing unmatched value for our clients by combining top-notch, relationship-driven investment sales professionals with cutting edge technology and research support.

For every deal size and asset type, we assign a team of professionals to ensure superior asset positioning, broad marketing efforts, sophisticated negotiation tactics and a smooth closing. All clients benefit from the close collaboration of senior and junior professionals.

Exclusive Market Research

Our investment research professionals strive to provide our sales staff, clients and industry leaders with the latest market information. Our expertise in multifamily sales is supported by our New York City multifamily research reports, which are produced and distributed monthly, quarterly, and annually. We also produce a variety of comprehensive research reports that illustrate the latest in real estate and economic trends throughout the boroughs.

Asset Evaluation

Utilizing 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. Combining comprehensive financial analyses with real time market data, our Asset Evaluation will help you both establish the current market value of the asset and identify the primary value drivers affecting the price. Our team will not only review today’s pricing environment but also explore every possible opportunity that could result in maximizing the asset’s value, be it today or in the future. The best part – it’s free.

For More Information Please call 212.544.9500 or visit arielpa.com
The information contained herein has either been given to us by the owner of the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy but we do not guarantee the accuracy of any information provided herein. As an example, all zoning information, buildable footage estimates and indicated uses must be independently verified. Vacancy factors used herein are an arbitrary percentage used only as an example, and does not necessarily relate to actual vacancy, if any. The value of this prospective investment is dependent upon these estimates and assumptions made above, as well as the investment income, the tax bracket, and other factors which your tax advisor and/or legal counsel should evaluate. The prospective buyer should carefully verify each item of income, and all other information contained herein.

Know The Value
Contact us to request a Complimentary Asset Evaluation
212.544.9500

Methodology:
The report tracks development, multifamily, industrial, and other commercial property sales over $1 million in the borough.