

Yardi® Matrix

# Brooklyn's Blistering Pace

Multifamily Report Summer 2018

**Education, Health Sector  
Leads Job Growth**

**Developers Focus on  
Luxury Assets**

**Affordability  
Issues Linger**



# BROOKLYN MULTIFAMILY

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## Market Analysis

Summer 2018

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## Kings County Braces for Banner Year

Brooklyn's multifamily market is set to reach a new cycle peak this year, with most of the upcoming supply geared toward the upscale market. This will likely make the already severe affordability crisis even more acute. Home prices in the borough are quickly nearing high-priced Manhattan levels.

New York City added almost 98,000 jobs year-over-year through May, with education and health services accounting for almost half. The development of new public ferry routes is encouraging construction activity on East River shores: A 1,200-foot-long esplanade now runs along the river in Williamsburg. Industry City is in the process of reshaping the South Brooklyn waterfront, where a joint venture intends to create 3.6 million square feet of retail space, storage units, warehouses and hotels. Moreover, submarkets that grant quick commutes to employment centers in Manhattan, such as Prospect Heights and Downtown Brooklyn, are attracting developer interest. Office demand is high, as investors see the borough as a viable alternative to Manhattan's exorbitant prices.

At \$1.1 billion year-to-date through July, transaction volume was mainly influenced by the \$870 million sale of the largest subsidized property in the U.S. With roughly 14,000 units expected to come online in the metro this year, New York City rents are bound to drop 0.1% in 2018.

### Recent Brooklyn Transactions

Spring Creek Towers



City: Brooklyn, N.Y.  
Buyer: Rockpoint Group  
Purchase Price: \$870 MM  
Price per Unit: \$147,934

921 Washington Avenue



City: Brooklyn, N.Y.  
Buyer: GRJ  
Purchase Price: \$53 MM  
Price per Unit: \$406,489

787 E. 46th Street



City: Brooklyn, N.Y.  
Buyer: Coney Realty & Management  
Purchase Price: \$27 MM  
Price per Unit: \$207,031