



MULTIFAMILY REPORT

Brighter Days Ahead For Brooklyn

Spring 2021

Rents Return to Positive Territory

Prospect Heights Sees Rapid Growth

Investors Target Value-Add Communities

BROOKLYN MULTIFAMILY



Recovery on the Horizon, Even as Hardships Go On

Like most coastal markets, the beginning of the pandemic translated into sharp rent declines across New York City boroughs. Rent development, however, started gaining ground after hitting bottom in October 2020. As of March, Brooklyn rents were up 0.3% on a trailing three-month (T3) basis, with the average at \$2,637. Year-over-year, Brooklyn rates were still down 10.5% as of March, but recent activity points to more steady improvement. Meanwhile, occupancy in stabilized communities dropped 100 basis points over 12 months, to 97.8% as of February.

New York City employment contracted by more than 750,000 positions last year, representing an 11.4% drop, with all sectors losing jobs. As with most U.S. metros, coronavirus restrictions and anxiety resulted in sharp declines for the leisure and hospitality sector, which shed nearly 300,000 positions. Meanwhile, the unemployment rate for the New York City MSA hovered close to the 10% mark for the better part of the past six months.

The number of completed units in the 12 months ending in March dropped 35.3% to 2,914 from the previous 12 months, marking a four-year low. Going forward, rent expansion remains the silver lining, with this year slated to erase some of the contractions caused by the health crisis: Yardi Matrix expects the overall average New York City rent to advance 2.2% in 2021.

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Recent Brooklyn Transactions

Spring Creek Gardens



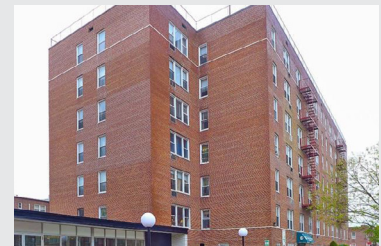
City: New York City
Buyer: K&R Preservation
Purchase Price: \$35 MM
Price per Unit: \$60,328

221 Linden Blvd.



City: New York City
Buyer: Camber Property Group
Purchase Price: \$31 MM
Price per Unit: \$211,340

Chelsea



City: New York City
Buyer: The Parkoff Organization
Purchase Price: \$21 MM
Price per Unit: \$168,699

Fiesta



City: New York City
Buyer: The Parkoff Organization
Purchase Price: \$20 MM
Price per Unit: \$162,602