



MULTIFAMILY REPORT

Brooklyn's Bounce

August 2022

Economy Makes Strides

Deliveries Rise, Pipeline Shrinks

Rents Above Pre-Pandemic Levels

BROOKLYN MULTIFAMILY



Brooklyn Regains Some Luster

New York's economic recovery accelerated later, in line with other large coastal cities, but it is now gaining ground fast, with boosting multifamily fundamentals. Year-over-year, Brooklyn rents grew by 11.2% to an average of \$3,178, some \$200 above the borough's pre-pandemic figure. Meanwhile, the already tight occupancy rate was up 60 basis points year-over-year through May, to 98.5%.

New York City added 403,000 jobs in the 12 months ending in May, for a 5.8% expansion, outperforming the 4.7% U.S. figure. Meanwhile, unemployment reached 4.6%, still above the national average but marking a 150-basis-point improvement since the beginning of the year. Even so, out-migration and economic turbulence have left their mark. Metro New York still had 560,000 fewer employees in April 2022 than it did before the pandemic hit.

Investor interest followed improving fundamentals and transactions gained steam in the first half of 2022, with the total at \$705 million for single-asset sales. This, however, does not capture the Federal Reserve's most recent interest rate hikes, which are likely to widen the bid-ask spread and dampen capital flowing into the sector. Meanwhile, completions accelerated, with 1,747 apartments coming online during the first two quarters, and an additional 13,677 units under construction as of June.

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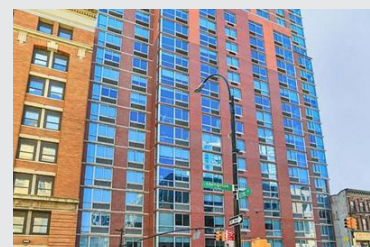
Recent Brooklyn Transactions

The Vitagraph



City: New York City
Buyer: Dermot Co.
Purchase Price: \$180 MM
Price per Unit: \$526,026

The Addison



City: New York City
Buyer: Dermot Co.
Purchase Price: \$142 MM
Price per Unit: \$525,092