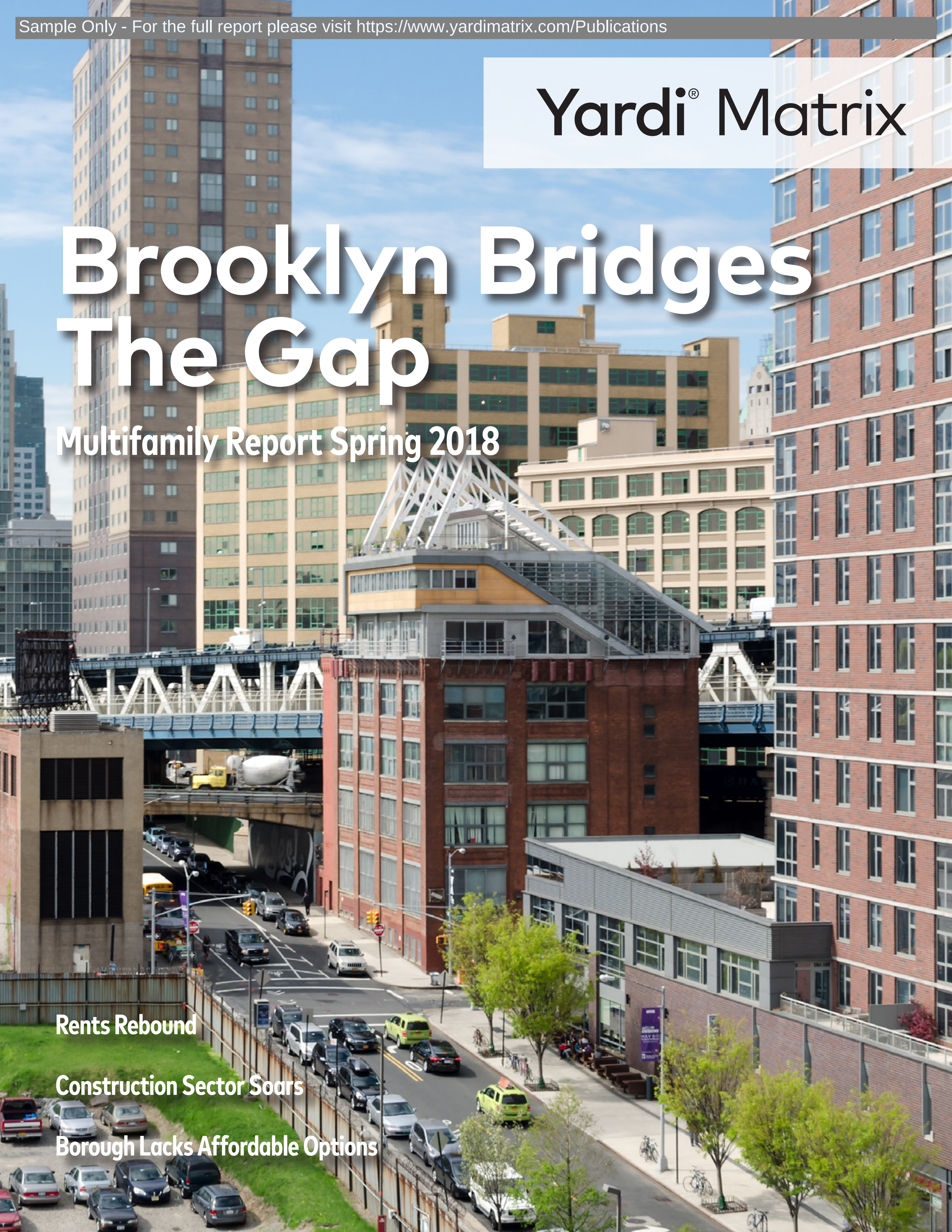

Yardi® Matrix

Brooklyn Bridges The Gap

Multifamily Report Spring 2018

Rents Rebound

Construction Sector Soars

Borough Lacks Affordable Options

Market Analysis

Spring 2018

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Kings County Receives Royal Treatment

Brooklyn rents stopped their slide this spring, following a lengthy spell when affordability issues and insufficient Renter-by-Necessity stock had driven residents away from the borough. Now, with a multifamily pipeline consisting of 41,000 units in all stages of development and the best-performing economy of all five boroughs, Brooklyn continues to evolve as its office sector becomes a viable alternative to the overstuffed, prohibitively priced product in Midtown, Lower Manhattan and Midtown South.

New York City as a whole grew at a consistent rate, bolstered by the strong performance of education and health services, as well as rapid improvement in construction. The two sectors gained 40,000 jobs in 2017, accounting for nearly half of all positions added to the five boroughs last year. The extensive repurposing of Industry City, a large industrial site in Sunset Park that will host commercial space and a tech incubator; the 5,500-unit Greenpoint Landing; and the Domino Sugar Refinery redevelopment are a few of the projects reshaping the borough.

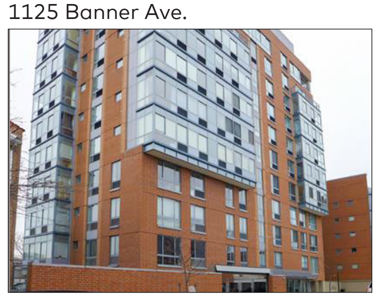
Roughly 13,500 units were underway as of March, pointing to further stock expansion. Because most transactions were in the value-add space, where better yields are possible, investment volume will likely moderate this year. Overall, we expect New York City rents to drop 1.0% in 2018.

Recent Brooklyn Transactions

70 Dahill Road

City: Brooklyn, N.Y.
Buyer: Dimaggio Realty Management
Purchase Price: $33 MM
Price per Unit: $490,698

1125 Banner Ave.



City: Brooklyn, N.Y.
Buyer: Abro Management
Purchase Price: $47 MM
Price per Unit: $459,803

On the cover: Photo by digital farmer/iStockphoto.com