



MULTIFAMILY REPORT

Stability In Brooklyn

May 2025

Rent Growth, Occupancy Above US

Construction Activity Healthy

Unemployment Hits a Snag

BROOKLYN MULTIFAMILY



Strong Fundamentals Despite Robust Supply

The Brooklyn multifamily market closed the first quarter on solid ground. Average advertised asking rents were up 0.5%, on a trailing three-month basis, to \$3,643 as of March. Meanwhile, the national rate increased a mild 0.1%, settling at \$1,755. As of February, the occupancy figure was at 98.8%, unchanged year-over-year but still well above the national average of 94.5%.

As of January, New York City's unemployment rate was 5.3%, according to data from the Bureau of Labor Statistics. NYC gained 15,050 net jobs in the past year with only a single sector contracting. Education and health services led gains with more than 99,000 jobs. Major projects in Brooklyn continue to highlight the borough as a sustainability hub. Following the completion of the all-electric skyscraper at 505 State St., Alloy Development is setting its sights on the second phase of The Alloy Block. One Third Avenue is expected to be the world's tallest Passive House building. One of the requirements for the 63-story tower to meet the rigorous Passive House standards is achieving an air-tight building envelope.

As of March, Brooklyn had more than 25,600 units under construction, surpassing the combined underway pipelines of Manhattan and Queens. The borough also had an additional 32,000 units in the planning and permitting stages.

Market Analysis | May 2025

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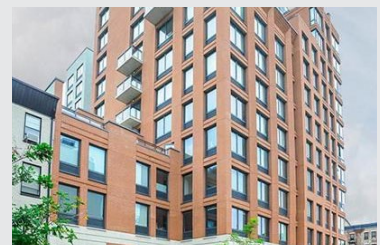
Recent Brooklyn Transactions

Leonard Pointe



City: Brooklyn, N.Y.
Buyer: Pacific Urban Investors
Purchase Price: \$128 MM
Price per Unit: \$678,191

237 11th St.

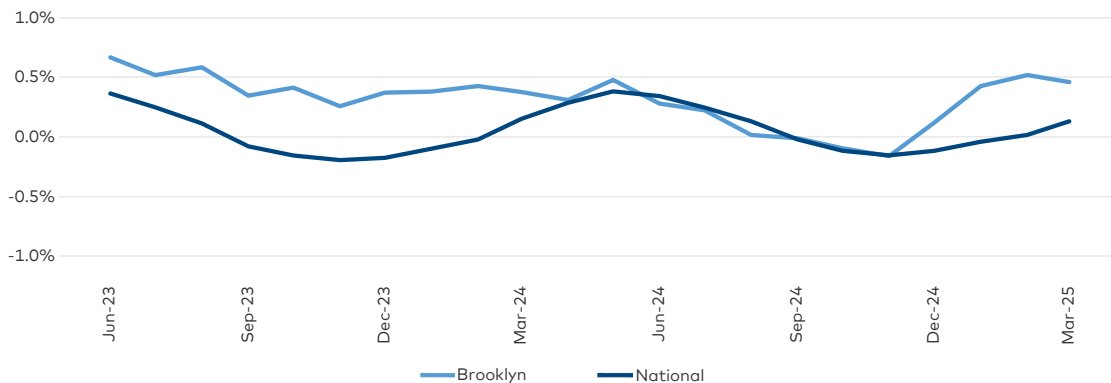


City: Brooklyn, N.Y.
Buyer: Shel Capital
Purchase Price: \$69 MM
Price per Unit: \$652,381

RENT TRENDS

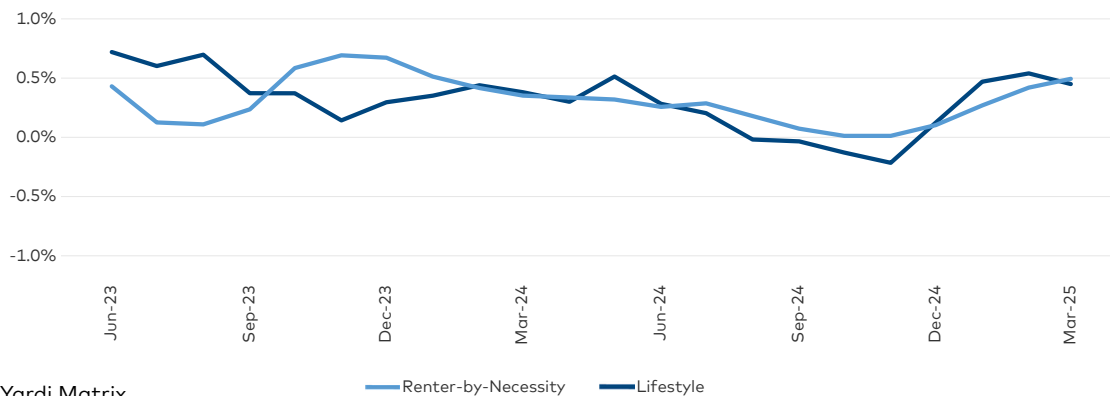
- Average advertised asking rents in Brooklyn were up 0.5% on a trailing three-month (T3) basis through March. The figure was well above the national growth rate of 0.1% but just below New York City's 0.6% rise. The borough's advertised asking rent settled at \$3,643, continuing to outstrip the national average of \$1,755. Overall, New York City was the top-performing metro for year-over-year rent growth, with the rate at 5.5%, while the U.S. figure was 1.0%.
- On a T3 basis, both quality segments were neck and neck, with a 0.5% increase. Advertised asking rents for Lifestyle assets stood at \$4,303, with Renter-by-Necessity averages settling at \$2,233. For New York City overall, the Lifestyle segment saw a 0.6% growth rate, while RBN figures recorded a 0.4% increase.
- As of February, occupancy in Brooklyn remained unchanged year-over-year at a tight 98.8%. As usual, the borough's average was well above the national figure of 94.5%. Lifestyle occupancy increased 10 basis points to 98.4%, with RBN occupancy remaining unchanged at 99.2%.
- All of Brooklyn's 40 submarkets tracked by Yardi Matrix recorded positive rent growth on a year-over-year basis. Coney Island–Sea Gate led gains with advertised asking rents up 5.3% settling at \$3,155. Greenpoint (up 3.4% to \$4,437), Flatbush (up 3.1% to \$2,177) and Fort Greene (up 3.1% to \$3,940) also recorded notable increases. Dumbo was the borough's most expensive submarket with advertised asking rents climbing 3.0%, to \$5,178.

Brooklyn vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Brooklyn Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ As of January, New York City's unemployment rate stood at 5.3%, according to data from the Bureau of Labor Statistics. The figure was on par with the average of the past year. However, the city's average was 90 basis points higher than the 4.4% state figure and 130 basis points above the 4.0% U.S. rate.
- ▶ New York City gained 150,500 net jobs during 2024. The city's job growth rate was at 2.0% and double the U.S. average. Education and health services led growth with an impressive 99,200 jobs added. The government (15,600 jobs) and the professional and business services (14,800 jobs) sectors also saw notable gains. Only the mining, logging and construction sector contracted, shedding 7,400 jobs.
- ▶ After completing the all-electric skyscraper at 505 State St., Alloy Development is aiming higher with the second phase of The Alloy Block. The planned addition, dubbed One Third Avenue, is expected to be the world's tallest Passive House building. The 63-story tower will include 583 units, with 152 set aside as affordable housing, as well as office and retail space. One of the requirements for One Third Avenue to meet Passive House standards is achieving an air-tight outer shell. Thermal insulation and adequate ventilation are also key. The high-rise's residential and office segments will also share energy systems to reduce heat loss.

New York Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	1,623.3	25.5%
90	Government	806.7	12.7%
60	Professional and Business Services	1,018.1	16.0%
55	Financial Activities	628.6	9.9%
70	Leisure and Hospitality	562.3	8.8%
80	Other Services	245.6	3.9%
50	Information	250	3.9%
40	Trade, Transportation and Utilities	896.4	14.1%
30	Manufacturing	134.3	2.1%
15	Mining, Logging and Construction	201.1	3.2%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ New York City's population decreased 0.5% between 2021 and 2022. Overall, the city lost 103,217 residents.
- ▶ Meanwhile, the U.S. population increased by 0.4% during the same time frame.

Brooklyn vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
NYC Metro	19,294,236	19,261,570	20,011,812	19,908,595

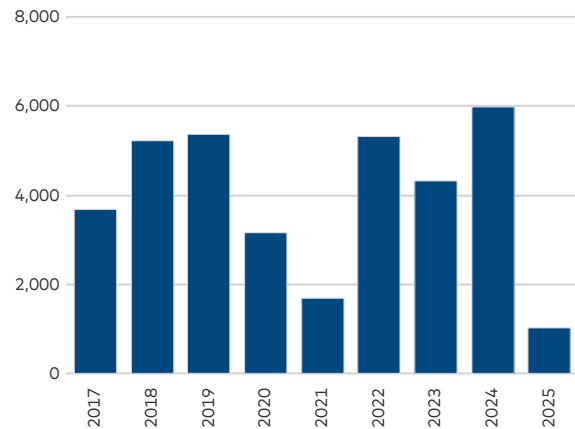
Source: U.S. Census

SUPPLY

- ▶ In the first quarter, Brooklyn developers added 1,018 units. Completions accounted for 0.6% of existing inventory. This was 10 basis points higher than the national average. Most of the recent deliveries were Lifestyle assets, but a single Renter-by-Necessity property also came online. Yardi Matrix projects the borough will gain a total of 7,800 units by the end of 2025, with Manhattan and Queens adding an additional 9,700 units.
- ▶ As of March, Brooklyn had 25,623 units under construction. The borough's underway pipeline was more than double the total recorded for both Manhattan (12,126 units) and Queens (12,399 units). Most of Brooklyn's underway pipeline comprised Lifestyle assets. The remaining 9% of the units under construction were in RBN properties, and 19% were in fully affordable developments. Developers also had 32,000 units in the planning and permitting stages.
- ▶ The borough had seven submarkets with more than 2,000 units underway, while another three were over the 1,000-unit mark. Boerum Hill-Gowanus led construction activity with 3,714 units under construction. Fort Greene (3,220 units), Williamsburg (2,777 units), Greenpoint (2,538 units) and East New York (2,330 units) rounded out the top five.

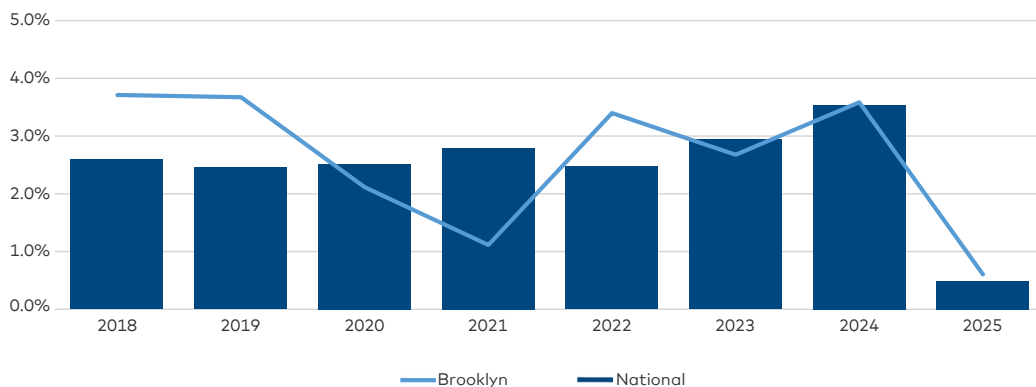
- ▶ The largest development underway in the Boerum Hill-Gowanus submarket is the 654-unit Nevins Landing. Developed by a joint venture between Tavros Capital and Charney Cos., the two-building property will also include 154 affordable units. First-Citizens Bank & Trust Co. provided \$140 million for the project, which is expected to come online in the last quarter of 2026.

Brooklyn Completions (as of March 2025)



Source: Yardi Matrix

Brooklyn vs. National Completions as a Percentage of Total Stock (as of March 2025)

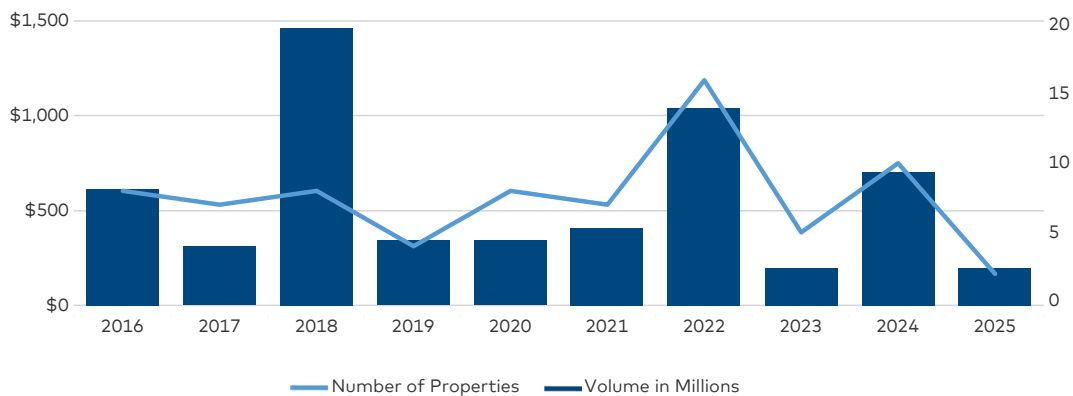


Source: Yardi Matrix

TRANSACTIONS

- ▶ Brooklyn investors traded two Lifestyle properties for a combined \$196 million in the first quarter of 2025. This came on the heels of a strong year for the borough, when sales volume reached \$704 million, with Lifestyle sales accounting for \$650 million. The overall figure was higher than the five-year average of \$539 million.
- ▶ During the five-year period ending in 2024, the average price per unit was \$419,590. During that time, Renter-by-Necessity sales generated an average price per unit of \$154,722, while Lifestyle sales averaged \$1,644,947 per unit, illustrating the gap between segments.
- ▶ One of the notable sales of the first quarter was Pacific Urban Investors' acquisition of the 188-unit Leonard Pointe in Williamsburg. UDR sold the Lifestyle asset for \$127.5 million or \$678,191 per unit. The property last traded in early 2019, when the current seller paid \$130.4 million or \$693,842 per unit for the 2013-completed asset.

Brooklyn Sales Volume and Number of Properties Sold (as of March 2025)



Source: Yardi Matrix

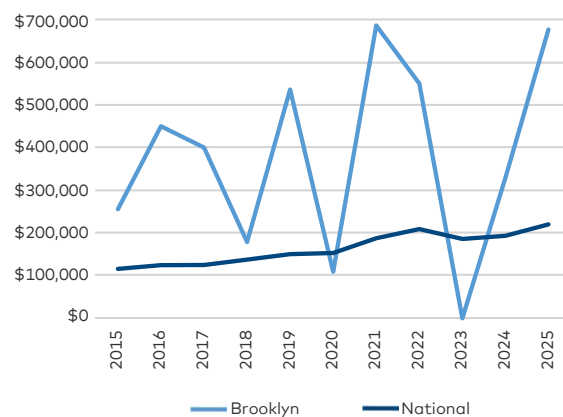
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Downtown Brooklyn	348
Fort Greene	203
Williamsburg	128
Boerum Hill-Gowanus	67
Navy Yard	59
Brighton Beach-Manhattan Beach	42
Bedford-Stuyvesant	40

Source: Yardi Matrix

¹ From April 2024 to March 2025

Brooklyn vs. National Sales Price per Unit



Source: Yardi Matrix



Is Building More Enough to Tackle New York's Affordable Housing Crisis?

By Diana Firtea

Jolie Milstein, president & CEO of the New York State Association for Affordable Housing—the nation's largest association of affordable housing developers—believes preserving is as important as building. For the 2026 fiscal year, the Executive Budget proposes \$427 million to continue the state's \$25 billion, 5-year housing plan to create and preserve 100,000 affordable homes.

What are the most pressing challenges that New York affordable housing developers face today?

New York's affordable housing crisis is exacerbated by several persistent challenges that deter developers from pursuing the creation of new projects. For instance, rising construction and operational costs have created a significant financial burden on developers. On the regulatory side, making New York more builder-friendly is also a significant challenge.

The lack of preservation funding for affordable housing is another pressing concern for developers. As existing properties face increased operational costs, the potential for losing affordable units due to physical deterioration or financial strain is growing.

How do you assess Governor Hochul's Executive Budget proposal?

The \$1 billion investment in the landmark City of Yes for Housing Opportunity initiative as well as increased funding for programs like the Empire State Supportive



Housing Initiative and the SLIHTC are vital components to the state's housing agenda and demonstrate a strong commitment to the creation of new affordable housing units.

However, while the focus on new housing is needed, the budget falls short in addressing the preservation of existing affordable housing. Preservation is equally important, as many properties are at risk of becoming financially unsustainable due to escalating costs and the lingering effects of the COVID-19 pandemic.

Tell us more about the main priorities outlined in your State of Yes Housing for All proposal.

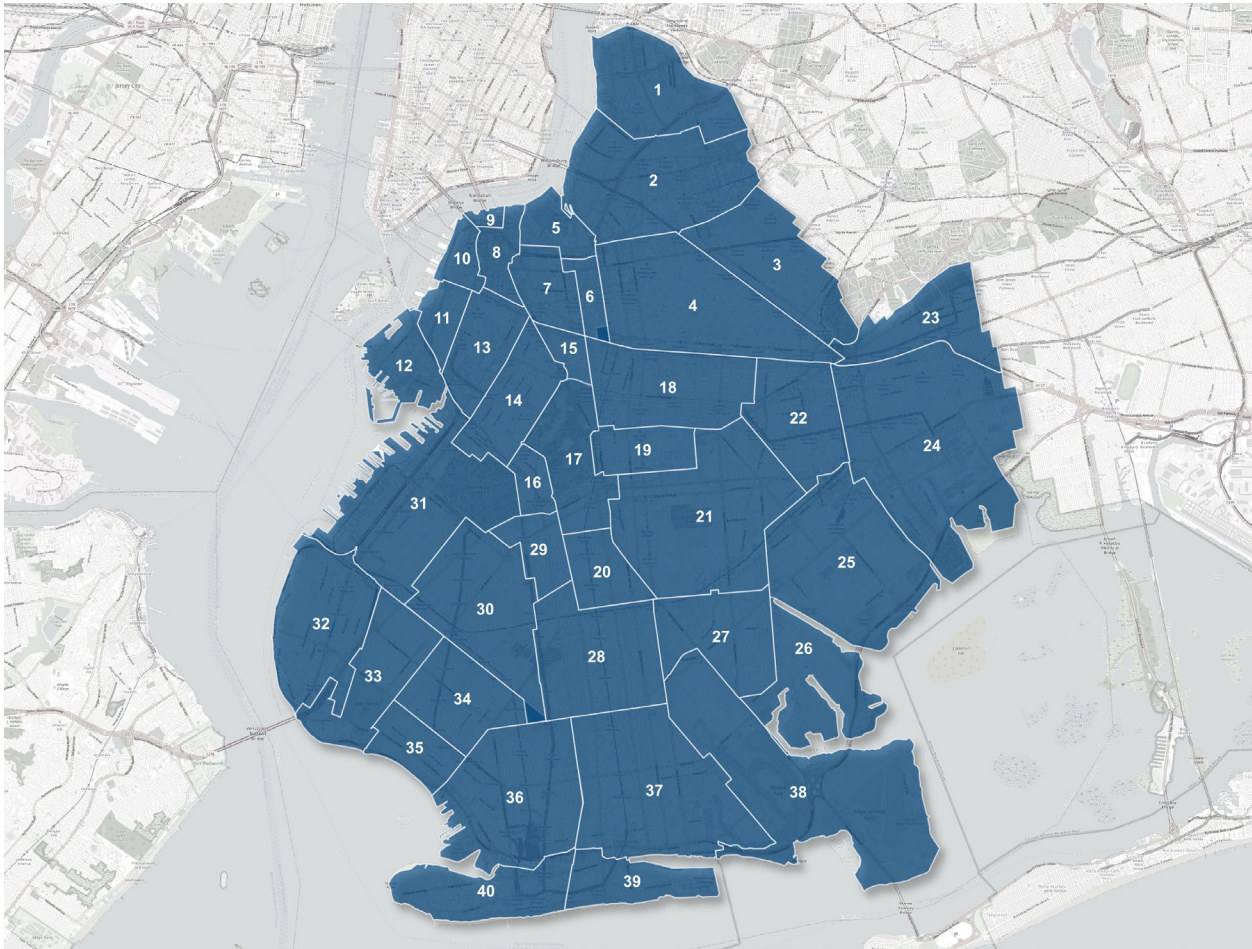
The State of Yes Housing for All initiative outlines a \$1 billion investment and comprehensive approach to tackling the affordable housing crisis, which includes \$150 million for an Affordable Housing Relief Fund. The initiative also proposes doubling the SLIHTC program to \$30 million annually. Additional priorities include \$500,000 for a statewide insurance feasibility study, \$3 million for an insurance assistance program and improvements to the Historic Tax Credit to expand the investor pool.

Can you share details about a recent affordable housing project that could serve as a model?

One notable project is the Bridge Rockaway development in Brooklyn, which integrates affordable housing with local economic development opportunities. This mixed-use project not only provides affordable housing but also includes space for light manufacturing, creating jobs and promoting community revitalization.

(Read the complete interview on multihousingnews.com.)

BROOKLYN SUBMARKETS



Area No.	Submarket
1	Greenpoint
2	Williamsburg
3	Bushwick
4	Bedford–Stuyvesant
5	Navy Yard
6	Clinton Hill
7	Fort Greene
8	Downtown Brooklyn
9	Dumbo
10	Brooklyn Heights
11	Cobble Hill
12	Red Hook
13	Boerum Hill–Gowanus
14	Park Slope–South Slope

Area No.	Submarket
15	Prospect Heights
16	Windsor Terrace
17	Prospect Park–Prospect Park South
18	Crown Heights
19	Prospect–Lefferts Gardens
20	Flatbush
21	East Flatbush
22	Brownsville
23	Cypress Hills
24	East New York
25	Canarsie
26	Bergen Beach–Mill Basin
27	Flatlands
28	Midwood

Area No.	Submarket
29	Kensington & Parkville
30	Borough Park
31	Sunset Park–Greenwood
32	Bay Ridge
33	Dyker Heights
34	Bensonhurst
35	Bath Beach
36	Gravesend
37	Sheepshead Bay–Gerritsen Beach
38	Marine Park
39	Brighton Beach–Manhattan Beach
40	Coney Island–Sea Gate

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



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- Gain complete new supply pipeline information from concept to completion
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Yardi Matrix Multifamily
provides accurate data on
nearly **23 million units**, covering
over **92% of the U.S. population.**



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