

# BROOKLYN 2021 YEAR-END SALES REPORT

by Ariel Property Advisors | Released January 2022

## NEW REPORT FEATURE

To help digest the reports at a glance, we've introduced pricing and volume icons for each asset class. The colors represent the following trends:

- Green means performance has improved
- Gray means performance is unchanged
- Purple means performance has dipped



Dollar volume



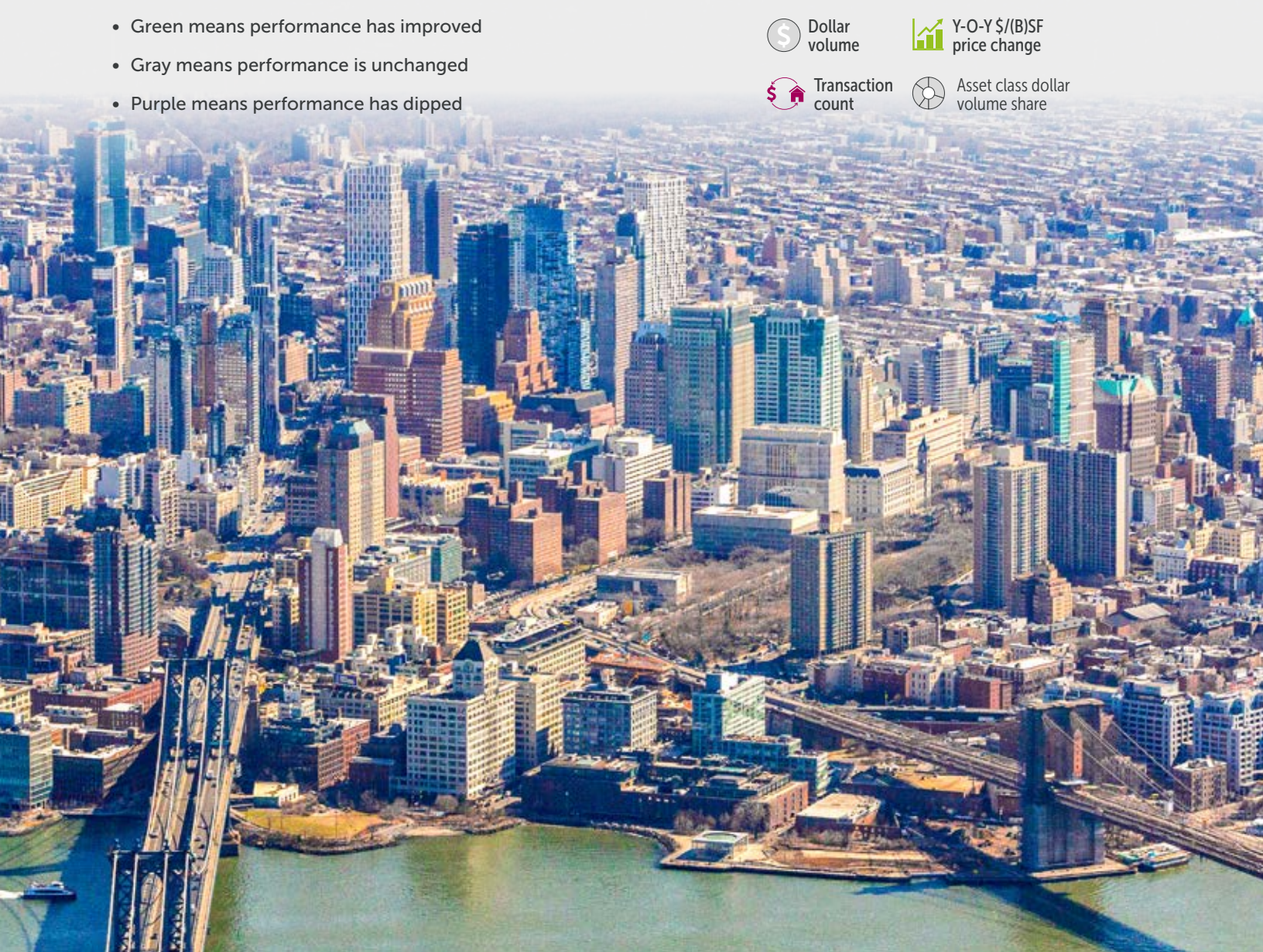
Y-O-Y \$(B)/SF price change



Transaction count



Asset class dollar volume share




Investment Sales  
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# 2021 YEAR-END OVERVIEW

 **\$6.92B** Dollar Volume  
51% increase compared to 2020

 **881** Transaction Volume  
41% increase compared to 2020

 **1,122** Property Volume  
37% increase compared to 2020

After a difficult 2020 that saw Brooklyn's investment sales market have its worst year in over a decade, Brooklyn bounced back in a big way in 2021, finishing the year with metrics that were virtually identical to 2019's pre-COVID numbers. Increasing rents coupled with decreasing vacancy and an overall supply shortage helped spur activity down the stretch of 2021. Of the 881 total transactions, 53% took place during the 2nd half of the year, yet they represented 73% of the total dollar volume. The late surge was due to the return of institutional money into the marketplace, as the 8 largest transactions in the borough all closed during the back half of the year. There is optimism that this momentum will continue into 2022 as we push into the post-pandemic era.

## MULTIFAMILY



- The multifamily market in Brooklyn saw steep year over year increases across all metrics in 2021, surpassing even 2019 pre-COVID levels by a wide margin. The increase of transactions is likely due to both the inactivity in 2020 as well as the market comprehension of the HSTPA which has resulted in a decrease in all multifamily pricing indicators
- Large funds are purchasing free market properties and buildings with 421A tax abatements under the assumption that the borough will continue to grow, and demand will increase
- There was also an increase of transaction volume in the medium and smaller properties in 2021 compared to 2020 as more and more investors who were sitting on the sidelines re-enter the market
- The steep increase in dollar volume can be attributed to the Starett City Portfolio partial interest sale which contributed over \$1 billion

## IND / WH / STO



- The industrial asset class has been relatively immune to the negative effects of the pandemic and was one of the strongest performing asset classes in 2021. While the increasing demand for e-commerce has hurt the retail class, industrial has thrived
- The asset class ended the year with close to \$700 million in total dollar volume, the largest number ever in Brooklyn. The 94 total transactions trailed only 2014
- Building momentum moving into 2022, the 5 largest transactions of the year took place in December. The largest was RXR & LBA Logistics' purchase of a 760,000 SF portfolio in Red Hook for \$123 million

## DEVELOPMENT



- 2021 saw 121 development sites sell for a total of \$959 million, which represents the same number of transactions that happened in 2020, but a 10% drop in dollar volume
- The slight fall in dollar volume can be attributed to 3 large transactions that occurred in 2020 that were more than 500K BSF and accounted for more than approximately 30% of the total dollar volume. In 2021, 21 Transactions accounted for just over \$600 million of the \$959 million in dollar volume
- The average price per buildable square foot stayed relatively flat, slightly rising from \$251 to \$254. This shows that the market is still strong as NYC continues to suffer from a housing shortage
- Looking ahead, we expect significant drops in transaction, dollar and property volume as the Affordable NY tax abatement expires in June of 2022

## COMMERCIAL



- The commercial/retail asset class remains one of the hardest hit by the pandemic, as investors are still struggling to adjust as more and more retailers move into the online space
- Despite a slight 11% uptick in transaction volume, dollar volume dropped 37% compared to 2020. That number is somewhat deceptive, however. If we remove Urban Edge Properties' \$165 million purchase of 1630 E 15th Street & 1715 E 13th Street from February of 2020, the drop in dollar volume is cut in more than half
- The average price per square foot dropped to \$559, the lowest number since 2015

New York City appears to be on the cusp of a significant jump in investment property sales activity. Challenges remain, especially with respect to the threat of persistent inflation, the market's response to inevitable interest rate hikes and regulatory uncertainty. The upcoming expiration of the Affordable New York tax abatement program and the potential enactment of Good Cause Eviction legislation may have a significant impact on pricing.

At the same time, many are surprised at just how quickly New York real estate fundamentals have recovered from the pandemic. Investors are once again underwriting with proformas, not just in place cash flow. Recent re-zonings in Soho and Gowanus may mark the beginning of more pro-development policies coming out of City Hall. Debt will remain historically cheap even after interest rate hikes.

Lastly, there are a lot of owners interested in selling properties who understandably held off on marketing their properties until the pandemic receded and showed meaningful improvement. As several recent sales indicate, those owners will be selling into a much more confident market that is flush with capital.

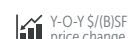
We're confident the City's real estate market is poised to build on the strength seen in the second half of 2021, leading to many more transactions in 2022 and beyond.



Dollar volume



Transaction count



Y-O-Y \$/(B)SF price change



Asset class dollar volume share



# REAL ESTATE TIMELINE / PRICING METRICS

**\$357**

\$ / SF - Multifamily\*\*

**\$309,817**

\$ / Unit - Multifamily\*\*

**5.51%**

Cap Rate - Multifamily\*\*

**11.46**

GRM - Multifamily\*\*

**\$254**

\$ / BSF - Development\*

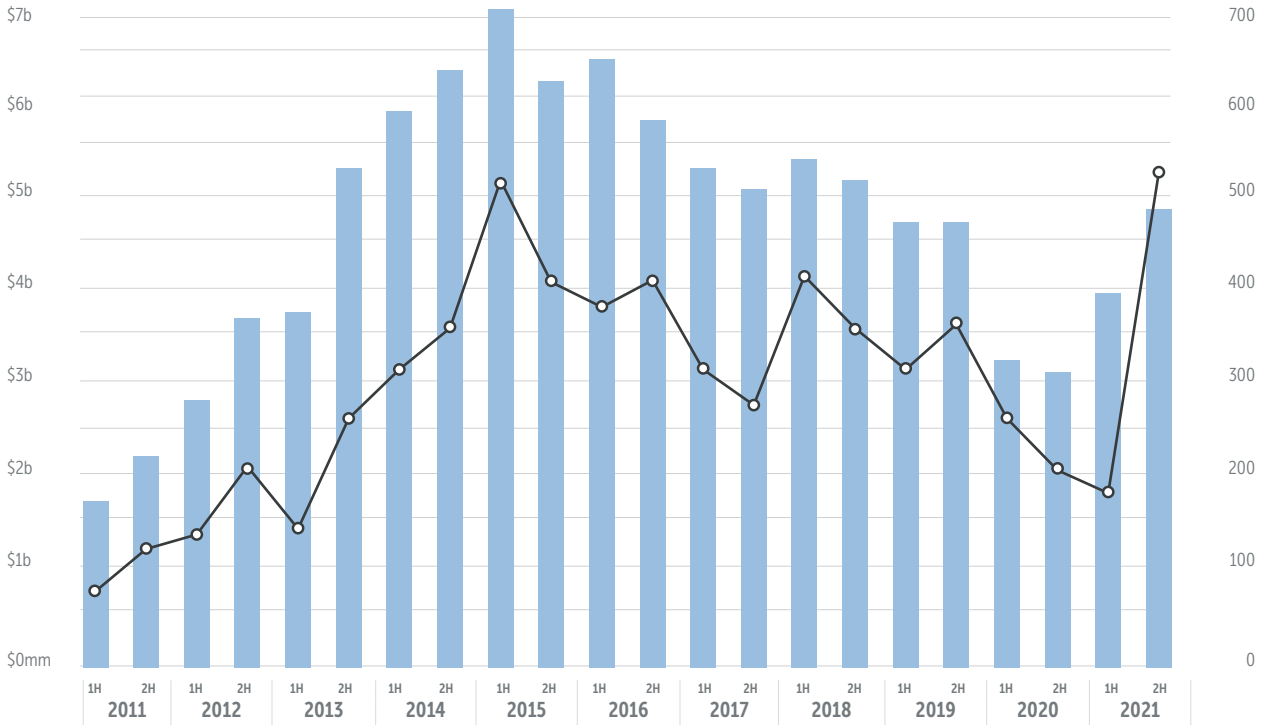
**\$559**

\$ / SF - Commercial

2021 Property Value Metrics

## BROOKLYN 2011 - 2021 REAL ESTATE TIMELINE

Transaction Volume ● | Dollar Volume ○



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## PROPERTY VALUE METRIC COMPARISON (2016 - 2021)

INDICATOR	2016	2017	2018	2019	2020	2021
\$/SF - Multifamily**	\$376	\$388	\$389	\$420	\$397	\$357
\$/Unit - Multifamily**	\$326,813	\$316,692	\$335,109	\$372,284	\$335,146	\$309,817
Cap Rate - Multifamily**	4.58%	4.43%	4.65%	4.70%	5.27%	5.51%
GRM - Multifamily**	15.96	15.39	15.44	13.56	12.60	11.46
\$/BSF - Development*	\$262	\$248	\$261	\$251	\$251	\$254
\$/SF - Commercial	\$665	\$616	\$608	\$635	\$577	\$559

\*reflects transactions of vacant land or equivalent development sites  
 \*\*reflects multifamily transactions of 10+ residential units

# OBSERVATIONS BY PRODUCT TYPE

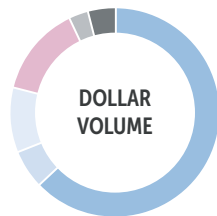
	PROPERTY TYPE	2021	% CHANGE '21 - '20	2020	% CHANGE '21 - '19	2019
DOLLAR VOLUME	Multifamily	\$4,340,978,829	118%	\$1,987,277,383	67%	\$2,596,578,851
	MF-MU 10+ resi units	\$3,308,263,618	139%	\$1,385,711,720	102%	\$1,641,754,477
	MF-MU 6-9 resi units	\$472,783,106	85%	\$256,101,574	27%	\$372,351,295
	MF-MU Small	\$559,932,105	62%	\$345,464,089	-4%	\$582,473,079
	Commercial	\$422,597,851	-37%	\$670,256,645	-45%	\$768,403,224
	Ind / WH / Sto*	\$688,372,300	44%	\$478,396,449	14%	\$603,116,084
	Development	\$959,152,953	-10%	\$1,070,467,681	-59%	\$2,359,307,223
	Office	\$201,178,613	-1%	\$203,289,050	44%	\$139,662,125
	Special Purpose	\$303,445,959	68%	\$180,614,009	79%	\$169,340,727
	GRAND TOTAL	\$6,915,726,505	51%	\$4,590,301,217	4%	\$6,636,408,234

TRANSACTION VOLUME	Multifamily	536	60%	335	8%	495
	MF-MU 10+ resi units	89	16%	77	11%	80
	MF-MU 6-9 resi units	174	67%	104	15%	151
	MF-MU Small	273	77%	154	3%	264
	Commercial	94	11%	85	-7%	101
	Ind / WH / Sto*	94	57%	60	25%	75
	Development	121	0%	121	-43%	214
	Office	11	22%	9	10%	10
	Special Purpose	25	47%	17	19%	21
	GRAND TOTAL	881	41%	627	-4%	916

PROPERTY VOLUME	Multifamily	644	53%	422	12%	574
	MF-MU 10+ resi units	170	18%	144	42%	120
	MF-MU 6-9 resi units	188	71%	110	10%	171
	MF-MU Small	286	70%	168	1%	283
	Commercial	104	-6%	111	-27%	143
	Ind / WH / Sto*	123	56%	79	21%	102
	Development	212	20%	177	-37%	334
	Office	12	9%	11	0%	12
	Special Purpose	27	42%	19	17%	23
	GRAND TOTAL	1,122	37%	819	-6%	1,188

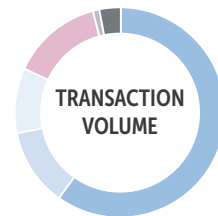
DOLLAR VOLUME COMPARISON BY PROPERTY TYPE

63%	Multifamily
6%	Commercial
10%	Ind / WH / Sto*
14%	Development
3%	Office
4%	Special Purpose



TRANSACTION VOLUME COMPARISON BY PROPERTY TYPE

60%	Multifamily
12%	Commercial
10%	Ind / WH / Sto*
14%	Development
1%	Office
3%	Special Purpose

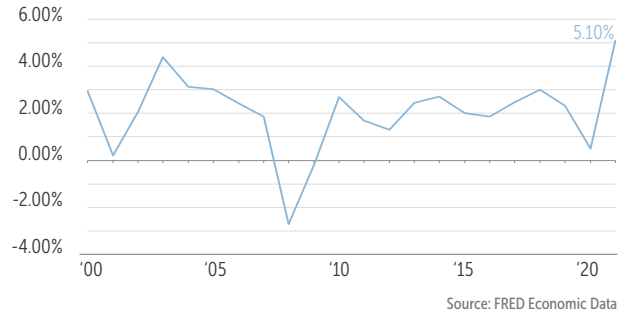


\*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

# MACRO-ECONOMIC OVERVIEW & MARKET FUNDAMENTALS

## % Change in Real Gross Domestic Product:

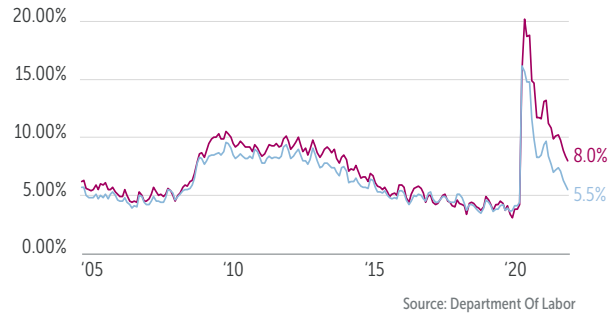
Change in GDP as of 3Q 2021: 5.10%



## Unemployment:

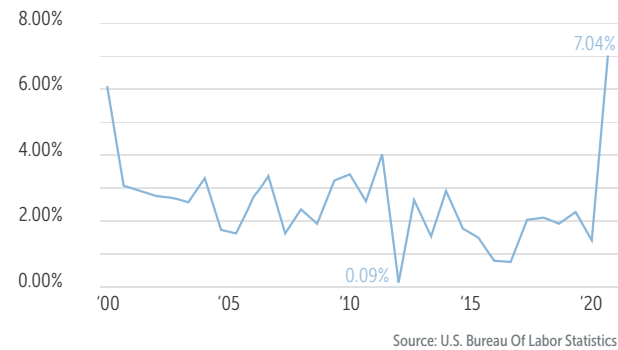
NYS: 5.50% | NYC: 8.00% as of November 2021

Unemployment Rate History | **NYS** (Seasonally Adjusted) & **NYC** (Not Seasonally Adjusted)



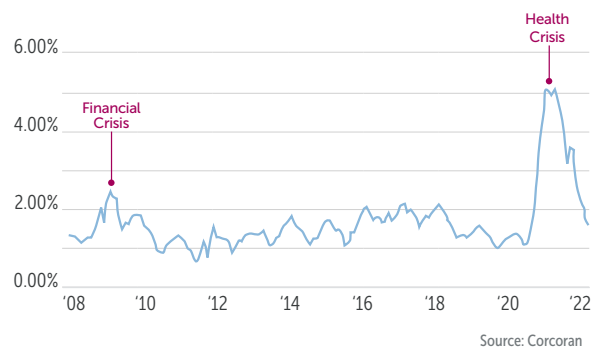
## Consumer Price Index (CPI):

National CPI Growth - December Y-O-Y



## Rental Market / Vacancy:

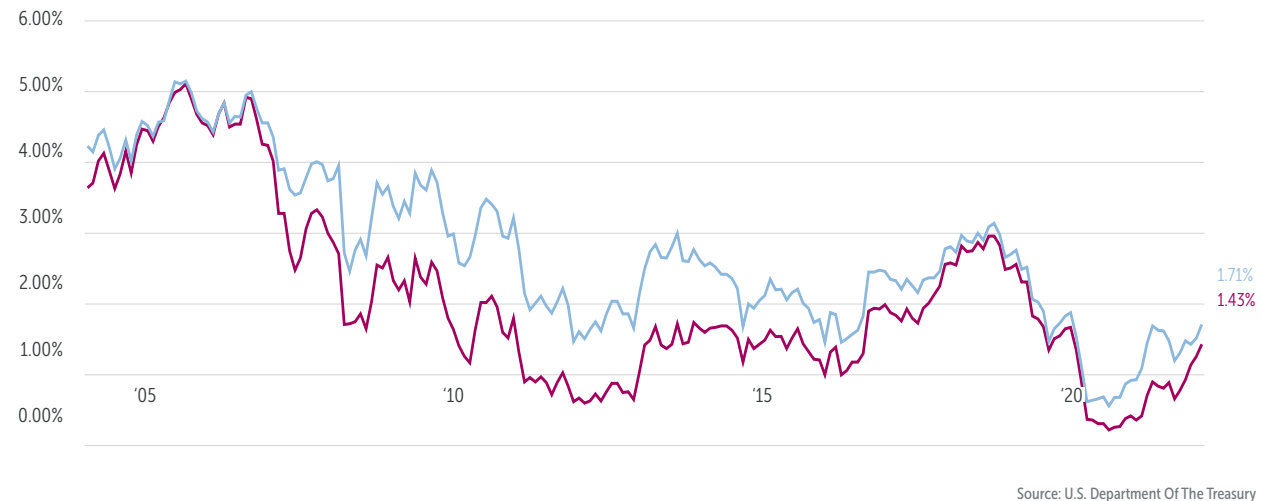
Manhattan Residential Rental Vacancy 2008-2021



## Financing:

10-Year: 1.71% | 5-Year: 1.43% | as of January 2022

Treasury Yield Curve Rates 10-year | 5-year



# FEATURED TRANSACTIONS

East New York  
**Starrett City Portfolio**



Property Type: **Multifamily**  
Total Capitalization: **\$1.8B**  
(Approx.)  
Sale Date: **8/20/2021**

Bushwick  
**28 Stanwix Street &  
123 Melrose Street**



Property Type: **Multifamily**  
Sale Amount: **\$506,000,000**  
\$/SF: **\$655**  
Sale Date: **12/2/2021**

Bedford-Stuyvesant  
**1134 Fulton St,  
1056 Manhattan Ave &  
395-405 Evergreen Ave**



Property Type: **Multifamily**  
Sale Amount: **\$254,433,800**  
\$/SF: **\$786**  
Sale Date: **10/7/2021**

Downtown  
**330 Jay Street**



Property Type: **Office**  
Sale Amount: **\$128,000,000**  
\$/SF: **\$872**  
Sale Date: **8/10/2021**

Red Hook  
**Buckeye Partners LP  
Industrial BK Portfolio**

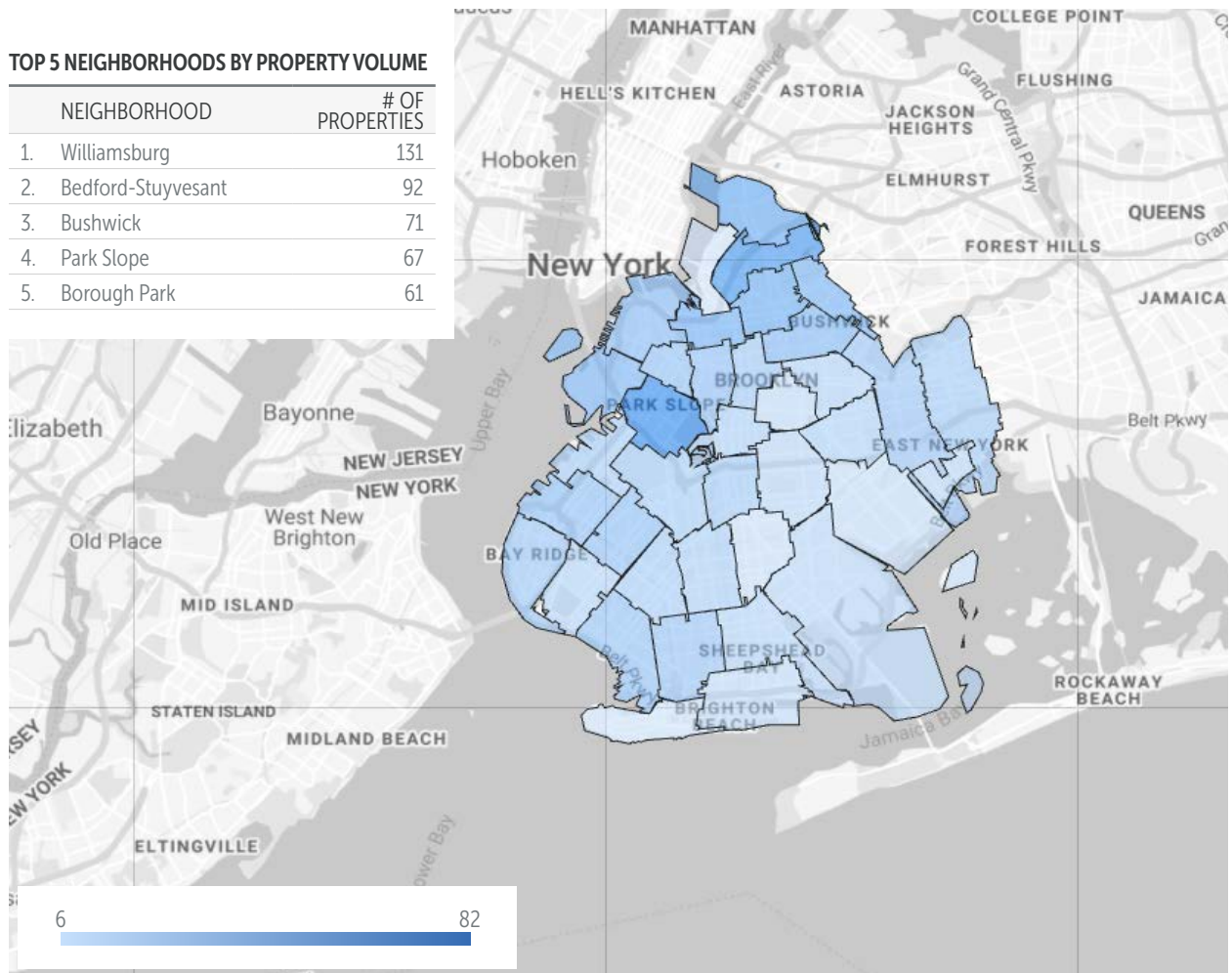


Property Type: **Industrial**  
Sale Amount: **\$123,000,000**  
\$/SF: **\$162**  
Sale Date: **12/17/2021**

## BROOKLYN PROPERTY SALES HEAT MAP 2021 BY ZIP CODE

### TOP 5 NEIGHBORHOODS BY PROPERTY VOLUME

NEIGHBORHOOD	# OF PROPERTIES
1. Williamsburg	131
2. Bedford-Stuyvesant	92
3. Bushwick	71
4. Park Slope	67
5. Borough Park	61



# THOUGHT LEADERSHIP FEATURED IN FORBES

Forbes

Ariel Property Advisors has been a regular contributor for Forbes.  
Below is a list of featured articles that appeared in Forbes over the past 6 months.

| Aug 6, 2021

## Q2 2021 Numbers Affirm New York City's Multifamily Comeback

There was a major uptick across indicators in Q2 2021 as the city recorded 74 transactions comprising 118 properties for a total \$1.24 billion in dollar volume.



| Aug 26, 2021

## Manhattan's Recovery Is Defined By A Flight To Quality

As New York begins to embrace the pandemic recovery, workers head back to the office and students refill classrooms, Manhattan's investment sales numbers show a complex market but one that is in the middle of a robust recovery marked by a flight to quality.



| Sep 27, 2021

## Affordable Housing Drives The Bronx And Northern Manhattan's Investment Sales Market

While the Bronx has lately seen a huge resurgence of interest in industrial properties and Northern Manhattan has a growing life sciences industry, affordable multifamily is still the leading bellwether for the investment sales markets in these boroughs.



| Oct 27, 2021

## Small Deals Are Attracting Big Money In NYC

While the overall multifamily volume of transactions in New York City has been slow, one segment in particular is showing explosive growth.



| Nov 4, 2021

## NYC's Q3 Numbers Show Increasing Clarity For Multifamily Investors

New York City's multifamily market continued along the promising trajectory indicated by 2021's first half. Q3 2021 showed increases of 20% in building volume and 6% in dollar volume despite five fewer transactions overall at 85 across 199 properties.



| Nov 18, 2021

## What You Need To Know About CPACE Financing

If you own property in New York City larger than 25,000 square feet, then you need to meet Local Law 97 benchmarks soon as a result of the Climate Mobilization Act.



| Dec 16, 2021

## Why Life Sciences Will Drive Robust Office Growth In New York City

Recent office development and leasing activity momentum suggests New York is poised to rise up the rankings—and the Life Sciences segment diversification is changing the dynamics of the city's commercial market.



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## OUR METHODOLOGY

### Data collection:

- Property transfers are collected through ACRIS and Property Shark each week, vetted by the research team, and cross-checked with news articles.
- Information obtained from third-party sites such as Costar and LoopNet, along with news articles from sites such as The Real Deal.
- Information from appraisers and brokers on sales not yet publicized.

### Criteria:

- Minimum sales price of \$1mm
- Does not include city transactions, internal sales, notes & ground leases

### Projections:

- Sales are averaged on a per-day basis throughout the year and projected as such
- The assumed ACRIS transfer lag time is 30 days -if final data collection is December 31st, we are projecting the sales that will eventually surface from December 17th-31st.

### Location Definitions:

- Manhattan - South of East 96<sup>th</sup> Street and South of West 110<sup>th</sup> Street
- Northern Manhattan - North of East 96<sup>th</sup> Street, North of West 110<sup>th</sup> Street
- The Bronx - Bronx Borough
- Brooklyn - Brooklyn Borough
- Queens - Queens Borough



## COMPLIMENTARY ASSET EVALUATION

Please call us at 212.544.9500 to request an Asset Evaluation

Whether you are considering selling your building or you just want to know the current market value of your property, we are available to provide you with a complimentary asset evaluation. Produced by the joint efforts of our investment sales and investment research teams, an Asset Evaluation will provide you with a thorough analysis of your investment property, and will detail our future marketing efforts on your behalf.

## CAPITAL SERVICES DIVISION

A Diligent Approach for Procuring Your Ideal Commercial Real Estate Lender

Our Capital Services Division provides clients with a broad spectrum of funding sources through our established relationships with over 150 lending entities coupled with our powerful research & investment sales platforms. Our dynamic professionals are immersed in the market, versed in the competition and service each client with a personalized unique offering memorandum and ongoing financial guidance.

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