



MULTIFAMILY REPORT

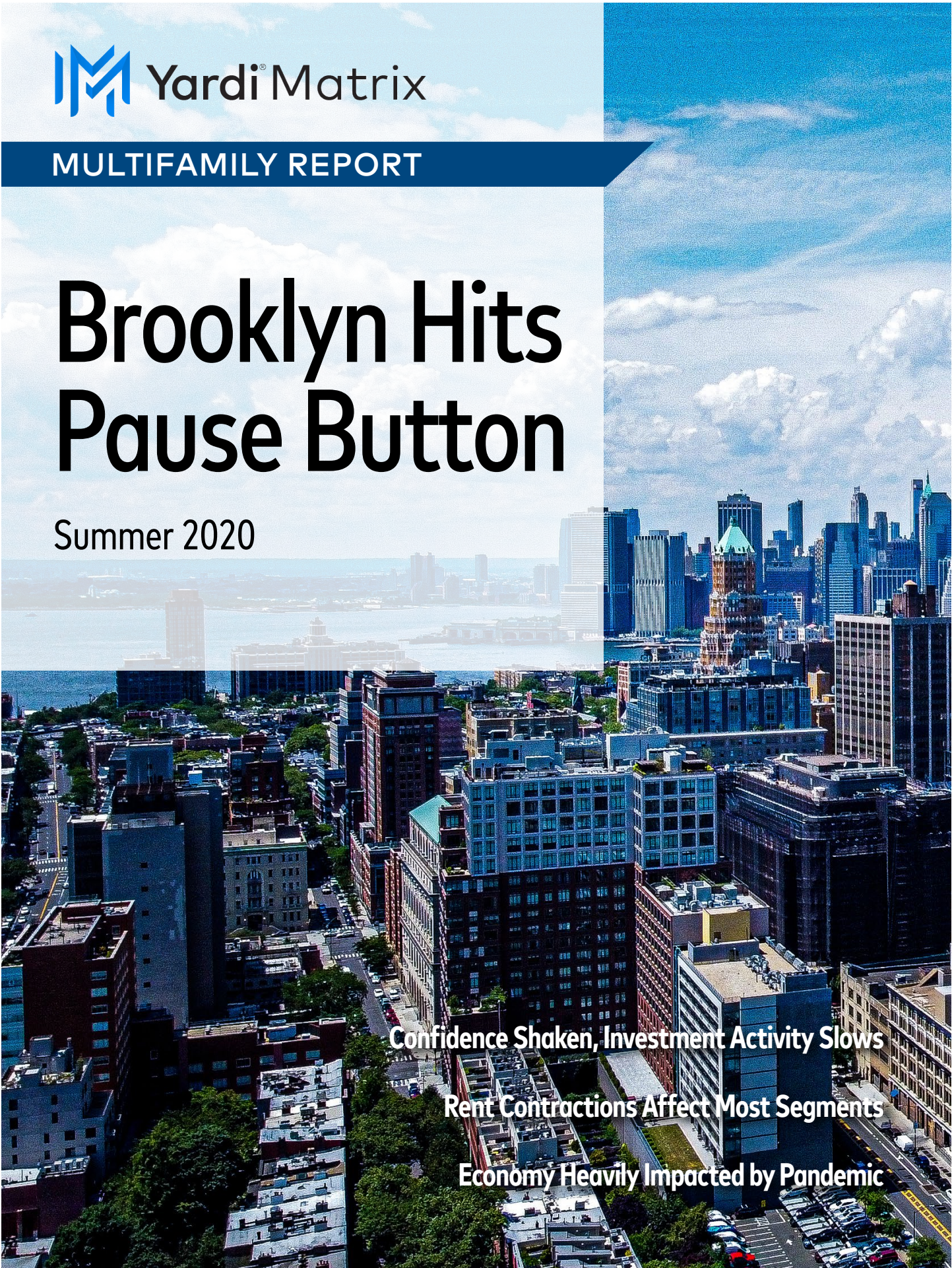
Brooklyn Hits Pause Button

Summer 2020

Confidence Shaken, Investment Activity Slows

Rent Contractions Affect Most Segments

Economy Heavily Impacted by Pandemic



BROOKLYN MULTIFAMILY



Kings County's Rental Market Takes Hit

New York City was one of the country's first COVID-19 hot spots, and the pandemic's impact on its multifamily sector was immediate. Economic uncertainty pulled rental rates down, as in-person showings were banned for roughly three months due to lockdown measures. Brooklyn rents contracted by 0.8% to \$2,878 on a trailing three-month basis through June, while the national average recorded only a 30-basis point slide to \$1,457.

No employment sector was shielded from the coronavirus-induced downturn. Those working in restaurants, malls and the travel industry were the first to feel the effects, but others soon followed suit as stay-at-home orders drastically reduced demand for most services. Even jobs in the public sector are in jeopardy: The city's \$10 billion budget deficit could generate layoffs of 22,000 city employees in October. In the meantime, New York City entered Phase 4 of reopening at the end of July. Outdoor arts and entertainment venues, along with professional sports—without fans—were allowed to resume activity.

Only \$168 million in multifamily assets changed hands during 2020's first half, and developers added 1,954 units to the borough's inventory. With investor confidence shaken and the pandemic still unfolding, it remains to be seen how the Brooklyn multifamily market is will emerge from the crisis, and, ultimately, bounce back.

Market Analysis | Summer 2020

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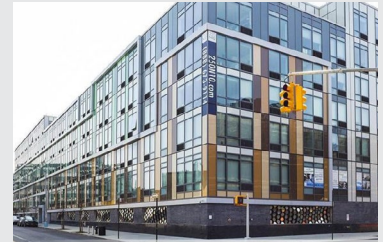
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Recent Brooklyn Transactions

250N10



City: New York City
Buyer: TF Cornerstone
Purchase Price: \$138 MM
Price per Unit: \$588,675

The Olmstead



City: New York City
Buyer: Harbor Group International
Purchase Price: \$117 MM
Price per Unit: \$606,218

The Chocolate Factory



City: New York City
Buyer: Meadow Partners
Purchase Price: \$67 MM
Price per Unit: \$546,748

221 Linden Blvd.



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