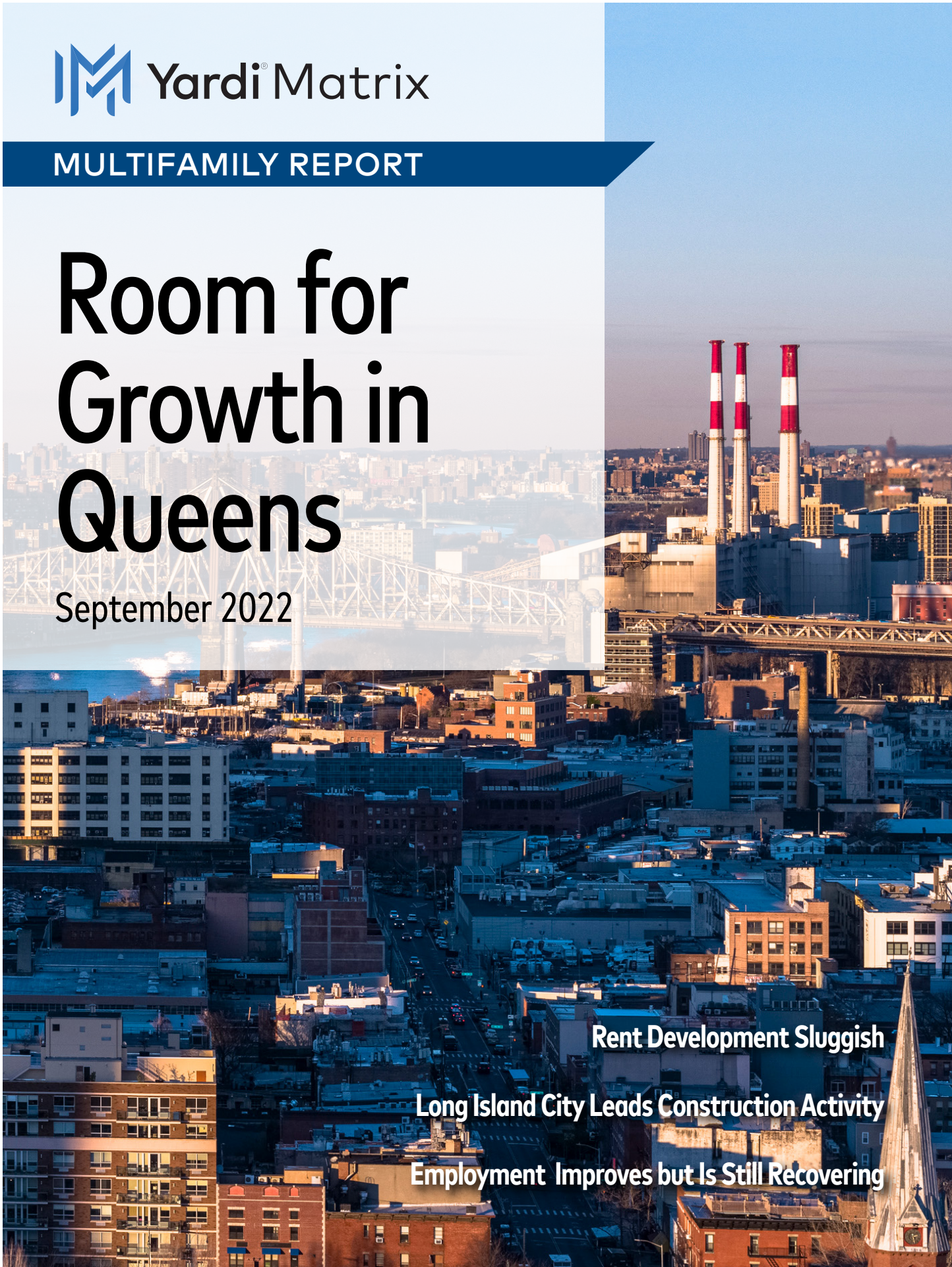




MULTIFAMILY REPORT

Room for Growth in Queens

September 2022



Rent Development Sluggish

Long Island City Leads Construction Activity

Employment Improves but Is Still Recovering

QUEENS MULTIFAMILY



First Half of 2022 Largely Underwhelming

New York City's largest borough recorded mixed results during the first seven months of the year, but overall demand for multifamily remains elevated. Rates in Queens grew 0.2% on a trailing three-month (T3) basis through July, to \$2,820. Rent development in the borough was 80 basis points below the U.S. figure, but the overall rate remained far above the national average (\$1,717). Meanwhile, occupancy in Queens increased by 10 basis points year-over-year, to 98.3%, well above the national figure (96.0%).

The unemployment rate in New York City reached 6.1% as of June, according to preliminary data from the Bureau of Labor Statistics. Over the 12 months ending in May, NYC added 403,000 jobs, a 5.8% expansion, registering above the national rate by 110 basis points. The city's largest sectors, education and health services (up 3.8%), along with professional and business services (up 7.2%) recorded significant gains. Leisure and hospitality was still the sector with the most jobs recovered, at 139,200 (up 29.0%), while construction was the only sector that lost jobs—down 3,700 positions, or 1.4%.

Development activity remained elevated in Queens, with 8,798 units under construction as of July. A total of 2,204 units were completed during the first seven months of the year, representing a 2.1% expansion of stock. The borough had another 23,700 units in the planning and permitting stages.

Market Analysis | September 2022

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Tudor Scolca-Seuşan

Senior Associate Editor

Recent Queens Transactions

Cunningham Heights



City: Queens Village
Buyer: A&E Real Estate Holdings
Purchase Price: \$130 MM
Price per Unit: \$123,106

New Haven Towers

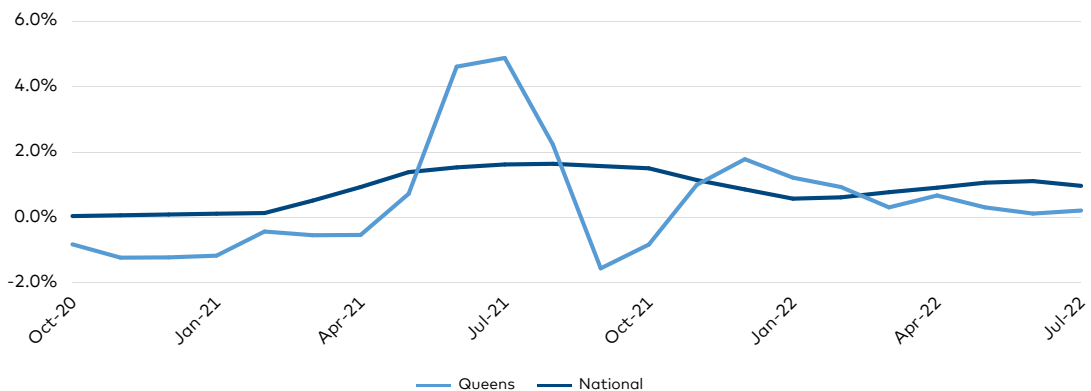


City: Far Rockaway
Buyer: The Arker Cos.
Purchase Price: \$45 MM
Price per Unit: \$294,118

RENT TRENDS

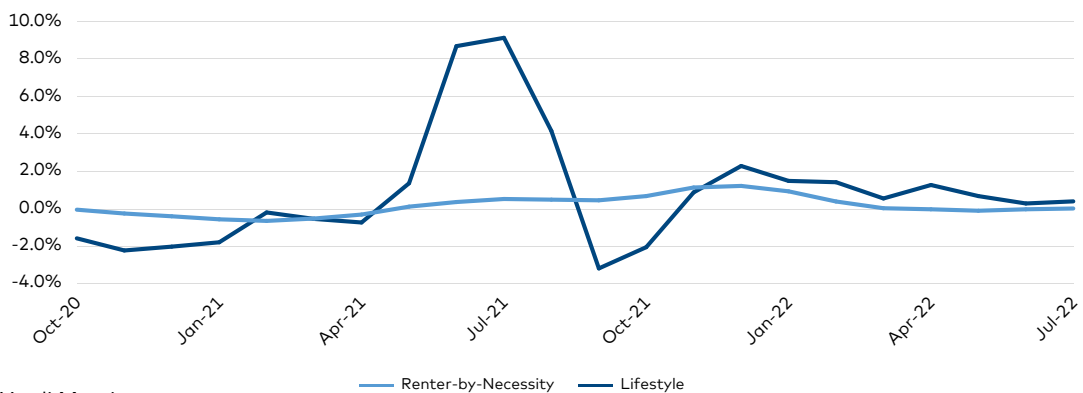
- Multifamily rents in Queens grew 0.2% on a trailing three-month (T3) basis through July, lagging the average U.S. rate by 80 basis points. Rent development had peaked in July last year (4.9% on a T3 basis), with subsequent months recording slower growth. Year-over-year, rents in the borough were up 3.8%, behind both the national figure (12.6%) and New York's overall rate (10.4%).
- At \$2,820 as of July, the average rent in Queens was 68.2% higher than the U.S. average (\$1,717). On a T3 basis, Renter-by-Necessity properties recorded the second month in a row with stagnating rents, with the average at \$2,152, while Lifestyle figures were up 0.4% on a T3 basis through July, to \$3,784.
- Rent development was on a decelerating trend across the U.S. through 2022's first seven months, but demand for multifamily remained strong. Overall occupancy in Queens increased by 10 basis points year-over-year, to 98.3% as of June, above the national 96.0%. RBN properties saw more demand, with occupancy up 30 basis points year-over-year, to 98.6%. In the Lifestyle segment however, occupancy was down 10 basis points, to 97.6%.
- Almost all of Queens' submarkets recorded rent growth between 4.5% and 5.2% year-over-year, with two outliers. Rents in the Forest Hills-Rego Park submarket increased by 16.5% year-over-year, to \$3,100 as of July. The most expensive submarket, Long Island City, saw rents decrease by 3.4% year-over-year, to \$3,822.

Queens vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Queens Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- New York City's unemployment rate was at 6.1% in June, according to preliminary data from the Bureau of Labor Statistics, marking a 450-basis-point decrease year-over-year. Although much improved, the rate is still some 300 basis points higher than it was in 2019. According to the New York State Department of Labor, the unemployment rate in Queens was 5.7% in June.
- NYC added 403,000 jobs over the 12 months ending in May, with nearly all sectors posting positive gains. The expansion represented a 5.8% growth in employment—above the national rate by 110 basis points.
- The leisure and hospitality sector continued to record the most gains, with 139,200 jobs added over the 12-month period, or a 29.0% change year-over-year. NYC's largest sector, education and health services, added 57,500 jobs, or a 3.8% expansion, while professional and business services expanded by 7.2% (79,500 jobs). Mining, logging and construction was the only sector to lose jobs, contracting by 1.4%, or 3,700 jobs.
- New York State Governor Kathy Hochul announced a \$25 billion initiative to help meet demand for affordable housing. The five-year plan will help create and preserve more than 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations.

New York Employment Share by Sector

| Code | Employment Sector | Current Employment | |
|------|-------------------------------------|--------------------|---------|
| | | (000) | % Share |
| 70 | Leisure and Hospitality | 620 | 8.8% |
| 60 | Professional and Business Services | 1176 | 16.7% |
| 65 | Education and Health Services | 1577 | 22.4% |
| 40 | Trade, Transportation and Utilities | 1130 | 16.0% |
| 80 | Other Services | 286 | 4.1% |
| 50 | Information | 283 | 4.0% |
| 90 | Government | 910 | 12.9% |
| 55 | Financial Activities | 624 | 8.9% |
| 30 | Manufacturing | 188 | 2.7% |
| 15 | Mining, Logging and Construction | 252 | 3.6% |

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Since 2010, Queens' population rose 4.7%. However, domestic migration trends and the health crisis have led to Queens seeing serious oscillation in its demographics—down 64,648 residents between 2020 and 2021, representing a 2.7% contraction, following massive gains in 2020.

Queens vs. National Population

| | 2018 | 2019 | 2020 | 2021 |
|----------|-------------|-------------|-------------|-------------|
| National | 326,838,199 | 328,329,953 | 331,501,080 | 331,893,745 |
| Queens | 2,275,286 | 2,253,942 | 2,395,791 | 2,331,143 |

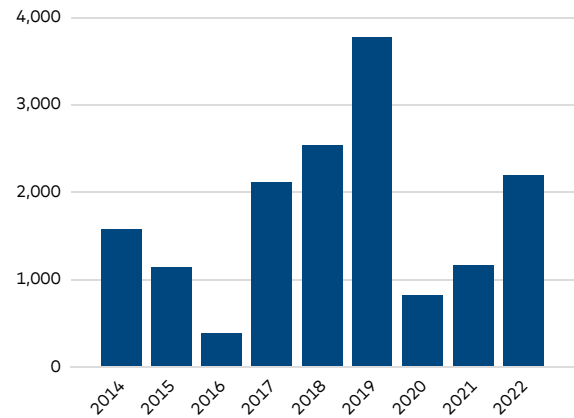
Source: U.S. Census

SUPPLY

- ▶ As of July, Queens had 8,798 units under construction, with 60.9% of the pipeline falling into the Lifestyle segment. Fully affordable properties comprised 23.9% of the pipeline. Development activity is likely to remain strong in Queens, as the borough had an additional 23,700 units in the planning and permitting stages.
- ▶ Construction activity amped up this year, with developers bringing online 2,204 units across five properties year-to-date through July, an increase of 107.3% compared to the same period last year. This represented an expansion of 2.1% of total stock, almost double the national 1.1% expansion. The figure is also 100 basis points higher than deliveries recorded through 2021 (1.1% of stock), but still below the peak recorded in 2019—3.7%. On average, developers added 1,810 units to the market annually over the past five years.
- ▶ Long Island City, the borough's most expensive submarket to rent in, continued to record the highest development activity, with 3,150 units under construction. It was followed by Jamaica (1,776 units), Rockaway (1,423) and Astoria (1,300).

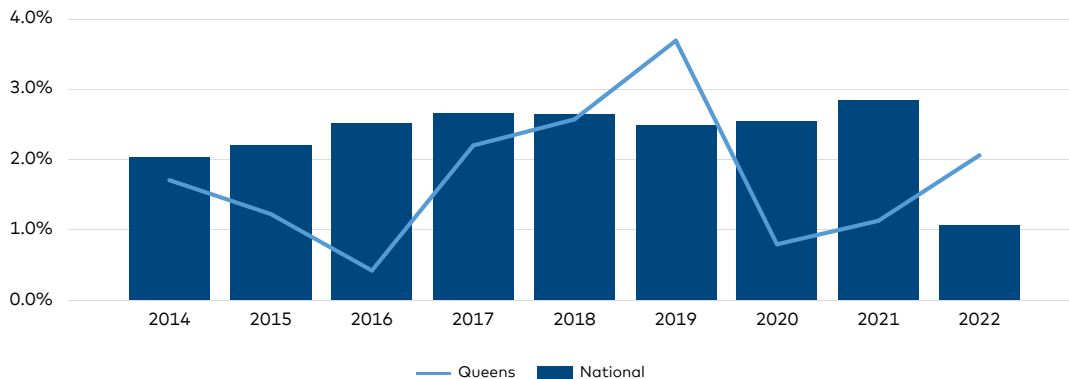
- ▶ The largest property completed during the first seven months accounted for half of all units brought online this year. G&M Realty finished work on the 1,122-unit redevelopment of 5Pointz LIC in Long Island City. The two-building multifamily property is aimed at middle-income renters, while 337 units are marked as affordable.

Queens Completions (as of July 2022)



Source: Yardi Matrix

Queens vs. National Completions as a Percentage of Total Stock (as of July 2022)



Source: Yardi Matrix

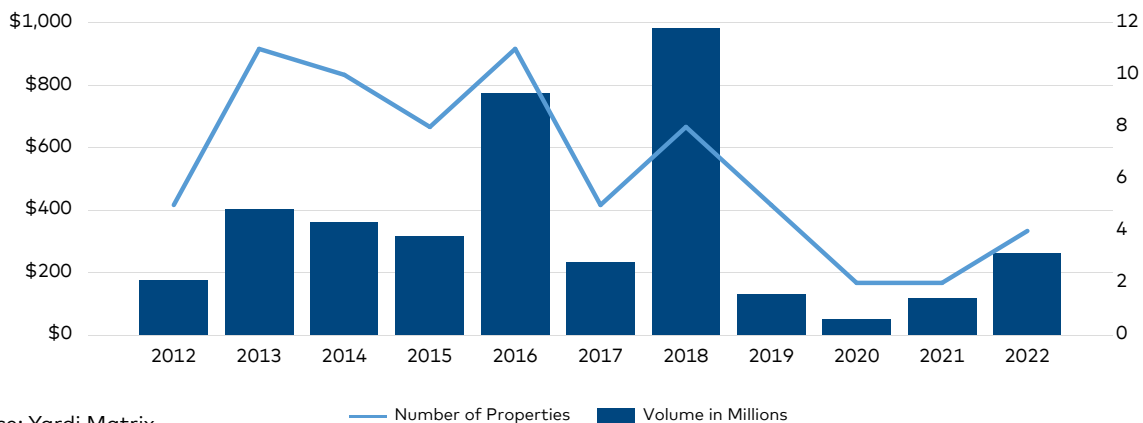
TRANSACTIONS

- ▶ Queens' multifamily investment activity amounted to \$262 million through the first seven months of the year, more than double the amount recorded in all of 2021 (\$118 million). The borough kicked off the year on a strong note, with \$217 million recorded in sales during the first quarter. However, activity tapered, with only one other property of 50 or more units changing hands since then.
- ▶ Year-to-date through July, four properties of 50 units or more traded, all in the Renter-by-

Necessity segment. The average per-unit price for these transactions was \$164,802, down 60% from the figure recorded at the end of last year (\$412,281) and below the \$216,893 U.S. rate.

- ▶ The year's largest transaction remained the \$130 million sale of Cunningham Heights in the first quarter. The fourth property to change hands since then was the fully affordable New Haven Towers—The Arker Cos. acquired it for \$45 million, or \$294,118 per unit.

Queens Sales Volume and Number of Properties Sold (as of July 2022)



Source: Yardi Matrix

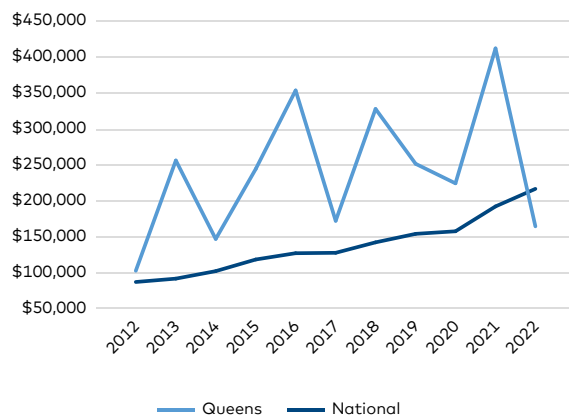
Top Submarkets for Transaction Volume¹

| Submarket | Volume (\$MM) |
|------------------|---------------|
| Queens Village | 130 |
| Jamaica | 87 |
| Long Island City | 85 |
| Rockaway | 45 |
| Jackson Heights | 33 |

Source: Yardi Matrix

¹ From August 2021 to July 2022

Queens vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Multifamily Markets by Sales Volume in 2022 H1

By Anca Gagiuc

The U.S. multifamily market had an exceptional performance from an investment standpoint during the first half of the year, according to Yardi Matrix data. Overall national multifamily sales volume surpassed \$101 billion in the first six months of 2022, outperforming the \$67 billion volume registered in 2021 during the same interval, while the average price per unit rose 28.4 percent year-over-year, to a new high of \$218,377.

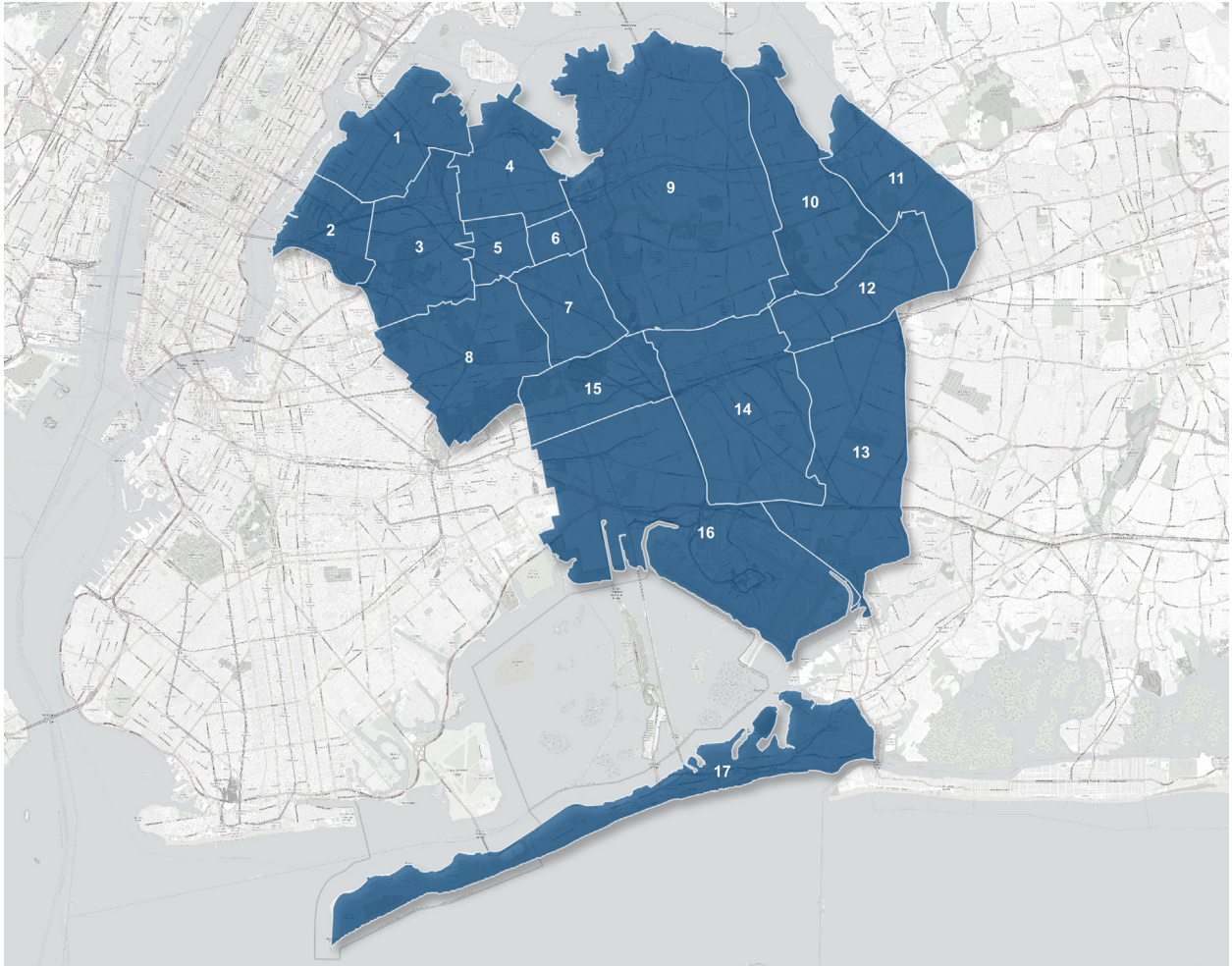
| Rank | Metro | Sales Volume \$ H1 2022 | Price Per Unit H1 2022 | PPU Evolution YoY | Units Sold H1 2022 |
|------|----------|-------------------------|------------------------|-------------------|--------------------|
| 1 | Phoenix | \$7,351,109,167 | \$339,622 | 58.3% | 24,787 |
| 2 | Atlanta | \$7,012,412,048 | \$204,312 | 27.0% | 39,113 |
| 3 | Dallas | \$6,568,096,859 | \$186,049 | 22.7% | 64,213 |
| 4 | Houston | \$6,401,791,606 | \$155,780 | 25.6% | 56,895 |
| 5 | New York | \$3,997,523,782 | \$642,482 | -7.8% | 7,524 |

New York

A new entry in this ranking, New York's multifamily sales volume rose to \$4 billion. The market saw the strongest performance in this study when compared with the same period last year when just \$933 million in multifamily assets were traded. Through June, 29 assets (7,524 units) changed hands, while last year only 12 properties (1,605 units) changed ownership. New York is the only metro in this ranking that registered a decline in per-unit prices, down 7.8 percent year-over-year through June, but, at \$642,482, it remains the most expensive market.



QUEENS SUBMARKETS



| Area No. | Submarket |
|----------|-----------------------|
| 1 | Astoria |
| 2 | Long Island City |
| 3 | Woodside |
| 4 | Jackson Heights |
| 5 | Elmhurst |
| 6 | Corona |
| 7 | Forest Hill-Rego Park |
| 8 | Middle Village |
| 9 | Flushing |

| Area No. | Submarket |
|----------|----------------|
| 10 | Bayside |
| 11 | Little Neck |
| 12 | Queens Village |
| 13 | St. Albans |
| 14 | Jamaica |
| 15 | Kew Gardens |
| 16 | Ozone Park-JFK |
| 17 | Rockaway |

OTHER PROPERTY SECTORS

Office

- ▶ Nationwide, the office market continues its uncertain trajectory, as hybrid and remote work models remain the favored option by workers. The average office vacancy across the U.S. was 15.2% in June, up 20 basis points year-over-year, [according to CommercialEdge data](#). Listing rates continued to decline across the U.S., with the average full-service equivalent rate down 2.6% year-over-year, to \$37.58 as of June.
- ▶ Among gateway metros, Manhattan's vacancy remained among the lowest, at 13.9% in June, up 320 basis points year-over-year. [During the second quarter](#), the borough's vacancy was down 30 basis points, as some large leases were signed—such as [Macquarie Group's 221,764-square-foot](#) agreement at 660 Fifth Ave., and HSBC's [20-year, 265,000-square-foot lease](#) at Tishman Speyer's The Spiral.
- ▶ Development activity remained strong across a handful of large metros across the U.S., with 151.7 million square feet underway in June, or 2.2% of stock. In Manhattan, office space underway totaled 20.8 million square feet, representing 4.3% of stock, with the most significant activity recorded during the first quarter. Construction activity slowed down this year in Manhattan, with [three properties comprising 750,000 square feet](#) breaking ground during this period.
- ▶ Investment activity in Manhattan topped all other metros tracked by CommercialEdge, with \$2.9 billion in sales recorded during the first two quarters. The average price per square foot decreased by 4.5% quarter-over-quarter, to \$880 as of June. The largest sale during this period was SL Green Realty Corp.'s [\\$445 million acquisition of 450 Park Ave.](#) from Oxford Properties.

Industrial

- ▶ Demand for more industrial product remained high this year as well, with the sector continuing its excellent performance. National in-place rents averaged \$6.57 per square foot as of June, up 4.9% year-over-year, [according to CommercialEdge](#). Coastal markets continued to grow at a much faster rate, with New Jersey situated within the top 10 for rent growth—average rates in the market grew 5.4% year-over-year, to \$8.35 as of June.
- ▶ Nationally, industrial space underway amounted to 667.5 million square feet. New Jersey had 13.5 million square feet of industrial space under construction as of June, representing 2.5% of total stock. One of the largest projects underway was announced in June. Crow Holdings broke ground on a 1.2 million-square-foot speculative project, roughly 9 miles southwest of Newark Airport. The three-building development is expected to come online in the first quarter of 2023.

Self Storage

- ▶ The self storage sector continued to perform well in the first half of 2022, with the average U.S. street rates for 10x10 climate controlled (CC) units up \$1 in June, to \$132, while non-climate controlled (NON CC) units also saw rents increase by \$1, to \$150—both of these figures being all-time highs for the sector, according to the [latest Yardi Matrix report](#). Rents in New York grew by 0.5% month-over-month, to an average street rate of \$204 as of June.
- ▶ Development was also at a healthy level, with 4,115 self storage properties in various stages of development nation-wide, representing a 10.0% expansion of existing stock. New York remains an underserved market, but new construction trends might change that in time, as projects under construction and planning phases amounted to 19.2% of total stock in June, up 10 basis points from the previous month.
- ▶ A two-property portfolio, comprising [2,304 units and 208,104 square feet](#) traded in May. Men On The Move sold the Long Island asset to a limited liability company based in California. The assets are situated in areas that are more penetrated than New York's average inventory of 3.7 net square feet of storage space per capita.

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 x2404.



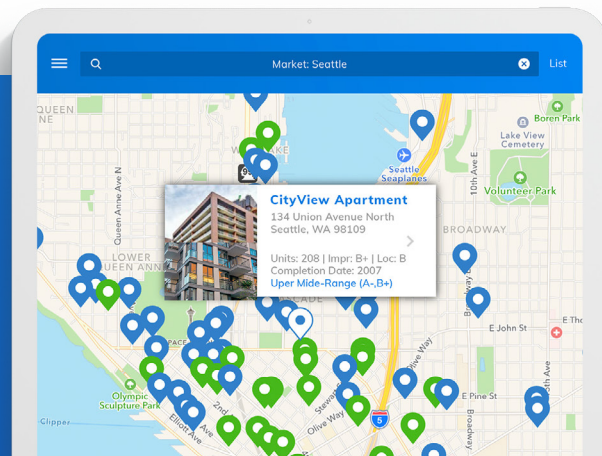
Yardi Matrix

Power your business
with the industry's
leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily
provides accurate data on
19.7+ million units, covering over
92% of the U.S. population.



(800) 866-1144

Learn more at yardimatrix.com/multifamily

Contact
US



DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2022 Yardi Systems, Inc. All Rights Reserved.