

Yardi® Matrix

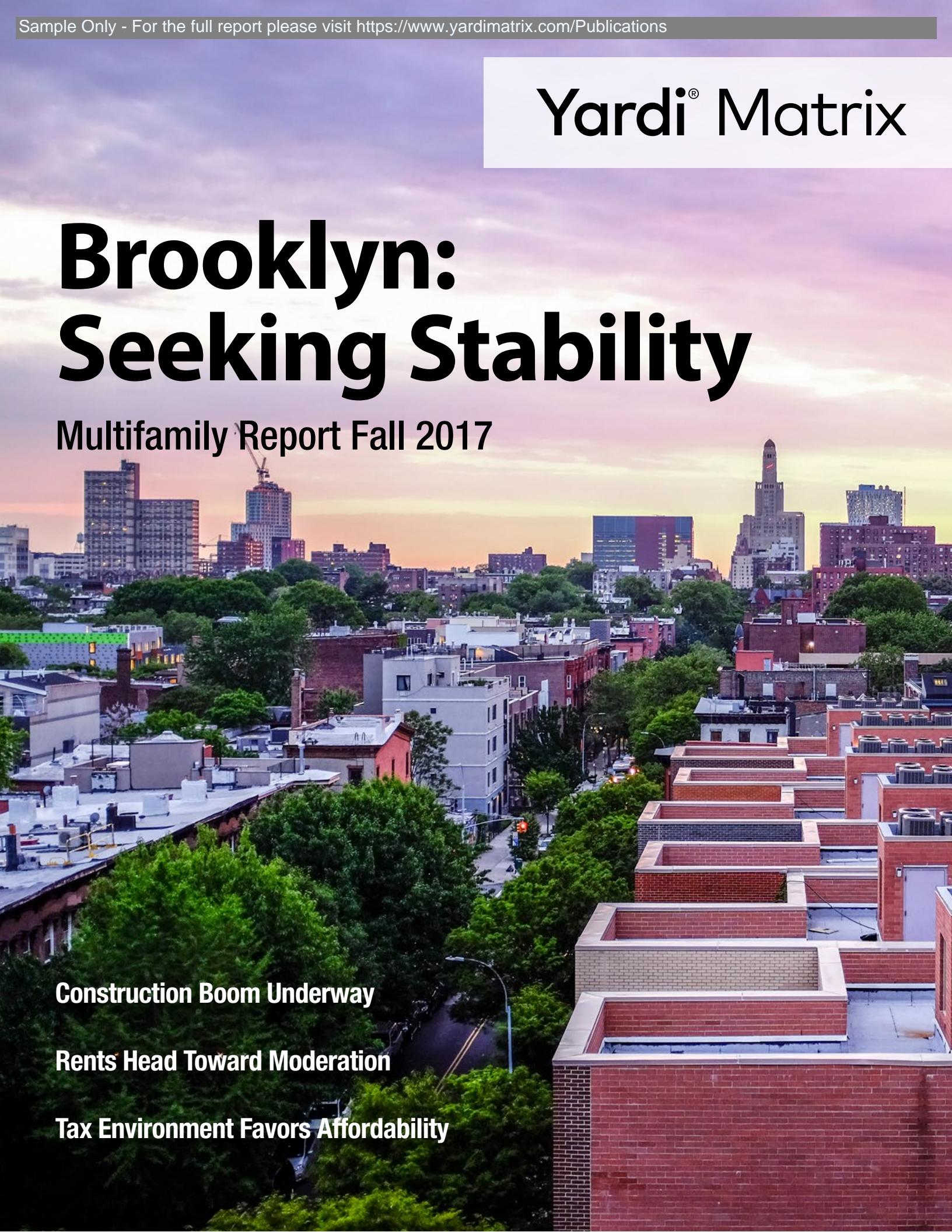
Brooklyn: Seeking Stability

Multifamily Report Fall 2017

Construction Boom Underway

Rents Head Toward Moderation

Tax Environment Favors Affordability



BROOKLYN MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2017

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Rents Contract as New Units Come Online

Brooklyn continues to be a hot destination for Millennials, with its burgeoning arts and music scene and proximity to Manhattan's offices. However, an explosion of new supply and a high cost of living have tempered rents. Investment activity is also in a slump, as potential buyers hesitate to accept prices at a cycle peak while sellers remain reluctant to discount.

Employment growth in New York remains strong, and Brooklyn is seeing an explosive expansion of office-using industries. More than 7 million square feet of new office space is scheduled to come online in upcoming years. Notable projects include Boston Properties' 675,000-square-foot Dock 72, Tishman Speyer's 620,000-square-foot development at 422 Fulton St. and Whale Square, a 500,000-square-foot building developed by Madison Realty.

The tax environment is having a positive effect on multifamily construction and on future affordable housing development. Roughly 1,800 rental units came online in the borough this year through September, while more than 6,000 are slated for completion by year-end. Furthermore, 12,800 units are scheduled for delivery through 2021. Legislation was put in place with the goal of supplying \$2.5 billion to advance low-cost housing construction throughout New York City, as some 170,000 affordable units are projected to be added in the five boroughs. We expect rents in the market to continue to stabilize, at -1.0% for the year.

Recent Brooklyn Transactions

The Addison



City: Brooklyn
Buyer: Multi-Employer Property Trust
Purchase Price: \$154 MM
Price per Unit: \$569,188

475 Kent Avenue



City: Brooklyn
Buyer: Copperline Partners
Purchase Price: \$56 MM
Price per Unit: \$540,534

1125 Banner Avenue



City: Brooklyn
Buyer: Abro Management
Purchase Price: \$47 MM
Price per Unit: \$459,804

1245 Avenue X



City: Brooklyn
Buyer: Dov Management
Purchase Price: \$37 MM
Price per Unit: \$596,774

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