



MULTIFAMILY REPORT

Brooklyn's Slow Quarter

May 2023



Rents See Modest Growth

Demand Stays Strong

Investment Sluggish After Solid 2022

BROOKLYN MULTIFAMILY



Mixed Results In Early 2023

Brooklyn's multifamily market recorded a slight improvement in 2022, but ongoing economic challenges such as scarcer debt and inflation have made their mark. Year-over-year rent gains reached 4.3% as of March, to \$3,269. Demand remained strong, with occupancy in stabilized assets still one of the strongest in the nation, at 98.2% as of February, reaching 310 basis points above the U.S. figure.

After a year of strong gains, New York City job growth cooled slightly to a modest 5.0% expansion as of December, though still remaining above the national 3.7% rate. This accounted for 289,500 jobs gained across all sectors in 2022. According to the New York City Economic Development Corp., the city's private sector has returned to 99.5% of pre-pandemic job levels. Education and health services led job gains, with 86,700 jobs added, or a 5.6% expansion. Leisure and hospitality remained a strong performer, adding 66,300 jobs, or 11.7%. New York City's unemployment rate was 5.4% in February, 190 basis points higher than the nation and 120 basis points above the state.

Brooklyn had a slow first quarter, with only 17,169 units under construction as of March. Last year's completions were still below the five-year average, though starts were up and the borough's stock expanded by 2.0%. Investment activity has been low so far this year, though it ramped up last year, with \$778.5 million in sales, more than the previous two years combined.

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Recent Brooklyn Transactions

7 Dekalb



City: New York City
Buyer: Avanath Capital
Management
Purchase Price: \$101 MM
Price per Unit: \$405,000

Tilden Hall



City: New York City
Buyer: Signature Investment Group
Purchase Price: \$46 MM
Price per Unit: \$392,308

Bel Air



City: New York City
Buyer: A&E Real Estate Holdings
Purchase Price: \$39 MM
Price per Unit: \$207,050