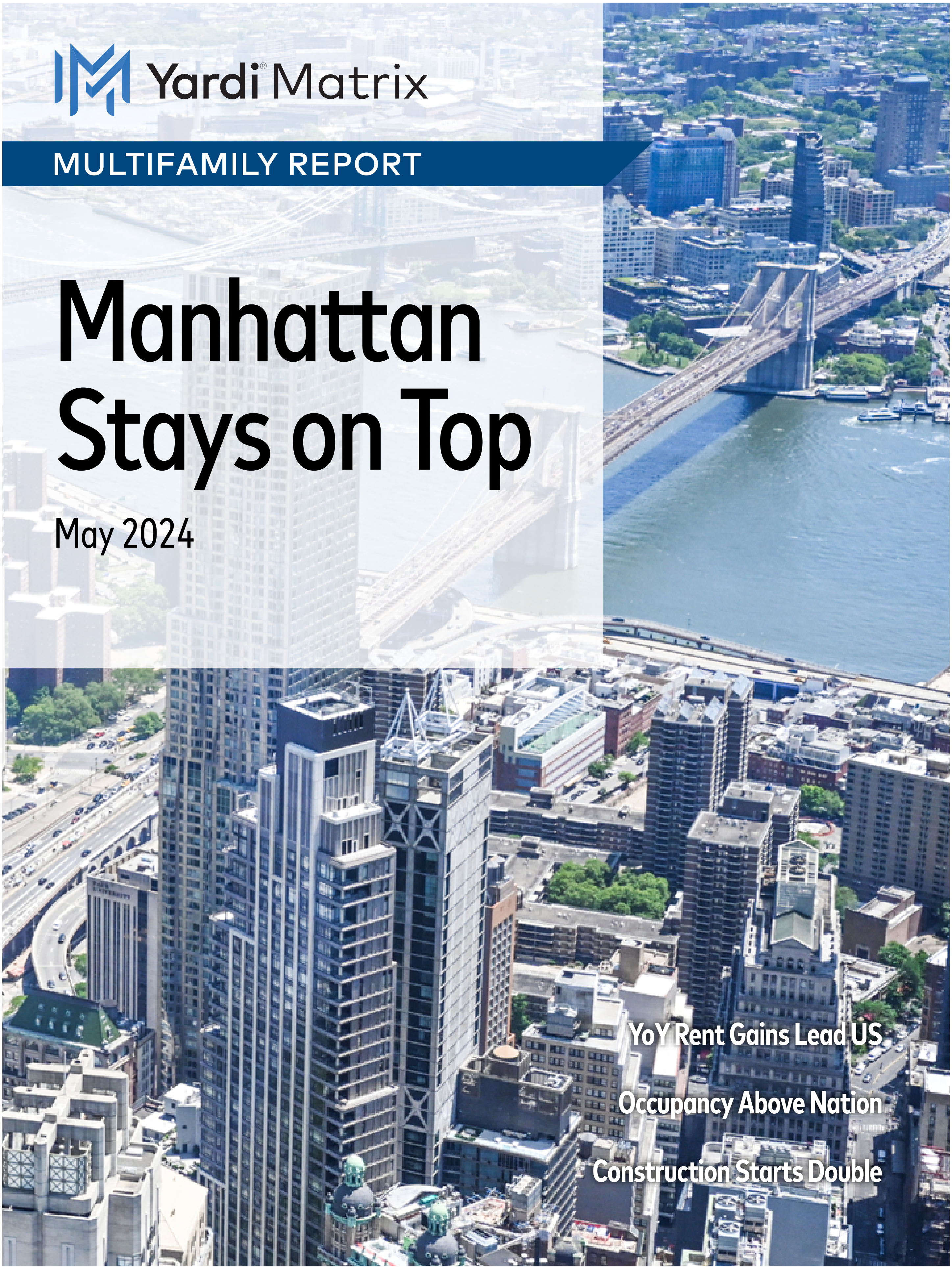
Yardi Matrix

MULTIFAMILY REPORT

Manhattan Stays on Top

May 2024



YoY Rent Gains Lead US

Occupancy Above Nation

Construction Starts Double

MANHATTAN MULTIFAMILY

Yardi Matrix

Manhattan Rent Gains Highest in US

Manhattan's multifamily market remained relatively stable at the start of the year, in the context of a slower U.S. economy. Rents were up 0.4% on a trailing three-month basis through March, 20 basis points above the national level. On a year-over-year basis, however, rents were up 5.2%, taking the lead nationwide. Meanwhile, national rates also picked up, improving to 0.9%. Demand in the borough was solid, as occupancy levels—at 97.7% in February—continued to outpace the national average of 94.5%.

New York City employment levels took a hit, however, with the rate of expansion 10 basis points below the U.S., to 1.9% as of December. This represented a net gain of 61,300 jobs. Unemployment stood at 5.1% in February, down 20 basis points year-over-year, and above the 3.9% U.S. rate, based on preliminary data from the Bureau of Labor Statistics. Education and health services led growth in 2023, with 114,900 jobs gained, followed by leisure and hospitality, which added 25,900. A few sectors lost a significant number of jobs, including information (-26,000), trade, transportation and utilities (-25,300) and professional and business services (-18,300).

Construction activity was slow in 2023, with only 1,210 units coming online, accounting for 0.4% of existing rental stock and significantly below the nation's 2.8%. Activity is picking back up, however, as construction starts for the first quarter doubled year-over-year.

Market Analysis | May 2024

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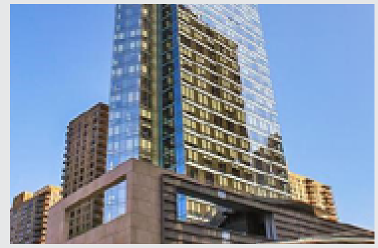
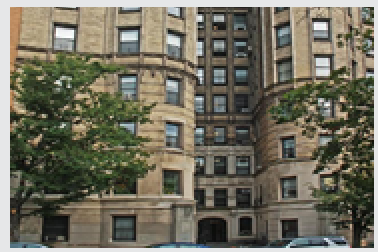
Recent Manhattan Transactions

Aire



City: New York
Buyer: Gotham Organization
Purchase Price: $265 MM
Price per Unit: $854,838

125 Riverside Drive



City: New York
Buyer: Aya Acquisitions
Purchase Price: $31 MM
Price per Unit: $326,315

75 - 89 Wadsworth Terrace

City:New York
Buyer: Two80 Real Estate Ventures
Purchase Price: $9 MM
Price per Unit: $111,831

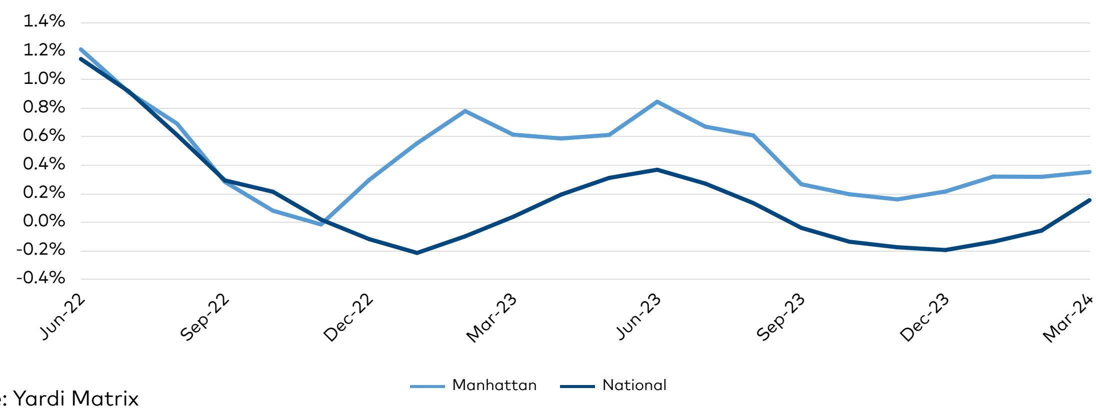
35 Thayer Street

City: New York
Buyer: Two80 Real Estate Ventures
Purchase Price: $6 MM
Price per Unit: $113,207

RENT TRENDS

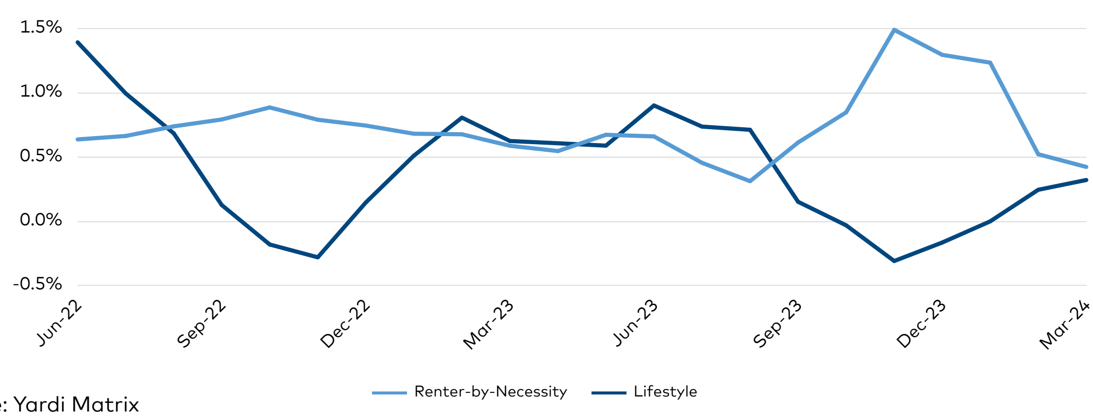
- Manhattan rents were up 0.4% on a trailing three-month (T3) basis through March, 20 basis points ahead of the U.S. Rent development was relatively unchanged from 2023 figures, with seasonal trends kicking in. Summer months recorded the best performance, as T3 rates were at 0.8% in June. Year-over-year, Manhattan's rents were up 5.2% as of March, taking the lead nationwide. Meanwhile, U.S. rates were at 0.9%.
- The average asking rent in Manhattan was $4,846, once again taking the top spot for the most expensive area to rent nationwide. U.S. rates rose $8, to $1,721. Manhattan's working-class Renter-by-Necessity segment saw a 1.5% increase in November, which settled at 0.4% in March, to $3,886. Lifestyle rents recorded weaker performance, with several months of contractions. In March, rents were up 0.2%, to $5,321.
- Occupancy in the borough remained solid, down 10 basis points year-over-year, to 97.7% as of February, while the national rate stood at 94.5%. By quality segment, occupancy levels remained relatively even, with Lifestyle slightly higher, at 97.9%, and RBN at 97.5%.
- Of Manhattan's 37 submarkets, a few recorded above-average year-over-year rent gains through March, including Washington Heights (up 8.9% to $2,631), Gramercy Park (8.3% to $3,887), Midtown East (7.9% to $4,796), Greenwich Village (7.7% to $5,218) and East Village (7.6% to $5,491).

Manhattan vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Manhattan Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- New York City unemployment stood at 5.1% in February, down only 20 basis points year-over-year, and higher than both the state (4.4%) and the nation (3.9%), according to preliminary data from the BLS.
- Job growth slowed last year. After leading the nation throughout the year by 120 to 20 basis points, the expansion rate dropped to 1.9% in December, trailing the U.S. rate of employment growth by 10 basis points. This accounted for a net gain of 61,300 jobs.
- The metro's largest sector—education and health services—also posted the best growth, with a 6.9% expansion for 114,600 jobs added. It was followed by the leisure and hospitality sector, which added 25,900 positions, or 3.9%. Losses were recorded by the information sector (down 26,000 jobs), as well as trade, transportation and utilities—which lost 25,300 jobs.
- In July last year, state authorities approved a plan for a 1,200-unit residential tower on the site of the former Deutsche Bank building that was damaged in the 9/11 attacks. Dubbed WTC 5, it will be the only residential building at the site and will also be the largest affordable housing development in Lower Manhattan. Developers Brookfield Properties, Silverstein Properties, Omni NY and Dabar Development plan to break ground this year.

New York Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	1787	24.1%
70	Leisure and Hospitality	682	9.2%
15	Mining, Logging and Construction	269	3.6%
30	Manufacturing	193	2.6%
90	Government	914	12.3%
55	Financial Activities	657	8.9%
80	Other Services	287	3.9%
60	Professional and Business Services	1197	16.1%
40	Trade, Transportation and Utilities	1171	15.8%
50	Information	262	3.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Metro NYC's population decreased by 103,217 citizens from 2021 to 2022, a 0.5% contraction, as the COVID-19 pandemic heavily influenced outbound migration trends.
- Meanwhile, the U.S. population grew by 0.4%.

Manhattan vs. National Population

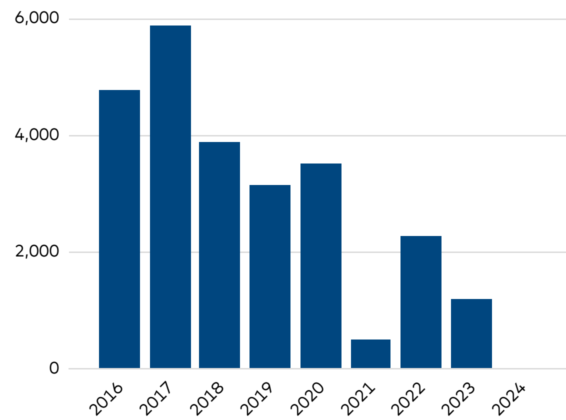
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
NYC Metro	19,294,236	19,261,570	20,011,812	19,908,595

Source: U.S. Census

SUPPLY

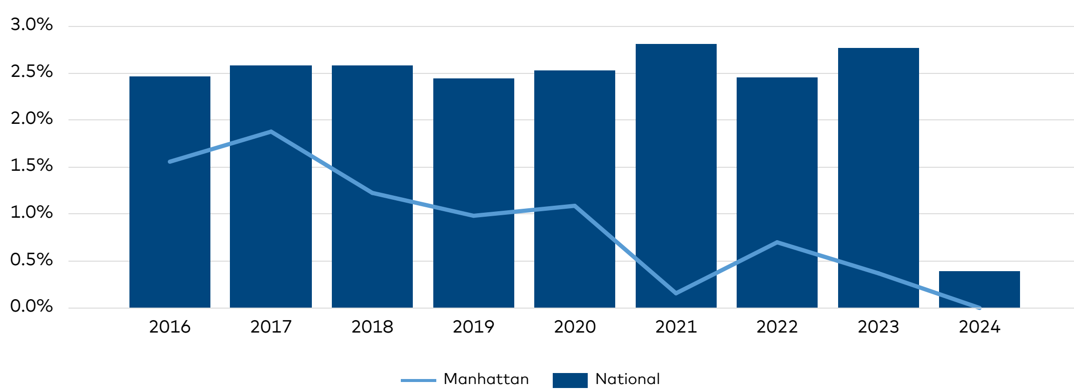
- As of March, Manhattan had 12,507 units under construction. Units in the Lifestyle segment comprised 78.3% of the pipeline, while 16.9% were in fully affordable properties. The remaining 4.9% were in RBN assets. There were an additional 34,000 units in the planning and permitting stages.
- Completions in the borough stalled, as no properties with 50-plus units came online during the first quarter of 2024. This followed the trend of slowing deliveries, as only 1,210 units came online in 2023—nearly half of 2022's deliveries. This represented a 0.4% expansion of stock, while the national rate stood at 2.8%.
- The pandemic disrupted economic activity in Manhattan. The impact was felt at the construction level as well, as 2021 was the weakest year for completions in a decade (506 units). Between 2016 and 2023, developers brought online an average of 3,158 units per year.
- The first quarter of 2024 saw 2,262 units break ground, nearly double the 1,151 that started construction during the same period last year.
- Five submarkets accounted for most of the pipeline, led by the Financial District, with 3,134 units underway. The other four were Chelsea (1,593 units), Inwood (1,484), Hell's Kitchen (1,224) and East Harlem (1,040).
- In February, a joint venture of GFP Real Estate, Metro Loft Management and Rockwood Capital started work on 25 Water St. The 22-story, former office building will be converted into 1,263 residential units—the largest conversion project to date.

Manhattan Completions (as of March 2024)



Source: Yardi Matrix

Manhattan vs. National Completions as a Percentage of Total Stock (as of March 2024)

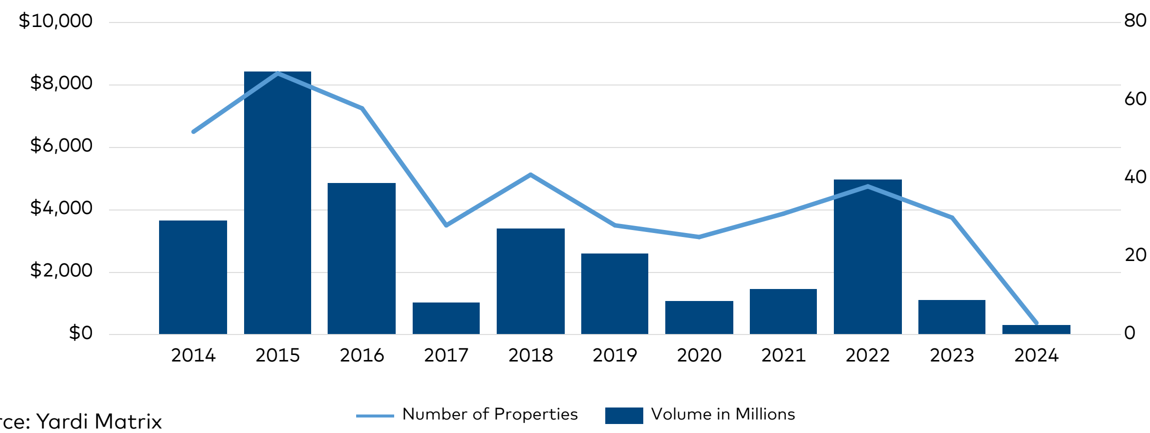


Source: Yardi Matrix

TRANSACTIONS

- Manhattan investors traded three properties of 50 units or more during the first quarter of 2024, amounting to $301 million, nearly five times the volume that was recorded during the previous quarter ($61 million) and nearly four times the total during the same interval last year ($78 million). The average per-unit price in 2024 was $583,980, up 57.3% from last year's figure.
- In 2023, Manhattan sales volume reached $1.1 billion, only half of the annual average sum recorded over the last five years ($2.2 billion), and down to almost a fifth of 2022's $4.9 billion. Investment activity last year was sluggish, likely due to continued interest rate hikes. Of the 30 sales recorded last year, eight were for Lifestyle assets, while the rest were for RBN properties.
- One transaction contributed to the spike in volume this quarter. The Gotham Organization bought the 310-unit Aire in Lincoln Square for $265 million, or roughly $854,838 per unit.

Manhattan Sales Volume and Number of Properties Sold (as of March 2024)



Source: Yardi Matrix

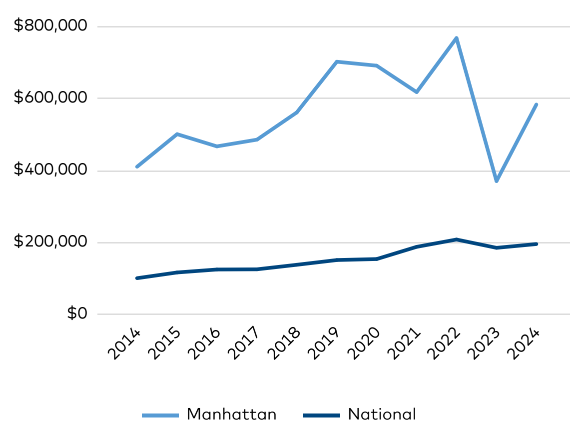
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Lincoln Square	286
Kips Bay	210
Chelsea	185
Upper West Side	151
Harlem	122
Yorkville	114
Hell's Kitchen	100

Source: Yardi Matrix

[1] From April 2023 to March 2024

Manhattan vs. National Sales Price per Unit



Source: Yardi Matrix

LISTICLE

MULTI-HOUSING NEWS

data by Yardi Matrix

Top 10 Self Storage Markets for Deliveries in 2023

By Agota Felhazi

Developers completed nearly 51.2 million square feet of self storage projects during the previous year nationwide, according to Yardi Matrix data. Overall construction activity was on the upswing, up 16.9% from 2022 when 43.8 million square feet were delivered. The table below showcases the leading 10 U.S. markets for self storage deliveries, based on total rentable square footage completed in 2023. The highlighted markets made up 28.8% of the total deliveries in the past year.

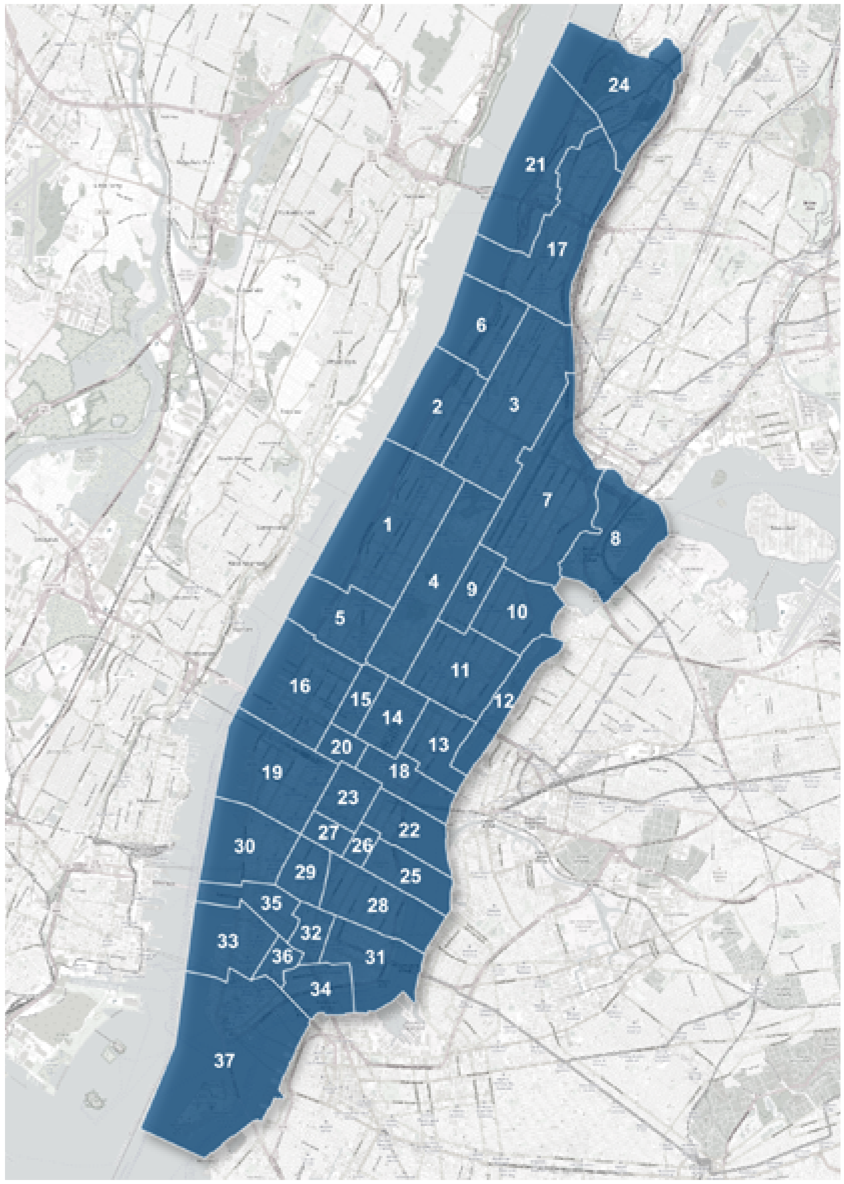
Rank	Metro	Rentable Sq. Ft. Delivered in 2023	Completions as % Stock	Rentable Sq. Ft. Delivered in 2022
1	Atlanta	2,140,014	4.2%	1,301,402
2	Dallas-Fort Worth	1,962,397	3.9%	1,335,773
3	Philadelphia	1,818,151	3.6%	589,082
4	Chicago	1,663,639	3.3%	1,042,092
5	Houston	1,318,198	2.6%	608,762
6	Los Angeles	1,247,339	2.5%	965,234
7	Phoenix	1,189,494	2.4%	1,756,928
8	Las Vegas	1,148,968	2.3%	691,892
9	New York	1,128,659	2.2%	981,933
10	Boston	1,125,246	2.2%	681,269

New York City

In 2023, New York added more than 1.1 million rentable square feet to the metro's self storage footprint. The new deliveries amounted to 2.2% of New York's existing inventory. Completions steadily increased in relation to the prior two years, up 15% compared to 2022 and up 21.8% compared to 2021. As of January 2024, seven developments encompassing 817,442 square feet were under construction. Based on a recent forecast by Yardi Matrix, New York's self storage inventory is expected to increase by 539,885 square feet in 2024 and by 599,007 square feet in 2025.

MANHATTAN SUBMARKETS

Area No.	Submarket
1	Upper West Side
2	Morningside Heights
3	Harlem
4	Central Park
5	Lincoln Square
6	Hamilton Heights
7	East Harlem
8	Randall and Ward Islands
9	Carnegie Hill
10	Yorkville
11	Lennox Hill
12	Roosevelt Island
13	Midtown East
14	Central Midtown
15	Theater District
16	Hell's Kitchen
17	Washington Heights
18	Murray Hill
19	Chelsea
20	Garment District
21	Hudson Heights
22	Kips Bay
23	NoMad
24	Inwood
25	Stuyvesant Town
26	Gramercy Park
27	Flatiron
28	East Village
29	Greenwich Village
30	West Village
31	Lower East Side
32	Chinatown
33	Tribeca
34	Two Bridges
35	SoHo
36	Civic Center
37	Financial District



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.

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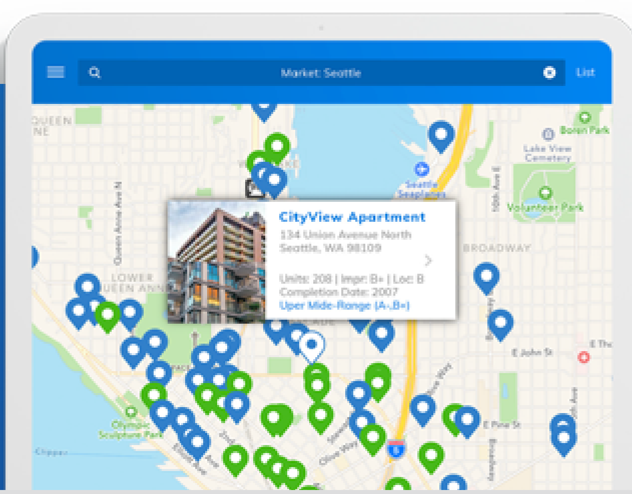
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



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