



MULTIFAMILY REPORT

The Queens Advantage

May 2024



YoY Rents Outpace Nation

Investment Activity Limited

Occupancy Tight Despite Solid Pipeline

QUEENS MULTIFAMILY



Tight Occupancy is Queens' Highlight

Compared to the national performance the Queens multifamily market continued to perform well. Rents stalled at \$2,948 on a trailing three-month basis as of March. However, on an annual basis, the borough outpaced the U.S. figure. Rents were up 3.9% year-over-year, while the national rate was 0.9%. Occupancy rates followed a similar path. As of February, the borough's occupancy stood at a healthy 98.8%, well above the national average of 94.5%.

In the past year, New York City's labor market has increased by 61,300 positions. Although several sectors saw losses, the education and health services sector fared well, with a monumental 114,600 positions added. As of January, New York City's unemployment rate stood at 4.5%, according to data from the Bureau of Labor Statistics. The figure was on par with the state's average. Plans to revitalize the borough are continuing. Recently, the New York City Council approved the redevelopment plan for the second phase of Willets Point, which will offer 2,500 affordable units, a public school, a hotel and a stadium for the New York City Football Club.

As of March, Queens developers had 12,211 units underway, with an additional 23,000 units in the planning and permitting stages. Meanwhile, transactions have been very limited, with only \$126 million in multifamily assets trading over the past 15 months.

Market Analysis | May 2024

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Recent Queens Transactions

Queenswood

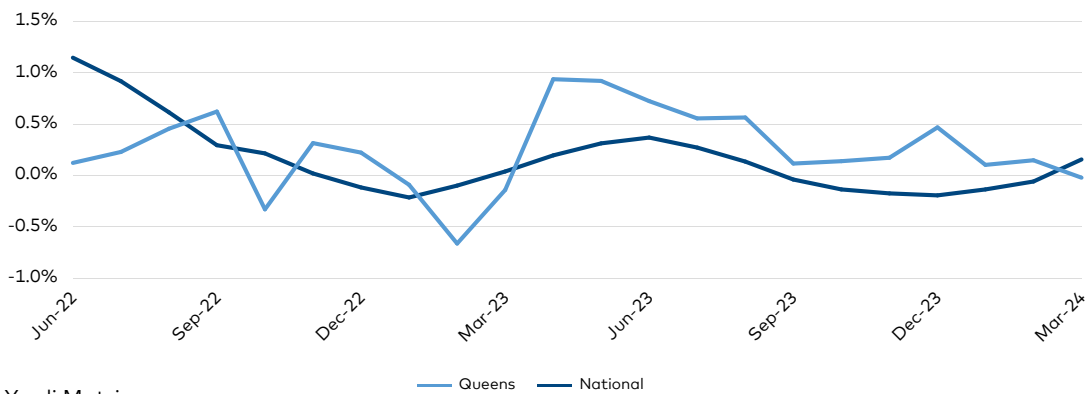


City: Corona, N.Y.
Buyer: Slate Property Group
Purchase Price: \$39 MM
Price per Unit: \$132,653

RENT TRENDS

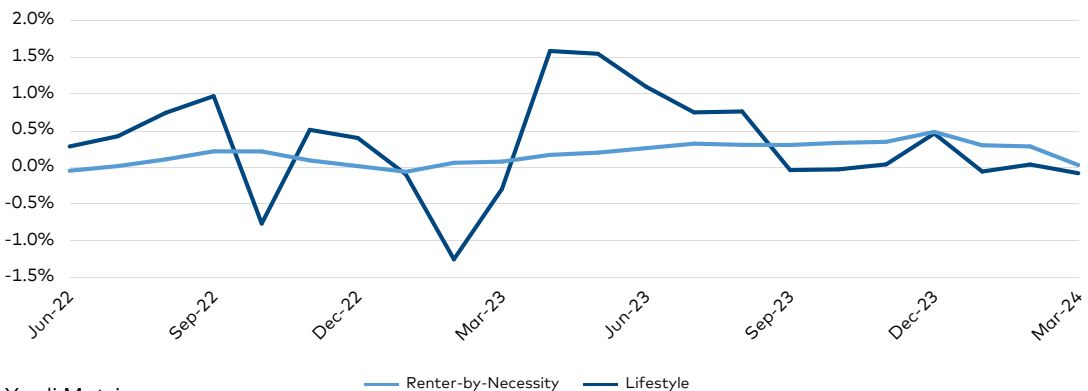
- ▶ Queens rents remained flat on a trailing three-month (T3) basis as of March. However, the national average posted a 0.2% increase. The borough's average of \$2,948 was well above the \$1,721 national figure.
- ▶ On an annual basis, rents in the borough increased 3.9%, far above the 0.9% national average. Improvement trailed rent increases in neighboring boroughs. Rents in Brooklyn were up 5%, settling at \$3,603, while rents in Manhattan were up 5.2%, to \$4,846.
- ▶ After 13 months of growth, rents in the Renter-by-Necessity segment stalled, to an average of \$2,239 in March. Lifestyle rents were down 0.1%, to \$3,951.
- ▶ As of February, average occupancy in stabilized assets fell 20 basis points year-over-year, settling at a tight 98.8%. The figure was considerably higher than the 94.5% U.S. average. Due to high demand and low supply, the borough's RBN segment plateaued at 99.1%. Meanwhile, occupancy for Lifestyle assets saw a 50-basis-point decline year-over-year, to 98.1%.
- ▶ Long Island City rents increased 3.3% year-over-year, to \$4,109, registering as the borough's most expensive rental submarket by far. While all Queens submarkets saw year-over-year rent improvement, gains were led by Forest Hills–Rego Park (up 5.7% to \$3,070), while Astoria (up 5.2% to \$3,117) and Elmhurst (up 3.9% to \$2,243) rounded out the top three.

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 settled at 4.5% as of January, according to data from the Bureau of Labor Statistics. The rate was up 10 basis points month-over-month and 40 basis points year-over-year. The Big Apple's average was on par with the state of New York and 60 basis points higher than the U.S. figure.
- ▶ During the past year, New York City added 61,300 jobs, however, most sectors recorded losses. The information sector posted the most significant contraction (-26,000 jobs), followed closely by trade, transportation and utilities (-25,200 jobs) and professional and business services (-18,300 jobs). At the other end, the education and health services sector recorded the most gains, with 114,600 jobs added.
- ▶ Recently, the New York City Council approved the redevelopment plan for Willets Point's second phase. Headed by a joint venture comprising Related Cos., Sterling Equities and the New York City Football Club, the second phase will include 1,400 fully affordable units, a 250-key hotel and a 25,000-seat stadium for NYCFC. Work is already underway on 880 affordable units, which are part of the initial phase of the redevelopment and are expected to come online by the end of 2026. The first phase also includes 220 units for low-income seniors, along with a 650-seat school.

New York Employment Share by Sector

Code	Employment Sector	Current Employment	
		(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

- ▶ New York City lost 103,217 residents in 2022, marking a 0.5% decline. Overall, since 2010 the MSA has gained 1.2 million residents, for a 6.5% increase.
- ▶ Nationally, the population increased by 1.4 million, or 0.4%, between 2021 and 2022.

Queens vs. National Population

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

Source: U.S. Census

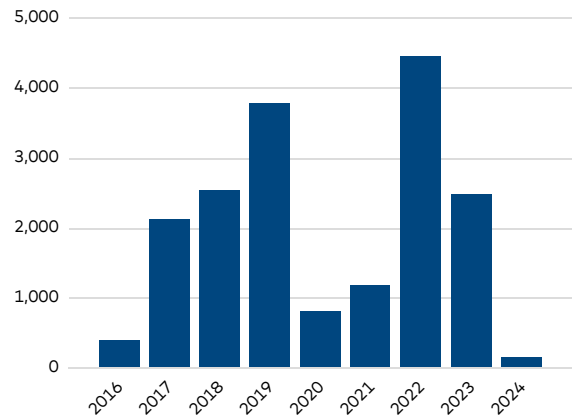
SUPPLY

- ▶ As of March, Queens had 12,211 units under construction. Most of the assets underway were in the Lifestyle segment, with approximately 16% of units in the fully affordable segment. Meanwhile, RBN assets accounted for 14% of the pipeline. Developers had another 23,000 units in the planning and permitting stages.
- ▶ During the first quarter, a single Lifestyle asset of 157 units was delivered in the borough. This represented 0.1% of existing inventory and a quarter of the national rate. Based on the latest Yardi Matrix forecast, 1,341 units are expected to come online by year-end. This would fall well short of the metro's 2,548-unit five-year average.
- ▶ Four submarkets saw robust construction activity, with more than 1,500 units underway in each. The four areas represented 83% of the borough's construction pipeline. Long Island City led the way with 4,565 units under construction, followed by Jamaica (2,176), Astoria (1,798) and Rockaway (1,719).
- ▶ Phipps Houses is developing one of the largest projects in Queens. The first three phases of The Far Rockaway Village will consist of 969

fully affordable units. These initial phases are all fully affordable and are expected to come online this year.

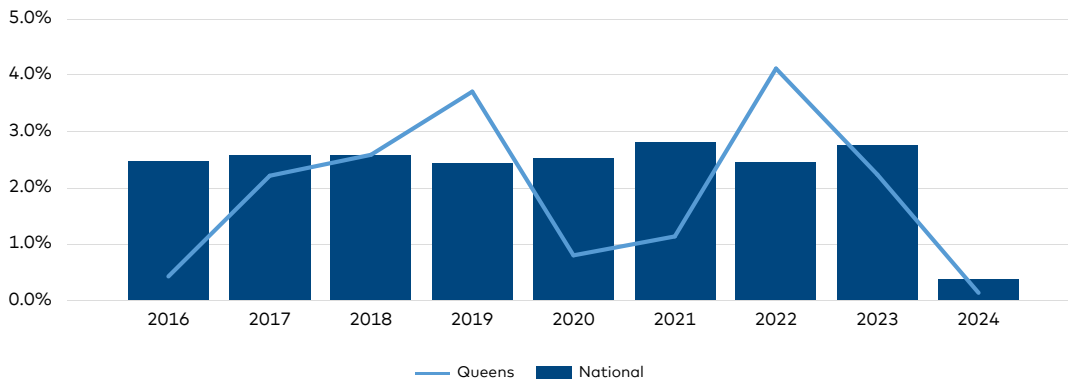
- ▶ Another large-scale project is taking shape in the Long Island City submarket. BLDG Management's The Orchard will offer 824 units, of which 30% will be affordable. M&T Bank provided a \$425 million construction loan for the development of the 69-story high-rise.

Queens Completions (as of March 2024)



Source: Yardi Matrix

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

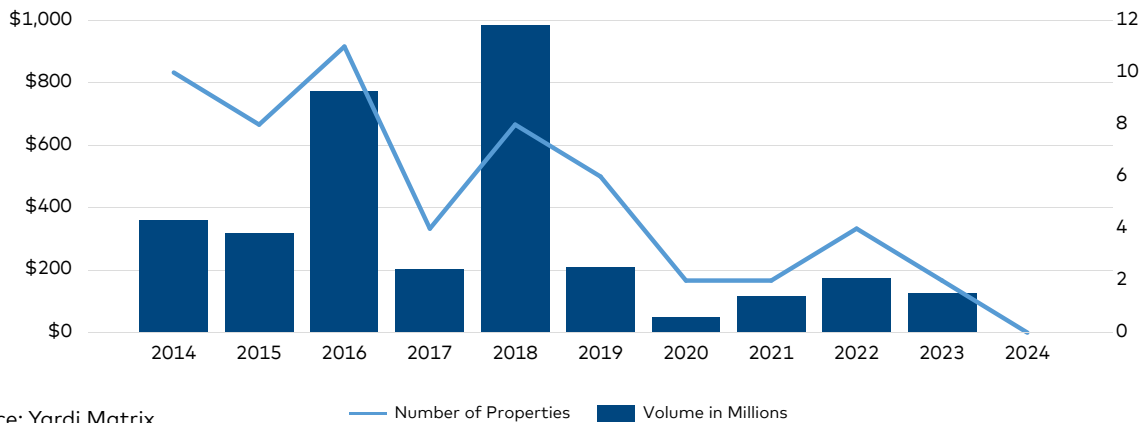


Source: Yardi Matrix

TRANSACTIONS

- ▶ Queens sales have been very limited for the past few years, with just \$126 million in sales recorded in 2023, in line with the yearly average each year since 2019. Meanwhile, the borough's prior five-year annual sales volume had been nearly four times higher, at \$527 million.
- ▶ Since 2014, investors have preferred RBN assets. Forty-nine such properties traded during this time, while only eight were Lifestyle asset sales. During the decade ending in 2023, the borough's average price per unit oscillated, settling at \$132,653 in 2023. The figure was below the decade average of \$240,241.
- ▶ The lone notable recent sale involved a fully affordable property in the Corona submarket. Slate Property Group acquired the 294-unit Queenswood for \$39 million, or \$132,653 per unit. The New York City Housing Development Corp. provided a \$42.4 million loan for the acquisition and rehabilitation of the asset.

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



Source: Yardi Matrix

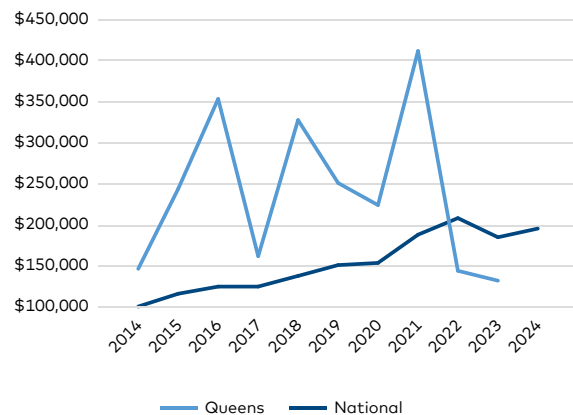
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Corona	39

Source: Yardi Matrix

¹ From April 2023 to March 2024

Queens vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Emerging Multifamily Markets in 2024

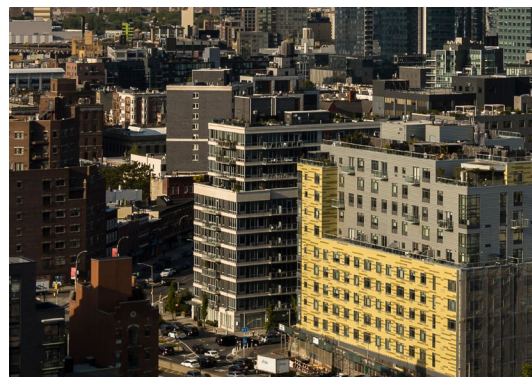
By Anca Gagiuc

The year 2023 could be considered the first relatively normal year since the onset of the pandemic, following two years of record performance within the multifamily market. The sector still advanced but at a slower pace. Last year's main challenges persist—rising inflation, interest rates and high expenses, as well as a looming economic slowdown. In addition, the multifamily market had some 1.2 million apartment units under construction at the start of 2024.

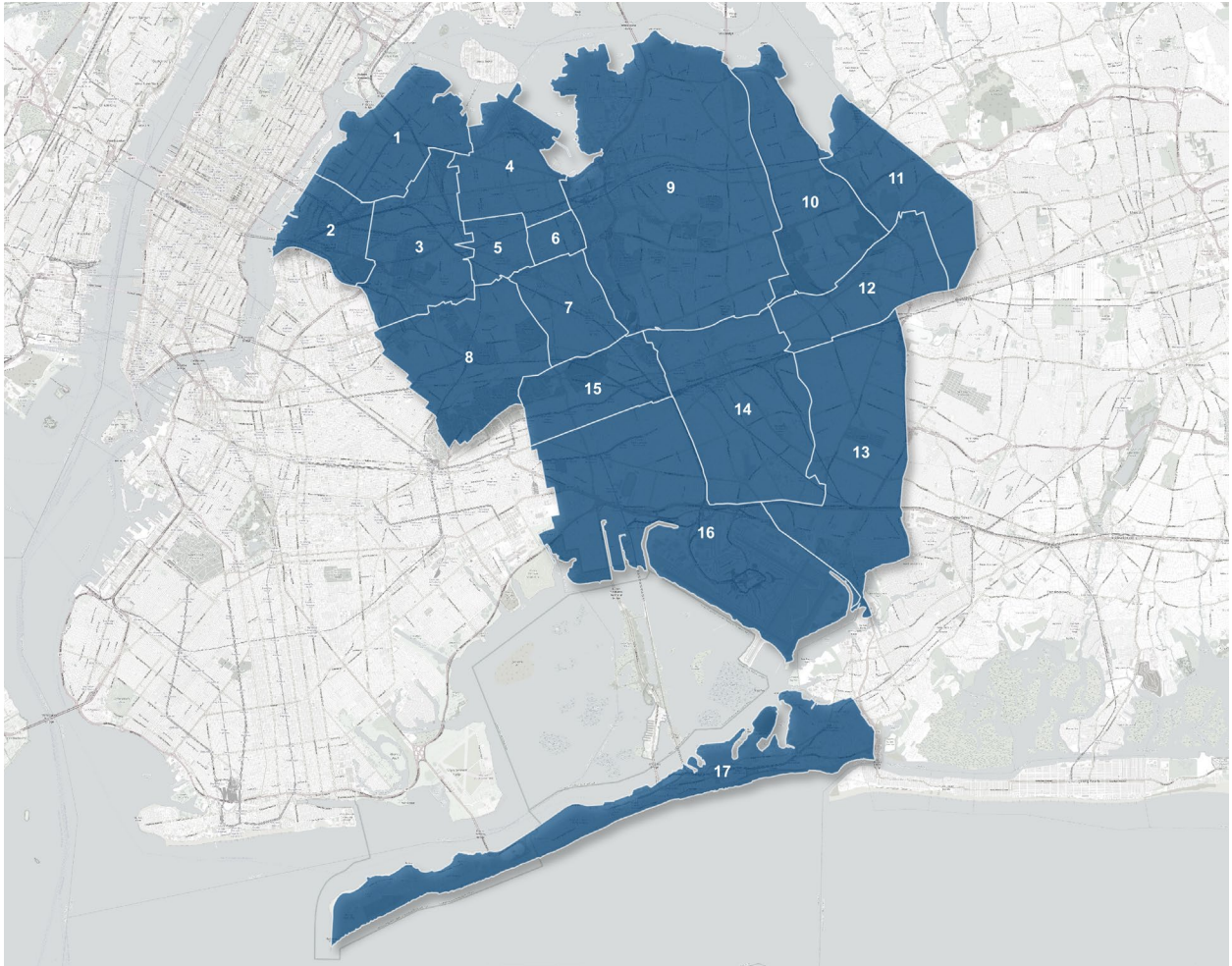
Rank	Market	Investment Volume	Per-Unit Price
1	Omaha	\$275 million	\$130,739
2	Greenville	\$655 million	\$195,802
3	Southwest Florida Coast	\$872 million	\$276,371
4	Wilmington	\$240 million	\$273,079
5	Eugene	\$301 million	\$288,144
6	Augusta	\$131 million	\$163,356
7	Chattanooga	\$156 million	\$143,928
8	Winston-Salem-Greensboro	\$486 million	\$136,963
9	Knoxville	\$375 million	\$218,939
10	Long Island	\$225 million	\$480,769

Long Island, N.Y.

Last year, developers added just 485 units, which explains the tight occupancy rate of 97.0% in November. Long Island is the only metro in this group that posted an increase in occupancy, albeit a small 0.1% increase year-over-year. The pipeline points to some relief, as there were 3,696 units under construction in December. In the 12 months ending in October, the metro's employment market posted a feeble 0.8% growth, well below the national rate. The jobless rate stood at 3.3% in November, outperforming the 3.7% U.S. average, according to preliminary data from the BLS.



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

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.



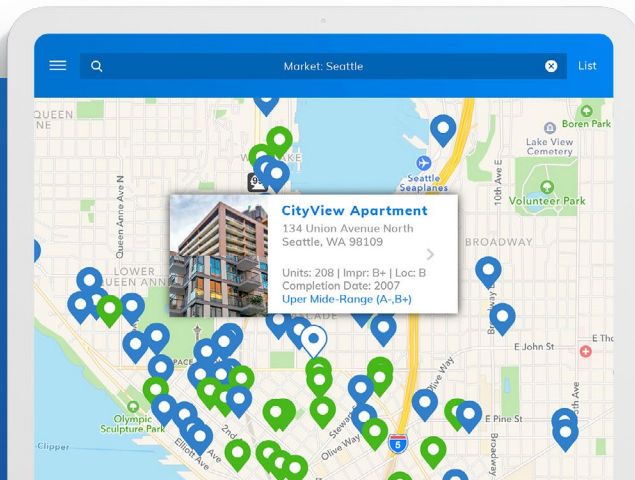
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MULTIFAMILY KEY FEATURES

- 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
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