

New York City

Q1-2022 Market Report

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Overview

NEW YORK CITY	Q1 2021	Q1 2022	YoY DELTA
Dollar Volume	\$2,980,000,000	\$5,676,729,874	90%
Transaction Volume	296	689	133%
Property Volume	461	818	77%

Recovery. That is the key word for NYC investment sales in 2022. After the depths of the pandemic in 2020 and 2021, when transactions were severely depressed in number and dollar volume, the market this year is showing strong signs of getting back on track.

As usual in NYC, Manhattan saw the highest dollar volume, followed in order by Brooklyn. The figures are reversed when looking at transaction volume however, with Manhattan coming in third after Brooklyn and Queens. Covid caused a reshuffle in the primacy of different asset classes in the city. Hospitality, office and retail, long key drivers of Manhattan real estate, have faltered in the last couple of years as the pandemic ground tourism to a halt, while lockdowns severely limited foot traffic. Additionally, work-from-home (WFH) policies have exacerbated both of those trends, leading to a market that became essentially flipped on its head overnight. In 2022, multifamily and industrial will be top of people's minds, with life science space also prominent though comparatively less so in the NYC market.

The multifamily market is being buoyed by a frenzy in the rental market, with the city experiencing all-time highs in rental rates – Manhattan stands at \$3,800 (+36% YoY) at the end of Q1 and Brooklyn at \$2,800 (+17% YoY). On the investment sales front, pricing hasn't recovered

since the new draconian rent laws were passed in 2019, but significant upside exists.

The office market, once Manhattan's darling (it has the most office space of any city around the world), continues to be affected by Covid. Lockdowns and the sudden adoption of teleworking changed the paradigm of white-collar work. It may never revert to the way it was, so office should be approached with caution until a new normal can be determined. There is more to the story if you peek under the hood, however. There has been a significant divergence in the market, with newly delivered, amenity-laden Class A product performing very strongly, and in some cases setting records. The older stock is struggling to attract demand however, as tenants now flock to quality assets to entice their workforce to attend the office in person.

Industrial, and especially warehouse space, has become the hottest product on the market, particularly beyond Manhattan. There is a dichotomy in this space as well, however, with newly built prime product significantly outperforming smaller dated properties without the same features and connectivity. The life science sector has been a strong pandemic performer nationwide though it remains a relatively small sector in New York.

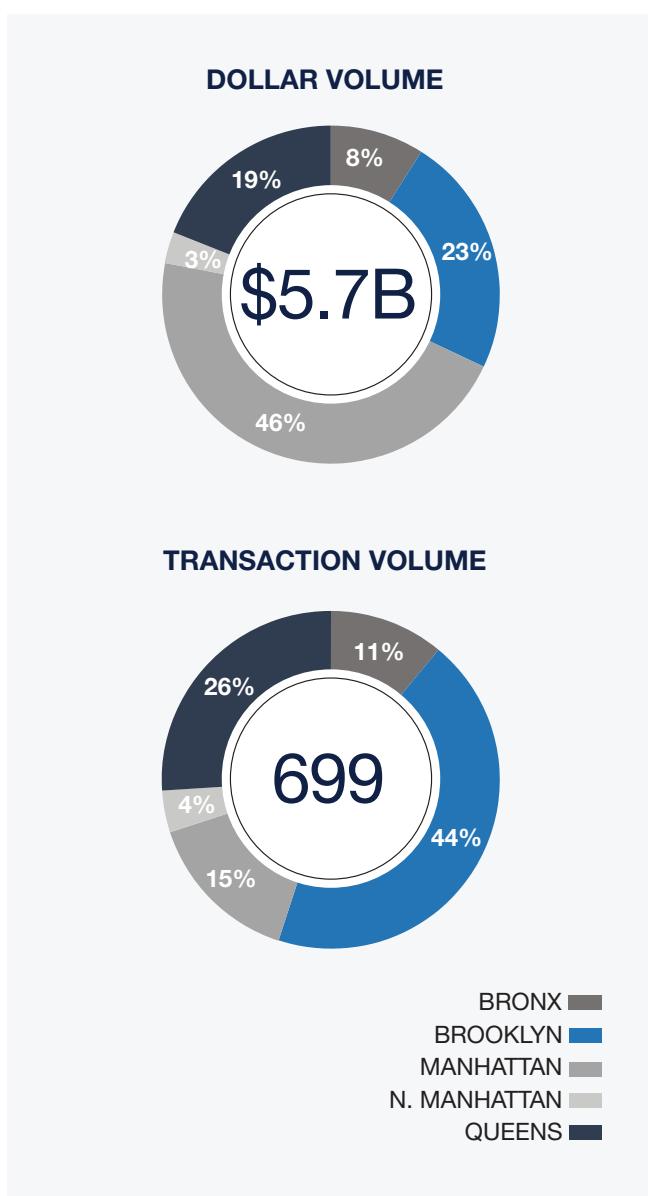
Overview

NEW YORK CITY	Q4 2021	Q1 2022	QoQ DELTA
Dollar Volume	\$4,716,013,358	\$5,676,729,874	20%
Transaction Volume	383	689	80%
Property Volume	438	818	87%

The retail and hospitality markets continue to face headwinds, but things are looking rosier in 2022 as restrictions recede. In the case of retail, the three key drivers – a deep residential base, tourism and office commuters – are slowly coming back, particularly a surging residential sector. Tenants are signing leases again, though lower rates and flexibility are very prevalent. Rents have now declined for 18 consecutive quarters. Manhattan remains the most popular tourist destination in the United States, though naturally well-below 2019 levels, especially when it comes to foreign tourists. As travel restrictions ease and business travel makes a comeback, expect hospitality to perform strongly going forward.

Development sites traded at a healthy clip in Q1 but significant questions loom in the multifamily sector as the essential 421a tax abatement program approaches expiration with no replacement in sight.

End-user property sellouts have been very strong in Q1, going from strength to strength as the city recovers from the depths of the pandemic. New-development sales reached an all-time high in Q1.



NEW YORK CITY / Q1 2022 / MARKET REPORT

Capital Markets Division Insights and Trends

Breakdown by Borough / YoY

BY BOROUGH	Q1 2021	Q1 2022	YoY DELTA
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MANHATTAN

Dollar Volume	\$1,839,824,000	\$2,609,435,282	42%
Transaction Volume	35	106	203%
Property Volume		137	

N. MANHATTAN

Dollar Volume	\$120,176,000	\$147,897,000	23%
Transaction Volume	15	24	60%
Property Volume		27	

BROOKLYN

Dollar Volume	\$576,000,000	\$1,316,124,447	128%
Transaction Volume	143	303	112%
Property Volume		330	

QUEENS

Dollar Volume	\$323,000,000	\$1,108,348,149	243%
Transaction Volume	71	180	154%
Property Volume		229	

BRONX

Dollar Volume	\$121,000,000	\$500,549,996	314%
Transaction Volume	32	77	141%
Property Volume		96	

Breakdown by Borough / QoQ

BY BOROUGH	Q4 2021	Q1 2022	QoQ DELTA
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MANHATTAN

Dollar Volume	\$2,223,326,554	\$2,609,435,282	17%
Transaction Volume	80	106	33%
Property Volume	84	137	63%

N. MANHATTAN

Dollar Volume	\$47,707,776	\$147,897,000	210%
Transaction Volume	15	24	60%
Property Volume	19	27	42%

BROOKLYN

Dollar Volume	\$919,314,804	\$1,316,124,447	43%
Transaction Volume	151	303	101%
Property Volume	173	330	91%

QUEENS

Dollar Volume	\$1,076,574,786	\$1,108,348,149	3%
Transaction Volume	86	180	109%
Property Volume	101	229	127%

BRONX

Dollar Volume	\$449,089,438	\$500,549,996	11%
Transaction Volume	50	77	54%
Property Volume	58	96	66%

Breakdown by Property Type / QoQ

BY PROPERTY TYPE / Q1 2022	TOTAL AMOUNT	# OF SALES	# OF PROPERTIES	AVG. \$/SF
Multifamily	\$2,139,453,209	297	339	\$542
Mixed-Use	\$587,740,533	149	152	\$593
Office	\$779,697,000	27	28	\$506
Retail	\$297,101,343	55	65	\$781
Development	\$881,009,254	69	118	\$260
Industrial	\$494,394,871	55	66	\$636
User Property	\$268,737,490	27	31	\$1,836
Hotel	\$154,445,041	27	32	\$626
Other	\$51,728,132	6	8	\$367
GRAND TOTAL	\$5,697,736,344	699	829	\$662

BY PROPERTY TYPE / Q4 2021	TOTAL AMOUNT	# OF SALES	# OF PROPERTIES	AVG. \$/SF
Multifamily	\$896,421,298	77	84	\$485
Mixed-Use	\$289,055,855	69	70	\$576
Office	\$672,207,262	28	33	\$642
Retail	\$306,049,470	58	63	\$777
Development	\$1,142,010,272	55	81	\$374
Industrial	\$714,361,888	53	64	\$543
User Property	\$283,147,313	32	33	\$1,688
Hotel	\$196,360,000	2	2	\$753
Other	\$216,400,000	8	8	\$480
GRAND TOTAL	\$4,716,013,358	382	438	\$702

QoQ DELTA

BY PROPERTY TYPE	TOTAL AMOUNT	# OF SALES	# OF PROPERTIES	AVG. \$/SF
Multifamily	139%	286%	304%	12%
Mixed-Use	103%	116%	117%	3%
Office	16%	-4%	-15%	-21%
Retail	-3%	-5%	3%	0%
Development	-23%	25%	46%	38%
Industrial	-31%	4%	3%	17%
User Property	-5%	-16%	-6%	9%
Hotel	-21%			-17%
Other	-76%	-25%	0%	-24%

Top Highlighted Transactions

AMERICAN COPPER BUILDINGS



Multifamily, Elevator Building

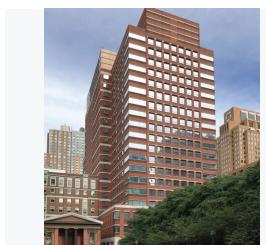
Price: \$837,000,000

Price/SF: \$907

Date: 3/1/2022

Cap Rate: ???

METROTECH/BROOKLYN COMMONS



Office

Price: \$185,500,000

Price/SF: \$455

Date: 2/1/2022

Cap Rate: ???

4316-4330 24TH STREET PORTFOLIO, QUEENS



Development Site

Price: \$176,000,000

Price/BSF: 303

Date: 3/16/2022

Cap Rate:

400, 403 & 407 AUDUBON AVE & 497 W 182 ST & 521 & 556 W 185TH ST & 501 W 184TH ST & 475 W 186TH ST & 480 W 187TH ST PORTFOLIO, MANHATTAN



Multifamily Portfolio

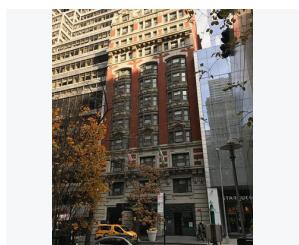
Price: \$71,659,752

Price/SF: \$248

Date: 3/4/2022

Cap Rate: ???

THE HOTEL AT TIMES SQUARE



Hotel

Price: \$59,500,000

Price/SF: \$591

Date: 2/11/2022

Cap Rate: ???

3350 PARK AVE & N/A E 166TH STREET PORTFOLIO, BRONX



Industrial

Price: \$64,000,000

Price/SF: \$462

Date: 3/1/2022

Cap Rate: ???

276 GRAND CONCOURSE, BRONX



Mixed Use, New Development

Price: \$50,325,000

Price/SF: \$259

Date: 2/25/2022

Cap Rate: ???

257 WATER STREET, MANHATTAN



Multifamily, Prewar Landmark building

Price: \$24,500,000

Price/SF: \$946

Date: 1/25/2022

Cap Rate: ???

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