

Q1 2024

Multifamily Quarter In Review New York City

by Ariel Property Advisors
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Investment Sales
Capital Services
Research

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Q1 2024 Multifamily Highlights

VOLUME
Q1 2024 vs
Q1 2023

23% ↑
\$1.44B
Dollar
Volume

-13% ↓
245
Transaction
Volume

-11% ↓
296
Property
Volume

Quarterly Sales Activity Improves, but Investors Remain Cautious

- In the first quarter of 2024, New York City’s multifamily market saw an improvement in activity with dollar volume rising to \$1.44 billion, a 23% increase year-over-year and a 36% increase quarter-over-quarter. Transactions totaled 245, a 13% decline from Q1 2023 but a 17% increase from Q4 2023. Despite the improvements, the multifamily market continued to be challenged by interest rates that have remained stubbornly higher for longer, the looming specter of good cause eviction legislation, and the lingering effects of the Housing Stability and Tenant Protection Act of 2019 (HSTPA).
- Institutional-level sales particularly felt the impact, with only one transaction exceeding \$50 million—the acquisition of 200 W 67th Street by The Carlyle Group for \$265 million. Notably,

this property includes condo units dividing the residential, garage, and commercial spaces. A&R Kalimian Realty, the seller, was forced to sell due to an upcoming maturity of \$200 million in loans with J. P. Morgan that went to special servicing last summer.

Upcoming Mortgage Maturities Force Sales

- Predominantly rent-stabilized buildings accounted for 51% of the multifamily transactions during the first quarter with mortgage maturities, in some cases, serving as the catalyst for the sales. Values for these buildings have fallen by 30% up to 75% from their prior sales before HSTPA was passed in 2019 and interest rates spiked in 2022 and 2023. For example, 826 Crown Street in Brooklyn sold for \$4.8 million in the first quarter, a 58% drop in value from its purchase price in 2018 and below the \$5.4 million original principal of the acquisition loan.
- Markets with a large supply of rent-stabilized housing stock, including Northern Manhattan, the Bronx, and Queens, all experienced a significant uptick in rent-stabilized trades and for the most part a decline in pricing. In Northern Manhattan, rent-stabilized transaction volume as a percentage of total multifamily sales went from 53% in 2023, on average, to 60% in Q1 2024, which coincided with a pricing drop from approximately \$165 per SF last year to just \$112. The Bronx experienced a similar trend with 87% of transaction activity within rent-stabilized buildings, and an average \$/SF of just \$101.

Lenders Face Shockwaves

- New York banks have experienced a rocky year because of weaknesses in the office sector and multifamily assets. This quarter, New York Community Bancorp, Inc. unexpectedly announced a net loss of \$2.7 billion in the fourth quarter compared to net income of \$207 million for the three months ended September 30, 2023. A private investment group led by former Treasury Secretary Steven Mnuchin came to the rescue with a \$1 billion investment in New York Community Bancorp, Inc. in March to strengthen the institution’s balance sheet and restore investor confidence. Last year, regulators shut down Signature Bank, one of the most active multifamily lenders in New York City.
- Both Signature and NYCB were two of the largest lenders for rent-stabilized multifamily pre-HSTPA and the subsequent banking crisis for both lenders is another unexpected consequence of the legislation. In most cases, the debt taken out for rent-stabilized buildings pre-HSTPA is considerably higher than the value of the building today, both wiping out any equity in these buildings but also putting them into disrepair because of the disincentive to invest in them.

Transaction Breakdown by Building Unit Mix

	Unit Mix	% of \$ Vol	% of Trans Vol
Predominantly Free Market	FM (including 421a)	60%	39%
	25% - 50% RS	8%	9%
Predominantly Rent-Stabilized	50% - 75% RS	5%	5%
	75% + RS RS	26%	46%
	Buildings w Reg Agreement	1%	1%

Q1 2024 Multifamily Highlights

WATCHLIST:

Governor Announces Budget to Address New York’s Housing Crisis

- Gov. Kathy Hochul’s announcement on April 15 of a conceptual agreement on a comprehensive plan in the Fiscal Year 2025 New York State Budget to address the housing crisis was encouraging. New York City’s net rental vacancy rate was 1.41% in 2023, the lowest vacancy rate since 1968 and a significant decline from 2021 when the rate was 4.54%, according to an HPD survey.
- The governor’s plan includes the following incentives for new housing development:
 - Creating a new 485x tax incentive for affordable housing, a successor to the 421a program that expired in June 2022;
 - Extending the 421a incentive for projects already in the pipeline for six years;
 - Making it easier to convert unused office space into affordable housing;
 - Eliminating outdated density caps in New York City;
 - Creating a statewide tax incentive for multi-family housing construction;
 - Making \$650 million in discretionary funds exclusively available to Pro-Housing Communities;
 - Investing \$500 million to develop up to 15,000 new housing units on State-owned sites.

NYC Transaction Activity Summary	Q1 2024	Q1 2024 vs Q4 2023	Q4 2023	Q1 2024 vs Q1 2023	Q1 2023
Transaction Volume Comparison	245	17%	209	-13%	281
Dollar Volume Comparison	\$1.44B	36%	\$1.06B	23%	\$1.17B
Building Volume Comparison	296	25%	237	-11%	332
Total Units	4,447	33%	3,348	16%	3,842

- The governor also stated that the 2025 budget would unlock the potential of units that have been vacant since 2019 when HSTPA was passed and establish a new law to protect tenants from price gouging, a form of what some tenant advocates have called good cause eviction. The details of both of these initiatives haven’t been released, but reportedly landlord and tenant groups don’t believe either will go far enough to address their respective concerns.

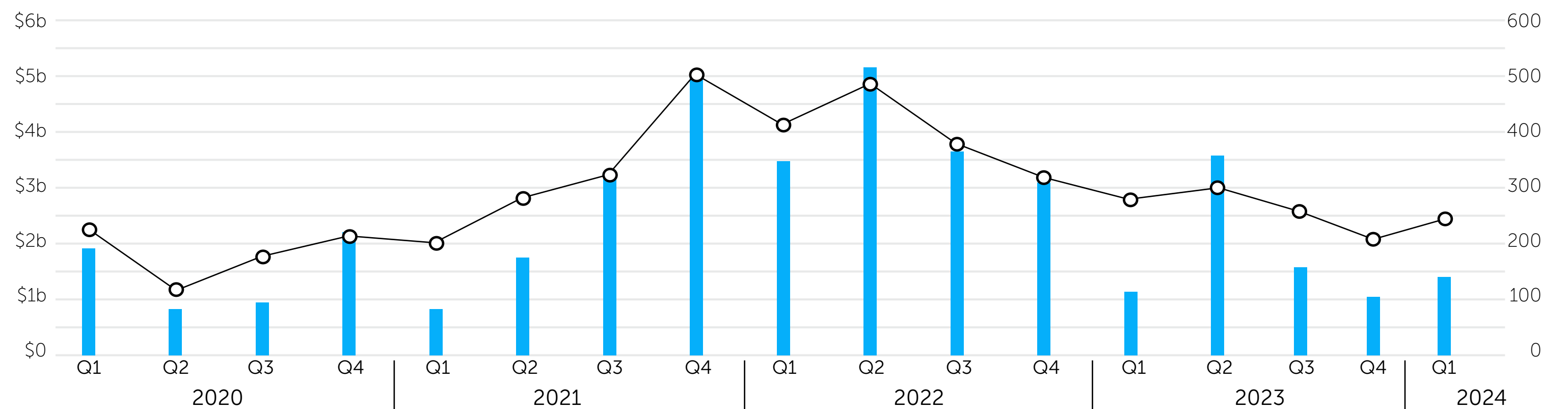
March 19-20 meeting, committee members voted unanimously to maintain the target range for the federal funds rate between 5.25% to 5.50% and projected three rate cuts this year. The Consumer Price Index rose by 3.5% in March, however, raising fears that the Fed will pause its previously planned rate cuts this year.

- Overall, slow transaction activity is in line with our predictions from the beginning of the year and we continue to expect that the second half of 2024 will see an uptick in activity.

Interest Rates and the Federal Reserve

- The Federal Reserve remained in a holding pattern as policymakers left rates unchanged for the fifth consecutive meeting. At the

Multifamily Real Estate Timeline ■ Dollar Vol | —○— Transaction Vol



NYC Sub-Market Overview: Manhattan

VOLUME
Q1 2024 vs
Q1 2023

153% ↑
\$734.08M
Dollar Volume

29% ↑
44
Transaction Volume

61% ↑
68
Property Volume

Transaction Activity Summary

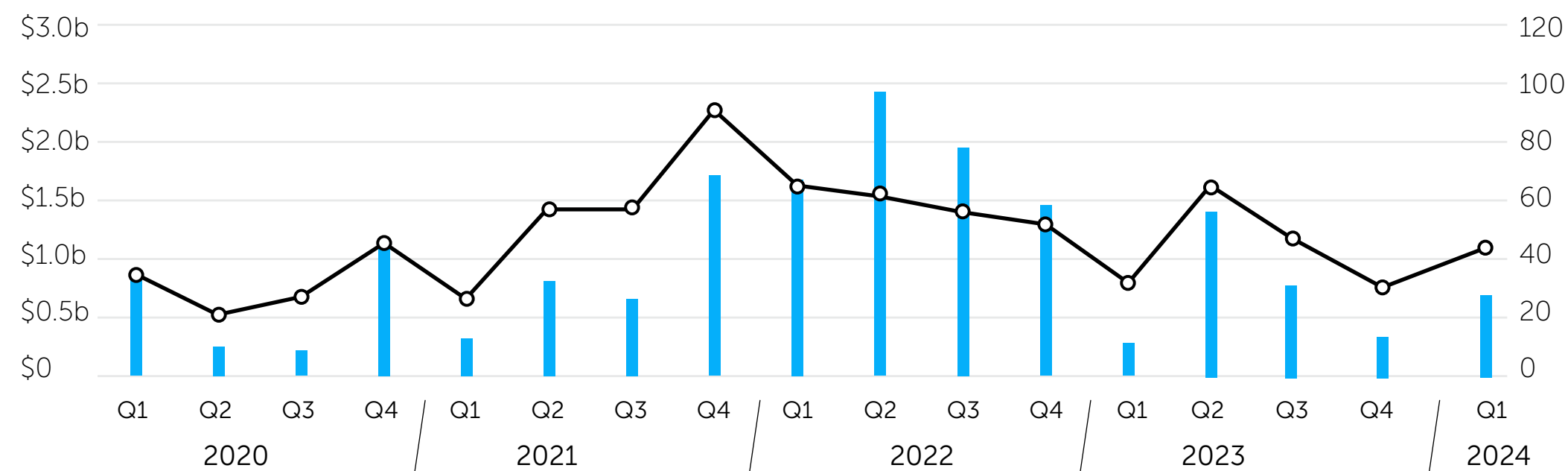
Manhattan	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
Transaction Vol	44	33%	33	29%	34
Building Vol	68	65%	41	61%	42
Dollar Vol (in \$M)	\$734.08	94%	\$378.3	153%	\$290.3
Total Units	1,283	98%	647	119%	585

Transaction Breakdown by Building Unit Mix

Category	% Dol Vol	% Trans Vol	Avg \$/SF	Avg \$/Unit
FM (including 421a)	82%	55%	\$827	\$573,310
25% - 50% RS	12%	25%	\$562	\$399,123
50% - 75% RS	4%	5%	\$360	\$176,316
75%+ RS	2%	15%	\$215	\$115,255
Buildings w Reg Agreement	0%	0%	N/A	N/A

Multifamily Real Estate Activity Timeline

■ Dollar Vol | — Transaction Vol



Dollar Volume Comparison (amounts are in \$M)

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	\$595.3	119%	\$272	154%	\$234.6
MF-MU 6-9 resi units	\$59.5	-5%	\$62.8	316%	\$14.3
MF-MU Small	\$79.3	82%	\$43.5	91%	\$41.5

Transaction Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	24	18%	20	8%	22
MF-MU 6-9 resi units	11	78%	6	255%	3
MF-MU Small	9	35%	7	5%	9

Building Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	47	69%	28	58%	30
MF-MU 6-9 resi units	11	78%	6	255%	3
MF-MU Small	9	35%	7	5%	9

Q1 '24 Featured Transaction



200 West 67th Street

Sale Date: **2/2/2024**
 Sale Price: **\$265,000,000**
 Gross SF: **390,682**



Kushner East Village MF Portfolio 2024

Sale Date: **1/30/2024**
 Sale Price: **\$41,514,832**
 Gross SF: **42,465**

NYC Sub-Market Overview: N. Manhattan

VOLUME
Q1 2024 vs
Q1 2023

-36%
↓
\$62.02M
Dollar Volume

27%
↑
18
Transaction Volume

-28%
↓
20
Property Volume

Transaction Activity Summary

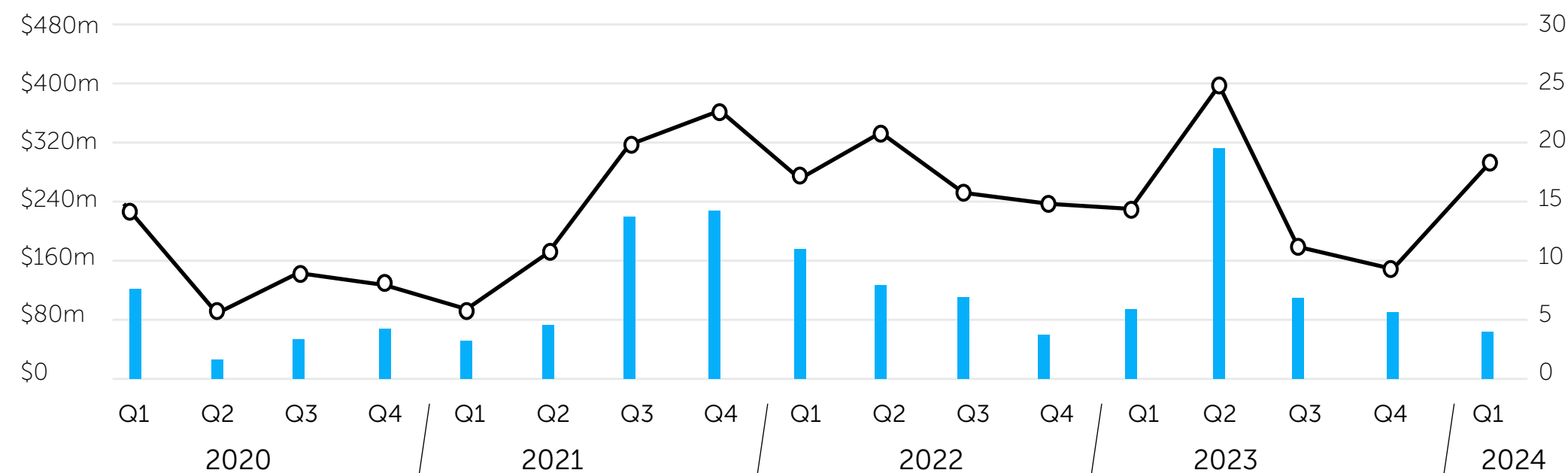
N. Manhattan	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
Transaction Vol	18	97%	9	27%	14
Building Vol	20	83%	11	-28%	28
Dollar Vol (in \$M)	\$62.02	-35%	\$94.9	-36%	\$97.1
Total Units	473	-1%	478	-22%	606

Transaction Breakdown by Building Unit Mix

Category	% Dol Vol	% Trans Vol	Avg \$/SF	Avg \$/Unit
FM (including 421a)	20%	30%	\$430	\$203,472
25% - 50% RS	0%	0%	N/A	N/A
50% - 75% RS	0%	0%	N/A	N/A
75%+ RS	68%	60%	\$112	\$88,685
Buildings w Reg Agreement	12%	10%	\$483	\$330,113

Multifamily Real Estate Activity Timeline

■ Dollar Vol | ↗ Transaction Vol



Dollar Volume Comparison (amounts are in \$M)

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	\$49.7	-47%	\$93.4	-46%	\$91.5
MF-MU 6-9 resi units	\$4.2	N/A	\$0	4%	\$4.01
MF-MU Small	\$8.1	440%	\$1.5	407%	\$1.6

Transaction Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	12	48%	8	8%	11
MF-MU 6-9 resi units	2	N/A	0	18%	2
MF-MU Small	4	255%	1	255%	1

Building Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	14	42%	10	-43%	25
MF-MU 6-9 resi units	2	N/A	0	18%	2
MF-MU Small	4	255%	1	255%	1

Q1 '24 Featured Transaction



61 Wadsworth Avenue & 618 West 177th Street

Sale Date: **2/20/2024**
Sale Price: **\$9,500,000**
Gross SF: **90,660**



186 Pinehurst Avenue

Sale Date: **3/26/2024**
Sale Price: **\$8,000,000**
Gross SF: **65,352**

NYC Sub-Market Overview: Brooklyn

VOLUME
Q1 2024 vs
Q1 2023

-18%
↓
\$417.89M
Dollar Volume

-14%
↓
118
Transaction Volume

-10%
↓
134
Property Volume

Transaction Activity Summary

Brooklyn	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
Transaction Vol	118	15%	103	-14%	138
Building Vol	134	15%	116	-10%	148
Dollar Vol (in \$M)	\$417.9	18%	\$354.7	-18%	\$510.8
Total Units	1,227	24%	992	-5%	1,297

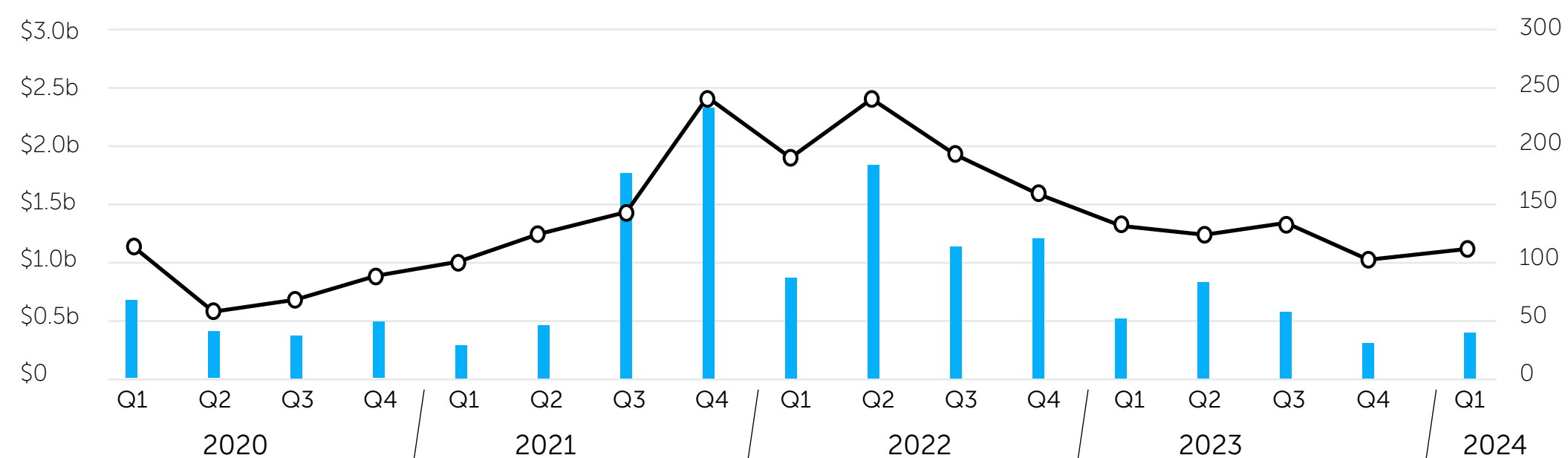
Transaction Breakdown by Building Unit Mix

Category	% Dol Vol	% Trans Vol	Avg \$/SF	Avg \$/Unit
FM (including 421a)	48%	48%	\$497	\$448,145
25% - 50% RS	0%	0%	N/A	N/A
50% - 75% RS	2%	4%	N/A*	N/A*
75%+ RS	50%	48%	\$297	\$239,702
Buildings w Reg Agreement	0%	0%	N/A	N/A

*Due To Low Dollar Volume Pricing Metrics Are Unavailable

Multifamily Real Estate Activity Timeline

■ Dollar Vol | — Transaction Vol



Dollar Volume Comparison (amounts are in \$M)

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	\$190.8	37%	\$139.7	-17%	\$230.7
MF-MU 6-9 resi units	\$109.04	7%	\$101.8	4%	\$104.4
MF-MU Small	\$118.04	4%	\$113.09	-33%	\$175.6

Transaction Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	25	46%	17	24%	20
MF-MU 6-9 resi units	37	2%	36	-6%	39
MF-MU Small	57	14%	50	-28%	79

Building Volume Comparison

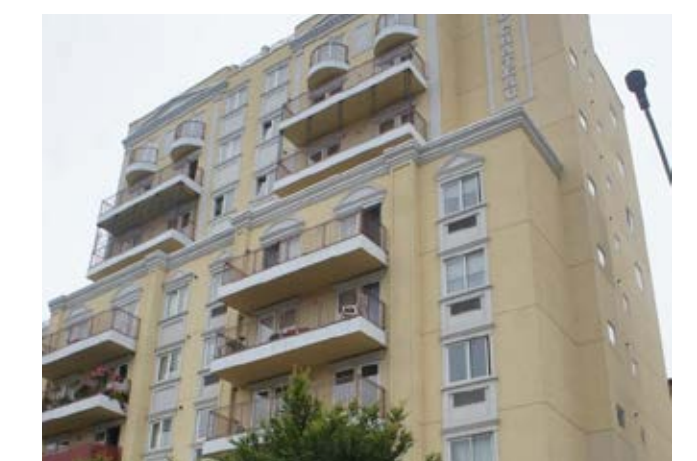
Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	33	44%	23	44%	23
MF-MU 6-9 resi units	41	-1%	42	1%	41
MF-MU Small	59	16%	51	-30%	84

Q1 '24 Featured Transaction



97 Grand Avenue

Sale Date: **3/14/2024**
Total Capitalization: **\$27,500,000**
Gross SF: **61,372**



3052 Brighton 1st Street

Sale Date: **1/12/2024**
Sale Price: **\$24,000,000**
Gross SF: **72,715**

NYC Sub-Market Overview: Bronx

VOLUME
Q1 2024 vs
Q1 2023

26% ↑

\$95.51M
Dollar Volume

-38% ↓ 12
Transaction Volume

-18% ↓ 19
Property Volume

Transaction Activity Summary

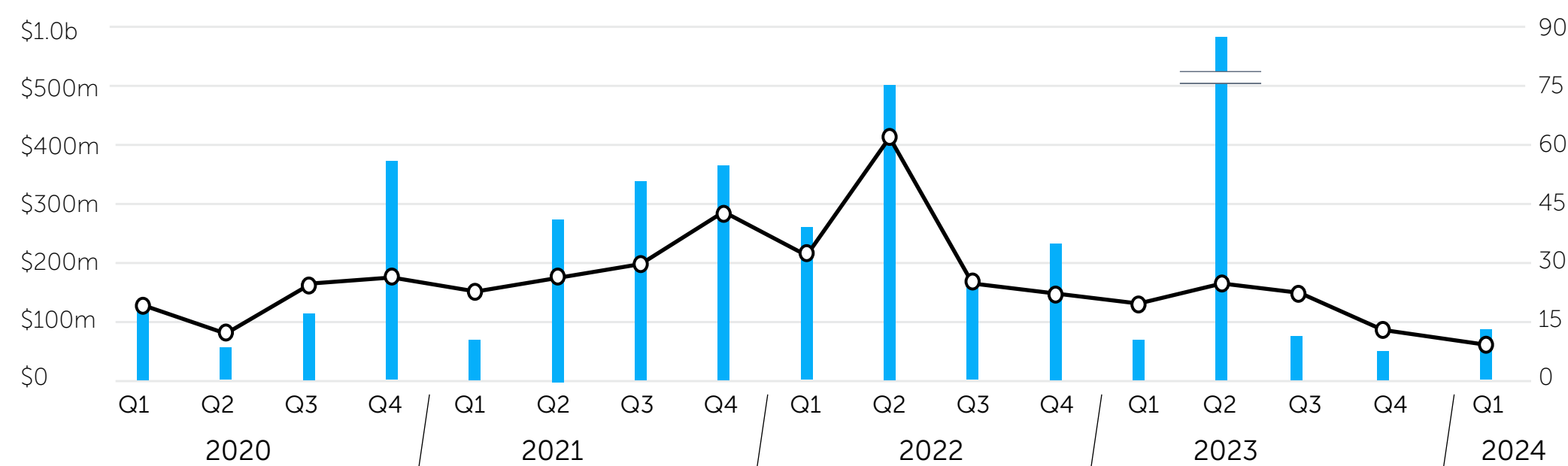
Bronx	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
Transaction Vol	12	-15%	14	-38%	19
Building Vol	19	11%	17	-18%	23
Dollar Vol (in \$M)	\$95.5	43%	\$66.8	26%	\$75.8
Total Units	941	76%	536	86%	507

Transaction Breakdown by Building Unit Mix

Category	% Dol Vol	% Trans Vol	Avg \$/SF	Avg \$/Unit
FM (including 421a)	6%	13%	\$497	\$293,750
25% - 50% RS	0%	0%	N/A	N/A
50% - 75% RS	15%	13%	\$101	\$132,184
75%+ RS	79%	74%	\$101	\$90,665
Buildings w Reg Agreement	0%	0%	N/A	N/A

Multifamily Real Estate Activity Timeline

■ Dollar Vol | — Transaction Vol



Dollar Volume Comparison (amounts are in \$M)

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	\$91.2	48%	\$61.8	45%	\$62.9
MF-MU 6-9 resi units	\$1.95	N/A	\$0	-62%	\$5.2
MF-MU Small	\$2.4	-53%	\$5	-69%	\$7.7

Transaction Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	9	-14%	11	-5%	10
MF-MU 6-9 resi units	1	N/A	0	-61%	3
MF-MU Small	1	-61%	3	-80%	6

Building Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	17	18%	14	18%	14
MF-MU 6-9 resi units	1	N/A	0	-61%	3
MF-MU Small	1	-61%	3	-80%	6

Q1 '24 Featured Transaction



1500 Noble Avenue

Sale Date: **1/18/2024**
 Sale Price: **\$26,000,000**
 Gross SF: **265,625**



Zitolo BX Package

Sale Date: **1/4/2024**
 Sale Price: **\$14,700,000**
 Gross SF: **188,721**

NYC Sub-Market Overview: Queens

VOLUME
Q1 2024 vs
Q1 2023

-33%
↓
\$134M
Dollar
Volume

-30%
↓
53
Transaction
Volume

-39%
↓
56
Property
Volume

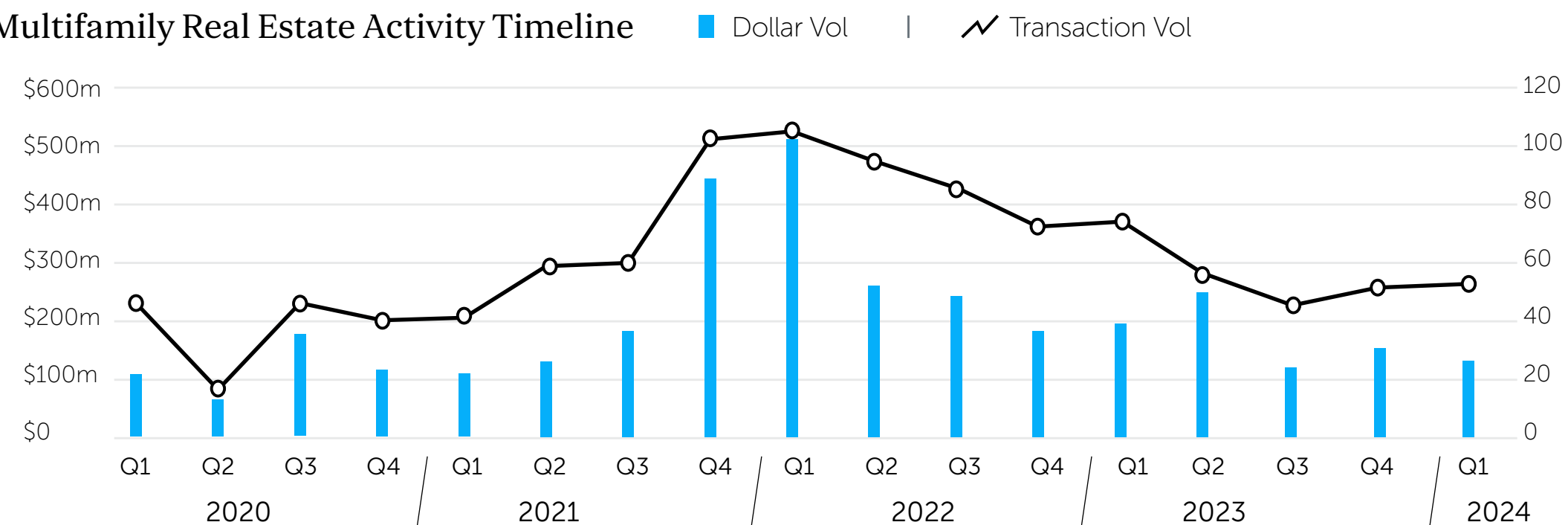
Transaction Activity Summary

Queens	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
Transaction Vol	53	7%	50	-30%	76
Building Vol	56	7%	52	-39%	91
Dollar Vol (in \$M)	\$134	-18%	\$163.07	-33%	\$200
Total Units	523	-25%	695	-38%	847

Transaction Breakdown by Building Unit Mix

Category	% Dol Vol	% Trans Vol	Avg \$/SF	Avg \$/Unit
FM (including 421a)	4%	13%	\$753	\$224,000
25% - 50% RS	10%	13%	\$323	\$235,000
50% - 75% RS	0%	0%	N/A	N/A
75%+ RS	86%	74%	\$229	\$201,657
Buildings w Reg Agreement	0%	0%	N/A	N/A

Multifamily Real Estate Activity Timeline



Dollar Volume Comparison (amounts are in \$M)

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	\$57.4	-17%	\$69.6	-41%	\$97.3
MF-MU 6-9 resi units	\$32.4	-26%	\$43.9	12%	\$29
MF-MU Small	\$44.2	-11%	\$49.6	-40%	\$73.7

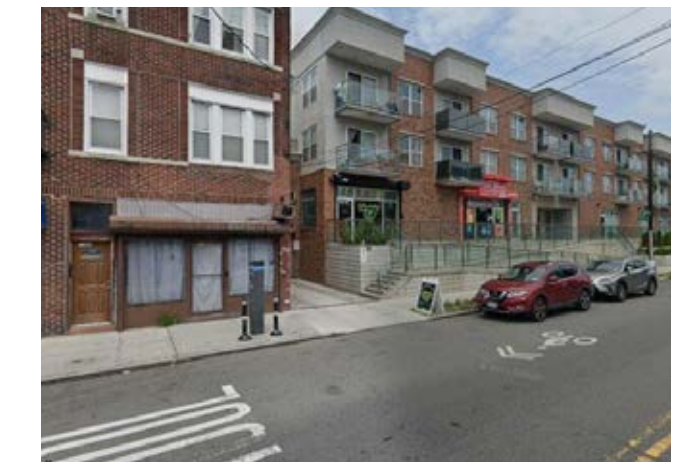
Transaction Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	9	137%	4	-47%	18
MF-MU 6-9 resi units	15	-30%	22	-4%	16
MF-MU Small	28	18%	24	-32%	42

Building Volume Comparison

Product type	Q1 2024	% Change vs Q4 2023	Q4 2023	% Change vs Q1 2023	Q1 2023
MF-MU 10+ resi units	11	113%	5	-63%	29
MF-MU 6-9 resi units	15	-30%	22	-4%	16
MF-MU Small	30	18%	25	-36%	46

Q1 '24 Featured Transaction



114-06/114-30 Rockaway Beach Boulevard

Sale Date: **2/27/2024**
Total Capitalization: **\$13,500,000**
Gross SF: **88,311**



25-19 30th Dr

Sale Date: **1/25/2024**
Sale Price: **\$10,000,000**
Gross SF: **46,000**

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