

2024 MID-YEAR SALES REPORT

BROOKLYN



496
TRADES

\$1.9 B
VOLUME

\$3.9 M
AVG DEAL
PRICE

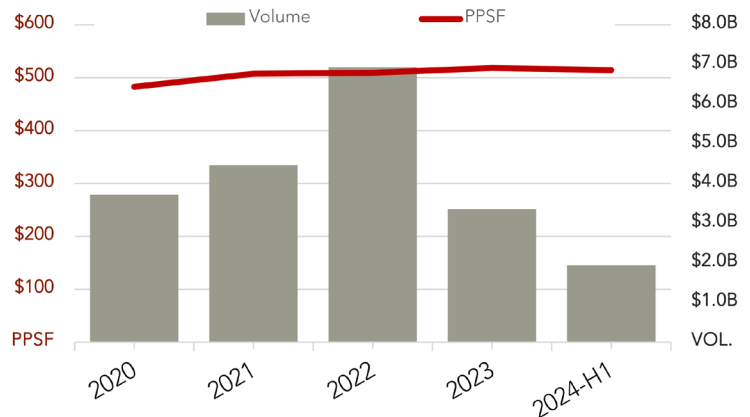
CURRENT TRENDS AND OPPORTUNITIES IN INVESTMENT SALES

By Marco Lala, Managing Director at RM Friedland

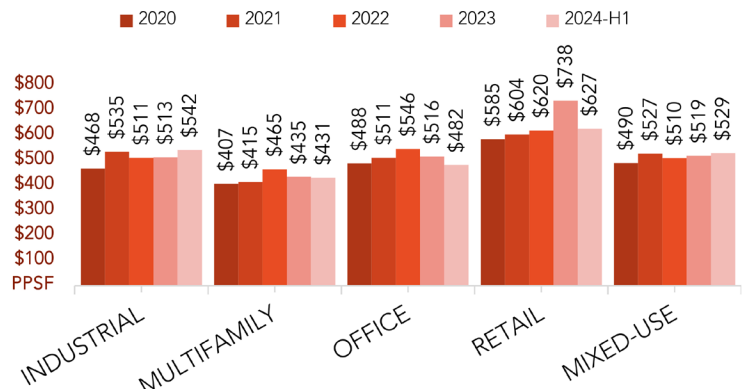
With COVID-19 now a distant memory, the commercial and retail asset classes have made a significant rebound. Properties with regional or national tenants are in high demand, as are neighborhood retail spaces in strong corridors. Mixed-use properties with stores on the ground floor and free-market units above, as well as single-story, multi-tenant 'taxpayers', are especially popular. Demand for larger free-market multifamily remains high, though it has been somewhat tempered by the recent signing of the Good Cause Eviction Bill. Now, landlords must renew existing leases and are capped at increases of the lessor of 5% + CPI or 10% (unless the tenant moves out or other exceptions apply). The implementation of the 485X tax abatement has also spurred land sales. In areas like the Bronx, it is critical to stay under 99 units as costs begin to escalate due to wage requirements and other demands on developers.

Regarding supply, Jack Lala has stated "The current environment following all of the restrictions, circumstances, and laws that have taken place since June 2019 has led many owners who have been in the business for decades to consider retirement more seriously or to cash out and move their investments elsewhere. This shift has allowed other seasoned and experienced investors to grow their portfolios and purchase properties that would have never otherwise hit the market."

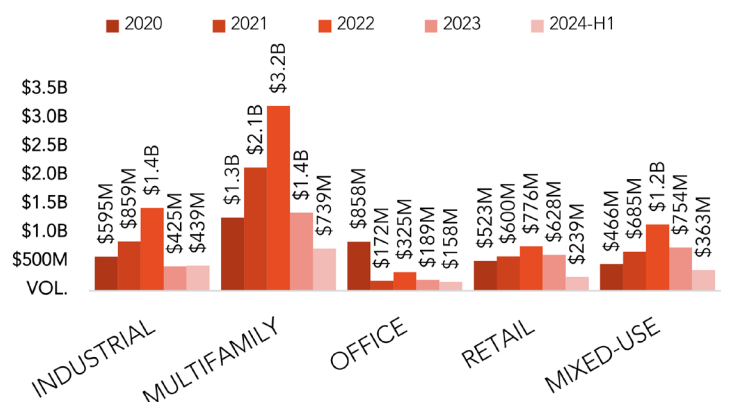
AVERAGE PPSF & TOTAL VOLUME ^{1 2}



MARKET SEGMENTS: AVERAGE PPSF ¹



MARKET SEGMENTS: VOLUME ¹



1) Brooklyn Investment/Building Sales

2) Data Excludes Known Development Sites & Specialty Use Properties

CURRENT TRENDS AND OPPORTUNITIES IN INVESTMENT SALES

LENDING STANDARDS AND FINANCING VOLUME

Since the collapse of Signature Bank and NYCB requiring a cash injection from private equity, lenders have become extra cautious. The higher rates have obviously tempered loan amounts.

Alfonso Holloman, Associate Broker at RMF, believes "Traditional financing hasn't been as prevalent in recent years. We're seeing an increase in a new group of lenders willing to issue debt with more risk than traditional lenders will. All indications are that interest rates will remain at current levels for the near term. This dynamic will contribute to a rise in loan defaults, foreclosures, and bankruptcies, which in turn will create buying opportunities for investors hovering for distressed assets."

OPERATING EXPENSES AND ASSET MANAGEMENT

Besides lending criteria, the rising utility costs, insurance, and other operating expenses are making it very difficult for owners to reinvest in their buildings. In addition to anemic rent increases, reserves are being tapped into just to pay the bills. A minor fix-up versus a total gut rehab is typically the only way an owner can justify getting an apartment unit 'rent-ready' for new tenants. Harder still to recover from is a scenario in which, an owner might be blindsided by an emergency repair to the roof, boiler, or electrical system. Speaking specifically about insurance increases: we've seen increases ranging from 50% to even 200% at renewals. How does one underwrite this in their 'opinion of value' or financing illustration? Now apply this to three, four, or more expense line items, and you can see how values could drop 25-50% from the heights of the market.

MANAGING RISK

Property management and an extreme all hands on deck approach to running one's properties are more important than ever. This includes shopping for insurance quotes, internalizing some repairs, staying on top of non-payers, and ensuring that lead paint repairs are done minimally, possibly getting units 'lead exempt' on city records.

Holloman adds, "The current market conditions are the effects of higher interest rates, the current political environment, and geopolitical conflicts across the globe. The confluence of these factors makes it difficult for owners to right the ship. In many cases, without healthy reserves, there is not much an owner can do since the cause of the difficulties is out of the owner's hands."

CONCLUSION

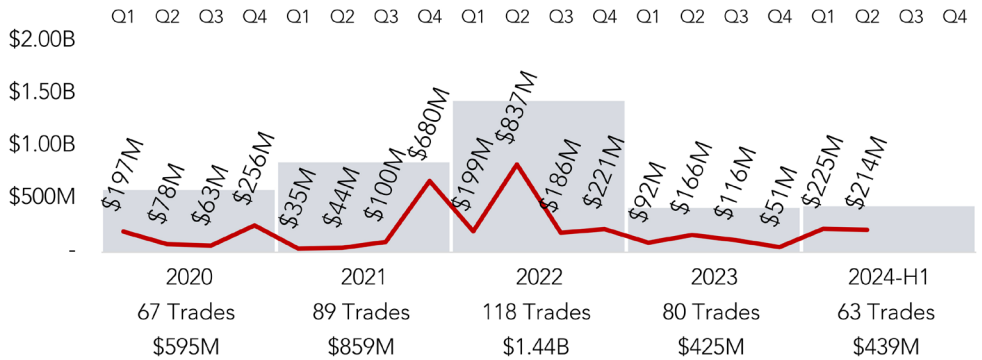
Despite current market challenges, now remains a favorable time to list properties. Stable demand, coupled with a low inventory, creates a conducive atmosphere for sellers to achieve competitive pricing and favorable terms.

DATA POINTS

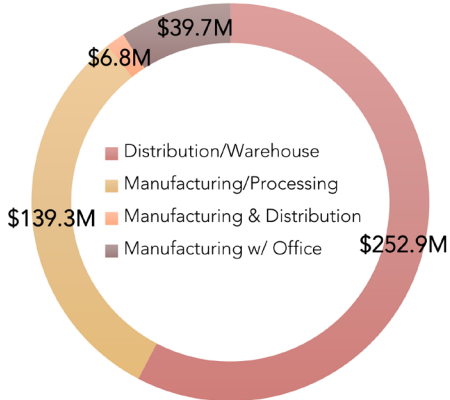
METRICS: 2024-H1	%Δ
\$439M Total Volume	↑ 69.8%
63 Trades	↑ 16.7%
\$7.0M Average Deal Price	↑ 45.5%
\$542 Average Price Per SF	↑ 4.5%

From 2023-H1

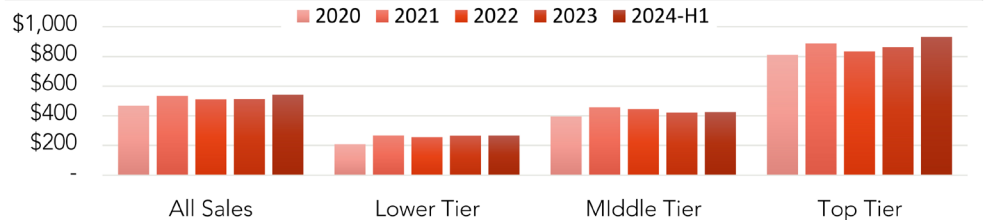
VOLUME HISTORY



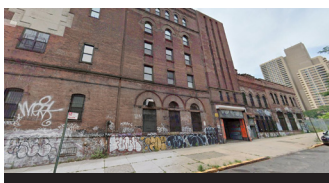
VOLUME BY TYPE: 2024-H1



AVERAGE PRICE PER SF

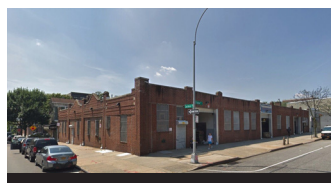


FEATURED TRANSACTIONS



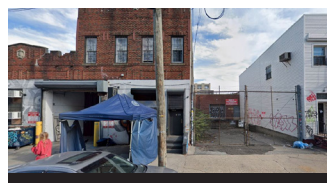
122A Montgomery St | Crown Heights

SALE PRICE: \$64,000,000
 BUILDING SF: 88,800 SF
 PPSF: \$721.00



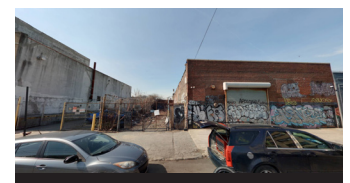
2246 Fulton St | Ocean Hill

SALE PRICE: \$11,500,000
 BUILDING SF: 15,000 SF
 PPSF: \$767.00



1294 Willoughby Ave & 373 Suydam St | Bushwick

SALE PRICE: \$6,750,000
 BUILDING SF: 13,825 SF
 PPSF: \$488



VIEWPOINTS

DAVID RACITI: In the first half of 2024, the Brooklyn industrial market showed a significant increase, with transaction volume up by 69.8% compared to 2023 H1 and by 163% compared to 2023 H2. The number of trades increased by 16.7% compared to 2023 H1 and by 142% compared to 2023 H2. Notable transactions include an assemblage at 1282-1294 Willoughby Avenue and 373 Suydam Street in Bushwick. With 13,825 gross square feet, the price per square foot amounted to \$488.

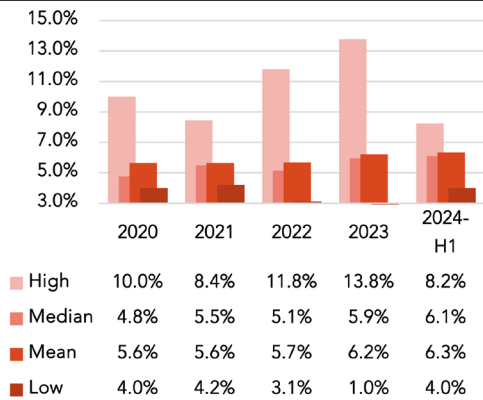
DATA POINTS

METRICS: 2024-H1

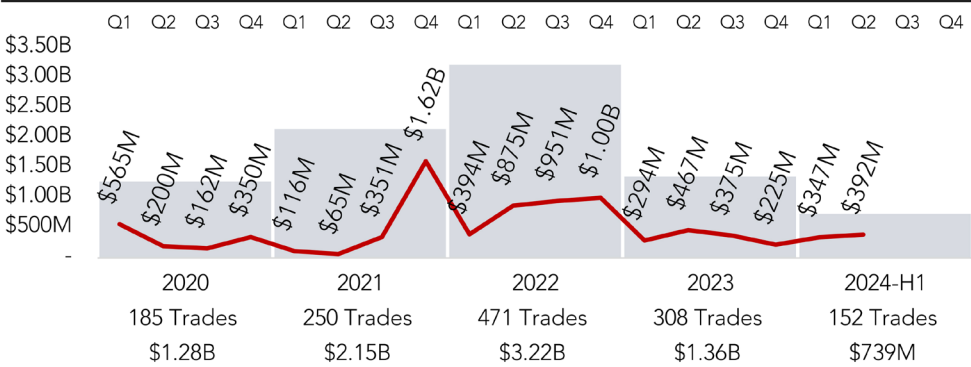
Metric	%Δ
\$739M Total Volume	↓ 2.8%
152 Trades	↓ 5.0%
\$4.9M Average Deal Price	↑ 2.3%
\$364K Average Price Per Unit	↓ 1.7%

From 2023-H1

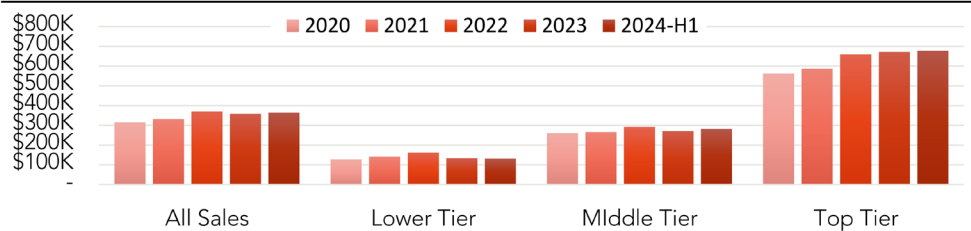
CAPITALIZATION RATES



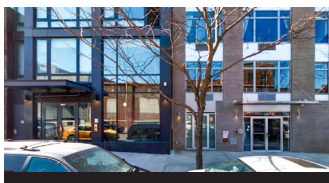
VOLUME HISTORY



AVERAGE PRICE PER UNIT

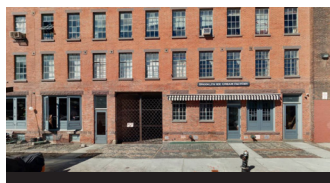


FEATURED TRANSACTIONS



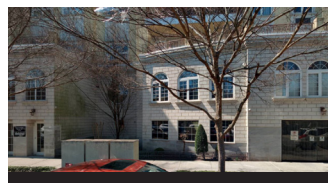
97 Grand Ave | Clinton Hill

SALE PRICE: \$27,500,000
BUILDING UNITS: 62
PPU: \$443,548.00



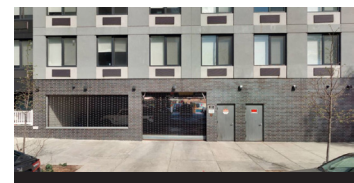
99 Commercial St | Greenpoint

SALE PRICE: \$27,500,000
BUILDING UNITS: 22
PPU: \$1,250,000.00



3062 Brighton 1st St | Brighton Beach

SALE PRICE: \$24,000,000
BUILDING UNITS: 43
PPU: \$558,140.00



1311 New York Ave | E Flatbush

SALE PRICE: \$16,800,000
BUILDING UNITS: 34
PPU: \$494,118.00

VIEWPOINTS

DAVID RACITI: Sales volume decreased by 2.8% compared to 2023 H1 but, increased by 23% compared to 2023 H2. The number of trades decreased by 5% compared to 2023 H1. A notable transaction was the sale of 97 Grand Avenue in Clinton Hill for \$27.5 million, featuring 60,210 square feet and 62 units, resulting in a price per unit of \$443,548. Rising operational costs and regulatory challenges have impacted the market, but demand for residential in key areas remains strong.

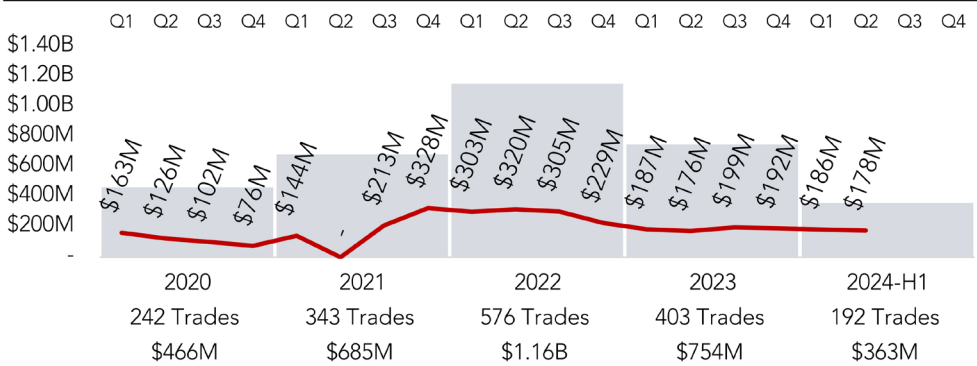
DATA POINTS

METRICS: 2024-H1

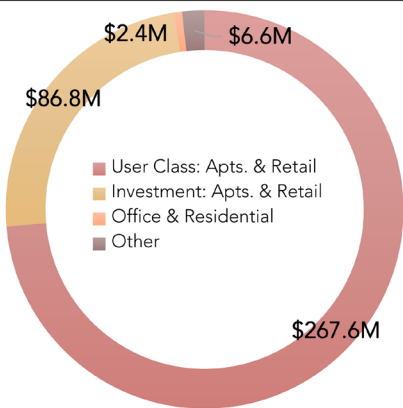
Metric	%Δ
\$363M Total Volume	↑ 0.3%
192 Trades	↓ 2.0%
\$1.9M Average Deal Price	↑ 2.4%
\$529 Average Price Per SF	↑ 3.0%

From 2023-H1

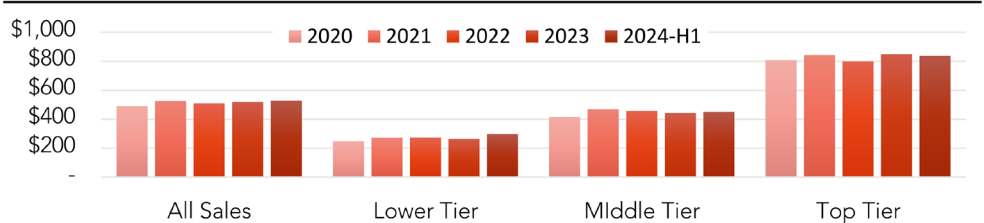
VOLUME HISTORY



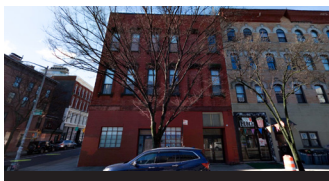
VOLUME BY TYPE: 2024-H1



AVERAGE PRICE PER SF

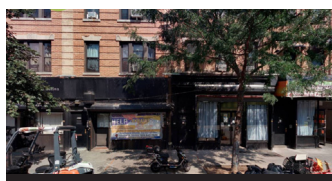


FEATURED TRANSACTIONS



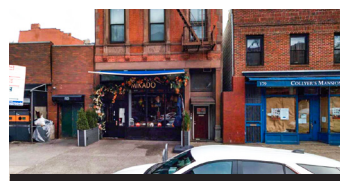
216 Grand St | Williamsburg

SALE PRICE: \$8,000,000
 BUILDING SF: 10,916 SF
 PPSF: \$733.00



1075 Coney Island Ave | Midwood

SALE PRICE: \$6,500,000
 BUILDING SF: 9,900 SF
 PPSF: \$660.00



177 Atlantic Ave | Downtown Brooklyn

SALE PRICE: \$5,400,000
 BUILDING SF: 6,250 SF
 PPSF: \$864.00

VIEWPOINTS

DAVID RACITI: The mixed-use market in Brooklyn experienced varied performance in the first half of 2024. Transaction volume was relatively flat compared to 2023 H1 and fell by 7% compared to 2023 H2. The number of trades decreased by 2% compared to 2023 H1 and by 7.2% compared to 2023 H2. Key transactions, such as the sale of 216 Grand Street in Williamsburg for \$8 million, demonstrate ongoing interest in diversified income streams. This property spans 10,916 square feet, resulting in a price per square foot of \$733.

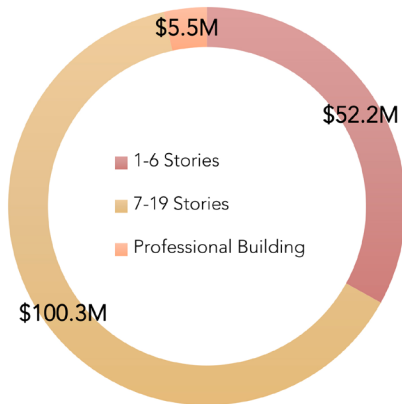
DATA POINTS

METRICS: 2024-H1

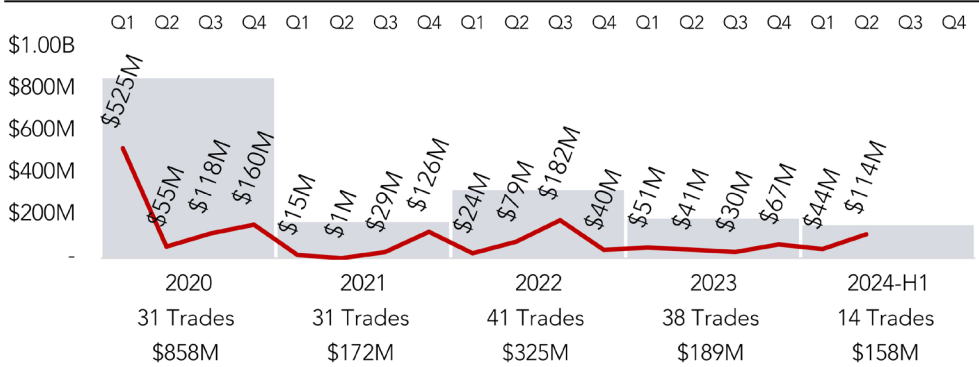
Metric	%Δ
\$158M Total Volume	↑ 71.1%
14 Trades	↓ 33.3%
\$11.3M Average Deal Price	↑ 156.7%
\$482 Average Price Per SF	↓ 17.0%

From 2023-H1

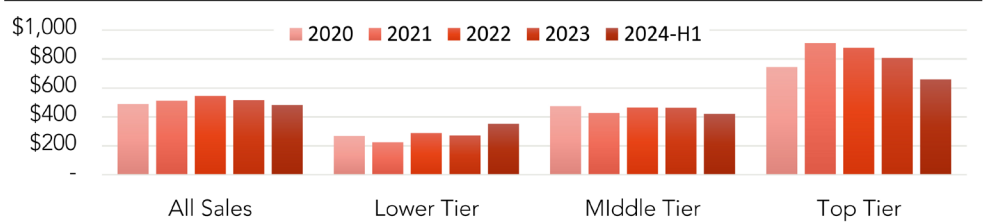
VOLUME BY TYPE: 2024-H1



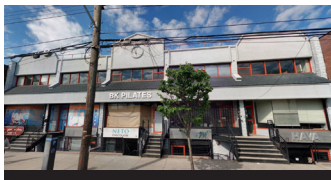
VOLUME HISTORY



AVERAGE PRICE PER SF

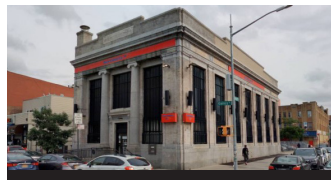


FEATURED TRANSACTIONS



3032 Nostrand Ave | Madison

SALE PRICE: \$6,800,000
BUILDING SF: 15,000 SF
PPSF: \$453.00



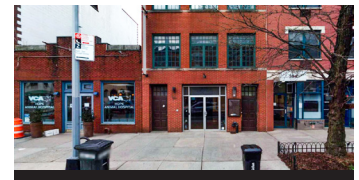
880 Quincy St | Bedford-Stuyvesant

SALE PRICE: \$5,508,000
BUILDING SF: 5,376 SF
PPSF: \$1,025.00



1670 E 17th St | Homecrest

SALE PRICE: \$4,900,000
BUILDING SF: 10,900 SF
PPSF: \$450.00



388 Atlantic Ave | Boerum Hill

SALE PRICE: \$3,000,000
BUILDING SF: 8,582 SF
PPSF: \$350.00

VIEWPOINTS

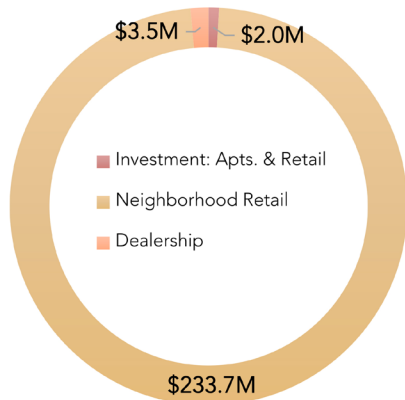
DAVID RACITI: The Brooklyn office market showed positive performance in the first half of 2024, with sales volume increasing by 71.1% compared to 2023 H1, and 61% compared to 2023 H2. The number of trades fell by 33.3% compared to 2023 H1 and by 17% compared to 2023 H2. Notable transactions include the sale of 3032-3040 Nostrand Avenue in the Madison neighborhood for \$6.8 million. This property, spanning 15,000 square feet, reflects a price per square foot of \$453.

DATA POINTS

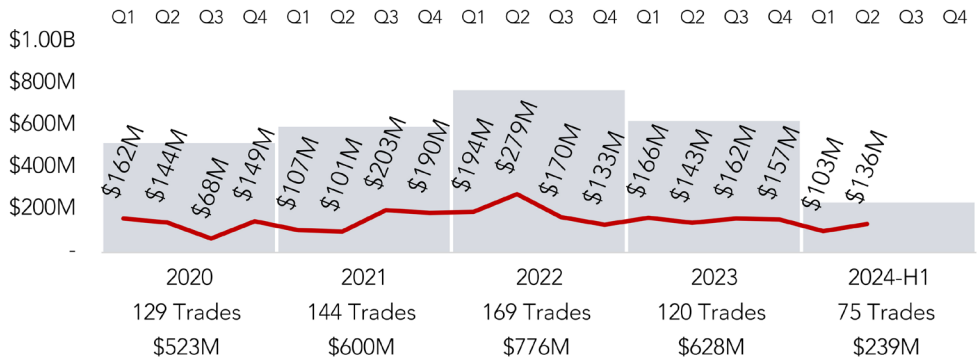
METRICS: 2024-H1	%Δ
\$239M Total Volume	↓ 22.5%
75 Trades	↑ 10.3%
\$3.2M Average Deal Price	↓ 29.7%
\$627 Average Price Per SF	↑ 0.9%

From 2023-H1

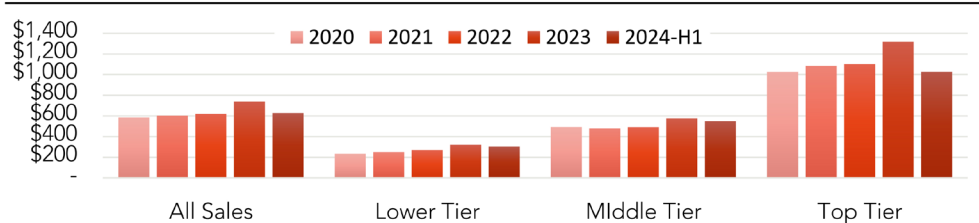
VOLUME BY TYPE: 2024-H1



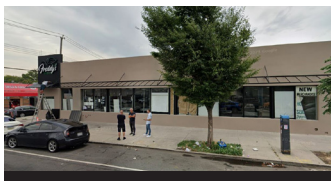
VOLUME HISTORY



AVERAGE PRICE PER SF

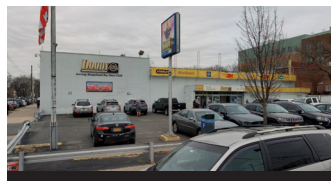


FEATURED TRANSACTIONS



2845 Coney Island Ave | Sheepshead Bay

SALE PRICE: \$16,000,000
BUILDING SF: 10,000 SF
PPSF: \$1,600.00



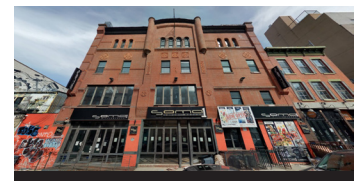
2461 E 17th St | Sheepshead Bay

SALE PRICE: \$13,500,000
BUILDING SF: 30,598 SF
PPSF: \$441.00



449 Myrtle Ave | Clinton Hill

SALE PRICE: \$9,382,000
BUILDING SF: 12,500 SF
PPSF: \$751.00



107 S 6th St | Williamsburg

SALE PRICE: \$10,000,000
BUILDING SF: 20,150 SF
PPSF: \$496.00

VIEWPOINTS

DAVID RACITI: In the first half of 2024, the Brooklyn retail market experienced a moderate decrease in transaction volume, down by 22.5% compared to 2023 H1 and by 25% compared to 2023 H2. The number of trades increased by 10.3% compared to 2023 H1. Key transactions include the sale of 2845 Coney Island Avenue in Sheepshead Bay for \$16 million, which spans 10,000 square feet, translating to a price per square foot of \$1,600. Well-located retail properties in high-traffic areas continue to attract investors.

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