HKS
REAL ESTATE ADVISORS

New York City

Q2-2022 Market Report

HKS REAL ESTATE ADVISORS

126 5th Avenue New York, NY 10010
Office: 212-254-1600
hks.com

Overview

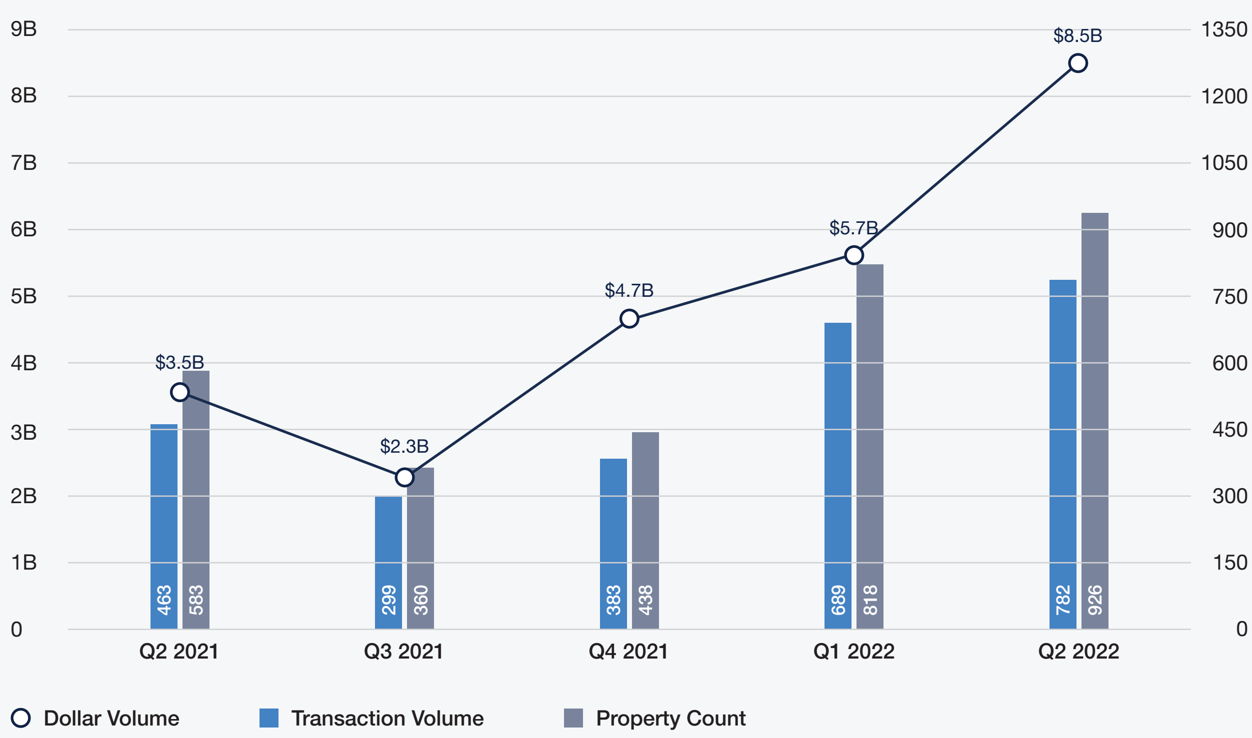
The second quarter has been one of dichotomies. On the one hand, NYC experienced a bumper period for investment sales volume, clocking at $8.5B for the quarter ending June 30. This was driven by a flurry of activity as investors raced to beat the looming expiration of the 421a tax abatement program (which was mind-bogglingly allowed to lapse by state legislators) and also the expectation of rising inflation.

This was mixed with an increasing sense of caution amongst investors as they face the uncertainty of significant market volatility and the near certainty of a higher interest rate environment. All this makes dealmaking much more uncertain and is sure to create a dampening effect for the third quarter.

Manhattan sales led the other boroughs as usual, with $4.6B in transactions for the quarter, representing jumps of 76% and 200% QoQ and YoY, respectively. It was followed by Brooklyn, which also had a strong QoQ and YoY improvement, and then Queens which surprisingly saw a decline from its robust first quarter.

All property types except retail experienced strong QoQ gains, with multifamily still the most traded class with $2.8B for the quarter, up 24% from the previous quarter. Notably, office seems to possibly be making a comeback – this recently depressed class notched second place behind multifamily at $1.57B in transactions.

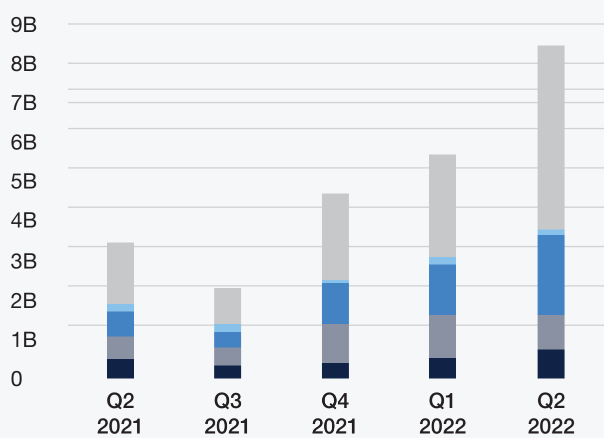
NYC INVESTMENT SALES



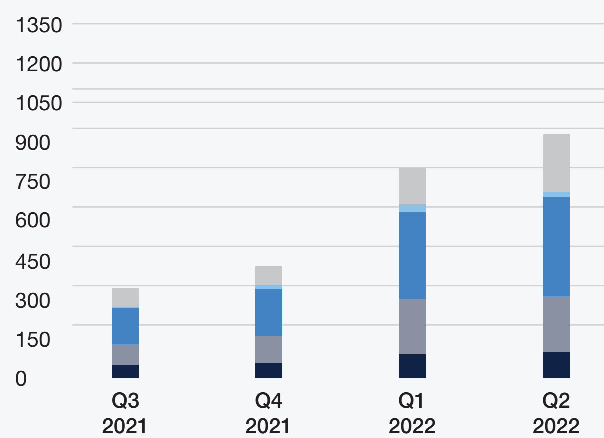
Dollar Volume	Transaction Volume	Property Count
$8.5B	782	926
+49% vs. Q1 22 / +143% vs. Q2 21	+13% vs. Q1 22 / +69% vs. Q2 21	+13% vs. Q1 22 / +59% vs. Q2 21

Breakdown By Borough

DOLAR VOLUME



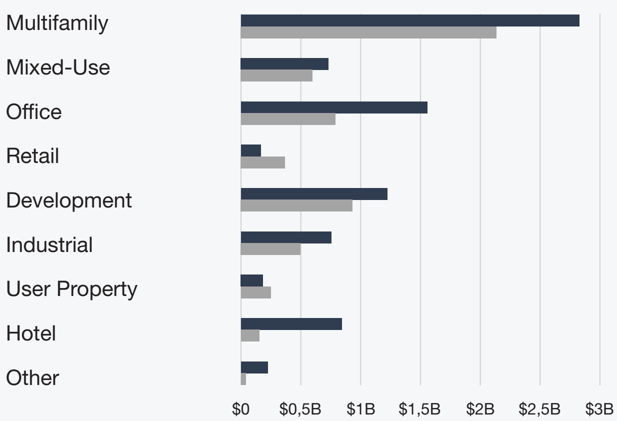
PROPERTY COUNT



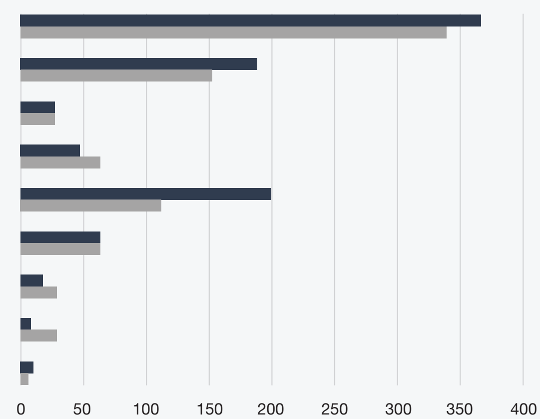
	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	QoQ	YoY
MANHATTAN							
Dollar Volume	$1,531,716,636	$1,075,688,249	$2,223,326,554	$2,609,435,282	$4,601,834,834	**76%**	**200%**
Transaction Volume	89	63	80	106	141	**33%**	**58%**
Property Count	110	70	84	137	174	**27%**	**58%**
N. MANHATTAN							
Dollar Volume	$136,779,323	$18,415,000	$47,707,776	$147,897,000	$76,643,762	**-48%**	**-44%**
Transaction Volume	26	7	15	24	20	**-17%**	**-23%**
Property Count	36	8	19	27	25	**-7%**	**-31%**
BROOKLYN							
Dollar Volume	$781,419,474	$415,751,447	$919,314,804	$1,316,124,447	$2,037,594,664	**55%**	**161%**
Transaction Volume	181	121	151	303	352	**16%**	**94%**
Property Count	228	146	173	330	390	**18%**	**71%**
QUEENS							
Dollar Volume	$547,216,495	$489,946,430	$1,076,574,786	$1,108,348,149	$989,662,078	**-10%**	**81%**
Transaction Volume	110	67	86	180	170	**-6%**	**55%**
Property Count	136	80	101	229	223	**-3%**	**64%**
BRONX							
Dollar Volume	$496,878,179	$297,341,154	$449,089,438	$500,549,996	$769,878,461	**54%**	**55%**
Transaction Volume	57	37	50	77	91	**18%**	**60%**
Property Count	68	55	58	96	114	**19%**	**68%**

Breakdown by Property Type

DOLLAR VOLUME



PROPERTY COUNT



■ Q2 2022 ■ Q1 2022

Q2 2022 / VS Q1 2022

PROPERTY TYPE	TOTAL AMOUNT		# OF SALES		# OF PROPERTIES		AVG. $/SF	
Multifamily	$2,801,290,099	+24%	322	+8%	366	+7%	$533	+4%
Mixed-Use	$734,762,578	+20%	179	+17%	186	+18%	$567	+7%
Office	$1,572,280,985	+50%	23	-17%	25	-12%	$1,001	+49%
Retail	$186,453,400	-59%	34	-62%	47	-38%	$572	-37%
Development	$1,219,598,564	+28%	141	+61%	200	+68%	$247	+0%
Industrial	$764,642,054	+35%	43	-28%	60	-10%	$510	-44%
User Property	$192,823,802	-39%	21	-29%	21	-48%	$2,049	+10%
Hotel	$799,838,707	+81%	8	-238%	8	-300%	$666	+7%
Other	$203,923,611	+75%	11	+45%	13	+38%	$316	-7%
GRAND TOTAL	**$8,475,613,799**		**782**		**926**		**$718**	

■ % change vs Q1

Top Highlighted Transactions

444 PARK AVENUE, MANHATTAN

Office

Price: $445,000,000
Price/SF: $1,499
Date: 6/24/2022
Keys/Units: 62 Units
SF: 296,915

SHERATON NEW YORK TIMES SQUARE HOTEL 811 7TH AVENUE, MANHATTAN

Hotel

Price: $323,262,700
Price/SF: $276
Date: 4/19/2022
Keys/Units: 1780 Keys
SF: 1,172,021

2521-2527 BROADWAY PORTFOLIO

Multifamily

Price: $266,000,000
Price/SF: $707
Date: 4/20/2022
Keys/Units: 355 Units
SF: 376,500

554, 578 COZINE AVENUE & 771 MONTAUK AVENUE, BROOKLYN

Development

Price: $228,447,600
Price/BSF: $441
Date: 4/1/2022
BSF: 518400

260 GOLD STREET, BROOKLYN

Multifamily

Price: $225,000,000
Price/SF: $875
Date: 6/9/2022
Keys/Units: 286 Units
SF: 257286

2711 49TH AVENUE, QUEENS

Industrial

Price: $105,500,000
Price/SF: $491
Date: 6/3/2022
Keys/Units: 1 Unit
SF: 214820

2001 STORY AVENUE, BRONX

Multifamily

Price: $105,000,000
Price/SF: $249
Date: 6/7/2022
Keys/Units: 355 Units
SF: 421833

98 RIVERSIDE DRIVE, MANHATTAN

Mixed-Use

Price: $90,000,000
Price/SF: $454
Date: 5/9/2022
Keys/Units: 136 Units
SF: 198,375

HKS REAL ESTATE ADVISORS

Debt Markets Analysis

Overall, beginning with the dramatic rise in interest rates in March, debt capital has changed and shifted towards a more conservative approach, in anticipation of “whatever might be coming”. Financing for assets overall has required more equity, stabilized sources of revenue and in general there is less interest from the greater lending markets, in anticipation of further economic turbulence through the rest of 2022 into 2023. The Fed will continue to have an impact on the way financial institutions perceive the debt and equity markets, which will force a subdued approach on leverage/value, asset allocation exposure (commercial vs. multi), and credit has risen to the surface in every conversation, sizing the longevity of each asset. Below is a description of where the major lending groups favor exposure as of late:

BANKS

Despite the turbulence in the capital markets over the past 90-days plus, Banks have remained a selective, but a reliable source of capital among all transaction types. There is an ample amount of liquidity and credit available through our hundreds of nationwide banking relationships for the right leverage points/asset classes. Although credit boxes have tightened and shifted adjusting with market risk, you can still find accretive capital from many local and national banking institutions.

BRIDGE

Among some of the major debt funds in the country, we are seeing a robust demand and market for these opportunities. Albeit lower proceeds/last dollar and spreads with mixed-results, bridge lenders and debt funds are constantly recapitalizing and are taking calculated chances in markets/ asset classes with strong demand drivers.

AGENCIES

Fannie/Freddie have the liquidity/capital available to be an effective multifamily financial resource. Capital buckets among the agencies are full for nationwide multifamily assets, both within larger scale properties and small balance oriented properties. Through the first half of the year until present, they maintain a strong option in the debt markets.

LIFE INSURANCE COMPANIES

Among some of the major debt funds in the country, we are seeing a robust demand and market for these opportunities. Albeit lower proceeds/last dollar and spreads with mixed-results, bridge lenders and debt funds are constantly recapitalizing and are taking calculated chances in markets/ asset classes with strong demand drivers.

CMBS

A bit more of uncertainty lies ahead for the CMBS secondary markets. It has not been proven within Q2 that even the simplest of transactions have an ease of execution with sale/disposition within the secondary credit markets. The opportunities for CMBS product are there, but the execution has been left untested given credit spreads and pricing have expanded dramatically.

COMPILED BY HKS REAL ESTATE ADVISORS

JERRY SWARTZ
Principal and Founding Partner
Office: 212-254-1600
jswartz@hks.com

AYUSH KAPAHI
Principal and Founding Partner
Office: 212-254-1600 x105
akapahi@hks.com

JOHN HARRINGTON
Principal and Founding Partner
Office: 212-254-1600
jharrington@hks.com

MICHAEL LEE
Principal and Partner
Office: 212-254-1600 x101
mlee@hks.com

PETER CARILLO
Principal, Senior Managing Director
Office: 212-254-1600 x118
pcarillo@hks.com

CHARLES YELLEN
Senior Managing Director
Office: 212-254-1600
cyellen@hks.com

EUGENE WEINRAUB
Managing Director
Office: 212-254-1600
eweinraub@hks.com

DANIEL KOWALSKY
Director of Financial Services
Office: 212-254-1600
dkowalsky@hks.com

ANTONIO LULLI
Real Estate Financial Analyst
Office: 212-254-1600 x112
alulli@hks.com

MAX RALBY
Associate Director
Office: 212-254-1600
mralby@hks.com

JAY STERN-SZCZEPANIAK
Associate Director
Office: 212-254-1600
jstern@hks.com

JAMES STAVRAKIS
Associate Broker, Investment Sales
Office: 212-254-1600 x110
jstavrakis@hks.com

ALEX DOBOSH
Analyst
Office: 212-254-1600
adobosh@hks.com

ARTHUR SAFDEYE
Analyst
Office: 212-254-1600
asafdeye@hks.com

DEAN KATZ
Analyst
Office: 212-254-1600
dkatz@hks.com

JEREMY PENTEK
Analyst
Office: 212-254-1600
jpentek@hks.com

HKS REAL ESTATE ADVISORS

126 5th Avenue New York, NY 10010
Office: 212-254-1600
hks.com