

COMPASS



# Introducing the Compass Q4 2016 Brooklyn Market Report

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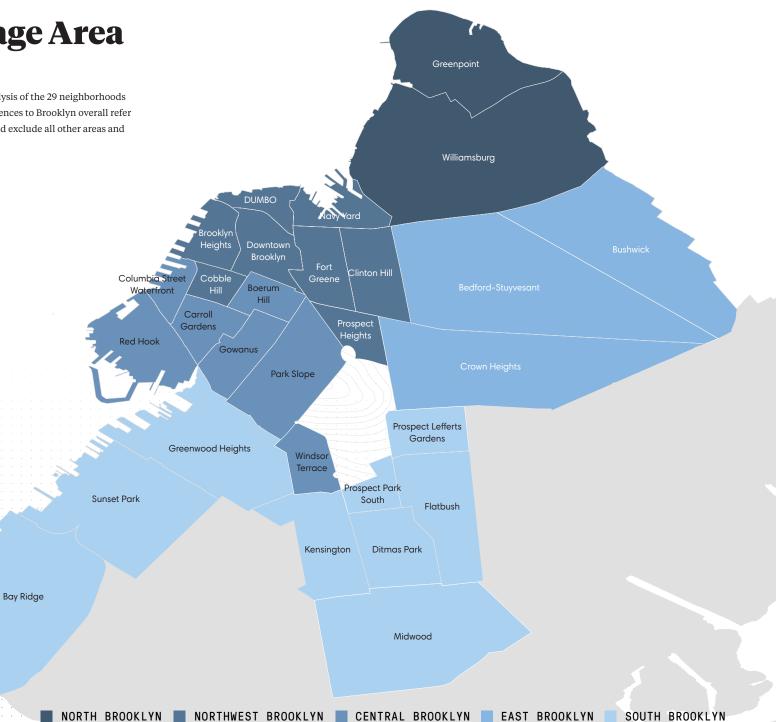
Compass created Compass Markets, a mobile application that analyzes real estate markets in real time, because we believe in transparency and the importance of real-time information in the marketplace. Highlighted in this report are several key trends observed from our Compass Markets app throughout the fourth quarter.

- The median closing price in Brooklyn continues to rise as 4Q16 yielded a record-high median closing price of \$901K, which represented a 13% increase from the 4Q15. Furthermore, the median closing price of condos and single-family homes set all-time highs of \$975K and \$1.6M, respectively. Median closing price was up in all major markets, with the largest year-over-year price increases occurring in South Brooklyn (up 20%) and East Brooklyn (up 18%). *Note: Please see page 2 for a map of our coverage area for this report.*
- The total number of closings in the fourth quarter (826) was down 35% compared to the fourth quarter 2015. However, the 991 contracts signed in 4Q16 represented a promising 12% year-over-year increase, led by a significant increase in contract activity at the high-end of the market; the 126 contracts signed with last asking prices above \$2M represented a 22% increase from last year. Single-family contract activity also increased dramatically with 176 contracts signed during the fourth quarter, a 60% increase from last year, and the highest level in 10 years
- Overall inventory was up 31% year-over-year, primarily attributable to a surge in single-family inventory (up 61%) and co-op inventory (up 32%). The 3,065 available listings during the fourth quarter represents the highest level in a decade. Median asking prices in Brooklyn remained flat year-over-year at \$995K.

Although closings during the fourth quarter tapered off compared to a busy fourth quarter last year, strong contract activity during the period exhibits a promising trend that bodes well for Brooklyn's residential market in 2017. New development closings at properties such as One John Street, Brooklyn Trust and Pierhouse have pushed Brooklyn's median closing price to new highs. Inventory continues to increase at all price points, especially in Major Markets such as South Brooklyn and East Brooklyn. Despite the increase in inventory, Brooklyn remains in undersupplied territory with 5.5 Months of Supply based on the trailing 12-month average of 332 signed contracts per month.

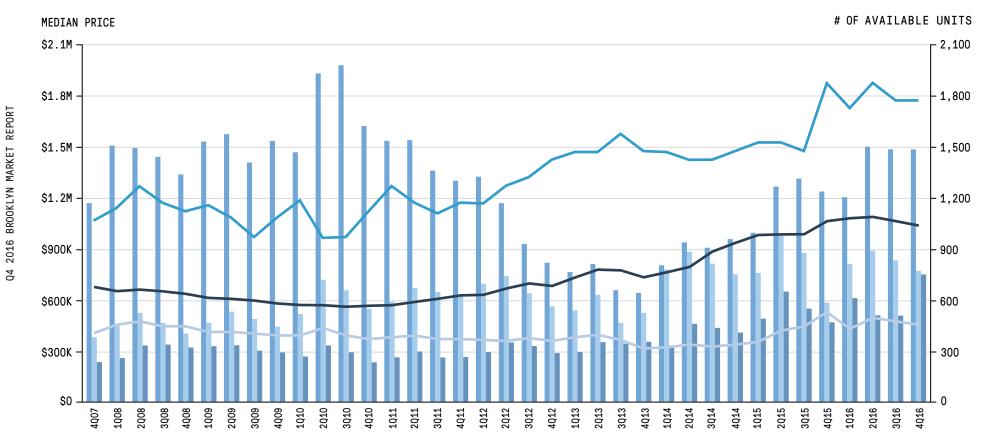
# Map of Coverage Area

Compass' 4Q16 Brooklyn Market Report is an analysis of the 29 neighborhoods highlighted on this map. Please note that all references to Brooklyn overall refer solely to the collection of these neighborhoods and exclude all other areas and neighborhoods of Brooklyn.



### Inventory

There were 3,065 available listings during the fourth quarter comprised of 1,516 condos (49%), 785 co-ops (26%), and 764 single-family homes (25%). Overall inventory reached its highest level in a decade and condo inventory remains at its second-highest level in five years. Furthermore, single-family market share as a percentage of total inventory reached a 10-year high this quarter. Median asking prices for condos, co-ops, and single-family homes decreased by 2%, 13%, and 5% year-over-year, respectively.



CONDO # OF AVAILABLE UNITS
CO-OP # OF AVAILABLE UNITS
SINGLE FAMILY # OF AVAILABLE UNITS
CONDO MEDIAN ASKING PRICE
CO-OP MEDIAN ASKING PRICE
SINGLE FAMILY MEDIAN ASKING PRICE

### Inventory

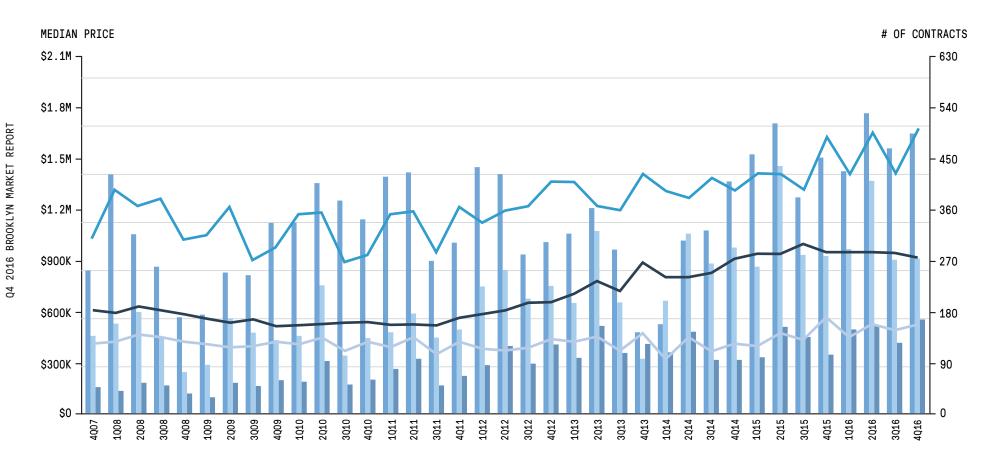
Overall inventory increased 31% year-over-year, primarily driven by a 61% increase in single-family inventory and 32% increase in co-op inventory. The number of available single-family homes increased drastically in the fourth quarter, driven by a 142% increase in South Brooklyn (225 total available units) and 71% increase in East Brooklyn (233 total available units). Northwest Brooklyn was the only major market which experienced a year-over-year decrease in inventory (down 12%). The overall median asking price in Brooklyn remained flat year-over-year at \$995K, as double digit price increases in major markets such as East Brooklyn, South Brooklyn, and Northwest Brooklyn were offset by price declines in North Brooklyn and Central Brooklyn.

CONDO					CO-0P					SINGLE FAM			
	UNITS	SHARE	YoY	· · ·		UNITS	SHARE	YoY	· · ·		UNITS	SHARE	YoY
AVAILABLE:	1,516		20.0%	· · ·	AVAILABLE:	785		32.2%	· · ·	AVAILABLE:	764		60.5%
PRICE CATEG	ODV				PRICE CATEGO	עסע				PRICE CATEGO	עסר		
KICL CAILO	UNI			• •	FRICE CATLO				• •	TRICE CATLO			
<\$500K:	87	5.7%	22.5%		<\$500K:	445	56.7%	57.8%		<\$500K:	3	0.4%	-
\$500K-1M:	652	43.0%	24.0%		\$500K-1M:	259	33.0%	12.1%		\$500K-1M:	130	17.0%	78.1%
\$1M-2M:	538	35.5%	25.1%		\$1M-2M:	62	7.9%	-11.4%		\$1M-2M:	294	38.5%	59.8%
\$2M-3M:	134	8.8%	8.9%		\$2M-3M:	15	1.9%	87.5%		\$2M-3M:	169	22.1%	76.0%
\$3M+:	105	6.9%	-7.1%		\$3M+:	4	0.5%	33.3%		\$3M+:	168	22.0%	36.6%
									· · ·				
	_					_							
BEDROOM TYP	E				BEDROOM TYPE	-							
STUDIO:	71	4.7%	-11.3%		STUDIO:	95	12.1%	31.9%					
1BR:	458	4.7%	-11.3% 19.3%		1BR:	380	48.4%	41.8%					
2BR:	438 657	43.3%	32.5%		2BR:	242	30.8%	24.1%					
3BR:	249	40.0%	8.3%		3BR:	56	7.1%	5.7%					
4BR+:	81	5.3%	11.0%		4BR+:	12	1.5%	100.0%					

	MAJOR MARKETS									
	NORTH BROOKLYN	NORTHWEST BROOKLYN	CENTRAL BROOKLYN	SOUTH BROOKLYN	EAST BROOKLYN	BROOKLYN				
UNITS	534	749	564	740	478	3,065				
YoY	44.3%	-11.6%	24.8%	106.1%	56.7%	31.4%				
MEDIAN PRICE	\$1,178,144	\$1,100,000	\$1,395,000	\$550,000	\$992,000	\$995,000				
 ҮоҮ	-1.6%	10.0%	-3.8%	10.2%	10.8%	-0.4%				

### **Contracts signed**

There were 991 contracts signed in the fourth quarter, consisting of 525 condos (53%), 290 co-ops (29%), and 176 single-family homes (18%). The number of condo and single-family contracts represents the highest fourth quarter total on record. Co-op contracts declined by 2% year-over-year. Median prices in all three property types changed slightly year-over-year as condos decreased 3%, co-ops decreased 7%, and single-family increased 3%, reaching a record of \$1.8M this quarter. *Please note that median prices of contracts signed represent last asking prices*.



CONDO # OF CONTRACTS
CO-OP # OF CONTRACTS
SINGLE FAMILY # OF CONTRACTS
CONDO MEDIAN CONTRACT PRICE
CO-OP MEDIAN CONTRACT PRICE
SINGLE FAMILY MEDIAN CONTRACT PRICE



### **Contracts signed**

The 991 contracts signed in the fourth quarter represent a 12% year-over-year increase, driven by a 60% increase in single-family contracts and a 9% increase in condo contracts, offset by a 2% decline in co-op contracts. The increase in the number of single-family contracts was substantial in all comparable price categories, where year-over-year increases ranged from 53% for units priced between \$1M and \$2M to 71% for units priced under \$1M. With regards to Major Markets, contract activity in South Brooklyn and East Brooklyn experienced the highest year-over-year increases, 64% and 37% respectively, which more than offset declines in Central Brooklyn and Northwest Brooklyn. Brooklyn's overall median price increased 3% year-over-year to \$935K, primarily due to increased contract volume and prices in East Brooklyn, where median price increased from \$755K to \$938K. *Please note that median prices of contracts signed represent last asking prices*.

	UNITS	SHARE	YoY			UNITS	SHARE	YoY		UNITS	SHARE	YoY
CONTRACTS:	525		9.4%		CONTRACTS:	290		-1.7%	CONTRACTS:	176		60.0%
PRICE CATEG	ORY			· · ·	PRICE CATEGO	RY			PRICE CATE	GORY		
<\$500K:	28	5.3%	16.7%	•••	<\$500K:	134	46.2%	16.5%	<\$500K:	1	0.6%	-
\$500K-1M:	271	51.6%	22.6%		\$500K-1M:	117	40.3%	-14.6%	\$500K-1M:	24	13.6%	71.4%
\$1M-2M:	182	34.7%	1.1%		\$1M-2M:	30	10.3%	-25.0%	\$1M-2M:	78	44.3%	52.9%
\$2M-3M:	31	5.9%	6.9%		\$2M-3M:	7	2.4%	250.0%	\$2M-3M:	38	21.6%	58.3%
\$3M:	13	2.5%	-50.0%		\$3M:	2	0.7%	100.0%	\$3M+:	35	19.9%	66.7%
Q011.	10	2.0%	00.0%		çon.	2	0.770	100.0%	00111.	00	10.0%	00.770
				• •					· ·			
BEDROOM TYP	E				BEDROOM TYPE							
STUDIO:	37	7.0%	146.7%	•••	STUDIO:	39	13.4%	25.8%	· ·			
1BR:	184	35.0%	5.7%		1BR:	122	42.1%	-6.9%				
2BR:	225	42.9%	14.8%		2BR:	101	34.8%	-2.9%				
3BR:	60	11.4%	-23.1%		3BR:	26	9.0%	-3.7%				
4BR+:	19	3.6%	11.8%	• •	4BR+:	2	0.7%	0.0%	· · ·			
				• •					· · ·			

	MAJOR MARKETS								
	NORTH BROOKLYN	NORTHWEST BROOKLYN	CENTRAL BROOKLYN	SOUTH BROOKLYN	EAST BROOKLYN	BROOKLYN			
UNITS	146	317	217	193	118	991			
YoY	14.1%	-3.9%	-2.7%	63.6%	37.2%	12.0%			
MEDIAN PRICE	\$997,000	\$954,034	\$1,150,000	\$520,000	\$937,500	\$935,000			
	-7.9%	6.1%	-4.2%	13.2%	24.3%	3.3%			

### **Contracts signed**

#### Months of supply

Average number of contracts signed (January 1st 2016 - December 31st 2016)

# 332/month

Active inventory (As of December 31st 2016)

1,831

Q4 2016 BROOKLYN MARKET REPORT

Q4 2016 MOS

Months of supply represents the number of months it would take to absorb all active inventory based on the trailing 12 month average of contract activity. Typically 6 to 9 months of supply indicates market equilibrium. There are currently 5.5 months of supply on the market, an increase of 1.5 months in supply from the end of 4Q15, primarily due to a 47% year-over-year increase in quarter-end active listings (1,831 units), which was partially offset by a 6% increase in the monthly average number of contracts signed (332 contracts) in the fourth quarter. *Please note this analysis does not include 'shadow inventory' of unsold, unlisted new development inventory.* 

Q4 2015 MOS

Average number of contracts signed (January 1st 2015 - December 31st 2015)

# 314/month

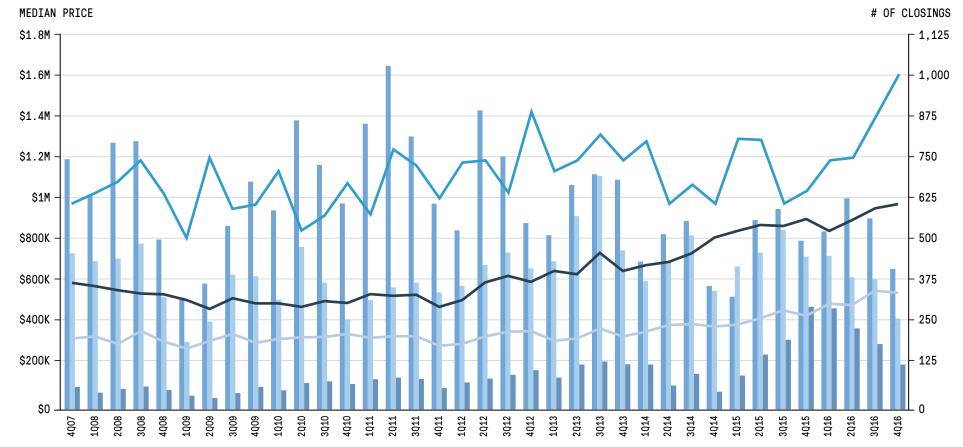
Active inventory (As of December 31st 2015)

1,247

### **Closings & Pricing**

Q4 2016 MARKET REPORT

There were 826 closings in the fourth quarter, composed of 420 condos (51%), 272 co-ops (33%), and 134 single-family homes (16%). The total number of closings represented a 35% decline from a strong fourth quarter in 2015, which had the second highest number of closings of any fourth quarter on record. Despite the decline in number of closings, median closing prices for single-family homes, co-ops, and condos increased year-over-year by 51%, 23%, and 8%, respectively. Most notably, condos and single-family homes achieved record prices during the quarter.



CONDO # OF CLOSINGS
CO-OP # OF CLOSINGS
SINGLE FAMILY # OF CLOSINGS
CONDO MEDIAN CLOSED PRICE
CO-OP MEDIAN CLOSED PRICE
SINGLE FAMILY MEDIAN CLOSED PRICE

### **Closings & Pricing**

The number of closings was down for all three property types as single-family homes exhibited the largest decline, down 56% year-over-year. Although total condo closings declined by 17%, condos priced above \$2M experienced a 40% year-over-year increase driven by closings at new developments such as One John Street, Brooklyn Trust, and Pierhouse. Co-op closings were down 41% year-over-year driven by the low end of the market as sales below \$1M declined by 43%. Median closing price was higher in all major markets, primarily driven by price increases in South Brooklyn (up 20% Y-o-Y) and East Brooklyn (up 18% Y-o-Y).

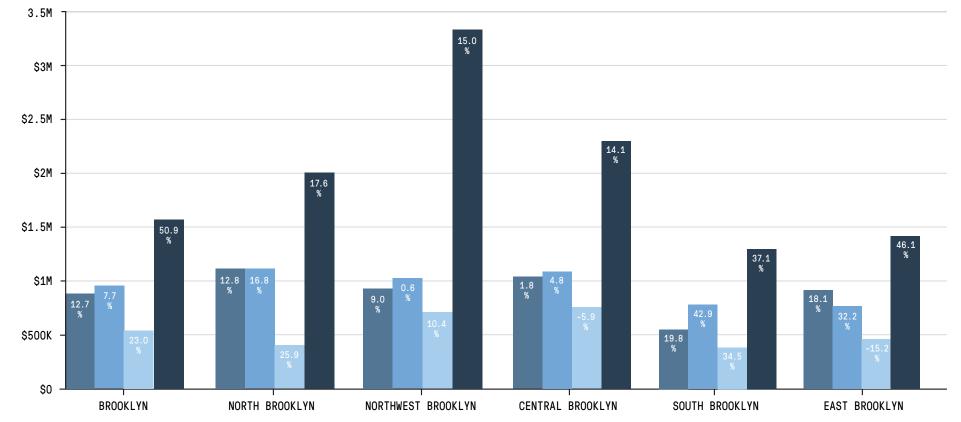
CONDO				CO-0P				SINGLE FAM	ΙLΥ		
	UNITS	SHARE	YoY	· · · · · · · · · · · · · · · · · · ·	UNITS	SHARE	YoY	· · · · · · · · · · · · · · · · · · ·	UNITS	SHARE	YoY
CLOSINGS:	420		-16.7%	CLOSINGS:	272		-40.5%	CLOSINGS:	134		-56.4%
PRICE CATEGOR	Y			PRICE CATEGO	IRY			PRICE CATEGO	DRY		
<\$500K:	25	6.0%	-60.9%	<\$500K:	113	41.5%	-55.9%	<\$500K:	3	2.2%	-85.0%
\$500K-1M:	212	50.5%	-12.8%	\$500K-1M:	120	44.1%	-20.0%	\$500K-1M:	19	14.2%	-85.5%
\$1M-2M:	141	33.6%	-15.6%	\$1M-2M:	35	12.9%	-27.1%	\$1M-3M:	63	47.0%	-33.7%
\$2M-3M:	23	5.5%	35.3%	\$2M-3M:	3	1.1%	200.0%	\$3M-5M:	30	22.4%	-11.8%
\$3M+:	19	4.5%	46.2%	\$3M+:	1	0.4%	-50.0%	\$3M+:	19	14.2%	-29.6%
				BEDROOM TYPE	E						
BEDROOM TYPE				· · ·				· · ·			
				STUDIO:	25	9.2%	-56.9%	· ·			
STUDIO:	14	3.3%	-56.3%	1BR:	126	46.3%	-40.3%				
1BR:	125	29.8%	-21.4%	2BR:	98	36.0%	-35.1%				
2BR:	191	45.5%	-17.0%	3BR:	22	8.1%	-35.3%				
3BR:	79	18.8%	14.5%	4BR+:	1	0.4%	-66.7%	· ·			
4BR+:	11	2.6%	-21.4%	н н н н				· ·			
								· · ·			

	MAJOR MARKETS									
	NORTH BROOKLYN	NORTHWEST BROOKLYN	CENTRAL BROOKLYN	SOUTH BROOKLYN	EAST BROOKLYN	BROOKLYN				
UNITS	144	248	157	163	114	826				
YoY	-12.7%	-26.6%	-28.6%	-55.0%	-37.7%	-34.9%				
MEDIAN PRICE	\$1,112,500	\$904,500	\$1,050,000	\$529,999	\$897,000	\$900,500				
YoY	12.8%	9.0%	1.8%	19.8%	18.0%	12.7%				

## **Closings & Pricing**

Overall, the median closing price in Brooklyn was \$901K in the fourth quarter, which represented a 13% year-over-year increase. Median closing prices increased year-over-year for all three property types in the fourth quarter, with condos up 8% to \$975K, co-ops up 23% to \$447K, and single-family homes up 51% to \$1.6M. Northwest Brooklyn had the most expensive single-family homes with a median price of \$3.3M, while East Brooklyn witnessed a 46% increase in single-family median closing price from \$950K to \$1.4M. South Brooklyn experienced the strongest year-over-year price appreciation (20%) of all major markets, primarily led by condos and co-ops as median closing prices increased 43% and 35%, respectively.

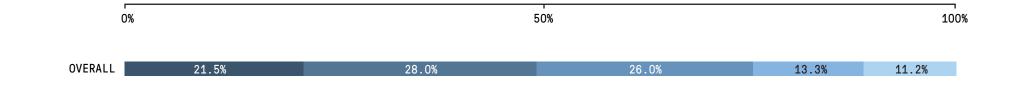
COMPASS



Median closing price by Major Market

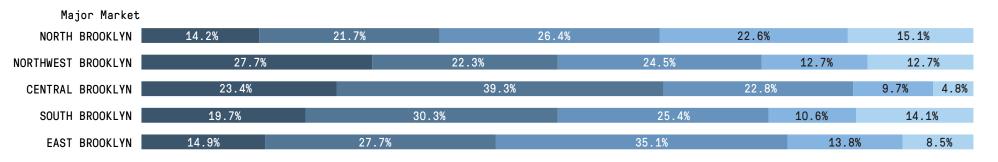
### Time on market

The overall median time on market was 61 days in the fourth quarter compared to 42 days in the third quarter. 50% of homes entered contract within 2 months of listing. North Brooklyn had the highest median time on market (93 days) among all major markets, a 40-day increase from the previous quarter. While Central Brooklyn had the lowest median time on market (46 days). 50% of closed sales above \$3M spent more than 180 days on market before selling, a significant increase from 25% in the third quarter.



Price Category

<\$500K	21.7%			33.3%		22	2.5%	9.2%	13.3%
\$500K-1M	22.6%			32.0%			26.9%	8.8%	9.8%
\$1M-2M	21.9%		2:	1.9%		31.0%		17.6%	7.6%
\$2M-3M	18.0%		28.0	0%	20	).0%		6.0%	
\$3M+	13.3%	10.0%	6.7%	20.0%			50.0	)%	



📕 <30 DAYS 📕 30-60 DAYS 📕 60-120 DAYS 📕 120-180 DAYS 📕 >=180 DAYS

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