

APRIL 2021

The Brooklyn Market Report

First Quarter 2021

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TERRACRG
COMMERCIAL REALTY GROUP

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COMMERCIAL TRANSACTIONS IN BROOKLYN

2021 First Quarter Report

A pause in transactions brought on by the COVID-19 pandemic adversely affected the commercial real estate market in the first quarter of 2021, with total dollar volume and transactions down across the board. At a total of approximately \$619M, the significant drop in dollar volume year over year – a decrease of 59% from Q1 2020 and 58% from Q1 2019 – mirrors a similar decline from the fourth quarter of 2020, slowing some of the momentum experienced at the end of last year.

This momentum, buoyed by the eviction and foreclosure moratorium, raised expectations among buyers looking for market opportunities; however, the supply never materialized in the market.

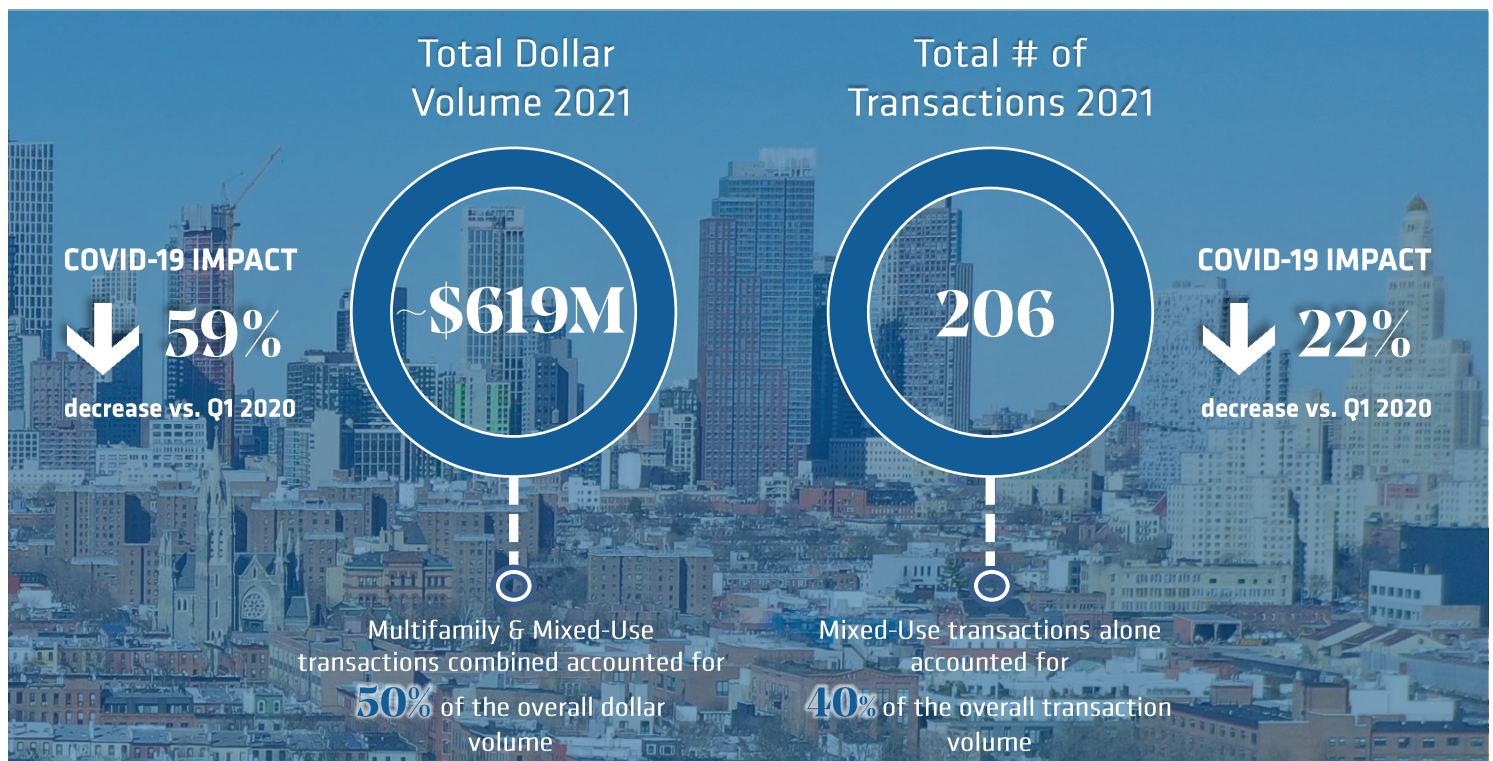
Coupled with lingering policy ramifications related to the potential expiration of Affordable New York, REAP, and the effects of the 2019 rent laws, the result was steep declines across asset categories, including the hardest hit retail, industrial/office, and residential development sectors. Retail total dollar volume dropped more than 82% year over year from \$236M to \$43M; industrial/office transactions dropped from \$164M to \$38M; and residential development declined 70% year over year from \$271M to \$82M.

Multifamily and mixed-use transactions combined accounted for 50% of the overall dollar volume, while the latter also accounted for 40% of the overall transaction volume.

Activity in the Greater Downtown Brooklyn region accounted for many of the bright spots over the past quarter. 31% of the total dollar volume occurred in the region, including the two largest transactions: a land sale at the site of the forthcoming Ace Hotel at 61 Bond Street from GFI to iStar for \$45M and a school trade at 80 Willoughby Street from the Sisters of St. Joseph to United American Land for \$23.25M.

Despite these sobering numbers, the second quarter of the year is already sending strong signals in terms of increased business activity, and our projections forecast this energy will gain momentum to help fuel a strong latter half of 2021 and outpace overall activity from the previous year.

REPORT HIGHLIGHTS



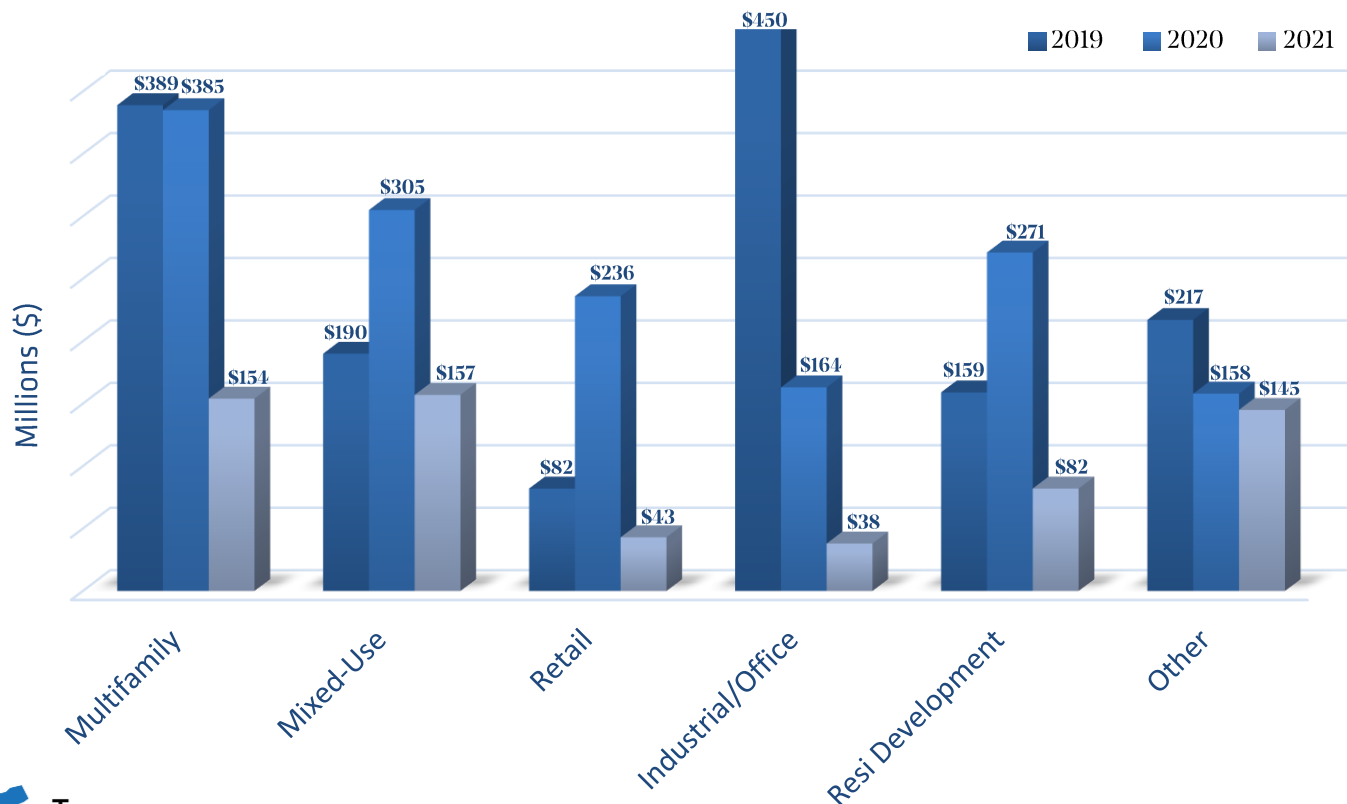
SUMMARY

Dollar and Transaction Volume by Asset Class and Region

TerraCRG analyzed Brooklyn commercial transactions categorized into seven regions, color-coded throughout the report.

Region	Multifamily		Mixed-Use		Retail		Industrial/Office		Resi Development		Other		Total	
	# of transactions		# of transactions		# of transactions		# of transactions		# of transactions		# of transactions		# of transactions	
Central Brooklyn	\$ 6,000,000	2	\$ 19,389,500	16	\$ 3,749,999	3	\$ -	0	\$ 10,322,252	6	\$ 9,600,000	2	\$ 49,061,751	29
East Brooklyn	\$ 5,355,000	5	\$ 8,066,500	8	\$ 500,000	1	\$ 3,790,000	2	\$ 13,850,000	6	\$ 15,457,500	3	\$ 47,019,000	25
Greater Downtown Brooklyn	\$ 56,012,500	11	\$ 29,424,900	9	\$ 7,800,000	2	\$ -	0	\$ 9,029,000	6	\$ 88,850,000	5	\$ 191,116,400	33
North Brooklyn	\$ 11,100,000	3	\$ 19,885,000	7	\$ -	0	\$ 15,550,000	3	\$ 25,615,200	8	\$ 5,000,000	1	\$ 77,150,200	22
North-Central Brooklyn	\$ 42,953,075	11	\$ 24,015,000	12	\$ 1,850,000	1	\$ 13,950,000	2	\$ 16,519,000	8	\$ 6,700,000	1	\$ 105,987,075	35
South Brooklyn	\$ 9,335,000	2	\$ 6,275,000	5	\$ 25,175,000	3	\$ 1,000,000	1	\$ 2,675,000	2	\$ 9,618,150	4	\$ 54,078,150	17
West Brooklyn	\$ 23,725,000	11	\$ 49,854,000	25	\$ 3,859,211	3	\$ 3,785,000	2	\$ 3,608,131	1	\$ 9,508,000	3	\$ 94,339,342	45
2021 Volume - Q1	\$ 154,480,575	45	\$ 156,909,900	82	\$ 42,934,210	13	\$ 38,075,000	10	\$ 81,618,583	37	\$ 144,733,650	19	\$ 618,751,918	206
2020 Volume - Q1	\$ 384,929,476	56	\$ 304,753,538	91	\$ 236,477,500	26	\$ 163,586,000	20	\$ 271,024,946	53	\$ 157,974,138	17	\$ 1,518,745,597	263
Y/Y Percent Change	-60%	-20%	-49%	-10%	-82%	-50%	-77%	-50%	-70%	-30%	-8%	12%	-59%	-22%
2020 Volume - Q4	\$ 337,829,840	70	\$ 197,970,211	72	\$ 300,118,200	32	\$ 214,520,000	18	\$ 193,106,103	33	\$ 305,683,009	26	\$ 1,549,227,363	251
Q/Q Percent Change	-54%	-36%	-21%	14%	-86%	-59%	-82%	-44%	-58%	12%	-53%	-27%	-60%	-18%

FIRST QUARTER *Brooklyn* OVERVIEW



TerraCRG analyzed Brooklyn commercial transactions categorized into seven regions, color-coded throughout the report. Each abbreviated region name includes the below listed neighborhoods.





Report Methodology

TerraCRG's 2021 Brooklyn Market Report includes commercial property transactions recorded on January 1st, 2021, through March 31st, 2021. Asset types analyzed in the report include Multifamily, Mixed-Use, Retail, Residential Development, Office and Industrial transactions. Recorded transaction sources include NYC.gov and rolling transactions data in conjunction with transactions data from PropertyShark, most of which have been fact-checked by our TerraCRG team. Transactions under \$200,000 have been omitted from the report.

Property types include commercial properties only. Multifamily transactions include NYC Class C & D buildings five units and up. Mixed-Use transactions include NYC Class S, C7 and K4 buildings. Retail transactions include NYC Class K buildings and select commercial condo classes (R5, R7,

R8, RK). Development transactions include NYCClass V, Z, G6 & G7 properties.

Only Brooklyn residential land transactions have been included. Office & Industrial transactions include NYC Class O, E, F, G & L buildings; accounting for only commercially-zoned buildings (M or Q).

The Special Assets/Other category includes industrial land and buildings plus land transactions, commercially-zoned residential land, hotel buildings, churches and all other special use type transactions.

If neighborhoods are not included in the individual product type transactions breakdown, there were no recorded transactions that fit our study criteria in that neighborhood.

TerraCRG

TerraCRG is the only commercial real estate brokerage firm focused exclusively on the Brooklyn market.

Since its inception in 2008, TerraCRG has been at the center of the transformation of Brooklyn, becoming a true market leader throughout the process. The firm, now 30 people strong and growing, has handled over two billion dollars worth of transactions in Brooklyn.

For more Brooklyn market information or a complimentary evaluation of an asset, please contact Ofer Cohen, Founder & CEO @ **718-768-6888** or ocohen@terraCRG.com.



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Multifamily - Mixed Use - Development - Retail - Industrial - Special Assets/Other

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