

November 2022

The Brooklyn Market Report

Third Quarter 2022

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TERRACRG
COMMERCIAL REALTY GROUP

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Brooklyn Investment Sales Transactions

Third Quarter 2022 Market Report

The effects of rising interest rates and the expiration of the tax incentive program known as Affordable New York (AFNY) are not yet fully evident, but signs of their impact certainly began to show in last quarter's deal flow. There was a large quarter over quarter drop in total dollar volume and a decreasing number of deals, from just over \$3 billion and 426 deals in Q2 to \$1.95 billion and 380 deals in Q3. That activity reflects a 36% drop in total dollar volume and an 11% drop in number of deals. Despite this decline, it is best viewing the quarterly numbers in context year over year. Zooming out to a bigger picture, nearly all asset class numbers were up overall compared to last year, with the exception of retail and residential development.

The latter is likely a direct result of AFNY expiring in June. Residential development fell 49% from \$267 million in Q2 to \$138 million in Q3, while multifamily also fell 51% from \$879 million to \$430 million.

Industrial transaction dollar volume dropped 76% from \$688 million to \$168 million, a reflection not of lessening demand but of the limited supply of large industrial sites available in the market. Two industrial sales of Amazon distribution facilities in the 2nd quarter also inflated that quarter's numbers.

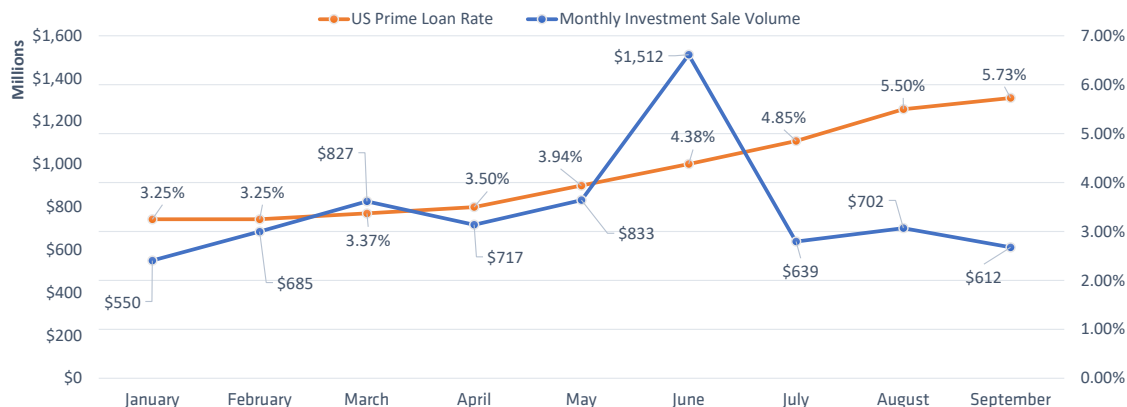
Finally, there were some bright spots for office deals, which were up 229% by volume and 180% by deal count quarter over quarter. This asset class had two of the top three transactions of the quarter for all asset types: New York University's \$122 million purchase of 3 Metrotech Center in Downtown Brooklyn, and the \$81.5 million purchase of 6010 Bay Parkway in Borough Park, by MedProperties Realty Advisors & Physicians Realty Trust.

“With the rise of interest rates, investors were faced with higher costs and tighter lending standards to finance Brooklyn real estate transactions. This new reality caused a decrease in Investment Sales Transactional Volume in Brooklyn in the third quarter as estate pricing has yet to adjust.”



Ofer Cohen
Founder/CEO

Investment Sale Volume & US Prime Loan Rate



Q1 \$2,061,922,811
Total Dollar Volume

Q2 \$3,061,587,688
Total Dollar Volume

Q3 \$1,952,405,647
Total Dollar Volume

Top 3 Transactions



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



Brooklyn Investment Sales Transactions

Dollar and Transaction Volume by Asset Class and Region

Region	Multifamily		Mixed-Use		Retail		Industrial		Office		Development		Special Use		Total	
	# of transactions		# of transactions		# of transactions		# of transactions		# of transactions		# of transactions		# of transactions		# of transactions	
Central Brooklyn	\$29,380,000	12	\$47,227,882	27	\$21,307,475	5	\$5,870,000	4	\$85,000,000	3	\$4,020,000	3	\$36,575,829	8	\$229,381,186	62
East Brooklyn	\$4,057,000	3	\$16,276,388	12	\$1,325,000	1	\$12,550,000	3	\$4,300,000	1	\$3,095,000	5	\$4,515,000	4	\$46,118,388	29
Greater Downtown Brooklyn	\$87,024,239	18	\$298,797,000	22	\$25,625,000	5	\$99,675,469	6	\$122,000,000	1	\$77,400,000	3	\$48,700,000	3	\$759,221,708	58
North Brooklyn	\$96,958,461	16	\$208,776,874	15	\$1,000,000	1	\$8,479,375	2	\$24,100,000	1	\$30,350,014	5	\$3,950,000	2	\$373,614,724	42
North-Central Brooklyn	\$139,610,107	39	\$34,145,000	20	\$10,775,000	3	\$26,210,000	4	\$8,000,000	1	\$11,809,500	9	\$38,723,871	5	\$269,273,478	81
South Brooklyn	\$22,308,375	5	\$32,242,500	19	\$16,690,000	6	\$2,850,000	2	\$17,588,000	5	\$7,975,000	4	\$1,125,000	1	\$100,778,875	42
West Brooklyn	\$51,073,406	16	\$78,368,003	36	\$22,270,879	7	\$12,400,000	1	\$3,250,000	2	\$2,920,000	1	\$3,735,000	3	\$174,017,288	66
2022 Q3 Volume	\$430,411,588	109	\$715,833,647	151	\$98,993,354	28	\$168,034,844	22	\$264,238,000	14	\$137,569,514	30	\$137,324,700	26	\$1,952,405,647	380
Q/Q Percent Change	\$ -51%		4%		-46%		-76%		229%		-49%		-51%		-36%	
	# -17%		-10%		-22%		-12%		180%		-36%		86%		-11%	
Y/Y Percent Change	\$ 83%		145%		-10%		54%		85%		-19%		82%		72%	
	# 47%		21%		-20%		-8%		100%		-30%		189%		20%	
2022 YTD Volume	\$1,795,514,807	321	\$1,768,422,234	481	\$466,471,204	98	\$1,090,558,095	75	\$381,096,994	28	\$723,974,965	133	\$849,877,898	62	\$7,075,916,197	1,198

Brooklyn Third Quarter Overview

\$1,952,405,647

Third Quarter 2022 Total Dollar Volume

380

Third Quarter 2022 Total Transaction Volume

72% ↑

Third Quarter 2022 vs Third Quarter 2021 Total Dollar Volume

