



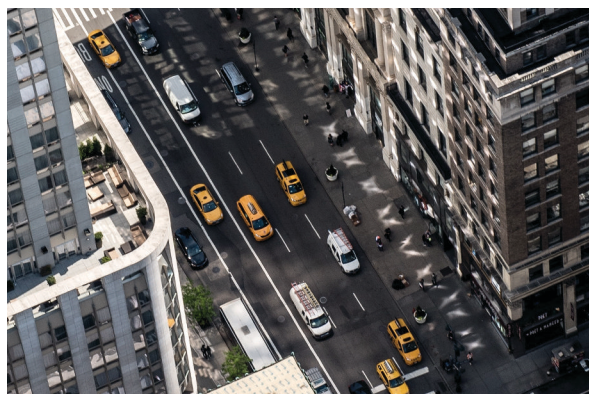
REAL ESTATE
ADVISORS

1H22

BLOCK BY BLOCK

B6 Real Estate Advisors NYC Market Insights.

A comprehensive data analysis providing macro
and micro market trends for NYC commercial real estate.

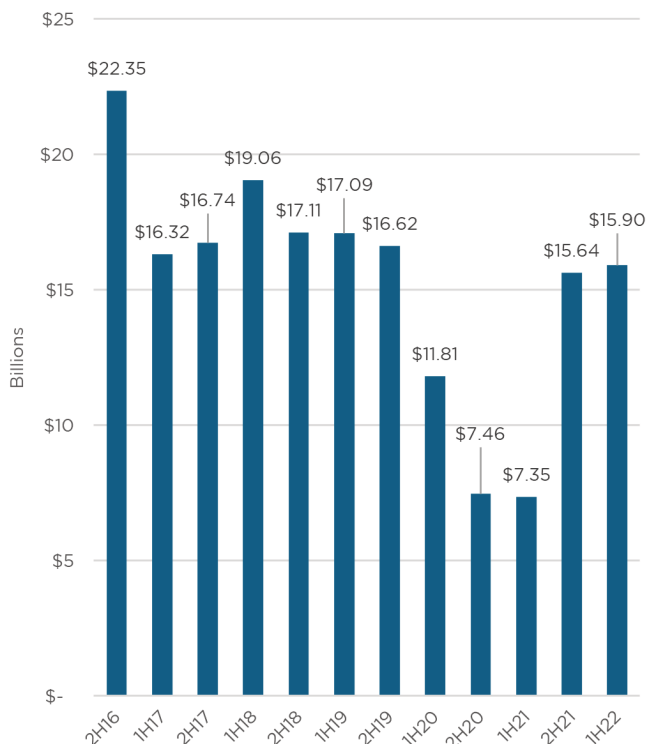


NEW YORK CITY OVERVIEW

After a strong finish to 2021 that saw 1,808 transactions across New York City, resulting in \$23 billion in activity closed, the first half of 2022 has underperformed in the face of new headwinds that affected the market. First, there was a general expectation that the first quarter would see reduced transactional volumes due to the outsized fourth quarter, which undoubtedly borrowed activity from the first quarter. While those expectations were realized, higher-than-expected inflation and Fed-induced interest rate hikes have burdened an already tentative market.

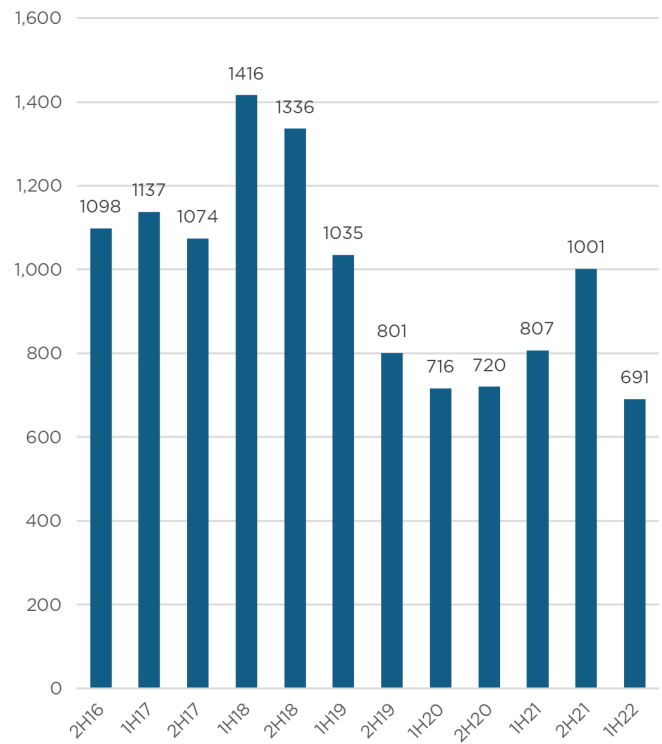
Through the first half of this year, there were 690 transactions across all property types in New York City. The 690 transactions represented a drop of 16% from the first half of last year and are the lowest transactional tally recorded since the second half of 2011. While the total number of transactions was a lackluster return, the \$15.87 billion in activity from those transactions marked a noticeable increase in dollar volume since the Covid era began, doubling any two-quarter performance since 2018. This trend highlighted a return of investors to more significant multifamily transactions in Manhattan, with Manhattan accounting for 70% of total dollar volume, or \$11.06 billion from 156 transactions or 20% of completed transactions.

New York City Bi-Annual Dollar Volume



Source: B6 Real Estate Advisors

New York City Bi-Annual Transactions

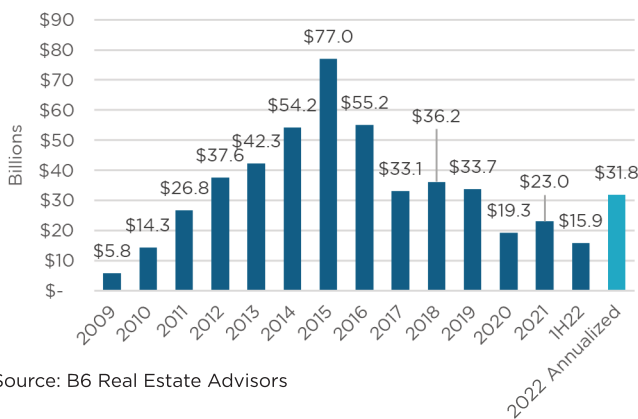


Source: B6 Real Estate Advisors

NEW YORK CITY OVERVIEW

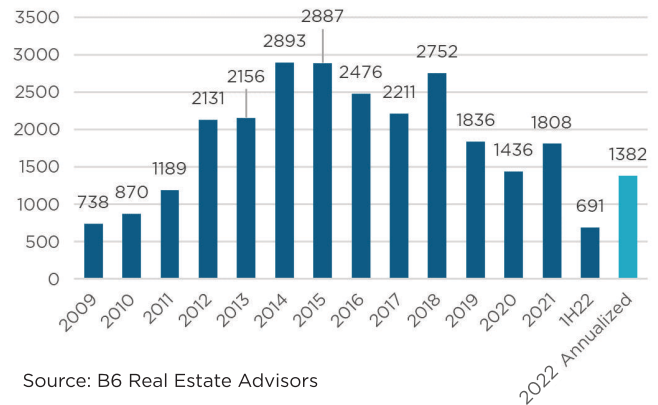
While the macroeconomic picture is a cause for concern, New York City has fared better than the rest of the country. Unemployment continues to drop, with New Yorkers returning to their offices at a higher clip than at any point in the last two years. NYC tourism is expected to rise from 3.9 million tourists in 2021 to over 9 million this year. Additionally, residential vacancy in New York City has dropped from the COVID high of 6.14% in 2020 to 4.54% in 2021, boding well for free-market multifamily investments. We expect transactional velocity to increase in the second half of the year and end the year closer to 2,000 transactions rather than the 1,300 the market is currently on pace to close. Additionally, we expect dollar volume to finish close to \$36 billion in total sales.

NYC Dollar Volume 2009-2022



Source: B6 Real Estate Advisors

NYC Transactional Volume 2009-2022



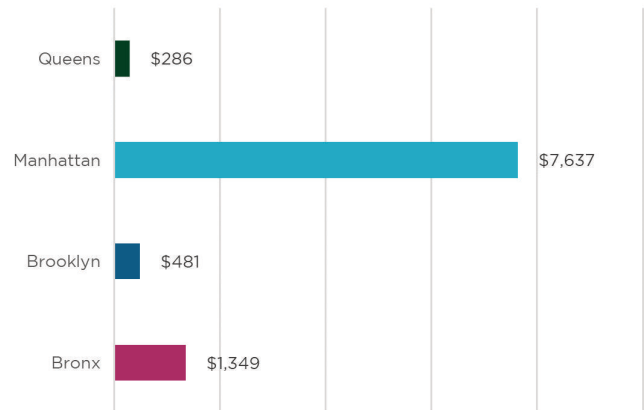
Source: B6 Real Estate Advisors



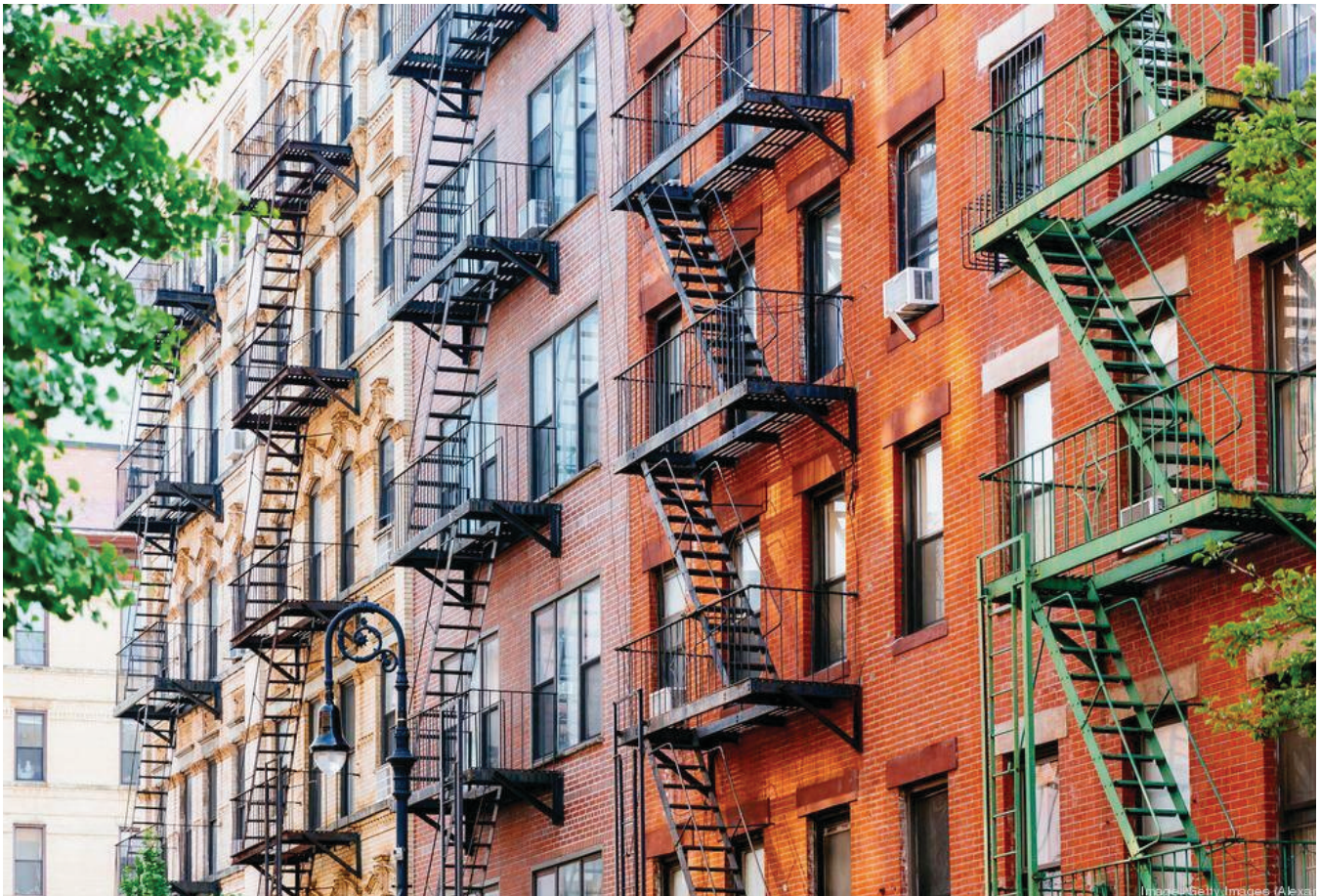
MIXED-USE/MULTIFAMILY SECTORS

- There were 397 transactions across New York City for \$9.75 billion in the first half of the year.
- Brooklyn represented over half of the activity, with 202 transactions representing \$1.35 billion in aggregate dollar volume.
- The 397 transactions were 11% below the first half multifamily output from 2021 but comparable to the average first half production of the last four years.

1H22 MF & Mixed-Use Dollar Volume by Market



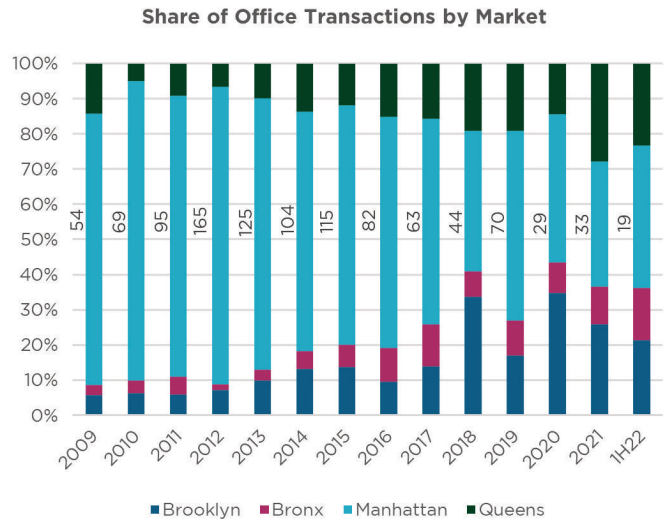
Source: B6 Real Estate Advisors



OFFICE & RETAIL SECTORS

OFFICE SECTOR

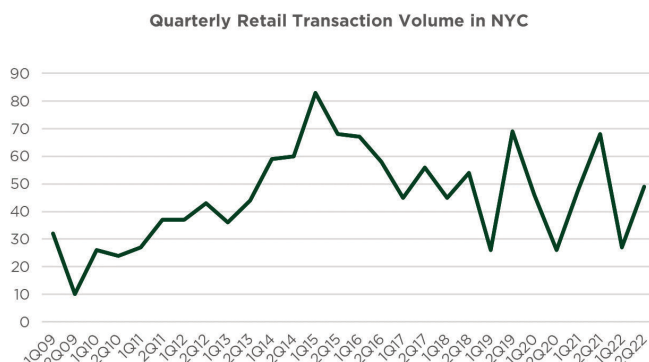
- There were 47 transactions across New York City in the first half of the year, down 20% from 2021 on an annualized basis.
- The \$2.6 billion in activity is on pace to equal the ~\$6b in output over the last two years, well below the long-term average of \$12 billion per year.
- The share of total office buildings sold in the boroughs has increased since the pandemic began.



Source: B6 Real Estate Advisors

RETAIL SECTOR

- 76 transactions were completed for \$367 million in 1H22, with Queens and Brooklyn contributing 57 sales.
- Only 27 retail transactions were recorded in 1Q22 and 49 in 2Q22.
- Price/SF in New York City held steady at \$703 p/sf. However, Manhattan has seen a more significant decrease going from \$1560 p/sf in 2021 to \$1023 thus far.



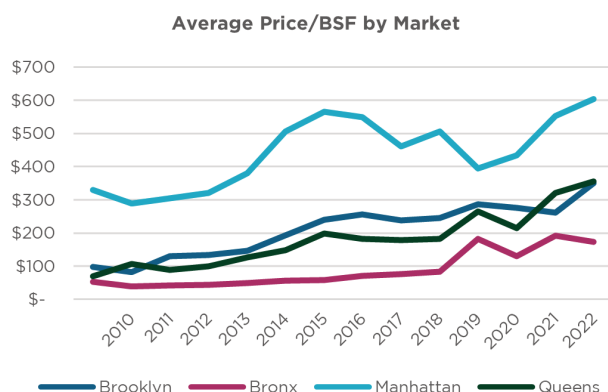
Source: B6 Real Estate Advisors



OTHER PROPERTY SECTORS

DEVELOPMENT SITES

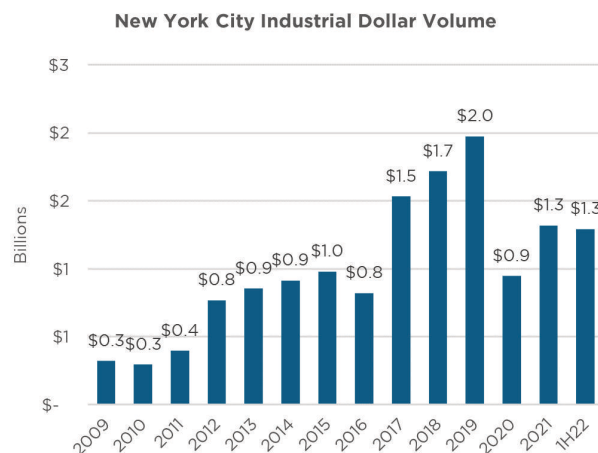
- 68 Development sites have sold in 1H22 for \$851 million across the City.
- There has been a noticeable decrease in transactions from last year, with 421A Tax Abatement expiring in June of this year.
- Buildable price per square foot increased from \$310 citywide to \$362.



Source: B6 Real Estate Advisors

INDUSTRIAL SECTOR

- 71 industrial transactions were completed across the City for \$1.29 billion.
- 1H22 activity has nearly surpassed the total output of \$1.31 billion in 2021 and has already surpassed 2020.
- The industrial sector is on pace for \$2.58 billion in activity. If that occurs, it will be the record for dollar volume, exceeding 2019's \$1.98 billion.



Source: B6 Real Estate Advisors

METHODOLOGY

All metrics presented in this report — Dollar Volume, Transactions, Price per Square Foot, and Price Per Buildable Square Foot — are based on closed sales that occurred before June 15, 2022. Only portfolios located within Manhattan, Brooklyn, Bronx, or Queens with a sale price of at least \$1,000,000 were included in our calculations. We consider the divide between the Manhattan and Northern Manhattan markets to be 96th Street on the eastside and 110th Street on the westside. Data comes from Reonomy, RCA, ACRIS, NYC Open Data, and our own data repositories.

We used the following definitions to record the property type of each transacted building:

- C1, C2, C4, C5, C9
- D1, D2, D3, D5, D8, D9
- K4 and all “S” classes (S0, S1, S2, S3, S4, S5, S9)
- select “K” classes (K1, K2, K3, K5, K6, K9) / select “R” classes (R5, R7, R8, RK)
- All “O” classes: (O1, O2, O3, O4, O5, O6, O7, O8, O9) and RB
- All “E” classes (E1, E3, E4, E6, E7, E9), all “F” classes (F1, F2, F4, F5, F8, F9) and RW
- GO, VO, V1, and other properties purchased for development

