

New York City 2023 Year-End Sales Report Highlights

by Ariel Property Advisors
Released January 2024



Investment Sales
Capital Services
Research

arielpa.nyc
212.544.9500

Table of Contents

4	New York City Highlights	14	Queens Highlights
6	Manhattan Highlights	16	Multifamily Highlights
8	N. Manhattan Highlights	18	Financing Overview
10	Brooklyn Highlights	20	About Us
12	Bronx Highlights	22	Thought Leadership

2023 Year-End New York City

NYC Volume
2023 Vs 2022

-40%
↓
\$22.1b
Dollar
Volume

-29%
↓
1,904
Transaction
Volume

-27%
↓
2,516
Property
Volume

In 2023, New York City’s Investment Sales market experienced a sharp 40% drop in dollar volume to \$22.1 billion, and a 29% decline in transactions to 1,904, the lowest in the past decade*. High-interest rates, the shift towards hybrid work models, continued regulation, including the consequences of the HSTPA of 2019 legislation, and the loss of Signature Bank, were all significant factors affecting transaction activity last year.

However, positive demand factors, including job growth, tourism, retail traffic, and subway ridership coupled with anticipated cuts in interest rates might signal a major shift in sentiment in the new year.

In addition, pricing last year fell to levels we have not seen in almost a decade, presenting truly low-basis purchase opportunities for several asset classes. As a result, 2024 has a high likelihood of being significantly more transactional.

OUTLOOK

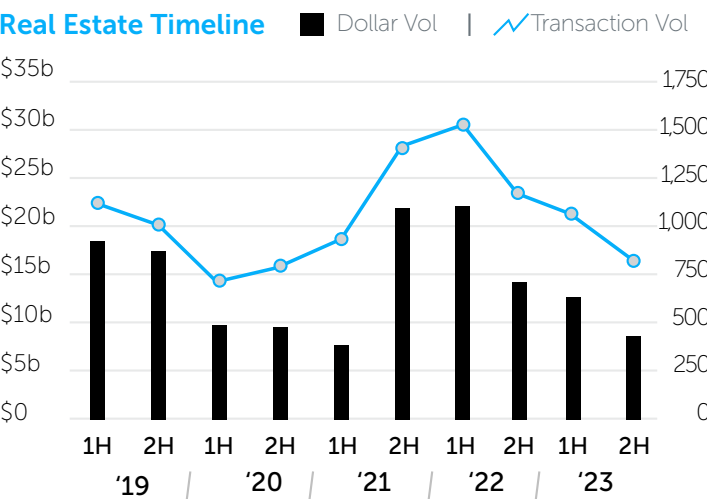
We’re approaching 2024 with a sense of cautious optimism. Positive market drivers include a strong macroeconomic environment, softening inflation expectations and signals from the Federal Reserve that they will cut interest rates multiple times later this year.

Elevated interest rates should continue to drive multifamily transaction volume higher as owners look to sell vs. refinance. Absent significant increases in unemployment, the combination of falling interest rates and a strong rental market bolstered by lack of new supply could lead multifamily owners to see some improvement in valuations this year. One

wild card we are keeping an eye on is whether the Supreme Court decides to take up one of the two challenges to the 2019 HSTPA legislation that are currently before it. Another is ‘Good Cause Eviction’ legislation, which some members of the legislature continue to advocate for.

New development sales once again will hinge on whether any progress is made between Governor Hochul and the NYS legislature. While new development faces headwinds from a number of factors like elevated interest rates and construction costs, the restoration of some version of 421A legislation is critical to increasing development site transactions, especially in the Outer Boroughs.

The following pages are excerpts from Ariel Property Advisors’ 2023 Year-End Sales Reports. To view the full reports, you can download them using the QR code found on each page or visit [Arielpa.com](https://arielpa.com).



Dollar Volume Comparison

Product Type	2023	2023 VS 2022	2022	2023 VS 2021	2021
Multifamily	\$7,385.50M	-52%	\$15,404.36M	-32%	\$10,914.29M
MF-MU 10+ resi units	\$5,490.28M	-56%	\$12,541.20M	-35%	\$8,443.05M
MF-MU 6-9 resi units	\$782.78M	-35%	\$1,203.49M	-29%	\$1,099.72M
MF-MU Small	\$1,112.45M	-33%	\$1,659.68M	-19%	\$1,371.52M
Commercial*	\$5,027.30M	29%	\$3,891.88M	66%	\$3,028.90M
Ind / WH / Sto**	\$1,355.13M	-46%	\$2,532.26M	-73%	\$5,094.63M
Development	\$4,025.61M	-30%	\$5,782.79M	-10%	\$4,463.46M
Office	\$3,237.52M	-59%	\$7,821.38M	-39%	\$5,272.64M
Special Purpose	\$1,021.58M	-25%	\$1,361.21M	-42%	\$1,773.63M
GRAND TOTAL	\$22,052.65M	-40%	\$36,793.88M	-28%	\$30,547.54M

*Commercial includes retail and hotel properties
**Ind / Wh / Sto: Industrial / Warehouse / Self Storage

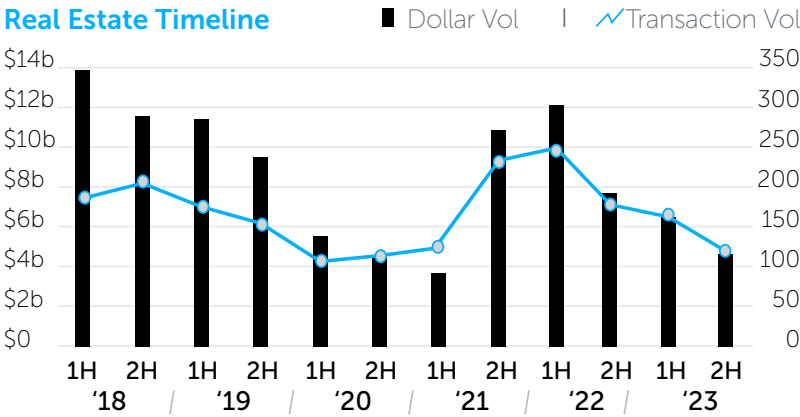
2023 Year-End Manhattan

Looking back at 2023, investors continued with the same conservative approach to the market that was evident since 2021, with investors expressing concern about higher interest rates, rising expenses, and apprehension over the potential expansion of residential rent regulation. As such, the Manhattan real estate market experienced a 45% decline from 2022 in investment property transactions during 2023 with only \$11 billion spent in the borough, excluding 2020 the worst in the past decade.

Pricing for multifamily assets held, however, with the price per square foot remaining stable. There was also a display of optimism in the commercial sector with a 33% increase in dollar volume. Moreover, while the multifamily asset class accounted for approximately 58% of the transaction volume, the commercial asset class experienced a 38% increase in dollar volume as investors looked for opportunities to reposition properties - whether to continue as office or convert to residential use.



[Download Full Report Here](#)



NYC Volume 2023 Vs 2022

-45%
↓
\$11.1b
Dollar
Volume

-33%
↓
280
Transaction
Volume

-33%
↓
358
Property
Volume

Dollar Volume Comparison

Product Type	2023	2023 VS 2022	2022	2023 VS 2021	2021
Multifamily	\$2,711.92M	-64%	\$7,524.37M	-24%	\$3,576.01M
MF-MU 10+ resi units	\$2,283.37M	-67%	\$6,844.82M	-19%	\$2,830.50M
MF-MU 6-9 resi units	\$179.86M	-39%	\$296.74M	-48%	\$346.48M
MF-MU Small	\$248.68M	-35%	\$382.81M	-38%	\$399.03M
Commercial*	\$3,450.86M	41%	\$2,444.70M	125%	\$1,536.95M
Ind / WH / Sto**	\$0	N/A	\$61.00M	N/A	\$2,331.69M
Development	\$1,479.36M	-45%	\$2,709.52M	3%	\$1,435.89M
Office	\$2,871.35M	-58%	\$6,802.93M	-40%	\$4,818.71M
Special Purpose	\$549.23M	22%	\$449.69M	-50%	\$1,109.23M
GRAND TOTAL	\$11,062.72M	-45%	\$19,992.20M	-25%	\$14,808.48M

*Commercial includes retail and hotel properties
**Ind / Wh / Sto: Industrial / Warehouse / Self Storage

2023 Year-End N. Manhattan

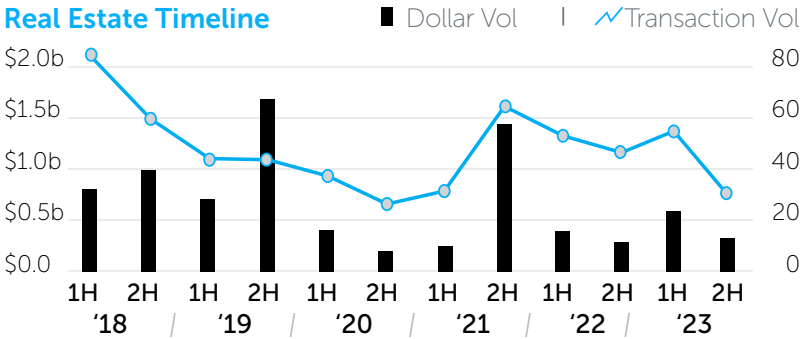
A strong improvement in multifamily sales drove an uptick in Northern Manhattan dollar volume in 2023, which rose 28% compared to 2022. In fact, Northern Manhattan stood out as the only submarket in NYC to register gains in both dollar and property volume (+4%) compared to 2022, however, transaction volume was down compared to both 2021 and 2022. Institutional capital helped propel growth in the market, with 7 of the 86 total transactions trading above \$25 million in gross consideration. Totalling \$353.4 million in total sales, these larger transactions accounted for 42% of the total dollar volume.

Notably, 73% of the total dollar volume and 55% of the total transaction volume came from MF-MU properties of 10+ units. We find these sales to be driven by owners’ desire to sell vs. refinance in the face of higher interest rates and softening valuations as investors seek higher capitalization rates.

Continuing a trend we saw at the beginning of 2023, higher construction costs, rising interest rates, and the failure of the state and city government to pass a replacement of the Affordable New York tax abatement program led to a lackluster year for development site sales.



[Download Full Report Here](#)



NYC Volume 2023 Vs 2022

28%
↑

\$842.8M
Dollar Volume

-11%
↓

86
Transaction Volume

4%
↑

150
Property Volume

Dollar Volume Comparison

Product Type	2023	2023 VS 2022	2022	2023 VS 2021	2021
Multifamily	\$642.47M	34%	\$478.76M	12%	\$574.05M
MF-MU 10+ resi units	\$618.38M	43%	\$432.92M	15%	\$540.01M
MF-MU 6-9 resi units	\$11.52M	-42%	\$19.85M	-42%	\$19.85M
MF-MU Small	\$12.58M	-52%	\$26.00M	-11%	\$14.19M
Commercial*	\$34.44M	-27%	\$47.35M	-35%	\$53.30M
Ind / WH / Sto**	\$23.77M	N/A	\$0	-97%	\$686.80M
Development	\$76.82M	-35%	\$117.40M	-71%	\$267.04M
Office	\$58.50M	3,341%	\$1.70M	N/A	\$0
Special Purpose	\$6.76M	-57%	\$15.68M	-95%	\$128.57M
GRAND TOTAL	\$842.77M	28%	\$660.89M	-51%	\$1,709.75M

*Commercial includes retail and hotel properties
**Ind / Wh / Sto: Industrial / Warehouse / Self Storage

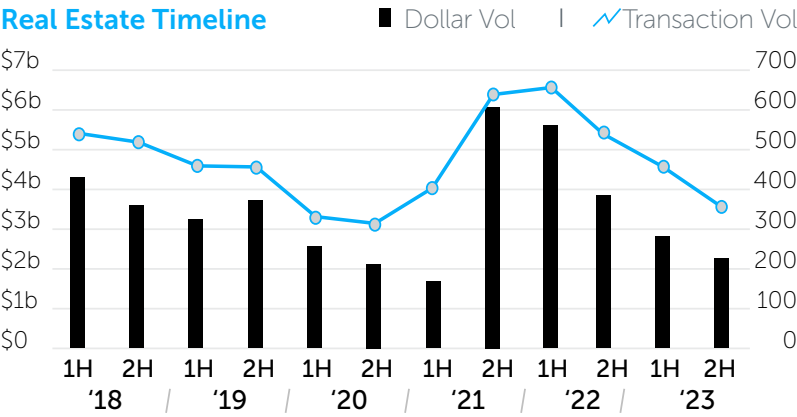
2023 Year-End Brooklyn

Following a record-breaking 2022 that saw Brooklyn’s investment sales market top \$9.5 billion in dollar volume for the first time, 2023 was weighted down by the interest rate environment registering both the lowest dollar volume and transaction volume since 2013. The market slowed down significantly as the FED implemented several rate hikes throughout the year in an effort to curb inflation. In total, Brooklyn finished 2023 with 839 transactions totaling \$5.15 billion, which represents 30% and 46% decreases respectively compared to 2022.

The commercial asset class was the bright spot in the market with 60% growth when compared to 2022. Despite a 24% drop in transaction volume compared to 2022, dollar volume increased 60% thanks to two sizeable hotel purchases. The Hilton Hotel at 140 Schermerhorn Street which sold for \$110.5 million in November and The Williamsburg Hotel at 96 Wythe Avenue for \$96 million in April through a foreclosure sale were the largest in Brooklyn since February 2020, pre-Covid, and could be a sign that the hospitality industry in Brooklyn has almost fully recovered.



[Download Full Report Here](#)



NYC Volume 2023 Vs 2022

-46%
↓
\$5.15b
Dollar
Volume

-30%
↓
839
Transaction
Volume

-30%
↓
1,041
Property
Volume

Dollar Volume Comparison

Product Type	2023	2023 VS 2022	2022	2023 VS 2021	2021
Multifamily	\$2,195.89M	-56%	\$5,029.31M	-55%	\$4,853.40M
MF-MU 10+ resi units	\$1,151.44M	-67%	\$3,520.26M	-68%	\$3,631.39M
MF-MU 6-9 resi units	\$446.88M	-32%	\$658.87M	-20%	\$556.20M
MF-MU Small	\$597.57M	-30%	\$850.17M	-10%	\$665.80M
Commercial*	\$773.70M	60%	\$482.70M	65%	\$468.08M
Ind / WH / Sto**	\$652.41M	-47%	\$1,232.46M	-12%	\$738.95M
Development	\$1,238.27M	-22%	\$1,589.26M	-1%	\$1,253.54M
Office	\$76.73M	-87%	\$596.57M	-66%	\$225.60M
Special Purpose	\$215.70M	-64%	\$604.07M	-30%	\$308.15M
GRAND TOTAL	\$5,152.70M	-46%	\$9,534.37M	-34%	\$7,847.72M

*Commercial includes retail and hotel properties
**Ind / Wh / Sto: Industrial / Warehouse / Self Storage

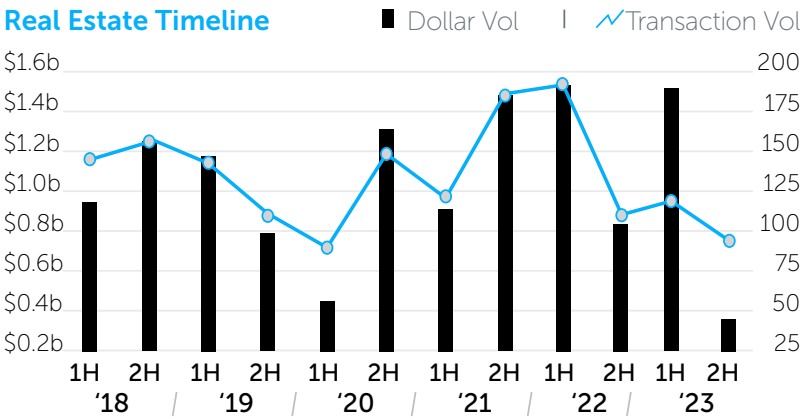
2023 Year-End Bronx

The Bronx investment sales market was heavily impacted by the Fed’s sharp increase in interest rates in the second half of 2022 into 2023. In 2023, we saw \$1.82 billion traded over 216 transactions, down 22% and 29% when compared to 2022. The resulting rise in the cost of debt along with the inflationary rise in expenses and increased premiums on insurance affected all asset classes, but rent-stabilized multifamily in particular following the passage of HSTPA in 2019. The year was headlined by the \$635.3 million Bronx portion (about 66%) of the Omni Affordable Housing platform sale that included buildings with LIHTC, Article XI, Mitchell-Lama and 420c programs.

There has been significant interest from Mayor Eric Adams to upgrade infrastructure through the plans to create a seven-mile-long Harlem River Greenway in the Bronx and to address the housing crisis by rezoning parts of the East Bronx near Metro-North commuter rail stops to create 6,000 new homes, a quarter of which would be income restricted through the city’s MIH program.



[Download Full Report Here](#)



NYC Volume 2023 Vs 2022

-22%
↓
\$1.82b
Dollar
Volume

-29%
↓
216
Transaction
Volume

-23%
↓
346
Property
Volume

Dollar Volume Comparison

Product Type	2023	2023 VS 2022	2022	2023 VS 2021	2021
Multifamily	\$1,099.39M	-6%	\$1,172.59M	5%	\$1,046.02M
MF-MU 10+ resi units	\$1,050.84M	-3%	\$1,078.69M	10%	\$957.42M
MF-MU 6-9 resi units	\$17.68M	-60%	\$43.70M	-50%	\$35.68M
MF-MU Small	\$30.88M	-38%	\$50.20M	-42%	\$52.92M
Commercial*	\$148.37M	-34%	\$223.66M	-34%	\$223.87M
Ind / WH / Sto**	\$205.36M	-52%	\$425.24M	-56%	\$470.16M
Development	\$275.35M	-16%	\$326.58M	-54%	\$592.26M
Office	\$57.07M	59%	\$35.89M	138%	\$23.94M
Special Purpose	\$36.04M	-75%	\$144.24M	-36%	\$56.12M
GRAND TOTAL	\$1,821.58M	-22%	\$2,328.20M	-24%	\$2,412.36M

*Commercial includes retail and hotel properties
**Ind / Wh / Sto: Industrial / Warehouse / Self Storage

2023 Year-End Queens

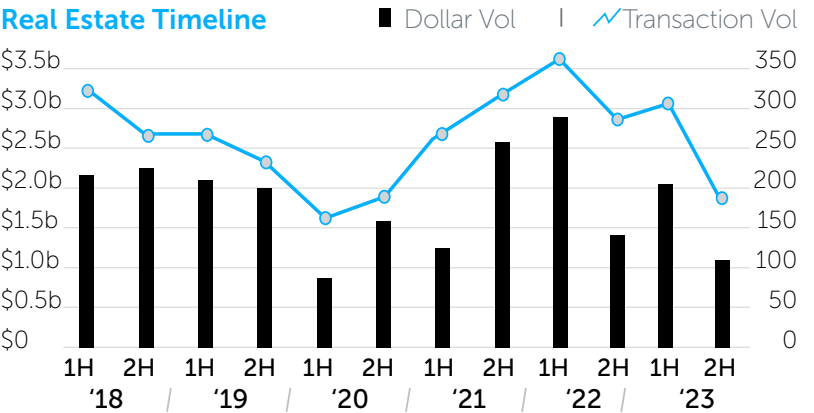
Queens investment sales market was heavily impacted by the Fed’s sharp increase in interest rates in the second half of 2022 into 2023. In 2023, we saw \$3.17 billion traded over 483 transactions, down 26% and 25% when compared to 2022.

The development asset class which led all asset classes in the submarket at \$956 million was highlighted by Beacon Wind Land’s \$216 million development purchase of 31-01 20th Ave. This strategic purchase aims to develop an interconnection hub, enabling the integration of their ambitious 1,230-megawatt wind project in the Atlantic Ocean with New York’s electrical grid.

The trend of rezoning continued following other recent initiatives including Innovation QNS, Willets Point Rezoning and Special Flushing Waterfront District, with the recent plans for 2,800 homes on 58 acres of underutilized land at the state-owned Creedmoor Psychiatric Center, taking the place of vacant land, buildings and parking lots. The 2,800 homes will reportedly include for sale units, rental units and over 800 supportive and senior housing units.



[Download Full Report Here](#)



NYC Volume 2023 Vs 2022

-26%
↓
\$3.17b
Dollar Volume

-25%
↓
483
Transaction Volume

-25%
↓
621
Property Volume

Dollar Volume Comparison

Product Type	2023	2023 VS 2022	2022	2023 VS 2021	2021
Multifamily	\$735.83M	-39%	\$1,199.33M	-15%	\$864.82M
MF-MU 10+ resi units	\$386.24M	-42%	\$664.51M	-20%	\$483.72M
MF-MU 6-9 resi units	\$126.84M	-31%	\$184.32M	-10%	\$141.51M
MF-MU Small	\$222.74M	-36%	\$350.50M	-7%	\$239.59M
Commercial*	\$619.93M	-11%	\$693.48M	-17%	\$746.70M
Ind / WH / Sto**	\$473.59M	-42%	\$813.55M	-45%	\$867.04M
Development	\$955.80M	-8%	\$1,040.04M	4%	\$914.72M
Office	\$173.87M	-55%	\$384.29M	-15%	\$204.39M
Special Purpose	\$213.86M	45%	\$147.52M	25%	\$171.57M
GRAND TOTAL	\$3,172.88M	-26%	\$4,278.21M	-16%	\$3,769.24M

*Commercial includes retail and hotel properties
**Ind / Wh / Sto: Industrial / Warehouse / Self Storage

2023 Featured Asset Class: Multifamily

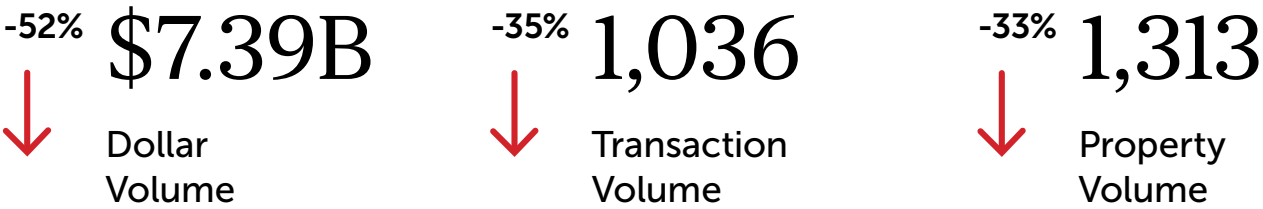
In 2023, the multifamily sector in New York City experienced a notable downturn, with a total dollar volume of \$7.4 billion spread across 1,036 transactions, a year-over-year drop of 52% and 35%, respectively. Several factors contributed to this decline, including the impact of interest rates, the continued regulatory effects of HSTPA, and the setback caused by the closure of Signature Bank, one of the city’s most active multifamily lenders.

Within this challenging landscape, the affordable housing subsegment did well with 35% of the dollar volume within *MF-MU 10+ resi units* segment, in part due to the nearly \$1 billion platform sale of the Omni Affordable Portfolio to Nuveen. We saw the strength in Affordable Housing reflected within dollar volume, as the asset type increased 62% year-over-year. Major contributors to the strength in affordable housing transactions are the city’s interest in preserving existing affordable housing and the further availability of mission-driven equity interested in investing in this sector. We project that the immense interest in this sector coupled with the sporadic availability of this asset class, will continue to show strength in 2024. Free market multifamily accounted for 48% of the dollar volume within *MF-MU 10+ resi units* segment and just 51% of the transaction volume. The market saw the lowest number of deals exceeding \$100 million in the past decade, excluding the anomaly of 2020. The interest rate environment has been the major contributor to the lackluster amount of transactions, resulting in discretionary sellers only. The potential legislation of Good Cause Eviction is on the minds of free-market investors and something to watch for in 2024.



[Download Full Report Here](#)

NYC Volume 2023 Vs 2022



Multifamily performance by sub-market

	Metrics	2023	2023 VS 2022	2022	2023 VS 2021	2021
MANHATTAN	Transaction Vol	163	-31%	237	-30%	233
	Building Vol	202	-35%	311	-42%	348
	Dollar Vol (in \$M)	\$2,711.9	-64%	\$7,524.4	-24%	\$3,576
	Total Units	4,155	-58%	10,007	-37%	6,567
N. MANHATTAN	Transaction Vol	61	-12%	69	2%	60
	Building Vol	116	13%	103	25%	93
	Dollar Vol (in \$M)	\$642.5	34%	\$478.8	12%	\$574
	Total Units	3,785	67%	2,261	65%	2,289
BROOKLYN	Transaction Vol	507	-36%	790	-19%	623
	Building Vol	586	-37%	929	-22%	753
	Dollar Vol (in \$M)	\$2,195.9	-56%	\$5,029.3	-55%	\$4,853.4
	Total Units	6,793	-47%	12,771	-53%	14,340
BRONX	Transaction Vol	82	-41%	140	-33%	122
	Building Vol	157	-23%	205	-36%	247
	Dollar Vol (in \$M)	\$1,099.4	-6%	\$1,172.6	5%	\$1,046
	Total Units	7,747	22%	6,376	-3%	7,986
QUEENS	Transaction Vol	223	-37%	355	-16%	264
	Building Vol	251	-38%	404	-14%	293
	Dollar Vol (in \$M)	\$735.8	-39%	\$1,199.3	-15%	\$864.8
	Total Units	3,228	-32%	4,720	9%	2,955

Financing Overview

All Equity Cap Stack

- When the cost of debt exceeded “market” cap rates for core deals, owners opted for all equity cap stacks to avoid negative leverage, a concept where the unlevered cash-on-cash return exceeds the levered cash-on-cash return. We expect a significant uptick in financing activity as rates reduce to levels accretive to leveraging acquisitions that occurred in the last 18 months.

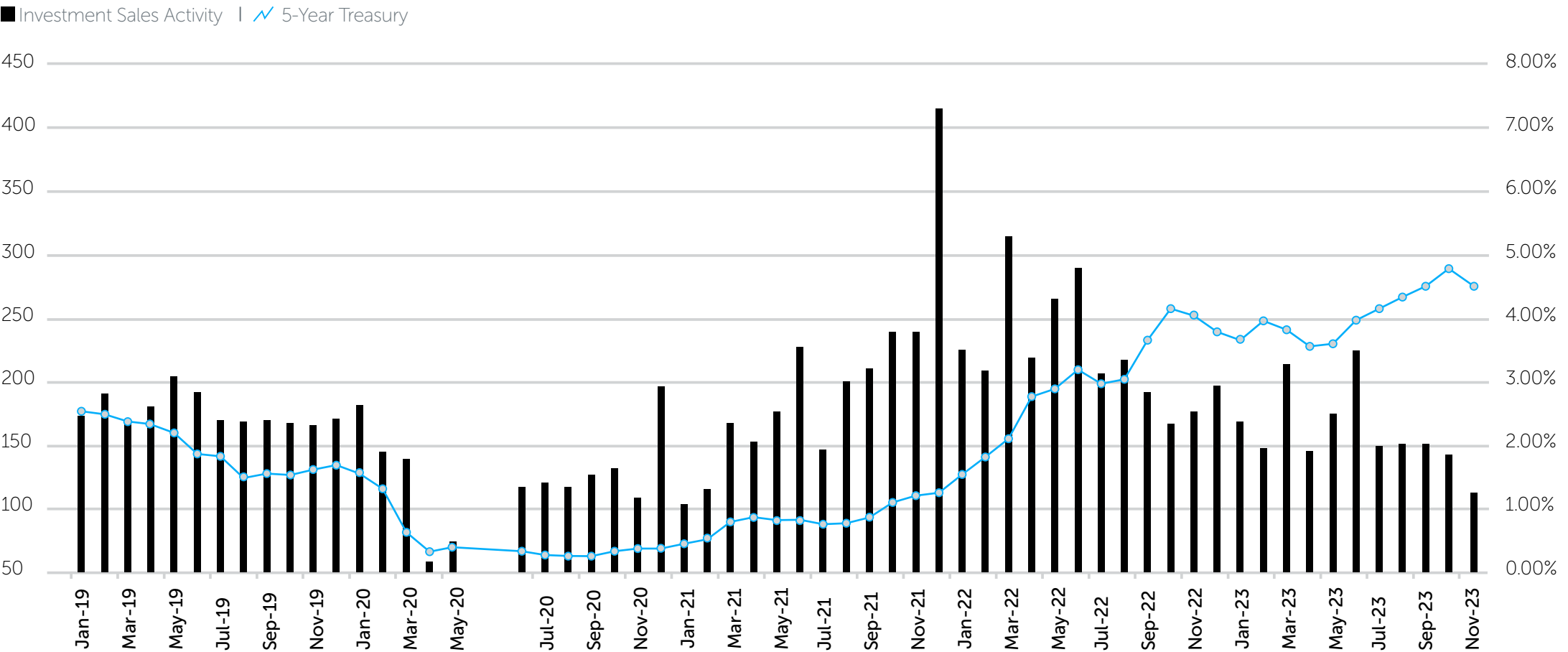
Introduction of Shadow Lenders

- These are non-bank, unregulated lenders that offer fixed-rate, permanent, non-recourse lending on fully occupied CRE. There are no depository requirements and underwriting requirements are less aggressive than traditional lenders w/o the typical credit enhancements that we see today for historically very financeable deals.
- If the banks continue their trend of reeling in lending criteria and requiring significant deposits, we expect to see these lenders start to gain a significant amount of market share.

The End of Inflation & Loosening Fed Monetary Policy

- In 2023, we saw the supposed end of inflation in the United States. Several YOY metrics have had some encouraging results including unemployment, CPI, and PPI. Jerome Powell has indicated there may be several Fed Funds rate reductions in 2024. The Futures markets seem to support this statement, projecting a .25% rate cut as early as March - May 2024.
- As a result, the treasury markets reacted positively. From October 2023 through Dec 31, 2024, the 10-year treasury dropped over 100 bps.

NYC Monthly Transaction Activity vs. 5-Year Treasury



About Ariel Property Advisors

Geographic Coverage System

Ariel’s unique company structure, with separate groups for Investment Sales, Capital Services and Research, ensures outstanding service for our clients. Whether it’s implementing a strategic marketing process, compiling a comprehensive Asset Evaluation, securing financing or providing timely market information, every assignment is served by a team of specialized professionals.

Partners

Shimon Shkury
President & Founder

Victor Sozio
Founding Partner

Michael A. Tortorici
Founding Partner

Ivan Petrovic
Founding Partner
/ Operations

Paul McCormick
Partner / Sales
Management

Sean R. Kelly, Esq.
Partner

Northern Manhattan Team

- Alexander Taic - East Harlem
- Alix Curtin - Washington Heights, Inwood
- Matthew Swerdlow - [Capital Services](#)

Manhattan Team

- Michael A. Tortorici - Downtown East
- Christoffer Brodhead - Midtown West
- Nikola Cosic - Chelsea
- Matthew L. Gillis - Upper East Side
- Howard Raber, Esq. - Midtown East
- Yariv Lapid - Upper West Side
- Ben Schlegel - [Capital Services](#)



Bronx Team

- Jason M. Gold - South Bronx, Melrose, Mott Haven, Morrisania
- Gabriel Elyaszadeh - Longwood
- Daniel Mahfar - Belmont, Hunts Point, Fordham, Kingsbridge
- Ryan Schwartz - [Capital Services](#)

Queens Team

- Alexander Taic - Long Island City, Sunnyside
- Matthew Swerdlow - [Capital Services](#)


Brooklyn Team

- Sean R. Kelly, Esq. - Downtown Brooklyn, Fort Greene, Clinton Hill, Cobble Hill, Carroll Gardens, Boerum Hill
- Stephen Vorvolakos - Park Slope, South Slope, Windsor Terrace
- Nicole Daniggelis - Carroll Gardens, Boerum Hill, Cobble Hill, Columbia Street Waterfront District
- Benjamin Vago, Esq. - Greenpoint, Williamsburg
- Lawrence Sarn - Flatbush, East Flatbush, Borough Park, South Brooklyn, Bensonhurst, Sheepshead Bay, Bath Beach
- Dov Chein - Crown Heights, Prospect Heights, Prospect Lefferts Gardens
- Matthew Dzbanek - [Capital Services](#)

Forbes Favorites: Our Most-Read Articles

Ariel Property Advisors has been a regular contributor for Forbes. Here is the list of the five most-read articles of 2023.



[Read More](#)
[On Forbes Website](#) 
[Or scan the code](#)

Pageviews: 8,390



Nov 8, 2023

The Struggle: Relief Needed For Landlords Of New York City Rent- Regulated Housing

Over the last four years, landlords of rent stabilized buildings in NYC have faced a number of challenges including new regulations, rent arrears and increased expenses.

Pageviews: 4,316



Aug 11, 2023

Three Trends Impacting New York City Commercial Real Estate

Tenant behavior in the office market, regulation in multifamily and higher interest rates contributed to a 43% drop in NYC investment sales to \$12.8B in 1H 2023.

Pageviews: 2,822



Jan 5, 2023

CPACE Lending Is Picking Up The Pace In New York City: What You Need To Know

NYC's Local Law 97, which takes effect Jan. 1, 2024, requires most buildings 25,000 SF or larger to curb carbon emissions to meet established targets or else face fines. CPACE financing was designed to pay for energy efficient retrofits and to help offset the cost of compliance.

Pageviews: 1,999



Feb 23, 2023

The New Safe Haven: Brooklyn As A Magnet For Big Money

The desirability of Brooklyn as a destination for capital was evident in the commercial real estate market last year when total investment sales in 2022 exceeded \$10 billion for the first time ever, surpassing the previous record of \$9.19 billion from 2015.

Pageviews: 1,747



Jun 9, 2023

Show Me The Money: The Misalignment In Rent Regulation Prevents The Production Of Housing

As housing affordability has become a flashpoint nationwide, state legislatures have introduced over 60 rent control-related bills nationwide.

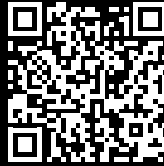
See Our
Other Reports

More Info →



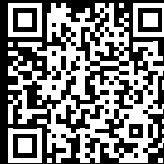
Investment
Opportunities

More Info →



Complimentary
Asset Evaluation

More Info →



Subscribe To →
Our Content



Learn About →
Our Methodology



Ariel Property Advisors
122 East 42nd Street, Suite 2405
New York NY 1016

If you would like to use or quote this report, we ask that you quote the source as

“New York City 2023 Year-End Sales Report Highlights by Ariel Property Advisors” and link report from our website page

arielpa.nyc/investor-relations/research-reports.



The information contained herein has either been given to us by the owner of the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy but we do not guarantee the accuracy of any information provided herein. February 27, 2024 6:04 PM

arielpa.nyc
212.544.9500