Queens 2026 Mid-Year Commercial Real Estate Trends

by Ariel Property Advisors

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Investment Sales
Capital Services
Research

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2026 Mid-Year Overview

Volume 1H'26 VS 1H'25

49% ↑ **$2.60B** Dollar Volume

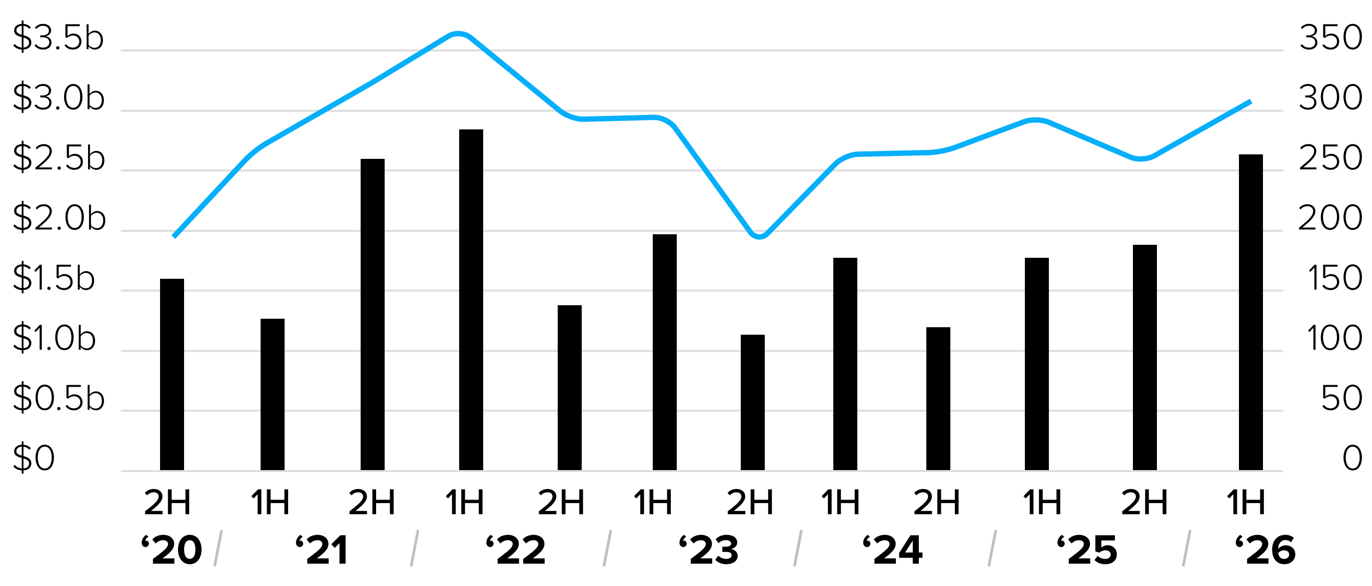
6% ↑ **315** Transaction Volume

12% ↑ **406** Building Volume

Queens roared back in the first half of 2026, with investment-sales volume surging 49% year-over-year to $2.60 billion across 315 transactions, the borough's strongest half since H1 2022. The gain was driven by development and a single retail transaction, together accounting for over half the borough's dollars, a decisive shift from the multifamily-anchored market of prior cycles. Development dollar volume reached $821.6 million, up 161% year-over-year, while retail, on the back of that single transaction, nearly tripled, jumping 192% to $669.5 million. Multifamily stayed relatively flat, with dollar volume increasing 3% to $461.9 million.

The common driver of these transactions is location. Development activity is focused in Rego Park, Long Island City, and Jamaica, while retail is focused in higher density locations like Flushing and Sunnyside. Multifamily is showing similar trends to the rest of the city, rent stabilized pricing is resetting, while free-market assets require premiums.

Real Estate Timeline



Dollar Volume Comparison

Product Type	1H 2026	1H 2026 VS 2H 2025	2H 2025	1H 2026 VS 1H 2025	1H 2025
Multifamily	$461.94M	12%	$411.79M	3%	$448.68M
MF-MU 10+ resi units	$244.04M	3%	$236.72M	12%	$218.57M
MF-MU 6-9 resi units	$52.89M	-18%	$64.86M	-34%	$79.80M
MF-MU Small	$165.00M	50%	$110.22M	10%	$150.30M
Retail	$669.49M	60%	$418.16M	192%	$229.43M
Ind / WH / Sto*	$349.52M	12%	$311.10M	12%	$312.14M
Development	$821.62M	180%	$292.93M	161%	$314.67M
Office	$85.92M	-37%	$137.45M	14%	$75.46M
Hotel	$25.65M	-68%	$80.36M	-58%	$61.00M
Special Purpose	$184.37M	-2%	$188.09M	-39%	$302.91M
GRAND TOTAL	**$2,598.50M**	**41%**	**$1,839.89M**	**49%**	**$1,744.29M**

*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

2026 Mid-Year Watchlist

DEVELOPMENT PIPELINE - Policy mechanics power the surge
The City of Yes, New York's SEQRA infill exemption, Tax Incentives and Charter Reforms will continue pulling land forward, sustaining the momentum that triggered Development's 161% jump to the borough's top spot. Look for these policy changes to unlock a steady stream of outer-borough pipeline projects over the coming quarters.

REGULATED MULTIFAMILY - Rent-stabilized repricing and a lender retreat
Distressed recapitalizations like the Pinnacle portfolio are poised to dominate regulated deal flow as Flagstar sheds rent-stabilized loans and the OceanFirst-Flushing merger puts a $1.6 billion regulated-loan pool up for sale. However, the rent freeze under the Mamdani administration will likely cap asset values, forcing buyers to underwrite for highly disciplined, low-growth horizons.

MEGAPROJECTS - Willets Point and Metropolitan Park anchor demand
The Willets Point public-private redevelopment and the $8.1 billion Cohen-Hard Rock Metropolitan Park casino will anchor regional investment across Flushing and Willets Point for years to come. Expect land and retail values in their immediate orbit to firm as construction milestones are met.

Transaction Volume Comparison

Product Type	1H 2026	1H 2026 VS 2H 2025	2H 2025	1H 2026 VS 1H 2025	1H 2025
Multifamily	142	12%	127	-3%	146
MF-MU 10+ resi units	22	5%	21	-15%	26
MF-MU 6-9 resi units	28	-32%	41	-28%	39
MF-MU Small	92	42%	65	14%	81
Retail	49	0%	49	26%	39
Ind / WH / Sto*	47	15%	41	15%	41
Development	55	72%	32	25%	44
Office	11	-15%	13	-8%	12
Hotel	2	-50%	4	0%	2
Special Purpose	9	0%	9	-25%	12
GRAND TOTAL	**315**	**15%**	**275**	**6%**	**296**

*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

Multifamily Highlights

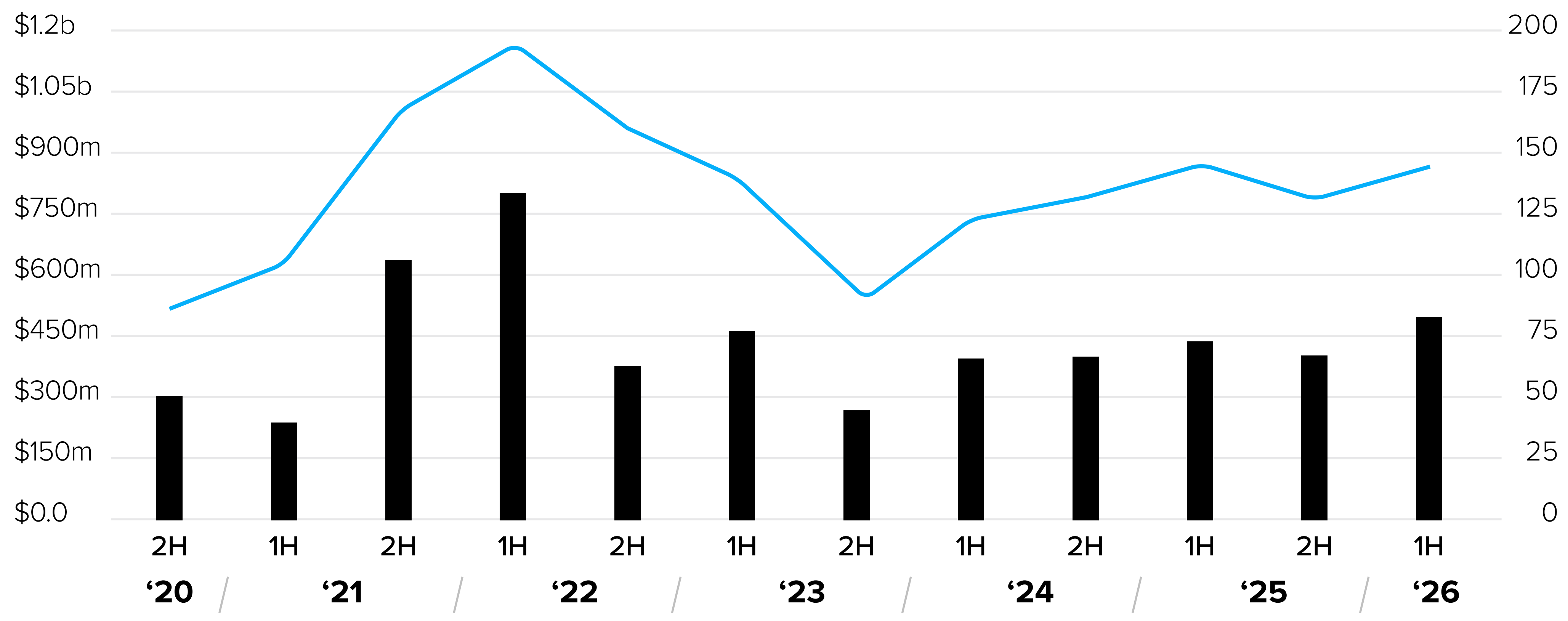
- Multifamily steadied, staying relatively flat year-over-year. Dollar volume came in at $461.9 million across 142 transactions. Rent-stabilized core kept repricing while free-market and newer products continued trending up.
- Pricing told a nuanced story. The average price-per-square-foot slipped to $231 from $254 a year earlier, the lowest mark in the past 8 years, while cap rates edged up to 6.83%, as buyers kept pricing in higher-for-longer rates and capped regulated upside. The gross rent multiplier increased to 9.19 from 8.44. Price-per-unit, by contrast, rose to roughly $230,000 from $190,000, as the trades skewed toward larger-unit, lower-density products even as per-foot values reset.
- The signature multifamily trade was again a distressed one: Summit Properties' $98.1 million acquisition of the 901-unit Pinnacle Group portfolio, Queens' slice of the rent-stabilized pool that cleared out of Pinnacle's bankruptcy. At roughly $109,000 per unit, it marks where deeply regulated value has settled, and previews the distressed recapitalizations likely to define the regulated market through year-end.

Volume 1H'26 VS 1H'25

3% ↑ **$461.9M** Dollar Volume

-3% ↓ **142** Transaction Volume

Real Estate Timeline



Property Value Metrics - Multifamily*

Year	2020	2021	2022	2023	2024	2025	1H 2026
$/SF	$246	$286	$320	$263	$265	$254	$231
$/Unit	$214k	$227k	$267k	$223k	$191k	$190k	$230K
Cap Rate	5.46%	5.40%	5.18%	6.02%	6.43%	6.77%	6.83%
GRM	10.35	10.93	11.10	10.08	8.93	8.44	9.19

*reflects multifamily transactions of 10+ residential units

1H'26 Featured Transaction

Pinnacle Group Queens MF Portfolio

Buyer:
Summit Properties
Seller:
Pinnacle Group
Sale Amount:
$98.1M
Units:
901

Retail Highlights

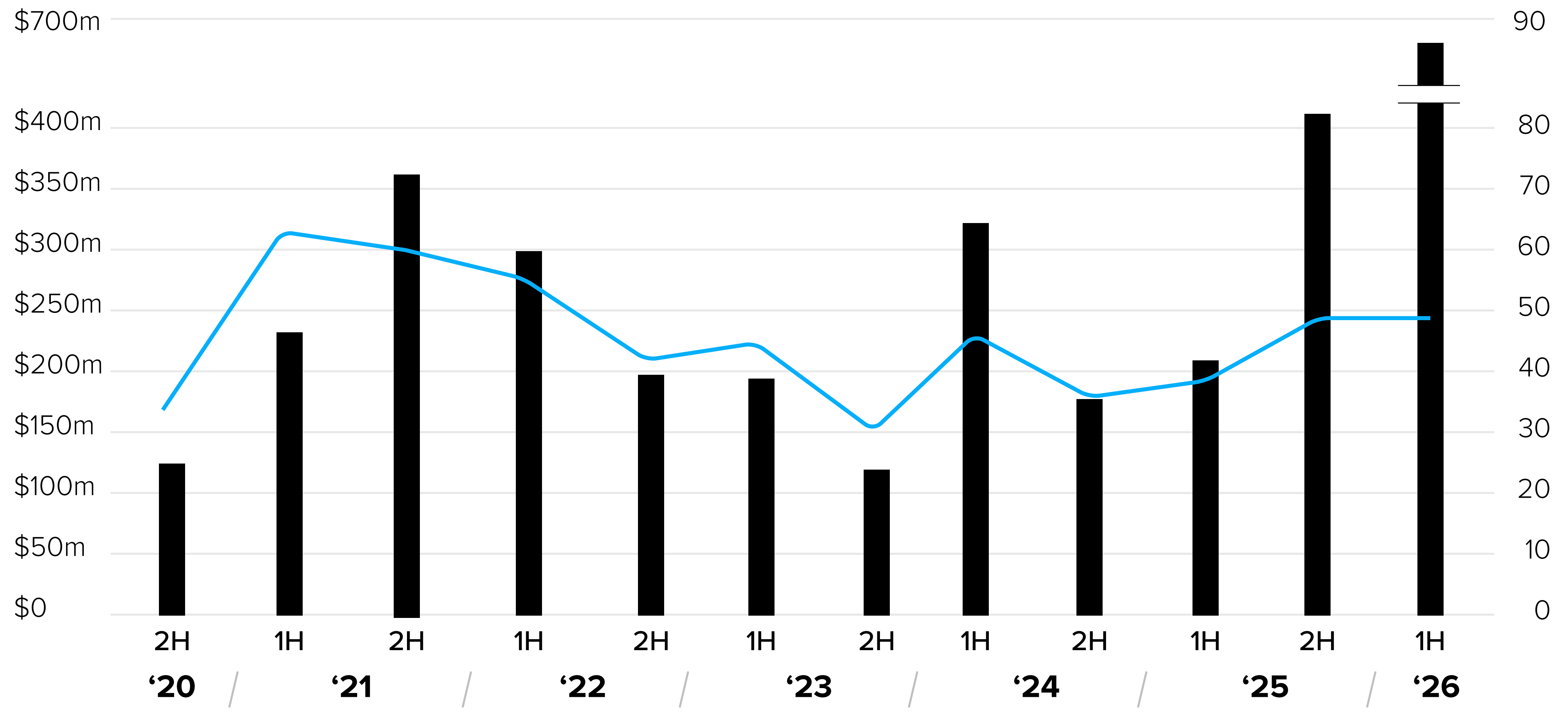
- At first glance, it looks as though retail staged the half's largest move, nearly tripling year-over-year, up 192% to $669.5 million. When you look deeper, the surge was highly concentrated by a single large Flushing transaction that accounted for the bulk of the dollars, lifting the category far above its typical range. Strip that one trade out and retail was a relatively steady, mid-market story.
- Leasing and granular investment stayed healthy. Necessity and daily-needs retail along dense corridors in Sunnyside, Flushing, and Rego Park kept changing hands, and tenant demand from grocers, fitness, and experiential users confirmed values. With all of this, the average price per square foot eased slightly to $670, confirming that Queens retail pricing is relatively stable rather than spiking.
- The half's largest retail closing we were referencing was Acadia Realty Trust's purchase of a retail complex in Flushing for $424.4 million. The purchase is in a strategic location, as it is less than a mile from Citi Field and the proposed casino development site. This one-off inflated sale largely affects the overall dollar volume. This isn't expected to be a trend of dollar volume, but more location driven investments across the shifting landscape of Queens. The $16.25 million sale of 40-18 Queens Boulevard in Sunnyside, a 13-unit, 19,200-square-foot mixed retail asset shows a better story of the retail sales in Queens. This is a representative of the cash-flowing storefronts that trade steadily across the borough even as a single Flushing mega-trade reshaped the category's headline.

Volume 1H'26 VS 1H'25

192% ↑ **$669.5M** Dollar Volume

26% ↑ **49** Transaction Volume

Real Estate Timeline



Property Value Metrics - Retail*

Year	2020	2021	2022	2023	2024	2025	1H 2026
$/SF	$637	$693	$663	$599	$697	$698	$670

*reflects transactions of commercial buildings

1H'26 Featured Transaction

Sunnyside

40-18 Queens Boulevard

Buyer:
Platinum Realty Associates
Seller:
Shanik Bros Inc
Sale Amount:
$16.25M
Size:
19,200 SF
Units:
13

Development Highlights

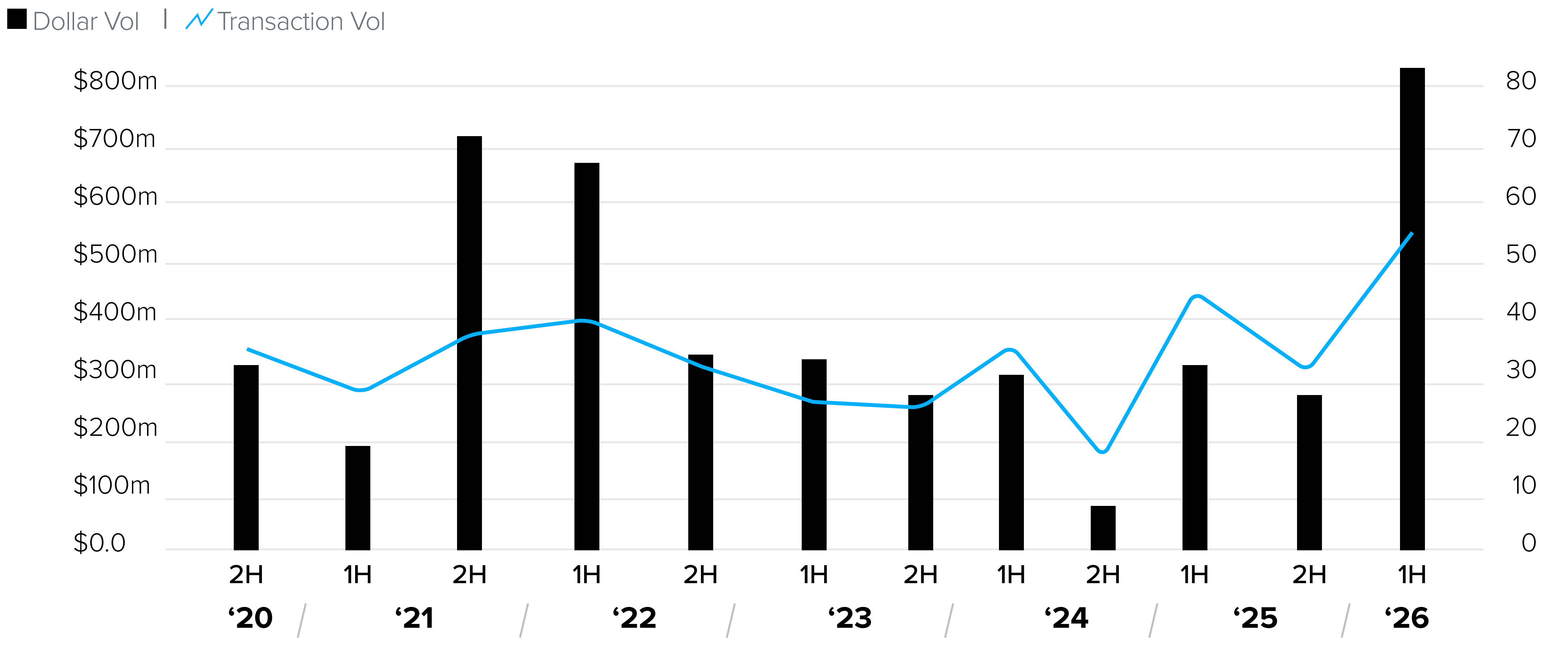
- Development was the story of Queens' first half, the borough's largest asset class and the biggest driver of its rebound. Dollar volume surged 161% year-over-year to $821.6 million on 55 transactions, up 25%, as investors concentrated capital in large, well-located, entitled sites. Activity was heavily incentive-driven, with 485x representing 81% of all development, affordable housing comprising 16%, and 421a accounting for 3%. Broader policy continues to serve as the key catalyst: City of Yes, the state's new SEQRA infill exemption, Tax Incentives, Charter Reforms and the Willets Point public-private redevelopment are pulling capital into the borough's development pipeline.
- Despite the policies to support residential development, the defining trade was the $229.6 million sale of the commercial to medical conversion at 96-05 Queens Boulevard in Rego Park, carrying roughly 1 million buildable square feet, one of the largest transactions in the borough in years. The site is intended to explore ways to expand access to healthcare in Queens.
- Southeast Queens drew capital around Jamaica's downtown rezoning, where 92-30 165th Street sold for $46.1 million. The site is expected to bring about 700 new homes to Downtown Jamaica, replacing the existing parking garage. With ground-up economics underwritten to 485-x's affordability and wage rules, the land trading now is the supply that will deliver into the back half of the decade.
- Pricing held steady through the volume surge. The average price per buildable square foot for standard sites was $203 in 1H 2026, essentially flat with 2025, while MIH/UAP sites priced at $159, up from $152. That stability against a 161% jump in dollars confirms the surge driven by more and bigger deals, not pricing inflation.

Volume 1H'26 VS 1H'25

161% ↑ **$821.6M** Dollar Volume

25% ↑ **55** Transaction Volume

Real Estate Timeline



Property Value Metrics - Development*

Year	2020	2021	2022	2023	2024	2025	1H 2026
$/BSF (Standard)	$222	$217	$201	$223	$215	$207	$203
$/BSF (MIH / UAP)	-	-	-	-	-	$152	$159

*reflects transactions of vacant land or equivalent development sites

Following the late 2024 City of Yes initiative, we now distinguish between Standard and MIH/UAP pricing. This allows for a direct comparison between market-rate transactions and those utilizing the Universal Affordability Preference (UAP).

1H'26 Featured Transaction

Rego Park

96-05 Queens Boulevard

Buyer:
Northwell Health Foundation - Lenox Hill Hospital
Seller:
Vornado Realty Trust
Sale Amount:
$229.6M
Size:
1,014,000 BSF

Financing Overview

The first half of 2026 was defined by adaptation over anticipation. Borrowers who spent the last three years hoping for rate cuts have had to face the current market reality and accept the current interest rate environment. That acceptance, paired with lenders forcing resolutions on vintage debt as the era of "extend-and-pretend" ends, unlocked a pipeline of transactions even as the macro backdrop became more challenging.
At its June meeting, the FOMC under new Chairman Kevin Warsh unanimously held the federal funds rate at 3.50%–3.75%, but the accompanying projections marked a decisively hawkish shift: nine of 19 officials now forecast at least one rate hike by year-end (up from zero in March), only one expects a cut (down from 12), and the median 2026 PCE inflation projection jumped to 3.6% from 2.7%. Markets absorbed a substantial shock with the outbreak of the conflict in Iran in late February, which contributed to structurally widened spreads and quadrupled hedging costs. Despite persistent volatility and the recent collapse of early-summer truce agreements, institutional capital flows have remained resilient. Combined CRE securitization issuance rose 19.9% year-over-year in Q1 to $70.8 billion, bank CRE books returned to growth, and New York City investment sales dollar volume jumped 37% year-over-year to $17.3 billion in H1 2026, precisely because the market has stopped waiting and started transacting.

Banks

- Banks delivered renewed growth and more flexible terms. The commercial real estate loan holdings of the top 100 U.S. banks grew 5.0% in 2025 to $1.78 trillion as stabilized rates and stronger balance sheets allowed new deals to clear approval hurdles. This growth concentrated in fundamentally strong asset classes, with multifamily loan holdings expanding 7.7% year-over-year to $451.8 billion and commercial loans rising 7.0% to $1.07 trillion. On the transaction side, increased lender competition is driving borrower-friendly terms. Banks have begun loosening covenants for income-producing multifamily assets and offering incremental underwriting flexibility, pushing average fixed-rate permanent loan LTVs to 64.4% as they pursue cash-flowing properties.
- Regional banks are repositioning around New York rent-regulated exposure. Following the June 1 merger of OceanFirst Bank and Flushing Financial, the newly combined bank agreed to sell approximately $1.4 billion of multifamily loans largely backed by rent-stabilized properties in the New York metro area, eliminating the majority of its exposure to rent-regulated housing. Shortly thereafter, the bank completed a secondary sale in June, unloading a $327 million small-balance CRE portfolio.

Agency Lenders

- Agency lending carried its 2H 2025 momentum straight into 2026. This momentum aligns directly with the Federal Housing Finance Agency's (FHFA) expansionary framework for the year, which raised the 2026 multifamily loan purchase caps by 20.5% to $176 billion. Lenders aggressively utilized this runway out of the gate, with Fannie Mae generating $17.1 billion and Freddie Mac generating $13.0 billion in multifamily loan volume during Q1 2026 alone, marking massive year-over-year gains of 45% and 30%, respectively.
- Two policy items bear watching. FHFA Director Bill Pulte's appointment as acting head of national intelligence has raised concern about timeline delays for Fannie Mae and Freddie Mac recapitalization efforts, given his split administrative focus. Meanwhile, a major legislative hurdle for the single-family rental space was resolved with the enactment of the ROAD to Housing Act. While an earlier Senate-added provision threatened to force institutional build-to-rent (BTR) owners to divest within seven years, which briefly caused the agencies to pause originations, the final law stripped this requirement entirely, clearing the way for both Fannie and Freddie to resume lending on BTR properties.

CMBS

- The securitization market set a post-GFC first-quarter record in Q1 2026. Combined issuance across private-label CMBS, CRE CLOs, and agency deals reached $70.8 billion, a 19.9% year-over-year increase. This growth was led by agency paper (+77.8%) and CRE CLOs (+73.6% to $14.5 billion), while private-label CMBS fell 12.4% to $32.9 billion, largely reflecting a lapping of 2025's exceptional conduit pace rather than weak demand. Single-asset, single-borrower deals dominated at roughly 75% of private-label volume, pushing year-to-date U.S. CMBS issuance to $62.8 billion by mid-June. This activity highlights structural resilience in the face of geopolitical volatility.

Alternative Lenders

- Private credit went from filling gaps to setting the pace. Debt funds and other alternative credit platforms accounted for 53% of all non-agency commercial loan closings in Q1 2026, a dramatic surge from their roughly 25% market share in 2025. Superior execution speed and structural adaptability successfully won the refinancing pipeline that conventional banks, constrained by conservative leverage limits, were unable to service. This expansion tracks the broader institutionalization of the global private credit market, which grew to $2.1 trillion at year-end 2025 and is projected to scale past $2.3 trillion by the end of 2026.
- The capital base behind the strategy keeps setting records. High-yield real estate debt funds reached record highs for the fourth straight year, with $75.2 billion closed (up 5%) and a record $56.5 billion of dry powder across 82 managers. Crucially, these vehicles continue to deliver robust risk-adjusted performance, with high-yield CRE debt returning 9.07% on a rolling 12-month basis (Giliberto-Levy G-L2) against a default rate of just 0.97%. A survey of 196 high-yield lenders found that most expect to increase financing volumes in 2026, underpinned by strong institutional demand for subordinate debt products.

Construction Lenders

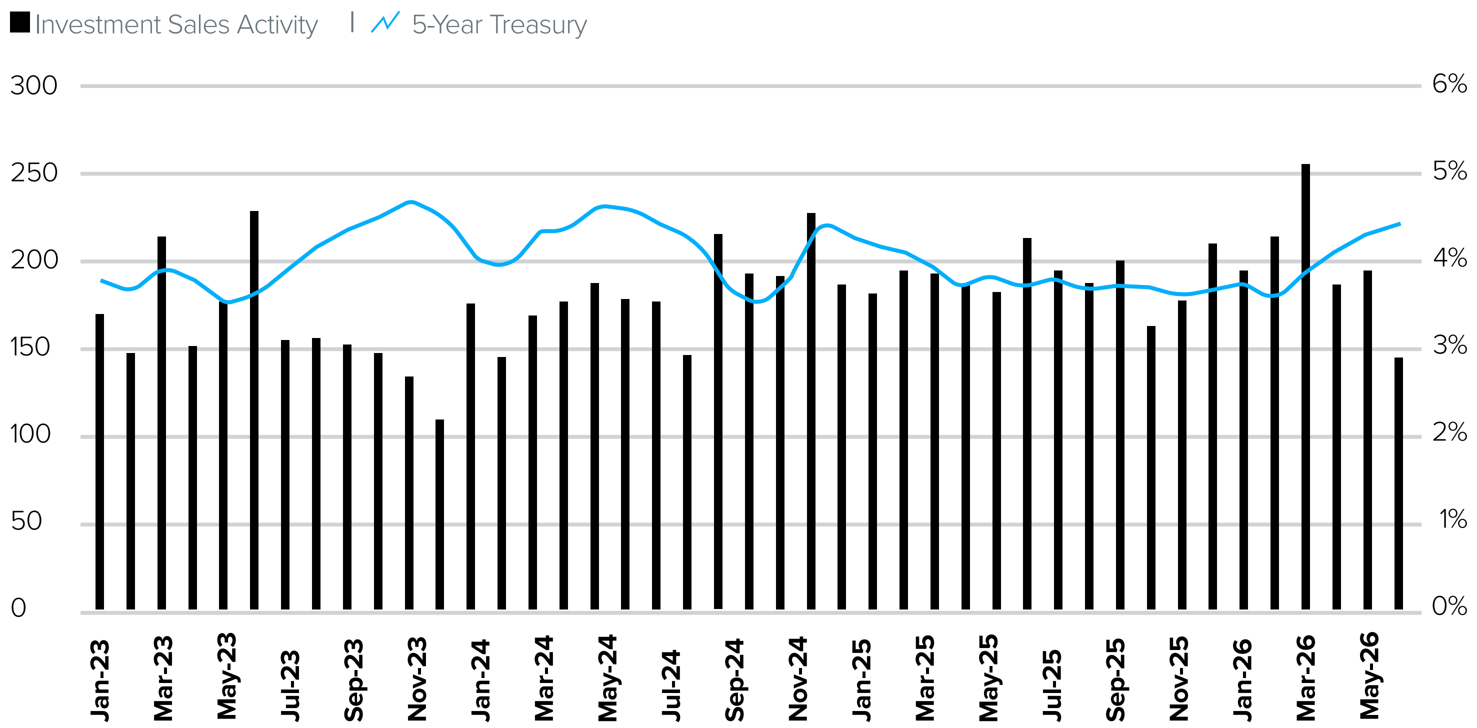
- Bank construction lending continues to contract - alternative and foreign capital sources are filling the void. A sharp divide defines the 1H 2026 construction lending market as domestic bank credit remains restricted. While top-tier domestic institutions limit development exposure to insulate themselves from multi-year macro forecasts, alternative lenders and foreign banks are aggressively stepping up. Foreign banks grew their U.S. construction books 12.6% and alternative lenders continue to compete on structure, offering longer initial terms as competition for well-capitalized sponsors intensified.
- New York's residential pipeline is reawakening, powered by 485-x and 467-m. Capital flows into ground-up rentals and office-to-residential conversions have surged following the implementation of the 485-x and 467-m tax programs, which restored the underwriting metrics needed to offset high financing costs. This regulatory runway has unlocked massive capital allocations across the boroughs.Preferred Equity / Mezzanine

Preferred Equity / Mezzanine

- Subordinate capital has completed its evolution from rescue tool into a standard component in the capital stack. 2025 marked a clear transition year; lenders are no longer simply extending loan terms. Instead, they are forcing resolutions on the $875 billion in CRE debt maturing in 2026 and $652 billion coming due in 2027, a massive wave of maturities that is actively driving new origination and transaction activity. Preferred equity and mezzanine debt have emerged as the primary vehicles bridging the gap between conservative senior lending limits and the total leverage required to retire these legacy, low-rate loans.

NYC Monthly Transaction Activity vs. 5-Year Treasury

MORTGAGE CALCULATOR



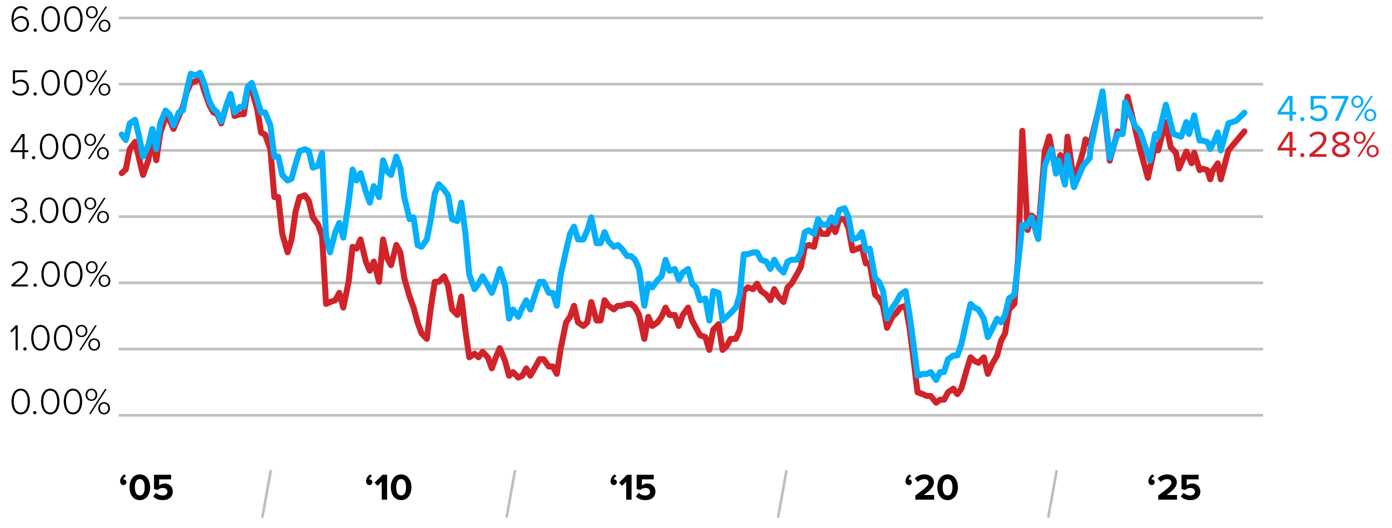
Macro Economic Charts

A number of macro-economic indicators affect the bottom line of commercial real estate investments in New York City and, in turn, the pricing and demand for these assets during any given period. Ariel Property Advisors' Research Division tracks national and local metrics to identify key market drivers influencing the real estate industry.

Financing:

10-Year: 4.57% I 5-Year: 4.28% I As of June 16th, 2026

Treasury Yield Curve Rates 10-year I 5-year

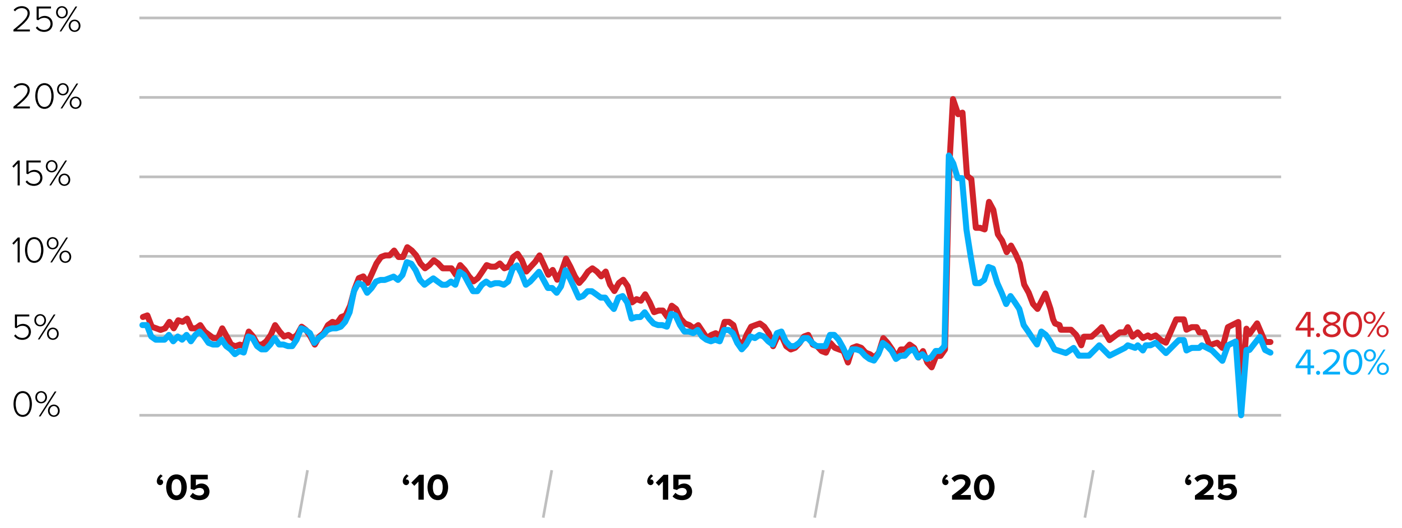


Source: U.S. Department Of The Treasury

Unemployment Timeline:

NYS: 4.20% I NYC: 4.80% I As of May 2026

Unemployment Rate History I **NYS** & **NYC** (Not Seasonally Adjusted)

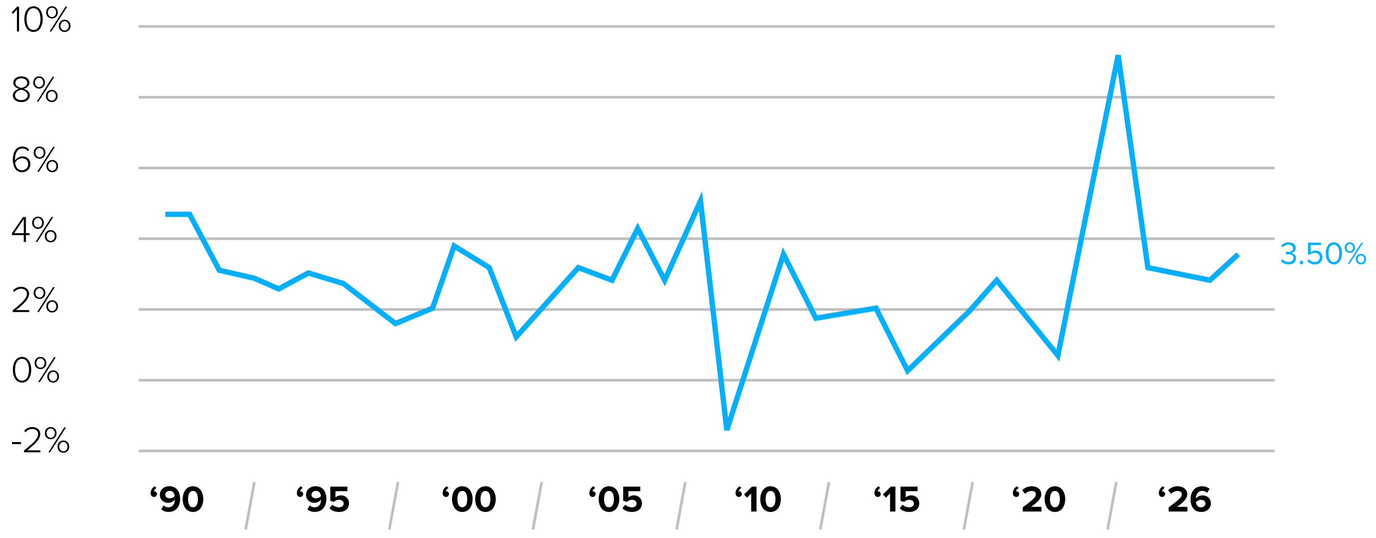


Source: Department Of Labor

Consumer Price Index (CPI):

National CPI

Growth - June 2026 Y-O-Y

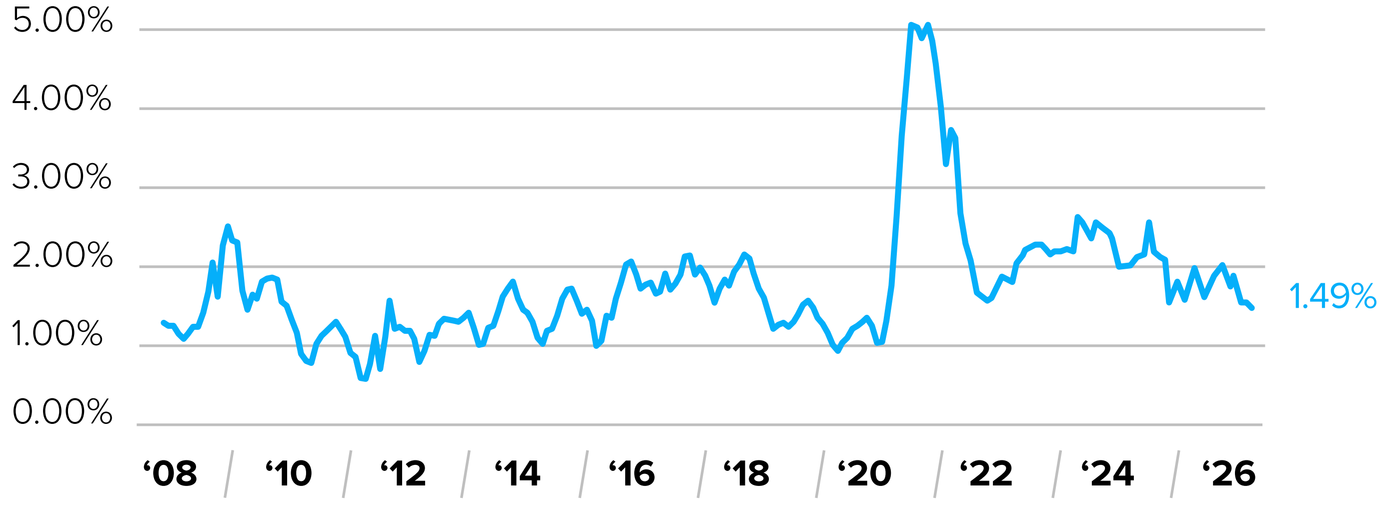


Source: U.S. Bureau Of Labor Statistics

Rental Market / Vacancy:

Manhattan Residential

Rental Vacancy January 2008- June 2026



Source: Corcoran

1H 2026 Featured
Research Overview

When seeking information about New York City commercial real estate, our Research Group is your trusted resource. We are committed to ensuring our clients have the right set of facts when making important real estate decisions.

Featured here is a consolidated list of all the research that Ariel Property Advisors recently released. Our goal is to provide you with the most comprehensive and up to date research covering NYC commercial real estate market:

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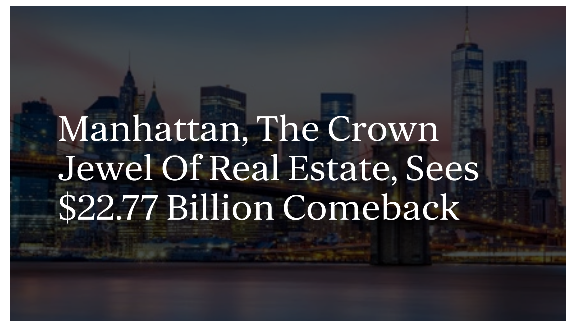

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