



BROOKLYN INVESTMENT SALES TOTAL \$5.15 BILLION IN 2023, 46% DECLINE FROM RECORD-BREAKING 2022

NEW YORK, NY – January 26, 2024 – Brooklyn finished 2023 with investment sales totaling \$5.15 billion, a 46% decline from the record-breaking 2022, which saw dollar volume top \$9.5 billion, according to [Ariel Property Advisors' Brooklyn 2023 Year-End Commercial Real Estate Trends](#) report. Transactions also fell 30% to 839 compared to 1,206 the year before.



“The high interest rate environment resulted in Brooklyn registering the lowest dollar and transaction volume since 2013,” said Sean Kelly, a Partner at Ariel Property Advisors. “The commercial/retail market was the only asset class in Brooklyn that saw an increase in dollar volume, up 60% to \$773.7 million, thanks in part to two large hotel purchases and institutional capital reentering the market after a quiet three years post-Covid.”

Stephen A. Vorvolakos, Director, Investment Sales, continued, “In Brooklyn’s development market, rising construction costs and interest rates played a role in the 22% year-over-year decline in dollar volume to \$1.24 billion. However, the price per buildable square foot reached \$280, the highest ever for any of the outer boroughs. This is a clear indication that there is strong demand, but we’re not producing enough housing opportunities in New York City.”

Nicole Daniggelis, Associate Director, Investment Sales, added, “Despite the decline in multifamily activity, which fell 56% to \$2.2 billion, we are continuing to see the shift of investors looking for smaller, tax class protected, primarily free-market value-add opportunities that are not subject to rent stabilization.”

The following is a summary of the performance of each asset class in Brooklyn in 2023:

Multifamily

- After its best-ever performance in 2022, the Brooklyn multifamily market slowed significantly in 2023, finishing the year with 507 transactions totaling just under \$2.2 billion in dollar volume, year-over-year declines of 36% and 56%, respectively, the lowest totals in a decade excluding the Covid year of 2020.
- The year ended with an average price per foot of \$374, the second lowest since 2015. Buildings that were at least 75% rent stabilized made up 37% of the transactions and only traded at \$175 per square foot, greatly damaging the borough wide average. Additionally, the average cap rate for the asset class was 5.83%, the highest since 2012.
- Of the multifamily transactions, 53% were for small, tax class protected, primarily free market value-add buildings. Additionally, there were only 22 transactions that sold above the \$10 million threshold, a significant drop from the 68 that sold in 2022.

Development

- Year-over-year, dollar volume fell by 22% to \$1.24 billion, and transactions declined 17% to 139, the fourth consecutive year the Brooklyn market saw fewer than 200 development transactions and less than \$1.7 billion in dollar volume.
- Williamsburg was the most active market, totaling 29 transactions for \$134 million in dollar volume. Notably, the only transaction greater than \$9 million was the foreclosure sale of 215 Moore Street.
- The Greater Downtown Brooklyn market followed with 24 sales but with an aggregate value of \$573 million, anchored by the sale of the St. Francis College campus in Brooklyn Heights for \$160 million.

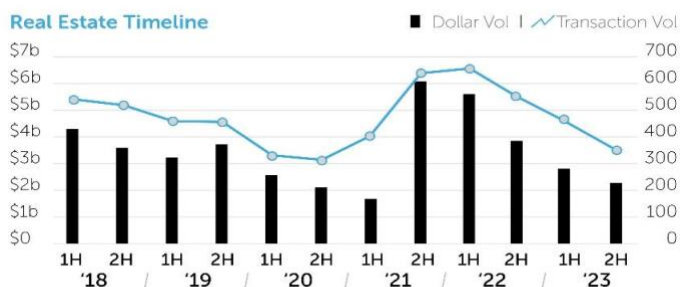
Commercial

- The \$773.7 million total dollar volume was a 60% year-over-year increase and the second highest total this asset class has ever achieved, only behind 2015's total of \$932.88 million. Transaction volume fell 24% to 78.
- Two sizable hotel purchases contributed to the increase in dollar volume. Ohana Real Estate, an investment firm based out of California, purchased the Hilton Hotel at 140 Schermerhorn Street for \$110.5 million in November, while London based Quadrum Global purchased The Williamsburg Hotel at 96 Wythe Avenue for \$96 million in April through a foreclosure sale.

Industrial

- There were 79 transactions for a total of \$652.4 million, an 18% and 47% decrease, respectively, compared to 2022. While the 47% dip in dollar volume may look concerning, it should be noted that the Amazon warehouses at 640 Columbia Street and 578 Cozine Avenue sold for a combined \$560.6 million in 2022. At the time, those were the two largest industrial sales ever in Brooklyn, and removing those two transactions would result in the dollar volume discrepancy being only 3%, rather than 47%.
- Of the 2023 dollar volume, 38% came from FedEx's \$248 million purchase of 50 21st Street in Sunset Park, which surpassed the aforementioned 578 Cozine Avenue as the second largest transaction ever in Brooklyn.

The full report is available [here](#).



About Ariel Property Advisors

Ariel Property Advisors is a New York City-based commercial real estate services and advisory company with three main groups: Investment Sales, Capital Services and Research. The Investment Sales Group covers all major commercial asset types throughout the NY metropolitan area, while the Capital Services Group provides clients nationwide with custom tailored financing. Finally, our Research team empowers our professionals and clients with timely market reports. More information is available at arielpa.nyc.