

Q3 2022

Brooklyn New Development Market Report

SERHANT.

NEW DEVELOPMENT

Letter From Garrett



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The new development market in Brooklyn was the only subset across the city to note a sales increase in the third quarter. In total, there were 326 new development condo sales, up 7.6% from the third quarter last year. While the number of sales jumped, prices did not. The median sales price dropped 9.0% to \$997,000 and the average price fell 3.1% to \$1,300,266. Still, the average price per-square-foot hit \$1,369. While the figures may seem counterintuitive, the rise in the average price-per-foot and reduction in overall prices is due to more buyers opting for efficient units. This was the first quarter since the pandemic began that had seen such a large concentration of buyers once again seeking out studios and 1-bedrooms. This is positive news for the market as it is indicative of a return to a more normal buying pattern. The number of family-sized larger units that traded during the height of the pandemic was atypical. Many of those buyers were also seeking out townhomes, but the limited supply in that subsector pushed them into new development condos. In terms of new activity, the number of contracts signed dropped 25.3% from the third quarter last year. While the reduction is pronounced, it does closely mirror the 23.0% drop in supply. As we look ahead, Brooklyn new development condos are perhaps the best positioned asset class to weather a broader slowdown. The limited supply of current availabilities coupled with a limited supply of planned condos should buoy prices and keep the market stable.

Market Highlights:

Average Price

\$1,300,266

Year-Over-Year

-3.1%

Median Price

\$997,000

Year-Over-Year

-9.0%

Average PPSF

\$1,369

Year-Over-Year

8.5%

24.5%

Share of
Inventory
Over \$2m

16.9%

Share Of
Closings
Over \$2m

119

Average
Days On
Market

1.1%

Average
Discount

Closed Sales

There were 326 new development closings in the third quarter, up 7.6% from the third quarter last year, when sales were up 183% above Q3 2020. 1-bedroom sales continued to see an increased share of deals as more buyers returned to efficient spaces. In total, 41% of sales were for 1-bedrooms, followed by 2-bedrooms with 36% and 3-bedrooms with 13%. Studios also had an uptick, with 8% of sales, while larger 4+ bedroom homes totaled 2% of the market. Price results were mixed, with 1 and 2-bedroom homes noting price increases. However, the average unit size fell for all bedroom types, explaining some of the broader declines. By market, Northwest Brooklyn was the costliest and most active. There, the median price jumped 18% and average price increased 12%. In North Brooklyn the median and average prices both fell, but it was a direct result of smaller unit trading. Remarkably, neither area reported discounts. East Brooklyn was the second most active market, with 28% of sales. There, prices were largely stable, with the median down 1% but average up 5%. South Brooklyn, with 16% of sales, was the most affordable and offered the greatest discounts, at 3% off the initial list price.

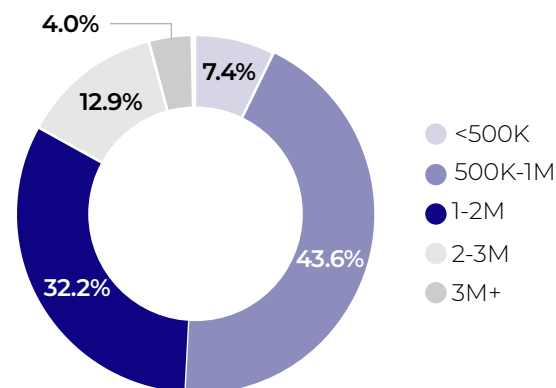
By Bed

	 Studio	 1 Bed	 2 Bed	 3 Bed	 4+ Bed
% Units	8%	41%	36%	13%	2%
Average Discount	0%	2%	1%	0%	2%
Median Price	\$562,473	\$790,000	\$1,450,000	\$2,200,000	\$3,698,468
YoY	-6%	2%	7%	-4%	-27%
Average Price	\$533,238	\$838,663	\$1,469,011	\$2,275,173	\$3,780,361
YoY	-13%	2%	6%	-2%	-20%
Average PPSF	\$1,204	\$1,166	\$1,328	\$1,518	\$1,858
YoY	-7%	4%	11%	8%	10%
Average SF	444	684	1,077	1,445	2,048
YoY	-7%	-4%	-5%	-13%	-33%

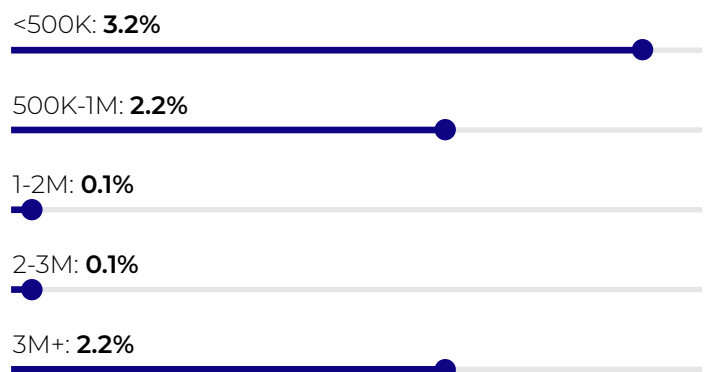
By Location

	North Brooklyn	Northwest Brooklyn	East Brooklyn	South Brooklyn
% Units	21%	35%	28%	16%
Average Discount	0%	0%	2%	3%
Median Price	\$840,000	\$1,840,000	\$840,000	\$595,000
YoY	-29%	18%	-1%	-18%
Average Price	\$1,085,439	\$1,999,233	\$927,898	\$679,235
YoY	-23%	12%	5%	-5%
Average PPSF	\$1,282	\$1,591	\$1,130	\$814
YoY	1%	7%	13%	6%
Average SF	873	1,245	850	727
YoY	-35%	3%	-5%	-19%

By Price



Discount Rate



Closed Sales

North Brooklyn



Northwest Brooklyn



East Brooklyn








South Brooklyn



Contracts Signed

There were 301 contracts reported in the third quarter, down 25.3% from the third quarter last year. The most popular unit sizes were 1- and 2-bedroom homes, each with 38% of contracts. 1-bedrooms showed price declines, with their median down 13% and average down 6%. In opposition, 2-bedrooms noted price growth, with their median price up 14% and average up 4%. Larger 3- and 4+ bedroom homes also showed significant price growth. 3-bedrooms had a median increase of 11% and average rise of 2% while larger, 4+ bedroom condos saw their median increase 5% and average jump 24%. By area, Northwest Brooklyn reported the most transactions, with 40%. Pricing was mixed, with the area's median down 3%, but average up 16%. The submarket also had the greatest price-per-foot increase, up 16%. North Brooklyn, with 14% of deals, also showed healthy increases. Its median price as up 30%, average price was up 5%, and average price-per-foot up 9%. The quickest moving properties were those priced under \$500,000, averaging 104 days listed. Costlier \$3 million-plus contracts were on the market for the longest, averaging 159 days listed.

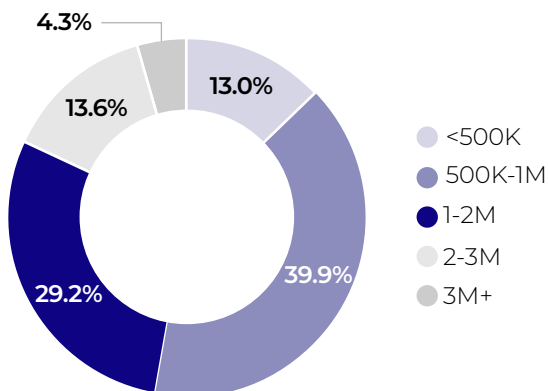
By Bed

	 Studio	 1 Bed	 2 Bed	 3 Bed	 4+ Bed
% Units	8%	38%	38%	15%	2%
Median Price	\$475,000	\$692,000	\$1,475,000	\$2,395,000	\$4,495,000
YoY	-25%	-13%	14%	11%	5%
Average Price	\$523,952	\$795,064	\$1,416,746	\$2,335,095	\$5,563,000
YoY	-12%	-6%	4%	2%	24%
Average PPSF	\$1,115	\$1,164	\$1,319	\$1,535	\$2,018
YoY	-8%	3%	11%	12%	17%
Average SF	477	671	1,047	1,506	2,681
YoY	-3%	-11%	-9%	-9%	0%

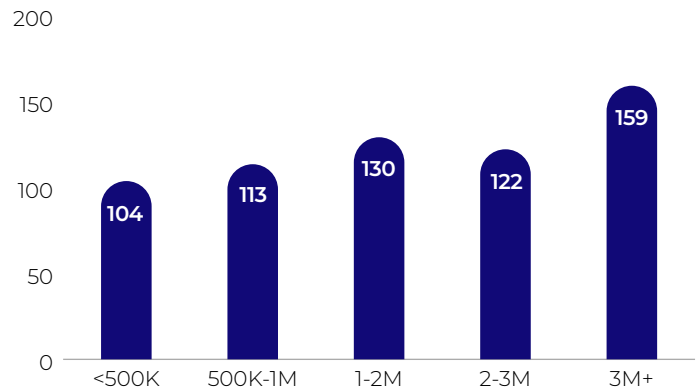
By Location

	North Brooklyn	Northwest Brooklyn	East Brooklyn	South Brooklyn
% Units	14%	40%	19%	27%
Median Price	\$1,295,000	\$1,450,000	\$922,000	\$745,000
YoY	30%	-3%	11%	24%
Average Price	\$1,291,930	\$2,080,339	\$755,000	\$608,270
YoY	5%	16%	-13%	-10%
Average PPSF	\$1,399	\$1,637	\$1,083	\$877
YoY	9%	16%	10%	5%
Average SF	921	1,278	686	700
YoY	-5%	2%	-25%	-17%

By Price








Average Days On Market



Active Listings

There were just 469 new development condos on the market at the end of the Q3, down 23.0% from Q3 last year. The most listings were for 2-bedroom homes, with 42% share. Their median price was up 6% and average price was up 7%. 1-bedrooms had the next largest share, with 26%. While their median price was up 6%, their average was down 2%. Studios, with 6% of the market, showed the greatest price-per-foot increase, surging 34%. They also had the greatest median and average price increases, up 30% and 26%, respectively. By area, Northwest Brooklyn had the greatest concentration of inventory, with 42%. There, the median price jumped 6% and average price increased 10%. The greatest price increases were in North and East Brooklyn. In North Brooklyn, the median price jumped 30% and average was up 19%. In East Brooklyn, the median was up 25% and average price was up 30%. Overall, the market remains in sellers' territory, apart from the \$3 million-plus market where a slowdown in sales pushed the supply level to 12.9 months. The lowest supply level is for homes priced under \$500,000.

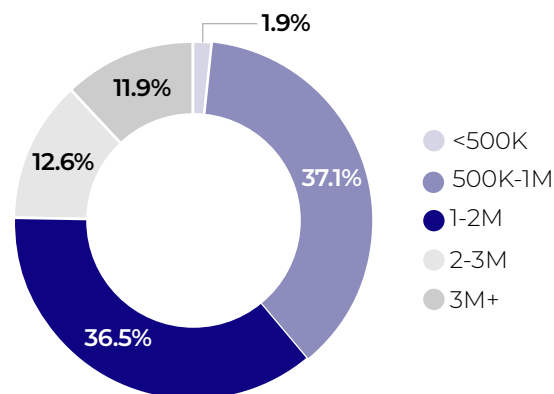
By Bed

	 Studio	 1 Bed	 2 Bed	 3 Bed	 4+ Bed
% Units	6%	26%	42%	23%	4%
Median Price	\$685,000	\$850,000	\$1,300,000	\$2,499,000	\$4,400,000
YoY	30%	6%	6%	0%	-14%
Average Price	\$707,225	\$963,574	\$1,452,129	\$2,465,822	\$4,985,706
YoY	26%	-2%	7%	-6%	-7%
Average PPSF	\$1,341	\$1,204	\$1,303	\$1,463	\$1,711
YoY	34%	13%	6%	-3%	-9%
Average SF	515	763	1,115	1,650	2,974
YoY	-4%	4%	5%	6%	17%

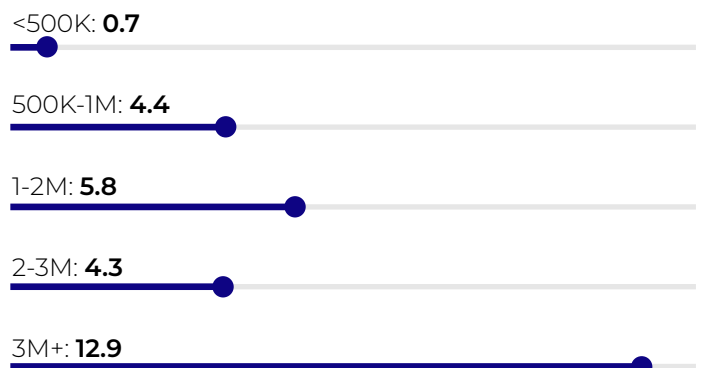
By Location

	North Brooklyn	Northwest Brooklyn	East Brooklyn	South Brooklyn
% Units	20%	42%	18%	20%
Median Price	\$1,175,000	\$2,012,000	\$897,000	\$682,500
YoY	30%	6%	25%	-4%
Average Price	\$1,357,131	\$2,431,577	\$1,007,477	\$788,228
YoY	19%	10%	30%	-19%
Average PPSF	\$1,365	\$1,671	\$1,075	\$903
YoY	17%	9%	13%	-1%
Average SF	1,009	1,470	954	898
YoY	6%	6%	14%	-12%

By Price



Months Of Supply



Active Listings

North Brooklyn



Northwest Brooklyn



East Brooklyn



South Brooklyn



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