

NYC Rent Guidelines Board

**2021 Mortgage
Survey Report**

April 22, 2021

What is the Mortgage Survey Report?

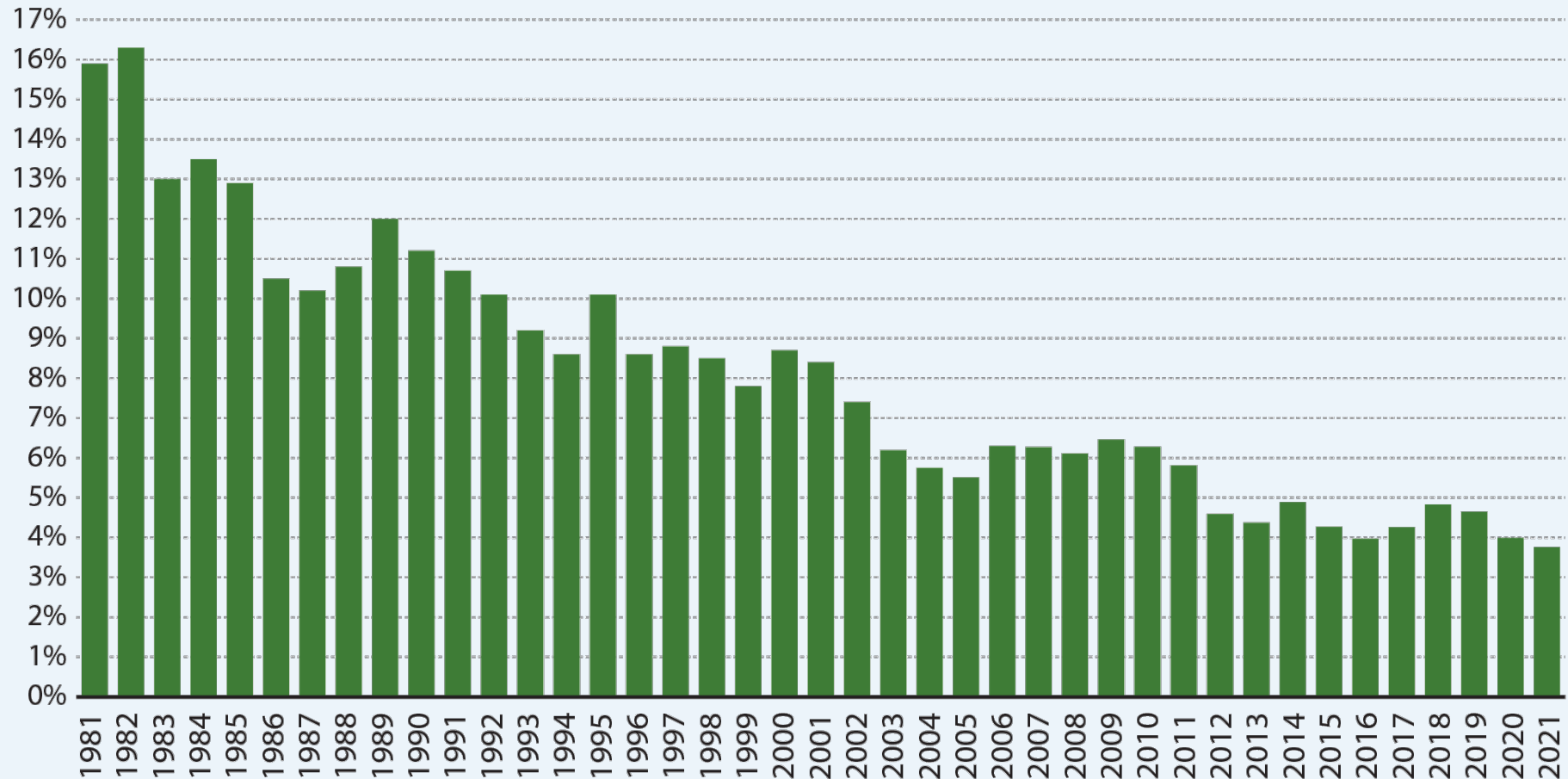
- Highlights changes in N.Y.C. multifamily lending market over the prior year
- Report consists of three parts:
 - Mortgage survey analysis;
 - Longitudinal analysis; and
 - Sales data of buildings that contain rent stabilized units

Interest Rates Decrease

- Mortgage survey data shows decline in interest rates for new mortgages, to 3.76%
 - Lowest interest rate in survey's history
 - Decrease of 24 basis points (6%)
 - Third consecutive year of decline

Average Interest Rates for New Loans, 1981-2021

Multifamily Mortgage Interest Rates Decrease This Year to Record Low



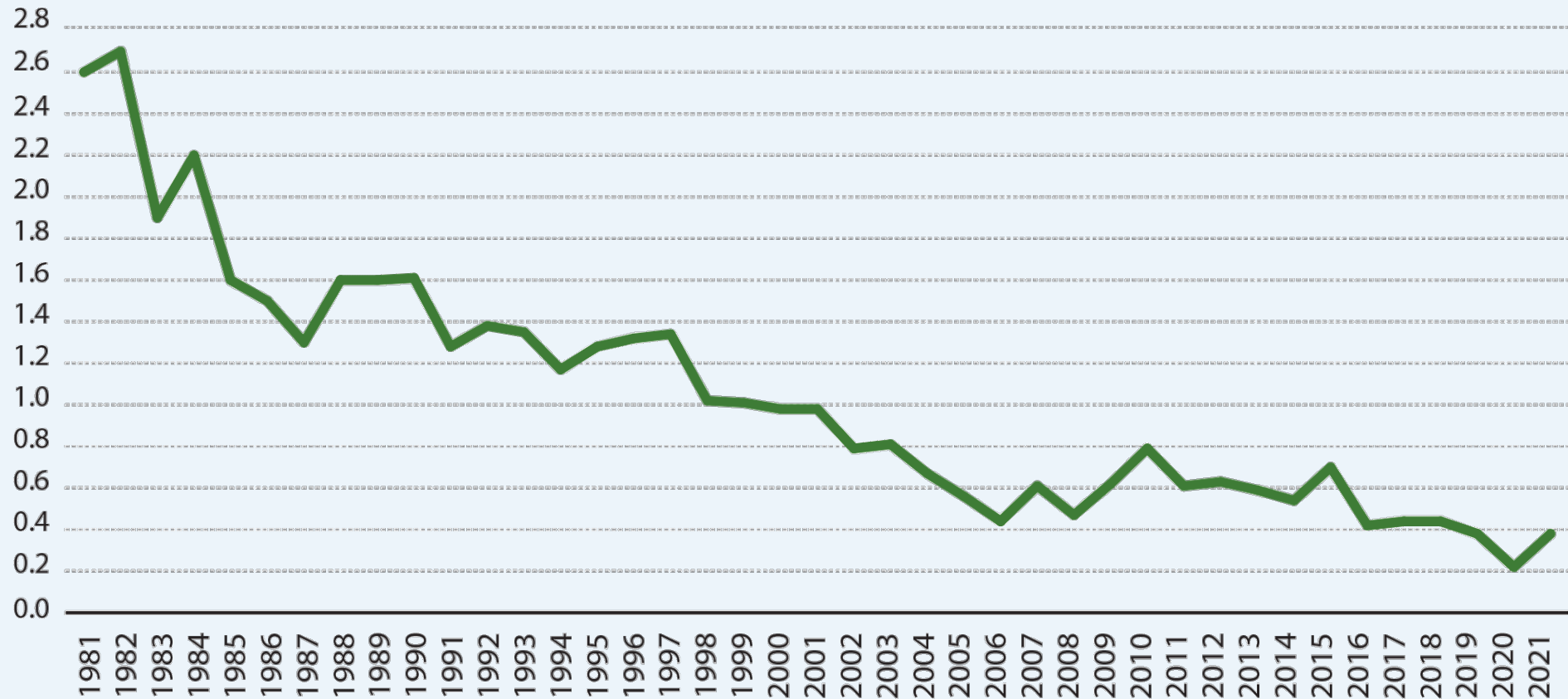
Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Service Fees Decrease

- Up-front service fees, called points, for loans rose to 0.38
 - Increase from 0.22 the prior year
- Fees ranged between 0 and 1 point
 - Four lenders charge no service fee

Service Fees for New Loans, 1981-2021

Service Fees Increase in 2021



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Mortgage Loan Activity Declined

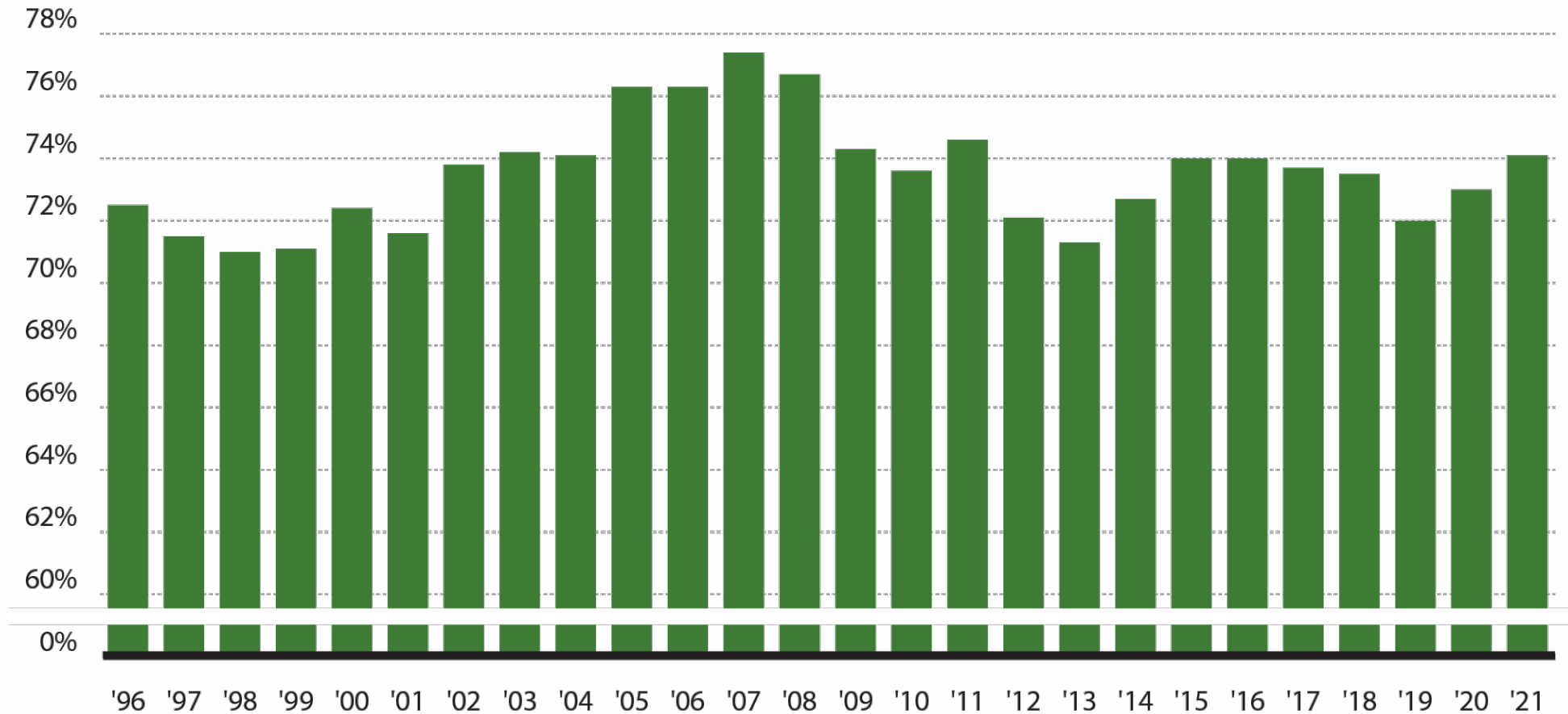
- New loan volume fell from prior year
 - Average of 98 loans per institution
 - 23% decrease from prior year
- Refinanced loan volume decreased
 - Number of refinanced loans fell to 25
 - 78% decline from prior year

Adjustments in Underwriting Criteria

- Maximum LTV ratios ranged from 65% to 82.5%
- Average LTV ratio rose from 73.0% to 74.1% this year
- Average debt service coverage ratio (DSCR) rose slightly, from 1.21 to 1.24

1996-2021 Mortgage Survey Average Loan-to-Value Standards

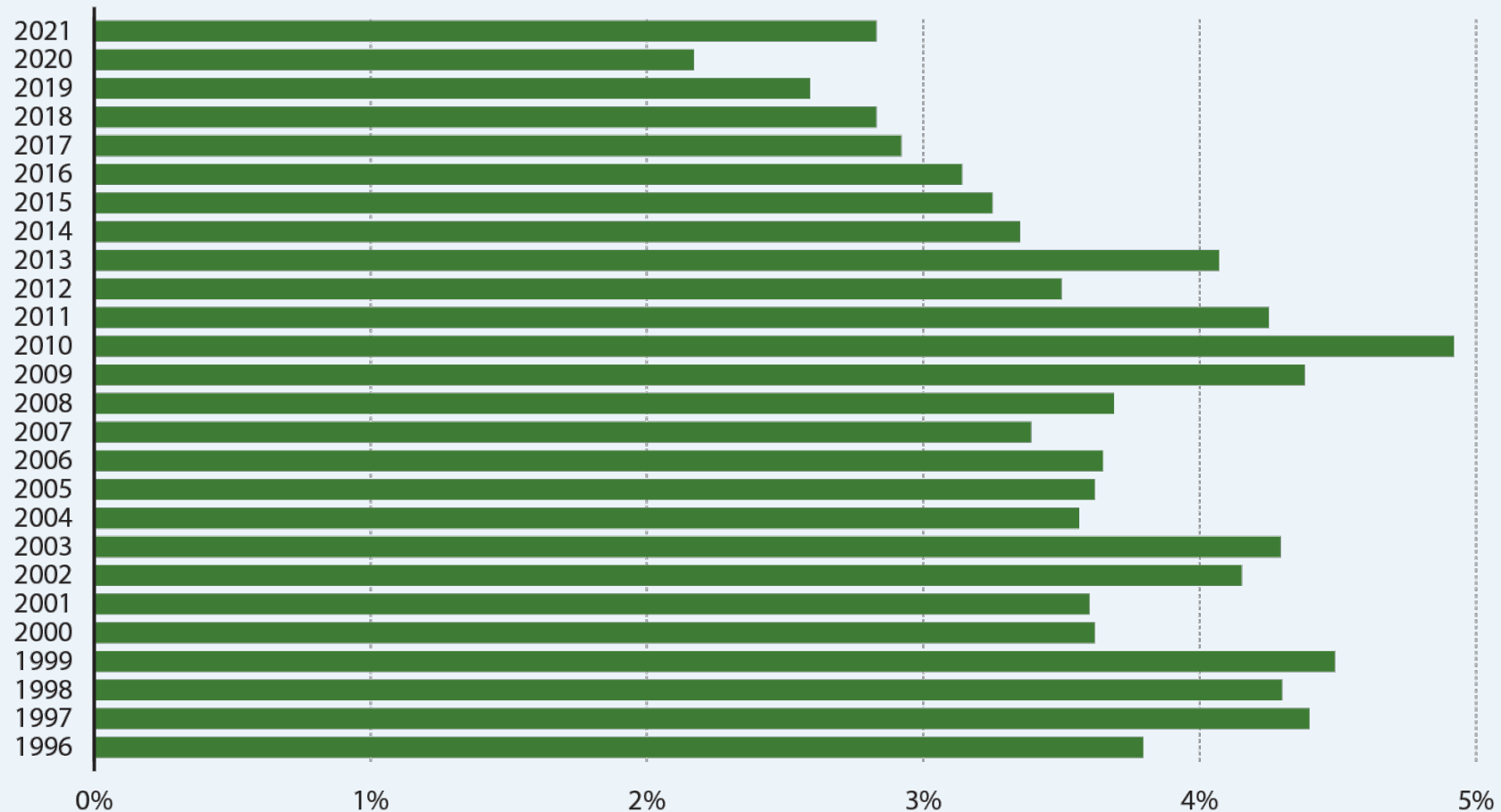
Maximum Loan-to-Value Ratios Increase This Year



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Average Vacancy and Collection Losses, 1996-2021

Vacancy and Collection Losses Increase for First Time in Eight Years



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Longitudinal Analysis Summary

- All eight of this year's lenders responded to our survey both this and last year
- Average rate for new originations declined: 3.76%, down from 4.02% in prior year
- Average points rose, from 0.11 last year to 0.38 this year

Longitudinal Analysis Summary

- Maximum LTV ratio fell from 75.0% last year to 74.1% this year
- Debt service ratio rose slightly, from 1.21 last year to 1.24 this year
- Vacancy & Collection losses increased from 1.93% last year, to 2.83% this year

Pandemic's Impact on Lending

- Varying impact of pandemic's economic ramifications reported by lenders:
 - Adjustment of terms for payment deferrals and forbearance
 - Lower rent collections range between 7% and 100% of lenders' borrowers at times
 - Average gap of borrowers with collection issues range between 10% and 30% lower for parts of year

Analysis of Sales of Buildings Containing Stabilized Units

- 470 buildings sold in 2020, a 28% decline from the prior year
- Decline in sale volume varied by building size:
 - Sales among 6-10 unit buildings down 35%
 - Sales of 11-19 unit buildings down 28%
 - Sales of 20-99 unit buildings down 16%
 - Sales of 100+ unit buildings down 27%

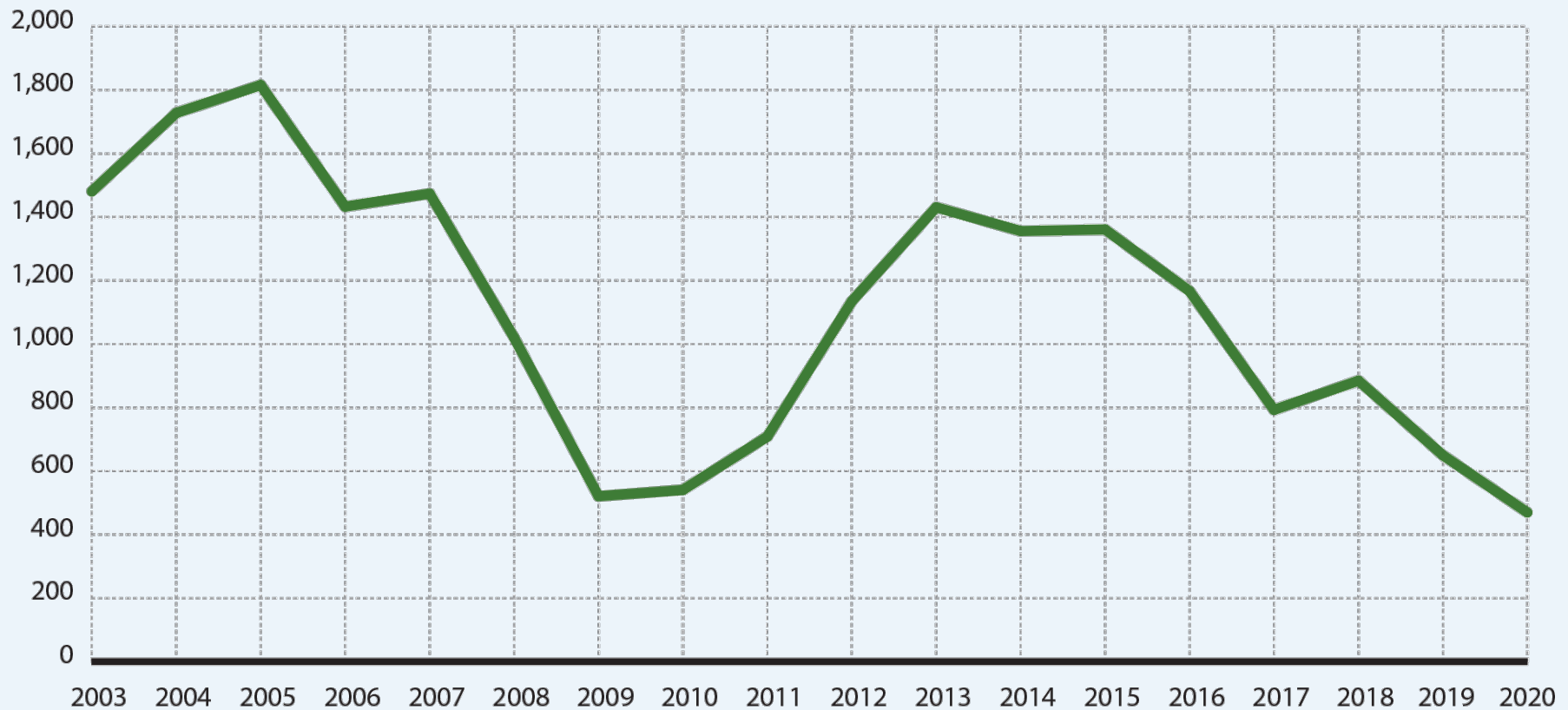
Sales Volume Declines Citywide

	2019	2020	Change
Bronx	102	70	-31%
Brooklyn	220	161	-27%
Manhattan	228	172	-25%
Queens	100	67	-33%
Citywide	650	470	-28%

Source: NYC Department of Finance

Sales of Buildings Containing Rent Stabilized Units, 2003-2020

Citywide Building Sales Fall From Prior Year



Source: NYC Department of Finance

Analysis of Sales of Buildings Containing Stabilized Units

- In 2020, median rent stabilized building sale price Citywide was \$4.0 million
 - Manhattan: \$5.8 million
 - Bronx: \$5.1 million
 - Brooklyn: \$2.9 million
 - Queens: \$2.3 million

Analysis of Sales of Buildings Containing Stabilized Units

- In 2020, median Citywide sales prices by building size:
 - 6-10 unit buildings: \$2.1 million
 - 11-19 unit buildings: \$4.2 million
 - 20-99 unit buildings: \$7.5 million
 - 100+ unit buildings: \$34.2 million

2021 Mortgage Survey Report Summary

- Average interest rates declined to survey record low
- Service fees increased
- Vacancy & collection losses increased
- Building sales volume declined
Citywide

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