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

<table>
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<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
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<tbody>
<tr>
<td>Bronx</td>
<td>102</td>
<td>70</td>
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<tr>
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<td>161</td>
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<tr>
<td>Queens</td>
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<td>67</td>
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<tr>
<td>Citywide</td>
<td>650</td>
<td>470</td>
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</tbody>
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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