

NYC Rent Guidelines Board

**2022 Mortgage
Survey Report**

April 14, 2022

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

How is the Survey Conducted?

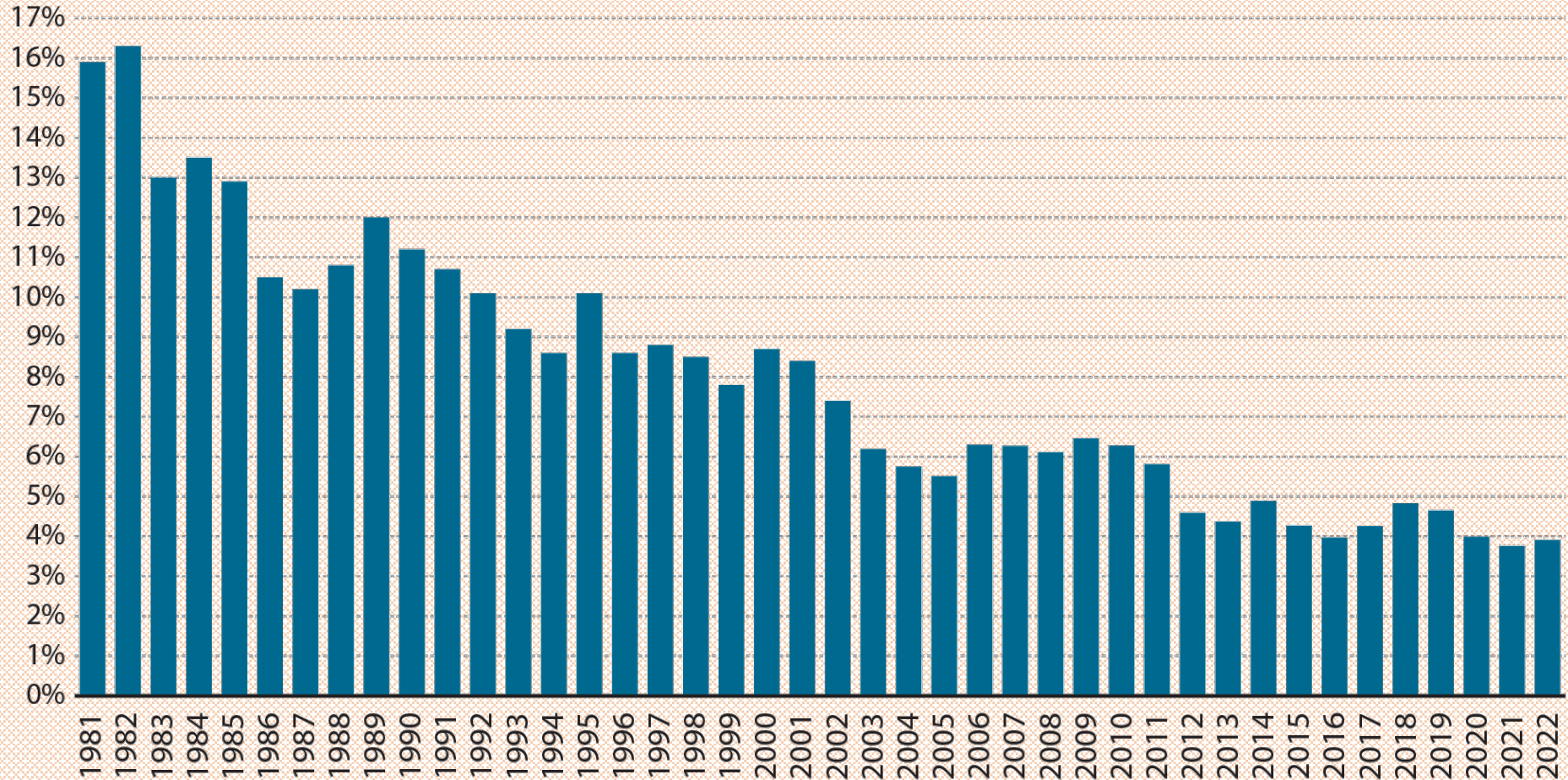
- Lenders surveyed each winter
- List of mortgage lenders updated annually
- Received **10** responses in 2022
 - **25** lenders surveyed
 - **40%** participation rate

Interest Rates Decrease

- Mortgage survey data shows rise in interest rates for new mortgages, to 3.91%
 - First increase in four years
 - Increase of 15 basis points (4%)

Average Interest Rates for New Loans, 1981-2022

Multifamily Mortgage Interest Rates Increase This Year



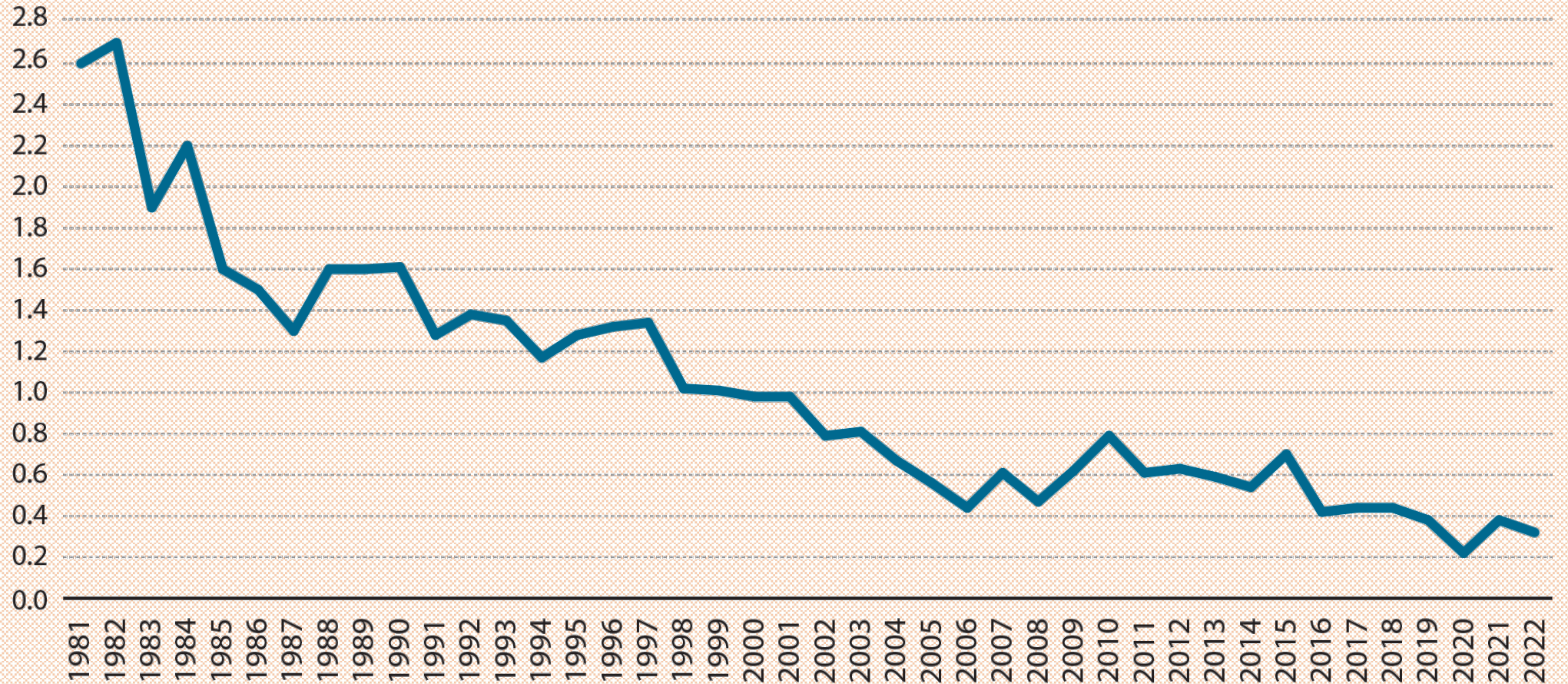
Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Points Decrease

- Points for loans fell to 0.32
 - Decrease from 0.38 prior year
- Points ranged between 0 and 0.92 points
 - Five lenders charge no points

Points for New Loans, 1981-2022

Average Points Charged by Lenders Decreased This Year



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Mortgage Loan Activity

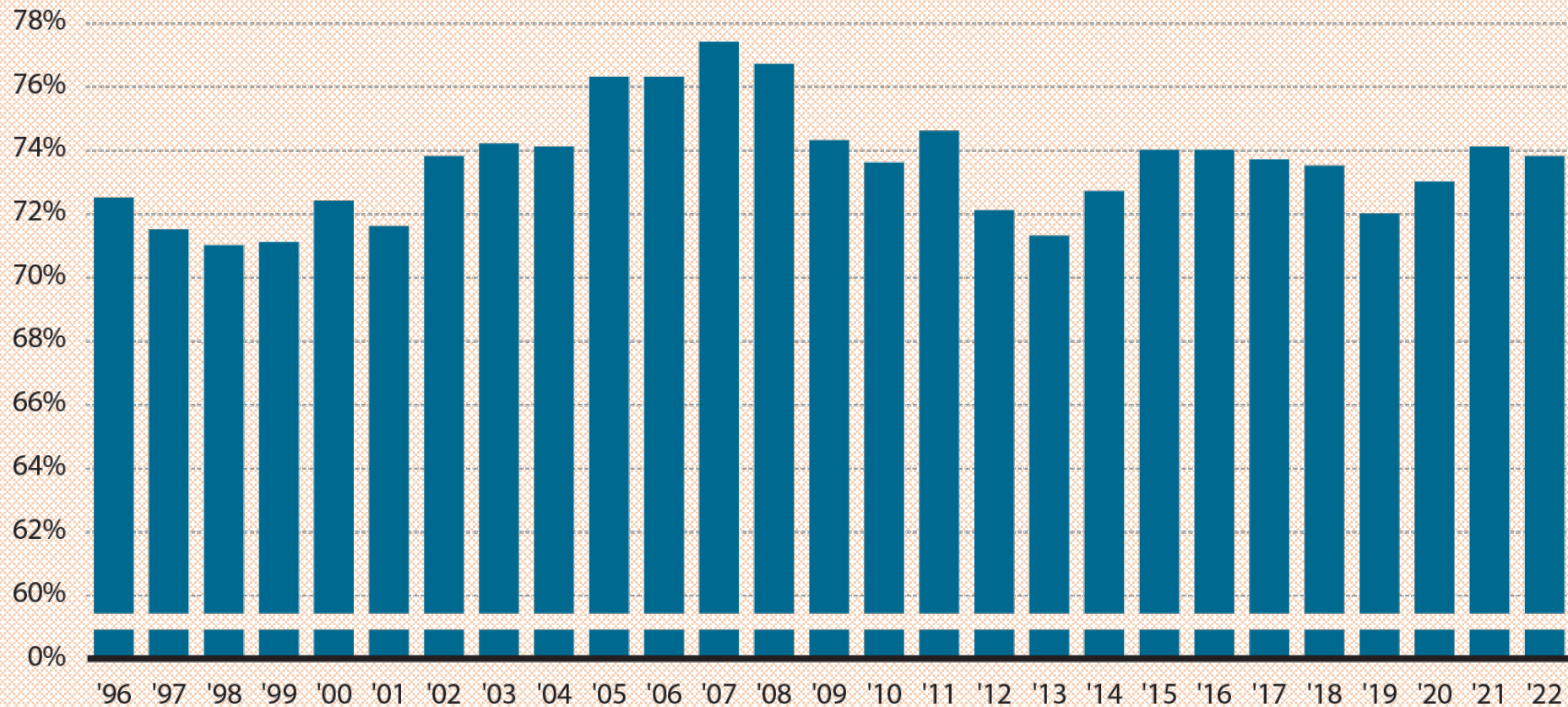
- New loan volume fell
 - Average of 75 loans per institution
 - 23% decrease from prior year's average of 98 loans
- Refinanced loan volume increased
 - Average number of refinanced loans rose to 55
 - More than doubling from average of 25 last year

Adjustments in Underwriting Criteria

- Maximum LTV ratios ranged from 60% to 83%
- Average LTV ratio fell from 74.1% to 73.8% this year
- Average debt service coverage ratio (DSCR) remained unchanged, at 1.24

1996-2022 Mortgage Survey Average Loan-to-Value Standards

Maximum Loan-to-Value Ratios Decrease This Year



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Non-Performing Loans & Foreclosures

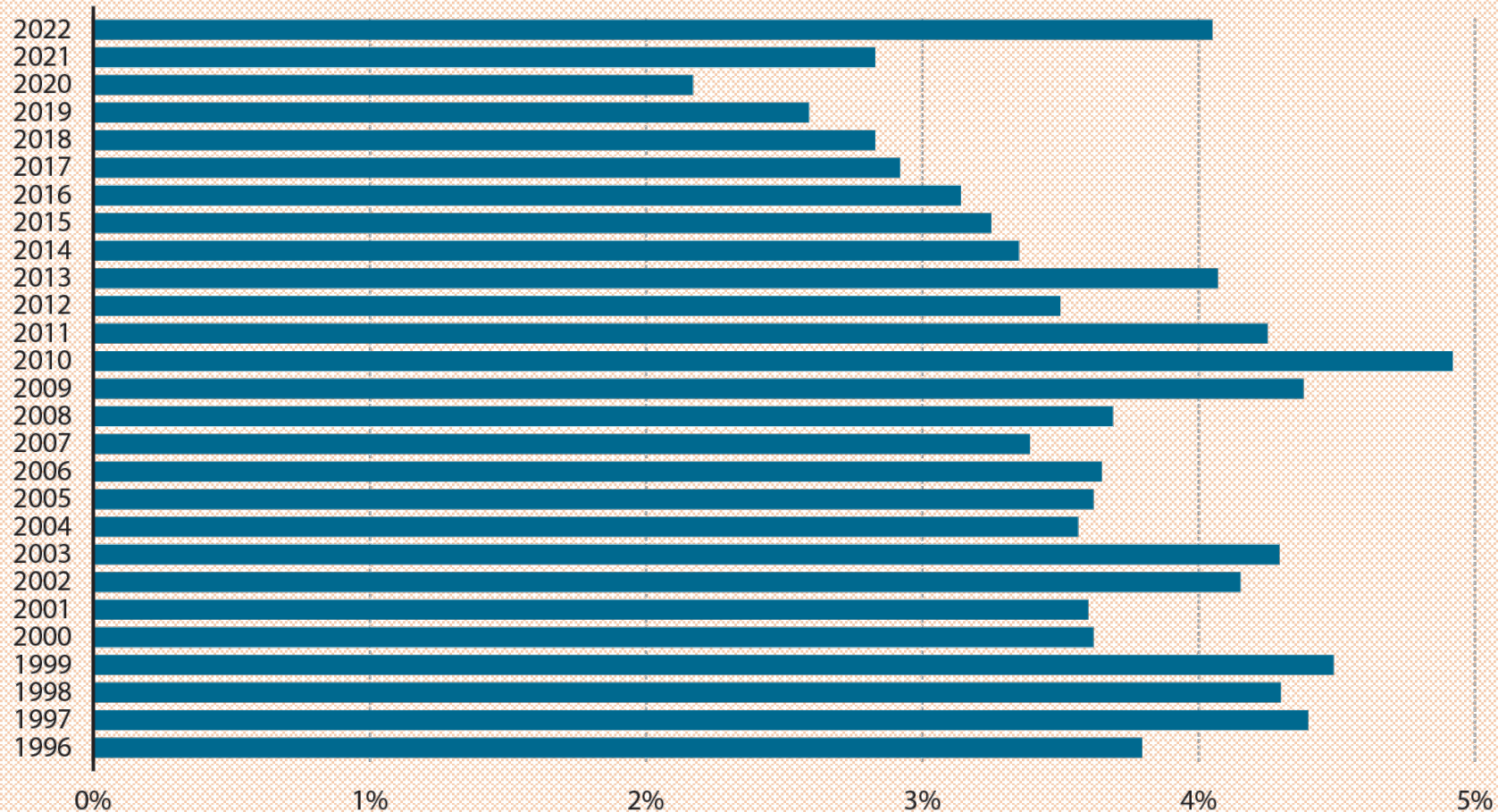
- Two lenders reported non-performing loans, up from one last year
 - Represents less than 1% of lenders' portfolio
- One lender reported having a few foreclosures, compared to none last year

Characteristics of stabilized buildings in lenders' portfolios

- Average building in lenders' portfolios has:
 - 11-19 units: 3 lenders
 - 20-49 units: 3 lenders
 - 50-99 units: 3 lenders
 - 100+ units: 1 lender

Average Vacancy and Collection Losses, 1996-2022

Vacancy and Collection Losses Increase This Year



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Longitudinal Analysis Summary

- Eight of ten lenders this year also responded last year
- Average rate for new originations increased to 3.93%, up from 3.76% in prior year
- Average points fell slightly, from 0.38 last year to 0.36 this year

Longitudinal Analysis Summary

- Maximum LTV ratio rose from 74.1% last year to 75.3% this year
- Debt service ratio remained unchanged, at 1.24
- Vacancy & Collection losses increased from 2.83% last year to 4.19% this year

Analysis of Sales of Buildings Containing Stabilized Units

- 777 buildings sold in 2021, a 65% increase from the prior year
- Change in sale volume varied by building size:
 - Sales among 6-10 unit buildings up 96%
 - Sales of 11-19 unit buildings up 26%
 - Sales of 20-99 unit buildings up 59%
 - Sales of 100+ unit buildings down from 16 in 2020 to 11 in 2021

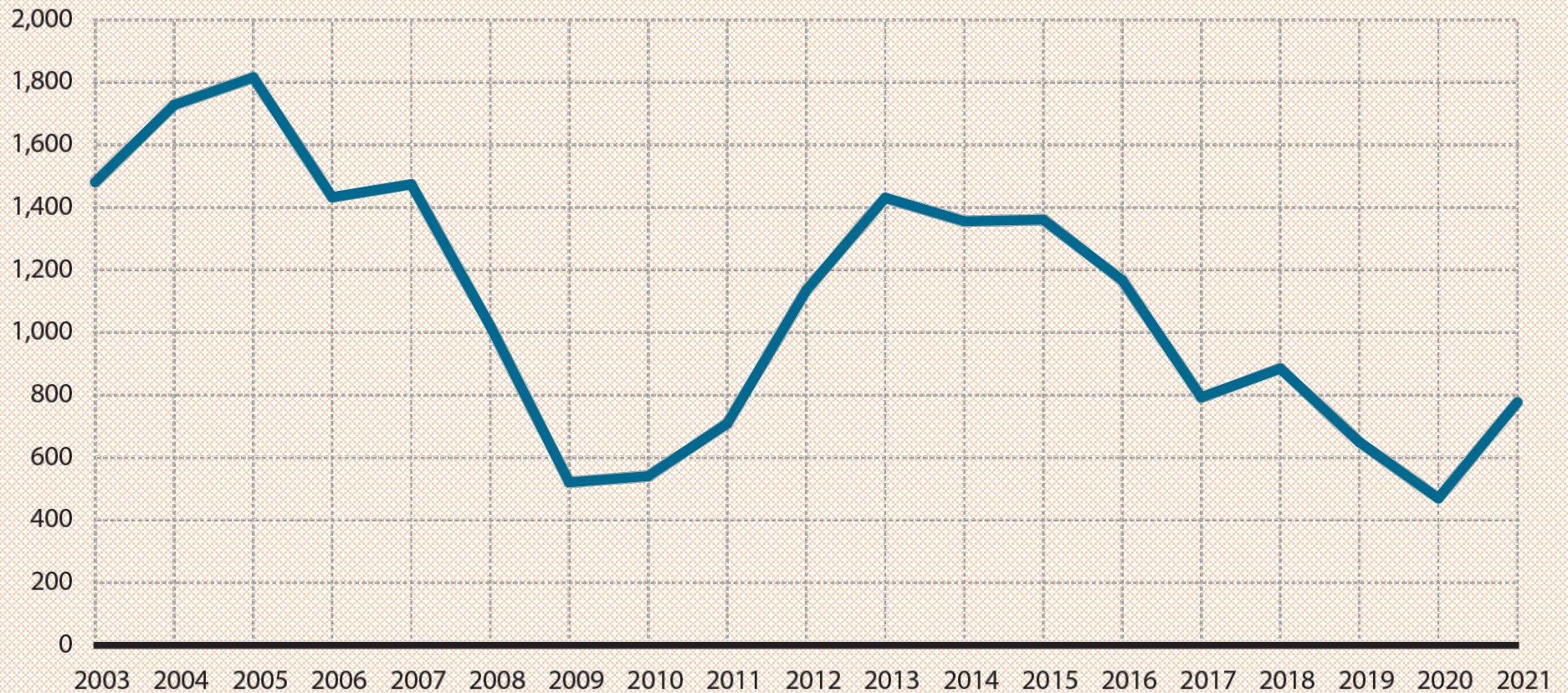
Sales Volume Rose Citywide

	2020	2021	Change
Bronx	70	141	101%
Brooklyn	161	255	58%
Manhattan	172	262	52%
Queens	67	119	78%
Citywide	470	777	65%

Source: NYC Department of Finance

Sales of Buildings Containing Rent Stabilized Units, 2003-2021

Citywide Building Sales Increase This Year



Source: NYC Department of Finance

Analysis of Sales Prices of Buildings Containing Stabilized Units

- In 2021, median rent stabilized building sale price Citywide was \$4.3 million
 - Manhattan: \$7.8 million
 - Bronx: \$5.2 million
 - Brooklyn: \$2.8 million
 - Queens: \$1.7 million

Analysis of Sales Prices of Buildings Containing Stabilized Units

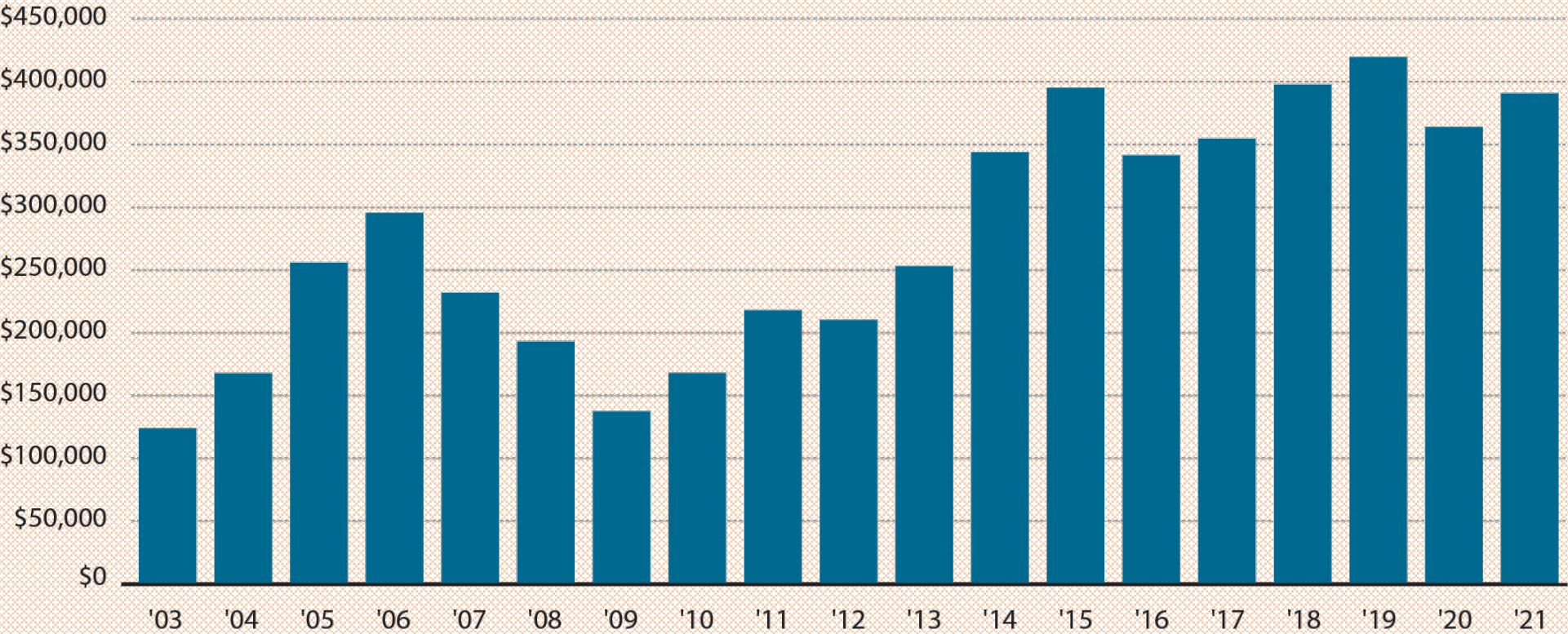
- In 2021, median Citywide sales prices by building size:
 - 6-10 unit buildings: \$2.0 million
 - 11-19 unit buildings: \$4.8 million
 - 20-99 unit buildings: \$8.0 million

Analysis of Sales Prices of Buildings Containing Stabilized Units

- Average Sales Price per Residential Unit in 2021: \$389,581
- Inflation-adjusted 7.4% increase from prior year
- By borough in 2021:
 - Manhattan: \$526,570
 - Brooklyn: \$447,515
 - Queens: \$272,660
 - Bronx: \$216,955

Average Sales Price per Residential Unit in Buildings Containing Rent Stabilized Units, Adjusted for Inflation, 2003-2021 (In 2021 dollars)

Average Sales Price per Residential Unit Increases This Year



Source: NYC Department of Finance

2022 Mortgage Survey Report Summary

- Average interest rates increased
- Points charged declined
- Vacancy & collection losses increased
- Maximum LTV ratios fell in main survey analysis but rose in longitudinal group
- Building sales volume rose Citywide

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