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
Average Points Charged by Lenders Decreased This Year
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
Maximum Loan-to-Value Ratios Decrease This Year
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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx</td>
<td>70</td>
<td>141</td>
<td>101%</td>
</tr>
<tr>
<td>Brooklyn</td>
<td>161</td>
<td>255</td>
<td>58%</td>
</tr>
<tr>
<td>Manhattan</td>
<td>172</td>
<td>262</td>
<td>52%</td>
</tr>
<tr>
<td>Queens</td>
<td>67</td>
<td>119</td>
<td>78%</td>
</tr>
<tr>
<td>Citywide</td>
<td>470</td>
<td>777</td>
<td>65%</td>
</tr>
</tbody>
</table>

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
NYC Rent Guidelines Board

2022 Mortgage Survey Report

April 14, 2022