

**NYC Rent Guidelines Board**

# **2023 Mortgage Survey Report**

April 20, 2023

## **What is the Mortgage Survey Report?**

- Highlights changes in N.Y.C. multifamily lending market over the prior year
- Survey of lenders offering mortgages to buildings containing rent stabilized units
- Analysis of building sales data

## How is the Survey Conducted?

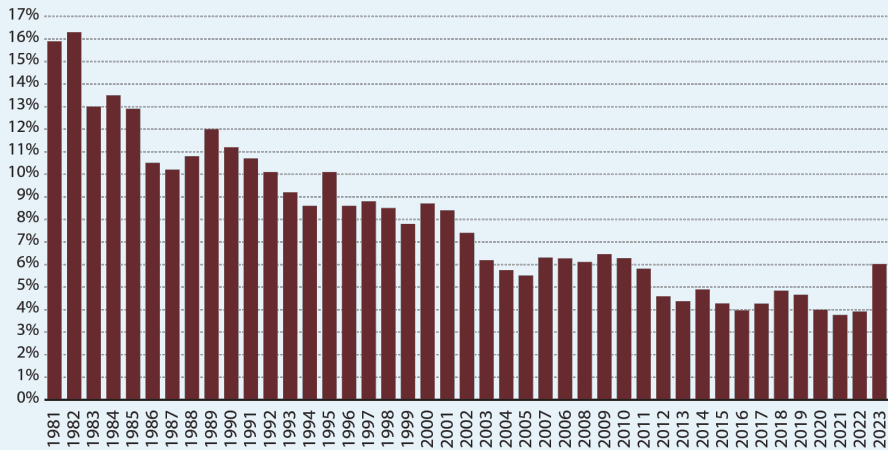
- Lenders surveyed each winter
- List of mortgage lenders updated annually
- Received **10** responses in 2023
  - **22** lenders surveyed
  - **45%** participation rate

## Interest Rates Increase

- Mortgage survey data shows rise in interest rates for new mortgages, to **6.02%**
  - Increase of 212 basis points (54%)
  - Moving five-year average interest rate of 4.47%, up from 4.23% last year

## Average Interest Rates for New Loans, 1981-2023

### Multifamily Mortgage Interest Rates Increase This Year



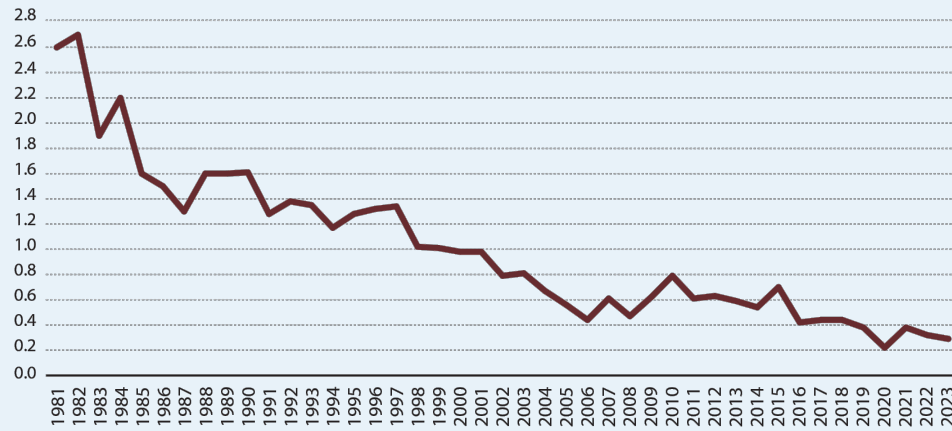
Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

## Points Decrease

- Points for loans fell to 0.29
  - Decrease from 0.32 prior year
- Points ranged between 0 and 1.1 points
  - Four lenders charge no points

## Points for New Loans, 1981-2023

Average Points Charged by Lenders Decreased This Year



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

## Mortgage Loan Activity

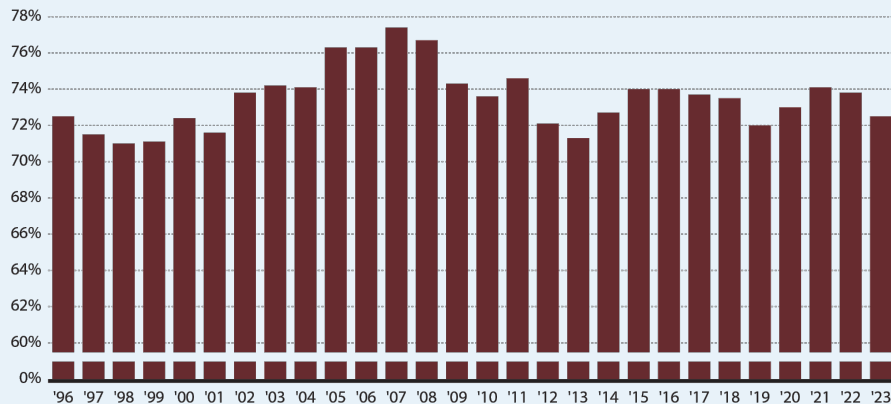
- New loan volume fell
  - Average of 72 loans per institution
  - 4% decrease from prior year's average of 75 loans
- Refinanced loan volume decreased
  - Average number of refinanced loans fell to 34
  - 38% decline from 55 last year

## Adjustments in Underwriting Criteria

- Maximum Loan-to-Value (LTV) ratios ranged from 60% to 85%
- Average LTV ratio fell from 73.8% last year to 72.5% this year
- Average debt service coverage ratio (DSCR) little changed, at 1.25 this year vs. 1.24 last year
- DSCR ranged between 1.15 and 1.35

## 1996-2023 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**

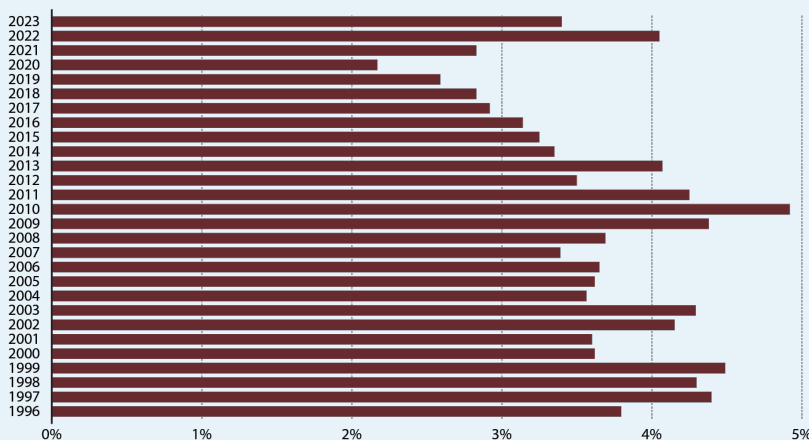
- Four lenders reported non-performing loans, up from two last year
  - Among those lenders, represents about 0.5% of their portfolios
- No lender reported having foreclosures, compared to one last year

## **Characteristics of stabilized buildings in lenders' portfolios**

- Average building in lenders' portfolios has:
  - 11-19 units: 3 lenders
  - 50-99 units: 3 lenders
  - 100+ units: 2 lender
  - Less than 10 units: 1 lender
  - 20-49 units: 1 lender

## Average Vacancy and Collection Losses, 1996-2023

Vacancy and Collection Losses Decrease This Year



Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

## Analysis of Sales of Buildings Containing Stabilized Units

- 889 buildings sold in 2022, a 14% increase from the prior year
- 8% of buildings sold constructed after 1973
- Change in sales volume varied by building size:
  - Sales among 6-10 unit buildings up 10%
  - Sales of 11-19 unit buildings up 19%
  - Sales of 20-99 unit buildings up 13%
  - Sales of 100+ unit buildings rose from 11 in 2021 to 27 in 2022

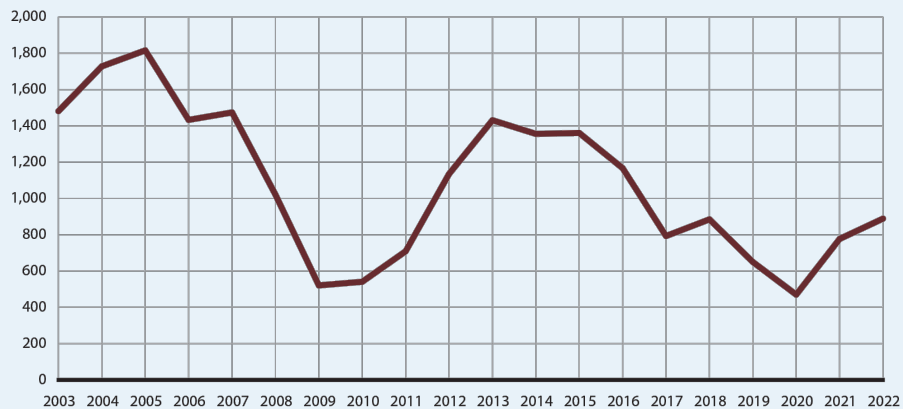
## Sales Volume Rose Citywide

	2021	2022	Change
Bronx	141	134	-5%
Brooklyn	255	316	24%
Manhattan	262	280	7%
Queens	119	159	34%
<b>Citywide</b>	<b>777</b>	<b>889</b>	<b>14%</b>

Note: Citywide figures exclude Staten Island.  
Source: NYC Department of Finance

## Sales of Buildings Containing Rent Stabilized Units, 2003-2022

Citywide Building Sales Increase This Year



Note: Figures exclude Staten Island.  
Source: NYC Department of Finance



## **Analysis of Sales Prices of Buildings Containing Stabilized Units**

- In 2022, Citywide median sale price of buildings containing stabilized units: \$4.0 million
  - Manhattan: \$7.0 million
  - Bronx: \$3.7 million
  - Brooklyn: \$3.1 million
  - Queens: \$1.9 million

## **Analysis of Sales Prices of Buildings Containing Stabilized Units**

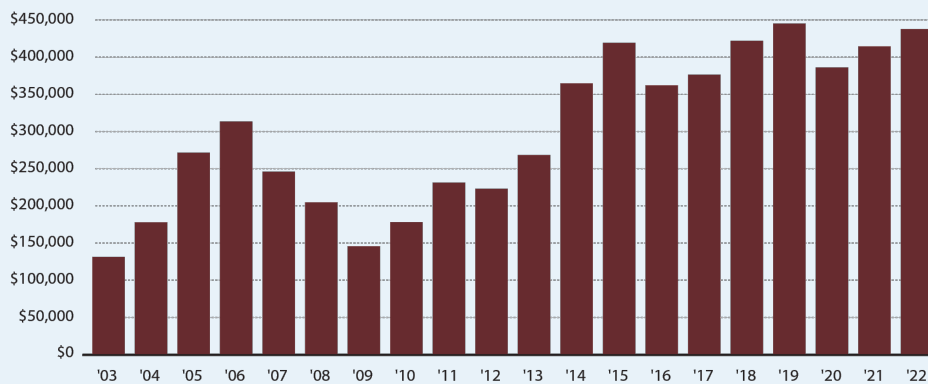
- In 2022, median Citywide sales prices by building size:
  - 6-10 unit buildings: \$2.0 million
  - 11-19 unit buildings: \$4.7 million
  - 20-99 unit buildings: \$8.3 million
  - 100+ unit buildings: \$105 million

# Analysis of Sales Prices of Buildings Containing Stabilized Units

- Average Sales Price per Residential Unit in 2022: \$436,603
- Inflation-adjusted 5.6% increase from prior year
- By borough in 2022:
  - Manhattan: \$635,794
  - Brooklyn: \$340,220
  - Queens: \$335,645
  - Bronx: \$254,303

## Average Sales Price per Residential Unit in Buildings Containing Rent Stabilized Units, Adjusted for Inflation, 2003-2022 (In 2022 dollars)

Average Sales Price per Residential Unit Increases This Year



Notes: Figures exclude Staten Island. Average prices based on total number of residential units in a building. Inflation adjustment based on Consumer Price Index for All Urban Consumers, NY-Northeastern NJ.

Source: NYC Department of Finance

## **2023 Mortgage Survey Report Summary**

- Average interest rates increased
- Maximum LTV ratios declined
- Points charged declined
- Vacancy & collection losses decreased
- Building sales volume rose Citywide

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