



## **Treetop Development completes \$60 million sale of Upper West Side portfolio**

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Treetop Development, LLC has completed the \$60 million sale of a portfolio of 12 mixed-use apartment buildings on the Upper West Side. The sale price represents a 31% internal rate of return for the properties which were originally purchased by the Teaneck, N.J.-based real estate concern in 2012.

The transaction reflects the growing strength of the apartment market bordering Harlem and the Upper West Side which has gained popularity in recent years from students, young professionals and middle-class working families looking for an alternative to New York City's high-priced rental neighborhoods.

Treetop Development sold the portfolio of 153 apartment homes and 23 commercial spaces to the Orbach Group, a New Jersey-based real estate investment firm.

"The market for multifamily buildings stretching from 96th Street to 115th Street has been strengthening in recent years as a dramatic rise in rents has made apartment assets an institutional class that investors are actively seeking to own," said Adam Mermelstein, a principal of Treetop Development.

"Two years ago, we saw the potential growth of this area and began identifying properties in premium locations that could be purchased at value-added prices that permitted us to perform significant capital improvements and still maintain a high rate of profitability. Offering modern homes at competitive monthly rates kept occupancy rates near 100% making these buildings even more attractive and enabling us to achieve a very favorable return on our investment."

Treetop Development initially purchased the Upper West Side portfolio for \$36 million in February of 2012 and competed \$7 million in capital improvements, including renovating and rehabilitating vacant homes, common spaces and upgrading building systems. The company aggressively managed the properties for 26 months.

The acquisition was part of a strategic push by Treetop Development to expand its New York City portfolio by identifying emerging neighborhoods from Upper Harlem and Morningside Heights to Rego Park, Queens. The company's investment strategy centers on acquiring and transforming value-laden properties in up-and-coming, commuter-friendly Manhattan locations and completing "trademark" capital improvement programs to provide affordable housing options for New York renters.

Following the sale of its Upper West Side portfolio, Treetop Development is planning further expansion north taking advantage of premium acquisition opportunities in emerging neighborhoods in Central Harlem, Washington Heights and Inwood. The company is currently in contract on over 300 units in these locations where it will institute its successful improvement program to renovate and upgrade properties and advance these neighborhoods while still maintaining affordability.

"This unique approach enabled us to grow our portfolio of rental homes in upper Manhattan by more than 500 units in a twenty-four month period," adds Azi Mandel, another Treetop principal. "We've solidified our place as a leading property owner in uptown neighborhoods. We are set to add hundreds more homes in the months ahead and are aggressively looking to buy event more assets in these locations.

"By following a similar path of acquiring value-added properties in these untapped residential areas, completing important renovations and reintroducing the homes at market-rate rents, we can continue to address the growing housing affordability issue for New York City's middle-class and working families who are increasingly being squeezed out of apartment options due to escalating rents and stagnant incomes."

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