



Ariel Property Advisors' Bronx 2014 Mid-Year Sales Report

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Boosted by a trio of multifamily portfolio trades, investment property sales in the Bronx increased 32% and the dollar volume of those deals jumped 92% in the first half of 2014 compared to the first half of 2013, according to Ariel Property Advisors' Bronx 2014 Mid-Year Sales Report.

In 1H 2014, the Bronx saw 175 transactions comprised of 297 investment properties valued at \$1.15 billion, compared to 132 transactions comprised of 225 investment properties valued at \$601 million in 1H 2013. The Bronx 2014 Mid-Year Sales Report tracks all development, multifamily, industrial, and other commercial property sales over \$850,000.

The multifamily asset class dominated investment sales activity in the Bronx, capturing 69% of the transaction volume and 87% of the dollar volume. Multifamily transactions increased 74% to 125, the number of multifamily properties sold increased 94% to 217, and the dollar value of the trades increased 143% to more than \$1 billion in 1H 2014 compared to 1H 2013. The number of multifamily properties traded and the dollar volume also increased 17% and 31%, respectively, in the first half of this year compared to the second half of 2013.

"More than one-third of the multifamily dollar volume came from three portfolio sales," said Scot Hirschfield, vice president of Ariel Property Advisors. "Related Companies, in partnership with city pension funds, picked up the Wasserman Realty Bronx Portfolio, a 35-building package of more than 2,000 apartments, for \$253.4 million, or \$124 per square foot; the Pelham Parkway Multifamily Portfolio sold for \$52,500,000, or \$172,000 per unit; and the Alpert Development Group Bronx Portfolio sold for \$42.2 million, or \$127,000 per unit."

Jason M. Gold, associate vice president, noted that many investors are coming to the Bronx in search of a higher yield. "Although we're seeing rising prices for multifamily product in the borough, multifamily investors are still able to get better returns in the Bronx than in other parts of the city," he said. "In the first half of 2014, average cap rates in the Bronx fell to 6.61% from 7.71% at year-end 2013, and average GRM increased to 8.01 from 7.24 during the same period."

Much of the investment in the first half of the year was concentrated in the South Bronx, which accounted for 44% of the transaction activity and 42% of dollar volume. In the first half of 2014, 124 properties traded in the South Bronx for more than \$482 million, compared to 63 properties valued at \$186 million in this area in the first half of 2013. Of the properties traded so far this year in the South Bronx, 19 were development site sales, more than in any other section of the borough.

New projects in the South Bronx include Signature Properties' \$350 million, 10-building, 1,300 unit mixed-use complex in West Farms, which broke ground on its first phase in January. In addition, local officials are lobbying for the redevelopment of the Special Harlem River Waterfront between East 138th and East 149th Streets, a project that has the potential to spark \$500 million in economic activity and bring more than 1,500 new units of housing online.

A copy of Ariel Property Advisors' Bronx 2014 Mid-Year Sales Report is available at

<http://arielpa.com/newsroom/report-APA-Bronx-mid2014-Sales-Report>

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