



## **Commercial Real Estate: The emergence of the Bronx**

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With the Brooklyn real estate market overheated, and real estate pricing in New York City quickly escalating, investors and developers seeking higher yields are increasingly focused on the Bronx. Demonstrating how attractive the Bronx market has become in a relatively short time, we recently completed the sale of a multifamily building at 2036 Cruger Ave. in the Bronx's Pelham Pkwy. section at a near record \$152,000 per unit, as well as a five-building portfolio in Bronx Park South for \$24 million, also at near-record pricing.

Investors are being drawn to the relative stability of working-class neighborhoods such as Pelham Pkwy., Fordham Rd. and the Grand Concourse, where average rents are approximately 20% below the overall market, and the borough continues to see an influx of renters seeking more affordable housing than Manhattan, Brooklyn and Queens. Additionally, the South Bronx has experienced increased demand from investors who have been pushed out of gentrified areas in other parts of the city.

But this is just the beginning - with cap-rates hovering around 5% in more stable neighborhoods, and yields in emerging neighborhoods approaching 7-8%, multifamily product will dominate the market.

As the New York City economy strengthens, employment numbers improve and interest rates remain historically low, the demand for housing will continue to drive rents upward. And with this, savvy investors are taking advantage of the timing in the market and seizing prime opportunities in the Bronx.

Josh Orlander is an associate director, investment sales at GFI Realty Services, Inc., New York, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540