



Ariel Property Advisors hosts Coffee & Cap Rates networking breakfast panel

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More than 250 real estate professionals joined Ariel Property Advisors for the firm's recent Coffee & Cap Rates networking breakfast featuring a panel of real estate executives whose projects exemplify the event's theme Reimagining New York City.

Shimon Shkury, president of Ariel, kicked off the event with a presentation on the dramatic rise in New York City investment property sales in 2014 and moderated the panel. Panelists Jeffrey Simpson, CEO of property development for Greystone, and Yoav Haron, chief financial officer for Artimus, highlighted their recent residential and commercial development projects, while Andrew Kimball, CEO of Industry City, discussed businesses in the new "Innovation Economy" that are moving into his massive industrial complex in Sunset Park, Brooklyn.

Kimball, the former head of the Brooklyn Navy Yard, said at Industry City he is attracting the same types of small innovative companies he marketed to at the Navy Yard, which was 100 percent leased when he left several years ago with a waiting list of 150 businesses.

In the last 18 months, Industry City has leased 850,000 square feet of space and created around 2,000 new jobs with about 20,000 new jobs expected in the next 10 years. The complex also offers ground floor retail space where tenants sell their goods, and Kimball said Industry City will be integrating college and university engineering, technology, and fashion programs into its operation, which will serve a dual purpose—help develop a workforce for innovative businesses and create a new generation of start-ups.

Haron said Artimus has been active in Harlem for several decades because the company saw opportunities, especially on the west side where there was an abundance of vacant land and vacant buildings. Initially, Artimus developed affordable and low-income housing, but was surprised by the demand for higher rent apartments when the firm opened its first middle-income rental building on 8th Avenue in the 1990s. After the success of that project, the developer began building middle-income and market-rate housing as well as affordable housing, and condos as well as rental buildings.

In what Haron described as a "labor of love," Artimus also is restoring the historic Corn Exchange at 125th Street and Park Avenue, which had deteriorated and become an eyesore visible to commuters traveling on Metro North and using the 125th Street subway station. He noted that other improvements are coming to life along 125th Street including a Whole Foods under construction at Lenox Avenue and the massive residential project Continuum Company is planning across the street from the Corn Exchange.

Simpson said Greystone is developing both condos and rentals in a number of different locations in Brooklyn, the Bronx, Manhattan, and Miami. The company recently announced plans to build its first

project in Harlem, an 80-20 building with retail on the ground floor, on 125th Street in the same block as the Corn Exchange.

He said his firm looks for properties near great transportation and in neighborhoods that are generally established but ready to go to the next level. In Brooklyn, Greystone is developing a condo and rental project on 4th Avenue in Park Slope above the R train; two properties in Clinton Hill near the G train and Pratt; a property in Dumbo near the F train that started as a rental but was switched to a 25-unit boutique condo. In addition, the firm is developing waterfront condos on City Island in the Bronx.

Shkury said New York City's investment sales market ended 2014 with 3,463 transactions consisting of 4,757 properties valued at \$47.2 billion, which is a 22 percent increase in transactions, a 22 percent increase in the number of properties sold, and a 32 percent increase in dollar volume compared to the previous year. Dollar volume also increased dramatically in Manhattan, Brooklyn, Queens, Northern Manhattan, and the Bronx, according to Ariel Property Advisors' 2014 Year-End Sales Reports, which Shkury summarized during his presentation.

While his forecast for New York City's investment property sales market in 2015 is bullish, Mr. Shkury identified several headwinds including rising construction costs, the unknowns in the mayor's housing policy, the sustainability of the luxury market, rents leveling off, interest rates, and the strengthening dollar. The positive factors, he said, include low oil prices, increased job creation, improved consumer spending, tight housing inventory, New York City's reputation as a safe haven, the diversification of tenancy into the tech industry and student housing, and the increased equity in deals today. Overall he said the positives will outweigh the negatives in 2015.

All funds raised in conjunction with Ariel Property Advisors' Coffee & Cap Rates were matched by the company and donated to a nonprofit Legal Outreach. At the event, James O'Neal, executive director of the Legal Outreach, shared the goals and objectives of his organization, which helps young people from underserved New York City communities gain admission to the country's most competitive colleges and universities.