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2019 Year in Review: Shimon Shkury, Ariel Prop. Advs.

December 31, 2019 - Spotlights



Name: Shimon Shkury

Company: Ariel Property Advisors

What was your greatest professional accomplishment in 2019?

Ariel Property Advisors in 2019 continued to successfully accomplish its mission: Provide real estate expertise that empowers clients, employees, and communities to reach their full potential. Empowering the communities that we serve, and social responsibility are two key components of our corporate culture. We are especially proud of our long-standing relationship with the non-profit Legal Outreach. The organization is extremely successful at preparing urban youth from underserved communities in NYC compete at high academic levels by using intensive legal and educational programs as tools for fostering vision, developing skills, enhancing confidence and facilitating the pursuit of higher education. We also work with The Real Estate Associate Program (REAP), a group that connects talented minority professionals with commercial real estate

companies. In 2019, Ariel Property Advisors hosted its fourth annual internship for graduating seniors from The Chapin School, an all-girls independent day school.

What was your most notable project, deal, or transaction in 2019?

One of our noteworthy deals would be Fairstead Affordable's purchase of Harlen Housing, which was Northern Manhattan's largest sale of 2019. The two-building, 214-unit affordable housing portfolio in Central Harlem sold for \$75.5 million. My partner, Victor Sozio, along with Matthew L. Gillis, represented Fairstead Affordable, as well as the seller, Harlen Housing Associates. The property, located at 560 Lenox Avenue and 50 West 139th Street, benefits from a HUD Project Based Section 8 contract and HPD Article 11 regulatory agreement and will remain deeply affordable for at least the next 40 years.

Another important transaction was our participation in START Treatment & Recovery Centers' acquisition of 2191 Third Avenue in East Harlem. START financed the acquisition through the sale of 2195 Third Avenue. My partner, Michael A. Tortorici, along with Marko Agbaba and Sean O'Brien, participated in the purchase and sale. Matthew Swerdlow in our Capital Services Division procured the financing.

We have multiple transactions that are currently under contract, including more than 30 rent stabilized buildings in different boroughs which we hope will sell by the end of the year. Ariel Property Advisors currently has properties valued at over \$1.5 billion that are either in contract to be sold or are being marketed for our clients.

What are your predictions for commercial real estate in 2020?

While rent reform presented a host of challenges for the multifamily property market, investors will continue to adapt to new market conditions and opportunities. We expect pricing of rent regulated multifamily assets will change depending on:

- The number of rent stabilized units in the property;
- How deeply stabilized the units are; and
- Location.

Values will vary asset by asset. In 2020, new sources of capital from high net worth individuals, family offices, and overseas investors will likely show an increased interest in the potential of higher yields offered by the multifamily asset class. We anticipate higher transaction volume next year based on more closings. In fact, we currently have properties valued at over \$1.5 billion that are either in contract to be sold or are being marketed for our clients.