



2019 Year in Review: Brandon Polakoff, Avison Young

December 31, 2019 - Spotlights

Name: Brandon Polakoff

Company: Avison Young

What was your greatest professional accomplishment in 2019?

From a personal standpoint, my greatest professional accomplishment in 2019 was closing eight Manhattan sales that I originated with another \$20.75 million sale under contract set to close at the beginning of 2020. In addition, our team was able to close 22 sales for approximately \$500 million. 2019 was a year in which we saw a dramatic drop off in transaction volume. As a result, this year required a lot of discipline in order to stay afloat. Seeing all the hard work and persistence pay off is extremely gratifying.

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

The \$35.5 million sale of 344-348 East 62nd St. was my most notable transaction in 2019. The seller was a multigenerational partnership that had different visions for the property and ultimately decided to part ways. We identified a buyer with a large 1031, and sold the property for a 2.7% cap. The seller had some paperwork challenges. I stayed up until 2 a.m. one night reviewing the lease review the buyer's attorney completed as the buyer was close to walking away. When I recognized there was a quantifiable mathematical error in the review, I got the sale back on track and we went under contract shortly thereafter.

What are your predictions for commercial real estate in 2020?

The development market will see fewer sales where the buyer's exit plan is residential condominiums while we will see more sales involving office projects in unique locations where supply is lacking. The multi-family/mixed use transactions over the next 6-12 months will involve smaller, predominantly (or entirely) fair market assets in protected tax classes. More distressed sales providing real comparable sales for rent-stabilized assets will need to happen before pricing can truly adjust, and this takes time. Buyers will continue purchasing retail condominiums, albeit at a slow rate, in prime locations with strong tenancy at a mid-to-high 5% cap rate. Vacant retail will still trade at a steep discount unless purchased by a user. The office sales market will remain strong as buyers shift away from other asset classes.