



nyrej

State of the New York City residential development market: What investors want now - by Eran Polack

November 17, 2020 - Front Section

Eran Polack

Investors are increasingly looking to purchase favorably priced residential properties, despite ongoing uncertainty in the Manhattan real estate market due to COVID-19.

According to the Olshan Luxury Market Report, there were 16 contracts signed at \$4 million and above in Manhattan during the week of October 19-25, which was two more than the previous week and the week before that.

Opportunities for negotiability exist at all price levels. However, properties that offer desirable layouts, finishes, and amenities in a sought-after location will still bring good prices, and residential developers who are able to provide what investors want now will have a clear advantage over their competitors. Below are a number of recommendations for what to offer these buyers.

Health and Safety

People want to feel comfortable that the buildings they invest in are providing a safe environment. This includes better air circulation, secure recreational activities, and overall comfort for residents. Improving indoor air quality through the use of properly designed HVAC systems should be a key component of any residential building. Other health-based systems growing in popularity include indoor air quality sensing, HEPA-based air purifiers, and touchless access.

Automated Building Services

Also moving to the forefront during the pandemic are automated building services. Companies such as MyTower provide “no touch” platforms that can remotely monitor visitors, vehicles, deliveries, and other services, as well as facilitate tenant communication, report maintenance issues, and adapt to changing circumstances such as reduced air quality and rapid temperature fluctuations. Responding specifically to COVID-19, MyTower recently instituted automatic temperature checks at every building entrance for one of its clients.

Today's Amenities

A number of building amenities are growing in importance due to the pandemic, while others may become less desirable or need to be more closely monitored if they cause residents to be in close proximity to each other. With home delivery of groceries and packages continuing to rise exponentially, buildings will need to set aside enough space to accommodate this surge, along with a way to keep track of everything in a secure and organized way. Storage areas for residents are also in higher demand as people spend more time at home. Outdoor spaces such as roof decks and lawns that allow residents to spread out have become highly coveted as well.

Another result of COVID-19 that may become a more long-term trend is the increased use of residences as part-time or permanent offices. Buildings that are able to accommodate this surge through such offerings as high-speed internet, separate workspaces, and other business-focused amenities will benefit greatly.

Virtual Transactions

While renting and selling apartments in Manhattan remains challenging due to higher vacancies and the physical limitations caused by the pandemic, some developers have been able to complete deals through the use of remote showings and other technologies such as online marketing and sales platforms. By offering clients the latest virtual tools, they are able to stay on top of their competition. For example, the developers of the Maverick, a 20-story, 312,500 s/f condominium and rental property located at 215-225 West 28th St. in Chelsea, have created a unique sales and marketing app available for download from the Apple Store and Google Play store. Popular software tools used for conducting virtual transactions include bmy, which helps manage marketing and sales for brokers and their clients.

Many investors who are buying residential real estate in New York say they believe the city will return to what it was before the pandemic, and that a majority of those working from home will go back to the office. As this happens, traffic from the suburbs will increase dramatically over what it was before COVID, and more and more people may want to live in the city in part to avoid this issue. People will also have a desire to be closer to the culture that makes New York great, when those sectors also come back. However, given the current oversupply of available properties, it is essential to be able to provide what these buyers are seeking now.

Eran Polack is the CEO and co-founder of HAP Investments and CEO of HAP Construction, New York, N.Y.