



## **Investment Sales: The case for investing in NYC - by Shallini Mehra**

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What are you waiting for? Now is the time to invest in New York City multifamily. It is time to come back to New York City; the hindrances which held investors on the sidelines are dissipating.

## Low vacancy and strong rents return

The high vacancy is gone along with concessions. The rental market recovery has climbed to pre-pandemic levels and, in many cases, is hitting record-high rents per square foot in the most sought-after downtown Manhattan neighborhoods. People are flocking back to the city, and apartments are leaving the market virtually as soon as they are listed. Additionally, the 'work-from-home' lifestyle has fueled demand for larger units as people need working spaces in their homes.

## Multifamily, a hard asset

The dollar remains the dominant global currency, and geo-political uncertainty is having a ripple effect on many industries and economies. Gold and real estate are two core "hard assets"; however, since people need to keep a roof over their heads, multifamily remains one of the most recession-proof asset classes. This, along with the tax benefits of depreciation, stability of cash flow, and preservation of capital solidifies multifamily as a solid and secure investment.

## New York City is cheaper than other markets

From 2014-2018, New York City was the most expensive real estate market. With the change in the rent laws in 2019 and valuation resets, many investors fled to other urban markets in search of free-market assets. Many of these external markets have income tax advantages and have evolved into 24/7 cities. The appeal of rent growth of as much as 20% in these growing markets, combined with attractive financing, has led to an all-time high for investor demand and has also compressed cap rates to 3.5-4%. At this time, New York City can boast higher cap rates, returns, and lower barriers to entry, making it a great time for new and existing investors.

## Continued growth and expansion

New York City remains a growing and developing metropolis as other asset classes, such as industrial and life sciences, continue to fuel progress and promote growth within the city. There have also been several re-zonings, which will allow for more residential development with Mandatory Inclusionary Housing (MIH). The recent Gowanus re-zoning, for example, marks one of the largest in New York and will result in 8,500 new units.

## And finally

There is a change in the political climate in both Albany and New York City. Silver linings are on the horizon as it pertains to the governor and mayoral positions in New York that call for progressive new leadership to ignite positive change in New York. Now is the time for both new and long-standing investors to get in or double-down in the great city of New York.

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