



## **Gebroe-Hammer Associates reports \$1.47+ billion in multifamily sales for 2022 and optimism for healthy apartment investing growth in 2023**

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Livingston, NJ With many schools of thought on the current and future state of the economy swirling, one thing remains clear for 2023: multifamily assets have been and will continue to demonstrate stability during this period of normalization, according to the multifamily-focused investment brokerage firm Gebroe-Hammer Associates. The firm, which recorded calendar 2022 multifamily-focused sales of \$1.47+ billion spanning 84 deals involving 7,149 units, is looking ahead to the coming months with optimism for healthy multifamily investment growth.

“Historically able to withstand the test of any economic cycle – even severe recessionary periods – multifamily is continuing to demonstrate a level of stability steeped in its most-favored CRE investment vehicle status versus other real estate sectors,” said Ken Uranowitz, president, Gebroe-Hammer. “While there is most certainly a ‘normalization reset’ in multifamily values and rents following a pandemic-fueled surge of both, occupancies along the New Jersey-Greater Philadelphia MSA and New York State corridor are among the strongest in the nation.”

With a focus on this corridor, Gebroe-Hammer’s market specialists’ 2022 sales were concentrated in North Jersey (46 deals / 1,937 units / \$432,064,070), Central Jersey (13 deals / 1,283 units / \$307,600,000) and the Greater Philadelphia MSA ( 25 deals / 3,929 units / \$732,792,860) metros. Gebroe-Hammer punctuated the end of the year with a New Jersey 150+ garden-apartment trade and the sale of a 200+ unit Philadelphia MSA suburban apartment complex.

According to Gebroe-Hammer’s market specialists, multifamily product will continue on its course for sustained investment demand, especially for existing properties in the value-add Class B and C sector, which are the most favored during economic cycles. Long-considered the “bread-and-butter” of multifamily, particularly within the land-constrained building-dense Northeast corridor, non-Class A product traditionally encompasses workforce housing primed for renovation associated with their post-World War II era vintage.

During 2022 a significant percentage of Gebroe-Hammer’s sales involved these asset classes across New Jersey’s northern and central counties as well as the Greater Philadelphia MSA. The latter spanned Philadelphia and its peripheral Bucks, Montgomery, Chester, Delaware and Lehigh counties as well as South Jersey’s Burlington, Camden, Gloucester and Salem counties.

Multi-generationally owned by the original developer, Class B and C multifamily product is often primed for modest-to-upscale capital enhancements. These range from updated kitchens and baths on turnover to the addition of community amenities, such as exercise rooms, outdoor BBQ areas and dog parks.

“Our typical sellers fall into two categories: the first being second- and third-generation owners who recognize the time is right to dispose of their multifamily assets and the second being a private equity group or institutional investor nearing the end of their hold period, with a significant number of units already renovated and the potential for continuation of in-place renovations as well as market-rent maturation under new ownership,” said David Oropeza, executive managing director.

While the Fed’s historic seven-time interest rate hike in 2022 pushed some deals to the sidelines as investors and borrowers employed a watchful-waiting approach – just as they had at the onset of the pandemic – multifamily will regain traction. A strong finish is expected later in the year as the “dust” begins to settle – barring any unforeseen geopolitical events and/or a further deepening economic contraction, according to Uranowitz.

“In a market where pandemic-induced supply-chain shortfalls and municipality delays have heavily impacted new-construction multifamily deliveries, value-add repositioning product tops the majority of investor lists,” added Joseph Brecher, executive managing director. “Thanks to Gebroe-Hammer’s decades-long client and investor relationships, and our market specialists’ in-depth knowledge of their respective submarkets, multifamily assets – particularly those in desirable locations with a workforce-housing value-add component – are garnering significant interest among local experienced investors.”

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