



Avanath acquires 7 DeKalb - 251-unit property for \$101.25m

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Brooklyn, NY Avanath Capital Management, LLC (Avanath) has completed the acquisition of 7 DeKalb, a 251-unit multifamily property for \$101.25 million.

The acquisition of the 18-story high-rise community, purchased with equity from Avanath's Renaissance Fund, is aligned with the firm's mission to develop, own, and operate communities in growing submarkets that provide housing to residents of all income levels, according to Daryl Carter, founder, chairman, and CEO of Avanath.

“This was an excellent opportunity to add a high-end apartment community to our portfolio, which enables us to provide quality housing to residents who might otherwise be priced out of this neighborhood, at below replacement cost,” said Carter, who notes that the property comprises a mix of 40% AMI, 50% AMI, 130% AMI, and market-rate units. “The acquisition of this mixed-income community allows us to invest in a flourishing submarket that provides an elevated lifestyle within reach for all residents.”

Carter said that 7 DeKalb is part of a 700,000 s/f mixed-use development, City Point, the largest single structure mixed-use development in NYC.

“With a walk score of 99, a transit score of 100, and several food, shopping, and entertainment options on site, 7 DeKalb offers housing in an unmatched downtown Brooklyn location,” said Carter. “Further, the property is well-constructed and highly amenitized. Based on the location and property features, we are confident the asset will see strong, consistent cashflow that comes from the high demand and retention of residents in both affordable and market-rate units.”

John Williams, president and CIO of Avanath, notes that this acquisition comes less than a year after the firm purchased a mixed-use portfolio in Brooklyn, which comprises two multifamily properties totaling 601 units with ground-floor retail space.

“This latest acquisition, combined with our recent purchase of two apartment communities adjacent to Barclays Center and approximately a half-mile from 7 DeKalb, brings Avanath’s total footprint in Brooklyn to 852 units,” said Williams. “With all properties managed through Avanath Communities, Inc., we anticipate that the assets will benefit from operational efficiencies enhanced through economies of scale, which could further contribute to future cost savings and investment upside.”

According to Keith Harris, Avanath’s executive vice president of Acquisitions, the firm continues to be drawn to high-quality assets in Brooklyn, which is the fastest-growing borough of any city and has experienced a 9.2% population increase since 2010.

“Despite the challenges faced by NYC and other large cities during the pandemic, Brooklyn stood out as a leader in the city’s recovery, seeing an increase in new residents and in its share of the city’s private-sector jobs during that period,” said Harris. “Looking ahead, its diverse job market, including healthcare, education, retail, and innovative sectors of technology, will continue to drive the borough’s economy and demand for quality housing.”

The existing features and investment potential of 7 DeKalb also dovetail well with Avanath’s strategy of investing in sustainable projects that benefit the community.

Williams said, “We were drawn to the property’s existing LEED Silver certification and the opportunity to enhance the energy efficiency of its operations in partnership with ReTech Advisors. Further, we will implement social programs that will be strategically selected after a thorough assessment of resident needs. Examples of these programs elsewhere in our portfolio, which help to elevate resident lives and build a true sense of community, include youth afterschool and summer

programs, personal and professional development workshops, health classes, and community social events.”

The 7 DeKalb community offers several amenities including a fitness center, children’s playroom, tenant lounge, cinema center, outdoor roof deck, and storage space. Retail tenants at City Point include Trader Joes, Target, Lululemon, and several dining options inside of the DeKalb food hall. In addition, Primark, a notable international clothing retailer, was welcomed to Brooklyn with fanfare from customers and media alike as it opened one of its select U.S. store locations at City Point. The community also offers residents excellent access throughout the city due to its proximity to 12 subway lines and numerous bus lines all within short walking distance.

The property is located at 7 DeKalb Ave. The asset was acquired off-market from the seller, The Brodsky Organization, represented by Newmark, and involves the assumption of a loan provided by Fannie Mae and Wells Fargo.

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