



Ariel Property Advisors: Q2 2023 Multifamily Quarter in Review report

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Manhattan, NY Multifamily real estate in New York City experienced a significant 242% increase in total dollar volume during the second quarter compared to the first quarter with 295 transactions totaling \$3.91 billion, according to Ariel Property Advisors' Q2 2023 Multifamily Quarter in Review report.

Despite the rebound in the overall value of deals, the number of transactions only increased 5% compared to the earlier quarter, with a single transaction representing \$956 million of the total.

The quarter's largest transaction was Omni's partial interest sale of a 5,900-unit affordable portfolio sale to Nuveen for about \$956 million, which included 72 properties spread out across the Bronx, Brooklyn, Queens, and Northern Manhattan. Also, a JV led by Tredway acquired the Sea Park Portfolio, an affordable housing portfolio comprising three elevator buildings with a total of 818 units, for \$150 million (\$156/SF).

"Affordable housing accounted for approximately 43% of total dollar volume in multifamily sales during the second quarter," said Shimon Shkury, president and founder of Ariel Property Advisors. "New and existing mission-driven capital sources are increasingly drawn to New York City's Affordable Housing due to its strong underlying fundamentals and incentives. Recent legislation, coupled with a city-driven commitment to preserving affordability, has created significant investment opportunities, resulting in improved living conditions for low-income housing tenants. We expect this trend to persist as investor demand remains robust for this multifamily sub-segment."

Additionally, year-over-year rent growth of 10% in unregulated rental units contributed to free market multifamily housing sales continuing to show a strong performance. These buildings comprised 40% of total dollar volume and 71% of total transactions in the multifamily market citywide during the second quarter.

Submarket Highlights:

Manhattan. Multifamily sales in Manhattan posted a remarkable 400% increase from the previous quarter, to \$1.45 billion, driven by two large free market purchases. GO Partners paid \$403 million for a 328-unit property at 265 E. 66th St. and Slate Property Group bought 600 Columbus Ave. for \$120 million.

Brooklyn. Multifamily sales volume in Brooklyn rose 74% from the first quarter to \$833 million, however, transactions dipped 9% during the same period. Of the 126 transactions, 77% were for free market buildings. Multifamily buildings with 10 or more units dominated, increasing by 182% quarter-over-quarter to \$563 million.

Bronx. Dollar volume in Q2 2023 vs Q1 2023 rose a dramatic 1,186% in the Bronx to \$975 million on a 31% rise in transactions. The previously mentioned affordable portfolio sale by Omni to Nuveen fueled the increase, with the Bronx accounting for 66% of the units involved in this transaction with a total value of nearly \$593 million. Another notable transaction was Quality Communities' \$60 million purchase of a portfolio of properties.

Queens. Second quarter sales volume in Queens rose 41% to \$282 million compared to the first quarter, despite a 24% decline in transactions. Affordable housing accounted for 46% of the dollar volume, with Omni's affordable housing portfolio sale making up \$91 million of the sales total.

Northern Manhattan. Northern Manhattan saw dollar volume jump 282% during the quarter to \$371 million, with the top two transactions involving rent-stabilized properties. Transactions rose to 30, an 111% increase compared to the previous quarter. Buildings with 75 or more rent stabilized units accounted for 53% of the sales in the second quarter in this submarket.

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