

The Outlook for Multifamily Real Estate Development

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"Looking skyward in Manhattan, you're likely to see cranes swarming around apartment buildings under construction. Walking along, you're likely to find yourself under one of the sidewalk bridges that seem ubiquitous in four of the five boroughs. These projects are the welcome signs of a multifamily real estate market that is experiencing lengthy, unprecedented growth.

The dollar volume of all recorded investment sales in the city was up 20% for the first half of this year compared with the first half of last year, after a slight two-year decline, the Real Estate Board of New York found. Citywide, the volume of investment sales hit \$21.6 billion, up from \$18 billion for the first half of last year.

While dollar volume was up, the number of transactions was down 9%. In the first half of this year, there were 2,200 transactions compared with 2,419 in the first half of last year. Of those, 138 were sales of rental buildings with an elevator for total sales of \$4.2 billion, more than double the \$1.9 billion sold in the first half of last year, according to the board's figures. Residential sales in the five boroughs continued its streak of year-over-year declines, dropping by \$1 billion in the second quarter of 2018 over the second quarter of 2017, REBNY research shows. That decrease however was half the \$2 billion decrease recorded the year before. Total sales of \$12.3 billion in the second quarter of 2018 were among the highest recorded since 2006 and the sixth highest of all 49 quarters REBNY has analyzed.

To get an analysis of the market's trends, and where they will lead New York, Crain's Custom spoke to two industry experts."