

CLIENT SUCCESS- CASE STUDY

FINAL SALE OF RENT STABILIZED PORTFOLIO

CHALLENGE

In 2019, New York State adopted the Housing Stability and Tenant Protection Act, a sweeping reform of rent regulations that severely limit a landlord's ability to increase rents or remove units from regulation. The move sent the multifamily market into a tailspin and the value of sales plummeted as investors backed away from the multifamily asset class. This portfolio consisted of 115 fully occupied units, all of which were rent regulated. The seller was a legacy owner looking to liquidate his portfolio quietly.

ACTION

Despite those legislative headwinds, a full value and risk assessment of the portfolio enabled us to identify upside that made it attractive to the right investor. We worked with the seller to satisfy all legal requirements associated with the properties and developed a comprehensive transaction structure that helped us identify highly qualified buyers. We were able to seamlessly arrange acquisition financing at competitive rates to further motivate investors.

RESULT

Faced with a limited buyer pool and challenging regulatory environment, we were able to attract multiple investors and surpass our seller's original asking price. The buyer was in position to place capital long-term in a well-priced rent stabilized asset with high occupancy rates such as this, and the seller was able to complete his liquidation. With 45% of the units paying preferential rents, we gave the buyer a pathway to higher yield with a 6.9% cap rate and satisfied the seller's pricing needs, so everyone left the table a winner.



\$25,000,000 | **\$246** | **11.0X** | **6.8%**
Final Price | \$/SF | GRM | Cap Rate

TESTIMONIAL

"After I spent many years building my portfolio, the timing of New York's new rent laws threatened to wipe out much of the value it had accumulated through proper maintenance and care. Lev and his team at Alpha Realty truly surpassed my expectations and allowed me to reap the benefits of all of my hard work despite the many hurdles we faced in this regulatory environment." - Gershon Eichorn