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Manhattan Multi-Family Market April 2020 Sales Volume and Buying Trends

After many years of growth, the Manhattan multi-family market is entering a time of uncertainty. The latter half of 2019 was impacted by the Housing Stability and Protection Act, which passed in June 2019, limiting rent growth potential in rent regulated units. Despite this significant change, there was a relatively strong period of transaction activity at the start of 2020, but statistics for April 2020 suggest investors are waiting out the new uncertainty caused by the recent pandemic outbreak. This report analyzes trends in investment sales in the Manhattan multi-family market from January 2019 through April 2020.

FEATURE: COVID-19 and its Impact on the Multi-Family Market

The Manhattan multi-family market was stable during the first three months of 2020. The global COVID-19 pandemic surfaced in the United States in Mid-March. Federal, State and local governments responded by issuing strict social distancing orders to curb the spread of the virus. Most notably, this involved stay-at-home orders and the closing of non-essential business.

For the commercial real estate market, this crisis has both short- and long-term impacts. The short-term impacts are already being felt, and the long-term impacts will unfold over time.

Short Term Impact

Following a near decade of unimpeded growth, the Manhattan multi-family market is now facing some uncertainty, specifically surrounding demand outlook, drawbacks for rent growth, rent collections, construction delays, and investment. While New York has lifted non-essential construction bans, developers still face an uphill battle in the form of staggering shift times for workers and possible financial hurdles from a looming recession. Once projects are complete, the questions about lease up costs and lease up timing come into play.

Long Term Impact

The impact of COVID-19 on the Manhattan multi-family market will unfold over time. Some basic factors that will come into play are location and the status of the property itself. Income producing properties that were stabilized pre-crisis will be better off, but those existing buildings that have vacant space, or projects that are under construction or proposed, may struggle.

Apartment showings have continued using virtual technologies and sale transaction have slowed but are likely to return. Compared to property types such as hospitality, retail and office, multi-family market fundamentals are not likely to be hit too hard in the long-term.