

Golden egg nests

Rent stabilized buildings fetch big \$\$\$

INSTITUTIONAL players paired with local partners are buying up rent stabilized apartment portfolios wherever they can find them.

Such sales include last year's record setting transfer of Stuyvesant Town and Peter Cooper Village for \$5.4 billion. While there is a battle over the future status of Starrett City and its lower income tenancies because there are many federal, state and local programs that must approve the sale, other portfolios have transferred without a whisper.

Jamie Heiberger-Jacobsen of Heiberger & Associates, a lawyer who has worked on such portfolio transactions said, "There's no question that people who have not been selling are considering selling or already doing it. Prices are still crazy."

While MetLife was the seller of Stuyvesant Town/Peter Cooper Village, local families have traditionally owned these rent stabilized buildings. They have consolidated them over the last 50 years, and just over the past five years, they may have doubled in value.

"Maybe they thought it was worth \$6 million and now someone is offering \$16 million, and they are realizing that even if they pay the taxes the family members can afford to do their own thing," said Peter Von Der Ahe, a senior associate, director of national housing group Marcus & Millichap.

Those offering them the big bucks include other locals that have teamed up with investment money,



Stuyvesant Town sold for \$5.4 billion last year. Robert Kalfus

pension fund dollars and groups from countries that include Israel and Asia.

The sellers or the locals sometimes stay in for a piece of the deal or manage the units for the new owners thus receiving management fees as well as a percentage of the increases in rent known as a "promote."

"Rent stabilized buildings are perfect investments because even in down markets you have automatic increases, and you can perform improvements, and raise rents so your investment is fabulous," said Georgia J. Malone, president of Georgia J. Malone Company, an investment broker who is very active on both sides of such deals. "There is a lot of money and the lenders and investors are dying to do these deals."

Malone is closing a \$167 million deal this month for 1,200 units in The Bronx and Brooklyn with a few in Manhattan. Earlier this month she closed a \$50 million, 10-

building portfolio with 89 apartments and 15 retail/commercial units that included 80,000 feet of developable air rights.

Two other recent sales made by other parties included the nearly \$300 million deal for about 50 buildings with 1,000 apartments that was purchased from the Selechinick family by SG2, a combination of Steven Siegel with the Goldberg family; and the \$133 million, 1,416 unit Eastchester Heights complex that was purchased by Taconic Investment Partners, in a joint venture partnership with a commingled fund managed by ING Clarion Partners from a joint-venture partnership between Urban American and City Investment Fund. Aaron Junreis of GFI Realty Services sold it to the sellers just two years ago for \$97 million and now helped them unload it in this off-market transaction

Lois Weiss