

# 2021 New York Upstate apartment market



**Brian Heine**  
Licensed Real  
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Belveron Partners, a privately held investment firm in San Francisco, acquired a controlling interest in Conifer Realty in Rochester at the end of 2020. Conifer Realty owns 15,340 affordable housing apartments in 194 properties, mostly suburban garden apartments in upstate New

York, with 40% classified as senior affordable housing. Their investment marks the culmination of founder Richard Crossed's 45-year history with the company; he started building the high-quality portfolio in 1975. Additionally, Belveron will provide equity going forward for Conifer's development projects. The company handles all aspects of the development process through construction and property management and it's this combination of capability and reputation with municipalities, regulatory agencies, and investors that attracted

a takeout offer.

There are incredible financial rewards in starting, building, and selling companies that possess the kind of assets that larger companies are looking to invest in. The Conifer acquisition along with REIT Welltower's acquisition of 32 senior housing apartment complexes from Clover Management in 2019 are examples of real estate apartment companies that were started by individuals here who grew the operations over the years and sold out to institutional investors as an exit strategy. At this time, the

United States is not building enough housing anywhere and large portfolios of professionally managed multifamily assets specifically oriented to affordable, student, or senior housing are in demand nationally. Conifer is a recognized leader in the affordable housing industry and Clover has developed a cost-effective independent living model for senior housing. Demand for these investments is growing unrelated to the prospects for the local economy, rentals are driven by demographic changes not tied to jobs or employment growth, typical drivers for market apartments, making these good businesses to start and own in slow growth upstate New York.

Similarly, Christa Construction sold The Hill at RIT, a 362-bed student housing apartment complex in Rochester, one mile south of the Rochester Institute of Technology, for \$35.3 million at the beginning of 2020 to OC Ventures in the largest single multifamily transaction upstate last year. Student housing buyers operate on a national scale and the underwriting looks at the size and growth prospects for the university population and surrounding neighborhood student occupancy to evaluate purchases independent of the local apartment market. OC Ventures is a Chinese student housing private equity fund that operates out of Chicago. The major State University campuses across the state along with Syracuse University and Cornell University in Ithaca have attracted new student housing projects from both local and

national builders.

The upstate multifamily market includes a large inventory of suburban garden apartment properties as a share of the total market, considered a safe bet by investors, and capitalization rates near 7% as opposed to 4% to 5% nationally. Typically, commercial real estate mortgage interest rates have been priced using the 10-year Treasury as the index and even with the 10-year Treasury yield rising over the last year there has been little impact on cap rates. Any rise in cap rates is cushioned by a never-ending increase in buyer demand.

Multifamily investment properties have outperformed other comparable real estate classes with more consistent returns through the economy's cycles and this consequent lower risk attracts those investors and other investors from traditional safe cash investments that currently pay almost negative returns after inflation.

Mortgage interest rates of 3% to 4% combined with 7% cap rates and 75% leverage produce a cash-on-cash return far above other similar risk investments. Coming out of the pandemic the Fed has increased its inflation target above 2% and the gap between cap rates and mortgage rates is large enough to accommodate any near term rise in long term interest rates.

## Squire earns CCIM

**ROCHESTER, NY** Virginia Squire, managing broker of Coldwell Banker Commercial Custom Realty, and the president of the Rochester Area Chapter of NYSAR was pinned as one of the 103 nationwide candidates to earn her CCIM designation.



**Virginia Squire**

CCIM, which stands for Certified Commercial Investment Member, is an international designation for commercial real estate professionals.

According to James Kelly, CCIM, president of the Upstate NY CCIM Chapter, "Virginia has a great reputation within the commercial Realtor community, and we are pleased that she is now a fellow CCIM."

## McGovern of NAI Platform negotiates 9,185 s/f lease

**ALBANY, NY** According to NAI Platform, a member of NAI Global, broker Michael McGovern was the exclusive representative of the lessee, who will open a new 9,185 s/f restaurant named "SideBar" located on the 1<sup>st</sup> floor of 30 South Pearl St. in downtown near the Times Union Center.

The restaurant will encompass 4,000 s/f of restaurant space, 185 s/f kiosk for breakfast and lunch take out, and 5,000 s/f outdoor patio space.

The landlord is Omni Development. Restaurant owner is Deviation Group.

The name points to the heavy presence of government and the legal profession here in the Capital Region. The menu will be executed by a celebrity chef with wines paired by the owner and sommelier who has operated restaurants around the world. Overit,

a local cutting edge marketing firm, will be handling the marketing and has crafted applications that promote touchless methods for food service. Artist Chip Fasciana is designing and installing custom artwork.

This will further assist in the current revitalization and transformation of the Downtown area.

"I enjoy focusing on downtown Albany and the Capital Region and am determined to see it teeming with people as it once did in its heyday," said McGovern.

"Mike McGovern's assistance was invaluable in identifying possible locations and executing a complicated transaction. I fully recommend Mike and question how we might have accomplished this without him," said Danielle Torigian, Michael Lynch and Partners.



## FOR SALE

Village Center Student Housing Apartment Complex, Alfred, NY  
69 beds in 33 apartments; fully leased for Fall 2021 semester  
*Alfred is home to Alfred University and Alfred State College*  
**\$4,700,000**

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