

Bronx 2024 Year-End Commercial Real Estate Trends

by Ariel Property Advisors, a Member of GREA

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GREA

Investment Sales
Capital Services
Research

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2024 Year-End Overview

In 2024, the Bronx investment sales market saw steady activity with 220 trades, but dollar volume fell 33% to \$1.23 billion, its lowest since 2011 and the sharpest decline among NYC submarkets. This drop stemmed from a lack of institutional transactions, with only one sale exceeding \$50 million.

The development market, however, stood out, growing dollar volume by 39% and accounting for nearly 30% of total sales. It was the only asset class to grow in both transaction and dollar volumes, fueled by the Metro-North Rezoning of a 46-block area, 485-x legislation, and the extension of vested 421-a sites.

Special-purpose assets also saw a resurgence, with dollar volume up 258% year-over-year to match 2022 levels. Two homeless shelter deals drove two-thirds of this activity: Urban Resource Institute’s \$64 million purchase of 951 Olmstead Ave and Care for the Homeless’s \$46.4 million acquisition of 1364-1400 Blondell Ave, the borough’s largest 2024 sales.

Volume 2024 VS 2023

-33%
↓
\$1.23B
Dollar Volume

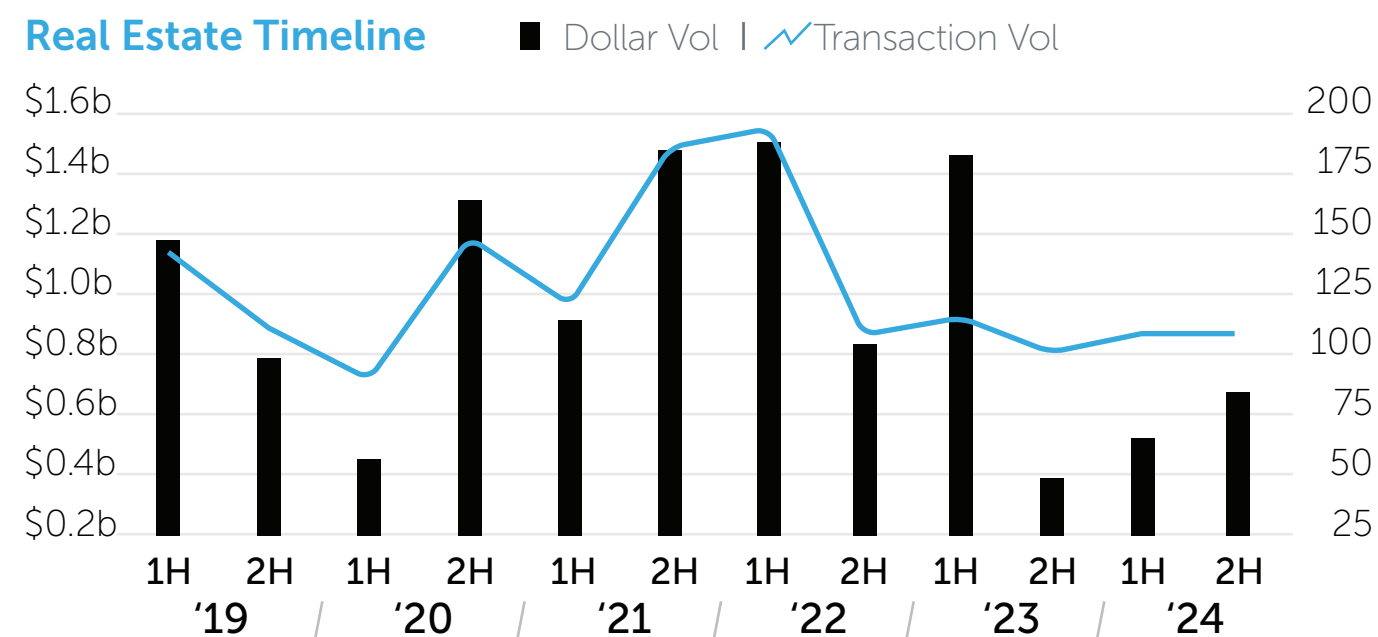
0%
↕
220
Transaction Volume

-21%
↓
272
Building Volume

Dollar Volume Comparison

| Product Type | 2024 | 2024 VS 2023 | 2023 | 2024 VS 2022 | 2022 |
|----------------------|--------------------|--------------|--------------------|--------------|--------------------|
| Multifamily | \$457.93M | -59% | \$1,110.23M | -61% | \$1,172.59M |
| MF-MU 10+ resi units | \$388.65M | -63% | \$1,063.57M | -64% | \$1,078.69M |
| MF-MU 6-9 resi units | \$26.98M | 59% | \$16.99M | -38% | \$43.70M |
| MF-MU Small | \$42.31M | 43% | \$29.68M | -16% | \$50.20M |
| Retail | \$114.87M | -24% | \$152.05M | -46% | \$214.41M |
| Ind / WH / Sto* | \$118.19M | -46% | \$217.87M | -73% | \$445.49M |
| Development | \$363.09M | 39% | \$261.23M | 19% | \$306.33M |
| Office | \$3.12M | -94% | \$54.85M | -91% | \$35.89M |
| Hotel | \$20.05M | N/A | \$0 | 117% | \$9.25M |
| Special Purpose | \$151.66M | 258% | \$42.39M | 5% | \$144.24M |
| GRAND TOTAL | \$1,228.93M | -33% | \$1,838.62M | -47% | \$2,328.20M |

*Ind / Wh / Sto: Industrial / Warehouse / Self Storage



2024 Year-End Outlook

The commercial real estate market is poised for a period of optimism in 2025, underpinned by a newfound clarity in the economic and regulatory landscape. The resolution of key uncertainties has created a stable environment conducive to growth and investment.

For multifamily investors, the ultimate passage of the Good Cause Eviction law, while not warmly embraced by landlords, provided clarity to both landlords and tenants, fostering a more predictable operating environment.

For developers, the passage of 485-x tax exemption in addition to the City of Yes initiative, with its focus on zoning reform and unlocking underutilized spaces, is expected to generate new opportunities for development and adaptive reuse.

On a macro level, with the 2024 presidential election settled and the potential for clearer policy direction, investors will be better equipped to navigate the evolving economic landscape. Moreover, the stabilization of federal interest rates has alleviated concerns over fluctuating borrowing costs. Predictable financing conditions have revived investor confidence, spurring transactions and development projects across the City.

Overall, the added clarity across multiple segments of New York City's commercial real estate market is expected to aid increased activity in 2025 as investors go from defense to offense.

Transaction Volume Comparison

| Product Type | 2024 | 2024 VS 2023 | 2023 | 2024 VS 2022 | 2022 |
|----------------------|------------|--------------|------------|--------------|------------|
| Multifamily | 90 | 10% | 82 | -36% | 140 |
| MF-MU 10+ resi units | 51 | 2% | 50 | -42% | 88 |
| MF-MU 6-9 resi units | 12 | 20% | 10 | -56% | 27 |
| MF-MU Small | 27 | 23% | 22 | 8% | 25 |
| Retail | 32 | -6% | 34 | -30% | 46 |
| Ind / WH / Sto* | 25 | -29% | 35 | -31% | 36 |
| Development | 59 | 7% | 55 | -3% | 61 |
| Office | 1 | -75% | 4 | -86% | 7 |
| Hotel | 3 | N/A | 0 | 50% | 2 |
| Special Purpose | 10 | 11% | 9 | -23% | 13 |
| GRAND TOTAL | 220 | 0% | 219 | -28% | 305 |

*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

Multifamily Highlights

- Transaction volume rose 10% year-over-year, driven by significant growth in sales of buildings with fewer than 10 units. However, dollar volume declined 59% compared to 2023, marking the lowest level in 13 years. It's worth noting that without the \$635 million portion of the national affordable housing platform sale from Omni to Nuveen, 2023's dollar volume would have been only 4% higher.
- In 2024, 29% of multifamily transactions involved assets with less than 25% rent stabilization (or 421a properties), up from 21% in 2023. Pricing for these assets surged 34% year-over-year to \$352 per square foot, driven largely by new development sales. Meanwhile, rent-stabilized properties made up 53% of transaction volume, down from 59% in 2023. These trends brought the overall average price to \$186 per square foot and \$152,000 per unit—both increases over 2023.
- A notable transaction was RJ Block's \$45.75 million acquisition of 250 East 144th Street, a 201-unit LIHTC affordable housing project. The sale included an amendment to the regulatory agreement under Section 610 of the Private Housing Finance Law with HDC, enabling units rented to Section 8 or CityFHEPS voucher holders to exceed the legal rent. Affordable housing in the Bronx accounted for 17% of dollar volume but just 6% of transaction volume.

For more insights about the multifamily asset class performance, read our latest [Multifamily Year-End In Review Report](#)

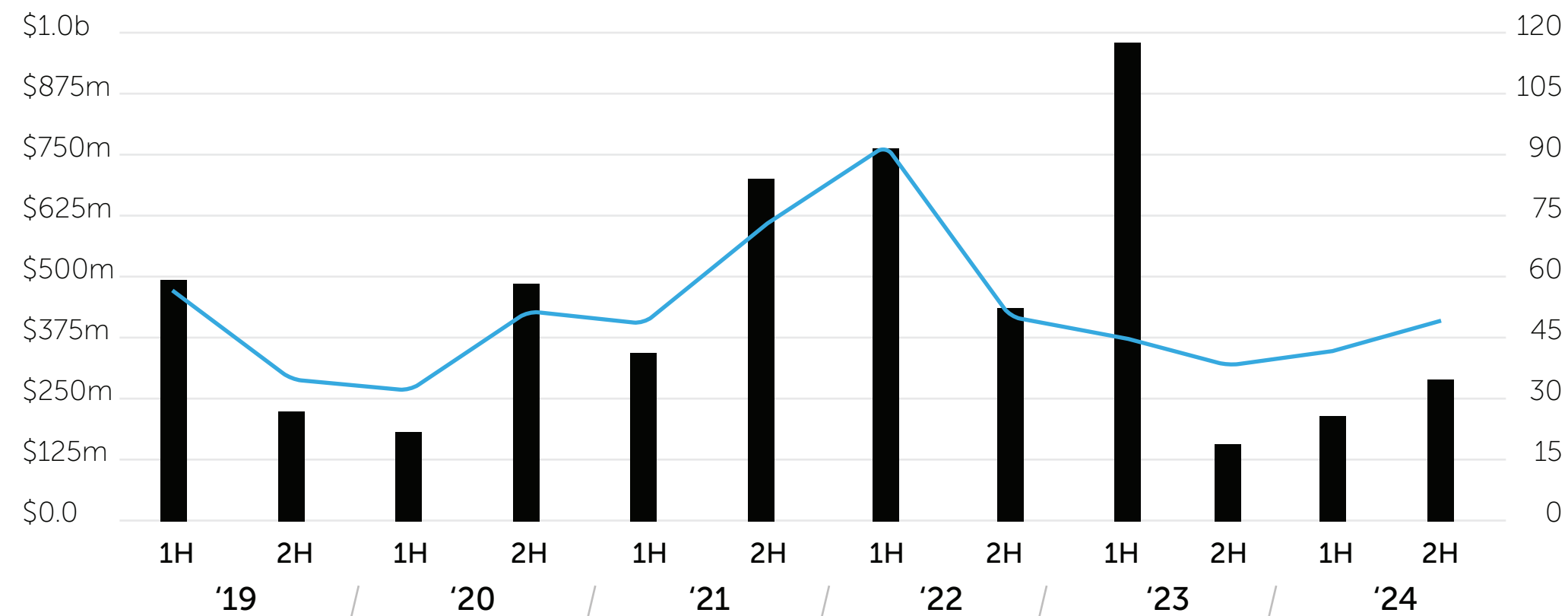
Volume 2024 VS 2023

-59%
↓
Dollar Volume
\$457.9M

10%
↑
Transaction Volume
90

Real Estate Timeline

■ Dollar Vol | ✓ Transaction Vol

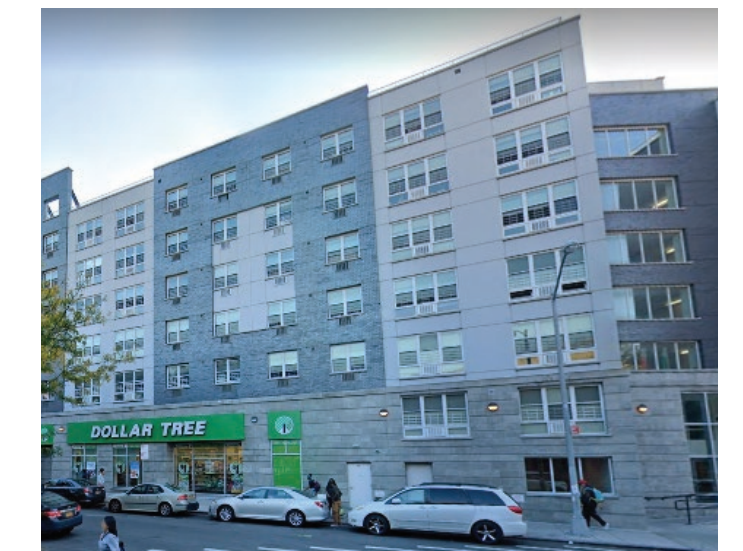


Property Value Metrics - Multifamily*

| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$/SF | \$213 | \$193 | \$182 | \$172 | \$195 | \$169 | \$186 |
| \$/Unit | \$185,436 | \$171,855 | \$161,545 | \$152,775 | \$168,314 | \$142,100 | \$151,681 |
| Cap Rate | 4.94% | 5.33% | 5.74% | 5.97% | 5.85% | 6.48% | 7.49% |
| GRM | 12.08 | 11.00 | 10.28 | 9.18 | 9.55 | 8.38 | 6.89 |

*reflects multifamily transactions of 10+ residential units

2H'24 Featured Transaction



Mott Haven

250 East 144th Street

Sale Amount:

\$45,750,000

\$/SF:

\$171

Buyer:

RJ Block Properties, LLC

Seller:

Azimuth Development Group LLC

Sale Date: **12/16/2024**

Retail Highlights

- The Bronx retail sector experienced a 24% decline in dollar volume compared to 2023. Totalling \$114.9M in dollar volume, and only 2 fewer transactions compared to 2023.
- Despite the decline in both dollar and transaction volume, the price per square foot rose to \$476 per square foot, a 7.7% increase. Retail pricing metrics are still not nearing the \$532 per square foot highs of 2021 and 2022.
- Notably, the most expensive retail transaction in 2024 came via a foreclosure sale on March 29th, 2024. 151 East 170th Street, a single-story, 8-unit, 9,700 SF retail property traded through foreclosure for \$8,600,000 or \$881 per square foot. The auction sale price was set at \$7,500,000.
- The second most expensive transaction in the retail sector, 125 East Fordham Road, was purchased by Moshou Parkway LLC for the highest retail price per square foot of the year at \$1,250 per square foot. The prime location with 123 feet of frontage along the major E. Fordham road retail corridor and 1 block from the subway most likely contributed to the increased price per square foot. The purchaser also owns two multifamily assets within a few blocks of the asset.
- According to RM Friedland’s Q3 2024 Bronx Retail Leasing Report, the overall availability rate for Bronx retail space decreased to 6.39% from a relatively steady approximate 9% availability rate over the last 3 quarters.

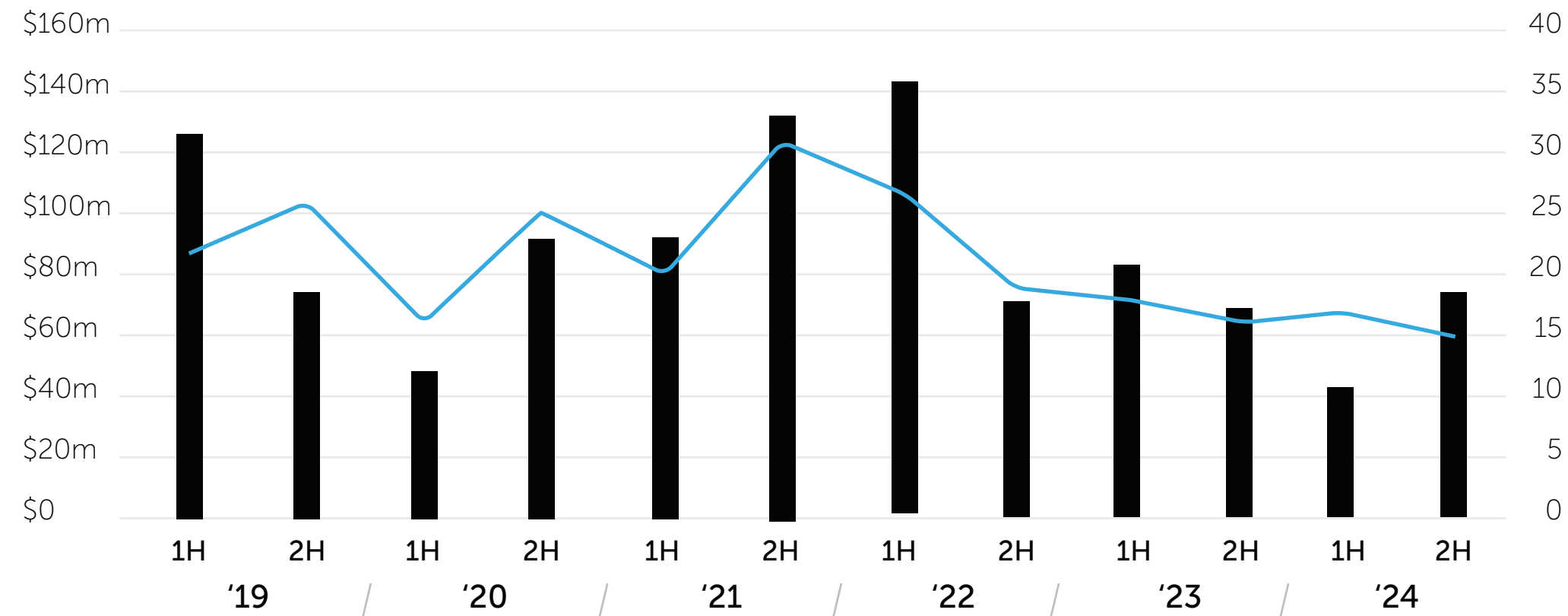
Volume 2024 VS 2023

-24% ↓ **\$114.9M** Dollar Volume

-6% ↓ **32** Transaction Volume

Real Estate Timeline

■ Dollar Vol | ▲ Transaction Vol



Property Value Metrics - Retail*

| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------|-------|-------|-------|-------|-------|-------|-------|
| \$/SF | \$417 | \$489 | \$436 | \$532 | \$532 | \$442 | \$476 |

*reflects transactions of commercial buildings

2H'24 Featured Transaction



Fordham
125 E Fordham Road

Sale Amount:
\$8,000,000
\$/SF:
\$1,250
Buyer:
Moshou Parkway LLC
Seller:
Louis Reichardt Holdings

Sale Date: **8/29/2024**

Ind / WH / Sto Highlights

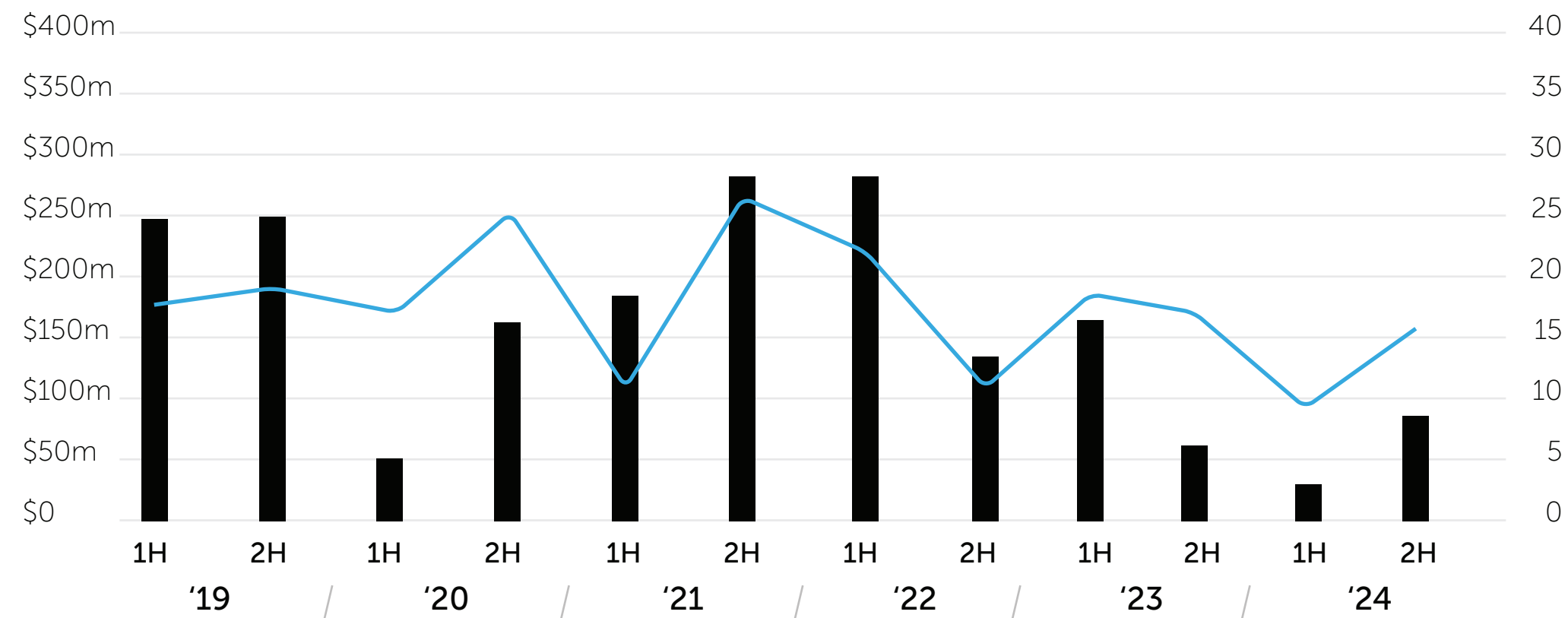
- The Bronx industrial sector continued its decline in 2024, with dollar volume dropping 46% to \$118.2 million and transaction volume falling 29% to 25 trades. This represents the lowest dollar volume since 2014 and the lowest transaction volume since 2011.
- Despite the downturn, the price per gross square foot climbed to \$471, and the price per lot square foot increased slightly to \$255. However, these figures were skewed by a single notable sale: 891 East 135th Street, the largest industrial trade of the year. The property sold for over \$12.5 million (\$712 per gross square foot) to Waste Connections from Royal Waste Property Holdings, likely reflecting its value as a fully built-out facility for waste services, a strong fit for an owner-user.
- According to Cushman & Wakefield, industrial leasing activity across the Bronx, Brooklyn, Queens, and Staten Island reached 2.2 million square feet by the end of Q3 2024, matching the total for all of 2023 in the outer boroughs. However, vacancy rates rose to 5.1%, surpassing 5% for the first time since 2020, highlighting ongoing challenges in the market despite robust leasing activity.

Volume 2024 VS 2023

-46% ↓ **\$118.2M** Dollar Volume
 -29% ↓ **25** Transaction Volume

Real Estate Timeline

■ Dollar Vol | ▲ Transaction Vol



Property Value Metrics - Ind / WH / Sto*

| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------|-------|-------|-------|-------|-------|-------|-------|
| \$/Gross SF | \$245 | \$286 | \$262 | \$332 | \$421 | \$334 | \$471 |
| \$/Lot SF** | \$102 | \$176 | \$206 | \$223 | \$195 | \$246 | \$255 |

*Ind / Wh / Sto: Industrial / Warehouse / Self Storage
 **\$/Lot SF applies only to properties where the gross building square footage is less than 50% of the lot square footage

2H'24 Featured Transaction



Port Morris
 891 East 135th Street

Sale Amount:
\$12,628,459
 \$/SF:
\$712
 Buyer:
Waste Connections
 Seller:
Royal Brothers Bronx Realty Company LLC

Sale Date: **9/3/2024**

Development Highlights

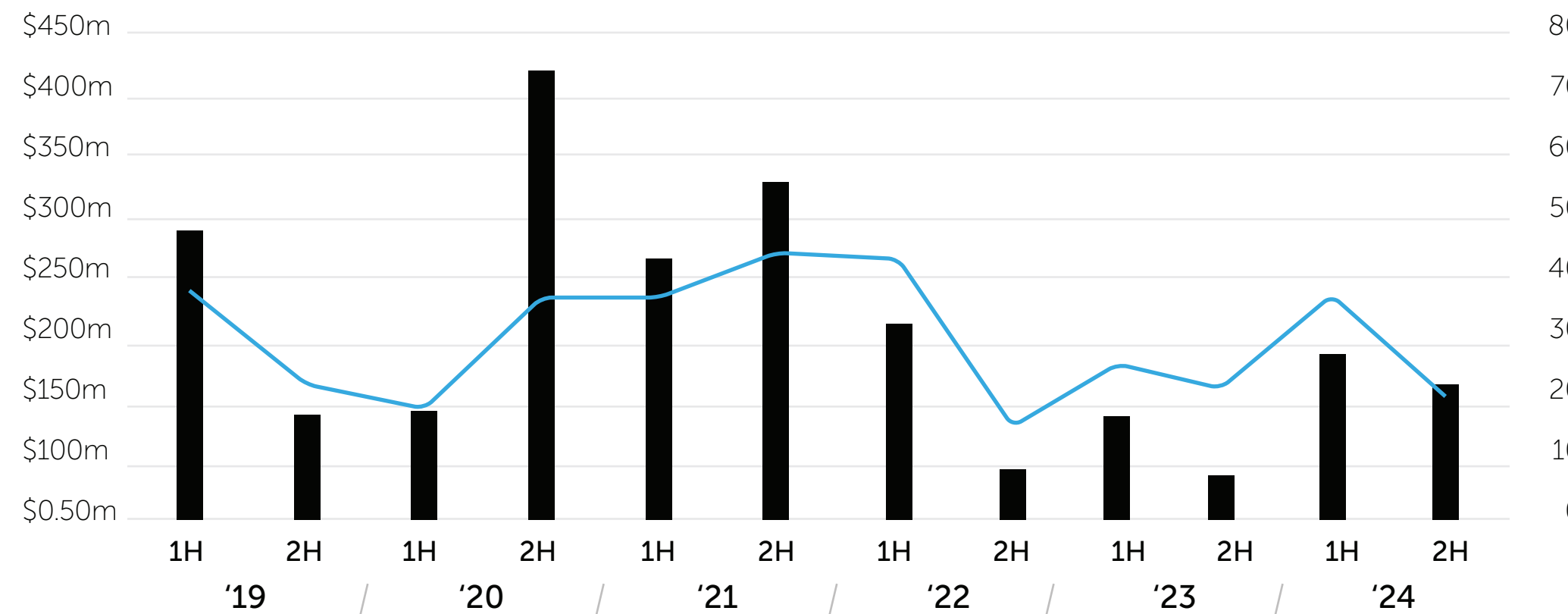
- The Bronx experienced a 39% increase in dollar volume and a 7% rise in transaction volume in 2024, driven by major initiatives like the Bronx Metro-North Station Area Plan, approved in August. This rezoned a 46-block area around four future Metro-North stations: Hunts Point, Parkchester/Van Nest, Morris Park, and Co-op City. Other key drivers included the introduction of 485-x and the extension of vested 421a development sites.
- Development sales in the Bronx reached \$363.1 million, accounting for 30% of the borough's total dollar volume across asset classes in 2024. Both dollar and transaction volumes were the fourth highest ever recorded in the borough.
- One notable sale reflecting the impact of 485-x is 36 Bruckner Blvd, brokered by Ariel Property Advisors and sold by Yates Restoration Group to Ravami for \$9.85 million (\$131/BSF). The site is expected to house 99 residential units and retail space, a trend likely to grow as developers aim to avoid wage mandates tied to 100+ residential unit buildings.
- New building filings in the Bronx surged 112% year-over-year in Q3 2024, totaling 53 filings, compared to a 5% citywide decline. This uptick, driven by the 421a extension, anticipation of 485-x, and the borough's affordability, pushed the price per buildable square foot to a record \$107, up 9% from 2023, signaling growing demand for vacant land.

Volume 2024 VS 2023

↑ **39%** **\$363.1M** ↑ **7%** **59**
 Dollar Volume Transaction Volume

Real Estate Timeline

■ Dollar Vol | ▲ Transaction Vol



Property Value Metrics - Development*

| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------|------|------|------|------|------|------|-------|
| \$/BSF | \$72 | \$81 | \$87 | \$82 | \$93 | \$98 | \$107 |

*reflects transactions of vacant land or equivalent development sites

2H'24 Featured Transaction



Port Morris
36 Bruckner Boulevard

Sale Amount:
\$9,850,000
 \$/BSF:
\$131
 Buyer:
Ravami,LLC
 Seller:
Yates Restoration Group

Sale Date: **9/26/2024**

Financing Overview

Bank Lenders

- Banks maintained a strategic focus on depository relationships to strengthen and optimize deposit, reserve, and liquidity ratios.
- There has been a noticeable shift in leadership as incumbent banks addressed or resolved legacy multifamily loan portfolios.
- Efforts have intensified in commercial, industrial, and bridge lending, with a reduced emphasis on multifamily term loans, particularly within the RS sub-asset class.

Agency Lenders

- Agency lenders remained active in 2024, providing financing for market-rate, workforce, and affordable housing nationwide.
- However, recent market distress has prompted revised underwriting standards, emphasizing the physical condition of collateral and enhanced due diligence, particularly for older properties (pre-1970s multifamily) and assets in tertiary markets.
- Rate buy-downs enabled borrowers to secure financing below market rates, effectively increasing loan proceeds.

CMBS Lenders

- The commercial mortgage-backed securities (CMBS) market sustained robust growth through the end of the year, driven by full-term interest-only payments and more flexible underwriting standards compared to FNMA and Freddie Mac.
- For multifamily assets, leverage reached up to 70% LTV at a 1.20x DSCR on interest-only payments, with a minimum 8.5% debt yield. Spreads have narrowed significantly.
- The 5-year product remains a preferred option for investors seeking shorter defeasance periods to minimize prepayment penalties.

Debt Fund & Bridge Lenders

- Activity in the debt fund and bridge lending space increased significantly, bolstered by multiple Federal Reserve rate cuts and heightened scrutiny on regulated lenders.
- The narrowing rate gap between bridge and permanent financing, driven by falling short-term indexes (e.g., Prime, SOFR), has enhanced the appeal of bridge loans due to their higher proceeds, simplified underwriting processes, and prepayment flexibility.

Preferred Equity & Mezzanine Debt

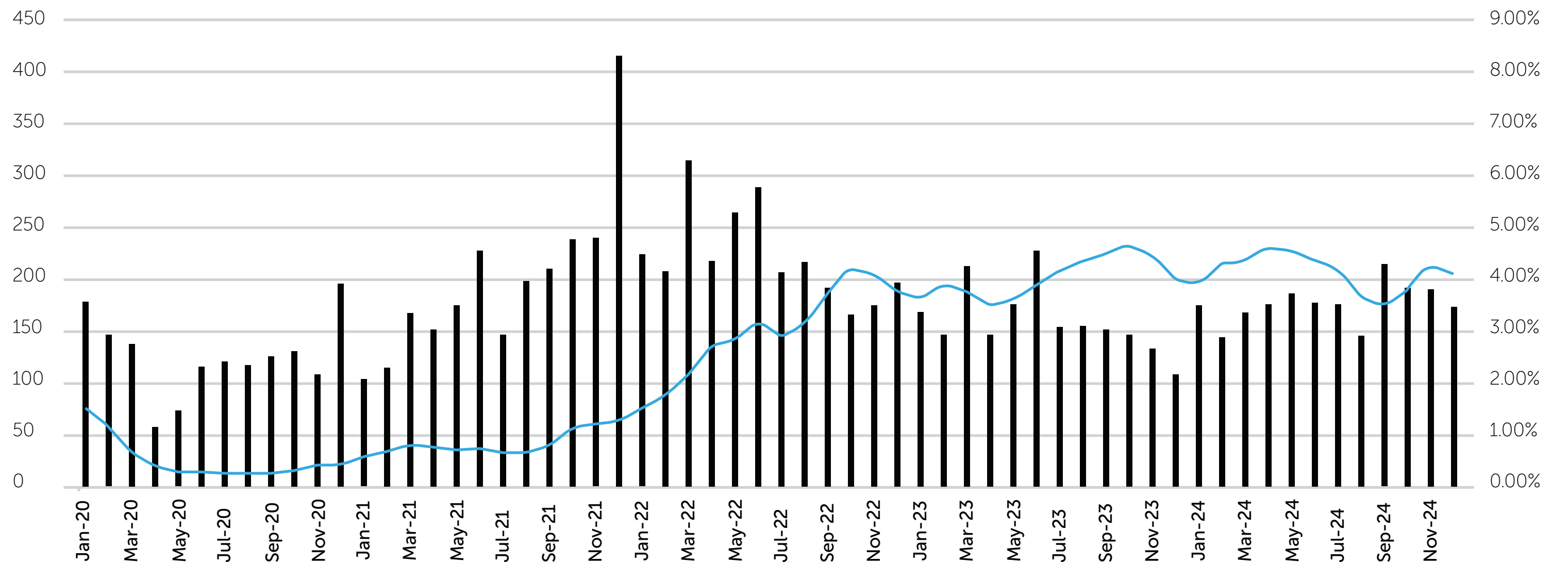
- Banks have adopted a highly selective approach to construction lending, prioritizing markets and sponsors with strong track records and established relationships.
- Bank construction loans are still available, with spreads starting at SOFR + 300 and underwriting increasingly focused on rental fallback scenarios.

- Many lenders view the current environment as an opportune time to support construction lending, particularly in supply-constrained markets where the development pipeline has significantly contracted.
- Non-bank debt funds have gained market share in the institutional \$50M+ loan segment, as regulatory constraints limit depository institutions' exposure to HVCRE loans.

Preferred Equity/Mezzanine Lenders

- Subordinate capital providers have exploded in relevance since the banking crisis and run-up in interest rates allowing for preferred equity and mezzanine debt investors to fill in the shortfall in the capital stack.
- Subordinate capital is available for both new acquisitions and recapitalizations for distressed opportunities.
- Senior lenders can often view a Preferred Equity or Mezzanine Lender as a "credit enhancement", furthering the likelihood that they consent to subordinate financing.

NYC Monthly Transaction Activity vs. 5-Year Treasury ■ Investment Sales Activity | ▲ 5-Year Treasury

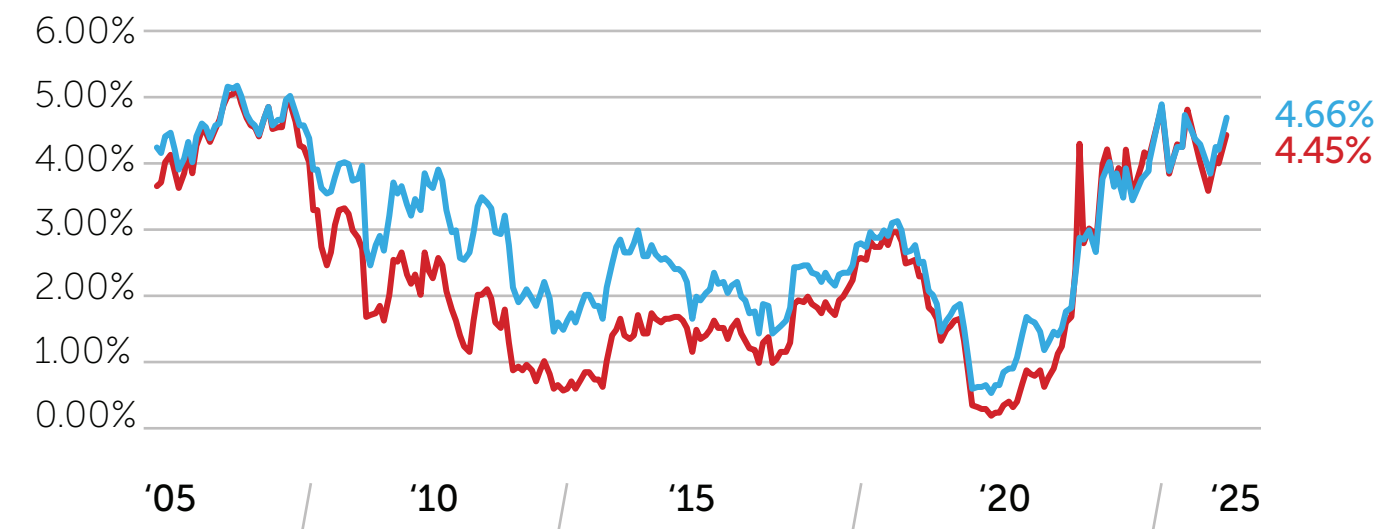


Macro Economic Charts

A number of macro-economic indicators affect the bottom line of commercial real estate investments in New York City and, in turn, the pricing and demand for these assets during any given period. Ariel Property Advisors' Research Division tracks national and local metrics to identify key market drivers influencing the real estate industry.

Financing:

10-Year: 4.66% | 5-Year: 4.45% | As of January 15th, 2025
 Treasury Yield Curve Rates 10-year | 5-year

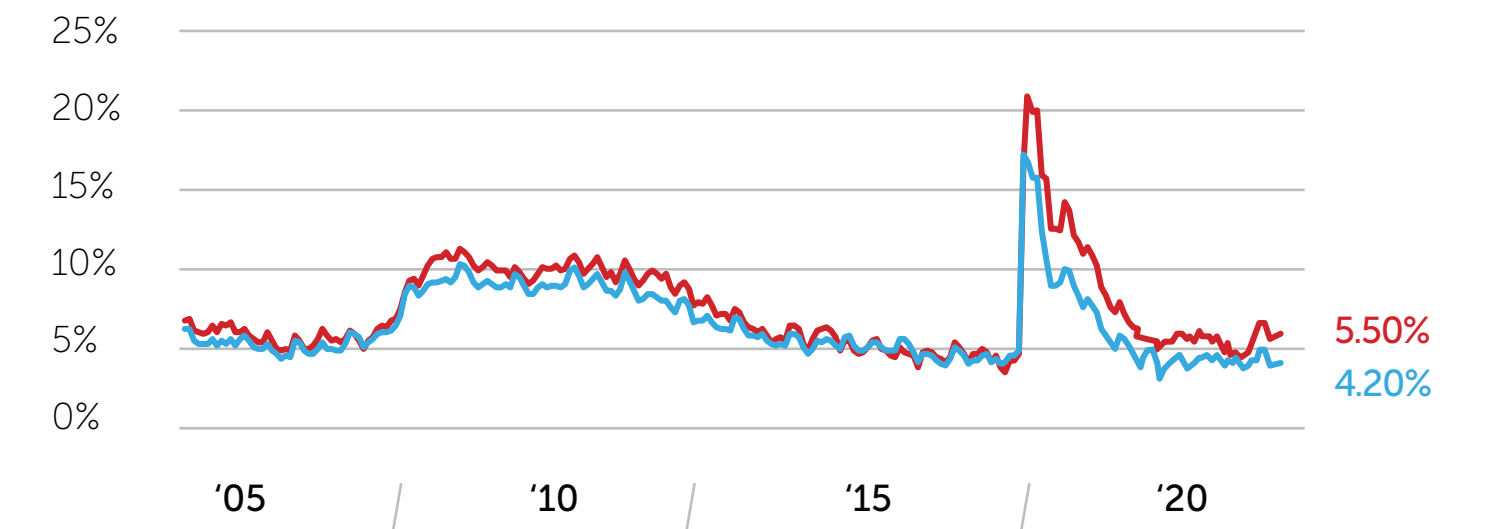


Source: U.S. Department Of The Treasury

Unemployment Timeline:

NYS: 4.20% | NYC: 5.50% | As of November 2024

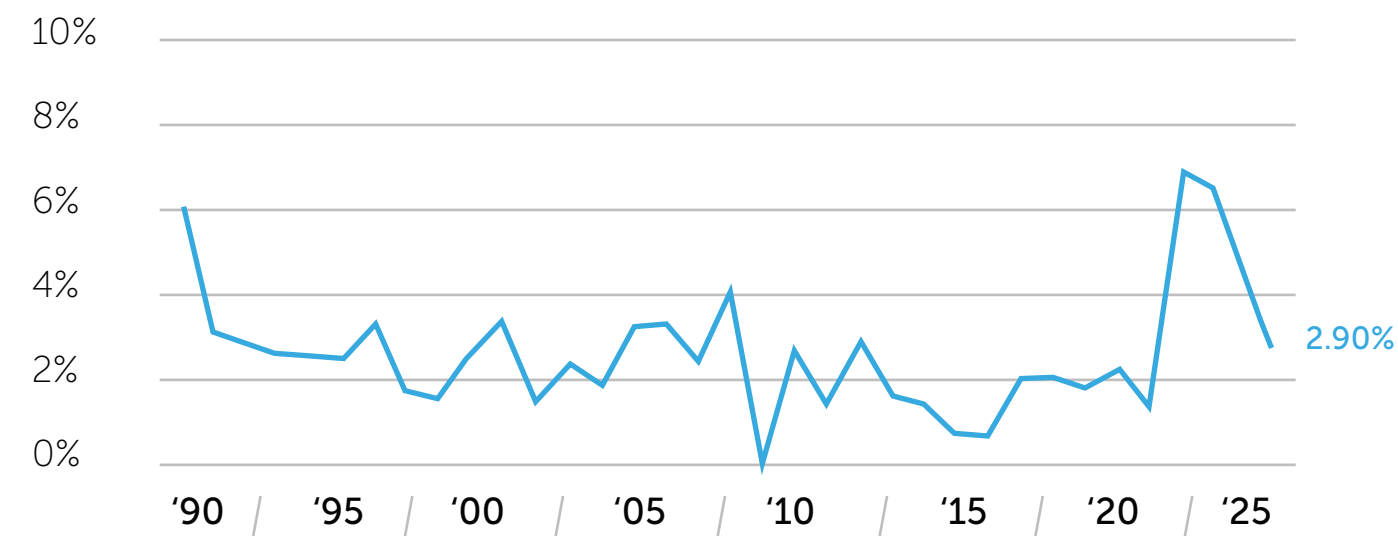
Unemployment Rate History | NYS & NYC (Not Seasonally Adjusted)



Source: Department Of Labor

Consumer Price Index (CPI):

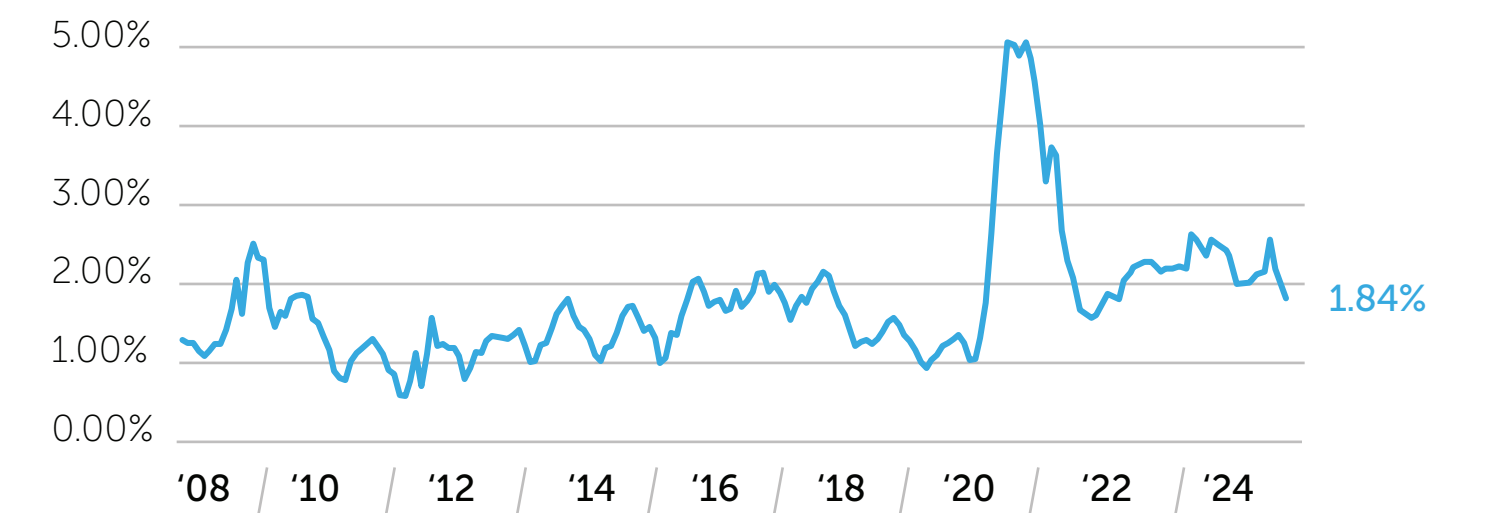
National CPI
 Growth - December 2024 Y-O-Y



Source: U.S. Bureau Of Labor Statistics

Rental Market / Vacancy:

Manhattan Residential
 Rental Vacancy January 2008 - December 2024



Source: Corcoran

Thought Leadership

Ariel Property Advisors has been a regular contributor for Forbes. Here is the list of the five latest articles.

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12/17/2024
**‘Yes’ In My Backyard:
NYC’s Rezoning
Ushers In New
Era Of Housing
Development**

Local lawmakers took a major step toward solving New York City’s housing crisis by approving a rezoning initiative called the City of Yes for Housing Opportunity.



11/25/2024
**One Million Reasons
Rents Are High In
New York City**

Rent regulations reduce the housing supply and push rents to new heights as newcomers, young people and others compete for NYC’s 1.1 million free market apartments.



10/22/2024
**New York City Office-
To-Residential
Conversions: Here’s
What We Know**

The sale of NYC office buildings suitable for conversion to housing accounted for approximately 25% of the \$2.2 billion in development sales citywide in 1H 2024.



9/13/2024
**New York City
Transaction Volume
Poised To Rise: Here’s
The Opportunity**

With mortgage maturities forcing sales, real estate prices falling and fresh capital entering the market, NYC is expecting a surge of trades at attractive prices.



8/7/2024
**3 Drivers Behind The
Surge In New York
City Investment Sales**

Three drivers contributed to a pickup in New York City investment sales in 1H 2024 resulting in \$11.79 billion in trades, up 26% from 2H 2023.

About Ariel Property Advisors

Geographic Coverage System

Ariel’s unique company structure, with separate groups for Investment Sales, Capital Services and Research, ensures outstanding service for our clients. Whether it’s implementing a strategic marketing process, compiling a comprehensive Asset Evaluation, securing financing or providing timely market information, every assignment is served by a team of specialized professionals.

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