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First-time buyers zeroing in on Brooklyn market

By REW Staff
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By Konrad Putzier

When veteran broker Bob Knakal recently remarked that most investment properties are now being bought by first-time buyers from outside the city, he had Manhattan in mind. But increasingly, this trend is also noticeable in Brooklyn.



146 Fenimore Street

One of the latest newcomers into the borough is of the Pittsburgh-based real estate investment and property management firm, HLC Equity.

The firm recently bought 146 Fenimore Street, a 17-unit rental apartment building in Prospect Lefferts Gardens, for \$3.4 million and is in talks to acquire several other Brooklyn properties.

The purchase marks HLC's first foray into Brooklyn and one of its first multifamily investments.

Traditionally, HLC has focused its investments on retail properties across the country. But the disruption caused by online retail and a booming urban residential market have caused the company to rethink its strategy, explained senior vice president Daniel Farber.

"Never in real estate history has 'location, location, location' been more true," he said. While the company still buys commercial properties, it focuses more heavily on major cities. For example, HLC recently bought a RiteAid pharmacy in the outskirts of Philadelphia and is in contract to buy an office building in Stamford.

A more important shift in HLC's strategy is its new focus on urban multifamily properties. "Multifamily properties in core cities are an area that's definitely very strong," Farber said, pointing to demographic trends.

Apart from its Fenimore-Street purchase, HLC is also under contract for a 145-unit apartment building in Dallas.

Farber said he saw 146 Fenimore Street as the ideal first investment in Brooklyn because of its proximity to several subway lines and the neighborhood's untapped, fast-growing potential. The property is right next to a development by the Hudson Companies and a health food store recently opened nearby, convincing Farber that Prospect Lefferts Gardens is on the cusp of a major influx of white-collar residents.

Most of the building's units are rent-stabilized, and HLC plans to slowly renovate the entire building.

"We could probably sell it at a profit right now," Farber said. "But we want to hold on to it."

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