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Foreign Investors Are Betting Particularly Big on New York City's Multifamily Market

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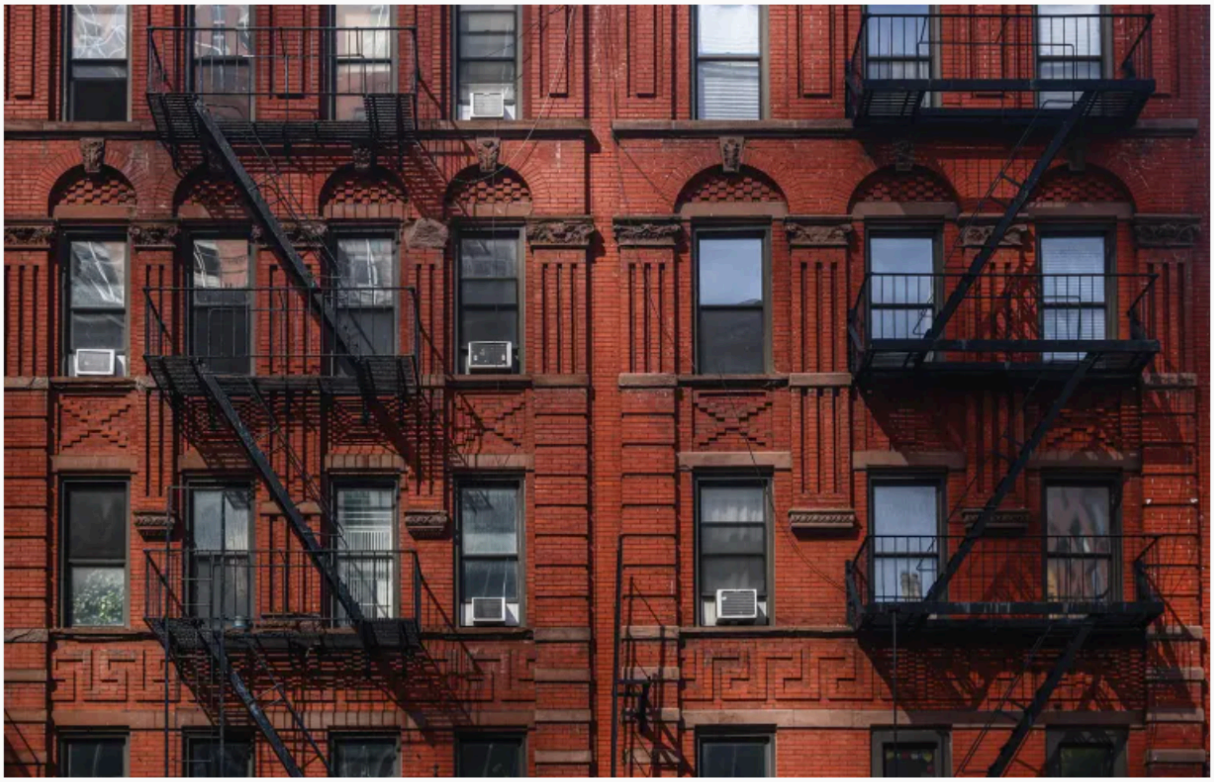

APARTMENT BUILDINGS IN MANHATTAN.

PHOTO: BEATA ZAWRZEL/NURPHOTO VIA GETTY IMAGES

After a quiet few years, foreign capital is officially back in New York City's multifamily market — and this time, it is coming in excited.

We have been tracking the uptick closely, and, over the last few months, we have closed multiple deals with international buyers and are actively seeing more trades happening with foreign capital. It's no longer a trickle — it's a surge. From Japan to Argentina to France to Israel, foreign buyers are back, and they are betting big on NYC multifamily.

But here is the kicker: They're not just buying in Manhattan anymore.

We recently closed on 182 Eagle Street and 352 Monroe Street, new-construction multifamily buildings in the heart of Bed-Stuy, Brooklyn. The buyer? A Taiwan-based investment group. That is a rare move as, historically, foreign capital in NYC has been laser-focused on prime Manhattan or maybe a few spots in Downtown Brooklyn and along the Williamsburg waterfront. This deal signals something much bigger: NYC multifamily remains a global magnet — even outside of Manhattan, especially as pricing in Manhattan starts to firm up — and foreign groups are willing to explore the outer boroughs for value and yield. This is a major trend shift, and it's happening right now.

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PHOTO: COURTESY ALPHA REALTY

Over the last 30 days alone, we signed two separate deals with two foreign groups — one from Taiwan and the other from Israel. Both are aggressively pursuing well located, newer, free-market multifamily product. These types of buyers are often purchasing without any financing, and they are closing fast.

Take our recent deal at 322 East 93rd Street on the Upper East Side. We had multiple bids, and the two top offers came from foreign investors. The building ended up going to a Japanese group that offered strong all-cash terms, no financing, and closed in just eight days from contract signing — a record for a multifamily deal in NYC this year. This level of execution shows just how hungry and committed these groups are.

So, what's bringing foreign capital off the sidelines?

First, it is the strength of the rental market. While rents in most major U.S. cities have been sliding for nearly a year due to oversupply, New York continues to defy the trend. Rents here are climbing — and fast. Both Manhattan and Brooklyn just hit all-time highs, and projections point to another 5 to 7 percent increase heading into this summer's leasing season. That kind of rental momentum is a major confidence booster for long-term investors looking for steady, growing income.

Second, interest rates have begun to slide. With the Fed signaling a shift in tone and bond markets responding, foreign buyers — especially those deploying equity or relying on low-leverage strategies — are moving quickly to capitalize on the current moment. Just six months ago, core, turnkey buildings in Manhattan were trading at cap rates north of 6 percent. Today, those same buildings are getting multiple bids, and we are seeing cap rates already compressing into the mid-5 percent range. The window for high-yield product in prime locations is beginning to close.

Lastly, multifamily is now the safe play. Let us call it like it is: Office and retail assets are still under pressure globally. That displaced capital must land somewhere, and multifamily, especially in a resilient city like New York, has become the new "trophy asset" for foreign capital. With a deep tenant base, long-term appreciation potential and relative stability — particularly for free-market product — NYC multifamily stands out as a smart, secure investment choice.

This influx of foreign capital is reshaping the market in real time. Sellers with quality product — especially free-market or mixed-use multifamily buildings — are starting to see more offers, better terms, and shorter timelines to close. And other buyers are starting to feel the squeeze. Domestic buyers — especially those relying on financing — are now competing for deals directly against foreign groups with low cost of capital. If you are a local syndicator or operator, you'll need to sharpen your pencils, rethink your underwriting, and get creative on terms to compete in this environment. Because, make no mistake, these foreign buyers are not slowing down.

If you're a multifamily owner in NYC, this moment shouldn't be overlooked. We're in a rare window where foreign demand is strong, cap rates are still attractive, and pricing is starting to firm up. Once rates drop further — and they will — we expect competition to spike and pricing to climb, especially for core turnkey assets in prime neighborhoods.

This is not the same market as we saw in the last year. We're now seeing numerous international buyer groups from Asia, Europe and Latin America actively looking to acquire NYC multifamily. The demand is real and the capital is ready. The market is moving into a tighter position, and I think we will have prices adjust over the next few months.

Lev Mavashev is founder and principal of Alpha Realty, a New York brokerage focusing on multifamily.