

## Beyond the headlines: The structural case for New York City Multifamily Investments

Grubb Properties, Q1 2026

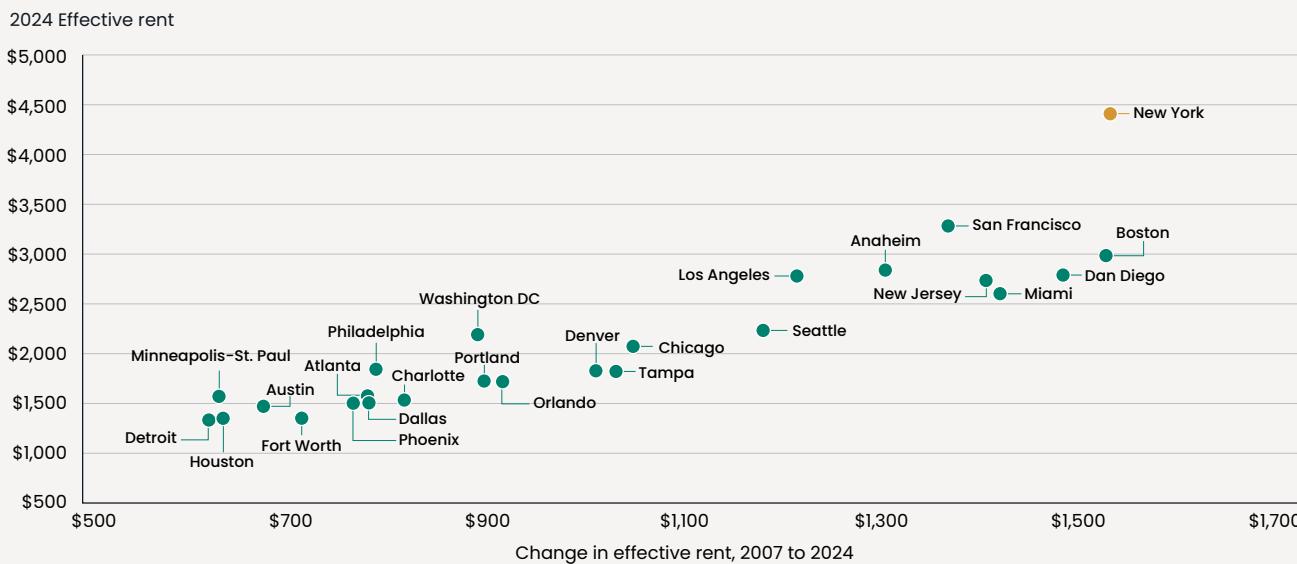
Many investors have questions about investment opportunities in New York City's housing sector under the newly elected Mamdani administration. The data and trends we discuss below point to New York City as one the nation's strongest markets for multifamily housing investment, where favorable fundamentals outweigh the effects of potential policy shifts.

New York City has an enduring structural supply/demand imbalance in housing that has driven steady investment outperformance over many years. Supply continues to be constrained, partly due to the expiration of affordable housing tax

incentives. Meanwhile, demand remains robust, largely driven by an expanding demographic of 25- to 44-year-olds.

New York City has been a market leader in rent growth over multiple years and spanning several administrations thanks to this supply/demand imbalance. In 2025, median and average rents continued to climb significantly. Even as some markets nationally have cooled, New York City has delivered persistent rent growth, making it a top prospect for investors looking to allocate capital in multifamily housing.

### 2024 Effective rent vs. change in effective rent (2007 to 2024)



Source: JLL Research, Real Page

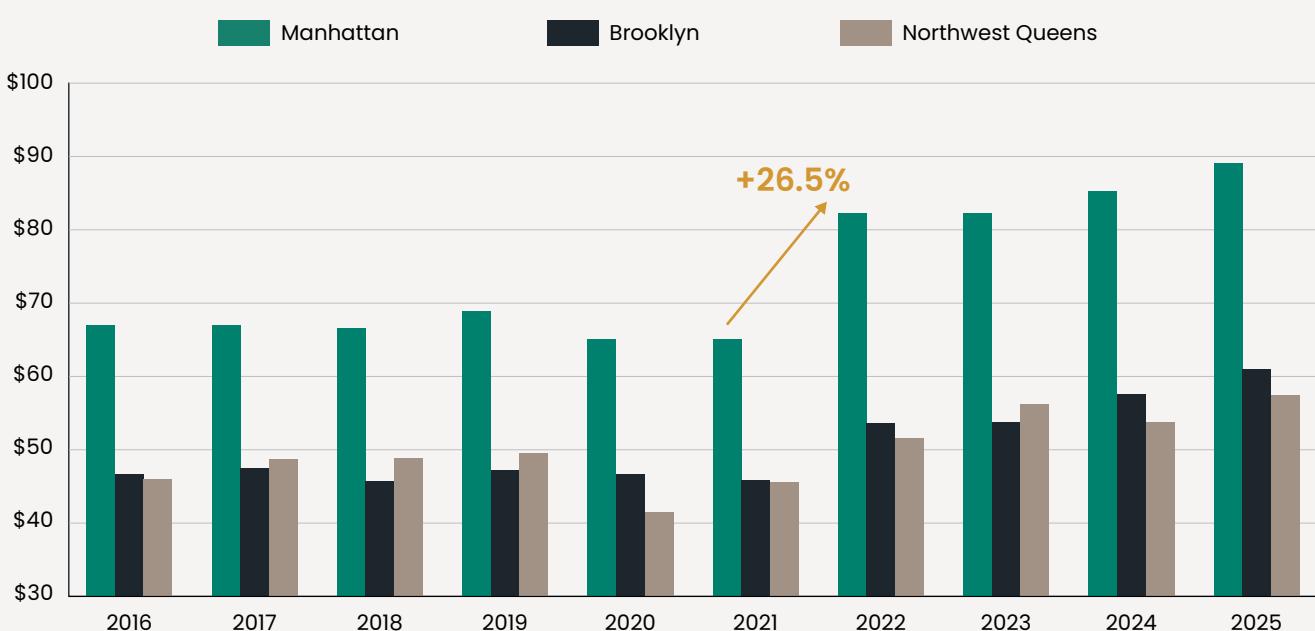
## The state of the New York City multifamily market

New York City continues to experience its worst housing crunch in 50 years. The most recent report from the city shows that only 1.4% of rentals were vacant and available in 2023.<sup>1</sup>

Strong demand, tight supply and low vacancy have made New York City the top U.S. market for rent growth. Yardi Matrix's national rent report found that New York City notched the strongest rent growth of any market in 2025, with 5.8% year-over-year rent growth – far surpassing the national average.<sup>2</sup>

High occupancy and rent growth support net operating income (NOI), the key driver of multifamily values and returns.

Rents in Manhattan, in particular, have grown consistently during the past decade, a period that spans multiple mayoral administrations, shifting housing policies and exogenous factors including the COVID-19 pandemic. Per-square-foot rents in Manhattan have increased 5.1% 10-year CAGR, according to JLL.



Source: JLL Research, Douglas Elliman

<sup>1</sup>New York City Housing and Vacancy Survey, February 2024

<sup>2</sup>Yardi Matrix Multifamily National Report, December 2025

Manhattan rents are expected to continue to rise because the underlying supply deficit cannot correct quickly. The expiration of the Affordable New York tax incentives in 2022 placed significant constraints on new deliveries. The replacement affordability program, 485-x, has not resulted in much new construction activity, as construction wage requirements for larger projects have made it difficult for deals to pencil out.

As an example, in Manhattan's Financial District, virtually no new units have been added to the existing inventory in the past three years, and there were no new construction starts since Q1 2024.<sup>3</sup> The submarket has a 2.3% vacancy rate – its lowest in 10 years.<sup>4</sup>

On the demand side, the city remains the top destination for recent college graduates, creating a population of highly educated young professionals that sustain demand for rental housing.<sup>5</sup>

In addition, 25- to 44-year-olds are the city's largest and fastest-growing demographic cohort.<sup>6</sup> They have a high rental demand and are largely continuing to rent rather than buy, partly because of a lack of affordability. As this segment of the population continues to expand, the demand for multifamily housing will butt up against diminished supply, which is expected to propel future rent growth cycles.

## Mamdani's Housing Proposals

During his campaign, now-Mayor Zohran Mamdani proposed a four-year rent freeze on New York City's nearly 1 million rent-stabilized units. This would affect only those units that are rent-stabilized and would not pertain to other market-rate units or units that are part of the 421-a (16) Affordable Housing New York Program that expired in 2022. Grubb Properties' assets are within the 421-a (16) program.

Some housing experts say this proposal, if enacted, would drive up rents for market-rate units. Freezing rents on rent-stabilized apartments would likely encourage their occupants to remain in place, increasing the already-strong demand for market-rate units in the city.

Critics also have argued that if Mamdani's proposals became policy, banks could be deterred from financing new housing construction in the city, leading to less housing being built at a time when construction is already severely constricted. This would likely aggravate shortages as demand for the existing housing supply remains strong.

Mamdani's campaign proposals included plans to increase housing supply, including building more than 200,000 new affordable, rent-stabilized homes and preserving others. He also suggested eliminating decades-old parking requirements for new developments, which often increase the cost of construction.

Implementing these plans will require approval from state, federal, and other local authorities and take time. History shows that limitations on mayoral power mean that New York City's housing market has been shaped far more by structural forces than by political activity. JLL Research conducted an analysis of the city's multifamily housing market performance during mayoral administrations going back to Rudy Giuliani's in 2000. This analysis found "a clear conclusion: market fundamentals and broader economic conditions – not mayoral policies – are the primary drivers of performance."<sup>7</sup>

<sup>3</sup> Note: Data excludes conversions and is limited to ground-up development. JLL Research; CoStar; July 2025.

<sup>4</sup> RealPage, July 2025.

<sup>5</sup> JLL Research, Lightcast, July 2025

<sup>6</sup> JLL, "New York City Multi-Housing Real Estate Outlook: Beyond the Political Headlines," September 2025

<sup>7</sup> JLL, "New York City Multi-Housing Real Estate Outlook: Beyond the Political Headlines," September 2025

## Grubb Properties in New York City

Grubb Properties believes we have entered the New York City market at an opportune point, with our two multifamily communities poised to help meet the growing demand for high-quality apartments in key neighborhoods.

Link Apartments® QPN, a 417-unit, 26-story multifamily asset in Long Island City, opened in April 2025 and is in its final lease up stage, and the future Link Apartments® 8 Carlisle in Manhattan's Financial District is under construction. Both communities are 70% market-rate units, with the rest of designated as affordable under the 421-a (16) program. This program, which provided tax abatement benefits, is not part of rent stabilization and has since expired.

The expiration of this affordable housing incentive has placed constraints on new deliveries, and the replacement affordability program, 485-x, has stymied new construction activity. The Financial District specifically has seen zero construction starts since Q1 of 2024, and demand continues to far outpace supply in that submarket.<sup>8</sup> In Q3 of 2025, rents averaged \$4,839, reflecting a 6.3% year-over-year increase.<sup>9</sup>



*Link Apartments® QPN in Long Island City, NY*



*Rendering of Link Apartments® 8 Carlisle in New York City, NY*

<sup>8</sup> JLL Research; CoStar; Real Page. JLL Data, July 2025

<sup>9</sup> Steven L. Newman Real Estate Institute, Baruch College, "New York City Housing Market Trends – 2025 Q3," November 2025

In Long Island City, adjacent to the Queensboro Plaza Metro station, Link Apartments® QPN has exceeded leasing projections and is on track to stabilize within this calendar year. The market-rate units are 98% leased and the affordable units (for which leasing is governed by a city-mandated lottery program) are currently 37% leased, for a blended overall leasing rate of 80%. The consistently strong leasing velocity has allowed for steady pricing growth, serving as evidence of the pent-up demand for high quality apartments offering exceptional value.



Amenity space at Link Apartments® QPN

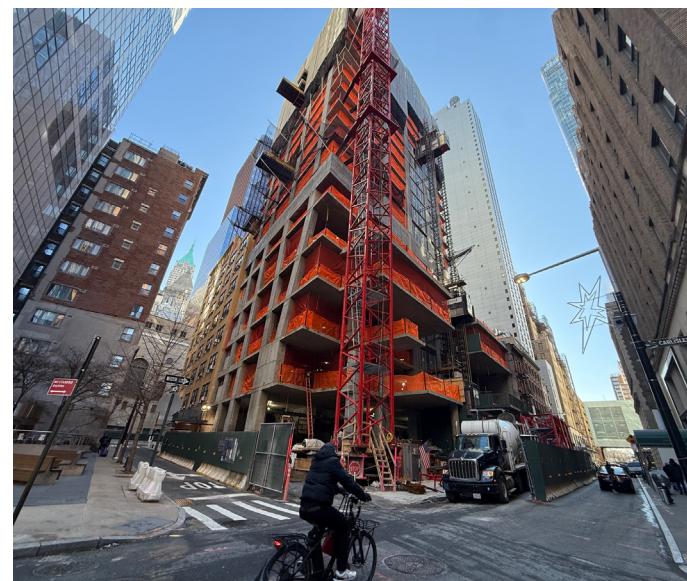


Unit interior at Link Apartments® QPN

Construction continues at Link Apartments® 8 Carlisle, and the concrete superstructure has reached the 30th floor. First units are expected to be delivered in the third quarter of 2027.



Unit rendering at Link Apartments® 8 Carlisle



Construction at Link Apartments® 8 Carlisle as of Q4 2025

The implication for investors looking to allocate capital is that multifamily fundamentals in New York City, particularly in Manhattan, remain supportive and outweigh the effects of potential political policies. The city's underlying supply deficit won't correct quickly, if ever, and demand shows no signs of abating. Against this backdrop, we believe our proven understanding of construction, regulation and rent dynamics will position our investors to capitalize on the multifamily investment opportunity in New York City.

For more information about Grubb Properties and our Link Apartments 8 Carlisle investment opportunity, please contact:

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