

Follow the Upside: How NYC Investors Are Rethinking Real Estate



Investment Strategy & Market Commentary

APRIL 2026

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Originally published in New York Real Estate Journal - April 27, 2026

65%

APPROX. INDUSTRIAL SUPPLY REDUCTION

\$35/SF NN

OBSERVED INDUSTRIAL RENTS

20+

OFFERS ON 9-BUILDING PORTFOLIO

In my earlier years of brokerage, my team had our investor list divided into five brackets – multifamily, retail, office, industrial and development. For the most part, multifamily investors only wanted to see multifamily listings, retail investors wanted to see retail listings, and so on.

Over the past few years, that dynamic has shifted dramatically.

A combination of gentrifying neighborhoods, rising operating costs, increased management intensity, and expanding regulation - particularly in rent-stabilized housing - has pushed investors to rethink their strategies. Today, we're seeing far more cross-asset flexibility, with industrial and retail repositioning leading the way.

In 2025, Queens industrial and retail assets posted the highest dollar volumes, despite being among the smaller sectors by inventory. That trend reflects a broader shift toward value-add opportunities with fewer regulatory constraints and stronger upside potential.

In December 2025, our team closed a 9 building, 34-unit retail-driven portfolio with significant development potential. The deal included a mix of credit and non-credit tenants, nine vacancies, and more than 400,000 square feet of unused air rights. We received over 20 offers from both retail investors and developers - each with a different vision for repositioning. Ultimately, a retail investor secured the portfolio.

That outcome underscores where demand is today: assets that offer optionality. Investors are targeting opportunities where they can reposition, redevelop, and drive returns into double digits while creating durable cash flow.

Industrial continues to stand out as well. Years of zoning changes have reduced supply by roughly 65%, pushing values higher and compressing cap rates. We're now seeing rents reach as high as \$35/SF NN, often with minimal landlord responsibilities.

While New York City real estate remains resilient overall, not all sectors are keeping pace. Rent-stabilized multifamily, in particular, continues to face headwinds.

Looking ahead to the rest of 2026, I expect more of the same. The market may not be pretty - but deals are getting done, and capital continues to find its way into opportunities with clear upside.

Published article: [New York Real Estate Journal](#)