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Demand Pushes Value Companies to Pick Up Development Pace

By Barbara Murray, Contributing Writer



Middletown, N.Y.—Value Companies barely had a chance to blink before renters claimed each one of the 52 recently completed residences at The Point at Sutton Hill, the developer's upscale apartment project in Middletown, N.Y. The quick lease-up has prompted Value Companies to release the units in another structure scheduled to make its debut in early spring, and to commence construction of The Point's next set of

buildings way ahead of schedule.

The Point will ultimately encompass 112 luxury garden-style residences in 10 buildings at 2 Underhill Road, a location within close proximity to highways and public transportation that can allow for a 90-minute commute to Manhattan. The recently completed units span five structures and offer one-, two- and three-bedroom floor plans. The next building to come online will feature 12 units, 25 percent of which have been claimed in advance by eager renters.

Nationally, the apartment market is improving. According to a new report by Marcus & Millichap Real Estate Investment Services, the U.S. apartment vacancy will drop 110 basis points to 5.8 percent this year. However, the level of recovery pales in comparison to the numbers Value Companies is seeing in its portfolio, which also includes properties in key suburban markets in New Jersey and Pennsylvania. "We're close to being back up to 2006 and 2007 levels," Andrew Abramson, president of Value Companies, tells *MHN*. "Our average occupancies are over 98 percent. Concessions are gone and we're raising rents. We open up a building and within a couple of weeks it's fully leased."

At The Point, success can be attributed to a few significant factors. "There's a population shift," Abramson notes. "We're seeing migration from Rockland County up into Orange County, so there are a lot of new people to the area." High-quality schools and lower taxes are luring renters, as is employment growth, he says, pointing to the impending opening of Orange Regional Medical Center's new 61-acre, 600,000 square-foot hospital campus in Middletown.

The next construction phase getting underway at The Point will yield 48 new residences.