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CLOCKWISE FROM LEFT: JEFF BACHNER, JOHN ROCA, DAVID TROTMAN-WILKINS, JENNIFER S. ALTMAN

LI'S LARGEST LANDLORD

FAIRFIELD PROPERTIES, THE REGION'S BIGGEST APARTMENT OWNER, SPENT BILLIONS TO GROW ITS PORTFOLIO

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ONLY IN NEWSDAY

Few renters on Long Island find an apartment without coming across the name Fairfield Properties. That's because the company, based in Melville, owns 13,260 rental units — or about one-fifth of all units in private apartment buildings in the region, according to a Newsday analysis of data from the real estate analytics firm CoStar Group, Inc.

Fairfield is the biggest apartment owner on the Island and dominates the rental market in several towns, CoStar data shows.

The company grew out of a single 1973 transaction, when members of the Broxmeyer family bought their first apartment building on Long Island, executives said. Fueled by a stream of acquisitions, the firm has accumulated a portfolio of 175 developments from Cedarhurst to Westhampton.

The Long Islanders who now run the business — co-managing partners Gary Broxmeyer and his nephew, Michael Broxmeyer, and chief financial officer Ralph Cusano — have more than doubled Fairfield's rental holdings over the past decade, public records show. Fairfield spent more than $2.12 billion on properties since 2013, based on prices Newsday reviewed in deeds, applications for tax benefits and news releases.

Regional business leaders said they welcome the rise of a company they described as a long-term steward of local communities. The trio of Fairfield executives said they're proud to

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improve homes in their community by offering quality customer service, overhauling the outside of properties and renovating the inside of apartments when residents move out. The company leverages its size to get deals on materials and appliances, and maximize value for renters, they said.

The revamped units rent for hundreds of dollars more per month, tenants said. Residents in the unrenovated apartments describe more typical rent increases, but some fear the upgrades will usher in rates they can't afford.

There is no evidence that rent rates have grown because of Fairfield's size, but firms with such an extensive reach may be able to push up prices and reduce tenants' ability to negotiate favorable leases, economists and housing analysts say.

"The consolidation in certain places definitely [is] shocking," said Shane Lee, a data scientist at RentHop, an apartment listing site based in New York City. "Renters will have less to no negotiating power."

Fairfield executives said they believe the firm's market-share is closer to one-tenth of multifamily residences on the Island — 10% instead of 20%. When asked for data to back up their assessment, Fairfield referred Newsday to a firm that said it didn't internally track apartments on Long Island and to a 2016 report that included a broader range of rental units, such as completely subsidized developments.

Fairfield residents have plenty of alternatives, the company executives said. Many choose homes with the firm because it has an array of options for people at every stage of life: recent graduates with limited budgets, families seeking more space and retirees looking to downsize, they said.

"Size is a great benefit," said Michael Broxmeyer, part of the third generation of the Broxmeyer family to run the business, which also owns 18 office buildings totaling 1.5 million square feet. "Our size certainly is not limiting them in any way."

FAIRFIELD PROPERTIES

In 2019, Fairfield spent $22.5 million on apartment buildings in St. James, property records show.

FAIRFIELD PROPERTIES

Part of Fairfield's work on the St. James development included renovating building exteriors.

Ubiquitous signs

Fairfield has grown so large that its signature hunter-green signs are a recognizable part of life on the Island, residents say.

"Anybody that's under 40 years old has gone to look at a Fairfield apartment," said Daniel Lloyd, founder and president of Minority Millennials, Inc., a nonprofit focused on supporting young people that has highlighted a shortage of affordable rental housing on Long Island. "Fairfield and Jones Beach — you know both if you're on Long Island."

The firm's portfolio, at 20% of the market, is $2\frac{1}{2}$ times the size of the next biggest owner, Heatherwood Luxury Rentals, which has about 4,985 units, or less than 8% of the market, according to CoStar data analyzed by Newsday. For the analysis, Newsday defined apartments as rental homes in developments with at least three units and at least some market-rate accommodations. CoStar data showed about 65,360 such units on the Island.

Fairfield Properties stands out in a region where single-family houses dominate. Homes occupied by their owners make up roughly 81% of residential units on Long Island, according to the U.S. Census' 2020 American Community Survey. And census figures suggest that the bulk of the Island's rental homes are not in traditional apartment complexes or town house communities. They're in one- and two-family houses and include basement apartments and mother-daughter flats, many of them unpermitted, according to Hofstra University researchers. They can be hard to find, because homeowners don't always advertise on listing sites and many units are intentionally camouflaged from street view, researchers and tenants said.

Expansion picks up steam

Fairfield's expansion has accelerated over the past decade, according to an analysis Newsday conducted to get more detailed historical data than was available from CoStar. At the end of 2012, Fairfield owned 5,165 apartments; that's since shot up to 12,770, according to the analysis. These sums — compiled from the latest unit counts on file with local governments — provide a conservative sketch of the firm's holdings, since Newsday didn't focus on co-ops and other units that were not publicly claimed by the company and couldn't easily be tied to it through deeds, mortgages, rental permits and other documents.

Fairfield has long eyed apartments near transit, shopping and recreational sites, but historically, there haven't been many such developments for sale, company executives said.

"More properties were built over time and became available," said Cusano. "There's really no explanation for it other than that the opportunities were there most recently."

The firm also grows by designing and building rental units that fill a niche in its portfolio, the executives said. They estimate that Fairfield built 10% of its apartments, a smaller portion than some other owners in the region, business leaders said. The drawn-out approval process has curbed the development side of the business, the Fairfield executives said. They noted that Fairfield spent 14 years getting the green light to add 102 apartments to Fairfield Greens at Holbrook.

Top owner in town

Despite these hurdles, Fairfield has accumulated far more apartments than other owners in several markets — areas generally based on town boundaries.

The company owns about 39% of apartments in Smithtown and 31% in Brookhaven and the Oyster Bay-Glen Cove area, according to CoStar data. The second largest companies in these areas have marketshares that are at least a dozen percentage points behind Fairfield's.

Fairfield is the largest owner in two additional markets — Islip and Babylon — and the second largest in two others — Huntington and the Hempstead-Long Beach area.

Fairfield executives said there's a healthy amount of competition throughout the region and that they pursue promising deals wherever they emerge. The firm's holdings may seem clustered in certain communities because multifamily residences have only been allowed on parts of the Island, regional business leaders said.

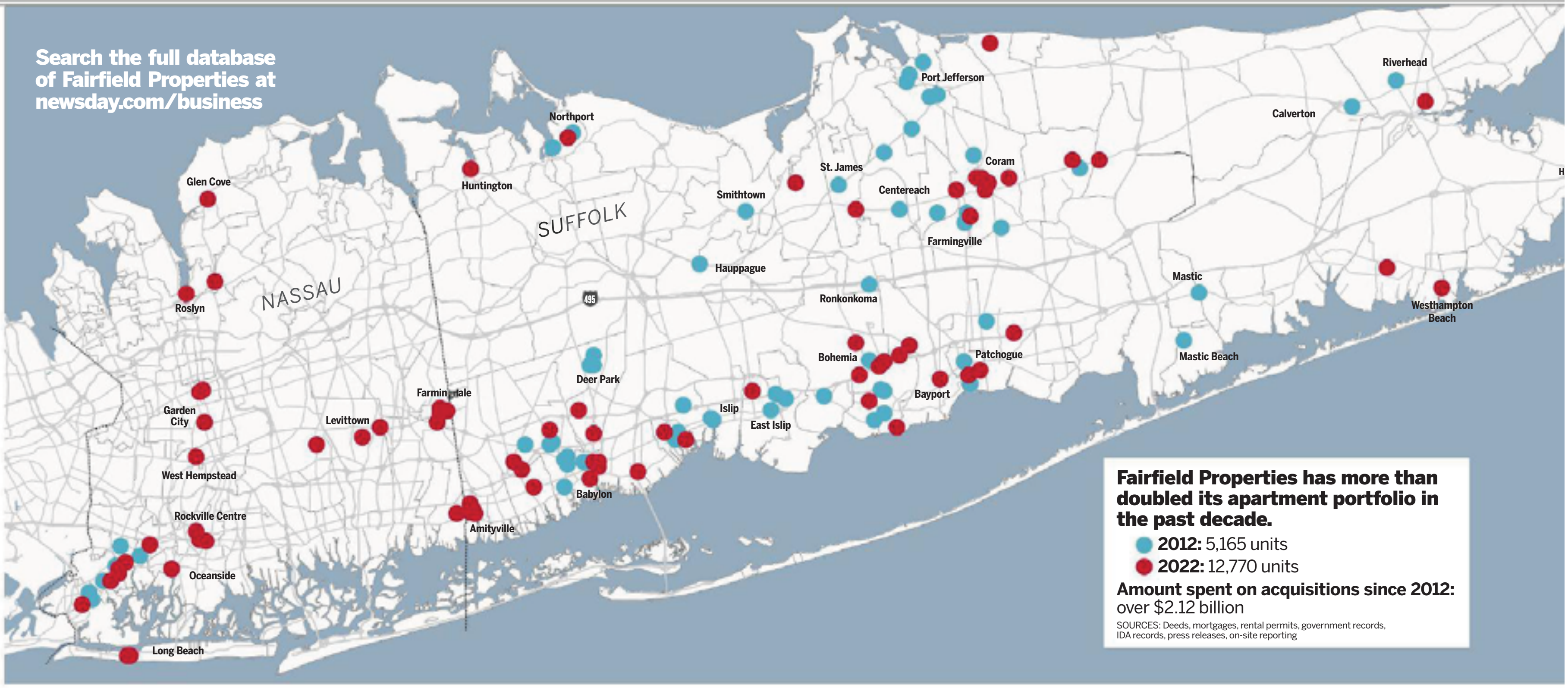
None of the markets examined by Newsday have "highly concentrated" ownership, according to a formula the federal government uses to assess mergers and other transactions. Still, Fairfield's holdings in many parts of Long Island seem to consolidate those markets in Fairfield's favor, potentially reducing tenants' choices and bargaining power, according to Lee, the data scientist from RentHop. She said similar patterns are emerging in other suburbs, where institutional players with the ability to purchase apartments in bulk — like Fairfield — are buying rental properties.

Purchasing to profit

Institutional owners premise purchases on the idea that renovating a property will generate larger profits than owning a building with standard rent increases, Lee said. They hit their revenue targets by remodeling apartments.

"This whole acquisition-to-upgrade-to-rent-increase is a way for them to create value and to make a real estate deal appealing to investors," said Lee, who has a background in real estate finance.

Fairfield has bought proper-



NEWSDAY GRAPHIC BY SARINA TRANGLE AND JESSICA ASBURY

ties with the Maryland-based investment company FCP. But the landlord differs from private equity firms that buy properties thousands of miles away and then flip them, Fairfield executives said. Fairfield rarely sells apartments and spends time and money installing stainless steel appliances, granite or quartz countertops, custom closets and quality finishes, Gary Broxmeyer said.

"We're long-term investors," he said. "It may not make dollars and cents if you have a short-term horizon."

Kyle Strober, executive director of the Association for a Better Long Island, said the company's model benefits the region. "There's something positive to be said about a property owner who provides shelter for those within the community and are there for the long-term," he said.

The company launched a multiyear campaign to overhaul Fairfield Courtyard at Bayport, one of seven properties Fairfield bought from an investment company in 2019 for $472.5 million. A broker described the 1,500 apartments in this deal as workforce housing, a term for homes that are affordable to people who may otherwise struggle to secure housing near their work.

Resident Lorraine Carter-Dinkins, 30, said Fairfield seems to give priority to people who move into newly renovated units at the Bayport complex, which lease for hundreds of dollars more a month. Washing machines in the communal laundry room haven't reliably worked for more than a year, she said. That's not a huge concern for residents of the revamped units, which have washers and dryers, she said.

"They don't even care to fix it," said Carter-Dinkins, who has an 18-month-old daughter. "I just have to go to the laundromat."

Fairfield has always planned to renovate the laundry room and permanently address issues with the equipment, said Gary Broxmeyer. He stressed that the company treats all tenants equally.

Carter-Dinkins said she enjoys the "quiet" environment at Bayport and would like to stay, but may not be able to keep up with rent increases. A Section 8 voucher covers part of her rent, and she estimates she pays about $1,000 a month when factoring in heat, water and trash removal costs.

The monthly rent "goes up like $100 every year," said Carter-Dinkins, who works in a group home for people with disabilities. "I don't know if I'll be able to afford it."

Why rents rise

Few economists have researched how landlord consolidation impacts rent prices, according to Oren Ziv, an assistant professor of economics at Michigan State University. He said owners with a significant market-share can limit their expenses by buying in bulk, negotiating cheaper contracts and streamlining their operations. They may pass these savings on through lower rents.

But major players may also charge more because they know residents have relatively few alternatives, Ziv said. His research shows that New York City census tracts with more consolidated apartment ownership were correlated with steeper rent hikes. There were too many related factors to determine if concentration pushed up prices rather than, say, a block becoming trendy, Ziv said.

Fairfield executives said there's no connection between the size of a business and its prices. They believe Fairfield's rental communities have bargains for Long Islanders with a variety of budgets. The firm's website advertises monthly rates that range from $1,875 for a studio in Cedarhurst to $5,295 for a two-bedroom, two-bathroom home in Roslyn Harbor. A small portion of the company's portfolio has lower prices because of affordable housing agreements localities made with developers when projects were approved, executives said.

Islandwide, the firm has an average monthly price of $2,848, which is about $130 more than the average monthly rate of all owners, according to CoStar. Fairfield charges average monthly rent rates above townwide averages in most markets, according to CoStar estimates. The difference stretches from 24 cents more per square foot in Babylon to 41 cents more per square foot in Smithtown, CoStar data shows. In two regions — North Hempstead and Brookhaven — Fairfield's average monthly price per square foot is one cent less than the townwide average.

Big players have their perks

Institutional owners' rent rates often come with quicker, better service, economists said. They tend to have a larger, more professional team and a reputation to worry about, Lee said.

The maintenance at Fairfield Townhouses in Coram has impressed Desmond Roberts, 30. He moved into a newly renovated unit more than three years ago, when Fairfield was fixing up the exterior of his home and the grounds of the property it had recently acquired.

"I can see where my money is going," said Roberts, a truck driver planning to start his own business. "Other places, I couldn't see that."

Size plays no role in Fairfield's success, said the company executives, who instead credited their 450 employees and a culture of remembering that it's a privilege to provide homes for people. The firm offers flexibility to renters who — for a $500 to $750 fee — can move mid-lease to scores of other Fairfield properties, they said.

A fair share of the field

Some renters see the broad portfolio as daunting.

In Coram, Michael Cordella, 43, said he can't find many alternatives to Fairfield. He and his wife would like to expand their family, but that would require moving out of their two-bedroom home in Fairfield Townhouses at Coram. The family's monthly bill would likely jump from $2,800 to nearly $4,000 if they rented a larger, remodeled unit in their current development, Cordella said.

"There's really no other option," said Cordella, a truck driver, who is working through credit concerns before buying a home.

Paying so much in rent would feel like throwing money away, rather than building equity in a home, he said. "Living here, there's no chance of retiring."

With Kai Teoh