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By Barbara Jarvie

NEW YORK CITY-The Des Moines, IA-based Principal Real Estate Investors has teamed with locally based Dermot Co. Inc. to acquire rent-stabilized apartments in the five boroughs. The joint venture has an initial commitment of approximately $100 million and intends to acquire as much as $300 million in properties in the near term. The pairing closed on its first acquisition—a two building portfolio in Astoria, Queens—last month. The venture did not release financial details regarding the individual transaction.

John Frandson, managing director of structured equity for Principal Real Estate, says the venture intends to "develop a strong investment platform in the New York City multifamily market. Rent stabilized apartments are an important asset class in New York City." The firm chose to partner with Dermot due to the local firm's in acquiring and managing rent stabilized apartments here. Dermot currently manages more than $1 billion in assets and owns or holds investments in more than 5,000 multifamily units. "We think that this commitment is only a beginning in our working together to acquire and manage residential properties here," says Andrew MacArthur, a principal with Dermot.

Financing for the venture was arranged by Sonnenblick-Goldman. Property management services for purchases made by the venture will be provided by Dermot.