

# BUILDING SALES JOURNAL



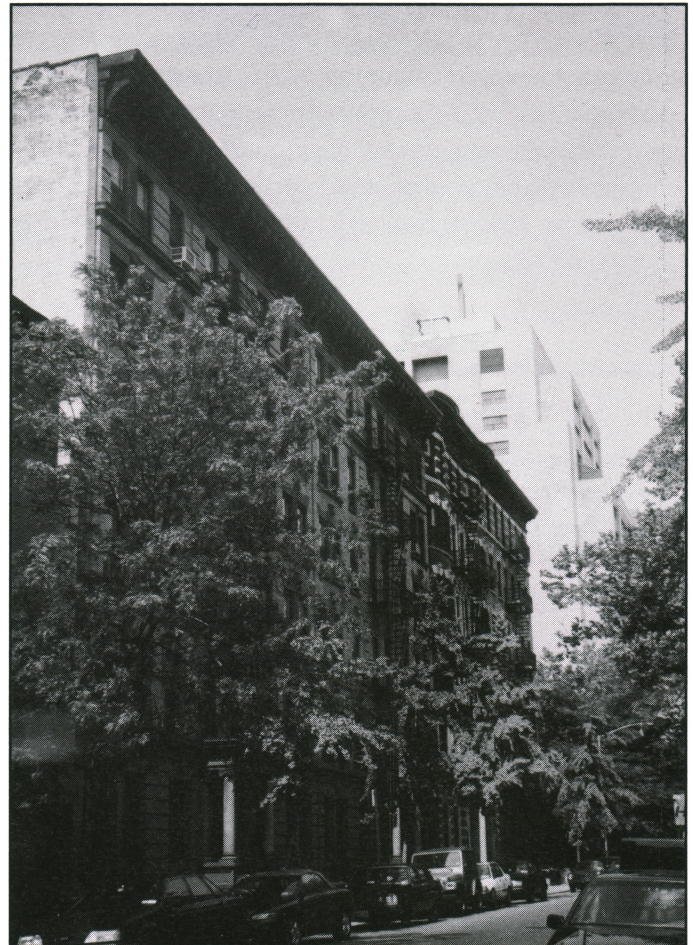
Commercial

Residential



## Massey Knakal Sells Portfolio of Apartment Buildings for Beth Israel Hospital

In an all cash transaction valued at approximately \$7,500,000, the properties at 336, 340 and 348 East 18<sup>th</sup> Street have been sold. The buildings are located on the south side of 18th Street between First and Second Avenues. These three adjacent buildings were all six story walk-up properties and contained a total of approximately 60,000 square feet and 73 apartments. Of the 73 units, 31 were delivered vacant and in need of rehabilitation. Based upon market projections for these 31 units, the price achieved was almost nine times the gross rent. Two of the buildings were 50' wide while the third was 40' wide. Due to the location of these buildings and the opportunity to create value through upgrading the properties, there was tremendous interest in this portfolio. Massey Knakal was hired exclusively by Beth Israel Hospital in this transaction. After obtaining dozens of offers in a relatively short period of time, Steve Croman emerged as the purchaser based on his ability to put up a substantial deposit and close very quickly. This sale represents the sixth portfolio sale that Massey Knakal has completed thus far in 1999. Massey Knakal Realty Services represented both parties to this transaction.



### *Massey Knakal Announces Building Sales via the Internet - Site Wins "Best of New York."*

Massey Knakal has had an established website for over two years, and during the first and second quarters of 1999, sold six buildings to purchasers who first learned about the properties' availability on Massey Knakal's website. Due to the advertising that is done to promote the site, we receive over 3,000 hits per week on our web page. Of these 3,000 hits, approximately nine percent are from outside of the United States. We anticipate further Internet success and will continue to provide a state-of-the-art quality website. If you would like to review the site please log on at [www.masseyknakal.com](http://www.masseyknakal.com).

***Massey Knakal Realty Services - "Neighborhood Expertise...Citywide"***

## PARKING LOT SOLD ON WEST 37TH STREET

The property at 31-33 West 37<sup>th</sup> Street has been sold in an all cash transaction valued at approximately \$3,900,000. This 65' wide parking lot has a total land size of 6,145 square feet and is in an M1-6 zone. The floor area ratio in the M1-6 zone is 10,



which allows for approximately 61,450 square feet to be built on this site. This property was one of a portfolio of seven sites

being marketed on a co-venture basis by Cushman & Wakefield and Massey Knakal. After several potential purchasers were uncovered, the tenant ultimately purchased the property. We were pleased to obtain almost \$65 per buildable square foot in an M1-6 zone. Massey Knakal Realty Services and Cushman & Wakefield represented both parties to this transaction.



## LOFT BUILDING SOLD ON 20TH STREET

The mixed-use loft building at 40 East 20<sup>th</sup> Street, which is located on the south side of East 20<sup>th</sup> Street between Broadway and Park Avenue South, has been sold for \$3,525,000. The property is 25' wide with seven stories and built 90' deep on the ground floor and 80' deep on the upper floors, for a total gross square footage of approximately 14,250. It has an



elevator and was completely renovated in 1987. The property was in impeccable condition at the time of sale and was delivered vacant. The building previously had a restaurant on the first two floors and the basement, and there were five floor-through loft apartments on the upper floors. The previous owner bought out two IMD tenants so that it could

be delivered vacant. The purchaser paid approximately \$250 per sq. ft. for this building. We had several developers interested in doing condo conversions or residential rentals with the property, as well as many commercial users that wanted to run their business out of the building. Massey Knakal represented the seller in this transaction.

## CORNER APARTMENT BUILDING SOLD

The apartment building located 356 East 89<sup>th</sup> Street has been sold in an all cash transaction valued at \$2,050,000. The property, located on the northeast corner of 89<sup>th</sup> Street and First Avenue, is a 26' wide five story building. The lot was 77'



deep and the property was built full on the ground floor and 72' deep on the upper floors. The building contained approximately 9,500 square feet, and consisted of 12 residential apartment units, which were controlled or stabilized, and two retail stores. The building had a gross revenue of \$238,000 and a net operating income of \$152,000. At the selling price of \$2,050,000 this sale relates to a capitalization rate of less than 7.5% and a gross rent

multiple of 8.6. Although we had dozens of investors making offers to purchase this property we ultimately sold it to a retail user who will occupy the ground floor. This enabled us to get a substantial premium for the property. Massey Knakal Realty Services represented both parties to this transaction.

## EASTSIDE BUILDING SOLD FOR RENOVATION

In an all cash transaction, the property at 129 East 47<sup>th</sup> Street has been sold. The property, a 20' wide, four story, mixed-use building, previously had a restaurant on the ground floor with

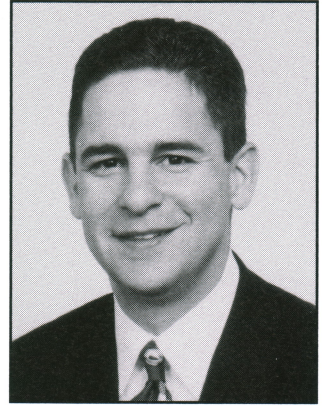


residential units above. This 5,000 square foot property had been vacant for almost five years at the time of sale. It was sold in a complicated transaction that involved the sale of stock in the Lexington Hotel, the owners of which also owned the subject property. The price allocated to the 47<sup>th</sup> Street property was approximately \$1,000,000. The building is in dilapidated condition and is in need of major rehabilitation. At the price of

\$1,000,000 this sale relates to a price of \$200 per square foot. Massey Knakal had been hired exclusively by the owners of the hotel to sell the small building, and while we had offers from individual users, it ended up selling as part of a package with the hotel. Massey Knakal Realty Services represented the seller in this transaction.

## CIRAULO NAMED PARTNER AT MASSEY KNAKAL

Paul J. Massey, Jr., President, and Robert A. Knakal, Chairman of Massey Knakal Realty Services, Inc. have recently announced that John F. Ciraulo has been named a partner in the firm. Massey Knakal has a staff of twenty-five in its Midtown Manhattan office and Mr. Ciraulo is the first broker to be made a partner of the firm since its inception. Mr. Ciraulo has been in the real estate business for nearly ten years. He received a computer science degree from the University of Scranton and has worked as a systems engineer for AT&T. Mr. Ciraulo began his real estate career in 1990 as a leasing broker for Stuart Marshak Real Estate. Primarily, he focused on the tenant representation side of the business and developed a thorough knowledge of office space, refined his persistent style of follow-up with customers, and learned to approach each deal with honesty and hard work. In 1993, Mr. Ciraulo joined Massey Knakal and redirected his focus to building sales. He has established himself as a neighborhood expert in Murray Hill and has continued to expand his influence into the Midtown-South market and has changed the way business is done in these areas. "Bob and Paul have given me a great opportunity and I have been dedicated to building a rapport with owners and a presence for the firm in my Manhattan neighborhoods," Mr. Ciraulo stated. Through his strategic approach and professionalism, Mr. Ciraulo won Massey Knakal's Gerald Bridges Salesman of the Year Award in 1998, recognizing the office's top salesman. He has also won the Louis Brause Outstanding Business Development and Goodwill Achievement Award in both 1997 and 1998. "John has been an outstanding asset to our firm over the years and has developed into the best salesperson we have ever had. Paul and I are extremely pleased to have him as a partner in our firm," stated Robert Knakal. During the past seven years John has evaluated over 400 buildings and has closed over 95 transactions totaling more than \$145,000,000.



### LEASEHOLD INTEREST IN APARTMENT BUILDING SOLD

In an all cash transaction valued at approximately \$1,100,000, the leasehold interest in 4 East 81<sup>st</sup> Street has been sold. The property, a 20' 5" wide, five-story apartment building, is located on the south side of East 81<sup>st</sup> Street between Fifth and Madison Avenues, opposite the Metropolitan Museum of Art. This



building contains approximately 7,700 square feet and consists of 11 rent stabilized apartments. In what was an unusual deal structure, this property was sold subject to a long-term leasehold interest that runs through 2106. The current rent received by the fee owner is \$25,000 per annum triple net and this rent has only minimal increases over the term of the lease. The building was fully occupied at the

time of sale and produced a gross rent of \$88,000. At the selling price, we were able to achieve 12½ times the gross rent for the seller of the leasehold interest. Based upon the net operating income of the property the cap rate on this transaction was about 3.5%. Massey Knakal Realty Services represented the seller in this transaction.

### MASSEY KNAKAL SELLS BOWERY DEVELOPMENT SITE

In an all cash transaction valued at approximately \$3,850,000, the property at 199 Bowery Street has been sold. The property, a 15,000 square foot parking lot, is located on the east side of Bowery Street between Rivington and Delancy Streets. It has 100' of frontage on Bowery and is 150' deep. The parking



operator that had been leasing the site had a cancellation provision in the lease so the site could be delivered vacant. The lot is zoned

C6-1 and can be developed for commercial or residential purposes. The residential buildable square footage is approximately 51,600'. The commercial buildable area is 90,000 square feet. This area of the city is dynamic and currently changing. The buyer plans on developing a residential building on the site. This transaction marks the sixteenth development site sold by Massey Knakal within the last twelve months. Massey Knakal Realty Services represented both parties to this transaction.

## APARTMENT BUILDING SOLD ON EAST 80TH STREET

In an all cash transaction valued at approximately \$5,400,000, the property at 18 East 80<sup>th</sup> Street has been sold. The property, a 25' wide, six story, elevatored building, contained seven rental units. All of the units were delivered vacant with the exception of one rent controlled unit on the fourth floor. The building contained a total of approximately 11,625 square feet. This elegant, limestone, neo-classic mansion is located between Fifth Avenue and Madison Avenue and is rich in detail. Located on a museum block, the property features a grand staircase, eight wood-burning fireplaces, high ceilings, a gracious wood panel library, central air conditioning, and a video security system. The property was purchased by a user buyer who plans on converting the property to single family utilization. Massey Knakal was hired exclusively to represent the seller in this transaction. Based on the superior location of this property and its impeccable condition, we had several offers. Many purchasers were interested in converting the property to single family and there were also many condo converters taking a serious look at the building, given its unusual multi-unit layout. Massey Knakal Realty Services represented the seller in this transaction.



## WEST 25TH STREET PARKING LOT SOLD

The parking lot located at 158-162 West 25<sup>th</sup> Street has been sold in an all cash transaction valued at approximately \$1,600,000. The property, located on the south side of West 25<sup>th</sup> Street between Sixth and Seventh Avenues, was 55' wide, had a land size of approximately 5,500 sq. ft., and was in an M1-6M zone. This zoning carries a floor area ratio of 10, which would permit development of a 55,000 sq. ft. building on the site. This



property was leased to a parking operator through February of 2006. However, the lease contained a termination provision upon 30 days notice. After negotiating with several parking operators, Eric Brown of Smart Parking stepped up and purchased the property. Massey Knakal was hired exclusively to sell this property on a co-venture basis with Cushman & Wakefield. Massey Knakal and Cushman & Wakefield represented both parties to this transaction.

## MASSEY KNAKAL SELLS 29TH STREET BUILDING

The property at 113 East 29<sup>th</sup> Street, which is located on the north side of 29<sup>th</sup> Street between Park Avenue South and Lexington Avenue, has been sold in an all cash transaction valued at approximately \$1,000,000. The building is 20' wide



and built 65' deep on the first two floors, and 54' deep on the balance of this five story, mixed-use building. The property contains eight apartments and is in need of gut renovation. Given the excellent location of the property and the fact that it needed such significant rehab, the building presented an excellent opportunity for developers to convert this property to several different types of uses. We were swamped with offers in a relatively short period of time for

this building given the lack of available property in the area today. Massey Knakal Realty Services represented both parties to this transaction.

# Massey Knakal Announces New Publication

**MASSEY KNAKAL** Massey Knakal's Market Trends Quarterly

**First Quarter Shows Recovery From Credit Crunch**

In the first quarter of 1999, we observed a full recovery from the credit crunch that the market experienced during the third quarter of 1998. At that time, due to frustration in the stock market and the withdrawal of the investment funds from the lending arena, prices in the market dropped sharply and the volume of transactions decreased. This was particularly true for the larger properties, while the smaller residential property market (including one- and two-unit properties) continued to show a steady recovery. During the first quarter, prices approached one percent (eight percent on an annualized basis), however, the volume of sales slowed. During the first quarter of 1999, 143 buildings sold for an estimated volume of \$2.48B. These transactions were led mainly by the residential sector of the market, particularly single-family residences and apartment buildings, both of which continued their steady upward trend levels. During the first quarter of the year, sales in the most active market (17 transactions) representing a volume of over \$400M on an annualized basis. Other areas with strong activity were the "New Village," Chelsea and the East Village each having 16 sales, and the Midtown West neighborhood with 13 sales. We anticipate an increase in volume during the second quarter of 1999 and expect prices to continue to improve. Most real estate professionals believe that we are either approaching or at the top of the market, and that sellers should consider a sale during the second or third quarter of the year if a sale will, in the next few years be necessary.

INDEX	1998.01	1998.02	1998.03
DOW JONES	8981.62	9274.12	9284.78
S&P 500	1209.21	1271.06	1256.14
NYSE 100	4.89%	5.18%	5.42%
TREASURY	4.64%	4.79%	5.04%
LIBOR 3M	4.57%	4.80%	4.84%
TREASURY	5.75%	5.70%	5.70%

**Yearly Volume of Sales**  
Bar chart showing monthly sales volume from 1998 to 1999.

**Yearly Price Per Square Foot**  
Bar chart showing monthly price per square foot from 1998 to 1999.

Last month we published for the first time, *Massey Knakal's Market Trends Quarterly* newsletter. This new publication deals with the Manhattan market south of 96<sup>th</sup> Street for buildings under 100,000 square feet. This newsletter is approached from a more statistical point of view than our standard newsletter, *The Building Sales Journal*, which you are currently reading. The Market Trends Quarterly deals with financial indicators such as the Dow Jones average and interest rates. It also looks at yearly volume of sales on a year-by-year basis, along with price per square foot trends for varying property types. Our statistical analysis differentiates 20 sub-markets and each sub-market focuses on many different property types. We also break down sales on a month-by-month basis to further examine the marketplace. The statistical pool of buildings focused on in this market is 27,301 properties. If you would like a copy of the Market Trends Quarterly, please feel free to call your broker at Massey Knakal to obtain a copy. This will be a quarterly publication and we will be happy to send it to you if you are interested. Your comments and questions are, as always, appreciated.

## Around the Market...

- 1121-23 First Avenue, a 45' wide, five story, mixed-use building has been sold by Gim Hom for a reported price of \$2,050,000.
- 13 East 69<sup>th</sup> Street has been sold to Vina Cheng for a reported price of \$6,350,000. The property was a 33' wide, five story elevated apartment building with 10 units, all of which were delivered vacant.
- A 48' wide, eight-story loft building at 91-93 Walker Street has been sold by Lafayette Walker Associates for a reported price of approximately \$6,600,000.
- Guiding Eyes for the Blind has sold their property at 14 East 94<sup>th</sup> Street, a 20' wide, five story residence, for a reported price of \$3,750,000.
- 260-262 Broome Street, a 46' wide, six-story apartment building, was recently sold for a reported price of \$1,320,000.
- Cornell University has purchased 442-444 East 77<sup>th</sup> Street, two adjacent 25' wide, walk-up apartment buildings for a reported price of \$4,700,000.

## Attention: MultiFamily Property Owners New Rent Guidelines Bulletin:

- RGB Order Number 31 for leases commencing between October 1, 1999 and September 30, 2000 provides for:
- One Year Renewal Leases: 2% Two Year Renewal Leases: 4%
- A Low Rent Supplement of \$15 for rents starting at \$500 or less, with no caps, and a minimum rent of \$215. The special guideline for rent controlled units entering stabilization is the Maximum Base Rent plus 150% or the HUD Section 8 Fair Market Rent for that size unit, whichever is greater.
- No sublet surcharge was approved.
- Under State law, vacancy increases remain 20% for two-year vacancy leases, 18% for one-year leases. Add .6% (6/10%) per year if the last vacancy was more than eight years ago. For rents starting under \$300, there is a \$100 bonus. Between \$300 and \$500, the increase is the greater of the percentage increase or \$100. The 2% and 4% renewal guidelines do not apply on vacancy.

## Massey Knakal Realty Services

## Profile



1ST ROW (L TO R): CHERIE CARBONE, STEPHANIE SPELL, ROBERT KNAKAL, PAUL MASSEY, CHRISTY MOYLE, DIANA MCQUEEN.  
2ND ROW (L TO R): ELIZABETH JAGER, STEPHEN SMITH, LAWRENCE NORMAN, STEPHEN LEVINE, GRANT REPSHER, FRANK WHITE, JOHN CIRAULO, PETER DECHESER.  
3RD ROW (L TO R): NAT ROCKETT, MICHAEL DECHESER, JAMES NELSON, ERIK NEWMAN, BRAD WIESE, LEX HESLIN, ROBERT BURTON, MARK MASSEY, KERVIN VALES.

Kevin Jeffrey, a native of New York City, was educated at Hunter College and later at Fordham University. Prior to joining MKRS, Kevin began his real estate career January



1997 representing both buyers and sellers in Investment Real Estate Sales. Specializing in the sale of apartment buildings and commercial properties, Kevin gained much of his experience working in the secondary markets in Manhattan north of 96<sup>th</sup> Street, the Bronx, and Queens. Using Massey Knakal's unique formula of having brokers specialize in particular neighborhoods, Kevin is going to be concentrating his efforts on

Upper Manhattan. This market has been showing increasing signs of growth and revitalization. Both Massey Knakal and Kevin are very excited to service this part of the city. Since beginning with Massey Knakal, in May of this year, Kevin is already marketing 14 properties in Upper Manhattan on an exclusive basis! Kevin enjoys many aspects of NYC's urban culture, and is an avid Yankee fan, but most of all he enjoys "closing the deal."

### **Massey Knakal Realty Expands to Queens**

*Firm Sites Confidence in Entire Metro New York Area*

Massey Knakal Realty Services has announced the opening of a branch office in the Forest Hills section of Queens.

Although the firm acknowledges the competitive nature of Manhattan we believe that the sheer size of the market leads to big opportunities. Size was actually one of the prime factors in attracting Massey Knakal to Queens. In looking for growth areas we conducted an extensive market study. We were astonished to discover that although we considered Manhattan to be a big investment market with over 30,000 individual buildings in our niche, Queens has over 179,000 properties (excluding 1-3 family homes). To head up the efforts in the new office, Massey Knakal has chosen Thomas Donovan, a Queens native. If you have interest in the Queens market please contact Tom at (718) 888-7900.



### **VISIT OUR WEBSITE**

For a detailed introduction to our company and information on over 100 exclusive listings, visit our website on the internet at:

[www.masseyknakal.com](http://www.masseyknakal.com)

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