

Massey Knakal sale nets more than asking price

In an all cash transaction valued at approximately \$2.2 million, the property at 102-106 East 35th Street has been sold, according to Robert A. Knakal, president of Massey Knakal Realty Services.

For the first time since 1986, Massey Knakal has sold a property for a price in excess of the asking price. This was due to the excessive buyer demand for the property, which was created in a relatively short period of time.

The property, a 50-foot wide, five-story, renovated apartment building, consisted of eight residential units and five medical offices. This property was renovated from what was once three adjacent five-story brownstones.

The excessive cost of renovation, along with lofty original purchase prices, created a debt load which was in excess of what the property could support. Subsequently, Chase Manhattan Bank foreclosed on the building and hired Massey Knakal exclusively to market the property.

Given the extent of the renovation in the building, the property was no longer subject to rent control or rent stabilization, with all apartments being at free market rents. All of the apartments were occupied, but only two of the five medical spaces were rented. The actual gross income on the property was approximately \$275,000, with a potential gross rent of \$335,000 if all of the medical spaces were rented. These figures relate to a gross rent multiple of eight times the gross rent based on actual income, and six and a half times gross rent based on 100 percent occupancy with no vacancy allowance.

"These gross rent multiples are indicative of the strength of the current rental housing market in Manhattan," said John Ciraulo, the Massey Knakal agent specializing in Murray Hill properties and also



102-106 East 35th Street

the broker who coordinated the marketing efforts for the property. "There is a lack of good rental property in the city and when a prime piece of property becomes available there is a feeding frenzy amongst the buying community," Ciraulo added.

The excessive demand for this property created a competitive bidding situation which resulted in the eventual purchaser bidding \$10,000 more than the asking price in order to secure the acquisition of the property. There were over 40 offers for the property generated within a seven week period, which demonstrates the appetite for residential properties which are well-located. Massey Knakal Realty Services represented both parties to this transaction.