

COMMERCIAL | RESIDENTIAL

BUILDING SALES JOURNAL



Massey Knakal Obtains \$110,650,000 For Manhattan Portfolio

In two all-cash transactions valued at an aggregate price of approximately \$110,650,000, 11 properties were sold by Massey Knakal Realty Services. The first transaction totaled \$80,150,000 and consists of 10 apartment buildings, four of which are elevatored and six of which are walk-up buildings. In total the portfolio consists of approximately 160,540 gross square feet and contains 207 apartments, 11 stores, four professional spaces and roof top telecom installations. Approximately 77% of the apartments are rent regulated. The buildings are located at **200 East 26th Street, 210 East 38th Street, 328-330 East 52nd Street, 115 East 72nd Street, 210-216 West 79th Street and 701-703 9th Avenue.** The portfolio sold at a capitalization rate of 3.38%. The other property, which sold in a transaction valued at \$30,500,000, is located at **524-534 West 23rd Street.** The property is a 10-story loft building net leased to Manhattan Mini Storage until 2020. The rent was well below market and the property sold at a capitalization rate of 3.11%. Massey Knakal was the sole broker in these transactions.

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Message From The Chairman

Dear Friends,

The current building sales market in New York has not been as adversely affected as one might think given the recent credit market issues. This is particularly true for properties under \$100,000,000 in value. **Although there was a six-week period in August and September when uncertainty created difficult times in the credit markets, the past few weeks have seen the markets stabilizing and there is a tremendous amount of debt available to buyers.** This debt is, however, is more expensive and additional equity may also be required. The office building and hotel sectors remain the most active and strongest. The credit markets have had an effect of slowing large institutional office building sales as the mezzanine debt markets are challenging today. Apartment buildings remain in very high demand, particularly those with a high percentage of rent regulated units. However, there is very little multifamily product available for sale. **It appears the appetite of investors is geared much more toward in-place income today versus land or properties purchased for conversion.**

Surprisingly, land in prime locations is still inching up in value while land in secondary and tertiary areas are seeing modest reductions in price. **We anticipate muted construction activity over the next several quarters as land costs are holding steady and construction costs continue to escalate.** Looking at the national economy, we see that, based upon second quarter 2007 results, **Gross Domestic Product appears to be growing at 3.8% annually.** This may be somewhat misleading as sharp increases in government spending and an increase in our exports are skewing this data. The weak U.S. dollar, relative to foreign currencies, and the growth that economies are experiencing globally are increasing our export capacity. Consumer spending, however, has been down as high level of mortgage equity withdrawal we have seen over the past year or two is slowing dramatically and has been for a couple of quarters. **Meanwhile the outlook for the building sales market in the New York City metropolitan area remains very positive and demand continues to outpace supply by a significant margin.**



Robert Knakal

CONVERSION SITE SOLD

A conversion/development site at **136 Church Street** in Manhattan's TriBeCa neighborhood was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$30,500,000.** The seven-story plus mezzanine, 50' x



100' property is located on the southwest corner of Church and Warren Streets. Also known as **37-39 Warren Street**, it is an office building which could be

converted to 16 residential units. The existing building contains **approximately 37,343 square feet.** The design includes luxurious two- and three-bedroom, two-bathroom apartments on the existing floors and three penthouse additions. The retail space at the site is fully leased to paint seller Janovic through 2012. Aside from Janovic, the property was delivered vacant. **It sold for \$816.75 per square foot** to a Long Island-based developer.

MIXED-USE BUILDING SOLD

A five-story, newly renovated mixed-use building at **312 Bowery** in Manhattan's NoHo neighborhood was sold by Massey Knakal Realty Services in a **transaction valued at \$22,100,000.** The 50-foot-wide, elevated property is



located on the west side of Bowery between Houston and Bleeker. The residential mix is comprised of 21 one-bedroom apartments, one three-bedroom penthouse apartment, ground floor retail space and **approximately 22,749 square feet.** Most units have private terraces or balconies. All are free

market. **The transaction occurred at a capitalization rate of 5.53% and a gross rent multiple of 14.19.** The property sold for **\$983.14 per square foot.**

MIXED-USE BUILDINGS SOLD

Massey Knakal Realty Services has sold two mixed-use, five-story buildings at **250-252 West 14th Street** on the border of Chelsea and the West Village in Manhattan in a



transaction valued at \$10,625,000. The walk-up properties are located on the south side of West 14th Street, just east of Eighth Avenue. They have a combined frontage of 46 feet and **approximately 12,436 square feet.** Both buildings contain two floors of commercial space. The ground floor bar at **252 West 14th Street** has a demolition clause in its lease, while the store in **250 West 14th Street** is vacant. The

upper floors contain nine residential units, four of which are rent stabilized and five that are free market. Additionally, there are **approximately 10,978 square feet of air rights.** The transaction occurred at a capitalization rate of 5.36% and a gross rent multiple of 15.30. The properties sold for \$854.37 per square foot.

TOWNHOUSE SOLD BY MASSEY KNAKAL

A four-story townhouse with a finished basement and access to a large garden at **211 East 76th Street** on Manhattan's Upper East Side was sold by Massey Knakal



Realty Services in an **all-cash transaction valued at \$3,250,000.** The 16-foot-wide property is located on the north side of East 76th Street between Second and Third Avenues. The building has three units – one owner's duplex and two floor-through apartments. The top floor apartment is free market and the lease expires in July 2008. The townhouse can be delivered vacant in 18 months. **The property**

sold for \$1,000 per square foot to a Manhattan single-family converter.

MASSEY KNAKAL SELLS RESIDENTIAL SITE

A residential development site with plans for nearly 72,000 square feet of luxury condominiumspace at **948-952 Second Avenue** in Midtown East was sold by



Massey Knakal Realty Services in a **transaction valued at \$30,000,000.** The 60'x 70' property is on the east side of Second Avenue between East 50th and East 51st Streets. **A total of 24,757 air rights were purchased from neighboring buildings, which brought the buildable square footage up to 71,832.** As a result of the nearby purchase, the project can cantilever over the existing building at 954 Second Avenue, thereby

increasing its width from the 5th floor up. Demolition of **952 Second Avenue** has already begun. **The property sold for \$416.67 per buildable square foot** to a Manhattan development company.

COMMERCIAL CONDO SOLD

A step-up ground floor commercial condominium located within the prestigious Atalanta Building at **25 North Moore Street** was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$1,700,000.**

Unit #1B is located within the TriBeCa Mixed-Use District and the TriBeCa West Historic District. The common charges are \$8,126 annually. The



building was originally built in 1924 and was converted in 2001 into 43 units over 17 floors. **Unit #1B** contains **approximately 2,957 square feet.** **The transaction occurred at a capitalization rate of 7.22%.** **The property sold for \$574.91 per square foot.** Massey Knakal sold Unit #1A in the building in March of 2007 to a different buyer for \$1,300,000.



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MIXED-USE BUILDING SOLD

Massey Knakal Realty Services has sold a mixed-use building at **114-116 Henry Street** in the Brooklyn Heights section of Brooklyn in an **all-cash transaction valued at \$4,400,000**. The five-story, 37-foot-wide property is located in the heart of Brooklyn Heights' Landmark Historic District. It contains 14 residential units and ground floor retail space, which was delivered vacant along with five of the apartments. The remaining nine are occupied and rent stabilized. **The property contains approximately 10,285 square feet and**



additionally, 3,557 square feet of air rights. The transaction occurred at a capitalization rate of 4.88% and a gross rent multiple of 13.45. The property sold for \$427.81 per square foot to a Brooklyn investor.

FUNERAL HOME SOLD BY MASSEY KNAKAL

An existing funeral home sold as a development site for hospital medical offices at **666 Ocean Avenue** in the Flatbush/ Midwood area of Brooklyn was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$2,975,000**. The 75' x 140' property is located on Ocean Avenue



between Albemarle and Beverly Roads. Once a funeral home, most recently it has been used as a 34-unit walk-up apartment building – 12 two-bedroom units and 22 one-bedroom units. **The property contains approximately 37,800 square feet. The property sold for \$78.70 per square foot to Maimonides Hospital,** which plans to use the space as medical offices.

INDUSTRIAL BUILDING SOLD

Massey Knakal Realty Services has sold a multi-story industrial building in the heart of Brooklyn's Sunset Park at **201 42nd Street** in a **transaction valued at \$8,763,000**.

Proving that the industrial market is alive and well and not everything will be a condo conversion, the property is subdivided and leased out to 17 different commercial tenants. The majority of the leases expire within one year. The property spans an impressive **91,682 square feet** over three floors just two blocks off the Gowanus Expressway 39th Street ramp. **The transaction occurred at a low cap rate of 4.32%.**



**DEVELOPMENT SITE
 SOLD**

Massey Knakal Realty Services has sold an outstanding residential development site with potential for conversion at **20 Henry Street** in the Brooklyn Heights



section of Brooklyn in an **all-cash transaction valued at \$19,600,000.** The seven-story vacant loft building is located on an extremely desirable block in the Landmark Historic District of Brooklyn Heights, with

close proximity to the Brooklyn Bridge Park and DUMBO. It contains **approximately 45,990 square feet.** Landmark approval was obtained to add a four-story, 14,500 square foot residential apartment building on the vacant land adjacent to the existing building. The property was purchased by a Brooklyn realty group.

**GARAGE BUILDING SOLD BY
 MASSEY KNAKAL**

An 11,000 square foot garage building at **8729-8739 18th Avenue** in the heart of Bensonhurst, Brooklyn was sold by Massey Knakal Realty Services in an **all-cash**



transaction valued at \$3,000,000. The 100' x 110' property is located near the B and D subway lines at 18th Avenue and 86th Street. The building contains high ceilings,

concrete floors, office space and a reception area and was delivered vacant. The building is part of the **Bensonhurst Portfolio**, comprised of four total properties (a collision shop, repair shop, auto dealership and parking lot) **worth approximately \$10,500,000.** The **property sold for \$272.73 per square foot** to a Brooklyn owner.

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**MULTIFAMILY BUILDINGS
 SOLD**

Massey Knakal Realty Services has sold two fully occupied multifamily buildings on the same lot at **32 Frost Street** in an **all-cash transaction valued at \$1,081,500.**

The 25' x 40' and 25' x 20' buildings are located on the south side of Frost Street between Union Avenue and Lorimer Street. A four-family, three-story building is located at the front of the lot, and a two-family, two-story building is located in the rear. All the units are rent stabilized and combined, **the properties contain approximately 4,000 square feet.** Both buildings were fully occupied. **The transaction occurred at a capitalization rate of 5.08% and a gross rent multiple of 12.78.** The **property sold for \$270.38 per square foot.**



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WAREHOUSE SOLD BY MASSEY KNAKAL

A two-story corner warehouse at **31-16 Hunters Point Avenue** in the Long Island City section of Queens was sold by Massey Knakal Realty Services in a **transaction**



valued at \$2,350,000. The vacant building is located at the southeast corner of Hunters Point Avenue and 31st Place. The building was being used as a photo equipment wholesale

distributor, but the owner closed the business and sold it vacant. The property is comprised of **approximately 9,533 square feet** including 10 offices and a receptionist lobby, and an **additional 2,464 square feet of air rights.** **The property sold for \$246.51 per square foot** to a Manhattan printing company.

MASSEY KNAKAL SELLS COMMERCIAL BUILDING

A three-story elevated commercial building at **2856-2860 Steinway Street** in the Astoria section of Queens



was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$22,500,000.** The 100-foot-wide property is located at the northwest corner of Steinway Street and

30th Avenue, arguably the best retail site in the area. It contains **approximately 50,997 square feet**, is fully occupied and is currently leased to three tenants – Duane Reade, Washington Mutual Bank and New York Sport Club. **The transaction occurred at a capitalization rate of 5.33%. The property sold for \$441.20 per square foot** to a Manhattan developer.

VACANT LOTS SOLD

Two vacant lots at **88-09 153rd Street** in the Jamaica section of Queens were sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$1,500,000.**

The 50' x 125' properties (combined) are located on the east side of 153rd Street between 88th and 89th Avenues. The site lies within an R6 zoning district and has residential



development potential of **approximately 15,188 buildable square feet.** The area is proposed to be rezoned to R7A, which would **increase the buildable square footage to 32,500.** **The property sold for \$75.98 per square foot** to a Queens investor.

**DEVELOPMENT SITE
SOLD**

Massey Knakal Realty Services has sold a 50-foot-wide development site at **153-14 88th Avenue** in the Jamaica section of Queens in an **all-cash transaction valued at \$1,390,000**. The property is located on the south side of 88th Avenue between Parsons Boulevard and 153rd Street. It falls in an area proposed to be rezoned to R7A by late 2007. Right now the zoning is R6 and contains a



maximum residential buildable square footage of 13,750 square feet. If the rezoning passes, the property would contain **approximately 25,000 buildable square feet**. The property sold for **\$101.09 per buildable square foot** to a Queens developer.

**RESIDENTIAL DEVELOPMENT SITE
SOLD BY MASSEY KNAKAL**

A residential development site with approximately 80 feet of frontage at **19-73 77th Street** in the East Elmhurst section of Queens was sold by Massey Knakal Realty



Services in an **all-cash transaction valued at \$1,150,000**. The irregular lot is located on the east side of 77th Street between 19th Road and 21st Avenue. It contains **approximately 8,839 square feet**. The lot will be subdivided, leaving a development site with 70 feet of frontage. **The maximum total buildable square footage is 10,214 square feet**. The property sold for **\$112.59 per buildable square foot** to a Queens developer.

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**DEVELOPMENT SITE
SOLD**

A 50-foot-wide development site at **153-02 88th Avenue** in the Jamaica section of Queens was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$875,000**. The property is located on the south side of 88th Avenue between Parsons Boulevard and 153rd Street. It has a total footprint of **approximately 6,250 square feet with a maximum residential buildable square footage of 15,188 square feet**. The property sold for **\$212.12 per buildable square foot** to a Queens developer.



The property is located on the south side of 88th Avenue between Parsons Boulevard and 153rd Street. It has a total footprint of **approximately 6,250 square feet with a maximum residential buildable square footage of 15,188 square feet**. The property sold for **\$212.12 per buildable square foot** to a Queens developer.

THE BRONX/NORTHERN MANHATTAN

APARTMENT BUILDING SOLD

A six-story, elevatored apartment building at **1900 Grand Concourse** in the Bronx was sold by Massey Knakal



Realty Services in a **transaction valued at \$3,500,000**. The 84' x 90' property is located blocks from the B and D subway trains, as well as the Cross Bronx Expressway. It contains 43 units and **approximately 41,269 square feet, and an additional 9,859 square feet of air rights**. The **transaction occurred at a**

capitalization rate of 7.53% and a gross rent multiple of 7.65. The property sold for **\$84.81 per square foot** to a large residential building owner from Westchester County.

SRO BUILDING SOLD

A four-story, single room occupancy building delivered vacant at **140 West 119th Street** was sold by Massey



Knakal Realty Services in an **all-cash transaction valued at \$1,600,000**. The 20-foot-wide property is located on the south side of West 119th Street between Adam Clayton Powell Boulevard and Lenox Avenue, steps from both Marcus Garvey Memorial Park and the Mount Morris Park Historic District. It contains

approximately 5,096 square feet and many of the building's original details. **The property sold for \$320 per square foot** to a Northern Manhattan investor.

FORMER CHURCH RECTORY SOLD BY MASSEY KNAKAL

In what marked the first sale since its construction in 1904, Massey Knakal Realty Services sold **602 East 187th Street, also known as 2396 Arthur Avenue**, in the



Belmont section of the Bronx in an **all-cash transaction valued at \$4,200,000**. A full price offer was accepted in less than 72 hours for the 50' x 100' property, which is located at the southeast corner of Arthur Avenue and East 187th

Street in the heart of Little Italy's shopping district. It contains **approximately 17,850 square feet of commercial space** over three floors. **The transaction occurred at a capitalization rate of 5.89%**. The property sold for **\$235.29 per square foot** to a Westchester investor.

VACANT LOT SOLD

Massey Knakal Realty Services has sold a 25' x 100' vacant lot at **416**

East 120th Street in Northern Manhattan's Harlem neighborhood in an **all-cash transaction valued at \$1,100,000**.

The prime lot is located on the East 120th Street between First and Pleasant Avenues in an R7-2 zoning district. The zoning allows for **approximately 8,679 buildable square feet**. **The property sold for \$126.74 per buildable square foot** to a Manhattan developer.



THE BRONX/NORTHERN MANHATTAN

LOFT BUILDING SOLD

A five-story vacant loft building with adjacent vacant land at **2269 First Avenue** in Harlem was sold by Massey



Knakal Realty Services in an **all-cash transaction valued at \$11,500,000**. The 61' x 142' irregular property is located at the southwest corner of First Avenue and East 117th Street. Originally constructed as a school in the 1890s, the

property contains **approximately 65,598 buildable square feet**. It sold for **\$175.31 per buildable square foot** to a Manhattan developer. It was one of largest development sites to trade in Northern Manhattan this year.

MASSEY KNAKAL SELLS PARKING GARAGE

A four-story plus basement parking garage at **161 West 132nd Street** in Central Harlem was sold by Massey



Knakal Realty Services in an **all-cash transaction valued at \$5,000,000**. The 60' x 95' property is located on the north side of West 132nd Street between Lenox Avenue and Adam Clayton Powell Boulevard.

The existing structure is currently overbuilt, with a gross area of **approximately 22,800 square feet**. The property currently receives \$10,500 a month for parking, and has a lease with an option to cancel with a 90-day notice. It contains **approximately 20,623 buildable square feet**. The **transaction occurred at a capitalization rate of 2.23%**. The **property sold for \$219.30 per square foot**.

WALK-UP SOLD BY MASSEY KNAKAL

A four-story walk-up apartment building at **166-68 East 104th Street** in the Spanish Harlem section of Northern



Manhattan was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$2,925,000**. The 50' x 72' property is located on the south side of East 104th Street between Third and Lexington Avenues. It consists of 18 rent stabilized, two-bedroom units over **approximately 13,408 square feet**. The **transaction occurred at a capitalization rate of**

5.39% and a gross rent multiple of **12.71**. The **property sold for \$218.15 per square foot** to a private investor from Northern Manhattan.

COMMERCIAL SPACE SOLD

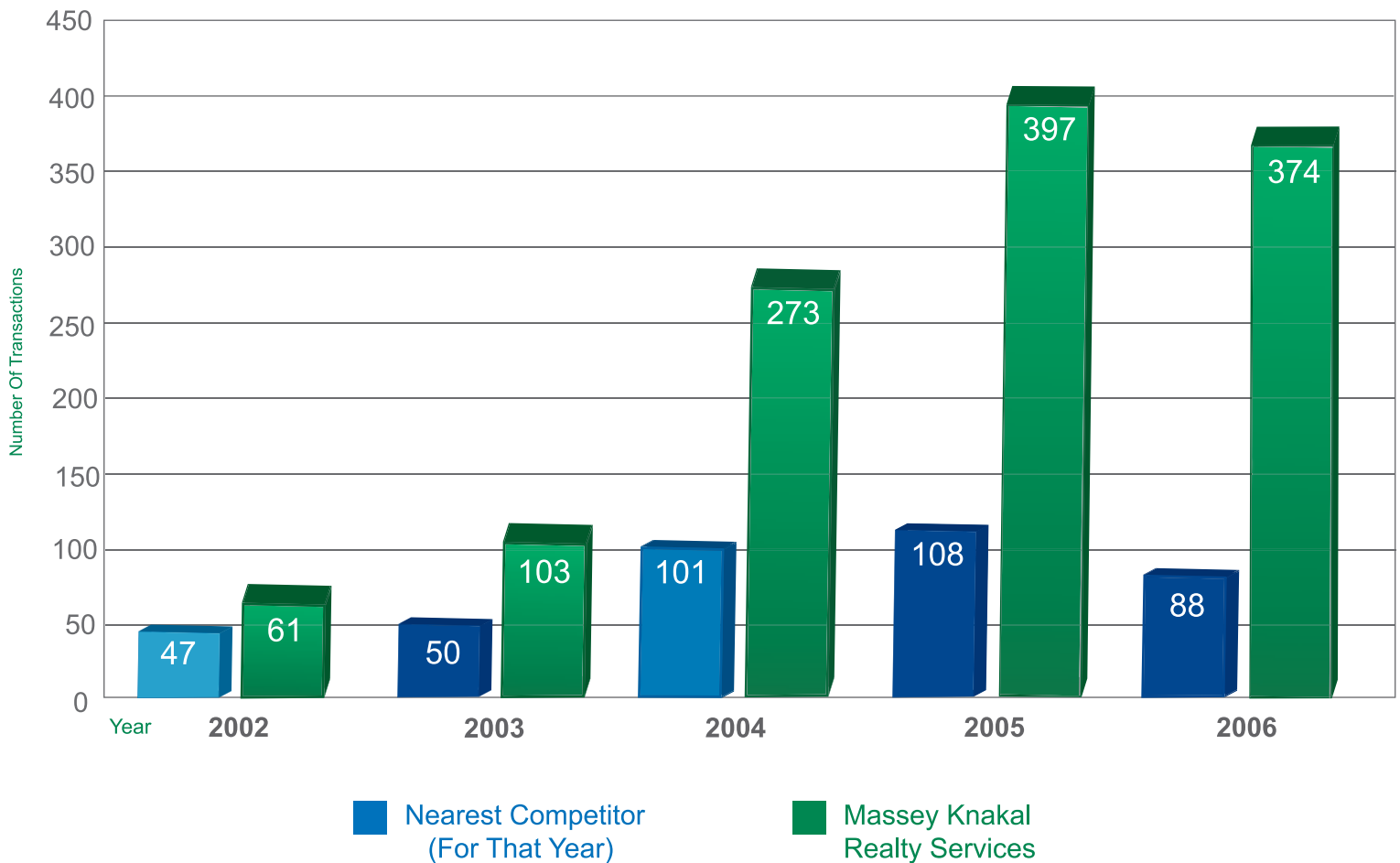
A 46-foot-wide commercial space at **1351 Amsterdam Avenue** in Northern Manhattan near Columbia University



was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$3,100,000**. The two-story property is located on the east side of Amsterdam Avenue between West 125th and West 126th Streets. The L-shaped space is currently subleased with the master lease expiring on 12/31/07. Located in an M1-1 zone, the property contains **approximately 7,380 square feet**. A curb cut allows for two-car parking leading to the top floor, and a ground floor parking garage is currently used as storage. The **transaction occurred at a capitalization rate of 1.60%**. The **property sold for \$420.05 per square foot**.

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(# of Transactions in Manhattan, Brooklyn, Queens and The Bronx)



New York City Income Property Market Report First Half 2007



Realty Services

Number of Sales Spikes in the First Half of 2007

The number of closed sales was up 11.3% in the first half of 2007 compared to the prior six month period, driven by the sales activity in Manhattan, including Northern Manhattan. Manhattan saw twice as many walk ups sold in the first six months of 2007 compared to the second half of 2006. Along with the increase in the number of sales, the median price of a Manhattan apartment building showed a sharp increase as well, breaking \$500 per square foot for the first time. The median price of a walk-up apartment building in Northern Manhattan also set a record, exceeding \$300 per square foot. The outer boroughs were mixed, however, as the price of walk-up apartment buildings in Brooklyn and Queens remained relatively flat, while Bronx saw a decline in price to \$100 per square foot. The cap rates for walk-up apartment buildings, which comprise the greatest sample size, illustrated further compression in Manhattan, including Northern Manhattan, and generally remained flat in the Bronx, Brooklyn and Queens. Though the number of sales is up sharply from the second half of 2006, with 2,063 closed sales compared to 1,852, there were nonetheless 13% fewer sales than the first half of 2006, one year

ago, which was the most active period of the past four years. The median price across property types and submarkets was \$231 per square foot, up 2.6% from last period. The market-wide turn overrate was 1.7% in the first six months of this year, up from 1.5% last period. The greatest turnover rate was with Bronx elevator apartment buildings, with 3.5% of that inventory having turned over, more than double last period, followed by Bronx walk-up apartment buildings, which turned over 2.9% of its inventory. Elevator apartment buildings comprised only 10% of the total number of sales, walk-up apartment buildings 56% and mixed-use buildings 34%. The increase in sales activity suggests that the buyers who were cautiously waiting for the dust to settle have jumped back into the market. The fundamentals of the New York City market remain strong; market rents continue to increase and vacancy remains low. Demand tends to be greatest for property with below market rents than can eventually be turned over to higher market. In the first half of the year capital was readily available and demand came from domestic investors, as well as international and institutional buyers.

Prepared By: **MILLER CICERO, LLC**
Real Estate Advisory Services

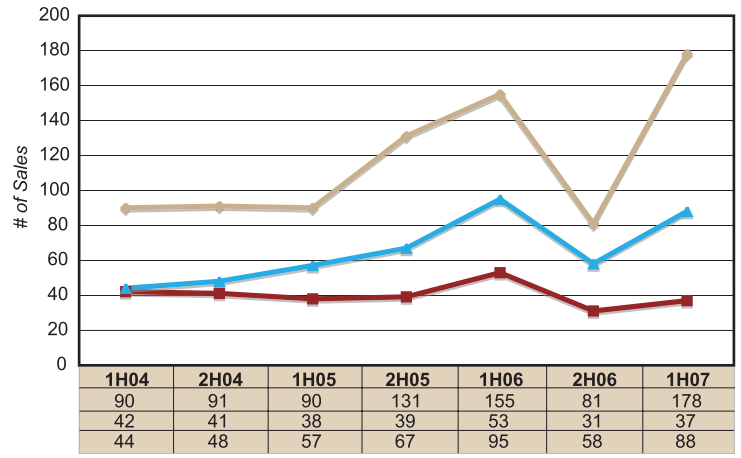
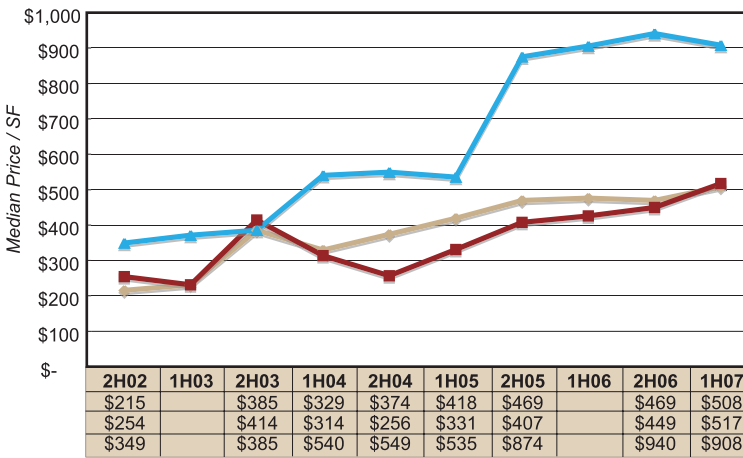
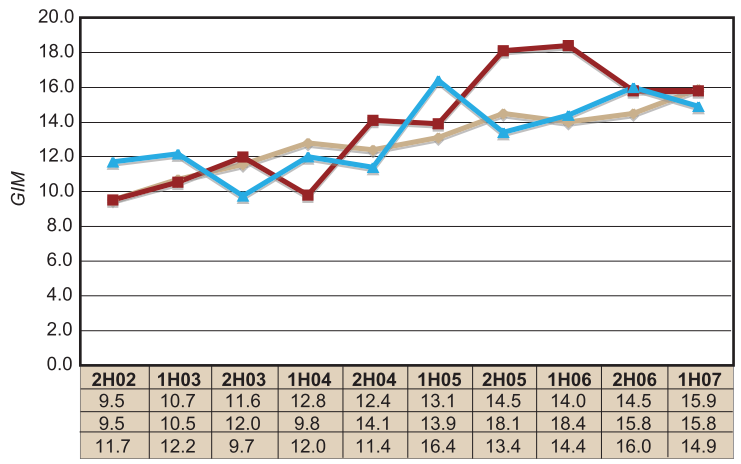
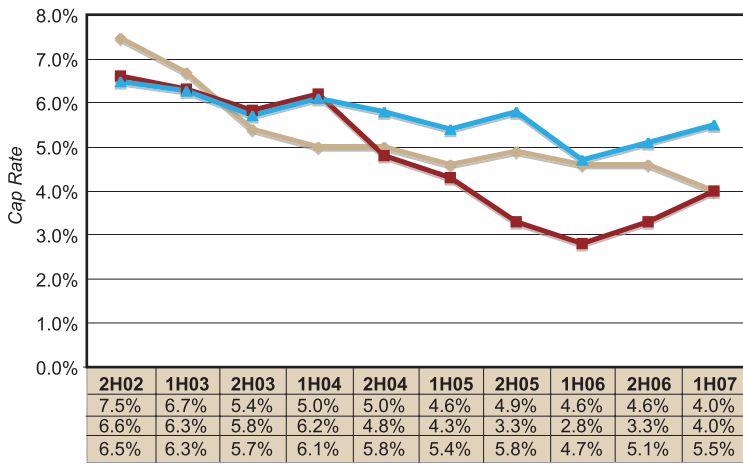
Market Overview First Half 2007

	Manhattan	Northern Manhattan	Bronx	Brooklyn	Queens
Walk-up Apartment Bldgs (C)					
Cap Rate	4.0%	5.4%	7.5%	6.0%	6.4%
GIM	15.9	10.7	7.9	9.5	10.9
Price/SF	\$508	\$324	\$100	\$191	\$216
No. of Sales	178	161	206	436	175
Turnover Rate	1.8%	2.7%	2.9%	1.5%	1.6%
Elevator Apartment Bldgs (D)					
Cap Rate	4.0%	4.5%	5.7%	5.9%	NA
GIM	158	12.8	8.3	10.2	NA
Price/SF	\$517	\$153	\$76	\$106	\$88
No. of Sales	37	39	84	25	15
Turnover Rate	0.8%	2.5%	3.5%	0.8%	0.8%
Mixed-use Bldgs (K/S)					
Cap Rate	5.5%	NA	NA	6.8%	5.8%
GIM	14.9	NA	NA	11.4	11.7
Price/SF	\$908	\$444	\$208	\$248	\$279
No. of Sales	88	10	46	344	219
Turnover Rate	1.9%	1.0%	1.0%	1.4%	1.5%

MANHATTAN

Significant increases in number of sales and prices for walk-ups and elevator buildings.

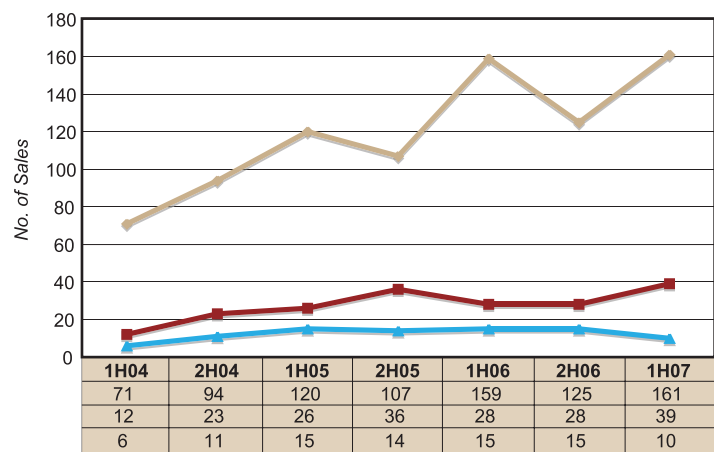
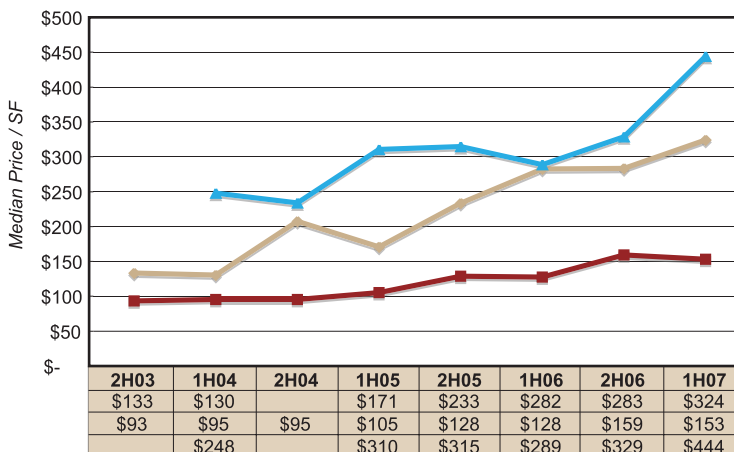
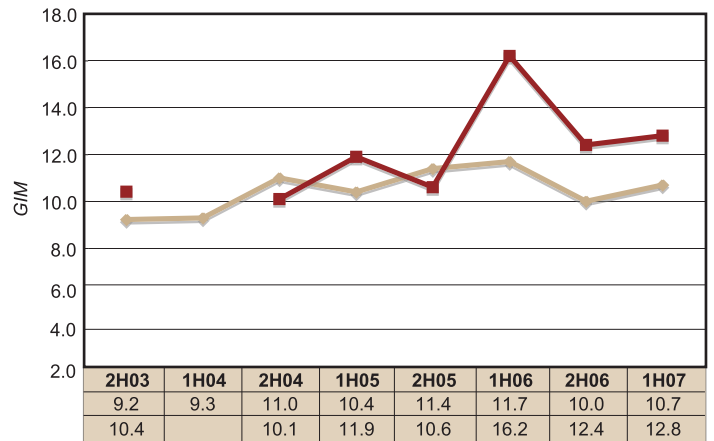
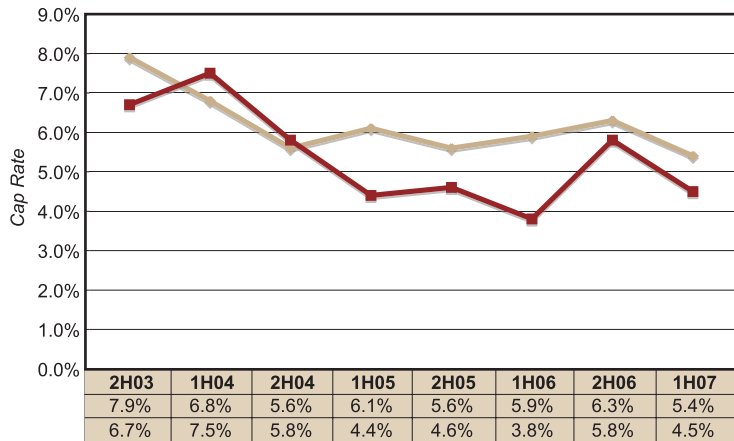
Walk-Up
Elevator
Mixed-Use



NORTHERN MANHATTAN

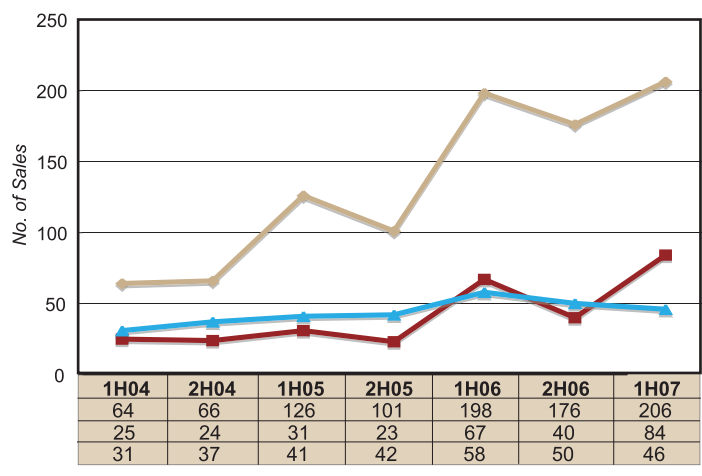
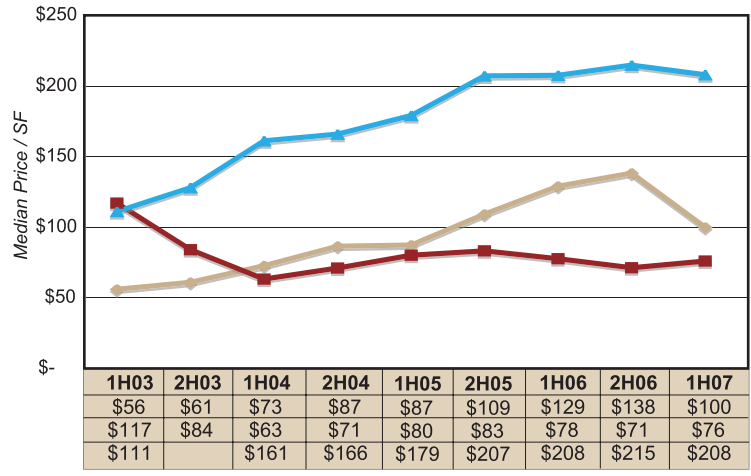
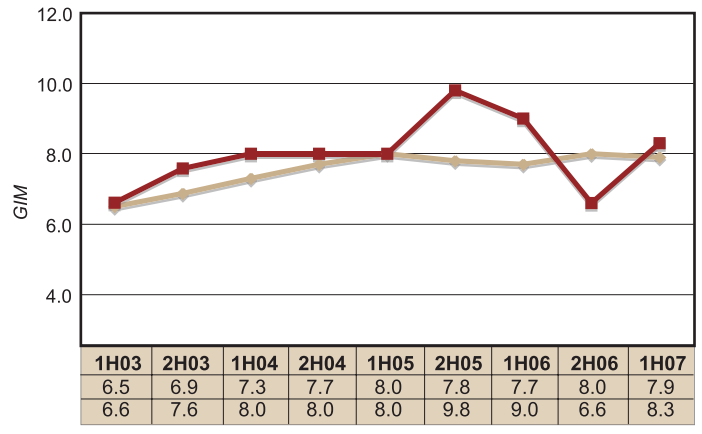
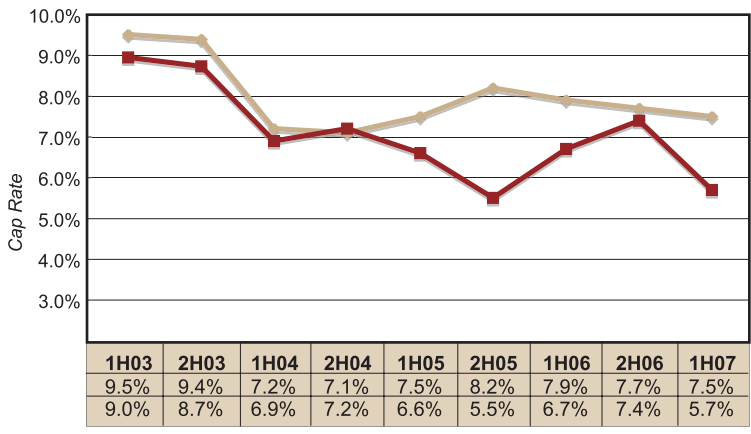
With higher prices and an increase in sales, this remains a popular market with investors.

Walk-Up
Elevator
Mixed-Use



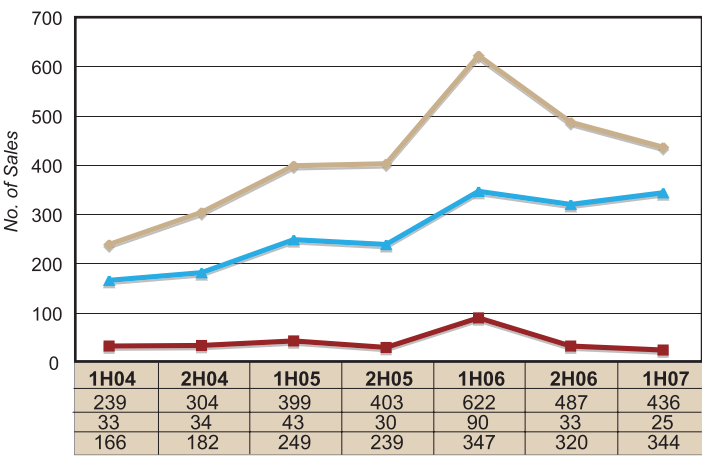
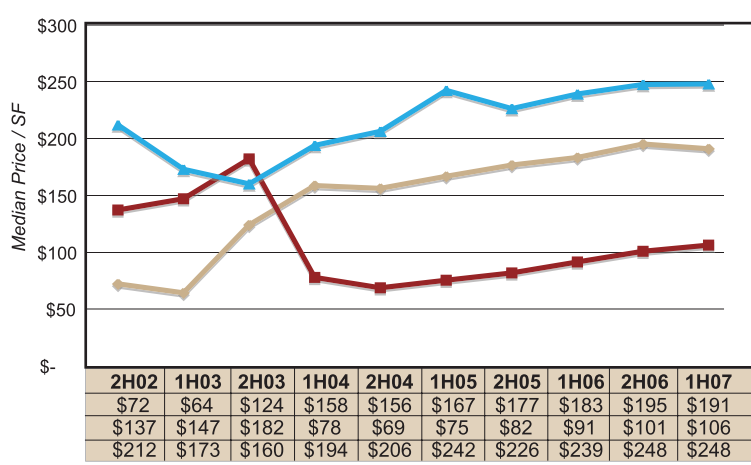
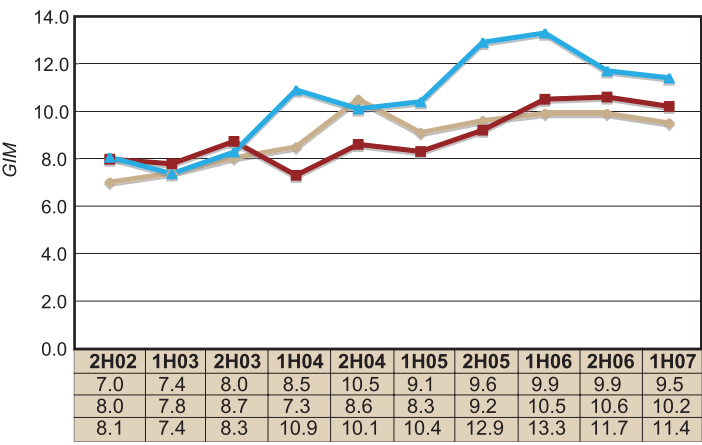
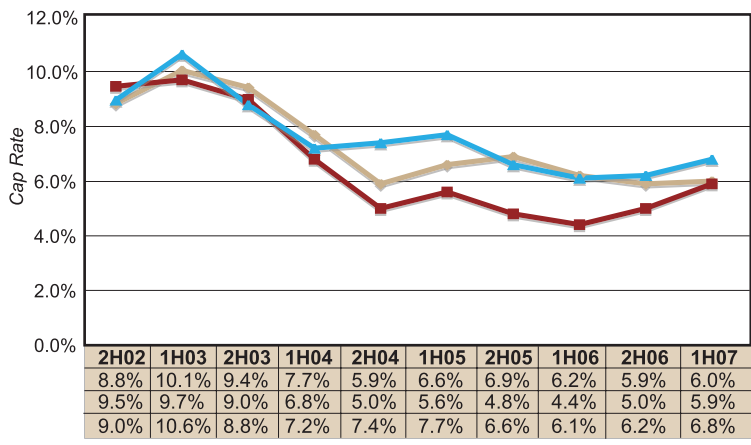
THE BRONX

Number of elevator building sales doubles; prices for walk-ups dip.



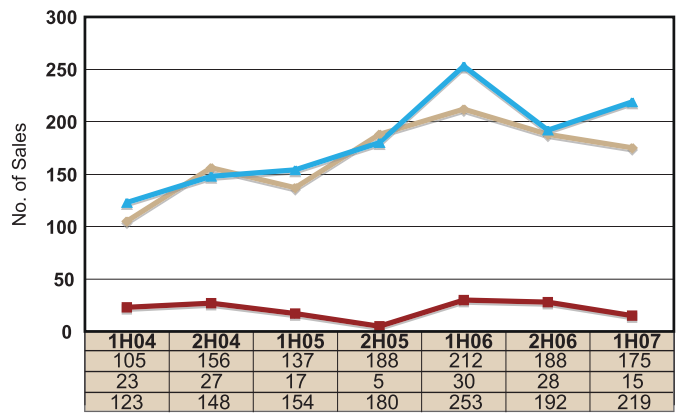
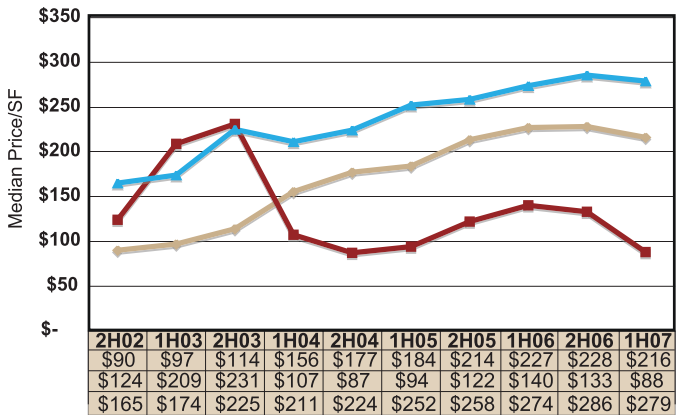
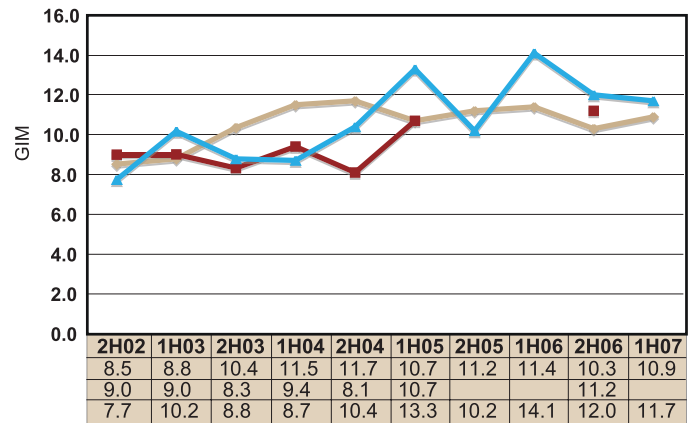
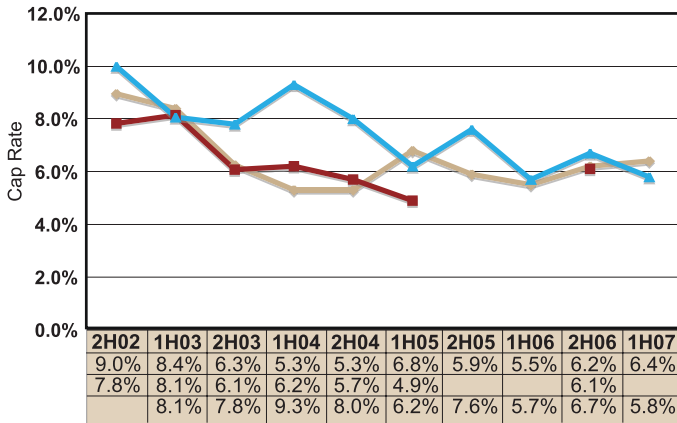
BROOKLYN

Prices, cap rates and number of sales appear to have stabilized.



QUEENS | *Walk-ups and mixed-use building stable; few elevator buildings sell.*

— Walk-Up
— Elevator
— Mixed-Use



Methodology

Cap rates and Gross Income Multipliers are based on sales researched by Miller Cicero, LLC in addition to properties sold by Massey Knakal Realty Services, and represent a reasonable sampling of all sales. Median price per square foot and the number of sales were based on all closed sales in the public record over \$500k, as reported by PropertyShark (www.propertyshark.com).

Walk-up buildings are designated "C" class by the City of New York (excluding CO, three-families); elevator apartment buildings are designated "D" class; and mixed-use buildings consist of both "K" and "S" classes.

Northern Manhattan consists of zip codes: 10026, 10027, 10029, 10030, 10031, 10032, 10033, 10034, 10035, 10037, 10039, 10040. This reflects the area north of East 96th Street, Central Park and West 114th Street.

For additional information contact John Cicero, MAI, CRE, FRICS, Managing Principal, Miller Cicero, LLC, 21 West 38th Street, New York, NY 10018, (212) 642-4300, jcicero@millercicero.com. Additional methodology details at www.millercicero.com/mkreports/methodology.

Definitions:

Cap rate: net operating income (NOI) divided by the sales price.

Gross Income Multiplier (GIM): sales price divided by potential gross income.

Median price per square foot: sales prices divided by gross building area above grade, as reported in the public record.

Number of sales: sales closed during the period.

Turnover rate: number of sales divided by total inventory.

Manhattan-Bronx-Westchester
 275 Madison Avenue,
 3rd Floor
 New York, NY 10016
 212.696.2500
 Fax: 212.696.0333

Brooklyn-Staten Island
 205 Montague Street,
 3rd Floor
 Brooklyn, NY 11201
 718.238.8999
 Fax: 718.238.6091

Queens-Nassau County
 118-35 Queens Blvd.,
 14th Floor
 Forest Hills, NY 11375
 718.275.3400
 Fax: 718.275.5478



Realty Services

“Planning and Funding the Future of New York City Real Estate”

The theme of 2007 so far has been change and growth. **The New York City real estate market has shown no signs of a slow down from office to residential, and all signals indicate this should continue throughout the year.**

Local and state governments are taking advantage of windfall tax proceeds to begin major projects to improve the city's infrastructure and environmental condition which will ensure that New York City continues to be the great city that it is today. Mayor Bloomberg unveiled his plan for the city's future. In his PlanNYC, he presented a forward thinking, far reaching agenda that will **help prepare NYC for the future and its anticipated population growth to 9 million by 2030.** Some of the changes that were included in his plan are both zoning and transportation changes. **There is also a process underway to change the current building code and environmental requirements for properties to an international standard. These changes are all very important to property owners and will certainly impact values.** The city's land use plan is being reevaluated and more than 60 rezonings encompassing 4,500 blocks are being considered. Currently the East Village and Lower East Side are the subject of one study. The last zoning change to the area was in 1961. On November 6th, 2006, the city presented its plan to change the zoning for an area roughly bordered by 13th Street on the north, Grand Street on the south, 3rd Avenue on the west and Avenue D on the east. The city hopes to push a finalized plan through its land use review process this year. **The vast majority of the area, encompassing more than 100 city blocks, would be rezoned.** The zoning would end a height exemption available for most community facilities like dorms or hospitals, and would require new developments to build flush to the street line, preventing buildings from soaring high above the low-rise neighborhoods. **However, areas along East Houston, Delancey and Chrystie Streets and stretches of Second Avenue and Avenue D will be rezoned to allow developers to build up to 12 stories high, provided that 20 percent of their projects include affordable housing.**

This is one method that the Mayor hopes will encourage the development of affordable housing - a focal point in light of the increasing rents and property values, in conjunction with residential vacancy rates around 2%. The proponents of the rezoning say there has been tremendous development in the area that is out of context and scale with the character of the neighborhood. **While some uses and properties would see a reduction in their buildable square feet, other would see an increase.** Another change affecting the East Village and Lower East Side is the Second Avenue Subway. Congestion pricing, east side access for the Long Island

Railroad and extension of the Seven line west are all moves to reduce traffic and pollution and to improve the city's public transportation to prepare for the growing population. **Good access to transportation has been a focus of the rezoning studies and has an impact on property values as well.** There was a ground breaking for the Second Avenue subway in 1972 attended by Percy Sutton, Manhattan Borough President; Senator Jacob Javits; John Volpe, U.S. Secretary of Transportation; Governor Nelson Rockefeller; and Mayor John Lindsay. Obviously the project did not proceed. In April of this year there was another groundbreaking for the new “T” Line. **The first phase will connect 96th Street to 63rd Street and is scheduled to be completed by 2013. The entire span from 125th Street to Hanover Square is scheduled to be completed by 2020.** The city has already slated some properties for condemnation along the route. **The last change underway that will affect properties citywide is the proposed revision of the building code.** The proposal culminates four years of work led by the Department of Buildings, involving 400 professionals and 300,000 hours of meetings. The idea is to adapt a new code modeled on the International Building Code. The International Building Code is a 664-page document. The city's current version is thousands of pages long. There are many items up for debate and some developers say that the changes will increase already soaring construction costs. **Only time will tell what changes are actually made into law, what projects will be fully funded and completed and which ones will fade away or sit dormant for 35 years. Regardless, it is an exciting time to be involved in New York City real estate as values continue to soar and people from around the globe want to be a part of the action.**

Mr. Kinsey exclusively covers NoHo and NoLita for Massey Knakal. For questions about this article, or real estate in these areas, he can be reached in the Manhattan office 212.696.2500, x7769.



Congratulations!

Massey Knakal would like to congratulate and thank the following people who have joined the company thus far in the second half of 2007:

Dianna Alveris, Executive Assistant, Brooklyn
Josh Davis, Information Technology Director, Company-wide
Miguelangel Burdier, Associate, Brooklyn
Philip Huang, Associate, Manhattan
Laura Marbury, Executive Assistant, Brooklyn
Elysa Berlin, Associate, Manhattan
Paul Trupia, Associate, Manhattan
Jessica Paindiris, Director of Marketing, Company-wide
Cynthia Hernandez, Receptionist, Manhattan
Andrew Sitomor, Associate, Brooklyn
Richard D'Andrea, Associate, Manhattan
Lauren Pollack, Executive Assistant, Brooklyn
Valentin Presnov, Associate, Brooklyn
Jessica Larregui, Administrative Assistant, Manhattan
Richard Apuzzo, Associate, Queens
Yonaton Piolet, Associate, Queens

We would also like to congratulate the following people who were promoted thus far in the second half of 2007:

Ed Gevinski, Intern to Director of Sales, Brooklyn
Courtney Puttick, Intern to Associate, Brooklyn
Sean Barnes, Associate to Director of Sales, Queens
Valentina Cucuzza, Intern to Associate, The Bronx
Shannon Krause, Intern to Administrative/Public Relations Assistant, Manhattan
John Ciraulo, CEO to Vice Chairman, Company-wide
Christy Moyle, VP of Administration to VP of Corporate Services, Company-wide
Shirley Martire, Executive Assistant to Events Manager/Executive Assistant, Manhattan
Wayne Naylor, Director of Training to VP of Sales Operations, Company-wide

Massey Knakal's philosophy about its work environment is that it should be the best of any company in the real estate business. Our environment values the individual and realizes that good people are the most valuable asset of the company. It is also our philosophy that no one person in the firm is more important or makes a more significant contribution than anyone else regardless of title, tenure or position. Everyone's contributions add to the many successes the firm has achieved. No matter how large the company gets, we will still think of it as a family.

Interested in working at Massey Knakal? Please fax resume to (212) 696-0333 or email resume or inquiry to Human Resources Director Gia LaMarca at glamarca@masseyknakal.com.

CHARITABLE FOUNDATION REPORT

Massey Knakal Charitable Foundation Awards Grants To Area Non-Profits

During the 3rd quarter of 2007, a total of six grants were awarded to the following organizations:

East New York Prep Charter School – A \$5,000 grant was awarded to fund the purchase of textbook and materials for East New York Prep Charter School’s 2007-2008 Reading Intervention Program. The grant awarded will cover funding needs not covered by Title I government funding and will help support purchase of materials needed for the Wilson Reading Intervention Program.

Hudson Cradle - A grant of \$5,000 was awarded to help fund this organization’s operations. Hudson Cradle provides full nurturing foster care to homeless infants, many of whom have special health and developmental needs. In addition, Hudson Cradle provides counseling, training and support services to foster and birth parents to allow them to live with their baby as a family.

The Jericho Project – A \$6,000 grant was awarded to help fund the Jericho Project’s Vocational and Educational program. The Jericho Project is a 23-year-old supportive housing provider serving 253 homeless men and women with histories of chronic substance abuse in Manhattan and the Bronx. It seeks to halt the seemingly endless cycle of homelessness, substance abuse and poverty by focusing on root causes, not just the symptoms of homelessness. By providing its residents with needed skills and support, Jericho aims to enable them to become permanently free from welfare, drug treatment, the shelter system and other government programs.

New York Cares – A \$5,000 grant was awarded to New York Cares to help purchase supplies for its Youth Education, Arts, Recreation and Sports programs. Materials to be purchased include books, art materials, museum admission fees and sports equipment. New York Cares is New York City’s largest volunteer organization that creates and manages thousands of volunteer projects for hundreds of non-profit organizations, homeless shelters, public schools and other deserving organizations.

Safe Space NYC – A grant of \$5,000 was awarded to help purchase computers and other necessary supplies for Safe Space NYC’s “Steps to Success” program. This newly formed work experience program targets both in-school and out-of-school youth aged 16-20 who receive services from Safe Space’s drop-in center in Jamaica, Queens. Safe Space youth will be able to enroll in a comprehensive career development program that addresses youth unemployment by offering hard skills in computer training and job readiness. Staff will also work with the youth to conduct job searches and secure and retain employment and will include workshops for parents to help address conflicts at home.

St. Vincent’s Hospital’s Music Therapy Program – A \$1,000 grant was awarded to help support and expand the music therapy program at St. Vincent’s Hospital. Music Therapy involves the use of music to help alleviate pain and stress in patients who are unable to leave their beds.

The Massey Knakal Charitable Foundation is dedicated to the support of local educational, family and other community-oriented charitable causes primarily within New York City and the Tri-State area. In addition to providing these charities with direct grants, the Foundation will organize volunteer efforts to benefit them with its time and energy. If you would like to make a tax-deductible donation to the Foundation, or if you represent a charity whose objectives fit with the Foundation’s stated mission, please contact Jonathan Hageman, President of the Foundation, at 212.696.2500, x7773.



STATEN ISLAND/LONG ISLAND

MIXED-USE BUILDING SOLD

Massey Knakal Realty Services has sold a four-story, mixed-use elevated building at **690 Castleton** in Staten Island in a **transaction valued at \$1,200,000**. The property contains **approximately 19,716 square feet**

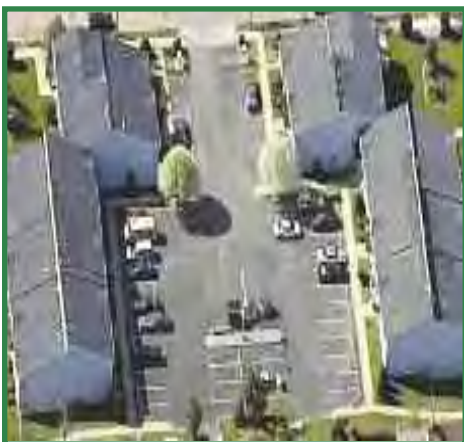


with two floors of medical office space, two floors of residential space and 14 parking spaces. The office component is comprised of two tenants, both with 5-year leases. The residential

component contains 14 apartments, all of which are below market, month-to-month leases. **The transaction occurred at a capitalization rate of 15.49% and a gross rent multiple of 3.49. The property sold for \$60.86 per square foot** to a Staten Island investor.

HOUSING DEVELOPMENT SOLD BY MASSEY KNAKAL

Massey Knakal Realty Services has sold a two-building affordable housing development at **1 Davidson Court** in the Mariner's Harbor section of Staten Island in a



transaction valued at \$2,185,000. The 270' x 205' irregular property consists of two, two-story frame buildings with pitched roofs and ample on-site parking. Built in the 1990s, the properties

contain a combined 38 units and **approximately 43,700 square feet. The transaction occurred at a capitalization rate of 6.30% and a gross rent multiple of 8.37. The property sold for approximately \$50 per square foot** to a Staten Island investor.

MASSEY KNAKAL SELLS BLOCKFRONT PROPERTY

Massey Knakal Realty Services has sold an entire blockfront at **137-42 Guy R. Brewer Boulevard** in the



Springfield Gardens section of Nassau County, Long Island in an **all-cash transaction valued at \$2,500,000.** The 185' x 59' property

is located on the north side of 140th Avenue between 161st Street and Guy R. Brewer Boulevard. **Currently, the property consists of a 10,915 square foot community-use facility and approximately 17,117 square feet of parking.** New ownership must continue to use the property as a community-use facility or use the entire lot as a residential development site. The building was delivered vacant and **sold for \$229.04 per square foot** to a Queens developer.

GARAGE/REPAIR SHOP SOLD

An automotive garage and repair shop at **141 Herricks Road** in Nassau County, N.Y. was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$1,100,000.** The 75' x 68' irregular property is located on



Herricks Road between Jericho Turnpike and Old County Road in New Hyde Park. It has six bays and 20 parking spots in the back. The building contains **approximately 5,123 square feet. The transaction occurred at a capitalization rate of 5.23%. The property sold for \$214.72 per square foot** to a Long Island landscaper.

WALK-UP BUILDINGS SOLD

Massey Knakal Realty Services has sold two adjacent walk-up apartment buildings at **110-112 Mulberry Street** in the heart of Manhattan’s Little Italy in an **all-cash transaction valued at \$8,810,000**. The five-story buildings are located on the east side of Mulberry Street between Hester and Canal Streets. Both have ground floor restaurants and one store in addition to 31 apartments, seven of which are rent controlled, 19 rent stabilized, one free market tenant and four vacant units. The property contains **approximately 18,575 square feet**. The



transaction occurred at a capitalization rate of 5.19% and a gross rent multiple of 14.14. The property sold for \$474.29 per square foot to a Queens investor.

MASSEY KNAKAL SELLS LOFT BUILDING

Massey Knakal Realty Services has sold a four-story loft building with frontage on three streets at **1-3 Orchard Street** in Manhattan’s Chinatown in an **all-cash transaction valued at \$9,400,000**. The **16,800 square foot property** is an irregular shaped property with



frontage on Orchard, Division and Allen Streets. The building contains commercial tenants only – five ground floor stores, a nonprofit youth organization on the second floor and eight work rooms for artists on the third and fourth floors. **The transaction occurred at a capitalization rate of 2.17%. The property sold for \$559.52 per square foot** to a Manhattan developer.

APARTMENT WALK-UP BUILDING SOLD BY MASSEY KNAKAL

A five-story, walk-up apartment building at **511 East 87th Street** on Manhattan’s Upper East Side was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$4,150,000**. The 25-foot-wide property is located on the north side of East 87th Street between York and East End Avenues. The building contains 20 residential units, 10 of which are one-bedrooms and the other 10 studios. Fifteen of the 20 apartments are rent stabilized. The property contains **approximately 9,625 square feet**. The



transaction occurred at a capitalization rate of 4.90% and a gross rent multiple of 13.98. **The property sold for \$431.17 per square foot** to a Long Island investor.

MASSEY KNAKAL SELLS APARTMENT BUILDING

A four-story walk-up apartment building at **332 East 22nd Street** in Manhattan’s Gramercy Park neighborhood was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$3,850,000**. The 25-foot-wide property is located on the south side of East 22nd Street between First and Second Avenues. Built in 1925, the property is set to be demolished to make way for a new six-story, 12-unit residential condo. **The property contains approximately 4,600 square feet**. It sold



for \$836.96 per square foot to a Manhattan developer. Massey Knakal sold the same property back in 2005 for \$2,700,000.

DEVELOPMENT SITE SOLD

Massey Knakal Realty Services has sold a residential development site with a footprint of **approximately 17,500 square feet** at **68 Meserole Street** in East Williamsburg, Brooklyn, in an **all-cash transaction**



valued at \$5,075,000. The 200' x 100' property is located at the southwest corner of Meserole and Leonard Streets, blocks from the G train station and the J and M station. The site is currently built full as a

residentially zoned vacant warehouse. The R6 zoning allows for **approximately 42,525 buildable square feet.** The site sold for **\$131.82 per buildable square foot** to a Brooklyn user.

BLOCK-THRU BUILDING SOLD BY MASSEY KNAKAL

Massey Knakal Realty Services has sold a six-story, block-thru building at **394 Broadway** in Manhattan's TriBeCa neighborhood in a **transaction valued at**



\$11,000,000. The 28' x 175' property is located on the east side of Broadway and the west side of Cortland Alley between Walker and White Streets. The building lies just outside the TriBeCa Mixed-Use district and falls within an M1-5 zone. The property contains **approximately 29,400 square feet** and is fully leased to six tenants. **The transaction occurred at a**

capitalization rate of 3.41% and a gross rent multiple of 19.48. The property sold for **\$374.15 per square foot** to a Manhattan investor.

MASSEY KNAKAL SELLS MIXED-USE BUILDING

Massey Knakal Realty Services has sold a prime corner property currently undergoing extensive renovations at **37**



Greenwich Avenue in Manhattan's West Village in an **all-cash transaction valued at \$5,600,000.** The 24-foot-wide, four-story building is located at the southwest corner of Greenwich

Avenue and Charles Street. It features **approximately 5,553 square feet** including two commercial units on the ground floor and five apartments above – one studio, one one-bedroom, one two-bedroom and two three-bedroom units. One of the ground floor leases was recently signed by noteworthy furniture designer. **The transaction occurred at a capitalization rate of 7.13% and a gross rent multiple of 11.77.** The property sold for **\$1,008.46 per square foot** to a Manhattan investor.

LOFT BUILDING SOLD

A six-story, mixed-use loft building at **29 West 21st Street** on the border of Chelsea and the Flatiron District in Manhattan was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$8,600,000.** The

25-foot-wide property is located on the north side of West 21st Street between Fifth and Sixth Avenues. The building is comprised of a restaurant on the ground floor and five floor-through loft units above. The upper floors could be delivered vacant. The property contains **approximately 13,949 square feet above grade and an additional 11,231 square feet of air rights.** It



lies in the Ladies' Mile Historic District, so additions would require Landmark's Commission approval. **The transaction occurred at a capitalization rate of 4.64% and a gross rent multiple of 16.30.** The property sold for **\$616.53 per square foot** to a Manhattan converter.

DEVELOPMENT PROPERTY SOLD

Massey Knakal Realty Services has sold a 20' x 100' deep parcel of land with plans for a 15-story condo building at **304 Fifth Avenue** in Manhattan's Murray Hill neighborhood in a **transaction valued at \$7,500,000**. The property is located on the west side of Fifth Avenue between East 31st and East 32nd Streets. Plans in place call for a **19,920 square foot** condo building with retail on the ground floor, commercial spaces on floors 2-4



and residential floor-through units above, including a duplex penthouse unit on floors 14-15. The 7th floor will also have a terrace in the front of the building due to a setback. **The property sold for \$376.51 per buildable square foot** to a Manhattan developer.

APARTMENT BUILDING SOLD BY MASSEY KNAKAL

Massey Knakal Realty Services has sold a 10-family walk-up apartment building at **419 Clinton Street** in the Carroll Gardens section of Brooklyn in an **all-cash transaction valued at \$2,750,000**. The 23-foot-wide property is located on Clinton Street between Carroll and President Streets. It contains four stories and 10 apartments – one studio, five one-bedrooms and four two-bedrooms. Six of the units are free market, and the rest are rent stabilized.



The property contains **approximately 7,398 square feet**. **The transaction occurred at a capitalization rate of 5.75% and a gross rent multiple of 13.62**. **The property sold for \$371.72 per square foot** to a city investor.

MASSEY KNAKAL SELLS APARTMENT BUILDING

Massey Knakal Realty Services has sold a five-story, walk-up apartment building at **336 East 94th Street** on Manhattan's Upper East Side in an **all-cash transaction valued at \$2,300,000**. The 10-unit property is located on the south side of East 94th Street between First and Second Avenues. The 25' x 70' building contains **approximately 8,400 square feet and an additional 4,184 square feet of air rights** that are available but subject to the Sliver Law. Of the 10 units, eight are rent stabilized and two are rent controlled. Three of the units, including one of the rent controlled, were delivered vacant.



The transaction occurred at a capitalization rate of 3.19% and a gross rent multiple of 19.30. **The property sold for \$273.81 per square foot**.

MIXED-USE PROPERTY SOLD

A mixed-use property with three separate buildings on the lot at **257 Washington Avenue** in Westchester County's New Rochelle neighborhood was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$1,600,000**.

The 165' x 18' property is located on the northwest corner of Washington Avenue and 4th Street. The three properties are comprised of a bank, a two-family home and an office/garage building. There are a total of six tenants and **approximately 7,212 square feet**. All tenants pay full utilities and the bank contributes 40% annually toward real estate taxes and sidewalk/parking lot maintenance. **The transaction occurred at a capitalization rate of 7.47% and a gross rent multiple of 11.00**. **The property sold for \$221.85 per square foot** to a private investor.



PORTFOLIO SALES

MASSEY KNAKAL SELLS CORNER RETAIL PORTFOLIO IN SHEEPSHEAD BAY, BROOKLYN

Massey Knakal Realty Services has sold a corner retail portfolio of nine commercial spaces at **1739-1745 Sheepshead Bay Road and 3375-3381 Shore Parkway** in Sheepshead Bay, Brooklyn in an **all-cash transaction valued at \$3,220,000.**

The properties are located at the northeast corner of Sheepshead Bay Road and Shore Parkway. Combined, they contain almost 250 feet of frontage with close proximity



to the subway and the Belt Parkway. In total the properties **contain approximately 16,530 square feet.** The commercial stores range from a restaurant and wireless phone store to an office and travel agency. **The transaction occurred at a capitalization rate of 6.76% and a gross rent multiple of 10.43. The property sold for \$194.80 per square foot** to a Brooklyn investor.

MIDWOOD APARTMENT BUILDINGS SOLD BY MASSEY KNAKAL

Massey Knakal Realty Services has sold a four-story walk-up apartment building and a six-story elevated apartment building at **1317 East 14th Street and 1401 Elm Avenue**, respectively, in the Midwood section of Brooklyn

in an **all-cash transaction valued at \$10,000,000.**

The properties are located directly across the street from one another, which helps in minimizing the operator's cost basis.

Combined, the properties contain 84 residential units,



three ground floor retail units and two office units over **approximately 77,950 square feet.** In the 14th Street property, 24 of the 51 units were delivered vacant. **The transaction occurred at a capitalization rate of 5.93% and a gross rent multiple of 10.17. The properties sold for \$128.28 per square foot to a Brooklyn investor who plans on continuing the buildings as rentals.**

PORTFOLIO SALES

MASSEY KNAKAL SELLS MEDICAL ASSEMBLAGE ON STATEN ISLAND



Massey Knakal Realty Services has sold **St. Vincent's Medical Assemblage** – three adjacent properties with a mix of commercial and medical space and vacant land in Staten Island in a **transaction valued at \$7,575,000**. The Assemblage is located at the northeast corner of Castleton and Bard Avenues. **360 Bard Avenue** is a 109' x 94' medical office building containing



approximately 60,000 buildable square feet and is triple net leased by Regional Radiology. **154 St. Austin's Place** is a 167' x 195' piece of vacant land with **approximately 30,085 buildable square feet**. **731 Castleton Avenue** is a one-story, 90' x 68' retail property with **approximately 20,100 buildable square feet**, partially leased to Northfield Savings Bank. **The transaction occurred at a capitalization rate of 5.02%. The property sold for \$395.77 per square foot** to an institutional buyer from Staten Island.

MASSEY KNAKAL SELLS HARLEM ASSEMBLAGE

Massey Knakal Realty Services has sold two vacant lots with air rights from adjacent properties at **117 and 129-131 West 123rd Street** in Central Harlem in an **all-cash transaction valued at \$7,500,000**. The lots, which measure 75' x 100' and 30' x 100' respectively, are located on the north side of 123rd Street between Lenox Avenue and Adam Clayton Powell Blvd. The prior owner had acquired and merged air rights from adjacent properties, and had plans ready for submission with a total project size of **approximately 56,471 buildable square feet**. **The properties sold for \$132.81 per buildable square foot.**



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