

# 47-49 Carroll Street, Paterson

## Sold For: \$1,465,000



### Property Profile:

- 4 stories
- 16 units
- HUD subsidized



For more information, or if you would like to create a complimentary Opinion of Value for your property, please contact:

**Chris Cervelli, CCIM**

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### CHALLENGES:

Cervelli Real Estate & Property Management was originally hired in the 1980s to manage this subsidized housing project located in the City of Paterson. The owner had purchased the building as a bank-owned property. At the time, the real estate market was wrought with high interest rates, low vacancy, and little demand. The owner of the property quickly realized the difficulties a project of this magnitude presented and brought in some professional help.

The property was located in an area plagued by crime and vacancy. The first task at hand was to stabilize the security of the building. One way to accomplish this was to fill the building with quality tenants by making sure that only tenants could enter and exit the building, thus keeping the crime outside. Hiring a quality superintendent, one who would serve as the eyes and ears of the building, was also critical. After creating a safe environment inside the building, the next step was to attract and populate the building with quality tenants. One way to do so was to make repairs to the apartments themselves, which would ultimately create a desire to live there. Finally, the building's physical and mechanical issues had to be addressed, which included replacing the roof, boiler and hot water heaters, as well as installing fencing around the property.

### OUTCOME:

Cervelli Real Estate & Property Management was able to effectively stabilize the property and run it successfully for years. However, Cervelli's involvement did not stop there. In 2006, the real estate market was experiencing great demand with values peaking tremendously. Therefore, the owner of the property decided to take advantage of the market and sell the building. After marketing the property for a short period, the Cervelli team identified a buyer from New York who was looking to place funds he raised for investors into a stabilized property. The new owner bought the property for \$850,000. The seller was elated to get out of the project with a huge return on investment.

For the next several years, Chris Cervelli stayed in touch with the new owner, who added more value to the property on his own, and after nine years of ownership, was able to get a brand new subsidized contract awarded to the property. This contract was ultimately a windfall for him, as a Section 8 contract gives property owners the confidence that they will continue to receive the rent payments no matter the state of the economy, provided they follow the guidelines. Having a long term contract like this adds great value to any property regardless of its location.

### CONCLUSION:

Experiencing another unbelievable market cycle, demand and values were at all time highs, and this new owner wanted to see if he too could capitalize. Chris went back out into the market and was able to procure several competing offers. A buyer from Israel ended up winning the bid after the owner agreed to sell the property for \$1,465,000, equating to a 72% increase in just nine years. In the end, multiple generations of the Cervelli group successfully helped two owners capitalize on the same property over a period of two decades.

#### Testimonial

*My wife and I have been involved in real estate for over 30 years, having bought and sold many buildings over the years, always as absentee owners. Through my real estate corporations, we have utilized Cervelli Management to totally manage our real estate properties in the state of New Jersey for over 20 years. Over that time period, they have earned my respect, my undying gratitude and my absolute recommendation as probably the best real estate operation within the state of New Jersey, whether it is property management, partnering, investing or brokerage experience. The Cervelli organization manages a property the way an owner would run it if they were there on site - to reduce expenses and maximize profit in both the short term and long term. — Steven R. Strauss*