

3501 Kennedy Blvd, Union City

Sold For: \$1,850,000



Property Profile:

- 3.1% in place cap rate at closing
- All cash transaction
- \$103,000 per unit



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

Chris Cervelli

201.868.6300

Chris@realestatenj.com

Challenge:

Cervelli Real Estate & Property Management recently represented a client that had an 18-unit building in their portfolio that they wanted to sell. The property was one out of a large portfolio that Cervelli had been managing for the sellers, which was acquired through an inheritance. Once given the green light, the Cervelli team proceeded to market the property and generated several offers. However, in order for the sale to move forward, the seller needed to obtain a required municipal certification.

Union City has earned a reputation for being a very challenging municipality when it comes to administratively obtaining required paperwork. In addition to securing the certification, there were several open permits that needed to be closed out. In many cities, this is a process that should take a matter of weeks. In some cases, the process can drag on for more than a year. This was one of those cases.

Action:

Managing the expectations of both buyer and seller during a lengthy closing process can be very challenging. Cervelli Real Estate has a history of completing transactions in Union City and was well aware of the potential difficulties. However, the client

was not. The Cervelli team put in extra effort to explain and guide the client through the process.

An added challenge during a prolonged closing period is that there are sometimes divergent viewpoints of how a building should be managed during the sale process. Part of the value to the buyer was having many vacant units that would be delivered to them at closing, allowing them to immediately move forward with renovating and re-tenanting using their own leases. The current owner is naturally concerned about maintaining cash flow in the interim and sitting on vacant units does not help their cause. One solution Cervelli came up with was to have the buyer compensate the seller for the lost rent during the holding period. This can be achieved in a number of ways including the negotiation of contingencies.

Result:

The Cervelli team was diligent in committing significant time and effort to keeping the sale on track and eventually closing the deal. Cervelli was able to negotiate an all-cash transaction for the seller with no contingencies. The buyer took on the liability of renovating close to one-third of the units, which were delivered vacant, and the buyer also took on the responsibility of

remediating a few physical issues with the building. The plus side for the buyer was the ability to monetize unused advertising space and off-street parking.

Testimonial:

"Cervelli is a family based Real Estate and Management organization I had originally hired to manage my real estate portfolio. We had identified one property within our holdings that I decided to dispose of. I remember as a child going to visit the buildings with my dad and through this I had gained a lot of experience. Despite this knowledge, I was not exactly prepared for the municipal bureaucracy that would ensue during the sale process. The building had a host of physical and paperwork issues that had to be dealt with. Though this list of items that needed to be handled was quite extensive, Chris Cervelli and his team worked methodically to ensure that each of them was handled, and the deal was successfully brought to the closing table. There were many times where I thought that it may not close, but Chris's steadfast perseverance and focus were of great help in making sure that I achieved my goal." Adam Cohen, Seller