

# 5200 Palisade Ave & 31-33 66<sup>th</sup> Street

## A Decade of Involvement

C E R V E L L I

### Property Profile:

- Sold Price: \$5,300,000
- 5% Cap Rate
- \$129,268/ Unit



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:

In 2006, Cervelli Real Estate was contacted by an overseas management client who was interested in selling some of his apartment buildings in West New York. The package consisted of 86 apartments and was purchased by Ying Cheung Realty for \$5,200,000, which at the time, was considered a very high price per unit. However, Ying Cheung Realty wanted to jump into the market with an impact purchase and thus, outbid the rest of the buyers. The group managed the asset for many years and enhanced the value of the properties through various capital improvements. During this time, Chris Cervelli stayed in touch with Ying Cheung Realty regarding other potential acquisitions. A decade later, another of Chris's clients, Stonegate Realty, needed to find a replacement property to complete a 1031 exchange. The company had just sold some properties and wanted to reinvest the proceeds in order to defer the capital gains taxes that would normally be due. One of Stonegate's principles contacted Chris and asked him to find some real estate that would qualify for the 1031 exchange. After discussing the market and the lack of available products, they agreed on a strategy to identify several off-market properties and make unsolicited offers on them.

### Solutions:

One of the strategies Chris had used to identify potential candidates was to cull the market for properties that had been purchased 5, 7 and 10 years ago, which would have expiring debt coming due. It is at this point when a seller must decide whether to hold onto the property and refinance the remaining debt, or sell and pay off the remaining debt with the proceeds of the sale. After pouring through the stock of buildings, the Cervelli team identified several likely candidates, and used its proprietary data to underwrite probable values for each of them. After obtaining these offers, which were free of any contingencies and provided for a quick closing, Chris presented them to the owners. One of the most aggressive offers that Stonegate submitted was for two of the three buildings Chris has sold to Ying Cheung Realty. After presenting the offer within a week, it became apparent that the sellers were "shopping the offer" within the market trying to see if they could get more from another buyer. Although several other firms attempted to compete for these properties, the sellers ultimately accepted the initial offer after it was proven that it was in fact the best they would get.

### Conclusion:

This scenario demonstrates that working with an experienced broker can help both buyers and sellers. Cervelli Real Estate is equipped to provide a great deal of value to its clients in part because of the market data it filters through its proprietary systems. This, along with Chris's depth of knowledge and expertise, gave him the ability to promptly identify a property, correctly price that property and present an offer from the most appropriate buyer for that type of product. In the end, Chris was able to quickly fulfil the buyer's needs as well as the seller's desires. In addition, he also succeeded in selling just 41 of the original 86-unit package for \$5,300,000, which equated to a near doubling of equity within a decade.

### Testimonial

*"Chris's ability to deliver first class service symbolizes his commitment to serving his clients with excellence and professionalism. His approach in working through any issue with creativity and true dedication continues to add to the distinct long established relationship he has with Stonegate."*

*—Steven Gelbtuch, Principle*