

585 60th Street, West New York

Sold Price: \$1,825,000



Property Profile:

- Successful sale lease back
- Located in high density redevelopment zone
- Cervelli retained to manage property by buyer



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:

The landlord of a mixed-use property in which his family business was housed decided he no longer wanted the responsibility of managing and maintaining the physical building itself. However, at the same time, he wanted to continue to run the well-known shop, DeSocio's Deli, from its landmark location. DeSocio's is a household name in West New York, known by locals, public officials and school children as one of the oldest family owned and operated businesses in Hudson County. Housed in the same building for over 100 years, many in the community have formed an emotional connection to the shop and the family that runs it. The owner's request was simple, yet difficult. He would only go through with selling if he received a specific price. This may or may not be considered a challenge based on how much the owner wants, and the terms he is willing to provide. It is a broker's job to understand the needs of both parties and find a way to bridge the differences between the principles. Cervelli Real Estate & Property Management was not the first choice of the seller. Originally, he had unsuccessfully given another broker more than a year to attempt to market and sell the property. Once the contract with the other broker expired, Chris presented his case to the seller, explaining how he could provide a unique marketing platform that would expose the property to investors who had not yet been introduced to it.

Action:

Once Chris had secured the owner's trust, he quickly got to work. The current value of mixed use properties is based largely on the net income generated by the property. An investor can attach a value to the net stream of income to determine the anticipated return on investment. However, the challenge in this case was that the current operator wanted his business to remain in the building. This would make it difficult for an investor to realize the value that was needed to justify the price the seller wanted. In addition to the task of helping the seller fulfil a sale leaseback transaction, Chris Cervelli faced a number of other challenges throughout the process, such as estate issues, lease negotiations for the commercial space and municipal inspections that brought some code violations to light. At points these challenges seemed to be too much for all parties to navigate, but the determination and commitment to completing the deal never waned. Even during the final hours prior to closing, unforeseen problems continued to surface. For example, old estate tax issues presented concerns for the closing title company that the building would not be insurable.

Conclusion:

Chris found a different slant to market the property from the get-go. He had been in touch with a young investor who was just starting to build a portfolio. Although this investor was looking for and valued current cash flow as a requirement, he placed a somewhat higher value on upside and development potential. This young investor was looking to transition from his current line of work into managing and developing commercial real estate. This particular property happened to sit in the high-density redevelopment zone which made future prospect for construction very high. Additionally, there was a great deal of untapped upside that the new investor identified as further justification to move forward with the deal. For example, the property included a parking lot that was not being monetized as well as a large amount of space that could be converted into storage facilities. Despite a multitude of challenges, this difficult deal which took almost one year to complete was the outcome of proper marketing, selection of the right professionals and an undying persistence to resolve every issue in order to result in a successful closing.

Testimonial

"Chris Cervelli has demonstrated to me on multiple occasions that he is a broker that adds value to a transaction. I was recently involved in the purchase of a mixed use property where the owner wanted to stay as a commercial tenant. There were also estate issues and building department issues that had to be settled prior to closing. These issues were not easy to resolve, but Chris's perseverance and skill in dealing with them gives me confidence to recommend him to anyone looking to get involved in Commercial Real Estate in Northern NJ. "

-Andrew, Lake Ave Investments