

# 905 Summit Ave, Union City

A puzzle of challenges that could only be pieced together through vision, calm, and perseverance.



## Property Profile:

- Sold Price: \$1,419,000
- Sales price 15% higher than asking price
- Negotiated cash transaction with 70% of building vacant
- Broker assisted with clearing city violations



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

**Chris Cervelli, CCIM**

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## CHALLENGES

Chris Cervelli was approached by a local attorney who had a client with a complex issue. The matter revolved around a property that was owned by an estate, which was being challenged by the heirs, and ordered by the court to be evaluated, and sold. The property was 70% vacant, and most of the apartments were not habitable. The sales market for commercial investment properties was on the rebound, but banks not long out of the great recession were still somewhat cautious, and given the current state of the building, deals that had a financing contingency were not really going to be an option.

Initially Chris needed to arrive at a current value, as well as a value at the time of the deceased whose estate was the owner. Given the current state and condition of the property, this required a complex calculation of the comparable sales to measure their value with the property. This is something Chris is highly trained at given his CCIM education and has performed numerous times for banks, courts and corporations. Once that work was completed, and Cervelli was given the green light to sell, we immediately took the property to market, and obtained over 15 offers, mostly for cash. Originally the asking price was \$1,235,000, but we were able to procure a buyer that will willing to pay \$1,419,000 representing an increase of 15% above asking price. Generally, it is at this time that the brokers heavy lifting is done, however this is where the problems only began.

The contract moved to the Due diligence stage where the buyer will confirm that the property is free of any violations, debt and title issues. It was at this time that many serious and highly complicated issues were brought to light. The property had various code violations with the city, large outstanding debt to municipal utilities, a poor relationship with the commercial tenant (Cervelli was able to procure a tenant during the marketing stage in order to increase current cash flow to the owner before they sold) and none of the principles were willing to deal with these issues because they were in constant disagreement.

## OUTCOME

“As a brokerage team, we had to spend enormous time selecting, meeting and negotiating with contractors, meeting and negotiating with the city inspectors and building department, and manage some extremely unrealistic expectations.” No one wanted to give in, no one wanted to do more work than the other, and it was a situation where if no neutral party were involved, the deal would have died. Unfortunately due to our extremely unbiased nature, some of the parties viewed us as siding with the other, and often times we were referred to in a very negative light, but it was critical that Cervelli deflect that energy, and stay focused on the big picture which was to deliver for all parties involved on the promise to sell the property and help them settle the estate.

The contract was initially executed in March of 2015, and the closing did not take place until June of 2017. Often times it seemed as though the deal was hopeless. Working with several contactors, irate tenants, an inordinately lengthy and bureaucratic building department process and heirs that hated each other was extremely difficult to manage, but the education was also valuable. It was absolutely critical to not fall into the emotional fray, but to stay completely disconnected, focus on the goal, and deliver on the promise to the principles. The buyer, a highly sophisticated investor with over 30 years of buying and selling property had this to say... “No broker has ever more earned his commission than Chris has on this deal” -- Chris Yegen

## Testimonial

*“No broker has ever more earned his commission than Chris has on this deal” - Chris Yegen, Buyer*