

# 96 Duncan Ave, Jersey City

Journal Square Pre-War Walk-Up Sets Record Price Per Unit



## Property Profile:

- Sold for: \$1,700,000
- \$188,888/unit
- 4.75% cap rate



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

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## CHALLENGES:

The owner of this pre-war building, a New York based construction company, had used the subject property as collateral for a loan. However, the company began to face challenges several years later when that loan, as well as others, needed to be satisfied. The only available asset the company had was this building and decided it was time to sell it. The seller's contractor suggested engaging Cervelli Real Estate & Management to help. After meeting with the owner and analyzing the property, it was obvious that the building's location and size would command healthy interest in today's market. However, with the seller needing more than market price to fulfil the debt obligations, the purchase price required would command a new all-time high in terms of price per unit.

The Cervelli team knew that to secure a buyer at this price point meant setting records for cap rate, price per unit and gross rent multiplier. Though viewed as a serious challenge, the Cervelli team understood it would have to identify a buyer that had traded out of another building whereby time would be of the essence.

## OUTCOME:

The Cervelli team used all of its resources to market the property, ensuring its exposure to a wide swath of buyers. After hosting several tours and reviewing the offers presented, Cervelli identified solid buyers. Having just secured a buyer for their own New York Property, they were eagerly trying to identify a property to use in a 1031 tax exchange. A 1031 tax exchange is program that allows the seller of certain types of real estate to "exchange" into a like-kind property, which allows the deferment of the capital gains tax. This is a common method that investors use to step up into larger properties. Cervelli has had great success in its marketing efforts, attracting a variety of types of buyers, including those seeking to fulfil a 1031 exchange. Cervelli is skilled at examining buyers' capability and motivation in order to determine if they are high probability buyers which can save a lot of time and effort.

These particular buyers were facing time constraints, as there is a limit in the program's rules. After touring the property, Cervelli was quickly able to negotiate a price that the buyers were comfortable paying.

It turned out that paying this much for the property was much more profitable than paying the capital gains tax on the property they had just sold. Ultimately, the sale gave the buyers the opportunity to take part in a 1031 tax exchange and allowed to the seller to satisfy all debt obligations, while at the same time, setting a record price per unit.

## Testimonial

*"I first came to know Chris by way of referral. My company, which is based out of Manhattan, owned one building in Jersey City which we were looking to sell. We had owned it for many years but we decided that the timing was right and we wanted to sell. We had spoken with several brokers, but Chris's market knowledge, experience and follow up really shined brightly. After meeting with him, we were comfortable that he would get the job done. I can say that he was successful and much more! Chris was able to find a buyer willing to pay an unbelievable price for the property. There were some difficult issues that had to be overcome, but Chris's persistence and poise are what led us to the finish line!"*

*-Adali Sourigi*