



MARKET SNAPSHOT



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\$16,850,000 Buys 107 Units of Affordable Housing in Upper Manhattan

Owners of New York City Housing Preservation & Development (HPD) properties enjoy a range of benefits. But, when it comes time to sell an HPD property, the owner faces a number of difficult decisions and a series of challenges in finding a buyer and reaching a close.

Recently, the West Bridge Associates engaged New York Multifamily to sell a portfolio attractively located in Upper Manhattan. The 107 units comprised 6 buildings with 3 retail stores on Broadway.

A Value Opportunity Amidst Challenges

The West Bridge Associates portfolio offered value. A healthy rent roll included more than \$1 million in annual residential revenue, as well as more than \$100,000 in annual commercial revenue via the 3 retail units.

Prospective buyers would see the portfolio even more favorably given that the gut-renovation of each unit had taken place less than 20 years earlier — a recent renovation when compared to typical HPD properties in Manhattan.

HPD deals are notoriously complex because they involve a number of parties. And any buyer would need city approval to keep in place the HPD designation and enjoy continued access to HPD financing — which immediately reduces the pool of potential buyers.

Overcoming the 3 Biggest Challenges

There's a certain lack of transparency around HPD deals, which makes them unique and incredibly challenging to get into contract and closed. In the case of the West Bridge Associates portfolio, New York Multifamily provided guidance and services in overcoming these 3 specific challenges:

1. Keep Affordable Housing?

One of the earliest decisions would be to keep or abandon the affordable housing designation. This portfolio's residential units were rented at substantially below market rate.

New York Multifamily used comparative financial analyses to evaluate opportunities offered by both paths — choosing either affordable- or market-rate housing.

(continued on page 6)



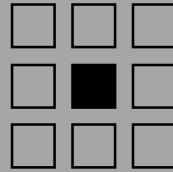
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WHY DO OUR CLIENTS CHOOSE THE NEW YORK MULTIFAMILY TEAM?



NICHE EXPERTISE

We specialize only in multifamily properties, only in New York City, customizing our strategy around you.



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We are positioned to source exclusive opportunities for our clients - our sellers frequently become buyers with NYM.



BROKERAGE AS A VERB

We don't simply market properties - we aggressively sell them in pursuit of the best outcomes for clients.

12-MONTH NYC SALES TRENDS

MANHATTAN

TOTAL SALES
 ↓ 30% YOY

AVG \$/SF
 ↑ 1% YOY

BROOKLYN

TOTAL SALES
 ↓ 34% YOY

AVG \$/SF
 ↓ 5% YOY



BRONX

TOTAL SALES
 ↓ 25% YOY

AVG \$/SF
 ↑ 2% YOY

QUEENS

TOTAL SALES
 ↑ 28% YOY

AVG \$/SF
 ↑ 7% YOY



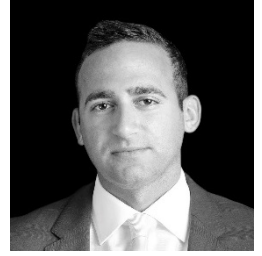
Manhattan



41 WEST 24TH STREET FLATIRON
13 UNITS | FULLY RENOVATED



JOE KOICIM
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jkoicim@mmreis.com



DAVID LLOYD
212.430.5185
dlloyd@mmreis.com



JUST CLOSED
\$16,950,000



Under Contract – West 95th Street
44 Units - 41,000 SF



DANNY HANDWEILER
212.430.5138
dhandweiler@mmreis.com



Just Listed – East 82nd Street
20 Units - \$10,950,000



COREY ISDANER
212.430.5162
cisdaner@mmreis.com



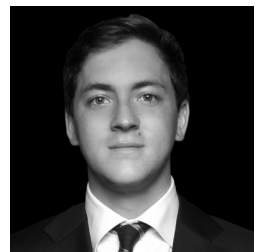
Under Contract – East 61st Street
22 Units - 10,500 SF



LOGAN MARKLEY
212.430.5194
lmarkley@mmreis.com



Just Listed – Madison Street
16 Units - \$5,250,000



NOAH KOSSOFF
646.805.1426
nkossoff@mmreis.com



Brooklyn + Queens

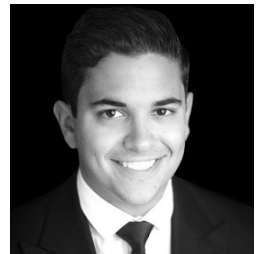
LINDEN BOULEVARD PORTFOLIO
48 TOTAL UNITS | 43,260 SQUARE FEET



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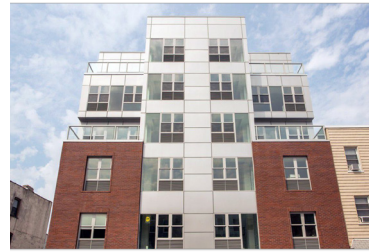


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JUST LISTED
\$11,000,000



Just Listed – Manhattan Avenue
21 Units - \$13,500,000



Just Listed – 17th Street
10 Units - \$4,500,000



Under Contract – Union Avenue
Delivered Vacant - 6 Units



Under Contract – Franklin Street
15 Units - 11,460 SF



Upper Manhattan + Bronx

BROADWAY PORTFOLIO HARLEM
70 UNITS | 4.2% CAP RATE



JUST LISTED
\$43,500,000



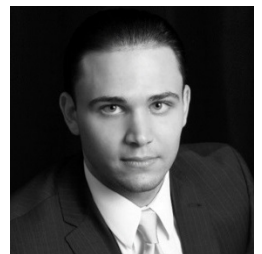
Just Listed – University Avenue
60 Units - \$14,000,000



SETH GLASSER
212.430.5136
sglasser@mmreis.com



Under Contract – West 127th Street
24 Units - 22,164 SF



MICHAEL FUSCO
212.430.5281
mfusco@mmreis.com



Just Listed – West 138th Street
5.1% Cap Rate - \$7,750,000



JACOB KAHN
212.430.6155
jacob.kahn@mmreis.com



Just Closed – 1975 Adam C Powell Blvd
13,943 SF - 20 Units



West Bridge Sale

continued from cover...

And, despite affordable-rate's large gap between market-rate rent totals, analysis indicated that preserving the affordable housing status and maintaining the HPD financing would be the best approach.

While this decision would make it more difficult to find a buyer, the opportunity to maximize value was too much to ignore, and the decision to keep the property affordable also engendered goodwill with the city — which ultimately helped smooth the path from contract to closing.

2. Navigating a Complicated Process With Multiple Parties

Closing an HPD deal includes more parties than a non-HPD transaction. For example, the West Bridge Associates portfolio included a limited partner, a general partner,

attorneys, brokers, prospective buyers and the city — multiple city agencies, in fact. A huge part of NYM's role was serving as the hub of contact and correspondence for these many parties, as well as ensuring that each party was gaining momentum toward a closing.

3. Finding a City Approved Buyer

As noted, the city doesn't approve just any buyer for an HPD property. This naturally limits the pool of prospects and places a greater importance on choosing the right buyer from the start. Going under contract with a buyer that might fail to gain city approval could slow the process down considerably, adding months to the amount of time before closing.

New York Multifamily leaned on its network and experience to identify and evaluate potential buyers in order to choose the one who would help maximize the property's value.

Bonus: Increasing Cash Flow Through a 1031 Exchange

New York Multifamily worked to help West Bridge Associates overcome the 3 challenges above: choosing to maintain status as affordable housing, successfully navigating a complicated process with multiple parties, and identifying the city-approved buyer who would best help maximize value.

The portfolio closed successfully and provided the owners an opportunity to use a 1031 exchange to turn equity in a multifamily property into management-free, cash-flowing properties. In this way, the owner reduced management and increased cash flow. A double win!



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For the full version of this article, please visit the Behind the Bricks blog at newyorkmultifamily.com/btb

NNN PROPERTIES WHERE WOULD YOU PUT THE MONEY IF YOU SOLD?

We sell more Triple-Net Properties than any other firm in the country.

Transitioning from an average Triple-Net Property typically **DOUBLES** or, in some cases, **TRIPLES** your net cash flow. We invite you to let us demonstrate how we can increase your cash flow. **To the right is a sampling of our NNN activity.**

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 EMAIL SUBJECT LINE, "NNN" TO:
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Walgreens On Market
 Cap Rate: 6.15%
 Asking Price: \$4,243,902



KFC On Market
 Cap Rate: 6.05%
 Asking Price: \$1,472,628



Dollar General Closed
 Cap Rate: 6.44%
 Sale Price: \$1,210,000



7-Eleven Closed
 Cap Rate: 6.40%
 Sale Price: \$3,402,709



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NYM MONTHLY

JUNE 2018

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The Number One
Middle Market Team In NYC

230 TOTAL SALES
\$1.8 BILLION IN TOTAL VOLUME

2016 + 2017

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