



TerraCRG sells two mixed-use buildings for \$10.5 million; Team of Hess, Shalumov, Setton, Galperin and Keller

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TerraCRG, one of Brooklyn's leading commercial real estate and advisory firms, arranged the sale of two mixed-use buildings located along Fifth Ave., one of the busiest commercial corridors. Adam Hess, Sam Shalumov, Edward Setton, Kirill Galperin and Amanda Keller were the sole brokers in the selling of both corner properties, located at 3901 Fifth Ave. in Sunset Park, and 6901 Fifth Ave. in Bay Ridge. Combined, the buildings sold for \$10.5 million.

While there is very little turnover in both Sunset Park and Bay Ridge, and the sale of corner buildings is even more rare, these two transactions represent a unique and remarkable scenario in which two corner properties in two of South Brooklyn's busiest retail corridors, were offered to the market simultaneously.

Also notable is the similarity found in the cap-rates, both just under 5%, and buyer profiles, two Manhattan-based investors. The continued spread of growth in the Brooklyn market is evident by the fact that investors who usually buy in Manhattan paid sub 5% cap-rates to buy in neighborhoods like Bay Ridge and Sunset Park.

3901 Fifth Ave. in Sunset Park, home to New York City's third largest and fastest growing Asian business district, sold to a large Manhattan ownership group for \$3.2 million, which equates to a 4.8% cap-rate. The 6,000 s/f building, sold by a Brooklyn family who has owned the building since the 1930s, housed three generations of the family's dental practice. The property, consisting of four ground floor retail spaces, three apartments and one office space, offers a significant upside as the residential and retail rents are well below market as a result of long-term family ownership. As a result of the experience of Hess and his team, and the successful marketing of the property, the building was only on the market for a short month and a half before being sold to a Manhattan investor who saw the potential in this three-story, corner space.

In Bay Ridge, a residential hotspot in South Brooklyn's waterfront, 6901 Fifth Ave. sold for \$7.3 million, which equates to a 4.8% cap-rate. Currently occupied by Bank of America, this property totals 10,248 s/f and over 7,000 s/f of available air rights. This particular branch is amongst the most profitable in the northeast corridor, with \$78 million in deposits.

This transaction included an aggressive bidding process, with numerous offers on the high-end of asking price. More and more young professionals and families have begun to migrate to this neighborhood and take advantage of the many amenities, which has contributed to a 30% increase in the average rents over the past two years.

"We are really excited by the growth and transformation we are seeing in Sunset Park and Bay Ridge," says Adam Hess, Partner at TerraCRG. "To see two corner properties, in distinct areas not that close to Manhattan, sell for over \$500/SF and under a 5% CAP rate, is a testament to the rapid transformation of the borough," Hess continues.

