



## **Leary, Kim and Sears of CPEX arrange 88,000 s/f industrial site**

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Brooklyn, NY CPEX Real Estate's Brooklyn development & conversion team has arranged the ground lease of an 88,000 s/f industrial site in Red Hook. The site, located at 537-555 Columbia St., consists of land and multiple industrial buildings that have been vacated to allow redevelopment. Zoned M1-1, it offers 88,000 buildable s/f for commercial or manufacturing use or 211,000 buildable s/f for a community facility, as-of-right.

CPEX managing partner Brian Leary and associate director Jidan Kim, along with associate director Sean Sears, represented the long-term ownership and procured a 99-year ground lease with Dov Hertz of DH Property Holdings.

Brian Leary, CPEX

Jidan Kim, CPEX

The CPEX development & conversion team has completed nine ground leases over the past five years across multiple markets and asset classes in Brooklyn and Queens, including market-rate residential, affordable housing, hotel, retail and academic space.

“This is a unique transaction structure and something we are well-versed in,” said Leary. “It is tax efficient and given that current capitalization rates are at all-time lows, it has become difficult to find replacement properties with value, often driving sellers to seek opportunities outside New York City to obtain higher returns. This type of structure significantly improves property values for ownership based on the long-term stable cash flow and allows for continued ownership of an improved and highly financeable asset in New York City.”

Based on a CPEX market study with data sourced from New York City public records, the price per square foot of industrial property sales in New York City has increased 176% in the six-year period from 2011 to 2017. In Brooklyn alone, the price per square foot has increased 373% over the same period.

“We are seeing strong demand for industrial properties city-wide. It’s a function of the booming e-commerce market and the demand for warehouse and logistics space to meet this phenomenon, as well as the lack of inventory for quality industrial buildings and industrial-zoned sites,” said Kim.

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