



Axxis Real Estate arranges \$2.1 million sale of 3,000 s/f former diner

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Brooklyn, NY A Bay Ridge building that formerly was home to the Lighthouse Diner has been sold to a local investor for \$2.1 million, according to Axxis Real Estate LLC, which arranged the transaction.

The 3,000 s/f building at 7506 3rd Ave., between 76th St. and Bay Ridge Pkwy., changed hands on Dec. 16, 2019. A Mexican restaurant is replacing the diner, which occupied the space for 40 years.

The property, which also contains two apartments above the ground-floor retail was sold to Alrassi Real Estate LLC, of Bay Ridge, by MSN Real Estate Management, of Rockville Centre, Long Island. The price, which works out to \$702 per s/f, represents a cap rate, or expected rate of return, of 4.63%.

The sale represented a 1031 exchange for MSN, which purchased a net-leased property on Staten Island. Under IRS Rule 1031, an investor is allowed to defer paying capital gains taxes on an investment property when it is sold, as long another "like-kind" property is purchased with the profit gained by the sale of the first property.

"The seller was motivated to dispose of the property to transition from a mixed-use property to a net leased property. The purchaser recognized the opportunity to acquire an off-market fully leased, gut renovated property with no deferred maintenance, at a market cap rate," said Michael Hagen, managing principal of Axxis Real Estate, who represented both the buyer and seller.

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