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JLL Capital Markets closes two sales totaling $110 million

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56 West 22nd Street - Manhattan, NY

New York, NY According to JLL Capital Markets, the firm has closed two sales, totaling $110 million:

JLL closed the $61.5 million sale of a development site at 29 Jay St. in the Dumbo neighborhood of Brooklyn, for the Forman Group. Edward Minskoff Equities Inc. (EJME) acquired the property, which offers a maximum development potential of 200,000 s/f.

JLL professionals overseeing the sale included chairman of New York investment sales Bob Knakal; vice chairmen Stephen Palmese and Brendan Maddigan; managing directors Winfield Clifford, Jonathan Hageman, Michael Mazzara and Ethan Stanton; and vice president Patrick Madigan. Managing director Aaron Niedermayer provided financial advisory services and managing director Howard Hersch provided leasing advisory services.

The existing two-story structure at 29 Jay St. was constructed in 1977. It comprises 21,000 s/f of warehouse and distribution space on a 18,955 s/f lot at the corner of Jay and Plymouth Sts. The site offers 250 ft. of frontage, providing visibility for a retail development. The property has flexible zoning, allowing for a full-service, amenitized commercial, residential or mixed-use building. A residential development at 29 Jay St. would have a zoning floor area of 136,476 s/f, while a commercial development would have a ZFA of 189,372 s/f or 205,200 s/f with a cellar.

Eligible tax incentives for new development include the Industrial and Commercial Abatement Program and the Affordable New York Housing Program. In addition, Relocation and Employment Assistance Program, Commercial Expansion Program and Energy Cost Savings Program tax benefits are available for commercial tenants.

The development opportunity at 29 Jay Street is located one block from the entrance to Brooklyn Bridge Park and a few blocks from the Brooklyn Queens Expressway. It offers proximity to the A, C and F subway trains and the East River Ferry.

“29 Jay St. offers the opportunity for an investor to create a true transit-oriented development,” Palmese said. “A project larger than five stories could offer terrific Manhattan and East River waterfront views on the upper floors due to the low density of surrounding buildings."

In the second deal, JLL completed the sale of 56 West 22nd St., a boutique office and retail asset in Manhattan's Flatiron District. Kaufman Organization purchased the 66,190 s/f property from the Blum Family for $48.5 million.

JLL professionals overseeing the sale include Knakal, Palmese, Hageman, managing directors Brock Emmetsberger and David Giancola; vice president Patrick Yannotta and associate Ryan Kossoy. Leasing guidance was provided by JLL's senior vice president Randy Abend and executive vice president Justin Haber, and Niedermayer provided financing guidance.

The 12-story, mixed-use building totals 66,190 s/f, with 59,719 s/f of office space on the second through 12th floors, and 6,471 s/f of retail space on the ground floor and lower level. The retail space benefits from 47 ft. of frontage. The property is located in the Flatiron District between Fifth and Sixth Aves. It is one block west of the Flatiron Building and Madison Square Park, positioning 56 West 22nd St. in a highly trafficked neighborhood. The building is located alongside the historic Ladies Mile, still one of the top shopping destinations, and is near cultural destinations, including Madison Sq. Park, Union Sq., the Flatiron Building and Eataly.

"Class B office product has been the biggest beneficiary of the flight of capital from the multifamily space in New York City into other asset classes," Knakal said. "With the changes in the rent regulations in June of this past year, historically active multifamily investors have left that space and are increasingly looking outside New York for multifamily investments and at other asset classes within New York City. More than half of the prospects for this property had never purchased an office building in the city before. This is a very positive trend for office building sales in New York."