

Case Studies - Office Disposition

211 West 61st Street
New York, NY

Acquisition: 211 West 61st Street, New York, NY
Price: \$20.6 million

In June 2007, Cofinance Inc. ("Cofinance") sold all of its owned commercial condominiums at 211 West 61st Street ("Property") to the Gateway School ("Gateway"), a private elementary school that serves children with learning disabilities, for a sale price of \$20.6 million. The sale was a result of a formal marketing effort targeting the arts and institutional users.

Underscoring Cofinance's creative thinking, the process included hiring a broker that was familiar with the target purchaser, developing a website to articulate the unique aspects of the Property and finalize efforts to subdivide the floors into smaller condominium units. The Gateway School Board cited the unique aspects of the space such as the 30 foot spacing between columns, ceiling heights of 14½ feet, and significant floor loads as part of their decision to purchase. They also felt that the separate entrance and unobstructed north light provide easy access and a very pleasant environment for their students.

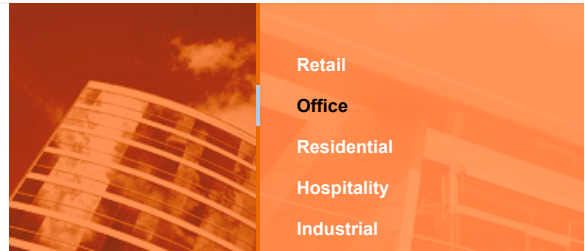
From a planning perspective, Gateway purchased more space than they needed to account for expansion. In response, Cofinance divided the units providing Gateway the flexibility to sell some units if the growth they projected did not materialize. Finally, the sale was not subject to payment of the New York City transfer tax of 2.63% because of Gateway's not-for-profit status.

Acquisition Assumptions

- Total capitalization of the transaction was projected to be \$14.03m which included an interest reserve.
- Secure variable rate debt representing 69% loan to cost with a beginning interest rate of 7.28% escalating to 7.41% over hold period.
- Hold Period of 36 months.
- Units would be sold beginning 12/06 and ending 3/09 for an average sale price of \$352 PSF.
- The leverage IRR for the Base Case was projected to be 23.82% or profit representing a multiple of 1.76 times.

Disposition Results

- Total capitalization of the transaction was \$13.78m which included an interest reserve.
- Secure fixed rate debt representing 65% of total capitalization with an interest rate of 7.11% open to prepayment without penalty.
- Hold Period of 15 months.



- Retail
- Office**
- Residential
- Hospitality
- Industrial

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Office Dispositions

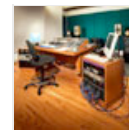
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- All units were sold to one user at a price of \$400 PSF.
- The realized IRR was 98.48% with an equity multiple of 2.4.

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