

Case Studies - Residential Acquisitions

Gateway: 236 2nd Ave and 306 E 15th Street
New York, NY

Acquisition: Gateway: 236 2nd Ave and 306 E 15th Street, NY, NY
Price: \$11.4 million

Cofinance Inc. (“Cofinance”) during the sale of 211 West 61st Street, identified an opportunity to acquire the purchaser’s surplus facilities and structured a transaction that provided an incentive for them to sell the facilities to Cofinance over higher offers.

Cofinance, in June 2007, completed the purchase of a 12,366 SF former row house currently used as a school for children with learning disabilities (“School Building”) and a 7,425 SF 5-story brownstone (“Brownstone”) located on 2nd Avenue and East 15th Street in the southeast section of the Gramercy Square Park submarket in New York City.

The School Building underwent a \$2.8 million renovation in 2001 receiving the AIA Award for Excellence. The Brownstone, built in 1903, is primarily vacant and contains approximately 10,000 SF of unused air rights. Each building is unique with characteristics that have value not presently realized.

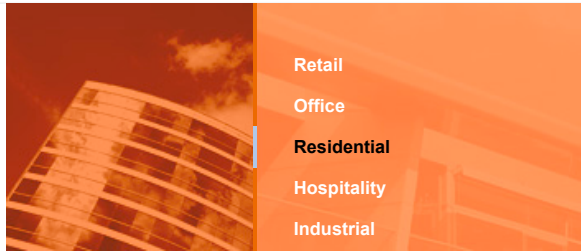
School sites are very difficult to find in New York City because of rising prices of real estate and construction costs. The School Building offers a user a turn-key facility with immediate occupancy.

The Brownstone, because of its proximity to Stuyvesant Square Park, will command a premium as there are few parks in New York City and even fewer available brownstones located across from them. Importantly, the Brownstone also offers a school user an expansion possibility to accommodate future growth.

Cofinance’s plan is to market the School Building for sale following Gateway School’s departure. Expansion plans will be developed for the Brownstone to create two high-end residential duplexes and either sold to a developer or developed by Cofinance, realizing significant returns.

Investment Highlights

- Secured financing in 3 weeks from one of the largest commercial banks in the world for 75% of the total capital requirement with a further commitment to fund future operating losses and interest carry.
- Negotiated a two-year lease-back of the School Building with the Gateway School including a termination option. The lease provides time for a proper marketing campaign while mitigating carrying costs.
- Leveraged IRR is projected to be 37.59% within a three (3) year period.



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

■ Residential Acquisitions

[227 West 61st Street - NY](#)

[Gateway School - NY](#)

“We...are excited with our acquisition of East 15th Street and Second Ave...and are also very happy to be able to structure a series of transactions that assures Gateway’s expansion and move uptown...”

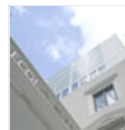
- Jim Maurer
President, Cofinance Inc.



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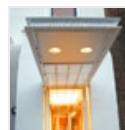
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