
316 Third Avenue

New York, NY

\$275,000,000 forward sale of Manhattan apartment building



- Savills advised JD Carlisle and DLJ Real Estate Capital Partners on the \$275,000,000 forward sale of 316 Third Avenue, a 21-story, 225,000RSF luxury rental apartment building located at Third Avenue and 23rd Street in the Gramercy section of Manhattan.
 - At the commencement of the marketing process, the property was approximately 10 months from construction completion. It contained 304 apartment units and approximately 19,000 square feet of retail space which was pre-leased to HSBC Bank and Duane Reade. The property featured first-class amenities and “condo quality” construction/finishes.
 - The property was eligible for a 10-year Section 421-a tax exemption, and all 304 of the building’s residential units were subject to New York City rent stabilization for the 10-year term of the 421-a tax exemption.
 - Due to the lack of historical operating statements, Savills guided potential purchasers through the underwriting process. At the time, rental buildings in the Gramercy area were only achieving rents of \$60/RSF and Savills was able to convince potential investors that the immediate neighborhood was not the proper proxy for luxury residential rental rates given the age and condition of the vicinity’s buildings. Using in depth market research of rents in recently completed rental projects in the Chelsea
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neighborhood, Savills built consensus that 316 Third residential rental rates would be \$80 or more/RSF, which ultimately drove pricing.

- Additionally, Savills completed a dual marketing process, offering the residential and retail components on a combined or on a stand alone basis to maximize aggregate pricing. The property's retail space was located on the ground floor and cellar and leased at market rates (\$129/rsf avg. rent).
- The transaction closed in August 2008, despite market turmoil, at pricing which equated to a 4.25% capitalization rate on proforma stabilized apartment NOI.