

ADVISORY SERVICES: Office

Distressed/Short Sale



Challenge

140 Smith Street, Keasbey is a Class A Office building with 60% vacancy. The property is a high image building but challenged as it is situated in a heavy Industrial area. The building had been on the market for more than two (2) years for sale and lease with zero leases signed or offers to purchase.

Due to the high vacancy rate the income was not able to cover debt service and the overall property condition was deteriorating with ongoing deferred maintenance.

Action

A comprehensive marketing plan was created with the property rebranded as *"Parkway Corporate Center"*. New signage was erected and all marketing materials reflected this name. A direct mail and email campaign was created including targeting all active real estate brokers. The goal was to reintroduce the building to the marketplace.

The marketing package included: Technical specifications, photos, maps, flood maps, zoning information and demographics. The purpose was to provide all critical details in advance to limit a purchasers need for a lengthy due diligence.

All leases were reviewed and summarized in lease abstracts. A comprehensive financial evaluation was performed including review of Income, Expenses and the creation of an accurate rent roll. Finally, various financial models were created to be able to show a purchaser the future potential of the property.

Result

Within thirty (30) days there was immediate activity with parties interested in both a sale and lease. Requests for Proposals were received including a full floor, Fortune 500 tenant. In all there were four (4) purchase offers received. All buyers were interviewed to determine the financial capabilities as well as their motivation.

The building was sold to a User/Investor that plans to occupy two (2) vacant floors and will bring the building to 90% occupancy. The final negotiation involved setting up a meeting with the lender to get them to approve a transaction that yielded 70% of the outstanding mortgage balance.

Reference

Diane Urbanski

908-612-3000

diane.ppplc@gmail.com

