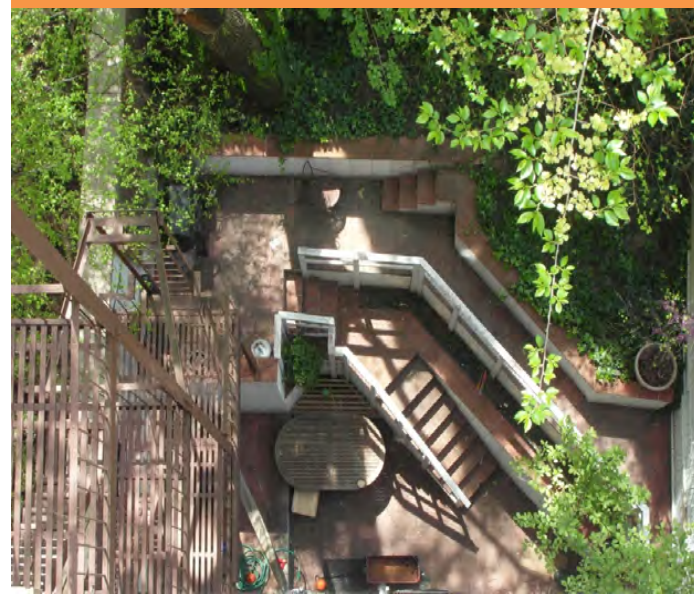




538 East 89th Street New York, NY



Offering Memorandum

PETER VON DER AHE + PARTNERS
NICHE EXPERTISE | CUSTOMIZED EXECUTION

Marcus & Millichap
Real Estate Investment Services

538 East 89th Street

presented by

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Marcus & Millichap
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investment

INVESTMENT OVERVIEW

Investment Description

Marcus & Millichap is pleased to offer 538 East 89th Street (Block: 1585-34) between York and East End Avenues. The subject property sits on a 25 foot by 101 foot lot and is built 25 feet by 75 feet deep. The five story, 10 unit elevator building has an approximate gross square footage of 10,997 and is zoned R8B. Under the current zoning there are 579 square feet of developable air rights included with the property.

Investment Highlights

- 25 foot wide elevator building in excellent condition
- Floor thru 4 bedroom duplex apartment will be delivered vacant at closing
- Offered at 4.5% cap rate or 14.6X gross rent
- Excellent live plus income opportunity
- Steps from Gracie Mansion, Carl Schurz Park
- All free market units except one rent controlled tenant
- Free market units and common areas are recently renovated and meticulously maintained
- WBF in every apartment
- Close to many of the city's finest schools

Exceptional Upper East Side Opportunity

A beautifully renovated, elevator pre-war, 538 East 89th Street is offered at \$541 per square foot to fit a few kinds of investors. A new to the market investor can be drawn to the prestigious neighborhood and a quiet tree lined block. A local operator can appreciate the cash flow. A user can obtain an elevator building with a sunny, spacious floor thru duplex penthouse apartment for themselves and their family. All can be pleased with the upside provided by the 2nd Avenue subway, projected for 2016.



538 EAST 89TH STREET IS OFFERED AT: \$5,950,000

analysis

PRICING AND FINANCIAL ANALYSIS

Financial Overview

INCOME	CURRENT	PRO FORMA
Gross Potential Income	\$406,728	\$417,888
Gross Potential Commercial Rent	\$0	\$0
Vacancy / Collection Loss	(\$16,269.12)	(\$16,715.52)
Other Income	\$0	\$0
Effective Gross Income	\$390,459	\$401,172

EXPENSES		
Property Taxes	\$68,784	\$68,784
SCRIE	\$0	\$0
Fuel - Gas	\$9,700	\$9,700
Insurance	\$4,200	\$4,200
Water and Sewer	\$7,500	\$7,500
Repairs and Maintenance	\$10,000	\$10,000
Common Electric (PSF)	\$2,300	\$2,300
Super Salary (Per Unit - Projected)	\$5,000	\$5,000
Management Fee	\$15,618	\$16,047
Elevator Contract	\$1,500	\$1,500
Legal & Miscellaneous	\$0	\$0
Other	\$0	\$0
Total Expenses	\$124,602	\$125,031
Net Operating Income	\$265,857	\$276,142
Debt Service		(\$152,777)
Debt Coverage Ratio		1.74
Net Cash Flow After Debt Service		\$123,365
Cash on Cash Return		4.04%

PRICING METRICS

OFFERING PRICE	\$5,950,000
Number of Units	10
Price/Unit	\$595,000
Gross Square Feet	10,997
Price / SF	\$541
Current Cap Rate	4.5%
Current GRM	14.6
Pro Forma Cap Rate	4.64%
Pro Forma GRM	14.2
Pro Forma Cash On Cash Return	4.04%

PROPOSED FINANCING

Loan Amount	\$2,900,000
Interest Rate	3.3%
Amortization	30
Annual Debt Service	(\$152,777)

SCHEDULE OF INCOME

Unit Breakdown	Total	%	Rent
Total RS Units	0	0%	\$0
Total RC Units	1	10%	\$424
Total FM Units	9	90%	\$33,470
Total Commercial	0	0%	\$0
Total Units	10	100%	\$33,894

Building Size (SF)	10,997
Number of Units	10

Commercial	0
Residential	10

	ACTUAL			PRO FORMA		
INCOME						
Gross Potential Income		%EGI	\$/Unit / \$/SF		%EGI	\$/Unit / \$/SF
Gross Potential Residential Rent	\$406,728	100.00%	\$40,673	\$417,888	100.00%	\$41,789
Gross Potential Commercial Rent	\$0	0%	\$0	\$0	0%	\$0
Vacancy / Collection Loss	(\$16,269)	4%	(\$1,627)	(\$16,716)	4%	(\$1,672)
Other Income	\$0		\$0	\$0		\$0
Effective Gross Income	\$390,459		\$39,046	\$401,172		\$40,117
Average Residential Rent/Month/Unit	\$3,389			\$3,482		
EGI Growth Rate						

EXPENSES						
Property Taxes	\$68,784	18%	\$6,878	\$68,784	17%	\$6,878
SCRIE	\$0	0%	0	\$0	0%	0
Fuel - Gas	\$9,700	2%	\$970	\$9,700	2%	\$970
Insurance	\$4,200	1%	\$420	\$4,200	1%	\$420
Water and Sewer	\$7,500	2%	\$750	\$7,500	2%	\$750
Repairs and Maintenance	\$10,000	3%	\$1,000	\$10,000	2%	\$1,000
Common Electric (PSF)	\$2,300	1%	\$0.21	\$2,300	1%	\$0.21
Super Salary (Per Unit - Projected)	\$5,000	1%	\$500	\$5,000	1%	\$500
Management Fee	\$15,618	4%	\$1,562	\$16,047	4%	\$1,605
Elevator Contract	\$1,500	0%	\$150	\$1,500	0%	\$150
Legal & Miscellaneous	\$0	0%	\$0	\$0	0%	\$0
Other	\$0	0%	\$0	\$0	0%	\$0
Total Expenses	\$124,602	32%	\$12,460	\$125,031	31%	\$12,503
Net Operating Income	\$265,857			\$276,142		

Cash Flow & Debt Analysis

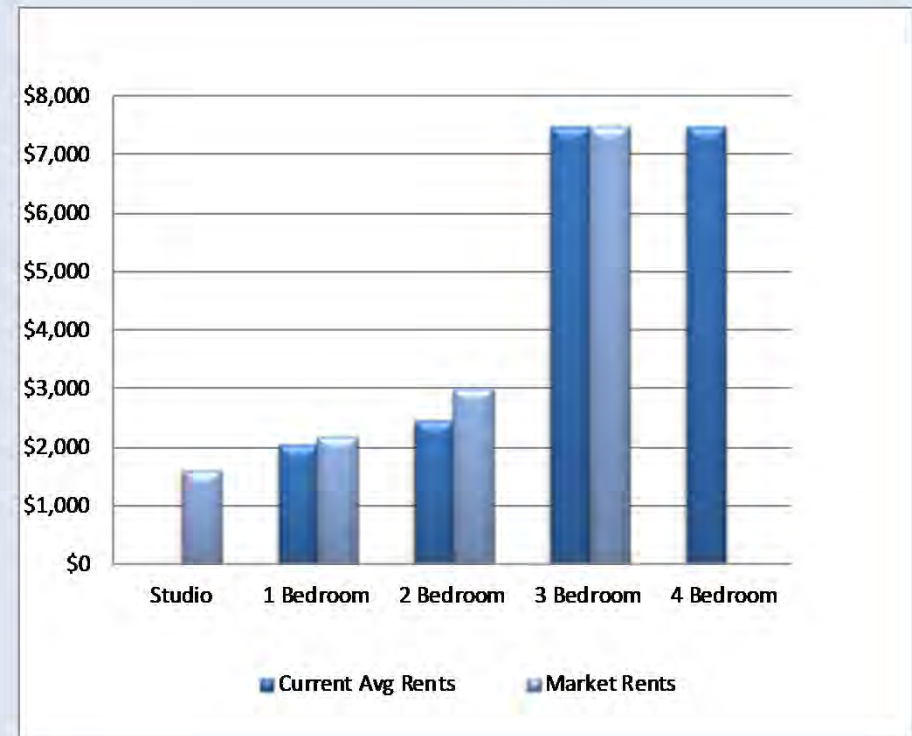
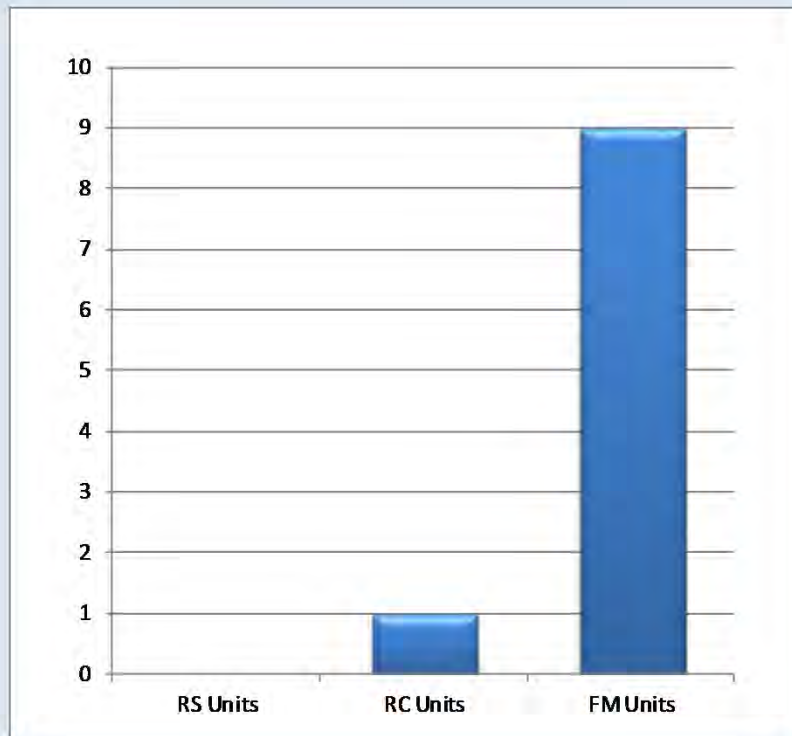
Proposed Debt	Total Annual Debt Service	(\$152,777)
	Cash Flow After Debt	\$123,365
	Cash on Cash Return @ Investment Value Pricing	5.1%
	DSCR	1.74

RESIDENTIAL							
UNIT#	LEASE STATUS	NOTES	BEDROOMS	ROOMS	EXPIRATION	ACTUAL	PRO FORMA
1E	FM	Duplex	1 Bedroom	3	May-13	\$2,095	\$2,200
1S	FM	Garden Duplex	3 Bedroom	5	Jul-14	\$7,500	\$7,500
1W	FM	Duplex	1 Bedroom	3	Aug-13	\$1,995	\$2,200
2E	FM		2 Bedroom	4	May-13	\$2,880	\$3,000
2W	FM		2 Bedroom	4	Aug-13	\$3,000	\$3,000
3E	FM		2 Bedroom	4	Jun-13	\$2,700	\$3,000
3W	RC		2 Bedroom	4	Rent Controlled	\$424	\$424
4E	FM		2 Bedroom	4	Jul-13	\$2,950	\$3,000
4W	FM		2 Bedroom	4	Aug-12	\$2,850	\$3,000
5PH	FM	Duplex Delivered Vacant	4 Bedroom	6	Owner Occupied	\$7,500	\$7,500
Monthly Residential Revenue			21	41		\$33,894	\$34,824
Total Annual Revenue						\$406,728	\$417,888
There are	1	Vacant units currently in the building					

LEASE STATUS MIX					MARKET RENTAL ANALYSIS BY UNIT TYPE						
Unit Breakdown	Total	% of Total	Avg Rent	Total Rent	Type	Total	% of Total	Avg Rent.	Total Rent	Market Rent	% Below Market
Total Units	10	100%	\$3,389	\$33,894	Studio	0	0%	\$0	\$0	\$1,600	NAP
Total RS Units	0	0%	\$0	\$0	1 Bedroom	2	20%	\$2,045	\$4,090	\$2,200	7%
Total RC Units	1	10%	\$424	\$424	2 Bedroom	6	60%	\$2,467	\$14,804	\$3,000	18%
Total FM Units	9	90%	\$3,719	\$33,470	3 Bedroom	1	10%	\$7,500	\$7,500	\$7,500	0%
Total Commercial	0	0%	\$0	\$0	4 Bedroom	1	10%	\$7,500	\$7,500	\$0	

INCOME BY UNIT TYPE

RENT UPSIDE



description

PROPERTY DESCRIPTION

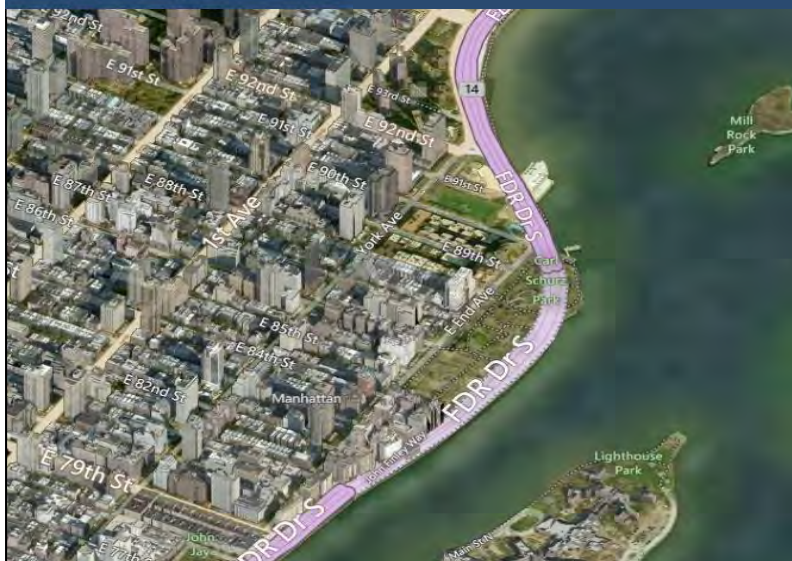
Property Description

Address:	538 East 89th Street
City:	New York
State:	NY
Block & Lot:	1585 / 34
Lot Size:	25' x 100'
Lot SF:	2,500
Building Dimensions:	25 x 75
Building SF:	10,997
Zoning:	R8B
Max FAR:	4
Available Air Rights:	579
Landmark District:	None
Historic District:	None
Annual Tax Bill:	\$68,748
Tax Class:	2

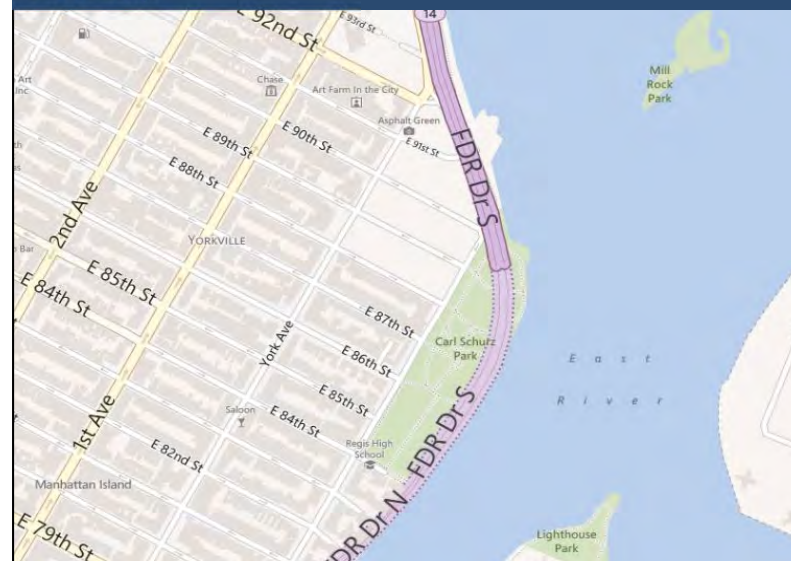
Tax Map



Aerial Image



Area Map









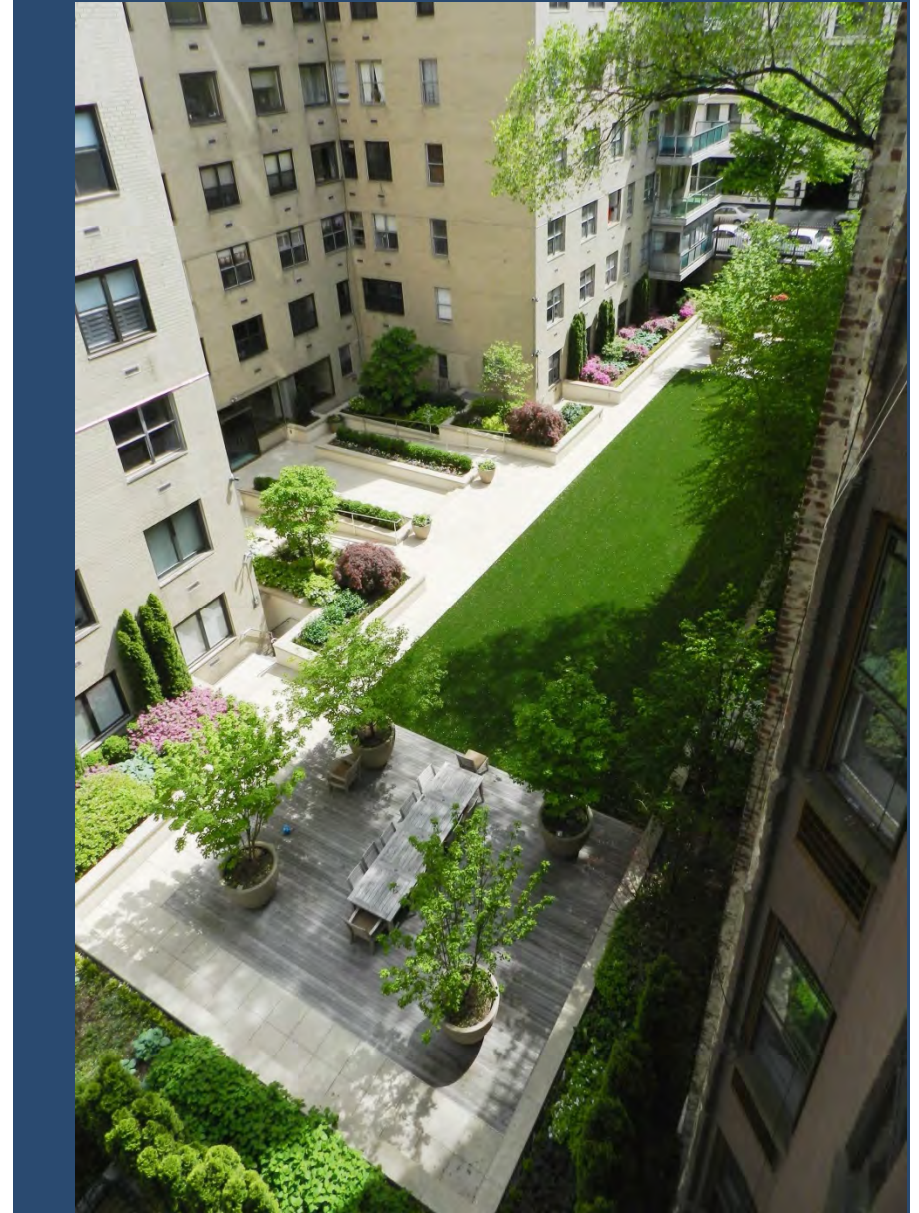














overview

MARKET OVERVIEW

Upper East Side, New York

GEOGRAPHY

The Upper East Side lies within the area bounded from 57th Street to 110th Street, from the East River to Fifth Avenue, and with Sutton place and Carnegie Hill as separate enclaves.



TRANSIT

4,5,6 to 59th St.-Lexington Ave. | R,W to 59th St.-Lexington Ave. | N,R,W to Fifth Ave.-59th St. | F to 63rd St.-Lexington Ave. | 6 to 68th St. | 6 to 77th St. | 4,5,6 to 86th St | 6 to 96th St.

Travel Time To:

42nd Street: 16 minutes

Fulton Street: 21 minutes

Columbus Circle: 17 minutes

Union Square: 13 minutes



DEMOGRAPHICS

As of the 2000 United States Government Census, 207,543 people reside in the Upper East Side. The population density is approximately 118.184 people per square mile, making Manhattan Community Board 8, the densest Community Board in the city. The population of the neighborhood is about 88.25% White, 6.14% Asian, 2.34% African American, and 1.39% of other races. Given its very high population density and per capita income (\$85,081 in 2000), the neighborhood is believed to contain the greatest concentration of individual wealth in the world.



Upper East Side, New York

HISTORY

Recognized as a wealthy and powerful neighborhood, the Upper East Side boasts beautiful buildings and townhomes that were built between the turn of the century and the 1930's. Many of these prominent homes were inhabited by several influential families in history, including the Vanderbilt's, Rockefeller's, Roosevelt's, Carnegie's and Kennedy's. Since 1942, the Mayors of New York have resided in the Upper East Side's Gracie Mansion, the last remaining suburban villa overlooking the East River. Today, the tradition continues and Mayor Michael Bloomberg currently lives in the mansion.

AMENITIES

Perhaps the greatest recognized amenity of the Upper East Side lies on its western border – Central Park. Filled with its own zoo, running paths, baseball field, beautiful gardens, and reservoir, Central Park makes an amazing front yard for the neighborhood residents.

The Upper East Side is also home to New York City's highest concentration of cultural institutions along its Fifth Avenue "Museum Mile," such as the Metropolitan Museum of Art, the MoMA, the Whitney Museum of American Art, the Solomon R. Guggenheim Museum, the Frick Collection, and many other renowned establishments. The Upper East Side is also known for its luxurious retail shops on Madison Avenue, including Chanel, Louis Vuitton, Prada, and Barney's New York.

The Upper East Side not only serves as a luxurious locale for shopping and museum browsing, but is also home to several diplomatic missions. The Consulate-General of France, the Consulate-General of Greece, the Consulate-General of Italy, and the Consulate-General of India all have their New York headquarters located in the Upper East Side.



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