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CoStar Top 20 Power Broker

Industrial Office Conversions

Question and Answer by David G. Hunt

Q: *We are looking for a small office building to buy for our professional practice. Our broker is suggesting that we buy an industrial building and convert it to an office building. Is this practical?*



A: As property values have risen on Long Island, particularly in Nassau County, the highest and best use of properties has often changed. So a well-placed industrial building may indeed be a candidate for conversion. And it may also be a pitfall for the unwary! So let's take a look at some of the factors involved in a conversion and how practical it may be.

One of the first concerns that I have is parking. Many older industrial buildings were legally built with a parking ratio of "two-to-one." This means that there were two parking spaces allocated for every 1,000 square feet of building area. This would be woefully inadequate for any sort of office use, and would not meet any modern building code for office use. An office building is often required to have a parking ratio of "five-to-one," and sometimes more. So in most jurisdictions, a 10,000 square foot office building would need at least 50 parking spaces. The office conversion candidate probably needs an oversize plot, or an adjoining plot that may be acquired. Or, the economics may actually justify demolishing part of the existing structure to create additional parking.

Zoning in many areas actually allows office buildings to be built in an industrial zone, "as of right", meaning that a zoning variance will not be required for a conversion. But this is not necessarily so. The actual conversion will require building plans, and probably a new site plan, both of which will need to be approved by the local jurisdiction. But this is relatively minor compared to the time and expense of a change of zoning, or obtaining a special use permit.

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“Successfully Finding a Buyer or Tenant For Your Commercial Real Estate” Conference

Hunt Corporate Services, Inc., in collaboration with Franklin, Gringer & Cohen, PC, held a conference on Tuesday, April 29, 2014 at Carlyle at The Palace in Plainview, and presented “Successfully Finding a Buyer or Tenant for Your Commercial Real Estate.” Attendees included business owners, real estate owners and developers, attorneys, and other professionals.

The speakers: David G. Hunt of Hunt Corporate Services, Inc., and Steven Elliot Cohen of Franklin Gringer & Cohen, PC, addressed various topics such as; valuing your property, making the decision to sell or lease, preparing and marketing your property, hiring an agent, negotiation tactics, the contract of sale, the lease agreement, and the eight most important lease clauses. Those in attendance heard from both the brokerage and legal disciplines.



Dyna-Empire Purchases a 53,315 Square Foot Building in Garden City NY

Dyna-Empire (Garden City) has purchased the 53,316 square foot industrial building located at 1075 Stewart Avenue in Garden City, NY. David G. Hunt, president of Hunt, represented the seller, Nirella, LLC. The buyer was represented by Willy Becker of Reinhardt Becker Ford & Associates (Melville). Don Gallagher of Gallagher Associates (Islandia) arranged the financing.

The building at 1075 Stewart Avenue is a two-story industrial building situated on a 2.3 acre plot, and is located immediately off the Meadowbrook Parkway. “Dyna-Empire has occupied the building for many years as a tenant,” said David Hunt. “Both buyer and seller looked at other alternatives, but in the end, a sale of the building to Dyna-Empire made the most economic sense for both parties.”



Ivy Testtakers Review, Inc. Leases 3,325 Square Feet in Port Washington, NY

Ivy Testtakers Review, Inc., has leased 3,325 square feet of office space at 99 Seaview Boulevard in Port Washington, NY. Chuck Syage of Hunt represented the landlord, C&P Real Estate Holdings, LLC in the lease negotiations. Al Centrella, Jr. of NAI Long Island represented the tenant.

Ivy Testtakers Review, Inc., (Greenvale, NY), a privately held company, established in 1983, provides personalized, one-to-one approach for studying and test preparation with a focus on SAT and PSAT. They offer classes in various locations in Nassau County. They are relocating and using the new location for their headquarters.

“The location satisfied their initial requirements. The quality of the building and aggressive lease rate sealed the deal,” said Chuck Syage of Hunt. “Their office suite will be build to suit by the landlord to the tenant’s specifications.”



Medical Arts Leases Space in Mineola, NY

Medical Arts Support Corporation has leased 1,531 square feet of office space at 147 East Second Street in Mineola, NY. Chuck Syage of Hunt represented the landlord, Great Neck Saw Manufacturers, Inc. in the lease negotiations. The tenant was self represented.

“Medical Arts is relocating their office from Syosset to Mineola in order to be in close proximity to their warehouse,” said Chuck Syage of Hunt. “They were very happy with the space configuration and the upgrades being made by the landlord based on their specifications.

Medical Arts Support Corporation is a provider of biomedical engineering services, new and used medical equipment sales, and office based surgery accreditation consulting in the North East US. They offer specialized service programs in anesthesia, respiratory, medical gas, sterilizers and general biomedical inspections.



David G. Hunt Receives 2014 Matinecock District Award of Merit

David G. Hunt was presented with the 2014 District Award of Merit by Suffolk County Council, Boy Scouts of America at its annual District Awards and Recognitions Dinner held on May 22, 2014 at Huntington Elks Lodge.

The Matinecock District serves over 3,000 youth members in the Towns of Huntington, Commack, Kings Park, and Hauppauge school districts in western Smithtown Township. Each year, council recognizes noteworthy service to youth in Scouting, outside of Scouting, or both. Those awarded this year were; David G. Hunt, Assistant Scoutmaster for Troop 113 (Centerport), David Puttre, Scoutmaster of Troop 8 (Elwood), and Kevin Klein, Assistant Cubmaster of Pack 5 (East Northport).

Mr. Hunt is a member of the Executive Board of Suffolk County Council, Boy Scouts of America, and has been an Eagle Coach for many years.



Hunt Construction Services, Awarded contract by Great Neck Saw Manufacturers, Inc.

Hunt Construction Services, Inc. (Plainview) has been awarded a contract by Great Neck Saw Manufacturers, Inc. (Mineola) to complete both interior and exterior renovations for the building located at 257 East Second Street in Mineola, NY.

The building is presently occupied by a long-term tenant, Max USA. “The work that is being done is the result of a recent lease renewal,” said David G. Hunt, president of Hunt Construction Services, Inc. “Max USA needed an additional loading dock and entrance, as well as interior modifications to make the building more functional for their needs.”

Rob Ciarleo, the project manager at Hunt, added, “The outside work will require an additional loading dock complete with a dock leveler, and a new drive-in door. The exterior modifications will also require new drainage and chain-link fence modifications.”





A Hunt Project Summary

A New Tenant Installation



Hunt Construction Services, Inc. was hired by a landlord to complete a new tenant installation. The scope of work not only included installing the new tenant interior, but also addressing code issues and making the building more economical to operate.

Work began with the demolition of the interior's existing offices and ceiling, which was in very poor condition. The interior was built to the specifications and needs of the future tenant, including a request that the conference room be acoustically isolated from a noisy next-door tenant. A ceramic-tiled lobby, conference room and executive offices were required along with an open bullpen area. A kitchen area, storage closets, utility room and bathrooms completed the design requirements agreed upon by the landlord and new tenant.

In order to create a more spacious airy feeling to the space the new acoustic ceiling was placed at 10 feet rather than the 8 foot height of the previous ceiling. This necessitated raising sprinkler heads throughout the space, and the installation of a completely new ceiling grid. The existing fire/sprinkler system also needed to be modified for code compliance with the new office layout.

New sheetrock for all perimeter walls was installed. New offices, closets, a new conference room, kitchen, storage room and utility room were constructed and completed with sheetrock.

New electric outlets, switches and voice/data outlets were then installed as required. Fluorescent light fixtures were installed. Ceiling mounted HVAC registers insured all work areas were uniformly heated and cooled.

Walls were spackled and painted to the future tenant's specifications. Wall-to-wall commercial carpet was installed along with vinyl cove base molding. The kitchen was completed with the installation of a sink and cabinets and requisite appliances.

The building was now ready for occupancy by the new tenant.





INDUSTRIAL or RETAIL

Featured Properties - June 2014

516-937-1000 - www.huntcorp.com



55 West Ames Court, Plainview FOR LEASE

20,985 square feet of office, lab and warehouse space available. Separate entrance and utilities. 1 loading dock and one drive-in door, fully sprinklered, sewers and gas heating.



160 Terminal Drive, Plainview FOR SALE OR LEASE

20,000 square foot building for sale (or 9,500 square feet available for lease.) Building features approximately 25% office space, loading dock and overhead doors, sprinklers, sewers and gas heat. One block off the LI Expressway.



150 Marine Street, Farmingdale FOR SALE

5,892 square foot industrial "flex" space available. Located off Route 110. Approximately 2/3 office and 1/3 warehouse. Fully air-conditioned. One overhead garage door. 30 - 40 car parking.



575 Hempstead Turnpike, Elmont 3 BUILDINGS FOR SALE

Three building portfolio available consisting of two retail buildings and one industrial building. Can be sold separately or all inclusive. 3,156 - 7,393 square feet available. Located across the street from Home Depot and Pep Boys, one mile east of Belmont Raceway.



175 Central Avenue, Farmingdale FOR LEASE

12,500 square feet available. Consisting of 5,854 square feet of office space and 1,352 square feet of finished R&D space. Located five minutes from the LI Expressway, Route 110 and Southern State Parkway. Owner with finish to suit.



2635 N. Jerusalem Road, East Meadow FOR SALE

User / Investor

6,000 square foot, 5 unit industrial building with retail frontage. Three 1,200 square foot units and two 1,500 square foot units. Occupy all or part.



245 Newtown Road, Plainview FOR LEASE

15,028 square feet available. The space features 22' height, 3,200 square feet of office space, gas heating, 1 loading dock and 1 drive-in door. Located on the LI Expressway service road.



137 Commercial Street, Plainview FOR LEASE

8,627 square feet available. Office finished to suit. Separate entrance and utilities. 17' height, 1 loading dock, sprinklered, sewers and gas heating. Abundant parking.



265 Executive Drive, Plainview FOR LEASE

10,944 square feet of industrial flex space available. Space features 6,930 square feet office space, 14' height, 1 loading dock, gas heat, sprinklers. Extensive parking. Immediately off LI Expressway, service road.



100 Newtown Road, Plainview FOR LEASE

2,415 square feet of dead storage space available in a 14,940 square foot industrial building situated on a 1 acre plot. One drive-in door. Gas heat. Immediately off the LI Expressway. 24/7 access. Short term rental available.



71 East Industry Court, Deer Park FOR SALE OR LEASE

47,050 square foot industrial building for sale or 21,813 square foot unit available for lease. Situated on 2.5 acres with oversized fenced yard. Minutes from major roadways, LIRR and Tanger Outlets.



25 West Sunrise Highway, Freeport FOR SALE OR LEASE

4,650 square foot retail building on Sunrise Hwy, less than 1 mile west of Meadowbrook Parkway. Great for car repair or installation, truck fleet, electrician, plumbers and construction trades. Highly trafficked highway.



OFFICE

Featured Properties - June 2014

516-937-1000 - www.huntcorp.com



50 Karl Avenue, Smithtown FOR LEASE

6,217 square feet available for lease. Suites ranging from 944 to 5,273 on the first and third floor. Owner will build to suit. Generous parking. 24/7 access to the building. Zoned for medical or any professional use. On-site management.



1121 Walt Whitman Road, Melville FOR SALE / LEASE

39,250 square foot free standing, 4-story, office building in the Melville Corporate Corridor minutes from Northern State Parkway and LI Expressway. Decked and covered parking. Occupy up to 20,000 square feet and grow into the remainder.



99 Seaview Boulevard, Port Washington FOR LEASE

20,235 square feet available on the third floor, divisible to 3,500 square feet. Suites will be finished to suit. PRICED UNDER \$20 PER SQUARE FOOT. Located 2.8 miles to Northern State Parkway and LI Expressway.



54 Sunnyside Boulevard, Plainview FOR LEASE

One office suite of 1,400 square feet available on the first floor with strong visibility and signage. 1,800 square feet available on the second floor. Located immediately off LI Expressway, Exit 46. Great parking.



147 East Second Street, Mineola FOR LEASE

2,500 square feet of first floor office space available. 2,867 square feet of second floor office space, (divisible to 1,947, and 920 square feet). Reserved parking. Short distance to LIRR and Jericho Turnpike, Old Country Road and Glen Cove Road.



1565 Franklin Avenue, Garden City FOR LEASE

1,500 square feet to 10,000 square feet of office space available. Individual suites will be finished to suit. Located near Old Country Road, two blocks from the LIRR Mineola Station. Building is in the process of complete renovation. Great parking!



1 School Street, Glen Cove FOR SALE/LEASE

5,360 square foot office condominium, divisible to 2,000 square feet. Almost unlimited parking at door. Suitable for medical, legal and other professional use. Located less than one mile from hospital and LIRR station.



45 North Service Road, Dix Hills FOR SALE

Community Church building is 3,400 square feet situated on 1.8 acres in an affluent area of Dix Hills on the service road of LI Expressway, Exit 52. Move-in condition.



131 East Ames Court, Plainview FOR LEASE

14,484 square foot office building, on a one acre plot. Tenant suites will be designed and built to suit. Divisible to 3,000 square feet. Excellent location less than one-half mile to LI Expressway and Northern State Parkway.



245 Newtown Road, Plainview FOR LEASE

Corner office suite of 5,538 square feet in 106,297 square foot "flex" building. Air-conditioned, gas heating, sprinklered, sewers and separate entrance and utilities. Very low loss factor. Located on LI Expressway service road.



187 Central Avenue, Bethpage Office building to be built

Prime Corporate Headquarters office building to be built by major developer. Fronts Seaford Oyster Bay Expressway, minutes from Northern State and LI Expressway.

Comparable Sales

Recent Sales

City	Address	Property Type	Size SF	Office SF	Acres Total	Sold Price/SF
West Hempstead	221 Hempstead Turnpike	Office Investment	10,400		0.09	\$110.58
Hempstead	619 Fulton Avenue	Office Investment	22,000		.42	\$59.09
Roosevelt	157 Babylon Turnpike	Industrial	5,238		.24	\$84.38
Freeport	112 Albany Avenue	Industrial	4,700	1,880	.20	\$79.79
Lindenhurst	155 Bangor Street	Industrial	8,100		.21	\$55.56
Farmingdale	151-155 Toledo Street	Industrial	9,600		.55	\$103.13
Farmingdale	144 Allen Boulevard	Industrial	25,438	1,725	1.2	\$71.55
Bay Shore	59 Spence Street	Industrial	104,591	9,480	5.3	\$52.59
Hauppauge	1000 Prime Place	Industrial	15,000	4,000	1	\$111.00
Farmingdale	700 Broadhollow Road and	Office Industrial	172,000		11.70	\$105.81
Farmingdale	500 Smith Street	Industrial	14,000		0.90	\$120.00
Melville	41 Pinelawn Road	Office Investment	62,234		5	\$95.21
Hauppauge	380 Oser Avenue	Office	20,000		2	\$128.00
Melville	604 Broadhollow Road	Office Investment	12,000		1	\$200.00
Farmingdale	87 Gazza Boulevard	Industrial	5,000	1,500	.34	\$120.00
Garden City Park	2099 Jericho Turnpike	Industrial	20,500		.81	\$82.93

Remember to compare



The surrounding properties are also a consideration. I would have little concern about an office conversion if the property were located in a well-maintained industrial and research park. But the resale value of your office conversion may be a problem if it is located next to heavy industrial manufacturing or a scrap yard!

Know your construction costs before committing to the project! These costs are highly dependent on the actual structure you are considering. Avoid averages or "ball-park" conversion estimates. You cannot afford to negotiate on the existing building without knowing your total cost, which includes acquisition, conversion, and soft costs.

Two other quick caveats: The industrial building will have taxes that seem low by office standards – that will change when the building is assessed! And don't forget to factor in the time and effort that it will take to supervise, or live through the conversion process. A typical industrial conversion would probably take no less than six months, and could certainly take up to a year including filing and approvals.

Properly done, an industrial conversion can be an outstanding buy, and I can point to many examples on Long Island. But the process requires exhaustive research, which is best done by an architect whom you have hired long before you go to contract!

Property Spotlight...

1121
Walt
Whitman
Road

*You Can Own this Building for a
Lower Cost than Leasing!*

Melville, New York

This prime offering provides a unique opportunity to acquire a 1st class corporate headquarters with built-in expansion capabilities.

Occupy 10,000 to 20,000 square feet or more and grow into the remainder as desired. Short-term leases for the balance of the building can be extended, or terminated as you need the extra space!



- Dominant presence with building and monument naming rights
- Opportunity to own a prime Melville office building asset
- Less than two miles to Nassau County line with significantly lower Suffolk County real estate taxes
- 3rd and 4th floors are comprised of two identical floor plates of approximately 19,000 sq. ft. each
- 4.2:1 Parking Ratio including covered parking
- Four-story glass atrium lobby

*20,235 Square Feet of Office Space
Available for Lease, Will Divide*

99
Seaview
Boulevard

Port Washington, New York

160,000 square foot, three story office-industrial building on an 8.93 acre site. Located 2.8 miles to Northern State Parkway and Long Island Expressway.

- 20,235 square foot suite available, divisible to 3,500 square feet
- 1,800 square foot suite also available
- Suites will be finished to suit
- Top floor office with wrap-around windows
- Renovated granite lobbies
- Extensive parking, with quick and easy walk to any suite
- 24 hour access
- Less than six minutes from Long Island Expressway





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INSIDE:

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Available Properties*

June 2014



Before



After

Time to spruce up the exterior of your commercial real estate!

*Parking lot repair and seal-coating
Mulch beds
Replace dead plant stock*

**Give us a call for a free consultation.
We'll get your exterior looking great!
516-937-1000**

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