

OFFERING MEMORANDUM

126 PEARL STREET

126 PEARL STREET, NEW YORK, NY 10005

Marcus & Millichap



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INVESTMENT OVERVIEW

126 PEARL STREET

Marcus & Millichap is pleased to present 126 Pearl Street, a 26-foot-wide mixed-use property located in Manhattan's Financial District. The asset comprises approximately 6,800 square feet and offers investors a rare combination of in-place cash flow, operational flexibility, and multiple paths to value creation. The opportunity can be executed through several strategies, including delivering the property vacant, renovating and leasing the upper floors for commercial or residential use, or leasing the entire building on a long-term net lease to the existing tenant. This significant optionality allows investors to pursue a strategy aligned with their investment objectives while maintaining downside protection through an established operating business.

The property is anchored by Rex Cigar Club, a long-term tenant and neighborhood institution that has operated continuously since 1910. The tenant currently occupies two of the building's four floors, while the remaining two floors consist of vacant, free-market residential units. This configuration provides immediate income with substantial upside potential through lease-up, repositioning, or a full-building tenancy. Additionally, the property benefits from one of the few remaining indoor smoking licenses in New York City, a highly scarce asset that is no longer being issued, further enhancing the property's unique competitive position.



INVESTMENT OPTIONALITY

126 PEARL STREET

SCENARIO 1: DELIVERED VACANT

- Potential to deliver the building vacant
- Ideal for an owner-user or investor seeking full control of the asset
- Maximum flexibility for repositioning and leasing

SCENARIO 2: RENOVATE & LEASE UPPER FLOORS

- Potential to deliver the building vacant
- Ideal for an owner-user or investor seeking full control of the asset
- Maximum flexibility for repositioning and leasing

SCENARIO 3: LONG-TERM NN LEASE

- Potential to lease the entire building on a long-term NN lease
- Existing tenant has expressed interest in leasing the full property
- Potential rent approximately \$50,000/Month for the entire building
- Tenant may invest capital into the upper floors as part of a long-term lease



PROPERTY HIGHLIGHTS

- One of the Few Remaining Indoor Smoking Licenses in New York City
- No New Indoor Smoking Licenses Are Being Issued
- Home to Barclays Rex Cigar Club, Operating Since 1910
- Long-Standing Tenant with Deep Neighborhood Roots
- No Historical Rent Regulation

OFFERING SUMMARY

126 PEARL STREET



LIST PRICE
\$6,250,000



PRICE/SF
\$919



CAN BE DELIVERED
VACANT

FINANCIAL

Price	\$6,250,000
Price per Square Foot	\$919
Gross Rental Income - Current	\$300,000

OPERATIONAL

Gross SF	6,800 SF
Total Commercial	2
Total Apartments	2
Free-Market	2



PROPERTY DESCRIPTION

126 PEARL STREET

SUMMARY	
Primary Address	126 Pearl Street
Zip Code	10005
Neighborhood	Financial District
Block & Lot	31-10

LOT	CURRENT
Lot Square Feet	1,867
Lot Dimensions	25.83 x 77.92

FINANCING	
Residential Units	2
Residential Square Feet	3,000
Commercial Units	1
Commercial Square Feet	3,000

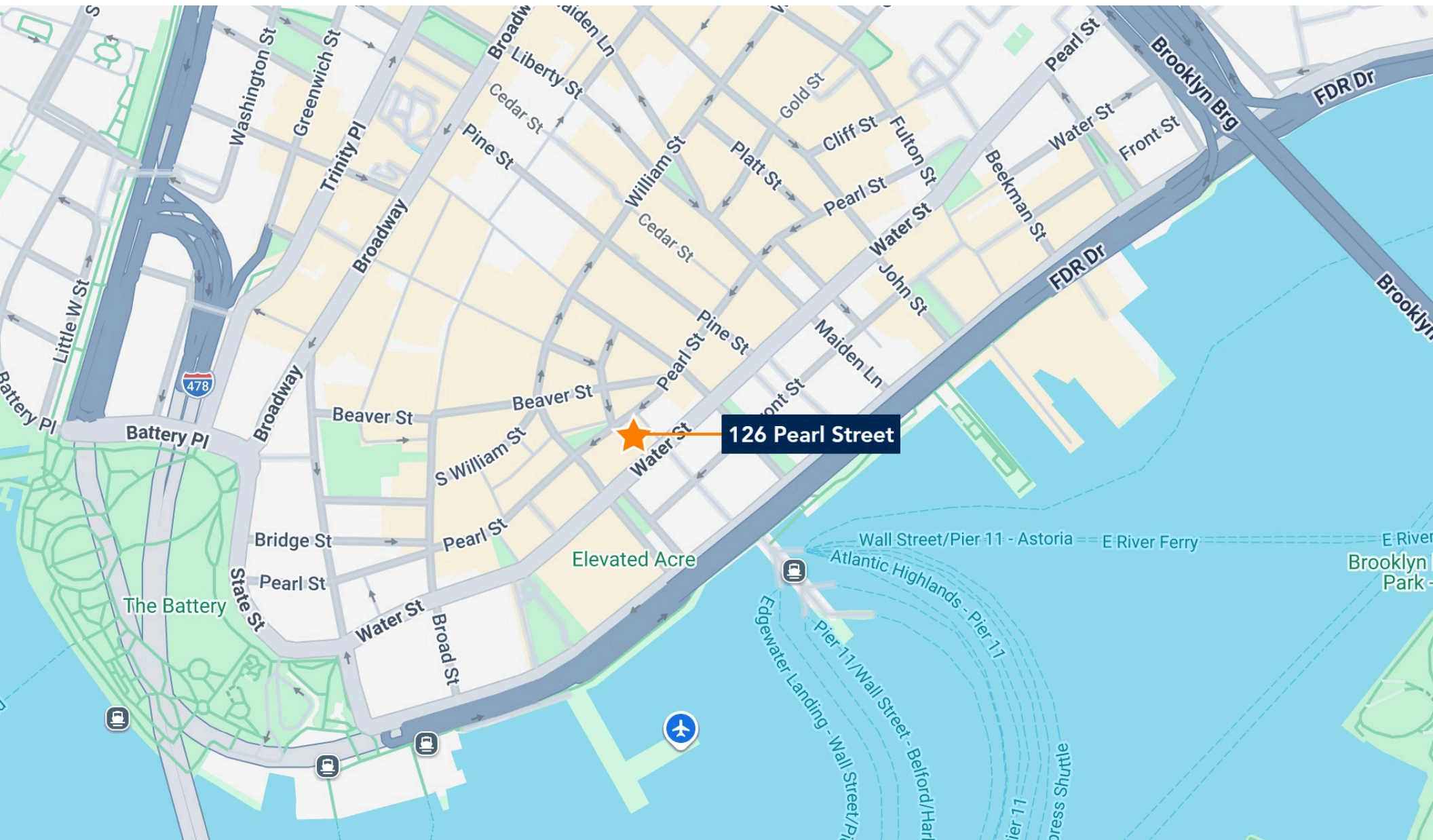
BUILDING	
Building Class	K4
Building Square Feet	6,800
Building Dimensions	26 x 65
Stories	4
Roof Height	59
Year Built (Estimated)	1920

ZONING & FLOOR AREA RATIO (FAR)	
Zoning Districts	C5-5
FAR as Built	3.64



LOCAL MAP

NEW YORK, NY



PROPERTY PHOTOS - RETAIL

126 PEARL STREET



PROPERTY PHOTOS - CIGAR LOUNGE

126 PEARL STREET



PROPERTY PHOTOS - 3RD FLOOR VACANT APARTMENT

126 PEARL STREET



PROPERTY PHOTOS - 4TH FLOOR VACANT APARTMENT

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PROPERTY PHOTOS - BASEMENT

126 PEARL STREET



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FINANCIAL SUMMARY

Rent Roll Detail
Operating Statement
Offering Summary

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RENT ROLL DETAIL

126 PEARL STREET SCENARIO 1 – DELIVERED VACANT

TOTAL APTS	FREE-MARKET	COMMERCIAL UNITS	GROSS SF
2	2	2	6,800

UNIT	UNIT TYPE	LEGAL STATUS	UNIT SF (EST)	CURRENT RENT/SF	CURRENT RENT	YEAR 2 RENT/SF	YEAR 2 RENT
2nd floor	Vacant	FM	1300	\$-	\$-	\$110.77	\$12,000
3rd floor	Vacant	FM	1300	\$-	\$-	\$110.77	\$12,000
4th floor	Vacant	FM	1300	\$-	\$-	\$110.77	\$12,000
Monthly Residential Rent					\$-		\$36,000
Annual Residential Rent					\$-		\$432,000

TENANT NAME	LEASE EXP.	NOTES	UNIT SF	CURRENT RENT/SF	CURRENT RENT	YEAR 2 RENT/SF	YEAR 2 RENT
Cigar Lounge	1st Floor		1700	\$-	\$-	\$127.06	\$18,000
Monthly Residential Rent					\$25,000		\$18,000
Annual Residential Rent					\$300,000		\$216,000
Total Monthly Rent					\$25,000		\$54,000
Total Annual Rent					\$300,000		\$648,000

OPERATING STATEMENT

126 PEARL STREET SCENARIO 1 – DELIVERED VACANT

INCOME	CURRENT	\$/UNIT	YEAR 2	\$/UNIT
Gross Potential Rent	\$-	\$-	\$648,000	\$162,000
Vacancy Deduction (1%)	\$-	\$-	\$(6,480)	\$(1,620)
EFFECTIVE GROSS INCOME	\$-		\$641,520	
EXPENSES	CURRENT	\$/UNIT	YEAR 2	\$/UNIT
Real Estate Taxes	\$82,509	\$20,627	\$84,984	\$21,246
Insurance	\$10,250	\$2,563	\$10,763	\$2,691
Gas & Electric (Common Areas)	\$9,450	\$2,363	\$9,923	\$2,481
Water & Sewer (1)	\$7,900	\$1,975	\$8,295	\$1,659
Repairs & Maintenance	\$10,500	\$2,625	\$11,025	\$2,205
Management Fee (1.5%)	\$-	\$-	\$-	\$-
TOTAL EXPENSES	\$120,609		\$124,989	
NET OPERATING INCOME	\$(120,609)		\$516,531	

(1) Actual taxes are \$116,859 - tenants reimburse \$25,944 annually

RENT ROLL DETAIL

126 PEARL STREET SCENARIO 2 – RENOVATE & LEASE UPPER FLOORS

TOTAL APTS		FREE-MARKET		COMMERCIAL UNITS		GROSS SF	
2		2		2		6,800	

UNIT	UNIT TYPE	LEGAL STATUS	UNIT SF (EST)	CURRENT RENT/SF	CURRENT RENT	YEAR 2 RENT/SF	YEAR 2 RENT
3rd floor	Vacant	FM	1300	\$-	\$-	\$110.77	\$12,000
4t floor	Vacant	FM	1300	\$-	\$-	\$110.77	\$12,000
				Monthly Residential Rent	\$-		\$24,000
				Annual Residential Rent	\$-		\$288,000

TENANT NAME	LEASE EXP.	NOTES	UNIT SF	CURRENT RENT/SF	CURRENT RENT	YEAR 2 RENT/SF	YEAR 2 RENT
Cigar Lounge	1st Floor & 2nd Floor		3000	\$100.00	\$25,000	\$102.00	\$25,500
				Monthly Residential Rent	\$25,000		\$25,500
				Annual Residential Rent	\$300,000		\$306,000
				Total Monthly Rent	\$25,000		\$49,500
				Total Annual Rent	\$300,000		\$594,000

OPERATING STATEMENT

126 PEARL STREET SCENARIO 2 – RENOVATE & LEASE UPPER FLOORS

INCOME	CURRENT	S/UNIT	YEAR 2	S/UNIT
Gross Potential Rent	\$300,000	\$75,000	\$594,000	\$148,500
Vacancy Deduction (1%)	\$(3,000)	\$(750)	\$(5,940)	\$(1,485)
EFFECTIVE GROSS INCOME	\$297,000		\$588,060	
EXPENSES	CURRENT	S/UNIT	YEAR 2	S/UNIT
Real Estate Taxes	\$82,509	\$20,627	\$84,984	\$21,246
Insurance	\$10,250	\$2,563	\$10,763	\$2,691
Gas & Electric (Common Areas)	\$9,450	\$2,363	\$9,923	\$2,481
Water & Sewer (1)	\$7,900	\$1,975	\$8,295	\$1,659
Repairs & Maintenance	\$10,500	\$2,625	\$11,025	\$2,205
Management Fee (1.5%)	\$4,500	\$1,125	\$4,725	\$1,181
TOTAL EXPENSES	\$125,109		\$129,714	
NET OPERATING INCOME	\$171,891		\$458,346	

(1) Actual taxes are \$116,859 - tenants reimburse \$25,944 annually

RENT ROLL DETAIL

126 PEARL STREET SCENARIO 3 – LONG-TERM NN LEASE

TOTAL APTS	FREE-MARKET	COMMERCIAL UNITS	GROSS SF
2	2	2	6,800

TENANT NAME	LEASE EXP.	NOTES	UNIT SF	CURRENT RENT/SF	CURRENT RENT	YEAR 2 RENT/SF	YEAR 2 RENT
	1st, 2nd, 3rd & 4th Floor		5600	\$107.14	\$50,000	\$110.36	\$51,500
				Monthly Residential Rent	\$50,000		\$51,500
				Annual Residential Rent	\$600,000		\$618,000
				Total Monthly Rent	\$50,000		\$51,500
				Total Annual Rent	\$600,000		\$618,000

OPERATING STATEMENT

126 PEARL STREET SCENARIO 3 – LONG-TERM NN LEASE

INCOME	CURRENT	\$/UNIT	YEAR 2	\$/UNIT
Gross Potential Rent	\$600,000	\$150,000	\$618,000	\$154,500
Vacancy Deduction (1%)	\$(6,000)	\$(1,500)	\$(6,180)	\$(1,545)
EFFECTIVE GROSS INCOME	\$594,000		\$611,820	
EXPENSES	CURRENT	\$/UNIT	YEAR 2	\$/UNIT
Real Estate Taxes	\$82,509	\$20,627	\$84,984	\$21,246
Insurance	\$10,250	\$2,563	\$10,763	\$2,691
Gas & Electric (Common Areas)	\$9,450	\$2,363	\$9,923	\$2,481
Water & Sewer (1)	\$7,900	\$1,975	\$8,295	\$1,659
Repairs & Maintenance	\$10,500	\$2,625	\$11,025	\$2,205
Management Fee (1.5%)	\$9,000	\$2,250	\$9,450	\$2,363
TOTAL EXPENSES	\$129,609		\$134,439	
NET OPERATING INCOME	\$464,391		\$477,381	

(1) Actual taxes are \$116,859 - tenants reimburse \$25,944 annually

OFFERING SUMMARY

126 PEARL STREET SCENARIO 1, 2 & 3

SCENARIO 1 – DELIVERED VACANT

OFFERING SUMMARY - PORTFOLIO	
Price	\$6,250,000
Price per Square Foot	\$919
Current Cap Rate	-1.93%
Pro Forma Cap Rate	8.26%
Current GRM	-
Pro Forma GRM	13.36
Gross SF	6,800
Total Commercial	2
Total Apartments	2
Free-Market	2
Gross Rental Income - Current	\$-
Gross Rental Income - Year 2	\$648,000
Net Operating Income - Current	\$(120,609)
Net Operating Income - Year 2	\$516,531

SCENARIO 2 – RENOVATE & LEASE UPPER FLOORS

OFFERING SUMMARY - PORTFOLIO	
Price	\$6,250,000
Price per Square Foot	\$919
Current Cap Rate	2.75%
Pro Forma Cap Rate	7.33%
Current GRM	20.83
Pro Forma GRM	13.36
Gross SF	6,800
Total Commercial	2
Total Apartments	2
Free-Market	2
Gross Rental Income - Current	\$300,000
Gross Rental Income - Year 2	\$594,000
Net Operating Income - Current	\$171,891
Net Operating Income - Year 2	\$458,346

SCENARIO 3 – LONG-TERM NN LEASE

OFFERING SUMMARY - PORTFOLIO	
Price	\$6,250,000
Price per Square Foot	\$919
Current Cap Rate	7.43%
Pro Forma Cap Rate	7.64%
Current GRM	10.42
Pro Forma GRM	13.36
Gross SF	6,800
Total Commercial	2
Total Apartments	2
Free-Market	2
Gross Rental Income - Current	\$600,000
Gross Rental Income - Year 2	\$618,000
Net Operating Income - Current	\$464,391
Net Operating Income - Year 2	\$477,381

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