





Amazon Withdraws Plans for Long Island City HQ2

Shortly following Amazon's the long awaited announcement on Tuesday, November 13, 2018 of the Queens neighborhood being selected for half of the e-commerce company's planned HQ2 campus, opposition and protests were sparked by some public officials and local residents criticizing the deal. About (3) months later continued opposition that showed little sign of dissipating prompted Amazon to abandon plans, stating in its press release on Thursday, February 14, 2019 that, "While polls show that 70% of New Yorkers support our plans and investment, a number of state and local politicians have made it clear that they oppose our presence and will not work with us to build the type of relationships that are required to go forward with the project we and many had envisioned in Long Island City."

A snapshot of the Amazon LIC Deal per Governor Cuomo's November 13, 2018 Press Release

Benefits:

- Creation of 25,000 to 40,000 jobs with an average salary of more than \$150,000
 - At least **25,000 jobs** by June 30, 2028, new positions may not be filled by transferring employees from other New York State locations; and
 - Up to **40,000 jobs** by 2034
- Overall project estimated to create more than **107,000 total direct and indirect jobs**
- Project provides a 9:1 return on investment
- According to an economic impact study by leading forecasting and policy analysis company REMI, Inc., the Amazon project is projected to generate over the initial 25-years:
 - Over **\$186 billion** in Gross State Product for the NYS economy;
 - Over **\$14 billion** in total new tax revenue for NYS (in 2019 dollars), with annual revenues growing from \$10.8 million in 2019 to nearly \$1 billion in 2043; and
 - **\$13.5 billion** in total new tax revenue per forecasts by the city.
- City-State agreement with Amazon includes:
 - Commitments to build a jointly-funded 10,000-square-foot onsite employment center to connect local residents with jobs and training;
 - A **\$15 million investment** (\$5 million each) that will expand the **JobsPlus** program to Queensbridge Houses; and expand tuition-free tech training to its residents—serving nearly 1,800 residents over the next 10 years.
 - **New 600-seat intermediate public school**, a 3.5-acre waterfront esplanade and park; and
 - The establishment of a **Long Island City Infrastructure Fund** to invest 50% of the project's PILOT proceeds to deliver on transportation and other neighborhood priorities to be identified in collaboration with the local community. However concerns had been raised of the potential of the tax benefit to the Infrastructure Fund being deferred several years if ICAP's incentives are secured, the as-of-right benefit reportedly "exempts properties developed or renovated in certain areas from property tax increases for 11-years and entitles them to discounted payments for 4-years after that."

Amazon LIC HQ2 (cont'd)

Incentives and Tax Benefits:

- NYS offered a package of performance-based incentives totaling \$1.705 billion
 - **\$1.2 billion** in tax credits through the **Excelsior Jobs Program**, which is directly tied to Amazon's commitment to create 25,000 new jobs and no less than \$2.3 billion investment over 10 years.
 - **\$505 million** capital grant that is directly tied to Amazon's commitment to invest \$3.6 billion and create up to 40,000 new jobs over 15 years.
- As-of-Right Incentives – Amazon may apply for any as-of-right tax benefits that may be applicable to the project. NYCEDC and ESD will assist the company with respect to any such as-of-right tax benefits, as they would in the ordinary course. Based on the projected figures noted below, as-of-right incentives total about \$1.283 billion. Under pre-existing as-of-right programs authorized by law:
 - Amazon is eligible for a partial tax abatement through New York City's Industrial & Commercial Abatement Program (ICAP). ICAP will abate approximately **\$386 million**; and
 - An annual credit of \$3,000 for 12 years per eligible employee under New York City's Relocation and Employment Assistance Program (REAP). REAP benefits for Amazon's 10-year expansion are projected at **\$897 million** through 2038.

Excelsior Jobs Program – Past Reported Performance Incentive Awards – Although the per job figure for Amazon's HQ2 deal is at the high end, the project offered significant positive economic impact going way beyond job numbers.

Company	Location	Incentive	New Jobs	Per Job	Year
Aetna	61 Ninth Avenue	\$24M	250	\$96,000	2017
Amazon	LIC HQ2	\$1.2B	25,000	\$48,000	2018
United Technologies	55 Water Street, Brooklyn (former Empire Stores)	\$10M	250	\$40,000	2017
Roche	Alexandria Life Sciences Center	\$6.6M	200	\$33,000	2012
Mastercard	150 Fifth Avenue	\$13.3M	473	\$28,119	2017
Koppers Specialty Chocolate	Liberty View Industrial Plaza, 850 3rd Avenue, Brooklyn	\$556,000	27	\$20,593	2015
Flatiron Health Inc.	1 SoHo Square, 161 Sixth Avenue	\$6M	300	\$20,000	2018
Newell Brands	55 Water Street, Brooklyn (former Empire Stores)	\$4M	200	\$20,000	2017
Etsy	Dumbo Heights, 117 Adams Street, Brooklyn	\$5M	300	\$16,667	2014
Diegeo	3 World Trade Center	\$6.6M	530	\$12,452	2019
Oscar Health	1 Hudson Square, 75 Varick Street	\$3.5M	289	\$11,765	2018
EY (formerly Ernst & Young)	1 Manhattan West, 400 W 33rd Street	\$12M	1,152	\$10,417	2017
Amazon	5 Manhattan West, 450 W 33rd Street	\$20M	2,000	\$10,000	2017
Amazon	7 W 34th Street	\$5M	500	\$10,000	2014
xAD	One World Trade Center	\$3.4M	350	\$9,714	2014
Harry's Shave	1 Hudson Square, 75 Varick Street	\$1.5M	188	\$7,979	2017

Amazon LIC HQ2 (cont'd)

Response to Amazon's withdrawal announcement was mixed. There were those opposed to the deal that celebrated the news; while proponents saw it as a tremendous loss for the city. A misunderstanding of the incentives led to critics focusing on the \$3 billion in subsidies from the city and state, when in actuality they were just projections and "no one was writing a check." In reiteration of the LIC deal details, the performance-based incentives offered were directly tied to Amazon's commitment to create jobs; while the as-of-right tax benefits (ICAP and REAP) that Amazon was able to apply for are pre-existing programs by law that are for any company coming into the area. Although the door remains open for another large company to surface with a counter proposal, potentially seeking lower subsidies, some reported sources caution a certain pause may potentially prevail amid the "backlash and political uproar Amazon faced before moving in."

Critics: Objections by those opposed to the deal reportedly included:

- The lack of input by local officials and the community in the decision-making process prior to the Memorandum of Understanding being finalized;
- The \$3 billion subsidies offering as part of the HQ2 deal at a time when city and state cutbacks are being made;
- Decisions by the state and the city to undertake the project through the Empire State Development (ESD) which utilizes the land use procedure call **General Project Plan** (GPP), reportedly avoiding the need for the required rezoning to permit large-scale development to go through the (7) month-long Uniform Land Use Procedure (ULURP) or secure city council approvals;
- Amazon's anti-union stance;
- Agreement to assist Amazon in securing access to a helipad when the crowded city's subways are underfunded and in need of major repairs; and
- The nationally highly publicized request for proposals bidding process used by Amazon, launching the nation's cities in what has been reportedly described by some as a bidding war against each other.

Proponents: Recognizing that other large technology tenants have been expanding in the city without seeking incentives, the Amazon project was unique in that it would have led to the pioneering of a new neighborhood, thereby supporting the incentives. Benefits projected as a result of the project would reportedly have had a wide-range positive impact on the economy as a result of:

- The \$3 billion in subsidies serving as a long-term investment that was projected to generate \$27.5 billion in new state and city tax revenue;
- Significant investment to be made in Long Island City's infrastructure;
- Good-paying tech and front-office job creation providing a "pipeline of middle-class opportunities;
- An estimated 1,300 construction jobs created annually through 2034 in the development of Amazon's new campus;
- Ancillary spending by the new Amazon HQ on advertising, legal services, accounting which would have much broader implications for New York's economy above and beyond the added state and local tax receipts.
- The action of economic multipliers, an additional 50,000 jobs for New Yorkers (and others throughout the tristate region) could potentially be created within multiple industries as a result of the ancillary spending by Amazon's 25,000 new employees.

Amazon LIC HQ2 (cont'd)

Occurrences Reportedly Further Contributing to the Deal's Collapse

- Unwillingness of some high profile opponents to meet with Amazon officials to discuss a possible compromise;
- Nomination to the Public Authorities Control Board of a state senator representing Long Island City that was a strong critic of the deal, since the state board has the power to reportedly veto the project; and while a potential rejection of the nomination existed, no action was taken;
- Politicians and media coverage inaccurately describing the government incentives underlying the deal;
- Amazon's unpreparedness to respond to questions about how it would operate in the city;
- The public "was not passionately positive about it because they couldn't see themselves" in the new jobs that were going to be created.

The Big Question – Would the HQ2 Deal have Been Profitable for New York

A report was released offering a projection of the potential profitability over a 20-year period of the Amazon deal using the following assumptions:

- \$1 Billion in new annual revenues coming to the state and the city when the 25,000 jobs would have been placed based upon Governor Cuomo's estimates; and
- At most, 15,000 of the Amazon positions would have gone to people moving to New York (a figure that is on the high side of the probable range to make certain that the costs are not underestimated).

\$89,500,000,000	City Budget last Fiscal Year
<u>\$27,100,000,000</u>	31% of the total budget represents costs for social services which has been deducted under the assumption that the Amazon jobs would have averaged \$150,000; and aside from a few exceptions social services would not be required by new households.
<u>\$62,400,000,000</u>	The remaining 69% of the total budget represents costs for education, police, fire, sanitation, health, corrections, pensions and debt service.
\$19,500	Approximate cost per family when spread across 3.2 million city households.
<u>\$2,200</u>	Approximate additional cost per household from the approximately \$7 billion of services in the state budget that serves New York City directly (including state courts, transit subsidies, CUNY and state-level corrections).
<u>\$21,700</u>	Annual cost in services per household not using social services.
\$325,000,000	Total approximate annual cost in services for the 15,000 families new to the city
<u>\$250,000,000</u>	Plus the annual portion of the \$3 billion in incentives spread over 12 years
<u>\$575,000,000</u>	Combined total of approximate annual costs for the 15,000 families new to the city in years 1 through 12
\$1,000,000,000	Estimated incremental annual new revenue
<u>\$575,000,000</u>	Minus total service costs for the 15,000 families new to the city
\$425,000,000	Per year net positive cash flow for the city and the state, equating to \$5.1 billion over 12 years, at which time subsidies end
<u>\$250,000,000</u>	Plus regained positive cash flow after subsidies end
<u>\$675,000,000</u>	Per year net positive cash flow for the city and the state in years 13 through 20, equating to \$5.4 billion , or a combined total of \$10.5 billion over 20 years.

Source: Crain's New York's reported projections compiled by Michael R. Press, President of Scout Economics; and former assistant director of tax policy for the state Senate Committee from 1978 to 1983, deputy assistant director for revenue of the city Office of Management and Budget from 1983 to 1985, senior policy advisor in the Koch administration's Office of Economic Development from 1985-1990 and its chief economist from 1990 to 1992.

Amazon LIC HQ2 (cont'd)

Ripple Effect: Several pending deals relying on the HQ2 project moving forward have either fallen through or given rise to some uncertainty as a result of Amazon's withdrawal.

- **One Court Square** (aka 25-01 Jackson Avenue) – A letter of intent (LOI) was reportedly entered into between Amazon and the building's landlord Savanna for an approximately 1 million-square-foot lease at the 1.4 million-square-foot former **Citibank** building. Had the lease moved forward, Amazon sought to occupy (15) floors by the 2nd quarter of 2019, taking an additional (8) floors by early 2020 to serve as its temporary headquarters while undertaking construction of its new HQ2 campus. News of the potential lease came about (4) months following the introduction to the market of 949,373 square feet spanning floors 8, 11, 17 and 19-44 at the 52-story tower in anticipation of a downsizing by anchor tenant Citigroup to about 400,000 square feet, the bank opting to exercise its option to consolidate its footprint into the smaller space upon its lease expiring in June 2020. Amid news of the Amazon LOI, Citigroup reportedly announced that it would relocate 1,100 of the 3,000 workers currently housed in the tower over the first-half of 2019 to its newly renovated headquarters at 388-390 Greenwich Street in Lower Manhattan's Tribeca neighborhood, as well as alternate locations in Long Island City to free up the space for the e-commerce giant. It is unclear at this time if Citigroup still plans to fast-track employee relocations ahead of the 2020 lease expiration as offered.

In addition to having lost several months that could have been utilized to secure a large tenant, the city's Relocation and Employment Assistance Program (REAP) that offers a tax credit for companies that move employees to the outer boroughs, will be expiring on June 30, 2020 unless a further extension of the program is made. The program that in the past has served as a strong incentive for luring tenants would have reportedly saved Amazon a projected \$897 million. Efforts to refinance a \$315 million loan secured in 2015, and maturing in 2020 may further compound challenges, Savanna's "talks to either borrow more money or sell stakes in the property" were contingent upon the lease deal moving forward with Amazon according to reports.

- **The Paragon Building** – Bethpage, Long Island Altice USA reportedly signed an LOI in early January to lease the entire 7-story, 130,000-square-foot building that recently underwent a warehouse-to-office conversion within the 2-building complex known as **The Point LIC**. The move to seek an alternative location was prompted by the need to free-up space at its current location within **One Court Square** in anticipation of the move-in by Amazon. Altice currently occupies about 100,000 square feet on the upper floors reportedly under a sublease with Citigroup secured in 2017. Although reports had yet to surface of a change in directions, the potential exists of Altice opting to abandon relocation plans and remain in place.
- **Local Businesses** – The increased optimism of heightened foot traffic with the prospect of 25,000 jobs being created in the area boosting sales activity, along with the anticipation of an increased number of construction workers that would potentially solicit local stores, have now been lost. A local proprietor reportedly commented that while sales obviously depend on neighborhood residents, they also depend on purchases made by construction workers and business workers in the area; while another retailer pointed out that "despite the growth in the neighborhood, there simply isn't enough activity to sustain the many small [retail] businesses." More immediate concerns exist for businesses surrounding **One Court Square**, which have been hard hit by the gradual exodus of Citigroup according to reported statements by a spokesperson for the Long Island City Partnership.
- **Plaxall** – The Long Island City-based plastics company was expected to lease or sell a 3-parcel 295,400-square-foot development site to Amazon, which was to be incorporated within the new HQ2 campus. Had the project moved forward, Plaxall would have benefited from the assemblage's inclusion in the state-controlled GPP process to rezone the sites; thereby eliminating the need to go through the lengthy public review ULURP process or city council review for a proposed development hosting over 500,000 square feet of residential space, of which 25% to 30% of the units would be designated for affordable house under MIH requirements, or up to 800,000 square feet of commercial space. New construction will rise on the remaining 6-parcels the company owns on the tax block just south of the Amazon assemblage. If permissions were secured the development would have been significantly larger than the 233,800 buildable square feet the development site can accommodate under current manufacturing zoning. Prior to the HQ2 deal, Plaxall had proposed creating a special zoning district in the Hunts Point section of the neighborhood that if approved, would potentially open the door to a multi-building mixed-use complex spread across a 14.7-acre area surrounding the man-made 500-foot long **Anable Basin** waterway. It is uncertain if Plaxall plans to pursue either proposal in the near future.



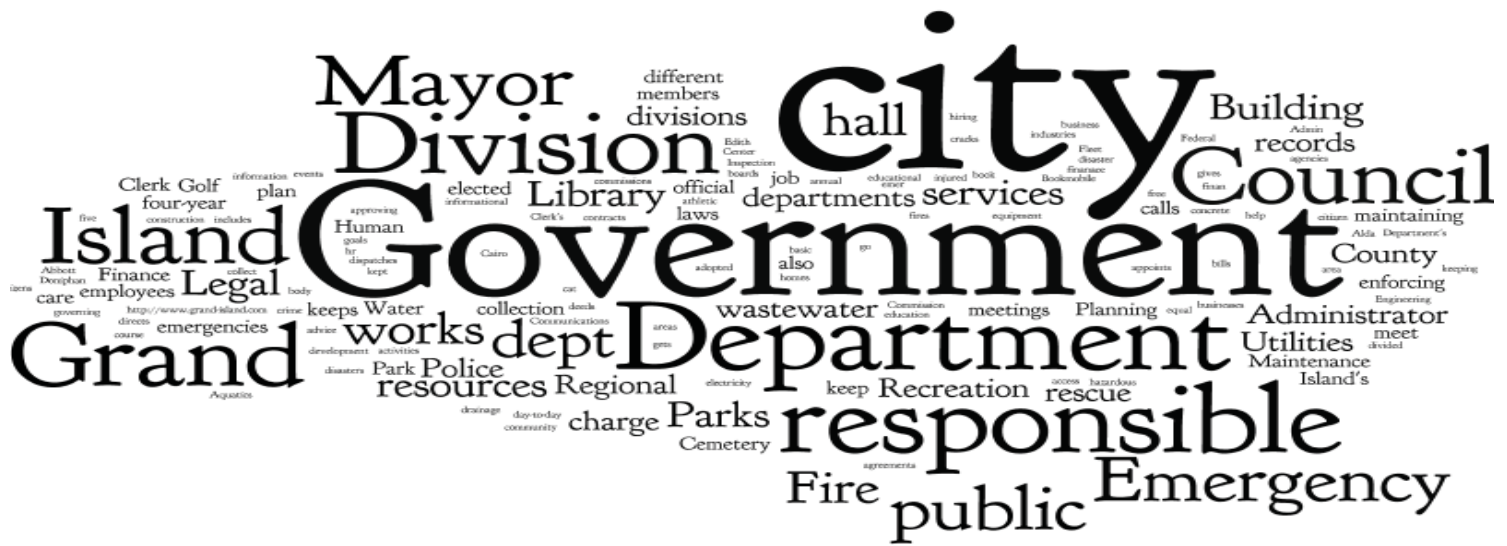
Amazon LIC HQ2 (cont'd)

- **Residential Condominium Market** – There was a reportedly significant uptick in interest in Long Island City's residential market following the HQ2 announcement, quickly shifting activity from a buyer's market to a true seller's market. Prior to the news the market was "seeing disappointing leasing and sales figures amid a glut" of a high volume of new apartments that have come online in recent years, reports further indicating residential units that previously lingered on the market were securing multiple offers as deal making surged, with some units falling into a bidding war pushing the final sale price above asking according to statements by reported sources in December. Concerns have begun to surface following news of Amazon's withdrawal, a reported broker noting that some clients called to "discuss what Amazon's absence from Long Island City means for them," with the possibility arising of some buyers reportedly seeking to negotiate a better price or back out of deals; as well as the anticipation of a likely slowdown of the absorption of the expected high volume of new condo inventory currently in the pipeline.

In hindsight, although the lack of input by local legislative leaders and the city council at the onset of the decision-making process prior to the Memorandum of Offering being finalized likely set the stage for opposition to the plan, the question surfaces as to why greater efforts weren't made by local politicians who criticized the deal to negotiate a compromise. Off the table for now, on a positive note there has been some reported comment that Amazon's decision may not be final, pointing out that Long Island City could be used "as a testing ground for number of the company's initiatives," in addition to providing "significant" access to talent; the fact that there are no plans at this time to reopen the HQ2 search; and the title of Amazon's blog, where the announcement was declared, read "Update on plans for New York City Headquarters." Alternatively, Amazon could take a very different path to re-approach the city, such as working directly with a private developer.

Already in the midst of a development boom that is reportedly expected to continue an upward trajectory, the establishment of Amazon's HQ2 was anticipated to further spur the pace of the Long Island City's transformation. According to reported comments by a spokesperson for the Long Island City Partnership, the neighborhood has struggled to attract businesses due to a misleading "perception that Long Island City is not a good place for large businesses," a perception that was "completely turned around" by Amazon's decision to build a headquarter campus in the Queens neighborhood.

Looking ahead, it has been reiterated by many that Long Island City rose to become a sought after neighborhood well before the Amazon deal was announced; and ongoing development is expected to increase commercial space by 50%, with retail space more than doubling, by 2020 according to reported data within a neighborhood snapshot report released in June 2018 by the Long Island City Partnership. Furthermore nothing has changed about the convenient access to Manhattan, as well as the great waterfront parks and views Long Island City offers as one of the fastest-growing neighborhoods in the country according to comments by a reported source. In addition, the city is reportedly moving ahead with an announced \$180 million investment for infrastructure upgrades in the neighborhood. While the loss of the HQ2 project is a step back, as a hub offering a vast, diverse talent pool; world-class educational and cultural institutions; and access to a wide range of industries, New York City will continue to attract tech companies.



Looking Ahead

For Sale: NYCHA Air Rights

As part of Mayor de Blasio's **NYCHA 2.0** plan, the city administration is reportedly planning to sell unused air rights from public-housing to help subsidize and resolve the much needed repairs for the 175,000 residents housed within NYCHA's 62,000 apartments. It is projected that about \$3 billion will be generated by selling air rights and allowing development, which will likely take the form of a long-term ground lease; and when coupled with a plan announced in November to "enlist private developers to manage tens of thousands of apartments and \$8 billion in expected federal funding," NYCHA would be able to make nearly 75%, or about \$24 billion of the agency's nearly \$32 billion overall capital need.

The announcement of the 10-year plan comes about one month following reports of plans by the city to move forward with public-private partnerships. A partnership with the **Rental Assistance Demonstration** (RAD) program is one of the companies that the city has reportedly established; and Section 8¹ conversions for 21 developments across Manhattan and Brooklyn were expected to get underway in December. RAD is a voluntary program of the U.S. Department of Housing and Urban Development (HUD) that was created in order to “give public housing authorities (PHAs) a powerful tool to preserve and improve public housing properties and address the \$26 billion dollar nationwide backlog of deferred maintenance.”

According to program details on HUD's website:

- RAD allows PHAs to leverage public and private debt and equity in order to reinvest in the public housing stock.
- In RAD units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income families.
- Residents continue to pay 30% of their income towards the rent and they maintain the same basic rights as they possess in the public housing program.
- RAD maintains the public stewardship of the converted property through clear rules on ongoing ownership and use.
- The RAD program is cost-neutral and does not increase HUD's budget. This program simply shifts units from the Public Housing program to the Section 8 program so that providers may leverage the private capital markets to make capital improvements.



NYCHA Air Rights (cont'd)

As part of the NYCHA 2.0 plan, NYCHA will launch (3) new programs:

- **Build to Preserve**
 - The city and NYCHA will transform underutilized public-owned land to construct new developments and will dedicate 100% of the proceeds towards repairs for surrounding public housing developments.
 - New predominantly market-rate residential development will be subject to Mandatory Inclusionary Housing (MIH), “which requires at least 25% of the units to be enrolled in the city’s affordable housing programs at varying rent levels;” and will add to Mayor de Blasio’s goal to create and preserve 300,000 units of affordable housing as part of the city administration’s **Housing New York 2.0** plan announced in 2017.
- **Transfer to Preserve** – Roughly \$1 billion in capital repairs will be generated through the sale of underutilized development rights, or air rights.
- **Fix to Preserve** – Services, infrastructure maintenance will be improved; while immediately addressing health and safety issues related to elevators, heating, pests, lead and mold.

Although the NYCHA 2.0 plan has gained “considerable political backing,” lingering concerns remain of the use of underused public housing land for the development of predominantly market-rate housing – a decision reportedly made by the city administration amid “hard math facing public housing and its dire need for cash.”

¹Section 8 - The Housing Choice Voucher program created by the Housing and Community Development Act of 1978 provides assistance to eligible low- and moderate-income families to rent housing in the private market based upon a family’s gross annual income and family size.



Looking Ahead (cont'd)

City Council Wraps up 2018 with Passage of Real Estate Impacting Proposals

In the final weeks of December the city council closed out the year with approvals of (2) proposals that will impact the real estate industry.

Garment District Rezoning – Approvals of zoning text amendments have lifted a 1987 zoning restriction in certain parts of the historic district — requiring office conversions to be restricted to side streets, and the preservation by property owners of an “equal amount of space for manufacturing uses in perpetuity” in order to secure partial conversion approvals. In 2005 the zoning text was amended for a portion of the “Preservation Area,” permitting new residential buildings and allowing “for the as-of-right conversion of smaller, existing buildings to any use allowed by the underlying zoning district;” although existing buildings larger than 70,000 square feet were only permitted a conversion to office, hotel or residential uses “with a guarantee to provide equivalent manufacturing preservation.”

According to the Department of City Planning’s proposed zoning text amendment, changes to the former zoning text will:

- Allow buildings on sites more than 100-feet from a wide street to use an existing bonus for providing a privately owned public space. The provision which is consistent with other regulations in Midtown is intended to permit public space in the dense Garment District.
- Create a City Planning Commission (CPC) special permit for hotels within the district to ensure that remaining sites in M1-6 and C6-4M would be developed with a diverse mix of uses by allowing the CPC to evaluate the appropriateness of a hotel use in relation to the surrounding area. However transient facilities for homeless individuals would continue to be permitted within the districts as-of-right.

As part of the rezoning the city is proposing to contribute the lesser of up to \$20 million, or 30% of the purchase price, to fund a portion of the acquisition cost of a building reportedly in or near the rezoned area. The buyer would enter into a joint venture with the city, with officials reportedly giving preference to proposals that include a non-profit partner and involve a building of at least 100,000 square feet. Respondents must be willing to operate the building as a center for fashion manufacturing; and offer affordable rents capping at \$35 per square foot and long-term leases of at least 15-years to apparel manufacturers. In exchange for participating in the program the buyer will receive a 15-year-long tax break. The deadline for proposal submissions is November 1, 2019 according to the request for expressions of interest (RFEI) released by the New York City Economic Development Corporation (NYCEDC) on October 5th. The move by the city is a further effort to support the preservation and strengthening of fashion manufacturing in the neighborhood; and the inclusion of the dedicated apparel manufacturing building helped gain support of the rezoning proposal by a number of the trade organizations in the area.



City Council Wraps up 2018 (cont'd)

Garment District Rezoning (cont'd)

In addition there has been enthusiastic response to the **Garment Center IDA** program created as part of the rezoning proposal. Under the program incremental tax incentives of \$1 to \$4 per square foot would be given to Garment District landlords willing to retain 25,000 to 100,000 square feet worth of manufacturing tenants in their buildings. The incentive similarly requires that 15-year leases and maximum gross rents of \$35 per square foot, to include utilities and other expenses be offered. Currently an estimated 700,000 to 900,000 square feet within the zoned area is used for garment production, with a reported total preservation of 300,000 square feet already pledged by property owners in response to the tax incentive program.

In anticipation of the imminent passing of the rezoning, East End Capital has reportedly acquired a minority stake from the estate of investor Steven Green in a \$120 million, 3-building portfolio spanning more than 255,000 square feet, of which (2) are located within the Garment District — **580 Eighth Avenue**, an approximately 90% leased 20-story, 80,500-square-foot building that dates back to 1928, and **251 West 39th Street**, an 18-story, 108,566-square-foot building dating back to 1925 that is about 76% leased; while the 3rd building, an 8-story, 37,600-square-foot structure dating back to 1901 is in Gramercy Park at 36 East 20th Street. Teaming up with longtime owner the Ungar family, which retains the majority ownership, East End will oversee the process of improving and repositioning the underperforming assets. A 3-year, \$95 million loan floating-rate loan was provided by Connecticut-based asset manager LoanCore Capital to finance acquisition and repositioning according to reports.

The rezoning is not expected to spark much new building development, but instead prompt an increased number of owners of buildings on the side streets to invest in renovations that could further boost the allure for attracting new businesses to the district, which in recent years has already seen an uptick in small non-profits, technology, media and advertising businesses establishing offices in the neighborhood according to reported comments by the Garment District Alliance President. In addition, an increasing number of office workers, combined with the rising number of tourists in the area over the past several years, could increase demand for more street-level retail, restaurants and bars to further transition the neighborhood into a more diversified mix of businesses.

CPC Special Permit Requirement for Hotel Development in M1 Zones - The controversial bill intends to restrict new hotel development citywide in M1 zones by requiring a City Planning Commission Special (CPC) Permit. Discussions of the bill surfaced back in 2015 as part of Mayor de Blasio's initiative dubbed **The Industrial Action Plan**, at the time proposing for a special permit requirement for new hotels within the industrial business zones (IBZs), excluding parts of the manufacturing zone around JFK airport so that as-of-right hotel development would continue to further benefit travelers. The initiative was prompted in part by the surge in hotel developments, particularly in Long Island City, Brooklyn's Williamsburg and Bushwick neighborhoods, and Manhattan's Garment District area.



Looking Ahead (cont'd)

Regulated Oversight of Mechanical Floor Ceiling Heights to Tighten

Plans are reportedly being accelerated to increase regulated oversight on ceiling heights for mechanical floors. Currently zoning rules “allow developers to build mechanical floors with extraordinarily high ceilings, which boost the height of the building without changing the number of apartments contained within.” Initially planned to regulate the “mechanical voids” by the end of 2018, in response to city council’s request the Department of City Planning (DCP) will reportedly be “expanding the scope of the changes to cover more areas of Manhattan,” thereby pushing forward the timeline for the more comprehensive regulations to the spring. Rules drafted by the de Blasio administration have prompted the DCP to propose that any mechanical floor with ceilings topping 25-feet, as well as mechanical void spaces located within 75-feet of each other will count as zoning floor area. The proposed zoning text amendment regarding the 25-foot-limit on ceiling heights will also apply to mixed-use buildings where non-residential uses occupy less than 25% of the building.

The rules focus on R9 and R10 zoning districts and their commercial district equivalents where residential towers are permitted according to details posted on the DCP’s website. Areas to be primarily affected are sections within the Upper East and West Side neighborhoods, several sections in Midtown East, some Midtown South sections east of 5th Avenue between 33rd and 9th street; and in Downtown mainly between Canal and Chambers Streets. The proposed changes will reportedly be split into (2) phases, with the residential zoned districts to enter the (7) month public review process first, followed by the commercial district equivalents. A timeline for implementing the rules has yet to be established by the DCP.

Following the city’s lead, state legislators also proposed a bill in mid-February that would similarly regulate mechanical space heights, but in addition reportedly “discourage developers from building any floor with ceilings higher than 12-feet.” According to a press release by the New York Assembly’s office the bill, if passed, will amend the **New York State Multiple Dwelling Law** which supersedes local zoning; and will:

- “Require that all void space exceeding either 5% of the total building height or 20-feet be counted toward total floor-area-ratio (FAR);” and “after that, each additional 12-feet of void space height will be counted as an additional floor for the purposes of calculating total FAR;”
- Count any ceiling height in excess of 12-feet as an additional floor; and
- Require open space such as balconies and terraces not bordered by (4) walls to be counted toward total FAR.



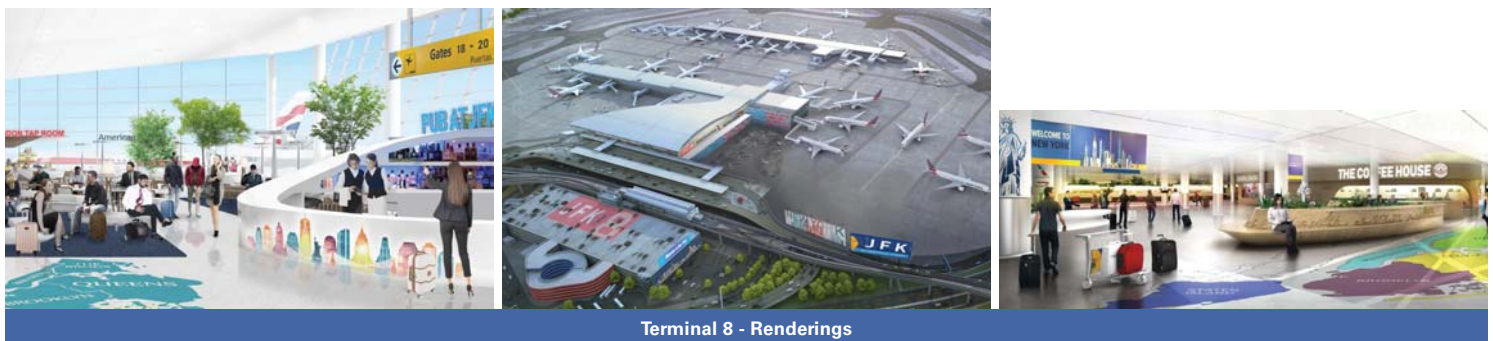
Looking Ahead (cont'd)

JFK Airport Transformation: Project Update

The first week of February brought the announcement by Governor Cuomo's office of a \$344 million commitment by American Airlines and British Airways to renovate and expand John F. Kennedy International Airport's **Terminal 8** according to the February 6th press release by the Governor's office. The project is part of Governor Cuomo's \$13 billion plan revealed in October, that is already underway, to transform JFK into a world-class 21st Century airport. News of the added investment comes at a time of ongoing increases in passenger volume at JFK, reaching 61 million in 2018 — up 2.5% year-over-year.

Pursuant to an agreement between both airlines and the Port Authority of New York and New Jersey (PANYNJ), which is not providing any funding, work at Terminal 8 will proceed over the course of 3-years. The project will result in British Airways relocating from its currently location at **Terminal 7**, which the airline leases under a term reportedly expiring in 2022, enabling Long Island City-based **JetBlue** to replace the terminal as part of the airline's planned expansion that will give rise to the construction of a new terminal adjacent to its current 29-gate, **Terminal 5**, to also include a vacant patch of blacktop once occupied by **Terminal 6**.

Terminal 8 will be expanded by 70,400 square feet, including 33,000 square feet of public space; while the existing 57,500 square feet of space will be refurbished. New amenities to include premium lounges for both airlines, enhanced baggage systems, premium check-in space and upgraded concessions. The addition of (5) wide-body gates will open the door to more transatlantic flights; and (4) nearby on-airfield plane parking/unloading areas will be created to accommodate the added flights. A total of 500 direct jobs and 750 total jobs are expected to be created over the Terminal 8 upgrade project's life, adding to the 9,600 new jobs in the Governor's original JFK vision plan.



Terminal 8 - Renderings

Looking Ahead (cont'd)

HPD Housing Design Competition – Big Ideas for Small Lots

The competition recently launched by the New York City Department of Housing and Preservation (HPD) in collaboration with the American Institute of Architects, New York Chapter (AIA New York) is seeking proposals from architect-led design teams for small-scale, urban infill affordable housing. The competition was prompted in support of Mayor de Blasio's November 2017 announced **Housing New York 2.0** plan that established the goal to build or preserve 300,000 affordable homes by 2026. Although HPD has "aggressively moved through its inventory of vacant and underutilized city-owned land to create more affordable housing, some of the remaining inventory includes lots that are challenging to develop due to their small size."

Upon finalist selections, the teams will submit design proposals for a 100% residential development for the designated site at **113 West 136th Street**, a vacant 1,665-square-foot in-line lot located between Lenox Avenue and Adam Clayton Powell Boulevard offering only 17-feet of frontage. Submissions will be required to demonstrate adaptability to a variety of site typologies including:

- Interior lots that accommodate attached buildings;
- Corner lots that accommodate attached buildings;
- Interior lots, through lots, or corner lots that accommodate detached, semi-detached, or zero lot line buildings; and
- Shallow interior lots that accommodate attached buildings.

In addition to the designated site, HPD has identified a total of 22 additional parcels ranging in size from 663 square feet to 4,000 square feet — (5) in Upper Manhattan, (3) in the Bronx, (6) in Brooklyn, (2) in Queens, and (6) in Staten Island.

News of the competition comes at a time when the availability of vacant land that can "realistically be used for development" is becoming increasingly scarce, with land prices at reportedly near all-time highs. As a result, some developers have begun "looking for lots previously ignored" because of poor site access, difficult land conditions and zoning, being too small, too narrow, or just too irregularly shaped. Although increasing challenges, the "building on odd lots can mean a rare chance to get into high-demand neighborhoods," or "represent a relatively inexpensive way to build below-market-rate housing" according to reports. Some recent developments cited in example include:

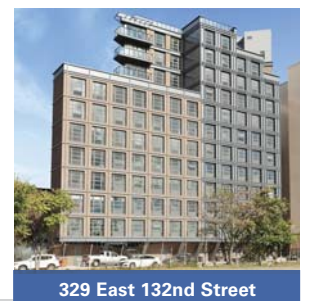
- **321 East 60th Street** (Upper East Side) – The 8-story, 25,069-square-foot residential development that hosts 21 affordable units was constructed alongside an access ramp to the Queensboro Bridge in the Lenox Hill section of the neighborhood. The irregularly shaped 3,749-square-foot former parking lot, with just 8-feet of frontage was developed by Azimuth Development Group along the ADHP Housing Development Fund Co., Inc., a single purpose entity created by the NYC Partnership HDPC that acquired the parcel for \$12 million (\$479 per buildable-square-foot) in June 2015, somewhat lower than the \$500 to \$750 per square foot price nearby by lots were reportedly asking. In addition to creating a feasible design, due to the proximity to the Bridge access as well as the Roosevelt Island Tramway the inability to use a crane required the cement to be poured through a hose, taking 10 days for each floor to be finished.
- **3211 Parkside Place** (Norwood, Bronx) – The 7-story, 69,251-square-foot **Parkside Terrace** currently under construction will host 80 affordable housing units; and faced the challenge of "massive rock outcropping in the rear" of the 23,735-square-foot parcel "on a bluff overlooking the New York Botanical Gardens." Acquired by Dunn Development in 2016 for \$3.205 million (\$46 per buildable-square-foot), about 23% less than the reportedly \$60 per square foot price of lots selling nearby, the creative design of the building allowed construction to move ahead around the 21-foot-tall outcropping without incurring the high-cost to excavate; and required only minimal stone removal.
- **329 East 132nd Street** (Mott Haven, Bronx) – The newly constructed 12-story, 71,912-square-foot **Bridgeline** rental development reportedly rose on a 13,650-square-foot parcel "left over from a large land purchase several years earlier." Although the site had no sewer, gas, water or electrical infrastructure; and an irregular shape due to an elevated train track that once cross over it, the location offered expansive views of Manhattan and the Harlem River with nearby subway access. Having acquired the site in December 2015 for a reportedly below-market price of \$3.15 million (\$44 per buildable-square-foot), co-developers Altmark Group and JCAL Development were able to secure a tax abatement through a program created for the area to offset some of the added project costs.



321 East 60th Street



3211 Parkside Place - Rendering



329 East 132nd Street



New York Building Congress: Reports

Building the Future of New York – Transit and Land Use

More than 8.6 million people currently reside in New York City, a number that is expected to exceed 9 million by 2040; and likely to reach 10 million soon after mid-century according to the report released in December by the New York Building Congress (NYBC). In an effort to plan ahead amid the challenges that the city's sustained growth poses for city planners, developers and existing residents, the report explores (2) possible answers as a way to "continue to house and accommodate rising populations in a sustainable manner."

1. Making the most of the city's limited vacant and underutilized land for mixed-use residential development; and
2. Improving transportation to connect new development opportunities to the city's established infrastructure.

It has been assumed that:

- In reaching a population of 10 million, New York City will add 1.4 million residents;
- 1.4 Million additional residents at 2.5 people per household will require 560,000 dwelling units; and
- 560,000 Dwellings at 1,000 gross square feet per dwelling equals 560 million gross square feet of residential development.

Looking at Vacant Land

There is over 7,200-acres of vacant property spread across the (5) boroughs, of which about 97% lies in the outer boroughs. However much of this land is in areas with obstacles for development, particularly in terms of accessibility. With only around 11%, or 792-acres, within a quarter-mile walking distance to existing subway stations, a floor area ratio (FAR) of 14 would be needed for new residential developments to satisfy future housing construction needs. While 14 FAR is not unheard of in high density commercial development in Manhattan, it exceeds the state's multiple dwelling law limits of 12 FAR, leading to the need to utilize vacant tracts of land beyond accessibility areas. Although NYBC's report provides recommendations that could place an additional 136-acres within walking distance of mass transit, it would still fall short of the approximately 1,071-acres needed based on all developments being constructed at 12 FAR.

NYBC Recommendations:

- **Expanding Development to Underutilized Sites** – Currently roughly 94-acres of land within a quarter-mile footprint of New York City's future rail network are occupied by public parking lots and garages. In addition there are 8,403-acres of residential land within existing and proposed mass transit walksheds that are built to 50% or below of their permitted FAR — "soft sites," providing significant opportunity for redevelopment to maximize allowable buildable square feet. At an average 2.2 FAR, new residential development on these underutilized sites, and factoring half of the development rights on soft sites, the city would be able to achieve the residential growth needed to reach 10 million people without considering manufacturing or commercial properties; and as long as the broadening and development of the transit system is continued.
- **Invest in Transportation**
 - **Create dedicated revenue streams for funding transportation**, thereby insulating long-term capital planning from budgetary uncertainties; and protecting investments during economic cycles.
 - **Fund and complete the Gateway Program** which is one of the nation's most important infrastructure projects, vital to the city's economic well-being, and serves as the main entry for cross-Hudson commuters.
 - **Increase efficiency throughout the development process** by seeking alternative construction methods such as design-build procurement, which speeds up the planning and delivery of capital projects while lowering costs.

Building the Future of New York (cont'd)

- **Transform New York's Future Transit Network**

- **Expand New York City's existing transit lines** by moving ahead with the comprehensive building programs proposed by the MTA, Port Authority of New York & New Jersey (PANYNJ), Regional Plan Association and other organizations that would fundamentally transform the region's rapid transit network in the coming decades.
- **Consolidate New York's fractured rail network** which includes New Jersey Transit, Metro-North, and the Long Island Rail Road. Although representing the nation's (3) largest commuter rail networks, the potential of the city's existing rail capacity is severely limited due to the trio of networks being completely fragmented. Unification of the networks under a regional rail authority would open the door to a through running commuter rail, universal payment system, and more seamless operations.
- **Develop a comprehensive light rail plan** which offers one of the most cost effective approaches to bringing high capacity transportation to lower density and underserved sections of New York City. NYBC's report cites the proposed **Brooklyn-Queens Connector, BQX** that would link neighborhoods along an 11-mile route from Astoria, Queens to Brooklyn's Red Hook neighborhood; and also connect to 9 ferry landings, over 30 different bus routes, and 13 different subway lines according the BQX website.

In addition a proposed **West Shore Rail Line (WSLR)** along Staten Island would provide improved accessibility to residents in the borough's South Shore and Mid-Island communities. Serving as an extension of NJ Transit's Hudson-Bergen Light Rail System (HBLRT) over the Bayonne Bridge, and into western and southern portions of Staten Island, it would improve resident access to Downtown and Midtown Manhattan via the HBLRT's connection to the NJ PATH subway which offers stops in both submarkets. In addition, the WSLR would connect to the Staten Island Railway service at the Richmond Valley Station.



BQX - Rendering

- **Broaden city's Bus Rapid Transit (BRT) Network** to improve accessibility in sections of the outer boroughs that may always remain out of reach of rail and subway walksheds, thereby opening up undeveloped tracts for new housing development, including 109-acres of vacant land in a section of Southeast Queens that is currently served primarily by local buses and "dollar van" operators.

- **Explore New Residential Development Across the City**

- **Explore and develop comprehensive rezoning strategies** throughout the (5) boroughs to further promote growth of livable neighborhoods, foster jobs and economic development, spur investment in essential services and infrastructure, and create housing for all income levels.
- **Reduce parking mandates for market-rate housing near transit and expand the city's 'transit zone'** in-line with the 2017 reforms for affordable and affordable senior housing, thereby allowing developers to build more housing for less. Created as part of the **Zoning for Quality and Affordability (ZQA)** text amendment, designated transit zones — multifamily housing-zoned neighborhoods that are proximate to public transportation and where car ownership rates are low, made the building of off-street parking spaces optional for new developments; allowed existing parking for affordable senior housing to be converted for other uses; and introduced into the zoning text discretionary actions to allow for the removal or reduction of existing parking for affordable or new moderate income housing respectively.
- **Discourage idle vacant land through tax policy** such as the addition of a property tax surcharge on vacant residential property; and taxing vacant residential property the same as commercial property.
- **Expand incentives for brownfield reclamation and redevelopment** by the city and state providing more grant programs and technical assistance to spur development on brownfield sites.

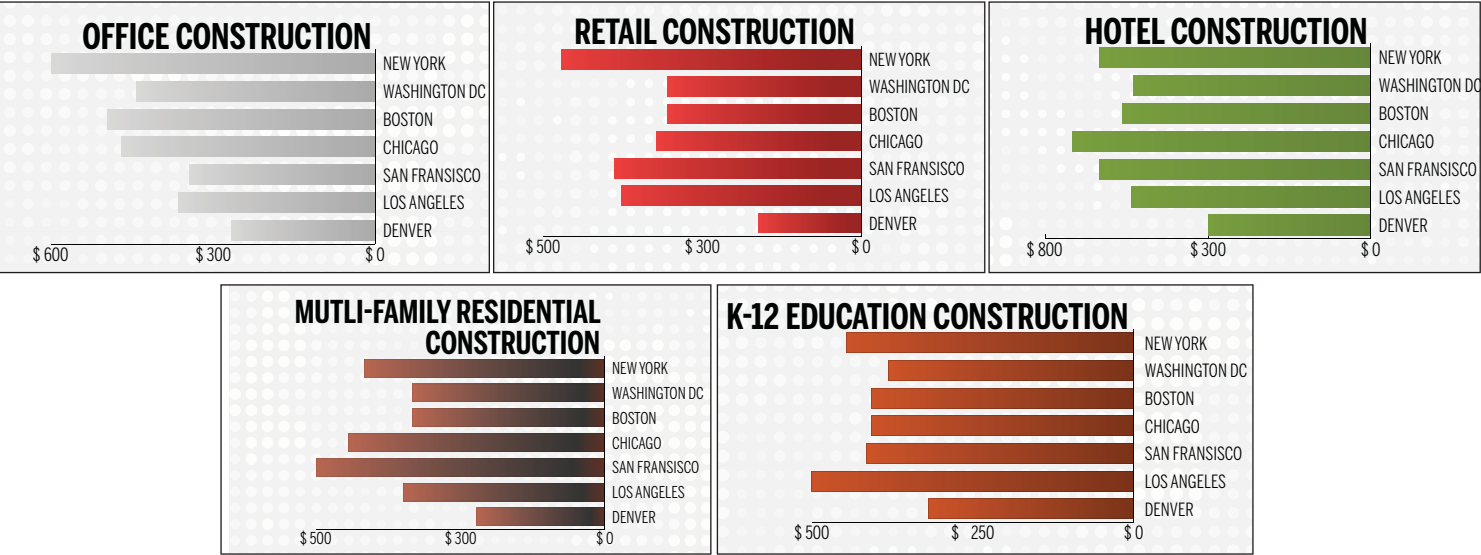


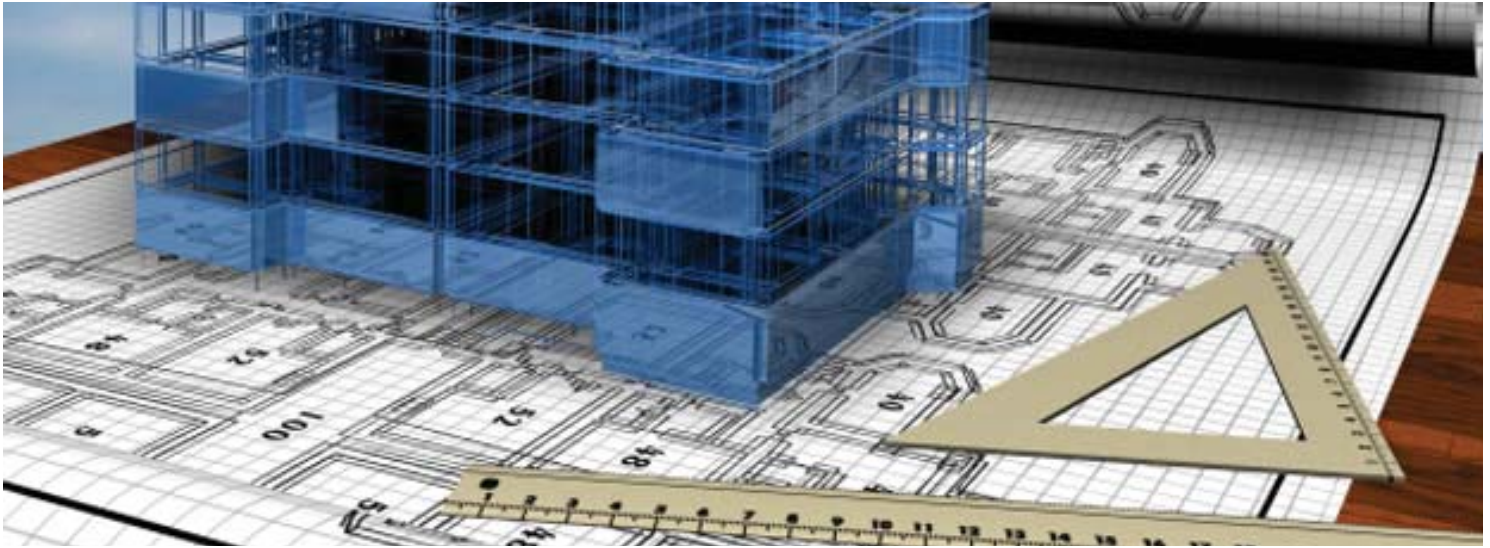
New York Building Congress (cont'd)

Construction Outlook Update – NYC Construction Costs

Over the past 8-years New York City construction costs have continued to rise, with increases over the last 2-years averaging roughly 5% according to NYBC’s report released in February. The “booming New York construction market which has placed high demand on labor and materials” that have pushed prices higher, plus the city’s concentration of construction in prime office and luxury multifamily buildings, as well as infrastructure work have attributed to the disparity between the city and national cost trends. Major drivers of overall construction costs are increases in the cost of materials. According to Bureau of Labor Statistics, the cost of diesel fuel increased 52% in 2018, while the cost of lumber, copper pipe and structural steel rose 23%, 14% and 9% respectively during the same period.

Remaining the most expensive U.S. city in which to build, New York City’s construction costs for Class A office and retail rank highest among the nation’s other major cities. However in key sectors such as multifamily residential, healthcare, K-12 education and hotel construction, New York City ranked lower or consistent with major cities nationwide.





Development Trends

Outdoor Green Space Takes Center Stage in Office Project Design

A recent survey of 1,000 American indoor workers commissioned by outdoor apparel company L.L.Bean reportedly found that 86% of surveyed individuals would like to spend more time outdoors during the workday. In a partnership with flexible space provider Industrious, L.L. Bean set up a popup outdoor office as part of traveling “**Be an Outsider at Work**” initiative that kicked-off in June (2018) in New York’s Madison Square Park. The temporary outdoor space reportedly features a variety of seating arrangements for up to 50 people, including standing desks, lounge-style seating, benches, pedal desks and quasi-indoor spaces, as well as working WiFi and power outlets.



Although office design in urban settings has for several years been incorporating greenery and natural construction materials to the interior office environment, a heightened focus has more recently been shifting towards bringing the same office atmosphere to the outside — known as “biophilic design.” Fueling the trend is the “growing awareness of the health and wellness benefits of exposure to nature.” Leading the way of this growing office innovation are the large technology firms. Cited in example are:

- **Amazon** constructed “**Spheres**” on its Seattle, WA campus. The (3) intersecting glass dome structures are filled with 40,000 plants and serve as spaces for employees to work and lounge;
- **Facebook** created a 9-acre rooftop garden with paths for walking meetings at its Menlo Park, CA headquarters;
- **Microsoft** built technology enabled tree houses in Redmond, WA; and
- **Samsung’s** North American headquarters in San Jose, CA features terraces on every 3rd floor within the 10-story building, some devoted to quiet space, and others offer active recreation areas.

Suburban campuses have taken advantage of blank lawn areas to create employee outdoor areas for both work activities or break time for many years, but creating similar outdoor amenities in an urban environment, “where every square foot, if not square inch, matters” presents a few more challenges. The addition of outdoor space in an office building reportedly adds significant construction costs; also requiring that “roofs are properly sealed and lightweight soils used to minimize added weight loads.” In addition weather concerns such as high winds or winter need to be taken in account if furniture is to be added.

While new ground-up developments can incorporate a variety of open space options at the design level, with existing buildings the roof is often the only place an outdoor amenity can be created. However despite the added investment and challenges, the addition of outdoor amenities to New York City’s buildings provides a way of creating differentiation in a market with a high volume of office space inventory at a time when a growing number of tenants are adding the amenity to the top of their space requirements list. In addition, although the city’s landlords don’t typically “charge per square foot for terraces and usable roofs, they are able to secure a higher overall rent because of such amenities” according to reported comments from an industry source.

Outdoor Green Space (cont'd)

Some examples of office projects in Manhattan and Brooklyn that have been designed with outdoor space in mind include:

Manhattan

- **390 Ninth Avenue** (Penn Plaza) – The redevelopment of the **James A. Farley Post Office Building** (aka 421 Eighth Avenue) by Vornado Realty and the Related Companies into the rebranded **Moynihan Train Hall** will add a green area along the perimeter of the roof to be “planted with flowers and grasses interspersed with benches and picnic tables” as revealed in project renderings. In addition, newly constructed 740,000 square feet of office space **dubbed Farley** creating a vertical campus will feature 70,000 square feet of programmed and landscaped private rooftop parks plus a 6,000-square-foot rooftop pavilion.



- **512 West 22nd Street** (Chelsea) – The joint venture of Long Island-based Albanese Organization and Vornado Realty Trust recently completed construction of the 11-story, 172,000-square-foot development dubbed **512W22**. The project’s design which hopes to achieve LEED Gold certification includes double-height outdoor space that overlooks the elevated High Line park.
- **One Madison Avenue** (NoMad) – SL Green Realty is planning to redevelop the existing 1.177 million-square-foot building; and as part of the project several private tenant terraces will be created on the upper floors of the vertically expanded tower.
- **797-799 Broadway** (Greenwich Village) – The planned 12-story, 180,000-square-foot development to be constructed by Normandy Real Estate Partners and Columbia Property Trust will have greenery and landscaping wrapping around the building’s exterior.
- **550 Washington Street** (Hudson Square) – The designs for Oxford Properties Group’s redevelopment of the south portion of the **St. John’s Terminal Building** for office use include (3) different wraparound, landscaped roof decks to be created on the newly constructed 9-stories atop the retained 3-stories of the existing 4-story structure.
- **66 Hudson Boulevard** (Hudson Yards) – The 65-story tower dubbed **Spiral** that is under construction by Tishman Speyer is designed to include multiple levels of outdoor green terraces with landscaping and trees on every floor, including the building’s lower podium.
- **390 Madison Avenue** (Grand Central) – The redevelopment and remassing of the former 24-story structure by L&L Holdings into a 32-story tower has added several outdoor terraces along the newly constructed portions.
- **441 Ninth Avenue** (Penn Plaza) – As part of the 17-story vertical expansion of the existing 8-story structure, co-developers Cove Property Group and Baupost have included multiple levels of outdoor terrace space in the design of the added floors.



Outdoor Green Space (cont'd)

Brooklyn

- **261-275 South 5th Street** (Williamsburg) – The design of the 23-story, 327,567-square-foot mixed-use development dubbed **The Dime**, that is being constructed by Tavros Development Partners and Charney Construction and Development, includes outdoor terraces for the 5-story office-and-retail structure. In addition, a landscaped roof will be created on the structure's rooftop to include flower beds, a boardwalk and a lawn.
- **Dock 72** (Brooklyn Navy Yard) – The recently completed 675,000-square-foot building constructed by Rudin Management and Boston Properties, in collaboration with The We Company (formerly WeWork) features 16,000 square feet of outdoor balconies for tenant use.
- **12 Franklin Street** (Greenpoint) – Designs for the planned 7-story, 134,000-square-foot development to be constructed by Simon Baron Development include terraces on each floor as well as a rooftop terrace.



Some of Manhattan's existing buildings have also joined the trend, as landlords add outdoor space amenities as part of renovation projects.

- **635-641 Sixth Avenue** (Chelsea) – Back in 2014, SL Green Realty added a roof deck featuring an outdoor bocce court and an entertainment space on the rooftop of the existing 8-story, 1901 building as part of \$15 million renovation completed in 2015.
- **399 Park Avenue** (Plaza) – Boston Properties' \$100 million renovation of the 39-story, 1960s tower included the creation of new rooftop terrace garden.
- **10 Jay Street** (DUMBO) – The former 10-story, 163,894-square-foot warehouse that underwent a conversion for office-and-retail use by co-developers Glacier Global Partners and Triangle Assets now features outdoor terraces on the 10th floor and rooftop.

Outdoor Green Space (cont'd)



66 Hudson Boulevard - Rendering



390 Madison Avenue - Rendering



797-799 Broadway - Rendering



One Madison Avenue - Rendering



399 Park Avenue - Rooftop Rendering



441 Ninth Avenue - Rendering



550 Washington Street - Rendering



512 West 22nd Street



10 Jay Street



12 Frankin Street - Rendering



635-641 Sixth Avenue - Rooftop Rendering



261-275 South 5th Street - Rendering



Development Activity

2019 Multi-family Construction Report

The report released on January 7th by development news platform New York Yimby revealed that 2018 was a robust year for New York City multi-family development. The report indicated that the 32,580 multi-family units filed with the Department of Buildings (DOB) over the past year surpassed 2017 filings for 19,180-unit by nearly 70%. If single and two-family buildings are factored in, the total increases to 34,039 new units, for a 67% year-over-year increase from the 20,393-units filed in 2017.

Another noted change last year was a shifting of activity. While the Bronx and Brooklyn held strong in 2017, with Queens, Staten Island and Manhattan “affected by substantial weakness,” 2018 saw Manhattan rebound to take the lead with a 139.4% spike in submitted units. In contrast to the outer boroughs, where the distribution of new development was more dispersed, (7) buildings having 250-plus units accounted for 58% of the total units filed in Manhattan last year; and included — **601 West 29th Street** (Chelsea), a 990-unit mixed-used project by Douglaston Development; **555 West 38th Street** (Hudson Yards), a 598-unit mixed-use project by Rockrose Development; and Madd Equities’ 614-unit mixed-use project at **375 West 207th Street** (Inwood).

Borough	% Yr-over-Yr Change	2018 Filings	2017 Filings
Bronx	46.5%	7,449	5,086
Queens	51.3%	7,798	5,154
Brooklyn	65.4%	11,864	7,174
Staten Island	99.6%	1,026	514
Manhattan	139.4%	5,902	2,465

As we begin 2019, New York Yimby projects the housing development market to remain healthy as long as the underlying economy remains relatively strong. **Rental** unit development which enjoyed robust numbers in 2018 is likely to continue in 2019, as the “slew of inventory from the supertall filing boom of 2014-2015 is now finally coming onto the market, seemingly all at once.”

The **Hotel** sector also saw a 16% uptick in the number of guest rooms filed during 2018, which reportedly totaled 5,519-keys versus 4,753-keys in 2017, with the 531-key, Marriott-branded **Aloft** hotel development by Marx Development at **446-450 Eleventh Avenue** leading the way. Building heights are also on the rise, but although the overall height of the tallest filings increased, the building heights among the top of the list contenders fell below 2017 figures. Leading the way is Solow Realty & Development’s 52-story mixed-used development at **10-14 West 57th Street** (Plaza), which is expected to reach a rooftop linear height of 675-feet, in contrast to the 895-foot linear height of 2 Manhattan West filed by Brookfield Property Partners in 2017. The number of new filings in 2018 for buildings of 200-feet or higher increased year-over-year overall from 29 to 39 projects, while the total for 100-foot-plus structures rose from 89 to 123. Looking ahead, New York Yimby anticipates a slowdown in supertall filings; and among the few projected filings, they will likely be commercial developments partially sparked by the Midtown East rezoning.

Development Activity (cont'd)

New York City Construction Activity Strong in 2018

Permit filings throughout New York City last year totaled 165,988 according to reported Department of Buildings (DOB) data, a figure that is significantly higher than the 5-year average; but about 1.3% lower year-over-year. Permitting is just one measure of the economic cycle of the building industry; and a “year-to-year snapshot does not represent a broader trend” since “individual projects operate on multi-year timelines, incorporating many phases of financing, design, permitting, construction, fit out and completion.” It has been further pointed out that “there are also billions of dollars of construction not accounted for by the DOB permits — including work on some of our city’s major infrastructure projects such as roads, bridges, airports, subway expansions and improvements, and energy infrastructure.”

Construction spending in 2018 reportedly hit a record high of \$61.5 billion, representing a 25% year-over-year increase over the \$49.3 billion figure in 2017. It has been forecast by the New York Building Congress (NYBC) that construction spending over the next 2-years will lower moderately to \$59.2 billion and \$56.4 billion in 2019 and 2020 respectively according to reports.

Pace of Development Site Sales Remains Sluggish

Over the past few years, the dollar volume of development site sales in Manhattan below 96th Street has been declining, reportedly lowering 55% year-over-year to \$2.6 billion in 2016, from \$5.8 billion in the prior year, followed by another 34% decline in 2017. In 2018, land prices recovered back to 2015 levels when buyers had been consistently bidding an average of \$685 per square foot; however the uptick was offset by the significantly lower number of transactions. In 2015, 125 land parcels below 96th Street traded in contrast to the 59 deals recorded in 2018 according to reports, representing a 53% decline.

Developers that purchased land at the high prices commanded a few years ago during the boom of new condominium construction have had to place project plans on hold amid the softening condo market; and since the potential of shifting to a rental project is not financially feasible, developers have been prompted to pull back on buying land — creating a negative impact on land values. Other factors giving rise to the trend are reportedly the widening disparity between the price levels that sellers and bidders seek to transact at; “rising interest rates; the loss of 421a tax abatements; a LIBOR rate that has skyrocketed in the last 3-years; and increasing construction costs.” A spokesperson from the Witkoff Group reportedly stated that the company’s LEED Gold certified 15-story, 338,000-square-foot luxury condominium at **150 Charles Street** in the West Village, hosting 91-units, was constructed at a cost of \$650 per square foot in 2012. In contrast, Witkoff’s nearly completed 63-story, 365,162-square-foot tower at **111 Murray Street** in Tribeca, hosting 157-units, is being built at a cost of \$850 per square foot despite no material differences; and if reportedly started building today, would be \$1,000 per square foot.

Despite the increasing challenges, 2018 boasted several large land trades that skewed the overall total dollar volume of development site sales, pushing Manhattan trades below 96th Street to \$3.34 billion. However it was reportedly pointed out that deals such as the following were the exception:

- **4 Hudson Square** – The 99-year ground lease was secured by the Walt Disney Company for its American Broadcasting Company’s (ABC) new campus in a deal valued at \$650 million;
- **250 Water Street** – The roughly \$182.723 million acquisition by the Howard Hughes Corporation of the 47,880-square-foot Lower Manhattan site; and
- **1329-1347 Third Avenue / 202 East 77th Street** – The University Financing Foundation’s (TUFF) \$232.2 million purchase of the 5-parcel, 18,592-square-foot Upper East Side site. Although unverified the deal may have included 11,179 square feet of additional air rights.
- **252-260 West 78th Street / 372-378 West End Avenue** – The roughly \$149.424 million purchase of the 2-parcel, 15,575-square-foot Upper West Side assemblage by Alchemy Properties and Daishin Securities in a deal that may have also included additional development rights.

Looking ahead, reported industry sources anticipate that “while the outer boroughs will benefit from zoning changes and Opportunity Zones, Manhattan below 96th Street will continue to see transaction activity at 2018 levels.” On a positive note the pause in sales activity could give the market time to absorb the oversupply of condo inventory constructed over the past decade, which was further boosted by an increased volume of financing from non-bank lenders.



Midtown Development

Recently Sold Sites

572 Fifth Avenue (Times Square/Diamond) – Extell Development has acquired what appears to be the final piece of a 13-parcel assemblage, closing in mid-October on the \$62.5 million purchase of the 6-story, 11,970-square-foot commercial building from longtime owner Braha Industries. Since 2007 the developer has been purchasing sites located between West 46th and 47th Street, the latest transaction bringing the total land cost to roughly \$508.412 million. The only remaining parcel sits on the corner of West 47th Street at **576 Fifth Avenue**, which Real Estate Equities Corp. controls under a leasehold secured in early 2015 for \$36 million — and likely to remain. Project plans have yet to be announced by Extell, but the (6) 5-story buildings at 3-13 West 46th Street have already been demolished; and permits were filed in 2014 for both 570 and 574 Fifth Avenue.

Address	Lot SF	Sale Price	Year Purchased
13 West 46th Street	2,422	\$9MM	2007
11 West 46th Street	2,422	\$7.826MM	2015
9 West 46th Street	2,422	\$10.2MM	2011
7 West 46th Street	2,422	\$13.913MM	2014
5 West 46th Street	2,422	\$7.759MM	2015
3 West 46th Street	2,422	\$16MM	2008
2-8 West 47th Street	8,610	\$56.464MM	2014
10 West 47th Street	6,541	\$7.35MM	2015
562 Fifth Avenue*	3,575	\$100MM	2015
564-568 Fifth Avenue	4,882	\$92MM	2015
570 Fifth Avenue	2,080	\$125.4MM	2015
574 Fifth Avenue	2,500		
572 Fifth Avenue	2,500	\$62.5MM	2018
Total	45,220	\$508.412MM	
*562 Fifth Avenue – The remaining 12-years of the ground lease was acquired for \$17.5 million. SL Green is the fee owner of the corner property at West 46th Street, having paid \$67.5 million to acquire the former 42,000-square-foot building in 2013. An extension of the ground lease term through 2064 was secured in December 2015 at a cost of \$100 million according to city records. Upon term expiration Extell can reportedly exercise an option to purchase the land outright for \$100 million.			

485-497 Ninth Avenue (Penn Plaza) – An entity reportedly affiliated with the Pinnacle Group has paid a combined total of \$84 million in real property transfer tax (RPTT) and real estate transfer tax (RETT) according to city records. Although reports indicate an acquisition was transacted of the vacant 5-parcel, 22,094-square-foot assemblage from property owner David Israel, it seems unclear. The site that spans the entire 9th Avenue block-front between West 37th and 38th Streets can reportedly accommodate up to 185,000 buildable square feet.

Midtown (cont'd)

Recently Sold Sites (cont'd)

207-211 East 34th Street / 507-511 Third Avenue (Murray Hill) – Lake Success, Long Island-based Lalezarian Properties has purchased the 5-parcel, 12,346-square-foot assemblage through (2) transactions for a combined total of \$79.5 million (\$663 per buildable-square-foot) from the Riese Organization including \$23 million for the trio of East 34th Street properties, having last changed hands in 2014 for \$21 million, and \$56.5 million for the pair of 3rd Avenue properties which have been longtime owned by Riese. JPMorgan Chase provided \$45 million in financing, which consolidated roughly \$25.418 million in existing debt with a newly provided \$19.582 million gap mortgage according to city record documents. Currently hosting 5-story tenement buildings, the assemblage can reportedly accommodate 120,000 buildable square feet. Redevelopment plans by new ownership have yet to be announced.

551-557 West 38th Street / 528-554 West 39th Street (Hudson Yards) – Rockrose Development has acquired 139,093 square feet of **air rights** from joint owners the Metropolitan Transportation Agency (MTA) and the Hudson Yards Infrastructure Corporation. The roughly \$20.494 million (\$147 per square foot) purchase has opened the door to the construction of Phase 1 of the developer's planned mixed-use project to rise across the street from the **Jacob Javits Center**. As a result of the transfer of the air rights over the Eastern Rail Yard (ERY), the floor area ratio (FAR) of Rockrose's 69,546-square-foot development site was increased from a FAR of 10 for commercial and community facilities uses to a FAR of 16, or 1,112,747 square feet of floor area, with the stipulation that a maximum of 6 FAR, or 417,280 square feet of floor area, can be residential use.

Plans were filed in September for the 565-foot-tall tower that will host 598 residential rental units spread across 402,202 square feet and 1,640 square feet of commercial space. The 2nd Phase of development will add a 1.2 million-square-foot office tower that was still in the "early stage of design" at the time of the Phase 1's filing according to reports. Since the development is being built under the new 421-a tax abatement program rebranded as **Affordable New York Housing Program** (ANYHP), 25% to 30% of the units will be designated for affordable housing. Rockrose is reportedly planning to provide 100% of the equity for the development, but will likely look to secure debt later on. Spanning the entire block-front along 11th Avenue between West 38th- and 39th Streets, the 4-parcel assemblage also known as **476 Eleventh Avenue** was acquired through multiple transactions that reportedly spanned 12-years between 2001 and 2013. In the future the total FAR for the site could be further increased to 20 FAR, or 1,390,933 square feet of floor area, through a contribution to the **Hudson Yards District Improvement Fund**, of which 6 FAR is for residential use and 14 FAR, or 973,644 square feet of floor area, for commercial use



Projects on the Horizon

685 Fifth Avenue (Plaza) – Developer Michael Shvo has reportedly received approvals to move ahead with proposed plans for an office-to-residential conversion and 5-story vertical expansion of the existing 15-story office component on the upper floors of the 20-story office-and-retail building. The project is expected to deliver 69 luxury condominiums spread across approximately 116,000 square feet. Alteration proposals for the former **Gucci-owned** building date back to 2016 upon Thor and GGP filing permit applications for the 5-story addition, that due to a redistribution of space, would increase the structure's linear height without changing the overall square footage. In August 2018 the permit was approved by the city's Department of Buildings.

Shvo will co-develop the project along with reported partners Wings Group, Turkish development firm BLG Capital and Deutsche Finance America, having acquired the existing 75,265-square-foot office component in an all-cash deal for \$135 million (\$1,794 per square foot) in July 2018 from at the time co-owners Thor Equities and GGP (formerly General Growth Properties). Currently the development team is seeking \$100 million in construction financing, having signed an agreement with Mandarin Oriental Hotel Group to manage the **Mandarin Oriental Residences**, with amenities to include a fitness center, a spa, and a rooftop pool with cabanas according to reports.



Midtown (cont'd)

Projects on the Horizon (cont'd)

550 Madison Avenue (Plaza) – The longtime planned renovations of the 37-story, 827,686-square-foot tower took a major step forward in mid-February. Olayan America, a division of the Saudi-based conglomerate Olayan Group, and asset manager Chelsfield have secured design approvals from the Landmarks Preservation Commission (LPC). RXR Realty has reportedly joined the project team as the lead developer upon recently acquiring a minority stake in the asset for an undisclosed price. Decisions were made in July to designate the building as a landmark in reported response to public pressure, about 2-years following its acquisition by Olayan. In addition to ownership agreeing to landmark the structure that was built between 1978 and 1984, the “Northern Sky” and “Southern Sky” murals installed in 1993 will be preserved. First known as the **AT&T** building, the trophy tower was rebranded **Sony Plaza** following its acquisition from AT&T in 2002 by the technology giant.

Initial renovation plans released in 2017 called for the replacement of the original façade with a glass curtain-wall and a redesign of the lower floors for better retail use, which sparked opposition from architects and preservationists. After returning to the drawing board, a new proposal released in December is “intended to evoke the landmarked, former AT&T headquarters’ original 1984 look — and eliminate or improve on changes that were made by second owner Sony in the early 1990s.” About 94% of the façade will be retained, including the famous top; while (6) tall windows on the side of the building fronting Madison Avenue — (3) on either side of the 110-foot-tall entrance archway, will be recessed to emphasize the granite columns between them. The windows’ thick and dark mullions will be replaced with near-transparent mullions. In addition, the floor area of the rear arcade will be nearly doubled to create a garden-like public space that will be open to the sky. “Side-street enclosures and part of a four-story annex behind the rear arcade would be removed. On the tower’s sides, little-used retail arcades would be eliminated and giant round portholes opened to admit light.” Decisions have yet to be finalized for the existing lobby, which will not require LPC approvals.

The estimated \$300 million project that will reportedly achieve a “minimum 30% reduction in water use and an energy usage target 10% below current New York City energy code” is seeking to achieve LEED Platinum certification. Pending decisions by the LPC work was slated to begin sometime in January, Olayan hoping to reopen the tower’s office floors by mid-2020. The vacant asset was acquired in 2016 for \$1.4 billion after seller’s the Chetrit Group and Clipper Equity opted to abandon plans for a residential conversion.

1841-1843 Broadway (Columbus Circle) – Longtime owner Global Holdings Management pre-filed plans for a proposed 24-story, 181,319-square-foot mixed-use development. The 281-foot-tall structure will host 173 residential units spread across 161,525 square feet and 11,741 square feet of commercial space. The 14,467-square-foot parcel located at the corner of West 60th Street currently hosts a 12-story, 114,022-square-foot commercial building.



Midtown (cont'd)

Projects on the Horizon (cont'd)

5-9 East 51st Street / 12-20 East 52nd Street (Plaza) – Preliminary renderings were released in January for a proposed 1,556-foot-tall tower dubbed **Tower Fifth**. Initial designs reportedly include a pair of “400-foot-tall stilts before yielding to the majority of” the tower’s occupied space, and a multiple-floor observation deck. Macklowe Companies is hoping to construct the new 96-story office tower on a mid-block, block-through assemblage the developer has been piecing together. If acquisition is achieved, the block-through, 19,569-square-foot assemblage located across from **St. Patrick’s Cathedral** at East 51st Street can reportedly accommodate 280,000 as-of-right buildable square feet with no height restrictions. Plans were expected to be submitted before the end of January, kicking off the public review Uniform Land Use Review Procedure (ULURP). Macklowe is reportedly seeking to significantly increase the scope of the project than what is allowed as-of-right by transferring “hundreds of thousands of square feet of development rights” from the estimated 1.1 million square feet of available rights above the landmarked St. Patrick’s Cathedral.

According to reports in June, as part of the purchase effort the developer is reportedly seeking an “equity partner to back him on the project.” Earlier considerations to buy a 6th site that offers 19,783 square feet of unused air rights at **11 East 51st Street** were thwarted. Soho China acquired the 6-story, 13,349-square-foot landmarked building known as the **John Pierce Residence** for \$30 million (\$2,247 per square foot) in August 2017 from Mercantil Commercebank, the U.S. arm of the Venezuela-based bank. Among the remaining (5) parcels being targeted within the **Greater Midtown East** area, that was rezoned in 2017 to spark new office building development, (3) have been acquired or entered into contract according to reports.

- 5 East 51st Street - The 3,008-square-foot parcel hosts a 6-story, 14,708-square-foot mixed-use building entered into contract near the end of December, with the contract vendee listed on city records under the entity 5 East 51st St Development Company LLC, having last trading in December 2012 for \$12.6 million to the entity 5 East 51 LLC.
- 7-9 East 51st Street – The 3,000-square-foot parcel hosts a 6-story, 13,000-square-foot building that serves as the home of the Consulate General of Venezuela.
- 12 East 52nd Street – The 3,015-square-foot parcel hosts a 7-story, 20,210-square-foot commercial-office building; last trading in February 2016 for \$32 million, the buyer listed on city records under the entity 52nd Street Barracuda Acquisition LLC.
- 14 East 52nd Street – The 3,015-square-foot parcel hosts a 7-story, 21,776-square-foot mixed-use building, last trading in September 2017 for \$36 million to Immoprisa USA Inc.; but memorandum of contract was posted May 2018 for a pending sale not slated to close until reportedly mid-2019 at an undisclosed price, the buyer listed on city records under the entity 14 East 52 Owner LLC.
- 16-20 East 52nd Street – The 7,531-square-foot parcel hosts a 16-story, 90,816-square-foot commercial-office building that has been longtime owned by Francis. F. Rosenbaum Trust, but appears to be controlled by the Arbus Corporation under a ground lease secured in July 1986, N.V. that runs through May 2035 according to city record documents.

4 Manhattan West (Penn Plaza) – Brookfield Office Properties, along with Qatar Investment Authority (QIA) have begun construction of the 21-story mixed-use development that has an alternate address of 442 West 33rd Street. The 248-foot-tall structure will host a 164-key Pendry Hotels-branded **Pendry Manhattan West** under a joint development venture, plus a “selection of condominiums positioned on the tower’s upper levels.” The project that is expected to deliver in 2021 completing the (6) building **Manhattan West** complex which upon full construction completion will also include 5.8 million square feet of office space spread across (4) buildings, 844 residential units housed within the 62-story **Eugene** tower, over 240,000 square feet of restaurant and retail space, and a 2.4-acre public plaza. Work at the site has already brought the delivery of the redeveloped 5 Manhattan West (450 West 33rd Street) and the residential tower (435 West 31st Street), with 1 Manhattan West (401 Ninth Avenue aka 400 West 33rd Street) nearing delivery.



4 Manhattan West - Rendering

432-434 West 31st Street (Penn Plaza) – Arisa Realty is planning to bring a new Marriott-branded **Autograph** hotel to Manhattan. New building applications filed in 2014 detail a 25-story, 107,853-square-foot development. The 275-foot-tall structure will host 220-keys spread across 95,900 square feet. The developer acquired the 2-parcel, 4,557-square-foot assemblage located along the Lincoln Tunnel approach through (2) transactions in 2013 for a combined total of roughly \$15.451 million (\$143 per buildable-square-foot) according to city records. Demolition permits were approved in 2016 for the existing 4-story, 4,150-square-foot mixed-use building to make way for new construction.

Midtown (cont'd)

Projects on the Horizon (cont'd)

806 Ninth Avenue / 705 Tenth Avenue (Hell's Kitchen) – The New York City Department of Housing Preservation and Development (HPD) announced the selection of a pair of development teams for (2) planned projects. News of the decisions comes about 10 months following the agency's release of a request for proposal (RFP) last April, seeking developers to construct ground up developments on the pair of non-contiguous sites.

- **806 Ninth Avenue (Site A)** – The partnership of Hudson Companies and New York-based non-profit Housing Works, Inc. will be constructing the approximately 100-unit affordable and supportive housing development. The housing units will be made available for the very low and low-income households, with a portion of the units to be set aside for the formerly homeless. Housing Works will also operate its thrift store in a portion of the 11,000 square feet of retail space. In addition, office space and below-grade parking will be created to house the New York City Transit and parking for emergency vehicles. The approximately 21,500-square-foot city-owned site is currently leased to the Metropolitan Transportation Authority (MTA), serving as a parking lot for the adjacent MTA office building.
- **705 Tenth Avenue (Site B)** – A team led by Douglaston Development and non-profit the Actors Fund will be constructing the approximately 160-unit affordable housing development to serve a range of households, as well as setting aside units for the formerly homeless. An arts-oriented community space will be created on the ground floor, to be operated by Spaceworks; as well as a public restroom. In addition, an open space will be developed by the New York City Department of Parks and Recreation in an area adjacent to the site. Located between West 48th and 49th Streets, the site includes a rail cut for the Amtrak Empire line.



806 Ninth Avenue - Rendering



705 Tenth Avenue - Rendering

Project Plans in Progress

Two Penn Plaza (Penn Plaza) – Vornado Realty Trust filed alteration plans in December for the 31-story tower that also goes by the address 392 Seventh Avenue. According to permit filing details on the Department of Buildings website, a total of 1,427,402 square feet will be added to increase total building density to 3,833,986 square feet; although the building's height and number of stories will remain unchanged. As part of the project, a new 3-story high lobby and retail storefront will be created, along with a modification of the existing Penn Station entrance structure and enclosure and expanded office floors.

Upon the lease expiration of publisher McGraw-Hill in 2020 the structure's entire curtain wall will be replaced. Initial renderings had been released in early 2016 revealing a new all-glass façade with dimensional panels of glass extruding over 7th Avenue, giving the building's retail an added dimension while sheltering pedestrians from the weather; however it is uncertain if designs have changed since then. Construction is reportedly expected to take between 24 and 30 months. Existing tenants are already being moved to **One Penn Plaza** in preparation for construction, Vornado planning to eventually combine the two towers that are separated by West 33rd Street to create an over 4 million-square-foot complex.



Two Penn Plaza - Former Renderings



Midtown (cont'd)

Project Plans in Progress (cont'd)

109 East 42nd Street aka 392-394 Lexington Avenue (Grand Central) – Developer TF Cornerstone and investment advisor MSD Partners, a division of MSD Capital which manages the assets of Dell Computer founder Michael S. Dell have reportedly agreed to purchase the 26-story, 1,298-key **Grand Hyatt** hotel. Dating back to 1919, the development team plans to demolish the existing 1.028 million-square-foot structure and replace it with a ground-up mixed-use development. Having sold 688,000 square feet of Grand Central Terminal's 1,385,010 square feet available air rights to JPMorgan Chase in December, the developers are planning to utilize their 90% interest of the remaining 717,010 square feet of air rights above the transportation hub to open the door to a proposed 2 million-square-foot tower. Improvements to transit and the surrounding neighborhood will also be provided as part of the proposed project, in addition to reportedly contributing roughly \$30 million into the **Midtown East Public Realm Fund** created as part of the 2017 **Greater Midtown East** rezoning. The co-developers are expected to be joined by RXR Realty, the developer was reportedly nearing a deal in mid-February to become the 3rd member of the team on the estimated nearly \$3 billion project.

The project that will require city and state approvals is expected to include a mix of office and retail space, as well as a new, scaled-down 500-key **Grand Hyatt** hotel. In addition, further approvals from the city will be needed for a change of ownership since the underlying land is owned by the Empire State Development Corp, of portion of which includes numerous concourses that connect to Grand Central Terminal that was sold to the Metropolitan Transportation Authority (MTA) in December 2017 for \$13 million. The hotel is currently controlled by hotel operator Hyatt under a 100-year ground lease, TF Cornerstone and MSD reportedly planning to take over the lease that expires in May 2077. The New York Hotel and Motel Trades Council, which represents the Grand Hyatt's 925 hotel workers, reportedly "negotiated with Hyatt a buyout agreement it valued at \$165 million." However it is unclear if the purchase of the hotel is contingent upon the developers securing all necessary city and state approvals for the project.



Midtown South Development

Several Major Developments Take Their Place in NoMad

A wave of new development that began in 2011 with the opening of the **NoMad Hotel**, 1170 Broadway and the 20-story, 46-unit residential condominium at **241 Fifth Avenue** continues a steady flow. The area that had been previously characterized by its numerous garment warehouses is increasingly transforming into a mixed-use neighborhood, as several new hotel, residential and office developments rise within the area that lies just north of Madison Square Park roughly bordered by East 30th and East 25th Street to the north and south, and Lexington and 6th Avenues to the east and west.

- **1205-1225 Broadway** – The Lam Group is currently constructing the 38-story, **Virgin Hotel** that nearly reached its full 476-foot-height in early January. Upon delivery the hotel will host 460-keys plus 90,000 square feet of retail space in the tower's podium.
- **1241-1249 Broadway aka 48-52 West 31st Street** (NoMad) – Ground breaking is imminent for the 22-story, 178,884-square-foot development that will reach a linear height of 318-feet; and host 140,840 square feet of office space starting on the 2nd floor.
- **1185-1193 Broadway** – Construction broke ground in September for the 40-story, approximately 164,389-square-foot Marriott International-branded **Ritz Carlton** hotel. Flag Luxury Properties is developing the 580-foot-tall project that will host 250-keys and (16) residences.
- **One Madison Avenue** – SL Green is reportedly intending a major redevelopment of the 13-story, 1,176,911-square-foot structure that spreads across the majority of the 83,938-square-foot city block bound by East 23rd and 24th Streets and Madison Avenue and Park Avenue South. By using 218,000 square feet of available development rights, and reducing the building to its existing 9th floor, it will open the door to an 18-story vertical expansion featuring 32,000 to 35,000 rentable-square-foot floor plates, with 60-foot column-free clear spans, and 14'-3"-foot floor-to-floor heights throughout. Demolition and construction are expected to start in 2020/2021 following the expiration of existing tenant leases.
- **126 Madison Avenue aka 15 East 30th Street** – Co-developers J.D. Carlisle Development Group and Shanghai-based Fosun International are currently constructing the 66-story, 400,400-square-foot mixed-use condominium development. The 798-foot-tall structure will host 199 residential units and about 4,000 square feet of retail space.
- **277 Fifth Avenue** – The 52-story, 216,987-square-foot mixed-used development by Victor Homes was nearing construction completion in early January; and will add 141 residential condominiums and 7,927 square feet of retail space to the neighborhood.

NoMad Major Developments (cont'd)

- **250 Fifth Avenue** – The hotel conversion of the existing 5-story, 38,185-square-foot building got underway in August. Due to landmark designation of the façade within the Madison Square North Historic District, the building will be part of the conversion that will also include a new 23-story tower to rise of the west side where a single-story portion of the building currently exists. Upon construction completion the 107,008-square-foot building will host 33-keys, with a café/restaurant and library on a portion of the first 2-floors; plus an event space with outdoor terraces on the 23rd floor.
- **444 Park Avenue South** – The 19-story, 86,973-square-foot **Mondrian Park Avenue** that opened in 2017 hosts 189-keys. The redevelopment project by Moin Development and SBE included a renovation of the existing 13-story office building and a 6-story vertical expansion.
- **11 East 31st Street** – The 31-story, 89,753-square-foot **Arlo Hotel** that opened in November 2016 hosts 250-keys; and was constructed by Simon Baron Development and Quadrum Global.
- **50 West 30th Street** – The 24-story, 105,973-square-foot mixed-use development that delivered in 2018 was constructed by Alchemy Properties. The 316-foot-tall structure located at the corner of 6th Avenue hosts 55 residential units and 10,363 square feet of retail space.
- **1-27 West 29th Street / 8-16 West 30th Street** – Site work commenced at the end of November for the 34-story, 300,000-square-foot office tower that will reach a linear height of 551-feet; however renderings released in July seem to reveal a much taller tower. Dubbed “29th and 5th,” the project will include restoration work of the landmarked **Marble Collegiate Reformed Church** and **Gilsey House**.
- **30-32 East 29th Street / 34 East 29th Street / 36 East 29th Street** – The Rockefeller Group secured permit approvals in June for a planned 46-story, 226-347-square-foot residential condominium. Foundation work got underway in January for the 599-foot-tall tower that will host 126-units spread across 167,701 square feet.



11 East 31st Street



1-27 West 29th Street - Rendering



One Madison Avenue
Rendering



1205-1225 Broadway
Rendering



1241-1249 Broadway
Rendering



1185-1193 Broadway
Rendering



126 Madison Avenue
Rendering



250 Fifth Avenue
Rendering



277 Fifth Avenue
Rendering



444 Park Avenue South
Rendering



50 West 30th Street
Rendering



30-32 East 29th Street
Rendering

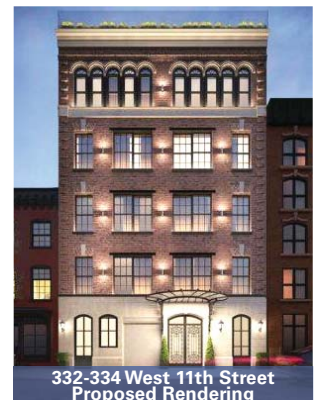


Midtown South (cont'd)

New to Market

332-334 West 11th Street (West Village) – Property owner Jack Jakub has reportedly introduced the sale offering of the 5-story, 24,840-square-foot parking garage at an asking price of \$49.95 million (\$2,011 per square foot). The property located between Washington and Greenwich Streets is being marketed as a potential mega-mansion opportunity according to reports. The building features 13-foot ceiling heights and 50-feet of frontage; and reportedly offers buildable space on the roof for a “setback penthouse with an outdoor space.”

116-120 West 13th Street (West Village) – The New School has reportedly introduced the sale offering of the 7-story, 32,000-square-foot dormitory to the market at an asking price of \$40 million (\$1,250 per square foot). Located between 6th and 7th Avenues, the property that will be delivered vacant was acquired by the school in 2001 for an undisclosed price. The property is currently being marketed as a potential residential or commercial (such as a hotel) conversion opportunity. However under current zoning, a reported maximum of 16,000 square feet, or about 50%, of the building can be converted to residential use; and although a special variance could be sought, approvals might require a portion of the units be designated for affordable housing. As an alternative, a redevelopment into a single-family residence would be able to reduce square footage by removing floors, thereby creating “towering interior ceiling heights.”



Midtown South (cont'd)

Pending Site Sales

297-303 First Avenue aka 347-353 East 17th Street (Gramercy Park) – The joint venture of GFP Real Estate and Meadow Partners have reportedly agreed to purchase the 24-story, 200,000-square-foot former **Gilman Hall** building for \$81 million. New ownership plans to renovate and reposition the 156-unit building into a 650-bed student dormitory. The building that dates back to 1969 formerly housed medical students and doctors that were in training under the supervision of an attending physician until it was vacated in June 2016. Mack Real Estate Credit Strategies will be providing a \$130 million loan package to fund the purchase and redevelopment costs according to reports.

Seller CIM Group had acquired the building in March 2017 from Mount Sinai Beth Israel for \$46.5 million, paying an additional \$40.5 million for an adjacent 4,078-square-foot parking lot fronting East 17th Street; and (4) 4-story structures totaling 20,715 square feet along 1st Avenue. The combined \$87 million acquisition had been financed with a \$35 million mortgage provided by Pacific Western Bank according to city records. The sale by the healthcare provider was part of a larger, future plan to close the east side **Beth Israel Hospital** campus; and sell a portion of the multi-block site primarily bound by 1st Avenue and N D Perlman Place between East 15th and 17th Streets. CIM's sale to the JV reportedly excludes the additional development sites.

Recently Sold Sites

241-251 West 28th Street / 250 West 29th Street (Chelsea) – L&L MAG, the partnership of MaryAnne Gilmartin and L&L partners David Levinson and Robert Lapidus launched in 2018 will be making its development debut following the securing of a reportedly 99-year ground lease for the 4-parcel, 29,515-square-foot block-through assemblage from fee-owner Edison Properties. The partnership will reportedly be paying a base rent of \$7 million per year with gradual increases, putting the deal value in the range of \$150 to \$170 million (\$403-\$457 per buildable-square-foot) according to reports. L&L MAG is reportedly planning to construct a 22-story, roughly 372,000-square-foot mixed-use development. New construction will host 460 residential units, of which 30% will be designated for affordable housing under the Affordable New York Housing Program (ANYHP), and ground level retail space. Atalaya Capital Management and Australia-based Qualitas will reportedly join the project as investment partners.

601-635 West 29th Street / 600-602 West 30th Street (Chelsea) – Douglaston Development closed on a 99-year ground lease running through November 26, 2117 in late November, paying roughly \$129.609 million. The developer plans to construct a 58-story, 960,000-square-foot mixed-use development on the L-shaped 61,719-square-foot parcel that spans the entire 11th Avenue block-front between West 29th and 30th Streets. The 637-foot-tall structure will host 990 residential units spread across 905,000 square feet, 15,000 square feet of retail space; 21,000 square feet for up to 198 parking spaces; and may also include 12,500 square feet for an FDNY EMS facility. Under the Mandatory Inclusionary Housing (MIH) program the tower's rental units will reportedly be 75/75 mixed-income.



In June, approvals were secured to transfer a total of roughly 123,437 square feet of unused development rights from the Hudson River Park's **Chelsea Piers Sport & Entertainment Complex** — Piers 59, 60, and 61, allowing the developer to increase the scope of the estimated \$580 million project. The development will benefit from a 35-year, 100% tax exemption through the Affordable New York Housing Program (ANYHP). Douglaston recently entered the lender market, seeking in the neighborhood of \$415 million in construction financing according to December reports. Redevelopment plans of the formerly operated Edison ParkFast go back to December 2014; however Edison has apparently opted to abandon its own plans to construct a pair of 15-story, mixed-use developments despite filing permit applications. A 33,073-square-foot Manhattan Mini Storage facility, also operated under the umbrella of Edison Properties, and a small office building fronting West 29th Street were previously demolished to make way for the 314,013-square-foot complex expected to host 323 residential units and 6,064 square feet of commercial space.

140-146 West 24th Street (Chelsea) – Magna Hospitality Group acquired the 7,406-square-foot site located between 6th and 7th Avenues for roughly \$112.608 million in early January. The parcel last traded in October 2017 upon seller McSam Hotel Group purchasing the former (2) tax lot assemblage for \$61 million; but has apparently decided to abandon plans to construct a 45-story, 172,767-square-foot **Hyatt Place-branded** hotel development despite securing project approvals in June. It is uncertain if Magna plans to proceed with existing plans per the Department of Buildings filing which details a 416-foot-tall structure that will host 510-keys spread across 140,548 square feet. Since the project located within an M1 industrial district had already broken ground, it will not be affected by the recently approved legislation requiring a City Planning Commission Special Permit for new hotels within M1 manufacturing districts sparked by concerns of an influx of new hotel development within the district; and intended to achieve a balanced mix of uses and jobs.



Midtown South (cont'd)

Projects on the Horizon

244-260 Eleventh Avenue aka 550-558 West 27th Street / 549-555 West 26th Street (Chelsea) – Vornado Realty Trust reportedly submitted plans in January to the Landmarks Preservation Commission (LPC) for a proposed redevelopment of the 2-parcel assemblage located within the West Historic Chelsea District. Project plans call for “an expanded upper section on top of the existing landmarked 7-story, 154,433-square-foot **Otis Building** that spans the entire 11th Avenue block-front between West 26th and 27th Streets; as well the ground-up construction of an 11-story building on the rear parking area on the eastern portion of the 34,198-square-foot parcel to go by the address **550 West 27th Street**. In addition, the 6-story, 51,350-square-foot **John Williams Building** on the adjacent parcel fronting West 26th Street will undergo an exterior renovation and refurbishing to include new brickwork, windows, large glass partitions at ground level, and a rooftop garden.

The new structure’s design to include setbacks on the 7th level where a pair of outdoor terraces will be created; as well as a cantilevered section above the West 26th Street building. An integration of the (3) buildings has also been proposed to allow for the creation of “sizable and flexible floor plates with easy navigational corridors.” A total of 285,000 square feet of office-and-retail space plus underground parking will result if plans move forward as proposed. Vornado acquired the (2) properties for \$36.725 million in July 2015 according to city records.



550 West 27th Street / View of East Elevation - Rendering

339-345 East 33rd Street (Kips Bay) – Excel Development is reportedly planning to construct a 155-unit, 123,000-square-foot residential development. Rezoning approvals were secured in June from the Department of City Planning and the city council opening the door to the project that is about double in size than what the site’s as-of-right zoning would have allowed according to reports; and will require that 40, or about 25% of the units be designated as permanently affordable under the Mandatory Inclusionary Housing (MIH) program. The Queens-based developer acquired the 4-parcels located between 1st and 2nd Avenues through (3) transactions between 2015 and 2018 for a combined total of \$26.3 million. An additional 12,247 square feet of development rights was acquired in December from adjacent 337 East 33rd Street. Emerald Creek Capital 3, LLC provided a \$17 million financing package in mid-December that included the assumption of roughly \$8.666 million in existing financing provided by Valley National Bank and a newly provided \$8.334 million gap mortgage according to city record documents.



339-345 East 33rd Street Rendering

Midtown South (cont'd)

Projects on the Horizon (cont'd)

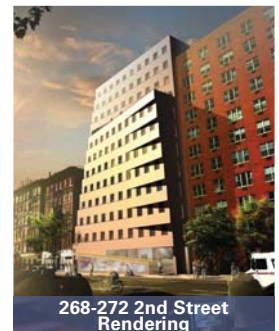
Gansevoort Peninsula (MePa) – The planned redevelopment of the 5.65-acre outcrop off Manhattan’s West Side will give rise to a “large green oasis, complete with a soft edge and beach on the southern side” according to a brief overview of the project post on Hudson River Park Trust’s (HRPT) website, overseers of the 5-mile long park that runs along the Hudson River on Manhattan’s west side. Located at the intersection of Bloomfield Street and the last remnant of **13th Avenue**, between Little West 12th and Gansevoort Streets, the site is built on solid ground, as opposed to a pier. A demolition of the existing structure that housed the Department of Sanitation’s former salt repository was overseen by the Department of Design and Construction; as well as a soil remediation to make way for the project.



Construction is expected to begin in 2020 following scheduled public hearings soliciting feedback prior to producing the final proposal, with expected completion about 2-years later. A public art project commissioned by nearby Whitney Museum will be installed on the site that will also serve as a protective barrier against flooding and storm surge. Funding for the new waterfront amenity will come from a combination of state, city and private funding, as well as the Hudson River Park Friends — the designated fundraising partner of HRPT. In addition HRPT will tap into a portion of the \$152 million secured by HRPT through (3) air rights sales, which although unverified likely includes the \$58 million sale of the combined total of 158,000 square feet of air rights in June for a pair of projects between West 29th and 30th Streets being developed separately by Douglaston Development and Lalezarian Properties; and 200,000 square feet sold for \$100 million to developers Westbrook Partners and Atlas Capital Group for the project at the former **St. John’s Terminal Building**, which now includes Oxford Properties Group as a third developer at the site.

Created by the city in 1837 following a law enacted by New York State to “establish a permanent exterior street in the city of New York along the easterly shore of the North, or Hudson’s River,” what became reportedly Manhattan’s shortest numbered avenue was short lived, 13th Avenue subsequently destroyed by order of the city with only a single block that remains. Originally encompassing nearly 15-blocks that extended from West 11th Street to West 25th Street, plans to extend 13th Avenue all the way to West 135th Street never moved forward due to New York’s need to upgrade its piers around the turn of the century to accommodate large steam liners such as the Lusitania and the Titanic. While most of the stretch of 13th Avenue was condemned by the city, the section on the west side of West Street below 22nd Street where the **West Washington Market** stood could not be condemned; and so it remained, becoming officially known as the Gansevoort Peninsula. Over the years following the 1954 demolition of the (10) 2-story structures that made up the market, the site has been used by the sanitation department.

530-534 Sixth Avenue aka 63-69 West 14th Street / 536-540 Sixth Avenue (Flatiron/West Village) – China-based Landsea Homes and DNA Development pre-filed applications in mid-February for a proposed 12-story, 86,295-square-foot mixed-use development. The 144-foot-tall structure will host 50 residential units spread across 57,161 square feet and 6,237 square feet of commercial space. New construction will rise on the 2-parcel, 8,437-square-foot assemblage to co-developers acquired in September 2018 for \$52.75 million from Extell Development. A \$97 million senior and mezzanine loan was reportedly provided by Mack Real Estate to finance the transaction. Last trading in December 2015 for \$60 million, the existing 4-buildings — one of which served as the home of the **Moscot Eyewear** store, will need to be demolished prior to construction breaking ground.



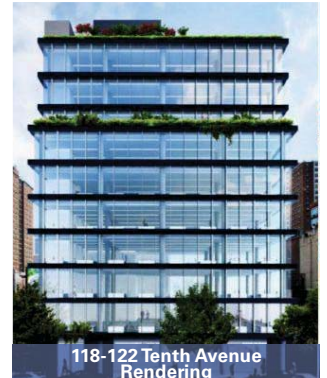
268-272 2nd Street (East Village) – New York-based Barrier Free Living is planned to construct a 12-story, 65,000-square-foot development on the site of its existing 3-story, 17,405-square-foot facility. The non-profit that provides temporary and permanent housing for adults with significant physical disabilities has yet to file plans for the estimated \$30 million project that will host a mix of 74 housing units, administration offices, a private garden, and a 9th floor terrace.

Midtown South (cont'd)

Project Plans in Progress

118-122 Tenth Avenue / 116 Tenth Avenue / 453-455 West 17th Street (Chelsea) – Real Estate Equities Corp. under the entity REEC 118 10th Avenue LLC filed new building applications in December for a 10-story, 109,573-square-foot commercial building. The 135-foot-tall structure will host 86,615 square feet of office space. New construction will rise on the 16,748-square-foot assemblage, but demolition permits have yet to be filed for existing commercial structures.

- 118-122 Tenth Avenue – A 99-year leasehold that runs through January 2116 was secured in January 2017 for the 6,883-square-foot parcel plus a portion of adjacent 124 Tenth Avenue for \$12.084 million from longtime fee-owner Benny Barmapov according to city records. A financing package provided in October 2018 by Loan Funder LLC consolidated the refinancing of a \$10 million leasehold mortgage, also provided by Loan Funder in 2017, with a newly provided \$3.25 million leasehold gap mortgage.
- 116 Tenth Avenue / 453-455 West 17th Street – The developer entered into contract in January 2018 to purchase the 2-parcel, 7,048-square-foot assemblage for an undisclosed price.



One Madison Avenue (NoMad) – The as-of-right redevelopment by SL Green Realty of the existing 13-story, 1,176,911-square-foot structure will increase the building density to nearly 1.5 million rentable square feet. By using 218,000 square feet of available development rights, and reducing the building to its existing 9th floor, it will open the door to an 18-story vertical expansion featuring 32,000 to 35,000 rentable-square-foot floor plates, with 60-foot column-free clear spans, and 14'-3"-foot floor-to-floor heights throughout. As part of the project several private tenant terraces will be created on the top of the tower. Additional work done on the interior and exterior of the existing podium will include a lobby revitalization, modernization of core elements; as well as the activating of retail space, a multi-purpose auditorium, and below-grade space to create a seamless experience according to the REIT's press release in early December. Demolition and construction are expected to start in 2020/2021 following the expiration of existing tenant leases.



120-124 Lexington Avenue (NoMad) – The planned redevelopment of the 3-parcel, 4,645-square-foot assemblage at the corner of East 28th Street has taken a new direction, developer Skyland Management filing applications in early January for a 10-story, 37,782-square-foot mixed-use development. The 95-foot-tall structure will host 48 residential units spread across 31,000 square feet and 2,300 square feet of retail space. In contrast, a pre-filing submitted in July detailed a proposed 9-story, 37,911-square-foot mixed-use development to host (6) residential units, 34,088 square feet for a 48-room extended-stay hotel, and 2,323 square feet of community facility space. Demolition permits have already been secured for the trio of existing 4-story buildings to make way for new construction.

171 Bowery (Lower East Side) – Prime Manhattan Development filed new building applications in January for a 10-story, 21,171-square-foot commercial development. The 2,565-square-foot parcel located steps off Delancey Street; and about (5) blocks north of the multi-building **Essex Crossing** development, was acquired by the developer (dba MM Bowery LLC) in June 2017 for \$6 million. A \$6 million acquisition loan was provided by Gamla Cedron Financing LLC to close on the transaction according to city records. Demolition permits had yet to be filed for the existing 4-story, 5,696-square-foot mixed-use building.

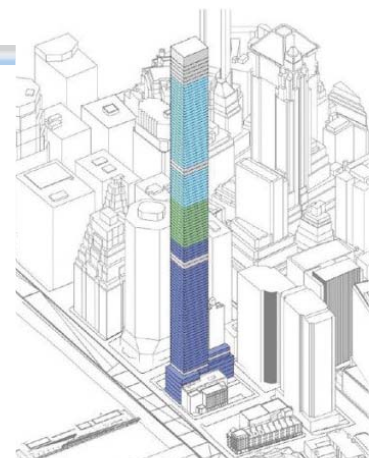


Downtown Development

New to Market

80 South Street / 163 Front Street aka 34-40 Fletcher Street (FiDi) – Beijing-based China Oceanwide Holdings has reportedly introduced the sale offering of the development site, hoping to fetch in the neighborhood of \$300 million. The company’s U.S. subsidiary acquired the 2-parcel, 14,701-square-foot assemblage in March 2016 for \$390 million, having last traded in 2014 for a combined total of \$124 million. The sale included 303,113 square feet of development rights, representing a majority of 333,329 square feet of development rights that seller Howard Hughes Corporation had purchased in December 2014 for roughly \$30.812 million (\$92 per square foot) through the South Street Seaport Sub-district’s Transfer Development Rights Bank (TDR Bank).

Currently the site is reportedly zoned for a mixed-use building up to 818,000 square feet, China Oceanwide securing demolition permits in May 2017 for the existing 6-story, 43,818-square-foot commercial and 10-story, 58,500-square-foot warehouse structures. However despite proposals reportedly in the works for a project that was expected to reach a linear height as high at 1,436-feet, new building applications were never filed. Plans to abandon the project come amid financial setbacks prompting the “conglomerate’s principal operating entity” to put a hold on a further capital investment towards construction of the development according to reports.



80 South Street - Massing Diagram

Project Plans in Progress

82-88 Wall Street aka 118 Water Street (FiDi) – New York-based developer Actium Development Company filed permit applications in late December for a planned office-to-hotel conversion of the 13-story, 102,541-square-foot building. As part of the project the existing structure will undergo a single-story vertical expansion, adding 12,356 square feet and increasing linear height by 46-feet to create a total building density of 130,410 square feet at a linear height of 195-feet. The new hotel will host 181-keys spread across 109,659 square feet. Ownership of the building is currently listed on city records under the Delaware registered entity 88 Wall Street LLC.



Downtown (cont'd)

Project Plans in Progress (cont'd)

Ronald O. Perelman Performing Arts Center at the World Trade Center (World Trade Center) – In December the performing arts center (PAC) reportedly received \$89 million in funding from the Lower Manhattan Development Corp. (LMDC) and the U.S. Department of Housing and Urban Development (HUD). The funding for the estimated \$250 million project is in addition to the \$75 million donation gifted in 2016 by billionaire philanthropist and former chairman of the Carnegie Center, Ronald Perelman, which resurrected plans along with a renaming of the center.

Construction restarted last February on the structure that will rise within the World Trade Center complex after delays seem to intermittently stall the project. The pace of work began to proceed more steady following news that Governor Cuomo had officially allowed construction of the PAC, resulting in the Port Authority of New York and New Jersey (PANYNJ) agreeing to a 99-year lease with not-for-profit World Trade Center Performing Arts Center, Inc. (WTCPAC) at \$1 per year in a deal that includes a 99-year extension option at the “same terms or transfer of ownership of the site to the performing arts center at some point in the future for \$1” according to reports at the time. A payment of \$48 million from the funding WTCPAC received from LMDC will go the PANYNJ to cover the cost of the below-grade construction that the agency is completing, which is needed to support the above ground performing arts facility. An easement was required for a portion of the Fulton Street sidewalk to allow construction of PAC, PANYNJ reportedly agreeing to work with the City of New York to secure it.



Ronald O. Perelman
Performing Arts Center - Rendering

The 90,000-square-foot building’s exterior made of translucent marble laminated between 2-layers of glass will give it a subtle appearance during the day and allow natural light to enter its interior; while creating an outward luminous amber light in the night. The marble will reportedly be from the same quarry used for the Jefferson Memorial and U.S. Supreme Court. The 3-story cube-shaped structure will sit atop an elevated podium in order to accommodate other World Trade Center complex infrastructure below, including a portion of the World Trade Center’s Vehicle Security Center.

Tentatively slated to open sometime in 2021, a total of 3-dedicated performance theaters on the 3rd floor will provide seating for 499, 250, and 99 people; and will have the flexibility of being combined in 11-ways offering almost limitless possibilities — separated by acoustic “guillotine” walls and baffles to facilitate reconfigurations to accommodate up to 1,200 people. In addition, there will be a rehearsal space that can be utilized as a 4th venue. The 2nd floor will be reserved for performers and house dressing rooms and rehearsal studios. The 1st floor lobby will have a café space that will also have the flexibility to be configured for small performances as well as a gathering place; and a public plaza will be created between the PAC and One World Trade Center.



Uptown Development

Soon to be Constructed UES Medical Building Secures Tenant

Although ground-breaking has yet to take place, the planned 6-story, approximately 80,000-square-foot medical development at **323 East 61st Street** has secured a tenant for the entire building. Set to rise mid-block between 1st and 2nd Avenues, healthcare provider **Memorial Sloan Kettering** has reportedly committed to a 30-year triple-net lease for the space that has an asking rent of \$70 per square foot, with a tentative occupancy of mid-2020. Co-developers William Macklowe Company and LaSalle Development will be constructing the new Upper East Side building on the 9,917-square-foot site they control under a 99-year ground lease extending through April 2117, which was secured in May for \$25.25 million (\$316 per buildable-square-foot) from the Redemptorist Fathers of NY. The deal includes the right of first offer to purchase the fee according to city record documents. Demolition permits were secured in August for the existing 4-story, 13,972-square-foot structure that served as the rectory for Our Lady of Perpetual Help church which shuttered in 1998.

Recently Sold Sites

1639-1641 First Avenue (Upper East Side) – Extell Development appears to be nearing completion of the piecing together of a 10-parcel assemblage fronting the entire 1st Avenue block-front between East 85th and 86th Streets in the Yorkville section of the neighborhood. In January, the developer acquired the pair of adjacent parcels through (2) transactions from the Estate of William E. Purdy for a combined total \$14.85 million according to city records, leaving **1645 First Avenue** as the only remaining piece to the puzzle. New building applications filed in February 2017 by the seller for a planned 18-story, 50,126-square-foot mixed-use development to host 27 residential units and 1,983 square feet of retail space on the ground and cellar levels have apparently been abandoned. Although demolition permits were filed by Extell for the existing low-rise mixed-use buildings, plans for the site have yet to be revealed. Extell began the acquisition of the (9) sites currently owned in 2014 when the purchase of (5) parcels for a combined total of \$64.325 million was completed. The remaining sites, plus additional air rights were purchased between 2016 and 2019.

Location	Sold Price	Acquisition Year	Parcel Sq. Ftge.
351 East 85th Street	\$11MM	2014	2,500 SF
1643 First Avenue	\$6.2MM	2014	1,875 SF
1647 First Avenue	\$18.125MM	2014	1,875 SF
1649 First Avenue	\$18.125MM	2014	1,875 SF
1651 First Avenue aka 352 East 86th Street	\$10.875 MM	2014	2,317 SF
342-350 East 86th Street	\$93MM	2016	12,825 SF
Site of former Gristedes supermarket which has already been demolished; can accommodate 128,250 buildable square feet			
353-355 East 85th Street	\$16MM	2018	1,875 SF
1639 First Avenue	\$6.35MM	2019	1,875 SF
1641 First Avenue	\$8.5MM	2019	1,875 SF
Development Rights			
336 East 86th Street ¹	\$10.125MM	2016	39,644 SF
¹ 39,644-square-foot allocation of floor area development rights (\$255 psf)			
340 East 86th Street ²	\$4MM	2016	12,644 SF
² 12,644-square-foot allocation of floor area development rights (\$316 psf)			
Total	\$202.3MM		67,430



Uptown (cont'd)

Projects in Progress

1780-1794 First Avenue aka 401-403 East 92nd Street (Upper East Side) – Fetner Properties filed new building applications for a 50-story, 342,612-square-foot mixed-use development to be constructed in the Yorkville section of the neighborhood. The 530-foot-tall structure will host 339 residential units spread across 325,650 square feet and 4,718 square feet of community facility space. The permit filing comes more than one year since the developer was selected as the winning bidder for the project that will join the existing 2-building, 540-unit public housing complex known as **Holmes Towers**. The New York City Housing Authority (NYCHA) and the Department of Housing Preservation & Development (HPD) had released a request for proposal (RFP) in July 2016 seeking a developer for the project that will replace an existing playground on the 121,100-square-foot parcel. According to details posted within the RFP, the residential units are to be split between permanently affordable and market-rate. The project is one of the latest to be launched in an effort to utilize underused public land for the construction of new housing to help generate funds for much-needed repairs to existing projects as part of NYCHA's **NextGeneration Neighborhoods** housing program.

323 East 79th Street (Upper East Side) – Spruce Capital Partners filed new building applications in January for a 17-story, 35,045-square-foot residential development located within the Yorkville section of the neighborhood. The 214-foot tall structure will host 15-units spread across 31,219 square feet, the majority of which to be full floor. New construction will rise on the 2,767-square-foot parcel the company acquired in 2017 for \$12.75 million (\$364 per buildable-square-foot). Demolition permits have been filed for the existing 4-story, 8,084-square-foot commercial building.

760 Madison Avenue (Upper East Side) – Italian fashion designer Giorgio Armani is planning to redevelop its 4-story, 24,828-square-foot flagship store into a mixed-use building. The project to be co-developed in partnership with landlord SL Green Realty will give rise to a 13-story, 91,179-square-foot structure according to new building applications filed in February. In addition to a new Armani 19,387-square-foot flagship on the 189-foot-tall building's base levels, a total of 19 high-end residential units spread across 66,811 square feet will be constructed on the upper floors. A series of setbacks will be incorporated into the building's design, allowing for the creation of a series of landscaped terraces. Planning to reside in the newly developed building, the designer will oversee the units' interior designs as well according to reports. Work is reportedly expected to begin sometime in 2020 with a tentative 2023 delivery. SL Green acquired the building located on the corner of East 65th Street in July 2014 for roughly \$28.242 million (\$1,137 per square foot) according to city records.





Upper Manhattan Development

East Harlem Rezoning Anticipated to Further Drive New Development Pace

West Harlem has longtime been in the spotlight as the construction of several notable developments got underway; while new construction activity east of 5th Avenue has significantly lagged behind the more robust revitalization to the west. However following the November 2017 sign-off by the city council of a rezoning of the 96-block area in East Harlem, intended to incentivize the construction of affordable housing by allowing higher building densities; as well as the creation of the **Opportunity Zones Program** as part of the federal government's **Tax Cuts and Jobs Act** enacted in 2017, the east-side neighborhood is expected to have its turn in the spotlight. In addition, as part of the rezoning a \$222 million city investment into the community will include \$101 million in funding towards the creation of a new park between 125th and 132nd Streets.

Looking ahead, the Metropolitan Transportation Authority (MTA) is expected to launch the design phase of Phase II of the **Second Avenue Subway** following a "Finding of No Significant Impact" issued by the Federal Transit Authority in November. The project tentatively expected to be completed between 2027 and 2029, with the possibility of beginning some construction by the end of 2019, will upon full construction completion extend the Q-line from 96th Street and 2nd Avenue to East 125th Street, where it will turn west to Lexington and Park Avenues to connect with the Lexington Avenue line and Metro-North Railroad. New stations will be built along 2nd Avenue at 106th and 116th Street, as well as on Lexington Avenue at 125th Street.

However some concerns have been sparked among preservation and neighborhood advocacy groups regarding the potential impact on the area's long-term residents, anticipating the likelihood of rising housing prices. As investors embrace the incentives spurring an increased volume of new development, the spread between average apartment prices in Harlem and the rest of Manhattan has considerably narrowed — a trend that is expected to continue according to reported comments by industry sources.

The roster of new developments in different stages of planning and construction continues to grow within East Harlem, including several larger projects such as:

- **201-203 East 125th Street aka 2305-2307 Third Avenue** – The Richman Group filed new building applications in December for a planned 19-story, 460,313-square-foot mixed-use development. The 210-foot-tall tower will host 404 residential units spread across 359,479 square feet, 60,732 square feet of commercial space, 491 square feet for community facility use, as well as a 9,990-square-foot plaza area. The development is the second constructed by Richman as the first phase of the large mixed-use development conceived under the Bloomberg administration dubbed **E125** (formerly East Harlem Media Media, Entertainment and Cultural Center), having completed construction in 2011 of **Metro125**, an 8-story, 49-unit mixed-use development at 200 East 125th Street

East Harlem Rezoning (cont'd)

- **Sendero Verde:** The mixed-use multi-building project that will be Passive House certified is part of the city-backed **Sustain NYC** program. Upon full construction completion it will be the largest passive house in the U.S.; and will host 699 affordable units, of which 163-units will be permanently affordable under Mandatory Inclusionary Housing (MIH) stipulations, plus 79-units set aside for senior housing. In addition the 2017 proposal revealed plans for a **YMCA**, a supermarket and restaurant, a community component that will include an 85,000-square-foot **Dream** charter school, medical space operated by **Mount Sinai Health System**, space for **Union Settlement**, and a job training hub for the Upper Manhattan neighborhood according to recent reports.

Co-developers Jonathan Rose Companies and L+M Development partners are leading the development of the complex, having been selected as the winning bidder of a request for proposals (RFP) launched by the city administration and the New York City. New construction will rise on the city-owned land that spreads across the majority of a full block bound by East 112th and 111th Streets to the north and south, and Park and Madison Avenues to the east and west except for a vacant lot at 91 East 111th Street and a 4-story building at 1679 Madison Avenue. Department of Housing Preservation and Development (HDP) in May 2016.

- **1681 Madison Avenue** – New building applications were filed in June for 37-story, 385,477-square-foot mixed-use development. The 419-foot-tall structure will host 384 residential units spread across 318,885 square feet and 27,906 square feet of commercial space.
- **60 East 112th Street** – Permits were filed in early February for the 15-story, 698,902-square-foot mixed-use development. The 219-foot-tall structure will host 315 residential units spread across 545,566 square feet, 27,750 square feet of commercial space, and 95,585 square feet designated for community facility use.



- **1800 Park Avenue** – The 5-parcel, 36,281-square-foot assemblage was acquired by the Durst Organization in 2016. Redevelopment of the site that can accommodate up to 600,000 buildable square feet has remained stalled since initially envisioned by its former owner in 2013. Located at the southwest corner of East 125th Street right next to the elevated Metro-North line, project designs are expected to start from scratch for the 421-a-eligible site that is shovel-ready with footings already poured; and although yet to be finalized, new plans will likely include a significant amount of affordable housing.
- **1399 Park Avenue** – The 23-story, 114,000-square-foot mixed-use development nearing construction completion at the corner of East 104th Street by Heritage Real Estate Partners will host 72 residential condominiums and 19,000 square feet of community facility space.
- **2023-2037 Fifth Avenue aka 1-9 East 125th Street** – Reports in September 2017 indicated that L+M Development Partners was seeking rezoning approvals that would reportedly more than triple the site's current allowable buildable square feet. If approvals are secured it will open the door to the developer's proposed 20-story, 241,677-square-foot mixed-use development that will host 240 residential units, of which between 20 to 30% will be designated for affordable housing, about 25,000 square feet of retail space, and a new 30,000 square foot theater to serve as the new home of the **National Black Theatre** which currently housed on the site.
- **2211-2217 Third Avenue** – The 11-story, 107,667-square-foot mixed-use development is currently under construction by HAP Investments. The 116-foot-tall development will host 108 residential rental units and 12,561 square feet of retail space. A grocery store named Super Fi Emporium to be operated by local company A&J Supermarket will occupy the entire retail component at the base of the building, the developer opting to take advantage of the city's **Food Retail Expansion to Support Health** (FRESH) program that offers tax breaks and zoning incentives to projects that include food markets in low-income areas in exchange for density bonuses.





1681 Madison Avenue - Rendering



2211-2217 Third Avenue - Rendering



1880-1918 First Avenue - Rendering



146-158 East 126th Street - Rendering



225 East 126th Street - Rendering



127 East 107th Street - Rendering

East Harlem Rezoning (cont'd)

- 2460 Second Avenue** – The proposed redevelopment of the city-owned 105,505-square-foot property into a 1.1 million-square-foot mixed-use development took a major step forward in September 2017 upon the New York City Economic Development Corporation securing a statement of approval by the city council. Proposed plans include the creation of 655,215 square feet to house up to 730 residential units — of which 50% will be designated for affordable housing, 315,000 square feet for retail-and-office use, plus 30,000 square feet of community facilities space of which 50% would be dedicated to a Harlem African burial ground memorial. The project will also include a 300-car above ground, indoor parking garage and an 18,000-square-foot outdoor space. A rezoning will be required for the site that most recently served as a bus depot; and currently hosts a 105,000-square-foot structure that was leased by the Metropolitan Transportation Authority (MTA) until the lease expired in early 2016.
- 1880-1918 First Avenue aka 401-403 East 97th Street** – SKA Marin is constructing for the **Metropolitan Hospital Center** the 16-story, 131,316-square-foot residential development to go by the address 1912 First Avenue. The 163-foot-tall structure replaces the center's parking lot between East 97th and 99th Streets; and will host 153 affordable housing units plus 650 square feet of community facility space.
- 146-158 East 126th Street** – Leasing was launched last year at the 11-story, 233-unit mixed-use building developed by the Blumenfeld Development Group. The 80/20 project dubbed **The Smile** includes roughly 34,444 square feet of commercial space on the first 2-floors of the building; and was constructed on the 126th Street side of the developer's existing **Gotham Plaza** retail complex at 149-169 East 125th Street, with a portion of the new tower cantilevering over the 120,000-square-foot plaza.
- 225 East 126th Street** – The 3-story, 139,333-square-foot **Proton Beam Therapy Facility**, the first in New York State, was expected to treat its first patients in February. Developed by the consortium of Memorial Sloan-Kettering Cancer Center, Montefiore Medical Center, Mount Sinai Hospital, and multi-specialty physician group practice ProHEALTH, the facility is "expected to treat 1,400 patients annually and employ 125 people, including a mix of high-and low-skill jobs."
- 127 East 107th Street / 1465 Park Avenue** – Co-developers L+M Development Partners and Tahl Propp Equities are developing the 15-story, 474,593-square-foot mixed-use development. The 400-unit Section-8 housing project dubbed **Lexington Gardens II** broke ground in 2017; and will also include 29,099 square feet of retail space, 46,625 square feet of community facility space to reportedly house non-profits Northside Center for Child Development and Union Settlement in 35,000 square feet and 3,000 square feet respectively, and a 2-level parking garage.

Upper Manhattan (cont'd)

Recently Sold Sites

1986-1998 Second Avenue (Harlem) – Bolivar Development has reportedly purchased the 7-parcel, 16,342-square-foot assemblage for \$28.5 million (\$269 per buildable-square-foot). The deal reportedly attracted a price slightly below the \$28.55 million paid through multiple 2015 transactions by seller Bonjour Capital. The site spans nearly the entire 2nd Avenue block-front between East 102nd and 103rd Streets with the exclusion of the East 102nd Street corner property at 1984 Second Avenue. New ownership is planning to construct a 160-unit residential development on the site that can reportedly accommodate up to 106,000 buildable square feet; and runs along the path of Phase 2 construction of the **Second Avenue Subway**, which began the preliminary design phase in mid-2018 in preparation for the extension of the Q-train to 125th Street.

Projects on the Horizon

260-270 West 126th Street (Harlem) – Preliminary renderings have been released for a proposed mixed-use development to be constructed on the 12,490-square-foot parcel located between Frederick Douglass and Adam Clayton Powell Boulevards. Although new building applications have yet to be filed, initial designs reveal a 42-story, 385,000-square-foot structure that is reportedly expected to host a mix of a 34-story residential component, 1,300 square feet of commercial space, a 3-story theater. In addition a church will be located on the ground floor, likely serve as the new home of longtime owner the Thomas Memorial Wesleyan Methodist Church, which is currently housed in a 2-story, 7,494-square-foot church on a portion of the site, with the remainder of the property utilized for parking that appears to be operated by a 3rd party.



260-270 West 126th Street
Rendering

Projects in Progress

2418-2424 Amsterdam Avenue / 2430-2436 Amsterdam Avenue (Washington Heights) – Youngwoo & Associates broke ground in November on the 22-story, 289,915-square-foot mixed-use development, having initially filed plans for the project dubbed **Radio Tower & Hotel** in May 2016. In January Shanghai Commercial Bank provided \$130.3 million in financing which included the assumption of a \$14.6 million senior loan provided by HSBC Bank in June 2014, a roughly \$70.462 million building loan, and a \$45.538 million project loan. The 263-foot-tall structure will host 145,000 square feet of office space, 8,000 square feet of ground level retail space, and a 221-key, 93,000-square-foot hotel component. The project reportedly represents the “first significant mixed-use development in Washington Heights in almost 50-years.” An 8,000-square-foot courtyard will be created in the center of the building, as well as 11,000 square feet of event space; and due to the site’s location near Yeshiva University, a portion of the building is being designed to cater to Orthodox Jewish visitors and families.



2418-2424 Amsterdam Avenue
Rendering

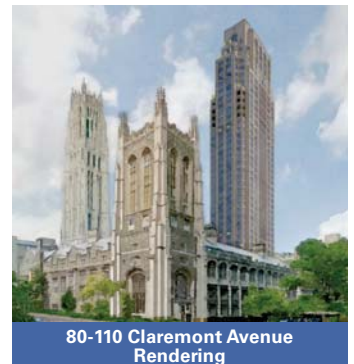
The developer acquired the 2-parcel, 32,925-square-foot assemblage spanning the entire Amsterdam Avenue block-front between West 180th and 181st Streets through two transactions in 2013 for a combined total of \$18 million according to city records. A sought zoning variance of the site that formerly hosted a gas station was secured from the city to allow for a larger office component than permitted by current zoning, opening the door to the mixed-use project that otherwise may not have moved forward since demand for hospitality did not warrant construction of a nearly 290,000-square-foot hotel development according to reports. Asking rents for the office space will reportedly be in the mid-\$50s per square foot, but the net effective rent could reportedly be lowered by about 40% (somewhere in the \$30s per square foot range) due to tax incentives such as the Industrial and Commercial Abatement Program (ICAP) and the Relocation and Employment Assistance Program (REAP).



Upper Manhattan (cont'd)

Projects in Progress (cont'd)

80-110 Claremont Avenue (Morningside Heights) – Construction firm Lendlease, reportedly in partnership with L+M Development Partners, filed new building applications in December for a 42-story, 347,409-square-foot mixed-use development. The 466-foot-tall structure will host 175 residential units spread across 254,114 square feet and 24,605 square feet of community facility space. New construction will rise on the northern West 122nd Street quadrangle of the full block 90,734-square-foot site owned by the Union Theological Seminary. The co-developers will reportedly be acquiring air rights from the religious organization from the site that has an allowable usable floor area of 546,219 square feet minus the 176,931 square feet spread across a trio of existing buildings. The seminary intends to purchase space within the building for offices, classrooms and faculty housing, while the remainder of the space will deliver private market-rate condos according to reports.



80-110 Claremont Avenue
Rendering

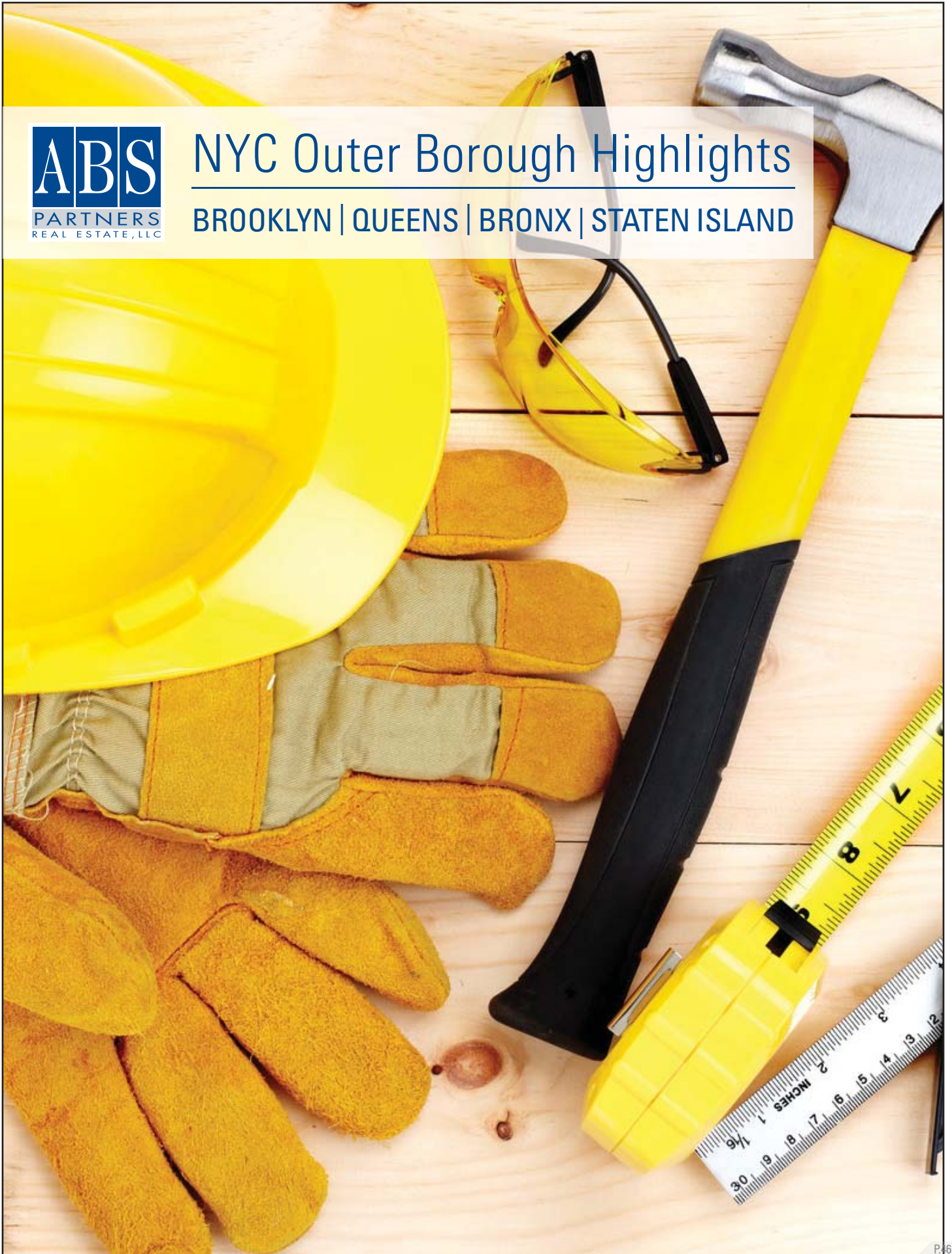
Reports of the seminary considering the sale of 350,000 square feet of air rights initially surfaced back in December 2015; however protests from students and alumni reportedly delayed final decisions. Funds raised from the air rights sale are intended to finance \$125 million in much needed renovations of the 119-year-old campus' aging academic buildings; and to safeguard the seminary's over \$100 million endowment for student scholarships according to reports at the time. In October Union Theological raised additional funding by selling a 7-story, 78,397-square-foot building located directly across the street from its main campus at **97-101 Claremont Avenue** to Riverside Church. The sale of the property which the seminary used as a dormitory attracted \$46.5 million (\$593 per square foot); and as part of the deal, Union Theological will reportedly lease back the building for 5-years.

2252-2254 Third Avenue (Harlem) – New building applications were filed in February under the entity 2252 Third Avenue LLC for a planned 20-story, 60,681-square-foot mixed-use development. The 212-foot-tall structure will host 61 residential units spread across 43,238 square feet and 6,702 square feet of retail space. The developer entered into contract October 2018 to purchase the 5,092-square-foot parcel located between East 122nd and 123rd Streets, but has yet to close according to city records.



NYC Outer Borough Highlights

BROOKLYN | QUEENS | BRONX | STATEN ISLAND





Brooklyn Development

Vital Brooklyn Initiative Winners Selected for Affordable Housing RFP

Selections have been made by Governor Cuomo's office from among the respondents of a request for proposals seeking developers to construct affordable housing developments on current or former hospital properties. The RFP is part of the \$1.4 billion **Vital Brooklyn** initiative announced last March intended to create a new integrated approach that will address the chronic social, economic and health disparities in Central Brooklyn. The plan will target and invest in (8) integrated areas, creating a new model for community development and wellness; while serving as a national model for high-need communities according to the press release by the Governor's office.

- **\$140 Million | Open Space and Recreation** intended to increase Central Brooklyn resident's opportunities for physical fitness;
- **\$325,000 | Healthy Food** intended to promote healthy lifestyles by increasing access to nutritious food;
- **\$700 Million | Community-based Healthcare** intended to increase access to primary care doctors as well as other critical mental health services;
- **\$1.2 Million | Comprehensive Education & Youth Development** to increase current efforts;
- **\$692,000 | Economic Development & Job Creation** intended to improve the post-recession recovery rate of Central Brooklyn, which has been proportionately slower than many other New York State communities;
- **\$800,000 | Community-based Violence Prevention** intended to reduce the violence rate in the area which is nearly triple that statewide average and increase victim support;
- **\$578 Million | Affordable Housing** intended to provide new opportunities for families that encourage active lifestyles and increase access to preventative care; and
- **\$23 Million | Resiliency** intended to make Central Brooklyn a more environmentally sustainable and resilient community.



Vital Brooklyn Initiative (cont'd)

The following (4) teams chosen as winners of the first Round of RFP's will create more than 2,700 affordable homes and apartments set aside for developmentally disabled, individuals aging out of foster care, chronically homeless families, and senior residents according to the late November press release by the Governor's office.

- Apex Building Company, L+M Development Partners, RiseBoro Community Partnership and Services for the Underserved (SUS) have been selected to purchase and redevelop the former **Brooklyn Developmental Center** at 888 Fountain Avenue in East New York. The project will result in a \$1.2 billion investment in the neighborhood; and deliver more than 2,400 units of affordable housing, of which 207-units will be designated for formerly homeless individuals and families, 185-units for intellectually and developmentally disabled individuals, and approximately 156-units for seniors. A total of 11.3-acres of public open space will be created consisting of a retail main street, civic plaza, garden corridor, residential courtyards, a maritime grove fitness loop and productive zones. In addition, workforce development and outreach will be included to place local residents in construction jobs at **Jamaica Bay Landing**, and (7) community partners will provide job training and entrepreneurship programs.
- Camba will develop "**Interfaith Broadway: Site C**." The Brooklyn-based non-profit will construct a 57-unit development on grounds owned by One Brooklyn Health. The project's design will include Green Building features such as rooftop solar panels. In addition, on-site services for seniors and chronically homeless families will be provided; as well as a Community Facility Annex in a nearby building providing residents with access to a workforce development training center, community supported agriculture drop-off point for healthy food, and Neighbors Together meal delivery for elderly residents. Camba will also develop customized on-site service plans in financial literacy, job-readiness, healthy living, and substance abuse.
- Vital Brookdale LLC, a joint venture of MDG Design + Construction, Smith & Henzy Advisory Group, and the Foundling Group will construct a 152-unit development on One Brooklyn Health-owned "**Brookdale Hospital: Site B**." New construction will rise on the 40,000-square-foot lot located across from the Brookdale Medical Center. The development will include a computer room, a theater, a kitchen for cooking classes, and entertainment and community rooms; as well as housing a variety of commercial and community uses. Green Building features such as the installation of solar panels on the roof top to generate electricity on-site will be incorporated into the building's design. On-site supportive services for developmentally disabled and individuals aging out of foster care will be provided.
- Federation of Organizations will construct a 119-unit development on the 21,000-square-foot lot on "**Interfaith Herkimer: Site A**" located across the street from Interfaith Medical Center. The project by the non-profit, a community-based social wellness agency, will be dedicated for senior housing; and a portion of the units will be set aside for frail and elderly seniors who will receive on-site supportive services. The building's design will include Passive Housing Standards and include solar shades and a green roof.

Looking ahead, a second round Vital Brooklyn RFP was released to construct homes on (7) parcels of land controlled by the state, owned by One Brooklyn Health, and the Health Science Center at Brooklyn Foundation.

Brooklyn (cont'd)

Soho Works Heads to DUMBO's 10 Jay Street

The co-working brand of hotel and private-club chain Soho House has reportedly secured a 15-year lease for 50,000 square feet at **10 Jay Street**. The multi-level space within the former warehouse that recently underwent a conversion to office-and-retail use spreads across the entire 2nd and 5th floors of the 10-story building, plus a portion of the ground level. **Soho Work's** new facility will be located near its parent company, which reportedly opened its first members-only club in the borough dubbed **Dumbo House** at the former **Empire Stores** building located along the waterfront at 55 Water Street



New to Market

6208 8th Avenue (Sunset Park) – Chinese property owners under the entities 62-08 Realty LLC, based in Great Neck, Long Island and 37-19 Realty LLC, based in Flushing, New York have reportedly introduced the \$150 million sale offering of the 160,700-square-foot (3.69-acres) parking lot located within an Opportunity Zone. Redevelopment plans that would give rise to a multi-building, 1,292,920-square-foot mixed-use complex had been envisioned back in 2014. The C4-2 zoned parcel runs block-through to 7th Avenue between 61st and 64th Streets; and can accommodate 546,380 buildable square feet. Rezoning applications were filed with the Department of City Planning, and are currently making their way through the public review Uniform Land Use Procedure (ULURP) to reportedly allow for “slightly more parking spaces that would normally be allowed — 1,883 spots instead of the required 1,582;” and a “variance that will allow them to deck over the adjacent Long Island Rail Road and N-train tracks.” According to previous reports, the scope of the project has raised some concerns among officials related to whether or not the neighborhood can sustain a complex of the proposed size.

If approvals are secured new ownership could opt to move ahead with the proposed development that is split into (3) components — a podium and (2) towers that will host a mix of hotel, office, retail and residential space, as well as a school, library and medical facility. In addition a landscaped public space on the ground level and a 10,000-square-foot sculpture garden on the 9th level were planned. The 165-foot-tall structures will host:

- 232,880 square feet of residential space for a 12-story tower fronting 7th Avenue that will host 250-units, of which 50 will be designated for affordable housing;
- 99,100 square feet of medical facilities;
- 37,990 square feet designated for a 498-seat pre-K school, a private day care facility, and a “bookless” digital library;
- 85,590 square feet of office space within a 12-story structure fronting 8th Avenue;
- 95,210 square feet for an 11-story, mid-block hotel; and
- 342,090 square feet of retail space spread across 2-levels, of which about one-third is to be occupied by local businesses, as well as a furniture store, drug store, supermarket, cultural establishment, a food court, and an event space.
- Over 2,500 parking spaces in a below-grade garage

The site last traded in May 2014 for \$51.5 million, seller Andrew Kohen under the entity MSK Properties LLC reportedly abandoning plans announced in 2007 to construct a **Home Depot** on the site despite securing a rezoning to allow a dense, mixed-use residential and commercial development. At the time of the sale, MSK simultaneously secured a 10-year memorandum of lease for an undisclosed price. The lease that extends through December 2024 includes (2) 5-year extension options.



6208 8th Avenue - Rendering / Site Plan

Brooklyn (cont'd)

New to Market (cont'd)

57 Caton Place aka 23 Ocean Parkway (Windsor Terrace) – Aview Equities, under the entity 57 Caton Partners LLC, reportedly introduced the sale offering of the block-through 23,436-square-foot parcel located between East 8th Street and Coney Island Avenue. An asking price was not announced, but the site last traded in May 2014 for \$77.2 million. A rezoning was approved in October, opening the door to a larger mixed-use development on the site formerly zoned C8-2 Commercial within the Special Ocean Parkway District. The seller reportedly plans to demolish the existing 3-story, 25,390-square-foot industrial building and adjoining partially demolished single story structure to deliver the site vacant upon sale with proposals for a 9-story, 163,191-square-foot development to host 107 residential units, of which a portion will likely be required to be designated for affordable housing under Mandatory Inclusionary Housing (MIH), 10,000 square feet of ground level retail space, below-grade parking for 74-cars, and 10,000 square feet of outdoor space according to reports.



57 Caton Place - Proposed Rendering

Site Sales on the Horizon

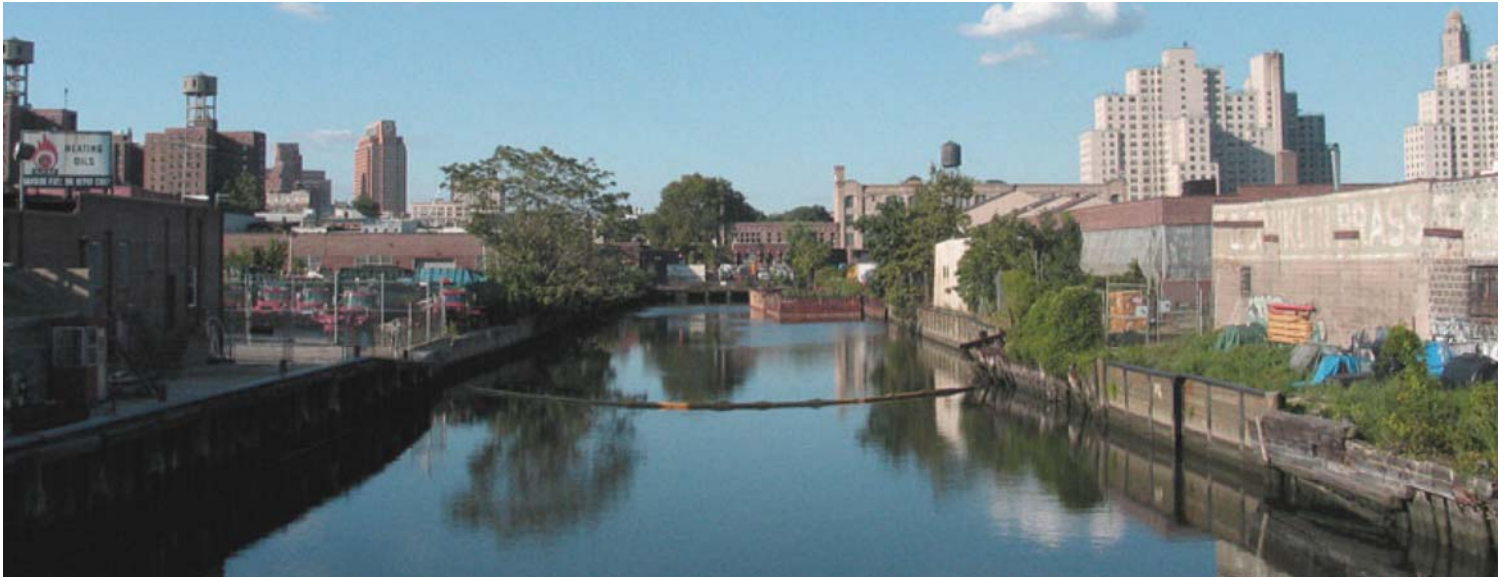
7-Parcel Assemblage (Williamsburg) – Philadelphia-based Rubenstein Partners has secured (4) separate “option” contracts expiring in September 2023 — (3) in March and (1) in September from separate longtime owners for the full block assemblage. Totalling 116,750 square feet in land area, the block is bound by Wythe and Meserole Avenues, and Gem and Banker Streets. Reports in January indicated that “the ‘option’ part of the deal is most likely an agreement to purchase the properties based on the buildable square footage Rubenstein can negotiate for the site through the city’s Uniform Land Use Review Procedure (ULURP).” Based upon current zoning, the assemblage can reportedly accommodate about 233,500 buildable square feet as-of-right. However if a rezoning is pursued similar to the company’s project at nearby **25 Kent Street**, which was developed along with Heritage Properties, the project scope could potentially triple in size. The proposed 583,000-square-foot project will be co-developed with Acme Smoked Fish Corp, and “be built partly on land that Acme already owns and occupies for its current 65,000-square-foot production facility.” The new structure will include an expanded and modern 80,000-square-foot manufacturing facility to be utilized by Acme, while the rest of the building will be designated for office use. Purchase of the assemblage and construction of the ground-up development has been reportedly estimated to have a \$300 million price tag based on current property values and construction expenses.



7-Parcel Assemblage - Rendering

According to city records:

- **234 Banker Street** – The 27,075-square-foot parcel at the corner of Meserole Avenue currently hosts a 2-story, 21,500-square-foot industrial building; and is owned by Ingraham Realty Properties.
- 4-Parcel, 64,145-square-foot assemblage owned by Acme under the entity Charmir Holdings Inc.:
 - **4 Meserole Avenue** – The 19,475-square-foot parcel at the corner of Gem Street currently hosts a single-story, 21,275-square-foot industrial building;
 - **26 Gem Street** – The 11,400-square-foot parcel currently hosts a single-story 19,475-square-foot industrial building;
 - **192 Banker Street** – The 15,200-square-foot parcel at the corner of Gem Street currently hosts a single-story, 15,950-square-foot industrial building; and
 - **190 Banker Street** – The 18,070-square-foot block-through parcel that also offers frontage along Gem Street currently hosts a 2-story, 20,250-square-foot industrial building.
- **168 Banker Street** – The 21,730-square-foot vacant parcel offers 4 sides of frontage along Banker and Gem Street, as well as Wythe Avenue and North 15th Street is owned by Corzo Maintenance.
- **200 Banker Street** – The 3,800-square-foot parcel currently hosts a single-story, 3,800-square-foot industrial building owned by Dimitrios Lymberis.



Brooklyn (cont'd)

Pending Site Sales

462-490 Kent Avenue (Williamsburg) – A Naftali Group-led investment group is reportedly in contract to purchase the 2-parcel, 163,190-square-foot (3.75-acres) waterfront assemblage for reportedly between \$180 million and \$185 million. The seller, longtime owner Abraham Rosenberg had over a decade ago hoped to secure a rezoning of the site, and along with his now deceased brother Isack Rosenberg, construct a 3-building, 801-unit project dubbed **Rose Plaza on the River**. Despite securing approvals for the rezoning that opened the door to a mixed-use development, financial setbacks and required environmental remediation the project remained on hold.

In 2013, the Rosenbergs introduced the \$210 million sale offering of the development site which now had preliminary plans and approvals obtained through the Uniform Land Use Procedure (ULURP) process for reportedly “754 apartments constructed over five separate buildings, three of which are high-rise towers with low-rise bases; some 226 of these units will be designated for affordable housing. Over 29,000 square feet of street-level retail is designated within the ULURP approval along with 496 garage parking spaces. The project also creates a significant amount of waterfront park land with public access, as well as significant private garden green spaces for residents.” However the sale failed to attract a buyer; and a reported joint venture entered into “to develop the property under the state’s Brownfields program” ended in a dispute that was reportedly settled through arbitration.

Recently Sold Sites

6-Parcel Assemblage (Red Hook) – The United Parcel Service (UPS) opted to purchase the site it leased about 18 months ago, paying \$303 million (\$253 per buildable-square-foot) in mid-December. Seller Englewood, NJ-based Sitex had leased the property which had an asking rent of \$25 per square foot to the package carrier under at a 26-year triple-net lease according to reports at the time. The deal included (2) 5-year renewal options, as well as an option to purchase the leased premises located along the waterfront which includes 242 and 300 Coffey Street, 219 Sullivan Street, and 44, 68, and 100 Ferris Street per city record documents. Although decisions by UPS on how to be utilize the assemblage have yet to be made, some sources anticipated earlier that the company would take advantage of the 1.2 million buildable square feet that can be accommodated and build a new distribution center.

The assemblage totals approximately 494,562 square feet (about 11.35 acres) of land area; and currently hosts a combined total of roughly 347,600 square feet spread across existing buildings. Sitex acquired the 6-parcels in May 2017 for a combined total of \$105 million (\$88 per buildable-square-foot) from Est4te Four, upon the seller deciding to abandon ambitious redevelopment plans that would have repositioned the warehouse site for office use to create a complex dubbed **Red Hook Innovations Studios**. Sitex had abandoned office conversion plans, and instead was planning to reposition and modernize the existing structures for continued industrial use.

Brooklyn (cont'd)

Projects on the Horizon

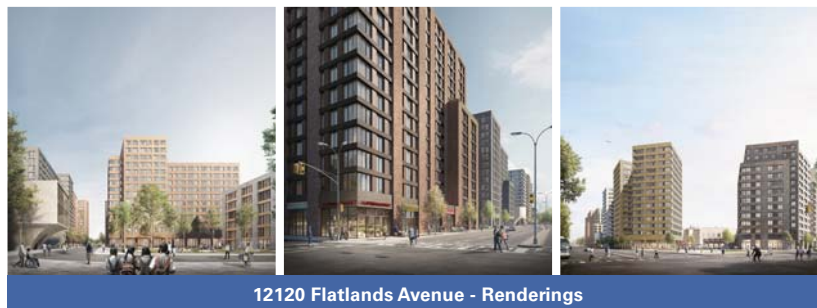
625 Fulton Street / 633-645 Fulton Street aka 44-60 Rockwell Place (Downtown Brooklyn) – The Rabsky Group is reportedly proposing to build a 942-foot-tall mixed-use development to host 902 residential units, of which a portion will be designated for affordable housing, 739,000 square feet of office space, 60,547 square feet of retail space, and a 640-seat, 82,500-square-foot elementary public school. In addition the proposed project's design includes the construction of a 350-car, 116,000-square-foot below-grade garage; as well as roughly 10,890 square feet and 2,410 square feet of public outdoor and indoor space respectively. Applications were filed with the Department of City Planning (DCP) requesting a zoning map change from C6-4 to C6-9 to modify (1) the C6-9 district and (2) create a new bulk and use special permit, and a special permit to facilitate a new 1.5 million-square-foot development that will also include cultural space, retail and publicly accessible indoor and outdoor space according the filing details on the DCP's website. The approximately 7-month-long public review process was slated to start in January according to reports.

Although unverified it appears that the proposed development may be part of a 2-phase project, Rabsky having filed plans in June 2017 for the construction of a 148,023-square-foot commercial development. Reports at the time indicating retail use with 75,347 square feet on the ground level and 72,676 square feet of lower level space. New construction will rise on the 74,887-square-foot assemblage that can reportedly accommodate 770,000 buildable square feet. The larger 62,472-square-foot vacant site at **625 Fulton Street** traded in 2016 for \$158 million, having been sold by longtime owner Forest City Realty Trust; and the more recent \$68 million purchase made in 2017 of the adjacent 12,415-square-foot parcel was purchased from property owner Sam Jemal. Demolition permits were filed in April for the existing 3-story, 36,000-square-foot commercial building to make way for new construction.

12120 Flatlands Avenue (East New York) – Property owner the Christian Cultural Center has reportedly partnered with developer Gotham Organization to repurpose the center's large vacant parking lot into what has been described as an **"urban village."** The proposed project will give rise to the construction of (9) residential buildings to host 2,100 units of mixed-income housing — all of which will surround a "green quad similar to those on college campuses." The project's design will also include a school, a 299-seat theater, a community center, grocery store, retail space, and recreational athletic space. Community facilities will reportedly include on-site services for seniors, vocational training services, a walk-in medical clinic. If the proposed project moves forward as planned, construction would be spread over 10-years; and would not begin until at least mid-2020.

Prior to construction start the project that has sparked mix response will be required to go through the city's 7-month long public review Uniform Land Use Procedure (ULURP) process; and thereby be required to designate affordable units according to the Mandatory Inclusionary Housing (MIH) guidelines. In response to some concerns by local legislators of the new buildings' heights, most will be 13 to 15 stories high versus the 20-story structures of the nearby 20-building **Starrett City** complex. Others have questioned the affordability levels, pointing out that East New York has "one of the largest proportions of homeless families," but the developers reportedly argue the need for mixed-income buildings under the premise that "higher rents help subsidize the lower-rent units" making the creation of a sustainable model of housing viable.

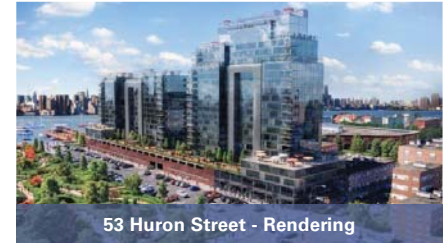
The site is situated next to the 96,000-square-foot church; and is about 2-miles south of the area within East New York that was rezoned in 2016 to help spur residential development in the area that had "huge tracts of vacant land and countless disused commercial and manufacturing spaces" according to reports at the time. Since the rezoning, there has reportedly been a surge in permit applications for new residential developments.



Brooklyn (cont'd)

Projects on the Horizon (cont'd)

53 Huron Street aka 161-167 West Street (Greenpoint) – Quadrum Global pre-filed permits in January for a proposed 14-story residential development. The 150-foot-tall structure will host 173-units spread across 178,000 square feet. The London-based private equity firm had acquired the 1.5-acre (65,300 square feet) waterfront site in 2014 for \$45.5 million (\$256 per buildable-square-foot) with visions of a 2-tower, 500-unit mixed-use project that failed to move forward. In mid-2017 Queens-based Bridgewater Capital Partners had reportedly entered into contract to purchase the property for about \$60.5 million (\$340 per buildable-square-foot), about (6) months following initial reports of the sale offering by Quadrum. However it appears the transaction never closed. To make way for new construction demolition permits were secured in September for the existing vacant single-story, 80,000-square-foot warehouse. Looking ahead, the site is expected to ultimately connect with a waterfront esplanade linking Brooklyn Bridge Park to Williamsburg per 2016 reports of future plans by the city.



124-134 Montgomery Street / 136-150 Montgomery Street aka 938-960 Franklin Avenue (Crown Heights) – Lincoln Equities and Continuum Company recently filed applications with the Department of City Planning seeking a rezoning that will open the door to a proposed 1,166,027-square-foot mixed-use development. The developers entered into contract near the end of 2017 to purchase the (2) parcel assemblage for about \$75 million from longtime owner HPG Associates, Inc.; and have yet to close on the transaction according to city records. According to reports at the time, an 18-month \$35.4 million loan was being provided by Fortress Investment Group to close on the transaction and refinance the rezoning application. The 66,613-square-foot site located just east of the **Brooklyn Botanical Gardens** and **Prospect Park** will give rise to a 2-building complex to be constructed in two phases if DCP approvals are secured, representing a shift in plans, reports two years ago detailing a 4-building development ranging in heights from mid-20 to mid-30 stories with about 800 residential units designated for below-market rents.

- **Phase I** – The 39-story, 705,652-square-foot development will host 810 residential units, of which about 405-units will be designated for affordable housing, 9,641 square feet of retail space and 113 parking spaces. Groundbreaking could be as early as January 2021 for a tentative delivery before the end of the same year.
- **Phase II** – The 39-story, 663,662-square-foot development will host 768 residential units, of which 384-units will be designated for affordable housing, 11,542 square feet of retail space, 9,678 square feet for community facility use, and 67 parking spaces. Groundbreaking could be as early as October 2012 for a tentative April 2024 delivery.



Among the combined total of 789 affordable housing units, 30%, or 473-units, will be permanently affordable under the Mandatory Inclusionary Housing program according to reported details within the Draft Scope of Work on file with the city under the address **960 Franklin Avenue**. In addition, 50,258 square feet of open space will be created, of which about 18,000 square feet will be available for public use during the daytime hours.

Project Plans in Progress

134 Hope Street (Williamsburg) – Heatherwood Luxury Rentals filed new building applications in December for a 7-story, 104,647-square-foot residential development. The 75-foot-tall structure will host 100-units spread across 70,685 square feet. The site located at the corner of Keap Street was acquired by the developer in September 2016 for \$12.75 million (\$119 per buildable-square-foot) according to city records.

1190 Fulton Street aka 1245 Bedford Avenue / 1192 Fulton Avenue (Bedford-Stuyvesant) – Bawabeh Brothers Brothers #2 LLC initially filed new building applications in April 2017 for a planned 10-story, 48,694-square-foot mixed-use development. The 84-foot-tall structure will host 30 residential units spread across 25,832 square feet and 14,902 square feet of commercial space. New construction will rise on 15,102 square feet of lot area located on the 2-parcel, 28,400-square-foot assemblage. Groundbreaking is reportedly slated for March; and upon delivery Germany-based co-living operator **Quarters** will furnish all 30 residential units and lease them out under an agreed upon master lease.



Brooklyn (cont'd)

Project Plans in Progress (cont'd)

1 Bell Slip (Greenpoint) – Brookfield Property Partners pre-filed new building applications in December for a planned 31-story, 379,803-square-foot mixed-use development as part of the 22-acre multi-building **Greenpoint Landing** complex. The 311-foot-tall structure will host 408 residential units spread across 292,029 square feet and 992 square feet of commercial space. The approximately 49,200-square-foot 2-parcel assemblage was acquired by Brookfield in May 2018 for roughly \$41.889 million according to city records from Park Tower Group, the master planner of Greenpoint Landing. Upon full construction completion the waterfront complex will add over 5,500 residential units with 1,400-units designated for affordable housing, 9-acres of new parks, an elementary school, riverside walkways and open space, and a potential ferry landing to the neighborhood. The project got underway in 2015, with construction expected to span about 10-years.

The latest filing by Brookfield adds a 3rd development to the buildings the Canadian firm is constructing on the site, having previously acquired 5-parcels in October 2015 for a combined total of roughly \$106.292 million. The developments are being constructed along with joint venture partner Park Tower Group. The other pair of developments include:

- **One Blue Slip** at 37 Blue Slip aka 37 Commercial Street – The 30-story, 369,843-square-foot mixed-use development located adjacent to a 1.5-acre park hosts 359 residential units; and its opening in August delivered the first market-rate tower within the complex. Tenant amenities reportedly include indoor and outdoor lounges, a yoga terrace, a gaming room, a fitness center, a bar with an outdoor terrace, a children's playroom and co-working space.
- **Two Blue Slip** at 41 Blue Slip – A 40-story, 448,412-square-foot mixed-use development that is expected to open this year. The 400-foot-tall structure will host 421 residential units and 813 square feet of commercial space.

Other developments at the site which were constructed by L+M Development Partners alongside Park Tower; and delivered in 2016 include:

- **21 Commercial Street** (aka 7 Bell Slip) – A 6-story, 85,033-square-foot development containing 93 affordable housing units and 2,557 square feet of commercial space.
- **33 Eagle Street** – A 7-story, 98-unit affordable housing development.

58 Saint Mark's Place (Boerum Hill) – Level One Holdings filed new building applications in February for a 12-story, 196,303-square-foot mixed-use development. The 124-foot-tall structure will host 102 residential units spread across 124,767 square feet, 8,274 square feet of commercial space, and 367 square feet designated for community facility use. New construction will rise on the 23,103-square-foot lot area comprised of 6-parcels acquired in June 2018 through multiple transactions for a combined total of roughly \$32.065 million. A \$24.75 million loan provided by Bank Leumi financed the assemblage purchase. An additional 2,596 square feet of development rights were acquired in December 2018 for \$454,387 (\$175 per square foot) from the adjacent property at **587 Warren Street**.

- **58 Saint Mark's Place** – The 2,000-square-foot parcel that hosts a 3-story, 2,640-square-foot residential walk-up traded for \$3.93 million
- **90-94 4th Avenue** – The 3-parcel, 12,425-square-foot assemblage last traded for roughly \$22.886 million. The largest of the 3-parcels currently hosts a single-story, 2,250-square-foot commercial structure that formerly hosted a KFC restaurant, while the other 2-parcels are vacant.
- **88 4th Avenue / 88A 4th Avenue** – The 2-parcel, 3,200-square-foot assemblage traded in June 2018 for \$2.1 million and \$3.15 million respectively.

639 Degraw Street (Park Slope) – A property owner under the entity 167-174 4th Ave LLC filed new building applications in February for a 12-story, 98,906-square-foot mixed-use development. The 125-foot-tall structure will host 57 residential units spread across 72,773 square feet, 5,360 square feet of commercial space, and 721 square feet for community facility use. The 9,214-square-foot development site originally comprised of (8) tax lots at the corner of 4th Avenue; and was acquired through multiple transactions for a combined total of roughly \$22.111 million between 2015 and 2017 according to city records.



Brooklyn (cont'd)

Lending

532-540 Fulton Street aka 17 Grove Place (Downtown Brooklyn) – Longtime property owner Jenel Management has reportedly secured a \$207.7 million construction loan from Otéra Capital Investments and Apollo Commercial Real Estate Finance. The financing will help fund Jenel’s planned 43-story, 379,061-square-foot mixed-use development that will be constructed on the 15,015-square-foot vacant block-through parcel where a 2-story, 26,000-square-foot retail strip once stood prior to being demolished in 2017. Initial new building applications were filed in 2016 for a 498-foot-tall structure hosting 318 residential units spread across 233,128-square-feet and 93,899 square feet of commercial space. However recent reports now reveal a somewhat different distribution of use and height — a 511-foot-tall tower totaling 42-stories with 180,000 square feet of residential space atop a 103,000-square-foot office component spanning floors 2 through 8, and 21,000 square feet of retail space fronting Fulton Street.



532-540 Fulton Street Rendering

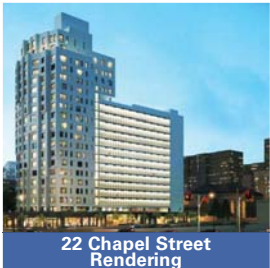
The developer was able to increase the scope of the project on the site that can accommodate 150,150 square feet, having acquired additional development rights in 2015 from nearby properties — 23,000 square feet from adjacent 530 Fulton Street for an undisclosed price and 88,767 square feet from Crown Acquisition’s 1-11 Grove Place and 522-524 Fulton Street for roughly \$13.908 million (\$157 per square foot), increasing the total development rights after the transfers to 261,917 square feet.

260-274 Gold Street aka 169 Tillary Street (Downtown Brooklyn) – Bruman Realty and Velocity Framers have secured a \$102.5 million financing package for the planned 13-story, 261,034-square-foot residential project. Lender Bank Leumi provided the new debt that includes a refinancing of a \$30 million acquisition loan, which had been provided by the Tel Aviv-based lender in August 2018, a roughly \$69.216 million building loan, and a \$3.284 million project loan. The 135-foot-tall structure will host 286 residential units; and be constructed on the 27,200 corner parcel acquired for \$60 million in July 2018 as part of a 3-parcel portfolio which included smaller parcels at 236 and 240 Gold Street that are separated from the larger parcel by (3) vacant lots.



260-274 Gold Street Rendering

22 Chapel Street aka 50-60 Flatbush Avenue Extension (Downtown Brooklyn) – Co-developers Delshah Capital and OTL Enterprises have reportedly secured a 3.5-year, \$102.5 million construction financing package for the planned 20-story, 166,976-square-foot mixed-use development. The deal that includes (2) one-year extension options includes a \$62 million senior loan provided by Arkansas-based Bank OZK, and \$40.5 million in mezzanine financing provided by Colorado-based EverWest Real Estate Partners according to reports. New building applications approved by the city’s Department of Buildings (DOB) in May detail a 211-foot-tall structure that will host a mix of 180 residential units spread across 134,342 square feet, 2,030 square feet of commercial space, and 13,498 square feet designated for community facility use to reportedly serve as the new home of longtime fee-owner Start Treatment and Recovery. The non-profit currently operates a rehab center in the existing 2-story, 36,800-square-foot building situated on the 27,168-square-foot site, which according to demolition permits secured in 2016 will be demolished to make way for new construction.

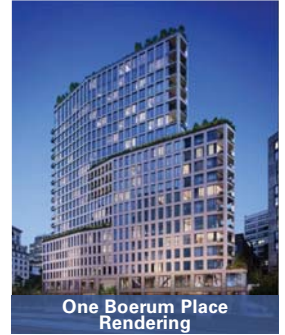


22 Chapel Street Rendering

Brooklyn (cont'd)

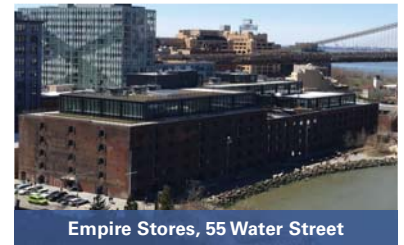
Lending (cont'd)

1-17 Boerum Place aka 342-346 Fulton Street (Downtown Brooklyn) – Avery Hall Investments has reportedly secured a \$165 million construction loan (not on ACRIS yet) from Jutland Finance, a subsidiary of Canadian pension fund British Columbia Investment Management Corp. The new financing that includes a \$119 million building loan, a \$21 million project loan, and a \$25 million senior loan that replaces and extends a loan of the same amount provided by iStar in February 2018, will help fund the developer's planned 21-story, 246,700-square-foot mixed-use development at **One Boerum Place**. The 250-foot-tall structure that will host 122 residential units and 21,020 square feet of commercial space will reportedly be constructed along with partners Allegra Holdings and Aria Development Group. Initial plans for a smaller 160,000-square-foot project were revised following the \$16 million (\$348 per square foot) purchase in May of 46,026 square feet of excess development rights from adjacent properties at 348 and 350 Fulton Street. Demolition of the existing 40,000-square-foot office building is well underway to make way for the estimated \$250 million project that has already secured approvals from the Department of Buildings. Ground breaking was slated to take place by the end of February.



30 Front Street (DUMBO) – Fortis Property secured a \$92 million financing package to help fund construction of a planned 2-building, 364,602-square-foot mixed-use development. Madison Realty Capital provided the new loan that includes a roughly \$65.775 million mortgage, \$15.4 million building loan, and \$10.825 million project loan. The developer had filed new building applications in September for the project that will give rise to 26-story and 5-story structures, adding 74 residential units and 72,431 square feet of community facility space to the neighborhood. The former Jehovah's Witnesses' 52,600-square-foot parking facility was acquired by Fortis in mid-December for \$91.113 million (\$250 per buildable-square-foot).

55 Water Street (DUMBO) – A recapitalization of the office-and-retail **Empire Stores** complex was reportedly completed in mid-February, valuing the former coffee warehouses at nearly \$420 million following the buyout by Midtown Equities and the HK Organization of Rockwood Capital's majority stake. Simultaneously, a refinancing of the 100% fully stabilized waterfront property was completed with a 15-year, \$280 million loan reportedly provided by AIG. The new loan that "has a coupon in the low-to-mid 4% area" replaces the 5-year, \$245 million floating rate land loan provided by a subsidiary of the Empire State Development Corporation (ESD) in December 2017 and assigned to M&T bank. According to reports at the time the loan that valued the property at \$415 million consolidated roughly \$116.024 million in existing debt with newly provided gap, building and project leasehold mortgages in the amounts of roughly \$101.314 million, \$18.512 million and \$9.15 million respectively.



Redevelopment of 55 Water Street was proposed by the Brooklyn Bridge Park Corporation in 2013. The partnership of Midtown Equities, Rockwood Capital, and the HK Organization were selected as the winning bidder of the request for proposal (RFP); signing a 96-year lease at a reported base rent of \$1.5 million per year. The partnership reportedly invested about \$150 million to redevelop the 327,000-square-foot existing series of (7) deteriorating structures dating back to the Civil War into a 450,000-square-foot complex. Empire Stores now features a dramatic glass-topped addition and sprawling outdoor public spaces that include a green roof terrace; and serves as the home of a mix of office, retail and restaurant tenants spread throughout low-rise 4- and 5-story buildings. The roster of office tenants includes anchor tenant West Elm, United Technologies' digital accelerator, Wasserman Media Group divisions Laundry Service and Cycle, Newell Brands and 72andSunny. In addition, the 21,000-square-foot food hall **Time Out Market New York** is expected to open this spring, joining other restaurants and retail options such as Cecconi's, Sugarcane, West Elm, J.Crew, FEED and Shinola.

409 Eastern Parkway (Crown Heights) – Adam America has refinanced the newly constructed 11-story, 197,395-square-foot mixed-use development that hosts 186 residential units and (3) retail units. Germany-based lender Deutsche Bank provided the \$105 million financing package that consolidated roughly \$64.006 million in existing debt provided by Santander Bank with a newly provided \$40.994 million gap mortgage. Leasing of the residential units launched in October at the building that has an alternate address of **1519-1535 Bedford Avenue**. Spanning the entire Bedford Avenue block-front between Eastern Parkway and Lincoln Place, the building offers 17,000 square feet of tenant amenities spread across three levels including a landscaped central courtyard and resident's lounge with co-working space, library, fireplace and kitchenette. The building's rooftop offers lounging areas, dining areas with barbecue stations, a bocce ball court, hammock lounge and a wet bar; while the lower level features a children's playroom, game room, screening area and wet bar, fitness center, pet spa. In addition local grocery chain **Union Market** is slated to open at the base of the building, having committed to about 10,000 square feet back in 2016.



Brooklyn (cont'd)

Lending (cont'd)

123 Melrose Street (Bushwick) – All Year Management was expected to close before the end of January on a 3-year \$230 million loan to refinance the second construction phase of the 2-building project dubbed **Denizen Bshwk**. A term sheet had been signed in December for the financing package that was expected to include a 2-year extension option and carry an interest rate starting at 5.4% that would increase during each extension according to reported details in a Tel Aviv Stock Exchange (TASE) filing. However the deal never moved forward and instead, real estate investment firm Mack Real Estate Group issued a \$65 million mezzanine loan; and existing lender Madison Realty Capital will continue to hold a \$165 million loan on the property according to reports.



Construction is rising on a portion of the former **Rheingold Brewery** site with the second development on Melrose Street well underway; and upon delivery the 9-story, 506,196-square-foot structure will host 385 residential units. The first development at **28 Stanwix Street aka 54 Noll Street** has already launched leasing. Pre-leasing activity at the 8-story, 502,215-square-foot mixed-use development that will host 433 residential units has already secured an anchor tenant for the retail component, attracting New Jersey-based grocer Foodtown, which committed to a 15,000-square-foot space under a 50-year term. Foodtown will reportedly be joined by other signed tenants including a pet groomer, coffee retailers and AT&T. Upon full construction completion the 2-building complex will host a combined total of 818 residential units, of which 20% are designated for affordable housing; about 131,554 square feet of retail space; and an 18,000-square-foot park.

41 Blue Slip aka Two Blue Slip (Greenpoint) – Brookfield Property Partners secured a \$217.3 million financing package at the end of 2018. Canadian lender Scotiabank served as the administrative agent for the financing proved reportedly along with the Industrial and Commercial Bank of China (ICBC), TD Bank and Italy-based Intesa Sanpaolo. The new debt includes a refinancing of a roughly \$42.114 million portion of a \$75 million mortgage provided by ICBC in November 2015 and newly provided \$129.908 million and \$45.278 million building and project loans according to city record documents. The 40-story, 448,412-square-foot mixed-use development that was nearing its full linear height of 400-feet in late January will host 421 residential units and 813 square feet of commercial space. The waterfront building is rising on a portion of the 22-acre site of the multi-building **Greenpoint Landing** complex that Park Tower Group affiliate Greenpoint Landing Associates is serving as lead overseer of its development.



Likely to deliver by mid-2020, the tower will join **37 Blue Slip** (aka One Blue Slip), also constructed by Brookfield, which launched leasing last summer as the first market-rate tower to rise on the site. The 323-foot-tall structure hosts 359 residential units and 1,173 square feet of ground level retail space. Upon full construction completion Greenpoint Landing will deliver a total of over 5,500 residential units, of which 1,400-units will be designated for affordable housing. In addition 9-acres of new parks, an elementary school, riverside walkways and open space, and a potential ferry landing will be constructed.

75-81 20th Street aka 50 21st Street (Sunset Park) – The partnership of DH Property Holdings and Chicago-based Bridge Development Partners have reportedly secured a \$200 million acquisition loan from Apollo Commercial Real Estate Finance to close on the \$255 million purchase of the **Sunset Industrial Park** site. The duo entering into contract to purchase the waterfront property from the Savoy Group/601W Companies was initially reported in July. New ownership plans to demolish the existing buildings to make way for a 4-story, up to 1.3 million-square-foot distribution center. Dallas, TX-based Banner Oak Capital Partners, the investment advisor for the Texas teachers' pension fund will reportedly be joining the partners on the project which is expected to break ground in late 2020 following demolition completion. Currently hosting (18) buildings offering a mix of industrial and office facilities and a 500-car parking lot, new ownership has the right to cancel existing leases at the property which includes FedEx and Verizon among its roster of tenants according to reports.

The sellers initially purchased the property totaling 690,000 square feet, or roughly 16.21-acres, along the mouth of the Gowanus Canal in August 2013 for \$91.5 million. The site that can accommodate about 1.38 million buildable square feet "as-of-right" of light-industrial, retail, manufacturing, or distribution space currently hosts (6) buildings totaling about 289,800 square feet. In 2015 the partnership purchased (3) additional parcels totaling 88,717 square feet, or roughly 2.04 acres, for \$24.15 million, which host 9 buildings totaling 74,398 square feet; and can accommodate up to 177,434 buildable square feet.



Brooklyn (cont'd)

Lending (cont'd)

401-405 Dumont Avenue (Brownsville) – Trinity Financial has secured \$85.57 million in construction financing from the New York City Housing Development Corporation — a roughly \$73.545 million building loan and \$9.025 million project. The Boston-based developer controls the 20,595-square-foot site under a 99-year ground lease that commenced December 26, 2018, and expires in 2117. New building applications for the 12-story, 196,331-square-foot mixed-use development had been filed in April 2017 by Dunn Development, but for unknown reasons the project has shifted to Trinity. Originally dubbed **Dumont Commons** by the New York City Housing Authority (NYCHA), the development has been renamed **Van Dyke III**. New construction will rise on the 232-foot-wide existing parking lot within the Van Dyke Houses complex; and will host 180 affordable housing units spread across 170,483 square feet. In addition 14,749 square feet of community facility space will reportedly be utilized for an urgent care medical facility and wellness center operated by BMS Family Health Center, as well as an 8 classroom daycare-like early childhood and pre-K facility operated by Friends of Crown Heights Educational Centers.



2760 West 33rd Street (Coney Island) – Starrett Corp. and Sea Rise I Housing Development Fund Corp. secured roughly \$77.125 million in financing from the New York State Housing Finance Agency (HFA). The financing that was divided into (3) mortgages will help fund the planned 14-story, 159,911-square-foot mixed-use development. New building applications filed in July detail a 149-foot-tall structure that will host 199 residential units, retail space, community facility space and a 110-car parking garage. New construction will rise on the 57,850-square-foot parking lot located within Starrett’s existing 2-building, 366,000-square-foot **Sea Rise I** complex at 3325 Neptune Avenue and West 33rd Street, which hosts 334 residential units and (1) retail unit.



Queens Development

Flushing Moves into the Spotlight

The one time blighted neighborhood has enjoyed an uptick in new development which is transforming Flushing into what has been described as a “dynamic cultural hub with global appeal and one of the most sought-after real estate markets in the city.” One of the larger projects leading the way is **Flushing Commons**, an approximately 1.8 million-square-foot mixed-use development being constructed in (2) phases. The development team of F&T Group, the Rockefeller Group, and AECOM Capital has already completed Phase 1 of construction which in 2017 delivered a 17-story condominium tower comprised of a 196,131-square-foot residential component hosting 148-units going by the address **138-35 39th Street**; and a 164,000-square-foot commercial component under the address **38-08 Union Street**. Upon full redevelopment of the former city-owned municipal parking lot the complex will include a 1.5-acre town square of open space with a fountain plaza, approximately 600 residential units, 500,000 square feet of commercial space, a 62,000-square-foot YMCA facility, 15,000 square feet of community facility space, and below grade parking to accommodate 1,600 cars at below market rates for several years of initial operations according to the overview of the project posted on the New York City Economic Development Corp.’s website.

It has been reportedly estimated that there is about 3 million square feet of development in the pipeline. Some larger projects currently in different phases of planning and construction include:

- **Tangram** – The 1.2 million-square-foot mixed-use complex is being developed by F&T Group and SCG America. New construction is replacing the former **Two Fulton Square** mall. The 4-buildings to be constructed will sit atop a 2-level, 225,000-square-foot retail podium. The residential component will house 362 residential condominiums, while the commercial-retail space will include a 34,000-square-foot **Regal** movie theater, 30 retail stores, and a 24,000-square-foot curated, Asian-themed food hall with 15-30 vendors. In addition a 9-story, 208-key **Renaissance New York Flushing Hotel at Tangram** and 4-level, roughly 1,200 parking garage are planned. Retail areas were expected to come online in 2018, with completion of the the full build-out expected in 2020.



Flushing Commons- Rendering



Tangram - Rendering

Flushing Spotlight (cont'd)

- **137-45–137-61 Northern Boulevard aka 35-36 Leavitt Street** – Century Development filed new building applications in September for a 13-story, 228,083-square-foot mixed-use development. The 152-foot-tall structure will host a 144-key **Westin Hotel** spread across 107,806 square feet, 2,274 square feet of community facility space, and a 38-unit, 42,100-square-foot residential component spanning the top 3-floors.
- **133-25 37th Avenue aka 133-12 36th Road / 133-28 36th Road** (Flushing) – Beijing-based Yihai Group filed permit applications in August for a 19-story, 300,543-square-foot mixed-use development. The 198-foot-tall structure will host a mix of 146 residential units spread across 100,343 square feet, 360 hotel rooms plus retail space spread across 101,513 square feet of commercial space, and 2,267 square feet designated for a medical facility. In addition, a 198-car garage will be included in the project's design.
- **33-60–33-70 Farrington Street** – Century Development Group is construction the 15-story, 354,032-square-foot mixed-use development dubbed **Farrington Towers**. The 147-foot-tall tower will host 100 residential condominiums spread across 101,084 square feet, a Sheraton-branded **Four Points Hotel** and retail space spread across 83,982 square feet, and 16,774 square feet of community facility space. Sales for the residential units launched in October.
- **46-13–46-37 Kissena Boulevard** (Flushing) – Kimco Realty Corp. reportedly filed proposals to construct an 8-story, over 318,575-square-foot mixed-use development. If approvals are secured as proposed, the new structure will host 244 residential units spread across 244,000 square feet, of which 25% to 30% will be designated for affordable housing, 15,675 square feet of 2nd floor community facility space, 58,000 square feet of ground level retail space, and a 2-level, 333-car below grade parking garage for both residential and commercial tenant use.
- **144-45–144-51 Northern Boulevard / 144-61 Northern Boulevard** – CW Northern filed new building applications in April for a 17-story, 213,270-square-foot mixed-use development. The 197-foot-tall structure will host 132 residential condominiums spread across 116,127 square feet, 48,825 square feet of commercial space, and 48,318 square feet of community facility space. In addition, an enclosed 489-car parking structure will be constructed.



33-60 Farrington Street - Rendering



46-13–46-37 Kissena Boulevard - Rendering

On the horizon, the large-scale **Willeys West** project envisioned under the Bloomberg administration in 2009 that has hit several road blocks over the years continues to slowly inch forward. In early February the de Blasio administration was reportedly able to reach an agreement with Queens Development Group, a joint venture of Related Companies and Sterling Equis to revive the long-delayed 23-acre first phase of the project. The revised version of the plan will result in the JV developing a 6-acre area along Roosevelt Avenue and Willeys Point Boulevard. New construction will include 1,100 housing units for low- and moderate-income people divided among (3) buildings, a 450-seat school to be funded by the School Construction Authority, open space and 20,000 square feet of retail space. Earlier plans for a mall on a parking lot of the former **Shea Stadium** site within Flushing Meadows Corona Park had been eliminated; and instead a task force was created to develop plans for the remaining 17-acres. As of mid-January, reports indicated that summaries of (2) development scenarios were publicly posted by the city:

- Scenario 1 calls for a mix of retail, open space, a school, new police and fire stations, a residential building, and a soccer stadium of up to 25,000 seats, with parking for the venue to be shared with Citi Field.
- Scenario 2 calls for (6) blocks of residential development, retail, open space, a high school, a health center, and a fire station.

Although a timeline for the project has yet to be established, Related and Sterling will reportedly use the recommendations by the task force “to progress conversations with the city on the next phase of the Willeys Point development.”



Flushing Spotlight (cont'd)

A few smaller projects include:

- 131-09 Fowler Avenue** – The planned 8-story, 119,176-square-foot mixed-use development to be constructed by W&L Group Construction will host 80 residential units spread across 73,981 square feet and 17,963 square feet of retail space. Construction is expected to be completed this year.
- 131-68 40th Road** – A 6-story, 90,902-square-foot medical facility is planned for the site, replacing a pair of single-story commercial structures. Non-profit Charles B. Wang Community Health Center is developing the project that will reportedly offer dental, mental health, preventative, pediatric and primary care for all community members, especially those who can't afford those services otherwise. There will also be opportunities for health education. Permits have yet to be approved by the Department of Buildings.
- 135-25 Northern Boulevard** (Flushing) – Hajjar Medical Office Building of Flushing, LLC filed new building applications in January for a 12-story, 146,791-square-foot medical facility. The 159-foot-tall structure will host 89,334 square feet of community facility space and 7,202 square feet of commercial space.
- 144-74 Northern Boulevard** – New building applications were approved in October for Sky View Northern Companies' planned 7-story, 160,162-square-foot mixed-use development. The 74-foot-tall structure will host 100 residential units spread across 69,135 square feet plus 19,798 square feet of commercial space and 16,501 square feet dedicated for community facility use. New construction will replace a single-story 2,875-square-foot retail building that formerly served as the home of fast-food chain Burger King.



131-09 Fowler Avenue - Rendering



131-68 40th Road - Rendering



133-45 41st Avenue - Rendering



144-74 Northern Boulevard - Rendering



The JACX, Jackson Avenue - Renderings

Queens (cont'd)

Macy's Expansion Deal Brings JACX to Full Occupancy

Pre-leasing activity at the pair of towers known as **The JACX**, which are being constructed by Tishman Speyer at 28-07 Jackson Avenue in Long Island City, has brought occupancy of its office space to 100%. Expected to deliver this year, the 2-tower office complex has a combined total of over 1.1 million square feet evenly divided between the east and west towers dubbed **One Jackson** and **Three Jackson**. In 2016, co-working space provider WeWork and Macy's Inc.-owned Bloomingdale's committed to 250,000 square feet and 567,000 square feet respectively to serve as anchor tenants; and more recently in January Macy's opted to expand its footprint by 300,000 square feet. Under the reported 20-year deal Macy's staff will occupy all (22) floors of the east tower, as well as the 3rd and 4th base floors; while the company's Bloomingdale's division will have (11) floors in the west tower, with the remaining floors to be occupied by WeWork. In addition New York-Presbyterian and Weill Cornell Medicine leased 28,000 square feet to include a street-level entrance for the healthcare providers' multi-specialty primary-care practice within One Jackson; plus a 5,000 square foot restaurant fronting Jackson Avenue to be operated by chef Dan Kluger according to reports.

The towers formerly known as One and Three Gotham Center sit on top of a shared 4-story base that will include roughly 50,000 square feet of retail space, restaurants, a food hall, and a parking garage for 550 cars and 175 bicycles. Upon full construction completion the new buildings will join existing **Two Gotham Center** — the first phase of the planned 1.5 million-square-foot, 3-building complex formerly known as Gotham Center. Located at 28-10 Queens Plaza South, the 21-story, 662,000-square-foot LEED Silver tower was developed by Tishman in 2011 for the city's Department of Health which occupies the building's entire office component.



Queens (cont'd)

Newly Repositioned Paragon Building Secures Tenant

The 7-story, 130,000-square-foot Long Island City building that recently underwent a \$20 million warehouse-to-office conversion at **21-00-21-10 49th Avenue** has reportedly secured a tenant for the entire building. Bethpage, Long Island-based Altice USA has signed a letter of intent (LOI) with co-developers the Related Companies and GreenOak Real Estate to relocate to **The Paragon** building within the 2-building complex known as **The Point LIC**. The communications and media company is currently maintaining offices in 100,000 square feet on the upper floors of nearby **One Court Square** (aka 25-01 Jackson Avenue) under a sublease with Citigroup secured in 2017. However the relocation was prompted in light of the reported LOI signed by Amazon for about 1 million square feet of Citigroup's former space, which will serve as temporary headquarters in the interim of the construction of the e-commerce company's planned HQ2.5 on the site surrounding Long Island City's Anable Basin.



Recently Sold Sites

22-09 Queens Plaza North / 22-09 41st Avenue (Long Island City) – The Criterion Group has purchased the full block, 2-parcel assemblage bound by Queens Plaza North, 41st Avenue and 22nd and 23rd Streets. The 111,500-square-foot site that currently hosts a 2-story, 67,600-square-foot building and parking lot was sold by PEC Realty Corp. for \$79.95 million. Redevelopment plans by new ownership have yet to be announced.

90-02 168th Street (Jamaica) – A partnership of BRP Companies and Wharton Properties have acquired the 99,500-square-foot parking lot on the corner of 90th Avenue from the Greater Jamaica Development Corporation (GJDC) for \$20 million (\$40 per buildable square foot). A \$15 million, interest only acquisition loan was provided by Turnbridge Real Estate Credit Strategies to close on the transaction. The co-developers were selected by GJDC among respondents to a request for proposals (RFP) issued back in 2016, GJDC seeking a developer to construct a large mixed-use development on the site located in the eastern portion of the neighborhood's downtown district. The project is intended to help vitalize the area and boost economic activity. According to 2017 reports, an over 500,000-square-foot mixed-use complex is planned to reportedly comprise a trio of buildings that will host 70,000 square feet of new retail space and 300 rent-regulated residential units, of which about 10% will be set aside for artists.



GJDC along with the city and state are working to spark a revitalization of the neighborhood with more than \$100 million in investments, the local economic development corporation hoping the (4) remaining development sites it owns in the eastern edge of Jamaica will create similar development momentum in conjunction with a city plan to invest \$153 million to improve transit, streetscapes and retail according to reports. According previous statements by a GJDC spokesperson the neighborhood's renaissance is well underway, citing the nearly \$1 billion in private and public-sector investment in the neighborhood over the past 10-years; and the over 5 million square feet of new development in the pipeline.

98-04 63rd Road (Rego Park) – The entity Chuang Heng Rego Park LLC, reportedly associated with developer Kenny Liu, acquired the approximately 34,067-square-foot vacant parcel for \$30 million in January. The site located between 98th Place and 98th Street was sold by the Roman Catholic Church of Our Lady of the Angelus according to city records. New ownership is reportedly planning to construct a 177,000-square-foot development on the site. Other planned projects in the borough by Liu include a 33-story, 33,130-square-foot mixed-use development at **76-28 Parsons Boulevard** (Flushing), which will host 33 residential units and 3,300 square feet of community facility space designated for medical use; and a 9-story, mixed-use development that will host 30 residential units spread across 22,710 square feet and 2,080sf of retail space at **41-14 27th Street** (Long Island City).

Queens (cont'd)

Projects on the Horizon

46-13–46-37 Kissena Boulevard (Flushing) – Kimco Realty Corp. reportedly filed proposals to construct an 8-story, over 318,575-square-foot mixed-use development. If approvals are secured as proposed, the new structure will host 244 residential units spread across 244,000 square feet, of which 25% to 30% will be designated for affordable housing, 15,675 square feet of 2nd floor community facility space, 58,000 square feet of ground level retail space, and a 2-level, 333-car below grade parking garage for both residential and commercial tenant use. The 68,200-square-foot parcel located between Holly and Laburnum Avenues currently hosts a single-story, 22,520-square-foot commercial building, having last traded in July 2007 for \$14 million (\$44 per buildable-square-foot) according to city records.



46-13–46-37 Kissena Boulevard - Rendering

31-08 Northern Boulevard / 31-16 Northern Boulevard (Long Island City) – Astoria-based Criterion Group pre-filed plans at the end of January for a 9-story, 254,636-square-foot commercial development reaching a linear height of 115-feet. The proposed self-storage facility will be constructed on the 50,681-square-foot assemblage the developer acquired in April 2015, paying \$28 million to seller Steven Newman, who acquired the site in 2004 for \$3.5 million; and reportedly another \$12 million to contract vendee Williamsburg-based investor Joel Gluck who opted to flip the contract. News of the pre-filing indicates a change in directions by Criterion, the company reportedly introducing the sale offering of the site in August 2016, some sources at the time anticipating the site would fetch over \$50 million (\$196 per buildable-square-foot).

Projects in Progress

45-31 Davis Street (Long Island City) – Ascent Development, under the entity Pearson Assemblage LLC, filed new building applications in February for a 20-story, 110,756-square-foot mixed-use development. The 222-foot-tall structure will host 92 residential units spread across 76,123 square feet and 195 square feet of commercial space. It is unclear in Ascent is co-developing the project with other parties; or if further acquisitions have yet to be listed on city records. According to details in the permit filing posted on the Department of Buildings (DOB) website, new construction will spread across a block-through lot area of 15,271 square feet comprised of:

- 45-31 Davis Street – The 8,300-square-foot parcel that last traded in 1985 for an undisclosed price is currently registered under 4531 Davis Street LLC;
- 45-24 Pearson Street / N/A Davis Street – The 2-parcel, 4,300-square-foot assemblage last traded in mid-January under the entity Pearson/Davis Owner LLC for \$6.45 million;
- 45-30 Pearson Street – The 1,250-square-foot parcel last traded October 2017 for \$1.5 million; and is currently registered under the entity Pearson/Davis Owner LLC
- 45-26 Pearson Street – The 1,251-square-foot parcel has been longtime owned; and currently registered under Kamlawatee Rambissoon

135-25 Northern Boulevard (Flushing) – Hajjar Medical Office Building of Flushing, LLC filed new building applications in January for a 12-story, 146,791-square-foot medical facility. The 159-foot-tall structure will host 89,334 square feet of community facility space and 7,202 square feet of commercial space. New construction will rise on the 20,483-square-foot site acquired in August 2017 for \$19 million (\$129 per buildable-square-foot) from longtime owner the Calvary World Mission Church according to city records. Located between Prince and Farrington Street, the site that runs block-through to 35th Avenue currently hosts a 2-story, 28,728-square-foot structure that will need to be demolished prior to construction start.



Queens (cont'd)

Projects in Progress (cont'd)

3-50 St. Nicholas Avenue (Ridgewood) – AB Capstone filed new building applications at the end of January for a planned 17-story, 248,332-square-foot mixed-use development. The 208-foot-tall structure will host 138 residential units spread across 93,481 square feet, 96,702 square feet of commercial space, and 942 square feet of community facility space plus on-site parking for 341 cars. New construction will rise on the L-shaped, 4-parcel assemblage on the corner of Woodbine Street totaling 31,056 square feet. Acquisition of the assemblage plus additional development rights for a combined total of \$21.596 million (\$87 per buildable-square-foot) was completed over the course of a few years between 2015 and 2018 according to city records.

Initially in partnership with Bronstein Properties, the co-developers had reportedly introduced 336 and 350 St. Nicholas Avenue, along with the development rights to the market in early 2017 at an asking price of \$34.9 million, having paid \$10.596 million in 2014 and 2015. The shovel-ready site was 421-a approved since construction permits from the Department of Buildings (DOB) had been secured, and foundation work underway prior to the tax abatement program expiring on January 15, 2016. The previously planned nearly 200,000-square-foot mixed-use development was expected to host 129 residential units plus a mix of commercial and community facility space.

However in March 2018 plans shifted directions, AB Capstone securing a \$37.5 million financing package from Madison Realty Capital, apparently deciding to move forward with the development on its own. The financing reportedly funded AB Capstone’s buyout of Bronstein’s stake in the project; as well as financing the \$11 million acquisition of the pair of commercial buildings at 54-31 Myrtle Avenue and 13-37 Woodbine Street. In January 2019 ConnectOne Bank assumed the financing that included a \$4.5 million building fee and leasehold mortgage plus a separate \$25.5 million mortgage, consolidating an existing \$6 million loan provided by People’s United Bank in 2014 with a newly provided \$19.5 million gap mortgage.



3-50 St. Nicholas Avenue - Rendering

Location	Sold Price	Parcel Sq. Ftge.	Transaction Date
336 St. Nicholas Avenue	\$3.85MM	14,971 SF	7/2014
350 St. Nicholas Avenue	\$3.85MM	10,000 SF	7/2014
54-31 Myrtle Avenue 16-37 Woodbine Street	\$1MM	17,290 SF	2/2015
54-21 Myrtle Avenue	\$1.896MM	\$35,488 SF	\$12/2015
Development rights acquired from the Stahl Organization			
54-31 Myrtle Avenue 16-37 Woodbine Street	\$11MM	3,585 SF 2,500 SF	2/2018

Queens (cont'd)

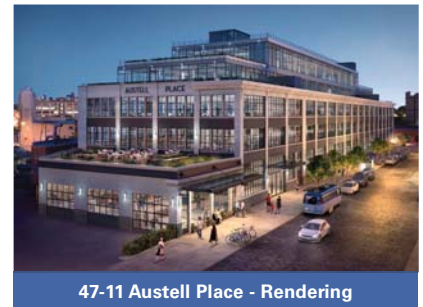
Lending

29-37 41st Avenue aka 29-55 Northern Boulevard / 29-27 Queens Plaza North (Long Island City) – The Durst Organization secured a \$360 million financing package from M&T Bank. The new debt was divided into a trio of mortgages — a refinanced \$90 million acquisition loan, a \$220 million building loan, and a \$50 million project loan. Financing proceeds will help fund the developer's 67-story, 978,000-square-foot mixed-use development that is currently under construction. Dubbed **Queens Plaza Park**, the 755-foot tall structure will host 958 residential rental units, of which 300-units have been designated for affordable housing, and 8,702 square feet of commercial space. A public park will also be created as part of the project. Durst had reportedly acquired the shovel-ready assemblage, which includes additional air rights, in an all-cash deal for \$173.5 million at the end of 2016. Sellers Property Markets Group (PMG) and the Hakim Organization opted to abandon their own plans for a roughly 70-plus story, 900,000-square-foot development to house up to 921-units. The landmarked 51,870-square-foot **Clock Tower** building at 29-27 Queens Plaza North is located on a portion of the development site; and will be restored and renovated to become part of the retail and commercial space on the lower floors of the new tower.



29-37 41st Avenue - Rendering

47-11 Austell Place (Long Island City) – The development team of Normandy Real Estate Partners, Drake Street Partners, and GEM Realty Capital have reportedly secured a \$75 million loan from Deutsche Bank. The new debt will fund the next phase of the ongoing construction of the warehouse-to-office conversion of the former 3-story, 120,000-square-foot structure. The 5-year, floating-rate loan replaces existing debt encumbering the property and provides additional funds to finish leasing and complete renovation work according to reports. The co-developers acquired the vacant former printing plant in 2015 for \$35 million (\$292 per square foot) from longtime owner Time Equities.



47-11 Austell Place - Rendering

The project launched in 2016 includes the vertical expansion of (2) floors, increasing the building's density to 171,000 square feet; and featuring floor-to-ceiling windows. Newly created tenant amenities will reportedly include 25,000 square feet of usable terrace space, a roof deck, ceiling heights from 13- to 16.5-feet, a lobby lounge, locker room with showers, bike storage, dedicated parking, and tenant-controlled HVAC. Financing for the first phase of construction was provided by SL Green Realty's debt arm, the \$35 million loan included a roughly \$11.237 million building loan and \$23.763 million project loan.

Hunter's Point South, 52-03 Center Boulevard / 52-41 Center Boulevard (Long Island City) – Co-developers TF Cornerstone and non-profit Selfhelp Community Services have secured a roughly \$775.773 million financing package for the (2) building project. New construction will rise on the 110,906-square-foot waterfront parcel. The project was awarded to the development team by the New York City Economic Development Corporation (NYCEDC) back in 2013, but groundbreaking has been delayed due to the site sitting above several utility lines and a train tunnel requiring approvals by Amtrak and the New York Power Authority (NYPA) of the buildings' designs and construction to ensure their existing infrastructure will not be damaged. Upon full construction completion of the (2) buildings, along with a 600-seat school to be funded by the city, Phase 1 of the larger 30-acre multi-building waterfront project will be complete.



Hunter's Point South - Rendering

- **52-03 Center Boulevard** – The 56-story, 855,541-square-foot mixed-use development will reach a linear height of 587-feet and host 800 affordable housing units and 8,073 square feet of commercial space. The New York City Department of Housing Preservation and Development (HPD) provided a roughly \$173.320 million mortgage; while the \$30.289 million project loan and \$327,431 million building loan was provided by the city's Housing Development Corporation (HDC), a portion of which was bonds.
- **52-41 Center Boulevard** – The 46-story, 410,240-square-foot mixed-use development will reach a linear height of 475-feet; and host 394 residential units spread across 374,100 square feet, 850 square feet of commercial-retail space on the ground level, and a 7,950-square-foot daycare facility. The New York City Department of Housing Preservation and Development (HPD) provided a roughly \$86.58 million mortgage; while the \$16.79 million project loan and \$141.362 million building loan was provided by the city's Housing Development Corporation (HDC), a portion of which was bonds.



Queens (cont'd)

Lending (cont'd)

30-02 39th Avenue (Long Island City) – The Lightstone Group has reportedly secured a \$187 million loan for the newly constructed 10-story, 413,150-square-foot mixed-used development that launched leasing in late 2017. The financing for the fully leased building known as the **ARC** was provided by Citibank according to reports. The 123-foot-tall structure hosts 428 residential units; and features 50,000 square feet of tenant amenities including a 70-foot long salt water rooftop pool, half-acre interior park, greenhouse, a 5,000-square-foot fitness center, basketball court, library, catering kitchen, collaborative and private workspace area, game room, golf simulator, and residents lounge. The building is situated on the 66,295-square-foot parcel that offers 3-sides of frontage along 30th Street, 31st Street and 39th Avenue, which Lightstone acquired in early 2016 for \$23.226 million. An additional 49,260 square feet of development rights appears to have been secured from adjacent **30-17 40th Avenue** for an undisclosed price per documents posted on city records.



144-45–144-51 Northern Boulevard / 144-61 Northern Boulevard (Flushing) – A developer under the entity CW Northern LLC has secured a \$75 million construction financing package from Shanghai Commercial Bank split into (2) mortgages — a \$50 million building loan and a \$20 million project loan. The new loan will help fund the developer's planned 17-story, 213,270-square-foot mixed-use development. According to permit details initially filed in April 2018, the 197-foot-tall structure will host 132 residential condominiums spread across 116,127 square feet, 48,825 square feet of commercial space, and 48,318 square feet of community facility space. Reports at the time also indicated that an enclosed 489-car parking structure will also be constructed on the 48,642-square-foot site located between Parsons Boulevard and 146th Street. CW Northern purchased the (3) tax lots that subsequently underwent a lot merger through a pair of transactions in 2016 and 2017 for a combined total of \$47.2 million (\$221 per buildable-square-foot). Financing for the transactions totaling \$30.4 million was also provided by the Hong Kong-based lender.



Bronx Development

Caterer Relocating to the Repositioned Bruckner Building

High-end caterer Great Performances will be vacating its 24,500-square-foot location of 26-years upon relocating to a larger nearly 41,000-square-foot space in the South Bronx neighborhood of Mott Haven. The new location at **2417 Third Avenue** within the former 127,000-square-foot manufacturing building known as the **Bruckner Building** will be located on the ground and 3rd floor. A portion of the space that had an asking rent of \$25 to \$30 per square foot will be dedicated for a coffee shop to be operated by Great Performances non-profit **The Sylvia Center**, which is dedicated to establishing healthy eating habits for children according to reports. The newly repositioned 8-story building underwent a major \$12 million renovation creating modern office space with 12-foot ceiling heights by co-developers Savanna and Hornig Capital Partners. The estimated \$4.5 million build-out by the caterer will deliver a “state-of-the-art facility that will incorporate significant production and energy efficiencies” according the reported statements by a Great Performances space spokesperson.

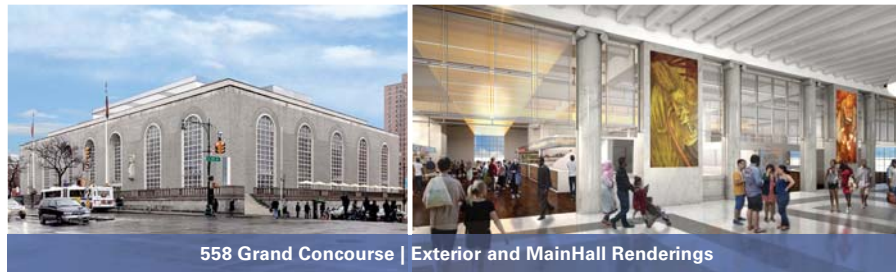
The move from the caterer’s current location at **304 Hudson Street** (Hudson Square) has reportedly been prompted by the exercising of a demolition clause by the Walt Disney Company. Disney controls the building under a 99-year ground lease secured in 2018, along with several other buildings under the portfolio name 4 Hudson Square, planning to redevelop into a new headquarters for its broadcast station the American Broadcasting Company.



Bronx (cont'd)

Pending Site Sales

558 Grand Concourse (Concourse Village) – The joint venture of MHP Real Estate Services and Miami-based Banyan Street Capital is reportedly in contract to purchase the 175,316-square-foot former **Bronx General Post Office** for a price in the high-\$70 million range (\$400-plus per square foot). Seller Youngwoo & Associates had acquired the landmarked building that dates back to 1937 from the U.S. Postal Service in 2014 for \$19 million (\$108 per square foot); and along with the Bristol Group is currently working on a repositioning and restoration of the asset that is expected to be completed by the end of the 1st quarter. According to earlier reports, the repositioning retains post office retail space in a portion of the ground level, with the remaining 63,842 square feet to house a retail marketplace similar to the **Chelsea Market**. Office space totaling 104,809 square feet is being created on the 2nd and 3rd floors, topped off by a 6,665-square-foot rooftop restaurant that will be set-back 49-feet so as to be nominally visible from street level. Approvals had been secured from the Landmarks Preservation Commission (LPC) in 2015 prior to the start of construction. Pre-leasing activity has already attracted the owners of local restaurant La Marina, which are reportedly already working on the build-out of the rooftop bar and **Zona de Cuba** restaurant space.



Recently Sold Sites

355 Exterior Street / 399 Exterior Street (Mott Haven) – The Lightstone Group has purchased the 3-parcel assemblage for \$59 million in an all-cash deal from separate owners according to reports. Sellers Borden Realty and Pantheon Properties had reportedly decided to team up in December on the sale of their adjacent development sites that total 210,416 square feet. News of Lightstone's latest purchase comes about (2) weeks following the securing of a 49-year leasehold for the adjacent site partially separated by 37,586-square-foot park at **475 Exterior Street** for roughly \$30.05 million. The deal from longtime fee-owner River Edge Realty includes a 50-year extension option according to city record documents. Future plans by new ownership will reportedly give rise to 2,000 housing units, of which 30% will be designated for affordable housing, along with a retail component and parking. All combined, the properties located along the Harlem River and the Major Deegan Expressway between the 145th Street and Madison Avenue Bridges are reportedly zoned for approximately 1.5 million square feet of floor area.

- **355 Exterior Street** – The 2-parcel, 62,506-square-foot assemblage sold by Borden Realty can accommodate about 225,021 buildable square feet. Currently zoned R7-2, Borden has owned the properties since 2000, having acquired them from the New York City Industrial Development Agency for an undisclosed price.
- **399 Exterior Street** – The 147,900-square-foot former bus depot is zoned M2-1/C4-4; and last traded in 2005 for \$4.46 million. Upon initially introducing the site to the market in November 2018, Pantheon was hoping to fetch in the neighborhood of more than \$30 million for the site that can accommodate 657,040 buildable square feet according to reports at the time.
- **475 Exterior Street** – The 191,000-square-foot site that is primarily vacant offers 725-feet of frontage along the Harlem River. Currently zoned C4-4, the site can accommodate up to 657,040 buildable square feet with a reportedly wide range of uses including schools, offices and hotels. Although the property falls within an opportunity zone, it is “unclear if the developer could benefit from the tax deferment” as a leaseholder.

Bronx (cont'd)

Recently Sold Sites (cont'd)

980 East 149th Street (Port Morris) – Real estate investment and development firm Turnbridge Equities has reportedly purchased the approximately 443,441-square-foot parcel (10.18-acres) for \$56.2 million (\$63 per buildable-square-foot) from longtime owner Con-Agg Recycling Real Estate, LLC. A \$43.6 million mortgage and mezzanine loan was reportedly provided by ACORE Capital to close on the transaction. The site that can reportedly accommodate about 890,000 square feet of warehouse space is currently leased to construction material provider Til-Con for a concrete recycling facility; and although its potential redevelopment is not expected in the immediate future, it is likely that a warehouse development will eventually be constructed to attract logistic companies or serve as a “last-mile” distribution center for e-commerce. In addition, the property’s location close to the **Hunts Point Market** food-distribution and wholesale businesses complex opens the door for a further warehouse use to service the grocery industry as the pace of buying food online for home delivery continues to pick up steam.

Projects on the Horizon

290 East 149th Street (Mott Haven) – Omnibuild, Inc. pre-filed applications for a proposed 2-building, 146,186-square-foot mixed-used development. The pair of 8-story buildings will reach a linear height of 85-feet and host a combined total of 123 residential units spread across 91,058 square feet and 20,641 square feet of commercial space. According to permit details posted on the Department of Buildings website a total of (6) parcels are referenced in conjunction with the project; however ownership is unclear; and no recent trades have been recorded in city records — the pair of adjacent parcels at 290-292 East 149th Street total 4,325 square feet; and the remaining (4) adjacent parcels at 299-303 East 148th Street and 287-289 East 148th Street total 21,300 square feet.

87 West 169th Street / 107 West 169th Street (Highbridge) – The New York City Housing Preservation and Development (HPD) released a request for proposals on December 21st seeking a developer to construct an 80- to 100-unit affordable senior housing development to be coupled with social services through the city’s Senior Affordable Rental Apartments (SARA) program. New construction will rise on the 2-parcel, 15,100-square-foot assemblage located between Nelson and Shakespeare Avenues that currently serves as open park area. The project is reportedly intended to “advance the goals of ‘**Seniors First**,’ a slate of new programs that the Administration introduced last year to double its commitment to senior housing over the extended 12-year **Housing New York 2.0** plan, serving 30,000 senior housing by 2026.” The 169th Street site is the first of (6) identified development sites — (2) NYCHA sites and (4) city-owned sites that have been designated for the development of 100% affordable senior housing projects over the next to years.

Projects in Progress

260-298 Grand Concourse (Mott Haven) – JCS Realty, under the entity GC Capital Group LLC, filed new building applications in February for a 12-story, 196,093-square-foot residential development. The 124-foot-tall structure will host 222 residential units spread across 146,648 square feet. The developer purchased the irregularly-shaped 17,860-square-foot parcel in October 2018 for \$10.3 million (\$53 per buildable-square-foot), financing the acquisition with an \$11.5 million mortgage provided by private lending platform S3 Capital Partners under the entity S3 RE 276 Grand Concourse Funding LLC according to city records. The site located along an exit ramp of the Major Deegan Expressway between East 138th and 141st Streets currently serves as a parking lot offering 222-feet of frontage along Grand Concourse. Demolition permits for the existing single-story, 9,200-square-foot structure were simultaneously filed to make way for new construction.

345 St. Ann’s Avenue (Mott Haven) – The city’s Department of Housing Preservation and Design (HPD) filed new building applications in February for a 10-story, 180,155-square-foot mixed-use affordable housing development. The 106-foot-tall structure will host 178 residential units spread across 131,344 square feet, 11,175 square feet of commercial space, and 2,873 square feet for community facility use. New construction will rise on the 24,146-square-foot parcel that currently serves as a parking lot on the corner of East 142nd Street.

1761-1775 Jerome Avenue aka 13 West 176th Street (Mount Hope) – Non-profit Services for the Underserved filed new building applications in December for a 16-story, 139,721-square-foot mixed-use development. The 165-foot-tall structure will host 175 residential units spread across 63,093 square feet, 52,949 square feet of community facility space, and 7,538 square feet for commercial use. The social services organization which has developed several supportive and affordable housing projects secured demolition permits in November for the existing 2-story, 18,000-square-foot residential building.

Bronx (cont'd)

Projects in Progress (cont'd)

722 East 212th Street (Williamsbridge) – B&B Urban has filed plans for a pair of 8-story residential developments that will deliver a combined total of 170-units. Plans initially filed in November detail a 93,237-square-foot structure that will host 87-unit spread across 6,079-square-feet; while a December filing reveals a somewhat smaller 77,047-square-foot structure hosting 83-unit spread across 63,539 square feet. The project will include 51-units for formerly homeless families with on-site services provided by non-profit Center for Urban Community Services. Tenant amenities will include a courtyard, community room with kitchenette, a computer lab and children's library. In addition, the green features included as part of the development's design include a "rooftop photovoltaic solar installation" which generates electric power by using solar cells to convert energy from the sun according to reports. New construction will total 170,284 square feet; and will rise on the 5-parcel, 35,007-square-foot block-through assemblage acquired in (2) transactions in 2018 and 2017 for a combined total of roughly \$8.828 million (\$52 per buildable-square-foot). A \$5.913 million mortgage was provided in March by Well Fargo according to city records.

2111 White Plains Road (Pelham Gardens) – The Sopher Group has pre-filed new building applications in December for a planned 8-story, 108,881-square-foot mixed-use development. The 85-foot-tall structure will host 124 units of reportedly market-rate housing, 30,296 square feet of commercial space, and 893 square feet designated for community facility use. The Manhattan-based developer will be co-developing the project with Irgang Group according to reports. Demolition of a former single-story structure appears to have been completed to make way for new construction on the 12,678-square-foot assemblage. Sopher transferred 23,753 square feet of floor area development rights from the adjacent property the developer owns at 2129 White Plains Road to increase the allowable floor area development rights to 105,867 square feet.



65 East 149th Street aka 575 Exterior Street (Lower Concourse) – L+M Development Partners and Type A Projects filed new building applications in February for a 23-story, 584,876-square-foot mixed-use development. The 260-foot-tall tower will host 542 affordable housing units spread across 424,075 square feet, 72,571 square feet of commercial space, and 60,044 square feet of community facility space. The co-developers were awarded the opportunity to redevelop the city-owned, vacant 185,000-square-foot parcel in October 2017 in response to a request for expressions of interest (RFEI) released the previous year by the New York City Economic Development Corporation (NYCEDC) offering a long-term lease. The filing represents the first phase of a (2) phase project dubbed **Bronx Point**; and building designs will be created to meet Leadership in Energy and Environmental Design (LEED) Gold Certification standards. Construction of Phase 1 is expected to be completed in 2022; and projected to create 100 permanent new jobs and 915 jobs relating to its construction.



Upon full construction completion **Bronx Point** will host up to 1,045 residential units, of which a minimum of 50% will be designated for affordable housing, a mix of retail and office space, as well as community facility space to be operated by community services provider BronxWorks. A planned 2-acre waterfront esplanade will connect to Mill Pond Park, featuring an open-air performance theater with public seating and Harlem River views. According to previous reports the complex will include a museum to serve as the first-ever brick-and-mortar **Hip-Hop Museum**; educational programming space to be operated by various organizations including the Bronx Children's Museum, CityScience, and Billion Oyster Project; and a food hall to reportedly be curated by Foragers Market founder Anna Castellani, who also curated Brooklyn's Dekalb Market Hall.

"Redevelopment of the site is part of Mayor de Blasio's commitment to investing nearly \$200 million in the South Bronx in order to establish connectivity along the Harlem River waterfront, create affordable housing, build new infrastructure, strengthen the shoreline and create commercial and community facilities that provide amenities and services to the surrounding neighborhood" according the 2016 press release for the project by the NYCEDC.

1415-1431 Ogden Avenue (Highbridge) – NCV Capital Partners filed new building applications in February for a 7-story, 74,430-square-foot mixed-use development. The 71-foot-tall structure will host 76 residential units spread across 55,404 square feet, 6,436 square feet of commercial space, and 533 square feet for community facility use. Ownership of the 18,750-square-foot parcel is unclear, city records list the last purchase of the 2-story, 27,295-square-foot building made by longtime owner Ogden Christian Home in 1976 for an undisclosed price. The property that now appears to be vacant and abandoned has a tax lien initially recorded on city records in 2013.



University Heights, Bronx

Bronx (cont'd)

Lending

198 East 135th Street / 224 East 135th Street (Mott Haven) – CGS Builders has secured a \$75 million financing package from private lending platform S3 Capital Partners (444 Madison Avenue) under the entity S3 RE 135 Street Funding LLC. The loan includes a refinancing of a \$12 million mortgage and \$4 million building loan previously provided by S3 Capital in June 2018 for the 224 East 135th Street property, a newly provided roughly \$11.445 million project loan, and a \$47,555 million building loan gap mortgage according to city record documents. The loan will help fund the developer's 2-tower development that will sit atop a shared podium; and be divided between approximately 292,716 square feet of residential space, 13,474 square feet of commercial space and 4,765 square feet of community facility space. CGS acquired the 48,976-square-foot parcel located by the Third Avenue Bridge and the Major Deegan Expressway for \$15.47 million in 2015 from storage facility company Storage Deluxe.



198/224 East 135th Street - Rendering

- 198 East 135th Street – DOB approvals were secured in December 2015 for the planned 25-story, 250-foot-tall structure that will host 427 residential units.
- 224 East 135th Street – DOB approvals are pending for the new building applications filed in recently in February (2019) for a 24-story, 243-foot-tall structure that will host 190 residential units.

2016 Arthur Avenue / 2010 Arthur Avenue / 612 East 179th Street (Tremont) – Foxy Management has secured a \$72.15 million financing package for the planned 9-story, 130,625-square-foot senior housing development. The New York State Housing Finance Agency (HFA) provided roughly \$58.5 million, with the remaining \$13.78 million provided by the city's Department of Housing Preservation and Development (HPD) according to reports. New building applications were filed in August for the 90-foot-tall structure that is being developed with an affiliation to the Riverdale-based Hebrew Home for the Aged; and will host 177-units spread across 140,556 square feet. The project's design will include 8,000 square feet of open space and over 4,000 square feet of terraces created on (2) setbacks; and an indoor greenhouse for growing vegetables and herbs will be created, along with a teaching kitchen to engage residents. New construction will rise on the primarily vacant 3-parcel, 19,905-square-foot assemblage the developer acquired through (3) transactions in 2017 and 2018 for a combined total of approximately \$4 million (\$33 per buildable square foot). Other recent projects by the Bronx-based developer include the 8-story vertical expansion of an existing 2-story Cerebral Palsy Associate of New York State facility at **1880 Boston Road**. Construction that is nearing completion will add a 133,812-square-foot residential component that will host 168-units dedicated for senior housing in the borough's West Farms neighborhood.



2016 Arthur Avenue - Rendering



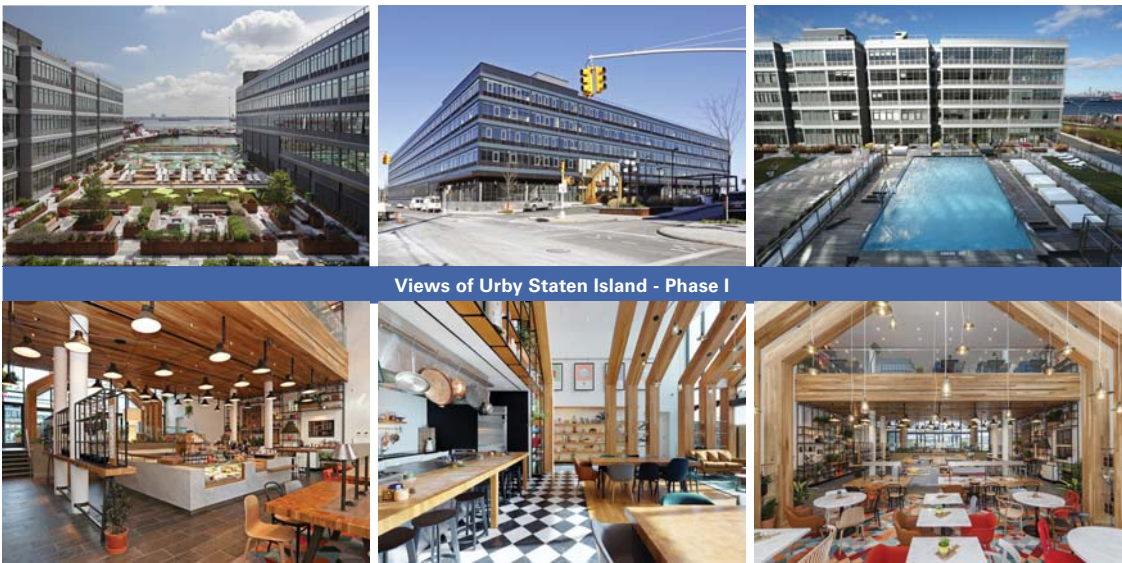
Staten Island Development

Lending

7 Navy Pier Court / 8 Navy Pier Court (Stapleton) – The multi-building project dubbed **Urby Staten Island**, being constructed in 2 phases spread across a 7-acres site by Ironstate Development Company, secured \$132.9 million in Fannie Mae debt to refinance the first phase of development which delivered 2-buildings in 2016. Greystone originated the 10-year, fixed-rate permanent financing that replaces a \$100 million construction credit facility provided by PNC Bank in 2013 according to reports. Upon full construction completion by the Hoboken, NJ developer, the 3-building complex will feature 900 LEED-certified residential units, 35,000 square feet of ground level retail space, 600 parking spaces, and a public plaza. New York City invested \$32 million into the public spaces to create new roads and a mile-long waterfront esplanade according project details posted on Ironstate’s website. A total of over 1,100 construction jobs and 250 permanent jobs are being created as a result of the project.

A farmer-in-residence will oversee a 5,000-square-foot urban farm, of which a portion of the produce grown will be sold in an on-site, bodega-style market; while other plants will be used for cooking classes and events being offered in a communal **Urby Kitchen** by a chef-in-residence. Tenant amenities include a 5,100-square-foot gym, an outdoor saltwater pool, courtyards with fire pits and kids play areas. Several eateries already occupy the retail space including Mediterranean-style seafood restaurant Barca, a 2-story, 200-seat Rallo’s Surf offering wood-fired barbecue, and Seppe Pizza Bar.

- Phase I** spreads across a nearly 4-acre site, delivering a combined total of roughly 450,000 square feet. The 4- and 5-story buildings host a total of 467 residential units, of which 115-units are designated for affordable housing, and 35,000 square feet of retail space.
- Phase II** is expected to add a 4-story, 350,399-square-foot development that will host 328 residential units spread across 227,608 square feet.





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