



# Development News Highlights MANHATTAN - MID-3<sup>RD</sup> QUARTER 2019 PLUS AN OUTER BOROUGH SNAPSHOT







## NYS Offshore Wind Agreement (cont'd)

- **Sunrise Wind 880-Megawatt Project** will be led by Bay State Wind LLC. The development of the project's transmission facilities will be supported by Con Edison Transmission and the New York Power Authority; and Ørsted and Eversource, which have a strong presence in the northeast, to co-locate Sunrise Wind's North American Operations Headquarters and a regional operations and maintenance hub in Port Jefferson, Long Island. The facilities will be capable of supporting Sunrise Wind and affiliated U.S. projects. Over 800 local jobs are expected to be supported by the project, in addition to leveraging the Capital Region's port facilities to support steel component fabrication for the turbine foundations. Financial and technical support for a number of regional institutions and entities will also support research and education, and help advance responsible development of offshore wind energy. South Wind's planned interconnection point is the Holbrook and West-Bus substations in the town of Brookhaven within the Long Island Power Authority's (LIPA) service territory. Construction is expected to start in 2022, with the wind farm slated to commence commercial operation in May of 2024.

The New York State Energy Research and Development Agency (NYSERDA) was expected to release contract details, including pricing and other relevant metrics, following execution of the contracts. Other efforts to further benefit the state include workforce development in partnership with the private sector for the establishment of a **New York State Advisory Council on Offshore Wind Economic and Workforce Development**, a new \$20 million **Offshore Wind Training Institute** (OWTI), and a \$3 million **Community and Workforce Benefits Fund** (CWB Fund) to establish the institutional infrastructure to educate, train and employ New Yorkers.

In addition the **Climate and Communities Protection Act** (CLCPA) was signed, representing an historic measure requiring the state to "achieve a carbon free electricity system by 2040 and reduce greenhouse emissions 85% below 1990 levels by 2050. The new statewide legislation follows in the footsteps of at least 13 states that have passed or are considering setting 100% clean-electricity targets according to reported data in March compiled by EQ Research.

### Implementation of the CLCPA will:

- Target investments to benefit disadvantaged communities,
- Create tens of thousands of new jobs,
- Improve public health and quality of life, and
- Provide all New Yorkers with more robust clean energy choices

However a setback is expected for New York City with the impending shutdown of the **Indian Point** nuclear power plant 40-miles up the Hudson River. The facility which reportedly produces more than 2,000 megawatts of virtually carbon-free electricity, or roughly one-third of the city's energy load, is nearing the end of its lifespan after decades of use; and its exit from use could create increased demand for oil- and natural-gas-fired electrical plants, thereby increasing the city's carbon emissions in the immediate future.



## NYS Offshore Wind Agreement (cont'd)

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CLCPA highlights include:

- **Putting New York on the Road to Economy-Wide Carbon Neutrality:** The New York State Department of Environmental Conservation (DEC) will, through the adoption of regulations, drive an 85% reduction in greenhouse gas emissions by 2050, with an interim mandate of 40% reduction in emissions by 2030 (both relative to 1990 levels). The Climate Action Council will develop a plan to offset remaining emissions through carbon capture or other technologies, resulting in a carbon-neutral economy.
- **70% Renewable Energy by 2030 and Zero-Carbon Emission Electric Sector by 2040:** The CLCPA codifies Governor Cuomo's goals as called for under his **Green New Deal**, mandating that at least 70% of New York's electricity come from renewable energy sources such as wind and solar by 2030, and that the state's power system is 100% carbon neutral by 2040.
- **Nation-Leading Clean Energy Investments:** The CLCPA also codifies Governor Cuomo's commitments to install 9,000 megawatts of offshore wind by 2035; 6,000 megawatts of distributed solar by 2025; and 3,000 megawatts of energy storage by 2030.
- **Climate Action Council and Policy Roadmap:** Expert heads of relevant state agencies and legislative appointees will craft the roadmap of policies needed to achieve the law's mandates. The Council, co-chaired by the New York State Energy Research and Development Agency (NYSERDA) and DEC will establish sector specific working groups to make sure experts and stakeholders inform all policies developed under the CLCPA. Planned working groups include a just transition working group, as well as working groups on transportation, agriculture, energy-intensive and trade-exposed industries, land use and energy efficiency.
- **Landmark Investments in Environmental Justice and Just Transition:** Relevant state agencies will invest 35% of clean energy program resources to benefit disadvantaged communities, and will aim to invest 40%. Additionally, the just transition working group will work to ensure that individuals working in conventional energy industries are provided with training and opportunities in the growing clean energy economy.

It has reportedly been estimated by a policy analyst at the Albany-based Empire Center for Public Policy that the "offshore wind buildout will cost more than \$48 billion upfront and \$1 billion in annual operating cost; and at least 56-square miles of solar panels would be needed to hit CLCPA's goal of 6,000 megawatts of solar capacity by 2025. However it has been further pointed out that "costs of wind and solar installations have been dropping," as the building of large amounts of wind and solar energy have become much more economical than even 3- or 4-years ago.



## Development Activity

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### Outer Borough Land Prices Rise During First-Half of 2019

Despite some surfacing factors, which would seem to indicate otherwise, land prices in the outer boroughs rose during the first (8) months of the year. Development trades in Queens averaged \$228 per buildable-square-foot during the period, representing an increase of about 8.3% from the 2018 average according to reported data. Prices in Brooklyn rose more moderately by about 6.5% to \$278 per buildable-square-foot; while development site sales averaged \$106 per buildable-square-foot in the Bronx to reportedly reach a new high.

In contrast Manhattan saw a lowering of land prices in the 1st quarter of 2019, having lowered 3% year-over-year to an average of \$638 per buildable-square-foot. The softening luxury residential condo market and rising construction costs have attributed to what seems to be a slowing down in the borough. As new condo sales pricing lowers and transaction volume declines, industry people will reportedly be keeping an eye on condo inventory loans. Although reportedly used by “many developers for tax and financial reporting purposes, some use them to float projects that simply aren’t selling.” It has been commented that if these loans default, it can be expected that “lenders will control projects at their loan-to-cost values, which could be a good opportunity for buyers.” Rising construction costs are another factor negatively impacting the land market, New York City maintaining its position as the “most expensive city in the world in which to build based on metrics such as labor and material costs” according to reports. Further adding to costs is the looming new legislation that will “define what projects will be subject to New York’s prevailing wage.”

However despite some signs to the contrary, it is anticipated that strong demand will continue amid mixed-indicators giving rise to some uncertainty as to the direction of the land market. The optimistic point to:

- A leveling off year-over-year in the decline of dollar volume in the outer boroughs; and while there has been a lowering of transaction numbers, what appears to be a stabilizing of dollar volume as prices rise modestly seems to suggest that larger sites are transacting — indicating confidence in the market.
- The creation of the federal government’s Opportunity Zone program is also expected to further fuel demand in the outer boroughs as reportedly “high-net worth groups as well as institutional LPs, traditionally incredulous about placing capital in the outer boroughs, are now all in on opportunity zones.”
- A potential shying away by investors from retail and stabilized multifamily products amid continued challenges in the retail sector and the rent regulation reforms that have nearly made obsolete the traditional multi-family value-add deal, could redirect more capital into other product types such as ground-up development, which has “historically been perceived as high-risk.”



## Development Activity (cont'd)

### NYC School Construction Authority Seeking School Sites

The city agency responsible for the design, construction and renovation of schools throughout New York City is planning to advertise in real estate publications for the first time in decades to seek potential property sellers. Decisions by the School Construction Authority (SCA) to release the request for proposals for property on a broad scale were prompted by the increasing difficulty of find school space, having found only two possible sites among the 7,000 city-owned properties scrutinized by the agency. A total of about 70 sites area being sought, which must be at least 20,000 square feet with room for more than 300 children and on solid ground, not marshland according to reported statements by an SCA spokesperson. It is projected that 44,628 seats will be needed within about 5-years, as quickly changing family choices creates shifts in the student population leaving some schools with empty classrooms and others bursting at the seams, often beyond capacity. A 5-year, \$17 billion capital plan was released by Mayor de Blasio in 2018 to fund projected needs for 2020 to 2024.

Among the districts designated by the SCA, high-need areas include Brooklyn's District 20 neighborhoods of Owls Head Park/Bay Ridge, Dyker Heights, Borough Park/Kensington and Bensonhurst; as well as the neighborhoods of North Corona / South Corona / Lefrak City / Elmhurst, Maspeth / South Woodside, Middle Village, Glendale and Ridgewood in Queens District 24. As an alternative in recent years, the SCA has been able to add school space through partnerships with developers that don't have a hard completion date; and as of mid-June 2018 had reportedly "funded the design and construction of 5,000 seats. The partnership is a win for the developer by providing a "well-funded tenant (the city) or bonuses to build taller;" while the addition of a school also enhances the neighborhood. In addition, if a "developer was seeking a rezoning, adding a school could help convince the City Planning Commission and City Council that the development deserves approval" in some cases.



## Midtown Development

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### Project Plans in Progress

**451 Tenth Avenue** (Hudson Yards) – The Related Companies, under the entity 451 Tenth Avenue LLC, pre-filed new building applications in June for a 44-story, 510,269-square-foot mixed-use development. The proposed 580-foot-tall structure will host 400 residential units spread across 267,915 square feet on the upper floors, 33,205 square feet of commercial space, and 113,513 square feet designated for community facility use to include 126 “long-term care facility dwelling units across the 5th through 12th floors. The filing is the first phase of a mixed-use residential and office project to be developed along with Spitzer Enterprises. Construction will ultimately spread across a 57,956-square-foot assemblage that fills nearly an entire city block bound by Hudson Boulevard East and 10th Avenue between West 35th and 36th Streets. New construction will rise on the 17,280-square-foot parcel located on the corner of West 35th Street, which is controlled under a 99-year ground lease.

According to city record documents, the ground lease was secured by Madd Equities in April 2014 under 451 Tenth Avenue LLC, paying \$62 million for the leasehold that extends through April 2113. In October 2015 Spitzer reportedly took full control of the tenant entity, paying \$35 million for the 41% interest; and in June 2017 an amendment of the lease resulted in an additional payment of roughly \$1.02 million being made under the LLC by Spitzer to fee-owner Superpark Realty.

Rumors of a partnership between Related and Spitzer surfaced in early 2017, reports at the time indicating plans for a 1.4 million mixed-use project spread across the (5) adjacent sites that each company owns. Additional filings for the second phase have yet to be made for the anticipated roughly 950,000-square-foot office tower that will likely rise the remaining (4) parcels.

- **Related Companies**

- **517-527 West 35th Street aka 514-522 West 36th Street** – The 23,400-square-foot vacant parcel sits at the northern end of the block, spanning the entire block-front of Hudson Boulevard East between West 35th and 36th Street. In 2013 it was reported that the developer had entered into contract to acquire the site for an undisclosed price, subsequently closing on the purchase under the entity 517 West 35th Street LLC in September 2018 for \$96 million according to city records. Delays in the closing were likely pending the developer securing approvals from the city to allow the project to be split in two phases. The sale was financed by a \$65 million loan provided by Mack Real Estate Credit Strategies. Seller HLM Realty had acquired the site in 2008 for \$6.05 million.

- **Eliot Spitzer**

- **506-510 West 36th Street / 511-515 West 35th Street / 512 West 36th Street** – The 3-parcel assemblage that has a combined land area of 17,281 square feet was acquired in December 2013 for \$88 million.



## Midtown (cont'd)

### Project Plans in Progress (cont'd)

**113-117 East 55th Street** (Plaza) – Zeckendorf Development filed new building applications in August for an 18-story, 71,961-square-foot residential development. The 185-foot-tall structure will host 62 residential units spread across 59,819 square feet. New construction will rise on the 3-parcel, 5,652-square-foot assemblage located between Lexington and Park Avenues. The developer acquired the assemblage in June 2016, paying approximately \$41.055 million (\$571 per buildable-square-foot) — \$15.35 million and roughly \$13.061 million for 113 and 115 East 55th Street respectively, plus another \$25.289 million for 117 East 55th Street and 119 East 55th Street. However according to the Department of Buildings filings, the 4th parcel is not included in the development site that lies adjacent to 425 Park Avenue, the 67-story, 705,244-square-foot development currently under construction by L&L Holding. Demolition permits were secured earlier this year for the existing low-rise commercial and mixed-use structures.

**223 West 46th Street** (Times Square) – The McSam Hotel Group filed new building applications in July for a 21-story, 61,928-square-foot hotel development that recently broke ground. The 201-foot-tall structure will host 159-keys spread across 48,444 square feet. New construction will rise on the 5,020-square-foot parking lot; however ownership of the site located between Broadway and 8th Avenue is unclear, city records indicating that the last trade was in 2002.

**207-211 East 34th Street / 507-511 Third Avenue** (Murray Hill) – Lake Success, Long Island-based Lalezarian Properties filed new building applications in June for a 35-story, 217,896-square-foot mixed-use development. The 386-foot tall structure will host 229 residential units spread across 158,685 square feet and 8,253 square feet of commercial space. New construction will rise on the 5-parcel, 12,346-square-foot assemblage the developer acquired through (2) transactions in 2018 for a combined total of \$79.5 million. Additional development rights of an unknown square footage were subsequently purchased this year for \$4.2 million, allowing Lalezarian to increase the scope of the project. Demolition permits have yet to be filed for the existing low-rise structures.

**335-339 Fifth Avenue** (Koreatown) – Longtime owner Pi Capital Partners filed new building applications in July for a 26-story, 85,224-square-foot mixed-use development. The 283-foot-tall structure will host 82 residential units spread across 55,977 square feet and 11,026 square feet of commercial space. Demolition permits have yet to be filed for the existing 5-story, 27,785-square-foot commercial building currently situated on the 5,628-square-foot parcel located on the corner of East 33rd Street.



## Midtown South Development

### New to Market

**216-222 West 30th Street** (Chelsea) – The trio of parcels has reportedly been introduced to the markets by two separate longtime owners hoping to fetch \$60 million — Theodoros Kotopoulos, owns 216-218 and 220 West 30th Street, while 222 West 30th Street is owned by Hermat Realty Company. Located between 7th and 8th Avenues, the properties each hosting low-rise commercial buildings offer a combined total land area of 9,248 square feet. Previously offering the sites for a long-term ground lease in 2012 at an asking price of \$1.2 million per year, they were subsequently taken off the market after the offering failed to attract interest according to reports. It is hoped that changes in the neighborhood in recent years, along with the development of Hudson Yards and numerous other projects in the surrounding area will spark buyer interest, with a long-term ground lease still being considered as an alternative option to an outright sale.

### Recently Sold Sites

**118-122 Tenth Avenue / 124-126 Tenth Avenue** (Chelsea) – GDS Development and Swedish real estate firm Klöver AB have reportedly secured the assignment of the leasehold for the pair of properties located between West 17th and 18th Streets, paying \$22.6 million for the ground lease that extends through January 2116. Redevelopment plans are expected to give rise to a 10-story, 135,000-square-foot office development with 6,000 square feet retail space, replacing a 2-story, 4,380-square-foot commercial building and a single-story, 13,760-square-foot retail building that currently serves as the home of longtime restaurant-and-club **The Park**. Seller Real Estate Equities had acquired the 99-year ground lease for \$21.084 million in January 2017 to take control of the entire 6,883 square foot parcel at 118 Tenth Avenue and a 2,797-square-foot portion of the 3,925-square-foot parcel at 124 Tenth Avenue. Plans had been filed in December for a 10-story, 109,573-square-foot commercial development that was to be constructed on the (2) sites along with adjacent 116 Tenth Avenue and 452-455 West 17th Street. It is unclear what Real Estate Equities is planning for latter pair of sites, having entered into contract in January 2018; and in January 2019 secured a closing date extension according to city record documents.



## Midtown South (cont'd)

### Project Plans in Progress

**220 Eleventh Avenue** (Chelsea) – New building applications filed in June indicate a shift in directions for the vacant 19,750-square-foot development site longtime owned by the Moinian Group. According to permit details posted on the Department of Buildings website, new construction will give rise to a 9-story, 183,158-square-foot commercial development, of which 147,534 square feet is useable within the 133-foot-tall structure. Spanning the entire 11th Avenue block-front between West 25th and 26th Streets, the June revised filing appears to indicate that the developer has opted to abandon earlier plans for an 11-story, 158,182-square-foot mixed-use development filed in July 2016, which was reportedly one of the last buildings to be designed by late architect Zaha Hadid. Had the project proceeded as previously envisioned, the 145-foot-tall structure would have given rise to 43 residential units spread across 121,125 square feet, 3,527 square feet of commercial space, and 23,427 square feet designated for community facility use. Construction was expected to move forward in early 2017 following completion of infrastructure work on the northern end of the parcel by the Metropolitan Transportation Authority (MTA), as part of the now completed 7-subway line extension; however the project has remained on hold despite reportedly closing on a \$361 million bond issuance on the Tel Aviv Stock Exchange (TASE), of which a portion of the funds was expected to assist in the financing of the project.

**57-63 Pitt Street** (Lower East Side) – Paul Stallings, under the entity 6 Strong Realty LLC, filed new building applications for a 13-story, 48,445-square-foot residential development. The 120-foot-tall structure will host 52 units spread across 38,243 square feet. The development site located between Rivington and Delancey Streets includes:

- 63 Pitt Street – The 2,517-square-foot parcel currently hosts a 5-story, 10,070-square foot residential building with 16 co-op units;
- 61 Pitt Street – The 2,487-square-foot parking lot was acquired in June 2016 for \$2.35 million; and
- 57-59 Pitt Street – A total of 3,600 square feet of air rights were transferred to adjacent 61 Pitt Street for an undisclosed price in April 2019.

**4 Hudson Square** (Hudson Square) – Walt Disney pre-filed applications in early August for a 19-story, 1,257,653-square-foot commercial development. The 284-foot-tall structure to go by the address **304 Hudson Street** will reportedly give rise to “East” and “West” towers hosting retail space on the 1st floor and offices starting on the 3rd level. Disney controls the roughly 5-parcel, 85,963-square-foot assemblage under a 99-year ground lease that extends to July 8, 2117, having acquired the leasehold last July in a deal reportedly valued at \$650 million from fee-owner Trinity Real Estate. The move was prompted by decisions to sell subsidiary American Broadcasting Company’s longtime roughly 1.7 million-square-foot campus on the Upper West Side between West 66th and 67th Street to Silverstein Properties for \$1.155 billion. As part of the deal, an up to 5-year leaseback was secured by ABC to allow time for Disney to construct the new campus. Demolition permits have already been secured for existing structures as needed to make way for new construction.

According to an ABC/Channel 7 announcement last year the new, high-tech facility will be LEED-certified, and is expected to create thousands of jobs during development and construction. The new Midtown South campus will enable the company to consolidate much of its New York operations, as well as serve as the home of ABC News shows, local affiliate WABC, and new video-streaming operations Disney Streaming Services presently located at Chelsea Market; while “Good Morning America” will continue to broadcast from its Times Square Studio location.



## Midtown South (cont'd)

### Project Plans in Progress (cont'd)

**351-359 Second Avenue** (Gramercy Park) – Silverback Development pre-filed new building applications in August for a planned 13-story, 90,907-square-foot mixed-use development. The 145-foot-tall structure will host 53 residential units spread across 63,943 square feet, 5,758 square feet of commercial space, and 27,492 square feet designated for community facility use. In June a \$28.5 million loan was provided by the entity 21st Street Lenders, LLC, which is reportedly linked to Och-Ziff Capital Management Group, consolidated the refinancing of \$22.95 million in existing debt provided by Bank Hapoalim in 2018 and a new \$2.85 million gap mortgage. Reports at the time also indicated the Michael Dell's MSD Partners provided financing, bringing the total to \$90 million.

According to the Department of Building filing, in addition to the 3-parcel, 8,052-square-foot assemblage acquired by the developer through multiple transactions between 2013 and 2015 for a combined total of \$32.75 million, the development site includes the adjacent 4,898-square-foot parcel at **345 Second Avenue**. Although unverified, it is possible that owner Learning Spring School, which is currently housed in the existing 8-story, 35,000-square-foot building following its 2013 acquisition, may be the provider of additional air rights; and although a transaction has yet to appear on city records, reports in 2017 indicated that development rights were purchased for a price somewhere between \$2.5 and \$3.3 million.



351-359 Second Avenue - Rendering

**161-177 Broome Street** (Lower East Side) – Grand Street Guild pre-filed new building applications in August for a 15-story, 274,188-square-foot mixed-use development. The 100% affordable project that will reach a linear height of 152-feet and host 232 housing units is part of a planned 2-building, 400-unit complex offering a combined total of 744,792 square feet of residential space, 11,200 square feet for community facility use, 15,000 square feet of retail space, and on-site parking for 126-cars according to filings with the Department of Buildings. Upon construction completion, the as-of-right developments will add to Grand Street's eponymous 3.75-acre complex that spans an entire city block bound by Pitt, Grand, Clinton and Broome Streets. New construction is replacing the **Little Star Broome Street Day Care** facility at 151 Broome Street and a 3-story parking garage at the corner of Broome and Clinton Streets according to demolition permits secured in December. In early 2018 reported details of a press release by the Guild, an organization formed by the Archdiocese of New York, indicated that one of the buildings will be marketed to seniors, and the other one to families. A trio of 26-story towers is currently situated within the complex hosting a combined total of 600 housing units and 6 commercial units.



## Downtown Development

### Signs Surface of an Oversupply of Residential Condominiums in the Financial District

The Lower Manhattan neighborhood has undergone a major transformation over the past 18-years since the September 11 terrorist attacks rejuvenating the area, boosting tourism, attracting office and retail businesses, and increasing residential population. However amid a softening residential market and growing signs of a nearing economic downturn, the surge of residential condominium construction has created a supply of inventory in the Financial District that is reportedly significantly outpacing demand. According to reported data the inventory of residential units in the Financial District increased 24% year-over-year, which was led by new construction. Over the past year there was a drop of 11% in the average price for re-sale condos, with “no previously owned condo selling for more than \$1,600 per square foot” for the first time since 2013; however average prices for newly constructed units fell more sharply by 46% according to reports, potentially indicating that the neighborhood may have lost some of its luster. However those that disagree believe the area offers more affordable pricing for home seekers previously priced out of the borough.

On a broader scale, new building applications with the Department of Buildings will add a combined total of 2,217-units spread across 17 developments in the Downtown District if all proceed as filed. Further adding to the 33,215-units of existing condominium and rental inventory in the Lower Manhattan neighborhood below Chambers Street are several office-to-residential conversions including:

- **180 Water Street** – The building that underwent a vertical expansion and repositioning adding 573-units upon construction completion in 2017.
- **20 Broad Street** – The 473,000-square-foot building formerly occupied by the **New York Stock Exchange** was repositioned to host 521 rental units that launched leasing in the fall of 2018.
- **One Wall Street** – The former **Bank of New York** building will host 556 condominium units;
- **2 Washington Street** (aka 17 Battery Place North) – The repositioning of the approximately 245,477-square-foot office component that is well underway will deliver 345-units; and more recently
- **175 Water Street** – The 31-story, 592,235-square-foot AIG headquarters tower is currently in contract to trade hands; and expected to undergo a partial repositioning to residential use of the top half of the building.

### Project Plans in Progress

**86 Warren Street** (TriBeCa) – New building applications were filed under the entity Warren Street Hotel LLC for an 11-story, 91,179-square-foot mixed-use development. The 135-foot-tall structure will host a 70-key hotel spread across 43,987 square feet of commercial space and an unknown number of residential units spread across 11,030 square feet. Redevelopment plans for the 7,283-square-foot parking lot located between Greenwich Street and West Broadway were initially envisioned back in 2016 upon Solil Management, the overseer of the assets of the late real estate investor Sol Goldman, filing plans for a somewhat smaller 12-story, 65,059-square-foot mixed-use development expected to host 40 residential units and 5,492 square feet of commercial space. However in May 2019 a 75-year ground lease was issued, the entity paying roughly \$12.217 million (\$133 per buildable-square-foot) according to city records.



## Uptown Development

### Upper East Side's East 86th Street Trending Upscale

The Upper East Side section of Uptown's major 2-way street that runs east-to-west along East 86th Street is gradually transforming from its one-time reportedly humble presence to a higher-end community as several new developments over the past decade drive the transformation. Lying within the Yorkville and Carnegie Hill sections of the neighborhood, the area that offers the convenience of great transportation, with access to the express and local 4/5/6 and the new Second Avenue Q; as well as numerous retail options that line both sides of the street, has enjoyed heightened interest from developers. The high-end 122-unit **Lucida** on the corner of East 86th Street at 1269 Lexington Avenue is reportedly considered by many industry people as the turning point for the corridor, having set the tone for its potential. Constructed by Extell Development, and opening in 2007, the project was closely followed by the opening of Wings Group's 168-unit **The Brompton** condominium at 200-208 East 86th Street.



The snapshot below offers a sampling of more recent projects that are rising, or planned for East 86th Street.

- **1289 Lexington Avenue** – Rising to 18-stories on the corner of East 86th Street in the Carnegie Hill section, sales at **The Hayworth** launched in May for the 61 condominium units that spread across 151,000 square feet. Constructed by the development team of Ceruzzi Properties, Kuafu Properties and Stillman Development International, construction is expected to be completed before the end of the year. The project includes 36,000 square feet of retail space on the ground, 2nd and lower levels, beneath a 24,000-square-foot New York Sports Club fitness center on the 3rd and 4th floors as a result of a reported sale/leaseback deal.
- **60 East 86th Street** – Delivered in 2017, the Glenwood Management boutique Sixty East Eight Sixth development is located between Park and Madison Avenue in the neighborhood's Carnegie Hill section. The 19-story, 55,407-square-foot building hosts 15 condominium units, representing the developer's first foray into the condominium market.
- **511 East 86th Street** – The 22-story, 133,929-square-foot mixed-use development is well underway between York and East End Avenues in the Yorkville Section. Sky Management is constructing the 235-foot-tall tower that will host 139 residential units and 4,995 square feet of retail space.
- **308-314 East 86th Street** – Izaki Group filed new building applications in March for a 20-story, 146,644-square-foot mixed-use condominium development in the Yorkville section between 2nd and 3rd Avenues. The 210-foot-tall structure will host 68 residential units spread across 122,143 square feet and 6,382 square feet of retail space.
- **10-Parcel Assemblage** – Although project plans have yet to be announced, Extell Development has been piecing together the assemblage that fronts the entire 1st Avenue block-front between East 85th and 86th Streets, plus development rights. The (9) parcels in acquired thus far from 2014 through 2018 include 1639-1643 and 1647-1651 First Avenue, 351-355 East 85th Street, and 342-350 East 86th Street, with only 1645 First Avenue yet to be acquired.



## Uptown (cont'd)

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### New to Market

**1297-1299 Third Avenue** (Upper East Side) – Premier Equities has reportedly introduced the sale offering at an undisclosed price of the shovel-ready 2-parcel, 4,400-square-foot assemblage located within the Lenox Hill section of the neighborhood. The offering reportedly includes completed plans for a 33-story, 133,923-square-foot mixed-use development; and although unverified the scope of the project appears to indicate the likelihood that the 9,339 square feet of air rights transferred to the site in 2018 are part of the package, Premier having paid roughly \$5.816 million (\$623 per square foot) to the ownership of 1301 Third Avenue according to city records. Premier has apparently opted to abandon the 411-foot-tall project despite securing approvals last year from the Department of Buildings. Previous reports indicated that the project expected to host 47 residential units spread across 110,994 square feet and 876 square feet of commercial space was to be co-developed in partnership with Thor Equities. The pair of mid-block parcels were acquired through a single transaction in January 2017 for \$26 million; and demolition of the former structures has already been completed to make way for new construction.

### Recently Sold Sites

**1461-1469 Third Avenue aka 202 East 83rd Street / 204 East 83rd Street** (Upper East Side) – The Naftali Group along with equity partner the Rockefeller Group have closed on the purchase of the 6-parcel, 10,388-square-foot assemblage plus 66,322 square feet of development rights from (4) adjacent parcels for a combined total of roughly \$101.297 million (\$405 per buildable-square-foot). HSBC Bank provided the \$266.1 million financing package to close on the transaction — a \$90 million senior loan included a refinancing of roughly \$19.871 million in existing debt and a new \$70.129 million gap mortgage, a \$117.157 million building loan, and a \$58.943 million project loan. News of ongoing negotiations to purchase the assemblage from Muss Development and the Aryeh family was initially reported in March 2018. Although full details have yet to be revealed, new ownership reportedly plans to construct a luxury condominium of the site that is located within the Yorkville section of the neighborhood; and can accommodate more than 250,000 buildable square feet according to reports.



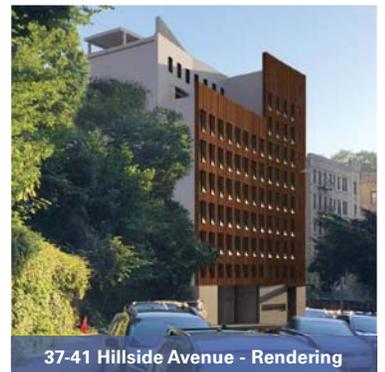
## Upper Manhattan Development

### New to Market

**157-181 East 108th Street / 176 East 109th Street / 182-184 East 109th Street** (East Harlem) – A longtime owner under a trio of entities that appears to be associated with Simsons Realty Corp. has reportedly introduced the sale offering of the 14-parcel assemblage. The (11) adjacent parcels fronting East 108th Street that primarily serve as a parking lot make up the majority of the package, offering a combined total of 21,874 square feet and nearly 217-feet of frontage. The remaining (3) parcels fronting East 109th Street currently host 4-story mixed-use and residential buildings that back-up to the 108th Street assemblage — (2) are adjacent offering 4,541 square feet; while the 3rd 1,884-square-foot parcel at 176 East 109th Street is separated by a pair of 4-story residential buildings at 178 and 180 East 109th Street. An asking price for the package that is zoned R7A was not released for the assemblage that can reportedly accommodate up to 109,323 buildable square feet.

### Projects in Progress

**37-41 Hillside Avenue** (Fort George) – RiseBoro Community Partners and Coconut Properties LLC files new building applications in June for a 9-story, 238,578-square-foot mixed-use development. The 95-foot-tall structure will host 164-units of affordable housing for low-income seniors and 7,220 square feet of community facility space; and will reportedly include on-site case-management and social services. If the project moves forward, new construction will rise on a 13,022-square-foot portion of the 20,375-square-foot parcel owned by the Rocky Mount Baptist Church, which currently hosts a single-story, 5,200-square-foot church. Reports indicate that the latest proposal is the third attempt to develop on the church's property, previous proposals included a 19-story complex requiring zoning variances that was voted down by the neighborhood's Community Board 12; and a 10-story project proposed by the religious organization and a different development partner that secured board approvals, but ultimately fell through after the partnership was unable to secure the low-income tax credits needed to finance construction according to reported details of the community board's minutes.



37-41 Hillside Avenue - Rendering

**82-92 East 127th Street** (Harlem) – Artimus Construction filed new building applications in June for a 19-story, 174,951-square-foot mixed-use development. The 214-foot-tall structure will host 160 residential units spread across 112,857 square feet and 15,657 square feet of commercial space. New construction will rise on the 16,555-square-foot site that spans nearly the entire Park Avenue block-front between East 126th and 127th Streets except for the 2,030-square-foot parcel at 1842 Park Avenue. Originally comprised of (8) tax lots, the assemblage was acquired through (3) transactions between 2012 and 2014 for a combined total of \$2 million (\$11 per buildable-square-foot).



## Upper Manhattan (cont'd)

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### Projects in Progress (cont'd)

**1986-1998 Second Avenue** (Harlem) – Bolivar Development filed new building applications in June for a 12-story, 143,821-square-foot mixed-use development that will reach a linear height of 125-feet; and host 185 residential units. Although unverified, the project by Peter Fine's newly launched platform may be part of a 2-building project, permit filing details on the Department of Buildings website detailing a total of 355,559 square feet of useable space being created to include 341,596 square feet of residential space, 12,868 square feet of commercial space, and 1,095 square feet designated for community facility use. Construction is expected to spread across 8-parcels totaling 61,756 square feet, (7) of which totaling 16,342 square feet were acquired by Bolivar in December 2018 for \$28.5 million. The larger 45,414-square-foot block-through site at 305-319 East 102nd Street (aka 304-322 East 103rd Street) is city-owned by the NYC Housing Development Corp.; and currently hosts a pair of 9-story mixed-use building hosting 259 residential units and 2 commercial units.

Bolivar's purchase had been financed by a \$7.95 million loan provided by M&T Bank. Spanning nearly the entire 2nd Avenue block-front between East 102nd and 103rd Street, the assemblage runs along the path of Phase 2 construction for the **Second Avenue Subway**. The preliminary design phase got underway in mid-2018 for the further extension of the Q-train to 125th Street.



# NYC Outer Borough Highlights

BROOKLYN | QUEENS | BRONX | STATEN ISLAND





## In the News

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### Brooklyn

#### **LIVWRK Acquires Repositioned 1000 Dean Street**

The 4-story, 150,000-square-foot former **Studebaker Service Station** that underwent a gut renovation and repositioning for creative office use in 2014 has reportedly been acquired by LIVWRK for \$55.9 million (\$373 per square foot). Invesco provided a \$33.6 million loan that refinanced \$32 million in existing debt and provided a new \$1.6 million gap mortgage. An additional \$16 million in equity was also reportedly provided by Meadows Partners. The sellers of the building anchored by the 9,000-square-foot **Berg'n** food hall are the joint venture of Brooklyn Flea co-founder BFC Partners and Goldman Sachs Urban Investment Group, which had acquired the longtime abandoned property in 2012 for \$11 million; and invested approximately \$19 million to reposition the asset according to reports. In addition to serving as the home of Brooklyn Flea, some larger lease deals over the years attracted A+E Networks, which launched its new digital contact agency 45th & Dean in the 11,775-square-foot space leased under a 10-year term in 2016; and the first outpost of co-working startup Ignitia Office following a 2017 lease for 17,000-square-foot space under a 15-year term.

### Queens

#### **One Court Square Retains Altice USA**

The Bethpage, Long Island-based communications and media company has reportedly secured a lease for 103,133 square feet within the 1.539 million-square-foot tower. Full terms were not released for the deal that includes an option to lease additional floors within the 53-story building to accommodate future growth. The announcement indicates an abandoning of earlier considerations to lease the entire 7-story, 130,000-square-foot **Paragon Building** at 21-00-21-10 49th Avenue, which had recently undergone a \$20 million warehouse-to-office conversion. Previously subleasing the Court Square space spanning (3) floors under a sublease secured in 2017 with Citigroup, Altice had reportedly signed an LOI in January for a possible relocation to free-up space in anticipation of a move-in by Amazon as part of the e-commerce giant's now abandoned plan to create a **Long Island City HQ2** in the vicinity at the site surrounding Anable Basin.

In addition, March, reports indicated that managed healthcare organization Centene Corporation's interest once again returned to One Court Square after the tower came back into play following Amazon's withdrawal. However there have been no further updates on negotiations, leaving it uncertain if a possible lease deal for about 50% of the 949,373-square feet being vacated by Citigroup remains on the table, despite a reported lease out for a 500,000-square-foot requirement. It had been anticipated that the big block space was intended to accommodate the St. Louis, MO-based company's rapid expansion in the tri-state area; as well as allow a consolidation of the offices of healthcare company Fidelis Care, which Centene acquired in 2018 for \$3.8 billion according to reports at the time.



## Brooklyn Development

### New to Market

**169 3rd Street / 175 3rd Street / 225 3rd Street** (Gowanus) – RFR Realty has reportedly introduced the sale offering of the 3-parcel, 137,865-square-foot (3.2-acre) assemblage that is located within a state-designated opportunity zone for north of \$200 million. News of the sale comes just over one year after the developer acquired the site primarily used as parking for Verizon’s repair trucks for \$115 million from SL Green Realty and minority partner Kushner Companies, financing the transaction with a \$74 million loan provided by Maryland-based Union Labor Life Insurance Company. Located across the street from the **Whole Foods** market at 214 3rd Street, the property sits within the corridor that is nearing a rezoning; and if approved, would open the door to reportedly an up to 22-story, 800,000-square-foot mixed-use residential and commercial project versus the allowable approximately 280,000 square feet under the site’s current M2-1 zoning which allows a floor area ratio (FAR) of 2.0 according to earlier reports. RFR has apparently decided to abandon any redevelopment plans the company may have been previously considering despite commissioning an architect last year to draft designs for a potential residential project that would have been constructed steps away from the Gowanus Canal.

### Pending Site Sales

**96 Dekalb Avenue / 98 Dekalb Avenue / 104 Dekalb Avenue** (Fort Greene) – Rockrose Development will be making its debut in the borough, having reportedly entered into contract to acquire the 3-parcel, 19,581-square-foot assemblage. Reports indicate that the sale offering attracted a price in the mid-\$60 million range, having been introduced to the market by longtime owner the Kotler family just (4) months prior at a reported asking price of \$65 million (\$325 per buildable-square-foot). Located at the corner of Ashland Place, the C6-4 zoned site can accommodate a mixed-use development up to nearly 200,000 square feet according to previous reports; however negotiations are reportedly underway to purchase additional air rights that would allow Rockrose to increase project density. Last trading in 1968 for an undisclosed price, the portfolio originally included 4-parcels; however in 1984 the 1,360-square-foot parcel at 102 Dekalb Avenue was sold. While offering 213-feet of continuous frontage along Ashland Place, the frontage along Dekalb Avenue is in (2) sections – 40-feet and 18-feet due to the sale of 102 Dekalb and the adjacent property at 100 Dekalb Avenue which has been longtime owned by another party.



## Brooklyn (cont'd)

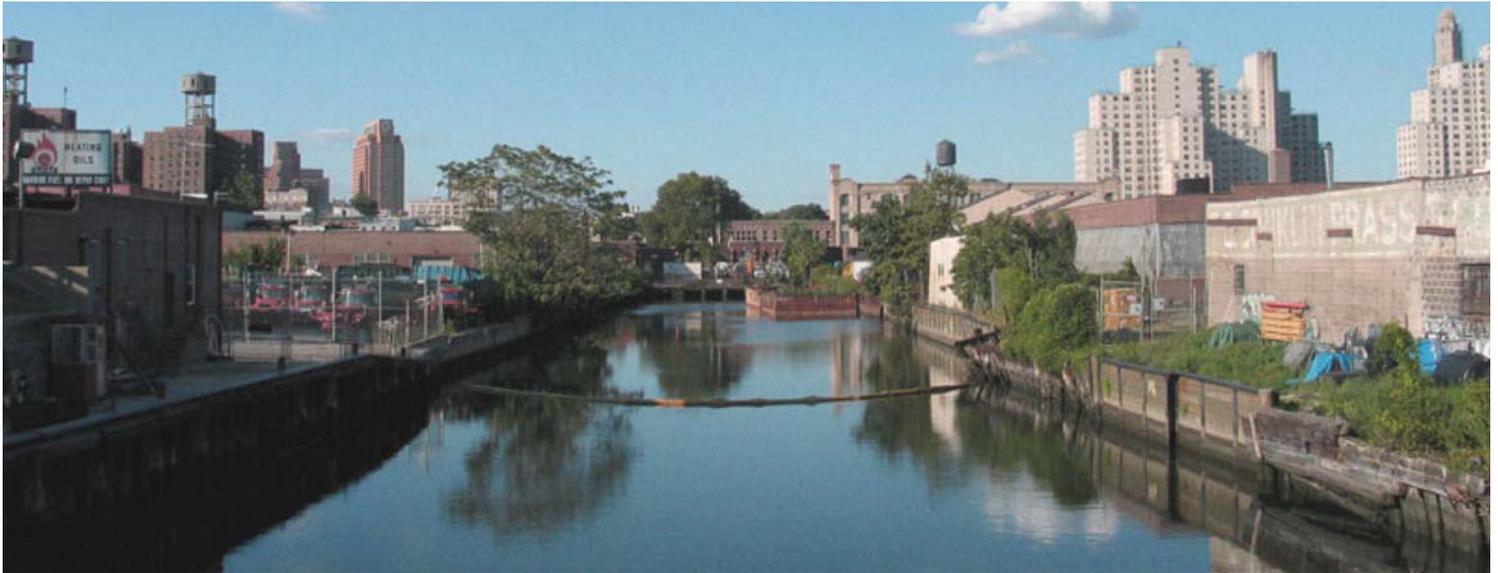
### Projects on the Horizon

**101 Fleet Place** (DoBro) – Longtime owner the Leser Group filed applications in June with the Department of City Planning (DCP) seeking a zoning amendment that will open the door to a proposed office development. If approvals are secured to expand the Special Downtown District, thereby creating a new Mandatory Inclusionary Housing area, a 14-story, 209,534-square-foot building will rise on the 20,073-square-foot parcel. An alternative option was reportedly presented in the event zoning amendments are not granted for a 34-story, nearly 259,000-square-foot residential development hosting 259-units, of which 25-30% would be designated for affordable housing, plus a 36-car parking structure. Located between Myrtle Avenue and Willoughby Street, the fully-built site currently hosts a single-story, 20,073-square-foot building that serves as the home of the Duffield Children's Center.

**424 Hoyt Street** (Gowanus) – Two Trees Management is considering a redevelopment of the existing 2-story, 10,000-square-foot commercial structure currently serving as a parking and maintenance facility for charter bus company Omega Bus. The 45,900-square-foot site is restricted to industrial uses under current zoning. However its location within the area along the Gowanus Canal where a rezoning is making its way through the public review process that will allow for a broader range of uses; and if passed, would reportedly open the door to the construction of a nearly 200,000-square-foot office development with ground level retail space. In addition to seeking approvals to increase the current height limit of 115-feet to 170-feet in order to allow for a 10-story structure, Two Trees is hoping to construct a larger development; and has proposed the inclusion of a school, which it would sell to the city for the sum of \$1. In exchange, Two Trees wants additional development rights to add about 40,000 square feet of office space, increasing the overall scope of the project to just over 300,000 square feet according to reports. If approved, as part of the deal the developer will reportedly "insist that the school located in the property be a specialized high school facility that partakes in the city's STEAM program" (science, technology, engineering, art/architecture and mathematics), similar to the 330-seat **Dock Street School for STEAM Studies** that opened in 2016 within Two Trees' **60 Water Street** mixed-use development.



424 Hoyt Street - Proposed Rendering



## Brooklyn (cont'd)

### Project Plans in Progress

**24-28 Boerum Street** (Williamsburg) – London-based The Collective filed new building applications in June for a 27-story, 370,073-square-foot mixed-use development. The 317-foot-tall structure will host 254 residential units spread across 161,614 square feet, 130,445 square feet of commercial space, 9,016 square feet designated for community facility use, and on-site parking for 180 cars. Launched in 2010, the co-living company acquired the 5-parcel, approximately 45,850-square-foot assemblage that offers frontage along Boerum Street, Lorimer Street and Broadway through multiple transactions in October 2018 for a combined total of roughly \$28.079 million (\$76 per buildable-square-foot), securing a \$49.75 million loan that included a new \$28.244 million gap mortgage from Gamma Real Estate to close on the transactions. Reports last year indicated that the project will serve as Collective's U.S flagship location; and will offer 30% of the units at below market-rate, with the remaining units being priced 20% less expensive than conventional rentals nearby according to reported statements by a company spokesperson. Tenant amenities are expected to include a market hall featuring a local artisanal food, a bar, outdoor terraces, co-working areas and a fitness center with group exercise classes, plus private kitchen and bathroom facilities in each unit.

Other activity within New York City by The Collective includes:

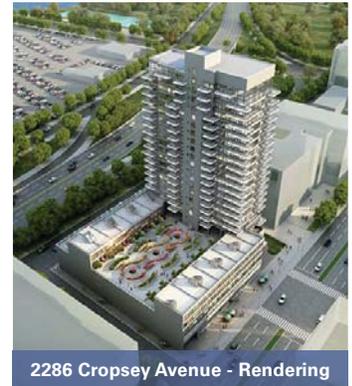
- **37-06 36th Street** – The March purchase of the 5-story, 80,200-square-foot **Paper Factory Hotel** in Long Island City, Queens for \$58 million, with \$39 million in financing provided by Argent Real Estate Investment including a new roughly \$14.817 million gap mortgage according to city records. The Collective reportedly plans to convert the 125-key hotel into a “short-stay” co-living arrangement for stays between (1) and (29) days. Future plans at the property include the reported construction of an extra “100 units for more conventional co-living” through a vertical expansion of the existing structure. In 2007 a released rendering had revealed a proposed 6-story, 35,000-square-foot addition; however it is uncertain if the design which has yet to be filed was commissioned by new ownership.
- **1215-1217 Fulton Street / 20 Halsey Street** – The vacant 44,607-square-foot irregular-shaped parcel originally comprised of (3) tax lots, along with the adjacent 5,000-square-foot vacant parcel were acquired in February for \$32.5 million; and financed with a roughly \$26.651 million loan which included a new \$15.151 gap mortgage plus a separate \$4.349 million supplemental mortgage provided by ACRES Capital, LLC . A portion of the site located in Brooklyn's Bedford-Stuyvesant neighborhood formerly hosted the former **Slave Theater** that was demolished a few years ago. The core of the site is situated on the interior of the block bound by Halsey and Fulton Streets, Bedford Avenue and Arlington Place; and surrounded by a circle of several existing structures, but offers 120-foot and 60-foot of frontage on Halsey and Fulton Streets respectively. Reports last year indicated that a zoning and design study had reportedly been submitted detailing a 142,657 gross-square-foot mixed-use development comprised of approximately 78,000 square feet of residential space, 8,600 square feet of retail space, and 55,700 square feet for office use, but plans had yet to be finalized; and it is uncertain if the filing had been submitted by The Collective.



# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

**2286 Cropsey Avenue** (Bath Beach) – Initial renderings have been revealed for a 23-story, 343,748-square-foot mixed-use development planned by W&L Group. The 242-foot-tall structure will host 154 residential condominium units, 74,227 square feet of community facility space, and a 270-car parking structure. In addition, an open-air roof deck is expected to be created atop the building's podium levels. New building applications approved in January were initially filed in September 2014. W&L acquired the 45,688-square-foot parcel in January 2014 through a foreclosure sale for roughly \$19.06 million according to city records. According to details of the Department of Buildings filing, the project area totals 83,813 square feet, which although unverified, appears to indicate that the developer is co-developing the project along with the Haym Solomon for the Aged. The organization currently operates a 7-story, 134,400-square-foot nursing and rehabilitation facility located on the adjacent site at **2340 Cropsey Avenue**, which the organization controls under a ground lease extending through September 2040 from fee-owner We Care II LLC. It is uncertain if the planned new community facility space within W&L Group's ground-up project will serve as a replacement or expansion of Haym Solomon's existing facility.



**42-54 Crown Street** (Crown Heights) – Carmel Partners filed new building applications in June for a 17-story, 467,656-square-foot mixed-use development. The 175-foot-tall structure will host 569 residential units spread across 389,007 square feet, 7,483 square feet of commercial space, and 1,505 square feet designated for community facility use. The 3-parcel, 55,083-square-foot assemblage was acquired under the entity CPVI Crown Heights, LLC in July 2018 for \$41.025 million (\$88 per buildable-square-foot) according to city records. Seller Cornell Realty had purchased the currently vacant development site in 2014 for \$14.5 million from Central Laundry Service, filing applications in 2015 with the Department of City planning seeking approvals for a larger project than the 168,000 buildable square feet allowed by zoning. Although opting to abandon its own development plans, a refiling by Cornell of the application in April 2018 left the door open for new ownership, the larger project subsequently securing approvals in December 2018.

**955-967 Nostrand Avenue aka 418-420 Montgomery Street** (Crown Heights) – Longtime owner One Clove Road filed new building applications in August for an 8-story, 132,256-square-foot mixed-use development. The 162-foot-tall structure will host 52 residential units spread across 53,678 square feet and 12,498 square feet of commercial space. New construction will rise on the 15,735-square-foot corner parcel; and replace a single-story 10,090-square-foot commercial structure that was divided into multiple retail storefronts according to demolition permits secured in May.

**171 Calyer Street** (Greenpoint) – Longtime owner Visabe Corporation under the entity 171 Calyer Street Main Owner, LLC filed new building applications in June for a 7-story, 70,171-square-foot mixed-use development. The 75-foot-tall structure will rise on the 9,600-square-foot parcel located on the corner of Lorimer Street; and host 29 residential units spread across 46,747 square feet and 10,400 square feet of commercial space. Demolition permits have yet to be filed for the existing single-story, 16,600-square foot commercial building to make way for new construction. A cantilever easement was secured in March for roughly \$3.267 million from the owner of the adjacent single-story, 10,400-square-foot commercial building at 825 Manhattan Avenue (aka 181 Calyer Street).

**152-160 Clarkson Avenue** (Flatbush) – A partnership under the entity PLG Estates LLC pre-filed new building applications in July for a 7-story, 111,848-square-foot residential development. The 75-foot-tall structure will host 116 residential units spread across 79,034 square feet. The 5-parcel, 20,000-square-foot assemblage located between Bedford and Rogers Avenues was acquired for a combined total of roughly \$7.633 million (\$68 per buildable-square-foot) through multiple transactions from 2016 through 2019 according to city records. Existing low-rise residential buildings will need to be demolished prior to new construction breaking ground.

**521-547 East 98th Street** (Brownsville) – Brookdale Hospital Medical Center filed new building applications in August for a 7-story, 186,146-square-foot mixed-use development. The 75-foot-tall structure will host 160 residential units spread across 121,938 square feet and 14,282 square feet designated for community facility use. New construction will rise on a 7-43,080-square-foot vacant assemblage with frontage along East 98th, Strauss and Herzl Streets, as well as Hegeman Avenue.

# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

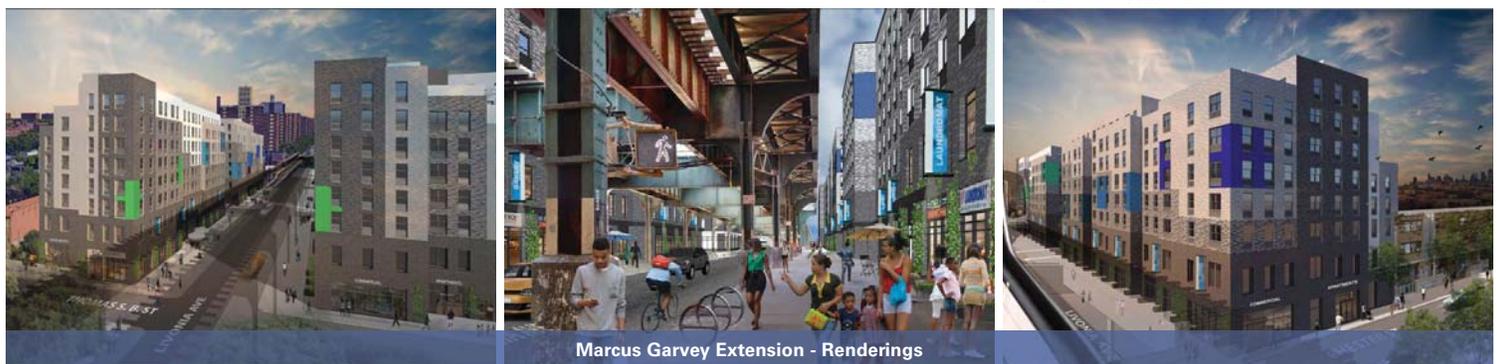
**Marcus Garvey Extension** (Brownsville) – L+M Development Partners filed new building applications in June for (2) of the proposed (7) affordable housing developments that will be constructed in collaboration with the New York City Department of Housing Preservation and Development (HPD), Department of Parks and Recreation, and New York Citywide Administrative Services (DCAS).

- **169-171 Livonia Avenue** (Site D) – An 8-story, 86,435-square-foot mixed-use affordable housing development. The 85-foot-tall structure will host 78 residential units spread across 66,164 square feet and 4,524 square feet of commercial space.
- **193-215 Livonia** (Site B) – A 7-story, 96,316-square-foot mixed-use development. The 75-foot-tall structure will host 96 residential units spread across 77,400 square feet and 6,466 square feet of commercial space.

The project serves as an extension of the existing 625-unit, **Mitchell Lama Marcus Garvey Apartments** complex that spreads across (9) city blocks; and is reportedly part of the HPD’s **Brownsville Plan**, a \$150 million community investment plan that over the next 5-years is intended to improve the neighborhood’s local parks and roadways, and introduce new housing options, retail space, health centers, and community areas. In order to facilitate the development of the project “several discretionary land use approvals, including zoning map and related text amendments and special permits to establish a Large Scale General Development (LSGD)” were sought by the project team. Upon full construction completion the 7- to 9-story buildings will host a combined total of approximately 724 affordable housing units spread across 616,000 square feet and 141,000 square feet of commercial and community facility space. New construction will replace existing parking lots on a majority of the sites

According to the 2018 Environmental Assessment Statement (EAS) posted on HPD’s website buildings, the remaining (5) buildings as proposed at the time include:

Site	Location	Sq. Ftge.	Units	Retail SF	Community Facility SF
A.	401 Chester Avenue	134,498	114	8,700	21,039
C.	194-216 Livonia Avenue	96,975	85	7,853	11,252
E.	172-192 Livonia Avenue	105,753	92	8,038	10,125
F.	437-495 Chester Street	221,294	230	0	13,776 + 12-vehicle accessory parking
G.	251 Chester Street	142,705	45	0	8,742 + 12-vehicle accessory parking



Marcus Garvey Extension - Renderings

# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

**1510-1524 Broadway** (Bedford-Stuyvesant) – MacQuesten Development filed new building applications in June for a “transit-oriented” 8-story, 115,836-square-foot mixed-use development in the Ocean Hill section. The 85-foot-tall structure will host 108 residential units spread across 88,230 square feet and 9,002 square feet of commercial space. Redevelopment of the former 9-parcel assemblage was initially envisioned in 2017, reports at the time indicating a somewhat smaller 6-story, 97,000-square-foot development to host 65 affordable housing units and 11,000 square feet of ground level retail space. The vacant site bound by Broadway, Hancock Street and Saratoga Avenue appears to be city-owned, likely indicated that the residential component will be designated for affordable housing.

Other transit-oriented projects in the borough being constructed by MacQuesten include a 7-story, 193,675-square-foot development at 677-697 Van Sinderen Avenue dubbed **Van Sinderen Plaza**. The reportedly \$56 million complex located in the East New York neighborhood began construction in 2016 on the 28,243-square-foot site on the corner of New Lots Avenue; and will host 130 housing units and 9,500 square feet of retail/office and community facility space according to the developer’s website.

**2840-2862 Atlantic Avenue** (East New York) – Bushberg Properties filed new building applications in June for a 14-story, 336,373-square-foot mixed-use development on the site spanning the entire 200-foot-long block-front of Atlantic Avenue between Barbey Street and Schenck Avenue. The 145-foot tall structure will host 336 residential units spread across 238,649 square feet, 30,192 square feet of commercial space, and 5,238 square feet designated for community facility use. The Brooklyn-based developer is developing the project on behalf of the city-authorized administrative agent for affordable housing NYC Housing Partnership, under the not-for-profit HP Brooklyn Dairy Housing Development Fund Co., Inc., which purchased the 43,550-square-foot parcel in September 2018 for \$16.75 million from reportedly LSC Development. The change of hands came less than 2-years after LSC acquired the property in January 2017 for \$11.05 million, about (9) months following approvals by the city council of a rezoning of the area intended to spark the development of an estimated up to 7,000-units of affordable housing in East New York over the next 15-years.



2840-2862 Atlantic Avenue - Rendering

As part of the redevelopment and expansion project, an extensive restoration will be done of the attached (3) main buildings located on the site comprising the historic **Empire State Dairy Building** that dates back to 1915, with the new tower expected to partially cantilever above the landmarked structure. Reports in April indicated that proposals were under review by the Landmarks Preservation Commission (LPC). The remaining (2) existing buildings that are not protected by landmark status will be “partially demolished and re-excavated to facilitate construction of the new retail component.”

**437 Euclid Avenue** (East New York) – Mega Contraction Group, under the entity 404 Pine LLC, filed new building applications for an 8-story, 104,936-square-foot mixed-use development. The 80-foot-tall structure will host 134 residential units spread across 93,768 square feet and 4,532 square feet of commercial space. New construction will rise on the pair of adjacent parking lots offering a combined total of 20,000 square feet of land area on the corner of Glenmore Avenue, having last traded in 2006 as part of a 3-property portfolio along with the adjacent 2-story, 23,715 commercial property at 1040-1048 Glenmore Avenue (aka 366-374 Pine Street) for \$1.5 million according to city records.

**1601 Dekalb Avenue** (Bushwick) – Camber Property Group filed new building applications in July for a 9-story, 104,782-square-foot residential development. The 88-foot-tall structure will host 128 residential units spread across 100,444 square feet. New construction will rise on the 3-parcel, 25,000 parking lot, of which the majority runs block-through to Hart Street between Wyckoff and Irving Avenues. It is uncertain if Camber is co-developing along with the current longtime property owner Two Guys from Glendale; or if a sale has yet to be recorded on city records. In September 2018 approvals with modifications were secured by Camber under the entity 1601 DeKalb Owner LLC for a rezoning of the site from M1-1 to R7A and R7A/C2-4 to allow for the residential project. However it appears that project plans may have been modified since details of the Department of City Planning filing indicated a 2-building project containing a total of 122 residential units, of which approximately 27-units would be designated for permanently affordable housing under the Mandatory Inclusionary Housing (MIH) program.



1601 Dekalb Avenue - Former Rendering

# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

**542-550 Atlantic Avenue aka 533-537 Pacific Street** (Boerum Hill) – Sterling Town Equities pre-filed applications for a proposed 11-story, 74,432-square-foot mixed-use development. The 124-foot-tall structure will host 43 residential units spread across 64,407 square feet, 3,000 square feet of commercial space, and 148 square feet designated for community facility use. New construction will rise on the 14,153-square-foot parcel, where the **Times Plaza Post Office** formerly operated in the now vacant 2-story, 14,011-square-foot commercial building. The block-through parcel located between 3rd and 4th Avenues last traded in June 2018 for \$27.5 million (\$369 per buildable-square-foot); and the transaction was funded by a \$15 million loan provided by Bank Hapoalim.

## Lending

**123 Melrose Street** (Bushwick) – All Year Management has reportedly secured \$235 million in senior loan financing for the second phase of the 2-building project dubbed **Denizen Bshwk**. News of the financing provided by JPMorgan Chase and Mack Real Estate Group comes after longtime efforts to secure long-term financing fell short. The new debt that carries an interest rate between 5.5% and 6% restructures a \$65 million mezzanine loan issued by Mack Real Estate earlier this year; as well as paying off a \$165 million loan carrying a minimum interest rate of 10.5% from Madison Realty Capital according to reported details of a Tel Aviv Stock Exchange (TASE) filing. Construction is already well underway for the 9-story, 506,196-square-foot structure that will host 385 residential units. The first development, a 433-unit, 502,215-square-foot building at **28 Stanwix Street** aka 54 Noll Street has already launched leasing, attracting New Jersey-based grocer **Foodtown** to serve as anchor retail tenant in 15,000 square feet at the base of the 8-story structure 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.



**267 Rogers Avenue** (Crown Heights) – Heights Advisors has refinanced the newly constructed 168-unit homeless shelter that opened in 2017. Merchants Capital Corp, through reportedly the Freddie Mac Affordable Housing Capital Market Execution (CME) Loan Program, provided the \$51 million loan that refinances roughly \$9.861 million in existing unpaid principal of a \$10 million loan provided by Valley National Bank in 2017, and provides a new \$41.139 million mortgage. The property is controlled under a 49-year ground lease secured in 2014 for an undisclosed price under an initial term expiring January 31, 2063. The deal includes (2) 25-year extension options that will extend the term through January 31, 2113 if both are exercised. Initially built as a multi-family development under the typical 80/20 structure; however instead of renting 80% of the units to market-rate tenants, the developer partnered with the Department of Homeless Services (DHS) and Samaritan Daytop Village (SDV) to offer transitional housing to homeless families according to reports.



**302-312 Livingston Street** (Downtown Brooklyn) – Lonicera Partners has secured a \$70 million financing package from Santander Bank, N.A. The new debt includes an \$18.37 million acquisition loan to fund the purchase of the (5) parcel, 9,666-square-foot assemblage acquired in May 2019 through separate transactions totaling \$35.495 million; as well as a \$40 million building loan and \$11.63 million construction loan. New building applications were previously filed in October for a 23-story, 153-304-square-foot mixed-use development that will reportedly qualify for the 35-year tax abatement under the Affordable New York Housing Program (ANYHP). The 235-foot-tall structure will host 160 residential units spread across 109,331 square feet and 6,459 square feet of commercial space.

According to city record documents, an agreement with the city's Department of Housing Preservation and Development (HPD) secured in May provided additional floor area for the project in exchange for the inclusion of 9-units designated for affordable housing. Among other restrictive stipulations within the agreement, a roughly \$12,674 Special Reserve Fund will be established to be used solely for the benefit of the affordable housing units. Pre-construction work is already nearing completion, with demolition of the existing (5) buildings expected to start in the upcoming months to make way for new construction per reports.



## Brooklyn (cont'd)

### Lending (cont'd)

**10 Jay Street** (DUMBO) – Glacier Global Partners and Triangle Assets have reportedly secured a 5-year, \$205 million loan to refinance the 10-story, 170,493-square-foot waterfront building. France-based lender Natixis provided the floating-rate loan that includes (2) one-year extensions; and replaces a \$150 million bridge loan that ACORE Capital provided in 2017. The former sugar refinery underwent an office-and-retail conversion that was completed last year. Currently about 86% occupied, leasing activity this year includes a 50,000-square-foot lease by London-based co-working space provider Soho Works under a 15-year term, and an 83,501-square-foot lease by Rent the Runway, to serve as the headquarters for the online company that provides designer women's clothing and accessories for rent.



**196 Willoughby Street / 145 Ashland Place** (Downtown Brooklyn) – RXR Realty entered into a Memorandum of Development agreement in mid-July with fee-owner Long Island University, reportedly paying \$76.4 million. The site just west of Fort Greene currently hosts LIU's 10-building campus going by the alternate address of 1 University Plaza. Goldman Sachs reportedly provided the \$225.6 million construction financing package — a \$155.9 million building loan and \$69.7 million project loan to help fund a pair of new developments that will add to the university's existing facilities; and be constructed by RXR. As part of the collaborative agreement that was finalized at the end of 2017, LIU will reap \$41 million in cash from RXR according to reports.

According to new building applications initially filed by LIU in 2018, which are part of a larger \$300 million project, construction will give rise to:

- 196 Willoughby Street - A 34-story, 424,302-square-foot residential development that will host 476-units, of which 30% will be designated for lower-income tenants. An agreement providing a light and air easement totaling 36,777 between the university and RXR opened the door to construction of the 445-foot-tall tower.
- 145 Ashland Place – A single-story, 150,955-square-foot structure will host office space on the first floor, a 564-car garage in the cellar, and a rooftop athletic playing field. New construction will rise on the area that currently serves as the university's athletic fields.



## Queens Development

### Pending Site Sales

**87 19th Avenue aka 1 Steinway Place** (Long Island City) – A team of actor Robert De Niro and his broker son Raphael De Niro, along with development firm Wildflower and film producer Jane Rosenthal are reportedly in contract to purchase a 5.25-acre parcel. The deal represents 50% of excess space on the site that city's Department of Finance indicates is roughly 11-acres, or 479,100 square feet in total. The pending sale attracted a price of reportedly \$73 million; and is expected to close by the end of the year. Seller hedge-fund firm Paulson & Co. acquired 86.15% of the property from longtime owner and high-end piano manufacturer Steinway & Sons in September 2013 for roughly \$38.94 million; and in January 2014 bought the remaining 13.85% for \$6.26 million to take full control of the property for a combined total of \$45.2 million according to city records. Reports indicated that the sale will not impact Steinway's existing manufacturing facility located on the remaining portion of the property, where the 160-year-old company acquired by Paulson in 2013 for about \$512 million will continue to build its pianos into the foreseeable future.

The contract vendees reportedly plan to develop a 500,000-square-foot film studio, pre- and post-production office and parking structure; and have currently entered the lending market with hopes of securing \$425 million — \$150 million in equity and \$275 million in debt for the project that has an estimated cost of around \$350 million, or \$425 million when build-outs are included. Decisions to construct the planned campus that will be dedicated to content creation has reportedly been prompted by the increased need for studio facilities amid the rising demand for original content provided by companies such as Amazon, Hulu and HBO.

In recent years, the television and movie production industry has significantly grown in New York City, established studios such as:

- **Steiner Studios / Brooklyn Navy Yard** – Initially opened along the Brooklyn waterfront in 2004 with (5) sound stages, now has reportedly “30 stages, a back lot about to start construction, and multiple shows and movies filming simultaneously.”
- **Silvercup Studios / 42-22 22nd Street** – Located in Long Island City, Silvercup has recently added two new production outposts including the renovation of the 115,000-square-foot building at 295 Locust Avenue in the Bronx neighborhood of Port Morris to create 4 movie studios.
- **Kaufman Astoria Studios / 34-12 36th Street** – One of the country's first studios, Kaufman is expanding its Astoria facility by building 2 new soundstages totaling 24,000 square feet at the complex to increase the total to 12.

More recently internet entertainment service **Netflix** announced plans to invest up to \$100 million in the city to expand its presence with a new production hub in Brooklyn and corporate office in Manhattan according to the mid-April press release by Governor Cuomo's office. As part of the investment, 161,000 square feet was leased at **333 Johnson Avenue** in Brooklyn's Bushwick neighborhood for the planned construction of (6) sound stages and support spaces. Netflix was awarded up to \$4 million in performance-based Excelsior Tax Credits in support of the company's creation of 127 high-paying office-based jobs by 2024; and to compete with other cities under consideration. The new jobs must be retained, along with the existing 32 jobs for another 5-years to receive the full incentive per press release.

In addition to tax credit programs, the **New York State Film and TV Tax Credit Program** has helped to further fuel the television and movie production industry's growth in New York City. The program which can reportedly offer savings of 30% or more on some production costs was extended through 2024 by the state legislature and Governor Cuomo in April. According to reported New York City Officials' data, 332 movies were filmed in New York City in 2018, nearly triple the 121 films in 1980; and a total of nearly \$2 billion has been spent in New York State by films and shows as of July 2019, to nearly surpass the \$2.1 billion spent for all of 2013. In addition 67 television shows were shot in the city over the past year, increasing from 29 shows during the 2013-14 season per reported data provided by the Mayors' Office of Media and Entertainment (MOME).



## Queens (cont'd)

### New to Market

**2-33 50th Avenue** (Long Island City) – Longtime owner the Fortress Corporation, under the entity Fortress New York Holdings, Inc. has reportedly introduced the sale offering of the 76,000-square-foot site. Located near the waterfront, as well as the multi-building, mixed-use **Hunter's Point South** complex, the site that currently hosts a 2-story, 95,750-square foot industrial building can reportedly accommodate more than 440,000 square feet of new space – of which 420,000 square feet is residential use, and the remaining 20,000 for community or retail use. Although an asking price was not established, a sale is expected to fetch “tens of millions of dollars” according to reports. Zoned M1-5/R8A, M1-4/R7A the property that fronts the entire 5th Street block-front between 49th and 50th Avenues is located within an opportunity zone, which is expected to spark interest among both developers and opportunity-zone buyers.

### Projects on the Horizon

**72-17–72-25 Queens Boulevard / 72-01–72-13 Queens Boulevard / 72-30 45th Avenue** (Woodside) – Initial renderings have been revealed for a 12-story, over 1.16 million-square-foot mixed-use development. Although permits have yet to be filed, the project dubbed **Woodside Green** is expected to host 1,066,127 square feet of residential space, of which 200-units are expected to be market-rate among the yet-to-be specified total number, over 15,000 square feet designated for community facility use, 76,000 square feet of commercial space, and a 175-car on-site parking garage.



72-17–72-25 Queens Boulevard Rendering

### Projects in Progress

**23-12–23-20 Jackson Avenue aka 45-02–45-08 Pearson Street** (Long Island City) – Vorea Group filed new building applications in March for the 9-story, 82,851-square-foot commercial development that will rise to a linear height of 148-feet. About 66,000 square feet of useable commercial space will be divided into 72-units, for which Sonder has reportedly already committed to a 15-year lease of the units that will be leased as short-term hotel rooms according to March reports. Filed plans represent a shift in directions by the developer, reports in June 2017 indicating that a mix of office and (3) levels retail space were being considered. Vorea controls the 10,000-square-foot corner parcel under a 99-year leasehold that extends into 2115. A combined total of 11,667 square feet of development rights were purchased in May through (2) transactions for roughly \$1,575 million (\$135 per square foot) according to city record documents.



23-12–23-20 Jackson Avenue Potential Rendering

The lease with the Montreal-based short-term rental startup launched in 2012 is a plus for the project, offering the benefit of reportedly a “fixed revenue stream with no vacancies, and lower operational costs.” Sonder has been able to “get around New York’s tight regulations on short-term rentals by operating in locations that are zoned for hotel use” according to reported statements by a company spokesperson. Sonder currently operates (2) New York City locations, having entered the Manhattan market in 2018 with a 10-year lease for 169-units within the former New York Stock Exchange (NYSE) building at 20 Broad Street (FiDi) that recently completed a residential conversion by Metro Loft Management; and striking a second deal with BLDG Management for 44-units with the 147-unit **The Nash** tower in Murray Hill.



## Queens (cont'd)

### Projects in Progress (cont'd)

**43-06 38th Street / 43-30 38th Street** (Long Island City) – The benefits-providing arm of the New York Hotel Trades Council pre-filed applications in June for a proposed 3 to 5-story, 84,000 to 103,065-square-foot medical office development. New construction will rise on the 20,000-square-foot site located between Queens Boulevard and 43rd Avenue. The larger 15,000-square-foot parcel currently serving as a parking lot has been longtime owned; while the small property that hosts a single-story industrial building was acquired in February 2008 for roughly \$1.35 million according to city records. The Hotel Association of NYC Health Center Inc. will be co-developing the project that will replace the Trades Council's existing 2-story, 54,790-square-foot facility at adjacent 37-11 Queens Boulevard, the union reportedly opting to abandon previous plans to expand and renovate the existing facility in favor of a new building.

**1047 Beach 21st Street** (Far Rockaway) – The New York City Economic Development Corporation filed new building applications for a 10-story, 255,237-square-foot mixed-use development. The 102-foot-tall structure will host 224 residential units spread across 181,762 square feet, 22,265 square feet of commercial space; 7,270 square feet of community facility space designated for early childhood education and other community services, and 96 enclosed parking spaces. Non-profit developer The Community Builders, Inc. (TCB) will be constructing the development, having been reportedly awarded the project last year in response to a request for proposals (RFP) released in March 2017 by the NYCEDC in collaboration with the Department of Housing Preservation and Development (HPD) and the New York City Housing Development Corporation (HDC).



1047 Beach 21st Street - Rendering

According to 2018 reports, the developer will control the city-owned 58,004-square-foot site under a long-term ground lease. Centrally located in the neighborhood's Downtown section, the project was sparked by the Downtown Far Rockaway rezoning approved by the city council last September as part of Mayor de Blasio's aggressive 10-year affordable housing plan dubbed **Housing New York**; and intended to revitalize and spur new development within the 23-block area of the neighborhood. Slated to break ground before the end of the year for a tentative 2021 delivery, the project is expected to create over 70 permanent jobs and over 470 construction jobs. TCB has committed to 40% M/W/DBE (Minority, Women-owned, and Disadvantaged Business Enterprises) participation, and participation in the city's HireNYC initiative.

Other planned projects as part of the rezoning include a redevelopment of the former **Far Rockaway Shopping Center** (aka Thriftway Mall) at 0-02-21-18 Mott Avenue. Demolition of the underutilized strip mall began in March to make way for a multi-building project rebranded **The Far Rockaway Village**. Affordable housing developer Phipps Houses filed plans in early 2018 for a trio of mixed-use developments that will host a combined total of 688 affordable housing units under the addresses 1725, 1720 and 1701 Village Lane, of which the first phase will deliver a pair of 12-story buildings adding 457 affordable housing units, 92,000 square feet of commercial space, and 23,000 square feet of public plaza space to the neighborhood.



## Queens (cont'd)

### Projects in Progress (cont'd)

**14-06 Gateway Boulevard** (Far Rockaway) – Longtime owner the Related Companies pre-filed new building applications in August for a 9-story, 159,437-square-foot mixed-use development. The 88-foot-tall structure will host 149 affordable housing units spread across 124,709 square feet and 8,457 square feet of commercial space. According to reports in early 2018, the project is part of a planned 2-building development, with the yet to be filed second development expected to include 53-units designated for supportive housing. New construction will rise on the vacant 38,960-square-foot parcel which is located near the developer's 364-unit Section 8, 5-building **Gateway Apartments** complex.

**71-12 Park Avenue** (Flushing) – The David Marx-led Marx Development Group filed new building applications in August for a pair of 37-story residential developments having a combined total of 716,867 square feet. The 400-foot tall structures will reportedly host 488-units in total; and be constructed on the 2-parcel, 106,139-square foot (2.44-acre) vacant assemblage. Although the acquisition of the site has yet to be posted on city records, the sale was reportedly completed in early August, Marx securing approvals from its Israeli bondholders for the "transaction in which the firm's British Virgin Islands-registered bond-issuing holding company," MDG Real Estate Global Limited would sell the (2) parcels to David Marx himself. Reports in May indicated that Marx was offering \$54 million (\$72 per buildable-square-foot) for the assemblage. A \$67 million loan backed by the site was provided by Mack Real Estate Credit Strategies; and will be used to pay down Israeli bond debt according to reports.

**46-09 69th Street** (Woodside) – Madison Realty Capital pre-filed new building applications in June for a 14-story, 267,688-square-foot mixed-use development. The 161-foot-tall structure will host 290 residential units spread across 207,316 square feet and 9,206 square feet of commercial space. New construction will rise on the primarily vacant 6-parcel, 71,762-square-foot assemblage that fills nearly the entire city block bound by Queens Boulevard, 47th Avenue and 69th and 70th Streets. The developer acquired the parcels through multiple transactions from 2013 through 2019 for a combined total of roughly \$28.756 million (\$107 per buildable-square-foot) according to city records. ConnectOne had provided a combined total \$14.3 million to close on (4) of the acquisitions made; and more recently, upon Madison acquiring the final parcel this year from the Armenian Cultural Association of America, ConnectOne provided a \$33.6 million financing package that consolidated the previous financing, adding a new roughly \$11.373 million gap mortgage, \$7.763 million building loan, and \$894,035 project loan.



## Queens (cont'd)

### Projects in Progress (cont'd)

**188-11 Hillside Avenue** (Jamaica Estates) – Piermont Properties filed new building applications in July for a 7-story, 120,203-square-foot mixed-use development. The 70-foot-tall structure will host 93 residential units spread across 71,621 square feet and 847 square feet designated for community facility use. A total of 15,500 square feet to accommodate 67 cars on-site will be created as part of the project. The 25,224-square-foot parcel located on the corner of 188th Street last traded in March 2017 for \$9.15 million (\$76 per buildable-square-foot) according to city records. Demolition permits were secured in March for the existing single-story, 18,786-square-foot structure to make way for new construction.



**163-05 Archer Avenue** (Jamaica) – BRP Companies pre-filed new building applications in August for a 24-story, 535,814-square-foot mixed-use development. The 250-foot-tall structure will host 601 residential units spread across 399,240 square feet and 14,077 square feet of commercial space. Demolition permits were secured for the existing single-story, 32,471-square-foot commercial building to make way for new construction that will rise on the 45,080-square-foot site the developer acquired in January 2018 for \$20 million (\$37 per buildable-square-foot) according to city records. The transaction was financed with a \$35 million mortgage from Goldman Sachs that was also collateralized by the adjacent 45,900-square-foot parking facility at 163-25 Archer Avenue BRP acquired simultaneously for \$35 million; however plans for that site have yet to be revealed.

**98-10 63rd Road** (Rego Park) – Kenny Liu under the entity Chuang Heng Rego Park LLC filed new building applications in August for a 21-story, 248,466-square-foot mixed-use development. The 143-foot-tall structure will host 261 residential units spread across 177,376 square feet and 19,024 square feet designated for community facility use. The vacant 34,067-square-foot parcel located on the corner of 98th Street was acquired in January for \$30 million (\$121 per buildable-square-foot) from by the Roman Catholic Church of Our Lady of the Angelus. Although unverified it seems likely that the community facility space will be utilized by the religious organization to provide additional space to its existing 2-story, 15,510-square-foot facility. The church had secured a subdivision of its property at **98-05 63rd Drive** in November 2018, which divided the site that originally offered 59,615 square feet of land area to create (2) separate tax lots, one of which comprised the grassed open area fronting 63rd Road that was sold to the developer under the stipulation that the 177,376 buildable square feet of floor area be used for residential use only; and that 20,943 square feet of existing open space “remain open and unobstructed” for access and use by all residents of the developer’s property according to details within the Zoning Lot Development Agreement posted on city records.



## Bronx Development

### NYC's Northern-most Borough Comes into its Own

Boasting relative affordability and upside potential, the Bronx has reportedly become recognized by some industry people as “one of the hottest commercial real estate markets in New York City,” allowing the city’s northern-most borough to “finally shed its reputation as an up-and-coming market and come into its own.”

**Opportunity Zone Presence** –The borough reportedly boasts 75 designated opportunity zoned areas, which is anticipated to further attract interest among investors and developers seeking to take advantage of the program that under certain guidelines offers “the deferral, and eventually the exemption, of hefty capital gains taxes” that would otherwise be incurred. The incentive program created as part of the federal government’s **Tax Cuts and Jobs Act** enacted in 2017 is intended to help spur economic revitalization in distressed communities nationwide. Reports indicate that of the 28 sales transacted in the first (4) months of 2019, representing a 12% increase in year-over-year transaction volume, 61% of the sales occurred in opportunity zone areas. There have also been some reported instances of development sites trading at above asking prices. Cited in example was the \$2.6 million sale of the 10,000-square-foot parcel at **1559 Boone Street** (West Farms), which reportedly fetched a price that was 10% above asking; and expected to be a part of the multi-building **Compass Residences** being constructed in phases by a Monadnock Construction-led team.

Rising demand has begun to push land prices higher, reportedly increasing 42% from the 4th quarter of 2018 to reach an average of \$102 per buildable-square-foot from January through April. However despite increasing land costs in the borough, it still remains far below that of Manhattan, Northern Manhattan, Brooklyn and Queens where the price per buildable-square-foot reportedly averages \$579, \$223, \$268 and \$192 respectively. In addition, it has also been pointed out by reported industry sources that the Bronx was the only borough that “showed development site transaction volume rise every year from 2015 through 2018.”

**Development Site Acquisitions:** Over the past year that have been several larger development site purchases including:

- **121-129 East 144th Street aka 414 Gerard Avenue / 415-417 Gerard Avenue / 108-112 East 146th Street aka 459-465 Gerard Avenue / 440 Major Deegan Boulevard** (Mott Haven) – Domain Companies purchased the 4-parcels through (2) transactions for a combined total of \$38.5 million. Plans abandoned by seller Treetop Company were expected to give rise a pair of mixed-used developments offering a combined total of 470,686 square feet to host a total of 434 residential units. Prior to the start of construction, the sites contaminated from past industrial uses will be remediated by new ownership using New York State’s brownfield program that grants developers tax credits for cleanup work.

## Bronx Comes into its Own (cont'd)

- **325 Exterior Street / 355 Exterior Street / 399 Exterior Street / 475 Exterior Street** (Mott Haven) – The Lightstone Group has been piecing together the assemblage located along the Harlem River and Major Deegan Expressway between the 145th Street and Madison Avenue bridges. Offering 611,742 square feet of land area, the assemblage can accommodate over 1.5 million buildable square feet. Among the (5) parcels, (3) were purchased for a combined total of \$59 million, (1) is controlled under an up to 99-year ground lease secured for roughly \$30.5 million, while the sale price is undisclosed of the 5th parcel that has yet to close.
- **320 West Fordham Road** (University Heights) – Connecticut-based Dynamic Star purchased the vacant 3.72-acre (162,200-square-foot) site that can reportedly accommodate approximately 515,140 buildable square feet of residential space for \$31.5 million. Previously known as **Fordham Landing**, new ownership has reportedly entered into discussions with the city's Department of City Planning for a proposed \$3.5 billion mixed-use project totaling 5 million square feet.
- **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. The site can reportedly accommodate about 890,000 square feet of warehouse space.
- **260-298 Grand Concourse / 310-322 Grand Concourse / 334 Grand Concourse** (Mott Haven) – The 3-parcel, 55,927-square-foot assemblage was acquired for a combined total of \$27.7 million by reportedly JCS Realty. Reports indicated that new ownership is planning to construct a 12-story, approximately 400,000-square-foot development that will host 520 residential units.

**New Construction:** According to the Department of Building's Active Major Construction website, as of August 5, 2019 there were 415 active permits for new building construction that is expected to create 15,302,924 total square feet and 14,412 proposed dwelling units throughout the borough. Some highlighted projects include:

- **65 East 149th Street aka 575 Exterior Street** (Lower Concourse) – New building applications were filed in February by L+M Development Partners and Type A Projects. The 23-story, 584,876-square-foot mixed-use development 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 development is the first phase of the two-phase project dubbed **Bronx Point**, which upon full construction completion will host up to 1,045 residential units, of which a minimum of 50% will be designated for affordable housing, a mix of retail, office space, and community facility space to be operated by community services provider BronxWorks. In addition, the first-ever brick-and-mortar **Universal Hip-Hop Museum** will occupy space within the complex; and a planned 2-acre waterfront esplanade will connect to Mill Pond Park.
- **101 Lincoln Avenue / 2401 Third Avenue** (Mott Haven) – Brookfield Property Partners appears to be moving ahead with designs initially filed in 2015 by sellers Somerset Partners and the Chetrit Group. A total of 1,300 housing units, of which 30% will be designated for affordable housing are expected to be created. Construction of the 462,000-square-foot development on the 3rd Avenue site was expected to begin during the 2nd quarter; while construction of the larger 950,000-square-foot development that will rise along Lincoln Avenue will get underway towards the end of the year.
- **1221 Spofford Avenue aka 1201-1231 Spofford Avenue** (Hunts Point) – The multi-building project will bring a redevelopment of the former **Spofford Juvenile Detention Center** that shuttered in 2011; and is being construction in phases by the development team of the Hudson Companies, Gilbane Development and the Mutual Housing Association of New York (MHANY). Upon full construction completion the 5-building, 840,000-square-foot mixed-use complex dubbed **The Peninsula**, will host 740 affordable housing units, 52,000 square feet of recreational space, 49,000 square feet of light industrial space, 21,000 square feet of retail space to include a 15,000-square-foot grocery store, and 48,000 square feet designated for community facility use.



65 East 149th Street - Rendering



101 Lincoln Avenue - Rendering



2401 Third Avenue - Rendering



1221 Spofford Avenue - Rendering

# Bronx Comes into its Own (cont'd)

Looking ahead, some notable projects on the horizon include:

- **1184-1194 River Avenue / 1159 River Avenue** (Concourse) – New construction on the non-contiguous sites that currently serve as parking facilities is expected to give rise to a pair of mixed-use developments. Project plans by developer Madd Equities and Joy Construction have yet to be finalized for the sites located within the 95-block-long Jerome Avenue corridor that was rezoned last year. (March 2018 – 2Q18-Dev) Recently a roughly \$64 million construction loan from Wells Fargo (TRD 07-02-19 - <https://therealdeal.com/2019/07/02/madd-equities-joy-construction-score-for-massive-bronx-project/>) was secured to help fund the 2-building project that will add a combined total of 748,000 square feet of new space hosting a mix of 750 affordable housing units, a portion of which to be designated for supportive house, retail space, community space, and on-site parking. (2Q18-Dev)
- **12.8-Acre South Bronx Rail Yard, 400 East 132nd Street** (Mott Haven) – Proposals for the redevelopment of the rail yard site that offers 1,200-feet of frontage along the Harlem River were submitted by two development teams in response to a request for expressions (RFEI) released by New York State's Empire State Development (ESD) in 2016. Although the project has yet to be awarded, the proposals submitted by the respondents offer a varied mix of uses.
  - Related Companies, Somerset Partners, and the New York City Football Club (NYCFC) have proposed a mix of affordable and workforce housing up to approximately 550-units, a 25,000-square-foot medical facility, and a 26,000-seat soccer stadium. Amenities to include an interactive indoor theme park for children operated by Kidzania, a new 85,000-square-foot park and waterfront walkway, an outdoor City Square/Community entertainment plaza, and a new ferry terminal linking to the NYC ferry system
  - L+M Development Partners and Omni New York have proposed a complex dubbed **Alexander Landing** to host 2,000 residential units, of which a portion will be designated for affordable housing, a charter school operated by Bronx Charter School of the Arts, a medical facility operated by Montefiore Health System, as well as retail, parking and open space.



**Last-mile Distribution:** As e-commerce continues to push demand for warehouse space, Bronx has benefited with sales in the asset class reportedly rising 50% year-over-year from January through April. Similarly, the average price per square foot has increased to \$237 over the same (4) month period, representing a 7% increase over the price at the end of 2018. Sale activity in recent years includes:

- **1601 Bronxdale Avenue** (Van Nest) – The 2-story, 356,353-square-foot industrial property was acquired by reportedly Himmel + Meringoff Properties and Square Mile Capital Management for \$89 million (\$250 per square foot) in May 2019.
- **1055 Bronx River Avenue** (Soundview) – The 193,731-square-foot warehouse that formerly served as ABC Carpet's headquarters was acquired by San Francisco-based Prologis in January 2017 for roughly \$28.293 million (\$146 per square foot). In April 2018, reports announced the Walmart-owned e-commerce start-up **Jet.com** secured a lease for 200,000 square feet at the building.
- **1300 Vile Avenue / 1301 Ryawa Avenue** (Hunts Point) – The pair of adjacent single-story warehouses offering a combined total of 117,090 square feet traded in November 2017 for roughly \$25.588 million (\$219 per square foot). In January 2019 e-commerce giant **Amazon** reportedly leased the properties in their entirety to establish its first delivery station in the borough; and just (6) months later an undisclosed family under the entity HDH3.1 LLC purchased the fully leased assets with reportedly 8-years of lease term remaining for \$70 million (\$598 per square foot) from sellers AEW Capital Management and MRP Realty.
- **1500-1502 Bassett Avenue** (Morris Park) – The 3-story, 285,630-square-foot warehouse was sold by longtime owner the Modell's family. Situated on a 12-acre site, the property formerly used for the distribution of inventory for the family's eponymous sports apparel and equipment retail chain attracted a price of \$115 million (\$403 per square foot) upon selling in January 2019 to Maryland-based Realterm Logistics.



University Heights, Bronx

## Bronx Comes into its Own (cont'd)

**Multifamily Market:** Although uncertainty of the impact on the asset class by the June 14 passing of the **Housing Stability and Tenant Protection Act of 2019** has yet to be determined, prior to the legislation that significantly reformed rent regulations, the Bronx was reportedly a favored destination. Despite seeing a year-over-year decline in sales activity of 39%, which was in-line with overall activity throughout New York City, multifamily sale transactions within the borough from January through April totaled 23.

Remaining among the city's most affordable, many multifamily assets reportedly offer higher returns with cap rates averaging around 5% in 2018, representing some of the highest returns among the (5) boroughs. In comparison, capitalization rates in Manhattan, Northern Manhattan, Brooklyn and Queens reportedly average 3.72%, 4.06%, 4.65% and 4.31% respectively. Affordability continues to be another factor that has spurred increased investor interest. During the first (4) months of 2019 multifamily property prices reportedly averaged \$206 per square foot, substantially below that of the other markets where average per square foot prices during the same period were reportedly \$996, \$476, \$362, and \$337 in Manhattan, Brooklyn, Queens and Northern Manhattan. In addition the multifamily market in the Bronx boasted the strongest appreciation citywide from 2015 through 2018, reportedly rising 33% to an average of \$213 per square foot. Multifamily sales over the past year included:

- **Highbridge Houses, 1133 Ogden Avenue** (Highbridge) – The 26-story, 275,000-square-foot rental building hosts 400-units; and traded June 2019 for \$76.3 million (\$277 per square foot). New ownership, Camber Property Group and Belveron Partners plan to return the former Mitchell-Lama asset to affordability, reportedly committing to maintain the property as 100% affordable for 40-years.
- **2001 Story Avenue** (Castle Hill) – The pair of 9-story buildings offering a combined total of 421,833 square feet traded in April 2019 for \$87.9 million (\$208 per square foot). FBE Limited was the purchaser of the 355-unit complex.
- **1065-1075 Gerard Avenue** (Concourse) – Prana Investments acquired the pair of 7-story buildings in June 2019 for \$31.695 million (\$164 per square foot). The block-through 252-unit complex known as **River Court** and **Gerard Court** offer a combined total of 193,548 square feet. The buildings were reportedly developed in 1999 through the Low Income Housing Tax Credit program; and have a 25-year, 421-a tax exemption in place.

# Bronx (cont'd)

## Projects in Progress

**1544 Shakespeare Avenue** (Morris Heights) – Bronx-based Highbridge Community Development Corp. filed new building applications in May for a 7-story, 116,457-square-foot mixed-use affordable housing development. The 70-foot-tall structure will host 110 residential units spread across 83,463 square feet, 8,877 square feet of commercial space, and 3,115 square feet designated for community facility use. The former 4-parcel, 22,752-square-foot assemblage that was merged into a single tax lot earlier this year was acquired in February 2019 for \$3.9 million (\$33 per buildable-square-foot) under the not-for-profit St. Francis Housing Development Fund Corporation from the Church of St. Francis of Assisi. The \$5.612 million financing package provided by Maryland-based non-profit Enterprise Community Partners included a \$3.85 million acquisition loan, roughly \$1.226 million building loan and \$536,457 project loan according to city record documents. Demolition permits for the existing structures were secured in April to make way for new construction.

**750 East 134th Street / 761-767 East 133rd Street** (Port Morris) – The Altmark Group pre-filed new building applications in July for a proposed 8-story, 131,494-square-foot mixed-use development. The 85-foot-tall structure will host 133 residential units spread across 103,816 square feet and 9,456 square feet of commercial space. New construction is set to rise on the 4-parcel block-through, 20,648-square-foot assemblage that spans the entire Willow Avenue block-front the developer acquired in June 2011 as part of an 8-parcel portfolio on the block purchased for \$1.335 million.

**2580 Webster Avenue** (Fordham Manor) – Douglaston Development filed new building applications in June for a 12-story, 133,833-square-foot affordable senior housing development. The 113-foot-tall structure will host 189 housing units spread across 94,472 square feet and 12,868 square feet of commercial space. According to city records, the 3-parcel, 52,934-square-foot assemblage was acquired by the **New York Botanical Gardens** in February 2008 for \$10 million; and in July 2018 Douglaston entered into a Memorandum of Agreement that will terminate November 1, 2020 to enter into a lease, but as of the end of July a ground lease had yet to be listed on city records.

**1701 Purdy Street** (Parkchester) – Olshan Properties filed new building applications in June for an 8-story, 157,351-square-foot residential development. The 80-foot-tall structure will host 221-units spread across 141,019 square feet. New construction will rise on the pair of vacant parcels offering a combined total of 38,664 square feet of land area. Although unverified it appears the development will be a new addition to the **Parkchester** complex, which is comprised of 171 buildings hosting 12,271 residential units, retail space and five garages on 130 acres in Eastern Bronx. The planned community completed in the 1940s was developed by the Metropolitan Life Insurance Company. In 1998 Parkchester Preservation Company (PPC) acquired the remaining unsold condominium units (6,382-units) along with the commercial space; and launched a \$250 million, 6-year restoration of Parkchester to spur the revitalize the entire community. Formed in 1995, PPC was launched by The Community Preservation Corporation subsidiary CPC Resources, and its partners real estate developers Morton Olshan and the late Jeremiah O'Connor according to an overview posted on Olshan's website.

**1580 Story Avenue** (Soundview) – Brooklyn-based Express Builders filed new building applications in June for a 19-story, 293,303-square-foot residential development that will reach a linear height of 197-feet and host 562-units. The developer acquired the approximately 270,000-square-foot site in January for \$18.5 million (\$77 per buildable-square-foot), securing a \$10 million loan from the Bank of Princeton to finance the transaction according to city records. Seller Soundview Estates LLC had purchased the original 553,463-square-foot parcel in October 2017 for roughly \$15.227 million, subsequently subdividing the site in half to create a second tax lot. New construction will rise on the property that spans the majority of Story Avenue between Morrison and Boynton Avenues; and currently serves as the north half of the original parking area for a portion of the **Lafayette-Morrison** and **Lafayette-Boynton** complexes — an 1,865-unit complex spread across a total of (8) 19-story, 256,750-square-foot buildings initially built under the Mitchell-Lama program in 1962; and in 2006 left the program to enter the open market as moderately priced co-operatives under a rebranded **Lafayette Estates**.

**261 East 202nd Street** (Jerome Park) – Boliver Development filed new building applications in July for an 11-story, 141,561-square-foot residential development. The 115-foot-tall structure will host 162-units spread across 121,217 square feet. New construction will rise on the 7-parcel, 20,141-square-foot assemblage located between Briggs and Valentine Avenues, offering a total of 202-feet of frontage along East 202nd Street. Acquisition of (6) of the (7) properties that are primarily vacant or serving as parking lots, was secured from May 2016 through May 2019 for a combined total of roughly \$6.578 million according to city records.



## Bronx (cont'd)

### Projects in Progress (cont'd)

**270 East 203rd Street** (Jerome Park) – Bolivar Development filed new building applications in July for an 11-story, 140,034-square-foot residential development. The 115-foot-tall structure will host 160 residential units spread across 119,625 square feet. Construction will rise on the 7-parcel, 20,000-square-foot assemblage located between Briggs and Valentine Avenues, which the developer acquired through multiple transactions between 2017 and 2019 for a combined total of roughly \$8.297 million (\$59 per buildable-square-foot). Several low-rise residential walk-ups and single- and two-family structures will need to be demolished prior to the start of construction.

**2880 Jerome Avenue / 10 Minerva Place** (Bedford Park) – New York-based non-profit organization Project Renewal filed new building applications in August for a 17-story, 148,002-square-foot mixed-use development. The 178-foot-tall structure will host 116 housing units spread across 70,412 square feet and 77,590 square feet designated for community facility use. New construction will rise on the L-shaped, 20,905-square-foot assemblage that last traded in July 2015 for a combined total of \$3.8 million (\$26 per buildable-square-foot) according to city records.

**373 East 183rd Street** (Fordham Heights) – The New York City Housing Authority (NYCHA) filed new building applications for a 14-story, 165,361-square-foot mixed-use development to host 182 affordable housing units, 2,944 square feet of community facility space, and 10,628 square feet of commercial space. In June 2017 NYCHA had released a request for proposals, seeking a developer to construct the 100% affordable housing development, but a developer has yet to be announced. New construction will rise on the roughly 18,665-square-foot site initially comprised of (3) parcels hosting underutilized parking areas of the **Twin Parks West** housing complex at 2244 Tiebout Avenue as part of the agency's **NextGeneration Neighborhoods** program launched in 2015. The 10-year plan is intended to create 10,000 units of affordable housing on underutilized land for the partial purpose of generating funds for much needed repairs to existing projects. A 99-year lease of the existing Twin Parks West buildings and a pair of small adjacent vacant lots was awarded to Gilbane Construction in October 2018, the developer paying \$49.103 million for the lease that extends to October 30, 2117 according to city records. As part of the deal that was reportedly funded by a \$59.2 million loan from KeyBank, renovations will be made to the pair of 10-story buildings totaling 298,964 square feet that host a total of 312 residential units and a single commercial unit.

**700 Manida Street** (Hunts Point) – The 8-story, 111,000-square-foot mixed-use development that topped-out in late August is being co-developed by non-profits MHANY Management (Mutual Housing Association of New York) and Nos Quedamos. The 81-foot-tall structure rising on the 20,833-square-foot site at the corner of Spofford Avenue will host 108 affordable housing units, of which 48-unit are designated for seniors, and 3,854 square feet of community facility space on the ground level to reportedly be dedicated to an ambulatory health treatment center. As part of the project, a 7,100-square-foot landscaped rear yard will be created.





## Staten Island Development

### Federal Government Approves Funding for Planned Seawall

A project to boost flood resiliency has the backing of the Federal Government. According to a February press release by Mayor de Blasio's office, a total of \$400 million in funding will be provided for the project to be constructed by the Army Corp of Engineers through a formal Project Partnership Agreement (PPA) entered into with New York City and New York State. The estimated \$615 million **Staten Island Levee** project is comprised of a series of interconnected levees, berms, and seawalls stretching from Fort Wadsworth to Great Kills on Staten Island's East Shore;" and is "designed to withstand a 300-year storm, will protect against the growing threats of sea-level rise and storm surge and will dramatically strengthen the resilience of the area." Rising 20-feet above sea level, as part of the project a multi-use promenade that can support a range of recreational activities will be created. Additional funding for the project will come from a \$151 million contribution by New York State's Department of Environmental Conservation and \$65 million from New York City's City Capital funds.



Staten Island Levee Project - 2017 Visualizations

### Project Plans in Progress

**32-44 Bay Street** (St. George) – A partnership under the entity 32 Bay LLC filed new building applications in July for an 8-story, 66,172-square-foot mixed-use development. The 85-foot-tall structure will host 49 residential units spread across 37,926 square feet, 4,562 square feet of commercial space, and a 50-car enclosed parking garage. New construction will rise on the 2-parcel, 12,500-square-foot assemblage that last traded in 2017 for a combined total of \$4.6 million (\$70 per buildable-square-foot). Demolition permits have already been secured for the pair of existing single-story commercial structures to make way for new construction.



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