



New York City CRE Snapshot

1ST QUARTER 2023 REPORT
OFFICE | RETAIL | DEVELOPMENT

Pictured: 695 Lexington Avenue



Downtown - TriBeCa Area

Quarterly News Highlights*

General News

Roadmap to Facilitate Office-to-Residential Conversions Unveiled by Mayor Adams | January 9, 2023

The results of a study by the Office Adaptive Reuse Task Force of opportunities to convert outdated New York City office space to other potential uses, especially housing, were recently released. Established in July 2022 by Local Law 43, the recommendations by the city-led task force culminated in the January 2023 Office Adaptive Reuse Study, which provides a roadmap to spark affordable housing development that could potentially create as many as 20,000 homes over the next decade. A total of 11 legal and regulatory reforms that would make changes to state laws and city zoning requirements were recommended by the Task Force intended to increase opportunities for productive conversions, while also helping to “ensure NYC’s central business districts remain vibrant, and successful over the long term.”

Sources: <https://www.nyc.gov/office-of-the-mayor/news/022-23/mayor-adams-recommendations-convert-underused-offices-homes>
<https://www.nyc.gov/assets/planning/download/pdf/plans-studies/office-reuse-task-force/office-adaptive-reuse-study.pdf>

* Access to some articles may require a login and/or subscription.

News Highlights (cont'd)

NYC's FY 2024 Preliminary Budget Lacks Actions for Future Budget Stabilization | January 12, 2023

According to the January 12th statement by the President of the Citizens Budget Commission (CBC), Mayor Adams' Fiscal Year 2024 Preliminary Budget does not take the aggressive action needed to "stabilize future budgets, hedge against a looming recession, and improve the quality and efficiency of services." While it takes some positive steps, this budget does not add to the Rainy Day Fund or "mitigate the fiscal cliffs created by using Federal COVID and non-recurring City funds to support ongoing services; and described in the CBC President's statement as "the tale of two time periods, with reasonably ample resources now to help balance the budget but significant gaps and risks in the future."

Sources: <https://cbcny.org/advocacy/statement-new-york-city-fiscal-year-2024-preliminary-budget>

CPI Declines in December 2022 for First Time in 12 Months | January 12, 2023

On January 12th, 2023, the U.S. Bureau of Labor Statistics (BLS) news release of the Consumer Price Index for All Urban Consumers (CPI-U) indicated that in December 2022, the index declined 0.1 percent on a seasonally adjusted basis. Since peaking for the past year in June with a 1.3 percent increase, the second half of the year has shown signs of U.S. inflation easing. Over the last 12 months, the all items index increased 6.5 percent before seasonal adjustment, representing 8.5 percent and 28.6 percent declines from the 7.1 percent increase in November and 9.1 percent increase in June respectively. In response to the news, "U.S. stocks climbed and investors bought U.S. Treasuries, lifting bond prices and weighing on yields." It is anticipated that the easing of inflation for the 6th consecutive month will likely keep the Federal Reserve "on track to reduce the size of interest-rate increase to a quarter-percentage-point at their next meeting that concludes on Feb. 1, down from a half-percentage-point increase in December."

Sources: <https://www.wsj.com/articles/us-inflation-december-2022-consumer-price-index-1167348541>

NYC DOF Releases FY 2024 Tentative Property Tax Assessment Roll | January 17, 2023

Total market value of all New York City Properties increased 6.1 percent year-over-year between January 6, 2022 and January 5, 2023, reaching \$1.479 trillion according to the recently published Fiscal Year 2024 (FY24) Tentative Property Tax Assessment Roll by the New York City Department of Finance (DOF). The portion of market value to which tax rates are applied increased more moderately by 4 percent citywide to \$286.8 billion during the same period. Continued mixed signs of growth and economic recovery are reflected in the FY24 tentative assessment roll which reveals improvements in subsectors of the residential market — particularly single-family homes, while key commercial sectors still lag behind pre-pandemic levels despite modest growth over the past year. The decline in office occupancy continues to impact retail stores and hotels, contributing to the commercial sector's slow recovery.

Sources: <https://www.nyc.gov/site/finance/about/press/press-release-fy24-tentative-assessment-roll.page>

Grand Central Madison - Past, Present and Future Overview | January 25, 2023

In brief, the Grand Central Madison project represents the culmination of six decades of planning, and now projected to cost \$11.1 billion — one of the most expensive mass transit undertakings in the world; and was constructed 17-stories below street level. The new concourse is expected to reduce commuting time for the thousands that work on Manhattan's East Side by as much as 40 minutes; potentially help alleviate Penn Station crowding with an estimated 45% of LIRR commuters diverting to Grand Central Madison; and has created connections to parts of Queens and Metro-North stations. The "soft" opening of the new concourse on Wednesday, January 25th has only one to two trains running per hour in the station, but when full service goes into operation, that number will increase to 24-trains per hour. However, some have questioned the project since its opening comes at a time when commuting patterns are in flux with weekday LIRR ridership is hovering around 65% of pre-pandemic levels.

Sources: <https://www.crainsnewyork.com/transportation/everything-know-about-grand-central-madison>



Hudson Yards - View from 200 Park Avenue South Roof Deck

News Highlights (cont'd)

NYS Launches Review of Downstate Casino License Bids | January 29, 2023

The roster of bidders seeking to secure one of the three downstate casino licenses continues to grow. Among the eight reported submissions, five are proposed for Manhattan — Hudson Yards, Times Square, Plaza District, Penn Plaza, and the East Side, and the remaining three spread across Willets Point, Queens, Coney Island, Brooklyn, and Nassau County, Long Island. New York State began reviewing each of the submitted bids in January. Crain's New York Business recently released a snapshot of what they consider the pros and cons of each proposed site, noting that the "successful racinos at Aqueduct and Yonkers are thought to have the inside tracks" for two of the casino licenses.

Sources: <https://www.crainsnewyork.com/crains-extra/crains-extra-casino-horse-race-begins>

News Highlights (cont'd)

Proposed \$227B NYS Budget Unveiled by Governor Hochul | February 1, 2023

According to the press release by Governor Hochul's office on Wednesday, February 1, the proposed Fiscal Year 2024 Executive Budget outlined reflects the Governor's "bold agenda to make New York more affordable, more livable, and safer by making smart, responsible investments in mental health care, public safety, housing, education, climate initiatives, and more." Representing 2.4% growth in spending, the \$227 billion budget includes allocations aimed at tackling some of New York City's most pressing needs including "\$1 billion to address the migrant crisis and a multiyear plan to salvage the finances of the city's ailing subway system," stating that "the New York City economy drives the state of New York and the M.T.A. helps drive the New York City economy."

However, the state's budget gap is projected to be \$5.7 billion in FY 2025, and a total of \$22 billion between 2025 and 2027 should tax revenues lower as a result of a potential recession;" but in an effort to brace the state for future fiscal crisis, Governor Hochul proposed "using a large chunk of this years' \$8.7 billion surplus," to bring reserves up to more than 15 percent of state spending by the end of this fiscal year. It is anticipated that the proposed budget will face challenges during negotiations with the "more left-leaning" Democrat-controlled State Legislature.

Sources: <https://www.governor.ny.gov/news/governor-hochul-announces-highlights-fy-2024-executive-budget>
<https://www.nytimes.com/2023/02/01/nyregion/hochul-budget-taxes-bail.html>

Show Up Act Passed by U.S. House of Representatives| February 2, 2023

The U.S. House of Representatives passed a bill that would force executive federal agencies to revoke pandemic-era work-from-home policies, a move that could help relieve ailing office markets in states and cities with high concentrations of government employees. The legislation, known as the Stopping Home Office Work's Unproductive Problems Act ("Show Up Act"), passed Wednesday in a 221-206 vote with all but three Democrats opposing and all but one Republican supporting it. However, it is anticipated that the legislation will face challenges in the Democrat-majority Senate, since remote work is largely supported by Democrats. If the so-called Show Up Act becomes law, federal agencies will have 30 days to reinstate their telework guidelines that were in place in December 2019, which, for most organizations, allowed minimal remote work. This is significant federal legislation – that if passed could help set a precedent for others.

Sources: <https://product.costar.com/home/news/200987589>

REBNY Releases Q4 2022 Broker Confidence Report | February 8, 2023

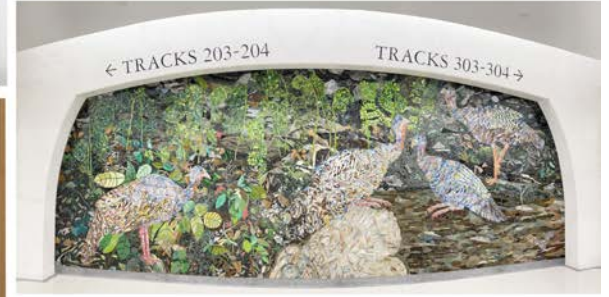
Confidence in current conditions among New York City's residential and commercial brokers fell for the 5th consecutive quarter according to the Real Estate Board of New York's recently released Q4 2022 Broker Confidence Report. Contributing to current concerns are "continued inflation, equity market volatility, and recently announced layoffs at some large employers" resulting in a 10.4% lowering from -17.41 to -19.43 of the Current Confidence Index (CCI) among residential brokers and an 11.0% dip from -40.58 to -45.61 among commercial brokers. However, the recent improvement of inflation and easing of mortgage rates helped improve the Expectations Index (EXI) among residential brokers from -5.46 to 12.85 — putting EXI in positive territory for the first time since the Q1 2022; and although similarly improving, commercial EXI remained negative, rising from -22.83 to -20.27.

Sources: <https://www.rebny.com/reports/q4-2022-broker-confidence-report/>

Remote Work's \$12B Economic Cost to Manhattan | February 12, 2023

Although the volume of employees heading to their offices in New York City has rebounded on Tuesdays through Thursdays, Monday's and Fridays continue to fall significantly below pre-pandemic volume. The findings of an analysis by Bloomberg News of new exclusive data from the WFH Research group on in-person work revealed that "Manhattan workers are spending at least \$12.4 billion less a year due to about 30% fewer days in the office," which equates to about \$4,661 less spent per year by the average worker. The figure was calculated by "multiplying the annual inflation-adjusted loss in spending per worker by the US Census Bureau's estimated nearly 2.7 million commuters and residents who worked in Manhattan in 2019. The economic loss represents "missed sales for restaurants, retailers and other businesses the drive New York's economic engine," while the broader impact results in the lowering of transit revenue and a shrinking of both the commercial property tax base and the labor income for people who provide goods and services to those workers. Recovery of foot traffic in the outer boroughs reached 85%, partly fueled by the neighborhoods where remote workers live turning into a new kind of business district, in contrast to Manhattan's recovery rate of a lagging 78%.

Sources: <https://www.bloomberg.com/graphics/2023-manhattan-work-from-home/#xj4y7vzkg>



News Highlights (cont'd)

Grand Central Madison Goes into Full Operation Feb 27 | February 13, 2023

The highly anticipated full operation of Long Island Rail Road (LIRR) service to the East Side will begin on Monday, February 27, 2023. The new Grand Central Madison service will add about 296 additional trains to timetables, “effectively increasing service by 41%,” and all 11 branches of the LIRR will offer access to both Penn Station and the 714,000-square-foot Grand Central Madison concourse — “albeit , in some cases , through transfers.” Commuters can already access new train schedules on the TrainTime app and [Online](#)

Sources: <https://www.timeout.com/newyork/news/its-official-grand-central-madison-is-fully-opening-this-month-021323>

December’s Consumer Price Index Improvement Short-Lived | February 14, 2023

High hopes in January of a further easing of the Federal Reserve’s key interest rate increases appears to have been short lived as the start of 2023 saw U.S. consumer prices rise “briskly.” According to the U.S Bureau of Labor’s (BOL) updated February 14th report the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.5 percent in January on a seasonally adjusted basis, after increasing a more moderate 0.1 percent in December — a “sign of persistent inflationary pressures that could push the Federal Reserve to raise interest rates even higher than previously expected.” The all items index increased 6.4 percent over the past 12 months before seasonal adjustment. Shelter was the largest contributor by far to the January all items increase, the index at the end of January increased 7.9 percent over the last year before seasonal adjustment. Economists see the “so-called core CPI,” which excludes food and energy, as a better indicator of underlying inflation than the CPI-U, having advanced 0.4% in January — up 5.6 percent from January 2022. However, both indices remain higher than the Fed’s 2 percent target, which is based on a separate Commerce Department index; and as long as shelter costs continue to rise rapidly, it’s going to be difficult to get inflation down to the level the Fed is seeking to achieve.

Sources: <https://www.bls.gov/news.release/pdf/cpi.pdf>

<https://www.crainsnewyork.com/economy/us-inflation-stays-elevated-adding-pressure-more-fed-hikes>



Midtown - Grand Central Area

News Highlights (cont'd)

Bond Sale Planned by City Amid Rising Standing on Wall Street Standing | February 22, 2023

News of a planned bond sale by New York City of nearly \$680 million comes about a week following Fitch Ratings raising the city's credit rating one level to AA — the third highest grade, reflecting the city's improved finances. In early February, the city's cash balance stood at \$14.6 billion — double the amount at the same time a year earlier. Personal-income-tax revenue withheld from workers' paychecks in January was almost 7% higher year-over-year, an indication that the city is still gaining from the strong labor market despite Wall Street bonus payments projected to decline 20%. However, the end of the pandemic boom on Wall Street amid the Federal Reserve's aggressive interest-rate hikes has left "city officials projecting that personal-income-tax revenue will decline 8.5% this fiscal year and another 3% in the one beginning July 1." In addition, the city could incur another \$16.3 billion in cost over the next five years as labor contracts with the city employees are settled; and uncertainty remains on the long-term impact of remote work on future real estate tax revenue due to the typical 10-year commercial lease terms.

Sources: <https://www.crainsnewyork.com/economy/new-york-city-coffers-are-flush-cash-it-taps-bond-market>

NYC's Northernmost Borough Moves into the Spotlight | March 1, 2023

During an uncertain real estate market, New York City's northernmost borough has thrived. At a time when residential investment sales citywide have slowed as buyers and landlords take to the sidelines due to expensive financing, the wide range of local, state, and federally subsidized housing in the Bronx, such as properties with Section 8, have retained better attraction among investors than the unsubsidized rent-regulated housing more typical across the city. Although the pace of development site sales in the Bronx slowed following the expiration of the 421-a tax abatement program, after trading well in the first half of 2022, the borough continues to remain "a hotbed of development activity, thanks to a crop of rezonings completed back when Michael Bloomberg was mayor."

Sources: <https://commercialobserver.com/2023/03/bronx-investment-sales-development-2023/>

News Highlights (cont'd)

NYC's Economy Showed Continued Pandemic Recovery According to Comptroller's Latest Quarterly Cash Report | March 2, 2023

The latest quarterly cash report released by the New York City Comptroller's office reveals "strong revenue growth" during the first half of fiscal year 2023 (1H23). Beginning FY 2023 with \$8.159 billion in cash-on-hand, New York City's cash balances during 1H23 averaged \$8.126 billion, representing an 11.7% year-over-year increase over the \$7.274 billion average in 1H22. Both receipts and expenditures during the six month period were the highest on record, totaling \$57.402 billion and \$57.276 billion respectively. Strong personal income and sales tax collections, solid business tax receipts, and growth in the hospitality and tourism sectors significantly contributed to the 4.6% year-over-year increase in revenue growth; while the 0.8% growth in expenditures is "mostly attributed to the higher spending on public assistance and other social services, vendor payments, and capital projects. At the end of 1H23, the city's cash balance stood at \$8.285 billion, the highest balance since 1H20; and includes \$1.954 billion in the Revenue Stabilization Fund (RSF) — the city's rainy-day fund, of which \$1.455 billion were allocated to the RSF in fiscal year 2022.

Sources: <https://comptroller.nyc.gov/reports/new-york-city-quarterly-cash-report/>

Questioning the Economic Benefits of a Another Casino in NYC | March 6, 2023

Over the past several months there have been multiple announcements of proposals to build a new casino in New York City. However, the economic benefit has recently been questioned, pointing out that previously authorized casinos in New York State have not "lived up to their promise" — citing Resorts World Catskills and Rivers Casino as examples. In addition, the potential of oversaturation exists should a casino rise next to Citi Field that would compete with the existing Resorts World in Ozone Park, Queens. Furthermore, it is anticipated that Midtown Manhattan's local businesses that have been struggling since the pandemic "will not benefit from a casino nearby" due to the likelihood that tourist dollars will shift to the casino should one open in Hudson Yards or Times Square.

Sources: <https://www.crainsnewyork.com/politics/politics-new-york-needs-more-casinos-economic-development>

Lagging Transportation Recovery Sparks Need for New MTA Revenue Model

Changes in ridership prompted the "New New York" panel of businesses and civic leaders to recommend "both a sustainable operating budget model for the MTA and more frequent service during off-peak hours." Serving as the region's public transit system that services millions of people daily and keeps the nation's largest economy moving, it is crucial for New York State to invest in transit. The MTA is currently heavily dependent on individual fares, which since the onset of the pandemic has been unable to fully recover according to a November 2022 report by New York City's Independent Budget Office (IBO). In addition, unlike white-collar workers that enjoy the flexibility of a remote or hybrid work schedule, service workers must show up in person — some outside the traditional rush hours which can result in extended wait times unless the MTA has the funding to add more frequent service during off-peak hours. Cited in example is the suggested even splitting of the gas tax to fund more frequent service, of which the MTA currently receives just one-third of it. "State tax receipts for the most recent quarter of the fiscal year exceeded projections by \$7.7 billion according to recent reports by the New York State Comptroller; and the city has a projected surplus for the current and next fiscal year of \$4.9 billion and \$2.4 billion respectively according to an IBO report, indicating that" both local and state governments can afford to provide additional investment in transit.

Sources: <https://www.crainsnewyork.com/op-ed/mta-needs-new-revenue-model-achieve-fiscal-sustainability>

Pressure on Fed Heightens amid Steadfast Inflation and Financial Instability Risks | March 14, 2023

The latest news release on March 14th by the U.S. Bureau of Labor Statistics (BLS) indicated that the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.4 percent in February on a seasonally adjusted basis and the all items index increased 6.0 percent over the last 12 months before seasonal adjustments, representing a moderate improvement compared to the 0.5 percent and 6.4 percent respective increases in January. Known as the core CPI, the consumer price index excluding food and energy increased 0.5 percent in February and 5.5 percent from a year earlier — a gauge which economists see as a better indicator of underlying inflation. Although the nation's economy has largely proven resilient to the Federal Reserve's interest rate hikes over the past year, "the challenge for the Fed now is how to prioritize inflation that is still far too high with growing financial instability risks in the unraveling of Silicon Valley Bank (SVB)." Just three days prior to the March 10th FDIC takeover of SVB, news that the "Fed would need to raise rates higher than previously anticipated" pushed the yield curve to invert further as shorter-term yields rose sharply as the two-year Treasuries closed at a 5.015 percent — a new high since mid-2007; while yields on the 10-year Treasury note fell 1.5 basis points to 3.968 percent.

Sources: <https://www.crainsnewyork.com/economy/inflation-tops-estimates-pressuring-fed-it-weighs-rate-hike>

<https://www.theglobeandmail.com/investing/investment-ideas/article-us-yield-curve-reaches-deepest-inversion-since-1981-what-is-it-telling/>



News Highlights (cont'd)

Public Transportation Ridership Stats Indicate Shifting Travel Patterns | March 16, 2023

The New York City Comptroller's Office recently released the Riders Return report providing a snapshot of public transportation statistics for February 2023, suggesting that "some pandemic ridership trends are here to stay." Overall subway and bus ridership volume during February is 67% and 65% respectively of the volumes in February 2019; and while subway weekend ridership is 75% compared to the same period 4-years prior, weekday trips are a lower 65% volume. The report also reveals that recovery of Manhattan subway ridership between 2020 and 2021 is lagging behind the faster pace of recovery in the outer boroughs.

Sources: <https://comptroller.nyc.gov/reports/riders-return/>

MTA's Looming Fiscal Crisis Sparks a Closer Look at Tax Exemptions and Incentives | March 23, 2023

At a time when the fiscal stability of the Metropolitan Transportation Authority (MTA) is at risk, both state and city granted tax exemptions and incentives have taken center stage. "In the 1980s when federal support for cities declined and the flight to the suburbs caused urban tax based to wither," economic development subsidies became widespread. However, according to an op-ed by the Citizens Budget Commission, although the intention of these programs is to retain and/or compete for businesses, there is a lack of evidence that "many of these dollars have driven substantial job or economic growth since there is no ongoing tracking process in place to substantiate the investment gain or loss. Furthermore, some of the tax breaks and incentives granted seem to extend beyond what may have been intended at the time of inception. It has been estimated by fiscal watchdogs that the city and state "dish out a combined \$10 billion worth of subsidies every year — equating to "8% of total tax collections and the state 5% in the hopes that they will collect more in the long run."

Sources: <https://www.crainsnewyork.com/politics/new-york-tax-breaks-cost-residents-10b-annually>



Midtown - Plaza District

News Highlights (cont'd)

Growth Rate of NYS' Budget Sets Stage for Future Instability Risk | March 24, 2023

New York State budget proposals by the Governor and Legislature could lead to structural deficits of \$15 billion to nearly \$20 billion by fiscal year 2027 without appropriate spending restraint according to the recent report by the Citizens Budget Commission (CBC). State Operating Funds (SOF) grew approximately \$23.8 billion from fiscal year 2020 to fiscal year 2023, having seen accelerated growth during the pandemic. Under the Governor's budget proposal, projected SOF growth is 3.6% in fiscal year 2024 and 4.3% annually thereafter — a growth rate of more than twice the rate of the preceding nine years on top of the “already extraordinarily high SOF spending growth in the last three years.” To stabilize the State's fiscal health and avoid potential damaging service cuts or counterproductive tax increases, the CBC recommends that the “enacted budget should restrain spending, improve tax and economic competitiveness, and pursue budget and fiscal management reforms.”

Sources: <https://cbcny.org/research/steep-incline-and-cliffs-ahead>



Downtown - City Hall Area

News Highlights (cont'd)

Office Market

Manhattan Office Leases Boast Record Number of \$100 PSF-plus Rents in 2022 | January 2, 2023

Although Manhattan's post-pandemic office market continues to struggle with large vacancies fueled by the remote and hybrid work schedule era, on an optimistic note, 2022 saw a "record number of new leases signed for more than \$100 per square foot." A total of 190 leases fetched a triple-digit rent, representing a 15.9 percent increase year-over-year; and the 6.1 million square feet leased is more than double the space signed in 2021. Starting rents of \$200-plus accounted for 15 of the transactions, while 2 transactions hit \$300-plus rents. Among the C-note deals, 62% of the priciest ones were moves to brand-new towers or older buildings that underwent significant upgrades and renovations.

Sources: <https://nypost.com/2023/01/02/landlords-celebrate-manhattans-premium-lease-boom-in-2022/>

Renewal at 6th Avenue Building Claims Title as Last Biggest Signing of 2022 | January 4, 2023

Fox Corporation and New Corp. have opted to remain at 1211 Avenue of the Americas. In the final days of 2022, both media companies extended their leases until 2042 for a combined total of 1.156 million square feet — 670,000 square feet and 486,000 square feet. Financial terms of the deals were not disclosed.

Sources: <https://commercialobserver.com/2023/01/fox-corporation-and-news-corp-renew-combined-1-1m-sf-at-1211-avenue-of-the-americas/>

News Highlights (cont'd)

Manhattan's Class A Office Buildings Take Center Stage | January 4, 2023

Office buildings constructed or renovated since 2015 have become the most sought after for companies relocating in Manhattan since the pandemic. According to analysis findings by online lease and sales comps platform Compstak, "more than 76 percent of office occupants who have moved in Manhattan since the start of the pandemic have either gone from one Class A property to another or upgraded to a Class A building from a Class B one." Leading the way among tenants that are increasingly upgrading to newer spaces are the technology, advertising, media and information sectors (TAMI) — of which 37 percent moved between Class A buildings during the pandemic and another 27 percent moved up from Class B to Class A spaces. The financial, insurance, real estate (FIRE) and legal sectors accounted for the largest share of relocations, or about 46 percent, during the pandemic, with 64 percent of the moves from the sectors' typically occupied Class A buildings to buildings newer than their previous locations.

Sources: <https://therealdeal.com/2023/01/04/more-office-tenants-are-ditching-aging-buildings-for-newer-spaces/>

Going Against the Trend, KKR Expanding at Hudson Yards | January 6, 2023

At a time when big block tenants are re-evaluating their office footprints as remote and hybrid work routines continue, it seems likely that plans for expansion are far and few between. However, Kohlberg Kravis Roberts (KKR & Co., LP) has moved against the developing trend and leased 220,000 square feet at 30 Hudson Yards — the majority of space that Meta Platforms (formerly Facebook) currently leases through 2024 and recently declined an option to renew. KKR's recent signing will add to the more than 300,000 square feet the company already occupies, having acquired the condo unit in 2019.

Sources: <https://www.bloomberg.com/news/articles/2023-01-06/kkr-expands-offices-at-manhattan-s-hudson-yards-with-new-lease>

Hedge Fund Signs 265K-sf Renewal at 100 Ave of the Americas | January 12, 2023

Two Sigma Investments recently renewed its 265,000-square-foot office at 100 Avenue of the Americas at an asking rent in the mid-\$80s per square foot range. News of the signing comes after considerations in 2021 of a possible relocation and consolidation of its adjacent 107,000-square-foot office at 101 Avenue of the Americas. The deal will extend the hedge funds tenancy until its lease at 101 Avenue of Americas expires sometime in 2029.

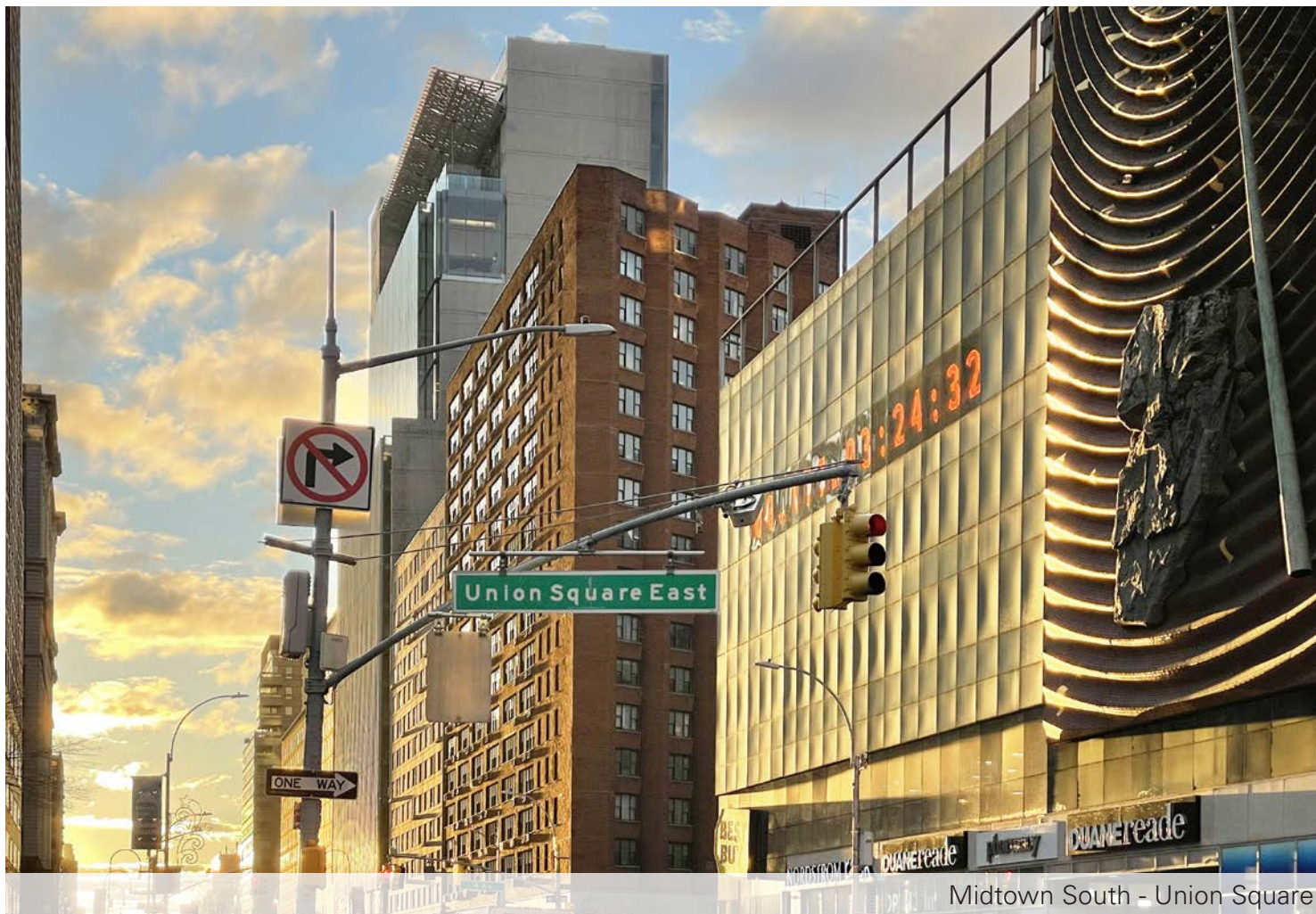
Sources: <https://commercialobserver.com/2023/01/two-sigma-renewal-100-avenue-of-the-americas/>

NYC Feels Less Impact from Mass Tech Downsizings | January 25, 2023

Although news of employee downsizing among several of the large tech companies has become more frequent, it has not "made a substantial dent in the tech industry's total employment of about 200,000, according to recent jobs reports." Advertising sales among the big internet companies — Alphabet, Apple, and Meta, dropped in the 3rd quarter in part due to a "decline in user engagement from elevated levels in 2020 and 2021" putting downward pressure on advertising revenue.

Google was the latest to file a WARN (Worker Adjustment & Retraining & Notification) notice with the state Department of Labor and among the 12,000 workers being laid off, 887 affected employees are spread "across eight Google sites in Chelsea and Hudson Square. The move represents a reversal of earlier plans for expansion. In the final week of January, there were 165 Google jobs listed with an option to be based in New York, representing a significant reduction of the approximate 1,300 Google job listings with the same option in May. In November, Facebook parent Meta announced plans to lay off more than 11,000 workers — 871 work in New York, as part of a broad restructuring; and more recently Amazon began a fresh round of job cuts expected to affect more than 18,000 employees of which 299 work at New York City locations, while Apple has so far avoided layoffs.

Sources: <https://www.crainsnewyork.com/technology/googles-new-york-city-workforce-shrink-nearly-900>



Midtown South - Union Square

News Highlights (cont'd)

CBS Renews 187K-sf at 57th St Building | January 25, 2023

According to SL Green's recent press release, CBS Broadcasting has signed a 5-year renewal for 186,882 square feet at 555 West 57th Street, representing the largest among multiple lease signings by the REIT during the early weeks of 2023. Financial terms of the deal were not released.

Sources: <https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-signs-leases-totaling-343000-square-feet-kick-2023>

Manhattan Onsite Office Attendance on an Average Weekday Hit 52% Late January | February 2, 2023

The Partnership for New York City (PFNYC) released the results of the organization's latest "Return to Office Survey Results." Responses from the more than 140 major Manhattan office employers that were surveyed indicated that as of late January 2023, "52% of Manhattan office workers are currently at their workplace on an average weekday," representing a 6% increase from September 2022. Among the attendance numbers, only 9% of employees are in the office five days a week, which is unchanged from September. However, the percent of fully remote employees lowered 16% to 10% during the same period, but "consistent with past surveys, 82% of respondents indicated a hybrid office schedule will be predominant policy in 2023. The survey's results further revealed that 40% of employers increased headcount during the pandemic with 38% maintaining headcount numbers, while 21% decreased headcount; and real estate footprints were increased by 17% while 54% had no change, with the remaining 29% making a reduction.

Sources: <https://pfnyc.org/research/return-to-office-survey-results-february-2023/>

News Highlights (cont'd)

Office Landlords Pushed to Make Tough Decisions as a Hybrid Work Scenario Continues | February 2, 2023

At a time when some landlords begin to review their portfolios, the reality has set in of the need to make tough decisions about properties generating returns that no longer make economic sense in the post-pandemic era of remote work and rising interest rates. Cited in example was RXR Realty which is considering residential conversions of two properties, one of which is the high vacancy landmarked prewar office building at 61 Broadway in Lower Manhattan. Through what the developer has called "Project Kodak," a set of metrics drawn up by the firm's team are being used to rank RXR's office holdings accordingly. Further investments in buildings that are "deemed obsolete 'film' buildings will no longer be made, with a willingness to hand back the keys to the bank if loans cannot be restructured for high vacancy properties, with focus shifting instead to "those properties that are up-to-date 'digital' buildings that can continue to attract office tenants."

A similar story exists in the Outer Brouchs. Cited examples of distress in the office market include the marketing of the debt on the Paragon and Blanchard Buildings in Long Island City. The former industrial buildings at 21-00 49th Avenue and 21-09 Borden Avenue were overhauled for office -use by the Related Companies and BentallGreenOak with the millennial workforce in mind, however the offices sit virtually empty; and at Hub LIC, 47-25 34th Street, developers Nuveen Real Estate and Metropolitan Realty Associates recently reverted about 106,000 square feet of office space back to industrial use within the building located in the Factory District of Long Island City. In Brooklyn, RXR Realty is considering a residential conversion of one its properties in the borough — likely 47 Hall Street; while Boston Properties "recently wrote off a \$51 million loss on its Dock 72 office development at the Brooklyn Navy Yard after WeWork exited two floors at the project."

Sources: <https://www.ft.com/content/60a67e2b-8f2c-4ca5-af47-efba143b8236>
<https://preview.therealdeal.com/new-york/2023/02/08/related-to-walk-away-from-empty-lic-office-campus/>

Potential Office Market Ramifications Loom as City Hall Softens Stance on Remote Work | February 3, 2023

Leading the charge last summer in an effort to "lead by example" to fuel the return of the onsite 5-day work week, Mayor Adam's chief of staff called municipal employees back to the office across sectors. As part of ongoing negotiations with the DC 37 union — the city's largest union of municipal workers, officials have agreed to consider a hybrid work scenario. The rigid work arrangements have not helped the "worsening turnover across city agencies, where vacancies in December were four times that of pre-pandemic figures." Despite continued efforts by some companies, much of the business world in New York City has accepted that "post-pandemic office work is never going to be the same," "many are accepting permanent hybrid and remote working environments." However, if the city's stance on remote work changes, it "could have big ramifications for office landlords."

Sources: <https://preview.therealdeal.com/new-york/2023/02/03/nyc-to-weigh-hybrid-work-for-city-employees/>

Despite High Vacancy Rates City's Office Buildings Approach Pre-Pandemic Values | February 3, 2023

According to the New York City Department of Finance's Tentative Property Tax Assessment Roll released in mid-January, the city's office buildings' assessed value is roughly \$168 billion for fiscal year (FY) 2023-24. The tentative assessment represents a 7% increase from the roughly \$157 billion value for FY 2022-2023, and close to 97.6% of the \$172 billion value in 2019. Although the nearing recovery of pre-pandemic values seems to contradict the challenges that the city's office buildings have been facing since the onset of COVID-19, analysts point out that current office market trends "are unlikely to be reflected in the value of the buildings themselves for quite a while." As far as valuations are concerned, "as long as companies are still paying their rent," it doesn't matter if the space is sitting vacant or being subleased. However, a recovery in value "does not necessarily indicate that the sector has fully recovered," especially when compared to "the levels expected prior to the pandemic."

Sources: <https://www.crainsnewyork.com/commercial-real-estate/office-buildings-retain-976-pre-covid-values-despite-sectors-woes-city-says>



Midtown - Bryant Park Area Looking South

News Highlights (cont'd)

Hybrid & Remote Strategies Projected to Create 330M-SF of Excess U.S. Office Vacancy by End of Decade | February 24, 2023

By the end of this decade, it is estimated that the U.S. will have an overall total of 5.56 billion square feet of office space; and while tenant demand for high quality office space exists, it has been projected that only 4.61 billion square feet of offices will be needed by 2030. Among the anticipated 1.1 billion square feet of office vacancy, the ongoing hybrid and remote work schedules will create 330,000 million square feet of what will be considered “excess vacancy,” providing an opportunity for investors to invest in either the upgrading of older buildings to attract tenants, or as an alternative option to consider, repositioning or repurposing an office building where structurally and/or financially viable.

Sources: <https://commercialobserver.com/2023/02/billions-of-square-feet-of-offices-expected-to-be-obsolete-by-2030-cw-finds/>

Sublease Sq. Ft. on the Rise in Chelsea as Twitter’s HQ Comes Online | March 1, 2023

As technology companies continue to review real estate requirements, the latest firm making a move to downsize is Twitter. The social media platform recently introduced a big block sublease to the market. The space at 245 and 249 West 17th Street totals nearly 200,000 square feet and spans the entire 2nd through 12th floors at 245 West 17th Street and adjoining floors 4 through 6 at 249 West 17th Street under a term that extends through April 2030.

Sources: <https://therealdeal.com/new-york/2023/03/01/twitter-lists-chelsea-office-space/>

More Companies Pushing for Return-to-Office Policy | March 30, 2023

The pendulum has begun to swing the other way as looming recession fears and increasing layoffs begin to spark a wavering confidence among workers that previously made their distaste for the office very clear, leaving companies struggling to retain talent. Recently more companies have begun to backtrack on earlier flexible remote work policies, shifting from previous plans to adopt a permanent virtual or hybrid model. While the possibility exists of another wave of the “great resignation” being triggered as more return-to-work (RTO) requirements are put in place, it will depend on the choices jobseekers will have in the coming months as remote job opportunities dwindle. Another issue that may be further pushing RTO policies is tax incentives. Although officials are still deciding whether to enforce them, many tax incentives hinge on employees coming to the office at least some of the time, or at least live in the region. “For companies receiving these incentives, relaxing in-office attendance could be costly.”

Sources: <https://www.cnbc.com/2023/03/30/more-companies-could-increase-rto-requirements-soon.html>

<https://www.bloomberg.com/news/features/2023-02-21/another-threat-to-work-from-home-tax-breaks>

News Highlights (cont'd)

Engineering Firm Signs 65K-sf Relo Deal in Move to Midtown | March 2, 2023

STV recently secured a 16-year lease that will see the engineering firm relocate next year from 225 Park Avenue South to the Empire State Building. The company's new 65,248-square-foot office on the 11th floor of the 102-story tower will go by the address 20 West 34th Street according to landlord Empire State Realty Trust (ESRT); and asking rent for the space was \$69 per square foot. Tenants at the iconic Art Deco skyscraper will have access to 65,000 square feet of amenities currently being built-out by ESRT.

Sources: <https://commercialobserver.com/2023/03/construction-company-stv-heads-to-empire-state-building/>

Touro University Expands to 310K-sf at Times Square Building | March 8, 2023

Just over one year after signing a lease for nearly 250,000 square feet, Touro University is adding 66,000 square feet to its footprint at 3 Times Square. The new space that will spread across the entire 10th and 11th floors within the tower, add to the seven floors currently occupied. The new lease will be coterminous with the same 30-year term as the big block space leased in January 2022.

Sources: <https://rew-online.com/touro-university-to-expand-its-academic-campus-at-rudins-3-times-square/>

Public Relations Firm Expanding in Grand Central Area | March 20, 2023

Joele Frank recently signed a 16-year lease for 78,353 square feet at 22 Vanderbilt, formerly known as 335 Madison Avenue. The deal that had an asking rent of \$95 per square foot will see the public relations firm relocate within the neighborhood before the end of the year from 622 Third Avenue, expanding about 18,000 square feet as part of the move.

Sources: <https://nypost.com/2023/03/19/pr-firm-joele-frank-scoops-up-space-at-22-vanderbilt-aka-335-madison/>

Leases Out in Potential Double-Header Relo Deals by LVMH | March 21, 2023

The former Sony Building at 550 Madison Avenue, where asking rents are \$190 per square foot, may be adding its third big block tenant following a major redevelopment. French luxury goods conglomerate LVMH has a lease out for 150,000 square feet at the building to relocate its U.S. headquarters; and simultaneously, has a lease out for 36,000 square feet at 6 E 57th Street to relocate its Louis Vuitton subsidiary. If the deal moves forward, LVMH and the fashion house will be relocating from 19 East 57th Street and 1 East 57th Street respectively.

Sources: <https://nypost.com/2023/03/21/luxury-goods-titan-lvmh-makes-moves-along-billionaires-row/>

Class A Office Buildings Starting to See Higher Vacancy as Office Market Distress Spreads | March 28, 2023

Through much of the pandemic, Class A office buildings in central business districts fared better than their less-pricey peers. However recently, the distress on the nation's office market has spread to high-end office buildings amid increasing defaults and vacancies — rising interest rates and yields on bonds and other securities making real estate look less profitable, adding to the challenges for landlords trying to refinance expiring loans. According to Moody analytics data, leasing within the Class A central business districts sector fell in the 4th quarter of 2022 for the first time since 2021, the hope of investing heavily in tenant amenities and modernizations to take advantage of the growing trend of a flight to quality by tenants only working for some buildings, especially those developed in the past decade. Pressure on office occupancy is expected to continue for much of 2023, reduced space requirements initially due to remote work schedules now joined by the cutting back of expenses among big technology companies and worries about a recession.

Sources: <https://www.wsj.com/articles/distress-in-office-market-spreads-to-high-end-buildings-c1adad48>



Midtown - Times Square

News Highlights (cont'd)

Retail Market

New 27K-sf Supermarket Opening in Edgemere Next Year | January 4, 2023

The under construction mixed-use development at 51-23 Beach Channel Drive in Queens' Edgemere neighborhood will be welcoming Shop Fair Supermarket next spring under a 25-year lease. The new 27,676-square-foot supermarket will be located at the base of the 17-story building that is part of the planned 11-building, 2.5 million-square-foot Edgemere Commons project to be constructed on the site of the former Peninsula Hospital Center. Financial terms of the deal were not disclosed.

Source: <https://commercialobserver.com/2023/01/shop-fair-supermarket-lease-edgemere-commons/>

CompletePlayGround Opening 40K-sf Youth Activity Center in FiDi | January 8, 2023

The former location of a New York Sports Club will become the new home of CompletePlayGround. The nonprofit family activity center recently signed a 15-year lease for 40,000 square feet at the base of 30 Broad Street. The new facility that offers programming for children through classes in gymnastics, martial arts, rock climbing, dance, and other activities will spread across multiple floors. Asking rent for the 3,500-square-foot ground level space was \$250 per square foot, while the remaining space on the 2nd floor, mezzanine, and basement levels had an asking rent of \$60 per square foot, or an approximate blended rent of \$77 per square foot.



Source: <https://nypost.com/2023/01/08/nonprofit-completeplayground-signs-15-year-lease-in-fidi/>

News Highlights (cont'd)

H Mart Acquires Upper East Side Condo for New Outpost | January 12, 2023

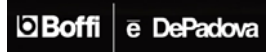
The Upper East Side will be adding a new specialty grocery market, H Mart will be opening in an approximately 8,500-square-foot space at 223 East 86th Street, having acquired the retail condo at the base of a 13-story residential building for \$8.7 million, or about \$1,024 per square foot mid-December 2022. Expected to open mid-year, following capital improvements and finalization of the project, the Korean-American grocery chain currently operates at least 10 stores in New York City, including the recent opening at 48-18 Northern Boulevard in Long Island City, H Mart having secured a 15-year lease in October 2022 for the roughly 65,000-square-foot former Stop & Shop store.



Source: <https://therealdeal.com/2023/01/12/grocery-chain-h-mart-to-open-upper-east-side-location/>

Italian Furniture Brand Opening 20K-sf Showroom in NoMad | January 17, 2023

Boffi | De Padova will be opening a new 19,964-square-foot showroom at the base of 99 Madison Avenue in the 2nd quarter of 2024. The Italian furniture retailer recently signed a 15-year lease for the multi-level space located between East 29th and 30th Street in NoMad. Asking rents were \$225 per square foot for the ground level space, while the 2nd floor and mezzanine level had asking rents of \$65 per square foot and \$40 per square foot respectively.



Source: <https://commercialobserver.com/2023/01/furniture-company-boffi-depadova-opening-20k-sf-nomad-showroom/>

New Dine-In Movie Theater Coming to Via 57 West | February 16, 2023

The luxury mixed-use building at 625 West 57th Street will be welcoming LOOK Cinemas. The recently signed 15-year lease for 25,000 square feet at the base of the trapezoid building known as Via 57 West, will establish the dine-in theater's Manhattan flagship and first location in New York City. The venue will include bars, seating areas and event space to accommodate film festivals, business meetings, and community group events.



Source: <https://rew-online.com/durst-to-welcome-look-cinemas-to-via-57-west/>

Australian Fashion Brand Making its Manhattan Debut | February 22, 2023

Manhattan to add Cotton On to its roster of fashion houses, the Australian-based brand recently signed a lease for roughly 20,000 square feet. The new store marks Cotton On's first Manhattan outpost, adding to existing locations in Queens and Staten Island. Located at the base of the block-through 6-story SoHo condominium at 512 Broadway, which also goes by the address 56-58 Crosby Street, the multi-level retail condo includes 7,000 square feet on the ground floor, 6,800 square feet on the lower level, and 6,100 square feet of sublevel space. Lease terms were not released for the deal that had an asking rent was \$275 per square foot.



Source: <https://therealdeal.com/new-york/2023/02/22/aussie-fashion-brand-cotton-on-leases-20k-sf-in-soho/>

Flatiron adding Crate & Barrel to its Roster of Flagship Tenants | March 6, 2023



Homeware and furniture retailer Crate & Barrel will be moving its longtime 40,000-square-foot flagship store of 20 years to the Flatiron District. Currently located on the corner of Houston Street at 611 Broadway, the retailer is expected to relocate before the end of the year to its new 35,000-square-foot space at 881 Broadway. The corner storefront that includes ground and lower-level space was previously occupied by ABC Carpet & Home until shuttering the location in 2019.

Source: <https://commercialobserver.com/2023/03/crate-barrel-881-broadway-flagship/>

TMPL Signs 26K-sf Lease on Madison Ave | March 6, 2023



Fitness brand launched in 2016 in Hell's Kitchen will be opening its 6th Manhattan location at 200 Madison Avenue. The new facility will spread across 26,000 square feet on the ground level of the building. The 15-year deal had an asking rent of \$100 per square foot.

Source: <https://nypost.com/2023/03/05/luxury-fitness-club-tmpl-moving-in-at-200-madison-avenue/>



Midtown South - SoHo

News Highlights (cont'd)

Former Dolce & Gabbana SoHo Flagship Trades at a Discount | March 17, 2023

Weybourne Group, the United Kingdom-based family office of James Dyson purchased the 3-story, approximately 15,418-square-foot building that was formerly occupied in its entirety under a triple-net lease by fashion house Dolce & Gabbana to serve as its SoHo flagship. The former firehouse had been acquired by Thor Equities in 2013 for \$27.25 million according to city records, undergoing renovations that included the restoration of the 1854 façade and a new storefront. In 2016, Bethesda-based ASB Real Estate Investments purchased a majority stake, valuing the building located between West Houston and Prince Streets at \$93 million — significantly higher than the \$60 million recently paid by Weybourne Group.

Source: <https://therealdeal.com/new-york/2023/03/17/james-dyson-buys-60m-soho-building-at-deep-discount/>

Deed in Lieu of Foreclosure Trade of Upper West Side Retail Condo | March 21, 2023

Waterfall Asset Management and RFR have acquired the approximately 33,000-square foot retail condominium at the base of The Astor, a mixed-use condominium spanning the entire Broadway block front between West 75th and 76th Streets at 2139-2159 Broadway. According to city records, the unit that includes about 18,559 square feet of ground level space and 10,333 square feet of cellar space traded via a deed in lieu of foreclosure for roughly \$39.692 million, having previously changed hands in June 2016 for \$103.5 million when purchased by the Vanbarton Group. Divided into approximately seven retail storefronts, current tenants include cosmetic dermatology brand Ever/Body and Spear Physical Therapy.

Source: <https://rew-online.com/rfr-acquires-33000-sf-retail-condominium-in-new-york-citys-coveted-upper-west-side-neighborhood/>

Pier 57 Opening 50K-sf Waterfront Public Space and Market | March 30, 2023

The revitalized Pier 57 located along the Hudson River between West 15th and 16th Street opened a new 50,000-square-foot public space and food market on the ground floor of the pier on April 1st. Anchored by technology giant Google, the 50,000-square-foot space dubbed Market 57 includes community classrooms that are bookable by nonprofit organizations that will be offering scheduled programming; a virtual “discovery tank” providing educational information to visitors about Hudson River ecology; and a food hall that focuses on businesses run by women and people of color. In addition, a showcase kitchen and education space that will host events and rotation chefs-in-residence has been installed by the James Beard Foundation, a New York City-based national nonprofit culinary arts organization.



Market 57

Source: <https://www.crainsnewyork.com/technology/google-pier-57-waterfront-public-space-and-food-hall-open-april-1>



Midtown South - Southeast view from 200 Park Avenue South roof deck

News Highlights (cont'd)

Investment Sales

Consumer Products Company Buys Murray Hill Office Building at a Discount | February 08, 2023

Enchanté Accessories recently purchased the entirely vacant 147-149 Madison Avenue for \$77 million. Despite having recently completed a full redevelopment, seller Columbia Property Trust incurred a loss, having acquired the 12-story, 121,000-square-foot office building in 2017 for \$87.7 million, with the REIT taking full control of the asset in 2018 when the 60-year leasehold expired. In 2018 WeWork had signed a lease to occupy the entire building, however the co-working firm never moved in, ultimately abandoning the space during the onset on the pandemic in early 2020. According to city records, City National Bank originated a \$9.363 million gap mortgage and assumed roughly \$44.537 million in unpaid principal provided by Goldman Sachs Bank and to close on the transaction.

Source: <https://preview.therealdeal.com/new-york/2023/02/08/columbia-property-trust-takes-haircut-on-149-madison/>

News Highlights (cont'd)

Dollar Volume of Manhattan Investment Sales Rose in 2022 | February 13, 2023

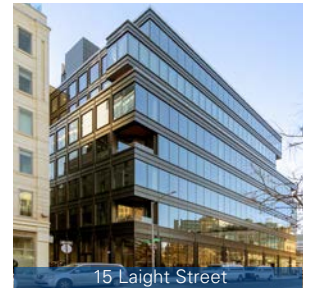
The total dollar volume of investment sales in Manhattan reached nearly \$21 billion in 2022, representing a 40% year-over-year increase despite a slowdown in activity during the second half of the year. Large multifamily assets led the way, dollar volume more than double the 2021 total, followed by development site sales which nearly doubled, while commercial property dollar volume increased 63% year-over-year. In contrast, dollar volume in the industrial sector fell 97% during the same period, mainly due to the \$3 billion sale of Edison Properties' Manhattan Mini Storage portfolio skewing 2021 dollar volume. Office property sales saw a 53% year-over-year increase, accounting for the two biggest investment sales transactions of the year — Google parent company Alphabet's purchase of 550 Washington Street and SL Green Realty's takeover of HNA Group's 245 Park Avenue, fetching nearly \$2 billion and about \$1.8 billion respectively; and the \$930 million purchase of 8 Spruce Street by Blackstone claimed the title of the biggest multifamily deal.

Source: <https://therealdeal.com/new-york/2023/02/13/breaking-down-manhattans-investment-sales-comeback/>

Redeveloped Former Tribeca Film Festival HQ Trades for \$275M Cash | February 15, 2023

The sale of the redeveloped 108,000-square-foot building at 15 Laight Street in Tribeca fetched \$275 million in an all cash deal. South Korean automaker Hyundai purchased the building located on the corner of Varick Street by the Holland Tunnel, and is expected to use the property for a showroom and offices. The seller, Vanbarton Group had acquired the former Tribeca Film Festival HQ in 2016 for \$90 million, redeveloping it into a mix of retail, office and lifestyle space.

Source: <https://therealdeal.com/new-york/2023/02/15/vanbarton-sells-eight-story-office-to-hyundai-for-275m/>



Forced Sale of Plaza District's Tower 56 In Contract | February 22, 2023

Sovereign Partners entered into contract to purchase Tower 56 at 126 East 56th Street. The forced sale by Pearlmark Real Estate comes after the company was unable to refinance the outstanding debt of a 2018 refinancing provided by Blackstone. Currently about 80% leased, the approximately \$110 million sale price of the Plaza District building is roughly equal to the owed debt. Pearlmark had acquired the property located between Lexington and Park Avenues for \$158 million in 2008 according to city records.

Source: <https://therealdeal.com/new-york/2023/02/22/sovereign-partners-in-contract-to-buy-tower56-in-forced-sale/>

Third Avenue Building Sells to Lender at a Loss | March 28, 2023

Ownership of 850 Third Avenue has changed hands, following the sale of the 617,000-square-foot building by the Chetrit Group to its lender, HPS Investment Partners. Amid efforts to keep the building out of foreclosure following an October 2021 \$342 million refinancing by HPS and the loss of the building's top tenant Discovery Inc. The sale of roughly \$266 million was significantly lower than the \$422 million Chetrit paid in 2019.

Source: <https://commercialobserver.com/2023/03/chetrit-group-850-third-avenue-156m-loss/>



News Highlights (cont'd)

Residential Market

REBNY Releases 421a Member Survey Results | January 12, 2023

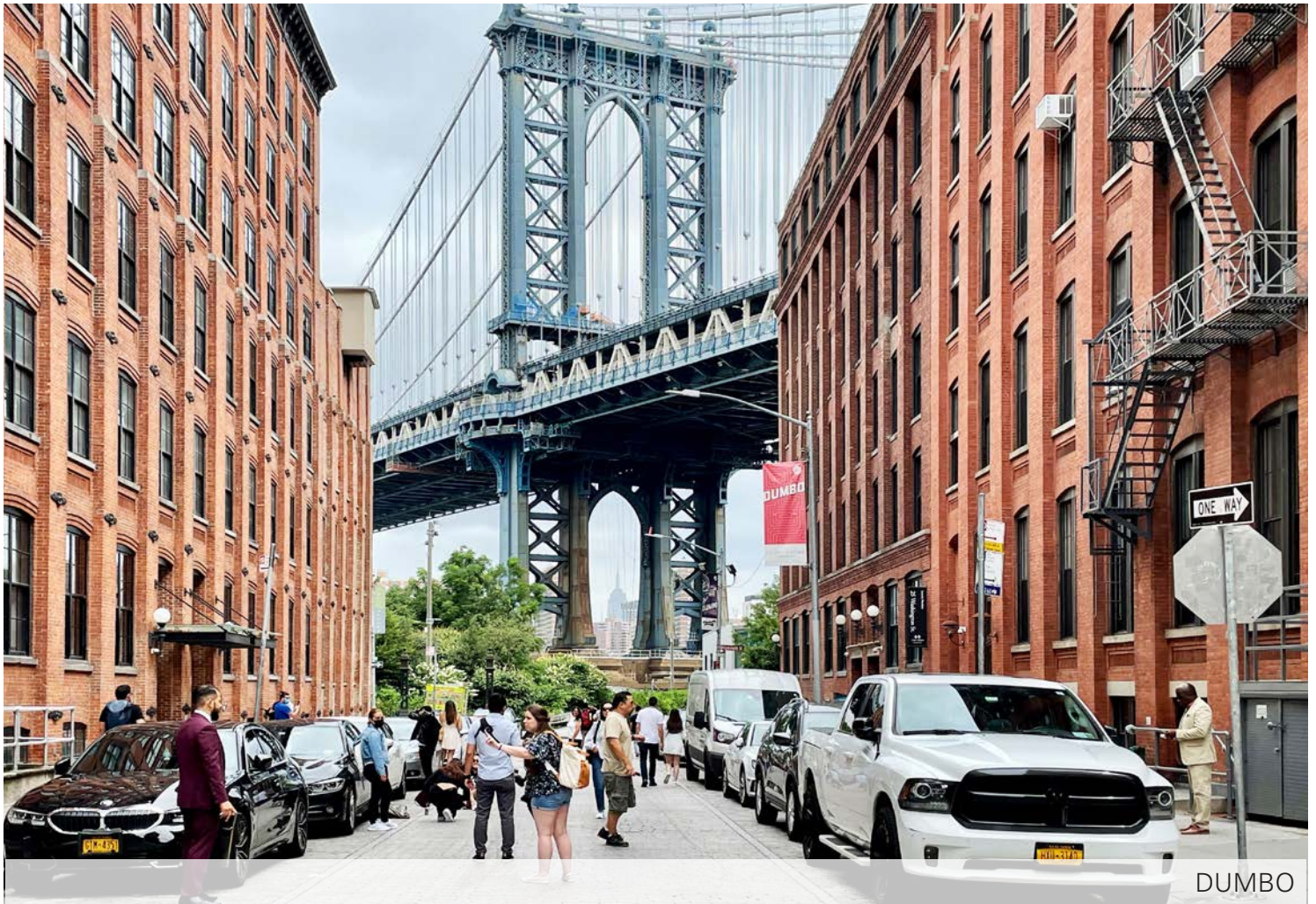
In an effort to better understand the state of New York City's housing development pipeline, the Real Estate Board of New York (REBNY) initiated a survey among its members and industry peers. An analysis of the respondents' results revealed that there are approximately 33,000 units, of which over 8,200 are affordable units, spread across 75 projects vested under 421-a that are in jeopardy of not moving forward or being completed by the required June 2026 deadline. Other challenges developers are facing include a tightening of the debt markets over the last six months; obtaining Department of City Planning (DCP) waterfront certifications to commence construction, as well as HPD IH certificates of completion required for TCO; and heightened competition to secure contractors at a time when there is a shortage.

Source: <https://www.rebny.com/reports/421a-member-survey/>

Sale of Residential Rental Component of Brooklyn's Tallest Tower will Test Investor Appetite | March 7, 2023

JDS Development has introduced the sale of the 398-unit residential rental and 130,000-square-foot retail components of the newly constructed 1,000-foot-tall Brooklyn Tower located at 9 DeKalb Avenue. A 35-year tax abatement is in place for the rental units, of which 30% have been designated for income-restricted renters. The remaining 143 residential units are condominiums and not part of the sale offering. The developer is hoping to fetch between \$600 million and \$700 million, sources indicating that it will be a "major test for the city's investment sales market."

Source: <https://therealdeal.com/new-york/2023/03/07/michael-stern-eyes-600m-for-rental-portion-of-brooklyn-tower/>



News Highlights (cont'd)

Largest Geothermal Residential Building Awarded NYSERDA Grant | March 22, 2023

The New York State Energy Research and Development Authority (NYSERDA) recently awarded a grant to the developers of the currently under construction project at 1 Java Street. Located in Greenpoint, Brooklyn, the \$4 million grant will support the construction of a geoexchange system, making the all-electric property the state's largest geothermal residential building. The site benefits from its 2.6-acre, full block area, allowing for the borefield of 320 boreholes to be drilled beneath the building. The closed loop geothermal system that requires no future access or maintenance will provide all the space heating, water heating and cooling for the project; and will account for 1,050 fewer metric tons of CO2 equivalent emissions compared to a building using a traditional boiler/tower system.

Source: <https://rew-online.com/leedlease-secures-grants-for-new-yorks-largest-geothermal-residential-building/>



Midtown - Grand Central Area

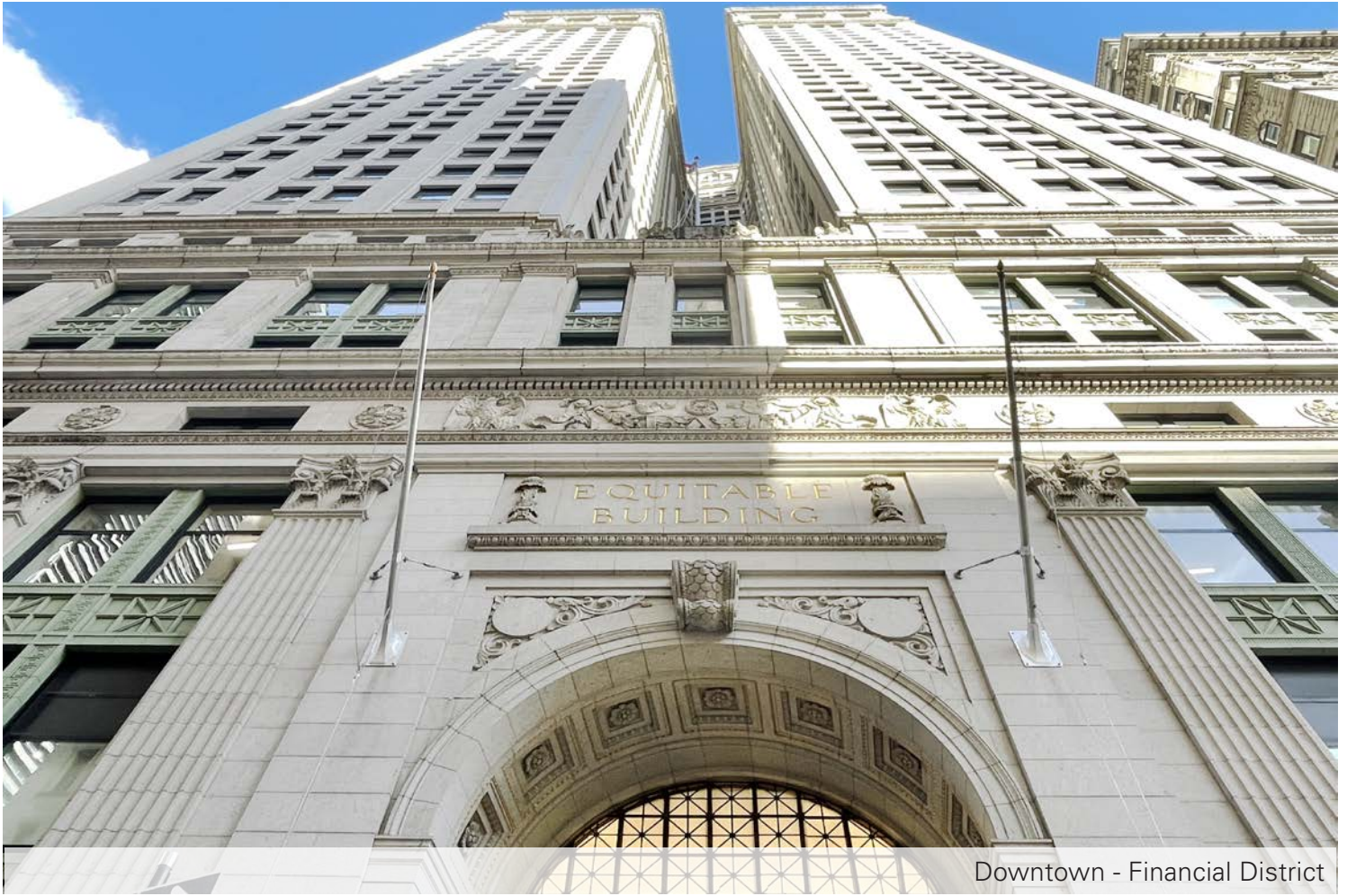
News Highlights (cont'd)

Development

Vertical Labs Could be the Solution for NYC's Under-Utilized Buildings | January 18, 2023

Establishing itself as a “formidable economic driver,” the life sciences sector could also offer an option for some of New York City’s under-utilized commercial buildings. Something unique within the U.S. is New York’s favorable regulatory environment which “permits chemical use throughout the height of a building,” opening the door to the “New York vertical lab.” Although not a new concept, it still has potential to be tapped in New York since it sets the stage for a mixed-use program like no other. “Labs can be paired with commercial and educational spaces, or they can be incorporated into large podiums at the base of commercial or even residential programs;” and it is “less risk-averse within a market than a huge single-use building.” Demand for life sciences continues to surpass other sectors, growing 67% in 2021 alone, and “from an architectural standpoint, it turns out that the standard Manhattan city block is an ideal size for lab buildings;” and New York’s “huge inventory of these under-utilized commercial and manufacturing buildings” with “their robust structural frames and high floor-to-floor clearances make them adaptable to life sciences laboratories.”

Source: <https://commercialobserver.com/2023/01/new-life-sciences-design-can-fill-empty-new-york-towers/>



Downtown - Financial District

News Highlights (cont'd)

Eminent Domain Being Exercised by NYC for Hudson Park Expansion Project | February 22, 2023

A petition to the state Supreme Court in Manhattan has been initiated by New York City to purchase through eminent domain three tax lots and a portion of a fourth tax lot on the far west side for the purpose of the planned expansion of Hudson Park, also known as Bella Abzug Park, and Hudson Boulevard. If approved, the lots located between 37th and 39th Streets between 10th and 11th Avenues will be combined with the portion of a fifth tax lot between 36th and 37th Streets which was acquired by the city in August 2022 upon the court granting approval. The first phase of the project completed in 2015 encompasses the area between West 33rd and 36th Street, if court approval is secured for the latest petition, the second phase will extend the part to West 39th Street. Funding for the planned investment of \$374 million for the three-block expansion is coming from bonds backed by property tax revenue from the neighborhood, however, it's unclear how the cost has changed since the city's 2018 plans.

Source: <https://www.crainsnewyork.com/real-estate/hudson-park-project-moves-forward-eminant-domain-acquisitions>

LaGuardia AirTrain Proposal Permanently Tabled | March 13, 2023

In response to the findings of a 450-plus page report released Monday, March 13th, the Port Authority of New York and New Jersey (PANYNJ) decided to shift directions from the previous proposal of constructing an AirTrain to LaGuardia Airport, which recently completed a multi-billion dollar redevelopment that replaced former old facilities with two new state-of-the-art terminals. Initially conceived under the Cuomo administration as part of an effort to improve transit links to the Queens airport, the preference for a "one-seat ride," which was only possible through a subway extension had been determined to be extremely risky along with a price tag that would likely reach \$2.4 billion. In comparison, the recommended new plan that is estimated to cost \$500 million focuses on improved bus services from the airport to nearby subway stations including "dramatic improvements to existing Q70 bus service" as well as the "creation of a second high-frequency bus line to serve the airport from the Ditmars Boulevard Station at the end of the subway system's elevated Astoria line."

Source: <https://nypost.com/2023/03/13/port-authority-kills-backwards-airtrain-to-lga/>



Midtown - View from 200 Park Avenue South Roof Deck

News Highlights (cont'd)

Lending

Maturity Looming for \$16B-Plus in NYC Commercial Property-Backed CMBS Loans | January 23, 2023

At a time when refinancing is becoming a major challenge in part due to higher interest rates and recession anxiety, there are more than \$16 billion in commercial mortgage-backed securities (CMBS) set to mature this year according to CMBS data provider Trepp. The 2023 figure represents a nearly 30% increase of the \$12.7 billion in CMBS loans that came due last year. Secured extension options by borrowers over the past three years partially contributed to the spike in maturities — an option that may no longer be available to some borrowers. For those borrowers that are able to secure new debt, the cost will be much more than the loans being replaced with the Fed continuing to increase interest rates to fight inflation. Alternative lenders are stepping in with the CMBS market slowing, albeit at a higher cost.

Source: <https://therealdeal.com/2023/01/23/16b-in-cmbs-loans-nearing-cliff-in-nyc/>

Fed's Announce a More Moderate Interest Rate Hike | February 1, 2023

A glimmer of light appeared at the end of the rising interest rate tunnel following the news release by the Federal Reserve Open Market Committee (FOMC). Although decisions were made to raise the federal funds rate as the Fed's pursue efforts to achieve an inflation rate of 2%, it was a more moderate 25 basis points to a range of 4 ½ to 4 ¾ percent in comparison to the preceding increases of 50 basis points in mid-December which preceded the more aggressive four consecutive 75 basis point hikes going back to June 2022. The Fed anticipates further increases to the federal funds rate, and in determining the extent of future increases to the target range, the FOMC "will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments." Although the annual inflation rate has "eased somewhat,"— down from the peak of 9.1% in June to 6.5% as measured by the consumer price index in December, the increases "have already sparked downturns in housing and stock markets, and a growing number of experts worry the turmoil could ultimately spark a deep global recession."

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230201a.htm>

<https://www.forbes.com/sites/jonathanponciano/2023/02/01/fed-raises-rates-another-25-basis-points-signals-more-hikes-still-to-come/>

News Highlights (cont'd)

Rising Interest Rates Push Rate Cap Protection Cost Significantly Higher | March 07, 2023

Although lenders often agreed to loan extensions during the height of the COVID-19 pandemic, commercial property owners with floating-rate debt are now faced with more limited options as interest rate caps are set to expire. A protection typically required by lenders for deals involving floating-rate borrowing was a “fairly modest monetary part of the CRE financing process” when interest rates were near zero. However, the current federal funds rate of between 4.5 percent to 4.75 percent following the eight consecutive rate hikes by the Fed over the past year have “caused a two-year cap on a \$25 million loan at a 4 percent strike rate to rise to \$569,000 today compared with \$97,000 a year ago.” While possible options exist, they are pricy — “purchasing a new cap, paying down the loan, or refinancing with elevated borrowing costs.”

Source: <https://commercialobserver.com/2023/03/rising-interest-rate-cap-costs-pressure-cre-borrowers/>

Commercial Landlords Struggling to Make Mortgage Payments | March 8, 2023

Despite news of the nation's economy gradually recovering from the pandemic, “many commercial landlords are struggling to make mortgage payments.” Recent news has been delivering announcements of some prominent property owners defaulting on loans — a number that seems to be increasing at a quickening pace. Initial news of Brookfield defaulting on two major Downtown Los Angeles properties was released in mid-February, appearing to create a domino effect as news of further defaults continued to surface; and among the landlords reported, “some of the most respected and most well-capitalized names in commercial real estate.” Challenges within the office market have become more pronounced since what had been viewed as a “temporary measure forced by the pandemic,” remote work has outlived the pandemic and remains ongoing beyond what was expected, leaving office building owners to address “the unique and unprecedented challenges currently facing” the asset class.

Source: <https://commercialobserver.com/2023/03/default-floor-brookfield-blackstone-columbia-property-trust/>

U.S. Regulators Take Control of a Second Bank | March 12, 2023

Following the take over last week of Silicon Valley Bank (SVB), U.S. banking regulators took control of Signature Bank on Sunday, March 12th. An announcement was released jointly by the Federal Reserve, Treasury Department and Federal Deposit Insurance Corp. (FDIC) Sunday night to ease depositors' fears which might prompt them to pull their money from smaller lenders following the takeover of SVB.

Source: <https://www.wsj.com/articles/federal-reserve-rolls-out-emergency-measures-to-prevent-banking-crisis-ba4d7f98>

Lingering Uncertainty in the Aftermath of Signature Bank's Acquisition | March 20, 2023

Although Long Island-based New York Community Bank (NYCB) purchased roughly \$38.4 billion of Signature Bank's \$110.4 billion in total assets reported on December 31, 2022 following the recent takeover of Signature Bank by U.S. regulators, roughly \$60 billion of the bank's loans remain in receivership, to be sold off by the FDIC over time. The impact on New York City's commercial real estate (CRE) sector is yet fully known; however, as the third-largest CRE lender in the city, the “bank's demise presents a big liquidity blow” to the sector. According to reported data there is about \$20 billion in New York City loans, including around \$15 billion in multifamily properties, of which 46% were in the city's rent-stabilized multifamily space.

Source: <https://commercialobserver.com/2023/03/signature-acquired-what-happens-remaining-loans/>

Interest Rate Hikes by the Fed Continues | March 22, 2023

Despite recent bank turmoil, the Federal Open Market Committee (FOMC) voted unanimously to increase the key federal funds rate by 25 basis points to a target range of 4 ¾ to 5 percent; and “Fed policymakers projected that rates would end 2023 at about 5.1%.” Although the increase remains more moderate than the 50 basis point increase in mid-December and more aggressive four consecutive 75 basis point hikes going back to June 2022, the “rising borrowing costs risk worsening the bank crisis” as well as “adding to pressures that could tip the economy into recession.” The move to increase versus pause the rate hike suggests that policymakers “see rising prices — especially based on recent data — as a bigger growth threat than the bank turmoil. It also projects confidence that the economy and financial system remain healthy enough to withstand the string of bank collapse.”

Source: <https://www.crainsnewyork.com/finance/fed-hikes-quarter-point-signals-it-still-expects-higher-rates>

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20230322a.htm>



Downtown - View from Brooklyn Bridge Park

Market Snapshot: Class A & B

New York City's Unemployment

- According to the New York State Department of Labor's figures, the city's unemployment rate of 5.6% (not seasonally adjusted) at the end of February 2023 represented a 22.2% decrease year-over-year, but a 12% increase over the three month period from November 2022 when the rate was 5.0%.
- Comparatively, unemployment on the National and State level at the end of February 2023 was 4.0% and 4.5% respectively, representing decreases of 4.8% and 16.7% year-over-year.
- Employment activity in New York City's private sector resulted in a gain of 182,000 private sector jobs over the year to 4,048,400 in February 2023. Among the major sectors, Education and Health Services gained 66,900 jobs at the high over the 12 month period, in contrast to 18,000 job gains in the Financial Activities sector at the low. Job gains within Leisure and Hospitality, and Professional and Business Services sectors ranged 27,000 to 56,000 jobs. In contrast, the information sector incurred a loss of 1,200 jobs.

Weekly Wages

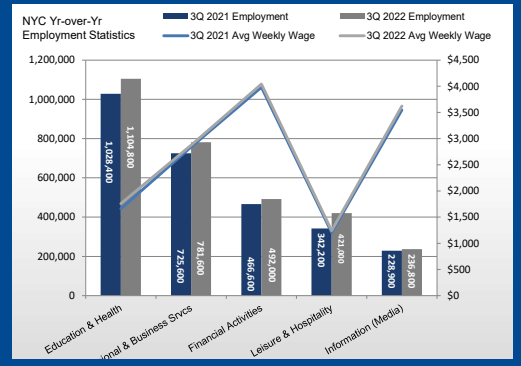
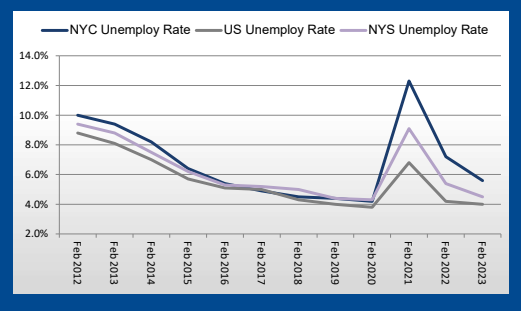
Overall weekly wages in New York City averaged \$2,544 in the 3rd quarter of 2022, representing a positive 2.1% improvement year-over-year according the recent report released by the U.S. Department of Labor. Among the major sectors all (5) saw wage increases during the quarter. The Education and Health sector led the way with a 5.9% increase year-over-year at the high; while at the low, the Professional and Business Services sector saw a more moderate 1.3% improvement.

Vacancy for Class A & B office buildings over 75,000 square feet rose to 14.4% in the 1st quarter representing a 4.6% increase of the 13.8% overall vacancy in the 4th quarter. Class A vacancy rose quarter-over-quarter by 3.4% to 14.9% in the 1st quarter, in contrast the the steeper 8.2% vacancy increase to 13.3% in Class B.

Absorption closed the 1st quarter at negative 3.187 million square feet; and although the pace of deal making continues to remain slow, the quarter-over-quarter change of 39.8% was an improvement of the 133.9% change in the 4th quarter as a trio of new buildings were delivered. All three major commercial submarkets saw negative absorption, the quarter-over-quarter change was more moderate in Midtown South and Midtown ending the quarter with a negative 1.565 million square feet and 1.495 square feet respectively; while Downtown had a negative 126,731-square-foot absorption, reversing a moderate positive absorption in the 4th quarter.

Face Rents for office space in the 1st quarter essentially held steady at an overall average of \$72.18 per square foot versus the \$71.62 per square foot figure in the 4th quarter. Class A face rents rose from the previous quarter's \$78.72 per square foot to \$79.60 per square foot at the end of March. Average direct asking rents rose by 2.2% quarter-over-quarter to \$80.24 per square foot, while sublease rents remained essentially unchanged, lowering nominally from \$60.74 per square foot in the 4th quarter to \$60.58 per square foot.

1Q 2023	Total	Downtown	Midtown South	Midtown
Vacancy	↑	↑	↑	↑
Face Rent	↑	↑	↓	↑
Absorption	↓	↓	↓	↓

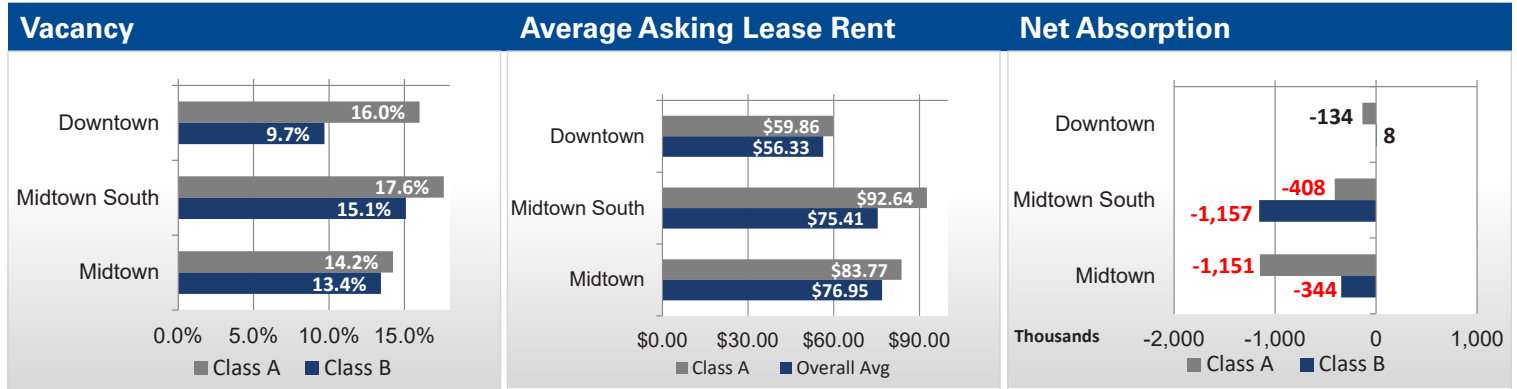


Source: NYS Department of Labor and US Department of Labor, Bureau of Labor Statistics

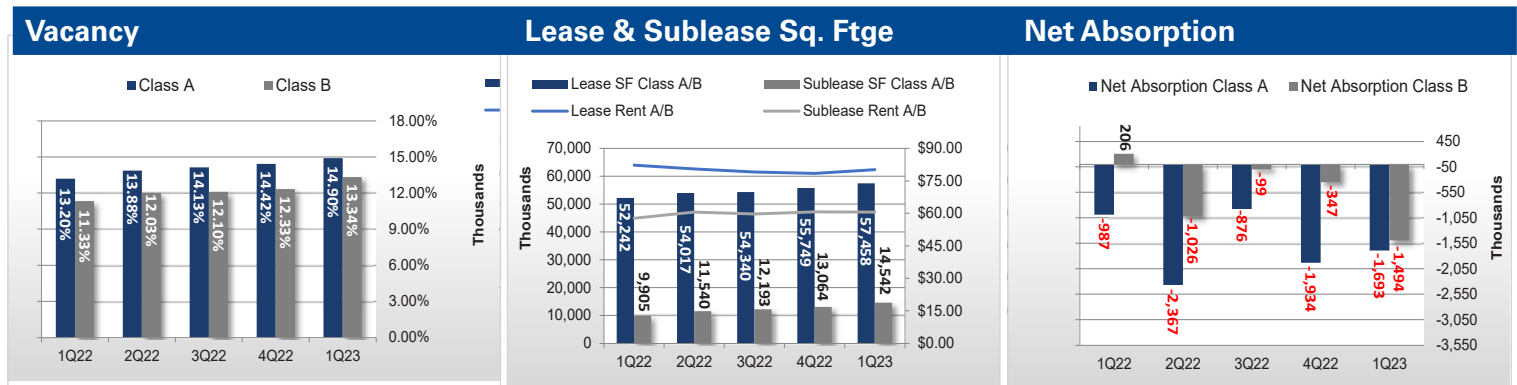
Class A & B Statistics At A Glance



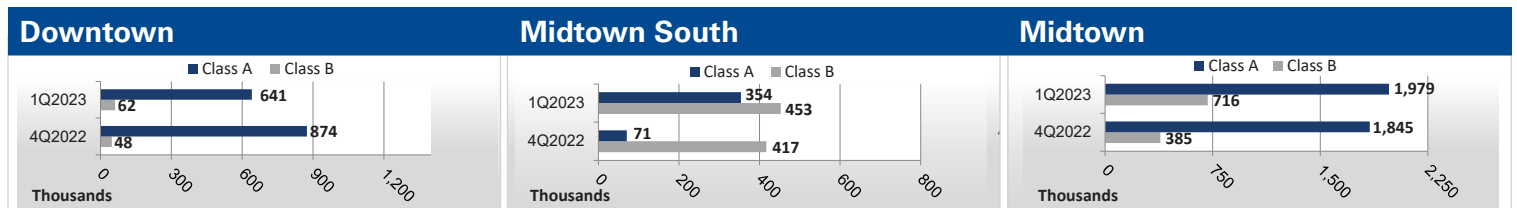
1st Quarter 2023



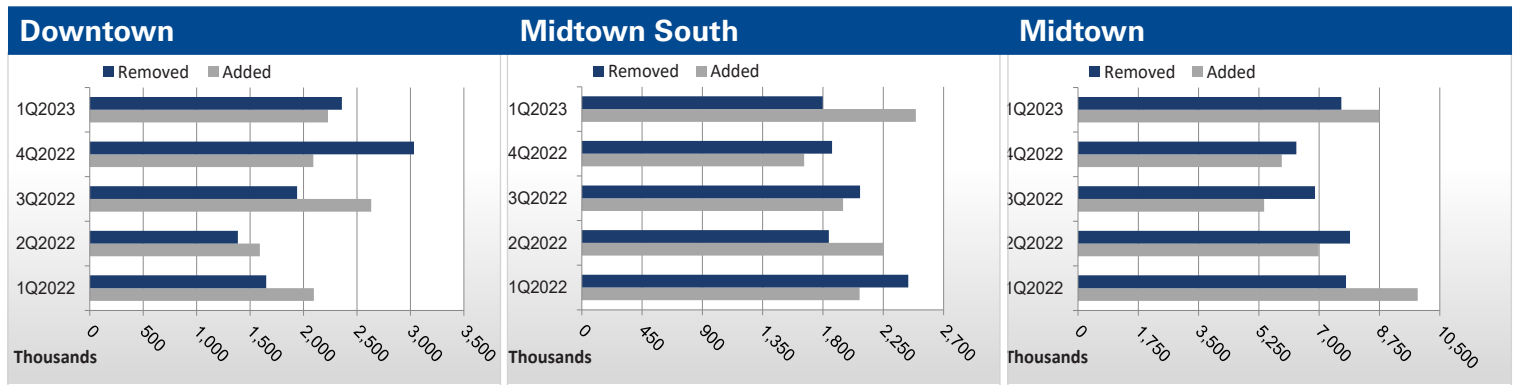
Quarter-over-Quarter



Sublease Space Newly Listed in Q1 2023



Year-over-Year Inventory Changes





Submarket Statistics Overview: Class A & B Office

Manhattan	Inventory	Vacant Sq. Ftge.			Vacancy Rate			Avg. Face Rent PSF	Absorption
Submarkets Districts	Total RBA*	Direct Sq. Ftge.	Sublet Sq. Ftge.	Total Sq. Ftge.	Direct Vacancy	Sublet Vacancy	Overall Vacancy	Overall Asking	Year-to-Date Sq. Ftge
Downtown	112,946,635	13,166,797	3,250,786	16,417,583	11.7%	2.9%	14.5%	\$56.33	-126,731
City Hall	14,011,609	895,891	54,882	950,773	6.4%	0.4%	6.8%	\$52.12	-89,448
Financial District	39,793,962	6,300,302	1,581,668	7,881,970	15.8%	4.0%	19.8%	\$52.93	-471,524
Insurance District	13,105,304	1,812,487	270,548	2,083,035	13.8%	2.1%	15.9%	\$51.94	562,302
TriBeCa	7,624,508	566,257	89,080	655,337	7.4%	1.2%	8.6%	\$61.06	-31,851
World Trade Center	38,411,252	3,591,860	1,254,608	4,846,468	9.4%	3.3%	12.6%	\$67.86	-96,210
Midtown South	73,190,695	9,225,339	2,402,795	11,628,134	12.6%	3.3%	15.9%	\$75.41	-1,565,418
Chelsea	18,714,817	2,390,297	1,082,388	3,472,685	12.8%	5.8%	18.6%	\$74.26	-639,582
Flatiron	14,901,103	2,000,634	550,347	2,550,981	13.4%	3.7%	17.1%	\$81.87	-137,174
Gramercy/Union Sq	9,485,442	553,498	252,888	806,386	5.8%	2.7%	8.5%	\$69.35	45,753
Greenwich Village	5,285,451	1,018,352	9,500	1,027,852	19.3%	0.2%	19.4%	\$92.97	-249,985
Hudson Square	11,023,706	1,217,846	321,965	1,539,811	11.0%	2.9%	14.0%	\$85.59	-545,042
SoHo	5,549,826	784,631	20,806	805,437	14.1%	0.4%	14.5%	\$76.97	-41,626
Midtown	312,509,394	35,066,190	8,888,222	43,954,412	11.2%	2.8%	14.1%	\$76.95	-1,495,037
Columbus Circle	33,882,916	2,926,658	515,625	3,442,283	8.7%	1.5%	10.2%	\$72.18	-89,992
Hudson Yards	56,218,101	6,927,197	1,552,934	8,480,131	12.3%	2.8%	15.1%	\$67.52	-277,886
Grand Central	13,233,530	2,378,743	528,483	2,907,226	18.0%	4.0%	22.0%	\$59.00	10,299
Murray Hill	71,292,347	6,044,915	4,057,081	10,101,996	8.5%	5.7%	14.2%	\$79.05	-958,980
Penn Plaza/Garment	83,830,493	10,778,901	1,318,304	12,097,205	12.4%	1.5%	13.9%	\$107.90	-15,692
Times Square	46,689,908	5,690,098	915,795	6,605,893	12.2%	2.0%	14.1%	\$78.26	-85,857
U.N Plaza	4,422,099	319,678	0	319,678	7.2%	0.0%	7.2%	\$70.34	-76,929
Grand Total	498,646,724	57,458,326	14,541,803	72,000,129	11.5%	2.9%	14.4%	\$72.18	-3,187,186

Source: Costar - Buildings 75,000 SF and larger; vacancy and absorption calculations based upon move-in date versus deal signing date
Newmark, Cushman & Wakefield

Retail Bi-Quarterly Vacancy Statistics At A Glance



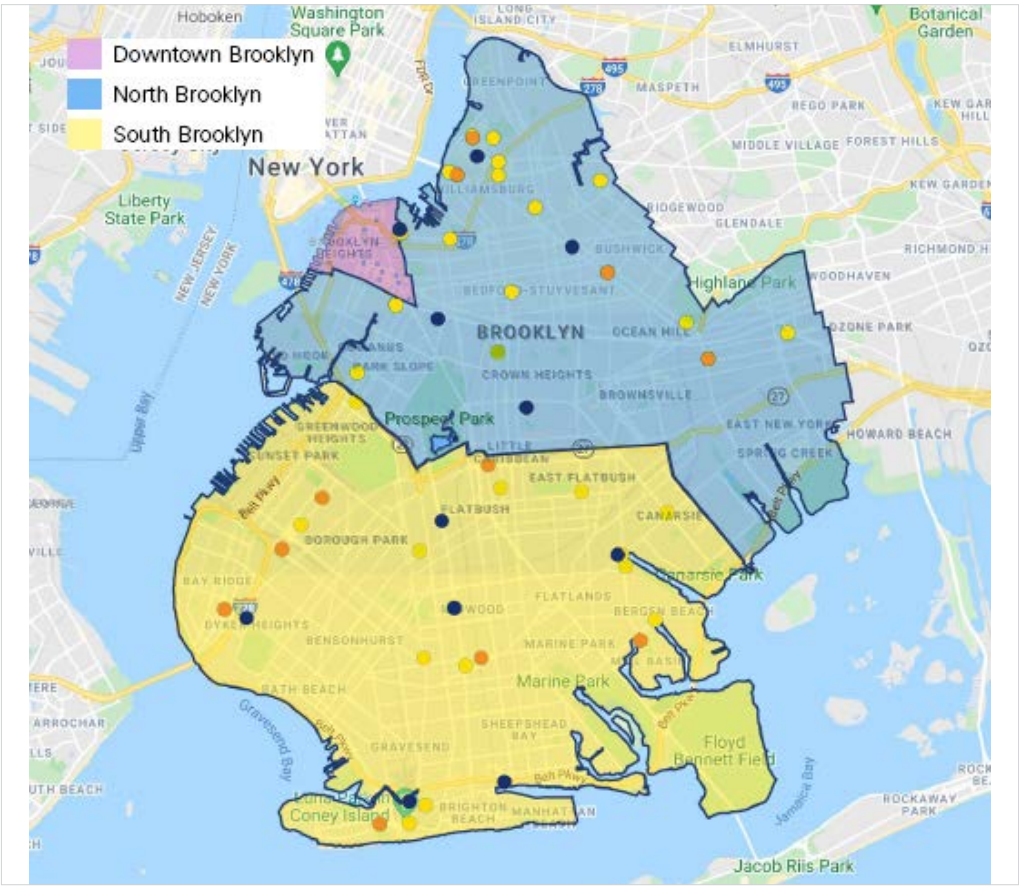
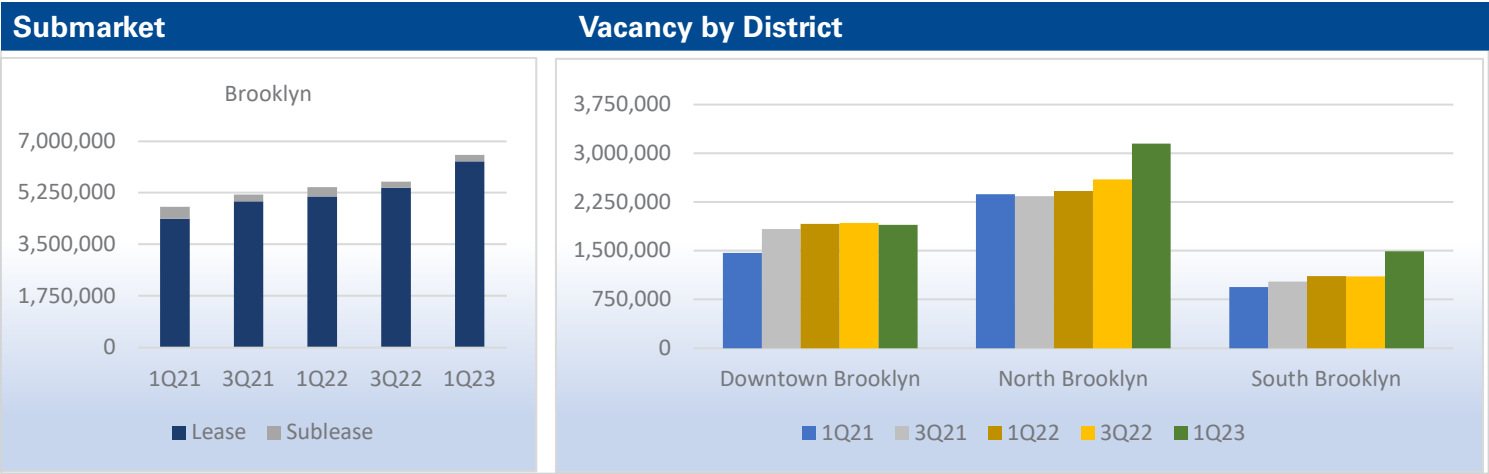
Q1 2021 - Q1 2023



Retail Bi-Quarterly Vacancy Statistics At A Glance



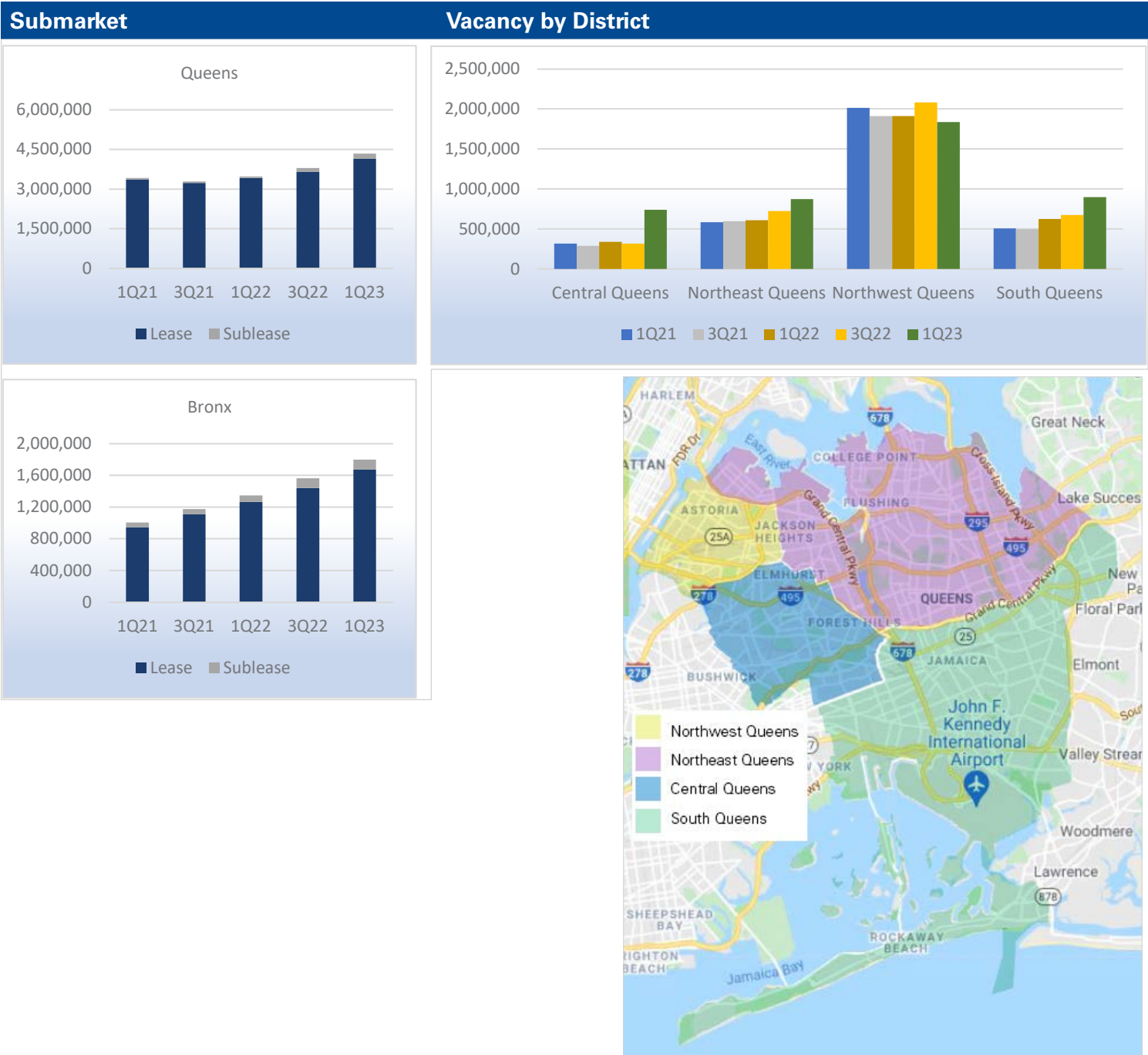
Q1 2021 - Q1 2023



Retail Bi-Quarterly Vacancy Statistics At A Glance



Q1 2021 - Q1 2023





Midtown West - View from Central Park

Top 20 Manhattan Retail Leases in the Second-Half of 2022

Tenant	Address	Sq. Ftge.	Lease Type	Submarket	Sector
Printemps	1 Wall Street	54,365	New	FiDi	Retail Trade
Alexander Wang	11 Fulton Street	45,839	New	FiDi	Fashion
Adidas	610 Broadway	38,775	Renewal	Greenwich Village	Footwear
Michaels	675 Sixth Avenue	32,000	Renewal	Chelsea	Retail Trade
DSW	4 Union Square	30,762	Renewal	Union Square	Footwear
Five Iron Golf	101 Park Avenue	26,340	New	Grand Central	Sports & Fitness
Eataly	200 Lafayette Street	19,191	New	SoHo	Food & Beverage
Barnes & Noble	1556 Third Avenue	16,744	New	Upper East Side	Bookstore
Mind Body Soul Children's Society	2 Gold Street	14,837	New	Fidi	Childcare
Dos Caminos	373 Park Avenue South	14,000	New	Gramercy Park	Restaurant
Jean-Georges Vongerichten	425 Park Avenue	14,000	New	Plaza	Restaurant
LuisaViaRoma	1 Bond Street	13,155	New	NoHo	Fashion
Central Rock Gym	537 West 27th Street	12,895	New	Chelsea	Sports & Fitness
Lincoln Market	101 West 12th Street	10,621	New	West Village	Food & Beverage
Michael Kors	667 Madison Avenue	10,613	New	Plaza	Fashion
The Hospitality Department	200 Park Avenue	10,000	New	Grand Central	Restaurant
A X Armani Exchange	530 Broadway	9,886	Sublease	SoHo	Fashion
Simon Oren Group	101 West 57th Street	9,601	New	Midtown West	Restaurant
Chelsea Wine Storage	761-779 Seventh Avenue	9,538	New	Columbus Circle	Retail Trade
Goldfish Swim School	1534 Second Avenue	9,530	New	Upper East Side	Sports & Fitness



Top 20 Manhattan Office Leases in the Second-Half of 2022

Tenant	Address	Sq. Ftge.	Lease Type	Submarket	Sector
Fox Corp.	1211 Sixth Avenue	665,666	Renewal	Times Square	Media
News Corp.	1211 Sixth Avenue	486,209	Renewal	Times Square	Media
KPMG	2 Manhattan West	456,518	Relocation	Penn Plaza	Consultants
Franklin Templeton	1 Madison Avenue	347,474	Relocation	NoMad	Finance
Datadog	620 Eighth Avenue	331,112	New	Times Square	Technology
D.E. Shaw & Co.	2 Manhattan West	283,421	Relocation	Penn Plaza	Finance
Indeed	1120 Sixth Avenue	219,395	New	Times Square	Technology
Kohlberg, Kravis, Roberts & Co.	30 Hudson Yards	219,395	Expansion	Hudson Yards	Finance
Stifel	787 Seventh Avenue	214,706	Renewal	Columbus Circle	Finance
Ann Taylor	7 Times Square	179,724	Renewal	Times Square	Fashion
Freshfields Bruckhaus Deringer	3 World Trade Center	179,724	Relocation	World Trade Center	Law
Medidata	350 Hudson Street	176,593	Renewal	Hudson Square	Technology
Edelman	250 Hudson Street	173,874	Renewal	Hudson Square	Public Relations
Cohen & Steers	1166 Sixth Avenue	160,960	Relocation	Times Square	Finance
O'Melveny & Myers	1301-1315 Sixth Avenue	142,222	New	Columbus Circle	Law
Blue Owl Capital	375 Park Avenue	137,660	Relocation	Plaza	Finance
Viking Global Investors	660 Fifth Avenue	136,952	New	Plaza	Finance
B&H Photo	440 Ninth Avenue	134,086	Renewal	Penn Plaza	Retail Trade
Capital One	114-116 Fifth Avenue	115,956	Ext/Expansion	Union Square	Bank
NY County District Attorney's Office	250 Vesey Street	112,526	New	Renewal	Govt Agency



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BID Market Snapshots

Downtown Alliance - Lower Manhattan Real Estate Market Report | 2022 Yearend

The real estate market in Lower Manhattan continued to improve in 2022, albeit at a steady but slow pace according to the 2022 Lower Manhattan Real Estate Year in Review report recently released by the Alliance for Downtown New York. Overall office leasing activity improved during last year, outpacing 2021 by 12%, but quarterly activity in 2022 was uneven. The BID's report further indicated that vacancy rates in "certain Lower Manhattan geographies are substantially higher than the overall rate" — particularly those that are "located further from transit and lacking in amenities." In contrast, rising tourism and subway ridership volume boosted Lower Manhattan's foot-traffic and hotel occupancy throughout 2022, helping to fuel the pace of retail openings, which exceeded that of 2019. However, the 154 openings were offset by the 160 retailers that closed, as many of the temporary closures that were expected to reopen became permanently shuttered. The residential rental market saw median rents reach new records highs in three of the four quarters in 2022; and although recorded residential sales volume declined amid rising interest rates, median sale prices of the neighborhood's co-ops and condos rose — surpassing \$2 million for the first time since the 3rd quarter of 2020. Looking ahead, as Manhattan's oldest office district, a package of regulatory reforms proposed by Governor Hochul and Mayor Adams would ease the path for residential conversions of some of the neighborhood's under-utilized office buildings, with some developers already taking advantage of a soft office market to plan or launch conversion projects.

Source: <https://downtownnyc.com/research/real-estate-year-in-review-2022/>

Union Square Partnership - Biz + Broker Quarterly Report | Q4 2022

Continuing to attract top commercial tenants, taking center stage during the 4th quarter of 2022 is Zero Irving, at 124 East 14th Street. The newly constructed building with the mission to become a hub for economic development, workforce training, and innovation under one roof reached a milestone, with over 200,000 square feet and 90% of spaces leased and the opening of the 10,000-square-foot food hall operated by Urbanspace. The district welcomed the opening of 40 new ground-floor businesses, the 4th quarter accounting for 30% of 2022 openings. Food and drink establishments led the way, accounting for 47% of the new additions. MTA statistics revealed the Union Square-14th Street station reached 73% of 2019 ridership levels — the second highest ranking station in Manhattan. Wrapping up 2022 on a high note was the Urbanspace Holiday Market which drew 107% of visitors compared to the pre-pandemic market.

Source: <https://www.unionsquarenyc.org/s/Q4-2022-Biz-Broker-Final.pdf>

Flatiron/NoMad - Flatiron & NoMad Economic Snapshot | Q4 2022

Office leasing within the district increased 66% year-over-year, with over 3 million square feet of office space leased in Flatiron and NoMad. Among the 285 leases signed, 90% were in Class B properties, while 47% of the overall square footage volume was in Class A buildings. Retail activity resulted in the opening of 119 ground floor retail establishments throughout 2022 — double the number in 2021. Food and beverage establishments led the way, accounting for 55% of new store openings. Resurgent travel contributed to increased consumer demand which fueled healthy retail leasing as Flatiron and NoMad visitor and tourist foot-traffic had an 86% recovery rate through December. The hotel sector welcomed the opening of The Ritz-Carlton New York, The Ned NoMad, and Le Méridien New York, bringing the number of hotels in the district to 29.

Source: https://flatironnomad.nyc/wp-content/uploads/2022/05/Q4-2022-Report_FINAL2.pdf



Brooklyn - Brooklyn Heights Area

Development Activity

REBNY Report: Quarterly New Building Construction Pipeline - Q4 2022

The Real Estate Board of New York (REBNY) released a report in February providing statistics based on examined new building job application filing submitted to the NYC Department of Buildings in the 4th quarter of 2022, analyzing data for the three month period of October through December; and draws historical comparisons to provide an understanding of the current state of development in New York City.

Key Takeaways - Q4 2022							
Borough Breakout	Q4 2022 Filings	Yr-over-Yr Change	% of Proposed Construction SF	Borough	Q4 2022 Filings	Yr-over-Yr Change	% of Proposed Construction SF
Manhattan	28	50%	32%	Queens	101	40%	34%
Bronx	51	4%	14%	Staten Island	127	-26%	4%
Brooklyn	80	-86%	16%				
New Building Filings in Q4 2022	TTL Filings	% Change Qtr-over-Qtr / Yr-over-Yr		TTL Proposed Sq. Ft.		% Change Qtr-over-Qtr / Yr-over-Yr	
Citywide	388	11% / -42%		12.6MM		95% / -60%	
Construction Projects 300K-sf Plus	Q4 2022 Filings	TTL Proposed Sq. Ft.		% of Q4 2022 TTL Proposed SF		Qtr-over-Qtr Change of TTL %	
Citywide	10	4.7MM		37.4%		5.9%	
Multiple Dwelling Residential Q4 2022	Proposed Units	% Change Qtr-over-Qtr / Yr-over-Yr			New Buildings		% Change Qtr-over-Qtr / Yr-over-Yr
Citywide	7,886	136% / -68%			124		59% / -55.7%
Borough Breakout	New Buildings	Proposed Units / % of TTL		Borough	New Buildings	Proposed Units / % of TTL	
Manhattan	19	1,594 / 20%		Queens	39	3,636 / 46%	
Bronx	26	1,484 / 19%		S.I.	1	4 / <1%	
Brooklyn	39	1,168 / 15%					
Largest Proposed Projects by Borough - Q2 2022							
Borough	Address	Neighborhood	Sq. Ft.	Description			
Manhattan	514 West 36th Street	Hudson Yards	565,049	Proposed 450'-tall commercial development			
Bronx	261 Walton Avenue	Mott Haven	181,092	Proposed 142'-tall mixed-use development – 161,874 SF residential, 19,118 SF commercial			
Brooklyn	3027 West 21st Street	Coney Island	483,259	Proposed 223'-tall mixed-use development – 426,497 SF residential, 40,341 SF community, 16,421 SF commercial			
Queens	3-11 26th Avenue	Halletts Point	580,861	Proposed 35-story residential development			
Staten Island	655 Chelsea Road	Fresh Kills	136,831	Proposed 4-story building			



Downtown Alliance: Lower Manhattan Real Estate Market | 2022 Yearend

Top 10 Lease Deals in 2022

Tenant	Address	Sq. Ftge.	Lease Type	Sector
Freshfields Bruckhaus Deringer	3 World Trade Center	179,724	Relocation	Law
MJHS	55 Water Street	138,374	Relocation	Healthcare
Jane Street Capital	250 Vesey Street	129,762	Expansion	Finance
Manhattan District Attorney's Office	250 Vesey Street	112,526	Renewal	Government
NYC Housing Development Corp.	120 Broadway	109,234	Relo within LoMa	Government
Celonis	One World Trade Center	75,538	Renewal/Expansion	Information
Berkshire Hathaway	85 Broad Street	68,732	Renewal	Insurance
Ideal School	5 Hanover Square	62,969	Relocation	Education
Vibrant Emotional Health	80 Pine Street	59,550	Relo within LoMa	Nonprofit
National Urban League	250 Vesey Street	58,814	Renewal	Nonprofit

Large Block Availabilities

Address	Available Sq. Ft.	Comments		
60 Wall Street	1.6M	Deutsche Bank completed relocation to Columbus Circle in summer 2021, the full vacant building is undergoing a full \$250M renovation expected to be completed in 2023		
111 Wall Street	1.1MM	Building vacated upon Citigroup's consolidation at 388 Greenwich St. in 2019. Sold in early 2020 for \$175MM. Building undergoing \$500M gut renoavtion expected to be completed in 2024		
175 Water Street	676,000	Building vacated upon AIG relocation to 28 Liberty Street and other locations. Building sold in early 2022 for \$252MM, to undergo comprehensive repositioning		
80 Pine Street	689,000	488,000 SF across 9 floors; 201,000 sf across 2 mid-rise floors		
110 William Street	280,000	Vacated by the NYC Economic Development Corp. & Dept. of Small Business Services upon 2019 relo to One Liberty Plaza		
55 Water Street	357,000	220,000 SF across 4 floors; 137,000 SF across 2 upper floors		
Address	Available Sq. Ft.		Address	Available Sq. Ft
200 Vesey Street	222,000		200 Liberty Street	198,000
250 Broadway	194,000		222 Broadway	417,000
140 Broadway	235,000		120 Broadway	146,000



Downtown - Financial District

Downtown Alliance: 2022 Yearend (cont'd)

Notable Property Sales in 2022

Property Type	Address	Sq. Ftge./Units	Sale Price	Buyer	
Office	175 Water Street	684,000 SF	\$252MM (\$368/sf)	99c LLC	Former AIG HQ
Office	55 Broad Street	425,000 SF	\$180MM (\$424/sf)	Silverstein Properties Metro Loft Management	Planned 571-unit residential conversion
Office	25 Water Street (4 New York Plaza)	1.1MM SF	\$250.8MM (\$228/sf)	GFP / Rockwod Capital Metro Loft Management	Planned 1,200-unit residential conversion
Office	40 Fulton Street	234,553 SF	\$101MM (\$431/sf)	David Werner	Seller initially seeking \$130-\$140MM
Retail	47 Broadway	5,122 SF	\$12.3MM (\$2,401/sf)	Hiu Ian Cheng	Former China Chalet / TGI Friday's spaces
Residential	8 Spruce Street	899-units	\$930MM (\$1,034,483/unit)	Blackstone	Initially listed in Nov. 2021 for over \$850MM
Residential	19 Dutch Street	483-units	\$487.5MM (\$1,011,458/unit)	Pontegadea Group	New construction opened in 2019
Hotel	Andaz Wall Street 75 Wall Street	253-key	\$85MM (\$335,968/key)	Blue Sky Hospitality	Lower portion of building, upper 346-unit condo retained by seller
Hotel	Mr. C Seaport 33 Peck Slip	66-key	\$60MM (\$909,091/key)	Sono Hospitality	Hotel to be rebranded



Midtown - Hudson Yards

Office Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
80 Pine Street	Downtown	FiDi	59,550	Vibrant Emotional Health (relocation)
50-52 Broadway	Downtown	FiDi	52,542	Kings College (renewal)
30 Hudson Yards	Midtown	Hudson Yards	220,000	Kohlberg Kravis Roberts (expansion)
555 W 57th Street	Midtown	Columbus Circle	186,882	CBS Broadcasting (renewal)
22 Vanderbilt Avenue	Midtown	Grand Central	78,553	Joele Frank (relocation)
3 Times Square	Midtown	Times Square	66,000	Touro College & University System (expansion)
350 Fifth Avenue	Midtown	Penn Plaza	65,248	STV (relocation)
101 Park Avenue	Midtown	Grand Central	50,000	CI US Holdngs (relocation)
100 Sixth Avenue	Midtown South	SoHo	265,000	Two Sigma Investments (renewal)

Lease - Outer Boroughs

Address	Borough	District	Sq. Ftge	Tenant
One Court Square	Queens	Long Island City	42,000	Northwell Health

Manhattan/Outer Borough Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
147-149 Madison Avenue	Midtown	Murray Hill	130,000	\$77,000,000	Enchanté Accessories
13-17 Laight Street	Downtown	TriBeCa	108,000	\$273,500,000	Hyundai
Union Crossing 825 E 141st Street	Bronx	Port Morris	235,000	\$44,000,000	Madd Equities



Midtown - Times Square

Retail Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
30 Broad Street	Downtown	FiDi	40,000	CompletePlayground
200 Madison Avenue	Midtown	Murray Hill	26,000	TMPL
625 West 57th Street	Midtown	Hell's Kitchen	25,000	Look Dine-In Cinemas
240 West 37th Street	Midtown	Penn Plaza	13,000	NYLO Aesthetics
14 Penn Plaza	Midtown	Penn Plaza	10,000	Big Apple Gifts
99 Madison Avenue	Midtown South	Gramercy Park	19,964	Boffi
512 Broadway	Midtown South	SoHo	19,954	Cotton On
5 East 17th Street	Midtown South	Union Square	11,000	Mission Ceviche
135 East 125th Street	Upper Mnhtn	Harlem	13,000	Olgam Life

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
1 Boerum Place	Brooklyn	DoBro	13,316	Salons by JC
18 6th Avenue	Brooklyn	Prospect Heights	36,000	Life Time Athletic
90-15 Queens Boulevard	Queens	Elmhurst	54,600	Primark
51-23 Beach Channel Drive	Queens	Edgemere	27,676	Shop Fair Supermarket

Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
155 Mercer Street	Midtown South	SoHo	15,418	\$60,000,000	Weybourne Properties
223-229 E 86th Street	Uptown	Upper East Side	8,500	\$8,700,000	H Mart
121 Greene Street	Midtown South	SoHo	7,200	\$14,000,000	Akris (condo)



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