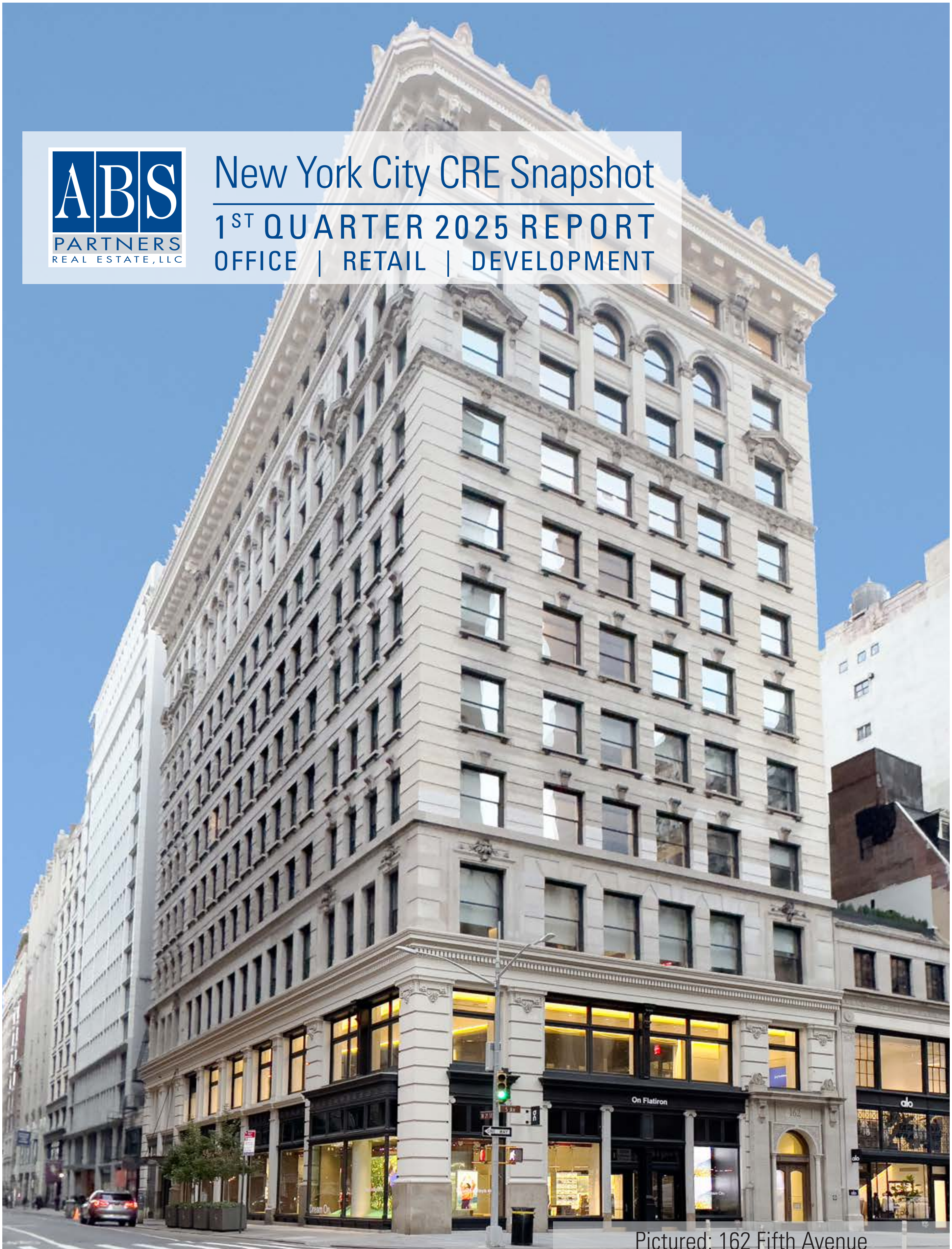
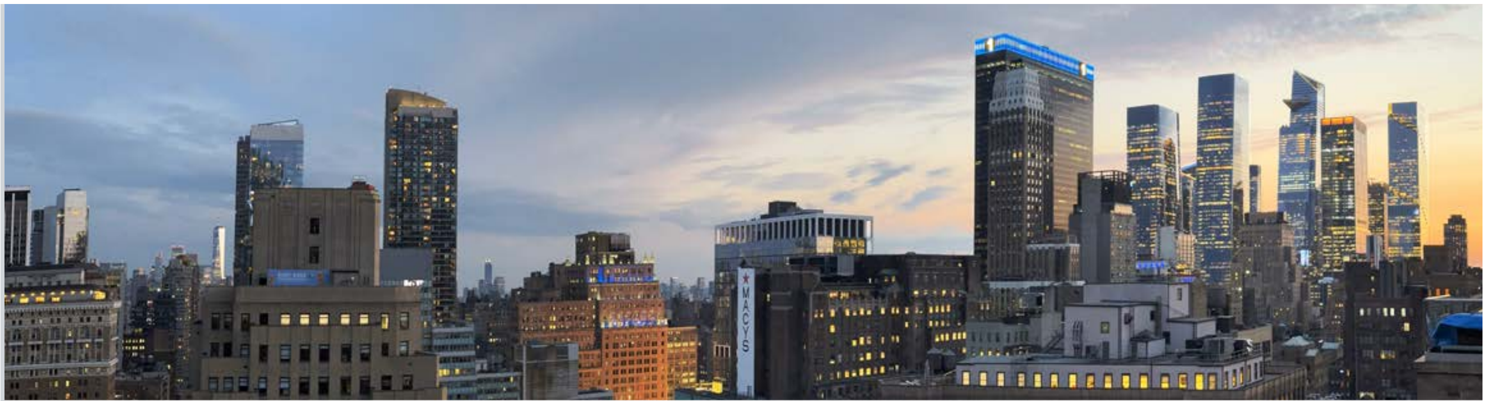
New York City CRE Snapshot

1ST QUARTER 2025 REPORT

OFFICE | RETAIL | DEVELOPMENT



Pictured: 162 Fifth Avenue



Midtown - View from 25th Floor Terrace at 1001 Avenue of the Americas

Quarterly News Highlights*

General News

Speculated Upsides for New Yorker's Taxes under a Republican Administration | January 2, 2025

If 2017's steep tax cuts are extended prior to their sunset at the end of 2025 as projected by the stock markets, it "would be a boon for wealthy New Yorkers who would likely have faced higher tax bills" in a Democratic-controlled administration. Since "the tax cuts are regressive, they will benefit high-income households more so than middle-income and lower income households" according to reported statements by Barbara Denham, a senior economist at Oxford Economics. Approximately 10% of New York households earn $300,000 a year or more, surpassing the 6% share of households that earn that much across the U.S., indicating the potential of a boost in consumer spending being higher in New York than in other U.S. cities. In addition, if a promised income tax exemption on tips and overtime pay moves forward, it would give a boost to the city's lower-wage workers, of which more than 320,000, or 7% of the city's workforce are employed in food service and drinking establishments. It is also anticipated by the nonpartisan Tax Foundation that an itemized deduction of auto-loan interest would be created, while there's also a chance Congress will raise the current $10,000 limit deduction of state and local tax (SALT) payments on federal returns to $20,000 a year, having reportedly been lowered from previously being unlimited to raise revenue lost by cutting taxes on businesses. However, it is anticipated that getting a new tax package through Congress this time will be more challenging than during president-elect Donald Trump's previous term, since "there's no sign the Republican Senate and razor-thin Republican House majority are anywhere close to agreeing amongst themselves, not to mention the incoming administration," according to reported comments by Sarah Bianchi, the former deputy U.S. Trade Representative who is now an analyst at securities Evercore SI — a challenge that could be further heightened by the concerns of the more fiscally-minded lawmakers that "deficits will rise if an already expensive tax cut is extended."

Sources: https://www.crainsnewyork.com/politics-policy/new-york-taxpayer-implications-second-trump-administration

NYC Dept of Finance Releases FY 2026 Tentative Property Tax Assessment Roll | January 15, 2025

On January 15, the New York City Department of Finance (DOF) released the Fiscal Year 2026 (FY26) Tentative Property Tax Assessment Roll, which reflects real estate activity from January 6, 2024 to January 5, 2025. According to the DOF's press release, the total market value of all New York City properties increased 5.7% year-over-year, reaching $1.579 trillion; and the portion of market value to which tax rates are applied, or the taxable billable assessed value, increased 3.9% year-over-over yet to $311.2 billion. Other positive trends that reflect New York City's overall economic recovery are the increase in office space conversions to residential housing, growth within the single-family home sales and values, and growth within rental property values reflected by market-rate rents. Additionally, office building values have seen modest overall gains, fueled by strong demand for premium spaces. Among the residential and commercial tax classes, Class 2 (Co-ops, condos, and rental buildings) saw the highest year-over-year increase in total market value of 7.3%, followed closely behind by the 5.8% market value increase within the Class 1 (1-3 family homes) tax class. In contrast, commercial properties (Class 4) saw a more moderate 3.8% market value growth, reaching $339.5 billion. Among the five boroughs, Brooklyn had the largest percentage increase in market value of 6.3% followed by Queens, Staten Island and the Bronx seeing 5.4%, 5.1%, and 3.9% increases respectively, while Manhattan's market value of roughly $232.1 billion represented a year-over-year growth of 3.1% at the low.

Sources: https://www.nyc.gov/site/finance/about/press/press-release-fy26-tentative-assessment-roll.page

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

Gov. Hochul Outlines 2025 Agenda in State of the State Address | January 14, 2025

On Tuesday, January 14, Governor Hochul gave her fourth State of the State address, offering the public a glimpse of her proposed 2025 agenda that focused on tax cuts, subway safety, increased investment in mental health, and the creation of more affordable housing, while also touching upon a wide range of other topics including a strengthened health care system, consumer protection, climate resiliency, and protecting the state's natural resources. The governor also touched upon dozens of other policies, such as a proposal for those employers required to submit layoff notices through that state's Worker Adjustment and Retraining Notification (WARN) system that would establish the need to disclose whether a layoff is related to the business's use of AI according to the article by Crain's New York.

A snapshot of some of the proposed highlights include:

- **Taxes**: Send inflation refund checks of up to $500 to over 8.6 million households as many families continue to struggle under the pressure of inflation; expand New York's child tax credit to up to $1,000 per child; and push for a full restoration of the state and local tax (SALT)
- **Crime**: Strengthen the state's response capabilities to fight transnational criminal networks; provide additional funding to expand investments in crime prevention technology and equipment for local law enforcement agencies, while also enhancing crime prevention by expanding the technological and coordinating capacities of law enforcement agencies
- **Subway Safety**: Provide funding to install LED lighting in all subway stations and platform barriers at over 100 additional stations by the end of 2025; help crack down on fare evasion with delayed egress on exit gates in at least 150 more stations and modern fare gates in 20 more stations each in 2025 and 2026; and for the next six months, temporarily increasing NYPD presence on platforms and trains between 9:00 PM and 5:00 AM by partnering with New York City
- **Affordable Housing**: Create the state's first revolving loan fund to spur mixed-income rental development outside of New York City and strengthen tools to unlock housing development, including vacant or historic property redevelopment
- **Cutting Commutes**: Advance the MTA's Second Avenue Subway and modernizing rail service across the state with major investments planned for the Hudson Valley
- **Environment**: Commit $1 billion to climate investment to slash energy bills and reduce pollution, while generating thousands of jobs; announce process for master plan development for advanced nuclear energy in New York State

Sources: https://www.nyc.gov/site/finance/about/press/press-release-fy26-tentative-assessment-roll.page

Cost-Efficient Use of Congestion Pricing Revenue is Crucial | January 13, 2025

The Metropolitan Transportation Authority's (MTA) long-awaited Congestion Pricing program officially launched in Manhattan on Sunday, January 5, 2025. Although way too soon to "have a full understanding of the program's impact," reported findings from the first Tuesday for which data was available indicated that, subway ridership rose by 400,000 travelers, and the Long Island Rail Road and Metro North Railroad both experienced an uptick of more than 30,000 passengers respectively. A strategic move by Gov. Hochul brought the announced proposal for improvements on Metro-North's Hudson Line on the same day that the new $9 tolls took effect, efforts reportedly to appease "urban voters who fear that their commutes will only bankroll transit upgrades for wealthy Manhattanites." Expected to speed up Hudson Valley commutes into the city by as much as 30 minutes round trip by adding track and train capacity the proposal includes "a second track at the Spuyten Duyvil station in the Bronx, signal and track enhancements at the Croton-Harmon station in Westchester County and increasing capacity at the Poughkeepsie Yard." While the revenue anticipated to be generated by the program will provide a significant financial boost to the MTA's capital budget, it is crucial that it is put to good use. In late December, an audit completed by the New York State Comptroller's Office revealed that the MTA failed to achieve the cost-saving reforms announced by the agency in 2019 as part of its "Transformation plan." A consolidation of procurement practices was hoped to reduce the $7 billion the MTA spends "each year on everything from office supplies to train cars to construction contracts. However, according to the Comptroller's audit, "the actual practice of buying goods and services had not changed as of Sept. 2023, two years after the effective date."

Sources: https://www.crainsnewyork.com/editorials/post-congestion-pricing-leaders-must-focus-cost-efficient-improvements

https://www.crainsnewyork.com/transportation/hochul-proposes-metro-north-upgrades-speed-commutes

https://www.crainsnewyork.com/transportation/mta-failed-achieve-cost-saving-reforms-audit-alleges

Downtown - Fulton Transit Center

News Highlights (cont'd)

First Day in Office for the Nation's 47th President Brings a Flurry of Executive Actions | January 21, 2025

One day after being sworn in as the 47th President of the United States, President Donald Trump began his return to the Oval Office by signing what has been described as a "blitz of policy actions to reorient the U.S. government." "Trade, immigration, the environment, and U.S. foreign aid to demographic diversity, civil rights and the hiring of federal workers were among the issues covered in the numerous executive orders that President Trump signed — some of which could have an impact on the real estate industry. Cited examples are those orders signed related to the federal workforce, which could determine office space needs such as the order to officially establish the Department of Government Efficiency, focused on cutting government waste, calling federal workers back to the office, while putting a freeze on hiring and new regulations and ordering an overhaul of the government's hiring process. Another executive order targeted housing costs by cutting regulations and expanding supply, indicating that a recent analysis revealed that "25% of the cost of constructing a new home is due to regulatory requirements." As the days progress, President Trump reportedly stated that he plans to "sign-off on nearly 100 executive actions aimed at rolling out his second-term agenda."

Sources: https://apnews.com/article/what-has-trump-done-trump-executive-orders-f061fbe7f08c08d81509a6af20ef8fc0

New York's Fiscal Watchdog Expresses Concern with Gov. Hochul's Proposed $252B NYS Budget | January 21, 2025

On January 21, Gov. Hochul revealed highlights of the proposed New York State Fiscal Year 2026 (FY26) Executive Budget, leveraging strong revenues and continued economic growth to support the $252 billion price tag. However, the Citizen's Budget Commission (CBC), a nonpartisan, nonprofit civic organization that serves as the state's independent fiscal watchdog, points to the growing $11.0 billion gap by FY29 that the Executive Budget projects, and even more concerning, the state's much larger $18.5 billion structural imbalance. Based on the currently proposed budget, state spending will increase roughly 10% next year; and despite a multi-billion-dollar surplus, there is no new deposit to 'Rainy Day' reserves, currently at $21 billion, or needed capital investment at the MTA. The CBC further points out that there is no "initiative to restrain Medicaid spending, which is the biggest budget buster" and as proposed, will increase by $14.3 billion from the current year; or attempt to restrain State school aid spending growth, by "eliminating hold harmless or redirecting some of the state's $2 billion in aid sent to wealthy districts that don't need it to fund a sound basic education" — savings that could be redirected to cover the $5 billion cost of the proposed expansion of the child tax credit, inflation refund, and middle-class tax cuts that could improve New Yorkers' lives.

Sources: https://cbcny.org/advocacy/statement-new-york-state-executive-budget-fiscal-year-2026

Notable Projects and Programs to Keep an Eye on in 2025 | January 1, 2025

There are several important projects and programs set to transform New York City that are in different phases of progress but worthy of keeping an eye on this year.

- **Congestion Pricing** program which launched during the first week of January is expected to generate about $1 billion in annual toll revenue for the Metropolitan Transportation Authority (MTA), a figure that might be lower due to the current reduced daytime toll fee of $9 versus $15 for cars entering Manhattan below 60th Street. It is important that the MTA spends the additional revenue cost-effectively so that people using the agency's transportation system see improvements and those people opting to drive and pay the toll benefit from less congestion on the roads. It will likely take several months before the necessary statistics to reveal the impact on Manhattan can be compiled. Some potential threats reportedly continue to loom, including pending lawsuits that could put the program on hold and the nation's new administration at the White House.

- **Penn Station** overhaul continues to remain in limbo, changing proposals over the last few years to redevelop that major Midtown transportation hub have yet to move forward. More recent plans proposed in 2023 by Italian developer ASTM had attracted much support. According to a report by Crain's New York in August 2024, ASTM's $6 billion proposal "shared the state's vision of a grand train hall but notably differed by proposing to purchase and demolish the Theater at Madison Square Garden to make way for an Eighth Avenue entrance to Penn. And unlike the state plan, which would rely on public funding, ASTM wanted to pay for its project through a public-private partnership in which the developer would put up the money and then be repaid by the government." Although the changes proposed did not include the longer-term plan to expand Penn Station's rail capacity by potentially expanding one block south, it addressed the need to improve the passenger experience and reduce crowding for the approximately 600,000 daily commuters that traverse through the below-grade transportation facility. However, Crain's article further indicated that ASTM's momentum appeared to have stalled due to internal changes within the company, and although Halmer International, a subsidiary of ASTM is now leading the Penn Station project and remains ready to act, Gov. Hochul has yet to open up a process for developers to submit proposals. At this point, although the MTA wants "Penn Station's renovations to be part of the authority's proposed capital plan for 2025 through 2029," it is reliant upon securing approvals on a new bid for federal funds.

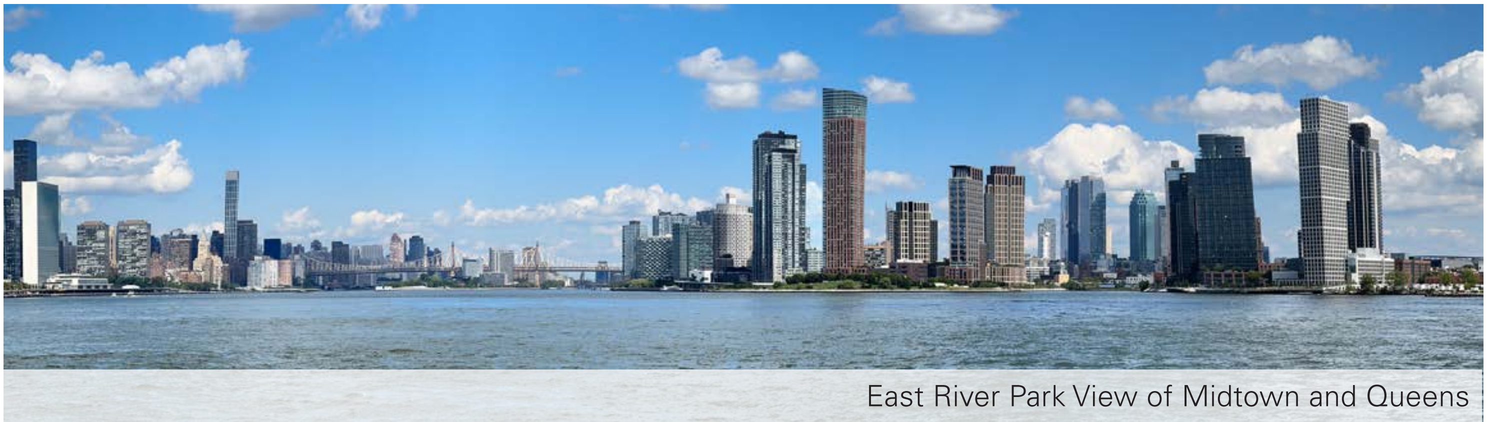
- **Brooklyn-Queens Expressway** (BQE) revamp remains stalled despite the much-needed overhaul of a crumbling section along of the triple-cantilever structure beneath the Brooklyn Heights Promenade. Even if local officials come to an agreement on one of the city's three current proposals, something that has yet to succeed since 2019, the plan will require both state and federal approvals and funding.

- **Local Law 97** enforcement begins this year. The climate law requires most New York City buildings over 25,000 square feet to reduce carbon emissions by complying with aggressive mandates for 40% reductions by calendar year 2030, and then every five years until 2050, when 80% reductions are expected to be achieved. Building owners that fail to achieve the carbon cap will "face fines of $268 for every ton of carbon dioxide over the limit." The city administration has been pushing to bolster the team of staffers responsible to review the reports showing emissions data that building owners are required to submit by May 2025.

- **Downstate Casino** bid applications are due June 27, 2025, with the selection of the winning bid to be made by New York State's four-member Gaming Facility Board and licenses awarded by December 31, 2025. In 2021, state lawmakers decided to accelerate the licensing process for three downstate casinos, which opened the door starting January 2022 for the acceptance of bids by developers seeking to run New York City's first full-service casino. Although press at the time indicated that "successful racinos at Aqueduct and Yonkers are thought to have the inside track" for two of the casino licenses, it didn't dampen the enthusiasm to submit a bid among several of the city's "real estate titans," including Silverstein Properties, Vornado Realty Trust, Related Companies, SL Green Realty, Mets owner Steve Cohen, Thor Equities. In 2024, the New York City Council voted in favor of a zoning change that as proposed would legalize the gambling centers in commercial districts and manufacturing areas but would only apply to the nine known contenders and expire in June 2025, creating a stopgap measure in response to concerns of a potential floodgate to the opening of more casinos in future years.

- **Renewable Energy Development** heads into 2025 with uncertainty. Already, economic conditions have led to the cancelation of some high-profile offshore wind projects by New York State, and a second term by the Trump administration has cast some concerns for continued future growth within the sector since reportedly the President's "first administration slashed spending for climate-oriented federal agencies and the local initiatives they helped fund."

Sources: https://www.crainsnewyork.com/transportation/six-nyc-transit-climate-projects-watch-2025



News Highlights (cont'd)

Rising Frequency of Natural Catastrophes Coincides with Earth's Rising Temperature | January 9, 2025

As the earth's temperature continues to rise, an overall increase in natural catastrophes has coincided, such as the more frequent occurrence of intense rainfall and a greater incidence of tropical cyclones rapidly picking up in force as they develop. According to the European Union's Copernicus Climate Change Service, the global average of the planet was "about 1.62C (35F) above pre-industrial levels in November, breaching the critical threshold of 1.5C" (34.7F). In 2024, insured losses reached $140 billion globally, more than double the 30-year average of roughly $60 billion according to reported data compiled by global insurance company Munich RE, while overall damages from natural disasters reach $320 billion — the most since 2021. Weather catastrophes accounted for 93% of overall losses, and for 97% of insured losses. The costliest natural disasters in 2024 were Hurricanes Milton and Helene, the former causing $25 billion in insured losses in Florida, and the latter resulted in $16 billion in losses. Already this year, wildfires have resulted in devastation across Los Angeles bringing the possibility that losses in 2025 could exceed last year's total. Response to the surge in extreme weather has prompted insurers to retreat from some areas deemed too risky to cover.

On a related note, some people point to the Pacific Ocean climate patterns of El Niño and La Niña as the cause of natural catastrophes since both have global impacts on weather, wildfires, and ecosystems. According to the ENSO (El Niño-Southern Oscillation) blog on the website of the National Oceanic and Atmospheric Administration (NOAA), El Niño, which can affect our weather significantly results in warmer waters that cause the Pacific jet stream to move south of its neutral position. This climate pattern brings warmer and dryer weather to areas in the northern U.S. and Canada, while causing periods of wetter than usual weather bringing increased flooding in the U.S. Gulf Coast and Southeast. In contrast, La Niña creates stronger than usual trade winds, lowering the water temperature in the Pacific and tending to lead to drought in the southern U.S. and heavy rains and flooding in the Pacific Northwest and Canada. The La Niña climate pattern also leads to warmer than normal winters in the South and cooler than normal winters in the North and can also lead to a more severe hurricane season. However, the cool phase of La Niña is no match for global warming, the ENSO blog noting that the "global average during recent La Niña years is warmer than for El Niño years in earlier decades," further pointing out that "the La Niña year of 2020 tied 2016 — a year that started with a major El Niño — as the all-time-record-high global surface temperature.

The El Niño and La Niña climate patterns only cause a shifting back and forth of the heat energy already present in the climate system, while anthropogenic [human-caused] global warming results from extra heat that the increased greenhouse gases trap in the climate system. Since these gases are uniformly distributed in the atmosphere, they cause surface temperature to rise everywhere. Satellite and ocean observations show there is an increase in energy building up every year as greenhouse gas concentrations continue to rise; and although La Niña brings a surface cooling effect, the tenth of a degree Celsius or so (a couple tenths of a degree Fahrenheit) reduction in the global average surface temperature achieved by a strong La Niña is no comparison to the global warming caused by human-produced greenhouse gases.

Sources: https://www.crainsnewyork.com/climate/catastrophic-weather-drives-insured-losses-highest-2017

https://www.climate.gov/news-features/understanding-climate/el-ni%C3%B1o-and-la-ni%C3%B1a-frequently-asked-questions

Just Four Weeks Since Launching Congestion Pricing Delivers Positive Preliminary Results | January 30, 2025

Despite continued controversy among critics of the Metropolitan Transportation Authority's (MTA) Congestion Pricing Program, preliminary data reveals promising results with the understanding that it's "likely too early to make definitive claims about the program's merits." A review of data from multiple sources was done by Crain's New York in order to "assess the initial successes, trouble spots and unknowns of congestion pricing."

- Fewer Vehicles on the Road: During the first week of the toll's launch, there was an 8% decrease in traffic year-over-year; and while the trend continued during the second week, the reduction was a more moderate 5% according to MTA data. ((The above includes vehicles on non-tolled roads in the district, such as the FDR Drive and West Side Highway.) Evening commute times on river crossings dropped 10% and 30%, and most east-west two-way crosstown streets have also seen travel time improvement. Passenger cars account for 57% of the vehicles entering the congestion pricing zone, while taxis, or Uber and Lyft rides accounted for 36%, with small and large trucks accounting for 4% and 0.5% respectively according to MTA traffic data.

- More Money for Mass Transit: The MTA is expected to publicly share the revenue generated during the first month of the program's launch at its February finance committee meeting and monthly toll updates in subsequent meetings moving forward. In the meantime, MTA's chair and chief executive, Janno Lieber, reportedly stated that the "toll revenue is in the ballpark of what the authority anticipated."

- Mass Transit Ridership Uptick: Because of "too many variables and day-to-day fluctuations such as weather and gradual return to office, data that shows a rise in volume of ridership on public transportation throughout the second full week of the program does not clearly indicate results specifically tied to the tolling plan. However, the data reviewed on city bus ridership did provide a clearer picture, indicating that over the past three weeks, bus speeds across the Hudson and East River crossings significantly sped up. Weekly and weekend ridership on express buses and local routes entering or traveling within the zone rose roughly 1.5% and 7.9% respectively.

- Better Air Quality: Using the air quality index (AQI) scale created by the Environmental Protection Agency that measures how clean or polluted air is in a given location, an analysis by Crain's showed that on a daily basis AQI improved about 8% year-over-year in January 2025; and for reference, air pollution was up about 5% between 2023 and 2024 during the same period according to Crain's additional findings. However, it is not definitive that the AQI improvement was due to a positive impact of congestion pricing, since weather patterns also come into play according to former New York State climatologist Mark Wysocki, further stating the "the real air pollution test will be in the summer, when New York tends to experience high-pressure systems that allow smog to linger."

Unfortunately, some critics of the program and potentially the White House seek to prematurely end the program, and instead, prefer to base justification on a variety of possible negative impacts that have yet to be backed by proof and currently remain sheer speculation.

The Congestion Pricing Program intended to reduce Manhattan's vehicle congestion in an area where numerous modes of public transportation are available, generate needed funding for the MTA's capital program, and reduce carbon emissions is the product of several years of efforts by all involved in the development process. An article released by Eyewitness News in April 2024 provides a snapshot of the timeline for the tolling plan.

Surprisingly enough the initial concept of such a tolling plan dates back to 1959 when "a Columbia [University] professor named William Vickrey had an idea: Equip every car with a transponder, monitor when they enter a congested area, and then bill the car's owner;" and in 1996 he won a Nobel Prize in Economics for it, but was unable to further push the plan having passed away a shortly after. In 2007, then-Mayor Michael Bloomberg reinitiated the case for congestion pricing, but despite city council approval and the endorsement of then Governor David Paterson, the plan hit a roadblock in the New York State Assembly. Ten years later, the congestion pricing plan was passed under the Cuomo administration as part of the New York State budget in April 2019, but once again stalled when the pandemic hit.

In 2021, the Biden administration permitted the MTA to conduct an environmental assessment of the plan, delivering a product that represented three years of study and evaluated the effects of the program compared with taking no action. On June 26, 2023, the Federal Highway Administration gave the proposal its final approval, allowing the MTA to start building the tolling infrastructure; and about one year later upon completing infrastructure installation and a series of public hearing, the MTA Board approved the tolling plan on March 27, 2024.

Sources: https://www.crainsnewyork.com/transportation/congestion-pricing-report-card-traffic-safety-revenue

New Yorkers that Support Congestion Pricing Continues to Rise | February 3, 2025

The results of the survey of 1,203 registered voters in New York State completed by Morning Consult showed that "a majority of New Yorkers" have already witnessed positive results in the first four weeks since the launch of the congestion pricing program in Manhattan according to the press release by the Partnership for New York City (PFNYC). Among the respondents of the survey taken from January 31 through February 3, 2025, six in 10 (59%) say congestion pricing should continue. While overall support for the tolling program remains similar to that of a December 2024 Siena poll, with Morning Consult's results indicating 27% support and 47% oppose, there was a rise in "support among New York City voters to 37% versus Siena's 32%. "There are also higher levels of support among adults who drive into the central district a few times per week or more — 66% support at the high, with 47% support at the low among adults who take public transit at least a few times each week, with a strong agreement ranging from 39% to 41% that congestion pricing has led to faster commutes into and out of Manhattan, as well as within Manhattan.

Furthermore, the city's Business Improvement Districts (BIDs) within the congestion pricing zone saw an increase in foot traffic of 4.6%, or about 1.5 million more people year-over-year in January, contrary to speculation by some business owners that fewer vehicles would mean fewer people according to new data collected by the New York City Economic Development Corp. and shared with Crain's New York. Another positive sign that further negated concerns was the data released by The Broadway League. The trade association that monitors the "The Great White Way" industry revealed that Broadway attendance "spiked during the last three weeks of January" by 17% and generated revenue rose 25% year-over-year.

Although data remains preliminary, it "is painting an early picture of the impact of the toll on Manhattan's busiest streets." In confirmation of its positive impact, an op-ed in Crain's New York by Samara Kayasyk, the President and CEO of the Hudson Square Business Improvement District speaks of reports by business owners within the district of a noticeable reduction in traffic heading toward the Holland Tunnel, helping to ease the congestion on the roadways in the neighborhood that typically halt to a grinding stop around 3 p.m. as "vehicles queue for their turn to enter New Jersey through the Holland Tunnel." Samara further commented that the potential for Hudson Square to evolve into a more pedestrian-friendly destination, with less traffic dominating the district's streets, people will be more likely to wander the district and discover the neighborhood's "vibrant array of restaurants, cultural institutions, and public art — something crucial for local businesses; and although congestion pricing is still in the early days, "the initial signs of what is happening in Hudson Square demonstrate that smart urban policies can create immediate, tangible benefits for communities."

Sources: https://pfnyc.org/news/new-poll-ny-voters-say-congestion-pricing-has-led-to-faster-commutes-and-less-traffic/

https://www.crainsnewyork.com/transportation/congestion-pricing-zone-business-foot-traffic

https://www.crainsnewyork.com/op-ed/op-ed-congestion-pricing-breath-fresh-air-neighborhood

Startup Working with Nuclear Fusion Secures $425M Funding | February 4, 2025

Continued efforts to create "an energy source that is carbon-free, consistent, and low risk" has sparked a revived interest in nuclear energy. Current "operational nuclear power plants rely on nuclear fission, or the process of breaking atoms apart." However, although a nearly carbon-free method of producing energy, it requires dealing with "radioactive material." In contrast, nuclear fusion involves a smaller amount of radioactive material, has an extremely short half-life, and can be stored on-site and recycled to fuel the powerplant. Although several other innovators are working to make nuclear fusion a commercial reality, one start-up has perhaps the most ambitious timeline with expectations of putting the "first electrons on the grid by 2028." Helion Energy, launched in 2013 and based in Washington, recently secured $425 million in a series F round of funding, increasing the company's valuation to $5.4 billion. Helion's process includes the use of "two different isotopes (atoms with the same number of protons but different numbers of neutrons) of helium and hydrogen that they confine with magnets and then compress using a strong magnetic field until a temperature of about 100 million Celsius (180 million Fahrenheit) is reached causing the isotopes to fuse together and release even more energy. The new series F raise will fund Helion "through the deployment of the first-ever commercial nuclear fusion plant, having already secured an "agreement with steel produced Nucor to develop a 500 Mwe fusion power plant at one of its manufacturing facilities." However, Carolyn Kuranz, associate professor of nuclear engineering and radiological sciences at the University of Michigan, reportedly stated that a 2028 goal 'seems very fast' for the fusion industry at large," further pointing out that "there are a lot of both scientific and technical hurdles that still need to be overcome."

Sources: https://www.inc.com/chloe-aiello/this-nuclear-fusion-startup-is-on-a-hot-streak-with-425-million-in-new-funding/91143591

View of Williamsburg from the NYC Ferry

News Highlights (cont'd)

Adams Administration Further Weakened Amid Planned Resignations by Deputy Mayors | February 17, 2025

The faltering public support of Mayor Adams sparks rising question as to the ability of the city administration to lead effectively, but the recently reported pledge from Mayor Adams' administration to "cooperate with the President Donald Trump on immigration enforcement" has prompted the planned resignation of four deputy mayors. Although the timing of the resignations is unclear, response by Gov. Hochul on late Monday was that the resignations raise "serious questions about the long-term future of this mayoral administration." The news comes just weeks after "the Trump administration's politicized order to drop the criminal case against" Mayor Eric Adams; as well as the Trump administration's "seizure of $80 million from a city bank account" that was recently deposited. The funds reportedly had been awarded by the Federal Emergency Management Agency during President Joe Biden's term in office under a 2023 "Shelter and Services Program (SSP)" program that reimburses localities for immigration-related expenses. In response, a letter was sent to the New York City Law Department by New York City Comptroller Brad Lander urging the prompt initiation of litigation to recoup the funds, stating the "funds were debited at the direction of the Trump administration on February 11, 2025, without notice or justification, from one of the City's accounts. This action not only jeopardizes the City's budget, but also critically undermines the City's ability to deliver essential services to our residents. Responding to Lander's request on Friday, February 14, corporation counsel for the Adams administration, Muriel Goode-Trufant reportedly wrote that "the city's Law Department 'is currently drafting litigation papers' and intends to file a lawsuit by February 21" making the move by the Adams administration a notable one.

Sources: https://www.crainsnewyork.com/politics-policy/eric-adams-deputy-mayors-threaten-resign-reports

https://www.crainsnewyork.com/politics-policy/adams-sue-trump-administration-over-80-million-seizure-new-york-city

https://comptroller.nyc.gov/reports/letter-to-the-new-york-city-law-department-re-legal-action-to-recover-ssp-funds/

New York Reacts to Pres. Trump's Effort to Stop the MTA Congestion Pricing Program | February 19, 2025

Following the receipt by Gov. Hochul of an emailed letter from Secretary Sean Duffy of the U.S. Department of Transportation announcing an attempt to end federal approval of the MTA's Congestion Pricing Program, within minutes the Metropolitan Transportation Authority (MTA) initiated legal proceedings in the Southern District of New York to preserve the critical program according to the announcement by Gov. Hochul who was joined by Jano Lieber, the Chairman and CEO of the MTA. Already in the few weeks since launching on January 5th, the program has continued to gain support and already shown some positive results. New York State's move to "fight" to save the program received additional support from a number of Queens officials along with others that also spoke out according to news reports by the New York Post and QNS including:

- Queens Borough President, Donovan Richards, who "pointed to a number of court decisions that have upheld the legality of congestion pricing and described the toll as environmentally smart and fiscally responsible."

- U.S. Rep. Nydia Velazquez, who noted that the program "created by NYC and NYS leaders has passed multiple legal test and is crucial for cutting traffic, funding transit, and improving air quality."

- Assembly Member Jessica Gonzalez-Rojas reiterated that "congestion pricing is working and has withstood legal challenges several times over."

- Assembly Member Claire Valdez "praised the MTA for challenging the move to end the congestion pricing in federal court."

- Assembly Member Zohran Mamdani "described Trump's move to end congestion pricing as 'illegal,' and stating that the 'measure is funding urgent upgrades to New York's subway system."

- State Sen. Andrew Gounardes called congestion pricing a "successful program" and pulling the program will "hurt all New Yorkers."

- Congressman Jerry Nadler (NY-12) questioned the administration's legal authority, stating, "I firmly believe that there is no legal basis for the President to unilaterally halt this program." Senator Gounardes goes on to say, "The Value Pricing Program is solidly established under federal law, and its approval cannot be arbitrarily revoked, especially when it is clearly delivering tangible benefits."

In addition,

- Riders Alliance Executive Director Betsy Plum stated, "We organized for a decade, held two governors accountable, and prevailed in court in three states after years of exhaustive environmental studies."

- Columbia Law School professor Michael Gerrard stated that "the Federal Highway Administration approved congestion pricing and allowed it to start up," also reiterating that "it has survived several court challenges."

- Attorney Arthur Schwartz, who was part of the legal team which sued Gov. Hochul over her sudden "pause" of the program last June, reportedly stated that "the excuse given by the secretary of transportation the he 'disagrees' with the prior Transportation Secretary's Interpretation of the law, does not give him the right to tear up an agreement which was properly developed under federal law and regulations."

- Andrew G. Celli, Jr., a lawyer for The City Club of New York said the "The federal government signed a contract with the City and State to allow congestion pricing, it's a contract like any other. The government can't walk away from a written agreement just because there is a new Administration in power."

During some of her final remarks at the press conference, Gov. Hochul expressed her confidence in the success of the lawsuit, stating that "the cameras are staying on."

Sources: https://www.crainsnewyork.com/politics-policy/eric-adams-deputy-mayors-threaten-resign-reports

https://www.crainsnewyork.com/politics-policy/adams-sue-trump-administration-over-80-million-seizure-new-york-city

https://comptroller.nyc.gov/reports/letter-to-the-new-york-city-law-department-re-legal-action-to-recover-ssp-funds/

View of Midtown from DUMBO

News Highlights (cont'd)

MTA's Proposed Capital Plan Estimated to Generate $106B of Economic Output | February 27, 2025

The Partnership for New York City (PFNYC) recently released a report providing the potential impact of the Metropolitan Transportation Authority's proposed 2025-2029 Capital Plan. The analysis prepared by Ernst & Young Infrastructure Advisors, LLC (EY) concluded that the economic impact from construction and other spending activities from the Capital Plan's direct expenditure of $68.4 billion will generate an estimated $106 billion of statewide economic output over five years, which includes $61.5 billion of direct economic output from in-state spending. In addition, it is estimated the $37.9 billion in New York State total labor income will be generated as well as $57.7 billion in statewide GDP (value added). Over the five-year period of the Capital Plan, an average of 72,700 jobs will be supported, with the majority of the employment impacts occurring in the New York City, Long Island, and Hudson Valley regions.

Sources: https://pfnyc.org/wp-content/uploads/2025/01/Economic-Impacts-of-the-MTAs-2025-2029-Capital-Plan.pdf

Toll Revenue Generated Within the Congestion Relief Zone on Track to Hit Annual Projections | February 26, 2025

On February 24th, the Metropolitan Transportation Authority (MTA) released the first of its ongoing monthly reporting of the revenue generated by the tolling system within the Congestion Relief Zone (CRZ). According to the agency's press release, over the three-week period from Sunday, January 5 to Friday, January 31, a total of $48.66 million in revenue was generated, with a net of $37.5 million. If the pace continues, the program is on track to generate the $500 million net that the MTA initially projected. A breakdown of roadway activity revealed that 22%, or $10.6 million came from taxis and for hire vehicles, 68% from passenger vehicles, and 15% from trucks, buses and motorcycles. Roadway activity within the CRZ at peak hours accounted for 95% of revenue, while expenses such as the operating of the camera infrastructure and customer service, as well as mitigation efforts, amounted to $9.1 million and $2 million respectively. Several projects within the MTA's 2020-2024 Capital Program will utilize CRZ revenue including the purchase of 44 new dual-mode LIRR locomotives, zero-emission buses, and the Second Avenue Subway extension into East Harlem. Intended to enable the MTA to more immediately finance projects in a new way, a measure approved by the agency's finance committee that was expected to secure full MTA board approval on Wednesday, February 26 will "give transit officials the ability to secure a mix of bank loans. Decisions to start borrowing against the revenue sooner rather than hold off for at least a year to give potential lenders more confidence comes amid recently initiated litigation in federal court sparked by the Trump Administration's efforts to halt the congestion pricing program.

Several positive signs have already appeared over the few weeks since launching, supporting the envisioned long-term positive impact that the tolling program can deliver. Recently Crain's New York cited a shift within the city's bus schedule that now results in buses arriving at stops ahead of schedule, when prior to the tolling launch, the bus schedule was historically challenged by "notoriously sluggish buses that didn't arrive on time." The shift in traffic patterns has prompted the MTA to "redesign some of its bus-stop timetables so that early-arriving buses don't have to wait to get back 'on-time' and riders overall can enjoy speedier commutes." During January, peak-hour bus speeds for nearly all crosstown buses operating within the CRZ saw bus speeds increase between 1% and 5% compared to January 2024; and although a modest improvement, and data is preliminary, it's at least trending in the right direction.

Sources: https://pfnyc.org/wp-content/uploads/2025/01/Economic-Impacts-of-the-MTAs-2025-2029-Capital-Plan.pdf

Investment Bankers Frown Upon Job Seekers Submitting AI Generated Resumes | February 26, 2025

The increasing popularity of artificial intelligence tools, such as ChatGPT, may not benefit junior bankers seeking employment. According to Wall Street executive search firms, several "telltale signs" have been identified that indicate a job seeker has used AI to draft or embellish his or hers resume. If a recruiter submits a resume that has not been properly proofread to a potential investment banking employer, if they see the resume looks generic and errors begin to surface, it raises a red flag since the sector prizes "attention to detail, accuracy and seek applicants who don't take short cuts." These concerns have slowed the hiring process according to interviews with some external recruiters, since it now requires a longer probing of candidates with "more specific and technical questions to ensure they're as good as their resumes say." To avoid uncertainty about the integrity of the candidate's resume, investment banking employers are shifting away from the resume during the interview process, and instead focusing on the individual's character, since the mistake of hiring the wrong person and then having to train them is a costly one.

Sources: https://www.crainsnewyork.com/banking-finance/hiring-junior-bankers-battle-against-ai-written-resumes

CBC Highlights Looming Risks of NYC's FY 2026 Preliminary Budget | March 9, 2025

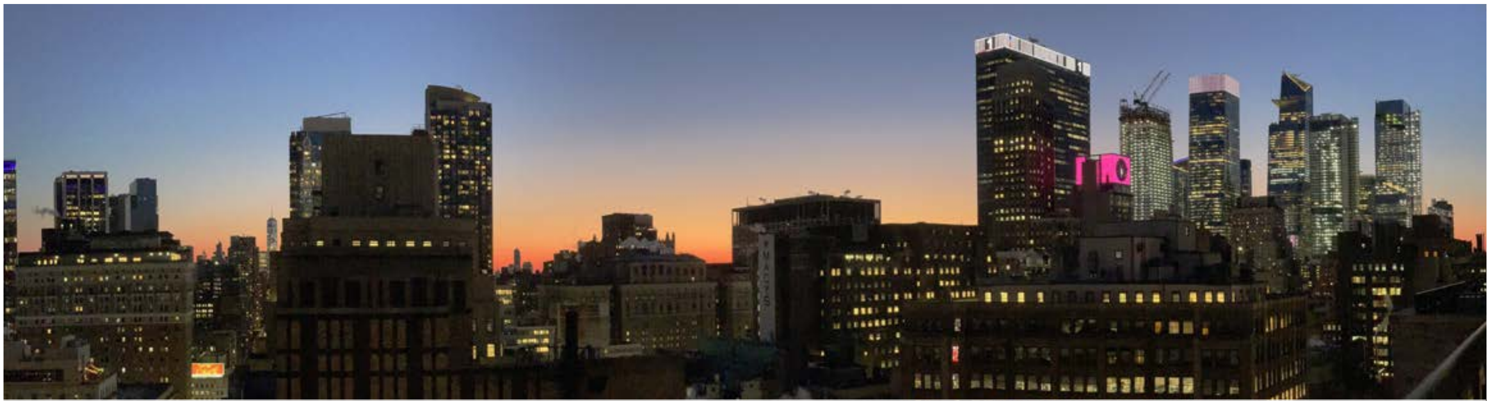
The Citizens Budget Commission (CBC) recently raised concerns about Mayor Adams' proposed Fiscal Year 2026 (FY26) Preliminary Budget, pointing out that although balanced on paper, "it is short $3.6 billion needed to fund existing services and there is no plan to shrink large outyear budget gaps." Due to the continued expansion and addition of programs that are unaffordable in the long run, since FY23, the city has increasingly spent more money than it is receiving each year, a concern further heightened by potentially significant federal cuts. Surplus funds accumulated through fiscal year 2022 reached a high of $6.1 billion, but since continually being used to balance the budget, these rolled surplus funds are quickly being depleted and estimated by the CBC to likely be closer to $3.0 billion by the end of FY25. "Adjusted for the city's ability to shift the timing of paying some bills, expenses exceeded revenues by $636.0 million in FY23 and $1.1 billion in FY24, with the potential for the imbalance to be even higher in FY25." Furthermore, the habitual underbudgeting of current services by the city, which now exceeds $4.0 billion a year, gives the false impression that it can afford to "increase spending even more during budget negotiations," but lacks the full transparency showing the understated outyear budget gaps of billions of dollars. To begin reversing what the nonpartisan, nonprofit civic organization describes as a precarious situation, the CBC's recommendations for the FY 26 Executive Budget include greater transparency with reasonable estimates of expenses and revenue; implementation of a Program to Eliminate the Gap (PEG) to reduce spending growth; not funding any new or expanded programs; and adding at least $1.0 billion in funding to the FY26 General Reserve to help respond to potential federal cuts.

Sources: https://cbcny.org/sites/default/files/media/files/CBCREPORT_NYC-FY2025-Prelim-Budget_03102025_0.pdf

AI Boom Seen by Some Investors as a Déjà Vu of Dot-Com-Era | March 10, 2025

The current high level of activity within the artificial intelligence (AI) technology sector has some investors worried it will lead to a recurrence of the same cycle that ended with the dot-com-era downfall — a subsequent collapse that was swift and brutal following the soaring rise by more than 500% of the Nasdaq Composite Index over a five-year period. Today, looking back, the early internet hype ultimately proved correct, showing that "big bets on ambitious technologies can pay off in the long run. Despite the failure of many, the dot-com bubble had nevertheless laid important groundwork, the article by the Wall Street Journal paralleling the fiber-optic lines of 2000 to "the electrical grids of the early 1900s, the railroad tracks of the 1800s, the canals of the late 1700s," which subsequently fertilized new markets. It has yet to be determined if the capital investments being made by AI innovators will lead to productivity advances that power the economy, or elements of what some investors call "good bubbles." However, the "massive revenue hole that AI companies need to fill to justify their data-center spending," according to reported writings by Sequoia Capital's David Cahn, could lead to a speculative shakeout with some AI companies already melting down, yet some will leave behind "brilliant ideas that get picked up by others."

Sources: https://www.wsj.com/tech/ai/what-the-dot-com-bust-can-tell-us-about-todays-ai-boom-c78482e7



Bryant Park Area - Southwest view from 1001 Avenue of the Americas

News Highlights (cont'd)

Inflation Lowers in February, But Uncertainty Remains as Widespread Tariffs Approach | March 12, 2025

The report released by the U.S. Bureau of Labor Statistics (BLS) on March 12 delivered the positive news of U.S. inflation lowering to a level greater than economists expected, according to survey results compiled by data provider FactSet. Following three consecutive months of increasing inflation, the February CPI for All Urban Consumers (CPI-U) increased by 0.2 percent on a seasonally adjusted basis after rising 0.5 percent in January. Despite continuing to remain above the Federal Reserve's target of 2%, a year-over-year comparison indicates that the unadjusted CPI-U of 2.8% lowered from 3.2% in February 2024 after peaking at 9.1% in June 2022. In comparison, the core prices, which exclude the volatile food and energy categories rose 3.1% from a year earlier, representing a month-over-month improvement of the 3.3% increase at the end of January 2025 and a year-over-year improvement of the 3.8% increase at the end of February 2024. The slowing pace of inflation in February is even more notable since it comes amid looming widespread tariffs to go into effect by the Trump administration; and although the news release by the BLS is encouraging, "most economists expect inflation will remain elevated this year" due to the possibility of the tariffs pushing goods prices higher; while others point out that there remains no clear picture about where inflation is headed.

Sources: https://apnews.com/article/inflation-economy-tariffs-trump-883afba8a7199b3a92a617b68ab1a6a6

Retaliatory Tariff Promises Between Countries, Sparks Concerns of a Possible Trade War | March 14, 2025

The introduction of new tariffs on imports from several countries by the Trump administration has sparked a volley of retaliation on different levels between the U.S. and the impacted countries. According to reported statements from former State Department economist Chad Bown, "U.S. tariffs on imports are typically low — averaging 2-3% — compared to 5% in the European Union and 13-14% in some developing countries." If has been further pointed out that "because other countries make it harder to sell products there, instances may exist where the U.S. is at a competitive disadvantage despite the U.S. fighting to lower those foreign trade barriers for decades. Action by President Trump represents what has been described as a "really big shift," since by contrast, he is responding with higher trade barriers here at home. Tariffs already imposed include a 25% tariff on other imports from Mexico and Canada, with some exemptions, and a 20% levy on Chinese goods. In addition, a 200% tariff on alcohol from the European Union (EU) countries has been threatened unless the EU eliminates a 50% tariff on whisky. Although the actions by the White House "reflect a bit of a frustration that the United States has felt over the last 15-20 years of a reluctance of the rest of the world to open up any further," concerns are developing of a possible trade war as retaliation of both sides of the table heat up, and the potential of Trump's "stop-and-start tariff" policies pushing the economy into a recession. In a tone of optimism Larry Fink, the Chairman and Chief Executive Officer of BlackRock, reportedly told CNN that "the Trump administration's policies 'can be very productive for the United States' in the long run," however, Bown pointed out that the promise by other countries to retaliate is "reminiscent of the one that followed the Smoot-Hawley Tariff in the 1930s, widely seen as prolonging the Great Depression," and described in a historical highlight on the U.S. Senate website as being "among the most catastrophic acts in congressional history."

Sources: https://www.bbc.com/news/articles/cn93e12rypgo

https://www.npr.org/2025/02/13/nx-s1-5296521/trump-retaliatory-reciprocal-tariffs-inflation-trade-war

Potential Federal Aid Cuts Not Factored into NYS Proposed Budget | March 11, 2025

In response to Governor Hochul's $252 billion spending plan, the New York State Senate and Assembly released their one-house budgets, reportedly agreeing with several of Hochul's key proposals. However, according to finance watchdog the Citizens Budget Commission (CBC) none of the proposals take into account potential federal funding cuts should they materialize, and nor do they propose a plan to "fund critical state of good repair investments in the MTA 2025-2029 Capital program." Both state houses agree with the Governor's proposal to cut taxes for people earning up to $323,200 but diverge on higher income tax rates for people in the higher income brackets. In contrast to the Senate's proposal to permanently raise income taxes for people making above $5 million, the Assembly wants a five-year extension, while the governor has similarly called for an extension, her proposal of the 0.08% tax increase would affect filers earning over $2.2 million. House officials also call for expanding various tax credits for working families, including a "one-time $300 'inflation refund' check having a worth of $3 billion, as well as extending both the state's film tax credit to 2036 and the pandemic-era tax credit for Broadway shows by two years through 2027 – the latter of which would see an expanded outlay to $400 million. Governor Hochul's proposed budget increases the current year's budget by $9 billion, while the one-house budgets proposed by the Senate and Assembly clock in even higher at $259 billion and $264 billion respectively.

According to CBC President Andrew Rein, Hochul's plan already has an $18.2 billion structural gap, and the proposed spending plans by the state houses will add "roughly $4 billion in recurring spending on top of the governor's proposal," "bringing year-over-year adjusted State Operating Funds growth to a whopping 13.7% — more than 4 times the rate of inflation." It has been reiterated by the CBC that both the state and the city "should hold the line on spending," and "rainy day reserves should be saved to weather recession and time-limited emergencies, not depleted to temporarily plug recurring federal reductions."

Sources: https://www.crainsnewyork.com/politics-policy/new-york-lawmakers-budget-spending-hikes-despite-looming-federal-cuts

Real Estate Industry Consistently Remains NYC's Largest Source of Tax Revenue | March 31, 2025

The Real Estate Board of New York (REBNY) recently released its "Invisible Engine" report that provides a highlight of the "critical role the real estate sector plays in generating tax revenues and jobs. Remaining the largest source of locally gathered tax revenue for New York City, the real estate sector consistently accounts for an average of 51% annually in the city's tax revenue. In 2024, total Real Estate Related Taxes (RERT) contributed by the industry reached a record high of approximately $37 billion — more than doubling the $18 billion since 2010, with locally gathered tax revenue during the same period totaling $429 billion. It has been projected that RERT will exceed $40 billion in Fiscal Year 2025. Commercial property, categorized as Class 4 (office, retail, hotels, and factories) accounted for $13.1 billion of RERT collected last year, despite the ongoing challenges the office market continues to face since the disruption of the COVID-19 pandemic. Multifamily, or Class 2 properties are the second highest contributor to the city's property tax base, with $13 billion in property tax levies collected. Class 2 and Class 4 property categories combined account for 80% of the $12 billion growth in taxable billable value of all properties per the tentative roll for 2025/2026 released by New York City Department of Finance (DOF) earlier this year.

Additional sources of city revenue generated by the real estate industry come from the collection of fees and fines, which totaled over $650 million in 2024 — more than enough to cover the operation of the entire New York City public library system, or the Department of Parks and Recreation's annual budget. The real estate industry also provides an "important career pathway for multiple income levels, including high-paying jobs that don't require a college degree." There are 297,500 New Yorkers employed within the real estate and construction sectors, equating to about 6% of the city's 4.8 million workers. However, REBNY's report further points out that although "through thick and thin, real estate taxes have been a critical component in keeping New York City funded," unexpected declines in office property values have resulted in recent shortfalls in transfer taxes and mortgage taxes revealing that despite its resilience, the sector is facing long-term adjustments, leading to changes that will have a ripple effect on the rest of the city.

Sources: https://www.rebny.com/press-release/new-rebny-report-outlines-sustained-contributions-from-real-estate-industry/

Large Scale Cutbacks to Federal Health Department Sparks Concerns | March 27, 2025

Ongoing job cuts in the nation's capital as the White House continues efforts to reduce costs and improve efficiency through the newly created Department of Government Efficiency (DOGE) initiative has prompted Governor Hochul to launch the "You're Hired" campaign in support of impacted federal workers that have lost their jobs amid cutback decisions made through DOGE, while also taking advantage of an opportunity to attract new qualified talent to New York State. According to a March 27th press release by the Governor's office, "New York Wants You" billboards in Washington, D.C.'s Union Station and New York's Moynihan Station attracted over 1,300 applications in three weeks, with 28 former federal worker hired and over 100 individuals interviewed, while over 250 individuals have signed up to attend a career webinar or receive career resources being offered by the state via a dedicated website. Hochul is hoping to fill some of the over 7,000 job openings "that span every part of public service including transportation, healthcare, technology and a wide variety of other fields, of which the most positions in demand are attorneys, engineers, nurses and IT specialists."

Recently the focus shifted to the federal Department of Health and Human Resources (HHS) where workers were expected as early as last Friday, March 28th to learn if they were let go. Although the reported announcement by the HHS noted that "essential services wouldn't be affected," about 8,000 to 10,000 full-time employees will be laid off, in addition to the roughly 10,000 employees that previously "chose to leave the department though voluntary separation offers since President Trump took office." "Administrative jobs, including human resources, information technology, procurement and finance," as well as "roles in high-cost regions and employees in areas that have been deemed redundant or duplicative" are the target areas where reductions will be made per reported details within the email from HHS. The workforce reduction is expected to save $1.8 billion per year and 28 divisions will be consolidated to 15 including a new Administration for a Healthy America, while the number of regional offices will be reduced from 10 to 5 according to HHS.

Further cutbacks include an intended more than $300 million reduction in funding from HHS to the New York State Department of Health, Office of Addition Services and Supports (OASAS), and Office of Mental Health — a loss in funding Hochul said, "no state in this country has the financial resources to backfill." In response to HHS cutbacks, Brian Castrucci, president and CEO of the de Beaumont Foundation, a nonprofit that studies and supports the U.S. public health workforce to reportedly said "Reducing duplication and improving government efficiency is needed, the question is consequences," while Chiquita Brooks-LaSure, former administrator of the Centers for Medicare & Medicaid Services and currently a fellow at think tank Century Foundation, further stated, "Any cut you make to a health agency should be done with incredible care an consideration for the hundreds of millions of Americans who rely on their work to stay healthy and get treatment when they're sick." In response, a statement by HHS Secretary Robert F. Kennedy, Jr indicated that "We are realigning the organization with its core mission and our new priorities in reversing the chronic disease epidemic." Legal experts consulted by the Wall Street Journal reportedly indicated that while Kennedy's plans "appear to be within the secretary's power, some details might need Congressional approval."

Sources: https://www.cnn.com/2025/03/27/health/hhs-rfk-job-cuts/index.html

Sources: https://www.governor.ny.gov/news/youre-hired-governor-hochul-announces-more-1300-applications-received-new-york-launched

Sources: https://www.governor.ny.gov/news/statement-governor-kathy-hochul-sweeping-federal-cuts-public-health-mental-health-and

Midtown - Grand Central area

News Highlights (cont'd)

Office Market

Modernized 660 Fifth Avenue Attracts 504K-sf Lease | January 3, 2025

Due to the planned demolition of 350 Park Avenue, Citadel will be relocating staff from that office about two blocks west to 660 Fifth Avenue. Although full details of the recent signing were not released, the alternative investment manager will occupy 504,000 square feet spread across 20 floors within the 39-story, 1.25 million-square-foot building that spans the entire 5th Avenue blockfront between West 52nd and 53rd Streets. Previously known as 666 Fifth Avenue, the building recently completed a $400 million redevelopment and modernization, including upgraded infrastructure the significantly reduced its carbon footprint as well as a shift to renewable electricity from landlord Brookfield Properties' "in-state hydropower plant portfolio." Citadel's future space requirements led to the signing of a 10-year master lease for both 350 Park Avenue and 40 East 52nd Street in 2023, enabling landlords of each respective building — Vornado Realty Trust and Rudin Management Co. to move ahead with the planned redevelopment of the adjacent parcels, plus the acquired adjacent townhouse at 39 East 51st Street into a 1.8 million-square-foot office tower, in which Citadel will occupy at least 850,000 square feet upon the expected 2032 construction completed.

Sources: https://therealdeal.com/new-york/2025/01/03/citadel-inks-lease-at-brookfields-660-fifth/

Manhattan's Office Market Rings in the New Year with Optimism | January 7, 2025

Throughout 2024, Manhattan's office market maintained strong leasing activity. Large block deals were a key factor in the market's best performance posted since before the pandemic. Reports indicated there were 44-plus transactions of 100,000 square feet or more last year, some of the most notable were the 1.118 million-square-foot deal by New York University at 770 Broadway, Blackstone Group's 1.06 million-square-foot extension and expansion deal at 345 Park Avenue, and Bloomberg LP's 946,815-square-foot and 749,035-square-foot extensions at 731 Lexington Avenue and 919 Third Avenue respectively. While there's no guarantee 2025 will see a similar magnitude of big-block deals, there are no signs of activity slowing down — at least on the immediate horizon, and due to a few "mega-tenants" that are currently in the market, the possibility exists that 2025 could match the level of leasing in 2024. Further contributing to a lowering of vacancy within the office market is an increasing interest around office-to-residential conversions. Although developers continue to "view the concept with a mixture of optimism and skepticism," there has been a growing enthusiasm within the real estate industry about the tax incentive programs being offered in both this year's New York State budget and the Adams Administration's City of Yes package. Some major real estate firms have already started work on conversions projects, including the recent permit filing by SL Green Realty and RXR, along with Apollo Global Management for the conversion of the 1.1 million-square-foot 5 Times Square into a mixed-use development that will deliver 942 residential units in 659,968 square feet plus 247,952 square feet of commercial space.

A few others recently reported include:

- 2 Wall Street – Plans were filed in November for the partial conversion of the upper floors of the 21-story 173,159-square-foot building which is owned by Fieldstone Capital.

- 650 First Avenue – Redevelopment by Lalezarian Properties is underway for the conversion and vertical expansion of the 98,400-square-foot building that upon delivery will span 100,000 square feet and house 111 residential units.

- 80 Pine Street – The planned conversion for floors 2 through 17 within the 38-story, 1.1 million-square-foot building into 500 residential units by Bushburg according to filings in October.

- 101 First Avenue – An agreement by Vanbarton Group to purchase the Archdiocese of New York's headquarter building opens the door to plans by the developer to convert the 398,214-square-foot building into rental housing.

- 77 Water Street – Vanbarton Group is planning to convert the roughly 542,000-square-foot building into 600 rental units, having closed in December on the purchase of the building and ground lease for a combined total of $95.5 million according to city records.

- 767 Third Avenue – Metro Loft Management and Quantum Pacific are planning a residential conversion of the roughly 330,000-square-foot building developed in 1981. It will "possibly be the first of its type under the City of Yes" as a result of new legislation that recently changed eligibility from buildings built before 1961 to those built by 1991.

Sources: https://therealdeal.com/new-york/2025/01/03/citadel-inks-lease-at-brookfields-660-fifth/

Pace of 2025 Office Leasing Hits the Ground Running | January 13, 2025

Just a few days after ringing in the New Year, reports artrived announcing the 504,000-square-foot lease by Citadel at 660 Fifth Avenue, kicking-off 2025 on a high note for Manhattan's office market as the pace of leasing hit the ground running and two more big block deals were reported a week later. Knitwell Group, the parent company of fashion house Ann Taylor has secured a 20-year renewal and expansion at 7 Times Square, located at 1457 Broadway. As part of the signing, Knitwell will add two additional floors totaling 55,000 square feet to its existing 191,000-square-foot space bringing the company's footprint within the 47-story tower to 246,000 square feet. A second signing will see the Federal Deposit Insurance Agency (FDIC) relocate to Edward J. Minskoff Equities' 1166 Avenue of the Americas. The announced 148,000-square-foot lease under a 10-year term will result in the government agency relocating and expanding from 119,000 square feet at the Empire State Building, 350 Fifth Avenue, where they've been located since 2009, having moved from 20 Exchange Place in Lower Manhattan. News of the deal comes a few days following a second big block government agency lease at a Minskoff property — this time in Queens, the firm's building at 159-30 Rockaway Boulevard in the Jamaica neighborhood secured a 139,000-square-foot lease with the U.S. Customs & Border Protection – full details of the lease were not released.

Sources: https://product.costar.com/home/news/1658632152

https://therealdeal.com/new-york/2025/01/13/minskoff-signs-fdic-to-148k-sf-at-1166-sixth-avenue/

Midtown - Empire State Building

News Highlights (cont'd)

Mizuho Expands Manhattan Footprint with 150K-sf Sublease | March 3, 2025

Japanese investment bank, Mizuho Financial Group, recently secured a 7-year sublease for 151,409 square feet at 1285 Avenue of the Americas. The expansion was prompted by the firm's "steady headcount increase" according to reported statements by a Mizuho spokesperson. The 39-story, 1.6 million-square-foot tower is 100% leased, having pre-leased the approximately 430,000 square feet to law firm Ropes & Gray that Paul Weiss Rifkind Wharton & Garrison plans to vacate later this year when the law firm relocates to 1345 Avenue of the Americas. Mizuho plans to move into the new space spanning the 9th and 10th floors in the late fall. It is in addition to the company's nearby headquarters at 1271 Avenue of the Americas — the former Time-Life Building, where it plans to remain. According to news reports in 2017, Mizuho Americas, the U.S. arm of Mizuho Financial, had initially secured a lease for 148,000 square feet on the 2nd and 3rd floors, enabling a consolidation of staff previously located at 320 Park Avenue, 1440 Broadway, and 125 West 50th Street; and five months later, secured a lease for 270,000 square feet of expansion space increasing their footprint to 418,000 square feet.

Sources: https://www.crainsnewyork.com/real-estate/mizuho-financial-group-inks-massive-sublease-rxrs-1285-sixth-ave

Midtown - Chrysler Building |

News Highlights (cont'd)

State Lawmakers Push Back on Incentives to Attract Companies to NYC's Older Office Buildings | March 13, 2025

An existing and proposed tax break program intended to attract companies to New York City's older office buildings and Manhattan neighborhoods north of 96th Street and in the outer boroughs are at risk of being rejected by state lawmakers. The Relocation and Employment Assistance Program (REAP) is an existing program created in 1987 that will expire June 30, 2025, if not renewed. An annual credit of $3,000 over a period of 12 years per eligible employee, or per "eligible aggregate employment share" is provided for relocating to a designated location according to details on the New York City Department of Finance (DOF) website. The second program would add a proposal from Mayor Eric Adams dubbed Relocation Assistance Credit for Employees (RACE) intended to "incentivize out-of-state companies to move to New York City and sign leases for at least 20,000 square feet of space at qualifying buildings." The Gov. Hochul supported program that was included in her budget plan offers a "$5,000-per-employee tax credit for over 10 years." According to the most recent year data available provided in the article by Crain's New York, REAP cost the city $26 million in 2021 and benefited 178 companies. The proposed RACE program would cost the city $150 million over 10 years according to information reportedly provided by city hall, but the Adams administration believes "it will be outweighed by $385 million in returns to the city by attracting taxpaying businesses to older buildings sitting empty since the pandemic; and is intended to replace the Lower Manhattan REAP, which covers office buildings below Houston Street, that expires this year but has not been proposed for renewal.

However, since both the state Senate and Assembly omitted them from their own one-house budget proposals last week, the odds that one or both might be excluded from the final budget plan are higher. Lawmakers are siding with the fiscal watchdogs that have argued over the years that due to a lack of sufficient evidence it has never been proven that these type of incentive programs generate enough return to offset the loss of tax revenues. New York City Council Speaker, Adrienne Adams further pointed out that, "while the city creates new tax breaks and expands some, it rarely seeks to end or reform existing ones," resulting in "hundreds of millions of dollars spent on economic development-related tax breaks."

Sources: https://www.crainsnewyork.com/politics-policy/new-york-lawmakers-may-reject-office-tax-breaks-pushed-landlords

https://www.ibo.nyc.ny.us/iboreports/two-conflicting-tax-programs-reap-and-race-march-2025.pdf

Midtown South - SoHo

News Highlights (cont'd)

Retail Market

Manhattan Sees More Robust Retail Leasing Activity in 2nd Half of 2024 | February 21, 2025

of last year, in contrast to the second half, "brokers noted a lack of larger leases" according to the recently released Manhattan Retail Report – Second Half 2024 by the Real Estate Board of New York (REBNY). Some highlights among the larger reported lease signings include the 78,760-square-foot lease at 150 West 34th Street by Ireland-based clothing retailer Primark, discount clothing and homeware retailer Burlington's 77,970-square-foot lease of the former Bed Bath & Beyond at 620 Avenue of the Americas, and arts and crafts retailer Hobby Lobby's 70,716-square-foot lease of the former home of a Bed Bath & Beyond and Barnes & Noble at 270 Greenwich Street.

The most competitive retail corridors continue to be along Madison Avenue and within the SoHo neighborhood, with activity throughout the borough from both established brands as well as newcomers to the Manhattan market. While the food and beverage sector topped leasing for much of 2022 and 2023, a dwindling supply of quality restaurant space is impeding activity. In contrast the innovative arts, entertainment, and immersive experience venues, that gained quality-of-life importance during and after the pandemic accounted for several larger commitments. In addition, social gaming is quickly establishing as an emerging industry in New York City, with Squid Game: The Experience opening at the Manhattan Mall last fall, and the planned opening of a roughly 50,000-square-foot Monopoly Lifesized experience offered by PATH Entertainment Group at 11 Times Square. Despite the uptick in larger deals, REBNY's report points out that lease completion remains complicated. Most of the deals completed during the six-month period took several quarters to achieve full execution due to the parties involved in negotiations going beyond just the landlord and the tenant to include lenders and community organizations in some cases. There has also been a growing number of retailers exploring ownership options, which can further lengthen the process

Source: https://www.rebny.com/reports/manhattan-retail-report-second-half-2024/

Behind the Decision by Printemps to Make its U.S. Debut in FiDi Despite its Incohesive Retail Scene | March 7, 2025

The confusing mix of retailers that line the blocks of Lower Manhattan has led to the description by some as being a neighborhood with an "identity crisis." As the neighborhood began to emerge from the September 11th attacks, the energy around the rebuilding sparked increased interest among retail "brands eager to be a part of that story." Tiffany opened on Wall Street and around the corner across from an "I Love New York" tourist shop, Broad Street welcomed Hermès shortly after. Then came the opening of Casa Cipriani in the Maritime Building, the Tin Building market by renowned chef Jean-Georges in the totally refurbished landmarked structure, and the debut of the Perelman Performing Arts Center within the World Trade Center complex. However, what appeared to be the start of a retail transformation was short lived, leaving Lower Manhattan with what has been described as a "hodgepodge of ultra-luxury stores, discount clothiers, and tourist emporiums." This lack of a cohesive vision has led some skeptics to question why "one of France's oldest and most renowned department stores" would choose the Financial District (FiDi) for its U.S. debut. Those that see the picture differently point out that "businesses in the neighborhood are serving three very different populations: office workers, tourists, and increasingly, residents" as the neighborhood experiences "growing pains" in its shift from predominantly commercial to predominantly residential," a trend that is being further fueled by a number of office-to-residential conversions including Printemps location in the former Bank of New York building that underwent a redevelopment into a 566-unit mixed-use condominium.

The recent opening of Printemps along Broadway at the base of One Wall Street brings hope to many of a "larger shift in the neighborhood's retail fortunes." Laura Lendrum, CEO of Printemps America, paralleled the FiDi opening to that of the company's 1865 launch of its first store in the Haussmann area of Paris, which was similarly undergoing a major transformation, further stating "it was only natural that we be the ones to pioneer the neighborhoods' retail footprint." A spokesperson for Printemps described the roughly 55,000-square-foot location as a "'hospitality' concept with an emphasis on customized services, designed to give the appearance of a "lavish French apartment," rather than a typical American department store" — an experimental concept that Lendrum said would have been harder to pull off had they opted to open someplace more expected like Madison Avenue or the Plaza District. Printemps hopes to benefit not only from the growing residential population that has "money to spend," Lower Manhattan boasting a median rent well above that of Manhattan's at $4,600 per month according to the Q4 2024 report by the Downtown Alliance, but also Broadway's "incredible accessibility" and unparalleled public transportation access. Perhaps best put by real estate agent Tara King-Brown and FiDi resident of 11 years, as the oldest commercial district in Manhattan, FiDi's "many eras of inhabitants are reflected in the odd jumble of stores and restaurants you find here," which "is, in fact, very much New York."

Source: https://www.absre.com/broadcast/news/Curbed_CanPrintempsFixWonkyRetailSceneInFidi_031725.pdf

Luxury French Department Store Makes its U.S. Debut on Wall St | March 21, 2025

PRINTEMPS

The highly anticipated opening of Printemps in Lower Manhattan has arrived. The upscale French department store is located at One Wall Street in Lower Manhattan, establishing its U.S. debut. The approximately 54,365-square-foot space leased in 2022 spreads across a portion of the ground and 2nd floor of the mixed-use Art Deco building that was formerly the home of the Bank of New York Mellon (BONY) until acquired by Macklowe Properties in 2014 for $585 million. The landmarked tower has since undergone a conversion into a mix of 565 residential condominiums with fully occupied base level retail space as Printemps, the 160-year-old retailer now joins the 74,000-square-foot Life Time Fitness facility and 44,000-square-foot Whole Foods Market. The new store designed in "the style of a Parisian apartment" features a mix of home décor, men's and women's fashion, cosmetics, accessories, footwear —including an expansive women's shoe collection within the building's famous Red Room and dedicated "Sneaker Room," as well as a multiple dining options, and a public art exhibition. In addition, a physically separate wine & spirits shop will open next to Maison Passerelle, an 85-seat fine-dining restaurant serving as the anchor of the departments store's five food and drink concepts, all of which will be operated by Kent Hospitality Group with the food offerings being created by Queens native Gregory Gourdet, marking the celebrated chef and restaurant owner's return to New York City.

Source: https://newyorkyimby.com/2025/03/french-department-store-printemps-opens-at-one-wall-street-in-financial-district-manhattan.html

Midtown - View from East River Esplanade

News Highlights (cont'd)

Investment Sales

$170M Sale of Broadway Office Building Closes | January 2, 2025

Alen Mamrount's American Exchange Group under the entity 1375 Owners LLC, has reportedly closed on the fee-simple purchase of 1375 Broadway that closed December 19th. The sale by Savanna of the 519,000-square-foot office building fetched a price of roughly $170.404 million. In August 2024, the existing $200 million provided by AAREAL Capital Corp. in July 2020 was assigned to the American Exchange Group; and upon the December sale closing, Sail Harbor Capital LLC assumed the $200 million loan, reducing it to $165 million as part of the amended and restated mortgage agreement. According to city records, in 2010 under the entity 1375 Broadway Property Investors II, LLC, Savanna purchased the land, also called the fee, from Chedward Realty Corp. for roughly $89.026 million as well as an existing leasehold estate from Statecourt Enterprises, Inc. for roughly $46.014 million. In 2015, press at the time announced the purchase of a 96% stake in the building by Westbrook Partners under the entity Gadol 45 Owner, LLC, city records indicating that $310 million was paid in real estate property and real estate transfer taxes (RPTT and RETT); and in 2020, Savanna repurchased Westbrook's stake for $435 million taking full control of the asset. Future plans for the building by new ownership have yet to be announced.

Source: https://therealdeal.com/new-york/2025/01/03/american-exchange-group-acquires-1375-broadway/

$506M Deal Gives Munich RE Full Ownership of Park Avenue Tower | January 8, 2025

The recently closed acquisition of a 75% stake in 320 Park Avenue gives Munich RE full ownership of the roughly 766,000-square-foot building located between East 50th and 51st Streets. The sale by Mutual of America fetched $506.25 million and comes about four years following the purchase by the German reinsurance firm of a 25% stake in the tower, at which time Mutual of America signed a long-term lease for its 252,000 square feet of space the insurance company had been occupying. A $35 million upgrade was recently completed, updating the lobby, creating a ground level café, a new gym, and over 25,000 square feet of new indoor and outdoor space. Larger tenants in the building include Raymond James Financial in 144,000 square feet leased in 2020 under a 15-year term, Pzena Investment Management in 80,000 square feet leased in 2022, and Flagstar in 54,590 square feet lease under a 12-year term last year.

Source: https://product.costar.com/home/news/1691276965

Stake Sale Values News Corp's 6th Ave HQ at $1.2B | January 9, 2025

Ivanhoé Cambridge has sold a 49% stake in the 6th Avenue building that houses the headquarters of media mogul Rupert Murdoch's News Corp and 21st Century Fox. Located at 1211 Avenue of the Americas, the sale to RXR Realty reportedly values the roughly 2 million-square-foot tower at $1.2 billion. Plans to launch a $300 million-plus upgrade of the building built in 1973, which was promised as part of the lease extension agreement, will feature a "reimagined" lobby and revitalized plaza, as well as a new amenity center, conference rooms, and a wellness center according to statements by RXR. In 2023, News Corporation extended its leases, securing approximately 55% of the building's occupancy through February 2042, the deal also includes three 5-year renewal options. However, in 2028, law firm Ropes & Gray will be vacating it's approximately 300,000-square-foot space upon relocating to 1285 Avenue of the Americas, reports indicating that it will create a near opportunity for a 'building-within-a-building' offering of "more than 600,000 square feet of contiguous premium space." The structure of the transaction will result in RXR acquiring 49% of the building's $1.035 billion CMBS debt provided by JPMorgan Chase in 2015 and shouldering 49% of the overhaul costs. The new partnership will also establish RXR as the new building operator, bringing the firm's "signature RXO program" — dedicated hospitality team to offer programs such as events at the lobby.

Source: https://product.costar.com/home/news/1235121902

Renewed Investor Interest in the U.S. Office Market Further Brightens Outlook for the Sector | January 28, 2025

The volume of U.S. office building sales marked the first increase since 2021. According to reported data from global real estate indices provider MSCI, investment sales within the sector reached $63.6 billion in 2024, representing a 20% increase from 2023. However, the "activity still pales with 2015 to 2019, when volume averaged $142.9 billion a year." Interest among investors varies from those "buying premium quality buildings that are burdened with debt," while others are taking advantage of steep discounts on office towers that remain half-empty. Another group with interest in residential conversions is bidding on obsolete office properties. Independent commercial real estate research and advisory firm Green Street noted that "values for less than premium grade A office buildings are about 35% to 60% lower that they were before the pandemic. Some buyers are ready to risk investment in "buildings that are located in prime locations near transport hubs but are struggling with debt and too much empty space." The recent 49% stake acquired by New York landlord RXR Realty in 1211 Avenue of the Americas was cited. The transaction reportedly valued the tower that is home to News Corp. and 21st Century Fox at about $1.3 billion, including new capital, which is about "$700 million less than the building was worth in a 2015 refinancing." Vacancy at the approximately 1.9 million-square-foot tower will increase to about 25% due to the upcoming loss of one of its largest tenants. In addition, the report indicates that a $1 billion debt is coming due this year, "making it tricky to refinance because of high rates." Offshore investors have also started showing renewed interest, the article by the Wall Street Journal citing Norges Bank Investment Management, which last year purchased a 50.1% stake if eight office properties spread across Boston, San Francisco, and Washington, D.C., valuing the package at $1.9 billion; and along with another separate single-asset purchase last year, marked the Norwegian sovereign-wealth fund's first U.S. office investment since 2018.

Source: https://www.wsj.com/real-estate/commercial/office-market-return-to-work-rebound-8b8d42c7

Declining Values Continue to Plague Class B and C Office Buildings | March 3-15, 2025

Two office buildings located in the Garment District recently traded; and although one was sold at a foreclosure auction and the other a direct sale by the owner, the significant loss in value is a shared similarity between both transactions despite the great difference between the prices fetched. Although appraised at nearly $22 million in October 2024 and more recently in February valued at $19 million by credit-rating agency KBRA, the approximately 70,000-square-foot building located at 22 West 38th Street between 5th and 6th Avenues recently traded for $50,000 through a foreclosure auction. As the sole bidder, California-based Wells Fargo held the $34.75 million loan issued in 2019 to former owners, the Modell family's Mitchell Modell and the Brodsky family's BEB Capital upon purchasing the asset for $60.5 million. At the time of the purchase, Knotel occupied about 50% of the building, having secured a 15-year lease in July 2016 at a base rent of $49 per square foot, escalating to $57 per square foot with 8 months concession plus $60 per square foot in tenant improvement (TI) allowance according to a comp by ABS Partners. However, the lease term was cut short upon the co-working space provider filing for bankruptcy in 2023, subsequently leading to a move by Wells Fargo to foreclose on the property after the owners defaulted on the mortgage, having recognized that the market value had lowered to just half of the debt burden – reportedly deeming the potential of turning the situation around a lost cause.

Just a few blocks to the southwest of the 38th Street building, the second transaction is the sale of 333 West 34th Street, a 348,000-square-foot, block-through building located between 8th and 9th Avenues. The latest deal marks the third change of hands since 2013 when New York REIT, formerly American Realty Capital NY Recovery REIT purchased the fully leased building for $220.25 million from SL Green Realty. In 2018, as part of New York REIT's liquidation of its portfolio, Brookfield Properties purchased the property for $255 million, recently selling it at a $105 million discount reportedly to B&H Photo under the New York-based entity SV333 Realty LLC. As part of the transaction, the $110.619 million debt encumbering the asset was satisfied, the remaining unpaid principal of a $130 million loan provided by Landesbank Baden-Württemberg in 2018. Both transactions reflect the continued challenges of Class B and C office properties, which according to the New York City Comptroller's office constitute 32% and 13% respectively of the city's office inventory. The slow pace of recovery for both asset classes at a time when "flight to quality" has put Class A buildings in higher demand is fueling the reported conclusion which is gathering force among owners and lenders that these asset classes "will never generate the sort of cash they churned out before the pandemic."

Source: https://www.crainsnewyork.com/real-estate/wells-fargo-acquires-midtown-south-office-building-auction

https://www.crainsnewyork.com/real-estate/brookfield-sells-garment-district-office-building

Midtown - View from Williamsburg

News Highlights (cont'd)

Office Tower Near the U.N. HQ Trades at Steep Discount | February 6, 2025

Real estate investor David Werner has gone into contract to purchase 300 East 42nd Street for $52 million. Located one block west of the United Nations headquarters, the 18-story, 235,000-square-foot property last traded in August 2019, when Somerset Properties and Meadow Partners purchased the full block tower for $122.5 million from German nonprofit ULM Holding. According to news reports at the time, Brookfield Asset Management provided $100 million in financing to close on the sale, which consolidated existing debt with newly provided building and project loans. ULM owned the tower since 1996, having purchased it through a foreclosure auction for $19.5 million. In December 2021 Fortress provided a $27 million in mezzanine debt and a $110 million senior loan to refinance the building, which included a newly originated $4 million gap mortgage. However, in 2023 Somerset and Meadow Partners reportedly decided to hand back the keys to the lender. Other recent acquisition activity by Werner includes the $216 million purchase of 100 Wall Street with BLDG Management in July 2024, having last traded in 2015 for $270 million; and an agreement with the Durst Organization to purchase 675 Third Avenue for more than $100 million, a roughly 340,000-square-foot building developed by Durst in 1966.

Source: https://therealdeal.com/new-york/2025/02/06/david-werner-buying-300-east-42nd-street/

Midtown South - Madison Square Park

News Highlights (cont'd)

Residential Market

Young Buyers Trade Prestige of Luxury Co-op Ownership for Amenity Packed Condos | January 28, 2025

Past decades of New York's most exclusive luxury cooperatives located along Park and Fifth Avenue claiming the title of what has been described as the "pinnacle of New York luxury" seems to be losing some of its cachet. The residential market is seeing a shift among younger affluent buyers towards the trendier, amenity-packed new condominiums in Manhattan's Downtown neighborhoods, or for those that want to be uptown, the "super high-end condo" projects. Despite representing a symbol of "old-money elegance and exclusivity," in recent years the spread of the sale price fetched between co-ops and condos selling for over $10 million has become "unnaturally large." Between 2014 and 2024, the median price of condos within the over $10 million market rose 45% to $19.25 million. In contrast, sales of co-ops within the same market and timeframe saw a more moderate median price growth of around 16% to $15.49 million; and although based on a "relatively small number of transactions, they speak to a broader trend of co-ops slipping behind" according to reported data and comments by real estate analytics firm UrbanDigs. Cited recent co-op sales include the $7.4 million sale of an 8th floor unit at 730 Park Avenue that was initially listed in 2022 at $17.7 million, a unit at 960 Fifth Avenue fetched $53.5 million in January 2025 — a $24% discount of the 2023 asking price of $70 million, and a five-bedroom unit at 2 East 67th Street recently sold at a 27% discount of the $49 million asking price when listed May 2022.

In comparison to condominiums, "residents don't own their apartments, but rather buy shares in a corporation." Contrary to the operating structure of condo boards, the structure of the co-op system that has been around since the late 19th century "allows residents tight control over nearly everything that takes place in the building ranging from deciding who can live there to how and when residents can renovate their units. Further impacting the attraction of these exclusive Park and 5th Avenue co-ops, many are within buildings dating back to 1920 and despite their elegance it has been estimated by real estate agents that at least 50% are in need of some degree of renovation, which in addition to facing unpredictable costs, the co-op buyer will also have to deal with the guidelines of the co-op board that can reportedly include "what kind of work they can do, when they can do it and which contractors they can hire;" and some co-ops charge a daily rate if construction goes past the agreed-upon timeline." Looking beyond the attraction of the wide variety of tenant amenities packed into the newly constructed luxury condominiums, today's younger people have a different relationship with their homes and unlike their parents and grandparents that "might have been tethered to New York most of the year," the young wealthy buyers of today have become increasingly mobile thanks to remote work and technology, making the requirement that co-op shareholders be full-time residents incompatible with their lifestyle.

Source: https://www.wsj.com/real-estate/luxury-homes/new-york-co-op-apartments-trends-0085110f

Queens - View of Long Island City from the FDR Drive

News Highlights (cont'd)

NYC's FY 2026 Property Tax Assessments Spark Legal Action | January 23, 2025

The Tentative Property Tax Assessments for Fiscal Year 2026 that were released by the New York City Department of Finance (DOF) on January 15th have prompted Tax Equity Now New York —a coalition that includes property owners, renters, and civil rights groups, to file a motion against the city. The group's new motion "argued that the current system violates the state's real property tax law and federal housing law by overtaxing rental properties' as part of a 2017 lawsuit that the Court of Appeals revived last year. For years, the city's property tax system that dates back to 1981 "has been harshly criticized," but despite results of a study released by a commission formed during the second term of the de Blasio administration and a proposal released in 2022 by New York City Comptroller Brad Lander that offered a framework to effect change, efforts to reform the current tax system have never moved forward. Due to officials using "rent-stabilized buildings as comparisons for luxury condos and co-ops, rental buildings are burdened with a disproportionate share of taxes.

Source: https://www.crainsnewyork.com/real-estate/tax-equity-now-new-york-aims-make-city-redo-property-tax-assessments

New Residential Tower Powered by Off-Site Solar Power Debuts in Brooklyn | February 3, 2025

625 Fulton Street - Rendering

Downtown Brooklyn has become the home of New York City's first residential development that is fully powered by off-site solar power. Part of a multi-building project by Alloy Development, the new mixed-use 399,709-square-foot building located at 505 State Street stands 482 linear feet and hosts 441 residential rental units of which 45-units have been designated for affordable housing. Radial Power and MaxSolar will fully power the building with renewable energy under two new 25-year community solar agreements, of which 900 kilowatts will be generated from Radial Power's rooftop solar array at Gateway Mall in Brooklyn and up to 2.4 megawatts will be supplied by MaxSolar's Old Mill project in Yorktown, New York. Although it is uncertain if project plans have changed, but reports back in 2020 indicated that the other phases of the project that spreads across the entire 61,399-square-foot triangular block bound by Flatbush and 3rd Avenues and State and Schermerhorn Streets will add a 350-seat lower school and 350-seat Kalil Gibran International Academy replacement school, as well as 50,000 square feet of retail space, 245,000 square feet of office space, and 15,000 square feet of community facility space. The project will spread across an assemblage originally comprised of 6 parcels — one of which is city-owned and is being constructed in collaboration with the Educational Construction Fund (ECF).

Source: https://newyorkyimby.com/2025/02/505-state-street-becomes-first-residential-development-in-new-york-city-to-be-fully-powered-by-off-site-solar-energy.html

2024 Delivers Second Consecutive Year of Record-Breaking NYC Affordable Housing Creation | February 13, 2025

A combined total of 10,350 housing units were created in 2024 under the Adams Administration, helping to ease critically needed affordable housing citywide according to the recent press release by the Mayor's Office. Representing a record-breaking number for the second consecutive year, the units produced included 4,623 units to house formerly homeless people, 2,761 units of supportive housing, and 2,966 units of senior housing. Additional data revealed that the Department of Housing Preservation and Development (HPD) produced 5,931 421-A standalone units in 2024 — a new record for a calendar; and in partnership with New York City Housing Development Construction (HDC) closed on financing for 27,620 affordable homes — 14,145 newly constructed units and the preservation of 13,475 existing units. The news release by New York Yimby further noted that key drivers behind the city's ability to increasingly support housing initiatives are legislative and policy changes including the passage of the "City of Yes for Housing Opportunity" plan passed last year and new tax incentives offered on the state level to further fuel "multifamily rental construction, office-to-residential conversions, and the removal of zoning barriers that limited development."

Source: https://www.nyc.gov/office-of-the-mayor/news/081-25/mayor-adams-back-to-back-record-breaking-years-creating-affordable-supportive-housing-in#/0

https://newyorkyimby.com/2025/02/new-york-city-achieves-back-to-back-record-setting-years-for-affordable-housing-creation.html

J-51 Tax Abatement Relaunched with Stronger Tenant Protections | March 4, 2025

The J-51 tax abatement program that supports the rehabilitation and sustainability of rent-regulated, cooperative, and condominium buildings that expired on June 29,2022 has been relaunched by New York City. Rebranded J-51 R, the revived program provides financial relief to property owners undertaking essential repairs and structural stabilization; and in alignment with the city's broader climate goals, also offers incentives for energy-efficient upgrades — particularly the mandates set forth by Local Law 97. Included in the updates to J-51 R is the stipulation that "buildings benefiting from the tax break remain rent-stabilized for the duration of the benefit term," and "property owner are prohibited from passing renovation costs onto tenants through major capital improvement (MCI) increases." Program eligibility is restricted to rental buildings where at least 50% of the units are rent-regulated with rents below 80% of the area median income (AMI), co-ops and condos with assessed unit value under $45,000, and certain Mitchell-Lama and redevelopment properties. Applications for eligible construction projects completed before December 30, 2024, must be submitted by April 30, 2025, and within four months upon completion for those eligible projects completed thereafter.

Source: https://newyorkyimby.com/2025/03/nyc-re-launches-j-51-tax-abatement-program-to-support-building-rehabilitation.html

Steiner NYC Takes Full Control of The Hub in $260M Deal | March 13, 2025

The residential tower that claimed the title as the "tallest building in Brooklyn" when construction was completed in 2017 is now solely owned by Steiner NYC. The Downtown Brooklyn site where the 55-story, 750-unit tower known as The Hub now stands is located at 333 Schermerhorn Street; and was purchased by the firm in 2011 for $23.5 million. In 2019, JPMorgan Asset Management purchased a reportedly 62% stake worth $253 million, and although the partnership considered selling, Steiner has opted to retain long-term ownership, and in a deal valued at $450 million — city records indicate $259.526 million was paid in real property transfer tax (RPTT) and real estate transfer tax (RETT), bought out JPMorgan's stake. The deal also included $62.5 million in financing provided by investment firm Meadow Partners according to the article by Crain's New York.

Source: https://www.crainsnewyork.com/real-estate/steiner-buys-out-jpmorgans-stake-downtown-brooklyn-skyscraper

Downtown - View Along the Battery Park Esplanade

News Highlights (cont'd)

Development

1,300-Unit Office-to-Residential Conversion of 25 Water Street Nears Completion | January 30, 2025

Former Facade - 25 Water Street - New Rendering

The two-year office-to-residential transformation of 25 Water Street, also known as 4 New York Plaza, located in Lower Manhattan is nearing construction completion. Upon expected delivery in November 2025, the former exterior will be unrecognizable, the "swaths of intricate brickwork that separated the few windows marking the façade"— a pattern thought to imitate an IBM punch card have been removed and replaced with more expansive windows, and the only remaining reddish-brown bricks are now white. Dubbed SoMA, "which pays homage the building's location in South Manhattan," the gut renovated structure will yield 1,300 residential units — making it the largest conversion in the nation by unit count, To create air and light for interior units, two 1,200-square-foot light wells have been carved from floor plates measuring more than 40,000 square feet, with the removed area opening the door to a 10-story vertical expansion at the top of the 22-story structure creating nine residential floors and a full floor of amenities with wraparound terrace and pool. Additional amenities have been created in an area of the basement that once served as a cafeteria for bank employees for a total of 100,000 square feet of tenant amenity space. The building also features a below grade parking garage.

Co-developers Metro Loft Management, GFP Real Estate, and Rockwood Capital purchased the roughly 1.1 million-square-foot full block building for $250.807 million through a Deed in Lieu of Foreclosure from Edge Funds in December 2022, taking on the existing $250 million loan provided by DekaBank in 2015. Athene Annuity & Life Co. provided $415 million in financing which included roughly a $99.274 million project loan, $208.713 million building loan, and $107 million that represented an amended and restated dollar amount of the $241 million in existing debt. Initially constructed to house computers for processing checks, money transfers for Manufacturers Hanover Trust, and then later, for back-office staff at its successor bank JPMorgan Chase. Despite the challenges of a repositioning of this scale, to construct a similar development from the ground up would not be financially feasible according to reported comments by GFP executive Brian Steinwurtzel. It was further noted by architect John Cetra, who oversaw the project, that "new construction of this kind runs about $1,000 per square foot, putting an approximate price tag of about $1 billion for a building the size of 25 Water Street." SoMA is the "first office-to-residential conversion project to use the 467-m housing incentive — a tax incentive program proposed in partnership between Mayor Adams and Gov. Hochul that was authorized in April 2024 and expected to produce more than 20,000 new residential units across New York City; and in exchange for the tax abatements, 25% of the units are planned to be offered at reduced rents through an affordable housing program.

Source: https://newyorkyimby.com/2025/02/new-renderings-revealed-for-soma-office-to-residential-conversion-at-25-water-street-in-financial-district-manhattan.html

NYC's Planned 42nd Street Makeover is Focused on Increased Pedestrian Safety | February 10, 2025

Courtesy of the Department of Transportation/AECOM

A busy stretch of 42nd Street is getting an overhaul with wider sidewalks and more infrastructure to block vehicles.

42nd Street Redesign - Rendering

Beginning next summer, the New York City Department of Transportation (DOT) will break ground on the planned redesign of 42nd Street between 7th and 8th Avenues in the Times Square district. The $57 million project focuses on safety improvements for pedestrians intended to prevent terror attacks similar to the recent one in New Orleans and in 2017 along 7th Avenue in New York City when a driver in each incident intentionally drove into a pack of pedestrians. The redesign of the corridor will widen sidewalks up to six feet on each side of 42nd Street and new steel security bollards and planters will be installed, replacing the temporary concrete blocks that are currently in place. East and west bus lanes will also be widened, but "it stops short of implementing a 42nd Street busway similar to the one along 14th Street in Union Square. The project also creates a convenient opportunity for the replacement of ancient water and sewer lines under the road that are long-due for upgrades. Times Square Alliance president Tom Harris applauded the redesign, hoping that it will "give a much improved pedestrian experience" within the Times Square area that attracts Manhattan's highest density of foot traffic on a daily basis. In addition, a proposal from Russell Granet, president and CEO of arts nonprofit New 42, which is the custodian for the theaters along 42nd Street, suggests that "at least seven plaques at historic sites" be installed to highlight the history of 42nd Street. Financing for the project that is expected to take at least four years is being funded by $41.7 million budgeted by the DOT and $15.2 million being provided by the Department of Environmental Protection (DEP).

Source: https://www.crainsnewyork.com/transportation/42nd-street-get-57m-makeover-prevent-terror-attacks

Construction Progresses on Five Building Mixed-Use Complex along South Williamsburg's Waterfront | February 10, 2025

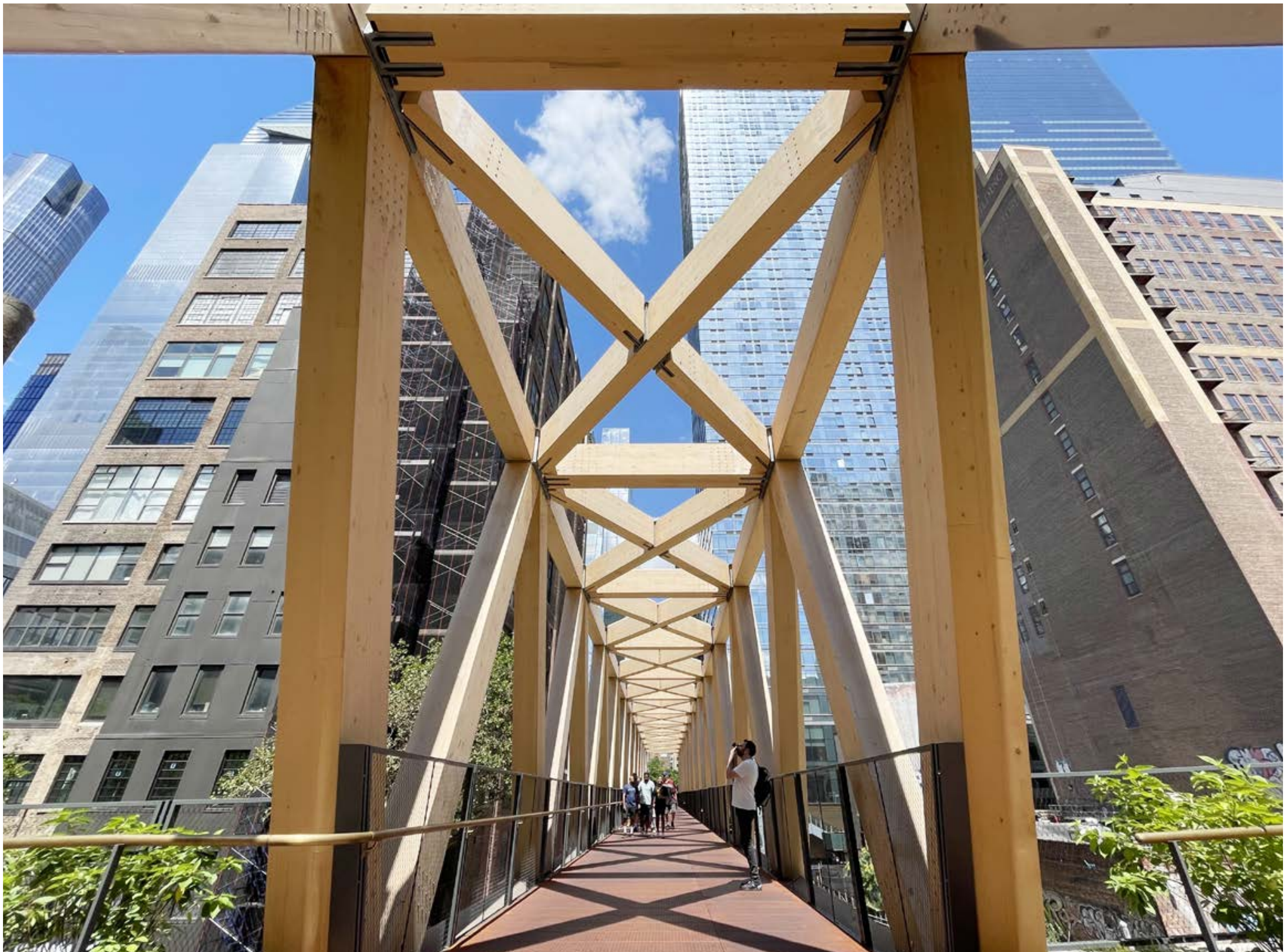
Rendering courtesy of Hayes Davidson.

42nd Street Redesign - Rendering

The first phase of a planned 5-building mixed-use complex that will spread across a 3.75-acre site along South Williamsburg's waterfront is nearing construction completion. Dubbed Williamsburg Wharf, Naftali Group and Access Industries are the developers of the project that upon full construction completion is expected to add 1 million square feet of residential, commercial and retail space to the neighborhood including 850 residential condominium and rental units. A 525-foot-long public esplanade will also be created along the East River. The trio of 22-story buildings well underway have addresses 480 Kent Avenue, 482 Kent Avenue, and 11 Wharf Way will deliver a combined total of 703,532 square feet. The site bound by Division Avenue to the south, Kent Avenue to the east, South 10th Street to the north, and Wallabout Channel to the west was acquired by the development team in May 2020. News reports in February 2019 when the sale went into contract indicated that the 2-parcel assemblage fetched between $180 million and $185 million, and in May 2020 a combined total of $102.382 million through two separate transactions was recorded on city records, with the closing of the remainder reportedly expected to be completed at a later date.

According to city records, HSBC provided roughly $142.411 million in financing — a $66.512 million senior loan of which $12 million was existing debt, a $7.395 million building loan, 13.992 project loan, and $54.512 million gap mortgage. In March 2024 Bank OZK assumed the existing $80.182 million senior loan debt on the south parcel, consolidating into the $83 million senior loan. In addition, a new $178.596 million building loan and $59.404 million project loan were originated by the Arkansas-based lender, or a combined total of roughly $321 million. In 2023, Israel Discount Bank of New York originated a $39.6 million term loan and $7.1 million project loan with the north parcel held as collateral. The article by New York Yimby also indicates that $75 million in mezzanine financing was provided by MassMutual subsidiary Barings. Although a timeline has yet to be announced for the second phase of the project, the estimated $600 million first phase is expected to complete construction by the end of 2025.

Source: https://newyorkyimby.com/2025/02/williamsburg-wharfs-first-phase-nears-completion-in-south-williamsburg-brooklyn.html



Midtown - High Line Wood Extension Bridge

News Highlights (cont'd)

Nonprofit Organization Seeks Site for NHL-Sized Ice Rink and Educational Facility | February 18, 2025

Figure Skating in Harlem (FSH) recently announced plans to build a "year-round, state-of-the-art indoor skating and educational facility" in Harlem. Currently seeking an "optimum development site and potential partner," the project by the nonprofit will bring Upper Manhattan's first NHL-sized ice rink. The globally renowned program" offered by FSH has established it as the "only organization in the world for under-resourced girls that combines the power of education with access to the artistic discipline of figure skating. Since FSH's founding in 1997, the organization has 'helped more than 1,500 girls "grown in confidence, leadership, and academic achievement." A feasibility study commissioned in 2024 further supported the need and financial viability of the project. "Between September 2023 and 2024, more than 200,000 New York City residents participated in ice skating according to the study estimates. Input from architectural design firm Gensler was also included in the study to help FSH develop an approach to site requirements for the facility that in addition to housing the ice rink and typical support areas, there will be classrooms and wellness facilities.

Source: https://www.citybiz.co/article/662214/figure-skating-in-harlem-seeks-site-to-build-upper-manhattans-first-nhl-sized-ice-rink-wellness-education-center/

Governors Island - New York Climate Exchange Rendering

News Highlights (cont'd)

A Glimpse of the Planned New York Climate Exchange Facility on Governors Island | February 19, 2025

Already serving as the home of several environmental initiatives such as the Billion Oyster Project's shell collection operation center, in April 2023, following a two-year competitive, Mayor Eric Adams and the Trust for Governors Island selected the New York Climate Exchange as the anchor research and education institution on Governors Island. Located in New York Harbor, the 172-acre former army and coast guard facility is a member of the Harbor Climate Collaborative, a joint initiative between three mission-aligned public entities with sites along New York Harbor — the Trust for Governors Island, New York City Economic Development Corp. (NYCEDC), and Brooklyn Navy Yard Development Corp. (BNYDC), establishing a center of "burgeoning climate innovation ecosystem in New York City according to the Governors Island website. The $700 million project is comprised of two all-electric buildings totaling 400,000 square feet to be anchored by Stony Brook University. A photovoltaic (PV) canopy, which converts light into electricity, will connect the buildings that will be constructed with sustainable mass times as their primary structural material, with solar and geothermal systems largely produced on site will be utilized. Both academic and community programs will be offered, as well as workforce development opportunities with over 6,000 green job trainees annually. In support of the project, the Simons Foundation, alongside Simons Foundation International, pledged a combined total matching gift of $100 million in 2023, and Bloomberg Philanthropies announced a $50 million contribution. Groundbreaking is expected to take place in the fall of 2026, with a planned opening in the fall of 2029.

Source: https://newyorkyimby.com/2025/02/updated-renderings-showcase-soms-700-million-new-york-climate-exchange-on-governors-island.html

https://www.govisland.com/climate-solutions/the-new-york-climate-exchange

NYCEDC's Roster of Major Projects in Different Phases of Planning | February 18, 2025

As a "mission-driven, nonprofit organization," the New York City Economic Development Corporation (EDC) plays a key role in "creating a vibrant, inclusive and globally competitive economy for all New Yorkers." Currently the EDC has several large-scale projects that are in different stages of planning and execution. A few of the more notable projects are snapshot below:

- **Brooklyn Marine Terminal** – a re-envisioning of the 122-acre terminal provides the opportunity to reshape and enhance its use. Goals by the city include a modernization of the maritime port of which only uses 62-acres, or about 51% of the site, by reducing emissions across operations. The unused space allows for development of new mixed-use residential, open space and waterfront access.

- **Coney Island West Development** – the request for proposals (RFP) recently released by Mayor Eric Adams and the EDC aims to created 1,500 new mixed-income residential units, retail space, and other public improvements on the city-owned parcel in Coney Island West — a redevelopment masterplan in the Brooklyn neighborhood. The vision also includes a $42 million renovation of the 55-year-old Abe Stark Sports Center.

- **Gansevoort Square Redevelopment** - The redevelopment of the 66,000-square-foot area located on Little West Street was initially announced in October 2024. The request for proposals (RFP) released in January outlines a vision for up to 600 units of mixed-income housing, with a goal of 50% being permanently affordable, ground floor retails space, new open space, and the opportunity to expand the Whitney Museum. Formerly home of the Gansevoort Meat Market, which elected to leave the site early in cooperation with the EDC and the City of New York. The project is expected to create 600 construction jobs and more than 160 permanent jobs, as well as expectations of generating $940 million in economic impact.

- **SPARC Kips Bay and Innovation East** – Recently securing approvals from the New York City Council, the two projects will introduce more than 2.5 million square feet of research, education, and healthcare facilities. Projected to generate $42 billion in economic impact over 30 years and create 15,000 jobs, the 2 million-square-foot Science Park and Research Campus (SPARC) project in Kips Bay will transform Hunter College's Brookdale Campus on East 25th Street and First Avenue into new academic space for CUNY institutions, a public health-focused high school, life sciences research labs, and outpatient healthcare facilities. Another 1,000 jobs to the city's biotech ecosystem will be added by the Innovation East project that includes the redevelopment of outdated Public Health Laboratory into a new, 500,000-square-foot state-of-the-art life science hub at 455 First Avenue. Expected to break ground by the end of 2025, the anticipated 6-year project also includes the construction of a foot bridge over the FDR Drive and accessible green spaces.

Sources: https://edc.nyc/press-release/nycedc-announces-two-generational-life-science-projects-kips-bay-reaching-critical
https://edc.nyc/sites/default/files/2025-01/NYCEDC-BMT-Public-Workshop-3-Presentation-Final.pdf
https://edc.nyc/press-release/mayor-adams-nycedc-announce-next-steps-reimagining-gansevoort-square
https://newyorkyimby.com/2025/02/rfp-released-for-coney-island-west-development-in-coney-island-brooklyn.html

A Rising Number of NYC Office-to-Residential Conversions are Surfacing Beyond Downtown | March 11, 2025

Developer interest in pursuing office-to-residential conversions in Manhattan continues to rise resulting in what initially began as a Downtown dominated market increasingly spreading into Midtown South and Midtown — reports citing 95 Madison Avenue at East 29th Street, which is poised to add 65 residential condominiums to the NoMad neighborhood, and the 940-unit rental conversion of 5 Times Square at West 41st Street that is on the verge of transformation. It is anticipated that a planned rezoning for later this year in Midtown South will further fuel an increase in conversion projects. According to reported information provided by the New York City Department of City Planning (DCP), the city's "18-month-old 'conversion accelerator' program" has seen a spike in the number of enrolled projects from 24 in January 2024 to 83 in March 2025 — totals that don't include every conversion. The uptick suggests "conversions are no longer just a pandemic-era pipe dream;" and it comes at a time when the overall residential market is strong, some industry people commenting that apartment rents are rising, with little signs of any decreases going forward. While all planned conversions may not move forward, projects are "showing up in new neighborhoods such as Times Square, Turtle Bay and NoMad, with unit types are not limited to rentals, since some developers opt for condos to avoid the affordable housing requirements included in the state's new tax incentive program. However, in addition to construction challenges, the issue of steep development costs presents a roadblock for some sites, making a conversion financially unfeasible despite growing tax incentives from both the city and state and an easing of zoning barriers. Yet conversions are still compelling from a developer's perspective. According to reported statements by longtime converter Nathan Berman of Metro Loft, "turning an office building not rental housing can cost a third of what it would take to construct an apartment tower from scratch," while further pointing out that "conversions can also happen more quickly, in about two years compared with seven for ground-up projects — a time savings that is especially important in a high-interest-rate environment."

Source: https://www.crainsnewyork.com/real-estate/ny-office-residential-conversions-expand-reach-new-neighborhoods-players

Proposed Revised Vision for Penn Station Area Includes a Public Park | March 6, 2025

A general project plan (GPP), a development tool that allows the state to override local zoning laws in order to build, that was created prior to the COVID pandemic offering a re-envisioning of the surrounding area near Penn Station has continued to remain in limbo. The former proposal during the Andrew Cuomo administration would have allowed Vornado Realty Trust to lead the construction of the mega-project that included 10 high-rise towers of almost entirely commercial space spread spanning eight sites surrounding Penn Station. The state entity, Empire State Development (ESD), is spearheading the project that also includes a rehabilitation of Penn Station which might have resulted in a relocation of Madison Square Garden and the possible exercising of eminent domain by the state as needed of the sites within "Block 780" bound by 7th and 8th Avenues between West 30th and 31st Streets to allow for the proposed expansion of the transportation hub. The tax revenue generated by the 10-building complex was expected to fund the Penn Station project. However, in 2023 Gov. Hochul "decoupled" the Penn Station portion of the mega project.

Source: ESD - GPP Existing Site Plan from June 2022

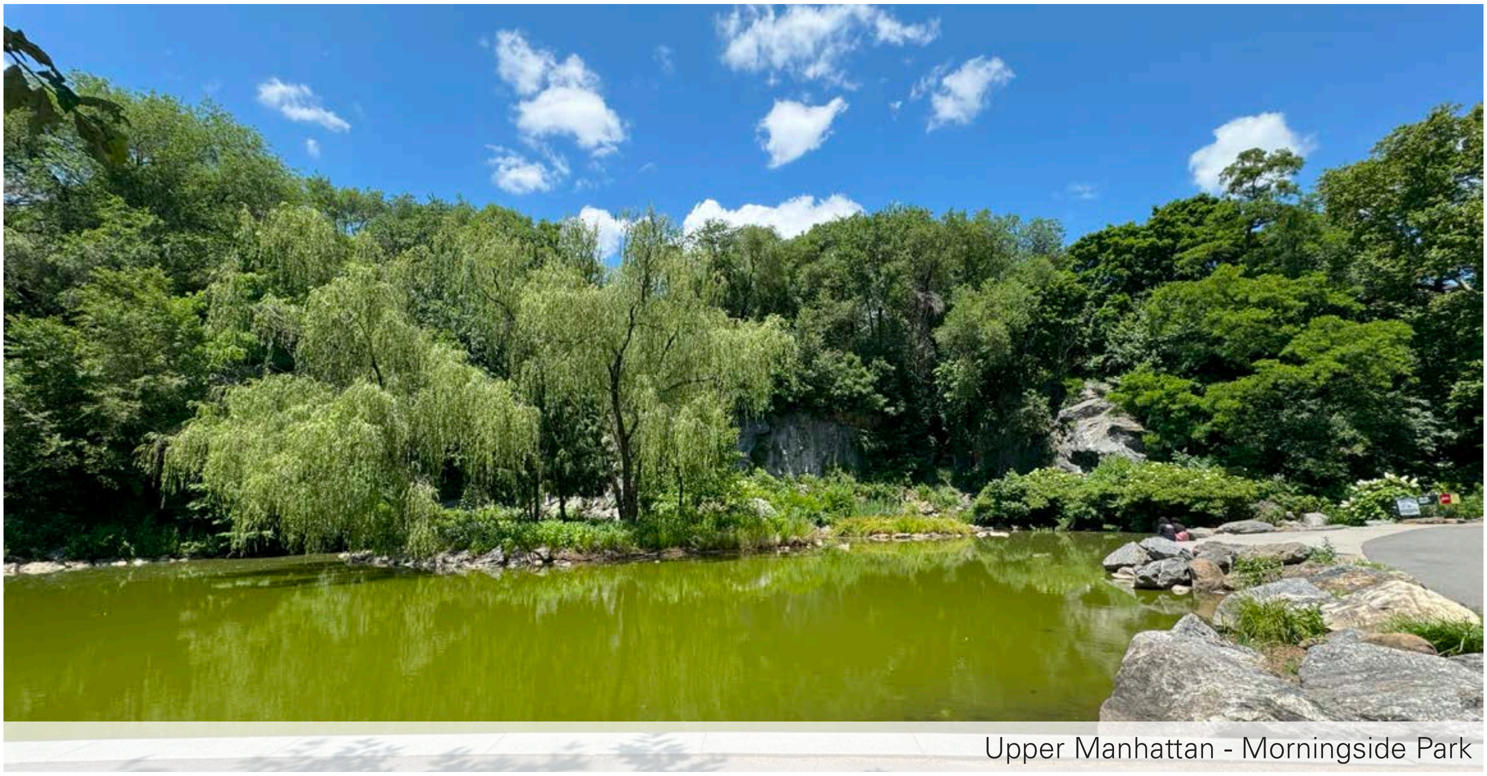
Assemblyman Tony Simone believes the existing GPP design has become outdated and recently proposed a new housing-oriented vision. Simone's proposal would expand the GPP plan to nine sites by including the half-block west of Broadway between 33rd and 34th Streets which is partly owned by Empire State Realty Trust (ESRT), while leaving intact "Block 780" to the south of Penn Station. In addition, the Vornado-owned site of the recently demolished Hotel Pennsylvania would be transformed into a public park instead of the REIT's envisioned skyscraper. Simone's proposal would also reduce the total square footage created from 18.3 million square feet to 13.9 million square feet of which approximately 33% would be designated for residential use to allow for about 5,000 housing units compared to 1,800-units in the existing GPP, having won "early praise from leaders of Manhattan community Boards 4 and 5 and support from Manhattan Borough President Mark Levine. Hopes for adding more housing in the surrounding Penn Station area rose higher following a provision included in last year's state budget that "allows future GPP plans to build bigger apartment buildings by exceeding a cap on a residential density.

Source: https://www.crainsnewyork.com/politics-policy/manhattan-leaders-pitch-new-penn-station-megaproject-more-housing

Rule Reforms for NYC Construction Sheds and Scaffolding Passed by City Council | March 26, 2025

The New York City Council recently passed several rule reforms regulating the miles of construction sheds and scaffolding that are installed along sidewalks citywide. The new legislation aims to "strengthen the safety and efficiency of sidewalk shed management, including bills to shorten the duration of sidewalk shed permits and improve designs. According to the city's Department of Buildings (DOB) there are a total of 8,525 active sheds throughout the city spanning 2,011,683 linear feet with an average age of 511 days; and of the total, 338 sheds have been active for five years. Manhattan accounts for the majority of currently active sheds; and of the 3,800 total sheds in Manhattan, 174 have been active for five years. Of the five bills within the new legislation, three touch upon installation duration and penalties related to sidewalk sheds occupying the public right-of-way, while a new provision requires proof of work when renewing a shed permit intended to reduce the volume of sheds unnecessarily remaining installed. The DOB will also review the frequency of Façade Inspection and Safety Program (FISP) under Local Law 11, the bill recommending that the inspection cycle be changed from every 5 years to a longer interval of 6 to 12 years and delay the current 5-year requirement of a first inspection of a new building to 9 years, while also introducing penalties to strengthen enforcement of failure to complete façade repairs — the first major changes since Local Law 11's passage in 1998. The remaining two bills focus on the look and safety of sidewalk sheds, calling upon the DOB to complete a study and recommend new sidewalk shed designs to the city council by September 30, 2025; and in addition, shed color options have been expanded from the previously required single color of hunter green. Other reforms focus on safety with updated guidelines on lighting and minimum height, as well as rules on the use of "containment netting as a sidewalk shed alternative." News of the legislation comes about 2 years following the July 2023 "Get Sheds Down" initiative by Mayor Adams and the "Shed the Shed" recommendations proposed by Manhattan Borough Mark Levine designed to expedite the dismantling of sidewalk sheds.

Source: https://council.nyc.gov/press/2025/03/26/2824/



Upper Manhattan - Morningside Park

News Highlights (cont'd)

Two Rezoning Plans Aim to Increase NYC Affordable Housing and Spur Job Growth | March 24-25, 2025

Rendering of Atlantic Avenue planned work, via nyc.gov

The continued push to increase the availability of affordable housing in New York City has given rise to proposed rezoning projects in Queens and Brooklyn that are in different phases of the city's approximately seven month long Uniform Land Use Review Procedure (ULURP). If both deliver as proposed, a combined total of 16,600 new homes will be constructed, of which 5,400 units will be permanently affordable, as well as a commitment to infrastructure and public realm improvements. Recently the New York City Planning Commission (DCP) approved the **Atlantic Avenue Mixed-Use Plan** (AAMUP) which will rezone a 21-block stretch along Atlantic Avenue, including parts of Crown Heights and Bedford-Stuyvesant. Current zoning rules along Atlantic Avenue, one of Brooklyn's most important east-west corridors, have remained mostly unchanged since 1961 and prevent new housing and limit job creation. Enabling mixed-use development would open the door to the creation of 4,600 new homes, with 1,440 units designated as permanently affordable housing, and an estimated 2,800 permanent jobs.

Illustration of Jamaica Avenue and 160th Street, via jamaicaplan.nyc

The second initiative that recently launched ULURP is dubbed the **Jamaica Neighborhood Plan** and covers a 230-block area. The plan aims to deliver over 12,000 new homes within the Queens neighborhood, of which 4,000 units will be designated as permanent affordable housing, plus over 2 million square feet of commercial and community space projected to create approximately 7,000 new jobs. The proposed rezoning would open the door to high-density mixed-use development in the downtown core and along major transit corridors, as well as allow residential use in areas where it has traditionally been restricted. In addition, new manufacturing zones would be created to promote job growth while supporting industrial businesses.

Source: https://newyorkyimby.com/2025/03/city-planning-commission-approves-atlantic-avenue-mixed-use-rezoning-plan-in-brooklyn.html

https://newyorkyimby.com/2025/03/public-review-begins-for-jamaica-neighborhood-plan-in-jamaica-queens.html

Downtown - WTC-Cortlandt Subway Station

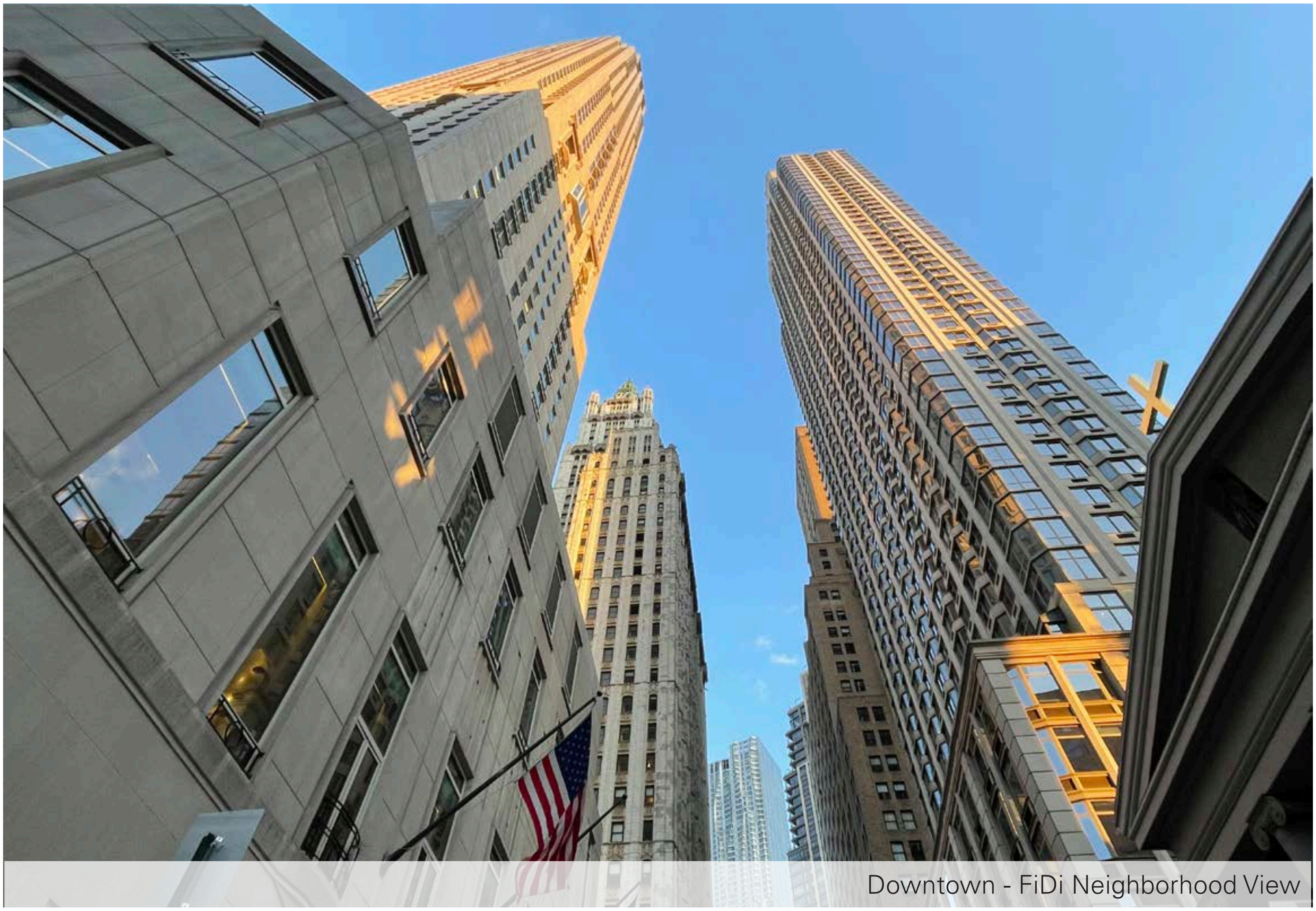
News Highlights (cont'd)

Increased Cost Efficiency a Focus for Phase 2 of Second Ave Subway Construction | March 13, 2025

Hoping to shed the resulting reputation of Phase 1 construction of the Second Avenue Subway line as a project characterized by mismanagement and bloating spending, the Metropolitan Transportation Authority (MTA) "is incorporating cost-saving lessons learned" as the agency embarks on the 2nd phase of expansion. The $4.5 billion cost of extending the Q-Line 1.8 miles from East 63rd Street to East 96th Street with new stops at 72nd Street, 86th Street and 96th Street earned the Second Avenue Subway the title as "the world's most expensive subway line." One of the key changes enabling the MTA to reduce costs of the construction of the 1.5-mile extension north to East 125th Street is the planned reuse of a 1970s tunnel that sits vacant following an earlier failed attempt to build the subway line. Extending from 110th Street to 120th Street along Second Avenue, by reactivating the tunnel instead of building from scratch, the MTA will save an estimated $500 million. In addition, planned new stations at 106th Street, 116th Street, and 125th Street and Lexington Avenue will be reduced in size by consolidating back rooms for operations, which were "dramatically overbuilt" in Phase 1, or moving them above ground where it's cheaper to build. Further cost savings are anticipated by using the design-build method of project delivery that has enabled the MTA to consolidate the project's work into four contracts, not only making it easier to more closely manage contractors, but also in theory, reduce the need for expensive mid-project changes" since "designers and builders take on the responsibility of collaborating on project plans." Two joint ventures have already been pre-qualified for a tunneling and station construction contract the MTA expects to award in the fall — Skanska Walsh Traylor, made up of New York City-based Skanska, New Jersey-based Walsh Construction, and Virginia-based Traylor Bros. and the second team, a joint venture of New York-based Halmar International and Florida-based Civil & Building North America Inc. under the entity Connect Plus Partners. Another change will be a shift away from a fully designed project plan being created by the MTA as it would typically do; and instead design only 30% of the project and then pass those plans onto the design-build entity for them to complete the project's framework to avoid the higher rates contractors charged during the first phase of construction to account for possible unforeseen costs due to incomplete information about construction conditions that in some cases led to the need to reschedule work.

Strategies such as these have "shaved more than $1 billion in costs, already reflected in the $6.9 billion estimate. However, expenses due to Union labor rules also have a significant impact on project costs, prompting the MTA to explore a project labor agreement, which "governs terms and conditions of employment for all trade workers on a construction project." Some of the more burdensome rules during Phase 1 construction led to the required payment to the tunnel workers' union by the contractors of "$450,000 for every tunnel-boring machine used because the equipment was ostensibly taking jobs away from workers." Also, the possibility of a work slowdown leading to cost overruns existed due to rules "around the types of work unions can perform" that places restrictions on which" laborers could dig trenches or set up traffic barriers or handle specific types of equipment." A $3.4 billion portion of the financing for the project will come from a funding agreement the MTA secured with the Federal Transit Administration in 2023, with the MTA responsible for the remaining funding. However, ongoing litigation following the Trump Administration's aim to revoke federal approval for the congestion pricing program could once again jeopardize second phase construction of the Second Avenue Subway project since the MTA is relying on the revenue generated from the tolling fees to cover its portion of the cost.

Source: https://www.crainsnewyork.com/transportation/mta-finds-savings-after-costly-first-phase-second-avenue-subway



Downtown - FiDi Neighborhood View

News Highlights (cont'd)

Lending

Refi of the Spiral Returns Nearly $1B to Developers | January 7, 2025

Tishman Speyer, along with co-developer Chicago-based Henry Crown, have secured a $2.85 billion refinancing of The Spiral at 66 Hudson Boulevard, which has an alternate address of 509 West 34th Street. Lenders JPMorgan Chase, Bank of America, Goldman Sachs, and Wells Fargo provided the loan that refinanced $1.55 billion of existing debt and consolidated it with $1.695 billion in new debt according to city records. Press in early January indicated that the 5-year loan was expected to carry a fixed interest rate of 5.85%. Proceeds from the loan that closed on January 9th are to be used pay to off a $1.4 billion construction loan and retire $200 million in EB-5 financing, with $967 million will go to the developers, reducing their remaining investment in the building to $740 million according to reported Morningstar information. The building currently benefits from a property tax discount known as a payment in lieu of taxes (PILOTS) that expires in 2041. "Granted by the city many years ago to incentivize developers to build on what had been a rail yard" the abatement will reportedly reduce this year's property tax bill by an estimated $15 million, increasing to an abatement of $33 million in 2030 as the expected value of the tower rises. Opening in 2023, the building has attracted several big block tenants, starting with the 2018 pre-construction commitment by pharmaceutical firm Pfizer for 800,000 square feet to serve as the building's anchor tenant. Additional lease highlights include multiple 20-year deals by law firm Debevoise & Plimpton, finance firm TP, HSBC, and Investment management firm AllianceBernstein for 530,000 square feet, 299,893 square feet, 265,000 square feet, and 189,000 square feet respectively, bringing occupancy in the 2.8 million-square-foot tower to 94%.

Sources: https://www.crainsnewyork.com/real-estate/tishman-speyer-refinances-hudson-yards-tower-pockets-1-billion

Hudson Yards Tower Anchored by Pfizer Secures $2.85B Refi | January 10, 2025

Tishman Speyer has secured a $2.85 billion refinancing of the Spiral, 66 Hudson Boulevard. The commercial mortgage-backed security (CMBS) that carries a fixed interest rate and a term of 5-years was led by JPMorgan Chase along with co-lenders the Bank of America, Goldman Sachs, and Wells Fargo. The approximately 2.8 million square foot tower located in the Hudson Yards neighborhood has achieved 94% occupancy since construction delivery. Anchored by biopharmaceutical company Pfizer, which committed to 800,000 square feet under a 20-year term during pre-construction, the building continued to attract additional big block tenants committing to 20-year terms over the past several years. Notable big block deals include the 530,000-square-foot lease by law firm Debevoise & Plimpton, a nearly 300,000-square-foot lease by investment firm TPG, a lease for 265,000 square feet with London-based bank HSBC, and a 189,000-square-foot lease with investment management firm AllianceBernstein. News of the refinancing comes about three months following Tishman Speyer's refinancing of the renowned Rockefeller Center campus. The $3.5 billion CMBS loan co-led by Bank of America and Wells Fargo carries a fixed 6.2265% interest rate, and at the time of its announcement represented the "largest CMBS transaction since 2022," as well as the "largest-ever CMBS issued for a single office asset."

Sources: https://www.prnewswire.com/news-releases/tishman-speyer-completes-2-85-billion-refinancing-of-the-spiral-its-iconic-new-west-side-office-tower-302348004.html

Mortgage Payoffs Generate Gains for SL Green | January 23, 2025

The $61 million loan encumbering 690 Madison was paid off by SL Green at about 50 cents on the dollar according to a recent report. The property located in Manhattan's Plaza district is home to the Richemont-owned luxury jewelry house Van Cleef & Arpels. Although it isn't clear why lender the Bank of China "agreed to accept just $32 million to settle the $61 million loan," the $26 million gain from the latest mortgage payoff in addition to further savings from the three other property mortgages similarly paid off by the REIT at less than owed generated more than $200 million in gains last year according to reported information revealed in the company's 4th quarter earnings report. Last year's other payoffs included the $7 million payoff of the $183 million mortgage at the mostly vacant commercial property at 2 Herald Square, the $125 million payoff in mezzanine debt for $62 million as part of the $1 billion refinancing of 280 Park Avenue, and the $32 million payoff of a $50 million mortgage on 719 Seventh Avenue. "Debt-extinguished" gains accounted for nearly 40% of SL Green's $570 million in funds from operation — a key performance metric for real estate owners; and while it's never easy to "persuade lenders to swallow losses," being left to manage the properties themselves doesn't leave banks with a favorable alternative.

Sources: https://www.crainsnewyork.com/real-estate/sl-green-pays-manhattan-mortgage-steep-discount

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Sources: https://www.crainsnewyork.com/real-estate/sl-green-pays-manhattan-mortgage-steep-discount

Lexington Ave Building Secures 16 Year Loan Extension at a Price | February 3, 2025

SL Green Realty has secured a mortgage extension for the Graybar Building located at 420 Lexington Avenue. The unusually long 16-year extension came at a steep price since the 8.1% interest rate is more than twice the previous 3.8% rate according to reported info in a report released by KBRA. The resulting increased cost of the extension that closed in October, "combined with payments on more than $50 million in subordinate debt, will cause the cost of hanging on to this landmark property to double, to $22 million a year." SL Green controls the 1.5 million-square-foot landmarked building under a ground lease expiring December 31, 2029. KBRA's report indicated that the rent is "poised to more than double to $25 million a year" following its expiration. Currently generating $43 million in net operating income, according to KBRA, the potential exists that the cost to hold onto the asset, could exceed its earnings. SL Green took control of the Graybar Building in 1998, and according to city records entered into a new lease in 2007 providing the option to extend the ground lease through 2050 plus two 15-year renewal options that would extend the term through 2080 if exercised. The vacancy rate at the Graybar is currently about 13%. Larger tenants include MTA-subsidiary Metro-North Commuter Railroad Co., which occupies over 350,000 square feet following renewal and expansion deals in 2013, 2015 and 2019; and New York Life Insurance occupies 114,709 square feet following a renewal and expansion deal secured in 2016 according to press reports at the time. A spokesperson for the REIT stated that additional tenants that haven't moved in yet and are "paying rents at or above prepandemic levels," are expected to increase occupancy to 95% this year.

Sources: https://www.crainsnewyork.com/real-estate/graybar-building-mortgage-more-doubles

Rising Inflation Risks Prompt Decision by the Fed to Pause Rate Cuts | February 19, 2025

Meeting minutes recently released by the Federal Reserve of the Federal Open Market Committee's (FOMC) January 28-29th meeting revealed concerns among Fed officials of the potential of inflation rising higher due to factors such as Pres. Trump's "proposed tariffs and mass deportations of migrants, as well as strong consumer spending." Despite the Consumer Price Index for All Urban Consumers (CPI-U) holding steady at 0.2 percent on a seasonally adjusted basis last year from August through October, the index has steadily risen by 0.1 percent from November 2024 through January 2025, reaching 0.5 percent according to the latest news release by the U.S. Bureau of Labor Statistics (BLS). In contrast, the all items less food and energy index, known as the 'Core CPI' and the preferred index among economists because food and energy have very volatile prices, held steady at 0.3 percent on a seasonally adjusted basis from August through November, lowering to 0.2 percent in December, and rising to 0.4 percent in January. Although the Fed follows a separate inflation measure that shows inflation is closer to 2.5% versus the 3.0% rate indicated by BLS, a "high degree of uncertainty" surrounding the economy was also cited in the minutes of the January meeting, making "it appropriate for the Fed to 'take a careful approach' in considering any further changes to its key interest rate" currently held at a range of 4-1/4 to 4-1/2 percent, leading many economists to forecast just one — if any — rate cut in 2025.

Sources: https://apnews.com/article/federal-reserve-minutes-inflation-ad359f208bdf9d3861768e748f9330b7

FOMC Holds Its Benchmark Interest Rate as Uncertainty Around the Economic Outlook Increases | March 19, 2025

Until there is a clearer picture of the impact the Trump Administration's tariffs will have on a slowing economy, the Federal Open Market Committee (FOMC) decided to hold its benchmark interest rate at a range of 4.25% to 4.5%. Further prompting decisions by Fed officials is the anticipation of potential upward pressure on prices that could further affect consumer spending, which has already shown some moderation. However, the Fed said they still see "another half percentage point of rate cuts through 2025, but taking a more cautious stance, prefer to "move in quarter percentage point increment, so that would mean two reduction this year." Additional decisions by officials led to an update of their rate and economic projections for 2025 through 2027, lowering their projected pace of the economy's acceleration to 1.7% this year — down 0.4 percentage points from the last projection in December. The pace at which the Fed reduces its bond holdings as part of its "quantitative tightening" program was also lowered from the central bank's previously allowed $25 billion in maturing proceeds from Treasurys to roll off each month to just $5 billion, but a $35 billion cap on mortgage-backed securities was unchanged, since the level has rarely been reached since starting the bond reduction process. Response within the market to the encouraging news of further rate cuts fueled a rise in the Dow Industrial Average by more than 400 points, but Federal Reserve Chair Jerome Powell cautioned that "the central bank would be comfortable keeping interest rates elevated if conditions warranted it."

Sources: https://www.cnbc.com/2025/03/19/fed-rate-decision-march-2025.html

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 4.3% (not seasonally adjusted) at the end of February 2025 represented a 15.2% decrease year-over-year, and a 2.4% increase over the three month period from November 2024 when the rate was 4.2%. Comparatively, unemployment on the National and State level at the end of February 2025 was 4.4% and 4.3% respectively, representing a year-over-year increase of 4.8% nationwide, while the statewide rate lowered by 6.5%.
- Employment activity in New York City's private sector resulted in a gain of 73,500 private sector jobs over the year to 4,202,100 jobs in February 2025. Among the major sectors, Education and Health Services gained 66,700 jobs at the high over the 12 month period, followed distantly by the 4 other major sectors where job gains ranged from 4,700 in the Leisure & Hospitality sector to a low of 1,500 job gains in the Financial Activities sector.

Weekly Wages

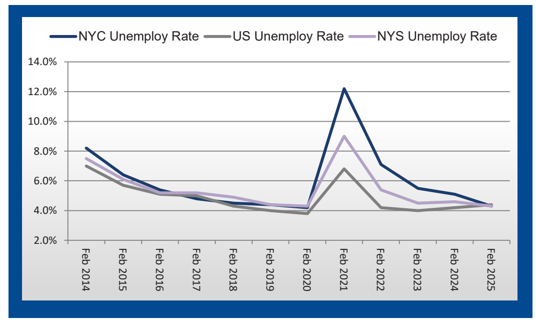
Overall private sector weekly wages in New York City averaged $2,744 in the 3rd quarter of 2024, increasing 5.1% year-over-year according the recent report released by the U.S. Department of Labor. Among the major sectors all (5) saw overall weekly wages increases year-over-year. The Financial Activities sector saw the largest increase of 5.8%, followed by a 5.7% increase and 5.6% increase in the Information and Education & Health sectors respectively. The Professional and Business Services and the Leisure & Hospitality sectors saw more moderate increases of 4.8%, and 3.2% respectively.

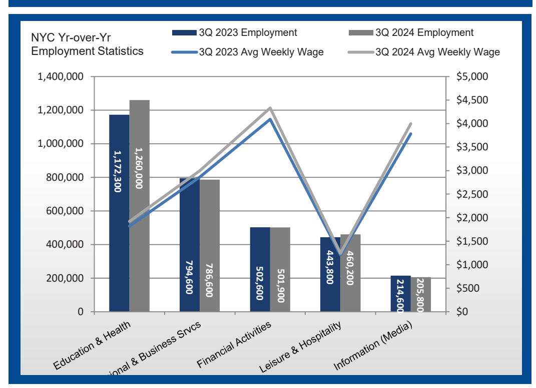
Vacancy for Class A & B office buildings over 75,000 square feet lowered 4.5% to 11.4% in comparison the 11.9% rate in the 4th quarter of 2024. Class A vacancy lowered quarter-over-quarter by 4.8% to 11.1% in the 1st quarter, while Class B vacancy lowered more moderatley by 3.7%, to 12.3% during the same period.

Absorption closed the 1st quarter at positive 2,681,398 square feet, representing a further improvement of the positive 1,018,736-square-foot absorption in the 4th quarter, as deal making continues to pick up. All three major commercial submarkets saw positive absorption. Downtown rebounded from a negative 1,439,900-square-foot absorption in the 4th quarter to a positive 292,409 square-foot absorption — fueled by the 943,685-square-foot expansion by Jane Street Capital. Midtown's absorption continued to improve for the 4th consecutive quarter, rising sharply to positive 1,649,404 square feet equating to a 24.1% increase quarter-over-quarter as a result of several big block deals transacted over the three month period. Midtown South saw a rebound, absorption reaching positive 739,585 square feet after a 61.7% quarter-over-quarter lowering in the previous quarter to positive 286,265 square feet.

Face Rents for office space in the 1st quarter rose moderately by 1.4% to an overall average of $70.68 per square foot versus the $69.69 per square foot figure in the 4th quarter. Class A face rents rose 2.0% from the previous quarter's $78.15 per square foot to $79.70 per square foot at the end of March. In contrast, Class B face rents rose 1.4% quarter-over-quarter to $66.15 per square foot compared to $65.26 per square foot in the previous quarter.

1Q 2025	Total	Downtown	Midtown South	Midtown
Vacancy	↓	↓	↓	↓
Face Rent	↑	↓	↑	↑
Absorption	↑	↑	↑	↑



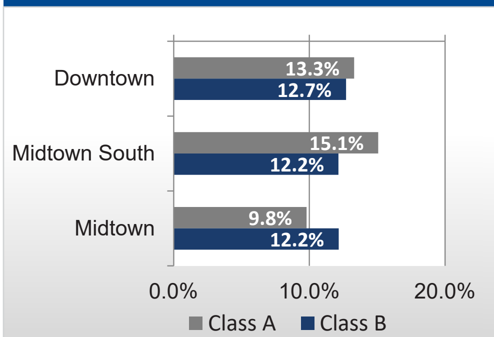


Source: NYS Department of Labor
and US Department of Labor, Bureau of Labor Statistics

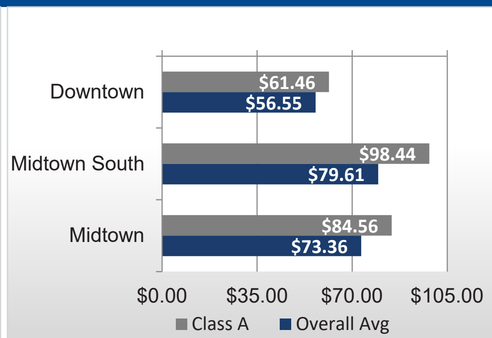
Class A & B Statistics At A Glance

1st Quarter 2025

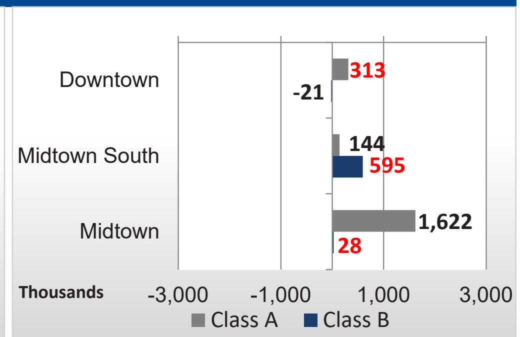
Vacancy



Average Asking Lease Rent

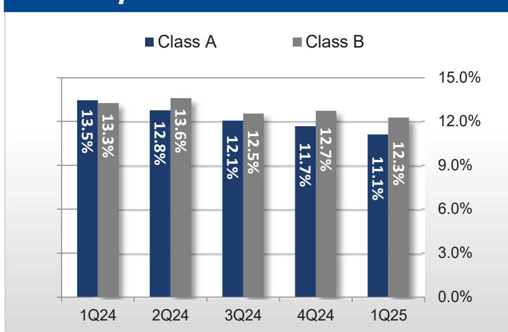


Net Absorption

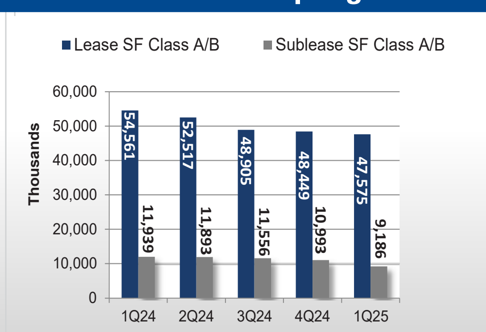


Quarter-over-Quarter

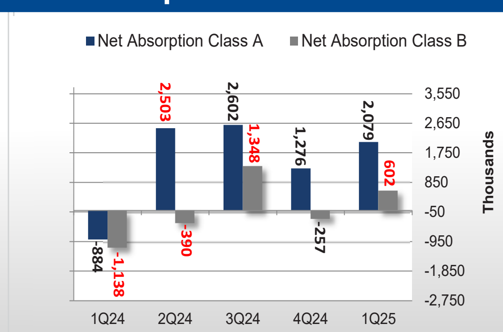
Vacancy



Lease & Sublease Sq. Ftge

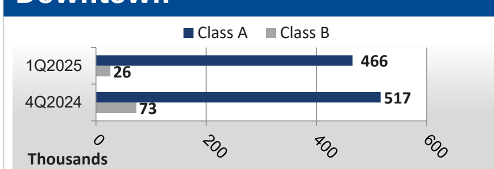


Net Absorption

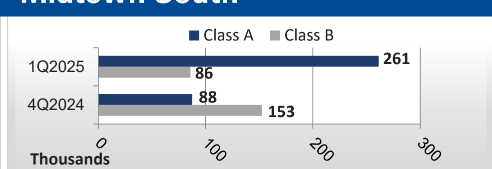


Sublease Space Newly Listed in 1Q 2025

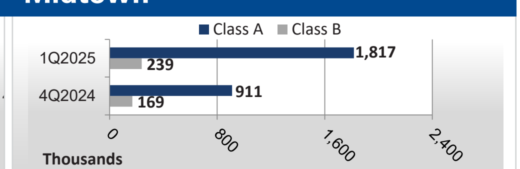
Downtown



Midtown South



Midtown



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

Submarket Statistics Overview: Class A & B Office

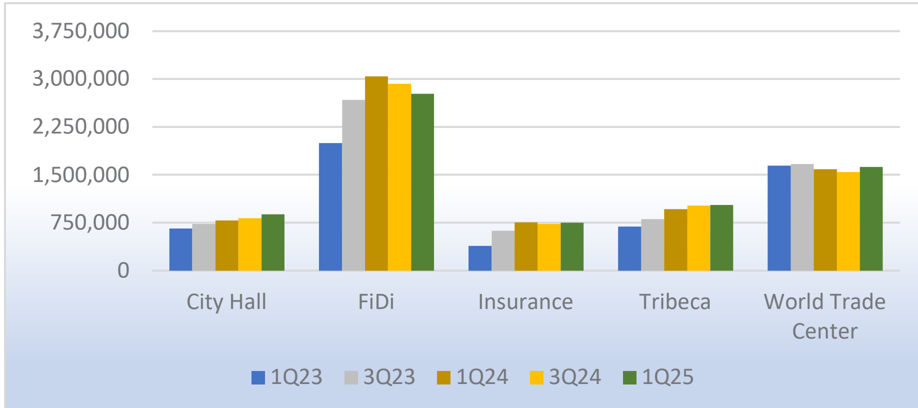
Manhattan	Inventory	Vacant Sq. Ftge.			Vacancy Rate			Avg. Face Rent PSF	Absorption
Submarkets Districts	Total RBA*	Direct Sq. Ftge.	Sublet Sq. Ftge.	Total Sq. Ftge.	Direct Vacancy	Sublet Vacancy	Overall Vacancy	Overall Asking	Year-to-Date Sq. Ftge
Downtown	110,541,392	12,040,260	2,530,199	14,570,459	10.9%	2.3%	13.2%	$56.55	313,208
City Hall	14,072,544	844,696	105,188	949,884	6.0%	0.7%	6.7%	$50.50	-42,078
Financial District	37,860,250	5,449,243	1,212,243	6,661,486	14.4%	3.2%	17.6%	$51.29	50,338
Insurance District	12,499,114	1,409,432	143,663	1,553,095	11.3%	1.1%	12.4%	$49.75	51,844
TriBeCa	6,751,568	889,866	80,929	970,795	13.2%	1.2%	14.4%	$65.74	-6,987
World Trade Center	39,357,916	3,447,023	988,176	4,435,199	8.8%	2.5%	11.3%	$66.12	239,292
Midtown South	75,723,563	8,604,349	1,600,119	10,204,468	11.4%	2.1%	13.5%	$79.61	739,585
Chelsea	17,428,774	2,260,656	634,335	2,894,991	12.5%	3.5%	16.0%	$67.82	57,024
Flatiron	23,214,089	3,066,066	86,974	3,153,040	13.2%	0.4%	13.6%	$74.81	388,731
Gramercy/Union Sq	9,815,569	668,013	103,822	771,835	6.8%	1.1%	7.9%	$83.27	104,020
Greenwich Village	5,350,710	564,342	112,898	677,240	10.5%	2.1%	12.7%	$108.70	84,399
Hudson Square	13,831,948	1,595,167	456,924	2,052,091	11.5%	3.3%	14.8%	$92.20	-42,243
SoHo	5,464,797	450,105	205,166	655,271	8.2%	3.8%	12.0%	$77.37	147,654
Midtown	311,240,647	26,930,694	5,055,192	31,985,886	8.7%	1.6%	10.3%	$70.68	1,649,404
Columbus Circle Hudson Yards	33,767,760	2,108,921	1,311,747	3,420,668	6.2%	3.9%	10.1%	$72.06	-235,276
Grand Central	56,136,637	4,234,956	1,173,561	5,408,517	7.5%	2.1%	9.6%	$67.04	437,008
Murray Hill	12,370,943	2,124,690	99,449	2,224,139	17.2%	0.8%	18.0%	$56.24	-107,248
Penn Plaza/Garment	74,443,608	6,977,355	1,446,918	8,424,273	9.4%	1.9%	11.3%	$61.2	453,929
Plaza District	84,691,034	6,932,000	730,387	7,662,387	8.2%	0.9%	9.0%	$94.33	631,990
Times Square	45,416,430	4,304,572	291,279	4,595,851	9.5%	0.6%	10.1%	$77.49	563,927
U.N Plaza	4,413,235	248,200	1,851	250,051	5.6%	0.0%	5.7%	$71.03	-94,526
Grand Total	**497,505,602**	**47,575,303**	**9,185,510**	**56,760,813**	**9.6%**	**1.8%**	**11.4%**	**$70.68**	**2,681,398**

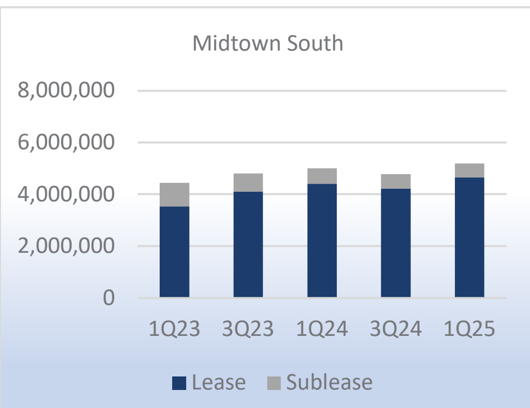
Source: Costar - Buildings 75,000 SF and larger; vacancy and absorption calculations based upon move-in date versus deal signing date
Newmark, Cushman & Wakefield

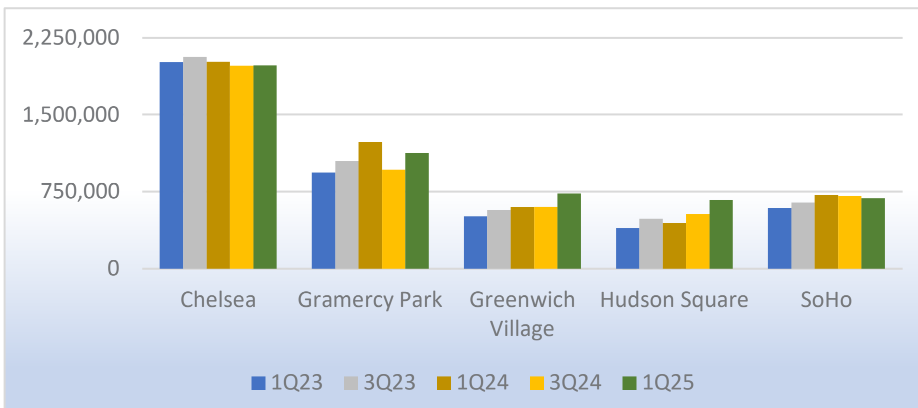
Retail Bi-Quarterly Vacancy Statistics At A Glance

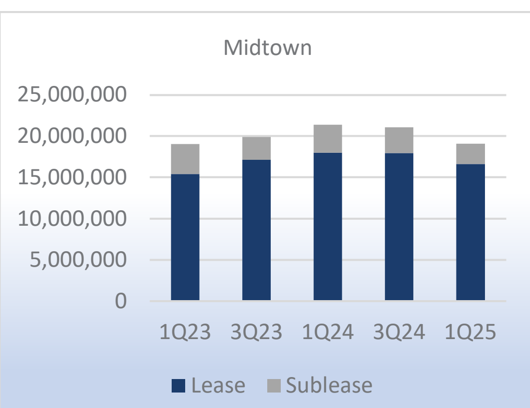
1Q 2023 - 1Q 2025

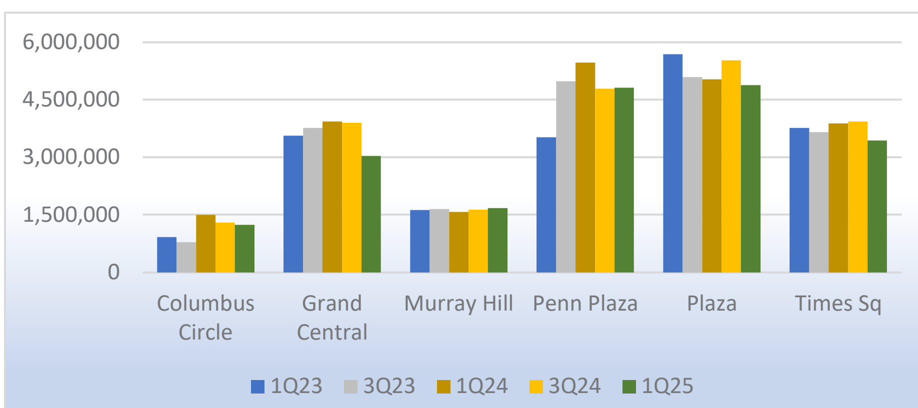
Submarket	**Vacancy by District**









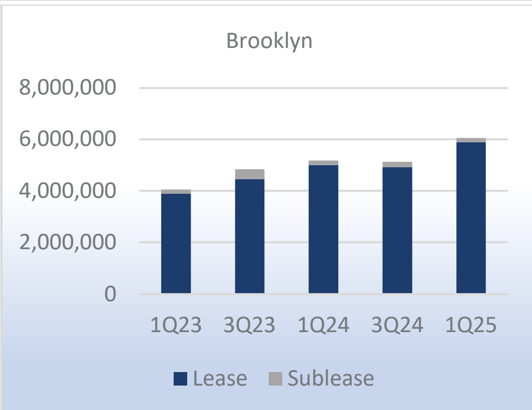


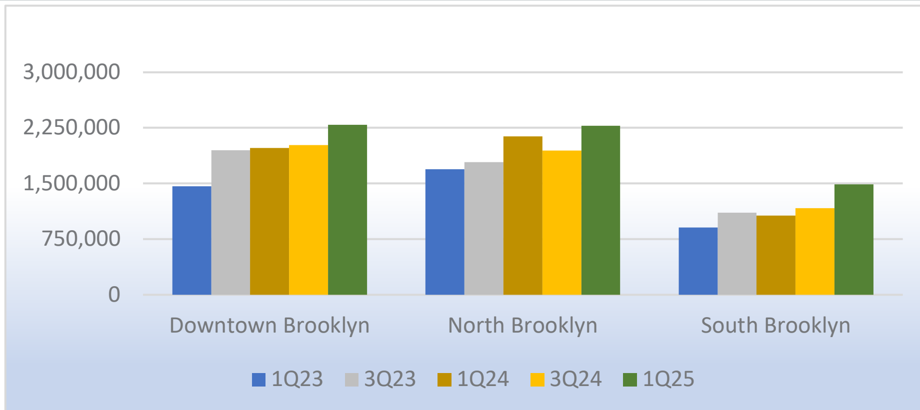
Source: Costar data

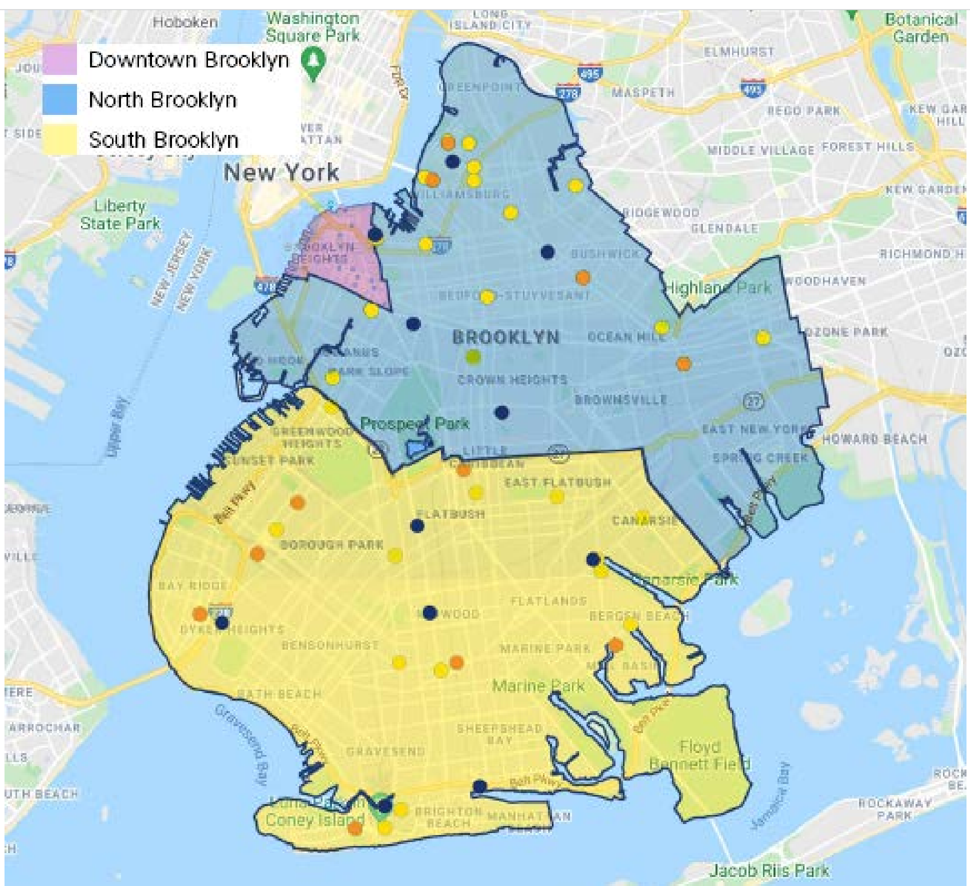
Retail Bi-Quarterly Vacancy Statistics At A Glance

1Q 2023 - 1Q 2025

Submarket	**Vacancy by District**



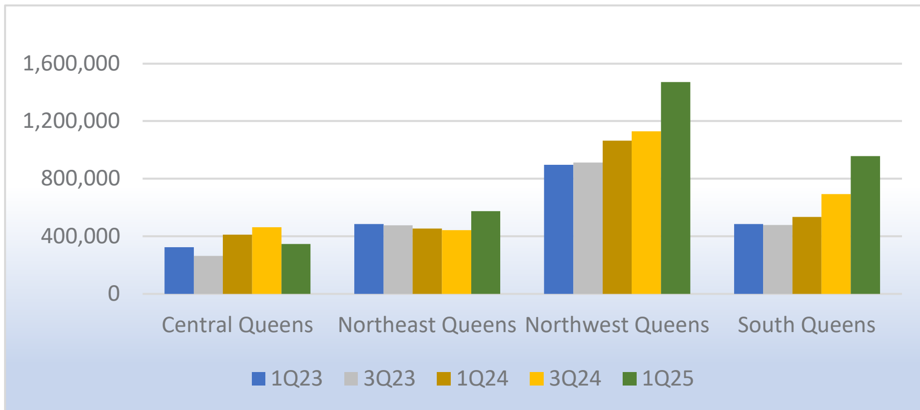


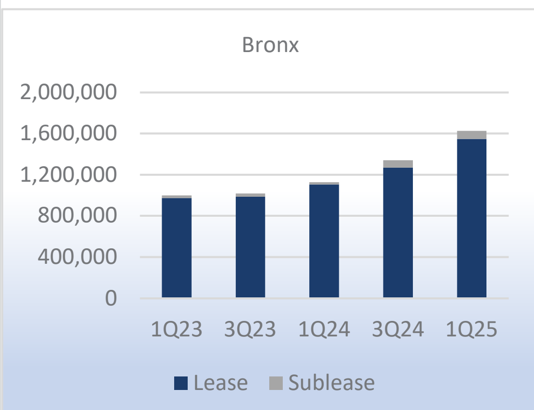


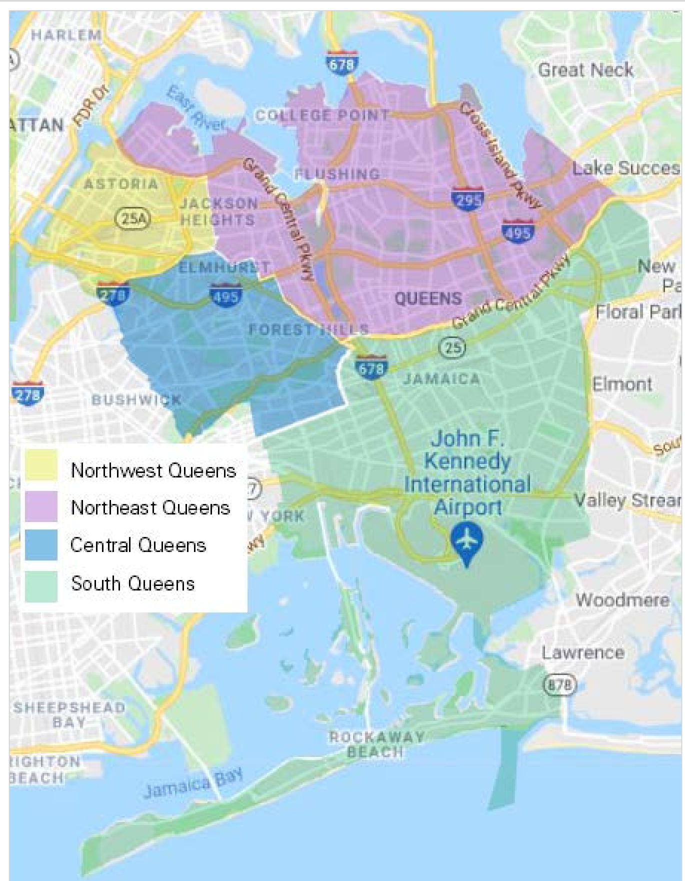
Retail Bi-Quarterly Vacancy Statistics At A Glance

1Q 2023 - 1Q 2025

Submarket	Vacancy by District

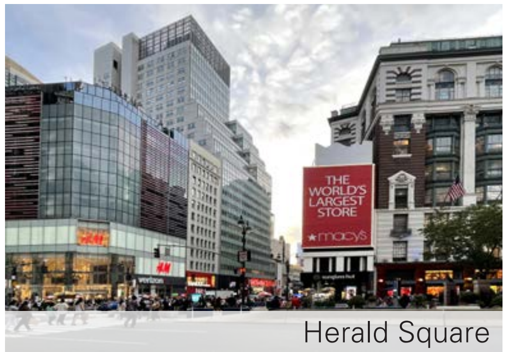




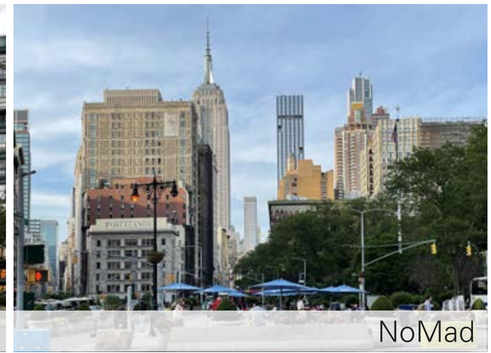


Source: Costar data

Chelsea



Herald Square



NoMad

Real Estate Board of New York's Manhattan Retail | Second Half 2024

Manhattan's strong market fundamentals helped boost retail leasing activity in the second half of 2024. Although leasing was strong in the first half of last year, in contrast to the second half, "brokers noted a lack of larger leases" according to the report released in February by REBNY. The most competitive retail corridors continue to be along Madison Avenue and within the SoHo neighborhood, with activity throughout the borough from both established brands as well as newcomers to the Manhattan market. The innovative arts, entertainment, and immersive experience venues, that gained quality-of-life importance during and after the pandemic accounted for several larger commitments. In addition, social gaming is quickly establishing as an emerging industry in New York City, with Squid Game: The Experience opening at the Manhattan Mall last fall, and the planned opening of a roughly 50,000-square-foot Monopoly Lifesized experience offered by PATH Entertainment Group at 11 Times Square.

The corridors profiled in REBNY's report represent Manhattan's top tier retail corridors, and the asking rents quoted reflective of available ground level space. All data is sourced from the respective firms of each REBNY Manhattan Retail Advisory Group member.

Corridor	2H-2024 Avg.Asking	2H-2024 Asking Range	Maximum Avg. Asking/Yr	% Yr-over-Yr Change	% Change 1H-2024
Eastside					
East 86th St: Lexington-2nd Aves	$298	$100 - $750	$550 / S-2013	0.0%	0.3%
Madison Ave: 57th – 72nd Sts	$957	$480 - $2,000	$1,709 / F-2014	0.7%	1.3%
Third Ave: 60th – 72nd Sts	$264	$200 - $452	$371 / S-2016	11.9%	1.9%
Westside					
Broadway: 72nd – 86th Sts	$247	$171 - $520	$434 / F-2013	2.1%	-1.6%
Columbus Ave: 66th – 79th Sts	$303	$131 - $350	$447 / S-2015	-2.3%	9.4%
Midtown					
East 57th St: 5th – Park Aves	N/A	N/A	$1,625 / S-2016	N/A	N/A
Fifth Ave: 49th – 59th Sts	$2,085	$750 - $3,000	$3,900 / S-2018	21.2%	-4.8%
Fifth Ave: 42nd – 49th Sts	$650	$550 - $750	$1,368 / S-2016	10.7%	11.5%
Broadway & 7th Ave: 42nd – 47th Sts	$1,854	$1,300 - $2,700	$2,413 / S-2015	36.4%	-5.2%
Herald Square					
West 34th St: 5th – 7th Aves	$436	$300 - $660	$1,000 / S-2015	-10.8%	-11.9%
Flatiron					
Fifth Ave: 14th – 23rd Sts	$379	$255 - $481	$456 / S-2017	-4.3%	-2.2%
Broadway: 14th – 23rd Sts	$379	$250 - $532	$510 / F-2015	-4.3%	0.0%
SoHo					
Broadway: Houston – Broome Sts	$489	$129 - $491	$977 / S-2015	22.3%	1.7%
West Village					
Bleecker St: 7th Ave South – Hudson St	$550	N/A	$550 / 2H-2025	112.4%	73.5%
Meatpacking					
14th St: 9th – 10th Aves	$233	$195 - $275	$462 / S-2008	-33.4%	-31.3%
FiDi					
Broadway: Battery Park – Chambers St	$242	$175 - $501	$417 / S-2020	-24.1%	-13.6%
Harlem					
125th St: 5th – Morningside Aves	$140	$100 - $190	$165 / F-2022	-3.4%	-3.4%

Sources: https://assets.ctfassets.net/6zi14rd5umxw/20AGc8aP63albILqnJfai2/17271c529f9c80e3a556bc45c05665af/REBNY_2024_Report_ManhattanRetail_H1-24_v04.pdf

Sources: https://www.rebny.com/reports/brooklyn-retail-report-2024/

*Limited availabilities and withheld rent may cause sharp fluctuations in rent averages between reporting periods. Data covers January 2024 to October 2024

DOWNTOWN ALLIANCE TIMES SQUARE UNION SQUARE PARTNERSHIP FLATIRON NOMAD

BID Market Snapshots

Downtown Alliance - Lower Manhattan Real Estate Year in Review | 2024

The pace of 2024 office leasing activity slowed to its lowest level on record, with only 2.24 million square feet leased. However, net absorption for the year was positive largely due to several office-to-residential conversions within the Lower Manhattan neighborhood removing large blocks of vacant office space from the market including 222 Broadway, 80 Pine Street, and 111 Wall Street, which collectively account for 2.15 million square feet. Office lease highlights include the 147,509-square-foot lease by fintech firm Stripe Inc., followed by the 103,188-square-foot lease by online ticket sale platform StubHub, and Success Academy Charter Schools' 93,937 renewal at 120 Wall Street. A total of 65 new retailers opened within the neighborhood throughout 2024, of which 16 opened in the 4th quarter of which 13 were food and beverage businesses; and while 25 retail businesses closed, it was an improvement over the 42 closures in 2023. The hotel sector rebounded strongly over the year pushing occupancy to pre-pandemic levels, while the average daily room rate (ADR) reached a new record high in the district of $363.16. Office conversions announced in 2024 are expected to add 3,221 units to Lower Manhattan. Median residential rents remained high, reaching $4,600 at the end of the year — the 6th highest on record and well above pre-pandemic levels despite the 0.3% yearly and 2% quarterly decline. Median residential sales values lowered 7% year-over-year to $1.09 million in the 4th quarter and nearly 48% from Lower Manhattan's record high of $2.08 million in Q2 2020.

Source: https://downtownny.com/research/lower-manhattan-real-estate-overview-q3-2024/

Union Square Partnership - Q4 2024 Quarterly Report

During the 4th quarter of 2024, 49 new retail businesses opened in Union Square, led by the district's culinary scene which accounted for 65% of ground floor leasing acitivity. The neighborhood also experienced a 4% increase year-over-year in pedestrian foot-traffic, reaching an average of 370,000 daily trips — a volume that surged by 23% while the Urbanspace Union Square Holiday Market was in operation from late November through December.

Source: https://www.unionsquarenyc.org/publications-2/q4-biz-broker-report-2024

Times Square Alliance Monthly Indicator Reports | December 2024

The report released by the BID provided a snapshot of economic indicators for the month of December. Average daily pedestrian volume for the month was 236,617, representing a 21% increase year-over-year. Broadway theatres generated a weekly average gross revenue and attendance volume throughout December of $46.4 million and 308,440 respectively, increasing 38% and 32% from 2023 figures. Occupancy rates within the hotel sector increased 4% year-over-year, reaching 89.6%; and the Average Daily Room Rate (ADR) rose 2% during the same period to $313.79. Retail businesses opening during the month totaled 4, compared to 5 openings in September, with an additional 15 planned opens coming soon.

Source: https://cdn.prod.website-files.com/66164ec19113caaa1f66178a/679d0af2a298f783ee2f0ff5_December%20Monthly%20Economic%20Indicator%20Report.pdf

Flatiron/NoMad - Flatiron & NoMad Economic Snapshot | Q4 2024

The number of Class A and Class B leases signed from October through December 2024 increased year-over-year by 33%. However, total leased square footage decreased by 6% during the same period, lowering to a total of 515,235 square feet. On a positive note, tenants within the Flatiron and NoMad districts lease 536,107 more square feet than they vacated — A 20-plus year high. Lease highlights included the 132,000-square-foot least by fintech firm Ramp, and the 60,000-square-foot lease by hedge fund Bridgewater. Although the overall average of weekday employee visits in the 4th quarter decreased quarter-over-quarter from the highs in September - in part due to November and December holiday vacations, the December 2024 average was a 16% increase year-over-year. The area continues to standout as a destination for a variet of culinary experiences with food and drink establishments occupying 42% of ground floor spaces. New restaurant openings in the 4th quarter included Aqua at 902 Broadway, LaTête d'Or at 318 Park Avenue South, Time and Tide at 48 East 26th Street, and The Clemente Bar at 11 Madison Avenue. Wellness businesses have also become a prominent sector, accounting for nearly one in four ground floor retail space. The December 5th passage by the New York City Council of the "City of Yes Housing Opportunity" delivers key benefits for Flatiron | NoMad such as "housing and affordability measures, office-to-residential conversion tools, enhanced economic activity, and blending preservation with housing needs" due to the resulting zoning changes.

Source: https://flatironnomad.nyc/wp-content/uploads/2025/01/Q4_2024_Report.pdf

Midtown - Hudson Yards

Office Market – Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
Brookfield Place 250 Vesey Street	Downtown	World Trade Center	943,685	Jane Street Capital (renewal/expansion)
660 Fifth Avenue	Midtown	Plaza	504,000	Citadel Enterprises (relocation)
7 Times Square	Midtown	Times Square	246,000	Knitwell Group (renewal/expansion)
237 Park Avenue	Midtown	Grand Central	193,431	Amazon (sublease)
437 Madison Avenue	Midtown	Plaza	191,667	Santander (renewal)
1285 Sixth Avenue	Midtown	Columbus Circle	151,409	Mizuho Financial Group (sublease/expansion)
1166 Sixth Avenue	Midtown	times Square	147,000	Federal Deposit Insurance Agency (relocation)
450 West 33rd Street	Midtown	Penn Plaza	112,000	Amazon (expansion)*
75 Varick Street	Midtown South	Hudson Square	360,000	Horizon Media Holdings (renewal)
1 Madison Avenue	Midtown South	NoMad	92,663	IBM (expansion)

*WeWork signed lease with Landlord

Manhattan Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
1211 Sixth Avenue	Midtown	Times Square	919,716	$588,002,030	RXR
333 West 34th Street	Midtown	Penn Plaza	347,000	$150,000,000	B&H Photo
345 Seventh Avenue	Midtown South	Chelsea	209,816	$73,000,000	Katan Realty, Ilya Mikhailov Kohan Retail Investment

Brooklyn View from East River

Office Market – Notable Transactions

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
25 Chapel Street	Brooklyn	Downtown Brooklyn	57,500	Gersh Academy (lease/sublease)
2520 Church Avenue	Brooklyn	Flatbush	44,114	Kwenda Collegiate Girls Charter School
159-30 Rockaway Boulevard	Queens	Jamaica	139,000	U.S. Customs & Border Protection (relocation)

Outer Borough Investment Sales

Address	Borough	Neighborhood	Sq. Ftge	Sold Price	Purchaser
315 Meserole Street	Brooklyn	East Williamsburg	102,000	$19,250,000	DL Development Argos Development

Midtown - Times Square

Retail Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
South St Seaport Pier 17	Downtown	FiDi	75,000	Meow Wolf
135-155 East 31st Street	Midtown	Kips Bay	20,000	Lidl
620 Sixth Avenue	Midtown South	Flatiron	11,503	Ulta
Zero Irving 124 East 14th Street	Midtown South	Union Square	10,000	Time Out Market
1223 Second Avenue	Uptown	Upper East Side	12,000	Dumbo Market

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
200 East 131st Street	Bronx	Concourse Village	58,000	Regal Cinemas
597 Grand Street	Brooklyn	East Williamsburg	27,000	Lidl

Sales - Manhattan

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
666 Ffith Avenue	Midtown	Plaza	17,295	$355,000,000	Uniqlo (condo)
The Briarcliffe 161-171 West 57th Street	Midtown	Midtown West	9,975	$25,000,000	Cindy K Chan (CCW Familty Realty LLC)
18-20 Greenwich Avenue	Midtown South	Greenwich Village	4,320	$9,250,000	18 Greenwich Ave RE LLC
The Bromley 225 West 83rd Street	Uptown	Upper West Side	14,663	$9,750,000	Namdar Realty Group (condo)

For More Information Please Contact:

212.400.6060 • www.absre.com

200 Park Avenue South, 10th Floor, New York, NY 10003

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