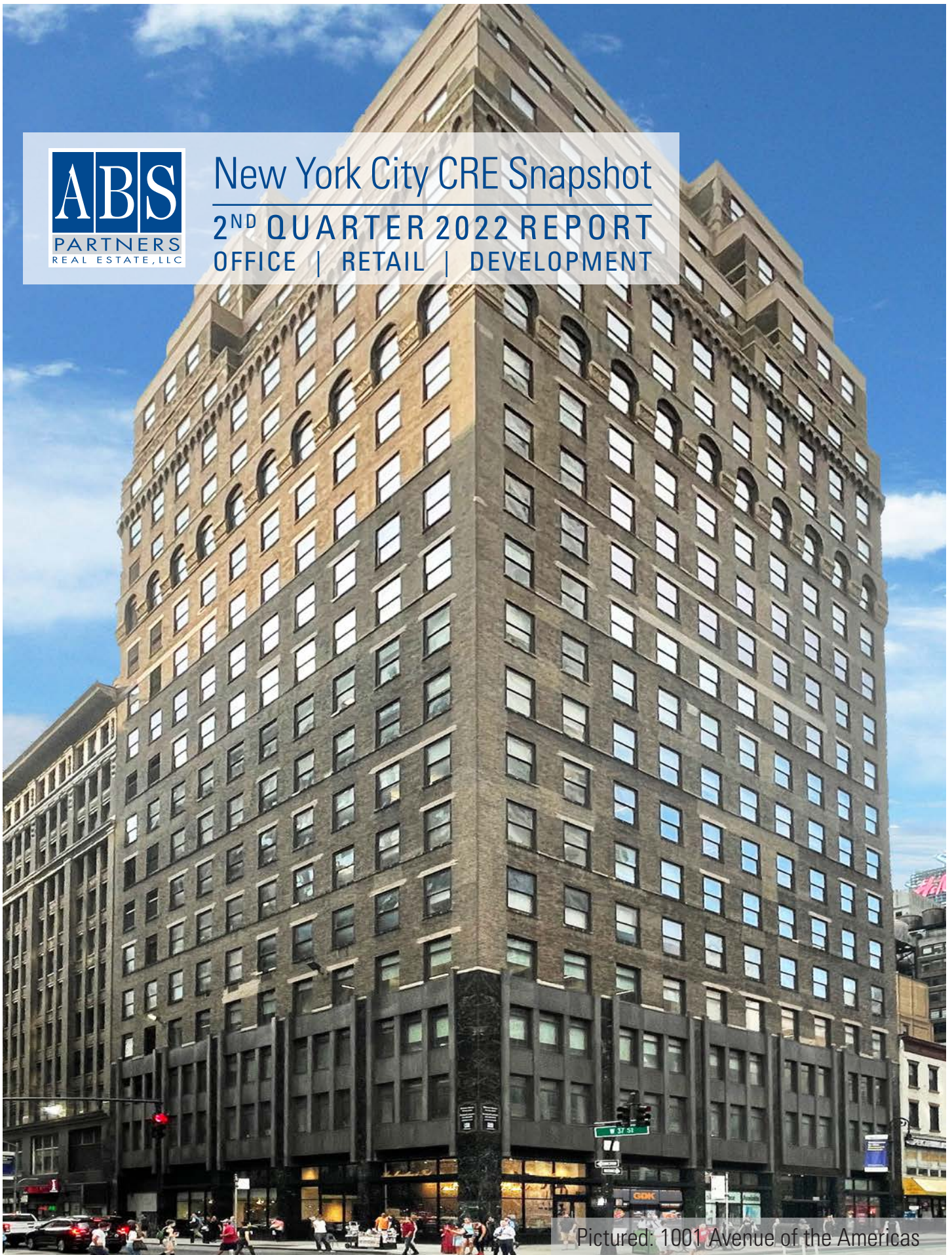


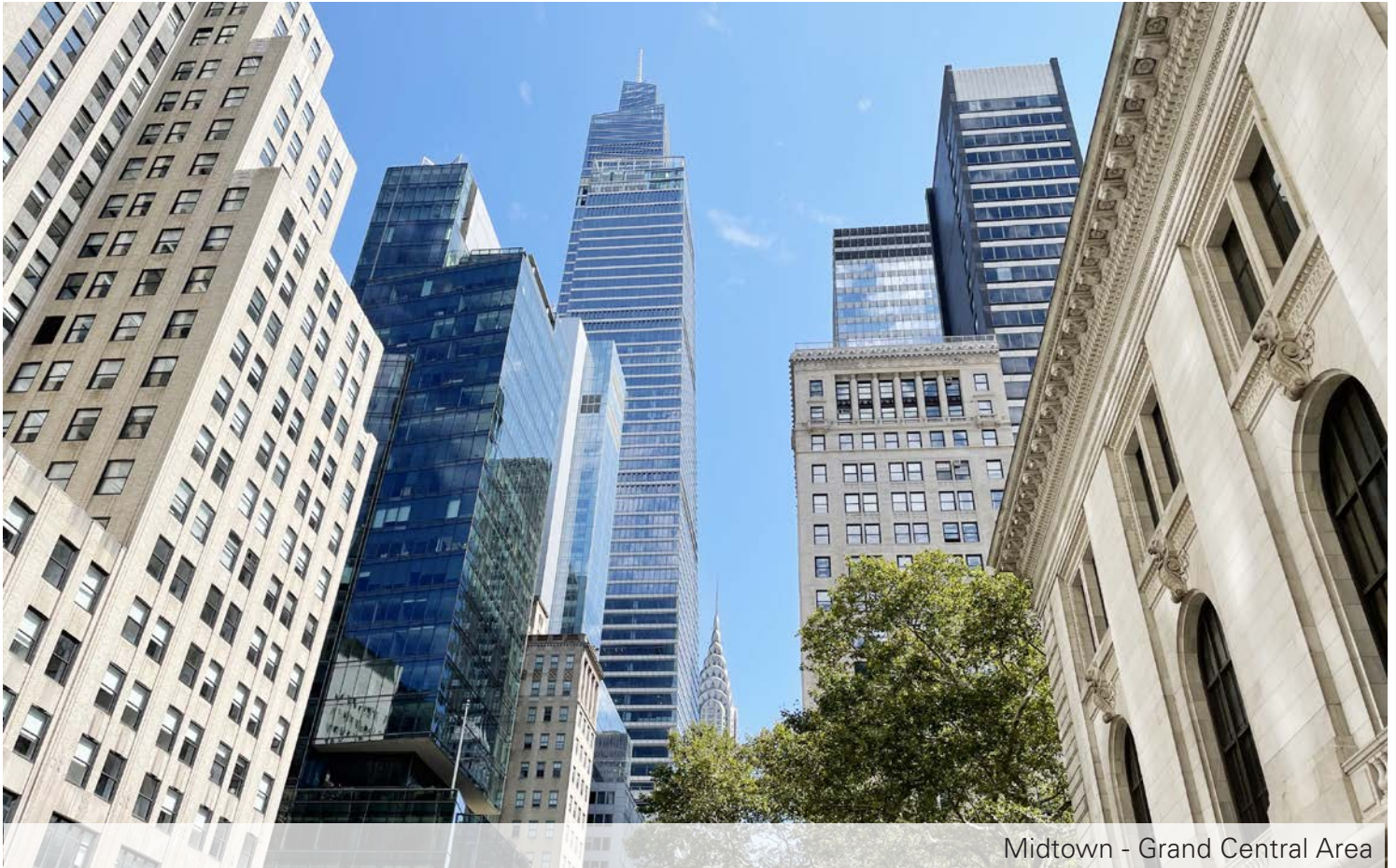


New York City CRE Snapshot

2ND QUARTER 2022 REPORT
OFFICE | RETAIL | DEVELOPMENT



Pictured: 1001 Avenue of the Americas



Midtown - Grand Central Area

Quarterly News Highlights*

General News

Highlights of New York State's FY 2023 Budget | April 9, 2022

According to the April 9, 2022 press release by State of New York Division of the Budget, the highlights of the FY 2023 Budget include "record investments in healthcare, education, housing, infrastructure, and the environment." In addition, the Budget brings New York State's reserves to 15% of State Operating Funds spending by 2025 — a level never seen before; as well as strengthening public safety and government ethics oversight.

Sources: <https://www.budget.ny.gov/pubs/press/2022/fy23-enacted-budget-highlights.html>

Battery Park City Authority Releases Sustainability Plan | April 13, 2022

The Battery Park City Authority, charged with developing and maintaining a well-balanced the community on the Lower West Side of Manhattan that replaced deteriorating piers that once stood in the Hudson River, has released the Battery Park City Sustainability Plan. The comprehensive Plan is intended to achieve progressive sustainability targets over the next decade; and lay the groundwork for continued sustainability action after 2030. Centered on four Topic Areas — Energy, Water, Materials and Waste, and Site, the "Plan provides the framework for developing and implementing a carbon neutral Battery Park City by the middle of the century, in keeping with the mandate set forth in the New York State's 2019 Climate Leadership and Community Protection Act to reduce greenhouse gas emissions."

Sources: <https://bpca.ny.gov/nature-and-sustainability/sustainability/>

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

News Highlights (cont'd)

Citizens Budget Commission Testimony on the Implementation of Local Law 97 | April 13, 2022

On April 13, 2022, the Citizens Budget Commission (CBC), a “nonprofit, nonpartisan think tank and watchdog dedicated to constructive change in the services, finances, and policies of the New York City and New York State governments, submitted “Testimony on the Implementation of Local Law 97” (LL97) to the City Council Committee on Housing and Buildings and Committee on Environmental Protection. Passed in April 2019 by the City Council, LL 97, also called the Climate Mobilization Act, “aims to cut emission from large buildings 40% by 2030 and 80% by 2050.” Referencing their “Balancing Incentives to Maximize Emission Reduction” report released in August 2021, the CBC identified “four challenges that hinder LL97’s ability to create the incentives for building owners to reduce emissions cost-effectively;” and offers 6 specific recommendations to overcome the challenges to help ensure that citywide emission reduction goals are met.

Sources: <https://cbcny.org/research/balancing-incentives-maximize-emission-reduction>

\$4B Champlain Hudson Power Express Project Approved by NYS Legislators | April 15, 2022

The New York State Public Service Commission has given the green-light to a clean-energy project to send Canadian hydropower to New York City. News of the approvals brings the city and state one step closer in the crucial effort to reduce reliance on fossil fuel use. The \$4 billion Champlain Hudson Power Express project involves the construction of 339 miles of transmission lines to carry power from hydroelectric dams in Quebec to Astoria, Queens; and with state and federal permits already in place to begin construction, operation is expected to begin in 2025.

Sources: <https://www.crainsnewyork.com/climate-change/new-york-greenlights-massive-energy-projects-key-states-climate-goals>

Times Square See Improving Economic Indicators in March | April 18, 2022

According to monthly key economic indicators in the March by the Numbers report released by the Time Square Alliance in mid-April, the average pedestrian count continued an upward trend, reaching an average of 259,574 people per day in March, representing a 27% and 72% volume increase from February and January respectively. Another positive indication of an improving economy in the area is the significant increase in hotel occupancy and average daily rates (ADR) to 52% and \$172 in February 2022, in comparison to 33.7% occupancy and \$126 ADR in February 2020.

Sources: <https://www.timessquarenyc.org/sites/default/files/resources/March%202022%20Combined%20Monthly%20Report.pdf>

Javits Center Debuts New Rooftop Farm | April 21, 2022

To complete the \$1.55 billion renovation that the Jacob K. Javits Center underwent, a new one-acre farm has been created on the convention center’s rooftop. Expected to generate up to 40,000 pounds of produce per year, the working farm is managed by Brooklyn farmers who recently harvested this year’s first bounty of produce.

Sources: <https://newyorkyimby.com/2022/04/governor-hochul-announces-new-rooftop-farm-at-the-jacob-javits-convention-center-in-midtown-manhattan.html>

NYSERDA Launches an Owner’s Guide to Low Carbon Retrofits | April 21, 2022

The Empire Building Playbook website has been launched by the NYS Energy Research & Development Authority (NYSERDA) intended to provide a resource to help building owners with a guide to low carbon retrofits. The playbook provides a 4-module flowchart based on insight and successes gained through real life case studies of large, complex buildings that have gone through the process; and as a “living resource” will be periodically updated with new case studies.

Sources: <https://knowledge.nyserda.ny.gov/display/EBP/>



Midtown South - Chelsea Area View from Pier 57 Rooftop

News Highlights (cont'd)

Flatiron BID Releases Q1 2022 Quarterly Market Snapshot | April 26, 2022

According to the report released by the Flatiron 23rd Street Partnership, office leasing volume in the Flatiron and NoMad districts doubled quarter-over-quarter, marking the first quarterly lowering of the overall availability rate since before the pandemic. Retail and restaurant activity brought the opening of 30 ground floor businesses or signed leases, of which 60% were food and beverage establishments. Foot traffic through Flatiron Public Plazas rose nearly 76% year-over-year but remained about 16% below the 54,032 pedestrian count in Q1 2020.

Sources: <https://www.flatirondistrict.nyc/uploaded/files/Reports%20&%20Data/Quarterly%20Reports/2022/Q1%202022%20Final.pdf>

\$99.7B NYC Budget Proposed by Mayor Adams Focuses on Safety, Jobs, Schools, and Housing | April 26, 2022

The proposed \$99.7 billion New York City budget revealed by Mayor Adams on Tuesday, April 26, 2022, aims to boost jobs and public safety. The “plan marks the first post-pandemic budget for the city that will not have the help of billions of federal stimulus aid,” as the city’s economic recovery from COVID-19 continues to trail the Nation’s. The latest proposed budget that is pending approval by the City Council would “achieve savings of about \$400 million over the next two fiscal years and would add \$200 million to the city’s rainy-day fund, bringing reserves to \$6.3 billion” according to statements by Adams.

Sources: <https://www.crainsnewyork.com/politics/behind-numbers-new-york-citys-new-budget>



Downtown - Financial District

News Highlights (cont'd)

Benchmark 10-Year Treasury Note Yield Reaches 4-Year High | May 2, 2022

Monday May 2nd marked a new milestone as the yield on the benchmark 10-year Treasury note rose to 3% for the first time since November 2018, having jumped from 1.496% at the end of 2021. While rising yields are often associated with a strengthening economy, in this case it was triggered by the Federal Reserve signaling a rapid series of interest-rate increases in an effort to rein in inflation that is running at its fastest pace in decades in an extremely tight labor market, causing the steep climb in yields to send shock waves through the market. Looking ahead, interest-rate derivatives show that investors expect the Fed to increase its benchmark federal-funds rate to just above 3% in 2023. However, the Fed could be prompted to pause its tightening efforts amid economic setbacks including further declines in riskier assets such as stocks, with the recent jump in yields already contributing to stock declines that sent the S&P 500 down about 13% on the year while triggering 30-year mortgage rates to climb above 5%.

Sources: <https://www.wsj.com/articles/10-year-treasury-yield-hits-3-for-first-time-since-2018-11651511960>

U.S. Job Openings and Quits Rose to 21-Year Highs in March 2022 | May 3, 2022

On May 3, 2022, the U.S Department of Labor's Bureau of Labor Statistics (BLS) released its latest Job Openings and Labor Turnover news release. Although little changed, the number of job openings on the last business day of March 2022 reached 11.5 million—a high in the history of the series which began in December 2000. The retail trade sector led the way, job openings increasing 155,000 jobs month-over-month at a high, in contrast to the 69,000 jobs decrease in the transportation, warehousing, and utilities sector. Overall job hires remained essentially unchanged at 6.7 million, and the number of total job separations was little changed at 6.3 million (+239,000). Among the three job separation categories the number of layoffs and discharges and other separations were basically unchanged at 1.4 million and 380,000 respectively. In contrast, the number of quits edged up to a series high of 4.5 million (+152,000), with increases of 88,000 quits in professional and business services and 69,000 in construction; and since generally a voluntary separation initiated by the employee, the quits rate that was little changed at 3.0% can serve as a measure of workers' willingness or ability to leave jobs.

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

News Highlights (cont'd)

The Conference Board: Consumer Confidence Ticked Down Slightly in April | May 9, 2022

According to the April 26, 2022 updated press release from The Conference Board, the Consumer Confidence Index decreased slightly in April to 107.3 (1985=100), representing a reversal of the slight increase in March to 107.6. Similarly, the Present Situation Index lowered to 152.6 from 153.8 last month based on consumers' assessment of current business and labor market conditions. In contrast, there was a higher level of optimism based on consumers' short-term outlook for income, business, and labor market conditions, pushing the Expectations Index up slightly to 77.2 in April after the decline to 76.7 in March.

Sources: <https://www.conference-board.org/topics/consumer-confidence>

BEA News Release – U.S. Economy at a Glance | Q1 2022 | May 11, 2022

Statistics within the news release by the U.S. Bureau of Economic Analysis (BEA) revealed that the nation's **real gross domestic product** (GDP) decreased at an annual rate of 1.4% based on the "advance" estimate for the 1st quarter of 2022, in contrast to the 6.9% increase in the 4th quarter of 2021. It was noted that the onset of the Omicron variant during the 1st quarter resulted in continued restrictions and disruptions in the operations of some establishments in some part of the country at a time when provisions of several federal programs expired or tapered off. March 2022 estimates for personal income and outlays indicated increases, both **personal income** and **disposable personal income** (DPI) increasing 0.5% month-over-month, but at a lesser rate than the 0.7% increases in February. In contrast, **personal consumption expenditures** (PCE) increased 1.1% in March, versus the 0.6% in the previous month.

Sources: <https://www.conference-board.org/topics/consumer-confidence>

Consumer Price Index Increase Falls Below 1% in April According to U.S. BLS Data | May 11, 2022

According to the economic news release by the U.S. Bureau of Labor Statistics, prices in the New York-Newark City area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), rose 0.9% in April 2022, and advanced 6.3% over the year. The April increase was more moderate than the 1.3% increase in March, advancing the over the year CPI-U by 3.3% month-over-month to 6.3%, in contrast to the steeper 19.6% month-over-month change in March. Higher prices in food, energy, and other items attributed to the April increase.

Sources: https://www.bls.gov/regions/new-york-new-jersey/news-release/2022/pdf/consumerpriceindex_newyorkarea_20220511.pdf

Significantly Redrawn Drafts of New York Congressional District Maps Spark Heightened Midterm Election Turmoil | May 16, 2022

The new draft maps for New York's 26 congressional districts have upended a number of potential races and could have a major impact on the balance of the House of Representatives in the midterm elections; as well as spark heightened competition between Democrats since the latest draft maps create some districts that contain the homes of multiple incumbents. In Brooklyn, a pair of Democrat incumbents both live in the new CD-9 district; while in Manhattan, changes to District 12 and District 10 have similarly placed the residences of two democrats within District 12 that has been expanded to include all of Midtown and both the Upper West and Upper East sides with parts of Queens eliminated.

On the state Senate level, the revised draft maps have also "brought new turmoil to a campaign season already upended by the redistricting back and forth," with some existing districts within the boroughs now unrecognizable." In contrast, despite multiple court challenges, the Districts for Assembly drawn by state legislators in Albany remain in effect. Over the next few days, the draft maps will go through a brief public comment period before binding maps are released on Friday, May 20, 2022.

Sources: <https://www.thecity.nyc/2022/5/16/23075226/special-master-new-york-city-redistricting-maps>



Downtown -Tribeca Looking North

News Highlights (cont'd)

IBO Report: A Re-Estimate of Mayor Adam's Executive Budget | May 16, 2022

The Executive Budget released by Mayor Eric Adams on April 26, 2022 delivers a shift in tone than that of his Preliminary Budget outlined just two months prior according to the recent report by the New York City Independent Budget Office (IBO). In contrast to the more restrained Preliminary Budget released in February that focused on reducing city spending, with the introduction of a \$5 billion savings program over five years, the Executive Budget proposes to create almost an equal amount of new city-funded needs over the same period. Currently the city's recovery from the pandemic-induced recession continues to surpass earlier expectations — likely prompting the shift, as strong April personal income tax collections increased the IBO's tax forecast for fiscal year 2022 by 5.4%; and recent revisions to employment data reveal that the city is on track to reach pre-pandemic figures by early 2024 — more than one year earlier than the IBO predicted in March.

However, several potential fiscal hurdles exist in the years ahead such as the looming concern of slowed or negative economic growth due to planned interest rate increases by the Federal Reserve to reduce inflation; as well as the outstanding settlement of New York City's labor contracts, all of which are nearly expired.

Sources: <https://bit.ly/3LmSidY>



News Highlights (cont'd)

NYS Comptroller Report: Recent Trends and Impact of COVID-19 in Brooklyn | May 20, 2022

The New York City borough of Brooklyn, which has the largest population among the five boroughs, also boasted the largest population growth between 2010 and 2020. Other highlights within the May report by the New York State Comptroller's Office include the 47.5% growth in private sector employment from 2010 to 2019, representing a significantly faster pace than the 28.7% citywide. Among industries, the leisure and hospitality sector grew the fastest, at a rate of 109%, of which restaurants and bars accounted for nearly three-quarters of job growth. By the 2nd quarter of 2020, the trend reversed as private sector employment declined 19.3% year-over-year due to the pandemic and public health response, the percent decline remaining lower than the 21.1% job loss citywide during the same period. Continuing to be a technology and innovation center for New York city, as of the 3rd quarter of 2021, the pace of job growth in the borough surpassed citywide improvement, Brooklyn regaining over 100,000 jobs from the start of the economy re-opening.



Queens - Long Island City view from FDR Drive

News Highlights (cont'd)

Federal Reserve Examines Benefits and Risks of a U.S. Central Bank Digital Currency | May 26, 2022

On May 26, 2022, the Federal Reserve Board's Vice Chair Lael Brainard provided testimony on digital assets and the future of finance before the Committee on Financial Services, U.S. House of Representatives, Washington, D.C. Recognizing that technology is driving profound change, it has become important to undertake a close examination of the benefits and risks of a U.S. Central Bank Digital Currency (CBDC) so that if a decision to make it a part of the U.S. payment system in the future is made, the Federal Reserve will be prepared. "Today, physical currency provides the public with access to safe central bank money, exchangeable without concern for liquidity or credit risk. The share of U.S. payments made by cash has declined from 31 percent to 20 percent just over the past five years, and the share is even lower for those under age 45."

Concerns arise with some new forms of digital money that do not share the same protections as commercial bank money, which is built upon deposit insurance, banks' access to central bank liquidity, and banking regulation and supervision. The already seen volatility of such new forms of money, that can lose their promised value relative to fiat currency, harming consumers or, at large scale, creating broader financial stability risks. In addition, "if private monies—in the form of either stablecoins (cryptocurrencies whose values are tied to those of real-world assets such as the U.S. dollar) or cryptocurrencies—were to become widespread," it could create a "fragmentation of the U.S. payment system into so-called walled gardens."

However, there are potential risks of a CBDC that must be considered, particularly those associated with "disintermediating banks, given their critical role in credit provision, monetary policy transmission, and payments." In January, the Federal Reserve issued a discussion paper, ***Money and Payments: The U.S. Dollar in the Age of Digital Transformation***, to solicit public input by the deadline of May 20, 2022, on this important matter.

Sources: <https://www.federalreserve.gov/newsevents/testimony/brainard20220526a.htm>



View of Lower Manhattan from Williamsburg's Waterfront

News Highlights (cont'd)

Consumer Confidence Dips Slightly in May | May 31, 2022

On May 31, 2022, The Conference Board released the updated **Consumer Confidence Index**, revealing a slight decrease in May, following the previous month's small increase. May's Index now stands at 106.4 (1985=100), down 2.0% from the 108.6 Index in April (after an upward revision). The **Present Situation Index**—based on consumers' assessment of current business and labor market conditions—declined 2.2% to 149.6 in May from 152.9 last month, the decline driven solely by a perceived softening in labor market conditions—but overall, it remains at strong levels. The **Expectations Index**—based on consumers' short-term outlook for income, business, and labor market conditions—declined more moderately by 1.9% to 77.5 from 79.0, consumers doubtful that the economy will pick of steam in the months ahead.

Sources: <https://www.conference-board.org/topics/consumer-confidence>

Flatiron/23rd Street Partnership Rebrands Following January 2022 Expansion | May 31, 2022

Flatiron/23rd Street Partnership, the business improvement district (BID) located within Manhattan's Midtown South submarket, has announced its official rebranding following the BID's expansion in January 2022. Nearly doubling its footprint, the newly named **The Flatiron NoMad Partnership** includes the entire NoMad neighborhood, having previously only included the southern portion of the district around Madison Square Park. As a result of the expansion, approximately 1,500 businesses have been added to the BID, bringing the total number within its boundaries to more than 6,000. The BID's new website – <https://flatironnomad.nyc/> – has launched, and in addition to news, data and reports about the businesses, people, and places in the district, features an interactive district guide a redesigned Business Support Portal.

Sources: <https://flatironnomad.nyc/2022/05/31/announcing-our-new-name-the-flatiron-nomad-partnership/>

News Highlights (cont'd)

NYC Comptroller Report: NYC Quarterly Cash Report | Q3 FY 2022 | June 1, 2022

By the end of the 3rd quarter (March 2022) of FY22, New York City had \$8.961 billion in cash, the figure increasing from the \$6.513 billion on hand at the beginning of the quarter (January 2022); however, the quarter-end figure was \$3.11 billion lower year-over-year. Higher tax collections in April and May 2022 are driving 4th quarter 2022 cash balances higher, which averaged \$6.908 billion in Q3, about 25.5% less than the \$9.278 billion during Q3 2021. Revenue and expenditures reached the highest amount on record in Q3, the city recording \$30.977 billion and \$28.529 billion in revenue and expenditures respectively; and while the city benefited from higher business, personal income, sales, and real estate transactions, at the same time, personnel expenditures rose and non-personnel expenditures increased significantly.

The \$8.469 billion of cash-on-hand at the beginning of FY22 (July 2021) was 27.8% higher than the \$6.627 billion in July 2020; and during the first nine months of FY22, a total of \$85.829 billion in revenues was collected and \$85.337 billion in expenditures was incurred, for a net gain of only \$492 million versus \$5.445 billion during the same period last year, in part due to payment of deferred social security taxes on January 3, 2022 pushing FYTD22 expenditures higher. Year-over-year, receipts rose 6.5%, while expenditures increased more sharply by 13.5%. In addition, from July 2021 through March 2022, eligible capital expenditures significantly exceeded capital transfers, resulting in a net drain to the Central Treasury.

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

NYC Metro Area Leads Nation on Life Sciences Industry Jobs and Funding | June 2, 2022

Findings within the Life Sciences in the NYC Metro report compiled by the Department of City Planning (DCP) in collaboration with the NYC Economic Development Corporation (NYCEDC) reveals that the NYC Metro region, which includes New York City and surrounding 26 counties in New York, New Jersey, and Connecticut, “is a powerhouse when it comes to growth of the life sciences sector” with more than 26.3 million square feet of laboratory space. The report that explores one of the fastest growing innovation sectors inside the nation’s largest metropolitan economy indicates that “New York City serves as the gravitation center for the largest life sciences hub in the country.” The current count of 150,000 life sciences jobs and nearly 5,100 life sciences companies that generated more than \$23 billion in wages in 2021 within the NYC Metro region tops the next leading metros, San Francisco and Boston, by 14,000 jobs and 30% more companies respectively.

As a leader in life sciences investment, over 70% of the NYC Metro’s \$4.1 billion in National Institute of Health (NIH) funding in 2021 was directed to institutions and businesses in NYC; and healthcare/biotech venture capital (VC) funding in the tri-state area, which has nearly tripled since 2015, reached \$3.3 billion in 2020, placing NYC Metro third after San Francisco and Boston. In Manhattan, Kips Bay is the core life sciences hub serving as the home to multiple anchor research institutions and more than 1 million square feet of commercial life sciences space — a number that will increase to 1.8 million square feet upon completion of the third tower within the Alexandria Center for Life Sciences campus.

Sources: <https://edc.nyc.gov/press-release/nyc-metro-now-tops-all-other-regions-us-life-sciences-jobs-and-funding>

Sources: <https://www1.nyc.gov/assets/planning/download/pdf/planning-level/region/nyc-metro-life-sciences.pdf>

Manhattan’s April Unemployment Rate Lowest Among the 5 Boroughs | June 3, 2022

New York City’s overall unemployment rate decreased over the past year, lowering 46.8% to 5.8% in April 2022 according to New York State Department of Labor’s (DOL) **Labor Market Briefing** report for New York City released in early June. However, despite improving job numbers, unemployment in each of the five boroughs remained above New York State’s overall rate of 4.2%. Manhattan led the way, unemployment declining to 4.4% at the low, in contrast to the Bronx where unemployment was 8.3% at the high, followed by Brooklyn, Queens and Staten Island where April unemployment rates were 6.0%, 5.5%, and 5.2% respectively.

Queens saw the highest percentage of decline year-over-year, the unemployment rate lowering 48.6%, followed close behind by Manhattan’s 47.6% change during the same period; while the remaining three boroughs saw declines averaging 45.0% to 45.9%, versus NYS’ overall decline of 45.5% over the 12-month period. The four industry sectors that make up 67% of NYC’s total nonfarm jobs are Educational & Health Services, Professional & Business Services, Government, and Trade, Transportation & Utilities, of which at the end of April 2022 Educational and Health Services accounted for the highest job numbers of 1,092,600; while the Leisure & Hospitality industry saw the highest number of job gains year-over-year totaling 109,600 jobs.

Sources: <https://dol.ny.gov/labor-market-briefing-new-york-city>



View of Long Island City / 59th Street Bridge

News Highlights (cont'd)

NYS Faces Continued Challenges to Repay Federal Loans that Supported Pandemic Unemployment Claims | June 10, 2022

While many states turned to the federal government for loans to support unemployment insurance (UI) claims that reached record numbers due to the devastating job losses due to the COVID-19 pandemic, New York State is one of only seven states or territories with UI funds that continue to be in debt to the federal government, despite steady employment gains and state tax rates that have already increased to maximum permissible levels. According to the June 10, 2022 report by the New York State Comptroller's Office, NYS' outstanding balance of \$8.1 billion as of May 31, 2022 is second only to California; and if "not fully paid by November 10, 2022, interest costs will mount, as will the federal portion of employers' 2022 tax bills" — potentially impeding the State's employment recovery amid growing economic uncertainty. Moving forward, NYS Comptroller DiNapoli and others "have advocated for additional federal support in the form of extended interest waivers;" as well as suggesting that state policy makers "should consider whether available fiscal relief funds could be used to support the state's UI fund."

Sources: <https://www.osc.state.ny.us/reports/update-new-yorks-unemployment-insurance-trust-fund-challenges-continue>

May 2022 CPI-U up 0.5% for NY-Newark-Jersey City area| June 10, 2022

On Friday, June 10, 2022, the U.S. Bureau of Labor Statistics released the Consumer Price Index for All Urban Consumers (CPI-U). According to the press release, prices in the New York-Newark-Jersey City area rose 0.5% in May 2022, about 44.4% lower than the 0.9% increase in April. Higher energy prices were primarily accountable for the increase. In comparison to May 2021, CPI-U advanced 6.3% — the index for all items less food and energy increased 3.6%; food prices rose 9.6%; and energy prices rose more sharply by 37.5%, led by higher gasoline prices.

Sources: https://www.bls.gov/regions/new-york-new-jersey/news-release/2022/consumerpriceindex_newyorkarea_20220610.htm

Handshake Deal Struck on NYC's \$101B Budget | June 10, 2022

On Friday, June 10, 2022, Mayor Eric Adams and City Council Speaker Adrienne Adams reached a handshake agreement on a \$101 billion New York City budget — three weeks ahead of July 1, the start of the city's 2023 fiscal year. Initially presenting a \$98.5 billion preliminary budget in mid-February, Mayor Adams proposed an increased \$99.7 billion executive budget a month later thanks to higher-than-expected revenue projections. According to the City Council press release, the FY 2023 budget includes many of the Council's priorities including increasing budget accountability and transparency; prioritizing health, safety, and human services; investing in education and youth; addressing homelessness and increasing access to housing affordability; access to benefit programs and services to support communities; making New York greener and cleaner; and addressing agency operations and government efficiency.

The budget also takes into account the importance of planning for the future, adding \$750 million to the Rainy-Day Fund, \$750 million to the Retiree Health Benefits Trust, and \$500 million to the General Reserve, which now have \$1.9 billion, \$4.5 billion and \$1.6 billion respectively. In addition, almost \$3 billion has been separately added to the Labor Reserve over the financial plan in anticipation of negotiating labor agreements with the entire represented workforce; and in total has been replenished by nearly \$4.7 billion over this budget cycle.

City Council PR: <https://council.nyc.gov/press/2022/06/10/2194/>

Mayor's Office PR: <https://www1.nyc.gov/office-of-the-mayor/news/383-22/mayor-adams-speaker-adams-reach-early-handshake-agreement-balanced-responsible-fiscal#0>



Downtown - World Trade Center - Oculus

News Highlights (cont'd)

Consumer Confidence Index Decreases for Second Consecutive Month | June 28, 2022

According to The Conference Board's June 28, 2022 press release, the Consumer Confidence Index fell for the second consecutive month to 98.7 (1985=100) in June, representing a 4.5 point lowering, or about a 4.4% decrease from the 103.2 Index in May 2022; and now stands at the lowest level since the 95.2 Index in February 2021. The Present Situation Index declined marginally, lowering 0.4 points from the previous month to 147.1; and is based on consumers' assessment of current business and labor market conditions. In contrast, the Expectations Index, which is based on consumers' short-term outlook for income, business, and labor market conditions decreased sharply by 7.3 points to 66.4—the lowest level since the March 2013 63.7 Index.

Sources: <https://www.conference-board.org/topics/consumer-confidence>

NYS DOL Report: NYC Labor Market Briefing – May 2022 | June 28, 2022

The New York City Labor Market Briefing report released at the end of June 2022 by the New York State Department of Labor revealed that in May 2022 private sector employment citywide increased year-over-year by 8.4%. Among the five major sectors Leisure & Hospitality gained 110,600 jobs at the high during the 12-month period, in contrast to 8,800 job gains in the Financial Activities sector at the low; while job gains within the Professional & Business Services, Educational & Health Services, and Information sectors rose 63,000, 47,600, and 18,700 respectively. New York City's May 2022 unemployment rate (not seasonally adjusted) of 5.7% remained above the statewide rate of 4.1%, with the Bronx having the highest unemployment rate among the five boroughs at 8.0% compared to Manhattan's 4.4% rate at the low. Unemployment during the same period in Brooklyn, Queens, and Staten Island was 5.8%, 5.4%, and 5.2% respectively.

Sources: <https://dol.ny.gov/labor-market-briefing-new-york-city>



News Highlights (cont'd)

Office Market

Hedge Fund Relocate and Expands at Deutsche Bank Center | April 4, 2022

PDT Partners will be relocating offices from 1745 Broadway to the Columbus Circle office tower formerly known as the Time Warner Center. The hedge fund will be expanding from 50,000 square feet to 110,000 square feet upon relocating to 10 Columbus Circle. The deal fills the remaining vacancy left by Time Warner upon vacating the building that was rebranded the Deutsche Bank Center in May 2021 following a lease for 1.1 million square feet by the German bank.

Source: <https://commercialobserver.com/2022/04/pdt-partners-takes-110k-sf-at-deutsche-bank-center/>

Canadian Technology Services Provider Signs 77K-sf Midtown Lease | April 4, 2022

Global Relay USA has secured a lease for more than 77,000 square feet at 1155 Sixth Avenue. The space that spans the 38th through 42nd floors of the 42-story tower includes a penthouse pavilion with wraparound terrace created by converting a former mechanical space on the top floor of the building. Asking rent for floors 38 through 41 was \$115 per square foot, while the 42nd floor had an asking rent of \$150 per square foot.

Source: <https://therealdeal.com/2022/04/04/tech-services-firm-takes-77k-sf-at-dursts-1155-sixth-avenue/>

News Highlights (cont'd)

Facebook Planning Further Expansion at 770 Broadway | April 12, 2022

Menlo Park, CA-based social media platform Meta Platforms Inc., formerly known as Facebook, is planning to lease roughly 300,000 square feet of space at 770 Broadway. Already having a large presence within the building, the new lease will give Facebook nearly the entire full-block building; and will spread across multiple floors previously occupied by Verizon Media until the company was sold last year.

Source: <https://www.crainsnewyork.com/commercial-real-estate/facebook-adding-manhattan-office-space-latest-expansion>

Global Recruiter Doubles Manhattan Footprint in Sublease Deal | April 12, 2022

The Stagwell Group has secured a 71,239-square-foot sublease with Phaidon International. As a result of the 10-year sublease, the global recruiting firm will roughly double the footprint of its Manhattan office upon relocating from nearby 622 Third Avenue. The new space “was delivered in move-in ready condition,” minimizing “upfront capital investment and construction time;” and will accommodate plans for the hiring and development of 200 additional staff.

Source: <https://nypost.com/2022/04/10/manhattan-commercial-leasing-activity-rises-100-in-q1-from-last-year/>

Blackstone Expands Lexington Ave Office by 200K-sf | April 15, 2022

Betting on New York City’s recovery, Blackstone has signed a lease that will expand the company’s footprint at 601 Lexington Avenue to more than 300,000 square feet. Full details of the recent signing for 200,000 square feet were not released, but Blackstone’s current lease runs through 2028.

Source: <https://www.crainsnewyork.com/commercial-real-estate/blackstone-signs-deal-expand-its-midtown-manhattan-offices>

One Vanderbilt Deal Boasts \$300-Plus PSF Asking Price | April 19, 2022

GFL Environmental has signed a lease for 9,871 square feet spread across the entire 73rd floor within One Vanderbilt. The space is located on the highest floor, just below the building’s Summit observatory. The Canadian-based environmental service company’s new space had an asking rent of \$322 per square feet according to last summer reports; and features 24-foot slab-to-slab ceiling heights and private outdoor space.

Source: <https://therealdeal.com/2022/04/19/one-vanderbilt-lease-at-300-psf-may-be-citys-highest-office-rent-ever/>

Opentrons Signs 46K-sf Expansion Lease in LIC | April 19, 2022

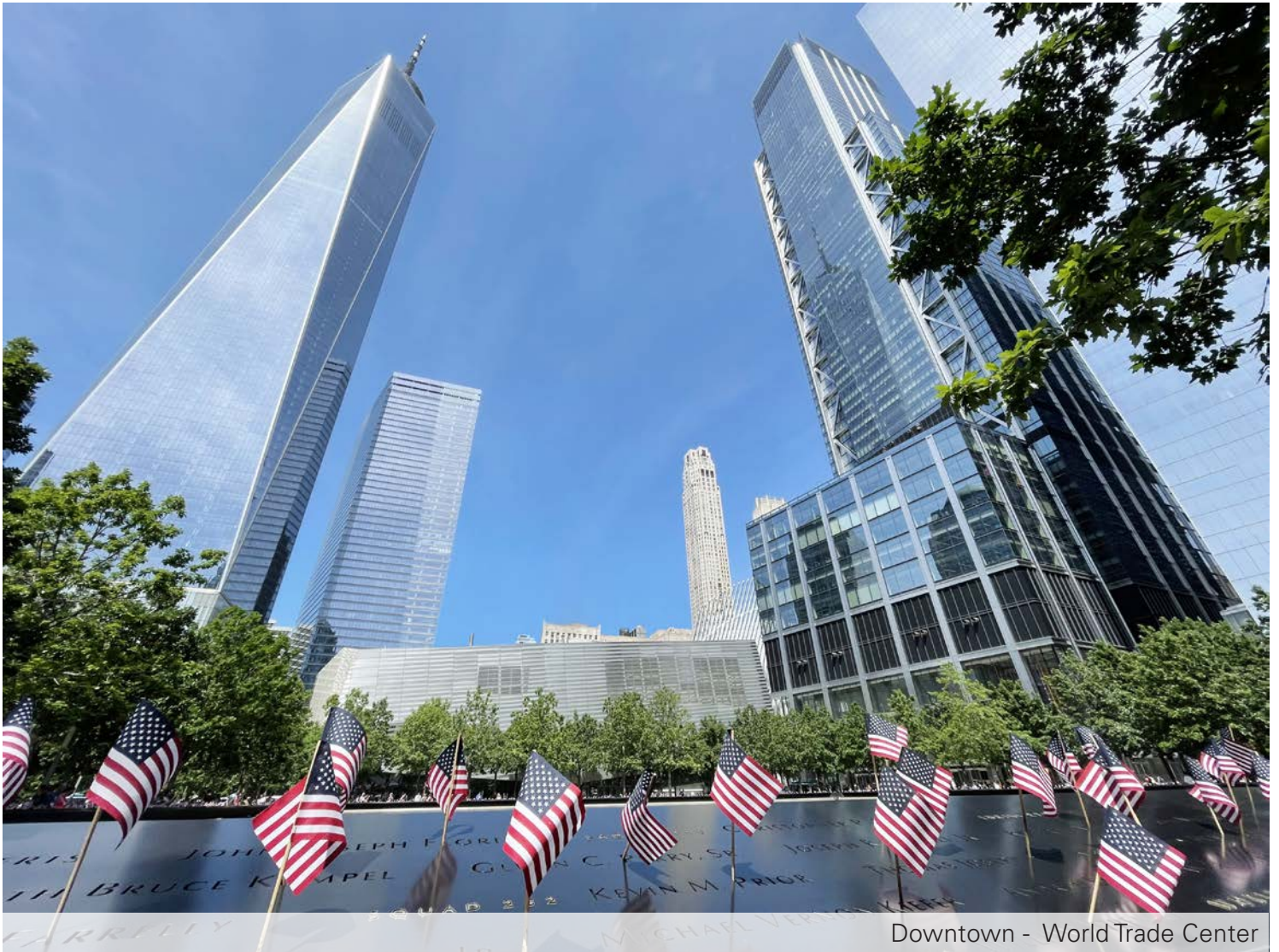
The company that builds lab robots for biologists signed a long-term lease for 46,179 square feet. The recent deal for the entire 3rd floor expands Opentrons’ footprint to nearly 94,000 square feet—almost double the company’s existing office space at Innolabs, an office and lab building at 45-18 Court Street in Long Island City.

Source: <https://commercialobserver.com/2022/04/robotics-startup-opentrons-nearly-doubles-lic-footprint/>

New Greenwich Village Boutique Office Building Secures Anchor Tenant | April 26, 2022

Asset manager Wellington Management has signed a letter of intent to lease 71,000 square feet across four floors at the newly constructed office building at 799 Broadway. The deal to serve as anchor tenant at the building located on the corner of East 11th Street will establish Wellington’s first New York Office. Full details of the LOI were not released.

Source: <https://www.crainsnewyork.com/finance/asset-manager-wellington-open-its-first-office-manhattan>



Downtown - World Trade Center

News Highlights (cont'd)

Redeveloped Flatiron Parking Garage Building Secures Leases for Entire Office Space | April 27, 2022

A trio of separate leased by nonprofits tied to the Simons Foundation will occupy the entire 50,195-square-foot office component of the recently redeveloped parking garage building at 23 West 20th Street. The three nonprofits — Felicity House, Foundation for a Just Society, and the AC & JC Foundation, currently located at nearby 25 East 22nd Street will be relocating in the 1st quarter of 2023 to their new location; and will occupy their respective spaces — 24,375 square feet, 21,517 square feet, and 4,303 square feet under 15-year terms.

Source: <https://commercialobserver.com/2022/04/felicity-house-foundation-for-a-just-society-ac-jc-lease-23-west-20th-street/>

Survey Reveals that City and Subway Safety a Priority in Bringing NYC Workers Back to the Office | April 27, 2022

Decision intelligence firm Morning Consult conducted a poll of New York City's workers on behalf of the Partnership for New York City. Responses by the 9,386 sample adults polled between February 17 through March 11, 2022 revealed that although over "70% of employees express commitment to New York City and want to be part of its recovery," concerns of public safety is the "single biggest obstacle to mobilizing the return in the city's office buildings." In an effort to participate in a solution, many employees provided ideas of how their companies can work with government to help.

Source: <https://pfnyc.org/research/poll-reveals-employees-will-resist-return-to-office-until-city-and-subways-are-safe/>

Source: https://pfnyc.org/wp-content/uploads/2022/03/Morning-Consult_PFNyc_03.24.2022.pdf

News Highlights (cont'd)

Tiffany Downsizes HQ in Extension Deal | May 1, 2022

High-end jewelry retailer Tiffany & Co. will remain at its current global headquarters location at 200 Fifth Avenue, having recently signed a lease extension through 2036. As part of the deal, Tiffany will downsize from just over 400,000 square feet to 287,000 square feet. Full details of the terms were not released, but “a source said they included a triple-digit rent and a ‘nominal’ concession package.”

Source: <https://nypost.com/2022/05/01/tiffany-co-extends-lease-in-flatiron-district/>

HSBC Plans U.S. HQ Relocation to Downsized 265K-sf Space at the Spiral | May 2, 2022

London-based bank HSBC has revived plans for a relocation initially considered in mid-2010. The 20-year lease for 265,000 square feet at the Spiral, 66 Hudson Boulevard, represents a significant downsizing of HSBC's current 548,000-square-foot U.S. headquarters at 452 Fifth Avenue. In 2017, the bank opted to remain in place, signing a 5-year lease through 2025, but reinitiated discussions to relocate in the wake of the COVID-19 pandemic as employees pivoted to remote work. HSBC will be joining anchor tenant Pfizer, along with other big block tenants law firm Debevoise & Plimpton and asset manager AllianceBernstein at the tower that is about 70% leased and nearing construction completion.

Source: <https://therealdeal.com/2022/05/02/hsbc-grabs-265k-sf-at-tishman-speyers-spiral/>

Partnership for New York City: Return to Office Survey Results – May 2022 | May 9, 2022

The results of the Partnership for New York City's (PFNYC) survey of more than 160 major employers between April 21 and May 4, 2022, indicated that as of late April 2022, 38% of Manhattan office workers are in the workplace on an average weekday, a percentage that is expected to increase to 49% by September 2022. As of late April 2022, 8% are in five days a week, while 28% are fully remote — percentages that are expected to change to 9% and 14% respectively by September 2022. The remaining office workers continue a hybrid routine of mixed onsite and remote work.

The real estate industry leads the way for the highest percentage of office workers in the workplace among the group of industries surveyed by PFNYC, with an expected average daily attendance of 85% by September 2022 at the high and 26% in the accounting industry at the low. Although a 78% majority of surveyed employers plan to institute a hybrid model, 91% are encouraging employees to return to the office; and 39% expect to increase their New York City office-based workforce in the next five years.

Source: <https://pfnyc.org/research/return-to-office-survey-results-may-2022/>

Rehearsal Space Provider Renews 62K-sf Garment District Space | May 9, 2022

Ripley-Grier Studios has renewed its lease at 520 Eighth Avenue for an additional 15-years. A tenant in the Garment District building since 1999, the provider of rentable rehearsal space occupies 62,257 square feet on the 10th, 16th, and 17th floors. With four locations around New York City, Ripley-Grier Studios has provided studio and meeting spaces for more than 20 years. Full terms of the deal were not disclosed.

Source: <https://rew-online.com/worlds-largest-rehearsal-facility-ripley-grier-studios-expands-to-62257-sf-at-520-eighth-ave/>

Hedge Funds and Investment Firms Embrace Manhattan Office Space | May 10, 2022

At a time when Manhattan office space is challenged by high vacancies with many workers still remote, money managers are taking the opportunity to fill part of the void as they seek to accommodate growing staff and encourage in-person collaboration with “trendier digs” — in contrast to the broader trend for banks toward scaling back. Among some of the companies hunting for new locations are Blackstone, Citadel, and Sculptor Capital Management, these are firms that have done very well through the pandemic. While the leasing trends might be tenuous, as many funds struggle with reduced returns amid “tumultuous markets; inflation worries; and the Ukraine invasion by Russia, the appetite by large asset managers shows the importance of having a strong New York presence.

Source: <https://www.crainsnewyork.com/commercial-real-estate/money-managers-are-swooping-fill-manhattans-office-void>



Downtown Brooklyn - View from Fort Greene

News Highlights (cont'd)

NewYork-Presbyterian Opening 75K-sf Outpatient Center In Hudson Yards Area | May 11, 2022

The Spiral located at 66 Hudson Boulevard will be adding NewYork-Presbyterian to its roster of tenants, the hospital recently signing a lease for 75,000 square feet. The new facility located on the 2nd floor of the under construction 65-story tower will house an Och Spine outpatient care facility. Full terms of the 20-year deal were not released.

Source: <https://commercialobserver.com/2022/05/newyork-presbyterian-hospital-lease-the-spiral/>

Investment Bank Expands 68K-sf at 1301 AOA | May 10, 2022

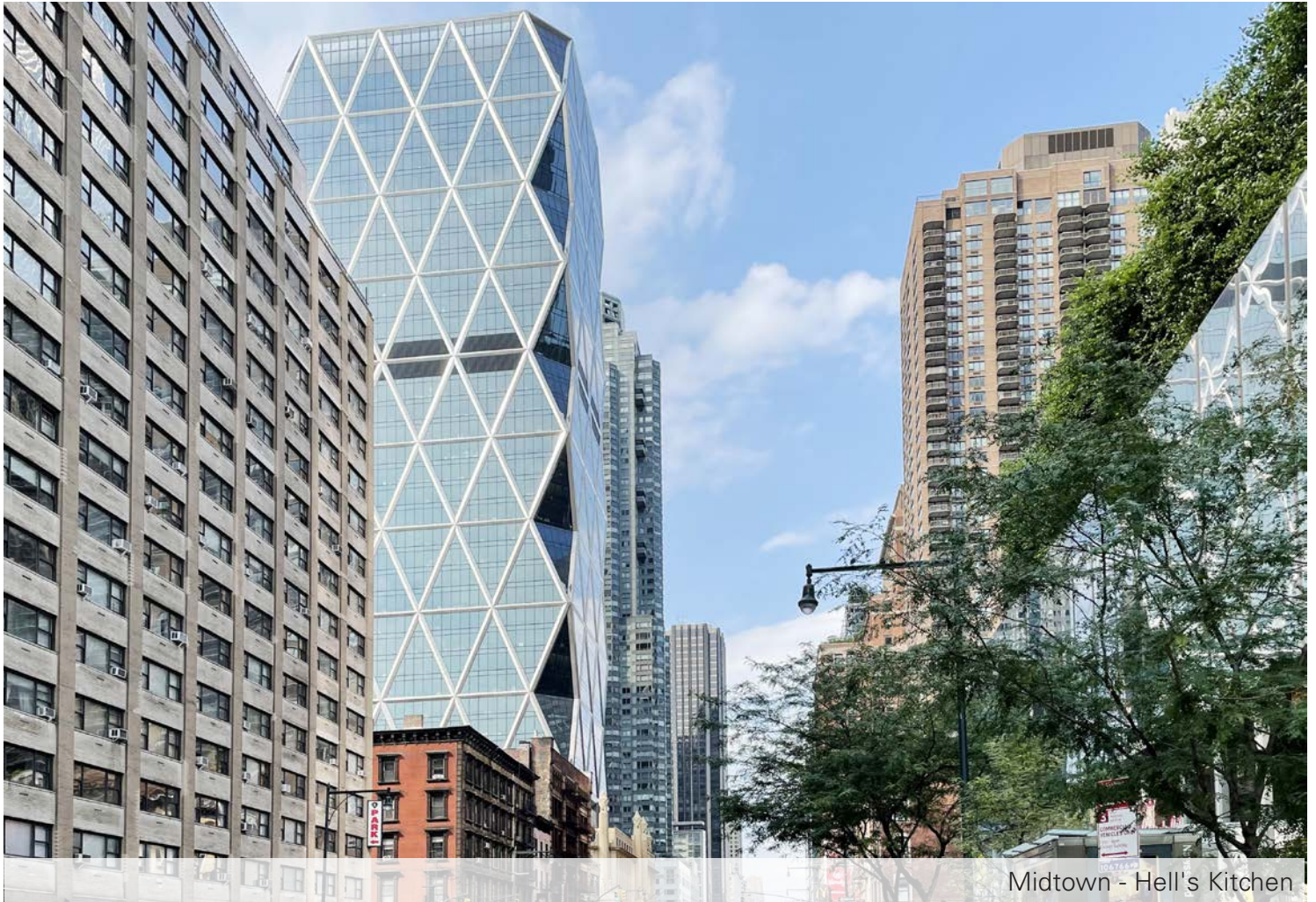
SVB-subsidary SVB Securities has expanded its footprint at 1301 Avenue of the Americas to 139,176 square feet. The lease by the investment bank specializing in healthcare and technology adds the entire 68,183-square-foot 5th floor to its existing office space within the 1.7 million-square-foot Midtown tower, absorbing a portion of the big block space vacated by Barclays. Full terms of the deal were not released.

Source: <http://ir.paramount-group.com/press-releases/news-details/2022/Paramount-Signs-68000-Square-Foot-Lease-with-SVB-Securities-at-1301-Avenue-of-the-Americas/default.aspx>

\$400M Redevelopment at Rebranded 660 Fifth Avenue Attracts First Big Block Lease | May 16, 2022

Australia-based Macquarie Group has signed a lease for 220,000 square feet to serve as anchor tenant at the 39-story, 1.25 million-square-foot 5th Avenue tower recently rebranded as 660 Fifth Avenue. Although financial terms of the deal were not released, the blended rent for the space spanning six floors is over \$100 per square foot according to people familiar with the Manhattan leasing market. The company's new Americas regional headquarters will feature 30,000 square feet of private outdoor terraces; a private lobby and entrance; and top-of-the-building signage rights. Formerly known as 666 Fifth Avenue, the building is undergoing a \$400 million overhaul by Brookfield Asset Management, which purchased a long-term lease of the property in 2018.

Source: <https://www.wsj.com/articles/macquarie-signs-first-lease-at-fifth-avenue-office-tower-undergoing-400-million-redevelopment-11652709925>



Midtown - Hell's Kitchen

News Highlights (cont'd)

Vice Media Renews 78K-sf Williamsburg Space | May 18, 2022

Digital media company Vice Media has opted to retain its current global headquarters at 289 Kent Avenue and adjoining 49 South 2nd Street in Brooklyn's Williamsburg neighborhood. A 4-year lease was signed for the 77,700-square-foot space, closing the door to rumors of a possible relocation to Dock 72 at the Brooklyn Navy Yard. A tenant since 2014, upon relocation from 90 North 11th Street to make way for a ground-up office and retail development, Vice Media invested \$20 million to renovate the former industrial building located across from the Domino Sugar Factory complex. In addition, the company was offered \$6.5 million in tax credits through the Empire State Development Excelsior program, a benefit received from New York State upon Vice Media following through on its hiring and investment commitments. Financial terms of the recent renewal were not released, however in 2014, the base rent for the 8-year deal was \$55 per square foot and included an 8-month rent concession with an option to extend the lease.

Source: <https://commercialobserver.com/2022/05/vice-stays-put-in-williamsburg-after-speculation-about-dock-72-move/>

Creation of Tax-Exempt Leasehold Condo Structure at 270 Madison Opens Door to 41K-sf NY Public Library Deal | May 18, 2022

The New York Public Library's (NYPL) Midtown branch will be relocating to 270 Madison Avenue, having signed a 33-year lease at the building located at the corner of East 40th Street. NYPL's new 41,000-square-foot space spans the entire 11th through 13th floors within the 19-story building. To facilitate the transaction and enable the organization to apply for a real estate tax exemption, ABS Partners Real Estate created a leasehold condominium structure. Looking ahead, ABS plans to extend the model to other 501(c)(3) nonprofits seeking long term leases in the building that offers the convenience of its location three blocks south of Grand Central Terminal.

Source: <https://commercialobserver.com/2022/05/new-york-public-library-to-relocated-to-41k-sf-at-270-madison/>

News Highlights (cont'd)

Growing Number of Tenants Bypass Midtown's Prime Blocks in Favor of Trendier Neighborhoods and Open Space | May 23, 2022

The luster of Midtown Manhattan's prime corporate blocks has been gradually fading as a growing number of tenants shift their focus towards newer state-of-the-art buildings with outdoor space and trendier neighborhoods in an effort to lure workers back to the office. Further fueling the trend that has been developing over recent years with a revived momentum during the pandemic, is the increasing concern by many businesses and their employees of reducing their office's carbon footprint. Midtown reigned as the undisputed center of New York's office for about 50 years, but over the past decade the boundaries of Manhattan's business center has become less defined as tech companies started opening offices further south in the early 2000's and more recently a shift further west by a number of financial firms.

Source: <https://www.wsj.com/articles/exodus-from-midtown-manhattan-led-by-tech-and-banks-11653307201>

1001 AOA's High-Quality Space and Convenient Transportation Access Attracts Institutional Quality Tenant | May 23, 2022

Two Roads Advisors will be relocating about 10 blocks south from their current office at 589 Fifth Avenue, having signed a lease for 7,566 rentable square feet at 1001 Avenue of the Americas. The small investment bank will occupy the entire 23rd floor under a 5-year lease, the space featuring a new high-quality, modern installation. In addition, the 6th Avenue building's location within the "Transportation Triangle," offers convenient walking distance access to transportation hubs at Penn Station, Grand Central, Port Authority, Times Square, and Hudson Yards.

Source: <https://commercialobserver.com/2022/05/investment-bank-two-roads-relocating-to-8k-sf-at-1001-avenue-of-the-americas/>

Double-Header Signings Bring Occupancy to 93% at 1 Battery Park Plaza | May 31, 2022

The completion of two recent deals is a home run for 1 Battery Park Plaza, the signings that total 57,514 square feet bring occupancy at the full block waterfront building to 93%. The largest of the signings was led by Nationwide Mutual Insurance with a 38,107-square-foot deal that was split between a 28,307-square-foot sublease with Liberty Mutual Insurance and a 9,800-square-foot direct deal that will be coterminous thanks to an agreement with the landlord to transition the sublease upon term expiration in November 2025 to a direct lease. The Columbus, OH-based insurance company will relocate from 7 World Trade Center before the end of the year to the entire 30th floor and a portion of the 29th floor under an approximately seven-and-a-half-year term. The second signing by International Refugee Assistance Project (IRAP) will see the nonprofit relocate and expand within the building to 19,407 square feet on the 29th floor under a 10-year lease sometime this year from its current office of 7,408 square feet on the fourth floor.

Source: <https://commercialobserver.com/2022/05/insurance-nonprofit-and-law-firms-one-battery-park-plaza/>

PNC Renews Madison Ave Office and Retail Space | June 3, 2022

Publicly traded, Pittsburgh-based PNC Bank has opted to retain its office and retail space at 340 Madison Avenue. A tenant at the building since 2008, PNC signed a 5-year renewal for the 64,941 square feet of office space the bank currently occupies on the 10th through 12th floors and the 5,336-square-foot retail for the bank branch. Financial terms of the deal were not disclosed.

Source: <https://commercialobserver.com/2022/06/pnc-reups-70k-sf-for-bank-branch-offices-at-340-madison-avenue/>

International Law Firm Signs 144K-sf Deal at Manhattan West | June 22, 2022

Clifford Chance has signed a 144,000-square-foot lease at the currently under construction 2 Manhattan West tower on the Far West Side. The international law firm's new office will spread across the entire 39th through 42nd floors within the 58-story tower when they take possession sometime in 2024 —about one year following the expected opening of the final tower within the 5-building mixed-use complex. Upon relocating from 31 West 52nd Street, Clifford Chance will be joining law firm Cravath Swaine & Moore, which committed to 481,000 square feet in 2019. Financial terms were not released.

Source: <https://commercialobserver.com/2022/06/clifford-chance-plans-move-to-144k-sf-at-2-manhattan-west/>



Midtown South - West Village

News Highlights (cont'd)

Retail Market

Pizzeria Bringing Cannabis-infused Pizza to the Lower East Side | April 4, 2022

The Lower East Side neighborhood will soon be getting a taste of cannabis-infused pizza when Stoned Pizza opens its doors on April 20th. The new eatery will occupy 4,000 square feet under a 10-year lease at 302 Broome Street. Asking rent was \$105 per square foot for the space that includes 1,900 square feet on the ground level and 2,100 square feet on the basement level.



Source: <https://commercialobserver.com/2022/04/stoned-pizza-east-village-4-20/>

International Print Center Expanding in Chelsea | April 6, 2022

Gallery and nonprofit organization the International Print Center (ICPNY) has signed a 10-year lease for 5,200 square feet at 535 West 24th Street. ICPNY plans to relocate this summer to the ground level space from nearby 508 West 26th Street, doubling its footprint in the move.



Source: <https://commercialobserver.com/2022/04/international-print-center-chelsea-535-west-24th-street/>

Gucci Opening 10K-sf Store in MePa | April 10, 2022

Luxury retail brand Gucci has signed a lease for 10,000 square feet at 400 West 14th Street in Midtown South's Meatpacking District, establishing the retailer's fourth location in Manhattan. News of the planned 2-level store come about 6 months after Gucci opened a temporary pop-up in the neighborhood as part of the brand's centennial anniversary.



Source: <https://therealdeal.com/2022/04/10/gucci-to-open-new-store-in-meatpacking-district/>

News Highlights (cont'd)

New Interactive Museum Focused on Women Opening in SoHo | April 11, 2022

The Museum of Women has signed a roughly 6-month license agreement for 25,422 square feet at 480 Broadway, which also goes by the address 40 Crosby Street. The museum will spread across 3-levels within the 5-story building that formerly served as the home to clothing retailer Topshop. Expected to open this summer and extend through the end of the year, the location that will feature 14-interactive exhibits establishes the museum's first-ever outpost. Asking rents were \$200 per square foot at the building which has escalators going to every floor — the only one in the neighborhood.

Source: <https://commercialobserver.com/2022/04/museum-of-women-soho-480-broadway-kpg/>

Source: <https://www.crainsnewyork.com/real-estate/museum-women-takes-soho-space-once-occupied-topshop>

NoMad Retail Condo on 5th Ave Fetches \$23M Sales Price | April 19, 2022

The 2-story, 8,645-square-foot retail condominium at the base of the 130-unit mixed-use condominium tower at 277 Fifth Avenue has sold for \$23 million, or about \$2,600 per square foot. Italy NYC LLC has purchased the unit located at the corner of East 30th Street from the joint venture of Victor Nomad LLC and Lendlease. Prior to completing the sale, Valley National bank signed a long-term lease to occupy the ground level corner space.

Source: <https://rew-online.com/nomads-277-fifth-avenue-now-home-to-two-retail-flagships/>

Direct-to-Consumer Furniture Brand Opening First Brooklyn Store | April 20, 2022

Interior Define, which currently operates two Manhattan stores, plans to open its first Brooklyn outpost in April. The 10-year deal closed in January 2022 for the 8,322 square feet spread across the entire 2-story building at 109 North 6th Street in Williamsburg. Asking rent was \$275 per square foot and \$75 per square foot for the ground and 2nd floor space respectively.

INTERIOR DEFINE

Source: <https://commercialobserver.com/2022/04/interior-define-williamsburg-109-north-sixth-street/>

Brooklyn to Welcome First Showfields Outpost | April 21, 2022

A shopping concept that offers a mix of retail with art and theater will open its first outpost in Brooklyn. Showfield's 11,500-square-foot space will be in Williamsburg at The Kent House, located at 187 Kent Avenue. The new location dubbed "House of Showfields" will sell sneakers, clothing, and skincare products when it opens in June 2022. Asking rent for the long-term lease was \$125 per square foot.



Source: <https://commercialobserver.com/2022/04/showfields-williamsburg-187-kent-avenue/>

City Winery Adds Grand Central Terminal to its Roster of Locations | April 26, 2022

On Monday, April 26, 2022 the MTA's finance committee approved a license agreement that will allow City Winery to operate in a 15,888-square-foot space on the western side of Vanderbilt Hall. The popular music and vintner's new outpost will offer a gastropub, a bar-restaurant, and a grab-n-go operation, plus live music-ensembles limited to four performers. Payments for the 3-year license will start at a \$500,000 licensing fee plus 8% of gross sales, escalating to \$1 million plus 10% of gross sales in the third year. The deal also includes a 2-year renewal option starting at \$1.1 million plus 10% of gross sales.



Source: <https://www.crainsnewyork.com/real-estate/exclusive-city-winery-lands-huge-new-space-grand-central-terminal>



Downtown - Little Italy



Midtown South - NoMad

News Highlights (cont'd)

Times Square's Hard Rock Hotel Welcomes its First Guests | April 28, 2022

During the final week of April at a time when Times Square is seeing a resurgence of domestic and international tourists coming to New York City, the newly constructed 291,000-square-foot Hard Rock Hotel opened its doors and welcomed its first guests. Located at 159 West 48th Street, the 442-foot-tall hotel hosts 446-keys with rooms starting at \$475 per night. In addition to two dining options and a performance studio and entertainment hub, guests enjoy an added room service providing them with musical instruments.



Source: <https://newyorkyimby.com/2022/04/hard-rock-hotel-opens-for-business-at-159-west-48th-street-in-times-square-manhattan.html>

REBNY Releases Winter 2022 Brooklyn Retail Report | April 28, 2022

Despite challenges fueled by the Omicron surge this past winter; continued supply chain issues; and other cost pressures such as staffing shortages, Brooklyn's retail sector continued leasing activity with several corridors registering "significant tightening" during the last six months according to the Winter 2022 Brooklyn Retail Report recently released by the Real Estate Board of New York. The borough's expanding residential base has been an essential steadying force for the retail sector, a majority of the corridors seeing slight increases in posted asking rents; however, they remain below pre-pandemic peak in 16 of the 17 corridors studied by REBNY.

Source: https://www.rebny.com/content/dam/rebny/Documents/PDF/News/Research/Retail%20Reports/REBNY_2022_Report_BrooklynRetail_Winter.pdf

Home Décor Retailer Makes Bronx Debut in Former Kmart Space | May 3, 2022

Texas-based At Home will be opening this spring in the Bronx. The deal for 135,000 square feet at the Bay Plaza Shopping Center establishes the home décor retailer's second New York City store, having initially opened about two years ago in Queens at the Rego Center. The signing is technically a sublease of a shuttered Kmart store with Transform KM, one of the entities that previously acquired Kmart's assets following the 2018 filing for bankruptcy. Full details of the deal were not provided.



Source: <https://therealdeal.com/2022/05/03/home-decor-retailer-leases-135k-sf-for-first-bronx-store/>

Life Time Opening 100K-sf Facility in DoBro Including Debut of Coworking Component | May 11, 2022

Wellness brand Life Time Group Holdings plans to open a 100,000-plus athletic club in 2023 within The Brooklyn Tower located in Downtown Brooklyn at 9 Dekalb Avenue. As part of the deal, Life Time will debut its first New York City **Life Time Work** premium coworking facility, that will provide a mix of private and open-plan workspaces and conference rooms across 15,000 square feet. The 93-story mixed-use tower that is nearing construction completion incorporates the landmarked Dime Savings Bank of Brooklyn's historic hall is located at the intersection of Dekalb Avenue, Fleet Street, and Flatbush Avenue Extension. Terms of the lease were not released.



Source: <https://ir.lifetime.life/news-events/press-releases/detail/926/life-time-and-life-time-work-to-headline-expansive-luxury>

News Highlights (cont'd)

Members-Only ZZ's Club Opening in 25K-sf at Hudson Yards | May 12, 2022

Later this year, Hudson Yards will debut the world's first private Carbone restaurant as part of the deal with the Major Food Group to open a members-only ZZ's Club. The club will spread across close to 25,000 square feet on three floors within 35 Hudson Yards; and will feature a dedicated entrance fronting 11th Avenue. In addition to the Carbone and ZZ's restaurants, the club will include a lounge with live performances and space for meetings, private dining, and exclusive gatherings. Terms of the deal were not released.



Source: <https://robbreport.com/food-drink/dining/world-first-private-carbone-restaurant-opening-nyc-hudson-yards-1234679279/>

MetLife Building Adding Capital Grille to its Restaurant Roster | May 23, 2022

As part of an overhaul of the MetLife Building at 200 Park Avenue, a turnover of the retail and restaurant offerings is in progress. Recently The Capital Grille signed a lease for a 15,000-square-foot space to replace Naples 45. Terms of the deal that includes outdoor space were not released. News of the latest lease signing comes about one month following the steakhouse's renewal of its Downtown location, a multi-level approximately 12,000-square-foot space at 120 Broadway.



Source: <https://robbreport.com/food-drink/dining/world-first-private-carbone-restaurant-opening-nyc-hudson-yards-1234679279/>

iFLY is Bringing the First Indoor Skydiving Facility to NYC | May 26, 2022

New York City will be adding a new sports option to its already diversified list. Indoor skydiving company iFLY has signed a 20-year lease at 10-04 Borden Avenue in Long Island City, where a new commercial development is planned by the joint venture of the Vorea Group and Andru Coren. The approximately 10,000-square-foot space includes about 6,800 square feet of retail space on the ground and 2nd floors plus about 3,200 square feet of mechanical space. iFLY's space is expected to be delivered by next year, with the remainder of the 50,000-square-foot building slated to be completed by the end of 2023. Full terms of the deal were not released.



Source: <https://therealdeal.com/2022/05/26/ifly-lands-first-nyc-location-in-long-island-city/>

Non-Profit Sports Facility Signs Long-Term Leasehold Condo Agreement at Pearl Street Tower | May 27, 2022

The recently renovated 100 Pearl Street building, formerly known as 7 Hanover Square, is adding a sports facility to its roster of tenants. Public, nonprofit Open Squash has signed a long-term leasehold condo agreement for the entire 14th floor at an undisclosed purchase price. The deal is expected to close in the fall of 2022, and the facility will open to the public the following spring. The 21,432-square-foot space features 24-foot ceilings and will include eight squash courts with courtside bleacher seating for viewers, a café and seating area, locker rooms, workout areas, and a reception area. Other tenants at the building that is 96% leased include anchor tenant NYC Health + Hospitals (under the address 50 Water Street), Alger Asset Management, and the SEC.



Source: <https://therealdeal.com/2022/05/27/squash-club-starting-a-racket-at-100-pearl-street-office-tower/>

Williamsburg's Waterfront to Welcome New Boutique Hotel | June 14, 2022

The Marceau hotel will be making its Brooklyn debut at 110 Kent Avenue. Chicago-based restaurateur Xavi DeYparraguirre signed a 10-year lease for the entire 3-story, 20,000-square-foot building located along Williamsburg's waterfront—the deal includes two 5-year options. Named after a street in Paris, the boutique hotel will have 16 guest rooms and feature a 3,000-square-foot rooftop bar.



Source: <https://commercialobserver.com/2022/06/marceau-hotel-110-kent-avenue/>



News Highlights (cont'd)

Canadian Fashion Brand Expands Manhattan's Flagship in Relocation Deal | June 16, 2022

Fashion brand Aritzia will be relocating up the block from its flagship location of 10 years at 600 Fifth Avenue to 608 Fifth Avenue. The Canadian retailer signed a 12-year lease for 33,000 square feet formerly occupied by clothing retailer Topshop. The space that spreads across 3-levels within the building located at the corner of West 49th Street had an asking rent of \$700 per square foot.

Source: <https://commercialobserver.com/2022/06/aritzia-relocates-fifth-avenue-flagship-for-bigger-digs-on-the-same-block/>

Manhattan's Urban Avenue Retail Sees Activity Uptick | June 24, 2022

In contrast to retailers in residential neighborhoods that fared better throughout the pandemic, Manhattan's urban avenue retail corridors are beginning to see improving activity as workers gradually return to their offices and tourism is reviving. However, activity is not consistent throughout the borough; and although rents are returning to pre-COVID levels in several neighborhoods, corridors such as 5th Avenue where rents are driven by tourists, are slower to fully rebound.

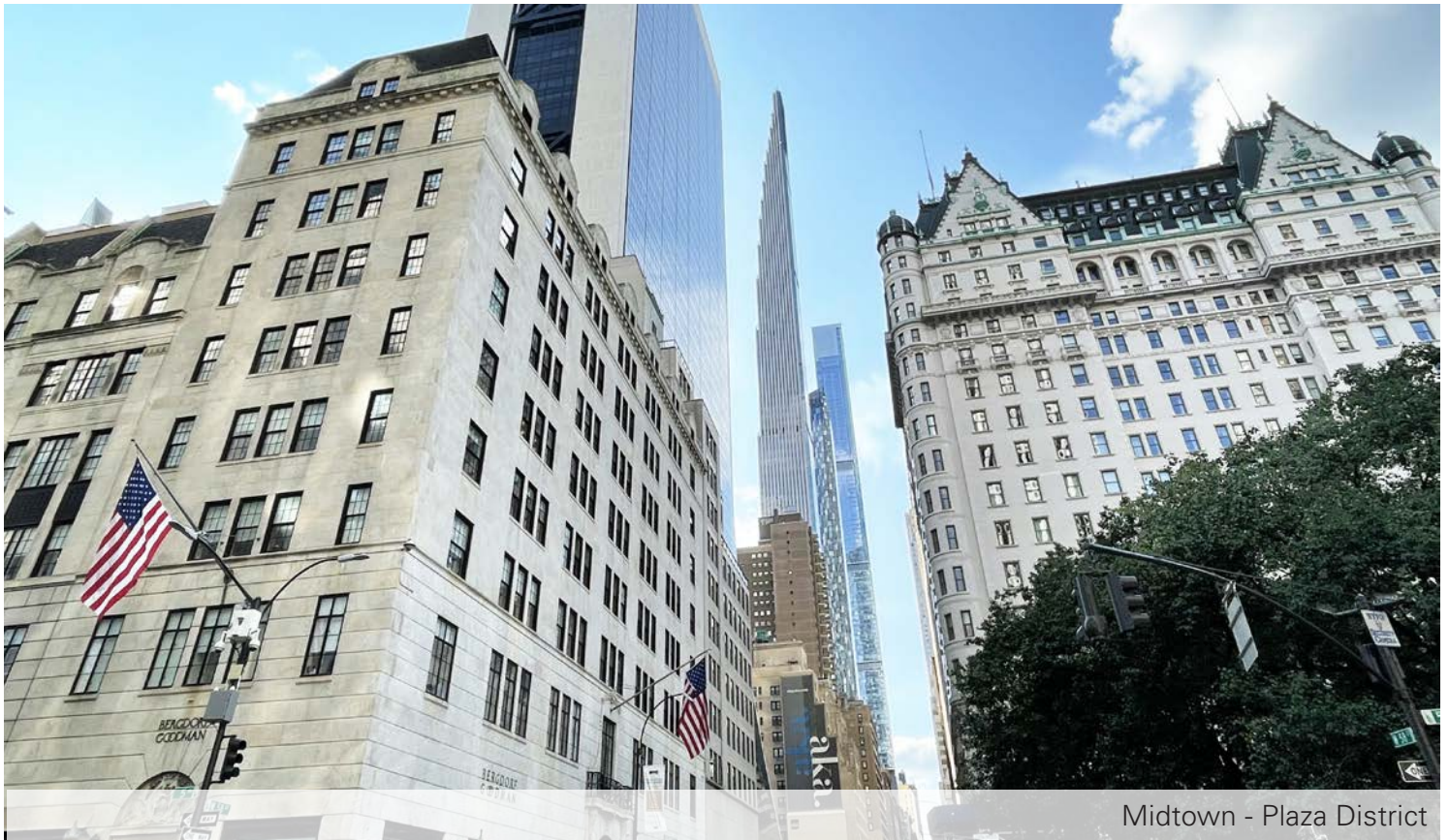
Source: <https://nypost.com/2022/06/24/nycs-retail-sector-heals-as-tourists-and-commuters-return/>

Mangia Relocating Around the Corner After 41 Years | June 26, 2022

Italian fast-casual eatery Mangia will be leaving its home of approximately 41-years at 50 West 57th Street, having signed a lease around the corner at 57 West 57th Street. The new 9,500-square-foot space at the base of the building located on the corner of 6th Avenue includes 3,000 square feet of ground level space at an asking rent of \$200 per square foot, and 6,500 square feet on the lower level to be used by the restaurant for its catering facility. Terms of the deal were not released.

MANGIA

Source: <https://nypost.com/2022/06/26/mangia-to-ditch-its-four-decade-home-for-new-spot-in-nyc/>



Midtown - Plaza District

News Highlights (cont'd)

Investment Sales

SoHo Office Building Ground Lease Fetches \$50M | April 1, 2022

London-based Chelsfield Group has purchased the ground lease of the 128,000-square-foot building located in SoHo at 580 Broadway from fee-owner Broad-Prince Realty. The transaction attracted a price of \$50 million; and was financed a \$35 million loan provided by Miami-based BridgeInvest.

Source: <https://therealdeal.com/2022/04/01/london-firm-resurfaces-in-ny-with-50m-soho-deal/>

REBNY NYC Investment Sales Report – Second Half 2021 | April 5, 2022

Investment sales activity citywide increased as investors displayed a renewed “appetite for commercial properties across New York City during 2021” according to the report released by the Real Estate Board of New York in early April. Overall citywide dollar volume during the second half of 2021 surged by 58.1% year-over-year, reaching roughly \$38.5 billion. Transaction numbers similarly rose by 45.3% reaching 3,776 transactions during the same period, but despite the numbers being the most since 2017, total dollar volume fell well short of the \$45.1 billion generated in 2019.

Source: https://www.rebny.com/content/rebny/en/research/NYCIInvestmentSalesReport/2021_NYC_Investment_Sales_Report.html

Medical Condo Unit at The Charleston Trades for \$11.5M | April 11, 2022

Simone Development Companies has purchased the 12,000-square-foot medical condominium from Neuro Real Estate for \$11.5 million, or about \$929 per square foot. Located on the 1st floor of the 191-unit luxury condominium The Charleston at 225 East 34th Street, the unit is fully occupied under a long-term lease by NYU Langone’s Comprehensive Epilepsy Center, which has operated at the building since it opened in 2007.

Source: <https://rew-online.com/simone-development-acquires-healthcare-condominium-at-the-charleston-at-225-east-34th-street-in-manhattan/>

News Highlights (cont'd)

Plaza District Office Building In Contract for \$105M | April 17, 2022

The joint venture of ZG Capital and Railto Capital Management signed a contract to purchase the 134,000-square-foot office building at 45 East 53rd Street. The pending sale by Florida-based MEK Management Services attracted a price of \$105 million, or about \$784 per square foot; and is expected to close within 30 days. Currently the New York headquarters for Santander Bank, the Spanish bank exercised an option included in the 2012 sale-leaseback deal to leave early, opting to relocate and consolidate in a 160,000-square-foot space subleasing from WeWork at 437 Madison Avenue.

Source: <https://nypost.com/2022/04/17/santanders-east-midtown-tower-has-a-new-owner/>
<https://therealdeal.com/2022/04/18/zg-rialto-buying-former-santander-building-for-105m/>

Downtown's One New York Plaza is Up for Sale | April 18, 2022

The 50-story, 2.7 million-square-foot One New York Plaza tower overlooking New York Harbor is being offered for sale by Brookfield Asset Management and China Investment Corp. Located in the Financial District, the full-block building bound by Water and South Streets between Whitehall and Broad Streets is 93% leased, with larger tenants including Morgan Stanley and law firm Fried Frank. Since Hurricane Sandy in 2012, more than \$230 million has been invested into the property; and in 2016 the 49% stake and 16% stake sold to the Chinese sovereign wealth fund and Boston-based AEW Capital Management respectively valued the property at \$1.4 billion.

Source: <https://therealdeal.com/2022/04/18/brookfield-puts-one-new-york-plaza-on-the-market/>

New York Real Estate Investors Speak Out on Concerns Impacting the Local CRE Market | April 19, 2022

Responses from 847 New York real estate investors to the question "What is the issue that concerns you the most about our local real estate market today?" emailed to a wide array of investors revealed some of the foremost concerns on their minds. Among the issues most mentioned are politics and rent regulation; crime; work from home; 421a/Affordable New York/485w, noting that the email was sent prior to the April 7, 2022 announcement that there was no replacement set for the current tax abatement program that would not be extended past its mid-June deadline; and real estate tax policy.

Source: <https://commercialobserver.com/2022/04/what-new-york-real-estate-investors-concerned/>

500K-sf Midtown Office Condominium Seeks Buyer | April 20, 2022

Boston-based Beacon Capital Partners and MetLife have introduced the sale offering of the roughly 500,000-square-foot office condominium at 575 Fifth Avenue, which recently completed about \$30 million in renovations. The sellers are aiming to fetch north of \$400 million, or about \$800 per square foot. Located on the corner of West 47th Street, the unit is 80% leased, ownership having signed leases totaling 130,000 square feet over the past six months.

Source: <https://therealdeal.com/2022/04/20/fifth-avenue-office-asks-400m/>

Plaza District Office Building Enters Contract for \$445M | April 20, 2022

SL Green Realty has entered into contract to purchase 450 Park Avenue. The pending sale by Oxford Properties fetched a price of \$445 million, or about \$1,320 per square foot, having last changed hands in May 2014 for \$545.75 million according to city records. Located at the corner of East 57th Street, the 33-story building offers a mix of office and retail space, the latter to soon be the home to luxury British sportscar manufacturer Aston Martin's first ever Manhattan showroom. The sale is expected to close in the 2nd quarter of 2022; and is the REIT's first office acquisition since 2018.

Source: <https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-announces-acquisition-450-park-avenue>



Midtown South - Union Square Park

News Highlights (cont'd)

Boutique SoHo Building Leased Entirely to Microsoft for Sale | April 23, 2022

Nightingale Properties has introduced the sale offering of 300 Lafayette Street. The approximately 81,000-square-foot boutique 7-story building includes 18,000 square feet of vacant retail space and 63,000 square feet of office space currently leased in its entirety by technology firm Microsoft, with 13-years of term remaining. The block-through property located on the corner of East Houston Street features floor-to-ceiling windows and more than 10,000 square feet of outdoor terraces and greenspace is expected to attract bids around \$200 million, or about \$2,444 per square foot.

Source: <https://therealdeal.com/2022/04/23/windows-shopping-nightingale-offering-soho-building-leased-by-microsoft/>

City Agency Occupied LIC Building In Contract for \$173M | May 2, 2022

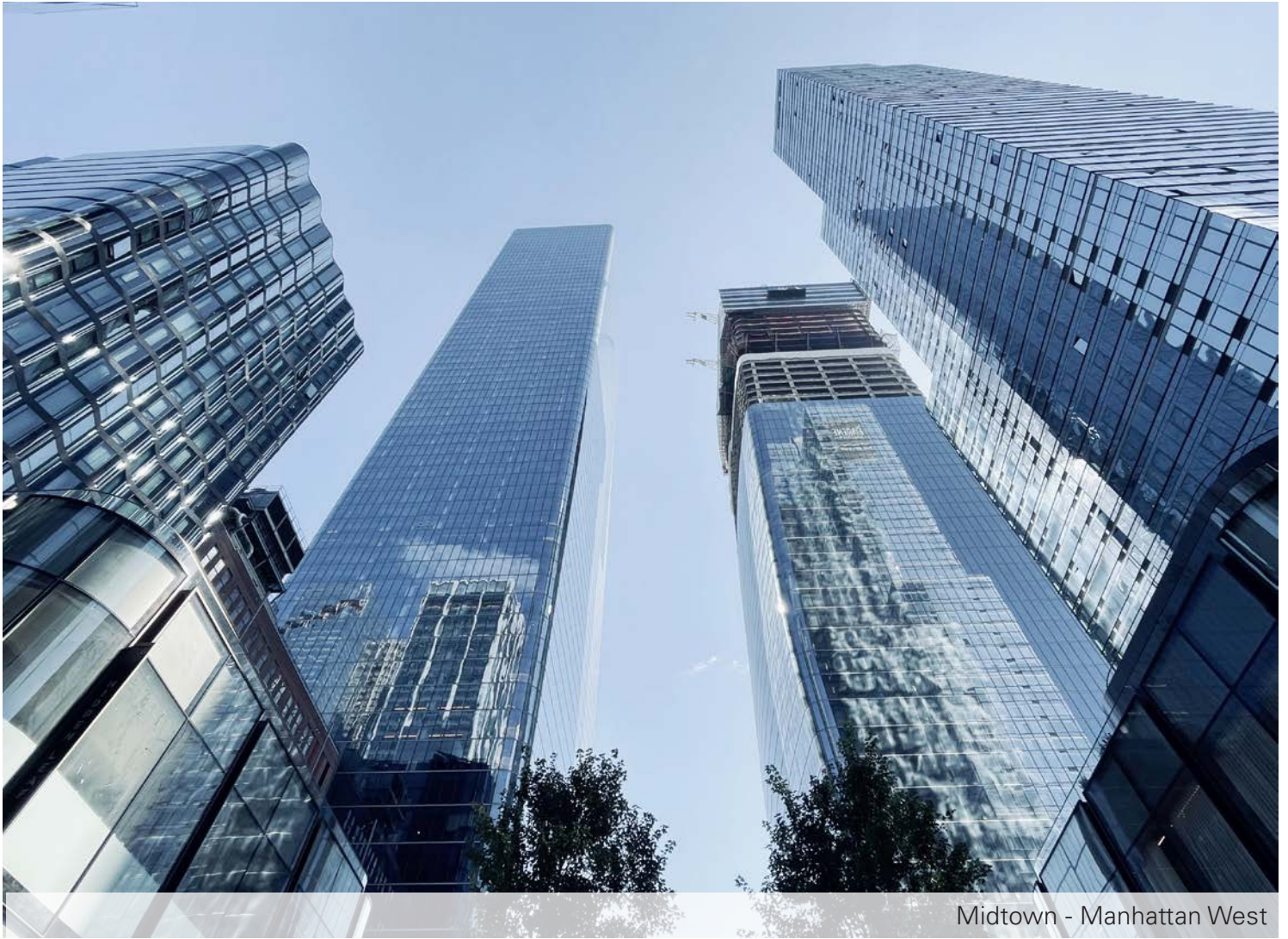
A 60 Guilders-led partnership has entered into contract to purchase the approximately 550,000-square-foot Center Building at 33-00 Northern Boulevard for \$173 million, or about \$315 per square foot. Seller Vornado Realty Trust acquired the Long Island City property in 2015 for \$142 million, the contract vendee gaining an asset that is near fully leased to government agencies including the Metropolitan Transportation Authority and the city's Human Resources Administration.

Source: <https://therealdeal.com/2022/05/02/vornado-selling-queens-office-property-for-175m/>

Seller of Adjacent Lenox Hill Office Buildings Seeks \$3900/sf | May 6, 2022

The "whispered" sale of a pair of adjacent office buildings located at 35 and 41 East 62nd Street is being offered by CF Consulting Twenty Five LLC, an entity associated with The Chapman Group. Ownership is hoping to fetch "in excess of \$160 million," or about \$3,902 per square foot for the buildings that have a combined total of 41,000 square feet; and last traded in 2021 for \$35 million. The properties which allow for both residential and commercial use are located between Park and Madison Avenues in the Lenox Hill section of the Upper East Side.

Source: <https://therealdeal.com/2022/05/06/ron-perelmans-former-lenox-hill-offices-hit-market-for-160m/>



Midtown - Manhattan West

News Highlights (cont'd)

FIDI Office Building Hits Sales Market | May 6, 2022

Vornado Realty has introduced the sale offering on the 29-story, 250,000-square-foot office building at 40 Fulton Street. The REIT is seeking to fetch between \$130 million and \$140 million, or \$520 to \$560 per square foot, for the property located on the corner of Pearl Street. Decisions to sell come at a time when Vornado is trimming the “outdated portions” of its portfolio, with plans to sell \$750 million worth of property this year as workers continue to remain reluctant to return to their offices, and instead focusing investment on renovating and developing office buildings in up-and-coming areas like Penn Station.

Source: <https://therealdeal.com/2022/05/06/vornado-puts-fidi-office-building-on-the-market-as-it-trims-portfolio/>

Fee Sale of Plaza District Office Property Fetches \$1,194/sf | May 16, 2022

Titan Golden Property Investor LLC has purchased the land beneath the 22-story, 164,615-square-foot office building on the corner of East 60th Street at 645 Madison Avenue. The sale of the Pan Ocean Building by 34% stakeholder BLR Madison Realty, associated with National Realty & Development Corp. and majority 66% stakeholder 645 Madison Properties LLC, associated with Gibraltar Management Co. attracted a price of \$196,592,300, or about \$1,194 per square foot according to city records. About 70,000 square feet of retail and office space is currently being marketed on Costar. In November 2021, Titan had purchased the ground lease for \$26.6 million, or \$162 per square foot from East West Bank, the lender becoming the leaseholder for a brief time upon seizing the property in the form of an assignment of lease in lieu of foreclosure according to reports at the time of the takeover.

Source: <https://www.pincusco.com/titan-golden-capital-pays-196-6m-to-national-realty-development-and-gibraltar-management-for-office-in-lenox-hill/>



Downtown - Tribeca

News Highlights (cont'd)

FiDi Office Building in Contract for \$180M | May 17, 2022

A joint venture of Silverstein Properties and Metro Loft have entered into contract to purchase the 30-story building at 55 Broad Street. The pending sale of the 425,000-square-foot property by longtime owner Rudin Management attracted a price of about \$180 million. Originally developed by Rudin as the headquarters for Goldman Sachs, the building located between Beaver Street and Exchange Place was renovated in the late 1990s following Goldman Sachs departure in 1983, establishing the building as “one of the first tech hubs in the city, equipped with high-speed Ethernet cables and video conferencing.”

Source: <https://commercialobserver.com/2022/05/silverstein-properties-metro-loft-55-broad-street-180m-rudin/>

Bryant Park Office Tower Trades for \$290M | May 20, 2022

RFR Holdings closed on the \$290 million, or about \$1,051 per square foot purchase of 475 Fifth Avenue from sellers Nuveen Real Estate (a subsidiary of TIAA-CREF) and Norges Bank Investment Management. First reports of a sale being in motion surfaced in October 2021, and at the time, “the transaction was heralded as a test for New York City’s office market, which has favored newly constructed Class A product post-pandemic,” with news of the deal terms holding up through closing a very positive sign. JPMorgan Chase and Citigroup were the senior lenders on the \$260 million loan that financed the transaction, while PCCP provided the mezzanine financing. The nearly fully leased 23-story, approximately 276,000-square-foot building located at the corner of East 41st Street directly across the street from the New York Public Library at Bryant Park; and had completed a \$60 million renovation in 2014. TIAA-CREF acquired the property in September 2011 for \$143.9 million, or \$521 per square foot from Barclay’s Capital Real Estate, paying a discounted price from the \$160 million paid in April 2007, upon the lender taking the property back in 2009 through a deed in lieu of foreclosure.

Source: <https://commercialobserver.com/2022/05/rfr-475-fifth-avenue-cbre-citi-jpm-pccp/>

News Highlights (cont'd)

Sale Offering of 1330 Avenue of the Americas Announced | June 3, 2022

The 40-story building formerly known as the Financial Times Building is up for sale, the joint venture of Blackstone Group and RXR Realty looking to fetch more than \$350 million. The property is being offered unencumbered by any debt, with the remaining balance of a loan from DekaBank likely to be paid when the tower is sold. In 2006 the building traded for \$498 million, ultimately being auctioned-off in 2009 following the financial crisis; and in 2010 an RXR-led investor group purchased the property for roughly \$400 million, Blackstone acquiring a stake in 2015 as part of a deal to buy a roughly 50% stake in a 6-building office portfolio from RXR.

Source: <https://commercialobserver.com/2022/06/blackstone-rxr-1330-avenue-of-the-americas/>

Vacant Office Component of Midtown East Building Selling for \$100.5M | June 6, 2022

The entire office component of 609 Fifth Avenue, which totals about 96,077 square feet, is in contract to sell to an undisclosed domestic investor. The pending condo unit sale by SL Green Realty is expected to close by the end of June 2022, having attracted a price of \$100.5 million, or about \$1,046 per square foot. News of the deal for the vacant office space comes about two years after the REIT sold the approximately 27,854-square-foot retail condo at the base of the 13-story tower to a Reuben Brothers affiliate for roughly \$165 million, or about \$5,922 per square foot.

Source: <https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-announces-sale-609-fifth-avenue>

NYC Office Investors Remain Bullish on Future Despite Challenges | June 23, 2022

Inflation, interest rate hikes, a scarcity of financing, and high vacancies due to remote working has not diminished New York City office investors' optimism on the future. Banking on the long-term recovery of the city's office market, investors continue to make "bullish bids" amid a more expensive deal-making environment — even though plenty of cash remains on the sidelines. There has been an uptick of interest in the Grand Central area fueled by the opening of One Vanderbilt and the excitement of the planned redevelopment of the existing Grand Hyatt Hotel at 175 Park Avenue into a 1,575-foot tall office, retail and scaled-down Hyatt hotel development adjacent to Grand Central Terminal on the east side. Ongoing activity serves "as proof that, despite mounting challenges in the market, any ripple or pause is seen as an opportunity by those who want an entrée or expansion in the Big Apple at some of the lowest price points in years."

Shifting to the residential market, interest among global investors continues to flow, but the lack of a continuing 421a-type tax abatement has halted outer borough land sales, while Manhattan sale activity is still trading, "but only for new build condominiums." Other sale activity that has recently seen some growing interest is in the office to residential conversion market, particularly in Manhattan's downtown area where the sale offerings of some outdated office towers destined for residential use are attracting buyers.

Source: <https://nypost.com/2022/06/23/nyc-office-investors-bet-big-on-future-despite-high-vacancies/>



Midtown South - West Village Looking North

News Highlights (cont'd)

Residential Market

South Brooklyn 1,217-Unit Multifamily Portfolio Under Contract for \$250M | April 12, 2022

A&E Real Estate has entered into contract to purchase a 14-building, 1,217-unit multifamily portfolio for approximately \$250 million, or about \$205,423 per unit. The buildings that will sell completely unencumbered by debt are being sold by LeFrak, which has owned the buildings since they were constructed. The residential package is 93% rent stabilized and located in Brooklyn's Gravesend and Sheepshead Bay neighborhoods.

Source: <https://commercialobserver.com/2022/04/ae-lefrak-multifamily-cw/>

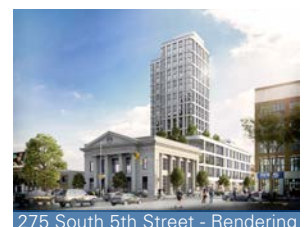
New Sale Offering of 1,180-unit Manhattan and Brooklyn Multi-Family Portfolio | April 25, 2022

Chicago-based REIT, EQR, is looking to sell a five-building rental portfolio located in Manhattan and Brooklyn. The REIT linked to Equity Residential is asking north of \$750 million for the 1,180-unit residential package, or about \$635,953 per unit. Among the five properties, four are located in Manhattan and one in Downtown Brooklyn.

Source: <https://therealdeal.com/2022/04/25/sam-zells-eqr-puts-750m-rental-portfolio-up-for-sale/>

Williamsburg's Dime Residences In Contract to Sell for \$157.5M | May 6, 2022

Incorporating the 1908 landmarked Dime Savings Bank of Williamsburg building, the property that underwent a conversion into a 177-unit, 340,000-square-foot mixed-use development in 2020 has recently entered into contract to sell to Korea-based NH Investment & Securities. Located at 275 South 5th Street in the Brooklyn neighborhood of Williamsburg, the pending sale that is expected to close in 30 to 60 days—and doesn't include the retail component, attracted a price of \$157.5 million, or about \$889,831 per unit, of which 30% have been designated for affordable housing.



Source: <https://commercialobserver.com/2022/05/nh-investment-securities-dime-tavros-charney-cw/>

News Highlights (cont'd)

IBO: Projected Cost of Existing 421-a Tax Expenditures | June 6, 2022

The 421-a affordable housing tax incentive program currently known as Affordable Housing New York (AHNY) — which grants up to 35-years of property tax benefits to newly built multi-unit buildings, is set to expire on June 15, 2022, since the New York State legislature did not renew the program during the last session that ended last week. If a renewal of the program in some form did not occur in a future session, the Independent Budget Office (IBO) projects that existing 421-a exemptions will cost New York City \$25.7 billion from fiscal year 2023 through fiscal year 2056, when the last of the current exemptions would cease (all amounts in 2022 dollars).

Source: <https://ibo.nyc.ny.us/iboreports/how-much-will-421-a-continue-to-cost-new-york-city-after-its-expiration-nycbtn-june-2022.html>

Controversial 421-a Tax Abatement Program Expires – What Now? | June 17, 2022

On June 15, 2022, the 421-a property tax exemption program expired after the New York State legislature did not renew it during its most recent session. Created in 1971, the controversial program provided an as-of-right incentive for developers to build market-rate housing in New York City. The most recent version of the 421-a program created in 2017 under the Cuomo administration, but retroactive through 2016 when it last expired, was rebranded Affordable New York Housing Program (ANYHP); and gave developers a “menu of affordable housing options, with a share of units set aside as affordable and the affordability level of those units depending upon the option chosen.”

Over the years, those opposed to the program questioned how much affordable housing the program creates in exchange for its price tag. The report released in June 2022 by the New York City Independent Budget Office (IBO) indicates that in fiscal year 2022, 421-a was the city’s single largest tax expenditure. Forgone tax revenue for exemptions granted under ANYHP and predecessor programs totaled \$1.8 billion. Critics of the tax incentive program “assert that the law enabled the construction of luxury rental apartments where a portion of its affordable units were at prices as high as 130% of a household’s area median income (AMI), well above what an average family could reasonably afford.”

Although Mayor Eric Adams unveiled a proposed housing plan in the final hours before ANYHP expired, without an additional abatement from Albany to be used in conjunction with programs like mandatory inclusionary housing, it will be difficult to reach the plan’s goals according to city administration officials. Looking ahead, while state lawmakers indicated they “would likely take another crack at the 421-a tax subsidy, including whether to use more targeted AMI levels for different groups, a bill was passed creating an Affordable Housing Commission that will focus on tackling the housing crisis; and will have a 25-member body inclusive of tenant advocates, property owners, and labor leaders. It is anticipated by some that “if New York State Legislature makes no progress on a new incentive this year, developers could begin to look toward investing in areas with fewer zoning regulations.”

Source: <https://commercialobserver.com/2022/06/421a-replacement-new-york/>

IBO: <https://ibo.nyc.ny.us/iboreports/how-many-units-of-affordable-housing-were-built-or-are-underway-through-the-421-a-affordable-new-york-tax-exemption-program-nycbtn-june-2022.html>

Sale of the Retail/Residential Condo at FiDi’s 8 Spruce Street Closes | June 22, 2022

The mixed-use tower located at 8 Spruce Street, known for its rippled steel façade, has a new owner. According to city records the entity 8 Spruce (NY) Owner LLC, reportedly associated with investment firm Blackstone, has purchased the 773,169-square-foot retail and residential condo unit for \$930 million, or roughly \$1,203 per square foot. The 76-story tower initially dubbed Beekman Tower, and later re-branded New York by Gehry, opened in 2011 and hosts approximately 899 residential units and 2 retail units. News of a nearing sale by Brookfield Asset Management and Nuveen under the entity FC 8 Spruce Street Residential, LLC initially surfaced in December 2021, reports at the time noting that if the deal moved forward, Blackstone would assume the \$550 million commercial mortgage-back securities loan secured in 2014 from the New York Housing Development Corporation (NYCHDC). Although not part of the transaction, the Lower Manhattan property also hosts the 83,170-square-foot Spruce Street School, PS 297; a 20,132-square-foot space housing the New York Downtown Hospital, also known as New York Presbyterian/Lower Manhattan, which previously owned the former parking lot upon which the tower was constructed; and a 25,294-square-foot parking garage.

Source: <https://www.pincusco.com/blackstone-pays-930m-to-nuveen-and-brookfield-asset-management-for-8-spruce-in-financial-district/>

Source: <https://commercialobserver.com/2021/12/blackstone-nears-deal-for-luxury-rental-apartments-930m/>



Midtown - Grand Central Area

News Highlights (cont'd)

NYC Rent Guidelines Board Approves Highest Rent Increase Since 2013 | June 22, 2022

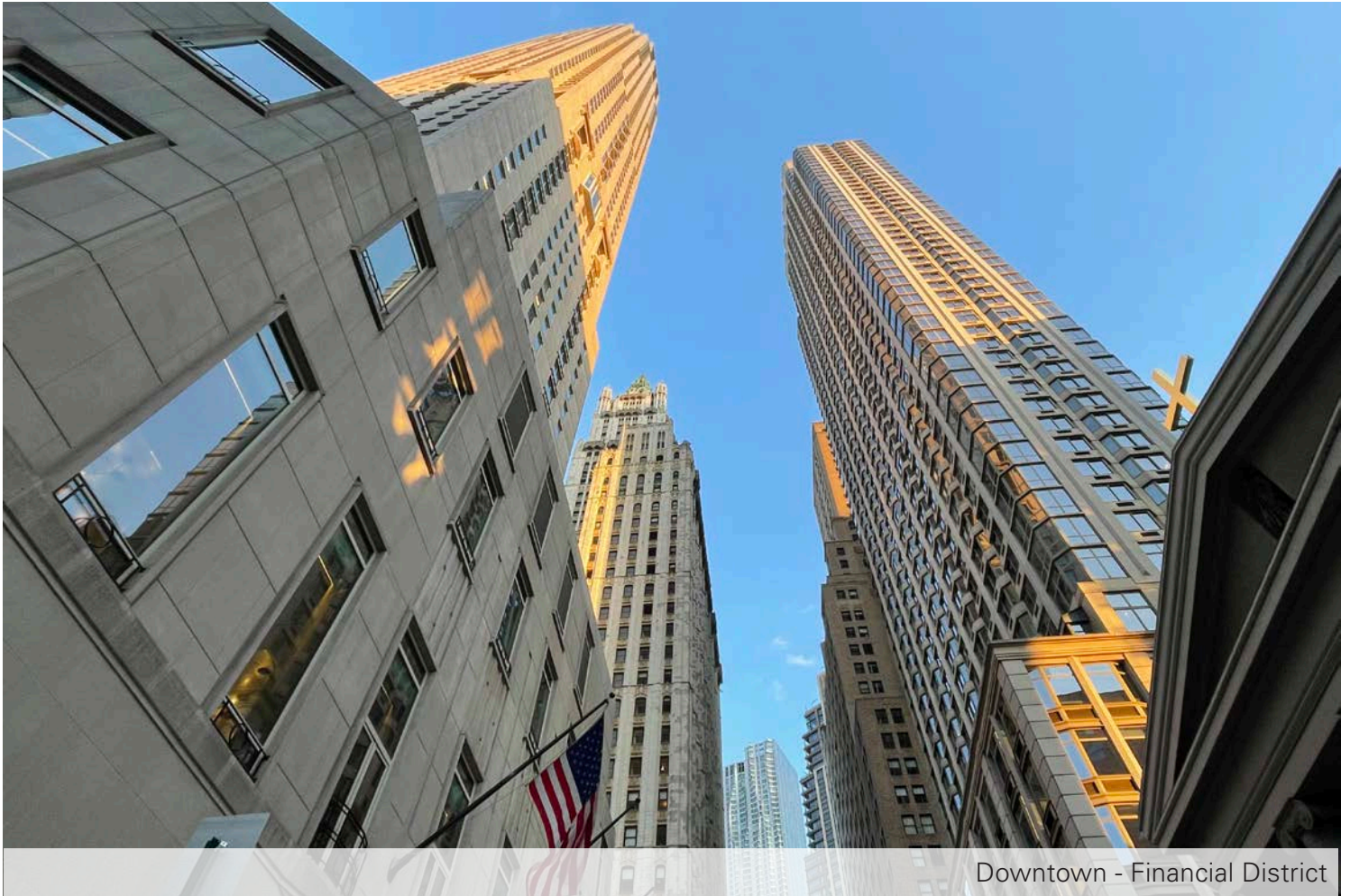
On Tuesday, June 21, 2022, the New York City Rent Guidelines Board (RGB) approved an up to 3.25% increase for one-year leases and 5% for two-year leases for rent-stabilized apartments. A vote by the RGB for the initial proposal took place in early May, delivering its final approval for what has been noted as the “largest collective rent increase on stabilized apartments since 2013.” The increase would take effect for leases that begin on or after October 1, 2022. While the RGB did not vote for the high end of its proposed increases, which would have reached a high of 9% for two-year leases, it represents a departure from the de Blasio administration that actively lobbied the RGB for very low increases. However, despite the more favorable increase, landlords argue that during the pandemic rent freezes costs continued to rise, pointing out that the consumer price index rose 8% over the past year and the RGB’s Price Index of Operating Costs rose 4.2% during the same period.

Source: <https://commercialobserver.com/2022/06/rent-stabilized-landlords-get-their-biggest-increase-in-a-decade/>

Upper East Side Multi-Family Portfolio Fetches \$1.75B | June 28, 2022

Despite a challenging investment market landscape, Black Spruce and Orbach Affordable Housing Solutions have agreed to purchase a 6-building Upper East Side multi-family portfolio for \$1.75 billion, or about \$1,029,412 per unit. Among the properties within the 1,700-unit package is 1 East River Place, a 415-unit building at 525 East 72nd Street. The sale of the portfolio that includes 15% rent-regulated units; and was built by the late Sheldon Solow, is “expected to produce initial return rates between 3% and 5%.” News of the pending deal comes about 4 months following the pair’s purchase of the 760-unit American Copper Buildings at 626 First Avenue for \$837 million.

Source: <https://therealdeal.com/2022/06/28/black-spruce-orbach-strike-nycs-biggest-multifamily-deal-of-pandemic/>



Downtown - Financial District

News Highlights (cont'd)

Development

A First Look at Designs for JPMorgan's New All-Electric Park Avenue HQ | April 14, 2022

The 60-story, Foster + Partners designed tower rising at 270 Park Avenue between East 47th and 48th Street will deliver “New York City’s largest all-electric tower with net zero operational emissions” that “will exceed the highest standards in sustainability.” Upon construction completion JPMorgan Chase’s new global headquarters will rise 1,388 linear feet; and be 100% powered by renewable energy sourced from a New York State hydroelectric plant. The project is also notably the “first under New York City’s innovative Midtown East Rezoning plan, which encourages modern office construction and improvements to the business district’s public realm and transportation.”

Source: <https://www.fosterandpartners.com/news/archive/2022/04/jpmorgan-chase-unveils-plans-for-new-global-headquarters-building-in-new-york-city/>



270 Park Avenue - Renderings

News Highlights (cont'd)

ABS Partners Broker Team in Forefront of Creative Dealmaking to Package Hudson Yards Development Site | April 29, 2022

What began as a simple ground lease transaction for 413 and 415 Ninth Avenue, evolved into what has been described as “the most complicated deal almost anyone has seen.” Brokers Randy Modell and Steven Hornstock of ABS Partners Real Estate, LLC were initially planning to construct a new standalone development on the sites located just a few blocks from what would eventually become the Hudson Yards and Manhattan West megadevelopments. However, the deal ultimately became an intricate transaction involving a “lease, a sub-lease, a sub-sub-lease and a transfer of air rights from a nearby condominium” through some very creative dealmaking by Modell and Hornstock leading to interest by a developer in late 2020 with plans recently filed for the ground-up construction of a 31-story, 178,122-square-foot office and retail project on the 3-parcel 413-419 Ninth Avenue development site.

Source: <https://therealdeal.com/2022/04/29/behind-coves-intricate-deal-for-hudson-yards-high-rise/>

Palace Theatre’s 30-Foot Lift at Base of TSX Broadway Hotel Complete | May 4, 2022

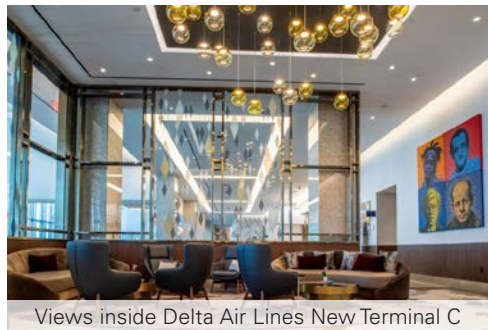
The historic Palace Theatre is now 30-feet above street level within the podium of the 47-story TSX Broadway hotel. The moving of the historic theatre was part of the construction of the new 550,000-square-foot, 669-key Times Square hotel, and will make way for 100,000 square feet of retail space at the base of the structure. A system of 34 hydraulic jacks was used to hoist the 14-million-pound theatre at a speed of about a quarter of an inch per hour over the span of four months; and was overseen by Urban Foundation and Engineering. To complete the project, the theatre will undergo a restoration.

Source: <https://newyorkyimby.com/2022/05/palace-theatre-completes-30-foot-lift-within-tsx-broadway-at-1568-broadway-in-times-square-manhattan.html>

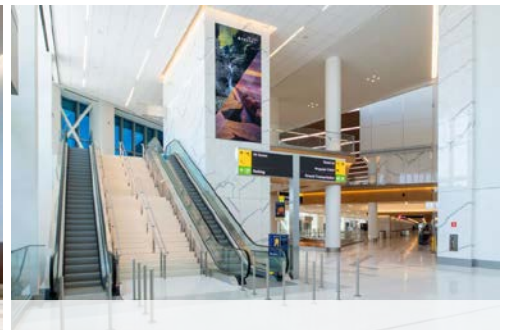
Completion of Delta’s \$4B Terminal C Marks Substantial Completion of LaGuardia Airport’s \$8B Redevelopment | June 1, 2022

On Wednesday, June 1, 2022, the opening of Delta Air Lines’ new 1.3 million-square-foot Terminal C was announced. Completion of the \$4 billion project that consolidated Terminal C and Terminal D marks substantial completion of the \$8 billion redevelopment of LaGuardia Airport that began six years ago. As the nation’s first major new airport in more than 25-years, LaGuardia Airport’s Terminal C and new Terminal B, which opened in January 2022, offers travelers a world-class facility. The airport will also celebrate the cultural diversity of Queens and New York through inspiring public art curated by the Queens Museum. Private financing and existing passenger fees funded two-thirds of LaGuardia’s transformation, the construction of which generated a “record-setting \$2 billion in contracts awarded to Minority- and Women-Owned Business Enterprises (MWBE), and \$800 million to date in contracts awarded to Queens-based local business enterprises.

Source: <https://www.governor.ny.gov/news/governor-hochul-port-authority-new-york-new-jersey-and-delta-air-lines-announce-opening-deltas>



Views inside Delta Air Lines New Terminal C





Midtown South - East View from Chelsea's Pier 57 Rooftop

News Highlights (cont'd)

Rebranded Empire Station Project Continues to Face Headwinds | June 9, 2022

The Empire Station Complex project initially proposed by former Governor Andrew Cuomo, and subsequently modified and rebranded the Pennsylvania Station Civic and Land Use Project by Governor Hochul, is a “comprehensive redevelopment initiative to revitalize the area around Penn Station” by “facilitating approximately 20 million gross square feet of office space, retail, hotel, and potentially residential space on eight designated Project Sites within the Project Area” that is generally bound by 6th and 9th Avenues to the east and west, and by West 30th and West 34th Street to the south and north. Revenues generated by the new development would help fund the reconstruction and potential expansion of Penn Station and other transit or public realm improvements according to the General Project Plan (GPP) adopted February 18, 2021.

Although acquisition of property would be by negotiated purchase with property owners, the State has declared its intention to exercise eminent domain as needed, sparking opposition among some of the landowners within the Project Area and some local elected officials. In addition, upon review of the proposed GPP by the City Planning Commission (CPC) in January 2022, and more recently in May 2022 by the New York City Independent Budget Office (IBO), it was indicated that while supporting the intentions of the project, the proposed GPP leaves many open questions related to the financing, transit improvements, and public realm improvements; as well as the impact on state and city finances.

Despite controversy related to the massive project, the state is pushing forward. On June 9, 2022, Governor Hochul's office announced that the Metropolitan Transportation Authority (MTA), in partnership with Amtrak and NJ Transit, released a Request for Proposals (RFP) seeking architectural and engineering firms to guide the Penn Station Reconstruction effort.



Penn Station Reconstruction - Rendering

Related documents posted on ESD's website: <https://esd.ny.gov/penn-station-area-gpp-and-related-documents>

IBO's full report:

<https://ibo.nyc.ny.us/iboreports/on-track-or-off-the-rails-new-york-states-plan-to-use-new-development-to-fund-penn-station-improvements-leaves-many-open-questions-for-new-york-city-and-state-may-2022.pdf>

Governor Hochul's Office June 9 Press Release (includes additional links related to the Penn Station Reconstruction project):

<https://www.governor.ny.gov/news/governor-hochul-and-governor-murphy-announce-major-step-toward-modernization-penn-station>



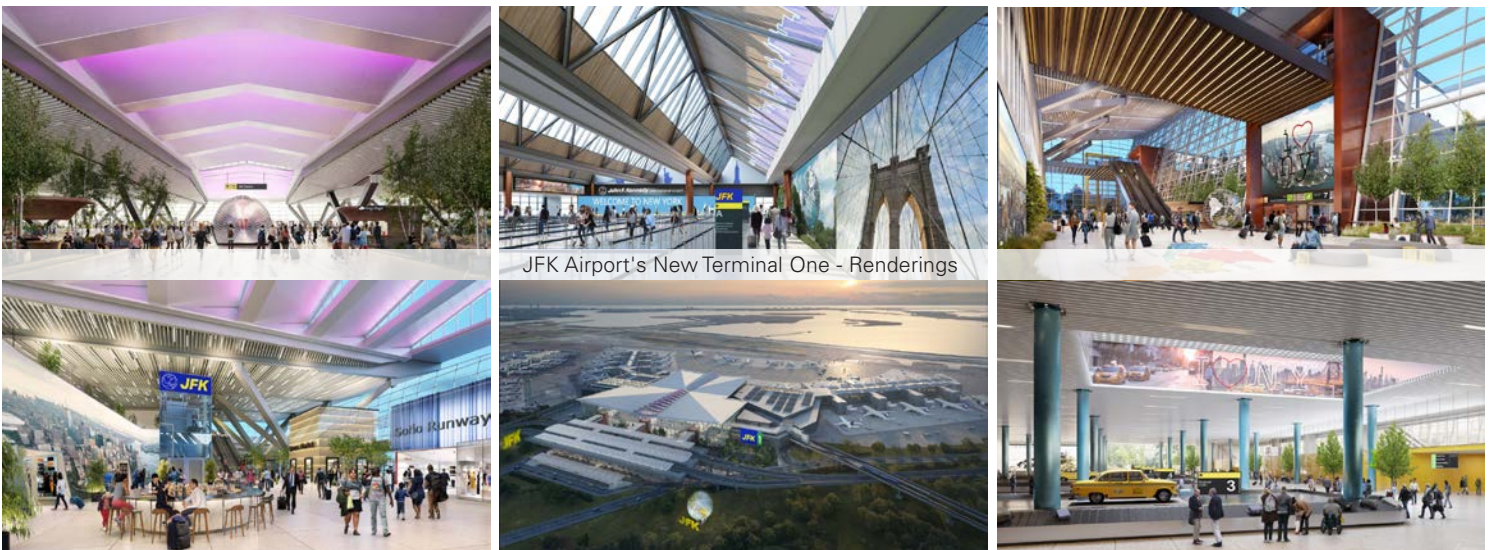
JFK's New Terminal One - Rendering

News Highlights (cont'd)

JFK Airport's \$9.5B New Terminal One Project Gets Green Light | June 10, 2022

Governor Hochul announced on Friday, June 10, 2022, that financial and environmental approvals have been secured to enable the planned construction of the \$9.5 billion New Terminal One at JFK International Airport to move forward this summer. The 2.4 million-square-foot terminal will be built on sites currently occupied by Terminal 1, Terminal 2, and the former Terminal 3. The first phase of construction, including the new arrivals and departures hall and first set of new gates is expected to open in 2026, with full construction in 2030. The New Terminal One builds on the momentum of three other major components of JFK's \$18 billion transformation and an "extraordinary public-private partnership." News of the green light for the JFK project comes just 10 days after the opening of Delta Air Lines new Terminal C at LaGuardia Airport.

Sources: <https://www.governor.ny.gov/news/governor-hochul-announces-construction-95-billion-new-terminal-one-jfk-airport-will-begin>



JFK Airport's New Terminal One - Renderings



News Highlights (cont'd)

Lending

Trepp and Commercial Real Estate Direct Release Q1 2022 Quarterly Data Review | May 3, 2022

The first edition of the Quarterly Data Review (QDR) published by Commercial Real Estate Direct, a subsidiary of Trepp Inc., offers a recap of the activity in commercial real estate finance and the Commercial Mortgage-Backed Securities (CMBS) market. The current Q1 2022 report covers multiple topics including interest rates and commercial real estate; CMBS spreads, delinquency volume, and issuance; and the threat that work-from-home puts on office loans with near-term lease rollovers.

Source: <https://www.trepp.com/instantly-access-cre-direct-trepp-qdr-q1-2022>

Federal Reserve Raises Fed Funds Rate by Half-Point | May 4, 2022

On May 4, 2022, the Federal Reserve announced decisions to raise the target range for the federal funds rate to 3/4 to 1 percent — the highest increase in 22-years; and anticipates that there will be ongoing increases as the Federal Open Market Committee (FOMC) seeks to achieve a maximum employment and inflation of 2% over the longer run. The move comes at a time when the nation's overall economic activity edged down in the 1st quarter, and the tremendous human and economic hardship caused by the invasion of Ukraine by Russia. Looking ahead, with appropriate firming in the stance of monetary policy, the FOMC expects inflation to return to its 2% objective and the labor market to remain strong.

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220504a.htm>
<https://www.cnn.com/2022/05/04/economy/federal-reserve-interest-rate-hike/index.html>



Williamsburg - View from NYC Ferry

News Highlights (cont'd)

Maturity of \$7.16B of CMBS Office Debt in 2022 Looms | May 26, 2022

According to research firm Trepp, there is a surge of big-ticket CMBS office loans maturing in 2022. The total worth of about \$7.16 billion is more than in the three previous years combined — the result of borrowers extending the terms of their loans in recent years. The \$1.5 billion in refinancing currently being sought for 5Times Square is one of the largest such deals in the era of hybrid work and rising interest rates. Expected to be 75% empty upon anchor tenant EY (formerly Ernst & Young) relocating to 1 Manhattan West, 400 West 33rd Street, the 1.1 million-square-foot tower could be a bellwether for the New York City office market.

Source: <https://therealdeal.com/2022/05/26/swell-of-maturing-debt-pressure-office-owners/>

Trepp CMBS Delinquency Rate Delivers Good News of Another Large Decline in May | June 2, 2022

Trepp, a research provider of securitized mortgage data, posted another large decline in the overall U.S. CMBS delinquency rate during May 2022. Currently, the rate of decline is on pace for the overall delinquency rate to potentially fall below 3% in the coming months — a prospect that seemed unthinkable during the COVID19-pandemic when market volatility caused the delinquency rate to reach 10.32% in June 2020, nearing the all-time high of 10.34% seen in July 2012. The 3.14% delinquency rate in May 2022, which assumes defeased loans are still part of the denominator, represented a decline of 37 basis points from the previous month — the biggest decline since January 2022 as the downward trend continued for 22 consecutive months, with only a brief uptick in late 2021. On a year-over-year comparison, the overall U.S. CMBS delinquency rate is down 302 basis points from the 6.16% rate in May 2021.

Among the major property types, the retail property type had a delinquency rate of 6.57% at the high in May 2022, declining from 10.33% one year ago, in contrast to the 0.38% delinquency rate within the industrial property type at the low for the month. The delinquency rates for the office and residential property types fell 49 basis points and 90 basis points year-over-year to 1.63% and 1.02% respectively; while the lodging property type saw a sharp decline of 839 basis points during the same 12-month period, falling to 5.83% in May 2022.

Source: <https://www.trepp.com/trepp-talk/cmbs-delinquency-rate-falls-sharply-may-2022>

News Highlights (cont'd)

Implications of Monday's U.S. Yield Curve Inversion | June 13, 2022

For the first time since April 2022, the U.S. Treasury yield curve inverted on Monday, June 13, 2022, following highly anticipated inflation data last week, which prompted a shift of investors' focus once again on the short-end of the curve, as the two-year yields rose to a 15-year high of around 3.25% on Monday. Some shorter-dated bond yields surged higher than longer term ones as banks ramp up projections on interest rate hikes as the U.S. Federal Reserve attempts to bring down inflation from 40-year highs. On Monday, two-year Treasuries yielded more than 10-year paper; and short-term yields, which are sensitive to interest rates, are rising with rate-hike expectations, while long-term rates reflect concerns that the Fed will be unable to control inflation — potentially signaling that a recession could follow. In addition to affecting investors, consumers and businesses also feel the effects, U.S. banks tend to raise benchmark rates for a wide range of consumer and commercial loans when short-term rates increase, making borrowing more costly.

Source: <https://www.reuters.com/markets/us/us-yield-curve-inverts-again-what-is-it-telling-us-2022-06-13/>

Federal Reserve Announces Largest Fed Funds Rate Hike in Nearly 30 Years | June 15, 2022

On Monday, June 15, 2022, the Federal Reserve issued a Federal Open Market Committee (FOMC) statement announcing decisions to raise the target range for the federal funds rate to 1-1/2 to 1-3/4 percent. News of the 0.75% hike — the largest increase since 1994, comes just over one month after the May 4th increase and announced anticipation of ongoing increases as the FOMC seeks to achieve a maximum employment and inflation of 2% over the longer run. What appears to be an uptick in overall economic activity, after edging down in the 1st quarter of 2022; robust job gains in recent months; and the continued low unemployment rate contributed to the Fed's decision.

In conjunction with the June 14-15 FOMC meeting, the Federal Reserve Board and the FOMC released a summary of economic projections by FOMC participants, noting that “each participant’s projections were based on information available at the time of the meeting, together with her or his assessment of appropriate monetary policy—including a path for the federal funds rate and its longer-run value—and assumptions about other factors likely to affect economic outcomes.”

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220615a.htm>

FOMC Economic projections: <https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20220615.htm>

Large U.S. Banks Meet Capital Requirements to Weather a Severe Recession | June 23, 2022

The results of the Federal Reserve Board's annual bank stress test released Thursday, June 23rd showed that “banks continue to have strong capital levels, allowing them to continue lending to households and businesses during a severe recession.” According to the Fed's press release, despite total projected losses of \$612 billion, all 34 banks with more than \$100 billion in assets that the Fed oversees and tested remained above their minimum capital requirements. The 2022 hypothetical scenario is tougher than the 2021 test, by design, and includes a severe global recession with substantial stress in commercial real estate and corporate debt markets. The results that serve as a sign of the sector's strong financial health, were hailed by the country's largest banking group

Source: <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20220623a.htm>

Source: <https://www.reuters.com/markets/us/us-fed-says-banks-can-weather-severe-downturn-comfortably-2022-06-23/>



Downtown - View from Brooklyn Bridge Park

Market Snapshot: Class A & B

New York City's Unemployment

- According to the New York State Department of Labor's figures, the city's unemployment rate of 5.7% (not seasonally adjusted) at the end of May 2022 represented a 44.1% decrease year-over-year; and a 13.6% improvement over the three month period from February 2022 when the rate was 6.6%.
- Comparatively, unemployment on the National and State level at the end of May 2022 was 3.3% and 4.1% respectively, representing decreases of 42.1% and 41.4% year-over-year.
- Employment activity in New York City's private sector resulted in a gain of 304,500 private sector jobs over the year to 3,924,100 in May 2022. Among the major sectors, Leisure and Hospitality gained 110,600 jobs at the high over the 12 month period, in contrast to 8,800 job gains in the Financial Activities sector at the low. Job gains within the Professional and Business Services, Educational and Health Services, and Information sectors ranged 18,700 to 63,300 jobs.

Weekly Wages

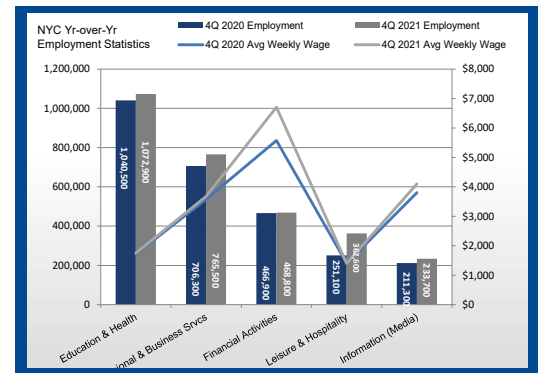
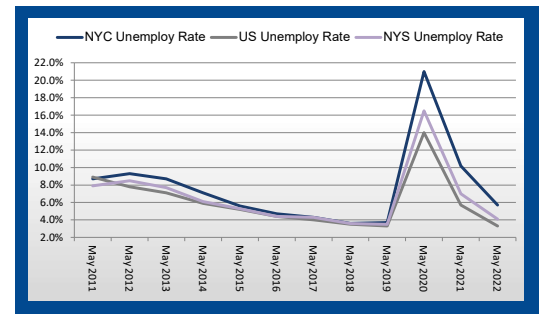
Overall weekly wages in New York City averaged \$3,240 in the 4th quarter of 2021, representing a positive 6.7% improvement year-over-year according the recent report released by the U.S. Department of Labor. Among the major sectors, (4) saw wage increases during the quarter, except for Leisure & Hospitality, which saw a 0.5% decrease. The Financial Services sector led the way with a 20.3% increase year-over-year at the high; while at the low, the Education and Health sector saw a more moderate 1.6% improvement.

Vacancy for Class A & B office buildings over 75,000 square feet rose 5.2% quarter-over-quarter to 13.2%. Class B vacancy reached 12.4%, representing a 5.7% increase during the same period, while Class A vacancy rose 4.9% to 13.6%, the construction completion of 50 Hudson Yards and Zero Irving at 124 East 14th Street adding 109,987 square feet and 134,386 square feet to Class A inventory. Class A sublease vacancy rose sharply by 21.9% to 2.4%, in contrast to the more moderate 3.1% increase to 2.1% in Class B.

Absorption closed the 2nd quarter at negative 3,622,244 square feet, representing a sharp reversal of 1st quarter's slight quarter-over-quarter improvement of negative 675,948 absorption. Absorption significantly lowered in all three major commercial submarkets, sublease space added to office space availability during the quarter largely contributed to the reversal as Midtown, Midtown South and Downtown absorption lowered to negative 1,712,627 square feet, negative 839,833 square feet and negative 1,069,784 square feet respectively.

Face Rents for office space in the 2nd quarter rose 1.3% to an overall average of \$71.64 per square foot versus the \$70.72 per square foot figure in the 1st quarter. Class A face rents rose 2.0% from the previous quarter's \$77.55 per square foot to \$79.09 per square foot at the end of June. Average direct asking rents lowered by 2.1% quarter-over-quarter to \$80.55 per square foot, in contrast to sublease rents which rose sharply by 4.8%, rising from \$57.83 per square foot in the 1st quarter to \$60.59 per square foot.

2Q 2022	Total	Downtown	Midtown South	Midtown
Vacancy	↑	↑	↑	↑
Face Rent	↑	↓	↑	↑
Absorption	↓	↓	↓	↓

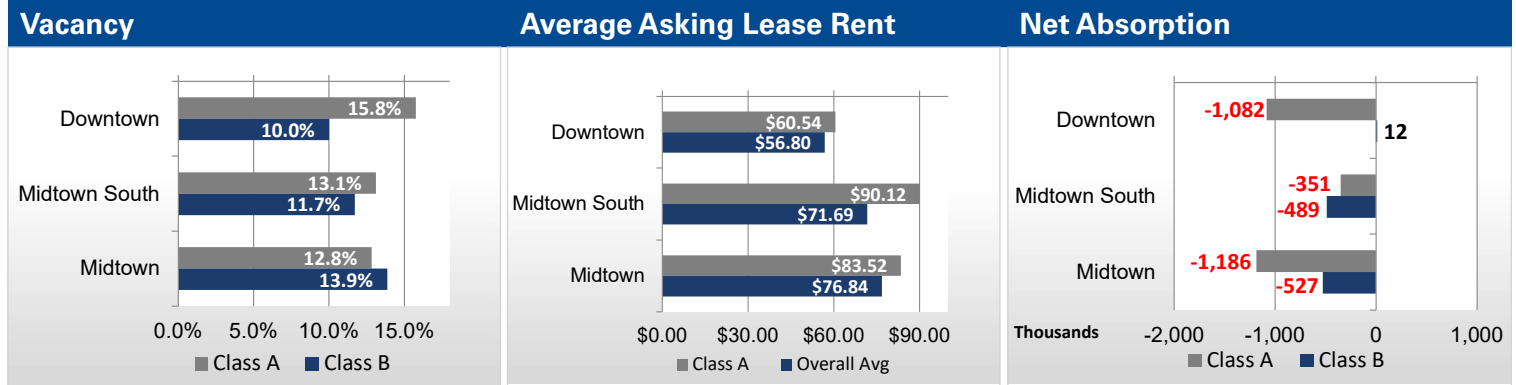


Source: NYS Department of Labor and US Department of Labor, Bureau of Labor Statistics

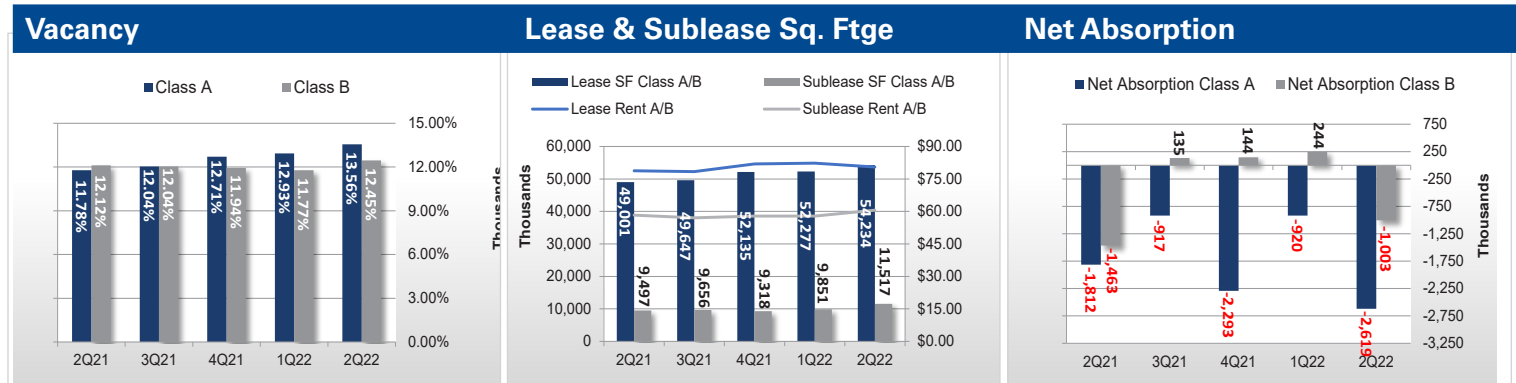
Class A & B Statistics At A Glance



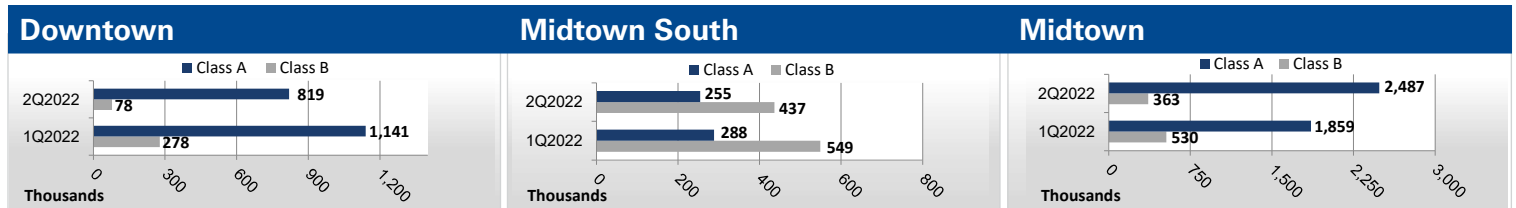
2nd Quarter 2022



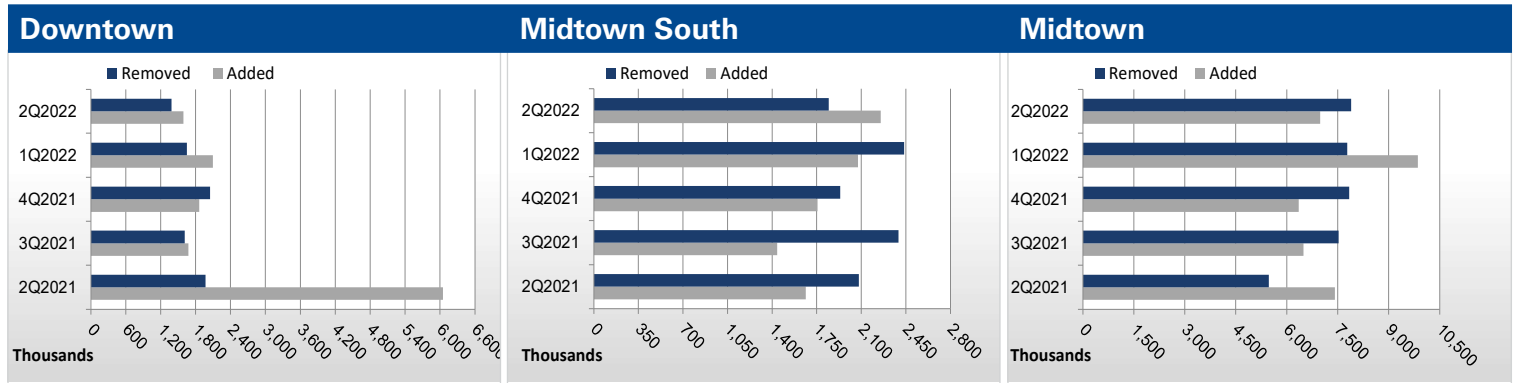
Quarter-over-Quarter



Sublease Space Newly Listed in Q2 2022



Year-over-Year Inventory Changes





Submarket Statistics Overview: Class A & B Office

Manhattan	Inventory	Vacant Sq. Ftge.			Vacancy Rate			Avg. Face Rent PSF	Absorption
Submarkets Districts	Total RBA*	Direct Sq. Ftge.	Sublet Sq. Ftge.	Total Sq. Ftge.	Direct Vacancy	Sublet Vacancy	Overall Vacancy	Overall Asking	Year-to-Date Sq. Ftge
Downtown	111,878,068	13,453,215	2,626,965	16,080,180	12.0%	2.3%	14.4%	\$56.80	-1,834,269
City Hall	14,011,609	796,556	37,136	833,692	5.7%	0.3%	6.0%	\$52.30	54,778
Financial District	40,958,279	6,290,581	1,540,826	7,831,407	15.4%	3.8%	19.1%	\$51.93	-737,532
Insurance District	11,639,346	2,030,839	197,375	2,228,214	17.4%	1.7%	19.1%	\$53.17	-1,047,771
TriBeCa	6,869,703	582,470	141,724	724,194	8.5%	2.1%	10.5%	\$80.69	-77,138
World Trade Center	38,399,131	3,752,769	709,904	4,462,673	9.8%	1.8%	11.6%	\$66.54	-26,606
Midtown South	73,079,367	7,034,440	1,847,352	8,881,792	9.6%	2.5%	12.2%	\$71.69	-748,456
Chelsea	18,639,880	1,905,163	552,324	2,457,487	10.2%	3.0%	13.2%	\$67.19	-213,975
Flatiron	22,771,626	2,251,273	565,358	2,816,631	9.9%	2.5%	12.4%	\$84.17	-170,907
Gramercy/Union Sq	9,808,458	727,713	206,259	933,972	7.4%	2.1%	9.5%	\$71.18	-28,745
Greenwich Village	5,291,559	808,466	71,376	879,842	15.3%	1.3%	16.6%	\$83.27	-194,275
Hudson Square	11,112,311	700,090	424,373	1,127,463	6.3%	3.8%	10.1%	\$78.00	-169,444
SoHo	5,455,533	641,735	27,662	669,397	11.8%	0.5%	12.3%	\$68.35	28,890
Midtown	312,064,898	33,746,516	7,042,368	40,788,884	10.8%	2.3%	13.1%	\$76.84	-1,715,467
Columbus Circle	33,933,147	2,947,859	514,832	3,462,691	8.7%	1.5%	10.2%	\$74.71	-157,375
Hudson Yards	57,412,068	6,370,492	1,346,065	7,716,557	11.1%	2.3%	13.4%	\$67.85	-349,828
Grand Central	13,378,896	2,190,172	511,625	2,701,797	16.4%	3.8%	20.2%	\$57.51	-15,331
Murray Hill	68,670,920	4,827,556	2,596,259	7,423,815	7.0%	3.8%	10.8%	\$81.19	-599,039
Penn Plaza/Garment	87,730,276	11,332,436	1,434,948	12,767,384	12.9%	1.6%	14.6%	\$98.19	543,229
Plaza District	46,551,776	5,850,418	638,639	6,489,057	12.6%	1.4%	13.9%	\$80.08	-1,142,170
Times Square	4,387,815	227,583	0	227,853	5.2%	0.0%	5.2%	\$69.63	5,047
U.N Plaza									
Grand Total	497,022,333	54,234,171	11,516,685	65,750,856	10.9%	2.3%	13.2%	\$71.64	-4,298,192

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



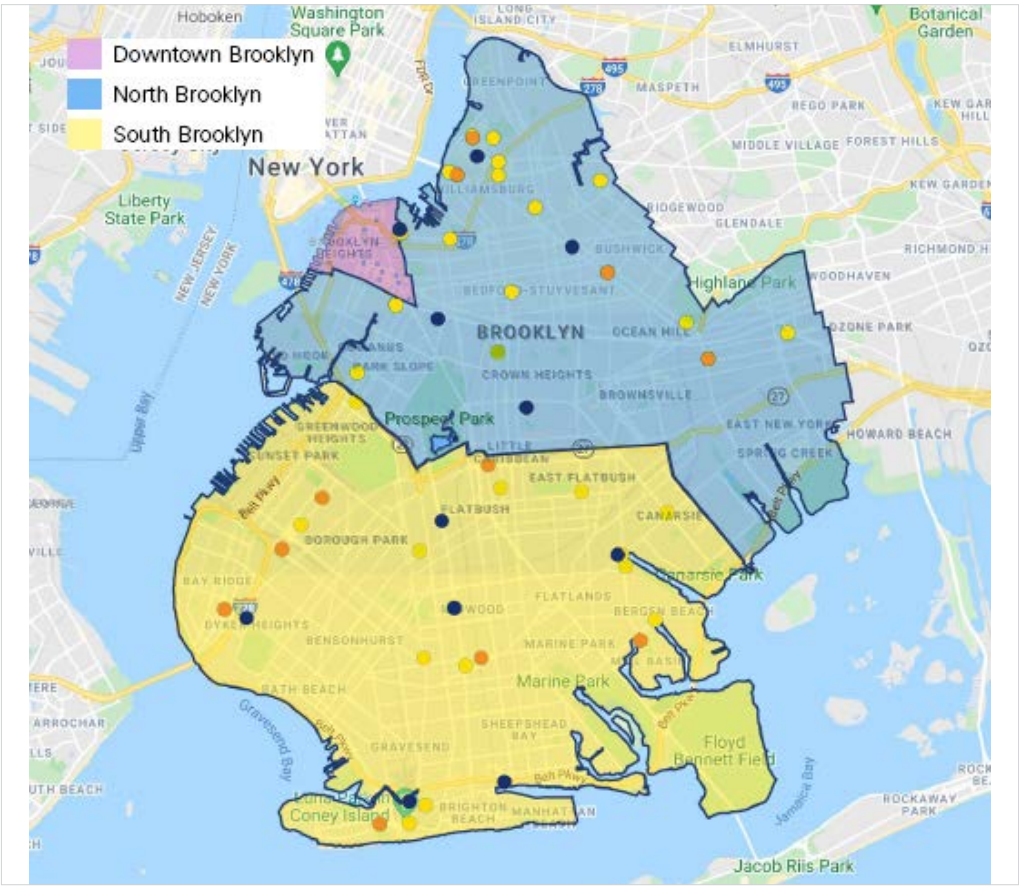
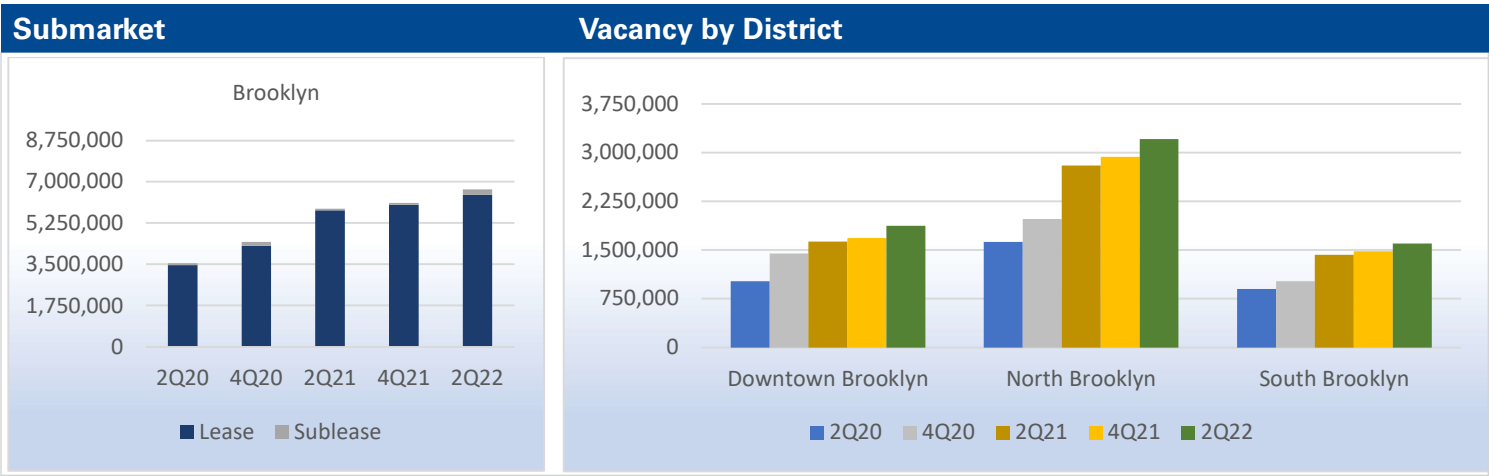
Q2 2020 - Q2 2022



Retail Bi-Quarterly Vacancy Statistics At A Glance



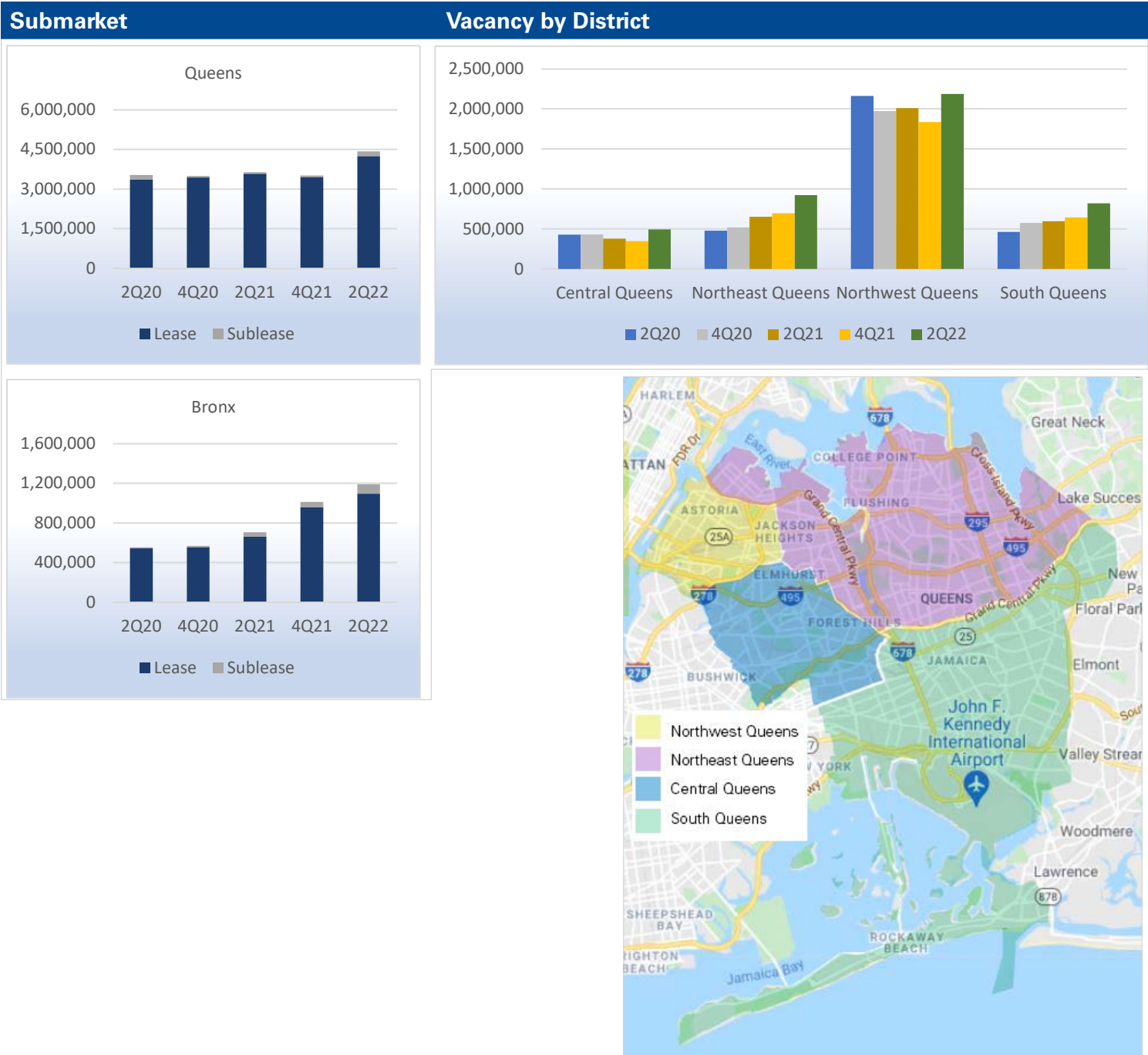
Q2 2020 - Q2 2022



Retail Bi-Quarterly Vacancy Statistics At A Glance

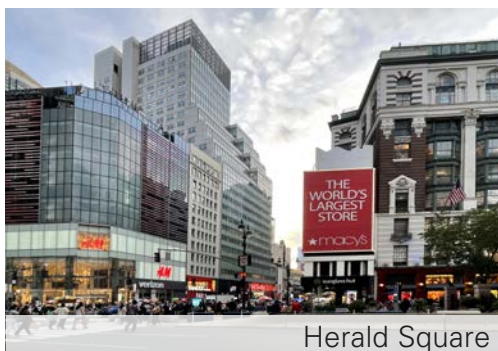


Q2 2020 - Q2 2022

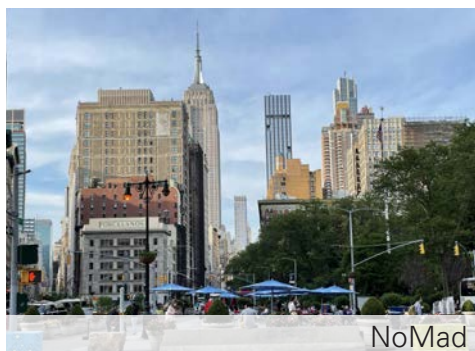




Chelsea



Herald Square



NoMad

Real Estate Board of New York's Spring 2022 Manhattan Retail Report

Manhattan's retail sector gained traction during the last six months according to the report recently released by the Real Estate Board of New York (REBNY). Although still below pre-pandemic levels, rents are stabilizing in many areas; and brokers are expecting increased lease completions for the balance of 2022. However, lease completions and business openings continue to be impeded by "construction inspection and licensing delays, as well as supply chain dysfunction." Several positive indications of Manhattan's improving retail market include sustained leasing in multiple corridors; the diversity of retailers completing leases is expanding; a depletion of availability of prime retail spaces in several corridors; a normalizing of rent and lease terms after the consistent rent declines and creative deal structures during the pandemic; and a rising demand in more corridors, with the biggest improvement in key shopping destinations like Madison Avenue and Soho.

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	Spr 2022 Avg. Asking	Spr 2022 Asking Range	Maximum Avg. Asking/Yr	% Yr-over-Yr Change	% Change Fall 2021
Eastside					
East 86th St: Lexington-2nd Aves	\$278	\$155 - \$390	\$550 / S-2013	-3%	-15%
Madison Ave: 57th – 72nd Sts	\$769	\$300 - \$1,100	\$1,709 / F-2014	-1%	3%
Third Ave: 60th – 72nd Sts	\$224	\$115 - \$333	\$371 / S-2016	20%	5%
Westside					
Broadway: 72nd – 86th Sts	\$241	\$150 - \$375	\$434 / F-2013	0%	4%
Columbus Ave: 66th – 79th Sts	\$320	\$210 - \$488	\$447 / S-2015	10%	23%
Midtown					
East 57th St: 5th – Park Aves	N/A	N/A	\$1,625 / S-2016	N/A	N/A
Fifth Ave: 49th – 59th Sts	\$2,775	\$2,250 - \$3,000	\$3,900 / S-2018	-8%	6%
Fifth Ave: 42nd – 49th Sts	\$650	\$400 - \$750	\$1,368 / S-2016	0%	-4%
Broadway & 7th Ave: 42nd – 47th Sts	\$1,112	\$300 - \$2,300	\$2,413 / S-2015	-25%	11%
Herald Square					
West 34th St: 5th – 7th Aves	\$454	\$171 - \$1,000	\$1,000 / S-2015	3%	16%
Flatiron					
Fifth Ave: 14th – 23rd Sts	\$256	\$175 - \$458	\$456 / S-2017	-3%	4%
Broadway: 14th – 23rd Sts	\$346	\$240 - \$500	\$510 / F-2015	17%	12%
SoHo					
Broadway: Houston – Broome Sts	\$328	\$275 - \$400	\$977 / S-2015	6%	-8%
West Village					
Bleecker St: 7th Ave South – Hudson St	\$226	\$128 - \$350	\$540 / S-2013	-10%	-10%
Meatpacking					
14th St: 9th – 10th Aves	\$258	\$195 - \$275	\$462 / S-2008	-14%	-2%
FiDi					
Broadway: Battery Park – Chambers St	\$316	\$100 - \$785	\$417 / S-2020	-22%	-20%
Harlem					
125th St: 5th – Morningside Aves	\$143	\$101 - \$190	\$151 / F-2019	10%	8%

Downtown Alliance: Lower Manhattan Real Estate Market | Q1 2022

The Q1 2022 report released in early May by the Downtown Alliance brought the announcement that Lower Manhattan saw the second strongest quarterly leasing total since the beginning of the COVID-19 pandemic. However, despite more robust office leasing activity, rents continued a downward trend and vacancies continued to rise, particularly in Class B office buildings. In contrast, median apartment rents broke record highs for the third consecutive quarter as new tenants move into the neighborhood. Lower Manhattan also welcomed thirty-five retailers that opened in the early months of 2022, surpassing open rates in early 2019, in addition to a few notable re-openings among the area's retailers that were thought to have permanently closed including Manhatta at 28 Liberty and the Gap at 172 Broadway.

The uptick in new hotel openings, increasing travel, and positive momentum in both occupancy and rates has sparked a reason for optimism in the hospitality industry. Tourism nearly doubled the visitation seen in 2020, reaching 5.7 million in 2021, but remains significantly below the 14 million visitors in 2019, with the share of international visitors increasing year-over-year by 28% — a volume that is anticipated to rise higher throughout 2022. Average daily room rates rose a substantial 65% higher than at the beginning of 2021, reaching \$206 per night.

Residential median rent reached a new record high of \$4,400, representing a nearly 5% quarter-over-quarter increase and a steep 47% increase from the \$3,000 figure during the "pandemic trough" in the 1st quarter of 2021. Although still above pre-pandemic pricing, median sales prices and sales volume for co-ops and condos in Lower Manhattan lowered for the second consecutive quarter to \$1.26 million, representing a 21% and 15% drop quarter-over-quarter and year-over-year respectively.

Top 10 Lease Deals in Q1 2022

Tenant	Address	Sq. Ftge.	Lease Type	Sector
MJHS	1 New York Plaza	138,374	Relocation	Healthcare
Celonis	55 Water Street	75,538	Renewal/Expansion	TAMI/Information
Berkshire Hathaway	85 Broad Street	68,732	Renewal	FIRE
National Urban League	80 Pine Street	58,814	Renewal	Nonprofit
NYS Division of Licensing Services	123 William Street	45,350	Renewal	Government
NYS Court of Claims	26 Broadway	43,769	Renewal	Government
Lattice	195 Broadway	42,089	New NYC location	Business Services
Code Climate	195 Broadway	4,878	Relocation	TAMI/Technology
Paperless Post	115 Broadway	36,750	Renewal	TAMI/Technology
Carter Ledyard & Milburn	28 Liberty Street	36,124	Relo within LoMa	Prof. Svcs/Law

Property Sales Q1 2022

Property Type	Address	Sq. Ftge./Units	Sale Price	Buyer	
Office Condo	1 Hanover Square	25,000	\$6M (\$240/sf)	SomeraRoad	Landmarked Condo
Commercial	112-113 South Street	10,400	\$4M (\$385/sf)	Undisclosed Private Investor	2 Comm'l Bldgs
Mixed-Use	25-27 Peck Slip	10,635	\$8.65M (\$813/sf)	REDA Holdings	4-Res/2-Retail units
Mixed-Use	80-88 West Broadway	N/A	\$36.1M	6R Group	5-bldg portfolio + parking lot
Mixed-Use	23 Peck Slip	36,000	\$24.5M (\$681/sf)	REDA Holdings	20-Res/1-Retail units
Residential	14 Maiden Lane	14,645 10-units	\$9.5M (\$649/sf) \$950,000/unit	Frank Savino	10-unit rental
Mixed-Use	Andaz Wall Street 75 Wall Street	253-key	\$85M	Blue Sky Hospitality	253-key hotel 346-unit condo



Brooklyn - Brooklyn Heights Area

Development Activity

REBNY Report: Quarterly New Building Construction Pipeline - Q1 2022

The Real Estate Board of New York (REBNY) released a report in May providing statistics based on examined new building job application filing submitted to the NYC Department of Buildings in the 1st quarter of 2022, analyzing data for the three month period of January through March; and draws historical comparisons to provide an understanding of the current state of development in New York City.

Key Takeaways - Q1 2022							
Borough Breakout	Q1 2022 Filings	Yr-over-Yr Change	% of Proposed Construction SF	Borough	Q1 2022 Filings	Yr-over-Yr Change	% of Proposed Construction SF
Manhattan	20	-9.09%	5.81%	Queens	227	75.97%	31.14%
Bronx	74	21.31%	11.10%	Staten Island	161	57.84%	4.70%
Brooklyn	207	122.58%	47.24%				
New Building Filings in Q1 2022	TTL Filings	% Change Qtr-over-Qtr / Yr-over-Yr		TTL Proposed Sq. Ft.		% Change Qtr-over-Qtr / Yr-over-Yr	
Citywide	689	3.61% / 69.29%		23.27MM		-26.45% / 333.41%	
Construction Projects 300K-sf Plus	Q1 2022 Filings	TTL Proposed Sq. Ft.		% of Q1 2022 TTL Proposed SF		Qtr-over-Qtr Change of TTL %	
Citywide	16	6.38MM		27.42%		-41.77%	
Multiple Dweling Residential Q1 2022	Proposed Units	% Change Qtr-over-Qtr / Yr-over-Yr			New Buildings	% Change Qtr-over-Qtr / Yr-over-Yr	
Citywide	20,437	-17.71% / 512.62%			322	15.00% / 228.57%	
Borough Breakout	New Buildings	Proposed Units / % of TTL		Borough	New Buildings	Proposed Units / % of TTL	
Manhattan	16	1,035 / 5.06%		Queens	84	5,777 / 28.27%	
Bronx	59	2,753 / 13.47%		S.I.	19	751 / 3.67%	
Brooklyn	144	10,121 / 49.52%					
Largest Proposed Projects by Borough - Q1 2022							
Borough	Address	Neighborhood	Sq. Ft.	Description			
Manhattan	242 East 71st Street	Lenox Hill	142,145	21-story mixed-use development - 134-units proposed and 7,465 sf commercial space			
Bronx	120 East 144th Street	Mott Haven	401,436	13-story residential development - 470-units proposed			
Brooklyn	254 Euclid Avenue	Cypress Hills	434,935	14-story mixed-use development - 436-units proposed and over 4,000 sf commercial space			
Queens	94-15 Sutphin Boulevard	Jamaica	481.935	23-story mixed-use development - 500-units proposed			
Staten Island	8 Stuyvesant Place	St. George	255,406	17-story mixed-development - 295-units proposed and 7,504 sf commercial space			



Midtown - Hudson Yards

Office Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
55 Water Street	Downtown	FiDi	138,374	MJHS Health System
One World Trade Center	Downtown	World Trade Center	74,328	Celonis (extension/expansion)
55 East 52nd Street	Midtown	Plaza	400,000	Morgan Stanley (expansion)
320 Park Avenue	Midtown	Plaza	252,000	Mutual of America Life Insurance
3 Times Square	Midtown	Times Square	243,305	Touro College & University System (consolidation)
5 Times Square	Midtown	Times Square	240,000	Roku
100 Park Avenue	Midtown	Grand Central	236,026	AlphaSights
1400 Broadway	Midtown	Penn Plaza	169,911	Signature Bank (expansion)
437 Madison Avenue	Midtown	Plaza	160,000	Santander Bank (sublease/relocation)
1 Madison Avenue	Midtown South	NoMad	328,000	IBM (relocation/consolidation)
462 Broadway	Midtown South	SoHo	87,500	DoubleVerify
114 Fifth Avenue	Midtown South	Union Square	77,608	Chainalysis (expansion)

Lease - Outer Boroughs

Address	Borough	District	Sq. Ftge	Tenant
45 Nevins Street	Brooklyn	DoBro	42,179	NYC Police Dept (renewal)
49 S 2nd Street	Brooklyn	Williamsburg	77,700	Vice Media (renewal)
45-8 Court Square West	Queens	Long Island City	46,179	Opentrons (expansion)

Manhattan/Outer Borough Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
450 Park Avenue	Midtown	Plaza	337,000	\$445,000,000	SL Green Realty / So. Korea & Israeli Institutional Investors
645 Madison Avenue	Midtown	Plaza	164,615	\$195,592,300	Titan Golden Property (fee sale)
79 Fifth Avenue	Midtown South	Flatiron	272,566	\$276,500,000	SAK 79 Fifth LLC
529 West 20th Street	Midtown South	Chelsea	111,329	\$32,000,000	Eagle Point Properties, LLC
The Cigar Factory 35-11 9th Street	Queens	Long Island City	120,559	\$26,372,000	Dary Hagler



Midtown - Times Square

Retail Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
120 Broadway	Downtown	FiDi	12,559	CapitalGrille (renewal)
606-608 Fifth Avenue	Midtown	Plaza	33,000	Aritzia (relocation)
35 Hudson Yards	Midtown	Hudson Yards	25,000	ZZ's Club (new)
183 Madison Avenue	Midtown	Murray Hill	19,000	Poltrona Frau (relocation)
Grand Central Terminal 75-107 East 42nd Street	Midtown	Grand Central	15,888	City Winery (new)
Metlife Building 200 Park Avenue	Midtown	Grand Central	15,000	Capital Grille
480 Broadway	Midtown South	SoHo	25,422	Museum of Women (new)
400 West 14th Street	Midtown South	MePa	10,000	Gucci (new)
828-850 Madison Avenue	Uptown	Upper East Side	12,000	New York Club (name TBD)
1538 Second Avenue	Uptown	Upper East Side	11,800	Manhattan Schoolhouse (new)

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
Bay Plaza Shoppin Center 2100 Bartow Avenue	Bronx	Baychester	135,000	At Home (sublease)
9 Dekalb Avenue	Brooklyn	DoBro	100,000	Life Time Fitness (new)
110 Kent Avenue	Brooklyn	Williamsburg	20,000	Marceau (new)
187 Kent Avenue	Brooklyn	Williamsburg	11,500	Showfields (new)
30-30 47th Street	Queens	Long Island City	12,828	La Maison du Chocolate (renewal/expansion)
10-04 Borden Avenue	Queens	Long Island City	10,000	iFly (new)

Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
12 West 48th Street	Midtown	Midtown West	30,845	\$49,500,000	12 West 48th Street LLC
143 West 72nd Street	Uptown	Upper West Side	5,740	\$5,800,018	172 West 72nd Street Owner LLC
140 Wooster Street	Midtown South	SoHo	2,500	\$2,550,000	DKF2 140 Wooster LLC
1914 Third Avenue	Upper Mnhtn	East Harlem	3,965	\$2,850,000	Roder 203 LLC



For More Information Please Contact:

212.400.6060 • www.absre.com

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

We Build Partnerships That Last

Although the information furnished is from sources deemed reliable such information has not been verified and no express representation is made nor is any implied as to the accuracy thereof. Sources: CoStar Group, The Real Deal, Crain's New York Business, The New York Times, New York Post, New York Yimby, Real Estate Weekly, and Commercial Observer