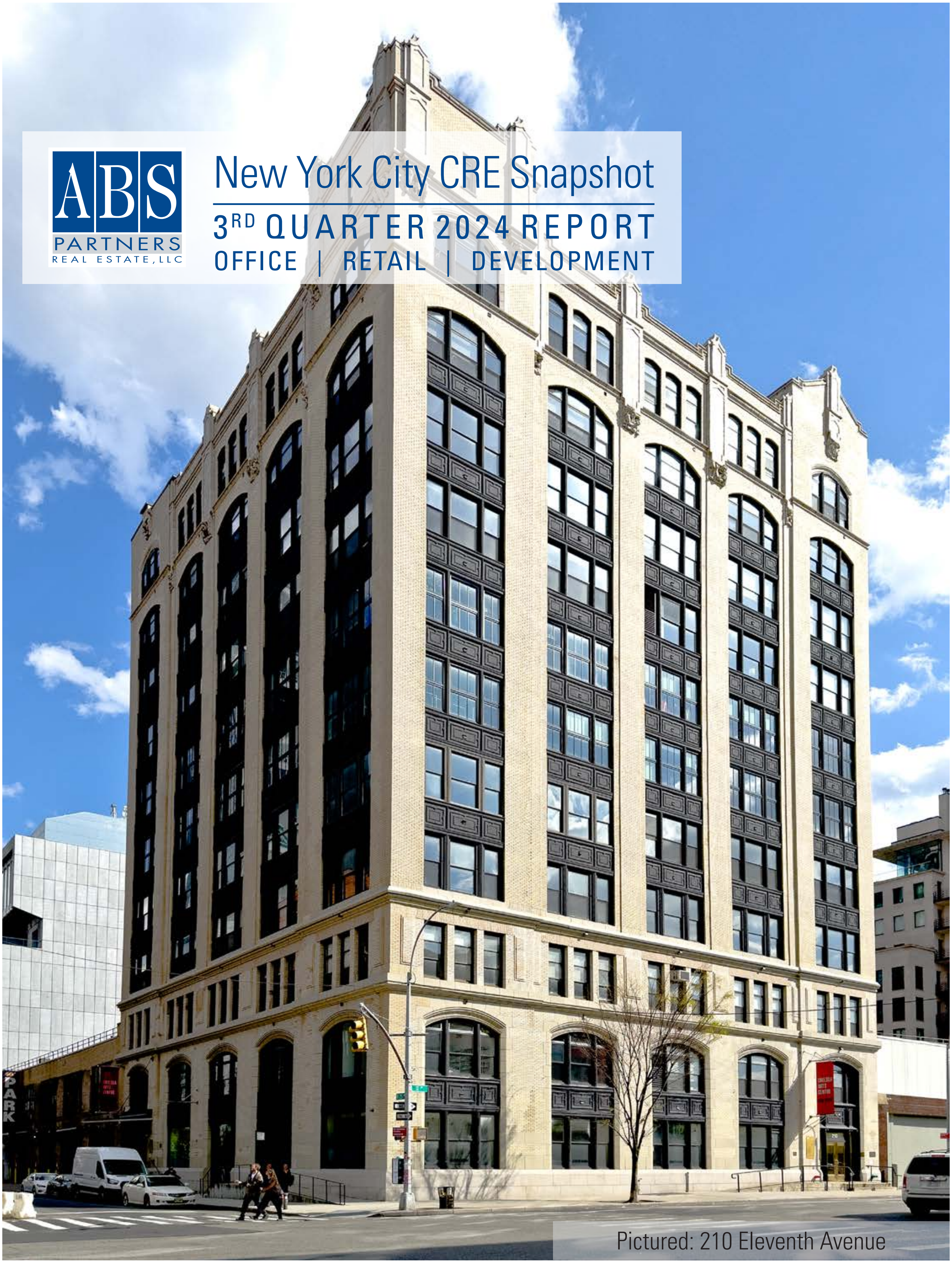
New York City CRE Snapshot

3RD QUARTER 2024 REPORT

OFFICE | RETAIL | DEVELOPMENT



Pictured: 210 Eleventh Avenue

Midtown South - Washington Square Park

Quarterly News Highlights*

General News

CPI Declines in June Marking First Time Since Pandemic | July 11, 2024

The July 11 news release by the Bureau of Labor Statistics (BLS) delivered the welcomed announcement of an 0.1% decline in June of the Consumer Price Index for All Urban Consumers (CPI-U), marking the first decline since the pandemic. As a result, over the last 12 months, the all-items index increased 3.0% before seasonal adjustment from 3.3% in May. The so-called "core" CPI, which excludes food and energy and is considered a better predictor of inflation's future path, increased 0.1%, after rising 0.2% the preceding month. The index for gasoline declined for the second consecutive month by 3.8%, more than offsetting the 0.2% shelter increase; however, the index for food increased 0.2% after increasing 0.1% in May. Hopes that the Federal Reserve would begin to lower interest rates sooner than later were boosted by the "better-than-expected inflation report." Responding to the positive news, U.S. stock futures rose, "pushing all three major indexes into positive territory," while the lowering of U.S. Treasury yields could be good news for consumers since "loans like mortgages and credit card rates are tied to the 10-year yield."

However, the Federal Reserve's previous plan to begin the process of lowering interest rates as soon as the middle of 2024 if inflation continued the downward path of the second half of 2023, when it had "cooled notably" turned out to be "built on a rickety foundation" when inflation rose in the first quarter of 2024 and the economy showed solid growth. New efforts to strike a balance between "ensuring inflation comes back to the Fed's 2% goal, while preventing a sharp rise in layoffs has led to the observation by Federal Reserve Chair Jerome Powell that "the labor market was 'not a source of broad inflationary pressures for the economy.'" Instead, Powell now believes that "inflation had been caused by the collision between very strong demand and supply chains that were already messed up by the pandemic." Fed officials continue to monitor what is a very fine line between the risk of "moving too slowly to reduce rates with the risk of moving too soon." On the one hand, if rates are lowered to soon, it "could allow inflation to settle out above the Fed's target," but a considerable softening of the labor market that has recently been observed must be watched since layoffs tend to rise rapidly as the economy weakens, which argues against keeping interest rates too high.

Sources: https://www.cnn.com/2024/07/11/economy/us-cpi-consumer-inflation-june/index.html

https://www.wsj.com/economy/central-banking/behind-the-latest-shift-in-powells-rate-cut-framework-ba70f753

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

Visioning the Future of NYC's Future Transportation Infrastructure | July 16, 2024

In late June, Crain's New York released the article **NYC Crossroads** that along with Crossroads Underwriters Anthem and the Partnership for New York City (PFNYC) presented a vision of the "remaking of New York City's transportation infrastructure for the next generation," along with commentary by people working in related sectors. NYC Crossroads touches upon a wide range of topics from the city's subway system, bus terminal, airports, and use of city roadways. Although some of the ideas are future dream projects, others are already under way, but the need to push forward sooner rather than later has become more critical since as pointed out by Meeri Joshi, the deputy mayor operations for New York City, "New York's Hustle and bustle is part of its charm; but over the past few years, it's verged from charming to overwhelming, as the ways we get around — and all the stuff we allocate our limited street space to — have proliferated on the streets built for horse and buggy," from personal vehicles, ride share, bike share, scooters, mopeds, delivery trucks, buses and more; as well as outdoor dining structures, and containerization to name a few. The push for green initiatives has already begun to spur change such as the growing use of the NYC Ferry service and the Citibike program which continues to break ridership volume records; and in 2022, the Port Authority started an innovation hub dubbed **iHub**, enabling weekly opportunity for employees to "peer-review tech pitches and then pitch the ideas to the leaders of the agency," with iHub approval secured for more than 30 projects of which 15 have been executed.

Sources: https://www.crainsnewyork.com/transportation/nyc-transit-updates-prioritize-aging-subway-rails-buses

https://www.crainsnewyork.com/transportation/ny-airports-billion-dollar-terminal-upgrades

Intended Benefits of Federal Regulations Come at a High Cost to Businesses and Consumers | July 9, 2024

The Eye on the Market: The Supreme Court vs. the Regulatory State recently released by JPMorgan "discusses recent Supreme Court rulings and the possibility that they may usher in the largest pushback on the regulatory state since the Reagan Administration," putting into the spotlight the high a "volume of [federal] regulations with which businesses, workers, consumers and other regulated entities must comply." In addition, according to views on administrative law by Supreme Court chief justice John Roberts, government agencies do not necessarily have special competence regarding all rules and regulations they promulgate," thereby resulting in "ambiguous, vague or understated federal statutes."

The article recalls a letter written in 1992 by the late George McGovern, who served in high public office for 24 years, ending his tenure as a U.S. Senator in 1981. About seven years later, Mr. McGovern made his first foray into the business world upon acquiring the leasehold of the Connecticut Stratford Inn. The experience, although limited, put him in the situation of living with federal, state and local rules that although passed with the objective of helping employees, protecting the environment, etc., he learned that "the increased operating costs that accompany public regulation and government reporting with reams of red tape," results in higher prices for consumers — "a simple concern that is nonetheless often ignored by legislators." Citing as example was the substantial health coverage package Mr. McGovern provided to the Stratford Inn's staff upon taking control in 1988 that would no longer be affordable to his small business in 1992, adding an excess of $150,000 a year on top of salaries and other benefits. Another question Mr. McGovern raised is whether public policy is choking off the potential creation of job opportunities by entrepreneurs, pointing out that too often it is not considered by public policy, but these are questions that need to be raised more often.

In his letter, Mr. McGovern concludes that in hindsight, had he had "this firsthand experience about the difficulties businesspeople face every day," the knowledge would have made him a better U.S. Senator with the realization that "one-size-fits-all" rules for business ignore the reality of the marketplace." Furthermore, the setting of regulatory guidelines at artificial levels — e.g., 50 employees or more, $500,000 in sales — don't take into account other realities, such as profit margins, labor intensive vs. capital intensive businesses, and local market economics." The questions asked and wisdom gained by George McGovern later in life appears to have fallen on blind eyes, a 2019 article by the Foundation for Economic Education (FEE) reiterating the lessons expressed by Mr. McGovern concludes that little has changed, while JPMorgan's more recently published Eye on the Market reaffirms that the volume of newly promulgated federal regulations has yet to show signs of abating. The nation's federal, state and local governments, as well as the constituents being represented, would greatly benefit if people seeking a political career were required to gain hands-on business experience before being eligible to run for any office.

Sources: https://www.wsj.com/articles/SB10001424052970203406404578070543545022704

https://privatebank.jpmorgan.com/content/dam/jpm-wm-aem/global/cwm/en/insights/eye-on-the-market/Supreme-Court-vs-Regulatory-State-jpmwm.pdf

https://fee.org/articles/what-george-mcgovern-learned-from-running-his-own-business/

Downtown - City Hall Area

News Highlights (cont'd)

Job Loss in Banking Sector Likely to be Hit Hardest by AI | July 26, 2024

A report released by Citigroup in late June indicated that there exists the likelihood that artificial intelligence (AI) will "displace more jobs across that banking industry than in any other sector." Over the last year, the world's biggest banks have slowly begun to experiment more with AI. Based on Citigroup's projections, "about 54% of jobs across banking have a high potential to be automated," with "an additional 12% of roles across the industry to be augmented with the technology." The New York-based financial organization has tested the ability of "generative AI" to quickly comb through hundreds of pages of regulatory proposals," as well as exploring its use to "offer custom investment recommendations for wealth clients and to improve cybersecurity offerings." According to reported statements by Citigroup's chief technology officer, "Generative AI has the potential to revolutionize the banking industry and improve profitability," while Jaime Dimon, the chief executive at JPMorgan Chase "believes the technology will allow employers to shrink the workweek to just 3.5 days." However, per warnings in Citigroup's latest report, "AI-powered chatbots do have some limitations. In some cases, chatbots struggle to understand slang and they often have difficulty comprehending ambiguous questions, the bank found. "Since AI models are known to hallucinate and create information that does not exist, organizations run the risk of AI chatbots going fully autonomous and negatively affecting the business financially or its reputation."

Sources: https://www.crainsnewyork.com/banking-finance/citi-sees-ai-displacing-more-bank-jobs-other-sectors

NYCEDC Report: New York City Economic Snapshot | July 2024 | July 26, 2024

The July 2024 report released by the New York City Economic Development Corp. (NYCEDC) provides the latest data assembled from key sources that the nonprofit organization "charged with driving the city's economic growth" tracks most closely in measuring the strength of NYC's economy. Some key takeaways from the report reveal that 42,000, or 1 in 5 businesses currently operating in the city, which employ about 316,000 workers, or 1 in 14 of all NYC private sector jobs were started during the Adams Administration that began January 1, 2022. However, Q4 2023 data indicates that the 4,500 new businesses started from October through December was nearly 17% lower than the 5,400 new businesses started in the previous quarter, and nearly 37% below the 2019 average of 7,100. On a more positive note, the $7.715 billion in total venture capital (VC) funding in Q2 2024 surpassed the total dollar volume of both $5.393 billion in Q1 2024 and $5.063 billion in Q2 2019 by 43% and 52% respectively. Compared to other major U.S. metro areas New York City boasted the largest year-over-year employment growth of 120,800 between June 2023 and June 2024, Los Angeles following at a distance with 84,000 jobs added; and while on a non-seasonally adjusted basis represented a year-over-year increase of 1.2% in New York City versus 1.3% in Los Angeles. In a comparison of pre-pandemic employment from February 2020 through June 2024, New York City employment increased by 1.5% versus the employment decline of 0.1% in Los Angeles during the same period.

Sources: https://edc.nyc/sites/default/files/2024-07/NYC-Economic-Snapshot-July-2024.pdf

City Contracting Process and Red Tape Push Cost of Planting a Tree to $3,300 | July 29, 2024

New York City's more than 5.7 million trees not only beautify blocks and boost property values, they also "play an increasingly important role in addressing climate change by cleaning the air, cooling streets and buildings, sopping up flood waters and capturing planet-warming carbon." However, the "onerous city contracting processes and red tape contributes to higher than necessary costs compared to the private sector." According to the city's Parks Department, which is responsible for the oversight of about 53% of the city's trees, the average cost for the city to plant a tree was $3,300 in Fiscal Year 2024, citing in comparison the $1,200 and $1,600 price that Brooklyn-based Arborpolitan Tree & Garden Care typically charges private sector clients. Among the more than 130 different tree types sourced from local growers that the city uses for curbside planting, a survey is done for each planting spot to ensure that a tree can survive there, and its roots won't interfere with underground infrastructure. In the past fiscal year, which ended in June, the number of new trees planted by the Parks Department marked the largest total in the last eight years, reaching more than 35,000 trees of which 7,301 new trees were planted in "heat-vulnerable neighborhoods and parks." Other challenges include fluctuating year-to-year funding that "impacts overall operations and longer-term planning" since trees are living organisms and require planning ahead; while budget cuts "threaten maintenance work that ensures the city's trees stay health in the years ahead."

Sources: https://www.crainsnewyork.com/climate/it-costs-city-3300-plant-tree-heres-why

Fears of a Recession Hits Stock Market | August 5, 2024

Real estate stocks were hit hard on Monday, August 5th amid the threat of a recession due to fears about the health of the U.S. economy. Both the S&P 500 and Dow Jones Equity All REIT Index lowered 3% — representing the "biggest one-day drop since September" for the S&P. There are growing concerns that the Federal Reserves reluctance to lower interest rates could push the nation into a recession, as the Friday, August 2nd jobs report released by the Bureau of Labor Statistics (BLS) showed slower than expected hiring numbers. While the rise in unemployment to 4.3% could give the Fed a reason to cut rates, if "the economy seizes before rates come down, the recession could prove a worse blow to property performance." A pull back on spending by residential tenants and businesses will hurt commercial real estate revenue if demand further declines and further drive down property values; as well as potentially lead to a further pull back from lenders, making financing more expensive. Property value declines and higher borrowing costs over the past year have resulted in most real estate investment trusts (REITS) faring more poorly compared to the broader market. According to a recent report by S&P Global, as of late June, the All REIT Index "logged an annual return of 5.7 percent, compared to the S&P 500's 24.6 percent;" while industrial, hotel and office real estate investment trusts all posted negative returns in the second quarter.

Sources: https://therealdeal.com/national/2024/08/05/wall-streets-worst-day-since-2022-crushes-reits-too/


Roosevelt Island View from Tram

News Highlights (cont'd)

Concerns Arise Among Educators about Student Misuse of OpenAI | August 4, 2024

There is a growing concern among teachers and professors of the misuse of generative AI among students due to its ability to "create an entire essay or research paper in a matter of seconds, based on a single prompt" for free. Substantiating the concerns are the results of a recent survey by technology policy nonprofit, the Center for Democracy & Technology, that "found 59% of middle- and high-school teachers were sure some students had used AI to help with schoolwork, up 17 points from the prior school year." The article cited the results of a writing assignment given by a professor to students at the University of Utah. The professor creatively included "in indecipherable small text, instructions to include a reference to Batman" in a way so that if the students copied and pasted the assignment into AI, the instructions would be incorporated; and "sure enough, a handful of students turned in papers with nonsensical references to Batman." However, despite a method OpenAI has, which has been ready to be release for about a year, to reliably detect when someone uses ChatGPT to write an essay or research paper, the company hasn't released it. Decisions have been prompted in part by the results of a survey conducted by the company of "loyal ChatGPT users that found nearly a third would be turned off by the anti-cheating technology." However, a broader survey commissioned by OpenAI in April 2023 found that people worldwide supported the idea of AI detection technology by a margin of four to one.

Simply described, the anti-cheating tool under discussion at OpenAI would leave a watermark that is unnoticeable to the human eye by slightly changing how the tokens, which are the predicted words or word fragments that should come next in a sentence, are selected, and then a detector provides a score of how likely the entire or portion of the document was written by ChatGPT. Google has similarly developed a watermarking tool dubbed SynthID for use with its Gemini AI, but it is still in beta testing. Some concerns regarding the use of watermarks include the possibility of erasing them through simple techniques such as "having Google translate the text into another language and then back; or having ChatGPT add emojis to the text and then manually deleting them." Further concerns arise in determining who can use this detector, acknowledging that enough people would need to have it so that the tool useful, while protecting the company's watermarking technique from being deciphered by "bad actors." One option being discussed is to provide the detector directly to educators or outside companies that work alongside schools to help identify AI-written papers and plagiarized work.

In the fall of 2023, President Joe Biden signed a "sweeping executive order" intended to rein in the emerging technology that has sparked both concern and acclaim by setting new standards on security and privacy protections for AI, with far-reaching impacts on companies, while continuing to support AI research and development. The challenge in developing AI regulation will be getting the right balance so that the promise of the huge benefits technology can provide for society through further innovation is not hindered while the potential societal risks are addressed — bias, transparency, privacy, security, copyright, content regulation, education, and economic impacts such as job loss, workforce adjustment and productivity. It is anticipated by some that unlike the European Union's broad EU AI Act that was adopted in March 2024 as the first-ever legal framework on AI, the United States is not likely to pass a broad national AI law over the next few years, but instead take a decentralized approach.

Sources: https://www.wsj.com/tech/ai/openai-tool-chatgpt-cheating-writing-135b755a

NYC's On-Street Stationary Trash Container Pilot to Launch in West Harlem Next Year | August 7, 2024

The recently announced $7 million, 10-year contract awarded by the New York City Department of Sanitation (DSNY) to Madrid-based Contenur is a big step forward for Mayor Eric Adams' administration's long-term plan announced earlier this year to get trash bags off the city's sidewalks and store them in containers — something many global cities have long done. However, in contrast to the standard in Europe, where a trash bin is typically shared by an entire block, each on-street bin will be assigned to a specific building in New York City. Upon the May 2025 deployment of the initial pilot in West Harlem, it will establish New York City as the" first major U.S. city to use this kind of on-street container for residential use." A total of 1,500 bins will initially be provided by Contenur, also giving the city a chance to test a new side-loading trash truck and then study the results to decide how to expand the program citywide.

As part of the proposed contract, the DSNY will be able to "eventually expand Contenur's work beyond the Harlem pilot zone to cover the entire city" — which would make the company responsible for the shipping, installing, and cleaning the trash bins for "some 20,000 buildings and 1.7 million apartments." It has yet to be determined whether the on-street bins will be supplied to landlords of large buildings citywide, or if they will need to be purchased by the building owners. The city-wide expansion of the program will require the taking over of as many as 2.5% of New York's 3 million parking spaces; and while the total cost to expand the program citywide is unclear, the city's solicitation for the contract "does encourage the winning vendor to use a tiered pricing model in which it would charge the city less for each new container as more are installed." For buildings with nine or fewer units, owners will be required to purchase and use the city's official small "wheelie bins" built by a North Carolina-based company starting November 12.

Sources: https://www.crainsnewyork.com/politics-policy/nyc-buys-first-street-trash-bins-spanish-company-7m

Pilot of Waste Management Reforms for City's Commercial Businesses to Launch in September | August 7, 2024

Waste reforms by the Adams administration will also affect commercial businesses under Local Law 199 passed in 2019, requiring the establishment of Commercial Waste Zones throughout the city. The program that will significantly overhaul the city's commercial waste industry has led to the division of the city into 20 zones, each to be served by up to three designated private carters. Unlike residential buildings which have their trash collected by the DSNY, commercial businesses are required to hire private carters to collect their waste. According to the January 30, 2024 news release by the DSNY, the reforms established by Local Law 199 of 2019 law will change the current system which has been described as "inefficient, hazardous, and unsustainable" due in part to a lack of limitation on the number of carters that may service a particular neighborhood. The law's reforms will establish "new safety standards for workers in the commercial carting industry, improve service for businesses, increase diversion rates, and reduce vehicle miles traveled as well as harmful emission from waste hauling vehicles." In addition, the awarded contracts are to a mix of small, medium, and large carters, thereby "directly addressing concerns from advocates that this reform would lead to an industry dominated by a few large companies."

Central Queens, which includes Jackson Heights, Corona, and Elmhurst will be the first zone to come online as the pilot district; and upon the slated rollout of September 3, 2024, to January 1, 2025, "anyone who currently has their waste collected by a private carter must enter a new written service agreement, or contract, with one of the carters authorized to collect from their zone." Three carters have been selected for each zone to provide small businesses with service choices and competitive pricing. For containerized waste pickup from compactors and businesses with loading docks, the DSNY established contracts with five carters that will operate citywide. Upon implementation, businesses will be able to "compare the maximum monthly rates the carters are allowed to charge;" and as part of the agreement with the city, "carters must charge their customers less for the collection of recycling and compostable material than they do for the collection of refuse, giving New York City's 200,000 businesses an opportunity to save money while helping divert material from landfill." In addition, each carter submitted plans to utilize zero emission vehicles in the provision of their services.

Sources: https://www.nyc.gov/site/dsny/news/24-007/new-york-city-department-sanitation-key-details-contract-awards-zone-for

Midtown - View from Williamsburg

News Highlights (cont'd)

Maintenance of NYC's Natural Areas to be Further Challenged by Budget Cuts | August 13, 2024

Recent budget cuts to the city's Fiscal Year 2025 "threaten maintenance work that ensures the city's trees stay healthy in the years ahead;" and since city funding to support positions for natural areas tend to be approved each year, "it puts the roles in limbo from year-to-year, hindering the ability to plan ahead and retain staff. According to a recent press release, "some $2.5 million in funding that supported 51 positions" in the Natural Resources Group parks division that is historically an underfunded team of parks workers who care for the "city's 10,000 acres of natural areas, more than a third of the city's parkland" has been cut from the budget adopted in July. Although the city is exploring grant funding to fund some, or all, of the positions in question, a decline in the health of natural areas due to deferred maintenance can be "very hard, if not impossible to reverse" according to reported statements by Sarah Charlton-Powers, executive director of environmental nonprofit the Natural Areas Conservancy. It was further pointed out by the deputy director of the Van Cortland Park Alliance, a nonprofit group the helps care for the more than 600 acres of natural areas throughout the park located in the Bronx, that due to an increased frequency of intense storms, the man hours required to clear fallen debris and ensure trials are safe has increased.

Sources: https://www.crainsnewyork.com/politics-policy/mayor-eric-adams-cuts-staff-managing-new-yorks-urban-forests

Relocation Rates Inch Higher Among Job Seekers | August 18, 2024

According to reported data compiled by outplacement firm Challenger, Gray & Christmas, relocation rates for those seeking jobs "have fallen every year since 2017, when 11.2% of job seekers relocated for work," and declined more sharply in the first two years of the pandemic, "before hitting a record low of 1.1% in the final quarter of 2023." However, the trend has been slowly reversing across wage levels, as the "proportion of U.S. job seekers relocating for new positions" reached 2.7% in the 2nd quarter of 2024 — an increase of nearly 29% and 12.5% quarter-over-quarter and year-over-year, respectively. Fueling the shift are mandates requiring more frequent in-office work by a growing number of companies; as well as "trends showing slowed hiring and rising unemployment in the first half of 2024, as job cuts continue in multiple industries." Another possible factor is climate change which has largely brought about an increase in severe storms and other natural events such as droughts and wildfires," particularly in the high-risk regions of the coastal areas of the Sunbelt, stretching from North Carolina to Texas. These are the "same southern metropolitan areas that enjoyed significant in-migration growth in 2023 due to their economic opportunities," but these fast-growing metropolitan regions within the states of Florida, South Carolina, Alabama, and Texas, are also "among those most prone to economic losses" as a result — a trend that is likely to increase in the coming years according to reported findings in a recent report released by analysts at Oxford Economics.

Sources: https://product.costar.com/home/news/2098635044

NYC Fiscal Year 2025 Budget Overview | August 18, 2024

Large changes to the cost projections for services to asylum seekers by the Adams administration, in addition to "the typical spending and revenue revisions that have become a familiar part of the city's budget process" created a "tumultuous year of budget ups and downs" according to the August 14 report released by the New York City Comptroller's Office. However, on June 28, just days before the July 1st start of the new budget year, an agreement between the mayor and the city council was reached for the $112.43 billion FY 2025 Adopted Budget, which reflected an $809 million increase of the Mayor's April proposal. Initial response by nonprofit civic organization, the Citizens Budget Commission (CBC) was that "our city leaders did little to ensure priority programs are sustainable by making government more efficient and shrinking lower impact activities." Efforts by Mayor Adams to balance the FY 2025 budget included a total of $4.025 billion, or $3.86 billion if changes in debt service costs are excluded, through the Programs to Eliminate the Gap (PEGs). Subsequently 7.3%, or $1.1 billion, of the total 5-year proposed PEGs savings of $15.387 billion was restored, of which 6.7%, or $268 million was restored in FY 2025. The CBC indicates that the PEGs were essential, and although some savings would have happened without the PEGs, FY 2025 would have had a $4.7 billion gap, and out-year gaps would be $1.5 billion larger.

Both the Comptroller's office and the CBC agree that the lack of deposits to the city's Rainy Day Fund in FY 2024 and FY 2025, which currently has a balance of approximately $2.0 billion, is "wholly insufficient to protect New Yorkers from massive cuts during a recession." A proposed formula based on the growth on non-property taxes proposed by the Comptroller's office, indicates a deposit of $150 million should have been budgeted in FY 2025 based on the Office of Management and Budget (OMB) tax revenue forecast," or $240 million under the Comptroller's projections. The CBC further points out that the budget fails to include "the full recurring costs of overtime, special education, and other recurring programs funded one year at a time, which per its estimates result in a budget shortfall of $2.6 billion in FY 2025, $3.4 billion in FY 2026, and $3.3 billion in both FY2027 and FY 2028. . In addition, the city's ability to prepay expenses gives the illusion of a fiscal year surplus, the CBC citing the myth that FY 2024 ran a $4.4 billion surplus which was used to prepay FY 2025 bills, when in actuality, spending obligations exceeded revenue by $1.1 billion. Although technically not a deficit, it fails to provide a true picture of the city's finances. The continued lack of actions to increase budget transparency, sustainability, and reserves underscores the need for the city to update its fiscal framework. Without change, the picture of the city's finances will remain inaccurate and deceptive, "leading to larger gap estimates than presented by the mayor in each year of the financial plan."

Sources: https://comptroller.nyc.gov/wp-content/uploads/documents/Comments_on-NYCs_FY-2025-Adopted-Budget-Report-08_14_2024.pdf

Sources: https://cbcny.org/sites/default/files/media/files/CBC_NYC-FY2025-Adopted_07012024_1.pdf

Sources: hhttps://cbcny.org/sites/default/files/media/files/CBC-CHART-BOOK_NYC-Adopted_07302024_2.pdf

State Lawmakers Argue that Hochul Was Not Given Definitive Power to Pause Congestion Pricing | August 23, 2024

A group of current and past New York State lawmakers that were in office when the 2019 creation of congestion pricing was approved by Legislature filed a brief on Wednesday, August 21 in support of the City Club of New York's lawsuit against the June 5th decision by Governor Hochul to indefinitely pause the Metropolitan Transportation Authority's (MTA) Congestion Pricing Program slated to launch on June 30, 2024. It was stated within the court papers that "if Legislature had wanted to give such a power it would have explicitly done so in the 2019 law;" and it would have been a decision by the then Governor Andrew Cuomo to request such changes or amendments prior to the law being put on his desk for signing. While the "governor already exerts great influence over the MTA's board by appointing 6 of its 14 votes, including its chair and chief executive," a 2009 state law enables members on the board to "exercise independent judgement in their decision-making, and to do so with their fiduciary duty to the authority in mind." It was further pointed out that although the Legislature can give the governor the power to supervise public agencies, it was argued that "the state Assembly and Senate 'deliberately exclude[d] any implied gubernatorial power' to alter decisions by the MTA's board" because public authorities, such as the MTA's board, "are ultimately independent and 'insulated from political pressure or partisan politics.'" While the article notes only four signees on the filed court papers, two of them stated that "they can't speak to why other lawmakers" did not sign on to the brief, considering the public ire that was provoked among other state lawmakers who have publicly expressed similar views. One consideration hinted at was the "concern of making an enemy of the governor" — **just another example of leadership failure as self-serving political strategizing once again prevails when it's strong leaders who will "stand for something greater then themselves are needed,"** as previously stated in the June 10th article by Crain's New York when Governor Hochul opted to "cater to suburban discontent at the expense of the city's needs."

Source: https://www.crainsnewyork.com/politics-policy/lawmakers-say-they-didnt-give-hochul-congestion-pricing-power

View of Hudson Yards from TriBeCa

News Highlights (cont'd)

The Restart of Closed Nuclear Plants Considered as Push to Reduce Carbon Emissions in the U.S. Increases | August 26, 2024

Although for years the use of nuclear power in the U.S. made a "big section of the public" uncomfortable, recently there has been a shift in that feeling "with a revived understanding of nuclear energy as a green power" that could not only add to other renewable energy sources, but the electricity produced by nuclear plants is "also seen as more consistent than wind or solar." At the same time, the increasing cost of generating electricity with fossil fuels such as natural gas and coal due to stricter state and federal emissions laws has helped further shift the balance toward nuclear. Heightened use of technology has created a soaring demand for electricity from AI server farms and data centers, the latter projected to account for 8% of U.S. electricity demand by 2030 — up from around 3% in 2022 according to reported data from an April report by Goldman Sachs. Financial support from the federal and state governments has prompted Holtec International to recently abandon the decommissioning of its Palisades nuclear power plant located along the shores of Lake Michigan that closed in 2022, and instead restart the reactor, backed by nearly $2 billion in loans from the federal government and the state. The project would mark the first time a "reactor has begun the decommissioning process and then been restarted" according to the World Nuclear Association, a London-based nuclear industry trade group. Despite it being pointed out that recommissioning is a faster and less expensive way to add to energy capacity, and the process of creating electricity from nuclear energy hasn't fundamentally changed over the years, critics question whether reactors built back in the '70s can safely come back online, compounded by the fact that the restarting of the Palisades plant would be Holtec's first such job, since the company has experience only in decommissioning nuclear plants.

In further support, industry officials say that a handful of reactors among the 22 currently undergoing decommissioning per the Nuclear Regulatory Commission (NCR) might be suitable to reopen. Acknowledging that more modern plants have important upgrades compared to those built in 70s-era due to safety standards that have evolved enormously, a spokesperson for the NCR stated that "all licensed nuclear plants in the U.S. have been hardened against reactor meltdowns, extreme flooding and other weather events, and cyber or drone attacks, including Palisades." In July, the Chairman of NRC told the House subcommittee on Energy, Climate and Grid Security that the restart of Palisades is "something we've never done before in the United States," and expects to have a decision about approving the Palisades restart by May 2025.

Holtec believes the plant can operate for at least another 25 years upon restarting, and per reported statements by Michigan Gov. Whitmer, will help the state meet its clean energy goals "by removing three million tons of CO2 from the atmosphere annually, roughly equal to the emissions of 650,000 cars." In addition, since the shift in plans, the Palisades power plant has increased its workforce from the 150 workers that remained upon its closure to 460 workers, with expectations that the number will increase to at least 600 full-time workers upon reopening that will further help boost the local economy which faced a $1.6 million drop in tax revenue when it was announced the power plant was closing. Anticipation of the Palisades reopening prompted a group of local residents to sign a petition "asking the NRC to develop new rules before granting Holtec a restart license." In the meantime, several questions remain open about how Holtec is going to demonstrate that Palisades plant meets regulations, and what regulations the NRC is going to use to make that judgement since it has never supervised the restart of one according to concerns raised by an industry veteran with 40 years of experience of managing nuclear plants.

Source: https://www.wsj.com/business/energy-oil/biden-nuclear-power-plant-loan-michigan-eee64904

New High-Speed Bullet Train to be Built in New York State | Sept 9, 2024

Seimans Mobility will be constructing the trains that will run on what "is being called the nation's first true high-speed rail line between Las Vegas and the Los Angeles area." Starting in 2026, the Munich, Germany-based firm will begin building the American Pioneer 220 trains in the new 300,000-square-foot factory to be construction on a selected site in Horseheads, New York, near the Pennsylvania border. The project will create about 300 jobs in the upstate area. The new rail line is currently under construction by Brightline West adding "218 miles of new track along the interstate 15 corridor between Las Vegas and Rancho Cucamonga, California, where it will link to a commuter rail connection to downtown Los Angeles." The $12 billion passenger bullet train service is expected to be finished in time for the Summer Olympics being hosted by Los Angeles in 2028, with funding coming from a $3 billion grant from federal infrastructure funds along with the approved sale of another $2.5 billion in tax-exempt bonds. The new trains aimed by officials to exceed speeds of 186 mph — comparable to Japan's Shinkansen bullet trains and faster than the 150 mph Amtrak's Acela trains that run between Boston and Washington, D.C., will reduce travel time from four hours by car to just over two hours.

Source: https://abcnews.go.com/US/wireStory/new-york-site-chosen-factory-build-high-speed-113521968

NYC's Network of Nonprofit Vendors Lack Oversight for Better Accountability | September 16, 2024

Common to other U.S cities, New York City has shifted "much of the day-to-day work of running the city" to a vast network of private nonprofit human services contractors, creating what Crain's New York called New York's nonprofit "Shadow Government." According to some experts, the emergence of these nonprofit networks emerged as "city governments began spending more on social services during the 1960s, and nonprofits presented themselves as appealing nonunionized workforces capable of administering these new programs cheaply." Over the years, these vendors which began as "modest neighborhood shelters and treatment centers have evolved into sprawling networks of well-funded facilities," some with sizable real estate holdings. But "despite their altruistic mission statements" they have become "savvy political players" that hire lobbyists, shell out campaign donations, and hire former government officials to win favor with the city government to maintain their contracts. However, despite controlling "billions of dollars in taxpayer money under contracts that span decades," these organizations operate with very little public scrutiny, "[business] structures that can't be easily reformed by lawmakers, and leaders that can't be voted out of office." However, since these vendors operate outside the government, the city has limited powers to conduct oversight; and a series of proposed reforms in 2021 by the Department of Investigation that would guard against nonprofit corruption remains in limbo. As a result, the intended cost-savings benefit to the city has not always materialized. "The city's spending on contracts will reach $23 billion in the coming fiscal year, including $7.2 billion alone for social service contracts — an increase from $4.5 billion in 2018" according to the reported results of an analysis by the Citizen's Budget Commission.

Crain's New York identified and profiled 14 nonprofit organizations that have secured contracts with the city "adding up to $1 billion or more in taxpayer money — over terms ranging from 1 to 42 years, revealing that while many are well regarded and seen as effective, "others have come under criticism for doing subpar work, spending city money on personal expenses, steering subcontract to entities their leaded control, maintaining near-monopolies over certain services, and paying large salaries." Scrutiny by watchdogs like city and state comptrollers have revealed that "employees of Bowery Residents' Committee," whose mission is to end homelessness, "spent taxpayer dollars on movie tickets and a 'booze cruise,'" while Acacia Network Housing, whose mission is to provide transitional, supportive, and affordable housing options," hired a for-profit security firm controlled by its CEO," and Samaritan Daytop Village, was found this year to have overbilled the city by more than $500,000 over two years." Although many are likely to agree that "the nonprofit sector can work more nimbly than slow-moving bureaucracies," critics call it a "privatization of public services" and further point out that "unlike city agencies whose performance is monitored in the mayor's annual management report, nonprofit vendors are not held to any standard set of benchmarks."

Source: https://www.crainsnewyork.com/politics-policy/new-yorks-nonprofit-shadow-government

View of Midtown from DUMBO

News Highlights (cont'd)

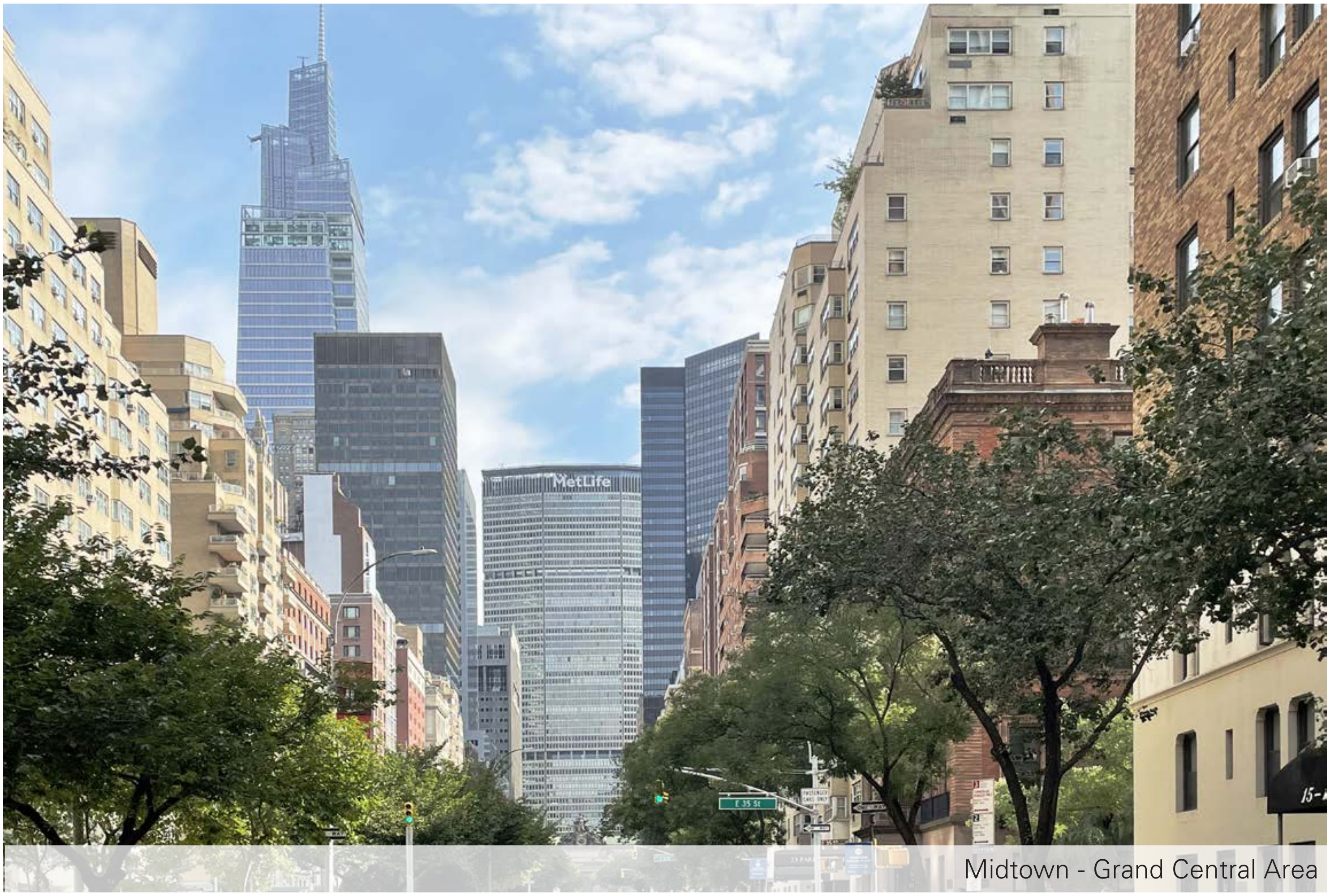
NYC Government Falls Short of its July 2024 Local Law 97 Target | September 12-23, 2024

Expected to lead the way in the citywide effort to reduce carbon emissions throughout New York City, the 25% reduction from 2006 levels of emissions in municipal buildings by July 2024 fell short of the steep 40% target, which the city has now pushed back to July 2026. Enacted in 2019, Local Law 97's (LL97) main goal is to achieve carbon neutrality citywide by 2050. As the largest landlord in the city, some policy observers "find the missed milestone troubling as the city works to bring private properties into compliance," while others believe it "imperative that the city itself lead by example." According to a spokesperson for the city's Department of Citywide Administration Services (DCAS), contributing factors to the inability of the city to meet its compliance target were budget freezes that led to the "cancellation of several dozen" green building projects, the COVID-19 pandemic, supply-chain challenges, construction delays and staff vacancies, and "fiscal challenges driven by the migrant crisis." "Economic conditions that led to the cancellations of high-profile offshore wind projects" by the state also contributed. Despite the slowdown of progress, the city reportedly said it completed 580 energy efficiency projects in Fiscal Year 2024, resulting in an estimated "annual reduction of greenhouse gas emissions by more than 26,600 metric tons, or the equivalent to removing roughly 5,700 cars from the road," which "saved the city an estimated $11.6 million in annual energy costs" last year.

In contrast to the city government which "is not subject to fines for the carbon its buildings emit over the limit," property owners will "face fees of $268 for every ton of carbon dioxide over the limit" of their carbon caps. In preparation for the quickly approaching 2025 deadline for the city's property owners to meet compliance targets, the Department of Buildings' (DOB) dedicated LL97 staff has increased to a total of 38, more than triple the 11 at the start of the year; and the city is rushing to fill another 25 positions — having set aside $4 million in this year's budget toward the effort plus a portion of a recently secured $20 million grant from the U.S. Department of Energy. As overseers of the building decarbonization law, the LL97 team will be tasked with analyzing the submitted building reports, as well as issuing and enforcing penalties to building owners who fail to meet their emission reduction targets. However, a pending state court lawsuit to block LL97 that was initiated by "some property owners who aren't eager to make green building investment," was recently paused by a judge until at least December 9, 2024 "while the city tries to get the case dismissed on appeal," court records reportedly show.

Source: https://www.crainsnewyork.com/politics-policy/new-york-city-fails-comply-local-law-97

https://www.crainsnewyork.com/real-estate/nyc-triples-local-law-97-staff-lawsuit-looms



Midtown - Grand Central Area

News Highlights (cont'd)

Office Market

Fund Manager Moves HQ Back to Manhattan After Florida Relo During Pandemic | July 3, 2024

Elliott Investment Management has secured a deal for 149,000 square feet at 280 Park Avenue. News of a return of the company's headquarters comes a few years after relocating to West Palm Beach, Florida during the pandemic, while continuing to maintain an office in Midtown Manhattan. The multiple transaction deal included a 126,000-square-foot sublease through 2031 from Franklin Templeton, followed by a 5-year extension from the landlord; and a separate 12-year lease for 23,000 square feet that will likely expire coterminously with the larger space. Currently located at 40 West 57th Street, the recent signing will result in the fund manager relocating to the 6th through 8th floors within the 43-story tower that spans the entire Park Avenue blockfront between East 48th and 49th Streets. Financial terms of the deal were not available.

Sources: https://therealdeal.com/new-york/2024/07/03/billionaire-paul-singers-hedge-fund-inks-149k-sf-at-280-park-avenue/

Online Ticket Marketplace Expands within the World Trade Center | August 4, 2024

The continued downsizing by Spotify has opened the door to an expansion within the World Trade Center complex by the online ticket marketplace StubHub. Currently occupying 44,000 square feet leased in March 2023 at 3 World Trade Center, StubHub will relocate and expand into 103,000 square feet at 4 World Trade Center under a sublease from the digital music streaming service provider. Full details of the deal were not disclosed, but it allows for future expansion into additional Spotify space, which following the latest signing has reduced to a little more than half of its original 564,000 square feet "due to layoffs, cost-cutting and a liberal work-from-home policy." Separately, there may already be a taker for the space being vacated at 3 World Trade Center if a lease moves forward by an unidentified existing tenant that may exercise an expansion option.

Sources: https://nypost.com/2024/08/04/business/stubhub-expands-footprint-at-wtc-scoops-up-shrinking-spotifys-space/

News Highlights (cont'd)

Handshake Agreement for 1M-plus-SF Office Space Master Lease Deal at 770 Broadway | August 6, 2024

Although full details have yet to be announced, Vornado Realty Trust has reportedly "reached a "handshake" deal with an unidentified "user" for a long-term master lease" of 770 Broadway. News of the pending deal comes following increasing vacancy at the approximately 1.2 million-square-foot building due to Facebook parent company Meta shrinking its footprint to about 500,000 square feet upon the lease expiration of 275,000 square feet of space. The master lease would cover the more than 1 million square feet of office space within the Greenwich Village building, while the REIT will retain the 82,000 square feet of retail space spanning the ground and lower levels currently occupied by Wegmans under a 30-year lease secured in 2021.

Sources: https://therealdeal.com/new-york/2024/08/06/vornado-agrees-to-masterlease-770-broadway/

Yeshiva University Expands Midtown Footprint in 160K-sf Deal | August 19, 2024

A new campus for Yeshiva University will be established within the historic Herald Center at 1293-1311 Broadway. Situated on the corner of West 34th Street, Herald Center was built in 1902 as the original Saks store. The over 160,000-square-foot signing within the 10-story building will enable the university to "significantly expand its presence in the healthcare field by establishing a new state-of-the-art campus" according to Yeshiva's press release. The deal is being structured as a 32-year leasehold for entire floors 5 through 9 plus a portion of the mezzanine and ground floor areas, the majority of which was previously occupied by ASA College since mid-2013, which closed in February 2023 due to the loss of its accreditation effective March 1, 2023. Yeshiva University was founded in 1886 and currently "has more than 7,400 undergraduate and graduate students across four New York campuses. The educational institution joins H&M, which occupies 62,800 square feet at the base of the building under a 25-year lease that commenced in 2013 and includes one option to extend the original term 5-years according to documents posted on city records.

Sources: https://www.yu.edu/news/yu/yeshiva-university-announces-plans-create-new-health-sciences-campus-herald-center-midtown

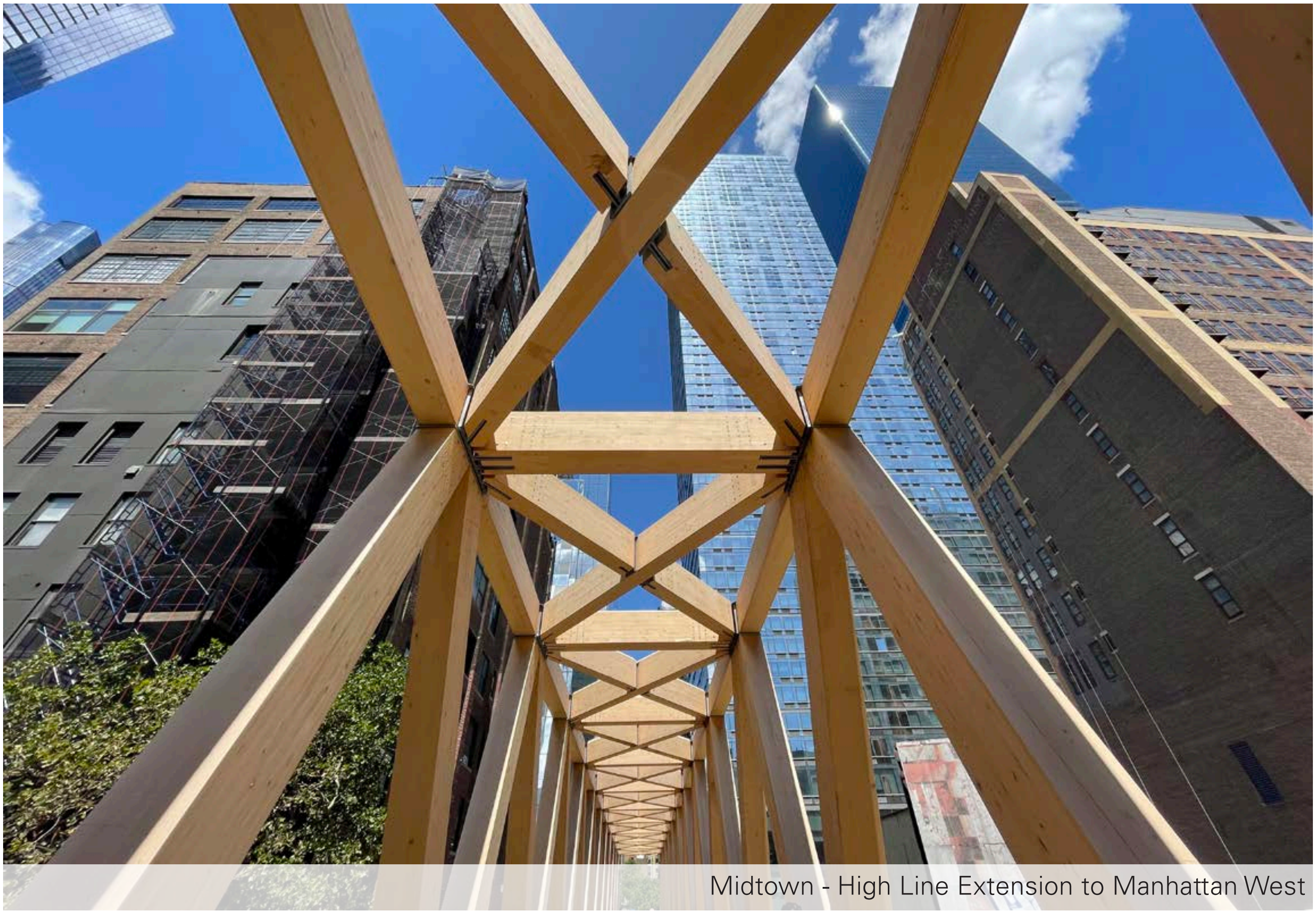
https://product.costar.com/home/news/1701568187

A Reimagination of Rockefeller Center Delivers a Trendy Midtown Experience | August 20, 2024

At a time of heightened office market challenges, Tishman Speyer, the owners of the iconic Rockefeller Center realized that changes were needed to "draw New Yorkers to Midtown for more than just the Monday-to-Friday workweek." The nearing lease expiration of auction house Christie's nearly 400,000-square-foot U.S. headquarters within the Center further heightened discussions of the changes needed to shift the tone of the complex from the "stigma that's attached to being part of that Midtown machine" so that they could "attract hip eateries that could keep office workers around for drinks and dinner," as well as a mix of retailers that would add a blend of the flavor of both Midtown South and Downtown submarkets. Along with the hired help of hospitality advisory firm Friend of Chef, some of the new eateries that have been added to Rockefeller Center's roster include Le Rock at Rockefeller, a high-end French concept by the team behind Frenchette, a successful Tribeca restaurant; Jupiter, a new Italian venue by the team behind the SoHo restaurant King; and the upscale Peeble Bar, by the New York City-based Authentic Hospitality group mostly known for its downtown spots.

Leasing activity among retailers has added SoHo-based independent bookstore McNally Jackson; direct-to-consumer fashion brand Hill House Home; Catbird; a "Gen Z-friendly" jewelry store with New York City locations in Williamsburg, Brooklyn and SoHo; and Rough Trade, a "record store known as an anticorporate purveyor of vinyl," that relocated from its previous "more on-brand neighborhood of Williamsburg." Additional changes at Rockefeller Center will bring the first hotel to the complex. Set to open in 2026 above NBC's "Today Show" studios, the 130-key Little Nell Hotel is "an offshoot of a luxury hotel in Aspen, Colorado. While the "work-from-home movement" is still a drag on the area's local businesses, the Center is seeing an uptick in activity. Further validating the success of the reimagination efforts, along with decisions to "invest millions of dollars into a redevelopment of the Rockefeller Center campus," was decisions by Christie's, a tenant at the Center since 1999, to extend its lease for another 25-years.

Sources: https://www.wsj.com/real-estate/commercial/rockefeller-center-reinvention-aims-to-buck-midtown-malaise-64b986b8



Midtown - High Line Extension to Manhattan West

News Highlights (cont'd)

Tenants that Scaled-Back Post-Pandemic Shift Directions amid the Prioritization of In-Person Work | August 27, 2024

Although across the U.S. a broad range of tenants are continuing to review their office space needs since the pandemic, an "increasing pool of tenants, many of whom had significantly scaled back as a result of pandemic-induced trends, are now realizing their need for additional space" as the awareness of the power of in-person work to drive collaboration and innovation is becoming a growing priority. The findings of a recently released survey among 225 corporate real estate executives overseeing portfolios across the U.S., Canada, and Latin America indicated that "80% of respondents expect to increase their spatial requirements over the next three years," representing a sharp increase over the "20% share that planned to increase last year." The companies most likely to downsize are those with upward of 10,000 employees, "often due to the need for less space due to hybrid work policies, to address inefficient or excess spaces that existed before the pandemic, or simply to reduce extraneous costs."

Although behavior among tenants remains cautious, there are fewer move-outs; and while "net-new demand" remains low, many are renewing leases for their existing space. Among the recent big block renewals that were cited was Bloomberg LP's decision to secure an early 11-year extension of it 946,815-square-foot space due to expire in early 2029 at 731 Lexington Avenue – making it the largest single-office lease this year according to online real estate platform Costar. Nationwide, renewal deals among large tenants accounted for "almost half of the 156 office leases spanning 100,000 square feet or more" that were signed since January 2024, collectively totaling 14.1 million square feet; and if the pace continues, will surpass last year's activity. The more conservative behavior among most organizations is partially fueling the uptick in renewals since it eliminates the added expense of relocating, as well as the realization that there is a decreasing availability of premium space in ideal locations. However, leasing volume remains about 13% below pre-pandemic levels, and the square footage of the deals secured are "about 16% smaller on average than those signed between 2015 and 2019."

Sources: https://product.costar.com/home/news/1897475300

Convene Adds Hudson Yards to its Roster of Manhattan Locations | September 4, 2024

Convene, a provider of event and meeting space launched in 2019 will be adding Hudson Yards to its current roster of 14 locations throughout Manhattan. The company signed a sublease for 72,000 square feet on the 24th floor of 30 Hudson Yards located at 500 West 33rd Street. A 2,770-square-foot space on the ground level was also leased to serve as a welcome center for the company's clients. The Hudson Yards location will be able to accommodate nearly 1,500 guests, making it Convene's largest facility in the city. Although not verified, it appears the sublandlord is Warner Bros. Discovery, which per city records and press at the time had purchased the 1.5 million condominium interest spanning the 16th through 51st floors within the 90-story, 2.6 million-square-foot tower for roughly $1.426 billion from Related Companies and Oxford Properties Group while the building was still under construction; and then in June 2019 completed a sale/leaseback for $2.155 billion to Related and Allianz Real Estate, securing a 15-year lease through 2034 as part of the transaction.

Sources: https://www.crainsnewyork.com/real-estate/convene-opening-hudson-yards-event-space

Office Market Troubles Have Yet to Bottom-Out According to Fitch Ratings | September 4, 2024

According to recently released data from a Fitch Ratings report, the post-pandemic challenges confronting both the nation's office market and the banks that have financed them have yet to fully peak. Although the lowering of office property values since 2019 remains below the 47% drop seen during the Global Financial Crisis (GFC) in 2008, it has fallen nearly 40% since 2019, leaving banks that are heavily exposed to the office sector to amass "reserves to absorb billions in potential losses — equaling up to 8% of their total loan exposure, or eight times higher than when they were heading into the GFC. In the first quarter, "more than $20 billion worth of office loans were non-performing" — nearly double the year-over-year amount. Fitch also observed that "at 73 of the nation's 4,500 banks, non-performing loans account for more than 10% of commercial real estate portfolios and these lenders face 'increased risk failure.'" In contrast to the sharp delinquency spike in 2009 due to the longer lasting effects of the financial crisis on the overall economy and an unemployment rate that did not recover to pre-recession levels until 2014, the nation's current economy is in "solid shape" and unemployment is low. However, the historical trends in the pre-pandemic world based on the "simple maxim that if jobs were being created, more office space would be taken" no longer applies. Instead, office landlords are still struggling to adapt to the post-pandemic world where work from home has become the fact of life.

Sources: https://www.crainsnewyork.com/real-estate/office-troubles-rise-fastest-rate-financial-crisis-fitch

Five Day RTO Policy takes Effect in 2025 for Amazon Employees | September 16, 2024

An investment in office spaces over the past few years and a push for employees to be close to their teams has prompted decisions by Amazon to reinstate a five-day-per-week return-to-office (RTO) requirement. The September 16 message posted on Amazon's website by CEO Andy Jassy highlighted the benefits observed of being in the office, strengthening the decision to return to the office policies in place prior to the onset of the pandemic. Within the post, Jassy summarized the following in-office benefits observed that he previously explained in more detail back in February 2023 — easier for teammates to learn, model, practice, and strengthen the company's culture; ability to collaborate, brainstorm, and invent are simpler and more effective; teaching and learning from one another is more seamless; and teams tend to be better connected to one another. Although other corporations such as UPS, JPMorgan Chase and Boeing "have called at least some of their workers back to the office full time," it is anticipated that Amazon's broader company-wide policy could prompt other major technology firms to think about their office attendance policy again, and "also likely to trickle down to the decision makers at smaller companies that look up to the tech giant." According to reported data from Flex Index, a software firm that tracks return-to-office efforts, "in the 3rd quarter of 2024, 33% of U.S. companies required employees to come to the office full time;" and while others would like to see more people back in the office, "many have come to accept that employees will spend at least some of their working time at home."

Sources: https://www.wsj.com/business/amazon-tells-workers-to-return-to-office-five-days-a-week-42a32ec8

Sources: https://www.aboutamazon.com/news/company-news/ceo-andy-jassy-latest-update-on-amazon-return-to-office-manager-team-ratio

Midtown South - Union Square Area

News Highlights (cont'd)

Downtown's Lagging Office Market Recovery Gets a Boost with 77K-sf Lease | September 23, 2024

Catholic Charities of New York has expanded its footprint in 80 Maiden Lane. The not-for-profit currently occupies 27,000 square feet leased in 2013 on portions of the 13th and 14th floors within the 25-story building located in Lower Manhattan's Financial District. The 30-year deal for 77,000 square feet is being structured as a leasehold condominium, enabling Catholic Charities to take advantage of an exemption from real estate taxes. The new space spreads across entire floors 22 through 24 plus a portion of the 14th floor. The deal gives a boost to the Downtown office market where the pace of recovery since the pandemic has lagged behind Midtown and Midtown South, in part due to its largely older office buildings.

Sources: https://www.crainsnewyork.com/real-estate/downtown-nyc-office-market-gets-boost-catholic-charities-lease

Midtown - Hell's Kitchen Area

News Highlights (cont'd)

Retail Market

Neiman Marcus Acquisition to Unite the Nation's Two Largest High-End Department Store Chains | July 8, 2024

Although anticipated to "attract antitrust scrutiny from regulators," if the acquisition of Dallas, Texas-based Neiman Marcus by Hudson's Bay Co. (HBC) closes as planned, it will bring under one umbrella the "two largest high-end department store chains" in the U.S. when it joins the HBC-owned Saks Fifth Avenue chain. A culmination of "on-again, off-again talks between the two privately-held competitors during the past decade and a half," Neiman's declared bankruptcy in 2020, which "brought in new owners — Pacific Investment Management, Davidson Kempner Capital Management and Sixth Street Partners — that typically seek a relatively quick return on their investments, and the weakening of luxury sales in the past year ultimately accelerated talk momentum.

Headquartered in both New York and Toronto, and led by real estate scion Richard Baker, HBC is "acquiring Neiman Marcus Group for $2.65 billion. According to reported statements by HBC on Thursday, July 11. To help facilitate the deal, Amazon and Salesforce will take minority stakes in the new company called Saks Global, which will handle the retail operations of 36 Neiman Marcus locations, plus the two Manhattan locations of Neiman's affiliate Bergdorf Goodman, and 39 Saks Fifth Avenue stores — creating a combined U.S. "real estate portfolio worth $7 billion. A total of $2 billion raised from investors will finance the transaction along with $1.15 billion in debt financing provided by affiliates of Apollo Global Management.

As part of financing efforts for the acquisition, HBC and its lenders had the Saks Fifth Avenue flagship at 611 Fifth Avenue appraised so it could serve as collateral to raise debt, and the resulting valuation of $3.62 billion was not only a "notable increase from an appraisal of $1.6 billion in 2019 and close to its value of $3.7 billion in 2014," but also serves as a testament to the recent uptick in demand for high-end real estate in the area in that the landmark property is "now worth more than the $2.9 billion HBC paid for all of Saks 5th Avenue when it acquired the company in 2013."

Source: https://www.crainsnewyork.com/retail/saks-owner-hudsons-bay-buys-neiman-marcus

Source: https://www.wsj.com/business/retail/richard-baker-saks-neiman-marcus-cddf5a12

News Highlights (cont'd)

Oklahoma-based Arts-and-Crafts Retailer Opening 70K-sf Tribeca Store | July 9, 2024

The former 270 Greenwich Street home of a Barnes and Noble, which closed in January 2024 due to redevelopment plans by the landlord, and a Bed Bath and Beyond store that shuttered in April 2023 amid financial struggles, will house a 70,716-square-foot arts-and-crafts retailer on the 2nd floor of the mixed-use condominium that also goes by the address 101 Warren Street. After making its New York City debut in March with the opening of a store in Staten Island at 280 Marsh Avenue, Oklahoma-based Hobby Lobby is coming to Manhattan's Tribeca neighborhood; and will be joining the approximately 69,000-square-foot Whole Foods Market located on the ground level. Already established in the Empire State with more than two dozen locations already in operation, the recent lease was one of the largest retail signings in the borough so far this year. Full terms of the lease were not available. News of the planned big box opening comes about one week following reports of Ikea affiliate Ingka Investments taking a stake in Extell Development's 570 Fifth Avenue commercial development; and as part of the partnership, the largest franchiser of Ikea stores will own about 80,000 square feet of retail space in the two cellar levels of the forthcoming 1 million-square-foot tower.

Source: https://www.crainsnewyork.com/retail/hobby-lobby-will-open-270-greenwich-st-tribeca

REBNY Releases Manhattan Retail Report | First Half 2024 | July 17, 2024

Demand for Manhattan storefronts was strong during the first half of 2024, but activity was uneven, and leasing moved at different speeds depending on location, size, and sector according to the recently released First Half of 2024 Manhattan Retail Report by the Real Estate Board of New York (REBNY). Due to tightening availability, the pace of leasing in the prime markets of SoHo and Madison Avenue moderated. In contrast, neighborhoods that attracted more retailers included the Upper West Side, Upper East Side, Midtown East, Grand Central and Lower Fifth Avenue, while other corridors still lag despite ample availability. Smaller and mid-sized storefronts are seeing stronger demand compared to larger storefronts, with activity from January through June being driven by a mix of local entrepreneurs and new-to-market retailers, of which food and beverage, along with apparel dominated activity. Although rents remain 20% to 30% below prepandemic levels, more landlords are holding firm on lease terms as increasing tourism boosts optimism. In Times Square alone, Visa spending on retail totaled $191 million for the 1st quarter of 2024, which was driven primarily by domestic visitors; and represents a 32% year-over-year increase in dollar volume.

Source: https://assets.ctfassets.net/6zi14rd5umxw/20AGc8aP63alblLqnJfai2/17271c529f9c80e3a556bc45c05665af/REBNY_2024_Report_ManhattanRetail_H1-24_v04.pdf

Steakhouse Purchases Its Longtime Lower Manhattan Home | July 19, 2024

Albert Allaham, owner of Lower Manhattan's Reserve Cut steakhouse, along with Manhattan-based Midtown Equities has purchased its longtime home at 40 Broad Street under the entity AL 40 Broad Realty. The acquisition of the trio of condominium units totaling 38,430 square feet according to city records sold for $18 million dollars by Zev Marmurstein, reports indicating that the deal "means an expansion is on the horizon." Webster Bank originated a $11.7 million loan to finance the transaction. The 200-seat steakhouse, which opened in 2013 and has become one of the largest kosher steakhouses in Manhattan, is located at the base of the Setai, a 31-story, mixed-use condominium with 156 residential units.

Source: https://www.crainsnewyork.com/real-estate/reserve-cut-buys-40-broad-st-home-18-million

LVMH Negotiates 66% Rent Reduction at Sephora's Madison Avenue | July 26, 2024

Taking advantage of the current retail market where there is ample space availability LVMH was able to negotiate a 66% rent reduction for its store at 520 Madison Avenue that is currently occupied by its Sephora brand. A renegotiation of a 20-year lease resulted in a lowering of the rent to $156 per square foot and an agreement to remain at the location for at least 18 more months, shrinking Sephora's "annual rent bill to $1 million a year from $3 million for its 6,400 square feet." Landlord Tishman Speyer was able to "swallow the Sephora markdown" due to the building's $675 million, 20-year mortgage secured at a fixed interest rate of 4.22% that doesn't mature until mid-2034. However, news of the deal comes as bond rating agency KBRA downgraded the building's mortgage, attributing the decision to "materially" falling cash flow in part due to last year's move out of 70,000 square feet by Citadel, the upcoming 2025 relocation by Davidson Kemper to 9 W 57th Street creating an additional 70,000-square-foot vacancy, and Carlyle Group, the second-largest tenant at the building with 140,000 square feet, looking to sublease space.

Source: https://www.crainsnewyork.com/real-estate/sephora-lands-big-rent-reduction-520-madison-ave

ESRT Expands Williamsburg Retail Portfolio | July 26, 2024

A pending acquisition of $195 million will expand the Empire State Realty Trust's (ESRT) retail foothold in Brooklyn's Williamsburg. ESRT will reportedly pay $103 million for the buildings that spread across five tax lots along North 6th Street between Wythe Avenue and Berry Street, having signed a Memorandum of Contract on July 3rd according to documents posted on city records. Offering a combined total of approximately 38,470 square feet, of which about 28,470 square feet is commercial space, and the remaining 10,000 square feet is residential.

According to city records the properties last traded for a combined total of $72,557,300 and includes 111-115 North 6th Street, which was leased to luxury brand Hermès in April 2022 under a 10-year term plus (1) renewal term of 5 years; as well as the 4-building L3 Williamsburg Portfolio comprised of 81-83, 85-87, 89, and 91 North 6th Street, which was refinanced in March 2024 by a $33 million mortgage provided by Wintrust Bank and included a Building Loan Promissory Note of up to $3 million per documents posted on city records.

The remaining $92 million purchase is reportedly for another unspecified retail portfolio, also on North 6th Street; and although not confirmed by ESRT, according to city records, on July 3rd the REIT signed another Memorandum of Contract with L3 Capital. Two of the tax lots host 3 buildings — 92-94 North 6th Street, 96-98 North 6th Street, and 100-104 North 6th Street offering a combined total of about 35,500 square feet, last trading for $49 million to RedSky Capital in December 2013. The other two tax lots — 124-128 North 6th Street and 130-136 North 6th Street were acquired by RedSky in August 2018 for $32.5 million as a development site but plans never moved forward.

In December 2020 RedSky Capital transferred ownership of the properties on the four tax lots, along with three other parcels along North 6th Avenue plus seven parcels along Bedford Avenue to its mezzanine lender L3 Capital in a deed-in-lieu of foreclosure action. Since acquiring the sites, L3 Capital has renovated the existing structures at 124-128 and 136 North 6th Street as well as completing ground-up construction of 130-132 North 6th Street offering a combined total of 17,936 square feet. The six spaces are currently fully leased to Google (3,980 square feet), Chanel (1,300 square feet), Byredo (3,713 square feet), Buck Mason (580 Square feet), Warby Parker (1,350 square feet), and DS&D URGA (580 square feet).

Among the other three buildings, H&M occupies 92-94 North 6th Street (7,400 square feet) on a short-term basis, 96-98 North 6th Street (19,549 square feet) is fully occupied by Urban Outfitters under a lease nearing expiration, 102 North 6th Street (3,180 square feet) is occupied by Vans, and 104 North 6th Street (5,370 square feet) is occupied by Everlane according to L3 Capital's website.

News of the deal comes about 10 months following ESRT's $26.4 million 1031 tax deferred exchange purchase of two adjacent properties at the northeast corner of North 6th Street and Wythe Avenue — 77 North 6th Street and 157-159 Wythe Avenue, which last traded between July and December 2019 for a combined total of $14.8 million offering approximately 5,514 square feet of commercial space and 5,915 square feet of residential space per city records. ESRT's press release at the time indicated the properties were 100% leased as of September 30, 2023, of which the retail portion had a weighted average lease term of 7.7 years, and the residential component was comprised of (6) free-market units.

ESRT Chairman and Chief Executive Anthony Malkin believes the Williamsburg neighborhood is "going to rhyme with" Manhattan's SoHo and the Meatpacking districts, while at an investor presentation, the REIT said, "The neighborhood has seen a 56% increase in population within a mile of the North Sixth Street shopping corridor between 2010 and 2021 with 51% of households making $100,000 a year or more and more than a third making $200,000 a year or more."

Source: https://product.costar.com/home/news/756315306

Source: https://investors.esrtreit.com/news/Press-Releases/news-details/2023/Empire-State-Realty-Trust-Announces-Acquisition-of-Prime-Retail-Asset-in-Williamsburg-Brooklyn-as-Part-of-Capital-Recycling-Program/default.aspx

Brooklyn - Williamsburg Area

News Highlights (cont'd)

Uniqlo Strikes Agreement to Purchase its Fifth Ave Store | August 6, 2024

What may be a developing trend among luxury fashion brands purchasing their locations has led to an agreement between Vornado Realty Trust's retail JV and Uniqlo that has opened the door to the Japan-based fast-fashion brand purchasing 17,295 square feet (6,477 square feet at grade) of its store at 666 Fifth Avenue for $350 million, or a blended price of $20,237 per square foot — a price that was well above the blended $9,263 per square foot Gucci's parent company Kering paid in January for its nearly 81,000 square feet of retail space and 23,128 square feet of 4th floor office space at 717 Fifth Avenue.

In a separate deal, Uniqlo will acquire an additional 75,000 square feet at the store for an undisclosed price from Brookfield Properties, which controls the approximately 1.17 million-square-foot office component under a 99-year lease executed in August 2018. Both sales will close concurrently upon the completion of the formation of the new condominium interests. The remaining condo unit at the building was acquired by Spain-based Inditex and houses its Zara brand, paying roughly $331.661 million in March 2011 for the 36,474-square-foot unit. Vornado will continue to own 23,832 square feet of retail space currently occupied by Abercrombie & Fitch and Tissot stores, of which 7,416 square feet is at grade. Vornado acquired the 41,127-square-foot retail condo in December 2012 for $707.82 million. Vornado expects to use the net proceeds from the sale to Uniqlo to partially repay the "$390 million of preferred equity on the asset" according to the REIT's press release.

Source: https://www.crainsnewyork.com/real-estate/uniqlo-pays-high-price-buy-fifth-avenue-space-vornado

Midtown South - NoMad Area

News Highlights (cont'd)

Carhartt WIP to Expand NYC Locations with $10.5M Williamsburg Purchase | September 3, 2024

The roster of luxury retail brands opting to purchase rather than lease their storefronts appears to be on the uptick. Luxury skincare brand Caudalie recently acquired the approximately 3,568-square-foot retail space at the base of the 6-story mixed-use building at 130 Greene Street. The sale fetchd $9.75 million, having previously traded for $8 million in March 2021 according to city records. Currently vacant, the storefront located between Prince Street and West Houston Street in the SoHo-Cast Iron Historic District previously served as the home of clothing store Icon; and although unconfirmed, will likely become Caudalie's newest Manhattan boutique.

Source: https://www.crainsnewyork.com/real-estate/caudalie-buys-space-130-greene-st-almost-10m

French Skin Care Brand Purchases SoHo Storefront for $9.7M | September 12, 2024

The roster of luxury retail brands opting to purchase rather than lease their storefronts appears to be on the uptick. Luxury skincare brand Caudalie recently acquired the approximately 3,568-square-foot retail space at the base of the 6-story mixed-use building at 130 Greene Street. The sale fetchd $9.75 million, having previously traded for $8 million in March 2021 according to city records. Currently vacant, the storefront located between Prince Street and West Houston Street in the SoHo-Cast Iron Historic District previously served as the home of clothing store Icon; and although unconfirmed, will likely become Caudalie's newest Manhattan boutique.

Source: https://www.crainsnewyork.com/real-estate/caudalie-buys-space-130-greene-st-almost-10m

Midtown South - NoMad Area

News Highlights (cont'd)

Investment Sales

FiDi Office Building Trades in a Short Sale for $297M | July 9, 2024

Real estate firm 99c has purchased 180 Maiden Lane for $297 million, sellers Clarion Partners and MHP opting to move forward with a short sale as an alternative to foreclosure. The 41-story, approximately 1.08 million-square-foot full block tower is currently about 68% leased and last traded in 2015 for $470 million and was financed by a $247.5 million loan provided by Blackstone, with a supplemental $16.25 million mortgage issued in November 2018. In 2020, ING Capital refinanced the existing $263.75 million in debt as well as providing a $69.975 million gap mortgage and a $37.8 million building and project loan mortgage. According to documents posted on city records, as part of the July acquisition by 99C, ING Capital reduced and consolidated the existing debt totaling roughly $372 million to $193.05 million, with the executed consolidated, amended, and restated mortgage granting with irrevocable consent of the mortgagor, the assignment to ING Capital of the rents and leases and other documents or instruments evidencing the rents while "an event of default exists" and "such assignment and grant shall continue in effect until the obligations have been indefeasibly paid in full." The purchase of the Maiden Lane property marks the second acquisition by 99c, having made its entrance into the Manhattan market in October 2022 with the $252 million purchase of 175 Water Street.

Source: https://therealdeal.com/new-york/2024/07/09/carlo-bellini-buys-180-maiden-lane-in-short-sale/

David Werner and BLDG Management Partner to Purchase 100 Wall St at Steep Discount | July 30, 2024

Barings, the investment arm of Mass Mutual has sold the approximately 515,000-square-foot debt-free building located at 100 Wall Street for $116 million to the partnership of David Werner Real Estate and Lloyd Goldman's BLDG Management. A $95 million mortgage provided by Northwind Group financed the transaction, and BLDG will be taking over building management according to reported details of an email sent to the building's current tenants from the former manager. The purchase price represented a 57% discount of the $270 million that Barings paid through its subsidiary Cornerstone Real Estate Advisors in 2015 to seller Savanna — reportedly a record price at the time for a Downtown building; and the $137.5 million mortgage provided by New York Life Insurance Company was satisfied in September 2022. Barings introduced the 29-story tower to the market in February 2024, hoping to fetch $125 million according to reports at the time. Future plans by new ownership have yet to be announced for the 1960s era building that was being marketed as a potential residential conversion.

Source: https://therealdeal.com/new-york/2024/07/30/david-werner-and-lloyd-goldman-buy-100-wall-street/

Recently Built Greenwich Village Office Building Hits the Market | August 6, 2024

Columbia Property Trust has reportedly introduced the sale offering of the 12-story, 178,000-square-foot office building that was delivered in 2022. Currently about 71% leased, larger tenants include Wellington Management, which leased 70,711 square feet in April 2022. The REIT that is owned by asset manager PIMCO is "eyeing a price tag of $250 million." In contrast to some of the more recently reported investment sales of older office properties that traded at steep discounts, the sale of 799 Broadway offers recent construction featuring "the high ceilings, amenities and abundant light and air that draw tenants." The site located at East 11th Street in Greenwich Village previously hosted the 6-story, 97,000-square-foot St. Denis Hotel; and had been purchased by Normandy Real Estate and Ares Management in 2016 for roughly $100.1 million. In 2018, Columbia Property Trust (CPT) finalized a joint venture with Normandy to develop the estimated $300 million office building project, replacing Ares Management which opted to sell its roughly 50% stake to Columbia for $70 million according to reports at the time.

In March 2020 CPT completed the acquisition of the operating platform and real property interests of Normandy Real Estate Management, taking full control of the site, which valued the property at $145.5 million according to city records. Although the article by The Real Deal indicates there is $270 million in debt on the property, which would indicate a possible short sale, city records lists a total debt of $217.76 million — $173,420,329 provided by Blackstone Real Estate Debt Strategies on June 8, 2022 that consolidated a newly originated $63,420,329 gap mortgage with an existing $97 million mortgage and $13 million building loan secured in 2018; and about one month later, Blackstone provided a newly originated $17,637,552 million building loan and $26,702,119 project loan. Currently about 71% leased, Blackstone is reportedly "offering a pre-arranged financing package to potential bidders that could help smooth the process along."

Source: https://therealdeal.com/new-york/2024/08/06/columbia-property-trust-eyes-799-broadway-short-sale/

Another Office-to-Residential Conversion Planned as NoMad Building Trades | August 12, 2024

The Elad Group has purchased 419 Park Avenue South for $72 million. The approximately 200,000-square-foot building located at the southeast corner of East 29th Street was sold by longtime owner Walter & Samuels. Not opting to use the New York State tax incentive that applies to rental conversions only and requires the inclusion of affordable housing, new ownership plans to convert the 20-story office building built in 1927 to a 100-unit market-rate residential condominium. Due to a "years-ago zoning change," the planned project will not require city approval and construction is expected to be completed in 2026. Currently about 40% occupied, most of the remaining leases are expiring by 2027 according to the press release. WeWork was among a tenant, having leased nearly 68,000 square feet across five floors in 2019; however, the lease was among many others that were torn up during the co-working firm's recently concluded bankruptcy proceedings, resulting in a loss in rent owed to Walter & Samuels of $2.6 million.

Source: https://www.crainsnewyork.com/real-estate/elad-group-buys-former-wework-building-residential-condo-conversion

North View from the Flatiron District

News Highlights (cont'd)

NYU Adds an East Village Dorm to its Real Estate Portfolio| August 22, 2024

Roughly one year following the $210 million purchase of the 209-unit mixed-used building located at 377 East 33rd Street in the Kips Bay neighborhood of Manhattan, New York University (NYU) has purchased an East Village dormitory building. The sale of 35 Cooper Square by Sherwood Equities and Bhatia Development fetched $69.2 million, having redeveloped the site of a former federal-era house at the southeast corner of East 6th Street in 2015. While NYU is "considered one of New York City's largest and wealthiest landlords," due to its educational status, it benefits from real estate tax exemptions; and although NYU's real estate holdings in the city has a total assessed value of $1.8 billion, NYU is "taxed on just $120 million of that, thus enjoying nearly $1.7 billion in savings, according to a Crain's analysis." The significant loss of tax revenue to the city's coffers once again brings up the December 2023 proposal by New York State legislators in that would repeal the "tax exempt status of private universities that received real property tax exemptions of $100 million dollars or more during the prior fiscal year," such as Columbia University and New York University. Although NYU pointed out in a letter of response at the time to the proposed legislation that the university already pays some $15 million annually in property taxes in addition to contributing to the city's well-being and its economy through employment and a high volume of graduates that stay in the New York City area to work, without a comprehensive study to determine the true economic impact of the University's claim, it is unclear to what extent it offsets the loss in the city's tax revenue — which according to an October 2023 article by New York Times totaled $327 million in 2023 between NYU and Columbia University.

Source: https://www.crainsnewyork.com/real-estate/nyu-buys-35-cooper-square-69-million

Lexington Avenue Building Goes into Contract at Steep Discount | September 11, 2024

The partnership of Capstone Equities and AmTrust RE have reportedly entered into contract to purchase 360 Lexington Avenue. The approximately 270,000-square-foot office building located on the corner of East 40th Street is about 60% leased; and fetched $65 million, representing a significant discount of the $180 million paid by seller Savanna in 2019 when it was 82% leased. The $110 million loan currently encumbering the property is nearing expiration, and the lenders Barclays and PPM America directed the sales process. Although marketed as a potential office-to-residential conversion, the contract vendees plan to keep it as an office building.

Source: https://therealdeal.com/new-york/2024/09/11/capstone-equities-buying-savannas-360-lexington-avenue-for-65m/

Brooklyn Heights

News Highlights (cont'd)

Residential Market

An Affordable Housing Landlord Group Launches a Captive Insurance Co to Reduce Cost | July 10, 2024

Ballooning insurance costs, particularly among multifamily properties with affordable housing units, have sharply risen in recent years. According to a report released in March by the New York Housing Conference, the "average cost to insure an affordable apartment was $1,770 in 2023, representing a 103% jump from four years ago, when the average premium was $869." Efforts to reduce the expense prompted the recent launch of **Milford Street Association Captive Insurance Company**. Essentially a "form of self-insurance whereby the insurer is owned wholly by the insured," the newly created captive insurance company is "owned by its premium payers, including Wavecrest and Workforce Housing Group." Membership is limited to "residential rental buildings that have regulatory agreements limiting rents and that receive public financing." While the concept gives the members better control of costs and availability, its reach is limited. Although landlord group, the Community Housing Improvement Program has called for a state-backed insurance provider, this year's New York State budget did not include legislation to establish its own insurance vehicle but did include legislation barring insurance companies from denying coverage to affordable housing providers.

Source: https://therealdeal.com/new-york/2024/07/10/landlords-launch-milford-street-association/

Queens - View of Long Island City from the FDR Drive

News Highlights (cont'd)

City Council Looks to Lower Local Law 97 Fines for Co-ops and Condos | July 24, 2024

Back in mid-June, a bill proposed by Queens Councilwoman Linda Lee was put before the New York City Council related to the fines that will be imposed on non-compliance with required emission reductions as part of Local Law 97. The series of escalating carbon caps to reduce greenhouse gas emissions mandated for buildings larger than 25,000 square feet would soften the penalties and emissions requirements for co-op and condo buildings if passed;" and would require a "significant rewrite of Local Law 97." According to reported statements by Councilwoman Lee, "her eastern Queens district [District 23] has the largest number of co-ops and condos in the city," and a rewrite of the law would "impact 10% of the 50,000 buildings covered by the climate law" that could face fines of "$268 per ton of emissions over the limit."

As determined by the New York City Department of Buildings (DOB) which does not support the proposed **Intro 772** bill, "co-op and condo buildings where the average assessed value of a unit is $65,000 or less would be exempt from fines between the years 2030 and 2035, according to the bill text. Fines for those buildings would be halved between 2046 and 2040 and slashed by 25% from 2041 through 2045." In addition, further increasing the amount of carbon those buildings are allowed to emit would be the inclusion of "gardens and other green spaces as part of their square footage when calculating their emissions limits" under the bill. Along the DOB, City Comptroller Brad Lander and Public Advocate Jumanne Williams are among those that have expressed opposition to a "watered down" version of the law that will only take our city backwards, as well as Food and Water Watch, a Washington, D.C.-based NGO organization that advocates for climate-friendly policies.

Once again it appears that rental buildings are being inequitably impacted compared to condominium and co-operative buildings giving rise to the question of whether Intro 772 has the best interest of New York City residents at large or just another example of a political strategy. Rental buildings already have the disadvantage of paying a disproportionate share of real estate taxes since the "city assesses condos and co-ops by comparing them with rent-stabilized properties — even though those properties typically have much lower market value." Furthermore, "the city assesses some condominiums and cooperatives at values less than the selling price of a single unit in the same building," according to a lawsuit filed in 2017 by a group of property owners, renters and other advocacy groups called **Tax Equity Now New York, or TENNY**, that on March 19, 2024, was cleared to move forward by New York State's highest court. While it has been acknowledged that the current property tax system is inequitable and opaque, the system that favors owners over renters continues to result in higher rent costs.

Source: https://www.crainsnewyork.com/climate/local-law-97-fines-co-ops-condos-slashed-city-council-bill

Source: https://www.foodandwaterwatch.org/2024/04/12/bill-to-gut-nycs-landmark-climate-and-jobs-law-slammed-as-real-estate-lobby-attack-begins/

Source: https://www.nytimes.com/2024/03/19/nyregion/property-tax-lawsuit-nyc.html

Downtown Residential Tower Trades for $370M | August 1, 2024

Once among the world's tallest skyscrapers when constructed in 1931 as the headquarters for City Bank-Farmers Trust, the 57-story, 767-unit market-rate residential building at 20 Exchange Place has sold to the Dermot Co. amd Duthc pension fund servicer PGGM for $370 million, or about $480,000 per unit. At the time of the press release, the deal appeared to be one of the largest transactions this year for a Manhattan multifamily property. Seller DTH Capital, a firm linked to theBelgium-based Bruckner retail dynasty, along with co-investor Metro Loft Management acquired the former mixed-use building in 2004 for $152.7 million — paying $82.4 million for Hakim Organization's 54% stake and $70.3 million for Witkoff Group's 46% stake; and subsequently launched a residential conversion of the remaining lower floors. New ownership is planning some upgrades to the landmarked site to remain competitive with the newer conversions being brought to market."

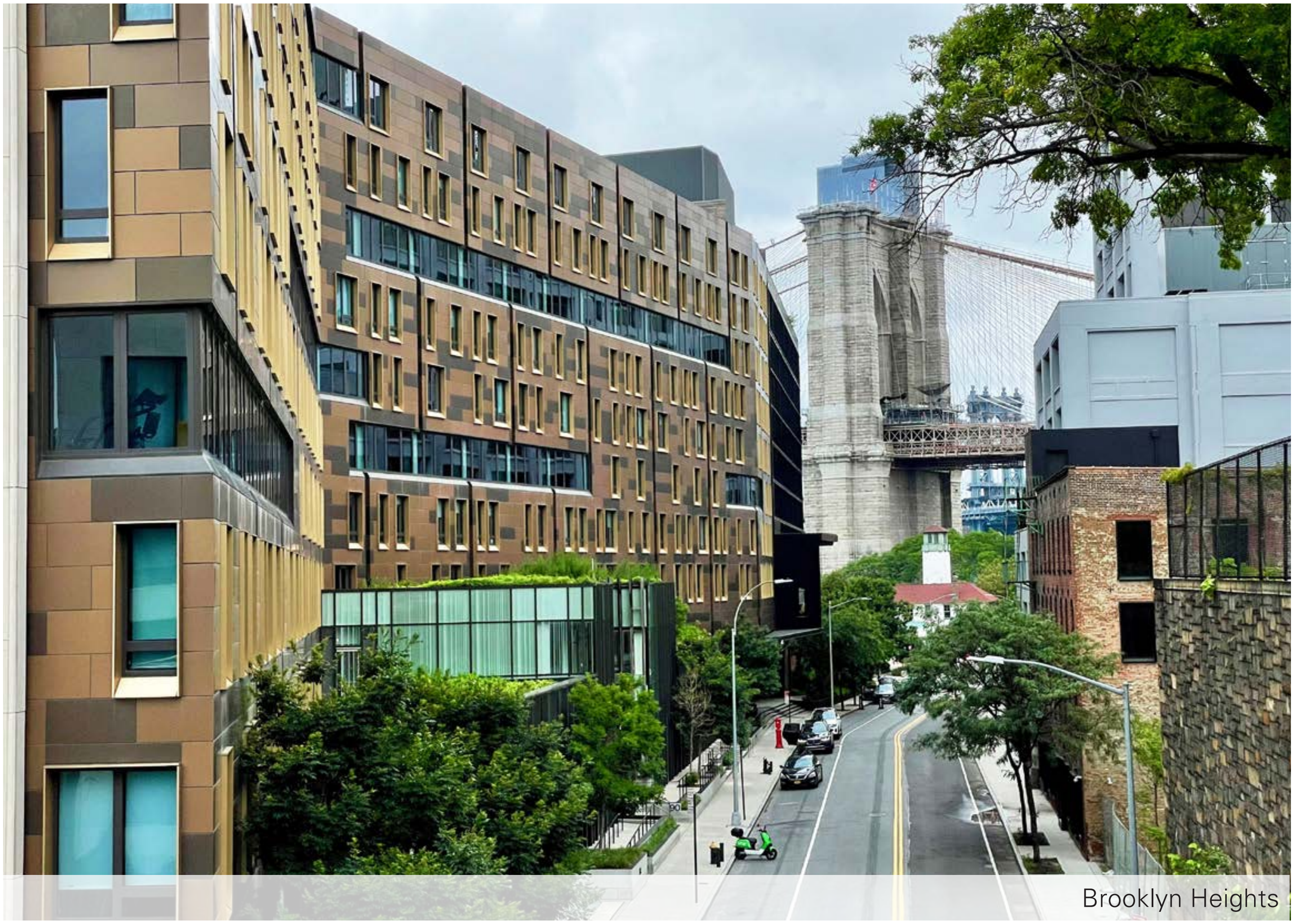
Source: https://www.crainsnewyork.com/real-estate/20-exchange-place-fidi-sells-370-million

Changes to NAR's Home Sale Commission Rules Go into Effect August 17 | August 8, 2024

New rules to be implemented nationwide related to broker commissions in home sale transactions will go into effect on August 17, 2024. The changes to the decades-long model that left the seller typically using "their proceeds to pay a 5% to 6% commission" evenly split between the seller and the buyer agents is hoped by proponents to make it "easier for consumers to negotiate and put downward pressure on commissions and even home prices." As part of the resolution of claims brought on behalf of home sellers related to broker commissions, under the National Association of Realtors (NAR) Settlement Agreement, while consumers will continue to have the option to consult with real estate professionals and negotiate commission payments, "offers of compensation will be prohibited on Multiple Listing Services (MLSs). The change essentially reverses the rules of the old system that required listing agents "to publish an offer of compensation to the buyer's broker when listing homes on NAR-affiliated multiple listing services, or the MLS."

Although commissions were always negotiable, even if the listing agent offered zero dollars in the compensation field, "several antitrust lawsuits alleged the requirement to post an offer reduced competition and kept commission rates artificially high," while others claimed that in instances where a 6% commission was already filled out, it left "buyers with even less power to bargain — finding their own representative's payment preset by the other side of the transaction." In addition, the new rules restrict buyer brokers from receiving more compensation at a later time than the buyer agreed to in the contract that buyers generally need to sign prior to getting an agent. Proponents of the changes "say that by not setting the rules of the game at the outset, buyers and sellers will have more transparency into how their agents are paid and more power to negotiate commissions down." However, there are concerns that while sellers could save money if decided not to pay buyer broker commissions, it could prompt buyers to go without broker representation or potentially lose the home all together if saddled with the additional upfront costs they may not have at a time when housing has become unaffordable to the masses. As NAR's policy changes are implemented, it will take time for the results to become apparent, leaving uncertainty about the full impact on all involved in home sale transactions.

Source: https://finance.yahoo.com/news/real-estate-commission-rules-change-100045619.html



Brooklyn Heights

News Highlights (cont'd)

Albany's New Residential 'Good Cause Eviction" Law Kicks In | August 23, 2024

Legislation proposed in Albany back in February 2024 has led to the new Good Cause Eviction law that went into effect on April 20, 2024; and is intended to put rent-gauging protections in place for tenants in market rate apartments. As of August 18, 2024, landlords are required to provide a notice of Good Cause Eviction to a tenant when offered a renewal or a new lease to let them know whether or not they are subject to the protections under the state law. In addition, depending upon the tenant's number of years of tenure in the residential unit, they must be notified 30, 60, or 90 days if the rent is increasing by more than 5%, or that their lease will not be renewed. Some of the allowable reasons for 'good cause' eviction by the landlord include the recurring creation of a nuisance or illegal activity within the unit, and if the rent is not paid by the tenant, unless it is due to an unreasonable increase. The amount of rent increase considered reasonable is based on the current year inflation rate in the local area plus 5%.

Currently the New York City threshold is 8.82%, however since the law caps the maximum local rent standard at 10%, if inflation was 6%, the increase of 11% would be considered unreasonable. Some examples where residential units are not subject to the Good Cause Eviction law are buildings with 10-units or less, condo or co-op buildings, units built on or after January 1, 2009 will not be subject to the law until 30 years after the temporary or permanent certificate of occupancy is issued, and units where rents and/or evictions are already regulated by federal, state, or local law, such as rent stabilized or rent controlled units. Litigation prompted by disputes would be decided by Housing Court judges, however lawyers caution that tenants shouldn't assume it will play out in court in their favor. The impact of the law remains to be seen, but at the time of the February proposal, a policy brief published by the Furman Center at New York University raised the argument that the "New York proposal is essentially an effort at extending rent regulation to free market apartments," while "giving landlords a benchmark for raising rent prices annually for all tenants."

Source: https://finance.yahoo.com/news/real-estate-commission-rules-change-100045619.html

Argentina's Repeal of a Rent-Control Law gives Credence to its Damaging Consequences | September 9, 2024

As government officials continue to implement increasingly more restrictive rent-control laws, the actual results move further and further away from the intended results. Cited as the latest proof is efforts by Argentina's President Javier Milei to turn around the "triple-digit inflation and failing economy" that he inherited upon assuming office in December 2023. Some of the measures taken included eliminating government jobs, contracts, and subsidies, but "perhaps the most successful measure, however, was repealing a rent-control law the National Congress had passed in 2020." The statute intended to provide renters with more economic security "locked landlords into rent-controlled leases for a minimum of three years and capped rent." The consequences described as "swift and brutal" sparked varied results, but more importantly, it pushed the "average rent for a two-bedroom apartment in Buenos Aires from nearly 18,000 pesos a month at the end of 2019 to 334,000 pesos four years later, well beyond the 210,000 pesos a month if the rate had tracked inflation," and since the repeal, have lowered by double digits. The destructive consequences of rent-control, which exacerbates housing shortage instead of relieving it, has been shown repeatedly by nearly a century of case studies by several notable economists. Additional cited consequences include units becoming unrentable due to disrepair as "landlords neglect basic maintenance or upgrades, because they can't recoup investments through rent increases; the potential of "secured tenants in rent-controlled environments not giving up their units for decades, even after their needs have changed;" and the imposed eviction moratoria during the pandemic-era, forcing landlords to go "months or years without being able to evict nonpaying tenants," but once those restrictions were lifted, landlords raised prices to recoup costs, hedge against inflation and deter squatters."

Source: https://www.wsj.com/opinion/rent-control-is-a-great-destroyer-79336c82

A Closer Look at the Proposed "The Homes Act" Legislation Reveals Several Issues | September 20, 2024

Recently U.S. Senator Tina Smith and Congresswoman Alexandria Ocasio-Cortez (AOC) revealed a legislation proposal dubbed The Homes Act, that according to their press release "would reimagine housing in America, making a historic and long overdue investment in our housing supply." However, upon a closer look at the bill, which seems "fixed on the notion that housing is expensive because it's mostly built and operated for profit, and because homes appreciate in value, several issues are revealed. The proposal to establish a national Housing Development Authority is just another public housing model where past experience has shown that since "Congress did not provide enough funding for ever-increasing maintenance costs as the developments aged," poverty became concentrated in a deteriorating physical environment that reached a level that was so bad, Congress passed the Faircloth Amendment in 1998, which "bars the federal government from financing public housing beyond the number of units run by a public housing authority as of October 1, 1999" — a ban that AOC's bill would undo if lawmakers are convinced that "government is well-equipped to be a developer, landlord, and property manager."

The press release by AOC places the blame of the unaffordability of housing on the corporate landlords who "are raking in record profits," without ever having sat on the other side of the table to gain a more accurate picture of the expense to build, operate and maintain residential buildings — financial challenges that are further increased by the vast volume of policies and regulations imposed upon landlords and businesses in general by federal, state and local officials, which although intended to protect the people, in actuality drive costs up for everyone. Furthermore, the proposal to have nonprofits develop and operate housing does not remove "profit" from the equation, since nonprofits have to pay all the expenses just like for-profits do — hiring staff, paying health insurance, and renting office space; and although "nonprofit executives don't get stock options, they do get paid, often handsomely." The article by The Real Deal further points out that although the bill's price-capped project proposal for affordable, resident-run co-ops can achieve minimized price appreciation, there is a downside. Since owners cannot sell their units for much more than they paid for them, it is likely that residents will keep monthly dues too low and won't want to pay for improvements — especially those that would benefit future owners more than themselves, resulting in eventual property deterioration.

It must be kept in mind that it's the potential to make money that motivates investors to build, while profit-seeking capitalist who build and rent housing similarly compete with each other no differently than the capitalists who make light bulbs, open barber shops, and grow carrots or raise cattle." Perhaps instead of implementing more federal housing policy by legislators and agencies that according to Supreme Court chief justice John Roberts' views on administrative law, do not necessarily have special competence regarding all rules and regulations they promulgate, the government should ease regulations to allow housing supply to meet demand instead of further experimenting with another public housing model when the concept hasn't had a good track record in the past.

Source: https://therealdeal.com/new-york/2024/09/20/hard-truths-about-alexandria-ocasio-cortez-social-housing-dream/

Source: https://ocasio-cortez.house.gov/media/press-releases/us-senator-tina-smith-and-congresswoman-ocasio-cortez-introduce-homes-act

Mandatory Residential Compostable Waste Collection Launches Citywide | September 23, 2024

As part of New York City's environmental "Zero Waste" and "war on rats" efforts, citywide residential buildings will be required to separate compostable food, food-soiled paper, and garden scraps from their trash beginning Sunday, October 6, 2024. The mandatory program is part of the multi-bill legislation passed by the city council on June 8th, 2023, and is intended to divert organic waste from landfills, where a "particularly potent greenhouse gas called methane" is produced. Brooklyn and Queens were the first boroughs to see the rollout of the residential mandate, with the program launching in the remaining three boroughs on Sunday, October 6. New York City will join San Francisco and Seattle which began mandating organic waste separation about 15 years ago, while on a broader scale, California has a statewide mandate in place. Compost pickup by the Department of Sanitation (DSNY) will be on the same day as the building's recycling pickup and most of the waste will go to a sanitation facility in Greenpoint, Brooklyn "where large metal 'digester eggs'" convert the waste into renewable fuel (biogas) that goes back into the grid to power homes.

There will be a grace period up to April 1, 2025, during which time the DSNY will send written warnings, before the city begins issuing fines to property owners of buildings that do not comply. Fines for the first offense will be $25 for homes and buildings with up to eight units, climbing to $50 for the second offense and then $100 for the third and all future offenses. Larger buildings with nine units or more will initially be fined $100, reaching $300 by the third and future offenses. The success of the program will depend upon enforcement by the city, keeping in mind that about 80% of the over 3 million tons of waste collected by the DSNY is sent to landfills, and roughly a third of the waste collected is made up of food scraps, making the city's landfills the "third leading source of emissions after buildings and transportation. On a related note, although commercial building waste is not regulated by the city, it should be kept in mind that the separation of compostable waste could significantly reduce the cost paid to private haulers since commercial buildings typically pay by the pound for this type of waste disposal and food waste accounts for the heavier portion of that weight.

Source: https://www.crainsnewyork.com/real-estate/mandatory-composting-nyc-what-know

PH Realty-led Partnership Sees Rent-Stabilized Housing as a Future Value-Add Asset | September 27, 2024

Although many investors have moved to the sidelines when it comes to rent-stabilized housing, a partnership led by PH Realty remains optimistic, having recently closed on a $180 million acquisition of 715 units of which the majority are rent-stabilized. The transaction completes the partnership's total purchase of 1,300 units spread across a 24-building portfolio, having closed in June 2024 for $103.55 million on the first-half of the residential package, with per unit prices ranging from $93,220 at the low to $265,625 at the high according to online real estate platform CoStar. The sale by Sentinel Real Estate fetched a price that was at an approximately 60% discount from what the firm had paid between 2015 and 2019; and marks Sentinel's exit from the rent-stabilized market. Two bridge loans totaling $120 million at an interest rate of about 7% were secured to finance the transaction, which according to a spokesperson for lender Bridge Invest, where "underwritten for expenses to rise 1.5 times faster than the rents." When renovations are completed and interest rates are "ideally" lower, the partnership which also includes Alma Realty, Rockledge CRE, and an unnamed pension fund, plan to seek a refinancing with agency debt.

The portfolio is concentrated in the neighborhoods of Ditmas Park and Brighton Beach in Brooklyn, as well as Manhattan's Washington Heights neighborhood. Currently about 90% occupied with 85% of the units rent-stabilized, new ownership plans to renovate units to boost occupancy and produce modest returns. Despite the purchase discount and the ability to "notch an increase" in rents if money is invested in the buildings and apartments, it has been pointed out that ever-rising expenses such as real estate taxes and insurance creates a return on investment the typically doesn't pencil out since the allowed increases in rent for the stabilized units is determined by New York City's Rent Guidelines Board (RGB) and "reliably lag inflation." However, PH Realty head Peter Hungerford is hoping that "moves on the city level will ultimately ease the pressures of rising expenses," and that the federal government will eventually step in if insurance premiums that are rising at the fastest rate "get so out of whack."

Source: https://therealdeal.com/new-york/2024/09/27/ph-realty-takes-massive-rent-stabilized-portfolio-at-60-discount/

Upper West Side - Lincoln Center

News Highlights (cont'd)

Development

Federal Funding Secured for Long Delayed Gateway Tunnel Project | July 8, 2024

Recent news reports announced that $6.8 billion in federal funding was secured by the Gateway Development Commission for the long-delayed, and much needed, Hudson Tunnel project, bringing to a closure the agreement for the total $12 billion commitment in federal funding that has been in the works for years. The securing of the final tranche in federal grant dollars alleviates concerns of another construction derailment of the project with a possible change in the Oval Office as the November presidential election approaches. Since initial 2021 projections, the price tag for the new tunnel under the Hudson River has climbed 14.1% higher to an estimated $16.1 billion. Major construction is expected to begin in July of the new underwater rail tunnel along with the replacement of the existing century-old tunnel that was damaged during Hurricane Sandy, with completion slated for 2035. Currently serving more than 2,200 daily Amtrak trains along the Northeast corridor stretching from Boston to Washington, making the crucial revitalized rail infrastructure under the Hudson River "key to the financial health of the region and the U.S. at large."

Source: https://www.crainsnewyork.com/transportation/gateway-tunnel-project-6-8b-federal-funds

Projects Protecting NYC from Inland Flooding and Rising Sea Levels Slowly Move Forward | August 8, 2024

Although the significant damage to Lower Manhattan caused by Hurricane Sandy in 2012 may just be a distant memory to some, work on several citywide resiliency projects in different phases of planning and construction are very much an active part of the city's agenda. However, progress has been slow amid hurdles such as funding and determining what can be built and how to best design projects, so they enhance communities for future generations while not cutting them off from the city's coastlines. By 2050, the sea level is expected to rise another 16 inches and New Yorkers will see 57 days of 90-plus-degree heat compared to 33 now. An investment in the neighborhood of $15 billion, much of it in Federal money, has already been allocated according to New York City Department of Environmental Protection (DEP) Commissioner Rohit Aggarwala.

Some larger projects, such as the Army Corp of Engineers Harbor and Tributary Study (HATS) at a currently estimated cost of $52 billion to protect low-lying communities from Red Hook to Harlem by adding sea walls along New York Harbor; and a reengineering of the city's antiquated sewer system at a "best estimate" by the DEP of $33 billion are still years away from reality, but several other projects are already underway with completion dates ranging from 2025 to 2050.

1. **'Dayletting' Tibbets Brook, Bronx** – an $11 million deal with CSX Transportation has opened the door to bringing the brook above ground and creating a new rail-to-trail park along the brook's banks. By removing the brook's flow from the sewer system, combined sewer overflows will be reduced by 228 million gallons annually and improve the health of the Harlem River.

2. **Cloudburst Initiative** – implementing strategies to mitigate inland funding such as the recently started construction on a sunken basketball court that will double as a stormwater container at the New York City Housing Authority's (NYCHA) South Jamaica Houses. It will be the first of others planned for NYCHA properties.

3. **East Side Coastal Resiliency Project** – stretching 2.4 miles from East 25th Street to Montgomery Street on the Lower East Side, it is one of the furthest projects along, having already elevated Stuyvesant Cove Park by 8-feet. Upon full construction completion in the fall of 2026 of the $1.45 billion project, the entire East River Park will be elevated and revitalized with "massive seawalls tucked beneath the FDR drive that have gates that will be closed to keep a storm surge at bay as well as shielding critical Infrastructure like the Con Edison Plant that incurred significant damage during Hurricane Sandy leaving half of Manhattan without power.

View of Stuyvesant Cove Park Elevated Area with Flood Walls & Flood Gate

4. **Lower Manhattan South and West Shoreline** – the $7 billion project already underway will create flood barriers for a more resilient stormwater infrastructure along the shoreline from the Brooklyn Bridge to Battery Park City. Once approvals and funding are in place, another piece of the project that is expected to break ground by 2029 will raise and extend the shoreline of the Financial District and South Street Seaport. A $1.7 billion commitment toward funding the multi-pronged project has already been committed by the city, state, and federal government.

5. **Staten Island** – the construction of a 5.3-mile seawall from Fort Wadsworth to Oakwood Beach will reach up to 20-feet and is estimated to cost $2.3 billion. The first awarded contract for $133 million is expected to be completed in three years, while other parts of the project are still in the design phase.

6. **Rockaways, Queens** – the $600 million project expected to be completed in 2025 has built up the beach, adding stone groins (structures that slow down natural beach erosion) and restored dunes.

7. **Red Hook Coastal Resiliency Project, Brooklyn** – The city recently announced plans to award a $27 million contract to Liro Engineers, who will partner with the city's Department of Design and Construction to construct several flood barriers and gates along the Red Hook coastline. The 3-year project expected to break ground in 2025 is the first step of a broader $100 million coastal protection project.

Source: https://www.crainsnewyork.com/climate/new-york-city-projects-prioritize-storm-flooding-protection

Source: https://www.crainsnewyork.com/climate/city-kicks-red-hook-flood-protection-project

Upper Manhattan - Harlem Meer

News Highlights (cont'd)

City Council Approves 46 Block East Bronx Rezoning | August 15, 2024

On Thursday, August 15th, the New York City Council approved the rezoning of a 46-block area in the East Bronx. The rezoned blocks focus on the area surrounding two of the four new Metro-North train stations — Parkchester/Van Nest, Morris Park, Hunts Point, and Co-op City, of which rezoned blocks surrounding the latter two stations will not see significant changes due to the rezoning. Set to open in 2027, the new East Bronx stations will provide commuter rail service to Penn Station for the first time as part of the Bronx Metro-North Station Area Plan by the Metropolitan Transportation Authority (MTA) and will connect East Bronx residents to opportunities across the borough and region while reducing car usage. The approved rezoning would permit some 7,000 new homes, including about 1,700 permanently income-restricted units; as well as the creation 1.23 million square feet of commercial space that due to the rezoning allowing for a change in commercial uses, expected to "foster more job-generating industries including life sciences and medical offices" to create as many as 10,000 new permanent jobs. In addition, the Adams administration agreed to commit "$500 million in new infrastructure upgrades for the East Bronx, including $119 million to renovate playgrounds and parks, $189 million to repair streets, and $170 million for sewers, water lines, and catch basins. As the first neighborhood-wide rezoning under the Adams administration, it has been suggested that the deal "may be a preview of the concessions the mayor will need to make when the City Council votes this fall on his broader City of Yes Housing plan, including minimum parking mandates for new buildings that would be eliminated citywide in the City of Yes — a prospect some lawmakers oppose as exemplified by the push to include a minimum number of parking spaces during negotiations of the East Bronx rezoning that prevailed.

Source: https://www.crainsnewyork.com/politics-policy/nyc-council-approves-bronx-metro-north-rezoning

CBC Urges Gov. Hochul to Veto ICAP Tax Break Extension Amid Lack of Proof it's Effective | August 16, 2024

Fiscal watchdog the Citizens Budget Commission (CBC) sent a letter to Gov. Hochul on August 13th urging the governor to veto the four-year extension passed under the radar by the New York State Legislature in the spring of 2024 of the Industrial and Commercial Abatement Program (ICAP). It was further urged by the CBC that as an alternative, Gov. Hochul negotiate a Chapter Amendment for a one-year extension to allow time to "objectively evaluate whether an extension would be cost-effective or identify eligibility and benefit changes to improve ICAP's cost-effectiveness." The commercial tax break program that wasn't due to expire until the spring of 2025 was passed "without significant public discussion" according to the CBC's letter, as well as in advance of an evaluation of ICAP by New York City's Independent Budget Office that is expected to be released later this year. Established in 2008, the program that provides an "as-of-right" subsidy automatically to any projects that qualify has increased in cost from $81.4 million in fiscal year 2017, according to the city council's 2016 evaluation, to $506.3 million in fiscal year 2024. Currently about two-thirds of the recipients are receiving 25-years of tax abatements despite a 2007 evaluation of the program by the New York City Economic Development Corp. (NYCEDC) finding that "10- to 15-year benefits are sufficient for most projects," and that the "vast majority of office and retail building projects did not need incentives to be feasible," yet both uses continue to receive the subsidy.

Hochul has yet to take any action on the bill before the end of year deadline. The extension was requested by the Adams administration amid concerns of the program's expiration causing a sudden surge in electricity prices by the regulators that set the rates, since no power plants receive the tax break, and electric rates are partially based on the property tax rates paid by them. However, it comes on "the heels of similarly rushed renewals in 2015, 2017, and 2020," despite current city council leaders voicing "support for reassessment of some of the state's multitude of abatements and incentives." Several similar incentive programs continue to be extended with the "tax abatements set at the state level, even as they take money out of the city's coffers," but the "highly entrenched system — supported by lobbying and justified by economic development claims — shows few signs of going away

Source: https://cbcny.org/advocacy/cbc-urges-veto-icap-extension

https://www.crainsnewyork.com/politics-policy/watchdog-wants-hochul-reject-citys-dubious-500-million-commercial-tax-break

Lower Manhattan Building Comes Back Online Following Residential Conversion Completion | September 23, 2024

A 36-story, 571-unit residential tower that is nearing construction completion at 55 Broad Street represents a re-envisioning of the former headquarters of Goldman Sachs. The building's wedding cake shape made it ideal for an office-to-residential conversion, "because no void had to be created for apartments to get light," while the setbacks have added additional landscaped terrace space. Dating back to the late 1960's, the approximately 440,000-square-foot building originally designed by Emory Roth & Son will be starting a new chapter when it reopens its doors in mid-2025 offering a mix of residential units ranging from studio up to three bedrooms at starting rents of $4,000 to about $10,000 a month. Expected to be the "first fully electric office-to-residential development to achieve LEED certification, tenant amenities will spread across 25,000 square feet of mixed indoor and outdoor space including a lap pool, lounge seating, and a barbecue grill on the landscaped roof deck in addition to a lounge space within the renovated bulkhead featuring floor-to-ceiling windows.

Co-developers Metro Loft Development and Silverstein Properties acquired the property in 2023 for $172.5 million, having secured $220 million in financing from Banco Inbursa — a $40.219 million restated senior loan mortgage, $123.649 million building loan, and $56.132 million project loan. The project further contributes to the evolving landscape of the area whose streets where once lined by "imposing headquarters for the titans of finance" and now has become a 24/7 residential neighborhood. Although the recent rate cut by the Federal Reserve will help the "alleviate the financial gridlock the industry has been experiencing," financing continues to be challenging, citing the previously converted 20 Broad Street building, where Metro Loft and its partners are "determining whether or not it is economical to put in the additional capital necessary for refinancing" after being unable to repay a five-year $250 million mortgage that came due in early September despite the building operating at 99% occupancy.

Source: https://www.crainsnewyork.com/real-estate/ex-goldman-hq-55-broad-now-open-renters

https://newyorkyimby.com/2024/09/new-renderings-revealed-55-broad-streets-residential-conversion-in-financial-district-manhattan.html

Downtown - View of Hudson Yards from Tribeca

News Highlights (cont'd)

Lending

Park Ave Office Tower Secures New Loan at a Cost of $250M | July 1, 2024

Ownership of the flagship tower at 277 Park Avenue has reached an agreement to refinance its $750 million mortgage. Provided by Deutsche Bank's German American Capital Corporation in 2014, carrying a 3.6% interest rate, the loan due to mature in August 2024 included $500 million in unpaid existing principal plus a newly originated $250 million gap mortgage. Assuming the transaction is completed, the 5-year refinancing, which is half the length of term of the existing mortgage, was able to move forward upon Stahl's estate agreeing to "kick in nearly $250 million worth of cash to provide an equity cushion," according to reported information provided by bond-rating firm KBRA. News of such a large infusion of money for one of "Midtown's premiere office buildings, with a well-regarded owner" — the estate of the late developer Stanley Stahl, was an eye-opener for real estate pros. At a time when banks are reducing their exposure to office buildings, it is increasingly becoming the norm of being told by lenders to "come up with fistfuls of dollars if they want new mortgages." Valued by KBRA at $1 billion, the injection of additional cash will lower the debt burden on the 1.8 million-square-foot tower that recently underwent $120 million in improvements, while boosting reserves. Currently about 97% leased, its tenancy roster includes major tenant JPMorgan Chase, as well as" M&T Bank, which pays $83 per square foot, and Visa, which pays $107 a square foot for a top floor." Some other recent similar transactions include a $375 million refinancing at 65 East 55th Street, with Blackstone Group putting a down payment of $155 million to secure the deal; and an agreement by SL Green Realty and Vornado Realty Trust to lower the debt burden at 280 Park Avenue by paying off a "$125 million mezzanine loan for just $62.5 million" which opened the door to the $1.075 billion refinancing of the tower.

Sources: https://www.crainsnewyork.com/real-estate/stahl-organization-puts-equity-new-loan-277-park-ave

The Continued Rise in Office Property Distress Prompts U.S. Bank Charge-Offs | July 12, 2024

The results of the Federal Reserve's 2024 annual supervisory stress test released in June indicated that the "nation's largest 31 banks have sufficient capital to absorb nearly $685 billion in losses and continue lending." However, the "severely adverse scenario for 2024 features heightened stress in commercial real estate, including a 40% decline in real estate prices, with the projected loss rate for banks standing at $77 billion, making large bank exposure to commercial real estate an area of focus for Fed supervisors. The continued mounting office property distress has prompted two of the nation's major banks to take further financial steps to deal with it. Among the first to disclose second quarter results, Wells Fargo charged off $84 million in commercial real estate loans during the period, bringing the California-based lender's total charge-offs to $271 million. Although the bank has reduced its office loan exposure from "13% of loan volume a year earlier to 9% this past quarter," Wells Fargo saw a 5% increase, or $410 million in its nonperforming assets quarter-over-quarter, "driven by higher business property nonaccrual loans, predominantly in its office portfolio." JPMorgan Chase reported "$164 million of net charge-offs in its commercial and investment banking business, of which about half was for office commercial real estate loans," representing a significant increase of the $32 million charge off made by the lender in the previous quarter.

Sources: https://product.costar.com/home/news/31022204

In Contrast to Property Acquisitions, Real Estate Debt Investing Rises | August 8, 2024

Although remaining on the sidelines to purchase property, investors are pouring capital into funds that finance property deals or buying existing loans at a time when real estate debt posted the strongest quarter-on-quarter growth. According to reported figures from London-based investment data company Preqin, the dollar volume of real estate debt investment surged from $2.3 billion in the 1st quarter to $9.1 billion in the 2nd quarter. In contrast, "overall real estate capital raising for equity investments or taking ownership of properties saw only a modest increase quarter-over-quarter of about 1.9%, reaching $33 billion in the 2nd quarter. Robust activity has resulted in major private equity firms reporting a rebound in "raising capital across most of their investing strategies, with commercial real estate loans collecting the most by far to fill the void as banks reduce property financing." Since the process is anticipated to take much longer than what people expect when a lowering of interest rates by the Federal Reserve kicks-off, it is likely that debt investing will continue to hold onto its appeal. Despite the continued lag in raising capital among funds that invest in buying property, there has been an uptick in activity. Cited in example was the $3.4 billion that the Carlyle Group raised in the 2nd quarter, making it the best real estate fundraising by the firm since the 3rd quarter of 2021.

Sources: https://product.costar.com/home/news/1195126820

Landlord Secures $750M Refinancing for Park Ave Tower at a Cost of $283M | September 12, 2024

A sign of the continued reluctance among banks to lend to "even the finest of office buildings" has surfaced once again in the recent refinancing of 277 Park Avenue. The existing $750 million loan provided by Deutsche Bank in August 2014 that included a $250 million gap mortgage expired last month. Landlord, the Stahl Organization was able to secure a refinancing after providing a $283 million down payment according to reported information from bond-rating firm KBRA. The new loan has a five-year term and an interest rate of 7.01% —nearly double the rate of the previous mortgage. JPMorgan Chase currently occupies almost 50%, or about 900,000 square feet of the full block tower located between East 47th and 48th Streets under leases expiring between 2026 and 2028, with plans to vacate the space shortly after construction completion of its new headquarters at 270 Park Avenue.

Sources: https://www.crainsnewyork.com/real-estate/stahl-organization-pays-283-million-refinance-277-park-ave-mortgage

View of Lower Manhattan from DUMBO

News Highlights (cont'd)

Federal Reserve Moves Ahead with Highly Anticipated Rate Cut | September 18, 2024

A recent easing of inflation has prompted decisions by the Federal Open Market Committee (FOMC) to reduce its benchmark interest rate by ½ percentage point — the first reduction in borrowing costs since March 2020. Further prompting the decisions is the slowing job market - partly due to high borrowing costs discouraging business investment which can lead to a decrease in hiring. "After 11 consecutive rate hikes over the past two years," news of the 50 basis point cut lowers the target range for the federal funds rate to 4-3/4 to 5 percent, with "76% of traders expecting the federal funds rate to fall to a range of 4% to 4.75% by late December according to data from the CME FedWatch tool." Americans will now benefit from a moderate break on their monthly credit card, personal loan, auto financing and mortgage costs according to the press release by CNBC. Although the August 2024 inflation rate of 2.5% remains above the Fed's 2.0% target rate, it has lowered significantly from the annual average of 8.0% in 2022; and the "central bank is confident that price growth is on a sustained downward path."

Sources: https://www.crainsnewyork.com/real-estate/stahl-organization-pays-283-million-refinance-277-park-ave-mortgage

Sources: https://www.cnbc.com/2024/09/18/federal-reserve-cuts-interest-rates-what-will-get-cheaper.html


Downtown - View from Brooklyn Bridge Park

Market Snapshot: Class A & B

New York City's Unemployment

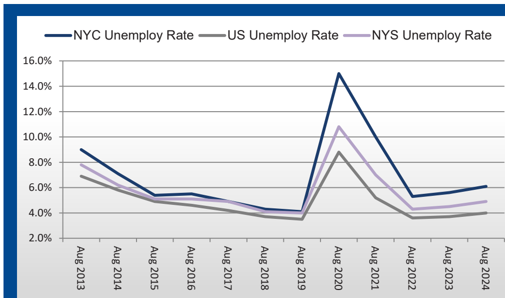
- According to the New York State Department of Labor's figures, the city's unemployment rate of 6.1% (not seasonally adjusted) at the end of August 2024 represented a 9.0% increase year-over-year, and a 24.5% increase over the three month period from May 2024 when the rate was 4.9%.
- Comparatively, unemployment on the National and State level at the end of August 2024 was 4.0% and 4.9% respectively, representing a year-over-year increase of 8.1% nationwide and an 8.9% increase statewide.
- Employment activity in New York City's private sector resulted in a gain of 96,300 private sector jobs over the year to 4,160,300 jobs in August 2024. Among the major sectors, Education and Health Services gained 97,9000 jobs at the high over the 12 month period, followed by a more moderate gain of 23,300 jobs in the Leisure and Hospitality sector. In contrast the Information sector lost 9,700, followed by a 5,000 job loss in the Financial Activities sector, and a 3,000 job loss in the Professional and Business Services sector.

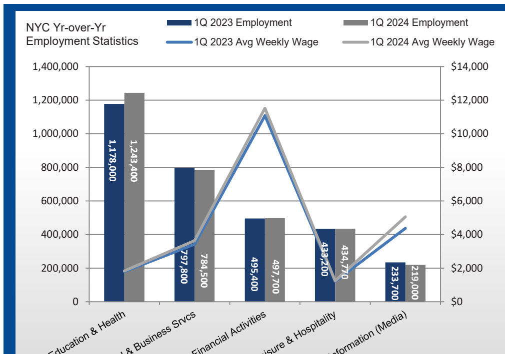
Weekly Wages

Overall private sector weekly wages in New York City averaged $4,105 in the 1st quarter of 2024, remaining essentially unchanged year-over-year according the recent report released by the U.S. Department of Labor. Among the major sectors all (4) saw overall weekly wages increases year-over-year. The Information sector saw the largest increase of 15.7%, followed by a 6.2% increase in the Professional and Business Services sector. The Financial Activities, Leisure & Hospitality, and Education & Health saw more moderate increases of 4.0%, 2.6%, and 2.1% respectively.

Vacancy for Class A & B office buildings over 75,000 square feet lowered 6.0% to 12.6% in comparison the 13.4% rate in the 2nd quarter of 2024. Class A vacancy lowered quarter-over-quarter by 5.1% to 12.6% in the 3rd quarter, while Class B vacancy lowered by 7.5%, to 12.7% during the same period.

3Q 2024	Total	Downtown	Midtown South	Midtown
Vacancy	↓	↓	↓	↓
Face Rent	↑	↓	↑	—
Absorption	↑	↑	↑	↑





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

Absorption closed the 3rd quarter at positive 3,806,642 square feet, representing a further improvement of the positive 1,514,378-square-foot absorption in the 2nd quarter, as deal making picked up. All three major commercial submarkets saw positive absorption. Midtown South rebounded from a negative 270,738-square-foot absorption in the 2nd quarter to a positive 493,814 square-foot absorption. While Downtown saw a positive absorption for the second consecutive quarter, the 1,439,193 square feet absorbed was less than the 1,638,172 square feet of absorption in the 2nd quarter. Midtown absorption rose sharply from a postivie 146,944 square feet of absorbed space last quarter to 1,873,635 square feet at the end of September.

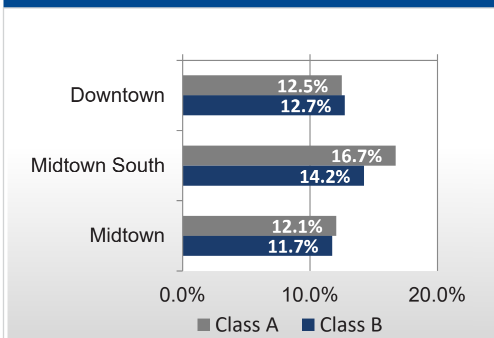
Face Rents for office space in the 3rd quarter rose moderately to an overall weighted average of $71.04 per square foot versus the $70.65 per square foot figure in the 2nd quarter. Class A face rents rose 0.2% from the previous quarter's $79.07 per square foot to $79.22 per square foot at the end of September.

Sources: https://dol.ny.gov/labor-statistics-new-york-city-region • https://www.bls.gov/bls/news-release/cewqtr.htm • https://dol.ny.gov/labor-data

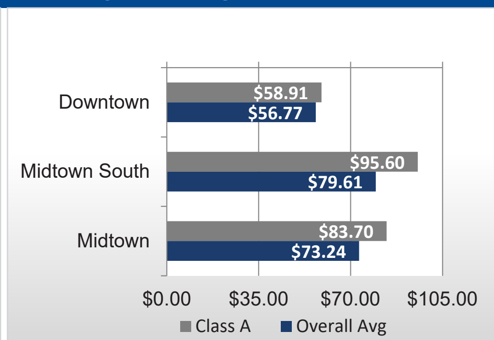
Class A & B Statistics At A Glance

3rd Quarter 2024

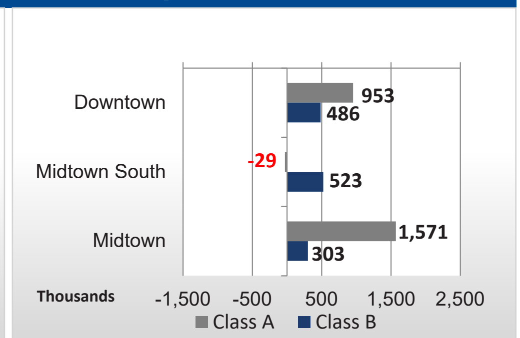
Vacancy



Average Asking Lease Rent

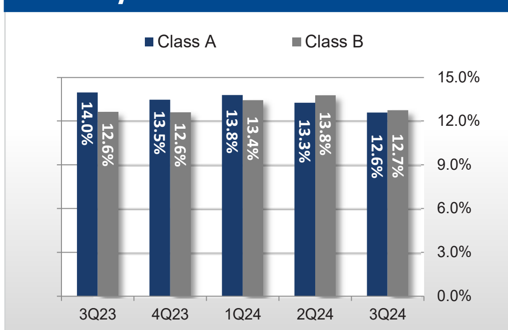


Net Absorption

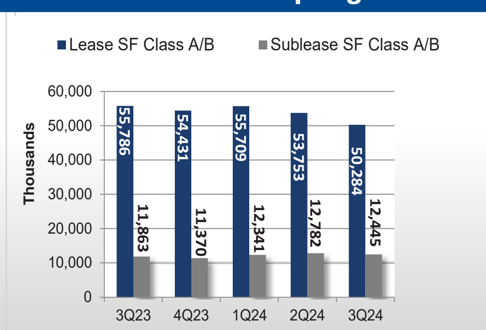


Quarter-over-Quarter

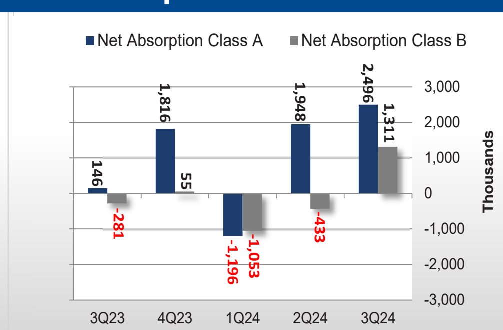
Vacancy



Lease & Sublease Sq. Ftge

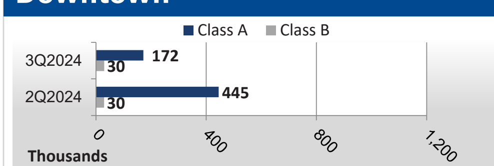


Net Absorption

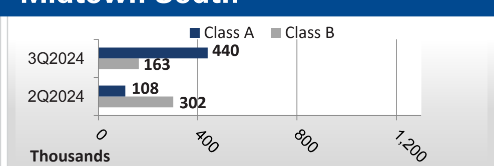


Sublease Space Newly Listed in 3Q 2024

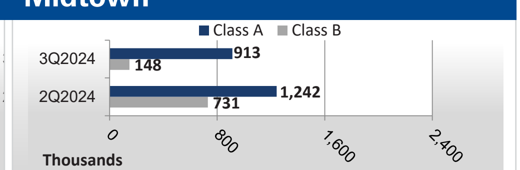
Downtown



Midtown South



Midtown



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



Submarket Statistics Overview: Class A & B Office

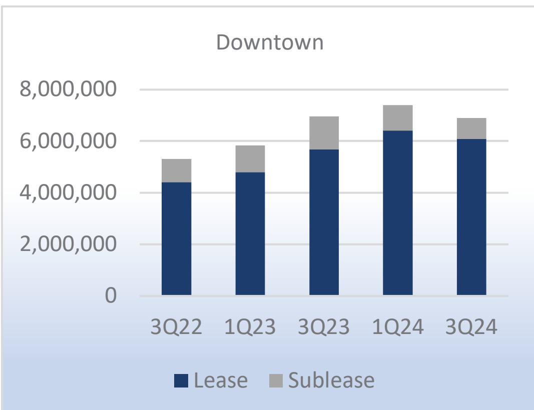
Manhattan	Inventory	Vacant Sq. Ftge.			Vacancy Rate			Avg. Face Rent PSF	Absorption
Submarkets Districts	Total RBA*	Direct Sq. Ftge.	Sublet Sq. Ftge.	Total Sq. Ftge.	Direct Vacancy	Sublet Vacancy	Overall Vacancy	Overall Asking	Year-to-Date Sq. Ftge
Downtown	110,347,336	10,734,380	3,110,535	13,844,915	9.7%	2.8%	12.5%	$56.77	2,126,761
City Hall	14,216,492	814,777	63,808	878,585	5.7%	0.4%	6.2%	$50.51	-128,352
Financial District	37,811,085	4,021,001	1,611,662	5,632,452	10.6%	4.3%	14.9%	$51.97	2,110,008
Insurance District	12,182,734	1,422,621	277,389	1,700,010	11.7%	2.3%	14.0%	$52.22	504,005
TriBeCa	6,751,568	901,765	71,113	972,878	13.4%	1.1%	14.4%	$65.95	5,312
World Trade Center	39,385,457	3,574,216	1,086,563	4,660,779	9.1%	2.8%	11.8%	$63.50	-364,212
Midtown South	74,091,929	9,126,478	2,237,910	11,364,388	12.3%	3.0%	15.3%	$79.61	-68,375
Chelsea	17,428,774	2,597,006	657,422	3,254,428	14.9%	3.8%	18.7%	$70.99	-183,881
Flatiron	23,384,223	3,054,140	497,793	3,551,933	13.1%	2.1%	15.2%	$73.87	299,930
Gramercy/Union Sq	9,969,281	687,959	231,910	919,869	6.9%	2.3%	9.2%	$83.07	7,178
Greenwich Village	5,219,420	721,443	94,289	815,732	13.8%	1.8%	15.6%	$110.37	-3,132
Hudson Square	12,556,919	1,409,314	532,965	1,942,279	11.2%	4.2%	15.5%	$86.92	-71,453
SoHo	2,511,886	156,832	26,300	183,132	6.2%	1.0%	7.3%	$80.90	-117,017
Midtown	312,647,217	30,423,168	7,096,606	37,519,774	9.7%	2.3%	12.0%	$73.24	1,013,875
Columbus Circle Hudson Yards	33,868,817	1,489,027	1,409,365	2,898,392	4.4%	4.2%	8.6%	$71.62	-76,795
Grand Central	56,157,186	4,924,337	1,342,571	6,266,908	8.8%	2.4%	11.2%	$66.32	561,125
Murray Hill	13,191,588	2,357,106	280,937	2,638,043	17.9%	2.1%	20.0%	$55.55	-304,318
Penn Plaza/Garment	74,056,317	7,606,206	2,578,767	10,184,973	10.3%	3.5%	13.8%	$62.19	582,823
Plaza District	84,693,491	8,552,990	929,604	9,482,594	10.1%	1.1%	11.2%	$94.69	-29,719
Times Square	46,164,583	5,340,574	555,362	5,895,936	11.6%	1.2%	12.8%	$73.94	112,342
U.N Plaza	4,515,235	152,928	0	152,928	3.4%	0.0%	3.4%	$71.22	168,417
Grand Total	**497,086,482**	**50,284,026**	**12,445,051**	**62,729,077**	**10.1%**	**2.5%**	**12.6%**	**$71.04**	**3,806,642**

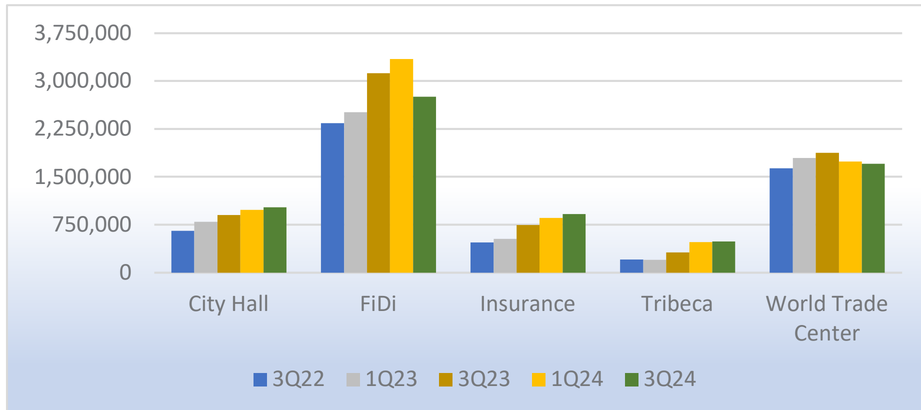
Source: Costar - Buildings 75,000 SF and larger; vacancy and absorption calculations based upon move-in date versus deal signing date
Colliers, Cushman & Wakefield

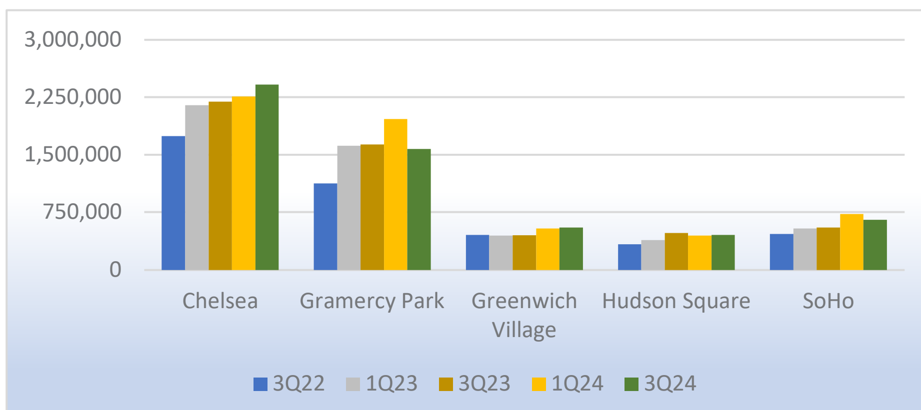
Retail Bi-Quarterly Vacancy Statistics At A Glance

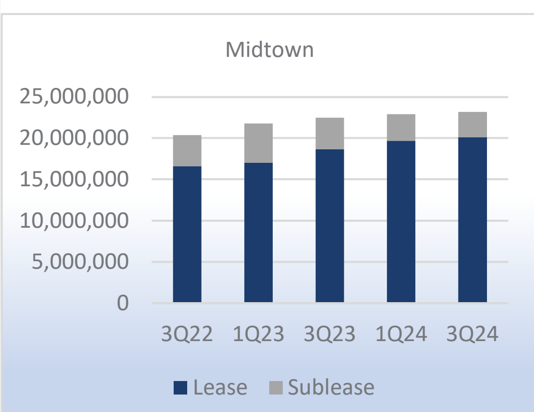
3Q 2022 - 3Q2024

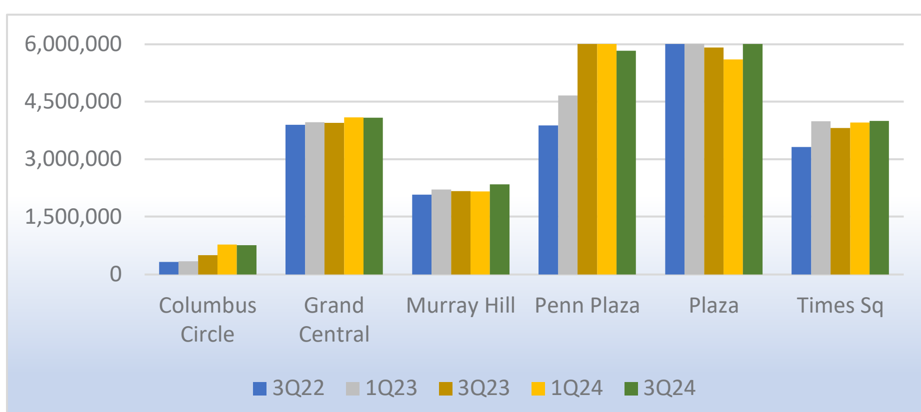
Submarket | **Vacancy by District**









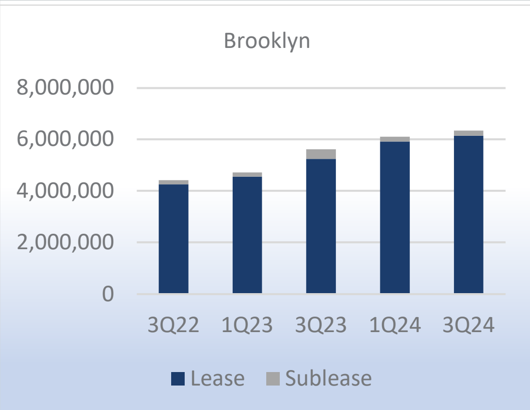


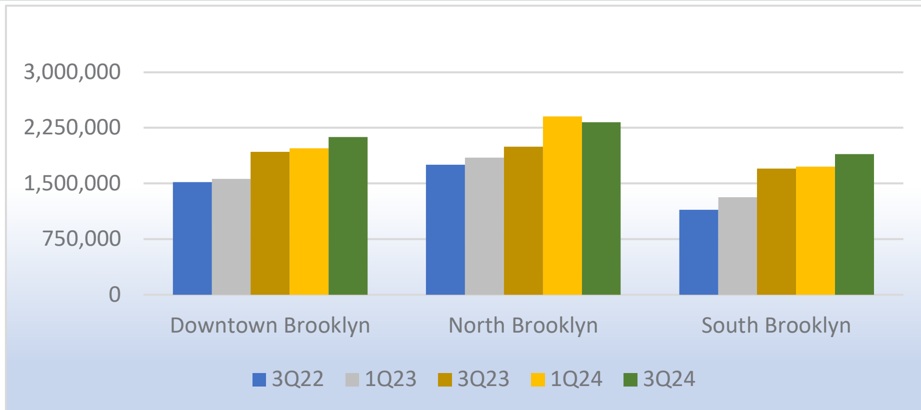
Source: Costar data

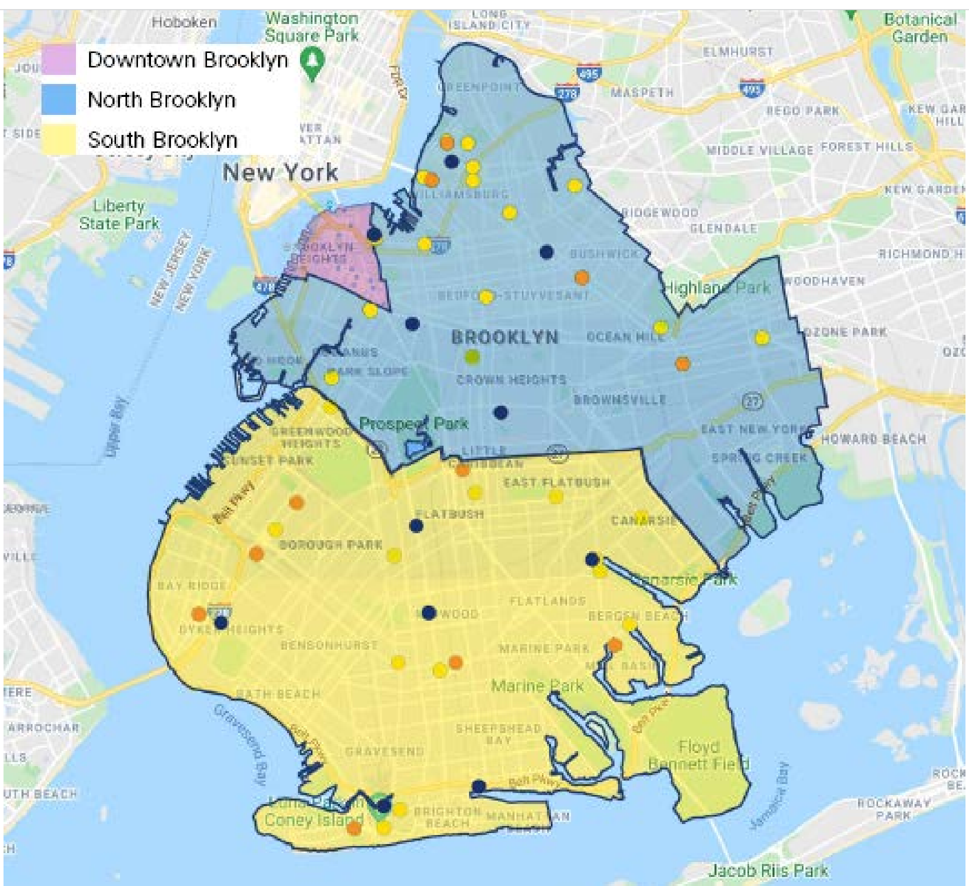
Retail Bi-Quarterly Vacancy Statistics At A Glance

3Q 2022 - 3Q2024

Submarket	Vacancy by District





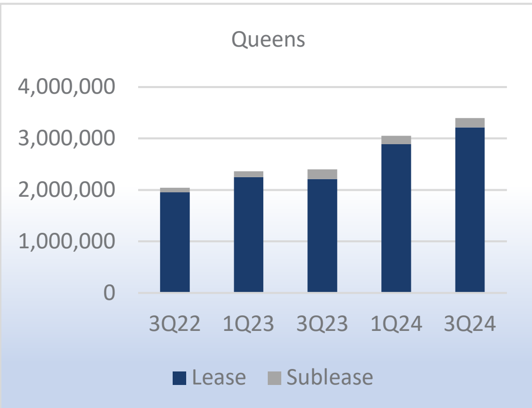


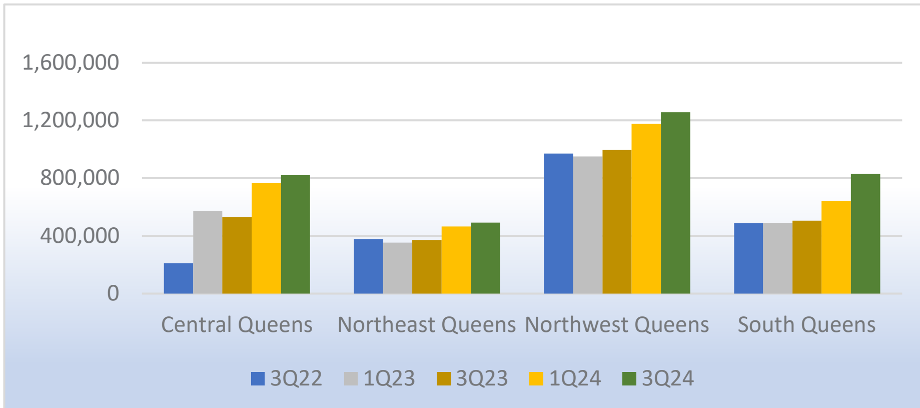
Source: Costar data

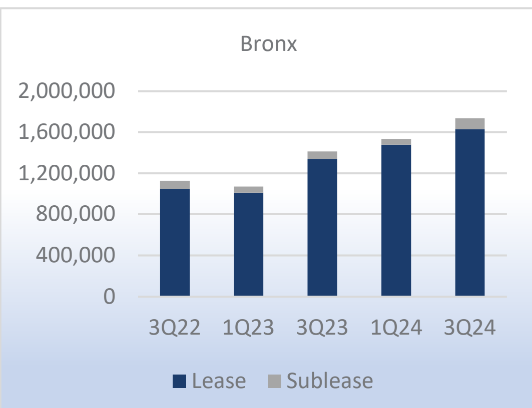
Retail Bi-Quarterly Vacancy Statistics At A Glance

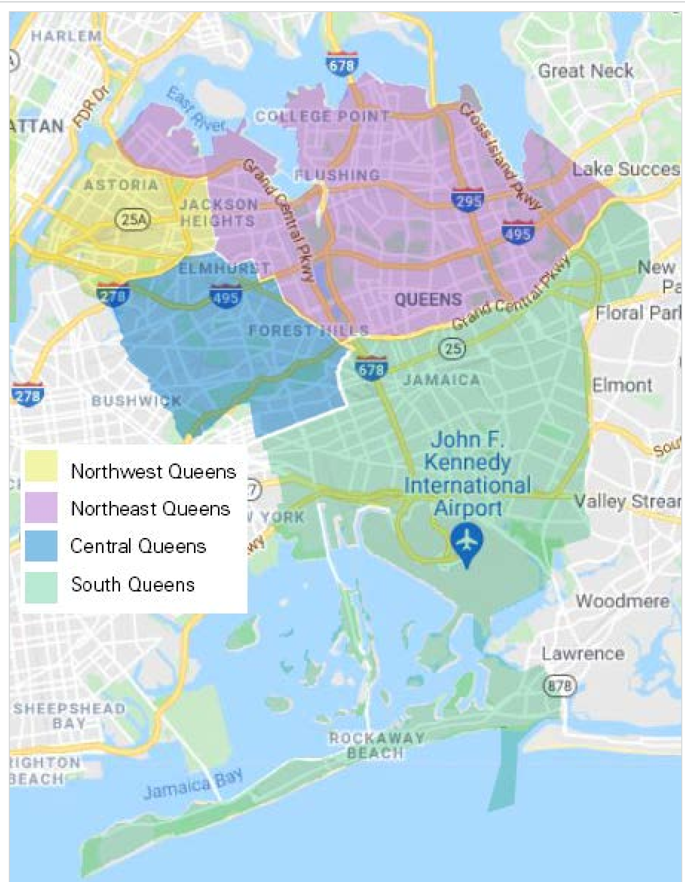
3Q 2022 - 3Q2024

Submarket | **Vacancy by District**



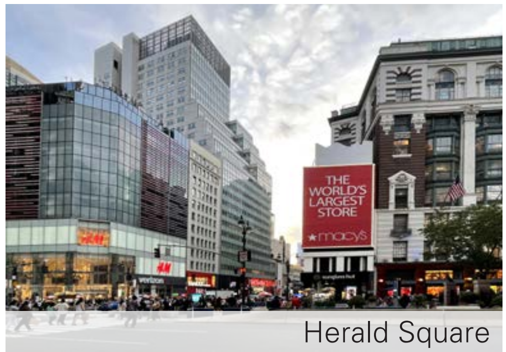




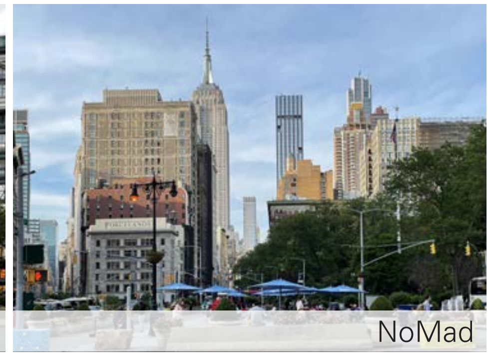


Source: Costar data


Chelsea



Herald Square


NoMad

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

Demand for Manhattan storefronts was strong during the first half of 2024, but activity was uneven, and leasing moved at different speeds depending on location, size, and sector according to the Real Estate Board of New York's (REBNY) July 2024 release of the Manhattan Retail report. Due to tightening availability, the pace of leasing in the prime markets of SoHo and Madison Avenue moderated. Smaller and mid-sized storefronts are seeing stronger demand compared to larger storefronts; and although rents remain 20% to 30% below prepandemic levels, more landlords are holding firm on lease terms as increasing tourism boosts optimism. In Times Square alone, Visa spending on retail totaled $191 million for the 1st quarter of 2024, which was driven primarily by domestic visitors; and represents a 32% year-over-year increase in dollar volume.

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	1H-2024 Avg.Asking	1H-2024 Asking Range	Maximum Avg. Asking/Yr	% Yr-over-Yr Change	% Change 2H-2023
Eastside					
East 86th St: Lexington-2nd Aves	$297	$292 - $478	$550 / S-2013	3.1%	-0.3%
Madison Ave: 57th – 72nd Sts	$945	$334 - $1,503	$1,709 / F-2014	13.3%	-0.5%
Third Ave: 60th – 72nd Sts	$259	4200 - $350	$371 / S-2016	0.4%	9.7%
Westside					
Broadway: 72nd – 86th Sts	$251	$100 - $375	$434 / F-2013	9.6%	3.7%
Columbus Ave: 66th – 79th Sts	$277	$100 - $350	$447 / S-2015	-10.6%	-10.6%
Midtown					
East 57th St: 5th – Park Aves	N/A	N/A	$1,625 / S-2016	N/A	N/A
Fifth Ave: 49th – 59th Sts	$2,190	$750 - $3,000	$3,900 / S-2018	-20.4%	27.3%
Fifth Ave: 42nd – 49th Sts	$583	$500 - $750	$1,368 / S-2016	-8.8%	-0.7%
Broadway & 7th Ave: 42nd – 47th Sts	$1,955	$687 - $2,756	$2,413 / S-2015	99.5%	43.9%
Herald Square					
West 34th St: 5th – 7th Aves	$471	$325 - $936	$1,000 / S-2015	19.3%	1.2%
Flatiron					
Fifth Ave: 14th – 23rd Sts	$369	$315 - $415	$456 / S-2017	23.4%	15.7%
Broadway: 14th – 23rd Sts	$379	$250 - $523	$510 / F-2015	-3.6%	-4.3%
SoHo					
Broadway: Houston – Broome Sts	$481	$367 - $750	$977 / S-2015	27.9%	20.3%
West Village					
Bleecker St: 7th Ave South – Hudson St	$317	$160 - $195	$540 / S-2013	40.3%	22.4%
Meatpacking					
14th St: 9th – 10th Aves	$339	$150 - $759	$462 / S-2008	23.7%	-3.1%
FiDi					
Broadway: Battery Park – Chambers St	$280		$417 / S-2020	-6.0%	-12.2%
Harlem					
125th St: 5th – Morningside Aves	$145	$100 - $195	$165 / F-2022	-6.5%	0.0%

Sources: https://assets.ctfassets.net/6zi14rd5umxw/20AGc8aP63alblLqnJfai2/17271c529f9c80e3a556bc45c05665af/REBNY_2024_Report_ManhattanRetail_H1-24_v04.pdf

BID Market Snapshots

Downtown Alliance - Lower Manhattan Real Estate Market Report | Q2 2024

The pace of leasing activity in Lower Manhattan's office market inched up slightly with absorption remaining positive for the second consecutive quarter, boosted by the removal of some underperforming office properties that were converted to residential use. Sublease deals accounted for nearly half of leasing transaction volume which totaled 589,000 square feet in the 2nd quarter. Lower Manhattan leasing was 25% below the five-year average, and although closer to the pre-pandemic quarterly average, it still trails that figure by 17%. The retail market continues to experience an improving trend with 14 store openings during the quarter; and before the end of 2024, an additional 18 retailers are looking to open. Food and beverage businesses accounted for 13 of the 14 openings in the 2nd quarter. Hotel occupancy from April through June exceeded pre-pandemic levels with occupancy reaching 89%. The Average Daily Room Rate (ADR) for Lower Manhattan's hotels was $317.06, breaking two district records in the past year and a half. Residential median rents rose to $4,655 — the second highest rent value the district has ever seen; and moreover, the units that were leased spent on average 15 days less on the market compared to the previous quarter. Median residential sale prices rose to $1.05 million, representing a 13.7% increase quarter-over-quarter. However the volume of residential sale transactions which totaled 74 in the 2nd quarter was overshadowed by the 121 deals transacted in the 2nd quarter of 2023.

Source: https://downtownny.com/research/lower-manhattan-real-estate-overview-q2-2024/

Union Square Partnership - 2024 Commercial Market Report

Foot traffic recovery in Union Square was robust in 2024, with both total visitor and employee visits reaching 109% of January 2020 levels. The rate of recovery outpaced Midtown Manhattan's commercial districts, including Times Square [82%], Grand Central [80%], and Bryant Park [81%]; as well as being inline with high-performing districts like SoHo [107%], demonstrating the district's appeal and accessibility to consumers. Subway ridership throughout the year of 21.5 million represented a 21% year-over-year increase. The Union Square district between 12th and 20th Street and 1st and 6th Avenue maintained steady leasing activity in 2024 with 1.1 million square feet of office space leased and 78,000 square feet of ground floor retail space leased. A total of 43 new retail businesses open in the district, of which 60% are food and beverage establishments. Notable retail openings include Target at 10 Union Square East and Crate & Berrel at 611 Broadway. The volume of workers in the district increased 12% year-over-year to 168,000.

Source: https://static1.squarespace.com/static/58b4791ad2b857c893179e34/t/66a7e0c50dfbfe2afc04d383/1722278086095/2024+%2807-29%29+Commercial+Market+Report+Final.pdf

Flatiron/NoMad - Flatiron & NoMad Economic Snapshot | Q2 2024

Office leasing activity rebounded year-over-year, more than doubling the volume in Q2 2023. In contrast to the 3.8% lowering of Class A office space availability, Class B saw a 3% uptick. Office lease highlights during the quarter were led by the 20-year lease and sublease signing for a combined total of 338,000 square feet at 63 Madison Avenue by American Eagle Outfitters. A pair of leases at One Madison Avenue totaled 103,000 square feet — 67,000 square feet signed by cryptocurrency trading platform Coinbase, and 36,000 square feet by Irish sports betting firm Flutter Entertainment. Among the district's 960+ retail storefronts, approximately 83% are occupied of which 39% are food and beverage establishments. The results of a district-wide retail survey revealed that "ground floor district retail has yet to infill to pre-pandemic occupancy levels." Area employee visits to the district reached 3.84 million between April and June 2024, representing a 42% increase year-over-year. Other exciting news was the launch of **Portal** on May 11, 2024. The public technology sculpture located next to the Flatiron Building connects NYC to Dublin, Ireland in real time, increasing foot-traffic in the area around by Portal by 67% compared to the volume of the January-April 2024 timeframe.

Source: https://flatironnomad.nyc/wp-content/uploads/2024/07/2024-Q2-Market-Report.pdf

Office Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
4 World Trade Center	Downtown	World Trade Center	103,000	StubHub (sublease/expansion)
80 Maiden Lane	Downtown	Financial	77,000	Catholic Charities (expansion)
1203-1311 Broadway	Midtown	Penn Plaza	160,000	Yeshiva University (leasehold condo)
590 Madison Avenue	Midtown	Plaza	150,000	LVMH
280 Park Avenue	Midtown	Plaza	149,000	Elliott Investment Management (relo/sublease)
51-69 West 52nd Street	Midtown	Plaza	121,369	Orrick (renewal/downsizing)
245 Park Avenue	Midtown	Grand Central	75,825	Tradeweb Markets (relocation)
30 hudson Yards	Midtown	Hudson Yards	72,000	Convene (sublease)
645-651 Eleventh Avenue	Midtown	Hell's Kitchen	60,000	Classic Car Club (relocation)
360 Bowery	Midtown South	NoHo	121,000	Chobani (entire building)
28-40 West 23rd Street	Midtown South	Flatiron	66,000	Ramp (expansion)
295 Fifth Avenue	Midtown South	NoMad	60,000	Bridgewater Associates

Manhattan/Outer Borough Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
180 Maiden Lane	Downtown	Financial	1,090,000	$297,000,000	99c LLC*
100 Wall Street	Downtown	Financial	480,000	$216,000,000	David Werner RE / BLDG Mgmt
625 Madison Avenue	Midtown	Plaza	563,224	$634,600,000	Related Companies (fee sale)
250 Park Avenue	Midtown	Grand Central	519,783	$320,152,500	JPMorgan Chase / Hines
321 West 44th Street	Midtown	Hell's Kitchen	227,949	$40,500,000	Empire Capital Holdings** Namdar Reatly Group
8 West 38th Street	Midtown	Penn Plaza	142,388	$35,000,000	Jay Suites

*Short sale in lieu of foreclosure
** Short sale

Midtown - Times Square

Retail Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
270 Greenwich Street	Downtown	TriBeCa	70,716	Hobby Lobby
47 Broadway	Downtown	Financial	32,000	Golden Mall
28 Liberty Street	Downtown	Financial	20,000	Socceroof
111 West 57th Street	Midtown	Columbus Circle	42,703	Bonhams (relo/expansion)
Liberty Theatre 234 West 42nd Street	Midtown	Times Square	25,000	Broadway4D
Chelsea Piers	Midtown South	Chelsea	51,979	Arte Museum
114 Crosby Street	Midtown South	SoHo	14,400	Arc'teryx
31 Union Square West	Midtown South	Union Square	11,700	Flight Club

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
500 Metropolitan Avenue	Brooklyn	Williamsburg	17,700	TMPL Gym
20 Jay Street	Brooklyn	DUMBO	16,761	AVEDA Arts & Sciences Institute
37-11 Main Street	Queens	Flushing	44,000	99 Ranch Market

Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
40 Broad Street	Downtown	Financial	38,430	$18,000,000	Albert Allaham Midtown Equities
130 Greene Street	Midtown South	SoHo	3,568	$9,750,000	Caudalie (condo)
81-91 North 6th Street	Brooklyn	Williamsburg	38,740	$68,000,000	Empire State Realty Trust (4 bldg portfolio)*

*3 retail buildings and one mixed-use

For More Information Please Contact:

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