



New York City CRE Snapshot

4TH QUARTER 2022 REPORT

OFFICE | RETAIL | DEVELOPMENT



Pictured: 915 Broadway



Downtown - World Trade Center - Remembering 9/11

Quarterly News Highlights*

General News

MTA's Budget Gaps to Exceed \$2.5B on a Recurring Basis Beginning in 2025 | October 5, 2022

As subway ridership continues to remain at the low end of the Metropolitan Transportation Authority's (MTA) forecasted range, federal relief is planned to be spent down sooner than expected according to the recently released report by the New York State Comptroller's Office (OSC). "Beginning in 2025, the MTA's budget gaps, as shown in its July Plan, will exceed \$2.5 billion on a recurring basis." While the MTA's debt burden (share of operating revenues and subsidies towards carrying costs) will be reduced by the budget management step of using debt to finance operations, it will accelerate the need by the MTA to provide options for new revenue, of which the most straightforward means still lies in part with increasing subway ridership, as well as identifying cost savings and efficiencies to close the structural budget gaps and improve the sustainability of finances over time.

Looking ahead, the MTA's projected budget gaps in 2025 and 2026 may be understated due to other risks to its July Plan such as "overtime, the inclusion of unspecified savings of \$100 million and pension costs," as well as new risks such as "if a recession were to occur, or rate increase to combat inflation depress certain types of economic activity the MTA is reliant on." In closing, the OSC points out that the "New York City region cannot achieve a full economic recovery without a financially stable mass transit system," making it imperative that both state and local leaders collaborate "towards finding solutions to the agency's challenges so that the region's transportation infrastructure will recover and thrive."

Sources: <https://www.osc.state.ny.us/files/reports/osdc/pdf/report-9-2023.pdf>

News Highlights (cont'd)

NYC Raises \$400M for Affordable Housing Construction through First-Ever Sale of Social Bonds | October 6, 2022

A total of \$1.35 billion of General Obligation Bonds were recently sold by New York City — \$950 million of tax-exempt fixed rate bonds, of which the proceeds will fund capital projects; and as part of the city's ongoing commitment to increase affordable housing inventory, \$400 million of taxable fixed rate bonds designated as the city's first-ever Social Bonds were sold.

According to the press release by the New York City Comptroller's Office, "During the retail order period for the tax-exempt bonds, the City received just under \$690 million of orders from retail investors, of which over \$490 million was usable. During the institutional order period, the City received approximately \$6.0 billion of priority orders, representing just over 13.1x the bonds offered for sale to institutional investors;" and "During the order period for the taxable Social Bonds, the City received indications of interest totaling \$1.88 billion, representing 4.7x the bonds offered. Of those orders, more than \$380 million from 10 investors were identified as being entered for Social Bond-specific accounts." A statement by Comptroller Lander indicated that the success of the sale shows that New York City is "able to tap into the growing investor demand for socially sustainable investments."

Sources: <https://comptroller.nyc.gov/newsroom/the-city-of-new-york-announces-successful-sale-of-1-35-billion-of-general-obligation-bonds-including-its-first-social-bonds/>

Regulations for Local Law 97 Proposed by DOB as First Deadline Rapidly Approaches | October 7, 2022

The New York City Department of Buildings (DOB) is proposing to add a new rule to establish the "procedures for reporting on complying with annual greenhouse gas (GHG) emission limits for buildings" as annual fines related to compliance with Local Law No. 97 are set to begin in 2024 for buildings larger than 25,000 square feet. Enacted in 2019, Local Law No. 97 requires building owners to report to the DOB beginning in 2025, whether their building complied with applicable GHG emissions limits for the prior year. In addition to laying out how to calculate a building's carbon footprint, which will aid building owners with the math that can be quite complicated, the proposed draft rules include purchasing credits generated by projects such as wind and solar farms. However, the rule as proposed would disallow the use of renewable energy credits to offset greenhouse emissions attributed to utility — supplied electricity, by building owners where heating systems are powered by fossil fuels, such as natural gas and oil. In addition, the credits must be connected to New York City's grid, limiting the amount of renewable energy credits to go around since there is little likelihood of many wind turbines or solar farms appearing in the five boroughs.

In response to the proposal, the environmental lobby and green groups say the proposed rules on renewable energy credit are "too permissive and will give some building owners an alternative to cutting carbon footprints through energy efficiency retrofits." In contrast, the real estate industry "argues that if building owners have an incentive to buy the credits, more clean-energy generation and transmission projects will be built."

Sources: <https://therealdeal.com/2022/10/07/proposed-rules-for-emissions-caps-leave-neither-side-happy/>

Sources: <https://therealdeal.com/2022/10/07/proposed-rules-for-emissions-caps-leave-neither-side-happy/>

Federal Reserve: Restoring Price Stability in an Uncertain Economic Environment | October 10, 2022

The speech on October 10, 2022 by the Federal Reserve's Vice Chair Lael Brainard at the 64th National Association for Economic Annual Meeting in Chicago, Illinois touched upon inflation, the lingering effects caused by the pandemic and Russia's war against Ukraine, global supply chains, and the yield curve. Vice Chair Brainard pointed out that while the Fed has tightened policy strongly to bring down inflation, the U.S. tightening is being amplified by concurrent foreign tightening; and that the increase in interest rates is proving effective in tempering demand to bring it into better alignment with supply, which is still constrained. While the transmission of tighter policy is most evident in highly interest-sensitive sectors like housing, policy actions to date will have their full effect on activity in the coming quarters.

Over the past 7-months the federal funds rate target range was increased 300 basis points, the two-year Treasury yield has moved above 4% for the first time since 2007, and 10-year Treasury yield is nearing its highest level in over a decade at 3.9%. In comparison, "many central banks in large economies have raised rates by 125 basis points or more in the past 6 months and yields on 10-year sovereign debt in Canada, the United Kingdom, and the largest euro area economies have seen increases on the order of 190 to 360 basis points this year. With regard to the yield curve, Brainard stated that "the real yield curve is now in solidly positive territory at all but the very shortest maturities, and the entire real curve will soon move into positive territory with the additional tightening and deceleration in inflation that are expected over coming quarters."

Sources: <https://www.federalreserve.gov/newsevents/speech/brainard20221010a.htm>



Midtown East along Park Avenue

News Highlights (cont'd)

Stock Market Rebounds Sharply Reversing Early Decline Following Updated CPI Data | October 13, 2022

During a very volatile day of trading on Thursday, October 13, 2022, U.S. stocks turned sharply higher, reversing the deep negative territory that major indexes fell to much of the morning. Following the news release from the U.S. Bureau of Labor Statistics (BLS) on the Consumer Price Index (CPI) in September, which rose 0.4 percent on a seasonally adjusted basis after rising 0.1 percent in August as inflation continues to remain persistently high, at their lows, “the Nasdaq Composite had fallen more than 3%, the S&P 500 had dropped more than 2%, and the Dow Jones Industrial Average had declined nearly 2%, according to Dow Jones Market Data.” Although investors “have been fixated on any signals about the path of inflation and the trajectory of the Federal Reserve’s campaign to tame the price increases by raising interest rates,” trading activity reversed late morning pushing the S&P 500 up 2.6% while the Dow industrials were up about 2.8%, or about 827 points, and the Nasdaq Composite advanced 2.2%. However, sharp gains as well as steep drops can be a sign of trouble, similar to the gyrations early in the pandemic when the market tumbled. Looking ahead, investors have debated whether signs of stress creeping into some markets might cause the Fed to slow its pace of interest-rate increases, despite Federal Reserve officials recently revising higher their expectations for rate increases — though some have signaled caution about overdoing them amid risks of economic and financial volatility.

Sources: <https://www.wsj.com/articles/global-stocks-markets-dow-update-10-13-2022-11665656917>

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



Downtown - View from Governors Island

News Highlights (cont'd)

Market Blowout in U.K Sparks Question – Could it Happen in the U.S. | October 19, 2022

The market-shuddering meltdown that occurred in Great Britain last month has prompted Federal Reserve researchers and White House administration officials to “quiz experts from Wall Street and around the world last week” as they try to figure out whether the United States could experience a similar market meltdown. Though a crash does not appear to be imminent, some market participants believe that “the risk of a financial crisis has grown as central banks have dramatically raised interest rates.” The Federal Reserve and administration officials are “keeping close tabs on what is happening at a moment when conditions feel abnormally fragile, but the latter remains “confident that the U.S. financial system is unlikely to see such a shock and is strong enough to withstand one if it were to come.”

Fed researchers asked about three big possibilities at the World Bank and International Monetary Fund annual meetings in Washington last week — “whether there could be a trade or an investment class in the United States similar to British pension funds that could pose a significant and underappreciated threat;” “whether problems overseas could spill back over to the United States financial system;” and “whether today’s lack of easy trading in the Treasury market could turn into a more serious problem that requires the Fed to swoop in to restore normal functioning,” to which analysts told officials that “none of these areas appears to be at immediate risk of snapping.”

It would be especially problematic at this time should a market meltdown occur, since a financial disaster could force the Fed to “deviate from its plan to control the fastest inflation in four decades;” and central bankers “would likely try to draw a distinction between bond buying meant to keep the market functioning and monetary policy, but that could be hard to communicate.” “Yet administration officials say the American economy remains strong enough to endure any such shocks, buoyed by still-rapid job growth and relatively low levels of household debt.”

Sources: <https://www.nytimes.com/2022/10/19/business/economy/market-meltdown-uk-united-states.html>

News Highlights (cont'd)

U.S. BLS: Consumer Price Index Rose in October | November 10, 2022

According to the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.4 percent in October 2022 on a seasonally adjusted basis, matching the increase in the previous month. Although the all items index over the last 12 months rose 7.7 percent before seasonal adjustment, it was the smallest 12-month increase since the period ending January 2022. Over half of the monthly all items increase was contributed by the index for shelter, which rose 0.8 percent in October — the largest monthly increase since August 1990; and the energy index increased 1.8 percent after falling in the preceding 3 months. Response to the November 10th news of an easing of inflation, although remaining high, sparked a surge in stock prices, while bond yields dropped sharply Thursday morning “as traders welcomed signs of ebbing price pressures.” It is anticipated that the BLS news release will keep “the central bank on course to raise rates by a half-point next month and raises questions over how much higher it will lift them next year.”

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

Sources: <https://www.wsj.com/articles/us-inflation-october-2022-consumer-price-index-11668050497>

NYC Comptroller: A Framework for Property Tax Reform | November 15, 2022

A framework released by the New York City Comptroller proposes to “bring together long overdue reform for overtaxed homeowners with changes to multifamily taxation in the wake of the expiration of 421-a,” instead of the numerous exemptions and abatements to lower tax rates for developers of multifamily housing passed by New York State rather than dealing with structural flaws in the property tax system. The comptroller’s framework builds upon 2021 recommendations by the New York City Advisory Commission on Property Tax Reform. Addressing the three core problems with the current tax structure identified in December 2021 by the Advisory Commission, the proposed recommended changes would address the inequities between homeowners in different neighborhoods and building types, while including a phase-in and protections for potentially vulnerable homeowners in areas where rates would rise over time. Under the current tax system, which is generally opaque and difficult to understand, the different building types (1-3 family home, co-ops and condos) are not subject to the same rules for valuations; large rentals are taxed at approximately double the rate of condos and co-ops; and the differences in effective tax rates across neighborhoods is too wide. Recommended reforms within the framework are intended to bring “fairness and transparency, incentivize new rental housing production, tie tax breaks to actual affordability, and include a 21st century Mitchell-Lama program for permanently affordable cooperative homeownership.”

Under the current tax system, “developers have long argued that it is virtually impossible to build rental buildings in the city without an incentive to offset the high cost of land, construction and especially property taxes on rentals.” Furthermore, the Mandatory Inclusionary Housing Program relies on the 421-a tax abatement program, “because the program’s affordability requirements are based on an assumption that property taxes will not increase from the pre-project level for 25 years.” However, critics of the state program “fear that a revised tax break would not fundamentally change a program that forgives \$1.8 billion in annual tax revenue” and according to a March 2022 report by the Community Service Society, difficult to quantify the extent to which 421-a is responsible for affordable housing creation due to the use of other subsidies; while advocates of 421-a point out that without a replacement incentive program, projects such as the Innovations QNS development, which promises to create 3,200 housing units, of which 45% will be affordable, could be on the line.

Sources: <https://comptroller.nyc.gov/newsroom/nyc-comptroller-outlines-framework-for-comprehensive-property-tax-reform/>

Sources: <https://therealdeal.com/2022/11/21/will-innovation-qns-happen-without-421a/>

NYC Comptroller’s Office Releases the Popular Annual Financial Report FY 2022 | November 21, 2022

The Popular Annual Financial Report, which “aims to give New Yorkers insight into the finances of The City of New York, including the state of the local economy, and how public dollars are spent to provide city services,” was recently released for FY 2022 by the New York City Comptroller’s office. An overview of the city’s economy in 2022 reveals that while much of the city’s economy has recovered from the impact of the COVID-19 pandemic, lasting changes in its wake to patterns of remote work and New York City office use will remain a challenge for the city’s economy going forward. Revenues in FY 2022 increased — program revenues of \$37.7 billion rose by approximately \$3.2 billion from FY 2021, and general revenues of \$69.9 billion were approximately \$133 million higher from FY 2021. Expenses also rose during the same period, the approximately \$97.4 billion in primary government expenditures was an increase of close to \$2.6 billion from FY 2021. A snapshot of statistics on the city’s budget as well as private employment and the city’s residential rental, office, and hotel sectors are among the additional sections of information provided within the report.

Sources: <https://comptroller.nyc.gov/reports/popular-annual-financial-reports/>



Midtown South - NoHo

News Highlights (cont'd)

Pandemic and Ukraine War Prompts Reassessment of Nation's Economy and Monetary Policy | November 28, 2022

While supply has been highly elastic and inflation low and relatively stable over the past several decades, there are lessons to be learned following a “series of supply shocks” associated with the pandemic and Russia’s war against Ukraine which have contributed to high inflation, in combination with a very rapid recovery in demand. “The challenges for monetary policy in responding to a protracted series of adverse supply shocks became highlighted over the past few years, the recent speech by Vice Chair Lael Brainard further pointing out that “the lower elasticity of supply we have seen recently could become more common due to challenges such as demographics, deglobalization, and climate change.” Unlike in past years, inflation is broadly higher throughout much of the global economy, and the global inflationary tide not stemmed despite the raising of rates forcefully in 2021 by some jurisdictions.

In 2020 and 2021, the level of private domestic final purchases in the U.S. recovered extremely rapidly to levels consistent with the pre-pandemic trend before moving below trend in 2022 when a pronounced shift in the composition of demand went from services to goods where the supply response was constrained – rising to 6% above the level implied by its pre-pandemic trend according to the most recent data. Vice Chair Brainard further noted “that the supply shocks to goods, labor, and commodities have been accompanied by unusually high volatility in monthly inflation readings since the beginning of the pandemic;” and that demand in supply constrained sectors such as appliances, housing, and motor vehicles played an important role of initially generating inflationary pressures. In an environment of high uncertainty, it becomes even more challenging to assess potential output and the output gap in real time despite the principles of monetary policy appearing relatively straightforward in theory.

Sources: <https://www.federalreserve.gov/newsevents/speech/brainard20221128a.htm>

News Highlights (cont'd)

New Extremes Reached in Treasury Note Yield Curve Inversion Spread | November 29, 2022

On Tuesday, November 29, 2022, investors' bets on easing inflation and future rate cuts were reflected in the yield curve inversion reaching new extremes as yields on longer-term U.S. Treasury notes fell further below those on short-term bonds than at any time in the past 4 decades. Over the past week, the spread between the U.S. 2 Year Treasury yield and 10 Year Treasury yield approached minus 80 basis points, shrinking to 78.5 basis points on Tuesday. One of the most reliable indicators that a recession is looming, the "more deeply negative the spread becomes, the more worrisome of a signal it's emitting about the severity of the next economic downturn." Since yields on Treasuries typically "reflect investors' expectations for what short-term interest rates set by the Fed will average over the life of a bond," an inverted curve means "that investors are confident that short-term rates will be lower in the longer-term than they will be in the near-term;" and that the Fed will likely need to "slash borrowing costs to revive a faltering economy." On a positive note, "the spread also reflects the degree to which the bond market still has confidence that policy makers will do what's needed to bring down" the nation's highest level of inflation in the past 40-years; and it is likely that "the yield curve will remain inverted until there is a clear sign of a policy pivot from the Fed."

Sources: <https://www.marketwatch.com/story/most-deeply-negative-treasury-curve-in-more-than-four-decades-has-one-upbeat-takeaway-for-investors-11669750894>

IBO Report: Examination of the MTA's Pandemic Ridership & User-Revenues | November 22-29, 2022

The report recently released by the Independent Budget Office (IBO) concludes that "if ridership growth continues at current rates, MTA will reach new, mid-year fare/toll revenue goals, but miss its adopted budget goals by nearly \$700 million." As explained in the report, pre-pandemic, user-revenues relied upon heavily by the Metropolitan Transportation Authority (MTA) accounted for nearly 40% of all MTA revenues — subway swipes, commuter-rail tickets, and bus rides. Highway tolls make up another 13%, with dedicated taxes, subsidies and other revenues making up the balance. Since the sharp reduction in user-revenues, and to a lesser extent toll revenues at the onset of the pandemic in 2020, the MTA has repeatedly lowered its utilization projections and its corresponding revenue goals, while increasing its reliance on federal aid. Some key takeaways provided within the IBO's report of how ridership and user-revenues have recovered since March 2020 include [1] public transit fare revenues make up 25% of revenues in the MTA 2023 Preliminary Budget, down from 40% pre-pandemic; [2] public transit ridership continues to remain far below pre-pandemic levels, recovery lagging behind that of bridge and tunnel crossings; [3] a greater proportion of weekly subway trips occurs on weekends; and [4] new ridership projections assume slower growth of transit ridership toward a lower "new normal."

Looking ahead, a related news release by the New York State Comptroller's Office (OSC) indicates that the MTA's proposal to pay down debt to reduce budget gaps through 2028 by an average of \$915 million annually raises questions on how the transit agency will find additional savings and revenue to fund operations when federal aid runs out. With that in mind moving forward, the OSC has urged the MTA to continue searching for operating efficiencies in addition to identifying and expanding cost-saving options to close expected budget gaps. It has been further pointed out by the OSC that "the magnitude of these gaps makes it unlikely that they can be closed by reducing spending alone without leading to a substantial reduction in services and hurting the regional economic recovery;" but since the MTA has limited authority in raising fares and tolls and enhancing other sources of operating revenues, the state, city and federal leaders will ultimately need to be a part of the discussion.

Sources: <http://bit.ly/3AAMIUJ>

Sources: <https://www.osc.state.ny.us/press/releases/2022/11/dinapoli-mta-budget-gaps-driven-fare-revenue-drop>

Construction Starts on Hydropower Transmission Lines to New York City | November 30, 2022

The highly anticipated construction of the 339-mile transmission line that will carry green energy from Hydro-Québec in Canada directly to New York City began on Wednesday, November 30, 2022. The **Champlain Hudson Power Express** transmission line, being developed by Transmission Developers Inc., is "expected to bring \$3.5 billion in economic benefits to New Yorkers while creating nearly 1,400 family-sustaining union jobs during construction" according to the press release by Governor Hochul's office. The start of construction "accelerates progress to achieve New York's Climate Leadership and Community Protection Act goal to obtain 70% of electricity statewide from renewable sources by 2030 on the path to a zero-emission grid." Expected to be fully operational in the spring of 2026, the new transmission line will deliver 1,250 megawatts of clean hydroelectricity — enough to power over one million homes and reduce carbon emissions by 37 million metric tons statewide. The first of two historic projects to start construction under the State's first-of-its-kind renewable energy program, known as Tier 4, the Champlain Hudson Power Express aims to "responsibly deliver a significant increase of renewable energy to New York City."

Sources: <https://www.governor.ny.gov/news/governor-hochul-announces-start-construction-339-mile-champlain-hudson-power-express>



News Highlights (cont'd)

CBC Report: The Potential for Office-to-Residential Conversions | December 11, 2022

Office vacancy rates in New York City have doubled since the March 2020 onset of the COVID-19 pandemic, “exceeding the previous record level set in the early 1990’s;” and leaving the city’s office market “as uncertain as at any point in the modern era” according the recently released report by the Citizens Budget Commission (CBC). Between 1995 and 2006 the 421-g incentive program was used to incentivize office to residential conversions in Lower Manhattan. Following an in-depth analysis of the former program’s use, the CBC’s report “offers lessons for designing a cost-effective program to support office-to-residential conversions in today’s market.” Despite some recent building sales on the open market having traded at discounts to pre-pandemic valuations, the per square foot values remain well above the point at which many office-to-residential conversions projects might be financially feasible. Based on a recent estimate, a building’s price would need to fall below \$262 per square foot to make a residential conversion financially feasible — assuming renovation costs of \$100 to \$200 per square foot; and while market-rate projects have continued at a slower pace without incentives since the expiration of 421-g, mixed-income conversions would most likely require tax breaks to be financially feasible. The CBC further points out that prior to any new construction incentive being designed, there are several questions that need to be answered; and if policy design is done well, “conversions can enhance the long-term competitiveness of New York, protect its property tax base, and improve the lives of its residents.”

Sources: <https://cbcny.org/research/potential-office-residential-conversions>

Broader Impact of Aggressive Moves by Fed to Tame Inflation TBD | December 12, 2022

Since June 2022, the Federal Reserve began to take aggressive action to lower inflation, which for the 12-months ended November 2022 reached 7.1% — the highest level in four decades. Over the past 6-months, the steep interest rate hikes by the Fed has resulted in relatively modest damage to the financial markets and the broader economy. Several other positive signs and the absence of serious strains on the financial system at this point in time have “bolstered President Joe Biden’s hope that any recession might be mild — or avoided altogether.” However, the typical delay in interest rate increases feeding through to economic activity and the potential that the aggressive moves made by the Fed this year could have a more significant impact next year — particularly if consumers take on more debt and if unemployment rises; but “if the Fed can tame inflation without crashing the economy — achieving the so-called soft landing that has eluded the central bank so often in the past — it would defy the warnings of Wall Street CEOs and most economists.”

Sources: <https://www.politico.com/news/2022/12/12/fed-asset-bubble-jerome-powell-00073110>



Midtown - Grand Central Area

News Highlights (cont'd)

Major Breakthrough of Fusion Ignition Achieved by DOE | December 13, 2022

On Tuesday, December 13, 2022, the U.S Department of Energy (DOE) announced the major science breakthrough of having for “the first time produced more energy from fusion that was used to drive it.” The achievement of a successful fusion ignition represents “further discovery in clean power and nuclear weapons stewardship” according to the DOE’s news release. Simply explained, “fusion is the process by which two light nuclei combine to form a single heavier nucleus, releasing a large amount of energy;” and offers a potential long-term energy source that uses abundant fuel supplies and does not produce greenhouse gases or long-lived radioactive waste.” A separate article further explaining fusion energy science notes that a truck filled with fusion fuel has the equivalent energy of 2 million metric tons of coal or 10 million barrels of oil. The advance in science accomplished today by the DOE will “provide valuable insights into prospects of clean fusion energy which could be a game-changer for efforts to achieve President Biden’s goal of a net-zero carbon economy.”

Sources: <https://www.energy.gov/articles/doe-national-laboratory-makes-history-achieving-fusion-ignition>

New York Action Plan Announced by Hochul and Adams | December 14, 2022

On Wednesday, December 14, 2022, the joint announcement by Governor Hochul and Mayor Eric Adams provided an overview of an action plan to ensure that New York works for all New Yorkers. Dubbed “‘New’ New York: Making New York Work for Everyone,” the unified vision for the city from the mayor and governor includes 40 initiatives offering a roadmap for the city’s future based upon recommendations “crafted by a 59-member “‘New’ New York” panel led by former NYC Deputy Mayors Richard Buery and Dan Docteroff. The five key areas of action for 2023 focus on achieving goals that will reimagine New York City’s commercial districts as vibrant 24/7 destinations — particularly in districts that have been slower to recover in the wake of the pandemic such as Midtown and Lower Manhattan; make it easier for New Yorkers to get to work by improving commutes; support the growth of jobs; as well as increase the supply of housing. The “New” New York Leadership Steering Group will lead the implementation of the action plan. The cross-governmental group will be staffed by a new, dedicated senior advisor in the Mayor’s Office of Policy, hosted by the first deputy mayor and the director of state operation, and led by deputy mayor for economic and workforce development and the deputy secretary for economic development and workforce.

Sources: <https://www.nyc.gov/office-of-the-mayor/news/907-22/mayor-adams-governor-hochul-release-making-new-york-work-everyone-action-plan#0>

News Highlights (cont'd)

High Degree of Uncertainty as Annual State of the City's Economy and Finances Report is Released | December 15, 2022

Although circumstances will inevitably shift by the time the city adopts a budget in June 2023, the Annual State of the City's Economic and Finances Report recently released by the New York City Comptroller's office is designed to provide "a grounding for analysis as the city prepares to begin its annual budget." However, this year's report has a higher level of uncertainty than usual due to an economy far different than the pre-pandemic one; inflation at a level not seen in decades; and predictions by most economists of a global economic slowdown on the horizon because of the aggressive actions taken by the Federal Reserve and other central banks to tame inflation. Despite painting a picture of a strong but incomplete economic recovery, the report indicates that there are some key areas of concern; and while Fiscal Year 2023 revenues remain strong, the city continues to "chronically under-budget certain items as well as facing an uncertain financial risk related to the influx of asylum-seekers since the summer. While the Comptroller's office projects a \$256 million surplus in FY 2023, relative to the City's Plan, projections over the next three fiscal years show additional risks of \$980 million in FY 2024, \$1.77 billion in FY 2025, and \$2.44 billion in FY 2026, increasing projected budget gaps for those fiscal years beyond Mayor Adam's forecast.

Sources: <https://comptroller.nyc.gov/reports/annual-state-of-the-citys-economy-and-finance/>

Scoping Plan to Advance NYS' Climate Law Finalized by NYS Climate Action Council | December 19, 2022

On Monday, December 19th the New York State Department of Environmental Conservation (DEC) announced the approval and adoption of the New York State Climate Action Council Scoping Plan (Scoping Plan). The 445-page report that will be submitted to Governor Hochul and the State Legislature by January 1, 2023 "outlines recommended policies and actions to help meet the goals and requirements of the nation-leading Climate Leadership and Community Protection Act (Climate Act)" by providing a foundation to "significantly reduce greenhouse gas emissions, drive critical building and transportation electrification, secure climate justice, and advance the State's commitment to economywide carbon neutrality by 2050 consistent with interim and long-term directives established in the Climate Act." It is also noted within the Scoping Plan that "new jobs driven by Climate Act investments are estimated to outnumber potential displaced jobs by a ratio of ten-to-one in 2030, with as many as 211,000 jobs expected to be created in growing sub-sectors by 2030 and 318,000 by 2040;" and that net direct costs are estimated to be up to 0.6% of NYS' economy in 2030 and 1.3% in 2050 — small relative to the size of the state's economy.

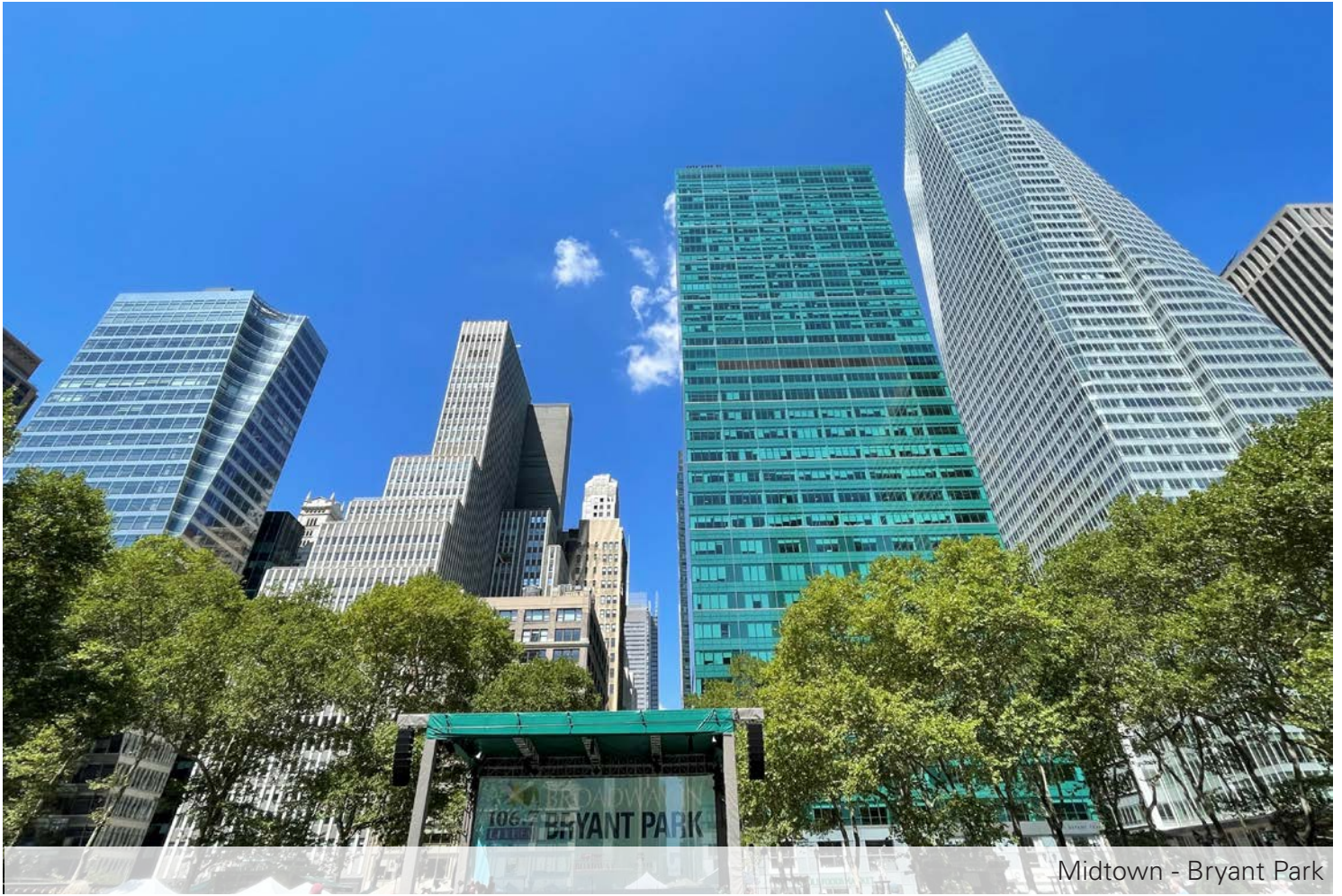
Sources: <https://www.dec.ny.gov/press/126772.html>

DOB Publishes First Set of Local Law 97 Rules | December 20, 2022

New York City property owners now have some guidance on the reporting on complying with annual greenhouse gas (GHG) emissions limits for buildings as part of Local Law 97, which was enacted on May 19, 2019. The publication by the Department of Buildings comes about 10 weeks following the agency's release of a "draft of regulations on ways to move forward for roughly 50,000 structures affected by the law." However, there continues to remain major lingering questions around the creation of funds to support building retrofits and the use of renewable energy credits to offset emissions of which will not be readily available for purchase in the city until at least 2027.

Sources: <https://www.nyc.gov/assets/dcas/downloads/pdf/cityrecord/cityrecord-12-20-22.pdf>

Sources: <https://www.crainsnewyork.com/climate-change/first-rules-finalized-local-law-97>



Midtown - Bryant Park

News Highlights (cont'd)

Office Market

One Court Square Secures 350K-sf Lease with NYC's SCA | October 3, 2022

The New York City School Construction Authority (SCA), which oversees the design and construction of New York City public schools, signed a lease for 350,000 square feet at One Court Square for the agency's new headquarters. Located in Long Island City, Queens, the SCA will occupy the entire 6th through 17th floors under a 20-year lease upon relocating from its current Long Island City location at 30-30 Thompson Avenue. SCA's decision to move at lease expiration was prompted by a need to expand its office footprint at a time when its current 2020-2024 capital plan is the largest in the agency's history, while taking advantage of the opportunity to remain in the same neighborhood the SCA has called home for more than 30-years. One Court Square recently completed a major capital improvement program, including a 150,000-square-foot retail annex.

Sources: <https://rew-online.com/savannas-350000-sf-lease-at-one-court-square-nyc-school-construction-authority/>

Big Block Lease at 225 Park Ave South Terminated by Facebook | October 3, 2022

Facebook, now known as Meta, has terminated its lease for the more than 200,000-square-feet the social media giant occupies at 225 Park Avenue South. After leasing more than 2 million square feet at the Hudson Yards complex and the nearby Farley Post Office redevelopment, it was decided that the company no longer needed the "bridge space" that the Midtown South office provided. News of the termination represents a change in directions by Meta from the previous years of continued expansion of office space in New York City.

Sources: <https://therealdeal.com/2022/10/03/facebook-signs-out-of-midtown-south/>

News Highlights (cont'd)

Civic Hall Signs 85K-sf Lease at Zero Irving | October 4, 2022

Fedcap Group-owned Civic Center has secured an 85,000-square-foot space spanning 6-floors at Union Square's tech hub Zero Irving, 124 East 14th Street. Plans for Civic Hall were initially announced in 2018 when co-developers RAL Development Services and Junius Real Estate Partners were seeking a rezoning of the former P.C. Richards site to construct the 240,000-square foot development, however delays of the lease signing were partially due to Fedcap acquiring Civic Hall during negotiations. The digital training center dubbed Civic Hall @ Union Square will open in early 2023 under a 25-year lease.

Sources: <https://rew-online.com/the-fedcap-groups-civic-hall-and-ral-development-services-finalize-agreement-to-house-civic-hall-union-square-in-new-zero-irving-development/>

Cloud Data Platform Renews 177K-sf in Hudson Square | October 18, 2022

Dassault Systèmes-owned Medidata Solutions has renewed its 177,000-square-foot space at 350 Hudson Street. Initially moving into the building in 2012 upon securing a lease for 100,000 square feet, the company that provides cloud-based medical data has decided to remain at its Hudson Square location until at least 2030.

Sources: <https://commercialobserver.com/2022/10/medidata-renews-177k-sf-lease-at-350-hudson/>

Meta Re-Evaluating Office Footprint as Part of a Series of Planned Cost-Cutting Measures | October 27, 2022

Following a 3rd quarter 2022 revenue decline, the parent company of Facebook, Instagram and WhatsApp is re-evaluating its office footprint as part of planned cost-cutting measures that are expected to lead to incremental costs of more than \$3 billion in the near term. Recently released updated financial information indicated that Meta's "market cap—the total value of its publicly traded shares—is down by more than \$700 billion since it briefly topped the \$1 trillion mark about 16 months ago." The termination of the company's office leases during the 3rd quarter, including at 225 Park Avenue South, has already cost Meta \$413 million. Other actions previously taken include halting plans for a 300,000-square-foot expansion at 770 Broadway and pausing build-out plans of office space at Hudson Yards.

Sources: <https://therealdeal.com/2022/10/27/meta-to-spend-3b-to-shrink-office-footprint/>

Ongoing Interest Rate Hikes by Fed Spark Potential Negative Impact on Office Building Values | October 31, 2022

Concerns of the potential negative impact on office building values continue to heighten as the Federal Reserve raises interest rates as part of its ongoing strategy to reduce inflation. Prior to the pandemic, the imbalance of too much office space and too little demand "was obscured by low interest rates that increased apparent building values even as rents declined;" and the attraction of office properties continued to be favored by investors since Treasury bonds were providing comparatively low yields. However, as the Fed increases interest rates, "capitalization rates, which measure annual profits for a building divided by its value, and Treasury yields are becoming even in some cases," shifting investor interest and adding another challenge to the office market which has seen growing vacancies since the onset of the pandemic.

Sources: <https://therealdeal.com/2022/10/31/why-buy-a-building-at-4-if-you-can-buy-a-treasury-at-4/>

\$120M Repositioning Pays Off at 277 Park Ave | October 31, 2022

Major capital improvement programs are paying off as leasing momentum in Manhattan's office market is building. The \$120 million investment in upgrades at 277 Park Avenue has helped secure a series of leases at the building in the past 18 months totaling roughly 269,000 square feet. Leading the way was an approximately 93,000-square-foot lease by Buffalo, New York-based M&T Bank to relocate its regional headquarters to the entire 24th through 27th floors from 350 Park Avenue. Other recent notable signings include a 50,000-square-foot lease by Stepstone Group, the global private markets firm will occupy the entire 44th and 45th floors, while Visa International expanded its existing 25,000-square-foot space on the 50th floor portion of a 2-level penthouse to 50,000 square feet in a long-term deal.

Sources: <https://nypost.com/2022/10/30/park-avenue-office-towers-120m-upgrade-helps-land-new-leases/>



News Highlights (cont'd)

Jay Suites Opening 60K-sf Facility in Chelsea | November 11, 2022

Coworking space provider Jay Suites has signed a 16-year lease at 159 West 25th Street. The 60,000-square-foot lease that includes a rooftop space had a steep below market asking rent of \$30 per square foot. The company plans to divide use of the space that is located on the 2nd through 5th floors and 7th through 8th floors into 40,000 square feet for coworking use and the remaining 20,000 square feet for its conference rental company Jay Conference. The new location will establish Jay Suites' 10th New York City outpost upon opening in the 2nd quarter of 2023.

Sources: <https://commercialobserver.com/2022/11/coworking-jay-suites-60k-sf-chelsea/>

Growing Number of Big Block Office Vacancies as Remote Work Continues | November 30 – December 2, 2022

Coworking space provider Jay Suites has signed a 16-year lease at 159 West 25th Street. The 60,000-square-foot lease that includes a rooftop space had a steep below market asking rent of \$30 per square foot. The company plans to divide use of the space that is located on the 2nd through 5th floors and 7th through 8th floors into 40,000 square feet for coworking use and the remaining 20,000 square feet for its conference rental company Jay Conference. The new location will establish Jay Suites' 10th New York City outpost upon opening in the 2nd quarter of 2023.

Sources: <https://commercialobserver.com/2022/11/coworking-jay-suites-60k-sf-chelsea/>



Midtown South - Meatpacking District

News Highlights (cont'd)

Retail Market

Retail & Garage Units at W 53rd St Mixed-Use Condo Sell for \$35.3M | October 4, 2022

PGIM Real Estate has sold the retail and garage condo units at the base of the 25-story, 247-unit mixed-use property at 301 West 53rd Street. The sale to Regal 897 8th Ave LLC, an entity connected to Regal Ventures, was completed through two transactions totaling \$35.3 million. According to New York City records, the 16,405-square-foot retail unit sold for \$27 million, or about \$1,646 per square foot and the 21,272-square-foot garage unit traded for \$8.25 million, or about \$388 per square foot.

Source: <https://therealdeal.com/2022/10/04/regal-ventures-picks-up-midtown-retail-condo-in-strong-week-of-i-sales/>

Retail Condo Occupied by Staples on UWS Trades for \$27M | October 5, 2022

Investment firm Angelo Gordon has purchased the retail condo at the base of 2250 Broadway on the Upper West Side, having last traded in 1999 when acquired by seller the Zucker Organization. Currently home to long-time tenant Staples, the retail unit located on the corner of West 81st Street totals roughly 32,353 square feet and traded for \$27 million, or \$835 per square foot according to city records. Metropolitan Community Bank provided a new mortgage in the amount of \$6,061,440 and assumed the \$17.55 million in existing outstanding principal from State Farm Realty Mortgage.

Source: <https://www.crainsnewyork.com/commercial-real-estate/angelo-gordon-buys-big-box-space-2250-broadway-27m>

News Highlights (cont'd)

Imminent Foreclosure Sparks \$25.4M Sale of 470 Broadway | October 20, 2022

Investment firm Angelo Gordon has purchased the retail condo at the base of 2250 Broadway on the Upper West Side, having last LNR Partners has purchased the 6,600-square-foot retail building at 470 Broadway in SoHo for \$25.4 million (\$3,848 per square foot), having last traded in 2007 for \$15.5 million (\$2,348 per square foot). The sale by Thor Equities was made “in lieu of foreclosure” to the company that is the specialty services arm of Miami-based Starwood Property Trust. Foreclosure on the \$20.5 million defaulted loan secured in July 2012 was filed in 2021, citing \$22.9 million that Thor owed — \$18 million in unpaid principal, \$2.6 million in unpaid interest, and \$2.3 million in protection advances, of which \$17.5 million in CMBS debt had been overdue since 2020. Over the past decade, the property’s value had fallen from \$29.2 million to \$5.6 million according to a report by Trepp last year. Currently vacant, Aldo had occupied the 2-story building under a lease expiring in October 2023, but after defaulting on rent the shoe retailer filed for bankruptcy in 2020 and closed the store.

Source: <https://localtoday.news/ny/thor-equities-sells-470-broadway-to-lnr-partners-for-25-million-52231.html>

Shuttered 10K-sf Club Monaco Store in SoHo Lands a new Tenant | October 25, 2022

A|X Armani Exchange has signed a nearly 8-year sublease for the 9,886-square-foot space at the base of 530 Broadway. Formerly the home of fashion brand Club Monaco, the sublease signed by Ralph Lauren Corp. extends through March 2029; and includes 5,447 square feet on the ground level and 4,439 square feet of lower-level space. The asking rent was around \$3 million per year. Originally opening in 1991 about one block north at 568 Broadway, the A|X Armani Exchange store that was renovated in 2013 has since shuttered.



Source: <https://therealdeal.com/2022/10/25/armani-exchange-grabs-10k-sf-retail-sublease-in-soho/>

SoHo Adding Eataly to its Roster of Retail Tenants | October 27, 2022

Eataly, the high-end Italian grocery and dining destination, will be opening its third Manhattan location at 200 Lafayette Street on the corner of Broome Street in SoHo. The 18,353-square-foot space on the ground and lower level of the building features a skylight and high ceilings. Asking rent was \$2.7 million per year, and the deal includes flagpole signage and a “multimillion-dollar tenant improvement allowance” towards Eataly’s extensive buildout.



Source: <https://nypost.com/2022/10/27/eataly-to-bring-new-nyc-location-to-200-lafayette-st/>

Museum Dedicated to the Great White Way Makes Its Debut on 45th Street | November 15, 2022

The first-ever museum dedicated to Broadway made its opening debut on Tuesday, November 15th. Located in Times Square at 145 West 45th Street, the multi-floor Museum of Broadway features interactive exhibits and showcases memorabilia from more than 500 theatrical productions in celebration of the Great White Way’s rich history. Broadway, which is an integral part of New York City, has been struggling to recover from the impact of the pandemic. It is hoped that the museum will help attract visitors back to Broadway.



Source: <https://www.crainsnewyork.com/culture/museum-broadway-opens-manhattans-theater-district>

Upper East Sides to Welcome Return of Barnes & Noble | November 16, 2022

A former Duane Reade will become the home of book retailer Barnes & Noble. Having shuttered its home of 11 years at 150 East 86th Street during the height of the pandemic, the recent 10-year sublease signing with Walgreens marks the return of the bookstore to the Upper East Side. Expected to open in the spring of 2023, asking rent for Barnes & Noble’s 16,744-square-foot space was about \$1 million per year.



Source: <https://commercialobserver.com/2022/11/barnes-noble-returning-to-the-upper-east-side/>



Midtown South - Lower East Side (L) | NoLita (R)

News Highlights (cont'd)

REBNY: Brooklyn Retail Report - Summer 2022 | November 18, 2022

An overview of Brooklyn's retail activity from April through September reveals that the borough continues to be the frontrunner in the retail recovery over the last two years according to the recently released report by the Real Estate Board of New York (REBNY). Among the 17 corridors analyzed by REBNY, rents rose in 9 corridors year-over-year, and lowered in 7 corridors during the same period. Williamsburg continues to separate itself in terms of the range of businesses it attracts, and the rent levels it achieves; and retail activity in Brooklyn's mixed-use neighborhoods has increased throughout 2022. However, while activity within the borough has been sustained after nearly two years, leasing conditions have begun to shift. Declining availability of quality storefronts along Brooklyn's prime corridors is fueling rent growth and a tightening of concession packages and tenant allowances.

Source: <https://www.rebny.com/reports/summer-2022-brooklyn-retail-report/>

Luxury Watch Brand 7K-sf Relo Within Plaza District | November 21, 2022

Luxury watch brand Grand Seiko will be relocating two blocks north in early 2023 to a 6,259-square-foot space at 540 Madison Avenue. Currently located in a smaller space at 510 Madison Avenue, the new space includes 3,243 square feet on the ground level and 3,016 square feet of lower-level space. Previously occupied by a Wells Fargo branch, which moved across the avenue, asking rent for the 10-year deal with the Japanese watch company was \$475 per square foot.



Source: <https://therealdeal.com/2022/11/21/divcowest-lands-japanese-watch-company-at-540-madison-avenue/>

REBNY: Manhattan Retail Report – Fall 2022 | December 15, 2022

Fall 2022 retail leasing activity in Manhattan was characterized as “the strongest market activity since 2016 and 2017” per the recently released Manhattan Retail report by the Real Estate Board of New York (REBNY). Average asking rents per square foot for available space rose in 5 of the 17 corridors analyzed by REBNY, while remaining stable in 2 others; and concessions and lease flexibilities from landlords continue to diminish as availability tightens. Activity for much of 2021 and 2022 was fueled by the food and beverage sector, with leasing momentum further escalating due to more recent increased activity of apparel and accessories brands — particularly luxury brands. However, the industry is continuing to monitor the growing list of challenges that delay or possibly prevent store openings including — staffing shortages, supply-chain issues, delayed space buildouts, and a pulling back by consumers on discretionary spending — creating headwinds for continued recovery.

Source: <https://www.rebny.com/reports/fall-2022-manhattan-retail-report/>

News Highlights (cont'd)

Online Italian Luxury Brand Making Its U.S. Brick-and-Mortar Debut in NoHo | December 16, 2022

Florence, Italy-based LuisaViaRoma will be opening its first physical U.S. location in NoHo next year. The online luxury brand had tested the Manhattan market in 2018, having opened a one-month pop-up in Tribeca before committing to the recent long-term lease at 1 Bond Street. Asking rent for the approximately 13,000-square-foot space formerly occupied by Blick Art Materials was \$250 per square foot; and includes 8,000 square feet on the ground level and 5,000 square feet of lower-level space.

LUISAVIAROMA

Source: <https://therealdeal.com/2022/12/16/benvenuto-italian-luxury-retailer-takes-13k-sf-in-noho/>

CUF Report: State of the Chains, 2022 | December 21, 2022

Center for an Urban Future (CUF) released its 15th annual ranking of national retailers in New York City. Findings of CUF's tracking of chain retail trends reveals that "despite continued recovery from the sector's steep contraction in 2020," the 0.3 percent 2022 increase in chain locations was a fraction of last year's 2.7 percent increase, with most national retailers not close to reaching their pre-pandemic levels. The loss of chain locations is significantly greater in Manhattan compared to the other four boroughs. In contrast, Brooklyn saw the largest one-year increase in the number of chain retailer locations. A comparison with CUF's 2019 report finds that among the national retailers featured at the time, 57 percent have fewer locations than in 2022, including 11 percent who no longer have any stores in the city — diminished office occupancy and accelerated online shopping are contributing factors to the slow recovery. Merchandise retailers saw the biggest year-over-year declines for the fourth consecutive year, while food retailers fared better.

Source: https://nycfuture.org/pdf/CUF_StateoftheChains_2022_final.pdf

Upper East Side Retail In-Contract for \$153M | December 21, 2022

G-City, the Israel-based investment firm formerly known as Gazit Globe has entered into contract to sell the retail space at the base of the mixed-use condominium located at 400 East 61st Street (alternate address of 410 East 60th Street). Located in the Lenox Hill section of the Upper East Side the pending sale attracted a price of \$153 million; and will in the next few years house an approximately 120,000-square-foot Home Depot store, which committed to a 20-year deal for the space at a rent of \$659 per square foot in 2020. The sale is expected to generate approximately \$30 million in net proceeds, G City's U.S. subsidiary Gazit Horizons had acquired the retail space and garage through a trio of transactions in 2017 and 2018 for a combined total of \$79.75 million according to city records. It has yet to be verified if the sale includes the garage as well as the retail units.

Source: <https://www.crainsnewyork.com/real-estate/israeli-firm-g-city-sells-upper-east-side-retail-property-153m>

First Adult-Use Recreational Cannabis Outpost Opening in Manhattan | December 21, 2022

On December 21st Governor Hochul's office announced the December 29th launch of sales of legal, recreational adult-use cannabis with the opening of the first location at 750 Broadway in Manhattan's Astor Place neighborhood. Housing Works Cannabis Co. will operate the 7,400-square-foot dispensary comprised of 4,400 square feet on the ground level and 3,000 square feet of lower-level space at the base of the mixed-use building. All proceeds from sales will go to parent company Housing Works, the nation's largest minority-controlled HIV/AIDS service organization, to help fund job opportunities, legal advocacy and comprehensive housing and health services provided by the self-sustaining nonprofit.

Source: <https://www.governor.ny.gov/news/governor-hochul-announces-start-adult-use-cannabis-retail-sales>



Downtown - World Trade Center

News Highlights (cont'd)

Investment Sales

Boston Properties Buys Stake in Flatiron Building | October 27, 2022

Boston Properties is in contract to buy a 27% stake in 200 Fifth Avenue which is currently owned by the joint venture of majority owner JPMorgan Asset Management and L&L Holding Co. The pending \$280.2 million transaction includes \$120.1 million in cash and the assumption of the \$160.1 million pro-rata share of the outstanding mortgage maturing in November 2028. Upon expected closing before the end of 2022, the sale will value the 870,000-square-foot building at more than \$1 billion. Currently about 93% leased, big block tenant Tiffany & Co. recently agreed to a 10-year extension to 2036 of its global headquarters, however the luxury jeweler will be downsizing for 400,000 square feet to 287,000 square feet as part of the signing.

Source: <https://www.bisnow.com/new-york/news/office/boston-properties-bets-280m-on-flatiron-office-tower-116047>



Midtown - Herald Square Area

News Highlights (cont'd)

International Investors Return to Manhattan's CRE Market | October 31, 2022

According to a report recently released by MSCI Real Assets, the pace of cross-border commercial real estate (CRE) investment activity in Manhattan has pushed the borough back into first place nationwide, after falling to third place in terms of foreign CRE international investment within the U.S. commercial real estate market. Manhattan saw a 279% increase in cross-border activity in the first 6-months of 2022 compared with the prior 4-quarters. Although activity is not what it was in 2015 when “people were paying the top price for something,” and uncertainties surrounding the future of office properties amid rising vacancies and remote work trends remain, international investment dollar volume in the first half of 2022 totaled \$1.14 billion in Manhattan — largely from Asia and Europe.

Investment in multifamily assets led the way, but there were some big office acquisitions as well; and while “value opportunities in New York remain attractive to global CRE investors,” the “increased challenges to obtain debt financing for deals have proven to be a major headwind.” In addition, heavy interest in the industrial sector, which Manhattan lacks, has shifted cross-border investment to other U.S. markets — especially the areas of the Southern U.S. which have also become “very highly competitive with capital headed towards New York” since they are higher growth markets.

Source: <https://commercialobserver.com/2022/10/manhattan-bounces-back-in-global-international-cre-activity-amid-challenges/>

DuArt's Longtime Midtown Home Hits Market – Offers Repositioning Opportunity | November 16, 2022

Motion picture lab and post-production studio DuArt Media is selling its home of 100 years at 245 West 55th Street. The Academy Award-winning company is hoping to fetch \$38 million or about \$543 per square foot for the 12-story, 70,000-square-foot building. Located a few blocks south of Columbus Circle, and in proximity to Billionaire's Row, the property's mixed-use zoning allows for it to be repositioned as a boutique office building or converted to a residential project.

Source: <https://therealdeal.com/2022/11/16/oscar-winning-film-lab-selling-midtown-property-after-100-years/>



Midtown South - NoHo Area

News Highlights (cont'd)

Residential Market

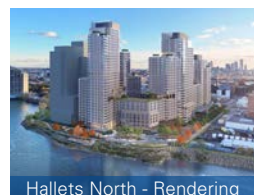
FiDi Residential Tower Trades for \$487.5M | October 03, 2022

The Pontegadea Group, a real estate investing firm controlled by Spain's Ortega family, which owns fashion retailers Zara and Anthropologie, has purchased the mixed-use rental building at 19 Dutch Street, which has an alternate address of 114 Fulton Street. The 49-story, 440,553-square foot tower that opened in 2019 hosts 483 residential units and 2-units totaling 5,531 square feet of retail space according to the New York City Department of Finance. The sale by developer Carmel Partners attracted a price of \$487.5 million, or \$1,005,155 per unit.

Source: <https://www.crainsnewyork.com/commercial-real-estate/spanish-fashion-giant-pontegadea-group-buys-fidi-high-rise-19-dutch-st-487-5m>

Multi-Building Hallets North Mixed-Use Development Gets City Council Green Light | October 06, 2022

The Pontegadea Group, a real estate investing firm controlled by Spain's Ortega family, which owns fashion retailers Zara and Anthropologie, Developer Astoria Owners received approval from the City Council of a rezoning proposal that opens the door to construction of a 1,340-unit mixed-use complex. The site located at 3-15 26th Avenue along the Hallets Point peninsula will give rise to a trio of buildings totaling 987,000 square feet that will house 1,340 residential units — of which 355-units will be designated permanently affordable at up to 60% area median income (AMI), and 268-units will be available to residents earning below 50% of AMI. In addition, the complex will include retail space, 21,500 square feet of community facilities, a 525-car garage, and a public waterfront park. The first phase of construction is expected to begin next year with a 2028 estimated full completion.



Hallets North - Rendering

Source: <https://www.crainsnewyork.com/real-estate/city-council-oks-hallets-point-megadevelopment-rezoning-amendment>



Downtown - View of Financial District from Governors Island

News Highlights (cont'd)

850-Unit Upper East Side Residential Portfolio Trades for \$850M | November 28, 2022

GO Partners, a joint venture between investors Meyer Orbach and Josh Gotlib have closed on the \$850 million acquisition of a 3-building residential rental portfolio. Developed by the late Sheldon Solow, the 850-unit Upper East Side package includes One Sutton Place North at 420 East 61st Street, Two Sutton Place North at 1113 York Avenue, and One East River Place at 525 East 72nd Street. News of the deal comes about two months following the roughly \$390 million purchase of the Solow Building Company's 408-unit residential component at 685 First Avenue, which "leaves another two buildings worth roughly \$560 million in the pipeline" for a combined total of about \$1.75 billion — making the deal one of the largest multifamily sales of the pandemic.

Source: <https://therealdeal.com/2022/11/28/meyer-orbach-josh-gotlib-close-on-850m-of-solow-apartments/>



View of Brooklyn Bridge from NYC Ferry

News Highlights (cont'd)

Development

NYBC: 2022-2024 New York City Construction Outlook | October 17, 2022

New York City's construction industry has made a "roaring recovery" following the devastating impact of the COVID-19 pandemic according to the recently released report by the New York Building Congress (NYBC), with construction spending in 2022 projected to reach \$86 billion — up \$38 billion from 2021, and construction jobs on pace to reach 139,000. Spending figures within the report have been adjusted for inflation "in a side-by-side comparison with that of nominal dollars" due to the current state of economic uncertainty from rising inflation and on-going supply-chain issues driving up overall costs; and while some of the increased spending in 2022-2024 represents those cost increases, "much of it is attributed to counterbalancing depressed construction activity in 2020-2021.

Over the next 3-years, construction spending and building levels are projected to be "relentlessly bullish" despite economic headwinds and significant changes to the city's workforce patterns — activity which often heralds an indication of a region's overall economic prosperity. However, the NYBC points out that the forecast for an estimated \$270 billion in construction spending in 2022 through 2024 should be continuously monitored since it could be dramatically dampened by cutbacks in development over the remaining months of 2022; a reduction in price increases; or the lack of a suitable replacement for the 421-a tax abatement program, while on the flip side, potential benefits from actions like the Infrastructure Investment and Jobs Act (IIJA), aka Bipartisan Infrastructure Law (BIL) signed into law by President Biden in November 2021 could infuse additional spending.

Source: https://www.buildingcongress.com/uploads/Construction_Outlook_2022-2024_v4_distro.pdf

News Highlights (cont'd)

Initial Permits Filed for Willets Point Site Adjacent to Citi Field | November 8-16, 2022

Queens Development Corp, a joint venture of Related Companies and Sterling Equities have filed plans for two of the three developments that will rise in Willets Point on the 6-acre site adjacent to Citi Field. In 2021 when the project secured approvals from the Queens Borough Board, it was expected to deliver 1,100-units of affordable housing, 25,000 square feet of retail, one acre of public space, a 650-seat public elementary school, a 3,000-square-foot community facility, and roughly 300 parking spaces. Required to build the affordable housing prior to the profitable components, current filings for construction at 126-43 39th Avenue and 126-55 39th Avenue consist of 12-story mixed-use buildings hosting a combined total of 881-units of affordable housing as well as retail, commercial, and community facility space plus parking. The project spearheaded during the Bloomberg administration incurred setbacks partially due to significant opposition which has largely been overcome. Construction is slated to begin in 2024.

In addition to the initial permits filed by the development team, and as part of the private-public partnership with the New York City Football Club (NYCFC) and the Queens Development Corp, the next phase of the transformation of the Willets Point community as envisioned by Mayor Adams' administration includes 2,500-units of affordable housing — New York City's largest 100-percent affordable new housing project in 40 years, with an accelerated construction timeline according to the announcement by the New York City Economic Development Corp. (NYCEDC). Mayor Adams' plan will also bring the city's first soccer-specific stadium along with over 40,000 square feet of public open space, a 250-key hotel and ground floor retail space. The entire project is expected to generate \$6.1 billion in economic impact over the next 30 years, creating 1,550 permanent jobs and 14,200 construction jobs.



Source: <https://therealdeal.com/2022/11/08/related-sterling-file-first-plans-for-willets-points-housing/>

Source: <https://edc.nyc/press-release/mayor-adams-unveils-vision-willets-point-transformation>

First All-Electric Residential Tower May Be Coming to NYC | November 10, 2022

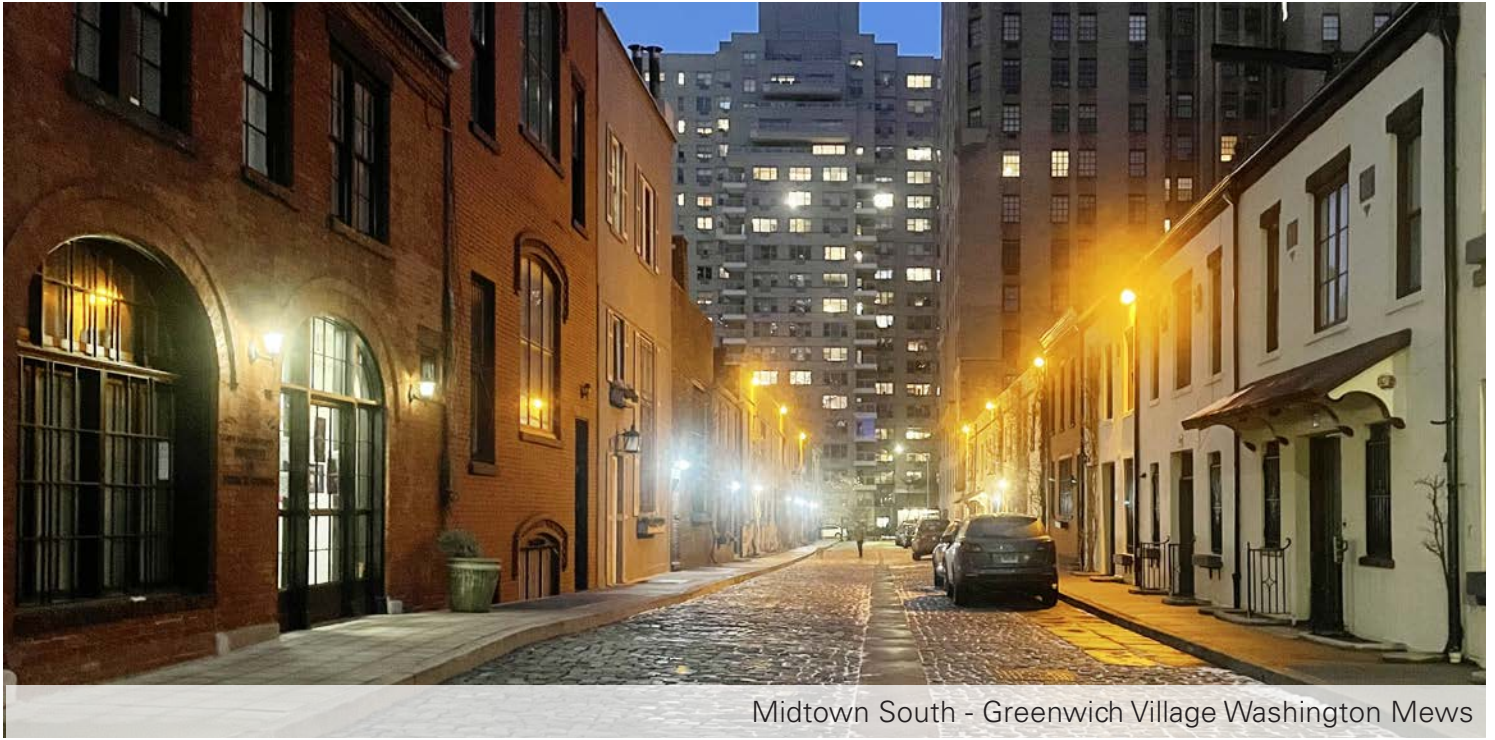
Alloy Development has released a request for proposals (RFP) seeking an energy developer focused on community solar or energy storage systems to partner with the Brooklyn-based developer to run 100 Flatbush Avenue in an effort to deliver the city's first all-electric residential tower. Located in Downtown Brooklyn, the 44-story, 441-unit mixed-use tower slated to complete construction in 2024 is part of the first phase of the planned multi-building, mixed-use Alloy Block complex. Solar One, a green energy nonprofit is advising Alloy on the undertaking, anticipating that the 100 Flatbush Avenue project will likely draw from at least two large-scale renewable energy projects.

Source: <https://www.crainsnewyork.com/climate-change/alloy-development-seeks-power-citys-first-all-electric-tower-local-solar>

Multi-Building Innovation QNS Project Gets City Council Green Light | November 23, 2022

On Tuesday, November 21, 2022 the New York City Council approved the multi-building, mixed-use Innovation QNS development. The project being developed by Kaufman Astoria Studio, Silverstein Properties, and BedRock Real Estate will add 3,200 residential units to Astoria, of which approximately 1,400-units will be priced below market-rate with more than 800-units designated for "households and individuals classified under very-low and extremely low-income thresholds." Approvals by the city council will result in changes on use-types and buildable square feet, but based upon the original plans, in addition to the residential space the complex located in the Kaufman Arts District includes "more than 400,000 square feet of commercial space, specifically a new movie theater, retail, multiple restaurants, and office space reserved for small business owners, start-ups, and non-profits. The plans also included doctor's offices and medical clinics."

Source: <https://newyorkyimby.com/2022/11/new-york-city-council-approves-2b-innovation-qns-complex-in-astoria-queens.html>



Midtown South - Greenwich Village Washington Mews

News Highlights (cont'd)

Developers Remain Cautiously Confident that New Office Construction Will Attract Tenant Demand | December 05, 2022

Amid numerous press releases casting a dark cloud over the future of the office market, some developers remain confident in the asset class, particularly when speaking about high-quality new developments and existing Class A or trophy properties built since 2015 that are within walking distance of transit hubs — which accounted for a majority of recent leasing. Cited in example of companies showing a willingness to commit to long-term deals in new offices is the lease by consulting firm KPMG, which despite representing a significant downsizing of its Manhattan footprint, signed a 20-year lease to consolidate space in three older offices at the under construction 2 Manhattan West.

According to construction industry advocate the New York Building Congress, construction square feet of non-residential development in New York City (office, hotel, retail, and other commercial space) is off pace by more than one-third of pre-pandemic 2019 volume. However, despite uncertainty about the possibility of it “taking another two years or so for the future of office work to become clear,” along with rising interest rates and construction costs providing “strong disincentives for initiating an office project,” some developers are forging ahead — particularly in the Hudson Yards and transit-rich Midtown East areas. Banking on demand from tenants willing to pay a premium for newly constructed buildings offering a wide range of amenities, projects are still being pursued such as the planned redevelopment of the Grand Hyatt hotel into a 1,575-foot-tall office building and scaled-down hotel at 175 Park Avenue, as well as recent filings at 343 Madison Avenue and 514 West 36th Street, but it has been pointed out that some developers going through the process are moving at a slower pace, hoping the market settles down a bit.

Source: <https://therealdeal.com/2022/12/05/whos-crazy-enough-to-build-office/>

Agreement Opens Door to Construction of 1.7M-sf Trophy Office Tower in Midtown East | December 09, 2022

Initial reports back in June of ongoing conversations between landlords Vornado Realty Trust, Rudin Management, and investment firm Citadel have led to the December 9, 2022 announcement of an agreement between the landlords and Citadel Enterprise Americas LLC (“Citadel”) and an affiliate of Kenneth C. Griffin, Citadel’s Founder and CEO (“KG”). While the “effectiveness of the agreements is subject to the receipt of third-party approvals which the parties expect to receive within the next 35 days,” if the series of transactions move ahead as planned, it will lead to the construction of a new 1.7 million-square-foot office tower in Midtown East on the site comprised of existing buildings separately owned by Vornado at 350 Park Avenue and Rudin at 40 East 52nd Street, and 39 East 51st Street, with KG becoming an investor via a joint venture.

Source: <https://www.globenewswire.com/news-release/2022/12/09/2571314/0/en/Vornado-and-Rudin-Announce-Agreements-with-Respect-to-350-Park-Avenue-and-40-East-52nd-Street.html>

News Highlights (cont'd)

Groundbreaking Commences in Bronx on Metro-North Penn Station Access | December 12, 2022

Construction on the long-awaited Metro-North Penn Station Access Project recently commenced. Representing the largest expansion of the line since 1983, the project that gained revived momentum in 2015 will extend Metro-North rail lines to four new ADA compliant stations in the Bronx — Hunts Point, Parkchester/Van Nest, Morris Park, and Co-Op City. Upon full construction completion, rail service to and from Manhattan, Westchester, and Connecticut will be accessible within one mile of 500,000 residents, reducing travel times as well as expanding access to jobs, education, and entertainment for East Bronx communities according to the press release from Governor Hochul's office. Amtrak is contributing \$500 million toward the estimated \$3.18 billion project that recently added funding for expansion of the New Rochelle Yard. Anticipated completion of the project is 2027.



Source: <https://www.governor.ny.gov/news/governor-hochul-announces-groundbreaking-metro-north-penn-station-access-project-bring-four>

East New York 27-Acre Development to Create 2,400 Units of Affordable Housing | December 28, 2022

The 27-acre redevelopment project dubbed Alafia Campus initially announced by the New York City Housing Conference in November 2021 broke ground on the first phase in early December. Located in the Brooklyn neighborhood of East New York, construction on the site that runs along Fountain Avenue near the Betts Creek waterfront will deliver upon full completion 2,400-units of affordable housing, a 15,000-square-foot outpatient medical clinic, retail space, multiple parking areas, and a mix of publicly accessible green space and recreational area. The estimated \$1.2 billion multi-phase campus is being developed by the team of Apex Building Company, L+M Development Partners, Services for the UnderServed, and RisBoro Community Partnership.



Source: <https://newyorkyimby.com/2022/12/renderings-reveal-1-2b-mixed-use-afia-campus-in-east-new-york-brooklyn.html>



Midtown - Grand Central

News Highlights (cont'd)

Lending

Trepp: Quarterly Data Review - 3Q 2022 | October 27, 2022

The recent release of the Fall 2022 issue of the Quarterly Data Review by Trepp and Commercial Real Estate Direct provides insight into several areas related to and impacting the commercial mortgage-backed securities (CMBS) market. A “choppy” 3rd quarter highlighted by inflation, rising U.S. Treasury rates, and a U.K. budget proposal that called for unfunded tax cuts, leaves uncertainty for the economy and commercial real estate. Other key takeaways reveal that CMBS issuance in the 3rd quarter fell sharply by 35% to \$13.3 billion, with total issuance of \$63.28 billion from January through September representing a 6.7% year-over-year lowering in volume. CMBS special servicing volume increased for the second consecutive month, reaching \$30.33 billion — of which retail properties accounted for nearly 45%, but overall volume remains nearly 43% less than the \$52.95 billion at the end of 2020. In contrast, CMBS delinquency volume declined to \$17.86 billion in September, nearly 38% less year-over-year, with retail and hotel properties accounting for the highest delinquency volume.

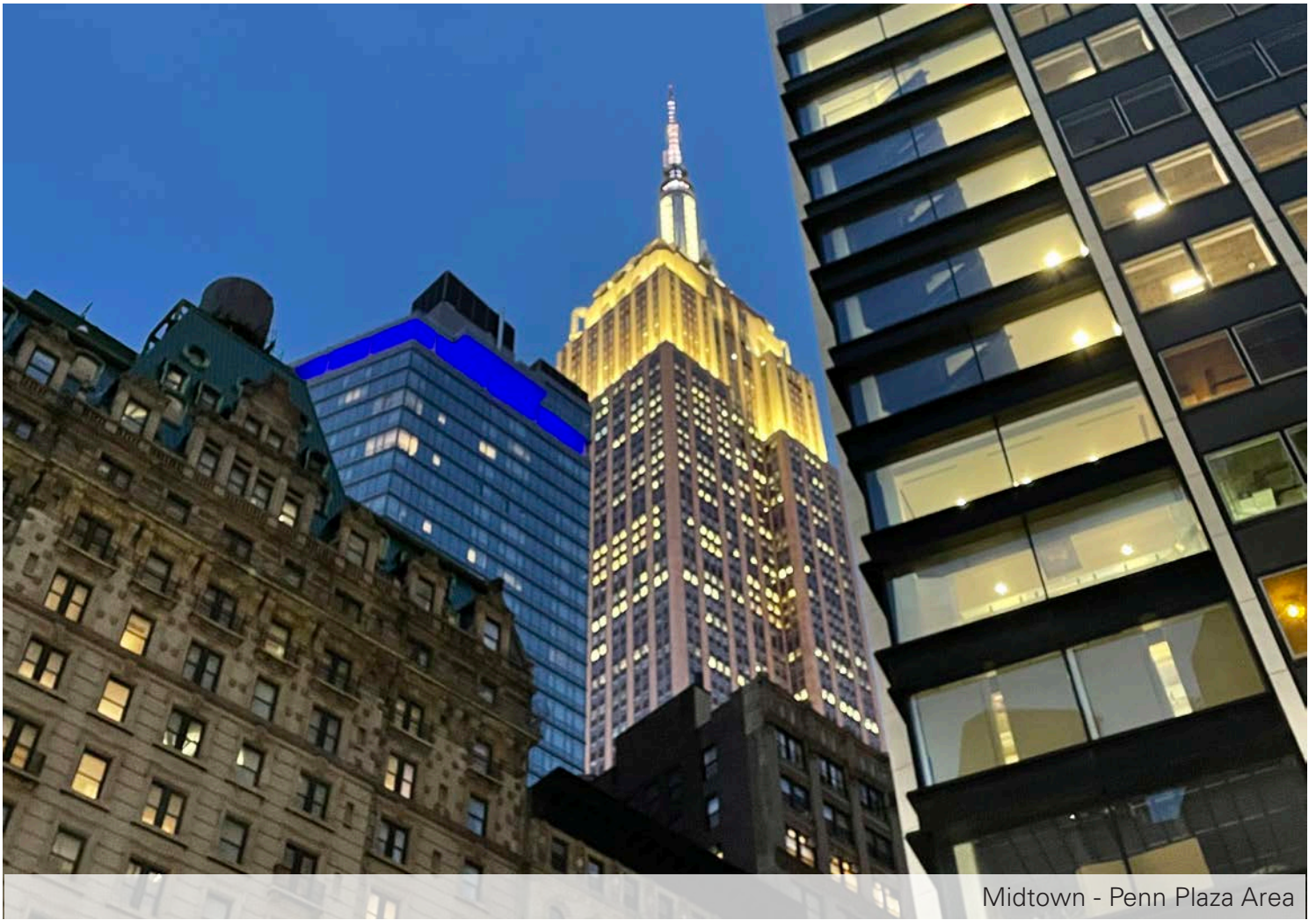
Source: <https://www.trepp.com/q3-2022-quarterly-data-review>

Aggressive Target Range Hike Again by Fed amid Continued High Inflation| November 2, 2022

The Federal Reserve Open Market Committee (FOMC) decided to raise the target range for the federal funds rate 0.75 percentage points, or 75 basis points, to 3 ¾ to 4 percent as part of the Committee’s commitment to achieve maximum employment and inflation at the rate of 2% over the longer run. “Ongoing increases in the target range” are anticipated by the Committee; and in determining the pace of future increases, “the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments” according to the Fed’s press release on Wednesday, November 2, 2022. A continuation of a reduction of the Federal Reserve’s holding of Treasury securities and agency debt as well as agency mortgage-backed securities is also planned. News of the widely expected sixth rate hike this year, and fourth consecutive 0.75 percentage point jump since June 2022, sparked stocks to initially surge, “reversing earlier losses, as investors cheered the Fed’s signal that it could slow its hiking cycle.” Although shortly after 2 p.m., the Dow jumped to 32,937 — a swing of 1.3%, the stock market index’ gains subsequently sharply reversed, falling more than 400 points, or 1.1%; while the S&P and Nasdaq Composite fell 2.1% and 2.9% respectively.

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20221102a.htm>

<https://www.cnn.com/business/live-news/stocks-market-fed-rate-hike/index.html>



Midtown - Penn Plaza Area

News Highlights (cont'd)

The Lending Market Landscape at a Time of Economic Uncertainty | November 2, 2022

The commercial real estate lending climate has dramatically begun to change since the days from 2012 to mid-2022 went the debt markets seemed invulnerable and recovery out of the pandemic seemed like it was heading down a solid path. Sparked by the first 75 basis point hike by the Federal Reserve of its benchmark federal funds rate on June 15, 2022, “marking the central bank’s first three-quarter of a percentage point hike since 1994,” the debt markets began to tighten in the second half of 2022, leaving a prevailing uncertainty over how high the Federal Reserve will raise interest rates to rein in inflation and ward off an impending recession as the Fed continues its aggressive strategy leading to further large interest rate increases in July, September and November. The pace of investment sales volume has slowed and is anticipated that in the coming months there will be a lot less transaction activity since “increased cap rates trail increasing interest rates.”

Those borrowers that view the increased interest rates as a short-term issue “are trying to secure shorter-term floating-rate debt with flexible prepayment penalties instead of locking in long-term fixed rates;” while across the table, lenders always proceed more cautiously in an environment of rising interest rates, continuing to be conservative on loan-to-value calculations and less willing to lock into rates when costs are continuing to rise. However, despite the unsettled market with lending becoming more challenging and increased borrowing costs, “one notable difference between now and 2008 is that loans then were underwritten with a loan-to-value base rather than debt service coverage ratio and debt yield base;” and “despite banks pulling back of late, there is still plenty of liquidity on the sidelines to deploy because of government stimulus money rolled out during the COVID-19 pandemic.”

Source: <https://commercialobserver.com/2022/11/cre-debt-markets-hit-stormy-waters-amid-rising-interest-rates/>
<https://commercialobserver.com/2022/11/fed-unleash-sixth-rate-hike-this-year-what-does-it-mean-for-cre/>



Midtown - View from NYC Ferry

News Highlights (cont'd)

Lenders Test Buyer Appetite for Office Loans as Regulator Scrutiny of CRE Debt Portfolios Heightens | November 11, 2022

Amid a decline in demand in cities such as New York and Washington, “some of the biggest lenders to U.S. offices are weighing sales of loans on the properties,” with some offering discounts to make deals more attractive, as regulators heighten scrutiny on commercial real estate debt portfolios. Decisions to privately gauge buyer appetites for office loans is an “abrupt turnaround after a record burst of lending in the first half of 2022, with \$316 billion of new commercial-property loans, according to Federal Reserve data.” While the business of selling loans is not new in the banking industry, “they’re indicating that they are having more trouble finding takers in recent months” at a time when banks are “increasingly under pressure to reduce exposure to riskier loans they already have on their balance sheets.” Among the real estate sectors, the pandemic seems to be hitting offices significantly harder than other property types and continued high vacancy rates in the remote-work era leading to a decline in values. Looking ahead, lenders are “bracing for a further decline in property values amid rising interest rates, a cooling economy and uncertainty around COVID-19’s long-term impact on labor and commerce.”

Source: <https://www.bloomberg.com/news/articles/2022-11-11/wall-street-banks-are-exploring-sales-of-office-loans-in-the-us>

Federal Reserve Announces a 50 Basis Point Rate Hike | December 14, 2022

On Wednesday, December 14, 2022, the Federal Reserve Open Market Committee (FOMC) announced a 50 basis point increase in the target range for the federal funds rate to 4 ¼ to 4 ½ percent, representing a slightly less aggressive increase in comparison to the four consecutive 75 basis point rate hikes made since June 2022. Although inflation remains inflated, decisions by the Fed were based upon robust job gains and the unemployment rate remaining low, along with recent indicators pointing to modest growth in spending and production. The announcement comes one day following the U.S. Department of Labor’s updated release of the Consumer Price Index for All Urban Consumers (CPI-U), which rose a more moderate 0.1 percent in November on a seasonally adjusted basis in comparison to the 0.4 percent increase in October. Although the energy index decreased 1.6 percent over the month, it was more than offset by the index for shelter, which rose 0.6 percent over the month — the largest contributor to the monthly all items increase. Over the last 12 months, the all items index increased 7.1 percent before seasonal adjustment, representing an improvement over the 7.7 percent increase in November.

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20221214a.htm>

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



Downtown - View from Brooklyn Bridge Park

Market Snapshot: Class A & B

New York City's Unemployment

- According to the New York State Department of Labor's figures, the city's unemployment rate of 5.3% (not seasonally adjusted) at the end of November 2022 represented a 24.3% decrease year-over-year; and a 22.1% improvement over the three month period from August 2022 when the rate was 6.8%.
- Comparatively, unemployment on the National and State level at the end of November 2022 was 3.3% and 3.8% respectively, representing decreases of 15.4% and 22.4% year-over-year.
- Employment activity in New York City's private sector resulted in a gain of 197,600 private sector jobs over the year to 4,038,900 in November 2022. Among the major sectors, Leisure and Hospitality gained 53,200 jobs at the high over the 12 month period, in contrast to 11,200 job gains in the Financial Activities sector at the low. Job gains within the Professional and Business Services, Educational and Health Services, and Information sectors ranged 13,400 to 49,300 jobs.

Weekly Wages

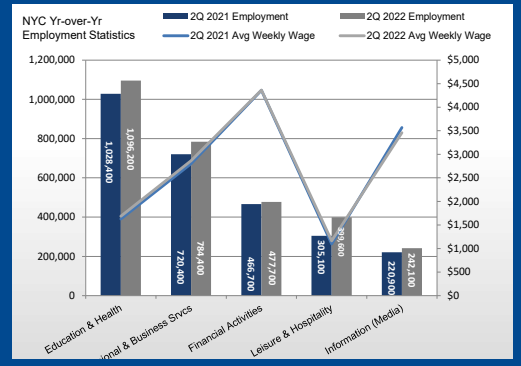
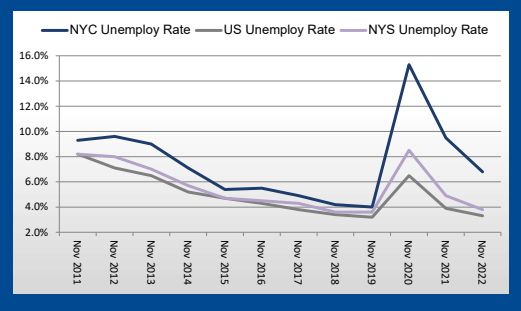
Overall weekly wages in New York City averaged \$2,542 in the 2nd quarter of 2022, representing a negative 0.5% year-over-year lowering according the recent report released by the U.S. Department of Labor. Among the major sectors, (4) saw wage increases during the quarter, except for Information, which saw a 3.0% decrease. The Leisure & Hospitality sector led the way with a 6.0% increase year-over-year at the high; while at the low, the Financial Services sector saw a more moderate 0.1% improvement.

Vacancy for Class A & B office buildings over 75,000 square feet rose to 13.7% in comparison to the 13.5% vacancy rate in the 2nd quarter, representing a 1.9% increase. Class A vacancy rose quarter-over-quarter to 14.2% in the 4th quarter and Class B similarly rose during the same period to 12.8%, representing increases of 1.8% and 2.1% respectively.

Absorption closed the 4th quarter at a higher negative -2,163,794 square feet compared to the negative 1,975,067 square feet in Q3 amid continued challenges within the office market as remote and hybrid work schedules continue and companies re-evaluate space needs. Midtown South and Midtown ended the quarter with negative 1,167,873 square feet and negative 1,184,557 square feet respectively, the delivery of 50 Hudson Yards and 66 Hudson Boulevard in Midtown and 341 Ninth Avenue in Midtown South adding to inventory; while Downtown experienced a moderate improvement, ending the quarter with positive 188,636-square-foot absorption.

Face Rents for office space in the 4th quarter rose slightly to an overall average of \$71.62 per square foot versus the \$70.88 per square foot figure in the 3rd quarter. Class A face rents saw an uptick from the previous quarter's \$77.92 per square foot, rising to \$78.72 per square foot at the end of December. Average direct asking rents lowered by 0.7% quarter-over-quarter to \$78.52 per square foot, in contrast to sublease rents which increased 1.7%, rising from \$59.71 per square foot in the 3rd quarter to \$60.74 per square foot in Q4.

4Q 2022	Total	Downtown	Midtown South	Midtown
Vacancy	↑	↓	↑	↑
Face Rent	↑	↓	↑	↑
Absorption	↓	↑	↓	↓

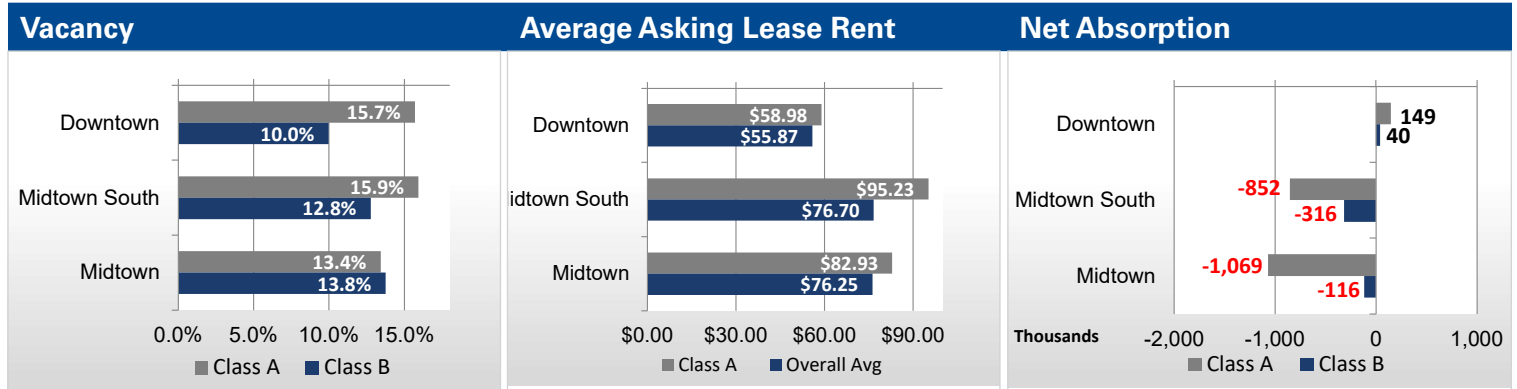


Source: NYS Department of Labor and US Department of Labor, Bureau of Labor Statistics

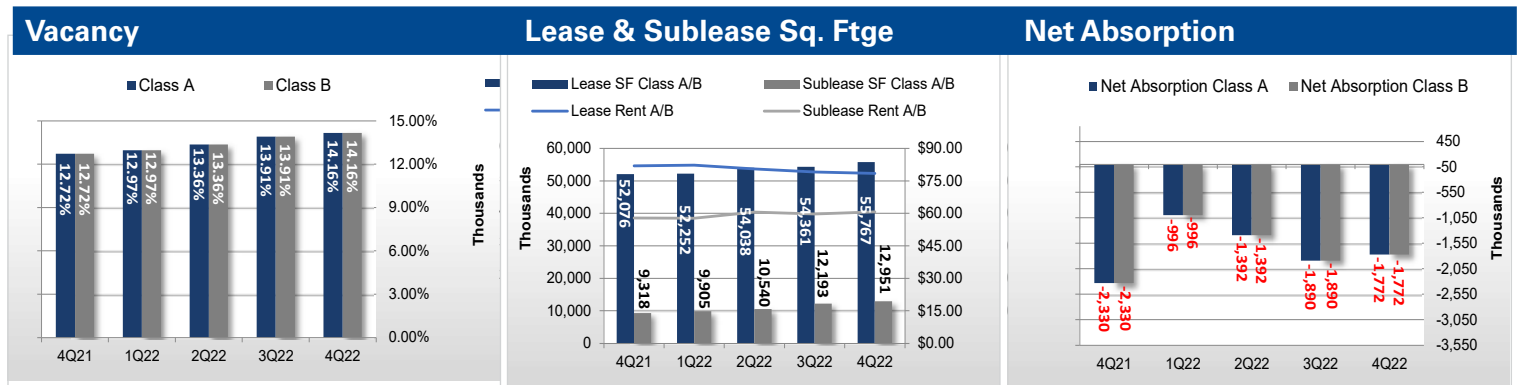
Class A & B Statistics At A Glance



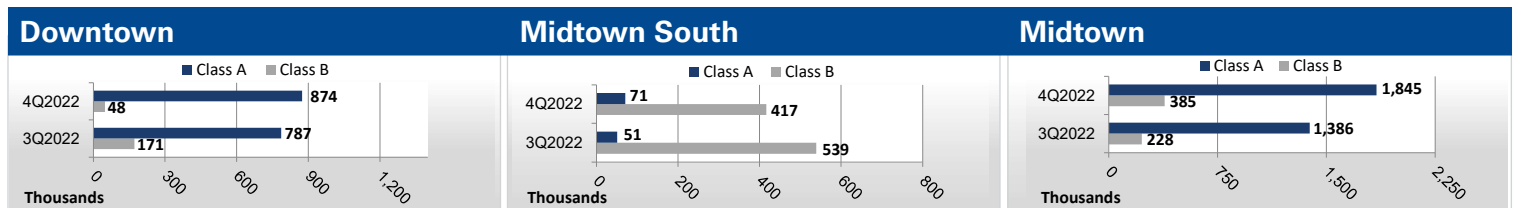
4th Quarter 2022



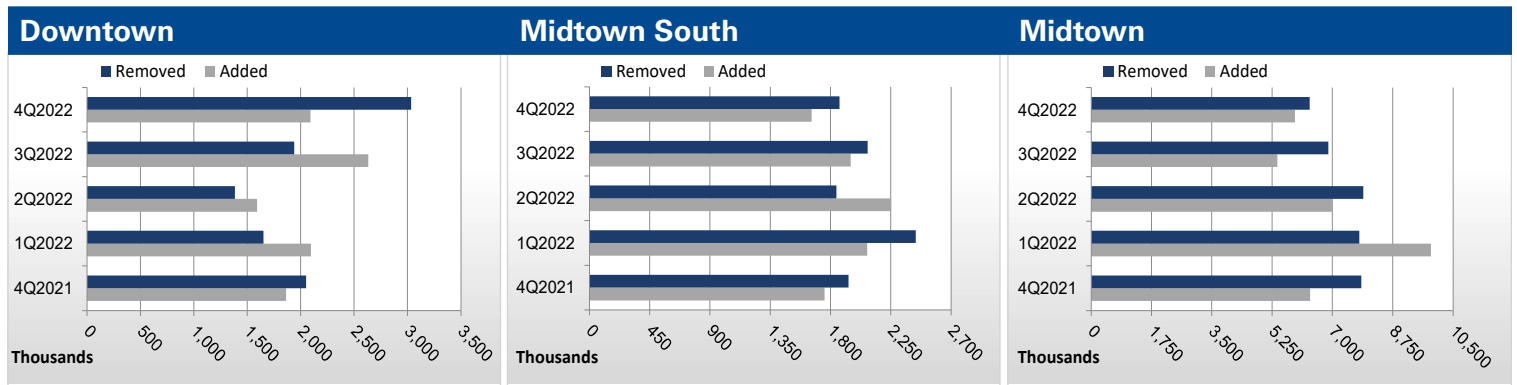
Quarter-over-Quarter



Sublease Space Newly Listed in Q4 2022



Year-over-Year Inventory Changes





Submarket Statistics Overview: Class A & B Office

Manhattan	Inventory	Vacant Sq. Ftge.			Vacancy Rate			Avg. Face Rent PSF	Absorption
Submarkets Districts	Total RBA*	Direct Sq. Ftge.	Sublet Sq. Ftge.	Total Sq. Ftge.	Direct Vacancy	Sublet Vacancy	Overall Vacancy	Overall Asking	Year-to-Date Sq. Ftge
Downtown	112,957,074	13,360,925	2,833,325	16,194,250	11.8%	2.5%	14.3%	\$55.87	-1,948,339
City Hall	14,011,609	799,748	61,577	861,325	5.7%	0.4%	6.1%	\$52.64	27,145
Financial District	39,793,962	5,979,882	1,333,962	7,313,844	15.0%	3.4%	18.4%	\$51.49	-383,676
Insurance District	13,105,304	2,398,656	246,681	2,645,337	18.3%	1.9%	20.2%	\$51.98	-1,301,187
TriBeCa	7,634,947	534,406	89,080	623,486	7.0%	1.2%	8.2%	\$77.71	23,570
World Trade Center	38,411,252	3,648,233	1,102,025	4,750,258	9.5%	2.9%	12.4%	\$66.44	-314,191
Midtown South	73,107,420	7,999,877	2,062,869	10,062,746	10.9%	2.8%	13.8%	\$76.70	-1,913,897
Chelsea	18,711,577	2,015,683	817,420	2,833,103	10.8%	4.4%	15.1%	\$76.15	-539,208
Flatiron	23,124,863	3,149,999	691,058	3,841,057	13.6%	3.0%	16.6%	\$82.31	-1,145,527
Gramercy/Union Sq	9,495,397	640,632	211,507	852,139	6.7%	2.2%	9.0%	\$70.87	-43,702
Greenwich Village	5,285,451	766,439	11,428	777,867	14.5%	0.2%	14.7%	\$91.71	-92,300
Hudson Square	10,940,306	703,309	291,460	994,769	6.4%	2.7%	9.1%	\$90.05	-39,750
SoHo	5,549,826	723,815	39,996	763,811	13.0%	0.7%	13.8%	\$76.78	-53,410
Midtown	314,156,599	34,405,945	8,054,609	42,460,554	11.0%	2.6%	13.5%	\$76.25	-3,443,282
Columbus Circle Hudson Yards	33,821,795	2,765,161	587,130	3,352,291	8.2%	1.7%	9.9%	\$73.08	-49,025
Grand Central	57,367,638	6,599,798	1,603,626	8,203,424	11.5%	2.8%	14.3%	\$67.21	-836,695
Murray Hill	13,249,281	2,405,104	512,421	2,917,525	18.2%	3.9%	22.0%	\$58.02	-252,705
Penn Plaza/Garment	71,502,082	5,884,995	3,258,021	9,143,016	8.2%	4.6%	12.8%	\$79.82	-2,333,007
Plaza District	87,104,266	10,767,377	1,314,136	12,081,513	12.4%	1.5%	13.9%	\$95.83	1,193,146
Times Square	46,689,908	5,740,761	779,275	6,520,036	12.3%	1.7%	14.0%	\$79.26	-1,173,149
U.N Plaza	4,421,629	242,749	0	242,749	5.5%	0.0%	5.5%	\$71.48	-10,119
Grand Total	500,221,093	55,766,747	12,950,803	68,717,550	11.1%	2.6%	13.7%	\$71.62	-7,305,518

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

Retail Bi-Quarterly Vacancy Statistics At A Glance



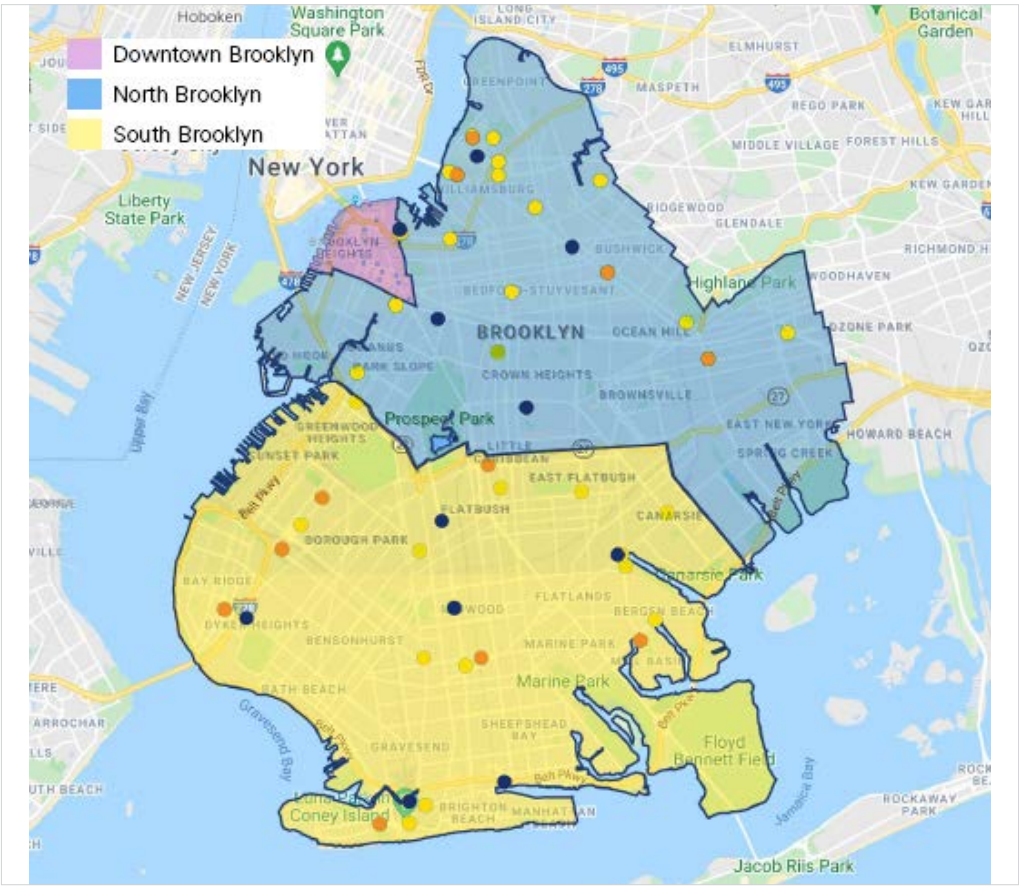
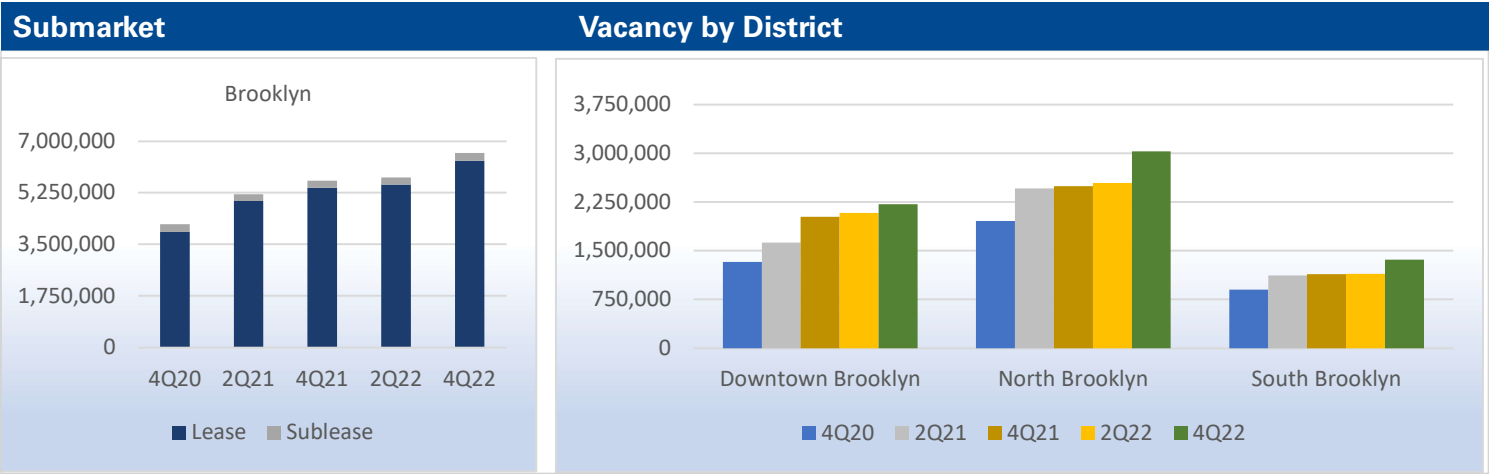
Q4 2020 - Q4 2022



Retail Bi-Quarterly Vacancy Statistics At A Glance



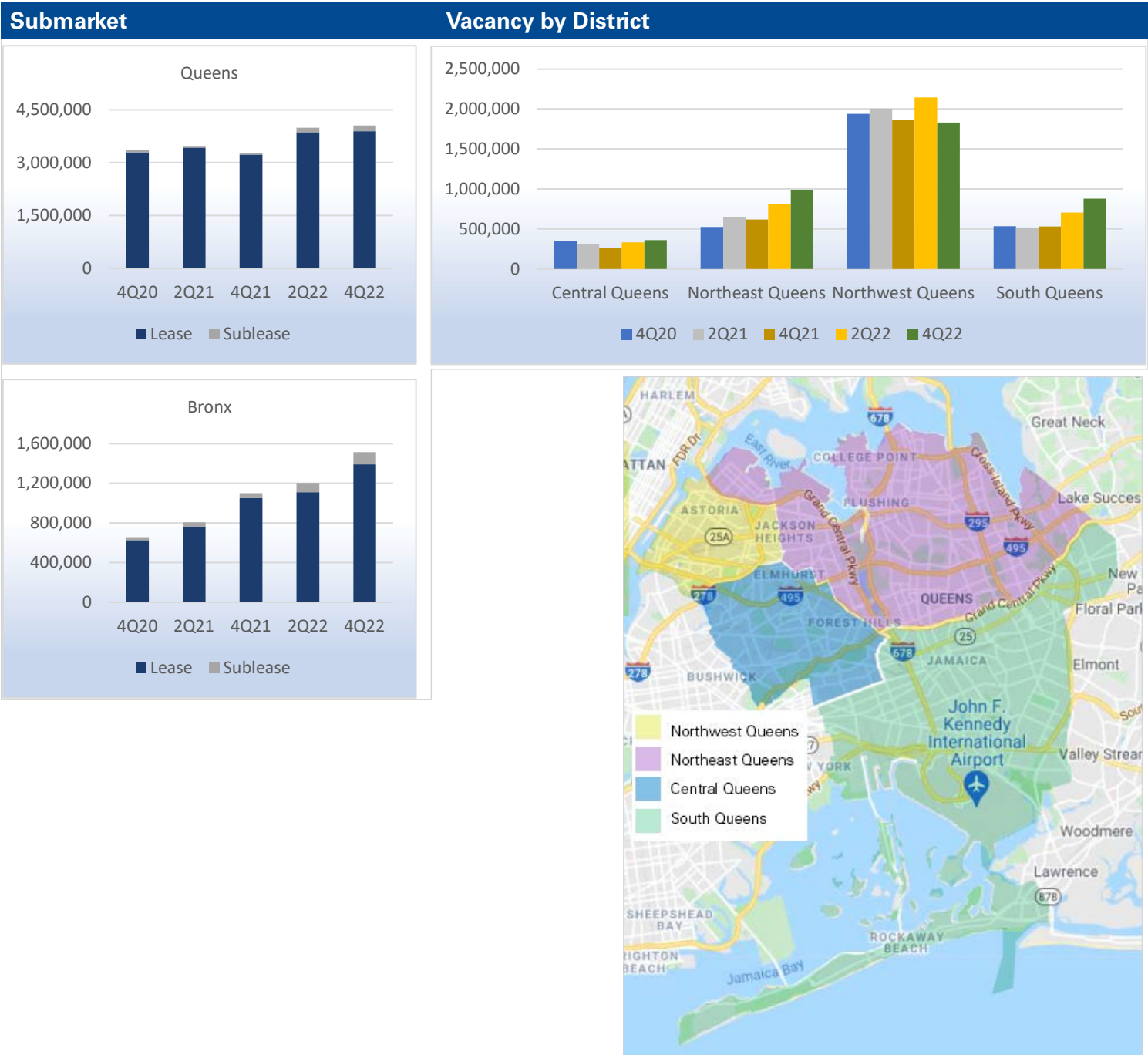
Q4 2020 - Q4 2022



Retail Bi-Quarterly Vacancy Statistics At A Glance

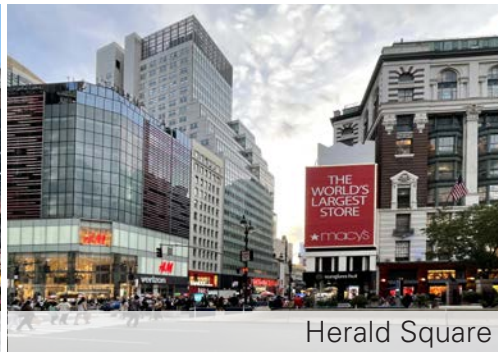


Q4 2020 - Q4 2022





Chelsea



Herald Square



NoMad

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

Fall 2022 retail leasing activity in Manhattan was characterized as “the strongest market activity since 2016 and 2017” per the recently released Manhattan Retail report by the Real Estate Board of New York (REBNY). Average asking rents per square foot for available space rose in 5 of the 17 corridors analyzed by REBNY, while remaining stable in 2 others; and concessions and lease flexibilities from landlords continue to diminish as availability tightens. Activity for much of 2021 and 2022 was fueled by the food and beverage sector, with leasing momentum further escalating due to more recent increased activity of apparel and accessories brands — particularly luxury brands. However, the industry is continuing to monitor the growing list of challenges that delay or possibly prevent store openings including — staffing shortages, supply-chain issues, delayed space buildouts, and a pulling back by consumers on discretionary spending — creating headwinds for continued recovery.

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	Fall 2022 Avg. Asking	Fall 2022 Asking Range	Maximum Avg. Asking/Yr	% Yr-over-Yr Change	% Change Spr 2022
Eastside					
East 86th St: Lexington-2nd Aves	\$297	\$155 - \$390	\$550 / S-2013	-9.2%	6.8%
Madison Ave: 57th – 72nd Sts	\$695	\$300 - \$1,000	\$1,709 / F-2014	-7.3%	-9.6%
Third Ave: 60th – 72nd Sts	\$216	\$115 - \$300	\$371 / S-2013	-0.8%	-3.7%
Westside					
Broadway: 72nd – 86th Sts	\$249	\$175 - \$385	\$434 / F-2013	3.3%	3.3%
Columbus Ave: 66th – 79th Sts	\$295	\$175 - \$350	\$114 / S-2015	13.5%	-7.7%
Midtown					
East 57th St: 5th – Park Aves	\$279	\$150 - \$610	\$1,625 / S-2016	N/A	N/A
Fifth Ave: 49th – 59th Sts	\$2,583	\$2,250 - \$3,000	\$3,900 / S-2018	-1.7%	-6.9%
Fifth Ave: 42nd – 49th Sts	\$588	\$436 - \$750	\$1,368 / S-2016	-13.0%	-9.5%
Broadway & 7th Ave: 42nd – 47th Sts	\$990	\$300 - \$2,300	\$2,413 / S-2015	-0.8%	-11.0%
Herald Square					
West 34th St: 5th – 7th Aves	\$445	\$171 - \$1,000	\$1,000 / S-2015	14.1%	-2.0%
Flatiron					
Fifth Ave: 14th – 23rd Sts	\$250	\$175 - \$360	\$456 / S-2017	1.8%	-2.2%
Broadway: 14th – 23rd Sts	\$397	\$240 - \$750	\$510 / F-2015	28.9%	14.7%
SoHo					
Broadway: Houston – Broome Sts	\$343	\$225 - \$510	\$977 / S-2015	-3.9%	4.6%
West Village					
Bleecker St: 7th Ave South – Hudson St	\$226	\$128 - \$350	\$540 / S-2013	-9.6%	0.0%
Meatpacking					
14th St: 9th – 10th Aves	\$258	\$195 - \$275	\$462 / S-2008	-1.5%	0.1%
FiDi					
Broadway: Battery Park – Chambers St	\$283	\$135 - \$600	\$417 / S-2020	-28.4%	-10.4%
Harlem					
125th St: 5th – Morningside Aves	\$165	\$110 - \$208\$1,709	\$151 / S-2019	24.1%	15.1%



Brooklyn - DUMBO Area

Real Estate Board of New York's Summer 2022 Brooklyn Retail Report

The report released in November by REBNY revealed that Brooklyn has been a "frontrunner in the retail recovery over the last two years." Over the six month period from April through September 2022, among the 17 retail corridors analyzed within Brooklyn, retail activity in the borough's mixed-use neighborhoods such as Downtown Brooklyn has increased throughout the year fueled by ongoing residential development, return to office, and surging tourism. A shrinking inventory of quality storefronts along Brooklyn's prime corridors has spurred more prevalent rent growth and a tightening by landlords of concession packages. Although retailer and consumer demand remains strong, the pace of leasing activity has slowed over the last six months, in part due to more challenging leasing and buildout costs; as well as a slowdown of the rush of retailers previously moving away from office district to residential area.

The surveyed corridors in the report represent Brooklyn's top tier retail corridors. While the asking rents provided are intended to offer a useful and reliable guide, the rent fluctuations between two consecutive periods does not necessarily indicate a change in the market. In addition physical components of a retail space significantly factor into its rental value such as frontage, ceiling height, presence of below grade, mezzanine, and 2nd floor space; as well as locational factors such as proximity to subway access.

Corridor	Summer 2022 Avg. Asking	Summer 2022 Asking Range	Minimum Avg. Asking/Yr	Maximum Avg. Asking/Yr	% Yr-over-Yr Change	% Change Winter 2022
Greenpoint						
Franklin St (Meserole Ave – Commercial St)	\$66	\$48 - \$85	\$57/W 2018	\$89/W 2017	2.4%	-25.1%
Manhattan Ave (Driggs Ave – Ash St)	\$70	\$47 - \$90	\$58/W 2021	\$75/S 2017	3.9%	0.9%
Williamsburg						
Bedford Ave (North 8th St – North 12th St)*	\$188	\$108 - \$280	\$122/S 2021	\$200/S 2016	53.9%	43.3%
Bedford Ave (Grand St – North 8th St)*	\$78	\$78 - N/A	\$78/S 2022	\$404/S 2017	-58.5%	-58.5%
North 6th St (Driggs Ave – Kent Ave)*	\$208	\$55 - \$275	\$208/S 2015	\$259/S 2016	-0.7%	-7.8%
North 4th St (Driggs Ave – Kent Ave)	\$160	\$150 - \$170	\$103/S 2020	\$197/S 2018	49.5%	18.5%
Grand St (Havemeyer St – Kent Ave)	\$76	\$44 - \$118	\$71/W 2021	\$113/S 2017	1.8%	7.5%
DUMBO						
Washington St, Main St, Water St, Front St*	\$85	\$85 - \$85	\$36/W 2021	\$143/W 2018	102.4%	91.1%
Brooklyn Heights						
Montague St (Hicks St – Cadman Plz)	\$105	\$98 - \$125	\$72/W 2019	\$190/S 2016	-0.7%	1.8%
Downtown Brooklyn						
Fulton St (Boerum Pl – Flatbush Ave)	\$205	\$55 - \$260	\$196/W 2022	\$359/W 2018	-14.9%	4.4%
Court St (Atlantic Ave – Pierrepont St)	N/A	N/A	\$112/W 2021	\$166/W 2019	N/A	N/A
Prospect Heights						
Flatbush Ave (5th Ave – Grand Armory Plz)	\$132	\$86 - \$200	\$101/S 2016	\$141/S 2019	22.0%	24.5%
CobbleHill						
Court St (Atlantic Ave – Carroll St)	\$200	\$200 - \$200	\$93/W 2019	\$200/S 2022	81.8%	73.9%
Smith St (Atlantic Ave – Carroll St)*	\$94	\$63 - \$120	\$83/W 2019	\$149/S 2017	-3.7%	-3.7%
Park Slope						
7th Ave (Union St – 9th St)	\$88	\$65 - \$140	\$86/S 2019	\$129/W 2017	-11.4%	-8.0%
5th Ave (Union St – 9th St)	\$90	\$35 - \$130	\$78/W 2017	\$104/S 2019	3.6%	10.1%
Bay Ridge						
86th St (4th Ave – Fort Hamilton Pky)	\$105	\$95 - \$150	\$77/S 2015	\$123/W 2018	-3.7%	0.0%

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

*Limited availabilities and withheld rent may cause sharp fluctuations in rent averages between reporting periods

Center for an Urban Future – State of the Chains, 2022

The 2022 report released by the Center for an Urban Future (CUF) in December reveals that despite the continued recovery of New York City's chain retail store sector since the steep contraction in 2020, this year's overall 0.3% increase in store numbers was significantly lower than the 2.7% increase in 2021; and remains 9.8% below the late 2019 total number of stores. Although none of the five boroughs as fully recovered back to its pre-pandemic chain store level, Manhattan saw significantly greater losses than the outer boroughs — diminished office occupancy likely a contributing factor. While Brooklyn boasted the highest numerical increase in chain stores during the year with 33 added, or 2.1%, it was offset by the 17 chain store losses, or negative 1.8% in the Bronx. CUF's research compiled between November 8, 2022 and November 29, 2022 also suggests that in addition to lower office occupancy levels due to continued remote or hybrid work routines, particularly in Midtown and other central business districts, the acceleration of online shopping is another likely driver to the slow recovery in the city's chain retail.

CUF's Methodology:

- National retailer defined as one that has at least (2) New York City locations and at least (1) location outside the city limits.
- Locations numbers obtained from the store locators on each retailer's website, except in cases where other available resources were used for companies were on the verge of closure and had shut down their websites or otherwise did not have a website. For mobile communications stores, only those locations that use the exact name of the retailer were counted, excluding authorized providers operating under a different name.
- A retailer is only removed from the list on the year after the one in which it closed all New York City locations. National retailers removed this year include Century21, Godiva Chocolatier, Liberty Travel, Ricky's, Fossil Accessory, Aroma Espresso Bar, French Connection, and Kenneth Cole.
- Year-over-year growth in chains is calculated based on the national retailers CUF included in last year's report. Retailers being added this year include Planet Fitness, Spectrum, Alo Yoga, Orange Theory, Birkenstock, Cava, and AMC, but are not yet included to ensure an accurate comparison.

Number of Chain Stores by Borough

Borough	2022	2021	% Change
Manhattan	2,649	2,646	0.1%
Brooklyn	1,621	1,588	2.1%
Queens	1,659	1,655	0.2%
Bronx	914	931	-1.8%
Staten Island	456	459	-0.7%
Total	7,299	7,279	0.3%

Net Change in number of NYC Store locations in 2022 for this year's 20 biggest national retailers

National Retailer	# of Stores 2022	2021-22 Change (#)	2019-22 Change#	National Retailer	# of Stores 2022	2021-22 Change (#)	2019-22 Change#
Dunkin'	620	5	-16	AT&T	119	0	-17
Starbucks	316	6	-35	Rite-Aid	109	0	-10
Metro by T-Mobile	295	-16	-173	7-Eleven	105	-11	-36
Subway	254	-15	-33	Burger King	105	-1	-1
T-Mobile	233	-8	-12	Chipotle Mexican Grill	105	10	26
Duane Reade	227	-22	-90	Key Food	99	-5	-9
McDonald's	191	0	-12	Verizon	97	1	70
Baskin-Robbins	182	7	-35	UPS Store	96	2	9
CVS/Pharmacy	174	-1	4	Domino's	90	1	2
Popeye's	137	3	32	Taco Bell	75	7	43

State of the Chains, 2022 (cont'd)

Top 10 National Retailers in Each Borough

Manhattan	Brooklyn	Queens	Bronx	Staten Island
Starbucks (191)	Dunkin' (136)	Dunkin' (195)	Dunkin' (90)	Dunkin' (38)
Dunkin' (161)	Metro by T-Mobile (108)	Subway / T-Mobile (71)	Metro by T-Mobile (69)	CVS/Pharmacy (18)
Duane Reade (96)	T-Mobile (58)	Metro by T-Mobile (66)	T-Mobile (44)	Subway (16)
Subway (84)	McDonald's (50)	Baskin-Robbins (61)	McDonald's (40)	Metro by T-Mobile (15)
CVS/Pharmacy (66)	Duane Reade (48)	Duane Reade (54)	Subway (37)	Starbucks (14)
FedEx Office (58)	Starbucks / Subway / Popeye's (46)	Starbucks (49)	Popeye's / Baskin-Robbins (26)	Burger King & Carvel (11)
Chipotle (57)	Baskin-Robbins (43)	CVS/Pharmacy (48)	Duane Reade (19)	Duane Reade / T-Mobile / 7-Eleven & Verizon (10)
UPS Store (51)	Key Food (35)	McDonald's (45)	Rite Aid (18)	Baskin-Robbins (8)
T-Mobile (50)	Rite Aid & Burger King (34)	7-Eleven (42)	Burger King / Domino's (17)	Dollar Tree / McDonald's / Domino's (7)
McDonald's (49)	AT&T (29)	Popeye's / Key Food (37)	Starbucks / Rainbow (16)	Wendy's / Autozone (6)

2022 Change by Borough of the 10 Largest National Retailers in New York City

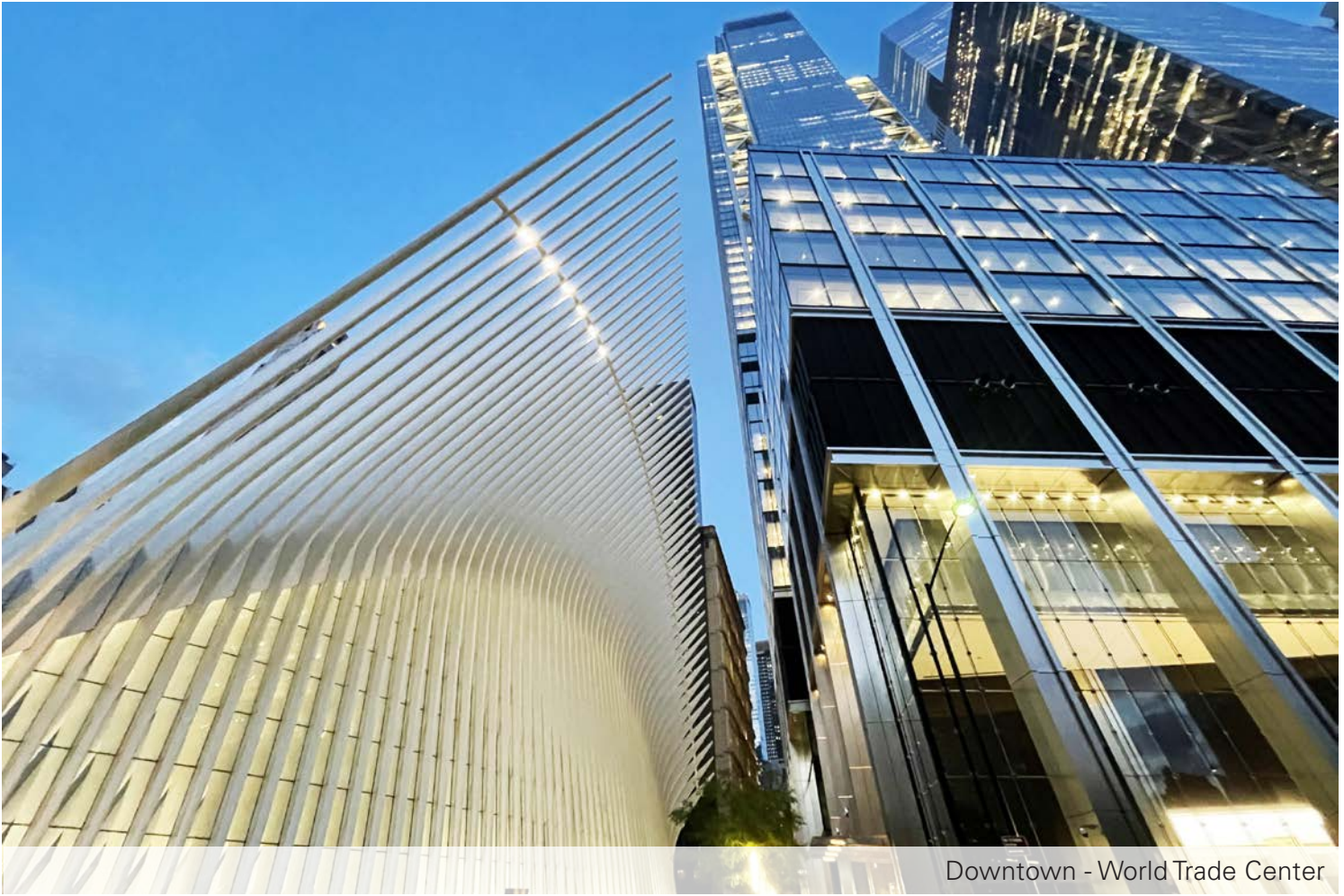
National Retailer	Store Count 2022	Difference 2021-22	Manhattan	Brooklyn	Queens	Bronx	Staten Island
Dunkin'	620	5	161 (1)	136 (-2)	195 (4)	90 (2)	38 (0)
Starbucks	316	6	191 (4)	46 (-1)	49 (1)	16 (0)	14 (2)
Metro by T-Mobile	295	-16	37 (-4)	108 (1)	66 (-9)	69 (-4)	15 (0)
Subway	254	-15	84 (-8)	46 (-1)	71 (0)	37 (-4)	16 (-2)
T-Mobile	233	-8	50 (-2)	58 (-2)	71 (-2)	44 (-2)	10 (0)
Duane Reade	227	-22	96 (-7)	48 (-4)	54 (-3)	19 (-8)	10 (0)
McDonald's	191	0	49 (0)	50 (0)	45 (0)	40 (0)	7 (0)
Baskin-Robbins	182	7	44 (-5)	43 (24)	61 (-1)	26 (-7)	8 (-4)
CVS/Pharmacy	174	-1	66 (1)	28 (-1)	48 (-1)	14 (1)	18 (-1)
Popeye's	137	3	25 (3)	46 (-3)	37 (3)	26 (0)	3 (0)



Midtown South - SoHo

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

Tenant	Address	Sq. Ftge.	Lease Type	Submarket	Sector
Burlington	808 Columbus Avenue	34,434	Relocation	Upper West Side	Apparel
Aritzia	608 Fifth Avenue	33,600	New	Midtown	Fashion
The House of Cannabis	427 Broadway	32,915	New	Midtown South	Cultural
Petco	44 Union Square East	29,989	Relocation	Midtown South	Pet Supplies
Prada	575 Broadway	29,891	Renewal	Midtown South	Fashion
Din Tai Fung	1633 Broadway	27,313	New	Upper West Side	Restaurant
Valentino	654 Madison Avenue	26,309	New	Midtown	Fashion
Poltrona Frau Group-N America	181-183 Madison Avenue	21,000	New	Midtown	Furniture
It's Sugar	234 West 42nd Street	20,450	New	Midtown	Food & Beverage
West Elm	112 West 18th Street	20,000	New	Midtown South	Furniture
Friends & Family Hospitality	15 Park Row	19,327	New	Downtown	Hospitality
Maribella Hospitality	7-9 West 51st Street	17,350	New	Midtown	Hospitality
Capital One	2 Herald Square	16,343	New	Midtown	Bank
Five Below	805 Columbus Avenue	16,201	New	Upper West Side	Specialty Discount
Aritzia	115 Fifth Avenue	15,524	New	Midtown South	Fashion
LOFT	150 East 42nd Street	15,500	Renewal	Midtown	Clothing / Apparel
Blu Dot Design & Manufacturing	715 Lexington Avenue	15,133	New	Midtown	Home Décor
West Side Center for Community Life	564 West 181st Street	15,000	New	Harlem	Social Services
Swarovski	680 Fifth Avenue	13,200	New	Midtown	Jewelry/Watch
Fushimi NYC	311 West 43rd Street	12,405	New	Midtown	Restaurant



Downtown - World Trade Center

Manhattan Office Market – Top Lease Deals in 2022

Address	Submarket	District	Sq. Ftge	Lease Type	Tenant
1211 Sixth Avenue	Midtown	Times Square	670,000	Renewal	Fox Corporation
			486,000	Renewal	News Corp.
2 Manhattan West	Midtown	Penn Plaza	456,518	Relo/Downsizing	KPMG LLP
				20-year term, downsizing from 800K-sf as part of consolidation	
One Madison Avenue	Midtown South	NoMad	347,474	Relocation	Franklin Templeton
				15-year term, asking rent \$145 psf	
One Madison Avenue	Midtown South	NoMad	328,000	Relo/Consolidation	IBM
				16-year term, consolidating 10 different NYC offices, dedicated lobby entry, asking rent \$115 psf on floors 2-9 was \$115 psf and \$160 psf on 10th floor	
620 Eighth Avenue	Midtown	Times Square	327,805	Renewal/Expansion	Datadog
200 Fifth Avenue	Midtown South	Flatiron	287,000	Renewal/Downsizing	Tiffany & Co.
				10-year deal, downsizing from just over 410,000 sf	
2 Manhattan West	Midtown	Penn Plaza	283,000	Relo/Expansion	D.E. Shaw Group
				Expanding from 195K-sf	
66 Hudson Boulevard	Midtown	Hudson Yards	265,000	Relo/Downsizing	HSBC Bank
				20-year lease, downsizing from 548,000 sf	
320 Park Avenue	Midtown	Plaza	252,000	Lease	Mutual of Americal Life Insurance
1120 Avenue of the Americas	Midtown	Times Square	246,494	Renewal/Expansion	Indeed
				Expanding from 125K-sf	
3 Times Square	Midtown	Times Square	243,305	Consolidation	Touro College & University System

Sources: <https://commercialobserver.com/2022/12/10-biggest-manhattan-office-leases-2022/>
<https://commercialobserver.com/2023/01/fox-corporation-and-news-corp-renew-combined-1-1m-sf-at-1211-avenue-of-the-americas/>



Queens - View on LIC from NY Ferry

Brooklyn/Queens Office Market – 5 Biggest Lease Deals in 2022

Address	Borough	Neighborhood	Sq. Ftge	Lease Type	Tenant
One Court Square	Queens	Long Island City	350,000	Relocation	NYC School Construction Authority
					20-year term, SCA relocating within LIC from 30-30 Thompspon Avenue, history; located in LIC over 30-years
49 S 2nd Street aka 489 Kent Avenue	Brooklyn	Williamsburg	77,700	Renewal	Vice Media
					4-year term
Standard Motor Products	Queens	Long Island City	75,000	Renewal	Standard Motor Products
					10-year term, HQ location, tenant for over 70 years
Dock 72	Brooklyn	Brooklyn Navy Yard	71,000	Relocation	Huge
					12-year term, Digital design innovation firm to use space to serve as Global Experience Center for employees/guests
					Relocating from 45 Main Street, DUMBO
341 39th Street	Brooklyn	Sunset Park	50,732	New	Brooklyn Charter School
					Long-term deal; adding to 5 existing Brooklyn locations



Midtown - Grand Central

Top 10 NYC Investment Sales in 2022

Address Property Type	Submarket Neighborhood	Transaction Price	SF or # of Units Price/SF or Unit	Close Date	Buyer Seller
550 Washington Street	Midtown South Hudson Square	\$2,100,000,000	1,300,000 \$1,615/sf	Q1 2022	Google Oxford Properties Group / Canada Pension Investment Board
245 Park Avenue	Midtown Grand Central	\$1,800,000,000	1,586,860 \$1,134/sf	Q3 2022	SL Green Realty HNA Group North America
1 Manhattan West	Midtown Penn Plaza	\$1,400,000,000	1,029,000 \$1,361/sf	Q1 2022	Blackstone Real Estate (49% stake purchase) Brookfield Asset Management / Qatar Investment
77 West 66th Street	Uptown Upper West Side	\$485,000,000	287,822 \$1,685/sf	Q1 2022	Extell Development Silverstein Properties
450 Park Avenue	Midtown Plaza	\$445,000,000	337,000 \$1,320/sf	Q2 2022	SL Green Realty/South Korea & Israeli Institutional Investors Oxford Properties Group / Crown Acquisitions
47 West 66th Street	Uptown Upper West Side	\$324,000,000	347,053 \$934/sf	Q1 2022	Extell Development Silverstein Properties
1330 Sixth Avenue	Midtown Plaza	\$320,000,000	534,000 \$599/sf	Q4 2022	Empire Capital Holdings-led investment group Blackstone Group / RXR Realty
885 Third Avenue	Midtown Plaza	\$300,000,000	414,317 \$724/sf	Q3 2022	Memorial Sloan-Kettering Cancer Center (condominium) SL Green Realty (Master Lessee)
475 Fifth Avenue	Midtown Grand Central	\$290,000,000	276,000 \$1,051/sf	Q2 2022	RFR Realty Nuveen (TIAA-CREF-owned)
95 Morton Street	Midtown South West Village	\$288,000,000	203,412 \$1,416/sf	Q2 2022	Meadow Partners RFR Realty



BID Market Snapshots

Downtown Alliance - Lower Manhattan Real Estate Market Report | Q3 2022

Office leasing activity in Lower Manhattan increased 40% quarter-over-quarter — making it the third best quarter since the start of the pandemic as the neighborhood's recovery from the pandemic continues. The 180,000-square-foot relocation lease by law firm Freshfields Bruckhaus Deringer led the way among deal highlights from July through September. However, the uptick in leasing is offset by other indicators that represent a mixed picture overall as Lower Manhattan's recovery continues to lag behind the other Manhattan office markets. In contrast to Midtown and Midtown South where leasing activity was "sufficiently robust to surpass their five-year quarterly leasing averages, leasing in Lower Manhattan is still significantly below the five-year average." Further hindering the neighborhood's recovery is the continued tenant interest in newer Class A properties. Retail leasing continued a steady momentum, Lower Manhattan now home to as many retailers as in 2019, with the 53,000-square-foot **Tin Building by Jean-Georges** a highlight among new openings during the quarter. The residential market remained strong, but the effects of broader macroeconomic headwinds contributing to median sale prices dipping below \$1 million for the first time since 2019, while median rents in Lower Manhattan rose to a record high.

Source: <https://downtownnyc.com/research/lower-manhattan-real-estate-overview-q3-2022/>

Flatiron/NoMad - Flatiron & NoMad Economic Snapshot | Q3 2022

The pace of commercial leasing activity remained high for the third consecutive quarter resulting in total transaction and square-foot volume reaching 75 leases and 845,000 square feet —a quarter-over-quarter increase of 73.5% and nearly triple Q3 2019 levels. Office deal highlights were led by the 110,000-square-foot lease at 225 Park Avenue South by workflow management platform Monday.com for its expanded North American headquarters. The Flatiron and NoMad neighborhoods are proudly the home to the headquarters of nine local firms listed among Crain's New York's **2022 Fast 50** list — an industry ranking of the fastest growing businesses and startups. These firms saw revenues grow between 55% and 42.2% between 2018 and 2022, and collectively employ over 800 local employees. Return to office occupancy rates reached 52% in Q3 and subway ridership similarly rose with a 31% increase in turn-style exits from the neighborhoods' stations.

Source: https://flatironnomad.nyc/wp-content/uploads/2022/05/Q3-2022-Report_Final3.pdf



Brooklyn - Brooklyn Heights Area

Development Activity

REBNY Report: Quarterly New Building Construction Pipeline - Q3 2022

The Real Estate Board of New York (REBNY) released a report in December providing statistics based on examined new building job application filing submitted to the NYC Department of Buildings in the 3rd quarter of 2022, analyzing data for the three month period of July through September; and draws historical comparisons to provide an understanding of the current state of development in New York City.

Key Takeaways - Q3 2022							
Borough Breakout	Q3 2022 Filings	Yr-over-Yr Change	% of Proposed Construction SF	Borough	Q3 2022 Filings	Yr-over-Yr Change	% of Proposed Construction SF
Manhattan	7	61.1%	23%	Queens	101	-36%	31%
Bronx	36	100%	14%	Staten Island	127	19%	6%
Brooklyn	80	-47%	26%				
New Building Filings in Q2 2022	TTL Filings	% Change Qtr-over-Qtr / Yr-over-Yr		TTL Proposed Sq. Ft.		% Change Qtr-over-Qtr / Yr-over-Yr	
Citywide	351	-17% / -28%		6.4MM		-57% / -20%	
Construction Projects 300K-sf Plus	Q3 2022 Filings	TTL Proposed Sq. Ft.		% of Q3 2022 TTL Proposed SF		Qtr-over-Qtr Change of TTL %	
Citywide	3	2.0MM		31.5%		-7%	
Multiple Dweling Residential Q2 2022	Proposed Units	% Change Qtr-over-Qtr / Yr-over-Yr			New Buildings		% Change Qtr-over-Qtr / Yr-over-Yr
Citywide	3,346	-68% / -46%			78		-62% / -50%
Borough Breakout	New Buildings	Proposed Units / % of TTL		Borough	New Buildings	Proposed Units / % of TTL	
Manhattan	6	245/ 7%		Queens	23	954 / 29%	
Bronx	16	902 / 27%		S.I.	4	22 / 1%	
Brooklyn	29	1,223 / 37%					
Largest Proposed Projects by Borough - Q3 2022							
Borough	Address	Neighborhood	Sq. Ft.	Description			
Manhattan	343 Madison Avenue	Midtown East	982,000	780-foot-tall development yielding 750,400 sq. ft. of commercial space			
Bronx	171 West 239th Street	Kingsbridge	279,518	Proposed 76-foot-tall development yielding 260,681 sf. ft. of residential space			
Brooklyn	2797 Atlantic Avenue	Brownsville	363,172	14-story, 353-unit residential development			
Queens	28-90 Review Avenue	Long Island City	682,459	Proposed 158-foot-tall, 6-story development yielding 350,222 sq. ft. of manufacturing space			
Staten Island	2159 Richmong Terrace	Port Richmond	20,786	Proposed 1-story warehouse development			



Office Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
5 Hanover Square	Downtown	FiDi	63,000	IDEAL School of Manhattan (relocation)
1200 Sixth Avenue	Midtown	Times Square	670,000 486,000	Fox Corp. News Corp.
277 Park Avenue	Midtown	Plaza	93,000	M&T Bank (relocation)
2 Manhattan West	Midtown	Penn Plaza	71,000	Crowell & Moring (relocation)
260 Madison Avenue	Midtown	Grand Central	50,462	Metro-Goldwyn-Mayer Studios (former subtenant)
277 Park Avenue	Midtown	Plaza	50,000	Stepstone Group
350 Hudson Street	Midtown South	Hudson Square	177,000	Medidata Solutions (renewal)
124 East 14th Street	Midtown South	Union Square	85,000	Civic Hall @ Union Square (new)
159 West 25th Street	Midtown South	Chelsea	60,000	Jay Suites (new)

Lease - Outer Boroughs

Address	Borough	District	Sq. Ftge	Tenant
25 Kent Avenue	Brooklyn	Williamsburg	37,000	Mindspace (new)
341 39th Street	Brooklyn	Sunset Park	50,732	Brooklyn Prospect Charter School (new)
One Court Square	Queens	Long Island City	350,000	NYC School Construction Authority (relo/expansion)

Manhattan/Outer Borough Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
175 Water Street	Downtown	FiDi	684,000	252,000,000	99c LLC (One Seven Five Water LLC)
40 Fulton Street	Downtown	FiDi	250,000	\$101,000,000	David Werner
1330 Sixth Avenue	Midtown	Plaza	534,000	\$350,000,000	Empire Capital Holdings



Midtown - Times Square

Retail Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
2 Gold Street	Downtown	FiDi	14,838	Mind Body Soul Children's Society
610 Broadway	Midtown South	Greenwich Village	30,639	Adidas (renewal)
200 Lafayette Street	Midtown South	SoHo	18,353	Eataly (new)
1 Madison Avenue	Midtown South	NoMad	16,000	Daniel Boulud (new)
1 Bond Street	Midtown South	NoHo	13,155	LuisaViaRoma (new)
141 East Houston Street	Midtown South	Lower East Side	10,611	Flyfish Club (new)
1550-1556 Third Avenue	Uptown	Upper East Side	16,744	Barnes & Noble (new)

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
1948-1998 Bruckner Blvd	Bronx	Unionport	139,000	Target (new)
64 North 9th Street	Brooklyn	Williamsburg	11,900	Second City (new)
48-18 Northern Boulevard	Queens	Long Island City	65,000	H Mart (new)

Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
100 Pearl Street	Downtown	FiDi	21,432	\$8,062,936	Open Squash (condo)
102 Greene Street	Midtown South	SoHo	9,336	\$31,500,000	102 Greene LLC (tied to RFR Realty)
470 Broadway	Midtown South	SoHo	6,600	\$25,400,000	LNR Partners



For More Information Please Contact:

212.400.6060 • www.absre.com

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

We Build Partnerships That Last

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