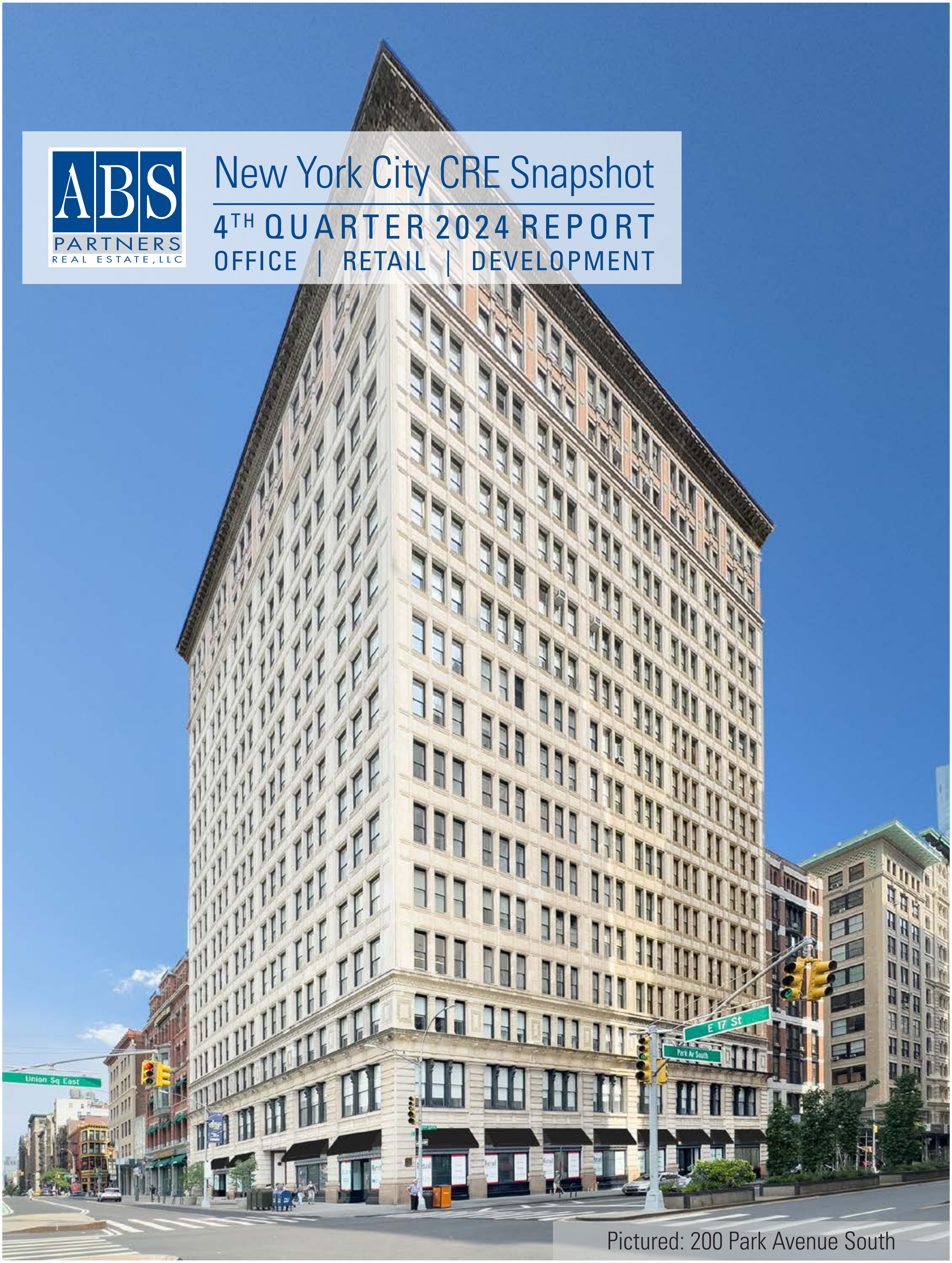
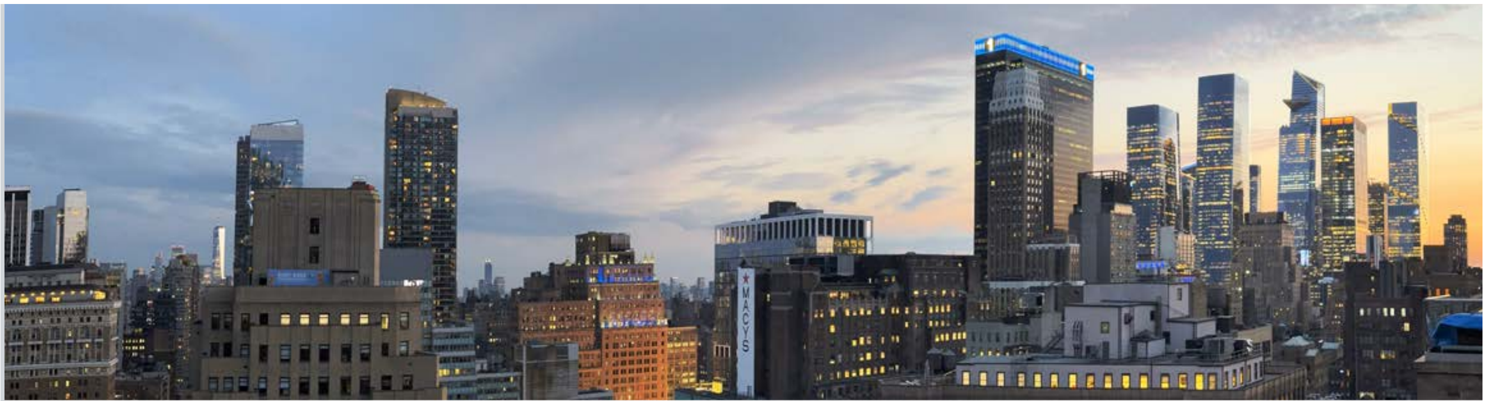
New York City CRE Snapshot

4TH QUARTER 2024 REPORT

OFFICE | RETAIL | DEVELOPMENT



Pictured: 200 Park Avenue South



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

Quarterly News Highlights*

General News

CRFB Report: The Fiscal Impact of the Harris and Trump Campaign Plans | October 7, 2024

Currently the national debt "stands at 99 percent of Gross Domestic Product (GDP) and is projected to grow from 102 percent of GDP at the start of FY 2026 to 125 percent by the end of 2035 based on the Congressional Budget Office's (CBO) current law baseline. The debt will exceed its record as a share of the economy – 106 percent set in 1946 – in just three years." However, according to a recently published paper by the Committee for a Responsible Federal Budget (CRFB), neither major Presidential candidate running in the upcoming elections has put forward a plan to address this rising debt burden. The results of a comprehensive analysis by CRFB of the tax and spending plans of presidential candidates Vice President Kamala Harris and former President Donald Trump, concluded that both candidates "would likely further increase deficits and debt above levels projected under current law." The United States' "large and growing national debt threatens to slow economic growth, boost interest rates and payments, weaken national security, constrain policy choices, and increase the risk of an eventual fiscal crisis." Based on CRFB's central estimate, the nation's debt would increase by $3.50 trillion and $7.50 trillion from FY 2026 through 2035 under respective plans of Vice President Harris and former President Trump. But due to a wide-range of uncertainty because of different interpretations and estimates of the policies, CRFB's low- and high-cost estimates of Vice President Harris' plan "could have no significant fiscal impact or increase debt by $8.10 trillion through 2035," while former President Trump's plan "could increase debt by between $1.45 and $15.15 trillion."

During the 2024 campaign:

- Vice President Harris has proposed to "significantly expand the Child Tax Credit and other individual tax credits, increase support for housing and health care, lower taxes on tips, and strengthen border security." She has also called for "spending and tax breaks for childcare, education, long-term care, preschool, paid leave, domestic research and manufacturing, and small businesses; and she has expressed support for extending expiring provisions of the Tax Cuts & Jobs Act (TCJA) for households making under $400,000 per year." Proposals to help offset her plan's costs include "increasing taxes on corporations and high-income households and reducing prescription drug prices." In addition, she supports the revenue-raising provisions in President Biden's FY 2025 budget, which would further increase taxes on corporations and high-income households." Based on the three levels of CRFB's estimates, Harris' plan would result in debt held by the public rising from 102 percent of GDP at the beginning of FY 2026 to a range of 125 percent of GDP to 144 percent of GDP by the end of 2035.

- Former President Trump "has proposed to modify and extend the TCJA, further cut taxes for corporations, increase military spending, strengthen border security, expand deportations and immigration enforcement, and increase support for housing, health care, and long-term care." He has also proposed "ending the taxation of tip income, overtime pay, and Social Security benefits." To help reduce his plan's costs, Trump "would impose new tariffs on imports; repeal energy- and environment-related spending, tax cuts, and regulations; cut fraudulent spending; and end the Department of Education." Based on the three levels of CRFB's estimates, Trump's plan would result in debt held by the public rising from 102 percent of GDP at the beginning of FY 2026 to a range of 128 percent of GDP to 160 percent of GDP by the end of 2035.

Sources: https://www.crfb.org/papers/fiscal-impact-harris-and-trump-campaign-plans

Improving REIT Stock Prices Could Fuel a New Wave of Acquisition Dealmaking | October 7, 2024

Recently improving valuations in publicly listed real estate companies could spark a rebound in mergers and acquisitions according to Blackstone's Jonathan Gray. Liquidity for real estate acquisitions could become available if recent rising stock prices among Real Estate Investment Trusts (REITs) in 2024 results in an issuance of new shares. The continued sluggish pace of investment sales transactions due to the hesitation of investors to sell in a slowly recovering commercial real estate (CRE) market continues to limit liquidity, which managers like Blackstone depend on to generate cash. However, Gray warns that despite a broader CRE recovery, office buildings burdened by heavy debt will continue to face "steep challenges," believing that one of the key factors behind the sector's struggles is the result of "many investors being caught off guard by the Federal Reserve's sharp rate hikes in 2022 and 2023, becoming too comfortable with historically low rates" and the "flawed assumption that recent conditions will continue." As a result, rising debt costs along with continued hybrid work have led to steep price drops within the office market. It is anticipated that many office owners will face "inevitable write-downs as debt deadlines approach, a process that could drag on for years; and while equity markets will feel most of the impact, regional banks may feel that impact as well.

Sources: https://www.credaily.com/newsletters/blackstone-s-jonathan-gray-sees-cre-recovery-but-office-struggles-ahead/

The Pace of AI Technology Growth Sparks Mixed Emotions Among New Yorkers | October 28, 2024

Since the late 2022 launch of ChatGPT by OpenAI, artificial intelligence (AI) has rapidly advanced into the mainstream and New York companies are jumping on it as evidenced by the proliferation of startups. Although New York is poised to capitalize on this latest "tech craze" since it is home to some of the biggest industries that will use AI, it has sparked concerns of the impact of the nascent technology. While the city is "the second most valuable tech hub in the world with an ecosystem worth more than $700 billion, according to the New York City Economic Development Corp. (NYCEDC), the potential of white-collar job loss exits. A report released in late June 2024 by Citigroup projected that "about 54% of jobs across banking have a high potential of being automated," affecting not only back-office positions, but also analysts, data processors, traders, and others. A separate study by data research firm Burning Glass Institute led to the prediction that both "finance and tech jobs — some of the highest-paying in the city would be the most vulnerable to elimination." At the same time, companies could see rising profits. Jaime Dimon, the chief executive at JPMorgan Chase "believes the technology will allow employers to shrink the workweek to just 3.5 days." In contrast, a recent Goldman Sachs report "questions whether AI will live up to its promise, both financially and in terms of complex problem solving."

Although AI has the ability to "analyze reports, write briefs, sift through mountains of data and generate images, often more efficiently than humans, the Citigroup report cautioned that the bank found in some cases, chatbots struggle to understand slang and they often have difficulty comprehending ambiguous questions. Furthermore, "since AI models are known to hallucinate and create information that does not exist, organizations run the risk of AI chatbots going fully autonomous and negatively affecting the business financially or its reputation." Those that are optimistic about the technology, which is perhaps the most disruptive ever for the human race, believe it promises to create jobs as well as eliminate them, while recognizing that certain turmoil can be created due to a possible shift in who's getting the jobs and who's not.

The time-tested resilience of New York City's economy has enabled it to ably navigate technological change; and although it is unclear at this juncture what is going to be the ratio of [job] transition to new creation, it is the role of the NYCEDC to "try to make sure that we support industry in a way that creates the most jobs that are accessible to the most diverse set of New Yorkers," according to statements by the organization's Executive Vice President and Chief Strategy Office Cecilia Kushner.

Sources: https://www.crainsnewyork.com/technology/how-ai-will-shape-new-york-future

Long Island City - View from East River Park

News Highlights (cont'd)

NYS Comptroller Report: MTA Financial Outlook | October 21, 2024

Contrary to one year ago when the Metropolitan Transportation Authority's (MTA) finances were in the best condition in years resulting in "all five years of its financial plan balanced," a number of operating and capital budgets issues over the past year have created new uncertainty for the transit agency that now "threaten" its newfound fiscal stability in the upcoming years. According to the report released by the New York State Comptroller's (OSC) office, the MTA forecasts a $428 million and $469 million budget gap in 2027 and 2028 respectively. Contributing to the gap is revenue generated by the subway and bus farebox no longer expected to keep pace with ridership recovery projections, and further diminished by continued fare evasion — particularly on buses. In addition, real estate-related tax revenues collected are expected to be lower, mostly from reductions in mortgage recording tax collections.

The OSC's report further points out that the new budget gaps in the out-years of the MTA's financial plan does not factor in "recent uncertainty over capital funding of the 2020-2024 capital program" sparked by the unexpected June 2024 pause of the congestion pricing program that created a $15 billion funding shortfall in that capital program; and without the pause being lifted or replacement revenue being provided could push the impact on its operating budget to as high as $640 million by 2027. Within the MTA's recently released 2025-2029 capital program, the risk to the operating budget due to the lack of funding has been "prudently laid out." Much of the approved $33 billion in unidentified funding "is expected to be closed by funding made available through the State Legislature in the upcoming legislative session," however, the Legislature may also "be faced with identifying a partial or full replacement of congestion pricing funds in the 2020-2024 capital program. In the event the funding requested by the MTA does not materialize, the OSC anticipates that "the choices MTA makes now will impact its system for years."

Sources: https://www.osc.ny.gov/files/reports/osdc/pdf/report-17-2025.pdf

Upper West Side Pilot Program Hopes to Improve Congestion and Pedestrian Flow | October 28, 2024

New York City has started the implementation of a pilot program intended to ease congestion and reduce conflicts between pedestrians, cyclists, drivers, and delivery trucks. Dubbed "Smart Curbs" the program that is the culmination of more than a year of planning and outreach will span the Upper West Side's area between West 72nd and 86th Streets bound by Broadway and Central Park West, which was selected because of the neighborhood's density, low rate of car ownership, and rising demand for a variety of different curb uses. The most notable changes as part of the first phase implementation, which will last through the end of the year, include the "creation of six new truck loading zones where passenger parking will be barred during daytime hours, and 21 neighborhood loading zones reserved for either commercial or passenger cars that are actively unloading or loading — including taxi pick-ups and drop-offs." In addition, 30 new bike corrals will be installed and a public space with benches and planters in the curb lane of Columbus Avenue near West 72nd Street. Some 100 parking spaces that are currently free will become metered during the day for commercial vehicles, but the Department of Transportation (DOT) will remove a rush-hour rule that restricted parking along the west side of Columbus Avenue on weekday mornings.

Starting in 2025, the implementation of the second phase of the pilot program will entail creating curbside "hubs" for electric-vehicle charging and local deliveries aimed to provide a place for parcels to be transferred from trucks onto bikes or handcarts for their last leg of delivery. In addition, 80 free parking spaces will become metered for passenger vehicles, affecting a small percentage of the 2,500 total parking spots on the Upper West Side. The program aims to prioritize curb use — one of the cities' most valuable assets, based on community needs, and not just first-come, first-serve; and although the city is not committing to expanding the program to any particular areas, the DOT will take a similar approach to study the curb needs of other neighborhoods and commercial corridors.

Sources: https://www.crainsnewyork.com/politics-policy/nycs-curbs-future-will-take-shape-manhattan

Gov. Hochul Gives a Green Light to the MTA's Congestion Pricing Program | November 14, 2024

On Thursday, November 14th, Governor Hochul officially announced her approval to move ahead with the launch of the Metropolitan Transportation Authority's Congestion Pricing Program, having unexpectedly paused the scheduled June 2024 rollout just weeks before. Perhaps not the best political move short-term, but on merit, congestion pricing is correct — "vehicles should pay for entering traffic-clogged corridors accessible by public transit." Without some sort of toll implementation, the gaping holes in the MTA's capital budget will remain; and potentially lead to further deterioration of the subway and bus system. Manhattan's Congestion Relief Zone "covers 60th Street and below, encompassing the Lincoln, Holland, Hugh L. Carey and Queens Midtown tunnels, and the Queensboro, Williamsburg, Manhattan, and Brooklyn Bridges." As part of the approval, the $15 toll price will be lowered to $9, which will be charged to most drivers entering the Congestion Relief Zone during peak hours — 5 a.m. to 9 p.m. on weekdays and 9 a.m. to 9 p.m. on weekends. Exemptions were previously "carved out for emergency and government vehicles, school and commuter buses, low-income drivers and those with medical conditions that prevent them from taking mass transit. The $9 e-pass fee is locked in for the next two years, and starting in 2028, the MTA can then raise it to $12 according to the Governor's office. The MTA has provided a link on the Congestion Pricing home page providing information and application forms related to toll discount and exemption eligibility.

In response to the 40% lower toll price, previous reports indicated that the Governor believes "the MTA could bond the rest and make up the shortfalls." It is anticipated that the program could launch as early as the new year – updated press notes Gov. Hochul is aiming for midnight on January 5, 2025, however the new pricing structure must pass a vote by the MTA board, which has its next scheduled meeting on Monday, November 18. "It also has to go through a federal review process, and the scanners need to be tested before a start date can be set." Without the program moving forward, future expansions and upgrades could be increasingly delayed due to the priority of more urgent projects just to keep the system running. It is also possible some planned projects that will benefit people living in areas with limited public transportation, such as the Second Avenue Subway extension to 125th Street and the 14-mile Interborough Express (IBX) project could also be imperiled, the latter project adding a new transit light-rail line along an existing freight railway between Brooklyn and Queens, intended to reduce travel time for those that commute to jobs within those boroughs. Other cities that have successfully implemented a congestion pricing concept include Singapore, Milan, Stockholm, and London, which initiated a tolling zone in 2003 that was furiously opposed at first, but over time, the ill feelings dissipated as locals became used to paying the tolls. While London's program has largely been successful in improving air quality and contributed to a long-term dramatic decline in central London traffic volumes, Alexander Jan, the Chairman of two central London BIDS cautioned back in June that should a toll program in New York move forward, in addition to the environmental benefits, it is crucial to ensure those paying the toll continue to benefit from less congested roadways within the zone. It is also important that locals are able to see that the money generated from the new toll paid by them has been well spent and continues to elevate New York City's transit network.

Sources: https://www.cbsnews.com/newyork/news/nyc-congestion-pricing-new-start-date/

https://www.crainsnewyork.com/transportation/hochul-will-revive-congestion-pricing-9-dollar-toll

https://www.governor.ny.gov/news/what-they-are-saying-elected-and-community-leaders-support-governor-hochuls-plan-fund-transit

East River Park View of Midtown and Queens

News Highlights (cont'd)

NYC Drought Level Elevated to Warning Status Due to Extended Lack of Precipitation | November 18, 2024

New York City's longest rainless streak in recorded history has prompted Mayor Adams and the New York City Department of Environmental Protection (DEP) to elevate the citywide drought watch to a drought warning — the second of three levels of Water Conservation Declaration possible by the city. According to the press release by the Mayor's Office, the lack of rain and an exceptionally warm fall has reduced the city's reservoir system to only 63% capacity; and will require almost eight inches of rain to reach normal levels. As a result, decisions were made to pause, until next year, the final phase of the DEP's $2 billion Delaware Aqueduct Repair Project, an 86-mile pipeline that delivers half of the city's water supply from the Catskill Mountains. The lack of rain upstate has diminished water reserves across all reservoirs to levels below where they need to be to complete the project in the spring, but the pause will enable the city to begin the process of reopening the aqueduct to resume the flow of water from four additional reservoirs.

Further city and statewide water-saving measures are being implemented, while urging New Yorkers to also do their part to not only conserve water but to be particularly cautious of sparking brush fires – several of which have recently clouded the city with smoke. Over the years, successful conservation efforts by New York City have reduced its average daily water demand by approximately 35%, lowering from the 1979 peak of 1.5 billion gallons to an average of 1.1 gallons a day, and under 1 billion gallons during the winter months. Nearly 10 million New York residents, including 8.3 million in New York City, are delivered water from a watershed that extends more than 125 miles from the city. Managed by the DEP, it is the nation's largest municipal water supply system which is comprised of 19 reservoirs and three controlled lakes, and approximately 7,000 miles of water mains, tunnels, and aqueducts that bring water to homes and businesses throughout the five boroughs.

Sources: https://www.nyc.gov/office-of-the-mayor/news/839-24/mayor-adams-elevates-drought-level-warning-pauses-delaware-aqueduct-repair-project-orders-city#/0

The 'Great White Way' Heads into Holiday Season on a High Note | November 27, 2024

With the winter holiday season quickly approaching, for the week ending November 24th Manhattan's 'Great White Way' boasted its third busiest week since 2019, as theaters saw grosses of $37.5 million, representing a nearly 9% increase year-over-year. According to the latest data from The Broadway League and an analysis of attendance figures by the New York City Economic Development Corp. (EDC), ticket sales pushed the four-week box office average to exceed prepandemic numbers and attendance is up 30% over the last 12 months. While "it's too early to say with certainty whether Broadway's fall will translate to continued success for the rest of the season," thus far on a season to date basis Broadway has "brought in about $860 million" and "attendance for the season just broke 7 million" — a 12% increase from the same time last year for both figures.

Sources: https://www.crainsnewyork.com/arts-entertainment/broadway-attendance-improves-wicked-highest-grossing-show

New York's Clean Energy Sector Growth Surged in 2023 | Dec 5, 2024

According to the 2023 Annual Green Jobs report released in October by the New York State Energy Research and Development Authority (NYSERDA), 2023 job growth within the state's clean energy sector totaled 7,700 new jobs. The sector's current 178,000 jobs is a 22% increase from last year; and among them, 4,400 jobs, which represent the bulk of new jobs between 2022 and 2023, are in the areas of building decarbonization and energy efficiency. Compared to the statewide economy, job growth within the clean energy sector grew twice as fast between 2022 and 2023. Other highlighted gains within the report indicated that:

- On average, clean energy workers tended to have higher wages and benefit rates than their peers working in non-clean energy roles of about 7% on a median wage average.
- Investments into clean energy companies reached nearly $4 billion, of which $6.2 billion was invested in 2023.
- Although the public sector has traditionally financed the majority of the sector's efforts, private sector investment has steadily increased over the last three years, accounting for 38% of the total invested in 2023, which includes a $1.2 billion investment into wind and solar by Midtown-based ReEnergy.
- Investment into fully developed products to market accounted for 92% in 2023, versus products still undergoing research and testing.
- Clean energy jobs generated roughly $322 million in state and local taxes on production and imports, and almost $314 million in federal taxes.

However, uncertainty sparked by a second term of the Trump administration has cast some concerns for continued future growth in the sector since the President-elect's "first administration slashed spending for climate-oriented federal agencies and the local initiatives they helped to fund." Among some of the clean energy firms that are already taking precautions, news reports earlier in December announced decisions by French oil and gas firm TotalEnergies SE to pause the development of a wind farm off the coast of Long Island. Already challenged by soaring costs and supply chain issues, the probability of the U.S. achieving President Biden's goal of creating an offshore wind industry reaching 30 gigawatts by the end of the decade has increasingly become unlikely.

Sources: https://www.crainsnewyork.com/climate/new-york-clean-energy-jobs-boom-could-wilt-under-trump

Brookfield Properties Shifts to Nuclear Power for its Mid-Atlantic Portfolio | Dec 6, 2024

Continued efforts towards reducing carbon emissions have motivated decisions by Brookfield Properties to tap into electricity sourced from regional nuclear power plants. A contract signed with San Diego-based Calpine Energy Solutions will enable Brookfield to draw expected electricity usage for its 40-building portfolio within the mid-Atlantic region from the local PJM Interconnection grid, which coordinates the movement of the energy, from its supplier which "sources three to four nuclear plants that feed that grid network, depending on demand." The shift in power sources would reduce the mid-Atlantic portfolio's greenhouse gas emissions by over 85%. Recently, there has been a resurgence of popularity for the use of nuclear power as a green energy source. In contrast to utility electricity grids that "typically draw energy from various points of supply, including renewable sources and fossil fuel-based systems," "nuclear plants generate power by creating heat used to make steam that spins a turbine to produce electricity, according to the U.S. Energy Department." "Ambitious sustainability goals" are increasing among property investors and tenants, prompting a growing number of companies to make sustainability a serious consideration when seeking office space.

Sources: https://product.costar.com/home/news/1271929820

Cost of Living for NYC Residents Falls to Lowest Level Since 2008 | Dec 18, 2024

Although for at least the last 15 years the cost of living in New York City hasn't been cheap but recent data released by the Bureau of Economic Analysis indicates that while the metro area rate of 12.5% remains above the 2023 national average, it's the lowest since at least 2008. The relative cost of living in New York ranged 13% to 15.5% above the U.S. average from 2008 to 2022. The impact of widespread pandemic-era inflation shock across the country was also highlighted revealing that areas such as Florida, Arizona, Georgia and the Carolinas that became more attractive destinations during the pandemic, saw the fastest increases in prices in recent years. Among the cost-of-living categories, the city's "relative cost of living suffers in particular from high goods prices — a category that includes food and fuel, ranking second in the country behind the San Francisco metro area, while New York's services costs and housing costs ranked the 6th highest and 14th highest respectively.

Sources: https://www.crainsnewyork.com/economy/nyc-cost-living-drops-lowest-2008

Immersive Art Installation Celebrates the Nearing 250th Anniversary of the U.S. | Dec 14, 2024

In the spring of 2025, an immersive public art installation will open at Freedom Plaza in Midtown East. The 'Path of Liberty: That Which Unites US' exhibit made possible by the Soloviev Foundation, will span six acres from 38th to 41st Street along First Avenue. Filmmaker Daniella Vale captured portraits and interviews of a diverse group of people as she traveled the country, and under her direction, will be displayed on 45 large-scale screens designed by multi-special creative studio C&G Partners. The multi-media installation of photographs, audio stories, documentaries and interactive elements explore America's founding principles of liberty and equality through personal experiences, highlighting the resilience of the nation's citizens as it celebrates its 250th anniversary. Freedom Plaza is the Soloviev Group's proposed mixed-use casino development — one of several other submissions by developers vying for one of the three new casino licenses approved by the New York State Legislature in 2022. Located adjacent to the U.N. Building, the proposed design for the 6.7-acre waterfront site will include a mix of two hotels connected to a below-grade gaming area operated by Mohegan, retail and restaurants, a 4.77-acre public open waterfront space, an in-park Museum of Freedom and Democracy, and much needed affordable housing.

Sources: https://newyorkyimby.com/2024/12/new-immersive-art-installation-announced-for-freedom-plaza-in-midtown-east-manhattan.html

'Making New York Work for Everyone' Initiative Two Years Later | Dec 16, 2024

Efforts by both the city and state to "develop actionable strategies for the recovery and resilience of the city's commercial districts" following the pandemic resulted in the creation of the "New" New York panel composed of 57 civic leaders ranging from labor leaders to tech executives to real estate developers. The final 40 initiatives released in December 2022 within the 'Making New York Work for Everyone,' report charted a way forward and collectively represented an "integrated vison of how New York can establish itself as the best place to work in the new world of the 21st Century." Although the panel is less active, meeting only once in 2023 versus the more than "four meetings and hundreds of expert interviews that were conducted for the 2022 report," strides have been made. Cited among them are a pending rezoning that will help evolve Midtown into more of a 24/7 neighborhood, office-to-residential incentives introduced at both the city and state levels, and the lifting of a cap on residential density to open the door to much needed affordable housing development. In addition, through the approval of Mayor Adams' three City of Yes plans, zoning change recommendations to boost business growth, and housing and green-energy projects were achieved this year. According to the article by Crain's New York, other promises from the report made good by city and state leaders include:

- Adams named Ya-Ting Liu as the city's first public realm officer — a position suggested by panelists.
- Fifth Avenue in Midtown will finally be redesigned to expand pedestrian space.
- The Adams administration is dismantling more sidewalk sheds.
- The administration is testing out ways to tame chaotic curbs.
- City Hall is investing in more sustainable freight systems.

While there is still much to accomplish, the report "helped focus the city and state's efforts, and the mayor and governor's work collaborating together" in a kind of partnership that is somewhat of an 'anomaly' in New York politics — citing the recent approval of the 'City of Yes' housing plan made "possible by Governor Hochul's "last-minute $1 billion commitment for city council funding priorities" according to reported statements by B.J. jones, the "New" New York panels current executive director. Kathryn Wylde, the president of the Partnership for New York City further pointed out that the report "is valuable because it helps set the agendas" for the people who really effectuate these policies and implement them, such as the deputy mayors and the commissioners; as well as hold politicians to their commitments, citing Governor Hochul's inability to abandon the congestion pricing program entirely, since "firmly support congestion pricing" was the 25th initiative within the 'Making New York Work for Everyone' report. Although other "ambitious ideas have yet to materialize" and the "city's pandemic recovery has been both impressive and uneven," Wylde points out that the planning efforts helped create a coalition that could push for difficult policies and a constituency that has been actively lobbying for the agenda."

Sources: https://www.crainsnewyork.com/politics-policy/new-new-york-plan-2-years-later-progress-and-unfinished-business

Midtown South - Lower East Side

News Highlights (cont'd)

Office Market

Google Retains 300K-sf Footprint at 85 Tenth Avenue | October 9, 2024

As a tenant since 2014, online search giant Google has opted to retain its 300,000 square feet of office space at one of the former Nabisco factories located in Manhattan's Chelsea neighborhood. The 8-year renewal at 85 Tenth Avenue, which is located directly across the street from 75 Tenth Avenue — the Google-owned Chelsea Market, had an asking rent of $100 per square foot. Google initially leased 180,000 square feet in 2014 at a net effective rent just under $77 per square foot through a deal that included an option to expand another 180,000 square feet upon space occupied by the Federal Government being vacated the following year according to press at the time. Over recent years, Google's presence in the area has significantly expanded since establishing its Manhattan headquarters with the acquisition of 111 Eighth Avenue in 2010 for $1.77 billion. In 2013 the firm leased space at the Chelsea Market, subsequently purchasing the 1.2 million-square-foot building for roughly $2.398 billion in an all-cash deal in March 2018; and in 2015, committed to about 250,000 square feet at Pier 57, a former marine terminal that has since been redeveloped into a mix of office and retail space. More recently, in 2019, Google acquired the approximately 281,361-square-foot Milk Building at 450 West 15th Street, which offered the convenience of a bridge connection to the Chelsea Market.

Further expansion in the surrounding area included the creation of a new $1 billion campus for the Alphabet-owned company's Global Business Organization, leading to a 1.24 million-square-foot lease for the entire south-end portion of 550 Washington Street. The south-end portion of the former St. John's Terminal building has since undergone a major redevelopment and vertical expansion, Google opting to exercise its option to purchase, paying roughly $1.973 billion in January 2022. As part of the new campus, an additional 280,000-square-foot and 180,000-square-feet was initially leased at 315 and 345 Hudson Streets respectively in 2018, but currently Google is trying to sublease "300,000 square feet for the final two years of its deal" at the latter address.

Sources: https://therealdeal.com/new-york/2024/10/09/google-renews-lease-at-vornado-relateds-85-tenth-avenue/

Latest Extension/Expansion Deal Brings Seagram Building to Near Full Occupancy | October 15, 2024

Anchor tenant Blue Owl Capital recently signed a lease extension that will increase its footprint in the approximately 860,000-square-foot Seagram Building to nearly 240,000 square feet. The global alternative asset manager initially relocated to 375 Park Avenue in 2022 from nearby 399 Park Avenue, upon signing a lease for 137,600 square feet spread across the entire 2nd through 5th floors that features two private 5,000-square-foot terraces on the 5th floor. In 2023, Blue Owl added 31,597 square feet on the 6th floor and the latest extension includes a further expansion of 70,076 square feet on the entire 16th through 19th floors, bringing occupancy within the 38-story tower to nearly 100 percent. Terms of the lease were not released. Tenant amenities at the building include the "Seagram Playground," a 34,000-square-foot space included in 2022 that includes a "court for basketball, pickleball, floor hockey and other sports; a rock-climbing wall; a townhall featuring bleacher-style seating that can accommodate 240 people; and a 40-seat executive boardroom."

Sources: https://product.costar.com/home/news/943927573

Bloomberg LP Signs 925K-sf Renewal/Expansion Deal on Third Avenue | October 17, 2024

Just five months following the announcement of Bloomberg LP's lease extension of its 946,815-square-foot space at 731 Lexington Avenue, the media organization has made headlines again following anther block-buster deal. Currently occupying 749,035 square feet on floors 2 through 18 and 28 through 33 at 919 Third Avenue, Bloomberg LP's recent signing extends the firm's existing lease for 11 years starting March 1, 2029. Simultaneously, a new 15-year lease was signed for an additional 175,841 square feet spread across the entire 35th floor, the 41st through 44th floors, plus a portion of the 34th floor, bringing Bloomberg LP's total footprint to 924,876 square feet, while boosting occupancy at the 47-story tower to over 92%. Initially establishing an office at the building in 2015 following a 15-year lease for 254,556 square feet, approximately one year later, the company expanded by 204,442 square feet; and in 2021, secured a further expansion of 191,207 square feet of floors 28 through 33. Located about three blocks south of Bloomberg LP's Lexington Avenue headquarters, unlike the resulting commitment to spend up to $124 million on building-wide improvements by Vornado Realty Trust as part of Bloomberg LP's lease extension deal in May, SL Green Realty "isn't required to offer upgrades or improvements to 919 Third other than replacing long-term equipment" according to reported statements by a spokesperson, the press release by the REIT further noting that the building recently completed "an extensive renovation of the building lobby, entrances and elevator cabs."

Sources: https://nypost.com/2024/10/16/business/bloomberg-widens-footprint-at-p-j-clarkes-building-to-boost-sagging-midtown-corridor/

https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-signs-925000-square-foot-renewal-and-expansion-lease

New York University Revealed as 1.1M-sf Lessee at 770 Broadway | November 5, 2024

The post-pandemic period brought several announcements by major technology firms of plans to downsize, including Facebook. Decisions earlier this year by Facebook parent company Meta resulted in a downsizing of its footprint at 770 Broadway to about 500,000 square feet following decisions to not renew 275,000 square feet of space under a lease that expired in June, pushing vacancy higher at the approximately 1.2 million-square-foot building. However, two months later, the reported announcement of a "handshake" deal for long-term master lease with an unidentified "user" being reached by landlord Vornado Realty Trust delivered welcomed news. More than 1 million square feet of office space within the Greenwich Village property would be covered under the master lease, with Vornado retaining the 82,000 square feet of retail space spanning the ground and lower levels currently occupied by Wegmans under a 30-year lease secured in 2021. Recently, New York University (NYU) has been identified as the lessee, having agreed to lease 1.1 million square feet of office space; and as part of the deal has the option to buy the building in the 30th and 70th year of the lease. Although full details of the yet to be finalized deal were not released, NYU will pay an undisclosed portion of the rent upfront – but it will be enough to "allow Vornado to pay off its $700 million loan on the property. The REIT also indicated that the master lease is "envisioned to start in January and last for at least 70 years." According to reported details from a Vornado filing, "Meta Platforms and Yahoo paid an average of $113 per square foot last year," suggesting that a similar rent would suggest about $125 million in annual rent revenue.

Sources: https://www.crainsnewyork.com/real-estate/nyu-lease-most-vornados-770-broadway

https://therealdeal.com/new-york/2024/11/05/nyu-taking-over-vornados-770-broadway/

View of Midtown from Williamsburg

News Highlights (cont'd)

Push for RTO Mandates Heighten within Corporate America | October 25, 2024

Since the mid-September announcement by Amazon of decisions to reinstate a five-day-per-week return-to-office (RTO) requirement to take effect January 2, 2025, there have been several headlines of employee push back, with some taking legal action. In response, "Amazon Web Services CEO Matt Garman last week suggested workers who do not wish to return in-person should find other jobs." The challenge of the daily commute is among one of the top reasons workers favor remote policies. The leaders at some companies that continue to support the flexibility of a hybrid policy believe it increases productivity according to cited statements by Chris Gladwin, the founder of Chicago-based data analytics firm Ocient, who points out that the time the company's employees save by not having to commute is devoted to work. But that is not always the case, previous reports indicate that while some work additional hours due in part to the loss of boundaries between the office and home, other remote workers use the extra time for non-work-related activities. In contrast, those supporting RTO, such as the cited argument by Michael Gibbs, a professor at the University of Chicago Booth School of Business, whose extensive research on remote work and how it affects productivity has led to his conclusion that "if companies do not bring workers back to the office, 'the intangibles are going to suffer over the long run. Your losing corporate culture. You're losing people's attachment to their work and colleagues. These kinds of things matter.'"

According to the latest U.S. Bureau of Labor Statistics (BLS) employment report, telecommuting increased over the last year, while the percent of fully remote workers and hybrid work increased 11% and 29% respectively since September 2023. With the understanding that "no metric for tracking office data is perfect," separate datasets by management Kastle Systems, which tracks badge swipes at its buildings, and the Real Estate Board of New York's latest office occupancy report based on the analysis of cell phone data from Placer.AI have yet to "suggest any recent seismic shift in the number of workers going into offices." However, the lack of any significant change "could just be because the latest round of changes to remote work is still in its infancy" and therefore not reflected in the data. Amid the increase of reported opposition by employees to a further limitation of full remote and hybrid policies, or even total elimination by employers, the question arises as to whether or not employers can force workers to return to the office. According to an August 6, 2024 post by Halunen Law, "except in rare cases, return-to-office mandates do not qualify as harassment or discrimination, meaning an employer can require you to work in the office." The post further points out that those employees refusing to comply with a company's changed RTO policies risk losing their jobs, since "most employees in the United States work-at-will, which means their employer can terminate them for any legal reason, at any time, without facing liability, unless your employer hired you in a role specifically designated as a remote position, you have a contract in place, or you have a disability that requires accommodation, options are limited." Looking ahead, time will only tell if the resurgence of the latest RTO push will finally bring an end to work-from-home (WFH) practices as predicted by "some big-name business leaders."

Sources: https://nypost.com/2024/10/16/business/bloomberg-widens-footprint-at-p-j-clarkes-building-to-boost-sagging-midtown-corridor/

https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-signs-925000-square-foot-renewal-and-expansion-lease

The Flight-to-Quality has Yet to Benefit the Redeveloped Domino Sugar Refinery | November 4, 2024

A year after completing the redevelopment of the historic former Domino Sugar Refinery into a high-end, state-of-the-art office building, the 450,000-square-foot structure built inside the factory's former façade is only about a quarter leased. In October 2023 high-end fitness chain Equinox leased 42,000 square feet— the first signing at the landmarked building since its reopening. Two Trees, a Brooklyn-based family company founded in 1968, acquired the 11-acre factory site for $185 million in 2012; and since then, has spent $2.5 billion to redevelop the Williamsburg waterfront site that now hosts three residential buildings, one condominium tower, another smaller office building, an outdoor amphitheater, some retail, and a 5-acre public waterfront park. The historic landmarked refinery is the centerpiece of the mixed-use complex and was constructed from the inside out, with pin oak trees filling the 15-foot gap between the old walls of the existing structure and the new, all-electric building.

Efforts to secure office tenants in the wake of the pandemic has been described by Two Trees' Chief Executive of Management, Jed Walentas as "wildly challenging," acknowledging that the mix of startups currently making up the roster of office tenants "could go 'poof' tomorrow. Many developers anticipated that the "seemingly insatiable demand for office space" by technology companies that occurred after the pandemic hit would continue, prompting developers in places such as Brooklyn, the West Midtown Section of Atlanta, and the RiNo neighborhood of Denver to push forward with office construction on speculation. However, in subsequent years there was a reversal of leasing activity as technology and other companies downsized their office space, and "many of those buildings are still waiting for tenants."

Among those companies that have signed new leases, it's for space close to traditional markets where landlords are offering months of rent concessions and other incentives. Walentas' confidence has waned of the possibility of leasing the entire building to a high-profile tech company, or that "large companies weary Manhattan's expensive office market" would be eager to relocate and "get closer to Brooklyn's robust pool of highly skilled workers." Although Walentas no longer "believes a large corporation will move its Manhattan headquarters to Brooklyn, especially if the CEO doesn't live there" and its employees would need to commute from the Tri-state area, he does "believe a Fortune 500 company based in Manhattan will eventually open a satellite office in Brooklyn," making the economics work out in the long term.

Sources: https://www.wsj.com/real-estate/commercial/an-old-nyc-sugar-factory-is-now-a-swanky-office-its-still-waiting-on-tenants-5d3424af

Brooklyn - East River View of the redeveloped Domino Sugar Refinery, Williamsburg

Lower Manhattan - View form Governors Island

News Highlights (cont'd)

A Shift in Rent Prices Post-Pandemic Sparks a New Attraction for Manhattan's Class B Buildings | November 25, 2024

While the phrase 'flight to quality' frequently surfaces when describing office market trends, others within the real estate industry point out that all Class B buildings shouldn't be painted with the same brush; and that the "zeal for redevelopment of these unfussy structures may be misplaced." Recently, a "small but steady stream of midsize firms" that have been based in the outer boroughs for years are taking a closer look at Manhattan's Class B buildings since rent prices are still below pre-COVID levels at many addresses. Although these buildings are not as new or offer the variety of amenities that Class A buildings do, the price point is a major factor in decisions to relocate to Manhattan. This new interest has presented a "bit of a silver linings for a subsector often written off as obsolete," since the rent reductions are allowing deals that would not have been possible five years ago. Furthermore, the "cost savings are only a part of the equation," companies finding that "even more than in past years, a Manhattan address is a tool for recruiting employees" who may have relocated to the suburbs during the pandemic and now need to commute;" and others point out that as startup businesses scale up, they "want the more formal corporate presence that Manhattan exudes."

Citing as example:

- **Wellcom Worldwide** which established an office in DUMBO at 175 Pearl Street after being disillusioned by the asking rents for office space of $90 per square foot the firm was encountering before the pandemic, but recently the ad agency struck a deal to relocate across the river to a full 24,000-square-foot floor at 16 Madison Square West. Although the rent was just slightly lower than the $65 per square foot cost at the company's former 43,000-square-foot space in DUMBO, it was about half of what Wellcom was seeing pre-COVID.

- **Rising Ground**, a social services provider that similarly made the shift to Manhattan, taking a full floor 30,000-square-foot space at 1333 Broadway. The new lease enabled the nonprofit to consolidate two administrative teams — one in Downtown Brooklyn and the other in Westchester County; and since the $40 per square foot deal was structured as a 30-year "leasehold condo" the firm will avoid real estate taxes.

- **Terra Kaffe** relocated this summer to 5,000 square feet in Chelsea at 36 West 25th Street, more than doubling its footprint from a 2,400-square-foot space the firm had occupied in Greenpoint, Brooklyn. The mid-block building with an unattended lobby offered improved transportation access due to its proximity to transportation hubs, which became more necessary for the firm that has been growing since its launch in 2018. In addition, a possible rent savings may have also been a factor, the Greenpoint space cost the seller of high-end home espresso machines $45 per square foot and was scheduled to increase to $52 per square foot, compared to rents averaging about $40 per square foot at the 25th Street building according to what brokers say.

- **David Energy Systems** relocated to an 8,000-square-foot space at 200 Varick Street in Hudson Square, a former printing press site circa 1924. A $23 million funding round in September, enabled the five-year-old clean energy power provider to upgrade from 417 Grand Street — a 4-story, mixed-use midblock property in Williamsburg.

These examples show that regardless of the current connotation of the phrase 'flight to quality', Class B buildings continue to be an important and competitive asset within Manhattan's office market. For some companies, the 'flight' does not have to be about a switch in asset classes, it can simply represent a move to an improved situation from where they have relocated from.

Sources: https://www.nyc.gov/office-of-the-mayor/news/839-24/mayor-adams-elevates-drought-level-warning-pauses-delaware-aqueduct-repair-project-orders-city#/0

Midtown - View from Williamsburg

News Highlights (cont'd)

WeWork Signs 304K-sf Lease for 34th St Space to be Occupied by Amazon | December 2, 2024

A recent deal for roughly 304,000 square feet at 330 West 34th Street has a somewhat unusual twist. Although the lease was signed by flexible space provider WeWork, the space will be occupied by e-commerce giant Amazon. News of the transaction comes at a time when Amazon employees are expected to return to the office five days a week beginning January 2nd, the company joining a "slew of major employers, including Dell Technologies and banking heavyweight Citigroup, that have also announced stricter in office mandates." A rising "return to office mentality" amongst a growing number of companies is "bringing a lot more people back and forcing some of these existing tenants to come back into the market," having previously shed office space that they now need to recapture. However, as hybrid and fully-in-office companies adjust their space needs, shorter term leases for flexible workspace have become an increasingly preferred option.

Sources: https://product.costar.com/home/news/975075250

For One Landlord, Attracting Tenants is All About the Buzz | December 2, 2024

When you own a 1980s-era office building located in what has been described as "one of the least alluring parts of the Financial District," you've got to think far outside the box to fill the vacant space. In 2022, 99c LLC purchased the 31-story, approximately 700,000-square-foot vacant building at 175 Water Street, which had previously served as the headquarters of AIG. A $165 million loan financed the $252 million transaction.

Many tenants within the building "are signing discounted two-year leases, one paying as little as $11.20 per square foot; and although third-year options would see rents double, it's still a bargain compared to the reported Downtown average of about $57.16 per square foot. Rebranded as WSA, for Water Street Associates, with a new address of 161 Water Street, the space inside the "particularly corporate" building has been transformed into a "place where artists schmooze with editors and curators, then stop for elevator selfies" according to an April 2024 article by Curbed. The interiors were overseen by the building's creative director Gabriella Khalil, attracting marketing firm Something Special Studios which relocated from the Lower East Side. Due to the buzz that the building generates from the high-profile events that unfold at night on a regular basis, getting an office space there requires joining a waiting list.

What has been described as a "transformative renovation" enabled ownership to benefit from a $41.3 million tax incentive awarded in January 2024 by the New York City Economic Development Corp. (NYCEDC) and the New York City Industrial Development Agency (NYCIDA) through the Manhattan Commercial Revitalization Program (M-CORE) and $39.8 million in additional tax breaks. The estimated $150 million redevelopment of the property will deliver production facilities, art galleries, restaurants, bars, and a four-level department store with FACT (fashion, arts, creative and technology) tenants being specifically targeted.

Sources: https://therealdeal.com/new-york/2024/12/02/strategy-at-175-water-discount-while-office-tenants-dig-in/

https://www.curbed.com/article/161-water-street-associates-gabriella-khalil-office-building.html

Midtown South - SoHo

News Highlights (cont'd)

Retail Market

Ireland-Based Clothing Retailer to Debut Its First Manhattan Store in THE PENN DISTRICT | October 8, 2024

Primark, an international clothing retailer based in Dublin, Ireland will be opening its first Manhattan location at 150 West 34th Street. Primark's new Herald Square store will establish the retailer's 11th New York location, with the nearing opening of its 54,600-square-foot store at Queens Center, 90-15 Queens Boulevard, having signed a lease in early 2023. The 3-story, 78,760-square-foot building located between 6th and 7th Avenues is part of Vornado Realty Trust's PENN DISTRICT, which has been undergoing a major revitalization. Currently the home of Old Navy, where according to city records, they have been located since 1998. The Gap Inc-owned clothing brand last renewed its lease in 2018, press releases at the time announcing the short-term 5-year renewal at a "significantly higher cash rent" with no further renewal options. Vornado purchased the property in 2015 for $355 million.

Source: https://investors.vno.com/news-releases/news-release-details/vornado-realty-trust-announces-primark-will-open-its-first

Source: https://www.amny.com/news/primark-new-york-flagship-midtown/

News Highlights (cont'd)

Cartier's Multi-Level SoHo Store Trades for $46M | November 11, 2024

The 4-story SoHo building that is home to Cartier's newest Manhattan location has reportedly traded for $46 million. Located at 102 Greene Street, the approximately 9,336-square-foot multi-level store that opened early this year was leased by the French luxury brand during the pandemic in April 2021. According to city records, the latest sale marks the third change of hands since 2014, upon SL Greene Realty purchasing the property from BLDG Management for $32.25 million, subsequently selling the asset to RFR Realty in October 2022 for a moderately discounted price of $31.5 million; while the sale by RFR to an undisclosed buyer fetched a price that was 46% higher than what was paid by the firm two years prior. In addition to including luxury goods for sale, Cartier's SoHo store features a "green marble bar with lounge seating and hospitality service, as well as a rooftop garden on the fourth floor. Cartier joins a few other recently announced deals in the neighborhood including skincare brand Caudalie's $9.75 million purchase of a 3,568-square-foot retail condo at the base of 130 Greene Street, a 25,000-square foot lease by Uniqlo's sister brand GU, apparel brand Arc'teryx' lease for 14,400 square feet at 114 Crosby Street in July, and Australian-based fashion label Princess Polly's lease for 8,000 square feet in November marking its first New York City store.

Source: https://product.costar.com/home/news/990188950

Bargain Plaza District Renewal Deal Secured by Michael Kors | November 13, 2024

Recent reports announced the renewal and expansion deal by luxury fashion and accessories brand Michael Kors. The lease that took effect in August nearly doubled the label's footprint to 11,000 square feet at 667 Madison Avenue. The monthly base rent of $438 per square foot is similar to the previous rent despite the expansion, since the retailer negotiated a 49% markdown from the prior rate of $862 per square foot according to reported information from credit-rating agency KBRA. S&P Global reportedly stated in August that the rents the property can "charge for retail space have declined by 36% since 2016;" and despite the building on track to reach 84% occupancy by the end of the year, it is unlikely that its cash flow will return to historical levels. Other prominent retailers that similarly enjoyed rent reductions this year include LVMH-owned beauty products retailer Sephora's 66% rent reduction at 520 Madison Avenue, which lowered the annual rent for the 6,400-square-foot space from $3 million to $1 million; and Regent L.P.'s casual clothing label Club Monaco secured a rent price for an extension of its 13,000-square foot space at the Charles Scribner's Son's Building, 597 Fifth Avenue that was reportedly 80% below the 2019 pre-pandemic rate for the area. A rise in the number of luxury brands negotiating for significantly lower rents comes at a time when sales within the sector have been lackluster amid softening demand globally for luxury fashion goods; and although there are "fewer empty storefronts in the Plaza District," space remains plentiful."

Source: https://www.crainsnewyork.com/real-estate/michael-kors-cuts-rent-half-madison-avenue-store

Former Bed Bath & Beyond Store along Ladies Mile Secures a New Tenant | December 16, 2024

Discount clothing and homeware retailer Burlington will be relocating three blocks south within the Ladies Mile historic district to 620 Sixth Avenue upon vacating its currently 40,000-square-foot space at 695 Sixth Avenue. The nearly 80,000-square-foot new store will spread across three levels. Asking rent for the inline space was $100 per square foot and $175 per square foot for the two corners. Formerly the nearly 30-year home of Bed Bath & Beyond, the New Jersey-based homeware chain downsized from roughly 92,000 square feet to 82,000 square feet after giving up 20,000 square feet on the West 19th Street corner in August 2020 as part of a strategy to improve its financial performance according to press at the time. The 10-year renewal left the retailer with 60,000 square feet on the ground level and 22,000 square feet of selling space plus 10,000 square feet of back-of-house space on the cellar level. However, failed efforts led to the full closure and liquidation of all remaining stores in April 2023. The deal with New Jersey-based Burlington absorbs the majority of the remaining space vacated by Bed Bath & Beyond, bringing occupancy of the 1896-vintage, cast-iron building to just shy of 100% after the pandemic and tenant bankruptcies left half empty the 500,000 of office and retail space controlled by RXR Realty and recent new partner Hudson Bay Capital. In addition, two recent renewals signed by TJX Companies will keep its discount brands, T.J. Maxx in its 67,971-square-foot space on the 2nd floor and Marshalls in its 37,618-square-foot space on the lower level of the building for another five years.

Source: https://nypost.com/2024/12/15/business/famed-nyc-building-lands-major-retailer-to-keep-ladies-mile-bustling/

Midtown - Times Square

News Highlights (cont'd)

20 Times Square Billboard Valued at $100M-plus According to NYS Judge | December 17, 2024

The 18,500-square-foot billboard that wraps around the base of the Times Square Marriott EDITION hotel has been valued at approximately $103 million as part of a foreclosure proceeding underway in the New York State Supreme Court. Back in August, Judge Joel Cohen determined that the 452-key hotel at 701 Seventh Avenue, also known as 20 Times Square, is worth $311 million, while a "fair and reasonable market value" for the billboard and storefront space is $546 million, of which the "billboard accounts for about a fifth of the retail space." Contributing to the high value of the LED display is the premium price that advertisers pay to stand out in the Times Square area where more than between 250,000 and 300,000 pedestrians pass through daily according to data from the Times Square Alliance. In addition, the massive screen located at the corner of West 47th Street is not only "Times Square's biggest, "but its images are the sharpest" according to reported court document information, boasting "26.7 million pixels and resolution 16 times higher than high-definition." Annual rent for the sign would be as much as $41 million based on the $2,100 and $2,200 price per square foot submitted in court documents by two independent appraisers that looked at several nearby billboards, citing 1 Times Square which charges a similar rent but only generates $25 million in annual rent since it is about 40% smaller; while 1551 Broadway's billboard is similar in size but because its per square foot rent is less than half of the 47th Street display, it only generates about $15 million in annual rent.

Source: https://www.crainsnewyork.com/real-estate/times-square-billboard-worth-100-million

CUF Report: State of the Chains, 2024 | December 18, 2024

Center for an Urban Future (CUF) recently released its 17th annual State of the Chain's report — a ranking of national retailers in New York City. Findings of CUF's tracking of chain retail trends reveal that over the past year the number of chain stores throughout New York City declined for the fifth time in the past seven years. The largest declines were among retailers selling merchandise — pharmaceutical products, cell phones, clothing, shoes, cosmetics, and vitamins as the growing strength of e-commerce increases competition. However, many food retailers are also reducing their store footprint. Among the over 450 national retailers ranked by CUF, 130 had a net reduction in store locations, in contrast to the 94 brands that had a net store gain; while 229 retailers had no change, resulting in an overall net decline of 109 stores from last year's total of 8,148 to 8,039 in 2024. Although all five boroughs saw a net decline, Manhattan saw the largest reduction of 56 stores at the high, or 1.8% of the total; and in contrast, the Bronx saw the smallest decline of 4 stores, or 0.4% of the total. Popeye's led the 13 largest retailers in store gains, adding 52 stores in 2024, followed by Chipotle Mexican Grill's 32 store increase in locations. Since December 2019, the 13 largest chains tracked have a combined total of 797 fewer store locations, standouts among those chains that pulled back are Metro by T-Mobile, with a net loss of 229 stores at the high; and at the low, AT&T and Baskin-Robbins ad a net decline of 36 stores each. The continuation of the declining trend suggests that the "environment for many national retailers remains challenging" even though many of the "city's commercial districts have seen a strong recovery in storefronts."

Source: https://nycfuture.org/pdf/CUF_StateoftheChains_2024.pdf

View of Manhattan's East Shoreline from Brooklyn Bridge Park

News Highlights (cont'd)

Investment Sales

Plaza District Building Slated for Demolition Trades | October 16, 2024

About two months following reports of demolition permit applications being filed for 655 Madison Avenue by longtime owner Williams Equities, the 200,000-square-foot tower located on the northeast corner of East 60th Street has traded for roughly $159.433 million. Back in April, Michael Cohen, a principal at Williams Equities reportedly stated in an interview that "the firm had emptied out 655 Madison and indicated they would use it for something besides offices." The purchase by Extell was financed by Midtown-based lender Tyko Capital, which assumed an existing $100 million debt provided by John Hancock Life Insurance in 2013 and consolidated it with a new $50 million loan. Although plans have yet to be announced by Extell, sources familiar with the deal indicated that luxury residential condominiums are the most likely option.

Source: https://www.crainsnewyork.com/real-estate/extell-development-buys-655-madison-ave-160-million

Multi-Generation Real Estate Families Stray from Cardinal Rule as Office Market Challenges Persist | November 12, 2024

New York City is home to several real estate families that over the years have "shaped the cityscape" as real estate portfolios were built with intended long-term ownership and passed down over the years from generation to generation. Until recently, these dynasties shared a similar cardinal rule — Never sell. Since the days of their beginnings, these real-estate family owners have managed to avoid selling their core properties during "world wars, financial meltdowns, and a global pandemic." However, the post-pandemic world has presented a challenge like no other in history, prompting some to "take a cold hard look" as they re-evaluate their real estate portfolios "to make sure there's a foundation for the next generation." At a time when 'U.S. office vacancies are at near record levels and demand looks permanently impaired by remote work and by companies doing more with less space, some firms have had to make the hard decision to sell some of the properties they owned for many years. The rise of the "flight to quality" has made it increasingly harder for the city's older buildings to compete with new buildings that boast a wide array of tenant amenities that employers are hoping will incentivize employees to return to the office despite for some, a lengthy commute. Significant investments in extensive upgrades at some older office buildings in top-tier locations has paid off for some, citing the Tishman Speyer-owned Rockefeller Center, which saw an uptick in leasing activity following an investment of millions of dollars into a redevelopment of the campus that led to a 25-year lease renewal by long-time tenant Christie's of its 400,000-square-foot space; and the successful negotiation of a loan extension for the DuMont Building at 515 Madison Avenue controlled by the Gural family for over 60 years as a result of the investment of new equity secured following a capital call with partner investors.

However, others have had to face the hard reality that investing additional capital back into certain aging buildings did not make sense, citing the $100 million investment in the 1960s-era building at 80 Pine Street made by the Rudin family that failed to significantly turn things around after anchor tenant American International Group left, subsequently leading to decisions to sell. A few other recent sales include 55 Broad Street and 655 Madison Avenue, sold by the Rudin family and Williams family respectively, while longtime owners, the Kaufman family recently went into contract to sell 767 Third Avenue, and the Durst family's recent decision to introduce the sale offering of 675 Third Avenue, which they developed in the 1950s-1960s. Although "tracking the precise number of sales by these families is tricky," real-estate investment banking firm Eastdil Secured reportedly said that "New York real-estate families have sold about 10 office buildings over the past 24 months," in contrast to the previous decade when there were "fewer than five such deals;" and in many cases, now selling "the family jewels at values significantly below what they were five years ago."

Source: https://www.wsj.com/real-estate/commercial/real-estate-scions-are-breaking-a-cardinal-rule-never-sell-c8d84253

$197.5M SoHo Mixed-Use Portfolio Purchase by Blackstone | November 21, 2024

A SoHo portfolio comprised of three mixed-use buildings plus a retail condo package is being acquired by Blackstone. The private equity firm has reportedly agreed to pay $197.5 million dollars for the package that offers approximately 133,420 square feet of space. Reports indicate that ASB Real Estate Investments is the seller of the properties that include:

1. 61 Crosby Street, a 27,930-square-foot mixed-use co-op that city records lists (7) RPTT/RETT postings for a total of $42 million in 2016
2. 465 Broadway, (5) retail condo units totaling 9,339 square feet and a 22,187-square-foot garage; however, it has yet to be confirmed if the garage is included in the deal
3. 72-76 Greene Street, a 45,000-square-foot mixed-used property with approximately 33,750 square feet of retail space that last traded in December 2012 for $41.5 million
4. 413-415 West Broadway, a 28,964-square-foot mixed-use building that last traded in July 2013 for $41 million according to city records

The transaction comes at a time when "luxury and other retail labels have showcased their commitment to brick-and-mortar storefronts in prime retail shopping corridors in cities such as New York." This year alone, several sale transactions by retail labels affirms that commitment including skincare brand Caudalie's purchase at 130 Greene Street, Carhartt's Williamsburg purchase of 132 Bedford Avenue, Uniqlo's purchase at 666 Fifth Avenue, and French luxury group Kering's condo purchase at 717 fifth Avenue.

Source: https://product.costar.com/home/news/1005301255

Stake Sale by SL Green Values 1 Vanderbilt at $4.7 Billion | November 21, 2024

Leading Japan-based urban landscape developer, Mori Building Co., Ltd has acquired an 11% stake in One Vanderbilt Avenue. The investment was completed at a gross valuation of $4.7 billion according to the press release by SL Green Realty. The roughly 1.7 million-square-foot tower is 100% leased boasting a roster a several big block tenants including Toronto-Dominion Bank (TD Bank), law firms Greenberg Traurig and McDermott Will & Emory LLP, and finance firm Stoneridge Asset Management. SL Green's stake in the tower will lower from 71% due to the recent sale with the remaining 27.6% and 1.4% owned by the National Pension Service of Korea and Hines respectively. The transaction reportedly enabled the REIT to "raise about $200 million in cash to pay down debt."

Source: https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-and-mori-building-co-ltd-complete-investment-one

Essential Real Estate Proven to be a Resilient Investment | December 4, 2024

The continued disruption of traditional retail by e-commerce has made the sector a less resilient real estate investment according to real estate mogul Ben Mallah. In contrast, Mallah built his "$500 million real estate empire" by investing in what he calls 'necessity real estate' or 'essential real estate" — properties with retail tenants that provide "things that people can't go online and accomplish, such as hair and nail salons, food, good, strong restaurants; as well as dental and medical." Grocery-anchored real estate is also a good investment, and for savvy investors it offers the significant advantage of stability, since supermarkets are typically long-term tenants because they cater to the everyday needs of local communities. Although investment in this type of property sector was "once reserved for institutional and elite investors," it has become increasingly accessible to a broader audience. A cited example includes First National Realty Partners (FNRP), whose properties are leased to national brands like Whole Foods, CVS, Kroger, and Walmart. The NJ-based platform allows accredited investors to own shares in its institutional-quality properties enabling them to enjoy stable cash flow "thanks to Triple Net (NNN) leases," without the hassle of finding and managing deals themselves. Real estate investment trusts (REITs) offer another option for grocery-focused investment, citing Slate Grocery REIT (SRRTF), which "holds a portfolio of 116 properties, with 95% anchored by grocery stores" giving investors diversified exposure to essential real estate. Another essential real estate sector is the housing market, since people will always need a place to live; and furthermore, due to the housing shortage that the U.S. is currently facing, demand for residential properties has intensified. However, high home prices and elevated mortgage rates make it challenging for individuals to purchase rental properties outright; but crowdfunding platforms enable everyday investors to own shares without "large down payments or management headaches" typically associated with residential real estate. REITs such as American Homes 4 Rent (AMH) and Equity Residential (EQR), can also serve as a starting point for further research among those looking to gain exposure in this sector. Mallah has "built a portfolio that stands strong against the forces reshaping the consumer landscape" by investing in businesses tied to basic needs; and for those smaller scale investors that have a sharp eye and want to begin adopting Mallah's strategy, don't overlook properties that "nobody else wanted" it can turn out to be a missed opportunity for those that didn't take a closer look.

Source: https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-and-mori-building-co-ltd-complete-investment-one

Office and Retail Condos at Essex Crossing Trade for $237M | December 17, 2024

Although unclear what plans are for the office and retail condo units that Deutsche Bank recently purchased at 180 and 202 Broome Street, the combined total of the four separate transactions was roughly $237 million according to city records — $222 million for the office units and $15 million for the retail units. The multi-building mixed-use complex continues to struggle, sellers, a joint venture of Taconic Partners, L+M Development, BFC Partners, Prusik Group and Goldman Sachs Asset Management's Urban Investment Group deciding to permanently close the approximately 100,000-square-foot below-grade Market Line food hall in April after failing to attract customers. Construction of the majority of the 1.9 million-square-foot mega-project located in the Lower East Side has been completed. Groundbreaking launched in 2015 on the site of the 6-acre Seward Park Extension Urban Renewal Area (SPEURA) site that sat vacant since 1967. A breakdown of the recent sale transaction per city records is provided below:

180 Broome Street:

- 127,854-square-foot office condo sold for $113,770,848 ($890 per square foot). The space is primarily located on floors 2 through 5 plus portions of the 6th floor, cellar, and ground levels.
- 9,842 total square feet for two ground level retail condos units sold for a combined total of $6,043,395 ($614 per square foot)

202 Broome Street:

- 128,691-square-foot office condo sold for $107,974,982 ($839 per square foot). The space is primarily located on floors 2 through 5 and portions of the subcellar, cellar, and ground levels. The 5th floor includes a 2,194-square-foot terrace.
- 14,567-square-foot ground level retail condo sold for $9,244,373 ($635 per square foot)

Source: https://commercialobserver.com/2024/12/essex-crossing-180-202-broome-street-222m/

American Strategic Investment Sells Times Square Building at $107M loss | December 18, 2024

American Strategic Investment Co., through its subsidiary ARCNYC570SeventhLLC (ARC) has sold 9 Times Square, which also goes by the address 200 West 41st Street, for $63.5 million. The sale fetched a price approximately 63% lower than the roughly $170.296 million the REIT paid in 2014 according to city records. The approximately 172,000-square-foot building had been divided into condo units in 2016, separating the approximately 111,132 square feet of office space, 16,486 square feet of retail space and a 1,7525-square-foot digital sign according to details within the condo declaration posted on city records. Reports also indicate that the sale involved the repayment of a $49.5 million mortgage by the seller. Capital One, which had provided a $55 million mortgage to ARC in 2019, issued an amended and restated mortgage to the buyers, The Jackson Group, reducing the loan amount to $35 million.

Source: https://commercialobserver.com/2024/12/9-times-square-sells-chehebar-american-strategic/

Chelsea Ground Lease Trades at Steep Discount | January 8, 2025

Savanna has reportedly purchased the ground lease of the roughly 100,000-square-foot property at 430 West 15th Street for $85 million in an all-cash deal. The sale of the leasehold that runs through January 31, 2113, was introduced to the market about 18 months ago by Invesco, recent press announcing the latest sale indicating that the investment management firm was "ready to accept almost half" the $158.5 million paid by the company in June 2018. Located on the border of the Meatpacking District, the site of a former 75,000-square-foot garage had undergone an office conversion and 4-story vertical expansion following the $16.7 million purchase of the leasehold for the unimproved property in 2013 by Atlas Capital Group and the Rockpoint Group; and in 2016, the development team sold the lease for $106.9 million to TH Real Estate, which at the time was the real estate arm of TIAA. Currently event promoter and parent company of Ticketmaster, Live Nation occupies the entire building under a sublease from Palantir Technologies secured in 2014. According to documents posted on city records, the California-based analytics company had secured the 15-year lease that included two 5-year renewal options during predevelopment.

Source: https://therealdeal.com/new-york/2024/12/30/invesco-swallows-loss-on-meatpacking-office-sale-to-savanna/


View from the Manhattan Bridge

News Highlights (cont'd)

Development

Fully Electric Residential Development in Coney Island Announces Grand Opening | October 2, 2024

The Brooklyn's Coney Island neighborhood now boasts the title of being the home of a newly constructed residential development that "utilizes the largest active geothermal system in New York City's history to power its domestic hot water systems, eliminating the need for traditional fossil fuel-based equipment." Developed by LCOR and designed by Studio V Architecture, the two-tower complex located at 1515 Surf Avenue is comprised of a pair of 16- and 26-story structures connected by a shared podium offering a combined total of 470,000 square feet hosting 463 residential units that include 139-units designated for affordable housing. Tenants will enjoy smart-home technology features and more than 35,000 square feet of a mix of indoor and outdoor amenity space. Currently pursuing LEED Zero Carbon certification, the project's fully electric design is "estimated to reduce the building's carbon emissions by over 60% versus comparable buildings." According to city records, LCOR, which is majority-owned by the California State Teachers Retirement System (CALSTRS), controls the former 7-parcel assemblage under a 99-year ground lease that commenced in December 2019 from longtime owner Sirena Realty Corp.

Source: https://newyorkyimby.com/2024/10/1515-surf-completes-construction-in-coney-island-brooklyn.html

Upper West Side Church Getting a New Life as Children's Museum Expansion | October 5, 2024

The Children's Museum of Manhattan (CMOM) is planning to repurpose the century-old church at 361 Central Park West to more than double its current visitor capacity. Currently located at 212 West 83rd Street, the redevelopment of the church building on the corner of West 96th Street will yield 80,000 square feet of new exhibit space spread across seven stories. The project will also enable CMOM to "enhance its partnerships with various city organizations, including shelters, Head Start programs, settlement houses, hospitals, and the Department of Corrections," which helps make it possible to "engage more young people from across the city with the incredible benefits of the arts." Expected to open in 2028, CMOM has raised $200 million of its projected $300 million budget including an allocation of $46.1 million to date from the City of New York as well as monetary gifts from a variety of donors.

Source: https://newyorkyimby.com/2024/10/new-renderings-revealed-for-childrens-museum-of-manhattan-at-361-central-park-west-on-manhattans-upper-west-side.html

Declining Office Market Vacancy Boosted by Residential Conversions | October 9, 2024

While increased return-to-office requirements by several corporations has helped ease the high vacancies that hit the office market, another factor is helping to fuel a decline in vacancy volume — office-to-residential conversions. A recent report indicates that more than 6.5 million square feet of Manhattan's office inventory has been taken offline over the last four years — most of them slated for residential conversions. Despite the challenges of conversion projects, the pace of office-to-residential conversions has been steadily increasing since 2021, with some industry people estimating that there was around 1.5 million square feet of conversion projects in 2022 and 2023, with 2024 activity on track to be double the square-foot volume of last year. Further fueling the uptick in conversion activity is the **467M incentive program** — a "35-year tax break for office-to-residential conversions [required to include 25% affordable units] that cuts 90% off tax bills tied to buildings below 96th St" approved by New York State legislators in April; and according to a reported statement by SL Green's Marc Holiday, "he expects 20 to 40 million rentable square feet of office space to become residential under the program."

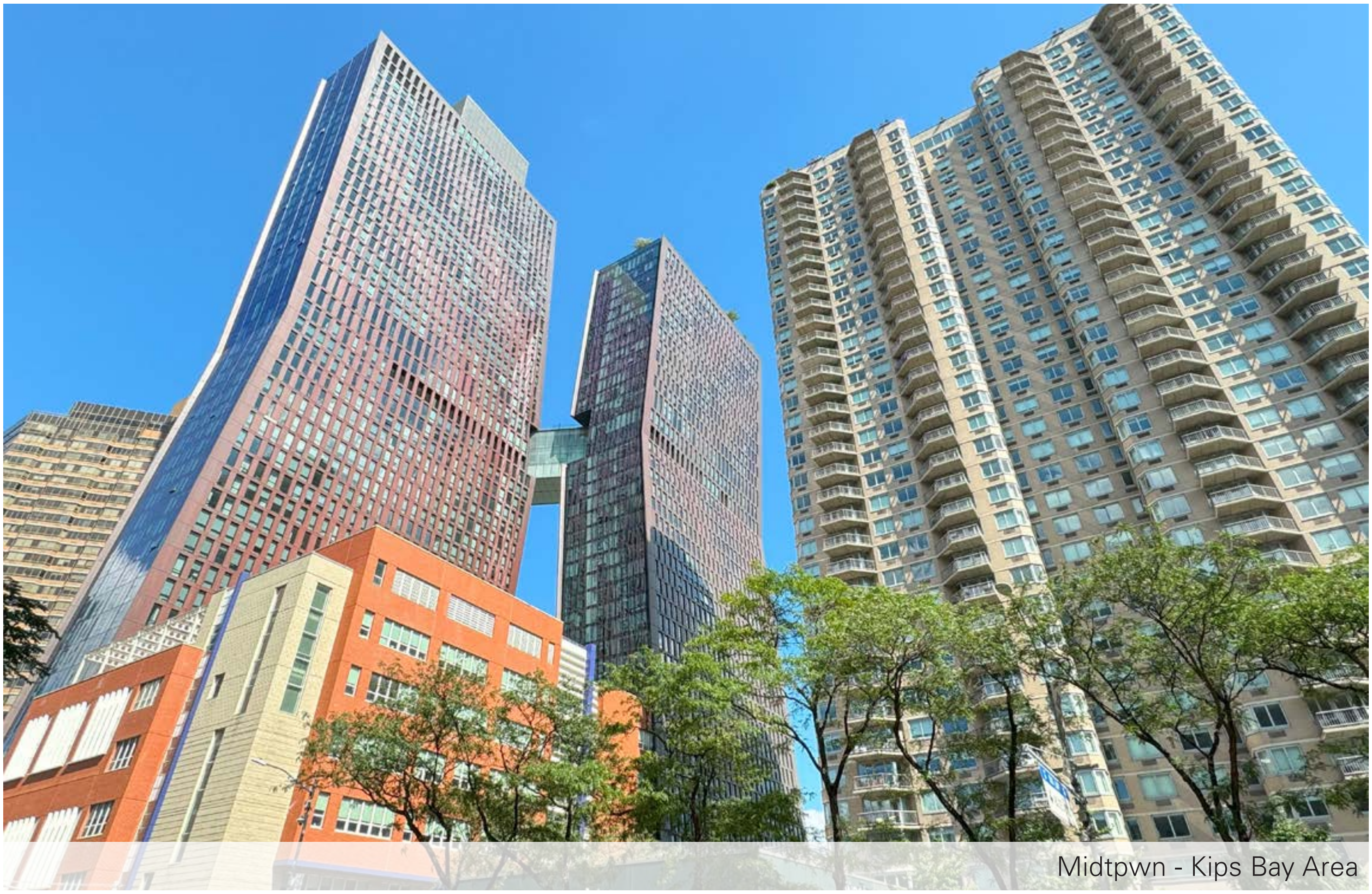
Metro Loft, a developer that has earned "the reputation as a leading conversion developer" accounts for more than 5 million square feet of converted buildings over the past 20 years. Since 2019, conversion projects initiated by the company include a former New York Stock Exchange building at **20 Broad Street** and office buildings at **25 Water Street** (formerly 4 New York Plaza) and the recently completed **55 Broad Street**. Upon construction completion of all three projects, 2,424 residential units will be added to the Lower Manhattan neighborhood, and 2.074 million square feet of office space will be removed from inventory.

In 2023, the doors opened to the converted former Bank of New York Mellon building at **One Wall Street** that now hosts approximately 565 residential condominiums within the over 1 million-square-foot property. This year, Pearl House at **160 Water Street** in Lower Manhattan began welcoming its first tenants to the converted former 525,000-square-foot building that now hosts 588-unit residential units.

There are several other conversions on the horizon in different phases of planning and construction; and if all move forward, will eliminate another 6,493,641 square feet of office inventory:

- **219 and 235 East 42nd Street** (Midtown) – The planned conversion of the former 973,000-square-foot headquarters of pharmaceutical firm Pfizer will deliver more than 1,500 residential units.
- **750 Third Avenue** (Midtown) – A conversion of the 779,641-square-foot tower into about 540 residential units has been proposed.
- **5 Times Square** (Midtown) – A potential conversion of the 1.1 million-square-foot tower is being considered.
- **623 Fifth Avenue** (Midtown) – Applications were reportedly filed for the conversion of 344,000 square feet of the 499,100-square-foot building that connects to the Saks Fifth Avenue store into 172 residential condominiums.
- **655 Madison Avenue** (Midtown) – Although redevelopment plans have yet to be revealed for the 200,000-square-foot building, demolition permits have been filed. Back in April it was indicated that new construction would be for something other than offices.
- **625 Madison Avenue** (Midtown) – A redevelopment of the 537,000-square foot Revlon Building will include a mix of retail, a hotel and residential condominiums.
- **419 Park Avenue South** (Midtown South) – Plans are underway for the conversion of the approximately 200,000-square-foot building into 100 residential condominiums expected to deliver in sometime in 2026.
- **5 West 13th Street** (Midtown South) – The existing 6-story, 110,000-square-foot office building the formerly housed New York City's Human Resources Administration is planned to undergo a conversion into a 20- to 30-story luxury residential condominium.
- **222 Broadway** (Downtown) – A 798-unit residential conversion is planned for the 800,000-square-foot building.
- **101 Franklin Street** (Downtown) – Formerly going by the address 250 Church Street, the approximately 250,000-square-foot building that formerly housed the city's Human Resources Administration and Department of Social Services is planned to undergo a residential conversion.
- **111 Wall Street** (Downtown) – Plans are moving forward for the conversion of the 1.2 million-square-foot tower into 1,300 residential units, construction is expected to break ground in mid-2025.

Source: https://therealdeal.com/new-york/2024/10/09/7m-sf-of-manhattan-office-space-have-disappeared-heres-how/


Midtpwn - Kips Bay Area

News Highlights (cont'd)

Longtime Envisioned Redesign of Midtown's 5th Avenue Corridor Moves Forward | October 17, 2024

Plans to transform New York City's 5th Avenue corridor between Bryant Park and Central Park were recently unveiled by Mayor Eric Adams and the Future of Fifth Partnership — a public-private partnership launched in 2022 between the city, the Fifth Avenue Association, the Grand Central Partnership, the Bryant Park Corp, and the Central Park Conservancy. The announcement of the project that will be the first major redesign in the avenue's 200-year history is expected to break ground in 2028; and reportedly comes about four years since a concept of it was initially envisioned during the height of the pandemic when "then-Mayor Bill de Blasio announced the city would install a busway corridor — meaning nearly all private vehicle traffic would be banned — to help the commutes of 110,000 daily riders, one of five [busways] planned for commercial districts, in order to move essential workers more efficiently." However, upon reviving the plan, Adams eliminated the controversial busway. The current proposal will expand the sidewalks along the corridor by 46 percent, shorten crosswalks making for safer crossings, reduce the number of traffic lanes from five to three, and add plantings and lighting for aesthetics and safety according to the press release by the Mayor's Office.

It has been projected that the estimated $350 million redesign will pay for itself in less than five years through increased property and sales tax revenue. Currently, about 70% of the people on 5th Avenue are pedestrians, but existing sidewalks only account for 45 percent of the space. On an average day, each block serves approximately 5,500 pedestrians an hour — and on the holidays, up to 23,000 people every hour. A longtime "economic powerhouse for New York City, 5th Avenue is responsible for 313,000 direct and indirect jobs, which in turn generates $44.1 billion in total wages and $111.5 billion in total economic output each year according to the mayor's press release. Further fueling the importance of the project and its anticipated economic impact is the success of the 2022 Holiday Opens Streets initiative on 5th Avenue, which closed 11 blocks to vehicle traffic between 12:00 PM and 6:00 PM on three Sundays in December. Research by Mastercard found that the pedestrianized streets drove an estimated $3 million in additional spending, with merchants on Open Streets seeing a 6.6 percent increase in spending over similar blocks that were not opened to pedestrians.

Source: https://www.nyc.gov/office-of-the-mayor/news/769-24/mayor-adams-future-fifth-partnership-transformation-fifth-avenue-world-class-

Proposed Atlantic Avenue Mixed-Use Plan Heads to Public Review | October 16, 2024

A proposed plan that "aims to create approximately 4,600 new homes, including 1,440 permanently income-restricted affordable units, along with 2,800 permanent new jobs" has officially begun New York City's approximately seven-months long public review process known as the Uniform Land Use Review Procedure (ULURP). Developed by the city's Department of Planning (DCP) and city council members Crystal Hudson and Chi Ossé the Atlantic Avenue Mixed-use Plan focuses on a 21-block stretch of Atlantic Avenue and neighboring blocks within the Brooklyn neighborhoods of Crown Heights and Bedford-Stuyvesant. If the plan is approved, it will rezone the area that is primarily zoned for one-to-two story industrial buildings and storage into a mix of commercial, commercial, and manufacturing spaces. In addition, the plan includes traffic safety projects along Atlantic Avenue to improve pedestrian visibility and accessibility, as well as new planters and bike corrals along with investments in public spaces.

Source: https://newyorkyimby.com/2024/10/public-review-begins-for-atlantic-avenue-mixed-use-plan-in-crown-heights-and-bed-stuy-brooklyn.html

Gowanus Development Site In Contract for $160M-plus | October 17, 2024

Initially introducing the sale offering in June 2019, RFR Realty has reportedly entered into contract to sell an approximately 2.77-acre development site along Brooklyn's Gowanus neighborhood. The former 3-parcel assemblage that goes by 175 3rd Street, with an alternate address of 225 3rd Street, was acquired by the developer in April 2018 for $115 million; and is located across the street from the Whole Foods Market at 214 3rd Street. The transaction as financed by a $74 million loan provided by Maryland-based Union Labor Life Insurance Company which consolidated an existing $40 million mortgage with a newly originated $34 million gap mortgage according to city records. The site fronts the Gowanus Canal, which has long served as a center for heavy industry; and due to underground chemical storage, the canal became highly contaminated and spread toxins throughout the area resulting in the 2010 listing by the U.S. Environmental Protection Agency (EPA) on its National Priorities (Superfund) List. However, in July 2024 a press release by the EPA announced a new milestone in the cleanup effort of the Gowanus Canal Superfund Site that in total is estimated to cost over $2 billion.

The contract vendees, a development team of Charney Companies and Tavros, have agreed to pay more than $160 million for the site. Located within the 82-block area of the neighborhood that was rezoned in 2021 to promote increased affordable housing development, opening the door to an up to 22-story, 800,000-square-foot mixed-use residential and commercial project versus the allowable approximately 280,000 square feet under the site's former M2-1 zoning which allows a floor area ratio (FAR) of 2.0 according to earlier reports. In addition, new construction will benefit from the 421-a tax abatement that the site qualifies for since ground was broken prior to the June 15, 2022 deadline, with the construction completion deadline for projects recently extended by Governor Hochul from June 15, 2026 to June 15, 2031.

Source: https://www.crainsnewyork.com/real-estate/troubled-developer-rfr-unloads-gowanus-site-more-160-million

Updated Draft of Midtown South Mixed-Use Plan Facilitates Increased Housing | October 31, 2024

New York City's Department of City Planning (DCP) released an updated draft of the Midtown South Mixed-Use (MSMX) Plan intended to facilitate the creation of housing across 42 Manhattan blocks where housing is currently not permitted. The latest draft opens the door to the production of approximately 9,700 residential units, with up to 2,800-unit permanent income-restricted made possible by new, high-density, mixed-use zoning with floor area ratios (FARs) of 15 and 18 following the recent repeal of New York State's "outdated and arbitrary '12 FAR' cap on housing" after successful advocacy by the city and housing advocates. The four distinct areas covered by the MSMX plan currently share the same outdated industrial zoning — roughly between 23rd and 40th Streets and 5th and 8th Avenues. The zoning proposal will also remove existing restrictions on housing outside the plan area in some of the midblock areas from West 35th Street to West 39th Street. The lifting of the FAR cap had prompted the Adam's administration to "swiftly" include new zoning districts with FAR above 12 as a component in the "City of Yes for Housing Opportunity" proposal that is anticipated to be voted on by the City Council prior to the MSMX plan starting public review. As the first area to have these districts mapped, which would require Mandatory Inclusionary Housing, the MSMX plan will establish a new special district that would allow more floor area in buildings with the requirement that they provide critically needed public realm improvements, such as transit accessibility/facilities, Privately-Owned Public Spaces (POPS), or public indoor spaces like atriums. In addition, the newly mapped R11 and R12 districts will be paired with new M1-8A and M1-9A districts which provide a wide range of non-residential uses; and the increased FARs of 12 and 15 respectively versus the 10 FAR cap of the existing M1-6 zoning would create more opportunities for manufacturing and commercial uses resulting in a "more dynamic 24/7 mixed-use, transit-rich neighborhood with great housing and job opportunities for New Yorkers."

Source: https://www.nyc.gov/site/planning/about/press-releases/pr-20241031.page


Downtown - World Trade Center

News Highlights (cont'd)

Silverstein Remains Steadfast in Pursuit of Anchor Tenant for 2 World Trade Center | October 17, 2024

Over the past two decades, tremendous efforts to rebuild the World Trade Center site has transformed the once "desolate location of unfathomable heartbreak" following the September 11 attacks, into a vibrant centerpiece of Lower Manhattan that serves as a symbolic icon of the great strides the neighborhood has achieved since 2001. The newly envisioned complex would bring the return of six of the seven buildings that stood on the site, five of which were controlled by Silverstein Properties under long-term ground leases secured from fee-owner the Port Authority of New York and New Jersey (PANYNJ) — 7 World Trade Center leased in 1981, and One, Two, 4, and 5 World Trade Center leased in April 2001, with Silverstein Properties and retail operator Westfield America agreeing to a 99-year net lease worth $3.2 billion according to the press release at the time by the PANYNJ. Currently four of the six buildings have been built leaving 2 and 5 World Trade Center. Although a timeline for construction has yet to be announced, in February 2021, Silverstein Properties and Brookfield Properties, along with Omni NY and Dabar Development were awarded the contract to build 5 World Trade Center, which will be a mixed-use development to be constructed on a portion of the former Deutsche Bank building site at 130 Liberty Street.

Efforts to break ground on the remaining office building, 2 World Trade Center have yet to successfully secure an anchor tenant, and although it has gotten close to doing so a few times, a deal has yet to close. In 2013, negotiations with Citigroup broke down in the final hour upon its board of directors' decision to reject the move due to an unsteady recovery from the "rough seas of the 2008-10 financial crisis" making an "expansive corporate relocation" not feasible. A June 2015 signing of a non-binding, but very detailed, letter of intent (LOI) to lease about 1.3 million square feet to relocate Rupert Murdoch-led media companies News Corp. and 21st Century Fox similarly failed to close about seven months later, upon Silverstein receiving a call from Murdoch on the last possible day the companies could back out of the deal; and although more recently there have been rumors of talks with American Express, which is already based in Lower Manhattan at 200 Vesey Street, as of mid-October it was still just speculation.

Unlike towers 3 and 4, which "received significant support from tax-free federal Liberty Bonds meant to help the rebuilding efforts following the 9/11 attacks — Tower 3 received $978 million, and Tower 4 received about $1.4 billion, Tower 2 "was always [meant] to stand on its own financially," which was "part of the outcome of the 2010 negotiations to finance the sites." The current state of New York City's office market has further increased the challenges of getting the project off the ground. "Lower Manhattan in particular has been hit with high vacancy rates and low rents, also keeping in mind the "massive footprint a company would need to lease to anchor a tower the size of 2 World Trade Center." Silverstein recently explored the possibility of securing $3.9 billion from the federal Department of Transportation's railroad rehabilitation and improvement financing fund, given Tower 2's infrastructure connections to mass transit, but the status of the effort is not known. A total of about $10 billion has been invested by the developer into the World Trade Center complex so far. Remaining steadfast at the age of 93, "company Chairman Larry Silverstein has shown few signs of slowing down in pursuit of 2 World Trade Center;" and is "still relentlessly promoting the project and trying to find a way to get it built."

Source: https://www.nyc.gov/office-of-the-mayor/news/769-24/mayor-adams-future-fifth-partnership-transformation-fifth-avenue-world-class-

'City of Yes' Proposal Takes Big Step Forward Following Compromise Deal | November 21, 2024

The highly anticipated 'City of Yes' housing proposal plan took a major step forward following certain compromises between the New York City Council and the Adams administration, leading to approvals by two key city council committees — the zoning subcommittee and the land use committee. The approvals resulted in aspects of the proposal being scaled back and a $5 billion commitment in funding made for city council priorities, impacting the total number of homes being created over the next 15 years from up to 109,000 homes down to an estimated 80,000 homes according to both the city council and City Hall. The zoning text amendment will now head back to the New York City Planning Commission (CPC) for review before it goes to a full city council vote in December. The breakdown below offers a comparison snapshot of some of the key aspects of the modified plan per the press release by City & State New York.

PARKING MANDATES

- **City Hall Proposal:** Elimination of rules that required developers to include a specific number of off-street parking spaces with new housing
- **City Council Approved:** Three-tiered system for parking mandates, applicable to different parts of the city ranging from total elimination of parking mandates in areas with good transit to mandates largely remaining what they are today where transit is extremely limited

FUNDING

- **City Hall Proposal:** Set funding allocations not included
- **City Council Approved:** A commitment of $5 billion from the Adams administration — $1 billion from New York State's next budget, plus $1 billion for housing capital, $2 billion for infrastructure projects related to sewer and floor infrastructure, street improvements and open space, and $1 billion in expense funding for tenant protections, voucher assistance, floor monitoring and neighborhood planning over the next 10 years

ACCESSORY DWELLING UNITS (ADU)

- **City Hall Proposal:** Legalize the building of small independent units up to 800 square feet and not taller than 2-stories – such as backyard cottage, garage conversions and basement apartments – on lots for one or two family residences, but wouldn't be allowed in special coastal risk districts, with the exception of basement apartments still allowed in the city's less severe coastal flood zones
- **City Council Approved:** Added caveats — ADUs could only be one story unless built above parking; backyard and basement units banned in coastal flood zones and areas vulnerable to inland flooding or heavy rain identified by the city; backyard units banned in single family zoned districts and historic districts unless property is near public transit; and the requirement that homeowners live on the property

TOWN CENTER ZONING

- **City Hall Proposal:** Re-legalization of two or four stories of housing above storefronts on commercial streets in low-density areas
- **City Council Approved:** Added caveats — housing above storefronts only allowed in some commercial zones, but not permitted in single isolated commercial blocks or areas that are mostly developed with one- to two-family homes

TRANSIT-ORIENTED DEVELOPMENT

- **City Hall Proposal:** Construction allowed of three-to five-story apartment buildings within a half-mile of subway or rail stations
- **City Council Approved:** Added caveats — The buildings must be within a quarter mile of Long Island Rail Road and Metro-North outermost stations; single-family districts would be exempted from development; and 50 unit or more housing projects could only be built if 20% of the units are affordable to households that earn 80% of the area median income (AMI)

UNIVERSAL AFFORDABILITY PREFERENCE

- **City Hall Proposal:** At least 20% more apartment units can be built in medium- and high-density neighborhoods if the additional units are affordable to households that earn an average of 60% of the area median income (AMI)
- **City Council Approved:** Added caveats — Additional units must be affordable to households that earn 40% of the AMI

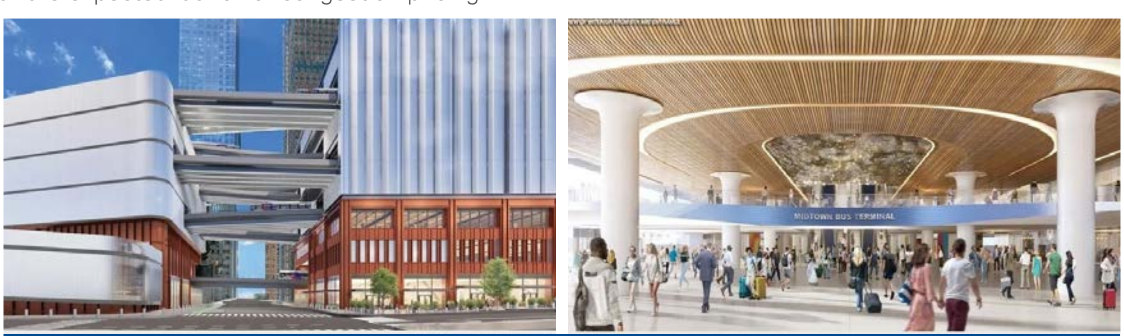
Source: https://www.cityandstateny.com/policy/2024/11/nyc-council-moves-compromise-city-yes-plan-heres-whats-and-whats-out/401236/

Midtown - Plaza District

News Highlights (cont'd)

Port Authority Bus Terminal Revamp to Break Ground Early 2025 | November 22, 2024

The Port Authority of New York & New Jersey (PANYNJ) received city council approvals on November 21 for the bi-state agency's planned $10 billion redevelopment to the 70-year-old Port Authority Bus Terminal on Manhattan's west side. The long-deferred project that will transform the aging bus terminal into a modern travel and retail hub will begin construction early next year following the unanimous green light by the city council. The project to be constructed in phases is expected to take 10 years to complete, with the PANYNJ financing $3 billion for the first phase along with an expected $1 billion federal loan that the PANYNJ is hoping to secure approvals for in the coming weeks, but if it doesn't pan out, "some very hard decisions" about the bus terminal's rebuild will have to be made. The majority of the remaining $6 billion to finance the second phase of the project will come from the Port Authority's coffers and "a risky bet on the recovery of the real estate market with financing generated by the anticipated construction of three new towers on Port Authority land." Temporarily, the just-built storage facility will serve as the bus terminal during the construction on the main building. As part of the plan, a roughly 3.5-acre public green space will be created by decking over the currently below-street level Dyer Avenue cut and building open space atop. Currently the terminal serves approximately 65 million commuters annually, a volume that the PANYNJ projects to increase 50% by 2040 — particularly with the expected launch of congestion pricing.



Port Authority Bus Terminal Renderings

Source: https://www.crainsnewyork.com/transportation/new-renderings-port-authority-bus-terminal-revamp

Willets Point - Soccer Stadium Rendering

News Highlights (cont'd)

A Review of Public Investment in the Willets Point Redevelopment | November 22, 2024

The final plan for the redevelopment of Willets Point in the northeastern section of Queens comes following several prior attempts, despite being a longtime priority for New York City mayors and the city's Economic Development Corporation (EDC). The 23-acre redevelopment site is bound by 127th and 35th Avenue to the northeast and northwest and Willets Point Boulevard and Seaver Way to the southeast and southwest. New renderings were released last week for the 24,851-seat stadium that will be the home of Major League Soccer's New York City Football Club (NYCFC). Located at 126-87 Willets Point Boulevard, the stadium designed by HOK "would be the first fully electric stadium in New York City and in MLS history. It has been announced that under a $20 million, 20-year naming rights agreement, the stadium that is expected to be built with 100% private financing and open before the 2027 MLS season will bear the name Etihad Park after the national airline of the United Arab Emirates, which has partnered with NYCFC since 2014.

A report recently released by the New York City Independent Budget Office (IBO) provides an examination of public investments and incentives provided to the 1st and 2nd phases of the project which are underway and expected to be completed in 2027 and 2028 respectively. While a pre-development agreement through the EDC has been entered into with Queens Development Group (QDG) for the first two phases, the scope of Phase 3, which includes the largest tract of land and a planned completion of 2039, remains tentative at this time, and a developer has yet to be selected. A new soccer stadium for the New York Football Club (NYCFC) will be the centerpiece of the project that will also include affordable housing, a hotel, retail space, and a public school. IBO's examination of direct operating and capital budget spending, as well as economic development tax breaks for Phases 1 and 2 will be useful context for future discussion around Phase 3. The independent report is not an environmental engineering review, investigation, or audit; but instead focuses on describing and quantifying the city's public investment in the Willets Point redevelopment. A snapshot of the report's key findings include:

Soccer Stadium – Collection of payments equivalent to property taxes to be waived; and since the stadium will be built on city-owned land, it is therefore fully exempt from property tax liability. In contrast to the hotel, housing, and retail components of the development, throughout the stadium's 49-year lease, it will not be required to pay the "payments in lieu of taxes" (PILOTs) that are typically required when public land is used for private purposes. Although in the field of public economics there is a consensus that the use of "substantial government subsidies for sports facilities are typically not an efficient use of scarce public resources," the Willets Point arrangement to waive the payment of PILOTs is consistent with other professional sports stadiums in the city. As a comparison, if the stadium were built on private land, this would yield $538 million in property tax revenue over the term of the lease, but likely lower to $47 million since it would be eligible the city's Industrial and Commercial Abatement Program (ICAP) according to estimates by the IBO. Due to a change in federal rules that no longer allow the tax-exempt financing structure for the debt that the city was able to arrange for the construction of Yankee Stadium, Citi Field, and Barclays Center, private financing is being provided by the development team, and debt is secured through their assets.

Land Acquisition – An outlay of nearly $1 billion dollars, between past spending and budgeted future funding, will be made by the city to purchase the development site, infrastructure investments, and environmental remediation.

Affordable Housing and Economic Development Incentives - $550 million in city capital funds to finance the construction of 2,500 affordable housing units, $61 million in foregone sales tax on construction materials, and $26 million in foregone mortgage recording tax collections, which is in line with general city practices. The 650-seat K-8 public school that the city has committed to construct as part of Phase 1 has yet to be funded or start construction

Source: https://www.ibo.nyc.ny.us/iboreports/keeping-score-an-examination-of-city-investments-for-the-development-of-willets-point-november-2024.pdf

Midtown's 5th Avenue Redesign Project Take a Big Step Forward | December 9, 2024

Plans continue to move forward for the long-time envisioned redesign of the 5th Avenue corridor between Bryant Park and Central Park. The Future of Fifth Partnership — a public-private partnership launched in 2022 between the city, the Fifth Avenue Association, the Grand Central Partnership, the Bryant Park Corp, and the Central Park Conservancy, recently received $152.7 million in funding from New York City. Designs to transform the corridor into a "pedestrian-centered boulevard" were created by the selected firms Arcadis, Sam Schwartz Engineering, and Field Operations. As part of the redesign, 5th Avenue's sidewalks will nearly double in width to 33.5 feet each, more than 230 new trees will be planted along with approximately 20,000 square feet of planters, seating, and activation spaces. Initially unveiled in October 2024 by Mayor Eric Adams and the Future of Fifth Partnership, the project will be the first major redesign in the avenue's 200-year history. A significant economic driver for the city, 5th Avenue is "responsible for 313,000 direct and indirect jobs and generating $44.1 billion in total wages and $111.5 billion in total economic output annually." According to the October press release by the mayor's office, construction if expected to break ground in 2028.

Midtown's Fifth Avenue Redesign - Rendering

Source: https://newyorkyimby.com/2024/12/future-of-fifth-partnership-receives-152-7-million-in-funding-to-transform-fifth-avenue-in-midtown-manhattan.html

High Cost of Office-to-Residential Conversions Adds to Developer Reluctance | December 10, 2024

At a time when there has been the push to convert obsolete office buildings to residential use, in addition to considering determining if the building's structure makes is a feasible candidate for conversion, another major factor is the cost. Recently SL Green Realty revealed some insight into the finances for a conversion project, citing its 750 Third Avenue building as an example. Spanning the entire blockfront of 3rd Avenue between East 46th and 47th Street, the planned 639-unit conversion of the 34-story, 818,000-rentable-square-foot building built in 1956 will have a cost of more than $800 million according to reported statements by the REIT; and despite respective state and city enacted 467-M tax incentive and M-Core incentive programs to help subsidize conversions, the high cost on top of other structural challenges illustrates why developers are reluctant to undergo this type of project. SL Green has owned the property since 2004, paying $255 million upon purchasing it from the Teachers Insurance & Annuity Association. Construction is slated to break ground next summer. A "13-floor slice of the building's midsection overlooking the avenue" will need to be removed in order to create adequate living space, and "11 floors will be added to the western half." A members-only club and fitness center will be constructed on the lower floors and interior units will be turned into storage facilities. As part of the project, 25% of the residential units will be designated for affordable housing, while the "market rates are to be around $7,000 a month for an 800-square-foot unit," according to reported figures shares with investors yesterday. An additional development incentive aimed at reactivating the sites of office buildings that are no longer viable is currently under discussion between the Adams administration, the Real Estate Board of New York (REBNY) and the New York City Economic Development Corp. (EDC). The proposal would help bring down the cost of demolition of buildings that "aren't landmarked and which no longer attract tenants." A recent news release cited the estimated $160 million cost incurred by JPMorgan Chase for the demolition of 270 Park Avenue three years ago to make way for the currently under construction $3 billion new 70-story tower. However, unlike JPMorgan, many developers without the financial giant's resources would need some "combination of property tax discounts, loan subsidies, or even cash grants to incentivize these projects.

Source: https://www.nyc.gov/site/planning/about/press-releases/pr-20241031.page

News Highlights (cont'd)

Citywide Remediation of 165-Acres Opened Doors to Multiple New Developments | December 15, 2024

The Office of Environmental Remediation (OER) recently announced the successful completion of the remediation of 165-acres citywide since the start of Mayor Eric Adams' administration. The former contaminated land has since been redeveloped into "various new uses including 28,000 units of housing (12,000 of which are affordable), 16 new schools, 2.9 million square feet of community space, and 6.1 million square feet of commercial space." As part of New York City's PlaNYC sustainability plan, the OER was established in 2008; and since its launch, has successfully completed the remediation of over 1,000 properties, creating over 585 acres of new developable land. Nearly 70% of the projects are located in environmental justice areas — a geographic area that has experienced disproportionate negative impacts from environmental pollution due to historical and existing social inequities without equal protection and enforcement of environmental laws and regulations. OER's main purpose is to design and operate municipal programs to promote the cleanup and redevelopment of vacant contaminated land. In addition, its Clean Soil Bank (CSB) program recovers clean, native soil from deep excavations at construction sites and redirects it to the City's 830 Forbell Street stockpile located in East New York, Brooklyn; and has been described by NYC Brownfield Partnership's president, Ezgi Karayel as "the only municipally operated program of its kind."

Source: https://newyorkyimby.com/2024/12/office-of-environmental-remediation-announces-165-acres-of-cleaned-land-resulting-in-28000-new-housing-units.html

First NYC Development to Benefit from New Above 12 FAR Residential Rezoning | December 19, 2024


HDSN, 418 Eleventh Ave - Rendering

Hudson Boulevard Collective, a partnership of BRP Companies, BXP (formerly known as Boston Properties, the Moinian Group, and Urbane Development, with minority-owned businesses representing 31% of the development team, has been selected by New York State' Empire State Development (ESD) to construct the first development in New York City to take advantage of increased allowable residential Floor Area Ratio (FAR) above 12.0. Prior to the rezoning that was included in the FY 25 state budget, residential FAR was capped at 12.0, a 1960s zoning created when the city was worried about too much housing — described by Mark Levine, the Manhattan Borough President as a zoning relic that has become a "major obstacle to building more affordable housing." The announcement comes about three years following decisions by state officials to rescind a request for proposals for the 1.2-acre site due to the change in the economic environment as the pandemic continued, envisioning at the time a 1,663-foot-tall 2 million-square-foot tower to be dubbed "Affirmation Tower."

The $1.35 billion development dubbed HDSN, pronounced "Hudson," would create 1,349 residential units, of which 404-units, or 30%, will be designated as permanently affordable housing. Construction of the mixed-use project targeting LEED Gold certification will rise at 418 Eleventh Avenue, also known as "Site K" on the Jacob K. Javits Convention Center — one of the last remaining state-owned parcels in Manhattan. Phased to prioritize the residential component, the 72-story East Tower will include a mix of studios, one-bedroom, two-bedroom, and three-bedrooms units; while the 28-story, West Tower will feature a 455-key full-service hotel.

A 5-story podium will connect the two buildings and be permanently anchored by a 24,000-square-foot Climate Museum — North America's leading museum dedicated to climate change and solutions. The museum is planning to pursue Living Building Challenge Certification and net-zero carbon operations, and in partnership with the New York State Energy Research & Development authority (NYSERDA), will feature ClimateTech programing to support entrepreneurs developing innovative climate solutions through manufacturing planning resources, mentorship programs, and workshop spaces. A 4,000-square-foot restaurant operated by Emma's Torch will include a training facility providing paid culinary training and job placement services to refugees, asylees, and survivors of human trafficking through its intensive 10-week apprenticeship program; and a 60,300-square-foot Life Time Fitness facility will provide comprehensive health and wellness programming across four floors, including an outdoor swimming pool and roof terrace, serving both residents and the broader community.

Source: https://newyorkyimby.com/2024/12/office-of-environmental-remediation-announces-165-acres-of-cleaned-land-resulting-in-28000-new-housing-units.html

News Highlights (cont'd)

Lending

New Partnership Created in Financial Restructuring of a 6th Ave Building | October 18, 2024

A group of lenders including Goldman Sachs and Blackstone have provided a 5-year $320 million loan as part of the financial structuring of 620 Avenue of the Americas. The deal reportedly involved global investment management firm Hudson Bay Capital buying out an interest from institutional investors to become an equal partner in the ownership of the 500,000-square-foot portion of the 700,000-square-foot office and retail building. Currently the building is encumbered by $421.5 million in debt that was recently consolidated according to city records, with an entity associated with Blackstone Mortgage Trust listed as the administrative agent of the loan which included a $334.416 million senior loan, $14.235 million building loan, and a $72.849 million project loan provided in 2019 by Goldman Sachs at a time when the building was "flush with retail and office tenants."

However, following the pandemic, the loss of two large tenants that declared bankruptcy — WeWork, which leased approximately 213,358 square feet in 2019 and Bed Bath and Beyond's 82,000-square-foot space leased in 2020 upon downsizing from 92,000 square feet, increased the building's vacancy to about 50%. Subsequently, RXR Realty was able to renegotiate direct leases with the two tenants that were subleasing the WeWork space – mobile banking app firm Current leased 72,000 square feet in 2023, resulting in an expansion of the 42,000-square-foot space they previously occupied, followed by the 140,345-square-foot lease secured in May 2024 with Palantir Technologies, but the big block of retail space formerly occupied by Bed Bath and Beyond still remains vacant, with Marshalls and TJ Maxx occupying the remaining 70% of the retail space within the building.

RXR initially acquired a 55% interest for $500 million in the iconic building dating back to 1896 and a "symbol of the historic cast-iron era, and in 2012, purchased the remaining stake for $225 million. In 2016, the building service workers union, 32BJ SEIU purchased four condominium units totaling approximately 192,374 square feet for $143.891 million; and in 2023, RXR reportedly bought back the 46% stake in the building that was sold to the Blackstone Group as part of a $2 billion, 6-building portfolio transaction.

Sources: https://newyorkyimby.com/2024/10/tishman-speyer-secures-3-5b-refinancing-for-rockefeller-center-in-midtown-manhattan.html

Rockefeller Center Secures One of the Largest Single-Asset CMBS Loans | October 21, 2024

Bank of America and Wells Fargo have co-led the issuance of the $3.5 billion single borrower Commercial Mortgage-Back Security (CMBS) loan that refinances the multi-building Midtown campus known as Rockefeller Center. The loan carries a fixed 6.2265% interest rate and represents the "largest CMBS transaction since 2022," as well as the "largest-ever CMBS issued for a single office asset" according to reports. An existing $1.7 billion loan carrying a 5.6% interest rate, and 20-year term set to mature in May 2025 will be paid off along with existing mezzanine financing. The remaining $246.8 million in proceeds will be utilized as a "reserve budget to cover rents and services to tenants and landlords, and $179.8 million in equity will be returned to investors. Due to the higher interest rate that the new mortgage carries and larger loan balance, the mortgage-interest costs will be significantly higher than the $95 million cost on the older loan. It was further noted in a press release by Crain's New York on October 16, a few days prior to the financing deal closing and with the understanding that the terms could change, the "new mortgage would come due in five years," with "the shorter term dictated by the institutional investors who have agreed to buy the Rockefeller Center mortgage after it's originated."

News of Tishman Speyer seeking the loan initially surfaced at the end of September, with reports at the time suggesting that "the extent of the success or failure of the deal" could serve as a "bellwether for financings of other trophy Midtown properties." Tishman Speyer along with partners initially purchased Rockefeller Center out of bankruptcy for $1.2 billion in 1995; and in 2001, Tishman and Chicago-based investment fund Henry Crown & Co. took full control of the approximately 7.3 million-square-foot campus upon buying out the other partners for $1.85 billion. Over the last few years, several updates have been made to ensure that the campus stays relevant including the addition of three restaurants on the high-profile ice-skating rink level and a new mix of retailers that have added the flavor of both the Midtown South and Downtown submarkets to the Midtown area. In addition, "The Beam" attraction has been added to the three-level Top of the Rock observation deck, and more recently the Skylift attraction was unveiled. Currently about 93% leased, the tenant roster includes Deloitte, Lazard, Simon & Schuster, JPMorgan Chase, and luxury auction house Christie's which renewed its lease for 400,000 square feet in August 2024.

Sources: https://newyorkyimby.com/2024/10/tishman-speyer-secures-3-5b-refinancing-for-rockefeller-center-in-midtown-manhattan.html

https://www.crainsnewyork.com/real-estate/rockefeller-center-close-massive-mortgage-refinancing

Financial Risk Heightens Amid 'Extend and Pretend' Practice by Banks | October 24, 2024

A recently released paper by the Federal Reserve Bank of New York shows that weakly capitalized banks' "extended-and-pretended" policy for "their impaired CRE mortgages in the post-pandemic period to avoid writing off their capital," has led to "credit misallocation and a buildup of financial fragility." Furthermore, new credit provision has been crowded out, leading to a "4.8-5.3% drop in CRE mortgage origination since 2022:Q1 while also fueling the amount of CRE mortgages maturing in the near term, which as of 2023:Q4 represents 27% of bank capital, creating a heightened "risk of large losses materializing in a short period of time." Partially fueling banks' incentive to extend maturities, which is particularly pronounced from 2022:Q1 onward, was the rapidly rising rates that "created large market-to-market losses on securities (losses generated through an accounting entry rather than the actual sale of a security or other asset) held by banks, eroding their economic capital." This type of accounting entry "makes [banks] more likely to be monitored by regulators and credit rating agencies and, ultimately, makes them vulnerable to runs by uninsured depositors." Should the maturity extensions "mechanically fuel a rising wave of impaired loans in the future," the potential of defaults becoming widespread with banks incurring sudden and extensive losses will depend upon "whether banks will be able to deal with rising defaults in an orderly fashion."

Sources: https://www.newyorkfed.org/research/staff_reports/sr1130

https://product.costar.com/home/news/269703396

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 2024 represented a 12.2% increase year-over-year, and a 9.8% decrease over the three month period from August 2024 when the rate was 6.1%. Comparatively, unemployment on the National and State level at the end of November 2024 was 3.9% and 4.2% respectively, representing a year-over-year increase of 11.4% nationwide, while the statewide rate remained unchanged.
- Employment activity in New York City's private sector resulted in a gain of 78,800 private sector jobs over the year to 4,236,900 jobs in November 2024. Among the major sectors, Education and Health Services gained 81,000 jobs at the high over the 12 month period, followed by a more moderate gain of 15,100 jobs in the Leisure and Hospitality sector. In contrast the Information sector lost 9,400 jobs, followed by a 3,300 job loss in the Financial Activities sector, and a 2,100 job loss in the Professional and Business Services sector.

Weekly Wages

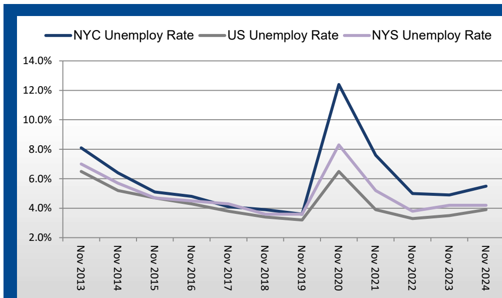
Overall private sector weekly wages in New York City averaged $2,721 in the 2nd quarter of 2024, increasing 5.1% year-over-year according the recent report released by the U.S. Department of Labor. Among the major sectors all (5) saw overall weekly wages increases year-over-year. The Information sector saw the largest increase of 11.6%, followed by a 6.2% increase in Financial Activities. Education & Health, Professional and Business Services, and the Leisure & Hospitality sectors saw more moderate increases of 4.5%, 3.5%, and 3.3% respectively.

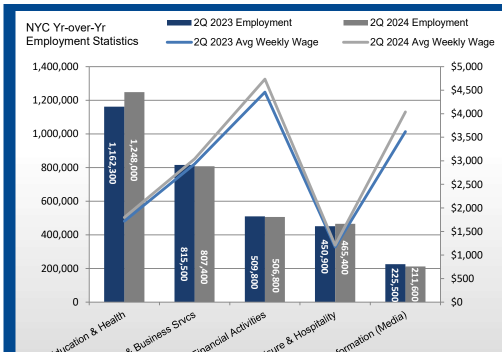
Vacancy for Class A & B office buildings over 75,000 square feet lowered 2.0% to 12.2% in comparison the 12.5% rate in the 3rd quarter of 2024. Class A vacancy lowered quarter-over-quarter by 3.2% to 12.0% in the 4th quarter, while Class B vacancy rose 1.5%, to 12.9% during the same period.

Absorption closed the 4th quarter at positive 1,088,099 square feet, representing a slower pace of improvement compared to the positive 4,031,812-square-foot absorption in the 3rd quarter. Two major commercial submarkets saw positive absorption. Midtown South saw a positive absorption of 370,508 square feet absorption in the 4th quarter, sigificantly lower than the positive 707,638-square-foot absorption in the 3rd quarter; and absorption in Midtown totaled positive 2,168,713 square feet, a moderate increase of the 1,884,981 square feet absorbed in the previous quarter. In contrast, Downtown saw a negative 1,457,122-square-foot absorption reversing two previous quarters of positive absorption.

Face Rents for office space in the 4th quarter lowered 1.4% to an overall average of $69.76 per square foot versus the $70.74 per square foot figure in the 3rd quarter. Class A face rents lowered 2.1% from the previous quarter's $79.44 per square foot to $77.74 per square foot at the end of December.

4Q 2024	Total	Downtown	Midtown South	Midtown
Vacancy	↓	↑	↓	↓
Face Rent	↓	↓	↓	↓
Absorption	↑	↓	↑	↑



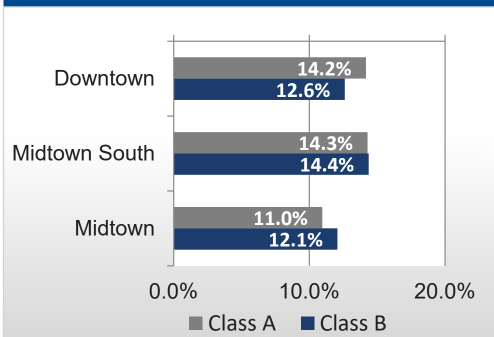


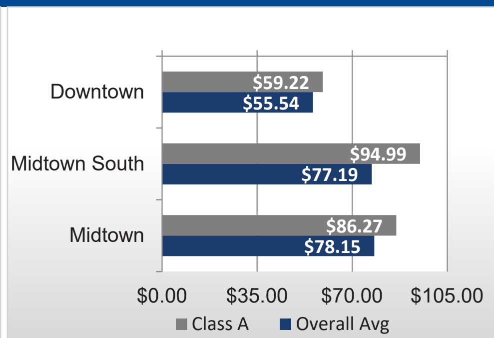
Source: NYS Department of Labor
and US Department of Labor, Bureau of Labor Statistics

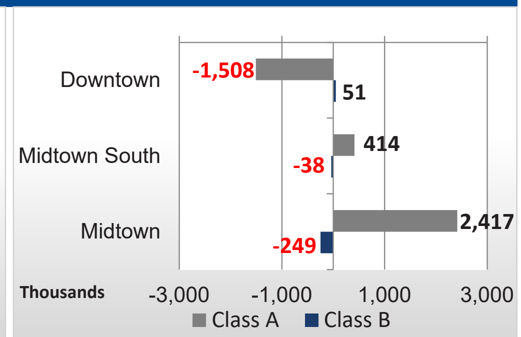
Class A & B Statistics At A Glance

4th Quarter 2024

Vacancy	Average Asking Lease Rent	Net Absorption

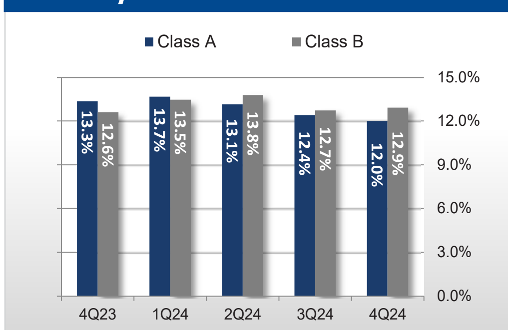


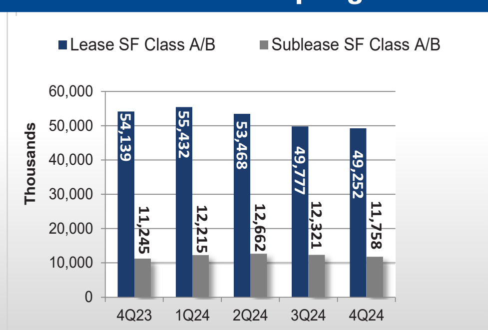


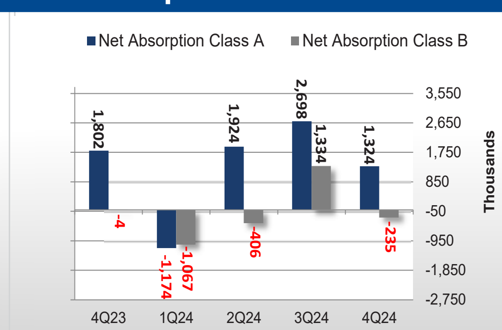


Quarter-over-Quarter

Vacancy	Lease & Sublease Sq. Ftge	Net Absorption

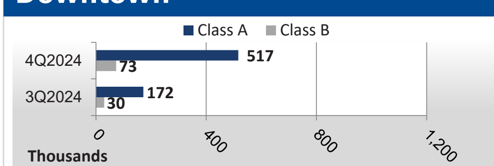


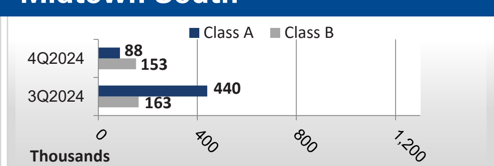


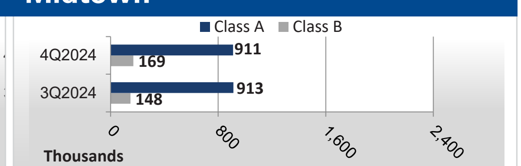


Sublease Space Newly Listed in 4Q 2024

Downtown	Midtown South	Midtown







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



Submarket Statistics Overview: Class A & B Office

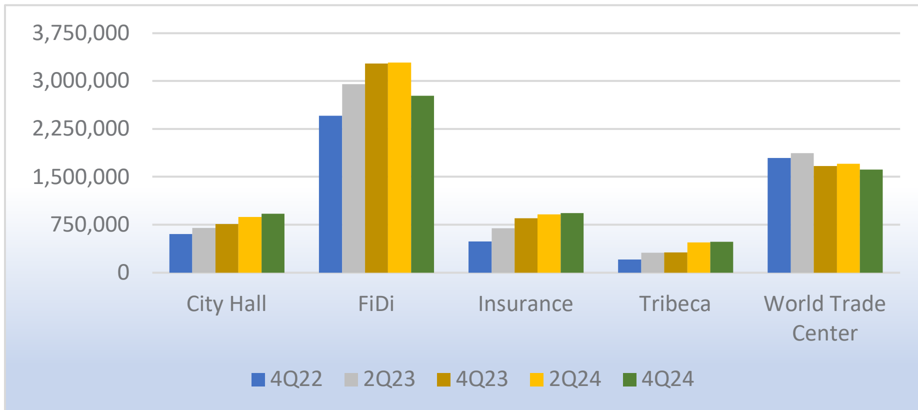
Manhattan	Inventory	Vacant Sq. Ftge.			Vacancy Rate			Avg. Face Rent PSF	Absorption
Submarkets Districts	Total RBA*	Direct Sq. Ftge.	Sublet Sq. Ftge.	Total Sq. Ftge.	Direct Vacancy	Sublet Vacancy	Overall Vacancy	Overall Asking	Year-to-Date Sq. Ftge
Downtown	110,537,573	12,238,421	3,063,616	15,302,037	11.1%	2.8%	13.8%	$56.51	669,639
City Hall	14,096,492	821,390	86,416	907,806	5.8%	0.6%	6.4%	$50.12	-157,573
Financial District	37,907,328	5,548,620	1,602,373	7,150,993	14.6%	4.2%	18.9%	$51.74	591,678
Insurance District	12,451,283	1,39.3,040	212,899	1,604,939	11.2%	1.7%	12.9%	$52.32	599,076
TriBeCa	6,751,568	892,695	71,113	963,808	13.2%	1.1%	14.3%	$65.54	14,382
World Trade Center	39,330,902	3,583,676	1,090,815	4,674,491	9.1%	2.8%	11.9%	$64.64	-377,924
Midtown South	74,730,646	8,547,277	2,170,618	10,717,895	11.4%	2.9%	14.3%	$78.37	501,218
Chelsea	17,428,774	2,597,006	657,422	3,254,428	14.9%	3.8%	18.7%	$68.03	71,669
Flatiron	23,384,223	3,054,140	497,793	3,551,933	13.1%	2.1%	15.2%	$72.34	409,970
Gramercy/Union Sq	9,969,281	687,959	231,910	919,869	6.9%	2.3%	9.2%	$83.21	51,192
Greenwich Village	5,219,420	721,443	94,289	815,732	13.8%	1.8%	15.6%	$110.26	50,961
Hudson Square	12,556,919	1,409,314	532,965	1,942,279	11.2%	4.2%	15.5%	$87.95	-127,522
SoHo	2,511,886	156,832	26,300	183,132	6.2%	1.0%	7.3%	$79.00	-39,795
Midtown	312,946,936	24,466,236	6,523,885	34,990,121	9.1%	2.1%	11.2%	$72.25	3,226,040
Columbus Circle Hudson Yards	33,894,051	1,551,800	1,375,305	2,927,105	4.6%	4.1%	8.6%	$71.29	-135,813
Grand Central	55,893,836	4,540,261	1,305,264	5,845,525	8.1%	2.3%	10.5%	$66.57	958,009
Murray Hill	13,201,883	2,192,065	179,033	2,371,098	16.6%	1.4%	18.0%	$55.21	-37,373
Penn Plaza/Garment	74,652,555	7,168,242	2,343,142	9,511,384	9.6%	3.1%	12.7%	$61.76	1,262,260
Plaza District	84,769,235	7,426,630	938,633	8,365,263	8.8%	1.1%	9.9%	$91.37	945,856
Times Square	46,122,141	5,431,722	382,508	5,814,230	11.8%	0.8%	12.6%	$75.08	65,834
U.N Plaza	4,413,235	155,516	0	155,516	3.5%	0.0%	3.5%	$70.21	165,829
Grand Total	**498,215,155**	**49,251,934**	**11,758,119**	**61,010,053**	**9.9%**	**2.4%**	**12.2%**	**$69.76**	**4,396,897**

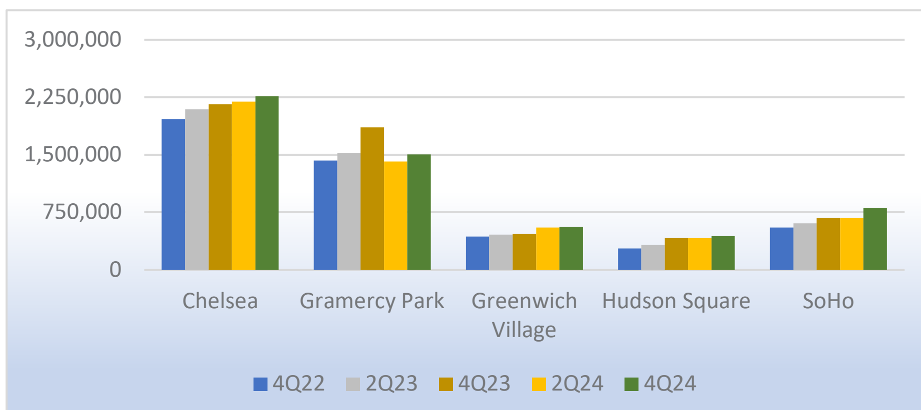
Source: Costar - Buildings 75,000 SF and larger; vacancy and absorption calculations based upon move-in date versus deal signing date
Newmark, Cushman & Wakefield

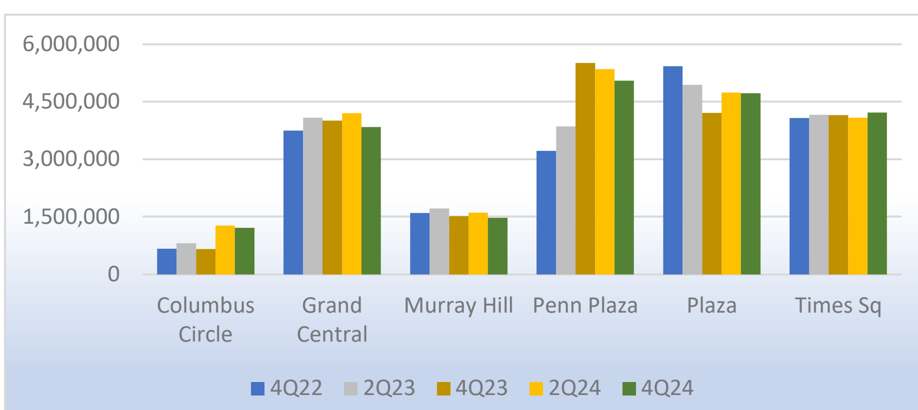
Retail Bi-Quarterly Vacancy Statistics At A Glance

4Q 2022 - 4Q 2024

Submarket	Vacancy by District





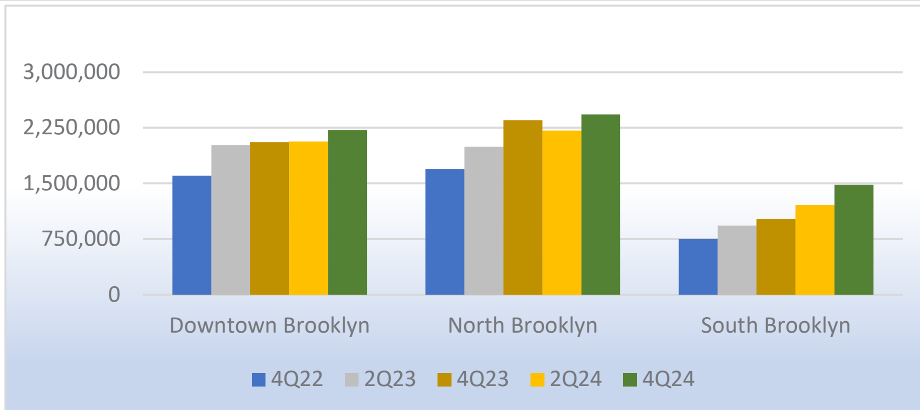


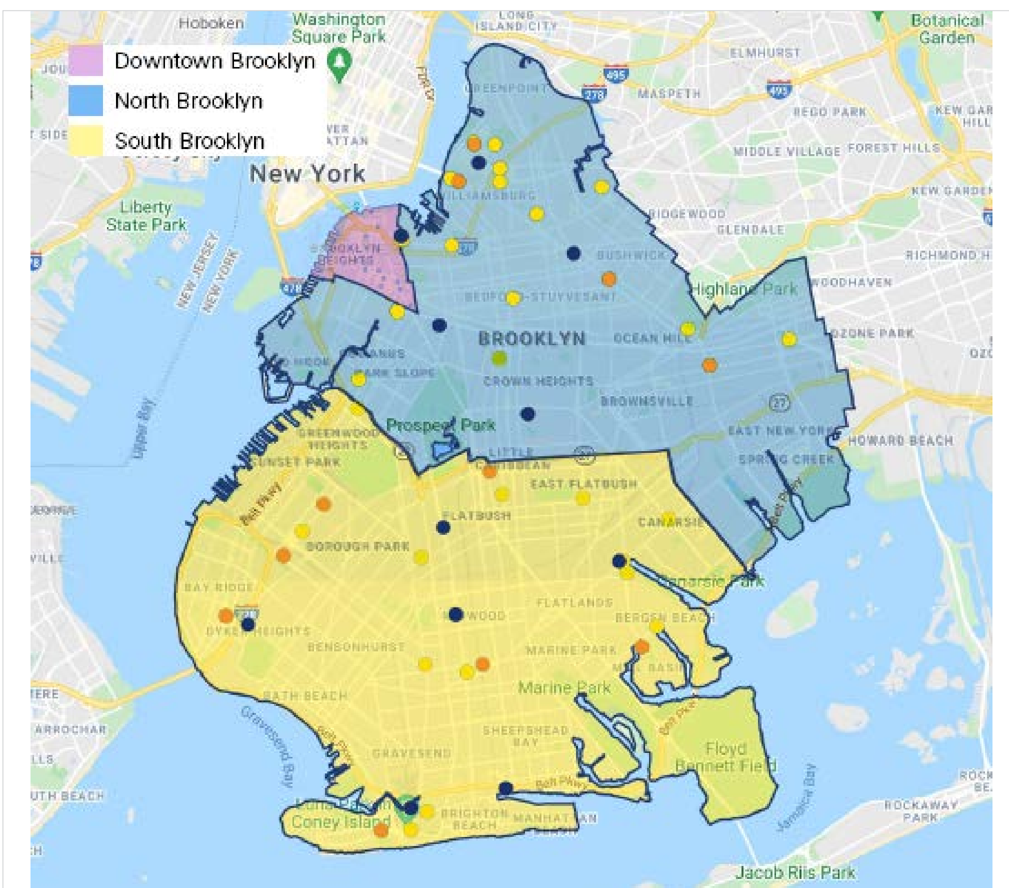
Source: Costar data

Retail Bi-Quarterly Vacancy Statistics At A Glance

4Q 2022 - 4Q 2024

Submarket	**Vacancy by District**



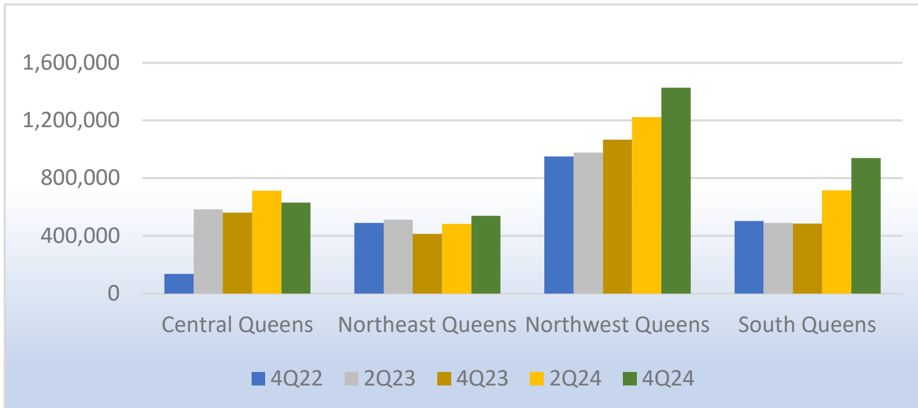


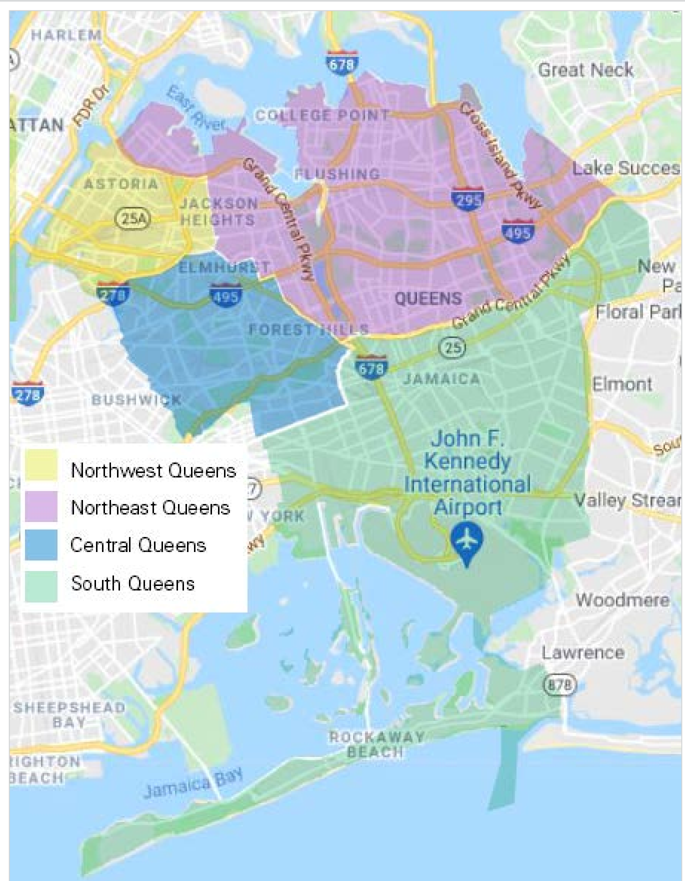
Source: Costar data

Retail Bi-Quarterly Vacancy Statistics At A Glance

4Q 2022 - 4Q 2024

Submarket	Vacancy by District





Source: Costar data

Manhattan Office Market - Top Leases and Investment Sales in 2024

Top 15 Office Leases in 2024

Address	Submarket	District	Sq. Ftge	Lease Type	Tenant
770 Broadway	Midtown South	Greenwich Village	1,118,000	New	New York University
345 Park Avenue	Midtown	Plaza	1,060,000	Extension/Expansion	Blackstone
731 Lexington Avenue	Midtown	Plaza	946,815	Extension	Bloomberg LP
919 Third Avenue	Midtown	Plaza	924,876	Extension/Expansion	Bloomberg LP
1285 Sixth Avenue	Midtown	Columbus Circle	430,000	Relocation	Ropes & Gray
63 Madison Avenue	Midtown South	NoMad	338,085	Relocation	American Eagle
330 West 34th Street	Midtown	Penn Plaza	303,741	New	Amazon (WeWork signed the lease)
Spiral, 66 Hudson Boulevard	Midtown	Hudson Yards	299,893	New	TPG
85 Tenth Avenue	Midtown South	Chelsea	296,775	Renewal	Google
Seagram Building 375 Park Avenue	Midtown	Plaza	239,273	Extension/Expansion	Blue Owl Capital
30 Hudson Yards	Midtown	Hudson Yards	235,479	Sublease/Relocation	Covington & Burling (Warner Bros. Discovery sublet)
22 Vanderbilt Avenue	Midtown	Grand Central	235,200	Relocation	Bain & Company
100 Park Avenue	Midtown	Grand Central	220,000	Lease	Alvarez & Marsal Holdings
11 West 42nd Street	Midtown	Times Square	203,064	Renewal	Michael Kors
1290 Sixth Avenue	Midtown	Plaza	175,000	Relocation	King & Spalding

High PSF Value Office Sales in 2024

Address Property Type	Submarket Neighborhood	Transaction Price	Sq. Ft. Price/SF	Buyer Seller	Comments
980 Madison Avenue	Uptown Upper East Side	$560,000,000	118,635 sf $4,720/sf	Bloomberg RFR Holdings	Bloomberg Philanthropy leased majority of building in 2023
1 Vanderbilt Avenue	Midtown Grand Central	$517,000,000	176,000 sf $2,938/sf	Mori Building SL Green Realty	11% Stake
1410 Broadway	Midtown Penn Plaza	$170,000,000	114,260 $1,488/sf	KSR Capital LH Charney Associates	49% Stake; building recently revampos, over 90% leased
799 Broadway	Midtown South Greenwich Village	$255,000,000	177,431 $1,437/sf	Savanna Columbia Property Trust	All cash deal
625 Madison Avenue	Midtown Plaza	$634,600,000	563,224 sf $1,127/sf	Related Companies SL Green Realty	Fee Sale
Essex Crossing 180 Broome Street	Midtown South Lower East Side	$113,720,848	127,854 sf $889/sf	Deutsche Bank Taconic Partners/L+M Development BFC Partners/Goldmam Sachs Urban Invest	Entire office component is a condominium unit; separate purchase of retail condominium
320 Park Avenue	Midtown Plaza	$506,250,000	574,500 sf $881/sf	Munich RE Mutual of America	75% stake, gives Munich RE 100% ownership; OTM deal
430 West 15th Street	Midtown South Chelsea	$85,000,000	99,558 sf $854/sf	Savanna Invesco	Sale of leasehold - LXD 1/31/2113
Essex Crossing 202 Broome Street	Midtown South Lower East Side	$107,974,982	128,691 sf $893/sf	Deutsche Bank Taconic Partners/L+M Development BFC Partners/Goldmam Sachs Urban Invest	Entire office component is a condominium unit; separate purchase of retail condominium
250 Park Avenue	Midtown Grand Central	$320,152,500	519,783 sf $616/sf	JPMorgan Chase / Hines AEW Capital Management	JPM provided a $175MM refi and $31.038M gap mortgage in 2019

Center for an Urban Future – State of the Chains, 2024

Center for an Urban Future (CUF) recently released its 17th annual State of the Chain's report — a ranking of national retailers in New York City. Findings of CUF's tracking of chain retail trends reveals that over the past year the number of chain stores throughout New York City declined for the fifth time in the past seven years. The largest declines were among retailers selling merchandise — pharmaceutical products, cell phones, clothing, shoes, cosmetics, and vitamins as the growing strength of e-commerce increases competition. However, many food retailers are also reducing their store footprint. Among the over 450 national retailers ranked by CUF, 130 had a net reduction in store locations, in contrast to the 94 brands that had a net store gain; while 229 retailers had no change, resulting in an overall net decline of 109 stores from last year's total of 8,148 to 8,039 in 2024. Although all five boroughs saw a net decline, Manhattan saw the largest reduction of 56 stores at the high, or 1.8% of the total; and in contrast, the Bronx saw the smallest decline of 4 stores, or 0.4% of the total. The recurring trend suggests that the "environment for many national retailers remains challenging" even though many of the "city's commercial districts have seen a strong recovery in storefronts."

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 lost on the year after the one in which it closed all New York City locations. National retailers removed this year include Sears, Wichcraft and Strawberrt
- 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 toal 108-chains, but are not yet included to ensure an accurate comparison

Number of Chain Stores by Borough

Borough	2024	2023	Change#	% Change
Manhattan	3,110	3,166	-56	-1.8%
Brooklyn	1,758	1,785	-27	-1.5%
Queens	1,755	1,772	-17	-1.0%
Bronx	932	936	-4	-0.4%
Staten Island	484	489	-5	-1.0%
Total	**8,039**	**8,148**	**-109**	**-1.3%**

Net Change in number of NYC Store locations in 2023 from 2019 for this year's 20 biggest national retailers

National Retailer	# of Stores 2024	# of Stores 2019	2019/2024 Change#	National Retailer	# of Stores 2024	# of Stores 2019	2019/2024 Change#
Dunkin'	626	636	-10	Chipotle Mexican Grill	111	79	32
Starbucks	328	351	-23	UPS Store	100	87	13
Metro by T-Mobile	239	468	-229	AT&T	100	136	-36
Subway	202	287	-85	Burger King	97	104	-7
Duane Reade	189	317	-128	7-Eleven	96	141	-45
McDonald's	188	203	-15	Domino's Pizza	93	88	5
Baskin-Robbins	181	217	-36	Verizon Wireless	92	27	65
CVS/Pharmacy	160	170	-10	Key Food	90	108	-18
Popeye's	157	105	52	Taco Bell	82	40	42
T-Mobile	156	245	-89	FedEx Office	80	64	16

State of the Chains, 2024 (cont'd)

Top 10 National Retailers in Each Borough

Manhattan	Brooklyn	Queens	Bronx	Staten Island
Starbucks (192)	Dunkin' (133)	Dunkin' (196)	Dunkin' (91)	Dunkin' (39)
Dunkin' (167)	Metro by T-Mobile (88)	Baskin-Robbins (66)	Metro by T-Mobile (56)	CVS/Pharmacy (16)
Duane Reade (78)	Starbucks (54)	Metro by T-Mobile (55)	McDonald's (39)	Starbucks (15)
Subway (66)	Popeye's (52)	Subway (55)	Popeye's (30)	Subway (15)
FedEx Office (62)	McDonald's (50)	T-Mobile (49)	Subway (28)	Metro by T-Mobile (12)
CVS/Pharmacy (60)	Duane Reade (41)	Starbucks (49)	T-Mobile (28)	Carvel (12)
Chipotle Mexican (56)	Baskin-Robbins (41)	McDonald's (44)	Baskin-Robbins (26)	Duane Reade (9)
UPS Store (50)	Subway (38)	Duane Reade (44)	Starbucks (18)	Verizon Wireless (9)
McDonald's (48)	T-Mobile (36)	CVS/Pharmacy (42)	Burger King (18)	7-Eleven (9)
Baskin-Robbins (41)	Burger King (35)	Popeye's (41)	Domino's Pizza (18)	T-Mobile (9)

2023 Change by Borough of the 10 Largest National Retailers in New York City

National Retailer	Store Count 2024	Difference 2024-23	Manhattan	Brooklyn	Queens	Bronx	Staten Island
Dunkin'	626	7	4	-3	2	2	2
Starbucks	328	6	0	5	-2	3	0
Metro by T-Mobile	239	-30	-7	-11	-5	-6	-1
Subway	202	-13	0	-3	-6	-3	-1
Duane Reade	189	-22	-11	-2	-7	-2	0
McDonald's	188	3	0	0	2	0	1
Baskin-Robbins	181	-2	-2	-1	1	0	0
CVS/Pharmacy	160	-10	-6	-2	0	0	-2
Popeye's	157	13	0	4	6	3	0
T-Mobile	156	-15	-3	-2	-9	0	-1

Source: https://nycfuture.org/pdf/CUF_StateoftheChains_2023.pdf


Brooklyn - DUMBO Area

Real Estate Board of New York's Brooklyn Retail Report | 2024*

Although leasing was described as strong by brokers, due to the supply of quality larger storefronts decreasing in some areas, there was some slowing in activity. Natural lease turnover and churn, particularly among smaller retailers accounted for much of the activity. Asking rents continue to remain well below peak levels, even in relatively tight neighborhoods. The most active sector was Food and Beverage (F&B), making vented spaces with gas and adequate power in demand. Fashion, wellness and beauty are also active, while new residential development is supporting activity among essential service retailers. The updated space uses and increased flexibility created by the recently approved City of Yes are generally viewed positively, but it will take some time to see its practical application. Continued challenges that retailers are facing include a pull back on discretionary spending by consumers, lowering confidence in the ability to pass costs of material and supplies that have stabilized but remain higher than pre-pandemic levels, licensing adn permitting delays, inadequate staffing, and inventory shrinkage.

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	2024 Avg. Asking	2024 Asking Range	Minimum Avg. Asking/Yr	Maximum Avg. Asking/Yr	% Yr-over-Yr Change	% Change 2H-2023
Greenpoint						
Franklin St (Meserole Ave – Commercial St)	$80	$70 - $85	$57/W 2018	$89/W 2017	14.3%	5.3%
Manhattan Ave (Driggs Ave – Ash St)	$78	$70 - $108	$58/W 2021	$78/2024	4.0%	6.8%
Williamsburg						
Bedford Ave (North 8th St – North 12th St)	$230	$200 - $245	$122/S 2021	$230/2024	40.2%	12.2%
Bedford Ave (Grand St – North 8th St)*	$250	$200 - $300	$78/S 2022	$404/S 2017	70.1%	28.2%
North 6th St (Driggs Ave – Kent Ave)*	$300	$240 - $350	$208/S 2015	$300/2024	16.3%	9.1%
North 4th St (Driggs Ave – Kent Ave)*	N/A	N/A	$103/S 2020	$200/W 2023	N/A	N/A
Grand St (Havemeyer St – Kent Ave)	$103	$65 - $160	$71/W 2021	$113/S 2017	21.2%	8.4%
DUMBO						
Washington St, Main St, Water St, Front St	$79	$56 - $130	$36/W 2021	$143/W 2018	16.2%	9.7%
Brooklyn Heights						
Montague St (Hicks St – Cadman Plz)	$114	$60 - $150	$72/W 2019	$190/S 2016	-11.2%	-8.8%
Downtown Brooklyn						
Fulton St (Boerum Pl – Flatbush Ave)	$175	$100 - $190	$196/W 2022	$359/W 2018	-12.1%	-10.3%
Court St (Atlantic Ave – Pierrepont St)*	$145	$74 - $170	$100/2024	$195/2H-2023	-21.6%	-12.1%
Prospect Heights						
Flatbush Ave (5th Ave – Grand Armory Plz)	$105	$95 - $115	$101/S 2016	$141/S 2019	-1.9%	-4.5%
CobbleHill						
Court St (Atlantic Ave – Carroll St)*	$100	$93 - $125	$93/W 2019	$200/S 2022	-13.0%	-13.0%
Smith St (Atlantic Ave – Carroll St)	$95	$90 - $110	$83/W 2019	$149/S 2017	4.4%	-4.0%
Park Slope						
7th Ave (Union St – 9th St)	$141	$103 - $180	$86/S 2019	$141/2024	43.9%	25.9%
5th Ave (Union St – 9th St)	$104	$60 - $138	$78/W 2017	$111/2H-2023	7.2%	-6.3%
Bay Ridge						
86th St (4th Ave – Fort Hamilton Pky)	$90	$70 - N/A	$77/S 2015	$123/W 2018	-11.8%	-8.2%

Sources: https://www.rebny.com/reports/brooklyn-retail-report-2024/
*Limited availabilities and withheld rent may cause sharp fluctuations in rent averages between reporting periods. Data covers January 2024 to October 2024


Brooklyn - Brooklyn Heights Area

Development Activity

REBNY Report: Quarterly New Building Construction Pipeline - Q2 2024 | Q3 2024

The Real Estate Board of New York (REBNY) released a report in October providing statistics based on examined new building job application filings submitted to the NYC Department of Buildings in the 2nd quarter of 2024, analyzing data for the three month period of April through June; and draws historical comparisons to provide an understanding of the current state of development in New York City.

Key Takeaways - Q2 2024

Borough Breakout	Q2 2024 Filings	Yr-over-Yr Change	% of Proposed Construction SF	Borough	Q2 2024 Filings	Yr-over-Yr Change	% of Proposed Construction SF
Manhattan	11	10%	4%	Queens	117	-11%	39%
Bronx	28	-15%	9%	Staten Island	65	-44%	22%
Brooklyn	76	-14%	26%				

New Building Filings in Q2 2024	TTL Filings	% Change Qtr-over-Qtr / Yr-over-Yr	TTL Proposed Sq, Ft.	% Change Qtr-over-Qtr / Yr-over-Yr
Citywide	297	2% / -21%	4.5 MM	-30% / -30%

Construction Projects 300K-sf Plus	Q2 2024 Filings	TTL Proposed Sq, Ft.	% Change Qtr-over-Qtr/Yr-over-Yr	% of Q2 2024 TTL Proposed SF
Citywide	2	700,000	-66% / -65%	17%

Multiple Dwelling Residential Q2 2024	Proposed Units	% Change Qtr-over-Qtr / Yr-over-Yr	New Buildings	% Change Yr-over-Yr
Citywide	3,129	-16% / 1%	67	22%

Borough Breakout	Proposed Units / Yr-over-Yr Change / % of TTL	Borough	Proposed Units / % of TTL
Manhattan	451 / 16% / 4%	Queens	638 / 21% / 20%
Bronx	964 / 79% / 31%	S.I.	0 / 100% / 0%
Brooklyn	1,076/ -38% / 35%		

Largest Proposed Projects by Borough - Q2 2024 (excludes single-family homes)

Borough	Address	Neighborhood	Sq. Ft.	Description
Manhattan	34 East 35th Street	Murray Hill	172,797	18-story mixed-use development with 137 residential units
Bronx	1225 Gerard Avenue	Morrisania	356,813	17-Story mixed-use development with 328 affordable & supportive units
Brooklyn	366 Rockaway Avenue	Brownsville	295,745	105-foot-tall development with 283 affordable units
Queens	33-35 11th Street	Astoria	383,477	8-Story mixed-use development with 303 residential units
Staten Island	2374 Forest Avenue	Rossville	7,500	Single-story building with 2,215 SF of residential space

Sources: https://www.rebny.com/reports/q1-and-q2-2024-construction-pipeline-report/

Manhattan - Hudson Yards / World Trade Center

Development Activity

REBNY's Quarterly New Building Construction Pipeline (cont'd)

Key Takeaways - Q3 2024

Borough Breakout	Q3 2024 Filings	Yr-over-Yr Change	% of Proposed Construction SF	Borough	Q3 2024 Filings	Yr-over-Yr Change	% of Proposed Construction SF
Manhattan	3	44%	27%	Queens	119	-4%	21%
Bronx	53	112%	13%	Staten Island	70	-39%	3%
Brooklyn	71	1%	36%				

New Building Filings in Q3 2024	TTL Filings	% Change Qtr-over-Qtr / Yr-over-Yr	TTL Proposed Sq, Ft.	% Change Qtr-over-Qtr / Yr-over-Yr
Citywide	326	10% / -5%	6.8MM	53% / 37%

Construction Projects 300K-sf Plus	Q3 2024 Filings	TTL Proposed Sq, Ft.	% Change Qtr-over-Qtr/Yr-over-Yr	% of Q3 2024 TTL Proposed SF
Citywide	3	1.7MM	50% / 0%	25%

Multiple Dwelling Residential Q3 2024	Proposed Units	% Change Qtr-over-Qtr / Yr-over-Yr	New Buildings	% Change Qtr-over-Qtr / Yr-over-Yr
Citywide	3,674	17% / -14%	82	22% / 24%

Borough Breakout	Proposed Units / Yr-over-Yr Change / % of TTL	Borough	Proposed Units / % of TTL
Manhattan	327 / -64% / 9%	Queens	708 / -16% / 19%
Bronx	1,157 / 41% / 31%	S.I.	8 / 100% / 1%
Brooklyn	1,474 / 41% / 40%		

Largest Proposed Projects by Borough - Q3 2024 (excludes single-family homes)

Borough	Address	Neighborhood	Sq. Ft.	Description
Manhattan	574 Fifth Avenue	Midtown	875,720	Proposed 32-story office tower
Bronx	3726 Park Avenue	Claremont	202,790	Proposed movie studio facility
Brooklyn	242 Seigel Street	Bushwick	307,443	Proposed 32-story office tower
Queens	42-19 24th Street	Long Island City	277,947	Proposed 40-story, 216-unit mixed-use building (likely rentals)
Staten Island	25 Greenleaf Avenue	Port Richmond	54,667	Proposed 3-story building

BID Market Snapshots

Downtown Alliance - Lower Manhattan Real Estate Market Report | Q3 2024

The pace of leasing activity in Lower Manhattan's office market rose 16% quarter-over-quarter, reaching 682,000 square feet — the second highest quarterly total since 2022. Online ticket sales platform StubHub led the way with a 103,158-square-foot lease at 4 World Trade Center. Quarterly leasing was led by the nonprofit sector — the fourth time in 21 years this has occurred. Office-to-residential conversions contributed to a positive net absorption of 709,000 square feet, however, the neighborhoods vacancy rate continues to remain "stubbornly high." The continued resurgence of tourism helped fuel the record-high hotel occupancy rate to 89%, surpassing pre-pandemic levels; and the average daily room rate (ADR) similarly set a record of $303.62, representing a 9% increase year-over-year. Retail leasing also improved, with 19 retailers opening, of which 17 were food and beverage establishments as well as the 30,000-square-foot event space Halo and 20,000-square-foot indoor facility Socceroof at 28 Liberty Street. Median rents in Lower Manhattan reached $4,695 per month, marking a 1% increase quarter-over-quarter and a 17% growth rate compared to pre-pandemic figures. In contrast, the median price of residential unit sales lowered to $985,000 — a 7% quarterly and 9% annual decline.

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

Times Square Alliance Monthly Indicator Reports | September 2024

The report released by the BID provided a snapshot of economic indicators for the month of September. Average daily pedestrian volume for the month was 214,347, representing a 3% decrease quarter-over-quarter and a 6% decrease year-over-year. Broadway theatres generated a weekly average gross revenue and attendance volume throughout September of $26.5 million and 229,112 respectively, increasing 16% and 5% from 2023 figures. Occupancy rates within the hotel sector increased 4% quarter-over-quarter and 2% year-over-year, reaching 88.9%; and the Average Daily Room Rate (ADR) rose 2% during the same period to $247.14. Retail businesses opening during the month totaled 5, compared to 14 openings in March, with an additional 10 planned opens coming soon.

Source: https://cdn.prod.website-files.com/66164ec19113caaa1f66178a/6722b2482bb14bd55fabef29_September%20Monthly%20Economic%20Indicator%20Report.pdf

Flatiron/NoMad - Flatiron & NoMad Economic Snapshot | Q3 2024

Office leasing activity increased year-over-year by 27% resulting in more than 650,000 square feet of leased space across all classes. the number of Class A & B leases signed totaled 72, representing a slight increase of the 67 leases signed in the previous quarter. The 3rd quarter also saw a diverse mix of tenant signings including cosmetics, education institutions, and nonprofit organizations. Notable new openings included IBM and the Chelsea Piers fitness facility at the newly redeveloped One Madison. Retail occupancy within the Flatiron and NoMad districts remained at 83% despite a few closures; and 12 restaurants attained the Certified Green Restaurant certification from the Green Restaurant Association (GRA) creating New York City's First Green Dining Destination. Return-to-office activity increased to an average weekday visits of nearly 60,000 employees, representing a steep increase from the current year low of 47,000 in August according to Placer.ai tracking data. The latest phase of the Broadway vision was completed in mid-September, which included the addition of a new pedestrian plaza between 17th and 18th Street, various street re-configurations to reduce speeding, added seating, planters, and additional bike parking areas, and reconfigured curb lanes to facilitate loading and pickup/drop-offs.

Source: https://flatironnomad.nyc/wp-content/uploads/2024/10/FINAL_Q3-2024-Eco-Report-1.pdf

Midtown - Hudson Yards

Office Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
60 Hudson Street	Downtown	TriBeCa	172,119	Verizon (renewal)
919 Third Avenue	Midtown	Plaza	749,035 175,841	Bloomberg LP (extension) Bloomberg LP (expansion
1285 Sixth Avenue	Midtown	Columbus Circle	430,000	Ropes & Gray (relocation)
330 West 34th Street	Midtown	Penn Plaza	303,741	Amazon/WeWork[1]
66 Hudson Boulevard	Midtown	Hudson Yards	299,893	TPG
Seagram, 375 Park Avenue	Midtown	Plaza	239,773	Blue Owl Capital
100 Park Avenue	Midtown	Grand Central	220,000	Alvarez & Marsal Holdings
767 Fifth Avenue	Midtown	Plaza	163,803	Balyasny Asset Mgmt (renewal/expansion)
485 Lexington Avenue	Midtown	Grand Central	122,788	Traveler'sInsurance (renewal)
770 Broadway	Midtown South	Greenwich Village	1,118,000	New York University[2]
85 Tenth Avenue	Midtown South	Chelsea	296,775	Google (renewal)
295-309 Lafayette Street	Midtown South	SoHo	90,000	OpenAI

Manhattan Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
2 Park Avenue	Midtown	Murray Hill	850,752	$357,000,000	Haddad Brands
1375 Broadway	Midtown	Penn Plaza	819,000	$170,403,750	60 Guilders / Alen Mamrount
320 Park Avenue	Midtown	Plaza	574,500	$506,250,000	Munich RE (75% stake)
767 Third Avenue	Midtown	Midtown East	309,782	$88,000,000	Quantum Pacific / Metro Loft
360 Lexington Avenue	Midtown	Grand Central	296,073	$65,500,000	Capstone Equities
799 Broadway	Midtown South	Greenwich Village	177,431	$255,000,000	Savanna
202 Broome Street	Midtown South	Lower East Side	128,691	$107,974,982	Deutsche Bank (condo)
180 Broome Street	Midtown South	Lower East Side	127,854	$113,720,848	Deutsche Bank (condo)

[1]WeWork signed the lease, Amazon to occupy the space
[2]Handshake deal 8/2024, entire office component, starts 1/2025, term at least 70 yrs, option to buy Yr 30 & Yr 70, portion of rent upfront

Midtown - Times Square

Retail Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
150 West 34th Street	Midtown	Penn Plaza	78,760	Primark
11 Times Square	Midtown	Times Square	49,982	PATH Entertainment Group
624-660 West 42nd Street	Midtown	Hell's Kitchen	35,809	Lincoln Market
1290 Sixth Avenue	Midtown	Plaza	15,000	Five Iron Golf
Metlife, 200 Park Avenue	Midtown	Grand Central	11,300	Giulietta
667 Madison Avenue	Midtown	Plaza	11,000	Michael Kors (renewal)
620 Sixth Avenue	Midtown South	Flatiron	77,970 67,971 37,618	Burlington (relocation/expansion) TJ Maxx (renewal) Marshalls (renewal)
635 Sixth Avenue	Midtown South	Chelsea	34,363	National Museum of Mathematics (relocation)
75 Varick Street	Midtown South	Hudson Square	30,248	Equinox
515 Broadway	Midtown South	SoHo	30,000	Urban Revivo

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
10-04 Borden Avenue	Queens	Long Island City	55,000	Vibe Fitness
Industry City, Bldg 6	Brooklyn	Sunset Park	15,000	HAPIK

Manhattan / Outer Borough Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
3 East 52nd Street	Midtown	Midtown East	5,380	$14,300,000	8162024 LLC[1]
236 West 54th Street	Midtown	Midtown West	4,190	$10,500,000	HW W 54th St LLC
690 Madison Avenue	Midtown	Plaza	3,900	$34,000,000	Wharton Properties
202 Broome Street	Midtown South	Lower East Side	14,567	$9,244,373	Deutsche Bank
34 Union Square East	Midtown South	Union Square	12,200	$11,230,972	34 USQE Owner LLC Totowa Beacon USQE LLC
180 Broome Street	Midtown South	Lower East Side	9,842	$6,043,395	Deutsche Bank
102 Greene Street	Midtown South	SoHo	9,336	$46,000,000	Arkray Marketing Inc
Rowan Astoria 21-21 31st Street	Queens	Astoria	24,561	$6,250,000	Thomas Anagnostopoulos

[1]Buyer appears to be restaurateur tied to QuanJuDe, a Beijing-based hospitality group

For More Information Please Contact:

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