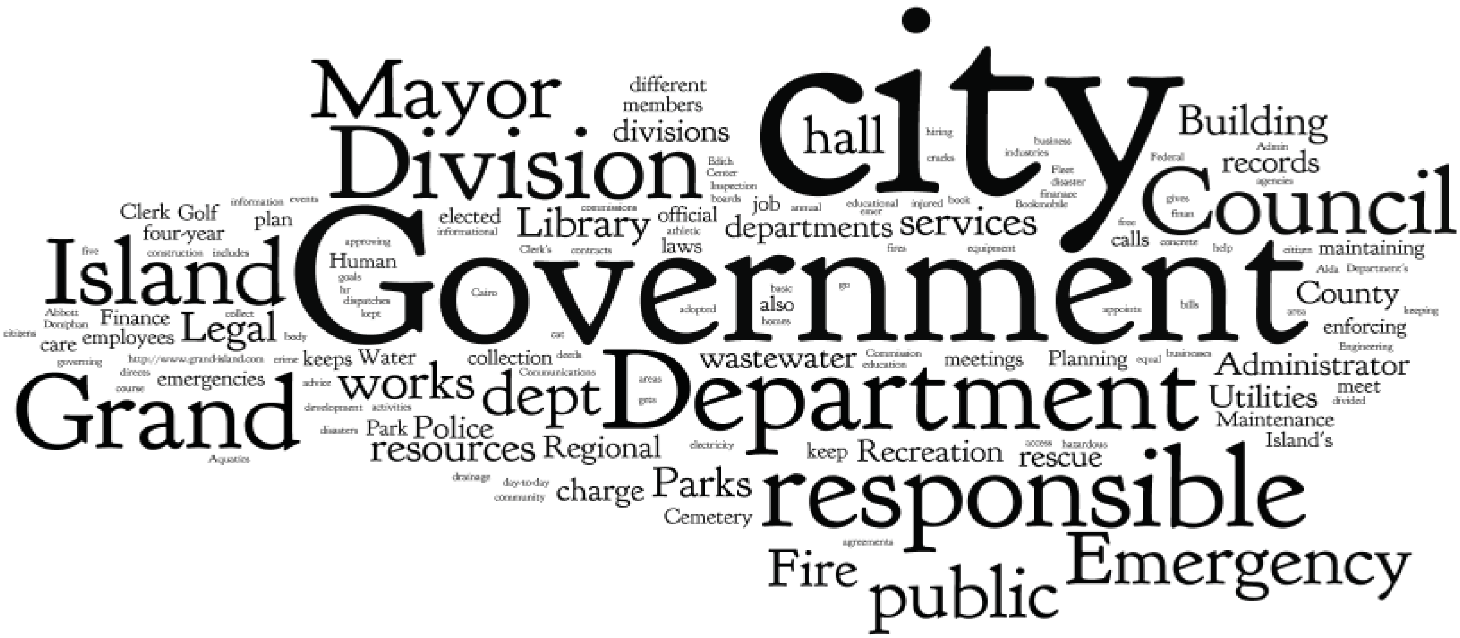
ABS PARTNERS REAL ESTATE, LLC

Manhattan Retail Market

MID-4TH QUARTER 2019 REPORT

Pictured: 145 East 57th Street



Looking Ahead

Within a few weeks of each other the New York City Comptroller's office and the New York City Department of City Planning released separate studies intended to provide more comprehensive insight about the state of retail vacancy across New York City. Both reports come about (6) months following city council approvals of a bill requiring registration of ground floor or 2nd floor commercial premises citywide. If signed into law by Mayor de Blasio the Department of Finance (DOF) will be required to collect the data annually provided by landlords and property owners, which will be required to register no later than one year after the effective date of the enactment of the amendment to local law, and establish a public dataset labeled by some as a **Storefront Tracker**.

NYC Department of City Planning: Assessing Storefront Vacancy in NYC

The city's primary land use agency released a report in early August presenting findings from a study of recent trends within the commercial corridors of (24) neighborhoods across the (5) boroughs; and has drawn the conclusion that despite concerns by news media, communities, and elected officials "about a proliferation of vacant storefronts, especially in high-profile areas of Manhattan," that "storefront vacancy may not be a citywide problem and is concentrated in certain neighborhoods." However while the study supports the premise that vacancy is far from universal, it was further noted that "it is unclear to what extend this is a temporary condition or a more persistent phenomenon." The study, which does not provide a comprehensive assessment of citywide conditions, but rather a snapshot of conditions in a variety of neighborhoods, offers a "data-driven understanding of retail and storefront uses and how they may be changing;" as well as providing the needed data to evaluate the issue. While recognizing that there is much debate about what is causing vacancy, the study's findings "suggest that any public interventions to address vacancy should be carefully considered and nuanced."

Concerns such as the shifting of consumer habits, taxes, rents, and complex business and land use regulations have also been conveyed by many individual storefront businesses. The rise of e-commerce, demographic shifts, real estate market trends, and local building stock are further contributing to the "wide range of conditions, with retail corridors subject to multiple cross-currents that influence retail mix and vacancy conditions in varied and complex ways."

For the purposes of the DCP's study, storefront businesses were divided into (3) major categories of uses — **Dry Retail, Food and Beverage**, and **Services**. In order to analyze 10,000 storefronts across the 24 study areas, field visits were cross-referenced with proprietary data from **Live XYZ**[1]. Demographic, land use, and real estate market data from third-party data; interviews with 14 real estate experts (comprised of a mix of brokers, developers, and an academic) and six local business associations; and the attendance of (2) retail industry conferences provided additional data sources for the study. In (8) of the neighborhoods, the DCP was able to compare 2017/8 data with data from surveys conducted by the agency in 2008/9.

DCP: Assessing Storefront Vacancy (cont'd)

The corridors analyzed were:

	Manhattan:		**Brooklyn**
1.	Inwood – Broadway, Dyckman St, 207th St		Williamsburg – Bedford Ave, Grand St
2.	Hamilton Heights – Broadway*		Fulton Mall
3.	Upper West Side – Broadway, Amsterdam Ave, Columbus Ave*		Bedford-Stuyvesant – Fulton St
4.	Upper East Side – 1st Ave, 2nd Ave, 3rd Ave, Lexington Ave*	4.	Brownsville – Pitkin Ave
5.	Flatiron/Union Sq – 5th Ave, Broadway, Park Ave, Union Square West	5.	Cobble Hill – Smith St, Court St
6.	West 14th Street	6.	Park Slope – 5th Ave, 7th Ave*
7.	East 14th Street	7.	Coney Island – Mermaid Ave
8.	SoHo/NoHo – Broadway, Broome St, Lafayette St, Mulberry St, Prince St, Spring St, West Broadway, Houston St		**Bronx:**
		1.	Kingsbridge – Broadway, 231st St*
9.	Canal Street	2.	Morris Park – Morris Park Ave
	Queens:	3.	Longwood – Southern Blvd, Westchester Ave
1.	Astoria – Steinway St, Broadway, 30th Ave*		**Staten Island:**
2.	Jackson Heights – Roosevelt Ave, 37th Ave, Junction Blvd*	1.	Port Richmond – Port Richmond Ave
3.	Laurelton – Merrick Road	2.	New Dorp – New Dorp Ln*
*Also surveyed by DCP 2008/9			

A summary of the study's findings are snapshot below:

- The retail industry is changing rapidly across New York City and the country.
  - **Internet** has spurred a shift in how Americans shop, with the most significant shift to e-commerce in dry goods spending.
  - **E-commerce** spending is increasing nationwide, and so is brick-and-mortar spending.
  - **Dry Retail** in New York City has seen a decline in recent years in both job numbers and the share of retail stores on corridors studied by the DCP. In contrast food and beverage and services merchants are growing. However New York City may be less affected than other parts of the nation because many of its retail corridors were already more heavily comprised of food and beverage and services merchants.
  - **Storefront Space** supply has increased due to a significant amount of new construction, as well as the emergence of new neighborhood shopping destinations, which may be increasing competition between spaces and retail corridors for tenants.
  - **Vacant Space** retention [frequently referred to as warehousing] may have been encouraged by a rent bubble and surge in high-priced property sales in Manhattan and Brooklyn's more established corridors in anticipation of unrealistic rents — although asking rents and vacancy rates now appear to be declining in many areas. In contrast there was little evidence of warehousing of space for high rents in the many corridors studied that are farther from Manhattan.
- Vacancy rates are volatile, vary from neighborhood to neighborhood and street to street, and cannot be explained by any single factor.
  - **Vacancy Rates** vary across retail corridors and over time, with many industry experts citing 5% to 10% vacancy as more or less characteristic of a healthy corridor. While long-term vacancy is where greater concern lies, short term vacancy is expected in even the most vibrant corridors, due to the natural churn as businesses close and the interim of lease signing and buildout construction. While studied data did not indicate a pervasive vacancy problem citywide, a number of high-vacancy corridors were identified where the rates ranged from 5.1% to 25.9%, with an average of 11.6%; and fluctuated by anywhere from 0.8% to 8.0% over the course of (9) months.
  - **Vacant Storefronts** did not see a large increase in number among the (8) neighborhoods surveyed in 2008/9 and 2017/8; and although the average storefront vacancy rate increased modestly from 7.6% to 9.0%, it decreased in (3) of the neighborhoods. However the potential exists that vacancy could have increased more dramatically in the other corridors among the (16) remaining where historical data was not available.

DCP: Assessing Storefront Vacancy (cont'd)

- **Vacancy Conditions** are influenced by not only high rents, but many other factors including:
  - Industry shifts in retail;
  - Ability to attract shoppers and competition between corridors;
  - Condition of building stock and perception of neighborhood;
  - Regulations such as zoning and landmarks designations; and
  - Redevelopment plans for properties.

- Vacancy is concentrated only in certain neighborhoods and is influenced by local and citywide market forces and spending patterns. For the purposes of the study, the DCP categorized the 24 neighborhoods studied into (4) typologies based on common themes and vacancy conditions.

Hot Corridors		**Underperforming Corridors**	
Manhattan:	Canal St	Brooklyn:	Brownsville
	East 14th St		Coney Island
	Hamilton Hts	Bronx:	Longwood
	SoHo/NoHo	Staten Island:	Port Richmond
	Upper East Side	**Local Stable Corridors**	
	Upper West Side	Manhattan:	Inwood
	West 14th St	Queens:	Astoria
Brooklyn:	Bed-Stuy		Jackson Hts
	Fulton Mall		Laurelton
	Park Slope	Bronx:	Kingsbridge
	Williamsburg	Staten Island:	New Dorp
Regional Stable Corridor			
Manhattan	Union Sq/Flatiron		

- **Hot Corridors** (Medium/High Vacancy) are the more established or rapidly changing Manhattan and Brooklyn corridors where rents have increased notably in recent years.
  - Some owners kept spaces vacant while seeking high rents; in many cases they had promised certain rent levels and a "credit" tenant to their lenders in order to secure favorable loan terms. Many owners did not hold out given ongoing costs that must be covered by rents.
  - A market adjustment may be occurring as many owners are now settling for lower rents and provided concessions as high asking rents prove unattainable and a large supply of vacant property has increased competition for tenants.
- **Underperforming Corridors** (Medium/High Vacancy) are the areas characterized by long-term historic disinvestments where storefronts may be difficult to tenant due to poor conditions or negative perceptions of the neighborhood.
- **Regional Stable Corridor** (Low Vacancy) has a unique combination of assets that attract spending and stable market conditions compared to many other Manhattan areas.

Looking ahead, the DCP's study concludes that "the variation in conditions of different corridors suggests a need for policies that are adequately flexible so that they do not constrain the ability of corridors to adapt and evolve." Improved monitoring of storefront conditions through potential technological advances in the future may help increase the availability of data; and along with further information on some of the challenges businesses have cited, would aid in the development of effective policies moving forward.

[1]Live XYZ – a technology company that has mapped every ground floor use in New York City and updates this information on an ongoing basis.

Source: https://www1.nyc.gov/assets/planning/download/pdf/planning-level/housing-economy/assessing-storefront-vacancy-nyc.pdf

Looking Ahead (cont'd)

NYC Comptroller's Office: Retail Vacancy in New York City – Trends and Causes, 2007-2017

The report released in late September, about 3 weeks following the released study by the Department of City Planning, notes that "the retail vacancy has increased overall in the last decade, even as the city has continued to grow through new development." According to data within the report, city-wide vacancy within the sector rose 45% for an increase in vacant retail space of 6.2 million square feet since the 4.0% vacancy in 2007, resulting in a 5.8% vacancy in 2017. Although vacancy rates vary greatly across the city, concerns about the state of retail have been widespread at least since the 2008 Great Recession. Over the years several theories have arisen to "explain the changing face of retail across the city" such as:

- The rise of Amazon and internet shopping;
- Rising rents and landlord profiteering;
- Regulatory burdens of city agency inspections and permitting; as well as community board and Landmarks Preservation Commission approvals, and other bureaucratic barriers to starting a business; and
- The increased minimum wage added challenges to retailers' ability to stay in business.

Serving as a first-ever attempt to provide a "comprehensive, data-driven analysis on New York City's retail landscape," the report resourced data from multiple sources — New York City property tax filings, commercial leasing data, the U.S. Bureau of Economic Analysis, MasterCard, the New York State Liquor Authority, and the New York City Department of Buildings. However providing a simple explanation for the rise in vacancy is difficult since the "phenomenon of vacant space" varies greatly across the city from neighborhood to neighborhood, as well as the different factors that could affect vacancy rates.

Retail Vacancy Rates rose across all five boroughs over the 10-year period. In the outer boroughs Staten Island incurred the most dramatic rise from 4.3% to 11%; and along with Queens and the Bronx consistently had vacancy rates above the citywide average. However in the Bronx, the vacancy rate has fallen closer to the citywide average since peaking at 7.4% in 2010; while in Brooklyn the 4.3% vacancy in 2007 rose to a peak of 5.8% in 2012, falling over the next 5-years to 5.1%. The report indicated that it is likely population growth and gentrification in Brooklyn and the Bronx attributed to the improved retail outlook. In contrast the retail vacancy in Manhattan has consistently remained below the citywide average, rising steadily over the 10-year period from 3.3% to 5.2%.

Sources: https://comptroller.nyc.gov/wp-content/uploads/documents/Retail_Vacancy_in_NYC_2007-17.pdf

NYC Comptroller's Office: Retail Vacancy in New York City (cont'd)

Vacant Retail Space rose to 11.8 million square feet in 2017, more than doubling the 5.6 million square feet in 2007, of which increased filings of the Real Property Income and Expense (RPIE) statements by property owners accounted for about 1 million square feet of the increase.

Vacant Retail Space			
Borough	**2007**	**2017**	**% Increase**
Manhattan	2.1MM-SF	4.3MM-SF	105%
Brooklyn	1MM-SF	2.1MM-SF	110%
Queens	1.2MM-SF	2.7MM-SF	125%
Bronx	830K-SF	1.6MM-SF	93%
Staten Island	350K-SF	1.1MM-SF	214%

Neighborhood Vacancy Rates are the highest in the outer boroughs, the report noting that "while some particularly retail-intensive Manhattan neighborhoods, such as Greenwich Village/Soho (10013), do have some of the largest vacant square footage totals in New York City, they do not have vacancy rates substantially higher than the citywide average." Although the most dramatic increases in vacancy from 2007 to 2017 were in the outer reaches on the Bronx, Queens and Staten Island, outer borough areas with suburban-style malls saw the greatest increase in vacancy rates. Staten Island has particularly been hit the hardest, both vacant square footage and vacancy rates in the borough's zip codes were among the highest.

Zip Codes with the Most Vacant Square Footage in 2007 and 2017

2007				2017			
Zip Code	Neighborhood	Vacancy Rate	Vacant Sq. Ft.	Zip Code	Neighborhood	Vacancy Rate	Vacant Sq. Ft.
10036	Times Square	8.8%	360,395	10314	Mid-SI	11.6%	439,870
10021	Upper East Side	7.5%	302,363	11201	Dumbo, B.H.	9.7%	392,193
11354	Flushing, QN	12.0%	231,224	10022	5th Avenue	5.8%	358,152
11385	Glendale BK	15.9%	190,419	11432	Jamaica, QN	14.1%	334,787
10022	5th Avenue	4.0%	185,919	11373	Elmhurst, QN	12.5%	323,199
10027	Harlem/Columbia	8.9%	125,073	10019	Midtown Clinton	5.8%	308,403
10019	Midtown Clinton	2.2%	115,538	10013	Greenwich V./Soho	6.8%	265,230
10309	West SI	29.8%	112,542	10011	Chelsea South	6.3%	254,552
10469	East Bronx	14.8%	108,721	10036	Times Square	6.3%	250,829
10455	Mott Haven, BX	10.0%	105,790	10309	West SI	16.4%	229,341

Zip Codes with the Highest Vacancy Rates in 2007 and 2017

2007				2017			
Zip Code	Neighborhood	Vacancy Rate	Vacant Sq. Ft.	Zip Code	Neighborhood	Vacancy Rate	Vacant Sq. Ft.
10309	West SI	29.8%	112,542	11362	Little Neck, QN	25.8%	176,681
11218	Kensington, BK	17.0%	77,279	11363	Little Neck, QN	18.9%	10,369
11385	Glendale BK	15.9%	190,419	10465	Throgs Neck, BX	17.5%	137,042
10037	East Harlem	15.0%	29,262	10309	West SI	16.4%	229,341
10469	East Bronx	14.8%	108,721	11370	Jackson Hgts, QN	16.0%	53,722
10280	WTC	13.6%	34,025	10301	North SI	15.8%	63,047
11691	Far Rockaway	13.5%	72,106	10306	S. Shore, SI	15.7%	201,789
11426	Floral Park, QN	12.2%	16,135	11411	Cambria Heights, QN	14.9%	29,006
11413	Laurelton, QN	12.1%	25,283	10031	Hamilton Heights, M	14.9%	100,800
11354	Flushing, QN	12.0%	231,224	10455	Mott Haven, BX	14.8%	210,821

NYC Comptroller's Office: Retail Vacancy in New York City (cont'd)

Retail Storefront Usage amid rising on-line shopping has increasingly shifted from retail to restaurant/bars and personal services uses, which increased 65% and 50% between 2006 and 2017 respectively. In contrast retail establishments in the city increased during the same period by a significantly lower rate of 19% as the number of storefronts used for the selling of goods declines. While accounting for less than 1% of the total U.S. retail sales in 2000, the proportion of online sales has since increased to 10% in 2019. Amazon.com sales of $177 billion in 2017 were nearly 13-times the $14 billion generated in 2007. Similarly the pace of retail employment growth was slower, increasing by 22% between 2006 and 2017, in comparison to 45% and nearly 75% in the restaurant/bar and personal services sectors.

Retail Sales Activity between 2012 and 2018 revealed that the restaurant/bar merchants were one of the fastest growing categories; and accounted for the largest category of New York City merchants, with about 17,000 MasterCard transactions processed. In contrast, merchants selling goods saw a decline in transactions during the period. Merchant count growth was very unevenly distributed geographically, but the outer boroughs saw the fastest rate of growth. However some of the overall growth is attributed to the more widespread use, or acceptance, of credit and debit cards. Among the merchant transactions completed within the 7-year period analyzed, Bronx led the way with merchant counts rising 55%. In Manhattan, while the Uptown and Harlem submarkets saw a merchant growth of nearly 43% since 2012, the merchant count in Midtown and Downtown saw almost no change.

Average Retail Rents rose roughly 22% between 2007 and 2017, increasing from $42 per square foot to $51 per square foot. While the rising rents were spread across most of the city, some zip code areas with high retail rents to begin with saw more dramatic increases. In SoHo, retail rents rose 110% from $60 to $126 per square foot within the neighborhood's 10012 zip code; and in the Upper East Side, rents within the 10021 zip code increased 85% from $79 to $146 per square foot. Among the 58 city zip codes that saw retail rents decline, (7) were in Manhattan, (5) in the Bronx, (16) in Brooklyn, (24) in Queens, and (5) in Staten Island. Although analyzed Compstak data reveals some evidence that the rents for many new leases in Manhattan are lowering, particularly those rents at the highest end on the Upper East Side, the borough's retail tenants on average continue to pay more than those in the outer boroughs. However in contrast to Manhattan, rents on new leases in the outer boroughs are rising, particularly in the Bronx, with the highest recorded retail rents likely for more recent signings.

Property Tax Payments by retail tenants doubled in aggregate over the last 10-years and accounted for an increasing share of total rents paid. In 2017 a total of $2.3 billion in property tax was paid, representing a nearly 110% increase of the $1.1 billion paid in 2007. Property taxes represented 23% and 20% of total retail rents paid in 2017 and 2007 respectively. Since a clear trend toward an increased prevalence of triple net or other leases was unclear upon reviewing Compstak data on roughly 5,000 leases, it suggests that increased property tax payments by retail tenants are likely driven by increasing assessed values and rising property tax bills on retail property.

NYC Comptroller's Office: Retail Vacancy in New York City (cont'd)

Regulations in excess may be driving high rates of retail vacancy, as has been argued by some observers, due to slow or highly-conditioned approvals by local community boards, city agencies, or landmark status adding to the time and expense of reconfiguring or updating retail space. The measures of regulatory burden considered to substantiate or negate the argument included:

- **Liquor License** – It was determined that a 1% increase in the 30-day waiting period following notification of the local community board, which is an important step in the approval process, is associated with a 0.17% increase in retail vacancy. In 2018, that average wait-time for approval rose to 72 days, representing a 47% increase year-over-year from 49 days in 2017; and is sufficient to drive up the city's retail vacancy by roughly 0.1% in a single year. Although there is considerable geographic variation on approval times, they were generally longer in Manhattan, particularly in neighborhoods such as Greenwich Village, the West Village and SoHo.

- **Alteration Permits** – A 1% increase in the share of alteration permits unapproved by the Department of Buildings after 30 days is associated with a 3.28% increase in vacant retail square footage. Although declining sharply between 2007 and 2017, the share of alteration permits unapproved after 30 days increased substantially in 2018 — particularly in the outer boroughs.

- **Landmark Status** – Contrary to some observers' arguments, there is little evidence that landmark status by itself has contributed to rising vacancy.

The report concluded with some suggestions that could help New York City in meeting the challenge of the changing face of streetfront retail space, representing a partial reiteration from the "some 60 steps the city could take to help improve the city's small business environment that were spelled out in the Comptroller's **2016 Red Tape Commission**.

- Split the Department of Buildings into two agencies, separating its inspection and remediation responsibilities from its permit and review functions;
- Require prompt removal of unused sidewalk scaffolding;
- Expand and improve Department of Transportation's **PARK Smart** program[1] in retail corridors; and
- Take a more pro-active, educational approach to helping small business owners comply with city rules and regulations.

Additional suggestions to help directly address high retail vacancy rates:

- Provide tax incentives for independent merchandise retailers in high-vacancy retail corridors;
- Create a multi-agency task force to assist new businesses by coordinating and expediting the necessary regulatory actions such as construction permitting, health and safety inspections, and liquor license applications;
- Waive permitting and inspection fees for businesses taking over existing space that has been vacant for a given period of time; and
- Incorporate retail demand into neighborhood planning by requiring an analysis of retail demand and inventory in discretionary approvals of any major development proposal or rezoning to ensure that the right amounts and types of retail space are incorporated into the planning process.

[1]PARK Smart Program - intended to make parking easier and reduce congestion by encouraging motorists to park no longer than necessary. Meter rates are higher between noon and 4PM when demand for parking is the greatest, and decreases when demand is lower.

Looking Ahead (cont'd)

Proposed State Legislation Seeks to Remove Cap on Street Vendors

New legislation has been proposed in the New York State Senate that would allow more street vendors across New York City by lifting the cap on the number of permits issued statewide. The proposal that won't "see the floor until the state legislature's next session begins in January" reportedly has the backing from "representatives of vendor- and immigrant-heavy communities." According to reported data compiled by the New York City Department of Health there are roughly 5,100 licensed food vendors citywide; however the "**Street Vendor Project**, part of the Urban Justice Center, estimates that there are actually as many as 20,000 street vendors across the city, which includes those selling nonfood items." As result of the reportedly long waiting list due to the cap on vending that was first implemented in 1979, many sellers reportedly "choose to buy permits on the black market, which opens them up to tickets and fines," paying $25,000 versus $200 for a 2-year permit.

While the proposed legislation is intended to decriminalize street vending by removing the ability of New York City and other municipalities from establishing caps, so that every vendor goes through the appropriate inspections, Mayor de Blasio is reportedly against the plan that could potentially "create chaos." Although previously supportive of raising the cap by more than 3,000 permits, and agreeing that "there's a lot wrong with the current system," the mayor cautioned that the removal of caps would further obstruct the city's sidewalks which are already congested in many places; as well as adding competition to surrounding brick-and-mortar small businesses that are paying rent and already struggling. Criticism of the bill has also surfaced among some street vendors as well, anticipating that an influx in numbers would also hinder their ability to generate adequate sales volume. Efforts by the city council to reform the system over the years have never moved forward; however in April the council reportedly held a meeting on the most recent effort, proposing to "add 400 new permits yearly over the next decade, create a vendor enforcement division, and appoint an advisory board for street vending.

Real Estate Board of New York's Summer 2019 Brooklyn Retail Report

The report released in October by REBNY revealed that average asking rents for available ground floor retail spaces within the borough decreased year-over-year in (10) of the (17) corridors profiled. Progressing neighborhoods are experiencing favorable market trends due to increased foot traffic from new residential, commercial, and mixed-use developments. However in contrast more mature neighborhoods saw declining rents as "landlords seek to remain competitive by reassessing the value of their retail spaces among shifting demographics."

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

Corridor	Summer 2019 Avg. Asking	Summer 2019 Asking Range	Winter 2019 Avg. Asking	% Yr-over-Yr Change	% Change Winter 2019
Greenpoint					
Franklin St (Meserole Ave – Commercial St)	$74	$40 - $115	$70	0%	5%
Manhattan Ave (Driggs Ave – Ash St)	$67	$20 - $109	$70	-4%	-4%
Williamsburg					
Bedford Ave (North 8th St – North 12th St)	$153	$120 - $200	$147	-9%	4%
Bedford Ave (Grand St – North 12th St)	$326	$195 - $500	$319	-7%	2%
North 6th St (Driggs Ave – Kent Ave)	$246	$143 - $300	$209	-2%	18%
North 4th St (Driggs Ave – Kent Ave)	$161	$70 - $258	$196	-18%	-18%
Grand St (Havemeyer St – Kent Ave)	$92	$60 - $144	$100	10%	-8%
DUMBO					
Washington St, Main St, Water St, Front St	$103	$47 - $143	$108	-7%	-5%
Brooklyn Heights					
Montague St (Hicks St – Cadman Plz)	$86	$66 - $133	$72	-22%	20%
Downtown Brooklyn					
Fulton St (Boerum Pl – Flatbush Ave)	$237	$63 - $375	$262	1%	-9%
	$160	$117 - $235	$166	N/A	-4%
Prospect Heights					
Flatbush Ave (5th Ave – Grand Armory Plz)	$141	$72 - $226	$139	19%	2%
CobbleHill					
Court St (Atlantic Ave – Carroll St)	$96	$55 - $185	$96	3%	10%
Smith St (Atlantic Ave – Carroll St)	$83	$46 - $160	$83	-4%	16%
Park Slope					
7th Ave (Union St – 9th St)	$86	$87 - $120	$117	-23%	-27%
5th Ave (Union St – 9th St)	$104	$60 - $125	$95	10%	10%
Bay Ridge					
86th St (4th Ave – Fort Hamilton Pky)	$102	$47 - $133	$111	-18%	-8%

Sources: https://www.rebny.com/content/dam/rebny/Documents/PDF/Brokerage/REBNY_2019_Summer_BrooklynRetailReport.pdf

In the News

Hudson's Bay Sells Lord & Taylor

Headlines in late August delivered news of the imminent sale of department store chain Lord & Taylor to fashion rental subscription startup Le Tote Inc. One of the oldest department stores in the U.S., the nearly 200-year-old Lord & Taylor's is being sold by NRDC-owned Canada-based Hudson's Bay Co. (HBC), having acquired the chain in January 2012 and reportedly investing $427 million in the retailer as part of the deal. At the time of the transaction there were 46 stores in operation, including the former Manhattan flagship of 104-years at 424 Fifth Avenue; however by August 2019 only 38 stores remained in operation as Lord & Taylor's continued to struggle with declining sales revenue.

According to the August 28th press release by Hudson's Bay, the combination of "Le Tote's proprietary technology, data and innovation combined with Lord & Taylor's traditional store footprint, e-commerce presence and merchandise selection will offer customers a new experience in the mid-market segment." Accounting for $1.4 billion of HBC's $9.4 billion in retail sales in fiscal 2018, a $119 million loss, inclusive of allocated corporate expenses was attributable to Lord & Taylor per HBC's 2018 adjusted EBITDA.

Under the terms of the agreement:

- Le Tote will acquire the Lord & Taylor brand and related intellectual property while assuming operation of 38 stores, Lord & Taylor's digital channels and the associated inventory.

- HBC will receive $99.5 million (USD$75 million) in cash upon the transaction's closing and a secure promissory note for $33.2 million (USD$25 million) payable in cash after 2-years. (Deal term figures assume USD:CAD = 1:1.3272)

- HBC will receive an equity stake in Le Tote, two seats on the company's Board of Directors and certain rights as a minority stakeholder.

- HBC and its real estate joint venture, HBS Global Properties, will retain ownership of all owned and ground-leased real estate assets related to Lord & Taylor; and has agreed to maintain economic responsibility for at least the initial 3-years for the rent payments owed by Lord & Taylor at the locations operated by Le Tote. Net of HBC's distributions from HBS Global Properties, HBC expects to continue to be liable for approximately $77 million in Lord & Taylor total cash rent on an annual basis.

- HBC and Le Tote will have options to reassess the Lord & Taylor store network starting in 2021, which may include HBC recapturing select locations to determine their highest and best use, including possible redevelopment into mixed-use properties with a variety of services, experiences and retail offerings. For any recaptured or returned stores, HBC retains long-term rent responsibility, risk and costs for redevelopment.

The transaction is expected to close prior to the 2019 holiday season; however if Le Tote is unable to secure financing for the full purchase price within 45-days following the agreement signing, HBC has the right to terminate the agreement.

Sources: http://investor.hbc.com/node/10791/pdf

In the News (cont'd)

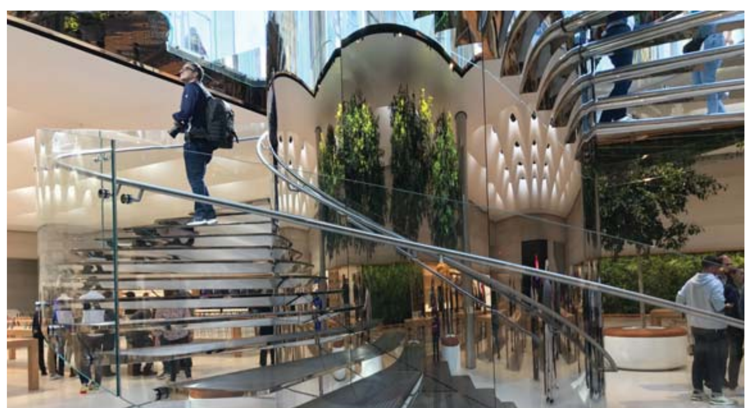
Apple's Underground Fifth Avenue Flagship Reopens Following Renovations

The highly anticipated reopening of Apple's lower level store after an over 2-year closure for renovations finally arrived on Friday, September 20th. As part of the project, the store that is reportedly Apple's most profitable and the only outlet that is open 24 hours a day for 365 days a year, has increased in size from 32,000 square feet to a reportedly more than double 77,000 square feet. A portion of the additional space is expected to be used by the company's "**Today at Apple**" program, which hosts free sessions to teach skills like photography and coding. Perhaps the most notable build-out addition is along the roof of the space which now has 62 frosted skylights imbedded in the surrounding street-level Fifth Avenue outdoor plaza, of which 18 act as chairs for public use; and are intended to change the store's basement-like feel, while bringing a lot more natural light into the space. Inside the glass cube entry is a glass-enclosed spiral staircase and circular elevator providing access to the store which now features several planted trees throughout, as well as a section of the wall that's covered in plants.

Well-known for its 32-foot iconic glass cube entrance that sits in front of the **GM Building** at 767 Fifth Avenue, initial reports of the planned renovation surfaced in April 2017 following permit applications being filed by the technology giant with the Department of Buildings. Removal of the glass cube was required prior to the start of the project. It was indicated at the time that the cube's removal had an estimated cost of $2 million; and was the 2nd time the cube was dismantled, having been previously dismantled in 2011 for a redesign using larger, more seamless glass panes.

Partial View of Selling Area

View of Ground Level Skylights



View of Glass Enclosed Spiral Staircase

Sources: https://ny.curbed.com/2019/9/19/20874129/apple-flagship-fifth-avenue-store-renovated-opening-nyc

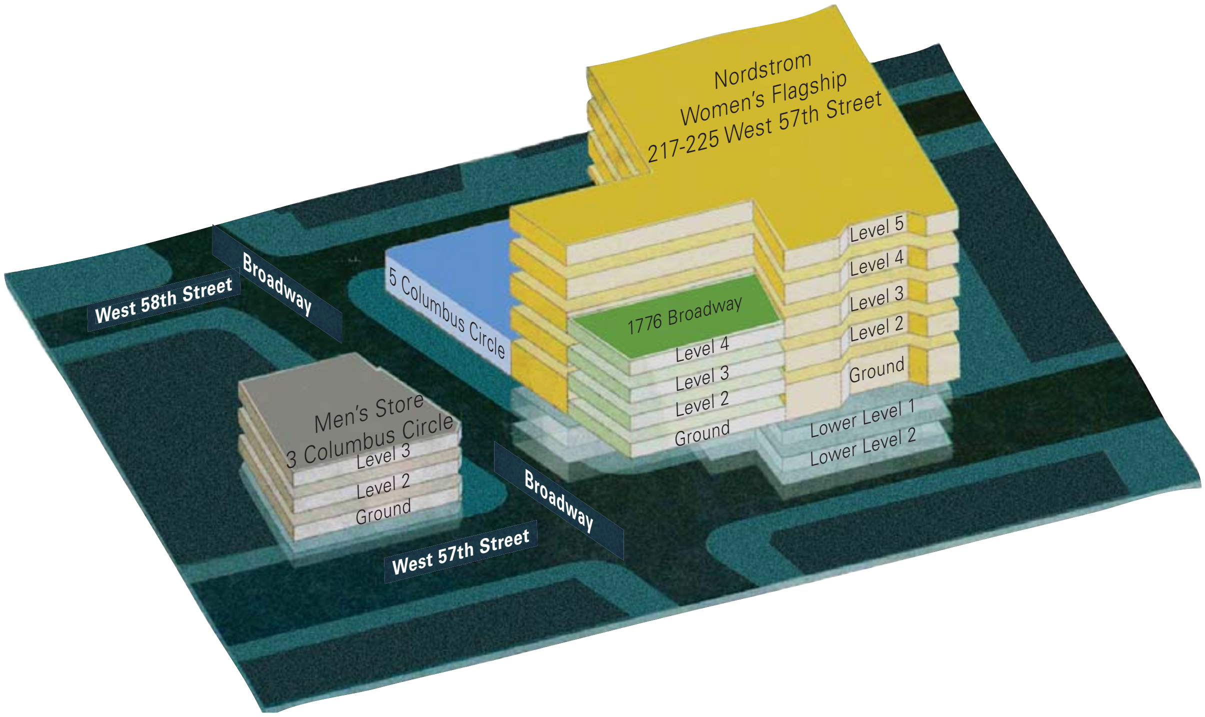
In the News (cont'd)

Nordstrom's Highly Anticipated Manhattan Debut Arrives

The vision for a new store dates back to July 2013 upon Nordstrom closing on the $102.5 million down payment of the reportedly $426 million purchase to Extell Development for "a fee below a plane" — essentially the land and associated development rights at the multi-parcel assemblage taking shape at 217-225 West 57th Street, with the remainder of the payments to be made in installments for the deal that at the time reportedly equated to about $586 per buildable-square-foot. The transaction was the first step towards setting the wheels in motion for the Seattle, WA-based luxury department store chain's first Manhattan flagship.

The new more than $500 million flagship reportedly employs 1,500 people; and joins Nordstrom's first-ever standalone men's store, which sits directly across Broadway at **3 Columbus Circle** in a 3-level, 43,000-square-foot store that opened in mid-2018. Although abandoning a search to secure a site back in the 1960s, deeming Manhattan too expensive, since New York City residents account for Nordstrom's "largest source of e-commerce orders" analysts agree that it made sense to enter the market since "physical stores increase digital sales significantly" according to reports. In addition to the 57th Street flagship, Nordstrom currently operates (6) off-price **Nordstrom Racks** in New York City; and recently opened (2) **Nordstrom Local** stores — 1273 Third Avenue (Upper East Side) and 13 Seventh Avenue (West Village), a new experiential concept brand that serves as an "inventory-free retail hub," which primarily offers a local outpost for pick-up and try-on of online purchases, onsite alteration services, nail services, and to make returns.

Nordstrom Debut (cont'd)



Primarily situated at the base of the under construction 1,550-foot-tall, 95-story mixed-use condominium known as **Central Park Tower**, along with separately leased space in adjacent **5 Columbus Circle** (aka 1790 Broadway) and **1776 Broadway**, the 320,000-square-foot store that officially welcomed its first customers on **Thursday, October 24th** is the 118-year-old retailer's 2nd largest store behind the company's Seattle flagship.

- **217-225 West 57th Street** houses the core of the store in about 292,000 square feet spanning 7-levels — 5 above grade and 2-below grade

- **5 Columbus Circle** – Located at the corner of Broadway and West 58th Street, Nordstrom occupies 8,000 square feet of ground level space, previous reports indicating that Nordstrom intended to rebuild the façade of the landmarked building that dates back to 1911. The lease secured in April 2014 has an initial term of 20-years that expires September 30, 2035 plus (3) successive extension options of 10-years for the first two extensions and 8-years for the remaining 3rd option according to city record documents.

- **1776-1778 Broadway** (aka 229 West 57th Street) – Located on the corner of West 57th Street, Nordstrom leased 20,000 square feet spanning 4-above grade levels at the base of the 25-story building.

The interiors of the 3-properties are connected to provide seamless access for customers. However the exterior gives the store a unique façade due to the mix of new construction and existing historic buildings. The store's main entrance fronting West 57th Street features a 5-story transparent façade comprised of wavy glass lit with a gradually changing color display; while other entrances are located on Broadway and West 58th Street. Construction of Nordstrom's flagship reportedly represents the "city's first street-level, purpose-built department store of the century." Seeking to take advantage of an open floor plan, the tower's original design that would have placed the elevator banks in the center of the store required Extell to reengineer the entire tower. The change worked out as a win-win for both, providing better views for the residential component that was shifted further east, while further dividing the retail and residential elements of the building into two distinct structures.

View of Central Park Tower, 217 West 57th Street

Nordstrom Debut (cont'd)

Keeping in mind the modern shopper, the store's design includes:

- A number of large-scale commissioned artwork along with the **Art@Nordstrom** app that provides an audio-guided tour of the collection;
- Many areas for shoppers to congregate or lounge;
- (7) Food options, which reportedly make up one in four sales transactions; and
- (2) Bars with drinks flowing freely on the floors with liquor licenses, while other alcoholic beverage can be delivered to shoppers on (5) of the (7) levels.

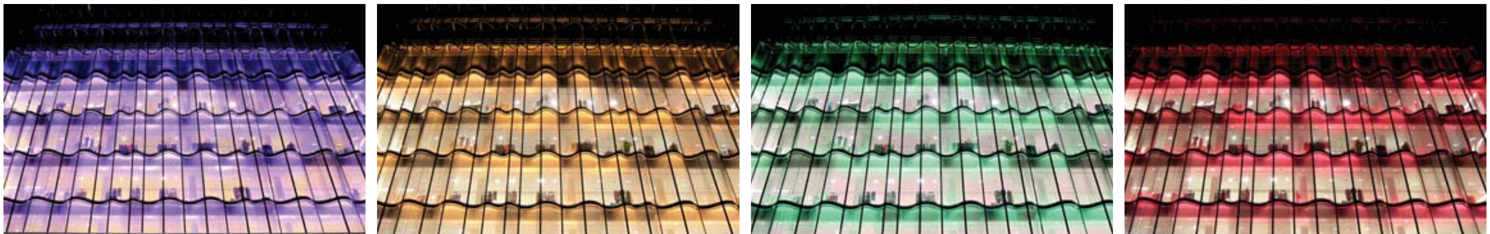
Other efforts to meet the changing preferences of today's consumer include **direct-to-consumer (D2C) brands** within the store such as reportedly Everlane and Allbirds; as well as a strong emphasis on personalization and services, such as in-store pick-up, 24/7 express services, 3-hour same day delivery, express return kiosks, tailoring and express alterations, a shoe and handbag repair station, on-site cell phone charging, free Wi-Fi, and touchscreens in the jeans department to facilitate the selecting of fabric, shape, color and size. In addition to a pop-up dubbed **Nordstrom X Nike** by athletic footwear brand Nike and a **Burberry** pop-up with a pink-colored, faux café display complete with tables, chairs and dim lighting, the eateries throughout the store include:

- **Wolf** – The 3rd floor open kitchen eatery that offers Italian-inspired "small plates" by reportedly James Beard Award nominee chef Ethan Stowell represents its first location on the East Coast.
- **Jeannie's** – The lower level open-kitchen eatery by reportedly Seattle-based James Beard Award recipient chef Tom Douglas serves pizza, pasta and salad.
- **Hani Pacific** – Serving Pacific Rim-inspired cuisine, the family-friendly eatery is also located on the lower level.
- **Bistro Verde** – The 5th floor eatery features salads, meats, seafood and pizza with a focus on responsible and sustainable sourcing; and in about one year the plan is to add a 48-seat outdoor patio.
- **Oh Mochi** – A gluten-free doughnut shop on the lower level between Hani Pacific and Jeannie's.
- **Broadway Bar / Shoe Bar** serve cocktails and small plates on the 3rd floor and lower level respectively.

While Nordstrom remains one of the largest department store chains in the U.S. it has faced its share of challenges in recent years as reportedly "traditional areas of strength for the retailer showed new weakness." In addition to efforts to boost softening sales revenue by "focusing on its loyalty program, digital marketing and ensuring its offering the right assortment of goods," Nordstrom has also made changes to its retail mix. Reports indicate that after closing some full-line namesake stores in recent years, the retailer actually operates more stores than a year ago, with the new additions primarily smaller Nordstrom Rack outlets. However some remain skeptical of the strategy; and reportedly "debate whether Rack is diluted to the overall Nordstrom brand, and that is causing people to not shop in the full-price stores."

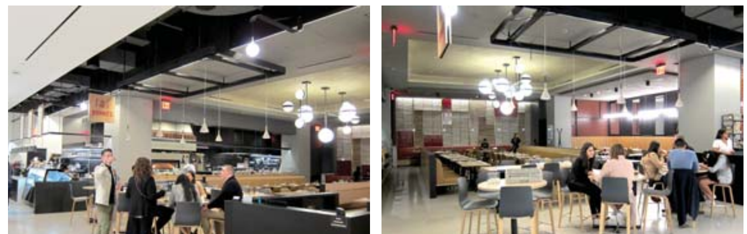
Although it's too early to assess the wisdom of the decision, the opening of the Manhattan store comes at a time when several large stores around the country have been closing. Department stores have reportedly posted year-over-year sales volume declines since 2012 amid an overall increase in retail sales, with the volume of online purchases continuing to increase, including at Nordstrom where digital sales reportedly accounts for 30% it its sales volume. Over the past year in Manhattan, **Lord & Taylor's** 5th Avenue flagship of 104-years shuttered; 96-year old **Barneys**, recently completed bankruptcy proceedings that will likely result in most of its 22 locations closing; 112-year-old **Neiman Marcus**, which opened its 250,000-square-foot store in Hudson Yards earlier this year, is reportedly still "finding its footing;" the stock of 161-year-old **Macy's** reportedly lost half its value this year; and although sales at the 5th Avenue flagship remain strong for 152-year-old **Saks Fifth Avenue**, it shuttered the 86,000-square-foot Lower Manhattan location that served as a new concept for the luxury chain just over 2-years after opening.

Nordstrom Debut (cont'd)

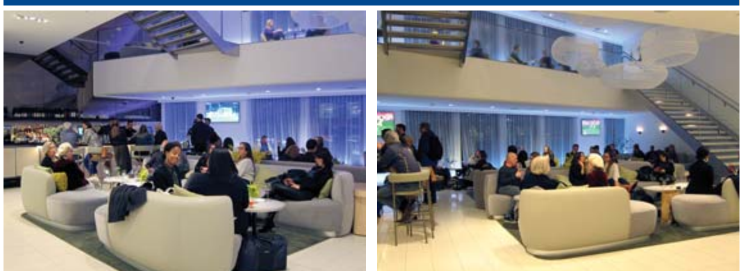


"Wave-form Glass Façade Creates an Interactive Viewing Experience for Both Inside and Outside the Store"

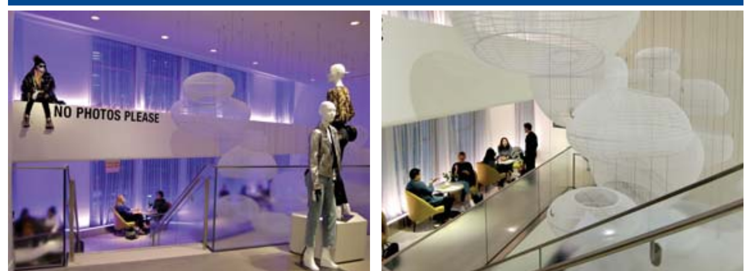
Hani Pacific



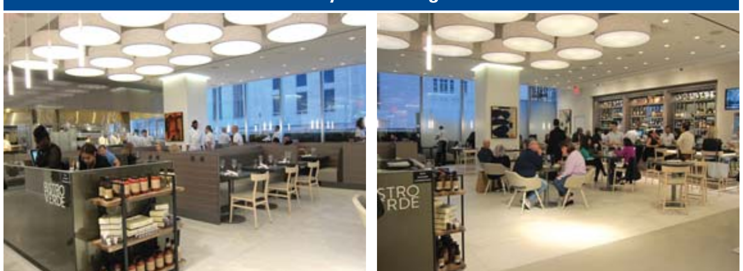
Jeannie's



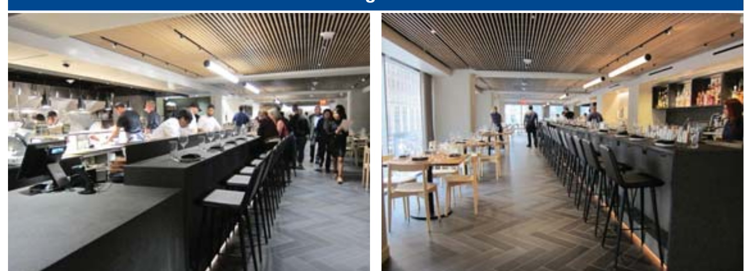
Broadway Bar/Lounge Area



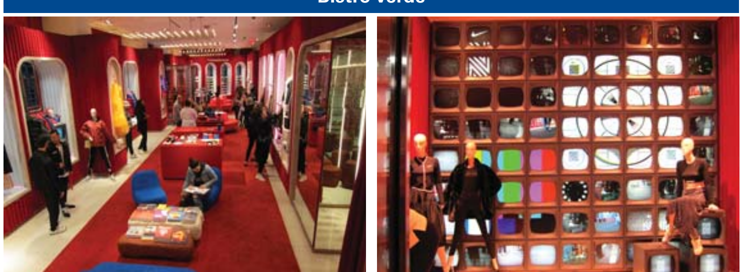
Lounge Area



Bistro Verde



Wolf

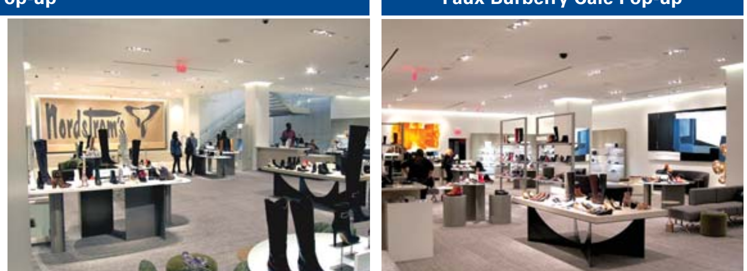


Nike Pop-up

Faux Burberry Cafe Pop-up

Mochi Donuts

Dress Displays



Shoe Displays

Shoe Bar

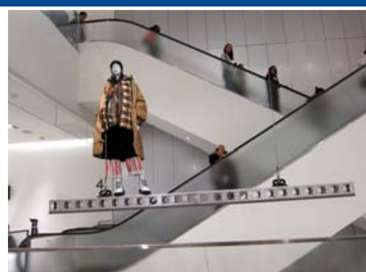
Nordstrom Debut (cont'd)




Salon Area




Floor Views and Displays



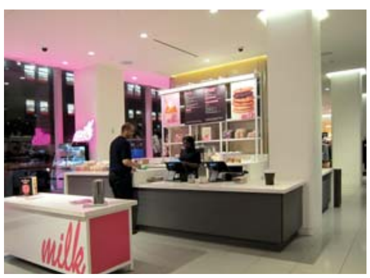


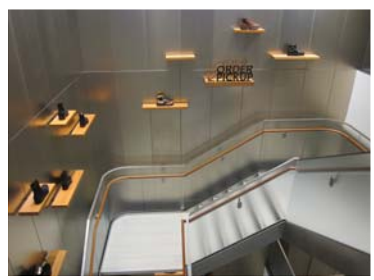




Nordstrom Debut (cont'd)

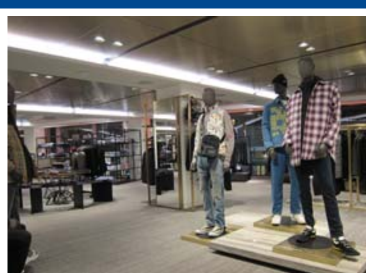
1780 Broadway Entrance





Men's Store Entry

3 Columbus Circle



In the News (cont'd)

Wegmans Makes its NYC Debut in Brooklyn Navy Yard's Admiral's Row

After initially committing in 2015 to anchor the retail within the $140 million redevelopment of the Brooklyn Navy Yard's Civil War-era Admiral Row, Rochester, NY-based **Wegmans Food Markets** opened its first New York City store on Sunday, October 27th. Opening day reportedly attracted more than 25,000 shoppers, breaking the grocery store chain's opening-day sales record according to reports. Located at the base of **Building 212, 21 Flushing Avenue**, in addition to the ground level space the 74,000-square-foot store includes a 2nd-floor mezzanine with nearly 100 seats for an in-store **Market Café** and bar. The 103-year-old family-run grocer reportedly describes its "bigger-than-usual" stores as "having a feel of a "European open-air market;" and store shelves are stocked with about 10,000 to 30,000 more products than the typically grocery store average of approximately 40,000 according to reports. The new store features the convenience of 700 parking spaces comprised of a mix of a surface lot and a newly constructed 160,000-square-foot adjacent parking garage; and is accessible via multiple MTA bus lines and the navy yard's new ferry stop, as well as about one mile from several subway line stations.

Reports in April indicated that Wegmans did not plan to make any big changes to its product assortment for Brooklyn; and is hoping to attract the reportedly 2.8 million people with an average household income north of $100,000 that live within 5-miles of the Navy Yard, with its array of exclusive offerings including an extensive assortment of take-home meals, developed in part by celebrity chef David Bouley; and a 350-variety cheese counter for pairing with a selection of Wegmans' 2,200 wines. In addition to specialty items, the store will also offer a wide selection of everyday items.

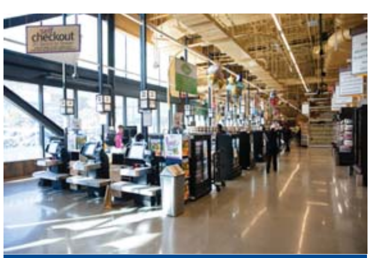
While Wegmans ' opening seemed to make an initial impression on New York, the Brooklyn store will also serve as a test for the grocer to see if it can compete in its first big-city market, as well as one of America's most competitive markets, at a time when many large grocers have folded. Although reportedly proven "adept at solving the most intractable problem facing retailers — giving shoppers a compelling reason to visit its stores," it has yet to be seen if Wegmans can duplicate the "phenomenal success it's had in smaller locales" in Upstate New York, New Jersey, Pennsylvania, Massachusetts, Maryland and Virginia at the site in the "long-ignored tract of the former military base."

Wegmans Debut (cont'd)

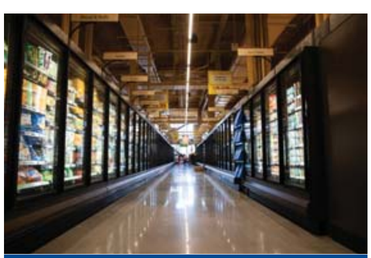
However the store's long-term success may be dependent upon Wegmans being able to overcome some expected challenges such as:

- Big, crowded cities not conducive to Wegmans' sprawling stores;
- The Navy Yard's isolated location that is cut off from most of the borough by the Brooklyn-Queens Expressway (BQE); and abuts the Farragut House public-housing project;
- New York City's extremely competitive grocery market comprised of a mix ranging from bodegas and street-corner produce stands to local chains like Fairway and D'Agostino that reportedly have "more experience with the hefty and rising costs that have eaten away at area grocer's margins;" and
- Convincing the city's "finicky" shoppers that the store, which is an unfamiliar name to many locals, offers something unique.

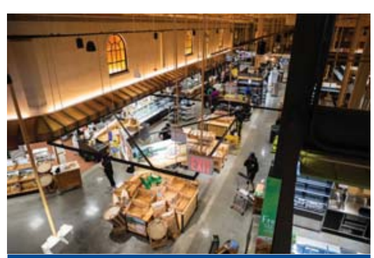
Wegmans and Steiner NYC, the creator of the Navy Yard's 25-acre film studio, were awarded the project amongst 3 other proposals as a result of the grocer's more affordable offerings; its community-oriented management style; and its commitment to hiring locally for full-time jobs, having reportedly hired more than 200 of the 500 total workers from outreach events held in conjunction with the Navy Yard's employment center at or very near the Farragut, Ingersoll and Walt Whitman Houses.



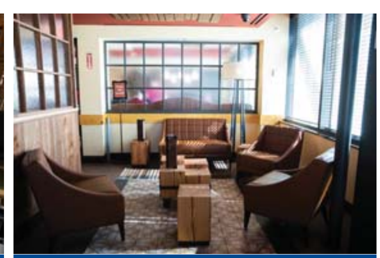
Checkout Area



Frozen Food Aisle



View from Mezzanine



In-store Cocktail Lounge

Sources: https://brooklyneagle.com/articles/2019/10/25/brooklyn-wegmans/ • https://ny.eater.com/2019/10/23/20928963/wegmans-nyc-brooklyn-first-grocery-store
https://patch.com/new-york/fortgreene/wegmans-first-nyc-store-opens-brooklyn-what-you-need-know

In the News (cont'd)

Godiva Opens Café Concept in the Flatiron District

The nearly 100-year-old Belgium chocolatier recently welcomed its first customers to the 2,400-square-foot **Godiva Café** located between East 21st and 22nd Street at 929-933 Broadway. The new location that had a reported asking rent of $350 per square foot joins Godiva's (3) other concept outlets that are concentrated in Midtown, including Godiva's first-ever café, which opened in Manhattan's Plaza district in April in a 1,200-square-foot space on the corner of East 50th Street at **560 Lexington Avenue** following a testing of the concept with a short-term pop-up in Penn Station. The new concept is reportedly one of (10) planned initial openings in the Northeast to be made by the end of the year, with longer ranged plans of establishing 2,000 locations worldwide. Distinguishing it from the company's typical stores, a selection of both savory and sweet grab-and-go items and beverages will be offered at the café, including its "decadent cold blended signature drink **Chocolixir** and exclusive stuffed croissant waffle, the **Croiffle**.

The new chocolate-themed café joins other chocolate brands in the area including **Nutella**, the hazelnut-spread brand owned by Italy-based Ferrero International S.A., which debuted its 2,200-square-foot café in late 2018 at the base of the newly constructed 116 University Place on the border of Union Square; and Italy-based **Venchi**, which opened its first standalone store in a 3,000-square-foot space at the base of 861 Broadway. Prior to the Union Square signing, Venchi has had outposts within both of Eataly's Manhattan food halls.



Checkout Area

Macy's Tests Clothing Resale and Rental Concepts

Ongoing efforts to keep foot traffic in circulation as brick-and-mortar stores struggle with an "unstable retail environment and changing consumer shopping behavior" continues to push the need to develop new strategies that are outside the box. Back in March, Cincinnati, OH-based Macy's launched the "narrative-driven retail concept shop" **STORY** within 36 of its stores across 15 states hoping to refresh the 160-year-old brand and expand its reach to young shoppers in the digital age. More recently it was announced that Macy's began testing in 40 of its namesake stores a clothing and accessory resale concept in about 500 square feet through a partnership with **ThredUp**, an online consignment and thrift startup launched in 2009. The startup's merchandise is primarily made up of "apparel that customers return for whatever reason within the 30-day money-back guarantee" period. In addition a subscription rental apparel service dubbed **My List** is being testing at its Bloomingdale's stores, hoping to generate the success that Rent the Runway (RTR) has had, a 2009 launched online site that now has stores in Chicago, New York, California, and Washington, D.C. according to reports Macy's will also reportedly accelerate plans to open more than 200 **Backstage** store-within-a-store concepts before the end of the year, the off-price outlet launched in 2016, coupled with store upgrades are helping to boost sales revenue.

In the News (cont'd)

FreshDirect Seeking a Buyer

The 20-year-old home delivery grocery service launched in New York City, and considered a pioneer of the concept, is reportedly being offered for sale as its largest investor JPMorgan Chase begins "quietly shopping FreshDirect." Amazon and Walmart are among the interested parties, having considering acquiring the company several times in the past according to reports. High hopes of a significant business expansion upon moving to the new 2-story, 423,530-square-foot, 15-acre facility that opened last year in the South Bronx neighborhood of Port Morris at **2 St. Ann's Avenue**, were quickly over-shadowed by "service glitches" that reportedly besieged the company following the move. The inability of a new technology platform that controls the "miles of conveyer belts" in the Bronx warehouse to work with "the customer-facing software" was reportedly at the heart of an increase in missing items from orders, out-of-stock notifications, and late deliveries.

Boasting a "fiercely loyal and wealthy customer base in the Big Apple, one of the most coveted food delivery markets in the country," Amazon and Walmart had reportedly made offers of $2.3 billion and $2.6 billion in 2010 per reported information from a former FreshDirect executive with "direct knowledge;" however the company's labor ties could hinder a sale to either since they are reportedly "union averse." Currently operating in (4) counties within New York State — Manhattan, Nassau, Suffolk and Westchester, where reportedly "botched deliveries" has resulted in the company focusing on current customer retention versus business expansion. Heightened competition from "food delivery apps and traditional supermarkets upping their delivery game" has further hindered FreshDirect's growth. Efforts to reduce overhead costs have reportedly led to a roughly one-third reduction of its staff, as well as consolidating into the larger company its one-hour delivery service **Foodkick**, which was launched in 2016 and had reportedly long been FreshDirect's "growth engine."

Startup Aims to Repurpose Vacant Retail Space into Direct-to-Consumer Fulfillment Centers

Ohi, a New York-based startup has set out to get online shoppers closer to their purchases by repurposing empty retail space into "what it call micro-warehousing." Intended to make same and next day deliveries for a fraction of the current cost, with a priority on sustainability by eliminating extra packaging and reducing carbon emissions by utilizing bike couriers for deliveries versus planes, trains and automobiles according to a report. Ohi is "building a micro-warehousing platform that uses data-analytics to help D2C e-commerce companies understand their customer demand and where they should be locating warehouses to best serve them, Ohi will hold inventory in existing unused space, rather than building any additional warehousing space. Currently operating a few modestly sized facilities in New York and San Francisco, the company is planning to have 20 locations across (5) cities by the end of 2020 following a reported round of fundraising led by investment firm Flybridge Capital Partners that generated $2.7 million. Ohi's concept will potentially attract the greater interest from sustainable e-commerce brands, having already secured skincare brand Loli Beauty, which described itself as "an 'organic' and 'zero waste' company" as its first client.

Developing Trends

Foreign-based Restaurant Openings on the Rise

Amid a foreign investment slowdown in commercial real estate, there has been an influx in the number of reportedly "foreign-backed, high-profile and fast-casual restaurants opened in the city in the past 12 months." Contributing to the increasing pace of activity is reportedly a saturation of home markets among some of the biggest restaurant groups; as well as the city's reputation as an ideal testing ground for broader U.S. expansion. However an entrance into the New York City market is not without its challenges, even for those backers that can afford to pay the high rents commanded by the new developments that have come on the market. "Sky-high startup costs, the length of time it can take to turn a profit;" as well as learning the "lay of the land" regarding city regulations and permitting processes, and a period of trial and error experimentation for "finding out what appeals to local palates" can deter even the most ambitious offshore restaurant groups.

Cited in example was the 2017 opening of higher-priced **Naoki** in Midtown South's Chelsea neighborhood at 311 West 17th Street. Owned by 20-year-old Create Restaurants, the publicly-traded Japanese firm was prompted to seek offshore growth potential having "extremely" saturated its homeland market with over 900 restaurants specializing in a wide variety of cuisines. Although the restaurant initially served higher-priced fare, it subsequently rebranded evolved into a lower priced sushi restaurant, and rebranded as **SushiNao**. Another Japan-based restaurant that has been able to achieve success in the U.S. is **E.A.K. Ramen** (aka Machida Shoten in Japan). Launched in 2008, the eatery that operates throughout Japan, Asia and parts of Europe recently entered the U.S., making its Manhattan debut in 2017 at 469 Sixth Avenue (West Village); and adding a second location in July at 360 West 46th Street (Hell's Kitchen).

Other lease signings reported since the beginning of 2018 include:

- **First Lamb Shabu** / 218-220 East 14th Street (East Village) – The Beijing-based hot pot chain leased a 2,400-square-foot space, which includes 1,200 square feet of basement space. The lease established its 2nd U.S. location, adding to a Queens outpost at 136-72 Roosevelt Avenue, Flushing. The chain reportedly operates 300 locations across China.
- **Copper Branch** / 195 Bleecker Street (Greenwich Village) – The Canadian plant-based power-food company established its 1st U.S. location for its quick-service restaurant concept in the 775-square-foot space.
- **Hutong** / 731 Lexington Avenue (Plaza) London-based restaurant operator Aqua Restaurant Group leased the 18,750-square-foot space for its northern Chinese concept. The space was formerly occupied by longtime restaurant Le Cirque until closing in January.

Foreign-based Restaurant Openings (cont'd)

- **Zauo** – The restaurant that offers a fish-focused menu opened in 2018 by the Japanese restaurant chain. Located in Chelsea at 152 West 24th Street, diners are able to "fish for their dinner."

- **Yakiniku Futago / 37 West 17th Street** (Chelsea) – The Japanese barbecue eatery that launched in 2010 if Osaka opened its first overseas outpost in Manhattan in 2018.

- **Hawksmoor** / 287 Park Avenue South (Flatiron) – The London-based steakhouse established its 1st U.S. location in approximately 7,280 square feet, the the main area of the 180-seat restaurant will be located in the 30-foot ceilinged "Assembly Hall" at the base of the 9-story landmarked building. In addition there will be a 50-seat bar.

- **D&D London** – The London-based restaurant group has opened (2) Manhattan locations. The offshore move was partially prompted by decisions not to have 90% of its business in one country shortly after the 2016 Brexit vote according to statements by a company spokesperson:
  - **Bluebird London** – The modern British brasserie opened at the **Shops at Columbus Circle** within Time Warner Center, 60 Columbus Avenue in 2018.
  - **Queensyard** – Focusing on British cooking, the restaurant that also features influences from both sides of the Atlantic opened at the **Shops & Restaurants at Hudson Yards** earlier this year.

- **Paris Baquette** - The Seoul, Korea-based café/bakery chain owned by South Korean conglomerate SPC Group leased (2) locations, adding to existing outposts at the Stewart Hotel, 371 Seventh Avenue, 990 Sixth Avenue, 700 Sixth Avenue, and 888 Tenth Avenue.
  - 1450 Broadway (Penn Plaza) – A 3,552-square-foot space.
  - 1262-1270 Lexington Avenue (Upper East Side) – A 4,000-square-foot space.

- **Wagamama** – The London-based Asian noodle eatery opened (2) locations, having made its Manhattan debut in 2016 at 210 Fifth Avenue. Another location includes 55 Third Avenue. Both new leases were for 15-year terms.
  - 1345 Sixth Avenue (Columbus Circle) – An 8,145-square-foot space established its New York City flagship.
  - 605 Third Avenue (Grand Central) – A lease for 5,418 square feet was secured

Brooklyn:

- **Collective Arts Brewing** / 519-529 3rd Avenue (Gowanus) – The lease for 16,000 square feet established the Hamilton, Ontario-based breweries 1st U.S. outpost; and features a microbrewery, 2-level taproom, 100-seat casual restaurant, 40-seat craft distillery, and lower level cocktail lounge.

- **Gumption Coffee** / Industry City (Sunset Park) – The lease for 6,000 square feet established the Sydney, Australia-based coffee brand's 1st U.S. location; and will feature a 5,000-square-foot roaster and 1,000-square-foot café.

Leasing Activity

Medical Marijuana Dispensaries Make their NYC Debut

In 2014 Governor Cuomo signed the **New York Compassionate Care Act**, providing patients suffering from debilitating symptoms and diseases access to medical marijuana under strict requirements regulated by the Department of Health (DOH). A total of (10) registered cannabis operators are allowed, with each being allowed (4) dispensing locations and (1) manufacturing facility. Among the reportedly 36 dispensaries currently operating in the state, (4) are located in New York City.

- **Columbia Care NY** led the way, opening a 3,500 square outpost in 2016 at the base of the 5-story, 10,000-square-foot mixed-use building located in the East Village at 212 East 14th Street. Establishing Manhattan's first dispensary, Columbia Care secured a second location in early 2019 upon leasing a 7,000-square-foot space in Downtown Brooklyn's **Temple Bar Building** at 44 Court Street, where the asking rent was reportedly $150 per square foot for the 4,500-square-foot and 1,500-square-foot ground and lower level space.

- **Citiva** established Brooklyn's first dispensary upon opening in January in a reportedly 2,000-square-foot space at 202 Flatbush Avenue in Downtown Brooklyn. The company offers delivery service via an app, which is heavily regulated by the DOH.

- **Valley Agriceuticals dba Remedy-NY** will open its first location in the city at the base of the **Williamsburg Pod Hotel** at 626 Driggs Avenue (aka 172-182 North 4th Street). The 3,800-square-foot space was leased in July under a 10-year term according to reports.

According to reported statements by a Citiva spokesperson, "it could cost tens of millions of dollars to go through the year-long application process to become a registered medical cannabis operator in New York," with the required renewal every 2-years adding "upwards of $200,000" in costs.

Medical Marijuana Dispenseries (cont'd)

Requirements for dispensaries in New York State are reportedly one of the strictest in the nation, stipulations reportedly include:

- Dispensaries cannot be located on the same street, or "within 1,000 feet of a building occupied exclusively by a school, church, or synagogue or other place of worship;"
- A shop is not allowed to "make substantial alterations to the structure or architectural design of a … dispensing facility without prior written approval of [DOH]"
- Products are not allowed to be showcased to the public
- Required cameras and security systems to cover every inch of the dispensary's space, as well as outside, are signed off by the DOH.
- Dispensaries undergo a strict inspection by the DOH prior to opening.
- Since the selling of cannabis to a state certified patient can only be done by a pharmacist, each dispensary is required to have one on staff full-time.
- Dispensaries have 24 hours to report a loss of any cash or stock after discovery; and upon filing a report the DOH will go to the location to view security film footage, while having the operator where the loss took place describe how it might've happened, and how it will be prevented from reoccurring.
- Seed-to-sale tracking requires a barcode being attached to the stem of a cannabis plant that the operator grows, which stays with that stem until it's produced into a product.

Securing locations is not without certain challenges, landlords reportedly among the most mindful of following prohibition of marijuana, which although decriminalized this year under legislation signed by Governor Cuomo, has yet to be fully legalized by New York State. In addition to some landlords preferring to avoid the required government oversight, most mortgage lenders reportedly "won't allow for a location to be used for medical cannabis sales because it's still outlawed federally." As a result, prior due diligence by dispensary operators is key; as well as engagement with the community boards and local organizations according to a report. Yet despite a slow start, reports indicate that as landlords see the market heating up, more are expected to welcome cannabis retailers at their properties.

Leasing Activity (cont'd)

Lease Deal Highlights

Midtown

The Hugh / 601 Lexington Avenue (Plaza) – The Anna Castellani-led Local Culture Management reportedly secured a lease for 10,000 square feet within the retail annex at the base of the iconic Citigroup Center. The 15-year deal is valued at more than $1 million per year according to reports. Known as the creator of the popular 40-vendor **DeKalb Market Hall** now located within Downtown Brooklyn's **City Point** complex, the company reportedly plans to open The Hugh sometime in the next 3 or 4 months, bringing a new food hall to the Midtown area.

Ulta Beauty / 2 Herald Square (Penn Plaza) – The Estée Lauder-owned cosmetic brand has reportedly secured a lease for 12,040 square feet of ground level space at an asking rent of $550 per square foot. The deal included an additional 6,000 square feet of lower level storage space. The new location that also goes by the address 950 Sixth Avenue will serve as the publicly listed retailer's Manhattan flagship, absorbing a portion of the 60,500 square feet spanning the basement through 3rd levels vacated in 2016 by former tenant fast-fashion chain **H&M** upon making a parallel move to about 63,000 square feet across the street at Herald Center (aka 1293-1311 Broadway).

Draught 55 / 987 Second Avenue (Midtown East) – The local bar and eatery will be opening a second outpost within the Turtle Bay section of the neighborhood, having reportedly secured a 7,750-square-foot lease just (2) blocks south at the base of the 3-story building located between East 52nd and 53rd Street. Under a 20-year lease that had a triple-net asking rent of $38 per square feet, the bar will occupy 2,250 square feet each on the entire ground, 2nd floor and basement levels along with a 1,000-square-foot mezzanine. Turtle Bay Tavern had previously occupied the space, having reportedly shuttered last year after 22 years in operation. The new location expected to open in mid-2020 will join Draught 55's currently established outpost at 245 East 55th Street, where they have been located since the bar's launch in 2012 according to reports.

Major League Baseball / 1271 Sixth Avenue (Columbus Circle) – The athletic organization will be opening its first permanent U.S. retail outpost next summer at the base of the 48-story, 2.1 million-square-foot tower. Currently an existing tenant in the building in about 325,000 square feet leased in 2016, the MLB will now add 16,560 square feet, and although unverified will likely include 5,015 square feet on the ground level, 6,967 square feet of concourse space, 2,288 square feet of mezzanine space, and 2,290 square feet on the basement level. Boasting over 200-feet of wraparound frontage, the new flagship location will "sell merchandise from 30 teams as well as game-used items." SportsNet New York had previously occupied the space, which represents a portion of the 39,000 square feet that housed the TV network's broadcast studios, until relocating to an 83,000-square-foot space leased in 2015 at 4 World Trade Center. Although full details of the deal were not released, the store will be operated in partnership with Legends, the global marketing and hospitality group owned by the New York Yankees and Dallas Cowboys according to reports. The design and construction of the space buildout will reportedly be overseen by Legends Project Development.

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

First Republic Bank / 1 Grand Central Place (Grand Central) – The San Francisco-based lender will be opening a new branch at the base of the 55-story, 1.319 million-square-foot tower that underwent a rebranding of its former 60 East 42nd Street address. The new full-service branch is located directly across from Grand Central Terminal and the under construction One Vanderbilt tower. Formerly occupied by Bank of America, the 14,430-square-foot space includes 2,187 square feet of ground level space at a reported asking rent of $110 per square foot, and 12,243 square feet on the 2nd floor.

Urbanspace / 135 West 50th Street (Columbus Circle) – The people behind outdoor markets including the Union Square holiday shops, Bryant Park's Winter Village, and Mad. Sq. Eats will be opening their 4th Midtown food hall; and the 2nd in the Columbus Circle neighborhood. Planning to open in the summer of 2020, the 15,000-square-foot food hall will spread across the ground and basement levels of the 24-story, 924,721-square-foot tower; and will have entrances on both West 50th and 51st Streets. The new location joins:

- 787 Seventh Avenue (Columbus Circle) – 10,850-square-foot space leased early this year;
- Urbanspace @ 570 Lex (Plaza) – 11,400-square-foot food hall that opened in 2018; and
- Urbanspace Vanderbilt (Grand Central) – 10,000-square-foot food hall that opened in 2016 within the Helmsley Building, 230 Park Avenue.

The Harrison / 1601 Broadway (Times Square) – A new music-themed restaurant will be opening in 6,400 square feet at the base of the 46-story, 824,966-square-foot mixed-use office, retail and hotel building known as the **Crowne Plaza**. The BenMoha Restaurant Group, operators of Famous Dave's BBQ and Sammy's House of BBQ have reportedly secured a 17-year lease for the space spread across the ground, mezzanine and lower level. The new eatery is reportedly taking inspiration from its location in the theater district, directly across from the **Brill Building**, which was formerly home to the storied **Colony Records**.

Midtown South

Whole Foods Market / 28 East 28th Street (NoMad) – The Austin, TX-based grocer will reportedly be adding a new store at the base of the 870,000-square-foot tower that formerly went by the address **63 Madison Avenue**. Full details of the deal were not released for the 60,000-square-foot space that includes 10,000 square feet on the ground level and 50,000 square feet on the 2nd floor. Spanning the entire Madison Avenue block-front between East 27th and 28th Streets, the 15-story building is currently undergoing a major renovation to include a wraparound 2-story retail glass box, a new office lobby, and private outdoor spaces for high-floor tenants. Whole Foods currently operates (10) stores within Manhattan, as well as (4) locations in Brooklyn according to its website.

Equinox / 31-37 West 27th Street (NoMad) –The upscale fitness chain has reportedly secured a 39,000-square-foot space spread across the ground, entire 2nd and 3rd floors, and basement of the 12-story, 145,856-square-foot office building. The 20-year deal will establish a new facility less than one block from sister brand SoulCycle's outpost at 12 West 27th Street.

Inked / 150 West 22nd Street (Chelsea) – The Quadra Media-owned publication dedicated to tattoo culture has reportedly secured a 10-year lease at the base of the 12-story, 86,300-square-foot building. Located between 6th and 7th Avenues, the new 8,500-square-foot storefront that includes 5,000 square feet of ground level space and 3,000 square feet on the lower level had a reported asking rent of $108 per square foot. The deal mark's the publication's first retail shop and tattoo studio; and will offer a combination of tattoo studio, art gallery, photography studio and museum-like retail shop, with a portion of the space to be utilized for Inked's offices.

Warner Bros. Entertainment / 935 Broadway (Flatiron) – The AT&T-subsidiary has reportedly secured a lease for roughly 38,000 square feet spanning (3) floors of the 7-story, 95,066-square-foot building. Full details of the deal were not released for the lease that will bring a **Harry Potter-themed** experiential exhibit to the neighborhood, allowing visitors to "walk through recreations of many of the films' most iconic locations." Formerly occupied by Restoration Hardware, until the upscale furniture brand relocated to its new flagship in the Meatpacking District at 9 Ninth Avenue last year, the space is located next to the landmarked **Flatiron Building**.

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

46-74 Gansevoort Street: Triple-Play Deals (MePa) – The redevelopment and restoration of the 10-buildings spread across a 3-parcel assemblage by William Gottlieb Real Estate and Aurora Capital Associates has added 150,000 square feet newly repositioned commercial space to the Midtown South neighborhood. Branded **Gansevoort Row,** the cluster of buildings span the entire block-front between Washington and Greenwich Streets.


Gansevoort Row - Rendering

Pre-leasing activity in early 2017 attracted:

- **Hermès** – The Paris-based luxury accessories brand made its April debut in the 3-level, 10,000 square feet at **46-48 Gansevoort Street** under a 10-year term, reports at the time indicating that asking rent was $600 per square foot for the space on the ground and 2nd levels and $150 per square foot for the 3rd level space.

- **Pastis** – The highly anticipated re-opening arrived in May, bringing the return of the popular French bistro from renowned chef Keith McNally in about 8,500 square feet at **52 Gansevoort Street**, having shuttered its original location at nearby 9-19 Ninth Avenue in 2014 to make way for a redevelopment of the former 2-story, 30,000-square-foot building into a 70,000-square-foot flagship for home of furnishings retailer **Restoration Hardware**.

HERMÈS


Hermès

Pastis

PASTIS

Terms of the deals were not released for the latest lease signings, but asking rents on the block reportedly range from $500 per square foot to $650 per square foot on the corners.

- **Brunello Cucinelli / 50 Gansevoort Street** – Italian fashion brand will occupy 6,100 square feet spread across (3) floors featuring a large private terrace on the 2nd floor. An existing 1,985-square-foot ground level space at 683 Madison Avenue (Upper East Side) under a lease expiring by the end of the year will be vacated as a result of the signing. In addition to general repairs, redevelopment of the building was expected to result in the lowering of the first floor while creating a 2nd floor setback to allow for the added terrace.

BRUNELLO CUCINELLI

- **60-68 Gansevoort Street** – The building that is undergoing a 5-story vertical expansion is expected to complete construction by the end of the year; and will be welcoming a pair of new tenants.

  – **Belstaff / 62 Gansevoort Street** – British outerwear brand will occupy a 2-level, 3,200-square-foot space, reportedly relocating from a 2,413-square-foot space leased in 2012 at 814 Madison Avenue (Upper East Side).

  BELSTAFF

  – **Frame / 64 Gansevoort Street** – The denim brand will reportedly occupy a 2-level, 3,324-square-foot space.

  FRAME

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

Museum of Ice Cream / 588 Broadway (SoHo) – The experiential venue described by some as an "Instagram-sensation" will be opening a permanent flagship location, having reportedly secured a 10-year lease for the entire 2-story, 25,000-square-foot commercial building located between Prince and Spring Streets. The space formerly occupied by discount fast-fashion retailer H&M (Hennes & Mauritz) had a reported asking rent of $500 per square foot. Expected to make its debut in the fall, the museum will offer several experiential opportunities for visitors. Considered the pioneer of the experiential pop-up museum concept in New York City, MOIC initially launched on July 29, 2016 in a 3,000-square-foot space at 100 Gansevoort Street in Manhattan's Meatpacking district as one month pop-up. Since its launch, the traveling ice cream-themed exhibit has featured pop-ups across the country, with the only other permanent location in San Francisco according to reports. News of the recent lease signing comes amid reports of successfully raising $40 million in backing; and about (3) weeks following MOIC securing a 10-year lease for the entire 7th floor's 12,159 square feet of office space at 99 Hudson Street in TriBeCa. Looking ahead the SoHo outpost will reportedly "be the first of several flagship locations that will open in the U.S. and abroad over the next 18 months, as a result of its popularity with tourists, locals and celebrities."


Museum of Ice Cream - Rendering

Outer Boroughs - Brooklyn

Life Time / 85 Jay Street (DUMBO) – The Minnesota-based fitness center brand will debut its first facility in the borough, having reportedly secured a lease for 77,000 square feet. Terms of the deal were not released for the multi-level space, but the 27-year-old luxury fitness operator is expected to open sometime in 2022 at the base of the full block 1.1 million-square-foot complex dubbed **Front & York**. CIM Group and LIVWRK are co-developing the project that is expected to deliver in 2021 on the former Jehovah's Witnesses site. The complex will host 480 condominium and 320 rental units, as well as 150,000 square feet of retail space.


85 Jay Street - Rendering

Life Time currently operates an approximately 70,000-square-foot facility leased in 2016 within **Sky**, a 1,175-unit rental complex at 605 West 42nd Street (Hell's Kitchen). More recently the fitness chain committed to roughly 74,000 square feet at **1 Wall Street** (FiDi). The space includes 3,800 square feet on the ground level, 24,000 square feet on the lower level, 17,000 square feet on the sub-lower level and 28,000 square feet of the sub-sub-lower level. The former Bank of New York office tower is currently undergoing a residential conversion creating 566 condominium units and 175,000 square feet of retail space. Life Time will be joining high-end grocer Whole Foods Market, which committed to 44,000 square feet in 2016.

MetroRock / 263 South 5th Street (Williamsburg) – The climbing gym will be opening its second outpost in the borough following the securing of a 15-year lease for 10,000 square feet according to reports. Having made its debut early last year in a 23,000-square-foot space at 321 Starr Street in Bushwick, MetroRock's new space will be situated at the base of **The Dime**; and include 8,500 square feet on the ground level and 1,500 square feet in the basement**.** The 23-story, 327,567-square-foot mixed-used development currently under construction will host 177 residential units, 95,000 square feet of office space, 55,000 square feet of retail space, and 4,500 square feet dedicated for community facility use. As part of the project, the 16,700-square-foot landmarked former **Dime Savings Bank of Williamsburgh** at 209 Havemeyer Street (aka 257 South 5th Street) will undergo will undergo a restoration and be integrated with the new tower.


263 South 5th Street - Rendering

Brooklyn Harvest Market / 781 Metropolitan Avenue (Williamsburg) – The family operated Williamsburg-based grocer launched in 2013 reportedly secured a 20-year lease for 10,000 square feet at an asking rent of $80 per square foot to establish its 3rd location in the borough and 4th citywide. The new store will be located at the base of the newly constructed 8-story, 81-unit condominium; and is expected to open in mid-2020.


781 Metropolitan Avenue

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

176-180 Bedford Avenue

tend

Tend Dental / 176-180 Bedford Avenue (Williamsburg) – The dental startup reportedly backed by a recent round of venture capital funding will be making its debut in Brooklyn. The 10-year lease for 8,000 square feet spread across the entire 2nd floor and rooftop open-air deck had an asking rent of $650,000 per year, or $81.25 per square foot. The new location will establish Tend's second New York City outpost, having initially opened in Manhattan at 29 East 21st Street (Flatiron). The deal brings the newly constructed 2-story retail building located on the corner of North 7th Street to full occupancy. Leasing activity early last year attracted **JPMorgan Chase**, having leased 8,000 square feet split between the ground and lower level for a new Chase branch. Reports at the time indicate that the asking rent was $600 per square foot, but it was unclear if it reflects a blended rent for the 2-level space or only the 4,000 square feet on the ground level.

Queens

26-22 Northern Boulevard

Planet Fitness / 29-22 Northern Boulevard (Long Island City) – The New Hampshire-based fitness brand launched in 1992 has reportedly secured a lease for 18,271 square feet within the Queens Plaza section of the neighborhood. Located at the base of the newly constructed **Alta LIC**, the new facility will span 4,375 square feet of ground level space and 13,896 square feet on the basement level of the 467-unit mixed-use development where asking rents are reportedly $65 per square foot. Planet Fitness plans to open in 2020, joining a 1,700 square-foot ground level dental office and a 9,000-square-foot Playhouse Daycare on the 2nd floor within a portion of the roughly 36,000 square feet of retail space at the base of the 43-story, 500,302-square-foot tower according to reports.

61-35 Junction Boulevard Rendering

IKEA

Ikea / 61-35 Junction Boulevard (Rego Park) – The Sweden-based furniture and home décor retailer will reportedly be opening a 115,000-square-foot store at the Rego Park Center next summer under a 10-year lease. A Sears had previously occupied the anchor store for about 20-years until reportedly closing in 2017. Although establishing Ikea's 3rd location in New York City, the store located on the corner of Queens Boulevard will reportedly be the first to open in the U.S. with a new smaller format layout, taking up less than half a full-size store of about 346,000 square feet. Thousands of products for purchase and takeaway will offered, while larger furniture items will be on display and available for convenient home delivery and assembly according to reports. In addition there will be a selection of new food offerings and family-friendly, rest-interactive spaces. Earlier this year Ikea opened its first U.S. outpost of its **Idea Planning Studio** in the Upper East Side at 999 Third Avenue. The 17,530-square-foot multi-level store will focus on smart solutions for urban living and small spaces; as well as provide customers the opportunity to discover, select and order IKEA products for home delivery. According to a previous company press release the "Planning Studio concept was co-created with New Yorkers who provided input to IKEA throughout the planning process."

Sale Activity

New to Market

Midtown

136-140 West 42nd Street (Times Square) – Munich-based GLL Real Estate Partners has reportedly introduced the sale offering of the approximately 17,000-square-foot retail condominium at an asking price of $50 million. The multi-level unit that includes 5,300 square feet on the ground level, 4,500 square feet on the 2nd floor, 3,300 square feet on the 3rd floor, and 3,900 square feet of cellar space is being offered at about 35% below the $77.5 million GLL paid in November 2015 according to city records. Offering up to 66-feet of frontage and ceiling heights ranging 12-feet to 19-feet, the currently vacant unit is situated at the base of the 282-key **Hilton Garden Inn New York/ Times Square Central** hotel built in 2014 and located between Broadway and 6th Avenue.

Outer Boroughs - Queens

9-Property Portfolio (Rego Park) – Longtime owner Imperial Sterling LTD has reportedly introduced the sale offering at an undisclosed price of the one-and two-story retail portfolio that offers about 93,582 square feet of fully tenanted retail space and a total of 96,991 square feet, or 2.23-acres, of land area. The portfolio comprised of (4) distinct non-contiguous sites is in a designated opportunity zone, which could provide additional economic benefits if federal guidelines are met. Located steps away from the **Rego Center Mall**, 61-35 Junction Boulevard, existing national tenants within the retail package include Starbucks, Rite Aid, HSBC Bank, and JPMorgan Chase, Dunkin Donuts, Subway.

Address	Sq. Ftge.	Land Sq. Ftge.
95-38 Queens Blvd	4,080	3,000
95-40–95-48 Queens Blvd	7,740	8,600
95-11–95-19 63rd Dr aka 95-54–95-62 Queens Blvd	13,000	13,000
95-01–95-07 63rd Dr aka 63-51 Saunders St	10,000	10,000
Total	**33,820**	**34,600**
96-44–96-70 Queens Blvd	21,262	22,381

Address	Sq. Ftge.	Land Sq. Ftge.
94-14–94-26 63rd Dr (Corner of Saunders St)	9,500	10,000
63-79 Saunders St	4,000	5,000
95-00–95-12 63rd Dr	10,000	10,000
96-02–96-16 Queens Blvd aka 95-14–95-24 63rd Dr	15,000	15,000
Total	**29,000**	**30,000**
Grand Total	**93,582**	**96,981**

Sale Activity (cont'd)

New to Market (cont'd)

21-30 44th Drive - Rendering

21-30 44th Drive (Long Island City) – CBSK Ironstate, comprised of the development team of SK Development, CB Developers and Ironstate Development, along with development partner Argentina-based Planet Partners have reportedly introduced the sale offering of the 16,089-square-foot retail condominium that divided into two units of 9,614 square feet and 6,475 square feet. Asking price for the space at the base of the 8-story, 131,286-square-foot mixed-use development that is nearing construction completion is reportedly $17.75 million ($1,103 per square foot). Among the (4) storefronts that benefit from 170-feet of frontage along 44th Drive, (3) have already been leased to Club Pilates, fitness brand Row House, and Bright Start child Learning Center, with the 4th storefront to be delivered upon sale according to reports. The new building dubbed Corte LIC is located in the Court Square section of the neighborhood; and also hosts 85 residential condominiums, which launched sales last summer.

Sale Highlights

Midtown South

189-199 Madison Avenue (Murray Hill) – HUBB Properties LLC has acquired the fully leased 17,800-square-foot retail condo at the base of the 12-story, 200,200-square-foot mixed-use **Goodhue House** located on the corner of East 35th Street. The sale by Rose Associates attracted a price of $16.8 million ($944 per square foot) according to city records. Comprised of 11,300 square feet on the ground level and 6,500 square feet of lower level space, with nearly 100-feet of frontage along Madison Avenue, the tenants that reportedly average an over 18-year tenure include FedEx Kinko's, Eden Wok, On Stage of New York and Michel Cluizel Chocolat.

47-49 Greene Street (SoHo) – Acadia Realty Trust acquired the 7,328-square-foot retail condominium in July for $24.8 million ($5,819 per square foot based on ground level space) from EMP Capital Group. Situated at the base of the 9-story, 24,163-square-foot mixed-use condominium located between Broome and Grand Streets, the unit occupied by fashion brand **Theory** includes 4,262 square feet on the ground level and 3,066 square feet of cellar space. The purchase is reportedly part of a previously announced plan to "acquire some $122 million worth of retail assets along Greene Street. The new acquisitions cover (7) properties with an average remaining lease term of 6-years" according to reported statements by a company spokesperson during a summer earnings call.

The off-market deal comes following Acadia's two other recent purchases from sellers Premier Equities and Thor Equities:

- 41 Greene Street – The 3,500-square-foot co-op occupied by men's clothing brand **Stone Island** since July 2016 was acquired in May 2019 for roughly $17.156 million, having last traded in March 2015 for $10.5 million.

- 51 Green Street - The roughly $14.642 million purchase in March of the adjacent 3,064-square-foot retail unit which offers a mix of ground and cellar space, having last traded in April 2015 for $8 million according to city records.

Uptown

389 East 89th Street (Upper East Side) – Affluent Silver International LLC, reportedly a Taiwanese entity, has purchased the 11,342-square-foot retail condominium situated at the base of the 31-story, 210,000-square-foot **Post Toscana** mixed-use tower. Seller Magnum Real Estate Group is currently converting the building's 199-unit rental units to condominiums according to reports. The $15.3 million **bitcoin transaction** was completed using Atlanta, GA-based bitcoin payment service Bitpay and Starr according to reports.

Outer Boroughs - Brooklyn

1752 Shore Parkway (Gravesend) – Algin Management has purchased the 139,256-square-foot big box store that includes a mezzanine level plus 3-story, 60,000-square-foot garage that accommodates 690 cars. News of the $73 million deal comes about (5) months following initial reports of the sale offering at a reported asking price in the mid-$70 million range. JPMorgan Chase provided a $40.15 million loan to close on the transaction, refinancing the outstanding principal of a $45 million loan provided by Signature Bank in February 2017. Seller Thor Equities completed construction on the retail property in 2014, having acquired the 499,600-square-foot (11.47-acres) waterfront parcel in November 2005 for $10 million. A lease with Westborough, MA-based **BJ's Wholesale Club** was initially secured in 2007. The 20-year, reportedly triple-net lease that "includes 'significant' contractual rent increases" commenced in 2014. Initially includin (4) 5-year extension options, a lease amendment in 2011 increased it to a total of (5) 5-year options "followed by a 6th option of extension ending on January 31 in the 49th year of the term of the lease," for a total lease term of 48-years, 11-months if BJs exercises all extension options according to city record documents.

Development

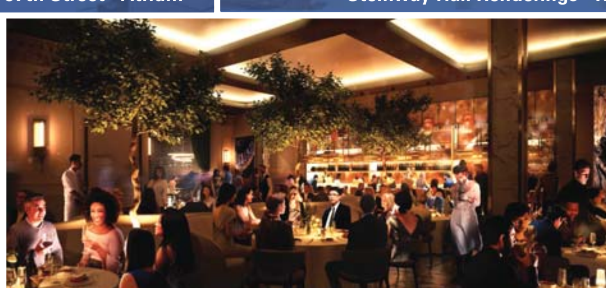
Midtown

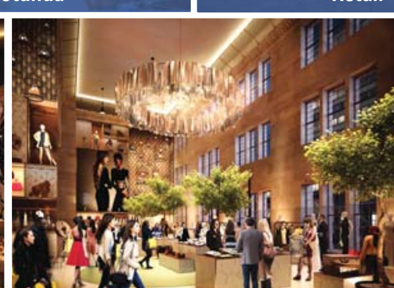
111 West 57th Street (Columbus Circle) – As part of the ongoing construction of the 82-story, 400,000-square-foot mixed-use condominium development, approximately 42,703 square feet of 4-level luxury retail will be created. Co-developers JDS Development and Property Markets Group, along with Madison Realty Capital and Spruce Capital Partners are repositioning for retail use the adjacent **Steinway Hall**, formerly the home of high-end piano-maker Steinway & Sons' concert hall and piano showroom. Incorporated into the 1,400-foot-tall tower the space includes 8,201 square feet on ground level; 15,523 square feet on the 3rd floor, boasting 35-foot ceilings; 8,620 square feet on the 4th floor; a 283-square-foot mezzanine; and 10,076 square feet of lower level space to be targeted for food and beverage use. Entry to the retail will be either through the landmarked Rotunda, or via a 6-story-high glass atrium in the new tower.


111 West 57th Street - Atrium


Steinway Hall Renderings - Rotunda


Retail


Lower Level


3rd Floor

Lending

Regulated Crowdfunding Offers Alternative Financing for Restaurants

Due to a high failure rate and low profit margins, equity or venture capital funding has not worked well for restaurant owners seeking financing; and while in years past restaurants have tapped into crowdfunding platforms similar to Kickstarter Rewards for "modest sums to reach the finish line," a growing number have been able to secure more significant financing since **Title III** of the **Jumpstart Out Business Startups Act** (the "JOBS Act"), enacted April 5, 2012, legalized regulated crowdfunding. Intended to "help startups and small businesses raise capital in a less costly manner by making relatively low dollar offerings of securities to a 'crowd' of interested investors," final rules for **Regulation Crowdfunding** went into effect on May 16, 2016. Previously restricted to "accredited investors with a net worth in the millions or an annual salary in the mid-six figures;" however under Title III, "companies can raise slightly over $1 million ($1.07M) a year from accredited and non-accredited investors."

However there are reportedly several rules including:

- Transactions must take place online through an SEC-registered intermediary — such as the SEC's own **StartEngine Capital**, either a broker-dealer or a funding portal;
- Limits on how much individuals can invest; and
- Filings must be made with the SEC and to investors and the intermediary.

Under Regulated Crowdfunding, the average investment for restaurants is reportedly $1,326 compared with $80 on Kickstarter; and the average total amount raised for restaurants through Regulated Crowdfunding is $232,000 according to reports. Cited in example is 2011 start-up **WeFunder**, a company spokesperson reportedly noting that:

- Total amount raised is $400,000 on average;
- Its nationwide membership of 250,000 typically funds half of every project;
- WeFunder's earliest backers get a 150% return if a business succeeds, while second-round investors get 125%; and
- Investors are paid back the day the business opens, with 4% of all revenue allocated to investors until they're paid back.

Regulated Crowdfunding has further attracted the interest of restaurant owners, since in contrast to equity funding where the relationship with stake-holding investors remains in perpetuity, the relationship with revenue-share crowdfunding investors ends once the investment is paid off. In addition another added benefit is "viral marketing potential" since the "pool of investors have incentives to see that the restaurant will succeed." However there are extra costs by going the crowdfunding route including a fee to the registered intermediary, which in a cited example of WeFunder is 7.5% of the amount raised; but it has been reportedly suggested that the extra costs can be built into menu prices. It was further pointed out that since investors recoup their money from revenue versus profits, Regulated Crowdfunding is not a good fit for everyone, particularly if the restaurant doesn't have a "built-in brand or a great location, or owners with a successful track record."

Lending (cont'd)

Midtown

151 Mercer Street - Rendering

730 Fifth Avenue (Plaza) – Wharton Properties and Brookfield Asset Management have reportedly finalized a deal to refinance the 88,545-square-foot retail condominium at the base of the 26-story **Crown Building**. Apollo Commercial Real Estate Finance has provided $807.5 million at an interest rate between 3% and 3.5% according to reports. The new loan refinances the $720 million portion in existing debt backing the retail unit as part of an initial $1 billion loan provided by Deutsche Bank in April 2015 that was modified upon the establishing of a condo declaration dividing the 366,200-square-foot tower into a retail and commercial component. Reports in July indicated that the co-owners had signed a term sheet for $900 million with Apollo and Natixis; however French lender Natixis subsequently backed out of the deal, with reportedly Apollo now providing the loan without syndication.

Initially the Crown Building was acquired by Wharton Properties along with General Growth Properties (later rebranded GGP) in 2015 for $1.775 billion, subsequently selling the 317,707-square-foot upper level portion spanning floor 4 through 26 to Russian hotel developer Vladislav Doronin of Amanresorts and developer Michael Shvo for a planned conversion to an 83-key **Aman Hotel** and 20 residential condominium. Wharton and GGP retained the 3-story 88,545-square-foot retail component at the basel; and in 2018 Brookfield joined Wharton upon taking full control of GGP's assets in 2018 following its purchase of the remaining 66% of GGP's outstanding shares Brookfield didn't already own. Current retail tenants include luxury accessories label Bulgari, having secured a 15-year lease near the end of 2015 for 3,000 square feet at a reported asking rent of $5,500 per square foot; and men's fashion house Ermenegildo Zegna in 9,000 square feet at a reported $4,000 per square foot asking price under a 15-year term leased in early 2016.

Lending (cont'd)

Manhattan West - Rendering

Manhattan West (Penn Plaza) – Brookfield Property Partners has secured a $140 million financing package for the roughly 250,000 square feet of retail space within the multi-building, mixed-use complex to be comprised of (6) buildings offering a combined total of approximately 7 million square feet upon full construction completion. New York-based M&T Bank originated the loan that includes a roughly $92.51 million building loan and $47.49 million project loan.

Spread across nearly 8-acres, the complex is comprised of a pair of office towers — the 2.1 million-square-foot **One Manhattan West**, which will be opening before the end of the year; and **Two Manhattan West**, the 1.9 million-square-foot tower that is nearing groundbreaking; the 844-unit rental building **The Eugene** that delivered in 2017; **Hotel Pendry**, a 164-key boutique hotel slated to deliver in 2021; **5 Manhattan West**, the existing building at 450 West 33rd Street underwent a major renovation that was completed in 2016; and **The Lofts**, a former 13-story, 200,000-square-foot printing loft building at 424-434 West 33rd Street that has been repositioned and will be anchored by IWG-owned co-working brand **Spaces**.

Bound by 9th and 10th Avenues between West 31st and 33rd Streets, the project is expected to begin welcoming several new retail tenants next year including:

- **Whole Foods / 450 West 33rd Street** – The Austin, TX-based market secured a 20-year lease for 60,000 square feet at the base of 5 Manhattan West in March 2017. The deal includes (6) 5-year extension options and a landlord-funded build-out. The new store will spread across the ground and plaza levels; and share a public plaza called **Magnolia Court** with the project's 62-story residential rental building The Eugene. Asking rent for ground level retail space at the 16-story tower reportedly ranges $250 to $400 per square foot according to reports at the time.

- **Peloton Interactive / 450 West 33rd Street** – The indoor cycling fitness start-up that recently entered the public market with the launch of an initial public offering (IPO) in late September will be opening a 26,400-square-foot fitness studio, having committed to the space last year.

- **Union Square Hospitality Group** – The hospitality company led by restaurateur Danny Meyer will be opening a 20,000-square-foot restaurant under a more than 15-year commitment announced in 2018.

- **Elemental** – The hospitality and "experience design" firm is the latest to join the roster, reports in October announcing the company's plan to launch a 10,000-square-foot entertainment and dining venue offering a mix of "an eating/drinking venue and an intimate theater for what are described only as 'innovative musical experiences,' 'elegant magic' and 'immersive' events." The new venue is expected to open in 2021 on the north side of the complex's public plaza, which will also be hosting an NHL-programmed seasonal ice rink.

Outer Boroughs - Brooklyn

1715 East 13th Street

1715 East 13th Street aka 1712 East 14th Street (Midwood) – Co-developers Infinity Real Estate and Nightingale Properties secured a $49 million mortgage to refinance the newly constructed 5-story, 118,000-square-foot **Kingswood Center II**. New York lender Amerant Bank provided the loan that consolidates the outstanding roughly $37.13 million prinicipal of a $41.6 million construction loan provided by Mercantil Commercebank in April 2017 with a new $11.87 million gap mortgage according to city records. The office-and-retail development was delivered in 2018; and pre-leasing activity was successful in securing tenants for the entire retail component which had asking rents ranging from $45 to $65 per square foot. Big-box chain **Target** secured a reportedly 10-year lease in 2016 for 37,700 square feet spread across the majority of the ground level, the entire 2nd floor and a portion of the 3rd floor, followed by a second 10-year deal in early 2017 by discount clothing retailer **Marshalls**, a division of TJX Companies, for 22,000 square feet spanning the entire lower level space with a ground-level entrance; and more recently coffee purveyor **Starbucks** has opened in a 400-square-foot ground level space. The remaining 44,800 square feet of office space on a portion of the 2nd floor and entire 3rd through 5th floors has yet to secure a tenant.

Sources: https://ny.eater.com/2018/12/5/18128050/danny-meyer-union-square-hospitality-group-manhattan-west-brookfield-place-restaurant

Hospitality Market

Sale Activity

Midtown

2 East 55th Street (Plaza) – Qatar Investment Authority (QIA) has reportedly purchased the 229-key, 262,305-square-foot **St. Regis Hotel**. The sale by Marriott International attracted a reported price of $310 million ($1,353,712 per key). As part of the deal, Marriott will continue to manage the suite hotel that dates back to 1904. The 11,126-square-foot retail condominium at the base of the hotel is owned by Vornado Realty Trust and Crown Acquisitions, having acquired the unit in October 2014 for $200 million ($17,976 per square foot); and it is currently occupied by Swatch subsidiaries Harry Winston and Breguet, the watch company securing a lease near the end of 2015.

Aju Hotels & Resorts: Double-header Deals (Penn Plaza/Garment) – The subsidiary of South Korean-based conglomerate Aju purchased the pair of Hyatt-branded hotels from Chesapeake Lodging Trust through separate transactions for a combined total $136.7 million. An $88 million loan was provided by Seoul-based Shinhan Bank New York to finance the transaction. The hotels offer a combined total of 307-keys and 132,900 square feet. The sale reportedly comes following Park Hotels & Resorts agreement in May to acquire Chesapeake in a deal that included the sale of the Hyatt-branded properties.

- **Hyatt Herald Square New York, 30 West 31st Street** – The 122-key, 60,500-square-foot hotel located between 5th Avenue and Broadway fetched $51.2 million ($419,672 per key), representing a 2% loss from the $52.2 million ($427,869 per key) that Chesapeake paid for the 20-story hotel in December 2011 according to city records.

- **Hyatt Place New York/Midtown South, 52 West 36th Street** – The 185-key, 72,400-square-foot hotel located between 5th & 6th Avenues fetched $85.5 million ($462,162 per key), having previously traded in March 2013 for roughly $77.214 million ($417,372 per key).

Hospitality Market (cont'd)

Sale Activity (cont'd)

653 Eleventh Avenue (Hell's Kitchen) – Brookfield Property Partners acquired the 222-key, 153,363-square-foot **Ink48 Hotel** for roughly $82.664 million ($372,360 per key). United Overseas Bank provided a $67.5 million loan to close on the transaction. The 17-story boutique hotel's name pays tribute to the 1930s former printing plant that stood on the West 48th Street corner site. In 2006 the existing 14-story structure underwent a hotel conversion and a 3-story vertical expansion. At the time the hotel was reportedly dubbed **The Vu**, since it boasted 360-degree unobstructed views; however it was later renamed to reflect the site's printing press history. Kimpton Hotels has managed the hotel since its conversion by Horizon Global, which acquired the property for $46.6 million in February 2016. Other transactions recorded on city records seem to indicate that Prudential Insurance Company joined the project (8) months later, paying $33.411 million in real property and real estate transfer taxes for a 65% stake. In August 2009 a 35% interest under the entity Hotel Eleven New Member LLC generated $52.727 million in real property and real estate transfer taxes; and in June 2010 Prudential took full control, the transaction generating roughly $162.496 million ($2,083,282 per key) in real property and real estate transfer taxes, simultaneously securing a $136 million refinancing from U.S. Bank of construction loans the lender had provided in 2006.

Midtown South

W Hotel Union Square, 201 Park Avenue South (Union Square) – Marriott International has purchased the 270-key hotel located at the corner of East 17th Street on the northern edge of Union Square Park for roughly $166.219 million ($615,626 per key) according to city records. However a press release by Marriott noted a payment of $206 million, but the source of the additional $40 million is unclear. News of the sale comes just over one year after seller Westbrook Partners acquired the 20-story, 205,473-square-foot Beaux-Art style hotel for the roughly $165.636 million ($613,466 per key), having secured a $100 million mortgage from HSBC Bank to closed on the transaction last September. New ownership plans to launch a significant renovation program that will "transform the existing hotel into a cutting-edge W Hotels showcase, advancing the company's strategy to redefine and reinvigorate the brand in North America." Upon renovation completion Marriott plans to use the hotel as an "incubator and catalyst for a new vision for W in North America" according to the press release. Built in 1911 as the headquarters of the Guardian Life Insurance Company, the building was repositioned to open in 2000 as the W Union Square, just 2-years after the launch of the brand. Marriott acquired the W-brand, which currently operates 55 hotels globally, as part of its $13 billion acquisition of Starwood Hotels & Resorts in 2016.

Outer Boroughs - Queens

17 West 32nd Street (Koreatown) – Capstone Equities and Republic Investment Company have purchased the 182-key hotel located between 5th and 6th Avenues. The sale of the 13-story, 64,577-square-foot hotel by longtime owner Apple Core Hotels attracted a price of $56.25 million ($309,066 per key). Argentic Real Estate Investment LLC provided a $44 million loan, which consolidated roughly $21.639 million in unpaid principal of a $25.635 million loan provided by M&T Bank in 2013 with a newly provided $22.361 million gap mortgage according to city records. Formerly known as **LaQuinta Manhattan**, the hotel was subsequently rebranded **The Hotel @ Fifth Avenue**.

Development

Outer Boroughs - Brooklyn

88 Schermerhorn Street (Downtown Brooklyn) – AWH Partners and Opterra Capital have acquired the 3,333-square-foot parcel located between Boerum Place and Court Street for roughly $13.648 million ($302 per buildable-square-foot). Heights Advisors provided a $7.5 million loan to close on the transaction, consolidating $495,000 in outstanding principal with a newly originated $7.005 million gap mortgage. Although permits have yet to be filed, new ownership reportedly plans to construct a 25-story, 120-key Marriott International-branded **Motto** hotel — a new micro-hotel brand launched by Marriott about one year ago. Seller Second Development Services has apparently opted to abandon its own plans to construct a 27-story, 45,225-square-foot residential development hosting 23-units despite filing new building applications. A vacant 4-story, 10,570-square-foot mixed-use building is currently situated on the site, having last traded in October 2014 for $11 million ($243 per buildable-square-foot).

Lending

Midtown

Crown Building, 730 Fifth Avenue (Plaza) – OKO Group, led by Russian hotel developer Vladislav Doronin and hotel operator Aman have secured an additional $300 million in financing for the conversion of the upper 20 floors of the 26-story tower. Bank OZK provided the loan that included a $100 million senior loan, which refinanced existing debt, a roughly $180.167 million building loan, and a $19.833 million project loan. The recent financing is in addition to a $284.5 million package provided by Cain International in December, representing the U.K.-based real estate investment firm's entrance into the U.S. construction market. According to reported details of an amended condo offering plan filed with the State Attorney General's office, a total of 20 residential condominiums spread across 117,950 square feet will be constructed on the 11th through 26th floors, with a 5-story penthouse occupying the tower's castle-like crown. An 83-key luxury **Aman-branded hotel** will be hosted on floors 4-9, with tenant and guest amenities including a pool, spa, gym, restaurant and lounge on floors 8-10. A portion of the tower's first 3 floors will be devoted to retail and a hotel lobby. In March reports announced the $180 million sale of the project's 12,536-square-foot penthouse entering into contract by an unknown buyer, setting a new per-square-foot record of $14,358 if the deal is finalized.

Wharton Properties and GGP (formerly General Growth Properties) had acquired the entire 366,200-square-foot building in April 2015 for $1.775 billion, subsequently selling the upper roughly 257,501-square-foot office component for reportedly $475 million to Doronin and former partner Michael Shvo through a transaction that closed in March 2016 per city records. The remaining approximately 89,357 square feet of retail space on the tower's base 3 floors was retained by Wharton who has now been joined by Brookfield Properties following Brookfield's completed acquisition of the remaining 66% shares of Chicago, IL-based GGP in August, taking full control of GGP's real estate assets.

461-469 West 34th Street aka 428-436 Tenth Avenue (Hudson Yards) – Co-developers Atria Builders and Marx Development Group have secured a refinancing of the newly constructed 29-story, 399-key Marriott International-branded **Courtyard by Marriott Hudson Yards** hotel that was expected to open in September under the management of Endeavor Hospitality Group. The $201.5 million loan provided by Mack Real Estate Credit Strategies consolidates an existing "construction loan and other financing" provided by the Moinian Group, as well as a newly originated $76.5 million gap mortgage. According to reports last July Moinian had provided a 3-year loan totaling $125 million, of which a portion refinanced $90 million in existing debt had also been provided by Moinian in 2016. Guest amenities at the 218,640-square-foot hotel reportedly include a restaurant, meeting space, fitness center. The ground level retail will be occupied by a Chase bank branch under a 10-year lease.


461-469 West 34th Street

446-450 Eleventh Avenue (Hudson Yards) – Marx Development began excavation in July for the 531-key hotel development at the corner of West 37th Street across from the Javits Center. New financing secured from Mack Real Estate Credit Strategies in the amount of $100 million had yet to appear on city records; but reports indicated that the new loan increased a previously secured 24-month $88 million construction loan also provided by Mack Real Estate last June to recapitalize the project and final pre-development costs. Additional financing in the amount of $66 million is expected to be secured through the federal government's EB-5 Foreign Investor Program, which the developer is reportedly nearing completion of the raise.

The 43-story, 273,330-square-foot **Marriott Tribute-branded** hotel will rise on the 9,875-square-foot site acquired by the developer in 2013 for $35 million. In 2015 an additional 35,500 square feet of development rights was purchased for roughly $6.932 million ($195 per square foot) from the Eastern Rail Yards (ERY), which is managed by the Hudson Yards Development Corporation (HYDC) and jointly owned by the Metropolitan Transportation Authority (MTA) and the Hudson Yards Infrastructure Corporation (HYIC).


446-450 Eleventh Avenue Rendering

Lending (cont'd)

Downtown


6 Water Street


6 Water Street

6 Water Street (FiDi) – Magna Hospitality Group has refinanced the newly constructed 250-key **Hilton Garden Inn-branded** hotel. M&T Bank provided the $66.925 million loan, consolidating the refinancing of the remaining outstanding principal of a $66.95 million loan the Buffalo, NY-based lender also provided in March 2014 with a newly provided roughly $1.162 million gap mortgage. Completing construction near the end of 2017, the 29-story, 125,684-square-foot hotel is located on the corner of Moore Street, replacing a former 5-story 21,200-square-foot mixed-use building the Rhode Island-based developer acquired from the McSam Hotel Group in 2014 fpr $44.25 million ($325 per buildable-square-foot.

454-456 Greenwich Street / 24 Desbrosses Street (TriBeCa) – CBCS Washington Street LP has reportedly secured a construction loan that along with a reorganization plan has allowed the long-stalled hotel development to emerge out of bankruptcy. South Korea's Hana Financial Investment provided the 3-year, $135 million construction loan commitment, the financing to carry an interest rate of LIBOR plus 8% according to reports. Co-developers Western Heritable Investment Company and Caspi Development, reportedly along with Los Angeles-based investor and hotel developer James R. Parks had received approvals from the Landmarks Preservation Commission (LPC) back in the fall of 2015 for the 8-story, 97,435-square-foot project that had broken ground near the end of 2017. The 110-foot tall structure will host a 96-key hotel under the **Hotel Barrière Le Fouquet** brand. Expected to open in April 2022, the hotel will include a restaurant with a bar and a 1,500-square-foot interior courtyard; and due to the 12,079-square-foot site's location within the flood plain, the 1st-floor will be raised up 30-inches and all mechanicals will be housed on the roof per previous reports.

The developers control the site that spans the entire Desbrosses St block-front between Washington and Greenwich Streets under a 99-year lease from the Ponte Group, that originally commenced June 19, 2013 accord to city record documents. Reports indicate that as part of the deal, Parks will contribute an additional $19 million in capital, having previously joined the project with about $19 million in equity. In addition, CBCS has reportedly agreed to pay the Ponte Group a "cure amount" of about $6.1 million, including back rent, late fees, interest and legal fees; as well as "$850,000 in damages to Churchill Real Estate Holdings, in connection with a prior $60 million loan agreement that fell through in 2017."

Outer Boroughs - Brooklyn


Pod Hotle, 626 Driggs Avenue

626 Driggs Avenue (Williamsburg) – CBSK Ironstate, a partnership of CB Developers, Waterbridge Capital and Ironstate Development, have refinanced the 249-key, 105,852-square-foot Pod Hotel. Goldman Sachs provided a $78.4 million loan that refinanced the outstanding principal of an $84 million bridge loan provided by Ladder Capital Finance in November 2017. An additional $10 million in mezzanine debt was reportedly provided by Fisher Brothers' debt vehicle Lionheart Strategic Management. The new financing was backed by the 6-story hotel, (2) of the (3) retail units with a combined total of 5,285 square feet on the ground level, and the 81-car, 18,754-square-foot parking garage. According to July reports, medical marijuana dispensary managed by **Valley Agriceuticals** occupies 3,800 square feet of retail space at the base of the hotel under a 10-year lease. The deal establishes Valley's first New York City location. Opening in 2017, the hotel utilized prefabricated 100-square-foot steel-framed modules for its construction, created by joining 2 hotel rooms and a corridor. The units constructed in Poland were completed in three and one-half months; and were fully furnished prior to on-site assemblage which took (6) weeks. The hotel's roof, several courtyards and floating walkways between blocks of modules took another (16) months.

Shrinkage & Expansions

Looking to Expand

Old Navy Plans to Expand Store Count

The discount clothing retailer is reportedly planning to open more than 800 brick-and-mortar stores nationwide at a time when many national retailers have been closing stores. The news comes about (7) months following reported plans by parent company The Gap Inc. to spin-off the money maker into a publicly traded eponymous entity. Old Navy operates 1,139 brick-and-mortar stores in North America, including 92 in Canada and 20 in Mexico according to reported details within an investor presentation from The Gap. While the new stores will bring the count up to roughly 2,000, the openings will focus on "smaller stores that have lower overhead costs in underserved markets," hoping to take advantage of the brand's lower-priced merchandise and "something-for-everyone approach" which has reportedly achieved success for boosting store foot traffic.

Net sales generated by Old Navy in 2018 reportedly totaled $7.9 billion, of which $1.6 billion was from online sales. The spin-off is expected to be completed in 2020, reports indicating that The Gap expects to incur between $700 million and $800 million is separation costs between 2019 and 2021. Decisions to separate the brand were reportedly prompted as part of an effort to allow The Gap to "pursue a strategy focusing on its premium brands that fit into its long-term efforts to revitalize its image." Other brands under Gap's umbrella include Athleta, Banana Republic, Gap, Hill City, Intermix; and more recently Janie and Jack, the higher-end brand The Gap is acquiring for reportedly about $35 million from San Francisco-based specialty retailer Gymboree following the struggling retailer's Chapter 11 filing earlier this year.

BARNEYS NEW YORK

Shrinkage & Expansions (cont'd)

Barneys New York Bankruptcy Comes to a Closure

The New York City-based luxury department store, whose origins date back to 1923, was initially founded in Manhattan as a fashion retailer for men. In the 1970s Barneys transitioned to include a full line of women's fashions; and its willingness to deviate from the trends reportedly made the retailer a "magnet for new designers" and a "harbinger of the cutting edge." However on August 6th, the Barneys New York filed for Chapter 11 bankruptcy protection from its creditors, succumbing to rising rents and declining sales volume after reportedly failing to avert bankruptcy by finding a partner or buyer. Initial reports of Barneys considering a second bankruptcy filing surfaced in July, having previously been through a Chapter 11 in 1996 spurred by a falling out with its Japanese investors; however some sources point out that "the retail landscape was much different then."

According to the documents filed with the U.S. Bankruptcy Court for the Southern District of New York, ownership of the chain are Perry Capital LLC, Yucaipa Companies and Istithmar Bentley Cayman Ltd, with equity stakes of 72%, 20% and 8% respectively. New capital totaling $75 million was reportedly secured from Hilco Global and Gordon Brothers Group to help Barneys meet financial commitments as it continued operation while working to develop a strategy and turn the business around, including a "more intentional push into food, entertainment and experience;" as well as seeking a "very strong digitally-focused partner" according to reported statements by a Barneys spokesperson following the filing.

Plans to engage in a formal sales process had reportedly attracted the interest of multiple parties, reports indicating that some of the interested buyers had included upscale department store **Nordstrom**, finance firm **Ares**, fashion financing firm **Hildun Corporation**, and Russian retail and real estate group **Mercury Group**, which owns **TsUM** department store and the **Phillips** auction house. However Barneys reportedly entered bankruptcy without a "stalking horse bidder," which would have established a baseline valuation for the deal that Barneys' chief restructuring officer estimated at a roughly $220 million floor value — $195 million in secure debt and $25 million in administrative and priority claims. Barneys was able to gain additional time to secure a buyer following the securing of a new $218 million debtor-in-possession loan from Brigade Capital Management and B. Riley Financial. The new financing extended the timeline to October 24th, from the October 1st deadline as part of the previously secured $75 million financing package it replaced.

Although "creditors typically agree to extensions if the bankrupt company is making material progress toward a sale or other resolution, 2005 changes to the bankruptcy code impose "tighter time lines for rejecting retail leases" that would have reportedly added further challenges to Barneys' achieving a successful restructuring. It was also pointed out by reported sources that there exists the additional disadvantage of having leased too many retail locations at high rents, rather than owning its real estate. Vendors that are owed payments watched the progress closely, hoping Barneys would be able to avoid liquidation, which would result in the "millions of dollars in luxury products" that became part of the bankruptcy estate upon Barneys filing being "unloaded at fire-sale prices." However even if a going-concern sale moves forward, unsecured creditors will likely incur significant financial losses since their "debts are repaid only after secured and administrative claims," and thereby expected to recover only "a few pennies on the dollar" according to reports.

Sources: https://www.reuters.com/article/us-barneys-auction/barneys-madison-avenue-store-to-remain-open-for-at-least-a-year-idUSKBN1XB4Y6
https://abgnewsroom.com/home/abg-barneys-finalized •
https://newyork.cbslocal.com/wp-content/uploads/sites/14578484/2019/08/Barneys-New-York-Bankrputcy-Filing.pdf
https://www.bloomberg.com/news/articles/2019-08-02/barneys-said-to-mull-bankruptcy-loan-with-great-american-capital

Upon the initial filing 15 of its 22 stores were expected to close in the cities of Chicago, Las Vegas and Seattle as part of the bankruptcy, as well as smaller format stores in Los Angeles, Philadelphia, and New York's 11,000 square-foot store at **194 Atlantic Avenue** in Brooklyn's Boerum Hill neighborhood; while all but (2) Barneys Warehouse outlets were slated for closures. Barneys had also planned to move forward with its previous commitment to open stores in the **Bal Harbour** shops in Miami Beach, the **American Dream Mall** in New Jersey, and a smaller **Las Vegas** location; as well as to keep its flagships open in Beverly Hills, San Francisco and Boston, along with its two Manhattan stores— the store bordering Chelsea at **101 Seventh Avenue**, having leased the space in 2014 to return to its original flagship location of 75-years; and its current Manhattan flagship of 30-years at **660 Madison Avenue**, which reportedly accounts for about one-third of Barneys' sales revenue to generate about $20 million in annual profitability.

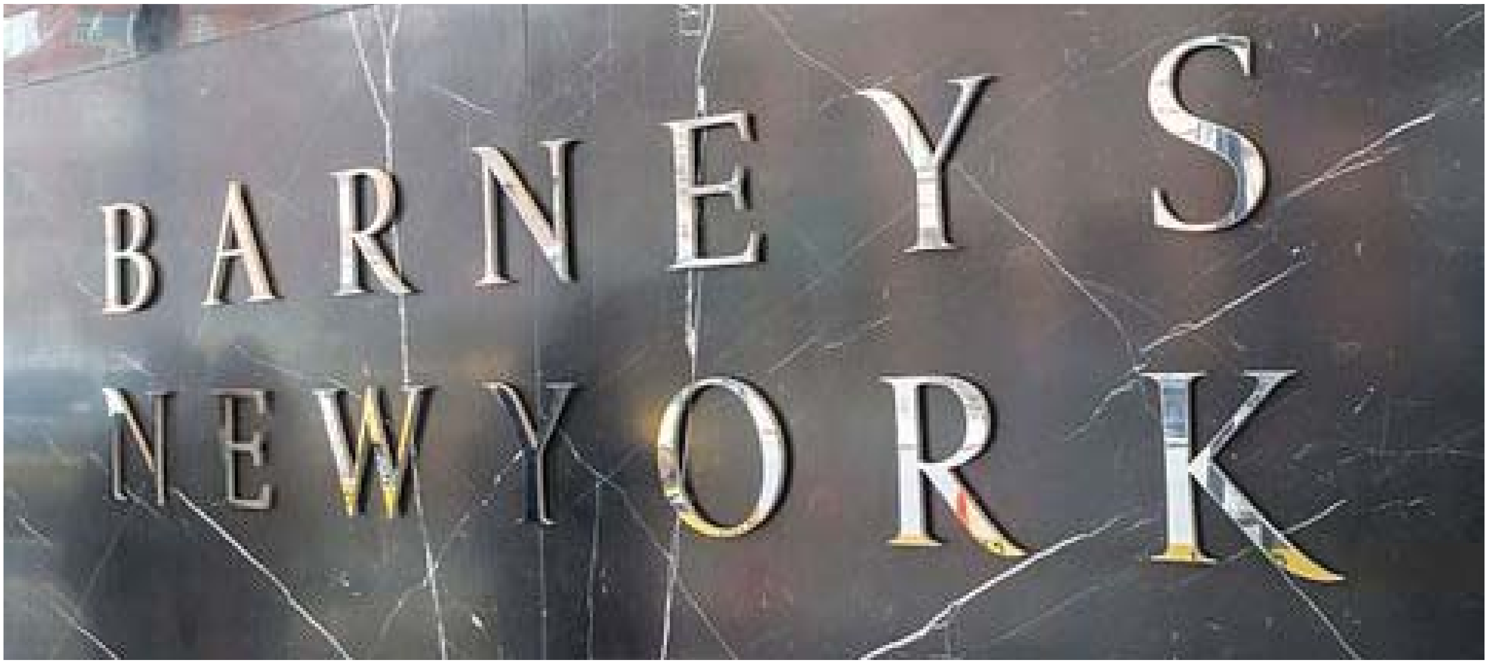
It had been rumored in March that a downsizing of the 264,498-square-foot Manhattan flagship was being negotiated in an effort to reduce the store's rent, which had been nearly doubled to $30 million following an arbitrated 10-year renewal in 2018 following a lengthy rent dispute. Located on the East 61st Street corner, reports at the time indicated Barneys was seeking to give up as many as (5) of the (9) floors it occupies. Although the Chapter 11 proceedings reportedly gave the retailer the option to back out of the lease and potentially try to renegotiate a new one — either at a cheaper price or for less space, "it's a higher degree of difficulty" and could "run afoul of the bankruptcy process" according to comments by a reported industry source; while exploring the potential of subleasing some of the space would offer a more feasible direction.

A group of fashion executives led by fashion trade show and retail executive **Sam Ben-Avraham** had reportedly been preparing a bid for the (4) flagship stores plus the 7th Avenue Chelsea store, which was expected to include an asset-backed loan, cash, debt relief and possibly rent relief. On Tuesday, October 15, New York-based **Authentic Brands Group** (ABG), along with **B. Riley Financial** made a formal $271.4 million offer that was reportedly accepted by the store's lenders to begin the auction process that was slated to take place over the following week. Despite efforts the reportedly $260 million bid by the Sam Ben-Avraham-led group fell short of ABG's offer resulting in its rejection; and due to the failure of a qualifying bid being placed by the October 24th deadline, the planned auction was canceled.

A report on October 28th announced the surfacing of another offer adding a former Barneys owner into the mix. **David Jackson**, a former chief executive of Dubai-based investment firm Istithmar World reportedly partnered with the largest perfume retailer in the Middle East, **Arabia Oud**, to submit another bid; and although the offer had yet to be disclosed, was expected to be within the range of ABG's bid according to reports. As part of the reported intentions to submit a fully funded proposal on October 31, the partnership planned to keep Barneys' (7) remaining stores open. Istithmar World took ownership of Barneys as the winning bidder in 2007 with an offer of $942.3 million, but in 2012 gave up control of the luxury retailer as a result of a deal with Barneys' creditors, Perry Capital and Yucaipa Companies. Istithmar retained a minority interest along with Yucaipa, while Perry became the majority owner upon completion of the deal that resulted in debt being exchanged for equity.

Barneys reportedly continued "to negotiate toward rival 'ongoing concern' bids" up to the **October 31** sale hearing despite the auction cancellation in an effort avoid liquidation and preserve jobs. There exists the potential of more than **1,500 employees** being laid off on November 1st, with the final number determined by whoever ends up as the successful bidder, Barneys filing **Worker Adjustment and Retraining Notices** (so-called WARN Notices) with state labor departments in New York, New Jersey, Massachusetts and California. A total of up to 785 layoffs could be made in New York reportedly spread across the (2) Manhattan stores; its approximately 71,000-square-foot corporate headquarters at 575 Madison Avenue; a facility at 5-25 46th Avenue in Long Island City, Queens; and the brick-and-mortar store at Woodbury Common Premium Outlets. A lower number of job cuts could result in the other (3) states, reportedly (61) in Boston if the 100 Huntington Avenue flagship store is closed; up to 311 jobs in New Jersey at the 1201 Valley Brook Avenue warehouse/distribution facility Barneys leases in Lyndhurst; and in California a total of 384 employees if the Beverly Hills and San Francisco flagship stores close.

Sources: https://www.wsj.com/articles/bankruptcy-judge-approves-authentic-brands-bid-for-barneys-11572545990
https://www.wsj.com/articles/saks-owner-joining-authentic-brands-in-nearly-270-million-bid-for-barneys-115710667
https://www.wsj.com/articles/barneys-finds-a-potential-buyer-in-bankruptcy-court-11570156850
https://www.ft.com/content/5275f22a-98a4-11e1-ad3e-00144feabdc0 • https://www.labor.ny.gov/app/warn/details.asp?id=6950



Barneys New York (cont'd)

However upon the 10:00 AM deadline on Friday, November 1st the bankruptcy court judge finalized the sale to ABG after potential alternate bidders with a higher offer failed to materialize, Sam Ben-Avraham ultimately pulling out of bidding after reportedly "failing to convince enough people in the business community that it made economic sense to keep Barneys alive" according to reported statements by Ben-Avraham; while a last-minute effort by David Jackson to outbid ABG with a reportedly more than $280 offer with the help Middle Eastern backer Arabia Oud never made it to the table in time, now leaving about **2,300 jobs** — including those of 2,100 full-time employees — hanging in the balance.

As the new owner ABG, which owns over 50 brands including Nine West, Nautica and Hickey Freeman, will license the Barneys name to Hudson's Bay-owned **Saks Fifth Avenue**. According to a press release by ABG, the "first order of business will be to reboot Barneys New York on the 5th floor of Saks Fifth Avenue's newly renovated flagship [at 611 Fifth Avenue]. **Barneys New York at Saks** is planning to launch as shops-in-shops in key Saks markets in the U.S. and Canada;" as well as reportedly continue to run its website. ABG will also "maintain the current licensing agreement between Barneys New York and Seven & i Holdings, which operates 12 Barneys New York retail stores in Japan," thereby continuing operations as usual in those stores. Reports further indicated that the chain may have some free-standing locations including the existing flagship in Boston and a new site in Greenwich, Connecticut; and a short-term agreement reportedly reached with the ownership of Barney's Manhattan flagship will see the Madison Avenue location remaining open for one year in a scaled-down space while landlord Ashkenazy explores longer-term solutions. ABG plans to transform the space of an undisclosed size "into a pop-up retail experience, bringing together an eclectic curation of boutiques, art and cultural installations and exhibits, and entertainment that fosters creativity and community." In addition, the store's Fred's on the 9th floor will remain open.

Looking ahead, as far as the other (5) stores among the (7) that had been left open after the Chapter 11 filing, even if some remain open, the retailer's inventory will reportedly be going to investment bank B. Riley Financial. The anticipated potential of merchandise liquidations being launched by B. Riley subsidiary **Great American Group** almost immediately following the Friday closing has sparked fashion industry concerns since it would reportedly introduce a large volume of "discounted merchandise in the major fashion markets of New York and Los Angeles just as the holiday shopping season arrives — and long before other stores and brands put similar goods on sale." In addition the anticipation of Barneys' Madison Avenue flagship closing, which some industry people reportedly feel gave a certain panache to the avenue, has sparked concern among those that expect it will result in a further negative impact on the 30 block corridor that is already struggling to fill retail vacancies. Roughly spanning East 57th Street to 86th Street there are reportedly about 37 vacant stores between 57th and 77th Streets. Described by some as a retail corridor in transition, reports indicate that keeping the vacancy down is also challenged by an increase in tenant turnover, as a growing number of short-term leases are being secured by fledgling brands catering to the younger generations that are establishing locations along the southerly blocks of Madison Avenue.

Forever 21 files Chapter 11

Efforts by the privately-held Los Angeles-based fast-fashion retailer to fend off bankruptcy were initially reported in June, with Forever 21 rumored to have approached some of its landlords in the hopes of generating an interest of investing in the company; however shortly after, the news was refuted by the company which intends to keep the family-ownership structure intact. Launched in 1984 upon the opening of its first store in Los Angeles, the retailer grew rapidly in the early 2000s to eventually operate reportedly 800 locations in the U.S., Europe, Asia and Latin America, of which (13) stores are located throughout New York City. As part of a global restructuring plan, Forever 21 began "working with mall owners to provide rent relief to help stabilize the company;" and on September 29 the retailer filed for bankruptcy protection.

Among the 549 U.S. locations, up to 178 were slated to close according to the subsequent filing with the U.S. Bankruptcy Court for the District of Delaware; however according to November 1st reports, the number was reduced by 60 following the successful securing of rent concessions from the retailer's biggest landlords. In addition the majority of locations in Asia and Europe are reportedly planned for closure. Some landlords expected to be harder hit reportedly include **Unibail-Rodamco-Westfield**, which has 18 stores closing; mall REIT **Macerich and Taubman Centers** are expected to see 26 store closures. Both Unibail and Macerich, along with **Simon Property Group**, **Brookfield Properties** and **Vornado Realty Trust** "rank among the company's 50 largest unsecured creditors. Forever 21 collectively owes there (5) mall owners $20.9 million" according to reportedly details within bankruptcy records.

Forever 21 plans to continue operations during the Chapter 11 proceedings, reportedly securing $275 million in financing from JPMorgan Chase along with $75 million from TPG Sixth Street Partners to help fund the critical changes in the U.S. and abroad to revitalize the brand and fuel growth. The financing while also allow the retailer to meet ongoing obligations to customers, employees, and vendors — which were reportedly owed $375 million at the time of the filing according to reported statements by a Forever 21 spokesperson. However reports indicate the likelihood that throughout the bankruptcy process there will be layoffs among the 6,400 full-time employees and 26,400 part-time employees Forever 21 had at the time of the Chapter 11 filing.

In addition to the rise of e-commerce and decline in mall shopping nationwide, which has impacted the overall retail market, other factors contributing to the brand's declining revenue in recent years reportedly include:

- An overexpansion into international markets between 2005 and 2015, where "expensive, massive new stores" were opened without local expertise;
- Decisions to open huge flagship stores vacated by bankrupt big box chains such as Mervyn's, Borders and Sears just as "technology was beginning to wreak havoc on American malls" saddling the company with long term leases for stores that that became difficult to fill with new merchandise, and then turn over.
- The 2015 launch of:
  - **F21 Red**, a new strip mall affordable-priced chain that by 2017 was reportedly posting sales in several of the new stores that were around 50% below company projections.
  - **Riley Rose**, a beauty chain that "sought to capitalize on the boom of Korean skin care products," with a total of (15) store in operation as of this year, was reportedly described by some former employees as "an expensive gamble in high-priced mall and struggled to maintain vendor relationships."
- Declining popularity for fast fashion, "young customers reportedly losing interest in throw-away clothes and are more interested in buying eco-friendly products; and
- An increasing preference toward "rental and online second-and sites like **Thredup**, where they see clothes worn again instead of ending up in a landfill."

Sources: https://www.businessoffashion.com/articles/news-analysis/forever-21-avoids-store-closures-after-rent-cuts
https://cases.primeclerk.com/Forever21/Home-DocketInfo

Forever 21 Chapter 11 (cont'd)

Reports indicate that almost 50% of Forever 21's U.S. portfolio is under leases with (4) landlords; and the retailer is the sixth-largest tenant for mall operator Simon. According to the company website, New York City locations include:

Location	Sq. Ftge.*	Landlord	District/Town
Manhattan:			
4 Union Square South	19,200	Vornado Realty Trust	Union Square
Occupied under a lease is reportedly set to expire in December, the store is slated to close and a portion of the space has already been released to adjacent Whole Foods market for its expansion			
According to reported statements from Vornado's third-quarter earnings call, a tenant agreement has been reached to shorten Forever 21's leases and retain the retailer at **1540 Broadway** and **435 Seventh Avenue** for a little less than half of their current rent; but Vornado will have the right to recapture the spaces at any time after the first year, enabling the REIT to secure long-term tenants for both spaces. The annual rent for the (2) locations totals approximately $20 million.			
1540 Broadway	85,337	Vornado Realty Trust	Times Square
435 Seventh Avenue	42,595	Vornado Realty Trust	Penn Plaza
As part of the 5-year relocation deal, Forever 21expanded from 25,000 square feet upon vacating nearby 50 West 34th Street. The store is split between 10,656 square feet on the entire ground level, 9,916 square feet and 9,834 square feet on portions of the 2nd and 3rd floors, plus 12,189 square feet spread across the entire lower level.			
568 Broadway**	10,250	Allied Partners	SoHo
Westfield World Trade Center** 185 Greenwich Street	16,756	Unibail-Radamco-Westfield	World Trade Center
Queens:			
The Shops at Atlas Park** 80-40 Cooper Avenue	10,000	Macerich Company	Glendale
Queens Center 90-15 Queens Boulevard	15,800	Macerich Company	Elmhurst
Shops at Skyview Center 40-25 College Point Boulevard	10,093	Blackstone Group	Flushing
Brooklyn:			
Kings Plaza Mall** 5301 Kings Plaza	15,000	Macerich Company	Mill Basin
490 Fulton Street**	40,000	Crown Acquisitions	Downtown Brooklyn
The store houses the retailer's F21 Red off-price concept, having shuttered a location directly across the street in 2007 to make way for the City Point project according to 2015 reports. The deal that included both ground and lower space had a reported asking rent of $325 per square foot and $55 per square foot respectively.			
Bronx:			
Broadway Plaza (**F21 Red**) 171 West 230th Street	8,549	Equity One	Kingsbridge
Mall at Bay Plaza 272 Baychester Avenue	38,000	Prestige Properties	Baychester
Staten Island:			
Staten Island Shopping Center 2655 Richmond Avenue	5,000	Brookfield Properties	New Springville
*Approximate Square footage based on Costar data and industry publication press release **Chapter 11 planned store closings, but it is unclear if any are part of the 60-stores saved due to rent concessions more recently negotiated with landlords.			

Bed Bath & Beyond Store Closings Planned

The home goods retailer that operates over 1,500 stores across multiple brands has begun to initiate significant changes in an effort to accelerate improvement in its financial performance, enhance the chain's competitive positioning, and ensure Bed Bath & Beyond has "a best-in-class governance structure" according to a September 4th letter to its shareholders. As part of a plan to revive its brick-and-mortar operations the Union, NJ-based chain is reportedly working with Goldman Sachs to explore options for its various stores; and in October, Bed Bath & Beyond announced the hiring of a former chief merchandising officer at Target to serve as CEO, after several months without leadership. News of the plan comes amid declining sales revenue in the wake of competition from rivals such as Target, Walmart and Amazon; as well as not keeping pace with today's evolving consumer and the need to enhance store experience.

Over the short term nearly 160 of the retailer's stores are undergoing physical improvements through a multi-million investment, with work to be completed prior to the 2019 holiday season, and expected to "favorably impact the in-store shopping experience." A longer term plan will result in a more comprehensive store renovation program, in conjunction with further investment in Bed Bath & Beyond's "customer-facing digital channels as well as marketing and loyalty initiatives." As of March 2nd the company had a total of 1,533 stores in operation spread across the 50 states, the District of Columbia, Puerto Rico and Canada, of which 994 are Bed Bath & Beyond stores.

In addition, cost saving efforts include:

- Comprehensive lease renewal efforts and the corporate workforce reduction announced in July, along with other near-term actions, are expected to "collectively take tens of millions of dollars out of the cost base" of the company's business.
- A substantial change in sourcing and buying approach to increase "the penetration of" Bed Bath & Beyond's private-label offerings, a move that should further yield significant cost savings. The announced launch earlier this year of a new modern farmhouse and cottage furnishing brand called **Bee & Willow** is the first of a pledge to launch (6) new brands by 2020.
- Aggressive reduction of $1 billion of inventory is expected to be executed over the next 18 months.
- Taking advantage of lease expirations over the next couple of years to close underperforming stores, or relocate stores to improve sales and profitability on a per-store basis.
- A review is underway all other business concepts to better align or create value from these brands, which include buybuyBABY, World Market, One Kings Lane, Chef Central, Harmon FACE Values, Christmas Tree Shops, decorist and Personalization Mall.

On a positive note, although planning to close a minimum of 40 stores — of which most are for the Bed Bath & Beyond banner, the number will be partially offset by the opening of about 15 new "**Lab Stores**" in fiscal 2019 according to April reports, adding to the 21 "next generation" Bed Bath & Beyond concept stores opened last year. The recently launched concept is "testing new merchandise assortments and visual merchandising to reimagine and enhance the in-store shopping experience." Some of the changes include a greater emphasis on home décor, food and beverage, and health and beauty care along with improved sight lines, cross-merchandising, queue lines and lifestyle merchandising." The concept which is seeing some initial success, with sales in April reportedly up 2.2% month-over-month versus comparable Bed Bath & Beyond stores; and learnings from the lab stores will be refined and scaled into addition stores to accelerate sales and enhance margins.

In contrast to the expected shrinking of the Bed Bath & Beyond store count, the company recently secured a lease for a new **buybuyBABY** store in Manhattan's Upper West Side on West 77th Street. The 9,645-square foot lease — 6,645 square feet on the ground level and 3,000 square feet of basement space at the base of the **Hotel Belleclaire** at 2175 Broadway will establish a second Manhattan location for one of the retailer's more successful divisions, adding to the larger standalone location on the corner of West 25th Street at 270 Seventh Avenue.

Sources: https://www.chainstoreage.com/finance-0/bed-bath-lab-stores-generating-higher-sales/
http://bedbathandbeyond.gcs-web.com/static-files/5b23b665-42ba-47cb-9f63-fa441fa31e35

Notable Retail Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
14 Wall Street	Downtown	FiDi	36,500	Equinox (renewal)
The Olivia 304-328 W 34th Street	Midtown	Penn Plaza	95,341	AMC Theatres ((renewal)
28 East 28th Street	Midtown South	NoMad	60,000	Whole Foods
31-37 West 27th Street	Midtown South	NoMad	39,000	Equinox
935 Broadway	Midtown South	Flatiron	38,268	Warner Bros. Entertainment (Harry Potter Exhibit)
558 Broadway	Midtown South	SoHo	25,000	Museum of Ice Cream
201 East 125th Street	Upper Manhtn	Harlem	45,885	Food Bazaar
600-614 West 181st Street	Upper Manhtn	Washington Heights	23,737	Target

Lease - Outer Boroughs

Address	Borough	District	Sq. Ftge	Tenant
61-35 Junction Boulevard	Queens	Rego Park	115,000	Ikea
85 Jay Street	Brooklyn	DUMBO	77,000	Life Time Athletic
29-22 Northern Boulevard	Queens	Long Island City	18,271	Planet Fitness
781 Metropolitan Avenue	Brooklyn	Williamsburg	10,000	Brooklyn Harvest Market
263 South 1st Street	Brooklyn	Williamsburg	10,000	MetroRock
176-180 Bedford Avenue	Brooklyn	Williamsburg	8,000	Tend Dental

Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
1752 Shore Parkway	Brooklyn	Gravesend	139,256	$73,000,000	Algin Management (Big Box Store)
189-199 Madison Avenue	Midtown South	Murray Hill	17,800	$16,800,000	HUBB Properties LLC
389 East 89th Street	Uptown	Upper East Side	11,342	$15,300,000	Affluent Silver International
47-49 Greene Street	Midtown South	SoHo	7,328	$24,800,000	Acadia Realty Trust

The Mid-Quarter Retail Report is produced by:
Jamie Mason | Director of Marketing & Research
ABS Partners Real Estate, LLC

ABS PARTNERS REAL ESTATE, LLC

For More Information Please Contact:

212.400.6060 • www.absre.com

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

We Build Partnerships That Last