



Brooklyn Market Report

MID-1ST QUARTER 2015 REPORT





Building 77 - Renderings

Looking Ahead

Brooklyn Navy Yard's Building 77 - City Plans to Repurpose Former Ammunition Depot

Although quietly hiding behind most of the headlined activity within the borough, the Brooklyn Navy Yard has been anything but inactive. November brought the announcement of the city's plans to invest \$140 million to create a hub for private manufacturing and entrepreneurship out of the former ammunition depot Building 77 — a 17-story, 960,000-square-foot building that represents about 25% of the Navy Yard's total existing building stock.

Due to lack of space availability, the city is working to pick up the pace to redevelop space and meet the needs of a waiting list of prospective tenants that has reportedly reached 100. **Building 77** is expected to demand asking rents ranging from \$20-\$40 per square foot, but anticipated city and state incentives could further reduce effective rents. The Brooklyn Navy Yard Development Corporation is currently marketing the building's penthouse space comprised of a total of 150,000 square feet spread across top floors 14 and 15 offering 360° views of Lower Manhattan, and a 20,000-square-foot rooftop deck at an asking rent of \$40 per square foot.



Building 77 - Rendering

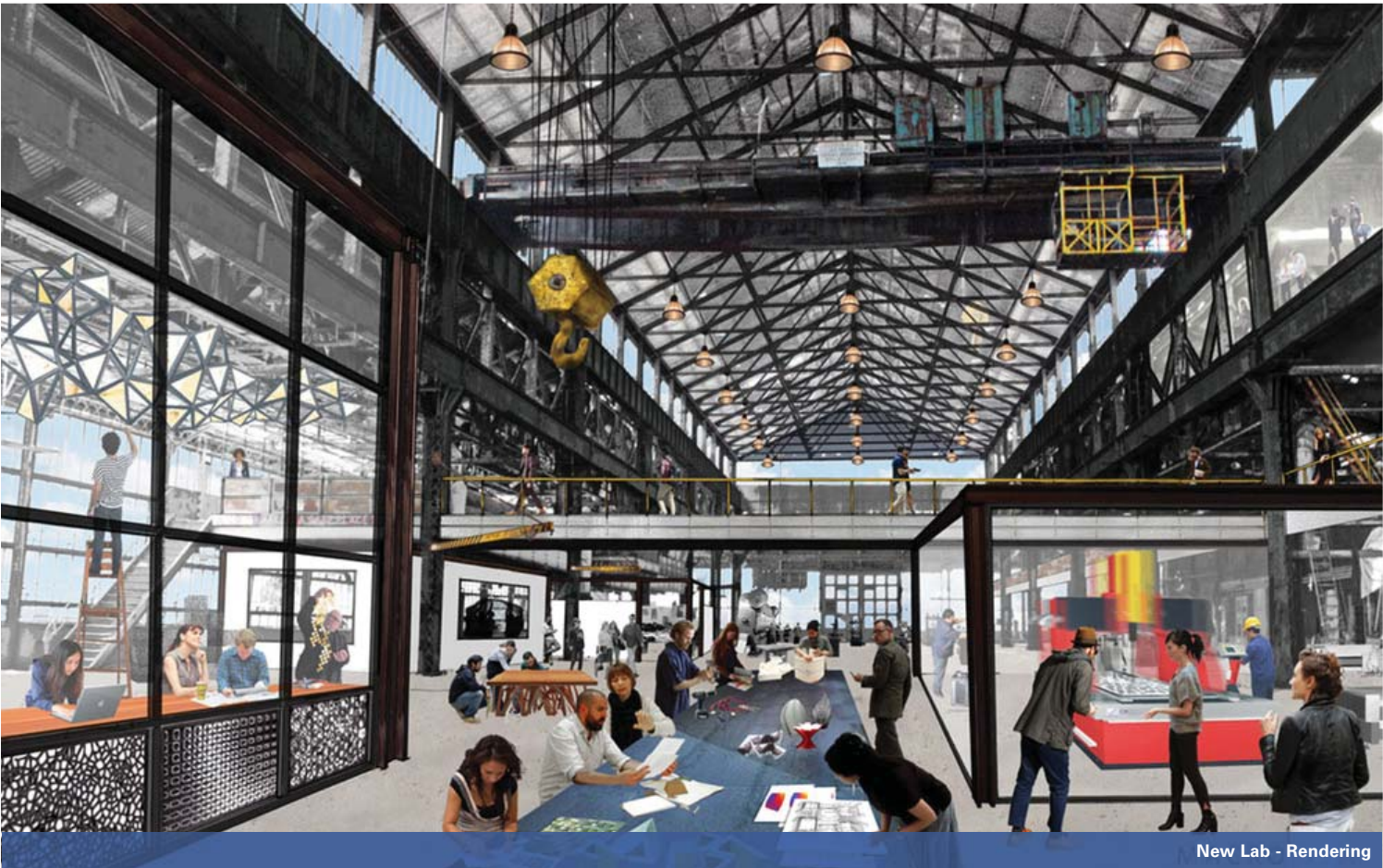


- **3.5 Million** – Total leasable square feet currently online.
- **20 Acres** – The approximate area within the complex' 300 acres that is currently undeveloped.
- **7,000 Employees** – Total number of people currently spread across the 330 tenants at the complex of which about 70% of the tenant roster has been there for over 10-years, with a projected increase to 14,000 by 2020.
- **240,000 Square Feet** – To be leased at **Building 77** upon completion by the Navy Yard's top job creator Shiel Medical Laboratory, accounting for over 630 workers.
- **600 People** – The total number of hires to fill jobs that the Navy Yard's Employment Center has successfully recruited since opening in 2011, of which 70% are Brooklyn residents.
- **250,000 Square Feet** – The new \$55 million **Green Manufacturing Center** that is nearing completion will deliver a 200,000-square-foot Leadership in Energy and Environmental Design (LEED) Silver certified manufacturing facility. The project which began construction in 2010 has drawn \$18 million in grants to help subsidize the redevelopment of the 3-interconnected former World War II machine shops. The project successfully secured 2-anchor tenants in 2012 — **Cyre Precision**, a manufacturer of body armor and clothing for the U.S. military that already leases 45,000 square feet will expand into 80,000 square feet at the center; and **Macro Sea**, which will be creating 84,000 square feet into a high-tech design and prototyping center dubbed **New Lab**, that has prompted interest from a number of colleges and designers which have expressed interest in working at the lab.

Looking Ahead - Brooklyn Navy Yard (cont'd)



Green Manufacturing Center - Renderings



New Lab - Rendering



Looking Ahead (cont'd)

East New York Community Planning Proposal

The city's Department of City Planning (DCP) reportedly posted documents revealing further details of the neighborhood's proposed rezoning following the earlier proposed plan presented by the city administration in January. The proposed plan is intended to support long-term growth and sustainability of East New York, and is being developed through the collaboration with the DCP and other city agencies that have been working with residents, stakeholders, and elected officials to identify neighborhood needs and opportunities for improvements.

The updated details would result in a net increase of reportedly close to 7,000 housing units totaling about 7 million square feet by 2030 — with many designated as “protected” subsidized housing, raising East New York's population from its current 48,000 to the near 1960's peak figure of 66,000 residents. The proposed rezoning, that assumes passage of a zoning text amendment regarding parking requirements, would change restrictions that currently limit new developments to low density; and prohibits new residential construction along Atlantic, Broadway Junction, and parts of Liberty Avenue, that is expected to limit new home construction to 550 units during the same 15-year period. The neighborhoods primarily affected include a 12-block area west of Broadway Junction within Ocean Hill, the main portion of East New York and Cypress Hills to the east.

If approved, other areas of development growth potential include:

Community Facilities - 157,000 square feet to 536,000 square feet;

Commercial Space - 669,000 square feet to 1.26 million square feet;

Industrial Space - 126,000 square feet to 153,000 square feet, while simultaneously restricting development of auto-related, hotel, warehouse and storage space.

Looking Ahead - East New York (cont'd)

Part of Mayor de Blasio's aggressive affordable housing program dubbed **Housing New York**, the proposed plan that is reportedly sensitive to the income levels in the area and thereby creating a cushion against gentrification suggests:

New zoning to allow for residential and commercial growth along transit corridors while preserving residential character on central blocks by developing new zoning districts that would allow medium-density, mixed-use development along key corridors and appropriate infill housing in existing residential districts.

- **Atlantic Avenue:** New residential and commercial districts to allow medium-density, 12-14 story mixed-use development (R8A zoning), including significant affordable housing and required active ground floor uses to activate the streetscape.
- **Fulton Street:** New residential and commercial districts to allow medium-density, 6-8 story residential and retail uses (R6A zoning), with required active ground floor uses to strengthen the commercial corridor.
- **Pitkin Avenue:** New residential districts to allow medium-density, 8-10 story buildings (R7A zoning), with required active ground floor uses to strengthen the commercial corridor.
- **Liberty Avenue:** New residential district to allow medium-density, 6-8 story buildings with neighborhood retail (R6A zoning) and new **MX district**¹ to allow industrial uses to continue.
- **New contextual zoning districts** in other residential areas to support the existing neighborhood's scale and character.

Preservation and new affordable housing to serve diverse needs of residents by working with building owners and community groups to maintain rent stability and affordability in other buildings, implementing strategies that include:

- Allow more housing to be built along major corridors of Atlantic Avenue, Pitkin Avenue and Fulton Street.
- Partner with non-profit and for-profit developers to build new affordable housing on privately owned sites.
- Apply a new mandatory Inclusionary Housing program, requiring that new development includes permanently affordable housing.

Business and job growth throughout the neighborhood and in the Industrial Business Zone through strategies that include:

- Support growth of existing businesses and aid residents with the start of new businesses; increase efforts to attract new businesses; and provide career training services in growing sectors.
- Enhance and strengthen existing commercial corridors by requiring retail or community use on the ground level of new buildings; and by working with businesses to support the establishment of a merchant's association.

Atlantic Avenue to be transformed into a neighborhood corridor that will connect residents along the corridor to shopping and services by constructing a new planted median with lighting and pedestrian islands as a safety feature for both foot traffic and cars.

Community Resources and Amenities to include the improvement of existing facilities while identifying sites for future parks, schools, and community centers; and promoting heightened use of community gardens.

¹A Real Mixed-use District (MX District) – A blend of industrial, residential, and commercial neighborhoods similar to parts of SoHo, Williamsburg, Long Island City, or the Gowanus. Unfortunately, a drawback of the MX zone which does not require a maintained balance of uses has revealed itself as real estate economics shift the blend to predominantly residential in recent years.



Sale Activity Highlights

195 Montague Street (Downtown Brooklyn) – Garden City, Long Island-based Treeline Cos in a joint venture with Long Wharf Real Estate Partners and KABR Realty is purchasing an approximately 80,000-square-foot condo interest in the 322,000-square-foot office building for \$30 million (\$375 per square foot). Santander Bank currently owns the condo interest that is spread across the top 4 floors at the tower, and plans to vacate the space sometime this summer. The deal includes prominent signage rights at the top of the building that new ownership hopes will attract a large office user upon completion of repositioning the space as a premium product that will command asking rents in the \$50s per square foot. A growing interest by large office users has been on the rise in the neighborhood as Manhattan's rents continue to increase.

Treeline Cos currently owns an office portfolio reportedly totaling about 700,000 square feet in Downtown Brooklyn. In November, the company introduced a 4-story, 165,000-square-foot office condominium interest at 180 Livingston Street to the market with an asking price of \$100 million. The fully leased unit provides an in-place cash flow, in addition to 142,525 "as-of-right" buildable square feet; offering potential residential construction on top of the existing structure that can increase to 213,155 buildable square feet with an inclusionary housing bonus.

197-205 Smith Street (Cobble Hill) –The partnership of Jackson Group, Aurora Capital, and ACHS Management purchased the 10,000-square-foot retail property last November that includes a 10,000-square-foot basement for \$18.5 million (\$1,850 per square foot). Although future plans have yet to be announced, the former home of a Met Foods supermarket offers an additional 10,000 square feet of air rights.

857-861 Union Street (Park Slope) – The sale of the 10,240-square-foot mixed use building to an undisclosed buyer for \$8.63 million (\$842 per square foot) further exemplifies rising retail demand throughout the city's boroughs, driving property values higher. Comprised of 14-residential units and base retail, it is the first time since 1970 that the property has been sold. Current retail tenant Prospect Garden Pharmacy will be vacating the space to make way for a national tenant, as interest in Brooklyn's brownstones by national retailers continues to increase. Located at the corner of 7th Avenue along a corridor that has already added several national retailers including Kidville, Petco, Aerosoles and Starbucks.

68 Washington Avenue (Clinton Hill) –Thor Equities purchased the 1,824-square-foot condo unit for \$900,000 (\$493 per square foot) last October — one of 2 units situated at the base of a 3-story mixed use building. Retail along the corridor is seeing a developing uptick in activity due to its proximity to Steiner Studios, and the Brooklyn Navy Yard which will be receiving an investment of \$140 million by the city to reposition **Building 77**, a 960,000-square-foot property within the complex into a hub for private manufacturing and entrepreneurship.



Retail Activity

Looking Back - 2014 Retail Lease Highlights

Retail leasing activity in the borough was jump-started with the mid-January announcement of home merchandise retailer Bed Bath & Beyond leasing over 100,000 square feet at Sunset Park’s **Liberty View Industrial Plaza**, 850 3rd Avenue, where they will open a mix of 4 of the company’s brands; and while an impressive launch for 2015, last year held its own delivering several impressive signings amongst a stellar list of national companies with food market Whole Foods leading the way. Below is a list of some of the most notable 2014 deals throughout the western corridor of the borough from Gowanus in the south to Greenpoint in the north.



Tenant	Address	Sq. Ftge.	Neighborhood
Whole Foods	242 Bedford Street	42,000	Williamsburg
Marshalls	66 Boerum Place	27,000	Downtown Brooklyn
Michaels	252 Atlantic Avenue	26,407	Cobble Hill
TJ Maxx	505 Fulton Street	23,175	Downtown Brooklyn
Apple	247 Bedford Avenue	20,000	Williamsburg
New York Sports Club	910 Manhattan Avenue	15,200	Greenpoint
Neiman Marcus Last Call	210 Joralemon Street	15,144	Downtown Brooklyn
Manhattan Athletic Club	384-388 Bridge Street	15,000	Downtown Brooklyn
Joe Fresh	242 Bedford Street	6,100	Williamsburg

Rising activity amongst the big box chains has been atypical in the borough until recent years, and while several recent national chain deals are currently stealing center stage, neighborhoods like Williamsburg, DUMBO, and Brooklyn Heights have traditionally filled their storefronts with smaller retailers that despite their slighter size continue to significantly attribute to the flavor of the area, becoming more creative to attract shoppers.





Retail Activity (cont'd)

Retail Corridors Swell as Brooklyn's Landscape Evolves

A significant expansion of the borough's retail corridors is being driven by a number of non-retail growth such as residential development, and a low office vacancy rate according to some industry sources. Retail corridors such as Downtown Brooklyn's Fulton Street Mall and Williamsburg's Bedford Avenue are reportedly boasting asking prices for retail space that are exceeding \$300 per square foot. A snapshot of some of the retail corridors that have been evolving in recent years are presented below.

86th Street (Bay Ridge) – The corridor that stretches between 4th Avenue and Fort Hamilton Parkway boasts the title of Southern Brooklyn's top retail strips with over 100 shops and restaurants comprised of a blend of national and mom-and-pop shops that continue to be anchored by **Century 21** at 476 86th Street. The high-end fashion discount store pioneer of the area, continues to draw large numbers of shoppers to the neighborhood. The roster of tenants includes national retailers Sleepy's, Duane Reade, Claire's Accessories, Chase, McDonald's, Wendy's, and Burger King plus mom-and-pop businesses including Plaka Restaurant, Unique Jewelers, mobile phone shop 86 Feng, and long-time tenant of over 25 years Globe Drug Store. More recent additions include:

- Panera Bread – 531 86th Street in August
- Chipotle Grill – 463 86th Street in September
- Victoria's Secret – 447 86th Street



Gateway Center (East New York) – One of the largest suburban-style retail developments in Brooklyn that Phase I of the project delivered about 638,000 square feet of retail space in early 2000, is expanding an additional 605,000 square feet upon the 2014 completion of Phase II. Constructed by Related Companies, Gateway Center is home to several national chains including BJ's Wholesale, Home Depot, Bed Bath & Beyond, Target Greatland, Staples, Bank of America, Nordstrom Rack, Sports Authority, and JCPenney's first Brooklyn store.

Smith Street (Boerum Hill) – The landscape of the corridor stretching between Atlantic Avenue and 2nd Place that was predominantly a restaurant row, has been evolving in recent years into a more diversified mix with the addition of clothing retailers such as Lucky Jeans which opened in 2007 at 132 Smith Street; Free People at 113 Smith Street in 2010; and Lululemon Athletica and Intermix opening at 166 Smith Street

Union Street (Gowanus) – The 2-block corridor stretching between Nevins Street and 4th Avenue, that connects Park Slope to Carroll Gardens to the east and west, continues to grow in popularity in part due to its close proximity to the R-subway which has a 2,058,555 annual ridership in 2013. Home to several notable retailers including restaurant Dinosaur Bar-B-Que, The Royal Palms Shuffleboard Club, and Ample Hills Creamery. In addition, the planned construction of the 82-key, 4-story **Gowanus Inn & Yard** at 645-651 Union Street will heighten over-night stays for out-of-area visitors, joining the 115-key Holiday Inn Express at 625 Union Street.

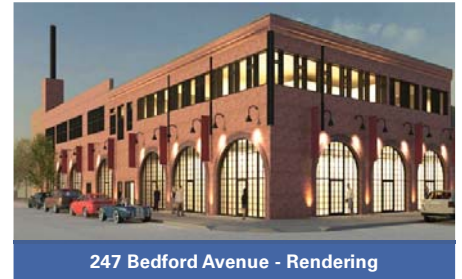


Gowanus Inn & Yard - Rendering

Retail Activity (cont'd)

Apple Store Coming to Williamsburg

Apple / 247 Bedford Avenue (Williamsburg) –The rumors that began to spread back in May finally became a reality as December's headlines announced the 20,000-square-foot deal that will see the company open its first Brooklyn store within the 2-story, 110,000-square-foot property at the corner of North 3rd Street. Owned by RedSky Capital and Waterbridge Capital, the property was purchased in 2012 for \$66 million (\$600 per square foot); and is currently undergoing renovations expected to be completed by mid-2015. While possession, rent and term of the deal were not disclosed, asking rents in the building in 2012 reportedly ranged \$185-\$200 per square foot.



Salvation Army Initiates Boutique Concept Store

The Salvation Army has initiated a concept store at its **981 Manhattan Avenue** donation center in Greenpoint, in an effort to better blend into the quickly evolving trendy neighborhood by transforming the 1,000-square-foot outpost into a boutique-type store with hardwood floors and exposed-brick walls. In addition, clothing displays throughout the shop are arranged within vintage pieces including an antique armoire, or spread across a billiard table; and the addition of leather armchairs for shoppers' use while in the store. The non-profit intends to showcase the newest and trendiest donations at the location, replacing the previously overflowed, teetering shelves of used clothing, shoes and housewares in an effort to attract more shoppers. Located in Northern Brooklyn, where several new-concept stores are popping up — particularly in Williamsburg, the re-opening of the Salvation Army's morphed outpost met with enthusiastic response; prompting the addition of a similar concept boutique section in one of the organization's larger stores at **536 West 46th Street** in Manhattan's Times Square neighborhood.





City Point Project - Rendering

Downtown Brooklyn - City Point Project Update

The project that rose out of the vision of the 2004 Downtown Brooklyn Development Plan, will be comprised of 3-adjointing residential towers constructed in 3-phases that will total 1.8 million square feet and feature 30,000 square feet of office space; plus a 675,000-square-foot shopping center that some sources have compared to the Time Warner Center in Manhattan, hoping to bring a shopping experience like no other to the borough.

Under the terms of the lease agreement between the development team dubbed Albee Square Development and the city, the project must be completed by 2020. Although details of the lease with the city were not disclosed, the summary of the 2007 proposed agreement had indicated that the developers would owe the city "payments in-lieu-of taxes" (PILOTs) which incorporate tax incentives available under the Industrial and Commercial Incentives Program and the 421-a Program. The new lease would also accelerate the developers' option to purchase the property, and changes the sales price to \$20 million in 25 years.

In 2009, \$20 million worth of tax exempt recovery bonds was awarded to the project through the federal stimulus program; and an additional \$3.2 million in tax breaks was awarded from the NYC Industrial Development Authority to help subsidize the office component of the project.

Residential Tower / Phase 1 – The 250-unit project — 50% affordable, is being led by BFC Partners; and has already topped out.

Residential Tower / Phase 2 – The 32-story, 440-unit market rate project that is currently under construction and expected to be completed in 2016, is being led by the Brodsky Organization

Residential Tower / Phase 3 – Plans have yet to be announced for the final tower that is slated to begin construction in 2017, although it has been rumored that the development will deliver the tallest building in the borough; and that Extell Development is in contract to lead the project.

City Point Project (cont'd)

Retail Component – The creation of the 5-story, 675,000-square-foot shopping center is being led by the partnership of Washington Square Partners and Acadia Realty Trust. The project is rising on the site of the former The Gallery at Fulton Street aka Albee Square Mall which was demised in 2007 to make way for the new shopping center. Following the purchase of the leasehold interest from Thor Equities, the co-developers secured a lease agreement that expires in 2078 from the city — the site's land owner. The Downtown project has attracted national retailers to anchor the mall at asking rents that are reportedly ranging \$75-\$275 per square foot.

- **Century 21** – The popular fashion discount store is expected to open its 125,000-square-foot store spread across floors 3-4 in 2015;
- **Target** - Plans to open its urban format CityTarget store in 2016 in 125,000 square feet across the entire 2nd floor;
- **Alamo Drafthouse** – The Austin, Tx-based company be making its debut in New York City and will be installing 7-theaters offering a selection of art house features and commercial fare during the films, 2-bars, and an outdoor terraced balcony on the 5th floor.
- **Dekalb Market** - Negotiations are underway for an operator of the on-site 20,000-30,000-square foot food market to be situated inside a new enclosed passageway that will connect Willoughby Street and Dekalb Avenue B/Q/R subway station entry. In addition to the market, an array of restaurants will be housed within 10,000-20,000 square feet of ground level space.



City Point Project - Rendering



55 Water Street Project - Rendering

DUMBO - 55 Water Street Project Update

The development group led by Midtown Equities released new renderings for the project that will see the former Empire Stores warehouse rehabilitated and repositioned into a mixed-use facility at a cost of about \$150 million. A \$95 million construction loan was secured last October from lender M&T Bank Corporation, and work has been progressing at the property that sits along Brooklyn's waterfront adjacent to the Brooklyn Bridge. Foundation systems have already been completed, as well as the masonry and timber stabilization. In addition, the public passageway from Water Street through the building to Brooklyn Bridge Park is also in the process of being framed. Brooklyn-based home décor retailer **West Elm** will be the anchor tenant, to be joined by coffee-roasting company **La Colombe** which will be creating a coffee shop and communal space within some of the property's retail area. White Plains, NY-based Rockwood Capital and Brooklyn-based HK Organization are also part of the development team of the 4- and 5-story complex, having won the bid from the city last year at a base rent of about \$1.5 million per year.



Rooftop Garden - Rendering



55 Water Street Project - Renderings





Development Continues to Flourish Throughout the Borough

New to Market

9-31 DeKalb Avenue (Downtown Brooklyn) – JPMorgan Chase is offering the landmarked, 96,870-square-foot former Dime Savings Bank building for over \$100 million. The site of the stately structure boasts over 285,000 square feet of unused air rights that could be sold. Located within the vicinity of several projects in different stages of planning and construction, including the massive mixed-use City Point Project¹, the property offers the repurposing potential for retail use conversion, or an event space similar to Manhattan's Cipriani 42nd St, 110 East 42nd Street that was formerly a Bowery Savings Bank. JPMorgan plans to relocate operations currently located at the site to nearby 490 Fulton Street upon sale.

211-215 Schermerhorn Street (Downtown Brooklyn) – Brooklyn developer Nicholas Cammarato is selling the 7,556-square-foot vacant lot that offers a potential development opportunity of up to 90,672 buildable square feet for a residential project if the city's inclusionary housing bonus was applied. The Downtown area has seen a surge in development activity, leading some sources to anticipate the sale fetching a higher price than the \$16 million (\$176 per buildable-square-foot) paid in 2013. Other projects along the street include:

- 285 Schermerhorn Street – A proposed vertical enlargement and conversion of an existing building.
- 319 Schermerhorn Street – A proposed 18-story, 61-unit residential project.
- 295-309 Schermerhorn Street – The headquarters of the International Society of Krishna Consciousness was introduced to the market in April 2014, and can accommodate a 187,000-square-foot project.

886 Dahill Road (Borough Park) – The Brooklyn development team of brothers Edward and Martin Wydra re-introduced the site to the market in January that includes city pre-approved plans for a 314,000-square-foot, mixed-use project for \$38 million (\$121 per buildable-square-foot). The site previously offered for sale at an asking price of \$33 million in 2013, is currently being listed as “shovel-ready,” having already completed the Uniform Land Use Review Process (ULURP) that resulted in a rezoning of the site from manufacturing use along with certain restrictions and required concessions by the co-developers. The originally proposed 12-story project that included a 70,000-square-foot retail component was scaled back to a 10-story project with only 3,328 square feet of retail. In addition, the new buyer would be required to conform to both a pre-established distribution of the building's units with only a 14% leeway of alteration; and the minimum unit sizes.



886 Dahill Road- Former Rendering

The 1.5-acre site which is situated on the far side of Prospect Park was purchased by the Wydra's for \$33 million (\$105 per buildable-square-foot) in 2007; and is located next to a shopping center and a planned 128-unit residential at **1560 60th Street** being developed by Mapleton Group LLC

¹City Point mixed-use development that upon completion will deliver over 650,000 square feet of retail space and 690 residential units.

Development (cont'd)

119-123 Kent Avenue (Williamsburg) – The potential redevelopment site was introduced to the market for \$17.5 million, earlier plans of a possible mixed-use re-development that had been released last May by developer Anthony Fernicola apparently being abandoned. The multi-level project intended to combine and renovate existing structures 121- and 123 Kent Avenue, with only a small new component to be developed at 119 Kent Avenue. The former design would add 3-floors to the existing 4-story structure and be comprised of 812 square feet of ground level retail and a single residential dwelling of 9,771 square feet to include private elevator access, an underground garage elevator, plus a 3rd floor infinity pool. The project was expected to deliver about 3,000- and 2,000 square feet of ground level and lower level retail respectively with a total of 95 feet of wraparound frontage, plus a 1,350-square-foot rear yard.



17-Property Portfolio (Williamsburg) – The portfolio that is comprised of 13 buildings and 4 lots is being offered for sale and expected to fetch about \$80 million. Centrally located in Williamsburg and clustered within 2-city blocks, the assemblage is being sold by the estate of the late real estate investor Mike Lee who passed away in 2006. The majority of the portfolio is retail and residential, and includes 3-corner properties and 300 feet of retail frontage along North 6th Street. The properties are zoned M1-2/R6, R6A, R6B.

- 129 Kent Avenue - A 3,500-square-foot vacant lot with 25 feet of frontage
- 131 Kent Avenue – A 4,500-square-foot retail building with 25 feet of frontage
- 161 Wythe Avenue – A 3-story, 2,622-square-foot office building
- 168 Wythe Avenue – A 5-unit, 3-story, 11,750-square-foot residential building
- 130 Berry Street – A 1,175-square-foot vacant lot with 25 feet of frontage
- 104-108 North 7th Street – A 2-story, 5,000-square-foot office building
- 51 North 6th Street – A 3-story, 4,175-square-foot retail building with 25 feet of frontage
- 81-91 North 6th Street
- 111-115 North 6th Street – 3 Structures comprised of 2 commercial buildings, 2,500- and 2,640 square feet, and a mixed-use 3,750-square-foot building that includes 1,250 square feet of commercial space

Sales to Watch for

15 Lafayette Street (Fort Greene) – Jonathan Rose Companies is nearing the acquisition of a development site for \$1 from the city's Department of Housing Preservation and Development (HPD), in exchange for the construction of a 12-story residential development that will designate 40% of the 123- units for affordable housing for a term of 30 years. The existing parking lot dubbed BAM North Site II totals 120,000 square feet, and is centrally situated within the city's newly planned **Brooklyn Cultural District** on the Downtown Brooklyn and Fort Greene border. The sale that was reportedly negotiated in 2013 under the Bloomberg administration is expected to move forward with construction beginning this spring for a 2016 completion. The final public hearing overseen by the mayor's Office of Contract Services was held in mid-February, giving rise to opposition by several attendees, but will now allow the HPD to close the financing for the project and transfer the property.



Incentives such as this have been used by the New York City government reportedly dating back to the Ed Koch administration, creating the ability to provide land at a nominal cost for an affordable housing project has allowed the city to redirect conserved direct taxpayer subsidy for other affordable housing projects. The proposed plans for the building that are still under review include roughly 2,800 square feet of ground level commercial space and a 21,000-square-foot cultural center.



Development (cont'd)

The rise in land prices has prompted some developers to seek a more creative approach to deal structures. Development company Slate Property Group's recent partnership with land owner Dan's Supreme Markets for the redevelopment of **325 Lafayette Avenue** (Clinton Hill) exemplifies a win-win deal. The creative deal structure will not only enable a rental project to move forward that otherwise may not have been financially feasible, but at the same time avoid a land sale by ownership. In addition, Slate Property will provide the development skills Dan's Supreme was lacking to potentially deliver an enhanced property offering long-term benefits for both. The planned 8-story mixed-use development will be comprised of 20 affordable apartments, 15,000 square feet of ground floor retail which will most likely include a supermarket, and 3,500 square feet of amenity space. The discounted upfront costs will help further reduce project risks by enabling it to achieve break even with lower rents. In addition, a larger number of studios which are in high demand but more expensive to build, can be incorporated into the development's design.

Sites Recently Sold

184-186 Bedford Avenue / 204-206 Bedford Avenue (Williamsburg) – RedSky Capital purchased both development sites located near the L-train's Bedford Avenue station in December, for a reportedly record-setting price totaling \$40 million; having been introduced to the market in August 2014 for a combined asking price of \$42.4 million. Both properties will be repositioned as multi-floor retail versus residential, which would bring the estimated \$3,200- and \$2,500 per buildable square-foot figures in-line with reportedly what a prime retail condo unit would go for in one of Manhattan's more popular retail corridors.

- 184-186 Bedford Avenue – The existing 6,080-square-foot retail property currently occupied by music venue Spike Hill Music offers 6,400 buildable square feet of residential or commercial use with 40 feet of frontage; and was introduced to the market at an asking price of \$19.5 million (\$3,047 per buildable-square-foot).
- 204-206 Bedford Avenue – The existing 5,275-square-foot retail property currently occupied by a Thai restaurant, a deli, and a woman's clothing store can accommodate 7,500 buildable square feet of residential or commercial use with 50 feet of frontage; and was introduced to the market at an asking price of \$22.9 million (\$3,053 per buildable-square-foot).



184-186 Bedford Avenue - Rendering

The escalated value of the 2-properties was also due to the frontage along Bedford Avenue that is almost double the typical 20 feet of other storefronts along the street, giving RedSky a wider range of options for finding tenants interested in multi-floor stores. Build-out options for the new structures are currently being explored, while keeping in mind potential requirements from offers already received by prospective tenants at reported asking rents of \$400- and \$125 per square foot for the ground and 2nd Floor space respectively. Redevelopment of the property will be placed on hold until anchor tenants are secured.

Development (cont'd)

Sites Recently Sold (cont'd)

215 Moore Street (Williamsburg) – Heritage Equity Partners closed on the acquisition of the 2.3-acre site currently comprised of 5 structures totaling 47,000 square feet from Cooper Tank & Welding Corp. The deal that closed in December, for the property that can accommodate 170,000 buildable square feet of commercial development, totaled \$28.3 million (\$166 per buildable-square-foot); a \$6.7 million reduction from the initial \$35 million asking price. Heritage Equity reportedly plans to build-out retail, tech, and creative office space at the site.

93 North 9th Street (Williamsburg) – Colt Equities run by Jack Sitt, son of Thor Equities' Joe Sitt, acquired the 10,000-square-foot retail building for \$9 million (\$900 per square foot), paying twice what seller Imperium North Ninth paid in December 2012; and further substantiating the surge in property values in the neighborhood. Situated between Wythe Avenue and Berry Street, the building will be getting a new retail façade and roof.

340-342 Wythe Avenue (Williamsburg) – An undisclosed Manhattan-based real estate development and investment group has reportedly acquired the property that can accommodate 17,266 buildable square feet of retail or office development for \$7.5 million (\$420 per buildable-square-foot) from Williamsburg Bridge Realty Corp. Introduced to the market last August, the existing 8,625-square-foot “L-shaped” property boasts 50 feet of frontage along Wythe Avenue in addition to 74 feet along South 2nd Street. While future plans for the property were not announced, sources comment that the property lends itself to a variety of uses within the Brooklyn neighborhood that continues to grow in popularity.

83-85 Wythe Avenue (Williamsburg) – Cayuga Capital is acquiring the 7,500-square-foot warehouse that is currently home to hand-painted mural and outdoor advertising billboards company Colossal for \$14.5 million from an undisclosed seller. The deal completes the developers site assemblage for a planned 13-story, 96,946-square-foot commercial and community development, having purchased 80-90 North 11th Street that houses digital media company Vice Media for an undisclosed price one year ago under the entity 84 Wythe Holding LLC according to city records. The development site spans the entire block-front of Wythe Avenue between North 10th- and 11th Street with a total of 143-feet of frontage, plus 225-feet of frontage on both side-streets. Plans for the project had been filed last September, but reportedly Colossal's lease which runs for another few years will be able to remain through its full term; and Vice Media which still remains at the North 11th Street location reached a deal in July to relocate to 60,000 square feet at 2-connected buildings located at 49 South 2nd Street and 285 Kent Avenue.

121 Morgan Avenue (Williamsburg) – The joint venture of Joe Tabak and Joseph Brunner, principals at Princeton Holdings and Bruman Realty respectively, acquired the 2-story, 100,000-square-foot warehouse for \$20 million (\$200 per square foot) and plan to reposition the property into a mix of creative office and retail use. The acquisition was financed with a \$7 million loan secured from lender Investors Bank.

7 Bushwick Place (Bushwick) – The Gural family's Newmark Holdings made its debut into the Brooklyn market, purchasing the 3-story, 71,000-square-foot commercial building in partnership with real estate fund KABR Group and private equity firm Twin Oaks Equity Partners for \$12.5 million (\$176 per square foot) from an undisclosed private New York family. Currently occupied by long-term tenant Twin Marquis Inc. with about 8-years remaining on its current lease, the building had previously been converted from garment manufacturing use to a food manufacturing facility; and is located about 1 block from the L-subway line's Montrose / Bushwick Avenue station. The property that is over-built offers future potential office-retail redevelopment should its tenant, a noodle manufacturer and subsidiary of one of Korea's largest companies, vacate upon lease expiration; or the continued income from a credit tenant should they decide to remain. The deal that closed in November at reportedly a low cap rate, further exemplifies the heightened interest in Brooklyn real estate.

95 Evergreen Avenue (Bushwick) – The partnership of Hornig Capital Partners, Savanna, and Chelsea Village Associates closed in January on the acquisition of the 5-story, 170,000-square-foot warehouse that originally housed the Schlitz Brewery for \$33.7 million (\$198 per square foot) reportedly from 95 Evergreen Associates led by Moshe Gottesman. Located across the street from the Rheingold Brewery redevelopment site, 123 Melrose Street, new ownership plans to launch a \$20 million building-wide capital improvement program in the 1st quarter to reposition the building into creative loft office space and retail use, despite earlier reports noting a possible interest in seeking a rezoning to allow construction of a residential tower. The multiple existing tenants, including the seller, will be vacating the building over the course of the year. The deal seems to offer a win-win for the seller that was able to take advantage of the rise in property values since purchasing the building 30-years ago; while new ownership sees the potential of added value in anticipation of the neighborhood's emergence, joining several others within the borough.



Development (cont'd)

Sites Recently Sold (cont'd)

225- and 227 4th Avenue (Park Slope) – Real estate investment and lending firm Greystone closed on the acquisition of the adjacent properties for a total of \$21.1 million in January — 225 4th Avenue, a vacant lot purchased for \$13.5 million; and 227 4th Avenue, a 13,534-square-foot landmarked building for \$7.6 million. The company plans to restore and reposition the latter into 2- or 3 luxury condominium units and will build a 12-story, 70-unit residential rental development on the vacant lot; utilizing about 20,000 square feet of air rights that are included in the deal.

62-64 Ferris Street (Red Hook) – Los Angeles, CA-based Italian developer Est4te Four has purchased the vacant 100,000-square-foot parcel that is paved and fenced for \$16 million from Gregory Iovine, in a deal that closed in December at a \$6 million reduction from the original asking price of \$22 million. The site runs a full city block and boasts waterfront views of Manhattan and Governor's Island. It is currently zoned M2-1 for manufacturing districts, and situated adjacent to the Port Authority on NY & NJ's (PANYNJ) Pier 12 and the cruise line.

Est4te Four has already acquired several parcels in the neighborhood, with proposed plans for a 1.1 million-square-foot project dubbed **Red Hook Innovation Center** that is spread across 4 waterfront sites. Renderings reveal structures that will top-out at about 6-stories as an as-of-right development; and the project is expected to maintain some of the existing structures.

1821 Emmons Avenue (Sheepshead Bay) – Rybak Development & Construction purchased the site of the former El Greco Diner, a 40-year-old neighborhood establishment, from the Venetoklis family in December. The developer plans to demise the existing structure to make way for a 90,000-square-foot condominium that will include retail space at its base. The property and its large adjoining parking lot were purchased for \$13 million (\$144 per buildable-square-foot), just under \$3 million below the \$15 million asking price when the site hit the market in 2013.

Rybak is also developing 2 other projects in the vicinity where property prices are reportedly about half of the figures areas such as Williamsburg are demanding— **3041 Ocean Avenue** purchased for approximately \$4 million in 2013 with a 60,000-square-foot condominium currently under construction; and **108 West End Avenue**, just south of Sheepshead Bay, and a 100,000-square-foot residential project.



Development

Project Plans in Progress

304-310 North 7th Street (Williamsburg) –The partnership lead by Adam America filed permit applications in December for the construction of a 7-story, approximately 42,300-square-foot mixed-use project on the site that was purchased in November for \$18.25 million (\$431 per buildable-square-foot). Preliminary renderings were released in late February of the new development that will replace an existing warehouse and be comprised of 38 residential units, although it has not yet been announced if the project will be a condominium or rental development.



304-310 North 7th Street - Rendering

406 Manhattan Avenue (Williamsburg) –The Rabsky Group filed permits in December for the construction of a planned 7-story, 50-unit residential development spread over 43,000 square feet. The property which consists of 3-tax lots comprised of a few, low-height existing brick structures runs alongside the Brooklyn-Queens Expressway (BOE), and was purchased for \$9.7 million (\$226 per buildable-square-foot) in 2014.

646 Lorimer Street (Williamsburg) – Synapse Development Group filed plans in December for the construction of a 14-story mixed-used condo-hotel in collaboration with **Yotel**, which offers efficiently designed guest “cabins” that are typically smaller than traditional hotel rooms and reportedly priced at more affordable rates. The project will be comprised of street level retail with a roof garden above, a 110-key hotel, and 6-8 condo units on the top floors. Yotel debuted in New York City with the opening of its Manhattan location at **570 Tenth Avenue** at West 42nd Street in the Hudson Yards vicinity.



646 Lorimer Street - Rendering

416-418 Kent Avenue / 420-444 Kent Avenue (Williamsburg) – Spitzer Enterprises filed plans for the construction of 3-residential developments on the 2.8 acre site that the company is in contract to purchase for \$165 million from Rector Hylan. The 1031-exchange will result in Spitzer reinvesting \$147 million in capital gains funds from the recent sale of a 144-unit residential portfolio in the Corinthian, 330 East 38th Street. The long stalled project that is located 2 blocks from Two Trees Management’s Domino Sugar project and currently housing movie studio Cine Magic Riverfront Studios, appears to be moving ahead once again according to the new plans filed in January that reveal the construction of a 16-story, 151,764 mixed-use tower with 200-rental units and 2,865 square feet of ground level retail at 416-418 Kent Avenue.

In addition, while plan details are not clear for the 2 additional towers on 420-444 Kent Avenue, the total number of residential units for what appears to be a 2-building project is reportedly 270 to be spread across 18- and 22-story buildings with a combined total of 311,224 square feet and a 2,001-square-foot retail component. Rector Hylan’s original plans dated back to 2006, and per the city approved 3-year extension of the special permit secured, construction must break ground prior to the permit’s 2016 expiration.



Development Project Plans in Progress (cont'd)

810-835 Fulton Street (Fort Greene) – GFI Development, an affiliate of GFI Capital Resources Group filed plans in December for the construction of a proposed 12-story, 327,327-square-foot mixed-use project. Nearly 7-years in the planning due to the economic downturn, the development on the site of a former parking lot that had the firm had acquired the ground lease of in 2007 is now moving forward. The project will be comprised of 363-residential units spread across 293,000 square feet with 34,408 square feet of commercial space.



902 Franklin Avenue (Crown Heights) – North True Construction filed permit applications in December for a proposed 4-building, 209-unit residential project totaling 168,000 square feet. Each 7-story structure will rise to a linear height of 70 feet. The site assemblage which includes an existing 1-story industrial building, was purchased early in 2014 for \$14.5 million (\$86 per buildable-square-foot).

1527-1535 Bedford Avenue (Crown Heights) – Real estate investment and development company Adam America filed permit applications to redevelop the recently acquired site of an existing gas station/car wash that stretches an entire block-front for \$32.5 million (\$194 per buildable-square-foot) from the Wiczek family. Located on the corner of Eastern Parkway, the developer is planning an 8-story, 165,000-square-foot mixed-use development comprised of 14,669 square feet of ground level retail and 133 residential units — 20% designated affordable housing spread across 91,337 square feet having taken advantage of inclusionary bonuses. Adam America is currently working with Santander Bank to secure a construction loan for the project that is projected to cost \$100 million.

Hoping that the new project will follow in the footsteps of the company's nearby **500 Sterling Place**, a successful venture that the developer had not intended to sell; but a \$50 million unsolicited offer was hard to walk away from. The long-stalled development site that was shovel-ready was purchased by Adam America for \$6.8 million in 2012. The 77-unit project was completed last June and successfully fully rented to a mix of doctors, engineers, and employees in the financial hedge fund and technology fields. The property's unsolicited sale further substantiates the rise in attraction to the neighborhood.

410-416 Tompkins Avenue (Bedford Stuyvesant) – Vasco Ventures proposed "L-shaped" residential project dubbed **Hancock Manor** will be comprised of 35 rental units, having closed in December on the purchase of the site. Demolition of the existing 3-adjacent, mixed-use low-rise structures is expected to begin in early Spring to make way for the new development that is slated to be delivered in 2016.



Development Project Plans in Progress (cont'd)

953 Atlantic Avenue (Clinton Hill) – Borough Park-based Bere Weber filed plans in January for the construction of an 8-story residential development comprised of 98 rental units spread across 67,253 square feet. The project is reportedly replacing an existing building owned by the developer for several years that formerly housed a White Castle until it was shuttered late last year.

504 Myrtle Avenue (Clinton Hill) – Madison Realty Capital filed plans last November for the construction of a 92-unit, 6-story rental project on the former site of the Pratt Station Post Office, that will also include a ground floor retail component. The property was acquired in December 2012 for about \$5.56 million by Silverstone Development, the management arm of the company. The project sits adjacent to a new 7-story, 93-unit rental development — 20% dedicated to affordable housing at 490 Myrtle Avenue that is nearing completion which is also being constructed by Madison Realty. Together the buildings will have 35,000 square feet of retail to be occupied by returning tenant Associated Supermarket and a new TD Bank branch.



337-351 Butler Street aka 574-894 Baltic Street (Gowanus) – Chinatown-based developers Miriam and Ken Chan under the entity Covizion LLC filed applications in November for the construction of a 13-story hotel that is expected to rise to a linear height of 148 feet. The approximately 128,000-square-foot project will be comprised of 176-keys plus restaurants/bars spread over about 90,000 square feet; and a 38,000-square-foot walk-in health center on the first 4-floors of the development, a component that allowed the developers to increase the project's density by taking advantage of a community facility bonus.

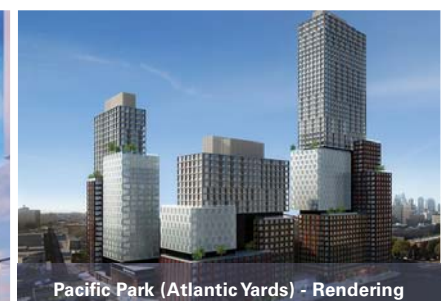
575-581 4th Avenue / 189-195 Prospect Avenue (Park Slope) – The Rabsky Group filed permit applications in December for the construction of a 78,400-square-foot residential development comprised of 129-units spread across 76,000 square feet and 2,400 square feet of ground level commercial space. Due to the irregular shape of the Prospect Avenue assemblage, it will be combined with the corner parcels on 4th Avenue allowing for a more efficient building design. Currently in contract for the assemblage of 6 parcels, Rabsky will reportedly pay a total of \$15.5 million in the off-market deal — \$7.5 million for the 2- parcels on Prospect Avenue; and \$8 million for the 4-parcels on 4th Avenue.

187 7th Avenue (Park Slope) – As a result of the decision by Sugar Hill Capital Partners to restore, rather than demise the 5-story, 10,400-square-foot vacant residential structure purchased in early 2013 for 4.2 million, the company will give the property that is in total disrepair a \$6 million face-lift, resulting in a 4-condominium conversion with a single-tenant retail component on the ground level.



691 4th Avenue (Park Slope) – Bushburg Properties is planning to construct a 12-story, 69,000-square-foot residential development on the vacant lot in the south section of the neighborhood. The project will be comprised of 91-units spread over 65,000 square feet and 4,000 square feet of ground level commercial space.

535 Carlton Avenue (Prospect Heights) – Greenland Forest City Partners, the joint venture between China's Greenland USA and Forest City Ratner Cos. has begun construction of the first residential tower of the planned **Pacific Park** (formerly Atlantic Yards) complex. In addition, the team has created an aggressive timeline as a sign of commitment for completing construction of the total 15-buildings planned for the 22-acre site by 2025. The groundbreaking for the 100% affordable tower totaling 298-units will immediately be followed by the start of construction of **550 Vanderbilt**, a 275-unit market-rate condominium; and then in June work on **30 6th Avenue**, a second 100% affordable project that will reach a linear height of 218 feet is expected to begin, having filed plans in February for the 23-story, 341,595-square-foot development comprised of 305-units spread across 321,337 square foot, over 20,000 square feet of commercial space, and a healthcare facility on the 2nd floor.



Development Project Plans in Progress (cont'd)

115 Stanwix Street (Bushwick) – Rabsky Group filed plans in February for the construction of an 88,000-square-foot mixed-use development comprised of 130 residential units and roughly 3,300 square feet of commercial space. The building will be part of a planned 10-building complex on the site of the former Rheingold Brewery that the company acquired an undisclosed stake in last year for an undisclosed price, joining lead developer Read Property Group. Permit applications already filed for other buildings amongst the complex include:

- **10 Montieth Street** – Rabsky Group filed plans in January for the construction of a 7-story, 380,000-square-foot mixed-use development comprised of 398 rental unit and a roughly 5,000-square-foot retail component. The building is expected to rise to a linear height of 80 feet.
- **123 Melrose Street** – 8-story, 375,000-square-foot project comprised of 385 mixed-rate units and 13,271 square feet of ground level retail.
- **54 Noll Street** – 8-story, 309,940-square-foot building comprised of 403 residential units and a 16,940-square-foot commercial component.

37 Commercial Street (Greenpoint) – The Park Tower Group filed permit applications in December for the construction a 39-story, 377,864-square-foot mixed-use tower comprised of 401 residential units and a 500-square-foot retail component. The building is part of the planned **Greenpoint Landing Project**, a waterfront complex along the East River that will include over 1,400 housing units within 10 high-rise towers, a new park and school.

101 Pennsylvania Avenue (East New York) – An entity led by Jonas Rudofsky filed permits in January for the construction of a 160,000-square-foot speculative medical office building that will replace an existing bank building on the site that spreads across the entire Atlantic Avenue block-front between Pennsylvania- and New Jersey Avenues. Comprised of 3-floors of covered parking, a ground floor lobby with medical offices on the upper floors and a walk-in facility below, allows the new project to reportedly proceed as-of-right under current zoning as a result of taking advantage of the community facility bonus.



1560 60th Street (Borough Park-Bensonhurst) – Mapleton Group LLC filed permit applications in December for the construction of 13 separate residential structures totaling 230,000 square feet, narrowly avoiding the off-street parking requirement as a result of the 11-apartment or less design that each structure will house. The site of an existing single-story, 35,072-square-foot former bowling alley was purchased in 2013 for \$17.5 million (\$76 per buildable-square-foot) following a city approved rezoning for the block situated between Borough Park and Bensonhurst. As a result of the isolated rezoning, the floor-area-ratio (FAR) was increased to 3, whereas land just to the north and south is limited to residential FARs of 1.25 or 1.65 and industrial/commercial FAR of 1 respectively.



1277 East 14th Street (Midwood) – Brooklyn-based developer Hampshire Properties filed applications in December for the redevelopment of a former 85,000-square-foot all-girls school into a 8-story, 277,406 residential development that will deliver 302-units.

72 Caton Place (Windsor Terrace) – Suzuki Capital and Suzuki-backed Gothic Development Group are planning to construct a 9-story, 100,000-square-foot mixed-use development in partnership with property-owner Calvary Cathedral. The 80/20 project will be constructed on the church's active parking area and possibly atop the adjacent 2-story Calvary Cathedral of Praise, 58 Caton Place, with the church integrated into the project's design. In addition, the project will include a state-of-the-art parking facility to accommodate both the church and the residential building. The partnership is a win-win, creating a development opportunity for Suzuki Capital and Gothic Development while generating cash for the church's programs and allowing Calvary Cathedral to maintain ownership of the land.



Development - Lending

286 Ashland Place (Downtown Brooklyn) – Brooklyn-based developer Two Trees Management secured a 4-year, \$168 million construction loan for the planned 32-story mixed-use project dubbed BAM South from lenders JPMorgan, M&T Bank, Wells Fargo, and the New York State Housing Finance Agency (HFA) which provided a \$30.5 million tax-exempt loan.

The planned project which is located within the recently designated **Brooklyn Cultural District**, will be comprised of 379 residential rental units — 20% designated for affordable housing; 43,000 square feet of retail space; an outdoor public plaza totaling 100,000 square feet; and 50,000 square feet of cultural space to be occupied by a BAM movie theater, new Brooklyn Public Library branch, and a 651 Arts dance studio. The project broke ground in March, and the residential component is expected to deliver in 2016.



286 Ashland Place- Rendering



Brooklyn Cultural District - Rendering

Lending (cont'd)

333 Schermerhorn Street (Downtown Brooklyn) – Steiner Studio NYC secured an approximately \$300 million construction loan from lender Bank of America for the 54-story, 519,000-square-foot residential development dubbed **The Hub**. The 4-parcel assemblage was purchased in 2011 for \$30 million (\$58 per buildable-square-foot). Site excavation began in November for the tower that is expected to rise to a linear height of 577 feet with a 2017 slated completion.

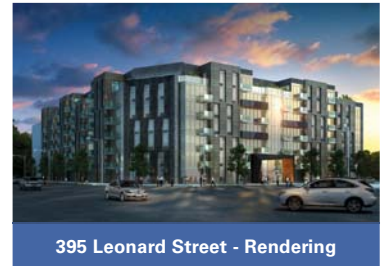
55 Wythe Avenue aka 49-59 Wythe Avenue (Williamsburg) – Developer Zelig Weiss secured a \$63 million construction loan for the planned 320,000-square-foot project dubbed **Level Hotel** from lender Madison Realty Capital. The \$130 million project has broken ground on the site which spans the entire block front between North 12th and 13th Streets; and will be comprised of a 183-key, 260,000-square-foot hotel, 40,000 square feet of office space, 20,000 square feet of retail, and a 20,000-square-foot rooftop garden to be open to the public. Purchased in May 2014 for \$30 million, Madison Realty Capital also provided a \$18.3 million bridge loan for the acquisition.



96 Wythe Avenue (Williamsburg) – Heritage Equity Partners secured a \$40 million construction loan for the 8-story, 150-key boutique hotel located at the corner of North 10th Street from lender G4 Capital Partners. The project that is already underway and expected to deliver in 2015 is located around the block from the Wythe Hotel.

19-33 Kent Avenue (Williamsburg) – Co-developers Heritage Equity Partners secured a \$70 million construction loan from Madison Realty Capital for a project that will result in the borough moving closer to the construction of the first speculative, ground-up office development to reportedly rise in decades. The site of the former storage facility for cherry picker machines spans an entire block between North 12th- and 13th Streets; and was purchased in 2013 for \$32 million. The 8-story office project that will be co-developed with the Rabsky Group is expected to break ground in 2015, delivering a total of about 384,000 square feet with 30,000-50,000 square foot floors.

395 Leonard Street, formerly 88 Richardson Street (Williamsburg) – Brooklyn-based Rabsky Group secured a \$95 million mortgage from lender TD Bank in January. The funds will replace an existing construction loan provided by PNC Bank in 2013. Rabsky Group redeveloped the property, purchased in 2012 for \$18 million, into a 7-story, 188-unit rental development of 139,702 square feet that was delivered in January and reportedly already about 60% rented.





Sunset Park Welcomes Fashion Industry

The fashion industry is coming to Sunset Park thanks to a \$3.5 million investment by the New York City Economic Development Corporation (NYCEDC). It was announced in early December that the Salmar Properties owned **Liberty View Industrial Plaza**, 850 3rd Avenue will become home to a fashion incubator that has been named **Manufacturing Innovation Hub for Apparel, Textiles & Wearable Tech**. A 160,000-square-foot facility at the 8-story building located along Brooklyn's waterfront is expected to begin construction simultaneously with February's New York Fashion Week; and will also feature a 110,000-square-foot space for job-intensive manufacturing use that is expected to create or retain about 300 jobs.

The facility that aims to support up-and-coming designers, encourage local manufacturing, and create jobs within the sector that currently makes up about 6% of the city's workforce will include a workforce development center; a R&D center focused on innovative fashion and wearable technology; and a sample-making factory. Incubator space will house private studios, conference rooms, classroom space, a computer lab, an industrial sewing room, storage, and work areas for 50 designers.

Other efforts to support the fashion industry and manufacturing in the borough are exemplified by the recent establishment of **Pratt Institute's Brooklyn Fashion & Design Accelerator** (BF + DA). The 21,000-square-foot facility located at the Pfizer building, 630 Flushing Avenue (South Williamsburg) is comprised of work space, a showroom, conference room, 3-D fabrication lab with 3-D printing and laser-cutting services, sample development studio, and other small-run manufacturing capabilities. In addition, a retail space offers the opportunity for the public to shop and meet the designers.



Sunset Park (cont'd)

Highlighted Leasing Activity

Bed Bath & Beyond / Liberty View Industrial Plaza, 850 3rd Avenue (Sunset Park) – The home accessories retailer will be opening a store in the technology and industrial complex as a result of an over 100,000-square-foot deal announced in mid-January at an asking rent in the \$30 per square foot range. The space located on the building's 2nd floor will be divided amongst 4 of the company's brands — **Bed Bath & Beyond**, **buybuy BABY**, **Cost Plus World Market**, and **Harmon Face Value**, creating a new retail experience in the building that has undergone a \$100 million overhaul of the previously long-time vacant industrial loft built in 1918 that boasts an adjoining parking lot which takes up an entire city block.

Salmar Properties purchased the 8-story building formerly known as **Federal Building No. 2** in 2011, as a result of a winning bid from the city to redevelop the property that spans an entire block between 2nd- and 3rd Avenues, and 30th- and 31st Streets with 140,000-square-foot floor plates. A requirement of the deal from the city necessitated about 15% of the building — roughly 170,000 square feet to be dedicated to retail use. Ownership is hoping the remaining 800,000 square feet of available industrial space will attract large users such as Amazon, with asking rents per square foot in the mid-teens.

The deal is expected to boost property values in the area, as well as attract additional retail. Located near Industry City which has been successful in its own ongoing revitalization that has significantly furthered progress to create a thriving industrial district within Sunset Park.



Hunt Slonem / 14 53rd Street aka Whale Square (Sunset Park) – The well-known artist and collector will be relocating his antique collection, flea-market finds, tropical birds, art studio and offices to a 30,623-square-foot space that will span the entire 6th floor and part of the 2nd floor of the **Whale Oil Building** — the tallest building in the typically low-rise warehouse area. The new loft space at the Brooklyn building where asking rents currently range from the mid-teens to low \$20 per square foot, boasts multiple windows on 4-sides, very high ceilings, and water views. As a result of the 15-year deal, the company will be vacating its current 22,500-square-foot Manhattan office that is spread across the entire 3rd floor at 509 West 34th Street (Hudson Yards) which is slated to be demolished this year as part of an assemblage of properties that will be redevelopment by Tishman Speyer into a proposed 2.55 million-square-foot tower.

Alexis Bittar / Industry City (Sunset Park) – The roster of tenants at the 30-acre site continues to grow, recently adding the fast-growing jewelry-maker to the list as a result of a 17,000-square-foot lease announced in February. The DUMBO-based company will maintain its 16,000-square-foot corporate office at 45 Main Street, but the new space to be used as the company's main manufacturing facility for its jewelry line will allow a significant expansion.

Alexis Bittar joins other tenants including jewelry e-commerce start-up BaubleBar; shipping start-up Shyp, digital media distributor Filmrise; and event production company David Stark Design. The former shipping and manufacturing terminal is currently undergoing a major transformation and renovation that in addition to office and manufacturing space will include an urban food court offering a visitor experience similar to the popular Chelsea Market in Manhattan.



Select Lease Transactions

Office

Address	Neighborhood	Sq. Ftge	Tenant
1 Pierrepont Plaza	Brooklyn Heights	38,000	Regus
14 53rd Street	Sunset Park	30,623	Hunt Slonem (relocation)
1 Metrotech Center (70 Myrtle Avenue)	Downtown Brooklyn	27,000	NYC Human Resources Administration (renewal)
594 Dean Street	Crown Heights	18,800	Industrious
1 Pierrepont Plaza	Brooklyn Heights	12,700	SmartSign
1 Pierrepont Plaza	Brooklyn Heights	10,000	U.S. Legal Support

Retail

Address	Neighborhood	Sq. Ftge	Tenant
850 3rd Avenue	Sunset Park	100,000	Bed Bath & Beyond
505 Fulton Street	Downtown Brooklyn	23,000	Old Navy
247 Bedford Avenue	Williamsburg	20,000	Apple
450-458 Fulton Street	Downtown Brooklyn	8,700	Adidas
455 Fulton Street	Downtown Brooklyn	2,200	Social Apparel
76 North 4th Street	Williamsburg	2,100	Blue Bottle Coffee



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