

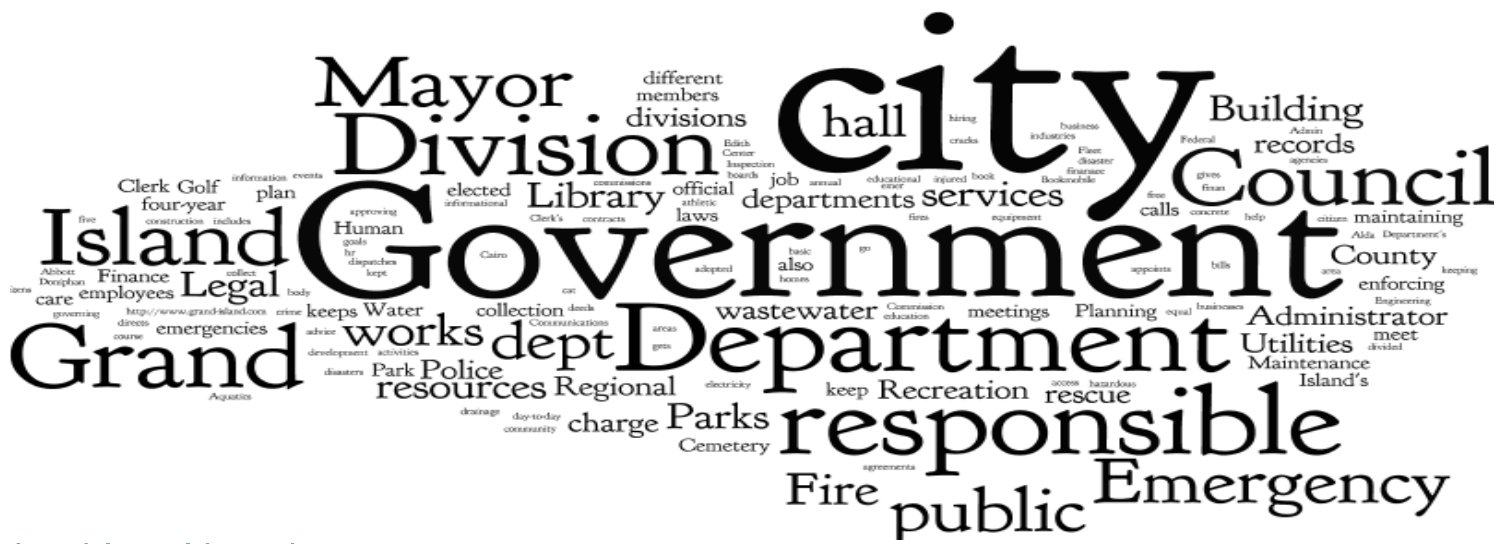


Development News Highlights

MANHATTAN - MID-1ST QUARTER 2020

PLUS AN OUTER BOROUGH SNAPSHOT





Looking Ahead

Climate Mobilization Act's Local Law 97: The Next Steps

In April 2019 New York City enacted what has been described as “representing some of the most ambitious climate legislation enacted by any large municipality in the world to date.” The centerpiece of the (9) bill **Climate Mobilization Act** signed by Mayor de Blasio on Earth Day is **Local Law 97** (LL97) which will require buildings citywide that exceed 25,000 square feet to begin reducing carbon emissions relative to 2005 base year levels by 2024, with reductions of 40% by calendar year 2030, and 80% by calendar year 2050. A **New York City Climate Advisory Board** was reportedly appointed by the mayor in December as per the law; and its members represent “a broad cross-section of real estate, environmental and organizational expertise” according to reports.

The board has been tasked with putting together a report “addressing all manner of questions around just how LL97 will work — ranging from how landlords should report emissions data to how the city should penalize owners for non-compliance to how it might structure an emission offset program.” Although the board’s recommendations to be outlined in a report and delivered to the mayor and speaker by the start of 2023 aren’t legally binding, they are “expected to be influential, especially given how many of the law’s finer points remain to be nailed down.” Some cited examples of the difficult issues to be addressed, which weren’t completely sorted out include:

- How exactly building owners will be instructed to calculate and report their properties' carbon emissions, for instance:
 - Accounting for tenant space that was unoccupied in a building during the year they were reporting, which is going to impact calculations and could, in this case, skew results and deliver an inaccurate representation of how the building is being used.
 - Taking into consideration whether a building is more densely and intensively used, currently the law's hard emissions caps "don't account for density of use" and could disadvantage those properties since a "building housing fewer people will typically emit less carbon" according to the press release. Cited for comparison would be a building primarily occupied by law offices versus a building housing trading floors that require a much greater density of computers leading to higher energy requirements.
 - Ensuring that certain provisions don't become loopholes that allow building owners to meet the letter of the law without meaningfully cutting emissions citywide, such as the greenhouse gas offset program, which will allow owners of buildings that have higher emissions to purchase renewable energy credits as offsets against their emissions. It will also need to be determined as to whether, or not, a building owner with multiple buildings within a single portfolio can trade [emissions] between them.
- Determining the methodology used to determine what the fine should be for non-compliant building owners. LL97 provides a "maximum penalty of \$268 for every metric ton per square foot of carbon a building emits over the limit, but also notes that various 'aggravating or mitigating factors' should be considered when determining fines."



Local Law 97 (cont'd)

Another question cited that goes beyond the advisory board's scope is where the green energy some building owners may need to meet the law's emission standards will come from. It is expected that the need for cleaner energy will escalate as the deadlines for emission reductions become more aggressive. However its availability will depend on how rapidly renewable energy comes online to replace some of the dirtier energy sources — something that needs to happen rapidly to reach shared goals, but is outside the control of building owners; and will therefore require decisions about the limits that are set in the law being made based on the grid the exists at the time.

Over the past several years a higher level of “green design” has been incorporated into the development of new buildings being constructed throughout the city; and as for older buildings, many owners have proactively launched projects that include sustainability retrofits. Cited in example:

- **Empire State Building** – The iconic building at 350 Fifth Avenue underwent a green retrofit by the Empire State Realty Trust (ESRT), reportedly delivering \$4.4 million in savings over 3-years. The project included the installation of elevators that recapture energy during descents, instead of wasting it as heat, cutting energy use over 40%. In addition, ESRT reportedly follows the **Urban Land Initiative's Tenant Energy Optimization Program**, which “helps tenants reduce office energy consumption up to 50% and writes energy consumption guidelines into leases.”
- **Rudin Management Company** – The landlord has integrated its cloud-based building operating system **Nantum** into its commercial portfolio. Launched in 2015, the system that measures building occupancy, electric demand, outside weather and other factors to maintain efficiency has reduced carbon emissions by 44% across its Manhattan portfolio according to a reported 2018 announcement by the company. A Rudin spokesperson has gone on to point out that since a significant portion of the energy consumed in a building is tenant spaces, it is critical that further outreach to help tenants reduce their energy use is made.
- **SL Green Realty** – The landlord is reportedly connecting 20 million square feet of office space to **Integrated Energy Solution's** (iES) real-time energy management platform, which “allows seamless communication between the grid, tenants and ConEd, helping engineers optimize energy use to improve tenant comfort, reduce operating expenses and lower energy consumption.”
- **100 Flatbush Avenue** – The 38-story, 374,336-square-foot mixed-use development being constructed by Alloy Development in Downtown Brooklyn in collaboration with the Educational Construction Fund (ECF) will deliver New York City's first 100% electric-run building.

In past years, many developers have designed new buildings to achieve **Leadership in Energy and Environmental Design** (LEED) certification. The program launched by the United States Green Buildings Council (USGBC) made its New York City debut around 2006 offering “points” for the use of sustainable building materials and renewable forms of cooling. However at a time when there needs to be a greater focus on energy consumption and carbon output, the program has sparked some criticism despite its proven value, since it currently has “no investment and return orientation on such metrics as saving energy” and has not kept up with newer efforts of sustainability. In contrast, **Passive House** technology — an airtight construction process that dramatically cuts energy loss, offers a better pathway leading to the reduction of carbon emissions.



Penn Station - Envisioned 8th Avenue Entrance - Rendering

Looking Ahead (cont'd)

Governor Cuomo Announces Updated Plans to Create Empire Station Complex

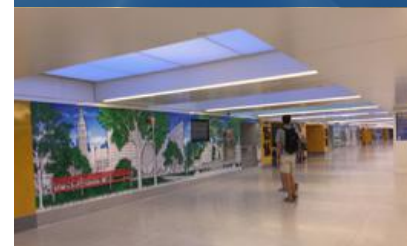
On January 8th Governor Cuomo delivered his **2020 State of the State** address, outlining his **Make Progress Happen** agenda. Among the highlights is the planned push to move forward with the long-time envisioned expansion of Pennsylvania Station as part of the Governor's envisioned **Empire Station Complex**, which was initially announced in early 2016 leading to the issuing of a request for proposals (RFP) seeking ideas to reimagine Penn Station. Among the respondents, (5) different design options had reportedly been put forth, of which some of the concepts were repeated as part of Cuomo's new plan.

Work already underway has delivered a new West End Concourse that opened in 2017, connecting Penn Station to the underdevelopment new **Moynihan Train Hall** in the Farley Post Office Building. Upon the expected opening of the new train hall at the end of 2020, the Long Island Rail Road (LIRR) will expand into it for added terminal capacity and Amtrak will move out of Penn Station, thereby allowing a portion of Penn Station to be closed down and renovated. Under the new plan detailed by the Governor, as part of the transformation of Penn Station and integration with the Moynihan Train Hall, the proposal calls for the acquisition of the block south of Penn Station to create:

- One "interconnected train and subway complex;"
- Increase track and train capacity by 40% by adding at least (8) new underground tracks;
- Add a new 125,000-square-foot terminal with (6) entrances and exits;
- Build a new LIRR entrance on 7th Avenue; and
- Revisit an exploration of the economic feasibility of an acquisition of the **Theater at Madison Square Garden** on 8th Avenue to create a new block-long grand entrance into Penn Station.



West End Concourse



Empire Station Complex (cont'd)

In addition to improving passenger circulation, decreasing passenger and train congestion, and increasing natural light allowed into the transportation hub, it is anticipated that the Empire Station Complex plan will “also create opportunities for redevelopment on the blocks surrounding Penn Station.” The Empire State Development (ESD) will oversee the plan, working with Metropolitan Transportation Authority (MTA), Amtrak, New York City and the community to develop a **General Project Plan**; and Amtrak will reportedly participate in the financing of the project. According to the Governor’s January presentation, discussions are already underway to acquire the real estate holdings — a mix of Amtrak, Archdiocese of New York, office, residential and retail uses, and community facilities, that are currently located on the block bound by 7th and 8th Avenues between West 30th and 31st Streets. If acquisitions move ahead as planned, the ambitious project will represent the first expansion on Penn Station’s fundamental infrastructure since the station was completed in 1910. Although an estimated cost of the project was not provided, funding will partially come from “a value-capture framework [that] will combine Payments in Lieu of Taxes (PILOTs) and income from new commercial development in the district.

Response to the Governor’s announced plans were reportedly met with certain unawareness and surprise by some of the property owners on the block that has been flagged for the new terminal building. Although the use of eminent domain was reportedly not mentioned, a statement from the ESD reportedly “suggests that administration views condemning the land as a last resort.” The block is divided into 22 tax lots; and existing larger buildings include:

- 225 West 30th Street (aka 220 West 31st Street) – A block-through 6-story, 245,542-square-foot parking garage located mid-block longtime owned by Meyers Parking, Inc.
- Seven Penn Plaza (aka 370 Seventh Avenue) –The 17-story, 332,383-square-foot office building that spans the entire 7th Avenue block front is longtime owned by the Feil Organization.
- 259 West 30th Street – A 17-story, 95,000-square-foot office building longtime-owned by MJ Orbach Associates.
- 209 West 30th Street – A 4-story, 30,000-square-foot building owned by the Archdiocese of New York that hosts the Church of St. John the Baptist.

In addition

- 232 West 31st Street –The 22,219-square-foot site appears to host the Amtrak facility noted in the Governor’s presentation.
- 210 West 31st Street –The 9,066-square-foot parcel is the site of a proposed repositioning and conversion of the low-rise building into 30,000 square feet of retail space. Although news of the project initially surfaced near the end of 2016, work appears to have stalled. The building formerly served as a monastery associated with the Church of St. John the Baptist, which backs up to the property currently controlled by Onyx Equities under a 99-year lease that runs through January 2114. KBS Capital had joined the project in December 2016 upon acquiring reportedly the majority interest in the lease.



Penn Station - New 7th Avenue Entrance - Rendering



Looking Ahead (cont'd)

Local Official Calling for Special Permit for Larger Warehouse Developments

As the number of applications being filed for the construction of larger warehouse developments grow in numbers amid rising demand from retailers for logistics facilities and last-mile distribution centers, concerns of a potential negative impact on the quality of life, especially in the outer boroughs, have begun to surface. In response, city council member Justin Brannan is reportedly “calling for a special permit requirement for large warehouse projects.” According to reports, the proposed special permit requirement would affect warehouse developments over 250,000 square feet, thereby giving “communities and local officials input into when and how such projects come to their neighbors. If the proposal moves forward, larger warehouse projects would be “be subject to navigate a process similar to the city’s 7-month Uniform Land Use Review Procedure (ULURP)” according to reports. However reports indicated that the latest proposal if it were put in legislation would likely be opposed by the de Blasio administration since it did not receive the support of the Department of City Planning.

An influx of development within other sectors has similarly spurred special permit proposals including the December 2017 adoption of a zoning text modification by the city council that now requires a special permit for the development of self-storage facilities within Industrial Business Zones; and one year later the passing by the city council of a city planning commission (CPC) special permit requirement for hotel development in M-1 zones, prompted by a surge in hotel developments particularly in Long Island City, Brooklyn’s Williamsburg and Bushwick neighborhoods, and Manhattan’s Garment District area — a restriction that more recently Mayor de Blasio is reportedly proposing to expand citywide.



Looking Ahead (cont'd)

City Council Report: The Future of the BQE

Proposals to address the aging **Brooklyn-Queens Expressway** (BQE) seem to have surfaced in many different forms over at least the past 23-years, with the latest delivering a report released by the City Council hoping to establish a “path forward for immediate and long-term needs of the BQE.” It is also intended that the findings within the report, for which the city council commissioned design and engineering firm Arup, creates a “model for the large-scale replacement of legacy infrastructure in New York City,” as well as deliver a “better highway that does more than just move people and goods between places, but also unites communities.” The majority of the 35.62-mile **Interstate 278** (I-278) roadway constructed in sections by “master planner” Robert Moses in the 1950s and 1960s is in New York; and since it follows several roadways, is also known as the Staten Island Expressway (SIE) across Staten Island, the Gowanus Expressway in southern Brooklyn, and the BQE across northern Brooklyn and Queens.

The city council's report focuses on the “**triple cantilever** between Atlantic Avenue and Sands Street” along the Brooklyn Heights section of the roadway, which according to a determination by the city's Department of Transportation (DOT), will reportedly be “structurally unsound and unable to carry the current amount of traffic” within 5-years. Findings within the city council's report represents the culmination of several months of study and evaluation of (7) physical planning options, with (2) preferred scenarios selected as the most viable. Previous plans unveiled by the DOT in 2018 reportedly included a revamping of the BQE in a lane-by-lane approach, or as an alternative, the construction of a temporary elevated roadway while rebuilding the cantilever; but the latter of the two options met with strong opposition from area residents since it would have led to the demolition and temporary shutdown of the existing **Brooklyn Heights Promenade**, with a new, wider promenade built upon completion of the new cantilever structure. Reports indicate that the latter option was expected to take 5-years, versus about 8-years for the lane-by-lane option, with both options having an estimated cost in the neighborhood of \$4 billion.

Future of the BQE (cont'd)

Below is an overview of the preferred options detailed within the city council's report:

1. **Scenario 1 – Capped Highway:** This scenario is based on two concepts that preserve the historical promenade.
 - a.. **Tri-Line** – Developed by Brooklyn Heights resident and former chairman of the Brooklyn Bridge Conservancy's board of directors Mark Baker, proposes the relocation of the BQE as it passes along the Brooklyn Bridge Park on the triple cantilever to a new road at ground level in the bed of Furman Street. As part of the plan, the new BQE will be covered with a box structure that contains noise and air pollution of the road, allowing the pollutants to be collected and treated, thereby eliminating them from adjacent neighborhoods and the Brooklyn Bridge Park, while fixing the BQE to federal highway standards. In addition, it preserves the promenade and adds over 8-acres of space to Brooklyn Bridge Park according to details on the proposed concept's website.
 - b. **Brooklyn-Queens Park** – Bjarke Ingels Group's (BIG) proposal offers a transformation of the BQE into a BQ-park, while still accommodating significant vehicle flows along the route. The plan calls for the construction on an at-grade roadway along Furman Street and Brooklyn Bridge Park, which will be covered with a simple deck structure. The new deck provides a platform for the addition of significant new parkland along an underused corridor, while connecting Brooklyn Heights to Brooklyn Bridge Park. In addition, the design creates space for a potential spur of the BQX light-rail-line proposed by Mayor de Blasio. The proposed design is expected to reduce construction impacts; vastly improve waterfront condition and sound and air quality; create 12-plus acres of new parkland, improve roadway connectivity; and provide opportunities for new community amenities. This scenario has an estimated cost of around \$3.2 billion, similar to that of the DOT's 2018 plans, and a construction timeline of about 6-years.



Tri-Line - Rendering

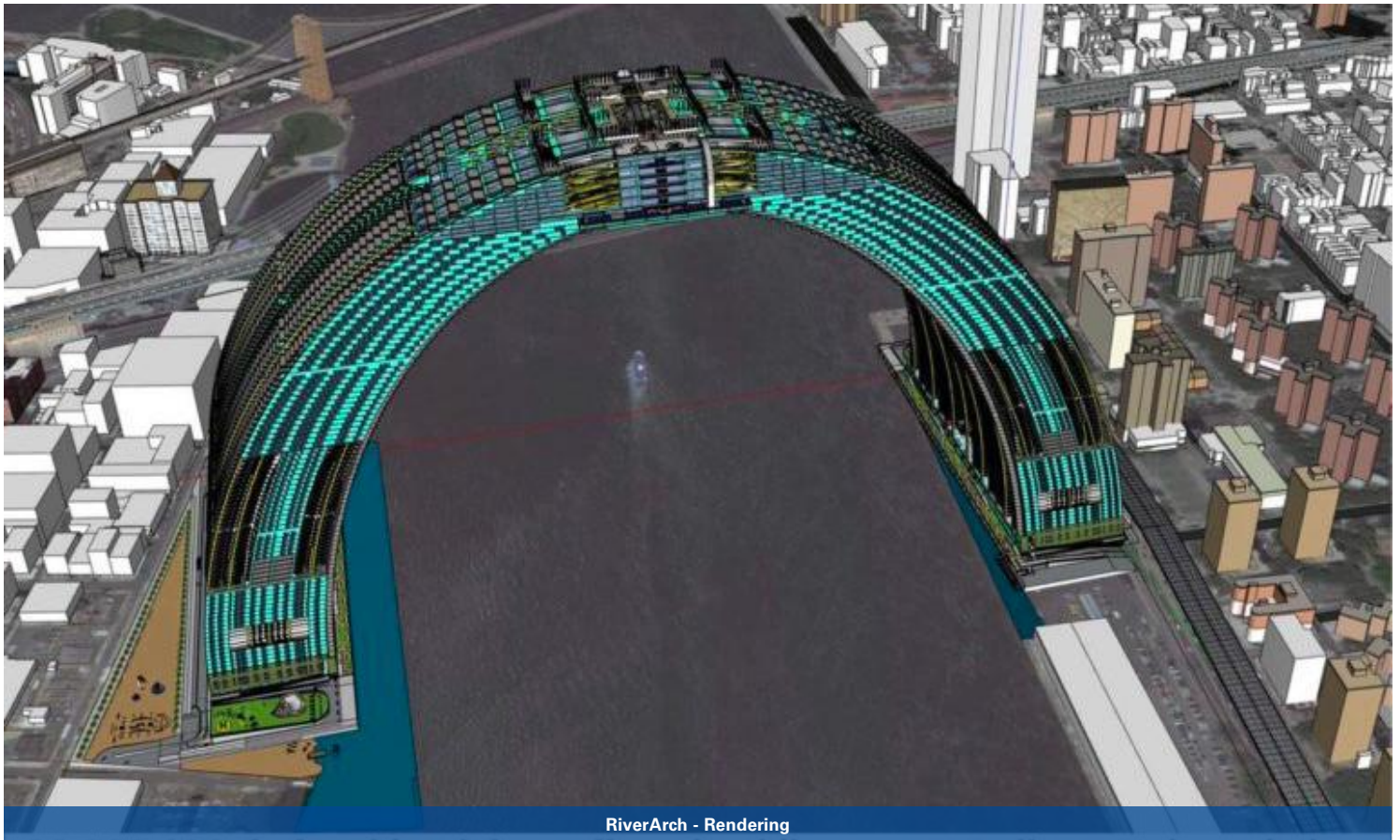


BQ-Park - Rendering



2. **Scenario 2 – Tunnel Bypass with Surface Boulevard:** The concept appears to re-introduce a proposal initially introduced in 1997 by a Brooklyn group, which presented the idea of burying a 6-mile span of the aging Gowanus Expressway, which sees about 200,000 vehicles daily along the stretch that runs from the Hugh L. Carey (formerly Brooklyn Battery Tunnel) to the Verrazano-Narrows Bridge. The revised scenario "envision[s] a deep bore, 3-mile bypass tunnel from the Gowanus Expressway at the Prospect Expressway to the South Williamsburg trench, roughly at Bedford Avenue." Although the tunnel alternative has been dismissed in the past, findings within the report concluded that it should be reconsidered as it is technically feasible. Through traffic would use the 4-lane tunnel to bypass Downtown Brooklyn; Manhattan-bound traffic from the south would be encouraged to use the Hugh L. Carey tunnel; and Manhattan-bound traffic from the north would be encouraged to use the Williamsburg Bridge, thereby allowing for the reconstruction of the BQE from Cobble Hill to Clinton Hill as a surface street and new open space. This scenario has an estimated cost of between \$5 and \$11 billion with a construction timeline of about 7-10 years.

According to the city council's report, the next steps in the immediate future require the passing of legislation in Albany to create a new I-278 corridor governing body initially focused on implementing one of the two preferred approaches. Looking further ahead, the project's governing body will "have to work with state and city partners to identify a corridor-wide phasing plan to identify subsequent segments of the BQE beyond the triple cantilever that will require replacement as they reach the end of their useful life over the next decade or two;" while also working with "community and government stakeholders to develop a unified corridor-wide vision" that ties communities together and opens up the waterfront.



RiverArch - Rendering

Development Exploration

RiverArch Proposal Floated for 96-story Arched Mixed-use Bridge Development

A futuristic plan to construct a 96-story arched development spanning the East River to connect Brooklyn's Dumbo/Vinegar Hill section with Manhattan's Two Bridges neighborhood in the Lower East Side initially surfaced back in February 2018, the project dubbed **RiverArch** is largely a design on paper that according to reported details of available literature includes:

- 7,250 residential units offering a mix of studios to 9-bedroom layouts ranging in pricing from 8-figure condominiums to affordability down to 30% of Area Medium Income (AMI) rentals, potentially meeting a full 1% of Mayor de Blasio's citywide goal to build and preserve 300,000 affordable units;
- 300,000 square-feet of new public areas including: (2) 50,000-square-foot plazas, (2) 19,900-square-foot public parks, (2) 30,000-square-foot esplanades, (1) 17,100-square-foot beach, and (1) 71,000-square-foot dog run/playground park
- A major Bi-Borough public elevator transport system capable of moving 5 million passengers per year;
- Public and private gyms totaling 309,000 square-feet and featuring: (12) 11-story climbing walls; a 1/2-mile running track; (2) Olympic-length glass bottom pools; (1) 2,500-square-foot children's sandbox with (2) 70' palm trees, and a zipline;
- 800,000 square-feet of commercial space;
- A 166,000-square-foot, 875-seat high school;
- A Teen Center, Senior Center and Dog Center
- 68,000 square-foot event space, 42-person Catering Kitchen & Banquet Room;

RiverArch (cont'd)

- (4) 80-person meeting rooms, 132-seat movie theater, (4) 1,000-square-foot greenhouses;
- A 350-seat restaurant with unparalleled NYC views on the 87th floor, as well as (2) 6,084-square-foot public observation decks;
- 400 indoor parking spots with indoor pickup/drop-off; parking spots for 1,344 bicycles;
- Direct-to-barge garbage delivery, to reduce garbage truck traffic up to 90%; and
- 213,000 square feet of Resident Common Areas including: (20) semi-private courtyards, (4) corner terraces, (4) 3,250sf Lanais with indoor/outdoor gardens, (2) BBQ terraces, and (1) 100,000-square-foot split-level roof deck.

Construction would reportedly not require the replacement of existing buildings and tenants, or any decommissioning of parks; and result in minimal shadowing for the size of the project. The designs for the project aim to seek Platinum LEED or beyond certification and incorporate passive house efficiency, with power generated by (4) off-grid power sources for complete energy independence. It has also been estimated that the Floor Area Ratio (FAR) would be under 10.8 if the East River is included as part of the area, noting that there would be no interference with the river beyond the current land footprints; and only the air rights needed.

Although the probability seems slim that of project of this type and magnitude would ever be constructed, in part due to zoning regulations as well as the anticipated spark of public opposition, some industry sources suggest that it offers the potential of a great opportunity for affordable housing and much-needed community facilities. Looking back at history, the concept is not new, reports indicate that in the Middle Ages it was quite common to build homes and places of business on bridges, citing the **Ponte Vecchio** in Florence, Italy and the **Krämerbrücke** in Erfurt, Germany; and although architects have begun “flirting with similar forms in recent years,” none, either historical or modern, even remotely approach the scale of the RiverArch proposal.





Development Activity

New York Yimby: 2020 Construction Report

Citywide gains in construction activity continued in 2019, with total residential units filed increasing 7.1% year-over-year to 36,467 according to the report by New York Yimby, an online source that covers the region’s evolving architecture, construction and real estate growth. Both affordable and peripheral housing reportedly drove growth from 2018 into 2019, with the declining filings in Manhattan and Staten Island offset by gains in Brooklyn, Queens and the Bronx. In contrast, new filings for hotel keys declined significantly year-over year by 31.2% to 3,797-keys versus the 5,519-keys filed in 2018.

Residential Unit Filings			
Borough	% Yr-over-Yr Change	2019 Filings	2018 Filings
Bronx	25%	9,231	7,449
Queens	7.1%	8,357	7,798
Brooklyn	5.6%	12,527	11,864
Staten Island	-19.3%	828	1,026
Manhattan	-7.9%	5,434	5,902

Overall development heights continued to rise in 2019, led by the filing by JPMorgan Chase for its new 1,322-foot-tall headquarters at **270 Park Avenue**. A total of 56 buildings of a linear height of 200-feet or higher were filed last year, up from 39 in 2018; and filings for 100-feet or higher projects totaled 150 in 2019, up 22% from the 123 filings the previous year. In addition to 270 Park Avenue, there were only (4) other developments surpassing 500-feet filed — (2) are located in Manhattan’s Far West Side at:

- **610 West 30th Street**, a 545-foot-tall mixed-use development to be constructed by Long Island-based Lalezarian Properties; and
- **451 Tenth Avenue**, a 535-foot-tall mixed-use development as part of a 2-building project to be constructed in phases by the Related Companies and Spitzer Enterprises.

The remaining (2) developments are located in Queens:

- **1-15 57th Avenue** (Site F), a 612-foot-tall mixed-used development being constructed by Gotham Organization and non-profit RiseBoro Community Partnership as part of the multi-building **Hunter’s Point South** waterfront complex in Long Island City; and
- **71-12 Park Avenue**, a 2-building residential development in Flushing that will reach a linear height of 530-feet, and be constructed by Marx Development Group.

Looking ahead, a myriad of legislative changes over the past year have “severely impacted the city’s commercial property market, particularly the hotel sector.” It is anticipated that the multi-family market will see a drop in filing numbers; however a bevy of “hulking office supertalls already rising or nearing completion” could be a “continued positive force for new development into the early 2020s.”



Development Activity (cont'd)

Third Avenue is Having its Moment in the Spotlight

A number of buildings along the 6-blocks of 3rd Avenue from East 44th to 50th Street are in different phases of planning and development for major renovations that will add numerous new amenities and upgrades aimed at attracting modern tenants; and to better compete with newer developments.

10 Grand Central – The 36-story, 420,000-square-foot tower on the corner of East 44th Street formerly known as **708 Third Avenue** has recently completed a reportedly \$45 million capital improvement program by Marx Realty. Built in 1931, the project included the relocation and redesign of the building's entryway, as well as a redesign of the lobby. In addition, newly created tenant amenities include a 5,000-square-foot lounge with a 2,500-square-foot landscaped terrace on the 7th floor, a landscaped terrace, café, and conference facility. A collection of office suites on floors 32 through 36 dubbed "**The Penthouse Collection**" have also been created, reportedly offering an "experience comparable to a stay at the finest penthouse suite in a luxury hotel." Features of the newly envisioned tower space include a 3,500-square-foot terrace and a separate 2,400-square-foot solarium, with ceiling heights of 20-feet and floor-to-ceiling windows to reportedly be offered at \$130 per square foot.

730 Third Avenue – The 27-story, 665,110-square-foot tower that spans the entire 3rd Avenue block-front between East 45th and 46th Streets will undergo a planned \$100 million-plus capital improvement program. Built in 1959, as part of the project by Nuveen, the asset management arm of the Teachers Insurance and Annuity Association (TIAA), the building's windows will reportedly be replaced with "view" glass — adjusts to light automatically. In addition a new "dramatic ornamental staircase from the lobby to an amenity-filled 2nd floor will be constructed; and what has been described as a "massive rooftop terrace."

750 Third Avenue – The 34-story, 779,641-square-foot tower spans the entire 3rd Avenue block-front between East 46th and 47th Streets. Built in 1958, SL Green Realty is planning to launch a "significant capital investment program to upgrade the building. The project is expected to include the installation of new destination dispatch elevators, a conversion of roof set-backs into usable tenant terraces, the replacement of all the building's windows, and a renovation of common areas, bathrooms and corridors.

780 Third Avenue – The 50-story, 516,818-square-foot tower spans the entire 3rd Avenue block-front between East 48th and 49th Streets. Built in 1984, a \$40 million capital improvement program will be launched by landlord Nuveen. As part of the project the traditional concierge desk will be replaced by "greeters with electronic check-in clipboards." New tenant amenities will reportedly include a lounge with food, and a wellness facility offering yoga classes and an on-site doctor's suite to replace an existing gym. Trees and plantings will be scattered an outdoor plaza to reflect the planned new building name **The Gardens**, along with the installation of new benches and lighting designed to "mimic a residential project."

825 Third Avenue – The 40-story, 544,000-square-foot block-through tower is located on the corner of East 50th Street. Developed by landlord the Durst Organization in 1969 to initially served as the home of book publisher Random House, the building was later occupied by Advance Publications for 25-years under a lease that expired last spring, leaving the building fully vacant. Initially seeking a long-term agreement with either a tenant or another developer for a ground lease, reports in early 2018 indicated that Durst was interested in "a steady income from a reliable company with the capital and wherewithal to undertake an entire modernization plan." However a few months later the building was taken off the market and plans are underway for a major renovation targeting LEED Gold designation. As part of the project the existing lobby will be updated with amenities added, "view" glass to be installed in the windows on the 12th through 40th floors; while the retail at the base of the building will get all new storefronts, along with a planned renovation of the surrounding plaza.

Development Activity (cont'd)

Hudson Yards – Phase 2: Related and Amtrak Pursue Federal Loan

A joint agreement has reportedly been signed by Related Companies and Amtrak with the intention of pursuing the filing of an application for more than \$1 billion in low-cost debt from the federal transportation department. In June 2018, reports initially surfaced of the developer's intentions to secure a loan from the **Railroad Rehabilitation & Improvement Financing** program, having at the time, filed a draft worksheet with the U.S. Department of Transportation to help fund the construction of the platform over the western section of the West Side rail yard as plans slowly begin to move forward for the development of the second phase of the Hudson Yards complex. In exchange for Amtrak co-signing the loan application to meet the federal funding pool requirement of a railroad's participation, Related has "agreed to preserve the final piece of right-of-way for Amtrak's still-aspirational Gateway tunnel," which remains in limbo due to a lack of funding, for which Amtrak is separately "seeking to access the same pool of federal money."

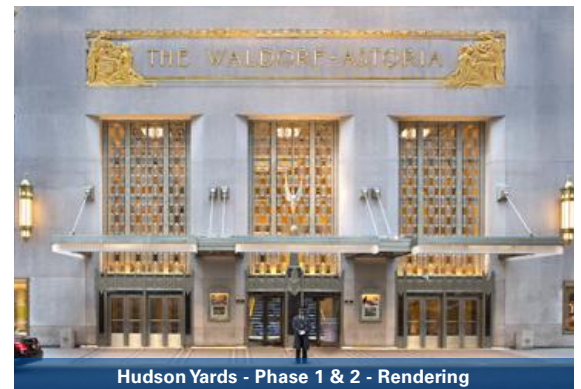


According to reports, "details of the February agreement indicate that Amtrak will pay Related \$385 million to construct the third and final section of concrete casing along the Gateway tunnel's future right-of-way — running southwest from 11th Avenue to 30th Street, where it would connect with the future Hudson tunnel." The projects expands on the successful collaboration with the railroad operator for the concrete casings under the first phase on Hudson Yards. If Related is able to secure the federal loan, Amtrak is reportedly betting that it will recoup some of the money by saving "millions that it would have otherwise spent on a higher-interest, market-rate loan," since the agreement requires Related to credit Amtrak with a portion of that differential." However reports further indicate that if Related fails to secure federal funds, the developer is still be required to build the casing — which is expected to begin construction sometime in 2021, as well as pay for any cost overruns.

Sales Office Opening Brings Debut of Repositioned Waldorf Astoria Model Apartment

Closing in early 2017 for an estimated \$1 billion transformative makeover, the iconic Waldorf Astoria will re-emerge as a mixed-use residential condominium and hotel upon reopening in 2022. However, the slated opening of a sales office before the end of February will give prospective buyers a sneak preview. The 1,413-key hotel had been acquired by China's Anbang Insurance Group, now known as Dajia Insurance Group, at the top of the market in early 2015 for \$1.95 billion from Hilton Worldwide Holdings; and visions for the project surfaced at a time when sale activity for high-end condominiums by overseas investors was robust. Now 5-years later amid a significantly changed luxury residential market landscape, the introduction of the 375 residential units will reportedly test "whether nostalgia for a cherished landmark can spark high-dollar deals."

Dajia is hoping that its strategy of delivering smaller units, "offering a taste of opulence to investors who aren't search for a primary residence" will further help generate sales. According to reports more than two-thirds of the 75-units to initially be marketed have two bedrooms or fewer, with pricing at a low of \$1.7 million (\$3,232 per square foot) for a 526-square-foot studio and two-bedroom units starting at \$4.75 million (\$4,209 per square foot) for a 1,129-square-foot unit on the 19th floor. Residents will benefit from all the services available to hotel guests; and in addition have their own lap pool, children's playroom, screening theater, a choice of spaces to host a party, and an 8,000-square-foot portion of the hotel's roof that will be reimagined as a garden.



Upon construction completion the landmarked Plaza District building at **301 Park Avenue** will host 375 residential units and 375 hotel keys. Plans for the partial residential condominium conversion were initially filed in late 2016. However, according to reported details at the time, the project was expected to deliver 321 condominiums spread across 766,172 square feet spanning the upper 14th through 44th floors of the building, and a total of 840-keys were to be preserved on the 5th through 13th floors. The hotel will continue to be operated by Hilton, a spokesperson for the Waldorf-brand of the McLean, VA-based company pointing out that the "smaller room count makes it easier to deliver the level of service luxury guests expect."



Development Activity (cont'd)

Recently Sold Sites

Midtown

13-Parcel Assemblage (Times Square/Diamond District) – Extell Development completed a roughly \$263.678 million buyout of the 61.91 % stake from the developer’s partner Hong Kong-based Meridian Capital Limited; as well as exercising an option to purchase the fee from SL Green Realty for roughly \$52.393 million in Real Property and Real Estate Transfer Taxes, having previously controlled the property at 562 Fifth Avenue under a ground lease expiring in 2064. Reports further indicate that a \$440 million financing package was secured to refinance the assemblage — a \$340 million senior loan from JPMorgan Chase and another undisclosed bank, plus a \$100 million mezzanine loan from Meritz Financial Group. Development plans have yet to be announced for the assemblage that can reportedly accommodate up to 607,557 as-of-right buildable square feet; and runs along 5th Avenue, West 46th and West 47th Streets, which Extell acquired through multiple transactions between 2007 and 2018.

Address	Lot SF	Sale Price	Transaction Year
13 West 46th Street	2,422	\$9MM	2007
11 West 46th Street	2,422	\$7.826MM	2015
9 West 46th Street	2,422	\$10.2MM	2011
7 West 46th Street	2,422	\$13.913MM	2014
5 West 46th Street	2,422	\$7.759MM	2015
3 West 46th Street	2,422	\$16MM	2008
2-8 West 47th Street	8,610	\$56.464MM	2014
10 West 47th Street	6,541	\$7.35MM	2015
562 Fifth Avenue*	3,575	\$100MM	2015
564-568 Fifth Avenue	4,882	\$92MM	
570 Fifth Avenue	2,080	\$125.4MM	2015
574 Fifth Avenue	2,500		
572 Fifth Avenue	2,500	\$62.5MM	2018
Total	45,220	\$508.412MM	
*562 Fifth Avenue – The remaining 12-years of the ground lease was acquired for \$17.5 million. SL Green is the fee owner of the corner property at West 46th Street, having paid \$67.5 million to acquire the former 42,000-square-foot building in 2013. An extension of the ground lease term through 2064 was secured in December 2015 at a cost of \$100 million according to city records. The deal included an option to purchase all of the Lessor’s interest in the Demised Premises at any time during the term according to details within city record documents.			

Development Activity (cont'd)

Recently Sold Sites (cont'd)

131-141 East 47th Street (Midtown East) – The entity Lex 47th Property Owner LLC, reportedly controlled by Hong Kong-based Hopson Development Holdings has purchased the 10,500-square-foot development site located between 3rd and Lexington Avenues for \$115 million. A \$50 million loan was provided by New York-based entity ECC 47th Street LLC to close on the transaction; and included the assumption of \$41.05 million in existing debt and consolidated it with a newly originated \$8.95 million gap mortgage. Seller Brooklyn-based New Empire Real Estate development had acquired the original 4-parcel assemblage in 2015 for roughly \$81 million from Extell Development, having previously traded between 2011 and 2013 for \$32.5 million.



New Empire planned to construct a 49-story, 173,059-square-foot residential development hosting 122-units spread across 151,836-square-foot upon filing applications in March 2016. However despite securing approvals in February 2017 for the project, and completing the demolition of the former 11-story parking garage and (3) 4-story mixed-use walk-up apartment buildings, construction has yet to move forward. New ownership plans to construct a 34-story, 183,310-square-foot development hosting 200-units, with a total investment of \$225 million including the purchase price according to a reported announcement by a Hopson spokesperson to the Hong Kong Stock Exchange. The developer is reportedly planning to fund 60% of the project by bank loans, while also hoping for up to \$11 million from a preferred equity investor.

5-Parcel Assemblage (Hudson Yards) – The partnership of the Related Companies and Spitzer Enterprises acquired 275,000 square feet of development rights for roughly \$77.756 million (\$283 per square foot) from the Eastern Rail Yards (ERY), which is jointly owned by the Hudson Yards Infrastructure Corp. (HYIC) and the Metropolitan Transportation Agency (MTA). As a result of the transaction, the floor area ratio (FAR) of the approximately 56,816-square-foot development site was increased from 12.43 FAR (706,223 square feet of floor area) to 17.27 FAR (981,212 square feet of floor area), of which a maximum of 275,000 square feet can be for residential use versus the original C6-4 zoning that restricted development to commercial and community facility uses. The scope of the planned 2-building project can further increase to 24.0 FAR (1,363,584 square feet of floor area) through a further contribution to the **Hudson Yards District Improvement Fund**; and stipulating that no more than 6.0 FAR be residential use and at least 16.0 FAR be for commercial use upon full construction completion.

The assemblage that will potentially deliver a combined total of 1.4 million square feet of mixed-use development is comprised of:

- **517-527 West 35th Street aka 514-522 West 36th Street** – The 23,400-square-foot parcel was acquired by the Related Companies in September 2018 for \$96 million; and at the basic maximum permitted FAR of 10.0 for Commercial and Community Facilities Uses can accommodate 234,400 building square feet.
- **506-510 West 36th Street / 511-515 West 35th Street / 512 West 36th Street** – The 3-parcel in-line assemblage that has a combined lot area of 17,281 square feet was acquired in December 2013 for \$88 million.
- **451-459 Tenth Avenue aka 501-509 West 35th Street** – The 17,275-square-foot parcel on the southern end of the site at the corner of West 35th Street and 10th Avenue is currently controlled under a 99-year lease from fee-owner Superpark Realty LLC; and was secured for \$62 million in April 2014, including a right of first offer to purchase, by entity 451 Tenth Avenue LLC, with Madded Equities' Jorge Madruga the signatory as the tenant. In June 2017 an amendment of the lease by the same tenant entity was secured for roughly \$1.03 million, with Spitzer Enterprises' Eliot Spitzer the signatory on the document.

Prior to construction moving forward, the co-developers had to secure permission to split the project; and be allowed to build the entire planned residential space in the first phase versus the requirement that FAR designated for commercial space on a site be exhausted prior to the start of residential unit construction as stipulated by the 2005 rezoning of the area. The developers were able to take advantage of some flexibility within the rezoning text for of larger sites, allowing for residential components to be constructed first if the lot area of the site was at least 55,000 square feet but less than 69,000 square feet; and the "final project met the required ratio for residential-to-commercial square footage."

In June 2019 initial permits were filed for the first phase of construction, which secured approvals by the Department of Buildings in December. The 44-story, 511,325-square-foot mixed-use development under the address **451 Tenth Avenue** will reach a linear height of 535-feet; and host 526 residential units spread across 272,115 square feet, 29,025 square feet of commercial space, and 113,174 square feet of community facility space. It is anticipated that the 2nd development will be about 950,000 square feet; and rise between West 35th and 36th Streets along Hudson Yards Boulevard East.



Development Activity (cont'd)

Recently Sold Sites (cont'd)

Downtown

72-78 Nassau Street aka 33-39 John Street (FiDi) – Hidrock Realty has reportedly purchased the 8,044-square-foot development site for \$36 million (\$288 per buildable-square-foot) from longtime owner the estate of David Baldwin. Citizens Bank provided a \$28 million acquisition loan to close on the transaction according to reports. A 3-story, 32,107-square-foot mixed-use building is currently situated on the corner property; new ownership reportedly plans to redevelop the site into a larger 125,000-square-foot mixed-use development offering a mix of retail, office or medical space, and residential rental units on the upper floors.

Uptown

1167 Madison Avenue aka 48 East 86th Street / 50 East 86th Street (Upper East Side) – The Naftali Group has purchased the pair of adjacent buildings from Vornado Realty for \$71 million. California-based Cit Bank provided a \$41.611 million financing package to close on the transaction including a \$35.5 million senior loan, \$875,128 building loan, and a roughly \$5.236 million project loan according to city records. Currently hosting a 2-story, 10,103-square-foot commercial building that was reportedly home to Ristorante Morini until closing in August, and a 5-story, 8,765-square-foot mixed-use building, the properties last traded in December 2015 for a combined total of \$60 million. The 2-parcel, 5,811-square-foot assemblage can accommodate up to 58,110 buildable square feet according to available online data. Other projects in the area by the developer include **1045 Madison Avenue**, an 18-story, 84,161-square-foot mixed-use condominium that is expected to launch sales in 2020.

Projects on the Horizon

Midtown

Macy's, 151 West 34th Street (Penn Plaza/Herald Square) – Preliminary renderings have surfaced for a proposed 1.5 million-square-foot office tower that multi-national holding company Macy's Inc. is hoping to construct on top of the existing 19-story, 2,192,088-square-foot flagship building. Updated information reveals an increase in the scope of the project from the 1.2 million square feet previously reported. Rumors of the idea being floated to vertically expand the nearly full block structure initially surfaced back in early 2016, as the company began to explore all viable avenues to create shareholder value from its real estate holdings; and in April 2019 the company reportedly held preliminary discussions with New York City officials. The original building that dates back to the store's opening in 1902 underwent a 3-phase expansion through 1931 to reach its current size; and in 1978 was designated a National Historic Landmark. Approximately 1.25 million square feet of retail space houses the iconic store, with the remaining space used for offices and storage.



If plans proceed as proposed, the tower that will be leased to other tenants will have an entrance fronting West 35th Street and feature a sky lobby. As part of the project, Macy's reportedly indicated that it "would help with upgrades to the surrounding area, including subway stations." Although plans are still in early stages and may change, the project would reportedly require rezoning approvals for the site that is overbuilt by 847,906 square feet according to available online data. In addition, due to its landmark status, major façade changes would likely be denied.



Pier A Plaza - Rendering

Development Activity (cont'd)

Projects on the Horizon (cont'd)

Downtown

Lower Battery Park City Proposed Flood Resiliency Plan – Ongoing efforts to protect the waterfront neighborhoods of Lower Manhattan, which incurred significant damage in the wake of 2012 Hurricane Sandy in 2012, have led to the proposal of (4) projects that the Battery Park City Authority (BPCA) is reportedly undertaking. Reports indicate that “the proposed protections, a complex of barriers planned to wrap around the southern end of the [Lower Battery Park City] neighborhood, are meant to guard against anticipated sea level rise and ‘100 year’ storm surges that could occur by the 2050s.” Demolition and early construction is expected to begin at the end of the summer and early fall, with completion sometime in 2022. Engineering firm AECOM is consulting BPCA on the projects that have a price tag “in excess of \$100 million” according to reported statements by a BPCA spokesperson; and have been designated for the following locations:

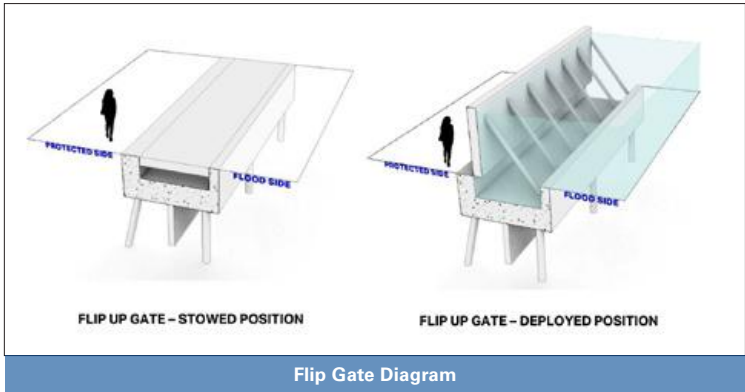
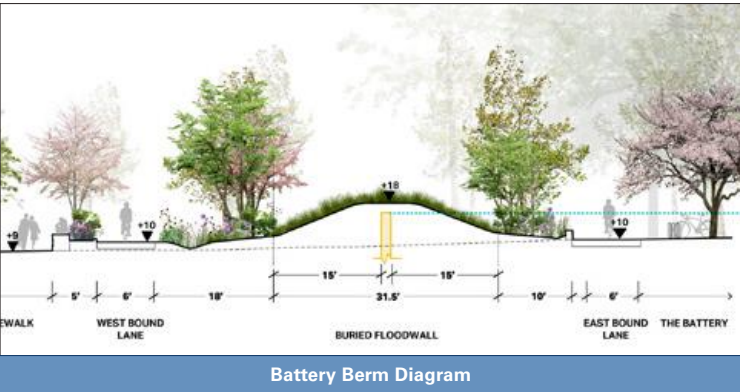
- **The Battery** – Most of the flood wall would be buried in a landscaped berm¹ between split segments of the existing bike path to maintain a lot of the park character. New spaces will be carved out for trees and larger plantings; while an exposed wall on either side of the park entrance, just east of the bottom of West Street, would form what has been described as a “gateway” that emerges from the Battery berm.
- **Pier A Plaza** – A newly landscaped plaza with terraced seating would be created in front of the Pier A Harbor House. During a storm event, flip-up gates across the raised upper plaza would seal against new, permanent columns when deployed in order to create a continuous flood barrier.
- **Wagner Park** – A raised central lawn, sloping walkway along Battery Place, new gardens and an extension of the esplanade that will allow direct access to Pier A will be created, as well as a newly designed pavilion. Buried below the raised lawn and “performative” terraced gardens (so named because they collect storm water from the park) will be a flood barrier and storm management system.
- **Pavilion** – The redesigned pavilion would be shifted closer to Battery Place, allowing for more lawn space. Like the current building, it would have a restaurant, and large public roof terrace. There would also be a portion of the building described as an environmental classroom and community gathering space.
- **Museum of Jewish Heritage** – Protections around the museum will include flip-up barriers and an 8-foot glass-topped flood wall, partially screened by plantings.

¹Berm: A level space, shelf, or raised barrier separating two areas

Sources: https://bpca.ny.gov/wp-content/uploads/2020/01/SBPCR_Public-Meeting-4-1.15.20.pdf

<http://tribecatrib.com/content/landscape-makeover-against-flood-devastation-lower-battery-park-city>

Lower Battery Park Resiliency Plan (cont'd)



News of the projects comes a few months following approvals by the city council of a \$1.45 billion East Side Coastal Resiliency (ESCR) plan to protect the Lower East Side of Manhattan. The coastal protection initiative proposed by Mayor de Blasio was outlined in the **2015 One New York: The Plan for a Strong and Just City** and by the 2013 launched innovation **Rebuild by Design** competition sponsored by the U.S. Department of Housing and Urban Development (HUD). Funding will be jointly provided by the City of New York and the federal government; and upon full completion the ESCR project will provide improved coastal protection against rising sea levels to more than 110,000 New Yorkers “through 2.4 miles of enhanced waterfront, ecology, and urban spaces.” The city’s Department of Design and Construction (DDC) is planning to break ground this spring, plans reportedly calling for the construction of an up to 13-foot-high flood barrier, the raising of parts of the East River Park to 8- to 10-feet above sea level with landfill, as well as the construction of a series of walls, berms, levees and green space 16-feet above sea level. Completion of the project that will stretch from East 25th Street to Montgomery Street is expected sometime in 2025, protecting areas that fall within the 100-year flood zone; and expected to meet the 90th percentile projection of sea-level rise to the 2050s.



Development Activity (cont'd)

Projects on the Horizon (cont'd)

Upper Manhattan

Lenox Terrace Expansion (Harlem) – The Olnick Organization has revised proposals for a multi-building expansion of the company’s nearly 60-year-old complex spread across 12-acres bound by West 132nd and 135th Streets, and Malcolm X Boulevard and 5th Avenue. The complex currently hosts (6) 17-story buildings, of which reportedly 80% of the units are rent-stabilized. Reports indicate that the revised applications submitted in January to the Department of City Planning seeking to “both upzone the area and establish a commercial overlay” secured approvals from the DCP in early February, allowing the proposal to go before the city council for final review; and if revisions move ahead as submitted, the (5) 28-story towers will introduce 1,600 new residential units, of which about 400 to 500-unit would be required to designated for affordable housing under the city’s Mandatory Inclusionary Housing (MIH) program. Additional components at a reported estimated investment of \$25 million to include 160,000 square feet of modern retail and restaurant space, 6-acres of landscaped outdoor area, and an assortment of amenities available at no additional cost to future occupants. The development also will include a new home and urban farm space for **Harlem Grown**, a community-based nonprofit. The project is expected to create over 2,700 on-site construction jobs and over 300 permanent jobs according to reported statements by an Olnick spokesperson.

Pre-applications with the city were initially filed by the developer back in 2015, kicking-off the Uniform Land Use Review Procedure (ULURP) process to rezone the “tower-in-the-park” development. Initial proposals were expected to include a redevelopment of the total 96,600 square feet of commercial space that exists in low-rise buildings located along the perimeter, reportedly adding another 40,000 square feet of retail space plus 15,000 square feet of community facility space. The previously proposed 1,642 residential units included between 411-units and 493-units designated for affordable housing; and approximately 200 new parking spaces shifted to underground attended garages to free-up the area for 6-acres of new landscape and open space. In addition, planned improvements to the existing 1,700 residential units include renovated lobbies and new amenities. However the initially proposed ground-up construction of (5) commercial buildings along with new street-level retail throughout, with a 6-story podium to rise in the center of the block met with strong opposition from the local tenant association, city legislators and residents, which reportedly “feared that the introduction of commercial buildings to the complex, specifically a large podium structure, could water down the cultural and historic significance of Lenox Terrace;” as well as the project failing to take into consideration investments in local public transportation, which is overburdened. If Olnick fails to secure a rezoning, the developer will reportedly build an as-of-right scaled-down version of the proposed expansion that will omit the public amenities planned in the larger rezoned project; and would give rise to (4) new buildings reaching a linear height of 200-feet versus 284-feet proposed in the more ambitious plan.



Lenox Terrace - Initially Proposed Rendering



Lenox Terrace - Downsized Rezoned Rendering



Development Activity (cont'd)

Project Plans in Progress - Midtown

1009 Second Avenue (Sutton Place) – LFL Partners, LLC filed new building applications in November for a 19-story, 51,342-square-foot mixed-use development. The 210-foot-tall structure will host 29 residential units spread across 39,874 square feet and 2,241 square feet of commercial space. New construction will replace an existing 2-story, 6,208-square-foot commercial building according to demolition permits approved in early 2019; and will rise on the 3,508-square-foot parcel located between East 53rd and 54th Streets that last traded in March 2014 for \$14.275 million (\$278 per buildable-square-foot) according to city records.

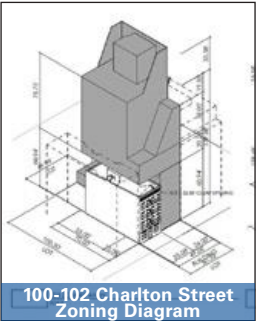
Midtown South

14-16 Fifth Avenue (Greenwich Village) – Madison Realty Capital, reportedly along with investor Michael Alvandi filed new building applications in December for a 21-story, approximately 89,994-square-foot residential development that will reach a linear height of 244-feet and host 18-units. Although designs have likely been modified, a preliminary rendering had been revealed in October 2017, depicting a somewhat taller 27-story project hosting 36-units and a height of 367-feet. New construction will rise on the 5,265-square-foot parcel located between West 8th and 9th Streets which the co-developers acquired in 2015 for \$27.5 million from reportedly the Saulle family. The purchase of the existing 4-story, 16,872-square-foot residential building reportedly included 43,000 square feet of unused development rights. In addition 6,406 square feet of excess floor area development rights at a price of roughly \$3.696 million (\$577 per square foot), plus a light and air easement agreement at an elevation of 160-feet above the North American Vertical Datum of 1988 was secured by the developer from the adjacent 10-story mixed-use building at 12 Fifth Avenue according to city record documents.



14-16 Fifth Avenue Preliminary Rendering

100-102 Charlton Street (Hudson Square) – Although a rendering has yet to be revealed, construction of the 22-story, 64,715-square-foot residential development is well underway by Long Island-based Lalezarian Properties. The 230-foot-tall structure that will host 67 residential units spread across 60,405 square feet is rising mid-block between Hudson and Greenwich Streets. The developer had acquired the 2-parcel, 4,900-square-foot assemblage in July 2010 for \$4 million (\$67 per buildable-square-foot) under the entity Charlton Management LLC; and although unverified appears may have been along with an undisclosed partner based in Forest Hills, Queens. The assemblage hosted a pair of 4-story walk-up buildings totaling 13,506-square-foot; and offered the potential of up to 60,000 buildable square feet as a result of the 2013 rezoning of the area. However, in 2014 the developer introduced the sale offering of the site at a reported asking price of \$50 million (\$833 per buildable-square-foot).



100-102 Charlton Street Zoning Diagram

Whether the sale failed to attract a buyer, or Lalezarian just decided to move forward with its own redevelopment plans, new building applications were finally filed in November 2015 for the project. While the building at 102 Charlton Street was demolished in 2016 to make way for new construction, only the unused development rights and a light and air easement from adjacent 100 Charlton were transferred to increase the scope of the development rising on the single, 2,500-square-foot parcel, and cantilevering over the retained low-rise structure. It has been speculated that the one building may have been retained due to the mix of reportedly market-rate and rent-controlled units, which may have not allowed both buildings to be razed.

Development Activity (cont'd)

Project Plans in Progress (cont'd)

14-16 Fifth Avenue (Greenwich Village) – Madison Realty Capital, reportedly along with investor Michael Alvandi filed new building applications in December for a 21-story, approximately 89,994-square-foot residential development that will reach a linear height of 244-feet and host 18-units. Although designs have likely been modified, a preliminary rendering had been revealed in October 2017, depicting a somewhat taller 27-story project hosting 36-units and a height of 367-feet. New construction will rise on the 5,265-square-foot parcel located between West 8th and 9th Streets which the co-developers acquired in 2015 for \$27.5 million from reportedly the Saulle family. The purchase of the existing 4-story, 16,872-square-foot residential building reportedly included 43,000 square feet of unused development rights. In addition 6,406 square feet of excess floor area development rights at a price of roughly \$3.696 million (\$577 per square foot), plus a light and air easement agreement at an elevation of 160-feet above the North American Vertical Datum of 1988 was secured by the developer from the adjacent 10-story mixed-use building at 12 Fifth Avenue according to city record documents.

500 East 30th Street (Kips Bay) – NYC Health + Hospitals, operator of the public hospitals and clinics in New York City, filed new building applications in January for a 21-story, 587,137-square-foot commercial development. The 384-foot-tall structure will host 417,734 square feet of usable space. It appears the project will deliver the **North Tower** of the east side **Alexandria Center for Life Sciences**, news of the proposed final tower of the campus surfacing in October 2018 following the signing of an amendment to Pasadena, CA-based Alexandria Real Estate Equities' long-term ground lease with the New York City Health and Hospitals Corp. and the New York City Economic Development Corp. (NYCEDC) according to the press release by the urban office REIT focused on collaborative life science campuses. Under the amendment Alexandria was able to begin due diligence, design and permitting on the North Tower, as well as increasing the scope of the project from the previously planned 420,000 rentable square feet to up to 550,000 rentable square feet. Upon construction completion the trio of towers will consist of over 1.3 million square feet.

Construction of the Alexandria Center initially broke ground about 14-years ago, the 317,433-square-foot **East Tower** delivering in 2010; and was reportedly 100% leased in about 10 months. The building located at 430 East 29th Street attracted large pharmaceutical companies including Indiana-based global pharmaceutical firm Eli Lilly which occupies about 120,000 square feet, of which 90,000 square feet was leased in 2010. The **West Tower** at 450 East 29th Street added an additional 421,000 square feet upon delivering in 2014; and pre-leasing activity attracted Switzerland-based global biotech and pharmaceutical firm Roche, which secured an 11-year lease at the 17-story tower in 2013. Tax incentives reportedly valued at \$6.6 million were awarded to Roche by the Empire State Development's Excelsior Jobs Program as part of the deal. Other pharmaceutical companies at the campus that sits alongside the FDR Drive include Pfizer and New York University Neuroscience Institute. Finalizing development of Alexandria Center is part of the de Blasio administration's efforts to establish New York City as a global leader in life sciences research and innovation.

30Thompson Street (SoHo) – DHA Capital filed new building applications in December for a 10-story, approximately 48,041-square-foot mixed-use development. The 134-foot-tall structure will comprise a mix of 26,144 square feet of residential space, 18,033 square feet of commercial space, and 3,864 square feet designated for community facility use. Visions to redevelop the site that currently hosts a single-story, 2,755-square-foot commercial structure go back to 2015 upon the 2,726-square-foot parcel located between Grand and Watts Streets trading for \$13.1 million, the transaction financed by a \$9.5 million loan. New building applications were filed in 2016 for an 8-story, 18,000-square-foot residential development by at the time co-developers the Weis Group, The Mavrix Group, and Walker Ridge, however construction never moved forward.

Initially project plans had been delayed pending rezoning approvals to allow full residential use from the current live/work occupancy created to encourage artist studios; and as the residential market slowed, further compounded by the expiration of the 421-a Tax Abatement program, the developers opted to abandon plans and sell the site which failed to attract a buyer. Slated to hit the auction block, the site changed hands in April 2018 with the original lender taking control of the property for \$9 million and subsequently selling it at a \$1 million discount to DHA Capital. The larger scope of the project seems to indicate a possible purchase of an adjacent property or development rights may be pending, filing details on the Department of Buildings website indicating a lot area of 8,964 square feet.



Development Activity (cont'd)

Project Plans in Progress (cont'd)

Uptown

2551-2557 Broadway aka 262 West 96th Street (Upper West Side) – Extell Development filed new building applications in January for a 22-story, 276,578-square-foot mixed-use development. The 235-foot-tall structure will host 130 residential units spread across 215,866 square feet and 9,080 square feet of commercial space. New construction will rise on the 12,588-square-foot corner parcel that was formerly anchored by a Gristedes grocery store. Acquired by the developer in October 2017 for \$80 million, the site can accommodate up to 125,878 buildable square feet. Extell was able to increase the scope of the project through the purchase of a combined total of 77,023 square feet of development rights through multiple transactions for an aggregate total of roughly \$17.509 million. According to city records:

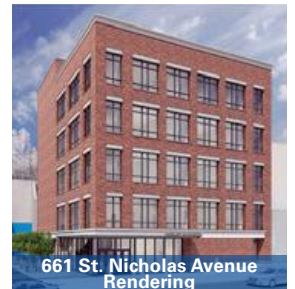
- 255 West 95th Street – 25,311 square feet of development rights was acquired in September 2017 for \$3.5 million (\$138 per square foot);
- 2541 Broadway – 30,796 square feet of development rights was acquired in October 2017 for \$7 million (\$227 per square foot); and
- 2549 Broadway – 20,916 square feet of development rights was acquired in November 2018 for roughly \$7.009 million (\$335 per square foot).

Upper Manhattan

1971 Madison Avenue (Harlem) – Round Square Development filed new building applications in December for an 8-story, 116,800-square-foot mixed-use development. The 85-foot-tall structure will host 93 residential units spread across 77,462 square feet and 31,110 square feet of community facility space. The 2-parcel, 15,166-square-foot assemblage located at the corner of East 126th Street was acquired in May 2019 for \$16.032 million (\$137 per buildable-square-foot), the developer securing an \$11.9 million mortgage from OREF 1975 Madison Avenue LLC to close on the transaction. As part of the purchase from the Metropolitan Community United Methodist Church a separate agreement between both parties was secured opening the door to the developer purchasing up to 10,000 square feet of community facility development rights from adjacent properties 1981 and 1983-1985 Madison Avenue, also owned by the church, since the scope of the project will contain more floor area than is now available on the developer's assemblage according to city record documents. Although unverified it is possible that the religious organization may be getting a new facility within the community facility space to be created within the new building as part of the deal.

600-626 West 125th Street (Manhattanville) – Columbia University pre-filed new building applications in December for a 34-story, 175,044-square-foot mixed-use development. The 391-foot-tall structure will host 142-units spread across 141,565 square feet to serve as student and faculty housing and 5,000 square feet of commercial space. New construction will rise on the 2-parcel, 34,458-square-foot assemblage; and replace a pair of single-story, 3,500 square-foot and 13,590-square-foot commercial structures. The smaller of the two properties was acquired by Columbia in June 2004 for \$2.722 million; and simultaneously leased to fast-food chain McDonald's for \$1.778 million under a term that extends through May 31, 2103, having occupied the space until shuttering sometime last year. Construction is expected to break ground in early 2020 with a tentative delivery by the summer of 2022. Columbia reportedly plans to "steer 35% of contracting to local women- and minority-owned businesses." Although the site is directly across from the university's Manhattanville project being constructed as part of a \$6.3 billion expansion, it will not be part of the 17-acre multi-building campus according to reports.

661 St. Nicholas Avenue (Hamilton Heights) – Harlem Academy filed new building applications in November for a 5-story, 70,270-square-foot school with 28,921 square feet designated for community facility space. The 75-foot-tall structure will include a section for each middle school grade, a library, an added kindergarten. In addition a large outdoor space will be created. New construction will rise on the vacant 19,858-square-foot parcel located between West 141st and 145th Streets acquired in February 2014 for \$9.5 million (\$135 per buildable-square-foot), the school having raised \$28.4 million toward its \$31 million budget for the project according to Harlem Academy's November 14th press release. Currently located at 1330 Fifth Avenue in East Harlem, the new facility will enable the school to double student enrollment from 120 to 240. Groundbreaking is slated for May 2020 with a tentative delivery in July 2021.

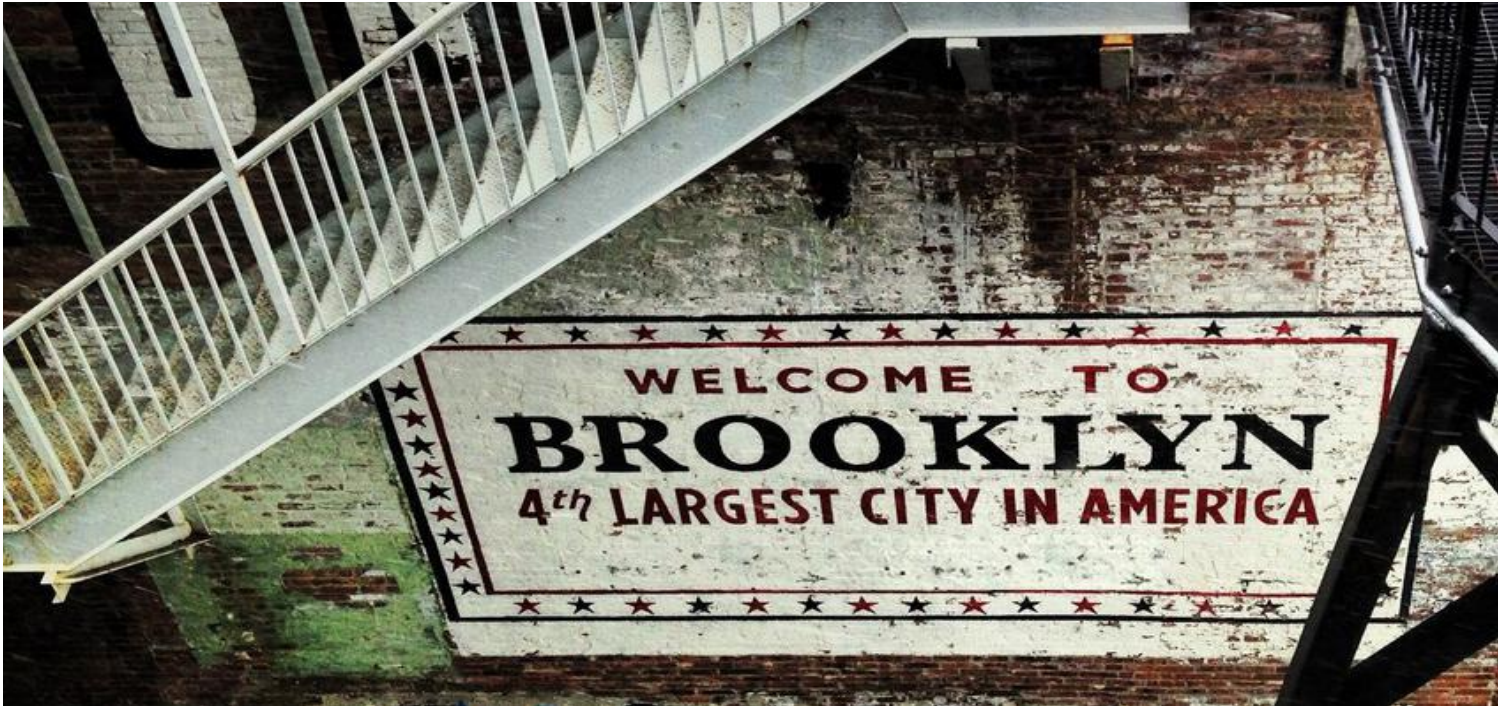




NYC Outer Borough Highlights

BROOKLYN | QUEENS | BRONX | STATEN ISLAND





Brooklyn Development

NYC’s First All-Electric Tower to Make its Debut

New building applications submitted by Alloy Development in October will not only give rise to a 38-story, 374,336-square-foot mixed-use development at **100 Flatbush Avenue**, as part of the first phase of a multi-building project along Flatbush, but will also deliver New York City’s first 100% electric-run building according to reports. Residential units will feature induction cooktops and heat pump dryers; and base-building systems like hot water heating and HVAC will be completely electric. In addition, designs for both a 350-seat lower school and 350-seat **Khalil Gibran International Academy** replacement school to be constructed on the full 61,399-square-foot triangular block bound by Flatbush and 3rd Avenues and State and Schermerhorn Streets, will reportedly meet **Passive House** standards. Groundbreaking for both the mixed-use development and schools is slated for spring 2020.



The project to be constructed in phases in collaboration with the Educational Construction Fund (ECF) will total approximately 1.285 million square feet; and upon full construction completion deliver 830,000 gross square feet of residential space that will host a combined total of up to 922-units, of which 200-units will be designated for affordable housing; the (2) new schools; 50,000 square feet of retail space; 245,000 square feet of office space; and 15,000 square feet designated for community facility use. Among the 6-parcels that make up the assemblage, one parcel is city-owned); while the remaining (5) parcels are controlled by Alloy.

Industry City Secures \$720M Refinancing Package

The team of Jamestown, Belvedere Capital and Cammeby’s International has reportedly refinanced the 16-building, 5.3 million-square-foot office-and-manufacturing Industry City complex with a \$720 million package. The financing that reportedly includes a mezzanine component was led by the Blackstone Group, along with Bank of China, Deutsche Bank and SL Green; and upsizes the \$647 million loan provided by Bank of China and SL Green in December 2017. Located in Sunset Park along Brooklyn’s Upper New York Bay, redevelopment and expansion plans have been proposed by the team that reportedly controls a 50% interest in the complex. The project that requires a rezoning is currently moving through the city’s Uniform Land Use Procedure (ULURP); and if it moves ahead as proposed, the estimated \$1 billion project will result in the complex expanding to 6.5 million square feet over a 12-year period. Dating back to the 1890s, the former “intermodal manufacturing, warehousing and distribution center” had fallen into disrepair following most of Industry City’s tenants reportedly shuttering their doors or moving out by the 1960s. Since 2013 Industry City has undergone about \$225 million in upgrades to several of the structures as part of its transformation to a vibrant complex that has attracted numerous office and manufacturing tenants in recent years.



Brooklyn (cont'd)

Whittle School Secures Long Term Lease at The Wheeler

The 10-story office component that now sits atop Macy’s historic flagship store at 422 Fulton Street in Downtown Brooklyn has secured a long-term tenant for the entire 620,000 square feet of space. Initial reports of late stage negotiations by the **Whittle School & Studios** surfaced last March, just months away from the \$500 million development dubbed **The Wheeler** reaching construction completion. According to reports the for-profit private school launched in 2019 secured a 20-year lease and plans to open part of its campus, including its early learning program before the end of the year; while the full kindergarten to 12th grade facility will open for the 2021 school year. The new location established the Whittle School’s third campus, adding to current locations in Washington, D.C. and Shenzhen, China.

Developed by Tishman Speyer, The Wheeler goes by the address **181 Livingston Street**; and has a dedicated entrance between Hoyt Street and Gallatin Place. The project included the repositioning of the 5-story, 337,368-square-foot upper portion of the 9-story Macy’s building, which the developer acquired as a condominium interest in January 2016 for roughly \$117.037 million in a deal that reportedly included some additional development rights. Previous reports indicated that the lower 4-floors of the redeveloped existing floors encompass about 90,000 rentable square feet each, while the upper 6-floors range in size from 30,000-64,000 square feet. In addition, the building features 16-foot ceiling heights and “an acre of outdoor space across a series of gardened terraces and roof decks.”



Building at Domino Sugar Refinery Complex Attracts First Office Tenant

Custom shampoo-maker **Prose** has reportedly secured a 5-year lease for roughly 12,000 square feet at **10 Grand Street**, marking the first office tenant to commit to the 5-building, mixed-use waterfront complex that upon full construction completion will have two office buildings. The recent signing will see the company establish its new office on the entire 8th and 9th floors within the approximately 24-story, 150,000-square-foot commercial north tower that shares a 3-story base with an adjacent 45-story, 330-unit residential south tower that goes by the address **One South 1st Street**. Asking rents at the office building that offers single-occupant 6,000-square-foot floor plates, floor-to-ceiling windows, and 11’-5” ceiling heights are reportedly in the \$70 per square foot range. Reports indicate that developer Two Trees Management is offering tenants shorter term leases than typically offered in the past to help spur interest at a time when landlords are increasingly competing with the rising number of dedicated co-working and flexible space providers. Other leasing activity at the 2-tower building that reportedly completed construction in November has attracted retail tenants popular 2008 launched pizzeria Roberta’s, which leased 2,300 square feet in 2018; Brooklyn-based Other Half Brewing Company in a 3,600-square-foot space leased in early 2019; as well as Two Hands Café and OddFellows ice cream.





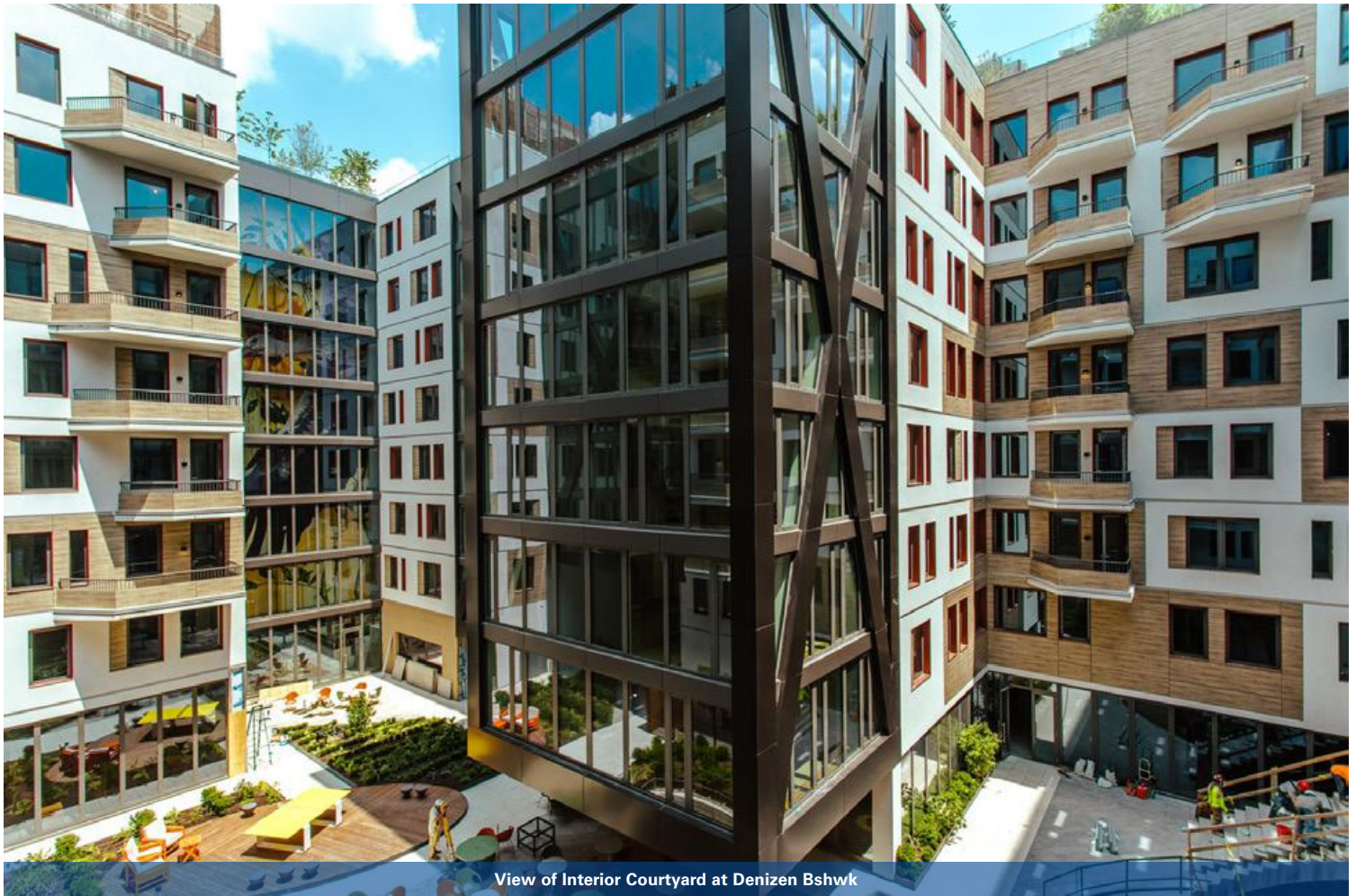
Brooklyn (cont'd)

Denizen Bshwk Complex Completes Construction at Former Rheingold Brewery Site

Construction of the 2-building, 1.2 million-square-foot **Denizen Bshwk** complex by All Year Management officially came to a completion in February, after about 5-years of development. Rising on a portion of the former **Rheingold Brewery** site, the buildings at **54 Noll Street** and **123 Melrose Street**, which launched leasing last year, spread across two city blocks and host a combined total of 911 residential units, of which 20% have been designated for affordable housing. As part of the project designed by architecture firm Oda New York, over 100,000 square feet of amenities have been created including approximately 70,000 square feet of rooftop outdoor space featuring a mini golf course, barbecues, a hammock garden, a dog park, and hydroponic urban farm installed and operated by **Green Food Solutions** that will offer tenants "Pick Your Own" days and workshops; while indoor amenities include a coffee shop, game rooms, a rock-climbing wall, spin studio, yoga studio, golf simulator, movie theater, pool, boxing ring, microbrewery, children's play areas, chef's kitchen that hosts cooking classes, and multiple lounges.

Mega-murals painted by local artists and reportedly curated by locally founded **Bushwick Collective** are located throughout the buildings through the creation of non-profit **OPEN**, Oda's Public Engagement in Neighborhoods, which reportedly provided grants for the artists selected. A total on (15) murals have been installed throughout the buildings' circulation corridors; and are large enough to be seen from the many courtyards, with (10) murals 7-stories in height at 54 Noll Street; while the other (5) murals are installed at the 123 Melrose building. Intended to engage the local community, (5) of the murals are visible from parks within the complex that will be open to the public.

News of the project's completion comes at a time when the Brooklyn-based developer has "signed a non-binding memorandum of understanding with 'a consortium of leading financial institutions in the U.S.' for a \$675 million refinancing of both phases of the development" according to reported details of a disclosure filed with the Tel Aviv Stock Exchange. Reports further noted that per the disclosure, "\$658.5 million of the loan package will be available for withdrawal immediately upon closing, while the remainder will be subject to additional financial terms;" and the "10-year, non-recourse, interest-only loan will also cover 10 other 'non-essential' properties."



View of Interior Courtyard at Denizen Bshwk

Denizen Bshwk (cont'd)



Additional Views of Interior Courtyards and Alternate View of Denizen Bshwk

Brooklyn (cont'd)

New to Market

533-539 2nd Avenue aka 5-15 32nd Street (Sunset Park) – On behalf of the Federal Government, the General Services Administration (GSA) has reportedly introduced the sale offering of the 33,804-square-foot parcel located on the same block as the 8-story **Liberty View Industrial Plaza** at 850 3rd Avenue; and surrounded by the 16-building **Industry City** complex. Currently hosting a single-story, 13,608-square-foot warehouse known at the **GSA Fleet Management Motor Pool** building, the site zoned M3-1 can accommodate up to 67,608 buildable square feet according to available online data.

Pending Site Sales

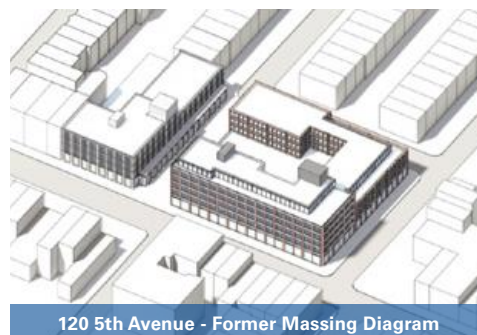
120 5th Avenue (Park Slope) – Billy Macklowe and investor David Welsh are reportedly partnering to purchase the 70,008-square-foot parcel located on the corner of Baltic Street. The pending sale by Avery Hall Investments reportedly attracted a price “less than \$65 million;” and is expected to close later this year. Initial reports of Macklowe entering into negotiations for the site surfaced in December, marking the developer’s first residential project in the borough. The property that spans nearly the entire 5th Avenue block-front at the corner of Baltic Street last traded in March 2017 for roughly \$45.681 million according to city records. New building applications initially submitted in October 2017 were expected to replace the existing single-story, 49,148-square-foot commercial building that houses a **Key Foods** supermarket with a 2-building, 306,500-square-foot mixed-use development featuring what has been described as a “public pedestrian oasis” between the buildings along a tract of the previously de-mapped Butler Street.

A rezoning of the site approved in August 2017 lifted a 40-foot height limitation on the site; and project plans were approved by the Department of Buildings one year later. Despite Avery reportedly planning to designate about 22,000 square feet of ground level space for a somewhat smaller grocery store, the risk of losing a major supermarket sparked opposition from local residents, prompting the developer to sign a “cooperation agreement and committed to allocating 25% of the project’s units as affordable rental.” However, reports indicate that a regulatory agreement for the affordable units was never signed with the city; and the Urban Renewal Plan covering the site that requires a grocery store and affordable housing on the property expires in 2022, at which time the property will revert to its underlying zoning and no longer require a grocery store or affordable units.

According to the 2017 permit filing details posted on the DOB’s website:

- **680 Baltic Street** – A 6-story, 225,418-square-foot development reaching a linear height of 73-feet and hosting 120 residential units spread across 95,034 square feet, and 28,348 square feet of commercial space.
- **120 Fifth Avenue** – A 4-story, 81,114-square-foot development reaching a linear height of 62-feet and hosting 40 residential units spread across 32,649 square feet, and 19,363 square feet of commercial space.

Looking ahead, except for some minor changes, new ownership is reportedly expected to move ahead with existing plans at an estimated price tag of \$140 million between demolition and construction costs. In addition, the contract vendees reportedly plan to honor Avery Hall’s promise of the affordable housing allocation, reports in December noting the Macklowe was discussing a draft agreement for the affordable units with the city’s housing development agency.





Brooklyn (cont'd)

Recently Sold Sites

1894 Shore Parkway / 1900 Shore Parkway (Gravesend) – FBE Limited has acquired the 5-parcel, 15.97-acre (695,677 square feet) waterfront assemblage. The development site sold by longtime owner entities reportedly linked to the Gagliano Brothers attracted a price of \$57.5 million. Signature Bank provided a \$32.775 million loan to close on the transaction. Development plans by new ownership have yet to be announced for the site that runs along Bay 41st Street. Current zoning of the parcels includes a mix of M1-, M-1 C-3 and M-1 R4.

1501-1515 Surf Avenue aka 2910-2948 West 15th Street (Coney Island) – LCOR, the development firm that is reportedly majority-owned by California State Teachers Retirement System, secured a 99-year ground lease on December 13, 2019 for \$20 million from longtime owner Sirena Realty Corp. Reports indicate that “lease payments over the term of the deal will total roughly \$100 million.” LCOR is currently in early planning stages for the 10-parcel, 76,797-square-foot assemblage that can reportedly accommodate up to approximately 325,000 buildable square feet; but anticipates the project will lead to a mixed-income residential development with up to 30% of the units designated for affordable housing. Spanning nearly an entire city block bound by West 15th and 16th Streets between Mermaid and Surf Avenues, the majority of the site currently serves as a parking lot, with a few of the parcels hosting low-rise mixed-use buildings.

Adjacent to the site is the planned 3-phase development by co-developers L+M Development Partners, along with BFC Partners and Taconic Investment Partners, which upon full construction completion on the (3) blocks along Surf Avenue between West 16th and West 20th Streets, over 1,000 affordable housing units will be delivered. Plans were filed near the end of 2018 for the first building to rise, new building applications detail a 521,135-square-foot mixed-use development at **2926 West 19th Street** that will host 446 housing units and 82,372 square feet of commercial space.

251 Front Street aka 68 Gold Street (Vinegar Hill) – CW Realty has reportedly purchased the 19,991-square foot parking lot for \$20 million; and planning to construct a 5-story, 59-unit rental complex on the site that as currently zoned can accommodate 39,982 buildable square feet according to available online data. Seller, longtime owner Tocci Brothers, was initially planning to construct a 9-story, 110,795 residential development to host 95-units, of which 23-units would be designated for affordable housing. Tocci filed applications with the Department of City Planning (DCP) in 2015 under the Mandatory Inclusionary Housing (MIH) program, seeking an upzoning of the site spanning the entire Gold Street block-front between Water and Front Streets to allow increased density and height. However, despite securing DCP approvals for a scaled-down 72-unit project, the developer reportedly withdrew the application amid opposition by local officials.



251 Front Street
Former Rendering



One River Street (Center) - Rendering | Domino Sugar Refinery Complex (Right)

Brooklyn (cont'd)

Projects on the Horizon

105 River Street / 87 River Street / West 1st Street (Williamsburg) – Brooklyn-based Two Trees Management was reportedly the winning bidder for the purchase of the waterfront portfolio of the (3) vacant parcels with a land footprint of 139,455 square feet, or 3.2-acres. The development site package that was sold at auction for \$150 million had been introduced to the market by Consolidated Edison in April 2018, having reportedly been home to the utility provider since 1984, with its steel fuel tanks removed in 2011. Located along the East River between Grand and North 3rd Streets, just north of the developer's **Domino Sugar Refinery** redevelopment site, the parcels offer a combined total of 385-feet of waterfront frontage. Being labeled as **One River Street**, the assemblage zoned M3-1 can accommodate up to 278,910 buildable-square-foot "as-of-right" collectively, which omits the substantial portion of land under water according to previously released marketing material. The inclusion of items such as piers and platforms located on portions of the property may potentially qualify to generate additional floor-area-ratio (FAR). Under existing zoning, new construction of a wide range of commercial uses would be permitted, including retail, office, light manufacturing, and mixed-use projects.

In mid-December preliminary renderings were revealed for a pair of proposed mixed-use towers that will be separated by Metropolitan Avenue; and reach linear heights of 600- and 650-feet. As part of the project 1,000 housing units will be created, of which 250-units will be designated for affordable housing under the city's Mandatory Inclusionary Housing (MIH) program; as well as 6-acres of public space that will "close the gap between Grand Ferry Park and North 5th Pier, eventually providing continuous access to the East River between South Williamsburg and Greenpoint" according to reports. The park that will actually be constructed in the water instead of above it, will include a cove and public beach, tidal pools, a salt marsh, a fishing pier, boating cove, and nature education programs offered on the outposts of the park. The public circular esplanade will feature elements of resiliency and habitat restoration to act as a model of climate-conscious design. In addition, a 47,000-square-foot YMCA with a waterfront aquatic center, a 30,000-square-foot "community-oriented" retail space, and 57,000 square feet of office space have been included in the project's design plans.

However, prior to the start of construction, the **River Street Waterfront Master Plan** will be required to go through the city's Uniform Land Use Review Procedure (ULURP), as well as reportedly secure a permit from the Department of Environment Conservation and the U.S. Army Corps of Engineers. It is anticipated that ULURP could take an estimated 2-years to complete plus at least 5-years for full construction completion according to reported statements by a Two Trees spokesperson. It is anticipated that response to the proposed project will be mixed; opposition of a possible rezoning of the site by a neighborhood group had already reportedly surfaced several months prior to the sale.

One River Street (cont'd)



One River Street - Renderings





Brooklyn (cont'd)

Projects on the Horizon (cont'd)

286-292 North 8th Street (Williamsburg) – The Collective is planning its 3rd co-living development in the borough according to reported details of a mid-December announcement; and since establishing a New York arm in 2018, the 4th project in New York City. The estimated \$150 million development that is expected to top out at 11-stories and 100,000 square feet will reportedly host 224-units comprised of 127-studio units for nightly and monthly stays and 97-units designated to house students in partnership with local universities. Project designs reportedly include the creation of a “student lounge and classrooms space; street-facing food and beverage options; an outdoor courtyard; a fitness and wellness level with sun terrace; and a program of seminars; lectures and think tanks” that reports indicate will be also open to the general public.



It is unclear if the London-based company launched in 2010 has acquired the 3-parcel, 20,584-square-foot vacant assemblage located between Meeker Avenue and Havemeyer Street; or partnering with Macro Sea and the Kamil Organization, which had acquired the site for a combined total of \$26 million in May 2016. New building applications previously approved in November 2016 detail an upscale 11-story, 102,830-square-foot dormitory development hosting 205-units for 400-beds spread across 90,731 square feet of community facility space on the 2nd through 11th floors; plus 2,300 square feet of retail space, administrative offices, a multipurpose rooms, and a lobby on the ground level, as well as a 34-car below-grade garage. Although unverified it is possible that The Collective is moving forward with a modified version of the existing plans.

Other projects being developed in the borough by The Collective include:

- **24-28 Boerum Street** (Williamsburg) – Applications were filed in June 2019 for a 27-story, 370,073-square-foot mixed-use development that will host 254 residential units, 130,445 square feet of commercial space, and 9,016 square feet of community facility space.
- **1215 Fulton Street / 20 Halsey Street** – Applications were filed in September 2019 for a 10-story, 238,751-square-foot mixed-use development that will host 150 co-living units and 93,630 square feet of commercial space.

In March 2019 Collective purchased the **Paper Factory Hotel** at 37-06 36th Street in Long Island City, Queens, where a conversion of the 125-key hotel into a “short-stay” co-living arrangement for stays between (1) and (29) days is reportedly planned.

Brooklyn (cont'd)

Projects on the Horizon (cont'd)

307-315 Kent Avenue aka 17-27 South 3rd Street / 295-305 Kent Avenue (Williamsburg) – The entity 307 Kent Associates is hoping to secure zoning map amendments to facilitate the construction of a pair of proposed mixed-use developments on the adjacent parcels that total 25,755 square feet. According to project details in the Environmental Assessment Statement (EAS) filed in August 2019:

- 307 Kent Avenue (Site 1) – The 14,425-square-foot corner parcel would give rise to a 101,000-square-foot development comprised of approximately 9,000 square feet of retail space; 70,000 square feet of office space, of which a 46,667-square-foot portion will be for light industrial uses; and 22,000 square feet designated for community facility use. New construction will replace an existing single-story, 14,425-square-foot warehouse currently serving as the home of reportedly VICE-owned event space Villain.
- 295 Kent Avenue (Site 2) – The 11,330-square-foot parcel would give rise to a 9-story, 80,500-square-foot mixed-use development with approximately 8,000 square feet of retail space; 55,000 square feet of office space; and 17,500 square feet designated for community facility use.



307 Kent Avenue - Rendering

585 Schenectady Avenue / 615-633 Schenectady Avenue aka 808 Rutland Road (East Flatbush) – Renderings have been revealed for the 3-building, 266-unit mixed-use affordable housing complex for older adults and disabled veterans to be developed by the partnership of Monadnock Development, CB-Emmanuel Realty, LLC and Brooklyn Community Housing and Services, Inc. Per the press release by Governor Cuomo's office, as part of the proposal, (3) existing buildings on the 102,000-square-foot **Kingsbrook Jewish Medical Center North Campus** will be demolished and replaced with (2) ground-up developments; and the campus' **Leviton Building** will be redeveloped from hospital use into housing units. The project dubbed **Kingsbrook Estates** is part of Governor Cuomo's \$1.4 billion **Vital Brooklyn Initiative** announced in March 2017, which through a \$578 million commitment by New York State is intended to create 4,000 units of affordable housing along with a new integrated approach that will address the chronic social, economic and health disparities in Central Brooklyn by targeting and investing in 8 integrated areas to create a new model for community development and wellness; while serving as a national model for high-need communities.

As part of the project, residents will have access to health and wellness classes, vocational training, physical activity programs, and integrated care. Tenant amenities will include therapeutic garden, outdoor exercise equipment, walkways, children's play areas, outdoor kitchens, an indoor teaching kitchen, community space, laundry rooms and bike storage. In addition a nurse's station will provide on-site services and counseling space; and One Brooklyn Health System and Kingsbrook Estates will also provide all-inclusive care for the elderly in the development's 7,000-square-foot **PACE Center**. The project is being designed to meet Enterprise Green Communities and ENERGY STAR requirements; and will include solar photovoltaic panels and green roof systems.



585 Schenectady Avenue / 615-633 Schenectady Avenue - Renderings

Brooklyn (cont'd)

Projects on the Horizon (cont'd)

1501-1555 60th Street (Borough Park) – The entity 1547-5 60th St LLC, associated with William Nussen, filed an application in September 2019 with the Department of City Planning seeking a special permit to rezone a total of 9-parcels from M1-1 to R7A/C2-4. Currently undergoing the city's Uniform Land Use Review Procedure (ULURP), if approvals are secured it will open the door to a proposed 3-building mixed-use development. According to project details in the December 6, 2019 Environmental Assessment Statement (EAS), the project would give rise to a combined total of 201,800 square feet; and replace a mix of existing low-rise buildings with 102 residential units spread across 169,000 square feet, of which 32-units will be designated for affordable housing under the Mandatory Inclusionary Housing program, and approximately 32,219 square feet of retail space.

- **Building A** – A 7-story, 46,524 gross-square-foot mixed-use development rising to a maximum linear height of 75-feet on the 8,013-square-foot parcel will host 23 residential units, of which 7-units will be designated for affordable housing, 8,014 gross square feet of ground level retail space, and 8,014 square feet of cellar space.
- **Building B** – A 7-story, 77,094 gross-square-foot mixed-use development rising to a maximum linear height of 75-feet on the 4-parcel, 13,497-square-foot assemblage will host 39 residential units, of which 13-units will be designated for affordable housing, 10,619 square feet of ground level retail space, 13,498 square feet of cellar space, and 15 below-grade parking spaces.
- **Building C** – An 8-story, 77,562 gross-square-foot mixed-used development rising to a maximum linear height of 85-feet on the 4-parcel, 13,550-square-foot assemblage will host 40 residential units, of which 12-units will be designated for affordable housing, 13,586 square feet of ground level retail space, 13,586 square feet of cellar space, and 16 below-grade parking spaces.

In addition a 4,007-square-foot parcel located between proposed Buildings A and B at **1541 60th Street**, which is not owned by the applicant, is noted in the EAS as **Projected Development Site 1**. A redevelopment of the site that currently hosts a single-story, 4,000-square-foot industrial building would give rise to a 7-story, 22,893 gross-square-foot mixed-used development reaching a maximum linear height of 75-feet; and hosting about 14 residential units spread across 14,859 square feet, of which about 3-units, or conservatively 20%, will be designated for affordable housing, 4,007 square feet of ground level commercial space, 4,007 square feet of cellar space, and waive out of accessory parking requirements.

According to city records the assemblage was pieced together over several years, with transactions occurring as far back as 1998, as well as in 2005, 2008, 2012, 2013 and 2015, with most of the purchases prices unrecorded except for:

- 1528 60th Street – The 1,137-square-foot parcel that hosts a single-story, 1,128-square-foot building zoned for automotive use traded in July 2007 for \$400,000;
- 1514 60th Street – The 6,236-square-foot parcel that hosts a single-story, 5,862-square-foot commercial building traded in July 2015 for \$1.8 million;
- 1522 60th Street – The 3,800-square-foot parcel that hosts a single-story, 3,600-square-foot building zoned for automotive use traded in June 2005 for \$840,000; and
- 1547-1555 60th Street – The 8,013-square-foot parcel that hosts a single-story, 8,000-square-foot building zoned for automotive use traded in March 2013 for \$1.5 million.

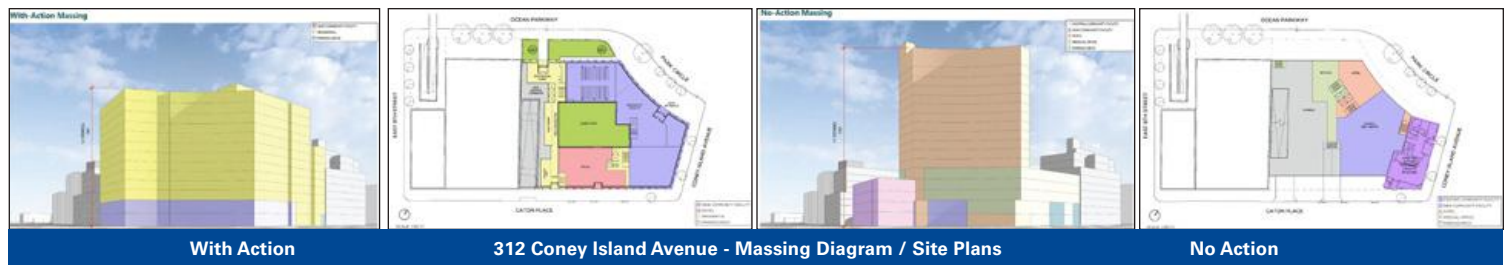


Brooklyn (cont'd)

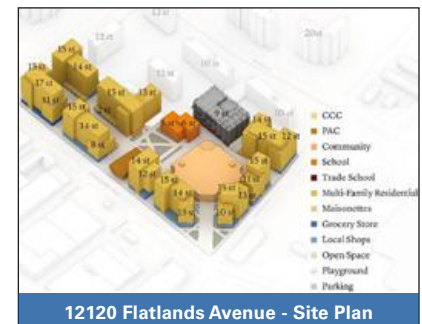
Projects on the Horizon (cont'd)

312 Coney Island Avenue (Windsor Terrace) – The entity 312 Coney Island Avenue LLC, linked to Focus Property Group LLC, filed applications with the Department of City Planning seeking to secure approvals for a proposed 13-story, 312,754-square-foot mixed-use development. As of the last week of December the local Community Board 7 was reviewing the project that will include approximately 310-units spread across 277,848 square feet of residential space, 5,000 square feet of commercial space, and 29,906 square feet of community facility space for reportedly a church and a small school. The LLC controls the site located on the corner of Caton Place under a 50-year leasehold that commenced August 20, 2018; and includes a 49-year extension option according to city record documents, having closed on the roughly \$5.429 million transaction from fee-owner International Baptist Church in June 2018. As part of the deal, the existing buildings utilized by the religious organization will be demolished, the church gaining new facilities within the 1st and 2nd floors of the new building.

If a special permit is not approved, reports indicate that the developer will move ahead with a 195-foot-tall, roughly 231,667 gross-square-foot mixed-use hotel development instead, topping out about 50-feet higher than the proposed development. However a residential component would be eliminated since the use is reportedly not allowed under the site's current C8-2 zoning; and instead will comprise an 88,707-square-foot hotel, 45,175 square feet of medical office space, 9,035 square feet and 26,011 square feet to house the church and its school.



12120 Flatlands Avenue (East New York) – Innovative Urban Living has reportedly filed applications with the Department of City Planning (DCP) for a proposed 13-building, 2.4 million square foot complex, with varying building heights of 2- to 17-stories. Construction would rise on a 6-parcel, 8.24-acre (358,932 square feet) assemblage owned by the Christian Cultural Center. According to reports the complex will host a mix of uses including 2,118 residential units spread across 1.98 million square feet, of which 1,825-units will be designated for affordable and senior housing; about 170,000 square feet of parking facilities for over 1,100-cars; 82,000 square feet of retail space to include a new grocery store; and approximately 81,000 square feet of outdoor public space. Additional components include a daycare, a performing arts center, an elementary school, and a trade school. An existing 90,000-square-foot Christian Cultural Center at 12020 Flatlands Avenue will reportedly be maintained and incorporated into the new development. In addition, a shuttle service would be operated to and from the L-train station at East 105th street and the 3-train station at Pennsylvania Avenue, with operation commencement upon full completion of the overall development according to reports. A public scoping meeting was reportedly scheduled for Tuesday, March 3 at the Christian Cultural Center; and if approved as proposed, the timeline for the project spans nearly 10-years.

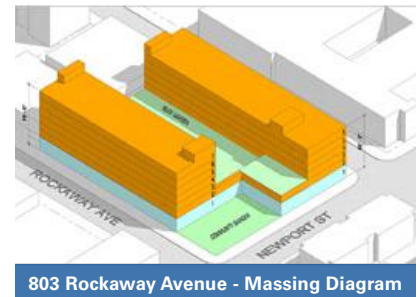


The early February announcement of Innovative Urban Living's proposal comes just over one year following previous reports depicting a somewhat smaller proposal to be developed by the Gotham Organization in partnership with the religious organization, which has likely been abandoned in light of the revised proposal. The project described at the time as an "urban village" was expected to give rise to the construction of (9) residential buildings — all of which would be surrounded by a "green quad similar to those on college campuses." A total of 2,100 units of mixed-income housing, of which a portion would have been required to be designated for affordable housing under the Mandatory Inclusionary Housing (MIH) program. The project's design also included a school, a 299-seat theater, a community center, grocery store, retail space, recreational athletic space; as well as community facilities space offering on-site services for seniors, vocational training services, a walk-in medical clinic. The buildings were expected to range in heights from 13- to 15-stories versus the 20-story structures of the nearby 20-building **Starrett City** complex in response to some concerns by local officials. Other critics of the project questioned the affordability levels, pointing out that East New York has "one of the largest proportions of homeless families." However the developers reportedly argued the need for mixed-income buildings under the premise that "higher rents help subsidize the lower-rent units" making the creation of a sustainable model of housing viable.

Brooklyn (cont'd)

Projects on the Horizon (cont'd)

803 Rockaway Avenue / 412-425 Thatford Avenue (Brownsville) – Bridge Rockaway Housing Development Fund Co. filed applications with the Department of City Planning in September 2019, seeking rezoning approvals for a proposed 2-building, 198,180-square-foot mixed-use affordable housing development. If the project moves ahead as proposed it will host 174-units of supportive and affordable housing, 39,000 square feet of ground floor light manufacturing space, and 2,200 square feet designated for community facility use. Initial diagrams indicate that the 6- and 7-story buildings will share a single-story podium, with a landscaped roof garden located at the 2nd story above the podium; while the rooftop reveals plans for the reported installation of a series of photovoltaic panels on each building. Although unverified, the block-through development site appears to include a total of 5-parcels spanning 46,000 square feet hosting (4) single-story industrial buildings and a parking lot, all of which the developer acquired in October 2017 through multiple transactions for a combined total of \$3.091 million according to city records. An adjacent 6,000-square-foot community garden on the corner of Rockaway Avenue and Newport Street will remain.



803 Rockaway Avenue - Massing Diagram

Project Plans in Progress

34 Union Avenue (Williamsburg) – The Rabsky Group filed new building applications in February for a 12-story, 98,792-square-foot mixed-use development that will reach a linear height of 114-feet and host 78 residential units. The building is the third to be filed as part of a larger multi-building project to be constructed on the full-block 4-parcel, 71,306-square-foot assemblage. Upon full construction completion the site bound by Harrison and Union Avenues and Walton and Wallabout Streets will add a combined total of approximately 422,254 square feet of new construction hosting 330,097 square feet of residential space, 53,629 square feet of community facility space, and 39,568 square feet of commercial space according to details posted on the Department of Buildings website. The other pair of buildings filed in the fall of 2019 include:

- **58 Union Avenue** – New building applications filed in October detail a 7-story, 73,164-square-foot development that will reach a linear height of 75-feet and host 65 residential units.
- **269 Wallabout Street** – New building applications November detail an 8-story, 159,098-square-foot mixed-use development that will reach a linear height of 90-feet and host 50 residential units.

The full project, which is reportedly being co-developed with Spencer Equity, will eventually include the adjacent parcel at **334-336 Wallabout Street**, which spans the entire 111,040-square-foot block. Plans have yet to be announced for the site that along with the other 4-parcels was acquired by the developer in July 2012 for \$12.75 million from pharmaceutical company Pfizer. Development of the sites has been delayed, having hit several roadblocks reportedly due to protests by local activist groups. Initially proposed in 2016, the project within Brooklyn's **Broadway Triangle** secured city council approvals in late 2017; and is expected to deliver 1,147 residential units spread across more than 1-million square feet — 25% to be designated for below-market rates, 64,800 square feet of retail space, 407 parking spaces, and 26,000 square feet of privately-owned, public open space.

In December the assemblage was refinanced with a one-year \$70.5 million loan from Bank Leumi, including a newly originated \$5.5 million mortgage. Reports indicate that the new debt replaces a one-year, \$65 million loan provided by Centennial Bank in late 2018, and carries an interest rate of 4 percent over LIBOR, 0.5 percentage points lower than the previous loan. The developers have the option to extend the loan by another year, provided that they first pay off \$20.5 million of the loan's principal, according to reported details within a disclosure filed on the Tel Aviv Stock Exchange. Spencer Equity will take on a greater role in the project, after an adjustment to the operating agreement at the request of the lender, per the TASE notice. Spencer and Rabsky will share management duties, with both required to approve any sale of the property, or loan agreements, if the loan is above 50 percent loan to value. The developers are also seeking a \$115 million construction loan for the first phase of the project.

369 Quentin Road aka 1881-1887 McDonald Avenue (Gravesend) – Abeco Organization filed new building applications in February for a 9-story, 65,850-square-foot mixed-use development. The 95-foot-tall structure will host 40 residential units spread across 44,435 square feet and 6,636 square feet of commercial space. New construction will rise on the longtime-owned 2-parcel, 11,200-square-foot assemblage, the larger 6,720-square-foot corner property last trading in July 2005 for \$1.55 million according to city records. Demolition permits were previously filed for existing lo-rise structures.

Brooklyn (cont'd)

Project Plans in Progress (cont'd)

210 Clarkson Avenue aka 665-687 Rogers Avenue (Prospect Lefferts Gardens) – K2 Real Estate Partners, a reportedly Queens-based family firm, filed new building applications in December for an 8-story, 160,540-square-foot mixed-use development. The 85-foot-tall structure will host 165 residential units spread across 115,233 square feet, 18,694 square feet of commercial space, and 711 square feet designated for community facility use. New construction will replace a 2-story, 43,200-square-foot commercial building according to demolition permits secured in August. The 27,000-square-foot parcel reportedly located within an Opportunity Zone was acquired under 210 Clarkson Owner, LLC, an entity tied to Shmuel Wallerstein, for \$20.5 million in August; and the transaction was funded by a \$13.2 million loan from Emerald Creek Capital, which included the assumption of the roughly \$6.759 million outstanding principal of a \$7 million loan provided by New York Community Bank in July 2017 and consolidated it with a newly originated \$6.441 million mortgage.

406-414 Lefferts Avenue / 459-461 East New York Avenue (Prospect Lefferts Gardens) – A partnership under the entity 410 Lefferts LLC filed new building applications in February for a 6-story, 68,060-square-foot mixed-use development. The 65-foot-tall structure will host 56 residential units spread across 40,110 square feet and 3,019 square feet of community facility space. The developer acquired 7-parcels through separate transaction in April 2019 for a combined total of \$8 million (\$118 per buildable-square-foot), creating a partially block-through assemblage totaling 13,722 square feet; however it is uncertain if new construction will rise on the entire site, or only the 5-parcel, 10,122-square-foot assemblage acquired for \$7.125 million (\$105 per buildable-square-foot) along Lefferts Avenue since according to the Department of Buildings filing the lots will tentatively be merged into (2) tax lots.



540 Waverly Avenue (Clinton Hill) – The Daten Group filed new building applications in December for a 9-story, 117,003-square-foot mixed-use development. The 95-foot-tall structure will host 135 residential units spread across 91,900 square feet and 2,987 square feet of commercial space. New construction will rise on an approximately 17,534-square-foot portion of a 35,067-square-foot lot area fronting Clinton, Atlantic and Waverly Avenues according to filing details, however ownership of the site is unclear, a portion of which appears to be longtime owned by telecommunications company Verizon. SL Green Realty reportedly provided \$58.5 million in financing for the project. City records lists \$38.025 million in debt that includes a \$9.425 million acquisition loan, roughly \$20.944 million building loan, \$7.656 million project loan, with the remaining approximately \$20 million likely in the form of mezzanine financing.



323-325 Lenox Road (East Flatbush) – WGL Lenox Group pre-filed new building applications in December for a 7-story, 56,350-square-foot residential development. The 74-foot-tall structure will host 50-units spread across 32,695 square feet. New construction will replace a pair of one-and-two family houses currently situated on the 2-parcel, 10,000-square-foot assemblage located between Nostrand and New York Avenues. The developer acquired the sites through (2) transactions for a combined total of \$6.3 million in July 2019. Popular Bank provided \$1.25 million in acquisition financing which refinanced \$1.9 million in existing debt and consolidated it with a newly provided \$1.25 million gap mortgage according to city record documents.

219 Lenox Road (East Flatbush) – Property owners Yossel Lichtman and Joseph Lichtman under the entity 219 Lenox Realty LLC filed new building applications in February for a 7-story, 45,434-square-foot residential development. The 75-foot-tall structure will host 50-units spread across 34,534 square feet. New construction will rise on the 10,000-square-foot parcel located between Rogers and Nostrand Avenues, replacing a 2-story house according to demolition permits filed one month prior. The property was acquired in January for roughly \$5 million (\$110 per buildable square foot), the transaction financed by a \$3.08 million mortgage provided by New Jersey-based Bank of Princeton according to city records.

15 West End Avenue (Brighton Beach) – Property owner Leonid Bogomolny under the entity 15 West End LLC filed new building applications in February for an 8-story, 45,937-square-foot mixed-use development. The 85-foot-tall structure will host 34 residential units spread across 29,971 square feet and 9,803 square feet of community facility space. New construction will rise on the 3,000-square-foot vacant parcel located between Shore Boulevard and Hampton Avenue acquired in May 2017 for \$1.4 million (\$30 per buildable-square-foot); and financed by a \$1.3 million mortgage provided by an undisclosed lender under the entity S3 RE Funding III LLC according to city records.

Brooklyn (cont'd)

Project Plans in Progress (cont'd)

401 Chester Avenue (Brownsville) – Dunn Development filed new building applications in December for an 8-story, 117,331-square-foot mixed-use development. The 87-foot-tall structure will host 157 affordable senior housing units spread across 93,718 square feet and 5,426 square feet designated for community facility use to be occupied by Ifetayo Cultural Arts Academy, a local organization that provides programs for youth of African descent. The residential component is reportedly being provided through the city's **Affordable Independents Residences for Seniors** (AIRS) program. Launched in March 2016 as part of the Zoning for Quality and Affordability text amendment, AIRS allows developers to increase the scale of their project if they dedicate a portion of their projects to seniors; however reportedly due to the Department of Housing Preservation and Development's efforts to lower the required income threshold for such projects, as of July the agency had yet to accept applications for the program.

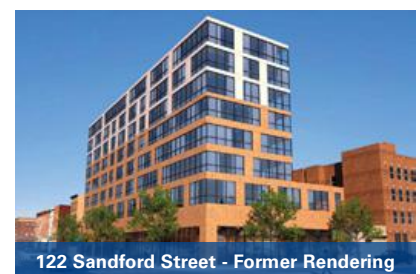
The key provisions within the HPD's Privately Financed Affordable Senior Housing Program Term Sheet (PFASH) dated July 10th include:

- Regulatory agreement with a 30-year term will be recorded against the property;
- Projects may be new construction or substantial rehabilitation;
- All units in this program must be initially leased and at subsequent releasing to eligible tenants (62 year of age or older and with household incomes of 80% of AMI or below);
- All units in the program must be registered with the NYS Division of Housing and Community Renewal and are subject to rent stabilization;
- Projects must include a minimum of (10) "AIRS" units;
- Various provisions re: operating and capital reserves; and
- Project underwriting must be reviewed by HPD.

The development is the 4th to be filed as part of the 7-building affordable housing project dubbed **Marcus Garvey Extension** that will serve as an extension of the existing 625-unit, Mitchell Lama Marcus Garvey Apartments complex that spreads across (9) city blocks; and is reportedly part of the HPD's **Brownsville Plan**, a \$150 million community investment plan intended to improve the neighborhood's local parks and roadways; and to introduce new housing options, retail space, health centers, and community area over the next 5-years. News of the filing comes following reported plans for a transfer to Dunn of the 22,025-square-foot **Site A** by L+M Development Partners, which is developing the complex in collaboration with the New York City Department of Housing Preservation and Development (HPD), Department of Parks and Recreation, and New York Citywide Administrative Services (DCAS).

9956 3rd Avenue (Bay Ridge) – New building applications were filed in December under the entity The Narrows LLC for an 8-story, 61,200-square-foot residential development. The 80-foot-tall structure will host 40-units spread across 39,774-square feet. New construction will replace an existing 2.5-story, 1,662-square-foot residential building according to demolition permits secured in September. The original 3-parcel, 9,056-square-foot assemblage located off Shore Road was acquired through multiple transactions in August 2019 for a combined total \$8.7 million (\$142 per buildable-square-foot) according to city records.

122 Sandford Street / 719-733 Myrtle Avenue (Bedford-Stuyvesant) – Leviathan Capital pre-filed applications for a proposed 10-story, 128,804-square-foot mixed-use development. The 108-foot-tall structure will host 132 residential units spread across 90,733 square feet, of which a portion are expected to be designated for affordable housing, 11,639 square feet of commercial space, and 54 enclosed parking spaces. New construction will rise on the 6-parcel, 16,167-square-foot assemblage that traded through (2) transactions in October and December 2019 for a combined total of roughly \$13.583 million (\$105 per buildable-square-foot) according to city records.



Visions to redevelop the majority of the site date back to 2016 upon applications being filed by JMS Realty Corp. with the Department of City Planning, seeking a rezoning of (4) of the (5) parcels from M1-1 and M1-2 to R7D/C2-4 to facilitate a mixed-use development on the vacant assemblage. Although JMS secured approvals in October 2017, construction on the site never broke ground on what reports in 2017 indicated was a planned 8-story, 90,367-square-foot mixed-use development expected to host 87 residential units, of which 26-units would be designated for affordable housing, 30 parking spaces as required by zoning, and 16,137 square feet of mixed retail and community facility space. Ultimately in 2019 JMS abandoned plans and sold the 4-parcels located along Myrtle Street.

Brooklyn (cont'd)

Lending

169 Livonia Avenue / 215 Livonia Avenue / 449 Chester Street (Brownsville) – L+M Development Partners has reportedly secured \$179 million in financing for construction of the (3) affordable housing developments provided through a range of public and private financing sources including New York State Housing Finance Agency (HFA) tax-exempt bond financing, Low Income Housing Tax Credits, HFA's Supportive Housing Opportunity Program subsidy, HFA's New Construction Capital Program subsidy and HFA's Middle-Income Housing Program subsidy, as well as tax credit equity and a construction loan from Wells Fargo according to reports.

The new buildings are among the first (4) to be filed as part of the (7) building **Marcus Garvey Extension** project, which is intended to serve as an extension of the existing 625-unit Mitchell Lama Marcus Garvey Apartments complex spread across (9) city blocks and reportedly acquired by L+M for \$98.6 million in 2014. Construction of the (3) buildings is tentatively slated to be completed by mid-2022.

- 169 Livonia Avenue (Site D) – An 8-story, 86,435-square-foot mixed-use development. The 85-foot-tall structure will host 78 residential units spread across 66,164 square feet and 4,524 square feet of commercial space.
- 215 Livonia Avenue (Site B) – A 7-story, 96,316-square-foot mixed-use development. The 75-foot-tall structure will host 96 residential units, of which 52-units will be designated for supportive housing, and 6,466 square feet of commercial space.
- 449 Chester Street (Site F) – An 8-story, 173,577-square-foot mixed-use development. The 84-foot-tall structure will host 175 residential units spread across 152,069 square feet, of which 52-units will be designated for supportive housing, and 1,895 square feet of community facility space.

Construction of the 4th development filed is located at **401 Chester Street** (Site A); and the 8-story, 117,331-square-foot mixed-use development that will host 157 affordable senior housing units and 5,426 square feet of community facility space will be completed by Dunn Development as a result of plans by L+M to reportedly transfer the project. Upon full construction completion the complex being developed in collaboration with the New York City Department of Housing Preservation and Development (HPD), Department of Parks and Recreation, and New York Citywide Administrative Services (DCAS) will have a combined total of 908,460 gross square feet; and host 843 affordable housing units, 35,049 square feet of ground level retail space, 98,032 square feet dedicated for community facilities use, 24 accessory parking spaces, and several thousand square feet of landscaped greenspace.

According to the 2018 Environmental Assessment Statement (EAS) posted on HPD's website buildings, the remaining (3) buildings as proposed at the time include:

Site	Location	Sq. Ftge.	Units	Retail SF	Community Facility SF
C.	194-216 Livonia Avenue	96,975	85	7,853	11,252
E.	172-192 Livonia Avenue	105,753	92	8,038	10,125
G.	251 Chester Street	142,705	45	0	8,742 + 12-vehicle accessory parking



169 Livonia Avenue



Marcus Garvey Extension - Renderings



449 Chester Avenue

Brooklyn (cont'd)

Lending (cont'd)

850 3rd Avenue (Sunset Park) – Salmar Properties has recapitalized the 8-story, 1.24 million square foot **Liberty View Industrial Park** building with an approximately \$282.6 million financing package. Initial funding from Blackstone Mortgage Trust, along with reportedly Madison Capital, Meadow Partners, and Acadia Realty Trust totals \$198.6 million, of which according to city records Blackstone provided \$117.6 million to refinance \$40 million in existing debt and consolidate it with a newly originated \$77.6 million gap mortgage. The deal also reportedly includes \$84 million in future commitments for tenant improvements, leasing commissions and capital expenditures, with Blackstone reportedly committing to \$68 million and Madison, Meadow and Acadia committing to the remaining \$16 million in future proceeds; and as part of the recapitalization, Madison will reportedly assume management and operation responsibilities from Salmar.

The 8-story, 1.24 million-square-foot building formerly known as **Federal Building No. 2** spans the entire 30th Street block-front between 2nd and 3rd Avenues; and boasts 140,000-square-foot floor plates. Salmar Properties acquired the building for roughly \$9.403 million in 2011 as a result of a winning bid from the city to redevelop the property. In exchange for tax breaks the landlord promised the city to set aside 85% of the building for manufacturing tenants; and in 2014 a \$3.5 million grant for the property was reportedly awarded by the EDC. An investment of reportedly about \$130 million has repositioned the previously long-time vacant asset into a mixed-use industrial space. However challenges to lease the building in its entirety led Salmar to seek approvals from the city's Economic Development Corporation (EDC) to allow it to reduce the 85% manufacturing space requirement that was not due to expire until 2045.

Reports indicate that as part of the new recently secured deal, which was extended 27-years to 2071, over 268,000 square feet can be leased to office tenants, under certain restrictions.

- 67,101 square feet to be immediately leasable.
- Another 67,101 square feet, or 25%, can be leased out after certain improvements are completed, such as the installation of code-compliant fire alarms, sprinklers and new HVAC according to reports.
- The remaining 50% will reportedly become leasable gradually as the industrial space fills up.
- Rents for industrial space are to be capped at \$18.50 per square foot, increasing at 3% per year through 2045.
- Salmar to pay the city \$25,000 in administrative fees in exchange for the approval.

Leasing activity over the past few years has attracted:

- **Saks OFF 5TH**, the discount brand of the high-end department store secured a lease for reportedly 30,000 square feet in December 2015 under a 10-year term plus options;
- **Amazon** secured a lease for reportedly 50,000 square feet in October 2015 under an 84-month (7-year) term plus (2) 5-year renewal options
- **Bed Bath & Beyond** secured a lease for reportedly 100,000 square feet in December 2014 under a 15-year term plus (2) 7.5-year renewal options.
- **Koppers Specialty Chocolate** reportedly secured a 50,000-square-foot lease in July 2015, having sold its building at 39 Clarkson Street in Midtown South's Hudson Square neighborhood. According to reports at the time the company was awarded \$556,000 through the New York State Excelsior Jobs Program in exchange for creating 27 full-time jobs over a 5-year period; as well as a \$3,000 tax credit per employee from the city's Relocation Employment Assistance Program (REAP) program.

Other tenants reportedly include Micro Center and Cost Plus World Market; as well as fashion incubator **Manufacturing Innovation Hub for Apparel, Textiles & Wearable Tech**, which is reportedly housed in 160,000 square feet as a result of a \$3.5 million investment by the New York City Economic Development Corporation (NYCEDC). More recently custom hair-brand Prose reportedly secured a lease early this year for 28,000 square feet, representing an expansion of its former 8,000-square-foot facility the company vacated at adjacent Industry City. Asking rent for the space to be occupied under a 7-year lease was in the low \$30sf per square foot range according to reports.



Brooklyn (cont'd)

Lending (cont'd)

2-26 Quincy Street aka 5-11 Downing Street (Bedford-Stuyvesant) – Co-developers Loketch Group and Meral Property Group have secured \$50 million in acquisition and construction financing for the 31,890-square-foot development site from New York City-based S3 Capital Partners. The new debt includes a \$25 million senior mortgage, a roughly \$18.31 million building loan, and \$6.569 million project loan. Seller, the Salvation Army, had previously used the existing 4-story, 70,182-square-foot building as a store and warehouse until shuttering the location in September 2019. New ownership reportedly plans to redevelop the property into a 2-building project hosting a mix of residential condominium and rental units. According to permits initially filed in November 2018 under the entity Quincy Street Investors LLC, securing approvals in October 2019, the project will result in the conversion of the 61,476-square-foot eastern portion of the existing structure into a 46-unit condominium to reportedly go by the address **26 Quincy Street**; while the damaged western portion will be demolished and give rise to the ground-up construction of an adjacent 5-story, 40,670-square-foot rental development that will host 43-units spread across 23,389 square feet to go by the address **10 Quincy Street**.

200-216 Kent Avenue (Williamsburg) – Cornell Realty Management has reportedly secured \$84.25 million in financing for the 6-story, 125,200-square-foot office-and-retail development that is nearing construction completion. Lender G4 Capital Partners provided the new 18-month loan that reportedly refinances a \$64 million floating-rate construction loan secured in 2017 from Madison Realty Capital, plus additional funding to complete construction. As part of the deal the loan has a 6-month extension to increase the term to 2-years. Although details of the deal were not released, reports near the end of 2017 indicated that LIVWRK joined Cornell, having taken an undisclosed stake in the project. Upon construction completion the building will host 18,000 square feet of ground level retail space to be occupied by a **Trader Joe's** market, the California-based grocer reportedly committing to the space in 2015. The 2nd floor will have a parking garage, with additional spaces for 44 cars in the cellar; and the 3rd through 6th levels are designated for office use. A setback in the structure's design will give way to an open-air terrace facing the East River. Visions to redevelop the site that spans the entire block bound by North 3rd and River Streets, and Metropolitan and Kent Avenues date back to 2013, however construction never broke ground until late 2017 amid the site, or partial interests in the site, changing hands a few times during that time.



200-216 Kent Avenue



Queens In the News

Amazon Nearing Deal for New Maspeth Logistics Facility

The e-commerce giant is reportedly in “advanced negotiations” to lease the planned 4-story, 770,000-square-foot vertical logistics facility on Grand Avenue, where pre-leasing reportedly got underway at the end of 2018. Initial reports of Amazon eyeing the ground-up development surfaced in July. Co-developers RXR Realty and LBA Logistics are behind the development that will spread across the 3-parcel, 384,695-square-foot assemblage with addresses **54-15, 55-15, and 56-19 Grand Avenue**. The new structure will be able to accommodate a variety of vehicles and equipment; and feature 21-foot ceiling heights, (9) interior dock positions; and if the deal moves forward will be custom-built for Amazon’s occupancy according to reports. The sites comprised of a parking lot and (4) industrial buildings totaling 320,261 square feet are located between Page Place and Rust Street; and were acquired by the co-developers in January 2018 for \$72 million from Cascades Containerboard and Star Corrugate Box Co. In March a roughly \$43.126 million financing package was secured from Nuveen including a \$34.173 million senior loan, a roughly \$5.692 million building loan, and \$3.261 million project loan according to city records.



In the meantime, February reports indicated that the company will be adding another roughly 300,000 square feet to its steadily increasing New York City footprint according to loan database TreppWire information. The space at **Rentar Plaza**, 66-26 Metropolitan Avenue in Middle Village, Queens will reportedly include 109,000 square feet currently occupied by the Metropolitan Museum of Art under a lease set to expire in July, and the remaining 190,000-square-foot vacant space bringing the 1.6 million-square-foot office, retail and warehouse complex anchored by the City of New York in more than 500,000 square feet to full occupancy.

Macy’s to Relocate its Headquarters to LIC

The 162-year-old retailer is planning to join sister brand Bloomingdale’s in Long Island City, consolidating into about 867,000 square feet at the newly constructed 2-tower office **Jacx** complex located at 28-07 Jackson Avenue. The move is part a 3-year Polaris strategy plan to stabilize profitability and position company growth announced in early February by parent company Macy’s, Inc. In 2016 Bloomingdale’s committed to 567,000 square feet spanning (11) floors in the west tower; and about 3-years later in early 2019 reports announced that Macy’s had secured a 20-year lease for 300,000 square feet spanning the east tower’s entire (22) floors of office space, plus the 3rd and 4th base floors. Macy’s headquarters has been longtime located adjacent to its Herald Square flagship at 11 Penn Plaza, where they occupy 638,921 square feet. In early 2013 the retailer extended its lease spanning the entire 4th through 14th floors for 20-years according to reports at the time. The big block space that is currently being marketed as a sublease extending through April 2035 has reportedly attracted the interest of technology giant **Apple**, which is in negotiations for roughly 200,000 square feet on the middle floors. Macy’s is reportedly planning to vacate its existing offices sometime in May, but intends to maintain a smaller Midtown office within the West 34th Street store; and as part of the move offices in San Francisco, Downtown Cincinnati and Lorain, OH will also be closed.





New York Building Congress: Report

Construction Outlook Update: Queens Snapshot

The report released in November by NYBC provides a brief overview of construction activity throughout the borough. Over the 3-year period from 2019 to 2021 NYBC forecasts a total of \$35.5 billion in Queens construction, to capture one-fifth of citywide construction spending. The projected figure represents a 16% increase for the \$30.7 billion spent during the previous 3-year period.

- **Residential** – Since 2010, the population of Queens has increased by over 140,000 people, driving nearly half of all construction projects as the residential sector continues to grow. Over the same 9-year span, more than 40,200 construction permits were issued for new housing, or an average of 4,500 permits per year. A total of 26.9 million gross square feet of current or completed residential constructed was added from 2016 to 2019, valued at \$10.5 billion. At the time of the report, the issuance of permits for new housing units in 2019 was on pace to reach nearly 6,200 to meet housing demand, with anticipation of 6,900 permits being issued in both 2020 and 2021 and a total construction value of \$2.7 billion over the 3-years. In addition, countless more units will undergo repairs, alterations and renovations, pushing residential construction value to an expected \$14 billion between 2019 and 2021, or about one-quarter of the \$55.4 billion citywide housing investment over the same period.
- **Government** – A total of \$15.4 billion has been invested in Queens by the public sector since 2016. Transportation investment is leading the way, with other significant investment in public schools, libraries and environmental protection. Recent and current construction spending in transportation totaled \$9.8 billion, making it the second-most impactful sector behind residential construction. Development at **John F. Kennedy International Airport** and **LaGuardia Airport**, including Delta's new Terminal C, accounted for nearly 80% of construction investment of that figure. NYBC forecasts that between 2019 and 2021 spending by the public sector will reach \$16.2 billion, equating to one-fourth of all government spending in the city.
- **Non-Residential** – Construction investment in office space, commercial projects, institutional development and recreational facilities totaled \$4.8 billion; and is forecast to reach \$5.3 billion between 2019 and 2021. Within the sector, culture and tourism lead the way, having contributed \$2.7 billion in construction spending since 2016. Notable projects in those infrastructure components include **Queen's Flushing Meadows Corona Park**, which recently underwent a 5-year, \$600 million transformation of the **Billie Jean National Tennis Center**; and by 2021 the park's **NYS Pavilion** from the 1964 World's Fair will be reconstructed at a cost of \$17.6 million. In terms of hotels, the **TWA Hotel** was a \$265 million undertaking, and the **Resorts World Casino**, which is undergoing a \$400 million expansion expected to be completed in 2020.



Queens Development

Recently Sold Sites

23-10 Queens Plaza South (Long Island City) – The 27,200-square-foot development site has been purchased by AAGS Holdings LLC, an entity reportedly controlled by Dynamic Star CEO Gary Segal. The sale by co-owners Property Markets Group (PMG), the Hakim Organization, and New Valley attracted a price of \$27.5 million (\$204 per buildable-square-foot); and the transaction was financed by a \$29.75 million loan from Churchill Real Estate, which took a \$250,000 equity stake in the building and as part of the deal has a “50% profit-sharing agreement” according to reports. New ownership reportedly plans to construct an approximately 135,000-square-foot office-and-retail development on the property that currently hosts a 4-story, 108,000-square-foot structure. Previously trading in December 2012 as part of a 2-parcel, full-block assemblage along with **23-01 42nd Road** for \$37 million, the sellers have apparently decided to abandon their own plans to redevelop the site. The site is adjacent to the 45-story, 391-unit market-rate **1 QPS** residential tower that PMG, Hakim and New Valley completed the construction of in 2017, having also sold the asset in 2018 for \$284 million (\$726,343 per unit) to One QPS Owner LLC, a fund managed by the Carlyle Group.

27-34 Jackson Avenue (Long Island City) – Rockrose Group has acquired the 10,000-square-foot parking lot located on the corner of Queens Street. The primarily vacant parcel is just two doors away from the developer’s newly constructed 54-story, 790-unit **Eagle Lofts** mixed-use development at 43-22 Queens Street. The corner property that reportedly served as a cab service and dispatch station fetched a price of \$26 million; and can accommodate 75,200 buildable-square-foot according to available online data. New ownership reportedly plans to “spend as much as \$100 million” to construct a roughly 220-unit mixed-use development, possibly indicating intentions to purchase additional parcels or development rights. The new building will share the Eagle Lofts branding; and deliver additional amenities to the existing amenities within the larger tower to be shared by the tenants in both buildings.

133-25 37th Avenue / 133-28 36th Road (Flushing) – Developer Gary Tsan has reportedly purchased the 2-parcel, 47,891-square-foot assemblage located between College Point Boulevard and Prince Street. The sale of the C4-2 zoned site that can reportedly accommodate about 205,000 buildable-square-feet attracted a price of \$60 million (\$293 per buildable-square-foot). Last trading in August 2013 for \$28.8 million, seller the Yihai Group apparently decided to abandon its own redevelopment plans for the site despite filing new building applications in August 2018 for a 19-story, 300,543-square-foot mixed-use development. Had plans moved forward as filed, new construction would have given rise to a 198-foot-tall structure hosting 506 residential units spread across 100,343 square feet, 101,513 square feet of commercial space, and 2,267 square feet designated for community facility use. It is uncertain if new ownership will pursue approvals as filed; or envision a significantly different project for the site.

Projects in Progress

20-50 Nameoke Avenue (Far Rockaway) – West Babylon, NY-based not-for-profit the Federation of Organizations filed new building applications in February for a 9-story, 78,438-square-foot community facility. The 90-foot-tall structure will host 117 housing units spread across 69,030 square feet. The community-based wellness agency that is a provider of health and wellness, senior and children services, and housing and support services on Long Island and New York City acquired the 17,812-square-foot parcel in December for \$4.131 million (\$53 per buildable-square-foot). Financing in the total amount of roughly \$5.2 million was provided by the New York City Acquisition Fund LLC, with Citibank serving as administrative agent — \$3.512 million acquisition loan, \$616,600 building loan, and \$1.071 million project loan. The Supportive Housing Solutions Fund LLC also provided a \$500,000 subordinate mortgage according to city records.



Queens (cont'd)

Projects in Progress (cont'd)

45-10 19th Avenue (Long Island City) – Brooklyn-based film and TV production company Broadway Stages filed alteration permits in January for the planned conversion of the existing 2-story, 51,900-square-foot industrial building. As part of the project the existing structure will undergo a 2-story vertical, as well as a horizontal, expansion resulting in a 4-story, 104,627-square-foot building upon full construction completion. A 24-car garage will be created, while the outdoor parking area and number of loading berths will be reduced from 62 to 51-cars and (8) to (1) berths. The 70,007-square-foot parcel that spans the entire 19th Avenue block-front between 45th and 46th Streets last traded in April 2015 for \$8.376 million (\$80 per buildable-square-foot); and is currently leased by Water Lilies Food for its food production facility according to reports. Other recent projects in different phases of planning and construction by the studio that reportedly operates more than 40 sound stages across Brooklyn and Queens include:

- **339 Kingsland Avenue / 341 Kingsland Avenue** (Brooklyn) – The original 7-parcel assemblage traded in June 2005 for \$4.5 million according to city records under an entity associated with Broadway Stages' address at 203 Meserole Avenue. In November 2017 the lots were combined to create (2) tax lots, 28,000 square feet and 10,250 square feet in size. The (2) projects more than doubled the studio's former multi-building facility.
 - 341 Kingsland Avenue – The (6) former 2-story buildings with about 41,233 square feet of useable space were combined and vertically expanded to create a single 6-story, 105,600-square-foot building, adding 60,390 square feet of additional construction floor area according to details of the January 2018 filing with the Department of Buildings.
 - 339 Kingsland Avenue – The (3) former 2-story buildings with about 10,250 square feet of useable commercial space were combined and vertically expanded to create a single 6-story, 57,525-square-foot building according to alteration applications filed in December 2017.
- **277-329 Monitor Street** (Brooklyn) – Permit applications had been filed in July 2017 for the ground up construction of new sound stages and an addition to the existing 2-story building. As part of the project a 6-story, 197,717-square-foot building is to be constructed adjacent to the existing building, having secured DOB approvals early this year. The 95,000-square-foot parcel bound by Monitor and North Henry Streets was acquired in December 2016 for \$16 million from Exxon Mobil according to city records.

In addition, the studio purchased the nearly full-block, 89,555-square-foot parcel at **378 Greenpoint Avenue** in December 2017 for \$10.2 million from Exxon Mobil. Future redevelopment plans have yet to be announced for the Brooklyn site located between North Henry and Monitor Streets; and directly across the street from Broadway Stages' existing studios at 277-329 Monitor Street.

Queens (cont'd)

Projects in Progress (cont'd)

42-11 9th Street aka 9-02 Queens Plaza South (Long Island City) – RXR Realty pre-filed applications in December for a proposed 21-story, 396,365-square-foot mixed-use development. The 370-foot-tall structure will host 257,128 square feet of commercial space and 64,180 square feet designated for manufacturing use. Reports indicate that the office component will span 18-stories atop a 3-story podium comprised of ground floor retail and manufacturing space. New construction will rise on the 49,400-square-foot parcel the spans the entire Queens Plaza South block-front between 9th and 10th Streets. The developer is reportedly in contract for an undisclosed price to acquire the parcel located in the Hunts Point section of the neighborhood from a longtime owner under an LLC associated with reportedly Carlos Escobar.

Currently hosting a pair of low-rise industrial buildings totaling about 105,000 square feet, RXR Realty filed an application with the Department of City Planning (DCP) in November seeking to designate the area as an **Industrial Business Incentive Area (IBIA)**, which would increase the floor area allowed via a special permit as long as at least 0.8 FAR is reserved for “Required Industrial Uses.” Currently zoned 2 FAR for commercial use and 6.5 FAR for community facility use, if approvals are secured, the project’s commercial use could be doubled, making it the 4th project to take advantage of the incentive. Created by the DCP in 2016 as part of the approvals for the **25 Kent Avenue** development in Brooklyn’s Williamsburg neighborhood, it opened the door to the development of larger office buildings within manufacturing zoned areas by providing a waiver of the community facility requirement in exchange for including manufacturing space in the project.

150-13 89th Avenue (Jamaica) – The Chetrit Group pre-filed new building applications in January for an 8-story, 132,805-square-foot residential development that will reach a linear height of 80-feet and host 207-units. The development will rise on a portion of the nearly full-block site of the former **Mary Immaculate Hospital**, which closed in 2009. The new development is reportedly in addition to the 4-building, estimated \$175 million project that will result in the rebuilding and partial repurposing of the hospital complex, which has since been rebranded **Parkhill City** under the main address of **152-11 89th Avenue**.

According to the Department of Buildings filing, a total of approximately 517,090 residential space will be created at the site. Work is well underway for the redevelopment of an existing 7-story, 307,977-square-foot main building that has been partially demolished and undergoing a 10-story vertical expansion and repositioning for residential use. Upon construction completion the former 94-foot-tall structure will increase in height by 114-linear feet. Leasing has already launched for the 481-units that will spread across 401,250 square feet per the September 2014 permit filing. About 43% of the units will be designated for affordable housing under the city’s **Affordable Independents Residences for Seniors (AIRS)** program, which was launched in March 2016 as part of the Zoning for Quality and Affordability text amendment; and allows developers to increase the scale of their project if they dedicate a portion of their projects to seniors. The complex will also have over 20,000 square feet of indoor amenity space to include a lap pool, hot tub, secondary plunge pool, a sauna, steam room, fitness center, an arcade, children’s playroom, a café and juice bar, a screening room, and multiple lounges.



Parkhill City - Rendering

The 2-parcel assemblage that totals 173,197 square feet was acquired in 2009 for \$4.775 million (\$12 per buildable-square-foot). In December 2016 Chetrit secured \$127.5 million in construction financing for the project. Arkansas-based lender Bank OZK (formerly Bank of the Ozarks) provided \$87.5 million — a roughly \$84.451 million building loan and \$3.049 million project loan. An additional \$39.5 million in mezzanine financing was reportedly provided by Arbor Commercial Mortgage, which was subsequently refinanced in November by Square Mile Capital along with a \$148 million financing package that included a roughly \$38.648 million senior loan; a \$101.753 million loan that refinanced the existing building loan and increased it by \$17.301 million; and a \$7.599 million to refinance the existing project loan and increase it by \$4.55 million.

26-22 4th Street aka 26-21 3rd Street (Astoria) – Developer Solomon Feder and Bruman Realty, under the entity 4th Street Development LLC secured approvals in November for a 7-story, 98,534-square-foot residential development initially filed in April. The 74-foot tall structure will host 99-units spread across 67,618 square feet. New construction will rise on the block-through, L-shaped 25,385-square-foot parcel acquired in January 2019 for \$11.5 million (\$117 per buildable-square-foot). Demolition permits were secured in February for the single-story, 20,000-square-foot industrial building to make way for new construction. Preliminary sketches seem to reveal (2) structures designed as one cohesive building joined by an inner courtyard.

Queens (cont'd)

Projects in Progress (cont'd)

136-18 Maple Avenue (Flushing) – A property owner under the entity Main Street LLC filed new building applications in January for a 14-story, 105,621-square-foot mixed-use development. The 147-foot-tall structure will host 68 residential units spread across 68,151 square feet, 39,501 square feet of commercial space, and 50,459 square feet designated for community facility use. New construction will rise on a 39,096-square-foot site located on the corner of Main Street originally comprised of (2) tax lots merged in 2018, and a year later subdivided into roughly 18,000-square-foot tax lots according to the Department of Finance; and appear to have been longtime-owned under the Estate of Gloria B. Silver.

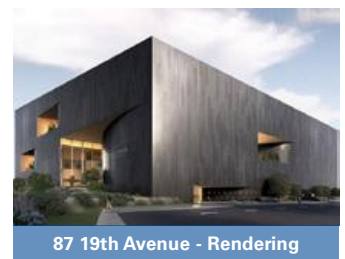
134-11 221st Street / 221-26 Merrick Boulevard / 221-18 Merrick Boulevard (Laurelton) – A property owner under the entity 221-06 Merrick Blvd. Associates filed new building applications in January for a 4-story, 92,837-square-foot mixed-use development. The 42-foot-tall structure will host 81 residential units spread across 64,642 square feet and 7,488 square feet of commercial space. New construction will rise on the 3-parcel, 45,713-square-foot assemblage located on the corner of Merrick Boulevard acquired in August 2006 for \$4.1 million (\$44 per buildable-square-foot). In 2016 Sterling National Bank provided \$5.95 million in financing that included the consolidation of the existing \$1.75 million outstanding principal with a new \$1.25 million gap mortgage, and a new \$2.95 million construction mortgage according to city records.

Lending

45-18 Court Square (Long Island City) – GFP Real Estate and King Street Properties, reportedly along with the Carlyle Group, have secured a \$155.13 million financing package from Acore Capital. The new debt that includes a roughly \$6.859 million senior loan, a \$89.967 million building loan, and a \$55.304 million project loan will help fund the repositioning and enlargement of the existing trio of connected low- and mid-rise commercial buildings totaling about 133,380 square feet into a 266,791 rentable-square-foot **biotech center**. In addition approvals were secured for the exemption of mortgage-recording and sales taxes, the development team having entered into an approximately 20.6-year lease expiring June 30, 2040 with the New York City Industrial Development Agency in December. The \$240 million project that is already underway will result in the creation of new lab and office space near the Court Square section of the neighborhood. The development team controls the site under a 99-year leasehold secured in April 2019 for roughly \$31.439 million from longtime fee-owner Abro Management, having purchased the property in July 2007 for \$33 million.



87 19th Avenue aka 1 Steinway Place (Astoria) – The development team of actor Robert De Niro and his broker son Raphael De Niro, along with development firm Wildflower and film producer Jane Rosenthal have secured a \$56.5 million financing package from Ares Commercial Real Estate to close on the \$71.61 million purchase of the approximately 5.25-acre waterfront site. The new debt includes a \$42.5 million acquisition loan, a roughly \$7.673 million building loan, and \$6.327 million project loan. The development team is planning to construct a 650,000-square-foot pre- and post-production film studio on the site. In addition to featuring film and television studios, the building will host hubs for creative projects including augmented reality and virtual reality. Due to the “unique space conditions of working on an urban site,” designs for the project dubbed **Wildflower Studios** will create what has a reportedly been described as a “one of a kind vertical village for film.”



Reports last June indicated that the developers had entered the lending market in hopes of securing \$425 million — \$150 million in equity and \$275 million in debt for the project that has an estimated cost of around \$350 million, or \$425 million when build-outs are included. Decisions to construct the planned campus has reportedly been prompted by the increased need for studio facilities amid the rising demand for original content provided by companies such as Amazon, Hulu and HBO. The developers are hoping to begin foundation work this summer for a tentative delivery sometime in 2023. New construction will rise the subdivision of the former 11-acre property that has longtime hosted high-end piano manufacturer Steinway & Sons’ manufacturing facility, Steinway’s hedge-fund owner Paulson & Co., opting to sell the excess space that does not impact Steinway’s facility.



Queens (cont'd)

Lending (cont'd)

82-41 Parsons Boulevard (Jamaica Hills) – Affordable housing developer Dunn Development has reportedly secured \$21 million “in the form of a Freddie Mac unfunded forward Low-Income Housing Tax Credit (LIHTC) cash loan” to help fund the mixed-use conversion of the former **Triboro Hospital for Tuberculosis**, more recently known as the “T Building.” Reports of the proposed \$12 million project initially surfaced in November 2016; and following project approvals by the Health and Hospital Corporation’s Board of Directors and local Community Board 8, despite some opposition, the project entered the public review Uniform Land Use Review Procedure (ULURP). Recently listed on the National Register of Historic Places, the longtime vacant 9-story structure is part of the multi-building Queens Hospital Center campus at Goethals Avenue. The conversion that is reportedly expected to be completed by July 2021 will create 205 residential units — 130-units will be rented at below-market rates and the remaining 85-units to be dedicated for supportive housing for homeless individuals; while 12,000 square feet will be utilized by the Queens Hospital Center, and 8,000 square feet of for community facility space. The developer reportedly controls the 75-year-old building through a 99-year lease secured from the city for \$1 in 2015.

130-24 South Conduit Avenue / 149-15 and 149-21 130th Street / 149-20 131st Street (South Ozone Park) – Triangle Equities, Township Capital and L&B Realty Advisors have reportedly secured an \$87 million loan from CIT Group to help fund construction of the planned 5-story, 308,018-square-foot industrial development that will rise on the existing commercial parking lots. Reports indicate that \$14.25 million in equity financing and \$27 million in equity capital had been previously provided by Township and L&B. The 127-foot-tall structure will have 232,832 square feet of commercial space reportedly offering a mix of air and ground cargo space and storage facility. The co-developers acquired the 4-parcel, 118,878-square-foot (2.73-acres) assemblage located near John F. Kennedy International Airport and immediately beside the Belt Parkway for \$24.85 million (\$83 per buildable-square-foot) in February 2018, the acquisition financed by a \$19 million floating-rate loan provided by Citizens Bank. According to 2018 reports, the building’s ceiling heights will reach 23- to 26-feet; and the 2nd level will be designed to enable access to 53-foot, long-haul trucks, while the 3rd level will link to a large elevator that can accommodate forklifts to efficiently bring up goods from ground-floor loading areas. Asking rents are expected to reach as high as the low \$30s per square foot, nearly double what older warehouses in the area are asking according to reports.



130-24 South Conduit Avenue - Rendering



Bronx Development

Recently Sold Sites

780 East 135th Street aka 138-162 Willow Avenue (Mott Haven) – H. Holdings Group and Klosed Properties have purchased the 5-story, 84,650-square-foot warehouse for \$17.5 million (\$207 per square foot). A \$19.5 million financing package was provided by A10 Capital, LLC to close on the transaction; and included the consolidation of roughly \$9.476 million of existing unpaid principal with a new \$2.624 million gap mortgage, a \$6 million building loan, and a \$1.4 million project loan. New ownership is reportedly planning to launch an office conversion of the building that spans the entire Willow Avenue block-front between East 134th and 135th Streets. Sellers, a partnership of Bluestone Group, Altmark Capital and Princeton Holdings, had acquired the site in April 2016 for \$14.05 million (\$166 per square foot), but considerations of a creative office conversion or the creation of artists' lofts never moved forward.

Projects in Progress

2050 Grand Concourse (Mott Haven) – Bronx-based non-profit Unique People Services, Inc. has reportedly broken ground on the 13-story, 86,063-square-foot mixed-use development. The 135-foot-tall structure will host 96-units offering a mix of affordable and supportive housing for individuals with mental illness and HIV/AIDS spread across 27,468 square feet; and 36,403 square feet of commercial space reportedly designated for "comprehensive facilities for the formerly homeless to include low-cost medical services, vocational training and employment placement, transportation services, nutrition and general education services, home-making assistance, and mental health counseling. In addition, residential amenities to include a large community room equipped with a kitchen, a laundry facility, storage rooms, and (2) landscaped terraces; and will serve as the new headquarters for the developer. New construction will rise on the vacant 10,414-square-foot parcel on the corner of East Burnside Avenue that was purchased in April 2017 for \$5.3 million (\$62 per buildable-square-foot) from St. Barnabas Hospital, which previously acquired the site in January 2007 for \$4.85 million.



A total of roughly \$62.547 million in financing has been secured for the project, reportedly as part of the New York State Energy Research & Development Agency's (NYSERDA) **Building of Excellence Competition** from the New York State Finance Agency (HFA), the New York State Housing and Assistance Corp., the Local Initiatives Support Corp., as well as the project's sponsor Unique People according to city record documents. Reports also indicate that energy-efficient features incorporated into the building's design includes "high-performance exterior insulation, solar panels, high-efficiency HVAC systems, recycled building materials, low-flow plumbing fixtures, low-VOC paints, solvents, and adhesives, and Energy Star windows, lighting and appliances.

Bronx (cont'd)

Projects in Progress (cont'd)

533 Concord Avenue (Mott Haven) – Property owner Meshulem Twersky under the entity 533-531 Concord LLC reportedly filed new building applications for a 14-story, 71,926-square-foot mixed-use development. The 163-foot-tall structure will host 72 residential units spread across 51,349 square feet, 9,989 square feet of commercial space, and 2,009 square feet designated for community facility use. New construction will rise the former 2-parcel, 5,075-square-foot site between East 147th and 149th Streets acquired in December 2017 for \$1.45 million (\$20 per buildable-square-foot) according to city records. Demolition permits were previously secured in June 2018 for the existing 3-story, 6,792-square-foot warehouse.

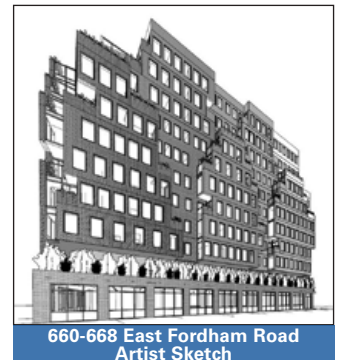
2455 3rd Avenue (Port Morris) – Artimus Construction filed new building applications in December for a pair of buildings reaching a linear height of 210-feet to be constructed on what appears to be a 9,718-square-foot and 7,015-square-foot portion of the 35,049-square-foot parcel that sits along the access to the 3rd Avenue Bridge and the Major Deegan Expressway. It is uncertain if the filings submitted a day apart from each other represent a corrected application; or if a 2-building project will be co-developed along with the property's longtime owner the Altmark Group. According to the Department of Buildings website the initial application details a 24-story, 135,440-square-foot mixed-use development that will host 139 residential units spread across 98,926 square feet, 2,723 square feet of commercial space, and 516 square feet designated for community facility use; while the second filing details a 23-story, 132,782-square-foot residential development that will host 135 residential units spread across 95,122 square feet.

1600 Macombs Road (Morris Heights) – Palladia Housing Corp, now operating under Services for the UnderServed (SUS) following a December 2014 merger, filed new building applications in February for a 14-story, 222,769-square-foot development. The 145-foot-tall structure that will host 244 housing units appears to be part of a 2-building project that upon full construction completion will total about 436,185 square feet; and host a mix of 250,591 square feet of residential space and 185,594 square feet of community facility space.

2501 Sedgwick Avenue (Fordham Manor) – SKF Development filed new building applications in December for a 7-story, 105,302-square-foot mixed-use development. The 65-foot-tall structure will host 121 residential units spread across 92,628 square feet of space and 415 square feet designated for community facility use. New construction will rise on the 25,757-square-foot block-through site originally comprised of (6) tax lots that were acquired between 2018 and 2019 for a combined total of \$6.975 million (\$66 per buildable-square-foot). A roughly \$4.011 million mortgage from Popular Bank as secured in May according to city records.

3054 Villa Avenue (Jerome Park) – New building applications were filed in January under the entity St. Philip Neri Apartments LLC for a 14-story, approximately 96,157-square-foot residential development that will host 101-units, and reach a linear height of 138-feet. It appears new construction will rise on a portion of the 44,717-square-foot T-shaped parcel that currently hosts a trio of buildings owned by the Roman Catholic Church of St. Philip Neri — 3021 Grand Concourse, 3064 and 3072 Villa Avenue; and adjacent to an elementary school operated by the religious organization at 3031-3057 Grand Concourse. The filing is the second to be submitted by St. Philip in the past (3) months, following permits filed in October for a 12-story, 71,402-square-foot residential development hosting 85-unit to be constructed on the parking lot located directly across the street at **3069 Villa Avenue**.

660-668 East Fordham Road (Belmont) – Shadi Development, LLC filed new building applications in December for an 11-story, 160,163-square-foot mixed-use development. The 115-foot-tall structure will host 145 residential units spread across 98,701 square feet and 498 square feet of commercial space. New construction will rise on the 5-parcel, 17,872-square-foot assemblage at Cambreleng Avenue, that was acquired through multiple transactions between 2008 and 2011 for a combined total of \$3.3 million (\$21 per buildable-square-foot) according to city records.



660-668 East Fordham Road
Artist Sketch

2080 Boston Road (West Farms) – Not-for-profit developer Phipps Houses and public housing non-profit Boston Tremont Housing Development Fund filed new building applications for a 16-story, 346,517-square-foot residential development. The 166-foot-tall structure will host 279-units spread across 320,948 square feet. Construction will rise on a 79,622-square-foot lot which currently hosts a 6-story, 200,529-square-foot residential building hosting 169-units. However, it is unclear if the new development will replace the existing building; or be an addition to the site bound by East 179th and 180th Streets.



La Central - Aerial Rendering

Bronx (cont'd)

Projects in Progress (cont'd)

La Central (Melrose) – New building applications were filed in February for the final (2) buildings of the 5-building complex being developed by the team of BRP Development Corporation, Hudson Companies, Common Ground (aka Breaking Ground), Comunilife, ELH Management, and the YMCA. Construction of the complex spreads along a nearly 2-block city-owned tract of land formerly known as the **Bronxchester Urban Renewal Site** bound by Bergen and Brook Avenues between East 149th and 153rd Streets.

The project being constructed in phases was reportedly introduced under the Bloomberg administration in 2013; and upon full construction completion as filed will include 1,076-units of mixed-income and supportive housing; 66,937 square feet of community facility space including a state-of-the-art YMCA facility; 44,070 square feet of commercial space; a public skate park; office space for **BronxNet** television studios; a rooftop telescope for the **Bronx High School of Science**; and close to 2-acres of private and public open space. The project participates in the New York State Energy Research and Development Authority (NYSERDA) and LEED for homes according to Hudson's website. Sustainability features will include 600,000 watts of solar panels to power co-generation, providing up to a 50% savings on energy and reducing reliance on the area's electric grid; and low-flow fixtures and water-efficient appliances in every apartment, cutting water consumptions by as much as 45%.

The latest filings include:

- **625 Brook Avenue** (Building C) – Hudson Companies filed plans for a 13-story, 157,500-square-foot mixed-use affordable housing development. The 124-foot-tall structure will host 166 residential units spread across 151,000 square feet and 6,500 square feet of community facility space. New construction will rise on the 21,747-square-foot parcel.
- **671 Brook Avenue** (Building E) – BRP Development filed plans for a 25-story, 254,900-square-foot mixed-use development. The 265-foot-tall structure will host 254 residential units spread across 241,000 square feet, 1,700 square feet of commercial space, and 12,200 square feet of community facility space. New construction will rise on the 31,785-square-foot parcel.

Buildings C and E will also include a skate park and a telescope on the rooftop of Building E to be remotely controlled by Bronx High School of Science.



La Central (cont'd)

Previously filed buildings include:

- 626 Bergen Avenue** (Building D) – Common Ground filed permits in June 2015 for the construction of 160-unit supportive housing development that the non-profit will operate as part of Phase 1 of the planned complex. The 9-story, 96,541-square-foot building that broke ground in July 2017 will set aside 96-units of supportive housing for formerly homeless veterans and people living with HIV/AIDS; and a 10,000-square-foot mental health and wellness clinic to be operated by health and housing service provider **Comunilife**. The estimated \$67 million development was funded through several city and state agencies according to reports.
- 556 Bergen Avenue** (Building A) – The 12-story, 297,603-square-foot mixed-use development filed in July 2015 will host 215 residential units spread across 232,803 square feet, 3,570 square feet of retail space, 37,697 square feet of community facility designated to house a **YMCA** facility, and a **GrowNYC** urban rooftop demonstration farm.
- 600 Bergen Avenue** (Building B) – The 13-story, 384,918-square-foot mixed-use development filed in July 2015 will host 281 residential units spread across 305,987 square feet and 28,337 square feet of commercial space, of which 10,000 square feet has been designated to house a studio and classroom space for **BronxNet**.



Building A - Base Rendering



Building D - Rendering



Building B - Rendering



Building E - Rendering

Bronx (cont'd)

Projects on the Horizon

50 East 153rd Street (Concourse) – Madding Equities and Joy Construction are reportedly “closing in on a deal” to build a proposed over \$1 billion development. As part of the project, the New York City Football Club (NYCFC) will be able to construct a privately-financed 25,000-seat stadium, bringing a closure to a reportedly 7-year search for the soccer franchise owned by the Yankees baseball organization and an investment group led by a royal member of Abu Dhabi. The new stadium will anchor the mixed-use development that will rise near NYCFC’s current home at Yankee Stadium. If city approvals are secured, the proposed development will be required to go through public hearings, a rezoning application, and decommissioning of the affected roadways, which will take several months. If plans proceed as proposed, in addition to the stadium the project will give rise to a mix of affordable housing, with as many as 3,000-units; a new school; retail and office space; a hotel and conference center focused on soccer and sports; and a park to be constructed across a 16-parcel, 20-acre assemblage running along River Road between East 149th and 157th Streets, primarily replacing several underutilized parking lots and industrial buildings.

Reports indicate that the stadium will be constructed on the majority of a 7-parcel, approximately 9-acre assemblage (396,650 square feet) roughly bound by River Avenue and the Major Deegan Expressway which is currently separated by East 153rd Street. GAL Manufacturing is the longtime owner of about 50% of the assemblage located on the west-side of East 153rd Street, a portion of which hosts the company’s single-story, 101,235-square-foot elevator parts factory; while the remaining 2-parcels host parking facilities that are controlled by Bronx Parking Development under a lease that commenced December 2007 and expires in December 2056 according to city record documents. To redevelop the site, a more than 900-foot stretch of East 153rd Street will need to be decommissioned; and an off ramp from the Major Deegan closed and repositioned as a pedestrian walkway to a new waterfront park.

Initial reports of the proposal had surfaced in 2018, inclusive of a site NYCFC’s owners had reportedly set their eyes on about 5-years prior; but negotiations with the city reportedly fell apart. The latest proposal reportedly emerged upon the Yankees Organization approaching Madding Equities with an offer to “scale back its requirement for thousands of parking spaces in the immediate area of Yankee Stadium, allowing the affordable housing developer to purchase them;” and thereby non-profit Bronx Parking, which was setup when the new Yankee Stadium was built and controlled by the city and a group of lenders, will reportedly be able to “get out from under crippling debt, a problem that has vexed the city for years.”

Madding Equities has already acquired one of the properties that make up the 9-parcel assemblage bound by River and Gerard Avenues between East 149th and 157th Streets designated for mixed-use development, having purchased the 98,973-square-foot parcel at **580 River Avenue** in July 2019 for \$42 million. In addition, the development team along with NYCFC has reportedly entered into contract to purchase the properties owned by GAL Manufacturing; and upon the deal closing, will “convey the property to the city, which would then lease the land back for the stadium.”

Although the proposal has yet to finalize any formal agreement, the developers and NYCFC are reportedly more optimistic of approvals being secured since they are working more closely with city and state officials; the proposal’s inclusion of much needed affordable housing; plans to relocate GAL’s factory to another site in the Bronx so that it will continue to employ its workers; and a path to help ease Bronx Parking’s debt burden.





Staten Island Development

Amazon Expands Footprint at Logistics Park

The e-commerce giant will be occupying a second building in the borough’s Bloomfield area at the 4-building **Matrix Global Logistics Park** that is nearing full construction completion, having reportedly secured a lease for a 450,000-square-foot warehouse at **566 Gulf Avenue**. The logistics center built on speculation specifically for e-commerce by Matrix Development Group will eventually offer approximately 3.5 million square feet of warehouse space spread across a nearly 200-acre industrial site at the foot of the Goethal’s Bridge, which at one time was reportedly considered ideal by city officials for an 80,000-seat NASCAR track. Construction is already underway for the final 975,000-square-foot building at **526 Gulf Avenue**; but has yet to secure a tenant. Amazon already occupies an 855,000-square-foot fulfillment center within the \$100 million, 975,000-square-foot building at **586 Gulf Avenue** leased in 2017 at an asking rent of \$11 per square foot to become the first tenant at the complex. While Amazon’s existing facility is reportedly dedicated to storing and sorting goods, the new space will be for last-mile deliveries. The project that is the largest new industrial site to be developed in New York City also attracted Sweden-based home furnishings retailer **Ikea**, which according to reports in early 2018 leased the entire 975,000-square-foot fulfillment center at **546 Gulf Avenue** under a 7-year term for the company’s online-ordering business that continues to grow.

At the time of the initial lease Amazon reportedly planned to hire 2,250 full-time workers, having been awarded \$18 million in tax breaks through New York State’s Excelsior Job Program in exchange for the creation of new jobs over 5-years and the promise to retain 866 jobs in the state during the same period. The employees at the currently operating facility work alongside robotic vehicles that reportedly “navigate around a warehouse using a series of computerized barcode stickers on the floor and can slide underneath stacked ‘pods’ of packages to pick them up” and bring to the workstation where an operator can perform the picking or storage work,” thereby eliminating the need for workers to travel “11 to 12 miles a day up and down aisle with carts to pick customer orders.”



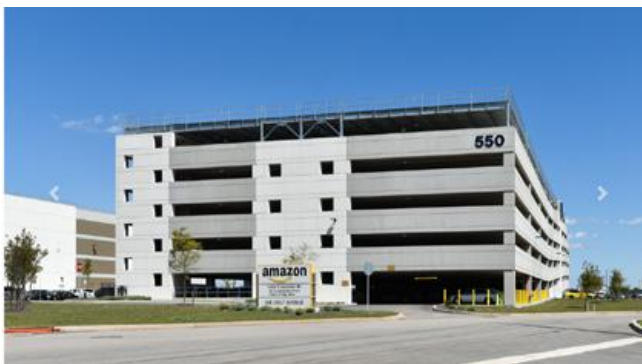


Matrix Global Logistics

Amazon Expands (cont'd)

Amazon continues to expand its warehouse facilities footprint as the company reportedly heightens its focus on executing one-day delivery, which comes at a hefty cost. The buildings it leases at the Matrix center are two of nearly 470 facilities the company reportedly operates in North America alone. According to the e-commerce giant's 2018 annual report, of the 158.384 million square feet of warehouse space Amazon lists, 153.917 million square feet is leased and the remaining 4.467 million square feet is owned, having significantly increased from the approximately 58 million square feet of distribution space leased and less than 1 million square feet owned in the U.S. reportedly listed in 2015 public filings. Reports indicate the Amazon's "strategy of leasing rather than buying massive amounts of warehouse space" allows it to be in more spaces, more quickly; makes a re-evaluation of needs every 10 to 15-years inherent; and "has cemented the new standard of how e-commerce companies structure supply chain networks." It was further pointed out by an Amazon spokesperson that "leasing space allows a company to keep costs down, enabling it to invest in other areas;" and described brick-and-mortar stores as a "kind of necessary evil," but it's at the heart of e-commerce giant's success.

Reports indicate that Walmart was one of the first retailers to begin selling off its holdings, while other private companies such as Home Depot and Target, as well as government agency the U.S. Postal Service have similarly begun to do the same. The rapidly changing supply chain has significantly contributed to the developing trend as companies reportedly seek to avoid being "tied into any one model or any one asset longer than they need to be." The growing shift away from ownership has reportedly attracted the interest of Institutional investors, which in recent years have increased investment in industrial property acquisitions, thereby driving the rising value of the asset class, resulting in average sale prices doubling over the past 10-years according to reports.



Building 550 - On-site parking garage



Warehouse Interior View



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