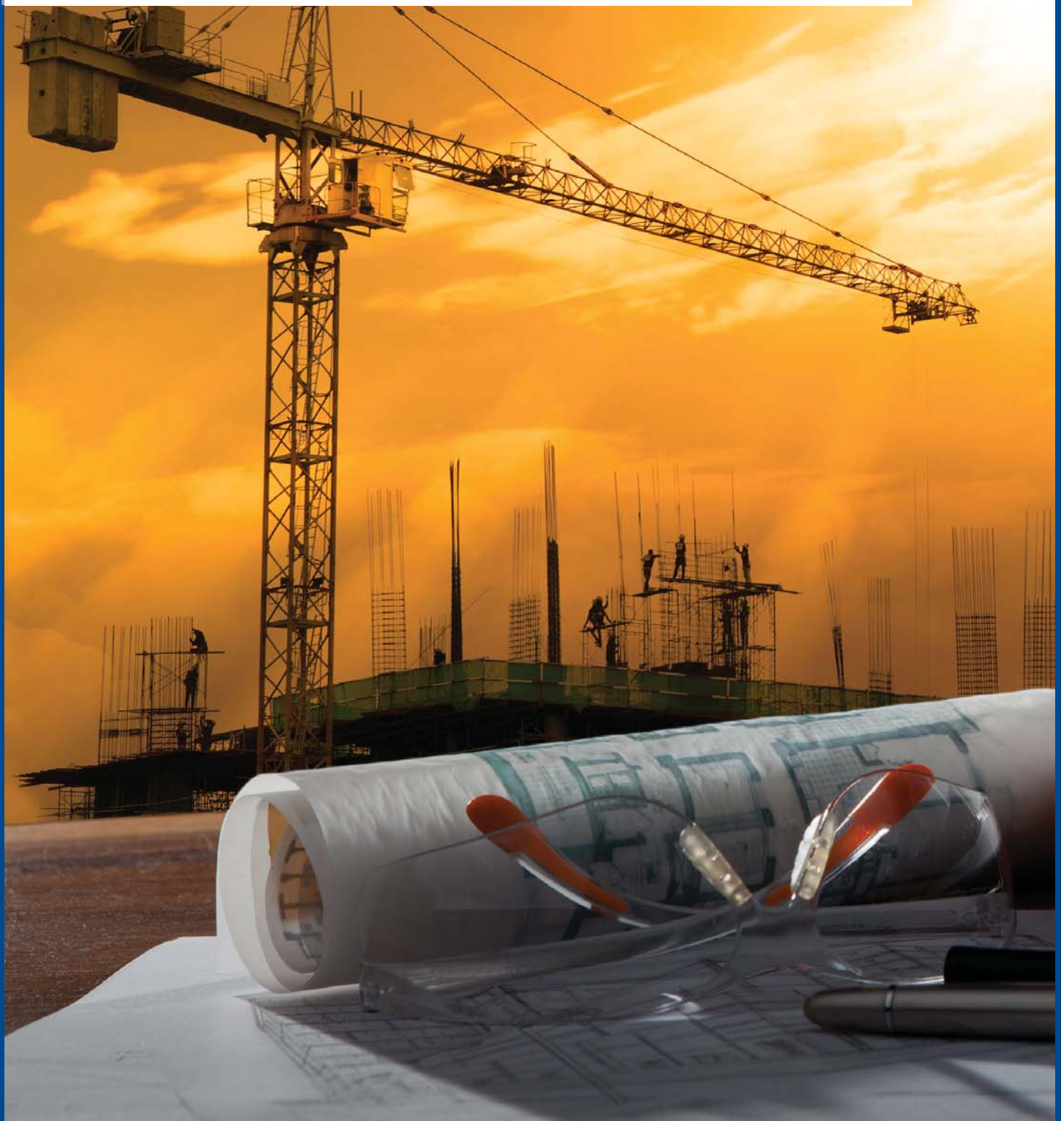




# Development News Highlights

## MANHATTAN - MID-4<sup>TH</sup> QUARTER 2019

### PLUS AN OUTER BOROUGH SNAPSHOT









# Climate Change Lab (cont'd)

Other than a 22-acre national monument on the island’s northwest edge that includes the 19th century stone fort known as **Castle Williams** which is overseen by the National Park Service, Governors Island is owned by New York City. A transfer of ownership to the state and city was made by the federal government in 2003, but 7-years later the state decided to bow out of its ownership role. A restriction stipulated upon ownership transfer by the Federal government that **precludes full-time residential uses** has required a rezoning of the parcels that are currently zoned for residential use. Opened to the public in 2014, the island whose naming reportedly dates back to 1784 functioned for military use as far back as 1624. In the early 1900’s excavated material from the city’s first subway line, the IRT Lexington Avenue Line was deposited on the south side of Governor’s Island adding 103-acres of flat, treeless land and bringing the total acreage to its present-day 172 acres.

Currently open from May through October, with the ultimate goal of being a year-round destination, the New York Harbor School and the Lower Manhattan Cultural Council’s (LMCC) Art Center are the only year-round tenants. The non-profit cultural community development organization **Spaceworks** to be housed in Building 301’s 22,560-square-foot space, and citizen science project **Billion Oyster Project** more recently joined the island’s tenant roster; while LMCC opened in September within its first permanent arts and culture center. Located near the waterfront on the north side of the island, LMCC had reportedly secured a 10-year lease with a 39-year renewal option in 2015 for the 40,000-square-foot former munitions warehouse at 110 Andes Road. Recently completing an approximately \$12 million renovation, the building now hosts a mix of artist studios and gallery spaces, a performance center, and the island’s first outdoor café; and in 2021 a long-planned **Italian day spa** will be opening in the adjacent building where construction is already underway.



Governors Island “South Island” Development Zones

# Looking Ahead (cont'd)

## Pilot Program ShareNYC to Introduce Co-Living Concept to Affordable Housing

A trio of accepted submissions in response to a request for proposals (RFP) released by the city's Department of Housing Preservation and Development (HPD) last year will result in the creation of co-living units designated for affordable housing. News of the winning development teams comes about one year following announced plans by New York City to enter the co-living market in a further effort to address the affordable housing crisis with the launch of the co-living program dubbed **ShareNYC**. According to reports at the time of the release of the RFP, developers will be able to seek public financing to create a more affordable version of the co-living model currently being developed in market-rate or above projects. Co-living units will likely range in size between 150 and 400 square feet per bedroom and include a common kitchen and living space, but they may or may not have private bathrooms.

Decisions by the city to launch ShareNYC were partially prompted by the fact that in addition to needing more affordable housing, less than half of available housing caters to one or two people households, which makes up about two-thirds of households in the city according to reported statements by an HPD spokesperson. In addition the range of proposals accepted are also intended to allow the HPD to explore how the shared housing model can work across a variety of building types found throughout the city.

- **L+M Development Partners / LIHC Investment Group** – L+M will lead the development on behalf of the joint venture that is teaming up with co-living operator **Common** on the 2-building, 253-bed project to be constructed in reportedly East Harlem. About two-thirds of the units will be designated affordable housing and reserved for tenants within a range of incomes; while the remainder of the units will be market-rate. The beds will spread across 56 shared housing units, with the “units in one building designed around a large central community room with a large kitchen, living room, and recreation area. The second building will offer a “more intimate shared housing scale with a mix of private and shared bathrooms. The project’s design will include a resilient, back-up power system that consists of a cogeneration unit, solar panels, and energy storage, dependent upon available funding incentives and financial feasibility” according the HPD’s press release.
- **Cypress Hills Local Development Corporation** – The East New York, Brooklyn-based non-profit is partnering with Atlanta, GA-based **PadSplit** to rehabilitate an existing 2-story, legal single-room occupancy (SRO) in the East New York neighborhood. Upon construction completion the building will include 11 housing opportunities. All existing tenants will be retained. As part of the project windows will be replaced to improve thermal performance, although the exterior of the building will be preserved to maintain the character of the neighborhood.
- **Ascendant Neighborhood Development** – The East Harlem-based affordable housing developer is teaming up with the operator of a community center for LGBTQ youth, **Ali Forney Center**, on the construction of the 10-story shared housing development that will create 36 housing opportunities in Manhattan’s East Harlem neighborhood. The new building will host a mix of (4) duplex shared units and (1) simplex unit. Reserved for low-income households, the units are “anticipated to be filled with referrals from the shelter system” according the HPD’s press release. Residents will also have access to onsite social services including the **Ali Forney Center Life Skills Programming and Life Coaching Retreats**. Project designs will include “a variant refrigerant flow heating system and cooling system, a green roof, and a rear yard with native plantings for resident use.”



L+M Development / LIHC Investment Group



Cypress Hills Local Development Corporation



Ascendant Neighborhood Development





## Looking Ahead (cont'd)

### Lower East Side Resiliency Plan Approved

A \$1.45 billion **East Side Coastal Resiliency (ESCR)** plan to protect the Lower East Side of Manhattan secured city council approvals in November. 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" according to an overview posted on a dedicated city website for the project. The span has been divided into (2) "Project Areas" to respond to very different urban challenges of each section — **Project Area 1** is a 1.5 mile stretch extending from Montgomery Street to East 13th Street that is characterized primarily by East River Park, and **Project Area 2** is a roughly 0.9-mile stretch comprised of the East 13th Street Con Edison Complex, Patrick J. Brown Walkway, Stuyvesant Cove Park and Asser Levy Park.

In 2014 design firm Bjarke Ingels Group (BIG) was selected to lead the estimated 5-year project along the Lower East Side. Dubbed the "**Big U**" in recognition of the company's name, BIG was the winning recipient of the Rebuild by Design contest. The federal government awarded \$335 million for the project as part of \$60 billion allocated for storm recovery funds, which must reportedly be spent by September 2022 or the city will lose the funding. The ESCR project represents the first phase of the total 10-mile stretch the city intends to fortify. It is unclear if an additional \$595 million commitment by the federal government to help finance future phases is still in place as indicated in earlier reports.

The city's Department of Design and Construction is planning to break ground in the spring of 2020, plans reportedly calling for the construction of an up to 13-foot-high flood barrier, the raising of parts of 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.



745 East 41st Street - Artist Sketch of Street Level View



275 Atlantic Avenue - Artist Sketch of Street Level View



126-02 82nd Avenue - Artist Sketch of Street Level View



124-125 White Street - Rendering of Street Level View

## Looking Ahead (cont'd)

### Initial Steps Taken for Construction of New Borough Jails to Replace Rikers Island

The city's Department of Design and Construction (DDC) reportedly met with more than 120 design and construction firms in mid-November to detail its plans for the (4) "borough-based" jails to be constructed as part of an effort to close Rikers Island. In early September the plan to build jails in specified locations in Lower Manhattan, the South Bronx, Central Queens and Downtown Brooklyn were approved by the City Planning Commission; and in mid-October the plan cleared the final hurdle upon the city council voting in favor of Mayor de Blasio's \$9 billion proposal, despite protests from local residents and city officials.

In early 2020 the first (2) requests for proposals (RFP) will be released by the DDC for (7) design-build contracts according to reports; and in the spring of 2020 RFPs for the Manhattan and Bronx jails will be released. The first (2) related projects reportedly include a "parking garage for the Queens jails and building demolition and construction of swing space at the Brooklyn site," but contracts for the full Queens and Brooklyn jails are not expected to be released until the spring of 2021.

According to reports, the operation of Rikers Island will wind down over the next 7-years, and be replaced by the planned smaller facilities. However the plan hinges upon the ability of the city to reduce its jailed population to 4,000 by 2026, representing an approximately 57% reduction of the reportedly about 9,400 people average in 2017.

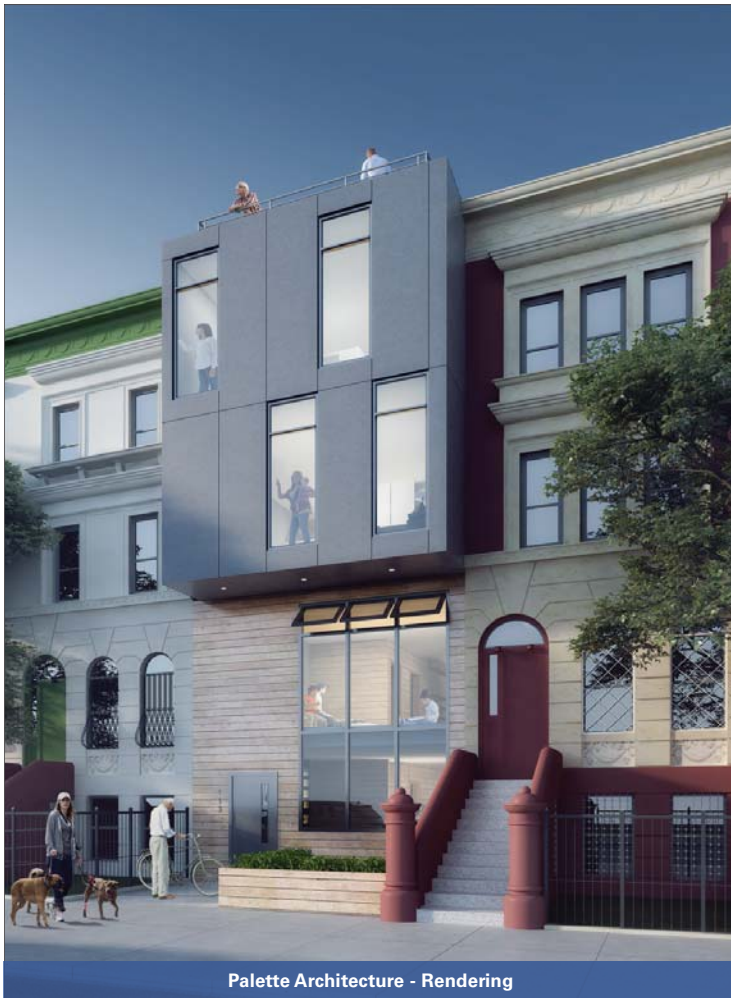
As initially proposed, all the new facilities will host 1,510 beds for people in detention; and project designs are intended to create clear lines of sight for corrections officers; and offer a better quality of life for inmates by adding more open space in "housing units" (aka cell blocks), allowing more daylight into cells, and provide support and community facility spaces. The NYC Department of Correction's **Final Environmental Impact Statement** (EIS) provided a detailed breakdown of each project.



# New Borough Jails to Replace Rikers Island (cont'd)

Borough	Manhattan	Brooklyn	Queens	Bronx
Location	124-125 White Street	275 Atlantic Avenue	126-02 82nd Avenue	745 East 141st Street
Detention Housing	825,000 gsf	800,000 gsf	780,000 gsf	775,000 gsf
Support Services	365,000 gsf	290,000 gsf	323,000 gsf	345,000 gsf
Community Facility and/or Retail	20,000 gsf	30,000 gsf	25,000 gsf (community)	40,000 gsf (east portion) 31,000 gsf (west portion)
Court/Court Related Facilities	0	0	0	10,000 gsf
Parking	125 (accessory)	292 (accessory)	605 (accessory) 676 (public)	575 (accessory)
Residential Use	0	0	0	178,025 gsf (+/- 235-units)
Maximum Zoning Height	450 Linear Feet	395 Linear Feet	270 Linear Feet	245 Linear Feet

- 745 East 41st Street aka 320 Concord Avenue** (Mott Haven) – The 183,400-square-foot site of an existing NYPD Bronx Tow Pound, that will be relocated to a yet-to-determined site prior to construction completion, will be utilized as follows:
  - Eastern portion to be redeveloped into an approximately 1.17 million-square-foot facility.
  - Western portion of the site would be rezoned to allow for a broad mix of uses including residential, commercial and manufacturing intended to facilitate a future development of the site which would fall under the city's mandatory inclusionary housing (MIH) program. Although there are no proposed development plans in place yet, the area can accommodate an up to 145-foot-tall structure of approximately 209,025 square feet to host about 31,000 square feet of ground level retail space and 235 residential units, which were assumed to be 100% affordable for the purposes of the EIS.
- 275 Atlantic Avenue** (Downtown Brooklyn) – The existing 815-bed Brooklyn Detention Complex, that is connected to the Brooklyn Central Courts Building at 120 Schermerhorn Street via an existing tunnel below State Street, will be redeveloped into a new approximately 1.12 million-square-foot detention facility.
- 126-02 82nd Avenue / 80-25 126th Street** (Kew Gardens) – The existing 209,000-square-foot Queens Detention Complex, which is connected to the Queens County Criminal Court Building, and the 302-space Queens Borough Hall Municipal Parking Field will be redeveloped into a proposed 1.103 million square-foot detention facility. Nursery and maternity ward services, and dialysis treatment services that will serve the entire proposed borough-based jail system to be included in the new facility, as well as a centralized facility for all women in detention.
- 124-125 White Street** (Chinatown/Civic Center) – The Manhattan Detention Complex (MDC) totaling 435,000 gross square feet currently occupies the site; and consists of a 14-story **North Tower** and 21-story **South Tower** that are connected by an aerial walkway, with ground floor retail space at the base of the North Tower. The complex is connected to the Manhattan Criminal Court at 100 Centre Street by (2) bridges and a tunnel at the cellar level. Redevelopment of the site will give rise to a new detention facility containing approximately 1.21 million gross square feet. Originally the proposal had designated **80 Centre Street** (City Hall/Civic Center) for the new jail, but reportedly due to an issue of relocating existing office tenants, the plan to build a 40-story jail on top of the existing 9-story, 640,000-square-foot structure was abandoned.



Palette Architecture - Rendering



Only If - Rendering



Palette Architecture - Interior Rendering

## Looking Ahead (cont'd)

### HPD Selects Finalists for its “Big Ideas for Small Lots Design” Competition

The New York City Department of Housing and Preservation in collaboration with the American Institute of Architects, New York Chapter (AIA New York) have reportedly selected the plans of (5) finalists among the architect-led design teams. The **Big Ideas for Small Lots Design** competition launched early this year reportedly attracted 400 housing design submissions for the pilot site at **113 West 136th Street**. The vacant 1,665-square-foot, 17x100-foot in-line lot sandwiched between a pair of townhouses is located between Lenox Avenue and Adam Clayton Powell Boulevard. Cost-saving elements adopted by most of the finalists included the elimination of complex systems like an elevator, as well as the use of prefabricated elements.

Submissions were required to demonstrate adaptability to a variety of site typologies including:

- Interior lots that accommodate attached buildings;
- Corner lots that accommodate attached buildings;
- Interior lots, through lots, or corner lots that accommodate detached, semi-detached, or zero lot line buildings; and
- Shallow interior lots that accommodate attached buildings.

The competition was prompted in support of Mayor de Blasio’s November 2017 announced **Housing New York 2.0** plan which established the goal to build or preserve 300,000 affordable homes by 2026. Although HPD has “aggressively moved through its inventory of vacant and underutilized city-owned land to create more affordable housing, some of the remaining inventory includes lots that are challenging to develop due to their small size.” In addition to the designated site, HPD has identified a total of 22 additional parcels ranging in size from 663 square feet to 4,000 square feet —(5) in Upper Manhattan, (3) in the Bronx, (6) in Brooklyn, (2) in Queens, and (6) in Staten Island.



# Big Ideas for Small Lots Design (cont'd)

- **Mass Green Living** – The design by the team of Anawan/101 and Kane AUD reveals individual units with open, through-floor layouts to provide cross ventilation and maximum natural lighting. The ground level has been described as an “Urban Garage,” creating a public extension of each apartment that is shared by everyone for simple tasks and social activities. In addition, front and rear exterior gardens in the apartments supply planting space and solar shading.
- **Greenfill Housing as Garden** – Michael Sorkin Studio’s design features small loft-style individual units, augmented by shared spaces including a ground floor co-working, studio, or meeting room, a congenial roof-top, and a small “hotel” room for guests.
- **Fold and Stack** – The proposal by OBJ features double-height units, thereby bringing more of the unit to the exterior of the site to allow for greater access to natural light and ventilation. The design creates (2) structures connected by a central courtyard stair, allowing each unit to have a balcony facing the interior courtyard. In addition garden areas have been created on the structure’s rooftops.
- **System for Narrow Living** – The 7-unit development designed by Only If includes a mix of unit sizes ranging from a micro-studio with a front stoop, to studios and loft studios, to a one and two-bedroom unit.
- **More with Less** – Palette Architecture’s design offers a co-living style development with common kitchens, un-programmed flex spaces, exterior spaces, and semi-private interior terraces. Common outdoor space is created in the rear of the building as well as on the rooftop.

Looking ahead, reports indicate that current city regulations “prohibit development on sites narrower than 18-feet, unless the owner can show that the lot was owned ‘separately and individually from adjoining lots’ on December 15, 1961, when the zoning resolution was first adopted, and at present;” and “if conditions are met, development is limited to a traditional townhouse with a maximum of (2) dwelling units.” Among the finalist submissions, (4) create more than (2) units and would reportedly require a zoning variance from the city’s Board of Standards and Appeals (BSA) — an application process that can extend for a year or more with no guarantee of success.



OBJ - Exterior and Interior Renderings



Anawan/101 and Kane AUD - Rendering



Michael Sorkin Studio - Rendering

# Looking Ahead (cont'd)

## Mandatory Inclusionary Housing Program 3-Years Later

Considered to be a key component of Mayor de Blasio's **Housing New York** 10-year plan upon the zoning text amendment being approved by the city council in 2016, a recent report takes a look at the **Mandatory Inclusionary Housing** (MIH) program as its impact has begun to be seen citywide. As a result of the text amendment, developments on sites that have been awarded a zoning change through land use actions are required to designate at least 25% of the total residential units for affordable housing. While a review of development activity seems to indicate that the program is delivering in some neighborhoods; it may be falling short in others. According to reported data, "as of August 15, 2019, city records show approximately 40 new developments underway that will see at least 25% of residential floor area allocated for permanently affordable housing." It has been further estimated, based on available information, that "these projects total approximately 7.3 million square feet of new construction" of which "approximately 53% is under construction in the Bronx, 19% is in Brooklyn, 12% is in Northern Manhattan, 10% is in Queens, and 6% is in Manhattan."

- **Bronx** – MIH projects are broadly dispersed, extending throughout the borough to neighborhoods including Hunts Point, Longwood, Concourse Village, and East Tremont
- **Brooklyn** – The neighborhoods of Cypress Hills, Brownsville, and East New York, where a rezoning was approved in April 2016, account for the vast majority of the MIH projects under construction in the borough.
- **Northern Manhattan** – A pair of large-scale developments reportedly account for the majority of the MIH projects in the area — **Sendero Verde**, a 2-building affordable mixed-use project in East Harlem at 1681 Madison Avenue and 60 East 112th Street being constructed in phases will create 699 affordable units; and **Lexington Gardens II**, a 400-unit Section 8 housing project being constructed at 127 East 107th Street and 1465 Park Avenue. Looking ahead, although yet to be added to the count, **One East Harlem** at 201 East 125th Street will add 404 housing units as part of the first phase of the large mixed-use development dubbed **E125** (formerly East Harlem Media, Entertainment and Cultural Center) that was conceived under the Bloomberg administration; and **121 East 125th Street**, a 171-unit affordable housing project being constructed on a portion of the state-owned site.
- **Queens** – Although no major rezoning initiative has been passed in the borough, projects such as **One Flushing**, which has added 232 housing units at 133-55 41st Avenue, Flushing; and Phipps Houses **Far Rockaway Village** development, which will deliver 457 housing units spread across (2) buildings as part of the first phase of construction of the trio of mixed-use developments that will host a total of 688-units under the addresses 1725, 1720 and 1701 Village Lane.

It has been further indicated that a "significant proportion of these new developments have originated from city agency land transfers, public-private partnerships, or from individual "spot-rezoning" initiatives. Moving forward it has been suggested that in order to maximize the potential of the MIH program within the private sector these rezoning initiatives, which recent sales data reportedly indicates have been strong catalysts for private investment, "must lead private owners of underbuilt properties to either take on the risk of construction themselves or transact with the risk-tolerant developers through sales, ground leases or joint ventures." Rezoning initiatives in the Bronx, neighborhoods in eastern Brooklyn, and the Far Rockaway have generated greater market response, reportedly accounting for 82% of transactions that took place post-rezoning; and although the proposed rezoning of Brooklyn's Gowan neighborhood is still being reviewed, the area has already seen an uptick in transactions.

In contrast, the neighborhoods of East Harlem and Inwood, which were rezoned in November 2017 and 2018 respectively, have reportedly yet to spark any development site transactions subject to MIH trade, although properties without MIH requirements "continue to sell throughout Northern Manhattan at relatively consistent prices." Likely contributing to the lack of MIH trades is that in the Bronx and Eastern Brooklyn, "owners are seeing their property values climb because they have more density and the price per buildable-square-foot is roughly the same for affordable development sites, whether or not there is a MIH requirement;" while in "East Harlem and Inwood rezoning initiatives with MIH are reportedly driving minimal, if any, appreciation to total development site prices," with some industry people finding "many owners choosing to hold versus transact today, opting for longer term appreciation as others develop."



# New York Building Congress: 2019-2021 Construction Outlook

New York City is in its second and most robust building boom of the 21st century; and investment and employment are at their highest levels in history according to the report released in October by NYBC.

- **Construction spending** is forecast to reach \$61.5 billion by the end of 2019, representing a 10% year-over-year increase. Looking ahead NYBC expects construction spending to increase to \$65.9 billion in 2020, while lowering to \$62.1 billion in 2021.
- **Employment** is on track to increase for the 8th consecutive year to just over 161,000 jobs by the end of 2019. Over the next 2-years, job numbers are forecast to total 157,200 in 2020 and a moderately lower 153,600 in 2021. The 3-year average of job numbers from 2019 through 2021 is 4,900 jobs higher than that of the previous 3-year average.
- **Floorspace** built in 2019 is projected to total 103.3 million gross square feet, almost evenly split between non-residential and residential construction, representing a 28% year-over-year increase and the largest amount since at least 1995, when reliable data became available. Although forecast totals for built floorspace in 2020 and 2021 will lower respectively to an estimated 79.1 million and 73.9 million gross square feet, the totals will exceed the previous 10-year average of 52.8 million gross square feet.
- **Non-Residential** (includes office space, institutional development, sports & Entertainments venues and hotels) construction spending is on track to reach \$21.2 billion this year, up nearly 4% year-over-year. Dollar volume in 2020 is forecast to increase to \$23.8 billion, and lower to \$21.2 billion in 2021. Non-residential construction added 51.2 million gross square feet — a record high. In 2020 and 2021 the pace of added floorspace will slow, NYBC projects totals of 34.1 million and 28.9 million gross square feet respectively.
- **Residential** construction spending, which includes new construction, as well as alterations and renovations (A&R) to existing buildings, is anticipated to reach \$19.7 billion — up about 14% year-over-year. Over the next 2-years, construction spending is projected to slow, totals lowering to \$17.6 billion and \$18.1 billion in 2020 and 2021. In 2019 floorspace will increase by a projected 52.1 million gross square feet, and level out in 2020 and 2021 to 45 million gross square feet each year. Between 2019 and 2021 the amount of new housing starts is forecast to create nearly 90,000-units; and while the 30,000-units average is down from the peak 34,800-units in 2015, it is 3,300-units above the average of the past 5-years.
- **Government** construction spending has increased each year since 2016, a trend that is predicted to continue through 2020. Public works projects, which includes investments in mass transit, roads, bridges and other essential infrastructure, is on track to account for \$20.6 billion this year, representing a roughly 13% year-over-year increase. In 2020, a total of \$24.5 billion is forecast, with a lowering to \$22.8 billion in 2021.

## Public Sector Growth

- **City of New York** – After years of declining investment, infrastructure spending citywide is forecast to reach \$9.3 billion in 2019, up roughly 13% year-over-year; and if the forecast is achieved, will be the first time since 2007 that the figure exceeds \$9 billion. Looking ahead the trend is predicted to continue, NYBC anticipates totals to increase to \$10.7 billion and \$11.8 billion in 2020 and 2021 respectively, representing the highest-ever spending totals for the city's capital projects if the totals forecasted are reached.
- **Metropolitan Transportation Authority** – Citywide construction spending is forecast to reach \$8 billion, up nearly 10% year-over-year. The trend is predicted to continue into 2020 with a forecast of \$8.9 billion; while reversing in 2021 when the figure is projected to drop to \$6.1 billion. However over the 3-year period, the \$23 billion construction spending total, if reached, would be \$6.8 billion more than the previous 3-year period of 2016 to 2018.
- **Port Authority of New York & New Jersey** – The bi-state agency is expected to invest \$2.1 billion in New York City capital projects in 2019, representing a roughly 24% year-over-year increase of the \$1.7 billion invested in 2018. Over the next 2-years, NYBC forecast a significant increase to \$3.5 billion per year. Work at JFK and LaGuardia airport, including the planned LaGuardia AirTrain will account for a considerable portion of PANYNJ's capital project investments in 2020 and 2021.
- **Public Works** – Agencies on the state and federal levels will undertake the projects that are forecast to reach a total investment of \$1.2 billion in 2019. These agencies, including the Dormitory Authority of the State of New York, the New York State Department of Transportation, and the U.S. Army Corps of Engineers, are expected to increase construction spending in 2020 and 2021 to \$1.3 billion and \$1.4 billion respectively.



## Development Activity

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### Warehouse and Distribution Facility Investment Showing no Signs of Slowing Down

The increasing shift in preference by consumers to shop online with the growing expectation of fast delivery, versus heading to the local store, continues to fuel investor interest in the industrial real estate sector as a growing number of retailers move their supply chains closer to customers in urban markets where supply of last-mile warehouse space is limited. New York-based private equity firm the **Blackstone Group** made headlines in June following its reported acquisition of a roughly 1,300 warehouse portfolio spanning 179 million square feet across at least (9) states for \$18.7 billion (an average of \$104 per square foot). Many of the buildings within the portfolio sold by Singapore-based GLP “lie in urban zones where it’s tricky for newcomers to build competing assets” according to reports. In September Blackstone further increased its market share in the sector, reportedly agreeing to a \$5.9 billion purchase from Colony Industrial, the warehouse unit of Colony Capital, of a 465 building portfolio spread across 26 U.S. markets. The light industrial package reportedly offers about 60 million square feet of warehouse space primarily serving as last mile logistics space.

According to reported data, industrial space nationwide had a 7% availability rate and a 4.3% vacancy rate at the end of the 1st quarter of 2019, representing the lowest availability rate since the 4th quarter of 2000 and the lowest vacancy rate since at least 2002. The data further revealed that demand could continue to rise, as the new supply of 33.2 million square feet of industrial space in the U.S. in the 1st quarter represented a 20.5% decline year-over-year; while asking rents for industrial space have reportedly risen steadily since 2011 to an average high of \$6.31 per square foot in 2018.

Closer to home, industrial vacancy rates in New York City’s outer boroughs were relatively low at the end of the 2nd quarter, reported data indicating rates of 5% in Brooklyn at the low, where average asking rents are about \$20 per square foot, followed by 5.8% and 6.1% in the Bronx and Queens; while in Staten Island vacancy within the market was a higher 10.3%. It was further pointed out that of the reportedly citywide 2.5 million square feet of industrial space leased overall in 2018, 95% of the deals involved e-commerce and logistics tenants.

Some industry people raise concern of a potential oversupply in markets where land is cheaper and more readily available amid a limited supply of tenants willing to pay the price per square foot being sought. However in New York City where there are strict spatial restraints and zoning laws limiting the number of places where warehouses can be built, as well as the loss of industrial development in several parts of the city “once geared toward industrial development” that have since been taken over by residential projects,” the concern of an oversupply is less.



## Warehouse and Distribution Facility Investment (cont'd)

**Recent Acquisitions:** It is anticipated that the June 14 passage of the rent regulation reforms by the state may spur a shift in investment away from the multifamily market, which has become less attractive as a result, potentially boosting investor interest in the industrial market.

- 20-parcel Portfolio** (Jamaica, Queens) – The Blackstone Group acquired the portfolio located near JFK Airport from Boston-based TA Realty for a combined total of roughly \$128.467 million according to city records. The transaction was financed by \$83.03 million in loans from insurance lender NY Life. The package includes a mix of 12 industrial properties totaling 494,409 square feet, 7 parking facilities offering 48,980 square feet of M-1 zoned land area, and a 4,000-square-foot mixed-use building. The purchase is part of a larger 68 property package of other TA-owned industrial properties spread across several states according to reports. The buildings reportedly range in size from 6,000 to almost 100,000 square feet, and last traded in November 2012 as part of an 18-building package according to city records.

In addition the assignment of a ground lease for **155-02 146th Avenue** was secured for \$1.233 million. The 112,466-square-foot parking facility is encumbered by a 19,083-square-foot easement for the benefit of NYS Department of Transportation (NYSDOT) according to details. Initially issued in 2013, the 49-year leasehold that includes (2) 10-year renewal options was acquired by Prologis, L.P. from the New York City Land Development Corp. for roughly \$1.275 million; and in August 2019 TA Realty secured the assignment, flipping it to Blackstone Group.

Location	Sq. Ftge.	Price	Financing NY Life	Location	Sq. Ftge.	Price	Financing NY Life		
182-09 149th Road	45,925	\$56,982,246 (\$206 psf)	\$38,193,800	145-07 156th Street	5,650	\$48,602,978 (\$277 psf)	\$31,551,400		
N/A Guy R Brewer Blvd*	9,300			145-20 157th Street	62,000				
149-39 Guy Brewer Blvd.	14,100			145-45 156th Street	35,751				
179-15 149th Road	16,000			154-06 145th Street	45,400				
149-28 182nd Street*	10,000			156-15 146th Avenue	26,434				
N/A 149th Road*	10,000			149-40 182nd Street	20,800	\$23,181,318 (\$231 psf)	\$13,284,800		
N/A 155th Street*	5,000			179-02 150th Avenue	71,688				
N/A 148th Avenue*	4,000			179-11 150th Road*	3,680				
144-01 157th Street	57,811			150-19 Guy R Brewer Blvd**	4,000				
149-22 182nd Street*	12,000					<b>Totals - Warehouse</b>	<b>494,409</b>	<b>\$128,466,551 (\$235 psf)</b>	<b>\$83,030,000</b>
182-16 150th Road	92,850					<b>- Parking</b>	<b>48,980</b>		
*Parking / **Mixed-use				<b>- Mixed-use</b>	<b>4,000</b>				
155-02 146th Avenue	112,466	\$1,233,450	Assignment of Leasehold - 112,466 SF parking lot						

- 1080 Leggett Avenue** (Hunts Point, Bronx) – Blumenfeld Development Group and Goldman Sachs Asset Management purchased the single-story, 140,348-square-foot warehouse for \$38.5 million (\$274 per square foot) in May from Advantage Wholesale Supply. The 209,700-square-foot parcel includes 84,000 square feet of additional land. The property last traded in 2012 for \$15.75 million (\$112 per square foot). New ownership reportedly plans to use the warehouse for last-mile distribution.
- 1601 Bronxdale Avenue** (Parkchester, Bronx) – Himmel + Meringoff Properties and Square Mile Capital Management purchased the 2-story, 356,353-square-foot warehouse for \$89 million (\$250 per square foot) in May. The building is currently fully leased primarily to automobile-parts retailer Parts Authority, as well as fitness chain New York Sports Club and Con Edison according to reports. The purchase is reportedly part of an effort by the newly created joint venture to capitalize on surging demand for e-commerce fulfillment centers throughout the city's outer boroughs.
- 554 Cozine Avenue / 578 Cozine Avenue** (East New York, Brooklyn) – Storage company Madison Development plans to demolish the existing single-story warehouses on the non-adjacent properties to make way for new last-mile distribution facilities. Each full block site offers about 97,000 square feet of land area; and were acquired in April 2018 for \$25.3 million.

# Warehouse and Distribution Facility Investment (cont'd)

- **83-15 24th Avenue** (East Elmhurst, Queens) – The Blackstone Group purchased the 2-story, 118,312-square-foot industrial property in February (2019) for \$55.525 million (\$469 per square foot) from Steel Equities, last trading in 2010 for \$22.68 million (\$192 per square foot). The building is occupied by FedEx Ground according to reports.
- **66-31 Otto Road / 66-35 Otto Road / 67-25 Otto Road** (Ridgewood, Queens) – Englewood, NJ-based Sitex Group acquired the trio of adjacent industrial properties offering a combined total of 235,500 square feet in January for \$36 million. Future plans for the properties were not announced. (BL: 3667-579, 578, 576) Other activity by Sitex over the last few years includes the \$105 million purchase of the 6-parcel industrial site in Brooklyn's Red Hook neighborhood in May 2017. The site formerly known as Red Hook Innovation Studios was subsequently leased in its entirety to the United Parcel Service (UPS), which in December 2018 was purchased by the package carrier for \$303 million after opting to exercise its purchase option. The 494,562 square feet (about 11.35 acres) of land area hosted roughly 347,600 square feet of existing space spread across multiple buildings, but offered the potential for construction of a new distribution center up to 1.2 million buildable square feet according to reports.
- **48-39 35th Street / 48-49 35th Street** (Long Island City, Queens) – North River Company purchased the 3-story, 256,000-square-foot warehouse plus adjacent 24,750-square-foot parking lot for \$72 million (\$281 per square foot) in December (2018), paying nearly 29% above the \$54.99 million (\$215 per square foot) sellers Metropolitan Realty Associates and TH Real Estate paid less than 2-years prior in February 2017; however is must be noted that the deal was completed about one month before Amazon's withdrawal of its HQ2 plans in the neighborhood.
- **6-Building Industrial Portfolio** (Jamaica, Queens) – Seagis Property Group acquired properties located near JFK Airport for \$16.8 million (\$245 per square foot) offering a combined total of 68,496 square feet.

Location	Sq. Ftge.	Location	Sq. Ftge.	Location	Sq. Ftge.
167-25 Rockaway Blvd.	24,000	175-52 148th Road	9,550	144-37 156th Street	13,500
145-03 156th Street	4,500	179-14 149th Road	10,196	144-45 156th Street	6,750

Other acquisitions by Seagis over the last few years include:

- **57-00 49th Place** (Maspeth, Queens) –The 2-story, 66,900-square-foot warehouse was acquired for \$23 million (\$344 per square foot) in December, with to reportedly invest an additional \$2 million in renovations to the building.(BL: 2602-190)
- **3-Building East New York Portfolio** (East New York, Brooklyn) –The trio of vacant properties offer a combined total of 135,000 square feet; and attracted a combined sale price of roughly \$31 million in August 2017.
  - 931 Stanley Avenue –The 2-story, 22,000-square-foot warehouse sold for roughly \$5.097 million (\$232 per square foot);
  - 1010 Stanley Avenue –The single-story, 42,500-square-foot warehouse sold for \$9.65 million (\$227 per square foot); and
  - 1970 Pitkin Avenue –The single-story, 70,000-square-foot warehouse sold for \$16.2 million (\$231 per square foot).
- **Innovo Property Group:**
  - 23-30 Borden Avenue (Long Island City, Queens) –The \$75 million (\$413 per square foot) purchase was completed in January of the 181,674-square-foot industrial building that formerly served as the home of grocery home delivery provider FreshDirect prior to relocating to its new headquarters in the Bronx. Initially introduced to the market in January 2018, the sale fetched a price that was about 32% lower than the reported \$110 million asking price. The property reportedly includes 175,000 square feet of air rights plus a 6,000-square-foot LED sign, having last traded in 2016 for \$48 million (\$264 per square foot) according to city records.
  - 58-30 Grand Avenue (Maspeth, Queens) – The \$39 million (\$257 per square foot) acquisition closed in October 2018 on the 3-story, 151,500-square-foot warehouse, attracting a price about 13% below the reported \$45 million asking price when introduced to the market in May 2018.



# Warehouse and Distribution Facility Investment (cont'd)

Some other companies investing in the industrial real estate sector include:

- Madison Realty Capital acquired the 615,000-square-foot warehouse complex at 184-10 and 184-60 Jamaica Avenue in Jamaica, Queens in 2017 for \$78 million (\$127 per square foot);
- ASB Real Estate Investments and 60 Guilders purchased the 187,465-square-foot warehouse at 5112 2nd Avenue in Sunset Park, Brooklyn for \$47 million (\$251 per square foot in 2017. The building currently serves as a storage facility by the New York City Board of Elections under a lease that reportedly has about 10 years of term remaining; and
- San Francisco-based logistics real estate investment trust Prologis acquired the pair of 205,409-square-foot condominium units at 1055 Bronx River Avenue in Soundview, Bronx for roughly \$28.3 million (\$138 per rentable square foot) in 2017. Formerly serving as ABC Carpet's headquarters, in April 2018 Walmart-owned Jet.com leased the entire space under a term extending through June 30, 2023 plus (2) renewal terms of 5-years each per city record documents.

Development:

- **2505 Bruckner Boulevard** (Schuylerville, Bronx) – New building applications were approved in August for a 2-story, 798,156-square-foot commercial distribution center. The development being constructed by Innovo Property Group and Square Mile Capital replaces the former 14-screen, 71,452-square-foot **Whitestone Multiplex Cinemas**. The 829,300-square-foot parcel located along Westchester Creek next to a major intersection with access to (3) major expressways was acquired last year from Extell Development for \$75 million.
- **DH Property Holdings:**
  - 75-81 20th Street (Sunset Park, Brooklyn) – A 4-story, up to 1.3 million-square-foot distribution center is planned for the roughly 16.21-acre waterfront property located along the mouth of the Gowanus Canal. DHPH, along with Chicago-based Bridge Development Partners and Banner Oak Capital Partners acquired the 4-parcel assemblage through (2) transactions for a combined total of \$255 million (\$196 per buildable-square-foot) in January.
  - 537-555 Columbia Street (Red Hook, Brooklyn) – New building applications were approved in July for the developer's planned 95,786-square-foot industrial building. DHPH reportedly hopes to attract retailers "looking to expand their e-commerce supply chain platforms and third-party logistics companies" according to reports last year. The planned facility will feature 36-foot ceiling heights, 54-foot by 54-foot column spacing, one loading dock for every 3,500 square feet, and floor loads in excess of 700 pounds" according to reported statements by a DHPH spokesperson.
  - 640 Columbia Street (Red Hook, Brooklyn) – New building applications were approved in June for a 3-story, 478,268-square-foot development intended to serve as an e-commerce distribution center. New construction will rise on the 4.04-acre site acquired in February 2018 for \$47.5 million (\$99 per buildable-square-foot), having last traded in 2012 for \$21 million according to city records. Decisions to build vertical versus the typical warehouse development that spreads horizontal were prompted by the increased importance for logistics companies to be within the city's limits for "last-mile" deliveries and the city's shortage of land. The first 2-levels of the planned development boast 28-foot ceiling heights; and will include 130-foot truck courts able to accommodate full-size tractor trailers. In addition, 33 loading docks and an attached parking deck will be created.
- **54-15 Grand Avenue / 55-15 Grand Avenue / 56-19 Grand Avenue** (Maspeth, Queens) – Although applications have yet to be filed LBA Realty, reportedly in partnership with RXR Realty, plans to construct a 4-level warehouse that could be as large as 770,000 square feet. Final details of the project are pending release, but a reported industry source noted that the 3-parcel, 384,695-square-foot assemblage acquired for \$72 million in January 2018 offers an ideal location for a logistics facility to accommodate last-mile distribution services.
- **26-15 Brooklyn Queens Expressway** (Sunnyside/Woodside, Queens) – San Francisco-based Terreno Realty Corp. secured approvals from the city to convert the single-story, 92,344-square-foot warehouse into an Amazon fulfillment center at a cost of \$5.6 million, establishing the e-commerce giant's first distribution center in the borough according to reports at the time. The publicly-traded real estate investment firm had acquired the property in March 2018 for \$25.17 million (\$273 per square foot) from longtime owner Bulova.



## Development Activity (cont'd)

### Pace of Development Site Trades Slows in Q3 2019

Sale activity of development sites slowed in the 3rd quarter, mirroring the broader New York City investment sales market. According to reported data, transaction numbers between July and September fell 47% quarter-over-quarter, with a total of 18 transactions completed. Market uncertainty due to imminent rent reforms finally announced in June may have contributed to the slowdown, with very few deals entering into contract during the 2nd quarter. However land prices reportedly held fairly steady despite the softening of sale activity.

**Manhattan** saw the steepest drop in land prices, lowering 15% quarter-over-quarter to an average of \$618 per buildable-square-foot. A total of 4 transactions during the quarter equated to 520,000 buildable square feet.

**Brooklyn** land sale prices similarly lowered by a more moderate 9%, falling to an average of \$308 per buildable-square-foot. Sales reportedly included several Qualified Opportunity Zones (QOZ) sites that if isolated had an average price of \$293 per buildable-square-foot.

**Queens** saw an improvement in land values in the 3rd quarter, the average buildable-square-foot price of \$279 representing a 13% increase quarter-over-quarter. When isolated, sales among QOZ sites included in transactions during the 3 month period averaged a significantly lower \$172 per buildable-square-foot, offsetting the gain in the overall price average for the borough.

**Bronx** had a single development site sale during the quarter for \$154 per buildable-square-foot.

### Former Lord & Taylor Flagship to Undergo Renovations

The 12-story, 662,729-square-foot building at 424 Fifth Avenue has sat vacant since the onset of 2019 after **Lord & Taylor's** vacated the building that served as its Manhattan flagship for 104-years. Plans of an estimated \$438 million renovation of the building constructed in 1914 to be launched by WeWork according to reported details of a filing by Hudson's Bay Co. Current outstanding debt on the building is reportedly \$603 million, a figure that will increase to \$900 million as the renovation nears completion. Upon construction completion by late 2020, the building will reportedly have (2) floors of retail, a basement food hall, and (9) floors of office space. Plans have reportedly already been approved by the city's Department of Buildings for interior renovations as well as a 26,000-square-foot addition. WeWork Property Advisors (WPA), the investment vehicle managed by The We Company and private equity firm Rhône Group had closed on the acquisition of the building in early 2019 in a deal reportedly valued at \$850 million. As part of the deal seller Hudson's Bay Co. (HBC), which owns the Lord & Taylor's chain, reportedly retained a \$125 million "preferred minority equity interest," utilizing proceeds from the sale to "remove the nearly \$400 million mortgage on the building from its books."

At the time of the transaction closing, a memorandum of lease for the building was secured at reportedly \$105 per square foot, The We Company was intending to consolidate (10) locations across the city into the building that would serve as its new headquarters location. However following the company's shelved IPO in September, plans of the move have been abandoned. According to city record documents, the lease that commences August 8, 2020 extends through August 8, 2041; and includes (2) additional 10-year renewal options, plus a right of first offer to purchase the building so long as the lease is in effect. In July reports had surfaced of The We Company entering into talks with e-commerce giant Amazon to lease the building under a long-term lease at an asking price above that of the WeWork lease, representing a shifting away from the typical short-term sublease that WeWork signs with its members. However it is uncertain if talks remain ongoing, or if Amazon has changes directions of its ongoing search for a big block space.





## Development Activity (cont'd)

### New to Market - Harlem

**233 West 125th Street** (Harlem) – The Lam Group has reportedly introduced the sale offering of the connected pair of 26- and 27-story towers that are currently under construction on the 19,984-square-foot “T-shaped,” partially block-through site of the historic former **Leow’s Victoria Theater**. While a price was not released, a “sale or investment this year would provide the new owners with a reduction in this year’s capital gains taxes plus the full 10-years of Opportunity Zone capital gains tax deferrals and exclusions available” according the reports. However in order to qualify for the Opportunity Fund, the project must reportedly “create 300 permanent jobs and invest over \$32 million in minority and women businesses enterprises (MWBE).”

Initially filed with the Department of Buildings in 2014, and ultimately breaking ground in April 2017 after full financing had been secured according to reports at the time, the project that totals 375,187 square feet topped out in July. The roughly \$132 million financing package that included a \$98.216 million building leasehold mortgage and a \$28.884 million project leasehold mortgage was provided by Goldman Sachs; and a second \$10 million building leasehold mortgage was provided by the Upper Manhattan Empowerment Zone Development Corp. according to city record documents. Upon full construction completion the complex will be comprised of a 191-unit residential tower, of which 50% of the units will be designated for affordable housing, and an adjacent 210-key, 203,120-square-foot Marriott-branded **Renaissance Hotel**.

As part of the estimated \$178 million mixed-use project the historic elements of the theater were restored, integrated with the new structures, and repositioned as part of a mix of 25,000 square feet of retail space, a 5,000-square-foot ballroom, and a 25,000-square-foot arts center with (2) performance venues on the lower levels of the property. Reports in 2017 indicated the upon delivery the cultural component to be leased to local art groups will be owned by New York State’s Empire State Development Corp. (ESDC) subsidiary the Harlem Community Development Corp.



233 West 125th Street - Rendering

# Development Activity (cont'd)

## Pending Site Sales - Midtown

**1855 Broadway aka 10-14 West 61st Street** (Columbus Circle) – Extell Development has reportedly entered into contract to purchase the 12-story, 78,234-square-foot building for about \$90 million (\$1,150 per square foot). The pending sale by longtime owner the New York Institute of Technology (NYIT) will not be closing until the school makes plans to relocate the campus, which reportedly serves as a Manhattan satellite of the Long Island-based school. As part of the move, NYIT also plans to consolidate space it occupies in several other buildings on the block as well as locations in Long Island City according to reports. Decisions for the purchase seem to imply that Extell has begun piecing together a development site, having retained 17 West 60 Street, a 11-story, 76,511-square-foot building on the same block that the developer acquired in 2013 for \$30 million (\$392 per square foot) as part of the 14-building former F.M. Ring Portfolio acquisition; and is one of only two properties within the Ring Portfolio that Extell retained. Together the (2) parcels can accommodate 151,300 buildable square feet.

**320 West 31st Street** (Penn Plaza) – Normandy Real Estate Partners has reportedly entered into contract to purchase the leasehold of the 4-story, 146,028-square-foot building for \$88 million (\$603 per square foot). The building located between 8th and 9th Avenues, and directly across from the **Farley Building** that is undergoing a major repositioning, is currently leased in its entirety by **Touro College** under a lease reportedly expiring in 2-years. Future plans by the contract vendee have yet to be announced, but the 25,912-square-foot parcel can accommodate 233,208 buildable square feet. News of the pending sale comes about 2-years after the joint venture of New Jersey-based Onyx Equities and GMF Capital had acquired the leasehold from long-time fee-owner Overtime Properties LLC for \$80 million, the deal including the right of first offer with respect to the fee interest. The 134-year deal commenced on December 12, 2017 and expires December 31, 2151, the JV reportedly opting to sell their interest and began marketing the property earlier this year. However according to city records another \$51.5 million was transacted simultaneously established a Memorandum of Option Agreement, granting the leaseholders certain rights to purchase the land beneath the building known as the fee.

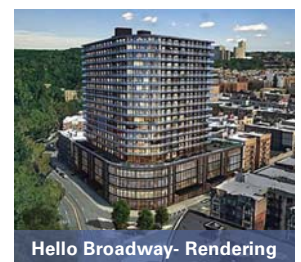
## Midtown South

**2 Hudson Square** (Hudson Square) – Taconic Investment Partners and Nuveen are reportedly partnering on the ground lease for the 32,960-square-foot development site located at the southern-most border of Hudson Square. The companies have entered into contract for an undisclosed price with longtime fee-owner Trinity Real Estate. Initial reports of the sale offering of a long-term leasehold of the site that sits at the intersection of (3) main streets — Canal Street, Varick Street, and 6th Avenue surfaced about one year ago; and although details of the offering were not released, some reported sources speculated at the time that the likely 99-year term could be worth in the neighborhood of \$180 million. The contract vendees are reportedly planning to construct an office building on the vacant site that can accommodate up to about 329,600 buildable square feet.

## Upper Manhattan

**4650-4660 Broadway aka 2-16 Sherman Avenue** (Washington Heights/Inwood) – Philadelphia, PA-based Arden Group is reportedly moving ahead with the purchase at an undisclosed price of the 47,175-square-foot corner site that can reportedly accommodate 370,039 buildable-square-feet. To close on the transaction a \$44 million was reportedly secured from Scale Lending, a lending firm launched in 2018 by Slate Property Group and the Carlyle Group. Visions to redevelop the site date back to 2015 upon the \$18.25 million purchase of the 2-story, 75,000-square-foot parking facility by co-developers Acadia and Washington Square. A proposed 15-story, 355-unit mixed-use development dubbed **Sherman Plaza**, of which 178-units would have been designated for affordable housing, failed to move forward after a required rezoning was ultimately disapproved by the city council in 2016 despite scaling down the project from the initially proposed 23-stories. In April 2018 FBE Limited purchased the site for \$26 million, securing a \$13 million acquisition loan from Santander Bank to close on the deal. Adam America Real Estate joined FBE in October 2018, securing a roughly 21% minority interest in the property for an undisclosed price according to city records.

News of the pending sale comes about one year following reports of Hello Living having entered into contract to acquire the site for \$55 million, however the transaction never closed. Reports at the time indicated that the Brooklyn-based developer was beginning the process of setting up a Qualified Opportunity Fund to raise equity for the purchase from tax-deferred capital gains due to the site's location within a Qualified Opportunity Zone; and that an estimated \$190 million as-of-right project dubbed **Hello Broadway** was planned. Had the development moved forward it would have been Hello Living's first in the Manhattan market; and was expected to host 272 residential units, of which 30% were to be designated for affordable housing, 49,000 square feet of commercial space, and 140,000 square feet for a community facility.



Hello Broadway- Rendering



# Development Activity (cont'd)

## Recently Sold Sites

### Midtown

**148-166 West 48th Street** (Times Square) – The McSam Hotel Group has reportedly purchased the 5-parcel assemblage located between 6th and 7th Avenues. News of the \$140 million deal comes about 7 months following initial reports of the sale offering by the Rockefeller Group. Totalling 15,567 square feet of land area, the development site can accommodate 307,285 buildable square feet. The sale attracted a price significantly lower than the \$250 million the Rockefeller Group was reportedly hoping to fetch; and although unverified likely indicates that contrary to previous reports announcing the offering the deal did not include the 112,385 square feet of air rights that Rockefeller Group purchased in 2017 for \$41.127 million from the Shubert-owned Cort Theatre to increase floor area development rights to 419,671 square feet according to city record documents.

In addition it has yet to be verified if the 60,622-square-foot **Night Hotel** at **157-163 West 47th Street**, which abuts the site on the other side of the block was included in the package, offering further expanded development potential of about 96,480 square feet if the existing structure is demolished. Although development plans by the hotel developer have yet to be announced, the passage earlier this year of a citywide bill intended to restrict new hotel development in M1 zones by requiring a City Planning Commission Special Permit; and while currently only impacting the manufacturing zones, a proposal by Mayor de Blasio announced in August, if passed, would impose the special permit requirement across all zoning categories to make “hotel development one of the most restricted use groups in the city.”

Address	Lot Sq. Ftge.	Last Trade Price	Transaction Year	Buildable SF (approx.)
148-154 West 48th Street	7,532	\$62.5MM*	2008	60,252
				for lot 55 – 5,021 SF retained
156-158 West 48th Street	3,417	\$24.275MM	2019	41,004
160 West 48th Street	1,707	\$13.875MM	2008	23,898
162-164 West 48th Street	3,414	\$33.4MM	2008	47,796
166 West 48th Street	2,008	\$15.34MM	2015	28,112
		<b>\$149.39MM</b>		<b>201,062</b>
Cort Theatre 138 West 48th Street	112,385 (air rights)	\$41,127MM	2017	112,385
		<b>\$190.517MM</b>		<b>313,447</b>
Night Hotel 157-163 West 47th Street	8,040	\$75M	2008	As Built – 60,622 Available FAR – <u>35,858</u> 96,480
		<b>\$265.517MM</b>		<b>409,927</b>
*7,532 SF Parcel was apportioned, creating 2,510sf and 5,021 SF parcels. In April 2018 Rockefeller Group sold the smaller parcel to the adjacent Court Theatre for \$750,000 (\$299 per square foot), retaining the remaining 5,021 SF portion.				



# Development Activity (cont'd)

## Recently Sold Sites (cont'd)

**777-779 Eighth Avenue** (Times Square) – The McSam Hotel Group has secured a 99-year leasehold extending through October 2118 of the 5,000-square-foot parcel located between West 47th and 48th Streets. The \$24.5 million deal from longtime owners the Schwartz family had a reported asking rent of \$1.4 million per year. A visitor center operated by the Grayline bus company's **Gray Line New York** tours currently occupies the existing 3-story, 15,000-square-foot structure. Redevelopment plans have yet to be announced for the site.

## Midtown South

**341 Ninth Avenue** (Chelsea) – Tishman Speyer has finalized the 99-year leasehold expiring September 30, 2118 from the U.S. Post Office for the 622,000-square-foot space spanning the entire 5th through 10th floors. The lease that has a reported starting rent of \$19 million per year includes rights of first offer to lease additional areas in the building, or to purchase it according to city record documents. Initial reports surfaced in July 2018 of the developer being in "advanced negotiations" as the winning bidder. The 10-story, 1.6 million-square-foot building known as **Morgan North** is the larger of the 2-building, 2.4 million-square-foot U.S. Post Office **Morgan General Mail Facility** that spreads across (2) entire city blocks. The Washington, DC-based government agency reportedly introduced the leasehold offering for (2) floors in 2017, subsequently increasing the offering to span the (6) floors. Tishman is planning to reposition the currently vacant floors into Class A office space to be leased out upon completion, with asking rents for the space that is expected to come online in mid-2020 reportedly expected to be in the neighborhood of the \$100 per square foot range.

The space boasts ceiling heights to over 17-feet, with 2 floors of over 200,000 square feet each; and the 78,000-square-foot 7th floor will open onto the roof deck, while each of the remaining 3 upper floors offer 48,000 square feet. In addition the deal includes 5,100 square feet of retail space fronting 9th Avenue and dedicated lobbies and elevators offering the potential to create building-within-a-building opportunities for 3 different tenants according to reports. A smaller 3-story annex building situated on the southern portion of the site is not included in the leasehold offering.



Morgan North, 341 Ninth Avenue - Renderings





# Development Activity (cont'd)

## Recently Sold Sites (cont'd)

**45 Rivington Street** (Lower East Side) – An unidentified buyer under the entity Kraken House FH LP has purchased the 7-story, 150,000-square-foot building for roughly \$159.603 million. UMB Bank provided a roughly \$135.121 million financing package that refinanced the roughly \$54.512 million in unpaid principal of a \$69.5 million loan provided by Bank OZK in 2016 and adds a newly originated \$80.609 million gap mortgage according to city records. Visions to redevelopment of the 25,010-square-foot site go back to 2015, upon the not-for-profit Allure Group purchasing it in February 2015 for \$28 million. Formerly serving as an HIV/AIDS nursing home known as **Rivington House** until shuttering in December 2014, Allure planned to re-open the facility as a nursing home for the general population to be rebranded as **Rivington Center for Nursing & Rehabilitation**. However the project was subsequently abandoned after hitting several bureaucratic roadblocks that prompted a closure of the facility once again near the end of 2015 according to previous reports. The nursing care provider reportedly paid an additional \$16.15 million in November 2015 to the city in exchange for approvals to “lift a restriction on the property’s deed that “prevented any use for it other than nonprofit residential healthcare,” opening the door to a residential condominium repositioning.

In February 2016, Allure sold the vacant building to the partnership of reportedly Slate Property Group, Adam America and China Vanke for \$116 million, but plans filed for a 102-unit residential conversion filed in February 2018 were halted; and in December 2018 Mount Sinai Health System secured a 32-year lease commencing January 2019 for the entire 150,000-square-foot building. As part of the deal, the hospital has the option to extend the lease an additional 10-years; as well as the right to purchase the fee interest. Mount Sinai plans to create the new site of a state-of-the-art **Comprehensive Behavioral Health Center**, relocating the **Bernstein Pavilion** currently located several blocks north at 325-329 East 15th Street (Gramercy Park) within the Mount Sinai Beth Israel campus. Although unverified it appears the hospital has been able to move forward with plans, recently receiving permit approvals since the latest sale indicating construction is ongoing.

## Uptown

**125 West End Avenue / 320 West 66th Street** (Upper West Side) – Taconic Investment Partners and Nuveen, the real estate investment arm of TIAA pension fund have closed on the \$230 million acquisition of a portion of the 7-parcel, 9-building Walt Disney Co.-owned **American Broadcasting Company** (ABC) campus acquired by Silverstein properties last June for \$1.155 billion. Washington, D.C.-based real estate investment trust LoanCore provided \$181 million in financing to close on the transaction, consolidating and existing roughly \$176.049 million portion of a \$715 million acquisition loan provided by Deutsche Bank in July 2018 with a newly originated \$4.951 million gap mortgage according to city records.

Known as the “**West End Campus**,” the assemblage comprised of (2) tax lots offers a combined total of 147,595 square feet (3.39-acres) of land area. New ownership reportedly plans to redevelop the properties to create top line office space.

- 125 West End Avenue / 320 West 66th Street – The 2 buildings located on the same tax lot total 513,487 square feet. The 99,015-square-foot parcel can accommodate up to 596,070 buildable-square feet:
  - 125 West End Avenue – A 395,283-square-foot office building; and
  - 320 West 66th Street – A 118,154-square-foot office and television studio
- N/A West End Avenue – The vacant 48,050-square-foot parcel reportedly used for a parking lot between West 64th and 65th Streets reportedly offers 105,575 square feet of development rights.





Pier 97 - Rendering

## Development Activity (cont'd)

### Project Plans on the Horizon - Midtown

**Hudson River Park Pier 97** (Hell's Kitchen) – The redesign of the pier located opposite West 57th Street began back in November 2018 upon urban design and landscape architecture firm !melk being hired by the Hudson River Park Trust (HRPT), the overseers of the 5-mile-long waterfront park. Previously used for various outdoor events, the approximately 680-by-120-foot pier at the northern end of the park and adjacent upland area fronting the Route 9A bikeway is one of the last areas to be completed. Although built some years ago using funding secured by Hudson River Park Friends through the NYC Department of Sanitation, the HRPT lacked sufficient funds to complete the pier's landscaping until recently according to the Trust's website. The new public open space will expand the Clinton Cove Park area; and programming for Pier 97 will reportedly include a children's playscape, sports activity field, water play features and sculptural elements, gathering spaces, multiple seating area, an all-ages slide and woodland walk, a comfort station, concessions shop, and a park operations building.



Pier 97 - Schematic Design



Pier 97 (cont'd)

Pier 97 - Renderings







## Development Activity (cont'd)

### Project Plans on the Horizon (cont'd)

**665 Fifth Avenue** (Plaza) – Switzerland-based Rolex is reportedly planning to construct a new building on the site of its longtime headquarters at the corner of East 53rd Street. The proposed ground-up construction of a 25-story development will host 165,000 square feet of new office space for the watchmaker and tenants, along with ground level retail space. New construction will replace the existing 1790s-era 12-story, 137,322-square-foot building Rolex has owned since 1977. Although permits have yet to be filed initial renderings reveal multiple offset exterior setbacks that will make way for landscaped outdoor terraces; and the building’s design takes into account LEED platinum guidelines according to reports.

### Upper West Side

**1 Amsterdam Avenue** (Upper West Side) – The City University of New York (CUNY) released a Request for Expression of Interest (RFEI) seeking a developer for the 69,218-square-foot parcel between West 59th and 60th Streets. Having previously teamed up with private partners to build dorms in Queens, Staten Island and Manhattan, CUNY is hoping to make better use of the underutilized asset. The proposal reportedly comes at a time when CUNY has “weathered years of budget cuts and copes with aging facilities.” The site currently hosts the 4-story, 284,695-square-foot **North Hall** building that was last occupied by CUNY’s John Jay College of Criminal Justice, but has remained primarily vacant since the school relocated in 2011. Spanning the entire Amsterdam Avenue block-front between West 59th and 60th Streets, the site can reportedly accommodate up to 800,000 buildable-square-feet.



665 Fifth Avenue - Rendering

CUNY reportedly disclosed that it is considering selling the site or making a long-term lease agreement. The proposal stipulates that the development “must maximize the financial return to CUNY;” and is required to “supply at least 300,000 square feet for college operations, to be sold or leased to the State Dormitory Authority” according to reports. The use of the remaining 500,000 square feet could be determined by the developer; and the development would not require affordable housing according to CUNY officials. In addition, the university reportedly left the “door open to an even bigger project through the sale of air rights from other properties in the area. However a 2007 commissioned study concluded that nearby **Haaren Hall** at 899 Tenth Avenue, which is part of John Jay College, was the only viable source of air rights for the North Hall building. Reports indicate that although the sale of the air rights would provide additional financial benefits to CUNY, to unlock the option, the 116-year-old Haaren Hall would need to be landmarked and get a special permit – actions that would be required to go through lengthy public review process from multiple agencies.

# Development Activity (cont'd)

## Project Plans in Progress - Midtown

**123-141 West 57th Street** (Midtown West) – Alchemy-ABS Investment Partners, a joint venture between Alchemy Properties and ABR Partners, along with majority equity partner Cain International filed new building applications in November for a 26-story, 259,508-square-foot mixed-use commercial and community facility development. The project is expected to have an “all-in development cost” of around \$350 million according to previous reports. A specific breakdown of the square footages by use for the project was unavailable, but earlier reports indicated that the development will include 180,000 square feet of office space offering 10,000-square-foot floor plates, as well as retail space and a commercial condo for the Calvary Baptist Church. It is unclear why filing details on the Department of Buildings website indicate a total scope of 1,503,246 square feet comprised of a mix of 822,379 square feet of residential space, 633,207 square feet of commercial space, and 47,660 square feet designated for community facility use; and a lot area of 110,982 square feet that is linked to numerous tax lots on the block owned by other parties.

The JV has reportedly agreed to purchase for an undisclosed price the 16-story, 191,261-square-foot building located along Billionaire’s Row. Currently owned by Calvary, the building situated between 6th and 7th Avenues houses the church, which shares its elevator along with the adjoining 205-key **Salisbury Hotel** located on the same tax lot. Demolition permits have already been filed to make way for the mixed-use project that will rise on the 16,066-square-foot parcel. The sale is expected to close in early 2020 pending approvals by the state’s Attorney General’s office, with construction tentatively slated to begin by early 2021. Back in 2015 Extell Development had reportedly been in talks to purchase the property that is one door down from its **One57** tower at 157 West 57th Street, having purchased 45,000 square feet of floor area development rights from the site for \$28.6 million (\$636 per square foot) in December 2009 prior to constructing the 1,005-foot-tall tower according to city records.

**430 Main Street** (Roosevelt Island) – Related Companies and Hudson Companies filed permits in September for the remaining development to be constructed as part of the 9-building **Riverwalk** complex. The 29-story, 309,311-square-foot mixed-use development will reach a linear height of 298-feet; and host 365 residential units spread across 265,056 square feet and 3,744 square feet of commercial space. Upon full construction completion the complex will include roughly 2,000 housing units, of which a portion are designated for affordable housing, a central retail commons at the F-train subway station, and recreational facilities for all of the island’s residents. The project was awarded to the development team by the Roosevelt Island Operating Corporation (RIOC), the state agency that manages the city-owned island which was leased to the state under a 99-year deal in 1969. Other recent development activity includes **460 Main Street** (aka Riverwalk 8), a 21-story 259,974-square-foot residential development that topped out in August. The 215-foot-tall building will host 341 rental units spread across 240,000 square feet. About 60% of the units will reportedly be permanently affordable, with the remaining units to be affordable for 40-years according to reports.

### Completed construction has given rise to a total of 1,471 housing units:

1. 475 Main Street – Delivered in 2003, the Memorial Sloan-Kettering Cancer Center-owned 210,840-square-foot building hosts 256-units and provides MSKCC staff housing;
2. 465 Main Street – Delivered in 2003, the 149,000-square-foot building hosts 136-units and provides staff housing for Weill Cornell Medical College (WCMC);
3. 455 Main street – Delivered in 2006, the 235,000-square-foot market-rate condominium dubbed **Riverwalk Place** hosts 218-units, of which 88-units were sold to WCMC, and 6,400 square feet of retail space;
4. 425 Main Street – Delivered in 2008, the 240,000-square-foot market-rate condominium dubbed **Riverwalk Landing** hosts 230-units, including 96-units for MSKCC and 48-units for New York University, and 10,000 square feet of retail space;
5. 415 Main Street – Delivered in 2008, the 150,000-square-foot market-rate condominium dubbed **Riverwalk Court** hosts 123-units;
6. 405 Main Street – Delivered in 2008, the 240,000-square-foot market-rate rental dubbed **Riverwalk Crossing** hosts 242-units; and
7. 480 Main Street – Delivered in 2015, the 215,000-square-foot market-rate condominium hosts 266-units. In 2016 MSKCC reportedly acquired 52-units spread across 38,428 square feet on the 2nd through 5th floors for roughly \$23.297 million (\$448,033 per unit).





## Development Activity (cont'd)

### Project Plans in Progress (cont'd)

#### Midtown South

**241-251 West 28th Street / 250 West 29th Street** (Chelsea) – L&L MAG filed new building applications in September for an 11-story, 248,060-square-foot mixed-use development. Atalaya Capital Management and Australia-based Qualitas have reportedly joined the project as investment partners. The 113-foot-tall structure will host 266 residential units spread across 214,208 square feet and 10,488 square feet of commercial. The project marks the developer's debut, having been launched in 2018 by a partnership of MaryAnne Gilmartin and L&L partners David Levinson and Robert Lapidus. New construction will rise on the 4-parcel, 29,515-square-foot block-through assemblage, which is controlled under a 99-year ground lease expiring July 31, 2117 secured in December 2018 for \$120 million (\$484 per buildable-square-foot) from fee-owner Edison Properties according to city records.

Redevelopment plans of the formerly operated **Edison ParkFast** go back to December 2014; however Edison apparently opted to abandon its own plans to construct a pair of 15-story, mixed-use developments despite securing project approvals in 2015. A 33,073-square-foot **Manhattan Mini Storage** facility, also operated under the umbrella of Edison Properties, and a small office building fronting West 29th Street were previously demolished to make way for the 314,013-square-foot complex that was expected to host 323 residential units and 6,094 square feet of commercial space.

**14-16 East 16th Street** (Union Square) – New building applications were filed in October under the entity Gramercy Park House LLC, reportedly affiliated with "billionaire brothers David and Simon Reuben." The planned 9-story, 66,203-square-foot hotel development will reach a linear height of 102-feet and host 87 guest rooms. According to the Department of Buildings filing new construction on the 10,700-square-foot parcel will incorporate the façade of the existing landmarked 6-story, 29,974-square-foot structure. Dating back to 1889, the building formerly housed the non-profit's **Sidney Hillman Health Center** which has relocated its operations to 230 West 17th Street in Chelsea and 300 Cadman Plaza West in Brooklyn Heights. Located between 5th Avenue and Union Square West, the site that offers 34,000 square feet of unused development rights was acquired for \$39.5 million in February 2018 from the Family Life Ventures Corp. The new boutique hotel will feature the first U.S. night club to be operated by Robin Birley, known for his successful **5HS** club in London according to previous reports.



# Development Activity (cont'd)

## Project Plans in Progress (cont'd)

**561 Greenwich Street** (Hudson Square) – Trinity Church pre-filed new building applications in November for a 19-story, 258,885-square-foot commercial development. The 252-foot-tall structure will host 199,353 square feet of usable space; and feature 15,000 square feet of outdoor space with terraces located on (4) floors. New construction will rise on the 20,045-square-foot parking lot that spans the entire Greenwich Street block-front between King and Charlton Streets. Demolition permits were secured in July for the existing single-story, 8,018-square-foot garage; and groundbreaking is anticipated in the early 2nd quarter 2020. Upon construction completion, the new building will reportedly become part of the **Hudson Square Properties** portfolio, a joint venture with Norges Investment Bank and Hines created in 2015 upon the Norwegian sovereign wealth fund acquiring a 44% stake on 75-year leaseholds of an 11-building, approximately 5 million-square-foot portfolio in the neighborhood, reports at the time indicating the deal valued the package at \$3.55 billion.



**202 East 23rd Street aka 297-299 Third Avenue** (Kips Bay) – SMA Equities filed new building applications in October for a 14-story, 63,996-square-foot mixed-use development. The 149-foot-tall structure will host 79 residential units spread across 51,104 square feet and 2,453 square feet of commercial space. New construction will rise on the 4,675-square-foot parcel originally comprised of (2) tax lots that were acquired through separate transactions in April 2015 for a combined total of \$23 million (\$359 per buildable-square-foot) according to city records. In May 2019 Safra National Bank provided a \$17 million loan that combined the refinancing of \$16.5 million provided by Deutsche Bank in April 2015 with a newly originated \$500,000 gap mortgage. The financing was backed by the development site and an adjacent 2,623-square-foot commercial condo at the base of the 5-story, 8,014-square-foot mixed-use condominium at 289 Third Avenue.

**232-234 East Broadway** (Lower East Side) – The partnership of Round Square Development, the Ascend Group and Optimum Asset Management filed new building applications in October for a 30-story, 84,271-square-foot residential development. The 333-foot-tall structure will host 54-units spread across 75,473 square feet; and rise on the 5,200-square-foot parcel, replacing a former 2-story structure that was demolished in 2016. The developer had acquired the site, along with (2) adjacent properties — **222-226 and 228-230 East Broadway** for \$47.5 million in October 2016. Initial plans to construct a 2-building project on the 3-parcel assemblage were abandoned after efforts to purchase 155,000 square feet of air rights for \$46.5 million (\$300 per square foot) from nearby co-op **413 Grand Street** was voted down in mid-2018 by the building’s board, Seward Park Cooperative. Although unverified it appears the vacant lot may temporarily serve as a staging area for the new development, while the existing 8-story, 44,122-square-foot landmarked structure that formerly served as the **Bialystoker Nursing Home** until closing in 2011 will undergo alterations and renovations requiring Landmarks Preservation Commission (LPC) approvals, that upon completion will reportedly deliver 18 residential condominium units according to previous reports.

**44-52 Elizabeth Street** (Chinatown) – Heng Sang Realty Corp. filed new building applications in September for a 7-story, 51,798-square-foot mixed-use development. The 73-foot-tall structure will host 37 residential units spread across 28,635 square feet plus reportedly on-site parking on the cellar and ground levels. The 9,666-square-foot parcel located between Hester and Canal Streets was acquired by the developer in April 2015 for \$24 million (\$463 per buildable-square-foot) according to city records. Demolition permits have yet to be filed for the existing 2-story, 28,875-square-foot parking facility.





# Development Activity (cont'd)

## Project Plans in Progress (cont'd)

### Uptown

**1691-1695 Second Avenue / 234-236 East 88th Street** (Upper East Side) – Aimco Properties pre-filed new building applications in September for a 22-story, 107,381-square-foot mixed-use development. The 270-foot-tall structure will host 41 residential units spread across 83,956 square feet and 5,591 square feet of commercial space. New construction will rise on the 4-parcel, 11,087-square-foot assemblage located within the Yorkville section of the neighborhood that Amico acquired through multiple transactions in 2004 and 2014 for a combined total of \$17.115 million (\$159 per buildable-square-foot) according to city records. Demolition permits were secured in July for a trio of 5-story, 7,575-square-foot mixed-use buildings on the corner of East 88th Street; while permits for the pair of 5-story, 8,555-square-foot residential walk-ups have yet to be filed.

### Upper Manhattan

**121 West 125th Street** (Harlem) – L+M Development Partners filed new building applications in July for a 17-story, 412,805-square-foot mixed-use development. The 205-foot-tall structure will host 171 affordable housing units spread across 137,003 square feet, with a dedicated entrance fronting West 126th Street, 25,447 square feet of community facility space, and 195,193 square feet of commercial space split between office and retail uses. The project is being developed through a collaboration of private, public, and state organizations. New construction will replace a multi-story garage on a 41,964-square-foot portion of the state-owned 108,438-square-foot (2.49-acre) block-through site located between Adam C. Power Boulevard and Lenox Avenue, where (3) 19-story commercial buildings totaling 402,662 square feet currently exist. Under the terms of the state deal, the National Urban League (NUL) will “own the building and hold a 99-year lease for the land” according to reports. A portion of the space will house New York City’s first **Urban Civil Rights Experience Museum**, along with providing below-market space for (2) Harlem-based nonprofit organizations — **100 Black Men, Inc.** and **Jazzmobile**.

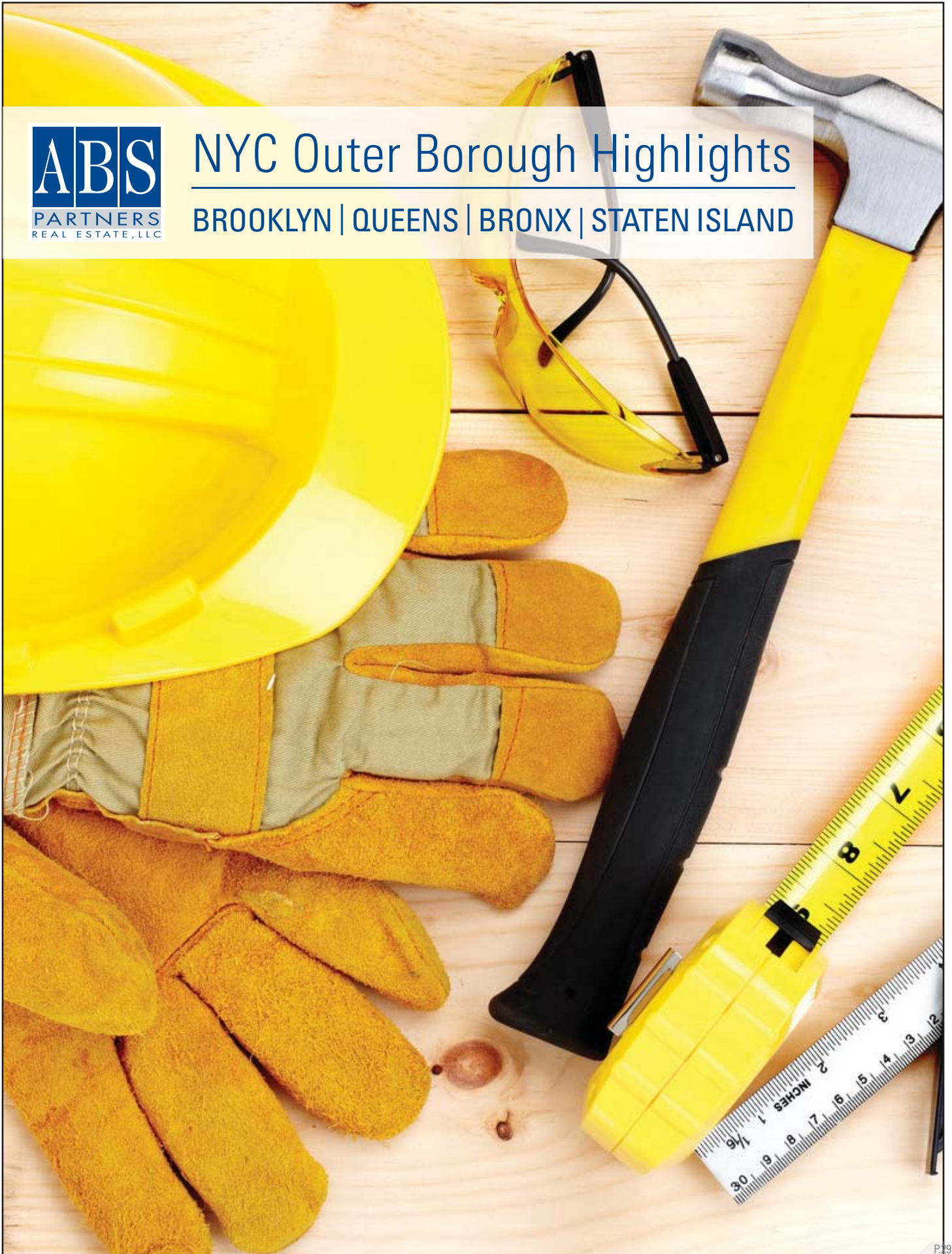






# NYC Outer Borough Highlights

BROOKLYN | QUEENS | BRONX | STATEN ISLAND





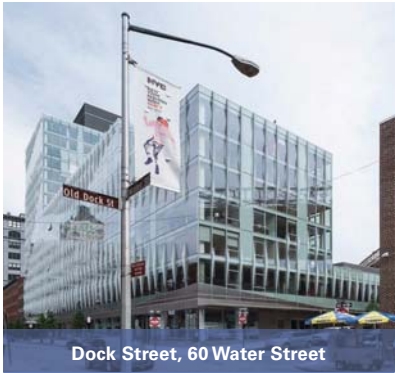


## DUMBO's Renaissance Brings New Life to Post-Industrial Area

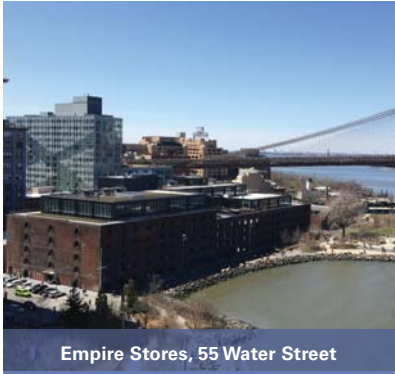
The waterfront neighborhood that was previously filled with massive concrete warehouses along its formerly desolate cobblestone streets has undergone a transformation over the past several years into a vibrant mixed-use community. Roughly bound by the Brooklyn and Manhattan Bridges, DUMBO's streets are now teeming with activity. Leading the way was Brooklyn-based Two Trees Management, which initially filed plans in 2012 for the 17-story, 354,231-square-foot development at **60 Water Street**. Dubbed **Dock Street**, the building that opened in 2015 hosts 290 residential units, of which 20% are designated for affordable housing, about 25,000 square feet of retail space, and 300-seat, 51,761-square-foot school.

About one year later the Brooklyn Bridge Park Corporation proposed the redevelopment of the former coffee warehouses at **55 Water Street**. The project awarded to the team of Midtown Equities, the HK Organization and Rockwood Capital, whose majority stake was recently bought-out, helped further spark a growing interest for redevelopment in the area. Now known as **Empire Stores**, the complex that sits at the edge of the East River opened in 2016, following the completed transformation of the series of (7) 4- and 5-story structures totaling 327,000 square feet into a 450,000-square-foot complex delivering a mix of new office, retail and restaurant space.

The roster of tenants occupying the fully leased office space include anchor tenant **West Elm**, **United Technologies**, Wasserman Media Group divisions **Laundry Service** and **Cycle**, **Newell Brands** and **72andSunny**, as well as members only **Dumbo House**, a branch of Soho House. Although asking rents for the office space reportedly average about \$80 per square foot, tax credits through the city's **Relocation and Employment Assistance Program** (REAP) along with other incentives bring the net effective rent down to about \$65 per square foot. In addition the 21,000-square-foot food hall **Time Out Market New York** opened this summer, joining other restaurants and retail options such as Soho House-operated **Cecconi's**, **Sugarcane**, **West Elm**, **J.Crew**, **FEED** and **Shinola**.



Dock Street, 60 Water Street



Empire Stores, 55 Water Street

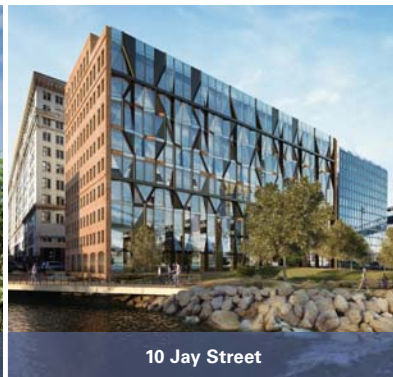
# DUMBO's Renaissance (cont'd)

Other ground-up and repositioning projects include:

- **One John Street** – The 12-story, 42-unit condominium by Alloy Development and Monadnock Development completed construction in 2016, boasting a sellout the same year, with resales reportedly trading for about \$1,800 per square foot. In addition to the residential component, the 123,200-square-foot building hosts 3,000 square feet of restaurant space plus 2,551 square feet of cultural space that serves as the first annex of the **Brooklyn Children's Museum**.
- **10 Jay Street** – The 10-story, 230,000-square-foot former sugar refinery underwent an office-and-retail conversion completed in 2018 by Glacier Global Partners and Triangle Assets. Currently about 95% occupied, leasing activity this year includes a 50,000-square-foot lease by London-based co-working space provider **Soho Works** under a 15-year term, and an 83,501-square-foot lease by **Rent the Runway**, to serve as the headquarters for the online company that provides designer women's clothing and accessories for rent.
- **168 Plymouth Street** – Sales launched in June at the pair of connected buildings that formerly went by addresses 42-44 Jay Street and 46-50 Jay Street. The repositioning of the industrial buildings by Alloy Development and Davis Companies delivered 46 residential condominiums with a projected sellout of \$132 million and prices starting at reportedly \$1.4 million. As part of the approximately \$100 million project the 5-story structure at 50 Jay Street underwent a single-story rooftop expansion; while 44 Jay Street underwent a 2-story addition on top of the building's existing 7-stories to deliver a combined total of 92,253 square feet. Tenant move-ins are expected to begin by winter 2020.



One John Street



10 Jay Street



168 Plymouth Street



- **Carlyle Group / Megalith Capital Management / Urban Realty Partners** - A Temporary Certificate of Occupancy was issued for both buildings this year.
  - **181 Front Street** (formerly 173 and 177 Front Streets) – Ground-up construction delivered in 2018 a 12-story, 136,730-square-foot mixed-use development that hosts 105 residential units and (1) retail unit. Rents at the doorman building reportedly start at \$5,000 per month for 1-bedrooms; and as an incentive the building has been offering one free month of rent and “shouldering the cost of any broker fees.”
  - **200 Water Street** – The former Brillo factory that later became part of the Jehovah's Witnesses' multi-building complex underwent a residential conversion hosting 15 condominium units. In addition a 2-story vertical expansion of the 4-story, 29,973-square-foot landmarked structure created a total of 33,450 square feet.



181 Front Street - Rendering



200 Water Street



## DUMBO's Renaissance (cont'd)

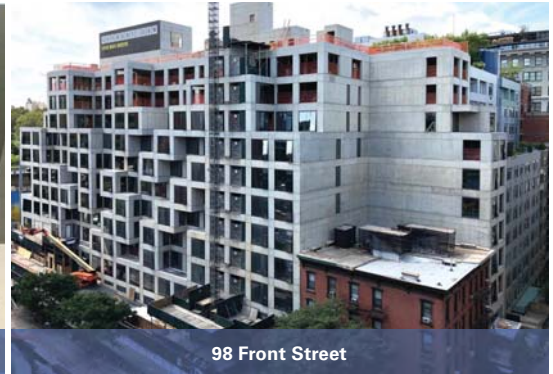
- **51 Jay Street** – The former 3-story, 78,439-square-foot manufacturing building underwent a vertical expansion and redevelopment by Adam America and Slate Property Group to deliver a 7-story, 112,739-square-foot residential condominium hosting 76 units.
- **30 Front Street** – Developer Fortis Property is planning the ground-up construction of a 2-building, 364,602-square-foot mixed-use development that will host 74 residential condominiums and 72,431 square feet of community facility space. Reports indicate that it is likely the remaining space will be allocated to 416 parking spaces. New building applications for the tentatively named **Olympia** were filed in September 2018; and will give rise to 26-story and 5-story structures on the site of the former Jehovah's Witnesses' parking facility. Condo sales at the estimated \$300 million development are expected to launch in early 2020, with construction tentatively slated to wrap up sometime in 2021. Asking prices will reportedly be north of \$2,000 per square foot.
- **98 Front Street** (aka 64-84 Adams Street) – The 10-story, 143,350-square-foot mixed-use development that is nearing construction completion by Hope Street Capital hosts 165 residential units and 600 square feet of commercial space. Sales launched in July at the new building which replaced a former single-story, 31,204-square-foot garage acquired from the Jehovah's Witnesses. The developer opted to go with small apartments, viewing the the sub-\$1 million price range an underserved market that would attract home seekers previously priced out of the neighborhood.



51 Jay Street - Rendering



30 Front Street - Artist Sketch

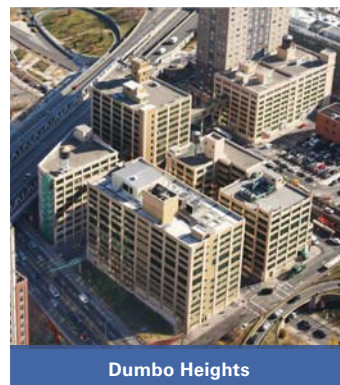


98 Front Street

- **Dumbo Heights** – The 5-building complex that was originally part of the 6-building, 1.2 million-square-foot portfolio acquired from the Jehovah's Witnesses in 2013.
  - 77 Sands Street / 55 Prospect Street / 81 Prospect Street / 117 Adams Street – The 4-buildings have since been repositioned into creative office space. Larger tenants include **Etsy**, (117 Adams Street) the e-commerce website focused on handmade or vintage items, co-working space provider **WeWork**, (81 Prospect Street) the **Brooklyn Lab Charter School**, (77 Sands Street) and education technology firm **2U**, (55 Prospect Street).
  - 175 Pearl Street – Normandy Real Estate reportedly led the repositioning of the 8-story, 204,000-square-foot building for office and retail use, along with the inclusion of public space. Intended to qualify for LEED certification, leasing activity attracted IWG-owned co-working space provider **Spaces** in 2018; and more recently branding agency **thelab**.



175 Pearl Street



Dumbo Heights



# DUMBO's Renaissance (cont'd)

- 85 Jay Street** – The 1.1 million-square-foot complex dubbed **Front & York** is currently under construction by CIM Group and LIVWRK. Expected to deliver in 2021, new construction on the former Jehovah's Witnesses' 135,000-square-foot parking lot will deliver 800 residential units — 320 rental and 480 condominiums with a reported projected sellout of \$833 million, as well as 150,000 square feet of retail space. Pre-leasing activity has attracted Minnesota-based fitness center **Life Time**, which will reportedly makes its debut in the borough after securing a lease for 77,000 square feet this summer.
- 29-37 Jay Street** – Longtime property owner the Forman Group secured approvals last December for a zoning amendment from the Department of City Planning, opening the door to an 11-story, approximately 225,000-square-foot office development with 12,225 square feet of ground level retail space. New construction will replace the existing single-story, 21,735-square-foot commercial building; however the project will require approvals from the Landmarks Preservation Commission due to its location within the DUMBO Historic District.



85 Jay Street - Rendering



29-37 Jay Street - Rendering

- 90 Sands Street** – The former Jehovah's Witnesses' 30-story, 363,100-square-foot residential hotel is undergoing conversion by Breaking Ground. If approvals are secured a combined total of 507-units intended for supportive and affordable housing will be created. Earlier plans in 2015 by RFR Realty and Kushner Companies, at a time when a term sheet had been signed to purchase the building, was expected to give rise to a new 600-key **PUBLIC Hotel**, but the project never moved forward.





# Industry City: Proposed Expansion Update

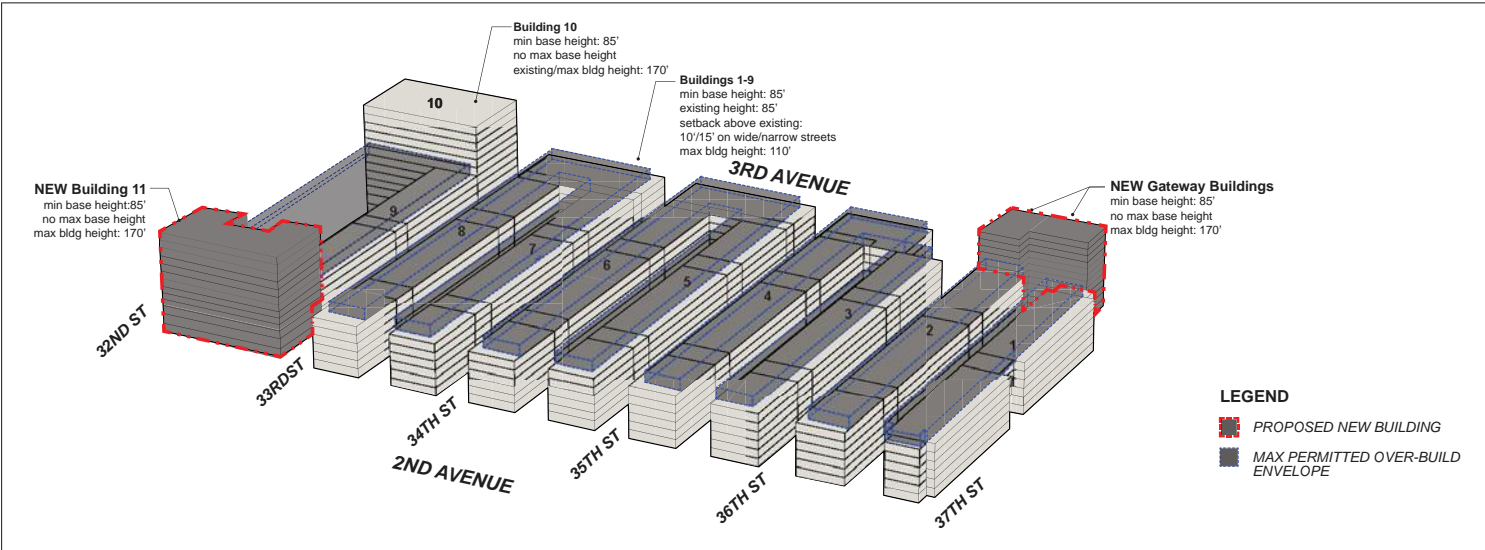
The planned \$1 billion redevelopment and expansion over a 12-year period of the 16-building, 5.3 million-square-foot office-and-manufacturing complex in Sunset Park, that was initially proposed in early 2015, officially began the city’s 7-month long Uniform Land Use Review Procedure (ULURP). The City Planning Commission (DCP) approved the application on October 28th launching the public review process despite reported pushback from neighborhood advocates and Sunset Park’s city council member. Community Board 7 has until January 6 to review the plan that will reportedly upzone 20% of the neighborhood’s industrial waterfront property. Rezoning applications had been filed in September 2017, the team of Jamestown, Belvedere Capital and Cammeby’s International proposing to expand the complex to roughly 6.5 million square feet. Approximately \$225 million has been invested in upgrades to several of the structures since the trio acquired a 50% interest in the complex that sits along the Upper New York Bay between 32nd and 41st Streets, spanning between 3rd Avenue and Sunset Park’s shoreline. As part of previous construction a 40,000-square-foot food hall was created featuring artisanal foods; and the redesign of loading docks between Building 1 and Building 2 added a courtyard for tenants offering views on Lower Manhattan and New Jersey.

According to reports in 2015, preliminary action for the proposed project reportedly required the approval by the city of the creation of a “special innovation zoning district” to allow for the envisioned retail and academic uses not permitted by current zoning regulations, a commitment of \$150 million from the city and state for infrastructure upgrades, and plan approvals to build parking on a portion of the city-owned South Brooklyn Marine Terminal site. It was anticipated that the city administration would ask for something in exchange for the new zoning to potentially include housing, guarantees of local hiring and job training, or a wage floor<sup>1</sup> for employees at the complex.

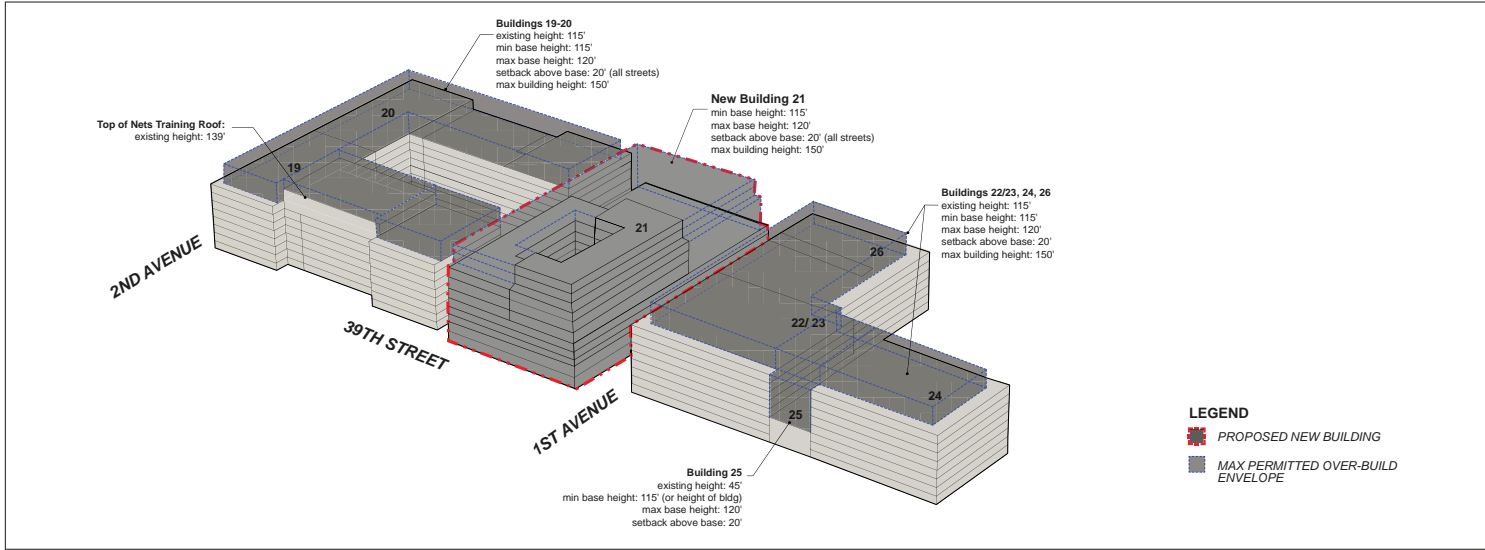
Details within Industry City’s Draft Environmental Impact Statement created March 7, 2019, state that there will be an incremental increase of approximately 1.33 million gross square feet of manufacturing and office uses, 700,000 gross square feet of retail, 387,000 gross square feet of academic use, 287,000 gross square feet for (2) hotels hosting a total of 420-keys, and 33,000 gross square feet of event space to create what the developers are calling an **Innovation Economy District** that will generate more than 15,000 total on-site jobs. In the event the city’s Department of Buildings (DOB) does not approve “motions to rezone the area from manufacturing tax lot assemblage for the mixed-use development, the project team had proposed alternate scenarios.

# Industry City (cont'd)

**September 14, 2017 Diagrams** from the:  
Draft Scope of Work for an Environmental Impact Statement for Industry City 220 36th Street, Brooklyn, New York



Proposed Contextual Envelope  
Finger Buildings



Proposed Contextual Envelope  
39th Street Buildings

<sup>1</sup>Wage Floor – a base lower limit that wages are not allowed to fall below  
Source: <https://www1.nyc.gov/assets/planning/download/pdf/applicants/env-review/industry-city/draft-scope.pdf> (page 14-15)



# Industry City (cont'd)

## Baseline Scenario Illustrative Views from the:

Draft Environmental Impact Statement - Chapter 7 Urban Design and Visual Resources



## With Action Condition Scenario Comparison

Uses	No Action	Baseline Scenario	Increment	Density-Dependent Scenario	Increment	Overbuild Scenario	Increment
Retail GSF <sup>1</sup>	200,000	900,000	700,000	900,000	700,000	900,000	700,000
Commercial GSF <sup>2</sup>	10,000	43,003	33,003	43,003	33,003	43,003	33,003
Storage/ Warehousing GSF	1,707,558	415,000	-1,292,558	0	-1,707,558	415,000	-1,292,558
Manufacturing GSF <sup>3</sup>	1,678,707 <sup>3</sup>	2,680,336	1,001,629	2,810,742	1,132,035	2,783,985	1,105,278
Office GSF <sup>3</sup>	559,569	893,445	333,876	936,914	377,345	927,995	368,426
Brooklyn Nets Training Facility GSF	74,824	74,824	0	74,824	0	74,824	0
Hotel GSF	0	287,000	287,000	287,000	287,000	134,457	134,457
Hotel Rooms	0	420	420	420	420	197	197
Academic GSF	0	386,546	386,546	627,674	627,674	386,546	386,546
Vertical Circulation/ Mechanical GSF	358,782	419,957	61,175	419,954	61,172	412,131	53,349
Vacant GSF	679,960	0	-679,960	0	-679,960	0	-679,960
Accessory Parking Spaces	658	1,684-1,984	1,026-1,326	1,684-1,984	1,026-1,326	1,684-1,984	1,026-1,326
Parking GSF <sup>4</sup>	0	477,910	477,910	477,910	477,910	477,910	477,910
Total GSF	5,269,400	6,578,021	1,308,621	6,578,021	1,308,621	6,555,851	1,286,451

### Notes:

<sup>1</sup> The proposed retail program for each scenario would include destination, local, and a supermarket. See **Table 1-4**, **Table 1-5**, and **Table 1-6** for a scenario specific breakdown.

<sup>2</sup> Commercial use as event space.

<sup>3</sup> Innovation Economy is comprised of Manufacturing, Artisanal Manufacturing, and Office uses. Please see **Table 1-4**, **Table 1-5**, and **Table 1-6** for the specific breakdown of Innovation Economy in each scenario.

<sup>4</sup> There are a limited number of off-street surface parking spaces within the Project Area that are not included in any designated parking facilities. These spaces are not included in the calculations above.



## Bush Terminal Garment Design Hub Revealed

A \$136 million commitment by the city in 2017 opened the door to the planned transformation of **Bush Terminal** into a 36-acre production campus that will provide “affordable, best-in-class industrial facilities for garment manufacturing, film and media production, and related services and industries as part of Mayor de Blasio’s **Made in New York** (MiNY) project. The repositioning of the Sunset Park campus that is home to about 500 workers is expected to add approximately 1,500 new workers starting in 2020; and is intended to complement the city’s investment in the renovation and repositioning of several existing buildings, as well as streetscape improvements and significant utility upgrades. According to the press release by the New York City Economic Development Corporation (NYCEDC), the new campus also reflects the goals Mayor de Blasio’s **Industrial Action Plan** launched in November 2015 that is intended to “spur thousands of good-paying manufacturing jobs through large investments in city-owned assets;” while simultaneously advancing NYCEDC’s “**Sunset Park Vision Plan**, which aims to improve community infrastructure, professionalize maritime and rail service and create new industrial jobs along the Sunset Park waterfront.”

Last year the NYCEDC and the Mayor’s Office of Media and Entertainment (MOME) released a request for proposals (RFP) seeking a developer to construct and operate a film and media production campus to be spread across nearly 200,000 square feet of waterfront property. The new campus will be dedicated for film and television production, video and photo shoots, sound-recording, and emerging media sectors such as Augmented Reality/Virtual Reality (AR/VR) per the NYCEDC’s press release at the time. More recently in November designs were revealed for the **Garment Manufacturing Hub** and public realm components of the **MiNY Campus**. Sunset Park already has the second largest concentration of garment manufacturers in New York City; and the new Hub at Bushwick Terminal will further build on that foundation, while creating additional opportunities for local businesses and sector workers for the future. As part of the project, 5.3-acres of new public space will be created, complementing the adjacent Bush Terminal Piers Park; as well as provide amenities including landscaped waterfront access, enhanced streetscapes, pedestrianized plaza, and a water play feature.

According to NYCEDC’s press release, the new hub that is set to open in 2021 will serve as a center for “local manufacturing, sustainable fashion, and textile technology innovation in New York City; and feature a diverse fashion ecosystem that co-locates garment manufacturers and emerging designers.” The 200,000-square-foot building will have workspaces ranging in size from 2,000 to 40,000 square feet; and be able to support 20 to 30 garment manufacturing companies. Tenants in the hub will be required to utilize the city’s workforce development programs — Hire NYC and Workforce1 — to connect New Yorkers with good, local job opportunities. A Request for Expressions of Interest (RFEI) has been released by the NYCEDC seeking one or more partners to operate a research and development center and training partnership in the Hub. Proposals being sought include: 1) concepts for an R&D center, innovation laboratory and/or business accelerator; and 2) proposals for programming to train garment sector workers and local workforce to fill quality fashion manufacturing jobs.



# Bush Terminal Garment Design Hub (cont'd)







## Brooklyn Development

### New to Market

**560-570 Fulton Street** (Downtown Brooklyn) – Slate Property Group and Meadow Partners have reportedly introduced the sale offering at an undisclosed price of the 7,192-square-foot site located between Flatbush Avenue and Rockwell Place, apparently abandoning their own plans for redevelopment. The co-developers secured special permit approvals in March, opening the door to a 550-foot-tall, 202,436-square-foot mixed-use development hosting 139 residential units, of which 30% are required to be designated for affordable housing, 89,846 square feet of office space, and 12,433 square feet of retail space. As part of the deal Slate and Meadow reportedly agreed to hire union building workers, hire local, and work with the Metropolitan Transportation Authority (MTA) to make the Nevins Street subway station in front of the site compliant with the Americans with Disabilities Act (ADA). In addition Slate agreed to fund an MTA design study valued at \$550,000 according to reported statements by a company spokesperson at the time. It was further stated that “regardless of the owner of the site, all agreements made with the community and organized labor will be honored.” Had special permit approvals not been secured, a 20-story, 103,000-square-foot mixed-use development with 85,209 square feet of residential space, 10,844 square feet of retail space, and 7,700 square feet for mechanical and amenity areas could have been pursued. An existing 3-story, 26,388-square-foot office building will need to be demolished prior to construction breaking ground; and although demolition permits were secured in June 2018, new building applications were never filed.



560-570 Fulton Street  
Former Rendering

Simultaneously Slate and Meadow have introduced the \$150 million (\$819,672 per residential unit) sale offering of the adjacent newly constructed 19-story, 183-unit mixed-use rental building that delivered earlier this year. Going by the address **1 Flatbush Avenue** (aka 546-558 Fulton Street), 48 of the units are designated for affordable housing, while the remaining 134-units are market-rate. The building also includes about 25,000 square feet of retail space on the ground and 2nd floor.

**12 Franklin Street aka 2-6 Meserole Avenue / 8 Meserole Street / 3-7 North 15th Street** (Greenpoint) – Simon Baron Development has reportedly introduced the sale offering of the 27,775-square-foot parcel, sources anticipating that a deal could fetch in the low \$50 million price range (\$298 per buildable-square-foot). News of the sale indicates that the developer has opted to abandon its own redevelopment plans; and while preliminary renderings were revealed last year, permits had yet to be filed. Reports in August indicated that the project was pending a rezoning of its M1-2 light industrial use, which under current zoning would reportedly allow for a 55,500-square-foot office or retail building. Approvals were secured in March waiving the community facility requirement that if included would allow a larger project; and in exchange the developer would set aside a portion of the building for light industrial uses. The special permit opened the door to a proposed 7-story, 168,000-square-foot mixed-use development hosting 134,000 square feet of office space, 23,000 square feet of manufacturing space, and ground level retail space. The site originally comprised of (3) parcels last traded for a combined total of \$24 million (\$143 per buildable-square-foot).



12 Franklin Street - Former Rendering



# Brooklyn Development (cont'd)

## Pending Site Sales

**134 Hope Street / 424-430 Rodney Street** (Williamsburg) – CW Realty is reportedly purchasing the 4-parcel, 30,000-square-foot assemblage for \$39 million. The site spans the entire Hope Street block-front between Keap and Rodney Streets, and offers 475-feet of wraparound frontage. Additional air rights are being sought for the developer's planned 7-story, 145-unit residential development, of which 30% of the units will be designated for affordable housing according to reports.

- 134 Hope Street – The 20,000-square foot vacant site last traded in September 2013 for \$12.75 million (\$119 per buildable-square-foot), seller Heatherwood Luxury Rentals apparently abandoning its own plans for a 7-story, 104,647-square-foot residential development despite filing new building applications in December 2019 for the 100-unit project.
- 424 Rodney Street / 430 Rodney Street aka 108 Hope Street – The non-contiguous in-line 2,500-square-foot and corner 5,000-square foot parcels that currently host low-rise mixed-use buildings are longtime owned by the Rojas family according to city records.
- 426 Rodney Street – The 2,500-square-foot parcel the currently hosts a 2-story two-family building has been longtime owned by the Blanco family.

**202-208 Tillary Street aka 67-73 Prince Street** (Downtown Brooklyn) – Co-developers Maddt Equities and Joy Construction are reportedly nearing the completion of a deal to purchase nearly 100,000 square feet of air rights the from adjacent **Ingersoll Houses** complex. In exchange the developers will provide nearly \$25 million (\$250 per square foot) for maintenance at the New York City Housing Authority (NYCHA) complex, which according to reported 2018 released cost estimates by the city, requires \$159 million in repair funding over the next 5-years; and \$300 million total over the next 10-years. If the deal moves forward it will mark the first transaction under Mayor de Blasio's **NYCHA 2.0 plan**, which is intended to help subsidize and resolve the much needed repairs for the 175,000 residents housed within NYCHA's 62,000 apartments through the sale of air rights from public housing.



202-208 Tillary Street - Rendering

Although permits have yet to be filed, the L-shaped 19,450-square-foot parcel is expected to give rise to a 2-tower, 266,542-square-foot mixed-use development hosting a total of 262 residential units spread across 234,316 square feet, of which 79-units (about 43%) would be designated for affordable housing, 13,723 square feet of ground level retail space, and a below-grade 44-car parking garage according to details within a 2017 New York City Environmental Quality Review report. However the purchase of the air rights could reportedly increase the scope of the project to 400,000 square feet with a total of 400-units, of which 25%, or 100-units, will be designated for affordable housing.

The Regional Plan Association (RPA) released the **Time to Act: Restoring the Promise of NYC's Public Housing** report in October. Among the recommendations RPA suggests that "NYCHA's untapped development rights are a critical component for generating needed funds." RPA estimates that there are 78 million square feet of unused development rights owned by NYCHA, based on the city's data. However due to the requirement the transferrable development rights (TDRs) be transferred to sites on the same block, most of the TDRs cannot be transferred, particularly since many of NYCHA's developments themselves occupy an entire tax block. The creation of a new zoning framework to allow more flexible transfers of NYCHA's TDRs would require a process which would be lengthy and difficult to complete, but it offers the potential for unlocking the majority of NYCHA's unused development rights according to RPA.

After evaluating a range of different scenarios for NYCHA's TDRs, it was determined that of the 78 million square feet available:

- About 1 million square feet could be transferred as-of-right via zoning lot mergers based on existing zoning rules;
- About 2 million square feet could be transferred via zoning lot mergers and jumping over parcels that are not immediately adjacent to NYCHA by making adjacent lots that are not able to receive the TDRs conduit parcels for transfers and density would remain the same within each block;
- Approximately 20 million square feet could be transferred if NYCHA was allowed to transfer development rights directly across street boundaries, or diagonally across an intersection;
- All 78 million square feet would be unlocked by creating a mechanism whereby unused development rights can be transferred within a half-mile, or within the same community district, from the generating NYCHA site.



# Brooklyn Development (cont'd)

## Recently Sold Sites

**473-491 President Street aka 514-530 Union Street / 465-471 President Street aka 313-323 Nevins Street** (Gowanus) – Avery Hall Investments has purchased the pair of adjacent properties for \$44.1 million from EcoRise Development. Currently hosting single-story warehouses totaling 48,955 square feet, the 48,955-square-foot assemblage can accommodate 97,910 buildable square feet as-of-right for a commercial development according to reports. Plans are apparently being abandoned by EcoRise for a 150,000-square-foot to 300,000-square-foot commercial development, of which the office component was reportedly expected to be anchored by **Knotel**; and would have marked the flexible office space provider’s first ground-up development.

The **Royal Palms Shuffleboard Club** is a tenant in one of the buildings, occupying about 17,000 square feet under a lease with a few years of term remaining, new ownership reportedly not intending to close Royal Palms anytime soon. EcoRise had acquired the properties in 2014 for \$17 million as part of a 5-parcel portfolio; and subsequently in 2016 sold the other (3) properties that offer 4,100 square feet of combined land area at **341 Nevins Street, 339 Nevins Street** and **431 Carrol Street** to Alloy Development for \$2.775 million according to city records.

About one month later decisions to partner with Tavros Holdings and Charney Development & Construction on the purchase of (4) newly introduced parcels being reportedly sold by longtime owner the Pontone family enabled Avery Hall to add another 11,645 square feet, bringing the total development site to 60,600 square feet and allowable as-of-right commercial development to 121,200 square feet. The properties zoned for manufacturing are located within an Opportunity Zone and the roughly 80 block area where a proposed rezoning is making its way through the Uniform Land Use Review Procedure (ULURP) process, and if approved will open the door to new, larger mixed-use developments.

As part of the \$55 million deal the new owners will reportedly divide-up the properties with Avery Hall keeping the (3) parcels on the south side of Union Street at an approximate price of \$18.5 million — 534-534 Union Street (aka 493 President Street), 495-497 and 499 President Street. Tavros and Charney will keep 30,100-square-foot parcel on the north side at 232-250 3rd Avenue (aka 581-599 Union Street), paying about \$36.5 million; and reportedly plan to construct a mixed-use residential project to include retail space and affordable housing after the rezoning; while Avery Hall has yet to decide on its plans, but likely to follow in the same direction according to reports.





# Brooklyn (cont'd)

## Recently Sold Sites (cont'd)

**11-31 Ryerson Street / 1-9 Ryerson aka 256 Flushing Avenue** (Clinton Hill) – The Sela Group has acquired the pair of properties for \$55 million. News of the sale comes about 16 months following initial reports of the more than \$70 million sale offering by Madison Realty Capital, having acquired the two properties located in the vicinity of the Brooklyn Navy Yard in February 2015 for roughly \$44.965 million with additional investment reportedly made for renovations of the existing 8-story, 192,240-square-foot warehouse. Madison Realty will remain involved in the project as a partner according to reported statements by a company spokesperson; however it is uncertain if Sela will revise plans that secured Department of Building approvals in 2016. At the time of Madison’s purchase, the developer sought a 3-story vertical expansion and reallocation of space of the existing structure that would add 44,591 square feet as part of a conversion to commercial use; while the adjacent vacant 9,017-square-foot parcel was expected to give rise to the ground-up construction of a 3-story, 28,233-square-foot commercial development, but the project has yet to move forward.

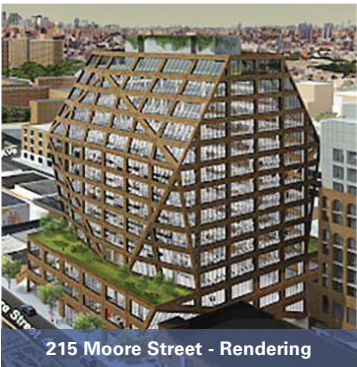


11-31 Ryerson Street - Rendering

The \$42.5 million in financing for the transaction provided by Maxim Credit Group was backed by the two Brooklyn properties along with a Queens property at **39-35-35-37 27th Street**. The stalled partially constructed 38,000-square-foot, 79-key hotel located in the Dutch Kills section of Long Island City had been purchased by Sela from a different seller in May for \$9.1 million according to city records. The new loan consolidated \$23.59 million of existing debt with a new \$18.91 million gap mortgage.

## Projects on the Horizon

**215 Moore Street** (Bushwick) – Heritage Equity Partners is reportedly seeking approvals for a proposed mixed-use development on the block-through site fronting both Moore and Sigel Streets. According to reported details of an Environmental Assessment Statement, the development’s main entrance would be on Moore Street; and would comprise 375,824 square feet of office space spanning the 2nd through 13th floors, 16,026 square feet of retail space, 79,592 square feet of exposition space on the first and second cellar levels to be accessible via the Siegel Street side, and 249 parking spaces. The development would rise to a total height of 13-stories, with a 20-foot setback atop the 3rd story before rising the remaining 10-stories for a total linear height of approximately 200-feet. The project will also include a new adjacent hotel and renovations to a pair of existing low-rise structures. Although the full development site has yet to be verified, a total of 16 tax lots offering a combined total of 86,324 square feet last traded in December 2014 for \$28.25 million under the entities 215 Moore St Acquisition LLC and S&B Moore LLC.



215 Moore Street - Rendering

# Brooklyn (cont'd)

## Project Plans in Progress

**80 Flatbush Avenue** (Downtown Brooklyn) – Alloy Development and the Educational Construction Fund (ECF) are collaborating on a multi-building, mixed-use development that will spread across a full, 61,399-square-foot triangular block bound by Flatbush and 3rd Avenues and State and Schermerhorn Streets. According the July 2018 Notice of Completion of the Environmental Impact Statement the approximately 1.285 million-square-foot complex to be constructed in phases will deliver 830,000 gross square feet of residential space hosting a combined total of up to 922-units, of which 200-units will be designated for affordable housing; a 350-seat replacement facility of the existing **Khalil Gibran International Academy** and 350-seat lower school; 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.

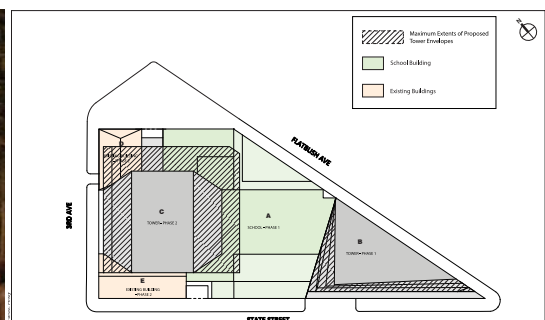
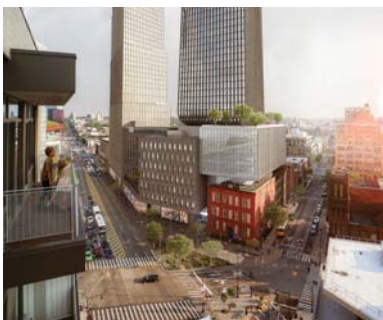


- 370-382 Schermerhorn Street – The 9,589-square-foot parcel was acquired by Alloy in July 2017 for \$25 million; and currently hosts a single-story commercial structure.
- 100 Flatbush Avenue – The 1,198-square-foot parcel as acquired by Alloy July 2019 for roughly \$80.036 million; and currently hosts a 2-story, 2,450-square-foot commercial structure.
- 80-88 Flatbush Avenue aka 489-491 State Street / 96 Flatbush Avenue – The adjacent parcels totaling 28,922 square feet are controlled under a 99-year leasehold secured April 2015 for roughly \$49.778 million from Great Neck, Long Island-based fee-owner Kimaqu Corp. The lease term extends through April 30, 2114.
- 102 Flatbush Avenue – The 3,093-square-foot parcel is controlled under a 99-year leasehold secured in April 2015 also from Kimaqu Corp. for roughly \$4.036 million; and under a lease term that is coterminous with the other (2) properties.
- 362 Schermerhorn Street – The western portion of the 17,500-square-foot, which is operated by the New York City Department of Education (DOE), currently hosts the (5) connected Kahlil Gibran school buildings of which (2) are planned to be retained and adaptively reused; while the eastern portion that hosts a mix of residential and commercial buildings is under private ownership.

### Permits were filed in October for the first phase of construction:

- 100 Flatbush Avenue – Alloy Development filed new building applications for a 40-story, 374,336-square-foot development that will reach a linear height of 482-feet and include 262 residential units, 105,000 square feet of office space and 25,000 square feet of retail space.
- 489 State Street – ECF filed plans for a 9-story, 189,443-square-foot development that will give rise to the construction of both lower school and Kahlil Gibran replacement school.

Despite the overall project securing City Planning Commission (CPC) approvals in August 2018, approvals by the city council about one month later were held up as concerns by local legislators of the 986-foot linear height of the project's final tower sparked some delays. Initially proposed to be 74-stories and reach a linear height of 986-feet, the tower's design was ultimately scaled down to 825 to 845-feet, reportedly equating to a loss of a portion of the proposed 105,000 square feet of office space. Originally proposed to host 105,000 square feet of office space, 550 to 650 residential units, of which 200-units would be designated for affordable housing, 15,000 square feet of cultural space, and 15,000 square feet of retail space; however due to the downsizing in scope expected to result in a loss of some of the office space and market-rate residential units.





# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

**23 Hanover Place aka 275-281 Livingston Street** (Downtown Brooklyn) – Aview Equities filed new building applications in August for a 29-story, 70,734-square-foot mixed-use development. The 463-foot-tall structure will host 43 residential units spread across 49,974 square feet and 1,727 square feet of commercial space. New construction will rise on the 4,376-square-foot L-shaped corner parcel that last traded in October 2018 for \$14.8 million (\$209 per buildable-square-foot); and was financed by an \$11 million acquisition loan provided by Churchill Credit Holdings LLC according to city records. The existing 3-story, 12,070-square-foot commercial structure will be demolished to make way for new construction according to demolition permits secured in November 2018.

**1120 St. John's Place / 1128 St. John's Place** (Crown Heights) – Brooklyn-based Complete Development Inc. filed new building applications in September for a 7-story, 62,230-square-foot residential development. The 75-foot-tall structure will host 75-units spread across 45,706 square feet. New construction will rise on the 2-parcel, 18,355-square-foot assemblage located between Kingston and Albany Avenues. Ownership of the site is unclear, having been acquired in (2) transactions under separate entities in February and April this year for a combined total of \$11.45 million (\$184 per buildable-square-foot). The Israel Discount Bank of New York initially provided a \$5.85 million loan in February for the \$9 million purchase of the 13,958-square-foot parcel at 1120 St. John's; and (2) months later provided a roughly \$1.723 million gap mortgage collateralized by both sites and consolidated into a single \$7.573 million loan according to city records.

**953 Atlantic Avenue** (Clinton Hill) – New building applications were filed in September for a 9-story, 119,648-square-foot mixed-use development. The 95-foot-tall structure will host 124 residential units spread across 84,919 square feet and 5,402 square feet of commercial space. New construction will rise on the 19,635-square-foot parcel located between Grand and Classon Avenues, whose ownership is listed on city records as the Brooklyn-based entity 86 Lefferts Corp. Demolition permits had yet to be filed for the existing single-story, 2,250-square-foot commercial structure that formerly housed a **White Castle** until shuttering in 2014. The latest filing appears to be a modified refiling by the entity of a previous 2015 residential development application that secured approvals, detailing a 7-story, 106,676-square-foot development to host 94 residential units.

**1215 Fulton Street** (Bedford-Stuyvesant) – Co-living operator The Collective filed new building applications in September for a 10-story, 238,751-square-foot mixed-use development. The 150-foot-tall structure will host 150 co-living units spread across 67,718 square feet and 93,630 square feet of commercial space that will likely provide common and shared areas for the tenants. The vacant 44,607-square-foot irregular-shaped site was acquired in February for \$32.5 million (\$136 per buildable-square-foot); and financed with a roughly \$26.651 million loan that included a new \$15.151 gap mortgage plus a separate \$4.349 million supplemental mortgage provided by ACRES Capital, LLC. A portion of the site located in Brooklyn's Bedford-Stuyvesant neighborhood formerly hosted the former **Slave Theater** that was demolished a few years ago. The core of the site is situated on the interior of the block bound by Halsey and Fulton Streets, Bedford Avenue and Arlington Place; and surrounded by a circle of several existing structures, but offers 120-feet and 60-feet of frontage on Halsey and Fulton Streets respectively.



Other development activity in the borough by the London-based company launched in 2010 includes a 27-story, 370,073-square-foot development filed in June. The 317-foot-tall structure that will host 254 residential units, 130,445 square feet of commercial space, 9,016 square feet designated for community facility use, and on-site parking for 180 cars will rise in the Williamsburg neighborhood at **24-28 Boerum Street**. In addition, The Collective also plans to convert the 125-key, 80,200-square-foot **Paper Factory Hotel** at 37-06 36th Street in Long Island City, Queens into a "short-stay" co-living arrangement for stays between (1) and (29) days. Future plans at the property include the reported construction of an extra "100 units for more conventional co-living" through a vertical expansion of the existing structure.

**886 Broadway / 361 Stockton Street** (Bedford-Stuyvesant) – Transitions Acquisitions filed new building applications in October for a 7-story, 57,142-square-foot commercial development. The 105-foot-tall structure will rise on the 2-parcel, 14,306-square-foot assemblage the developer acquired through (2) transactions in March 2018 for a combined total of \$7.5 million (\$131 per buildable-square-foot). Demolition permits were secured last year for the existing single-story commercial and 2-story one-two family structures according the Department of Buildings records.

# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

**449 Chester Street** – Site F (Brownsville) – L+M Development Partners pre-filed new building applications in October for the 8-story, 173,577-square-foot mixed-use development. The 84-foot-tall structure will host 175 affordable housing units spread across 152,069 square feet plus 1,895 square feet of community facility space and 22 enclosed parking spaces. The project is part of a planned 7-building affordable housing complex dubbed **Marcus Garvey Development**; and will serve as an extension of the existing 625-unit, Mitchell Lama **Marcus Garvey Apartments** complex that spreads across (9) city blocks. The developer is working in collaboration with New York City Department of Housing Preservation and Development (HPD), Department of Parks and Recreation, and New York Citywide Administrative Services (DCAS). Intended to introduce new housing options within the neighborhood, the complex is reportedly part of the HPD's **Brownsville Plan**, a \$150 million community investment plan that in addition to increasing housing options is expected over the next 5-years to focus on improving the neighborhood's local parks and roadways; and introduce new retail space, health centers, and community area.

Other developments within the complex previously filed include:

- **215 Livonia Avenue** (Site B) – The 7-story, 96,316-square-foot development filed in June will reach a linear height of 75-feet; and host 96-units spread across 77,400 square feet plus 6,466 square feet of commercial space.
- **169 Livonia Avenue** (Site D) – The 8-story, 86,435-square-foot development filed in June will reach a linear height of 85-feet; and host 78-units spread across 66,164 square feet plus 4,524 square feet of commercial space.

In order to facilitate the development of the project "several discretionary land use approvals, including zoning map and related text amendments and special permits to establish a **Large Scale General Development (LSGD)**" were sought by the project team. The projects filed thus far appear to have moderately deviated in scope from the project specs detailed within the June 2018 Environmental Assessment Statement (EAS) posted on HPD's website. Buildings on sites A-E were to be 8-stories and reach a linear height of 95-feet; while the remaining buildings on sites F and G would be 9-stories and 100-feet in linear height. New construction will replace existing parking lots on a majority of the sites, with the remaining (4) developments that had yet to be filed as of early October to include:

Site	Location	Sq. Ftge.	Units	Retail SF	Community Facility SF
A.	401 Chester Avenue	134,498	114	8,700	21,039
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



Sites B/D



Marcus Garvey Extension - Renderings



Site Plan

**589 Christopher Avenue** (Brownsville) – Procida Companies filed new building applications in September for an 11-story, 245,810-square-foot mixed-use development. The 94-foot-tall structure will host 208 residential units spread across 173,283 square feet and 13,913 square feet of commercial space. Although unverified it appears that Procida is constructing the building on the 36,833-square-foot full block vacant site in partnership with not-for-profit the Housing Partnership Development Corporation. Bound by Hegeman, Christopher and New Lots Avenue, as well as Sackman Street, Housing Partnership acquired the site from the Church of God of East Flatbush in 2016 for an undisclosed price as part of a multi-parcel portfolio purchase of \$12.6 million.



# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

**595 Dean Street / 645 Dean Street** (Prospect Heights) – TF Cornerstone filed new building applications for a 925,851-square-foot mixed-use development to be constructed between Vanderbilt and Carlton Avenues. A pair of adjoining east and west 29-story towers will rise on the adjacent B12 and B13 sites that the developer assumed the development leases of earlier this year from Greenland Holding Group. Reaching a linear height of 298-feet, the complex will host a total of 798 residential units spread across 650,966 square feet — which may be condominiums according to 2014 plans, plus 8,397 square feet of commercial space, and 455 enclosed parking spaces.

The project is part of the multi-building **Pacific Park** complex, Greenland opting to sell the development leases to TF Cornerstone for a combined total of roughly \$142.897 million (\$154 per buildable-square-foot) as part of an effort to accelerate construction and meet the 2025 deadline to deliver a total of 2,250 affordable housing units, as reportedly stipulated in the agreement with the state to avoid the cash penalty if the deadline is not met. In addition to the sites assumed by TF Cornerstone, a 3rd site known as B15, and going by the address **37 6th Avenue** (former alternate address 664 Pacific Street) was assumed by the Brodsky Organization, where construction is already underway for the 26-story, 380,994-square-foot mixed-use development.



**815 Flatbush Avenue / 5 Linden Boulevard** (Flatbush) – Property owner Harry Einhorn filed new building applications in November under the entity Flatbush Caton LLC for an 8-story, 77,235-square-foot mixed-use development. The 85-foot-tall structure will host 76 residential units spread across 58,096 square feet and 4,698 square feet of commercial space. According to details of the Department of Buildings filing, the new building will incorporate foundation walls and the southern façade wall of the existing 2-story, 18,492-square-foot commercial building. The 11,816-square-foot parcel located on the corner of Caton Avenue last traded in November 2018 for \$10 million (\$129 per buildable-square-foot), Popular Bank providing \$5.3 million in financing to close on the transaction according to city records.

**2339 Nostrand Avenue** (Midwood) – Hampshire Properties filed new building applications in November for a 7-story, 62,458-square-foot residential development. The 70-foot-tall structure will host 59-units spread across 51,111 square feet. New construction will rise on the 12,075-square-foot parcel located between Avenues I and J, having last traded in November 2017 for \$4.53 million. Demolition permits were secured in January for the existing single-story, 7,200 commercial structure.

**1884-1892 Broadway / 257-259 Hull Street** (Bushwick) – New building applications were filed in October for a 7-story, 94,909-square-foot mixed-use development by Yisroel Greenfeld under the Brooklyn-based entity Broadway 1884 LLC. The 70-foot-tall structure will host 66 residential units spread across 45,314 square feet, 9,796 square feet designated for community facility use, and 8,164 square feet of commercial space. New construction will rise on the 4-parcel, 15,762-square-foot assemblage located between MacDougal and Hull Streets. However ownership of the site is unclear. According to city records the entity 1892 Broadway Associates, Inc. acquired (3) of the properties — 1884 Broadway, 257-259 Hull Street and 261 Hull Street in April 2008 for \$1.12 million, having simultaneously secured for an undisclosed price a 30-year leasehold expiring April 15, 2038 for the remaining property at 1892 Broadway (aka 263 Hull Street). Demolition permits for existing structures to make way for new construction were secured in November 2018.

**85 4th Avenue** (Park Slope) – Property owner Harry Einhorn filed new building applications in October for a 12-story, 176,757-square-foot mixed-use development. The 125-foot-tall structure will host 193 residential units spread across 124,988 square feet, 5,415 square feet of commercial space, and 1,996 square feet designated for community facility use. New construction will rise across a 9-parcel, 16,400-square-foot assemblage bordering Boerum Hill that Einhorn acquired through multiple transactions between 2011 and 2019 for a combined total of roughly \$18.991 million. Additional development rights were acquired in 2011 and 2012 totaling 9,990 square feet — 1,790 square feet from 90 and 92 St. Marks Place for an undisclosed price; and 8,200 square feet in June 2012 for \$697,000 (\$85 per square foot) from 607 Warren Street.

# Brooklyn (cont'd)

## Project Plans in Progress (cont'd)

**280 Meeker Avenue** (Williamsburg) – CW Realty filed new building applications in November for a 6-story, 50,991-square-foot mixed-use development. The 80-foot-tall structure will host 69 residential units spread across 42,985 square feet, 5,423 square feet of commercial space, and 379 square feet designated for community facility use. The developer reportedly entered into contract to purchase the 5-parcel, 18,076-square-foot assemblage that can accommodate up to 65,000 square feet in May 2018, reports at the time indicating the price was around \$16 million (\$246 per square foot). Seller Synapse Development Group is expected to close on the sale before the end of the year. According to city records the assemblage was pieced together through multiple transactions between 2013 and 2015 for a combined total of roughly \$8.736 million.

- 280 Meeker Avenue – The 8,546-square-foot parcel traded in November 2013 for \$6.2 million, and is currently vacant.
- 646 Lorimer Street – The 4,885-square-foot parcel along with (2) adjacent parcels fronting Meeker Avenue that total 2,145 square feet are under a 10-year ground lease commencing September 2013 that was acquired for \$235,562. The deal includes (8) 10-year renewal options plus one subsequent optional renewal of 9-years; as well as an option for the tenant to purchase the landlord's fee.
- 644A-644B Lorimer Street – The 2,500-square-foot parcel on the corner of Jackson Street traded in June 2015 for \$2.3 million, currently hosting (3) low-rise mixed-use buildings.



**Rabsky Group: Double-header filings** (South Williamsburg) – New building applications recently filed for a pair of new developments totaling 232,262 square feet represent a portion of the approximately 422,524 square feet planned for the 4-parcel, 71,306-square-foot assemblage bound by Wallabout and Union Streets, and Union and Harrison Avenues. The entire site is expected to eventually host 340,540 square feet of residential space, 35,400 square feet of commercial space, and 46,583 square feet designated for community facility use.

- 58 Union Avenue – New building applications were filed in October for a 7-story, 73,164-square-foot development. The 75-foot-tall structure will host 65 residential units.
- 269 Wallabout Street – New building applications were filed in November for the 8-story, 159,098-square-foot mixed-use development. The 90-foot-tall structure will host 50 residential units.

The full project will spread across the 5-parcel, 182,346-square-foot assemblage comprised of a (2) full blocks separated by Wallabout Street that Rabsky acquired in July 2012 for \$12.75 million from pharmaceutical company Pfizer. Development of the sites has been delayed, having hit several roadblocks due to protests by reportedly various groups connected with the Broadway Triangle Community Coalition. Initially proposed in 2016, the project that secured city council approvals in late 2017 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.

**58 Vanderbilt Avenue aka 195-213 Park Avenue** (Fort Greene) – Property owner Bruchy Lefkowitz, under the entity 462 Lexington LLC, filed new building applications for a 9-story, 106,053-square-foot mixed-use development. The 107-foot-tall structure will host 90 residential units, 9,168 square feet of commercial space, and 1,157 square feet of community facility space. New construction will rise on the 12,808-square-foot vacant parcel that spans the entire Park Avenue block-front between Vanderbilt and Clermont Avenues, which Lefkowitz purchased in February 2007 for \$2.185 million according to city records. As a result of a secured “spot rezoning” that changed the site’s use from manufacturing to residential and commercial, “about 25% of the building’s residential floor area, or 23-units, will be made permanently affordable in accordance with the Mandatory Inclusionary Housing (MIH) program.

Due to concerns of air quality for residential use, since the property sits along the Brooklyn-Queens Expressway (BQE), an “air-quality and sound-attenuation plan” will reportedly be required to be submitted to the Mayor’s Office of Environmental Remediation prior to receiving Department of Buildings’ permits. The property is located on the same block as the Department of Housing Preservation and Development-sponsored multi-building, 455-unit mixed-use **Navy Green** complex, which was able to move forward after a rezoning in 2009 of the remainder of the block was secured.



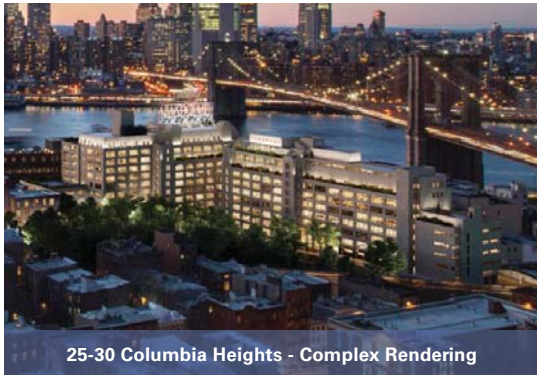
# Brooklyn (cont'd)

## Lending

**25-30 Columbia Heights** (Brooklyn Heights) – CIM Group and LVWRK secured a \$345 million financing packaged in August for the redevelopment of the former Jehovah's Witnesses' **Watchtower** complex. JPMorgan Chase served as administrative agent on the (3) loans that primarily refinanced loans provided in August 2016 by affiliates of the Blackstone Group and SL Green Realty — a roughly \$245.368 million acquisition loan, the outstanding \$77.294 million principal of a \$94.018 million building loan, and a \$12.338 million project loan, which consolidated the outstanding \$5.393 million principal of a \$36.552 million project loan that was reduced, with a new \$6.945 million project loan according to city record documents.

An \$80 million renovation of the 5-building complex rebranded **Panorama** was launched in 2017 — (2) main buildings that date back to the 1920s and (3) "boutique brick and timber" buildings built in the late 19th century. The project included the construction of "new lobbies, elevators, and data and mechanical infrastructure to support the needs of modern tenants." Upon full completion the site will host a combined total of 635,000 square feet of workspace, 55,000-square-foot of outdoor space spread across 20 public and private terraces, with portions of the campus' street level space to be open to the public; as well as about 35,000 square feet of neighborhood- and tenant-focused retail and public arts and culture spaces and 15,000 square feet of hospitality space according to the project's dedicated website.

In 2017 the iconic Watchtower sign installed on top of the former **Watchtower Bible and Tract Society Building** was taken down, after being a part of Brooklyn's skyline for around 50-years. Although initially declared by the Department of Buildings (DOB) as having been installed illegally, thereby barring new ownership from replacing it, approvals for new signage were ultimately secured after the Board of Standards & Appeals (BSA) ruled against the DOB on the basis that the agency had previously approved numerous repairs and structural modifications to the sign while under the former ownership of the religious organization. The precedent that was established as a result opened the door to the recent installation of a new illuminated "**Welcome**" sign that now crowns the top of the Columbia Heights building; and is intended to "remind travelers and businesses that Brooklyn welcomes businesses" with the **Panorama** complex serving as "a vital part of the new fabric of the Brooklyn waterfront" according to reported statements by a CIM group spokesperson.



**143-157 Roebling Street** (Williamsburg) – RedSky Capital secured a \$60 million loan to refinance the 5-building assemblage situated on the 25,525-square-foot L-shaped parcel the developer acquired in July 2014 for \$32.25 million (\$308 per square foot). Los Angeles-based Calmwater Capital provided the 18-month loan that refinanced and consolidated existing loans from ACREFI Holdings — a \$45.5 million loan and \$6 million loan provided in 2016 and 2018 respectively, adding a newly originated \$8.5 million gap mortgage according to city record documents. The transaction that includes a one-year extension option helps fund pre-development costs associated with the developer's planned conversion of the loft-style commercial structures into a mixed-use development. The properties that also go by addresses 1-19 Hope Street and 314 Metropolitan Avenue offer a combined total of about 132,000 square feet with 445-feet of wraparound frontage. Construction is expected to begin within the next year; and will reportedly deliver 68,000 square feet of office space, 33,000 square feet of retail space, and 20,000 square feet of residential space.



LaGuardia Air Train - Rendering

## Queens In the News

### PANYNJ Approves Funding for JFK and LaGuardia Projects

Long awaited projects at the region's (3) main airports took a step forward on October 24th upon the Port Authority of New York and New Jersey (PANYNJ) approving funding. A total of \$445 million will be allocated for construction and planning work at John F. Kennedy Airport; while both LaGuardia and Newark Liberty International airports will receive \$2.1 billion each, having approved new **AirTrains** at both since the existing one at Newark breaks down frequently. Construction on the AirTrains is expected to begin in 2021 for a tentative 2024 completion.

Although proposals for the LaGuardia AirTrain link from the Mets-Willets Point Station in Queens sparked mixed-response, a press release by Governor Cuomo in 2017 described the project as a key component of the airport's strategy to accommodate future passenger growth which is expected to increase by over 6 million passengers by 2030. The new elevated AirTrain to be operated by the Metropolitan Transportation Authority (MTA) is expected to provide a 6-minute ride from LaGuardia to Willets Point, making the total estimated travel time less than 30 minutes from Midtown Manhattan via the Long Island Rail Road from Penn Station to Willets Point. In addition to heightened convenience, the availability of the AirTrain as a travel option is expected to alleviate congestion on Queens' roadways. Currently 86% of LaGuardia passengers, as well as over 60% of the airport's 12,000 employees, travel to the airport by car.

In May 2017 Governor Cuomo commissioned Parsons Brinckerhoff to develop and design a proposal for the AirTrain, with the engineering and design firm reportedly being compensated \$14.6 million for the plan that will link the LaGuardia with the 7-train line and the Long Island Rail Road. About 2-years later the environment review process began for the project, followed by legislation signed by Governor Cuomo in June 2018 for the \$1.5 billion plan that will pave the way for the construction of the 1.5-mile elevated rail line.

According to the Governor's 2017 press release the project is expected to include:

- Construction of up to 2 new AirTrain stations at the new terminal buildings at the airport;
- Construction of an AirTrain station at Willets Point will be part of a brand new 3-station complex at Willets Point being spearheaded by the MTA which will include new LIRR and 7-line subway stations. The AirTrain station will be integrated in such a way as to create a seamless transfer for passengers; and
- Construction related to the "right-of-way" for the train from the Airport to Willets Point

Currently the Willets Point station only offers 7-line express service during rush hour and after Mets home games and U.S. Tennis Associations matches; and has LIRR serviced only during sports events, but the PANYNJ has agreed to "pay the MTA to create a consistent transit interface with the new AirTrain" according to reported statements in May by an PANYNJ spokesperson. The bi-state agency expects the LIRR to provide rail service every 15-minutes from the Mets-Willets Point station, with (2) trains per hour to each of Grand Central Terminal and New York Penn Station; and although the wait for a specific train or congestion at the Midtown Stations could extend the estimated 30 minute trip, it is expected to still offer a shorter travel time than traveling by road.





# Queens Development

## Projects on the Horizon

**22-58–22-60 46th Street / 22-61 45th Street** (Astoria) – Preliminary sketches have been revealed for a 2-building, 173,000-square-foot mixed-use development proposed by Mega Realty Holding and the Pancyprian Association. If approved by the Department of Buildings as proposed, the 8-story buildings will share a single-story podium to reportedly include 10,000 of ground and cellar retail space fronting 45th Street, and an approximately 8,700-square-foot, 250-seat community theater fronting 46th Street on portions of the ground and cellar levels. The 122,000-square-foot residential component will host a combine total of 136 units — 95 market-rate rental units and 41 permanently affordable housing units. An approximately 26,000-square-foot common outdoor recreational area will be created on the roof of the podium as part of the project. New construction will rise on the block-through 2-parcel assemblage totaling 30,008 square feet that is located between 23rd Avenue and Ditmars Boulevard. According to city records the 12,503-square-foot parcel fronting 46th Street has been longtime owned by Mega Realty, while the 17,505-square-foot parcel fronting 45th Street last traded in April for \$8.75 million. New building applications had yet to be filed, but a pair of single-story warehouses will need to be demolished prior to the start of construction.



**87 19th Avenue aka 1 Steinway Place** (Long Island City) – Initial renderings have been revealed for the proposed development of a reportedly 650,000-square-foot pre- and post-production film studio. 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 are behind the project that in addition to featuring film and television studios, 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.” In June reports indicated that the contract vendees 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.

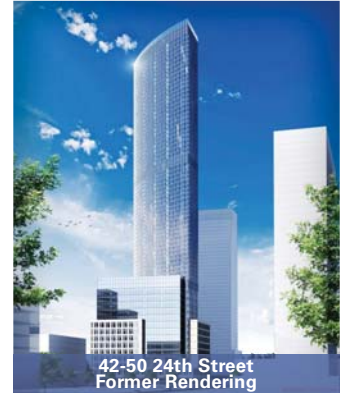
Construction of the studio is expected to create more than 1,000 daily union jobs according to reports. Applications were submitted in August to subdivide the current 11-acre site into (2) parcels by piano-maker Steinway & Sons. The development team is reportedly in contract to purchase a 5.25-acre portion of the excess land for \$73 million, with the transaction expected to close before the end of the year. Seller hedge-fund firm Paulson & Co. acquired 86.15% of the property from longtime owner and high-end piano manufacturer Steinway & Sons in September 2013 for roughly \$38.94 million; and in January 2014 bought the remaining 13.85% for \$6.26 million to take full control of the property for a combined total of \$45.2 million according to city records. Reports indicated that the sale will not impact Steinway’s existing manufacturing facility located on the remaining portion of the property, where the 160-year-old company acquired by Paulson in 2013 for about \$512 million will continue to build its pianos into the foreseeable future.



## Queens (cont'd)

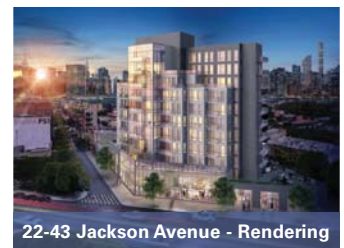
### Projects in Progress

**42-50 24th Street aka 23-01-23-17 43rd Avenue** (Long Island City) – Co-developers the Hakim Organization and Fisher Brothers pre-filed new building applications in October for a 35-story, 334,166-square-foot mixed-use development. The 447-foot-tall structure will host a mix of commercial, residential and hotel use according to details on the Department of Buildings website — 215,626 square feet of residential space and 39,767 square feet of commercial space. Demolition permits were secured earlier this year for the existing single-story, 9,730-square-foot structure. The primarily vacant 33,950-square-foot parking lot that spans the entire 43rd Avenue block-front between 23rd and 24th Streets was acquired by Hakim (aka Dynamic-Hakim) in December 2015 for \$69 million (\$206 per buildable-square-foot). Property Markets Group (PMG) had partnered with Hakim for the acquisition, initial renderings at the time revealing a more ambitious 74-story development; however it is unclear if PMG is still part of the project team.



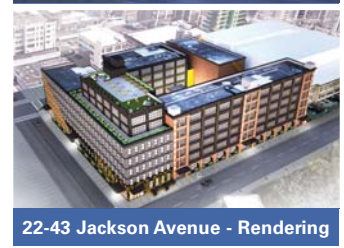
42-50 24th Street  
Former Rendering

**22-43 Jackson Avenue** (Long Island City) – Construction is well underway for Circle F Capital's 11-story, 120,000-square-foot mixed-use development that is expected to deliver sometime next year. The 125-foot-tall structure dubbed **The Prime** will host 71 residential units spread across 63,956 square feet and 11,725 square feet of commercial space. The irregular-shaped 17,990-square-foot parcel that offers frontage along 46th Avenue, Jackson Avenue and 23rd Street last traded in May 2017 for \$23 million (\$192 per buildable-square-foot) according to city records. A \$12 million mortgage secured from iCross Fund Inc. at the time of the acquisition was refinanced (7) months later by Brookfield Asset Management.



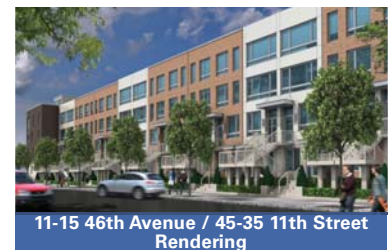
22-43 Jackson Avenue - Rendering

**40-09 21st Street** (Long Island City) – Longtime owner Elms Realty is currently repositioning the 6-story, 87,000-square-foot warehouse for office use as part of a multi-phase project. Leasing recently launched at the building that in addition to getting a "new, partially red-brick façade, a bike room and fitness center," will also undergo a reported opening up of the ground floor with large, arched doorways that will be glassed-in for 9,000 square feet of new retail and a new lobby. Additional upgrades will include new utilities, large gridded windows, and new heating and cooling systems. Dubbed **Urban Yard**, the 5-parcel assemblage of 5- and 6-story warehouses that spans the entire 40th Avenue block-front between 21st and 22nd Streets will deliver 400,000 square feet of repositioned space upon full construction completion which is expected to take 3-years. As part of the project the buildings will be re-combined, creating (3) buildings the will be united by a common basement, underground parking lot and shared interior green space according to reports. Ideally located next to the 21st Street-Queensbridge F-train station, the project is reportedly hoping to fetch rents in the mid-\$30 per square foot range.



22-43 Jackson Avenue - Rendering

**27-09 40th Avenue** (Long Island City) – First Elite Management filed new building applications in September for a 6-story, 88,263-square-foot mixed-use development. The 60-foot-tall structure will host 46 residential units spread across 34,550 square feet and 17,918 square feet of manufacturing space. New construction will rise on the 3-parcel, 17,502-square-foot assemblage on the corner of 28th Street, replacing existing single-story 8,170-square-foot and 2,740-square-foot industrial buildings and a 2,485-square-foot parking facility according to demolition permits filed in early September. The developer acquired the parcels through separate transactions in 2018 and 2019 for a combined total of \$12.5 million (\$142 per buildable-square-foot); and in April secured \$4.3 million in financing from Great Neck, Long Island-based GCP Capital Group.



11-15 46th Avenue / 45-35 11th Street  
Rendering

**23-11 43rd Avenue** (Long Island City) – Fisher Brothers and the Hakim Organization filed new building applications in November for a 34-story, 334,166-square-foot mixed-use development. The 447-foot-tall structure will host 240 residential units spread across 215,626 square feet and 39,767 square feet of commercial space. New construction will rise in the Hunts Point section of the neighborhood on the 33,950-square-foot parcel that spans the entire 43rd Avenue block-front between 23rd and 24th Streets, with alternate addresses 42-50 24th Street and 42-63 23rd Street. Hakim (aka Dynamic-Hakim) acquired the site in December 2016 for \$69 million along with Property Markets Group according to city records; however although unverified it appears PMG may have left the project, with Fisher Brothers joining in 2017. The filing represents a downsizing from a preliminary rendering released in July 2018 revealing a more ambitious 74-story mixed-use development reaching a speculative minimum height of 750 feet, based on double-height retail at the base, and a potential building density of at least 1 million square feet according to reports at the time.



23-11 43rd Avenue  
Former Rendering



# Queens (cont'd)

## Projects in Progress (cont'd)

**51-15 Beach Channel Drive** (Edgemere) – Arker Companies has secured city council approvals for the redevelopment of the site of the former **Peninsula Hospital** that shuttered in 2012. Reports in mid-November indicated that the mixed-use project will host 2,050 rent-controlled housing units and 270-units of senior housing, 150,000 square feet of retail space to be anchored by a **Western Beef** supermarket, and 38,000 square feet of open space to include a children's playground and public plaza. The multi-building complex will be built in (5) phases over the next 15-years. Sustainability features will include the installation of solar panels to provide a portion of the electricity and the creation of rain gardens that will capture excess water. Arker will be co-developing the project with the Northeast Brooklyn Housing Development Corporation (BHDC), reportedly under Peninsula Rockaway Limited Partnership. A rezoning of the site from R-5, with a portion of the property having a C1-2 commercial overlay, to reportedly C4-4 was required before the (11) building development could move forward. The entire assemblage offers nearly 472-feet of frontage along Rockaway Beach Boulevard, 276-feet on Beach 50th Street, 794-feet on Beach 53rd Street, and 430-feet on Beach Channel Drive.

It appears the scope of the project may have been downsized as part of the rezoning approval, reports in March 2018 detailing a 2.289 million-square-foot complex comprised of a more dense 17 buildings. It was initially proposed that a total of (16) buildings ranging in size from about 63,000 square feet to 181,000 square feet would be constructed on the larger 2-parcel, 381,221-square-foot hospital site, which the development team acquired in May 2016 for \$19 million. The smaller of the 2-parcels currently hosts a parking lot; and the larger parcel a pair of 4-story buildings, of which the currently occupied nursing home is expected to remain, while the 4-story hospital building will be demolished to make way for new construction. The 17th building was to rise directly across Rockaway Beach Boulevard on a 17,744-square-foot parcel acquired in June 2016 for \$650,000 (\$10 per buildable-square-foot), replacing a 2-story, 13,000-square-foot industrial building.



Below is a comparative of potential development with and without the rezoning as reported in 2018:

Use	No-Action Condition	With-Action Condition	Increment
Residential Gross Sq. Ft. Total Dwelling Units	182,523 SF 568-units	1,819,073 SF 2,200-units	1,336,550 SF 1,632-units
Retail (Gross Sq. Ft.)	21,659 SF	151,809 SF	130,150 SF
Community Facility (Gross Sq. Ft.)	800 SF	64,355 SF	63,555 SF
Parking Gross Sq. Ft. Parking Spaces	40,000 557-cars	233,571 SF 642-cars	193,571 SF 85-cars
Publicly-Accessible Open Space (Gross Sq. Ft.)	0	37,538 SF	37,538 SF

Construction is expected to break ground in 2020 according. News of the proposed project surfaced about 2-years following reported efforts by the city to revitalize and rezone Edgemere, but an updated status of the review of a wish list drafted by the New York City Department of Housing Preservation and Development (HPD) is not known. The Rockaway's neighborhood located within the flood zone between Beach 35th and Beach 50th Streets had incurred significant damage in the aftermath of the 2012 Hurricane Sandy.



## Queens (cont'd)

### Projects in Progress (cont'd)

**131-01 – 131-09 39th Avenue** (Jamaica) – Real estate investor Yuk Ming Yip pre-filed new building applications for a 19-story, 893,698-square-foot mixed-use development. The 245-foot-tall structure will host 368 residential units spread across 339,242 square feet, 313,765 square feet of commercial space, and 11,272 square feet of community facility space. Ming Yip acquired from TripleStar Realty the vacant 139,378-square-foot waterfront site formerly known as **Assi Plaza** for \$115 million in October 2017, having last traded in 2015 for \$78.299 million, the seller deciding to abandon its own plans to construct a mixed-use development hosting a mix of 360 residential condominiums, a 200-key hotel, a supermarket as well as other retail and office space according to previous reports.

### Lending

**11-15 46th Avenue / 45-35 11th Street** (Long Island City) – Hawthorne, NY-based GDC Properties has reportedly secured a \$75.6 million bridge loan for its cluster of (38) 4-story, two-family sized rental townhouses. Granite Point Mortgage Trust, a mortgage REIT advised by Pine River Capital provided the new debt that refinances \$64 million in existing loans issued in 2016 by Santander Bank and provides additional funding to help move construction to completion according to reports. Located in the Hunters Point section of the neighborhood, the project is reportedly the first large townhouse development to be constructed in Long Island City in 50 years. Ranging in size from 3,950 to 4,954 square feet, the units will rent for around \$7,000 per month according to reported statements by a GDC spokesperson.

The majority of the units will offer private outdoor space, and a shared internal courtyard will be created. Lower level units will include basements with ½-baths; while tenants in the upper level duplexes will have access to an extra penthouse level featuring a wet bar and refrigerator, as well as a private roof deck. The 50,000-square-foot, 2-parcel assemblage was acquired through 2 transactions in 2014 for a combined total of \$44 million. Due to unforeseen issues the project experienced several delays since the 2014 permit filing, including being in development at the same time the now former 421-a tax abatement program was expiring. GDC expects to deliver (4) buildings at a time; and the first group had been slated to launch in October, with full construction completion expected within the 1st quarter of 2020.





## Bronx Development

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### Recently Sold Sites

**286 Rider Avenue** (Mott Haven) – Heritage Equity Partners under the entity 286 Rider Ave Acquisition LLC will be making its debut in the Bronx residential market, having acquired reportedly along with business partner Michael Lichtenstein the 21,078-square-foot parcel for \$10 million (\$83 per buildable-square-foot) from longtime owner Robert Newblatt. New ownership plans to construct a 120,000-square-foot residential rental development on the site located at the corner of East 139th Street. Plans to apply for a tax abatement through the Affordable New York Housing Program (ANYHP) will require 25% to 30% of the planned 140-units to be designated for affordable housing. Demolition of the existing single-story, 20,555-square-foot industrial building will be needed prior to the start of construction.

### Projects in Progress

**1883 Crotona Avenue** (Tremont) – Bronx-based not-for-profit affordable housing developer SEBCO Development filed new building applications in September for a 10-story, 107,113-square-foot residential development that will reach a linear height of 105 feet and host 134-units spread across 87,411 square feet. The building is reportedly being constructed under the city's **Affordable Independent Residences for Seniors** (AIRS) program that launched in March 2016 as part of the **Zoning for Quality and Affordability** text amendment. Under the program, developers are allowed to increase the scale of their projects if they dedicate a portion of the project to seniors. The term sheet issued in mid-July by the Department of Housing Preservation and Development (HPD) stipulates that eligible projects must include a minimum of 10 Privately Financed Affordable Senior Housing (PRASH) units. According to city records SEBCO took title of the original 9-parcel, 37,000-square-foot assemblage from the city in 1991; and in December 2014 an \$11.2 million (\$104 per buildable-square-foot) deed transaction for the now merged single tax lot was recorded.

**180 East 132nd Street** (Mott Haven) – Carnegie Management Inc. filed new building applications in October for a 15-story, 224,220-square-foot residential development. The 153-foot-tall structure will host 224-unit spread across 177,153 square feet. New construction will rise on the vacant 29,530-square-foot site located by the Willis Avenue Bridge that last traded to the entity 82 Willis, LLC in September 2005 for \$3 million according to city records.



University Heights, Bronx

## Bronx (cont'd)

### Projects in Progress (cont'd)

**714-722 East 241st Street** (Wakefield) – Enclave Equities filed new building applications in October for an 11-story, 266,350-square-foot mixed-use development. The 110-foot-tall structure will host 251 residential units spread across 198,329 square feet, 24,116 square feet of commercial space, and 44 enclosed parking spaces. New construction will rise on the 41,983-square-foot development site spanning the entire 241st Street block-front between White Plains Road and Furman Avenue; and was originally comprised of (6) parcels that were merged into a single tax lot in 2015. The developer acquired (5) of the parcels for \$2.71 million in February 2014, with the remaining parcel trading in January 2015 for an undisclosed price according to city records.

**4519 White Plains Road** (Wakefield) – The Doe Fund filed new building applications in October for a 9-story, 72,883-square-foot mixed-use development. The 89-foot-tall structure will host 98 supportive housing units and 29,421 square feet of community facility space. New construction will rise on the 15,800-square-foot parcel between East 239th and 240th Streets acquired by the non-profit organization in October 2018 for \$2.9 million (\$40 per buildable-square-foot). Not-for-profit Corporation for Supportive Housing provided a roughly \$3.73 million financing package that included a \$2.75 million acquisition loan, a \$780,172 project loan, and a \$199,432 building loan according to city records. Demolition permits for the existing single-story, 7,674-square-foot industrial building have yet to be filed.

**1210-1214 Simpson Street** (Crotona Park East) – St. Peter's Deliverance Ministries, in collaboration with national homelessness non-profit Help USA filed new building applications in October for a 7-story, 62,938-square-foot mixed-use development. The 71-foot tall structure will host 72 housing units spread across 47,045 square feet, reportedly "geared toward seniors in an LGBT-friendly environment," and 7,937 square feet designated for community facility use. New construction will rise on the 4-parcel, 14,601-square-foot assemblage located on the corner of Home Street. Primarily vacant parking area, demolition permits have already been secured for the single-story, 8,452-square-foot structure currently utilized by the religious organization, likely indicating that the community space in the new building will provide a new facility for St. Peter's.

**3069 Villa Avenue** (Jerome Park) – New building applications were filed in October under the entity St. Philip Neri Apartments LLC for a 12-story, approximately 71,402-square-foot residential development. The 114-foot-tall structure will host 85-units; and be constructed on the 12,500-square-foot parking lot located between East 204th Street and Bedford Park Boulevard. According to city records the site is owned by the Roman Catholic Church of St. Philip Neri, which operates an elementary school on the next block at 3031-3057 Grand Concourse (aka 3078 Villa Avenue).





## Staten Island Development

### NYS Downtown Revitalization Initiative Awarded to Staten Island

Through the collaboration of New York State and the New York City Regional Economic Development Council a revitalization initiative of Staten Island's main commercial corridors will be launched. The borough has been selected as the New York City Region winners of the 4th round of the **Downtown Revitalization Initiative** (DRI). Under the program, "one municipality from each of the state's (10) regional economic development regions is selected as a \$10 million winner" each year as part of an overall state goal "to target \$100 million in funding and investments to help communities boost their economies by transforming downtowns into vibrant neighborhoods where the next generation of New Yorkers will want to live, work and raise a family" according to the November 4th press release by the Governor's office. Last year the Bronx was the recipient of the funding, leading to (12) planned "transformational" projects in the Bronx Civic Center neighborhood; while Jamaica, Queens and Downtown Brooklyn were selected as the New York City Region winners of the first (2) DRI funding rounds.

Funding will help Staten Island capitalize on the recent and rapid growth of its downtown core, with development efforts focused on creating a connected world-class tourist, retail, and dining destination. Recognized as the gateway to the borough, the press release from the Governor's office states that the area "provides prominent civic, commercial, and cultural assets connected by the central Bay Street Corridor running from the Staten Island Ferry Terminal and historic St. George neighborhood to the rapidly developing Stapleton area. As the fastest-growing area in Staten Island, the neighborhood is on the cusp of a new era: business incubators and breweries are joining historic tourist destinations and an established civic center is bringing foot traffic to downtown streets, waterfront and mixed-used developments are creating a renaissance on the North Shore, and an unprecedented demand for businesses to locate downtown is transforming the suburban enclave into an expanding hub of economic activity."



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