

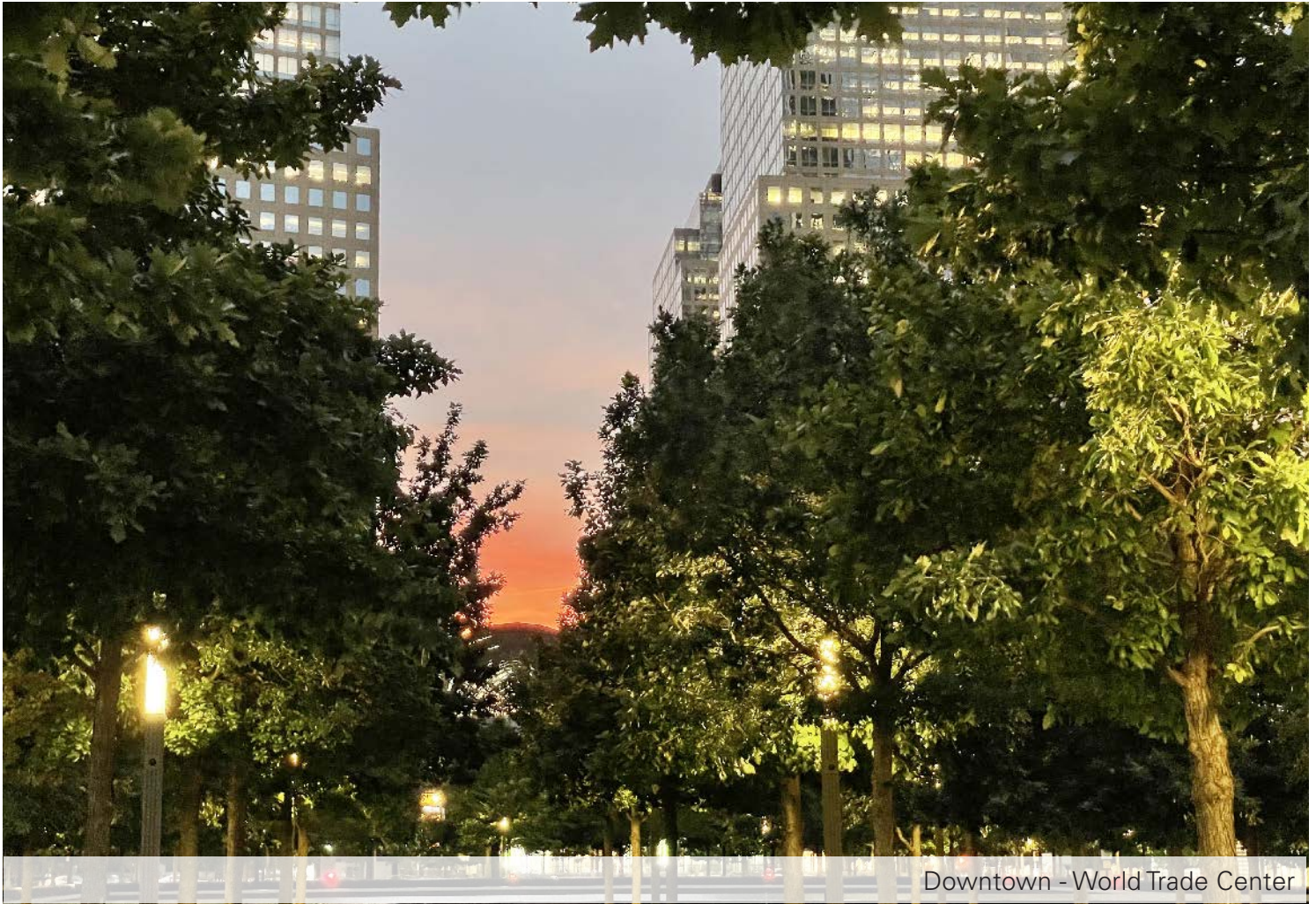


New York City CRE Snapshot

2ND QUARTER 2023 REPORT
OFFICE | RETAIL | DEVELOPMENT



Pictured: 19 Union Square West



Downtown - World Trade Center

Quarterly News Highlights*

General News

Attraction to NYC Real Estate Remains Strong Among Luxury Home Buyers and Global Investors | April 4, 2023

Although New York City's real estate market has been confronted with multiple challenges, its attraction to both wealthy home buyers and global investors remains strong. Contracts in the \$4 million-plus luxury residential market totaled 334 in the 1st quarter of 2023, some buyers lured back to the negotiating table due to the growing willingness of sellers to cut prices; while others seeking the "have to have and want to have" trophy apartments are driven by other factors than price. Some of the biggest contract signings between January and March included the sale of a triplex at 165 Charles Street in the West Village and a townhouse at 7 Sutton Square in Upper East Side's Sutton Place neighborhood, having last asking prices of \$37 million and \$29.5 million respectively. Similarly, global investors have returned to New York City's real estate investment market, pushing New York into the top U.S. spot for preferred investment in 2023 — up from 5th in 2022, and displacing the previous top three from the past several years — Atlanta, Austin, and Boston according to the Q1 2023 Pulse Report by AFIRE, the association for international real estate investors focused on commercial property in the United States.

Sources: <https://www.bloomberg.com/news/articles/2023-04-04/wealthy-nyc-homebuyers-are-looking-for-luxury-bargains#xj4y7vzkg>
<https://www.afire.org/survey/q12023pulse/>

News Highlights (cont'd)

March CPI and Consumer Confidence Stats Deliver Signs of Improvement | April 12, 2023

Recent news releases by the Bureau of Labor Statistics (BLS) and The Conference Board show signs of gradual improvement in the nation's Consumer Price Index for All Urban Consumers (CPI-U) and Consumer Confidence Index. Although inflation has a long way to go before lowering to the Federal Reserve's 2% target rate, prices in March appear to be moving in a "more palatable direction for U.S. consumers" with CPI-U rising a moderate 0.1 percent in March on a seasonally adjusted basis in contrast to the steeper 0.4 percent in February. Shelter continues to be a large contributor to the monthly all items increase, offsetting a decline in the energy index. Known as the core CPI, the consumer price index excluding food and energy increased 0.4 percent in March versus 0.5 percent in the previous month—a gauge which economists see as a better indicator of underlying inflation.

The overall confidence among consumers also improved slightly during the month according to The Conference Board's survey results compiled about 10 days after U.S. regulators' takeover of Silicon Valley Bank and Signature Bank, rising from 103.4 in February to 104.2 (1985=100) in March. The Present Situation Index [based on consumers' assessment of current business and labor market conditions] decreased from 153.0 to 151.1; and although Expectations Index [based on consumers' short-term outlook for income, business, and labor market conditions] increased from February's 70.4 index to 73.0 (1985=100) in March, it has been below 80 for 12 of the last 13 months, which often signals a recession within the next year.

Sources: <https://www.bls.gov/news.release/pdf/cpi.pdf>

Sources: <https://www.conference-board.org/topics/consumer-confidence>

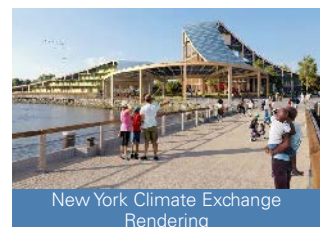
MTA Announces Framework to Significantly Reduce its Greenhouse Gas Emissions | April 20, 2023

While recognizing that the use of mass transit in New York City has allowed "New Yorkers to avoid emitting 20 million metric tons of carbon annually by keeping cars off the road, according to a new analysis released by the Metropolitan Transportation Authority (MTA), the agency also recognizes the need to find innovative ways to reduce the transit system's emissions. Progress to green New York State's electrical grid will help the MTA to achieve its goal to reduce emissions 85% by 2040. Steps within the recently announced framework include updating facilities, transitioning all fleets — steps already underway with the launch of a pilot program in 2019 upon taking possession of 15 electric buses from the agency's 60-all-electric bus order; and increasing energy efficiency by "using energy management technologies, regenerative energy and power storage, and deploying on-site renewable energy installations."

Sources: <https://new.mta.info/press-release/mta-commits-slash-greenhouse-gas-emissions-85-2040>

Climate Hub Set to Rise on Governors Island | April 24, 2023

On April 24, 2023, Mayor Eric Adams, along with the Trust for Governors Island President and CEO Clare Newman, and State University of New York (SUNY) Stony Brook University President Maurie McInnis unveiled plans to construct a 400,000-square-foot "New York Climate Exchange" facility to serve as the anchor of the city's Center for Climate Solutions Initiative. To be constructed on Governors Island, the campus will be a first-of-its-kind, cross-sector nonprofit organization dedicated to research, education, and public programs addressing the global climate crisis; and when fully operational is "expected to serve 600 postsecondary students, 4,500 K-12 students, 6,000 workforce trainees, and 250 faculty and researchers every year while supporting up to 30 businesses annually through its incubator program."



New York Climate Exchange
Rendering

According to the press release by the Mayor's Office, the initiative will create 7,000 permanent jobs and \$1 billion in economic impact. The \$700 million project will be built with 100% union labor at prevailing wages and add 4.5 acres of new open space on Governors Island. In support of the new campus, the Simons Foundation will provide \$100 million in funding and Bloomberg Philanthropies will provide \$50 million. Construction is slated to begin in 2025 with an estimated opening in 2028.

Sources: <https://www.nyc.gov/office-of-the-mayor/news/281-23/mayor-adams-trust-governors-island-stony-brook-university-transformational-vision-for>



Downtown - Financial District/South Street Seaport Area

News Highlights (cont'd)

Atypical Market Downturn Heightens Recovery Challenges for CRE | April 24, 2023

Investors and economists say that the scale of the current commercial real estate market downturn is like a déjà vu of the 1970s “when a recession followed surging oil prices and a stock-market rout while new technologies enabled jobs to move out of major cities.” Current commercial property upheaval accelerated by the pandemic has left landlords simultaneously contending with “a cyclical market downturn and with secular changes in the way people work, live and shop;” falling property values due to the sudden surge in interest rates; and a reduction in demand for office and retail space with the rise of remote work and e-commerce.

While the full impact of these multiple converging forces has yet to be determined, some analysts say that the depth of the downturn may “well end up less severe than the previous two downturns,” “especially if the U.S. economy avoids a deep recession and interest rates start to come down quickly.” However, unlike previous rebounds, it is anticipated that building values are less likely to rebound to the new highs reached in past recovery periods in part due to fundamental trends not as favorable, suggesting that unlike previous rebounds, commercial real estate won’t contribute as much to the country’s economic growth.

Sources: <https://www.wsj.com/articles/commercial-real-estate-woes-run-deeper-than-in-past-downturns-e0c1f2b3>

Train Shed Beneath 30-Acres of Prime Midtown Real Estate Needs Major Repairs | April 26, 2023

Similar to the platform built over the east portion of the Westside Rail Yards to create Hudson Yards, the **Grand Central Terminal train shed** that supports Park Avenue and its side streets was constructed north of Grand Central Terminal about 110 years ago. Roughly extending from East 43rd Street to East 57th Street, the bi-level train shed which houses 60 tracks utilized by the Metro-North Railroad varies in width, with the southern half extending from Madison Avenue to Lexington Avenue. Over the years de-icing chemicals have leaked from the streets onto the shed’s steel and concrete structure; utility lines for gas, water and other infrastructure have created punctures that have further diminished the shed’s waterproofing; and more intense rainfall due to climate change has resulted in rust and decay near ventilation points and where the curb and the street meet.

Another major concern is the potential of additional new construction due to the 2017 **Greater Midtown East Rezoning**, the city expecting the creation of an estimated 6 million square feet of commercial space at the time of its passing without really contemplating how much more structure was required underground to support the added density. A portion of the repair work is being paid for by JPMorgan Chase as part of the construction of the financial organization’s new headquarters at 270 Park Avenue, but MTA Chief Executive Janno Lieber is hoping proceeds from the years-delayed congestion pricing tolling program will fund the broader overhaul that is estimated to cost \$2.7 billion if accelerated over a 15-year timeline, or \$2 billion if the timeline is stretched to 35 years.

Sources: <https://www.crainsnewyork.com/transportation/mta-train-shed-holding-midtown-dire-need-repairs>

News Highlights (cont'd)

NYS Reaches Agreement on FY 2024 Budget | April 27, 2023

A conceptual agreement is now in place for New York State's Fiscal Year 2024 budget with legislative houses expected to pass bills addressing multiple priorities intended to improve public safety, transform the mental health care system, protect our climate, and invest in children's future. Based on preliminary changes to the Executive proposal, the total budget for FY 2024 is currently estimated at \$229 billion; and the "Enacted Budget will hold State Operating Funds spending under 3 percent in FY 2024 and will increase the State's reserves to a record level of 15 percent."

Among the highlights noted in the April 27th press release by Governor Hochul's office, the Payroll Mobility Tax for the largest businesses within New York City is adjusted to 0.6 percent to save the Metropolitan Transportation Authority (MTA) from a "fiscal cliff" and secure long-term stability. In addition to the approximately \$1.1 billion generated by the adjusted tax, \$300 million in one-time State aid will be provided; New York City will be required to contribute \$165 million per year, representing a significant reduction of the initial \$500 million figure; and the "MTA will implement a \$400 million plan to 'make their operations more efficient' and will test fare-free buses for one line in each borough over the course of two years."

Sources: <https://www.governor.ny.gov/news/governor-hochul-announces-agreement-fy-2024-state-budget>

Congestion Pricing Secures Biden Administration Green Light | May 5, 2023

On Friday, May 5th the Metropolitan Transportation Authority (MTA) received approvals from the Biden administration on the agency's congestion pricing plan. News of the decision by the Federal government came following the letter from the Federal Highway Administration (FHWA) that the "authority's environmental assessment for congestion pricing has effectively passed the final federal approval hurdle and that it will issue a draft "Finding of No Significant Impact." The decision will enable the MTA to release its final environmental assessment for another round of public review and comments. Upon completion of the 30-day review period, federal officials are "expected to issue the long-awaited final finding of no significant impact, giving the tolling system installation company Transcore 310 days to build out the required infrastructure to launch congestion pricing. The toll pricing has yet to be finalized, but a "six-member Traffic Mobility Review Board is expected to recommend a pricing structure ahead of a final MTA board vote."

The launch of the controversial program will establish New York City as the first U.S. city to implement a tolling program. Congestion pricing is intended to reduce traffic congestion, incentivize increased use of public transportation, and reduce greenhouse gas emissions. New York City is following in the footsteps of London, Stockholm and Singapore, which have evidenced that the program is successful despite some challenges.

Sources: <https://www.crainsnewyork.com/transportation/feds-give-mta-green-light-congestion-pricing>

Sources: <https://www.crainsnewyork.com/op-ed/ny-state-and-mta-need-implement-congestion-pricing>

Federal Reserve Releases Financial Stability Report | May 8, 2023

The Federal Reserve recently released its Financial Stability Report which provides the results of a review of conditions affecting the stability of the U.S. financial system, with the understanding that ongoing research is required since "some potential risks may be novel or difficult to quantify" and to "keep pace with changes in the financial system that could create new forms of vulnerabilities or add to existing ones." Asset valuations, borrowing by businesses and households, leverage in the financial sector, and funding risks comprise the four broad categories analyzed by the Fed.

In addition, near-term risks are also discussed within the report — persistent inflation and tighter monetary policy, banking-sector stress, commercial and residential real estate, and geopolitical tensions are among the frequently cited topics. Comparing the results of the 26 market contacts surveyed from August to October 2022 for the November 2022 report and the latest report's 25 market contacts surveyed from February 2023 to April 2023, persistent inflation and monetary tightening remained a top-cited risk. However, among the remaining 4 of the top 5 most cited risks, the Russia-Ukraine war lowered to the 5th slot and banking-sector stress, U.S.-China tensions, and commercial and residential real estate filled the 2nd through 4th slots respectively.

Sources: <https://www.federalreserve.gov/publications/files/financial-stability-report-20230508.pdf>



Midtown - View of Billionaire's Row from Central Park

News Highlights (cont'd)

Higher Inflation May be Here to Stay Despite Consumer Price Increase Through April a 2-Year Low | May 10, 2023

The Consumer Price Index for All Urban Consumers (CPI-U) reversed directions in April 2023, rising 0.4 percent on a seasonally adjusted basis, after increasing 0.1 percent in March according to the latest news release by the Bureau of Labor Statistics (BLS). The index for shelter continues to be the largest contributor to the monthly all items increase as consumer prices in 2023 through April rose to 4.9%; and although the lowest in two years, and down substantially from 9.1% in June 2022, it remains significantly higher than the Federal Reserve's 2% inflation target. Core inflation, which excludes food and energy and is the preferred indicator among economists of underlying inflation, inched down from the previous month's 5.6% to 5.5% in April.

Looking back, the "pandemic and war-related disruptions to the supply of goods, services and labor," along with "federal stimulus and near-zero interest rates that stoked demand" fueled the original surge in inflation; and although in theory two years ago it was anticipated that "once these transitory supply and demand factors receded, inflation would return to 2%." However, what may already be underway is the risk of people adjusting to faster rising prices and wages that could ultimately make them self-sustaining because of the longer span of time it took for these transitory factors to subside — a caveat the theory always carried; and once inflation settles at a higher steady-state rate, wages and prices rise together — a situation that some believe could take a deep recession to get inflation down, contrary to the Fed's theory that slow economic growth and not a recession should be enough to return inflation to 2%.

Sources: <https://www.bls.gov/news.release/pdf/cpi.pdf>

Sources: <https://www.wsj.com/articles/we-may-be-getting-used-to-high-inflation-and-thats-bad-news-d3a63e6f>

News Highlights (cont'd)

Recovery of NYC's Private Sector Jobs Uneven Across Sectors | May 12, 2023

Although recovery of overall private sector jobs across New York City is approaching pre-pandemic levels, it is unevenly improving across key industries according to the recently released results of an analysis by the New York State Comptroller's Office. Leading the way is the office sector, which includes the information, financial and real estate, and professional and business services industries. Although regaining pandemic job losses by January 2022 and more recently exceeding office job numbers by almost 4% above the 2019 pre-pandemic level as of March 2023, office occupancy remains uneven, reaching nearly 60% on Tuesday from April 20 to April 26, 2023, in contrast to the 24.2% occupancy on Friday during the same period. Although the securities sector did not experience a notable drop in employment at the onset of the pandemic due to the ability of employees to shift to remote work, and currently has surpassed 2019 job numbers by 6.4%, profits in 2022 were 55.8% less than the prior year. Among the other key industries, some continue to lag behind the national recovery rate such as the restaurant sector which reached a recovery of 95.5% after losing 73% of jobs at the height of the pandemic; the retail sector recovered 95.5% of jobs lost, after seeing a drop in jobs of 33% between March and April 2020; and the art, entertainment and recreation sector, which recovered about 85% of pre-pandemic jobs.

Sources: <https://www.osc.state.ny.us/press/releases/2023/05/dinapoli-nyc-has-recovered-nearly-all-private-sector-jobs-unevenly-across-sectors>

Subway Fare and Toll Evasion Reaches Crisis Level at an Estimated \$690M in 2022 | May 17, 2023

On May 17, 2023, the Metropolitan Transportation Authority (MTA) released the Final Report of the Blue-Ribbon Panel on Fare Evasion, revealing that in 2022 the MTA lost an estimated \$690 million in unpaid fares and tolls. A comprehensive plan has been recommended to combat the trend that has reached crisis level as part of the Blue-Ribbon Panel's mission to "reduce fare and toll evasion rates and dollar losses by half within three years across the entire MTA while boosting paid ridership." Made up of a group of education, social justice, and law enforcement experts, the report's findings and suggestions represent the culmination of over a year of intensive work by the 16-person panel.

It has been recommended within the report that an additional 100 civil agents be hired for New York City Transit's Eagle Team to help reduce the estimated \$310 million in lost bus fare revenue in 2022 by redeploying them to not only enforce payment on Select Bus Service Routes as the team currently does primarily, but also on local buses where evasion is the highest. The subway system saw an estimated \$285 million in 2022 lost revenues, and while acknowledging that enforcement within the transit system is important, it must go hand-in-hand with education, equity, and changes to the physical entry experience. A replacement of the existing subway turnstiles has been proposed by the Blue-Ribbon panel, with ones that have been significantly redesigned to increase "accessibility while allowing the MTA to remove the existing emergency gates," which account for more than half of all subway fare evasions.



Sample Subway Turnstile Prototype

Lost revenues in 2022 of fares for the commuter rail system and bridges and tunnel tolls were \$44 million and \$46 million respectively. Encouraging, or even mandating pre-boarding activation of e-tickets on commuter trains to avoid the persistent delayed onboard activation was among the recommendations by the panel to reduce one of the identified fare evasion drivers on the rail lines; while "building on last year's joint announcement with New York City to eliminate sales of plate covers and illegal plates through online retailers" as well as "stepped up enforcement operations to target persistent toll evaders and seize their vehicles if necessary — the three major causes of toll evasion, was recommended to reduce revenue lost on the MTA's seven bridges and two tunnels." As the MTA looks to implement some of the Blue-Ribbon panel's key recommendations, it is hoped that these solutions will increase the vital operating revenue the agency needs to provide "efficient and reliable transit service and keep fares affordable."

Sources: <https://new.mta.info/press-release/blue-ribbon-panel-unveils-multi-layered-plan-cutting-edge-tech-reduce-fare-and-toll>



Queens - View from FDR Drive of Long Island City

News Highlights (cont'd)

NYS FY 2023-24 Enacted Budget Indicates Further Decline of Revenue Projection | May 18, 2023

On May 2, 2023, New York State enacted its State Fiscal Year (SFY) 2023-24 budget projected to total \$223.9 billion, representing a delay of more than one month, and the first budget in more than a decade that was not adopted on a timely basis. According to the report released by the New York State Comptroller's Office, the SFY 2023-24 budget includes new recurring spending on critical services, as well as temporary programs which will increase spending, while revenues are projected to decrease for the second consecutive year as temporary federal COVID-19 aid is depleted and tax collections decline. In contrast to the SFY 2022-23 budget when Personal Income Tax (PIT) primarily accounted for the decrease in tax revenues, weaker business tax collections are forecast as the primary cause of decrease in the SFY 2023-24 budget.

A year-over-year comparison of the state's All Funds projected total (includes the General Fund and the State Operating Funds) of \$229 billion for SFY 2023-24 indicates an increase of 3.9% over SFY 2022-2023 and 32.4% increase since SFY 2019-20, prior to the onset of the COVID-19 pandemic. The Comptroller's report further points out a concern with regard to the State's utilization of a "loophole in the Debt Reform Act, which only counts 'bonds or notes'" thereby resulting in misleading statements about the size of the State's debt burden since no bonds or notes were issued for the Gateway debt that has increased to \$2.85 billion and "structured as a federal loan, to be repaid by the state through a service contract mechanism."

Another concern is limited transparency and accountability of almost \$7.5 billion of appropriation authority that remains exempt from the oversight of the Office of the State Comptroller or competitive bidding requirements, which in addition to reducing transparency, removes critical checks on state procurements. On a positive note, after falling well under national medians by the end of SFY 2018-2019 with "respect to the rainy-day balance as a percentage of General Fund spending metrics," the state has since made progress increasing the size of reserve funds, but it still remains below the national median.

Sources: <https://www.osc.state.ny.us/files/reports/budget/pdf/enacted-budget-report-2023-24.pdf>

Clock Starts Ticking as Launch of Local Law 97 Compliance Period Nears | May 24, 2023

The start of the compliance period for the law passed by the New York City Council in 2019 to reduce New York City's carbon footprint quickly approaches. Known as Local Law 97, the law passed in 2019 affects some 50,000 buildings citywide. Beginning January 2024, landlords of buildings larger than 25,000 square feet, with certain exceptions, will have from 2024 through 2029 to reduce emissions by 40% as part of the aggressive goal towards achieving net zero emissions by 2050. While about 70% of the effected buildings already meet the 2024 emissions limits, thereby avoiding penalties, the percentage significantly lowers to 30% by 2030 according to a report released by the New York City Comptroller's office in November. However, determining the path to compliance is not without challenges since there are multiple factors to be considered such as building type, age, finances, existing systems, and how well the building has been maintained; also keeping in mind that even as building owners continue to move forward with developing a path for retrofits, the planning and execution can take anywhere from days to years. In addition, although the Department of Buildings (DOB) finalized its first batch of rules in December and plans to issue more rules in the coming months, there remains a lack of complete clarity about how the law will work as questions continue to linger.

Sources: <https://www.crainsnewyork.com/climate-change/new-york-building-owners-race-meet-local-law-97-requirements>

News Highlights (cont'd)

NYC's Rental Housing Voucher Programs Exceed City's Capacity to Cover the Cost | May 25, 2023

While the right to shelter and the running of some of the nation's largest locally-funded rental assistance programs makes New York City unique among its peers, over the last several years the cost of these programs has significantly ballooned according to May 8th blog post by the Citizen's Budget Commission (CBC). When the city re-instituted the programs in 2015, the cost was \$16 million, however it has increased to an anticipated \$636 million in fiscal year (FY) 2023. Among the various rental assistant programs, including rental housing vouchers, one-time assistance, and placement in NYCHA housing, more than 80% of placements were supported by City Family, Homelessness and Eviction Prevention Supplement (CityFHEPS) rental assistance vouchers.

A May 25th press release by the New York City Council announced the passing of a major legislative package that includes a bill calling for the elimination of the 90-day shelter stay rule; and an increase of income eligibility by changing the income cutoff from 200% of the federal poverty line to 50% of the area median income — “equating to a jump from \$46,060 to \$60,050 for a family of three.” The bill that will vastly expand access to rental vouchers sparked opposition from Mayor Eric Adams, over fears that the legislative package will add “billions of dollars to the city's budget at a precarious time.” In response, Women in Need (WIN), one of New York's top providers of homeless shelters, claims that by easing the 90-day rule, the city would save the \$28,000 cost of housing a family for 90 days in a hotel that has been repurposed for the homeless according to a recently commissioned report by the nonprofit.

However, in its own recent analysis the CBC concluded that the city's rental assistance spending faces a fiscal cliff as soon as 2024, with only \$192 million provided in the FY 2024 Executive Budget for the programs. While the CBC acknowledges that “vouchers can be an effective, well targeted method to support the housing needs of the lowest-income New Yorkers,” the scale of the problem exceeds the city's ability to pay for it, especially at a time when the city already faces a \$6.8 billion budget shortfall in FY 2025, rising to \$10 billion by FY 2027. It is further concluded within the CBC's report that “city-funded vouchers can supplement federal programs like public housing and the Section 8 Housing Choice Vouchers,” but “only the federal government has the capacity and should appropriately bear a substantial responsibility to address the needs.”

Sources: https://cbcny.org/sites/default/files/media/files/CBCBLOG_FHEPS-Facts_05082023_0.pdf

<https://council.nyc.gov/press/2023/05/25/2411/>

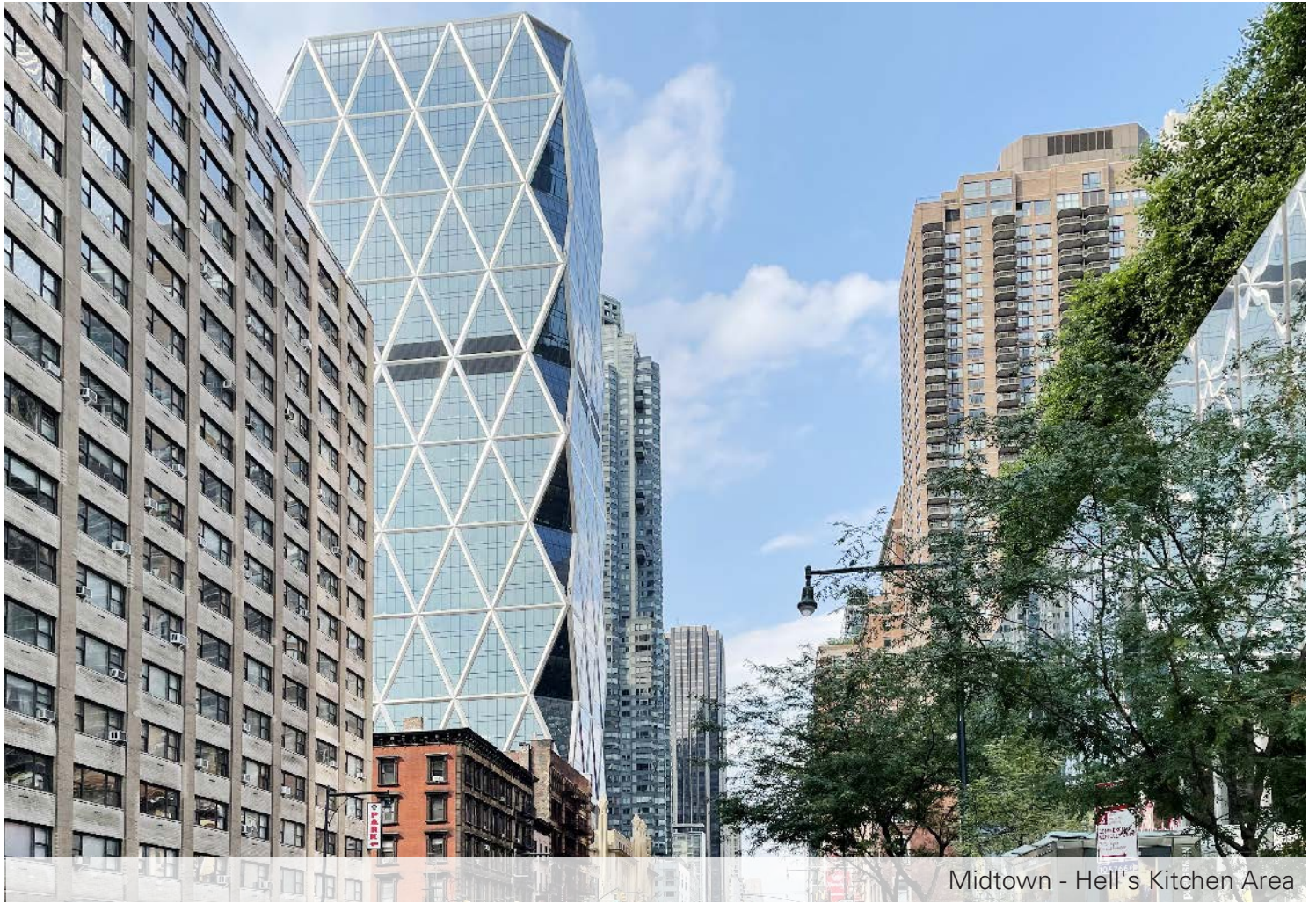
<https://www.crainsnewyork.com/politics/city-council-will-expand-housing-vouchers-face-eric-adams-opposition>

U.S. Default Averted Following Congress Approval to Suspend Debt Ceiling | June 2, 2023

In the eleventh hour, the Senate passed a wide-ranging legislation, the Fiscal Responsibility Act, on Thursday evening, June 1st that will enable the U.S. to avert what could have been a catastrophic default. News of the deal passing comes just a few days prior to the Monday, June 5th deadline when the Treasury Department said the government will have insufficient money to pay all of its bills. As part of the deal, the \$31.4 trillion debt ceiling will be suspended through January 1, 2025, while cutting federal spending by putting a 3% cap on increases for military spending in fiscal 2024; reducing the \$80 billion in new Internal Revenue Service (IRS) funding allocated to crack down on tax evasion by wealthy Americans and corporations by \$20 billion; and a two-year cap has been put in place for discretionary spending. In addition, unspent COVID-19 rescue money will be rescinded, equating to around \$30 billion; and the ongoing freeze on monthly student loan payments to end, although President Biden refused to retreat on his plan to cancel up to \$20,000 of student debt for tens of millions of Americans. According to the Congressional Budget office, the “legislation would reduce government deficits by about \$1.5 trillion over a decade compared with the baseline forecast.” However, any changes to major programs such as Medicare and Social Security — the biggest drivers of U.S. debt, were left off the table.

Sources: <https://www.wsj.com/articles/senators-seek-to-fast-track-debt-ceiling-vote-62dfeac4>

<https://time.com/6283225/debt-ceiling-deal/>



Midtown - Hell's Kitchen Area

News Highlights (cont'd)

NYC Has Seen Record High Cash Balances in FY23 | June 2, 2023

According to the New York City Comptroller's recently released New York City Quarterly Cash Report for Q3 FY 2023 (January – March 2023), the city's continued economic rebound since the pandemic has "led to year-over-year increases in tax receipts, with nearly all categories surpassing pre-pandemic levels." The city had \$8.159 billion in cash-on-hand as it began the year, versus \$8.469 billion at the same time last year, but cash balances that averaged \$9.845 billion during the first nine months of 2023 (FTYD23) significantly surpassed the \$7.153 billion average during the same time last year. The cash balance of \$15.643 billion at the end of FYTD23 includes \$1.945 billion in the Revenue Stabilization Fund (RSF), the city's rainy-day fund. Tax receipts collected in FYTD23 were \$5.3 billion more year-over-year, reaching a total of \$55.4 billion.

At the end of FYTD23, the city saw a net gain in revenue of \$7.483 billion. Although total expenditures (includes capital expenditures) of \$86.908 at the end of FYTD23 increased 1.8% from the same period last year due to higher spending on public assistance and other social services, the increase was offset by the sharper 10% increase in collected revenues of \$94.391 billion — strong property and sales tax receipts, unexpectedly high banking tax receipts from audits, and growth in leisure and hospitality sectors boosting cash balances. During the next four months (June through September 2023), the NYC Comptroller's Office projects the city's cash balances will average \$13.368 billion, compared to \$9.200 billion during the same time in 2022. However, balances are projected to begin to gradually decline in FY 2024 from the projected continued highs in the near term.

Sources: <https://comptroller.nyc.gov/reports/new-york-city-quarterly-cash-report/>
<https://comptroller.nyc.gov/reports/new-york-city-cash-balance-projection/>

News Highlights (cont'd)

Fed Pauses Interest Rate Hike as Inflation Improves | June 14, 2023

Despite inflation continuing to remain elevated above the 2% rate the Federal Open Market Committee (FOMC) is seeking to achieve, gradual progress to ease price pressures by aggressively increasing interest rates has lowered inflation to “around half last year’s peak.” The June 14th news release by the Fed announced decisions by the FOMC to pause a rate hike at this time and “maintain the target range for the federal funds rate at 5 to 5 ¼ percent. The news comes just one day following the release of the May 2023 Consumer Price Index for All Urban Consumers (CPI-U) by the U.S. Bureau of Labor Statistics (BLS), which rose 0.1 percent on a seasonally adjusted basis, after increasing 0.4 percent in April; and the all items index less food and energy, also known as the core consumer price that is the preferred indicator among economists of underlying inflation, rose 0.4 percent for the third consecutive month. On a year-over-year comparison, core prices in May rose 5.3%, representing a moderate improvement over the 5.5% increase in April. Apartment rent growth, which had surged earlier, continues to contribute in part to elevated core prices, but a recent slowdown in rent growth resulted in a just under 2% decline year-over-year in May, in comparison to the double-digit increases a year ago; and once showing up in inflation data, will take pressure off core consumer prices. Although predictions of a looming recession continue to circulate, the U.S. economy has continued to maintain momentum. However, a possible “credit crunch” due to the March collapse of a few regional banks could reverse that momentum.

Sources: <https://www.wsj.com/articles/consumer-price-index-report-may-inflation-cafcbe5>
<https://www.bls.gov/news.release/pdf/cpi.pdf>
<https://www.federalreserve.gov/newsevents/pressreleases/monetary20230614a.htm>

Why Inflation Spiked after 2020 – Questions Addressed | June 20, 2023

After four decades of low inflation in the U.S, the trend significantly reversed in early 2020 as COVID-19 spread across the globe creating various market problems and causing prices for goods and services to rise. Following in-depth research by the National Bureau of Economic Research, the working paper “Understanding U.S. inflation during the COVID era” was released to address questions about the cause of the spike in inflation since 2020. Simply explained, the rise in core inflation (the all-items index less food and fuel) was caused by a tight labor market with the rise in the ratio of job vacancies to unemployment contributing almost one-third of the rise in core inflation; while headline inflation (the all-items index including food and fuel) deviated from core because of sharp rise in energy and auto prices, and supply chain problems; and the pass-through of these unexpected headline shocks further magnified the rise in core inflation. Looking forward, it is very difficult to forecast inflation since there is much uncertainty about the future behavior of the Beveridge curve, which captures an inverse relationship between unemployment and vacancies, and inflation expectations; and although Federal Reserve policymakers forecast inflation will return to target while unemployment rises only to 4.4%, if behavior of both the Beveridge curve and expectations prove less benign, reducing inflation is likely to require higher unemployment than the Fed anticipates.

Sources: <https://www.bls.gov/opub/mlr/2023/beyond-bls/what-caused-inflation-to-spike-after-2020.htm>
https://www.nber.org/system/files/working_papers/w30613/w30613.pdf

Next Steps as Congestion Pricing Program Clears Final Federal Hurdle | June 27, 2023

Manhattan’s congestion pricing program is inching closer to becoming a reality. Recently the program to be operated under the umbrella of the Metropolitan Transportation Authority (MTA) cleared final federal approvals; and pending future roadblocks, could be operational as soon as April 2024. Despite the anticipated threat of lawsuits — particularly from New Jersey, the next steps by transportation officials can proceed. Items that remain pending include final decisions and approvals of toll costs, with the six-member Traffic Mobility Review Board being tasked with developing a recommended “toll package that will generate at least \$1 billion in annual revenue, but the MTA board has the final approval on pricing decisions. In the meantime, the public will have one more period of opportunity to provide comments on the proposed tolling plan before the final vote and plan adoption. TransCore has designed, and will build and operate, the new tolling infrastructure that will work similarly to E-ZPass and look similar to existing traffic equipment already in place on the city’s streets. The Tennessee-based firm will have up to 310 days to erect the system that MTA documents put construction costs at about \$108.6 million. While anticipated lawsuits from multiple opponents could potentially delay or block congestion pricing, MTA chairman and chief executive Janno Lieber believes its extensive 4,000-word environmental assessment document of the tolling plan will stand up to scrutiny.

Sources: <https://www.crainsnewyork.com/transportation/congestion-pricing-what-know-about-toll-cost-infrastructure-april-2024-launch>



View of Long Island City / 59th Street Bridge

News Highlights (cont'd)

Next Steps as Congestion Pricing Program Clears Final Federal Hurdle | June 27, 2023

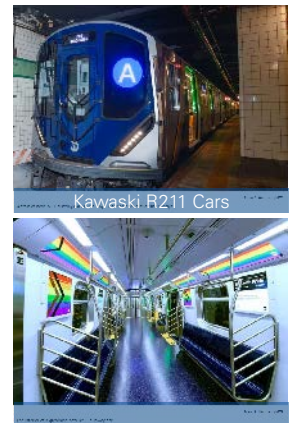
Manhattan's congestion pricing program is inching closer to becoming a reality. Recently the program to be operated under the umbrella of the Metropolitan Transportation Authority (MTA) cleared final federal approvals; and pending future roadblocks, could be operational as soon as April 2024. Despite the anticipated threat of lawsuits — particularly from New Jersey, the next steps by transportation officials can proceed. Items that remain pending include final decisions and approvals of toll costs, with the six-member Traffic Mobility Review Board being tasked with developing a recommended "toll package that will generate at least \$1 billion in annual revenue, but the MTA board has the final approval on pricing decisions. In the meantime, the public will have one more period of opportunity to provide comments on the proposed tolling plan before the final vote and plan adoption. TransCore has designed, and will build and operate, the new tolling infrastructure that will work similarly to E-ZPass and look similar to existing traffic equipment already in place on the city's streets. The Tennessee-based firm will have up to 310 days to erect the system that MTA documents put construction costs at about \$108.6 million. While anticipated lawsuits from multiple opponents could potentially delay or block congestion pricing, MTA chairman and chief executive Janno Lieber believes its extensive 4,000-word environmental assessment document of the tolling plan will stand up to scrutiny.

Sources: <https://www.crainsnewyork.com/transportation/congestion-pricing-what-know-about-toll-cost-infrastructure-april-2024-launch>

High Tech Cars Begin to Rollout on the MTA's Subway System | June 29, 2023

Beginning in August, the Metropolitan Transportation Authority (MTA) will begin adding at least two of the new Kawasaki R211 subway cars each month to the letter subway lines. Following months of testing, the new subway cars that were introduced in March on the A-line feature new technology enabling transit officials to vastly increase service due to the ability to dispatch trains as often as two minutes apart. In addition, the trains are equipped with "security cameras, enhanced lighting, and wider doors for speedier boarding. Among the 1,175 cars ordered, 20 cars that are expected to become active on the subway system in the 4th quarter of 2023, will have open gangways creating a seamless connection between cars that is intended to increase rider capacity and mobility. The A- and C-lines will be the first to benefit from the rollout of the R211 cars to replace the "embattled R46 trains that have been running throughout the subway for 50 years."

Sources: <https://www.crainsnewyork.com/transportation/sleek-high-tech-train-cars-roll-out-new-york-city-subway>

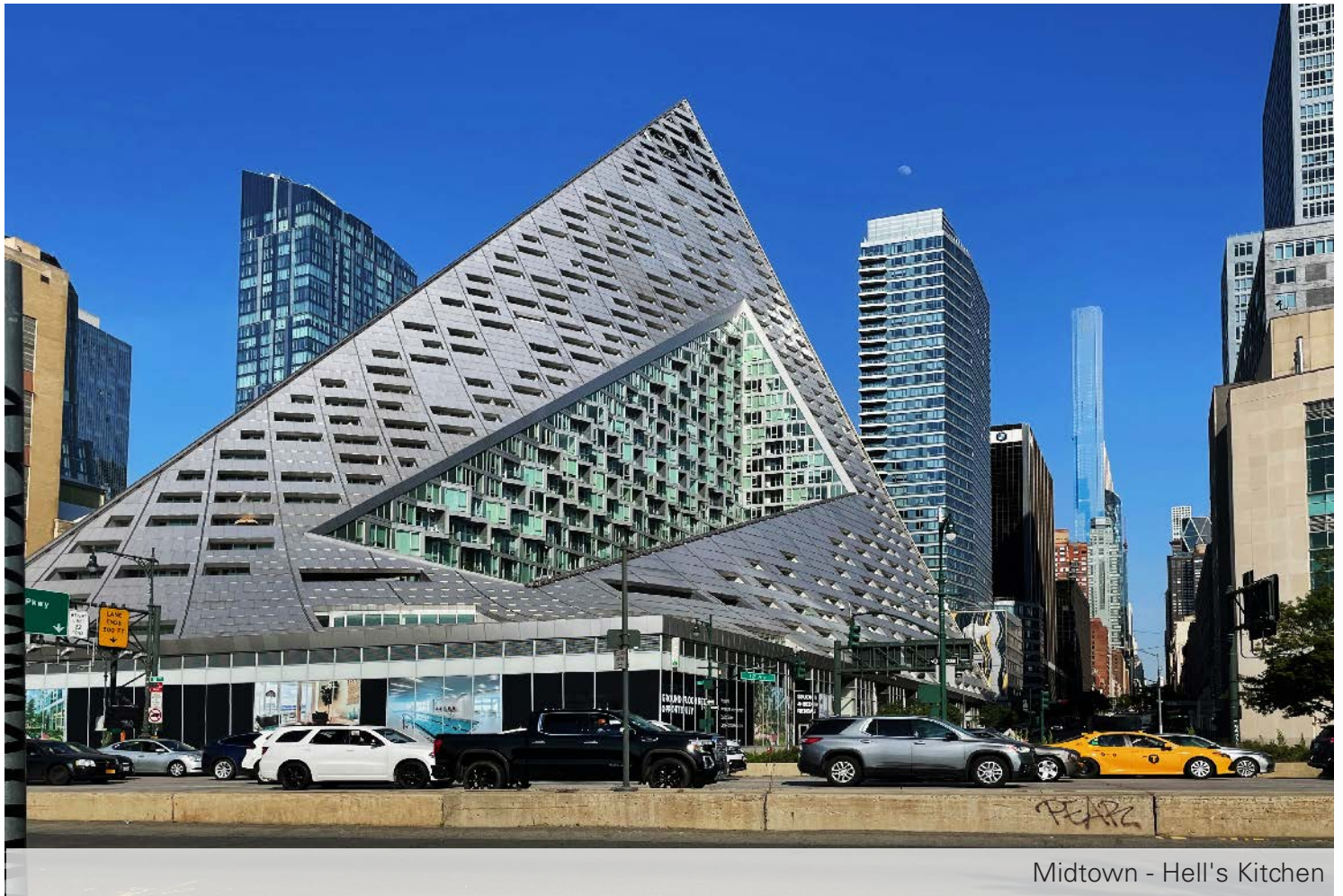


Mayor and City Council Reach Deal on NYC's \$107B FY24 Budget | June 29, 2023

Following weeks of tense talks, on Thursday, June 29th, Mayor Adams and the New York City Council reached a deal to adopt the Fiscal Year 2024 budget. While some of the mayor's proposed spending cuts were kept, others such as funding for the city's three library systems and public schools were restored. The agreed upon \$107 billion package that came together just one day before the city's deadline to finalize an accord is roughly the same amount the mayor had proposed in the spring, suggesting that some of the costlier demands like major investments in education and health programs sought by the city council were not secured. In response to the adopted budget, the Citizens Budget Commission (CBC), which had largely applauded the mayor's cost-cutting directives, released a preliminary brief statement that the FY24 budget agreement "delays the wise but hard choices needed to stabilize the city's fiscal future;" and as a result of the FY24 budget, fiscal cliffs have been increased, and future budget gaps widened, while an opportunity to deposit money in the Rainy Day Fund has been lost.

Sources: <https://www.crainsnewyork.com/politics/new-york-city-reaches-107b-budget-deal-after-weeks-tense-talks>

<https://cbcny.org/advocacy/statement-new-york-city-fiscal-year-2024-budget-agreement>



Midtown - Hell's Kitchen

News Highlights (cont'd)

Office Market

Midtown Building Snags 119K-sf Tenant | April 4, 2023

Law firm Wilson Sonsini Goodrich & Rosati has signed a 16.5-year lease at 31 East 52nd Street. The over 119,000-square-foot space was previously occupied by Clifford Chance, and represents the majority of the approximately 190,000 square feet the law firm had occupied prior to decisions to relocate to a downsized 144,000-square-foot space at 2 Manhattan West last year. Financial terms of the deal were not released.

Sources: <https://commercialobserver.com/2023/04/wilson-sonsini-paramount-31-west-52nd-street/>

Financial Health Verification in the Forefront of Questions to Landlords by Prospective Office Tenants | April 5, 2023

The list of questions asked of landlords by prospective office tenants as part of leasing negotiations has recently increased in numbers amid reports of some prominent U.S. building owners "experiencing a worsening cash crunch as tens of billions of dollars in debt is slated to come due this year alone." News of missed loan payments and foreclosure warnings within the office market has sparked an "about-face for many office owners, which previously were the ones demanding information on tenants' financial standing before inking deals," with the inquiry by prospective tenants into the financial health of the building and lender taking precedence over the building's tenant amenities.

Sources: <https://product.costar.com/home/news/1637500006?tag=18>

News Highlights (cont'd)

Return to Office Push Expands to Federal Workers | April 14-17, 2023

In response to a letter sent by industry lobbying group The Real Estate Roundtable to the U.S. Senate on April 12, 2023, the Biden administration just one day later “requested new workplace guidelines from federal agencies that would ‘substantially increase in-person work’ in 2023 and beyond” of the more than 2 million civilian federal employees. In support of the Stopping Home Office Work’s Unproductive Problems Act (“Show Up Act”) legislation passed by the U.S House of Representatives in early February, The Roundtable’s letter “argued that federal agencies should return to pre-pandemic workplace attendance practices once the federal COVID-19 emergency declarations officially end on May 11;” and that a “significant portion of the workforce must return to the office to permanently improve the post-COVID economy.”

In addition, a growing number of companies have begun to shift their stand on remote and flexible work schedules as a push for employees to return to the office is on the rise. A sign of the developing trend is an increase of U.S. job postings mentioning relocation benefits by nearly 75% year-over-year as of February 2023. Cited as an example among big companies was Colgate-Palmolive Co. and Walmart Inc, which “have told new hires that they need to live near the office and show up several times a week.”

Sources: <https://commercialobserver.com/2023/04/biden-administration-calls-federal-workers-back-to-the-office/>
<https://www.wsj.com/articles/bosses-want-workers-in-offices-so-much-that-they-are-paying-to-move-them-ca3c1f62>

Concessions Take Center Stage in Manhattan Office Leasing | April 25, 2023

Although falling below the peaks of 2022, concessions are not likely to disappear anytime soon; and are currently outpacing rising rent prices. However, despite the heavy concessions at higher-quality Class A buildings that can bring the net effective rent below \$100 per square foot, it is still higher than what the tenant would pay at a Class B or Class C space. Among lease deals for at least 25,000 square feet, 10-year terms, and triple-digit asking rents during the 1st quarter of 2023, an average tenant landed a 16-month rent concession on their leases, down only one month from the 2022 peak, representing a 23% increase over the 13-month pre-pandemic average. Tenant improvement allowances have similarly risen from the \$104 per square foot pre-pandemic average to \$145 per square foot in the 1st quarter — a moderate lowering from the peak average of \$147 per square foot in 2022.

Sources: <https://commercialobserver.com/2023/04/manhattan-office-tenants-save-big/>

Nomura Holding Explores Downsized Relocation Options | April 26, 2023

Tokyo-based Nomura Holdings is considering relocating from its location of approximately 12-years at Worldwide Plaza, located at 825 Eighth Avenue. The investment bank currently occupies about 700,000 square feet of the roughly 900,000 square feet leased in 2011. Although Nomura’s lease extends into 2033, it includes an option to leave the building in 2027. A search has been initiated for a 500,000-square-foot space, potentially adding Nomura to the list of tenants downsizing and upgrading their Manhattan office footprints.

Sources: <https://therealdeal.com/new-york/2023/04/26/japanese-investment-bank-eyes-downsize-from-worldwide-plaza/>

Pre-furnished Pre-Built Spaces a Quickly Developing Trend | April 28, 2023

While pre-built spaces are not a new concept in the office market, the trend has returned with increasing popularity and the added perk of being fully furnished with a “hospitality-infused vibe” that can include plants and art to make the space further inviting. The turnkey concept enables tenants to avoid the ongoing supply chain issues that arose during the pandemic, while also allowing capital preservation and the elimination of wait-time to move into the space. Some landlords have gone a step further by pre-wiring the space and others are offering modular spaces that can be rearranged without building permits. Although additional pricing for furnished spaces can range from nothing to as much as \$20 per foot depending on space size, the furnishings and technology, some landlords insist that the “costs largely even out because they no longer have to provide months of free rent, tenant improvement allowances or work letters.”

Sources: <https://nypost.com/2023/04/28/tenants-are-snatching-up-pre-built-offices-with-hotel-perks/>



Midtown - Grand Central Area

News Highlights (cont'd)

REBNY Research: Manhattan Office Building Visitation | Q1 2023 | May 8, 2023

A recently completed analysis by the Real Estate Board of New York (REBNY) of location data collected by foot-traffic analytics platform Placer.ai reveals that average office building visitation rates peaked in mid-2022 in comparison to the Q1 2019 volume, but since then appear to have stalled. Location data for the May report collected by Placer.ai of 250 office buildings represents a diverse mix of Class A, Class B and Class C buildings in Midtown, Midtown South, and Downtown. Although the Q1 2023 rate of 61% represents an increase of 10 percentage points (pp) year-over-year, it has fallen below the 65% peak reached in mid-2022. Prime Class A office building visitation rates averaged 68% in comparison to the 57% average in Class B buildings; and among Manhattan's major commercial submarkets, Midtown led the way, average visitation rates increased more than 14 pp year-over-year to just under 65%, while Midtown South and Midtown saw a more moderate 8 pp and 6 pp improvement during the same period as rates reached 61% and 54% respectively.

Sources: <https://www.rebny.com/reports/manhattan-office-building-visitation-report-Q1-2023/>

NYC Launches Tax Incentive Program for Aging Commercial Office Space | May 11, 2023

To help turn around high vacancies in Manhattan's aging office buildings that are at least 250,000 square feet and located south of 59th Street (excludes the Hudson Yards Financing Area and Penn Station Area GPP), the New York City Economic Development Corporation (NYCEDC) and the New York Industrial Development Agency (NYCIDA) have launched the Manhattan Commercial Revitalization Program (M-Core). Manhattan "generates 58.5 percent of the citywide office and retail property tax revenues, and 45 percent of all jobs in NYC. However due to ongoing remote and hybrid work schedules and rising interest rates, some of the borough's older office buildings have become particularly challenged with high vacancy rates. According to the press release by the NYCEDC, the tax incentive program was created to provide financial assistance by offering real property tax abatement and stabilization, partial mortgage recording tax exemption, and sales tax exemption for "transformative renovations" of eligible office buildings.

Sources: <https://edc.nyc.gov/press-release/nycedc-announces-launch-nycida-manhattan-commercial-revitalization-program>

News Highlights (cont'd)

Big Block Sublease to Come Online at 4 WTC | May 15, 2023

World Trade Center. Currently occupying approximately 564,000 square feet spread across 16 floors within the tower, the streaming service initially joined the building's tenant roster in 2017 upon signing an initial lease for roughly 378,000 square feet, followed by an approximately 100,000-square-foot expansion a few months later. In 2018, Spotify added another 86,000 square feet upon signing a sublease for two floors from the Port Authority of New York and New Jersey (PANYNJ). The PANYNJ was expected to net about \$81 million over the course of the just over 15-year deal after deducting build-out expense and \$3.3 million commission to Spotify's broker.

Sources: <https://therealdeal.com/new-york/2023/05/15/spotify-looks-to-sublease-at-silversteins-4-wtc/>

Corporate Push for Back to Office Call Strengthens | April 24 – May 16, 2023

Over the past few months an increasing number of major companies are strengthening return to the office requirements ranging from 3 to 5 days per week, despite sparking some employee protests. According to the latest press release, New York-based BlackRock Inc., "the world's largest asset manager, has asked its staff to return to the office at least four days a week." As of April 24th, other major companies that have joined the growing trend include Dell, Amazon, Apple, Citigroup, Disney, Goldman Sachs, IBM, JPMorgan, Meta, Salesforce, Snap, Starbucks, Twitter, and Uber.

Some of the beliefs by top company leaders prompting the turnaround in work-from-home policy for increased face-to-face work schedules are that it:

- Expedites decision-making;
- Better encourages staff collaboration and training, as well as teaching moments for career development — particularly among young workers and apprenticeship programs, which requires team members to be in the office in order to interact with others and learn from leaders and mentors;
- More in-person work together helps foster increased productivity, creativity, and office culture;
- Employees hoping for promotions may find it more difficult since there's nobody observing them in another context;"
- New employees perform better when onboarded and trained in-office than those that joined remotely.

Finally, there is the argument among some that there are many in the service industry that don't have the option to work remotely, bringing into question the fairness of a work schedule flexibility that is not available to many, and upon which in certain circumstances those working remote rely upon daily.

Corporate America remains split over remote work, with those companies in favor of a continuation of remote work policies citing increased productivity during the pandemic when many people were required to work from home, as well as employee benefits such as saving time commuting, and the ability to work more flexibly to allow for childcare and other caring commitments.

"A working paper by the National Bureau of Economic Research released in July 2022, noted that there exists a willingness among workers "to pay for the option to work from home 2-3 days a week" — "some workers are choosing to earn less by forgoing raises or taking pay cuts" in exchange for the flexible work schedule option, thereby also benefiting their employers which as a result paid "lower wages to their employees than they may have otherwise. However, if the U.S. is unable to avoid a recession, the situation may change and prompt more workers to return to the office due to job security fears.

Sources: <https://www.ft.com/content/bde63803-49f7-439a-9db5-fbb175545d58>

Sources: <https://www.businessinsider.com/companies-making-workers-employees-return-to-office-rto-wfh-hybrid-2023-1>

Sources: <https://www.bls.gov/opub/mlr/2022/beyond-bls/workers-would-rather-work-from-home-than-get-a-raise.htm>



Midtown - Times Square

News Highlights (cont'd)

Rethinking the Office Concept to Better Align with an Evolving Work Environment | May 22, 2023

Now that the Biden Administration has declared the pandemic officially over, companies remain divided on how many days employees should be mandated to work in the office, with some pushing for a five day per week return, while other companies are ready to declare hybrid work schedules the new reality. As part of companies' ongoing discussions, a revisioning of the workplace is among the surfacing topics, with many companies accepting that even before the pandemic, a return to the drawing board was needed. The open-floor plan which seemed to be a good idea a few years ago "had become noisy places where workers were having trouble focusing." However, some companies are hesitant to spend money on a redesign with the risk of a recession looming.

Views of the purpose of the office have also become varied, with some startups deciding an office is really a place to gather, socialize, and be inspired rather than a place "you go into to do heads-down work." Office design and layouts are being tested by companies such as architecture and design firm NBBJ, whose new office in Manhattan's Flatiron District is nearly twice as large as its former office space and "feels like a mix between an office and a social club" intended to create an atmosphere that will make people want to come in despite the long commutes typical in the New York area." In addition, the design accommodates layout flexibility with walls that can be moved, and furniture taken apart to easily change use from a seating area to a gathering place.

In contrast, some companies are "completely rethinking the idea of a permanent office." Cited as example is online workflow automation app Zapier, which is a fully remote company with 1,300 employees that has "company retreats where it invites all workers to spend a few days in-person with their colleagues; the company pays for flights, accommodations, and food, and organizes ways for people in different departments to get to know each other."

Sources: <https://time.com/6280986/hybrid-office-return-to-work-design/>



Uptown - Upper West Side View from Central Park

News Highlights (cont'd)

Flagstar's Decision to Retain Signature's 300K-sf Broadway Space is a Big Win for ESRT | May 23, 2023

The recent announcement by the Empire State Realty Trust (ESRT) delivered good news for Manhattan's office market while abating concerns of over 300,000 square feet potentially being introduced to the market at a time when office space vacancy is at a high. The 313,109 square feet currently under a lease to Signature Bank at ESRT's 1400 Broadway will be assumed by Flagstar Bank, N.A., which acquired a large portion of the bank's assets following the takeover by regulators. The lease that extends through 2039 will remain under the same terms. However, the modified deal includes a 1.5% rent reduction over the duration of the lease as a result of a \$3 per square foot rent reduction for the first 5-years of the lease amendment of the nearly \$59 per square foot paid by Signature, or about \$275,000 less per year than the \$18.2 million in annual rent. The agreement will enable ESRT to reverse \$5.8 million of a \$6.4 million straight-line reserve set aside last quarter to account for a potential vacancy in the Signature space.

Sources: <https://www.crainsnewyork.com/commercial-real-estate/empire-state-realtys-big-win-flagstar-bank-will-keep-signature-offices>

Continued Layoffs by Meta Lowers NYC Employee Headcount to 5,000 | May 31, 2023

Although by comparison tech companies have far less New York City employees than the largest city companies, by opening large local offices, the "Silicon Valley giants have made a massive impact on the [city's] local talent ecosystem." Recent state filings of Worker Adjustment and Retraining Notification (WARN) notices by Meta, which operates Facebook, Instagram, and WhatsApp, shed light on the social media company's headcount in New York City. The Farley Building at 372 Ninth Avenue houses 2,339 Meta employees, followed closely behind by the 2,336 employees at 770 Broadway, and lastly there are nearly 1,000 employees at 30 Hudson Yards — temporary space leased while awaiting the buildout of Meta's offices at 50 Hudson Yards. The second round of 548 layoffs made last week were "about evenly distributed among the three locations."

Sources: <https://www.crainsnewyork.com/technology/meta-and-facebook-layoffs-put-new-york-citys-workforce-5000>

News Highlights (cont'd)

Employees at Multiple City Agencies Shift to Hybrid Work Schedules | June 1, 2023

Despite an earlier hard stance against remote work, Mayor Eric Adams now follows in the footsteps of several other employers and recently eased the work schedule policy amid union contract negotiations. Affecting at least 30 agencies over the next two years, city employees can work remotely two days a week. While fewer in-person workers in the city's central business district will further challenge the office and retail markets, it may benefit the city's ability to fill job vacancies that have increased to a rate of at least 20% in seven agencies according to a March analysis from the City Comptroller's Office.

Sources: <https://therealdeal.com/new-york/2023/06/01/nyc-softens-remote-work-stance-to-hybrid/>

Global Survey Reveals a Mixed Outlook for the Office Market | June 6, 2023

Recently released results of a survey of 347 companies around the world led to a projection of an expected shift in office occupancy over the next three- to six-years. U.S. cities are anticipated to be impacted the most, in part due to a higher ratio of office space per person than in Europe and Asia, with San Francisco, New York, and Los Angeles topping the list. Since the pandemic, the commercial real estate market has faced a heightening strain from declining office demand due to ongoing hybrid and remote work schedules, as well as rising interest rates — all of which have contributed to falling property values that could have a ripple effect on banks, which finance many commercial real estate deals, causing them to incur significant losses should there be a rise in delinquencies as a result of the downturn. Among the 65 surveyed companies with more than 50,000 employees, 50% plan to reduce their office footprint, and among those, most anticipate a reduction of between 10% and 20%. In contrast to the large multinational firms, "55% of all surveyed companies expect to 'increase or greatly increase' their footprints over the next three years, with growth led by smaller firms of up to 10,000 employees," which represented 211, or 61% of the total 347 companies surveyed; and many mid-cap companies, of which 71 firms with 10,000-50,000 employees were surveyed, "were actually expanding their global footprint." The survey results also found that 56% of the respondents had opted for a hybrid work policy, while 31% require staff to come into the office most or all of the time; and just 12% of the firms planned to implement a fully remote work policy.

Sources: <https://www.cnn.com/2023/06/06/business/global-companies-office-space-cuts/index.html>

FiDi Building Locks in 640K-sf Lease with a City Agency | June 8, 2023

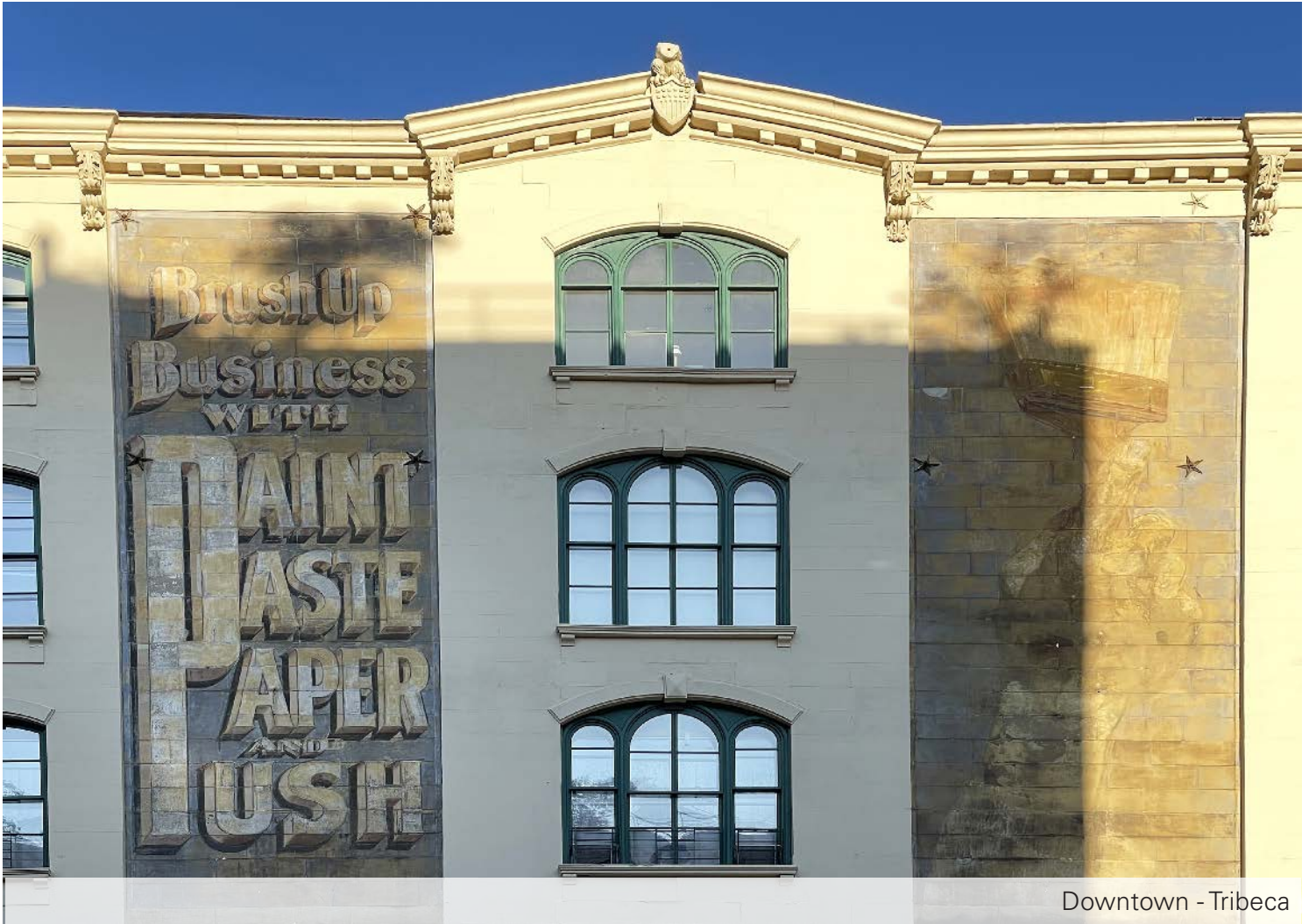
An undisclosed New York City agency has signed a 20-year lease for 640,000 square feet at 110 William Street in Lower Manhattan's Financial District. According to Tel Aviv Stock Exchange documents, the new anchor tenant will pay an "annual rent of \$44 per square foot (approximately \$28 million per year once the total floor area is occupied), a rate scheduled to increase \$4 per square foot every five years." Initially 200,000 square feet will be occupied on a staggered timeline as improvements are finalized. The deal also includes an option to extend the lease for two additional five-year periods. In addition, a covenant that transfers the 40% stake owned by developer Savanna to Pacific Oak Capital Advisors, which already controls the majority 60% interest in the 32-story, 930,000-square-foot building; and as the sole owner, Pacific Oak would invest \$110 million and \$130 million in new equity into the building for the tenant. The building has struggled in recent years to fill vacancies created by the New York City Economic Development Corp. (NYCEDC), which vacated approximately 280,343 square feet in 2019 upon relocating to 222,000 square feet at nearby 1 Liberty Plaza, and the NYC Housing Development Corp (HDC) whose offices are now located at the Equitable Building, 120 Broadway. However, the recent signing enabled ownership to reach an "agreement to restructure more than \$334 million in outstanding debt."

Sources: <https://commercialobserver.com/2023/06/beleaguered-110-william-street-secures-tenant-640000-sf-office-void/>

New York City's Business District Fairing Better than Other Major U.S. Cities | June 12, 2023

Although the challenges facing New York City's central business districts are significant, the findings of an analysis of office availability across the nation's top 10 largest office markets completed in June 2023 by real estate platform Costar revealed that the city has the second lowest availability rate — which stood at 18.2%. Among the 10 cities analyzed — New York, Boston, Houston, San Francisco, Dallas, Chicago, Seattle, Austin, Los Angeles and Atlanta, Boston claimed the title of the city with the lowest availability rate of 17.9%. In contrast, Houston had the highest availability rate of 29.6%, followed close behind by San Francisco's 29.5% vacancy, while vacancy rates of the remaining 6 cities — Atlanta, Los Angeles, Austin, Seattle, Chicago and Dallas ranged 21% to 24.9% with recent trends among the analyzed office markets providing "example of the current, widespread weakness throughout the U.S. office market as a whole."

Sources: <https://product.costar.com/home/news/906824070>



News Highlights (cont'd)

Private Equity Firm Doubles Footprint in Move to Madison Ave | June 20, 2023

The \$300 million investment to renovate the former Sony building at 550 Madison Avenue appears to be paying off, private equity firm Clayton Dubilier & Rice recently signed a more than 10-year lease for 144,000 square feet at the tower. The private equity firm will be relocating from its headquarters of about 28-years at the Seagram Building, 375 Park Avenue, and expanding from about 70,000 square feet in the move. Asking rent for the space that will span the 18th through 22nd floors and 26th floor was close to the \$150 per square foot seen at nearby One Vanderbilt; and while the deal allows Clayton to relocate immediately, there is still 4-years of term remaining on the Park Avenue lease. Clayton Dubilier & Rice will be joining insurance firm Chubb, which leased 240,000 square feet in 2021 and investment firm Corsair Capital, French luxury designer Hermès and advisory business Junto Capital.

Sources: <https://commercialobserver.com/2023/06/clayton-dubilier-rice-doubling-hq-in-move-to-144k-sf-at-550-madison/>

Nonprofit Nearly Doubles Footprint in Relo to Third Ave | June 21, 2023

Children's mental health nonprofit, Child Mind Institute has signed a 30-year lease at 825 Third Avenue. The recent deal will result in a December relocation and expansion by the organization from 47,000 square feet at nearby 445 Park Avenue. The new 81,810-square-foot space will spread across a portion of the ground level and the entire 2nd through 5th floors within the tower; and will include a dedicated entrance which helped attract the nonprofit to the building.

Sources: <https://commercialobserver.com/2023/06/child-mind-institute-825-third-avenue/>

News Highlights (cont'd)

Stress Continues to Build in the Office Market as High-Levels of Vacancy Persists | June 22, 2023

Remote work has changed the office market leaving landlords facing persistently vacant office towers that has resulted in suspended or cut dividend payouts, while dealing with rising borrowing costs due to higher interest rates, worries about a possible recession, and “the understanding that office space won’t be used in the same way as in the past.” According to a recently released report by Moody’s, even without a recession, with more than \$700 billion in outstanding debt, plus national vacancy rates that are 500 basis points, or 5% higher than pre-COVID times that “are set to rise,” and office revenues about 10% below “where they should be,” “real estate funds managed by the city’s leading private equity firms are seen as increasingly at risk.” The deterioration of these fundamentals led the credit-rating firm to downgrade three commercial real estate investment funds managed by Blackstone Group, Apollo Global Management and KKR. It has been further pointed out by the head of real estate economics at investment firm MSCI that “the supply of commercial properties experiencing some kind of financial hardship has doubled in the first quarter.”

Sources: <https://www.crainsnewyork.com/commercial-real-estate/moodys-downgrades-blackstone-kkr-apollo-real-estate-funds>

Repositioned Former Lord & Taylor Building to Welcome 2,000 Amazon Employees as Reopening Nears | June 22, 2023

The highly anticipated reopening of the former Lord & Taylor building at 424 Fifth Avenue is expected to take place later this summer bringing welcome news to the surrounding neighborhood as the historic building once again becomes an active part of the area. Construction work that has repositioned the 109-year-old, 11-story landmark building at the corner of West 38th Street for office use will be welcoming 2,000 Amazon employees when the doors open. In an effort to “take away the reasons people don’t want to go into an office to work,” tenant amenities include a “posh indoor cafeteria and lounge with oversize seating;” floor-to-ceiling windows offering panoramic city views; lit strolling paths for employees when they take a break during a late shift; and a fenced dog run, complete with a dog-friendly water fountain. Amazon will be consolidating its “Tech Hub” employees at the 5th Avenue location, relocating them from multiple locations in Manhattan, Jersey City, NJ and Newark, NJ, while continuing to rent offices at other Manhattan locations.

Sources: <https://nypost.com/2023/06/22/amazons-brand-new-nyc-office-set-to-open-as-soon-as-next-month/>

Concessions Continue to be Significant in Office Lease Deals | June 26, 2023

Lease concessions which are typically given in the form of rent abatements and furniture or improvement allowances at the landlord’s expense are not likely to be disappearing anytime soon. Recently released findings of executed direct office leases above 20,000 square feet with terms of at least seven years made between April 2020 to the present revealed that on average up to 24% of rent throughout the lease term is being lost by landlords of Class A office properties due to rent concessions, representing a 40.3% increase of the 17.1% average before COVID (2018 to March 2020). In contrast, trophy buildings, which are a tier above Class A, have fared slightly better, the average rent loss increased about 16.3% during the same period, rising from 17.2% to 20.0%; while Class B/C concessions saw a 37.7% increase from an average of 15.4% to 21.2%.

Sources: <https://commercialobserver.com/2023/06/office-landlords-losing-24-percent-of-rent-to-concessions-for-class-a-space/>



Midtown - Times Square

News Highlights (cont'd)

Retail Market

Short Term 5th Ave Burberry Lease Signed at Steep Discount | April 19, 2023

BURBERRY

Luxury British clothing brand Burberry will temporarily relocate its Manhattan flagship into the core of the space previously the home of Valentino until vacating in 2020. Burberry will occupy the 14,000-square-foot space on the base floors of 693 Fifth Avenue under a short-term lease while its main location at 9 East 7th Street undergoes renovations. The \$372 annually per square foot to be paid for the space reflects a steep discount of the \$1,144 per square foot rent that Valentino agreed to pay in 2013 upon signing the 15-year lease, comprising over 80% of the building's revenue.

Source: <https://therealdeal.com/new-york/2023/04/19/burberry-lease-wont-save-693-fifth-ave-for-french-landlord/>

Thousands of Jobs on the Line as Bed Bath & Beyond Files Chapter 11 | April 23, 2023

BED BATH & BEYOND

New Jersey-based Bed Bath & Beyond filed for Chapter 11 bankruptcy, planning to begin the process of liquidating its stores — 360 Bed Bath & Beyond stores and 120 BuyBuy Baby stores. Currently the company employs approximately 14,000 people in the U.S. and Puerto Rico, putting their jobs, retirement savings, and severance pay of the line. However, the company may pivot away from plans to vacate all properties by June 30th, 2023, if a buyer for some or all of the homeware retailer's assets is found. The collapse of one of the largest home-goods retailers in the U.S. is not "an example of the inevitable decline of brick-and-mortar retailers," but instead the result of nearly a decade of poor decision-making by the retailer's leadership team that "pushed the company, little by little, toward the brink of financial collapse," according to the opinions of suppliers, analysts and former managers and employees.

Source: <https://www.crainsnewyork.com/retail-apparel/bed-bath-beyond-files-bankruptcy-plans-shut-down-stores>

News Highlights (cont'd)

Germany-based Grocer Opening in Chelsea | May 8, 2023

The planned 7-story, 188-unit affordable housing development at 335 Eighth Avenue that is expected to break ground this month has signed a 15-year lease with Lidl. The recent signing adds the second Manhattan location for the Germany-based grocer, which is currently operating in Harlem at 2187 Frederick Douglass Boulevard. The new store is set to open in 2025 and will spread across 23,000 square feet at the base of the mixed-use development that is replacing an existing retail building. Asking rents for the ground and basement levels were \$150 per square foot and \$65 per square foot respectively.



Source: <https://commercialobserver.com/2023/05/lidl-grocery-chelsea-mag/>

Downtown Brooklyn Welcomes Discounted Goods Seller | May 15, 2023

Daily Deals Bins will be making its New York City debut in Downtown Brooklyn upon opening at the end of the summer at 485 Fulton Street. The discount seller of overstocked and returned goods signed a lease for 29,318 square feet. The space formerly home to clothing retailer Dr. Jay's includes 2,500 square feet on the ground level and 26,818 square feet of basement space at respective asking rents of \$200 per square foot and \$50 per square foot.



Source: <https://commercialobserver.com/2023/05/discount-store-daily-deals-bins-downtown-brooklyn/>

Lidl Continues NYC Expansion | May 23, 2023

Just over two weeks after a reported 23,000-square-foot deal in Manhattan's Chelsea neighborhood, Germany-based grocer Lidl has signed two leases in Queens. The larger of the two deals will see Lidl open a store formerly occupied by Key Foods in the Glen Oaks Shopping Center at 255-01 Union Turnpike. The 15-year lease for 41,000 square feet includes 34,000 square feet on the ground floor and an asking rent of between \$30 and \$40 per square foot. The second location will be located at 187-04 Horace Harding Expressway in Fresh Meadows. Full details of the lease for 28,000 square feet were not disclosed.



Source: <https://therealdeal.com/new-york/2023/05/23/lidl-adds-two-queens-leases-to-nyc-spread/>

Life Time Group Bringing Pickleball to Penn Plaza | June 20, 2023

As the popularity of pickleball continues to grow in New York City, so does the planned opening of new facilities offering the sport. Healthy lifestyle fitness brand Life Time recently entered into a lease for more than 53,000 square feet at PENN 1, located at 250 West 34th Street. The facility that will spread across the ground through 3rd floors will open in two phases — the renovated existing fitness facility on the 2nd and 3rd floors to open this summer, while the new ground level space that will feature seven pickleball courts is slated to open in early 2024. The new athletic club's primary entrance will front the building's 33rd street plaza facing Madison Square Garden and benefit from the high foot traffic in the vicinity of the sports and event venue as well as Penn Station. Terms of the deal were not released.



Source: <https://rew-online.com/life-times-new-york-city-expansion-continues-with-iconic-indoor-pickleball-and-athletic-club-destination-in-the-penn-district/>



Midtown South - Southeast view from 200 Park Avenue South roof deck

News Highlights (cont'd)

Investment Sales

Consumer Products Company Buys Murray Hill Office Building at a Discount | February 08, 2023

Enchanté Accessories recently purchased the entirely vacant 147-149 Madison Avenue for \$77 million. Despite having recently completed a full redevelopment, seller Columbia Property Trust incurred a loss, having acquired the 12-story, 121,000-square-foot office building in 2017 for \$87.7 million, with the REIT taking full control of the asset in 2018 when the 60-year leasehold expired. In 2018 WeWork had signed a lease to occupy the entire building, however the co-working firm never moved in, ultimately abandoning the space during the onset on the pandemic in early 2020. According to city records, City National Bank originated a \$9.363 million gap mortgage and assumed roughly \$44.537 million in unpaid principal provided by Goldman Sachs Bank and to close on the transaction.

Source: <https://preview.therealdeal.com/new-york/2023/02/08/columbia-property-trust-takes-haircut-on-149-madison/>

News Highlights (cont'd)

IAC Consolidates Ownership of Its Chelsea HQ | April 11, 2023

The media conglomerate IAC has purchased the land beneath its Chelsea headquarters building at 555 West 18th Street from the Resnicoff family. The \$80 million cash deal for the fee fully consolidates the company's ownership of the property. Previously controlling the site under a ground lease secured in 2004 along with developer Georgetown Company, which developed the site for IAC. The sale offering was one of the few investment sales introduced to the market late last year as investor demand cooled amid rising interest rates.

Source: <https://therealdeal.com/new-york/2023/04/11/barry-dillers-iac-pays-80m-for-west-chelsea-hq/>

NoHo Office Building Trades for \$98M | April 20, 2023

Longtime owner Sands Associates has sold its building at 400 Lafayette Street. Located on the corner of East 4th Street, the approximately 120,000-square-foot building fetched a price of \$97.5 million. New York University's purchase of the NoHo office building further expands the university's Greenwich Village Campus; and is one of the few investment sales to recently close.

Source: <https://therealdeal.com/new-york/2023/04/11/barry-dillers-iac-pays-80m-for-west-chelsea-hq/>

Gap in Manhattan's Office Investment Sales Market Sparks Opportunity for Smaller Investors | May 10, 2023

The Manhattan office investment sales market, which has typically been dominated by institutional investors, recently welcomed a new entrant. As a growing number of institutions move to the sidelines at a time when the investment appeal of office properties has lowered amid high vacancies, the door has opened to an otherwise difficult market to enter for some family offices and smaller investors to take advantage of the opportunity and fill some of the gap. Among the 11 Manhattan office sales transactions that closed for at least \$50 million in the second half of 2022, 7 featured a family office or non-institutional investor as the buyer.

Source: <https://therealdeal.com/new-york/2023/05/10/families-small-investors-fill-manhattan-office-void/>

Tokyo-based Developer Purchases 49.9% Stake in Park Avenue Building | June 26, 2023

SL Green Realty has sold a 49.9% interest in 245 Park Avenue to a U.S affiliate of Mori Trust Co., Ltd. The acquisition of the minority stake in the 1.8 million-square-foot tower by the Tokyo-based company was at a gross valuation of \$2.0 billion according to the press release by the REIT. SL Green acquired the building that spans the entire city block bound by Park and Lexington Avenues between East 46th and 47th Streets in September 2022, having previously had a preferred equity investment in the property. SL Green's news release at the time indicated that the property continues to be subject to "the in-place mortgage and mezzanine loans totaling \$1.768 building" with a combined fixed interest rate of 4.30% based on existing terms and a maturity in June 2027. Previously intended plans to reposition the asset with a partner are expected to move forward.

Source: <https://slgreen.gcs-web.com/news-releases/news-release-details/sl-green-announces-sale-499-interest-245-park-avenue>



Brooklyn Heights

News Highlights (cont'd)

Residential Market

Sale of 133-Building Bankrupt Brooklyn Portfolio Valued at Over \$435M | April 12, 2023

A Paragraph Partners-led investor group secured court-approval to acquire All Year Holding's bankrupt Brooklyn portfolio, the company took control of the residential portfolio for 10% of its overall value of \$435 million. Located in Northern Brooklyn, most of the 133-building portfolio consists of walk-up rental buildings. Originally agreeing to buy the portfolio for \$60 million in 2022, however when interest rates started to rise, the group sought to reduce the price, leading to ongoing negotiations that at times looked like the deal might fall apart.

Source: <https://therealdeal.com/new-york/2023/04/12/avi-philipson-closes-deal-for-all-years-multifamily-portfolio/>

JV Closes on Final Piece of 1,600-Unit Portfolio | April 21, 2023

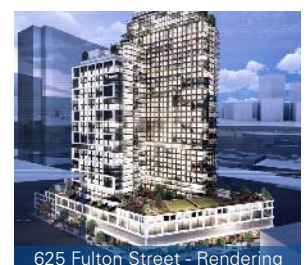
The joint venture of Josh Gotlib and Meyer Orbach has completed the purchase of the 1,600-unit multifamily portfolio formerly owned by the late Sheldon Solow. The latest \$425 million transaction includes the "300-unit rental tower at 265 East 66th Street in Lenox Hill and a group of rental townhouses facing East 67th Street on the other side of the block." Last year the JV closed on most of the portfolio, paying \$850 million for an 850-unit, 3-building residential package and \$390 million for the 408-unit building at 685 First Avenue. The deal struck last year fetched a combined total of roughly \$1.66 billion.

Source: <https://therealdeal.com/new-york/2023/04/21/gotlib-orbach-pay-425m-for-final-piece-of-big-solow-deal/>

DoBro Tower to Deliver 330 Affordable Housing Units | June 6, 2023

The 35-story tower that will reach a linear height of 500-feet is currently under construction at 625 Fulton Street in Downtown Brooklyn. The project that has an alternate address of 485 Hudson Avenue will host 1,098 residential units, of which 30% are designated for affordable housing, 26,000 square feet of retail space, and an on-site 250-car parking garage. Developer the Rabsky Group secured \$450 million in construction financing from Madison Realty Capital.

Source: <https://newyorkyimby.com/2023/06/625-fulton-street-reaches-the-halfway-mark-in-downtown-brooklyn.html>





Midtown - Plaza District

News Highlights (cont'd)

Development

Former St. Francis College Brooklyn Campus Trades for \$160M | April 4, 2023

An affiliate of Rockrose Development [BK Acquisition Three LLC] has purchased the 5-building assemblage at 180 Remsen Street for \$160 million. Located on Remsen and Joralemon Streets, between Court and Clinton Streets, the property served as the Brooklyn Heights campus for St. Francis College between 1960 and 2022, until the college decided to relocate to an approximately 255,000-square-foot space at The Wheeler, 422 Fulton Street in Downtown Brooklyn according to press at the time. Development plans have yet to be announced for the site that can accommodate 500,000 buildable square feet as-of-right; and is also eligible for a 100,000-square-foot inclusionary housing bonus.

Source: <https://therealdeal.com/new-york/2023/04/04/st-francis-college-sells-brooklyn-heights-campus-for-160m/>

Second Avenue Subway Extension Plans Take Next Step Forward | April 20, 2023

The Metropolitan Transportation Authority (MTA) has taken the next step as part of the planned construction of the Second Avenue Subway extension to 125th Street in Harlem. Eminent-domain petitions were filed by the agency against nine sites around 2nd Avenue and East 120th Street. The nearly \$8 billion project will extend the Q-line from East 96th Street to East 125th Street. "The MTA is expecting the federal government to pick up the tab for nearly half the project, or \$3.4 billion," after Washington, D.C. officials signaled fresh support for the project last month.

Source: <https://www.crainsnewyork.com/commercial-real-estate/mta-seize-nine-east-harlem-sites-second-avenue-subway-extension>



Downtown - Along Worth/Lafayette Streets

News Highlights (cont'd)

Willets Point Soccer Stadium Development Revealed | May 13, 2023

Renderings were recently revealed by the New York City Football Club (NYCFB) for the planned soccer stadium to be constructed as part of a larger mixed-use **Willets Point Revitalization Plan**. Located in Corona, Queens, the 25,000-seat stadium will be New York City's first dedicated soccer stadium. If the project moves ahead as currently proposed, construction will rise on a site near Citi Field along with a planned 2,500-unit 100% affordable housing project, a 650-seat school, a 250-key hotel, as well as retail space, dining locations, and more than 40,000 square feet of public open space. Plans for the estimated \$780 million project are expected to start the city's Uniform Land Use Review Procedure (ULURP) review process sometime this year.



Willets Point Revitalization Plan - Rendering

Source: <https://newyorkyimby.com/2023/05/new-york-city-football-club-reveals-renderings-of-25000-seat-willets-point-soccer-stadium-in-corona-queens.html>

Latest Permit Filing Adds to NYC's Growing Inventory of Vertical Warehousing Projects | June 21, 2023

Australia-based industrial developer Goodman Group recently filed plans for a 5-story, 880,000-square-foot warehouse at 40-40 Northern Boulevard. The structure that will reach a linear height of 200-feet will deliver New York City's tallest warehouse. As developers seek to capitalize on increased demand for last-mile delivery locations, there has been a growing shift of the warehousing industry from New Jersey directly into New York city. First starting to appear in New York City after 2017, Goodman's project is one of nine multi-story warehouse projects that total 7.3 million square feet such as Innovo Property Group and Affinius Capital's planned 1.1 million-square-foot, 2-story industrial complex at 2505 Bruckner Boulevard in the Bronx, Innovo's planned 180-foot-tall, 680,000-square-foot warehouse at 28-90 Review Avenue and soon to be delivered 5-story, 842,000-square-foot project at 23-30 Borden Avenue — both in Long Island City, Queens, and the 5-story, 1.1 million-square-foot Grand Logistics Center in Flushing, Queens that completed construction this year by developer RXR Realty and LBA Logistics.

Source: <https://therealdeal.com/new-york/2023/06/21/nycs-tallest-industrial-building-coming-to-queens/>



Midtown South - Union Square 17th Street View

News Highlights (cont'd)

Resilience Plans to Protect Lower Manhattan's Coastline from Flooding Envisioned | June 26, 2023

After incurring significant damage in the wake of the 2012 Hurricane Sandy, the Battery Park City Authority (BPCA) had “embarked on a massive effort to reshape the coastline” of the 92-acre waterfront community that it oversees along Manhattan’s Lower West Side. Construction of BPCA’s South Battery Park City Resiliency Project which encompasses Wagner Park is already underway, and upon completion the park will be raised by ten feet with flood protections in place. Recently the state-chartered public benefit corporation released a preliminary glimpse of the early designs behind the North/West Battery Park City Resiliency Project that isn’t expected to be finalized until at least the spring of 2024. Its footprint will begin at North Moore and Greenwich Streets to the North in Tribeca and concludes at South Cove near First Place. BPCA’s ability to leverage funds for infrastructure work through bonds—an approach unique among local government agencies—will help finance the project that is expected to cost in the range of a billion dollars. Construction could break ground in 2025 if approvals avoid any roadblocks; and upon completion, will protect 62 condo and rental buildings, 21 commercial properties, and 19 public buildings of an estimated property value of \$7 billion.

Source: <https://www.crainsnewyork.com/climate-change/inside-new-yorks-billion-dollar-plan-flood-proof-lower-manhattan>

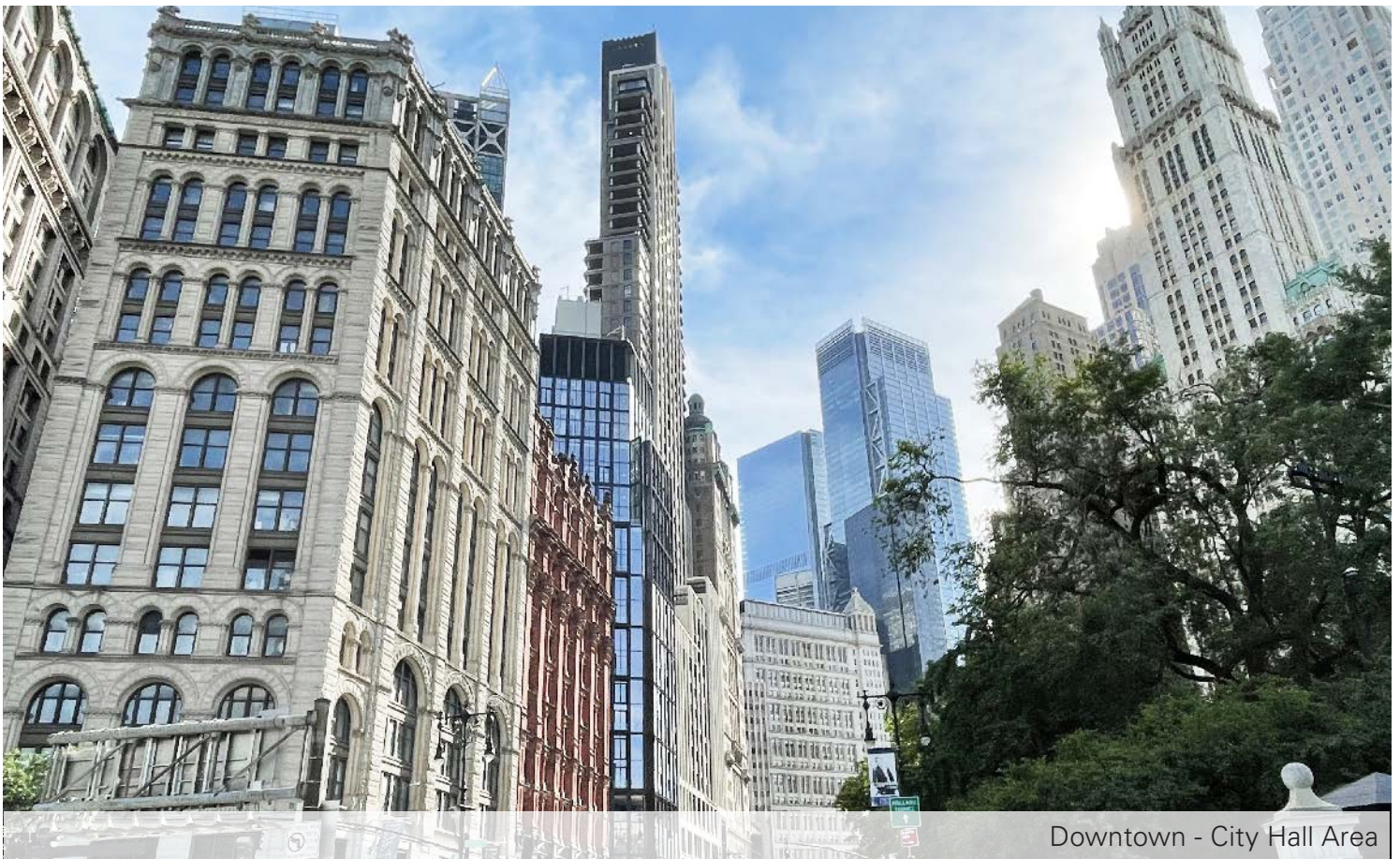
Financing Secured for Phase Two of Hunts Point 5-Building Project | June 29, 2023

Construction of a pair of mixed-use buildings will soon get underway in the Hunts Point neighborhood of the Bronx. The project from New York City’s Economic Development Corporation (EDC), Department of Housing Preservation and Development (HPD), and Housing Development Corp. (HDC) in partnership with Gilbane Development Co., Hudson Cos., and MHANY Management secured \$297 million in financing provided by Wells Fargo, HPD and HDC for the second phase of construction of the 5-building, \$655 million development dubbed The Peninsula that is rising on the site of the former Bridges/Spofford Juvenile Detention Center. The first phase of the project was completed last year, delivering 183 affordable housing units, a 14,000-square-foot arts center, and a 57,000-square-foot light industrial building to house local food entrepreneurs, artist studios, a theater, and a day care. Phase 2 construction will add 359 residential units, a 20,000-square-foot public plaza, a 155-car parking garage, and a 20,000-square-foot community facility. It is estimated that the entire 740-unit affordable housing project will be completed in 2029.



The Peninsula - Rendering

Source: <https://www.crainsnewyork.com/real-estate/new-york-city-gilbane-hudson-cos-land-nearly-300m-massive-hunts-point-mixed-use-project>



Downtown - City Hall Area

News Highlights (cont'd)

Lending

Office Loan Refinancing Expected to Face Heightened Challenges Over the Next Few Years | April 07, 2023

Nationally, “more than 50% of the \$2.9 trillion in commercial mortgages” will apparently need to be renegotiated within the next 24 months as terms expire. The estimated high volume of maturing loans comes at a time when office vacancy rates stemming from ongoing remote and hybrid work schedules are expected to remain elevated, depressing the values and the possibility that lending rates could sharply rise by 450 basis points (4.5%). Although regional banks were previously a reliable source of loan originations for landlords, it has come into question following the recent takeover of Signature and Silicon Valley Bank by U.S. regulators; and while private equity firms may fill some of the gaps, having \$2.3 trillion in “dry powder” to possibly invest in lieu of traditional banks, “they may have their own real estate investments to shore up first.”

Source: <https://www.crainsnewyork.com/commercial-real-estate/morgan-stanley-warns-tough-times-ahead-office-landlords>

JPMorgan Chase Wins Bid to Acquire First Republic Bank Following Regulator Seizure | May 1, 2023

Following regulators taking control of First Republic Bank, a competitive bidding process initiated by the Federal Deposit Insurance Corporation (FDIC) resulted in JPMorgan Chase (JPM) as the winning buyer in a bid to “end the turmoil that has raised questions about the health of the U.S. banking system.” According to the May 1st press release by JPM, the financial institution acquired the “substantial majority” of First Republic’s assets, “including approximately \$173 billion of loans and approximately \$30 billion of securities,” the “assumption of approximately \$92 billion of deposits,” and certain other liabilities of First Republic Bank” from the FDIC. However, JPM will not be assuming First Republic’s corporate debt or preferred stock. As part of the deal, “loss share agreements covering acquired single-family residential mortgage loans and commercial loans, as well as \$50 billion of five-year, fixed-rate term financing” will be provided by the FDIC. The failure by First Republic is the third midsize bank to fail in less than two months; and the second-largest bank failure in U.S. history following the 2008 collapse of Washington Mutual which was also taken over by JPM in a similar government-orchestrated deal.

Source: <https://www.jpmorganchase.com/ir/news/2023/jpmc-acquires-substantial-majority-of-assets-and-assumes-certain-liabilities-of-first-republic-bank>

Source: <https://apnews.com/article/first-republic-bank-silicon-valley-fdic-5ab48702b7136d42f73ac13e0a20955d>

News Highlights (cont'd)

Recent Bank Failures Spark Concerns of Rate Increases Despite Wage Gains, Strong Labor Market | April 28-May 3, 2023

As anticipated, the Federal Open Market Committee (FOMC) raised the target federal funds rate at the May 3rd meeting by 25 basis points to a range of 5 to 5-1/4 percent following the recent news release by the U.S. Labor Department indicating that wage growth continued a moderate upward trend during the 1st quarter and the labor market held strong. Further signs of the economy moving in a positive direction is the “cooling” of the personal-consumption expenditures price index — the Fed’s preferred gauge of consumer inflation, which according to the Commerce Department was up 4.2% year-over-year in March compared to February’s 5.1% gain but remains well above the central bank’s 2% target. However, the recent seizure of some midsize banks by regulators have made “some policy makers more cautious about the impact of the rapid pace of rate increases,” also sparking concerns about “the prospect banks could tighten lending standards as higher rates squeeze margins.”

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230503a.htm>

Source: <https://www.wsj.com/articles/employment-cost-index-q1-2023-personal-consumption-expenditures-price-index-march2023-1d4a191>

Debt Limit Discussions Show No Sign of Nearing Deal | May 11, 2023

On Tuesday, May 9th the meeting between President Biden and Congressional leaders came to a close without discussions showing signs of progress on a deal to determine the debt ceiling in order to avoid a possible estimated June 1, 2023 default by the U.S. Simply explained, the debt ceiling, also called the debt limit, is the total amount of money that the United States government is authorized to borrow to meet its existing legal obligations that Congresses and presidents of both parties have made in the past. According to the U.S. Department of Treasury, “failing to increase the debt limit would have catastrophic economic consequences. Most states would be “hit hard” economically by a “debt limit breach,” which occurs when the Treasury Department fails to make a payment to any creditor on time, but the level of impact would vary from state to state according to projections released Wednesday, May 10th by global credit ratings provider Moody’s. Those states having “large concentrations of federal workers or that have a number of jobs that rely on government funding” hit disproportionately harder — such as Washington, D.C., Alaska, Hawaii and New Mexico.

Source: <https://www.cnn.com/2023/05/10/economy/debt-ceiling-layoffs/index.html>

Source: <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/debt-limit>

Addressing NYC’s Broken Property Tax System Key to Tackling Lack of Affordable Housing | May 24, 2023

Ongoing headlines of the affordable housing crisis that New York City is currently facing has put the city’s property tax system in the spotlight. According to the opinion expressed by the policy director of Tax Equity Now New York and former commissioner of the New York City Department of Finance, Martha E. Stark, although relying on assessments would be an acceptable mechanism to determine property tax revenue increases, there is near consensus that the property tax system is broken; and “nowhere is that more evident than apartment buildings where the way assessments are determined leads to owners and tenants subsidizing expensive co-ops and condos.” Property taxes are the main drivers for expenses for the city’s apartment buildings — costs which are eventually borne in large part by tenants.

Increases in property tax revenue by the city is pegged to overall assessment increases, and as a result, unlike the rest of New York State where a cap of a maximum of 2% restricts the amount of money that can be raised from property taxes, there has been an increase of almost 5% per year over the last five years; 21% since 2017. Property taxes on residential rental buildings have been increased by 23% since 2018. The average property taxes on a rental apartment are about \$5,400 a year based on this current fiscal year, of which on average, about \$450 of a tenant’s monthly rent goes toward paying for property taxes — a number that jumps to \$740 per month in Manhattan. It has been suggested that “to address the ever-increasing property tax burden, the Council should adopt Truth in Taxation principles, and increase its oversight of the Department of Finance “to ensure assessments are fair and that property owners have a timely, effective, and efficient means to have their assessments corrected.”

Source: <https://www.cityandstateny.com/opinion/2023/05/opinion-if-new-york-city-council-members-truly-want-tackle-affordable-housing-why-not-start-fixing-our-broken-property-tax-system/386764/>



Brooklyn - Williamsburg

News Highlights (cont'd)

Equity Funding Slowdown and CRE Uncertainty Push Alternative Lenders to the Sidelines | June 4, 2023

The last time banks took a step back from property lending, alternative lenders filled some of the gaps, taking advantage of the opportunity to make good returns. However, a slowdown in equity fundraising and increased risks in commercial real estate financing has prompted alternative lenders to similarly move to the sidelines. In the second quarter of 2023, real estate debt funds focused on North America raised \$930 million, compared to the \$10 billion raised in the second quarter of last year; and institutional investors that normally write big checks for debt funds are facing the need to rebalance their allocations to real estate amid a drop in bond and equity prices, or they think better returns can be made elsewhere with less risk. Not including loans sitting on banks' books, securitized debt valued at \$163 billion comes due this year, making it a very bad time for a tightening of bank and nonbank lending. Representing the biggest annual amount in the U.S. over the next decade, the figure significantly exceeds what alternative lenders can offer. As of May 2023, debt funds in North America had \$42.7 billion in dry powder, equating to just over a quarter of the securitized debt maturing in the U.S. this year, keeping in mind that private lender interest rates are a lot higher than banks, making their loans unappealing to most borrowers; and while the "real solution to the property industry's problems is to get banks lending again," the situation may remain unchanged until it becomes clear where real estate values will settle.

Source: <https://www.wsj.com/articles/a-lifeline-for-property-is-all-gummed-up-c67ec789>

City Council Passes Bill Requiring Mandatory Food Waste Composting by NYC Residents | June 8, 2023

On June 8th, the New York City Council passed a legislative package that includes a citywide residential curbside organics collection program as part of the city's Zero Waste efforts. Part of the five-bill "Zero Waste Act" legislation, the mandatory program is intended to divert organic waste from landfills, "where it produces a particularly potent greenhouse gas called methane." Until the city is able to set up better composting infrastructure, much of the collected organics will be fed into anaerobic digesters that capture the methane to generate energy that can be used to replace fossil fuels. In addition, the package "sets zero waste targets for 2030, requires annual reporting on Zero Waste efforts, creates community food scrap drop-off sites, and establishes new community recycling centers in the five boroughs. Brooklyn and Queens will be the first to see the rollout of the residential mandate that is slated to begin this October, followed by the Bronx and Staten Island in March 2024, and Manhattan in October 2024.

Although Mayor Adams previously announced the rollout of a citywide compost program, it differs from the latest bill in that it was voluntary; and although it is "unclear if Mr. Adams will sign the bill," it "appears to have enough support to override a mayoral veto." News of the bill comes about 14-years after San Francisco and Seattle began mandating composting; while on a broader level, California has a statewide mandate in place. However, the success of the program will depend upon enforcement. An associate professor at Hunter College who studies waste management cited the city's current recycling program, which due to lack of enforcement, only diverts and recycles about 17% of the city's total waste stream from landfills.

Source: <https://www.nytimes.com/2023/06/08/nyregion/food-composting-nyc.html>

<https://council.nyc.gov/press/2023/06/08/2421/>



Downtown - View from Brooklyn Bridge Park

Market Snapshot: Class A & B

New York City's Unemployment

- According to the New York State Department of Labor's figures, the city's unemployment rate of 5.2% (not seasonally adjusted) at the end of May 2023 represented a 5.6% decrease year-over-year, and an 8.9% decrease over the three month period from February 2023 when the rate was 5.6%.
- Comparatively, unemployment on the National and State level at the end of May 2023 was 3.4% and 3.8% respectively, representing year-over-year increase of 3.0% nationwide and a 5.0% decrease statewide.
- Employment activity in New York City's private sector resulted in a gain of 158,600 private sector jobs over the year to 4,111,300 in May 2023. Among the major sectors, Education and Health Services gained 65,400 jobs at the high over the 12 month period, in contrast to the 14,000 job gain in the Financial Activities sector at the low. Job gains within Leisure and Hospitality, and Professional and Business Services sectors ranged 19,100 to 53,200 jobs. In contrast, the information sector incurred a loss of 3,200 jobs.

Weekly Wages

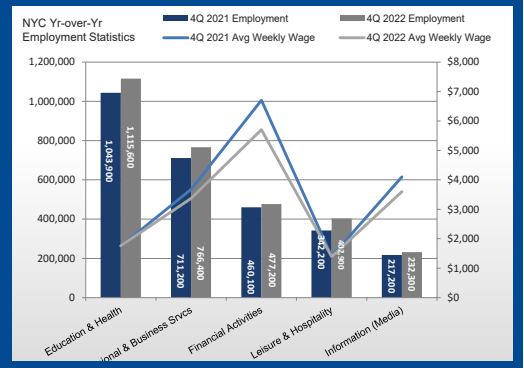
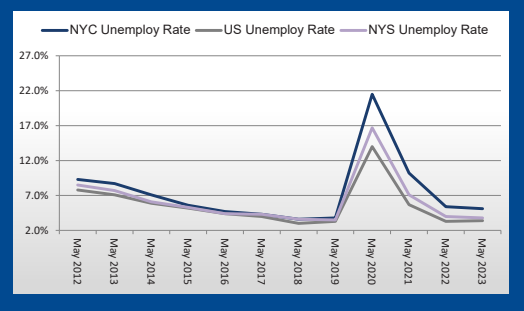
Overall weekly wages in New York City averaged \$2,936 in the 4th quarter of 2022, representing a 9.4% decline year-over-year according the recent report released by the U.S. Department of Labor. Among the major sectors (4) of the (5) saw a lowering of overall weekly wages during the quarter. The Financial sector saw the sharpest decline of 14.9% at the low, followed by the information sector's 12.23% wage decline; while the Education & Health sector saw a nominal 0.7% increase.

Vacancy for Class A & B office buildings over 75,000 square feet rose 3.9% quarter-over-quarter reaching 15.0% in the 2nd Quarter. In contrast to overall Class B vacancy which held steady at 13.5%, Class A vacancy rose 5.3% to a rate of 15.6% versus 14.8% in the previous quarter.

Absorption closed the 2nd quarter at negative 3.295 million square feet in comparison to the negative 2.799 million-square-foot absorption in the 1st quarter as the pace of office leasing activity remained slow. Among the three major commercial submarkets Midtown South was the only submarket to see a positive absorption of 116,199 square feet. Midtown's absorption of negative 2.334 million square feet was nearly double the negative 1.195 million-square-foot absorption in the previous quarter; while Downtown's negative 1.077 million-square-foot absorption was a sharp reversal of the positive 34,641 square feet absorbed in the 1st quarter. Overall Class A absorption ended the 2nd quarter at negative 3.255 million square feet, unable to offset the rise in inventory during the quarter. In contrast, although Class B absorption continued to remain negative at 39,653 square feet, it represented a significant rebound of the negative 1.635 million-square-foot absorption in the 1st quarter.

Face Rents for office space in the 2nd quarter essentially held steady at an overall average of \$70.12 per square foot versus the \$70.18 per square foot figure in the 1st quarter. Class A face rents similarly remained unchanged from the previous quarter's \$79.60 per square foot to \$79.59 per square foot at the end of June. Direct asking rents averaged \$75.25 per square foot in the 2nd quarter, remaining unchanged quarter-over-quarter; while average sublease rents fell nominally fell negligibly from \$60.58 per square foot to \$60.00 per square foot.

2Q 2023	Total	Downtown	Midtown South	Midtown
Vacancy	↑	↑	↓	↑
Face Rent	—	—	↑	↑
Absorption	↓	↓	↑	↓

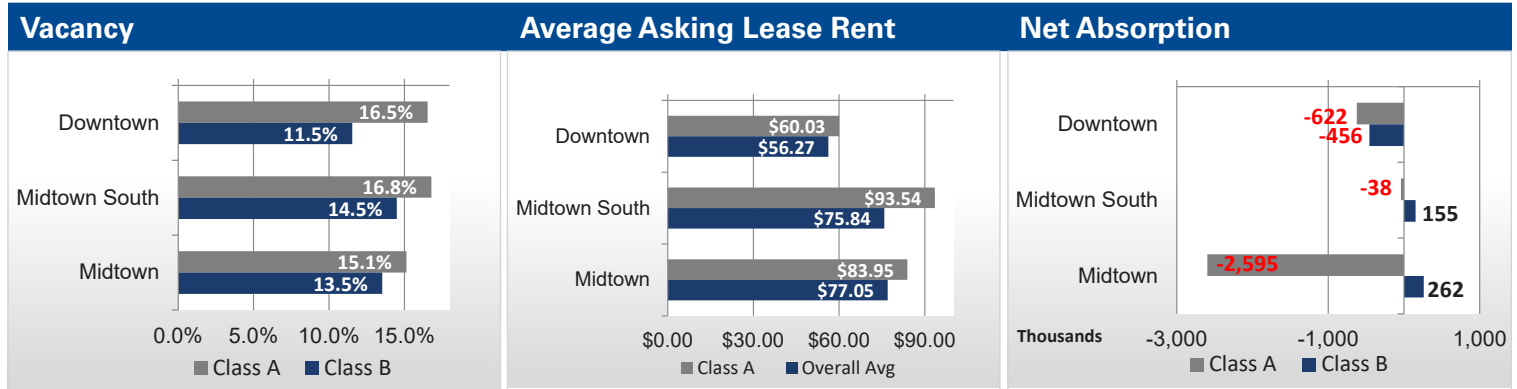


Source: NYS Department of Labor and US Department of Labor, Bureau of Labor Statistics

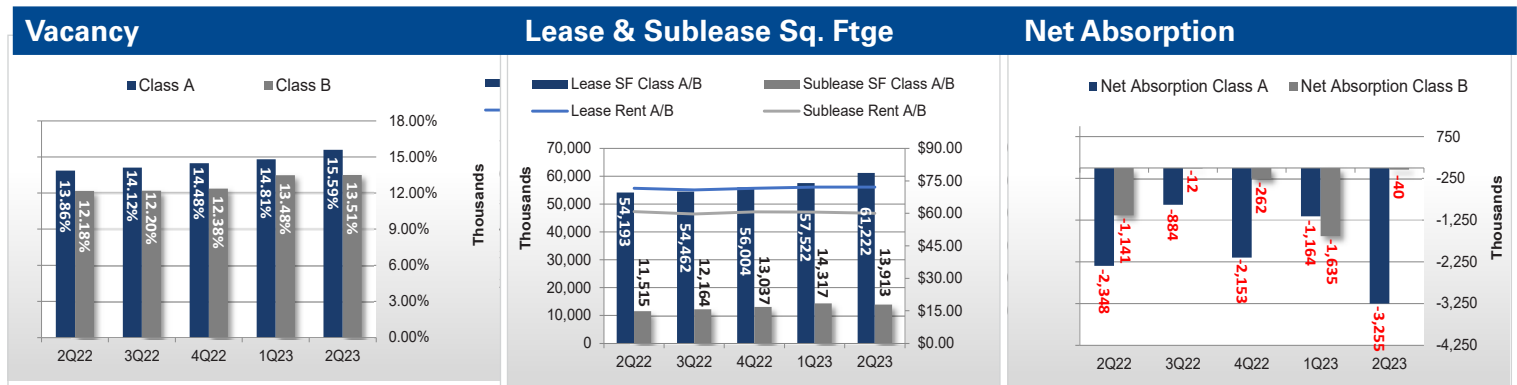
Class A & B Statistics At A Glance



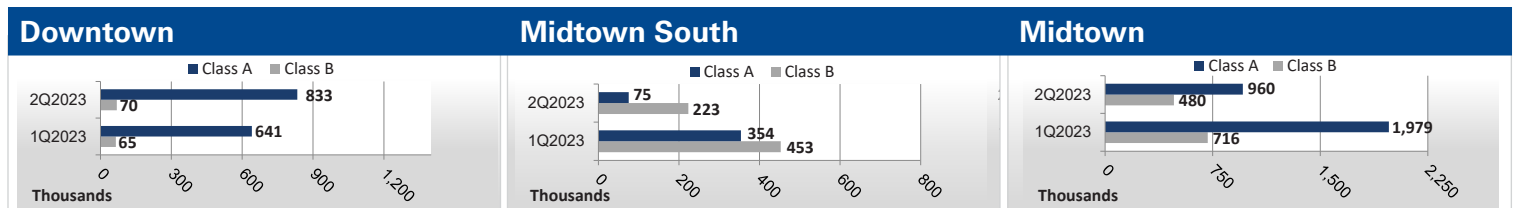
2nd Quarter 2023



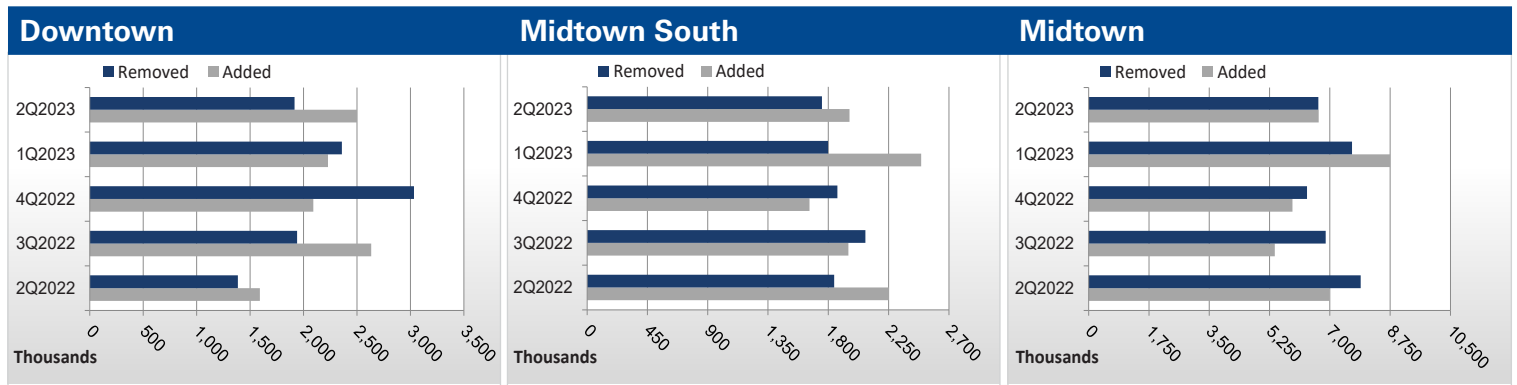
Quarter-over-Quarter



Sublease Space Newly Listed in 2Q 2023



Year-over-Year Inventory Changes





Submarket Statistics Overview: Class A & B Office

Manhattan	Inventory	Vacant Sq. Ftge.			Vacancy Rate			Avg. Face Rent PSF	Absorption
Submarkets Districts	Total RBA*	Direct Sq. Ftge.	Sublet Sq. Ftge.	Total Sq. Ftge.	Direct Vacancy	Sublet Vacancy	Overall Vacancy	Overall Asking	Year-to-Date Sq. Ftge
Downtown	112,696,351	13,973,087	3,360,548	17,333,635	12.4%	3.0%	15.4%	\$56.27	-1,042,783
City Hall	14,011,609	923,230	57,002	980,232	6.6%	0.4%	7.0%	\$50.87	-118,907
Financial District	39,894,833	6,810,682	1,610,091	8,420,773	17.1%	4.0%	21.1%	\$52.58	-1,010,327
Insurance District	12,837,755	1,937,153	269,542	2,206,695	15.1%	2.1%	17.2%	\$51.95	438,642
TriBeCa	7,624,508	681,549	89,080	770,629	8.9%	1.2%	10.1%	\$63.15	-147,143
World Trade Center	38,327,646	3,620,473	1,334,833	4,955,306	9.4%	3.5%	12.9%	\$65.89	-205,048
Midtown South	74,855,878	9,308,853	2,110,257	11,419,110	12.4%	2.8%	15.3%	\$75.84	-1,522,205
Chelsea	18,904,567	2,510,169	917,150	3,427,319	13.3%	4.9%	18.1%	\$74.09	-714,395
Flatiron	23,326,402	3,321,258	503,698	3,824,956	14.2%	2.2%	16.4%	\$80.50	36,401
Gramercy/Union Sq	9,485,442	596,856	277,444	874,300	6.3%	2.9%	9.2%	\$68.29	-22,161
Greenwich Village	5,296,741	956,496	24,239	980,735	18.1%	0.5%	18.5%	\$108.70	-202,868
Hudson Square	12,297,445	1,248,274	359,630	1,607,904	10.2%	2.9%	13.1%	\$84.61	-613,105
SoHo	5,545,282	675,800	28,096	703,896	12.2%	0.5%	12.7%	\$77.88	-6,077
Midtown	314,055,947	37,939,566	8,441,931	46,381,497	12.1%	2.7%	14.8%	\$77.05	-3,528,403
Columbus Circle	33,766,929	2,829,539	575,238	3,404,777	8.4%	1.7%	10.1%	\$72.27	-77,699
Hudson Yards	55,168,792	7,053,468	1,744,114	8,797,582	12.8%	3.2%	15.9%	\$67.74	-653,167
Grand Central	13,303,464	2,477,321	545,091	3,022,412	18.6%	4.1%	22.7%	\$59.15	-112,887
Murray Hill	74,126,024	8,527,280	3,064,089	11,591,369	11.5%	4.1%	15.6%	\$85.48	-2,028,492
Penn Plaza/Garment	86,716,561	10,993,416	1,401,468	12,394,884	12.7%	1.6%	14.3%	\$97.11	-226,151
Plaza District	46,553,876	5,743,355	1,111,931	6,855,286	12.3%	2.4%	14.7%	\$75.95	-357,569
Times Square	4,440,301	315,187	0	315,187	7.1%	0.0%	7.1%	\$70.38	-72,438
U.N Plaza									
Grand Total	501,608,176	61,221,506	13,912,736	75,134,242	12.2%	2.8%	15.0%	\$72.12	-6,093,391

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

Retail Bi-Quarterly Vacancy Statistics At A Glance



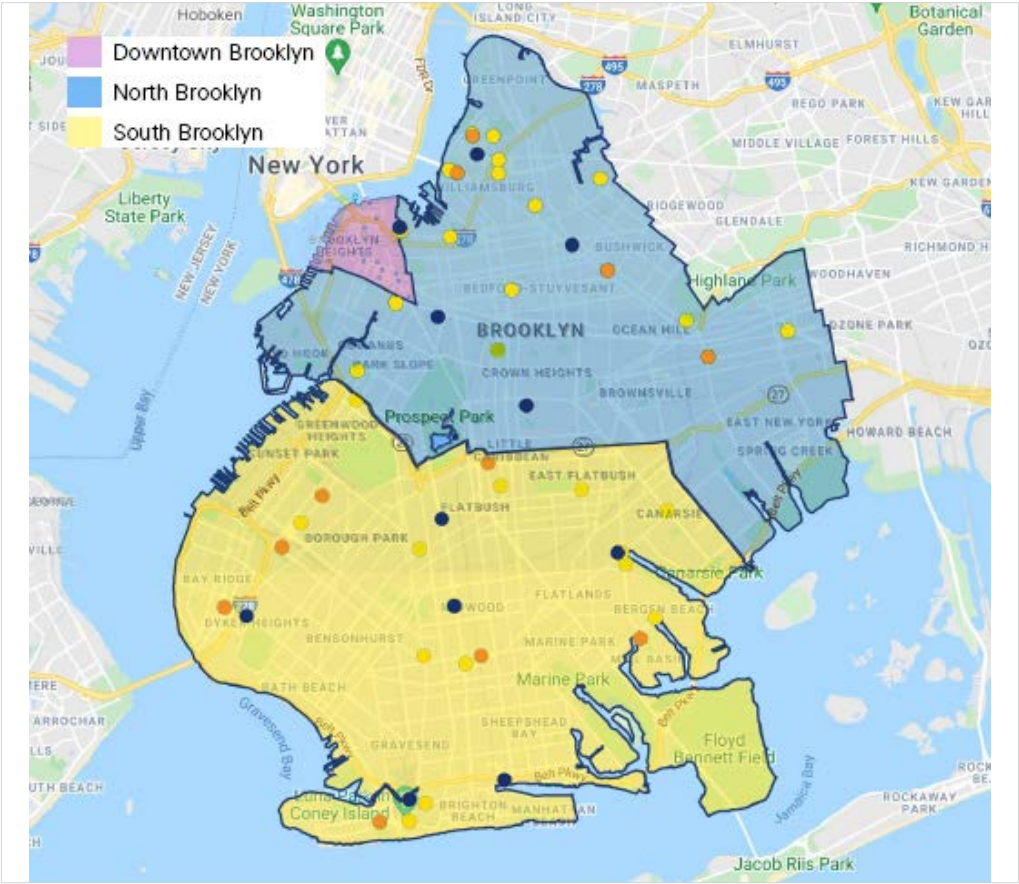
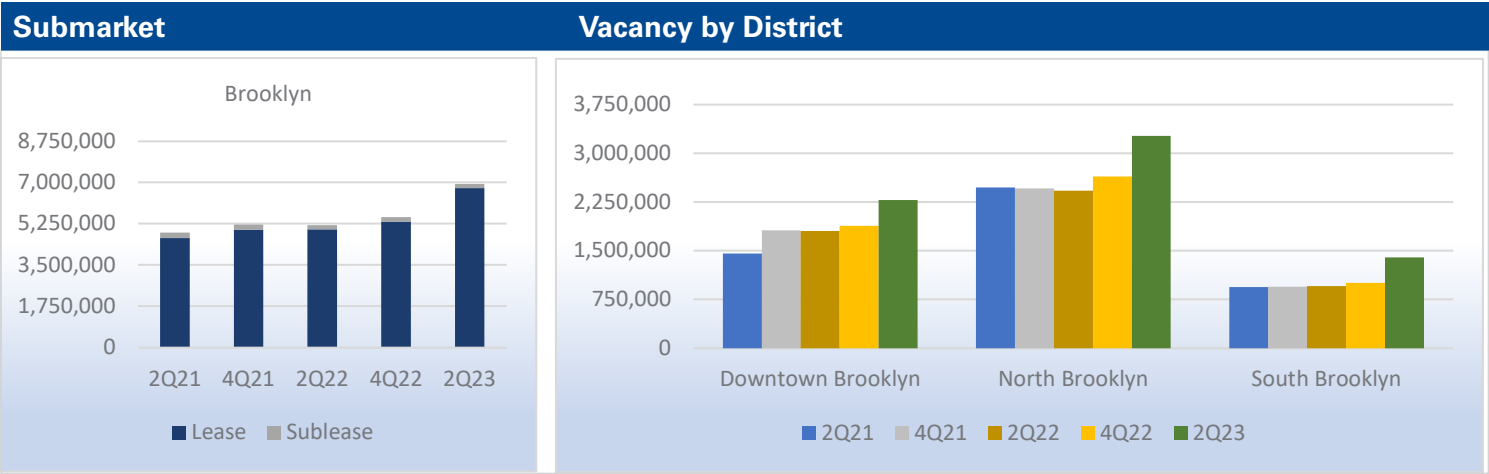
2Q 2021 - 2Q2023



Retail Bi-Quarterly Vacancy Statistics At A Glance



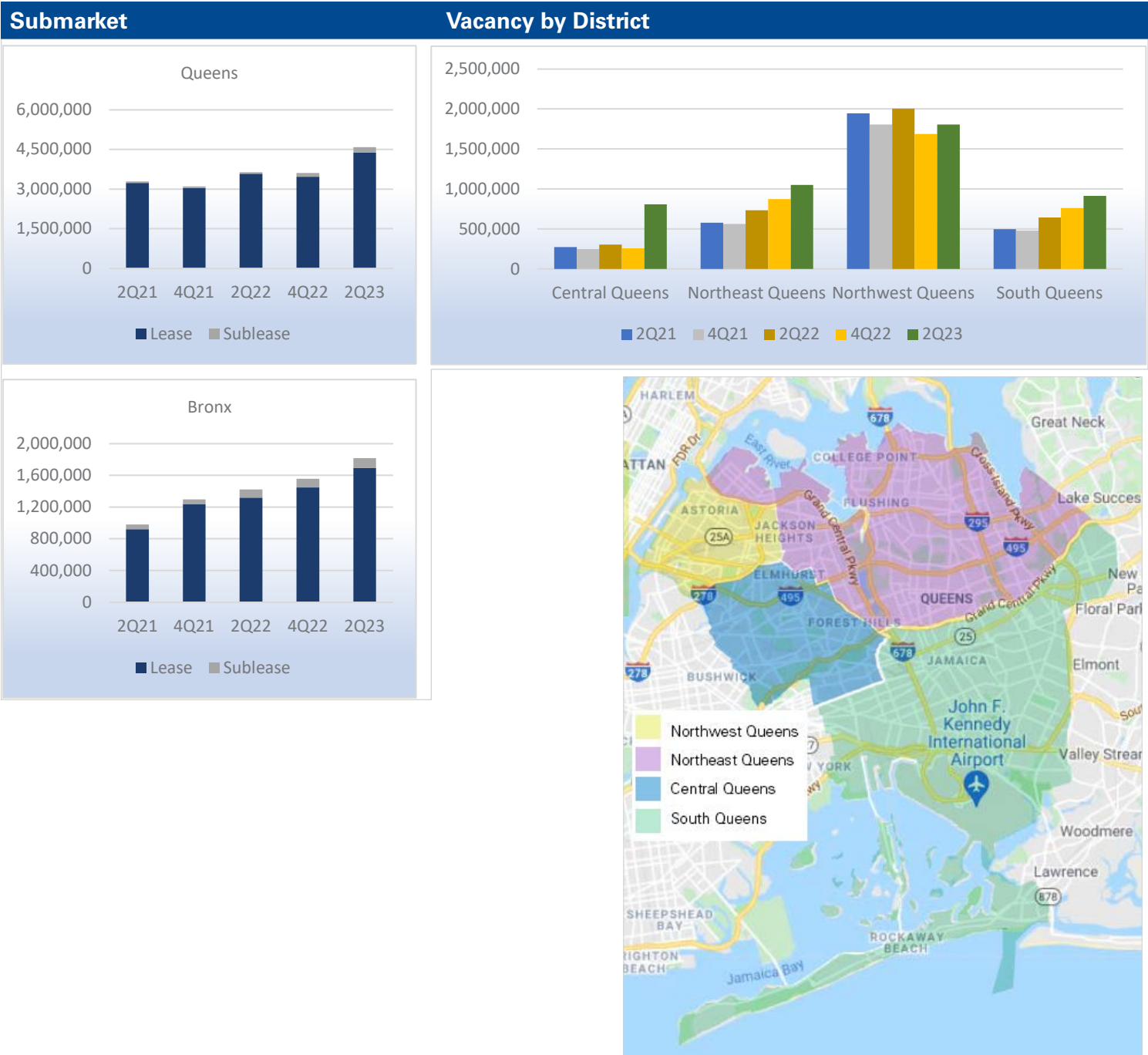
2Q 2021 - 2Q 2023



Retail Bi-Quarterly Vacancy Statistics At A Glance



2Q 2021 - 2Q 2023





Brooklyn - DUMBO Area

Real Estate Board of New York’s Winter 2023 Brooklyn Retail Report

The report released in June by REBNY described recent retail activity in Brooklyn as "strong and fluid" over the seven month period from November 2022 through May 2023 that was analyzed. A shrinking inventory of quality storefronts in the borough's "most sought-after corridors" has created increased challenges for retailers seeking storefronts in neighborhoods such as Williamsburg and Cobble hill, where generous concessions and highly discounted rents have disappeared. In contrast, emerging areas such as Sunset Park and Bushwick continue to offer more storefront options and more flexible lease terms.

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

Corridor	Winter 2023 Avg. Asking	Winter 2023 Asking Range	Minimum Avg. Asking/Yr	Maximum Avg. Asking/Yr	% Yr-over-Yr Change	% Change Summer 2022
Greenpoint						
Franklin St (Meserole Ave – Commercial St)	\$73	\$71 - \$73	\$57/W 2018	\$89/W 2017	-17.1%	10.6%
Manhattan Ave (Driggs Ave – Ash St)	\$75	\$43 - \$129	\$58/W 2021	\$75/S 2017	8.4%	7.5%
Williamsburg						
Bedford Ave (North 8th St – North 12th St)	\$164	N/A	\$122/S 2021	\$200/S 2016	25.2%	-12.6%
Bedford Ave (Grand St – North 8th St)*	\$147	\$72 - \$250	\$78/S 2022	\$404/S 2017	-22.2%	87.5%
North 6th St (Driggs Ave – Kent Ave)*	\$258	\$250 - \$275	\$208/S 2015	\$259/S 2016	14.7%	24.3%
North 4th St (Driggs Ave – Kent Ave)*	\$200	N/A	\$103/S 2020	\$200/W 2023	48.1%	25.0%
Grand St (Havemeyer St – Kent Ave)	\$65	N/A	\$71/W 2021	\$113/S 2017	-8.5%	-14.8%
DUMBO						
Washington St, Main St, Water St, Front St	\$65	\$40 - \$70	\$36/W 2021	\$143/W 2018	46.1%	-23.5%
Brooklyn Heights						
Montague St (Hicks St – Cadman Plz)	\$128.35	\$111 - \$168	\$72/W 2019	\$190/S 2016	24.7%	22.5%
Downtown Brooklyn						
Fulton St (Boerum Pl – Flatbush Ave)	\$239	\$185 - \$300	\$196/W 2022	\$359/W 2018	21.8%	16.6%
Court St (Atlantic Ave – Pierrepont St)*	\$192	\$110 - \$210	\$112/W 2021	\$181/S 2022	9.7%	9.7%
Prospect Heights						
Flatbush Ave (5th Ave – Grand Armory Plz)	\$107	\$88 - \$130	\$101/S 2016	\$141/S 2019	1.2%	-18.8%
CobbleHill						
Court St (Atlantic Ave – Carroll St)*	\$200	N/A	\$93/W 2019	\$200/S 2022	73.9%	0.0%
Smith St (Atlantic Ave – Carroll St)	\$91	\$48 - \$91	\$83/W 2019	\$149/S 2017	-7.1%	-3.6%
Park Slope						
7th Ave (Union St – 9th St)	\$98	\$68 - \$120	\$86/S 2019	\$129/W 2017	2.1%	10.9%
5th Ave (Union St – 9th St)	\$97	N/A	\$78/W 2017	\$104/S 2019	18.4%	7.6%
Bay Ridge						
86th St (4th Ave – Fort Hamilton Pky)	\$107	\$40 - \$100	\$77/S 2015	\$123/W 2018	1.9%	1.9%

Sources: <https://www.rebny.com/reports/winter-2023-brooklyn-retail-report/.pdf>
 *Limited availabilities and withheld rent in some corridors may cause sharp quarterly shifts in asking rents.



BID Market Snapshots

Downtown Alliance - Lower Manhattan Real Estate Market Report | Q1 2023

The real estate market in Lower Manhattan continued to struggle in the 1st quarter as vacancy remained high. Leasing activity of 500,000 square feet represented the lowest quarterly total in 2-years, and 51% below the 5-year quarterly average. Office lease highlights include the 225,000-square-foot renewal at 200 Liberty Street by law firm Cadwalader Whckersham & Taft; and fintech firm Stripe, which signed a 115,000-square-foot extension at 199 Water Street. The median rent for apartments lowered to \$4,225 per month after reaching a record high of \$4,634 per month at the end of 2022, but remain 6% higher than median rent prior to the pandemic. The pace of residential leasing slowed, units remained on the market an average of 22 days longer than in the previous quarter prompting increased discounts for the first time in a year, suggesting that rents may have reached a plateau in the higher end of the market. The highly anticipated opening of the new Whole Foods at One Wall Street was among the 14 retailers that opened in the neighborhood so far this year. In 2022, Lower Manhattan welcomed 7.4 million tourists and 12.1 million total unique visitors, and domestic travel is forecast to exceed pre-pandemic levels later this year.

Source: <https://downtownnyc.com/research/lower-manhattan-real-estate-overview-q1-2023/>

Union Square Partnership - Biz + Broker Quarterly Report | Q1 2023

Boasting a strong start to 2023, the Union Square neighborhood "has seen a major boom in business development, foot-traffic, and commercial leasing. Foot-traffic levels averaged 96% of the volume seen in 2019 according to Replica data — the highest rate since 2020. In February 2023, subway ridership in the Union Square-14th Street subway station reached 76% of Spring 2019 volume — the highest of any Manhattan transit hub. A total of 13 new businesses opened during the 1st quarter — the highest number since 2020, and among them, 10 were restaurant openings as the neighborhood continues to attract citywide favorites and emerging startups across the food industry, creating a varied landscape of restaurants and cuisines.

Source: <https://www.unionsquarenyc.org/s/2023-Q1-Biz-Broker-Final.pdf>

Flatiron/NoMad - Flatiron & NoMad Economic Snapshot | Q1 2023

Office leasing within the district totaled 413,000 square feet spread across 66 tenants. The neighborhood continues to attract a wide range of commercial office tenants. Notable signings during the quarter include software developer Braze, which signed a lease for 92,306 square feet at 63 Madison Avenue and the 57,691-square-foot lease by food delivery service DoorDash at 125 West 25th Street. Flatiron and NoMad office return rates increased 33% year-over-year in March, resulting in an estimated \$5 million-plus in spending from the 14,000 additional office workers in the district each day. Visitor foot-traffic and subway ridership outpaced New York City averages, recovery rates in March averaged 66% and 82% respectively of January 2019 levels.

Source: https://flatironnomad.nyc/wp-content/uploads/2022/05/Q1-2023-Report_Final_Web-1.pdf



Brooklyn - Brooklyn Heights Area

Development Activity

REBNY Report: Quarterly New Building Construction Pipeline - Q1 2023

The Real Estate Board of New York (REBNY) released a report in April providing statistics based on examined new building job application filing submitted to the NYC Department of Buildings in the 1st quarter of 2023, analyzing data for the three month period of January through March; and draws historical comparisons to provide an understanding of the current state of development in New York City.

Key Takeaways - Q1 2023							
Borough Breakout	Q1 2023 Filings	Yr-over-Yr Change	% of Proposed Construction SF	Borough	Q1 2023 Filings	Yr-over-Yr Change	% of Proposed Construction SF
Manhattan	10	-50%	14%	Queens	136	-40%	34%
Bronx	36	-51%	15%	Staten Island	100	-38%	4%
Brooklyn	96	-54%	34%				
New Building Filings in Q1 2023	TTL Filings	% Change Qtr-over-Qtr / Yr-over-Yr		TTL Proposed Sq. Ft.		% Change Qtr-over-Qtr / Yr-over-Yr	
Citywide	378	-3% / -45%		8 MM		-36% / -66%	
Construction Projects 300K-sf Plus	Q1 2023 Filings	TTL Proposed Sq. Ft.		% of Q1 2023 TTL Proposed SF		Qtr-over-Qtr Change of TTL %	
Citywide	5	2.2 MM		27%		-27.8%	
Multiple Dwelling Residential Q1 2023	Proposed Units	% Change Qtr-over-Qtr / Yr-over-Yr			New Buildings	% Change Qtr-over-Qtr / Yr-over-Yr	
Citywide	5,475	-31% / -73%			97	-22% / -69.9%	
Borough Breakout	New Buildings	Proposed Units / % of TTL		Borough	New Buildings	Proposed Units / % of TTL	
Manhattan	7	604 / 11%		Queens	21	1,796 / 33%	
Bronx	22	1,113 / 20%		S.I.	0	0 / 0%	
Brooklyn	47	1,962 / 36%					
Largest Proposed Projects by Borough - Q1 2023							
Borough	Address	Neighborhood	Sq. Ft.	Description			
Manhattan	413 Ninth Avenue	Midtown West	287,692	Proposed 535-foot-tall, 287,692 SF commercial development			
Bronx	1959 Jerome Avenue	Morris Heights	285,216	Proposed 165-foot-tall mixed-use development — 170,723 SF residential, 42,832 SF community facility, 29,4521 SF commercial			
Brooklyn	424 Carroll Street	Gowanus	385,231	Proposed 360-unit residential development			
Queens	42-06 Orchard Street	Long Island City	801,916	Proposed 824-unit residential development			
Staten Island	565 Westwood Avenue	Mid-Island	10,668	2-story-tall development			



Midtown - Hudson Yards

Office Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
110 William Street	Downtown	Insurance	640,000	Administration for Children's Services (relocation)
195 Broadway	Downtown	World Trade Center	42,000	The Messenger (sublease)
550 Madison Avenue	Midtown	Plaza	144,000	Clayton Dubilier & Rice Holdings
31 West 52nd Street	Midtown	Plaza	119,000	Wilson Sonsini Godrich & Rosati
825 Third Avenue	Midtown	Plaza	81,810	Child Mind Institute (relocation)
3 Times Square	Midtown	Times Square	46,105	West Publishing (extension)
1345 Sixth Avenue	Midtown	Columbus Circle	41,000	Greenspoon Marder LLP (sublease/expansion)
PENN 1, 1 Penn Plaza	Midtown	Penn Plaza	36,000	Samsung (relocation/expansion)
1333 Broadway	Midtown	Penn Plaza	30,000	Rising Ground
141 East Houston Street	Midtown South	Lower East Side	25,000	Solana Labs

Lease - Outer Boroughs

Address	Borough	District	Sq. Ftge	Tenant
Hutch Metro Center 1200 Waters Place	Bronx	Pelham Bay	125,000	Mercy College (renewal)

Manhattan Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
529 Fifth Avenue	Midtown	Grand Central	281,479	\$107,608,985	Empire Capital Holdings
Tower 56 26 E 56th Street	Midtown	Plaza	171,571	\$113,000,000	Sovereign Partners
400 Lafayette Street	Midtown South	NoHo	120,000	\$97,500,000	New York University



Midtown - Times Square

Retail Market – Notable Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
PENN 1, 1 Penn Plaza	Midtown	Penn Plaza	53,000	Life Time Athletic (new)
321 West 44th Street	Midtown	Times Square	30,000	Broadway Dance Center (renewal)
693 Fifth Avenue	Midtown	Plaza	14,000	Burberry (relocation)
5 Times Square	Midtown	Times Square	9,655	Miniso (new)
242 Broome Street	Midtown South	Lower East Side	45,000	Vital Climbing Gym (new)
335 Eighth Avenue	Midtown South	Chelsea	23,000	Lidl (new)
580 Broadway	Midtown South	SoHo	14,225	Arc'teryx (relocation)
540 Broadway	Midtown South	SoHo	8,000	Schutz (new)

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
Bruckner Commons 1948-1998 Bruckner Blvd	Bronx	Unionport	21,976	Aldi (new)
1612 Westchester Avenue	Bronx	Soundview	21,263	C Town 1612 Fresh Market (new)
Bruckner Commons 1948-1998 Bruckner Blvd	Bronx	Unionport	15,082	Lot-Less (new)
471-485 Fulton Street	Brooklyn	Downtown Brooklyn	29,318	Daily Deals Bins (new)
11 Hoyt Street	Brooklyn	Downtown Brooklyn	18,000	Golfzon Social (new)
255-01 Union Turnpike	Queens	Glen Oaks	41,561	Lidl (new)
187-04 Horace Harding Exp	Queens	Fresh Meadows	28,000	Lidl (new)

Manhattan Investment Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
242 Broome Street	Midtown South	SoHo	28,324	\$24,419,041	Amerant Bank entity



For More Information Please Contact:

212.400.6060 • www.absre.com

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

We Build Partnerships That Last

Although the information furnished is from sources deemed reliable such information has not been verified and no express representation is made nor is any implied as to the accuracy thereof. Sources: CoStar Group, The Real Deal, Crain's New York Business, The New York Times, New York Post, New York Yimby, Real Estate Weekly, and Commercial Observer