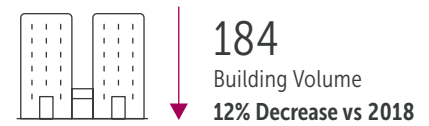
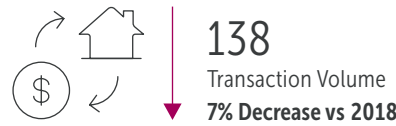
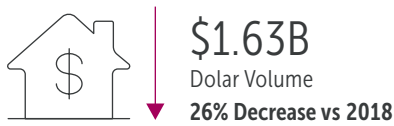


# Greater Downtown Brooklyn Area - Year-End Overview 2019



Dear Friends,

We are excited to inform you that we recently released our "Brooklyn 2019 Year-End Sales Report," which provides an in-depth overview of the Brooklyn investment sales market and key information on notable transactions.

The information here contains a year-end overview of the market activity during 2019 for the Greater Downtown Brooklyn area.\*\*\* The intent of our report is to keep owners, investors, and stakeholders informed about market conditions, community and land use initiatives, as well as industry trends.

- During 2019, \$1.63 billion in aggregate value was traded across 138 transactions involving 184 properties. This marks a year-over-year decline in all three benchmarks with dollar volume decreasing by 26%, transaction volume falling 7%, and property volume down by 12%.
- The 2019 Housing Stability and Tenant Protection Act weighed most heavily on multifamily assets between 6-9 units causing a year-over-year decline by 44% in dollar volume, 43% in transaction volume, and 39% in building volume. Transaction volume for multifamily assets in excess of 10 units remained stable, while multifamily assets under 6 units, which are largely not affected by the 2019 rent reform, fared well with increases in all three benchmarks when compared to 2018.

- Development dropped off year-over-year by 52% in dollar volume due to a decrease in larger transactions. The top 5 transactions in 2018 accounted for \$741.11 million, while in 2019, they accounted for only \$296.35 million. The most active sub-market was the Gowanus with 9 transactions accounting for \$243.55 million. These transactions also registered higher prices paid per buildable square foot than the overall average in the Gowanus since they were acquired with consideration to the pending increases in FAR that the anticipated rezoning is slated to provide.
- Looking ahead to 2020, we anticipate that the Gowanus rezoning will remain one of the main drivers for development within this sub-market. This transformative initiative will create a mixed-use community, combining residential, light industrial, and retail. Additionally, through mandating commercial space on the ground floor, the rezoning is expected to bring more supply to market, which will effectively keep commercial rents down.

For a detailed complimentary asset evaluation of your property or to explore available financing options, please contact us at your earliest convenience.



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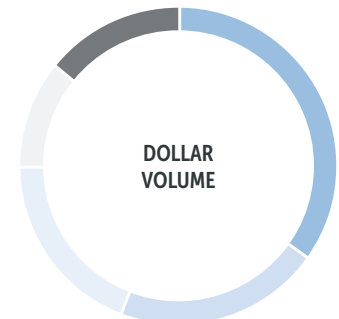
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Property Type	2019	% Change '19-'18	2018	% Change '19-'17	2017
Multifamily	\$782,610,483	4%	\$750,925,912	26%	\$619,309,375
MF-MU 10+ resi units	\$574,563,245	14%	\$503,690,000	71%	\$335,100,000
MF-MU 6-9 resi units	\$78,632,326	-44%	\$140,076,912	21%	\$65,210,000
MF-MU Small	\$129,414,912	21%	\$107,159,000	-41%	\$218,999,375
Commercial	\$84,087,500	21%	\$69,444,933	-52%	\$174,780,375
Ind/WH/Sto*	\$134,862,500	45%	\$92,858,100	-15%	\$158,060,000
Development	\$619,158,462	-52%	\$1,298,207,824	-12%	\$702,299,953
Special Purpose	\$14,000,000	-	-	-	-
Grand Total	\$1,634,718,945	-26%	\$2,211,436,769	-30%	\$2,349,648,273

Property Type	2019	% Change '19-'18	2018	% Change '19-'17	2017
Multifamily	82	-8%	89	0%	82
MF-MU 10+ resi units	17	0%	17	-15%	20
MF-MU 6-9 resi units	21	-43%	37	5%	20
MF-MU Small	44	26%	35	5%	42
Commercial	10	67%	6	-9%	11
Ind/WH/Sto*	10	11%	9	-17%	12
Development	35	-22%	45	-5%	37
Special Purpose	1	-	-	-	-
Grand Total	138	-7%	149	-5%	146

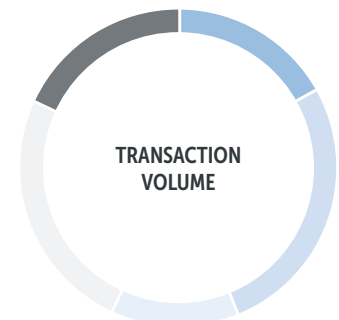
## Dollar Volume Comparison By Sub-market

35%	Greater Downtown Brooklyn	\$581,878,462
21%	Navy Yard/Clinton Hill/Vinegar Hill/Fort Greene	\$340,292,949
19%	Gowanus	\$304,695,208
11%	Park Slope/Windsor Terrace	\$180,412,826
14%	Carroll Gardens/Cobble Hill/Red Hook	\$227,439,500
	<b>Grand Total</b>	<b>\$1,634,718,945</b>



## Transaction Volume Comparison By Sub-market

17%	Greater Downtown Brooklyn	23
27%	Navy Yard/Clinton Hill/Vinegar Hill/Fort Greene	38
13%	Gowanus	18
25%	Park Slope/Windsor Terrace	34
18%	Carroll Gardens/Cobble Hill/Red Hook	25
	<b>Grand Total</b>	<b>138</b>



\*Ind / Wh / Sto: Industrial / Warehouse / Self Storage

\*\*To download any of our borough reports, please visit <http://arielpa.nyc/investor-relations/research-reports>.

\*\*\* The Greater Downtown Brooklyn area includes the following neighborhoods: Downtown Brooklyn, Brooklyn Heights, Dumbo, Gowanus, Red Hook, Columbia Waterfront District, Carroll Gardens, Cobble Hill, Boerum Hill, Vinegar Hill, Fort Greene, Park Slope, South Park Slope, Clinton Hill, and part of Windsor Terrace.

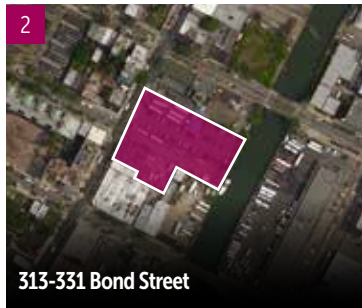
# Market Activity Year-End 2019

1



136 Prospect Park West &  
150 Prospect Park West

2



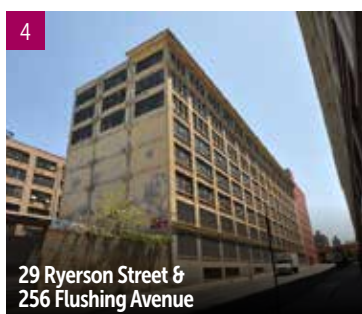
313-331 Bond Street

3



63 Ferris Street &  
184-186 Conover Street

4



29 Ryerson Street &  
256 Flushing Avenue

5



85 Flatbush Avenue

## NOTABLE SALES TRANSACTIONS

- 1 July 2019:** 136 Prospect Park West & 150 Prospect Park West, Park Slope. Sugar Hill Capital purchased two multifamily buildings for \$31.10 million. The buildings, which were sold weeks after the sweeping 2019 rent reform laws were passed in June, collectively contain 48 units, a portion of which is rent regulated component. The sales price translates to \$556.75 on a per square foot basis.
- 2 August 2019:** 313-331 Bond Street, Gowanus. All Year Management sold a 95,000-square-foot lot to the Rabsky Group for \$95 million while retaining a 12.5% stake. The site was purchased by All Year Management in July 2018 for \$61 million.
- 3 August 2019:** 63 Ferris Street & 184-186 Conover Street, Red Hook. W-G Capital Advisors purchased three parcels from Wolcott St. Realty Corp for 21.50 million. Collectively, the site contains 293,510 buildable square feet.
- 4 September 2019:** 29 Ryerson Street & 256 Flushing Avenue, Clinton Hill. Sela Group purchased a development site from Madison Realty Capital for \$55 million. Madison Realty Capital purchased the site in 2015 with plans to convert it into office space. The project, known as Turbine, includes 280,000 square feet of commercial space in a 12-story building. It is unclear if Sela Group will alter the plans, however, Madison Realty Capital will remain involved as a partner in the project's development.
- 5 September 2019:** 85 Flatbush Avenue, Downtown Brooklyn. Cornell Realty Management and Rubin Equities, Inc. purchased the Tillary Hotel and the attached 64-unit rental building known as 60 Duffield from the Chetrit Group and Read Property Group for \$95 million. \$46 million from this transaction pertained to the multifamily component, which translates to nearly \$765 per square foot.
- 6 September 2019:** 469 President Street & 514 Union Street, Gowanus. Avery Hall Investments purchased a development from EcoRise Development for \$44.10 million. The site allows for 97,910 buildable square feet for commercial development. Based on the anticipated rezoning of Gowanus, which has enhanced interest in the formerly industrial neighborhood, the site will contain 176,238 buildable square feet.
- 7 October 2019:** 275 Park Avenue, Clinton Hill. Fairstead Capital and Meadow Partners purchased 275 Park Avenue, dubbed as "The Chocolate Factory," from HK Organization. The building, which is located in the Wallabout enclave nearby the Brooklyn Navy Yard, contains approximately 184,441 gross square feet across 7-stories and features 123 residential units.
- 8 October 2019:** 232 3rd Avenue, 532-542 Union Street, 495-499 President Street, Gowanus. Avery Hall Investments partnered with Tavros Holdings and Charney Development & Construction to purchase the adjacent sites for \$55 million. Collectively, the parcels comprise 52,000 square feet with 33,550 square feet at 3rd Avenue and 18,845 square feet at Union and President Streets and are slated to contain 225,147 buildable square feet once the pending Gowanus rezoning is finalized.
- 9 November 2019:** 204 4th Avenue, Gowanus. Avery Hall purchased the Speedway gas station site between Union and Sackett Streets site from Marathon Petroleum Corporation for \$29.75 million. The firm plans to construct a rental development and proposed building a new subway entrance in exchange for an additional 50,000 buildable square feet. Based on the pending Gowanus rezoning, this site falls under the 4th Avenue Corridor segment of the planned rezoning, which proposes C4-4D zoning in place of the current M1-2 zoning. This would enable the site to provide 161,500 buildable square feet.
- 10 December 2019:** 185-199 Conover Street & 135 Dikeman, Red Hook. The Red Hook Building Company sold 9 parcels in Red Hook with a total lot area of 19,281 square feet to Diamond Development Group for \$8.10 million. Collectively, the parcels provide 27,436 buildable square feet.

## LAND USE APPROVALS AND APPLICATIONS

**CD 2: July 2019. 809 Atlantic Avenue, Clinton Hill. Approved.** A private application by Hope Street Capital for a zoning text amendment to change the zoning from R7A/C2-4 to R9/C2-5 to allow the development of a 237,000-square-foot mixed-use building including retail, office and residential units (38 MIH). This was done in conjunction with an application to the Landmarks Preservation Commission to make repairs to the landmarked Church of St. Luke and St. Matthew.

**CD2: September 2019. 352-360 Clermont Avenue. Fort Greene Historic District. LPC Approval.** The Landmarks Preservation Commission voted to approve a proposal to demolish an existing mid-twentieth-century garage building and construct five (5) rowhouses.

**CD2: September 2019. Brooklyn Navy Yard. Approved.** An application by Steiner NYC seeking a minor modification to a previously approved special permit (110376 ZSK) to allow signage that exceeds the applicable limits at Admiral's Row (Block 2023, Lot 50) in the Brooklyn Navy Yard.

# Market Activity Year-End 2019

**CD2: October 2019. 90 Sands Street, Downtown Brooklyn. New Application Certified into ULURP.** Private application by Breaking Ground for a zoning map amendment to change an existing M1-6 district to a mixed-use MX (M1-6/R10) district, and a zoning text amendment to Appendix F to map an MIH area to facilitate the conversion of an existing 29-story building to a community facility use.

**CD2: October 2019. 50 Old Fulton Street, Brooklyn Heights. New Application Certified into ULURP.** This is a private application by HML Developments requesting a zoning map change from an M2-1 district to an M1-5 zoning district, to facilitate a new, 6-story commercial development.

**CD 6: November 2019. Gowanus. Land Use Application Filed.** The Landmarks Preservation Commission is requesting a report from the City Planning Commission on the landmark designation of the following: the Gowanus Flushing Tunnel Pumping Station and Gate House, Somers Brothers Tinware Factory, the Brooklyn Rapid Transit Company Central Power Station Engine House, the Montauk Paint Manufacturing Company Building, and the ASPCA Rogers Memorial Building for consideration as individual landmarks amidst the neighborhood's upcoming rezoning.

**CD 2: November 2019. Vinegar Hill. Revised Environmental Assessment Statement Filed.** This revised assessment was filed in connection with a private application for a zoning map amendment from an M1-2 to an R6A/C2-4 district, and a zoning text amendment to map MIH district to facilitate a new mixed use development of nine (9) dwelling units.

**CD 2: December 2019. 101 Fleet Place, Downtown Brooklyn. Approved.** A private land use application filed by the Leser Group requesting a zoning change from R6 to C6-4 to expand the Special Downtown Brooklyn district and create a new MIH area to facilitate a new 205,000 square foot commercial office building.

## OTHER ANNOUNCEMENTS

### Ground Lease:

1. Barone Management signed a 99-year ground lease for the land at 30 Clinton Avenue and plans to build a five-story school that will house the International Charter School of New York. The charter school signed a long-term lease with Barone Management and plans to move into the building in August 2021
2. Royal Farms inked a 49-year ground lease with two 25-year extension options at Quality Capital's 498-516 Columbia Street. The ground lease was valued at \$20.90 million.
3. KD Sagamore inked a 99-year ground lease valued at \$13.89 million with the Northeastern Conference of Seventh Day Adventists for the land at 467 Grand Avenue and 982-998 Fulton Street.
4. St. Savior Roman Catholic Church leased the land located at 590 6th Street to 590 6th Street Holdings, LLC.

### Healthcare:

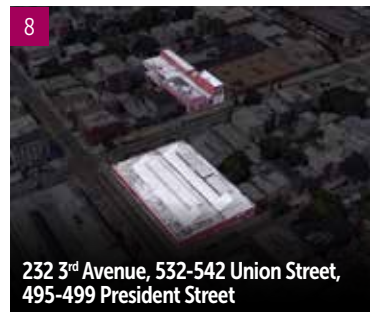
1. NYU leased 15,000 square feet of space at City Point with plans to open a new dental care facility in 2020. The practice will be staffed with NYU Dentistry faculty, as well as dental students.

### Office:

1. Rent the Runway, an online retailer, leased 83,000 square feet at the Fulton Ferry building located at 10 Jay Street in DUMBO. The building also gained another tenant when Soho Works, a co-working company, signed a 15-year lease for 50,000 square feet.
2. The branding agency thelab inked a 15-year lease for 42,452 square feet of office space at 175 Pearl Street owned by Normandy Real Estate Partners. The DUMBO building had an asking rent of \$65 per square foot.
3. The ad agency Experience Interaction signed a 5-year lease for 7,076 square feet of office space at 55 Washington Street in DUMBO. The asking rent was \$49 per square foot.

### Retail:

1. Artisanal Brewing Ventures, a North Carolina based brewery, signed a lease for 20,000 square feet of retail space at 94 9th Street in the Gowanus.
2. Mega make up retailer Sephora signed a lease for 5,500 square feet of retail space at Atlantic Terminal Mall. The asking rent was \$250 per square foot.
3. American Standard Hospitality Group, a restaurant operator, signed a 15-year lease for a corner Downtown Brooklyn location at Thor Equities' 519 Fulton Street with plans to revive the famous restaurant Gage & Tollner. The retail space comprises of 4,200 square feet and had an asking rent of \$250 per square foot.



## COMPLIMENTARY ASSET EVALUATION

Whether you are considering selling your building or you just want to know the current market value of your property, we are available to provide you with a complimentary asset evaluation. Produced by the joint efforts of our investment sales and investment research teams, an Asset Evaluation will provide you with a thorough analysis of your investment property and will detail our future marketing efforts on your behalf.



Please call us at 212.544.9500 to request an Asset Evaluation

## CAPITAL SERVICES DIVISION

A Diligent Approach for Procuring Your Ideal Commercial Real Estate Lender

Our Capital Services Division provides clients with a broad spectrum of funding sources through our established relationships with over 70 lending entities coupled with our powerful research & investment sales platforms. Our dynamic professionals are immersed in the market, versed in the competition and service each client with a personalized unique offering memorandum and ongoing financial guidance.

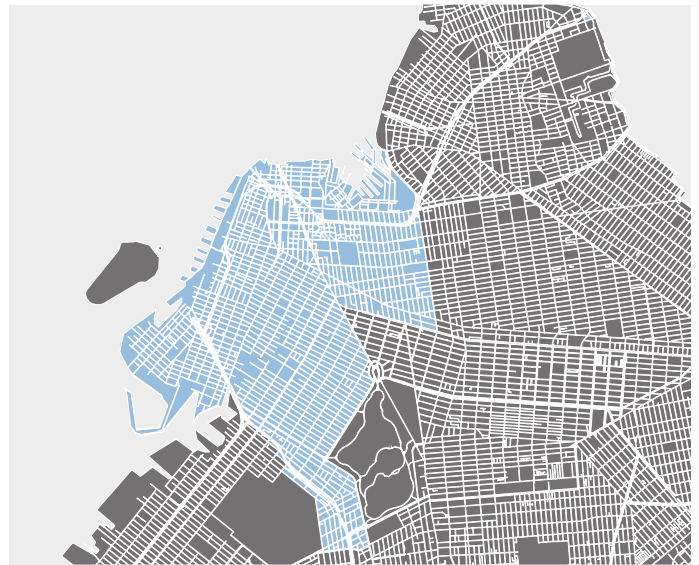
For more information, please contact:

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## METHODOLOGY



### OUR METHODOLOGY

#### Data collection:

- Property transfers are collected through ACRIS and Property Shark each week, vetted by the research team, and cross-checked with news articles.
- Information obtained from third-party sites such as Costar and LoopNet, along with news articles from sites such as The Real Deal.
- Information from appraisers and brokers on sales not yet publicized.

#### Criteria:

- Minimum sales price of \$1mm
- Does not include city transactions, internal sales, notes & ground leases

#### Projections:

- Sales are averaged on a per-day basis throughout the year and projected as such
- The assumed ACRIS transfer lag time is 30 days -if final data collection is January 3, we are projecting the sales that will eventually surface from December 16-31.

#### Location Definitions:

- Manhattan - South of East 96<sup>th</sup> Street and South of West 110<sup>th</sup> Street
- Northern Manhattan - North of East 96<sup>th</sup> Street, North of West 110<sup>th</sup> Street
- The Bronx - Bronx Borough
- Brooklyn - Brooklyn Borough
- Queens - Queens Borough