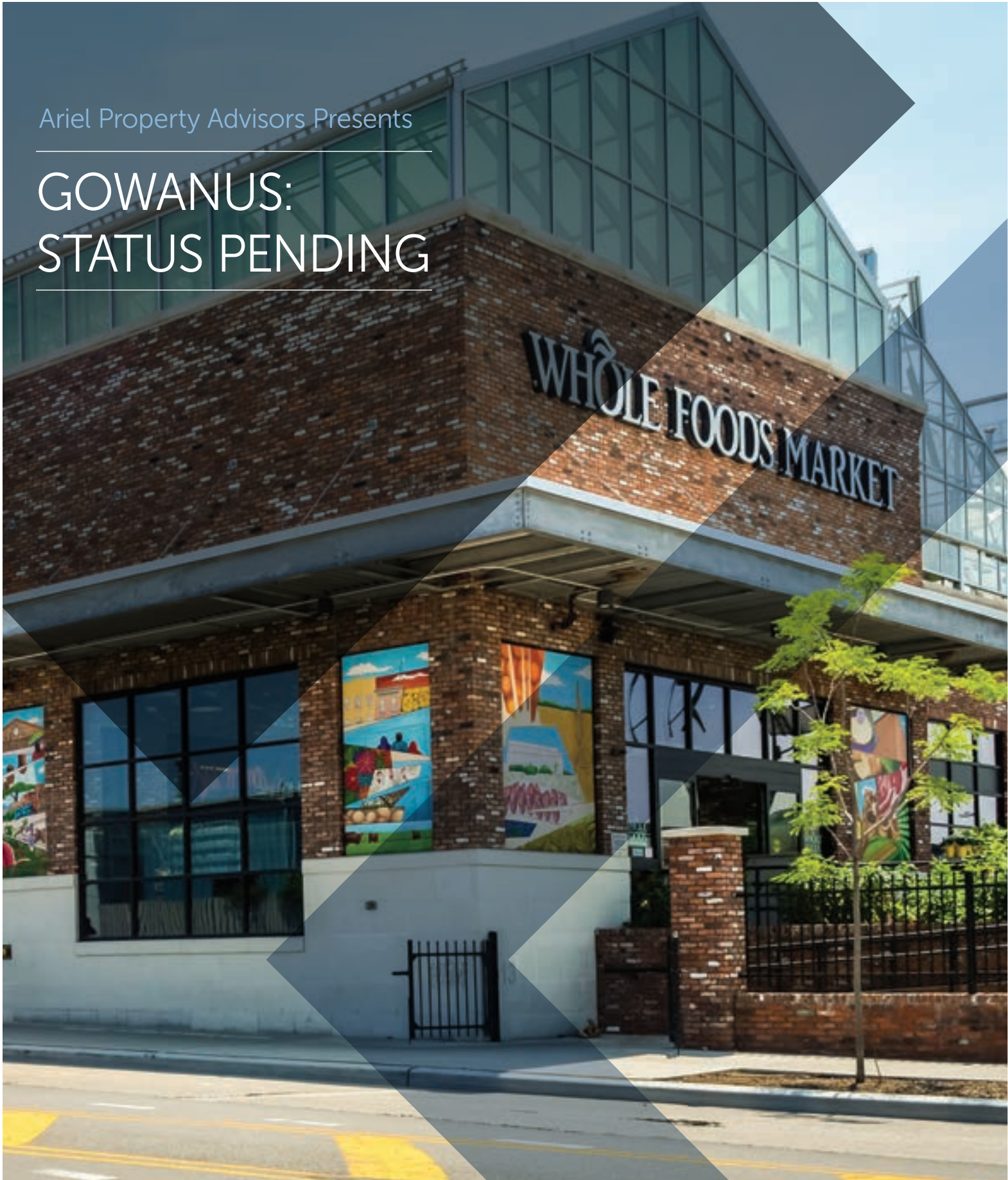


Ariel Property Advisors Presents

GOWANUS: STATUS PENDING



COMPILED BY:

ANALYST:

Jason Pappas
212.544.9500 ext. 39
jpappas@arielpa.com

BROOKLYN SALES TEAM:

Mark Spinelli
212.544.9500 ext. 35
mspinelli@arielpa.com

Daniel Tropp
212.544.9500 ext. 26
dtropp@arielpa.com

Jonathan Berman
212.544.9500 ext. 20
jberman@arielpa.com



INTRODUCTION

For most of Gowanus' history, the neighborhood was known for its notoriously dirty canal and large inventory of industrial buildings. Nestled between two prime residential neighborhoods, Carroll Gardens and Park Slope, Gowanus has in recent years become the object of a speculative boom which has been fueled by a number of factors: a Federal and local effort to clean up the Gowanus Canal, the historical success of Williamsburg and Dumbo, and a wide belief that a residential rezoning is imminent.

While hope remains that a zoning change will allow many of the existing buildings to be replaced by large-scale residential developments, Gowanus continues to evolve nevertheless. Industrial buildings have been converted into event spaces, destination-style restaurants, and trendy sporting clubs. Additionally, entrepreneurs have found Gowanus to be a desirable home for their new business ventures in what some have dubbed the "innovation economy".

Over the last several years, a number of community groups have formed in an effort to shape policy decisions that will help define the character of this transitional neighborhood. However, based on the significant amount of investment capital that has been flowing into the area, it is clear that the market is not waiting on policy decisions to continue its ongoing transition.



GOWANUS CANAL CLEANUP

In March 2010, the Gowanus canal was declared a Superfund site by the Environmental Protection Agency. In 2013, a \$500 million cleanup plan was proposed by the EPA and is projected to be completed by 2022. Real estate investors looking at the area are banking on this cleanup timeline in the hopes of generating continued appeal to residents and businesses alike.

2010

YEAR DECLARED A SUPERFUND SITE

\$500M

PROJECTED COST OF CLEANUP

2022

EXPECTED YEAR OF COMPLETION

CONSTRUCTION OF REMEDY AND DREDGING

Target Area #1

Upper Canal: Butler Street to 3rd Street

2017

2018

Target Area #2

Middle Canal: 3rd Street to 9th Street

2019

2020

Target Area #3

Lower Canal: 9th Street to 21st Street

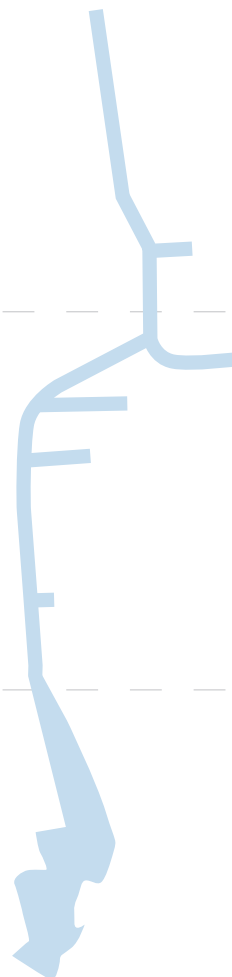
2021

COMPLETION OF PHYSICAL CLEANUP

OPERATIONS AND MAINTENANCE

Delays are possible due to a recent conflict between the EPA and New York City as to where a new tank will be placed.

2022





ND STOP 4 FRISK HANDS OFF THE K



EVOLVING LAND USE

PROPOSED REZONING IN 2009

The rezoning design allows for mixed uses and promotes ground floor commercial use. Plans are delayed due to canal Superfund site declaration.

2.5
Million

SQUARE FEET OF OFFICE SPACE COMING TO BROOKLYN

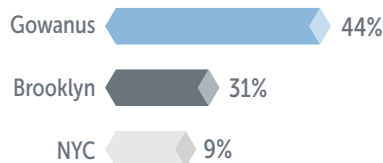
Expected to be located in redeveloped industrial space, Gowanus is an ideal location due to the current building stock, which is over 50% industrial.

GENIUS FARMIGO

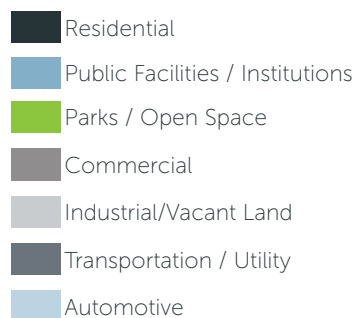
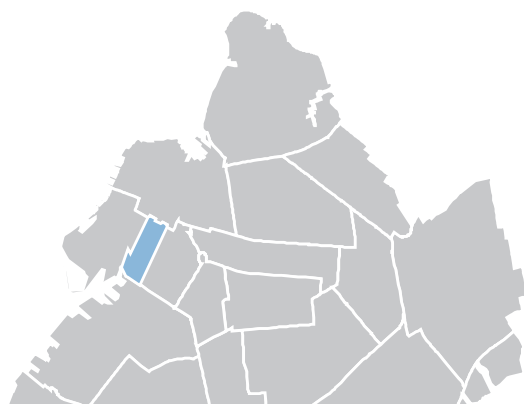


MOSTLY MADE UP OF SMALL STARTUP BUSINESSES

Increased business presence has created a need for residential housing in the area.



2000-2011 GOWANUS SAW A 44% INCREASE
IN NUMBER OF BUSINESSES
Higher than Brooklyn and NYC as a whole



GAME-CHANGING DEVELOPMENTS



363-365 BOND STREET LIGHTSTONE

Significance: New large-scale residential buildings coming to the area.

- Purchased in 2013 for a total of \$25.9 million
- 700-unit development across 650,000 square feet
- Portion of project sold to Atlantic Realty Development in 2015
- Rents expected to range from \$2,500 for studios to \$5,500 for two bedrooms



66-80 3RD STREET LIVWRK

Significance: Former industrial space repurposed and occupied by a startup company could be a sign of things to come.

- Repurposed the 90k square foot industrial building into office space
- Sold by LIVWRK to Samson Management for \$73 million in 2015
- Stabilized tenancy, most notably with the tech startup Genius



345 CARROLL STREET STERLING EQUITIES

Significance: In an area unknown for condominium buildings, this development appears to be a success.

- Located on the boarder of Gowanus and Carroll Gardens
- 32-unit luxury condo building commanding an average of \$1,300/square foot
- 75% of units are under contract with expected completion in early 2016





TRANSPORTATION

Subway Stations

Subway lines F, G & R run around the outskirts of the neighborhood with only the F & G running across the neighborhood at the 9th Street Station.

THREE LINES SERVE

24,000

PEOPLE DAILY

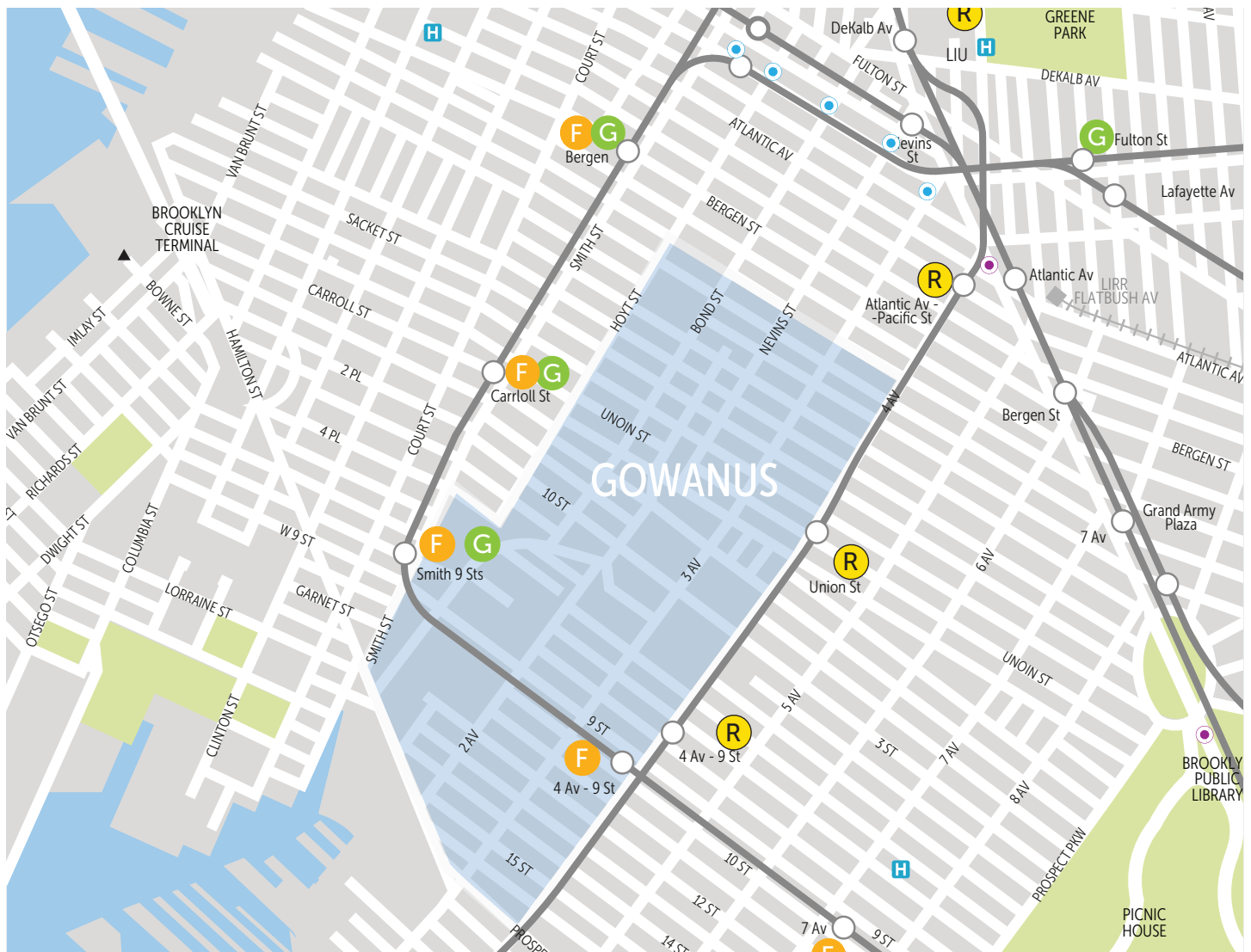
INCREASE IN RIDERSHIP

12%

FROM 2013 TO 2014

MOST USED LINE

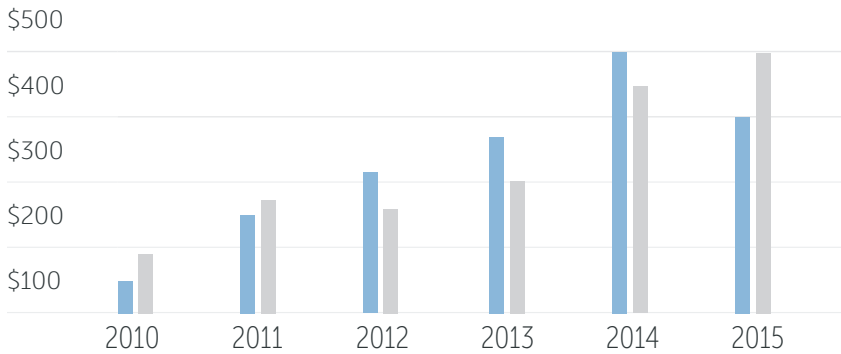
F,G

AT 9TH STREET STATION

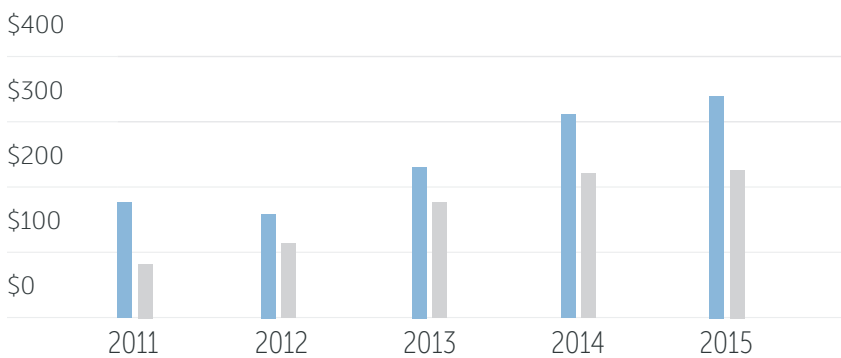
PRICING TRENDS

Comparing Gowanus to Williamsburg

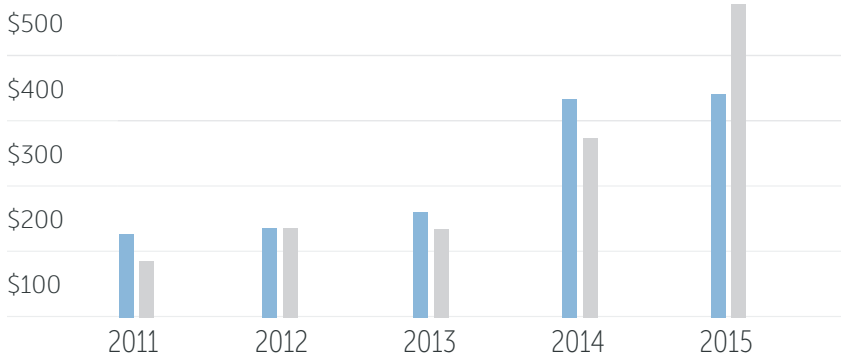
AVERAGE \$/SF MULTIFAMILY WALK-UP BUILDINGS



AVERAGE \$/BSF DEVELOPMENT



AVERAGE \$/SF INDUSTRIAL



■ Gowanus ■ Williamsburg



FACTORY

232



GOWANUS OUTLOOK

Gowanus is undoubtedly undergoing a major positive transformation. With countless projects emerging that will change the overall landscape, interest in the neighborhood is not showing any signs of waning.

Multifamily and industrial building values are already comparable to established neighborhoods such as Williamsburg and Greenpoint. Likewise, land values have continued to trend upwards which demonstrates sustained confidence by investors and developers. Key factors that could impact the continued growth include:

PROGRESS ON GOWANUS CANAL CLEANUP

Developers have been investing heavily in the neighborhood with the expectation that the canal will continue to be cleaned. However, there have been recent indications that delays could be possible which would most likely create uncertainty among those infusing capital into the area.

CONTINUED INTEREST FROM BUSINESSES

As neighborhoods like Sunset Park and the Navy Yard evolve in their own right, they will serve as competition for young start-up capital searching for the right neighborhood in which to invest. Gowanus' value may be impacted by this new supply of viable options for businesses in the innovation economy.

REZONING AND CHANGE IN LAND USE

Gowanus continues to see a large transition in land use from industrial to more commercial and office uses. However, any future rezoning will most likely result in more residential and mixed-use development which would satisfy a general scarcity in housing options citywide, but could also impact the existing culture that has emerged in Gowanus.

Continued growth in Gowanus is expected, however the type of growth will be determined greatly by the above three factors.

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dtropp@arielpa.com

Jonathan Berman
212.544.9500 ext. 20
jberman@arielpa.com



arielpa.com

122 East 42nd Street, Suite 1015, New York NY 10168
p. 212.544.9500 f. 212.544.9501



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