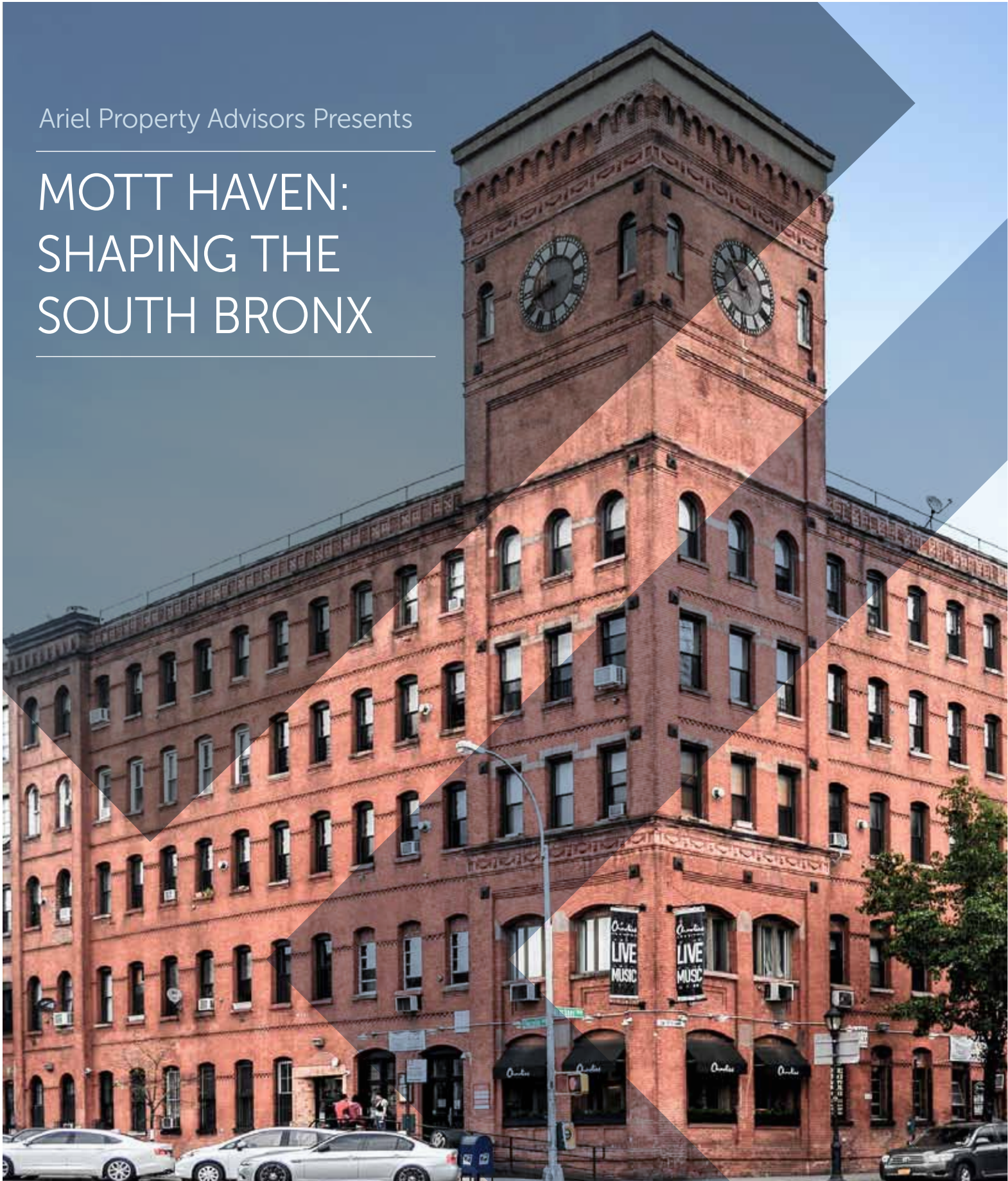


Ariel Property Advisors Presents

# MOTT HAVEN: SHAPING THE SOUTH BRONX



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# INTRODUCTION

## Mott Haven: Shaping the South Bronx

The South Bronx has been a hotbed for investment in recent years. There has been placement of both private and public funding for the redevelopment of the area. Mott Haven in particular has seen the type of investment activity that would lead one to be very hopeful about the future of the area. Notable Institutional investors including The Chetrit Group, Somerset Partners, Savanna, and Hornig Capital Partners combined have committed over \$400 million into the area. This influx of capital has made it a highly demanded neighborhood for smaller investors looking to capitalize on the massive incoming developments of the bigger players.

Only half way through 2015 there has been over \$60 million in investment development sales in the South Bronx which is more than double what it was in the first half of 2014. Additionally, price per buildable square foot has grown from \$41 in 2014 to \$51 halfway through 2015 which represents a 25% increase from 2014.

This report presents an in-depth analysis of the developments in progress, why this area specifically has seen so much development activity, and what the future holds.

# MOTT HAVEN DEVELOPMENTS



## 1. 2 SAINT ANN'S AVENUE

In late 2014, Fresh Direct broke ground on a new 423,530 square foot headquarters. With \$130 million in public subsidy from the city to support the move, completion is expected in 2016.



## 2. 500 EXTERIOR STREET

Construction is ongoing by developer Harshad Patel for a nine story Holiday Inn Express. The nearly 32k square foot, 69-key hotel will have an underground garage.



## 3. 2477 3<sup>RD</sup> AVENUE

Being developed as a four story Comfort Inn with 37,194 square feet for 84 rooms, it is located just two blocks from a 175k square foot office development at 2417 3rd Avenue.



## 4. 558 GRAND CONCOURSE

The Landmarks Preservation Commission approved plans by Youngwoo & Associates to develop the Bronx General Post Office into retail, office, and restaurant space. The 159k square foot building was purchased for \$19,000,00 in August 2014 and is located at the corner of Grand Concourse and East 149th Street.



## 5. 2417 3<sup>RD</sup> AVENUE

Hornig Capital Partners and Savannah purchased a 175k square foot class C office building with plans to invest \$12 million in capital improvements. The owners hope to attract "commercial tenants who are looking to establish a place of business in this up-and-coming area."



## 6. 198 EAST 135<sup>TH</sup> STREET

Cheskel Schwimmer of CGS Developers purchased the parcel for \$15,470,000 in May 2015. Permits were filed in late August 2015 for a 25-story tower. The 352k square foot building will contain 465 units and roughly 6k square feet of commercial space on the ground floor.



## 7. 530 EXTERIOR STREET, 110 EAST 149TH STREET & 491 GERARD AVENUE

The assemblage will be developed by Monadnock Construction and Signature Urban Properties into a three tower complex. A 13-story building at 530 Exterior St will contain 157 units. 110 E 149th St on the corner of Gerard Ave will be developed into a 10-story, 152-key hotel spread over 88k square feet. Most recently, permits were filed for 491 Gerard Ave calling for 136 units over 131k square feet.



## 8. 23 BRUCKNER BOULEVARD

Located adjacent to The Clocktower, Carnegie Management plans to build a nearly 130k square foot residential building with 190 units.



## 9. 101 LINCOLN AVENUE & 2401 3<sup>RD</sup> AVENUE

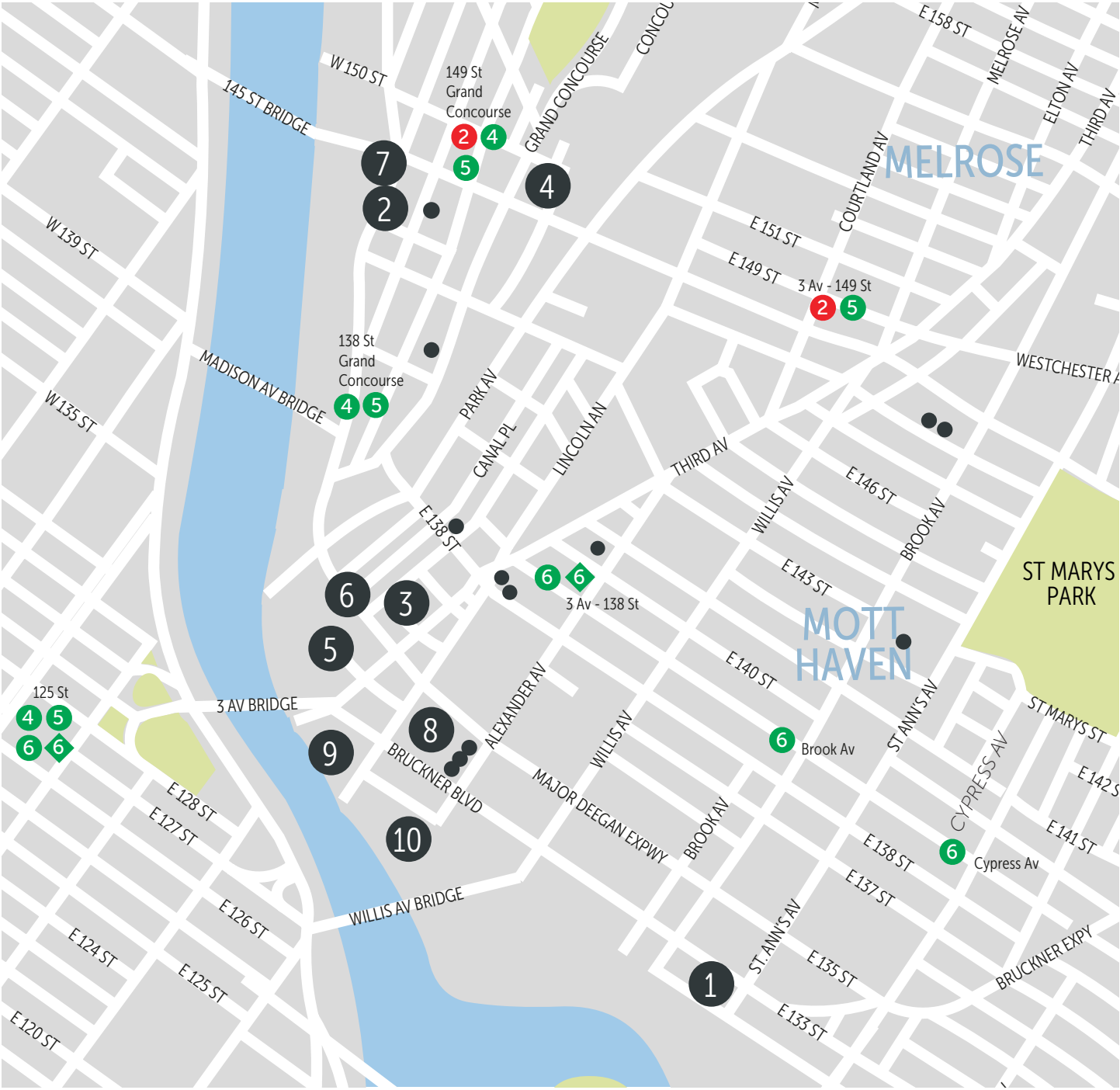
The Chetrit Group and Somerset Partners purchased two properties for a combined \$58,000,000. The developers plan to build a multi-tower complex of 25-story mixed-use market-rate apartment buildings. The sites currently have approximately 1.2 million square feet of development rights.



## 10. 329 EAST 132<sup>ND</sup> STREET

Plans were filed in August 2015 by JCAL Development for a 12 story, 58,106 square foot, 91 unit free market building. The property is located on the Harlem River waterfront between the Madison Avenue and 3rd Avenue Bridges.

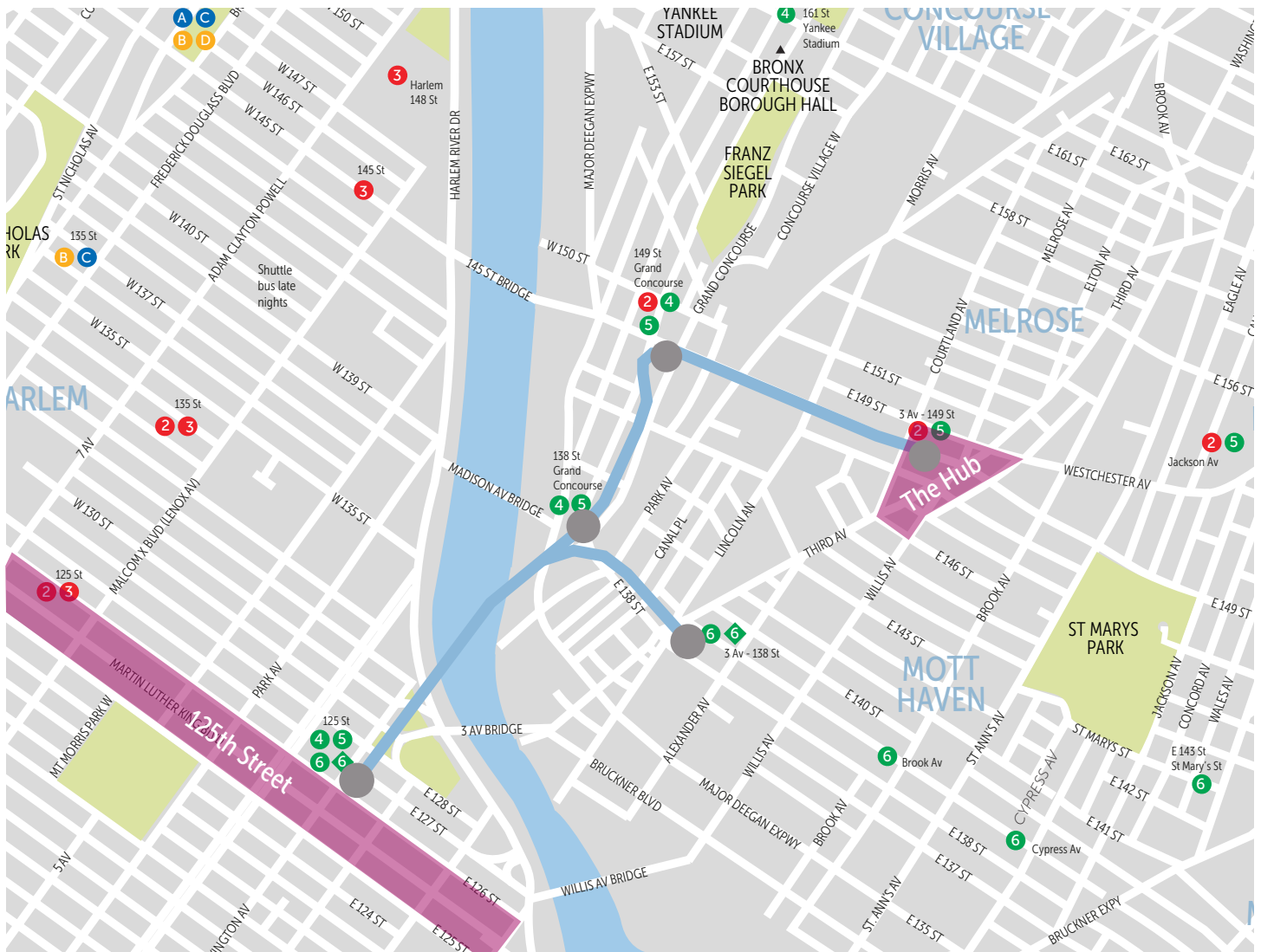
# MOTT HAVEN DEVELOPMENTS



● Smaller developments in progress

# TRANSPORTATION AND CLOSE PROXIMITY TO MANHATTAN

Sandwiched between two of New York City's busiest retail corridors, 125th Street in Harlem and The Hub in the South Bronx, Mott Haven has been primed for redevelopment since it was rezoned most recently in 2009. Located just one stop and a 5 minute subway ride from the 125th Street / Lexington Avenue station, Mott Haven provides easy access to Manhattan



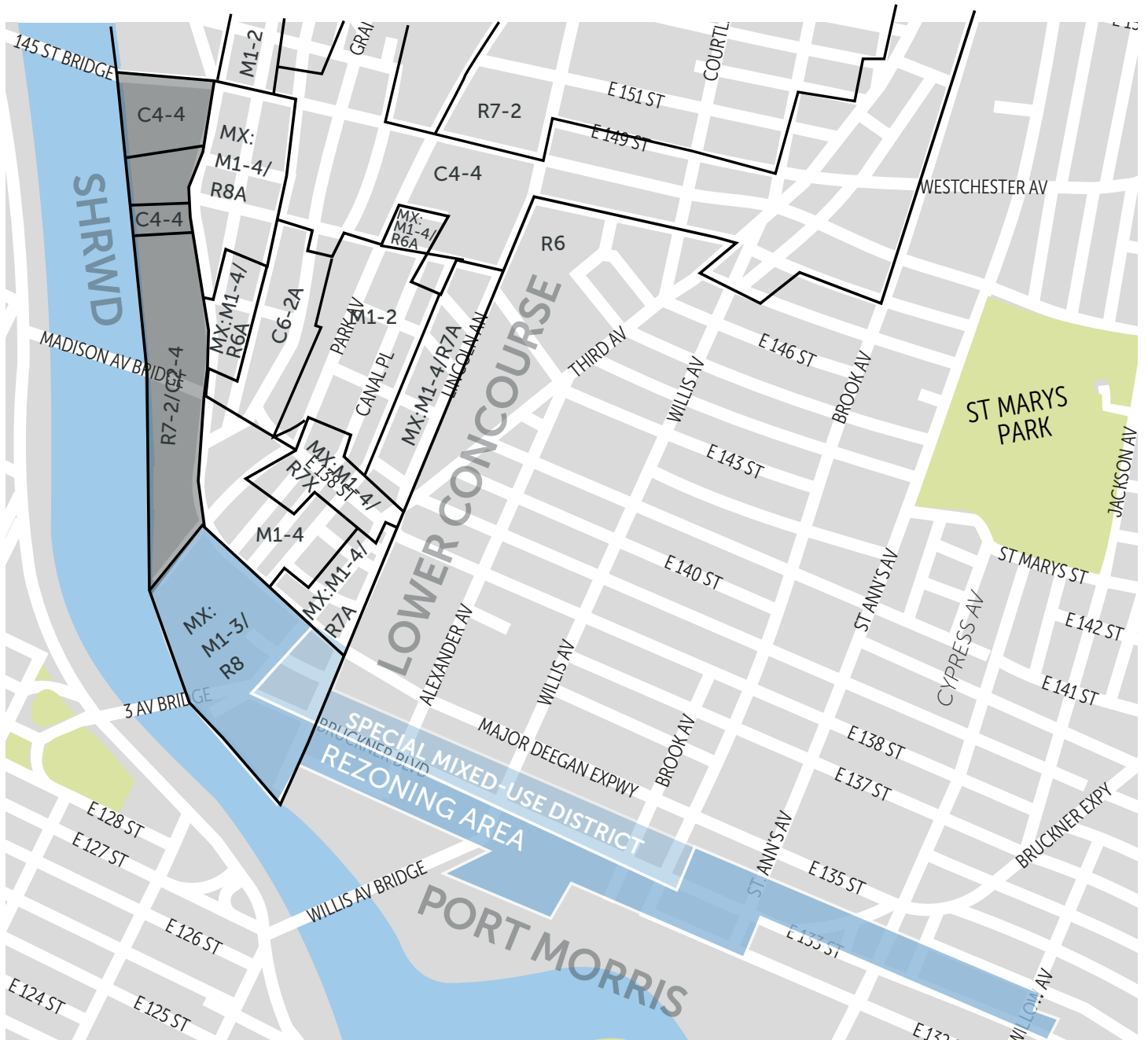




138 Street Sta  
4 5

# REZONING

The 3 major rezonings of the past 10 years have altered the landscape of the area. It gave major developers and investors the vision for the future of the South Bronx.





# REZONING

## LOWER CONCOURSE REZONING

### Objectives:

- Provide opportunities for new residential development
- Encourage the reuse of underutilized industrial land and lofts
- Retain viable light industry
- Create attractive new gateways into The Bronx
- Better connect surrounding neighborhoods
- Encourage the development of new affordable housing
- Encourage grocery store access

## PORT MORRIS/BRUCKNER BOULEVARD REZONING

### Objectives:

- Reflect the current mixed-use character of the area
- Bring new uses to underutilized land and buildings
- Enable existing residences to become conforming uses
- Further the city's housing initiative
- Focus on improved waterfront access
- Create a vibrant 24/7 neighborhood

## P1-P8. SPECIAL HARLEM RIVER WATERFRONT DISTRICT (SHRWD)

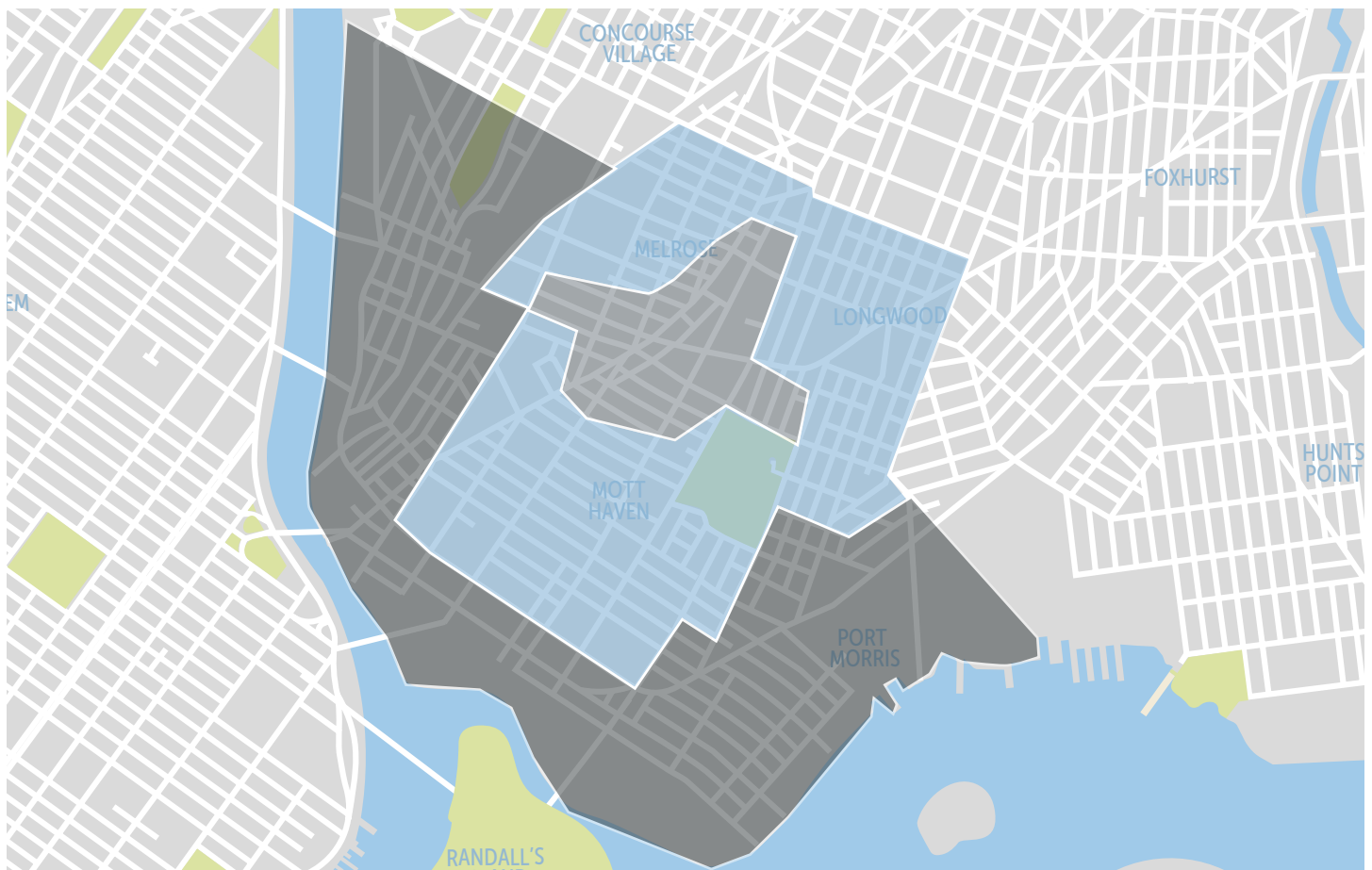
### Objectives:

- Modify the bulk regulations of the waterfront zoning provisions to ensure that development creates an attractive and inviting waterfront. Development of individual waterfront parcels governed by the plan triggers a requirement to build and maintain public access
- The plan would also control building heights, massing, and FAR in order to facilitate orderly waterfront development
- Eight development parcels have been identified

# WHY NOW?

Most of Mott Haven is made up of industrial and commercial buildings. The recent rezonings paved the way for the landscape to change in the coming years.

## CURRENT LAND USE MAP



■ Multi-Family Residence   ■ Commercial Use   ■ Industrial / Manufacturing

Lower Concourse and Port Morris/Bruckner Blvd rezonings will provide:

8,000

RESIDENTIAL UNITS

800,000 SF

COMMERCIAL SPACE

160,000 SF

HOTEL





Beethoven  
PIANOS  
SINCE 1918



# WHAT IS DRIVING THE DEVELOPMENT?

Major corridors such as East 138th Street, Bruckner Boulevard, and 3rd Avenue are demanding well over \$50 per square foot. Credit tenants such as Dunkin Donuts, Target, Best Buy, and Home Depot have already landed in the South Bronx. More are sure to follow with over 800k square feet of commercial development expected in the coming years.

Residential rents in the new developments such as the renovated Clocktower are seeing over \$30 per square foot. Other parts of The Bronx see rents in the low \$20s.

Currently, there is only one hotel in Mott Haven, Opera House Hotel, which operates with room rates around \$150 per night. There are at least 6 other hotels in development in the area. The demand for hotel rooms closer to Manhattan is driving developers to use land for what was once considered an unconventional use in the area.

Retail rents are over \$50 Per Square Foot



Residential rents are over \$30 Per Square Foot



South Bronx vs The Bronx











# WHAT THE FUTURE HOLDS

As the transformation of the South Bronx continues, the development of the waterfront, its close proximity to Northern Manhattan, rising rents, and the lack of hotel inventory will make for a bright future for the landscape of Mott Haven. Free market residential developments, hotels, and even office buildings will attract investments from near and far to the once desolate South Bronx. With all of this set in place, the future looks bright for this booming neighborhood.

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