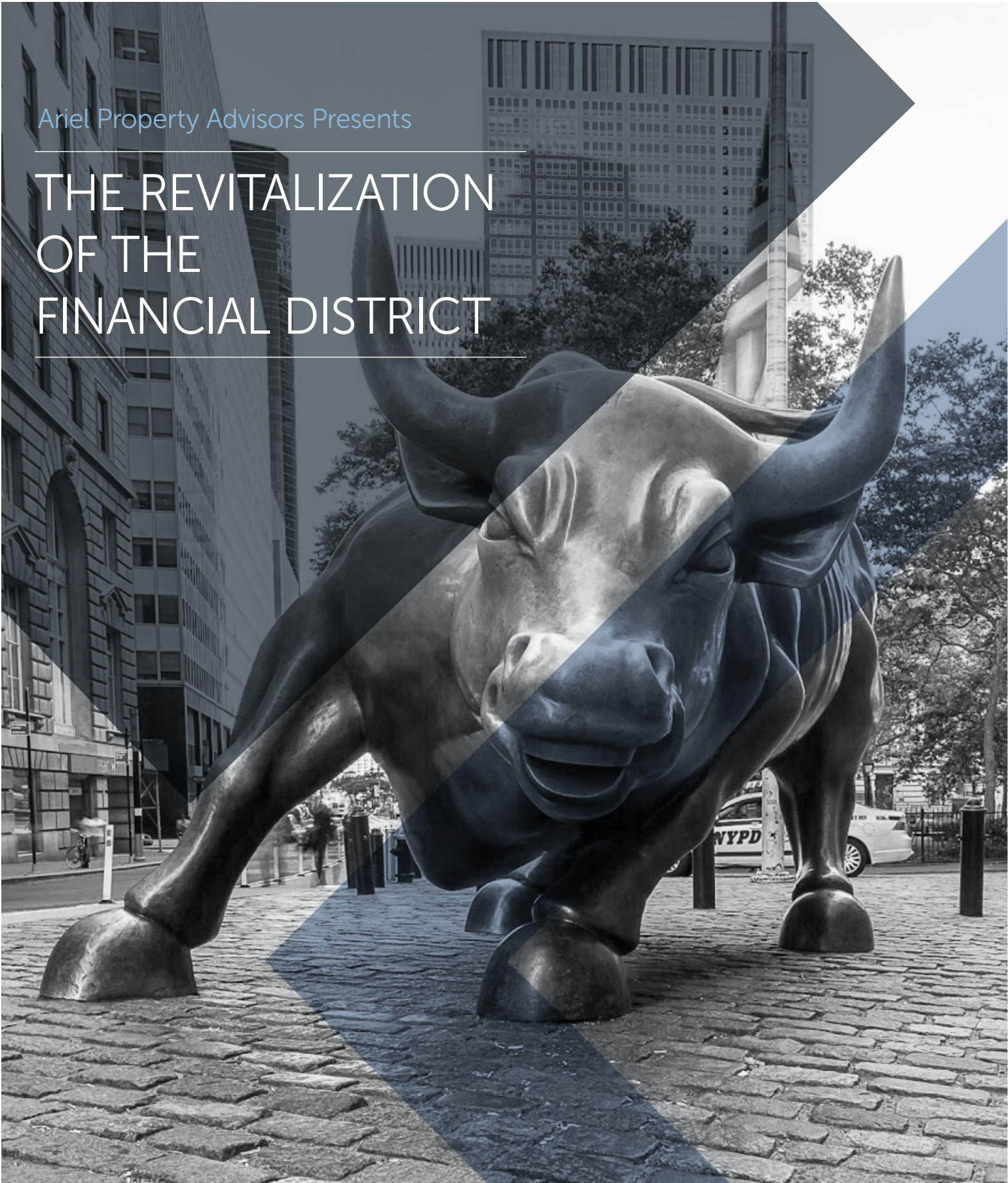


Ariel Property Advisors Presents

# THE REVITALIZATION OF THE FINANCIAL DISTRICT



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# INTRODUCTION

## The Revitalization of the Financial District

The Financial District has historically been the heart of New York's economic engine, supported by the booming financial sector, which was the city's most prevalent industry.

Today, while the neighborhood's office sector remains dominant, driven by creative tenants seeking space downtown, the residential market has been growing in prominence.

This, coupled with a strong tourism sector propelled by the opening of 1 World Trade Center, has driven a retail market previously unseen in the area. In addition, some of the city's best restaurants are moving downtown, establishing a renewed nightlife in the neighborhood.

This report will explore the changing landscape of the Financial District, including the rising residential market, expanding retail destinations, and changing office environment. All of these factors are combining to transform the Financial District from a neighborhood dominated by the office sector, to a complete live/work community with amenities that rival the most desirable neighborhoods in Manhattan.



# TRANSPORTATION IMPROVEMENTS

## Project to Improve Fulton Street Subway Station

With the completion of Fulton Center, transportation in the Financial District has never been more accessible. Nine subway lines and the PATH Train are connected in a modern and convenient subway station, serving 300,000 daily commuters and supporting a new retail hub managed by the Westfield Group.

PROJECTED TO SERVE

# 300,000

COMMUTERS DAILY

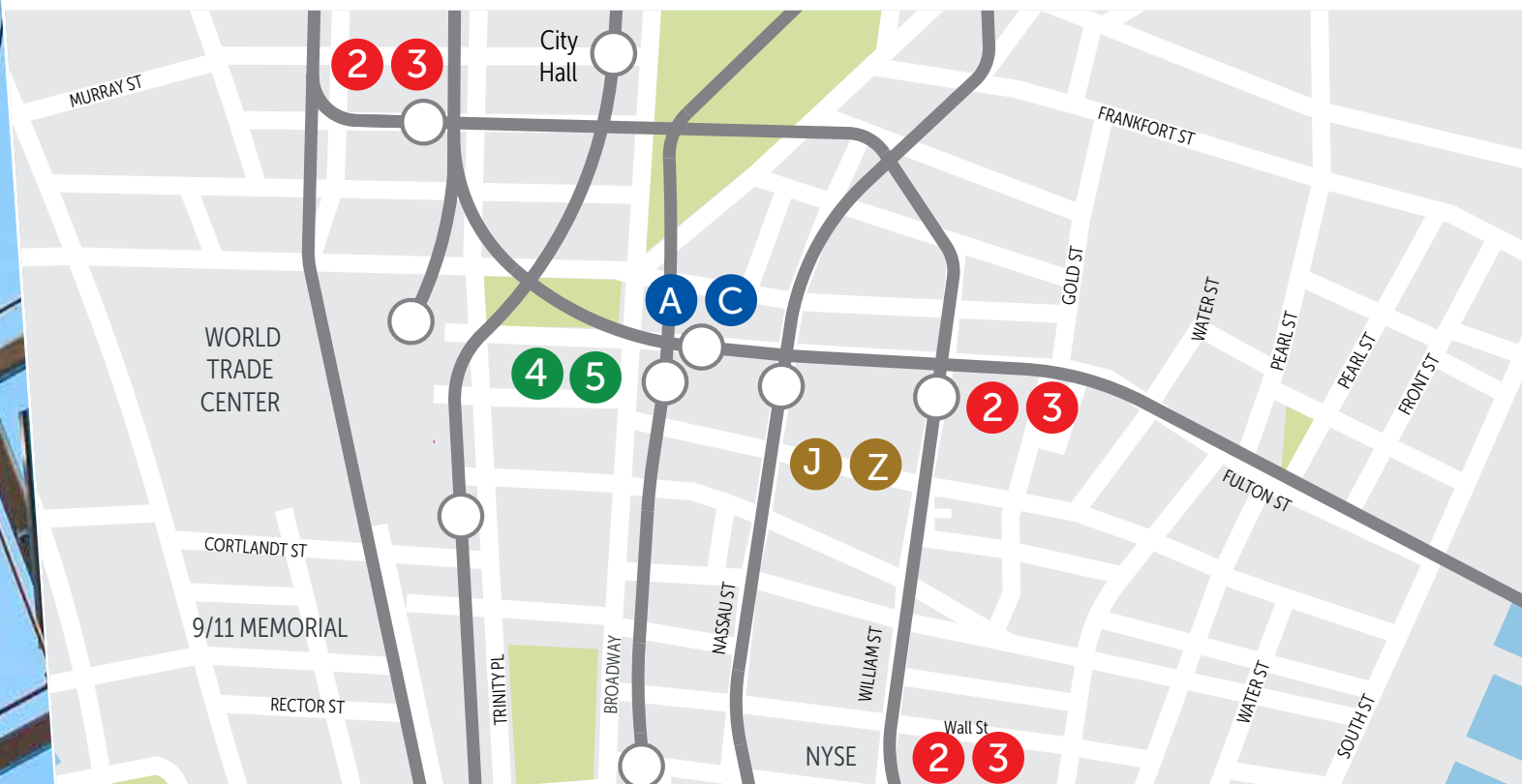
THE COMPLEX IS PART OF A

# \$1.4 Billion

DEVELOPMENT PROJECT

RETAIL HUB BY

# Westfield



# DOMINANT OFFICE MARKET

TAMI (Technology. Advertising. Media. Information.)

The Financial District has seen a shift in office tenancy in recent years from the traditional finance and banking tenants to the emerging TAMI tenants. These tenants generally have sought sub-prime office space (Class B or C), but now are seeking more Class A office space, driving demand for office units in a neighborhood with no shortage of office supply. From Q1 2011 to Q1 2015, 47% of relocations to the Financial District were TAMI tenants, showing a growing prevalence of creative tenants in a traditionally finance-driven office market.

## LOWER MANHATTAN RELOCATIONS BY INDUSTRY SECTOR, Q1 2011 - Q1 2015



\*Finance, Insurance, and Real Estate

Source: "Lower Manhattan Real Estate Market Overview, Q1 2015," Alliance for Downtown New York

20+

AD AGENCIES  
RELOCATED TO FIDI

TOP 10

RELOCATIONS (BY SQ. FT.) WERE  
NONTRADITIONAL TENANTS

47%

OF RELOCATIONS SINCE 2011  
WERE TAMI TENANTS



# A RETAIL DESTINATION

2 million

Square Feet

of retail space planned in the near future

\$234/SF

4% increase vs. 2H 2014

retail rent along major corridors

\$2.1 billion

estimated retail spending potential  
of Lower Manhattan employees

## Tenants Coming to FiDi:

lululemon  athletica

**CLUB MONACO**

*Salvatore Ferragamo*



The neighborhood's retail, including Westfield's Fulton Center and the nearby Brookfield Place, benefits from the newly-completed One World Trade Center, a growing residential presence, and a booming tourism sector.

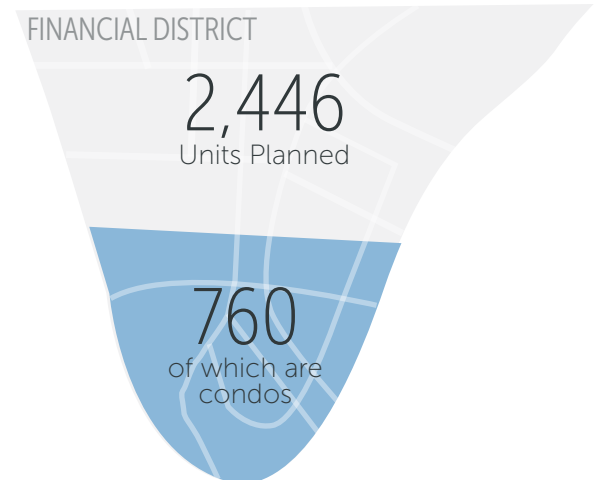


# Brookfield Place

# AN EMERGING RESIDENTIAL COMMUNITY

The Financial District is transforming into a residential destination, as numerous developments near completion and several others are commencing. With a relative cost advantage to other areas of downtown Manhattan, such as TriBeCa and SoHo, FiDi is poised to experience a residential revolution. With a growing appeal, shops and restaurants are slated to move to the neighborhood, including Le District at Brookfield Place, Eataly, and Nobu.

**16** New Residential Buildings planned for Financial District



Proximity to TriBeCa makes FiDi relatively less expensive, which has driven price-conscious buyers to the neighborhood

**\$1,905**  
TriBeCa CONDO AVERAGE

VS.

**\$1,260**  
FiDi CONDO AVERAGE

Change in residential appeal of the neighborhood (restaurants, bars and shops arriving)

**LE DISTRICT**  
•EST. 2015•



**NOBU**



A low-angle, upward-looking photograph of a modern skyscraper with a glass facade. The building's surface reflects the clear blue sky and other nearby buildings, creating a complex pattern of light and color. Several power lines run diagonally across the frame, adding to the urban feel. The overall tone is bright and optimistic, with a strong emphasis on the architectural details and the play of light on the glass.

# AN EMERGING RESIDENTIAL COMMUNITY

# NEW CONSTRUCTION

## THE BEEKMAN (5 BEEKMAN STREET)

- o GFI & GB Lodging
- o 68-unit condo tower attached to Thompson Hotel
- o Price range from **\$1,600,000** to **\$15,300,000** (averaging \$2,400/SF)



## 50 WEST STREET

- o Time Equities
- o 191-unit condo tower designed by Helmut Jahn
- o Price range from **\$1,800,000** to **\$22,600,000** (averaging \$2,600/SF)



## 30 PARK PLACE

- o Silverstein Properties
- o 157 units on top of the Four Seasons Hotel
- o Designed by A.M. Stern
- o Price range from **\$2,600,000** to **\$60,000,000** (averaging \$3,200/SF)



## 125 GREENWICH STREET

- o Michael Shvo / Bizzi & Partners
- o 1,356 foot-tall tower
- o 128 units designed by Rafael Vinoly



# CONVERSION PROJECTS

In addition to new constructions, developers have been taking advantage of the existing building stock that FiDi has to offer for residential conversion projects. Iconic office buildings such as the Woolworth Building and 70 Pine Street are undergoing conversions to luxury apartments, a sign of the neighborhood's shifting appeal from an office and business hub to a residential destination.



## WOOLWORTH BUILDING

- Conversion by Alchemy Properties
- Price range from **\$3,400,000** to **\$110,000,000**  
(Averaging \$3,200/SF)



## 70 PINE STREET

- Conversion by Rose Associates
- Former home of AIG
- 644 rental units and a 132-unit extended stay hotel



## 180 WATER STREET

- Metro Loft Management is adding 7 stories and 9,000 sq. ft. of outdoor space
- Former office building
- 555 units
- Expected completion in Spring 2016



# SOUTH STREET SEAPORT DEVELOPMENT

## \$1.5 billion development

Plans include Pier 17, a 4-story retail development - completion set for 2017

Mix of retail, office, residential, with a multipurpose space for concerts, films and special events.

Residential condominium tower planned as well, but no plans have been approved by the city yet

Infrastructure improvements, as well as a new school and an improved Maritime Museum

Developed by:

*Howard Hughes*  
THE HOWARD HUGHES CORPORATION





# WHAT'S NEXT

## The Revitalization of the Financial District

Conversions and developments are just the tip of the iceberg, as the area completes its transformation into a prime residential neighborhood.

### TRANSFORMING SKYLINE

Residential developments will push the skyline to new heights



### BOOMING POPULATION **+170%**

62,000  
people today

VS

22,900  
people in 2000

While the Financial District has traditionally been a strong office hub, the neighborhood has recently diversified to include a desirable residential community as well. With the area's recent developments, such as Brookfield Place and Fulton Center, along with some of the city's most recognizable restaurants, the neighborhood's growing residential appeal cannot be denied. As these projects move to completion in the coming months, and more details are revealed about the South Street Seaport mega-development, the Financial District will continue to develop into a true live-work community.

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