



ALLIANCE FOR DOWNTOWN NEW YORK

LOWER MANHATTAN REAL ESTATE MARKET OVERVIEW

Q3 2015

COMMERCIAL OFFICE MARKET

Leasing Activity

After a slow first half of the year, the Lower Manhattan market rebounded, driven by several large 100,000-square-foot deals closing in the third quarter. Other large pending deals with major media companies at the World Trade Center and Brookfield Place indicate a strengthened office market ahead, even as year-to-date leasing is down from historical averages.

According to CBRE, Lower Manhattan's third quarter leasing activity totaled 1.38 million square feet, up 60% from the previous quarter, and just above the five-year quarterly average. Year-to-date leasing totaled 3.39 million square feet, down 34% from activity through Q3 of 2014, a very strong year in Lower Manhattan.

The third quarter's top deals reflected activity among both FIRE and government office sectors, the two biggest sectors in the Lower Manhattan market. Overall, FIRE accounted for 36% of new leasing activity – and remained the largest industry share for the second quarter in a row in Lower Manhattan. **Knight Capital Group** signed the largest deal in the third quarter, relocating its office from Jersey City to 168,873 square feet at Brookfield Place's 300 Vesey Street. This bucks the trend of financial firms leaving

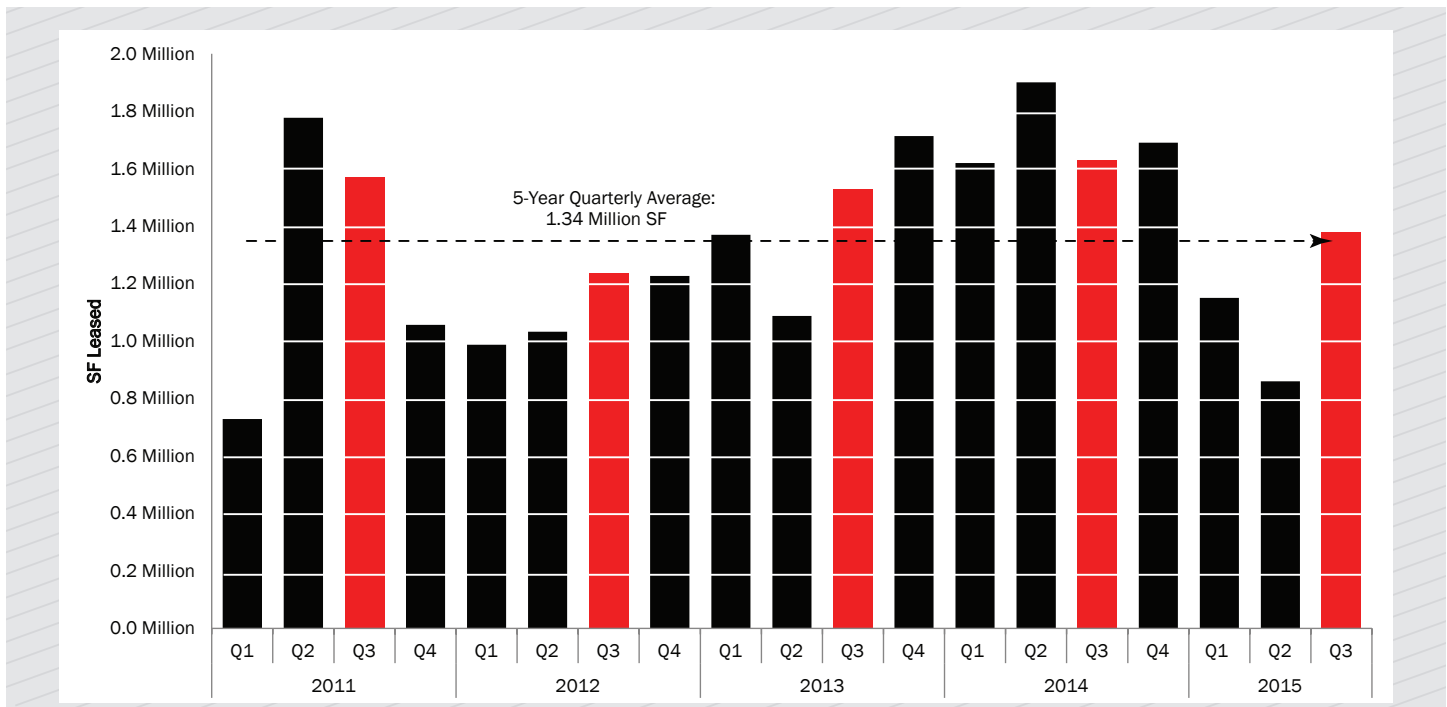
the traditionally-known Financial District and demonstrates the continued utility of Lower Manhattan's tax incentive programs. In addition, **Ironshore Holdings** relocated within the district from 1 State Street to a 101,958-square-foot space at 28 Liberty Street, and the **New York City Department of City Planning** will move from 22 Reade Street to 115,011 square feet at 120 Broadway. **Moody's** expanded into 76,000 square feet at One World Trade Center, an addition to its current 836,902 square-foot Lower Manhattan footprint in the 100% leased 7 World Trade Center.

3 leases over 100,00 SF in Q3 2015

Leasing activity from TAMI (Technology, Advertising, Media and Information) and Apparel & Retail Trade tenants regained momentum this quarter, accounting for 15% and 8%, respectively, of all leasing activity. "Drawn by the proximity to their new Lower Manhattan retail outposts, robust transit and leasing incentives, fashion tenants and influencers have leased over two million square feet since 2011," according to a September 2015 report by Newmark Grubb Knight Frank. **Gucci** took over 80,000 square feet at 195 Broadway, and fashion photography company **Sandbox**

LOWER MANHATTAN LEASING ACTIVITY, Q1 2011 - Q3 2015

Source: Downtown Alliance, CBRE

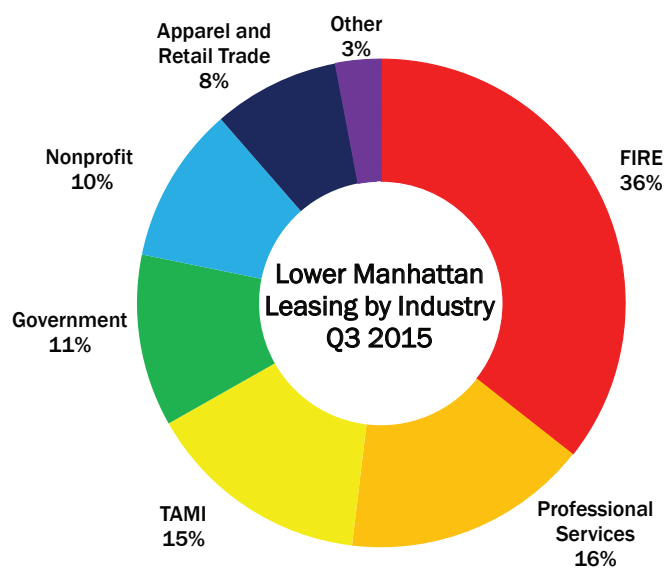


Studio will relocate to 67,706 square feet at 55 Water Street. **PadillaCRT** signed for over 14,000 square feet at 4 World Trade Center, the first public relations agency to locate to the World Trade Center complex.

Pending TAMI deals could yield a greater share of 2015 leasing activity by year-end, further establishing media's growing status in Lower Manhattan. **The Associated Press** reportedly has a large deal pending to relocate from Manhattan West to 172,000 square feet at 200 Liberty Street in Brookfield Place. **21ST Century Fox** and **News Corp's** deal to anchor 1.4 million square feet at 2 World Trade Center is still pending and, if completed, would allow construction to begin on the 2.8-million-square-foot office tower.

LOWER MANHATTAN LEASING BY INDUSTRY, Q3 2015

Source: Jones Lang LaSalle



2 Million SF

of deals signed by fashion tenants & influencers in Lower Manhattan since 2011

LOWER MANHATTAN TOP 20 LEASES, Q3 2015

Source: Downtown Alliance, CBRE, CoStar, Colliers International, Newmark Grubb Knight Frank

| | Tenant Name Location | SF Leased Transaction Type | Sector |
|----|--|-------------------------------------|-----------------------|
| 1 | Knight Capital Group 300 Vesey Street | 168,873 Relocation | FIRE |
| 2 | NYC Dept of City Planning 120 Broadway | 115,011 Moving Within LM | Government |
| 3 | Ironshore Holdings 28 Liberty Street | 101,011 Moving Within LM | FIRE |
| 4 | Gucci America 195 Broadway | 83,964 Relocation | Other |
| 5 | Moody's Investor Services One World Trade Center | 76,001 Expansion | FIRE |
| 6 | Sandbox Studio 55 Water Street | 67,706 Relocation | TAMI |
| 7 | Interactive Data Corporation 100 William Street | 44,596 Renewal | FIRE |
| 8 | Silver Suites Offices 4 World Trade Center | 43,019 Expansion | Professional Services |
| 9 | U.S. Equal Employment Opportunity Commission 33 Whitehall Street | 39,721 Renewal | Government |
| 10 | Berkshire Hathaway 85 Broad Street | 38,407 First NYC Location | FIRE |
| 11 | New York City Health & Hospitals Corporation 55 Water Street | 35,190 Expansion | HealthCare |
| 12 | TheLadders.com 55 Water Street | 30,911 Relocation | Professional Services |
| 13 | Quislex 200 Liberty Street | 22,826 Relocation | Professional Services |
| 14 | MicroTek 90 Broad Street | 18,970 Renewal | Professional Services |
| 15 | Rent Stabilization Association 123 William Street | 11,406 Moving Within LM | Professional Services |
| 16 | PadillaCRT 4 World Trade Center | 14,639 Relocation | TAMI |
| 17 | Nonprofit Finance Fund 5 Hanover Square | 14,126 Relocation | Nonprofit |
| 18 | Preferred Concepts 14 Wall Street | 12,832 Expansion | FIRE |
| 19 | Capital Properties NY 111 Broadway | 12,787 Renewal | FIRE |
| 20 | Ciphertex 14 Wall Street | 12,708 First NYC Location | TAMI |

Rents

Lower Manhattan's overall average asking rents dipped slightly to \$57.92, down from last quarter but still up 20% year-over-year. While rents in Class A properties were down to \$60.79, lower office classes saw a rise and are now almost identical in average asking rents. Class B office rents grew 30.3% year-over-year and 11.5% from last quarter to \$49.99, while Class C rents rose 28.5% over the past year to \$47.81.

Commercial office rents have also increased year-over-year throughout Manhattan. Overall Midtown rents are up 4.5%, and overall Midtown South rents have climbed 15.4% from the third quarter of 2014. Lower Manhattan still maintains an advantage in competitive pricing with overall average asking rents that are \$19.12 less than in Midtown and \$9.13 less than Midtown South.

Vacancy

While leasing activity is down from last year, several large leases over 100,000 square feet helped reinvigorate the market and hold the vacancy rate steady through the third quarter. The overall vacancy rate is 10.3%, stable from last quarter and up slightly year-over-year. Much of the district's vacancy is concentrated in a handful of Class A buildings, with 28 Liberty Street and 375 Pearl Street alone repositioning over 1.8 million square feet of available space.

Commercial Sales

SL Green Realty Corp. paid \$63.7 million for two adjacent, mixed-use buildings: a two-story, 7,500-square-foot building at **187 Broadway** and a 66,700-square-foot Class B office building at **5-7 Dey Street**. The L-shaped development site is opposite Fulton Center and neighbors Century 21 department store.

At the beginning of fourth quarter, SL Green also announced its sale of the Pace University dormitory at **33 Beekman Street** for \$196 million to an unidentified buyer. The 34-story, 760-bed residence hall was completed this fall. SL Green also developed Pace's mixed-use, 24-story, 600-bed dormitory at 180 Broadway, which it sold for \$222.5 million in Q3 2014.

MetroLoft purchased the leasehold at **20 Broad Street** from Vornado Realty Trust for \$200 million, or \$423 per square foot. MetroLoft intends to convert the 27-story, 473,000-square-foot office building for residential use. The deal for the building, which is ground-leased from the New York Stock Exchange until 2081, involved an early termination of the stock exchange's lease, which was due to expire in June 2016.

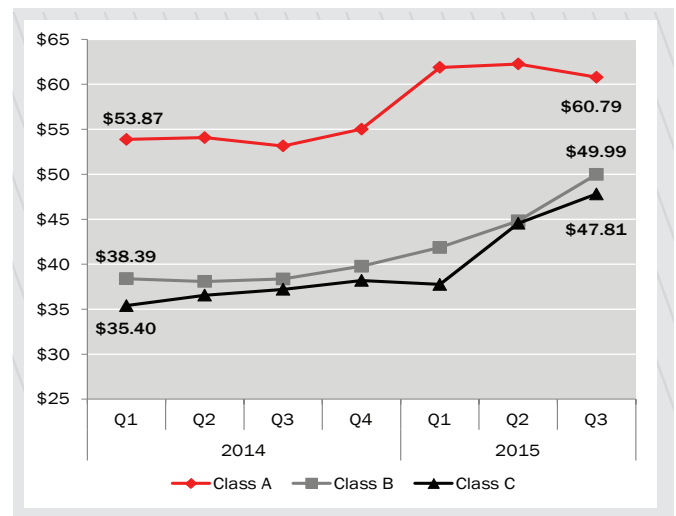


20 Broad Street

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LOWER MANHATTAN ASKING RENTS BY CLASS TYPE, Q1 2014 -Q3 2015

Source: Cushman & Wakefield



RETAIL MARKET

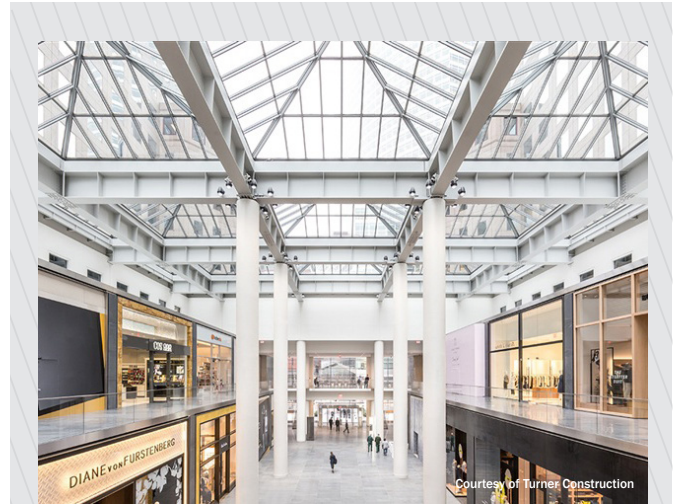
Developments, New Openings and Announcements throughout the District

At the third quarter's end, the district had 1,089 stores and restaurants. Lower Manhattan welcomed 18 new stores and restaurants in the third quarter.

The **Seaport District** was active in the third quarter with a number of announcements. **iPic Theaters** is continuing construction and plans to open an eight-screen movie theater in June 2016 in the Fulton Market Building. The Howard Hughes Corporation revealed that **Jean-Georges Vongerichten** will helm the culinary anchor of the complex. The celebrated chef will launch two major Seaport projects — a 40,000-square-foot, seafood-themed marketplace inside the Tin Building and a 10,000-square-foot restaurant in a rebuilt Pier 17 — which are scheduled to open in 2017. Popular New York independent bookstore, **McNally Jackson Books**, also announced plans to open a location along Schermerhorn Row in 2017. Additionally, the Howard Hughes Corporation, in partnership with eight of New York's leading cultural institutions, launched the **Seaport Culture District**; this is a series of over 100 cultural events ranging from installations, exhibitions, screenings, panel discussions and educational programming. Following on the heels of **Seaport Studios** is **Northern Grade**, a roving market for American-manufactured goods, opening this fall at 203 Front Street. The new pier and revitalized historic area will provide 365,000 square feet of retail, dining and entertainment by 2017. Additional components of the Seaport redevelopment plan are undergoing an approvals process this year.

Construction of **Fulton Center's** 65,000 square feet of commercial and retail space is underway with a completion date in early 2016. Westfield is the master leaseholder of the transit center, and retail tenants will include **Shake Shack**, **Irving Farm Coffee Roasters** and **Zaro's Bakery**, among many others. The MTA's transportation hub opened in November 2014 and has improved connections between nine subway lines and five existing subway stations. More than 300,000 commuters, residents and tourists are expected to cross through the station each day. An underground retail passageway will eventually link Brookfield Place, Westfield World Trade Center and Fulton Center, connecting all three major retail projects.

Fosun Property Holdings received approval by the city's Landmarks Preservation Commission to create more than 200,000 square feet of retail below the plaza at **28 Liberty Street**. Plans include creating



Brookfield Place

The 375,000-square-foot retail complex debuted in spring 2015. Additional stores and restaurants will open throughout the fall. Saks Fifth Avenue opens in June 2016.



Westfield WORLD TRADE CENTER

Over 125 stores and restaurants at Westfield World Trade Center are expected to open in mid-2016.

a set of glass-enclosed entrances on the plaza and along the black marble walls, giving pedestrians access to five levels of subterranean space. Fosun is also in discussions with restaurateurs to run the restaurant and events space on the 60th floor of the tower.

Opening in mid-2016, **Westfield World Trade Center** will become an iconic destination with 125 stores and restaurants in Santiago Calatrava's Oculus and at the base of both the 3 and 4 World Trade Center buildings. The 365,000-square-foot, fully-leased complex previewed its retail and dining offerings, which include **Hugo Boss**, **Michael Kors**, **Kate Spade**, **Banana Republic** and **H&M**. Mario Batali's **Eataly** will serve as the culinary anchor among many other food, beverage and dining options.

At **Brookfield Place**, luxury and contemporary brands continued to roll out after the spring 2015 opening of the 375,000-square-foot repositioned retail space. **Bottega Veneta** and an **Hermes Parfumerie** were added to the shopping roster this quarter. Eight more shops plan to open this fall, including **Club Monaco** (Men's and Women's), **Dry Bar**, **Davidoff Cigars**, **Kamakura Shirts**, **Hickey Freeman**, **Gucci** and **Ermenegildo Zegna**. Also coming this fall are two restaurants: Jose Garces' **Amada** and **L'Atelier de Joel Robuchon**. Lower Manhattan's first luxury department store, **Saks Fifth Avenue**, is slated to open in June 2016.

Across the district, a number of eateries opened or announced plans to open in the near future:

- **Dorlan's Tavern & Oyster Bar** at 213 Front Street
- **Juice Generation** at 101 Maiden Lane
- **Open Kitchen** at 123 William Street
- **La Colombe Coffee Roasters** at 67 Wall Street
- **Rosa Mexicano** at 41 Murray Street
- **Schnipper's Quality Kitchen** at 1 New York Plaza and 120 Church Street (opening soon)
- **Le Pain Quotidien** at 85 Broad Street (opening soon)
- **CUT by Wolfgang Puck** at the Four Seasons Downtown at 99 Church Street (summer 2016)

2 Million SF

of new & repositioned retail space



Courtesy of Frank Ouderman for Hermès

HERMÈS
PARIS

Hermès Parfumerie opened at 225 Liberty Street in Brookfield Place.



Courtesy of Dorlan's Tavern & Oyster Bar

DORLAN'S
Tavern & Oyster Bar

Dorlan's Tavern & Oyster Bar opened at 213 Front Street in the Seaport.



Courtesy of Rosa Mexicano

Rosa Mexicano

Rosa Mexicano opened at 41 Murray Street in TriBeCa.

TOURISM & HOSPITALITY

Record Year for Tourism

Through the end of September 2015, the Statue of Liberty and Ellis Island have welcomed 3.9 million visitors and are anticipating exceeding 2014 visitation numbers. One World Observatory, which opened in late May 2015, hosted its one millionth guest on September 24th. Tourism figures are expected to see more growth in the coming years. Lower Manhattan saw 12.4 million unique visitors in 2014 – a 30% increase since 2013 and a 10% gain over 2012.

Hotel Development Takes Off

There are currently 5,225 hotel rooms in 23 hotels throughout Lower Manhattan. Some 2,690 hotel rooms in 15 hotels are currently under construction, with another 950 hotel rooms at six hotels in the planning stages. In the third quarter, the 125-room **Aloft Hotel** at 49 Ann Street opened at the end of July, and the 33-story, 271-room **AC Hotel by Marriott** broke ground at 151 Maiden Lane.

Over the remaining months of 2015, Lower Manhattan will see another 500 hotel rooms open in three hotels – resulting in a 17% year-end gain in hotel rooms over 2014. The upcoming hotels include:

- **Four Points by Sheraton** at 6 Platt Street, 262 rooms;
- **Q&A Residential Hotel**, at 70 Pine Street, 132 rooms;
- **AKA Wall Street** at 84 William Street, 141 rooms.

Occupancy and Average Daily Room Rate

Lower Manhattan's average occupancy during Q3 is 87%, down slightly from last quarter and from this time last year. The district's hotel occupancy remains slightly above New York City's rate. Lower Manhattan's third quarter ADR is \$267, on par with the New York City-wide ADR of \$265. While the city's ADR is consistent year-over-year, Lower Manhattan's ADR saw a 7 percent decrease over the same term.



LOWER MANHATTAN HOTEL DEVELOPMENT PIPELINE

Source: Downtown Alliance

| | Hotel & Address | Owner/ Developer | Rooms/ Floors | Open Date |
|--|---|-----------------------------|--------------------------|-----------|
| 1 | Four Points by Sheraton 6 Platt Street | Lam Group | 262/30 | 2015 |
| 2 | Q&A Hotel 70 Pine Street | Rose Associates | 132/ 4 (of 66) | 2015 |
| 3 | AKA Wall Street 84 William Street | Prodigy Networks | 141/19 | 2015 |
| 4 | Riff Downtown 102 Greenwich Street | Royal United Builders | 36/5 | 2016 |
| 5 | The Beekman Hotel 5 Beekman Street | GB Lodging Group | 287/9 | 2016 |
| 6 | Courtyard by Marriott 133 Greenwich St | Hidrock Realty | 317/31 | 2016 |
| 7 | Boutique hotel Battery Maritime Building | The Dermot Group | 61/5 | 2016 |
| 8 | The Arzezen Hotel 24-26 John Street | Westbury Realty Associates | 89/21 | 2016 |
| 9 | Fairfield Inn & Suites 100 Greenwich Street | Jiten Hotel Management | 192/25 | 2016 |
| 10 | Four Seasons 30 Park Place | Silverstein Properties | 189/ 21 (of 82) | 2016 |
| 11 | Hilton Garden Inn 6 Water Street | McSam Hotel Group | 250/29 | 2016 |
| 12 | Residence Inn 215 Pearl Street | Lam Group | 120/40 (upper floors) | 2017 |
| 13 | Courtyard by Marriott 215 Pearl Street | Lam Group | 200/40 (lower floors) | 2017 |
| 14 | AC Hotel Marriott 151 Maiden Lane | Fortis Property Group | 271/33 | 2017 |
| 15 | Hotel Indigo 10-12 Maiden Lane | 10-12 MLane Inc. | 190/25 | 2017 |
| 16 | TBD Hotel 11-13 Stone Street | Premier Emerald LLC | 143/27 | 2018 |
| 17 | Extended Stay Hotel 17 John Street | Prodigy Networks | 194/23 | 2018 |
| 18 | TBD Hotel 130 William Street | Lighstone Group | TBD/12 | 2018 |
| 19 | TBD Hotel 50 Trinity Place | Fit Investment Group | 188/29 | TBD |
| 20 | TBD Hotel 120-122 Water Street | NY Times Square Hotel Group | 150/31 | TBD |
| 21 | TBD Hotel 143 Fulton Street | Tribeca Associates | 228/26 | TBD |
| Total Hotels in the Pipeline | | | 21 | |
| Total Hotel Rooms in the Pipeline | | | 3,640 | |

Source of tourism estimates: Audience Research & Analysis

RESIDENTIAL MARKET

Inventory and Development

Lower Manhattan boasts nearly 30,000 residential units in 319 buildings, with an estimated population of approximately 60,000 residents. This quarter, CBSK Ironstate's **87 Chambers Street** brought 18 condo units to the market. DTH Capital completed the final phase of the conversion of landmarked **20 Exchange Place** into a full residential building, adding 221 additional luxury rental units to the existing 556 rental units it had completed in 2008.

The number of housing units continues to expand as construction continues on over 3,000 residential units in 16 properties, while another 1,800 units in 13 properties are in the planning stages. Among the projects under construction and in development, 31% of the units will be rental and 45% will be condominiums (the lease type of over 20% of units has yet to be declared).

Later in 2015, Rose Associates and DTH Capital's **70 Pine Street** plans on opening the rental gallery for the 644 rental units with an anticipation of a late 2015 debut. Additionally, ABN Real Estate's **19 Park Place** also plans on wrapping up construction of its 21 condo units.

This quarter, news included:

- Soho Properties' plans for a 70-story, 50-unit luxury condo tower at **45 Park Place**. The tower will also include a public plaza connected to a three-story Islamic museum and prayer space.
- Macklowe Properties' announcement that Robert A.M. Stern will design the conversion of **One Wall Street**. The tower is expected to include condominiums, rental apartments, office space and retail, with a completion date anticipated for 2018.
- MetroLoft's purchase of a controlling stake in Vornado's **20 Broad Street**, with plans to convert the 27-story 473,000-square-foot office building into apartments when the New York Stock Exchange consolidates its office space next year and leaves the building.
- Madison Equities closing on the \$86 million purchase of a vacant lot at **45 Broad Street** at the beginning of the fourth quarter. The developer is planning a 65-story condo tower with a completion date set for 2019.



45 Park Place

Soho Properties announced plans for a 70-story, 50-unit luxury condo tower at 45 Park Place. The tower will also feature a public plaza connected to a three-story Islamic museum and prayer space. Anticipated completion is 2017.



One Wall Street

Macklowe Properties announced that Robert A.M. Stern will design the conversion of the office building. The tower is expected to include condominiums, rental apartments, office space and retail, with a completion anticipated for 2018.

Residential Rental Market

According to residential statistics published by Miller Samuel/Douglas Elliman, Lower Manhattan's median rent was the highest when compared to three other comparable Manhattan residential areas: greater downtown, the east side and the west side¹. Lower Manhattan's median rent, \$3,688, increased slightly, by one percent, over the last quarter and year over year, while the greatest yearly increase (9%) occurred on the east side. Manhattan's median rent also rose slightly since last quarter, but is up by 6% from last year at \$3,405.

Residential Sales Market

The Lower Manhattan sales market briskly picked up its pace in the third quarter, with the total number of sales up by 53% since last quarter. Meanwhile, Manhattan-wide sales activity saw a 37% increase over last quarter and a 10 percent increase year over year.

The average price per square foot increased in the district and Manhattan-wide. Lower Manhattan's average price per square foot of \$1,368 saw an increase of four percent over the last quarter and 13 percent year over year. Across the three other comparable residential areas, Lower Manhattan maintained the lowest average price per square foot. Greater downtown sales (defined as south of W. 34th and E. 42nd Street to the Battery) experienced the greatest increase, growing 18% over last quarter and 17% year-over-year. In addition, the Manhattan average price per square foot rose dramatically over last quarter by 12% and 18% over last year.

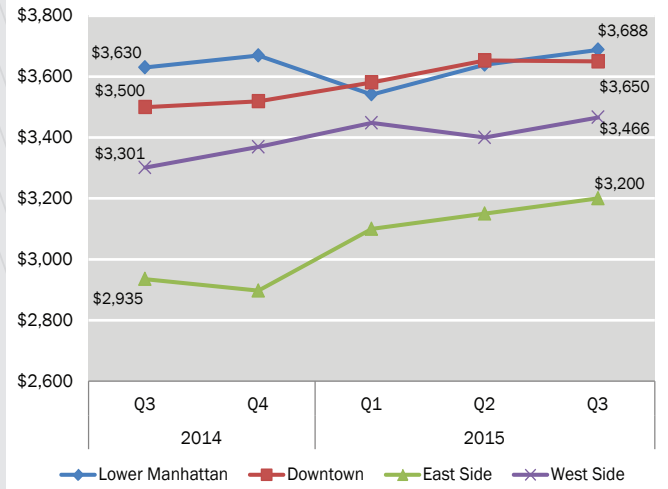
Median sales prices for Lower Manhattan co-ops and condos have dropped 11% to around \$1.13 million since a record high at the beginning of the year. According to Miller Samuel, the decrease stems from the square footage of new development housing stock in Lower Manhattan skewing smaller. Greater downtown median sales price saw the greatest increase year-over-year, at 24% growth, while the median sales price on the west side grew the fastest over the past quarter, rising by 13%. Manhattan-wide median sales price remain steady over the quarter but have risen around 10% year-over-year.

¹Lower Manhattan defined as south of Chambers Street to the Battery. Downtown defined as south of W. 34th and E. 42nd Street to the Battery. East Side defined as east of 6th Avenue, between E. 96th and E 42nd Street. West Side defined as west of 6th Avenue, between W. 116th and W. 34th Street.

4,800
residential units under
construction & in planning stages

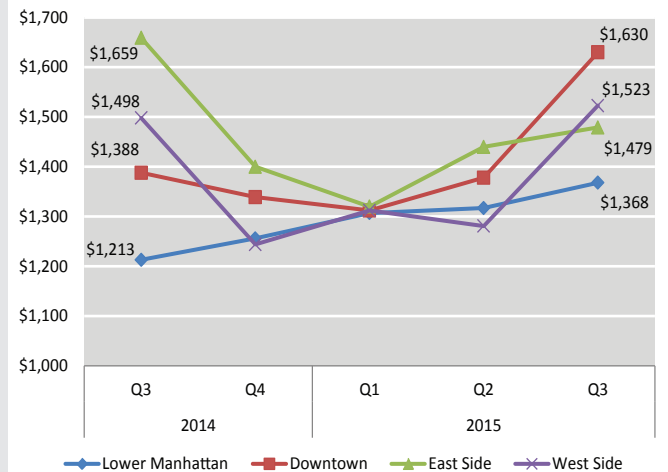
MEDIAN RENTAL PRICE

Source: Miller Samuel/Douglas Elliman



AVERAGE SALES PRICE (\$) PER SF

Source: Miller Samuel/Douglas Elliman



MEDIAN SALES PRICE

Source: Miller Samuel/Douglas Elliman



HIGHLIGHTS OF LOWER MANHATTAN RESIDENTIAL DEVELOPMENT

Source: Downtown Alliance

| Address & Building Name | Lease & Building Type | Units | Open Date |
|--|-------------------------------|-------------------|-----------|
| Rental Units Under Construction | | 1,534 | |
| 1 70 Pine Street | Rental Conversion | 644 | 2015 |
| 2 60 Fulton Street Exhibit | Rental New Construction | 120 | 2016 |
| 3 110 Wall Street WeWork/WeLive | Rental Conversion | 205 | 2017 |
| 4 180 Water Street | Rental Conversion | 565 | 2017 |
| Condo Units Under Construction | | 1,506 | |
| 1 19 Park Place | Condo New Construction | 21 | 2015 |
| 2 12 Warren Street | Condo New Construction | 24 | 2016 |
| 3 5 Beekman Street The Beekman Residences | Condo/Hotel New Construction | 68 | 2016 |
| 4 30 Park Place Four Seasons Residences | Condo/Hotel New Construction | 157 | 2016 |
| 5 50 West Street | Condo New Construction | 191 | 2016 |
| 6 101 Wall Street | Condo Conversion | 52 | 2016 |
| 7 100 Barclay Street Ralph Walker Tribeca | Condo Conversion | 161 | 2016 |
| 8 233 Broadway Woolworth Residences | Condo Conversion | 34 | 2017 |
| 9 49-51 Chambers Street | Condo Conversion | 81 | 2017 |
| 10 161 Maiden Lane One Seaport | Condo New Construction | 80 | 2017 |
| 11 111 Murray Street | Condo New Construction | 154 | 2018 |
| 12 112-118 Fulton Street | Condo New Construction | 483 | 2018 |
| Condo Buildings Planned for Development | | Over 1,800 | |
| 1 68-74 Trinity Place | Condo New Construction | 111 | 2017 |
| 2 45 Park Place | Condo New Construction | 50 | 2017 |
| 3 30 Warren Street | Condo New Construction | 23 | 2017 |
| 4 125 Greenwich Street | Condo New Construction | 300 | 2018 |
| 5 130 William Street | Condo/Hotel New Construction | 188 | 2018 |
| 6 75-83 Nassau Street | Rental/Condo New Construction | 197 | 2018 |
| 7 1 Wall Street | TBD Conversion | TBD | 2018 |
| 8 20 Broad Street | TBD Conversion | TBD | TBD |
| 9 45 Broad Street | Condo New Construction | TBD | 2019 |
| Total Units Under Construction and in Planning Stages | | 4,800 | |

New Primary School & Pace University Residence Hall Open in Lower Manhattan



As the fall began, the education landscape continued to change and inform the residential market in Lower Manhattan. The district has 26 K-12 grade schools (public and private) that enroll around 13,000 students as well as 25 institutions of higher learning educating over 52,000 full and part-time students. This quarter saw the opening of a new public grade school and a university dormitory.

The expanding residential population creates steady increased demand for new primary schools in Lower Manhattan. The most recent addition is the **Peck Slip School** (P.S. 343), which opened at its brand-new location at 1 Peck Slip in the Seaport. The school was initially being housed at Tweed Courthouse until the \$58 million renovation of the former post office was complete. Facilities include a cafeteria, library, 'gymnasium' and a rooftop playground. The school has around 282 students with pre-K through third grade and will continue to grow annually until it's at capacity with fifth graders.

Pace University, once seen as a 'commuter school', has been undergoing a transformation and now offers housing in Lower Manhattan for over 70 percent of its students. Over the past two years, the amount of Pace students living in university-owned residence halls in Lower Manhattan has more than doubled to 2,600. The university recently opened a 34-story, 770-bed residence hall at 33 Beekman Street, complete with a 3,000-square-foot public plaza. Two years ago, Pace opened a 23-story, 600-bed residence hall at 182 Broadway, introducing 24,000 square feet of retail to the market, featuring an Urban Outfitters.

CAPITAL IMPROVEMENT PROGRESS

Resiliency

City Investment

In August, Mayor de Blasio announced an investment of \$100 million of City capital funds to help build a barrier of flood walls, berms and deployable flood barriers to protect the tip of Manhattan from flooding. The project will extend from the Lower East Side, around the tip of the island, all the way to Battery Park City. This is in addition to the nearly \$15 million for Lower Manhattan resiliency that the City announced in March 2015. These funds included \$6.75 million from the City and State for preliminary design and environmental review and another \$8 million for first-phase flood protection design and implementation in Battery Park.

The City will leverage this new funding commitment to Lower Manhattan to bolster its application to the U.S. Department of Housing and Urban Development's National Disaster Resilience Competition. If the City's application is successful, it could be eligible for up to \$500 million in additional funding.

South Ferry station

The MTA announced the main entrance to the South Ferry station will close for nine months (reopening August 2016) as Sandy-damaged equipment is replaced and flood mitigation measures are put into place. During construction, the old South Ferry station will remain operational and accessible from alternative entrances. The construction is part of a \$194 million contract to rebuild the South Ferry subway station that was damaged in Hurricane Sandy. The station will get permanent flood protection measures, will become wheelchair accessible and will allow entry and exit for all ten cars along the No. 1 line. Completion is expected in 2017.

World Trade Center (WTC)

4 World Trade Center

The 72-story, 2.3 million-square-foot office tower was completed in November 2013. The building is almost 70% leased to MediaMath, IEX, Morningstar, the Port Authority and the City of New York. Four new leases, totaling over 70,000 square feet, were signed in the third quarter; the new tenants are PadillaCRT, Dixon Hughes Goodman LLP, Syntactx and Silver Suites Offices.

One World Trade Center

The 104-story, 3 million-square-foot office tower opened on November 3rd 2014. Condé Nast is now fully installed in the building and occupies 1.2 million square feet.

One World Trade Center is currently 61% leased. Other tenants include Beijing Vantone China Center, the U.S. General Services Administration, Servcorp, KiDs Creative, High Five Games, xAd,



One World Trade Center

The tallest building in the western hemisphere opened in 2014.

The 104-story, 3 million-square-foot tower is currently 61% leased.

Condé Nast has fully occupied its 1.2 million-square-foot lease. Other tenants: High Five Games, xAd, & KiDs Creative.

Legends Hospitality opened One World Observatory on May 29th.



Two World Trade Center

Anticipated to open in 2020.

Bjarke Ingels Group replaced Norman Foster as the architect of the 88-story, 2.8 million-square-foot office tower.

21st Century Fox and News Corp signed a letter of intent with Silverstein Properties to anchor 1.3 million square feet, or about 50%, of the tower.

Incandescent Technologies, Cushman & Wakefield, BMB Group, Westfield and Legends Hospitality Group. TAMI sector firms now comprise nearly half of the building's leaseholders. In the third quarter, Moody's signed a 75,000-square-foot expansion from 7 World Trade Center. Additional tenants signing this quarter include Symphony and Olam Americas.

One World Observatory, Legends Hospitality's 120,000-square-foot observation facility on floors 100, 101 and 102, welcomed its one millionth visitors in late September after opening May 29th.

Three World Trade Center

The 2.5 million-square-foot office tower is tentatively scheduled to top out in Summer 2016 and to be completed in 2018. Group M Worldwide finalized a lease for 515,000 square feet in the fourth quarter of 2014.

Two World Trade Center

In June 2015, 21st Century Fox and News Corp signed a letter of intent with Silverstein Properties to anchor 1.3 million square feet, or about 50%, of the tower. If the deal goes through, both firms would relocate from Midtown Manhattan.

The redesign of the 88-story, 2.8 million-square-foot office tower was announced in the second quarter with Bjarke Ingels Group (BIG) replacing Norman Foster as the tower's architect. The final tower in the 16-acre World Trade Center site will open in 2020.

National September 11 Memorial Museum

The 100,000-square-foot National September 11 Memorial Museum officially opened over a year ago, on May 21, 2014, and has since welcomed over 4 million visitors. The National September 11 Memorial, which opened in September 2011, has drawn more than 21 million visitors.

The World Trade Center Transportation Hub

The 800,000-square-foot space will house the PATH station and Westfield's 350,000-square-foot retail complex and connect to Fulton Center on the east and Brookfield Place on the west. In advance of the mid-2016 opening of the World Trade Center Transportation Hub, the temporary PATH station deconstruction is scheduled to begin in late 2015; new entrances and exits will be relocated to WTC Towers 2 and 4.

Waterfront

The Battery

The SeaGlass Carousel opened to much fanfare on August 20th. Construction on the \$16 million aquatic themed carousel began in 2010. The Battery Oval, a three-acre lawn, will reopen to the public later this year. In the fall, the Oval will be populated by 300 chairs chosen in a design competition. Designs are now being finalized for an expanded new playground of 1.4 acres, which is scheduled to open in 2017.

Seaport District

The Howard Hughes Corporation continued with the construction of the Pier 17 superstructure. This quarter, the Landmarks Preservation Commission gave full approval for Pier 17's final design. Across the Seaport, plans include 365,000 square feet of retail, dining, and entertainment space, as well as a new food market in the Pier 17 building.

Transportation Infrastructure

Fulton Center

The MTA's Fulton Center officially opened in November 2014. More than 300,000 commuters, residents and tourist are expected to cross through the station each day. An underground retail passageway will eventually link Brookfield Place, Westfield World Trade Center and Fulton Center, connecting all three major retail projects.

The 65,000-square-foot of commercial space at Fulton Center, managed by Westfield, is fully leased and tenants are expected to include beauty salons, convenience retail and grab-n-go eateries. The retail portion is expected to open early 2016.

Broadway Reconstruction

The Department of Design and Construction (DDC) launched a \$42 million capital reconstruction project on Broadway, referred to as Broadway 1, stretching from Ann Street to Rector Street. This project will replace all underground infrastructure, including water mains, sewers, electric, gas and other utilities, as well as construct new streets and curbs. Crews will focus on two blocks at a time, moving northward on the west side, then southward on the east side. The full project is scheduled to be finished in 2017.



Courtesy of Battery Park Conservancy

The Battery

The SeaGlass Carousel and the surrounding Woodland Gardens opened on August 20th. The Battery Oval, a three-acre lawn, will reopen to the public later this year.

Visit www.downtownny.com/research for additional publications on the Lower Manhattan real estate market and economy. Documents include a complete list of residential and hotel developments, available retail spaces, a summary of leasing incentives and other research reports including:

The Brain Gain, 2015 Report, updated report on how the region's shifting demographics continue to favor the Lower Manhattan Business District. Previously released in 2012, updated data shows an even stronger trend;

TAMI Takes Lower Manhattan, a report on the growth of technology, advertising, media, and information companies moving south of Chambers Street;

Everything Old is New Again: Conversions of Historic Properties in Lower Manhattan, a report on historic properties preserved through significant investment and changes in use;

The Golden Age of Transit in Lower Manhattan, a report released on Fulton Center's opening, describing how the more than \$6.4 billion of transit investments made since 2005 benefit a large and growing labor force;

Going to the Head of the Class: The Growth of Higher Education in Lower Manhattan, a report on the growth of higher education in Lower Manhattan;

A Surge of Bits and Bytes: The State of Tech and Innovation in Lower Manhattan, a report on Lower Manhattan's growing technology industry.

If you have questions or require additional information,
please contact research@downtownny.com



Alliance for Downtown New York
120 Broadway Suite 3340
New York, NY 10271
212.566.6700
DowntownNY.com

Telephone: 212-835-2787
Email: Research@DowntownNY.com