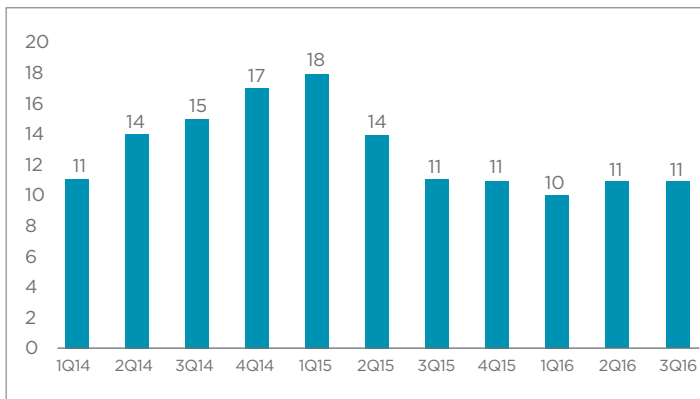


3rd Quarter 2016

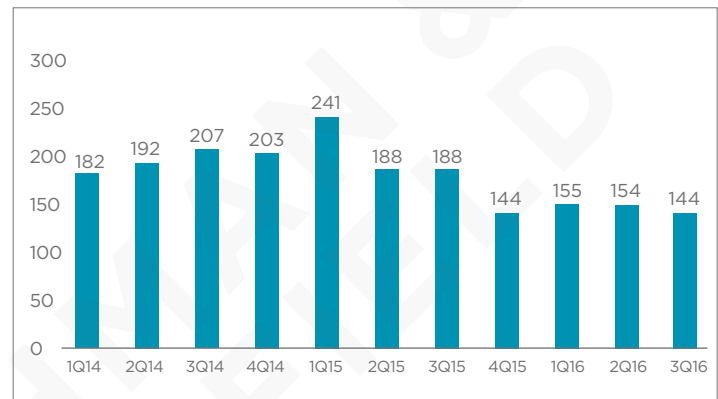
The third quarter of 2016 remained consistent with the second half of 2015 and the first two quarters of 2016. Transaction volume has remained flat while pricing has also held steady.

SoHo Quarter-Over-Quarter # of Transactions



Source: Cushman & Wakefield Research

Manhattan Quarter-Over-Quarter # of Transactions



Q3 HIGHLIGHTS

SoHo Retail

In recent months, New York City's most popular shopping destination defined itself using only one word: "vacancy".

Since emerging from the Great Recession several years ago, SoHo has been attracting high credit retail tenants to open flagship destinations both on and off the main Broadway corridor. With strong co-tenancy, high-end retailers soon filled the streets of SoHo vying for foot-traffic with the goal of cementing their status amongst New York's most recognized fashion brands. As is typically the case when a supply-constrained area is in high demand, pricing rises, with asking rents moving well above \$1,000/SF on the Broadway corridor.

Fast forward to the second and third quarter of 2016 and the SoHo retail climate has changed. Certain retailers struggle to afford SoHo as sales cannot keep pace with the high rents currently demanded by landlords. As a result, SoHo has seen a spike in vacant retail units with 160 availabilities. In some cases vacancies are impacted by the underwriting of recent acquisitions, which forecasted lucrative leases. Thus SoHo's newest owners are leaving their spaces vacant until certain rents are achieved to meet their required returns.

Recent data shows we are beginning to exit this period of high vacancy - both asking rents and the availability rate dropped in 3Q16. As we enter the fourth quarter, we expect vacancy to continue to fall due to more realistic expectations from owners leading to a softening of rent and an overall improvement of the SoHo retail market.

Elizabeth Street Garden

During the summer months, the Elizabeth Street Garden surged in popularity and residents and tourists alike attended over 150 free programmed events, or used the garden as a serene escape from the hustle and bustle of the surrounding neighborhoods and New York City. The garden is managed by the non-profit, Friends of Elizabeth Street Garden and is not recognized as a New York City public park.

While the garden has been a source of contention for a number of years, controversy increased substantially during the third quarter of 2016. Little Italy & SoHo have an open space ratio of .07 acre of parkland per 1,000 residents; substantially less than the New York City Planning Commission's goal of 2.50 acres of parkland per 1,000 residents. As such, residents and Community Board 2 have become increasingly concerned in preserving the garden and protecting the lot from development.

Conversely, Mayor de Blasio and the Housing Preservation and Development (HPD) department continue to move forward in their equally as important, yet also contested, affordable housing initiative. Last month, the HPD issued a Request for Proposals to redevelop the Elizabeth Street Garden. The RFP calls for a senior affordable housing project with quality commercial and community facility uses.

Contention between the two groups reached new levels with protests taking place to preserve the garden. Whatever outcome is reached will significantly impact the character and feel of the neighborhood.

Q3 2016 MARKET ACTIVITY REPORT

RETAIL

NOTABLE SALES

262 MOTT STREET

Price: \$26,000,000
SF: 10,581
PPSF: \$2,457
CAP: 4.5%

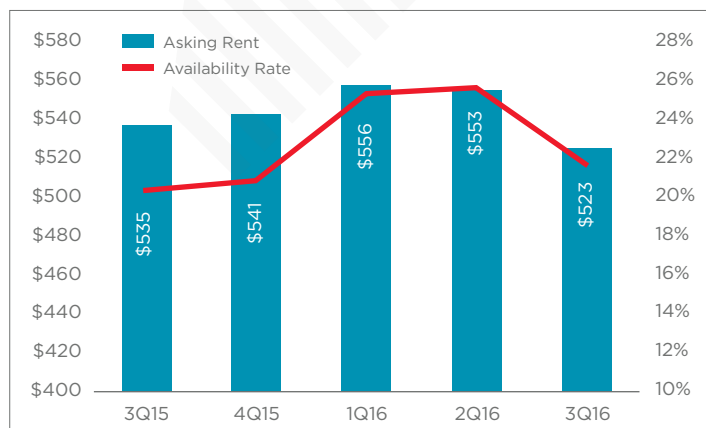
This is the sale of nine retail units at the base of a luxury condominium conversion in NoLiTa to Madison Development, a self-storage property developer. The property is located between East Houston and Prince Streets. The purchase included approximately 10,581 square feet of retail space and 7,523 square feet of self-storage. Because a large amount of self-storage space was included in the deal, but not factored into the calculated price per square foot, the retail price per square foot appears larger than the average retail prices in the area. The nine retail units consist of nine individual tax lots, one of which is 1,551 square feet that was available for immediate lease-up. The remaining eight lots were occupied by six tenants. Current tenants include Rebecca Hossack Art Gallery and the Tai Rittichai jewelry. The average retail rent for the space is \$123 PSF. Market rates for the area are around \$200 PSF. Being a self-storage developer, Madison Development will likely capitalize on the purchase by deriving income from the storage area. The property was sold at about a 4.5% cap, and \$16M of the deal was financed by Ladder Capital Finance.

120 SPRING STREET

Price: \$14,500,000
SF: 1,428
PPSF: \$10,154

120 Spring Street is a narrow two story building on the south side of Spring between Mercer and Greene Street. The 14' wide property is dedicated strictly to retail and was delivered to the buyers vacant. This is the latest retail property to trade along Spring Street for a large price per square foot, joining 139 Spring Street and 106 Spring Street. Retail rents on this stretch of Spring can range anywhere between \$500 and \$1,000 per square foot. The deal was financed by Manufacturers and Traders Trust with \$8.6M in loan proceeds or about 60% LTPP.

Year-Over-Year Trend Direct and Sublease Space Average Asking Rent/SF and Availability Rate



Source: Cushman & Wakefield Research

DEVELOPMENT & REDEVELOPMENT

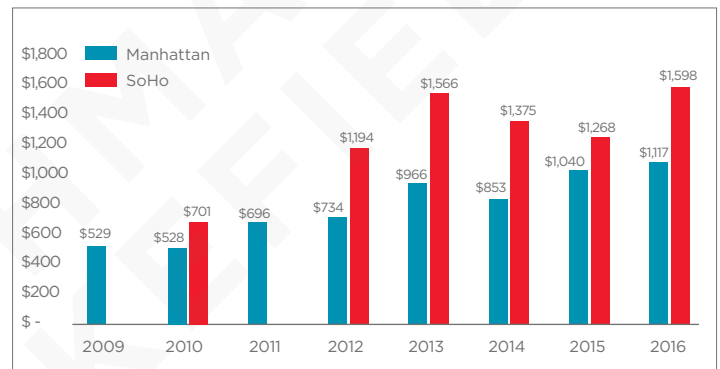
NOTABLE SALES

325-327 CANAL STREET

Price: \$12,000,000
BSF: 18,326
PPBSF: \$655

This is the purchase of two mixed-use buildings along the north side of Canal Street. The buildings were purchased by United American Land which owns the two buildings directly to the east. The purchaser took out \$8.5M in debt from Signature Bank or 70% LTPP. Based on the purchase price this will likely be a development or redevelopment opportunity for the buyer.

Year-Over-Year Development & Redevelopment \$/SF: SoHo vs. Manhattan



Source: Cushman & Wakefield Research

OTHER

NOTABLE SALES

5 CENTRE MARKET PLACE - Townhouse

Price: \$9,700,000
SF: 4,700
PPSF: \$2,064

This single family townhouse actually traded in 2Q16, but didn't hit public records until our last report was published. Located within the Special Little Italy District, the townhouse was designed by Cortney and Robert Novogratz and sold to the most recent owner in 2010 for just under \$12M. The most recent buyer is unknown, but it appears to have been purchased in all cash, as no mortgage on the property has yet been recorded.

81 WOOSTER STREET - Basement

Price: \$2,600,000
SF: 8,800
PPSF: \$295

This is the sale of a basement Co-Op located at 81 Wooster Street. The cellar has its own private elevator with an entrance on Wooster Street. The cellar space was delivered vacant with approximately 9.3' ceiling heights. Based on the Certificate of Occupancy, the cellar permits storage use only. The first story of the property is a retail space with the entrance on Wooster Street.

MIXED-USE MULTIFAMILY

NOTABLE SALES

552 BROOME STREET

Price: \$7,100,000
SF: 8,470
PPSF: \$838
CAP: 2.2%

552 Broome is on the north side of Broome Street between Avenue of the Americas and Varick Street. This five story multifamily building has 11 residential units, 7 of which are rent stabilized. The property was purchased for \$7.1M which equates to a 2.2% cap rate. The building is currently 8,470 SF, but has 16,886 SF of buildable air rights. The building is located in the newly rezoned Special Hudson Square District which has a 9 Residential FAR, 10 Commercial FAR, and 12 Inclusionary Housing FAR.

239 ELIZABETH STREET

Price: \$7,000,000
SF: 7,670
PPSF: \$913
CAP: 2.0%

This is the sale of a 6-story, 7,670 square foot walk-up building on Elizabeth Street between Prince and Houston Streets. 10 of the 11 residential units are rent stabilized. 239 Elizabeth Street also includes a 564 square foot retail unit on the ground floor. The property traded at approximately \$912/SF with a cap rate of 1.99%. Manufactures and Traders Trust Company has a \$4.2M mortgage on the property, which equates to 60% LTPP.

237 ELIZABETH STREET

Price: \$7,250,000
SF: 5,312
PPSF: \$1,365

This five story walk-up building is on the west side of Elizabeth Street between Prince and East Houston Streets. The building was purchased by a nearby owner who will likely hold the property as an investment. The deal was financed by Northern Bank Trust at 75% LTPP. There are seven residential units in the building and past ownership had registered five as subject to rent stabilization.

139 MULBERRY STREET

Price: \$6,550,000
SF: 10,000
PPSF: \$655
CAP: 3.75% Approx.

139 Mulberry Street is on the west side of Mulberry between Hester and Grand Streets. The building was purchased by an investor who is active in the Little Italy / NoLiTa sub-market. The deal was financed by Signature Bank on a 65% LTPP basis. The building does not have a retail location and prior ownership had listed 14 apartments as rent stabilized. The buyer is expected to convert the ground floor to retail and renovate the residential units.

42 GRAND STREET

Price: \$12,100,000
SF: 10,149
PPSF: \$1,192

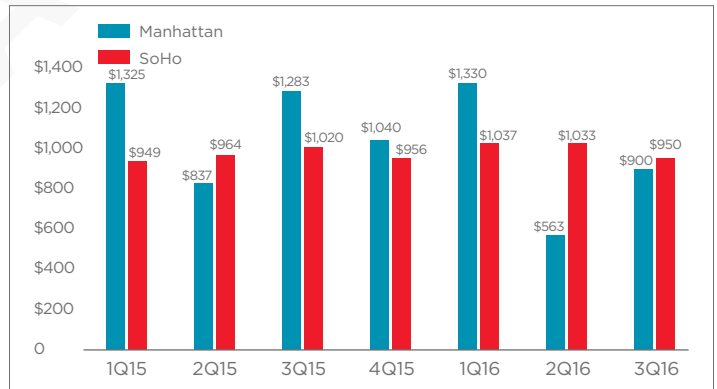
42 Grand Street is on the north side of Grand Street between Thompson and West Broadway. The property includes two buildings that have since been assembled onto one tax lot. There are twenty four residential units, fourteen of which are registered stabilized on the tax bill. The ground floor is currently leased to Grand Street Deli. The property was purchased by an investor who specializes in multifamily product. The purchase was financed by BankUnited with a \$5.8M loan or about a 48% LTPP.

41 KING STREET

Price: \$10,250,000
SF: 5,298
PPSF: 1,935

41 King Street is a three story residential building located on the north side of the street between Avenue of the Americas and Varick Street. The property is located within the Charlton-King-Vandam Historic District. This street is dominated by townhouses and residential buildings and doesn't allow retail locations. The deal was financed with a \$7.21M loan by Woodbridge Mortgage Investment Fund. This equates to 70% LTPP. The property was sold by a private owner who purchased the building in 2004 for \$3.3M.

Quarter-Over-Quarter Multifamily \$/SF: SoHo vs. Manhattan



Source: Cushman & Wakefield Research

Methodology

The Cap Rates, Gross Rent Multipliers, Average Price per Square Foot and Total Volume presented in this report pertain to closed sales, including partial sales, researched or sold by Cushman & Wakefield through 6/15/16. The "first quarter" herein covers the period of 3/16/16 through 6/15/16. These transactions occurred at a minimum sales price of \$1,000,000 and were located in Manhattan (south of 96th Street east of Central Park and south of 110th Street west of Central Park). These sales may be found in the public record and were reported by ACRIS, CoStar, RCA and other sources deemed reliable. This information has been compiled for informational purposes only and Cushman & Wakefield shall not be liable for any reliance thereon.

We use the following City of New York classifications:

- 1-4 Family properties: A, B, CO and C3
- 5+ Family Walk Up properties: C1, C2, C4, C5, C7, C8 and C9 (excluding C6, which represents Co-Ops)
- 5+ Family Elevator properties: D1, D2, D3, D5, D6, D7, D8 and D9 (excluding D0, D4, which represent Co-Ops)
- Mixed Use properties: K and S classes
- Retail properties/retail condominiums: L1, L8, L9, K, O, R5, R7 and R8
- Office properties and commercial condos: O, R5, R7 and R8
- Hotel properties: H classes
- Development properties: VO, V1, V2 and other properties that were purchased for development
- Specialty Use properties: properties that, because of their intended uses (such as religious, medical, government, educational, non-profit uses), do not fall into any of the above property classes

Each sale was analyzed and categorized on a case-by-case basis.

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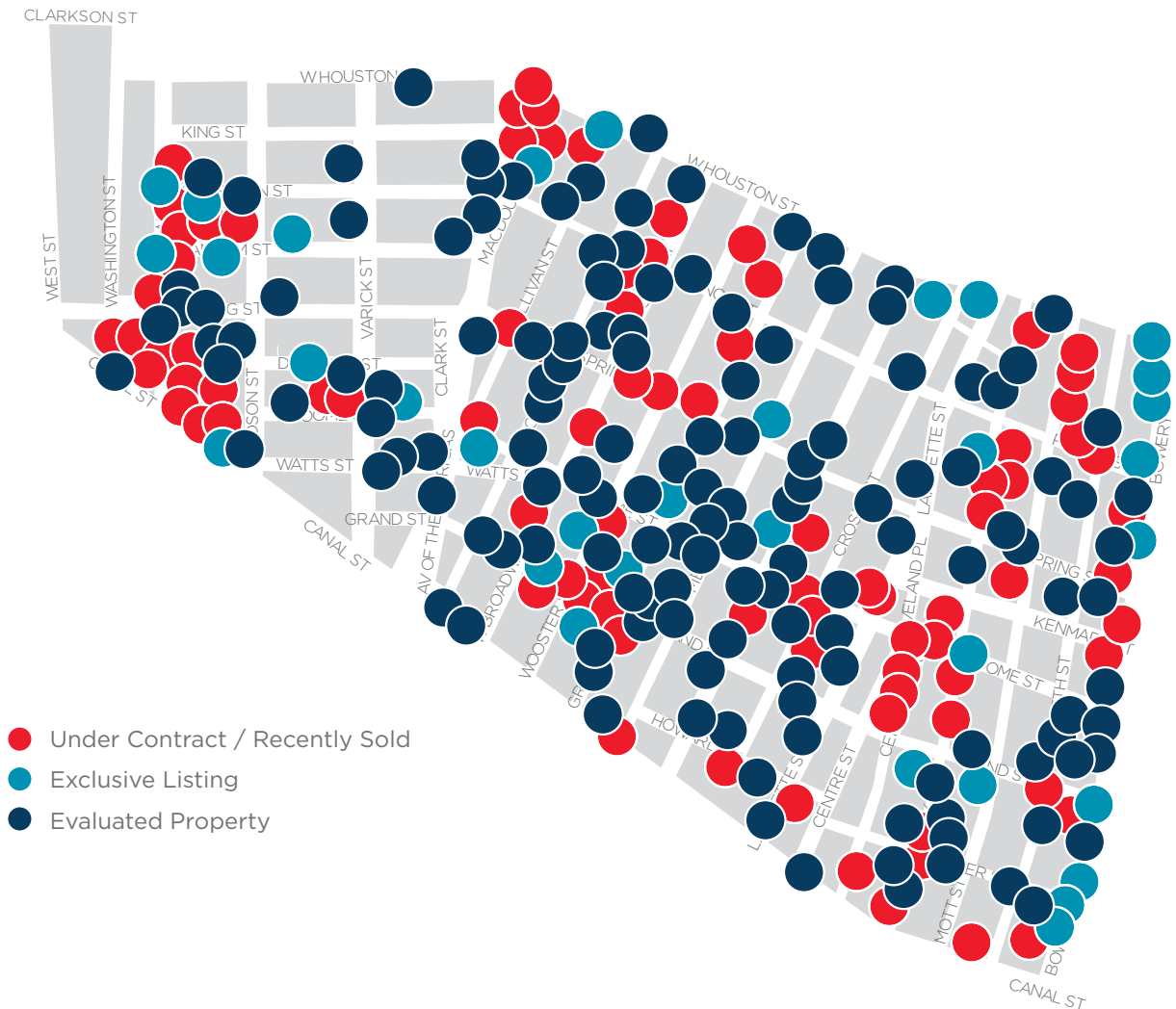


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RECENT TERRITORY ACTIVITY



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