



ALLIANCE FOR DOWNTOWN NEW

LOWER MANHATTAN REAL ESTATE MARKET REPORT

Q1 2018

Lower Manhattan's commercial market got off to a quiet start in 2018 after a robust 2017. Despite soft leasing activity, the vacancy rate remained below 10 percent for the fifth consecutive quarter. 3 World Trade Center is expected to open in June 2018, with its anchor tenant, GroupM, anticipated to begin occupying shortly thereafter. The World Trade Center also made another important step towards completion when the Port Authority agreed to a 99-year lease with the Ronald O. Perelman Performing Arts Center.

Aside from the World Trade Center, Lower Manhattan is quickly becoming a greater entertainment destination with several nightlife and entertainment venues announced and/or opened in the first quarter. Howard Hughes announced a partnership with Live Nation for its concert series on the one-and-a-half acre rooftop opening this August in the Seaport District. Finally, Lower Manhattan further cemented its status as a place to visit, with 13.6 million tourists and 17.4 million unique visitors in 2017. More and more New Yorkers are discovering the area's shopping and dining options as well as major new attractions.

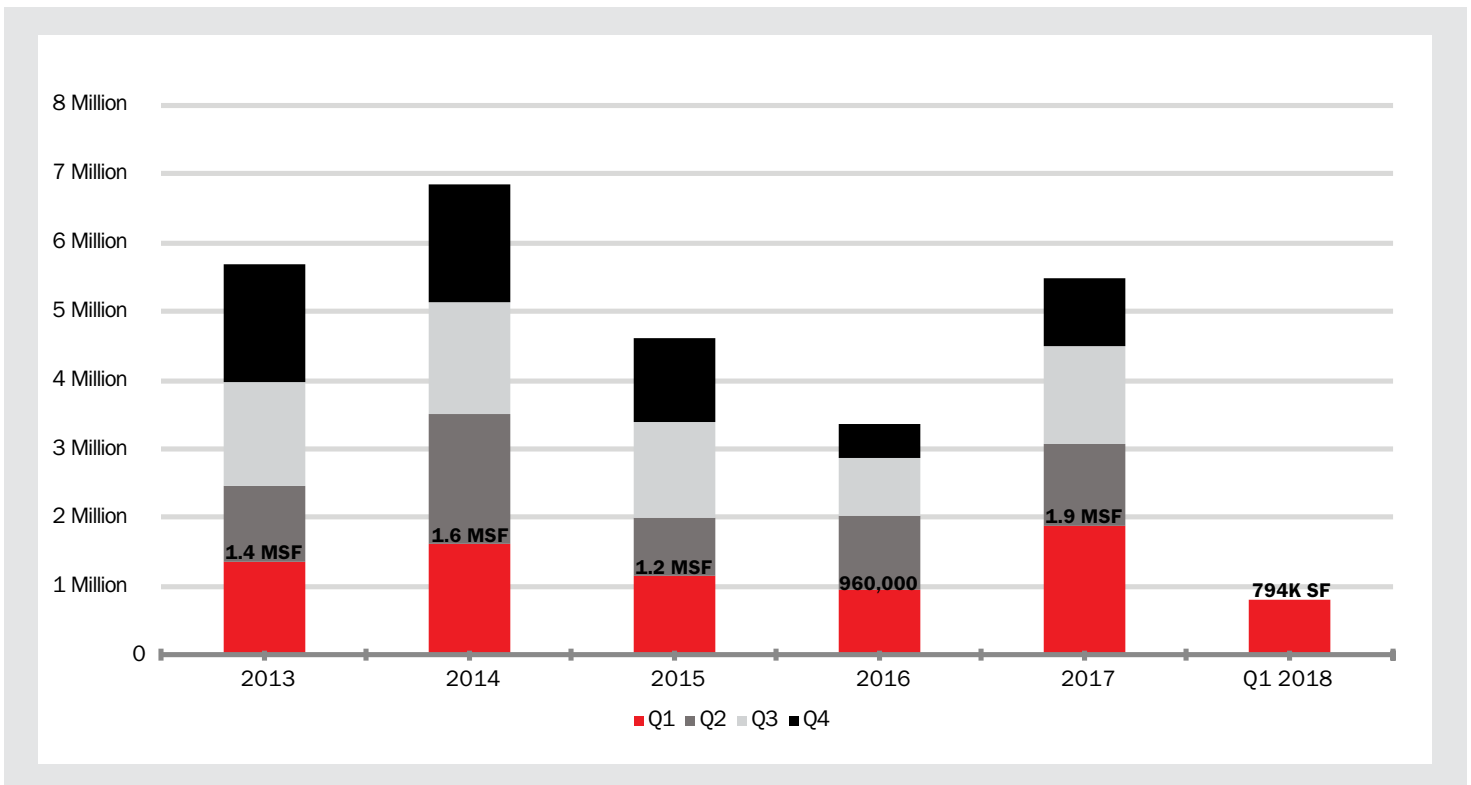
NEW LEASING SLOWS AFTER BUSY 2017

Lower Manhattan's leasing market slowed in early 2018, taking a pause after a year of impressive volume and major relocation announcements. Lower Manhattan recorded 794,000 square feet of new activity in the first three months of the year, according to CBRE. This reflects a 58 percent slowdown from this time last year and is 37 percent below the five-year quarterly average. With new activity sparse, renewal activity generated the largest deals of the quarter. Lower Manhattan logged 383,000 square feet of renewal deals in the first quarter. Two ranked among the top citywide deals in the first quarter.

The coming months are expected to yield several exciting developments in the market, including the opening of 3 World Trade Center. GroupM's agencies, including Mindshare, MEC, MediaCom, Maxus & ESP, are expected to begin moving in July to the 2.5 million-square-foot tower. McKinsey's 184,000-square-foot lease at 3 World Trade Center is anticipated to close in the second quarter.

LOWER MANHATTAN YTD LEASING ACTIVITY, 2013 - Q1 2018

Source: CBRE



MAJOR LOWER MANHATTAN TENANTS RECOMMIT TO LOWER MANHATTAN

In contrast to 2017, the largest deals in the first quarter came from tenants renewing in the Lower Manhattan market as opposed to major inflow from other markets or significant moves within Lower Manhattan. **Omnicom Media Group**, one of Lower Manhattan's largest TAMI tenants and one of the "Big Four" advertising groups in the world, inked the largest deal in Lower Manhattan and the second largest deal citywide in the first quarter. Omnicom renewed its 287,500-square-foot footprint in 195 Broadway for an additional 15 years. Including a short term space currently held at 7 World Trade Center, their Lower Manhattan footprint is approximately 327,000 square feet.

The advertising industry has been especially active in the past several quarters as the industry continues to move southward, following suit with major players in print, digital media and broadcasting. Two of the other "Big Four" finalized deals to relocate to Lower Manhattan offices in the past year. In the third quarter of 2017, the **Stagwell Group**, an investment firm that owns digital marketing, communications, and advertising companies including SKDKnickerbocker, PMX Agency, and Code and Theory, signed a lease at One World Trade Center and recently moved into their new 83,955-square-foot headquarters in Lower Manhattan. In the fourth quarter of 2017, **Momentum Worldwide** announced plans to relocate from Hudson Square this spring to 58,000 square feet in 300 Vesey Street.

Bank of America/Merrill Lynch signed the second largest deal of the quarter, with its 189,127-square-foot renewal at Brookfield Place (225 Liberty Street). The bank has had offices in Lower Manhattan since 1997 and will continue to be one of Lower Manhattan's largest financial sector tenants, even as it downsizes from about 309,000 feet. **The Elan Law Firm**, a personal injury and employment law firm, executed the third largest Lower Manhattan deal, with its renewal for 158,948 square feet in 217 Broadway.

FIRE SECTOR ACTIVE IN FIRST QUARTER

FIRE sector tenants were active in taking new space in the district. In the first quarter of 2018, FIRE accounted for 17.1 percent of new activity up from its 14.5 percent share in 2017 overall, according to Jones Lang LaSalle (JLL). **IEX**, a start up stock market and technology company, is moving within the World Trade Center campus and expanding to a new 44,931-square-foot office in 3 World Trade Center from its current 13,000-square-foot location in 4 World Trade Center. Founded in 2012, the company has moved several times within the district

LOWER MANHATTAN TOP LEASES, Q1 2018

Source: Downtown Alliance, CBRE, JLL, CoStar, Colliers International

	Tenant Name <i>Location</i>	SF Leased <i>Transaction Type</i>	Sector
1	Omnicom Media Group 195 Broadway	287,500 Renewal	TAMI, Advertising
2	Bank of America/Merrill Lynch 225 Liberty Street	189,127 Renewal	FIRE
3	The Elan Law Firm 217 Broadway	158,948 Renewal	Professional Services, Law
4	IEX 3 World Trade Center	44,931 Moving within LM and Expansion	FIRE
5	Scotiabank 250 Vesey Street	44,238 Expansion	FIRE
6	New York Liquidation Bureau 180 Maiden Lane	43,138 Moving within LM and Downsizing	Government
7	Telaria 222 Broadway	26,664 Relocation	TAMI, Technology
8	WeWork 115 Broadway	20,771 Expansion	Professional Services, Coworking
9	Pico Trading 32 Old Slip	20,448 Moving within LM	FIRE
10	Aptiv One World Trade Center	16,942 Relocation	TAMI, Technology
11	Premium Merchant Funding 55 Water Street	16,000 Moving within LM	FIRE
12	Knotel 1 State Street	14,793 Expansion	Professional Services, Coworking
13	Salem Media of New York 111 Broadway	14,417 Moving within LM	TAMI, Media
14	Fullstack Academy 5 Hanover Square	13,950 Renewal	Education
15	Kensho Technologies One World Trade Center	12,339 Expansion	TAMI, Technology

and grown significantly since their initial 2013 3,600-square-foot lease at 7 World Trade Center. In addition, **Scotiabank** expanded its footprint at Brookfield Place and subleased a full floor from Hudson's Bay Company at 250 Vesey Street. With this 50,000 square-foot expansion, their total footprint in the building is now about 150,000 square feet. Finally, **Pico Trading**, a financial technology company, signed a lease for 20,448-square-feet in 32 Old Slip and will be moving from 120 Wall Street.

COWORKING IS STEADY SOURCE OF NEW ACTIVITY

In the first quarter, coworking continued to account for a solid share of new leasing activity in Lower Manhattan, mirroring the industry's strength citywide. According to JLL, Business Services (largely defined as coworking and flexible office providers) accounted for 8.5 percent of all new leasing activity in Lower Manhattan completed in the first quarter. Activity was driven by existing providers expanding in place. This industry has accounted for an annual average of about 10.8 percent of all new leasing activity for the past six years and the industry's footprint within the district continues to expand. Shared office and coworking providers now occupy an estimated 1.8 million square feet in the district, a 240 percent increase from 2014. Among the expansions logged in the first quarter:

- **WeWork** signed a lease for an additional 20,771 square feet in 115 Broadway, where they now occupy a total footprint of about 100,000 square feet.
- **Knotel** signed a lease for another 14,793 square feet in 1 State Street, bringing their total presence to 61,000 square feet in this property.

SMALLER TAMI TENANTS DRIVE LEASING IN KEY BUILDINGS

Lower Manhattan logged a slew of TAMI deals under 30,000 square feet. This was particularly evident at One World Trade Center and several recently repositioned buildings in the district. Overall, six of the top ten relocation deals inked were in the TAMI sector with activity coming from both startups and established companies. **Telaria**, a software company focused on internet hosted video content, completed the largest relocation deal of the quarter and will be moving from Midtown to a 26,664-square-foot office subleased from Condé Nast in 222 Broadway.

One World Trade Center has continued to experience robust leasing from smaller tenants taking space in the building's 360,000 square feet of prebuilt floors with three such relocation deals completed in the first quarter, including two in the TAMI

1.8 MILLION SF

Coworking/Shared Office Footprint in Lower Manhattan

LOWER MANHATTAN TOP RELOCATIONS, Q1 2018

Source: Downtown Alliance, CBRE, JLL, CoStar, Colliers International

	Tenant Name <i>Location</i>	SF Leased <i>Previous Location</i>	Sector
1	Telaria 222 Broadway	26,664 Midtown	TAMI, Technology
2	Aaptiv One World Trade Center	16,692 Midtown	TAMI, Technology
3	Crime Victims Treatment Center 40 Exchange Place	8,630 Midtown	Nonprofit
4	FundKite 88 Pine Street	8,235 Midtown	FIRE
5	Fractal Analytics 88 Pine Street	7,822 Jersey City	TAMI, Technology
6	JSM Music 30 Broad Street	7,176 Midtown South	TAMI, Media
7	RMC Corp One World Trade Center	6,584 Long Island	FIRE
8	DY Consultants Inc. 40 Wall Street	4,236 Long Island City	Professional Services, Engineering
9	Park Literary & Media 55 Broadway	3,704 Midtown South	TAMI, Media
10	Wolf-Kasteler Public Relations 40 Exchange Place	3,600 Midtown	TAMI, Public Relations

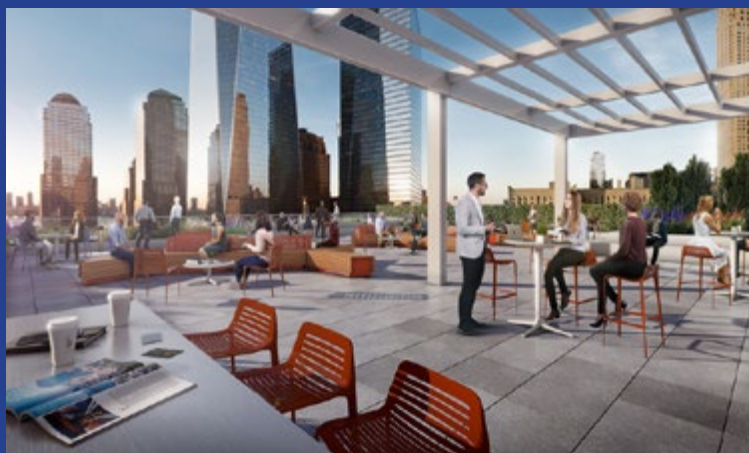
sector. Overall, One World Trade Center has executed about 194,000 square feet of activity over the past four quarters with more than half of the volume coming from seven deals under 19,000 square feet. The building is now 77 percent leased. In the first quarter, **Aaptiv**, a digital fitness mobile application developer, signed a 16,962-square-foot lease at One World Trade Center on the 49th floor and will be moving from Midtown South. **Fractal Analytics**, an analytics and data strategy firm, is moving from Jersey City to One World Trade Center after signing a deal for a 16,942-square-foot prebuilt unit.

TAMI tenants have also been attracted to other properties across the district that have benefited from recent investment. **JSM Music**, a music production company for the advertising industry, will be moving from Midtown South to 7,162 square feet in the newly repositioned 30 Broad Street. **Wolf-Kasteler Public Relations**, a firm focused on entertainment and philanthropic clients, is moving from its Park Avenue South offices to 40 Exchange Place, another recently repositioned Class B property in Lower Manhattan. Finally, **Park Literary & Media**, a marketing agency focused on authors, inked another of the first quarter's smaller relocation deals. They will be relocating to 3,704 square feet in 55 Broadway (One Exchange Plaza) from Midtown South.

3 World Trade Center Opening June 2018

3 World Trade Center is expected to open in June 2018, becoming the latest addition to the World Trade Center complex to reach completion. Between One World Trade Center, 4 World Trade Center and 3 World Trade Center, there is now more than 7.8 million square feet of office space currently built at the complex. The 80-story tower designed by Richard Rogers is the second-tallest on site following the 104-story One World Trade Center.

Currently, the tower is leased by two firms, GroupM, whose various media agencies will occupy 700,000 square feet starting in July, and IEX, who signed a lease for 44,931 square feet in the first quarter to move and expand their office from 4 World Trade Center. In late 2017, McKinsey & Co. announced that it will be relocating from Midtown East to 184,000 square feet in 3 World Trade Center. After the deal closes (expected in the second quarter), the tower will be 37 percent leased.



McKinsey & Company

group *m* iex

VACANCY RATE BELOW 10 PERCENT FOR THE 5TH CONSECUTIVE QUARTER

Lower Manhattan's overall vacancy rate is down year-over-year and has remained below 10 percent for five consecutive quarters, despite inching up slightly to nine percent in the first quarter of 2018 according to Cushman & Wakefield. Meanwhile, the overall vacancy rate in Midtown South dropped to 6.5 percent last quarter. Midtown's overall vacancy rate dropped to 9.3 percent, after a strong quarter of above average new leasing activity. Lower Manhattan's overall vacancy rate still remains lower than that of Midtown.

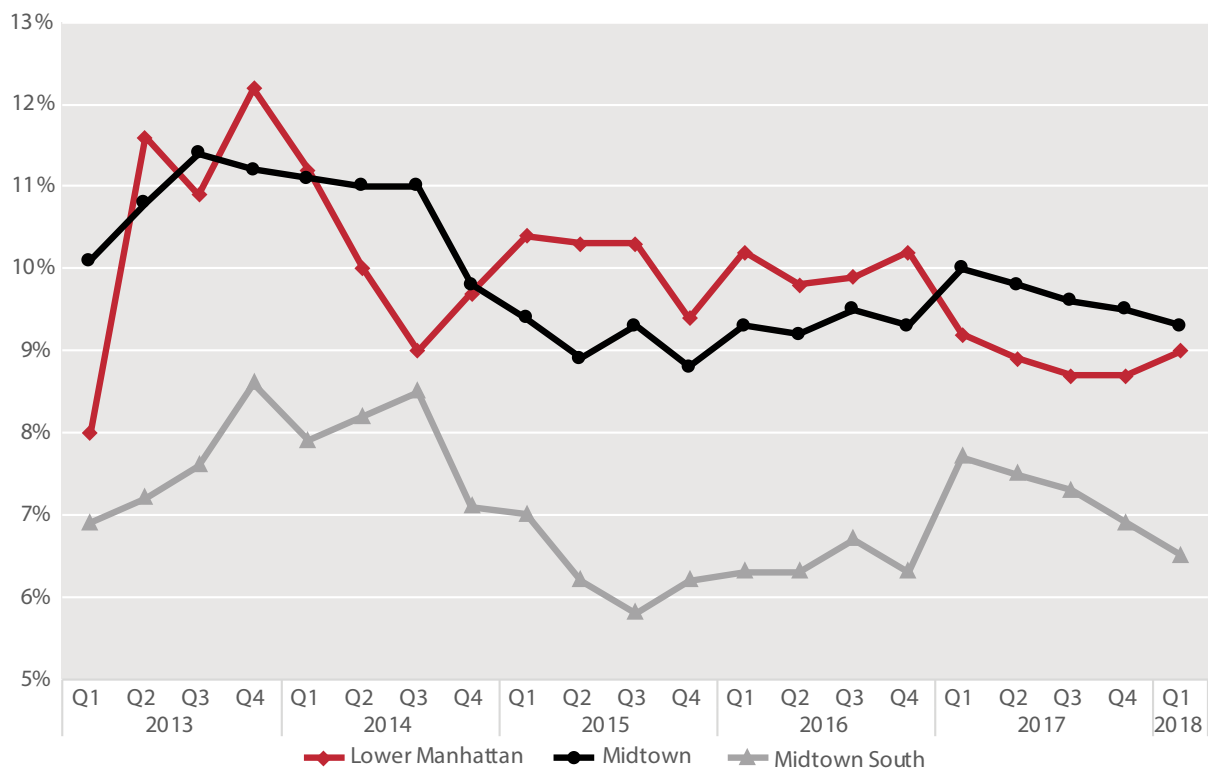
In Lower Manhattan, the overall vacancy rate rose slightly in the first quarter with the addition of several significant Class A blocks of space. More than 114,000 square feet at 120 Broadway was added to the market. The New York State Attorney General is giving back this space in anticipation of their spring move to 28 Liberty. In addition, 81,642 square feet in the base of 1 Liberty Plaza became available in the first quarter from the Royal Bank of Canada.

While the World Trade Center submarket has comprised a significant amount of overall vacancy in Lower Manhattan over the past several years, its vacancy rate is now 9.7 percent, the lowest level since the first quarter of 2013. Although poised to rise when 3 World Trade Center opens its doors, this submarket has recorded impressive absorption over the past several years. Brookfield Place, also included in this submarket, has experienced a significant lease-up over the last several years. With over nine million square feet, the complex has under 272,000 square feet available to lease, down significantly from several years ago. In the first quarter of 2018, this submarket's vacancy rate posted its fifth consecutive quarter of decline and is now down a dramatic 5.4 percentage points in just two years.

9% 5th Consecutive Quarter
with Vacancy Rate Below
10 Percent

OVERALL VACANCY RATES BY SUBMARKET, Q1 2013 - Q1 2018

Source: Cushman & Wakefield



Large Blocks Available in World Trade Center and East of Broadway

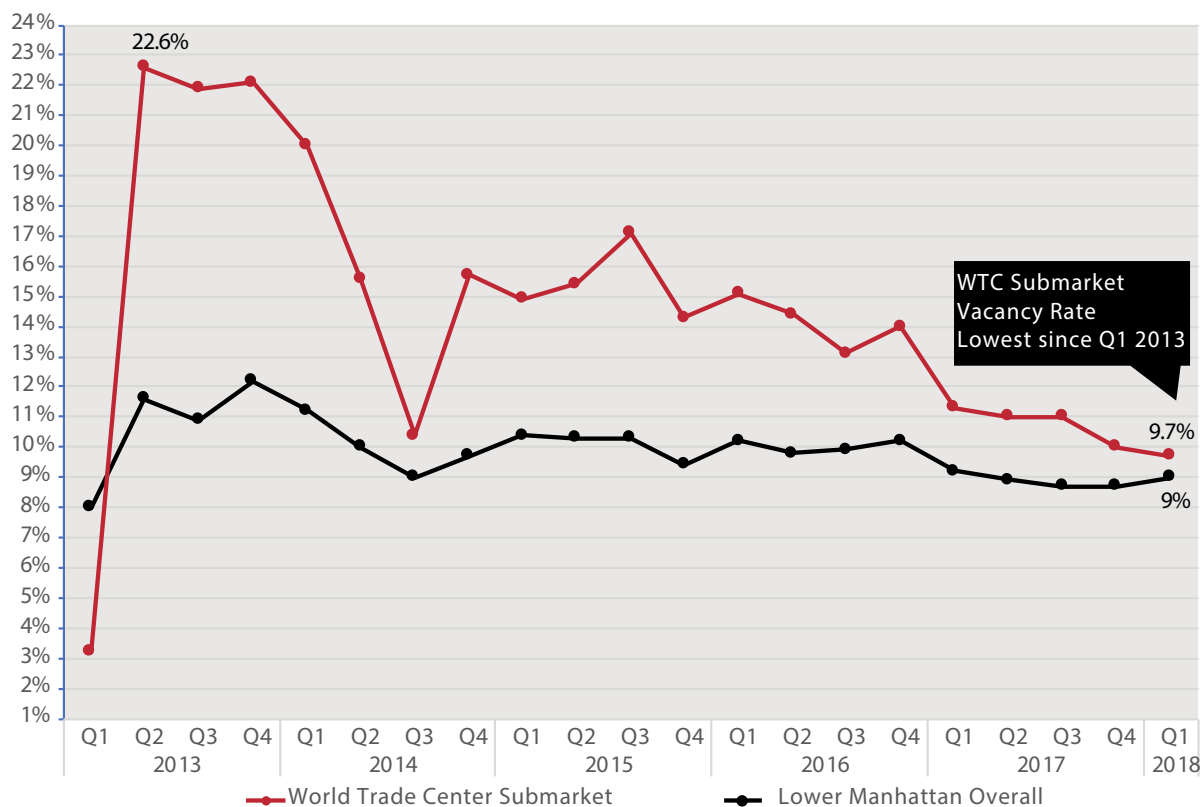
Currently, the largest blocks of availability are concentrated in Class A space in the World Trade Center submarket and east of Broadway in the Financial East submarket, where there is about 2.1 million square feet and 3 million square feet of total office space available now and within the next six months, respectively. They include:

- The largest block of space in Lower Manhattan remains at **3 World Trade Center**, which has not been added to statistics yet, according to Cushman & Wakefield. The 2.5 million-square-foot tower is expected to open in June and currently has about 1.6 million square feet available to lease.
- More than 720,000 square feet is now available at **One World Trade Center**, after recording about 27,000 square feet of activity since the beginning of 2018.
- There is currently about 568,000 square feet available in **55 Water Street**, the city's largest office building by floor area, including a 269,764-square-foot contiguous block of space.

- Another Water Street property, **199 Water Street**, is marketing a large block of space, after several tenants signed leases to move elsewhere in the district. The 1.2 million-square-foot tower has about 450,000 square feet available as of the first quarter of 2018.
- **28 Liberty Street** has about 440,000 square feet available now and within the next six months, with about another 440,000 square feet anticipated to become available by the end of the year.
- **120 Broadway** is marketing about 436,000 square feet largely concentrated in the base of the building, which contains space given up by the New York State Attorney General with their move to 28 Liberty.
- **110 William Street** also holds one of Lower Manhattan's largest blocks of space after the New York City Economic Development Corporation and Department of Small Business Services announced a move to 1 Liberty Plaza last year. 110 William currently has about 409,000 total square feet on the market for lease.

WORLD TRADE CENTER SUBMARKET AND OVERALL LOWER MANHATTAN VACANCY RATE, Q1 2013 - Q1 2018

Source: Cushman & Wakefield



LOWER MANHATTAN ASKING RENTS STABILIZE, CONTINUE TO OFFER EXCELLENT VALUE

Lower Manhattan asking rents showed signs of stabilizing in the first quarter as the overall average asking rent held steady around \$60 per square foot for the tenth consecutive quarter. Class B rents dipped slightly for the first time in six quarters.

At the end of the first quarter, Lower Manhattan's overall average asking rent was \$59.70, down less than 1 percent from last quarter. Similarly, the Class A asking rent remained relatively stable, ranging only between about \$61 and \$63 since the first quarter of 2015.

In the first quarter, while Class B rents dipped slightly from the end of 2017 to \$55.20, they were still at near-market peaks. Class B asking rents are still up 5.9 percent from the first quarter of 2017 with the addition of higher priced spaces at several repositioned buildings over this time period. With these changes, the difference between Lower Manhattan's Class A and B asking rents for available space on the market has increasingly narrowed. Currently, the average asking rent for available Class A space is just \$7 above the average asking rent for Class B space on the market.

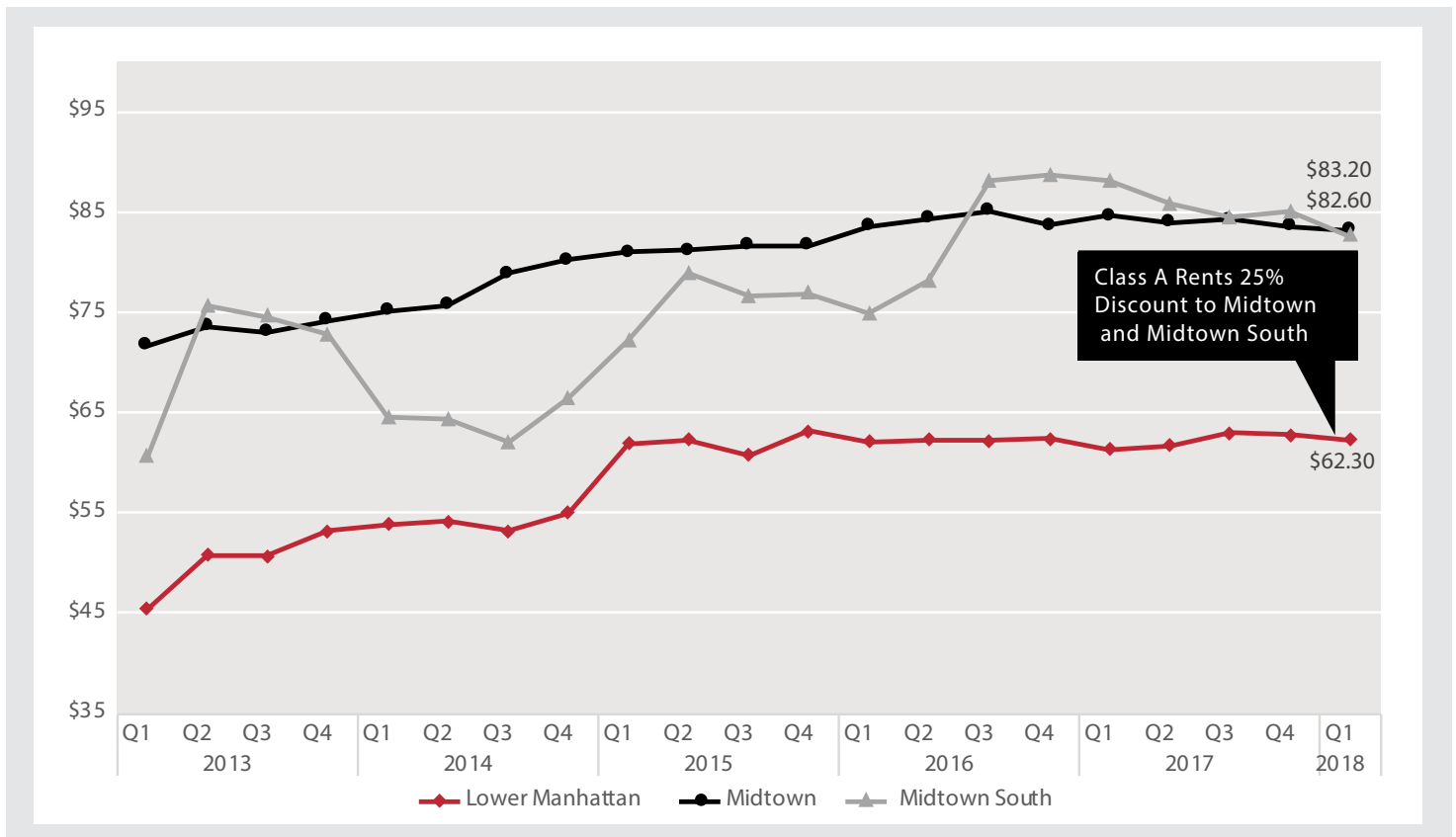
Class A space in Lower Manhattan continues to offer excellent value as compared to asking prices for Class A space in other parts of Manhattan. Lower Manhattan offers about a 25 percent discount to asking rents in Midtown and Midtown South for available spaces on the market. Lower Manhattan's average Class A asking rent will likely tick up with the addition of available space at 3 World Trade Center next quarter, but average asking rents are also anticipated to be on the rise elsewhere in Manhattan as the rest of the market continues to absorb record levels of new construction.

Overall Average Asking Rents

Lower Manhattan	\$59.70
Midtown South	\$69.10
Midtown	\$77.10

CLASS A ASKING RENTS BY SUBMARKET Q1 2013 - Q1 2018

Source: Cushman & Wakefield



FIRST QUARTER PROPERTY SALES

Investment sales activity was light in Lower Manhattan during the first quarter. Two closed deals were recorded in the residential and hotel sectors. An office deal was announced but has not yet closed. These deals are:

- Shamin Hotels, a Virginia-based hotel investor, purchased its first New York City hotel, the **Hampton Inn Manhattan/Downtown-Financial District** at 32 Pearl Street, for \$32.4 million or about \$400,000 per hotel room key, from Hersha Hospitality Trust. Hersha purchased the existing site in 2011 for \$28.7 million and completed the addition of several floors to the existing property and its conversion to a 81-room Hampton Inn, which opened in 2014.
- Hidrock Realty purchased **112 Liberty Street**, an existing 13-unit residential condominium with a retail condominium at the base, for \$38.5 million from David M Baldwin Realty. The building is currently 40,089 square feet and includes 26,073 square feet of residential square footage and 14,016 square feet of retail at the base. Three retail tenants, Ho-Yip, Essex Cafe and a nail salon, currently occupy the retail space. The building is located on the block directly south of 4 World Trade Center and is located between 114 Liberty Street, a 14-unit residential condominium building, and 112 Trinity Place, a 13,300-square-foot mixed use building which includes a Burger King, and fronts Zuccotti Park. Building plans have not been finalized but the property has about 51,423 square feet of unused FAR according to city records.
- GFP, a private real estate company formerly known as Newmark Holdings, and the Northwind Group, a Manhattan-based real estate owner and investor, signed a contract to purchase **7 Hanover Square**, a 846,415-square-foot office building for \$310 million or about \$366 per square foot from Guardian Life Insurance Company. Guardian Life Insurance Company has been a tenant in the property since 1998, but exercised a \$147 million purchase option in their lease in mid-2017 and will be vacating their space and relocating to a 148,000-square-foot sublease with Coach at 10 Hudson Yards in late 2019. While the deal has not closed, the potential new owners are expected to maintain the property's office use and reposition for new tenants.



112 Liberty Street

Hidrock Properties purchased this mixed-use building which includes residential condominiums and a retail condominium at its base, for \$38.5 million. The building is directly adjacent to 4 World Trade Center and is expected to be redeveloped but official plans have not been announced. Hidrock developed the nearby Courtyard New York Downtown Manhattan/World Trade Center at 133 Greenwich Street. They sold the hotel in 2017 but retain ownership of the 2,600-square-foot retail condominium at its base.

RETAIL MARKET

New Openings and Announcements

Lower Manhattan retail continued to expand in the first quarter of 2018. Westfield World Trade Center and Brookfield Place have been joined by new retailers in the Seaport District, as well as other locations across the district. By the end of 2019, Lower Manhattan will have more than 7.28 million square feet of retail – an expansion of 2.92 million square feet since 2014.

Over the past few months, a variety of shops opened their doors at **Westfield World Trade Center**, including **Nunu Chocolates**, **XpresSpa** and **Duane Reade**. An entirely new restaurant collection is on the horizon when 3 World Trade Center is completed later this year.

At **Brookfield Place**, David Chang's **Fuku** opened in Hudson Eats, while **Seamore's** announced it will open its popular seafood eatery along Vesey Street this summer. **Sant Ambroeus**, the fashionable Italian restaurant, will also open later this year.

The **Seaport District** is gearing up for a busy 2018 with a number of its shops and eateries, as well as the newly reconstructed Pier 17, expected to open. **DITA Eyewear** recently opened along Fulton Street, while **ESPN** unveiled their new production studios on Pier 17. **Andrew Carmellini's** Noho Hospitality Group announced they will open an 11,000-square-foot restaurant on Pier 17, joining restaurants by **Jean-Georges Vongerichten** and **David Chang**. **Live Nation** was also announced as the exclusive promoter of the 3,400-person rooftop entertainment venue atop Pier 17. Rooftop concerts are anticipated to begin in August.

With 24 new retailers opening in Lower Manhattan in the first quarter, the district now has 1,190 stores and restaurants. The eateries and retailers that opened in the first quarter include:

- **Alley Cat Amateur Theatre**, a subterranean cocktail bar and speakeasy, in the lower level of The Beekman Hotel at 5 Beekman Street;
- **Sugar Momma**, a casual restaurant and cocktail bar, opened at 15 Cliff Street. During the day, the space doubles as the Hole in the Wall cafe and coffee shop;
- **The Lovelace**, a gin and cocktail bar from the Porterhouse Brewing Company, opened at 66 Pearl Street (at Coenties Slip);
- **The Dead Rabbit**, the award-winning cocktail bar at 30 Water Street, announced it is doubling its space, taking over an adjacent, vacant retail spot with an anticipated opening this fall;
- **Chick-fil-A**, opened a four-story location at 144 Fulton Street;
- **GFG Bakery**, a Greek bakery and cafe, opened at 168 William Street. Another location will open soon at 32 Broadway; and
- **Crunch Fitness**, relocated from John Street to a larger, lower level space at 140 Broadway (facing Nassau Street).



Courtesy of The Beekman Hotel

The Alley Cat Amateur Theatre, a cocktail bar & lounge, opened in The Beekman Hotel at 5 Beekman Street.



Courtesy of Sugar Momma

Sugar Momma, a restaurant & cocktail bar, opened at 15 Cliff Street. The space doubles as the Hole in the Wall coffee bar during the day.



Courtesy of The Lovelace

The Lovelace, a cocktail bar from the Porterhouse Brewing Company, opened at 66 Pearl Street (at Coenties Slip).

TOURISM & HOSPITALITY

Record Year for Tourism

Lower Manhattan continues to be a growing destination for tourists. In 2017, approximately 13.6 million tourists visited Lower Manhattan, up nearly eight percent from 2016¹. An estimated 17.4 million unique visitors (a figure including residents of New York City and the surrounding area who don't work or live in Lower Manhattan) visited the district in 2017 – a 17 percent increase from 2016. Visitors from throughout the city and tri-state area were likely drawn to well publicized new destinations such as the Oculus, helping to drive the substantial increase in unique visitors last year. As a whole, New York City welcomed a record 62.8 million tourists in 2017². This was an increase of 2.3 million over 2016. See callout on next page for further detail.

Hotels Check-in to Lower Manhattan

At the end of the first quarter, there were 7,000 rooms in 32 hotels throughout Lower Manhattan. In late March, the Ritz Carlton Battery Park at 2 West Street was rebranded as The Wagner Hotel at the Battery. GHC Development announced a \$65 million plan to convert the vacant American Stock Exchange building at 123 Greenwich Street into retail space and a hotel.

With 14 hotels and more than 2,000 hotel rooms currently under construction or in the development pipeline (including 1,200 rooms in eight hotels expected to open in the 2018), inventory is expected to increase by up to 29 percent in the next few years. If all projects continue as planned, the hotel inventory in Lower Manhattan will reach 9,048 rooms by 2020.

Occupancy and Average Daily Room Rate Up Year-Over-Year

The first quarter's **average occupancy rate** was 79.5 percent – slightly below the citywide average. The occupancy rate of Lower Manhattan hotels increased by 1.5 percentage points over the past year, even as the local market added over 1,700 hotel rooms since the beginning of 2016. Lower Manhattan's **average daily room rate** (ADR) in the first quarter of 2018 was \$215, up 2.2 percent year-over-year, as newer luxury hotel properties gained steam. New York City's ADR, about \$13 more than Lower Manhattan's ADR, also increased slightly, by 3.5 percent year-over-year to \$228³.

Demand appears to be keeping pace with the growing supply of hotels in Lower Manhattan. Occupancy is growing, especially in select service hotels, helping to absorb the district's growing supply of rooms, while stronger performance in room rates can be attributed to newer luxury hotel properties, like the Four Seasons Downtown and The Beekman Hotel, entering the local market. Positive signs on the horizon include growing tourism, expanded retail and restaurant offerings, and new and repositioned office product which are expected to continue to drive business and leisure travel.

LOWER MANHATTAN HOTEL DEVELOPMENT PIPELINE

Source: Downtown Alliance

	Hotel & Address	Owner/Developer	Rooms	Floors	Open Date
1	The Assemblage 17 John Street	Prodigy Network	81	23	2018
2	The Arzezen Hotel 24 John Street	Westbury Realty Associates	89	21	2018
3	Mr. C Seaport 33 Peck Slip	Atlantic Pearl/Cipriani	66	5	2018
4	Marriott Residence Inn 215 Pearl Street	Lam Group	120 (upper floors)	40	2018
5	Courtyard by Marriott 215 Pearl Street	Lam Group	200 (lower floors)	40	2018
6	AC Hotel Marriott 151 Maiden Lane	Fortis Property Group	271	33	2018
7	Moxy Hotel 26 Ann Street	Tribeca Associates	298	26	2018
8	TBD Hotel 11 Stone Street	Premier Emerald LLC	143	27	2018
9	Hotel Indigo 120-122 Water Street	Atlas Hospitality	122	31	2019
10	Hotel Indigo 8-12 Maiden Lane	10-12 MLane Inc.	190	25	2019
11	Aloft Hotel 50 Trinity Place	Fit Investment Group	173	29	2019
12	Boutique Hotel Battery Maritime Building	Centaur Properties/Cipriani	41	5	2020
13	TBD Hotel 265 Broadway	Roe Corporation	80	12 (of 42)	2020
15	TBD Hotel American Stock Exchange Building	Clarion Partners/GHC Dev.	174	14	TBD
Total Hotels in the Pipeline			14		
Total Hotel Rooms in the Pipeline			2,048		

¹ Source of Lower Manhattan tourism estimates: Audience Research & Analysis

² Source of New York City-wide tourism figures: NYC & Company

³ Source of New York City-wide hotel figures: CBRE Hotels / STR

\$215

Average Daily Room Rate (ADR) Up 2% Year-Over-Year in Lower Manhattan

Record Year for Tourism in Lower Manhattan

Beginning in 2012, the Downtown Alliance has worked with Audience Research & Analysis, a consulting firm, to conduct an annual survey and count of all unique visitors to the Lower Manhattan market.

The Downtown Alliance and the firm defined a unique visitor as anyone that does not work or live in Lower Manhattan (south of Chambers Street) and visits at least one of Lower Manhattan's many attractions and sites. This number includes domestic visitors, includes those visiting Lower Manhattan and any of its attractions from other parts of New York City and the metropolitan region, as well as international visitors. This method of counting is unique to the Downtown Alliance and was developed to understand growth in tourism, as well as visitor traffic from New Yorkers and residents of the surrounding region. Audience Research & Analysis prepares this annual unique visitor count using a combination of visitor/traffic counts at ticketed and non-ticketed attractions across the district as well as surveys of Lower Manhattan pedestrians.

NYC & Company, New York's official marketing and tourism organization, releases its own annual count of visitors to New York City using a methodology that differs from the Alliance. This count relies on a more textbook definition of domestic and international tourists. They define domestic tourists as any visitor coming from beyond 50 miles (outside of the New York metropolitan region) or staying overnight in a hotel. Thus, visitors from other parts of New York City or the greater metropolitan region are not incorporated in this count unless they stay overnight at a hotel in the city. International tourists are defined as non-US residents visiting New York City.

In 2017, Lower Manhattan recorded a strong increase in unique visitors from 2016, with over 17.4 million unique visitors. This reflects a 17 percent increase over the prior year. Our analysis found this increase was largely driven by increasing visitorship from New Yorkers and other residents of the metropolitan region.

In addition, the Downtown Alliance tracked the number of tourists visiting Lower Manhattan for the first time in order to develop an estimate that is comparable with NYC & Company's annual estimate and more closely aligned to their definition of a tourist. In 2017, Lower Manhattan welcomed 13.6 million tourists, defined as those visiting Lower Manhattan who live outside a 50-mile radius of New York City. This represents an 8 percent increase over 2016, outpacing growth in New York City tourism overall which was up four percent over the same time period. Tourist traffic grew at a slower rate than that of visitors to Lower Manhattan from New York City and the metropolitan region. With more to do in Lower Manhattan and additional attractions (notably in destination shopping and new restaurants), more locals, as well as tourists, are being drawn to this neighborhood.

13.6 MILLION

Tourists to Lower Manhattan in 2017



RESIDENTIAL MARKET

Inventory and Development Continue to Expand

Lower Manhattan has over 31,800 units in 330 mixed-use and residential buildings. The estimated population of approximately 61,000 held steady over the past year as several anticipated openings were delayed. Across existing residential buildings, approximately 58 percent are rentals, 35 percent are condos/co-ops and seven percent have an unknown tenure.

The pipeline of residential development includes over 980 units in eight buildings under construction (54 percent rental and 46 percent condo) with plans to open in 2018. Among them:

- **19 Park Place** - The narrow 21-story, 24 condominium tower, developed by ABN Real Estate, is wrapping up construction and expects a temporary certificate of occupancy in early 2018;
- **2 Park Place** - Alchemy Properties continues its conversion of the top 30 floors of the historic Woolworth Building. The Woolworth Residences will have 34 condo units;
- **20 Broad Street** - MetroLoft is undertaking the conversion of a 27-story office building adjacent to the New York Stock Exchange into 533 rental apartments. The building will also include the addition of 70,000 square feet of retail.
- **161 Maiden Lane** - Fortis Property Group continues construction on a 60-story, 80-condo unit tower, known as 1 Seaport. The property will also be adjacent to a new 271-room AC Hotel by Marriott. The hotel and condo tower both anticipate 2018 completions.
- **111 Murray Street** - Fisher Brothers and the Witkoff Group continue construction on a 62-story, 157-unit condo tower. The building, the site of a former St. John's University building, is expected to be completed in late 2018.
- **One Beekman Street** - Urban Muse began foundation work for a 25-story, 31-unit condo tower adjacent to City Hall Park, anticipating a late 2018 completion.

980 Residential Units in Eight Buildings Expected to be Completed in 2018.

LOWER MANHATTAN RESIDENTIAL DEVELOPMENT

Source: Downtown Alliance

Address & Building Name		Lease & Building Type	Units	Open Date
Rental Units Under Construction		TOTAL	1,352	
1	20 Broad Street	Rental Conversion	533	2018
2	19 Dutch Street	Rental New Construction	483	2019
Condo Units Under Construction		TOTAL	1,553	
1	19 Park Place	Condo New Construction	24	2018
2	2 Park Place Woolworth Residences	Condo Conversion	34	2018
3	161 Maiden Lane 1 Seaport	Condo New Construction	80	2018
4	49 Chambers Street	Condo Conversion	99	2018
5	1 Beekman Street	Condo New Construction	31	2018
6	111 Murray Street	Condo New Construction	157	2018
7	30 Warren Street	Condo New Construction	23	2018
8	45 Park Place	Condo New Construction	50	2019
9	125 Greenwich Street	Condo New Construction	273	2019
10	1 Wall Street	Rental/Condo Conversion	336/188	2019
11	23-31 Park Row	Condo New Construction	110	2019
12	77 Greenwich Street Former Syms site	Condo New Construction	90	2019
13	130 William Street	Condo New Construction	244	2020
14	45 Broad Street	Condo New Construction	150	2020
Condo & Rental Units In Development		TOTAL	402	
1	75-83 Nassau Street	Rental/Condo New Construction	197	2020
2	267 Broadway	Hotel/Condo New Construction	37	2020
3	183-187 Broadway	Rental New Construction	TBD	2020
4	102 John Street	Rental New Construction	92	TBD
TOTAL UNITS IN THE PIPELINE			3,307	

Note: Chart displays selected properties. For complete pipeline, please [click here](#).

Growth in Supply of Residential Rental Market

According to residential statistics published by Miller Samuel/ Douglas Elliman, the Lower Manhattan residential rental market continued to reach new records as the **median rent** increased to \$3,795, up only 0.5 percent from last quarter, but up six percent from the prior year. Meanwhile, Manhattan's overall median rent trended down slightly, at 2.4 percent year-over-year to \$3,295.

Residential Sales Market Cools Slightly

The residential sales market in Lower Manhattan cooled somewhat as the legacy contract pipeline ran dry this quarter. Large, super luxury sales at properties like 30 Park Place, skewed overall neighborhood figures in past quarters. The **median sales price** for co-ops and condos dropped to \$1.1 million, down nearly 15 percent from last quarter and 31 percent from the previous year. Similarly, Lower Manhattan's **average price per square foot** (PPSF) of \$1,398 saw a dramatic decrease of 19 percent over the past quarter and 35 percent from last year. Sales prices are now expected to trend closer to normal patterns of several years ago.

City Hall Park Emerges as Destination for Tony Residential & Hotel Projects

Several high profile residential and hotel projects have recast the area around City Hall Park into an in-demand mini-neighborhood within Lower Manhattan. In 1999, the 11-acre park reopened after a \$34.6 million restoration. The restoration added gardens, monuments, gas lamp posts and a signature fountain, as well as a rotating art program curated by the Public Art Fund. Beyond the park restoration, the area was well-suited for investment as a gateway between trendy Tribeca and the office towers of the Financial District and World Trade Center, as well as offering quick access to brownstone Brooklyn. Uninterrupted views and a historic building stock have added to the area's cachet.

The area has experienced a boom in new residential construction since the completion of the Frank Gehry-

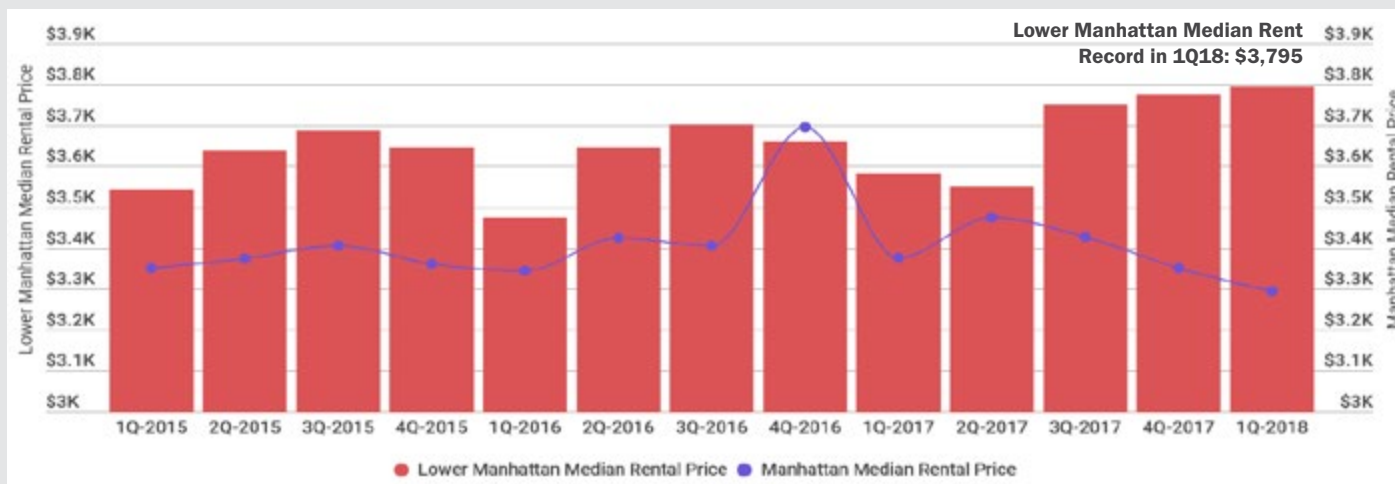
designed **8 Spruce Street** in 2012. More than 1,600 units in 10 new residential buildings will be added to this area by 2020. Notable buildings have undergone conversion, including the top of the Woolworth Building at **233 Broadway** and the former Emigrant Savings Bank at **49 Chambers Street**. High-profile luxury hotel and condominium projects were recently unveiled at **The Beekman Hotel** and **Four Seasons New York Downtown**. Along Park Row, several low-rise buildings that housed J&R Music and Computer World were demolished and will be replaced with a 25-story condo tower at **One Beekman Street** and a 54-story condo tower at **25 Park Row**. Pace University is also launching a \$190 million revitalization to its buildings at **One Pace Plaza** and **41 Park Row** as it transforms its campus to better connect to the neighborhood.



Photo by Will Steacy

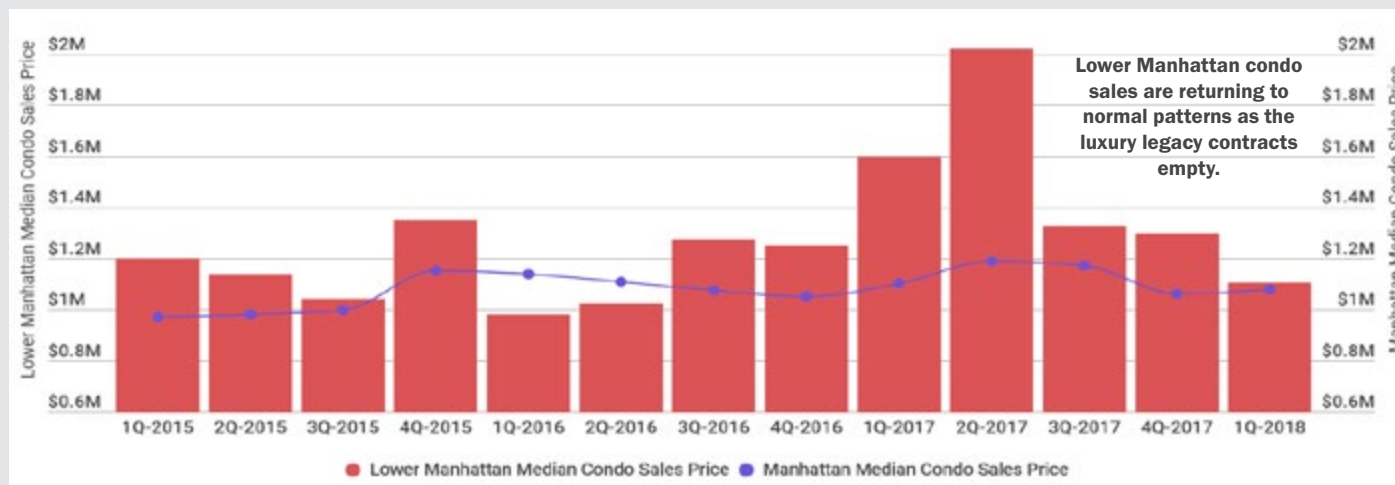
LOWER MANHATTAN MEDIAN RESIDENTIAL RENT, 1Q 2015 - 1Q 2018

Source: Miller Samuel/Douglas Elliman



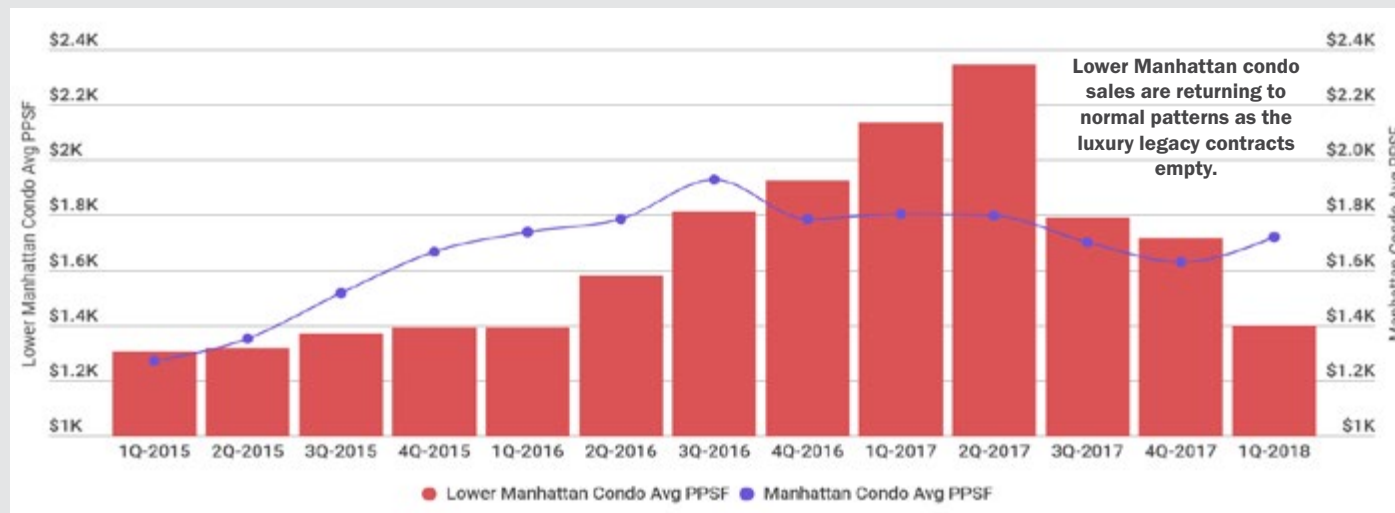
LOWER MANHATTAN MEDIAN CONDO SALES PRICE, 1Q 2015 - 1Q 2018

Source: Miller Samuel/Douglas Elliman



LOWER MANHATTAN AVERAGE SALES PRICE PER SQUARE FOOT (PPSF), 1Q 2015 - 1Q 2018

Source: Miller Samuel/Douglas Elliman



MAJOR PROJECTS UPDATE

World Trade Center

3 World Trade Center

The 2.5 million-square-foot office tower will be completed in June 2018. Anchor tenant GroupM Worldwide, including agencies Mindshare, MEC, MediaCom, Maxus & ESP, anticipates moving into its 690,000-square-foot space this summer. In the fourth quarter of 2017, management consulting firm McKinsey & Co. announced that it will be relocating from Midtown East to a 184,389-square-foot space in the building. Additionally, IEX, a stock exchange and technology start up, announced plans to move from a 13,000-square-foot space at 4 World Trade Center to a 45,000-square-foot space at 3 World Trade Center. After the McKinsey lease closes (expected in the second quarter), the office tower will be 37 percent leased.

The World Trade Center Transportation Hub

Three subway entrance openings on the east side of the World Trade Center Transportation Hub in late 2017 provide increased access to the World Trade Center E station near Vesey Street, and the Cortlandt Street R/W station from the Oculus and 4 World Trade Center. There is now a free connection between the E and R/W stations. The Cortlandt Street 1 Train station and an entrance to 3 World Trade Center are expected to open by late 2018. The temporary PATH station entrance has been demolished in preparation for the Ronald O. Perelman Performing Arts Center at the World Trade Center.

74 Trinity Place

Trinity Real Estate's 74 Trinity Place, a new 26-story, 310,000-square-foot office building, has begun to rise. The bottom five floors will be for community use, floors six through eight will be used for Trinity Church's offices and the remaining 17 floors will be rentable office space. The existing pedestrian bridge across Trinity Place will remain and eventually be reconnected to Trinity Church. The \$350-million-tower anticipates a 2020 completion.



The Ronald O. Perelman Performing Arts Center at the World Trade Center (The Perelman Center)

The Ronald O. Perelman Center for Performing Arts at the World Trade Center, known as the Perelman Center, signed a 99-year lease with the Port Authority in February 2018. The Perelman Center has raised \$295 million, or 82 percent of its expected \$363 million construction cost. In conjunction with the lease signing, the Port Authority will also receive \$48 million from the Lower Manhattan Development Corporation for below-grade construction.

Additionally, the board of directors of the Perelman Center announced the appointment of its first artistic director, Bill Rauch of the Oregon Shakespeare Festival.

The approximately 110,000-square-foot cube-shaped building will feature three theaters of varying sizes, which can be combined in different seating configurations and formats for an array of unique performance environments. The Perelman Center will be located at the site of the now demolished PATH entrance at Greenwich and Vesey streets, which closed when the World Trade Center Transportation Hub opened in summer 2016. The project began construction in fall 2017 and anticipates opening for the 2020-2021 season.

Visit www.downtownny.com/research-statistics 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:

Lower Manhattan Real Estate 2017 Year in Review, an annual real estate report providing a review of commercial office, retail, residential, hospitality and development projects happening in 2017.

Lower Manhattan: New York City's Premier Transit Hub, a report demonstrating the strength of Lower Manhattan as one NYC's premier multimodal hubs and needs/opportunities for future improvements.

An Untapped Market: Lower Manhattan's Young Professionals, a residential survey highlighting Lower Manhattan as a neighborhood of choice for young professionals in New York City, as well as ways to capture residents' robust appetite for dining out and entertainment.

Surging Ahead: Lower Manhattan's Economic Revival and What It Means For New York, a report on the major advances in Lower Manhattan's economy expected over the next five years as a result of post-September 11th investments and the area's status as a burgeoning center for some of New York City's highest value, most dynamic industries;

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



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