

Message

**From:** Douglas Larson [Douglas.Larson@cushwake.com]  
**Sent:** 8/5/2013 7:53:47 PM  
**To:** Jeff McConney [jmcconney@trumporg.com]  
**Subject:** RE: Sales  
**Attachments:** Midtown Class A Sales.xls; Midtown Class B Sales.xls; Properties on the Market.pdf; C&W NY CMG Market Overview - 2nd Qtr 2013 with Addenda.pdf; Downtown Office Building Sales.xls

Attached, please find the sales. I hope all is well.

Thanks, Doug

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**From:** Jeff McConney [mailto:jmcconney@trumporg.com]  
**Sent:** Monday, August 05, 2013 3:49 PM  
**To:** Douglas Larson  
**Subject:** FW: Sales

Hi Doug,

I hope you are well.

It's that time of year again. Would you be able to send me a current report similar to the one attached for Midtown Class A Buildings and also one for Downtown Class A Buildings (like 40 Wall Street).

Thanks in advance.

Jeff

**T R U M P**  
THE TRUMP ORGANIZATION

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**From:** Douglas Larson [mailto:Douglas.Larson@cushwake.com]  
**Sent:** Friday, September 21, 2012 12:28 PM  
**To:** Jeff McConney  
**Cc:** Rob Perrino; Robert Farwell  
**Subject:** Sales

**PX-3184**

Index No. 452564/2022 (AFE)

Jeff,

Attached are the NYC sales. Please reach out to Robert Farwell for San Francisco cap rates.

Thanks, Doug

**Robert F. Farwell, MAI**

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# Document Provided Natively

# Document Provided Natively



Properties on the Market								
Property	Type	SF	Pricing	PSF	Cap Rate	Comments	Seller	Broker
Empire State Building	Office	2,958,981	\$2,200,000,000	\$743		The property is 96% leased. As Malkin was preparing to turn the ownership structure of the property into a REIT, they have been receiving unsolicited bids for the asset, which has climbed from \$2 billion.	Malkin Properties	CBRE
5 Times Square	Office	1,101,779				The property was listed in 2011 but did not sell. The property was constructed in 2002. Ernst & Young occupies most of the building. AVR purchased the office tower in 2007 for \$1.28 billion and is looking to achieve a price north of what they paid for it. AVR financed the property with a \$1.1 billion loan from Wachovia Corp, that was sold to investors as a CMBS. The building's income was insufficient to cover interest payments for the first 5 years when the loan was created, however the cashflow will begin to cover interest payments start in 2012 with E&Y's rent increased and the 2008 lease signing to Sephora likely improved revenue.	AVR Realty	
Time Warner Center	Office	1,100,000	\$1,300,000,000	\$1,182		Time Warner Inc is in talks to buy a new world headquarters in one of two buildings in Hudson Yards and to sell its current space to real estate developer Related Cos for what could be more than \$1.3 billion. Time Warner is also speaking to other parties interested in buying its current headquarters if talks with Related fall apart. Related helped build the company's current space near Manhattan's Central Park. Related Cos is one of the developers building office towers on the 26-acre site. Time Warner is also speaking to Brookfield, another developer at Hudson Yards. All of Time Warner's employees in 15 buildings in the New York metropolitan area would move to the new headquarters, including workers at the Turner networks unit, cable channel HBO and the Warner Brothers movie studio.	Time Warner	Eastdil
95 Morton Street (Brickman Portfolio)	Office	203,412		\$0		Brickman Associates is shopping a 95% interest in three office properties that are worth as much as a combined \$450 million. The offering consists of the 306,000 SF Civica Office Commons in Belvue, Washington, the 215,000 SF building at 95 Morton Street in Manhattan and the 133,000 SF One Bowdoin Square in Boston. All are fully leased. C&W will consider bids for only the entire package. Brickman intends to retain a 5% interest in the properties, along with the management rights. The new partnership would assume \$213.1 million of existing debt.	Brickman Associates	C&W
10 East 53rd Street (Leasehold)	Office	388,864		\$0		An SL Green partnership is shopping the leasehold interest in 10 East 53rd Street. SL Green and Canada Pension Plan bought the property in 2012 for \$252 million. They plan to retain the underlying land and sell the 37-story tower. The building is 90% leased, but Harper Collins which leases 55% of the space plans to vacate when its lease expires June 2014 and relocate to 195 Broadway. So it is likely a buyer will reposition the building as either boutique office space or a high-end hotel or residential building. To avoid triggering a tax liability, the partnership won't technically structure the transaction as the sale of a leasehold interest, but rather will give a long-term operating lease to the buyer. SL Green holds a 55% interest, Canada Pension Plan a 45% interest. RE Alert calls the property 392,000 SF.	SL Green JV Canada Pension Plan	CBRE

Properties on the Market								
Property	Type	SF	Pricing	PSF	Cap Rate	Comments	Seller	Broker
247 West 28th Street	Multifamily	128 Units	\$115,000,000	\$898,438	4.5%	The joint venture bought the property in February 2012 for \$53 million. They quickly undertook a multi-million dollar renovation that included overhauls of the lobby, common areas, a new roof and windows, and the addition of a recreation room, furnished roof deck and other outdoor spaces. They also changed the property's name from the Clarendon to the Grayson. The building constructed in 1978 is now 97% leased.	Silverstone Property JV RWN Real Estate	HFF
501-511 West 43rd Street	Land / Development	150,475	\$85,000,000	\$565		The site between Tenth and Eleventh Avenues is approved for 190 units in two buildings that could rise a maximum of 135 feet, or about 10 stories. The recorded owner is McSam Hotel Group.	Magna Hospitality	HFF
7 Times Square	Office	1,238,797	\$1,500,000,000	\$1,211		Also known as Times Square Tower. The property is 99% leased. Constructed in 2004, the property's largest tenants are Ann Inc. (approx 300,000 SF) and Pryor Cashman (approx. 100,000 SF)	Boston Properties	Eastdil
125 Perry Street	Redevelopment	39,085	\$60,000,000	\$1,535		The property sits in the Greenwich Village Historic District. It is currently a multilevel parking garage built almost full. An investor would need to contemplate getting approval for a teardown and building new, or a conversion of the existing structure.	West Village House Development Fund Corporation	Massey Knakal
1334 York Avenue	Office	490,000	\$490,000,000	\$1,000		The Sotheby's headquarters located in the Upper East Side between 71st and 72nd Street. Sotheby's will fo a short-term sale leaseback of the property. In 2000, Sotheby's completed a \$150 million renovation of the asset, adding 6 floors to the originally 4-story building. A buyer could re-lease the property or raze it for ground-up development. The 40,500 SF site is zoned for multiple uses including residential, hotel, retail and office. (CoStar has the property listed as 406,110 SF).	Sotheby's	Eastdil
644 East 14th Street	Land / Development	66,000	\$20,000,000	\$303		The lot at 644 East 14th Street near Avenue C, has nearly 66,000 square feet of development rights. An additional 70,000 square feet of unused rights are potentially available from nearby parcels. They span 626 to 642 East 14th Street, and could be included with a zoning lot merger, allowing for the construction of two large residential or mixed-use towers. The site currently has a vacant one-story building on it.	Arun Bhatia Development Corp.	Avison Young
140-144 West 28th Street	Land / Development	145,000	\$45,000,000	\$310		Sovereign is pitching the Chelsea neighborhood property to hotel developers. The 7,600 SF lot, now used as a parking lot, is zoned for about 145,000 SF of commercial development.	Sovereign Partners	HFF
86 Chambers Street	Office Condo	114,000	\$55,000,000	\$482		The listing incorporates encompasses the first 7 floors of a 28-story building on the sothwest corner of Broadway and Chambers Street. The condominium is 93.5% leased according to CoStar. The rest of the building is a mix of residential rentals and condos.	Aion Partners	JLL
625 Madison Avenue	Leased Fee	535,000	\$400,000,000	\$748		Rare opportunity to acquire a leased fee interest in a spectacular Plaza District Manhattan location, 625 Madison Avenue. Spanning the full blockfront on the East Side of Madison Avenue between 58th and 59th Streets, 625 Madison is improved by a 17-story, 535,000 square foot Class A office and retail tower anchored by Polo Ralph Lauren. The building is owned and operated by SL Green Realty Corp. The ground lease offers significant inherent upside potential during the renewal periods, with the first renewal term commencing July 1, 2022.	Moses Ginsberg Estate	C&W
22 River Terrace	Multifamily	324 Units	\$265,000,000	\$817,901		Being offered as a value-add opportunity through a condo conversion strategy. 22 River Terrace, a 28-story, 324-unit luxury residential building located in Battery Park City.	Rockrose Development Corp	C&W
326-330 East 35th Street	Multifamily	60 Units	\$33,000,000	\$550,000	4.5%	A six-story building between First and Second Avenues. Mix of studios and 1-4 bedroom apartments. Most are market rate. The building was purchased in 2006 for \$5.8 million.	Croman Realty	Marcus & Millichap

Properties on the Market								
Property	Type	SF	Pricing	PSF	Cap Rate	Comments	Seller	Broker
247 West 30th Street	Office	67,975	\$35,000,000	\$515	4.3%	A pre-war office building with small floor plates. The Property is currently 98.3% occupied. There are two Interim Multiple Dwelling ("IMD") tenants occupying a total of 5,000 SF. Ownership has made a number of recent renovations including a refurbished neoclassical lobby, a new HVAC system, energy efficient windows and upgraded electrical systems. The two passenger elevator cabs have been modernized. These upgrades should limit near term capital expenditure requirements.	Infinity Realty JV Katz Properties	Brookfield Financial
151-161 Maiden Lane	Land / Development	249,242	\$65,000,000	\$261		Offers 249,242 SF of development potential. The 11,539 SF lot consists of an entire block on South Street and is the only waterfront development site for sale. The zoning allows for a building with no height restrictions, offering potential for great views. It's just two blocks south of the Pier 17-Southstreet Seaport Development. The site includes already acquired air rights.	Maiden Lane Development LLC	C&W
One Chase Manhattan Plaza	Office	2,200,000	\$800,000,000	\$364		Not on the market, Witkoff is trying to buy it off market. Nothing signed up, but negotiations rumored at roughly \$800M. Property is approx. 2.2 MSF. Witkoff is going to redevelop it into a mix of office, resi, hotel and retail. He is in talks to partner with Starwood and Winthrop if it goes through.	JP Morgan Chase	N/A
414 West 14th Street	Office	52,000	\$100,000,000	\$1,923	4.5%	The 6-story building encompasses 40,000 SF of office and 12,000 SF of retail. The sellers bought the property in 2007 for \$70M and put roughly \$20M into it to attract higher paying tenants. The weighted average remaining lease term is now 9 years, with no lease maturing before 2020.	Carlyle JV Sitt Asset Management	Studley
415 West Broadway	Office	39,000	\$40,000,000	\$1,026	3.0%	A retail/office building in SoHo. Tenants at the property are paying below market rents. Tenants include Bam Studio, Conchi's Co., Iced Media and Jamali Fine Art. The property was purchased in 2008 from the Kochendorfer family for \$28.5 million.	Willet Cos	JLL
444 Madison Avenue (Westbrook Portfolio)	Office	790,000				Westbrook Portfolio is selling 295 Madison, 444 Madison and 4 residential buildings. 295 Madison Avenue is under contract to the Eretz Group for \$210 Million. Total portfolio is estimated to be worth around \$1 billion. Both 295 Madison (300,000 SF) and 444 Madison (490,000 SF) were acquired in 2007 for \$180M and \$314M respectively. The residential buildings have a total of 750 rental units, and 50,000 SF of retail. The buildings are The Astor (235 West 75th Street), The Metro (301 West 53rd Street), LexLofts (90 Lexington) and 88 Lexington.	Westbrook Partners	Eastdil
The Astor (235 West 75th Street), The Metro (301 West 53rd Street), LexLofts (90 Lexington) and 88 Lexington (Westbrook Portfolio)	Multifamily	750 Units				Westbrook Portfolio is selling 295 Madison, 444 Madison and 4 residential buildings. 295 Madison Avenue is under contract to the Eretz Group for \$210 Million. Total portfolio is estimated to be worth around \$1 billion. Both 295 Madison (300,000 SF) and 444 Madison (490,000 SF) were acquired in 2007 for \$180M and \$314M respectively. The residential buildings have a total of 750 rental units, and 50,000 SF of retail. The buildings are The Astor (235 West 75th Street), The Metro (301 West 53rd Street), LexLofts (90 Lexington) and 88 Lexington.	Westbrook Partners	Eastdil
846-850 Avenue of the Americas	Land / Development	69,970	\$29,500,000	\$422		An irregularly shaped lot with 68' of frontage along Avenue of the Americas and 125' of frontage along West 30th Street. The corner site is currently improved with a 1-story retail building with parking on the roof in addition to a parking lot located mid-block between Broadway and Avenue of the Americas. The existing retail building is currently occupied by 4 tenants. The seller will deliver the property "as-is." Each tenant has a buyout clause within their lease. The gross annual revenue is approximately \$830,470 plus additional expense pass-through. The lot is approximately 6,997 square feet and lies in a C6-4X (R10X) zoning district, which has a Floor Area Ratio of 10.0. This zoning designation would allow approximately 69,970 total buildable square feet of commercial or residential uses. This presents a developer with various development options.	The Lam Group	Massey Knakal

Properties on the Market								
Property	Type	SF	Pricing	PSF	Cap Rate	Comments	Seller	Broker
452 Fifth Avenue	Office	865,000	\$750,000,000	\$867	5.0%	The US headquarters of HSBC, whom leases approx. 600,000 SF. The owner has received a number of unsolicited bids in the vicinity of \$750M and has decided to formally market the building. The valuation could be driven higher, because IDB Group plans structural changes that will enable the now-vacant upper three floors of the 30-story building to be leased. IDB paid \$353M in 2010 for the building and has spend another \$25 million on renovations and capital improvements. The property is roughly 94% occupied.	IDB Group	CBRE
555 West 25th Street	Office	43,200	\$27,500,000	\$637		A six-story plus lower level, office building located in West Chelsea. Rents are 50% below market. Ownership has never taken advantage of remeasuring the building, and implementing an aggressive leasing campaign.	Trolley Management	Massey Knakal
90 Fifth Avenue	Office	140,000	\$100,000,000	\$714		Forbes had a lease through 2020, but they bought out of the lease and the floors are now vacant. The property includes 26,000 square feet of retail space, of which a portion is leased to TD Bank. The New School occupies the second floor - can also be delivered vacant? Jamestown had a deal for the building that fell apart.	RFR Realty	JLL
245 Fifth Avenue	Office	315,000	\$250,000,000	\$794		The property is only 73% occupied. The 26-story building is on the southeast corner of 28th street. In-place rents in the building are 20% below market.	Moinian Group JV Joseph Sitt	JLL
41-14 Crescent Street, Long Island City, Queens (Crescent Club)	Multifamily	130 Units	\$85,000,000	\$653,846	5.5%	The 130-unit Crescent Club in Long Island City, Queens. Originally constructed to be condos, the original developers defaulted and a partnership between Simon Development Group and Meadow Partners acquired its defaulted \$51 million of debt and foreclosed on the developer last spring. The partnership completed construction and leased the property up.	Simon Development JV Meadow Partners	Easdil
304-328 West 33rd Street (The Olivia)	Multifamily	333 Units	\$425,000,000	\$1,276,276		The property sold for \$236M in 2005. It is 672,270 SF. It was built in 2000.	Stonehenge	
1412 Broadway	Office	416,757	\$250,000,000	\$600	4.2%	96% occupied, tenants include One Step Up (52,805 SF), Jones Apparel Group (49,385 SF), Escada (35,000 SF), Outer Stuff (33,650 SF).	Harbor Group	Eastdil
65 East 55th Street (Park Avenue Tower)	Office	615,857				100% leased, the largest tenant is law firm, Paul Hastings, occupies 250,000+ SF through June 2016.	Shorenstein Realty Services	Eastdil
1345 Avenue of the Americas & 605 Third Avenue (Recap 50%)	Office	2,970,000	\$1,250,000,000	\$842		A group of cancer research centers are offering 50% stakes in the Class A towers. The stakes in the two Manhattan buildings were part of a gift bestowed in 2006 by a foundation set up by billionaire Daniel Ludwig, a shipping magnate who died in 1992 and bequeathed most of vast wealth to cancer research. Under the terms of the donation, the real estate investments were to be liquidated in 2013, with proceeds going to six cancer centers. Fisher Brothers owns the other 50% of the building. 1345 Avenue of the Americas is leased to tenants that include AllianceBernstein, PIMCO and Avon. The property also includes the adjacent Ziegfield Theatre and a 340-space parking garage. 605 Third Avenue is leased to multiple tenants including Neuberger Berman, Neilsen Holdings and the Ludwig Institute for Cancer	Memorial Sloan Kettering / Harvard Medical School / John Hopkins / MIT / Stanford University / University of Chicago	Eastdil
470 Vanderbilt (Brooklyn)	Office	648,000	\$200,000,000	\$309		Sale of the leasehold interest. 10-story office office building in the Fort Greene part of Brooklyn. At \$200M our valuation shows a 3.7% cap rate, RE Alert is reporting a 7% cap rate.	Starwood JV GFI	Eastdil
1910 Broadway	Retail Condo	18,632	\$10,000,000	\$537		Retail condo, with 16 vacant apartment units on the upper floors. Can be bought separately or collectively. \$5M for each component. The retail condo is 8,752 SF (\$571 PSF).	Van Johnell Rlty Inc	Garmany of Red Bank
Gansevoort Park Hotel (Recap 49%)	Hotel	249	\$300,000,000	\$1,204,819		\$300M represents the full value of the property. Brand-new luxury hotel completed in 2010 at Park Avenue South and East 29th Street. Factoring in existing debt, a buyer would have to put up about \$70M of cash. The sellers will retain a controlling majority interest.	Gansevoort Hotel Group JV Centurion Capital	Carlton
4 East 46th Street	Land / Development	45,225	\$21,000,000	\$464		The ground floor is occupied by a restaurant, the rest of the 16,115 SF structure will be delivered vacant. The property has approximately 30,000 SF of air rights and totals 45,225 BSF.	Ed Friedman	Eastern Consolidated

Properties on the Market								
Property	Type	SF	Pricing	PSF	Cap Rate	Comments	Seller	Broker
448-452 Eleventh Avenue	Land / Development	213,300	\$39,500,000	\$185		9,875 SF lot, allowing an as-of-right development of 98,750 SF. An additional 114,550 SF of TDRs can be purchased through the District Improvement Fund Bonus and Eastern Rail Yards. Total potential 213,300. Basic value without purchase of additional air-rights is \$26M or \$260 PSF. With additional air-rights, less cost of purchasing air-rights, the value is \$39.5M or \$185 PSF based on 213,300 buildable.	Lehman Brothers	HFF
15 Cliff Street	Multifamily	156 Units	\$101,000,000	\$647,436		15 Cliff Street is a luxury building in the Insurance District. It features a 24 doorman with electronic package notification, landscaped entrance plaza with an on-site cafe, a 32nd story roof deck with 360 degree views and a fitness center.	Lalezarian Properties	CBRE
875 Third Avenue (Recap)	Office	704,778				Potential partial interest sale by one of Eastgate's partners. Eastgate bought the property in 2003 for \$361.26 million (\$513 PSF). Class A office building built in 1982. It is 97% leased.		
752 West End Avenue (The Paris)	Multifamily	197 Units	\$118,000,000	\$598,985	5.0%	Paris, a 197-unit rental building on the Upper West Side. The price would be significantly above what the sellers paid to Westbrook in 2010, when they bought property for \$72 million. The property is 95% occupied. 169 of the units are market, 28 are rent-regulated.	Clipper Equity JV Rieder Holdings	Eastdil
200 West End Avenue	Retail Condo	25,000	\$50,000,000	\$2,000	5.25%	The property, at West 70th Street, is fully occupied. Anchor tenant CVS leases 16,000 sf through 2024. Indoor-playground operator Apple Seeds, Bin 70 Wine and a dry cleaner fill the rest of the space. The weighted average remaining lease term is 12 years. The condo encompasses 13,000 sf at street level and 12,000 sf of underground space, at the base of a luxury residential building with 170 units. The property was developed in 2008 by Clarett Group.	Alto Private Investments JV Klein Group	HFF
Williamsburg Development Site (Brooklyn)	Land / Development	510,000	\$120,000,000	\$235		Plans call for the development of 500 market-rate apartments or condominiums, a 224-unit garage and a pier. All told, the site is entitled for the development of some 510,000 SF. The property would be the last phase of a four-building residential complex along the East River called the Edge. Two condominium towers, known as Northside Piers, were completed over the past five years. More than 90% of their 565 total units had been sold as of this summer. Construction on the remaining 509-unit apartment building was recently started by a partnership among Douglaston, AIG and San Francisco fund shop MacFarlane Partners.	Douglastown Development JV JP Morgan Asset Management	HFF
341-347 Madison Avenue	Land / Development	534,537	\$165,000,000	\$309		In 1Q13 C&W will be soliciting proposals for a 99-year net leasehold interest of the land and improvements at 341-347 Madison Avenue. The site offers a full block-front on Madison Avenue between East 44th and 45th Streets, and is the best available development site in Midtown Manhattan. The Property's zoning designation permits a wide array of uses, giving the prospective investor the opportunity to deliver up-to 534,737 square feet.	MTA	C&W
The Opal (75-25 153rd Street, Kew Gardens, Queens)	Multifamily	387 Units	\$140,000,000	\$361,757		The 14-story building was completed in 2004 and its construction was funded through the issuance of Bond Financing sponsored by the HFA. As a result of the Bond Financing, 20% of Property's residential apartments are allocated as affordable housing units. The remaining 80% of the residential units are considered can be leased at a fair market rental rate. In addition to the Bond Financing, The Opal benefits from a 25-year, 421-a real estate tax abatement, which has an approximate remaining term of 20 years.	Dermot Company JV PNC	C&W
Criterion Portfolio (Astoria, Queens)	Multifamily	144 Units	\$62,000,000	\$430,556		Sale of two newly constructed multifamily buildings, 30-50 21st Street (completion 2010) and 11-15 Broadway (completion 2012).	Criterion Real Estate Capital	C&W

MANHATTAN CAPITAL &  
LEASING MARKET OVERVIEW  
2<sup>nd</sup> QUARTER 2013

NEW YORK CAPITAL MARKETS GROUP



## TABLE OF CONTENTS

ECONOMIC OVERVIEW	2
US EQUITY CAPITAL MARKETS	9
NY EQUITY CAPITAL MARKETS	18
DEBT CAPITAL MARKETS	27
NY OFFICE LEASING	35
NY RESIDENTIAL	43
NY RETAIL LEASING	54
ADDENDUM: NY OFFICE LEASING	66



# ECONOMIC OVERVIEW

## Economic Overview by

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# ECONOMIC OVERVIEW

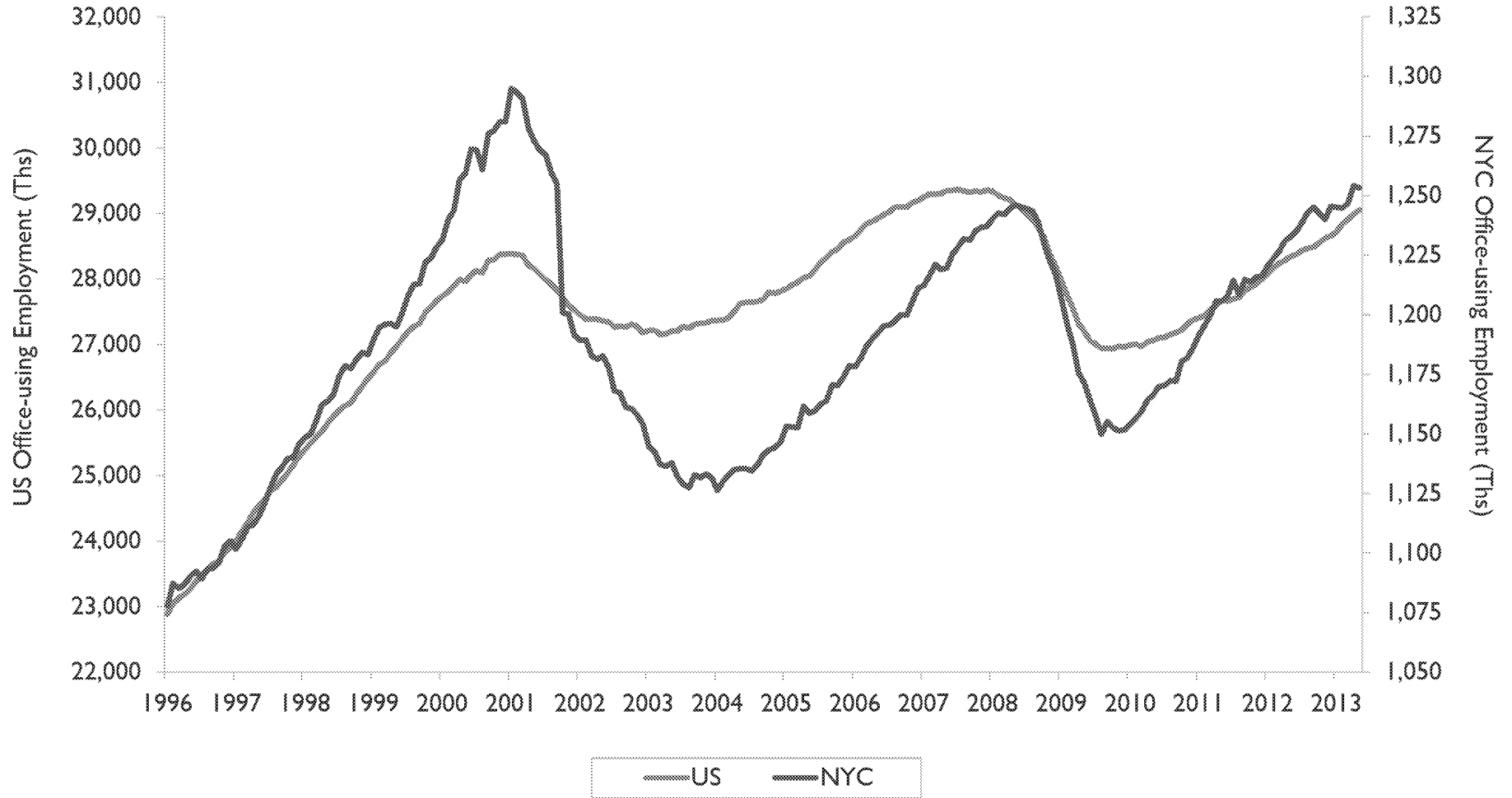
## 2nd Quarter Macroeconomic Themes

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- \* The US job market had a solid second quarter across the board.
  - Payroll employment growth averaged 196,000 jobs per month during the quarter, after upward revisions to April and May data.
  - Employment growth averaged 202,000 during 1H 2013, representing the best half-year performance since 2005.
- \* US office-using job growth was strong in 2Q 2013 and is now within 235,000 jobs of the pre-recession level.
  - Office-using employment increased by 65,000 in June and has averaged 77,000 new jobs during the first half of 2013, the strongest half-year since late 2005.
  - The professional and business services sector has been particularly strong, with employment already above pre-recession levels.
- \* The headline unemployment rate remains a key factor in the Federal Reserve's open-market operations.
  - The US unemployment rate remained unchanged at 7.6% during the second quarter, as workforce participation increased.
  - In June, the Fed indicated it could begin to taper bond purchases as early as 4Q 2013 if economic conditions improve.
  - The Fed indicated it may end large-scale asset purchases when the unemployment rate is in the vicinity of 6.5%.
- \* The 10-Year US Treasury yield averaged 2.0% during 2Q 2013, but 2.35% in June following the Fed's tapering announcement, ending the quarter at around 2.55%.
  - From a low-point of 1.6% in early May, the 10-Year rose 100 basis points through the end of June.
  - Analysts expect the 10-year to end 2013 between 2.7% and 2.9%.
- \* The US GDP growth was 1.8% in 1Q 2013, partly understating strength in the private sector because of federal government pullbacks. The IMF forecasts 2014 US GDP growth of 2.7%.
- \* Home foreclosures filings are down 35% over the past 12 months according to RealtyTrac, while new home sales are up 29% year-over-year. The S&P/Case Schiller Composite Home Price Index rose 8.4% over the past year.

# ECONOMIC OVERVIEW

## US vs. NYC Office-Using Employment

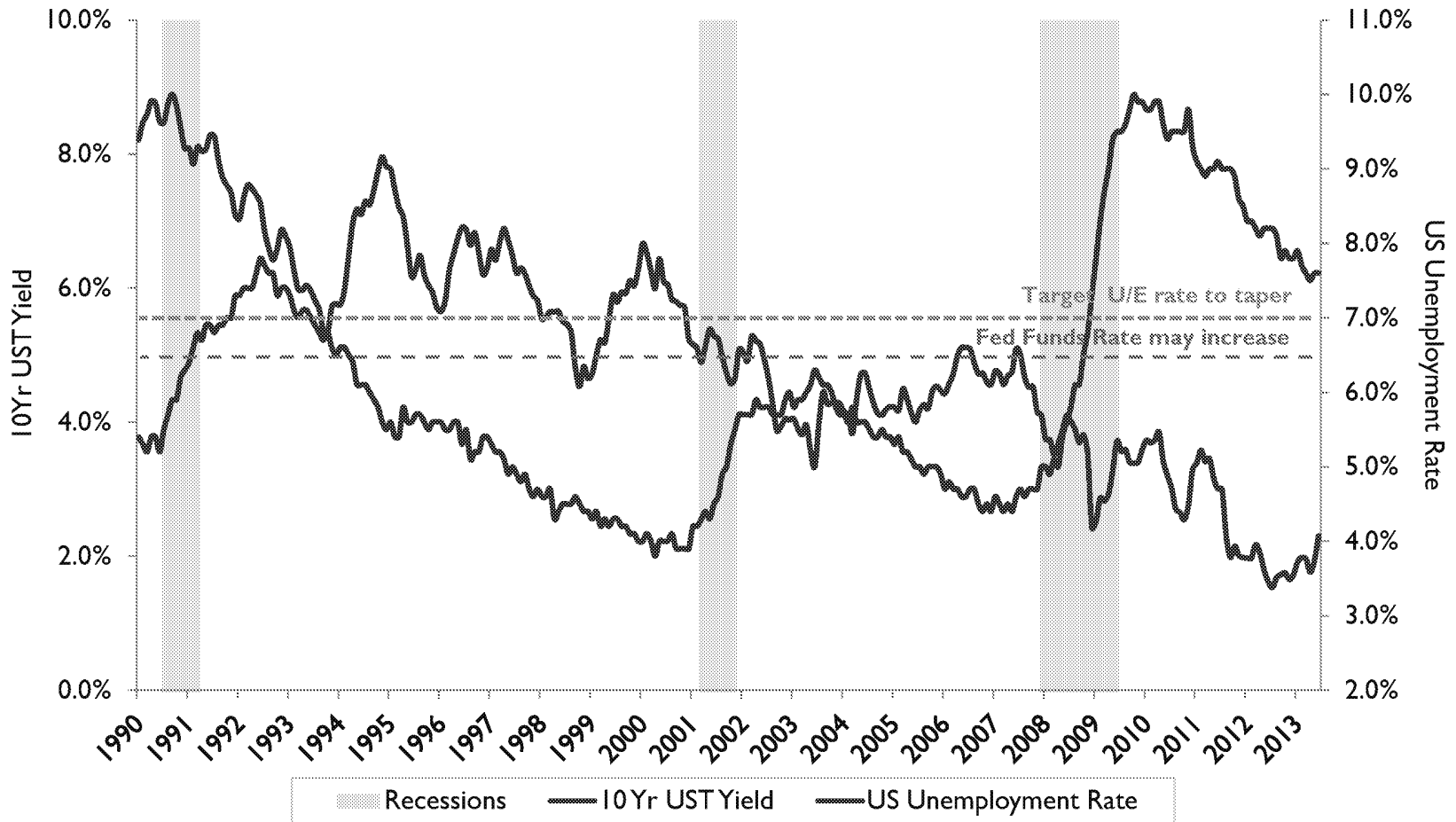


**In 2Q 2013, NYC office-using employment surpassed the 2008 level, but remains below the 2001 peak. US office-using employment is approaching its historical high.**

Source: US Bureau of Labor Statistics, Cushman & Wakefield Research

# ECONOMIC OVERVIEW

## US Unemployment Rate vs. 10 Yr UST Yield

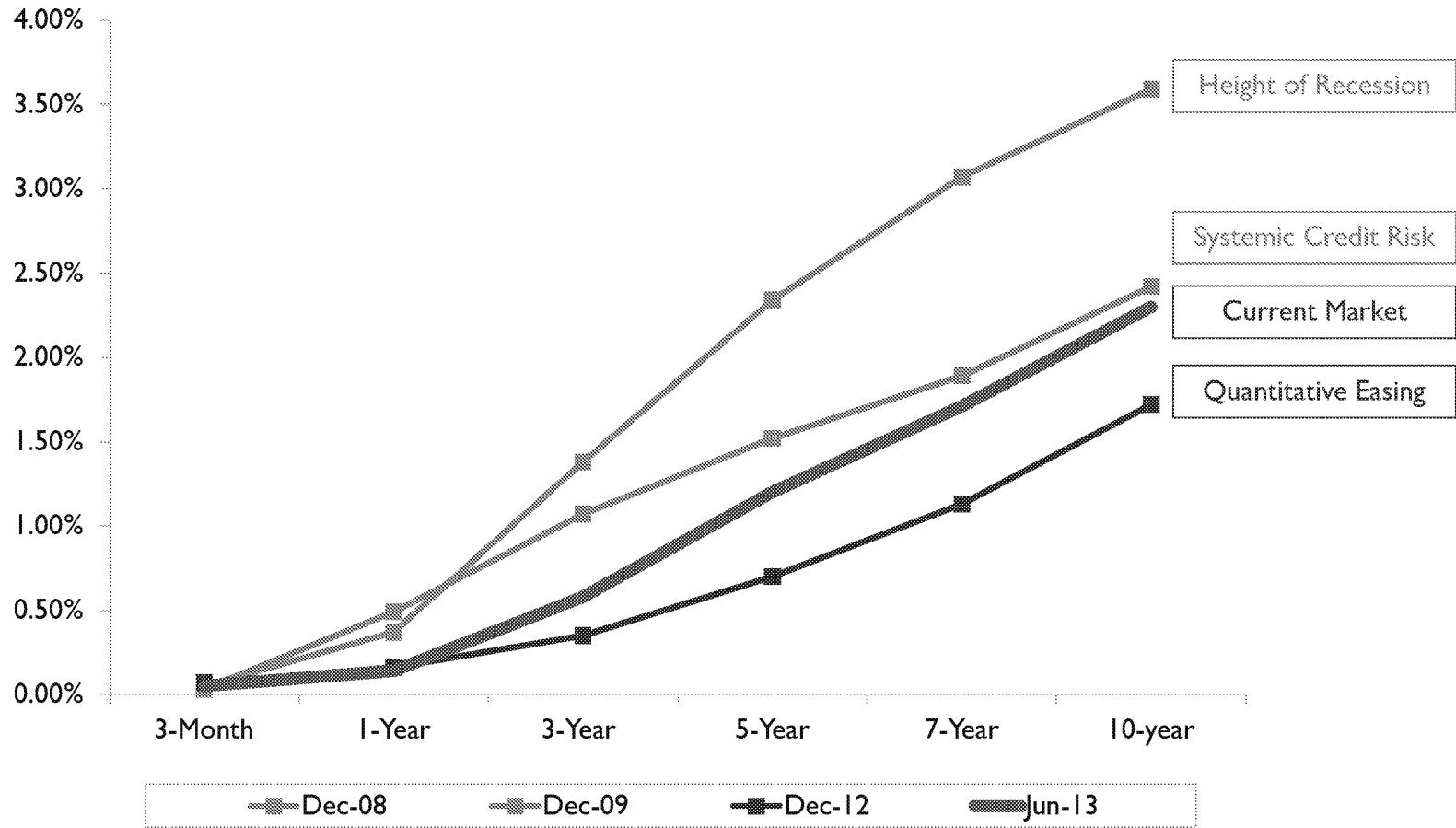


The Fed has maintained a close relationship between unemployment and interest rates during the current recovery. When the unemployment rate nears 7.0% it is anticipated that the Fed will begin to taper bond purchases, and around 6.5%, it may end asset purchases altogether.

Source: US Bureau of Labor Statistics, Federal Reserve, Cushman & Wakefield Research

# ECONOMIC OVERVIEW

## US Treasury Yields – Historical and Current Yield Curve

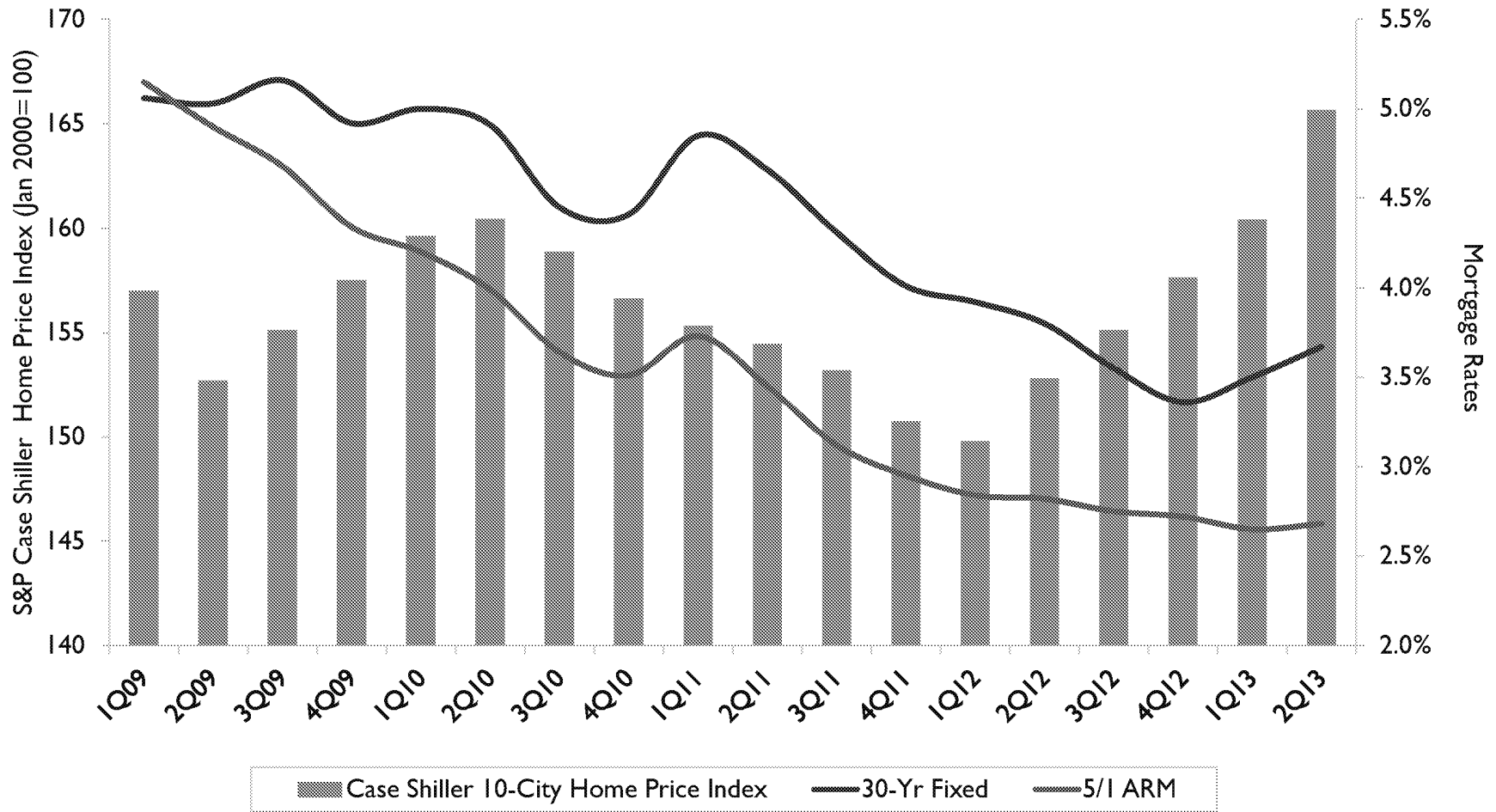


The yield curve steepened considerably in June but is reflective of moderate growth. The markets are targeting when the Fed will begin to taper bond purchases, which have recently averaged \$85 billion/month, bringing the Fed's securities holdings to \$3.2 trillion from <\$1 trillion in 2009.

Source: Federal Reserve, Mortgage Bankers Association, Cushman & Wakefield Research

# ECONOMIC OVERVIEW

## Change in Housing Prices Values since 2009

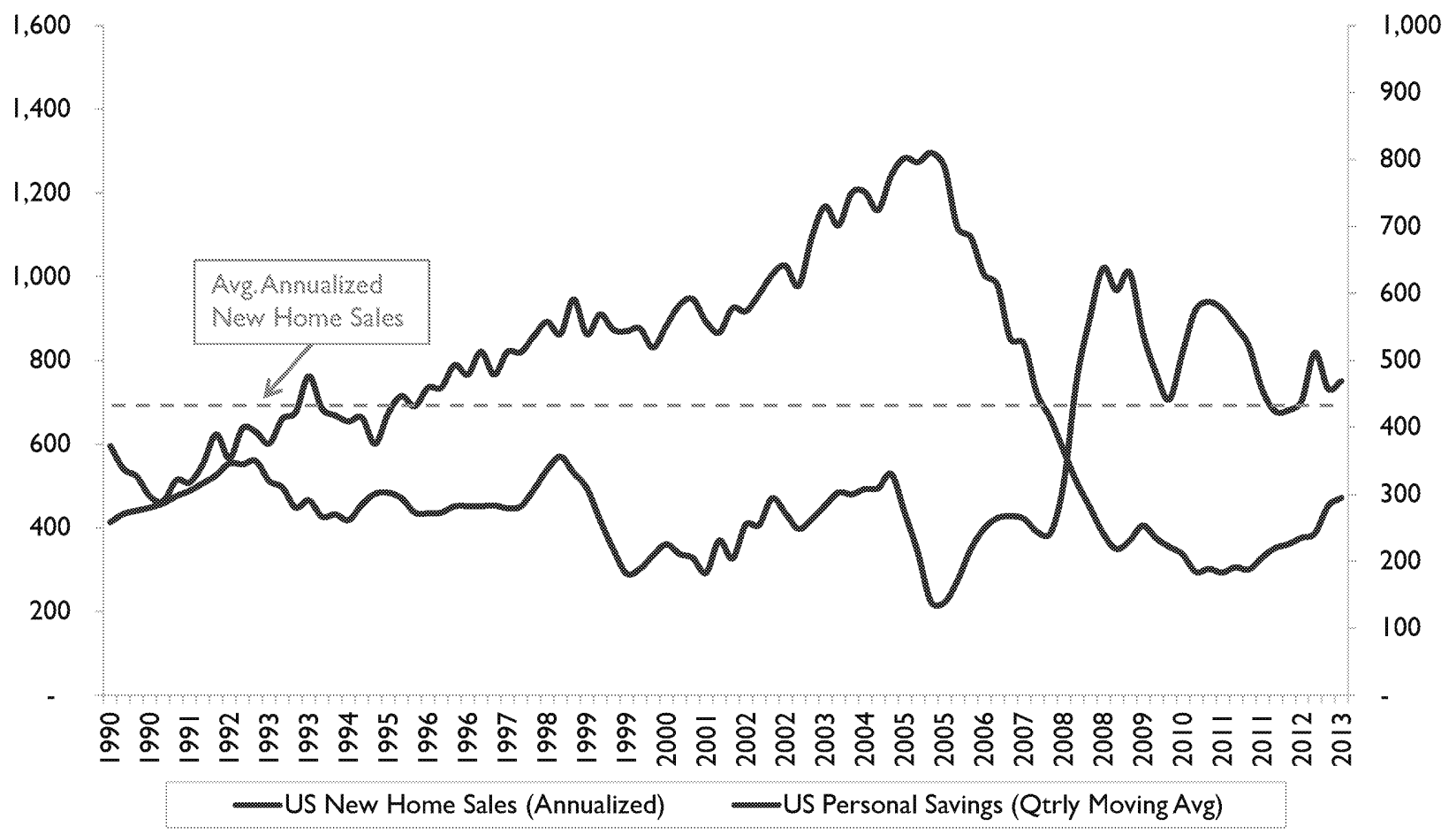


Home values have begun to rebound across the US, owing largely to historically low mortgage rates and strengthening private sector employment.

Source: S&P Case Shiller Home Price Index, Freddie Mac, Federal Reserve Bank of St. Louis, National Association of Realtors

# ECONOMIC OVERVIEW

## US New Home Sales & Personal Savings Rate



**While New Home Sales have improved since the market bottom, they are still well below the average annual rate since 1990. However, household balance sheets have improved significantly since the downturn, evidenced by the personal savings rate. This may lead to a more sustainable housing recovery.**

Source: US Census Bureau, HUD, Bureau of Economic Analysis, Cushman & Wakefield Research

# EQUITY CAPITAL MARKETS

## National Equity Capital Markets by

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# EQUITY CAPITAL MARKETS

## US Overview

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- Real estate investment across the nation continued at a strong pace, with preliminary data showing midyear sales volume at \$117.9 billion, a 10% increase year-over-year.
- As the US economy continues to firm, investors continued to gradually move up the risk-reward spectrum with many institutional investors showing renewed interest in secondary markets and assets.
  - Increased appetite for secondary markets is due to a combination of low core yields versus historically wide secondary market spreads, renewed CMBS lending in secondary markets and strengthening fundamentals.
  - Assets in gateway markets still remain in high demand as cap rates flattened, albeit at low levels.
- The multifamily and hospitality sectors continued to show the most robust increases in activity with midyear volume up 40% and 50%, respectively.
- Investors have also shown renewed interest in the office sector, which posted a 10% annual increase in volume through the first half of 2013.
- Despite an overall increase in interest rates, resulting from the 100 basis point rise in the 10-Year US Treasury yield since May, interest rates remained at historically attractive levels and, thus far, have had a marginal impact on investment activity.
- Cap rate spreads to treasuries continued to trend above their long term averages, but as interest rates climb, spreads are expected to narrow across all markets.



# EQUITY CAPITAL MARKETS

## Notable 2Q13 Transactions

<b>Property</b>	 <b>1888 Century Park E Los Angeles, CA</b>	 <b>1200 19th Street NW Washington, DC</b>	 <b>Washington Harbour 3000-3050 K Street NW Washington, DC</b>	 <b>Wells Fargo Center 999 Third Avenue Seattle, WA</b>
<b>Type</b>	Office	Office	Office	Office
<b>Date</b>	June 2013	June 2013	July 2013	May 2013
<b>Size</b>	504,526 SF	334,175 SF	532,601 SF	944,450 SF
<b>Sales Price</b>	\$305,000,000	\$296,000,000	\$360,000,000	\$389,900,000
<b>Price PSF</b>	\$605 PSF	\$886 PSF	\$676 PSF	\$413 PSF
<b>Cap Rate</b>	5.5%	4.9%	5.5%	4.5%
<b>Seller</b>	Blackstone	Hines Sumitomo Life	MRP Realty Rockpoint Group	Beacon Capital Partners
<b>Buyer</b>	CommonWealth Partners CalPERS	Fosterlane Management	Principal Real Estate Investors	Ivanhoe Cambridge Callahan Capital Partners

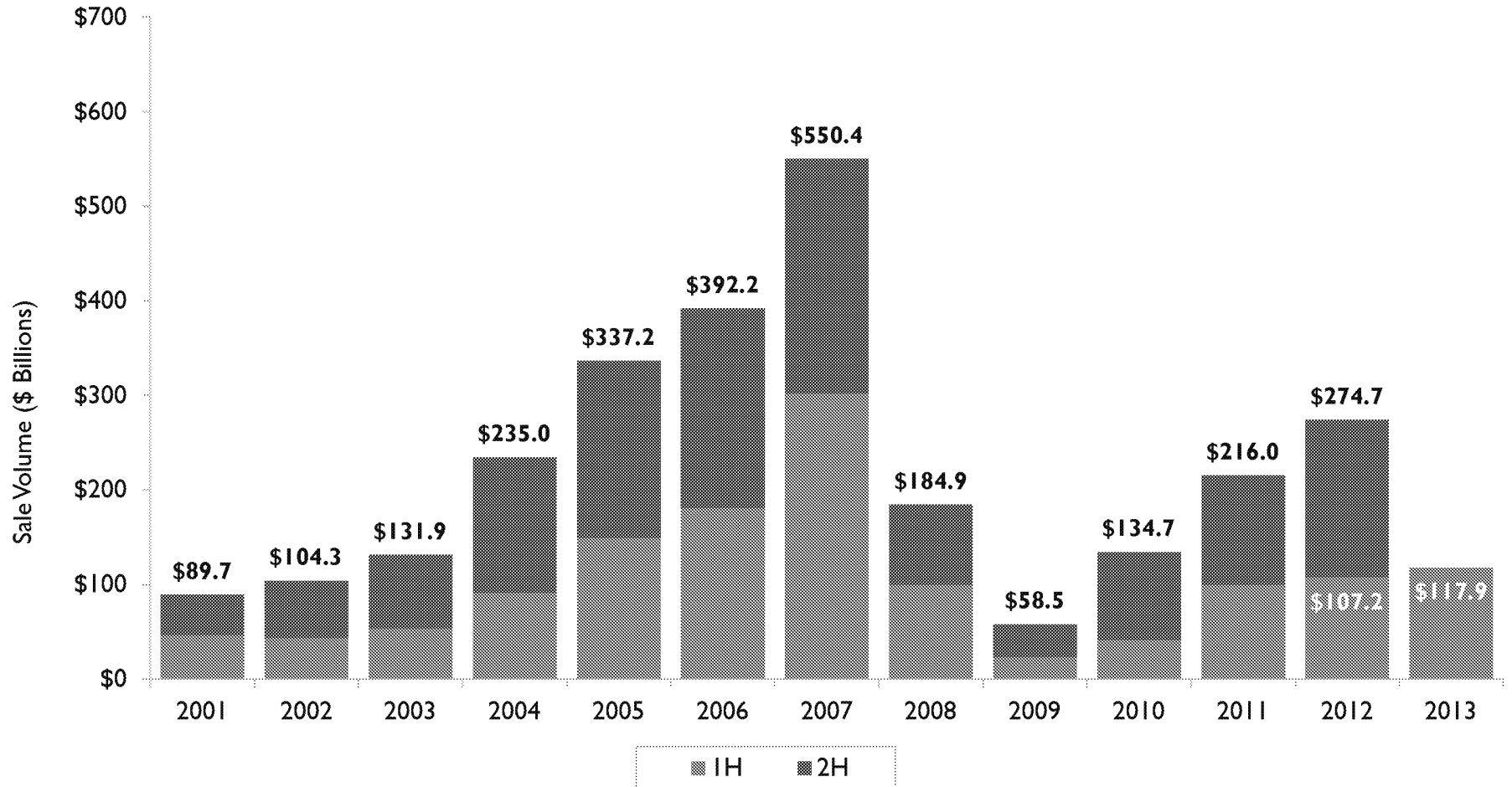
Source: Real Capital Analytics

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# EQUITY CAPITAL MARKETS

## US Real Estate Investment Activity

Historical Investment Volume (Billions) – 2001 – 2Q13\*



Based on preliminary data (through June 25, 2013), midyear sales volume was up 10% year-over-year.

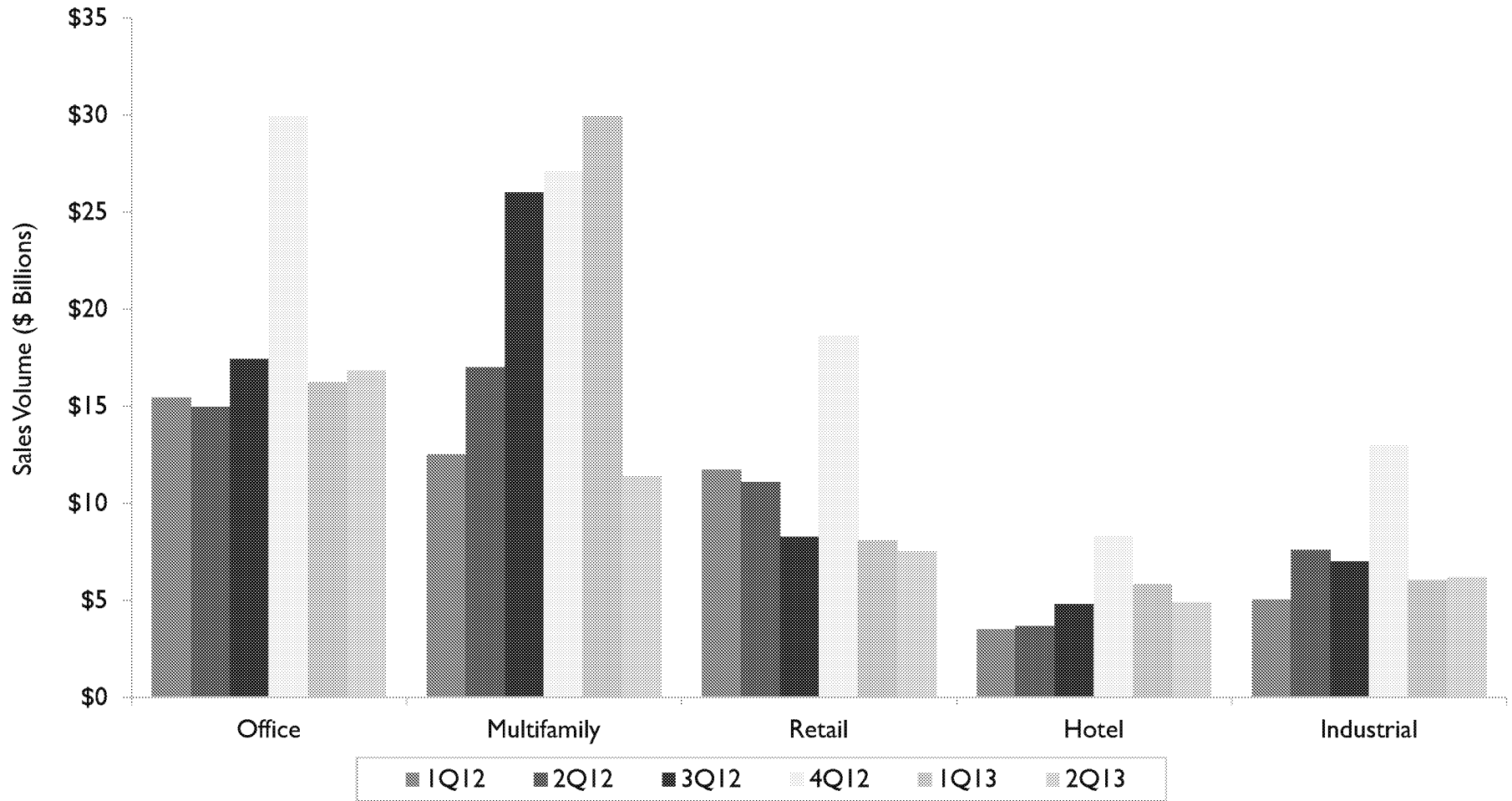
\* Preliminary data through June 25, 2013

Source: Real Capital Analytics

# EQUITY CAPITAL MARKETS

## US Real Estate Investment Activity

US Annual Sales Volume by Sector Last 18 months (1Q11 – 2Q13\*)



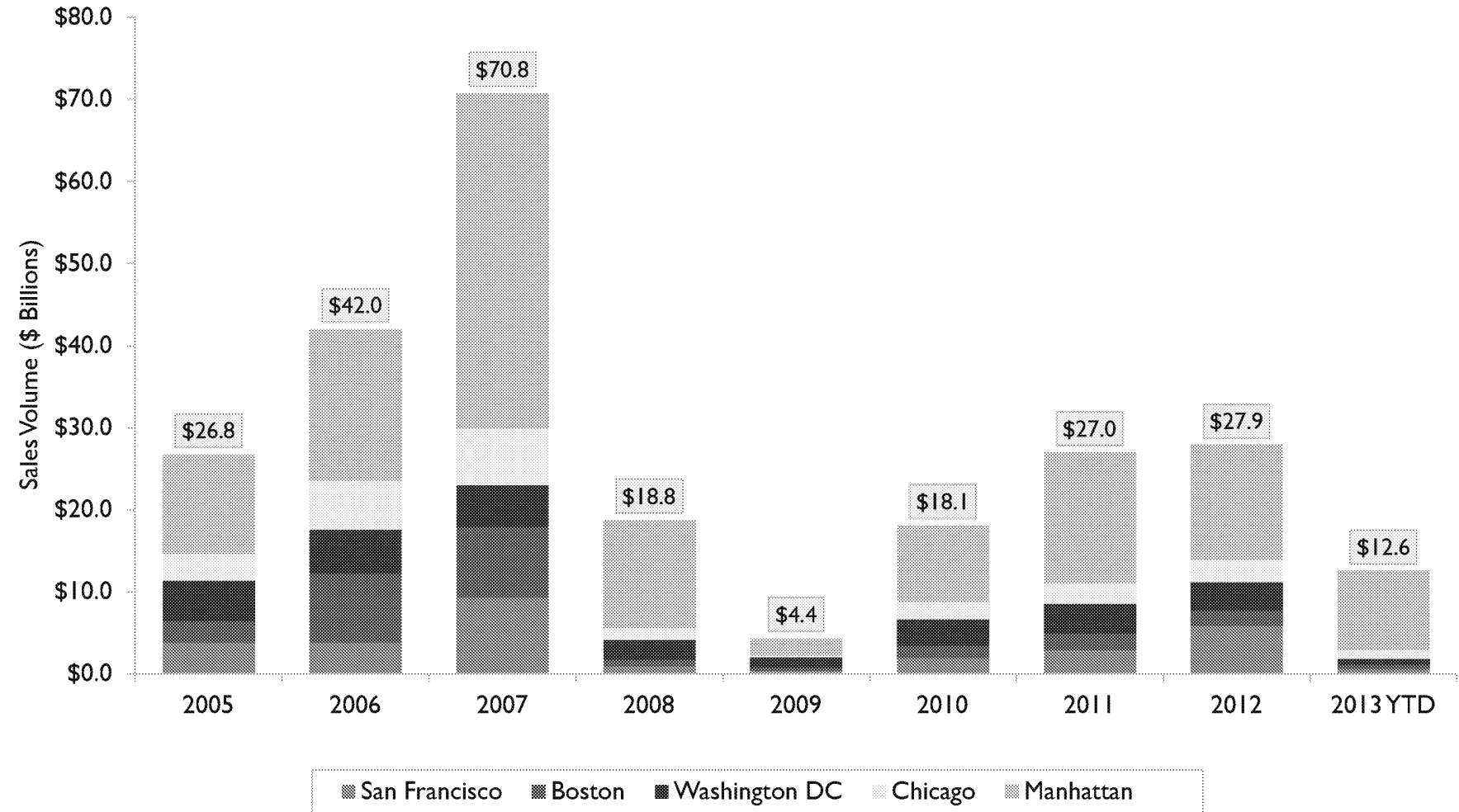
\* Preliminary data through June 25, 2013

Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

# EQUITY CAPITAL MARKETS

## US Office Transaction Volume

### US Top CBD Office Markets: Sales Volume 2005 – 2Q13\*

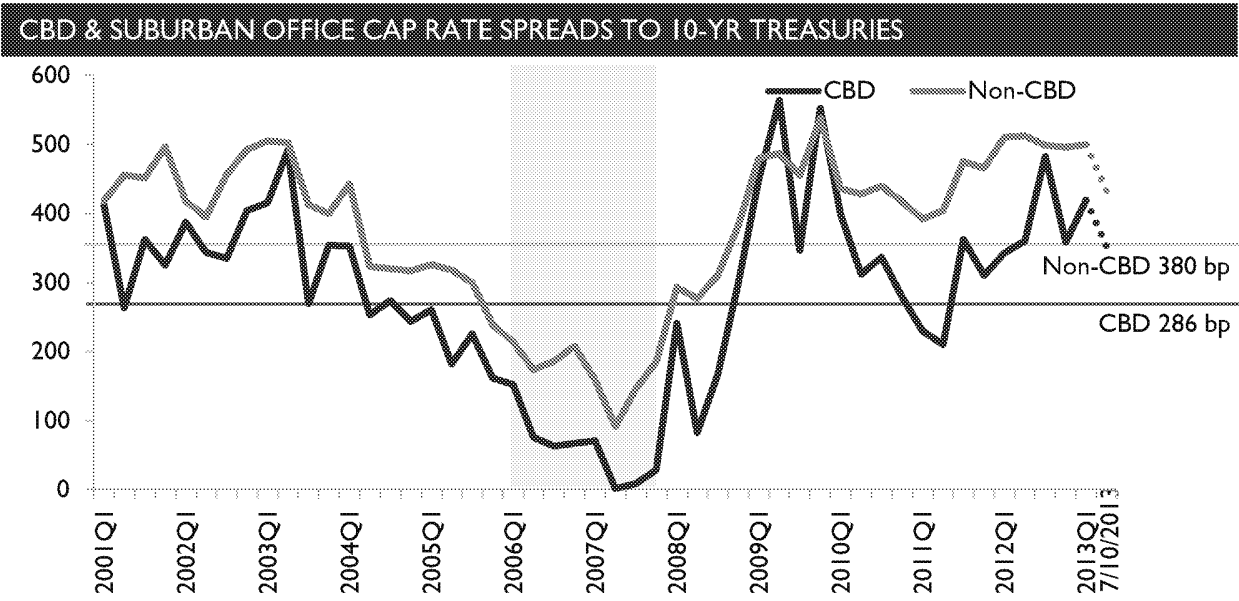


\* Preliminary data through June 25, 2013

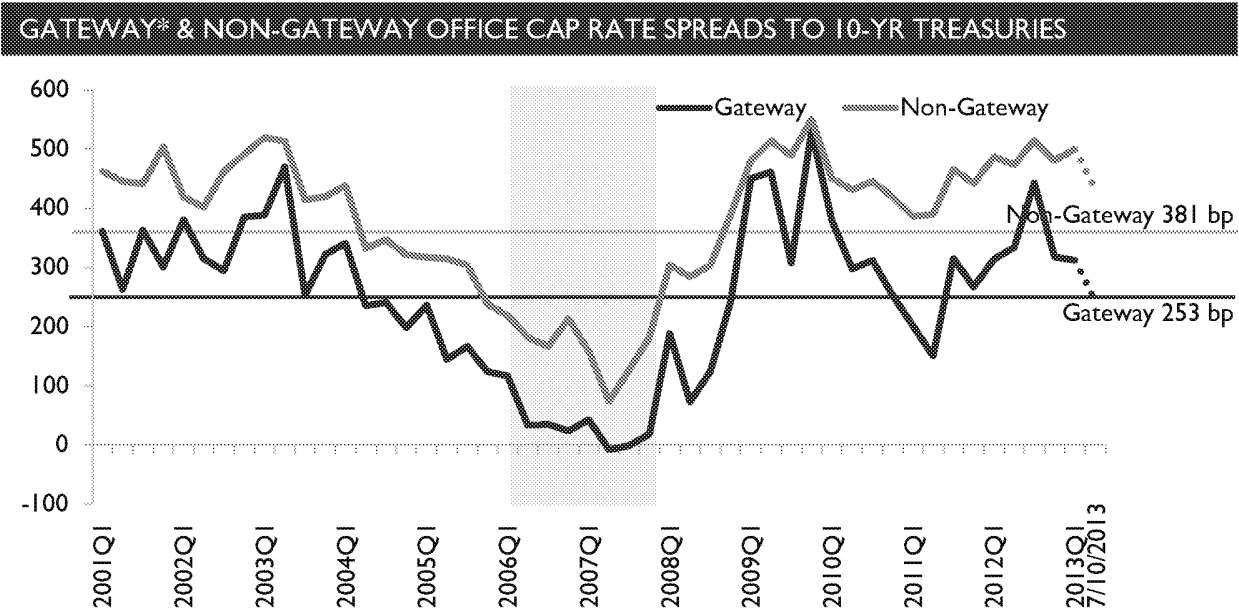
Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

# EQUITY CAPITAL MARKETS

## US Office Cap Rates



- Cap rate spreads to treasuries across the national office sector continued to trend above their long term averages, but have narrowed with a rise in interest rates.
- Even as investors turn to suburban markets in search of yields, CBD markets will continue to be the preferred destination, as spreads remain high relative to long term averages.



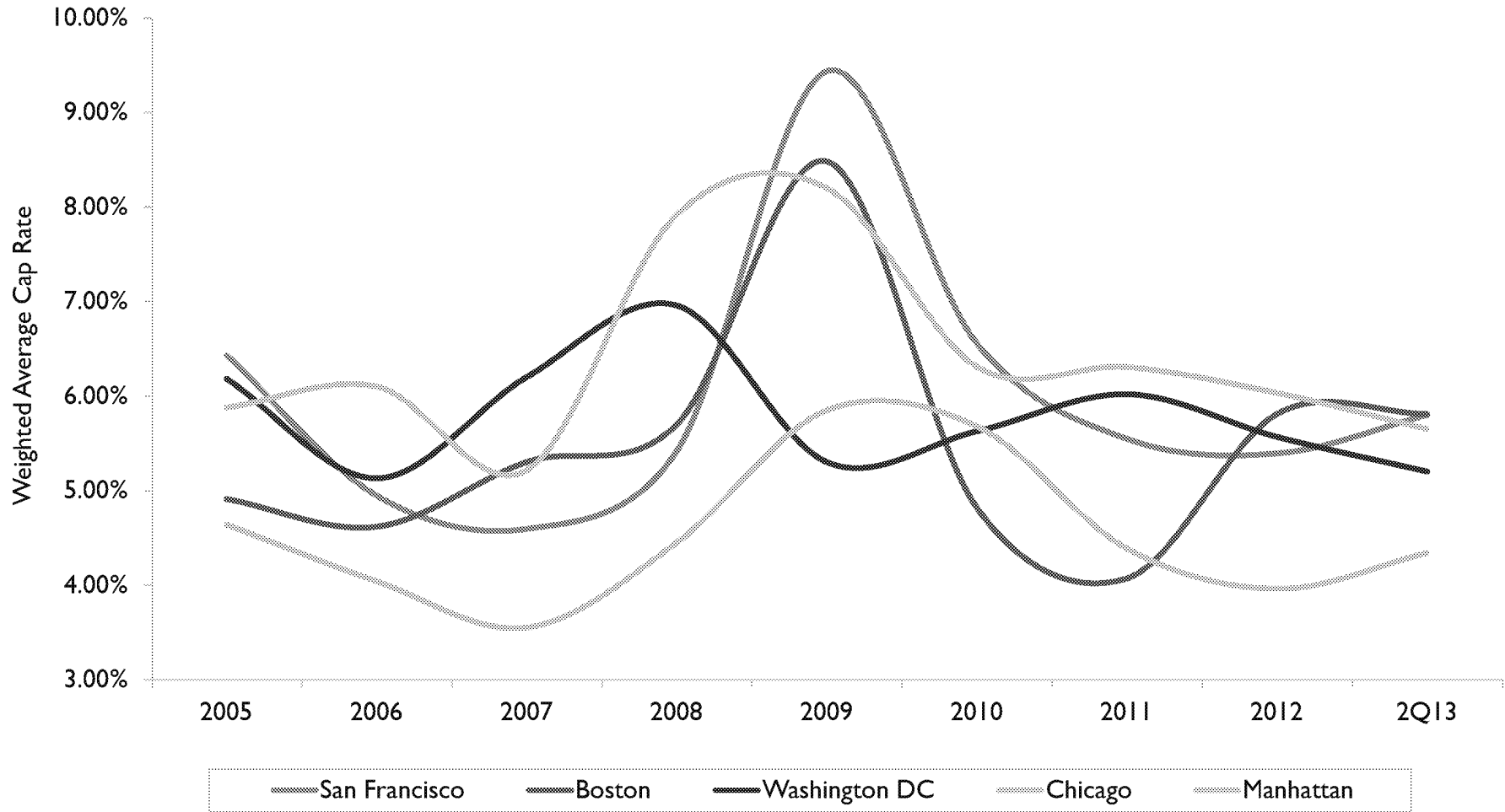
- With the recent spikes in interest rates, spreads in gateway cities have dipped just below the long term averages.
- As treasury rates climb, spreads should tighten across all markets but should remain near long term averages in 2013.

\* Gateway Markets: Boston CBD, Chicago CBD, Los Angeles CBD and West LA, Manhattan, San Francisco CBD  
 Source: RCA, C&W Capital Markets

# EQUITY CAPITAL MARKETS

## US Office Cap Rates

US Top CBD Office Investment Markets – Average Cap Rate, 2005 – 2Q13\*



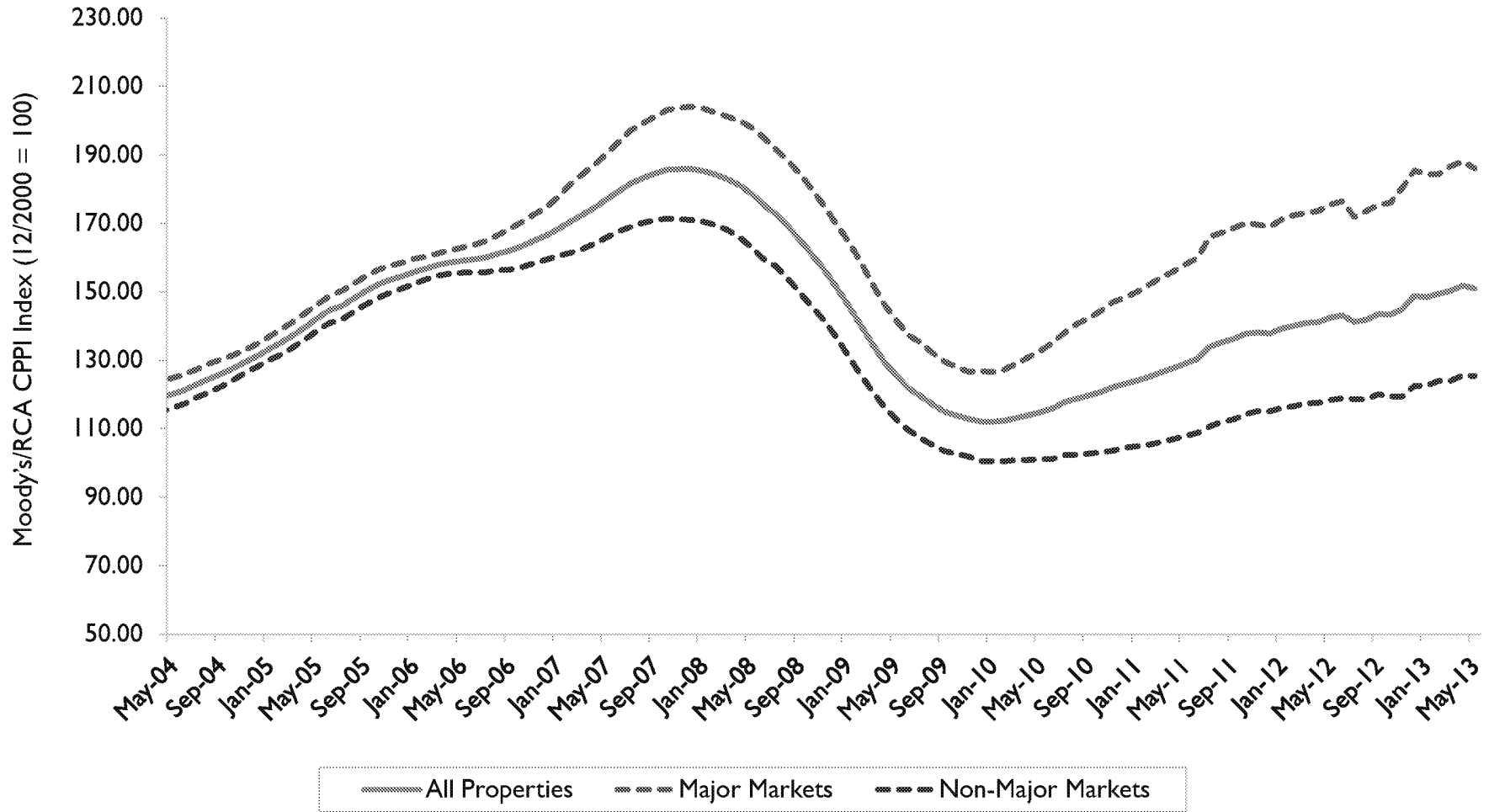
\* Preliminary data through June 25, 2013

Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

# EQUITY CAPITAL MARKETS

## US Real Estate Investment Activity

Moody's/RCA CPPI Index 2004 – 2Q13\*



\* Updated July 2013, Data through May 2013  
 Source: Moody's Investor Service, Real Capital Analytics

# EQUITY CAPITAL MARKETS

## New York Equity Capital Markets by

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# EQUITY CAPITAL MARKETS

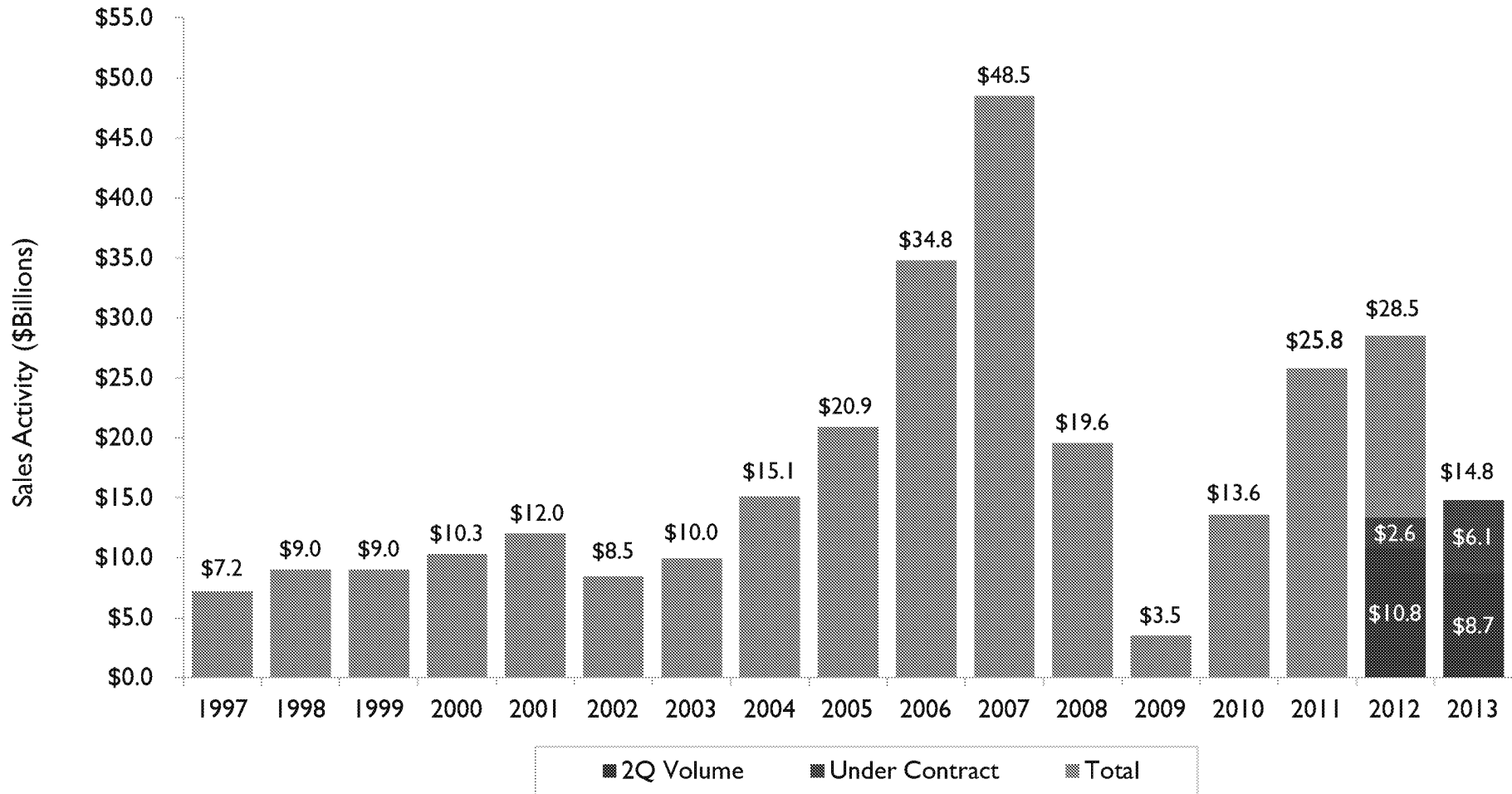
## Manhattan Overview

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- After a relatively quiet 1Q 2013 (following a record 4Q 2012), investment sales volume picked up significantly during the second quarter
  - Total volume through 2Q 2013 of \$8.7 billion closed represents a 19% decrease from the first half of 2012
  - However, when taking into account the \$6.1 billion under contract at quarter-end, the resulting \$14.8 billion of deal volume represents an 11% increase over deals closed and under contract (\$13.4 billion) through the first half of 2012
  - Several large deals were under contract at quarter-end, including 650 Madison Avenue (\$1.3 billion sale), Worldwide Plaza (\$660 million recap) and 425 Lexington Avenue (\$658 million sale)
- 2013 has seen the return of “mega deals” in the Manhattan office sector
  - Class A office volume more than doubled year-over-year, ending 2Q 2013 at \$8.1 billion, up from \$3.7 billion through the first half of 2012
  - 10 transactions >\$400 million through the second quarter puts 2013 on pace to have the most >\$400 million transactions since 2007
- As a result of these large transactions, the average deal size has risen so far in 2013 to \$178 million, up from \$86 million in 2012 and \$100 million in 2011
- Class A office sales have averaged slightly more than \$1,000 PSF through the second quarter, up from an average of \$783 PSF during 2012, and higher than the 2008 average of \$941 PSF
- Manhattan Class A Office cap rates averaged 4.23% through the second quarter, consistent with the cap rate environment during the recent cycle
  - Since 1999, the Class A Office cap rate spread to the 10-year UST yield has averaged 150 basis points, indicating that cap rates can absorb some of the recent increase in interest rates

# CAPITAL MARKETS

## Manhattan Investment Sales Volume (\$ Billions)

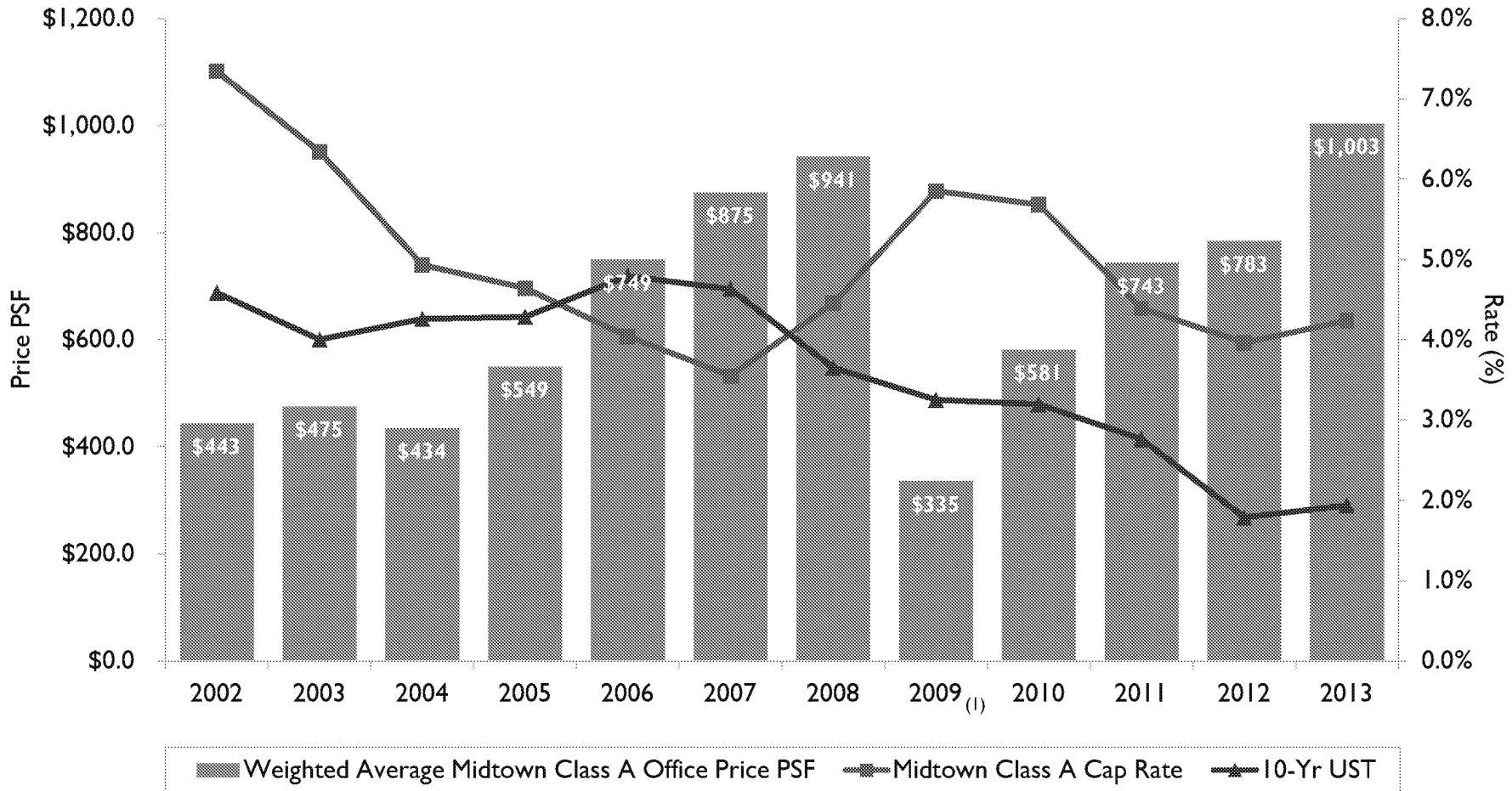


**2Q13 sales volume is up 11% compared to 2Q12.**

\*\*Preliminary sales data based on transactions greater than \$10 million, representing those deals that were known to have closed or were recorded as closed as of June 24, 2013. As a result, final sales total in 2Q13 is subject to revision.

# CAPITAL MARKETS

## Midtown Class A Office Pricing



**Core Class A mega deals are driving average pricing north of \$1,000 PSF. Average Class A office cap rates have held steady at 4.0% to 4.5% thus far in 2013.**

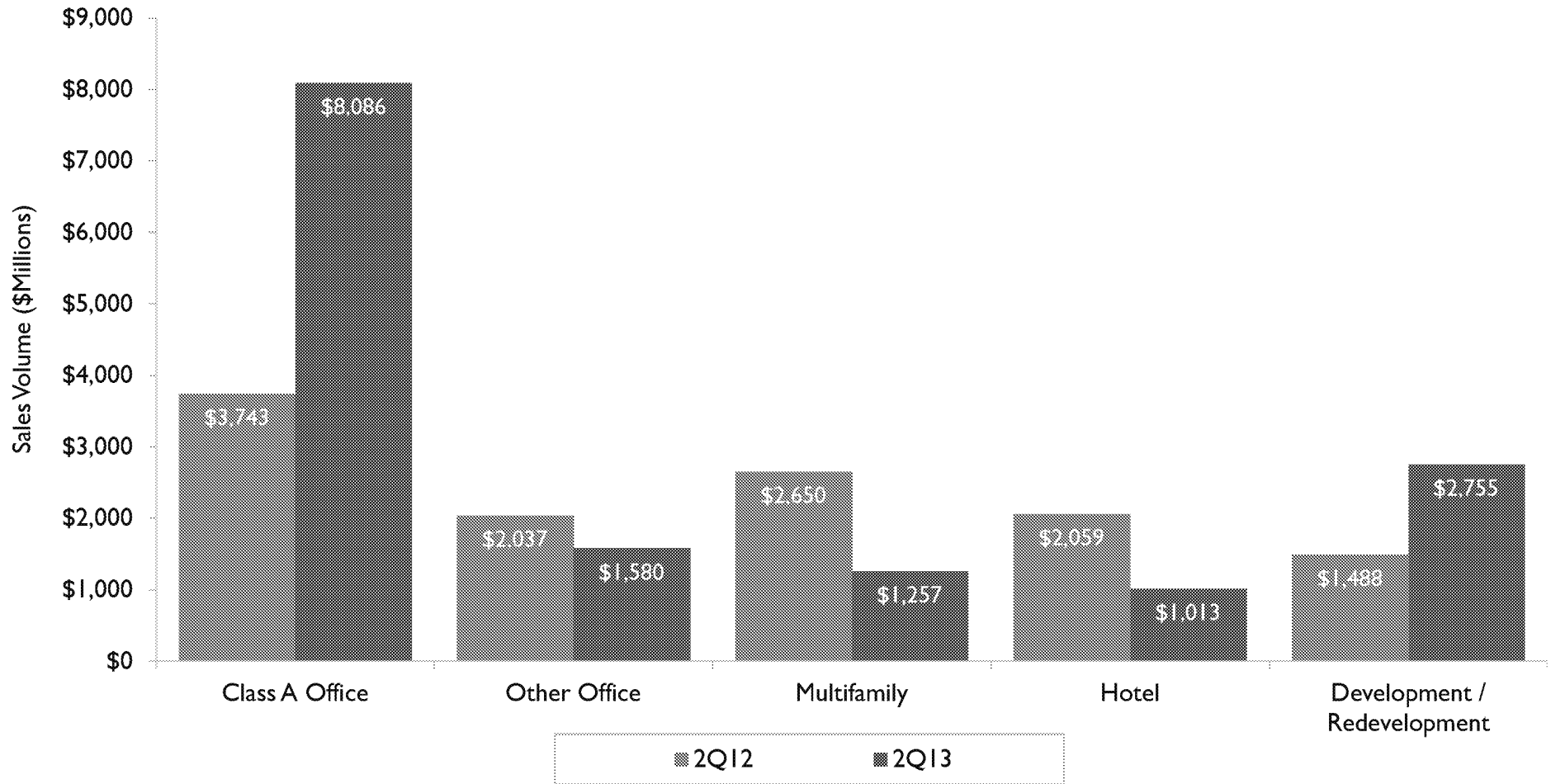
\*Core: Institutional quality assets typically 95%+ occupied with long-term credit tenancy.

(I) Based on the only two MT Class A sales in 2009: 1540 Broadway and Worldwide Plaza

Source: Cushman & Wakefield Capital Markets Group

# CAPITAL MARKETS

## Manhattan Investment Volume by Property Type



**Class A office volume thru 2Q13 has more than doubled compared to 2Q12.**

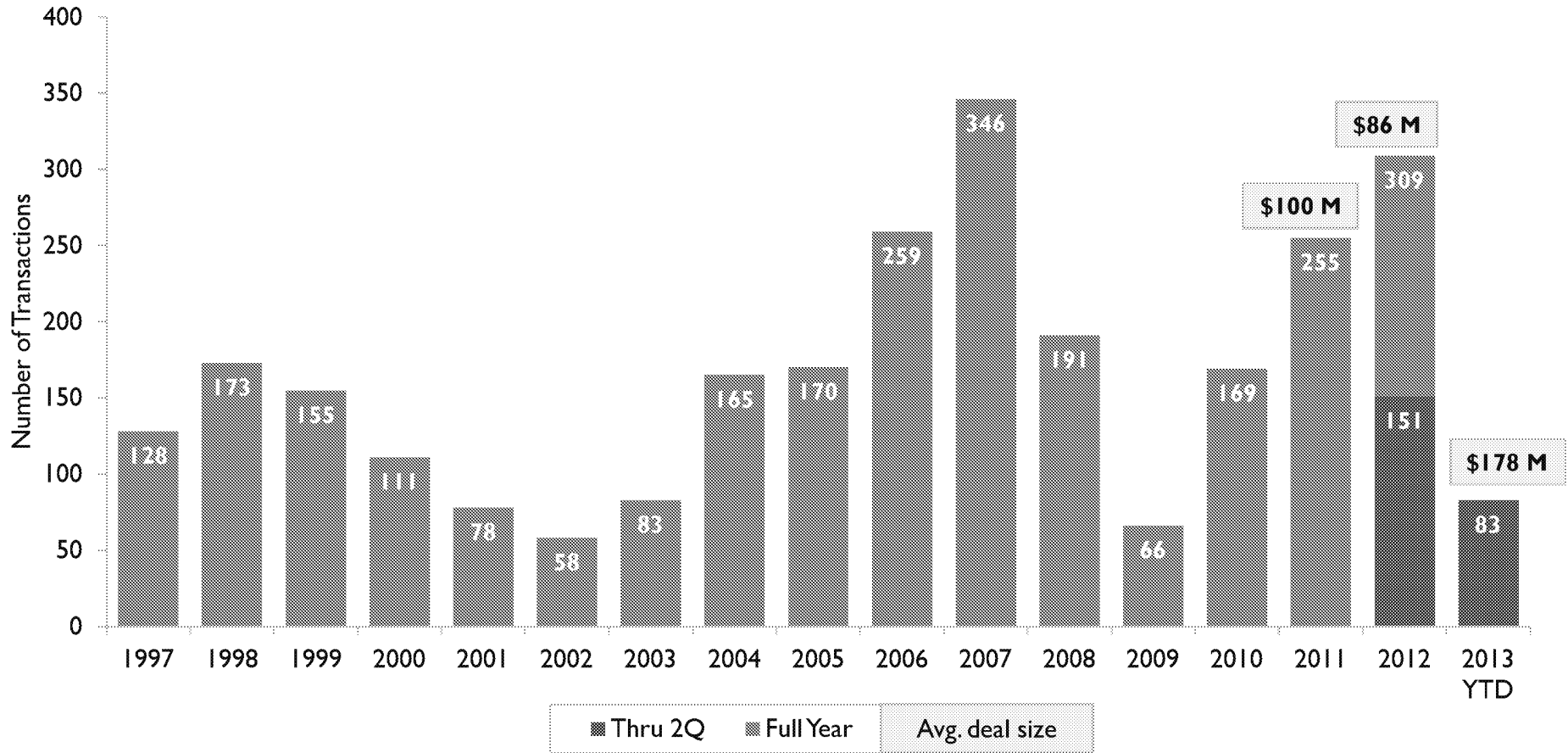
**\*Sales volume includes properties sold and under contract.**

Includes commercial transactions of \$10 million and higher

Source: Cushman & Wakefield Capital Markets Group

# CAPITAL MARKETS

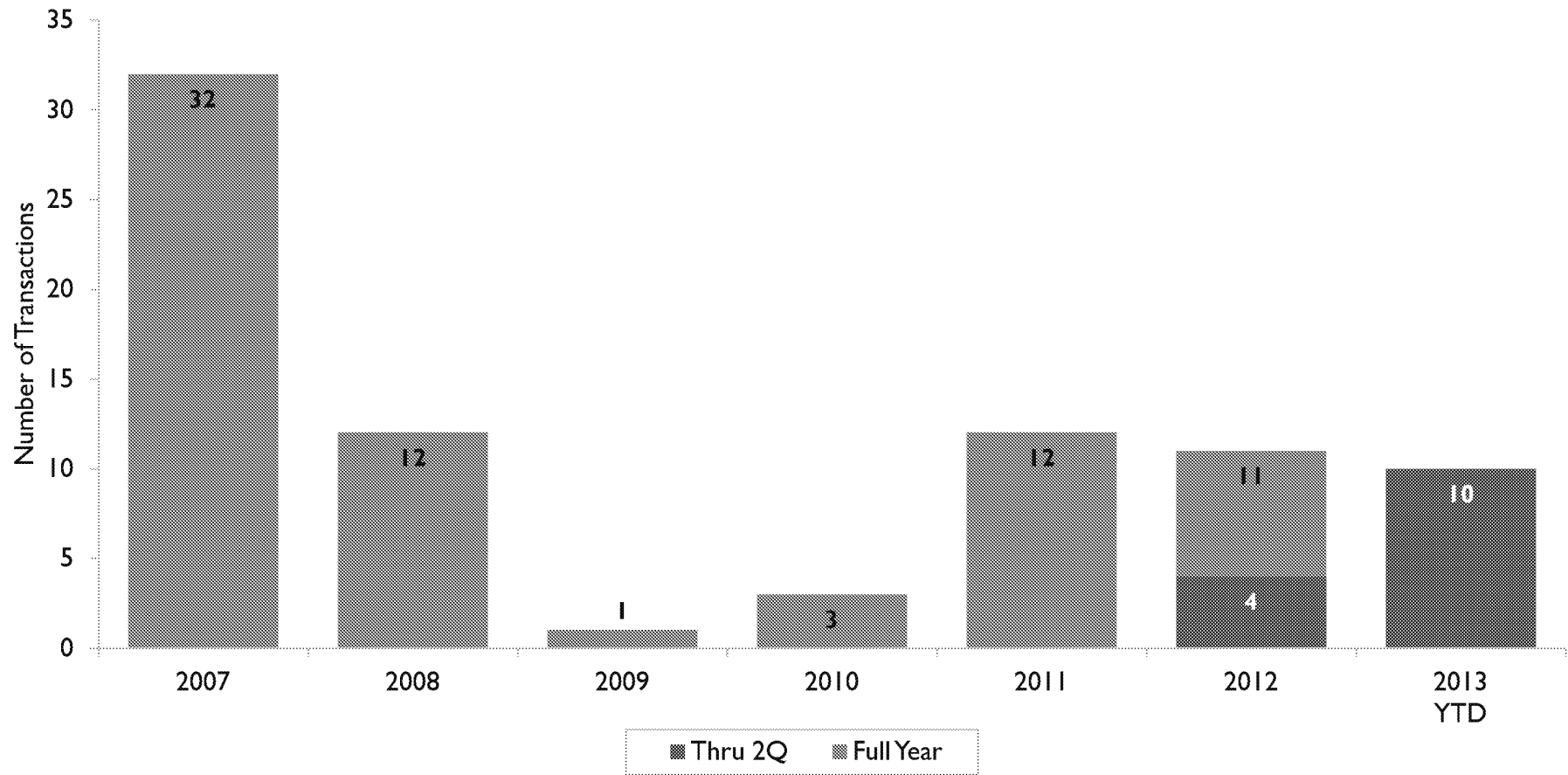
## Manhattan Investment Sales Activity (# of Deals)



While 2012 was dominated by middle markets transactions, 2013 has been led by large transactions >\$100M.

# CAPITAL MARKETS

## Manhattan Investment Sales Activity (# of Deals Greater than \$400 Million)

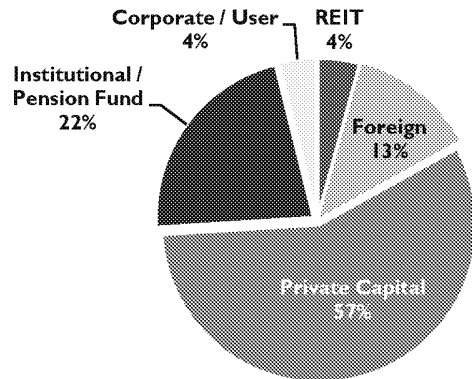


2013 is on pace to have the most \$400 million+ transactions since 2007.

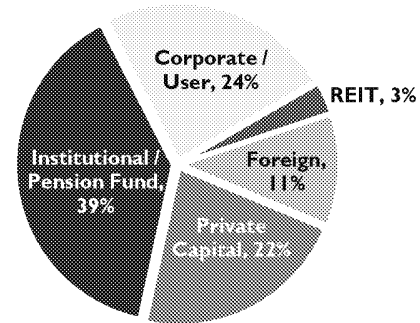
# CAPITAL MARKETS

## Manhattan Sales by Investor Profile

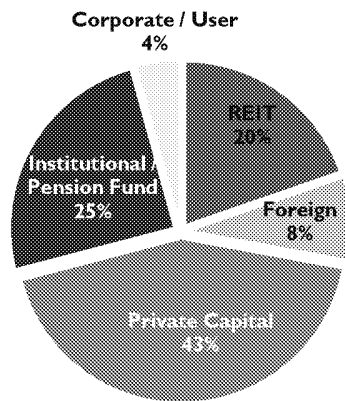
**2012 Seller Profile**



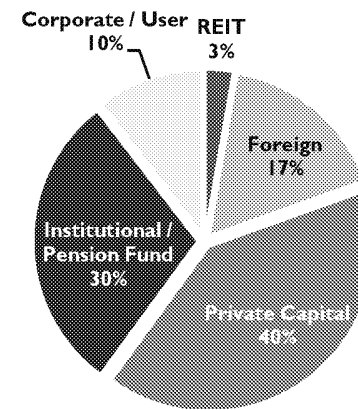
**2013 Seller Profile**



**2012 Buyer Profile**



**2013 Buyer Profile**



**Private Capital (including Equity Funds) and Offshore Investors have been highly active in 2013.**

# EQUITY CAPITAL MARKETS

## Notable 2Q13 Office Sales

<b>Property</b>	 <b>767 Fifth Avenue (40% Interest)</b>	 <b>125 West 55th Street</b>	 <b>100-104 Fifth Avenue</b>	 <b>315 Park Avenue South</b>
<b>Type</b>	Office	Office	Office	Office
<b>Date</b>	May 2013	May 2013	June 2013	May 2013
<b>Size</b>	2,011,238 SF	591,000 SF	305,000 SF	334,659 SF
<b>Sales Price</b>	\$1,360,000,000	\$470,000,000	\$230,000,000	\$227,500,000
<b>Price PSF</b>	\$1,691 PSF	\$795 PSF	\$754 PSF	\$680 PSF
<b>Cap Rate</b>	4.9%	3.7%	4.2%	7.2%
<b>Seller</b>	Meraas Capital JV Goldman Sachs Fund	Boston Properties	Invesco JV Kaufman Organization	BCN Development
<b>Buyer</b>	Zhang Xin Partnership	JP Morgan Asset Management	Clarion Partners	Spear Street Capital



## DEBT CAPITAL MARKETS

### National Debt Capital Markets by

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# DEBT CAPITAL MARKETS

## Floating & Fixed Rate Terms

- \* Overall, the financing market has been extremely active through the first half of 2013 across the capital stack and distressed activity is down.
  - CMBS issuance through the first half of 2013 is only 9% less than full-year 2012.
  - For seasoned CMBS loans, the delinquency rate is at its lowest since 2010.
- \* Recent increase in interest rates may create a temporary pause. However, the Fed's gradual phasing out of QE will be underscored by improving economic conditions.
  - An improving economy should lead to lower vacancies and higher rents for office, retail, and industrial properties.
  - Hotels should see increasing RevPar as a result of more leisure and business traveling. An improving economy should also strengthen the group meeting market.
  - Increased residential mortgage rates will likely result in longer term renters which will lead to lower vacancy and higher rents for multifamily properties.

	Floating Rate Debt	Fixed Rate Debt
<b>Term</b>	3 – 5 year term	5, 7 & 10 year term
<b>Spread</b>	L + 150 – 350 bps depending on LTV	Very little distinction between 55% to 60% LTV; priced to coupon floors ranging from 3.00% to 3.50% for 5-year and 4.00% to 5.00% for 10-year loans
<b>Floor</b>	May include rate or index floor depending on LTV	
<b>Recourse</b>	Generally non-recourse; full or partial recourse transaction specific	Non-recourse
<b>Amortization</b>	Some I/O available for full term on lower LTV loans	Generally 30-year amort.; some I/O period available
<b>LTV</b>	Up to 65%; Multifamily up to 75%	55% - 75%; Multifamily up to 80%
<b>Prepayment</b>	12-18 month lockout or yield maintenance	Yield maintenance / defeasance
<b>Origination Fees</b>	0.25% - 1.00%	Par

Source: Cushman &amp; Wakefield Equity, Debt &amp; Structured Finance

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# DEBT CAPITAL MARKETS

## Current Lending Sources & Terms

Capital Source	Agency Financing <sup>1</sup>	Life Company / Pension Fund	Investment Fund / Finance Company	Money Center / Offshore Banks	Conduits	Local / Regional Banks
<b>Preferred Loan Size</b>	\$3+ million	>\$10 million	\$20 - \$100 million	\$10 - \$100 million	>\$10 million	\$3 - \$25 million
<b>Cost of Capital</b>	3.40% - 4.50%	3.00% - 5.00%	5.50% - 7.50% <sup>2</sup>	2.50% - 5.00% <sup>2</sup>	4.00% - 5.25%	2.75% - 5.00% <sup>2</sup>
<b>LTV</b>	55% - 83%	50% - 65%	55% - 85%	50% - 65%	Up to 75%	50% - 65%
<b>Debt Yield</b>	N/A	12% - 9%	12% - 7%	12% - 9%	10% - 8%	12% - 9%
<b>DSCR</b>	1.20x – 1.55x	1.25x – 1.50x	0.75x – 1.40x	1.35x – 1.50x	>1.20x	1.35x
<b>Salient Covenants</b>	Non-recourse 5-35 year term Development financing through HUD only Ability for supplemental financing	Non-recourse Prefer fixed rate 3-20 year term Limited credit for vacancy	Non-recourse Floating rate or fixed via swaps 2-5 year term Flexible prepayment	Potential recourse Fixed or floating 2-5 year term; 10 year possible Flexible prepayment May want additional banking business	Non-recourse Fixed 5-10 year term Defeasance Limited credit for vacancy	Potential recourse Fixed or floating 3-5 year term; 10 year possible Depository relationship Time consuming execution

(1) Multifamily only  
(2) Assumes swapped rates

## DEBT CAPITAL MARKETS

## 2Q 2013 CMBS Issuance

- Below is a summary of major securitizations priced during 2Q13. Among the active conduit lenders were JP Morgan, Morgan Stanley, Barclays, UBS, Citigroup and Goldman Sachs.

Seller/Borrower	Deal Type	Size (\$M)	Underwriter	Final Pricing	10-yr AAA	BBB	B-Piece Buyer
FREMF, 2013-K028	Agency	1,900.05	JPM, CS	14-Jun	+65	NA	Carmel
FREMF, 2013-K712	Agency	1,754.76	JPM, WF	5-Apr	S+33(6.4yr)	NA	Berkshire
FREMF, 2013-K027	Agency	1,639.08	Barc, BofA	9-May	S+53	NA	Riverbanc
Morgan Stanley Bank of America Merrill Lynch Trust, 2013-C10	Conduit	1,485.77	MS, BoA	24-Jun	S+120	S+410	Eightfold
WFRBS Commercial Mortgage Trust, 2013-C14	Conduit	1,469.54	WF, RBS	22-May	S+85	S+315	Rialto
COMM, 2013-CCRE8	Conduit	1,384.64	DB, Cantor	4-Jun	S+94	S+320	Eightfold
JPMBB Commercial Mortgage Securities Trust, 2013-C12	Conduit	1,341.23	JPM, Barc	14-Jun	S+103	S+410	LNR
JPMorgan Chase Commercial Mortgage Securities Trust, 2013-LC11	Conduit	1,316.01	JPM	2-May	S+82	S+310	CBRE
UBS-Barclays Commercial Mortgage Trust, 2013-C6	Conduit	1,295.47	Barc, UBS	11-Apr	S+98	S+375	Rialto
Morgan Stanley Bank of America Merrrill Lynch Trust, 2013-C9	Conduit	1,276.91	MS, BoA	17-Apr	S+90	S+325	Eightfold
Citigroup Commercial Mortgage Trust, 2013-GCJ11	Conduit	1,206.76	Citi, GS, Jeff	17-Apr	S+88	S+320	LNR
GS Mortgage Securities Corp., 2013-GCJ12	Conduit	1,197.47	GS, Jeff, Citi	16-May	S+82	S+310	Rialto
FNA, 2013-M9	Agency	1,022.16	Barc	17-Jun	S+64	NA	NA
FNA, 2013-M7	Agency	1,021.14	GS	21-May	S+53	NA	NA
JPMorgan Chase Commercial Mortgage Securities Trust, 2013-C13	Conduit	961.17	JPM	28-Jun	S+122	S+450	Saba Capital Mgmt
COMM, 2013-CCRE7	Conduit	936.24	DB, Cantor	11-Apr	S+93	S+360	Perella Weinberg

Source: Cushman &amp; Wakefield Equity, Debt &amp; Structured Finance

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# DEBT CAPITAL MARKETS

## Notable 2Q 2013 NYC Loan Originations

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- Deutsche Bank led a 5-member syndicate on a \$1 billion loan facility to Brookfield Office Properties to refinance Brookfield Place (formerly known as World Financial Center).
  - The floating-rate senior loan is sized at \$800 million with the ability to draw upon a future funding facility of up to \$200 million. The mortgage collateral consists of Tower 2 at 225 Liberty Street (2.4M SF) and Tower 4 at 250 Vesey Street (1.8M SF).
  - Brookfield, which is undertaking a \$250 million upgrade to the property's expansive retail space, also provided a corporate guarantee on 20% of the debt.
- Deutsche Bank also provided an \$88 million acquisition loan to a joint venture between CIM Group and Kushner Companies for the purchase of Two Rector Street, a 27-story 464,000 SF Downtown Manhattan property that CIM and Kushner plan to convert into luxury residential condos.
  - The floating-rate loan has a 2-year initial term and an LTV of 63%. Two Rector Street was constructed in 1909 and is situated between Greenwich Street and Trinity Place, across from historic Trinity Church.
- Principal Financial originated \$63 million in permanent acquisition financing for 551 Madison Avenue, a 17-story 145,000 SF Class A office building in the Plaza District.
  - Acquired by Cornerstone Real Estate Advisers from a partnership between Mass PRIT and LaSalle Investment Management, the property is 88% leased with Lacoste USA in 31% of the property through 2027.
  - The 50% LTV loan has a fixed-rate of 2.69% and a 7-year term plus a 5-year extension option.

# DEBT CAPITAL MARKETS

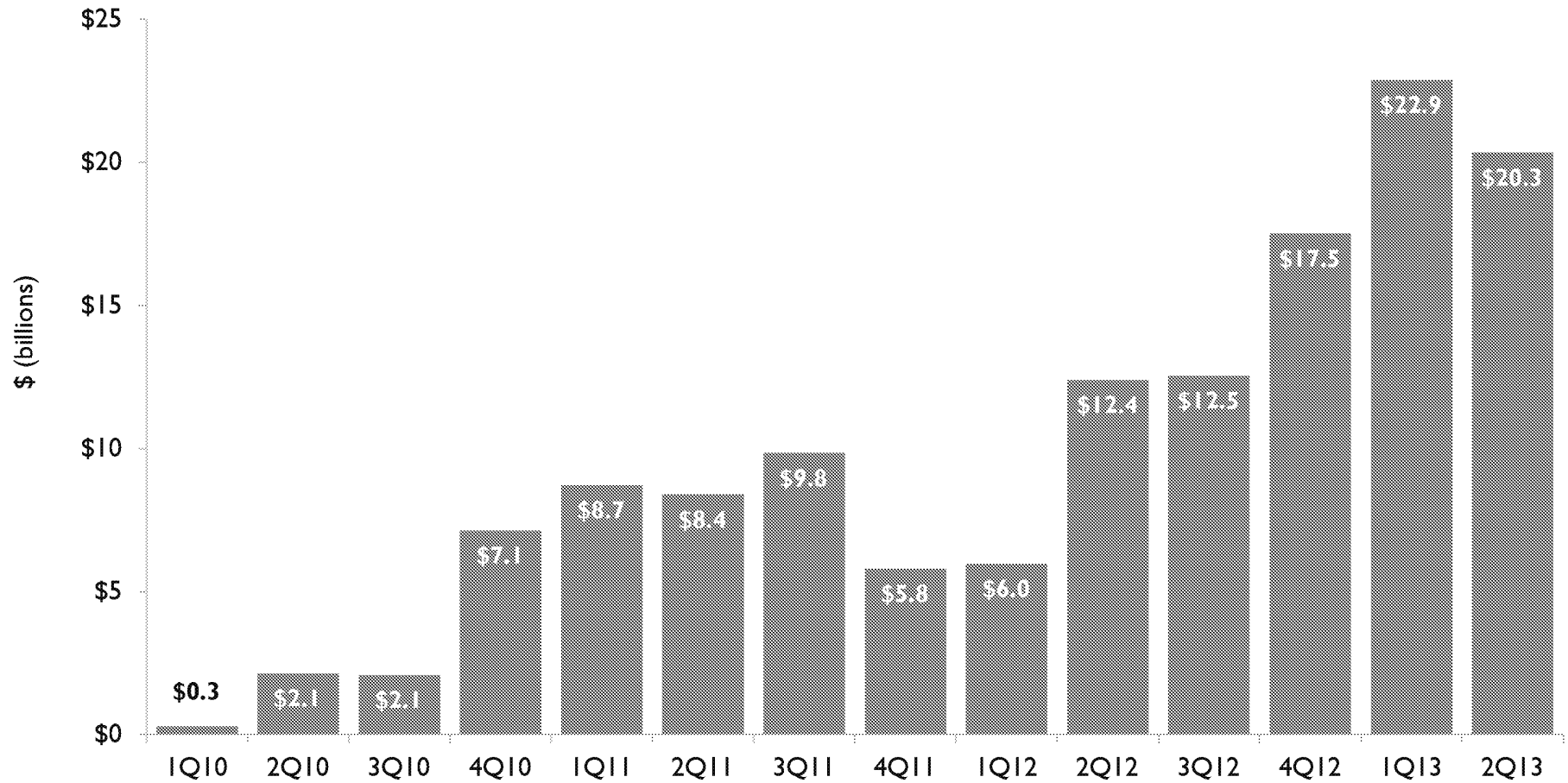
## Notable 2Q 2013 NYC Loan Originations (cont'd)

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- Aareal Capital Corporation provided a \$160 million loan to refinance 693 Fifth Avenue (the Takashimaya Building), a 20-story 105,400 SF property acquired by Thor Equities in 2010 for \$142 million.
  - The loan basis is slightly above \$1,500 PSF. Italian fashion designer Valentino recently agreed to lease 18,300 SF of flagship retail space for approximately \$16.5 million per year. Aareal also provided an \$87 million loan to Thor on the Scribner Building at 597 Fifth Avenue, which Thor purchased in 2011 for \$99 million.
- Capital One and Deutsche Bank originated a \$352 million loan for 40 Riverside Boulevard, being developed by The Carlyle Group and Extell Development.
  - The 33-story tower at 59th Street and Riverside will contain 219 condominium units. The floating-rate loan has a 3-year term and two 1-year extension options.
  - The property is part of Riverside Center, an 8-acre parcel between 59th and 63rd Streets that is being developed in phases.
- Starwood Property Trust provided \$158.5 million in financing for the purchase of the landmark Brill Building at 1619 Broadway. Allied Partners and Brickman acquired the 180,000 SF property in March for \$185.5 million.
- Separately, Starwood provided \$200 million in bridge financing to a partnership between JDS Development and Property Markets Group for the redevelopment of 111 West 57th Street, the Steinway Building. The short-term bridge loan carries a rate of 9%.
- UBS provided \$130 million in floating-rate financing on 116 John Street, a 418-unit residential rental conversion being completed by MetroLoft Management and Hacienda Intercontinental Realty.
  - The UBS loan refinances an \$86 million floating-rate loan provided by Capital One, Sovereign Bank and TD Bank in 2011 when the partnership acquired the building.

# DEBT CAPITAL MARKETS

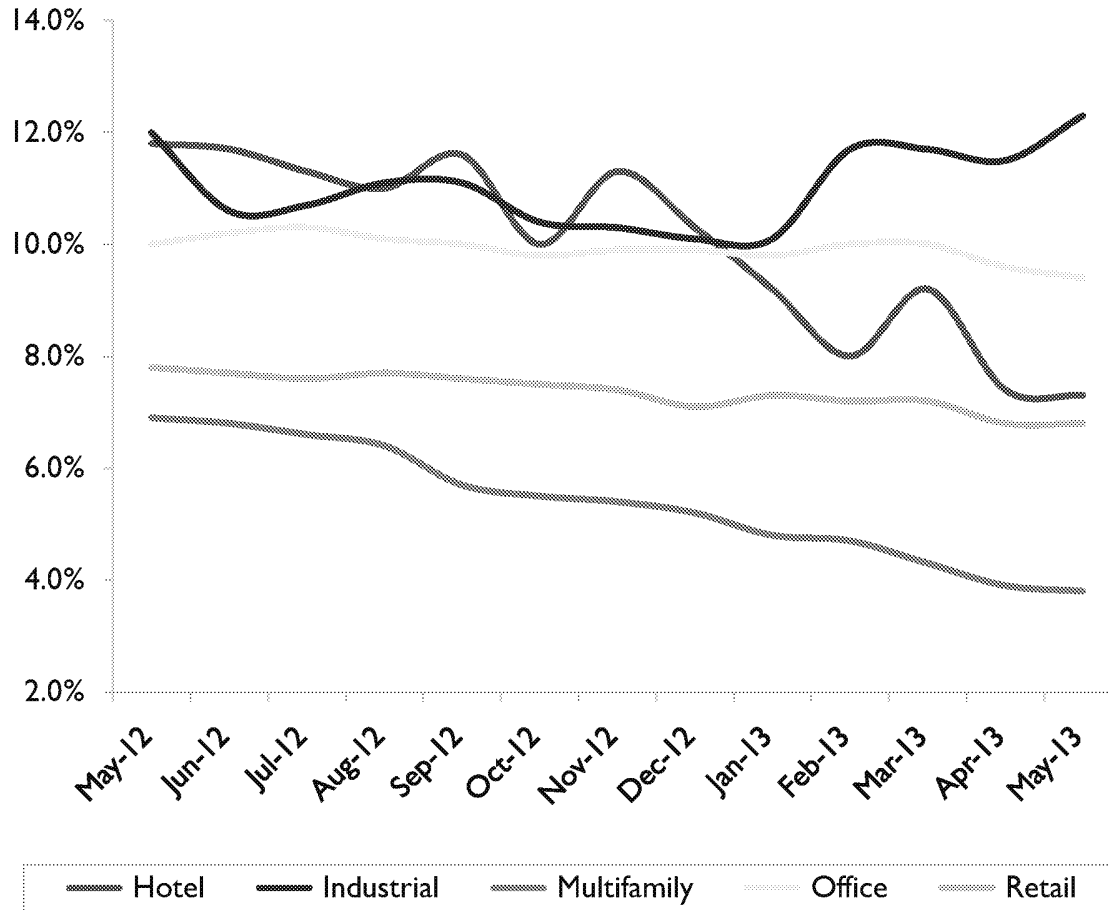
## Quarterly US CMBS Issuance since 2010



**US CMBS issuance totaled \$43.9 billion in the first half of 2013, just 9% below total issuance in all of 2012.**

# DEBT CAPITAL MARKETS

## National CMBS Delinquency Rates by Property Type



Property Sector	Delinquency Rate YOY Change
Hotel	-450 Bps
Industrial	30 Bps
Multifamily	-310 Bps
Office	-60 Bps
Retail	-100 Bps

- Delinquent unpaid balance for CMBS declined 18% year-over-year as of May 2013, with overall delinquency rate down 183 bps over the trailing 12 months.
- Hospitality loans showed the strongest decline in delinquency rate, down 450 bps, followed by the multifamily sector, down 310bps.

Source: Morningstar



## NEW YORK OFFICE LEASING

### New York Office Leasing by

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# NEW YORK OFFICE LEASING

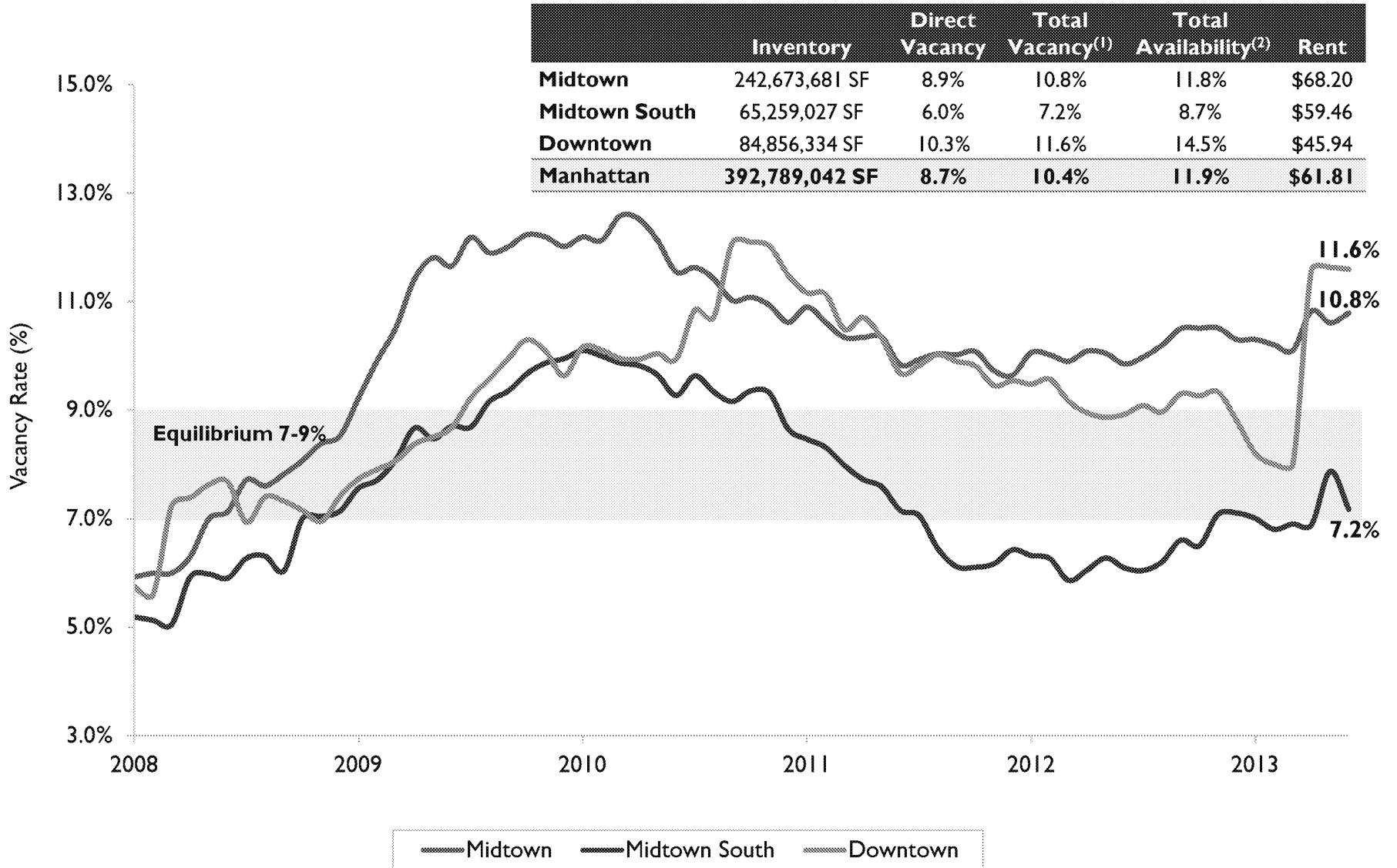
## Manhattan Overview

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- \* Leasing activity in 2Q13 was exceptionally strong, with 6.7 MSF of new leasing activity
  - Leasing activity of 12.4 MSF through the first half of 2013 represents an 11% increase from the first half of 2012
  - Of the three major markets, Midtown leasing activity is up the greatest year-over-year, 17.6%
- \* Manhattan overall asking rents are up 5.0% year-over-year, currently \$61.81 PSF
  - 2Q13 represents the first time overall average asking rents have surpassed \$61 PSF since May 2009
  - Midtown South and Downtown asking rents have risen the most significantly, 20.3% and 14.7%, respectively
- \* Net effective rents are 8.8% higher year-over-year, as a stronger leasing market has led to landlords diminishing concessions
- \* Overall available space increased 130 basis points to 10.4% in 2Q13, primarily due to new construction that came on-line in the Midtown and Midtown South markets and new Downtown blocks that entered the statistical sample during the quarter
  - The completion of 250 West 55th Street in 2Q13 brought more than 450,000 SF of direct available space to the Midtown submarket
  - Midtown South's vacancy rate jumped primarily because of the new office development, 51 Astor Place, which brought 400,000 SF of new Class A inventory to the submarket
- \* Midtown Class A sublease space is at its lowest level in 11 months and Downtown Class A sublease space fell to its lowest point in 4 months, down nearly 14% from a year ago

# NEW YORK OFFICE LEASING

## Vacancy Rate – All Classes

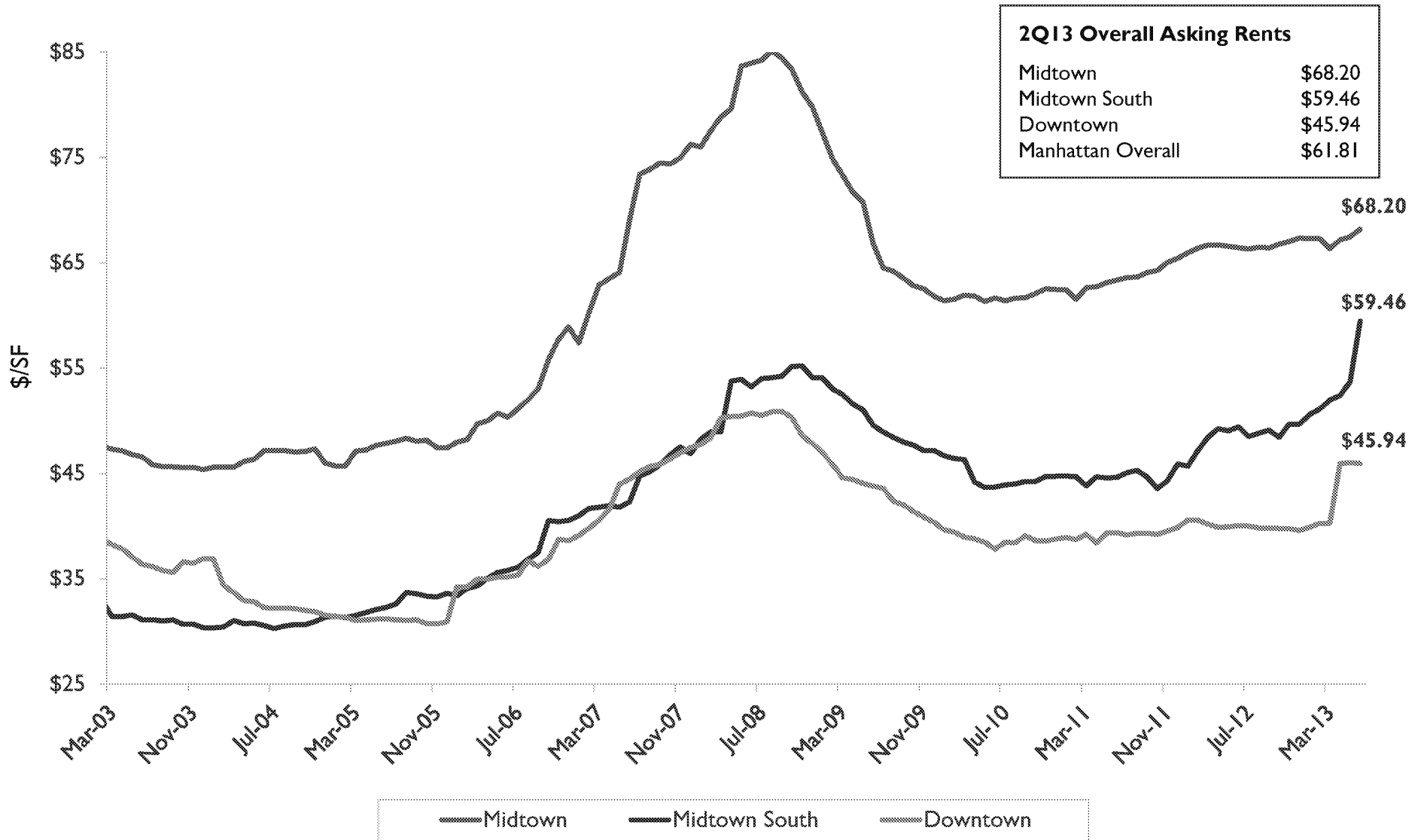


(1) Total Vacancy is defined as available space that is currently vacant or will be vacant within 6 months  
 (2) Total Availability is defined as available space that is currently vacant or will be vacant within 12 months.

Source: Cushman & Wakefield Research

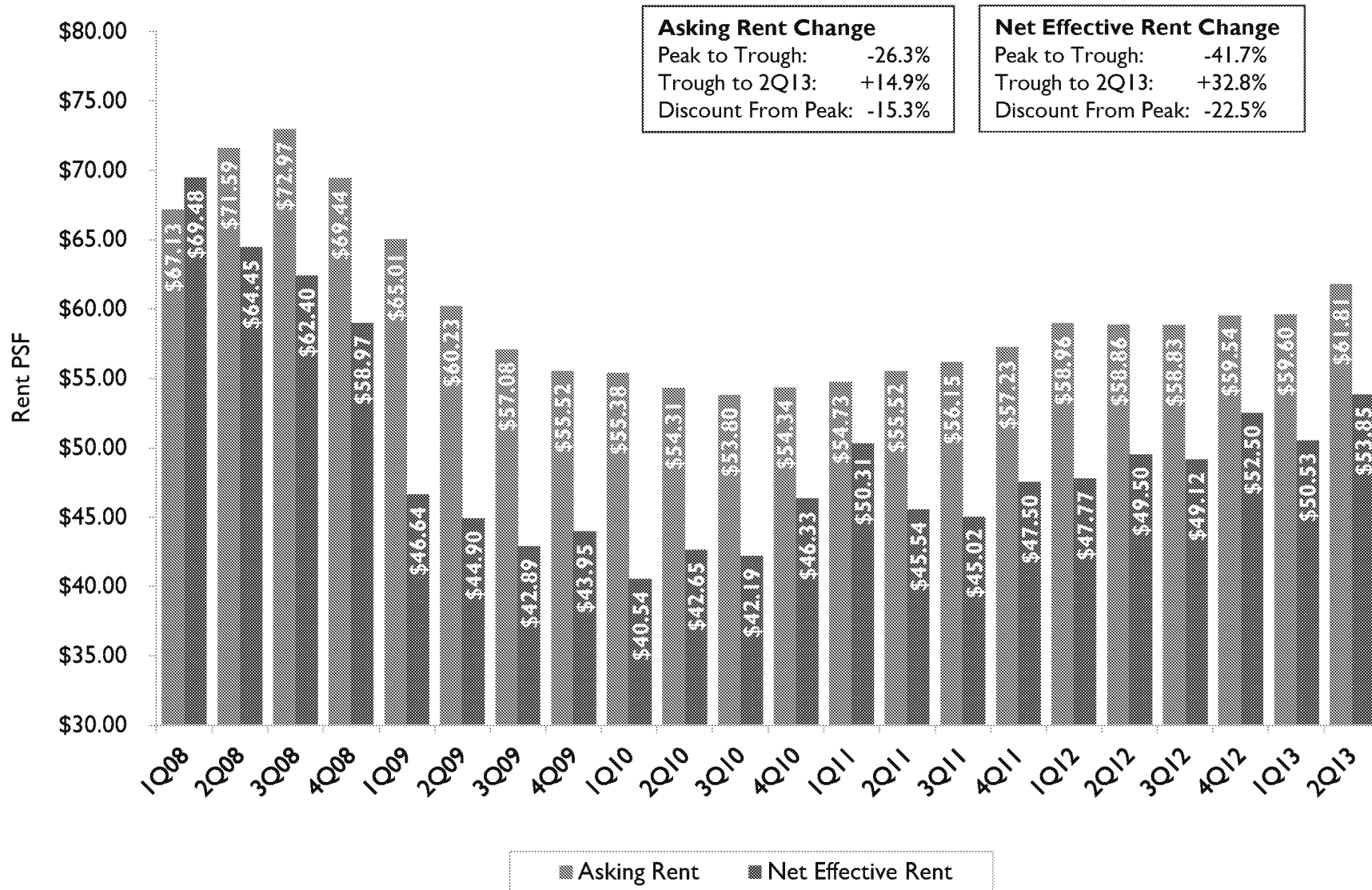
# NEW YORK OFFICE LEASING

## Rental Rates – All Classes



# NEW YORK OFFICE LEASING

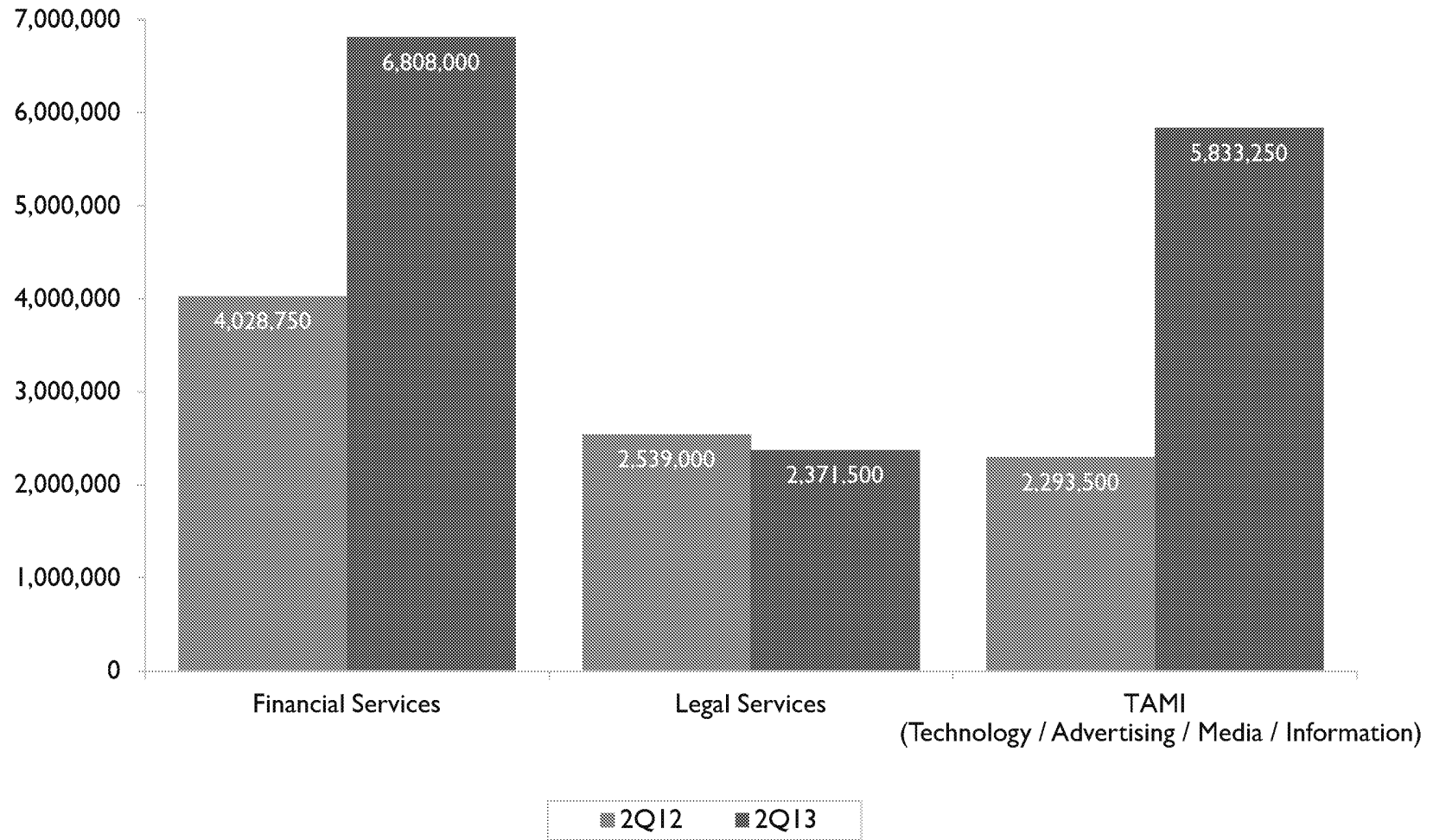
## Manhattan Rent Changes – Asking vs. Net Effective



Source: Cushman & Wakefield Research

# MANHATTAN DEMAND

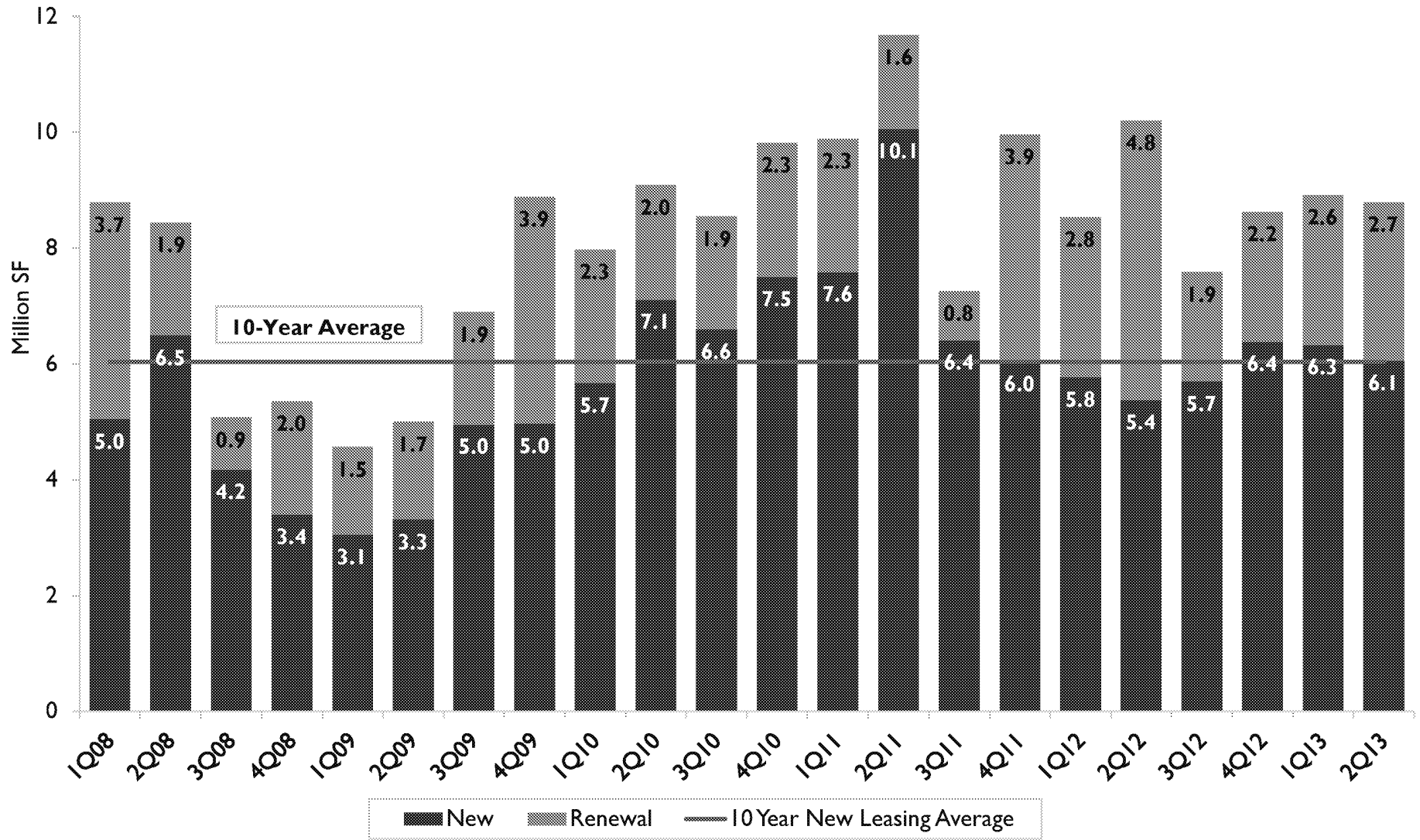
## Tenants in the Market



Healthy pipeline in several core leasing industries.

# MANHATTAN

## Quarterly Leasing

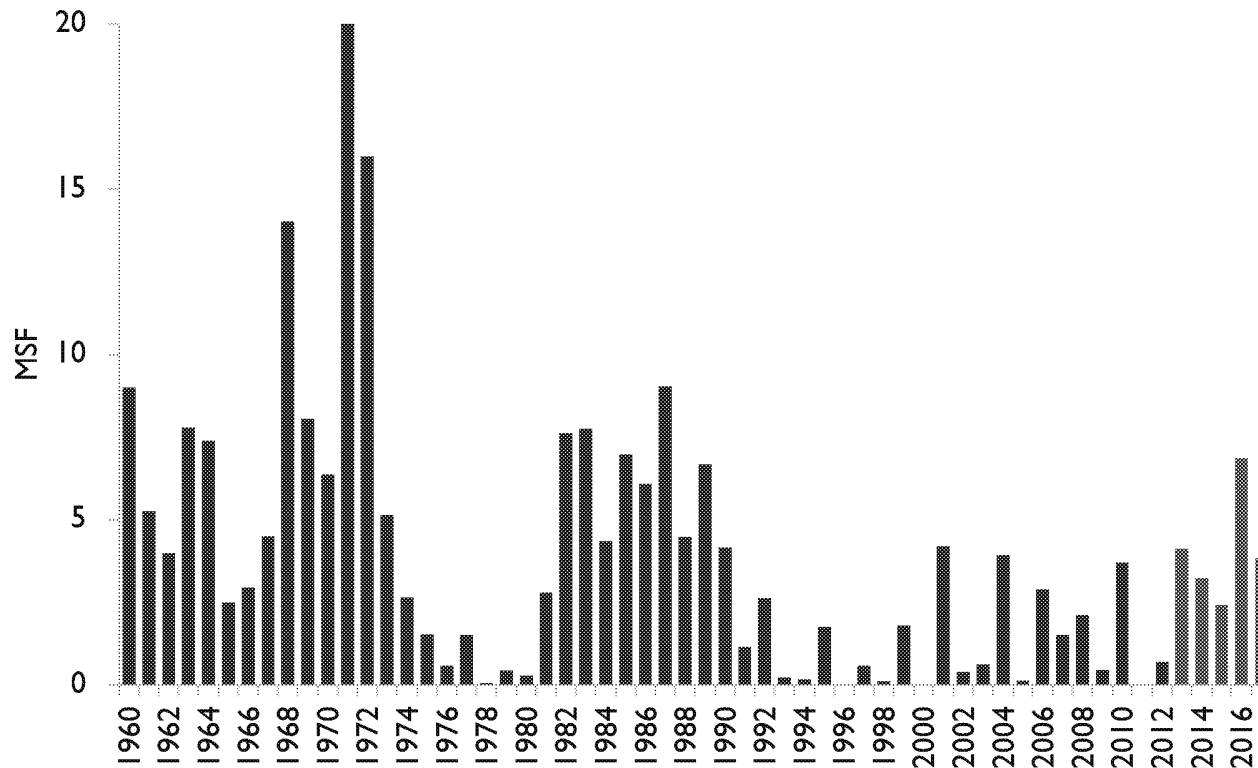


Activity is up in all three markets, year-over-year.

# MANHATTAN

## Office Development Pipeline

### Historical and Projected Additions to Manhattan Office Inventory



### Select New Office Development

>400k SF with anticipated completion before 2018

Property	Est. SF	Est. Delivery
<b>Midtown</b>		
250 West 55th St	993,400	2013
7 Bryant Park	473,000	2015
Hudson Yards South Tower	1,700,000	2015
3 Hudson Boulevard	1,700,000	2016
Brookfield Manhattan West	5,400,000	2016/2017
425 Park Avenue	650,000	2017
<b>Midtown South</b>		
330 Hudson Street	440,000	2013
51 Astor Place	400,000	2013
<b>Downtown</b>		
One World Trade Center	3,020,000	2014
Three World Trade Center	2,800,000	2016
Four World Trade Center	2,000,000	2013
<b>TOTAL</b>	<b>19,576,400</b>	
Overall Pre-leased %		27%

New office supply is relatively muted compared to past development cycles.



NEW YORK RESIDENTIAL



# NEW YORK RESIDENTIAL

## Manhattan Overview

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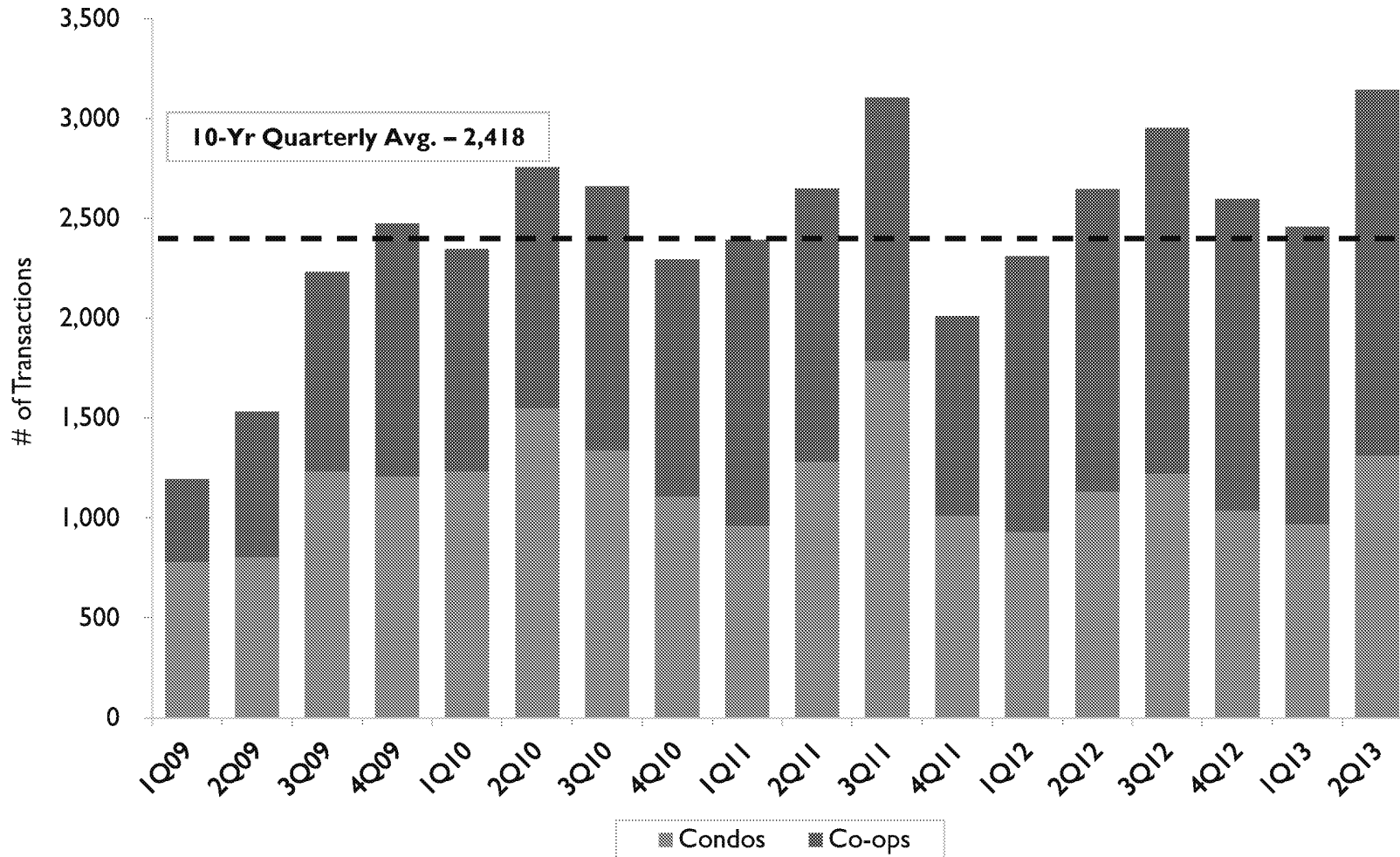
- There were more than 3,100 condo and co-op sales in the second quarter, representing a 30% increase over the 10-year quarterly average, owing largely to the low mortgage rate environment and sustained job growth.
- Average condo pricing ticked up slightly from 1Q 2013 to average \$1,381 PSF during the second quarter. This represents a 20% increase over the 10-year average and a 9% increase over the 2012 average.
- Not yet fully reflected in overall market stats, select pockets of Manhattan are benefiting from “super-luxury” condominium pricing, which could gradually lift average pricing levels in Manhattan.
  - In the Plaza District, Central Park South and Central Park West, properties such as 15 CPW, 50 Central Park South, One57, 432 Park Avenue and The Residences at Time Warner Center are experiencing pricing of \$6,000 PSF to \$9,000 PSF.
  - On the Upper East Side, 737 Park Avenue and The Carlton House are averaging \$3,500 to \$4,000 PSF for condo sellout.
  - In Tribeca, 56 Leonard Street is experiencing sellout prices ranging from \$2,500 PSF to more than \$4,000 PSF.
  - These properties are fueling competitive supply looking to capture high demand for super-luxury apartments within buildings replete with world-class amenities and services.
  - Super-luxury condominium price levels are also raising the bar on development parcels zoned for residential use and redevelopment opportunities in prime neighborhoods.
- Overall Manhattan apartment vacancy averaged 1.1% during the second quarter according to CitiHabitats, with several neighborhoods averaging less than 1.0% (Chelsea, Gramercy, SoHo, Tribeca and the Upper West Side)
  - 6% of lease transactions in 2Q 2013 had a concession, versus 8% in 1Q 2013

Source: Cushman & Wakefield Capital Markets, Miller Samuel, Inc., CitiHabitats

CUSHMAN & WAKEFIELD 44

# NEW YORK RESIDENTIAL

## Manhattan Quarterly Condo & Co-op Sales Volume

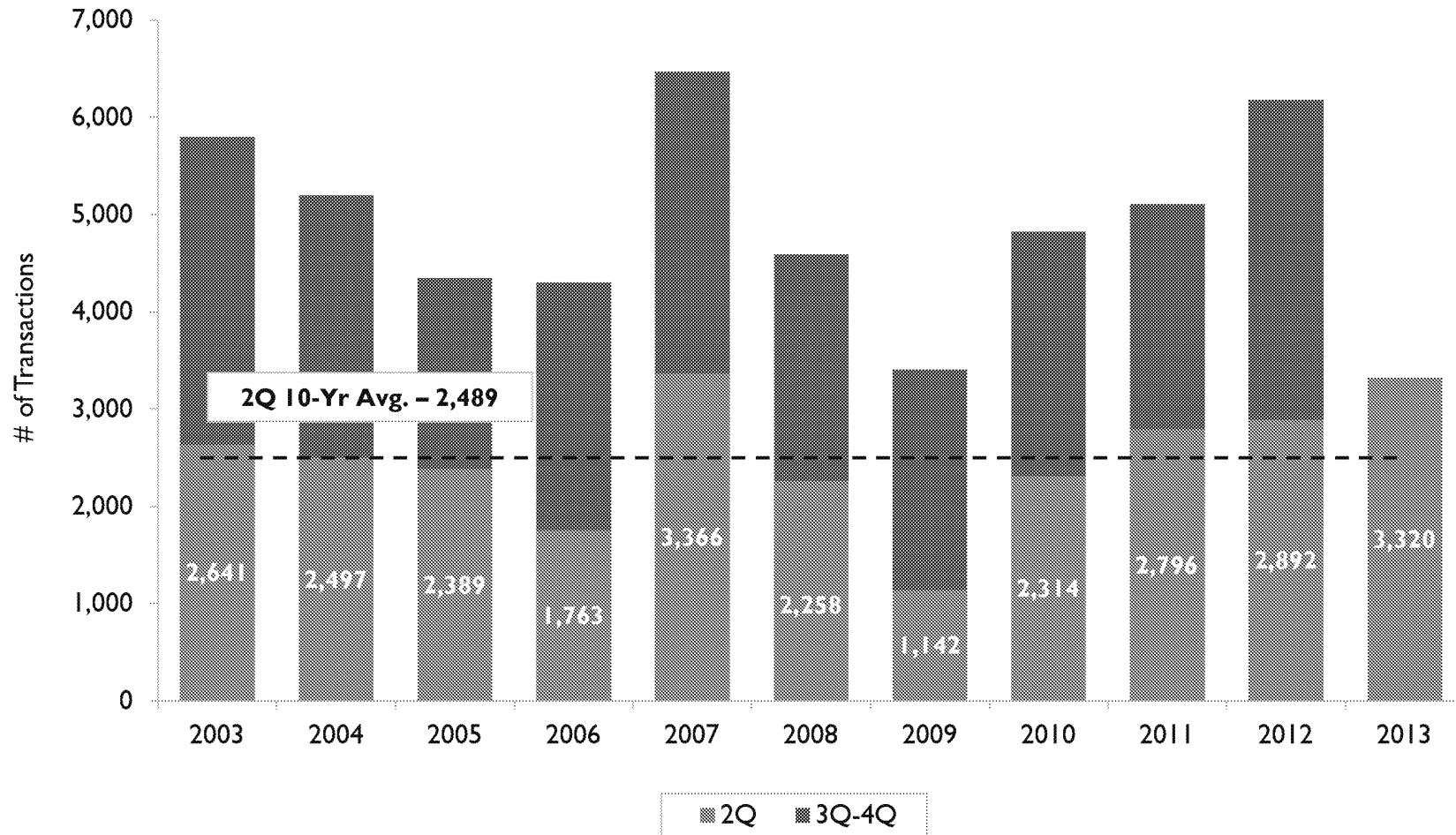


There were more than 3,100 condo and co-op sales in the second quarter, representing a 30% increase over the 10-year quarterly average, owing largely to the low mortgage rate environment and sustained job growth.

Source: Miller Samuel, Inc.

# NEW YORK RESIDENTIAL

## Manhattan Co-op Sales Volume Annually

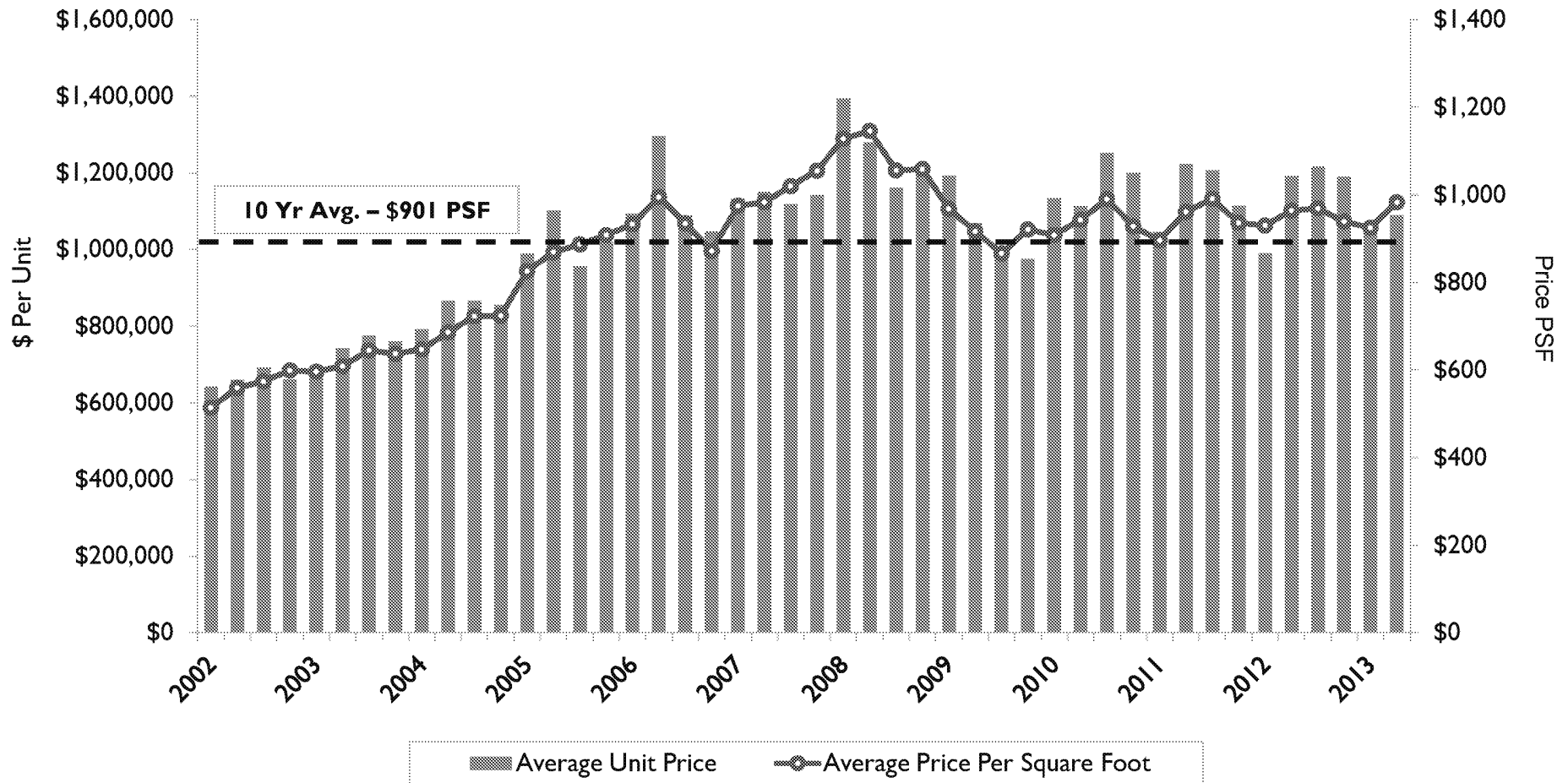


**Total co-op transaction activity is up nearly 15% year-over-year with 3,320 closed sales through 2Q 2013, marking the most active first half-year since 2007.**

Source: Miller Samuel, Inc.

# NEW YORK RESIDENTIAL

## Manhattan Co-op Sales Prices

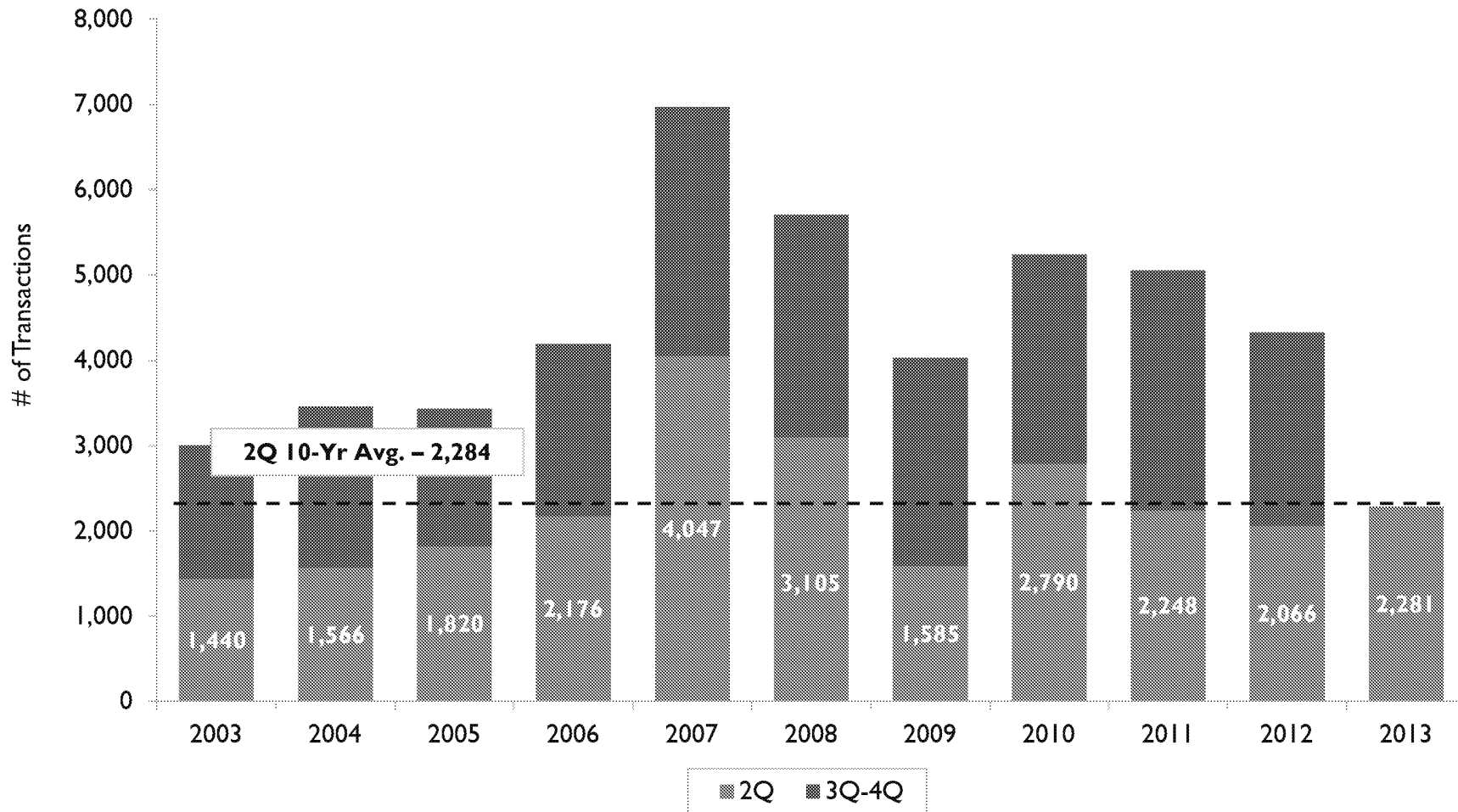


Average per unit co-op pricing of \$983 PSF during 2Q 2013 represents a 2.0% year-over-year uptick and a 6.2% increase over 1Q 2013. Current pricing levels are also 9.0% higher than the 10-year average.

Source: Miller Samuel, Inc.

# NEW YORK RESIDENTIAL

## Manhattan Condo Sales Volume Annually

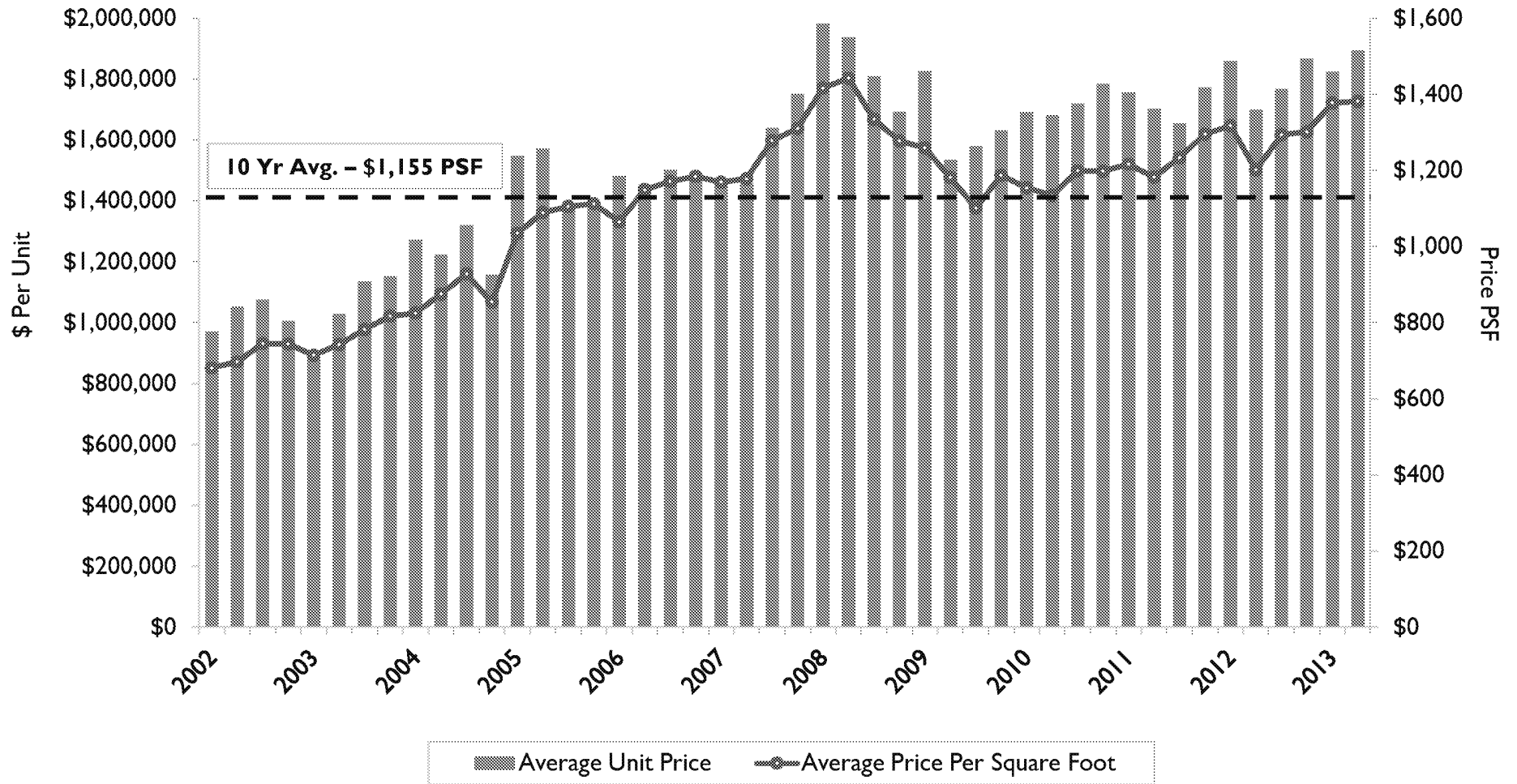


Through two quarters, condo volume is up 10% over the first half of 2012 and is inline with the 10-year average through two quarters.

Source: Miller Samuel, Inc.

# NEW YORK RESIDENTIAL

## Manhattan Condo Sales Prices



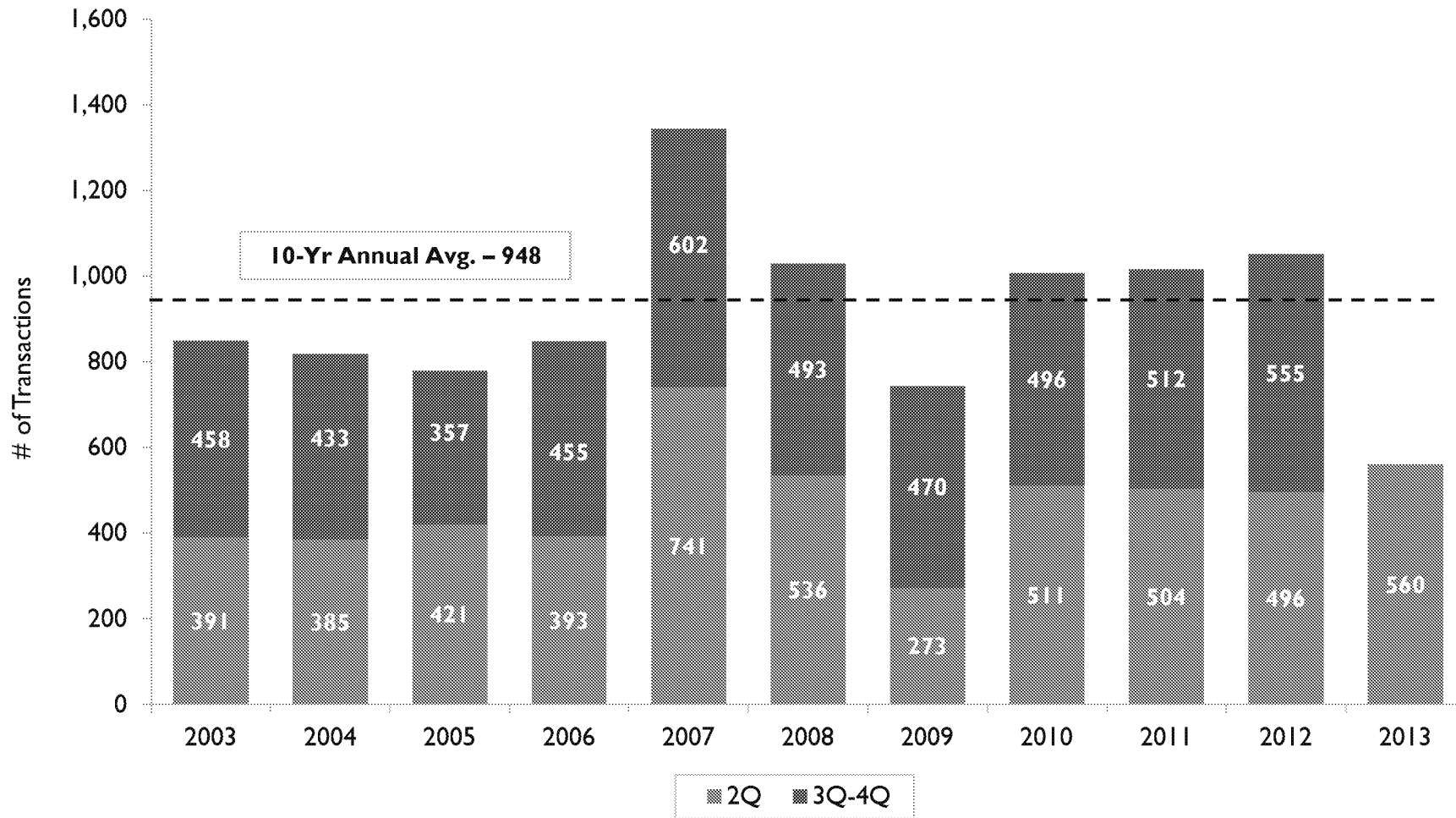
Average condo pricing ticked up slightly from 1Q 2013 to average \$1,381 PSF during the second quarter. This represents a 20% increase over the 10-year average and a 9% increase over the 2012 average.

Source: Miller Samuel, Inc.

# NEW YORK RESIDENTIAL

## Luxury Residential Transactions

Annual Luxury Condominium and Co-Op Sales (2003 – 2Q13)



The luxury segment has become a significant driver in the condo market, with luxury activity up 13% year-over-year.

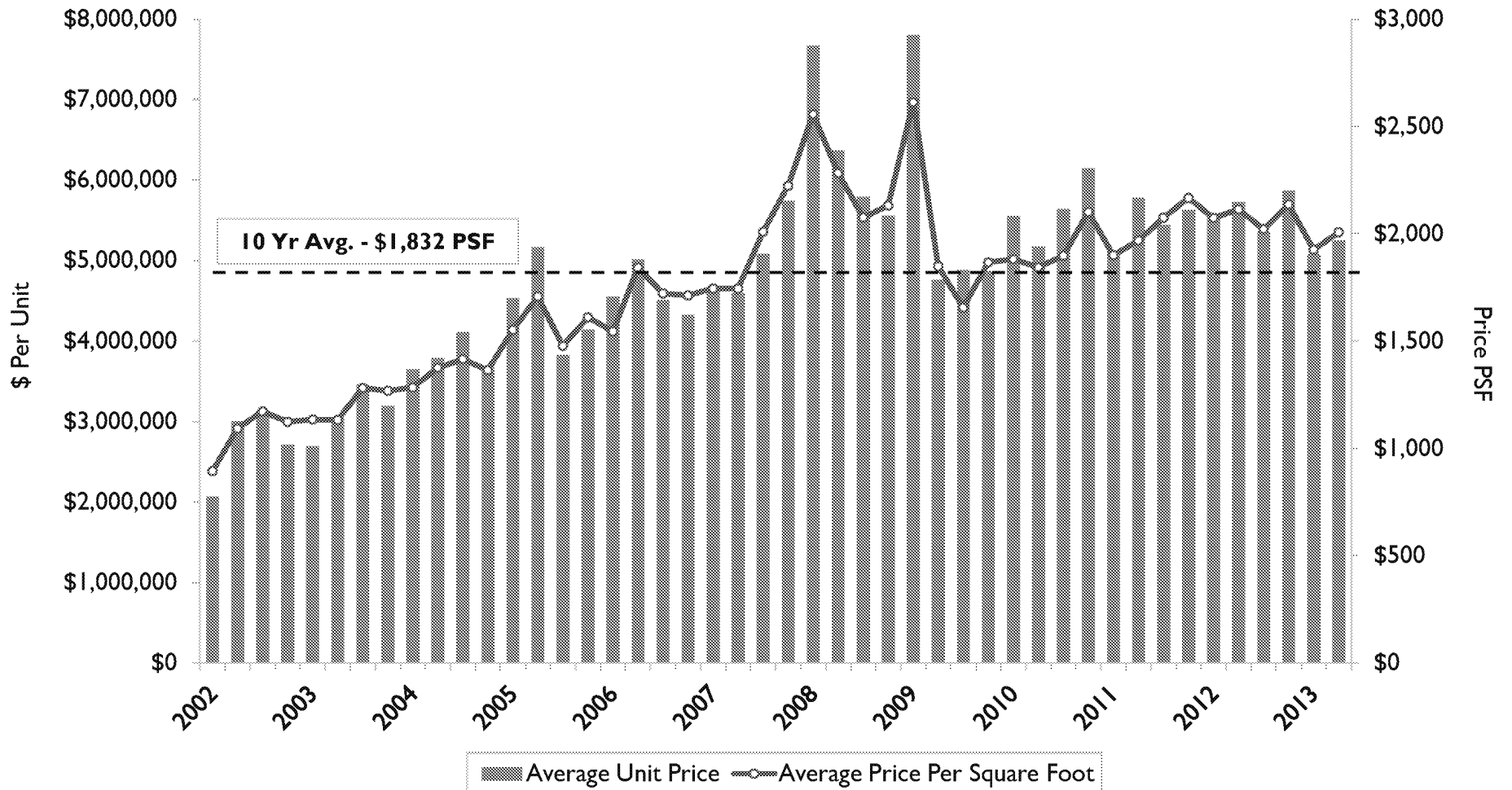
Note: Luxury market accounts for top 10% of all Condo and Co-Op Sales

Source: Miller Samuel, Inc.



# NEW YORK RESIDENTIAL

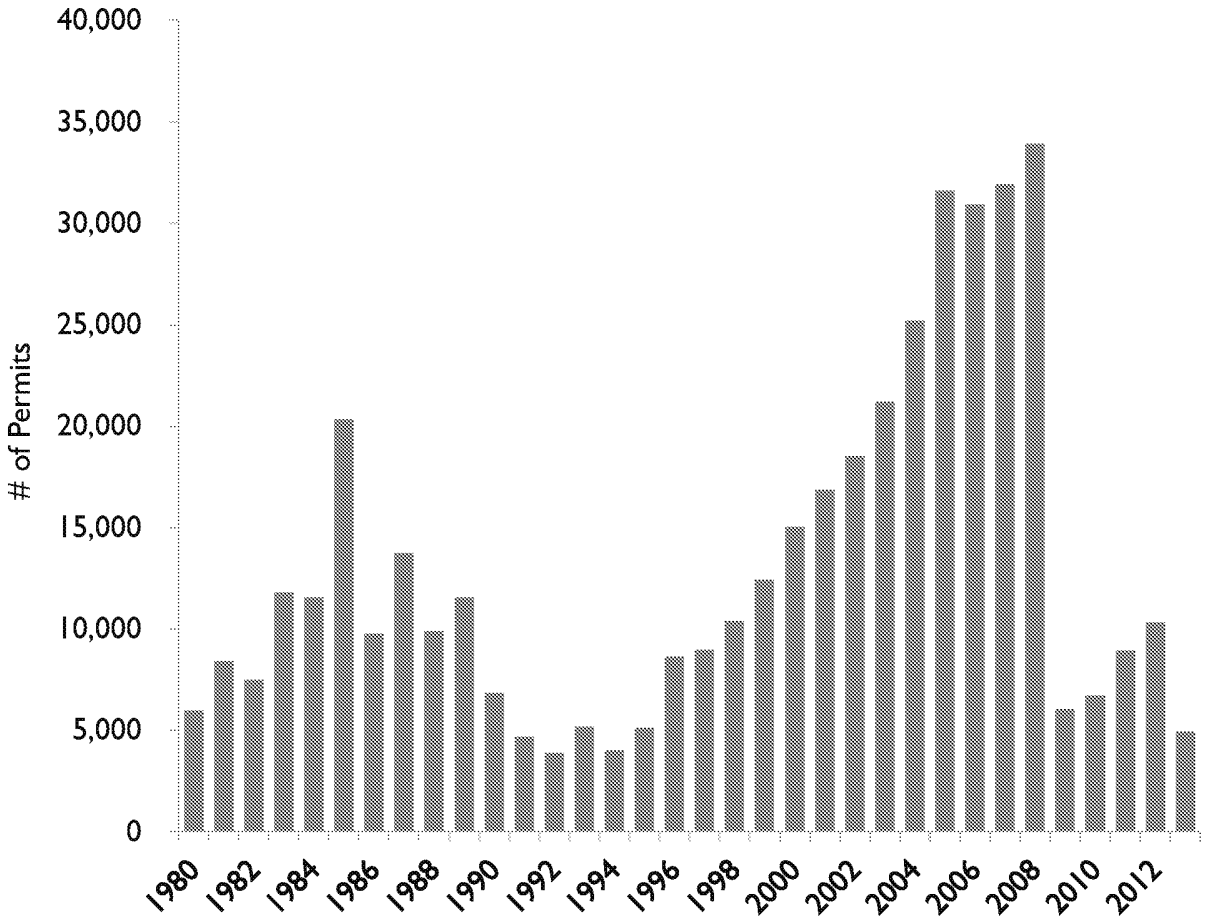
## Luxury Condo & Co-op Sales Prices



Luxury condo pricing averaged just above \$2,000 PSF during the second quarter, a 4.2% increase over the prior quarter and 9.5% higher than the 10-year average. As the “super-luxury” condo phenomenon continues to take shape and begins to show up in the stats, luxury pricing may increase significantly.

Note: Luxury market accounts for top 10% of all Condo and Co-Op Sales  
Source: Miller Samuel, Inc.

# NEW YORK RESIDENTIAL Construction Permits Issued in NYC



- Permit activity has improved substantially since 2011, as strong residential fundamentals and increase in land/development investment has fueled new construction starts.
- Issued permits (as annualized through May 2013) are up 14% over year-end 2012 figures.
- Brooklyn has been the most active borough for new construction activity, accounting for more than 40% of permits issued year-to-date.

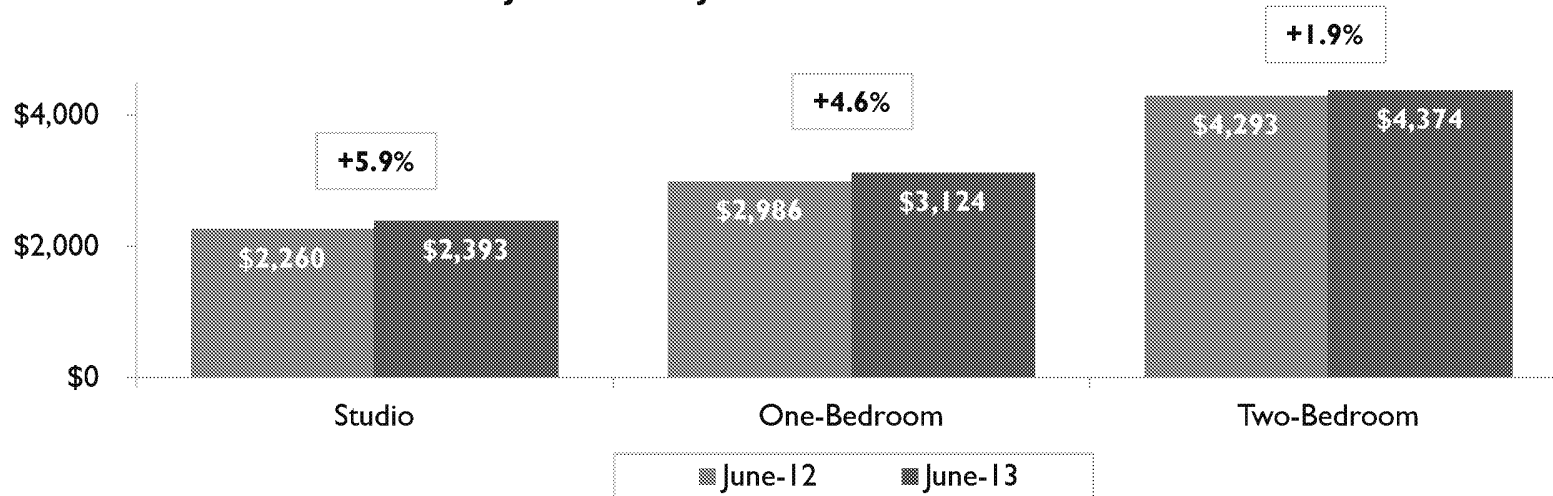
\* Data through May 2013  
Source: U.S. Department of Housing and Urban Development

# NEW YORK RESIDENTIAL

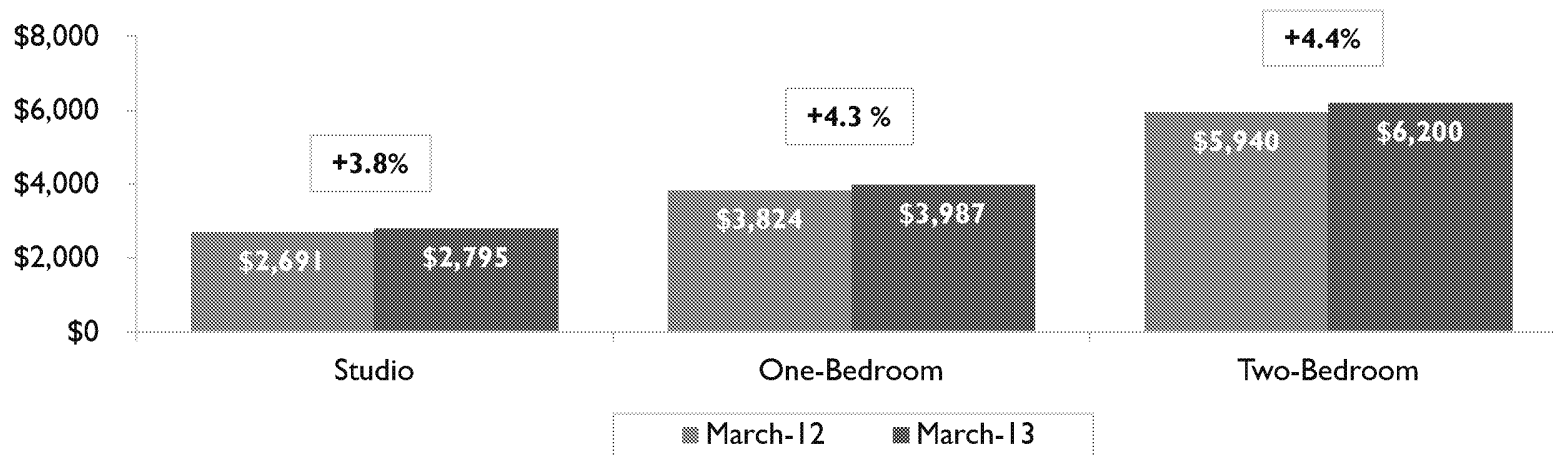
## Manhattan Rent Trend by Unit Size

### Mean Manhattan Rental Prices, Year-Over-Year Change

#### Manhattan Non-Doorman Rents: June 2012 vs. June 2013



#### Manhattan Doorman Rents: June 2012 vs. June 2013



Source: MNS Real Estate

# NEW YORK RETAIL LEASING

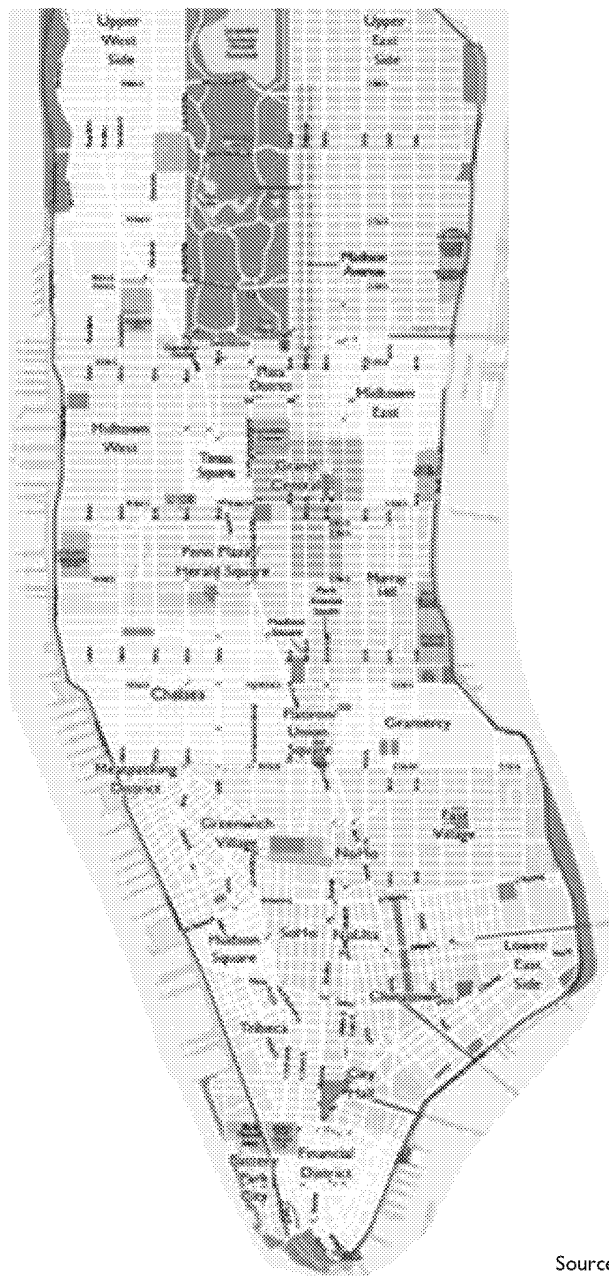
**New York Retail Leasing by**

Cushman & Wakefield  
Retail Group  
Tel: (212) 841-7500



# NEW YORK RETAIL LEASING

## Manhattan Retail Submarket Map



### 1. Fifth Avenue

49<sup>th</sup> Street to 60<sup>th</sup> Street

42<sup>nd</sup> Street to 49<sup>th</sup> Street

### 2. Madison Avenue

East 57<sup>th</sup> Street to East 72<sup>nd</sup> Street

### 3. Upper West Side

Broadway: Southside of West 60<sup>th</sup> Street to West 86<sup>th</sup> Street

Columbus Avenue: West 66<sup>th</sup> Street to West 72<sup>nd</sup> Street

### 4. Third Avenue

East 57<sup>th</sup> Street to East 79<sup>th</sup> Street

### 5. Times Square

Bowtie Region: Broadway & Seventh Avenue, from

West 42<sup>nd</sup> Street to West 47<sup>th</sup> Street

### 6. Flatiron

Fifth Avenue, 14<sup>th</sup> Street to 25<sup>th</sup> Street

Broadway, 17<sup>th</sup> Street to 23<sup>rd</sup> Street

### 7. Meatpacking

Ninth Avenue to West Street, Gansevoort Street to West 16<sup>th</sup> Street

### 8. SoHo

Broadway to West Broadway, W. Houston Street to Grand Street

### 9. Lower Manhattan

High Streets:

Broadway- Vesey Street to Battery Place

Wall Street- Broadway to South Street

Fulton Street- Broadway to South Street

Source: Cushman & Wakefield Research

CUSHMAN & WAKEFIELD 55

## NEW YORK RETAIL LEASING

## Year-over-year Comparison - Asking Rent vs. Availability

	AVERAGE GROUND FLOOR ASKING RENT PSF			AVAILABILITY RATE		
	Q2 2012 Rents	Q2 2013 Rents	% Change	Q2 2012 Availability	Q2 2013 Availability	% Pt. Change
Fifth Avenue (49th to 60th Street)	\$2,067 psf	\$2,760 psf	+33.5%	5.9%	7.4%	+1.5 pp
Fifth Avenue (42nd to 49th Street)	\$892 psf	\$1,087 psf	+21.9%	15.1%	26.2%	+11.1 pp
Madison Avenue	\$1,098 psf	\$1,351 psf	+23.0%	10.4%	7.9%	-2.5 pp
Upper West Side	\$354 psf	\$374 psf	+5.6%	4.0%	4.0%	Steady
Third Avenue	\$245 psf	\$274 psf	+11.8%	6.2%	8.8%	+2.6 pp
Times Square	\$1,850 psf	\$2,170 psf	+17.3%	4.4%	11.1%	+6.7 pp
Flatiron	\$298 psf	\$346 psf	+16.1%	6.0%	5.6%	-0.4 pp
Meatpacking District	\$267 psf	\$322 psf	+20.6%	14.5%	17.0%	+2.5 pp
SoHo	\$301 psf	\$455 psf	+51.2%	7.0%	10.9%	+3.9 pp
Lower Manhattan	\$237 psf	\$251 psf	+5.9%	7.9%	9.1%	+1.2 pp

## NEW YORK RETAIL LEASING

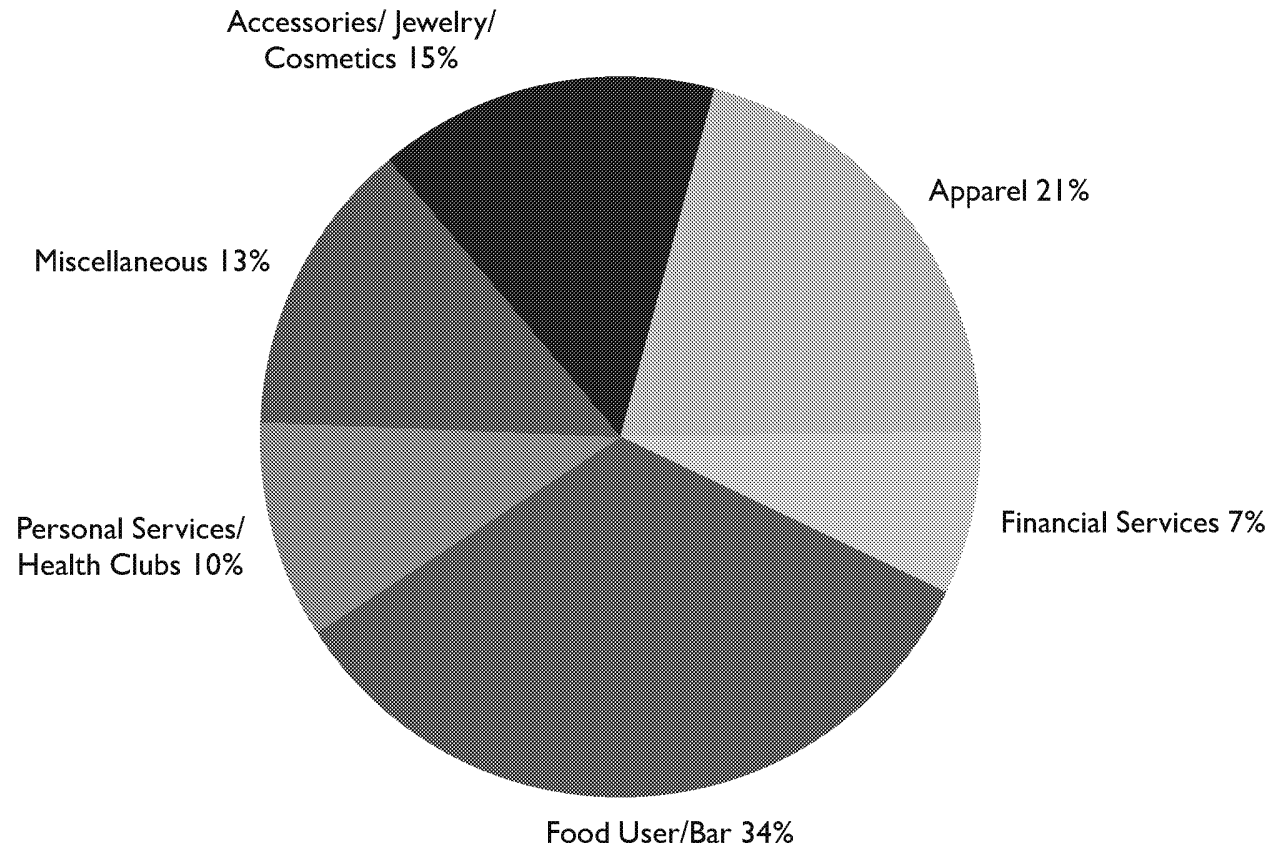
## Significant Manhattan Lease Transactions 2Q 2013

Submarket	Address	Tenant	Total SF
Madison Avenue	650 Madison Avenue	Crate & Barrel	64,000
Penn Plaza/Herald Square	1333 Broadway	Urban Outfitters	59,301
Upper Fifth Avenue	711 Fifth Avenue	Ralph Lauren	45,814
Penn Plaza/Herald Square	120 West 42nd Street	Equinox	30,000
Midtown West	3 Columbus Circle	CVS	25,000
Lower East Side	28 Avenue A	New York Health & Racquet Club	21,262
Penn Plaza/Herald Square	151 West 30th Street	Dragon Sphere NY	19,700
Upper Fifth Avenue	693 Fifth Avenue	Valentino	18,300
Midtown West	423 West 55th Street	Planet Fitness	17,180
Chelsea	260 West 26th Street	Blink Fitness	15,500
Midtown West	250 West 57th Street	Gap	13,951
Madison Square	159 Madison Avenue	Fendi Casa	13,000
Greenwich Village	666 Greenwich Street	David Barton Gym	12,950
Upper East Side	1015 Third Avenue	Texas de Brazil	12,400
Plaza District	42 Central Park South	Carpaccio	10,094
Upper West Side	150 Amsterdam Avenue	Flywheel	9,200
Plaza District	527 Madison Avenue	Harman Industries	9,000
Upper Fifth Avenue	767 Fifth Avenue	Cartier	8,917

# NEW YORK RETAIL LEASING

## Leasing Activity by Industry

2013 Year-To-Date Leasing by Industry



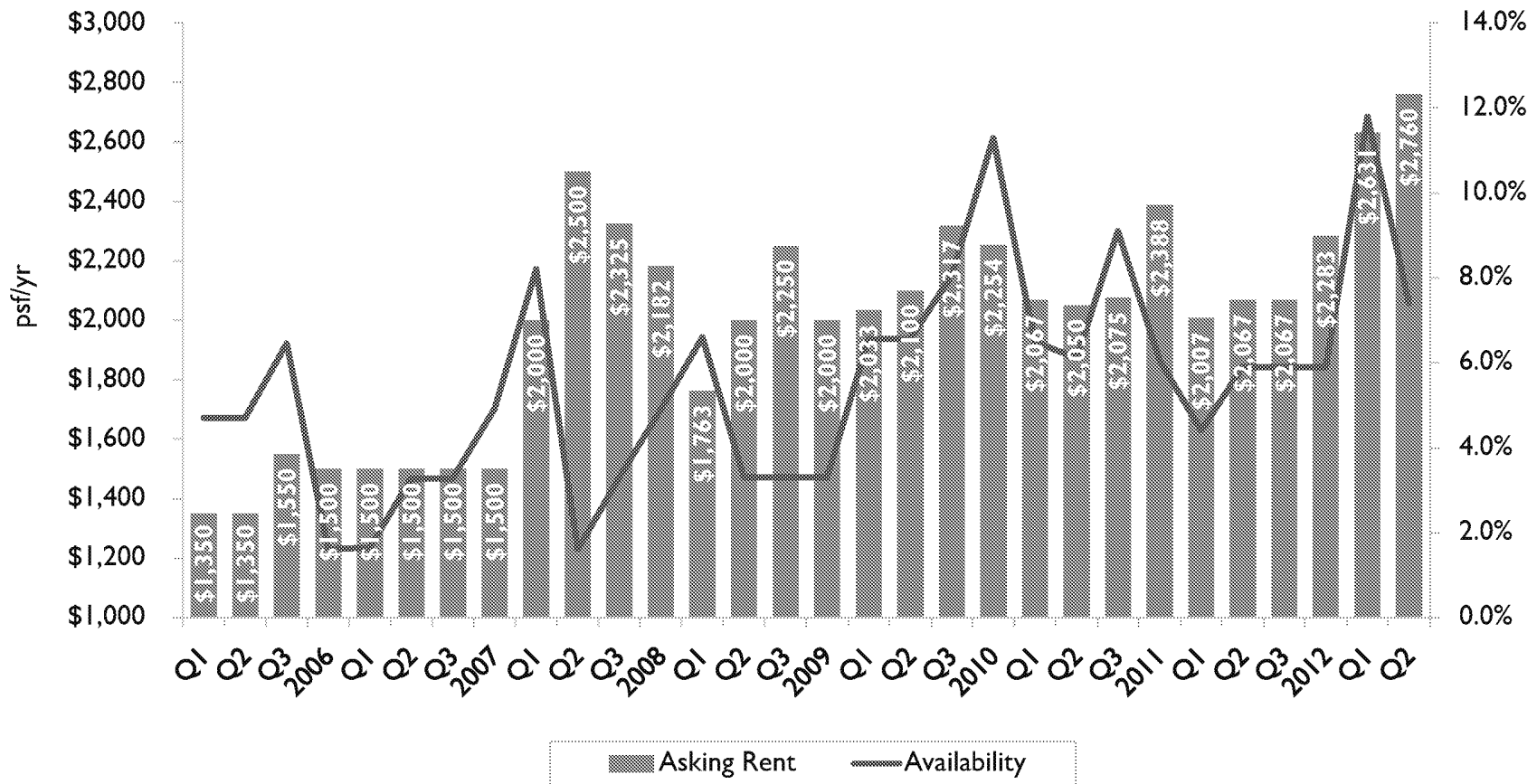
**Food Users/Bars accounted for 34% of leasing activity at mid-year.**



# NEW YORK RETAIL LEASING

## Upper Fifth Avenue Asking Rent vs. Availability Trend

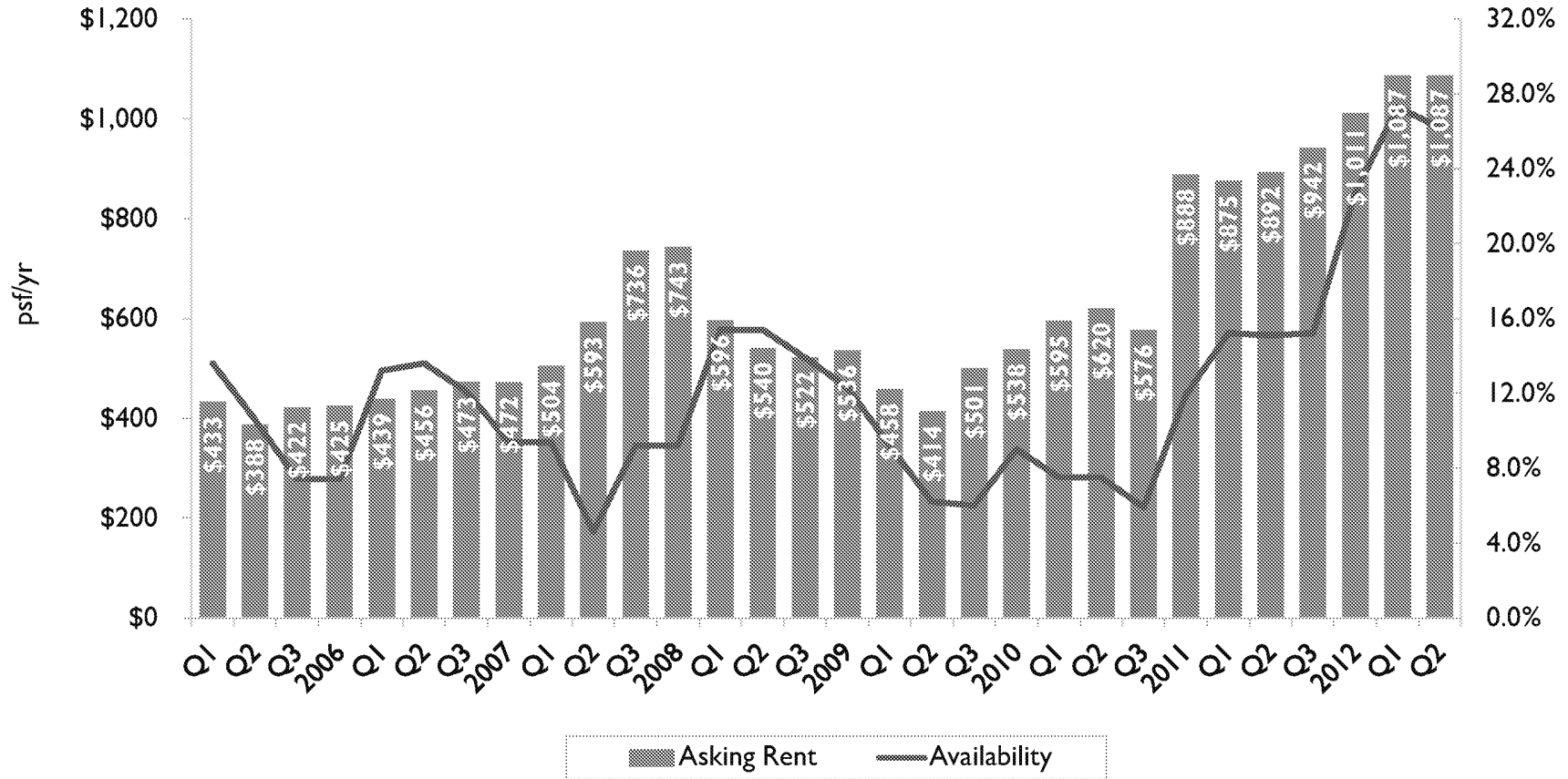
### Average Ground Floor Asking Rent & Availability Rate



# NEW YORK RETAIL LEASING

## Lower Fifth Avenue Asking Rent vs. Availability Trend

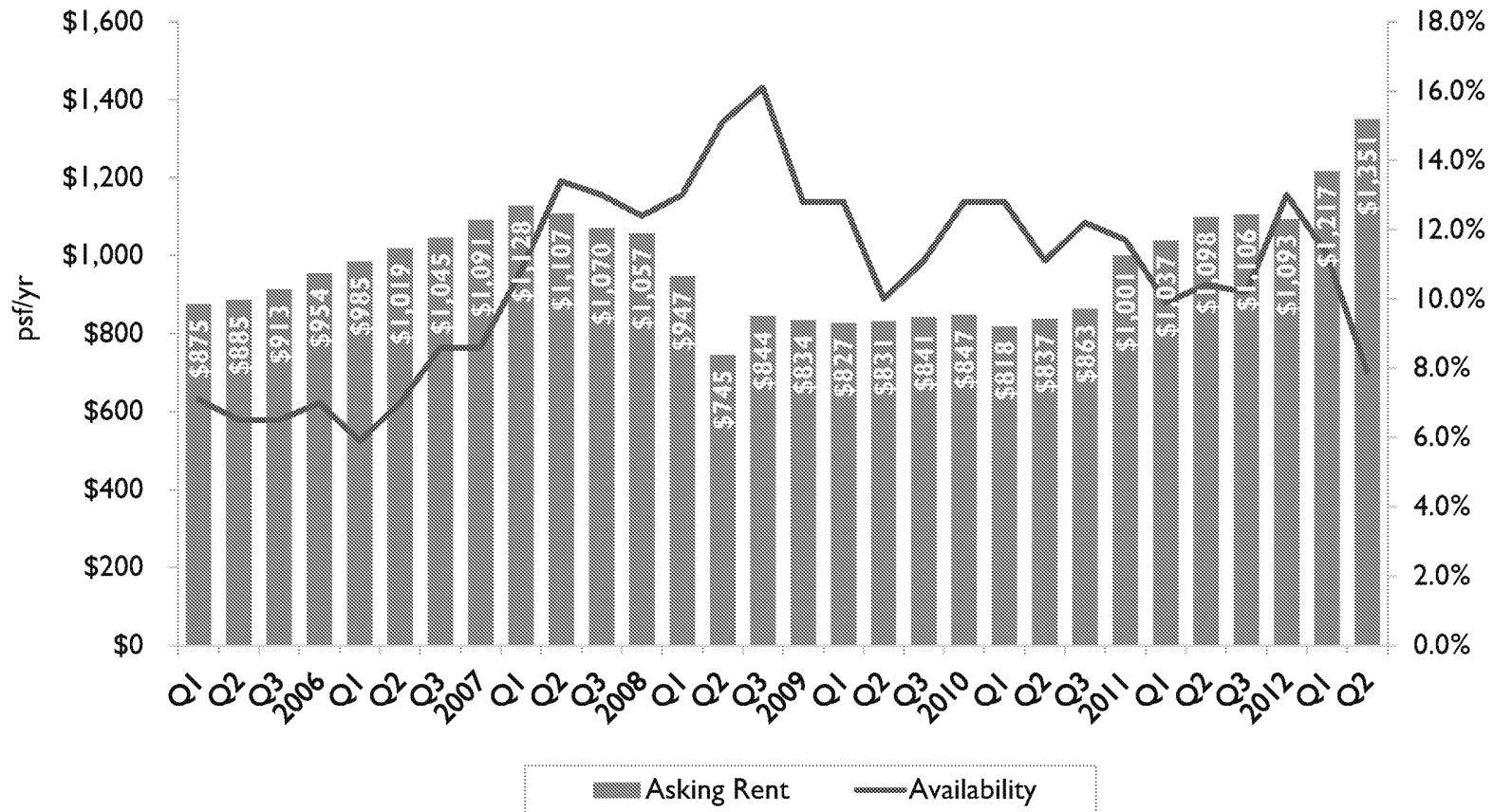
### Average Ground Floor Asking Rent & Availability Rate



# NEW YORK RETAIL LEASING

## Madison Avenue Asking Rent vs. Availability Trend

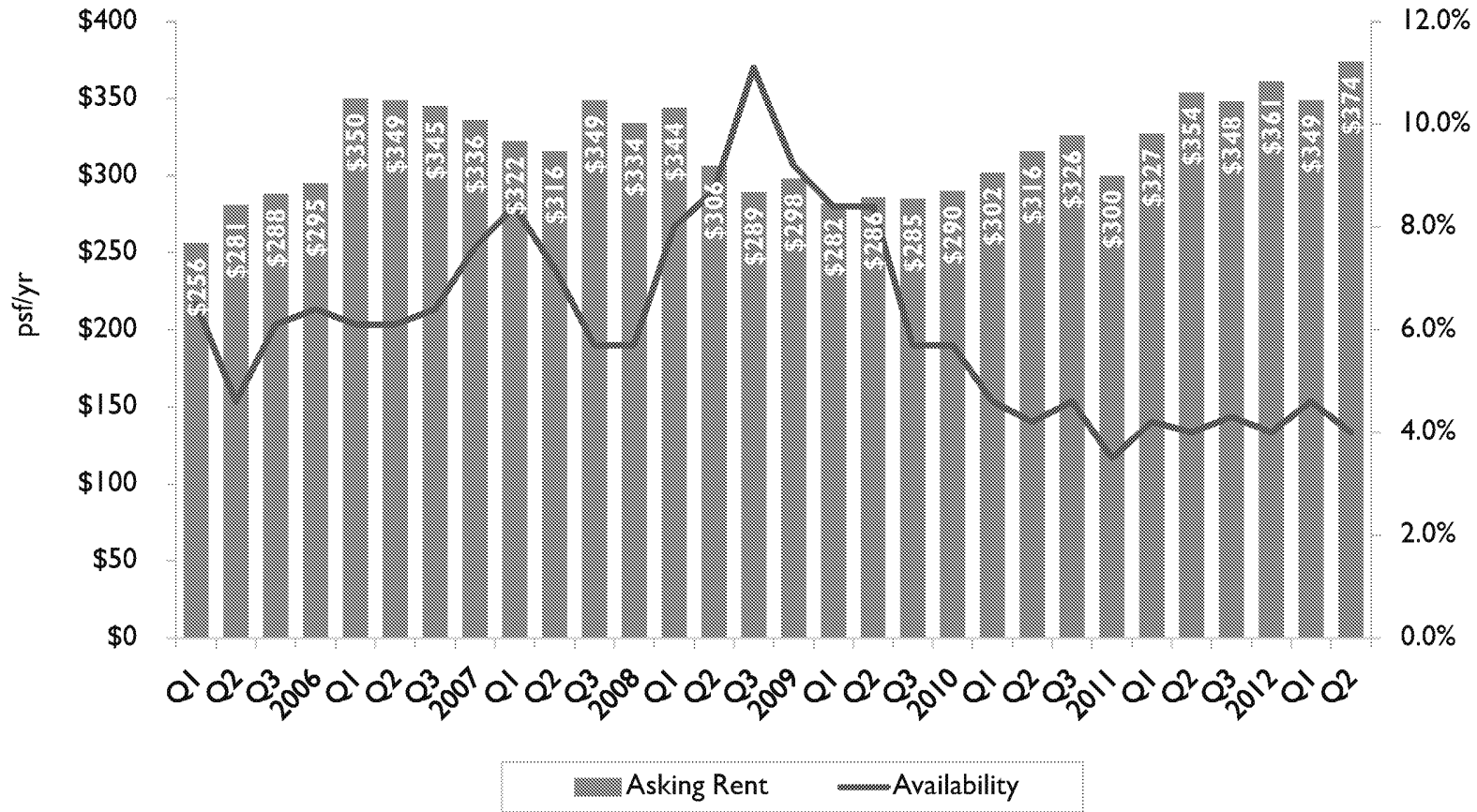
### Average Ground Floor Asking Rent & Availability Rate



# NEW YORK RETAIL LEASING

## Upper West Side Asking Rent vs. Availability Trend

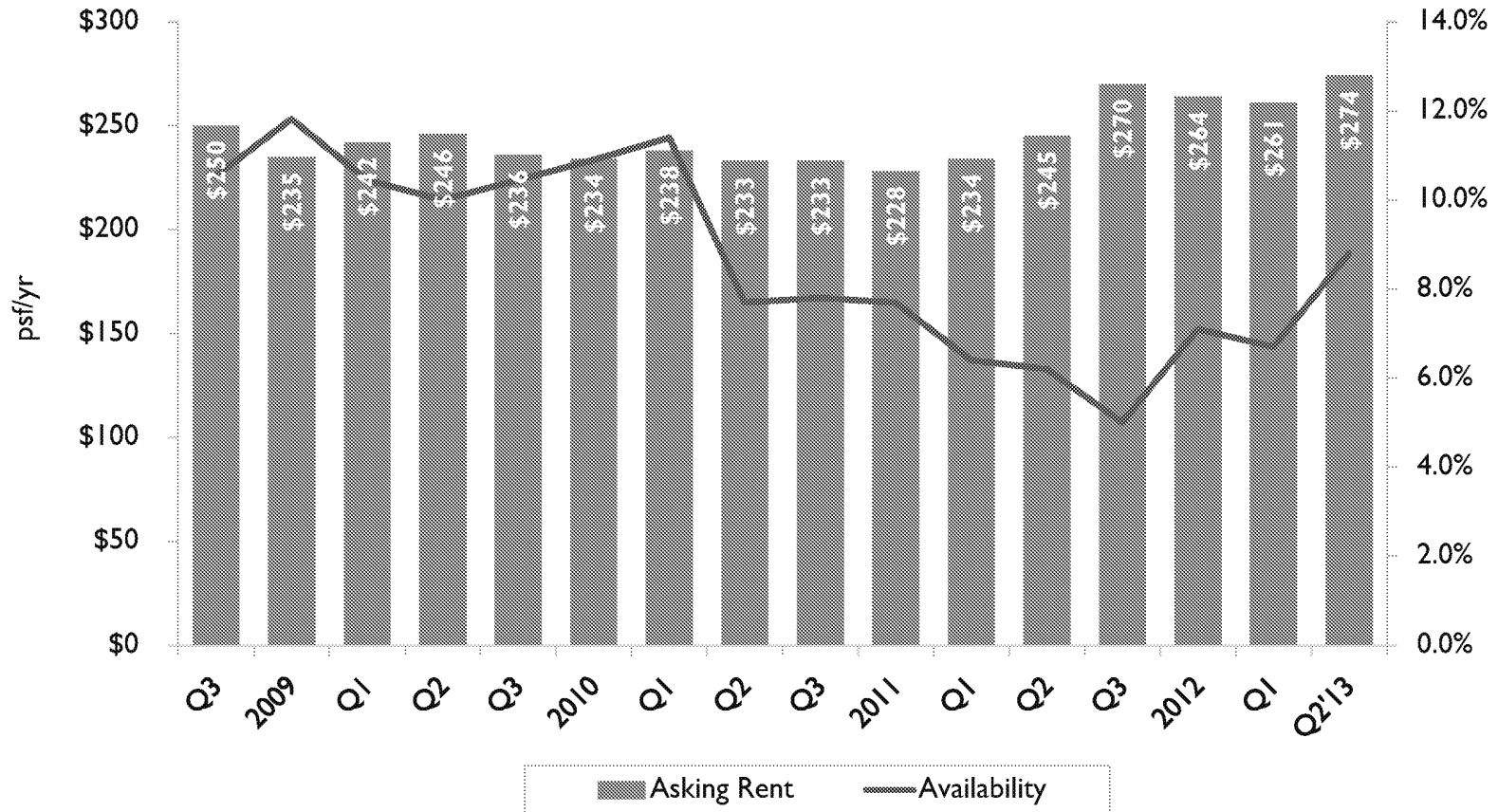
### Average Ground Floor Asking Rent & Availability Rate



# NEW YORK RETAIL LEASING

## Third Avenue Asking Rent vs. Availability Trend

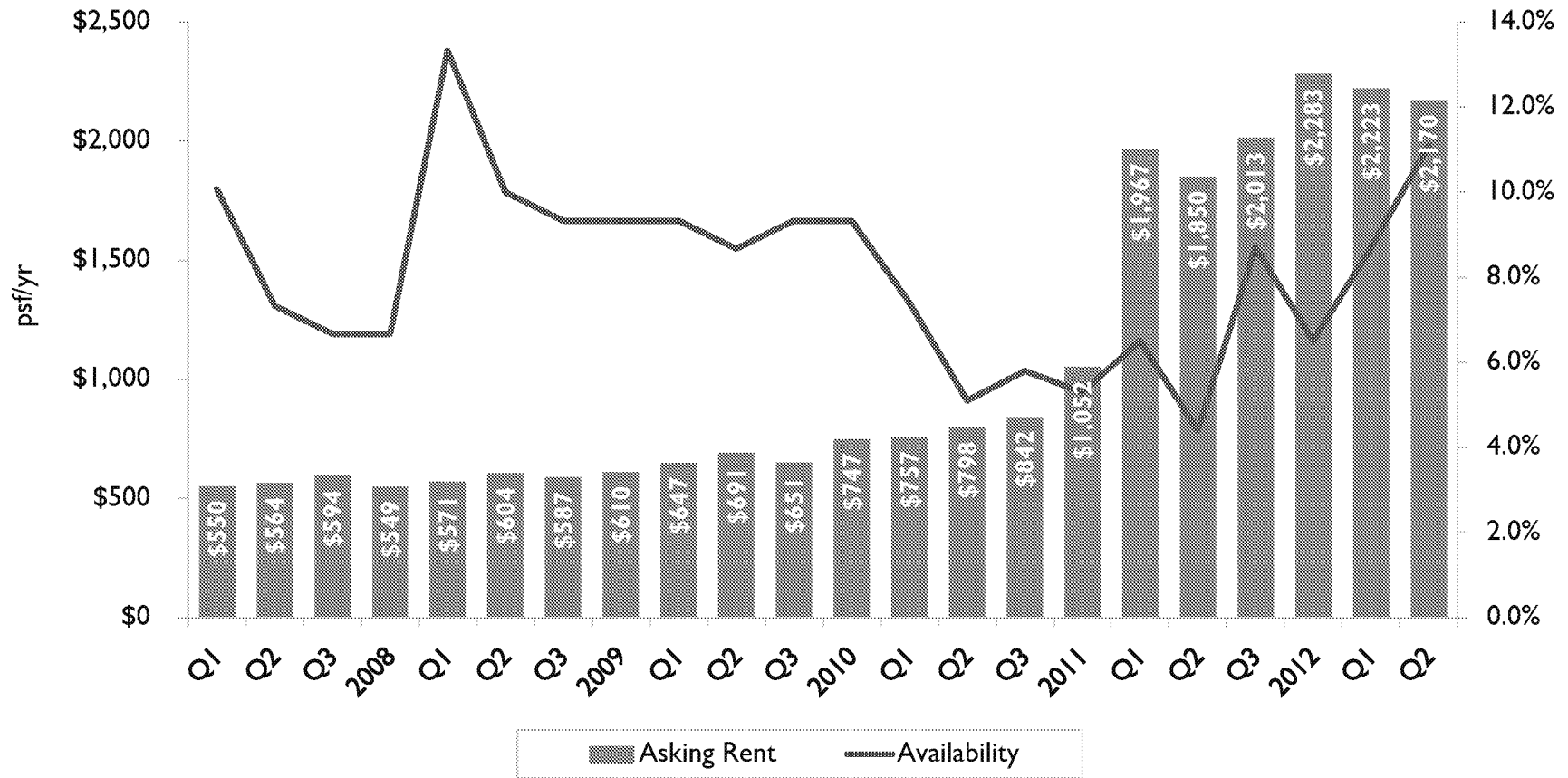
Average Ground Floor Asking Rent & Availability Rate



# NEW YORK RETAIL LEASING

## Times Square Asking Rent vs. Availability Trend

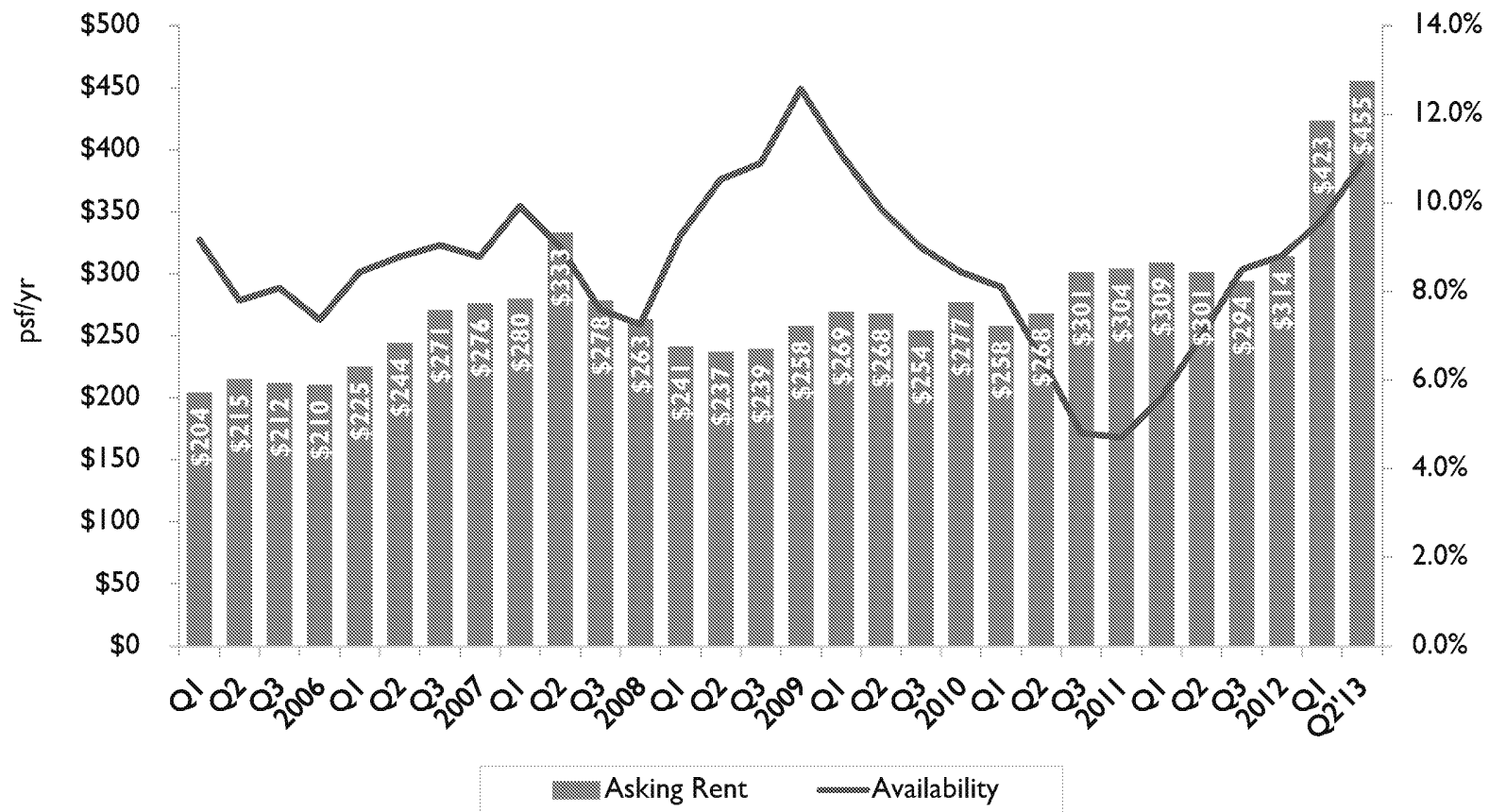
### Average Ground Floor Asking Rent & Availability Rate



# NEW YORK RETAIL LEASING

## SoHo Asking Rent vs. Availability Trend

Average Ground Floor Asking Rent & Availability Rate



## ADDENDA – NEW YORK OFFICE LEASING

### New York Office Leasing by

Ken McCarthy  
Managing Director  
Cushman & Wakefield  
Research Services  
Tel: (212) 841-2502  
[ken.mccarthy@cushwake.com](mailto:ken.mccarthy@cushwake.com)





# NEW YORK OFFICE LEASING

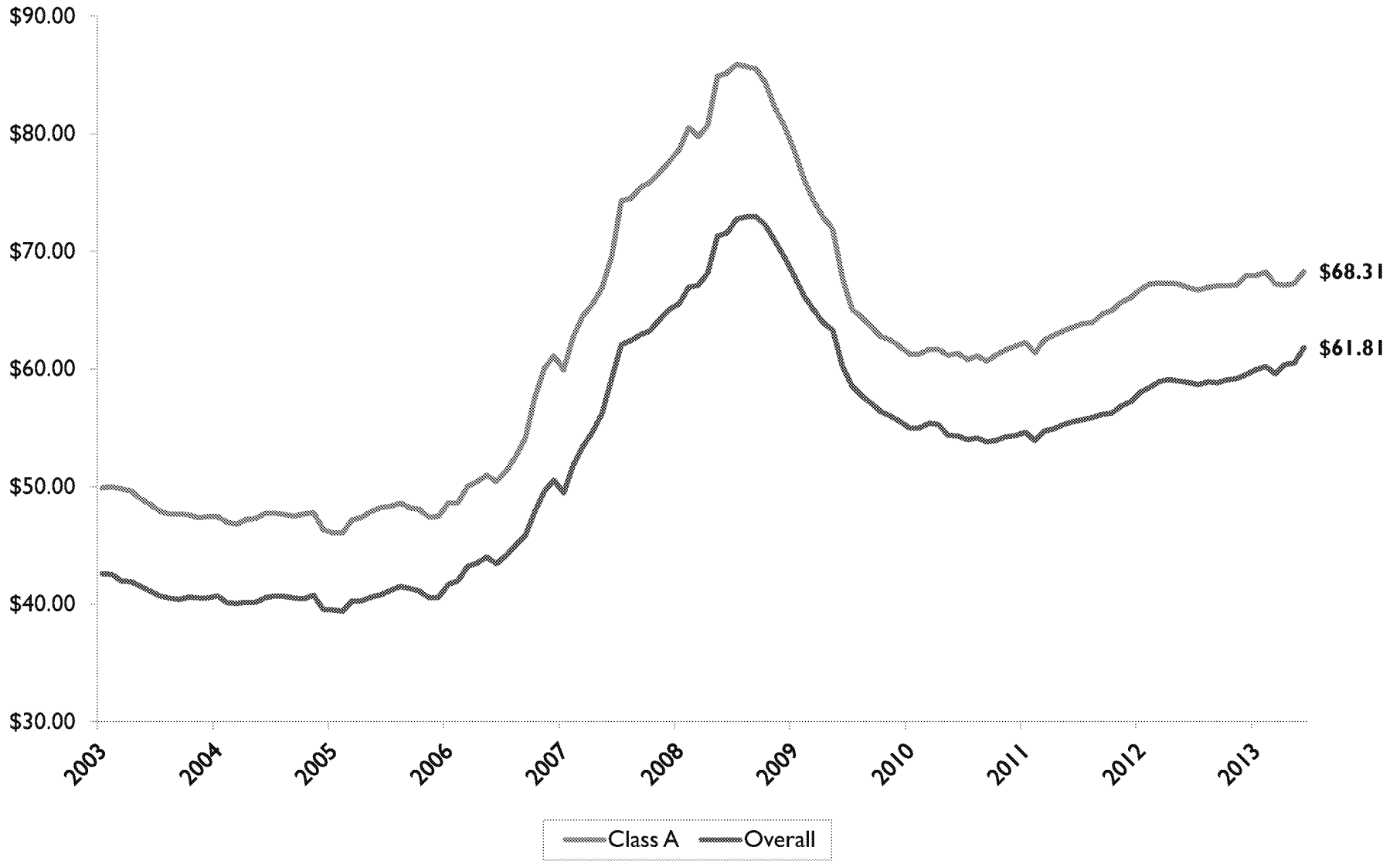
## Manhattan Vacancy Rate – 10 Year



New construction has caused overall vacancy to rise.

# NEW YORK OFFICE LEASING

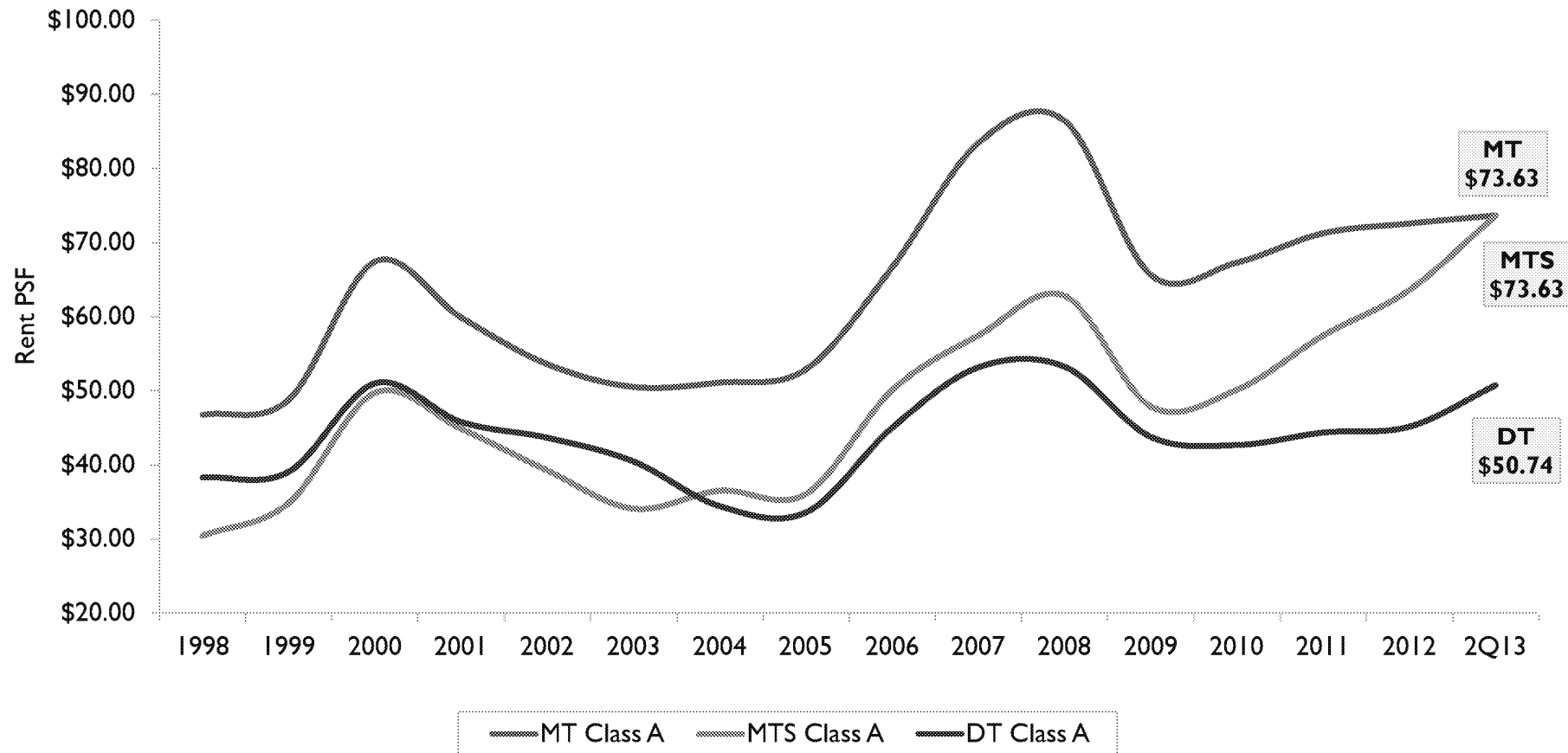
## Manhattan Asking Rental Rates – 10 Year



Asking Rents continue to rise, partly due to rising conditions but also because new development rents bring up the average.

# NEW YORK OFFICE LEASING

## Manhattan Class A Office Asking Rents

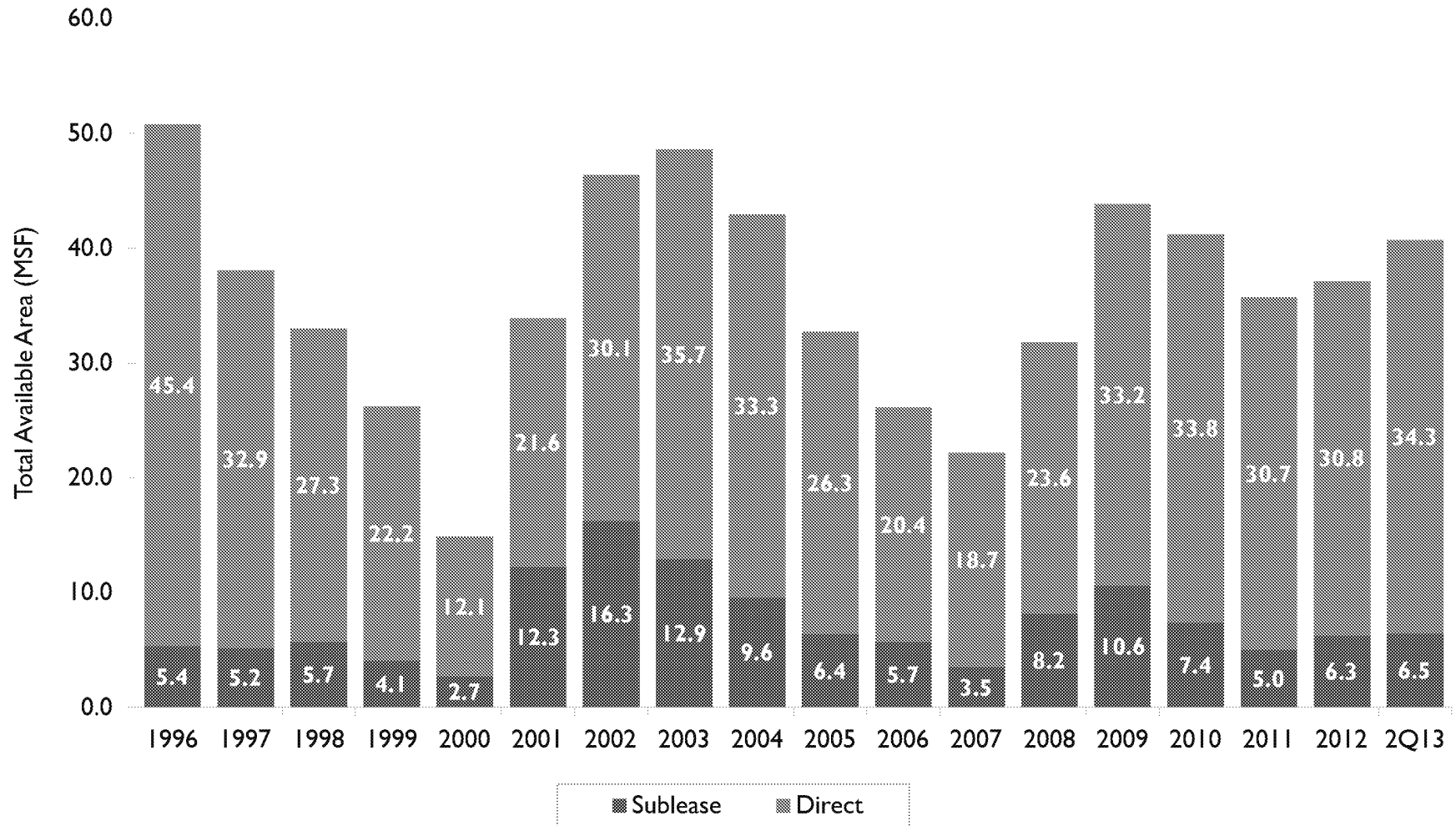


**MTS Class A asking rents have benefited from both strong demand and new product such as 51 Astor Place. The market segment is relatively small at 15.6M SF.**

Source: Cushman & Wakefield Research

# NEW YORK OFFICE LEASING

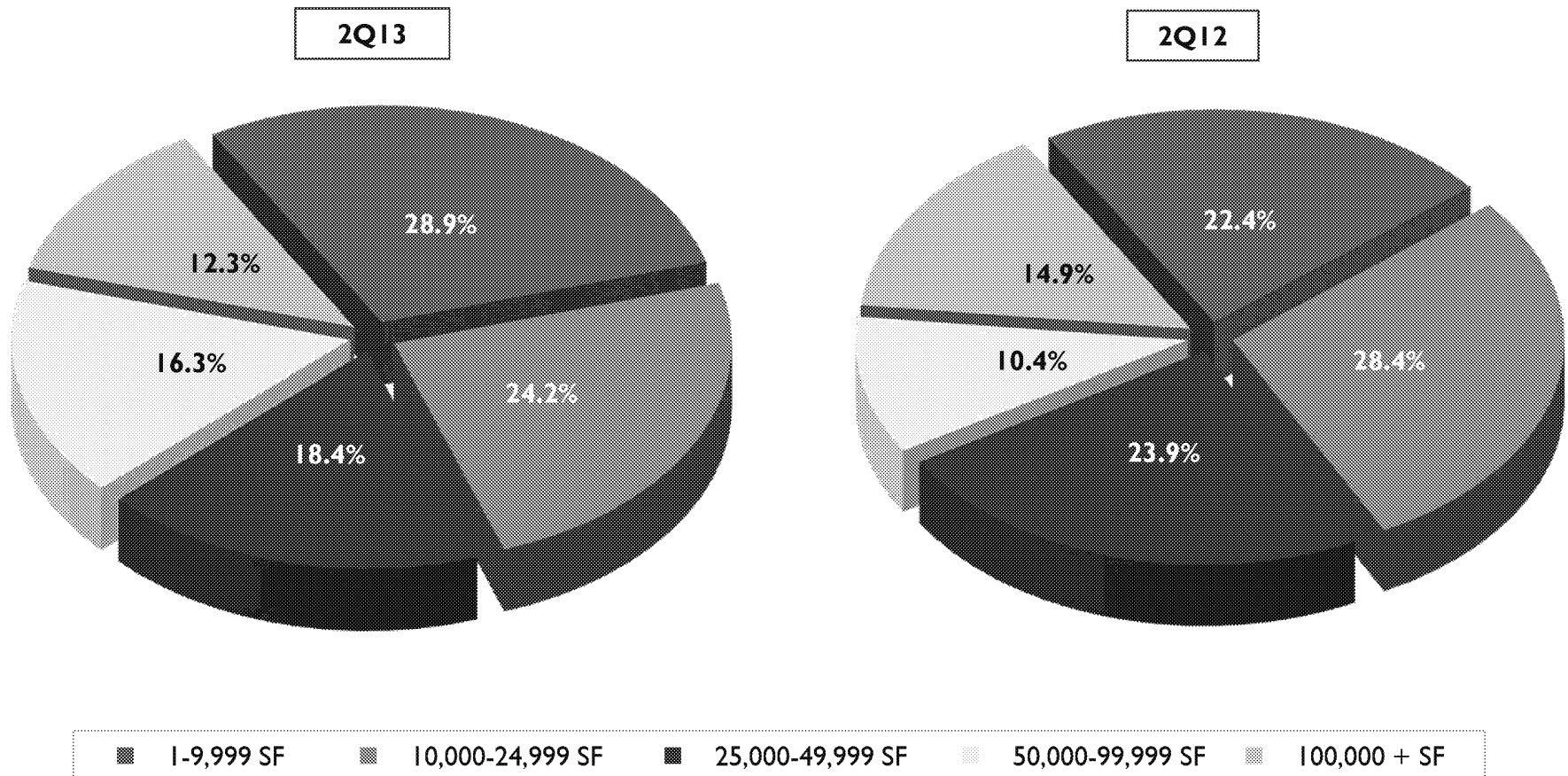
## Manhattan Available Space – Direct vs. Sublease



Source: Cushman & Wakefield Research

# NEW YORK OFFICE LEASING

## Manhattan Leasing Activity by Block Size



Source: Cushman & Wakefield Research

CUSHMAN & WAKEFIELD 71

## NEW YORK OFFICE LEASING

## Midtown Summary

- \* Midtown new leasing activity totaled 3.1 million SF in 2Q 2013, below the 10-year quarterly average, but when combined with a strong first quarter, YTD activity of 7.6 million SF represents a 17.6% increase over 1H 2012.
- \* Midtown Overall Asking Rents, averaging \$68.20 PSF, have been rising steadily since the market trough.
  - Asking rents rose 2.6% YOY and are up 11.2% since the 2Q 2010 trough (still 19.8% off from the 2008 peak). Midtown Class A sublease space is at its lowest level in eleven months, which is contributing to stronger rents.
- \* Leasing activity continues to be strong at the top-end of the market, with 36 lease transactions >\$100 PSF through 2Q 2013, already higher than full-year 2012 and on pace to be the third-highest year on record (after 2007 & 2008).
- \* Major leases in 2Q 2013 included L'Oreal and SAP each committing to 16-year leases at Related's Hudson Yards South Tower for 402,000 SF and 113,000 SF, respectively, and Yahoo! signing a 10-year, 176,000 SF lease at 229 W 43rd St.

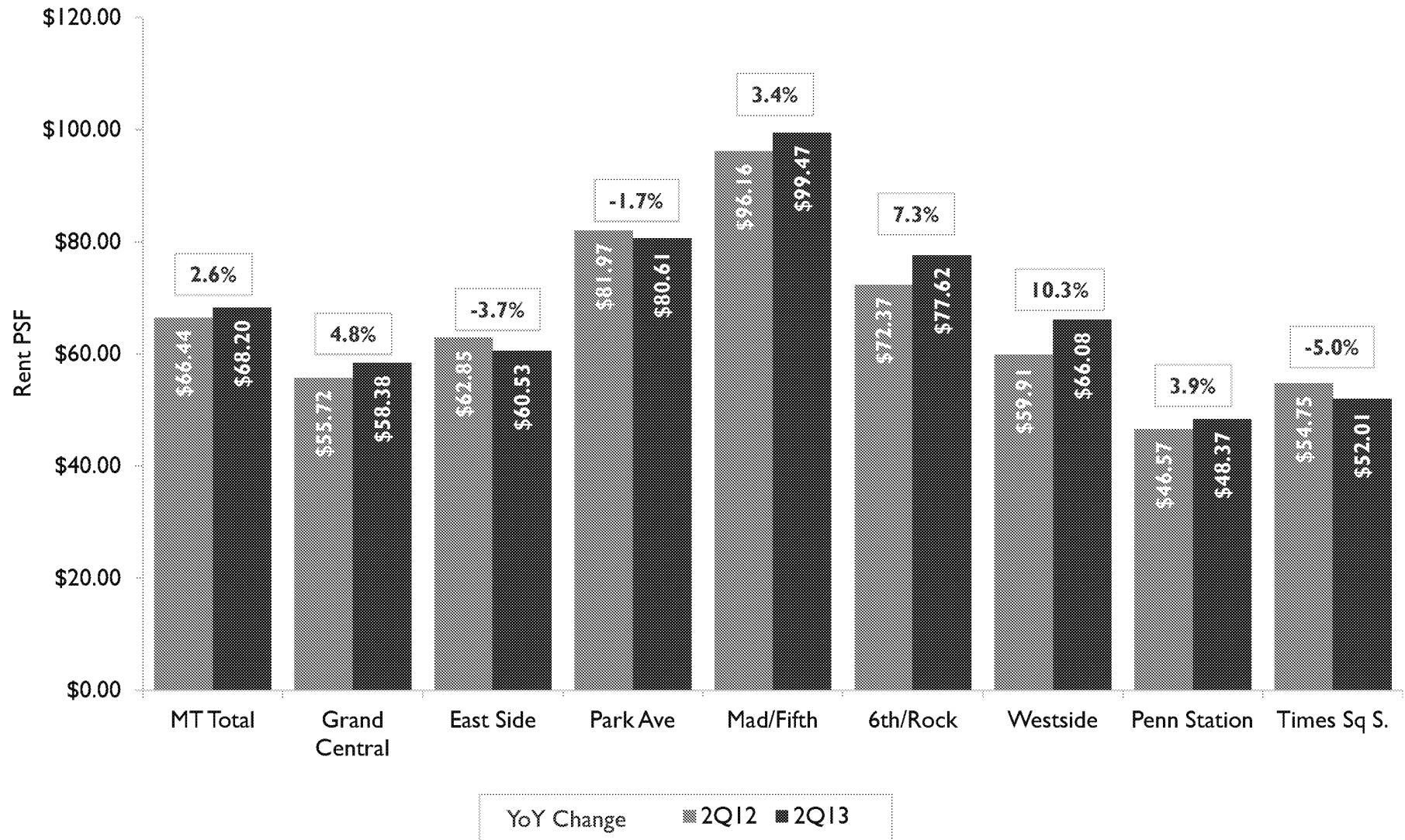
Submarket	# of Bldgs	Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Wtd. Avg. Rental Rate	Year-to-Date Leasing Activity
Murray Hill	83	14,366,499	6.2%	7.5%	\$48.88	385,757
Grand Central	137	43,970,528	10.8%	13.1%	\$58.38	1,315,473
United Nations	16	2,669,648	0.6%	0.6%	\$52.69	26,945
East Side	62	18,914,825	6.6%	9.0%	\$60.53	505,870
Park Avenue	30	21,652,799	6.9%	9.1%	\$80.61	580,407
Madison/Fifth	121	24,670,627	10.8%	12.8%	\$99.47	928,970
6 Ave/Rock Cntr	73	40,519,982	10.2%	12.6%	\$77.62	1,260,160
Westside	87	30,225,831	7.8%	9.0%	\$66.08	692,147
Penn Station	45	14,591,335	11.9%	13.6%	\$48.37	890,446
Times Square South	146	31,091,607	7.6%	8.7%	\$52.01	1,019,655
<b>Total</b>	<b>800</b>	<b>242,673,681</b>	<b>8.9%</b>	<b>10.8%</b>	<b>\$68.20</b>	<b>7,605,830</b>

Source: Cushman &amp; Wakefield Research

CUSHMAN &amp; WAKEFIELD 72

# NEW YORK OFFICE LEASING

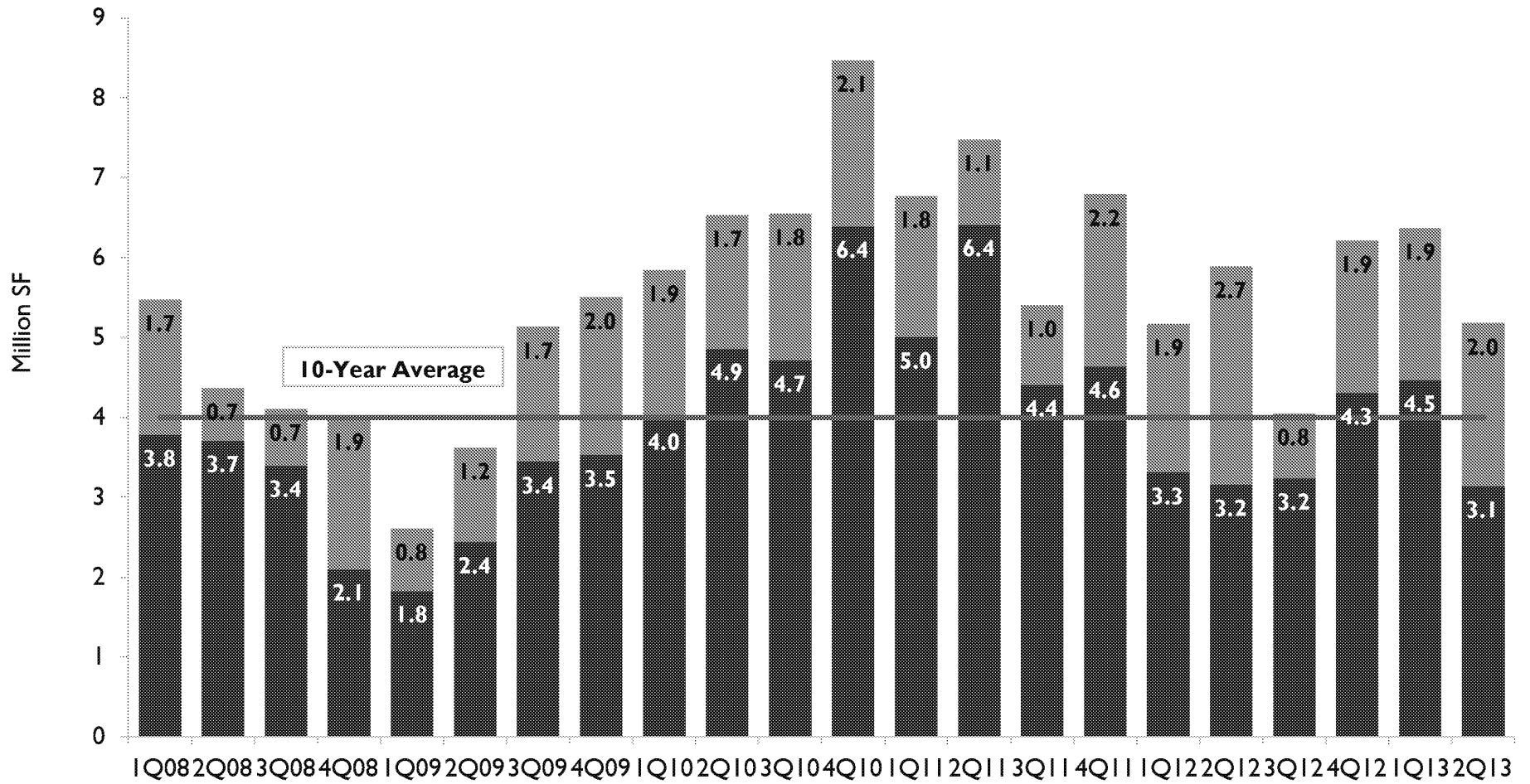
## Midtown Average Asking Rent by Submarket



Source: Cushman & Wakefield Research

# NEW YORK OFFICE LEASING

## Midtown Quarterly Leasing



New
  Renewal
  10 Year New Leasing Average

Healthy activity for the first half of the year.



# NEW YORK OFFICE LEASING

## Midtown Vacancy Rate – 10 Year



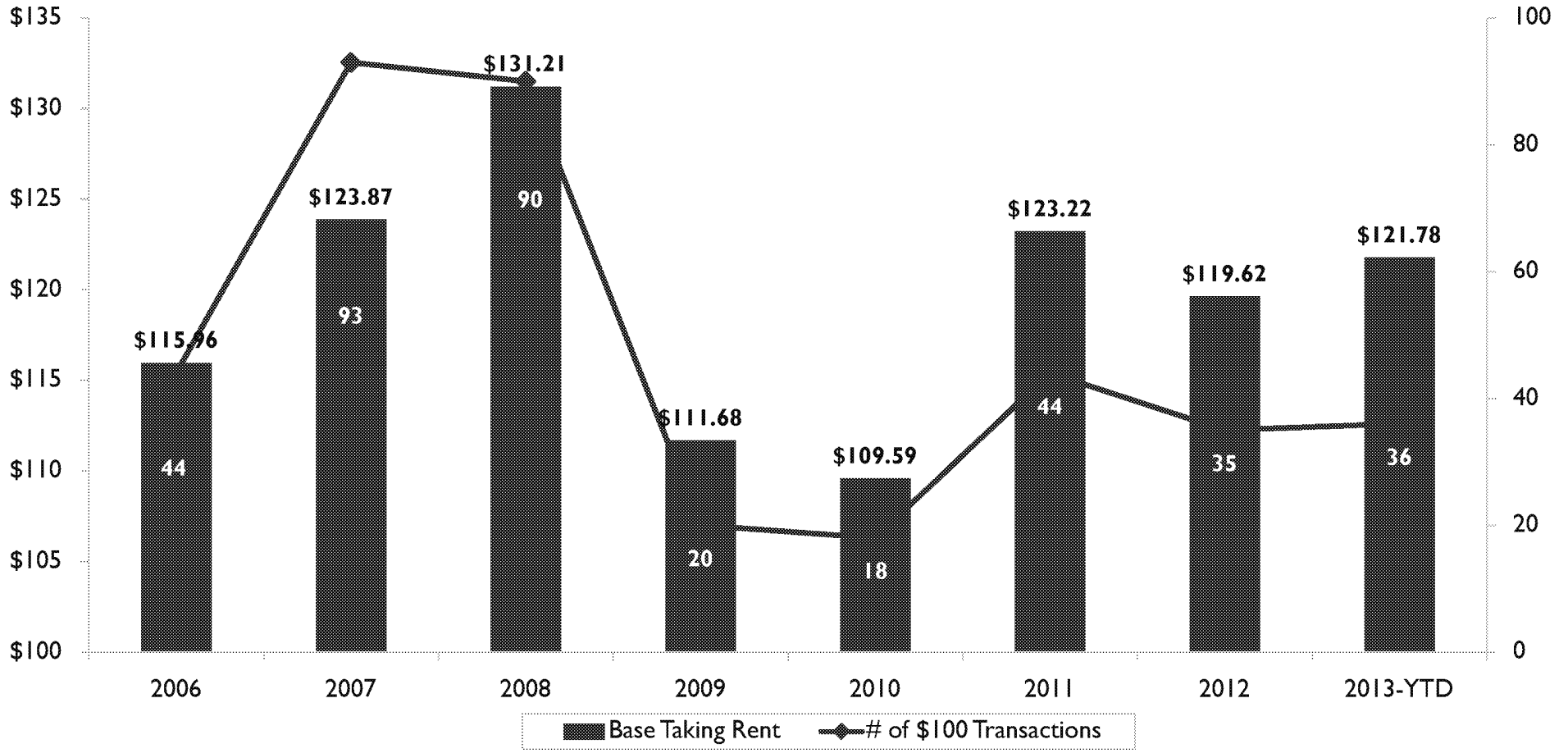
# NEW YORK OFFICE LEASING

## Midtown Asking Rental Rates – 10 Year



# NEW YORK OFFICE LEASING

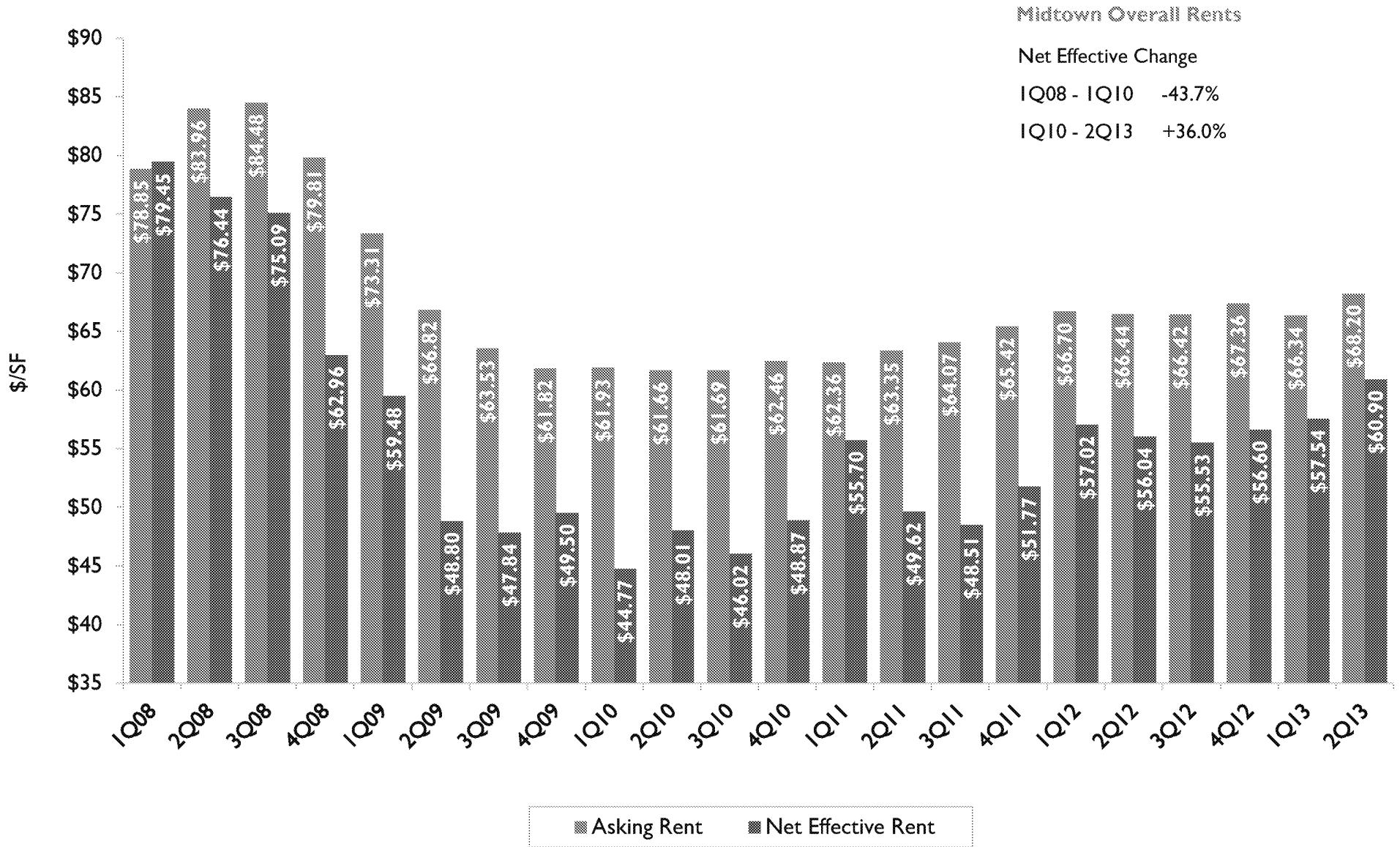
## \$100 PSF Transactions - # of Transactions & Base Taking Rent



On pace to have the highest number of \$100+ leasing transactions since 2008.

# NEW YORK OFFICE LEASING

## Midtown Rental Rates – Asking Vs. Net Effective



Source: Cushman & Wakefield Research

CUSHMAN & WAKEFIELD 78

## NEW YORK OFFICE LEASING

## Midtown South Summary

- \* Midtown South year-to-date leasing activity totaled just under 2.0 million square feet, putting the submarket on track to reach an annual total of 4.0 million square feet for the fourth consecutive year
- \* Midtown South's overall vacancy rate rose to 7.2%, up from 6.1% the year prior, primarily because of the addition of 51 Astor Place, a new 400,000 SF office development, to the Class A inventory
  - However, the addition of 51 Astor Place also helped raise the overall asking rent in Midtown South by more than 20% year-over-year to \$59.46 PSF
- \* At the same time, the Class B Overall Asking Rent increased nearly 18% year-over-year to \$56.73 PSF, which is 20% higher than the Midtown average Class B Overall Asking Rent
- \* Major leases signed during 2Q13 include: Facebook taking 98,570 SF at 770 Broadway for approximately 11 years, MediaOcean signing a new 83,387 SF lease at 620 Avenue of the Americas for approximately 13 years, and AppNexus renewing and expanding to a total of 220,000 SF at 28-40 West 23rd Street for approximately 11 years

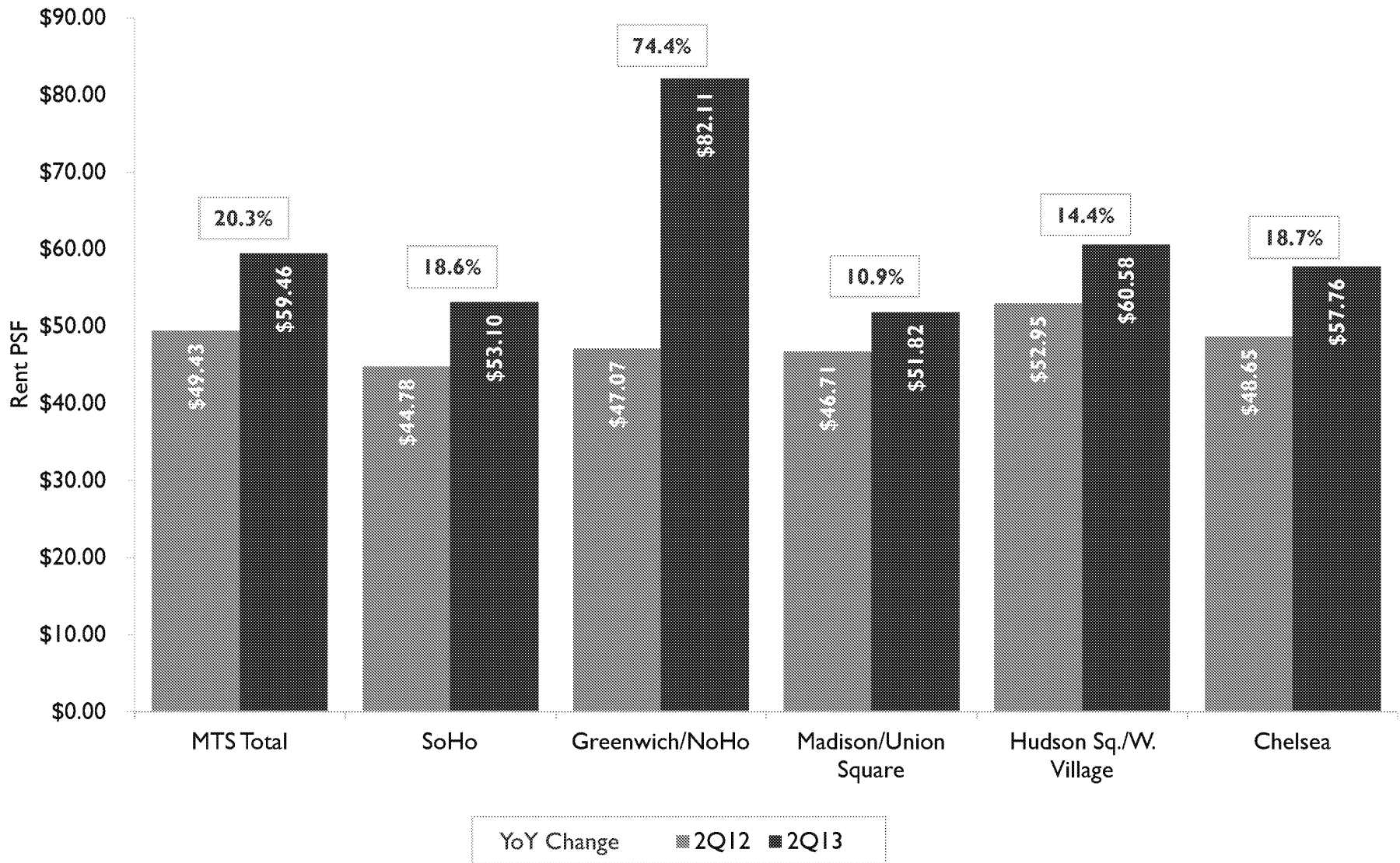
Submarket	# of Bldgs	Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Wtd. Avg. Rental Rate	Year-to-Date Leasing Activity
SoHo	47	4,096,654	3.4%	3.9%	\$53.10	98,902
Greenwich/NoHo	37	4,795,217	9.8%	14.3%	\$82.11	320,060
Madison/Union Square	220	31,115,598	5.7%	6.5%	\$51.82	895,815
Hudson Sq./W.Village	41	10,253,986	5.4%	7.7%	\$60.58	178,052
Chelsea	85	14,997,572	6.3%	6.8%	\$57.76	430,635
<b>Total</b>	<b>430</b>	<b>65,259,027</b>	<b>6.0%</b>	<b>7.2%</b>	<b>\$59.46</b>	<b>1,923,464</b>

Source: Cushman &amp; Wakefield Research

CUSHMAN &amp; WAKEFIELD 79

# NEW YORK OFFICE LEASING

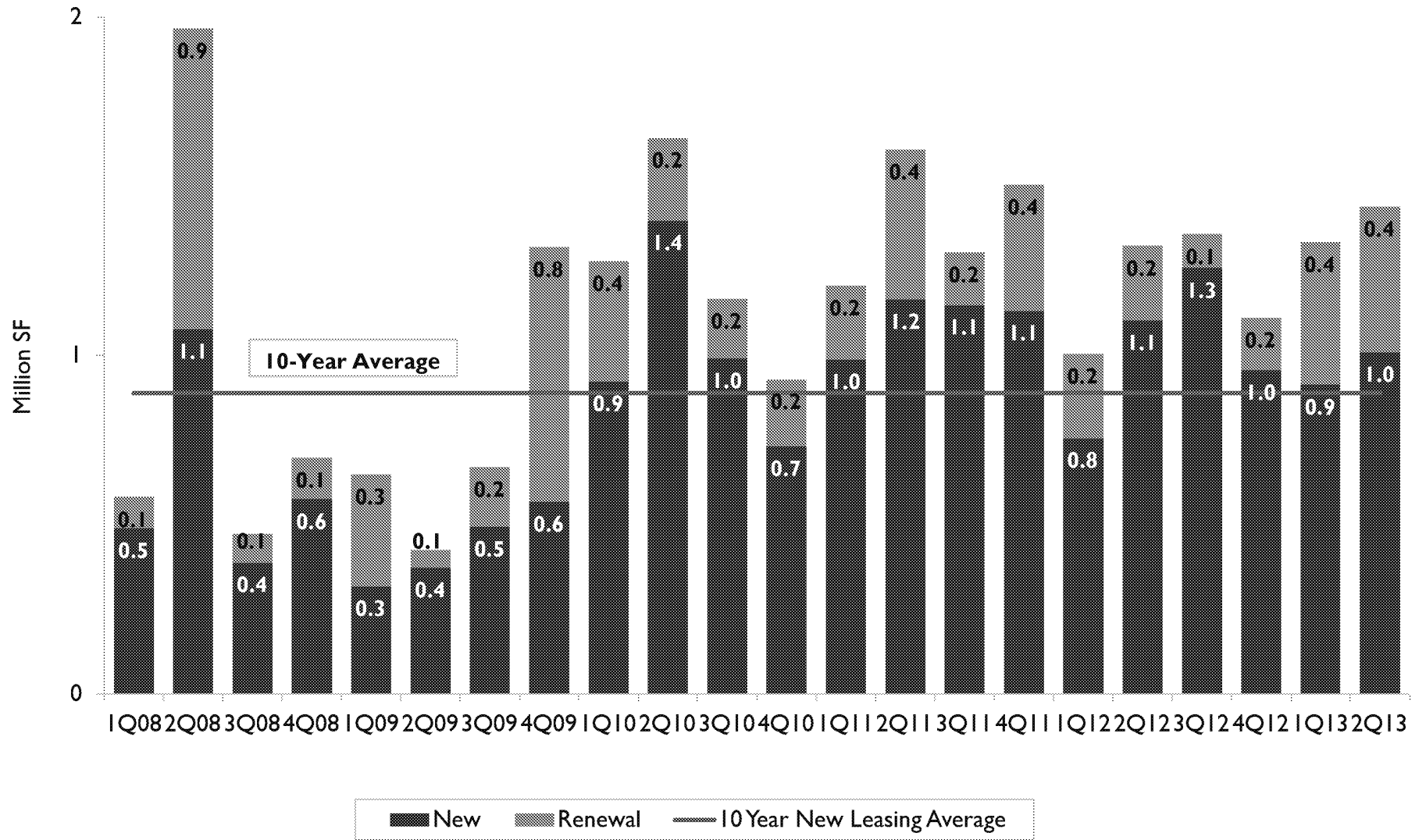
## Midtown South Average Asking Rent by Submarket



Source: Cushman & Wakefield Research

# NEW YORK OFFICE LEASING

## Midtown South Quarterly Leasing



**Strong demand continues**

# NEW YORK OFFICE LEASING

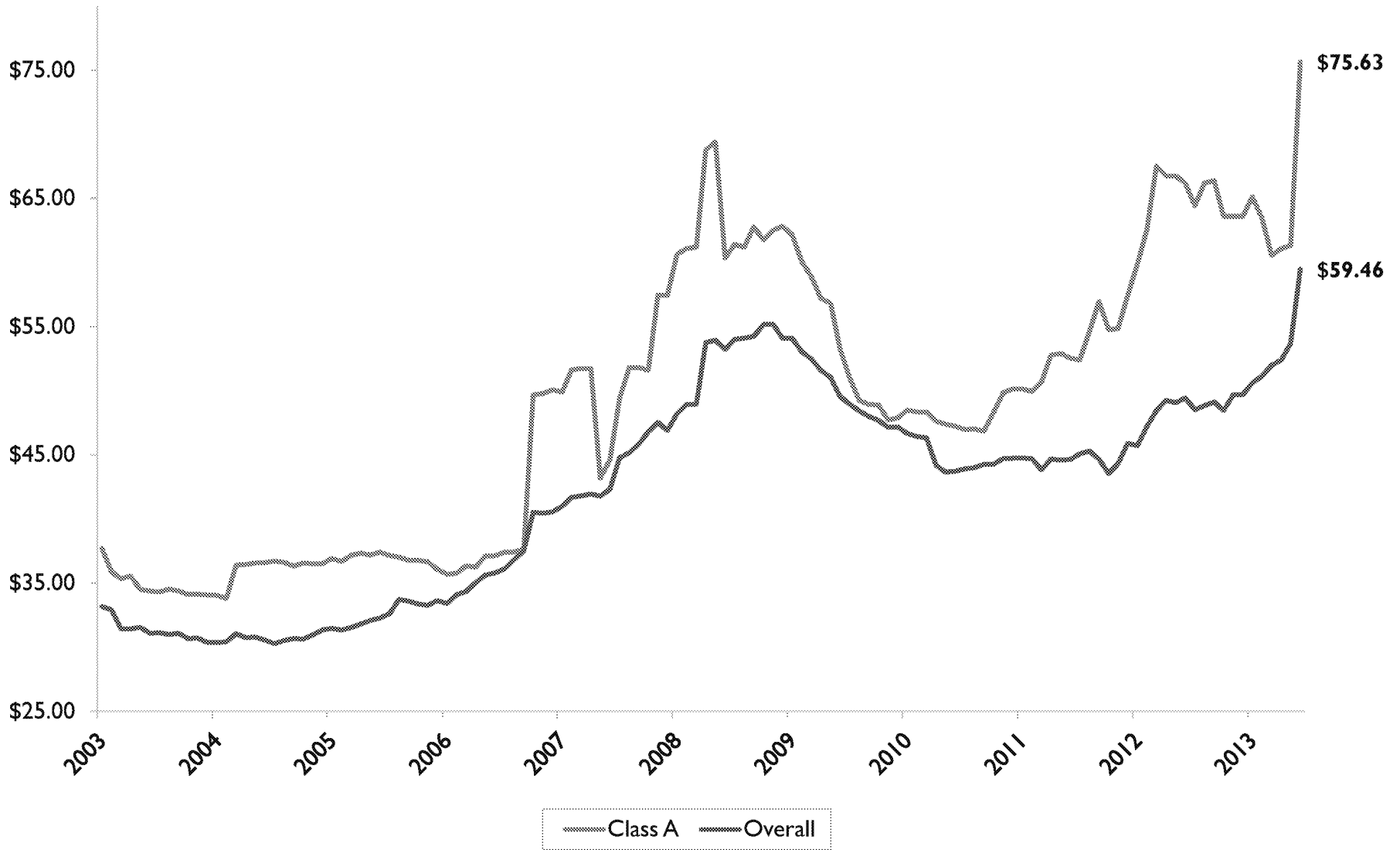
## Midtown South Vacancy Rate – 10 Year





# NEW YORK OFFICE LEASING

## Midtown South Asking Rental Rates – 10 Year



Midtown South Asking Rents are at an all-time high

## NEW YORK OFFICE LEASING

## Downtown Summary

- \* Downtown new leasing activity totaled 1.1 million SF in 2Q 2013, consistent with the 10-year quarterly average, and has averaged 1.4 million SF year-to-date
- \* With an overall asking rent of \$45.94 PSF, Downtown offers a tremendous value proposition to tenants, evidenced by a recent influx of technology, advertising, media and information (TAMI) tenants
  - 60 companies, totaling 4.0 million SF of new leasing, have relocated to Downtown from Midtown and Midtown South since 1Q 2010
  - 44% of these firms are TAMI tenants, 20% are professional & business services firms, and 17% are financial services firms
- \* Downtown's 12-month availability (14.5%) is largely concentrated within seven properties: 2 & 4 Brookfield Place, 180 Maiden Lane, 85 Broad St, 1 NY Plaza, 199 Water St and 32 Old Slip
  - Excluding these properties would lower Downtown's availability to 8.3%

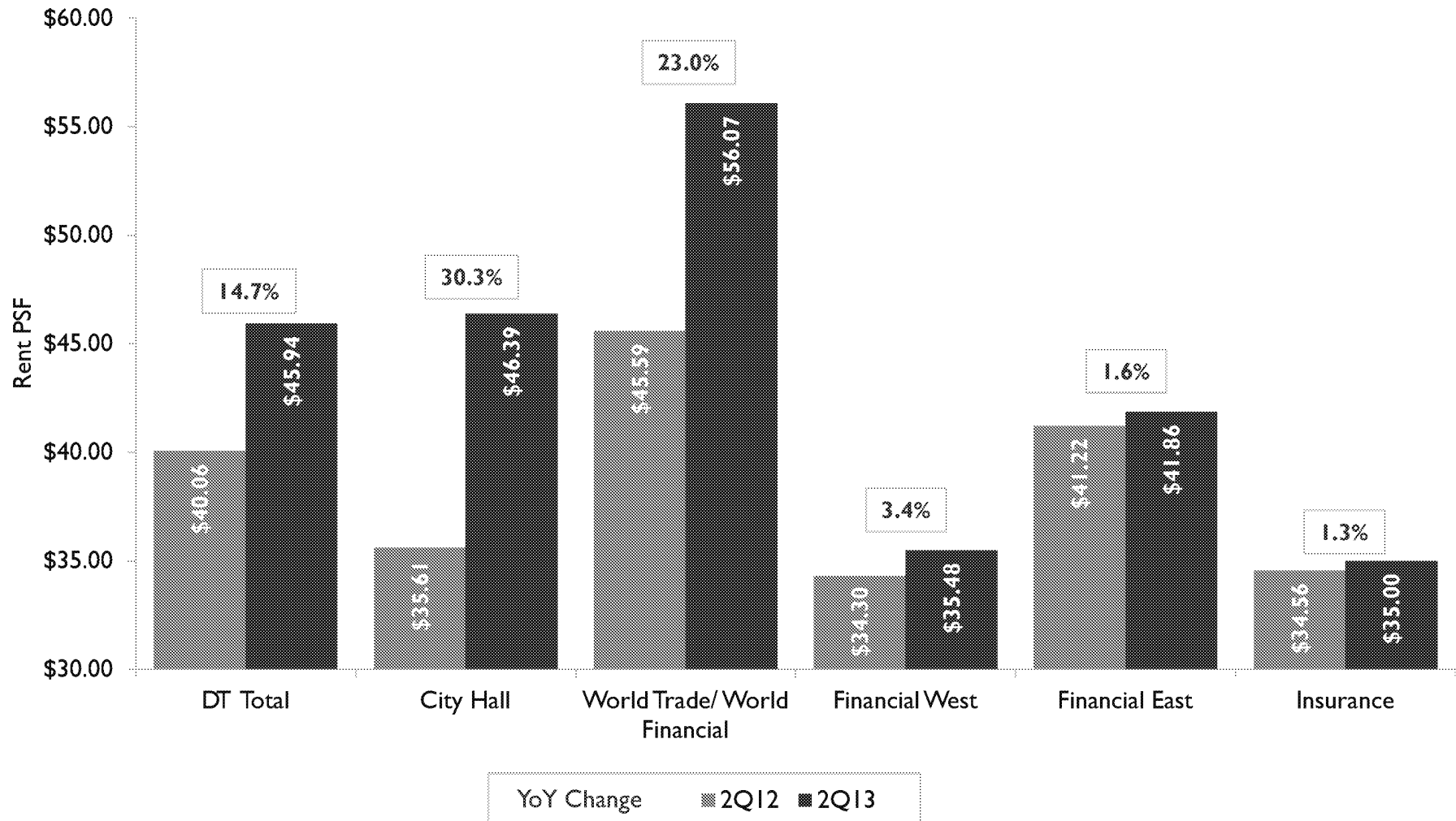
Submarket	# of Bldgs	Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Wtd. Avg. Rental Rate	Year-to-Date Leasing Activity
City Hall	50	14,061,204	1.5%	2.1%	\$46.39	147,875
World Trade	12	15,570,956	20.5%	22.6%	\$56.07	416,777
Financial West	14	5,411,622	14.7%	15.2%	\$35.48	398,106
Financial East	56	35,915,455	10.3%	11.9%	\$41.86	1,337,304
Insurance	43	13,897,097	6.3%	6.7%	\$35.00	551,866
<b>Total</b>	<b>175</b>	<b>84,856,334</b>	<b>10.3%</b>	<b>11.6%</b>	<b>\$45.94</b>	<b>2,851,928</b>

Source: Cushman &amp; Wakefield Research

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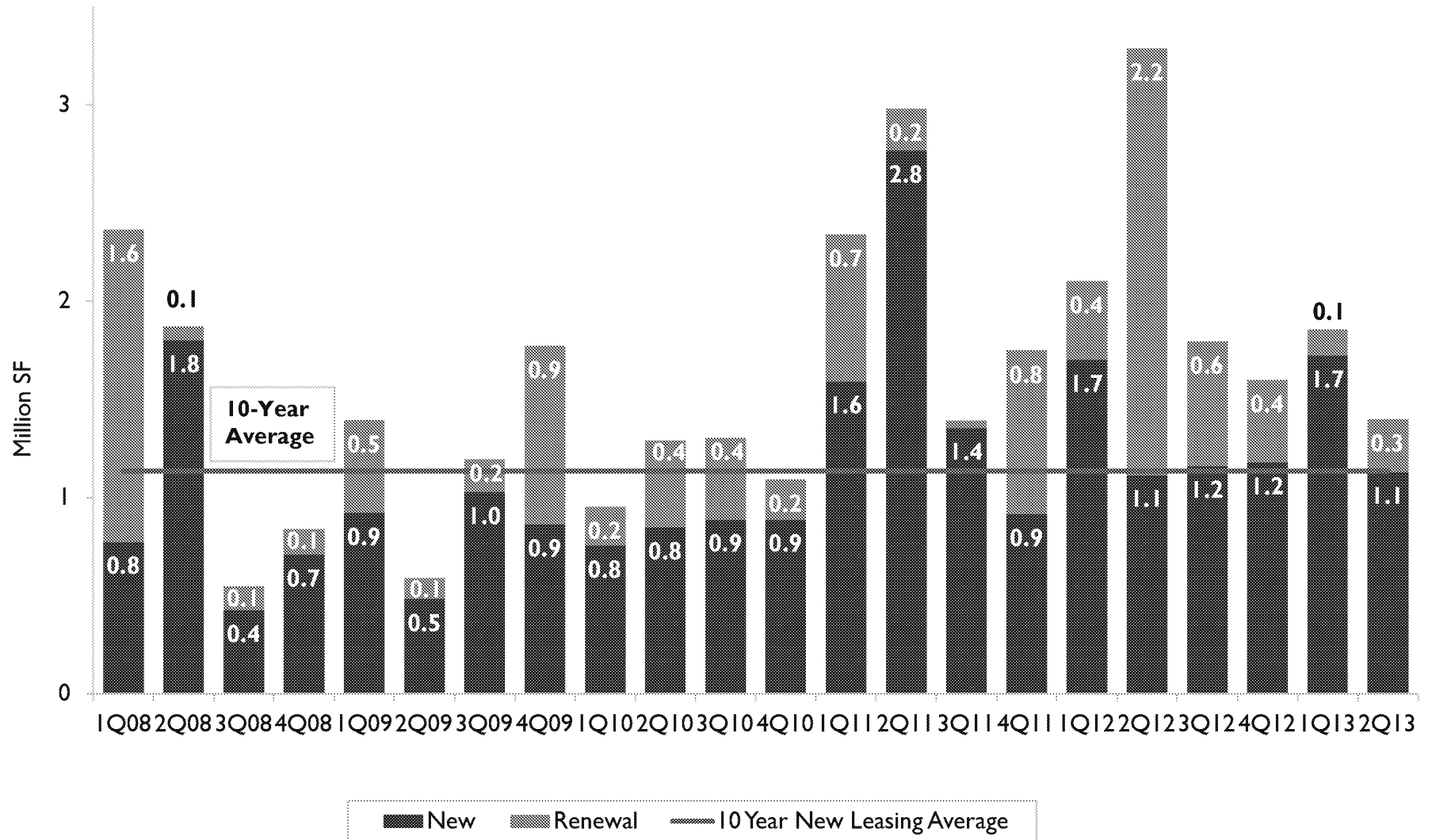
## Downtown Average Asking Rent by Submarket



Source: Cushman & Wakefield Research

# NEW YORK OFFICE LEASING

## Downtown Quarterly Leasing



# NEW YORK OFFICE LEASING

## Downtown Vacancy Rate – 10 Year



# NEW YORK OFFICE LEASING

## Downtown Asking Rental Rates – 10 Year



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