

# BROWNFIELD CLEANUP PROGRAM (BCP) APPLICATION TO AMEND BROWNFIELD CLEANUP AGREEMENT AND AMENDMENT

### PART I. BROWNFIELD CLEANUP AGREEMENT AMENDMENT APPLICATION

1. Check the appropriate box(es) below based on the nature of the amendment modification requested
Amendment to modify the existing BCA: [check one or more boxes below]
Add applicant(s) Substitute applicant(s) Remove applicant(s) Change in Name of applicant(s)
Amendment to reflect a transfer of title to all or part of the brownfield site
<ul><li>1a. A copy of the recorded deed must be provided. Is this attached? ☐ Yes ☐ No</li><li>1b. ☐ Change in ownership ☐ Additional owner (such as a beneficial owner)</li></ul>
If yes, pursuant to 6 NYCRR Part 375-1.11(d), a Change of Use form should have been previously submitted. If not, please submit this form with this Amendment. See http://www.dec.ny.gov/chemical/76250.html
Amendment to modify description of the property(ies) listed in the existing Brownfield Cleanup Agreement [Complete Sections I and V below and Part II]
Amendment to Expand or Reduce property boundaries of the property(ies) listed in the existing Brownfield Cleanup Agreement [Complete Section I and V below and Part II]
Sites in Bronx, Kings, New York, Queens, or Richmond counties ONLY: Amendment to request determination that the site is eligible for the tangible property credit component of the brownfield redevelopment tax credit. Please answer questions on the supplement at the end of the form.
Other (explain in detail below)
2. Required: Please provide a brief narrative on the nature of the amendment:
Applicants seek upside-down determination because the estimated remediation costs of \$5,302,361 exceeds the appraised value of the site of \$3,950,000. The property value is based on an appraisal that was prepared at the time of the BCP application. Supporting documentation is attached.

February 2022

<sup>\*</sup>Please refer to the attached instructions for guidance on filling out this application\*

<sup>\*</sup>Submission of a full BCP application will be required should this application be determined to be a major amendment. If the amendment involves more than an insignificant change in acreage, applicants are encouraged to consult with the DEC project team prior to submitting this application.\*

Section I. Current Agreement In	formation		
BCP SITE NAME: 68-19 Rego F	Park LLC	BCP SITE NUME	3ER: C241258
NAME OF CURRENT APPLICAN	T(S): 68-19 Rego	Park LLC	
INDEX NUMBER OF AGREEMEN	<sub>IT:</sub> C241258-09-	-21 DATE OF ORIGINAL A	GREEMENT: 10/6/21
Section II. New Requestor Inform	mation (complete on	ly if adding new requestor or n	ame has changed)
NAME			
ADDRESS			
CITY/TOWN		ZIF	PCODE
PHONE	FAX	E-MAIL	
<ul> <li>Is the requestor authorized to conduct business in New York State (NYS)? Yes No</li> <li>If the requestor is a Corporation, LLC, LLP or other entity requiring authorization from the NYS Department of State to conduct business in NYS, the requestor's name must appear, exactly as given above, in the NYS Department of State's (DOS) Corporation &amp; Business Entity Database. A print-out of entity information from the DOS database must be submitted to DEC with the application, to document that the applicant is authorized to do business in NYS.</li> </ul>			
NAME OF NEW REQUESTOR'S	REPRESENTATIVE		
ADDRESS			
CITY/TOWN			ZIP CODE
PHONE	FAX	E-MAIL	
NAME OF NEW REQUESTOR'S	CONSULTANT (if ap	plicable)	
ADDRESS			
CITY/TOWN			ZIP CODE
PHONE	FAX	E-MAIL	
NAME OF NEW REQUESTOR'S ATTORNEY (if applicable)			
ADDRESS			
CITY/TOWN			ZIP CODE
PHONE	FAX	E-MAIL	
2. Requestor must submit proof that the party signing this Application and Amendment has the authority to bind the Requestor. This would be documentation from corporate organizational papers, which are updated, showing the authority to bind the corporation, or a Corporate Resolution showing the same, or an Operating Agreement or Resolution for an LLC. Is this proof attached?			
3. Describe Requestor's Relations	hip to Existing Applic	cant:	

Section III. Current Property Owner/Operator Information (only include if new owner/operator) Owner below is: Existing Applicant New Applicant Non-Applicant			
OWNER'S NAME (if different from requestor)			
ADDRESS			
CITY/TOWN		ZIP CO	DE
PHONE	FAX	E-MAIL	
OPERATOR'S NAME (if differen	t from requestor or owner)		
ADDRESS			
CITY/TOWN		ZIP CC	DDE
PHONE	FAX	E-MAIL	
Section IV. Eligibility Information	on for New Requestor (Please refer to	ECL § 27-1407 fo	r more detail)
If answering "yes" to any of the fo	ollowing questions, please provide an ex	planation as an atta	achment.
1. Are any enforcement actions	pending against the requestor regarding	g this site?	☐Yes ☐No
Is the requestor presently sub- relating to contamination at the	pject to an existing order for the investigate site?	ation, removal or re	mediation Yes  No
3. Is the requestor subject to an outstanding claim by the Spill Fund for this site?			
4. Has the requestor been determined in an administrative, civil or criminal proceeding to be in violation of i) any provision of the subject law; ii) any order or determination; iii) any regulation implementing ECL Article 27 Title 14; or iv) any similar statute, regulation of the state or federal government? If so, provide an explanation on a separate attachment.			
5. Has the requestor previously been denied entry to the BCP? If so, include information relative to the application, such as name, address, Department assigned site number, the reason for denial, and other relevant information.			
• • • • • • • • • • • • • • • • • • •	in a civil proceeding to have committed ring, treating, disposing or transporting o	0 0	ntionally tortious Yes No
disposing or transporting of co	cted of a criminal offense i) involving the entaminants; or ii) that involves a violent nistration (as that term is used in Article state?	felony, fraud, bribe	ry, perjury, theft,
jurisdiction of the Department,	alsified statements or concealed material or submitted a false statement or made ent or application submitted to the Depa	e use of or made a f	
or failed to act, and such act of the such act	or entity of the type set forth in ECL 27- or failure to act could be the basis for de tion in any remedial program under DEC	nial of a BCP applic	ation?  Yes No ated by DEC or
•	antially comply with an agreement or ord		Yes No
11. Are there any unregistered bu	ılk storage tanks on-site which require re	egistration?	∐Yes ∐No

THE NEW REQUESTOR MUST CERTIFY THAT IT IS EITHER A PARTICIPANT OR VOLUNTEER IN ACCORDANCE WITH ECL §27-1405 (1) BY CHECKING ONE OF THE BOXES BELOW:			
PARTICIPANT A requestor who either 1) was the owner of the site at the time of the disposal of contamination or 2) is otherwise a person responsible for the contamination, unless the liability arises solely as a result of ownership, operation of, or involvement with the site subsequent to the disposal of contamination.	VOLUNTEER  A requestor other than a participant, including a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site subsequent to the disposal of hazardous waste or discharge of petroleum.		
	NOTE: By checking this box, a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site certifies that he/she has exercised appropriate care with respect to the hazardous waste found at the facility by taking reasonable steps to: i) stop any continuing discharge; ii) prevent any threatened future release; iii) prevent or limit human, environmental, or natural resource exposure to any previously released hazardous waste.		
	If a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site, submit a statement describing why you should be considered a volunteer – be specific as to the appropriate care taken.		
12. Requestor's Relationship to Property (check one):			
☐ Prior Owner ☐ Current Owner ☐ Potential /Future Purchaser ☐ Other			
13. If requestor is not the current site owner, <b>proof of site access sufficient to complete the remediation must be submitted</b> . Proof must show that the requestor will have access to the property before signing the BCA and throughout the BCP project, including the ability to place an easement on the site. Is this proof attached?  Note: a purchase contract does not suffice as proof of access.			

Section V. Property description and description of changes/ac	dditions/re	ductions (	if applicab	ole)
Property information on current agreement:				
ADDRESS				
CITY/TOWN		ZIP (	CODE	
TAX BLOCK AND LOT (SBL)	TAL ACREA	AGE OF CU	IRRENT SIT	E:
Parcel Address	Section No.	Block No.	Lot No.	Acreage
2. Check appropriate boxes below:				
Addition of property (may require additional citizen participat the expansion – see attached instructions)	tion depend	ing on the	nature of	
2a. PARCELS ADDED:				Acreage Added by
Parcel Address	Section No.	Block No.	Lot No.	Parcel
	То	tal acreage	to be added	:
Reduction of property				
2b. PARCELS REMOVED:				Acreage Removed
Parcel Address	Section No.	Block No.	Lot No.	by Parcel
Change to SBL (e.g. merge, subdivision, address change)	Total ac	reage to be	removed: _	
2c. NEW SBL INFORMATION:	,			
Parcel Address	Section No	. Block No	. Lot No.	Acreage
If requesting to modify a metes and bounds description or requesting changes to the boundaries of a site, please attach a revised metes and bounds description, survey, or acceptable site map to this application.				
3. TOTAL REVISED SITE ACREAGE:				

# Supplement to the Application To Amend Brownfield Cleanup Agreement And Amendment - Questions for Sites Seeking Tangible Property Credits in New York City ONLY.

Property is in Bronx, Kings, New York, Queens, or Richmond counties.	✓ Yes No			
Requestor seeks a determination that the site is eligible for the tangible property credit cobrownfield redevelopment tax credit.	omponent of the ✓ Yes  No			
Please answer questions below and provide documentation necessary to support and	swers.			
<ol> <li>Is at least 50% of the site area located within an environmental zone pursuant to Tax Please see <u>DEC's website</u> for more information.</li> </ol>	x Law 21(6)?			
2. Is the property upside down as defined below?	✓ Yes No			
From ECL 27-1405(31):				
"Upside down" shall mean a property where the projected and incurred cost of the investigation and remediation which is protective for the anticipated use of the property equals or exceeds seventy-five percent of its independent appraised value, as of the date of submission of the application for participation in the brownfield cleanup program, developed under the hypothetical condition that the property is not contaminated.				
3. Is the project an affordable housing project as defined below?	Yes No			
From 6 NYCRR 375- 3.2(a) as of August 12, 2016:				
(a) "Affordable housing project" means, for purposes of this part, title fourteen of article twenty seven of the environmental conservation law and section twenty-one of the tax law only, a project that is developed for residential use or mixed residential use that must include affordable residential rental units and/or affordable home ownership units.				
(1) Affordable residential rental projects under this subdivision must be subject to a federal, state, or local government housing agency's affordable housing program, or a local government's regulatory agreement or legally binding restriction, which defines (i) a percentage of the residential rental units in the affordable housing project to be dedicated to (ii) tenants at a defined maximum percentage of the area median income based on the occupants' households annual gross income.				
(2) Affordable home ownership projects under this subdivision must be subject to a federal, state, or local government housing agency's affordable housing program, or a local government's regulatory agreement or legally binding restriction, which sets affordable units aside for home owners at a defined maximum percentage of the area median income.				
(3) "Area median income" means, for purposes of this subdivision, the area media for the primary metropolitan statistical area, or for the county if located outside a met statistical area, as determined by the United States department of housing and urbar development, or its successor, for a family of four, as adjusted for family size.	ropolitan			

### PART II. BROWNFIELD CLEANUP PROGRAM AMENDMENT

Existing Agreement Information	
BCP SITE NAME: 68-19 Rego Park LLC	BCP SITE NUMBER: C241258
NAME OF CURRENT APPLICANT(S): 68-19 Rego Park LLC	
INDEX NUMBER OF AGREEMENT: C241258-09-21	
EFFECTIVE DATE OF ORIGINAL AGREEMENT: 10/6/21	

### **Declaration of Amendment:**

By the Requestor(s) and/or Applicant(s) signatures below, and subsequent signature by the Department, the above application to amend the Brownfield Cleanup Agreement described above is hereby approved. This Amendment is made in accordance with and subject to all of the BCA and all applicable guidance, regulations and state laws applicable thereto. All other substantive and procedural terms of the Agreement will remain unchanged and in full force and effect regarding the parties to the Agreement.

Nothing contained herein constitutes a waiver by the Department or the State of New York of any rights held in accordance with the Agreement or any applicable state and/or federal law or a release for any party from any obligations held under the Agreement or those same laws.

Statement of Certification and Signatures: New Requestor(s) (if applicable)			
(Individual)			
I hereby affirm that information provided on this form and its attachments is true and complete to the best of my knowledge and belief. I am aware that any false statement made herein is punishable as a Class A misdemeanor pursuant to section 210.45 of the Penal Law. My signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.			
Date:Signature:			
Print Name:			
(Entity)			
I hereby affirm that I am (title			
Date:Signature:			
Print Name:			

annlicant must sign)	es: Existing Applicant(s) (an authorized representative of each		
(Individual)			
I hereby affirm that I am a party to the Brownfield Cleanup Agreement and/or Application referenced in Section I above and that I am aware of this Application for an Amendment to that Agreement and/or Application. My signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.			
Date:Signature:			
Print Name:			
(Entity)			
I hereby affirm that I am authorized signatory (title) of 68-19 Rego Park LLC (entity) which is a party to the Brownfield Cleanup Agreement and/or Application referenced in Section I above and that I am aware of this Application for an Amendment to that Agreement and/or Application. signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.  Date: 10-14-V Signature:  Print Name: PERM MCLARACOM			
REMAINDER OF THIS AMENDMENT WILL BE COMPLETED SOLELY BY THE DEPARTMENT			
Please see the following page for submittal instructions.  NOTE: Applications submitted in fillable format will be rejected.			
Status of Agreement:			
PARTICIPANT A requestor who either 1) was the owner of the site at the time of the disposal of contamination or 2) is otherwise a person responsible for the contamination, unless the liability arises solely as a result of ownership, operation of, or involvement with the site subsequent to the disposal of contamination.	liability arises solely as a result of ownership, operation of or		
Effective Date of the Original Agreement:	· 10/6/21		
Signature by the Department:	· 10/0/21		

NEW YORK STATE DEPARTMENT OF **ENVIRONMENTAL CONSERVATION** 

By: Andrew Guglielmi

Division of Environmental Remediation

Site Code: C241258

DATED: 1/21/2023

### **SUBMITTAL REQUIREMENTS:**

• **Two (2)** copies, one hard copy with original signatures and one electronic copy in final, non-fillable Portable Document Format (PDF) must be sent to:

Chief, Site Control Section New York State Department of Environmental Conservation Division of Environmental Remediation 625 Broadway Albany, NY 12233-7020

NOTE: Applications submitted in fillable format will be rejected.

FOR DEPARTMENT USE ONLY	
BCP SITE T&A CODE:	LEAD OFFICE:
PROJECT MANAGER:	

# **Signatory Consent**

# COMPANY RESOLUTION OF

### 68-19 Rego Park LLC

The undersigned, being the members of 68-19 Rego Park LLC (the "Company"), on behalf of the Company, adopt the following resolution by unanimous written consent:

**RESOLVED**, that the Company authorizes Peter Zuccarello to execute all documents as may be required by the New York State Department of Environmental Conservation in connection with the property known as 68-19 Woodhaven Boulevard, Rego Park (the "Premises") to implement the requirements of the NYSDEC Brownfield Cleanup Program (BCP) including but not limited to executing the Brownfield Cleanup Agreement (BCA) and to be bound thereby in accordance with the terms of the BCA.

**IN WITNESS WHEREOF**, the undersigned have caused this Consent to be signed as of the 10<sup>th</sup> day of May 2021

Z & Z Woodhaven LLC

Peter Zuccarello (member)

Caliendo Woodhaven LLC

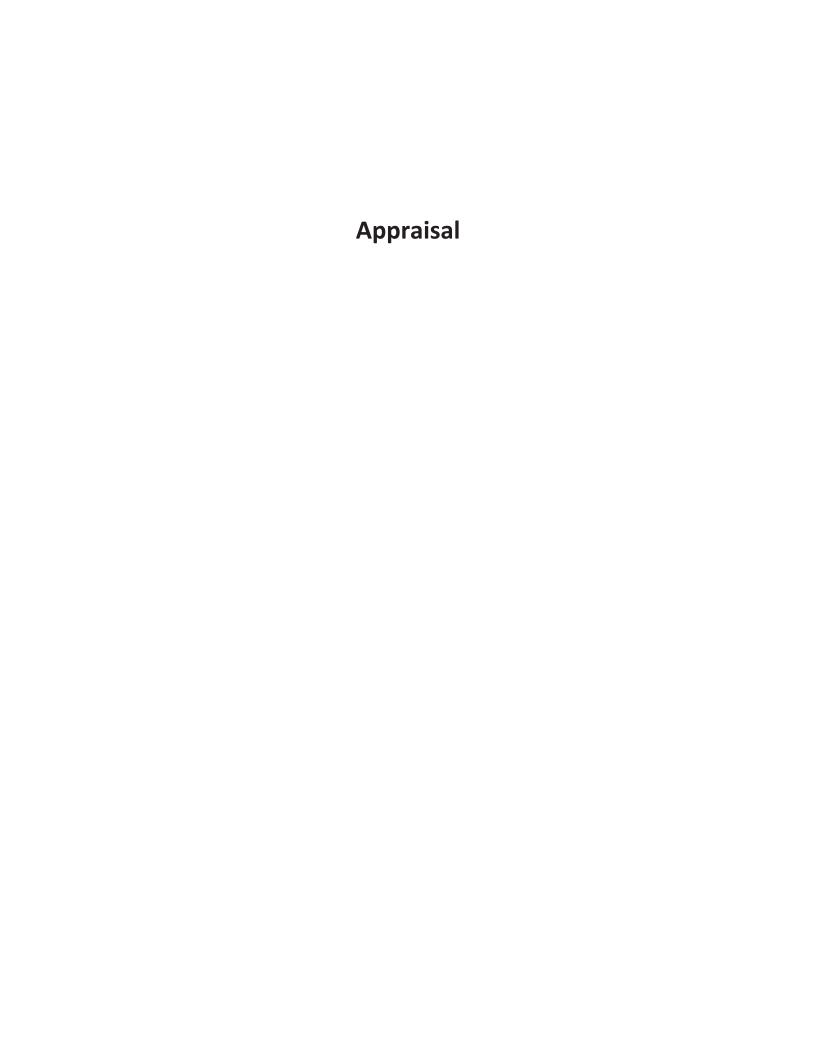
Gerald Caliendo (member)

Smith Woodhaven LLC

Damien Smith (member)

Rego Venture LLC

Gandolfo Difriore (member)



### REAL PROPERTY APPRAISAL



### PROPERTY TYPE

GARDEN CENTER AND AUTOMOTIVE REPAIR

### **LOCATED AT**

68-19 Woodhaven Boulevard Rego Park, New York 11374

### **IDENTIFIED AS**

Block 3148, Lot 2

### **DATE OF VALUATION**

April 15, 2021

### PREPARED FOR

Mr. Damien Smith and Peter Zuccarello Prosper Property Group 70 Lafayette Street, 4<sup>th</sup> Floor. New York, New York 10013

### PREPARED BY





# MJW Consulting, Inc

33-33161st Street Flushing, New York 11358 917-882-3469 john@uspdr.com

May 8, 2021

Mr. Damien Smith and Peter Zuccarello Prosper Property Group 70 Lafayette Street, 4<sup>th</sup> Floor. New York, New York 10013

RE: Real Property Appraisal
Garden Center and Automotive Repair
68-19 Woodhaven Boulevard
Block 3148, Lot 2
Rego Park, New York 11374

Dear Mr. Smith and Zuccarello:

In accordance with your request, I hereby submit an appraisal report of above captioned property. The purpose of this analysis is to estimate the Market Value of the Leased Fee Interest of the Subject as of April 15, 2021. This appraisal is completed, as per the client's request, based on the hypothetical condition<sup>1</sup> that the site and improvements are not impacted by any environmental conditions. I have established under the Scope of this Assignment the various considerations and valuation techniques are employed to establish the market value based on this hypothetical condition. The intended use of the appraisal is for the Client's internal use for business decisions. The intended user of this report is Client.

The subject property is a corner tax lot totaling 25,652± <sup>2</sup>square feet of land area. The site is located on the northeast corner of Woodhaven Boulevard and 68th Road, in the Rego Park section of Queens County, New York. The property has 99± feet of frontage along Woodhaven Boulevard and 230± feet of frontage along 68th Road. The site is irregular in shape with two improvements and two separate parking areas.

The site is zoned R4 residential with an "As of Right" FAR <sup>3</sup> of 0.75 for residential use and C8-1 with an "As of Right" FAR of 1.0. According to the City of New York Zoning Ordinance a split zoned parcel is governed by the permitted use with the greatest percentage of site coverage. In the case of the Subject the R4 use represents approximately 60% of the site coverage, as such the R4 zoning is used in this analysis.

<sup>&</sup>lt;sup>1</sup> The hypothetical condition is based on the Appraisal Standard Boards Advisory Opinion-9 use of hypothetical condition

<sup>&</sup>lt;sup>2</sup> The site area is established from the provided survey. The City of New York Department of Finance has a stated site area of 26,152± square feet.

<sup>&</sup>lt;sup>3</sup> FAR is the floor area ratio for each zoning class in New York City. The indicated number is a factor that can be applied to the land area to determine the maximum potential improvement gross building area.

Mr. Smith and Zuccarello May 8, 2021

The site is improved with three buildings: a retail building, a small one-story storage building and an auto body shop. The small storage building is attached to the retail building and utilized as part of to this building. I have determined that the retail facility totals  $4,537\pm$  square feet based on the survey and the automotive repair facility totals  $11,100\pm$  square feet. The combined building area is  $15,637\pm$  square feet. The facility (Florist) is located at 68-19 Woodhaven Boulevard and the automotive facility is located at 85-17  $68^{th}$  Road. Based on the inspection I concluded that the retail facility is actually a warehouse with 30% of the space finished for retail operations.

There are two open lot areas used by each tenant; one is currently utilized as part of the garden center and the second is a parking/storage lot for the automotive shop. The buildings were built in 1930, with a certificate of occupancy issued in 1966 for the current use. The improvements are in overall average condition based on the current use.

The improvements 100% occupied as of the date of inspection, April 15, 2021. The retail (Florist) is operated by a relative of one of the property owners. This tenant has been located at the property since 2002. The contract rent is \$51,996 per annum (\$11.46 per square foot) with a lease set to expire on January 31, 2022. Market rent of \$25 per square foot was applied to this unit because of the related party interest and below market rent. The automotive tenant is not related to ownership and has been a tenant since 2011. The contract rent is \$60,984 per annum (\$5.49 per square foot) with the lease set to expire on December 31, 2021. Market rent of \$20 per square foot was applied to this unit because the remaining lease term is nine (9) months and investor would apply a market rent because of the significantly below market lease. Market rent is used by investors and is more representative of the prospective value in cases where the contract rent is to a related party interest (Florist) or when a lease is set to expire in under a year.

My estimate of Market Value is subject to the Hypothetical Condition stated, Limiting Conditions, Certification and General Underlying Assumptions expressed herein and made a part hereof.

Based upon my analysis of the physical, legal, and economic attributes of the property and the market data detailed herein, I estimate the Market Value of the Leased Fee Interest as of April 15, 2021, to be:

# THREE MILLION NINE HUNDRED AND FIFTY THOUSAND DOLLARS (\$3,950,000)

The concluded market value opinion represents cash or equivalent terms and is consistent with an estimated "Reasonable Exposure Time" of twelve (12) months and a "Marketing Period" of twelve (12) months. Based on the hypothetical condition, there are no apparent easements, encroachments or other adverse site conditions affecting the subject's marketability.

This appraisal report was prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), as promulgated by the Appraisal Foundation.

Mr. Smith and Zuccarello May 8, 2021

On March 13, 2020, the President of the United States announced a national emergency in response to the coronavirus pandemic. Given that over 13 months have passed and with many states now open for business activity, market data is becoming available that indicated certain segments of the New York City real estate market were impacted, while other segments were not.

I have considered the economic impact for properties located in New York City (reports included in the addenda) as a result of the nearly 13 months of lockdowns for non-essential businesses and stay at home restrictions. In the case of the Subject, I have focused my analysis on land development for commercial properties and the warehouse market. This report reflects market conditions as of the valuation date.

Following is a narrative appraisal report, which outlines the various methods and procedures of valuation. Should you have any questions regarding this report, please do not hesitate to contact the undersigned.

John M. Watch

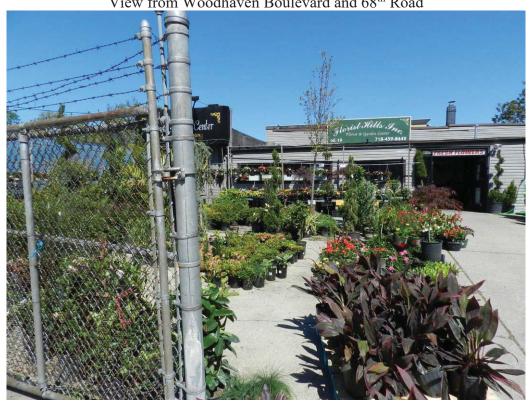
Certified General Real Estate Appraiser State of New York – ID #46-00002984 jwatch@standardvaluation.com

### TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS	3
IDENTIFICATION OF THE PROPERTY	5
PURPOSE OF THE APPRAISAL	5
INTENDED USE OF THE APPRAISAL	5
PROPERTY RIGHTS APPRAISED	5
EFFECTIVE DATE OF APPRAISAL	5
PROPERTY HISTORY	5
EXTRAORDINARY ASSUMPTION	7
REAL ESTATE APPRAISAL TERMINOLOGY	8
SCOPE OF THE APPRAISAL/VALUATION PROCESS	10
REGIONAL DESCRIPTION	13
NEIGBORHOOD DESCRIPTION	38
COLLEGE POINT DEVELOPMENT ANALYSIS	45
SUBJECT PROPERTY PHOTOGRAPHS	52
PROPERTY DESCRIPTION	61
ASSESSMENT AND TAX DATA	68
ZONING DATA	70
HIGHEST AND BEST USE	73
COST APPROACH - SITE VALUATION	76
SALES COMPARISON APPROACH	93
INCOME CAPITALIZATION APPROACH	106
CONCLUSION AND FINAL VALUE ESTIMATE	120
LIMITING CONDITIONS AND GENERAL ASSUMPTIONS	122
CERTIFICATION	109
ADDENDA	126
OUALIFICATIONS OF THE APPRAISERS	128

# SUBJECT PROPERTY PHOTOGRAPH

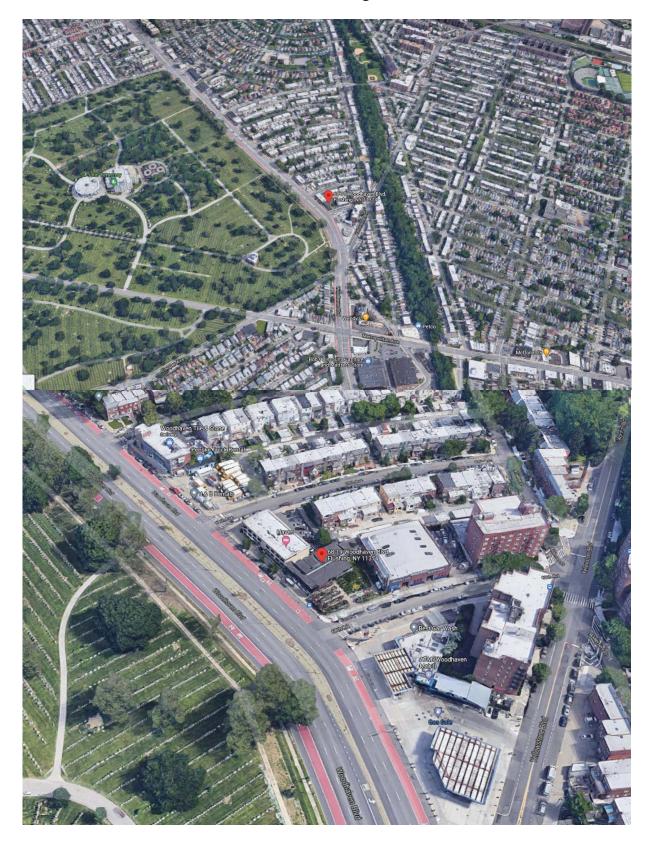
View from Woodhaven Boulevard and 68<sup>th</sup> Road





# SUBJECT PROPERTY AERIAL MAP

Aerial view looking North



### SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location: 68-19 Woodhaven Boulevard

Rego Park, New York 11374

Legal Description: Block 3148, Lot 2

Census Tract: 703

Owner of Record: 68-19 Rego Park LLC

Site Description: A 25,652± 4square foot tax lot located on the northeast corner of

Woodhaven Boulevard and 68th Road, in the Rego Park section of Queens County, New York. The property has 99± feet of frontage along Woodhaven Boulevard and 230± feet of frontage along 68th Road. The site is irregular in shape with two improvements and two

separate parking areas.

Building Description: The site is improved with three buildings: a retail building, a small

one-story storage building and an auto body shop. The small storage building is attached to the retail building and utilized as part of to this building. I have established that the retail facility totals 4,537± square feet based on the survey and the automotive repair facility totals 11,100± square feet. The combined building area is 15,637± square feet. The facility (Florist) is located at 68-19 Woodhaven Boulevard and the automotive facility is located at 85-17 68<sup>th</sup> Road. Based on the inspection I concluded that the retail facility is actually a warehouse with 30% of the space finished for

retail operations.

There are two open lot areas used by each tenant; one is currently utilized as part of the garden center and the second is a parking/storage lot for the automotive shop. The buildings were built in 1930, with a certificate of occupancy issued in 1966 for the current use. The improvements are in overall average condition

based on the current use.

Tenancy: The improvements 100% occupied as of the date of inspection,

April 15, 2021. The retail (Florist) is operated by a family member of one of the property owners. This tenant has been located at the property since 2002 with a lease set to expire on January 31, 2022. Market rent has been applied to this unit because of the related party interest and below market rent. The automotive tenant is not related to ownership and has been a tenant since 2011 with the lease set to

expire on December 31, 2021.

MJW CONSULTING INC. 2021-10034

<sup>&</sup>lt;sup>4</sup> The site area is established from the provided survey. The City of New York Department of Finance has a stated site area of  $26,152\pm$  square feet.

Zoning: R4 residential with an "As of Right" FAR <sup>5</sup>of 0.75 for residential

use and C8-1 with an "As of Right" FAR of 1.0. According to the City of New York Zoning Ordinance a split zoned parcel is governed by the permitted use with the greatest percentage of site coverage. In the case of the Subject the R4 use represents approximately 60% of the site coverage, as such the R4 zoning is

used in this analysis.

Real Estate Taxes: \$56,304 or \$3.60 per square foot. According to the leases the tenants

pay 100% of all the taxes.

Property Rights Appraised: Leased Fee Interest

Highest and Best Use: As if Vacant: Mixed-use development site

As Improved: Interim Use as a warehouse

Inspection Date: April 15, 2021

Reasonable Exposure Time: Twelve (12) months
Reasonable Marketing Time: Twelve (12) months

### **Reconciliation of Indicated Values**

The intended use of the appraisal is to establish an opinion of market value for the Client's use based on the hypothetical condition that there are no environmental issues that impact the site. This valuation is based on the existing leases and improvements in place. The property is encumbered by leases, as such the valuation represents the Leased Fee Estate. The related party lease with the florist is based on a market rent as of the date of value, not the contract rent.

I have concluded that the highest and best use if vacant would be for the development of the property as a mixed-use residential and commercial building. The indicated site valuation established presented under the Cost Approach supports this conclusion at \$3,925,000. The Sales Comparison Approach indicates a market value of \$4,050,000 based upon the current use and the Income Capitalization Approach indicates a market value of \$3,930,000.

I conclude that the maximally productive use (the highest and best use) lies in the direction of mixeduse development, since the as-vacant land value is close to the concluded value based upon the existing uses. However, the current use is economic and yields a value in its own right because the property is leased. As such, the current use is viewed as an interim use that would ultimately yield to redevelopment.

### INDICATED VALUES

Date of Valuation	April 15, 2021
Cost Approach – Site Value	\$3,950,000
Sales Comparison Approach	\$4,065,000
Income Capitalization Approach	\$3,930,000
Reconciled Market Value Estimate	\$3,950,000

<sup>&</sup>lt;sup>5</sup> FAR is the floor area ratio for each zoning class in New York City. The indicated number is a factor that can be applied to the land area to determine the maximum potential improvement gross building area.

### **IDENTIFICATION OF THE PROPERTY**

The Subject is identified on the Queens County tax maps as Block 3148, Lot 2. The commonly known street address is 68-19 Woodhaven Boulevard, Rego Park, New York 11374.

### PURPOSE OF THE APPRAISAL

The purpose of this analysis is to estimate Market Value.

### INTENDED USE OF THE APPRAISAL

The intended use of the appraisal is for the Client's internal use for business decisions.

### INTENDED USERS OF THE APPRAISAL

The intended user of this report is Client.

### PROPERTY RIGHTS APPRAISED

The property rights appraised consist of the Leased Fee Interest.

### EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal is April 15, 2021. The effective date of the writing of this report is May 8, 2021.

### **PROPERTY HISTORY**

A search of public records indicates that the Subject was acquired on July 30, 2019 for \$5,350,000. The purchaser is 68-19 Rego Park LLC. This was an estate sale and not considered to be an arm's length transaction.

The transaction occurred prior to the enactment of the 2019 Rent Laws and Covid Pandemic. The sale was motivated by the purchaser whose relatives owned the florist business. The purchaser recognized the favorable below market rent and did not want to lose property given the family investment in the florist business.

The purchaser based his decision to acquire the property on market leases at \$20 to \$25 per square foot semi-net for the below market leases knowing a premium would be paid to keep the business at this location. Additionally, acquisition of the property would provide the business a means to repair vehicles associated with the nursery owned by the purchaser's relative. This is not considered a purchase of the real property only, as such it is not an "Arm's Length" transaction.

As presented under the Income Capitalization Approach the actual net operating income at the time of sale was \$108,461. This represented a net lease position. Recognizing the below market rents the indicated value would be \$2,170,000 based on a 5.0% capitalization rate which is the prevailing rate for net leased properties. Based on my estimate of the "As Is" market value at \$3,950,000 the variance is \$1,780,784, indicating a premium of \$1,400,000 was paid because the purchaser's family would benefit economically.

Additionally, the split zoning for the site limited any future development unless there was a change in zoning, which would take anywhere from 3 to 5 years to achieve, if at all possible.

### **EXTRAORDINARY ASSUMPTION**

An extraordinary assumption is defined as "An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions." 6

Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020 - 2021 ed.)

No extraordinary assumption(s) were incorporated into this analysis.

### HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "1) A condition that is presumed to be true when it is known to be false. 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020 - 2021 ed.)

I have been informed that there are environment conditions that impact the Subject. A detailed environmental report has not been provided.

I have been requested to value the Subject under the hypothetical condition that there are no environmental issues. I have applied this hypothetical condition in this analysis. As per the Scope of this Assignment this appraisal report is for the client only.

\_

<sup>&</sup>lt;sup>6</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>7</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

### REAL ESTATE APPRAISAL TERMINOLOGY

"Market Value: The most probable price which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and each acting in what he considers his own best interest:
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."8

"As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date."

"Exposure Time: 1) The time a property remains on the market. 2) The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2020 - 2021 ed.)<sup>10</sup>

"Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."

"Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires." 12

"Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease." 13

<sup>&</sup>lt;sup>8</sup> 12 C.F.R. Part 54.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 50 Federal Register 29499, June 7, 1994.

<sup>&</sup>lt;sup>9</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>10</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>11</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>12</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>13</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

"Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."<sup>14</sup>

"Real Property: 1) An interest or interests in real estate.

2) The interests, benefits and rights inherent in the ownership of real estate.

<u>Comment:</u> In some jurisdictions, the terms real estate and real property have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

3) All rights, interests and benefits related to the ownership of real estate. 15

"Personal Property: 1) The interests, benefits and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called *tangible personal property*.

2) Identifiable tangible objects that are considered by the public as being "personal" – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2020-2021 ed.)<sup>16</sup>

"Market Rent: The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs)." <sup>17</sup>

"Replacement Cost: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvement, using modern materials and current standards, design, and layout." 18

"Prospective Opinion of Value: A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy." <sup>19</sup>

-

<sup>&</sup>lt;sup>14</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>15</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>16</sup>Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>17</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

<sup>18</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

<sup>&</sup>lt;sup>19</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015).

### **SCOPE OF WORK**

The purpose of this appraisal is to estimate the Market Value of the subject property, in accordance with the Highest and Best Use concept and Market Value definition as of the effective date of valuation based on the current use and employing a hypothetical condition that there are no environmental issues that affect the property.

The scope of work in this assignment included the following:

- Inspection of the subject property and its environs.
- Conducted a drive-through inspection of immediate and surrounding neighborhoods.

### Site Valuation

- Researched and evaluated local development and land use trends.
- Analysis of current market and economic trends as they impact the subject's sub-market.
- Researched the zoning of the subject property and comparable land sales.
- Conducted a Highest and Best Use analysis of the property.
- Derived an estimate of "as vacant" land value via the Sales Comparison Approach.
- Reported Market Value estimate in this narrative report.

### "As Is" Use

- Evaluated the real property rights to be appraised.
- The building's physical characteristics were researched using various websites, databases and referenced publications from the NYC Department of Finance and Building Department.
- Parameters of the sales data search were established based upon location, physical features, and date of sale as related to improved property sales.
- The appraiser reviewed and verified the sales data, completing an adjustment analysis comparing sales to the subject property.
- Examined the leases and expenses provided by ownership.
- Comparable rental data was researched and analyzed to establish market rent for the warehouse facility.
- Reviewed market expenses to establish projected expenses for the Subject.
- An estimate of Market Value via the Sales Comparison Approach and Income Approach were concluded.
- An estimate of Market Value was reconciled.

### VALUATION APPROACHES

The three (3) traditional approaches to value have been considered in the appraisal of the subject property, including the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach.

### **Cost Approach**

The cost approach is based on the current cost to replace the subject improvements as of the effective date of the appraisal. To direct and indirect costs, a market derived estimate of entrepreneurial profit is added. From this total Cost New estimate, a deduction for accrued depreciation is calculated. A market-derived estimate of land value is then added to the depreciated improvement value. The result is the total value of the property as derived by the cost approach.

The purpose of this report is to establish the Market Value of the Leased Fee Interest based on its highest and best use.

I focused on sales between 10,000 and 50,000 square feet. I was able to locate five (5) sales similar to the subject to provide a supportable range of value from which a market value could be estimated for the subject. The sales are compared to the Subject with appropriate adjustments applied for transactions of sale and property characteristics.

Given the age of the improvements and level of all forms of depreciation the cost of construction was not developed. This analysis only provides an estimate of the site value.

### **Sales Comparison Approach**

The Sales Comparison Approach is predicated upon the principle of substitution, i.e., no purchaser would pay more for a property than the cost of obtaining an equally desirable substitute property with comparable utility. Where an active market of buyers and sellers exists and can be interpreted, the Sales Comparison Approach is considered most applicable.

By analyzing the actions of willing buyers and sellers and comparing the subject's features with those of competitive properties in the market, the appraiser derives a probable sale price for the subject. An adjustment process is typically implemented to account for pertinent differences between the comparable sales and the subject property.

A search of public records revealed a number of comparable industrial sales in the subject's competitive market. Adjustments for property rights conveyed, conditions of sale, financing, market conditions at the respective dates of sale, location and physical characteristics are considered. The adjusted per square foot value indicators reflect the specific attributes of the subject market and when applied to the characteristics of the subject property, provide a defensible indication of value.

I have presented sale abstracts on four (4) sales deemed most similar to the subject. These sales provide a supportable range of value from which a market value could be estimated for the subject. The sales are compared to the Subject with appropriate adjustments applied for salient, identifiable differences with the Subject property.

### **Income Capitalization Approach**

Direct Capitalization is a traditional valuation technique that utilizes an overall capitalization rate to convert a property's stabilized net income stream, over a specified holding period, into an estimate of value. The capitalization rate utilized considers the desired rate of return, availability of financing, expected stability of the income stream, and potential appreciation/depreciation over the holding period.

The Subject is leased to two (2) tenants, with one tenant being related to the purchaser. Demand for warehouse space at this location is similar to other areas in central Queens with most neighborhoods showing continued demand and increased pricing for quality warehouse space. Rents for warehouse space in the immediate area were researched to develop a market rent for the subject improvements.

A vacancy and collection loss allowance and estimated operating expenses were deducted from the forecasted gross potential rental income estimate revealing a stabilized net operating income estimate for the subject. The resulting net operating income was then capitalized into a value estimate utilizing market rates.

In conducting the Income Capitalization Approach all income, expense and investment return data have been derived from market sources.

### Reconciliation

After the applicable valuation techniques have been presented and the results of each reviewed, the appropriateness or market recognition of the respective approaches is weighed with the final value estimate concluded and reported based on the highest and best use of the Subject.

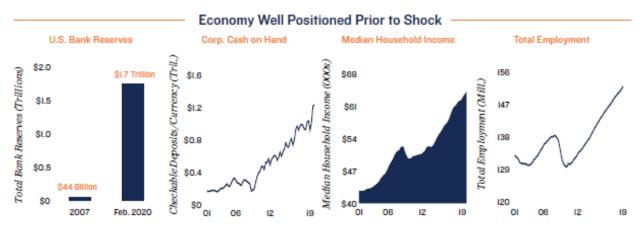
# ECONOMIC MARKETS - REGIONAL AND LOCAL MARKET CONDITIONS AND COVID-19

The Federal Government created three stimulus packages to aid businesses and the general population, while the Federal Reserve has taken steps to lower the cost of borrowing and provide cash to financial institutions.

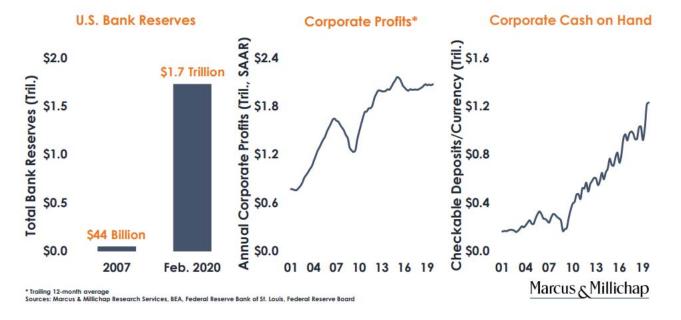
Over 44 states issued workplace restrictions as part of their efforts to prevent the spread of the disease. Localities within each state have established "Shelter-in-place" or "stay-at-home" orders that vary in scope and duration, but generally require businesses not considered "essential" to close their physical offices and continue their operations remotely.

As of April 15, 2020, approximately 90% of the United States population (~300 million people) is under shelter-in-place / stay-at-home guidelines. In the past six weeks, ~31 million claims for unemployment have been filed, which imputes an unemployment rate of ~18%. In comparison to one year ago, as of May 8, 2021 approximately 35% of the population is fully vaccinated and over 60% of the population has had one shot of the vaccine.

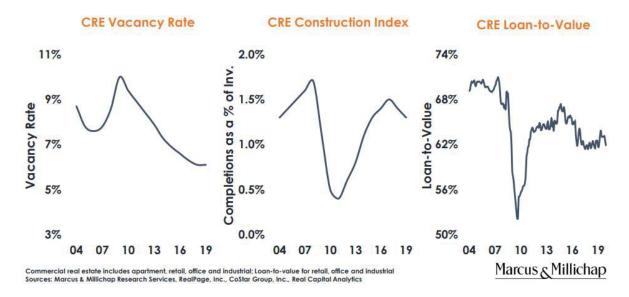
NATIONAL ECONOMY - The three most often cited measures of national economic health are Gross Domestic Product (GDP), unemployment (U3 Graph), and the stock market. Prior to the incidence of CoVid-19, GDP was at an all-time high of ~\$21.5T, unemployment was near a 50-year low (~3.5%), and the DJIA was approaching 30,000 (February 19, 2020). But by almost every conventional metric, the national economy was strong. The graphs below and on the following page illustrate.



Sources: Marcus & Millichap Research Services; BEA; Federal Beserve Bank of St. Louis; Federal Reserve Board; U.S. Census Bureau



**COMMERCIAL REAL ESTATE** - The commercial real estate market was on similar sound footing, depicted below.



Typically, a "bust" in the real estate market is precipitated by one of two triggers: over-building and/or over-leverage. As show above, neither of these triggers are present.

The image on the following page provides some perspective as related to the impact on the US Economy during prior economic crisis that were considered worldwide events.

Historical, Post-War, Significant Shocks to U.S. Economy and Recoveries								
Economic Shock	Duration (Months)	S&P 500	GDP	Jobs	Unemployment Rate	Total Retail Sales		
1973 OPEC Oil Crisis	16	-41.4%	-3.1%	-2.8%	4.6% - 9.0% (440bps)	-2.6%		
Fo	llowing 12 Months:	+32.0%	+6.2%	+3.7%	9.0% - 7.4% (-160bps)	+5.1%		
Iranian Revolution/ Energy Crisis	16	-19.4%	-2.5%	-3.1%	7.2% - 10.8% (360bps)	-2.6%		
Fo	llowing 12 Months:	+51.8%	+7.9%	+3.9%	10.8% - 8.5% (-230bps)	+6.5%		
Iraq Invades Kuwait Price Shock	/ Oil 8	-15.8%	-1.4%	-1.5%	5.2% - 7.8% (260bps)	-3.3%		
Fo	llowing 12 Months:	+21.9%	+2.9%	+0.4%	7.8% - 7.0% (-80bps)	+5.6%		
Dot-Com Bust/ Sept. 11 <sup>th</sup> Attacks	8	-46.3%	+0.4%	-2.0%	3.9% - 6.3% (240bps)	-1.0%		
Fo	llowing 12 Months:	+22.2%	+2.1%	+1.4%	6.3% - 5.6% (-70bps)	+4.5%		
Global Financial Cri Great Recession	sis/ 18	-52.6%	-4.0%	-6.3%	4.4% - 10.0% (560bps)	-13.0%		
Fo	llowing 12 Months:	+50.3%	+2.8%	+1.0%	10.0% - 9.4% (-60bps)	+7.5%		

I am now in the stage where all 50 states have restarted economic activity which is considered a positive factor. The pandemic has not completely passed, and economic activity is projected to take several months to start up with positive economic growth (GDP) not anticipated until early 2021. Because of so many variables and the time it takes for economic stimulus programs to become effective it is difficult to assess the extent to which the New York City real estate market will be impacted and for how long.

Like previous disasters that impacted New York City, history has shown that the market does recover. There will be short-term impacts affecting the real estate market such as a loss of rental payments for most property owners who lease to retail, office, and/or residential tenants. With all the economic factors presented in mind, the market value estimate contained herein is based on historical data and the insight from market participants relating to the current health crisis in terms of the real estate market which has created an unforeseen economic crisis affecting over 80% of the United State economy.

In my opinion there will be short-term increases in rent collections and legal costs associated with retail and office properties to restructure leases to account for business closures. Such negotiations will be difficult because ownership will have to navigate rent concessions and abatements, but what of the businesses that remained opened and paid rent.

In terms of the multi-family market an increase in non-collection is expected to increase as federal unemployment benefits expire. The main concern with unemployment is that lower paid workers are benefitting from the \$300 federal benefit and are not returning to work, which was reported in the Federal Reserve Beige Book on July 15. In terms of NYC, unemployment amongst hospitality workers remains extremely high even though restaurants have opened for outdoor dining.

MJW CONSULTING INC. 2021-10034

<sup>&</sup>lt;sup>20</sup> Marcus and Millichap

The significant decline in tourism has had a major impact on many retail and hospitality operations, which pre-Covid levels of 300,000 plus tourist daily in Manhattan.

My short-term outlook relates to increasing specific costs relating to the operation of real estate such as management, legal fees, and cleaning. In terms of market capitalization, the Federal Reserve lowering of interest rates, with 10-year treasury bills below 1% will spur refinancing efforts in both the commercial and residential markets, which will lead to reductions in monthly mortgage costs. These refinancing efforts will take time to evolve, lagging the start of the economy by 30 to 90 days. Financial institutions are well capitalized and are being backed by the Federal Reserve.

The increase in costs for operating the real property should be mitigated by lower financing costs within a 6 to 12-month period. During this time, some assets will not be able to meet financial obligations if the asset is over-leverage. Most leveraged commercial real estate is funded at a 75% or lower loan to value. As such properties at the greatest risk will be those assets with potentially higher rent losses which would result in higher vacancy and collection losses.

The financial markets bounced back from the March 27, 2020 sell-off and are up 7% for Year to Date. The two charts below indicate that more money has followed into the NASDAQ versus the S & P and the DJIA. The DJIA appears to be the one segment impacted the most by Covid-19 with the current performance up 1.77% YTD and 9% since April 2020. Market managers reallocated funds to the NASDAQ (Tech) and S &P. The cost of borrowing has increased almost 40 basis points since April 2020, with the market pricing in rising costs.

### MARKETS YTD PERFORMANCE

4	NASDAQ	11,579.94	+ 29.06%
	NASDAQ	11,379.94	T 29.00%
1	S&P	3,477.13	+7.63%
1	DJIA	28,586.90	+ 0.17%
1	GOLD	1,936.30	+ 27.39%
ţ	10-YR	0.777%	- 114.30 bps
†	OIL	40.52	- 33.80%

MJW CONSULTING INC. 2021-10034

<sup>&</sup>lt;sup>21</sup> Morning Brew, April 25, 2020, and February 8, 2021 (bottom)

MARK	ETS		
•	Nasdaq	13,582.43	-0.37%
•	S&P	4,167.59	+0.07%
	Dow	34,230.34	+0.29%
<b>A</b>	Bitcoin	\$56,917.71	+6.65%
•	10-Year	1.576%	-1.8 bps

The 2008/09 Great Recession correction was a financial crisis (lack of liquidity) spurred by the housing bubble. The current correction is an economic shutdown spurred by a health crisis (loss of cash flow). The uncertainty of business growth as disappeared and the focus is now on how long it will take for certain industries to recover, notably airlines and the hospitality sectors.

In the former correction revenue streams and vacancy rates experienced less volatility, but higher volatility was present with capitalization rates because of a lack of lack of liquidity and the ability for financial institution to lend. Also, the Great Recession was a crisis that impacted the residential markets at a far greater level than commercial real estate. I am of the opinion this relationship will invert, with more volatility relating to cash flow but more stability in terms of capitalization rates because of the extensive and robust actions taken by the Federal Reserve to ensure liquidity remain in this market.

Market participants are more concerned about tenants "ability to pay" and expected increases in absorption time, but everyone (banks and borrowers) is working from more sound financial footing. Said another way, the last correction people had cash but limited access to capital. This correction, capital is available and abundant, but the cash flow is the big question mark.

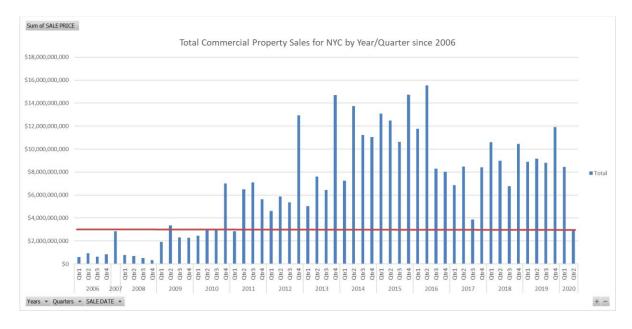
Where does this lead in terms of valuation? The three most often cited measures of national economic health - GDP, employment, and the stock market - all experienced significant shocks in March and April but are recovering. It would be hard to surmise that real estate valuations did not show negative growth in the 2<sup>nd</sup> Quarter, but growth in the 4th Quarter has been positive. That said, real estate does not "mark to market" daily. There are no data points, or at least not enough, to discern any trend on valuation. If the base line case holds true for a "sharp but short" correction, there may never be enough data points for a conclusive judgment.

The Great Recession experienced a much higher percentage of "all cash" deals, which removed leverage from the equation (producing capitalization rates). Capital is available in the current cycle.

Through the 1st Quarter of 2020 commercial property sales in NYC were just under 1,000 sales but in the 2nd Quarter sale transaction have plummeted. The current number of transactions is almost as low as the beginning of the 2008/2009 financial crisis and the total dollar volume is at the 2009 level.



The table above represents total transactions, and the table below reports the total dollar volume.

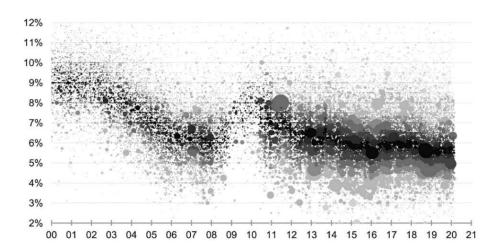


The entry into this recession had been the quickest in the history of economic downturns. Commercial real estate has proven a very sound investment over the past two decades and we expect no difference going forward. The financial footing of many (banks, property owners, borrowers) is superior to the last recession. If the virus is contained and "stimulus" packages are effective, projections of robust recovery are feasible.

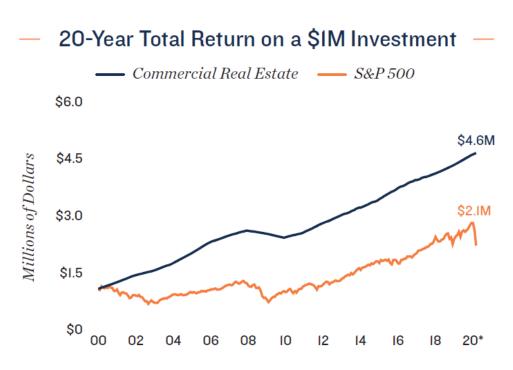
If deals are done by property owners wishing a speedy exit from the market or seeking liquidity, they will be intertwined with deals that were negotiated since to the heart of the outbreak which reflect investor perceptions that are considering the impacts from Covid.

On the following are CoStar graphs of capitalization rates for all property types over the entire United States since 2000.

### **Cap Rates**



The nascent recovery started in July and is exhibiting familiar patterns after the steep decline in GDP and reversal causing a V recovery with the V trailing off based on August economic reports. Investor behavior demonstrates a "flight to safety", entering only the best markets and pursuing the best assets as the recovery grows and broadens, the money will flow downward and outward to secondary markets and secondary assets, but this will lag the initial level of recovery.



Below are valuation scenarios, which assumes higher averages for rent reductions and vacancies & collection increases from the height of the great recession but less than half the average increase in capitalization rates. In terms of importance of each variables' effect on valuation, the capitalization rate is the prime determinant, rental rate is important but secondary to capitalization, and vacancy rate is a distant third. Various sensitivity testing can be completed which impacts the delta  $\Delta$  change that ultimately would show a lower overall value reduction. Because the capitalization rate has a greater impact on the valuation change data from market participants will be critical and essential for determining the values of various asset classes.

Metrics	Stable Market before Crash	Great Recession	COVID-19
Potential Gross Income	\$100	\$100	\$100
Delta Change in Rent (Reduction)*	0%	7%	0%
Adjusted PGI	\$100	\$93	\$100
Vacancy and Collection Loss	5%	5%	5%
Delta Changes in Vacancy and Collection			
Loss**	0%	10%	15%
Adjusted Vacancy and Loss	5.00%	5.50%	5.75%
Effective Gross Income	\$95	\$88	\$94
Operating Expense Ratio	40%	40%	40%
Net Operating Income	\$57	\$53	\$57
Capitalization Rate	5.50%	5.50%	5.50%
Delta Change in Capitalization Rate	0%	15%	5%
Adjusted Capitalization Rate	5.5%	6.3%	5.8%
Indicated Market Value	\$1,036.4	\$833.7	\$979.2
Capital Sum Reductions for Lost Rent	0.0%	0.0%	\$11.8
Fair Market Value	\$1,036.4	\$833.7	\$967.4
% Delta Δ		-24.3%	-7.1%
*- Correction in contract rent caused by ec ** - Correction for increased V & C as ma			

# **OVERVIEW OF THE REGIONAL ECONOMY**

The following regional analysis (Second District – New York) is derived from data compiled by the Federal Reserve Board and issued in the April 14, 2021 Beige Book.

# **NATIONAL SUMMARY**

# **OVERALL ECONOMIC ACTIVITY**

National economic activity accelerated to a moderate pace from late February to early April. Consumer spending strengthened. Reports on tourism were more upbeat, bolstered by a pickup in demand for leisure activities and travel which contacts attributed to spring break, an easing of pandemic-related restrictions, increased vaccinations, and recent stimulus payments among other factors. Auto sales grew, even as new-vehicle inventories remained constrained by microchip shortages. The picture in nonfinancial services generally improved, partly supported by strengthening demand for transportation, professional and business, and leisure and hospitality services. Despite widespread supply chain disruptions, manufacturing activity expanded further with half the Districts citing robust growth. Bankers in most reporting Districts saw modest to moderate increases in overall loan volumes. Sustained high demand and tight supply of single-family homes further pushed up prices, and builders noted ongoing production challenges, including rising costs. Reports on commercial real estate and construction varied, with activity in the hotel, office, and retail segments generally remaining weak. Agricultural conditions were mostly stable over the reporting period. Activity in the energy sector was mixed; coal production fell, while oil and gas drilling were flat to up. Outlooks were more optimistic than in the previous report, boosted in part by an acceleration in COVID-19 vaccinations.

# **EMPLOYMENT AND WAGES**

Employment growth picked up over the reporting period, with most Districts noting modest to moderate increases in headcounts. The pace of job growth varied by industry but was generally strongest in manufacturing, construction, and leisure and hospitality. Hiring remained a widespread challenge, particularly for low-wage or hourly workers, restraining job growth in some cases. Commercial and delivery drivers were specifically cited as in short supply, as were specialty and skilled tradespeople. Some firms noted absenteeism due to COVID-19 was down. Employment expectations were generally bullish. Wage growth accelerated slightly overall, with more significant wage pressures in industries like manufacturing and construction, where finding and retaining workers was particularly difficult. Some contacts mentioned raising starting pay and offering signing bonuses to attract and retain employees.

# **PRICES**

Prices accelerated slightly since the last report, with many Districts reporting moderate price increases and some saying prices rose more robustly. Input costs rose across the board, but especially in the manufacturing, construction, retail, and transportation sectors—specifically, metals, lumber, food, and fuel prices. Cost increases were partly attributed to ongoing supply chain disruptions, temporarily exacerbated in some cases by winter weather events. There were widespread reports of increased selling prices also, but typically not on pace with rising costs. Contacts generally expect continued price increases in the near term.

# NEW YORK- SECOND DISTRICT<sup>22</sup>

## **OVERALL ECONOMIC ACTIVITY - HIGHLIGHTS**

The regional economy grew at a strong pace for the first time during the pandemic, with growth broad-based across industries. Hiring picked up and wages continued to grow moderately. Consumer spending and tourism picked up noticeably. Input price pressures have intensified, and more businesses are raising their selling prices.

### **EMPLOYMENT AND WAGES**

The labor market strengthened moderately in March, with businesses in most major industry sectors reporting a pickup in employment. A major New York City employment agency noted that financial sector hiring, though still subdued, has improved to levels not seen since before the pandemic. An upstate employment agency reported that hiring activity has picked up across the board and that it remains difficult to fill lower-wage jobs.

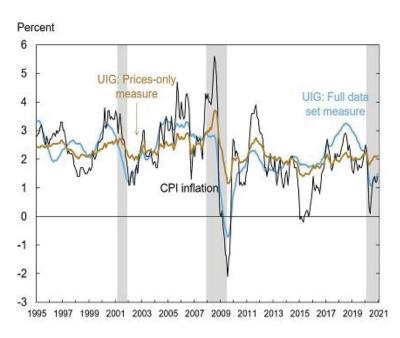
Hiring plans for the months ahead increased markedly—particularly in the manufacturing, leisure & hospitality, and information sectors. Hiring and retaining tech workers has been cited as a particular challenge, due to competition from major tech firms as well as visa restrictions.

Wages have continued to grow moderately, at a similar rate as in the last report. Wage increases were particularly widespread in the retail, transportation, information, and construction sectors. Looking ahead, more businesses reported plans to raise wages than at any time during the pandemic, with the most widespread hikes expected in the leisure & hospitality, professional & business services, transportation, and retail trade sectors.

# **PRICES**

Firms' input prices have accelerated since the beginning of the year, particularly among businesses in the manufacturing and construction sectors. In particular, prices of metals and construction materials are said to have escalated substantially. Businesses in most sectors expect fairly widespread increases in the prices they pay in the months ahead.

Selling prices have also continued to accelerate but more moderately. Still, contacts in the manufacturing and distribution sectors report widespread increases in their selling prices and also in their plans to hike prices in the months ahead.



<sup>&</sup>lt;sup>22</sup> Covers the state of New York; Fairfield County in Connecticut; and 12 counties in northern New Jersey, and serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands

MJW CONSULTING INC. 2021-10034

### CONSUMER SPENDING

Consumer spending has strengthened in recent weeks. Non-auto retailers reported that both business and foot traffic have picked up but were still short of normal levels. One retail chain noted that its sales across the District have exceeded plan, though sales at New York City stores continued to lag. Demand for home goods remained strong and luggage sales have reportedly picked up, whereas clothing sales have picked up somewhat but remain weak. Sales in some categories, notably furniture, have reportedly been constrained by inventory shortages due to supply chain delays. Retail contacts remained optimistic about the near-term outlook, but the uncertainty associated with the long lead time between ordering and receiving merchandise has been a concern.

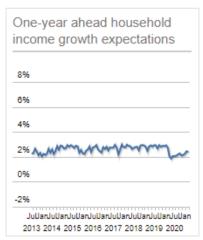
New vehicle sales showed signs of picking up noticeably in March, despite low inventories—a constraint that is expected to persist for several months, due to various factors including a shortage of microchips used in new vehicles. Used auto sales have been somewhat constrained by low inventories. Dealers indicate that credit availability is not much of an issue.

Consumer confidence among New York State residents climbed in March to its highest level in a year, led by a surge in expectations.<sup>23</sup>





# Household Finance



The SCE is a nationally representative, Internet-based survey of a rotating panel of approximately 1,300 household heads. Respondents participate in the panel for up to twelve months, with a roughly equal number rotating in and out of the panel each month. Unlike comparable surveys based on repeated cross-sections with a different set of respondents in the wave, our panel enables us to observe the changes in expectations and behavior of the same individuals over time.

The survey is conducted on our behalf by The Demand Institute, a nonprofit organization jointly operated by The Conference Board and Nielsen. The sampling frame for the SCE is based on that used for The Conference Board's Consumer Confidence Survey (CCS). Respondents to the CCS, itself based on a representative national sample drawn from mailing addresses, are invited to join the SCE internet panel.

<sup>&</sup>lt;sup>23</sup> https://www.newyorkfed.org/microeconomics/sce

The SCE, which launched in 2013, focuses primarily on expectations about economic outcomes related to inflation, the labor market, and household finance. In eliciting subjective expectations for certain variables, such as future inflation, we collect data on the individual's forecast uncertainty. The survey tracks a respondent's age, income, education, homeownership status, employment history, and region; it also tests for level of numeracy. A November 2016 New York Fed staff report offers an overview of the survey methodology. We summarize the main survey results in a monthly New York Fed press release, illustrate trends in a series of interactive graphics on the CMD website, and publish a range of analyses. The data are available to other researchers, policymakers, and the public.

### MANUFACTURING AND DISTRIBUTION

Manufacturing activity picked up further in March, expanding at a robust pace. Contacts in wholesale trade and transportation & warehousing also reported that activity picked up briskly. Contacts in these sectors continued to report supply disruptions and delays—particularly in getting shipments from overseas. Looking ahead, businesses in all these sectors expressed increasingly widespread optimism about future business prospects.

### **SERVICES**

Service industry contacts also reported a strong pickup in growth in the latest reporting period. Contacts in information and professional & business services reported a brisk pickup in business, while education & health providers noted a moderate pickup. Contacts in the leisure & hospitality sector noted a significant upturn in activity for the first time since the onset of the pandemic. Looking to the months ahead, contacts in all these sectors expressed widespread optimism about business prospects.

Tourism has continued to trend up. Leisure air travel reportedly increased sharply in March, and flight bookings are being made longer in advance. In New York City, weekend hotel occupancy rates have risen steadily since the last report, recently surpassing 50 percent, though nightly room rates are still substantially below pre-pandemic levels. Future bookings have also expanded. Some hotels that had previously announced permanent closures have more recently announced plans to reopen. Museums and restaurants have also seen a steady uptrend in business. Most of the rebound in tourism has been from day-trippers and other domestic visitors, though tourism from Central and South America has reportedly increased.

### REAL ESTATE AND CONSTRUCTION

Housing markets have strengthened further in the latest reporting period. Sales markets in upstate New York have been particularly robust, with brisk sales volume, lean inventories, and strong price appreciation, with many homes reportedly selling for well above asking price. Home sales activity in areas around New York City has strengthened as well, with prices holding steady but running 5-10 percent ahead of pre-pandemic levels. Inventory levels remain low but have been stable since the start of the year.

New York City's co-op and condo market has picked up further since the last report, with apartment sales volume so far this year surpassing comparable 2020 levels. However, price trends have been mixed, down nearly 10 percent in Manhattan but edging up to record highs in the outer boroughs.

The inventory of unsold units has come down but remains somewhat above historical norms. New York City's rental market has stabilized, though rents are still down 15-20 percent from early-2020 levels in Manhattan and down 8-10 percent in Brooklyn and Queens. However, leasing activity has remained fairly brisk.

Commercial real estate markets have been mixed across the District. Office markets in New York City and northern New Jersey have continued to soften, but markets elsewhere across the District have steadied. The market for retail space has been fairly steady in recent weeks, though still quite slack, especially in New York City.

New office construction has remained sluggish, but residential construction has picked up outside New York City. Contacts in the District's construction industry remained somewhat negative about current conditions but have grown increasingly optimistic about the near-term outlook; the main concerns expressed pertain to costs of materials and shortages of materials and skilled workers.

# **BANKING AND FINANCE**

Businesses in the broad finance sector reported modest improvement in business activity. Small to medium sized banks in the region reported rising demand for business loans, as well as commercial and residential mortgages, but steady demand for consumer loans. Bankers reported unchanged credit standards for all categories, steady loan spreads, and no change in average deposit rates. Contacts reported little change in delinquency rates, with bankers reporting some decrease in lenient policies for delinquent consumer loan and home mortgage accounts.



## SCE CREDIT ACCESS SURVEY

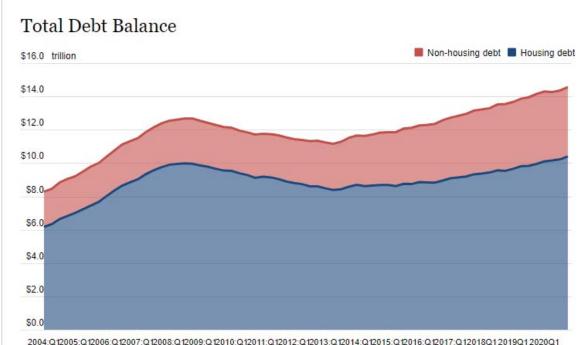
### Credit Demand and Credit Access Are Largely Down during the Pandemic

The October 2020 survey shows most credit application and acceptance rates falling sharply with the onset of the coronavirus pandemic. Application and acceptance rates for credit cards and credit limit increases showed the largest declines since February 2020, followed by auto loans. However, the application rate for mortgage refinancing continued to climb through 2020, driven by demand from borrowers with high credit scores (above 760). Respondents also reported a lower average probability of being able to come up with \$2,000 in an emergency; that figure now stands at 65.6 percent, a new series low.

CREDIT APPLICATIONS
RESPONDENTS SEEKING ANY TYPE OF CREDIT IN PREVIOUS 12 MONTHS

34.6% OCT 2020

45.6% FEB 2020



Source: FRBNY Consumer Credit Panel/Equifax

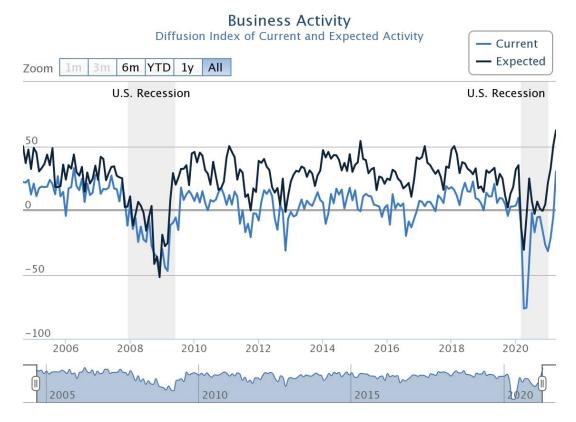
Mortgage balances shown on consumer credit reports surpassed \$10 trillion in the 4th quarter, and stood at \$10.04 trillion at the end of December, a \$182 billion increase from 2020Q3. Balances on home equity lines of credit (HELOC) saw a \$13 billion decline, the 16th consecutive decrease since 2016Q4, bringing the outstanding balance to \$349 billion. Credit card balances increased in the fourth quarter, by \$12 billion, a modest seasonal increase following the sharp \$76 billion contraction in the second quarter and \$10 billion decrease in the third. Credit card balances are \$108 billion lower than they had been at the end of 2019, the largest yearly decline seen since the series begins in 1999, consistent with continued weakness in consumer spending as well as paydowns by card holders. Auto loan balances increased by \$14 billion in the fourth quarter. Student loan balances increased by \$9 billion. In total, non-housing balances increased by \$37 billion, but remain \$31 billion below the 2019Q4 levels.

24

# **BUSINESS ACTIVITY**

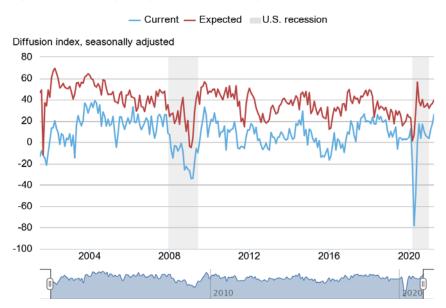
Business activity expanded in the region's service sector for the first time since the pandemic began, according to firms responding to the Federal Reserve Bank of New York's April 2021 *Business Leaders Survey*. The survey's headline business activity index surged thirty-five points to 30.2. The business climate index increased twenty-five points to -25.6, indicating that firms continued to view the business climate as worse than normal, but much less extensively than in recent months. Employment levels moved higher for the first time in over a year, and wages continued to increase moderately. Input price increases remained significant in April and selling price increases picked up yet again. Capital spending leveled off after falling for the prior twelve months, and capital spending plans over the next six months picked up. Looking ahead, firms expressed widespread optimism that conditions would improve, with the future employment index reaching a record high.

<sup>&</sup>lt;sup>24</sup> https://www.newyorkfed.org/microeconomics/hhdc



Business activity in the region's service sector increased in April for the first time since February of last year. The headline business activity index shot up thirty-five points to 30.2. Forty-seven percent of respondents reported that conditions improved over the month, while 17 percent said that conditions worsened. The business climate index rose twenty-five points to -25.6, with about half of respondents viewing the business climate as worse than normal but a quarter saying the business climate was better than normal.

# **General Business Conditions**



Manufacturing activity grew at its fastest pace in months in New York State in February. The general business conditions index rose nine points to 12.1, its highest level since July of last year. Thirty-two percent of respondents reported that conditions had improved over the month, while 20 percent reported that conditions had worsened. The new orders index rose four points to 10.8, indicating that orders increased, and the shipments index fell to 4.0, pointing to a small increase in shipments. Delivery times rose at the fastest pace in a year, and inventories were higher.

The employment index rose fifteen points to 7.5, its first positive reading since the pandemic began, pointing to a modest increase in employment levels. The wages index was little changed at 31.9, signaling ongoing moderate wage increases. As in recent months, price increases remained significant. The prices paid index held steady at 55.0, its highest level in two years, and the prices received index rose four points to 18.7. The capital spending index rose to 1.3, suggesting that capital spending held steady.

The indexes for future business activity and future business climate both advanced to record levels, pointing to widespread optimism about future conditions. The index for future employment rose to 47.6, also a record high. Wages and prices are expected to continue to rise, and firms expect to increase capital spending in the months ahead.

## **EMPIRE STATE BUSINESS CONDITIONS**

Business activity grew strongly in New York State, according to firms responding to the April 2021 *Empire State Manufacturing Survey*. The headline general business conditions index climbed nine points to 26.3, a multi-year high. New orders and shipments grew at a solid clip, and unfilled orders increased. Delivery times were the longest on record, and inventories were notably higher. Employment levels and the average workweek both expanded modestly. Input prices rose at the fastest pace since 2008, and selling prices climbed at a record-setting pace. Looking ahead, firms remained optimistic that conditions would improve over the next six months, expecting significant increases in employment and prices.

Manufacturing activity grew at a sturdy pace in New York State in April. The general business conditions index rose nine points to 26.3, its highest level since well before the pandemic began. Thirty-nine percent of respondents reported that conditions had improved over the month, while 12 percent reported that conditions had worsened. The new orders index shot up eighteen points to 26.9 and the shipments index climbed to 25.0, pointing to strong gains in orders and shipments. Unfilled orders were notably higher. The delivery times index surged seventeen points to 28.1, breaking the previous record by twelve points, pointing to significantly longer delivery times. Inventories moved higher.

The index for number of employees increased five points to 13.9, and the average workweek index edged up to 12.7, indicating ongoing gains in employment and hours worked. The prices paid index rose ten points to 74.7, its highest level since 2008, pointing to sharp input price increases. The prices received index rose eleven points to 34.9, a record high, indicating that selling prices increased at the fastest pace in more than twenty years.

Survey Report indicates that roughly three in four manufacturers and half of service sector firms experienced at least some supply delays or disruptions in early 2021. Within the service sector, delays were particularly common among retail and distribution firms.

When firms were asked about the source or reason behind these delays, the most widely cited was that domestic suppliers had either shut down or had had limited supplies themselves. It was also common for firms to see trucking delays and for manufacturers to see foreign supplier shutdowns and delays at the ports.

The February surveys also asked about effects of the latest phase of the minimum wage hike across New Jersey and New York (outside New York City), which took effect January 1. For context, New Jersey's minimum wage rose \$1 to \$12, upstate New York's rose \$0.70 to \$12.50, and downstate New York's rose \$1 to \$14, except in New York City where it was left unchanged at \$15. Around 55 percent of manufacturing firms and 40 percent of service firms reported that the increase has had at least some effect on their employment and/or compensation decisions, with about 10 percent of all firms reporting a significant effect. Within the service sector, however, there was a good deal of variation: not surprisingly, businesses in the leisure and hospitality sector—including restaurants, bars, and hotels—indicated the most widespread effects by far, followed distantly by businesses in the transportation and warehousing sector. Compared to this time last year when a prior minimum wage hike took effect in both states, fewer manufacturers reported an impact but there was little change in the share of service firms affected.

The wage hike did not solely affect workers whose wages had to be increased to the new minimum. On average, the hike caused manufacturers to raise wages more than they otherwise would have for about 16 percent of their workforce, and service firms to raise them more than they would have for about 11 percent. <sup>25</sup>

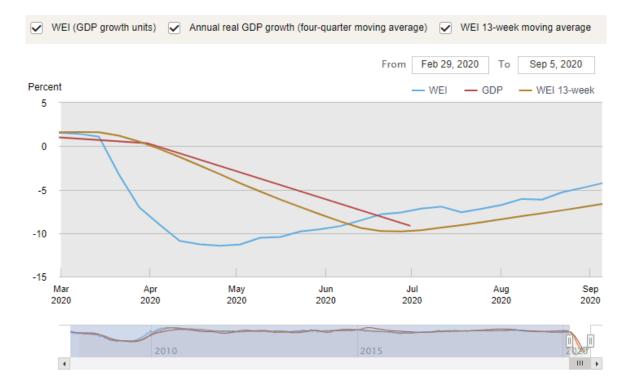
The WEI is an index of ten indicators of real economic activity, scaled to align with the four-quarter GDP growth rate. It represents the common component of series covering consumer behavior, the labor market, and production.

The WEI was developed by Daniel Lewis, an economist at the Federal Reserve Bank of New York; Karel Mertens, a senior economic policy advisor at the Federal Reserve Bank of Dallas; and Jim Stock, a professor of economics at Harvard University. Data are updated at the Federal Reserve Bank of New York, the Federal Reserve Bank of Dallas, and JimStock.org.<sup>26</sup>

The index for future business conditions rose three points to 39.8, suggesting that firms remained optimistic about future conditions. The indexes for future new orders and shipments both came in above 40. The indexes for future prices paid and future prices received continued to march upward. The index for future employment climbed to a record high, with close to half of firms expecting to increase employment in the months ahead. The capital expenditures index rose to 31.5, and the technology spending index came in at 21.9.

<sup>&</sup>lt;sup>25</sup> https://www.newyorkfed.org/survey/empire/empiresurvey overview.html

<sup>26</sup> https://www.newyorkfed.org/research/policy/weekly-economic-index#/interactive



Source: Authors' calculations based on data from Haver Analytics, Redbook Research, Rasmussen Reports, the American Association of Railroads, and Booth Financial Consulting.

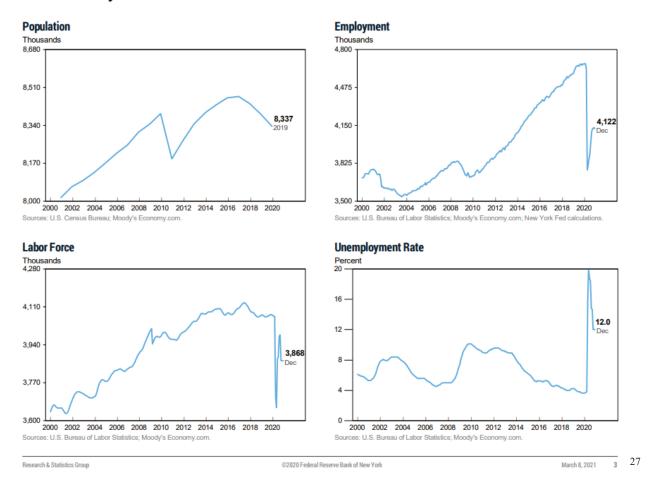
Notes: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research. Annual real GDP growth (four-quarter moving average) is based on the latest quarterly GDP data release from the U.S. Bureau of Economic Analysis. The 13-week moving average of the WEI offers an approximation of the four-quarter annual real GDP growth rate for a hypothetical quarter ending in a given week.

The Current Employment Statistics (CES), produced by the U.S. Bureau of Labor Statistics, is the timeliest regional employment data currently available. These monthly data are based on a sample of about one-third of the nation's nonfarm employers and its accuracy can vary, particularly for smaller geographic areas, and are typically released with about a one-month lag. However, these data are also subject to revisions which can sometimes be quite substantial.

Once per year in March, the CES employment data are benchmarked to the Quarterly Census of Employment and Wages (QCEW) data, a different employment series that captures nearly a full count of jobs but is released with a six-month lag. Rather than waiting until March for these revisions to be released, the Federal Reserve Bank of New York uses quarterly releases of the QCEW to 'early benchmark' the CES employment data more frequently, using a methodology like the approach used by the Bureau of Labor Statistics.

I am now releasing these early benchmarked regional data monthly for total employment in New York State, New Jersey, Puerto Rico, and the U.S. Virgin Islands, as well as the metropolitan areas in New York and Northern New Jersey.

# **New York City Economic Indicators**



## SUMMARY OF ECONOMIC ACTIVITY – 2ND DISTRICT

Economic activity in the Second District has accelerated sharply in the latest reporting period, growing at a strong pace, despite an upturn in reported COVID cases across the District. Moreover, business contacts have grown increasingly optimistic about the near-term outlook. The labor market has strengthened, with contacts reporting a pickup in hiring activity, hiring plans, and wages. Input price pressures have continued to intensify, and more businesses report that they are raising their selling prices. Consumer spending has strengthened, with retail sales exceeding expectations. Tourism has continued to strengthen, though it remains well below pre-pandemic levels. Housing markets have generally remained robust, while markets for office and retail space appear to have stabilized at weak levels. Finally, contacts in the broad finance sector reported modest improvement in conditions, while regional banks reported steady to higher loan demand and little change in delinquency rates.

MJW CONSULTING INC. 2021-10034

https://www.newyorkfed.org/medialibrary/media/research/regional\_economy/charts/early-benchmarked-employment\_charts.pdf?la=en, https://www.newyorkfed.org/regional-economy/profiles/newyorkcity

# NYS Employed (Data in thousands)<sup>28</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2021	8,304	8,324											
2020	9,136.6	9,190.9	9,030.9	7,675.2	7,778.9	7,972.3	8,140.1	8,321.5	8,253.3	8,240.3	8,325.5	8,304.2	8,364.1
2019	9,062.8	9,108.4	9,128.6	9,107.2	9,112.1	9,175.5	9,196.6	9,146.3	9,162.1	9,188.8	9,145.9	9,166.4	9,137.6
2018	8,965.3	9,044.0	9,089.3	9,097.7	9,143.4	9,211.4	9,251.4	9,132.5	9,139.5	9,184.8	9,155.6	9,177.4	9,127.7
2017	8,985.9	9,025.3	9,115.6	9,126.6	9,113.0	9,187.8	9,210.6	9,126.9	9,148.3	9,102.7	9,058.7	9,010.2	9,101.0
2016	9,045.4	9,077.1	9,117.6	9,093.9	9,108.3	9,151.7	9,164.1	9,107.5	9,067.5	9,074.1	9,046.0	9,006.0	9,088.3
2015	8,916.1	8,930.9	8,988.6	9,040.1	9,092.9	9,142.5	9,147.3	9,110.0	9,047.4	9,093.5	9,070.0	9,075.5	9,054.6
2014	8,805.4	8,816.4	8,878.9	8,887.0	8,924.3	9,009.1	9,016.1	8,961.9	8,926.8	9,000.2	8,949.3	8,932.9	8,925.7
2013	8,767.8	8,784.0	8,827.2	8,897.9	8,952.1	9,017.3	9,050.6	8,996.2	8,947.8	8,901.8	8,922.1	8,900.6	8,913.8
2012	8,635.7	8,673.7	8,717.1	8,743.9	8,802.5	8,858.8	8,855.0	8,820.9	8,836.7	8,901.1	8,848.2	8,827.0	8,793.4

# NYS Unemployed (Data in thousands)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2021	733.2	883.3											
2020	391.1	375.7	400.8	1,364.5	1,285.4	1,461.4	1,547.7	1,193.8	849.5	814.9	735.7	733.2	929.5
2019	452.7	433.7	400.6	342.2	345.1	363.4	400.3	393.6	342.7	354.4	341.4	351.9	376.8
2018	477.0	486.7	437.6	385.3	350.9	294.7	401.4	388.4	346.3	348.8	337.9	375.0	394.2
2017	498.6	505.7	448.6	417.9	423.5	442.8	477.8	479.7	436.6	418.7	412.5	414.9	448.1
2016	503.0	507.4	485.1	438.8	411.3	453.2	489.2	485.5	470.3	461.0	426.1	433.1	463.7
2015	605.7	592.3	537.7	500.3	512.1	503.2	519.3	484.0	445.2	448.6	448.8	453.0	504.2
2014	703.3	720.2	675.6	571.1	590.0	595.4	631.1	605.0	548.7	539.0	545.2	520.4	603.7
2013	878.8	838.2	762.5	706.2	726.3	770.6	773.8	746.5	716.5	714.3	670.7	640.2	745.4
2012	879.8	896.7	849.6	781.7	810.1	847.3	869.3	819.9	770.9	775.9	744.4	780.5	818.8

# NYS Unemployment Rate

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann Avg
2021	8.8%	8.9%											
2020	4.1%	3.9%	4.2%	15.1%	14.2%	15.5%	16.0%	12.5%	9.3%	9.0%	8.1%	8.1%	10.0%
2019	4.8%	4.5%	4.2%	3.6%	3.6%	3.8%	4.2%	4.1%	3.6%	3.7%	3.6%	3.7%	4.0%
2018	5.1%	5.1%	4.6%	4.1%	3.7%	4.1%	4.2%	4.1%	3.7%	3.67%	3.6%	4.0%	4.1%
2017	5.3%	5.3%	4.7%	4.4%	4.4%	4.6%	4.9%	5.0%	4.6%	4.4%	4.4%	4.4%	4.7%
2016	5.3%	5.3%	5.1%	4.6%	4.3%	4.7%	5.1%	5.1%	4.9%	4.8%	4.5%	4.6%	4.9%
2015	6.4%	6.2%	5.6%	5.2%	5.3%	5.2%	5.4%	5.0%	4.7%	4.7%	4.7%	4.8%	5.3%
2014	7.4%	7.6%	7.1%	6.0%	6.2%	6.2%	6.5%	6.3%	5.8%	5.6%	5.7%	5.5%	6.3%
2013	9.1%	8.7%	8.0%	7.4%	7.5%	7.9%	7.9%	7.7%	7.4%	7.4%	7.0%	6.7%	7.7%
2012	9.2%	9.4%	8.9%	8.2%	8.4%	8.7%	8.9%	8.5%	8.0%	8.0%	7.8%	8.1%	8.5%
2011	9.0%	8.8%	8.2%	7.8%	7.8%	8.2%	8.4%	8.2%	8.3%	8.2%	8.2%	8.4%	8.3%

<sup>&</sup>lt;sup>28</sup> https://labor.ny.gov/stats/laus.asp

# NEW YORK WEEKLY ECONOMIC AND FISCAL OUTLOOK - COMPTROLLER NYC

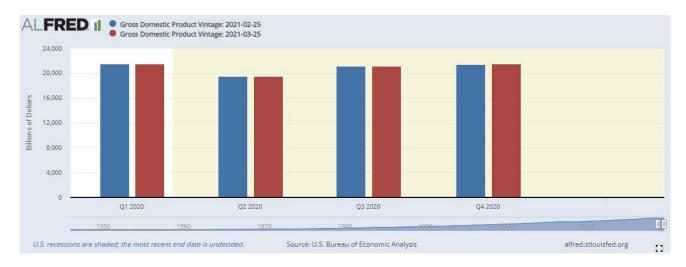
### NATIONAL INDICATORS

BLS figures released last week show January employment rose significantly in 18 states, fell in 2, and showed little change in 30 (Chart 1).

Minnesota led all states with 52,000 jobs added, followed by New York with 43,000. California had the most job losses, with employment falling by 70,000.

Initial U.S. unemployment claims rose to a seasonally adjusted 770,000 for the week of March 13th, up from a revised 725,000 last week, and but down from a recent high of 927,000 the week of January 9th (Chart 3). Weekly claims peaked at almost 7 million in March of last year.

The V-shaped recovery has occurred after a drop in GDP in Q2 of 2020, the GDP has returned to pre-Covid levels.



Continuing unemployment insurance claims, including PEUC and PUA, together covered 17,012,664 unemployed Americans as of the week ending February 27th, down over 1.5 million from 18,692,448 the week prior (Chart 4). Claims continue to rise and fall dramatically on a two-week cycle.

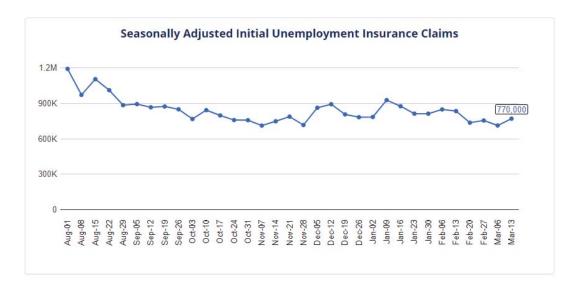
Unadjusted continuing regular unemployment insurance claims fell to 4,486,389 for the week of March 6th, down from 4,581,930 the prior week.

Recipients of Pandemic Emergency Unemployment Compensation (PEUC) dropped to 4,815,348 for the week of February 27th, down from 5,456,080 the week prior. PEUC claims have been rising and falling by over half a million claims on alternating weeks since the beginning of 2021, suggesting the changes reflect processing issues.

Continuing claims for Pandemic Unemployment Assistance (PUA) fell to 7,615,386 from 8,387,969 the week prior.

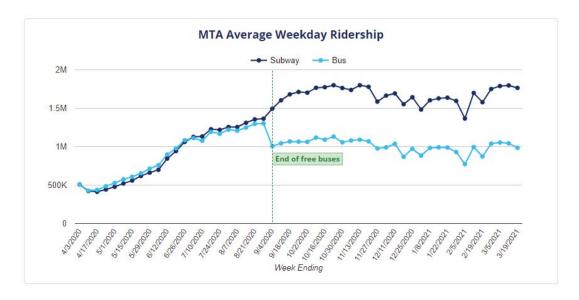
### **NEW YORK CITY**

• Initial unemployment claims by New York City residents jumped to 24,397 for the week of February 27th, up from 18,491 the week prior (Chart 7). Initial claims peaked at 184,000 the week of April 11th but were less than 7,000 weekly immediately prior to the pandemic.



### MTA RIDERSHIP

- From March 1st through March 3rd, subway and MTA bus ridership averaged 1.76 million and 1.03 million, respectively (Chart 9). In comparison, during the first week in March last year, weekday ridership averaged 5.42 million on the subway and 2.19 million on MTA buses.
- However, transit ridership has increased modestly in recent weeks. On March 3rd, subway ridership reached roughly 1.85 million, the highest daily number recorded since October.



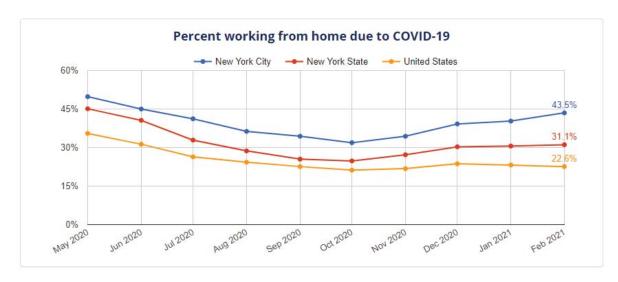
# **COMMUTER RAILROADS**

- Similar to the MTA subway and buses, ridership on the Long Island Railroad (LIRR) and Metro-North Railroad (MNR) has increased slightly in recent weeks but remains below levels recorded in the fall (Chart 10).
- As of Wednesday, March 3rd, ridership was down 85% on the LIRR and 80% on MNR, as compared to one year ago.

# Average Weekday Ridership on the Long Island Rail Road and MetroNorth Railroad (Monday - Friday)



• Despite falling COVID infections, the share of employed New Yorkers working from home due to COVID jumped to 43.5% in February, a larger share than New York State (31.1%) and the U.S. (22.6%) (Chart 9).



MJW CONSULTING INC. 2021-10034

## **TAXES**

- Eleven months into state fiscal year 2021 (April 2020 to February 2021), New York State has collected \$75.0 billion in tax revenues, 0.2% below collections during the prior year (Table 4). A 3% increase in the State's personal income tax (PIT) has offset an 11% drop in consumption and use taxes and a 3% decline in business tax revenues.
- During the month of February, PIT revenues were 46% higher than the prior year, in part due to a large drop in refunds. Withheld PIT revenue rose 12.5% from \$4.7 billion last February to \$5.3 billion this year, while refunds fell from \$1.2 billion last year to \$152 million this year.
- Tax collections through February were \$758 million above the amended Executive Budget forecast and nearly \$7 billion above original projections in the Enacted FY 2021 Budget.
- Tax revenues lost due to the pandemic have been smaller than anticipated, but the overall decline in revenue is significant, at over \$1.2 billion.

Тах	January Plan	Actual	Difference	YoY % chg
Property	\$28,825.9	\$28,914.0	\$88.1	4.2%
Personal Income	7,202.1	7,403.4	201.3	-3.8%
Sales	3,673.2	3,696.1	22.9	-23.1%
Business	3,449.2	3,389.8	(59.3)	-5.8%
Real Estate Transactions	956.2	952.8	(3.5)	-33.8%
Commercial Rent	447.9	450.8	2.9	-7.1%
Utility	172.4	166.5	(5.8)	-9.2%
Hotel	46.2	62.2	16.1	-82.1%
All Other Taxes	535.7	502.5	(33.3)	4.5%
Total Taxes	\$45,308.8	\$45,538.1	\$229.3	-2.6%

Table 4: New York State All Funds Tax Collections (\$ in millions)

	Feb 2020	Feb 2021	Diff.	% Diff.	April 19 thru Feb 20	April 20 thru Feb 21	Diff.	% Diff.
Personal Income Tax	3,697	5,384	1,687	45.6%	49,913	51,635	1,722	3.4%
Consumption/Use Taxes	1,245	1,184	-61	-4.9%	16,559	14,677	-1,882	-11.4%
Business Taxes	36	155	120	333.8%	6,631	6,404	-227	-3.4%
Other Taxes	201	291	90	44.9%	2,076	2,322	245	11.8%
Total State Taxes	\$5,178	\$7,014	\$1,836	35.5%	\$75,179	\$75,037	-\$142	-0.2%

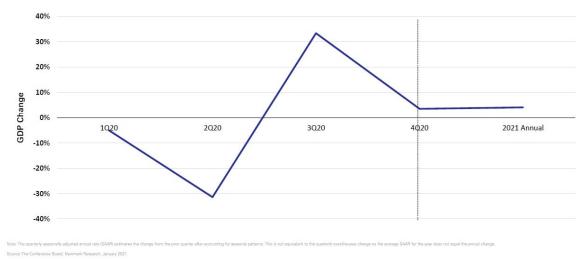
SOURCE: Office of the NYC Comptroller analysis of Office of the New York State Comptroller, Monthly Cash Basis Report.

## **SUMMARY**

With over a year that has passed since the peak in April 2020, New York State and New York City continue to emerge from the Covid pandemic. Despite imposed "lock downs" and economic fallout, as of present an economic and nascent real estate market recovery has developed.

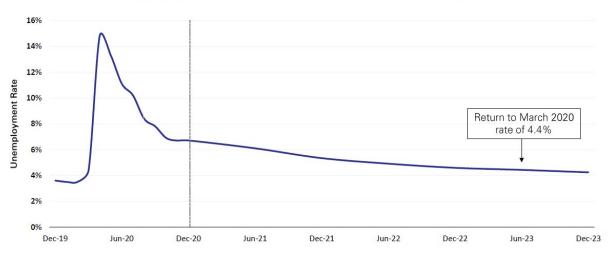
Property values for development sites, warehouse facilities, market rate apartments and outer borough retail and office properties has not been materially impacted in comparison to other property types, notably rent stabilized apartment buildings, large office building and hotels in Manhattan, as well as mixed-use retail properties in Manhattan. Investors remain active in the market for sites that can be developed or operated as is for an interim period until economic conditions are stronger.





# Unemployment Rate Likely to Decline Gradually U.S. Unemployment Rate Forecast

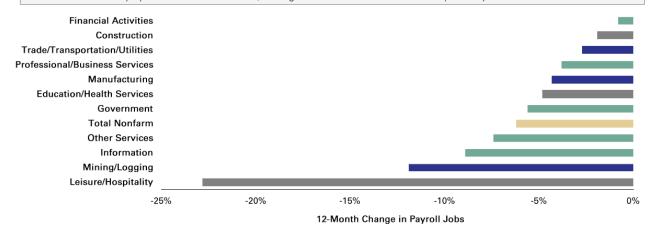
Actual for December 2019 - December 2020; Projections for June 2021 - December 2023 from WSJ Survey of Economists



# Impact of Pandemic Varies by Industry Sector Percent Change in Payroll Jobs by Industry

United States | 12 Months Ending December 2020

The Leisure/Hospitality sector has been the most impacted by the pandemic—and by a substantial margin. Office-using sectors have been mixed, with fewer job losses in Financial Activities and Professional/Business Services in part due to remote work capabilities. Industrialusing sectors have seen the largest contraction in the relatively small Mining/Logging sector. Continued growth of e-commerce is expected to sustain industrial employment in the months ahead, although retail trade will continue to be impacted by store closures.



© 2021 Newmark. All rights reserved.

NEWMARK NATIONAL ECONOMY AND CRE MARKET

# **OVERVIEW OF NEW YORK CITY BOROUGHS**

New York City is comprised of five boroughs. Throughout the boroughs there are hundreds of distinct neighborhoods, many with a definable history and character to call their own. If the boroughs were each independent; four of the boroughs (Brooklyn, Queens, Manhattan, and the Bronx) would be among the ten most populous cities in the United States.

Borough	Population 1990 Census	Population 2000 Census	Population 2010 Census	Population 2018 Estimate <sup>29</sup>
Bronx	1,203,789	1,332,244	1,384,603	1,432,132
Brooklyn	2,300,664	2,465,689	2,504,717	2,582,830
Manhattan	1,487,536	1,538,096	1,586,360	1,628,701
Queens	1,951,598	2,229,394	2,230,578	2,278,906
Staten Island	378,977	443,762	468,730	476,179
Total	7,322,564	8,009,185	8,174,988	8,398,748

Source: U.S. Census Bureau (web).



<sup>&</sup>lt;sup>29</sup> https://www.citypopulation.de/en/usa/newyorkcity/

- The Bronx is New York City's northernmost borough, the site of Yankee Stadium, and home to the largest cooperatively owned housing complex in the United States, Co-op City. Except for a small piece of Manhattan known as Marble Hill, the Bronx is the only section of the city that is part of the United States mainland. It is home to the Bronx Zoo, the largest metropolitan zoo in the United States, spanning 265 acres and with over 6,000 animals.
- Brooklyn is the city's most populous borough and was an independent city until 1898. Brooklyn is known for its cultural, social, and ethnic diversity, an independent art scene, distinct neighborhoods, and a unique architectural heritage. It is also the only borough outside of Manhattan with a distinct downtown area. The borough features a long beachfront and Coney Island, established in the 1870s as one of the earliest amusement grounds in the country.
- Manhattan is the most densely populated borough and home to most of the city's skyscrapers, as well as Central Park. The borough is the financial center of the city and contains the headquarters of many major corporations, the United Nations, as well as several important universities, and many cultural attractions (Broadway theatre district), Madison Square Garden and numerous museums. Manhattan is loosely divided into Lower, Midtown and Upper.
- Queens is geographically the largest borough and the most ethnically diverse county in the United States and may overtake Brooklyn as the city's most populous borough due to its growth. Historically a collection of small towns and villages founded by the Dutch, today the borough is largely residential and middle class. Queens is the site of Citi Field, the home of the New York Mets, and annually hosts the U.S. Open tennis tournament. Additionally, it is home to New York City's two major airports, LaGuardia Airport and John F. Kennedy International Airport.
- Staten Island is the most suburban in character of the five boroughs. Staten Island is connected to Brooklyn by the Verrazano-Narrows Bridge and to Manhattan via the free Staten Island Ferry. The Staten Island Ferry is one of the most popular tourist attractions in New York City as it provides unsurpassed views of the Statue of Liberty, Ellis Island, and lower Manhattan. Located in central Staten Island, the Greenbelt has some 35 miles of walking trails and one of the last undisturbed forests in the City. Designated in 1984 to protect the island's natural lands, the Greenbelt encompasses seven city parks. The F.D.R. Boardwalk along South Beach is two and one-half miles long, which is the fourth largest in the world.

New York is the most populous city in the United States, with an estimated 2018 population of 8,398,748 (up from 223,748 since 2010). This amounts to about 43% of New York State's population and a similar percentage of the metropolitan regional population.

New York's two key demographic features are its population density and cultural diversity. The city's population density of 26,403 people per square mile makes it the most densely populated American municipality with a population above 100,000. Manhattan's population density is 66,940 people per square mile, highest of any county in the United States.

The city's public-school system, managed by the New York City Department of Education, is the largest in the United States. About 1.1 million students are taught in more than 1,200 separate primary and secondary schools. There are approximately 900 additional privately run secular and religious schools in the city, including some of the most prestigious private schools in the United States. Though it is not often thought of as a college town, there are about 600,000 university students in New York City, the highest number of any city in the United States.

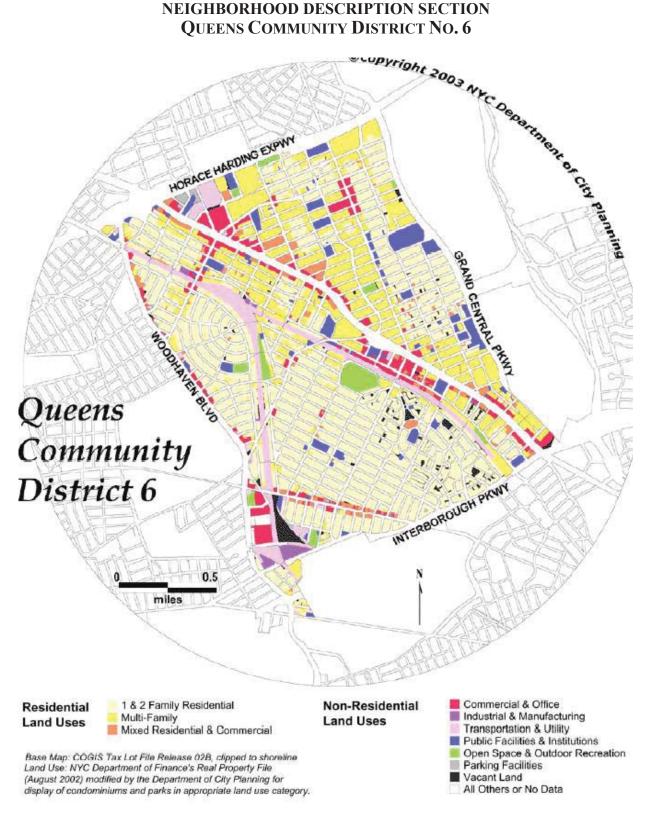
Public transit is overwhelmingly the dominant form of travel for New Yorkers. About one in every three users of mass transit in the United States and two-thirds of the nation's rail riders live in New York and its suburbs. New York is the only city in the United States where more than half of all households do not own a car (in Manhattan, more than 75% of residents do not own a car; nationally, the percentage is 8%). The New York City Subway is the largest rapid transit system in the world when measured by the number of stations in operation, with 468. It is the third largest when measured by annual ridership (1.757 billion passenger trips in 2017).

New York City's public bus fleet and commuter rail network are the largest in North America. The rail network, which connects the suburbs in the tri-state region to the city, has more than 250 stations and 20 rail lines. The commuter rail system converges at the two busiest rail stations in the United States, Grand Central Terminal, and Pennsylvania Station.

New York City is the top international air passenger gateway to the United States. The area is served by three major airports, John F. Kennedy International, Newark Liberty International and LaGuardia. 124 million travelers used the three airports in 2016 and the city's airspace is the busiest in the nation. Outbound international travel from JFK and Newark accounted for about a quarter of all U.S. travelers who went overseas.

To complement New York's vast mass transit network, the city also has an extensive web of expressways and parkways, which link New York City to northern New Jersey, Westchester County, Long Island, and southwest Connecticut through various bridges and tunnels. The George Washington Bridge is considered one of the world's busiest bridges in terms of vehicle traffic.

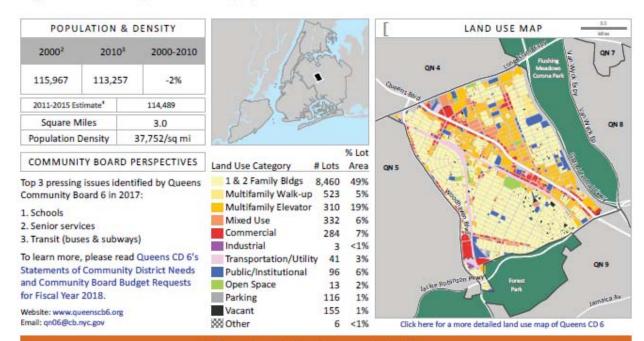
# NEIGHBORHOOD DESCRIPTION SECTION QUEENS COMMUNITY DISTRICT No. 6



# Queens Community District 6



Neighborhoods1: Forest Hills, Forest Hills Gardens, Rego Park



	A 5	inapshot of Key Comn	nunity Indicat	tors		
COMMUNITY A	SSETS <sup>5</sup>	RENT BURDE	N 4, 6	ACCESS TO PARKS7		
Public Schools Public Libraries	21	Queens CD 6	Queens 48%	Queens CD 6	Citywide	
Hospitals and Clinics	7	45%	4070	75%	Target	
Parks	5	of households spend 35% or more of their income on rent	NYC 45%	of residents live within walking distance of a	85%	
Click to visit the NYC Facilities Explorer  MEAN COMMUTE TO WORK <sup>4, 8</sup>		LIMITED ENGLISH PR	OFICIENCY4	park or open space  CRIME RATE <sup>9</sup>		
Queens CD 6	Queens 43 minutes	Queens CD 6 25.9%	Queens 28.8%	Queens CD 6	Queens 9.1	
minutes	NYC 40 minutes	of residents 5 years or older have limited English proficiency	NYC 23.1%	major felonies were reported per 1,000 residents in 2016	NYC 11.8	
EDUCATIONAL ATTA	AINMENT4. 10	UNEMPLOYM	ENT4. 10	POVERTY <sup>4, 10</sup>		
Queens CD 6	Queens 30%	Queens CD 6 6.4%	Queens 8.6%	Queens CD 6	Queens 15%	
of residents 25 years or older have earned a bachelor's degree or higher	NYC 36%	of the civilian labor force was unemployed on average from 2011 to 2015	NYC 9.5%	of residents had incomes below the poverty level	NYC 21%	

1Neighborhoods may be in multiple districts. Names and boundaries are not officially designated. 12000 US Census; 12010 US Census; 1/4merican Community Survey 2011-2015 5-Year Estimates, calculated for Public Use Microdata Areas (PUMAs), PUMAs are geographic approximations of community districts. "NYC Dept of City Planning Facilities Database (2017); "Differences of less than 3 percentage points are not statistically meaningful. "NYC Dept of Parks and Recreation (DPR) (2015). DPR considers walking distance to be 1/4 mile for parks less than 6 acres, and 1/2 mile for larger parks and pools. "Differences of less than 2 minutes are not statistically meaningful." NYPD CompStat, Historic Complaint Data (2017); "Differences of less than 2 percentage points are not statistically meaningful."

# **NEIGHBORHOOD DESCRIPTION**

# **Location and Physical Features**

The subject property is located in the Rego Park section of the Borough of Queens (Community District No. 6), Queens County, New York. Community District No. 6 encompasses the neighborhoods of Rego Park and Forest Hills. The community as a whole includes 3.0± square miles of land area.

District 6 is bounded by Horace Harding Expressway to the north, Woodhaven Boulevard to the west, the Grand Central Parkway to the east, and by the Jackie Robinson Parkway to the south.

Situated along the East River and the Flushing Bay, the area has a curious mix of 100-year-old landmarks and newer retail developments and industrial complexes. MacNeil Park is a coveted spot for waterfront views of the Manhattan skyline, and College Point Boulevard reflects the neighborhood's changing demographics with an array of culturally diverse shops and restaurants.

# **Population**

From 1980 to 1990 there was a slight decline in population, but from 1990 to 2000 there was an 8.4% increase to 115,967. From 2000 to 2010 there was a 2.3% decline in population to 113,257. The area is an established and stable residential community in Central Queens.

# Population

	2 mile	5 mile	10 mile
2010 Population	358,904	2,235,188	7,221,690
2021 Population	358,118	2,254,127	7,374,693
2026 Population Projection	350,205	2,209,773	7,278,369
Annual Growth 2010-2021	0%	0.1%	0.2%
Annual Growth 2021-2026	-0.4%	-0.4%	-0.3%
Median Age	41.4	37.4	37
Bachelor's Degree or Higher	38%	28%	37%
U.S. Armed Forces	80	414	1,927

The data on the following page provides an overview of the Census Tract for the Subject. The Median Income in the area has increased by almost 10% which correlates with recent development patterns in College Point. The number of housing starts (single family and apartment buildings has increased over the past 5-years. College Point has many under developed sites and recent activity inideates investors/developers are acquiring these properties to build new housing facilities.

# 2020 FFIEC Geocode Census Report

Address: 68-19 WOODHAVEN BLVD, REGO PARK, NY, 11374 MSA: 35614 - NEW YORK-JERSEY CITY-WHITE PLAINS, NY-NJ

State: 36 - NEW YORK

County: 081 - QUEENS COUNTY

Tract Code: 0703.00

### Summary Census Demographic Information

Canimary Concac Domographic information	
Tract Income Level	Middle
Underserved or Distressed Tract	No
2020 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$81,800
2020 Estimated Tract Median Family Income	\$97,784
2010 Tract Median Family Income	\$80,764
Tract Median Family Income %	119.54
Tract Population	2007
Tract Minority %	50.97
Tract Minority Population	1023
Owner-Occupied Units	522
1- to 4- Family Units	622

### Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$67,560
2020 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$81,800
% below Poverty Line	4.38
Tract Median Family Income %	119.54
2010 Tract Median Family Income	\$80,764
2020 Estimated Tract Median Family Income	\$97,784
2010 Tract Median Household Income	\$56,818
Owner-Occupied Units	758
1- to 4- Family Units	1705

### Census Income Information

Tract Income Level	Moderate
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$72,047
2018 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,000
% below Poverty Line	18.21
Tract Median Family Income %	66.92
2010 Tract Median Family Income	\$48,214
2018 Estimated Tract Median Family Income	\$52,198
2010 Tract Median Household Income	\$46,777

# **Commercial Support**

Commercial support is situated along several corridors in the community, including Queens Boulevard, Metropolitan Avenue, Continental Avenue and Woodhaven Boulevard. With the exception of Queens Boulevard, the other commercial corridors noted generally serve the needs of the local community and surrounding neighborhoods. Queens Boulevard, however, is a major commercial route serving a much broader commercial base.

Queens Boulevard is developed with a variety of commercial uses, including regional and national retail chains, employment centers, and the Queens Center Mall (i.e., Bed Bath & Beyond, Marshals and Macys); a major borough shopping center located approximately 2 miles west of the subject property in the community of Elmhurst. Additional commercial support is scattered throughout the communities of Rego Park/Forest Hills.

# Parks/Recreation

Major recreational facilities proximate to Forest Hills include Juniper Valley Park, Forest Park and Flushing Meadows-Corona Park (i.e., Queens Museum, Hall of Science, U.S.T.A. National Tennis Center, Meadow Lake, Citi Field and Amphitheater). Small neighborhood parks are situated throughout Forest Hills and the surrounding communities. Other significant land uses in the area include St. John's Cemetery and Forest Hills Stadium (former site of the U.S Open tennis tournament).

# Access/ Mass Transit

Community District #6 is a highly desirable location with convenient access to employment centers in both Queens and Manhattan. Yellowstone Boulevard is a primary north-south route in the community of Rego Park/Forest Hills with one lane of traffic flowing in both directions. Queens Boulevard, a major east-west commercial route, provides access to the Long Island Expressway (LIE) to the north and the Grand Central Parkway (GCP) to the south.

Both the Long Island Expressway and Grand Central Parkway are arterial east-west routes on Long Island providing access to Manhattan to the west and Nassau County to the east. Other major east-west routes in the community include Metropolitan Avenue to the south. Active north-south routes traversing the community of Forest Hills include Yellowstone Boulevard, Woodhaven Boulevard and Continental Avenue.

Community District #6 is also ideally suited for public access into Manhattan, a major employment center for residents of Queens. Four subway lines run along Queens Boulevard, each with a local stop at 75<sup>th</sup> Avenue, three blocks northwest of the subject property. In particular, the E, F and R lines provide direct access into Manhattan, while the fourth line servicing the neighborhood, the G line, provides access into Brooklyn. The Long Island Railroad has a station stop (Forest Hills) at Continental Avenue, providing transport to New York City's Penn Station. Bus service into Manhattan is also available along the primary routes in the community, including Queens Boulevard and Yellowstone Boulevard.

The Subject location on Queens Boulevard has no direct access to mass transit unless on travels by car or bus to the main Long Island Railroad stations off of Queens Boulevard. This section of Queens is akin to the commuter neighborhoods in Northeastern Queens.

Public Transportation		
Commuter Rail	Drive	Distance
Forest Hills Station Commuter Rail (Long Beach Branch, Po	5 min	1.2 mi
Kew Gardens Station Commuter Rail (Long Beach Branch,	6 min	2.0 mi
Airport	Drive	Distance
La Guardia Airport	13 min	4.8 mi
John F. Kennedy International Airport	15 min	8.7 mi
Newark Liberty International Airport	43 min	23.8 mi

MJW Consulting Inc. 2021-10034

# **Land Use**

Community District #6 is residential in nature primarily consisting of 1-2 family residential homes and 4 to 6-story rental or condominium/cooperative apartment buildings. The area is near fully developed.

There is little or no vacant land in Forest Hills. Expansion may be achieved by constructing additions to existing buildings or replacing existing structures.

The land use map below is a snapshot of the subject area. The red highlighted parcels are commercial properties, orange multi-family, beige residential and blue public service. The Subject is outlined in red (71<sup>st</sup> Road and Queens Boulevard) and represents a prevailing land use along 71<sup>st</sup> Road. Most of the retail use properties are located along Queens Boulevard.



1 & 2 Family Residential

Multi-family Residential

Mixed Use

Open space & outdoor recreation

Commercial

Institutions

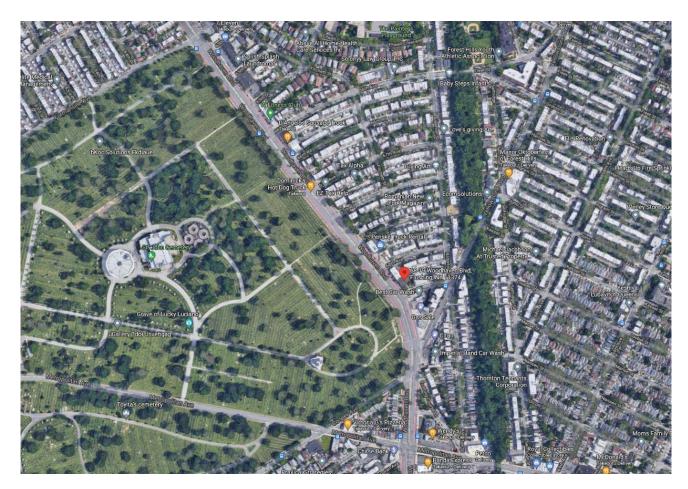
Industrial

Parking

Transportation / Utilities

Vacant Lots

The red box represents the Subject property. Industrial uses are located to the south and west of the Subject off of Metropolitan Avenue. Low density residential attached housing is the prevalent use north and east of the Subject. St. Johns Cemetery dominants all the land use to the west. The neighborhood is experiencing a level of redevelopment that is attracting new developers and investors with most of the older warehouse facilities being redeveloped to residential uses south of Metropolitan Avenue. The low-density commercial zoning along Woodhaven Boulevard at the Subject location limits development to automotive related businesses. There are several gasoline stations and carwashes in proximity to the Subject. This area of Rego Park has always been the buffer zone between Forest Hills and the industrial area of Middle Village south of Metropolitan Avenue.



# **Immediate Neighborhood**

The subject is located on the northeast corner of Woodhaven Boulevard and 68th Road. Woodhaven Boulevard and Yellowstone Boulevard are the primary north/south roads that connects Rego Park with central Queens. Woodhaven Boulevard leads further south to the Rockaways. Local improvements consist of mixed-use buildings and one- and two-family residences constructed during the 1920's through 1940's. Street improvements include utility poles, streetlights, concrete sidewalks, and curbs. Curbside parking is available.

Public transportation in the community is limited but has not deterred new development. Public buses run regularly along Woodhaven and Yellowstone Boulevards, Except for the retail properties

along Woodhaven Boulevard, the subject neighborhood is developed predominantly with smaller residential properties and commercial/industrial improvements south of Metropolitan Avenue with an established destination retail area with several "Big Box" retailers.

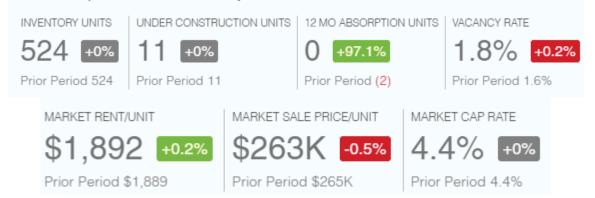
# **Commercial and Residential Market**

Woodhaven Boulevard is zoning for commercial use, with R4 residential uses established 100 feet east of Woodhaven Boulevard.

# **Costar Residential Survey**



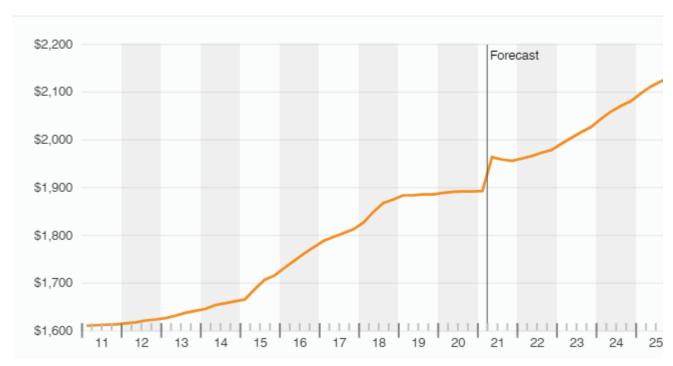
As discussed earlier under the neighborhood analysis residential development in the area consists mostly of single and two-family residences that are detached or attached. The map above clearly shows multi-family to the west of the Subject area.



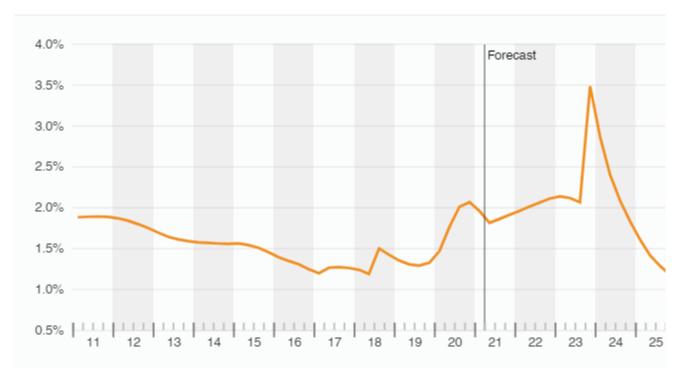


The chart represents the average sale price for single family (A0 to A9), two-family (B1 to B9) and three-family homes (C0)

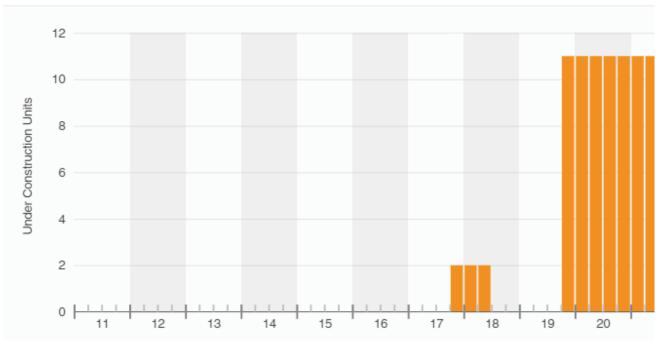
# Market Asking Rent Per Unit



# Vacancy Rate

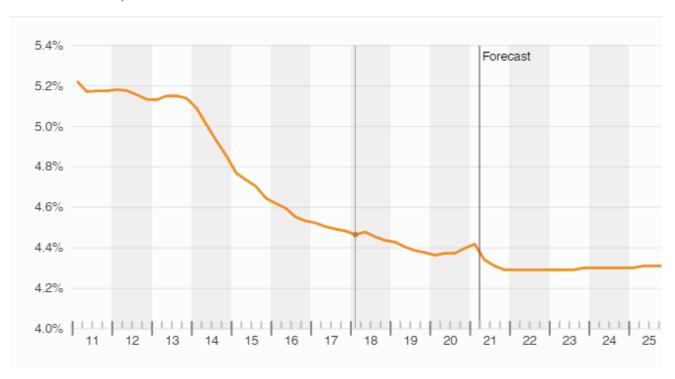


# **Under Construction**



The chart above provides a summary of residential construction in the Subject area. Most residential properties are 2 to 4 family residences and are not represented in the Survey. There is demand for multi-family housing.

# Market Cap Rate



# **Residential Development Summary**

Rego Park has experienced an infusion of capital that has led to the redevelopment of older facilities and the older warehouse facilities are being modernized and redeveloped for alternate uses. My observations indicated that smaller properties are better suited for assemblage and redevelopment versus larger buildings. As smaller warehouse facilities are redeveloped the supply of such properties diminishes, but the demand does not.

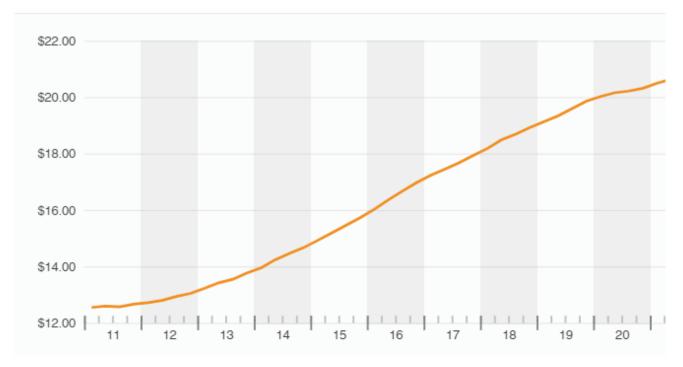
# Warehouse Market - Costar Survey



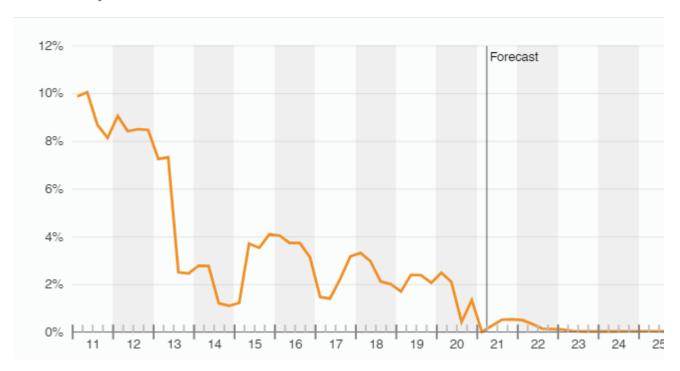
According to the survey of 61 existing industrial buildings surveyed, industrial units yielded an average asking rent of \$21.01 per square foot (semi-net) with an average vacancy rate of 0.0. The 10-year average vacancy rate for these 147 existing industrial buildings averages 2.3%. Finally, the survey yields an average sale price of \$335 per square foot, 4.4% above the 10-year average of \$320 per square foot.



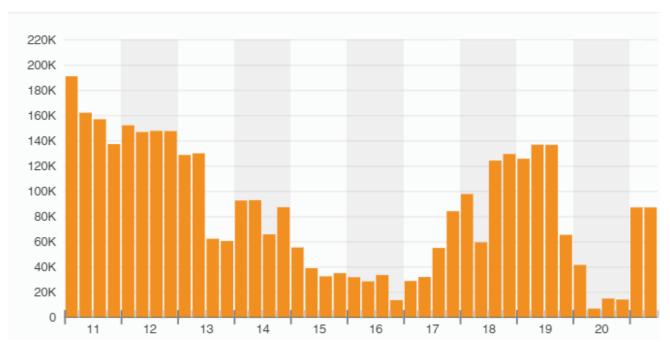
# Market Rent Per SF



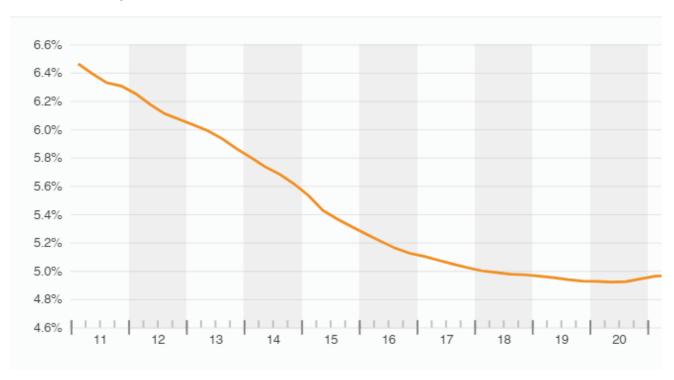
# Vacancy Rate



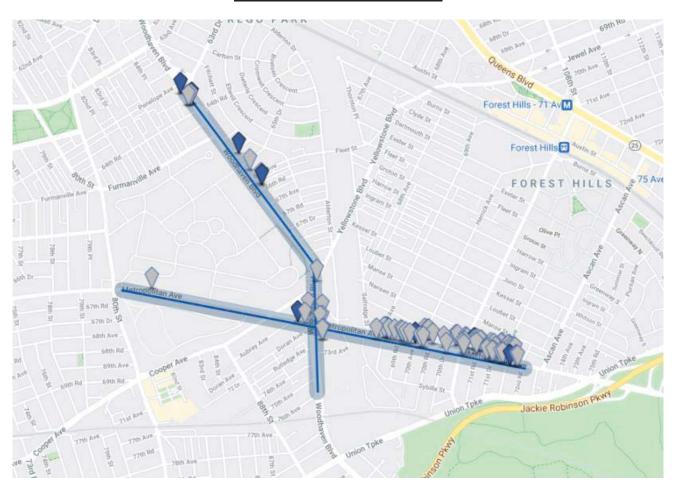
Available SF



# Market Cap Rate



# **Retail Market - Costar Survey**



According to the survey of 74 existing retail or community facility (medical, school) buildings surveyed, units yielded an average asking rent of \$38.32 per square foot (semi-net) with an average vacancy rate of 2.5%. The survey yields an average sale price of \$464 per square foot with an average capitalization rate of 5.4%.

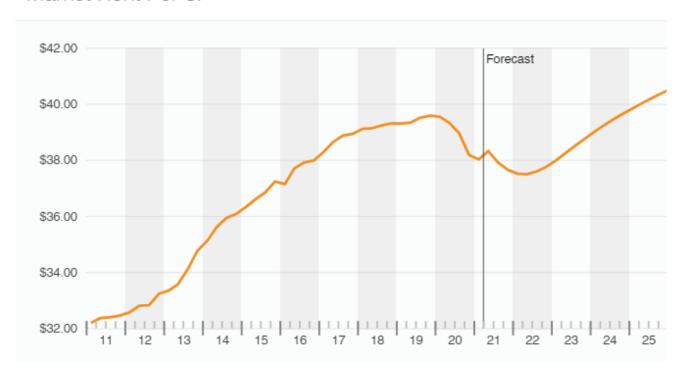




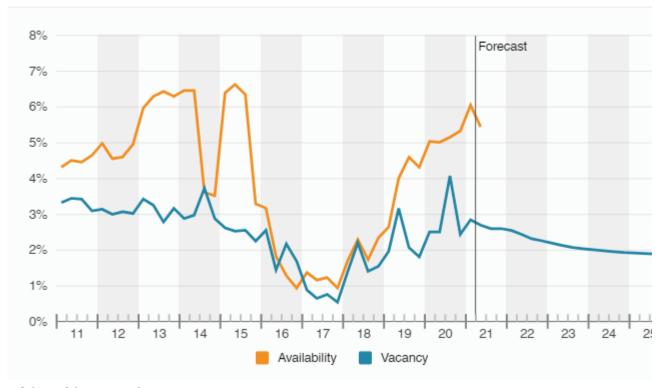
### Market Rent Per SF



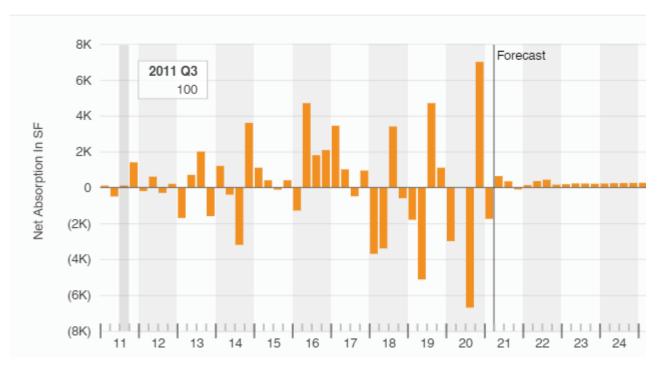
### Market Rent Per SF



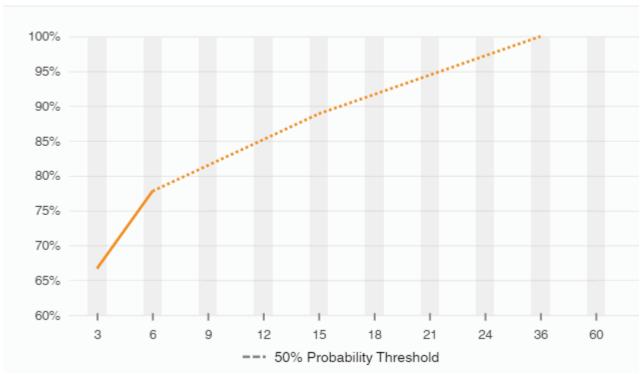
## Availability & Vacancy Rate



## Net Absorption



### Probability Of Leasing In Months



My observations of the immediate area indicate that low density residential development may not represent the greatest return to the site, even though the site is zoned predominately residential. Surrounding land uses are mostly commercial and the zoning permits for commercial uses along Woodhaven Boulevard.

The outlook for Rego Park is toward continued stability with redevelopment of underutilized properties continuing. Variances are granted to those properties that provide affordable housing and community services by Community District Board 6.

# SUBJECT PROPERTY PHOTOGRAPHS View of Subject from Woodhaven





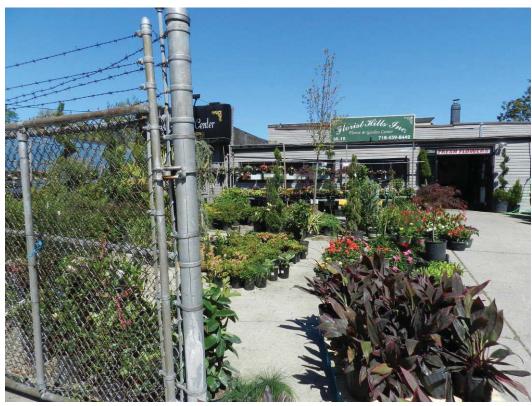
## **SUBJECT PROPERTY PHOTOGRAPHS 68<sup>th</sup> Road (east/west) at Woodhaven**





# SUBJECT PROPERTY PHOTOGRAPHS Woodhaven Boulevard Frontage





## SUBJECT PROPERTY PHOTOGRAPHS 68<sup>th</sup> Road Frontage



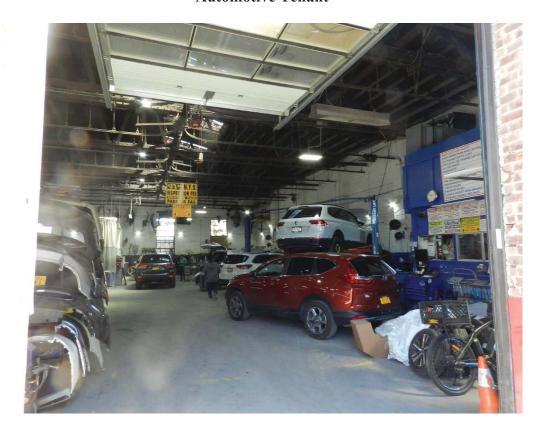


## SUBJECT PROPERTY PHOTOGRAPHS Automotive Tenant





## SUBJECT PROPERTY PHOTOGRAPHS Automotive Tenant



# SUBJECT PROPERTY PHOTOGRAPHS Florist/Nursey



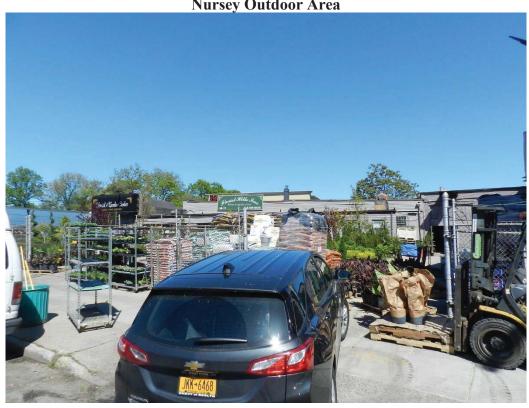


# SUBJECT PROPERTY PHOTOGRAPHS Florist/Nursey





# SUBJECT PROPERTY PHOTOGRAPHS Nursey Outdoor Area





#### **PROPERTY DESCRIPTION**

#### **SITE DESCRIPTION**

**Data Sources** – The following site description is based upon data obtained from the sources listed below:

- Site inspection conducted April 15, 2021.
- Queens County digital tax maps accessed from Oasis Online
- NYC Department of Buildings

**Location** – The site is located on the northeast corner of Woodhaven Boulevard and 68th Road in the Rego Park section of Queens County, New York. Woodhaven is a 120-foot-wide three-way commercial roadway and 69<sup>th</sup> Road is a 50-foot-wide, one-way westbound residential street at the subject location.

**Size and Dimensions** – The property is a corner tax lot totaling 25,652± square feet of land area. The site has 99± feet of frontage along Woodhaven Boulevard and 230± feet of frontage along 68th Road. The site is irregular in shape with a long-curved frontage along 68th Road.

Access – Access to site is via a curb cut from Woodhaven Boulevard and 68<sup>th</sup> Road.

**Site Improvements -** Site improvements consist of macadam paving and a 6-foot fence at street level surrounding the site. The site is capable of supporting on-site parking for approximately 30± vehicles (cars or box trucks).

**Utilities** – All necessary utilities are available to the property, including public water, electric, gas, and sanitary sewers.

**Topography** – The site is level at street grade at Woodhaven boulevard.

**Drainage and Flood Conditions** – There are no evident drainage problems or flooding conditions in the area.

Geologic/Soils Conditions – There are no obvious or reported geologic or soil conditions that would impact site utility or development. We, however, are not professionally qualified to independently study and conclusively opine on such matters and no such report has been provided. I observed a gasoline service station immediately south of the Subject and a car wash. Additionally, there is an automotive tenant that uses various chemical and the nursey stores fertilizer and other chemicals on the site.

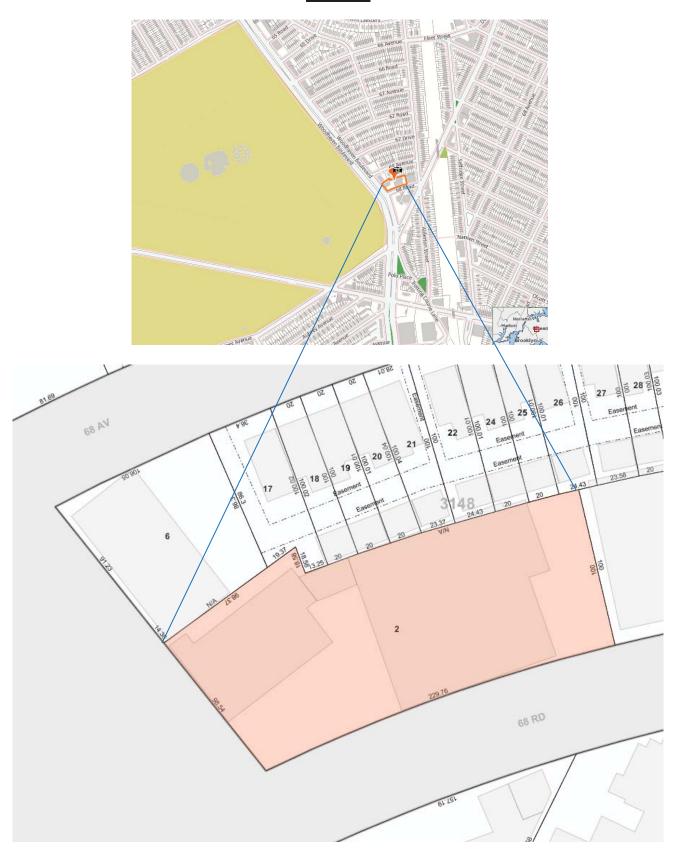
**Easements and Encroachments** –There are no other apparent easements, encroachments or other adverse site conditions affecting the subject's marketability.

#### Flood Hazard Information

According to the National Flood Insurance program's flood insurance rate index map, the subject property **is not** located in a special flood hazard area.

Community Panel No. 3604970228F Zone X Index Map Last Revised September 5, 2007

### TAX MAP



#### **DESCRIPTION OF SITE IMPROVEMENTS**

The site is improved with three buildings: a retail building, a small one-story storage building and an auto body shop. The small storage building is attached to the retail building and utilized as part of to this building. I have established that the retail facility totals  $4,537\pm$  square feet based on the survey and the automotive repair facility totals  $11,100\pm$  square feet. The combined building area is  $15,637\pm$  square feet. The facility (Florist) is located at 68-19 Woodhaven Boulevard and the automotive facility is located at 85-17  $68^{th}$  Road. Based on the inspection I concluded that the retail facility is actually a warehouse with 30% of the space finished for retail operations.

There are two open lot areas used by each tenant; one is currently utilized as part of the garden center and the second is a parking/storage lot for the automotive shop. The buildings were built in 1930, with a certificate of occupancy issued in 1966 for the current use. The improvements are in overall average condition based on the current use.

#### **CONSTRUCTION CHARACTERISTICS**

Foundation: Poured concrete

Structural Frame: Concrete, load-bearing walls with structural steel support

Exterior Walls: Concrete block and brick masonry

Roof: Flat roof over metal deck with built-up composition covering in

average condition.

Loading: The building features two (2) overhead doors for the automotive

tenant.

MECHANICAL DETAIL

Heating / Cooling: The warehouse (automotive) areas of the building are heated via

ceiling suspended space heaters. There is no air-conditioning in the warehouse, however ceiling suspended fans are interspersed throughout for circulation. The retail areas are heated via a gas-fired burner with heat distributed via ceiling ducts. The retail areas are

cooled via wall mounted AC units, and portable AC units.

Electrical: Industrial grade switches and disconnects; assumed adequate for

current use.

Plumbing / Restrooms: Two (2) restrooms, one (1) restroom in each unit.

Lighting: Fluorescent lighting on the grade-level retail areas with recessed

fluorescent lighting fixtures and hi-hat lighting in the office areas for

the automotive tenant.

Warehouse areas feature ceiling suspended halogen and fluorescent

lighting fixtures.

Security: Roll down security gates, security cameras (interior / exterior), exterior

flood lighting, and alarm system.

**INTERIOR DETAIL** 

Warehouse: The warehouse areas are finished with exposed concrete floors,

exposed concrete block and brick masonry walls, exposed concrete

deck ceilings with open wood and steel joists.

Office: The retail areas feature painted sheet rock walls, painted sheet rock

ceilings, ceiling suspended fluorescent lighting fixtures and ceramic

tile and commercial carpeting over concrete subflooring.

Restrooms: Ceramic tile flooring and walls, with and acoustical tile ceilings and

fluorescent / led lighting. There are two toilets per bathroom.

#### **SUMMARY**

The subject improvements were observed to be in average overall quality and condition for the market in which it competes. Based on my analysis of competing properties, I estimate the existing subject building to have an effective age of  $30\pm$  years and a remaining economic life estimated at  $30\pm$  years.

		Fioh	erty Profile Ove	IVIEW		
68-19 WOODHAVEN BOULEV	/ARD		QUEENS 11374		BIN# 44376	42
WOODHAVEN BOULEVARD	68-19 - 68-19	Ce	ealth Area ensus Tract ommunity Board uildings on Lot	: 1930 : 703 : 406 : 3	Tax Block Tax Lot Condo Vacant	: 3148 : 2 : NO : NO
/iew DCP Addresses Br	rowse Block	100				
/iew Zoning Documents	View Challenge Re	esults	Pre - BIS	PA	View Certificate	es of Occupancy
Cross Street(s):	68 AVENUE,	68 ROAE	)			
OOB Special Place Name:						
OOB Building Remarks: andmark Status:			Special Status:		N/A	
ocal Law:	NO		Loft Law:		NO	
SRO Restricted:	NO		TA Restricted:		NO	
JB Restricted:	NO					
Environmental Restrictions:	N/A		Grandfathered !	Sign:	NO	
egal Adult Use:	NO		City Owned:	5	NO	
Additional BINs for Building:	NONE					
HPD Multiple Dwelling:	No					
Special District:	UNKNOWN					
his property is not located in	n an area that may			nds, Fresh	water Wetlands, Coas	stal Erosion Hazard Are
This property is not located in pr Special Flood Hazard Area Department of Finance Buildi	n an area that may i. Click here for more ing Classification:	e informa	G2-GARAGE/GA	S STAT'N	(2) (80 ) (31 ) (31 ) (32 ) (33 ) (33 ) (33 ) (34 ) (34 ) (34 ) (34 ) (34 ) (34 ) (34 ) (34 ) (34 ) (34 ) (34 )	
his property is not located in Special Flood Hazard Area Department of Finance Buildin Please Note: The Department of	n an area that may  i. Click here for more  ing Classification:	e informa	G2-GARAGE/GA	S STAT'N	status, which may not be	
his property is not located in Special Flood Hazard Area Department of Finance Buildin Please Note: The Department of	n an area that may  i. Click here for more  ing Classification:	ssification is	G2-GARAGE/GA nformation shows a b records of the Depart	S STAT'N	status, which may not be dings.	
This property is not located in Special Flood Hazard Area Department of Finance Building Please Note: The Department of the structure. To determine the legal	n an area that may  Lick here for more  ing Classification:  Finance's building cla al use of a structure, re	ssification is	G2-GARAGE/GA nformation shows a b records of the Depart	AS STAT'N uilding's tax ment of Build Elevator R	status, which may not be dings.	
his property is not located in a Special Flood Hazard Area separtment of Finance Building Please Note: The Department of the structure. To determine the legal complaints	n an area that may  Lick here for more  ing Classification:  Finance's building cla al use of a structure, re	ssification is	G2-GARAGE/GA nformation shows a b records of the Depart	AS STAT'N uilding's tax ment of Build <u>Elevator R</u> Electrical	status, which may not be dings. lecords	
This property is not located in Special Flood Hazard Area Department of Finance Buildi Please Note: The Department of he structure. To determine the legacomplaints	n an area that may  Lick here for more  ing Classification:  Finance's building cla al use of a structure, re	e informa ssification i	G2-GARAGE/GA nformation shows a b records of the Depart Open 0	S STAT'N uilding's tax ment of Build Elevator R Electrical	status, which may not be dings. ecords Applications	the same as the legal use o
This property is not located in property is not located in property in propert	n an area that may  Lick here for more  ing Classification:  Finance's building cla al use of a structure, re	e informa ssification i search the 1 0	G2-GARAGE/GA G2-GARAGE/GA GARAGE/GA Frecords of the Depart Open 0 0 0	AS STAT'N uilding's tax ment of Build Elevator R Electrical A Permits In Illuminate	status, which may not be dings. decords Applications -Process / Issued	the same as the legal use o
This property is not located in Special Flood Hazard Area Department of Finance Buildi Please Note: The Department of estructure. To determine the legal Complaints  //olations-DOB //olations-OATH/ECB	n an area that may  Lick here for more  ing Classification:  Finance's building cla al use of a structure, re	essification in esearch the last of the la	G2-GARAGE/GA G2-GARAGE/GA GARAGE/GA Frecords of the Depart Open 0 0 0	AS STAT'N uilding's tax iment of Build Elevator R Electrical In Permits In Illuminated Plumbing	status, which may not be dings. decords Applications -Process / Issued d Signs Annual Perm	the same as the legal use o
This property is not located in pr Special Flood Hazard Area Department of Finance Buildi	n an area that may  Lick here for more  ing Classification:  Finance's building cla al use of a structure, re	essification in search the al 1 0 0 2	G2-GARAGE/GA G2-GARAGE/GA GARAGE/GA Frecords of the Depart Open 0 0 0	AS STAT'N uilding's tax iment of Build Elevator R Electrical In Permits In Illuminated Plumbing	status, which may not be dings. decords Applications -Process / Issued d Signs Annual Perm Inspections	the same as the legal use o

			그 그는 그 그 그 가 이 그는 내가 있어 그는 그는 그를 받아 되었다면 하셨다.
Form \$4-C (Rev.	4/62)-4236-701190(63)		
100	L	PEPARTM	ENT OF BUILDINGS
1.	BOROUGH OF	QUEEKS	, THE CITY OF NEW YORK
Date 9/2	9/21/6	6	No. Q 167318
		FICAT	E OF OCCUPANCY
	THE CHARGE	TIKST AFFRO	NOT CONSISTENT WITH THIS CERTIFICATE SHALL OVED BY THE BOROUGH SUPERINTENDENT
This cer	tificate supersedes (	C. O. No.	EXECUTE—building—premises located at
	CELLOCOLM EXECUTE	F (0.17) 34.7 1999	That is
BEGINNING	at a point on the	mises above referre Northonst	d to are situated, bounded and described as follows:
4300		XXX	Store corner formed by the intersection of
running thence	#00 dha ven	Sl ∀d	
thence173	.26 N. 18.	581	feet; thence # 98.371, 8. 98.511 feet;
to the point or	place of beginning	g conforms enhan	notices; thence
ments of the Bi	uilding Code, the Z	oning Resolution a	and all other laws and ordinances, and of the rules of the Board of
CERTIF	HES FURTHER	that any provision	s chass and kind at the time the permit was issued; and
	by a report of the TALT 863/65	A MC COMMINSSIONER	to the Borough Superintendent.
Occupancy class	ification Commercia	cial	Construction classification Fon-fire Teight stories.
Date of completi it time of issuar	00- 8/27 /CA		Located in 1 C 8-1 15 Zoning District.
This cert	ficate is issued a	abject to the lim	design to the second
utions of the	Board of Standa Planning Commis	rds and Appeals	•
and the city	commit	ssion:	(Calendar numbers to be inserted here)
		PERMISSIRI F	USE AND OCCUPANCY
Off-Street Park	ng Spaces		
Off-Street Perki Off-Street Load	ing Spaces		
Off-Street Perki Off-Street Load	live Loans	PERSONS	
Off-Street Load	ing Berths	777788	
Off-Street Load	LIVE LOADS List per Sq. Ft.	PERSONS	
Off-Street Load	live Loans	PERSONS	
Off-Street Load	LIVE LOADS List per Sq. Ft.	PERSONS	USE
Off-Street Load	LIVE LOADS List per Sq. Ft.  Slab on gr.	PERSONS ACCOMMODATED	Use Boiler Room
STORY	LIVE LOADS List per Sq. Ft.	PERSONS	USE
STORY STORY Story Sellar	LIVE LOADS List per Sq. Ft.  Slab on gr.	PERSONS ACCOMMODATED	Use Boiler Room
STORY STORY Story Sellar	LIVE LOADS List per Sq. Ft.  Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Sellar	Slab on gr.	PERSONS ACCOMMODATED	Use Boiler Room
STORY STORY Story Sellar	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Sellar	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Sellar	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Story Sellar	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Sellar	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Sellar	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Sellar	Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Sellar	LIVE LOADS Live LOADS Live per Sq. Ft.  Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.
STORY STORY Story Sellar	LIVE LOADS Live LOADS Live per Sq. Ft.  Slab on gr.	PERSONS ACCOMMODATED	Boiler Room Office, Factory, Burial Vault Mfg.

#### ASSESSMENT AND TAX DATA

#### **Tax Map Identification**

The subject property is identified on the Queens County tax rolls as Block 3148, Lot 2.

#### Assessment

Under the provisions of the most recently enacted assessment practice legislation, Section 305 of the Real Property Tax Law, S7000 Assessment Practice Bill, local governments are permitted to assess real property at a uniform percentage of value and to tax real property on a classified basis. The primary purpose of this legislation is to shift a greater proportion of the tax burden from the homeowner to the commercial, multi-family and industrial sectors. New York City is permitted to classify real property by four categories.

- 1. One, two, and three family homes
- 3. Utilities
- 2. Apartments, co-ops, and condominiums
- 4. All other property

Each of these classes may be taxed at different rates, but for the purposes of this section, only the subject's tax rate is discussed. According to this classification, the property is identified as a Class 4 real property use with a 2019/2020 tax rate equal to \$10.537 of assessed valuation.

**Assessed Value:** The formula for calculating Assessed Value is: Market Value x Level of Assessment = Assessed Value.

**Actual Assessed Value:** The assessed value before five-year phase-in requirements (for some tax class 2 and all tax class 4 properties) and/or exemptions are applied. The subject is a Class 2a property.

**Level of Assessment:** The % of market value used to calculate a property's assessed value.

- Tax Class 1 − 6%
- Tax Class 2, 3 and 4 45%

**Tax Rate:** The rate used to determine the taxes owed. The City Council and Mayor set an annual tax rate for each tax class by July 1 of each year when the new budget goes into effect.

**Taxable Value:** Actual or Transitional Assessed Value (whichever is less) minus any exemptions. This is used to calculate the annual tax bill.

**Transitional Assessed Value:** Increases to the Assessed Value are phased in at 20% per year (except for physical changes). Applicable to all Tax class 4 properties and Tax class 2 cooperatives, condominiums and rental buildings with more than 10 units.

#### **Assessment**

Class 4 properties are assessed annually on an ad-valorem basis, at 45% of estimated market values, as ascribed by the assessor. The 45% assessment ratio is infrequently applied in practice; the "true" equalization rate varies, but is often as much as 50% less than the stated rate. The table on the following page is the tentative assessment for 2020/2021.

On January 5, 2021, the DOF issued the tentative assessment roll for the 2021/2022fiscal year which becomes effective on July 1, 2021.

In cases where the actual assessment is greater than the transitional assessment, the transitional assessment is used to establish the tax liability.

Real Estate T	ax Analysis	
68-19 Woodh	naven Blvd	
Cross Duilding Area		15 627
Gross Building Area Land Area		15,637 26,152
Lain mea	Actual	Transitional
Assessed Value:		
Land	\$50,850	\$50,850
Building	\$475,650	\$600,750
Total Assessed Value	\$526,500	\$651,600
New York City Tax Rate:		0.10694
<b>Annual Real Estate Taxes</b>		\$56,304
Taxes per Square Foot of GBA		\$3.60
Taxes per Square Foot of Land Area		\$2.15
Equalized Ass	essed Value	
City of New York		
Assessed Value	\$526,500	
Equalization Rate	45.00%	
Equalized Market Value		\$1,170,000
Per Square Foot of GBA		\$75

#### Real Estate Taxes

Based upon the subject's combined real estate tax burden is \$56,304 or \$3.60 per square foot of gross building area (GBA). The tenants pay the real estate taxes directly.

#### **Abatements/Exemptions**

The subject property does not receive any tax exemption or abatement presently.

#### **ZONING DATA**

The current zoning resolution was established in 1961. This ordinance was implemented to coordinate property use and bulk regulations and incorporate parking requirements. It introduced the concept of incentive zoning by offering a bonus of extra floor space to encourage developers of office buildings and apartment towers to include plazas in their projects. The resolution emphasized the creation of open space.

TAX LUT I BBL 403 1480002 68-19 WOODHAVEN BOULEVARD, 11374 Queens (Borough 4) | Block 3148 | Lot 2 INTERSECTING MAP LAYERS (): ZONING DETAILS: None found Z Digital Tax Map Zoning Map: 14b (PDF) Historical Zoning Maps (PDF) Show Owner Transportation & Utility Land Use Lot Area 26,152 sq ft 229 58 ft Lot Frontag 100 ft 68 Road (60 ft) Year Built **Building Class** Auto Body/Collision or Auto Repair (G2) Number of Buildings Number of Floors Total # of Units Building Info ® **☑** BISWEB

The subject property is zoned R4 Residential and C8-1 Commercial

According to New York City Zoning regulations, the prevailing zoning use (covers over 50% of the site) will be the zoning regulations that govern the site. In this case the R4 use is the prevailing use in terms of FAR. The commercial uses are legally permitted based on the C8-1 commercial zoning district.

Property Records 0

Housing Info

☑ View ACRIS

☑ View HPD's Building, Registration & Violation Records

R4 districts allow the same variety of housing types as R3-2 districts but with a higher density. The 50 percent increase in the FAR produces bulkier structures. The maximum FAR is 0.75 with an attic allowance of up to 0.15 FAR. In general, buildings are no taller than three stories. Any part of a building that is higher than 25 feet is usually set back or under a pitched roof. In order to provide sufficient space for on-site parking and prevent cars from protruding onto the street, front yards must be 10 feet exactly or a minimum of 18 feet. Height and setback requirements may be waived by authorization of the City Planning Commission. One parking space is required for each dwelling unit.

R4 districts are widely mapped in all boroughs except Manhattan. Most neighborhoods zoned R4 are not served directly by rail rapid transit. Sections of College Point in Queens, Throgs Neck in the Bronx and Canarsie in Brooklyn are typical R4 neighborhoods.

#### **R4:** General residence district

Minimum lot size:

Detached, single- or two-family:

3,800 square feet lot area; 40-foot lot width

Other: 1,700 square feet; 18-foot lot width

Maximum FAR: 0.75 Maximum lot coverage: 45%

Minimum lot area per DU: 970 square feet

Maximum DUs per acre: 45

Front yard: 18 feet minimum or 10 feet exactly

Side yards: Detached (2 required): 13 feet total (minimum); 5 feet minimum

Semi-detached (1 required): 8 feet minimum

Other (2): 8 feet each (minimum) if provided or 10% of building length

Maximum building height: 35 feet; perimeter wall height: 25 feet

Maximum street wall length: 185 feet

Required parking: One space per dwelling unit

#### Low-Density Non-Contextual Residence District

	R4	Lot Area min.	Lot Width min.	Front Yard min.	Rear Yard min.	7/4	Each min.		Lot Coverage max.	FAR max.	Perimeter Wall/ Building Height max.	DU Factor	Required Standard	IRHU
ALL WAS ARRANGED HOLD	Detached	3,800 sf	40 ft			2	5ft	13 ft						i.
Single- and Two-Family	Semi-Detached				20.41	1	8ft	8ft	450	0.35	25.05.4	070	4 000	50% of
IWO-Pamily	Attached	1,700 sf	18 ft	10 ft	30 ft		n/a		45%	45% 0.75	25/35 ft	870	1 per DU	IRHU
Multi-Family	All					2	8 ft	16 ft						

C8 districts, bridging commercial and manufacturing uses, provide for automotive and other heavy commercial services that often require large amounts of land. Parts of Bay Ridge in Brooklyn and Castleton Corners on Staten Island are mapped C8. Typical uses are automobile showrooms and repair shops, warehouses, gas stations and car washes—although all commercial uses (except large, open amusements) as well as certain community facilities are permitted in C8 districts. Housing is not permitted and performance standards are imposed for certain semi-industrial uses (Use Group 11A and 16).

C8 districts are mapped mainly along major traffic arteries, such as Boston Road and Jerome Avenue in the Bronx and Coney Island Avenue in Brooklyn, where concentrations of automotive uses have developed. The floor area ratio (FAR) ranges from 1.0 in C8-1 districts to 5.0 in C8-4 districts. Offstreet parking requirements vary with district and use. Automotive uses in C8-1 to C8-3 districts require substantial parking. C8-4 districts are usually exempt from parking requirements.

C8		General Service District					
C0	C8-1	C8-2	C8-3	C8-4			
Commercial FAR	1.0	2	2.0	5.0			
Residential District Equivalent		N	one				
Required Accessory Parking PRC-B	1 per 300 sf	1 per 400 sf	1 per 1,000 sf	None			
Permitted Sign Regulations (surface area)		6 X stree	et frontage				

								US	E GI	ROU	PS							
Zoning Districts	ı	dential Ise oups	Fac	nunity ility se oups				R		k Com		al		J		Gen. Ser- vice	U	fg. se sups
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
					R	eside	ntial	Dist	ricts									
R1 R2 Single-family detached																		
R3A* R3X R4A R5A Single- & two-lamily detached																		
R3-1 R4-1* Single- & two-family detached & semi-detached						į												
R4B* Single-& two-lamily detached, semi-detached & attached																		
R3-2 R4 R5 R5B* R6-R10 Detached, semi-detached & attached						8												

#### **Zoning Analysis**

The site is zoned R4 Residential and C8-1 Commercial. This zoning district permits a maximum residential FAR of 0.75 and a commercial FAR of 1. The prevailing zoning is R4 in terms of FAR.

The subject retail and warehouse space was constructed in 1966 prior to the current zoning regulations. This is considered to be a pre-existing us that complies with zoning regulations, FAR and parking requirements.

#### Conclusion

The current use is a legal pre-existing, non-conforming property use. The maximum zoning for the site would be FAR of 0.75, thus the total buildable area would be  $19,614\pm$  square feet. The potential for rezoning exists, however the process and timing for such a zoning change would take from 3 to 5 years with multiple steps of approval required. There is no certainty of any zoning changes, as such the current use offers the greatest utility of the site.

 $<sup>^{30}</sup>$  26,152 × .75 = 19,614

#### HIGHEST AND BEST USE ANALYSIS

"The analysis of highest and best use is at the heart of appraisals of the market value of real property." The essential components of the analysis of highest and best use are contained in the following definition of the term: "The reasonably probable use of property that results in the highest value."

To be reasonably probable, a use must meet certain conditions:

- The use must be legally permissible (or it is reasonably probable to render it so).
- The use must be physically possible (or it is reasonably probable to render it so).
- The use must be financially feasible.

Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

In addition to the four tests of highest and best use, the first cited definition of the term implicitly includes the idea that highest and best use analysis is viewed from two perspectives:

- The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements
- The use that should be made of a property as it exists (i.e., considering the current improvements)

The highest and best use of land as though vacant and the highest and best use of the property as improved are connected but distinctly different concepts."31

#### AS IF VACANT

Highest and Best use of land or a site as though vacant. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.<sup>32</sup>

#### Physically Possible

The Subject is a corner parcel of land with level topography. The site is proven to be capable of supporting construction based on its current use and surrounding development. All necessary utilities are available. The site could physically support a number of residential and commercial use development (e.g., medical office, school, homeless shelter, etc.).

#### Legally Permissible

Legally permitted uses are essentially those permitted by zoning. Permitted uses in the subject district include residential development and commercial use buildings. Building size is limited by the maximum Residential FAR 0. 75...

2021-10034 MJW CONSULTING INC.

The Appraisal of Real Estate, 14th Edition, Appraisal Institute. Pg. 332 - 336.

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, pg. 93.

#### Economically Feasible and Maximally Productive

To determine economic feasibility, potential gross income that can be generated from each potential highest and best use must be estimated. If the net revenue capable of being generated is enough to satisfy the required return on investment and provide a return on the land, the use is economically feasible within some price limit.

I note that the size of the Subject at 25,652± square feet is ideal for development because the site area offers the critical mass necessary to fully realize the economic advantage of a large-scale project with market demanded amenities, including recreational space and parking.

The average sales price per square foot for residential condominiums in the Subject are around \$600 per square foot and medical office (community facility space) is selling for approximately \$550 per square foot in the Subject area. Based on the current zoning a 19,614 square foot structure could be built.

The following is my estimate of the potential value of based on mix-use development:

Residential Condominium:  $19,614 \times $600$  \$11,800,000 (rd.)

In order to establish the land value, we must allocate for cost of construction and entrepreneurial incentive. The cost of construction is obtained from Marshall and Swift Valuation Services and the estimates know for other development projects that MJW has completed appraisals on

.

Residential Condominium: Entrepreneurial incentive (20%)	19,614 × \$350	\$6,800,000 (rd.) \$1,400,000
Estimated Land Cost prior to demol	ition	\$8,200,000
Demolition Costs (\$35 per square for Potential Land Value	pot)	\$ 500,000 \$8,700,000

With a potential sellout value of \$11,800,000 and construction costs of \$8,700,000 the value of the site would be \$3,600,000.

My analysis of redevelopment sites and vacant land sales indicate that developers are acquiring properties from a low of \$160 to a high of over \$384 per square foot of buildable area. The sales presented under the Site Valuation Analysis indicate prices at \$143 to \$259 per square foot, averaging \$194 per square after adjustments. The land sales support the analysis for the most economically and maximally productive use as a mixed-use residential facility with community facility space that would be under condominium ownership.

Based on this analysis the most economical and maximally productive use of the Subject site is to develop the site with residential improvements based on the maximum permitted FAR.

Highest and Best use of property as improved. The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.<sup>33</sup>

#### AS IMPROVED

#### Physically Possible

The improvements represent a pre-existing, non-conforming use of the site. Alternate uses, such as residential, school, medical office or community facility are also physically possible.

#### Legally Permissible

Based on my zoning analysis, the Subject property, complies with zoning requirements in terms of FAR and parking, but the improvements are a pre-existing use that would not be permitted under the current residential zoning for the property. The improvements are leased to two tenants and there is a relationship between one tenant and the owner. There are two leases that do not have a clause relating to the sale of the property and the ability for the owner to terminate these leases. Both leases are set to expire in under 24 months.

#### Economically Feasible and Maximally Productive

My analysis indicates that the subject improvements contribute to overall property value. The current income generates a return to the property that would attract investors who are seeking a property that has a proven income stream. Demand for warehouse facilities in central Queens is good with pricing of these facilities above \$250 per square foot. The net operating income for the Subject of \$13.82 per square foot when capitalized at market levels generates a sale price per square foot of \$251, or \$3.930.000.

The improvements represent an appropriately supported utilization of the land; however, this represents an interim use value based on my determination of the highest and best use as vacant. The current income generated from leasing the property does not generate a greater economic return to the site if the site was sold for redevelopment.

I have concluded the highest and best use as improved is an interim use which will generate a sufficient return to an investor until such time where the property is acquired for redevelopment built to the maximum permitted FAR as a mixed-use residential and community facility use property.

MJW CONSULTING INC. 2021-10034

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, pg. 94.

#### COST APPROACH

#### SITE VALUATION

The cost approach is based on the current cost to replace the subject improvements as of the effective date of the appraisal. To direct and indirect costs, a market derived estimate of entrepreneurial profit is added. From this total Cost New estimate, a deduction for accrued depreciation is calculated. A market-derived estimate of land value is then added to the depreciated improvement value. The result is the total value of the property as derived by the cost approach.

The purpose of this report is to establish the Market Value of the Leased Fee Interest of the selling price based on its highest and best use.

The Sales Comparison Approach is used to establish the value for the land. This valuation technique is predicated upon the principle of substitution, i.e., no purchaser would pay more for a property than the cost of obtaining an equally desirable substitute property with comparable utility. Where an active market of buyers and sellers exists and can be interpreted, the Sales Comparison Approach is considered most applicable.

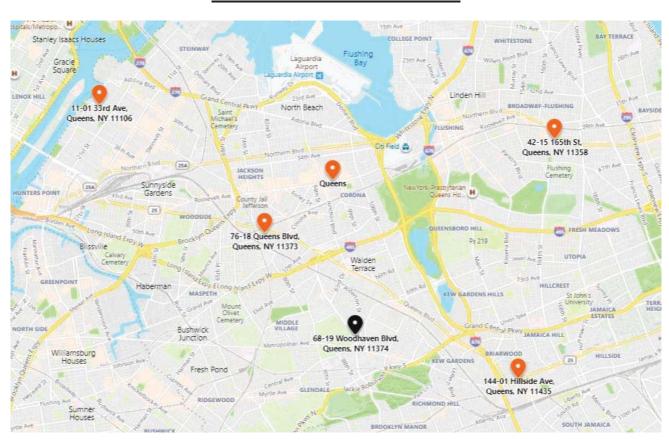
By analyzing the actions of willing buyers and sellers and comparing the subject's features with those of competitive properties in the market, the appraiser derives a probable sale price for the subject. Adjustments for conditions of sale, financing, market conditions at the respective dates of sale, location and physical characteristics are considered. The adjusted per unit value indicators reflect the specific attributes of the subject market and when applied to the characteristics of the subject property, provide a defensible indication of value.

Based on the Scope of the Appraisal, we identified potential redevelopment or vacant land that exceeded 10,000± square feet and has exposure on two street fronts and with a residential zoning district and a community facility development potential.

The five (5) sales selected and compared to the subject are considered to be the most similar in terms of location, zoning and land size. The sales provide a meaningful range of values from which an opinion of market value can be derived for the subject. The charts on the follow page are a summary of these sales.

	SALES C		ADJUSTME	NT GRID		
Sale No.	Subject	68-19 Woo	dhaven Blvd 2	3	4	5
Address	68-19 Woodhaven Blvd	42-15 165th Street	76-18 Queens Blvd	95-01 37th Avenue	144-01 Hillside Avenue	11-01 33rd Avenu
Community	Rego Park	Flushing	Elmhurst	Jackson Heights	Jamaica	Astoria
Date of Sale	4/15/2021	6/25/2019	2/18/2021	12/31/2020	2/11/2019	10/10/2018
Indicated Sales Price		\$9,200,000	\$2,800,000	\$7,300,000	\$7,150,000	\$5,290,000
Value of Existing Improvements	(Deduction)					
Demolition Cost (Addition)		\$0	\$0	\$0	\$120,000	\$0
Adjusted Sale Price		\$9,200,000	\$2,800,000	\$7,300,000	\$7,270,000	\$5,290,000
		DESCRIPTIVE	INFORMATION			
Site Area:	26,152	26,600	10,750	12,734	14,988	26,615
Zoning	R4	R4-1	M1-1	R6A	R6A/C2-3 Comm	R5
Permitted Residential FAR	0.75	0.90	1.00	3.00	3.00	1.25
Buildable	19,614	23,940	10,750	38,202	44,964	33,269
Existing Improvements	15,637		0	0	24,000	0
		Valuation	Indicators			
Price per SF of C Buildable		\$384.29	\$260.47	\$191.09	\$161.68	\$159.01
		Transaction	Adjustments			

#### COMPARABLE SALES LOCATION MAP



53	SALES COM	PARISON A	SALES COMPARISON ADJUSTMENT GRID	T GRID		
		68-19 Woodhaven Blvd	ıven Blvd			
Sale No.	Subject	1	2	3	4	5
Address 68-19	68-19 Woodhaven Blvd	42-15 165th St	76-18 Queens Blvd	95-01 37th Ave	144-01 Hillside Ave	11-01 33rd Ave
Community	Rego Park	Flushing	Elmhurst	Jackson Heights	Jamaica	Astoria
Date of Sale	4/15/2021	6/25/2019	2/18/2021	12/31/2020	2/11/2019	10/10/2018
Date Reocrded		7/22/2019	3/3/2021	1/21/2021	2/22/2019	10/16/2018
Block/Lot		5396/11	2451/6	1459/1	9702/1	316/1
Indicated Sales Price		\$9,200,000	\$2,800,000	\$7,300,000	\$7,150,000	\$5,290,000
i		Apex Usa		Prudential Queens	;	Craig D Zim,
Grantor		Development Llc Cf Sanford	Huichi LLC 59-57 56Th Avenue	Realty LLC	Irving Tire Co., Inc.	Esq As Referee 11 St &
Grantee		Company, Llc	Realty LLC	9501 Realty LLC	144 Hillside LLC	Broadway LLC
Value of Existing Improvements (Deduction)	(1)					
Demolition Cost (Addition)		80	80	0\$	\$120,000	80
Adjusted Sale Price		\$9,200,000	\$2,800,000	\$7,300,000	87,270,000	\$5,290,000
	Id	DESCRIPTIVE INFORMATION	FORMATION			
Site Area:	26,152	26,600	10,750	12,734	14,988	26,615
Zoning	R4	R4-1	M1-1	R6A	R6A/C2-3 Comm	R5
Permitted Residential FAR	0.75	0.90	1.00	3.00	3.00	1.25
Buildable	19,614	23,940	10,750	38,202	44,964	33,269
Existing Improvements	15,637		0	0	24,000	0
		Valuation Indicators	dicators			
Price per SF of C Buildable		\$384.29	\$260.47	\$191.09	\$161.68	\$159.01
		Transaction Adjustments	djustments			
Adjustment for Property Rights Conveyed		-10%	-10%	-10%	-10%	-10%
Adjusted Sale Price Per Sq. Ft. of Buildable FAR	FAR	\$345.86	\$234.42	\$171.98	\$145.52	\$143.11
Adjustment for Conditions of Sale		%0	%0	%0	%0	15%
Adjusted Sale Price Per Sq. Ft. of Buildable FAR	FAR	\$384.29	\$260.47	\$191.09	\$161.68	\$182.86
Financing Adjustment		%0	%0	%0	%0	%0
Adjusted Sale Price Per Sq. Ft. of Buildable FAR	FAR	\$384.29	\$260.47	\$191.09	\$161.68	\$182.86
Adjustment for Market Conditions						
Time (Months)		22	2	4	26	31
Percent Adjustment		-10.0%	0.0%	0.0%	-10.0%	-10.0%
Adjusted Sale Price Per Sq. Ft. of Buildable FAR	FAR	\$345.86	\$260.47	\$191.09	\$145.52	\$164.57
		Property Adjustments	ustments			
Location		-25.0%	-15.0%	%0.0	25.0%	15.0%
Zoning		0.0%	0.0%	%0.0	0.0%	0.0%
Site Size		0.0%	-5.0%	%0.0	0.0%	0.0%
Site Configuration		0.0%	0.0%	0.0%	0.0%	0.0%
Total Adjustment		-25.0%	-20.0%	0.0%	25.0%	15.0%
Adjusted per Square Foot of Buildable FAR	21	\$259.40	\$208.37	\$191.09	\$181.90	\$189.26

#### MARKET DATA ADJUSTMENT ANALYSIS

The market analysis includes five (5) sales of sale similar development sites to the subject in northern Queens. The sales are adjusted for differences with the subject, such as conditions of sale, financing terms, market conditions (as of the date of sale), location/exposure, zoning, site size, and site configuration.

#### TRANSACTION ADJUSTMENTS

#### **Unit of Comparison**

All of the sales have been developed based on the price per square foot of buildable FAR (size) as a community facility as determined by the current zoning that applies to each parcel.

#### **Demolition Cost**

Sale Nos. 4 requires an adjustment to the sale price to account for the existing structures that were being removed or require demolition. The cost of demolition is added to the sales price. All costs are based on the reported square footage of the existing improvements.

#### **Property Rights Conveyed**

The Subject is occupied by an is related to one of the property owners and leased to multiple tenants. An adjustment is considered to account for the differences in the property rights conveyed, based upon identifiable differences between the subject and respective sales. These differences may include any form of encumbrance, restriction, easement, or covenant. Most often, the identification and comparison of a fee simple to a leased fee interest is addressed.

The sales represent the Fee Simple interest with no encumbrances. The Subject is encumbered by two leases and ownership would have to provide some level of compensation to terminate existing leases. We adjusted the sales downward for the superior economic benefit as compared to the Subject.

#### **Conditions of Sale**

An adjustment is required when a property sells subject to unique conditions that clearly influence sale price.

Sale Nos. 1, 2, 3 and 4 have no unusual conditions known to have affected the purchase. Therefore, no adjustments are made.

Sale No. 5 was a referee sale of a distressed asset which was reported to have sold at a discount. I adjusted this sale upwards to account for the discount paid.

#### **Financing**

An adjustment must be made to sales that are subject to non-conventional financing (assumed mortgages, seller financing), when substantially different than market terms. Verification of financing terms for the sales revealed no differences that would warrant adjustment.

#### **Market Conditions**

The oldest sale occurred in October 2018. My analysis indicates that the market was appreciating through the 1<sup>st</sup> Quarter in 2020 prior to the Covid-19 pandemic impacting New York City. I have analyzed market activity in terms of sale volume, occupancy rates, leasing demand and asking rents as it relates to neighborhood retail centers and warehouse market. My observations are that facilities like the Subject are near full occupancy with a limited number of stores available for lease, but rents are lower. The demand in the market is reflected by the diminished level of sales activity which may be a result of investors taking a wait and see position until the nascent real estate recovery becomes more established.

I have balanced the market trend adjustment (modest appreciation prior to Covid and current economic factors, decline in property values), resulting in the application of negative 10% adjustment for pre-Covid sales and no adjustment for sales after the Covid crisis began.

#### **PROPERTY ADJUSTMENTS**

#### Location/Exposure

Location adjustments reflect such characteristics as neighborhood appeal, supply/demand, and ease of access in the general area. The subject is a corner parcel located in southern Rego Park. The Subject site is irregular in shape with good exposure.

Sale Nos. 1 and 2 are located in more desirable communities with superior access to mass transit and highways. Both of these sales have been adjusted downward.

Sale No. 3 is located in a similar residential community and is a corner parcel with similar exposure. I have not applied any adjustment to this sale.

Sale Nos. 4 and 5 are located in similar communities but have inferior access to mass transit and highways. Both of these sales have been adjusted upward.

#### Zoning

The Subject is zoned R4 residential with a FAR of 0.75 as or right for residential which is the governing zoning use in terms of FAR for the Subject. All of the sales are compared to the Subject based on the buildable FAR as a residential. As such the actual zoning has limited influence except for alternate permitted uses or residential bulk restrictions.

All the sales have similar zoning and no adjustment is warranted.

#### **Site Size**

Larger parcels offer a developer more options in terms of development potential and reducing construction costs by building larger buildings. Oftentimes, larger parcels will sell at a lower rate per square foot, but because of the limited supply of larger parcels which offer a developer greater economic benefits we did not observe a difference in value based on size alone.

Sale No. 2 was adjusted downward for the premium associated with acquiring a smaller parcel. All the other sales are of similar size and have not been adjusted.

#### **Site Configuration**

Site configuration considers the layout (rectangular/square versus irregular shape), curb cuts, interior location and accessibility.

All the sales have similar site configurations and no adjustments are warranted.

#### SALES COMPARISON APPROACH CONCLUSION

#### **Buildable Area Indicator**

Prior to adjustment, the comparable sales range from \$159 to \$384 per square foot based on the maximum permitted FAR. After applying appropriate adjustments; the comparable sales range from \$165 to \$259 per square foot of buildable area with a mean of \$201 and median of \$191 per square foot of the maximum permitted FAR.

Per Bui	ldable Square Foot	t of FAR
	<u>Unadjusted</u>	<u>Adjusted</u>
Low	\$159	\$165
High	\$384	\$259
Mean	\$231	\$201
Median	\$191	\$191

All the comparable sales have similarities to the subject property and were considered in my analysis. I note that the average sales price per square foot prior to adjustments and after adjustment only changed by \$30 per square foot or less than 15%. I focused on all the sales, with Sale Nos. 2 and 3 have the lowest net adjustments. I am of the opinion that these transactions are reflective of investor perceptions for Queens and New York City. I have reconciled to a value of \$200 per buildable square foot.

Buildable (±SF)	×	Indicated Unit Value / Buildable FAR SF	II	Indicated Value
19,614±	×	\$200	=	\$3,922,800

I have allocated a cost of demolition to the sales, as such I must apply a deduction to the indicated value to develop the "As Vacant" land value. The cost of demolishing the existing improvements is estimated at \$450,000 or approximately \$20 per square foot.

Indicated Value:	\$3,922,800
Cost of Demolition:	\$ 315,000
Indicated "As Vacant" Land Value	\$3,607,800

"AS VACANT" MARKET VALUE ESTIMATE VIA SALES COMPARISON APPROACH (RD):

\$3,600,000

#### LAND RENT COMPARABLES

I have analyzed and summarized the rents for several industrial vacant land sites in the same competitive area to determine what Subject could rent for based on a land lease (similar to what currently exists). An adequate quantity and quality of rental data has been obtained for this analysis.

I examined seven (7) leases. These leases are located along similar commercial roadways. This information can be found on the following page.

	INDUSTRIAL LAND LEASE COMPARABLES									
No.	Location	Tenant	Lease Date	Area (SF)	Term (Years)	Annual Rent	Rent/SF	Zoning	Expense Obligations	Comments
1	151-19 Powells Cove Blvd Whitestone	Construction Company	Jun-20	21,000	5-years	\$198,000	\$9.43	M1-1	Net	Paved lot secured by metal fencing. Adjacent to the Subject.
2	15-21 129th Street College Point	Construction Company	Jun-20	7,500	5-years	\$136,000	\$18.13	M1-1	Net	Storage lot that is secured by metal fencing.
3	3536 Peartree Avenue Bronx	Trucking Tenant	Apr-20	40,000	5-years	\$400,000	\$10.00	M2-1	Net	Storage lot that is secured by metal fencing and fronts three (3) streets including Boston Road. It is located one (1) block north of I-95.
4	498 Porter Ave Brooklyn	Trucking Tenant	Jan-20	23,000	5-years	\$311,880	\$13.56	M3-1	Net	Corner lot used for vehicle storage with Quonset hut
5	151-03 Powells Cove Blvd Whitestone	Dezba	Jul-19	2,958	1-year	\$50,436	\$17.05	M1-1	Net	One of 12 tenants leasing space on a 56,759 square foot vacant site. The tenant parks large construction vehicles in the leased area.
6	4681 Metropolitan Avenue Ridgewood	National Express Transit	Mar-19	197,400	5-years	\$2,368,800	\$12.00	M3-1	Net	4 plus acre site. Tenant will reimburse owner for all real estate taxes and casualty insurance. The site is located on Maspeth Creek. There is a 15,000 square foot warehouse with office space.
7	3730 Review Ave LIC	Trucking Tenant	Jun-18	8,000	2-years	\$98,800	\$12.35	M1-1 / M3-1	Net	Corner lot used for vehicle storage.

The comparable rental data reflects rental rates ranging from \$9.43 to \$18.13 per square foot with a mean of \$13.22 and a median of \$12.35 per square foot. The presentation of the land leases supports the site value developed on the prior pages and provides support that the current improvement provides an economic return to the property owner.

#### SALES COMPARISON APPROACH

#### AS IMPROVED VALUATION

The Sales Comparison Approach involves a detailed comparison of the subject property with similar properties that have recently sold within the same or competitive markets. This approach is based on the Principle of Substitution, which states that when several commodities or services with substantially similar utility are available, the lower price attracts the greatest demand and the widest distribution. In other words, a prudent investor/purchaser would not pay more to acquire a given property in the market, if an equally desirable alternative property may be acquired for less.

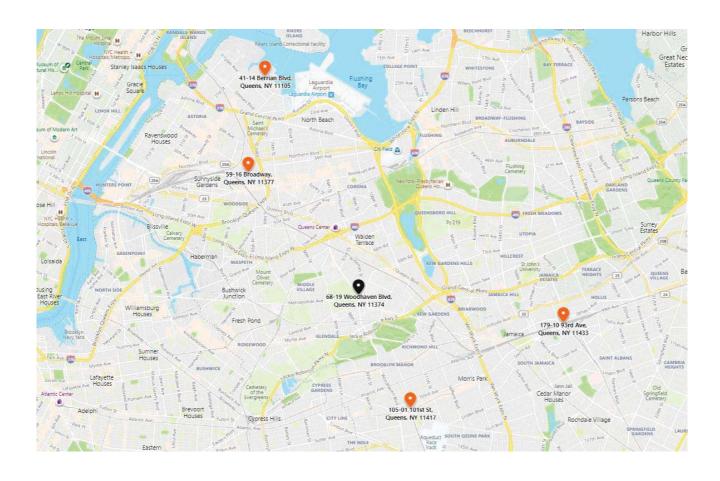
I have conducted a survey of industrial warehouse buildings similar to the subject. The search included properties of similar use, land size, zoning and building size. Given the unique use of the Subject (mix of warehouse and retail nursey) none of the comparable sales developed are exactly similar to the subject.

A series of adjustments is applied to account for pertinent differences, including an adjustment for property rights conveyed, conditions of sale, financing terms, market conditions as well as location and physical characteristics. After adjustments, the comparable sales provide a meaningful range of value indicators for the subject.

On the following pages is a Sales Comparison Adjustment Grid outlining the properties and adjustment process. Photographs and maps of the sales are located in the Addenda.

SALES COMPARISON ADJUSTMENT GRID								
68-19 Woodhaven Blvd								
Sale No.	Subject	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>			
Address	68-19 Woodhaven Blvd	59-16 Broadway	41-14 Berrian Blvd	105-01 101st Ave	179-10 93rd Avenue			
Community	Rego Park	Woodside	Astoria	Richmond Hill	Hollis			
Block and Lot		1198/40	802/41	9407/33	10322/1			
Date of Sale	4/15/2021	3/23/2020	10/30/2020	2/5/2021	2/27/2020			
Date Reocrded		3/27/2020	11/9/2020	2/25/2021	3/6/2020			
			Berrian Realty	26th Street Partners				
Grantor		Bertuccio Estates Inc	Corporation	LLC	PTP 29 LLC			
		Kew Forest	CHEND : HC	00.0	GG02 I			
Grantee	NT/A	Woodside, LLC	SHLP Berrian LLC	88 Dynasty LLC	CS93 Inc.			
Indicated Sales Price	N/A	\$6,500,000	\$6,000,000	\$3,750,000	\$6,000,000			
DESCRIPTIVE INFORM		4.6.000	24.000	40.556	24.550			
Estimated GBA (SF)	15,637	16,800	24,800	10,576	21,550			
Site Area:	26,152	16,900	27,003	10,000	25,870			
Land to Building Ratio:	1.67	1.01	1.09	0.95	1.20			
Zoning	R4 and C8-1	R5	M1-1	R6B/C2-3	M1-2			
FAR	0.75	1.25	1	2	2			
No. Stories	1	1	1	1	1			
Age	1930/1966	1963	1952	1930	1931			
Condition	Average	Superior	Inferior	Superior	Superior			
Ceiling Height	8/14	14'	15'	12	14			
Overhead Doors	2	2	2	2	2			
Price per SF of GBA	N/A	\$386.90	\$241.94	\$354.58	\$278.42			

## SALES COMPARABLES MAP



SALES COMPARISON ADJUSTMENT GRID								
		68-19 Woodhay						
Sale No.	Subject	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>			
		•	41-14 Berrian Blvd		179-10 93rd Avenue			
Community	Rego Park	Woodside	Astoria	Richmond Hill	Hollis			
Block and Lot		1198/40	802/41	9407/33	10322/1			
Date of Sale	4/15/2021	3/23/2020	10/30/2020	2/5/2021	2/27/2020			
Date Reocrded		3/27/2020	11/9/2020	2/25/2021	3/6/2020			
			Berrian Realty	26th Street Partners				
Grantor		Bertuccio Estates Inc	Corporation	LLC	PTP 29 LLC			
Grantee		Kew Forest Woodside, LLC	SHLP Berrian LLC	88 Dynasty LLC	CS93 Inc.			
Indicated Sales Price	N/A	\$6,500,000	\$6,000,000	\$3,750,000	\$6,000,000			
DESCRIPTIVE INFORMATION	IVA	\$0,500,000	\$0,000,000	\$5,750,000	\$0,000,000			
Estimated GBA (SF)	15,637	16,800	24,800	10,576	21,550			
Site Area:	26,152	16,900	27,003	10,000	25,870			
Land to Building Ratio:	1.67	1.01	1.09	0.95	1.20			
_	R4 and C8-1	R5	1.09 M1-1	0.93 R6B/C2-3	M1-2			
Zoning FAR	0.75	1.25	M11-1 1	2 Rob/C2-3	2			
No. Stories	0.75	1.25	1	1	1			
		1963	1952	1930	=			
Age	1930/1966				1931			
Condition	Average	Superior	Inferior	Superior	Superior			
Ceiling Height	8/14	14'	15'	12	14			
Overhead Doors	2	2	2	2	2			
Price per SF of GBA	N/A	\$386.90	\$241.94	\$354.58	\$278.42			
Real Estate Taxes	\$24,254	\$63,972	\$78,719	\$51,549	\$94,903			
Real Estate Taxes PSF (	\$3.60	\$3.81	\$3.17	\$4.87	\$4.40			
ADJUSTMENTS								
Adjustment for Property Rights Co	onveyed	-5%	0%	-5%	-5%			
Adjusted Sale Price Per Sq. Ft.	\$367.56	\$241.94	\$336.85	\$264.50				
Adjustment for Conditions of Sale		0%	0%	0%	0%			
Adjusted Sale Price Per Sq. Ft.		\$367.56	\$241.94	\$336.85	\$264.50			
Financing Adjustment		0%	0%	0%	0%			
Adjusted Sale Price Per Sq. Ft.		\$367.56	\$241.94	\$336.85	\$264.50			
Adjustment for Market Conditions								
Time (Months)		13	6	2	14			
Percent Adjustment (Rounded)		0.0%	0.0%	0.0%	0.0%			
Adjusted Sale Price Per Sq. Ft.		\$367.56	\$241.94	\$336.85	\$264.50			
ADDITIONAL ADJUSTMENTS								
Location		-15.0%	5.0%	0.0%	0.0%			
Building Size		0.0%	0.0%	-10.0%	0.0%			
LTB Ratio/Parking/Zoning		0.0%	0.0%	5.0%	0.0%			
Zoning		0.0%	5.0%	0.0%	5.0%			
Age/Condition		-15.0%	0.0%	-10.0%	-5.0%			
Utility		0.0%	0.0%	-10.0%	0.0%			
Total Adjustment		-30.0%	10.0%	-25.0%	0.0%			
ADJUSTED PRICE PER SF OF O	CD A	\$257.29	\$266.13	\$252.64	\$264.50			

#### MARKET DATA ADJUSTMENT ANALYSIS

#### Introduction

The market analysis includes four (4) sales of industrial warehouse buildings within the subject's competitive market area. The sales are adjusted for differences with the subject, including property rights conveyed, conditions of sale, financing terms, market conditions (date of sale), location / exposure, land-to-building / parking ratio/ zoning, building size, age & condition, and utility.

#### TRANSACTION ADJUSTMENTS

#### **Property Rights Conveyed**

The Subject is occupied by an is related to one of the property owners and automotive tenant. An adjustment is required to account for the differences in the property rights conveyed, based upon identifiable differences between the subject and respective sales. These differences may include any form of encumbrance, restriction, easement, or covenant. Most often, the identification and comparison of a fee simple to a leased fee interest is addressed.

Investigations were conducted with each comparable sale to determine the property rights conveyed. I have not applied any adjustments to the sales as compared to the Subject because the current improvements represent the leased fee interest which is similar to the sales.

#### CONDITIONS OF SALE

No unusual conditions were revealed during the verification process and no adjustments are warranted.

#### FINANCING

All sales were cash or its equivalent in financing; no adjustments are necessary.

#### MARKET CONDITIONS

All of the comparable sales analyzed have transpired since February 2020. All of the sales occurred during the Covid crisis and reflect the same market condition factors which are present in the current market. The "As Is" valuation date is April 15, 2021. The nascent real estate recovery is turning out to be a reallocation of capital that had been building during the economic closures. Like all markets under stress purchasers are seeking opportunities because some owners may have no alternative but to sell. I have not adjusted the sales for negative changes in market conditions because there is no supported evidence, other than diminished sales activity, that would support any adjustment for market conditions.

#### PROPERTY ADJUSTMENTS

#### LOCATION / EXPOSURE

The subject property is located on the northeast corner of Woodhaven Boulevard and 68th Road within the Rego Park section of Queens County. Access to major roadways is average with the closest major commercial highway located 3 miles north and 4 miles south. All the comparable sales are located within the same industrial submarket (Northeast/west Queens) as the subject.

Sale No. 1 is located north of the Subject on Queens Boulevard with superior access. I have adjusted this sale downward.

Sale No. 2 is located in the Ditmars Industrial area, which has limited access to commercial roads. I adjusted this sale upward for location.

Sale Nos. 3 and 4 are located east and south of the Subject with similar access to commercial roadways. No adjustments have been applied.

#### **SIZE**

Typically, smaller buildings appeal to a greater pool of buyers, and due to greater demand, frequently command a higher price per square foot. The subject site is improved with a freestanding industrial warehouse building with a gross building area of  $15,637\pm$  square feet.

Sale Nos, 1, 2 and 4 approximate the subject's size and do not merit adjustments.

Sale No. 3 is smaller than the Subject by 1/3. I applied a downward adjustment to reflect the premium associated with acquiring a smaller property.

#### LAND TO BUILDING / PARKING RATIO

The lower the land-to-building ratio, the less land value that is included in the price per square foot of building area (and vice-versa). This is effectively a parking adjustment. The subject has a land-to-building ratio of 1.67:1.00. The excess land area is currently utilized as storage.

Sale Nos. 1, 2 and 4 have land-to-building ratio similar to the Subject and offer ample on-site parking. These sales require no adjustment.

Sale No. 3 has inferior land-to-building ratios as compared to the subject and lack on-site parking. Appropriate upward adjustments have been applied to these sales.

#### ZONING

The Subject is located in a split zoning district R4 residential with a C8-1 commercial zoning. Because of the split zone the FAR is based on the zoning with the greatest lot coverage, which is the R4 zone.

Sale Nos. 1 and 3 have similar zoning and no adjustment is warranted.

Sale Nos. 2 and 4 are located in manufacturing zoning districts and are limited in potential development use, even though the FAR is higher. I adjusted these two sales upward for the inferior zoning.

#### **AGE & CONDITION**

The subject improvements were constructed circa 1960 and was observed in average condition.

Sale Nos. 1, 3 and 4 are of average quality but are superior in condition as compared to the Subject. These sales require downward adjustments.

Sale Nos. 2 was observed in similar condition relative to the subject and no adjustment is applied.

#### **UTILITY**

This adjustment considers functional design, with particular attention to market recognized features, such as ceiling height, extent of office (finished) space, layout, and design (number of stories).

All the sales offer a similar layout in terms of layout as the Subject. No adjustments are applied.

In terms of ceiling height, Sale No. 3 requires a downward adjustment because the primary building has 18-foot ceiling heights.

#### SALES COMPARISON APPROACH CONCLUSION

Prior to adjustment, the comparable sales present a range of \$242 to \$387 per square foot of GBA. After considering adjustments, the comparable range spans from \$253 to \$267 per square foot of GBA. The indicated mean is \$260 per square foot and the indicated median is \$260 per square foot.

Per Square Foot of GBA						
	<b>Unadjusted</b>	<u>Adjusted</u>				
Low	\$241.94	\$252.64				
High	\$386.90	\$266.13				
Mean	\$315.46	\$260.14				
Median	\$316.50	\$260.90				

Each of the presented Sales is within the subject's competitive market area. All of the sales required adjustments for several factors and are worthy of consideration. After careful consideration and analysis of available market data, the indicated market value of the subject property via the Sales Comparison Approach is estimated to be \$260.00 per square foot.

The concluded "As Is" Market Value estimate of the subject property via the Sales Comparison Approach is presented below.

BUILDING SIZE (± SF)	×	ESTIMATED VALUE/SF	=	Indicated Market Value
15,637	×	\$260	=	\$4,065,620

INDICATED MARKET VALUE ESTIMATE VIA THE SALES COMPARISON APPROACH:

\$4.050,000

#### **INCOME CAPITALIZATION APPROACH**

#### Introduction

The Income Capitalization Approach is based upon the premise that the value of a property is equivalent to the anticipated benefits to be derived from ownership. That is, there is a direct relationship between potential income generated by a property and the property's value. A typical investor values an income producing property by converting the anticipated benefits of ownership into a value estimate.

Direct Capitalization is the method used to convert a single year's estimate of income into a valuation estimate. A Discounted Cash Flow analysis is utilized when the future income is expected to be variable as a result of numerous leases or changes in income and expenses. Institutional buyers of income property typically place the greatest weight on this analysis. The Discounted Cash Flow analysis specifies the quantity, variability, timing and duration of the net operating income (NOI) and cash flows.

For purposes of this analysis, the Direct Capitalization method was utilized. The Income Approach must consider the following:

**ESTIMATE OF NET INCOME** – The appraiser projects potential gross income (PGI), estimates a vacancy and collection loss in order to derive an estimate of effective gross income (EGI), deducts operating expenses (fixed, variable and reserves) to arrive at an estimate of net operating income (NOI). It is the net income that is capitalized. The appraiser also considers the amount, quality and duration of the income stream.

CAPITAL RECOVERY – The investor recovers the original investment through periodic payments and in the ultimate resale of the property. The capital recovery may be built into the ratio of annual income to value or, in discounting; it may be explicitly estimated as a resale value and taken into account.

**ESTIMATE OF RATES** – The capitalization (or discount) rate is built up by considering rates available in the marketplace for mortgages and for competing equity investments.

#### **SUBJECT INCOME AND OCCUPANCY**

The site is improved with a 15,637± square foot, one-story, masonry-constructed industrial building.

The subject is 100% occupied, with two (2) tenants (warehouse and retail nursey), one of which is an is related to one of the property owners'. The current leases were signed over 10 years ago and are significantly below market levels.

68-19 Woodhaven Blvd							
		15,637	-/-SF				
		Projected					
Florist/Garden Cente	4,537	\$51,996	\$11.46				
Automotive Repair	11,100	\$60,984	\$5.49				
Real Estate Tax Recover	ry	\$56,304	\$3.60				
<b>Potential Gross Incom</b>	e	\$169,284	\$10.83				

#### MARKET RENTAL DATA

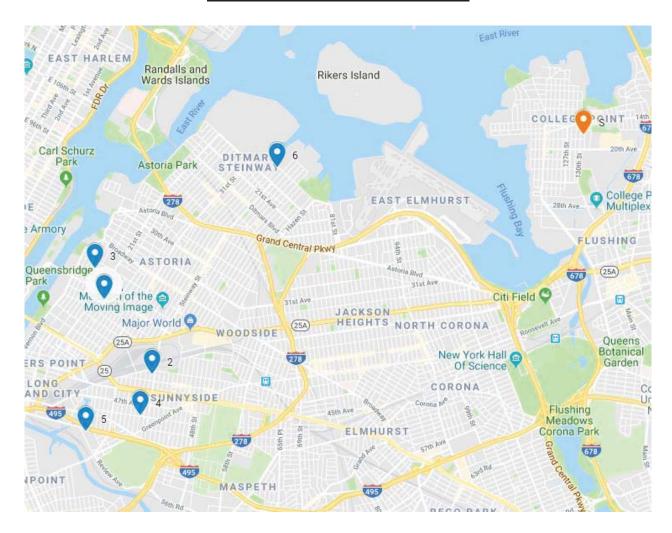
I presented an in-depth survey of retail and warehouse rents under the Neighborhood Analysis. The table below represents a summary of both retail and warehouse rent comparables used to develop the estimate of market rent for the Subject given that one lease is retail store (related to the property owner) and the second lease (automotive tenant expires in 9 months).

#### RENT COMPARABLES - INDUSTRIAL UNITS

The leases are located west of the Subject in Astoria or Long Island City. Each of the comparable leases is structured under semi-net terms whereby the tenant is responsible for all utilities and real estate tax increases over the base year. The landlord is responsible for base year real estate taxes, insurance, professional fees, and structural repairs.

	Warehouse Leases										
No.	Location	Tenant	Lease Commencement	Area (SF)	Term (Years)	Rent/SF	Expense Obligations	Comments			
1	36-40 22nd Street, Long Island City	Ace Metal Finishing	Dec-20	10,000	3	\$16.00	Semi-Net	Single unit, 1-story industrial building constructed ca. 1982. 18' height. Tenant pays own utilities and tax increases.			
2	39-01 22nd St, Long Island City	Ravioli Store	Aug-20	10,000	5	\$15.00	Semi-Net	Single occupant industrial building w/one loading door and 20' height. Tenant pays own utilities.			
3	41-43 39th Street, Long Island City	Confidential	Jun-20	10,062	5	\$16.00	Semi-Net	Grade level unit in 20,000 square foot building constructed 1930. 16' height. Tenant pays own utilities and tax increases.			
4	55-06 43rd Street, Maspeth	Navillus Tile	Jun-20	7,000	5	\$17.31	Semi-Net	One-story industrial building with 2 loading doors, 16' ceiling height. Tenant pays heat and utilities.			
5	54-08 43rd Street Maspeth	Fatima Brothers	Jan-20	8,000	5	\$18.00	Semi-Net	Single-tenant, warehouse building with 14± foot clear ceiling height built circa 1949.			
6	36-40 31st Street, Long Island City	Queens County Auto Service	Jan-20	9,000	5	\$21.33	Semi-Net	1-story single-tenant industrial building constructed circa 1959, 16' ceiling height, 1 drive-in door, in average condition.			
7	21-09 Borden Avenue, Long Island City	Confidential	Jul-19	6,000	3	\$19.00	Semi-Net	4-story multi-tenant industrial building with 168,000 square feet built in 1930, 12' ceiling height, average condition.			
8	30-30A 60th Street, Woodside	Confidential	Jul-19	22,000	5	\$20.40	Semi-Net	2-story multi-tenant industrial condominium building with 291,454 square feet built in 1975, 18 - 21' ceiling height, average condition.			
9	10-16 46th Avenue, Long Island City	LIC Flea Market	Jun-19	6,500	10	\$20.00	Semi-Net	2-story multi-tenant industrial building with 50,000 square feet built in 1940, 12' ceiling height, fair condition.			
10	34-01/19 Queens Blvd, Long Island City	Giant Art	Mar-19	6,200	10	\$25.00	Semi-Net	4-story multi-tenant industrial building with 168,000 square feet built in 1982, renovated in 2004, 12' ceiling height, good condition.			
11	55-70 60th Street, Maspeth	2 Gosse, LLC	Feb-19	12,800	5	\$16.41	Semi-Net	One-story and partial above grade basement industrial building ca. 1920. 2 OHD and 14'-16' ceilings.			

#### RENT COMPARABLES – LOCATION MAP



#### ANALYSIS OF MARKET RENTAL DATA

The subject is situated within the Northeast Queens Industrial submarket. According to the CoStar real estate service 1st Quarter 2021 Long Island Industrial Market survey, industrial properties within the Northeast Queens submarket have an indicated average asking rent of \$25.12 per square foot (semi-net). In addition to the Northeast Queens Industrial submarket, I have also conducted an analysis targeting industrial spaces within the subject's immediate area. According to the analysis of 147 existing industrial buildings, industrial units yielded an average starting (market) rent of \$21.01 per square foot (semi-net).



My comparable rent survey consists of eleven (11) closed leases. All rents are structured under semi-net terms with the tenant paying base rent, all utilities and real estate taxes over base year. The leases within my comparable rent survey range from \$15.005 to \$25.00 per square foot having an average of \$18.59 per square foot and a median of \$18.00 per square foot.

All of the rents have similar components of finished office spaces and access and similar warehouse clear ceiling heights. With the exception of Rent No. 6, none of the comparable rentals possess onsite parking.

#### ESTIMATE OF MARKET RENT

I have considered the subject's feature set (effective age, condition, office space, clear ceiling height and overhead doors) in comparison to the comparable spaces. The most notable feature of the subject property is its abundance of land, which provides for parking and outdoor storage areas.

It is reasonably assumed, that the subject, with its superior availability of land permits for parking and storage, will command a higher market rent.

I have estimated a market rental rate of \$25.00 per square foot on semi-net basis for the space under 5,000 square feet (florist) and \$20.00 for space over 8,000 square feet (automotive). The leases would be structured under semi-net basis with the tenant paying for base rent, all utilities and real estate taxes over the base year.

Stabilized Income & Expense Summary								
68-19 Woodhaven Blvd								
					15,637			
		Actual			Projected			
Florist/Garden Cente	4,537	\$51,996	\$11.46	)	\$113,425			
Automotive Repair	11,100	\$60,984	\$5.49	)	\$222,000			
Real Estate Tax Recover	ry	<u>\$0</u>	\$0.00	<u>)</u>	\$0			
<b>Potential Gross Incom</b>	e	\$112,980	\$7.23		\$335,425			
Less: Vacancy and Credit Loss @		\$4,519		5.0%	\$16,771			
Effective Gross Incom	e	\$108,461	\$6.94	,	\$318,654			
Operating Expenses		Annual	PSF	% of EGI				
Real Estate Taxes		\$0	\$3.60	17.7%	\$56,304			
Insurance		\$0	\$0.50	2.5%	\$7,819			
Repairs and Maintenance	e	\$0	\$0.96	4.7%	\$15,000			
Professional Fees		\$0	\$0.19	0.9%	\$3,000			
Management Fee		\$0	\$1.02	5.0%	\$15,933			
Reserves for Replaceme	nt	<u>\$0</u>	\$0.22	1.1%	\$3,500			
Total Operating Exper	nses	\$0	\$6.49	31.9%	\$101,556			
Net Operating Income				\$108,461	\$217,098			

#### STABILIZATION OF COMMERCIAL INCOME

I have applied market rent for the retail store (related to the property owner) space and soon to expire lease to for the automotive tenant.

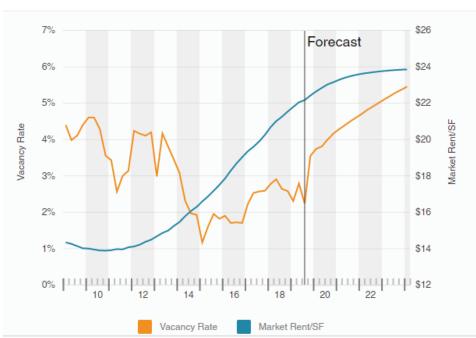
#### **ANNUAL POTENTIAL GROSS RENTAL INCOME:**

\$335,425

#### VACANCY AND COLLECTION ALLOWANCE

The typical investor will make an allowance for potential income losses due to vacancy and non-payment of rent. The subject is located within the Northeast Queens Industrial Submarket. According to the Costar Survey the vacancy rate is 2.1% for the 147 existing industrial buildings surveyed.





Based on the subject's size, location, salient building features, overall condition, and current economic conditions, I have selected a 5.00% general vacancy and collection loss provision.

The total vacancy and collection loss equate to \$16,771.

#### TOTAL EFFECTIVE GROSS INCOME

\$318,654

#### HISTORICAL INCOME AND OPERATING EXPENSE DATA

The improvements are net leased and there are not reported expenses. Operating expense comparables were taken from the reported expense amounts from a cross-section of industrial buildings (177 industrial buildings) within New York City. Below is a tabular summary of the data:

OPERATING EXPENSES COMPARABLES						
	Average	Median				
Insurance	\$0.89	\$0.62				
Management	\$0.94	\$0.75				
Repairs & Maintenance	\$1.04	\$0.70				
Total Expenses	\$4.21	\$3.29				

#### **OPERATING EXPENSE ANALYSIS**

**REAL ESTATE TAXES** – The subject's real estate taxes are deemed to be in line with the general industrial market. As such, I have adopted the current real estate taxes which are \$56,304 or \$3.60 per square foot of GBA.

INSURANCE –The expense comparables range average \$0.89 per square foot with a median of \$0.62 per square foot. I have stabilized this expense at \$7,819 per annum or \$0.50 per square foot of GBA.

**MANAGEMENT & LEASING** – Professional management for commercial real estate typically range from 3% to 5% of effective gross income.

The average management fee for this use class was reported at 2.50% as of Q1 2021, with a range of 2.0% to 3.0%. Leasing commissions were reported at 5.5% (renewals). Given the tenancy / layout of the subject, I have reconciled this expense at **5.0% of EGI**, which is consistent with typical market practices for a property of this size.

Exhibit 4
MANAGEMENT FEES AND LEASING COMMISSIONS
First Quarter 2021

First Quarter 2021

St Quarter 2021								
	MANAGEMENT FEES (As a % of EGR)		LEASING COMMI NEW LEASE	ISSIONS (a)	RENEWAL LE	RENEWAL LEASE		
	Range	Average	Range	Averag	e Range	Average		
Industrial								
National Warehouse	0.50% - 4.00%	2.50%	3.00% - 8.30%	5.92%	2.00% - 6.50%	3.91%		
ENC Region Warehouse	2.00% - 3.00%	2.50%	4.00% - 6.00%	5.50%	2.00% - 6.00%	4.00%		
Pacific Region Warehouse	1.50% - 3.00%	2.40%	4.00% - 7.50%	5.95%	2.50% - 6.00%	3.20%		

LEGAL AND PROFESSIONAL FEES – A reasonable expense for annual legal and professional fees is estimated at \$3,000 per annum.

RESERVES – An owner would reserve for the replacement and repair of structural items. Based on the new construction of the subject property, I have reconciled this item at \$0.22 per square foot, which equates to \$3,500 per annum.

## Exhibit 3 REPLACEMENT RESERVES PER SQUARE FOOT

CURRENT QUARTER YEAR AGO Range Average Range **Average** Industrial National Warehouse \$0.05 - \$0.35 \$0.15 \$0.05 - \$0.35 \$0.15 ENC Region Warehouse \$0.05 - \$0.20 \$0.13 \$0.40 - \$0.90 \$0.18 Pacific Region Warehouse \$0.05 - \$0.35 \$0.15 \$0.05 - \$0.35

Total projected operating expenses equate to \$206,311, or \$5.85 per square foot, or 21.24% of the Effective Gross Income.

#### CAPITALIZATION OF INCOME

Net operating income is capitalized into a value estimate by using an overall rate. The overall rate expresses the relationship between net operating income and value. I employed the mortgage-equity analysis in our development of an overall capitalization rate. This analysis considers the returns required by equity investors and mortgage lenders.

#### **Published Indexes**

The primary investment surveys used are the PwC Real Estate Investor Survey and the Situs RERC Real Estate Report. These are used in addition to surveys of market participants routinely performed during this and prior assignments.

Recent trends for IRR's, residual and going-in capitalization rates are detailed below and on the following page. Note that the rates are quoted on unleveraged, all-cash transactions.

I note that the PwC survey provides a synopsis of investor perceptions in terms of market rent changes, expense changes and marketing time.

According to the 4th Quarter 2020 PwC Survey, investors, and investment advisors active in the ENC Region Warehouse Market reported the following trends:

Table 26 **ENC REGION WAREHOUSE MARKET** 

Fourth Quarter 2020

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR) <sup>a</sup>					
Range Average Change (Basis Points)	5.25% – 7.00% 6.13%	5.50% - 7.00% 6.15% - 2	5.25% – 7.00% 6.13% 0	5.50% - 7.00% 6.33% - 20	6.00% - 7.50% 6.78% - 65
OVERALL CAP RATE (OAR) <sup>a</sup>					
Range Average Change (Basis Points)	4.00% – 6.00% 5.05%	4.00% – 6.00% 5.05% 0	4.00% – 6.00% 5.00% + 5	4.25% - 6.00% 5.33% - 28	4.50% - 6.25% 5.53% - 48
RESIDUAL CAP RATE					
Range Average Change (Basis Points)	5.00% – 6.75% 5.83%	5.00% – 6.75% 5.83% 0	5.00% – 6.75% 5.83% 0	5.00% - 7.00% 6.05% - 22	6.00% - 7.00% 6.58% - 75
MARKET RENT CHANGE <sup>b</sup>					
Range Average Change (Basis Points)	0.00% – 3.00% 1.00%	0.00% - 3.00% 0.80% + 20	0.00% - 5.00% 2.85% - 185	0.00% - 5.00% 2.70% - 170	0.00% - 5.00% 2.90% - 190
EXPENSE CHANGE <sup>b</sup>					
Range Average Change (Basis Points)	2.00% - 3.00% 2.70%	2.00% - 3.00% 2.70% 0	2.00% - 3.00% 2.80% - 10	2.50% - 3.00% 2.90% - 20	2.00% - 4.00% 3.00% - 30
MARKETING TIME®					
Range	2 – 9	2 – 9	2 – 6	2 – 9	2 – 9
Average Change (▼, ▲, =)	5.0	5.0 =	4.0 ▲	4.7 ▲	5.0 =

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

<sup>43 |</sup> PwC Real Estate Investor Survey

## **ENC Region Warehouse Market**

Investors are opting to hold and sell properties in the East North Central (ENC) region warehouse market since the growth of e-commerce and a certain shift away from physical stores have accelerated due to COVID-19.

- "This sector is still benefitting from the solid performance of e-commerce," states a participant.
- The strength of the U.S. warehouse sector has a much larger portion of Survey participants (75.0%) viewing market conditions as favoring sellers – up from 25.0% last quarter.
- Like the other warehouse markets in the Survey, this market's average first-year market rent change rate sees the biggest increase this quarter up 20 basis points.

#### FORECAST VALUE CHANGE [NEXT 12 MONTHS]:

Range: (15.0%) - 8.0%

Average: (0.8%)

KEY 4Q20 SURVEY	Y STATS*	
Tenant Retention F	Rate:	
Average	68.0%	=
Range 50	.0% to 80.0%	
Months of Free Re	nt(1):	
Average	4	=
Range	1 to 10	
% of participants us	sing 100.0%	=
Market Conditions	Favor:	
Buyers	25.0%	=
Sellers	75.0%	
Neither	0.0%	•
* ▼, ▲, = change from		

The short-term impacts affecting the real estate market because of COVID-19 relating directly to purchasing activity which is down for most sectors in the real estate market, with the exception being warehouse/industrial properties and net leased properties. We recognize that the lower cost of borrowing which is implicit in the development of the capitalization rate may impact the investors determination of risk.

The RERC survey on the following page provides an indication of investor expectation through the 4th Quarter of 2020.

#### New York | First-Tier Investment Properties

	Pre-Ta	x Yield (IR	R) (%)	Going-In Cap Rate (%)			Terminal Cap Rate (%)			Anticipated 1-Year Growth Rate			
	RERC Estimate	East Region	U.S.	RERC Estimate	East Region	U.S.	RERC Estimate	East Region	U.S.	National Value	East Value	National Rent	East Ren
CBD	8.0	8.9	8.6	5.8	7.1	7.1	6.3	7.8	7.6	-2.0	-3.2	-2.6	-3.0
Suburban	8.8	9.0	8.9	6.5	7.4	7.3	7.1	8.0	7.8	-1.2	-1.6	-1.9	-2.1
Warehouse	7.6	7.7	7.9	5.5	6.0	6.4	6.2	6.7	7.0	2.7	2.9	2.4	2.9
R&D	8.1	8.4	8.5	5.8	6.9	7.1	6.3	7.6	7.7	1.4	1.3	1.2	1.4
Flex	8.3	8.5	8.4	6.1	7.0	7.1	6.7	7.6	7.7	1.7	1.9	1.3	1.1
Regional Mall	9.1	9.7	9.4	7.2	8.2	8.0	7.7	8.6	8.6	-4.0	-3.8	-3.8	-3.3
Power Center	8.9	9.1	8.9	6.9	7.8	7.7	7.2	8.1	8.2	-2.6	-2.6	-3.2	-2.7
Neigh/Comm	9.1	9.4	8.8	6.9	7.9	7.5	7.6	8.3	8.0	-0.6	0.2	-2.2	-1.7
Apartment	7.1	7.4	7.3	5.0	6.0	5.7	5.5	6.5	6.3	1.7	1.0	1.1	-0.1
Hotel	9.5	10.5	10.2	7.2	8.7	8.6	8.1	9.2	9.1	-4.1	-4.3	-3.8	-3.6

#### **Equity Position**

The real estate investor surveys report overall property yield or discount rates, assuming an all-cash purchase. However, properties like the subject are typically financed from borrowed funds. Leveraging the transaction has the effect of increasing the equity yield rate because the risks and returns of the overall property's performance are manifest in the equity position, which is typically just 25% to 35% of the overall property value.

The 4th Quarter RERC Investor survey reported an average yield rate (non-leveraged) of 7.7% for this asset class. Because of the uncertainty in terms of economic growth due to COVID, the net operating income for a property could be adversely impacted if the economy does not have a strong recovery in 2021. In the case of the Subject, we project the gross income based on market rents. The vacancy rate is low in this sub-market. Recognizing past investor sentiment and the current COVID pandemic economic impact, an equity yield rate of 10% is considered appropriate.

#### **Mortgage Position and Term**

I have established loan terms at 4.0% interest for 10 years, 25-year amortization, and a 70% loan-to-value ratio.

#### **Interest Rates**

Interest rates are directly correlated with US Treasury yields, which are impacted by the monetary policy of the Federal Reserve. The treasury yields reflect risk in terms of inflationary pressure in terms of market growth and cost of living. To stem the economic impact relating to the COVID-19 pandemic, the Federal Reserve has lowered the cost of borrowing to 0%. The lowered cost of borrowing is beginning to be reflected in lower rate offered by financial institutions.

#### Loan to Value

Lenders are altering the loan to value ratio or amortization period for loans on commercial use buildings. At present, according to both financial institutions and investors the motivating force as it relates to loan terms is the credit worthiness of the borrower and the type of asset class.

**Holding Period**: A holding period of **ten (10) years** has been assumed. This is consistent with typical holding periods considered by investors and analysts interviewed as well as the PwC investor survey. The holding period is the term of the loan, with most commercial loans offered with a 5 and 5 term. This form of lending fixes the interest rate for 5 years with an adjustment at the end of the initial 5-year term. The term of the holding period impacts the credit for equity build-up for the loan. Essentially over the term of a 10-year loan there will be a pay-off of part of the mortgage (principal pay down).

Anticipated Change in Value: The anticipated change in value for properties is the expectation the investor has based on rent growth and a reduction in property expenses. The investor could reasonably project what impact would occur and what influences on market appreciation could be realized. We project that market will experience a 1% growth annually over the holding period.

#### **Conclusion**

Based upon the preceding analyses an overall capitalization rate of 5.5% was developed. The concluded overall capitalization rate is consistent with the range of averages reported by PwC and the RERC survey, but at the lower end of the range.

As presented under the Income and Expense Statement the actual Net Operating Income currently in place is \$108,461. This represented a net lease transaction. Recognizing the below market rents and the retail store (related to the property owner) unit, the indicated value would be \$2,170,000 based on a 5.0% capitalization rate which is the going rate for net leased properties<sup>34</sup>. Based on my estimate of the "As Is" market value at \$3,950,000 the variance is \$1,780,784 which indicates a premium of \$1,400,000 was paid because the family operated florist related to the purchaser would benefit economically.

### **Mortgage Equity Analysis**

	Assumptions
Equity Yield Rate:	10.00%
Mortgage Interest Rate:	4.00%
Term (Years):	10
Amortization (Years):	25
Loan to Value Ratio:	70.00%
Holding Period (Years):	10
Average Annual Appreciation:	1.00%

Capitanzation Mate	Dett		пош
Mortgage Ratio		70.0%	
Mortgage Constant	X	0.0633	
Weighted Mortgage Rate			0.04434
Equity Ratio		30.0%	
Equity Yield Rate	X	0.10000	
Weighted Equity Yield Rate			0.03000
Weighted Average			0.07434
Less Credit for Equity Buildup			

Percent of Value x Principal Paid Off x Sinking Fund Factor 0.2864

0.06275

Anticipated Change in Value x Sinking Fund Factor

Capitalization Rate Determination

NOI	÷	OAR	=	Indicated Value
\$217,098	÷	.055	=	\$3,947,238

0.70000

0.10000

**Indicated Overall Rate** 

INDICATED "AS IS" MARKET VALUE ESTIMATE VIA THE INCOME CAPITALIZATION APPROACH (ROUNDED):

\$3,950,000

-0.01258

-0.00627

0.05548

MJW CONSULTING INC. 2021-10034

<sup>&</sup>lt;sup>34</sup> Survey in addenda

#### **CONCLUSION AND FINAL VALUE ESTIMATE**

The Subject property is a corner tax lot totaling 25,652± square feet of land area. The site is located on the northeast corner of Woodhaven Boulevard and 68th Road, in the Rego Park section of Queens County, New York. The property has 99± feet of frontage along Woodhaven Boulevard and 230± feet of frontage along 68th Road.

I have established that the retail facility totals 4,537± square feet based on the survey and the automotive repair facility totals 11,100± square feet. The combined building area is 15,637± square feet. The facility (Florist) is located at 68-19 Woodhaven Boulevard and the automotive facility is located at 85-17 68<sup>th</sup> Road. Based on the inspection I concluded that the retail facility is actually a warehouse with 30% of the space finished for retail operations.

VALUATION PREMISE

COST APPROACH (SITE VALUE) \$3,600,000 SALES COMPARISON APPROACH: \$4,050,000 INCOME CAPITALIZATION APPROACH: \$3,950,000

#### **Cost Approach**

The Cost Approach has been considered. I developed the land valuation as part of the site analysis but did not develop the cost of construction for the existing improvements. This approach is considered to be the best indicator of for land valuation. The site valuation is based on the scope of the assignment and is based on the highest and best use for the property.

#### **Sales Comparison Approach**

The Sales Comparison Approach consists of the collection and analysis of data relevant to actual sales of properties deemed comparable to the subject property. Properties that have been sold are compared to the property under appraisal and adjustments to the sale prices are made based on differences between the subject property and the comparable sales. Sales of similar buildings in the subject's market area were uncovered and sufficient data was readily available to provide a meaningful range of values from which a market value opinion could be derived for the subject.

I have concluded that the sales comparison approach provides a supportable valuation estimate based on the current use as a warehouse facility. This valuation is greater than the land value estimate, this supporting highest and best use as an interim use.

#### **Income Capitalization Approach**

The direct capitalization technique, a traditional valuation method, was applied in the income approach and uses an overall capitalization rate to convert a property's stabilized net income stream, over a specified holding period, into an estimate of value.

The projected gross income is based on market rents. A vacancy and collection loss allowance and estimated operating expenses were deducted from the forecasted gross potential rental income estimate revealing a stabilized net operating income estimate for the subject. The resulting net operating income was then capitalized into a value estimate utilizing market rates. This valuation is less than the land value estimate, this supporting highest and best use as vacant.

#### Reconciliation

The intended use of the appraisal is to establish an opinion of market value for the Client's internal business purposes. I have concluded that the highest and best use if vacant would be for the development of the property as a mixed-use residential and commercial facility property that could be improved to the maximum FAR of 0.75. The indicated site valuation established via the Cost Approach supports this conclusion.

The Sales Comparison Approach indicates a market value of \$4,050,000 based upon the current use as a warehouse facility; the Income Capitalization Approach indicates a market value of \$3,950,000.

I conclude that the maximally productive use (the highest and best use) lies in the direction of mixed-use development, since the as-vacant land value is materially close in value based upon the existing industrial use. However, the current use is economic and yields a substantial value in its own right. As such, the current use is viewed as an interim use that would ultimately yield to redevelopment.

Based upon a careful analysis of the physical, legal, and economic attributes of the property and the market data detailed herein, I estimate the Market Value of the Leased Fee Interest as of April 15, 2021, to be:

THREE MILLION NINE HUNDRED AND FIFTY THOUSAND DOLLARS (\$3,950,000)

#### LIMITING CONDITIONS AND GENERAL ASSUMPTIONS

- 1. No survey of the property has been utilized by the appraiser(s). Estimates utilized throughout this report are based upon information supplied to the appraisers by the client and through New York City Department of Finance digital tax maps and New York City Department of Buildings.
- 2. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be insurable.
- 3. Information furnished by others is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser(s).
- 4. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within this report. The property is appraised as though under responsible ownership and competent management.
- 5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering which may be required to discover them.
- 6. It is assumed that there is full compliance with all-applicable federal, state and local environmental regulations and laws unless non-conformity has been stated, defined and considered in the appraisal report.
- 7. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined and considered in the appraisal report.
- 8. It is assumed that all required licenses, consent or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value estimate contained in this report is based.
- 9. It is assumed that the improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
- 10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact the undersigned.
- 11. It is assumed that an approved survey will be submitted, conforming to the sketches and estimates as represented in this report.
- 12. This appraisal report represents a summary of the findings of the data gathering process and the appropriate appraisal analysis. All input data would have been too voluminous to include in this report. The exclusion of same does not preclude the appraiser(s) from referring to this data at a future date. If the occasion arises, the appraiser(s) reserves the right to refer to any of the source material used in the preparation of this appraisal to further clarify any item contained in this report.

- 13. The valuation techniques and data apply to this case only. They may or may not apply to other properties or situations. Unless MJW Consulting, Inc. does a full appraisal analysis according to their standards, no such implication can be assumed or inferred.
- 14. This appraisal report is meant to be presented in its entirety. If this report is presented in any form other than its complete form, it becomes invalid.
- 15. Projections utilized in this report, are based on certain assumptions and estimates concerning future events and circumstances. Future valuation estimates may be affected by events that are beyond the control of the property. These may be local, national or international in scope. It must be understood that actual results achieved during projection periods may vary from those indicated and the variations could be material.
- 16. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, asbestos, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by the appraiser(s); nor do I have any knowledge of the existence of such materials on or in the property. The existence of urea-formaldehyde foam insulation or other potentially hazardous waste material may have an effect on the value of the property. The appraiser(s) urge the client to retain an expert in this field if desired.
- 17. Maps, plats, and exhibits included herein are for illustration only; as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
- 18. This report is made for the client to who it is addressed and is to be used by said client only for the purpose stated in the report. No reliance is to be placed on this report for any other purpose nor shall it be published, distributed or shown to other parties, or disseminated to the public in any part, whether through advertising, public relations, news, or any other means of communication, without prior written consent and approval.

#### **CERTIFICATION**

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

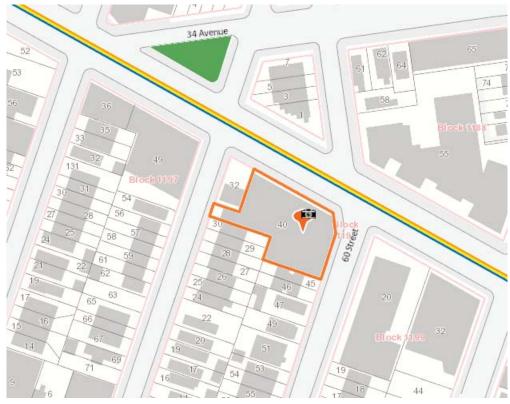
- 1. John M. Watch has inspected the subject property.
- 2. I have no contemplated future or present interest in the real estate that is the subject of this appraisal report.
- 3. That the undersigned have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- 4. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based on fact and are true and correct.
- 5. This appraisal report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this report.
- 6. This appraisal report has been made in conformity with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.
- 7. No one other than the undersigned prepared the analysis, conclusions, and opinions concerning real estate that are set forth in this appraisal report unless otherwise stated.
- 8. The use of this report is subject to the requirements of the Appraisal Institute relating to peer review by its duly authorized representatives.
- 9. That the employment of the appraiser was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.
- 10. The State of New York, Department of State in conjunction with Federal Guidelines set-forth by the appraisal sub-committee of the Federal Financial Institutions Examination Council or by the Appraiser Qualification Board of the Appraisal Foundation as referred to in Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989, have set minimum standards to be achieved for qualification as a New York State Certified Real Estate Appraiser. John M. Watch are currently certified as Real Estate Appraisers with the State of New York under this program.
- 11. The undersigned performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

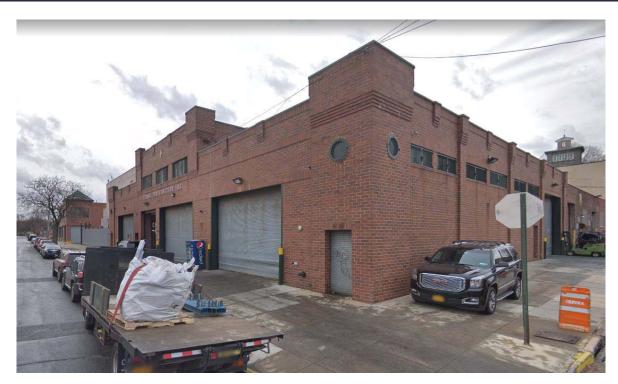
12. The undersigned has extensive experience in the appraisal of properties similar to the subject property and meets the competency provision mandated by USPAP.

John M. Watch

Certified General Real Estate Appraiser State of New York – ID #46-000002984 jwatch@standardvaluation.com **ADDENDA** 





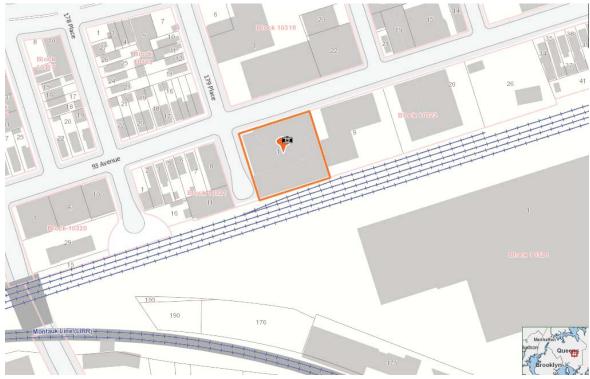




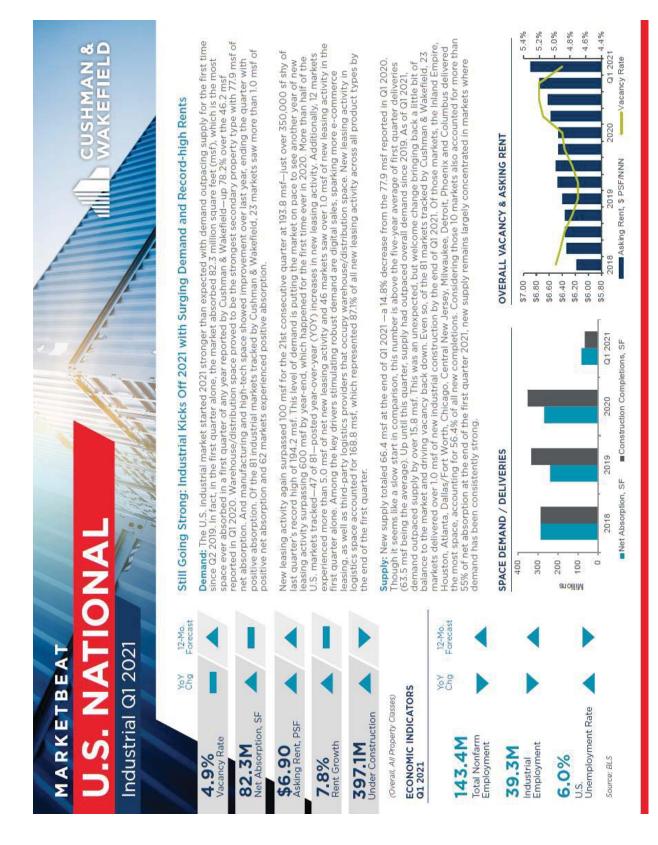








#### Cushman & Wakefield Industrial Survey



ARKETBEAT

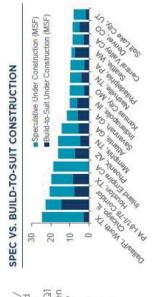
S. NATIONAL Industrial Q1 2021

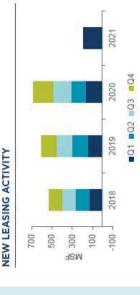
**Vacancy:** The U.S. industrial vacancy rate declined 30-basis points (bps) quarter-over quarter, coming in at 4.9% at the end of Q1 2021. Vacancy remained flat YOY, and the vacancy rate is now 170 bps below the 10-year historical average of 6.6% for all product types. This decrease is largely due to more demand in the market for quality space than supply can keep up with which can be attributed to the acceleration of e-commerce. The tightest U.S. markets continue to be Orange County, Los Angeles, philadelphaia, Central New Jersey, Nashville, Boise, Hampton Roads, Reno and Tulsa —all of which reported vacancy rates at 2.8% or lower in Q1 2021. More broadly, overall vacancy rates remained lowest in the West and Northeast regions at 4.1% and 4.5%, respectively.

Rents: The continued tight market conditions and solid demand brought on another quarter of YOY rent growth in QI 2021, increasing 7.8% from the first quarter 2020. At \$6.90 per square foot (psf), QI 2021 became another record high rental rate for the U.S. industrial market. Warehouse/distribution rents rose 4.7% during the same period to \$6.26 psf. The Northeast set the pace for overall industrial rent growth among the four regions at II.6% YOY, followed by the West at 8.3% growth YOY. Quarter-over-quarter, 56 industrial markets saw positive rent growth or held steady while 65 markets saw an increase or remained close to the same YOY. Though the pace has slowed slightly over the past several quarters, positive rent growth will continue through the end of the year.

**Construction Pipeline:** The current industrial construction pipeline has reached 397.1 msf, another new record high for the market. Of the industrial product under construction, 376.5 msf (94.8%) is warehouse/distribution product. The pipeline has now expanded 9.1% over Q4 2020—the most recent quarter to hold the title of record high pipeline—and nearly 21% over Q1 2020. The South continues to be the region with the largest construction pipeline, with over 167 msf (42.1% of the total pipeline) under construction as of Q1 2021. Though the pipeline may look as though it is showing the possibility of oversupply, the ratio between speculative and build-to-suit (BTS) space tells a different story. At Q1 2021, the industrial market had only 57.5% of speculative space under construction, leaving BTS space at 42.5%, a much more conservative pipeline ratio than we have seen in recent quarters and at the height of the previous expansion. Just over 37% of the industrial space under construction is pre-leased. The remainder of the available pipeline has enough new supply to provide occupiers with additional options for growth and with demand outpacing supply once more, the robust pipeline is welcome.







wakefield.com | 2

# Outlook

- Solid demand for industrial space will continue. Net absorption will again exceed 200 msf in 2021.
- Annual new supply in 2021 is expected to continue to outpace annual demand. Industrial supply is likely to produce around 30% more space than can be absorbed, bringing quality space to the market for occupiers to consider.
- New supply will place upward pressure on overall vacancy in the next couple of quarters with the rate rising 30-to-50 bps to between 5.2% and 5.4%.
  Asking rents will continue to increase with positive YOY growth, but new supply and more

modest demand will be headwinds that moderate the pace of overall rent growth for the year

### Cushman & Wakefield Queens Survey

FIRST QUARTER 2021

#### RETAIL/RETAIL CONDO PROPERTIES

- Dollar volume in Q1 21 was \$60M, down 46% YOY
- 23 properties were sold in Q1 21, up 15% YOY
- Price psf averaged \$484, down 13% from YE20



	ADDRESS/PORTFOLIO NAME	PRICE	GROSS SF	\$/SF
- 1	207-02 Northern Boulevard	\$9,650,000	18,250	\$529
2	136-19 41st Avenue	\$8,000,000	7,358	\$1,087
3	138-42 Jamaica Avenue	\$6,500,000	13,000	\$500
4	82-06-82-26 Northern Boulevard	\$5,000,000	33,830	\$148
5	90-02 Atlantic Avenue	\$4,125,000	30,600	\$135
6	86-22 Broadway	\$4,000,000	4,700	\$851
7	54-01—54-05 99th Street	\$3,750,000	8,088	\$464
8	32-62 Steinway Street	\$3,300,000	7,750	\$426
9	149-22-149-24 41st Avenue	\$3,200,000	4,656	\$687
10	64-01 Fresh Pond Road	\$2,700,000	20,000	\$135
11	23-91 21st Street	\$1,950,000	5,188	\$376
12	31-65 Steinway Street	\$1,800,000	2,344	\$768
13	31-76 Steinway Street	\$1,775,000	2,160	\$822
14	31-70 Steinway Street	\$1,100,000	2,200	\$500

#### INDUSTRIAL PROPERTIES

- Dollar volume in Q1 21 was \$54M, up 8% YOY
- 16 properties were sold in Q1 21, flat YOY
- Price psf averaged \$420, up 21% from YE20



	ADDRESS/PORTFOLIO NAME	PRICE	GROSS SF	\$/SF
1	42-26 13th Street	\$8,050,000	19,250	\$418
2	TI-06 Broadway	\$7,000,000	14,800	\$473
3	47-55 58th Street	\$6,600,000	23,000	\$287
4	13-15 37th Avenue	\$5,400,000	20,100	\$269
5	175-14 147th Avenue	\$5,350,000	10,550	\$507
6	41-31 39th Street	\$3,825,000	7,000	\$546
7	105-01101st Avenue	\$3,750,000	10,576	\$355
8	43-67 11th Street	\$3,385,000	5,840	\$580
9	69-41 Calamus Avenue	\$2,175,000	4,587	\$474
10	22-07 37th Avenue	\$1,900,000	4,500	\$422
11	36-28 23rd Street	\$1,675,000	4,000	\$419
12	108-45 Merrick Boulevard	\$1,550,000	6,725	\$230
13	602 Beach 63rd Street	\$1,500,000	5,000	\$300
14	24-18 41st Street	\$1,750,000	2,385	\$524
15	72-33 Grand Avenue	\$1,000,000	2,000	\$500



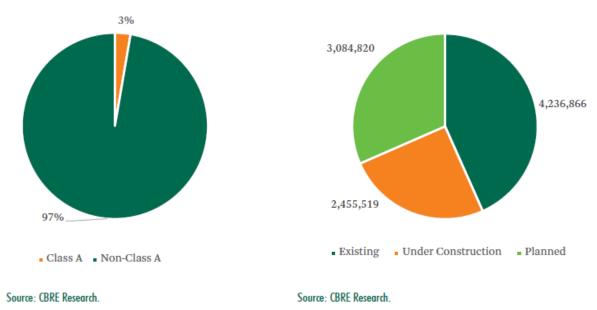
## Surging Demand for Large Modern Warehouses Spurs New Industrial Development in NYC

Historically, the New Jersey market received most large industrial requirements within the New York City metro region, as the state's abundance of sizable, modern warehouse and distribution facilities along major interstate highways offers excellent access to the regional customer base, including New York City. However, as consumers increasingly shift their purchases to online channels and their expectations to one-day, same-day, and even one-hour delivery, many retailers and third-party logistics (3PL) providers are seeking out large warehouse and distribution spaces closer to their NYC customers. Several notable tenants have recently satisfied large requirements within the city's five boroughs. In late 2019, Amazon completed a lease for 450,000 sq. ft. in Staten Island, which is among the 1.5 million sq. ft. of space they have leased across the city, including in the Bronx and Queens, in the last two years. UPS leased over 775,000 sq. ft. of industrial space in Brooklyn and Queens in the last three years, while the United States Postal Service has taken over 100,000 sq. ft. of industrial space in Brooklyn and Queens.

While a great deal of industrial demand has emerged in New York City in recent years, a very limited supply of large, modern industrial space is available for immediate occupancy. Among the more than 2,800 industrial buildings in NYC's current inventory, the average building is over 70 years old, and most are characterized by low ceiling heights, small floor plates and few loading docks—traits ill-suited to the needs of modern ecommerce and 3PL warehouse and logistics operations. Currently, NYC only has 3.5 million sq. ft. of available space in large, contiguous blocks of 50,000 sq. ft. or more. Even tighter is the inventory of space in NYC that meets even the broadest standards of the Class A market:

clear ceiling heights over 26 ft. in buildings over 100,000 sq. ft. built after 1996. The current 4.2 million sq. ft. of total Class A inventory has no availability. With over 35 tenants in the market looking for a combined square footage of as much as 1.8 million sq. ft., a clear shortage of quality supply exists to meet the current demand.

Figure 1: Existing Inventory | New York City | Figure 2: Class A Inventory (in sq. ft.) | New York City

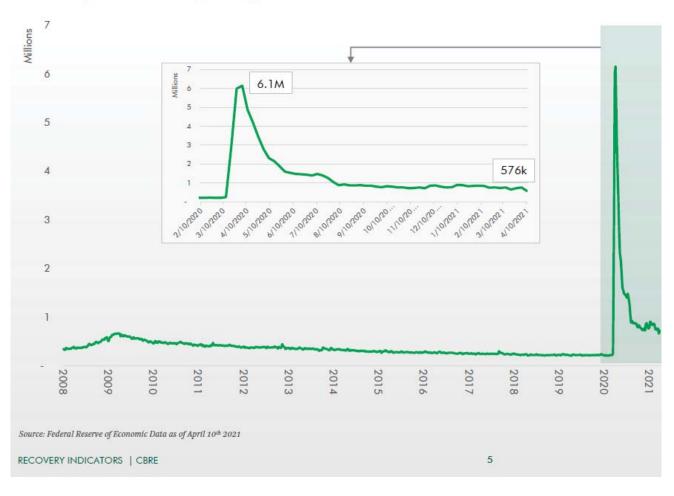


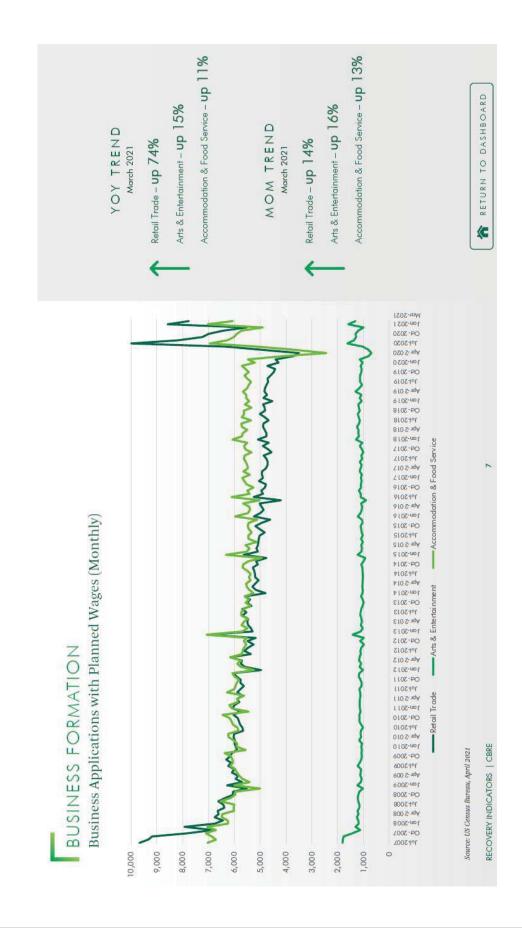
This condition is poised to change. Developers and investors are jumping into the NYC industrial market to seize the opportunities presented by changing consumer demands, and are starting development on several projects, most of which are being built on a speculative basis. These new developments have high ceilings, well-placed docking stations, and larger floor plates in order to maximize warehouse and logistics space. There are currently eleven major industrial properties under construction and seven have over 50,000 sq. ft. of contiguous available space. Asking rents on these projects range from \$13.50 per square foot in Staten Island, which compares favorably to top rents of \$15 per sq. ft. for similar product in New Jersey, to over \$30 per sq. ft. in Brooklyn and



## JOBLESS CLAIMS

### Initial Jobless Claims (Weekly)





## YOY & MOM TRENDS

	Monthly Growth	March Year-Over- Year Growth
Restaurants	13%	36%
Grocery	1%	-14%
NonStore	6%	29%
Home Improvement	12%	31%
Furniture & Home Furnishings	6%	47%
Health & Personal Care	6%	6%
Clothing & Accessories	18%	101%
Department Store	13%	26%
Sporting Good, Hobby & Book	24%	73%



## KEY RETAIL CATEGORIES

## Monthly Retail Sales (\$ Mn.) Restaurant Sales



#### **Boulder Group Net Lease Survey**





Number of Locations:	5,861	LEASE OVERVIEW	
CAP RATE OVERVIEW		Typical Lease Type:	Fee Simple or Ground Lease
5 Year Term:	7.15%	Typical Lease Term:	15 Years
10 Year Term:	6.00%	Typical Lease Escalations:	Flat Initial Term
15 Year Term:	5.55%	Average Rent:	\$105,000
20 Year Term:	5.30%	Average Sale Price:	\$1,825,000

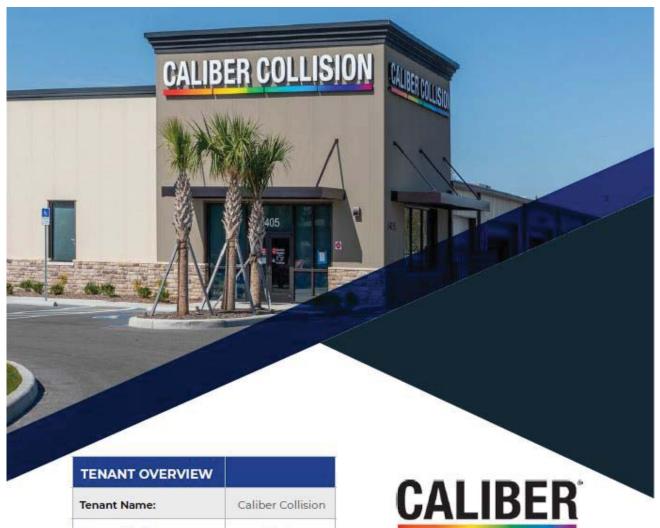
- III -



CAP RATE OVERVIEW		
5 Year Term:	6.85%	
10 Year Term:	6.25%	
15 Year Term:	5.25%	
20 Year Term:	4.90%	

LEASE OVERVIEW	
Typical Lease Type:	Triple Net
Typical Lease Term:	20 Years
Typical Lease Escalations:	10% Every 5 Years
Average Rent:	\$175,000
Average Sale Price:	\$3,000,000

-16-



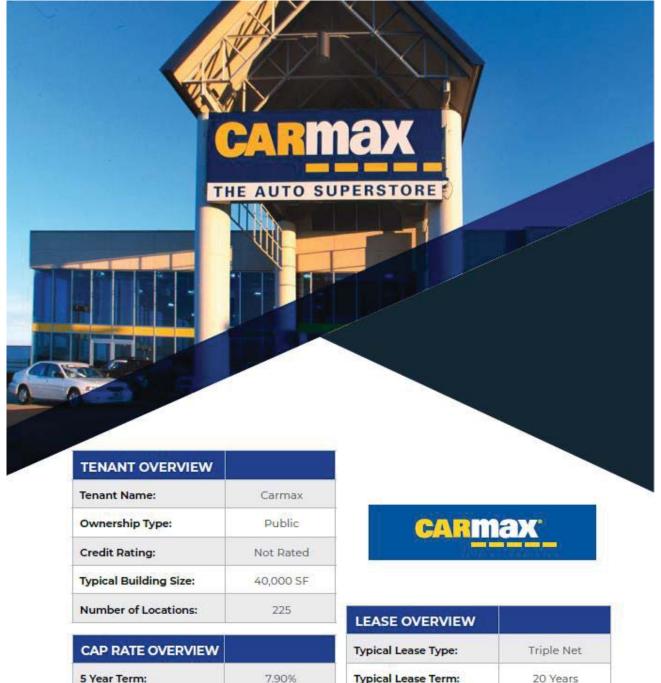
TENANT OVERVIEW	
Tenant Name:	Caliber Collision
Ownership Type:	Private
Credit Rating:	Not Rated
Typical Building Size:	17,000 SF
Number of Locations:	1,200

CAP RATE OVERVIEW	
5 Year Term:	7.15%
10 Year Term:	6.50%
15 Year Term:	6.00%



LEASE OVERVIEW	
Typical Lease Type:	Triple Net
Typical Lease Term:	15 Years
Typical Lease Escalations:	10% Every 5 Years
Average Rent:	\$230,000
Average Sale Price:	\$3,700,000

- 19 -



 7.90%
 Typical Lease Term:
 20 Years

 7.25%
 Typical Lease Escalations:
 Flat Initial Term

 6.80%
 Average Rent:
 \$1,000,000

 6.40%
 Average Sale Price:
 \$14,500,000

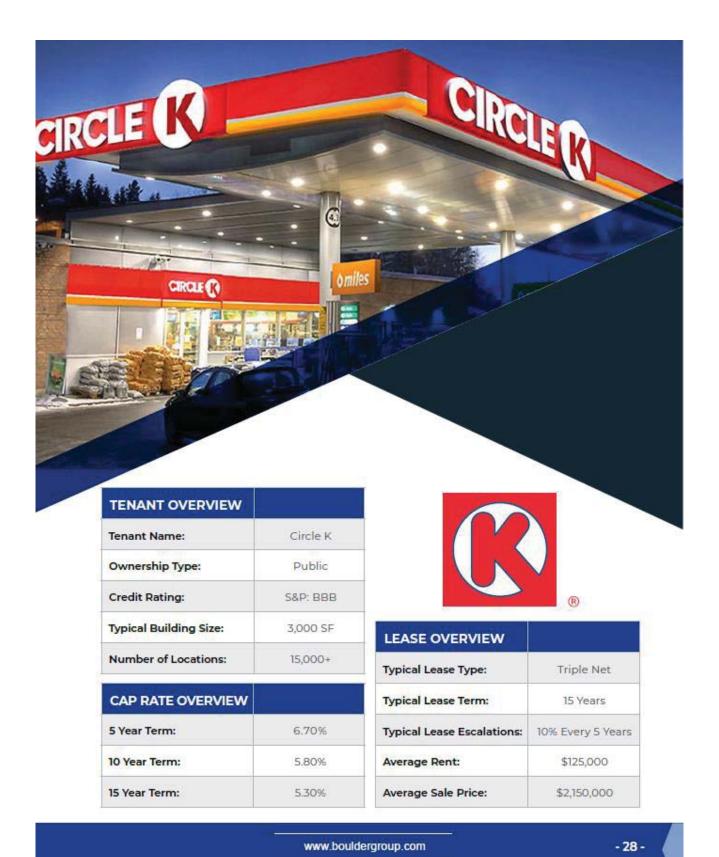
www.bouldergroup.com

10 Year Term:

15 Year Term:

20 Year Term:

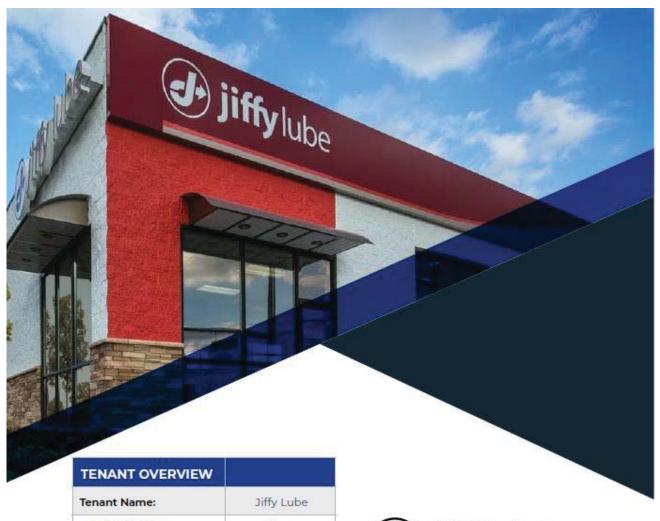
- 21 -



MJW CONSULTING INC. 2021-10034



MJW CONSULTING INC. 2021-10034



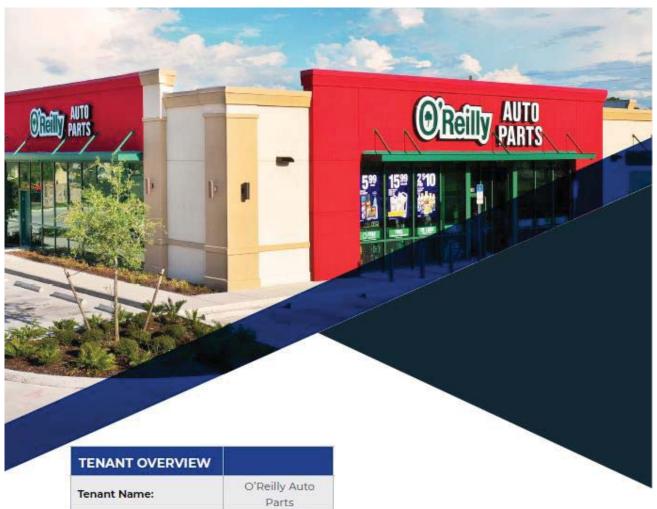
of an electric later 2 had all an electric later below to be	44
Tenant Name:	Jiffy Lube
Ownership Type:	Private
Credit Rating:	Not Rated
Typical Building Size:	2,500 SF
Number of Locations:	2,200

CAP RATE OVERVIEW		
5 Year Term:	7.00%	
10 Year Term:	6.25%	
15 Year Term:	5.75%	
20 Year Term:	5.50%	



LEASE OVERVIEW	
Typical Lease Type:	Triple Net
Typical Lease Term:	20 Years
Typical Lease Escalations:	10% Every 5 Years
Average Rent:	\$122,000
Average Sale Price:	\$1,950,000

- 50



Tenant Name:

O'Reilly Auto
Parts

Ownership Type:

Public

Credit Rating:

S&P: BBB

Typical Building Size:

7,000 SF

Number of Locations:

5,219

CAP RATE OVERVIEW	
5 Year Term:	6.75%
10 Year Term:	6.30%
15 Year Term:	5.90%
20 Year Term:	5.40%



LEASE OVERVIEW	
Typical Lease Type:	Double Net
Typical Lease Term:	20 Years
Typical Lease Escalations:	Flat Initial Term
Average Rent:	\$110,000
Average Sale Price:	\$1,850,000

www.bouldergroup.com

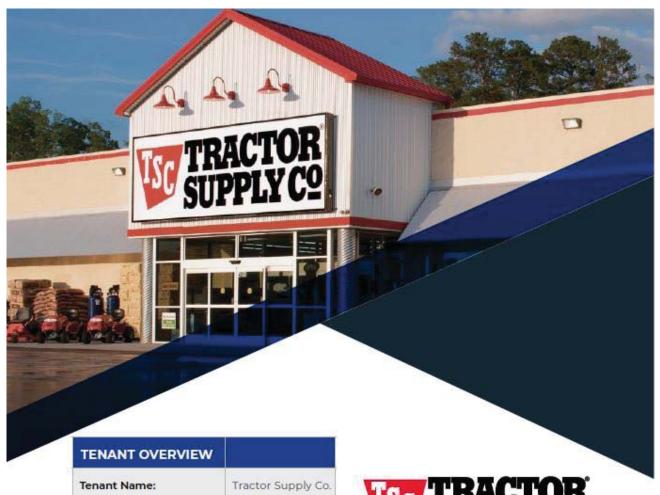
- 63 -



- 69 -



MJW Consulting Inc. 2021-10034



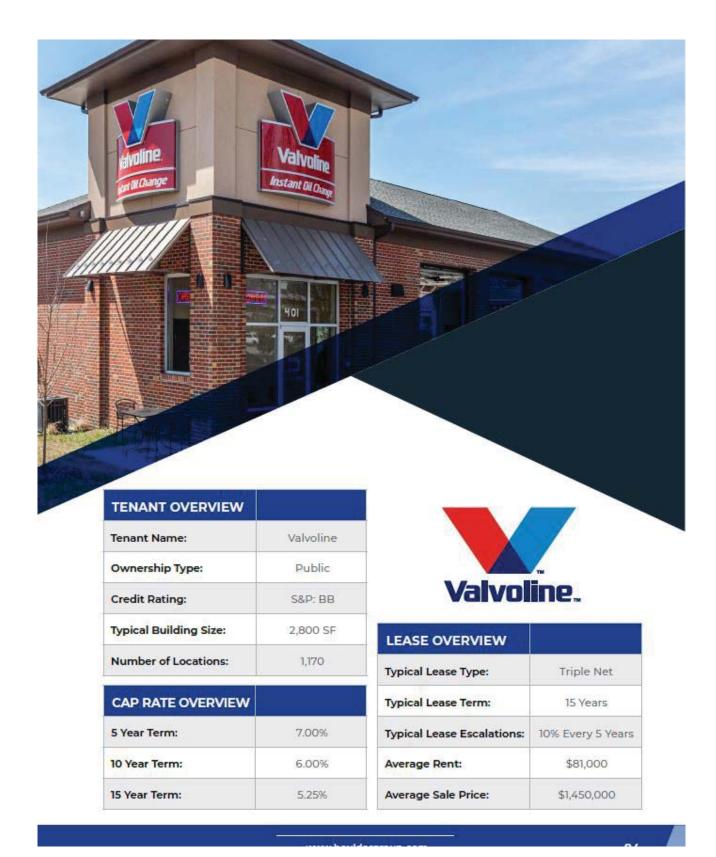
TENANT OVERVIEW	
Tenant Name:	Tractor Supply Co.
Ownership Type:	Public
Credit Rating:	S&P: BBB
Typical Building Size:	20,000 SF
Number of Locations:	1,844

CAP RATE OVERVIEW	
5 Year Term:	6.75%
10 Year Term:	6.15%
15 Year Term:	5.75%



LEASE OVERVIEW	
Typical Lease Type:	Double Net
Typical Lease Term:	15 Years
Typical Lease Escalations:	10% Every 5 Years
Average Rent:	\$225,000
Average Sale Price:	\$3,300,000

- 81 -





# Disclaimer:

- 1. Cap Rate data in this report is based upon most current publicly available asking cap rates.
- 2. Lease overview data is based upon typical new construction lease terms.

© 2021. The Boulder Group. Information herein has been obtained from databases owned and maintained by The Boulder Group as well as third party sources. We have not verified the information and we make no guarantee, warranty or representation about it. This information is provided for general illustrative purposes and not for any specific recommendation or purpose nor under any circumstances shall any of the above information be deemed legal advice or counsel. Reliance on this information is at the risk of the reader and The Boulder Group expressly disclaims any liability arising from the use of such information. This information is designed exclusively for use by The Boulder Group clients and cannot be reproduced, retransmitted or distributed without the express written consent of The Boulder Group.

# Definitions:

Triple Net Lease (NNN) - No landlord responsibilities.

Double Net Lease (NN) – Landlord is generally responsible for maintenance and repair of roof and structure.

Ground Lease (GL) - Landlord owns the ground and a third party owns the improvements. Typically, ownership of the structure and improvements revert back to landlord at the expiration of the lease.

Fee Simple (FS) - Landlord owns both the ground and the improvements.

www.bouldergroup.com

- 93 -

QUALIFICATIONS OF THE APPRAISER



# New York State Certified General Real Estate Appraiser STATE OF NEW YORK ID #46000002986

Mr. Watch as over twenty-eight years of appraisal experience, he has appraised properties that ranged in value from \$1 million to \$2 billion dollars. Mr. Watch services several assessment jurisdictions in New York State, as well as private investors and law firms. Current client contracts relate to annual reassessment activity and the support of customized software called ARS (Assessment Review System). Additional consulting services provide investors and financial intuitions reliable Mass Appraisal Systems that can reasonably and accurately produce values on large groups of properties in various areas of the United States.

Recent projects include a 60,000 reassessment of eight towns in Dutchess County, and during the past five years close to 120,000 properties were reassessed with the use of ARS Software. The overall project performance exceeded less than 8% Grievances and less than 1% Small Claims and Commercial Certiorari Filings. Mr. Watch is very familiar with New York State Real Property Tax Law and Assessment Administration.

Until August of 1996, Mr. Watch was the Chief Appraiser for East New York Savings Bank (now known as M & T Bank). As Chief Appraiser, he managed a loan portfolio which held over \$2 Billion in real estate loans throughout the New York City Metropolitan Area. Over 70% of the portfolio comprised of multi-family properties, with over 65% of the portfolio located in Manhattan. During his tenure at the bank, Mr. Watch developed several computer models used to expedite the appraisal process for completing full narrative reports. In addition, he completed several studies on the Manhattan Class B office market, Co-Operative Buildings, Parking Garage Facilities and retail strips along Broadway, Madison Avenue, 57th Street, and other major thoroughfares in the City.

Appraising since 1984, he has completed assignments on income producing properties and residential properties; including but not limited to office buildings, industrial buildings, regional shopping centers, strip shopping centers, service stations, vacant land, condominiums, apartment buildings, co-operative conversions, market rental analysis for office buildings and retail space, feasibility studies, highest and best use analysis, condemnation work and residential appraisals. These appraisals have been used for mortgage financing, investment analysis, condemnation hearings, divorce, and estate purposes. Several reports have been used in court testimony for the United States Federal Government, Department of Transportation for New York State, Suffolk County Department of Transportation, Queens County Surrogate Court and various attorney's for probate and divorce.

# **Education**

Bachelor of Science, Business Administration 1982

New York State University at Fredonia- Majored in Marketing and Marketing Research.

# State License

New York State Certified General Real Estate Appraiser

Effective November 18, 1991 46-2984 License Number 0422

# **Appointments**

Mr. Watch was appointed to the position as Member of New York State Appraisal Advisory Board in 1995. In addition to this position, he was appointed Chairperson of the National Committee for Appraisal Reform (Appraisal Advisors Regulatory Officials) in 1996. Both appointments exposed Mr. Watch to appraisal issues on a National and State level. Efforts were made during these appointments to facilitate better communications and dialogue between State Appraisal Agencies and the individual appraiser. In 2007, Mr. Watch meet with members for the Committee on open Government to discuss methods for streaming the real property tax system using more efficient software systems.

Real	<b>Estate</b>	<b>Courses</b>

1A1 Real Estate Principles	September 1988
1A2 Residential Valuation	September 1988
1BA Capitalization Techniques Part A	May 1988
1BB Capitalization Techniques Part B	April 1991
2-1 Cases Studies in Real Estate	July 1991
SPP Standards of Professional Practice	November 2001
Report Writing and Valuation Analysis	November 1991
101-Introduction to Real Estate Appraisal	September 1986
102-Applications of Residential Real Estate	May 1987
201-Evaluation of Income Producing Properties	September 1987

Continuing Education	
ARGUS Financial Software	July 1995
Attacking and Defending an Appraisal in Litigation	October1999
Assessment Administration	September2000
Fundamentals of Mass Appraisal	October 2003
GIS Information Systems	August 2003
Appraising and Analyzing Office Buildings for Mortgage Underwriting	November 2011
Construction Details and Trends	November 2013
Appraising and Analyzing Retail Shopping Centers for Mortgage Underwriting	November 2013
Appraisal Applications of Regression Analysis	November 2013
SPSS Analysis and Training	October2013
Analysis of Vacant Land and Ground Leases	November 2015
Valuation of Fast Food Facilities	November 2015
Valuation of Self Storage Facilities	November 2015
Valuation of Self Storage Facilities	November 2017
2016 National USPAP Update	November 2019

Additional work-related educational courses include blueprint reading, architectural design, and residential design. With a background in construction, Mr. Watch can work closely with contractors and architect's in determining the cost of developing a new site and assesses the condition of a property and determines what levels of repairs, if any are required.

In the May of 2000, Mr. Watch was asked to be a participant in a New York State Program that addresses issues of reassessment and property tax equity. Mr. Watch was retained by the Office of Real Property for the State of New York to build and maintain databases on the power generation industry in New York.



# Remedial Estimate with Documentation

	Remedial Costs			
	Quantity	Units	Unit Rate	Cost
Site Preparation				
Pre-demo - Asbestos and LBP	1	LS	\$121,340.00	\$121,340.00
Demolition	1	LS	\$565,000.00	\$565,000.00
Pre-Construction Investigation/Remedial Plan Preparation			, , , , , , , , , , , , , , , , , , ,	***************************************
- BCP RIWP, Investigation, and Report	1	T&M	\$176,341.00	\$176,341.00
- Remedial Action Work Plans (RAWP, Air and Noise)	1	LS	\$20,000.00	\$20,000.00
- Vapor Barrier Design - PE and FSC	1	LS	\$7,500.00	\$7,500.00
·			ψ1,000.00	ψ1,000.00
- Pre-construction Project Management, Fact Sheets, Meetings, and Weekly & Monthly Reporting (per month until construction mobilization)	12	T&M	\$1,500.00	\$18,000.00
Soil Sampling for Waste Characterization				
- Preparation and Project Management	1	T&M	\$2,500.00	\$2,500.00
- Drilling Soil Waste Characterization	1	T&M	\$13,250.00	\$13,250.00
- Soil Laboratory Analysis - Oversight/Sampling/CAMP During Soil A18Characterization with Field	18	samples	\$1,200.00	\$21,600.00
Equipment	5	day	\$2,500.00	\$12,500.00
- Soil Characterization Reporting	1	LS	\$5,000.00	\$5,000.00
Remedial Construction				
- Environmental Monitoring During Construction	120	day	\$1,200.00	\$144,000.00
- Project Management (1.5 hr/day for Project Manager and 0.5 hr/day Project	120	day	\$200.00	
Director)		day	· I	\$24,000.00
- Fixed Air Monitoring Stations (3 stations for 4 months)	3	/station/mo	\$8,200.00	\$24,600.00
- Final Engineering Report & Site Management Plan	1	LS	\$25,200.00	\$25,200.00
<u>Excavation</u>				
Excavation for 421a	1	LS	\$20,000.00	\$20,000.00
Construction management, site maintenance, signage, gates, barricades	1	LS	\$500,000.00	\$500,000.00
Ramps for Egress/Ingress	600	cyds	\$75.00	\$45,000.00
Remedial Excavation sheeting/shoring (02-41-16)	1	LS	\$366,600.00	\$366,600.00
SOE, soldier piles/lagging, bracing, heel blocks	1	LS	\$1,057,680.00	\$1,057,680.00
Truck Wash Station	4	mths	\$5,000.00	\$20,000.00
Soil Disposal				
- Transport and Disposal of Fill or Petroleum-Contaminated Soil > Track 2	15,000	tons	\$60.00	
SCOs	•		· ·	\$900,000.00
- Transport and Disposal of Hazardous Waste Soil (metals)	500	tons	\$200.00	\$100,000.00
- Remedial Additional Excavation, Disposal & Backfill for Petroleum Hot Spot - Remedial Additional Support of Excavation for Petroleum Hot Spot -	500	CY	\$60.00	\$30,000.00
ALLOWANCE	1	LS	\$10,000.00	\$10,000.00
Trip blank	15	samples	\$100.00	\$1,500.00
THE SMALL	10	Jampics	ψ100.00	ψ1,300.00
Endpoint Samples Full TCL/TAL (no PFAS/Dioxane) Tank Removal	30	per sample	\$815.00	\$24,450.00
	1	LS	\$30,000.00	\$30,000.00
- Remedial Contingency: Tank Removal Contractor	'	LS	\$30,000.00	
Concrete Cover	40.050	0.5	<b>#45.00</b>	\$0.00
Concete cover	40,652	SF	\$15.00	\$609,780.00
Vapor Barrier	40.050	65	040.00	¢400 F00 00
- Vapor Barrier - assumes 20 mil sidewalls & bottom slab	40,652	SF	\$10.00	\$406,520.00
Rotes: Estimated Total				\$5,302,361

# Notes:

Actual costs applied through Approved RAWP

Proposed Costs for RAWP through FER and Construction

# NORDEST SERVICES LLC

 $6031\ 60TH\ PLACE-MASPETH\ NY\ 11378\ O\_718.366.0700-\ INFO@NORTHEASTSERVICE.COM$ 

PROPOSAL

**Date:** 03/16/21

**Client:** First Standard Construction

**Project:** 6819 Woodhaven Blvd-85-17 68<sup>TH</sup> Road Queens

**Location:** 6819 Woodhaven Blvd- Queens

Attention: Damien Smith

**E-mail:** DSmith@fscnyc.com

# Scope of Work: - Engineering and Expediting

Provide engineering (3x) means and methods drawings for NYC DOB Approval

Provide all necessary expediting obtain full DM Approval

Schedule pre-demo inspection; Apply for demolition job Sign Off.

Provide (3) rodent extermination letter from licensed exterminator for Dept. of Health.

Provide (2) regular street water & sewer utility disconnects by a licensed plumber

Provide 10-day notices; DEP (AR300); Landmark letters; PGL-1; Photographs as per DOB.

Obtain ConEd service disconnection letter; Obtain National Grid service disconnection (SI, BR, QNS)

DOB, DEP, National Grid fees are not included

# **Total Price: \$40,000.00**-Forty Thousand Dollars

Engineering + Expediting Exclusions: ACP-5; On-Site Demolition; Open Violations; L2 Waivers; DOB FEEs

# **Scope of Work: On-Site Demolition**

Provide engineering, furnish and install sidewalk bridge as necessary to complete demolition

Furnish and install roof protection as necessary at adjacent lower structure

Provide engineering, furnish and install plywood construction fence as necessary

Provide all permits to complete on-site demolition (DOB, DOT, FDNY, ETC...)

Plywood fencing to be left in place at property line upon completion of demolition

Provide engineering for site specific safety plan as per NYC DOB

Provide licensed site superintendent for duration of demo; Maintain all logs as per DOB

Provide temp power; water for all demolition operations

Provide noise & dust mitigation plans; landmark letters; PGL-1; Photos; 10-Day notices; Pest Control

Demolish interior components throughout building

Demolish existing structure at "6819 Woodhaven Blvd" as per NYC DOB Code

Demolish existing structure at "85-17 68th Road" as per NYC DOB Code

Demolish all interior foundation; Perimeter foundations to remain; Crack cellar slab for drainage;

Obtain sign-off from NYC DOB; Provide 25MM COI

Provide all necessary tools, equipment and on-site supervision to complete scope of work

All labor on site to carry a minimum 40 Hour OSHA; Provide non-union labor

# **Total Price:** \$525,000.00-Five Hundred Twenty-Five Thousand Dollars

<u>Demolition Exclusions:</u> Asbestos Removal; ACP-5; Power for sidewalk bridge lighting; Vibration Monitoring;
Neighbor Access agreements; Perimeter foundation wall removal; Site Security; Site Safety Manager;

Zitgitteet ing, Expeating, Disconnects		
	Accepted By:	
Nick Sopasoudakis Cell # 347-756-2641		
Nordest Services LLC	Date:	

# Soil Remediation

# **Summary**

# 68-19 Woodhaven Boulevard (85-03 68th Road)

# 5/6/2022

00-72-00	General Conditions		419,253.50
01-00-00	General Requirements		75,080.00
01-54-00	Logistics		112,020.00
02-41-16	Soil Excavation		366,600.00
02-50-00	Brownfield Remediation		923,790.00
31-40-00	SOE		1,057,680.00
03-30-00	Vapor Barrier		33,536.40
26-00-00	Temp Electrical		46,980.00
		Construction Sub-Total:	3,034,940
		Overhead and Profit	303,494
		Insurance:	133,537
		Total Cost:	3,471,971

# Soil Remediation

# 68-19 Woodhaven Boulevard (85-03 68th Road)

5/6/2022

**CSI Code** Division Cost

# 00-72-00 General Conditions

# Management

Project Executive for Initial Start of Project Project Manager for Full Duration of Project Site Supervisor for Full Duration of Project Site Safety Manager for Full Duration of Project

# **Protection**

**OSHA** Protection

Laborers for Site Maintenance

#### Subtotal General Conditions \$ 419,254

#### 01-00-00 **General Requirements**

Site Maintenance Site Office

# Field Requirements

Safety Supplies Temp Signage

First Aid

Garage Removal

#### Subtotal General Requirements \$ 75,080

# 01-54-00 Logistics

Plywood Fence and Gates (5 Months) Plastic Street Barriers (5 Months)

#### Subtotal Logistics \$ 112,020

#### 02-41-16 **Soil Excavation**

# Excavation:

Perform soil excavation, trucking & disposal Excavation of Soil Only - Brownfield Remediation Work Below Orange Area - Depth 6FT - (1,600 cyds) Blue Area - Depth 8FT - (3,700 cyds) Pink Area - Depth 11FT - (3,000 cyds)

Truck Wash Stations

#### **Subtotal Soil Excavation \$** 366,600

#### **Brownfield Remediation** 02-50-00

Brownfield Remediation Based on Endpoint Samples - Attached Below

Orange Area - Depth 6FT - (1,600 cyds) Benzo(a)anthracene - Results 4.370 D Benzo(a)pyrene - Results 3.860 D Benco(b)fluoranthene - Results 3.670 D Chrysene - Results 4.49 D Dibenzo(a,h)anthracene - Results 0.842 D Indeno(1,2,3-cd)pyrene - Results 2.670 D

Blue Area - Depth 8FT - (3,700 cyds)

Benzo(a)anthracene - Results 17.900

Benzo(a)pyrene - Results 15.300

Benco(b)fluoranthene - Results 14.700

Benco(k)fluoranthene - Results 12.400

Chrysene - Results 16.500

Dibenzo(a,h)anthracene - Results 3.270

# Pink Area - Depth 11FT - (3,000 cyds)

Benzo(a)anthracene - Results 12.300

Benzo(a)pyrene - Results 12

Benco(b)fluoranthene - Results 10.100

Benco(k)fluoranthene - Results 10.100

Chrysene - Results 10.400

Dibenzo(a,h)anthracene - Results 3.140 Indeno(1,2,3-cd)pyrene - Results 7.560

# Subtotal Brownfield Remediation \$ 923,790

# 31-40-00 SOE

# Soldier piles/timber lagging

F&I new (78)no [HP 10x57] soldier piles (H=28'-0", 13'-0" embedment) as per SOE-100 F&I new 3x10 timber lagging for the exposed depths (H=15'-0") as per SOE-100

### **Bracing**

including shims, stiffeners, and/or wale seats as required

F&I new (8)no W24x55 channel walers as per SOE-100

F&I new (26)no W14x90 channel rakers as per SOE-100

F&I new (76)no W8x35 channel spacer as per SOE-100

#### Heel Blocks

F&I new (13)no typ heel blocks for raker support as per SOE-100

# Misc.

Cut-off to grade included during initial mobilization

Pilings will be threaded at both ends and installed in 5' or 10' increments

Testing for all anchors & rock bolts included

Subtotal SOE \$ 1,057,680
Subtotal SOE \$ 1,057,680

# 03-30-00 Vapor Barrier

### Vapor Barrier

F&I new 6MIL Vapor Barrier on top @ SOG as per FO-100

# 26-00-00 Temp Electrical

Supply and Install Temp Electrical Service

Provide All Equipment and Hardware

Coordinate with Con Edison for New Service

Temporary Shed for Temp Service'

Supply and Install Temp Lighting and (6) Quad Receptacles

Subtotal Temp Electrical	\$ 46,980
Construction Sub-Total:	\$ 3,034,940
Fee:	\$ 303,494
Insurance:	\$ 133,537
Total Cost:	\$ 3,471,971

# Soil Remediation

# **Bid Qualifications and Exclusions**

68-19 Woodhaven Boulevard (85-03 68th Road)

# **Documentation:**

Our Proposal is based on the following Drawings and Correspondence received from:

The exclusions, qualifications and notes referenced below control and supersede anything to the contrary in the specifications, drawings & bid documents.

# Schedule:

Scheduled Project Duration is based on substantial completion and does not include punch list or changes to scope as established in the drawings and specifications.

Project Duration: TBD
Start Date: TBD
Completion Date: TBD

# The following items are NOT included:

Testing, abatement, containment or removal of hazardous materials.

Filing and expediting (fees for pulling permits are included).

Union labor.

Engineering.

Cost for controlled inspections.

Cost of temporary utilities used during construction.

Unforeseen conditions.

Building penalty clause(s) and/or liquidated damages.

# **Additional Qualifications:**

This proposal is valid for sixty days from date of submission.

All work has been calculated as regular time, using non-union labor.

Price assumes no retainage or liquidated damages.

First Standard Construction is not responsible for damage to adjacent or neighboring properties unless the damage is due to First Standard Construction's negligence.

Any change to work included in this proposal may incur additional cost. Additional cost may include trade and material costs, contractor's mark up (insurance, overhead and profit) and General Conditions. General Conditions expense is incurred as a result of extra time necessary to complete the work and extra management costs directly related to the added work.

Brownfield Remediation based on the markups provided to us

37-24 24th Street, Suite 132, Long Island City, NY 11101 Tel: 718 726-1525 | Fax: 718 726-1601 | Cell: 917 600-3958

Email: sraftery@capstone-contracting.com



Estimate #22-0780

Drawings Dated:
Architectural: n/a
Structural: n/a
SOF: 4/18/2022

				JOL.	4/10/2022
Date: 4/27/22					
Project: 85-03 68th Road, Queens, NY,11374					
Client: First Standard					
<u>DESCRIPTION</u>	LF	SF	LBS	CY	QTY
421 A Scope					
Mobilization/demobilization					
Bermed Excavation and backfill/ compact with same excavated material		1,577.8		392.0	
2" Raft slab over entire excavated area		1,577.8		9.9	
10'x10'x12" Structural matt dowels on all sides @ development length		100.0		3.7	
Waterproofing for the Matt		100.0			
Misc.:					
DOB approved concrete washout included				3.7 CY	
Engineering, shop drawings, formwork drawings, design mixes included					
(Good For 30 Days)		В	ASE BID TOTAL:	\$29.9	900.00
(2000.00.00 2.0)			Best and Final		00.00
Add Alternate Unit Rates:		1		, , , , ,	
Obstruction Removal during drilling using down the hole hammer: \$795/hr.					
Hot Water Concrete: \$6 per yard					
2% Non Chloride Accelerator: \$20 per yard					
Thermal Blankets: \$1.50/sq ft					
Temporary Heat (Tarps & Torpedo Heaters) as per ACI standards: \$5/sq ft					
2% retardant: \$18/yard					
Ice: \$1/LB					
Exclusions					
Union/Prevailing Wage Labor					
Testing & Inspections					
Overtime					
Demolition of below grade structures/exiting foundations					
Contaminated/Hazardous Soil disposal, assumed as clean fill					
Locating/Relocating Existing Services					
All Permits unless specifically noted above					
Shoring of existing or neighboring structures					
Monitoring of existing and neighboring structures for vibration/movement/settlement					
Protection/Trees replacement/Landscaping					
Dewatering					
Winter Concrete/Temp Heat &/or Site winterization (Snow/Ice Removal)					
Site Fence & Permitting					
Site Drainage & Plumbing & associated Precast manholes					
Traffic Coating					
Epoxy Coated Reinforcement & Corrosion inhibitor additive @ exposed concrete slabs					
Remobilization due to delays/stoppages caused by others					
Downtime due to others, charged additionally via T&M					
Pre-cast concrete / stones					
Architectural Concrete (pads, curbs, raised slabs, etc.) unless above					
General Liability total coverage of \$10million included, if required, additional GL coverage or					
bonding can be provided at an additional cost					
and an an broad at all against the source		1	1		
Accept By/Title:					Owner
Company Name					

# Plains Environmental, Inc.

**PROPOSAL** 

Bill To:

**68-19 Rego Park LLC** 70 Lafayette Street, 4th floor New York, NY, 10013

	68-19 Woodhaven Blvd
Estimate Date	Jan 18, 2022 08:31 AM
Estimate#	1974

Attention:	German Valencia
Department:	

We are pleased to offer this proposal to provide the following services for property located at above referenced address. All asbestos abatement procedures shall be conducted in accordance to all prevailing regulatory abatement standards: NYS-ICR 56, NYC Title 12 Chapter 1, OSHA 1926.1101 and EPA. Our scope of work is as follows:

# SCOPE OF WORK: 68-19 Woodhaven Blvd

- Removal of 4,400 SF of roofing material at upper roof, mid, lower roof
- Removal of 250 SF of wall flashing at mid and lower roofs, parapet walls, coping stones

# SCOPE OF WORK: 85-17 68th Road

- Removal of 11,000 SF of roofing material located on main roof (All inclusive)
- Removal of 560 SF of roofing, flashing, and tar located on lower east roof (All inclusive)
- Removal of 700 SF of interior wall tar
- Removal of Approx. 70 SF of interior flooring located at room on inner south-East corner
- Removal of 20 SF of exterior window caulking at rear elevation

# SCOPE OF WORK: 85-17 Rear

- Roof and flashing

# GENERAL SCOPE OF WORK:

- provide ACP21 and third party air monitoring
- all work to be performed in compliance with DEP, EPA, OSHA and New York State Laws regarding ACM abatement
- disposal of ACM waste in accordance to EPA, NYSDOL applicable rules and regulations
- filing/notification fees with NYC DEP, NYS DOL ()
- provide asbestos liability insurance and workers compensation
- provide non-union certified 40hr osha, vaccinated labor, materials and equipment
- contractor is responsible to remove all materials and to pass all inspections as required to obtain the ACP5; contractor is responsible upon request of inspector to mobilize and complete any work not in compliance within 2 weeks and at its own expense (all inclusive)
- contractor is responsible for all violations issued due to violating DEP & OSHA regulations governing asbestos abatement activities

NOTE: work at 68-19 Woodhaven Blvd. and 85-17 68th Rd. REAR shall begin immediately after starting date provided by DEP and completed within 3 weeks; a second visit may be required to do the abatement at 85-17 68th Road; work on auto shop shall begin within 3 months after date of this agreement, but not later than 12 days from notification received of building becoming available to do the work.

# FEE SCHEDULE:

The fee for the services described above is \$ 121,340.00 payable as follows:

35% - Initial Filing and Mobilization Fee

60% - Due weekly upon work completion (pro rated)

5% - Due upon receipt of ACP21

# POTENTIAL ADDITIONAL ITEMS:

ALT1: any additional roofing ACM or VAT revealed prior or during abatement -- \$7.5/SF ALT2: any additional ACM pipe insulation revealed prior or during abatement -- \$30/LF

ALT3: re-mobilization cost -- \$3000/each

# **TERMS & CONDITIONS:**

Payment is for work provided and is not contingent on customer being paid by any other party. We reserve the right to terminate this contract at any time if payments are not received according to the agreed upon payment schedule. Any and all alterations or deviations from the stated specifications involving extra costs and materials will be executed only upon written orders. These changes will turn into an extra charge, over and above the estimated. All materials furnished under this contract shall be personal, the title thereof shall be in the contractor until fully paid for in cash. Abatement work is under jurisdiction of nysdol and nycdep and not subject to dob regulations or inspections. Price is based on provided quantity and/or survey and is subject to change based on onsite visual inspection. Any material that can be salvaged from the old service will become the property of the above contractor. All agreements are contingent upon strikes, accidents and delays beyond the contractor's control. Client reneging on payment terms will be responsible for lawyer fees in the sum of 30% of the amount unpaid. In addition a finance charge of 2.0% per month past 30 days due and the cost of a lien (if any) shall be charged. We reserve the right to apply payments to

the oldest unpaid invoices on client account. This estimate is valid for 30 days.

STANDARD EXCLUSIONS: ACP5, water & power to be provided by others, lead removal, temporary hook-up and disconnection of GFI panel, temporary lighting for very large spaces, damaged surfaces by way of application by code of staples, glue, tape and other chemical applications during removal procedure, removal and re-location of all movable objects not limited to furniture only, floor protection if required, demolition and removal of debris in order to access ACM locations, protection of or damages done to roof coverings like deck, wires, cables, telephones and cable reception, satellite installations or similar facilities, shutdown of HVAC and other mechanical units prior or during abatement, union labor, federal prevailing wages or pla, atru application and a-tr1 final inspection and closeout documentation, provide free and clear access to work area, additional acm uncovered and not specified in the original scope of work, not responsible for pre-existing conditions, scaffolding, overhead or roof protection, masonry wall probes & structural sampling, roof patching, patching of masonry walls, patching of any interior openings, elevated access (more than 10 ft high), roofing material over 2" in depth, additional roof membrane layers, wall repair or waterproofing, bracing and/or shoring, discharge of rain water, existing violations, swo, open jobs, civil penalties, nyc embargos, clerical errors, etc..in connection with the subject job site, utility company fees, elevator hoist fees, fire alarm, sprinkler/standpipe compliance work, any costs borne out of tenant or neighbor's activities, inaction or failure to grant access into adjacent properties, trees, owner is responsible for all utility disconnects prior to start of work, terms of this agreement will take precedence and govern over any other agreement verbal or written, all apply unless otherwise noted.

, , ,	•	representative of 68-19 Rego Park LLC First Standard dge responsibility for payment at the stated prices:
Signature:	Name:	Date:

Implementation of NYSDEC BCP Remedial Action Work Plan (RAWP) 68-19 Rego Park LLC - 68-19 Woodhaven Blvd. Queens. NY 11374	EC BCP Remedial Actior 68-19 Woodhaven Blvd.	tion Work Pla	Work Plan (RAWP) Queens, NY 11374		
Þ	:		:		
PersonnevEquipment/Materials 421a Foundation Element Installation	Ouit	Unit Kate	# or units	lotal	
Geologist with PID	ner dav	\$ 950.00		4 750 00	
Field Sampling Vehicle	per day	\$ 100.00	2		
Dally Reporting	per day	\$ 150.00			
CAMP	Week	_		1,250.00	One Station for one week
			(Proposed	(Proposed \$7,250.00 ) Actual	\$5,850.00
Waste Classification Sampling for Disposal - Utilizing a geoprobe					
Geologist with PID	perday		2	4.750.00	
Sampling Technician	per day	\$ 750.00	က		
Field Sampling Vehicle	per day				
Geoprobe Rig and Crew	per day		2		,
CAMP Waste Characterization (full N.I suite) - assumes 17 samples as per the approved RAWP	week	1,250.00	77	20 400 00	I wo stations for one week
Traces of an accommendation (from the darket) accommend to an interest and provide an experience of the contract of the contra					\$ 43,650.00
Pre-Construction Activities					
On-site Pre-Construction meeting with Preferred and Independent PE	ST		-		
Waste Classification Report	ST		1		
Facility Waste Disposal Profiles and Approval	ST	\$ 1,500.00		1,500.00	
NYSDEC Coordination for Soil Disposal approvals	S		-		60000
17				Subtotal	0,000,7
Excavation Oversignt - Estimated 4 months -22 working days per month					
Geologist with PID	per day	\$ 950.00			
r reno sampring venicle Daily Reporting	per day	150	8	13.200.00	
S			:	Subtotal	\$ 105,600.00
CAMP Equipment					
CAMP Station - includes PID, Dustrack, weather station, telemetry, all weather case, battery	Month	\$ 8,200.00	4	32,800.00	three CAMP stations for four months)
CAMP Station - includes PID, Dustrack, weather station, telemetry, all weather case, battery	Week	\$ 1,250.00	3	3,750.00	ree CAMP stations for one
On the second of the section of second second section of the section of the second section of the					\$ 36,550.00
Enapoint Sample Collection - Assumes locations will be surveyed by GC					
Laboratory Analysis (6 NYCRR Part 375 VOCs, SVOCs, Pesticides, PCBs, Herbicides and TAL Metals	per sample	\$ 800.00	29 \$	23,200.00	
Trip Blanks - VOCs only	per sample		15		
QA/QC Samples (MS, MSD, Duplicate, Field Blank) (6 QA/QC samples and 5 field blank)	per sample	\$ 800.00	11 \$		
Vanau Bauriau Inaéa Haéjam Oranaiahé				Subtotal	\$ 33,350.00
vapor barrier installation Oversignt					
Engineering Inspections* Designee oversite of Installations	Per visit	1,000	2		
Daily Reporting	per day	\$ 150.00	15 \$	2,250.	
				tal	\$ 15,750.00
Monthly Inspections and Reporting					
Monthly Inspections/Site Meetings after completion of Remediation	Per visit	\$ 1,000.00			
Monthly Inspection documentation	Per visit	\$ 750.00	9	4,500.00	40 000 00
Donouting and Designed Management				_	0,000,00
керопілд апа Ргојест Імападетелт	1		,	Ì	
PER* Assist With OFR Air and Noise Installation Report*	ber LS	3,000,00		3,000.00	
DUSR	Lump Sum		- ←		
Project Management	Lump Sum	\$ 15,000.00	1 \$	_	
				Subtotal	\$ 40,200.00
			Applicable	Applicable taxes - estimated	TBD
* Professional Engineering (PE) will be billed directly to you, by the project P.E., Ms. Karen Tyll			<u>-</u>	Total Cost	\$ 298,450.00
PID = Photoionization Detector FER = Final Engineering Report DUSR = Data Usability Summary Report					
		1			

Task	Budget	Billed	Remaining	Apr-21	July	August	September	October/November	December	January	February	Mar-22	April	May
Preapplication with follow-up CO for review	\$1,250.00	\$1,250.00	\$0.00	\$1,250.00										
QEP Inspection	\$750.00	\$750.00	\$0.00		\$750.00									
Application	\$5,250.00	\$5,250.00	\$0.00		\$5,250.00									
СРР	\$850.00	\$850.00	\$0.00				\$850.00							
RIWP (HASP and QAPP)	\$3,000	\$3,000.00	\$0.00		\$3,000.00									
Fact Sheet 1/Public Notice for App and RIWP	\$1,550	\$1,550.00	\$0.00			\$1,550.00								
Remedial Investigation	\$168,091	\$136,341.74	\$31,749.26					\$121,711.74	\$11,280	\$2,350	\$1,000	\$4,000.00		
Remedial Investigation Report	\$10,000	\$8,000.00	\$2,000.00						\$8,000.00				\$2,000.00	
Fact Sheet 2 for RIR	\$1,000	\$1,000.00	\$0.00								\$1,000		\$1,000.00	
RI Project Management	\$10,000	\$10,000.00	\$0.00					\$3,500.00	\$3,500	\$2,000	\$1,000			
RAWP	\$7,500	\$6,000.00	\$1,500.00							\$6,000			\$1,500.00	
Additional PM - Noise/Air RAP	TE	\$2,500.00 NA	NA									\$1,500.00	\$1,000.00	
421a oversite COU and CAMP	\$5,850	\$5,850.00	\$0.00											\$5,850.00
	\$215,091.00	\$182,341.74												