DOWNTOWN BROOKLYN MARKET REPORT

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INTRODUCTION

Welcome to the Downtown Brooklyn Market Report – the leading source for market information, investment opportunities, and all that is happening in the fastest growing downtown in the nation. In the content that follows, you will find key metrics and trends in the Downtown Brooklyn real estate marketplace as well as highlights of the opportunities to live, work, and play in the neighborhood.

The report comprises four major sections. The Downtown Brooklyn Story provides context on how the neighborhood became one of the most desirable downtowns in America. The next section focuses on Downtown Brooklyn today in terms of demographic trends and job market statistics. The market report section details Downtown Brooklyn real estate market trends in the commercial office, residential, retail, and hospitality sectors. Rounding out the report is a look at the numerous qualities that make Downtown Brooklyn an exceptional place to live, work, and play.

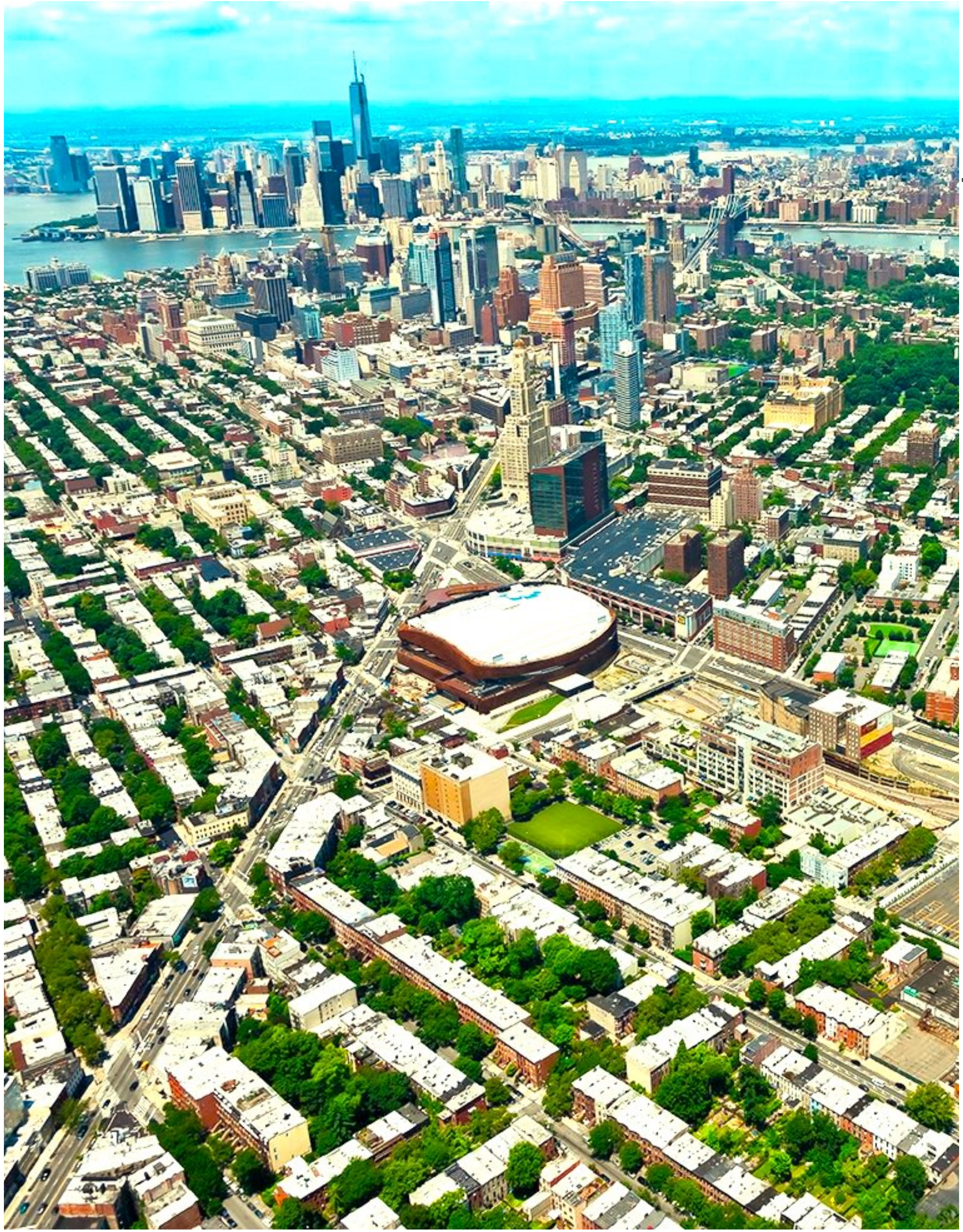


Photo: Forest City Ratner Companies

EXECUTIVE SUMMARY

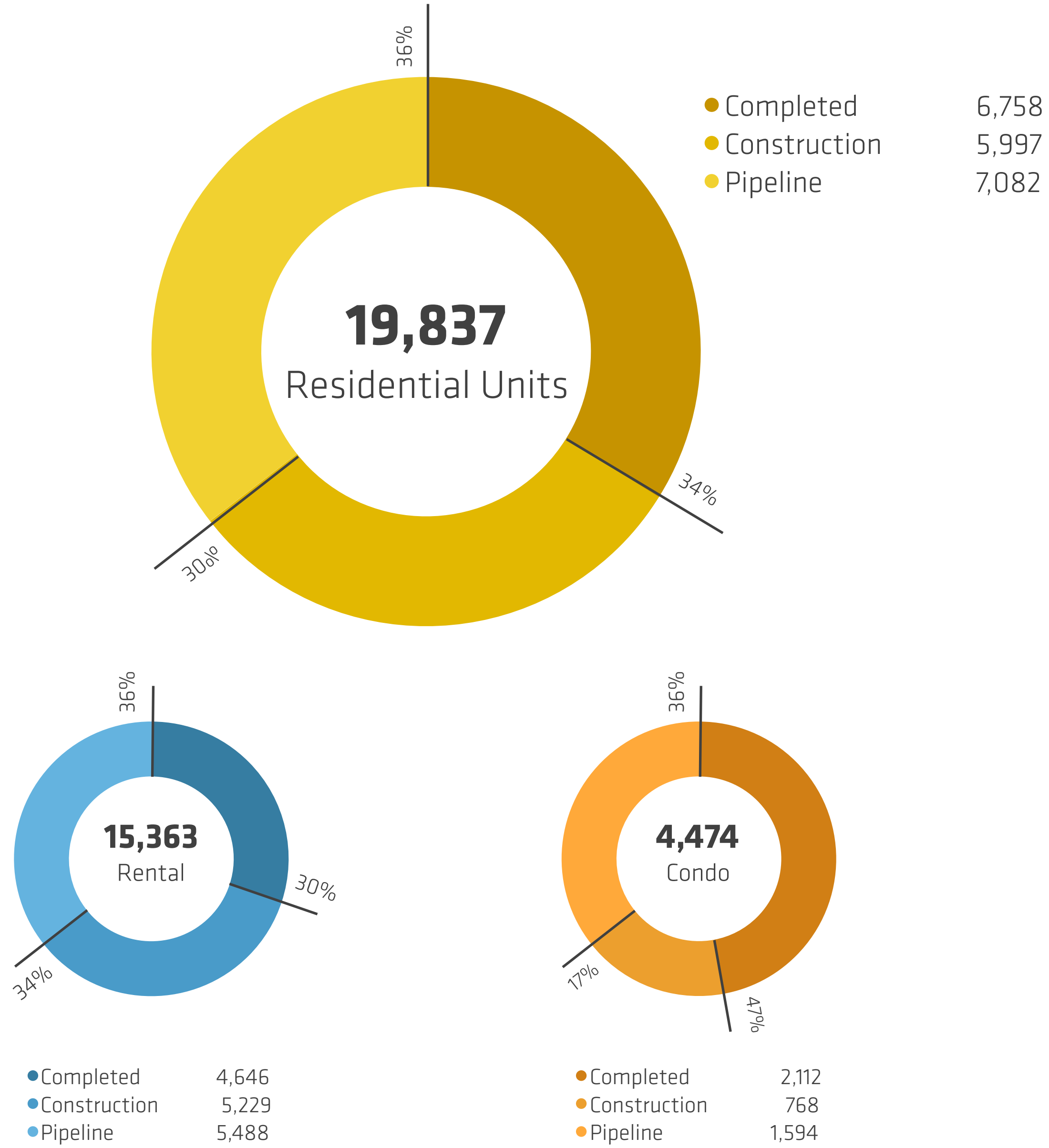
EXECUTIVE SUMMARY

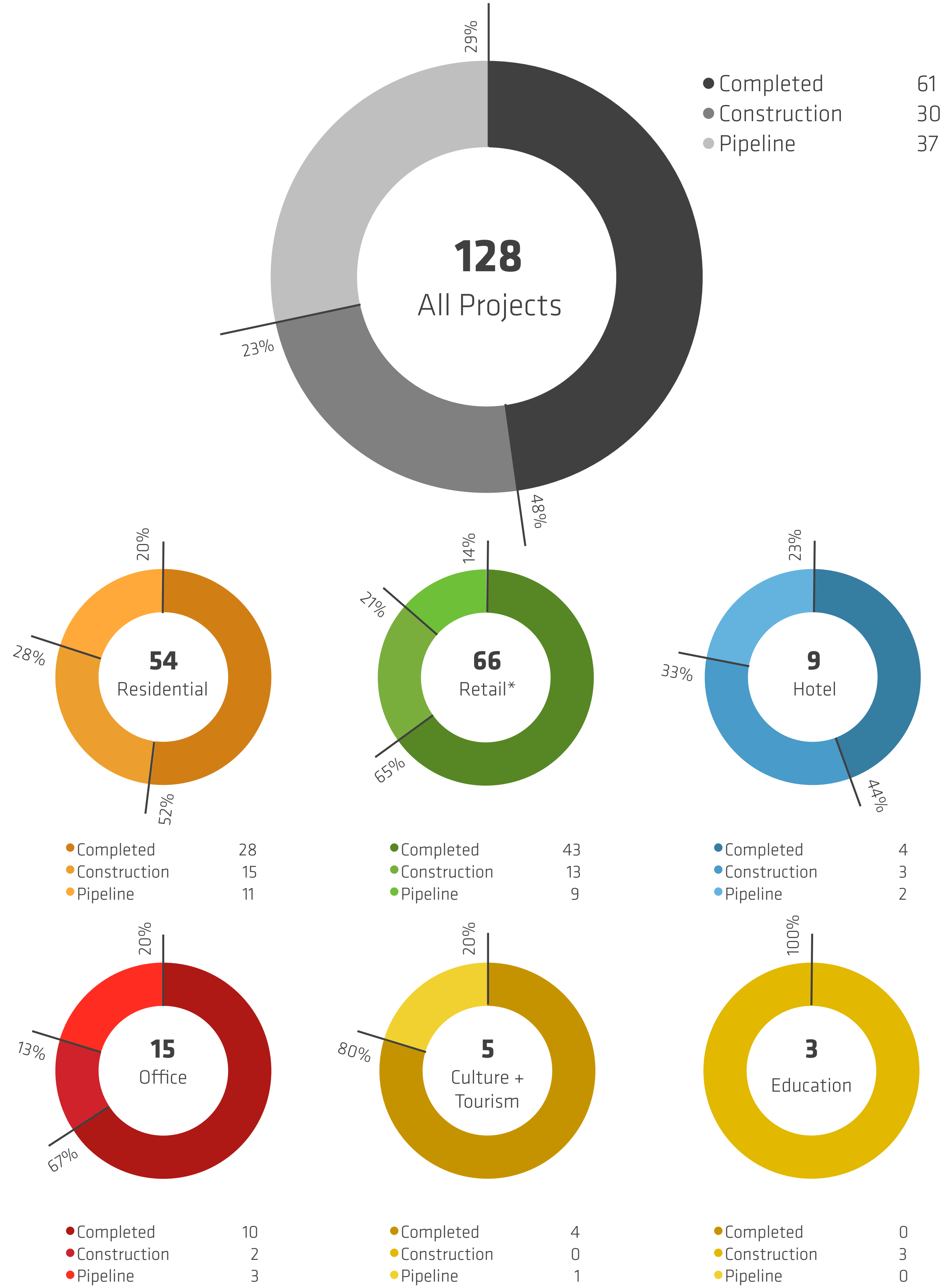
Downtown Brooklyn has emerged as a global 21st century downtown and a major hub for business, creativity, and entrepreneurship. JPMorgan Chase occupies 1.4 million square feet of space here, housing 5,500 employees, and has plans to relocate at least 1,500 additional employees from Manhattan to Downtown Brooklyn in the coming months. Innovation firms like Tough Mudder, Slate, and Maker's Row also call Downtown Brooklyn home, while co-working spaces such as WeWork and Green Desk have attracted additional startups that further diversify Downtown Brooklyn's economy. All of this business activity contributes to a strong commercial office market with overall vacancy hovering around 3%. Meanwhile, a number of new commercial office projects from Tishman Speyer, JEMB Realty, and Greenland Forest City Partners are in the pipeline to support continued growth.

In the residential sector, a total of 6,758 apartments have been built in the past decade. Several new residential projects are coming to fruition that will add almost 2,000 new apartments to the neighborhood, including the upper floors of Avalon Bay's 100 Willoughby Street, BFC Partners' 7 DeKalb, The Brodsky Organization's City Point Tower, The Gotham Organization's 250 Ashland Place, Greenland Forest City Partners' B2 at Pacific Park, and Two Trees Management Company's 300 Ashland Place.

In the retail sector, Downtown Brooklyn has nearly over 400 establishments representing numerous categories from apparel to home goods to department stores like Macy's and Century 21. Downtown Brooklyn is also home to the 1.8 million-square-foot mixed-used development called City Point featuring both national and local retailers, 680 apartments, commercial office space, and a food market hall with 50 local purveyors.

The hospitality sector is the strongest it has been in Downtown Brooklyn's history with 9 hotels representing 3,800 rooms – more than double the number of rooms located here just five years ago.





DOWNTOWN BROOKLYN HAS SEEN A SIGNIFICANT NUMBER OF REAL ESTATE DEVELOPMENT PROJECTS SINCE 2004.

Figure 1: Residential Units in Downtown Brooklyn
Source: Downtown Brooklyn Partnership

*Number of projects that contain some retail component.

EXECUTIVE SUMMARY

In total, all of these real estate projects – 61 completed, 30 in construction, and 37 in the pipeline – represent more than $11 billion in private investment in Downtown Brooklyn in the last decade.

In addition to its strong real estate market, Downtown Brooklyn is a college town, with 11 higher education institutions representing 60,000 college students and 11,000 faculty and staff. Moreover, these institutions have created a pipeline of talent making Downtown Brooklyn a major recruitment center for employers in the commercial sector seeking strong talent.

Completing the picture of Downtown Brooklyn as a true 24/7 destination is the bustling arts and entertainment scene anchored by the 18,000-seat Barclays Center and 70 cultural groups in the Brooklyn Cultural District.

The neighborhood also has more than 1.1 million square feet of public space across 13 different venues providing residents, workers, students, and visitors with easy access to open space. And Downtown Brooklyn is home to exceptional restaurants and bars like Ganso Ramen, Livingston Manor, Pollo D'Oro, and Forno Rosso.

Knitting all of these assets together is the neighborhood's incredible transportation network – 13 subway and 15 bus lines serve the core of Downtown Brooklyn – the most of any location in New York City.

Figure 2: Downtown Brooklyn is generally referred to as the area within the boundaries of the Special Downtown Brooklyn District. The Downtown Brooklyn Community includes the surrounding neighborhoods of DUMBO, Brooklyn Heights, Cobble Hill, Boerum Hill, Prospect Heights, Fort Greene, Vinegar Hill, and the Brooklyn Navy Yard.

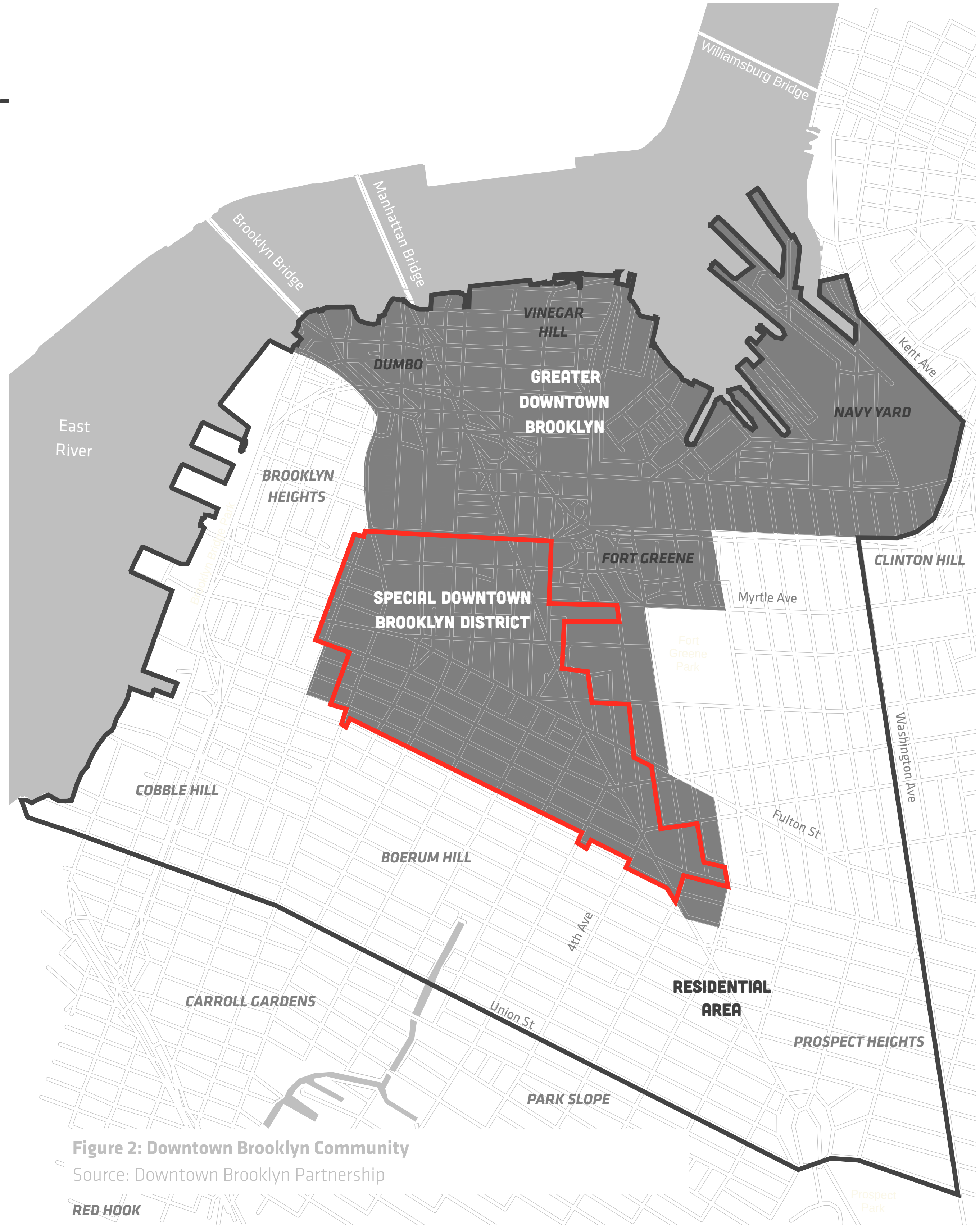


Figure 2: Downtown Brooklyn Community
Source: Downtown Brooklyn Partnership

THE DOWNTOWN BROOKLYN STORY

THE DOWNTOWN BROOKLYN STORY

The transformation of Downtown Brooklyn into a world-class 21st century downtown cannot be attributed to any single cause. Several factors played a critical role in its success including the growth of the innovation economy, collaboration among local colleges and universities, and development of the area as a major nexus for culture. However, the groundwork was laid for this success long ago consisting of three primary factors – public investment, smart land use policy, and sustained local advocacy.

As early as the 1980s, a group of city leaders recognized the abundant potential for Downtown Brooklyn in the City's future economy. Based on its location and strong transit infrastructure, several ambitious plans were put forward to position Downtown Brooklyn as a center of corporate research, development, and technology.

Seizing on this opportunity, the City selected Forest City Ratner Companies as the lead developer for MetroTech Center, a multi-million-square-foot commercial campus in the heart of Downtown Brooklyn. At the same time, plans for investment in public infrastructure as well as the development of a cultural district around the Brooklyn Academy of Music took shape.

In 2001, a task force that became known as the Group of 35 authored a comprehensive report that called for the development of Downtown Brooklyn into a thriving commercial hub that would "include residential, academic, retail, and open space development, which will help link the commercial core with the surrounding residential communities, the adjacent technology district in DUMBO, Brooklyn Bridge Park, [and the nearby Brooklyn Cultural District]." The result of this report was the City Planning Commission's creation and approval of a new Special Downtown Brooklyn District which was later rezoned in 2004 for greater commercial density.

Thanks to the rezoning, much of the Downtown Brooklyn vision has been realized. Close to $400 million of public investment in infrastructure like roads, parks, cultural venues, and public spaces has been made here. As a result, the private sector responded with more than $11 billion of investment in over 40 million square feet of residential, commercial, and institutional space completed, under construction, or in the pipeline. Downtown Brooklyn has also seen strong gains in diversity, population, and employment. This combined with the emergence of a robust innovation economy and recognition of the Brooklyn Cultural District as one of New York's great treasures has made Downtown Brooklyn a model for the 21st century and provides a roadmap for other expanding downtowns across the United States and the world.

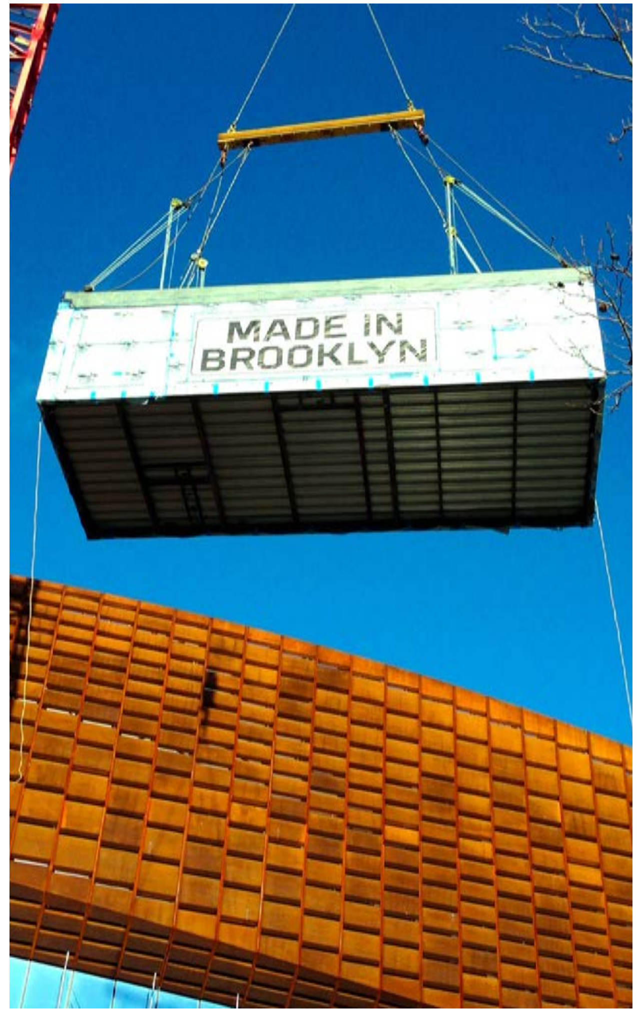


Photo: Forest City Ratner Companies

Photo: Sasha Smolina Photography

DEMOGRAPHICS + JOB MARKET

DEMOGRAPHICS + JOB MARKET

Downtown Brooklyn is growing at a tremendous rate. As shown below, a current population of 22,000 residents is expected to increase to more than 50,000 by 2025. The number of shoppers, college students, tourists, and others contribute to Downtown Brooklyn's rising daytime population, which is on target to increase to more than a quarter million people by 2025 (Figure 4). This furthers the population density trend of the past decade, where between 2000 and 2013, the neighborhood saw a 17 percent growth. Combining Downtown Brooklyn with surrounding residential neighborhoods, the population rose from 140,373 to 150,656, an increase of 7.3 percent (Figure 5). Between 2009 and 2013, the number of young adults in Downtown Brooklyn increased by 29 percent (Figures 6). Meanwhile, the number of residents with at least a bachelor's degree skyrocketed by 99 percent and median household income grew by more than 22 percent during the same period (Figures 7, 8). Today the average household size is 2.0 and the female to male ratio is nearly equal at 1 female to every .96 males. Downtown Brooklyn is also one of the most racially and ethnically diverse neighborhoods (Figure 9).

Figure 3: Downtown Brooklyn Residential Population + Expected Growth

Source: 2014 ACS data; Downtown Brooklyn Partnership Development Matrix 2016 and 2017 expectations; NYC Population Projections by Age/Gender & Borough, Dec 2013, NYC Dept. of Planning, NCES, IPEDs, Press search, Census data, Department of education

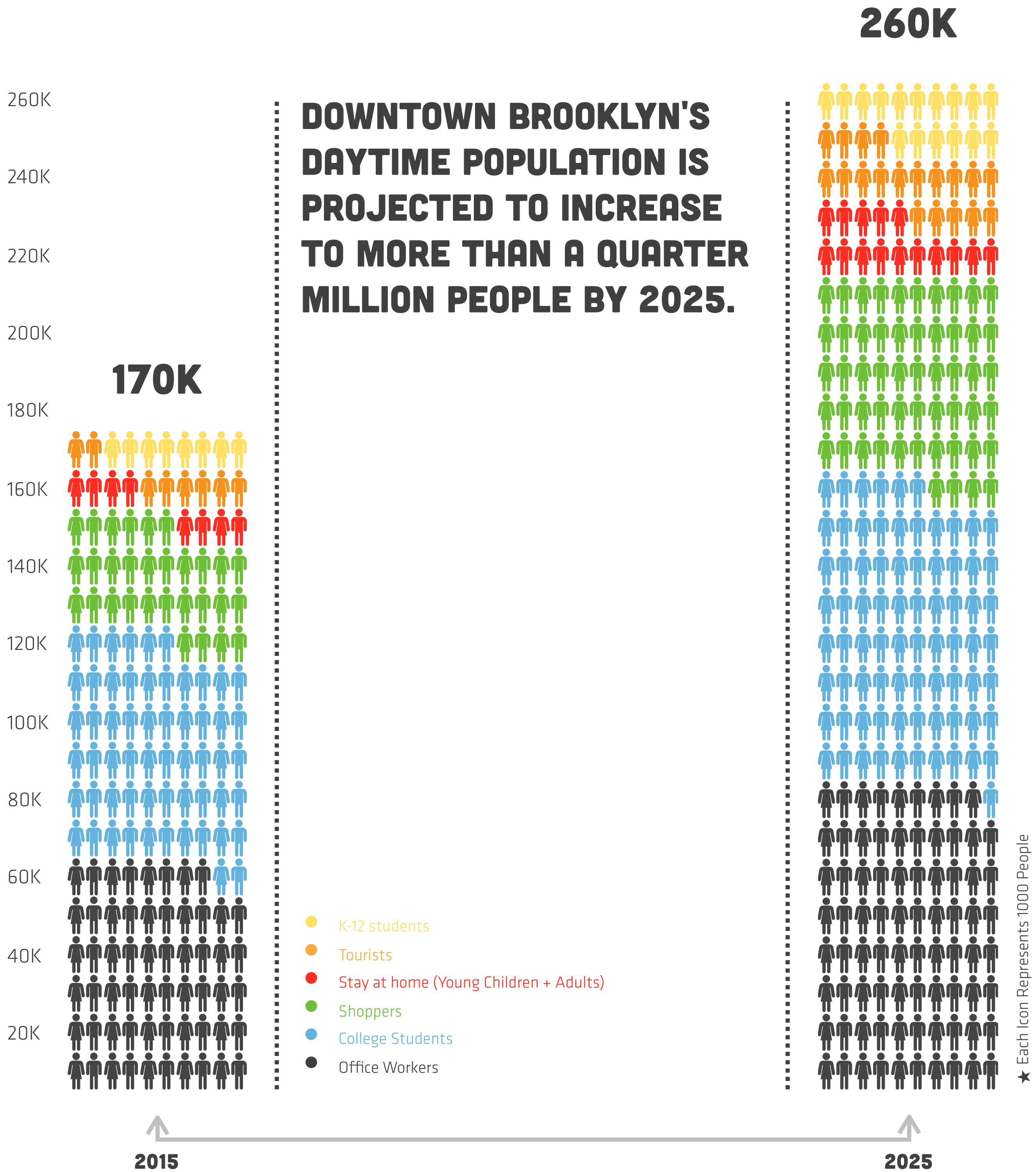


Figure 4: Downtown Brooklyn Daytime Population

Source: 2014 ACS data; DTB Development Matrix 2016 and 2017 expectations; NYC Population Projections by Age/Gender & Borough, Dec 2013, NYC Dept. of Planning, NCES, IPEDs, Press search, Census data, Department of education

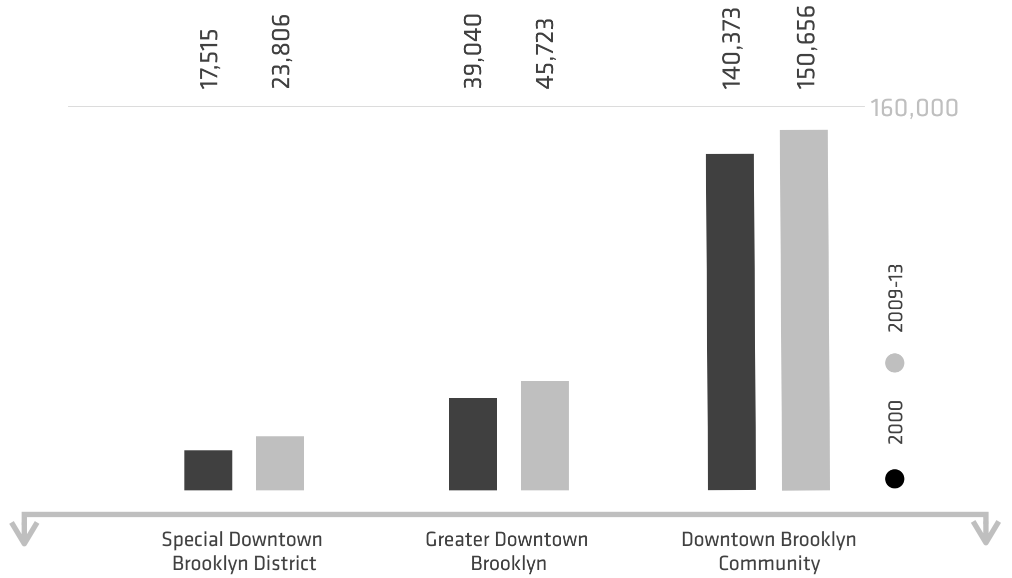


Figure 5: Growth in Population in Downtown Brooklyn

Sources: Census 2000 and American Community Survey 2009-2013 5-Year Estimates (Social Explorer)

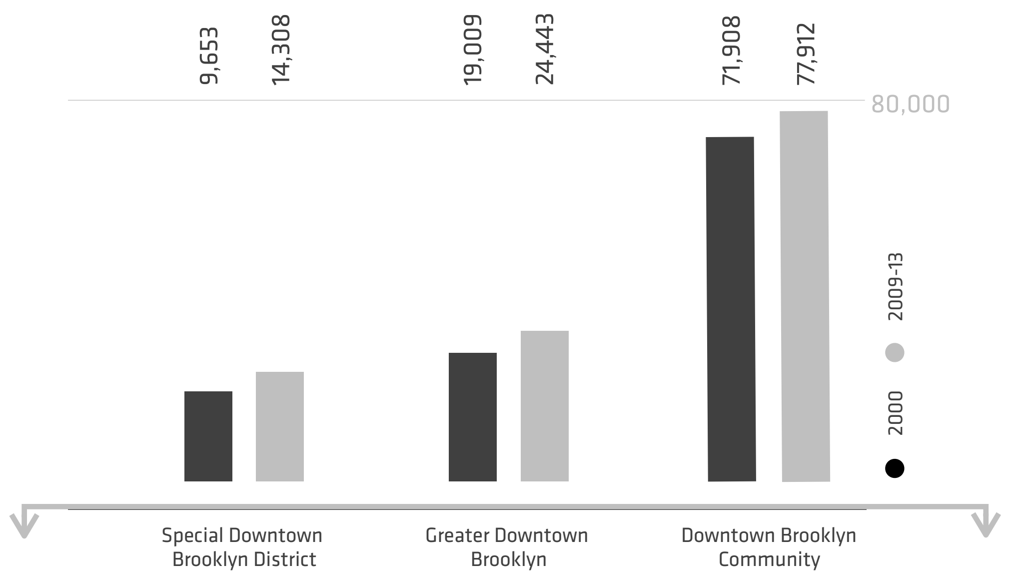


Figure 6: Growth in population age 18-44 in Downtown Brooklyn

Source: Census 2000 and American Community Survey 2009-2013 5-Year Estimates (Social Explorer)

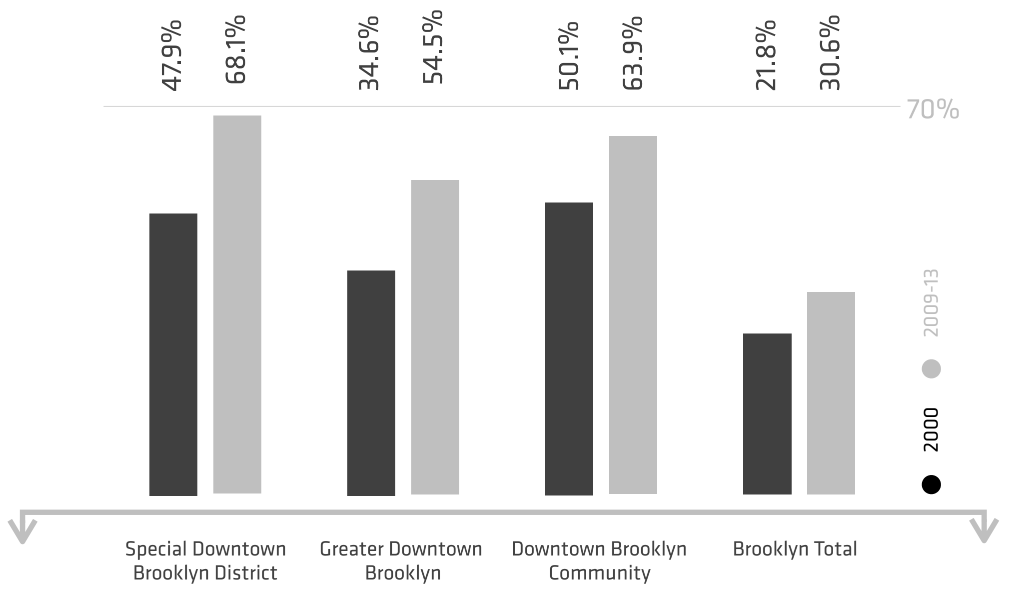


Figure 7: Percentage of residents age 25 and older with at least a bachelor's degree
Source: Census 2000 and American Community Survey 2009-2013 5-Year Estimates (Social Explorer)

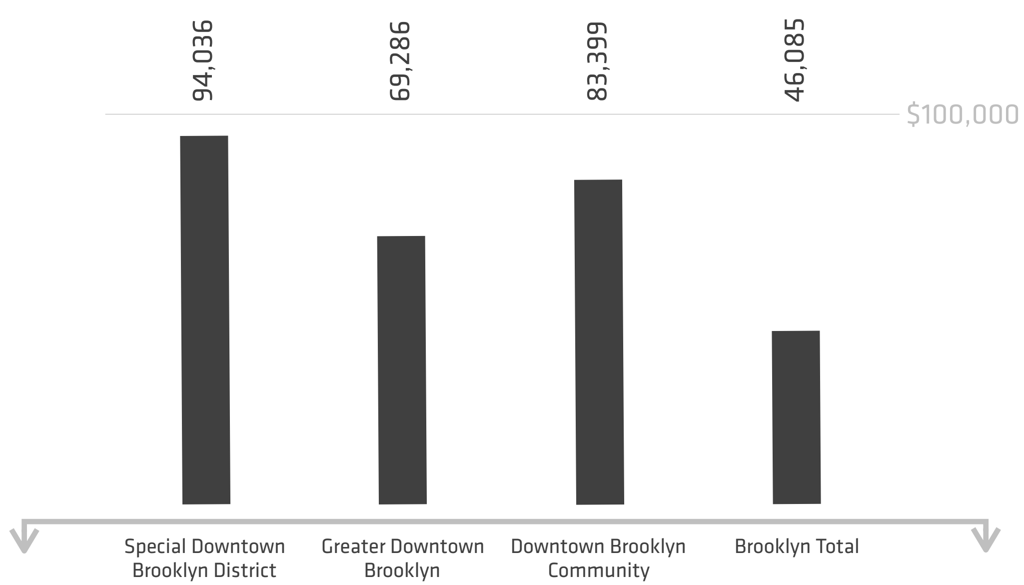


Figure 8: Median household income (in 2013 dollars), 2009-13
Source: American Community Survey 2009-2013 5-Year Estimates (Social Explorer)

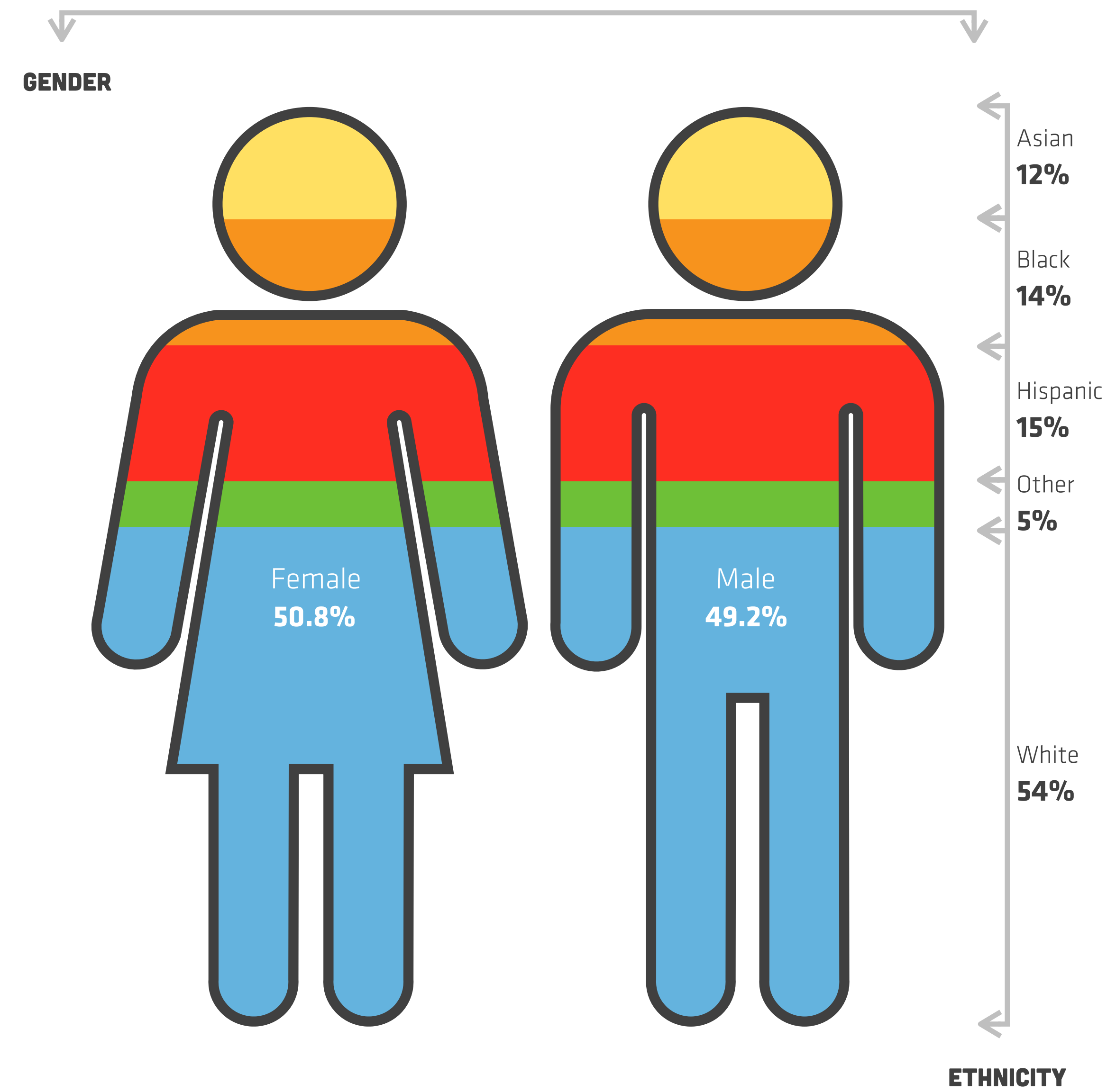


Figure 9: Downtown Brooklyn Demographics
*Source: ACS 2009-2013 5-Year Estimates
**Source: Census 2000, Census 2010, ACS 2009-2013 5-Year Estimates

DEMOGRAPHICS + JOB MARKET

The neighborhood's dynamism extends beyond the residential community to its vibrant workforce as well. Downtown Brooklyn is part of the Brooklyn Tech Triangle, comprising also DUMBO and the Brooklyn Navy Yard, which has emerged as New York City's largest cluster of tech activity outside of Manhattan.

A precursor to this was seen in the area's steady employment growth between 2002 and 2013, particularly in the professional and creative sectors. Brooklyn overall experienced very strong growth in private payroll employment in a number of "innovation economy" industries (Figure 11). This data is conservative in that it does not capture people who work independently as freelancers, artists, or solo entrepreneurs.

To get clearer insight into the growth of self-employment in several sectors often associated with the innovation economy, data provided by the Census Bureau's American Community Survey (ACS) in Figure 12 shows self employment by industry.

Private-sector employment rose across Downtown Brooklyn between 2002 and 2013, as shown in the data in Figure 10 from the Census Bureau's Local Employment Dynamics (LED) series. Particular areas of growth were in professional and business services, media and information services, real estate, education, the arts and entertainment, hotels and restaurants, and retail.

Today, the innovation economy and Brooklyn are both hotter than ever. The Brooklyn Tech Triangle is now home to 17,300 innovation employees – a 45% growth from 2012 to 2015. More than 1,350 innovation companies are located here – 22% more than four years ago – including established firms like Etsy, Huge, MakerBot, Crye Precision, and Steiner Studios. The Tech Triangle has attracted many new and expanding companies—startups like goTenna, Honeybee Robotics, and Sartorous; and companies from the West Coast and other countries looking to have a major New York presence.

In short, Downtown Brooklyn is where entrepreneurs and innovators can find the support they need to keep growing and create opportunity for tens of thousands more New Yorkers in the coming years.

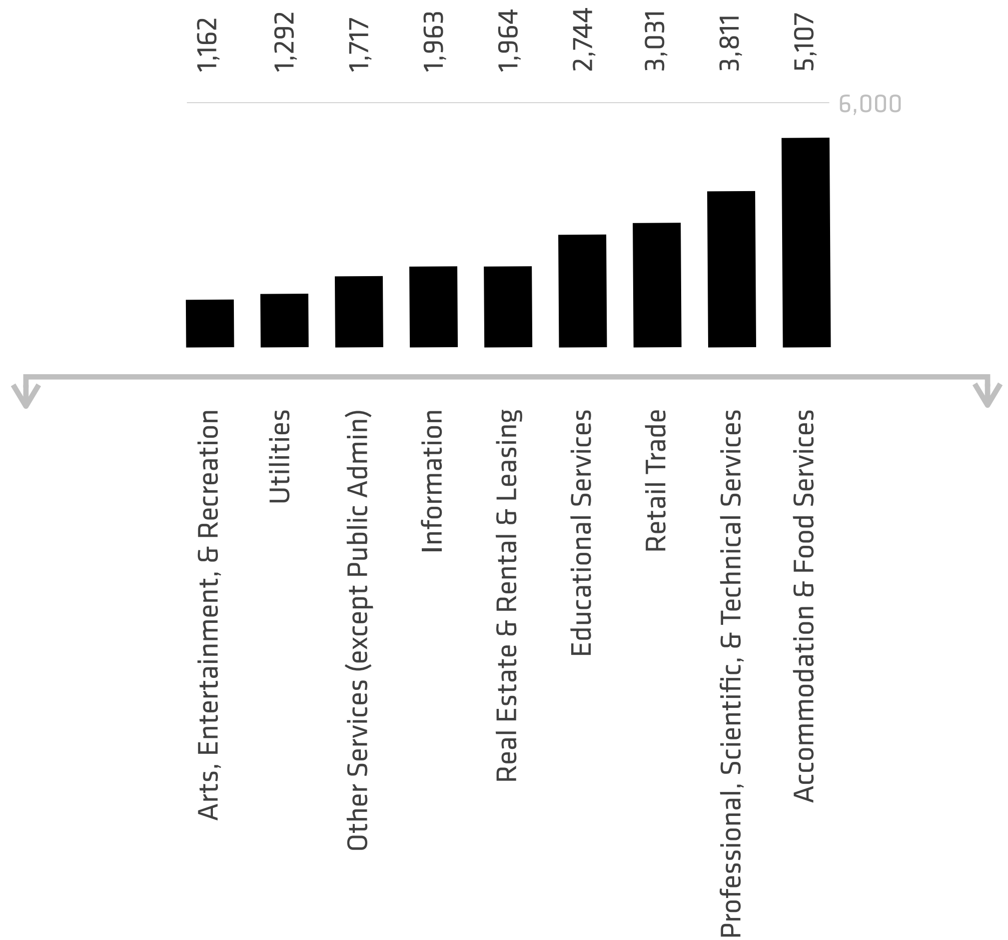


Figure 10: Change in private-sector employment in selected industries in the Downtown Brooklyn Community, 2002 – 2013
Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2012)

Industry	2001	2014	Change	% Change
Non-store retail	1,662	3,538	1,876	112.9%
Publishing (other than Internet)	806	1,092	286	35.5%
Internet publishing	ND	521	521	NA
Other information services	ND	1,366	1,366	NA
Architecture and engineering	601	1,386	785	130.6%
Specialized design services	408	1,118	710	174.0%
Computer systems design	1,656	3,309	1,653	99.8%
Scientific research & development	1,444	1,685	241	16.7%
Advertising, marketing & public relations	694	1,590	896	129.1%
Arts, entertainment & recreation	3,314	7,275	3,961	119.5%
TOTAL	**10,585**	**22,880**	**12,295**	**116.2%**

Figure 11: Payroll job growth in Brooklyn in selected "innovation economy" industries
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Industry	2006	2013	Change	% Change
Manufacturing	3,286	2,995	(291)	(8.9%)
Information	4,063	5,987	1,924	47.4%
Professional, scientific and technical services	11,983	17,623	5,640	47.1%
Arts, entertainment & recreation	7,491	10,687	3,196	42.7%
TOTAL	**26,823**	**37,292**	**10,469**	**39.0%**

Figure 12: Growth in self-employment in Brooklyn in selected industry sectors
Source: U.S. Census Bureau, American Community Survey 2013

Photos (Top, Bottom): Sasha Smolina Photography

Photos (Top, Bottom): Fantastica; Sasha Smolina Photography

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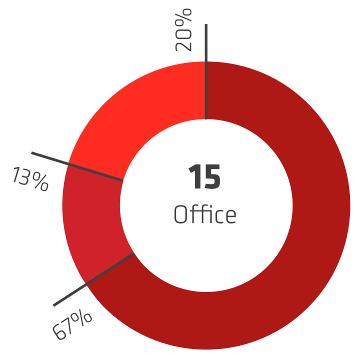
Commercial Office



Completed	10
Construction	2
Pipeline	3

There has never been a better time to locate a company in Downtown Brooklyn. The demand for office space is at an all-time high driven primarily by innovative and creative businesses looking to cluster with other like-minded firms in the area – a trend that has been intensifying over the last several years.

Between 2009 and 2015, innovation employment grew 29.4% in Brooklyn; in the same period, the Brooklyn Tech Triangle consisting of Downtown Brooklyn, DUMBO, and the Brooklyn Navy Yard experienced an 87% increase in innovation employment growth. Large innovation firms in the Tech Triangle include Etsy, Tough Mudder, and Huge, while Downtown Brooklyn is home to major companies including JPMorgan Chase, which occupies 1.4 million square feet of space; National Grid, WeWork, and Uniworld Group. As such, nearly all of Downtown Brooklyn's 17 million square feet of office space has been absorbed, resulting in a low commercial office vacancy rate of 3.0%. This rate is significantly lower than other major areas in the City, including Lower Manhattan at 8.9%, Midtown South at 4.6%, and Midtown Manhattan at 7.1%.

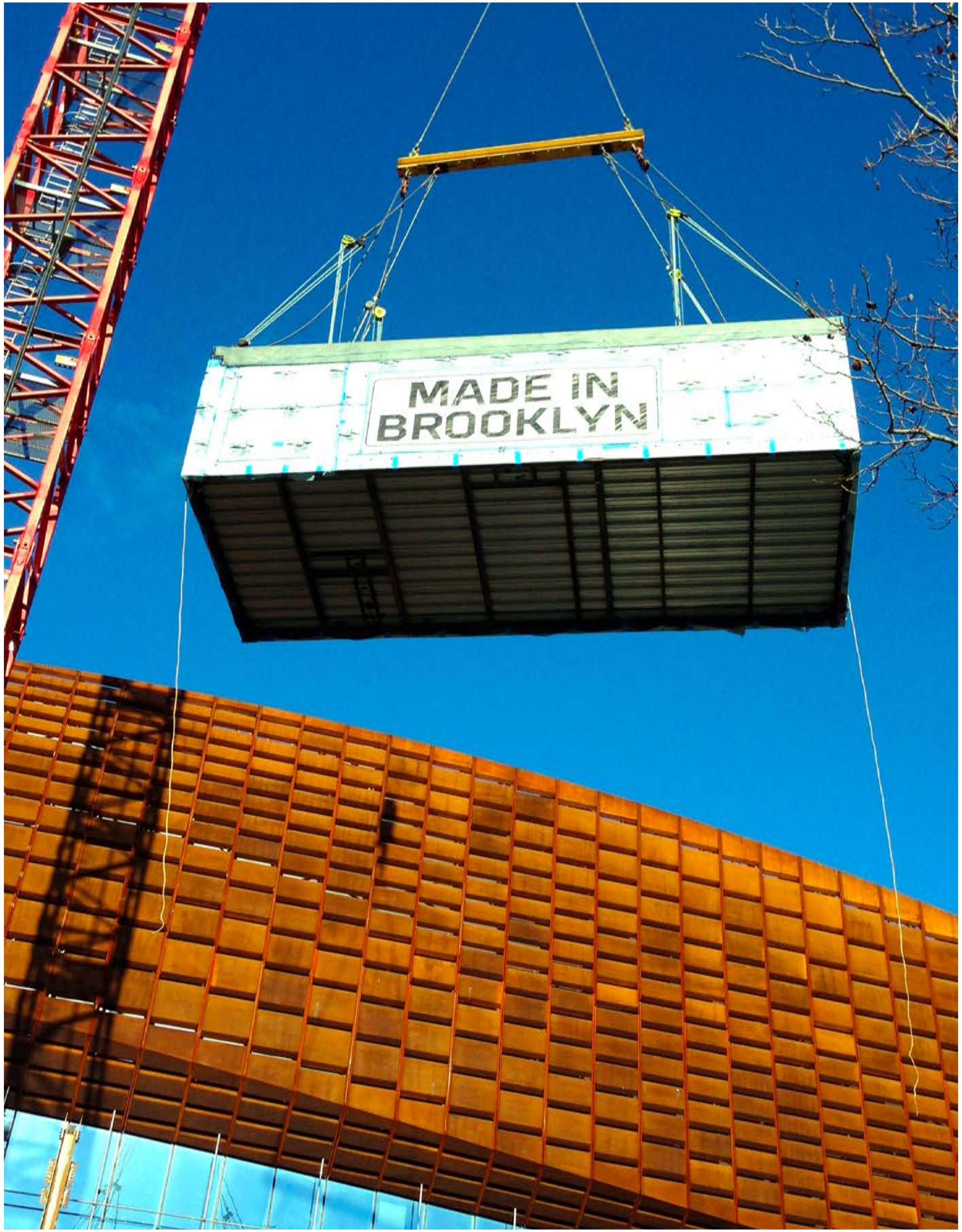


Photo: Forest City Ratner Companies

A SAMPLING OF BROOKLYN TECH TRIANGLE COMPANIES

agrilyst
Amplify.
BioLite
blankslate.
BREAKFAST
BROOKLYN UNITED
BROWNSTONER
carrot
CONSORTIUM RESEARCH & ROBOTICS
cir.cl
digitaldumbo
DUMBO STARTUPLAB
ELECTRIC LIT
Etsy
FERRA DESIGNS INC. fine metal fabrication
HUGE
inside climate news
JPMorgan Chase & Co.
MakerBot
MAKER'S row EST 2012
MADE IN NY MEDIA CENTER BY IFP
mimedia
nationalgrid
New Lab
PENSA
POP CHART LAB
Radiator Labs
RED ANTLER
SHORE FIRE MEDIA
Small Planet
STEINER STUDIOS
TENDIGI
UNIWORLD GROUP, INC.
west elm
wework
zignage

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Given the high demand for commercial office space, developers have responded with plans for several new office projects. JEMB Realty and Forest City Ratner Companies plan a 500,000-square-foot building sufficient in scale for a corporate headquarters to be located at One Willoughby Square, directly across from City Point, the new 1.8 million-square-foot mixed-use center complete with a plethora of food and retail establishments. The building will also be adjacent to the future Willoughby Square Park, making it a great destination for employees to take a break during or after the work day.

In addition to One Willoughby Square, Tishman Speyer will renovate the Fulton Street Macy's store and convert 360,000 square feet of underutilized upper floors into office space also conducive to house a corporate headquarters. The building is located in the heart of Downtown Brooklyn's premier shopping district and like all areas of the neighborhood benefits from great transit access.

At 41 Flatbush Avenue, Quinlan Development and Building & Land Technology recently completed the conversion of the Pioneer Building, a former self-storage facility, into a modern 260,000-square-foot commercial office building with 27,000-square-foot floor plates. The interior is reminiscent of large warehouse space typically found on Brooklyn's waterfront with exposed beams, tall ceilings, and abundant light, and the building is located steps from the vibrant Brooklyn Cultural District.

Finally, Greenland Forest City Partners recently announced plans to explore the creation of significant Class A office space at 590 Atlantic Avenue as part of its Pacific Park project. If it gets New York State approval, the mixed-use building could potentially include one million square feet and likely be the biggest new office development in Brooklyn.

Rendering: Quinlan Development and Building & Land Technology

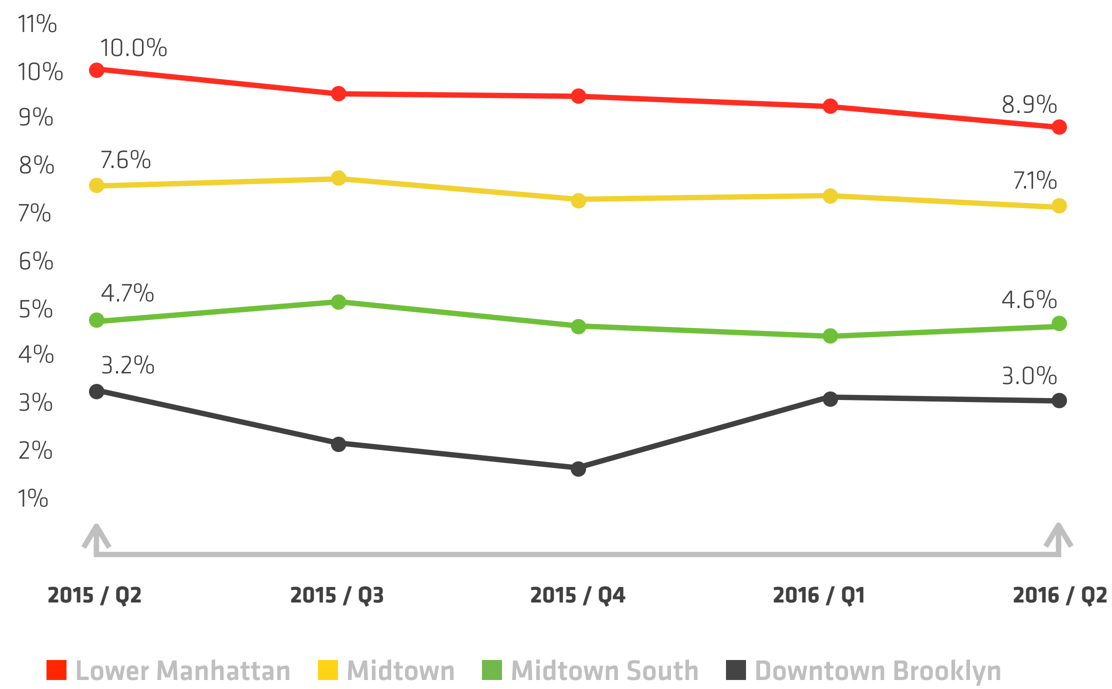


Figure 13: Office Vacancy Rates: Downtown Brooklyn VS. Manhattan
Source: Newmark Grubb Knight Frank

Expansion and Relocation Incentives

In addition to new commercial office space available for customization, several incentive programs specific to the boroughs outside of Manhattan are available to make a corporate expansion or relocation to Brooklyn very attractive. Perhaps the most popular incentive is the Relocation Employee Assistance Program (REAP) available to companies relocating from anywhere in the world outside of Manhattan to Brooklyn (or the other boroughs). This program provides a tax credit of $3,000 per relocated employee for twelve years.

In addition to REAP, there are several programs that help offset the cost of construction including the Industrial and Commercial Abatement Program (ICAP) and the Commercial Expansion Program (CEP). Several energy incentive programs like the Energy Cost Savings Program (ECSP) help to offset costs associated with converting to green energy in older buildings.

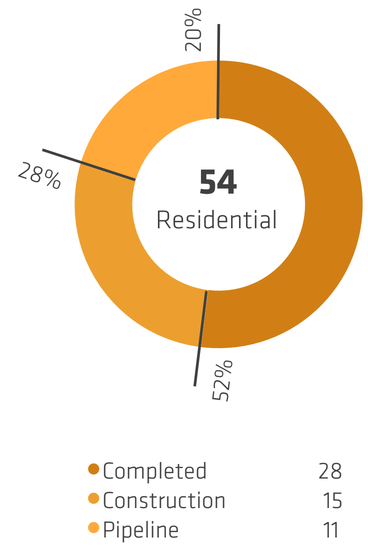
Small business support is also available for companies looking to expand in Downtown Brooklyn. New York City's Department of Small Business Services has several resources available to growing companies including help navigating construction and renovation permits. And the Downtown Brooklyn Partnership provides digital marketing, beautification, and public safety support for the area's businesses.

	COMMERCIAL EXPANSION PROGRAM (CEP)	ENERGY COST SAVINGS PROGRAM (ECSP)	INDUSTRIAL AND COMMERCIAL ABATEMENT PROGRAM (ICAP)	RELOCATION AND EMPLOYMENT ASSISTANCE PROGRAM (REAP)
About	Rent abatement up to $2.50 per square foot	Up to 45% or 35% savings on regulated electric and natural gas costs respectively. Also, a combined heat and power (CHP) credit up to 4.44 cents for each kilowatt-hour generated for co-generation systems that meet the "clean cogen"emissions standard of 0.3 lbs NOx per MWh	Property tax abatement for renovation or construction (successor to the ICIP program)	Relocation tax credit up to $3,000 per employee for 12 years
Eligibility	Industrial + commercial businesses, excluding retail businesses	Industrial + commercial businesses, excluding retail business and hotels	Industrial + commercial businesses. Various restrictions on retail activity depending on location	Industrial + commercial businesses, excluding retail and hotels relocating into targeted areas of the city
Administering Agency	NYC Department of Finance (DOF)	NYC Department of Small Business (SBS)	NYC Department of Finance (DOF)	NYC Department of Finance (DOF)

Figure 14: Available Incentives in Downtown Brooklyn
Source: Downtown Brooklyn Partnership; City of New York

Rendering: SHoP Architects

Residential



Downtown Brooklyn has emerged as one of the hottest and most diverse New York City residential neighborhoods. In the past decade, nearly 20,000 residential units have been planned, are in construction, or recently completed, in sum totaling close to 30 million square feet of residential development.

Surrounded by Brooklyn's historic brownstone neighborhoods, Downtown Brooklyn's residential units comprise a range of condominiums, market-rate rental units, and affordable housing, characterized by modern building design and the most up-to-date amenities.

Despite the recent increase of available or new residential units, market-rate rental prices have fluctuated little over the past year. Current average rental prices for a one-bedroom in Downtown Brooklyn reached $3,239 at the end of Q2 in 2016. This is up from $3,118 in February 2016, but in line with average rental prices a year prior which were at $3,252 at the end of Q2 in 2015.

The sustained high demand for more housing will be met by a number of residential projects to come online within the next year. The area's largest mixed-use development at Pacific Park now has six buildings under construction, with the first slated to be finished at 461 Dean Street.

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Formerly known as B2, the project was designed by SHoP Architects and is located adjacent to Barclays Center where it will include 363 residential units, 181 of them affordable.

Another notable mixed-use development is City Point, which recently completed two residential projects as part of a larger retail and office development. The first is BFC Partners' 7 DeKalb comprising 489 market rate rental units; the second is Brodsky's City Point Tower with 250 affordable residential units.

The nearby Brooklyn Cultural District is wildly anticipating the opening of Two Trees Management Company's 300 Ashland, which will feature 379 residential units, outdoor and retail space, and 45,000 square feet designated for cultural uses.

Located across from 300 Ashland on the west side of Flatbush Avenue is another soon-to-open residence at the Hub. The 53-story tower being developed by Steiner NYC features 740 residential units, 20 percent of them affordable, and amenities like an outdoor sundeck and terrace, fully-equipped fitness center, dog run, and bike storage for every unit. 50% of the affordable units offered will be designated for Community Board 2 residents.

Set at the crossroads of Downtown Brooklyn and Boerum Hill, the 25-story development at 300 Livingston Street will also be making 20 percent of their units affordable, totaling 143 in all. Residents will also have local shops to choose from in the 55,000 square feet of retail to be located in the lower level floors.

These highlighted developments are only part of Downtown Brooklyn's residential environment. Roughly two dozen residential projects are currently being planned, which will be added to the nearly forty projects already completed.

Photo: Sasha Smolina Photography

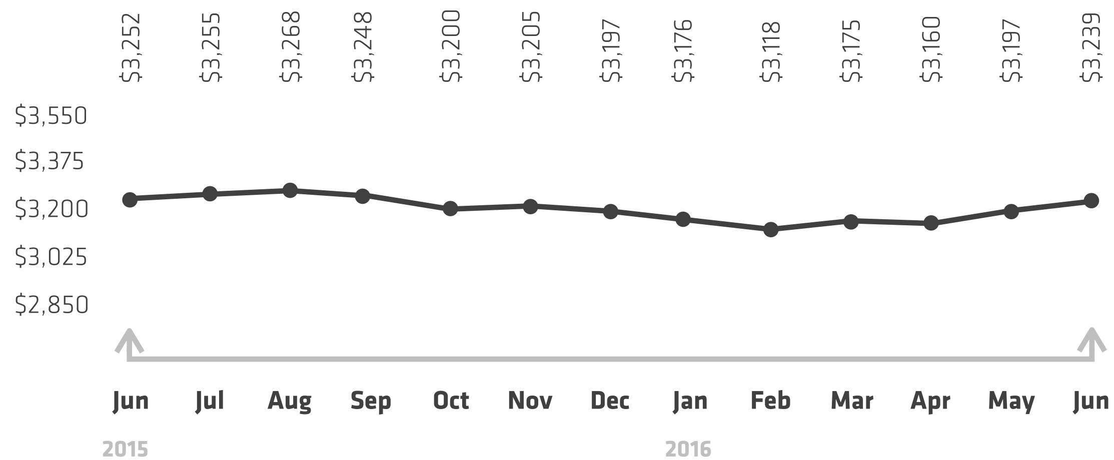
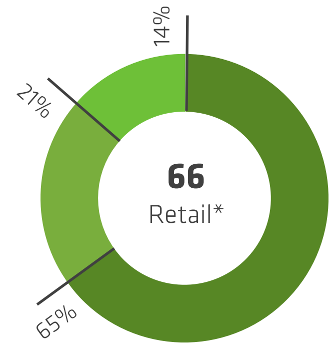


Figure 15: Downtown Brooklyn Average Rental Price ($) / One Bedroom
Source: MNS

Photo: Rick Sechrest

MARKET REPORT

Retail



Completed	43
Construction	13
Pipeline	9

While Downtown Brooklyn benefits from the close proximity of boutique retail corridors in Cobble Hill, Brooklyn Heights, and DUMBO, there is no question that Downtown Brooklyn is the center of Brooklyn's retail hub. The thriving Fulton Mall sees tens of thousands of visitors daily and the recently completed City Point development located there is poised to become Brooklyn's premier retail center.

*Number of projects that contain some retail component.

Representing the area's largest retail investment to date, the 1.8 million-square-foot mixed-use development includes housing, office, and 660,000 square feet of retail space. Developed by Acadia Realty Trust and Washington Square Partners, anchor tenants include Century 21, Target, Alamo Drafthouse Cinema, and Trader Joe's.

City Point's DeKalb Market Hall will be one of the largest food halls in the country, and arguably the only one with a distinctly Brooklyn flavor. Curated by Brooklyn native and Foragers Market founder Anna Castellani, the 35,000-square-foot space will be home to a diverse collection of nearly 50 local and regional food outposts – including Ample Hills Creamery, Bun-ker, and the iconic Katz's Delicatessen's first venture beyond its original location. The hall will also host daytime and late-night programming reflective of the borough's rich culture.

Renderings (Top, Bottom): The Gotham Organization

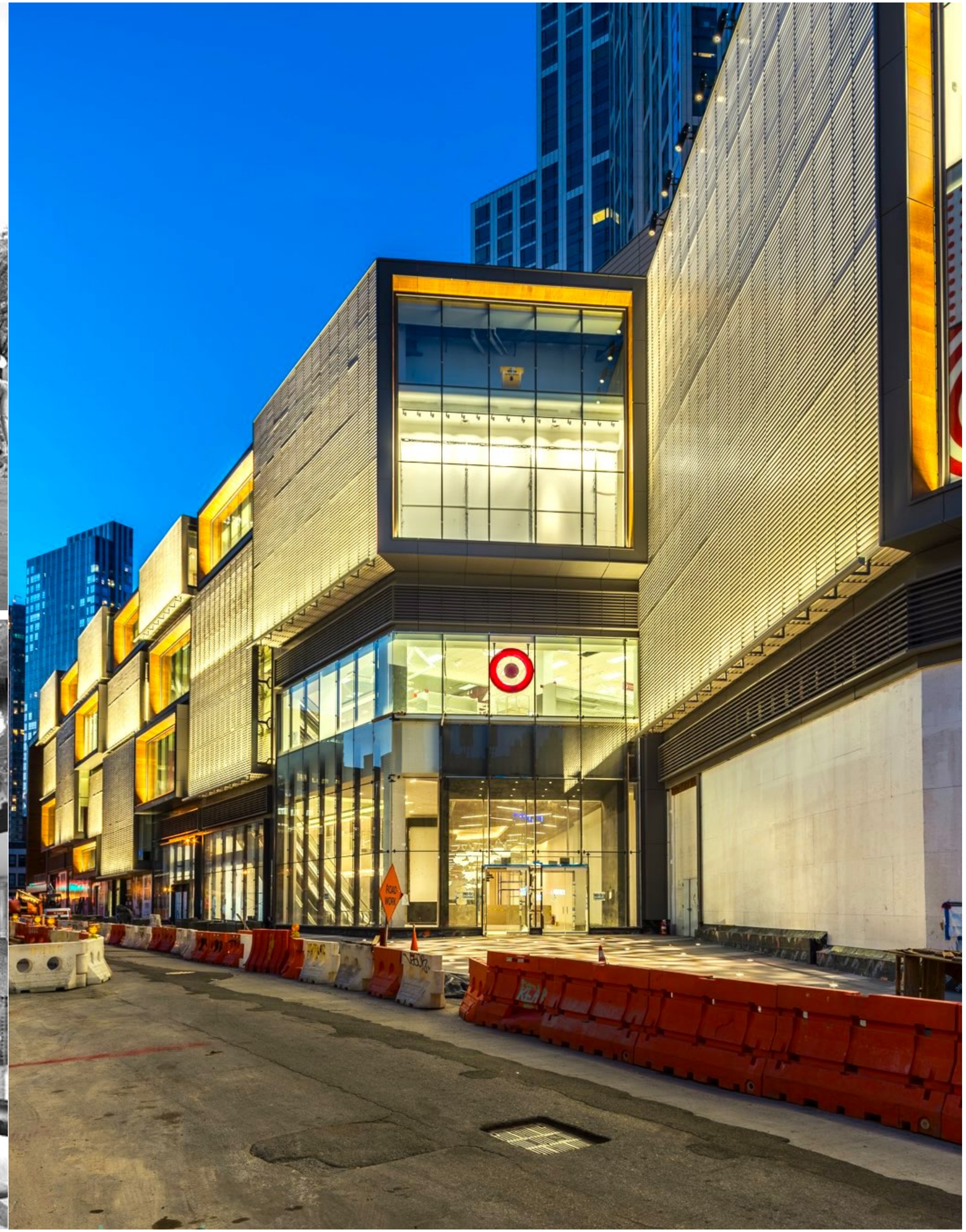


Photo: Rick Sechrest

112
Restaurants +
Cafés

102
Apparel +
Accessories

46
Beauty +
Cosmetics

41
Specialty +
Other

26
Art +
Entertainment

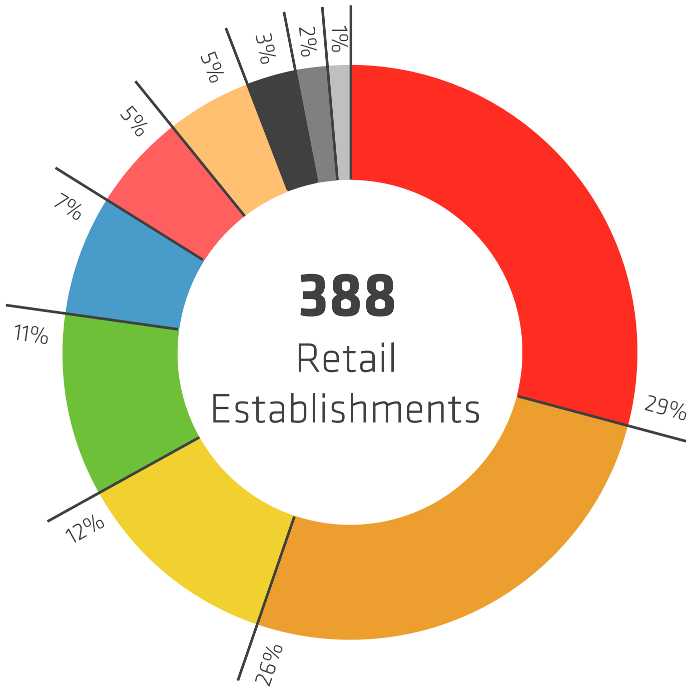
21
Grocery +
Pharmacy

18
Health, Fitness +
Sporting Goods

11
Digital +
Electronics

7
Furniture +
Home Furnishings

4
Department Stores



DOWNTOWN BROOKLYN'S RETAIL MAKEUP INCLUDES A VARIETY OF RESTAURANTS AND CAFES.

Figure 16: Downtown Brooklyn Retail Breakout
Source: Downtown Brooklyn Partnership

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In addition to the upcoming retailers at City Point, Downtown Brooklyn has welcomed several new retail tenants in recent years, including Adidas, Aeropostale, American Apparel, American Eagle Outfitters, Ann Taylor Outlet, Banana Republic Factory Store, Gap Factory Store, House of Hoops, H&M, Michael's, Neiman Marcus Last Call, Nordstrom Rack, Old Navy, Sephora, SoulCycle, Swarovski, Tangerine Hot Power Yoga, TJ Maxx, and YogaWorks, to name a few. These are in addition to the dozens of local and boutique shops located throughout the district.

Other new recent food additions include Yaso Tangbao on Lawrence Street; The Juice Shop on Adams Street; Dos Toros, Paris Baguette, and Maison Kayser on Court Street; and Brasserie Séoul on Schermerhorn Street.

But it's not only the new retail and restaurant offerings that are drawing more investment to the area. Downtown Brooklyn's public spaces rank among the most pedestrian-dense locations in New York City.

Thirteen public spaces spread across roughly two million square feet range in size from the 27,000-square-foot Albee Square to the five-acre MetroTech Commons.

Conservatively, more than 108,000 people enter the community's public spaces each day. The Willoughby Gateway at the shared entrance to the Fulton Mall and Willoughby Plaza, two of the area's most celebrated spaces, recorded an average of over 34,000 pedestrians each day in August 2016, a quarter less than the area around Times Square, more than double the volume recorded on Harlem's bustling 125th Street, and more than other notable Manhattan locations like Broadway South in Lower Manhattan and 7th Avenue in the Garment District.

MARKET REPORT

MARKET REPORT

Furthermore, the pedestrian numbers are growing, buoyed by exciting programming and strong tourism. Between 2014 and 2016, the Willoughby Gateway experienced a 20% growth in pedestrian traffic. This trend was most pronounced in the popular summer month of July, which saw a 75% increase in pedestrian traffic since 2014.

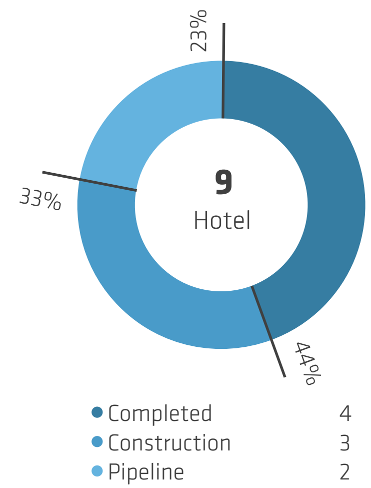
Downtown Brooklyn's public spaces are positioned in close proximity to some of the busiest transit hubs in New York. In fact, Brooklyn's three busiest subway stations are located directly adjacent to marquee public spaces. Atlantic Avenue/Barclays Center, located in close proximity to both Atlantic Terminal and Times Plaza, records more than 65,000 daily pedestrian entries/exits on an average day, while Borough Hall and Jay Street attract 46,024 and 44,409 daily pedestrians respectively. The presence of these growing pedestrian anchors only serve to underscore a continued pattern of growth over the past two years.

With the residential and commercial populations expanding and pedestrian traffic growing at an exponential rate, the demand for additional retail destinations will continue to become even more critical. While City Point and Tishman Speyer's Macy's site are major investments redefining Downtown Brooklyn's historic retail corridor along the Fulton Mall, retail presence is continuing to grow along other strips, including Court, Livingston, Schermerhorn, and Jay Streets; along Flatbush Avenue; and including new retail spaces coming online as Downtown Brooklyn meets Fort Greene to the east and Boerum Hill to the south.

Photo: Kate Milford

Photo: EVEN Hotel | Sam Ogranaja

Hospitality



Downtown Brooklyn is Brooklyn's hotel and hospitality capital, offering a unique New York City experience with fantastic views of the Manhattan skyline. With close proximity to Barclays Center and nearly a dozen colleges and universities, hotels located here are a fantastic option for large-scale conventions, corporate, and cultural events. Now boasting more than 3,800 rooms across nine hotels, Downtown Brooklyn is leading outer borough hotel development.

Three new hotels opened their doors in 2016: Dazzler Brooklyn, the Holiday Inn, and the EVEN Hotel Brooklyn.

The Dazzler Brooklyn features 174 rooms and houses a ballroom space for larger events and an outdoor beer garden – a hidden gem worth a visit. The 247 rooms located at the Holiday Inn on Schermerhorn Street are a very short walk to Barclays Center, and the hotel also boasts a pool and ground-floor restaurant, Brasserie Séoul, inspired by French technique and Korean flavor. The most recent addition to the Downtown Brooklyn hotel inventory is the EVEN Hotel Brooklyn, where amenities like a juice bar and personal exercise equipment in each of its 204 rooms help guests stay healthy while traveling.

MARKET REPORT

The pioneer in the Downtown Brooklyn hotel market – the New York Marriott at the Brooklyn Bridge developed by Muss Development in 1998 – recently completed a renovation of 667 hotels rooms and 44,000 square feet of meeting space, making it the largest hotel in the neighborhood.

Leading the wave of further hotel construction in Downtown Brooklyn was the Nu Hotel, part of a mixed-used condominium development at the corner of Smith Street at Atlantic Avenue in 2007. Not long after in 2011 and 2012, Downtown Brooklyn welcomed the Hotel Indigo, aLoft, and Sheraton Hotels, to Duffield Street, known locally and informally as the area's Hotel Row.

The Hampton Inn, which opened in July 2014, is the first Brooklyn hotel to join Hilton Worldwide's portfolio. Located on the corner of Flatbush and Tillary Streets, the hotel has 117 rooms, a ground-level bar, state-of-the-art fitness center, and upper floor rooms with views of the Manhattan skyline.

A second phase of the hotel is currently in construction and will add an additional 242 rooms. This project was developed by Friend Development Group and LodgeWorks.

In addition to the more than $440 million already invested in the nine hotels, a conservative estimate of more than $60 million is being invested in three new hotels to be announced (and the current expansion of the Hampton Inn). These hotels currently being built will bring more than 730 rooms online. Another upcoming boutique luxury hotel to keep an eye out for is the soon-to-be completed six-story hotel that will be part of a mixed-use development called The Boerum, located at the corner of Smith and State Streets, being developed by Flank + Carlyle Group.

Photo: The Hampton Inn Downtown Brooklyn

Figure 17: Hotels in Downtown Brooklyn
Source: Downtown Brooklyn Partnership

Photos (Top, Bottom): EVEN Hotel | Sam Ogranaja; Marriott Hotel Brooklyn Bridge

Photos (Top, Bottom): Marriott Hotel Brooklyn Bridge; Hampton Inn Downtown Brooklyn

Photo: Rick Sechrest

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Transportation

New York City runs one of the most robust transportation networks globally. With 24-hour service, New York City's subways offer unparalleled service. And one of the largest transportation hubs in the five boroughs can be found in Downtown Brooklyn, boasting 13 subway and 15 bus lines.

Downtown Brooklyn also houses a major entry point to New York City from Long Island via the Long Island Railroad. Commuters and tourists alike can enjoy travel via the City's East River Ferry, providing an additional transit option on the water that shows off some of New York City's most breathtaking views.

Not only is Downtown Brooklyn's transit infrastructure extensive, the neighborhood's accessibility to jobs is tremendous. A population of more than 6.5 million and a labor force of nearly 3.5 million live within a one-hour commute by mass transit from the center of Downtown Brooklyn.

Even more jobs are accessible to Downtown Brooklyn from the borough's many surrounding neighborhoods where commuters can walk or bike to work. Trying to get to Lower Manhattan from Downtown Brooklyn? The subway can get there in five minutes.

Brooklyn has also embraced the addition of Citi Bike – New York City's official bicycle share program and the largest such system in the nation. Citi Bike has targeted Brooklyn as its largest area of growth, location dozens of its 500 total docking stations in the borough, with many more on the way. Downtown Brooklyn is also part of emerging car share programs, including Car2Go, with service territory covering most of Brooklyn and Queens. And in addition to New York City's iconic taxi fleets, car service companies such as Lyft and Uber have become extraordinarily popular. The latter just announced an innovative partnership with WageWorks to offer employees using their service in New York commuter benefits with pre-tax dollars.

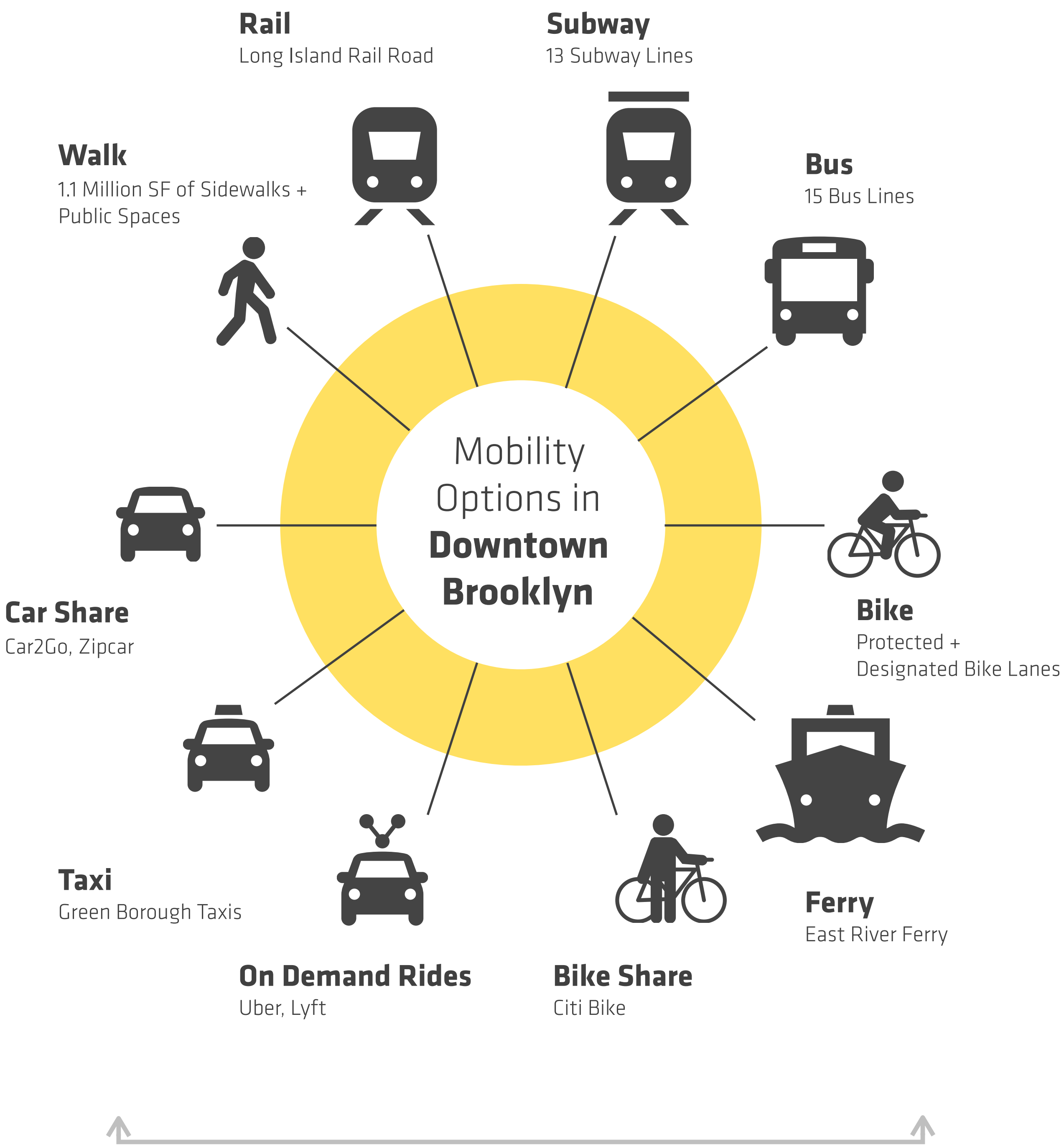

Figure 18: Mobility Options in Downtown Brooklyn
Source: Downtown Brooklyn Partnership

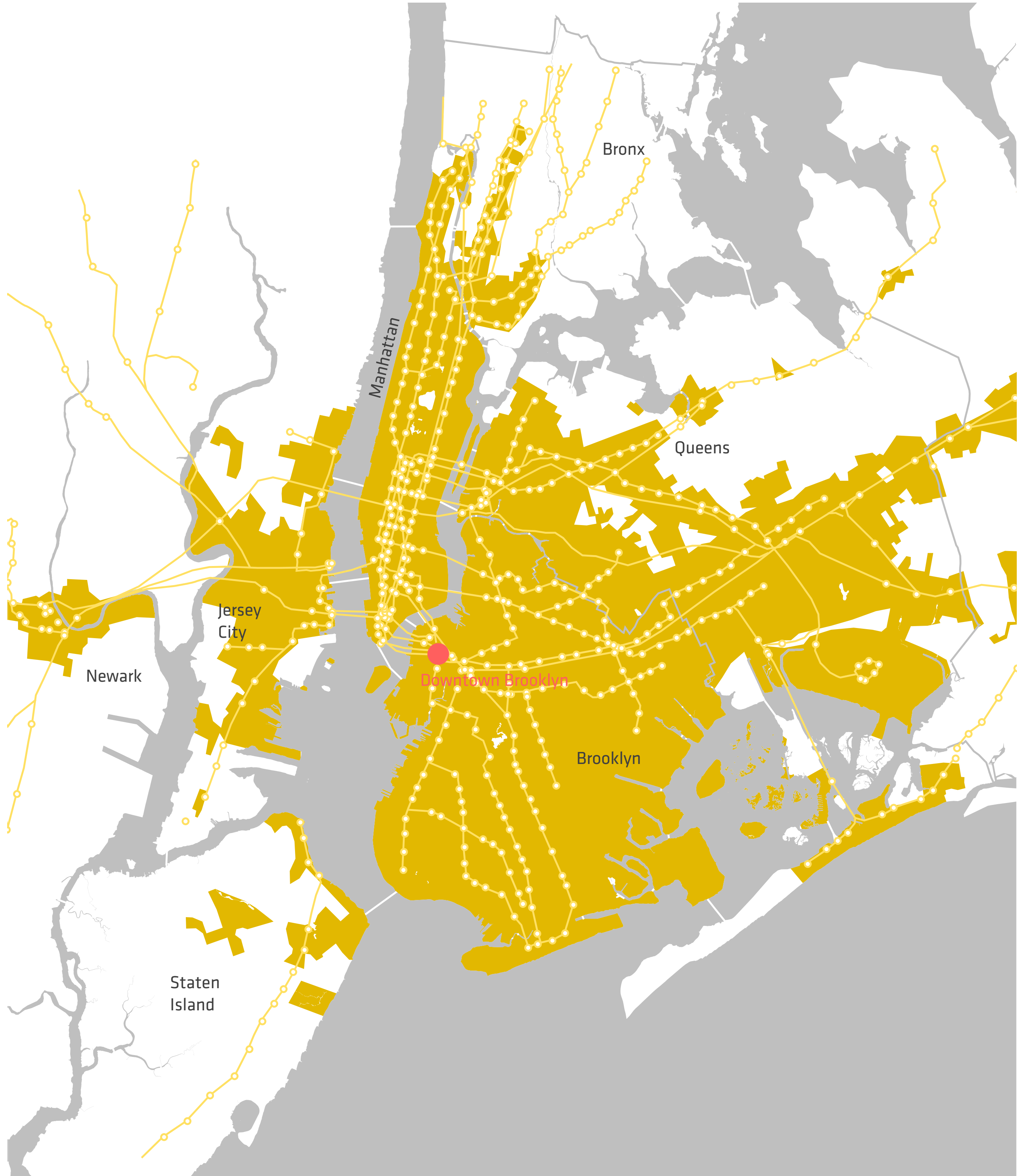

Figure 19: Census tracts within a one-hour trip from Downtown Brooklyn by public transportation
Source: Census Bureau data, Google Maps, Appleseed calculations

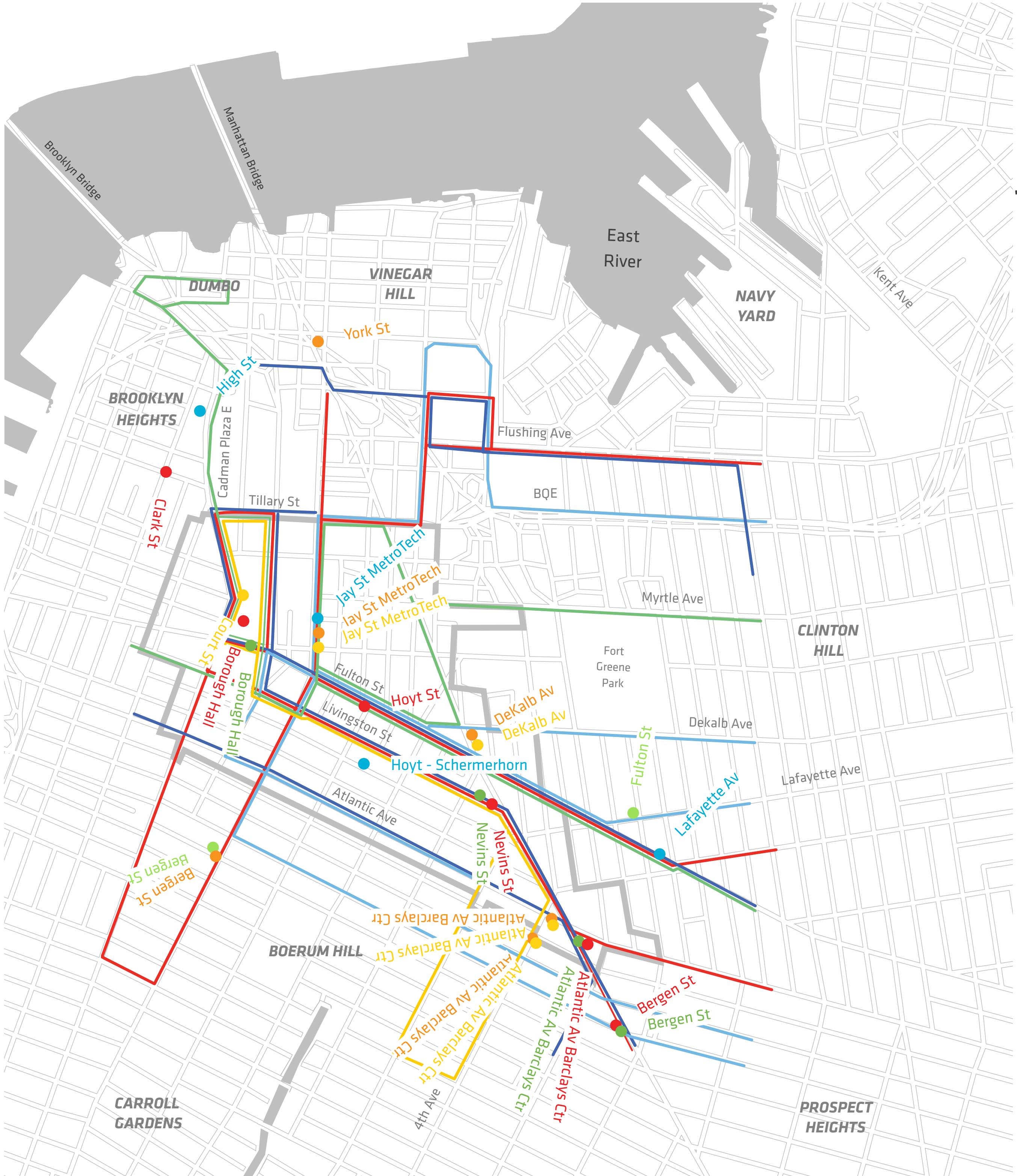

Figure 20: Subway + Bus Lines in Downtown Brooklyn

Source: Downtown Brooklyn Partnership/Metropolitan Transportation Authority

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Finally, exciting plans are underway to construct a 16-mile streetcar route along the Brooklyn-Queens waterfront – an area that has been described as the backbone of New York City's future innovation growth. Known as the Brooklyn-Queens Connector, this transit route has the potential to connect over 400,000 residents to major job hubs from Sunset Park to Astoria, and could generate over $25 billion in economic impact to our City over the next 30 years.

Photos (Top, Bottom): Kate Milford **(at right):** Kate Milford

Photo: Sasha Smolina Photography

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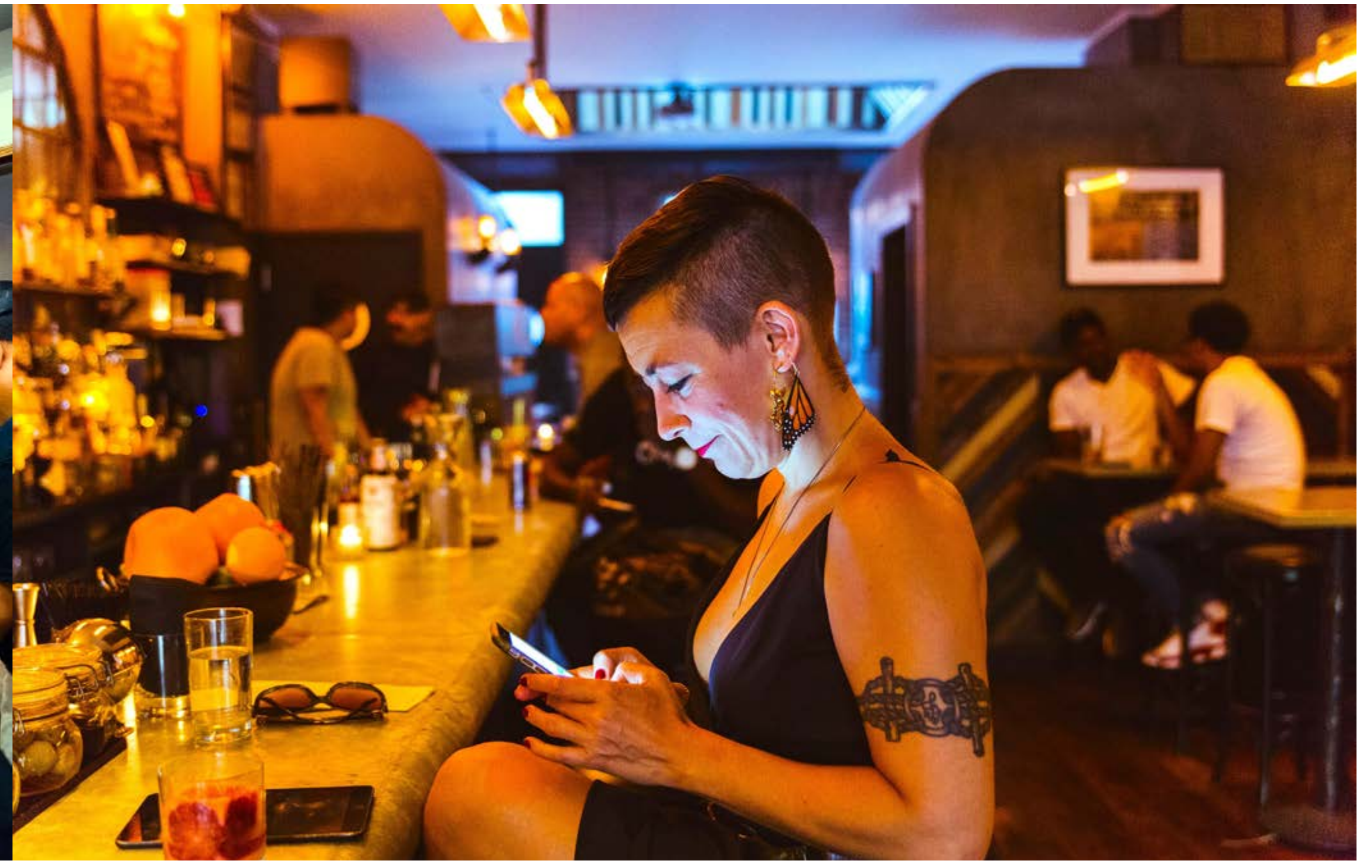
Restaurants + Bars

After years of waiting by many hungry locals, Downtown Brooklyn is finally taking its rightful place on the borough's culinary map. Numerous establishments ranging from trendy fast-casual to fine dining to hip new bars are setting up shop in the borough's busiest neighborhood. Gregory's Coffee, be.good, Maison Kayser, and Dos Toros recently joined long-time establishments like Queen and Tio Pio along the Court Street Corridor. New neighborhood bar Livingston Manor was recently joined by Grand Army, a project of culinary super stars Noah Bernamoff of Mile End Deli and Julian Brizzi of Rucola.

In the Brooklyn Cultural District, the Gotham Organization is set to open a Brooklyn outpost of its critically-acclaimed Gotham West Market in the base of its newest tower, The Ashland. The 16,000-square-foot space will see an outpost of noodle spot Mu Ramen; a counter from the team behind local favorite Mason Jar NYC; and three projects from Dinosaur Bar-B-Que founder John Stage, including a rotisserie-and-fried chicken establishment, Flip Bird, and a pizzeria, Apizza Regionale.

Right across the street in Dermot's 66 Rockwell, Rocca Bene will be one of the fall's most anticipated openings – a partnership of Matthew Maddie of American Construction League, the team behind Crown Heights hit Mayfield, and cocktail wizard Kathryn Weatherup. And of course, don't forget the pièce de résistance, City Point's DeKalb Market Hall, one of the city's largest food halls curated by Anna Castellani, founder of Foragers Market in DUMBO. The space will eventually house 50 of Brooklyn and the City's best purveyors. Highlights include Katz's Delicatessen's first outpost outside of Manhattan, a permanent location of Fulton Landing Seafood Company (one of the former Brooklyn Night Bazaar's favorite spots), and Elmhurst's famed Arepa Lady.



All photos: Sasha Smolina Photography

Photo: BAM

Culture + Entertainment

The Brooklyn Cultural District continues its rapid ascent and is quickly becoming one of the city's most important cultural corridors. Overall, nearly 70 groups representing nearly every art form operate within its confines. The core of the district is centered around the new developments surrounding the Brooklyn Academy of Music (BAM), which will soon see roughly 50,000 square feet of new cultural space that will be home to the BAM Karen, a new visual arts gallery for the Museum of Contemporary African Diasporan Arts (MoCADA), state of the art multi-purpose studios operated by 651 Arts, and a unique outpost of the Brooklyn Public Library.

Culture, however, is deeply rooted throughout the entirety of Downtown Brooklyn with venues and organizations ranging from Issue Project Room on Boerum Place to Page 76 productions in 80 Hanson Place, an arts incubator run by the Downtown Brooklyn Partnership.

All told these 70 organizations comprise one of the City's most culturally diverse neighborhoods, where in 2013, combined economic output of these groups topped $300 million and attracted more than 4.5 million visitors.

Bookending Downtown Brooklyn is one of the nation's top performance venues at Barclays Center. This architectural gem has energized the entire area, not only bringing professional sports back to Brooklyn but also hosting a wide range of events.

Just a few blocks away the same developer responsible for Barclays Center is working with LIU Brooklyn to revive the historic Paramount Theatre. This project will be a 2,000-seat popular music venue, filling a mid-size venue gap that exists in the area, and expected to immediately draw many types of acts given its proximity to numerous transit lines, residential development, and new hotels.

Figure 21: Selected cultural institutions and organizations in the Downtown Brooklyn Community

Source: Downtown Brooklyn Partnership

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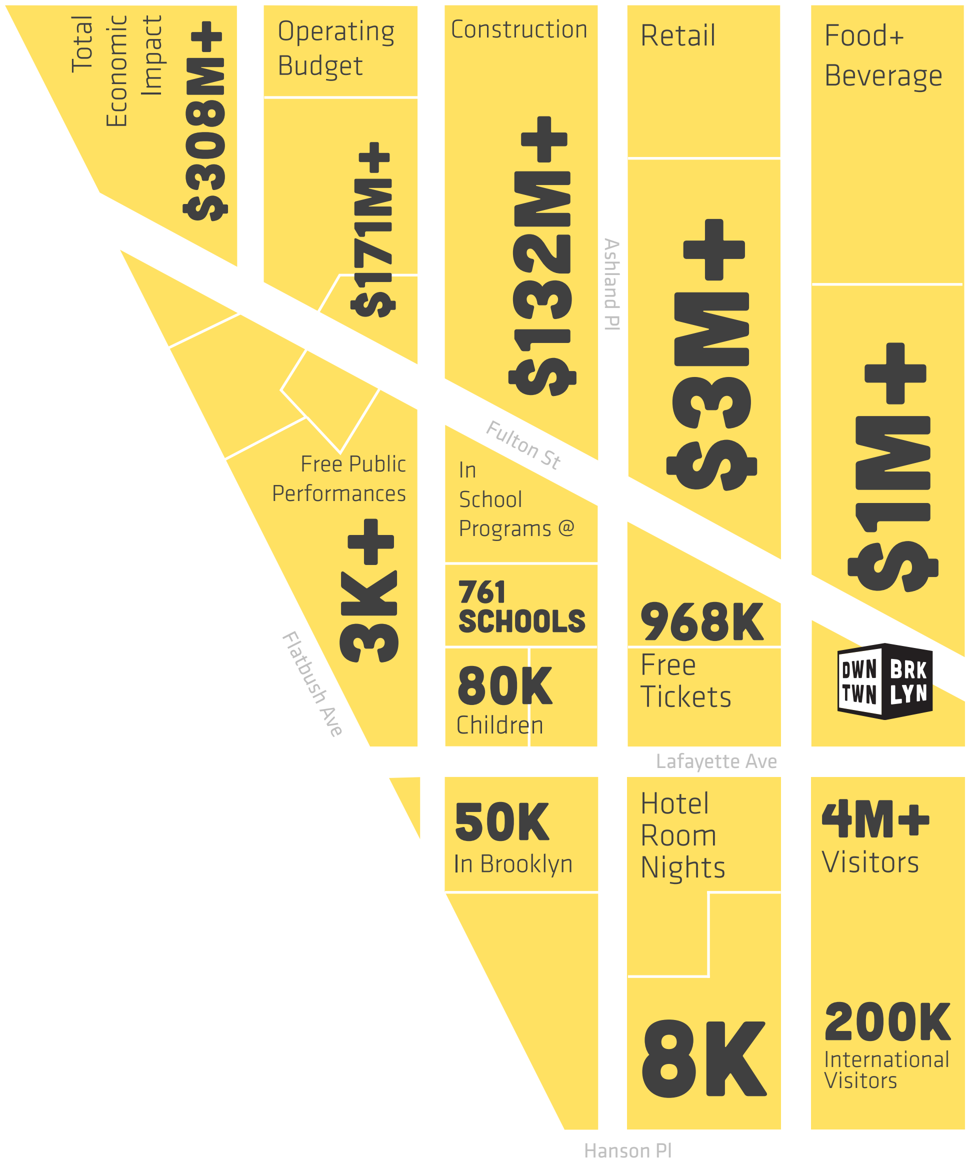
In addition to great programming produced by Barclays Center and the neighborhood's cultural groups, Downtown Brooklyn Partnership's marketing arm provides year-round programming and supports countless other events in partnership with community organizations.

The Partnership's signature event is the Make It in Brooklyn Innovation Summit, designed to bring together Brooklyn's industry leaders to strengthen the future of the borough's economy. The Summit consists of unique talks, innovator show and tells, a local food showcase, networking opportunities, and pitch contests where the winners receive up to $50,000.

During the summer months, the Partnership's "Downtown Brooklyn Presents" series brings live music, film, and dance to the neighborhood's vast network of public plazas. And Downtown Brooklyn lights up during the holiday season, thanks to one of the most unique holiday lighting displays in the City.

Designed in partnership with FANTÁSTICA, more than 500,000 feet of lights are strung along geometric steel structures to make 35-foot-wide overhead skylines, 5-foot 3D boxes, and light pole designs. As Downtown Brooklyn's residential and office populations continue to grow, we can expect to see even more new and exciting projects in the neighborhood.



DOWNTOWN BROOKLYN'S CULTURAL INSTITUTIONS HAVE A $308 MILLION IMPACT ON THE NEW YORK CITY ECONOMY.

Figure 22: Economic Impact of Downtown Brooklyn Cultural Institutions
Source: Downtown Brooklyn Partnership

Photos (Top, Bottom): BRIC; Sasha Smolina Photography

Photo: Sasha Smolina Photography

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Education

Eleven of Brooklyn's thirteen higher education institutions can be found in Downtown Brooklyn, making the neighborhood a true college town. Together, these colleges, universities, and a law school educate 60,000 students and employ 11,000 faculty and staff and collectively have a $3 billion economic impact on the City.

Two institutions are investing significant capital in new facilities in the neighborhood. New York University's Tandon School of Engineering is renovating the 500,000-square-foot former MTA building at 370 Jay Street into an innovation hub for engineering, applied sciences, and digital disciplines, which will also serve as the future home of NYU's Center for Urban Science and Progress and the university's K-12 STEM education programs. The new facility will open in the fall of 2017.

On the other end of Jay Street, New York City College of Technology is building a new academic facility designed by Perkins Eastman. The 365,000-square-foot building will feature classrooms, laboratories, study spaces, and a theater, and construction on the $400 million facility is expected to be complete by the fall of 2018.

Equally as noteworthy as the physical investment made by academic institutions in Downtown Brooklyn, is the collaboration among the higher education sector to create opportunities for students, alumni, and faculty to connect to local industry. This effort is spearheaded by the Brooklyn Education Innovation Network (BE.IN), an academic consortium founded by the Downtown Brooklyn Partnership in 2015 to serve as a local talent pipeline connecting students to industry and community through internships, jobs, events, and programming. Since its incubation, BE.IN has successfully connected 1,170 local students with professional opportunities in the area.

Figure 23: Higher education institutions in Downtown Brooklyn
Source: Downtown Brooklyn Partnership

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Moreover, BE.IN has developed international recognition through the development of partnerships with BAU Global, a Turkey-based university, and Exploring Your Future, a Colombia-based international student recruitment agency. BE.IN is an integral part of the Downtown Brooklyn ecosystem connecting students and companies from across the globe with thriving opportunities here.

6K
Professional Opportunities Provided

1,150
Professional Opportunities Connected

230
Partner Companies Talent Recruitment

Source: Brooklyn Education Innovation Network

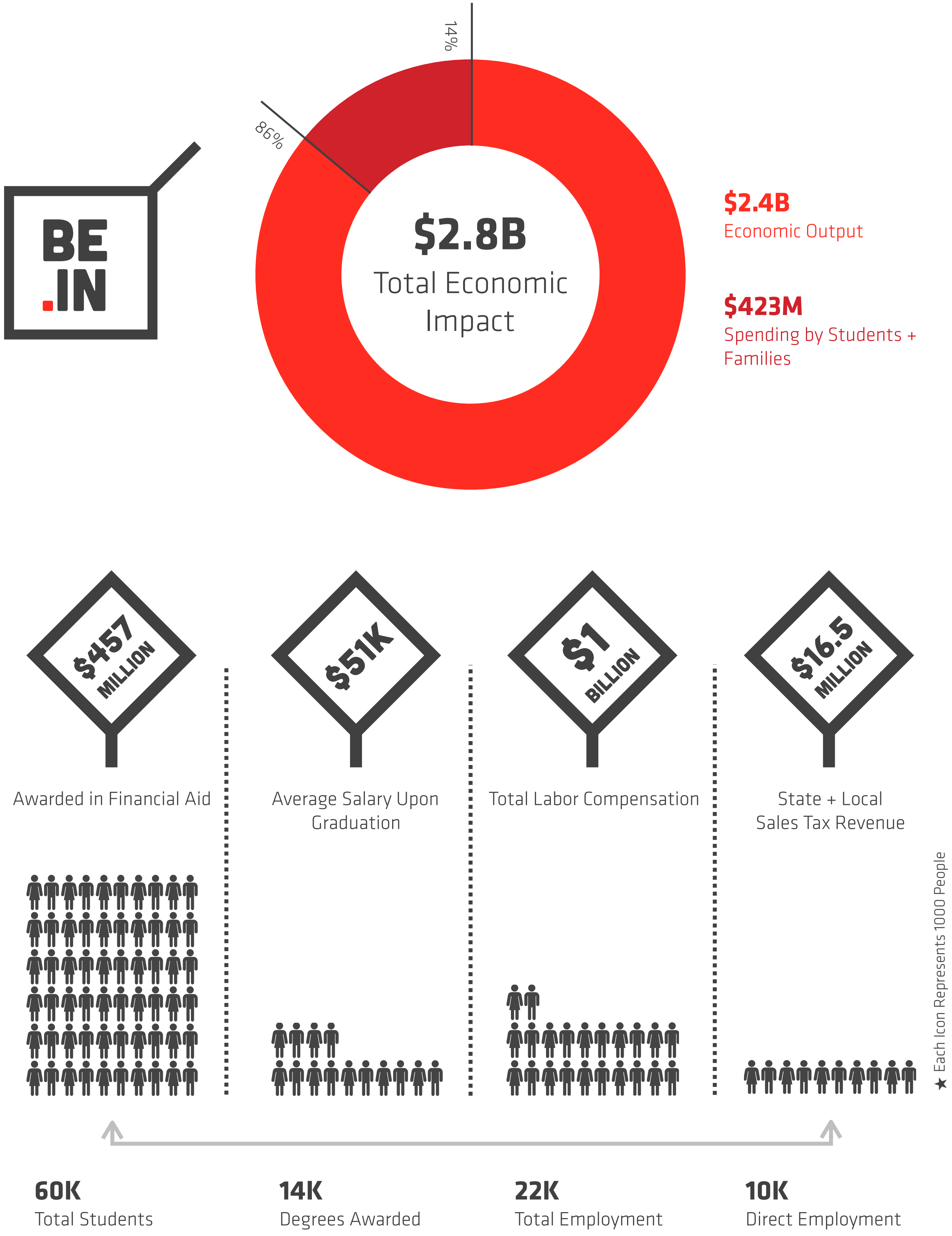

Figure 24: Impact of Downtown Brooklyn Higher Education Institutions

Source: Brooklyn Education Innovation Network

Photos (Top, Bottom): Sasha Smolina Photography

Photo: Sasha Smolina Photography

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Parks + Public Space

Today, more than half of the world's population is now living in urban areas, a number that is expected to grow significantly in the future. This increase in urban density highlights the importance of parks and public space, and Downtown Brooklyn is at the center of new and transformative open space projects in the borough.

The newest addition to Brooklyn's park ecosystem is the borough's crown jewel at Brooklyn Bridge Park, spanning 85 acres along the East River waterfront and serving as a gateway to Brooklyn. Opened in 2010, Brooklyn Bridge Park draws four million annual visits from residents and New York City tourists to more than 500 cultural, educational, and recreational events.

Plans are now underway for the next open space development in the heart of Downtown Brooklyn, the one-acre Willoughby Square Park, adjacent to the City Point retail development, existing and upcoming office space, and a half a block from the Fulton Mall. Led by the City of New York, this park will sit atop an innovative 700-car underground parking facility and is sure to be a hot spot for the business community, residents, and shoppers alike. Public investments are also being made to smaller spaces throughout the neighborhood, including BAM Park and Fox Square.

Downtown Brooklyn also benefits from the additional beautification and management of 1.1 million square feet of public space by the Downtown Brooklyn Partnership. Year-round planting and cleaning services help to make Downtown Brooklyn a truly welcoming neighborhood to locate a corporate headquarters, live, or visit.

Photos (Top, Bottom): Sasha Smolina Photography

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LIVE. WORK. PLAY

It's all here in Downtown Brooklyn

The "secret" is out about Downtown Brooklyn. The neighborhood is a thriving 24/7 destination with a plethora of attributes that highlight its place as a premier downtown in the nation. Downtown Brooklyn is:

- A diverse community home to 22,000 residents expected to grow to 50,000 by 2025;
- Located within the Brooklyn Tech Triangle that supports over 17,000 jobs and 1,400 innovation companies;
- A neighborhood with several million square feet of public space and year-round programming;
- A 17 million-square-foot office market with 2 million square feet in the construction and planning phases ready to accommodate a corporate headquarters;
- A college town with 11 higher education institutions that educate 60,000 students and an academic consortium connecting industry to a world-class talent pipeline;
- Home to 70 cultural institutions operating in dynamic arts venues of all sizes and one of the top-performing venues in the country at Barclays Center.

So if you are looking for an exciting, word class, and unique 21st-century downtown to live, work, visit, or invest, it's all here in Downtown Brooklyn.

Come join us and be a part of the evolving story.

Welcome to Downtown Brooklyn.

Photo: Bethany Bowyer

ABOUT DBP

ABOUT DBP

Downtown Brooklyn Partnership is a not-for-profit local development corporation that serves as the primary champion for Downtown Brooklyn as a world-class business, cultural, educational, residential, and retail destination.

Working together with the three business improvement districts (BID) that it manages – the MetroTech BID, Fulton Mall Improvement Association, and Court-Livingston-Schermerhorn BID – the Partnership's diverse activities include attracting new businesses and improving the environment for existing companies; facilitating the construction of public spaces and streetscapes that promote an active and cohesive community; supporting and promoting Downtown Brooklyn's cultural assets; and encouraging a unified sense of place and an engaged civic community.

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