

2023 COLVIN CASE STUDY
CHALLENGE
TEAM #27



ONE BOERUM
PLACE

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ONE BOERUM
PLACE





EXECUTIVE SUMMARY

The One Boerum Place development, spearheaded by AveryHall Investments in collaboration with Allegra Holdings and Aria Development Group, stands as a testament to adaptive resilience and strategic urban development. This mixed-use residential and commercial building is strategically located at the nexus of Cadman Plaza and the Fulton Mall in Downtown Brooklyn.

In the midst of 2016, the condominium sales market trended towards its peak. AveryHall Investments recognized the as-of-right development site as an organic opportunity to enhance the quality of living in Downtown Brooklyn. Situated at the intersection of high-quality school districts in Brooklyn, the condominium products hold immense future potential and value.

Project Facts

Project

One Boerum Place
1 Boerum Pl, Brooklyn, NY 11201

Location / Neighborhood

Downtown Brooklyn , NY
Borough of Brooklyn , Kings
County

Site Size

Total - 18,343 sq ft
Block 153 - Lot 14 - 1,333
Block 153 - Lot 15 - 3,781
Block 153 - Lot 3 - 13,229

Building Description

Gross Floor Area - 304,187 SF.
Mixed-Used Residential And
Commercial Building
Market Rental - 96 Units
Affordable Rental - 42 Units
Automated Parking - 47 Vehicles
Retail - 22,000 SF.

Project Duration

2016 - 2021

Website

<https://oneboerum.com/building>

Property Type

Mixed Residential & Commercial
Buildings

Total Project Cost

\$ 250,000,000

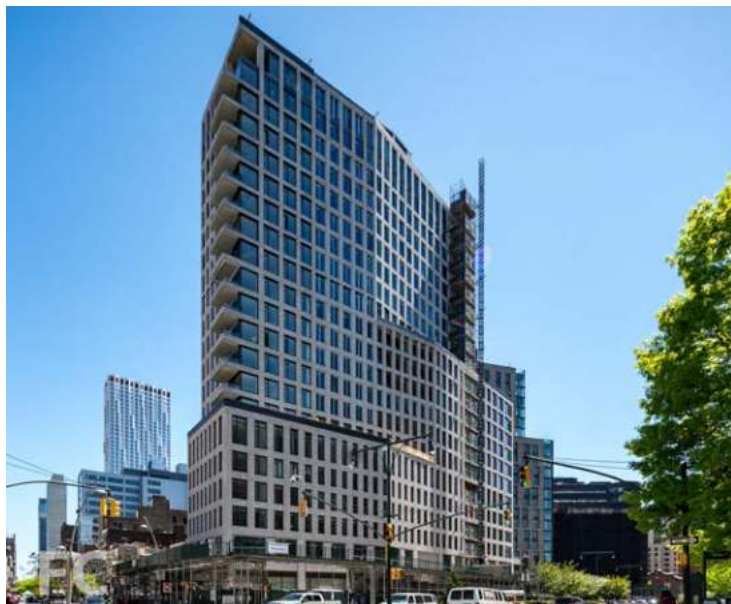
Awards

Finalist for ULI's Award For
Excellence

After three years of acquiring neighboring development rights, architectural design, and procurement, AveryHall Investments found itself in a declining condominium market, with a global pandemic looming at the end of 2019. Carefully examining the market trend and the impact of the COVID-19 pandemic, Avery-Hall Investments executed a pivot from a high-end condominium development to a full rental property.

One Boerum Place is repositioned as a unique multifamily asset with a robust offering of 3- and 4-bedroom units, tapping into the less saturated luxury family rental units in the Brooklyn market. The Class A rental building consists of 96 market-rate units, 42 affordable units, and 22,000 SF of retail space. Upon completion in 2021, the development was recognized as a finalist for ULI's Award for Excellence, affirming its contribution to the urban fabric of Downtown Brooklyn. The building achieved an unprecedented 8-month lease-up period to 100% occupancy, including multiple penthouse units.

The following case study presents an innovative project that has survived a market downturn imposed by the global pandemic, blending architectural prowess, market adaptability, and a commitment to community enhancement.



Project Facts

Developer / Owner

Avery Hall Investments

Architect

SLCE Architects

Interior Architects

Gachot Studios

Landscape Architect

Brook Klausing - Brook Landscape

Construction Lender

Jutland Finance
\$165,000,000

General Contractor

Leading Builders Group

Original Lot Purchase Price

Sale Contract Date : 5/6/2016
Date of Sale : 11/29/2016
Full Price \$76,500,000
Seller - Brooklyn Law School

Development Rights Purchased

350 Fulton Street
11,342SF. Commercial
348 Fulton Street
3999 SF. Commercial
\$16,000,000

Transportation Access

MTA Subway
A, C, F, and R
2, 3, 4, and 5
G

1. DEVELOPMENT TEAM

Developer : AveryHall Investments

AveryHall Investments operates as a real estate acquisition, design, and development platform, specializing in identifying and unlocking the growth and value potential of assets. The firm's aims to tackle tough development challenges to generate superior, risk-adjusted returns in high density urban areas. Currently, the firm holds nearly 1 million square feet of completed multifamily residential and mixed-use developments, comprising approximately 573 units across various neighborhoods in Brooklyn.

In addition, there are ongoing developments in the Gowanus area of Brooklyn, totaling 700,000 square feet and 676 units, which are nearing completion. AveryHall is characterized by a diverse

Design Architects: SLCE Architecture

SLCE Architects is a versatile architectural firm with over 75 years of experience in New York, known for its significant impact on the city's skyline. The team offers a wide array of design and technical services, specializing in multifamily condominiums, large scale mixed use commercial buildings, affordable housing and assisted senior living facilities.

SLCE's portfolio consists of more than 3,500 projects worldwide, covering millions of square feet. SLCE Architects is regarded for collaborating closely with

and experienced team with a range of skills, adept at guiding each project through its entire lifecycle. This includes project financing, architectural design, feasibility assessments, construction management, and disposition. Since its establishment in 2013, AveryHall has consistently delivered high-quality development projects, contributing to the enhancement of community living standards while prioritizing long-term value growth.

AveryHall has expanded its operations into North Carolina and Virginia, strategically targeting burgeoning secondary markets for growth opportunities.

Notable Projects: One Boerum Place, 145 President Street, 325 Henry Street

AveryHall

developers and not-for-profit organizations, providing unwavering quality and consistency in architectural work.

In New York, SLCE played a pivotal role in numerous developments and has contributed to the transformation of every borough since our inception in 1941.

Notable Projects : 199 Water Street, 1230 Park Avenue, On Brooklyn Bridge Park, The Chamberlain, The Alyn, The Marbuy

SLCE
Architects

General Contractor Leading Builder Group

Leading Builders Group embodies a distinctive fusion of hands-on management, bolstered by the extensive resources of its parent company, AECOM's construction management division. All of this operates within the framework of an open shop model. LBG offers a close-knit team seamlessly integrated into a global talent network. A wealth of expertise cultivated over decades, enriched by

the infusion of cutting-edge technologies. The open shop pricing structure retains the advantages of dedicated, in-house departments. LBG group holds deep expertise in the local market and our robust connections with subcontractors and suppliers in New York.

Notable Projects: One Manhattan Square, Brooklyn Point , 606 West 57th Street



2. DEVELOPER'S VISION FOR THE PROJECT

AveryHall, in partnership with Allegra Holding and Aria Development Group, acquired the triangular lot of One Boerum Place from Brooklyn Law School at a strategic moment. The school was looking to dispose of outdated real estate assets to fund future initiatives. AveryHall seized the opportunity to tackle such a visible yet difficult site, proving their expertise in solving development challenges to generate superior, risk-adjusted returns in high-density urban areas.

The combination of long-term market upside under the tailwind of the Downtown Brooklyn Development plan and short-term economic uncertainty imposed by the Covid-19 pandemic prompted AveryHall to execute a strategic pivot from building condominiums to full rental with affordable housing. This repositioning places One Boerum Place into a robust rental market as an unparalleled offering. In 2022, One Boerum Place's 138 units, totaling 250,000 gross square feet, were fully leased. Additionally, 22,000 square feet of retail space spanning across the bottom two stories of the building are going online, all within a 1-minute walk from 8 subway lines, providing access to all parts of New York City.

The bustling site atop Brooklyn's Borough Hall Station, within proximity to the Cadman Plaza and the Fulton Mall, is poised to serve as the pioneer of high-quality residential property benchmarking the downtown Brooklyn revitalization. The development team at AveryHall worked tirelessly since the initial acquisition in 2016, purchased additional air rights from adjacent lots totaling 50,000 square feet of development rights, and broke ground in 2019.

New Development In Downtown Brooklyn



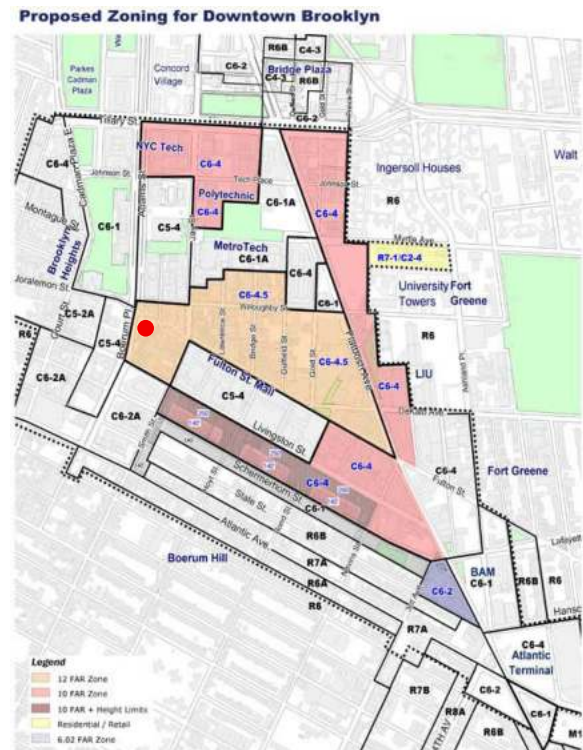
Downtown Brooklyn Development Plan

AveryHall's vision of providing contextual and high-quality residential properties that cater to the growing population of Brooklyn is clearly in alignment with New York City's objective of attracting high-quality businesses and skilled labor.

On December 1, 2003, the Department of City Planning certified the ULURP (Uniform Land Use Review Procedure) applications for the Downtown Brooklyn Development as complete. The plan was subsequently approved by the City Planning Commission unanimously on May 10, 2004. The plan recommended a series of zoning text changes, new public open spaces, pedestrian and transit improvements, urban renewal, street mappings, and other actions aimed at fostering a multi-use urban environment to serve the local community, businesses, and institutions.

A series of up-zoning and rezoning measures were applied to a range of parcels in Downtown Brooklyn to stimulate commercial and residential development. This included the dramatic upzoning of One Boerum Place's parcel, with a designation

of C6-4.5 and a FAR (Floor Area Ratio) of 12. The plan embodies an effort to attract high-quality companies, highly skilled labor, new retail and housing, as well as cutting-edge academic and cultural facilities alongside targeted development sites in New York, such as Lower Manhattan, Hudson Yards, and Long Island City.



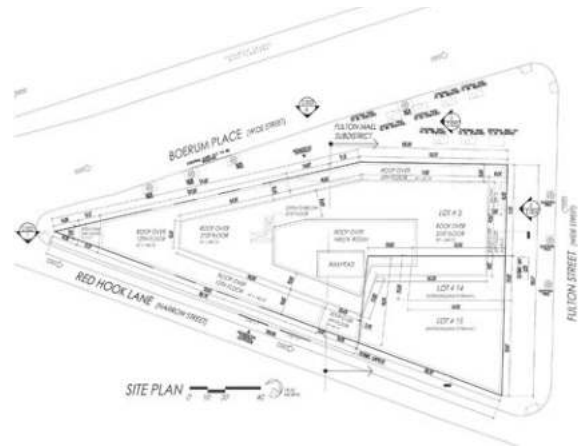
3. DETAIL PROJECT DESCRIPTION & SITE PLAN

One Boerum Place is situated on a triangular lot bounded by Boerum Place, Fulton Street, and Redhook Lane. The original lot size is 13,229 square feet, combined with additional development rights purchased from 348 Fulton Street and 350 Fulton Street, totaling 18,343 square feet of developable lot area. The acquisition of neighboring air rights also serves as an assurance that view corri-



One Boerum Place Site

dors will not be obstructed by adjacent development on the lot, thereby preserving the future value of the property. The building rises 21 floors above ground. Large amenity terraces are formed under setback requirements on the west and east facade. Parking and loading dock access are situated on Red Hook Lane (a narrow street), concealed from major traffic corridors. 22,000 SF of retail space aims to accommodate local small businesses that are being relocated by new developments in the area.



Proposed One Boerum Place Site Plan

Amenities : Building Level

With a focus on accommodating family living, the building provides residents with a lounge featuring a spacious culinary island, an oversized dining table, and a media lounge for entertainment. Additional amenities include a pet spa, children’s room, grooming station, and bicycle storage.

The fitness facilities comprise a lap pool, sauna, changing rooms, a two-story fitness center, a cardio mezzanine, and a yoga room.



Fitness Room



Children's Room



Roof Terrace



Common Lounge

Amenities : Unit Level

One of the standout features of the residences at One Boerum Place includes corner loggias and expansive terraces that are incorporated into one-third of the units. Residences are designed with 10-foot ceilings, customized finishes, and wide plank white oak flooring. The open kitchens, crafted by Gachot Studio, feature integrated appliances and natural stone counter tops.

Retail

A combined retail space of 22,000 square feet, spanning across the first two stories, is earmarked for leasing to local businesses. These retail components contribute to the vibrant retail hub at the intersection of three adjoining Brooklyn neighborhoods: Fort Greene, Boerum Hill, and Downtown Brooklyn.

Parking

One Boerum Place distinguishes itself as the only rental property in New York City to provide automated parking infrastructure. The vehicles are parked through state-of-the-art robotic technology and can be conveniently retrieved remotely. The automated parking stack reduced space for access lane, increases building efficiency with a high capacity system.

Construction

One Boerum Place utilizes a cast-in-place concrete structure, with a facade constructed from handmade bricks. It incorporates setbacks at one-third intervals, resulting in a staggered and stepped building massing. The textural intricacies found in the custom mill-work within the residences pay homage to the textured concrete detailing seen on the exterior, particularly in the ribbed elements.



Unit Kitchen



Retail Space



Automated Parking Installation



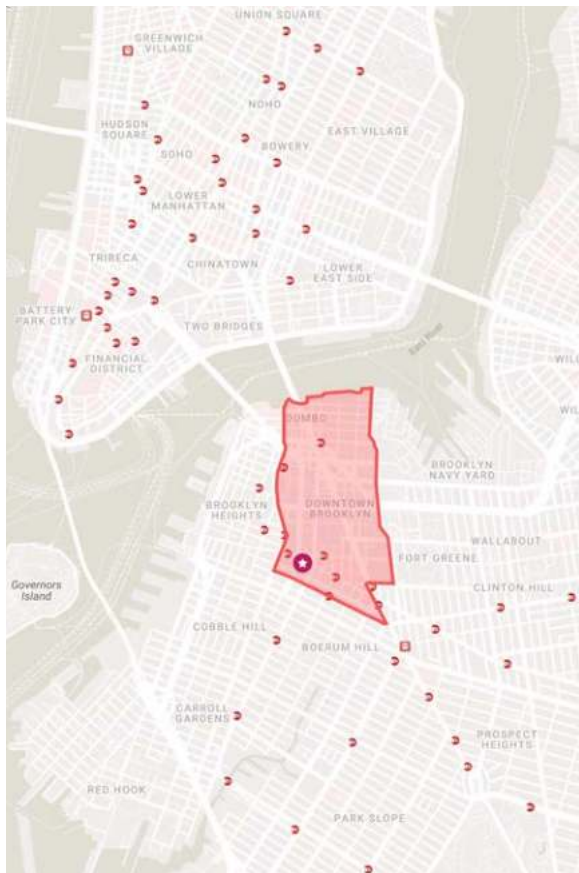
Main Structure & Cantilevered Balcony

4. MARKET ANALYSIS

Downtown Brooklyn

One Boerum Place is located at the intersection of Downtown Brooklyn, Brooklyn Heights, Boerum Hill, and Fort Greene, and is centrally located which allows convenient access to all potential renters.

The neighborhood is known for its brownstones, which can be seen lining the streets of Boerum Hill. It offers an incredible blend of urban amenities and historical charm, allowing residents the best of both worlds. Downtown Brooklyn is also home to an eclectic dining scene, with fast casual restaurants such as Cava, Shake Shack, along with sit down dining options such as Gage & Tollner, Daigo Hand Roll Bar, and Next Level Burger.



Transportation is incredibly convenient, with access to the A, C, F, G, 2, 3, 4, and 5 trains, allowing residents access to the entirety of Manhattan and Brooklyn.

Downtown Brooklyn provides access to some of the city's best private and public schools, along with housing universities such as NYU and Brooklyn Law School, while also being near St. Francis College, Medgar Evers College, Pratt Institute, Baruch College, and Brooklyn College.

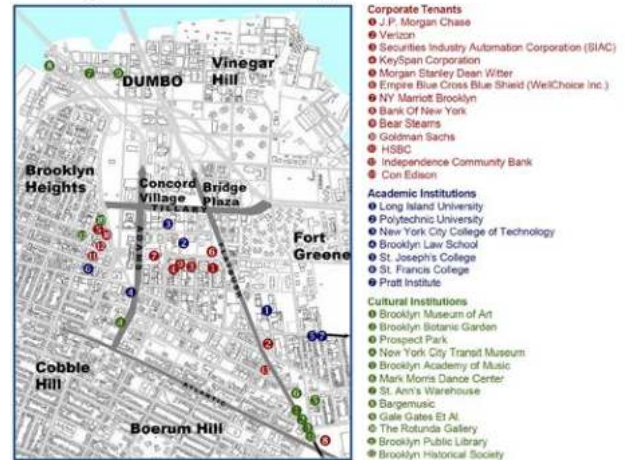
Brooklyn Rental Market

Brooklyn Rentals Matrix By Size		OCT-23	%Δ (YoY)	SEP-23	%Δ (Mo)	OCT-22
Studio	Average Rental Price	\$2,915	-8.0%	\$3,201	6.0%	\$2,751
	Rental Price Per Sq Ft	\$56.24	-20.2%	\$70.47	5.1%	\$53.52
	Median Rental Price	\$2,800	-13.8%	\$3,250	3.6%	\$2,703
	Number of New Leases	280	65.7%	169	38.6%	202
1-Bedroom	Average Rental Price	\$3,357	-5.6%	\$3,557	-0.6%	\$3,377
	Rental Price Per Sq Ft	\$57.16	-1.4%	\$57.96	4.9%	\$54.47
	Median Rental Price	\$3,200	-8.6%	\$3,500	0.0%	\$3,200
	Number of New Leases	644	39.1%	463	5.6%	610
2-Bedroom	Average Rental Price	\$4,163	-3.3%	\$4,303	-0.7%	\$4,194
	Rental Price Per Sq Ft	\$53.89	-1.5%	\$54.72	2.2%	\$52.75
	Median Rental Price	\$3,800	-0.8%	\$3,832	-3.0%	\$3,917
	Number of New Leases	673	61.0%	418	19.3%	564
3-Bedroom	Average Rental Price	\$5,277	-12.7%	\$6,044	-7.7%	\$5,719
	Rental Price Per Sq Ft	\$53.09	-4.4%	\$55.52	7.8%	\$49.23
	Median Rental Price	\$4,200	-8.2%	\$4,574	-15.2%	\$4,950
	Number of New Leases	339	66.2%	204	25.6%	270
Brooklyn Rentals Matrix By Type		OCT-23	%Δ (YoY)	SEP-23	%Δ (Mo)	OCT-22
Luxury (Top 10%) Median Rental Price		\$7,000	-6.7%	\$7,500	-6.7%	\$7,500
Luxury (Top 10%) Entry Price Threshold		\$6,000	-2.7%	\$6,165	-4.0%	\$6,250
New Development Median Rental Price		\$3,999	-2.5%	\$4,100	-1.6%	\$4,062

Oct - 23 Rent Growth YoY

Rental demand is growing across the city, with Brooklyn leading the pack. According to StreetEasy, the average home for rent received 70% more inquiries in March'23 than in March'19, while Brooklyn homes for rent received over 97% more inquiries than in March'19. With increased flexibility and work from home possibilities, renters are looking increasingly to Brooklyn to find additional space at a lower cost than when compared to Manhattan. Brooklyn's new construction supply has also been

steadily increasing, offering renters the opportunity to live in an updated space with full-service amenities. With increasing mortgage rates, rentals are also becoming increasingly in demand, as well as causing current renters to continue renewing their leases, which is reflected by the drop in new rental listings (26% drop from 2019, compared to 21% for city as a whole). The increased demand as well as decreasing supply has led to sharp YoY increases in rent.



Existing Downtown Brooklyn Commercial Tenant One Boerum Place TAM

One Boerum Place’s total addressable market (TAM), despite being in Downtown Brooklyn, stretches throughout Brooklyn and Manhattan. OBP allows for convenient access to the entirety of Brooklyn and Manhattan. Students at NYU, Columbia, LIU, St Francis College, Medgar Evers College, Pratt Institute, Baruch College, Brooklyn Law School, and Brooklyn College are all potential renters and part of the TAM for OBP, as there is convenient and quick access to all campuses. In addition, as work from home continues to grow, more and more workers are moving out of Manhattan in search of more space. OBP allows access to offices within the city for those that need to commute while still offering more space for those that are fully remote. The financial district, midtown, and Grand Central are all within a 25 minute commute from the property.

The project also attracts transitory residents desiring a high quality, luxury, product, for families and professionals whose careers or lives may require more temporary forms of housing. The high qual-

Non-Doorman Rentals Matrix By Size		Q3 2023	% CHG (QTR)	Q2 2023
Studios	Median Rent	\$3,036	+4.74%	\$2,900
	Average Rent	\$3,363	+7.69%	\$2,942
One Bedroom	Median Rent	\$3,676	+4.26%	\$3,525
	Average Rent	\$3,767	+2.14%	\$3,669
Two Bedroom	Median Rent	\$4,563	+1.67%	\$4,488
	Average Rent	\$5,021	+1.13%	\$4,965
Three Bedroom	Median Rent	\$5,300	-7.74%	\$6,200
	Average Rent	\$6,364	-11.47%	\$6,963

Doorman Rentals Matrix By Size		Q3 2023	% CHG (QTR)	Q2 2023
Studios	Median Rent	\$3,495	+5.91%	\$3,300
	Average Rent	\$3,420	+4.00%	\$3,288
	Average Square Foot	504	+1.47%	497
	Average Days on Market	23	0.00%	23
One Bedroom	Median Rent	\$4,290	+3.86%	\$4,130
	Average Rent	\$4,258	+2.78%	\$4,143
	Average Square Foot	777	+6.86%	671
	Average Days on Market	25	-3.85%	26
Two Bedroom	Median Rent	\$5,925	+1.32%	\$5,848
	Average Rent	\$5,971	+1.58%	\$5,878
	Average Square Foot	1050	+0.29%	1047
	Average Days on Market	22	-24.34%	29
Three Bedroom	Median Rent	\$8,485	+7.76%	\$7,883
	Average Rent	\$8,969	+10.27%	\$8,138
	Average Square Foot	1377	-0.58%	1385
	Average Days on Market	31	-13.89%	36

Growth Comparison - Doorman / Non Doorman

Brooklyn rent prices for doorman buildings increased only slightly across studio, 1 Bed, and 2 Bed units from Q2. Non-doorman buildings rent increased 2-4% for studios, 1 Bed, and 2 Bed units. 3 Bed luxury rentals increased in rent by 13%. Three-bedroom apartments reached record high prices at greater than \$10,000 in Q3, coming close to matching Manhattan’s prices. With higher amounts of lease renewals, lower vacancy rates, rents continued to be pushed higher.

ity, condo-like fit outs of the units provide a highly luxurious environment for the residents who require a unit that resembles more of a home, rather than a basic rental product. There is quite a large delta between Manhattan rents and Downtown Brooklyn rents, within both Doorman and Non-Doorman buildings. This allows for the property to capture renters who are searching for larger spaces and more affordable rents.

Demographics

Downtown Brooklyn:

Downtown Brooklyn is one of Brooklyn’s fastest growing neighborhoods, with a total population of greater than 65,000. The population growth rate is triple the rate of NYC as a whole, standing at 16.5%. 77% of residents have a bachelor’s or graduate degree, with the median household income of Downtown Brooklyn at \$156,977, greater than neighborhoods such as Brooklyn Heights (\$148,282), Cobble Hill (\$134,960), and Carroll Gardens (\$150,320).

- ★ Subject Project
- Pipeline Projects

Employment Statistics:

Downtown Brooklyn is home to over 84,000 jobs, in both the public and private sectors, with an annual average wage of \$80,000. 36% of all employees working in Downtown Brooklyn live in Brooklyn. There has been record growth in jobs (51%), firms (35%), and technology/science/information jobs within the last decade (119%). The overwhelming method of transportation used by residents commuting to work is public transportation (58%) while the second largest commute is Work from Home (28%).



Number	Address	Property Type	Est. Completion Year	#Unit	Avg. Unit Size	Developer	Location	Quality
1	9 Chapel St	Condo	2024	27	1,340	Tankhouse	Comparable	Inferior
2	19 Rockwell Place	Rental	N/A	172	N/A	Brookstone	Inferior	Comparable
3	55 Willoughby St	Rental	N/A	295	N/A	Lonicera Partners	Comparable	Comparable
4	101 Fleet Pl	Rental	N/A	292	806	Jay Group	Inferior	Comparable
5	362-370 Livingston St	Condo	N/A	105	1,703	Developing NY State	Inferior	Comparable
6	570 Fulton St	Rental	N/A	163	N/A	Developing NY State	Inferior	Comparable
7	150 Lawrence St	Condo	N/A	101	734	Twin Group Associates	Comparable	Comparable
Total				1,155				

5. PLANNING & ENTITLEMENT ISSUES

Land Acquisition

Avery Hall Investments navigated multiple challenges in order to ensure the success of the project, ranging from the initial acquisition of the property from Brooklyn Law School to the development limitations of the plot, while ensuring architectural excellence.

AveryHall Investments acquired a 40,000 square foot office building located at One Boerum Place from Brooklyn Law School. The century-old educational institution, serving approximately 1,200 students, has been divesting its real estate holdings in response to the thriving real estate market in the borough, with the aim of enhancing its endowment.



David Carlos of Savills Studley, who, in partnership with colleague Ira Schuman, facilitated the transaction on behalf of Brooklyn Law School, highlighted the ongoing trend of non-profit organizations leveraging their real estate assets to support future initiatives. This transaction represents the law school's most recent land sale, contributing to its efforts to increase the school's endowment, which has doubled over the past five years to approximately \$225 million.

Zoning and Entitlement

AveryHall takes advantage of the Downtown Brooklyn Development. The rezoned lot provided the opportunity for as of right development. As part of the Downtown Brooklyn Development Plan, Special DB District zoning designation accommodates irregular sites with flexible setback and height requirements. The One Boerum Place site falls under the high-density zoning district, which allows for the Inclusionary Housing R10 program. This program, which originated in 1987, permits an increase in residential Floor Area Ratio (FAR) from 10.0 to 12.0 (a maximum increase of 20%) when the development includes an 421a housing component.

Zoning Block	Zoning Lot	Lot Area	Residential	Commercial	Total ZFA
153	3	13,229	182,734	21,031	203,765
153	14	1,333		3,999	3,999
153	15	3,781		11,343	11,343
Total		18,343	182,734	36,373	219,107

Floor Number	ZFA (SQFT.)		Residential	Commercial	FAR
	GFA	User Group			
One Boerum Place					
SUB	6,615	2			
CEL	13,058	2			
1	3,241	2	3,241		0.18
	8,765	6		8,765	0.48
2	441	2	324		0.02
	12,701	6		12,198	0.66
3	12,881	2	9,569		0.52
4	12,881	2	9,179		0.50
5	12,881	2	11,960		0.65
6	12,881	2	11,960		0.65
7	11,970	2	11,152		0.61
8	11,970	2	11,142		0.61
9	11,970	2	11,142		0.61
10	11,970	2	11,146		0.61
11	11,970	2	11,146		0.61
12	11,970	2	11,146		0.61
13	8,518	2	8,053		0.44
14	8,518	2	7,543		0.41
15	8,518	2	7,826		0.43
16	8,518	2	7,826		0.43
17	8,518	2	7,826		0.43
18	8,518	2	7,826		0.43
19	8,518	2	7,826		0.43
20	8,518	2	7,826		0.43
21	8,192	2	7,556		0.41
ROOF	2,525	2	226		0.01
TRANSFER	134	2	134		0.01
	135	6		135	0.01
Subtotal New C	247,301		182,734	21,031	11.16
348 Fulton					
1	3,999	6		3,999	0.22
350 Fulton					
1	5,672	6		5,672	0.31
2	5,672	6		5,672	0.31
Total	262,643		182,734	36,373	11.99

This is reflected in the 42 units at 130% of the Area Median Income (AMI), out of a total of 138 units (30.4%). The total zoning floor area of 237,587 square feet fully maximizes the 12.0 FAR capacity, extending across 21 stories above ground. This design also capitalizes on multiple view corridors, offering expansive vistas of both Brooklyn and Manhattan.

AMI %	Unit Type	Monthly Rent	# Units	%	House Hold	Household Income
130%	Studio1	\$2,000	3	7%	1 Person 2 People	\$68,572 - \$128,570 \$68,572 - \$146,900
130%	Studio2	\$2,100	7	17%	1 Person 2 People	\$72,000 - \$128,570 \$72,000 - \$146,900
130%	1 Bedroom	\$2,475	11	26%	1 Person 2 People 3 People	\$84,858 - \$128,570 \$84,858 - \$146,900 \$84,858 - \$165,230
130%	2 Bedroom - 1	\$3,120	19	45%	2 People 3 People 4 People 5 People	\$106,972 - \$146,900 \$106,972 - \$165,230 \$106,972 - \$183,560 \$106,972 - \$198,250
130%	2 Bedroom - 2	\$3,221	1	2%	2 People 3 People 4 People 5 People	\$106,972 - \$146,900 \$106,972 - \$165,230 \$106,972 - \$183,560 \$106,972 - \$198,250
130%	2 Bedroom - 3	\$3,276	1	2%	2 People 3 People 4 People 5 People	\$106,972 - \$146,900 \$106,972 - \$165,230 \$106,972 - \$183,560 \$106,972 - \$198,250
Total			42	100%		

6. BUILDING & LANDSCAPE DESIGNS & SUSTAINABLE / GREEN FEATURES

Brick Exterior

The usage of bricks is a strategic and aesthetic decision made by the development team. A tactile and highly contextual material throughout the historic district surrounding the site, brick embodies the stability and renewal of Brooklyn as a community. The development team took a hands-on approach and worked on the production line of brick manufacture in Charlotte, North Carolina. Working with SLCE Architecture, AveryHall meticulously specified the exterior cladding material, along with architectural details such as the running pattern and rounded corners.



Exterior Brick Details

Terrace Landscape & Outdoor Spaces

Communal areas are a precious commodity in a densely populated city, and One Boerum Hill offers ample outdoor seating, cooking stations with lounging areas, pergolas, and dining tables. A sense of community is brought back by fully utilizing the set back terraces and rooftop spaces. As part of the comprehensive amenity package, AveryHall enlisted Brook Klausling, a renowned landscape designer, to utilize the rooftop space on the 23rd level. At this level, a stargazing lawn has been thoughtfully implemented for gatherings, picnics, and outdoor fitness, crowning the stack of residential floors.



Private Terrace

Interior Design



Kitchen & Dining Room



Living Room & Loggia

AveryHall enlisted Gachot Studio for the unit interior design. The interior trim of the building constitutes a significant portion of the hard cost, posing a considerable challenge during the transition from condominium to rental apartments. AveryHall believed that maintaining the luxury condo dimensions was crucial, including 10-foot ceilings throughout the living area, double-height spaces in penthouse units, and oversized windows at building corners. AveryHall and Gachot Studio shifted the focus towards value engineering the finishes from high-end bespoke to durable luxury. The development team incorporated private outdoor spaces for one-third of the units in the form of water-view terraces and covered loggias.



Living Room - Penthouse



1 Bedroom Unit Plan

2 Bedroom Unit Plan

3 Bedroom Unit Plan

3 Bedroom Unit Plan

7. PROJECT FINANCING (SOURCES & USES) (PERFORMANCE TO PROFORMA)

Acquisition Overview			
Location	Brooklyn, NY		
Property Type	Condo/Rental		
Occupancy	100%		
Apt Unit #	96		
Lot Size	18,343 sf		
GFA	304,187 sf		
Land Acquisition Price	4,171 psf	\$	76,500,000
Air Right		\$	16,000,000

Operating Assumptions	
Starting Occupancy	90%
Stabilized Occupancy	100%
Lease-up Period	6 mth 2 quarters
Occupancy Escl. Rate	5% per quarter
Market Rate Housing Annual Rent Growth Rate	5% per year
Affordable Housing Annual Rent Growth Rate	3% per year
Retail Rent Growth	4% per year
OPEX	20% of EGI
Vacancy and Collection Loss	3% of total income

Unit Mix - Market Rate Units			
Studio	700 sf	8	8%
1 Bedroom	900 sf	8	8%
2 Bedroom	1,200 sf	32	33%
3 Bedroom	1,400 sf	32	33%
4 Bedroom	2,800 sf	16	17%
Total	140,800 sf	96	100%

Development & Exit Assumptions		12/31/2018	
Construction Price	540 psf	\$	164,260,980
Construction Period		2 yrs	12/31/2020
Holding Period		10 yrs	12/31/2028
Exit Cap Rate			5.5%
Exit Value		\$	361,015,292

Rent Assumptions - Market Rate Units						
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	
Rent psf	\$ 6.00	\$ 6.20	\$ 7.50	\$ 8.00	\$ 10.00	
GFA	700 sf	900 sf	1,200 sf	1,400 sf	2,800 sf	
Unit Rent/mth	\$ 4,200	\$ 5,580	\$ 9,000	\$ 11,200	\$ 28,000	
Construction Cost/Unit	\$ 378,000	\$ 486,000	\$ 648,000	\$ 756,000	\$ 1,512,000	

Unit Mix - Affordable Housing			
Studio1	\$2,000	3	7%
Studio2	\$2,100	7	17%
1 Bedroom	\$2,475	11	26%
2 Bedroom	\$3,120	19	45%
2 Bedroom	\$3,221	1	2%
2 Bedroom	\$3,276	1	2%
Total		42	100%

DEVELOPMENT MARGIN SUMMARY			
(on GFA)	Total (USD)	USD/sf	USD/Unit
Land Cost	\$ 76,500,000	\$ 251	\$ 554,348
Construction Cost	\$ 164,260,980	\$ 540	\$ 1,190,297
Air Right	\$ 16,000,000	\$ 53	\$ 115,942
Total Cost	\$ 256,760,980	\$ 844	\$ 1,860,587
Net Income upon Exit	\$ 19,855,841	\$ 65	\$ 143,883
Net Yield on Cost	7.73%		
Exit Cap Rate	5.5%		
Exit Value	\$ 361,015,292	\$ 1,187	\$ 2,616,053
Gross Profit	\$ 104,254,312	\$ 343	\$ 755,466
Gross Development Margin	40.6%		
Unlevered IRR	8.19%		
Unlevered EM	1.91x		

Sources & Uses			
Sources	Uses		
Construction Loan	\$ 165,000,000	Air Rights	\$ 16,000,000
Equity	\$ 91,760,980	Land Price	\$ 76,500,000
		Hard/Soft Costs	\$ 164,260,980
Total Sources	\$ 256,760,980	Total Uses	\$ 256,760,980

Cap Rate vs. Rent Growth Rate					
	5.00%	5.25%	5.50%	5.75%	6.00%
4.0%	8.39%/ 1.94x	7.94%/ 1.87x	7.52%/ 1.81x	7.11%/ 1.75x	6.73%/ 1.70x
4.5%	8.73%/ 1.99x	8.28%/ 1.92x	7.85%/ 1.86x	7.45%/ 1.80x	7.07%/ 1.74x
5.0%	9.08%/ 2.05x	8.62%/ 1.97x	8.19%/ 1.91x	7.79%/ 1.84x	7.40%/ 1.79x
5.5%	9.42%/ 2.10x	8.96%/ 2.03x	8.53%/ 1.96x	8.12%/ 1.89x	7.74%/ 1.84x
6.0%	9.76%/ 2.16x	9.31%/ 2.08x	8.87%/ 2.01x	8.46%/ 1.94x	8.08%/ 1.89x

Cap Rate vs. Holding Period					
	5.00%	5.25%	5.50%	5.75%	6.00%
8	8.93%/ 1.76x	8.32%/ 1.70x	7.74%/ 1.64x	7.20%/ 1.58x	6.68%/ 1.53x
9	9.01%/ 1.90x	8.49%/ 1.83x	7.99%/ 1.77x	7.53%/ 1.71x	7.08%/ 1.66x
10	9.08%/ 2.05x	8.62%/ 1.97x	8.19%/ 1.91x	7.79%/ 1.84x	7.40%/ 1.79x
11	9.13%/ 2.20x	8.73%/ 2.12x	8.35%/ 2.05x	7.99%/ 1.98x	7.65%/ 1.93x
12	9.17%/ 2.35x	8.81%/ 2.27x	8.48%/ 2.20x	8.16%/ 2.13x	7.86%/ 2.07x

The project encompasses a total GFA of 304,187 SF, featuring four primary revenue-generating components: 96 market-rate rental units, 42 affordable housing units, retail space spanning 22,000 square feet, and a parking facility with a capacity for 47 vehicles. The comprehensive project expenditure amounts to \$256,760,980, inclusive of land acquisition costs (\$76,500,000), construction expenses (\$164,260,980), and air rights acquisition (\$16,000,000). The anticipated holding period spans 10 years, with a projected NOI of \$19,855,841 upon exit, resulting in a NOI yield on cost of 7.73%. The exit strategy assumes a cap rate of 5.5%, determined by market analysis, leading to a projected sales price of \$361,015,292. The developer anticipates achieving an unlevered IRR of 8.19% and an exit multiple of 1.91x.

8. CURRENT OPERATIONAL ISSUES

Covid - 19 Impact

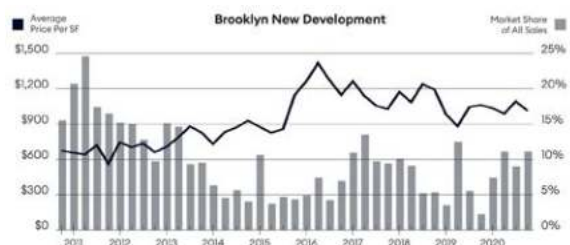
With the onset of the COVID-19 Pandemic, Avery Hall Investments decided to pivot their One Boerum Place project from a luxury condominium to a luxury rental project. The decision was driven by a multitude of factors, including the COVID-19 outbreak as well as a change in the market dynamics. The original vision for the project was a luxury condominium property, which was envisioned at a time when the condo market was flourishing. However, in 2019, cracks started to show within the luxury condo market, and the pandemic only exacerbated the situation.

Condominium Market

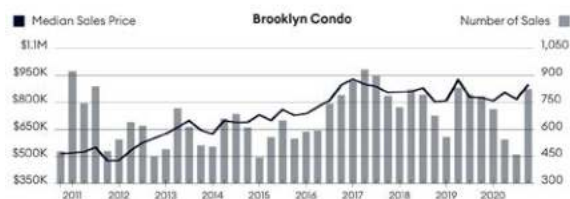
The condo market was facing several headwinds and challenges, with plummeting sales and a large increase in unsold inventory. Transaction activity also dropped heavily in Manhattan once the pandemic occurred, leading to an overall bearish outlook on the industry. This was one of the major deciding factors in Avery Hall's decision to pivot to a luxury rental model for One Boerum Place. With substantial investment already funneled into the project, Avery Hall made the decision to switch to a rental strategy, as they realized the market had shifted towards rental projects.

The firm's thesis and rationale for the switch was based on their belief that the condo market had slowed down, and that a luxury rental project would provide greater resiliency and long-term stability, especially against the backdrop of the uncertainty caused by the pandemic. The

rental project would provide residents with a range of luxury amenities and condo-like features, paired with an intricate design of the interiors. Avery Hall also recognized the growing exodus of tenants from Manhattan to Brooklyn, with the growth of WFH/A, which drastically increased the demand for rental properties within Brooklyn. One Boerum Place also allowed convenient access to the A, C, F, G, 2, 3, 4, and 5 trains, allowing residents access to the entirety of Brooklyn and Manhattan.



New Development Matrix	Q4-2020	%Δ (m)	Q3-2020	%Δ (m)	Q4-2019
Average Sales Price	\$1,088,083	-1.2%	\$1,101,501	-7.7%	\$1,178,446
Average Price Per Sq Ft	\$1,013	-7.4%	\$1,094	-4.7%	\$1,063
Median Sales Price	\$934,375	14.1%	\$819,000	-6.1%	\$995,157
Number of Sales (Closed)	300	125.6%	133	435.7%	56
Days on Market (From Last List Date)	111	-43.7%	197	68.2%	66
Listing Discount (From Last List Price)	2.5%		4.2%		3.1%
Listing Inventory	153	0.7%	152	-15.5%	181
Months of Supply	1.5	-55.9%	3.4	-84.5%	9.7
Sales Share of All Condos	36.4%		28.9%		7.1%



Condo Matrix	Q4-2020	%Δ (m)	Q3-2020	%Δ (m)	Q4-2019
Average Sales Price	\$1,041,694	1.7%	\$1,024,023	5.1%	\$991,554
Average Price Per Sq Ft	\$955	-11.7%	\$1,082	-6.8%	\$1,025
Median Sales Price	\$899,000	9.8%	\$819,000	8.7%	\$827,277
Number of Sales (Closed)	824	78.7%	461	5.1%	784
Days on Market (From Last List Date)	88	-45.0%	160	12.8%	78
Listing Discount (From Last List Price)	2.6%		4.1%		3.1%
Listing Inventory	1,060	-18.0%	1,293	16.2%	912
Months of Supply	3.9	-53.6%	8.4	11.4%	3.5

Capital Partner Pushback

The decision to switch from condominiums to rental was not taken lightly and was faced with heavy pushback from both equity partners and lenders. The change in business plan led to long and arduous negotiations with lenders, and required confidence and guarantees from the developers, while the equity partners needed to be ensured of the viability of the switch.

Despite the challenges of such a competitive rental market, Avery Hall Investments were confident and determined in their strategy and the viability of One Boerum Place as a luxury rental property. They believed that the rental building would allow them to capitalize on the continued growth of the rental market and contribute to the recovery of the city's rental market. The pivot reflects their commitment and confidence to making strategic decisions not only aligning with the current market conditions but also prioritizing the commitment to their investors.

421A Tax Abatement

The One Boerum Place project includes affordable housing units, which allows it to be qualified for the tax abatement benefits for 421a. This enables AveryHall to have 3 maximum years of abatement during construction period, full abatement for 2 years of operational period and 8 years of abatement phase out. This aspect of the project was crucial to the success of a rental project, as the firm needed to have certain benefits guaranteed to ensure that pivoting from a condominium project to a rental project would pencil out. These benefits allowed the switch and were key to convincing all capital partners.

9. EXIT STRATEGY

Avery Hall envisioned a distinctive and lasting impact on the Brooklyn community through their firm's One Boerum Place project. The pivot from condo to a luxury rental model highlights their adaptive response to the ever-changing market dynamics. By providing a unique luxury rental project with condo level features, they can cater their project to the changing preferences of the market.

Short-Term Hold

Should the equity partners decide on an investment period of five years, the property would achieve total property value appreciation, based on a capitalized value of \$287M, of \$30M, reflecting the creation of value by Avery Hall Investments.

Long Term Hold

This vision aligns with their exit strategy, which is to hold the property long-term to create value for their investors. By embracing the luxury rental strategy, Avery Hall can position themselves to be a significant contributor to the revitalization of Brooklyn. The combination of the development approach and the deliberate long term investment thesis reflects the firm's strategic foresight and commitment to creating impact on the real estate market and in Brooklyn.



10. INNOVATION AND IMPACT OF DEVELOPMENT

AveryHall Investments' One Boerum Place is an example of adaptability, quality, and architectural excellence. The flexibility that offered the opportunity to pivot from a condominium project to a rental project is a factor that cannot be understated, and is one of the biggest contributors to their success. The luxury amenities, paired with the impeccable and luxurious designs of the units themselves and finishes used provide residents with a condo-like experience in a rental product. One Boerum Place also required a lot of creativity, facing the challenges of assembling and building on a central geometrically-shaped lot with very tight dimensions. To overcome light and air issues, the firm purchased air and cantilever rights from neighboring properties, and added light and air easements. Avery Hall also conducted a deep excavation, and included outdoor space in over a third of the units, while including soft facades and curved lines throughout the design of the building. The facade itself is a carefully designed feature, consisting of custom handmade bricks hand-selected by the partners at AveryHall.

With intricate designs, luxury finishes and features, and the adaptability of the property itself, One Boerum Place is an example of innovation and value creation. AveryHall's commitment to the project is reflected in the incredible success that the project has experienced, with less than six months of leasing up. The current occupancy stands at 100% which highlights the community's reaction and embracing of the property, and underlines the value and the impact that AveryHall has created through One Boerum Place.



OBP Foundation Construction



OBP Cantilever Above Adjacent Lots

CONCLUSION

Avery Hall's One Boerum Place is a testament to the firm's commitment to the property. With ever changing market dynamics, along with the impact of the pandemic, Avery Hall was able to adapt quickly by pivoting from a condominium project to a luxury rental project which highlights their ability to navigate the complex market dynamics and continue to provide the most value to their capital partners.

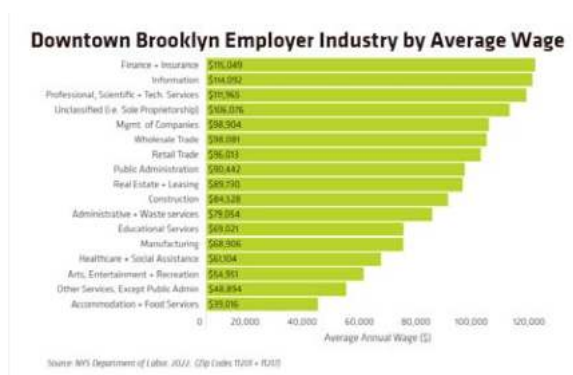
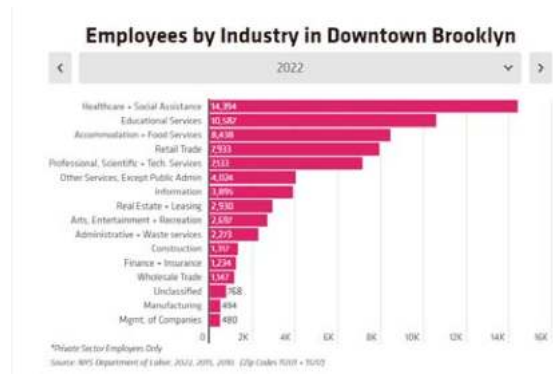
Avery Hall's vision for the property highlights the long-term commitment to the project. The firm aims to hold the property long term to create lasting value for their investors and the community. The combination of market adaptability, architectural excellence, and commitment to community enhancement also propelled them to being one of the finalists for ULI's Award for Excellence.

Overall, One Boerum Place serves as a beacon of excellence and an example of adaptability, quality, and commitment to creating long lasting value, and is a model for real estate development excellence.

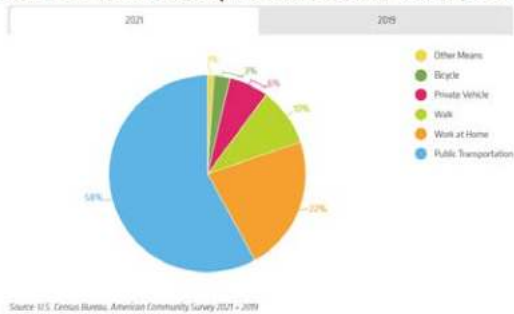


APPENDIX

Demographics



How Downtown Brooklyn Residents Commute to Work

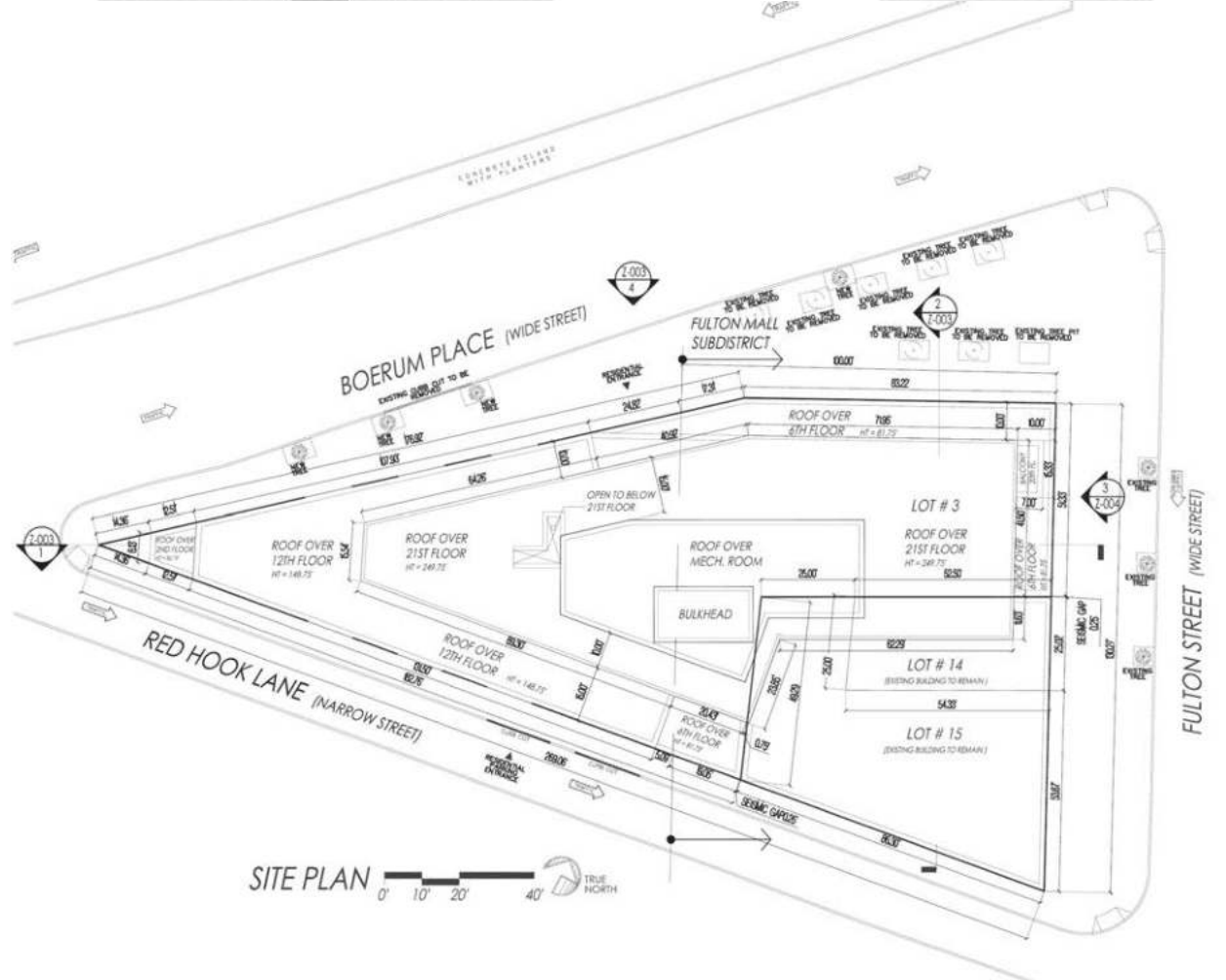
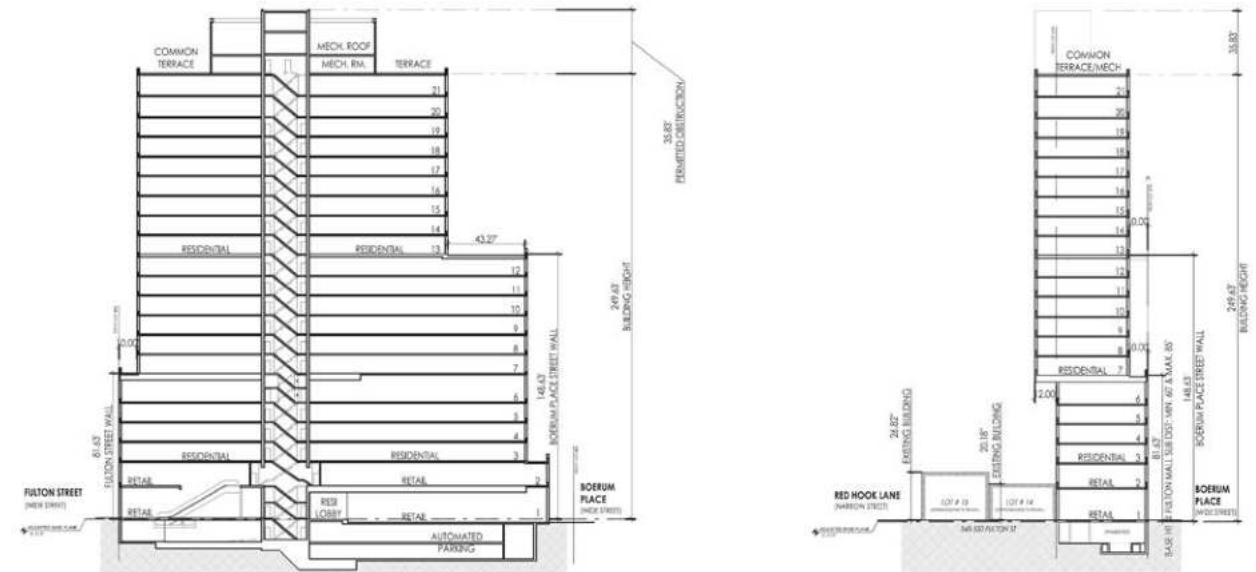


Rent Comps

Number	Building Name	Address	Year Built/Reno	Avg. SF	Rent/SF	Rent/Unit
1	One Boerum Place	1 Boerum Pl	2022/-	1,379	\$8.56	\$11,806
2	The Pierrepont	189 Montague St	2016/-	800	\$15.82	\$12,658
3	180 Montague Apartments	180 Montague St	2000/-	773	\$6.85	\$5,293
4	60 Duffield	60 Duffield St	2015/-	529	\$6.25	\$3,309
5	The Margo	180 Myrtle Ave	2016/-	683	\$5.35	\$3,655
6	-	75 Clinton St	1910/2011	975	\$5.30	\$5,165
7	Schermerhorn Court Apartments	63 Schermerhorn St	2006/-	481	\$5.30	\$2,547
8	The Giovanni	81 Fleet Pl	2015/-	713	\$5.19	\$3,698
9	The Azure	436 Albee Sq	2018/-	732	\$4.67	\$3,419
10	200 Montague	200 Montague St	2022/-	774	\$4.53	\$4,631
11	-	22 Chapel St	2022/-	-	-	\$3,977
Average				784	\$6.78	\$5,469

APPENDIX

Zoning Site Plan and Section Drawings



SOURCES

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AveryHall Investments: Jesse Wark
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