

The background of the cover is a detailed, colorful illustration of a modern urban park. It features a winding river or canal, pedestrian walkways, bridges, and modern buildings with large windows. The scene is lively with people walking and trees in various shades of green and autumnal colors. The sky is a soft blue with some birds.

NORTH 60

MARKET AND FINANCIAL FEASIBILITY STUDY

PREPARED FOR WESTCHESTER COUNTY
DEPARTMENT OF PLANNING

OCTOBER 17, 2019

Weitzman Associates, LLC
355 Lexington Avenue
New York, NY

WA Account # 037-19





October 17, 2019

Ms. Norma Drummond
Commissioner, Westchester County Department of Planning
148 Martine Avenue
White Plains, New York 10601

Re: North 60 Market and Financial Feasibility Study
Mount Pleasant, Westchester County, New York

Dear Ms. Drummond:

At your request, Weitzman Associates, LLC is pleased to submit the attached fully-documented report presenting the findings of our market and financial feasibility study of the potential development of the "North 60 Tract," a 60-acre parcel of land located within the Grasslands Reservation in the Valhalla section of Mount Pleasant, Westchester County, New York.

We completed a study on behalf of the Westchester County Board of Legislators in November of 2016 that conducted due diligence on the potential ground lease between Fareri Associates and the County in order to develop North 60, a 3 million square foot mixed-use life science and medical campus adjacent to Westchester Medical Center. In January of 2019, Westchester County signed the ground lease for the site with Fareri Associates, and the project is now undergoing the SEQRA process with the Town of Mt. Pleasant. The enclosed study provides a series of updated market analyses, and a full financial feasibility analysis. This study is based upon research we conducted primarily in February, March, April, May, June, July, and August of 2019. The research and analysis were principally completed by Marilyn Weitzman, Joshua Levitt, Catherine Tam, Michael Merwin, Spencer Cohn, Wenchang Qian, and Brandon Nolasco.

Our analysis is subject to the Basic Assumptions and Limiting Conditions contained in the Addenda. We have enjoyed working with you on this challenging assignment. Please call us if you have any questions or comments regarding this study. We would be pleased to offer further clarification as necessary.

Very truly yours,

Weitzman Associates, LLC

A handwritten signature in cursive script, reading "Marilyn K. Weitzman".

Marilyn K. Weitzman, MAI, CRE, FRICS
Principal and Managing Director

A handwritten signature in cursive script, reading "Joshua A. Levitt".

Joshua A. Levitt
Assistant Vice President

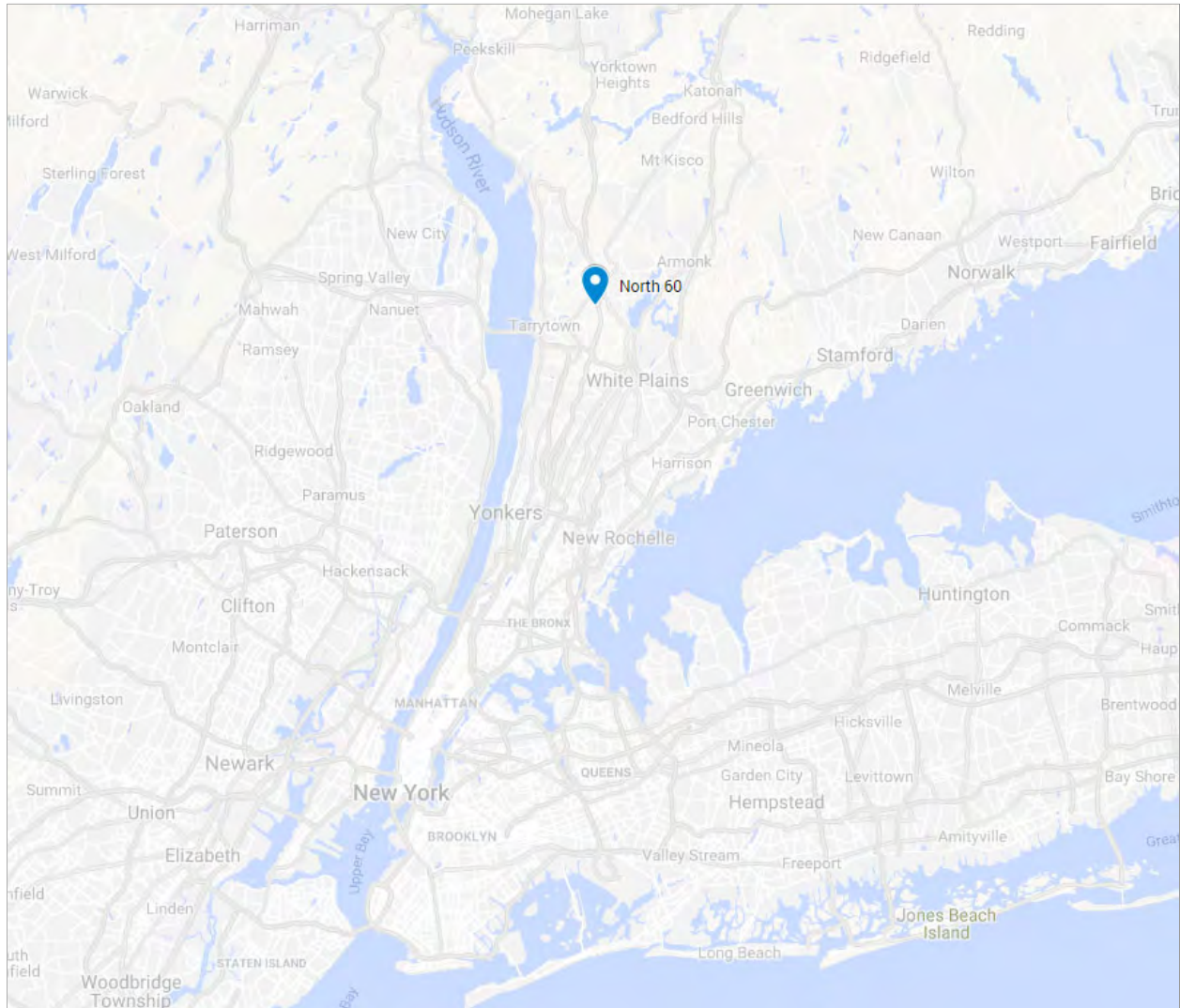
A handwritten signature in cursive script, reading "Catherine M. Tam".

Catherine M. Tam
Vice President



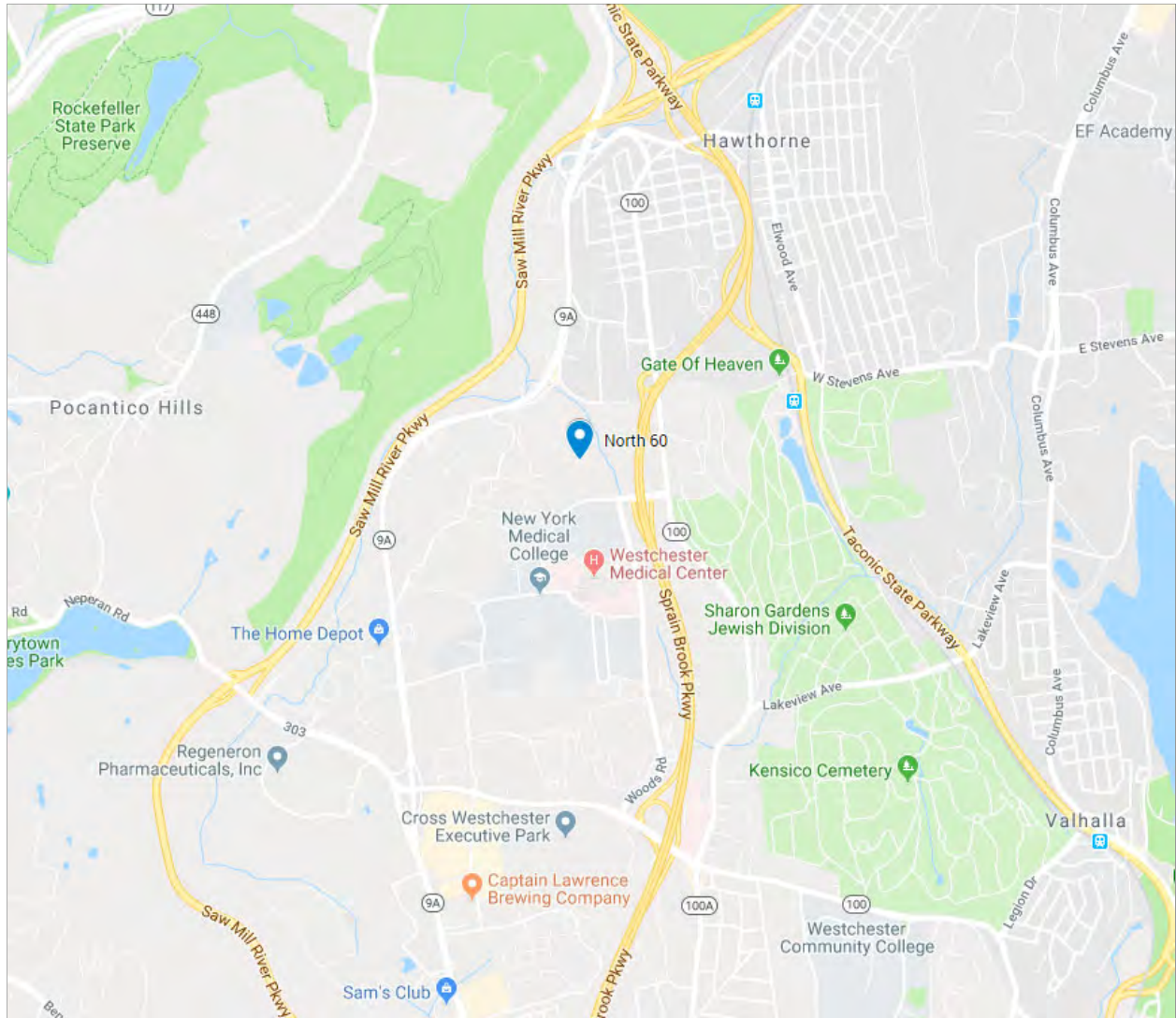


REGIONAL MAP





NEIGHBORHOOD MAP



AERIAL OF NORTH 60 SITE







- TABLE OF CONTENTS -

Executive Summary	1
Site Evaluation.....	24
Overview of the Proposed Development Plan	30
Economic and Demographic Analysis.....	38
Life Science Market Analysis	60
Healthcare Market Analysis	112
Hotel Market Analysis	150
Retail Market Analysis.....	184
Residential Market Analysis	244
Traditional Office Market Analysis.....	316
Living Science Museum Market Analysis	338
Financial Feasibility Analysis.....	348
Findings from Interviews	369
Conclusion	375

- ADDENDA -

Exhibit A – Basic Assumptions and Limiting Conditions

Exhibit B – Qualifications of the Consultants





- LIST OF DOCUMENT TABLES -

Table #	Title / Description	Page Number
Table 1	North 60: Mix of Uses (Full Build-Out)	31
Table 2	Population and Household Trends	44
Table 3	Household Income Distribution: NY-NJ-PA Metropolitan Statistical Area	45
Table 4	Population by Age: NY-NJ-PA Metropolitan Statistical Area	45
Table 5	Household Income Distribution: Westchester County	46
Table 6	Population by Age: Westchester County	46
Table 7	Household Income Distribution: Mount Pleasant	47
Table 8	Population by Age: Mount Pleasant	47
Table 9	Employment Trends: New York Metropolitan Area	49
Table 10	Unemployment Trends	50
Table 11	Largest Private Employers: New York State	51
Table 12	Analysis: Population Aged 18-34 by Higher Education Attainment in Westchester County	57
Table 13	Life Science and Healthcare Deal Volume	69
Table 14	% Share of 2018 Dollars Invested by Quarter and Company Stage	69
Table 15	Dollars Invested in 2018 by Quarter and Company Stage	70
Table 16	Investments Made by Life Science Subsector (2018)	70
Table 17	Number of Life Science / Healthcare IPOs and Dollar Amounts by Quarter (2018)	71
Table 18	New York - New Jersey Regional Share of Life Science Investment (2018)	71
Table 19	Distribution of Life Science Jobs and Wages by Sector (2016)	72
Table 20	Economic Impact of the US Life Science Industry (2016)	73
Table 21	New York - New Jersey Regional Share of NIH Funding (2016 - 2018)	73
Table 22	Number of Life Science Jobs by Sector in the NY-NJ-PA MSA (2016)	74
Table 23	Major Life Science Markets (2018): Workforce, Funding, and Lab Supply	77
Table 24	Major Life Science Markets (2018): Lab Supply, Demand and Pricing by Submarket	78
Table 25	Comparable Life Science Leases	93
Table 26	US Life Science Employment (2001 - 2029)	96
Table 27	Westchester County's "Fair Share" of Life Science Jobs	98
Table 28	Westchester County Life Science Employment Projection (2018 - 2029)	98
Table 29	Westchester County Life Science Real Estate Demand (2019 - 2029)	99
Table 30	Westchester County Life Science Real Estate Demand (2019 - 2029)	100
Table 31	Westchester County Life Science Real Estate Demand (2019 - 2029), adjusted	101
Table 32	North 60 Phase 1 Absorption	102
Table 33	North 60 Full Build-Out Absorption -- Conservative Scenario	104



Table 34	Comparison of Urban vs. Suburban Life Science Markets	106
Table 35	North 60 Full Build-Out Absorption -- Optimistic Scenario	108
Table 36	Comparison: Healthcare Employment in NYS vs. Westchester County (2017)	119
Table 37	Medicare Charges by Medical Specialty	121
Table 38	Demand for Medical Specialties within 10 Miles of North 60 (National Benchmarking)	123
Table 39	Demand for Medical Specialties within 10 Miles of North 60 (NYS Benchmarking)	124
Table 40	Demand for Medical Specialties within 10 Miles of North 60 (NYC Benchmarking)	125
Table 41	Westchester County Share of New York State Hospitals	126
Table 42	Hospital Revenue within 5 Miles of North 60 (2017)	127
Table 43	Medical Office: Westchester County and New York State	130
Table 44	Medical Office Properties (5-Mile Radius from North 60)	131
Table 45	Recent Medical Office Leasing near North 60	133
Table 46	Comparable Medical Office Asking Rents	134
Table 47	New York state Health Expenditures (2016)	137
Table 48	Projected Annual Healthcare Spending in New York State	138
Table 49	Westchester's Fair Share of NY State Population (2018)	139
Table 50	Westchester County Share of New York State Hospitals (2018)	140
Table 51	Medical Office: Westchester County and New York State	140
Table 52	Westchester's Fair Share of NY State Medical Expenditures	141
Table 53	Westchester County's Fair Share of Projected Annual Healthcare Spending in NYS	142
Table 54	Projection: Demand for Medical Office Space in Westchester County	144
Table 55	Projection: Demand for Medical Office Space at North 60	146
Table 56	Projected Occupancy, Average Rate, and RevPAR Summary: Proposed North 60 Hotel	153
Table 57	Hotel Age Distribution, Westchester County	154
Table 58	Westchester County Hotel Inventory by Class	156
Table 59	Westchester County Hotel Inventory by Zip Code	157
Table 60	Hotel Market Performance: Primary Competitive Set	162
Table 61	Hotel Market Performance: Secondary Competitive Set	168
Table 62	Monthly Hotel Market Performance: Primary and Secondary Competitive Sets	172
Table 63	Day of Week Hotel Market Performance: Primary Competitive Set	174
Table 64	Day of Week Hotel Market Performance: Secondary Competitive Set	175
Table 65	Competitive Hotel Supply Analysis	177
Table 66	Latent Hotel Demand Calculation	178
Table 67	Induced Hotel Demand (Phase-In)	178
Table 68	Hotel Demand Analysis	179
Table 69	Hotel Occupancy Analysis	180



Table 70	Hotel Average Daily Rate Survey	180
Table 71	Average Daily Rate Analysis: Proposed North 60 Hotel	181
Table 72	Projected Occupancy and ADR: Proposed North 60 Hotel	182
Table 73	New York Metro Retail Key Indicators	190
Table 74	New York Metro All Inventory Retail Trends	192
Table 75	New York Metro Retail Trends	195
Table 76	West I-287 Corridor Submarket Retail Key Indicators	200
Table 77	West I-287 Corridor Submarket All Inventory Retail Trends	202
Table 78	Retail Properties: 50K SF and Over (West I-287)	205
Table 79	White Plains CBD Submarket Retail Key Indicators	209
Table 80	White Plains CBD Submarket All Inventory Retail Trends	210
Table 81	Retail Properties: 50K SF and Over (White Plains CBD)	212
Table 82	Comparable Retail Leases (West I-287)	216
Table 83	Demographics of Selected Retail Trade Areas (2018 Estimate)	219
Table 84	Demographics of Selected Retail Trade Areas (2026 Forecast)	220
Table 85	Demographics of Selected Retail Trade Areas (2040 Forecast)	220
Table 86	Summary of Retail Group Supply and Demand (2017)	222
Table 87	Disposability Factor (2018)	224
Table 88	Consumer Expenditures (2018)	225
Table 89	Consumer Expenditures (2026 Projection)	227
Table 90	Consumer Expenditures (2040 Projection)	228
Table 91	Selected Store Groups for Retail Demand Analysis	229
Table 92	Retail Sales Potential from Households (2018)	230
Table 93	Retail Sales Potential from Households (2026)	230
Table 94	Retail Sales Potential from Households (2040)	231
Table 95	Office Worker Spending Summary	233
Table 96	Retail Sales Potential from Workers (2018)	234
Table 97	Retail Sales Potential from Workers (2026)	235
Table 98	Retail Sales Potential from Workers (2040)	235
Table 99	Retail Demand Analysis (2018)	238
Table 100	Retail Demand Analysis (2026)	239
Table 101	Retail Demand Analysis (2040)	240
Table 102	Primary Residential Market Area Supply and Demand (All Inventory)	249
Table 103	Primary Residential Market Area Vacancy and Rent (All Inventory)	250
Table 104	Primary Residential Market Area Supply and Demand (4- and 5-Star Supply)	251
Table 105	Primary Residential Market Area Vacancy and Rent (4- and 5-Star Supply)	252



Table 106	Primary Residential Market Area Supply and Demand (1- to 3-Star Supply)	254
Table 107	Primary Residential Market Area Vacancy and Rent (1- to 3-Star Supply)	255
Table 108	Primary Residential Market Area Key Indicators	255
Table 109	Secondary Residential Market Area Supply and Demand (All Inventory)	256
Table 110	Secondary Residential Market Area Vacancy and Rent (All Inventory)	257
Table 111	Secondary Residential Market Area Supply and Demand (4- and 5-Star Supply)	259
Table 112	Secondary Residential Market Area Vacancy and Rent (4- and 5-Star Supply)	260
Table 113	Secondary Residential Market Area Supply and Demand (1- to 3-Star Supply)	261
Table 114	Secondary Residential Market Area Vacancy and Rent (1- to 3-Star Supply)	262
Table 115	Primary Residential Market Area Key Indicators	263
Table 116	Residential Comparable: Glasshouse 250	264
Table 117	Residential Comparable: Quarry Place	265
Table 118	Residential Comparable: Scarsdale Commons	266
Table 119	Residential Comparable: Monarch at North Ridge	266
Table 120	Residential Comparable: Elm	267
Table 121	Residential Comparable: The Apex at 290	268
Table 122	Residential Comparable: The Danforth at Dobbs Ferry	268
Table 123	Residential Comparable: The View on Nob Hill	269
Table 124	Residential Comparable: Riverpark Apartments	270
Table 125	Residential Comparable: Avalon Green	270
Table 126	Rental Market Survey, Westchester County	272
Table 127	Rental Housing Demand Analysis	278
Table 128	Senior Housing Property Types in the United States	280
Table 129	Westchester County Senior Housing Product Types	281
Table 130	Westchester County Adult Homes	282
Table 131	Westchester County Enriched Living	282
Table 132	Westchester County Independent / Assisted Living	282
Table 133	Westchester County Residential Healthcare Facilities	283
Table 134	Westchester County Senior Care Facility Summary	284
Table 135	Westchester County Senior Housing Under Construction	285
Table 136	Westchester County Proposed Senior Housing Developments	285
Table 137	Senior Housing Comparable: The Osborn	287
Table 138	Senior Housing Comparable: Atria Rye Brook	288
Table 139	Senior Housing Comparable: Atria on the Hudson	288
Table 140	Senior Housing Comparable: Brightview Tarrytown	289
Table 141	65+ Population as a % of Total Primary Market Area Households	293



Table 142	Age-Based Skilled Nursing Demand Analysis	293
Table 143	Household Net Worth Needed for Assisted Living	294
Table 144	65+ Households with Net Worth of \$250K+ as a % of Primary Market Area Households	295
Table 145	Age and Net Worth-Based Assisted Living Demand Analysis	296
Table 146	Household Income Needed for Independent Living	297
Table 147	Age and Net Worth-Based Independent Living Demand Analysis	298
Table 148	Higher Education Institutions in Westchester County	301
Table 149	Student Housing Comparable: Alumni Hall, Pace University	303
Table 150	Student Housing Comparable: Elm Hall, Pace University	304
Table 151	Student Housing Comparable: Gaddy Hall, Monroe University	304
Table 152	Student Housing Comparable: Grasslands II, New York Medical College	305
Table 153	Life Science Campus Case Studies: Residential Units	308
Table 154	Analysis: Housing Need at North 60	309
Table 155	Westchester County Office Market Statistics	318
Table 156	Top Office Lease Transactions in Westchester County (2018)	319
Table 157	West I-287 Office Market Trends: Supply and Demand	320
Table 158	West I-287 Office Market Trends: Rent and Vacancy	321
Table 159	West I-287 Office Market Trends: Sales	322
Table 160	North 60 Office Lease Comps	324
Table 161	Notable Office Sale Transactions	327
Table 162	500 Summit Lake Drive: Office Availability Summary	328
Table 163	100 Summit Lake Drive: Office Availability Summary	329
Table 164	200 Summit Lake Drive: Office Availability Summary	329
Table 165	120 White Plains Road: Office Availability Summary	330
Table 166	303 South Broadway: Office Availability Summary	331
Table 167	555 Taxter Road: Office Availability Summary	331
Table 168	565 Taxter Road: Office Availability Summary	332
Table 169	North 60 Comparable Class A Office Properties	333
Table 170	Museum Hours of Operation	340
Table 171	Museum Ticket Pricing	340
Table 172	Museum Capture Rates	345
Table 173	North 60 Living Science Museum: Visitation Estimate	345
Table 174	North 60 Living Science Museum: Revenue Projection (Low)	346
Table 175	North 60 Living Science Museum: Revenue Projection (High)	346
Table 176	Program by Phase and Use -- Fareri Associates	350
Table 177	Program by Phase and Use -- Weitzman Associates	352



Table 178	North 60: Cost Breakdown (Fareri Associates)	353
Table 179	North 60: Cost Breakdown (Weitzman Associates)	354
Table 180	North 60: Shared Costs (Weitzman)	354
Table 181	Breakdown of Shared Costs by Use and Phase -- Weitzman Associates	355
Table 182	Analysis: Distribution of Shared Costs per Use	356
Table 183	Breakdown of Hard Costs by Use and Phase -- Weitzman Associates	357
Table 184	Breakdown of All Costs by Use and Phase -- Weitzman Associates	357
Table 185	North 60: Underwriting Assumptions (Weitzman Associates)	359
Table 186	North 60: Analysis of Financial Returns	360
Table 187	North 60 Cash Flow (Years 1 - 10)	364
Table 188	North 60 Cash Flow (Years 11 - 20)	365
Table 189	North 60 Cash Flow (Years 21 - 30)	366
Table 190	List of Individuals Interviewed by Weitzman Associates	373



- EXECUTIVE SUMMARY -

EXECUTIVE SUMMARY

Weitzman Associates, LLC is pleased to submit the findings of our market and financial feasibility study of “North 60,” a proposed three million square foot, mixed-use life science and medical campus in Mt. Pleasant, Westchester County, New York to be developed by Fareri Associates. The purpose of this study is to assess the level of market support for the variety of real estate uses proposed for the site, as well as the plan’s overall financial feasibility.

SITE EVALUATION

The North 60 Tract is a 60-acre land parcel located in the Valhalla Section of Mount Pleasant, New York. Valhalla is located in Central Westchester County and shares a border with the Kensico Reservoir to the east. The North 60 Tract is bounded by Peripheral Road to the south, the Sprain Brook Parkway to the east, West Stevens Avenue and Old Saw Mill River Road to the north, and the property now or formerly referred to as Nilsson’s Greenhouse & Nursery to the west. Located just a five to ten minute walk south of the site is the Westchester Medical Center as well as the New York Medical College. Fareri Associates owns a 20-acre tract of land directly adjacent (to the west of) the North 60 Tract, which brings the total land area of the North 60 site plan to 80 acres.

The topography of the subject site is moderately sloping with several peaks and troughs. The terrain itself is heavily wooded with a small, closed-off, cemented parking area towards the south side of the site, off of Peripheral Road. Although irregularly shaped and with varying topography, the North 60 Tract has very good frontage and visibility along the Sprain Brook Parkway and along Peripheral Road (also known as Hospital Road).

The area is tied economically and socially to Manhattan, located just 25 miles south of the North 60 Tract. The close proximity to New York City, further enhanced by the nearby transportation system, makes Mount Pleasant an attractive substitute for more expensive alternatives in New York City. We do not believe that lack of direct transit access (i.e. a MetroNorth train station within walking distance of North 60) will hinder the project’s potential, given that there are numerous successful suburban life science clusters throughout the United States that are not within walking distance of direct transit stations. Furthermore, the area is home to several academic, healthcare, and life science institutions. It is, in its own right, an innovation ecosystem that lends the critical support required to develop a successful life science campus at North 60.

ECONOMIC AND DEMOGRAPHIC ANALYSIS FINDINGS

The New York Metropolitan Area is in excellent economic condition. New York City has a strong base of financial services firms and, now, technology companies. The region is poised to capture the benefits of a strong national economy. In particular, Westchester County's proximity to New York City presents an opportunity for the County to capture "spillover" demand from technology, life science, and healthcare companies that New York City cannot accommodate. In support of this, it is important to note that Westchester County has an increasing share of young people (aged 18 to 34) with advanced degrees – in other words, a growing talent base.

The populations of Westchester County and Mt. Pleasant are projected to grow more slowly than that of the New York Metropolitan Area over the next several years. However, households in Mt. Pleasant and Westchester County are generally wealthy, reportedly having median household incomes of \$118,782 and \$95,623, respectively. This is significantly higher than the median household income of the New York Metropolitan area (\$74,510). Westchester County has a significant and growing senior (age 65+) population, which will support demand for medical services and senior housing.

Notably, the healthcare industry in the New York Metropolitan Area has grown by 3.2% annually over the last five years, and some of New York State's largest employers are healthcare companies. Given Mt. Pleasant's status as an existing medical cluster, North 60 is poised to capture future growth in the healthcare industry.

LIFE SCIENCE MARKET ANALYSIS FINDINGS

- **The Definition of Life Sciences.** The life science industry is a broad business sector that encompasses firms focused on product manufacturing, research, distribution, and technology production. It includes firms involved with genetic research, pharmaceutical production, data science, and medical technology, among other specializations. It is a diverse ecosystem of companies that complement and enhance one another to bring about innovation.
- **Life Science Real Estate – A National Perspective.** Life science firms tend to "cluster" together near academic/research institutions, which results in concentrated pockets of real estate throughout the United States. Throughout the 16 life science clusters in the United States reviewed by Jones Lang LaSalle (JLL), there was a total of approximately 120 million square feet of rentable laboratory space in 2018. Many clusters, including

Westchester County, currently display low vacancy rates and rising asking rents. The leading national life science clusters by far are Greater Boston / Cambridge and San Francisco / the Bay Area. In general, increasing venture capital and public investment in the life sciences is driving demand for additional real estate, which likely will not halt barring a major economic disruption. Real estate owners and developers are adapting such that new spaces feature amenities and efficient spaces. They are also generally locating projects in close proximity to workforce talent.

- **National Life Science Investment.** Public and private investment in the life sciences is robust and growing. In 2018 alone, over \$20 billion of venture capital funds were invested in a range of life science companies. Furthermore, the National Institutes of Health (NIH) provided grant funding in excess of \$28 billion in 2018. The New York region captures approximately 7% of venture capital funding, and 10% of NIH funding.
- **National Life Science Employment.** As of 2016, the United States supported approximately 1.74 million life science jobs categorized into five subsectors. The largest and fastest growing of these subsectors is “Research, Testing, and Medical Laboratories.” We estimate that life science employment, today, has reached approximately 1.8 million jobs. Westchester County accounts for about 0.56% of national life science employment, and the New York region ranks highly in most life science subsectors.
- **Westchester County Life Science Market.** Westchester County’s life science market has generally remained unchanged since we conducted the first iteration of this study in 2016. The County still maintains strong fundamentals that could support additional life science real estate, particularly given the presence of medical / academic institutions in the area. Westchester County reportedly has 0% vacancy, according to Jones Lang LaSalle, though we are aware of approximately 80,000 square feet of vacant space at Ardsley Park. We have learned from brokers and other interviewees that there has continued to be interest from life science companies in taking up tenancy in Westchester, but adequate space has been challenging to find. Regeneron Pharmaceuticals’ campus expansion has progressed through some approval hurdles, but the timeline of the expansion remains ambiguous.
- **New York City Life Science Market.** There is strong interest from both real estate developers and life science companies in expanding in New York City. However, the high costs of development and land acquisition continue to impede expansion. Nevertheless, some developments are moving forward, bolstered by the City’s commitment of \$500 million to support the industry.

North 60 has the potential to both complement and compete with New York City's life science real estate market. For example, North 60 could present a more affordable option for life science firms to lease space. As a result, on the one hand, a company could choose to lease space in Westchester instead of New York City, such that North 60 would be competing with New York City. On the other hand, a company could lease the majority of its space in Westchester, while maintaining a small presence in Manhattan or Brooklyn for various business purposes such as fundraising and marketing. Regardless of the outcome, North 60 is strategically positioned to capitalize on its proximity to New York City.

- **Life Science Rent Comparables.** The comparable life science leases we reviewed reflect base rents ranging from \$25.00 to \$90.00. The upper end of the spectrum is in Cambridge / Massachusetts. Discussions with brokers familiar with Westchester suggest that life science real estate at North 60 could achieve rents of approximately \$35.00 per square foot on a triple net basis.
- **Limited Public Transportation and the Lack of a World-class Academic Anchor: Implications for North 60.** Many life science clusters throughout the United States are located in close proximity to public transit and major academic anchors, which, respectively, support accessibility and the development of workforce talent (i.e. scientists, engineers, researchers, technicians, etc.). For example, Cambridge and Boston benefit from the presence of research institutions such as Harvard University and the Massachusetts Institute of Technology, and the cities have a robust, shared public transportation system. There are, however, life science clusters (often in suburban settings) that are not located directly next to a major academic anchor, and do not have direct, one-seat-ride public transit linkages to urban areas. For example, suburban life science clusters in markets such as Boston, Denver, Philadelphia, and Seattle (as summarized in Table 34 on page 106 of this report) have relatively low vacancy (ranging from 6.7% to 12.7%), yet they are not proximate to significant research institutions, and their transit connectivity is varied. Instead, these suburban offshoots of urban centers benefit from being within regional proximity to critical institutions and urban centers.

There are numerous anecdotes of life science firms, previously located in urban markets close to academic anchors, that relocated to the suburbs in search of more expansive space and lower rent. North 60 is well-positioned to replicate this trend, given:

- o (1) The substantial presence of academic / research institutions in New York City;

- o (2) The dearth of available, affordable lab space in New York City; and
- o (3) Westchester County's transportation linkages to New York City.

Furthermore, the presence of Westchester Medical Center, New York Medical College, and other research hubs in Westchester County make the North 60 site a desirable location where life science firms could lease space, as the collection of these institutions provides fertile ground for R&D activities. The presence of Regeneron Pharmaceuticals' headquarters (which also does not have direct public transit access) is proof that such companies can thrive in Westchester's extant condition. While it would be optimal if an institution akin to the Massachusetts Institute of Technology and a MetroNorth station were located directly adjacent to North 60, the lack thereof should not hinder the development's success. Proper marketing that conveys the significance of Westchester County's academic / research institutions should be executed during the development of North 60. Regarding transportation, Fareri Associates could consider implementing a shuttle bus service linking North 60 to nearby MetroNorth train stations, akin to the shuttles and ferries deployed by technology companies such as Facebook and Google in the Bay Area that bring workers from San Francisco to the companies' suburban campuses.

- **Life Science Real Estate Demand Analysis.** We have conducted a life science real estate demand analysis for Westchester County that (i) projects future life science employment growth on a national basis, (ii) analyzes Westchester County's fair share of national life science employment, (iii) projects square footage of demand in Westchester based on employment growth, and (iv) estimates how long it would take North 60's life science buildings to be leased.
 - o *Life Science Employment and Westchester County's Fair Share.* We estimate that national life science employment, today, is approximately 1.8 million jobs, of which Westchester County accounts for 0.56%, or 10,000 jobs. By 2029, national life science employment should reach a total of 2.02 to 2.22 million jobs.
 - o *Demand for Life Science Real Estate in Westchester County (2019 – 2029) and Absorption of North 60's Phase 1.* By 2029, we estimate that there will be demand for an additional 402,000 to 687,000 square feet of life science real estate in Westchester County. Taking into account known pipeline projects and North 60's development

schedule, Phase 1, which includes approximately 200,000 gross square feet (130,000 net square feet), could be fully leased between 2023 and 2026.

- o *Long-Term Absorption of North 60's Future Phases.* The most conservative estimates suggest that there will be sufficient demand to absorb all of North 60's life science real estate sometime between 2044 and 2060. A more optimistic outlook, taking into account initiatives that could bolster the County's fair share of life science employment (such as the success of North 60's Phase 1), suggests that the entire development could be absorbed sometime between 2034 and 2042.

HEALTHCARE MARKET ANALYSIS FINDINGS

- **The Changing Landscape of Healthcare.** The healthcare industry in the United States is undergoing an unprecedented period of disruption. The consolidation of hospital systems, the shrinking presence of private medical practices, the outsourcing of medical services, and the uptake of new medical technologies are changing the landscape for healthcare real estate and service delivery. However, in general, this has broadened the purview of healthcare real estate investors, who are generally not focusing on inpatient care facilities on a hospital campus, but rather on properties that are located near a hospital campus that provide outpatient care services and urgent care.
- **A Strong Healthcare Employment Base in Westchester.** Westchester County is well-served by healthcare professionals. The County currently supports over 61,000 healthcare jobs with an average annual wage of about \$65,000. Local to North 60, there are about 1,800 doctors within a 5-miles radius. In general, the market for healthcare professionals near North 60 is demonstrably saturated when benchmarked against other geographies.
- **A Significant Hospital Ecosystem in Westchester.** Westchester County has 16 hospitals totaling 4,130 beds, or 6.6% of the total number of hospital beds in New York State. The three hospitals closest to North 60 (Westchester Medical Center, White Plains Hospital, and Phelps Memorial Hospital) collected \$8.27 billion in patient revenue in 2017, the majority of which was for inpatient services. Roughly half of these hospitals' revenue stems from Medicare and Medicaid, and the balance from private insurance and patients' own financial means.
- **Medical Office Leasing in Westchester.** There are approximately 5 million square feet of medical office space in Westchester County. Within 5 miles of North 60, there are

approximately 900,000 square feet. Rental rates for medical office space range from \$22 to \$30 on a modified gross basis, and the average triple net rent is about \$28, according to Revista. According to CoStar, the average asking rent for medical office buildings in Westchester is approximately \$23.00. However, Fareri Associates' medical office building, 19 Bradhurst, has tenants paying on average about \$40 per square foot. Given the building's proximity to North 60, we consider \$40 an achievable rental rate for healthcare real estate at the development. Nevertheless, we note that healthcare real estate leasing has slowed in recent years, and new buildings face a great deal of competition from newly converted office buildings and retail spaces.

- **Healthcare Real Estate Demand Analysis**

- o Healthcare expenditures in New York State were estimated to be about \$190 billion in 2018, and they are projected to grow to about \$450 billion by the year 2040.
- o Westchester County's fair share of New York State healthcare expenditures is estimated to be about 5.5%, or \$10.4 billion in 2018.
- o Assuming a ratio of \$825 in healthcare expenditures per square foot of healthcare real estate, there will be demand for 16.9 to 17.1 million square feet of additional healthcare real estate by the year 2040.
- o Given numerous constraints and fierce local competition, we have assumed that North 60 may only capture up to 7.5% of demand for healthcare real estate in the future. As such, there will not be sufficient demand to lease its proposed 400,000 square feet until the year 2032 or 2033. We recommend either reducing the footprint of healthcare real estate at North 60, or postponing some portion of it for a later phase, or both.
- o However, should the North 60 ground lease be updated to provide greater leasing flexibility (without right of first refusal from Westchester Medical Center), and should Fareri Associates then be able to secure credit healthcare tenants, healthcare real estate at North 60 could be successful.

HOTEL MARKET ANALYSIS FINDINGS

- **Westchester County Hotel Market Overview.** Based upon data from STR, the existing hotel inventory in Westchester County is comprised of 45 hotel properties with a total of 6,622 rooms, of which 9.5% are classified by STR as economy class, 21.2% are classified as

midscale or upper midscale class, 65.7% are classified as upscale or upper upscale class, and 3.5% are classified as luxury class. The major hotel clusters are primarily located in White Plains / West Harrison, Tarrytown, Yonkers, Rye Brook / Rye, and Elmsford. Six new hotels have opened in the County since 2014, including three in Yonkers, one in Peekskill, one in White Plains, and one in Dobbs Ferry. We identified two new hotels currently under construction (in Tuckahoe and New Rochelle), and two hotel developments proposed (in New Rochelle and Sleepy Hollow). None of these planned or proposed hotels would compete to any significant degree with the proposed hotel at North 60.

- **Primary Competitive Set Hotel Market Trends.** The defined primary competitive set consists of six upper midscale to upscale class, limited- and select-service hotels: La Quinta Inns & Suites White Plains Elmsford, Hampton Inn White Plains Tarrytown, Comfort Inn & Suites Hawthorne, Springhill Suites Tarrytown, Courtyard Tarrytown, and Hilton Garden Inn Dobbs Ferry (which opened in July 2018). After a positive trend of growth over the years from 2010 to 2015, RevPAR in the primary competitive set declined in the following two years in 2016 and 2017, before rebounding somewhat in 2018. In 2018, the primary competitive set achieved an average occupancy of 74.2%, an ADR of \$131.63, and RevPAR of \$97.70. The year-to-date statistics through March 2019 reflect an occupancy decline of -6.2% and an ADR decline of -1.8% over the same period in 2018. We note that over this period, reflecting the full opening of the Hilton Garden Inn Dobbs Ferry, the competitive supply increased 22.8%.
- **Secondary Competitive Set Hotel Market Trends.** The defined secondary competitive set consists of four upscale or upper upscale class, full-service hotels located in Tarrytown: Marriott Westchester, Sheraton Hotel Tarrytown, Tarrytown House Estate & Conference Center, and Doubletree Tarrytown. Similar to the primary competitive set, the secondary competitive set exhibited continual RevPAR growth from 2010 to 2015, followed by a decline in 2016 and 2017 and a rebound in 2018. In 2018, the secondary competitive set achieved an average occupancy of 73.7%, an ADR of \$153.25, and RevPAR of \$112.96. The year-to-date statistics through March 2019 reflect a slight occupancy decline of -0.3% and an ADR increase of 1.0%, for overall RevPAR growth of 0.6% over the same period in 2018.
- **Monthly and Day of Week Trends.** For the combined primary and secondary competitive market, the fall months of September and October and the late-spring and early-summer months of May and June typically represent the peak periods, followed by the summer

months of July and August. The slowest months are generally the winter months of January and February.

Reflective of the commercial demand which typically peaks during the mid-week, the highest RevPAR levels are typically achieved on Tuesday and Wednesday nights. Saturday nights are also relatively strong, particularly in terms of occupancy, which is indicative of the leisure demand base that is also within the competitive market. As in most hotel markets, Sunday nights are the weakest in terms of occupancy and RevPAR.

- **Competitive Hotel Supply and Demand Analysis.** To project market occupancy over the next several years, we performed a competitive supply and demand analysis. In our competitive supply analysis, we included the six primary competitive hotels totaling 769 rooms, and the four secondary competitive hotels weighted at 50% for a weighted total of 526 rooms, resulting in an overall existing competitive supply of 1,295 rooms in 2019. For the purpose of our analysis, we have assumed that the proposed hotel at North 60, with 120 rooms, will open on July 1, 2022, thereby increasing the competitive supply by 4.6% in 2022 and a further 4.4% in 2023.

We project base annual hotel demand growth of 1.0% from 2019 to 2021 and 1.5% in the years thereafter from 2022 to 2025. Furthermore, we project that the proposed hotel at North 60 will induce 35% of its room nights, which is inclusive of the new hotel demand that will be generated by the overall North 60 development, including its life science and other commercial / medical tenants.¹ Based upon the competitive supply and demand analysis, we have estimated a stabilized competitive market occupancy rate of approximately 73% in fiscal year 2024/25.

- **Projection of Occupancy and Average Daily Rate for the Proposed Hotel at North 60.** Assuming an upscale, extended-stay, nationally recognized hotel brand affiliation (such as Homewood Suites), we project three years to reach stabilized occupancy, with projected penetration rates of 95% in the first partial year of operations in 2022, increasing to 102% in 2023 and a stabilized 107% penetration as of 2024.² Based upon our analysis, we project the proposed hotel's stabilized occupancy rate at 78.0%.

¹ Induce: to bring about by influence; induced hotel demand represents room nights that are attracted into a market.

² Penetration Rate: a measure of performance when compared to the market; a penetration rate equal to 100% implies that the hotel is accommodating exactly its fair share of demand.

Based upon the average daily rate of the primary and secondary competitive sets, and in consideration of the proposed hotel's new construction and development as an upscale, extended-stay, all-suite hotel, we estimate the proposed North 60 hotel's positioned average daily rate at \$155 in 2018 dollars.³ In consideration of recent trends, we project ADR growth to be flat in 2019, followed by annual growth of 2.0% in 2020 and 2021 and a stabilized growth of 3.0% thereafter. The proposed North 60 hotel's projected occupancy rate, average daily rate and RevPAR through the first stabilized year, as projected by Weitzman Associates, are summarized in the following table.

**PROJECTED OCCUPANCY, AVERAGE RATE AND REVPAR SUMMARY
PROPOSED NORTH 60 HOTEL**

Projection Year Ending 6/30	2023	2024	Stabilized 2025
Projected ADR	\$169.00	\$174.00	\$179.00
Projected Occupancy	71.0%	75.0%	78.0%
Projected RevPAR	\$119.99	\$130.50	\$139.62
<i>% Change</i>		8.8%	7.0%

Source: Projections by Weitzman Associates, LLC

RETAIL MARKET ANALYSIS FINDINGS

- **National Retail Market Overview.** Nationally, consumer confidence remains healthy, supported by continued job and wage growth, as well as low inflation. While the continued expansion of e-commerce has had a negative impact on retail space demand, the impact has primarily been on larger "big-box" retail stores typically found in malls and power centers. In contrast, at grocery and strip centers, which benefit from demographic growth and a tenant base generally less exposed to the threat of e-commerce, vacancies remain below pre-Recession lows. Retail sectors like fitness, restaurant, entertainment and discounters continue to be active in leasing.
- **New York Metro Retail Market Trends.** The overall New York metro retail market is healthy as the vacancy rate, at 3.8% (as of late-March 2019), remains near record lows. According to CoStar, despite several major retail projects set to deliver shortly (particularly Hudson Yards in Manhattan and American Dream at Meadowlands), with

³ Positioned average daily rate: hypothetical average daily rate assuming stabilized operations as of the denoted timeframe.

strong income growth forecasted over the near term, the New York metro should maintain its position as one of the preeminent retail markets in the country. The health of the metro market can be attributed to its high population density (particularly in New York City) and high household income levels, combined with limited new construction.

- **West I-287 Retail Submarket Trends.** The North 60 development site lies within the West I-287 Corridor submarket, which as defined by CoStar generally stretches to the north and south of I-287 in western Westchester County. In contrast to the overall metro market's retail inventory growth, which is projected to accelerate over the next year as several major projects open, retail inventory growth in the West I-287 Corridor is expected to remain modest with average annual compounded growth of 0.3% projected through 2023. With modest inventory growth projected, the vacancy rate in the West I-287 Corridor submarket is projected to remain relatively stable within a range of 2.9% to 3.3% over the next five years. We conclude that the retail proposed at North 60 will have a net neutral impact on existing retail in nearby areas, due to the increased demand that the future workers and residents of North 60 will bring to Valhalla.
- **White Plains Retail Submarket Trends.** We also reviewed retail trends within the White Plains CBD submarket, which lies directly to the southeast of the West I-287 Corridor submarket and has a high concentration of retail including three regional malls. As retail supply has remained fairly stable, the retail vacancy rate in the White Plains CBD submarket has declined from a high of 6.0% in 2011 to a low of 1.5% as of March 2019, with a 0% vacancy rate reported for malls and neighborhood centers.
- **Comparable Retail Leases.** We reviewed 12 comparable retail leases signed over the past few years within shopping centers within the West I-287 Corridor submarket, as derived from CoStar. Excluding the low, the indicated rents (reflecting either the asking rent or actual starting lease rent) ranged from \$20.00 to \$45.00 per square foot, with most of these rents being on a triple net basis. The survey includes Class B and Class C properties, with the lower end of the rent range being reflective of older Class C properties. We believe that the retail at North 60 could achieve rent of \$40.00 per square foot per year on a triple net basis.
- **Retail Demand Analysis.** Based upon our retail market analysis, it is our opinion that the retail at North 60 should be developed as a neighborhood retail center, as a complementary component to the major other uses of the site. Targeted retail tenants should include bank branches, drug stores, restaurants, salons, and a fitness center. In

order to ensure the retail's appropriateness, a commercial character assessment should be undertaken by Fareri Associates as a part of the ongoing SEQR process.

We prepared a retail trade area analysis based upon the targeted retail tenant types, considering retail demand from both households and major employment centers within the trade area. For the proposed neighborhood retail at North 60, we conducted a demand analysis for trade areas within 5-minute and 7-minute driving times from the North 60 site. In projecting the retail sales potential in a trade area, we considered retail demand from households residing in the trade area, as well as the additional retail demand that would also be generated by the employees of the several major institutions and corporate campuses located within the trade area. Specifically, we considered the workforce at Westchester Medical Center, New York Medical College, Westchester Community College, Regeneron, and Pace University, as well as the new workforce that will occupy North 60's planned life science space.

Assuming that there is no oversupply of existing retail stores in the trade areas, it is our experience and general industry practice that retail developments across the United States must capture approximately seven percent or less of total trade area demand in order for their tenants to achieve easy market entry. Our demand analysis as of 2018 indicates that at 85,000 square feet and at a retail sales level of \$200 per square foot, the indicated capture rate of the proposed first phase of retail development at North 60 is slightly elevated at 7.7%. However, in looking at the retail demand analysis as of 2026, upon lease-up and stabilization of North 60's first phase, the corresponding capture rate (at an inflated retail sales level of \$225 per square foot) is lower at 6.8%. In consideration of the proposed full retail build-out of approximately 214,000 square feet, our demand analysis as of 2040 (at an inflated retail sales level of \$275 per square foot) indicates a relatively high capture rate of 14.3%. However, we note that the use of the 7-minute driving time trade area in the demand analysis as of 2040 is conservative as the retail trade area is likely to expand over time by virtue of the development's increased retail offerings and the prominence of the overall North 60 development.

RESIDENTIAL MARKET ANALYSIS FINDINGS

- **Westchester Multifamily Rental Market.** There are currently about 23,000 multifamily rental units within a 10-mile radius of North 60, and just under 60,000 units throughout Westchester County. New development has been dominated by four- and five-star (Class A) properties catering to more affluent households. Vacancy is currently about 3.6% in

Westchester, and average asking rent is just over \$2,000 per unit. Four- and five-star properties rent at about \$2,500 per unit, but the vacancy rate is considerably higher at 12.3%, likely due to the delivery of approximately 3,000 units since 2016.

- **Comparable Multifamily Rental Properties.** The 8 comparable rental properties reviewed by Weitzman Associates indicate that there is a strong preference amongst consumers for highly-amenitized buildings with high-end finishes. However, the majority of multifamily properties in Westchester are ranked one-, two-, or three-stars (out of five stars) by CoStar; they reflect a vacancy rate of 2.9%. Therefore, while there is evident demand for Class A buildings, lesser quality developments have achieved a degree of success, likely due to the lower spending power of students and middle-class professionals. Based on our review of comparable multifamily rental properties, we believe that residential apartments at North 60 could reasonably achieve rent of \$3.00 per square foot per month (\$36.00 per year), in between the rental rates of 4-5 star product and 1-3 star product in Westchester County.
- **Rental Housing Demand Analysis.** The rental housing demand analysis suggests that there are approximately 75,000 income-qualified (\$50,000+) households in the Primary Market Area around North 60, and over 250,000 households in all of Westchester County (the Secondary Market Area). Based on our analysis and known competition from existing, vacant supply, there is net demand for 3,872 housing units in the Primary Market Area, and 16,564 units in the Secondary Market Area. Tested at various absorption rates, new multifamily rental product is evidently well-supported by the demographics of Westchester County. For example, in order for a rental building at North 60 to lease-up at 10 units per month, the building would need to capture 3.1% of extant and future demand in the Primary Market Area.
- **Senior Housing Market and Comparable Properties.** The market for senior housing in the United States is robust and growing, driven by the retirement of the Baby Boomer population. Among the different typologies of senior housing, most investors favor building additional Independent Living facilities. There are approximately 11,700 senior housing “beds” spread across 91 developments in Westchester County. The comparable properties we reviewed charge rental rates ranging from \$6,750 to \$8,200 per month, including varied services such as meals.
- **Senior Housing Demand Analysis.** Our analysis of senior housing demand considers households throughout all of Westchester County. Our calculations indicate that there is

negative (i.e. no) demand for additional skilled nursing beds in Westchester. However, there is substantial demand for assisted and independent living units. Our analysis concludes that there is demand for over 13,000 units of assisted living and over 18,000 units of independent living in Westchester County. Based on capture rates tested at different paces of absorption, North 60 is exceptionally well-positioned to accommodate assisted and independent living. In particular, its adjacency to Westchester Medical Center is a significant differentiating factor that will give senior housing at North 60 outsized marketability.

- **Student Housing, Co-Living, and Micro-Units.** There are 23 institutions of higher education throughout Westchester that drive demand for student housing. While there is no complete catalogue of student housing in Westchester, the comparable properties we reviewed reveal that rental rates ranged widely from about \$1,000 to \$7,000 per semester, depending on whether or not the respective academic institution is subsidizing the rent. There is little to no precedent for co-living and micro-units in Westchester County. One successful example of micro-units, “UNO” in Yonkers, has achieved successful leasing and charges upwards of \$1,550 per month. Co-living and micro-units are better-tested in dense urban markets such as New York City, but it is possible that they could succeed at North 60.
- **Case Studies: Residential Development at Life Science Campuses.** We reviewed four case studies of existing and under-development life science campuses across the United States in order to determine how much (if any) housing they include. The case studies were selected due to their locations in either suburban settings, or smaller urban areas. The analysis concludes that life science campuses have 0.31 to 2.50 units of housing for every 1,000 gross square feet of life science real estate, which is necessary to attract tenants by providing on-site (or nearby) housing for employees. The average and weighted average of these case studies, respectively, were 1.63 units and 1.05 units per 1,000 gross square feet. Based on the average and weighted average housing-to-space ratios derived from the case studies, the two million gross square feet of life science real estate proposed for North 60 should be accompanied by 2,100 to 3,250 housing units to accommodate employees. However, we note that not all of these housing units must be built directly on the North 60 site in order for life science development to be successful, though a portion of them (approximately 30%) should be. This results in our recommendation to construct approximately 30%, or 630 to 975 housing units, on the North 60 site. The housing units at North 60 should be small (studios and one-bedroom units) to accommodate the needs

of a millennial workforce. Thus, this housing would most likely not be an additional burden on the school system in the Town of Mt. Pleasant.

TRADITIONAL OFFICE MARKET ANALYSIS FINDINGS

- **High Vacancy in Westchester.** While the Westchester County office market has somewhat recovered in recent years due to space conversions, lack of new supply, and marginally growing demand, the market suffers from relatively high vacancy (16.5% to 23.0%) due to an excess of inventory and a lack of demand.
- **Office Inventory has Remained Constant.** Based on data from Costar, the overall inventory in the West I-287 submarket has remained largely flat between 2008 and 2018, with the exception of 2015. As of the first quarter of 2019, there was a total of 9.3 million square feet of office space, and asking rents reached \$30.52 per square foot. The overall vacancy rate in the submarket declined from 13.33% in 2015 to 9.44% in 2018, prior to decreasing further through 2019 to 7.20% as the local economy has recovered.
- **Traditional Office is Not Recommended for North 60.** Westchester County overall has a rebounding office market, but its substantial vacancy suggests that new office space at North 60 would be ill-advised. Furthermore, the vacant office supply in Westchester presents competition for North 60, as older assets could be converted to medical offices (or potentially even life science space) in an expedient and affordable fashion.

LIVING SCIENCE MUSEUM MARKET ANALYSIS FINDINGS

- **Living Science Museum.** We studied the market for a “living science museum” on the site that would cater to Westchester County’s youth population. When compared to other suburban areas in New York, Westchester lacks such an attraction that has proven to be a popular driver of STEM (Science, Technology, Engineering, and Math) and health education in other markets.
- **Projected Visitation.** Based on case study research, we estimate that the living science museum at North 60 could achieve visitation of 130,000 people per year.
- **Revenue Projection from Admissions.** Based on our visitation projection and a review of ticket pricing at comparable facilities, we estimate that the Living Science Museum at North 60 could generate admissions revenue between \$1.21 and \$1.26 million annually. However, admissions/ticket revenues at comparable institutions constitute only 10-30%

of total annual revenue. Therefore, the Living Science Museum at North 60 would likely generate significantly more revenue than our analysis projects.

FINANCIAL FEASIBILITY ANALYSIS FINDINGS

- Fareri Associates' Proposed Program.** Fareri Associates' proposed development program for North 60 comprises 3 million gross square feet of space spread across seven uses, broken into a clearly defined first phase, and more loosely defined second and third phases. Life science real estate constitutes about two-thirds of the overall program. Fareri Associates' proposal includes 142 residential rental apartments to be built during the first phase. However, we note that conversations with Fareri Associates indicate a desire to build 200 to 250 rental apartments during the project's first phase, providing that this conforms to the outcome of the SEQRA process and is acceptable to the Town of Mt. Pleasant. Fareri Associates' proposed development program for North 60 is displayed in the following table:

Program by Phase and Use (Gross Square Feet) -- Fareri Associates				
Use	Phase 1	Phases 2 + 3	TOTAL	% of Total
Residential (142 units)	135,840	0	135,840	4.53%
Retail	87,500	126,500	214,000	7.13%
Life Science	192,000	1,816,160	2,008,160	66.94%
Healthcare	75,000	325,000	400,000	13.33%
Hotel	100,000	0	100,000	3.33%
Living Science Museum	0	42,000	42,000	1.40%
Education	0	100,000	100,000	3.33%
TOTAL	590,340	2,409,660	3,000,000	100.00%
% of Total	19.68%	80.32%	100.00%	

Source: Fareri Associates; compiled by Weitzman Associates, LLC

- Weitzman Associates' Proposed Program.** Weitzman Associates' proposal for North 60 breaks the development into five phases and reallocates approximately 500,000 gross square feet of space from life science real estate to residential apartments, resulting in 716 rental units to be built throughout the project's five phases. We note that Weitzman Associates' proposal maintains building 142 units during North 60's first phase, per Fareri Associates' original proposal. Weitzman Associates' proposed development program is displayed in the following table:

Program by Phase and Use (Gross Square Feet) -- Weitzman Associates							
Use	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL	% of Total
Residential (716 units)	135,840	127,040	127,040	127,040	127,040	644,000	21.47%
Retail	87,500	31,625	31,625	31,625	31,625	214,000	7.13%
Life Science	192,000	327,000	327,000	327,000	327,000	1,500,000	50.00%
Healthcare	75,000	81,250	81,250	81,250	81,250	400,000	13.33%
Hotel	100,000	0	0	0	0	100,000	3.33%
Living Science Museum	0	21,000	21,000	0	0	42,000	1.40%
Education	0	50,000	50,000	0	0	100,000	3.33%
TOTAL	590,340	637,915	637,915	566,915	566,915	3,000,000	100.00%
% of Total	19.68%	21.26%	21.26%	18.90%	18.90%	100.00%	

Source: Analysis by Weitzman Associates, LLC

- Project Cost Estimates.** Fareri Associates currently projects that North 60 will cost approximately \$1.08 billion to build (not including leasing costs or annual capital expenses after construction). Based on our research and discussions with knowledgeable cost estimators and construction professionals, we believe that the development will, in fact, cost approximately \$1.56 billion to construct, or about 44% more than Fareri Associates' estimate. Nevertheless, we point out that Weitzman Associates is not a trained cost estimation firm. Thus, we assume no responsibility for any changes in cost estimates once an expert cost estimator is hired.
- North 60's Return Profile and Financial Gap.** We conclude that North 60 could achieve an unlevered internal rate of return (IRR) of 5.3%, and that it will require approximately \$362 million in subsidies (or 21% of the project's total development cost of \$1.73 billion, inclusive of leasing costs and annual capital expenses after construction) in order to be financially feasible, assuming a required rate of return of 6.9% on an unlevered basis (the weighted average unlevered required return of all uses). There are numerous subsidies offered by Westchester County and New York State that could support North 60 and fill its financial gap, such as sales and mortgage recording tax exemptions, and discretionary grants. Additionally, we note that Westchester County can expect to receive approximately \$59 million (present value in 2019 dollars) in ground lease payments over the course of 30 years. The results of the financial feasibility analysis are displayed in the following table:

North 60: Analysis of Financial Returns								
Return Measure	North 60	Residential	Retail	Life Science	Healthcare	Hotel	Living Science	Education
Unlevered IRR	5.3%	6.6%	10.4%	4.5%	6.1%	3.8%	0.0%	4.8%
NPV (Financial Gap)	(\$362,116,000)	\$57,852,000	\$35,840,000	(\$356,636,000)	(\$24,807,000)	(\$32,662,000)	(\$24,958,000)	(\$16,745,000)
Gross Square Feet per Use	3,000,000	644,000	214,000	1,500,000	400,000	100,000	42,000	100,000
NPV per GSF	(\$121)	\$90	\$167	(\$238)	(\$62)	(\$327)	(\$594)	(\$167)
Required Rate of Return	6.91%	5.50%	7.25%	7.50%	7.00%	9.00%	0.00%	7.00%
Total Cost per Use (\$2019) (1)	\$1,730,724,000	\$308,031,000	\$77,167,000	\$993,741,000	\$204,967,000	\$61,211,000	\$28,308,000	\$57,299,000
Shortfall	20.9%	0.0%	0.0%	35.9%	12.1%	53.4%	N/A	29.2%

Notes

(1) Includes leasing costs and annual capital expenses after construction.

Source: Analysis by Weitzman Associates, LLC

- **Next Steps.** Westchester County and Fareri Associates should agree upon a mix of uses that could help shrink the financial gap. Furthermore, Westchester County should commission an economic and fiscal impact study to understand the net benefits North 60 could generate in order to justify the provision of subsidies.

OVERALL PROJECT CONCLUSIONS

We are of the opinion that Fareri Associates' preliminary plan for the North 60 development is viable from a market standpoint, though we caution that real estate uses such as life science and healthcare space present a considerable degree of market risk and will likely require a prolonged absorption period. Yet, with respect to the life sciences and healthcare, we remain cautiously optimistic given the strengths that North 60's location lends to these uses.

Our analysis concludes that the project is not financially feasible without the provision of subsidies and incentives. The combination of significant infrastructure costs and expensive real estate uses (life science buildings, in particular) result in an initial project budget of over \$1.5 billion, or approximately \$520 per gross square foot. While disposition of North 60 in the year 2050 at a net sale price of \$3.1 billion (based on a net operating income of \$196 million) is a promising outcome, we expect that the development will take many years to reach stabilization. Hence, the cash flows do not justify the upfront development cost on a free-and-clear, as-of-right basis, without the use of subsidies and incentives. In order for North 60 to achieve success, Fareri Associates must work closely with the Town of Mt. Pleasant, Westchester County, the State of New York, and perhaps even the Federal Government, to structure a multilayered public-private partnership that results in a financially viable project that generates accretive economic and fiscal impacts for the public sector. Nevertheless, we point out that the financial gap is only 21% of the project's total development cost, which is a reasonable percentage of subsidy.

Below we present our conclusions regarding the positive and challenging aspects of the North 60 project:

Positive Aspects of North 60

- The North 60 Tract is both attractive and well-located within Westchester County. It is well-served by transit and transportation options.
- The North 60 Tract is surrounded by Westchester Medical Center, New York Medical College, and other academic institutions, which have all generally expressed positive thoughts regarding how development of the North 60 project would benefit them and enhance Westchester County as a life science and medical research hub. The existing concentration of these institutions qualify the area as an innovation ecosystem that will be attractive to potential life science and healthcare tenants.
- From a national perspective, the life science industry is growing. Furthermore, New York City supports one of the highest concentrations of academic / research institutions in the United States, bolstered by a strong base of educated talent. Furthermore, Westchester County already supports a network of life science companies. North 60's location suggests that the development is well-positioned to leverage the region's strengths and capitalize on national trends.
- Local market conditions in Westchester County indicate that there is substantial demand for multifamily residential and neighborhood retail real estate, both of which Fareri Associates have proposed at North 60. These uses will likely succeed and should generate substantial value to mitigate the project's high development budget, hence why we recommend reallocating approximately 500,000 gross square feet from life science real estate to residential use. The additional housing units will bolster the marketability of the life science space to potential tenants, as well as allow North 60 to become a lively, sustainable 24-7 community. Furthermore, we do not believe that the retail at North 60 will have a negative impact on the existing retail in Mt. Pleasant and nearby areas. In fact, with the introduction of rental housing and the forecasted employment at North 60, there would be an even larger consumer base to support retail businesses, both within Mt. Pleasant and at North 60. While there is the possibility that North 60 may cause property values to increase in nearby communities, we, overall, believe that the development will generate net positive benefits for the Town of Mount Pleasant and Westchester County.

Challenging Aspects of North 60

- As of this writing (October 17th, 2019), zoning for the North 60 Tract has not been finalized, which creates uncertainty regarding an accurate assessment of the development plan's potential (by any party).
- North 60 will likely be an expensive project to construct due to significant infrastructure costs, and high vertical construction costs associated with life science real estate and other uses. To confirm the preliminary cost estimates contained herein, we recommend commissioning thorough, professional third-party cost estimation services.
- Despite national growth in the life sciences and healthcare industries, both uses will likely require long absorption periods at North 60, which would hinder the project's financial potential. It is unlikely that a large, life science anchor tenant will come easily to the project, as much of the growth in the industry stems from smaller start-ups. Furthermore, Westchester Medical Center's right of first refusal over healthcare tenants at North 60 restricts Fareri Associates' ability to flexibly lease medical office space.
- Due to the aforementioned considerations, we conclude that North 60 is very marketable, but will require subsidies and/or a reallocation of real estate uses in order to achieve financial success. While this is possible, the provision of subsidies will likely be a politically contentious negotiation across numerous government agencies that will require time and perseverance on the part of all parties. Overall, should necessary subsidies be obtained, the development of the North 60 Tract will be a tremendous addition to Westchester County.



- SITE EVALUATION -

SITE EVALUATION

SITE AND NEIGHBORHOOD ANALYSIS

The North 60 Tract is a 60-acre land parcel located in the Valhalla Section of Mount Pleasant, New York. Valhalla is located in Central Westchester County and shares a border with the Kensico Reservoir to the east. The North 60 Tract is bounded by Peripheral Road to the south, the Sprain Brook Parkway to the east, West Stevens Avenue and Old Saw Mill River Road to the north, and the property now or formerly referred to as Nilsson's Greenhouse & Nursery to the west. Located just a five- to ten-minute walk south of the site is Westchester Medical Center as well as New York Medical College. In addition to these notable establishments, the surrounding area includes mostly commercial and light industrial facilities. Some low-density residential neighborhoods can be found directly north of the site as well as several cemeteries to the east. Fareri Associates owns a 20-acre tract of land directly adjacent (to the west of) the North 60 Tract, which brings the total land area of the North 60 site plan to 80 acres.

The topography of the subject site is moderately sloping with several peaks and troughs. The terrain itself is heavily wooded with a small, closed-off, cemented parking area towards the south side of the site, off of Peripheral Road. Although irregularly shaped and with varying topography, the North 60 Tract has very good frontage and visibility along the Sprain Brook Parkway and Peripheral Road (also known as Hospital Road).

The subject property is located in flood zone X (an area determined to be outside the 500 year flood plain). It is currently zoned R20, or single-family residential. As such, the development site will be required to be rezoned in order to develop the mix of uses proposed for North 60.

The area is tied economically and socially to Manhattan, located just 25 miles south of North 60. The close proximity to New York City, further enhanced by the nearby transportation system, makes Mount Pleasant an attractive substitute for more expensive alternatives in New York City.

One of the region's top employers is located in close proximity of the subject property – Regeneron Pharmaceuticals, which has seen tremendous expansion in recent years. The nearby proximity of Regeneron Pharmaceuticals, Westchester Medical Center, New York Medical College and other life science and healthcare stakeholders in the area adds tremendous value to North 60, making it an ideal location for life science and medical office facility development. We note that since completing the first iteration of this study in 2016, Westchester Medical Center has opened its new

Ambulatory Care Pavilion. Otherwise, little has changed since 2016 that we consider relevant to North 60.

The presence of several healthcare and academic institutions near North 60 (Westchester Medical Center, New York Medical College, Pace University, and Westchester Community College, in particular) will provide ample support for attracting life science tenants once the project is built. While we understand there are concerns regarding the lack of a “world class” academic institution (such as Harvard University or the Massachusetts Institute of Technology in Cambridge), the intellectual ecosystem supported by the existing establishments will in totality suffice. For that matter, these organizations already engage in research efforts with existing life science firms, such as Regeneron Pharmaceuticals. Furthermore, proximity to New York City (which is home to key research centers such as Columbia University, New York University, Cornell Tech on Roosevelt Island, and several major hospital systems) further supports North 60’s viability as a successful life science campus.

ACCESS AND MODES OF TRANSPORTATION

The site offers excellent accessibility given its location off of the Sprain Brook Parkway, which is a major parkway providing access from the Bronx River Parkway in the City of Yonkers to the south to the former site of the Hawthorne Circle where it merges into the Taconic State Parkway to the north. It can serve as an alternate to the Bronx River Parkway and provide an interchange connection through western Westchester with Interstate 287. Another major thoroughfare in the area is the Saw Mill River Parkway, which runs approximately 0.75 miles west of the subject site. The southern border of the parkway begins between Westchester County and the Bronx, as the continuation of the Henry Hudson Parkway leaving New York City, and heads northeast to an interchange with Interstate 684 and Route 35.

North 60 is located within 3.5 miles of five Metro-North stations served by the Harlem or Hudson lines. The closest station is the Mount Pleasant station which is located roughly 0.6 miles to the east of the site and is serviced by the Harlem line. Other nearby stations along the Harlem line include the Hawthorne station and the Valhalla station, located 1.2 and 2.2 miles from the subject site, respectively. Located 3.07 miles and 3.17 miles west of the North 60 site are the Tarrytown and Philipse Manor stations, both serviced by the Hudson line, which runs along the eastern border of the Hudson River up to the Town of Poughkeepsie. The Harlem line provides service to White Plains just one stop south of the Valhalla station, and both the Harlem and Hudson lines provide access to the Grand Central Terminal in Manhattan in approximately 45 minutes. The

following map depicts the proximity of the Hudson line (green) and the Harlem line (blue) to North 60.

While North 60 does not have a train station directly on its doorstep, the ample, extant transportation options in the area provide strong links to New York City. The location is effectively a midpoint between Washington, DC and Boston. Therefore, it is well-positioned to accommodate business traffic throughout the northeast corridor, further supported by the presence of Amtrak train stations in nearby locations such as Stamford, Connecticut. There are numerous successful suburban life science clusters throughout the United States (discussed later in this report) that lack direct railway access. Thus, in our opinion, imperfect transit access will not impede the success of North 60. Furthermore, Fareri Associates' plan to fund a shuttle bus system between North 60 and local train stations will mitigate the impact of direct train access.

MAP OF METRO NORTH RAIL STATIONS AND LINES



Source: www.mta.com; annotated by Weitzman Associates, LLC

The major international airports serving the region include LaGuardia Airport, JFK International Airport, and Newark Liberty International Airport, which are located within 28, 35, and 44 miles

of the Hamlet of Valhalla, respectively. Domestic airports located within close proximity of the town include the Stewart International Airport in Newburgh, and the Westchester County Airport in White Plains.

- OVERVIEW OF THE PROPOSED DEVELOPMENT PLAN -

OVERVIEW OF THE PROPOSED DEVELOPMENT PLAN

The proposed development plan for North 60 entails a mixture of uses, with the principal use envisioned in terms of potential square footage being life science real estate. Some of the other key uses envisioned for the site, as outlined by Fareri Associates, include a 120-key hotel, medical offices, retail, residential apartments, the Living Science Center, a non-profit operation envisioned as a regional and national attraction offering children's health and safety programs, and space for educational use. The vision for the overall North 60 development is "to create a nationally recognized medical and research science center, organized around a walkable main street that will be a central gathering place, facilitate interaction and be a model for 'smart growth'." The development plan also includes shops, restaurants and cafes as amenities to the overall campus. Presentations provided by Fareri Associates summarize the critical values with which they wish to imbue North 60 with three words: innovation, collaboration, and education.

Based upon information provided by Fareri Associates, the preliminary program for Phase I of the development plan consists of 590,340 gross square feet, with 192,000 square feet of life science space, 75,000 square feet of medical office space, a 100,000 square foot hotel, and 87,500 square feet of retail space, and 142 residential apartments. The following map depicts the site plan and program for North 60's Phase 1 (as of February, 2019).

NORTH 60 PHASE 1 PROGRAM



Source: Fareri Associates, Torti Gallas + Partners; annotated by Weitzman Associates, LLC

According to Fareri, the proposed hotel development is currently envisioned as a branded extended-stay hotel, specifically a Homewood Suites by Hilton. Fareri Associates commissioned a feasibility study for the hotel from HVS in 2017.

At full build-out, the preliminary plan for North 60 calls for 3 million gross square feet of space, which comprises the following mix of uses:

TABLE 1

North 60: Mix of Uses (Full Build-Out)	
Use	Gross Square Feet
Residential (142 units)	135,840
Retail	214,000
Life Science	2,008,160
Healthcare	400,000
Hotel	100,000
Living Science Museum	42,000
Education	100,000
TOTAL	3,000,000

Source: Fareri Associates; compiled by Weitzman Associates, LLC

The following map depicts the overall master plan for North 60 (as of February, 2019), developed by Fareri Associates and Torti Gallas + Partners, a land use planning firm.

NORTH 60: MASTER PLAN AT FULL BUILD-OUT



Source: Fareri Associates, Torti Gallas + Partners; annotated by Weitzman Associates, LLC

Discussions with Fareri Associates and Torti Gallas + Partners indicate that the master plan is centered on a “Main Street” with several plazas and neighborhood squares that create a vibrant mixed-use atmosphere (see renderings below). To the east, the Living Science Center will sit upon a stream valley, and feature an active promenade.

NORTH 60: CONCEPTUAL RENDERING OF A PLAZA ON MAIN STREET



Source: Fareri Associates, Torti Gallas + Partners

NORTH 60: CONCEPTUAL RENDERING OF THE “NEIGHBORHOOD SQUARE” ON MAIN STREET



Source: Fareri Associates, Torti Gallas + Partners

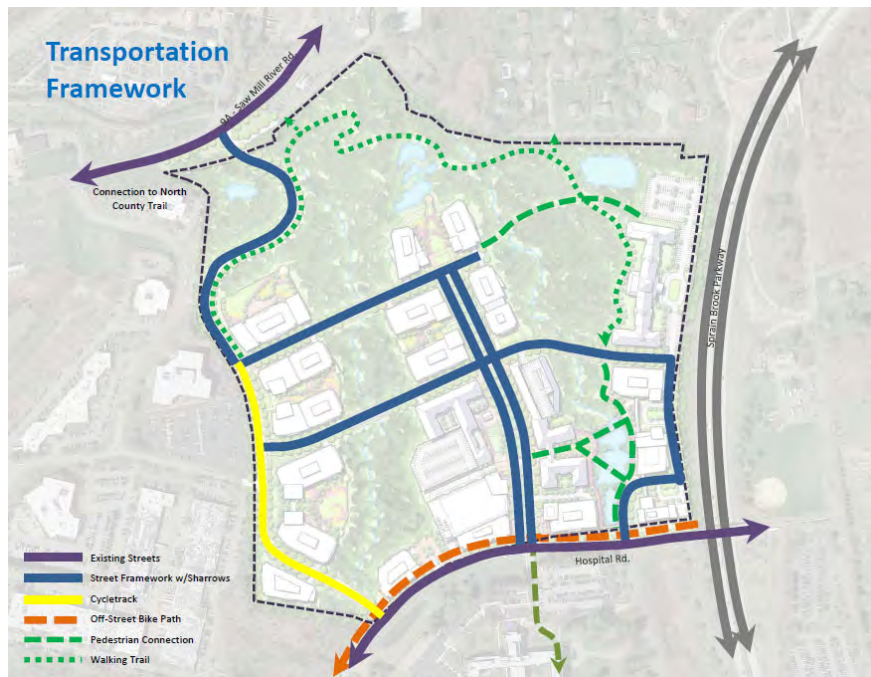
NORTH 60: CONCEPTUAL RENDERING OF THE LIVING SCIENCE CENTER AND PEDESTRIAN PROMENADE



Source: Fareri Associates, Torti Gallas + Partners

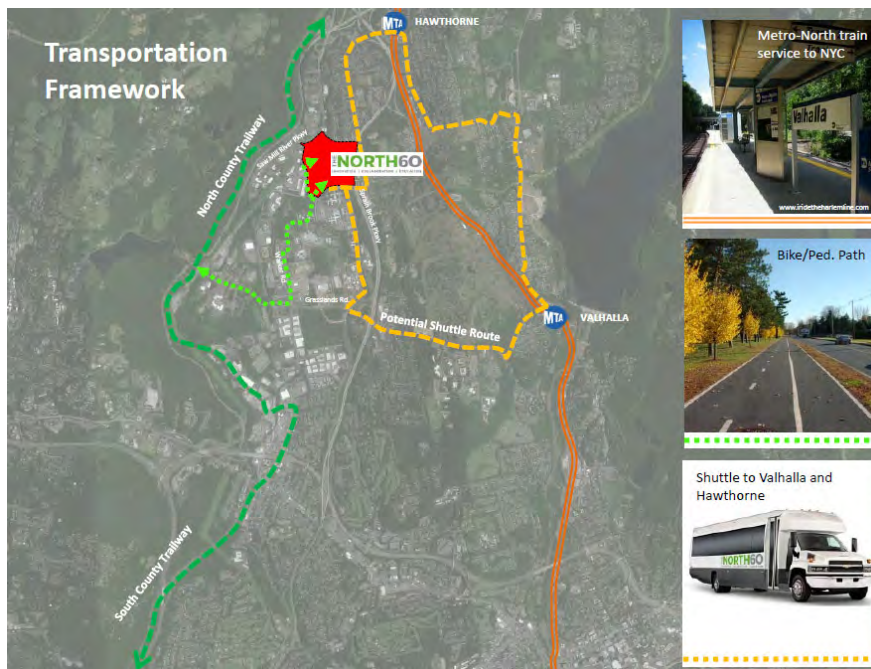
Fareri Associates has developed a comprehensive transportation framework for North 60, which includes roads, bike paths, and pedestrian walkways. Furthermore, Fareri proposes implementing a shuttle bus route that would ferry commuters from the Valhalla and Hawthorne MetroNorth train stations to North 60.

NORTH 60: CONCEPTUAL TRANSPORTATION FRAMEWORK



Source: Fareri Associates, Torti Gallas + Partners

NORTH 60: PROPOSED SHUTTLE BUS ROUTE



Source: Fareri Associates, Torti Gallas + Partners

- ECONOMIC AND DEMOGRAPHIC OVERVIEW -

ECONOMIC AND DEMOGRAPHIC ANALYSIS

North 60 is located in the Town of Mount Pleasant, New York, which is part of Westchester County and the New York - New Jersey - Pennsylvania Metropolitan Statistical Area (the New York MSA). We have conducted an economic and demographic analysis in order to determine the market underpinnings that may bolster or inhibit the success of North 60. We find that the New York Metropolitan Area, Westchester County, and Mount Pleasant are well-positioned for economic growth and thereby should support the development of North 60. The following summarizes our findings and conclusions:

- **A Strong National Economy.** There are several indicators, such as low unemployment, consumer spending growth, and low interest rates, that demonstrate the strength of the national economy. Robust economic conditions may facilitate employment growth that the New York region and Westchester County are poised to capture.
- **A Growing and Improving Region.** The New York Metropolitan Area economy is in excellent condition from an economic standpoint. New York City is considered one of the top cities for technology companies and has a robust overall employment base, which is growing. Furthermore, local governments have deployed significant capital for infrastructure projects around the metropolitan area. Westchester County benefits from convenient access to New York City and may become an even greater “spillover” location for companies considering locations outside of the five boroughs. Plus, Westchester supports a young and educated workforce.
- **A Wealthy and Educated Population.** Median and average household income in the New York Metropolitan Area, Westchester County, and Mount Pleasant have grown moderately since 2010 and are projected to continue to grow through 2023. Income growth will support greater residential purchasing power and consumer spending potential. Furthermore, the share of young individuals (aged 18 to 34) with advanced degrees living in Westchester County has increased over the past decade.
- **A Significant Senior Population.** Westchester County has a higher proportion of elderly people than Mount Pleasant and the New York Metropolitan Area overall. Seniors are a key demand driver for medical services and senior housing, the former of which is already present in Mt. Pleasant, and the latter of which may become a component of the North 60 development.

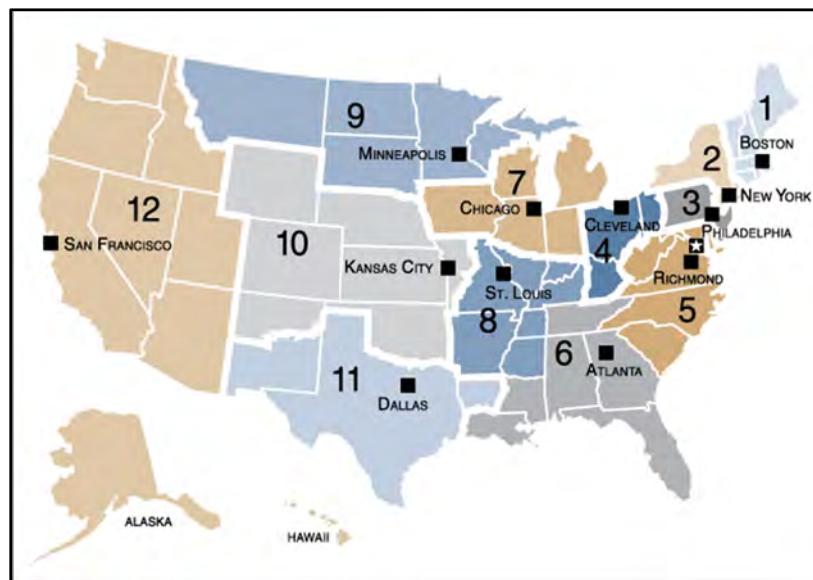
- An Expanding Healthcare Industry.** The fastest growing employment sector over the last year in the New York Metropolitan Area was Education and Health Services, which grew by 3.4% between 2017 and 2018. Over the last five years, it grew by 3.2% annually. Notably, the three largest employers in New York State, all of which are healthcare companies, have grown by at least 6.5% annually over the last five years, based on employment count. Given Mt. Pleasant's status as a medical cluster, it is poised to capture additional healthcare employment growth, which the space provided by North 60 may help facilitate. Furthermore, the presence of life science companies in Westchester County and the New York area provide opportunities for collaboration and innovation.

ECONOMIC AND DEMOGRAPHIC ANALYSIS

Overview of the National Economy

According to the Federal Reserve's most recent review of the national economy, economic activity continued to expand in March and April of 2019. Most of the twelve Federal Reserve Bank districts reported moderate growth while a few districts reported some strengthening. Each district, as illustrated on the following map, is responsible for carrying out the day-to-day operations of the Federal Reserve System in their respective regions and is headquartered in key financial centers. The government shutdown in early 2019 resulted in slower economic activity in sectors such as retail, automobile sales, tourism, real estate, restaurants, and manufacturing.

FEDERAL RESERVE DISTRICT MAP



Source: Federal Reserve Bank

Consumer spending activity was mixed across the districts, but general retailers and auto dealers struggled. Manufacturing activity was higher, but concerns over global demand were noted. Professional, scientific, and technical service sectors reported modest-to-moderate growth. Employment increased in all districts, primarily concentrated in high-skilled jobs. According to the Federal Reserve, labor shortages are restricting total employment growth and wages continue to increase across all skill levels.

According to the Federal Open Market Committee's forecast from March of 2019, the United States' real GDP grew by 3.1% in 2018, and is expected to continue to grow albeit more slowly in the future, by 2.1% through 2019, and by 2.0% through 2020. This growth estimate is driven by President Trump's policies, some of which include recent tax cuts that will lower individual taxes and reduce the corporate tax rate to 21%, thus theoretically creating more consumer buying power.

The Federal Reserve raised the federal funds rate slightly in December of 2016 for the first time in 10 years, followed by three raises in March, June, and December of 2017, as well as in March, June, September, and December of 2018. The effective federal funds rate has increased from 1.7% in Q2 2018 to 2.2% in Q4 2018. The Federal Reserve chose to raise rates due to strong economic fundamentals, such as low unemployment and inflation rates that are driving the United States economy. The effective federal funds rate as of Q1 2019 is 2.4%, demonstrating the Federal Reserve's continued confidence in the United States economy. Unemployment has been steadily declining over recent years. The short-term unemployment rate is at a 65-year low. The unemployment rate is projected to be 3.7% in 2019, followed by 3.8% in 2020.

Overview of the New York Economy and Westchester County

New York City remains the preeminent financial capital of the world due to its resilient, stable, and diversified local economy. Over the past several years, New York City has experienced slower economic and employment growth relative to secondary and tertiary markets. Secondary and tertiary markets have experienced a renaissance with respect to employment and population growth, due in part to the relatively less expensive costs of living and doing business in these areas.

President Trump's tax reform is projected to have a negative effect on New York's housing stock, as the bill eliminates federal deductions for state and local income taxes (SALT), and caps property tax deductions at \$10,000 annually. As a result, New York is now the most heavily-taxed state in the nation, and New Yorkers will suffer from an increased cost of living. Moody's Analytics projects that the tax reform could cause a 10% drop in Manhattan home prices over the next several years,

and that employers may have more difficulty finding skilled labor due to the tax implications, i.e. New York is less appealing as a place to live. Corporations will benefit the most from the reform as the Corporate Tax rate has been reduced, and capital expenditures are incentivized (capital investments have higher deductibility than they did before the tax reform). While the implications of the tax reform have yet to be seen over time, heightened spending on the corporate level is expected to “trickle down” to employees through increased wages and bonuses. For example, certain large companies, such as CVS Health, Walmart, Wells Fargo, FedEx, Disney, J.P Morgan Chase & Co, Starbucks, and Capital One Financial, have already announced wage increases.

CBRE’s Tech Talent Report ranks the 50 largest tech markets according to each market’s competitive advantages in terms of quality of highly skilled tech workers and employers throughout the US and Canada. It has ranked New York City as one of the best tech markets for 2018. New York has the second largest tech talent pool, with more than 250,000 employees. Furthermore, New York City has produced the most tech graduates of any region. As one example of the emerging presence of the tech market in New York City, Google’s employment in New York has more than doubled since 2009. The expansion of the technology sector has been beneficial for the New York City economy, as these are relatively high-paying jobs. New York has become a center for innovation in technology and an incubator for emerging industries. The opening of the Cornell Tech campus, for example, helped spark growth in the tech and startup sector in 2017, as the first of several facilities opened, focusing on academic research and product development.

New York City is expected to enjoy an influx of new infrastructure and real estate projects. Hudson Yards, the largest private real estate development in the history of the United States, will encompass office towers, over 100 retail shops, and approximately 4,000 residences spanning a total of 18 million square feet of space. The first phase of Hudson Yards opened to the public in March 2019. Additionally, the redevelopment of Pennsylvania Station, a \$1.6 billion mega infrastructure project, will allow developers to lease and operate 700,000 square feet of commercial and retail space in the new train depot. The redeveloped Pennsylvania Station will also include the Moynihan Train Hall, along with a redeveloped Long Island Rail Road (LIRR) concourse that will allow for increased train frequency. In addition to the expansion of Pennsylvania Station, the LIRR is on track to connect with Grand Central Station by 2023 via the East Side Access Project. Finally, the redevelopment of LaGuardia Airport (LGA) will include the expansion of several terminals and the significant renovation of existing Terminals B, C, and D, in addition to an improved roadway system and additional parking infrastructure.

Westchester County has benefited tremendously from its proximity to New York City. A trip from Westchester into Manhattan on Metro-North averages 30 minutes from 43 different station

stops. For example, it would take 30 minutes from Yonkers, 31 minutes from New Rochelle, and 36 minutes from White Plains. The numerous interstate highways found throughout Westchester County provide convenient linkages between New York City, New Jersey, Connecticut and upstate New York.

Many employers, such as IBM, Regeneron Pharmaceuticals, Morgan Stanley, and MasterCard, have their headquarters located in Westchester due to its close proximity to New York City. White Plains, in particular, has developed into a financial and business center. The Tappan Zee Bridge, which connects Rockland and Westchester counties, was replaced in 2017 with a new 3.1 mile state-of-the-art, twin-span bridge known as the Governor Mario M. Cuomo Bridge.

In addition to the growth in the financial services sector in Westchester, proximity to New York City has helped stimulate a boom in the life science and healthcare sectors. Research institutions such as New York-Presbyterian Hospital and Westchester Medical Center are gaining world-class reputations. Life science companies such as Acorda Therapeutics and Regeneron, which have their headquarters in Westchester County, have experienced tremendous employment and sales growth. Healthcare service companies, such as Montefiore Health System and New York Presbyterian, continue to expand their footprints in Westchester County.

Demographic Analysis

Mount Pleasant, New York, where North 60 is located, has experienced low population growth in recent years, a trend which is expected to persist since it is a mature community.⁴ The population grew from 43,724 in 2010 to 43,905 in 2018, which equates to a 0.05% compounded annual growth rate. The population of Mount Pleasant is projected to grow more quickly than it has in the past at a compounded annual rate of 0.15% between 2018 and 2023, such that the population should reach 44,225 by 2023. The total number of households in Mount Pleasant has also increased minimally over the past eight years at a compounded annual growth rate of 0.04%.

Westchester County's population has grown more quickly than Mt. Pleasant's, another trend that is expected to continue. Westchester County's population grew from 949,113 in 2010 to 977,073 in 2018, which equates to a 0.4% compounded annual growth rate. Future annual population growth is projected to be 0.4%. The total number of households in Westchester County also increased over the past eight years from 347,232 in 2010 to 355,434 in 2018, reflecting a compounded

⁴ All data presented regarding the Town of Mount Pleasant include the hamlets of Valhalla, Hawthorne, Pocantico Hills, and Thornwood, in addition to the villages of Pleasantville, Sleepy Hollow, and a portion of Briarcliff Manor.

annual growth rate of 0.3%. The number of households in Westchester is projected to increase at a rate of 0.4% annually between 2018 and 2023, pushing the number of households to 361,875 in 2023.

The New York Metropolitan Area's population has grown more quickly than both Westchester County and Mt. Pleasant; this trend is also expected to persist in the future. The New York Metropolitan Area's population grew from 19,567,410 in 2010 to 20,477,696 in 2018, which equates to a 0.6% compounded annual growth rate. The population is projected to grow by 0.5% annually from 2018 to 2023. The total number of households in the New York Metropolitan Area also increased over the past eight years from 7,152,840 in 2010 to 7,420,036 in 2018, reflecting a compounded annual growth rate of 0.5%. Annual household growth of 0.5% is projected to continue through 2023.

Based on the demographic trends listed above, Mount Pleasant lags behind both Westchester County and the New York Metropolitan Area in terms of population and household growth, which is expected to continue over the next five years. The lack of accessible housing options and the preponderance of high property tax rates are potential reasons why Mt. Pleasant and Westchester County have fallen behind the region. Separately, we also note that the average household size in Mount Pleasant (2.85) is greater than the average household size in Westchester County (2.67) and in the New York Metropolitan Area (2.70), suggesting a higher rate of families with children.

While it lags in population and household growth, the people of Mt. Pleasant are markedly wealthier than those in the rest of Westchester County and the New York Metropolitan Area. The median household income in Mount Pleasant was estimated to be \$118,782 in 2018, and is projected to grow to \$132,858 by 2023, reflecting a compounded annual growth rate of 2.3%. Median household incomes in Westchester County and the New York Metropolitan Area, however, were estimated to be \$95,623 and \$74,510 in 2018, respectively. Thus, Mount Pleasant residents have a higher buying power.

In the New York Metropolitan Area, 30.5% of the population is under the age of 25, 53.7% of the population is between the ages of 25 and 64, and 15.8% of the population is over the age of 64. In Westchester County, 31.0% of the population is under the age of 25, 51.2% of the population is between the ages of 25 and 64, and 17.6% of the population is over the age of 64. In Mount Pleasant, 32.8% of the population is under the age of 25, 51.4% of the population is between the ages of 25 and 64, and 15.9% of the population is over the age of 64. Based on this information, **Mount Pleasant has a higher proportion of residents under the age of 25, which indicates a higher proportion of families with children. In addition, these statistics indicate that**

Westchester County has a higher proportion of elderly people than Mount Pleasant and the New York Metropolitan Area overall.

Based on the preceding demographic analysis, North 60 is well-positioned to benefit from the population growth of Westchester County and the New York Metropolitan Area. Furthermore, North 60 stands to benefit from the maturing and affluent town of Mount Pleasant. Lastly, North 60 is in an excellent position to accommodate the growing elderly populations of Mount Pleasant, Westchester County and the New York Metropolitan Area.

TABLE 2
POPULATION AND HOUSEHOLD TRENDS

NY-NJ-PA METROPOLITAN STATISTICAL AREA					
	2010	2018	2023 Proj.	Compounded Annual Growth	
				2010-2018	2018-2023
Population	19,567,410	20,477,696	21,025,868	0.6%	0.5%
Households	7,152,840	7,420,036	7,595,980	0.5%	0.5%
Avg. Household Size	2.68	2.70	2.71	0.1%	0.1%
Avg. Household Income	N/A	\$108,893	\$125,614	N/A	2.9%
Median Household Income	N/A	\$74,510	\$83,624	N/A	2.3%

WESTCHESTER COUNTY, NEW YORK					
	2010	2018	2023 Proj.	Compounded Annual Growth	
				2010-2018	2018-2023
Population	949,113	977,073	997,054	0.4%	0.4%
Households	347,232	355,434	361,875	0.3%	0.4%
Avg. Household Size	2.65	2.67	2.68	0.1%	0.1%
Avg. Household Income	n/a	\$146,887	\$167,168	n/a	2.6%
Median Household Income	n/a	\$95,623	\$107,000	n/a	2.3%

TOWN OF MOUNT PLEASANT, NEW YORK					
	2010	2018	2023 Proj.	Compounded Annual Growth	
				2010-2018	2018-2023
Population	43,724	43,905	44,225	0.1%	0.1%
Households	14,306	14,350	14,432	0.0%	0.1%
Avg. Household Size	2.84	2.85	2.85	0.0%	0.0%
Avg. Household Income	N/A	\$174,787	\$197,400	N/A	2.5%
Median Household Income	N/A	\$118,782	\$132,858	N/A	2.3%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 3

HOUSEHOLD INCOME DISTRIBUTION NY-NJ-PA METROPOLITAN STATISTICAL AREA			
			Compounded Annual Change
Household Income	2018	2023	2018-2023
\$0 - \$14,999	10.9%	9.5%	-2.7%
\$15,000 - \$24,999	7.8%	6.8%	-2.7%
\$25,000 - \$34,999	7.3%	6.5%	-2.3%
\$35,000 - \$49,999	9.7%	8.9%	-1.7%
\$50,000 - \$74,999	14.5%	13.6%	-1.3%
\$75,000 - \$99,999	11.7%	11.6%	-0.2%
\$100,000 - \$149,999	16.4%	17.8%	1.7%
\$150,000 - \$199,999	9.0%	10.1%	2.3%
\$200,000 +	12.6%	15.2%	3.8%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 4

POPULATION BY AGE NY-NJ-PA METROPOLITAN STATISTICAL AREA			
Age Group	2010	2018	2023 Proj.
0 - 4	6.2%	5.7%	5.7%
5 - 9	6.2%	5.9%	5.5%
10 - 14	6.4%	6.2%	5.8%
15 - 19	6.8%	6.2%	5.9%
20 - 24	6.8%	6.5%	6.0%
25 - 34	14.1%	14.4%	14.5%
35 - 44	14.1%	13.1%	13.8%
45 - 54	14.9%	13.3%	12.4%
55 - 64	11.5%	12.9%	12.7%
65 - 74	6.8%	9.0%	10.0%
75 - 85	4.3%	4.6%	5.5%
85 +	1.9%	2.2%	2.2%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 5

HOUSEHOLD INCOME DISTRIBUTION WESTCHESTER COUNTY, NEW YORK			
			Compounded Annual Change
Household Income	2018	2023	2018-2023
\$0 - \$14,999	7.5%	6.4%	-3.1%
\$15,000 - \$24,999	6.0%	5.0%	-3.6%
\$25,000 - \$34,999	6.0%	5.2%	-2.8%
\$35,000 - \$49,999	8.2%	7.4%	-2.0%
\$50,000 - \$74,999	12.9%	11.9%	-1.6%
\$75,000 - \$99,999	10.9%	10.6%	-0.6%
\$100,000 - \$149,999	16.4%	17.1%	0.8%
\$150,000 - \$199,999	10.6%	11.6%	1.8%
\$200,000 +	21.4%	24.6%	2.8%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 6

POPULATION BY AGE WESTCHESTER COUNTY, NEW YORK			
Age Group	2010	2018	2023 Proj.
0 - 4	6.0%	5.4%	5.4%
5 - 9	6.7%	6.1%	5.7%
10 - 14	6.9%	6.8%	6.3%
15 - 19	6.9%	6.8%	6.5%
20 - 24	5.6%	5.9%	5.5%
25 - 34	11.4%	11.4%	12.1%
35 - 44	14.0%	12.2%	12.6%
45 - 54	15.7%	14.0%	13.0%
55 - 64	12.1%	13.6%	13.4%
65 - 74	7.2%	9.7%	10.7%
75 - 85	5.0%	5.2%	6.2%
85 +	2.4%	2.7%	2.7%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 7

HOUSEHOLD INCOME DISTRIBUTION MOUNT PLEASANT, NEW YORK			
			Compounded Annual Change
Household Income	2018	2023	2018-2023
\$0 - \$14,999	5.7%	4.8%	-3.4%
\$15,000 - \$24,999	4.4%	3.6%	-3.9%
\$25,000 - \$34,999	4.1%	3.6%	-2.6%
\$35,000 - \$49,999	6.1%	5.5%	-2.0%
\$50,000 - \$74,999	11.1%	10.0%	-2.1%
\$75,000 - \$99,999	10.5%	9.9%	-1.2%
\$100,000 - \$149,999	17.3%	17.2%	-0.1%
\$150,000 - \$199,999	12.6%	13.3%	1.1%
\$200,000 +	28.2%	32.1%	2.6%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 8

POPULATION BY AGE MOUNT PLEASANT, NEW YORK			
Age Group	2010	2018	2023 Proj.
0 - 4	5.3%	4.7%	4.8%
5 - 9	6.7%	5.5%	5.3%
10 - 14	7.8%	7.2%	6.3%
15 - 19	7.8%	8.3%	7.5%
20 - 24	6.6%	7.1%	6.8%
25 - 34	10.0%	11.2%	11.9%
35 - 44	14.1%	11.3%	12.4%
45 - 54	16.7%	14.6%	12.9%
65 - 74	6.3%	8.9%	10.4%
75 - 85	4.6%	4.7%	5.4%
85 +	2.0%	2.3%	2.3%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

Employment Trends

Overall, employment in the New York Metropolitan Area has been strong in recent years. Aside from the Government and Manufacturing sectors, all employment cohorts in the area have experienced growth since 2010. Led by various service sectors, employment in the metropolitan area grew at a compounded annual rate of 1.7% between 2010 and 2018. During this time, a total of 1,229,933 jobs were created, 979,791 of which came about over the last five years. In total, 152,933 jobs were created in 2013, 186,175 jobs in 2014, 195,342 jobs in 2015, 165,417 in 2016, 158,400 in 2017, and 121,525 in 2018. We note that job growth has been steadily declining in recent years. However, the New York Metropolitan Area is considered to be at or near full employment.

Arguably the most notable employment sector in the New York Metropolitan Area is Educational & Health Services. As illustrated in the following table, this sector has been amongst the fastest growing in the New York Metropolitan Area. Since 2010, Educational & Health Services has grown by 2.7% annually. Over the last five years, Educational & Health Services has grown by 3.2% annually.

As of December 2018, employment in various professional services sectors accounted for nearly 4.9 million jobs, or 50% of the metro area's employment base. Additionally, 16.0% of jobs are in Professional & Business Services, 20.2% of jobs are in Education & Health Services, 9.5% of jobs are in Leisure & Hospitality Services, and 4.3% of jobs are in other sectors. From 2010 through December 2018, these sectors have experienced substantial growth.

Due to the recent shift toward information and technology employment in the New York Metropolitan Area, the F.I.R.E. (Finance, Insurance, and Real Estate) sector has only grown moderately (1% annually) over the last 5 years. The Information sector, which accounts for 3.0% of the metro's employment base as of December 2018, has experienced annual job growth of 0.9% since 2010. Interestingly, the Mining, Logging, & Construction sector, which currently accounts for 4.2% of the metro area's employment base as of December 2018, has experienced annual job growth of 3.7%. This is likely a result of the heavy volume of new construction activity in the metropolitan area.

TABLE 9

EMPLOYMENT TRENDS NEW YORK METROPOLITAN AREA Total Employment in Thousands											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mining, Logging, & Construction	374.9	328.7	306.1	307.1	313.4	332.3	350.3	370.8	388.0	400.4	409.1
Manufacturing	441.5	395.6	380.4	376.4	374.7	372.7	368.9	367.4	366.8	364.1	361.9
Trade	1,336.2	1,269.8	1,276.9	1,298.6	1,322.3	1,343.5	1,367.6	1,376.2	1,371.4	1,371.0	1,362.1
Transportation + Utilities (1)	331.4	316.3	311.3	315.6	317.5	319.3	327.6	340.5	352.2	368.7	378.9
Information	288.2	277.5	272.2	274.4	278.3	280.4	283.0	284.6	286.0	290.4	292.2
F.I.R.E. (2)	794.4	746.3	734.9	743.0	742.1	741.0	749.2	758.6	766.8	774.4	780.7
Professional + Business Services	1,352.4	1,274.2	1,283.9	1,327.7	1,368.7	1,404.4	1,436.9	1,482.6	1,519.1	1,546.9	1,570.3
Educational + Health Services	1,538.0	1,567.6	1,600.1	1,628.2	1,660.2	1,698.3	1,749.4	1,804.5	1,862.1	1,921.1	1,986.6
Leisure + Hospitality Services	693.7	687.3	707.9	738.7	773.7	808.2	842.9	872.5	895.9	925.9	936.9
Other Services	374.7	367.3	367.6	376.1	387.2	393.1	402.8	411.0	419.4	420.8	424.9
Government	1,368.3	1,374.3	1,358.0	1,328.5	1,311.4	1,309.2	1,309.9	1,315.1	1,321.5	1,324.0	1,325.6
Total Non-Farm Employment	8,893.7	8,604.9	8,599.2	8,714.4	8,849.4	9,002.3	9,188.5	9,383.8	9,549.2	9,707.6	9,829.2
Annual Change		-3.2%	-0.1%	1.3%	1.5%	1.7%	2.1%	2.1%	1.8%	1.7%	1.3%

Compounded Annual Change										
	2008-2018	2009-2018	2010-2018	2011-2018	2012-2018	2013-2018	2014-2018	2015-2018	2016-2018	2017-2018
Mining, Logging, & Construction	0.9%	2.5%	3.7%	4.2%	4.5%	4.3%	4.0%	3.3%	2.7%	2.2%
Manufacturing	-2.0%	-1.0%	-0.6%	-0.6%	-0.6%	-0.6%	-0.5%	-0.5%	-0.7%	-0.6%
Trade	0.2%	0.8%	0.8%	0.7%	0.5%	0.3%	-0.1%	-0.3%	-0.3%	-0.6%
Transportation + Utilities (1)	1.3%	2.0%	2.5%	2.6%	3.0%	3.5%	3.7%	3.6%	3.7%	2.8%
Information	0.1%	0.6%	0.9%	0.9%	0.8%	0.8%	0.8%	0.9%	1.1%	0.6%
F.I.R.E. (2)	-0.2%	0.5%	0.8%	0.7%	0.8%	1.0%	1.0%	1.0%	0.9%	0.8%
Professional + Business Services	1.5%	2.3%	2.5%	2.4%	2.3%	2.3%	2.2%	1.9%	1.7%	1.5%
Educational + Health Services	2.6%	2.7%	2.7%	2.9%	3.0%	3.2%	3.2%	3.3%	3.3%	3.4%
Leisure + Hospitality Services	3.1%	3.5%	3.6%	3.5%	3.2%	3.0%	2.7%	2.4%	2.3%	1.2%
Other Services	1.3%	1.6%	1.8%	1.8%	1.6%	1.6%	1.3%	1.1%	0.7%	1.0%
Government	-0.3%	-0.4%	-0.3%	0.0%	0.2%	0.2%	0.3%	0.3%	0.2%	0.1%
Total Non-Farm Employment	1.0%	1.5%	1.7%	1.7%	1.8%	1.8%	1.7%	1.6%	1.5%	1.3%

Employment Distribution											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mining, Logging, & Construction	4.2%	3.8%	3.6%	3.5%	3.5%	3.7%	3.8%	4.0%	4.1%	4.1%	4.2%
Manufacturing	5.0%	4.6%	4.4%	4.3%	4.2%	4.1%	4.0%	3.9%	3.8%	3.8%	3.7%
Trade	15.0%	14.8%	14.8%	14.9%	14.9%	14.9%	14.9%	14.7%	14.4%	14.1%	13.9%
Transportation + Utilities (1)	3.7%	3.7%	3.6%	3.6%	3.6%	3.5%	3.6%	3.6%	3.7%	3.8%	3.9%
Information	3.2%	3.2%	3.2%	3.1%	3.1%	3.1%	3.1%	3.0%	3.0%	3.0%	3.0%
F.I.R.E. (2)	8.9%	8.7%	8.5%	8.5%	8.4%	8.2%	8.2%	8.1%	8.0%	8.0%	7.9%
Professional + Business Services	15.2%	14.8%	14.9%	15.2%	15.5%	15.6%	15.6%	15.8%	15.9%	15.9%	16.0%
Educational + Health Services	17.3%	18.2%	18.6%	18.7%	18.8%	18.9%	19.0%	19.2%	19.5%	19.8%	20.2%
Leisure + Hospitality Services	7.8%	8.0%	8.2%	8.5%	8.7%	9.0%	9.2%	9.3%	9.4%	9.5%	9.5%
Other Services	4.2%	4.3%	4.3%	4.3%	4.4%	4.4%	4.4%	4.4%	4.4%	4.3%	4.3%
Government	15.4%	16.0%	15.8%	15.2%	14.8%	14.5%	14.3%	14.0%	13.8%	13.6%	13.5%
Total Non-Farm Employment	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Transportation, Communications and Public Utilities

(2) Finance, Insurance, and Real Estate

Source: The Bureau of Labor Statistics; compiled by The Weitzman Group, Inc.

Unemployment Trends

Unemployment in Mount Pleasant has historically been lower than that of Westchester County, the New York Metropolitan Area, New York State, and the United States. As illustrated in the following table, the unemployment rate in Mount Pleasant was 3.6% in 2018. In 2018, Westchester County reported an unemployment rate of 4.1%, The New York Metropolitan Area reported an unemployment rate of 4.0%, New York State reported an unemployment rate of 4.2%, and the United States' unemployment rate was 3.9%. The low unemployment rate of Mount Pleasant is indicative of a strong labor market driven by the presence of healthcare, life science, and academic employers.

TABLE 10

UNEMPLOYMENT TRENDS											
2008-2018											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mount Pleasant, NY	4.5%	6.8%	6.6%	6.3%	6.6%	5.8%	4.7%	4.2%	4.0%	4.4%	3.6%
Westchester County, NY	4.8%	7.1%	7.4%	7.1%	7.3%	6.2%	5.1%	4.5%	4.3%	4.6%	4.1%
New York County, NY	4.9%	8.4%	8.6%	7.8%	8.0%	7.5%	6.1%	4.9%	4.5%	4.0%	3.6%
New York City, NY	5.6%	9.3%	9.5%	9.1%	9.3%	8.8%	7.2%	5.7%	5.2%	4.6%	4.1%
New York MSA	5.3%	8.6%	8.9%	8.6%	8.7%	7.9%	6.5%	5.4%	4.8%	4.5%	4.0%
New York State	5.4%	8.3%	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%	4.2%
USA	5.8%	9.3%	9.6%	9.0%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%

Source: The Bureau of Labor Statistics; compiled by Weitzman Associates, LLC.

Major Employers: New York State

The following table illustrates the largest private employers in New York State from 2012 and 2018. It is evident that healthcare is a vital part of the State's economy. In 2012, nine of the top twenty largest private employers in New York State were healthcare companies. Combined, healthcare employers supported a total of 173,000 jobs in 2012. Only one of the top five private employers (Walmart) in New York State was not a healthcare company. Since 2012, healthcare employment amongst the top twenty companies has risen dramatically. As of 2018, nine of the top twenty largest private employers in New York State remained healthcare companies and, combined, supported a total of 235,000 employees, equating to an increase of 62,000 jobs since 2012. The growth in healthcare employment amongst the top private employers reflects a compounded annual growth rate of 5.2%.

The three largest employers in New York State are Northwell Health/North Shore LIJ, Montefiore Health, and Mount Sinai, all of which are healthcare companies. Total employment at Northwell Health, which changed its name from North Shore LIJ in 2015, grew from 37,000 employees in 2012 to 54,000 employees in 2018, reflecting a compounded annual growth rate of 6.5%. Montefiore Health has grown from 17,000 employees in 2012 to 32,000 employees in 2018, reflecting a compounded annual

growth rate of 11.1%. Mount Sinai has grown from 19,000 employees in 2012 to 29,000 employees in 2018, reflecting a compounded annual growth rate of 7.3%.

TABLE 11

LARGEST PRIVATE EMPLOYERS NEW YORK STATE					
Private Employer	Industry	2012 Estimated Total Employment	2012 Rank	2018 Estimated Total Employment	2018 Rank
Northwell Health/ North Shore LIJ	Healthcare	37,000	1	54,000	1
Montefiore Health	Healthcare	17,000	12	32,000	2
Mount Sinai	Healthcare	19,000	9	29,000	3
Walmart	Retail/Distribution	28,000	2	28,000	4
NYU/NYU Langone Medical Center	Healthcare/Education	18,000	11	27,000	5
UR & Affiliates	Healthcare/Education	-	-	27,000	5
Verizon NY Inc.	Telecommunications	27,000	3	27,000	5
JP Morgan Chase	Finance	27,000	3	25,000	8
Citigroup, Inc.	Finance	25,000	6	25,000	8
IBM	Technology	20,000	8	-	-
New York Presbyterian	Healthcare	19,000	9	20,000	10
McDonalds	Fast Food	-	-	18,000	11
Wegman Food Markets	Supermarkets	27,000	3	17,000	12
Macy's	Retail	16,000	13	17,000	12
Cornell University/Weill Medical College	Healthcare/Education	16,000	14	17,000	12
Rochester Regional Health System	Healthcare	20,000	7	16,000	15
Columbia University/Medical Center	Healthcare/Education	15,000	15	-	-
Consolidated Edison	Utilities	12,000	17	15,000	16
Bank of America	Finance	12,000	18	14,000	17
Home Depot	Home Improvement	-	-	14,000	17
Memorial Sloan-Kettering Cancer Center	Healthcare	12,000	19	13,000	19
Morgan Stanley	Finance	13,000	16	13,000	19
Merrill Lynch	Finance	11,000	20	-	-

Source: Center for Governmental Research; compiled by Weitzman Associates, LLC

Major Employers: Westchester County

According to the Westchester County Office of Economic Development, there are several Fortune 500 companies located in Westchester County. These companies include Regeneron Pharmaceuticals, MasterCard, IBM Corporation, Pepsico Incorporated, Pepsi Bottling Group, Consolidated Edison, and Morgan Stanley. The map on the following page illustrates the location of select major employers in Westchester County. These employers specialize in various industries, many of them in healthcare and/or pharmaceuticals. The North 60 site is identified on the map by a red star icon.

MAP OF MAJOR PRIVATE EMPLOYERS WESTCHESTER COUNTY



Source: Google Maps; compiled by Weitzman Associates, LLC

We have prepared brief descriptions of several of the top private employers in Westchester County, as follows:

Regeneron Pharmaceuticals

Regeneron Pharmaceuticals is New York State's largest life science company. It is headquartered in Tarrytown, approximately two miles southwest of the North 60 site. This rapidly growing biopharmaceutical firm has significantly expanded its employment base, from just four employees at its start in 1988, and from a count of 685 in 2007, to approximately 2,500 employees today.

Furthermore, as a sign of its continuing expansion plans, Regeneron purchased an undeveloped 100-acre parcel adjoining its current headquarters in 2015, and more recently unveiled long term plans to potentially double the size of its headquarters facility over the next ten years. The town recently approved a 1-million square foot expansion on the western 30 acres of the parcel. Regeneron plans to invest more than \$800 million over the next seven years to expand its facilities. This expansion is anticipated to create 1,500 new jobs. It is noted that many of these jobs will be located at their new East Greenbush campus, just south of Albany, New York.

Westchester Medical Center

Westchester Medical Center is an 895-bed academic hospital, offering a wide array of medical services. Located in Valhalla, New York, immediately south of the North 60 site, this 565-acre complex is a hub for medical education and hospital services for Westchester County and the Greater New York City Metropolitan Area. It is located approximately 15 miles outside of New York City.

Westchester Medical Center is considered the primary healthcare facility in the Hudson Valley and greater Westchester County. Westchester Medical Center provides care for roughly 500,000 patients each year across its three locations in the complex: Westchester Medical Center, the Behavioral Health Center, and the Maria Fareri Children's Hospital. The total workforce at the medical center is approximately 7,000 healthcare professionals, including 1,200 physicians. More detail on Westchester Medical Center may be found in a later section of this report.

New York Medical College

New York Medical College was established in 1860 and currently has about 1,400 fulltime faculty and staff on the payroll. It is segmented into 3 medical schools: the School of Medicine, the School of Health Sciences and Practice, and the Graduate School of Basic Medical Sciences. There are 28 academic departments within the three medical schools, several of which are overlapping. The School of Medicine has twenty-five departments including anesthesiology, biochemistry and molecular biology, neurosurgery, pathology, radiology and surgery. The School of Health Sciences and Practice has three departments: physical therapy, public health, and speech-language pathology. The Graduate School of Basic Medical Sciences has six departments: biochemistry and molecular biology, cell biology, microbiology and immunology, pathology, pharmacology, and physiology. Total enrollment at New York Medical College is approximately 1,500 students, expected to rise to 1,800 within the next few years.

In collaboration with New York Medical College, Touro College operates The College of Dental Medicine and The School of Health Sciences, which offer several programs including nursing and physical therapy.

Acorda Therapeutics

Acorda Therapeutics a biotechnology company located in Ardsley, New York, approximately 10 miles south of the North 60 site. Acorda's mission is to "develop therapies that restore function and improve the lives of people with neurological disorders."⁵ Its products include treatments for Parkinson's disease and multiple sclerosis. Acorda's patented ARCUS technology is a pulmonary drug delivery system that allows patients to receive treatment by inhalation. Acorda Therapeutics employs approximately 500 people at its headquarters in Westchester County.

Phelps Memorial Hospital

A member of the Northwell Health conglomerate, Phelps Memorial Hospital is a 238-bed hospital located in Sleepy Hollow, New York, approximately 6 miles west of the North 60 site. Situated on 69 acres, the acute care community hospital employs over 2,000 people and primarily serves residents of Westchester, Rockland, and Putnam Counties. Phelps Memorial Hospital has received numerous awards for its quality of service, including exemplar status from the Nurses Improving Care for Healthsystem Elders, a recognition of excellence from the Lung Cancer Screening Center, and designation from New York State as a "baby-friendly" hospital. Specialized services at Phelps Memorial Hospital include robotics, orthopedics, and cancer treatment. More detail on Phelps Memorial Hospital may be found in a later section of this report.

White Plains Hospital

White Plains Hospital is a 292-bed hospital located in White Plains, New York, approximately 8 miles southwest of the North 60 site. The hospital's programs and departments include the Center for Cancer Care, an Orthopedic Program, a Neonatal and Maternity Center, a Regional Stroke Center, and the Cardiac Catheterization Laboratories. White Plains Hospital treats about 200,000 patients each year and employs approximately 1,000 doctors. In 2016, White Plains Hospital opened a new state-of-the-art cancer center. White Plains Hospital recently broke ground on an expansion project, a nine-story 252,000 square foot facility which will include operating rooms, neurosurgery and a heart and vascular

⁵ <http://www.acorda.com/about>

center. It is also part of the Bronx-based Montefiore Health System. More detail on White Plains Hospital may be found in a later section of this report.

IBM Corporation

International Business Machines (IBM) Corporation is a technology company headquartered in Armonk, New York, approximately 8 miles east of the North 60 site. The headquarters is near the New York State border with Connecticut, situated on a 228-acre campus, which is also home to the company's training facilities. IBM employs more than 350,000 people worldwide.

Montefiore Health System

Montefiore Health System is an academic medical center as well as the University Hospital for Albert Einstein College of Medicine. According to their website, Montefiore has more than 1,600 practicing physicians. Furthermore, Montefiore has approximately 93,000 hospital admissions each year and provides more than 2.6 million ambulatory visits through its network of approximately 100 locations. Montefiore's emergency department receives roughly 300,000 visits each year. The Montefiore Health System consists of six hospitals and an extended care facility with a total of 2,059 beds.

Montefiore entered Westchester County in late-2013 when it acquired the assets of the former Sound Shore Health System, which had filed for bankruptcy. Montefiore now operates Montefiore New Rochelle, a 242-bed, community-based teaching hospital, the Schaffer Extended Care Center in New Rochelle, Montefiore Mount Vernon, a 176-bed, community-based teaching hospital, and Montefiore School of Nursing in Mount Vernon. Later in 2014, Montefiore Health System signed a comprehensive affiliation agreement with White Plains Hospital, which now serves as the tertiary hub of Montefiore's Westchester network. Montefiore recently announced that it would aid in the White Plains Hospital expansion.

Expansion of the Montefiore Health System continued in 2015 with several new affiliations with its health system, including the additions of Nyack Hospital, a leading community hospital located in Rockland County, and St. Luke's Cornwall Hospital, located in Newburgh in Orange County. It also entered into a new clinical affiliation agreement with Yonkers-based Saint Joseph's Medical Center; and a new strategic partnership with Burke Rehabilitation Hospital located in White Plains. Also in 2015, Montefiore Health System assumed operational authority and responsibility for Albert Einstein College of Medicine (with Yeshiva University retaining academic oversight).

New York–Presbyterian

New York- Presbyterian is a New York City based medical care provider with approximately 2,600 beds, 6,500 physicians and 20,000 employees. New York-Presbyterian has seven campuses in the region and treats more than 2 million annual visitors and receives about 310,000 emergency department visits. New York–Presbyterian, which is affiliated with the Ivy League medical schools of Columbia University's College of Physicians and Surgeons and Weill Cornell Medical College, has expanded its presence in Westchester County, affiliating with Hudson Valley Hospital, a 128-bed hospital located in Cortlandt Manor in northern Westchester County. In 2014, it has also created a partnership with Lawrence Hospital, located in Bronxville in southern Westchester County.

The New York Presbyterian Westchester Division is one of the seven campuses mentioned above. The Westchester Division, located in White Plains, is situated on a 200-acre campus and specializes in psychiatry. The hospital on site has 270 beds and has facilities specifically designed to offer activities and services to support mental health care.

THE “BRAIN DRAIN” QUESTION

In order to assess the viability of the North 60 project, we have conducted an analysis that reviewed data compiled by the United States Bureau of the Census regarding Westchester County's population, broken down by age and level of educational attainment. The specific purpose of this study was to ascertain whether “brain drain” (a phenomenon that, among other outcomes, results in young, educated individuals leaving the suburbs for urban areas) is occurring in Westchester County. In other words, the question we sought to answer was: “Are people between the ages of 18 and 34 who have at least a bachelor's degree (who could be future employees at life science and healthcare companies that may lease space at North 60) leaving Westchester, and thereby reducing the County's base of talent?”

Data from the American Community Survey indicate that in 2010 there were 710,366 individuals living in Westchester County who were at least 18 years of age. By 2017, the data indicate that this figure grew to 754,447, reflecting 0.86% compounded annual growth. In 2010 and 2017, people between the ages of 18 and 34 represented 25.50% and 26.20% of this population, respectively. Therefore, Westchester County's workforce likely skews slightly younger today than it did in 2010.

In 2010, there were an estimated 57,973 people between the ages of 18 and 34 living in Westchester County who had a bachelor's degree or higher. In 2017, that figure grew to 69,884, equating to 2.71% compounded annual growth. This group represented 8.20% of Westchester's age 18+ workforce in

2010, and 9.30% in 2017. Furthermore, the group represented 32.00% of Westchester’s age 18+ workforce in 2010, and 35.30% in 2017. These data are displayed in the following table.

TABLE 12

Analysis: Population Aged 18-34 by Higher Educational Attainment in Westchester County		
Data Category	2010	2017
Total Aged 18+ Population of WC	710,366	754,447
Population Aged 18-24 in WC	74,863	86,345
Population Aged 25-34 in WC	106,132	111,655
Total Population Aged 18-34 in WC	180,995	198,000
As a % of Total Population of WC	25.50%	26.20%
Population Aged 18-24 with a Bachelor's Degree or Higher in WC	11,795	16,302
Population Aged 25-34 with a Bachelor's Degree or Higher in WC	46,178	53,582
Population Aged 18-34 with a Bachelor's Degree or Higher in WC	57,973	69,884
As a % of Total Population of WC	8.20%	9.30%
As a % of Total Population Aged 18-34 in WC	32.00%	35.30%

Source: American Community Survey 5-Year Estimates (2010 and 2017); analysis by Weitzman Associates, LLC

The data displayed above clearly indicate that Westchester’s cohort of young people (aged 18 to 34) with advanced degrees has grown since 2010. Furthermore, this cohort makes up a larger share of the overall workforce than it did in 2010. Thus, demographic trends do not indicate that Westchester is succumbing to the “brain drain” effect. Rather, the County supports a youthful, educated workforce that is growing. In addition to talented individuals living in New York City and the surrounding area, Westchester has a sufficiently strong talent base to ensure the marketability of life science and healthcare real estate at North 60 to prospective tenants.

CONCLUSION

North 60 is in a geographically advantageous location due to the area’s economic and demographic fundamentals. Westchester is a wealthy county, which is unlikely to change in the future, and it supports a young, educated labor force. The strength of the national economy is evident based on steady expansion, employment growth in high-skilled positions, and low unemployment. Likewise, The New York Metropolitan Area continues to be a resilient and expanding region. Notably, New York City is considered one of the top urban areas for technology companies, and the presence of healthcare and life science companies in Westchester County will provide North 60 with a strong base of talent with which to collaborate and innovate. Finally, the region’s aging population should drive demand for medical services and senior housing, both of which may become components of North 60.



- LIFE SCIENCE MARKET ANALYSIS -

LIFE SCIENCE MARKET ANALYSIS

INTRODUCTION

In order to understand the potential for life science real estate development at North 60, we have prepared a comprehensive market analysis that reviews the life science industry at large and relevant real estate trends. Our study considers the life science sector from both a national and local perspective in order to contextualize North 60. We have organized the analysis as follows:

1. An Executive Summary of findings;
2. A working definition of the “life sciences;”
3. A Literature Review of life science industry and real estate trends;
4. An Overview of Life Science Market Clusters;
5. A review of the Westchester County Life Science Market;
6. A review of the New York City Life Science Market;
7. A review of Notable Life Science Real Estate Projects in the New York Area;
8. A summary of Life Science Rent Comparables in the Northeast United States; and
9. A Life Science Real Estate Demand Analysis.

EXECUTIVE SUMMARY

- **The Definition of Life Sciences.** The life science industry is a broad business sector that encompasses firms focused on product manufacturing, research, distribution, and technology production. It includes firms involved with genetic research, pharmaceutical production, data science, and medical technology, among other specializations. It is a diverse ecosystem of companies that complement and enhance one another to bring about innovation.
- **Life Science Real Estate – A National Perspective.** Life science firms tend to “cluster” together near academic/research institutions, which results in concentrated pockets of real estate throughout the United States. Throughout the 16 life science clusters in the United States reviewed by Jones Lang LaSalle (JLL), there was a total of approximately 120 million square feet of rentable laboratory space in 2018. Many clusters, including Westchester County, currently display low vacancy rates and rising asking rents. The leading national life

science clusters by far are Greater Boston / Cambridge and San Francisco / the Bay Area. In general, increasing venture capital and public investment in the life sciences is driving demand for additional real estate, which likely will not halt barring a major economic disruption. Real estate owners and developers are adapting such that new spaces feature amenities and efficient spaces. They are also generally locating projects in close proximity to workforce talent.

- **National Life Science Investment.** Public and private investment in the life sciences is robust and growing. In 2018 alone, over \$20 billion of venture capital funds were invested in a range of life science companies. Furthermore, the National Institutes of Health (NIH) provided grant funding in excess of \$28 billion in 2018. The New York region captures approximately 7% of venture capital funding, and 10% of NIH funding.
- **National Life Science Employment.** As of 2016, the United States supported approximately 1.74 million life science jobs categorized into five subsectors. The largest and fastest growing of these subsectors is “Research, Testing, and Medical Laboratories.” We estimate that life science employment, today, has reached approximately 1.8 million jobs. Westchester County accounts for about 0.56% of national life science employment, and the New York region ranks highly in most life science subsectors.
- **Westchester County Life Science Market.** Westchester County’s life science market has generally remained unchanged since we conducted the first iteration of this study in 2016. The County still maintains strong fundamentals that could support additional life science real estate, particularly given the presence of medical / academic institutions in the area. Westchester County reportedly has 0% vacancy, according to Jones Lang LaSalle, though we are aware of approximately 80,000 square feet of vacant space at Ardsley Park. We have learned from brokers and other interviewees that there has continued to be interest from life science companies in taking up tenancy in Westchester, but adequate space has been challenging to find. Regeneron Pharmaceuticals’ campus expansion has progressed through some approval hurdles, but the timeline of the expansion remains ambiguous.
- **New York City Life Science Market.** There is strong interest from both real estate developers and life science companies in expanding in New York City. However, the high costs of development and land acquisition continue to impede expansion. Nevertheless, some developments are moving forward, bolstered by the City’s commitment of \$500 million to support the industry.

North 60 has the potential to both complement and compete with New York City's life science real estate market. For example, North 60 could present a more affordable option for life science firms to lease space. As a result, on the one hand, a company could choose to lease space in Westchester instead of New York City, such that North 60 would be competing with New York City. On the other hand, a company could lease the majority of its space in Westchester, while maintaining a small presence in Manhattan or Brooklyn for various business purposes such as fundraising and marketing. Regardless of the outcome, North 60 is strategically positioned to capitalize on its proximity to New York City.

- **Life Science Rent Comparables.** The comparable life science leases we reviewed reflect base rents ranging from \$25.00 to \$90.00. The upper end of the spectrum is in Cambridge / Massachusetts. Discussions with brokers familiar with Westchester suggest that life science real estate at North 60 could achieve rents of approximately \$35.00 per square foot on a triple net basis.
- **Limited Public Transportation and the Lack of a World-class Academic Anchor: Implications for North 60.** Many life science clusters throughout the United States are located in close proximity to public transit and major academic anchors, which, respectively, support accessibility and the development of workforce talent (i.e. scientists, engineers, researchers, technicians, etc.). For example, Cambridge and Boston benefit from the presence of research institutions such as Harvard University and the Massachusetts Institute of Technology, and the cities have a robust, shared public transportation system. There are, however, life science clusters (often in suburban settings) that are not located directly next to a major academic anchor, and do not have direct, one-seat-ride public transit linkages to urban areas. For example, suburban life science clusters in markets such as Boston, Denver, Philadelphia, and Seattle (as summarized in Table 34 on page 106 of this report) have relatively low vacancy (ranging from 6.7% to 12.7%), yet they are not proximate to significant research institutions, and their transit connectivity is varied. Instead, these suburban offshoots of urban centers benefit from being within regional proximity to critical institutions and urban centers.

There are numerous anecdotes of life science firms, previously located in urban markets close to academic anchors, that relocated to the suburbs in search of more expansive space and lower rent. North 60 is well-positioned to replicate this trend, given:

- o (1) The substantial presence of academic / research institutions in New York City;

- o (2) The dearth of available, affordable lab space in New York City; and
- o (3) Westchester County's transportation linkages to New York City.

Furthermore, the presence of Westchester Medical Center, New York Medical College, and other research hubs in Westchester County make the North 60 site a desirable location where life science firms could lease space, as the collection of these institutions provides fertile ground for R&D activities. The presence of Regeneron Pharmaceuticals' headquarters (which also does not have direct public transit access) is proof that such companies can thrive in Westchester's extant condition. While it would be optimal if an institution akin to the Massachusetts Institute of Technology and a MetroNorth station were located directly adjacent to North 60, the lack thereof should not hinder the development's success. Proper marketing that conveys the significance of Westchester County's academic / research institutions should be executed during the development of North 60. Regarding transportation, Fareri Associates could consider implementing a shuttle bus service linking North 60 to nearby MetroNorth train stations, akin to the shuttles and ferries deployed by technology companies such as Facebook and Google in the Bay Area that bring workers from San Francisco to the companies' suburban campuses.

- **Life Science Real Estate Demand Analysis.** We have conducted a life science real estate demand analysis for Westchester County that (i) projects future life science employment growth on a national basis, (ii) analyzes Westchester County's fair share of national life science employment, (iii) projects square footage of demand in Westchester based on employment growth, and (iv) estimates how long it would take North 60's life science buildings to be leased.
 - o *Life Science Employment and Westchester County's Fair Share.* We estimate that national life science employment, today, is approximately 1.8 million jobs, of which Westchester County accounts for 0.56%, or 10,000 jobs. By 2029, national life science employment should reach a total of 2.02 to 2.22 million jobs.
 - o *Demand for Life Science Real Estate in Westchester County (2019 – 2029) and Absorption of North 60's Phase 1.* By 2029, we estimate that there will be demand for an additional 402,000 to 687,000 square feet of life science real estate in Westchester County. Taking into account known pipeline projects and North 60's development schedule, Phase 1, which includes approximately 200,000 gross square feet (130,000 net square feet), could be fully leased between 2023 and 2026.

- o *Long-Term Absorption of North 60's Future Phases.* The most conservative estimates suggest that there will be sufficient demand to absorb all of North 60's life science real estate sometime between 2044 and 2060. A more optimistic outlook, taking into account initiatives that could bolster the County's fair share of life science employment (such as the success of North 60's Phase 1), suggests that the entire development could be absorbed sometime between 2034 and 2042.

DEFINING THE LIFE SCIENCES

In order to understand the market for life science real estate, it is critical to establish a working definition of the “life sciences.” The term “life sciences” is synonymous with others words such as bioscience and biotechnology, the latter of which is most commonly used. The Merriam-Webster dictionary defines biotechnology as follows:

“The manipulation (as through genetic engineering) of living organisms or their components to produce useful commercial products (such as pest resistant crops, new bacterial strains, or novel pharmaceuticals. [Further,] any of [the] various applications of biological science used in such manipulation.”⁶

In short, the life sciences / biotechnology industry includes businesses that specialize in (1) the production of biochemically engineered goods, (2) the science behind the products, and (3) the technology used to produce products. For example, one company may manage the supply chain of drug manufacturing and distribution, a second may focus on the work required to develop the drug (i.e. R&D and patenting), and a third may develop the technology required for manufacturing, distribution, and development of the drug.

Colloquially speaking, the terms “life sciences” or “biotechnology” generally trigger (most) people to think of drugs and pharmaceuticals. The industry, however, includes a myriad of companies that also specialize in:

- Medical device manufacturing, including both those used by medical professionals in a healthcare context (such as surgery equipment or imaging technology), and those used by people during their everyday lives (such as prosthetics for amputee patients);
- Testing and diagnosis technologies;
- Food products and manufacturing;
- Data analytics and information science used to support R&D; and
- Industrial bioscience, which includes the development of products such as fertilizers, fuels, and polymer materials.

⁶ Merriam-Webster Dictionary Online, Accessed May 1, 2019

In summation, the life sciences industry encompasses a broad range of companies and products, some of which that are perishable (such as drugs and food) and some that are not (such as medical devices and laboratory equipment). Broadly speaking, the simplest way of describing the range of firms is as follows:

- Companies that manufacture and distribute products (i.e. supply chain managers);
- Companies that complete the research required to develop the products; and
- Companies that make the technology required for product development, manufacturing, and distribution.

The complete production chain of life science goods relies on these three types of companies, or “verticals.” Some companies (such as “Big Pharma” players) may be vertically integrated to control everything in-house. However, we note that a key feature of successful life science clusters is that they foster an environment in which all three types of companies co-exist in order to create an innovation ecosystem that spawns new discoveries and commercially viable ventures.

LIFE SCIENCES MARKET: LITERATURE REVIEW

Weitzman reviewed several publications compiled by firms such as Jones Lang LaSalle (JLL), PricewaterhouseCoopers (PWC), and TEconomy Partners to analyze the life sciences industry and the real estate landscape within which it operates. JLL’s recently published *Life Sciences Outlook 2018* analyzes the most prominent life science clusters in the United States and Canada, and relates how changes in the industry are having an impact on life science real estate. Publications such as PWC’s quarterly *Healthcare MoneyTree* report on investment flowing into life science companies, and TEconomy’s *Investment, Innovation and Job Creation in a Growing U.S. Bioscience Industry* details innovations within the industry, employment patterns, and more. Below we have summarized the key findings of our research.

Findings from JLL Research

- **A Tight Real Estate Market.** While each cluster is different, the life science real estate market suffers from considerable supply constraints. Aggregated, the life science clusters detailed by JLL had a vacancy rate of 8.5 percent in 2018 – in 2016 it was 12 percent. Most of the clusters’ submarkets have single digit vacancy rates, and rents are rising. For example, from 2017 to 2018, asking rents in Greater Boston increased by 16 percent to \$49.61 per square foot. Where possible, however, developers are taking note and capitalizing on the opportunity,

such that Boston had nearly 2 million square feet of new life science space under construction in 2018.

- **An Influx of Capital Investment.** Over the past several years, there has been an unprecedented surge in life science investment. In 2018, over \$20 billion of venture capital was invested into life science companies in the United States, ranging from those in the seed stage to more mature firms. By comparison, approximately \$12 billion was invested in 2017. Roughly \$1.1 billion was invested in the New York metropolitan area, accounting for about 5 percent of life science venture capital investment throughout the US in 2018. Furthermore, the National Institutes of Health provided over \$28 billion to fund research across the country. This strong investment and funding climate is generating companies with high market capitalizations and robust resources that may allow them to afford higher rents and be more selective with respect to location.
- **The Rise of Startups.** The landscape of life science innovation is shifting. Over the last five years, 63 percent of newly approved drugs were developed by small companies. In 2017 alone, small- and mid-scale companies received approvals for 23 new drugs. In response to the rise of “Small Pharma,” institutional life science companies are increasingly investing in startups through a variety of channels, such as new venture capital funds, and the sharing of labs and other resources. In turn, this trend is reducing the cost of internal R&D that pharmaceutical companies have traditionally shouldered. In short – collaboration is key.
- **New Spaces for Innovation: Incubators and Accelerators.** Investment in startups has significant implications for real estate. Specifically, incubators and accelerators are on the rise. They provide life science startups with turnkey lab and office space, access to capital and resources, and entrepreneurial support. The key players who fund incubators include Big Pharma companies, venture capitalists, academic institutions, and real estate entities. For example, Alexandria Real Estate Equities opened New York City’s first life science incubator, “Alexandria LaunchLabs,” in late 2017. It contains 15,000 square feet of lab and office space, and houses about 20 companies. Alexandria opened a second incubator in Cambridge, Massachusetts in late 2018.
- **Fresh Laboratory Design.** The age of the dark, window-less laboratory sequestered in a basement is ending. Life science companies desire fresh spaces with natural lighting that encourage collaboration and spark creativity. Furthermore, laboratory designers have learned from the co-working world, resulting in agile, flexible, amenitized spaces that support high worker density. In fact, the amount of space allotted per scientist in new Class

A buildings has shrunk to 371 square feet, a 25 percent decrease from older Class A and B buildings. Furthermore, life science firms are employing an increasingly diverse workforce that includes occupations such as computational scientists who just require traditional office space. As a result, new life science real estate developments allocate 50 percent of the space to laboratories, and the other 50 percent to offices, compared to a 75/25 split in older buildings. Data from JLL's report also indicate that just under 50% of life science employees do not work within laboratories.

- **The Fight for Talent.** Nationally, the life sciences industry supported 1.73 million jobs spread across 85,000 companies. Employment in the sector will continue to grow rapidly: from 2016 to 2026, the number of biotechnology R&D jobs is projected to increase by 19 percent, versus 10 percent for the United States' employment base overall. As a result, there is growing demand for talent, and life science firms select their real estate based on access to talent (among other factors). Talent production is driven by leading academic institutions, around which life science firms overwhelmingly tend to cluster.

Findings from PWC Research

- **Life Science and Healthcare Deal Volume is Robust, and Growing.** According to PWC, there were \$11.6 billion invested into life science and healthcare deals across the United States in 2016. In 2018, that figure rose to \$20.3 billion, representing a 75% increase over two years. From 2016 to 2018, a total of \$48.2 billion was invested into 2,081 deals, equating to an average deal size of \$23.2 million.

TABLE 13

		Dollars Invested	Deals	Dollars per Deal
2016	Q1	\$3.1B	173	\$17.9M
	Q2	\$2.8B	153	\$18.3M
	Q3	\$3.4B	163	\$20.9M
	Q4	\$2.3B	134	\$17.2M
	Subtotal	\$11.6B	623	\$18.6M
2017	Q1	\$4.3B	207	\$20.8M
	Q2	\$3.1B	169	\$18.3M
	Q3	\$4.1B	198	\$20.7M
	Q4	\$4.8B	182	\$26.4M
	Subtotal	\$16.3B	756	\$21.6M
2018	Q1	\$5.4B	165	\$32.7M
	Q2	\$5.5B	204	\$27.0M
	Q3	\$5.4B	184	\$29.3M
	Q4	\$4.0B	149	\$26.8M
	Subtotal	\$20.3B	702	\$28.9M
Grand Total		\$48.2B	2081	\$23.2M

Source: PWC; compiled by Weitzman Associates, LLC

- **The Majority of Dollars Invested Flow into Early and Expansion Stage Companies.** In 2018, of the \$20.3 billion invested into life science and healthcare companies, \$6.4 billion (32%) went to “Expansion Stage” companies, and \$5.3 billion (26%) went to Early Stage companies. Anecdotally, we have learned that the greatest number of deals are with “Seed Stage” companies, but capital invested into each deal is far less than that contributed toward more mature firms.

TABLE 14

% Share of 2018 Dollars Invested by Quarter and Company Stage				
2018	Q1	Q2	Q3	Q4
Seed Stage	11%	10%	8%	8%
Early Stage	21%	28%	27%	28%
Expansion Stage	32%	29%	33%	33%
Later Stage	17%	13%	11%	9%
Other	19%	20%	21%	22%
TOTAL	100%	100%	100%	100%

Source: PWC; compiled by Weitzman Associates, LLC

TABLE 15

Dollars Invested in 2018 by Quarter and Company Stage						
2018	Q1	Q2	Q3	Q4	TOTAL	% Share
Seed Stage	\$594.0M	\$550.0M	\$432.0M	\$320.0M	\$1,896.0M	9%
Early Stage	\$1,134.0M	\$1,540.0M	\$1,458.0M	\$1,120.0M	\$5,252.0M	26%
Expansion Stage	\$1,728.0M	\$1,595.0M	\$1,782.0M	\$1,320.0M	\$6,425.0M	32%
Later Stage	\$918.0M	\$715.0M	\$594.0M	\$360.0M	\$2,587.0M	13%
Other	\$1,026.0M	\$1,100.0M	\$1,134.0M	\$880.0M	\$4,140.0M	20%
TOTAL	\$5,400.0M	\$5,500.0M	\$5,400.0M	\$4,000.0M		
% Share	27%	27%	27%	20%		

Source: PWC; compiled by Weitzman Associates, LLC

- **Investments in Biotechnology Currently Outpace Other Life Science Sectors.** In 2018, 35.5% (or \$7.2 billion) of investments directed toward life science and healthcare companies flowed to biotechnology, followed by drug development at 20.6%.

TABLE 16

Investments Made by Life Science Subsector (2018)							
Sector	Q1	Q2	Q3	Q4	TOTAL	% Share	
Biotechnology	\$1.95B	\$2.13B	\$2.17B	\$0.98B	\$7.23B	35.5%	
Drug Development	\$1.11B	\$1.29B	\$0.88B	\$0.92B	\$4.20B	20.6%	
Medical Devices + Equipment	\$0.78B	\$0.79B	\$0.74B	\$0.64B	\$2.95B	14.5%	
Medical Facilities + Services	\$0.37B	\$0.39B	\$0.58B	\$0.47B	\$1.81B	8.9%	
Drug Discovery	\$0.55B	\$0.53B	\$0.54B	\$0.71B	\$2.33B	11.4%	
Disease Diagnosis	\$0.69B	\$0.37B	\$0.49B	\$0.28B	\$1.83B	9.0%	
TOTAL	\$5.45B	\$5.50B	\$5.40B	\$4.00B			
% Share	26.8%	27.0%	26.5%	19.7%			

Source: PWC; compiled by Weitzman Associates, LLC

- **IPO Volume for Life Science and Healthcare Companies Hit an All-Time High in 2018.** Similar to the robust investment accruing to privately-owned life science and healthcare companies, these types of firms reached a record number of initial public offerings (IPOs) in 2018. There were 53 individual IPOs valued at \$5.9 billion, equating to an average IPO valuation of \$110 million.

TABLE 17

Number of IPOs and Dollar Amounts by Quarter (2018)			
Quarter	Number of IPOs	Dollar Value	Dollars per IPO
Q1	9	\$841M	\$93.4M
Q2	18	\$1,870M	\$103.9M
Q3	15	\$1,359M	\$90.6M
Q4	11	\$1,781M	\$161.9M
TOTAL	53	\$5,851M	\$110.4M

Source: PWC; compiled by Weitzman Associates, LLC

- The New York – New Jersey Region Captures a Notable Share of Life Science Investment.** In 2018, New York and New Jersey received \$1.47 billion of life science investment, which equates to about 7% of overall national investment. By comparison, New England and Silicon Valley combined captured about \$12.1 billion, or 60% of overall investment. Though New York and New Jersey's share is small when compared to New England and Silicon Valley, it is still competitive when viewed from a national perspective. Furthermore, New York State's academic institutions spent over \$4 billion on life science R&D in 2016, second only to California.

TABLE 18

New York - New Jersey Regional Share of Life Science Investment (2018)						
2018	NY Metro	Upstate NY	New Jersey	Regional	US Total	Regional Share
Q1	\$661.0M	\$3.0M	\$289.0M	\$953.0M	\$5,400.0M	17.6%
Q2	\$175.0M	\$0	\$11.0M	\$186.0M	\$5,500.0M	3.4%
Q3	\$100.0M	\$1.0M	\$2.0M	\$103.0M	\$5,400.0M	1.9%
Q4	\$181.0M	\$35.0M	\$12.0M	\$228.0M	\$4,000.0M	5.7%
TOTAL	\$1,117.0M	\$39.0M	\$314.0M	\$1,470.0M	\$20,300.0M	7.2%

Source: PWC; compiled by Weitzman Associates, LLC

Findings from TEconomy Research

- Life science employment growth has outpaced the overall private sector in the United States.** From 2001 to 2016, the life science employment in the US grew from 1.47 million to 1.74 million jobs, equating to 18.6% overall growth or 1.1% compounded annual growth. By comparison, over the same time period, private sector employment in the US grew by about

10%. Notably, the life science industry was more resilient than the economy in general during the Great Recession – life science employment dropped by only 2% during that time, then rebounded quickly.

- **TEconomy categorizes the life science industry into five subgroups⁷:**

1. Agricultural Feedstock and Industrial Life Sciences;
2. Life science technology distribution and delivery;
3. Drugs and pharmaceuticals;
4. Medical devices and equipment; and
5. Research, testing, and medical laboratories.

Research, testing, and medical laboratories lead the industry in terms of employment counts, followed by distribution and delivery. The average life science employee salary was approximately \$99,000 in 2016, 85% higher than the private sector overall.

TABLE 19

Distribution of Life Science Jobs and Wages by Sector (2016)			
Life Science Sector	Jobs	% Share	Average Salary
Agricultural Feedstock and Industrial Life Sciences	68,027	3.9%	\$80,961
Life Science Technology Distribution and Delivery	469,640	26.9%	\$93,677
Drugs and Pharmaceuticals	299,113	17.2%	\$113,815
Medical Devices and Equipment	359,293	20.6%	\$84,746
Research, Testing, and Medical Laboratories	547,566	31.4%	\$106,942
TOTAL / AVERAGE	1,743,639	100.0%	\$98,961

Source: TEconomy; compiled by Weitzman Associates, LLC

- **The life science industry generates \$2 trillion in economic output.** Analysis conducted by TEconomy estimates that the life science industry generates \$885 billion in direct economic impacts in addition to \$1.1 trillion in indirect and induced impacts. The 1.7 million direct life science jobs in the United States support an additional 6.3 million indirect and induced jobs, and the industry generates over \$200 billion in federal, state, and local taxes.

⁷ Note: TEconomy uses the term “biosciences,” but for the sake of consistency Weitzman has used the term “life sciences.”

TABLE 20

Economic Impact of the U.S. Life Science Industry, 2016 (\$ in millions)						
Impact Type	Employment	Labor Income	Value Added	Output	State/Local Tax Revenue	Federal Tax Revenue
Direct Effect	1,743,639	\$181,526	\$422,520	\$884,545	\$27,418	\$52,083
Indirect Effect	2,763,391	\$201,634	\$314,176	\$574,249	\$24,245	\$46,063
Induced Effect	3,468,360	\$174,993	\$309,087	\$549,423	\$29,413	\$42,921
Total Impact	7,975,390	\$558,153	\$1,045,783	\$2,008,217	\$81,076	\$141,067
Multiplier	4.57	3.07	2.48	2.27		

Source: TEconomy; compiled by Weitzman Associates, LLC

- **The New York – New Jersey region captures a significant share of NIH grants.** In 2018, the National Institutes of Health (NIH) provided \$28.3 billion in grant funding to support scientific and medical research across the United States. The New York – New Jersey region captured about \$2.9 billion of this funding, or 10.2%. Westchester County, however, captured only about 0.1%.

TABLE 21

New York - New Jersey Regional Share of NIH Funding (2016-2018)								
Year	NYC (1)	Long Island (2)	Westchester County (3)	Upstate NY (4)	NJ	Regional Subtotal	US Total	Regional Share of US Total
2016	\$1,629M	\$144M	\$28M	\$402M	\$240M	\$2,444M	\$24,833M	9.8%
2017	\$1,775M	\$160M	\$31M	\$420M	\$241M	\$2,627M	\$26,360M	10.0%
2018	\$1,979M	\$144M	\$29M	\$480M	\$261M	\$2,894M	\$28,320M	10.2%

Notes

- (1) Includes Congressional Districts 5 - 15
 (2) Includes Congressional Districts 1 - 4
 (3) Includes Congressional Districts 16 - 18
 (4) Includes Congressional Districts 19 - 27

Source: TEconomy; National Institutes of Health; analysis completed by Weitzman Associates, LLC

- **The New York – New Jersey – Pennsylvania MSA ranks highly in life science employment.** Despite receiving less private investment than areas such as New England and Silicon Valley, the New York region supports more life science jobs than any other MSA in three out of five sectors. This indicates that the region already enjoys a robust talent base that should be attractive to life science companies.

TABLE 22

Number of Life Science Jobs by Sector in the NY-NJ-PA MSA (2016)		
Life Science Sector	Jobs	National Ranking
Agricultural Feedstock and Industrial Life Sciences	621	16
Life Science Technology Distribution and Delivery	32,883	1
Drugs and Pharmaceuticals	31,793	1
Medical Devices and Equipment	15,954	4
Research, Testing, and Medical Laboratories	47,090	1
TOTAL	128,341	

Source: TEconomy; compiled by Weitzman Associates, LLC

- **New York State has a strong base of academic institutions, and it produces a significant number of patents.** In 2016, academic institutions in New York State spent over \$4 billion on life science R&D, second only to California. Similarly, from 2014 to 2017, nearly 7,000 life science patents came out of New York State, exceeded only by California, Massachusetts, New Jersey, and Pennsylvania. In terms of patent production, New York was a leader in bioinformatics, biological sampling and analysis, and pharmaceuticals.

Our literature review concludes that the life science industry is robust and growing both in terms of investment and employment. As such, there currently is and will likely continue to be substantial demand for additional life science real estate as the sector expands. North 60 and Westchester County are poised to capitalize on this opportunity.

OVERVIEW OF LIFE SCIENCE MARKET CLUSTERS

The *Life Sciences Outlook 2018* prepared by Jones Lang LaSalle includes coverage of the top 18 life science cluster markets in the United States (16 markets) and in Canada (2 markets - Greater Toronto and Montreal). The top 18 life science cluster markets are summarized in Table 23, including statistics relating to life sciences workforce, life sciences funding, and existing lab supply. The life sciences lab supply and demand trends within each of the U.S. markets are further detailed in Table 24.

As reflected by the statistics outlined in Table 23, **the largest and leading market clusters by far in terms of life sciences venture capital funding and rentable lab supply are Greater Boston and the Northern California Bay Area.** The Greater Boston market has the largest concentration of life sciences researchers in the nation, and accounts for approximately 19.4% of the nation's life sciences venture capital funding and 8.9% of National Institute of Health (NIH) funding. As outlined in Table 24, **the Greater Boston market includes submarkets such as East Cambridge and the Boston Central Business District (CBD) – all of Boston's submarkets have single-digit vacancy rates.** The Cambridge, CBD, and suburban life science real estate markets remain quite active with new construction underway and active space requirements. In the suburbs, the average annual asking rent as reported by Jones Lang LaSalle is \$48.06 per square foot, well below the corresponding average annual asking rent of \$79.48 in the highly sought-after East Cambridge submarket.

Northern California's Bay Area is another well-established and well-funded life sciences market, receiving approximately 21.2% of the nation's life sciences venture capital funding, as well as 3.8% of National Institutes of Health (NIH) funding. The Mid-Peninsula area is home to some of the world's largest life sciences companies including Genentech (a subsidiary of Roche), Gilead, Illumina, Merck, Amgen, Abbott, and Verily (the life sciences arm of Google). As in Boston, the life sciences market in the Northern California Bay Area remains active with new construction activity and active space requirements throughout the market area. As in Boston's Cambridge submarket, **the vacancy rates within the Bay Area's Mid-Peninsula and Mission Bay submarkets are also very tight, ranging from 0.0% to 2.9%.** According to Jones Lang LaSalle, average annual asking rents in Northern California's Bay Area range from \$51.00 per square foot in the Oakland East Bay submarket to \$65.00 in the Mission Bay / China Basin submarket.

Other major life science clusters with significant rentable lab supply include San Diego, Raleigh-Durham, Suburban Maryland, Central-Northern New Jersey, and Philadelphia.

Within the New York metropolitan area, the primary life science clusters highlighted by Jones Lang LaSalle are New York City, Westchester County, Northern and Central New Jersey, and Long Island. As further detailed later in this section of the report, New York City, supported by its significant concentration of world-renowned academic institutions and medical research facilities, has an emerging life sciences market which is gaining traction and possesses the fundamentals to become a major life sciences market.

JLL's annual review of life science clusters throughout the United States and Canada illustrates the breadth of locations currently generating innovation in the industry, as well as where employers wish to locate. While low vacancy, high rent, and a great deal of construction are indicative of demand, they also demonstrate that North 60 will have a great deal of competition in the future.

TABLE 23

MAJOR LIFE SCIENCES MARKETS (2018)
LIFE SCIENCES WORKFORCE, FUNDING AND RENTABLE LAB SUPPLY

Market	Life Sciences Workforce						Life Sciences Funding				Lab Supply			
	Employment	% Private Employment	Y-O-Y Growth	Establishments	% Private Employment	Y-O-Y Growth	VC Funding (\$)	% Total US	NIH Funding (\$)	% Total US	Square Feet	Vacancy %	Average Asking Rent PSF (NNN)	Cluster Score
Greater Boston	90,566	4.6%	4.5%	2,196	1.7%	5.4%	3,820,100,000	19.4%	2,161,000,000	8.9%	26,800,000	7.8%	\$49.61	81.5
Chicago	52,668	1.8%	-1.9%	1,450	0.7%	-0.9%	271,100,000	1.4%	727,500,000	2.8%	8,800,000	3.4%	\$14.05	35.4
Denver	27,995	2.1%	1.2%	1,231	1.1%	3.5%	315,400,000	1.6%	357,200,000	1.4%	6,000,000	15.5%	\$13.26	35.5
Houston	29,872	1.2%	2.1%	1,404	0.9%	3.2%	86,600,000	0.4%	225,400,000	0.9%	2,200,000	6.0%	\$23.00	27.9
Greater Toronto	36,200	1.1%	-1.0%	2,430	0.9%	12.1%	CAD\$135.7M	12.6% CA	--	--	3,380,000	0.3%	\$19.28	--
Long Island	28,074	2.6%	-2.2%	545	0.5%	-0.2%	18,800,000	0.1%	144,500,000	0.6%	1,700,000	6.6%	\$21.50	23.2
Los Angeles / Orange C.	122,012	2.3%	1.0%	3,160	0.6%	3.4%	479,100,000	2.4%	1,165,900,000	4.5%	7,900,000	4.6%	\$16.47	42.8
Suburban MD/ Metro DC	41,322	2.2%	4.6%	1,690	1.2%	2.0%	418,100,000	2.1%	706,500,000	2.7%	9,900,000	5.0%	\$24.35	52.7
Minneapolis - St. Paul	46,065	3.0%	1.8%	715	0.9%	-0.1%	455,500,000	2.3%	298,700,000	1.1%	600,000	50.0%	\$20.00	34.0
Montreal	29,100	1.3%	12.0%	493	3.4%	--	CAD\$350.5M	28.7% CA	--	--	1,800,000	18.0%	\$13.97	--
New Jersey	79,508	3.3%	4.8%	1,742	1.0%	2.3%	270,300,000	1.4%	228,700,000	0.9%	16,100,000	14.9%	\$19.99	40.1
New York City	14,624	0.4%	2.4%	1,092	0.4%	0.5%	309,100,000	1.6%	1,775,500,000	6.8%	2,600,000	21.0%	\$80.00	34.7
Philadelphia	56,452	2.2%	2.7%	1,640	0.9%	2.4%	577,500,000	2.9%	979,200,000	3.8%	12,800,000	3.2%	\$30.00	54.2
Raleigh-Durham	36,102	5.4%	2.9%	1,004	3.0%	8.3%	577,500,000	2.9%	979,200,000	3.8%	12,400,000	19.7%	\$18.52	55.8
San Diego	66,567	5.7%	2.9%	1,475	1.4%	4.4%	749,500,000	3.8%	845,900,000	3.2%	18,000,000	6.1%	\$46.20	68.4
Seattle-Bellevue	36,102	5.4%	2.9%	1,004	3.0%	8.3%	577,500,000	2.9%	979,200,000	3.8%	10,000,000	4.9%	\$35.35	40.1
Northern CA Bay Area	74,046	3.9%	9.2%	1,708	1.0%	6.2%	4,170,000,000	21.2%	999,100,000	3.8%	26,000,000	7.9%	\$47.39	77.3
Westchester County	8,187	2.3%	5.5%	204	0.6%	-4.7%	3,100,000	0.02%	4,900,000	0.02%	2,200,000	0.0%	\$52.00	37.7

Source: Jones Lang LaSalle's Life Sciences Outlook 2018; compiled by Weitzman Associates, LLC

TABLE 24

MAJOR LIFE SCIENCES MARKETS (2018)
LAB SUPPLY, DEMAND AND PRICING BY SUBMARKET

Market	Supply							Demand		Pricing	
	Total Supply	Owner-Occupied Supply SF	Rentable Lab Supply SF	Vacancy	Y-O-Y Chg (ppts)	# Blocks over 50,000 SF	Under Const. SF	# Requirements	SF Requirements	Avg Asking Rent PSF (NNN)	Y-O-Y Chg
Greater Boston (1)	26,800,000										
East Cambridge		2,700,000	7,700,000	2.9%	(3.9)	2	1,012,000	27	1,482,000	\$79.48	5.9%
West Cambridge		0	767,000	5.3%	5.0	1	223,000	4	100,000	\$62.37	--
Core Suburbs		1,400,000	3,100,000	7.7%	(4.9)	5	344,000	21	493,500	\$48.06	12.7%
CBD - Seaport District		0	1,400,000	3.5%	(0.7)	1	375,000	4	118,934	\$65.00	-7.3%
CBD - Longwood		1,700,000	1,100,000	1.4%	(2.8)	0	0	0	0	\$70.00	-0.2%
Chicago (2)	13,400,000			3.4%						\$14.05	
North Shore		2,500,000	2,000,000								
Metro Chicago		4,600,000	4,300,000								
Denver	5,910,000										
Boulder		800,000	1,800,000	22.0%	17.4	1	0	5	550,000	\$17.08	-10.5%
Northwest		90,000	1,400,000	10.6%	(6.3)	0	0	5	550,000	\$12.51	-26.3%
SE		90,000	200,000	0.0%	0.0	0	0	6	38,500	\$18.00	0.0%
SE Suburban		30,000	400,000	17.5%	(25.0)	0	0	15	233,220	\$10.37	6.4%
W Suburbs		200,000	700,000	9.1%	(7.2)	0	0	6	63,500	\$12.32	4.1%
SW Suburbs		0	200,000	12.3%	7.6	0	0	0	0	\$10.95	-3.7%
Greater Toronto	3,380,000										
Toronto		1,400,000	1,400,000	0.0%	0.0	0	0	1	55,000	\$29.73	3.3%
Mississauga		50,000	530,000	1.0%	(5.0)	0	0	0	0	\$16.21	8.9%
Long Island	1,535,123										
Nassau County		200,000	600,000	9.6%	(5.1)	1	0	1	100,000	\$18.00	-18.2%
Suffolk County		400,000	335,123	1.0%	(8.0)	0	0	2	250,000	\$25.00	0.0%
Los Angeles / Orange C.	11,100,000										
Los Angeles		900,000	4,600,000	4.5%	1.8	6	0	19	338,386	\$16.68	61.6%
Orange County		2,300,000	3,300,000	4.8%	(1.8)	2	0	6	550,000	\$16.20	36.4%
Minneapolis - St. Paul (3)	600,000			50.0%						\$18.00	
Suburban MD / Metro DC	12,150,000										
I-270 Corridor		1,600,000	8,900,000	5.3%	1.3	2	55,000	7	622,000	\$25.94	2.6%
Frederick County		650,000	1,000,000	2.3%	0.2	0	0	7	622,000	\$14.00	3.7%
Montreal	1,800,000										
Montreal		300,000	1,500,000	18.0%	4.8	2	0	6	121,586	\$13.97	0.5%
New Jersey	16,100,000										
Northern New Jersey		1,900,000	3,300,000	33.5%	23.9	6	0	11	633,000	\$22.15	-14.2%
Central New Jersey		7,700,000	3,200,000	6.0%	(1.2)	5	0	13	995,500	\$18.90	19.2%
New York City	2,624,000										
Manhattan		388,000	1,700,000	6.2%	6.2	2	350,000	--	--	\$79.72	--
Brooklyn		0	536,000	78.0%	35.8	2	0	--	--	\$25.00	-21.3%
Houston	4,000,000										
TMC		0	1,800,000	7.5%	7.5	1	0	5	50,000	\$23.00	--
Metro Houston		0	2,200,000	6.0%	6.0	1	0	5	50,000	\$23.00	--
Greater Philadelphia	12,866,000										
CBD (University City, Navy Yard)		466,000	2,300,000	3.3%	1.4	1	345,000	0	0	\$38.00	0.0%
Suburbs (Rt 202, Bucks & Mont. Cos)		4,900,000	5,200,000	6.7%	2.4	4	0	0	0	\$13.51	-6.9%
Raleigh-Durham	10,049,124										
Downtown Durham		114,600	418,185	2.2%	2.2	2	300,000	7	82,000	\$29.50	14.6%
West Raleigh		0	416,339	3.3%	(7.4)	0	0	7	74,000	\$29.75	0.8%
Research Triangle Park / RDU		2,100,000	7,000,000	25.0%	1.0	34	0	13	227,000	\$19.29	29.1%
San Diego	22,000,000										
Torrey Pines		1,900,000	5,900,000	4.0%	(1.0)	2	200,000	6	200,000	\$52.20	3.6%
UTC		200,000	3,800,000	7.6%	(8.1)	2	160,000	10	400,000	\$51.00	6.3%
Sorrento Mesa		1,000,000	4,100,000	6.3%	2.3	3	0	5	300,000	\$43.80	21.7%
Sorrento Valley		100,000	1,200,000	6.9%	(3.6)	0	0	4	100,000	\$42.00	18.6%
North County		800,000	3,000,000	7.5%	6.4	1	0	5	500,000	\$24.00	27.0%
Seattle-Bellevue	7,200,000										
Lake Union		1,700,000	2,000,000	1.4%	0.1	1	200,000	13	745,000	\$47.55	20.8%
Capitol Hill		300,000	600,000	0.0%	0.0	0	0	0	0	n/a	--
Suburbs - Bothell Manufacturing		500,000	1,600,000	13.2%	(4.0)	2	0	5	255,500	\$20.37	-2.8%
Suburbs - Redmond Manufacturing		0	500,000	4.7%	0.0	0	0	0	0	\$18.19	8.1%
Northern CA Bay Area	30,575,079										
Mid-Peninsula - South County		0	3,400,000	1.6%	(1.4)	1	64,996	15	914,000	\$53.52	3.5%
Mid-Peninsula - North County		3,100,000	7,200,000	2.9%	1.7	7	1,000,000	20	1,100,000	\$58.68	0.0%
Mission Bay / China Basin		375,079	1,100,000	0.0%	(5.0)	0	0	1	100,000	\$65.00	0.0%
Oakland East Bay - Major		1,500,000	5,300,000	7.7%	(2.1)	2	265,000	4	250,000	\$51.00	6.3%
Oakland East Bay - Emerging		1,800,000	6,800,000	12.8%	2.6	5	0	5	175,000	\$36.00	--
Westchester County	2,200,000										
I-287 West		2,000,000	200,000	0.0%	(6.0)	0	300,000	1	1,000,000	\$52.00	0.0%

(1) JLL's analysis of the Boston suburbs excludes some submarkets. As a result, Greater Boston square footage does not add up to the sum of its listed submarkets.

(2) JLL's report does not provide market statistics for Chicago's submarkets.

(3) JLL's report does not provide submarket statistics for Minneapolis - St. Paul.

Source: Jones Lang LaSalle; compiled by Weitzman Associates, LLC

WESTCHESTER COUNTY LIFE SCIENCE MARKET

According to statistics from Jones Lang LaSalle, the Westchester market has approximately 2.2 million square feet of rentable lab space in the I-287 West submarket, consisting of 2,000,000 square feet of owner-occupied space and 200,000 square feet of rentable space. The I-287 West submarket includes the Landmark at Eastview campus, which is home to Regeneron Pharmaceuticals, as well as a number of other smaller life science companies. **The statistics from Jones Lang LaSalle reflect a direct vacancy rate of 0.0% and an average asking rent of \$52.00 per square foot in the I-287 West submarket.** The relatively high asking rents compared to other secondary markets are indicative of Westchester as a desirable area within the metropolitan region as well as the relatively high quality and class of its limited existing life sciences facilities. In fact, there are recent examples of biotechnology firms that were interested in establishing or expanding operations in the local market, but were forced to relocate elsewhere due to the lack of available space in Westchester County. Westchester County has an incubator associated with New York Medical College called BioInc, which is located on the Valhalla campus adjacent to North 60.

In addition to Regeneron Pharmaceuticals' campus, there is also the 260,000-square-foot Ardsley Park life science campus, owned by BioMed Realty Trust and home to Acorda Therapeutics. The campus has 80,000 vacant square feet. BioMed allegedly plans to upgrade approximately 20,000 square feet to accommodate a new life science incubator / accelerator.

Westchester County Life Sciences Developments

The Landmark at Eastview (Regeneron Headquarters)

Located on approximately 150 acres in Tarrytown is the Landmark at Eastview research park, which was developed on the former Union Carbide campus. It was formerly owned by BioMed Realty Trust Inc., which acquired the property from LCOR Inc. for \$98.5 million in 2007. Campus amenities include free parking, the bridge café, an on-site credit union and ATM, tennis courts, jogging trails, walking paths, and complimentary shuttle service to North White Plains and Tarrytown Metro North railroad stations. It is a 10-building campus.

The campus's major tenant (and now owner) is Regeneron Pharmaceuticals. Regeneron purchased the Landmark at Eastview from BioMed in 2017 for \$720 million. Other tenants include ICL IP Products, Momentive Performance Materials, Aerolase Corporation, Cohere Communications, ARMGO Pharma, and several other small tenants. As of today, the complex is reported to be fully leased. We have learned that Regeneron's expanding employee base has forced the company to lease

additional office space in Westchester until some of its campus's smaller tenants move out, or it constructs its expansion (discussed below). Additionally, Regeneron purchased a nearby building, 1 Rockwood Road, in 2017.

Regeneron Expansion Site

In April 2015, Regeneron purchased an undeveloped 100-acre parcel adjoining The Landmark at Eastview from Eastview Holdings LLC (controlled by Argent Ventures) for \$73 million. Prior to the sale, Greenburgh town officials rezoned the property as a planned economic development district, which allows for a broad range of uses including research and development, office buildings, retail, restaurants, banks, recreation facilities, higher education facilities, hotels, and conference centers. In 2015, Regeneron unveiled long-term plans to potentially double the size of its headquarters facility over the next ten years, and increase its employee count by 2,500 over the next five years. The proposed expansion consists of nine new buildings, ranging from 40,000 to 280,000 square feet and totaling more than one million square feet in a "village-like" environment. Most recently, in November of 2017, Regeneron received approval from the Town of Greenburgh to construct one million square feet spread across 5 buildings and 30 acres of land, which would increase the campus's square footage by 50%. The structures would also include subgrade parking. The plan is still pending design review.



Entire colored area is 100-acre parcel purchased by Regeneron in 2015. Orange area is proposed expansion area.

(Photo: EYP Architecture & Engineering/Regeneron)

Source: *The Journal News Media Group*

Further upstate, Regeneron went public in 2018 with plans to spend \$800 million to expand its facilities in Rensselaer County, NY. The initiative would create 1,500 new full-time jobs. New York State may award up to \$140 million in incentives to support the expansion.

Ardsley Park (Acorda Therapeutics Headquarters)

The Ardsley Park life science campus comprises four buildings with a total of approximately 260,000 square feet of laboratory and office space, as well as an additional 500,000 square feet of future redevelopment and development potential. The four-building campus originally was built in 1956 for Swiss pharmaceutical company Ciba-Geigy, which occupied the campus through 1995 (until its merger with Sandoz to create Novartis in 1996). Purdue Pharma then purchased the property in phases before vacating it in 2005. OSI Pharmaceuticals purchased the property for \$27 million in 2009 to serve as the company's new headquarters, consolidating operations from other locations in Long Island, New Jersey and Colorado, but those plans were cancelled after OSI was acquired by a larger, Japanese firm (Astellas Pharma) in mid-2010. In 2011, BioMed Realty Trust purchased the campus for approximately \$18.0 million and subsequently completed an approximate year-long renovation of the property, bringing its total investment in the property to an estimated \$36.0 million.

In conjunction with BioMed's acquisition and planned renovation of the Ardsley Park life science campus, Acorda Therapeutics agreed to lease approximately 138,000 square feet of laboratory and office space within the campus for a 15-year period beginning in mid-2012. Acorda partnered with Empire State Development, the Westchester County Industrial Development Agency (IDA), the New York State Energy Research and Development Authority (NYSERDA), and Westchester County to develop an economic incentive package to make the relocation economically feasible, including tax credits of up to \$5.2 million as part of the New York State Excelsior Jobs Program (an employment-creation initiative administered by Empire State Development), as well as various tax credits of up to \$1.15 million through the County of Westchester IDA as well as additional incentives through NYSERDA.

Today, Ardsley Park has about 80,000 vacant square feet. Reportedly, BioMed Realty plans to renovate the space and reposition 20,000 square feet as a new incubator or accelerator.

BioInc@NYMC

As mentioned previously in the report, BioInc@NYMC was launched at New York Medical College in October 2014, occupying a 10,000-square-foot wing of the 129,000-square foot building at 7 Dana

Road. The biotech incubator can support approximately 10 tenants at any given time. Today, there are 12 tenants in place, the largest of which is Phillips, the technology giant that has been branching out to explore life science innovation opportunities. Resident companies at BioInc may access many of the resources on New York Medical College's campus, including a live-animal vivarium and an outpatient clinical trials unit.

NEW YORK CITY LIFE SCIENCE MARKET

New York City has an emerging life sciences market that is supported by the City's strong medical and academic communities. New York City has the most developed medical infrastructure in the nation with over 50 hospitals and additional research centers. In contrast to the City's public hospitals and hospitals in other boroughs such as Brooklyn that have struggled in recent years, Manhattan's top tier medical institutions (particularly on Manhattan's East Side) are significantly expanding as they compete for patients and research funding. Several hospitals and other medical institutions, including Mount Sinai Hospital, New York University (NYU) Langone Medical Center, Memorial Sloan-Kettering Cancer Center, The Hospital for Special Surgery, Weill Cornell Medical College, Rockefeller University, and the Manhattan Eye, Ear and Throat Hospital have recently completed renovations and expansions of their existing facilities, and/or development of new facilities.

New York City also has the largest concentration of major academic medical centers, including Columbia University, Weill Cornell Medical College, New York University, Albert Einstein College of Medicine, and The Rockefeller University.

A 2016 report released by The Partnership Fund for New York City, titled *New York's Next Big Industry: Commercial Life Sciences*, explores New York City's life sciences industry and concludes that the City is uniquely well positioned to develop a world class life sciences industry cluster. More specifically, The Partnership Fund estimates that the life sciences industry in the New York metropolitan region could potentially double in terms of jobs and economic output over the next decade. However, this opportunity will require strategic public and private programs and investments, in a collaborative effort between State and City government, institutional leadership (especially trustees of major medical research institutions), and the City's investment and philanthropic communities, in order to strengthen the City's "innovation capacity" – or ability to translate academic life sciences research into commercial products and services - over the next several years.

The report, which was prepared in conjunction with Dr. Susan Windham-Bannister, founding CEO of Biomedical Growth Strategies LLC, and with KPMG, makes note that while New York has been a leader in life science discoveries and patents, it has lagged other markets like Massachusetts and California in terms of capturing life sciences jobs and capital investment. As a case in point, the report notes that many of the world's largest biotech companies, such as Amgen, Progenics, and Millennium, to name a few, were built on discoveries that were made at New York institutions, yet their operations and employees are located elsewhere. Based on its modeling, it was calculated that

if commercial activity in Downstate New York (defined as New York City, Westchester County, and Long Island) were on a par with its NIH funding, the region would realize an additional 18,000 to 25,000 jobs and \$2.2 billion to \$3.1 billion of additional economic activity, with overall growth of the life sciences sector in the range of 62 to 89 percent. To demonstrate this schism, in 2018, while Greater Boston generated \$1.77 of venture capital for the life sciences industry for every \$1.00 of federal NIH funding it received, New York City generated only \$0.17 of venture capital for every \$1.00 of federal NIH grants.

New York City Life Science Assets

While New York has lagged other regions in life sciences job creation and economic output relative to its NIH funding, given its many strong market fundamentals, it still has the opportunity to build a significant life sciences industry cluster. New York City supports one of the world's largest concentrations of life science research institutions, world-class universities, disease-focused foundations, health care service providers, and proximity to major pharmaceutical operations. Some of New York City's key strengths and assets are listed below.

- **Academic Institutions:** In 2015, institutions along the "First Avenue Medical Corridor" in Manhattan were awarded over \$556 million of NIH funding, representing 37 percent of the State total. Post-doctoral scientific researchers based at New York City universities account for seven percent of the national total - second only to the Boston market with 10 percent.

With its competitive strengths in biology, oncology, genomics, and information technology, New York has the unique intellectual resources to be at the forefront of the latest scientific advances including personalized / precision medicine, specialty drugs, gene-targeted therapies, and testing for the genetic abnormalities associated with orphan diseases. The partnership between IBM Watson and the New York Genome Center serves as a high-profile example of the growing synergy between information technology and life sciences.

Despite these resources, however, in contrast to academic institutions in Boston and California which more typically have entrepreneurial cultures that encourage their faculty and post-doctoral students to commercialize their research, New York institutions tend to license their patents to third parties. Thus, to assist academic researchers in New York City who want to commercialize their research by starting a company, the City needs more programs that provide funding and access to investors, mentors, incubator space, and relevant services, including talent that can manage the formation and growth of startup life sciences companies.

- **Proximity to Pharmaceutical Companies:** There is a high concentration of leading pharmaceutical companies, including Bayer, Bristol Myers, Johnson & Johnson, Merck, Novartis and Pfizer, located within the New York-New Jersey metropolitan region. These “big pharma” companies represent potential partners with startup companies for clinical development, marketing and distribution of new drugs.

Furthermore, in recent years, leading pharmaceutical companies Eli Lilly Oncology, Pfizer, and Roche Pharmaceuticals have located new hubs in New York City (at the Alexandria Center for Life Sciences in Manhattan). In 2011, when Pfizer opened its Center for Therapeutic Innovation at Alexandria Center, it also signed a collaboration agreement with seven local academic medical centers, indicative of the positive influence of the City’s significant academic medical community.

- **New Real Estate Entrants:**

- In 2010, Alexandria Real Estate Equities opened the **Alexandria Center for Life Science** in Manhattan, which serves as the flagship location for New York City’s expanding life sciences sector. It includes an incubator, Alexandria LaunchLabs, which has 15,000 square feet of lab and office space that houses 20 startup companies, each of which pays as little as \$1,995 per month. LaunchLabs is supported by a seed fund setup by Alexandria. In late 2018, Alexandria and the New York City Economic Development Corporation finalized an agreement for the third phase of the Alexandria Center for Life Science, which will bring the complex’s total square footage to 1.3 million.

Separately, Alexandria also recently (June 12th, 2019) announced a plan to sponsor another Alexandria LaunchLabs in partnership with Columbia University. The incubator will occupy 14,000 square feet at the Lasker Biomedical Research Building located at 3960 Broadway in Washington Heights, Manhattan.

- **Harlem Biospace** opened in 2013 and houses 20 seed stage companies within its 2,500 square feet on the first floor of the “Sweets Building,” located at 423 West 127th Street. Rent for space is listed as \$995 per month for a minimum six-month commitment. The building’s developer, Janus Property Group, has also redeveloped two adjacent buildings (with one more in progress) to create “The Factory District.” The project currently under construction, the Taystee Lab Building, will include 350,000 square feet of new laboratory space. Harlem Biospace was founded by

Samuel Sia, Ph.D., a faculty member at Columbia University's Department of Biomedical Engineering, with financial support from the New York City Economic Development Corporation (NYCEDC). A sample of current Harlem Biospace tenants include Advansta, Biogelx, and True Synthesis.

- In 2017, Cornell University and the Technion Israel Institute of Technology opened the first, 5-acre phase of **Cornell Tech**, a 12-acre technology campus situated on Roosevelt Island. The joint venture between the two universities was the result of a request for proposals for an applied sciences campus issued by the City of New York in 2011 that drew international attention. The campus offers multiple degree programs, as well as incubator space for a wide range of technology start-ups, including life science firms. In addition to academic and institutional buildings, the campus features a 352-unit apartment building dubbed "The House" and will soon be home to a 196-key hotel.
- **Cambridge BioLabs**, a successful accelerator program, has established a New York City subsidiary. It has approximately 30,000 square feet at 180 Varick Street, a collaboration with NYU Langone.
- Fortune 500 firm Johnson & Johnson supports a network of incubators called **JLABS**. A new location opened in NYC in June of 2018 at 101 Avenue of the Americas. It is collaborating with New York State and the New York Genome Center, and supports the "QuickFire Challenge," a competition for one-year residency at JLABS.
- Medical fund manager Deerfield recently purchased **345 Park Avenue South** in Manhattan from RFR Holdings. Deerfield plans to renovate and convert the 300,000-square-foot office building for laboratory use, and for use as the company's new headquarters. The property is near the Alexandria Center for Life Science.
- While the City's restrictive zoning, arduous permitting requirements, and high development costs are barriers to building new supply, the City has older industrial and publicly-owned buildings that can be redeveloped into lab space at a substantially lower cost and more quickly than new construction. Indicative of this:
 - Silverstein Properties and Taconic Investment Partners invested \$20 million to create the **Hudson Research Center** at 619 West 54th Street, which includes

tenants such as the New York Stem Cell Foundation and the Rogosin Institute;

- GFP Real Estate has teamed up with Boston-based King Street Properties to reposition an approximately 125,000 square foot warehouse at **45-18 Court Square West** in Long Island City as life science space;
 - Vornado has been actively marketing its 767,000 square foot building adjacent to Penn Station, the former **Farley Post Office**, to life science tenants.
 - As noted above, Janus Property Group is developing the Factory District in Harlem. The **Taystee Lab Building** will feature 350,000 square feet of laboratory space.
-
- **Disease-Focused Foundations:** Almost half of the top 35 disease-focused foundations are headquartered in the New York metropolitan region, awarding a combined \$400+ million in research funding annually.
 - **Supportive Local Government:** In an effort to foster creative breakthroughs, strengthen the City's tax base, and create new jobs for New Yorkers, Mayor Bill de Blasio announced a plan to invest \$500 million through various funding mechanisms to support the life sciences in NYC. Known as LifeSciNYC, the program's funds include \$100 million for a new Applied Life Sciences Hub and \$300 million in tax incentives to support commercial laboratory development, in addition to funding for education programs and other initiatives. The City is currently reviewing proposals from developers to build the new Applied Life Sciences Hub, which must house at least 300,000 square feet.
 - **Small but Growing Number of Successful Life Sciences Companies:** A number of successful life sciences companies have been built in the metropolitan region, including Regeneron and Acorda in Westchester County, and more recently, Ophthotech, Intercept Pharma, and Intra-cellular Therapies in New York City.
 - **Specialized Professionals:** New York City offers a unique depth and diversity of professional services that specialize in the life sciences industry, including legal, financial, public relations, management consulting and accounting firms.

There is currently an increasing and unprecedented level of interest from global pharmaceutical companies, venture capitalists, real estate developers, and leading life sciences entrepreneurs in New York's burgeoning life sciences industry. At the same time, however, there is increasing competition from well-established clusters such as Greater Boston and the Northern California Bay Area, which continue to grow in size, as well as from other emerging life sciences clusters. Many states, including nearby New Jersey and Pennsylvania, offer deep incentive packages to recruit life science companies, whereas New York State's programs, by comparison, are lacking. As a result, in order for New York City and the metropolitan region to realize its potential to develop a significant life sciences cluster, the effort must be supported by strong leadership from the public and private sectors, as well as aggressive public policy and marketing initiatives. Alternatively, New York City's challenges can be viewed as an opportunity for suburban offshoots such as Westchester County.

NOTABLE LIFE SCIENCE REAL ESTATE PROJECTS IN THE NEW YORK AREA

Alexandria Center for Science and Technology

The Alexandria Center for Science and Technology (formerly known as the East River Science Park) serves as the flagship location for New York City's expanding life sciences sector. The project by Alexandria Real Estate Equities in collaboration with the New York City Economic Development Corporation (NYEDC) is located on a 3.5-acre City-owned site at 29th Street and First Avenue between Bellevue Hospital and NYU Medical Center. The state-of-the-art research and development campus is home to pharmaceutical, bioscience, technology, and medical device firms. The development currently consists of two buildings. The first 310,000-square-foot, 15-floor, LEED Gold building opened in 2010 and includes a winter garden, restaurant, café, conference center, and several floors of chemical and biological laboratories and office space. The building was fully leased at completion; the largest tenants include the NYU Neuroscience Institute, Pfizer, and Eli Lilly Oncology. A second 419,000-square-foot building opened in early-2014 and is anchored by Swiss biotech company Roche Pharmaceuticals, which relocated from New Jersey. The building also houses Alexandria *LaunchLabs*, an incubator discussed elsewhere in this section.

In late 2018, Alexandria finalized an agreement with the New York City Economic Development Corporation to construct a third building on the site, which will bring the complex's total square footage to approximately 1.3 million square feet.

Downstate Biotechnology Incubator

The Downstate Biotechnology Incubator, located adjacent to the State University of New York (SUNY) Downstate Medical Center in Flatbush in central Brooklyn, provides modular wet lab / office space generally ranging from 400 to 1,200 square feet geared towards smaller start-up and early-stage biotech companies. The first phase of 11,000 square feet opened in 2004, and a second phase of 13,000 square feet opened in 2006. A third and final phase of 26,000 square feet most recently opened in 2015, bringing the facility to a total of 50,000 square feet. The project was sponsored by the SUNY Downstate Medical Center, spearheaded by Eva Cramer, a professor of cell biology, in partnership with the New York City Economic Development Corporation. Today, the Downstate Biotechnology Incubator reportedly houses approximately 30 companies.

BioBAT

SUNY Downstate also partnered with the New York City Economic Development Corporation and the SUNY Research Foundation to create BioBAT, Inc. within the Brooklyn Army Terminal in Sunset Park in South Brooklyn. BioBAT is targeted to more mature biotech companies that have outgrown incubator space. A first phase of 38,000 square feet was completed in November 2008, anchored by the International AIDS Vaccine Initiative, which is funded in part by the Bill and Melinda Gates Foundation. A second phase of 85,000 square feet was subsequently completed in 2014, and a third phase of 401,000 square feet is nearly complete, bringing the facility total to 524,000 square feet. Annual rents at BioBAT are approximately \$30 per square foot. In addition to anchor tenant IAVI, there are seven other biotech tenants leasing space at BioBAT, including Calder Biosciences and Allied Microbiota.

The New York Genome Center

It is also noted that in 2012, in Midtown South's Hudson Square District, The New York Genome Center signed a 20-year, 170,000-square-foot lease at 101 Avenue of the Americas to establish the largest genetic sequencing facility in New York City; the reported rent for the space was approximately \$70.00 per square foot. Among the backers of the Genome Center are Columbia University, Northwell Health (formerly known as NorthShore-LIJ), New York University/NYU School of Medicine, Mount Sinai Medical Center and Cornell University/Weill Cornell Medical College. Johnson & Johnson's JLABs now occupies a portion of the Center.

New York Center for Innovation (Rockland County)

In November 2015, Industrial Realty Group, LCC, a California-based real estate development and investment firm, announced its purchase of more than 2 million square feet and 200 acres of the Pfizer campus in Pearl River in Rockland County, New York. Industrial Realty Group's vision for the site was for redevelopment into a "dynamic mixed use, multi-tenant campus." The purchase included approximately 38 buildings of laboratory, manufacturing, office and support spaces. Pfizer retained approximately 500,000 square feet, and also leases back approximately 1.2 million square feet from Industrial Realty Group.



AERIAL VIEW OF PFIZER CAMPUS, ROCKLAND COUNTY, NY

After implementing several capital improvement projects, the campus was officially renamed the “New York Center for Innovation.” Since then, it has successfully attracted a handful of tenants, many of them relocating from New Jersey. These new tenants include Profectus BioSciences, Sanofi, Urban Electric Power, and NuBiyota.

While the potential redevelopment of the Pfizer campus into a mixed-use campus including biotechnology space represents potential regional competition, it is our opinion that North 60 is a significantly more desirable site for life science and related uses.

The projects profiled above demonstrate that there is substantial interest from private and institutional players in building real estate catering to the life science industry in the New York area. As such, North 60 already has extant competition in the New York area, though we believe that it has the potential to effectively contend with existing and under development life science real estate projects due to the desirability of its location and the County’s strength as an existing cluster.

LIFE SCIENCE RENT COMPARABLES

Prior to Regeneron's purchase of the Landmark at Eastview, BioMed Realty developed two new build-to-suit lab and office buildings (785 and 795 Old Saw Mill River Road) totaling a combined 297,000 square feet, which were 100% pre-leased to Regeneron Pharmaceuticals for a 14-year lease term commencing October 1, 2015. The rent on this lease transaction was \$45.00 per square foot on a triple net basis. While the Regeneron lease is considered to be indicative of the achievable rent for the life science space proposed for the North 60 site, it is also important to note that Regeneron was an in-place tenant looking to expand with no existing options in the Westchester market. Thus, the lack of availability may have placed upward pressure on the rent.

In addition to the recent Regeneron lease, we also surveyed comparable lease transactions within the greater Northeast and Mid-Atlantic regions of the U.S., including in northern and central New Jersey; Philadelphia, Pennsylvania; Baltimore, Maryland; and Cambridge, Massachusetts. The comparable leases, outlined in Table 25, reflect base rents ranging from a low of \$25.00 per square foot to a high of \$90.00 per square foot. The low end of the range is represented by a relatively short-term (five-year) lease for 6,956 square feet within an older (built 1986), Class B building located in Monmouth Junction in the Princeton area of central New Jersey, while the high end of the range is represented by 3- and 10-year leases for over 100,000 square feet in Cambridge, Massachusetts. Notably, all of the leases signed in Cambridge (and Watertown) are markedly higher than those signed in New York and New Jersey.

Conversations with brokers suggest that life science space at North 60 could achieve rents of approximately \$35.00 per square foot on a triple net basis, depending on the tenant improvement package offered by Fareri Associates.

TABLE 25

Comparable Life Science Leases												
Property	Location	Year Built	Year Renovated	Building Occupancy	Building Class	Building Net Rentable Area	Tenant	Rate Type	Size (Sq. Ft.)	Start Date	Term (Years)	Lease Rate
Lab Building	Cambridge, MA	2002	-	100.0%	-	155,000	Confidential	NNN	146,000	4/14/2022	3	\$90.00
301 Binney Street	Cambridge, MA	2008	-	100.0%	A	417,290	Cyclerion Therapeutics	NNN	114,454	7/1/2019	10	\$90.00
Life Science	Cambridge, MA	2002	-	100.0%	A	303,000	Alnylam Pharmaceuticals	NNN	295,000	2/1/2019	15	\$67.00
Life Science	Cambridge, MA	2018	-	100.0%	A	164,000	Rubius Therapeutics	NNN	45,000	12/12/2018	8	\$78.00
Lab Building	Cambridge, MA	2017	-	100.0%	A	429,000	Confidential	MG	18,000	10/1/2018	10	\$86.00
University Park at MIT	Cambridge, MA	1990	-	-	-	126,065	Confidential	NNN	27,083	2/15/2018	7	\$80.00
Linx	Watertown, MA	2017	-	100.0%	A	185,595	Exonics Therapeutics	NNN	66,052	11/1/2018	8	\$53.00
Fresh Pond Research Park	Cambridge, MA	1960	1994	100.0%	B	51,546	Life Biotechnologies	NNN	25,000	5/7/2018	6	\$55.00
Alexandria Science Building	Cambridge, MA	2001	-	-	B	52,916	Skinap Therapeutics	NNN	2,681	5/1/2018	3	\$70.00
Alexandria Technology Square	Cambridge, MA	1966	2012	100.0%	B	207,804	Warp Drive Bio	NNN	21,621	3/1/2018	5	\$74.50
University Park at MIT	Cambridge, MA	1922	2018	100.0%	A	102,877	Confidential	NNN	38,203	3/1/2018	10	\$78.00
Blackstone Science Square	Cambridge, MA	1901	-	72.0%	B	78,562	Vendanta Biosciences	NNN	3,143	1/1/2017	7	\$55.00
New York Center	Pearl River, NY	1990	-	18.0%	-	1,961,294	Profectus	NNN	32,000	5/1/2017	10	\$24.00
New York Center	Pearl River, NY	1990	-	18.0%	-	1,961,294	Protein Sciences	NNN	76,051	4/1/2017	7	\$23.00
Landmark I	Tarrytown, NY	1968	1999	98.0%	-	-	Regeneron	NNN	20,928	1/1/2016	9	\$31.10
Center 78	Warren, NJ	1982	2012	88.0%	A	371,400	GlaxoSmithKline	NNN	144,536	3/1/2016	11	\$27.00
300 Massachusetts Ave	Cambridge, MA	2016	-	94.0%	A	250,000	Millennium Pharmaceuticals	NNN	229,000	3/1/2016	15	\$61.50
Landmark II	Eastview, NY	2014	-	100.0%	-	297,000	Regeneron	NNN	297,000	10/1/2015	14	\$45.11
Princeton Corporate Plaza	Monmouth Junction, NJ	1986	-	93.0%	B	59,940	Klus Pharma	NNN	6,956	9/15/2015	5	\$25.00

Source: Colliers International; compiled by Weitzman Associates, LLC

LIFE SCIENCE REAL ESTATE DEMAND ANALYSIS

Weitzman has conducted a detailed demand analysis in order to effectively understand the market for life science real estate at North 60. The methodology behind this analysis involves (1) projecting employment growth in the life science industry on a national basis, followed by (2) analyzing Westchester County's "fair share" of projected employment growth. Next, we (3) applied a square-foot-per-employee multiplier to translate employment growth into real estate demand, and (4) calculated how much of the demand in Westchester County must be captured by North 60 for its buildings to be leased / its space to be absorbed, accounting for incoming supply from competitive pipeline projects.

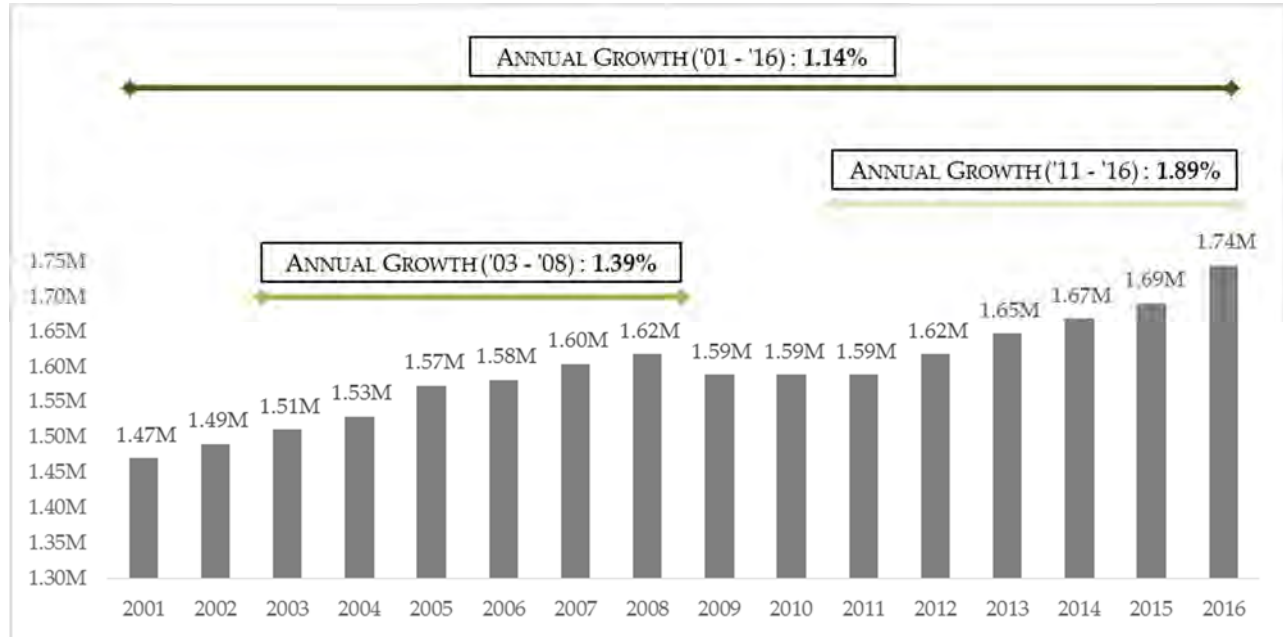
We should note that, while we stand by the empirical nature of our analysis, the life science industry is undergoing dramatic transformation. For example, the trend of decreasing square feet of space per life science employee may persist. Further, no one knows when the next economic downturn will occur, which will likely limit venture capitalists' ability to fund new ventures, thereby reducing the demand for life science real estate. In short, it is impossible to account for events that have yet to occur, and, as such, we recommend refreshing the demand study in a few years' time.

Historic Life Science Employment in the United States

As noted above, life science employment in the United States has experienced a healthy rate of growth that has outpaced the country's economy overall. **From 2001 to 2016, life science employment increased from 1.47 million jobs to 1.74 million jobs.** During this time period, the United States (and the world at large) suffered from the impact of the Great Recession, which caused life science employment to decline by about 2% from 2009 to 2011. The industry, however, rebounded to its pre-Recession levels quickly.

In order to project future employment growth in the life sciences, we considered the compounded annual growth the industry experienced over three time periods: 2001-2016, 2003-2008, and 2011-2016. **These time periods represent long-term growth in light of a recession, pre-Recession growth, and post-Recession growth, respectively. The resulting compounded annual growth rates are 1.14%, 1.39%, and 1.89%.**

CHART: LIFE SCIENCE EMPLOYMENT IN THE UNITED STATES (2001-2016)



Sources: TEconomy; Bureau of Labor Statistics; analysis conducted by Weitzman Associates, LLC

Projected Life Science Employment in the United States

Based on the analysis of historic life science employment growth in the United States above, we have used the three computed annual growth rates to project life science employment through the year 2029. Due to a lack of updated data on a national basis, the years 2017 and 2018 are included in this projection, rather than cited as historical fact.

TABLE 26

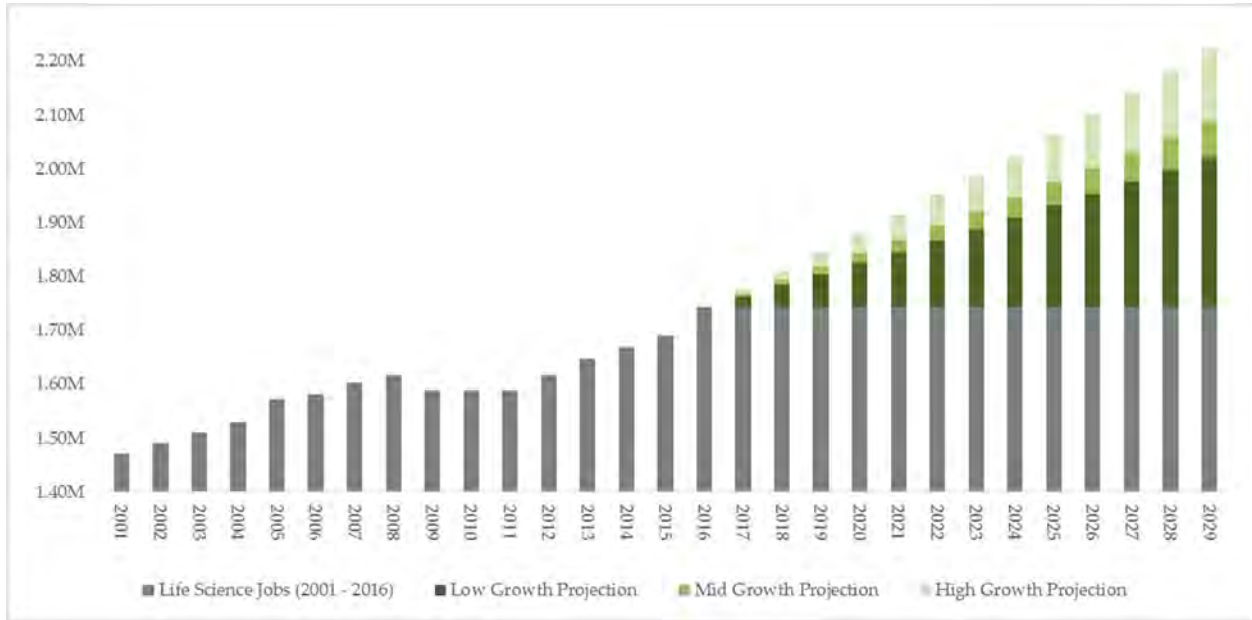
US Life Science Employment (2001 - 2029)			
Year	Projection (Low)	Projection (Mid)	Projection (High)
2001	1,470,400	1,470,400	1,470,400
2002	1,490,000	1,490,000	1,490,000
2003	1,509,600	1,509,600	1,509,600
2004	1,529,200	1,529,200	1,529,200
2005	1,573,300	1,573,300	1,573,300
2006	1,580,700	1,580,700	1,580,700
2007	1,602,800	1,602,800	1,602,800
2008	1,617,500	1,617,500	1,617,500
2009	1,588,000	1,588,000	1,588,000
2010	1,588,000	1,588,000	1,588,000
2011	1,588,000	1,588,000	1,588,000
2012	1,617,500	1,617,500	1,617,500
2013	1,646,900	1,646,900	1,646,900
2014	1,668,900	1,668,900	1,668,900
2015	1,691,000	1,691,000	1,691,000
2016	1,743,900	1,743,900	1,743,900
2017	1,763,900	1,768,100	1,776,900
2018	1,784,000	1,792,700	1,810,500
2019	1,804,400	1,817,600	1,844,700
2020	1,825,100	1,842,900	1,879,500
2021	1,845,900	1,868,500	1,915,100
2022	1,867,100	1,894,400	1,951,300
2023	1,888,400	1,920,800	1,988,200
2024	1,910,000	1,947,400	2,025,700
2025	1,931,900	1,974,500	2,064,000
2026	1,954,000	2,001,900	2,103,000
2027	1,976,300	2,029,800	2,142,800
2028	1,998,900	2,058,000	2,183,300
2029	2,021,800	2,086,500	2,224,600
Growth (2019 - 2029)	217,400	268,900	379,900

Shades values are projected.

Sources: TEconomy; Bureau of Labor Statistics; analysis by Weitzman Associates, LLC

Weitzman's analysis suggests that, today, there are approximately 1.8 million life science jobs throughout the United States. **The low, mid, and high projections conclude that by 2029 there will be between 2.02 million and 2.22 million life science jobs.** This equates to 217,400 to 379,900 new jobs created between 2019 and 2029.

CHART: US LIFE SCIENCE EMPLOYMENT PROJECTION (2001-2029)



Sources: TEconomy; Bureau of Labor Statistics; analysis conducted by Weitzman Associates, LLC

Westchester County's "Fair Share" of Life Science Employment

A "fair share" analysis is predicated on the assumption that a given market's competitive position will remain constant in the future. In reality, there are myriad economic forces, governmental policies, and private actors that shape the future of a given industry or place. However, the complexity is challenging (perhaps impossible) to empirically account for, so a fair share analysis presents a reasonable basis upon which to plan for the future.

In order to calculate Westchester County's fair share of life science employment, Weitzman has estimated the County's current number of life science jobs. We utilized the same methodology as TEconomy, which defined life science employment based on 24 six-digit NAICS codes grouped into 5 categories, as noted earlier in this section. The analysis concludes that Westchester supported approximately 10,000 life science jobs in 2018. Given the previously noted estimate that the United States currently has 1.8 million life science jobs, **Westchester County's fair share of life science employment is 0.56%.**

TABLE 27

Westchester County's "Fair Share" of Life Science Jobs	
Estimated Total US Life Science Jobs (2019)	1,800,000
Estimated Life Science Jobs in Westchester County (2019)	10,000
Westchester County's "Fair Share"	0.56%

Based on Westchester County's fair share of life science employment, it can be assumed that 0.56% of new life science jobs will accrue to the County. As such, by 2029, Westchester County can expect to gain between 1,340 and 2,290 jobs over the 2018 estimate, depending on how quickly the life science industry expands.

TABLE 28

Westchester County Life Science Employment Projection (2018 - 2029)			
Year	Projection (Low)	Projection (Mid)	Projection (High)
2018	10,000	10,000	10,000
2019	10,110	10,140	10,190
2020	10,230	10,280	10,380
2021	10,350	10,420	10,580
2022	10,470	10,560	10,780
2023	10,590	10,710	10,980
2024	10,710	10,860	11,190
2025	10,830	11,010	11,400
2026	10,950	11,160	11,620
2027	11,080	11,320	11,840
2028	11,210	11,480	12,060
2029	11,340	11,640	12,290
Growth (2018-2029)	1,340	1,640	2,290

Shades values are projected.

Source: Analysis by Weitzman Associates, LLC

Westchester County Life Science Real Estate Demand (Square Footage)

Based on the employment projection above, the next step of the analysis requires applying a usable square-feet-per-employee multiplier to calculate the implied demand for life science real estate. Jones Lang LaSalle notes that square footage per life science employee has shrunk in recent years

when new developments are compared to older ones. As of 2018, new Class A life science developments allocate 371 usable square feet per employee, compared to 499 square feet in older Class A/B properties (a decrease of 26%). Conversations with construction, design, and brokerage professionals, however, suggest that the multiplier has contracted even further to approximately 325 usable square feet, and that this trend will continue. For the purposes of providing a conservative, future-looking estimate, Weitzman has used 300 usable square feet per employee. This accounts for the fact that many of the new life science jobs being created are by early-stage companies that typically operate on a small laboratory footprint.

Application of the square footage multiplier to the employment growth projections above results in demand for 402,000 to 687,000 square feet between 2019 and 2029. This equates to demand for approximately 40,200 to 68,700 square feet per year.

TABLE 29

Westchester County Life Science Real Estate Demand (in square feet)			
Year	Projection (Low)	Projection (Mid)	Projection (High)
2019	33,000 SF	42,000 SF	57,000 SF
2020	36,000 SF	42,000 SF	57,000 SF
2021	36,000 SF	42,000 SF	60,000 SF
2022	36,000 SF	42,000 SF	60,000 SF
2023	36,000 SF	45,000 SF	60,000 SF
2024	36,000 SF	45,000 SF	63,000 SF
2025	36,000 SF	45,000 SF	63,000 SF
2026	36,000 SF	45,000 SF	66,000 SF
2027	39,000 SF	48,000 SF	66,000 SF
2028	39,000 SF	48,000 SF	66,000 SF
2029	39,000 SF	48,000 SF	69,000 SF
Demand (2019-2029)	402,000 SF	492,000 SF	687,000 SF
Square Feet / Year	40,200 SF	49,200 SF	68,700 SF

Source: Analysis by Weitzman Associates, LLC

Impact of Pipeline Projects (New Supply)

There are currently two notable Westchester life science real estate projects in the pipeline. Ardsley Park has 80,000 usable square feet of vacant space, which the owner, BioMed, plans to renovate and lease. This renovation will likely happen imminently and the space will hit the market far in advance

of North 60. As such, **we have assumed that Ardsley Park will capture 80,000 square feet of life science demand.**

Regeneron's plans to build a one million square foot expansion could become a significant threat to North 60. However, at this time, the expansion's development schedule is unclear. Further, sources have suggested that Regeneron will occupy all one million square feet for its own use, rather than leasing it to other life science firms. As a result, at this time we have to disregard it as a competitive pipeline project. However, as more details become public, the impact of Regeneron's expansion must be reconsidered.

Based on our awareness of pipeline projects (specifically BioMed's soon-to-be-renovated 80,000 square feet at Ardsley Park), net demand for life science space ranges between 322,000 to 607,000 usable square feet from 2019 to 2029.

TABLE 30

Westchester County Life Science Real Estate Demand (2019-2029)			
Year	Projection (Low)	Projection (Mid)	Projection (High)
Demand (2019-2029)	402,000 SF	492,000 SF	687,000 SF
Known Pipeline Projects	80,000 SF	80,000 SF	80,000 SF
Net Demand ('19 - '29)	322,000 SF	412,000 SF	607,000 SF
Square Feet / Year	32,200 SF	41,200 SF	60,700 SF

Sources: BioMed Realty; local brokers; analysis by Weitzman Associates, LLC

We have assumed that Ardsley Park's 80,000 vacant square feet will capture 100% of demand during the earliest years of our demand projection. As such, we have adjusted the demand schedule per the following table.

TABLE 31

Westchester County Life Science Real Estate Demand (2019-2029), adjusted for the impact of Ardsley Park			
Year	Projection (Low)	Projection (Mid)	Projection (High)
2019	0 SF	0 SF	0 SF
2020	0 SF	4,000 SF	34,000 SF
2021	25,000 SF	42,000 SF	60,000 SF
2022	36,000 SF	42,000 SF	60,000 SF
2023	36,000 SF	45,000 SF	60,000 SF
2024	36,000 SF	45,000 SF	63,000 SF
2025	36,000 SF	45,000 SF	63,000 SF
2026	36,000 SF	45,000 SF	66,000 SF
2027	39,000 SF	48,000 SF	66,000 SF
2028	39,000 SF	48,000 SF	66,000 SF
2029	39,000 SF	48,000 SF	69,000 SF
Demand (2019-2029)	322,000 SF	412,000 SF	607,000 SF
Square Feet / Year	32,200 SF	41,200 SF	60,700 SF

Shaded cells represent years during which Ardsley Park's 80,000 square feet will be absorbed. Shaded and patterned cells represent partial years.

Source: Analysis by Weitzman Associates, LLC

North 60's Development Schedule and Phase 1 Absorption

The exact development schedule of North 60's Phase 1 is still undetermined. For the purposes of this analysis, we have discussed the preliminary timeline with Fareri Associates. Fareri currently projects that approvals for the project can be secured by July of 2020, at which point construction of Phase 1 would commence. **Construction plus space fit-out should take approximately 18-20 months, such that the first life science spaces will be open to tenants in early 2022.**

Phase 1 of North 60 is currently required to include approximately 200,000 gross square feet of space for life science tenants. However, this gross square footage figure must be converted to usable (or net / leasable) square footage. Conversations with construction and leasing professionals indicate that 65% is an appropriate conversion factor to assume.⁸ As such, **the 200,000 gross square feet of life science space is equivalent to 130,000 square feet of usable space.**

Assuming that Fareri Associates is able to begin pre-leasing space and capture 75% of life science demand in Westchester County (due to other competitive projects potentially entering the market), **it would take 35 to 57 months' worth of demand to fully lease the 130,000 usable square feet. As such, the buildings would be fully leased sometime between 2023 and 2026.**

⁸ The gross-to-usable square footage factor of 65% will vary depending on the type of life science use in the building.

TABLE 32

North 60 Phase 1 Absorption (at a 75% Capture Rate)			
Year	Projection (Low)	Projection (Mid)	Projection (High)
2019	0 SF	0 SF	0 SF
2020	0 SF	3,000 SF	25,500 SF
2021	18,750 SF	31,500 SF	45,000 SF
2022	27,000 SF	31,500 SF	45,000 SF
2023	27,000 SF	33,750 SF	45,000 SF
2024	27,000 SF	33,750 SF	47,250 SF
2025	27,000 SF	33,750 SF	47,250 SF
2026	27,000 SF	33,750 SF	49,500 SF
2027	29,250 SF	36,000 SF	49,500 SF
2028	29,250 SF	36,000 SF	49,500 SF
2029	29,250 SF	36,000 SF	51,750 SF
North 60 Demand (2019-2029)	241,500 SF	309,000 SF	455,250 SF
Square Feet / Year	21,955 SF	28,091 SF	41,386 SF
Phase 1 Lease-Up Time	57 months	48 months	35 months

Shaded cells represent the years of demand that North 60's Phase 1 (130,000 usable square feet) could absorb, assuming it captures 75% of the market. Shaded and patterned cells represent partial years.

Source: Analysis by Weitzman Associates, LLC

Long-Term Absorption — Future Phases of North 60 (Conservative Scenario)

Formulating a long-term absorption projection for a project of North 60's magnitude is challenging and relies upon a number of arguably extraordinary assumptions. We have assumed that:

- The low, mid, and high growth rates of life science employment in the United States will persist;
- Westchester County's fair share of life science employment will remain constant;
- Life science building design and the needs of life science tenants will not change;
- There will be no significant disruptions to the life science industry that would alter its reliance on real estate;
- Limited new supply will enter the market to compete with North 60; and
- None of the tenants who lease space at North 60 will vacate.

We are compelled to note these assumptions to make apparent the limitations of a long-term absorption projection, as it is highly unlikely that all of the above will remain constant or true over the next several decades. We consider this analysis to be a conservative scenario that projects North 60's long-term absorption.

Fareri Associates' proposal for the full build-out of North 60 would total 2 million gross square feet of life science space. Subtracting the 200,000 gross square feet built during Phase 1 leaves approximately 1.8 million square feet for future phases. Applying the same 65% gross-to-usable conversion factor mentioned above, this would equate to 1.17 million usable square feet. Assuming that usable space per employee (300 square feet) remains constant, life science employment in Westchester County would have to grow by approximately 3,900 jobs in order for there to be sufficient demand to fully lease future phases of North 60.

Following the same rationale employed to project the absorption timeline for Phase 1 of North 60, **we estimate it will take 285 to 470 months' worth of demand to fully lease all 1.3 million usable square feet of life science space at North 60. As such, the buildings would be fully leased sometime between 2044 and 2060.** The following table illustrates this absorption schedule.

TABLE 33

North 60 Full Build-Out Absorption (at a 75% Capture Rate) -- Conservative Scenario			
Year	Projection (Low)	Projection (Mid)	Projection (High)
2019	0 SF	0 SF	0 SF
2020	0 SF	3,000 SF	25,500 SF
2021	18,750 SF	31,500 SF	45,000 SF
2022	27,000 SF	31,500 SF	45,000 SF
2023	27,000 SF	33,750 SF	45,000 SF
2024	27,000 SF	33,750 SF	47,250 SF
2025	27,000 SF	33,750 SF	47,250 SF
2026	27,000 SF	33,750 SF	49,500 SF
2027	29,250 SF	36,000 SF	49,500 SF
2028	29,250 SF	36,000 SF	49,500 SF
2029	29,250 SF	36,000 SF	51,750 SF
2030	29,250 SF	36,000 SF	51,750 SF
2031	29,250 SF	36,000 SF	54,000 SF
2032	29,250 SF	38,250 SF	54,000 SF
2033	29,250 SF	38,250 SF	56,250 SF
2034	31,500 SF	38,250 SF	56,250 SF
2035	31,500 SF	38,250 SF	58,500 SF
2036	31,500 SF	40,500 SF	58,500 SF
2037	31,500 SF	40,500 SF	58,500 SF
2038	31,500 SF	40,500 SF	60,750 SF
2039	31,500 SF	40,500 SF	63,000 SF
2040	33,750 SF	42,750 SF	63,000 SF
2041	33,750 SF	42,750 SF	65,250 SF
2042	33,750 SF	42,750 SF	65,250 SF
2043	33,750 SF	42,750 SF	67,500 SF
2044	33,750 SF	45,000 SF	67,500 SF
2045	33,750 SF	45,000 SF	69,750 SF
2046	36,000 SF	45,000 SF	69,750 SF
2047	36,000 SF	45,000 SF	72,000 SF
2048	36,000 SF	47,250 SF	74,250 SF
2049	36,000 SF	47,250 SF	74,250 SF
2050	36,000 SF	47,250 SF	76,500 SF
2051	36,000 SF	49,500 SF	76,500 SF
2052	38,250 SF	49,500 SF	78,750 SF
2053	38,250 SF	49,500 SF	81,000 SF
2054	38,250 SF	51,750 SF	81,000 SF
2055	38,250 SF	51,750 SF	83,250 SF
2056	38,250 SF	51,750 SF	85,500 SF
2057	40,500 SF	51,750 SF	87,750 SF
2058	40,500 SF	54,000 SF	87,750 SF
2059	40,500 SF	54,000 SF	90,000 SF
2060	40,500 SF	54,000 SF	90,000 SF
Demand (2019-2060)	1,319,250 SF	1,706,250 SF	2,633,250 SF
Square Feet / Year	31,400 SF	40,600 SF	62,700 SF
Phase 1 Lease-Up Time	470 months	388 months	285 months

Shaded cells represent the years of demand that North 60 (1,300,000 usable square feet) could absorb, assuming it captures 75% of the market.

Shaded and patterned cells represent partial years.

Source: Analysis by Weitzman Associates, LLC

Other Considerations that Could Increase Westchester County and North 60's Market Share

It is important to note that while the demand analyses shown above are predicated upon Westchester County maintaining its fair share of life science employment, there are opportunities for the County to capture a disproportionate amount of life science employment:

- **Spillover Demand from Nearby Markets.** While the above demand analysis depends upon North 60's ability to capture demand generated in Westchester County, there is an opportunity for North 60 to capture demand from outside of Westchester County. For example, a recent study released by New York City Economic Development Corporation concludes that New York City will require the addition of 3 million square feet of life science space by 2025 to keep pace with demand. While some of this space is already under construction, it is unlikely that New York City will be able to supply all 3 million square feet by 2025 due to high land/property values and construction costs. As such, Westchester County could capture "spillover demand" from firms that desire to be located in New York City (or New Jersey or Long Island) but cannot find adequate space.
- **Highly Competitive Rent.** We have reviewed several of the life science clusters throughout the United States catalogued by JLL in order to understand how asking rent and other key metrics in urban centers compare to that of suburban submarkets. From reviewing four clusters (Greater Boston / Cambridge, Denver, Philadelphia, and Seattle-Bellevue), we have determined that suburban asking rents are approximately 40% less than their urban counterparts, while suburban vacancy is only 4.8% to 6.8% higher.

TABLE 34

Comparison of Urban vs. Suburban Life Science Markets			
	Rentable Supply (SF)	Asking Rent	Vacancy
Greater Boston / Cambridge			
Urban	10,967,000	\$75.48	3.0%
Suburban	3,100,000	\$48.06	12.7%
Difference	-71.7%	-36.3%	9.7%
Denver			
Urban	3,400,000	\$15.25	16.0%
Suburban	1,300,000	\$11.51	12.2%
Difference	-61.8%	-24.5%	-3.8%
Philadelphia			
Urban	2,300,000	\$38.00	3.3%
Suburban	5,200,000	\$13.51	6.7%
Difference	126.1%	-64.4%	3.4%
Seattle-Bellevue			
Urban	2,600,000	\$36.58	1.1%
Suburban	2,100,000	\$19.85	11.2%
Difference	-19.2%	-45.7%	10.1%
Average Difference	-6.7%	-42.8%	4.8%
Weighted Average Difference	-14.3%	-39.1%	6.8%

Source: JLL; analysis by Weitzman Associates, LLC

Given that vacancy in suburban markets is only slightly higher than that in urban ones, it is reasonable to conclude that North 60 can capture more demand from other surrounding areas if it offers rent at a substantial discount to New York City. Today, asking rents in Manhattan are approximately \$80 per square foot. Applying the 40% discount found elsewhere in the county would suggest that North 60's asking rent should not exceed \$48. In fact, it should likely be even lower, as asking rents in Long Island and New Jersey currently range from \$18 to \$25 per square foot.

- **Strong Marketing Campaigns.** It is mission-critical that Fareri Associates (with support from New York State, Westchester County, and the Town of Mt. Pleasant) execute a very strong marketing effort in order to define North 60 as a premier location for life science tenancy in the Northeast. A marketing campaign of this magnitude would also benefit from collaboration with key institutions in the area, such as Westchester Medical Center and New York Medical College. Several key points to publicize should include:
 - o North 60's laboratory space will be new, state-of-the-art construction coupled with retail space, amenities, and a hotel;

- o The presence of Westchester Medical Center, New York Medical College, and other local institutions provide opportunities for research collaboration and workforce recruitment;
 - o Proximity to New York City is a key driver of talent recruitment. Furthermore, North 60 is situated in an excellent location in the Northeast – it is a midpoint between Washington, D.C. and Boston.
 - o New York State has numerous incentive programs (outlined elsewhere in this report) designed to attract life science tenants.
- **Impact of Incentive Programs and Discretionary State Funding.** While New York State’s incentive programs are notably lacking when compared to nearby states such as New Jersey and Pennsylvania, North 60 is a project of tremendous magnitude and visibility that has the potential to draw outsized support from State government. Should Fareri Associates be able to lock down discretionary funding from Governor Andrew Cuomo, it would be capable of offering even more competitive rents, such that it will become an even more attractive destination for life science firms.

Long-Term Absorption — Future Phases of North 60 (Optimistic Scenario)

It is possible that Westchester County may be able to capture a disproportionately larger share of life science employment in the future. This may due to the four considerations listed above. However, more promisingly, **if North 60’s Phase 1 is successful, it may act as a catalyst that drives life science demand and attracts tenants to take up occupancy there.** As such, we have conducted a second analysis that puts forth an optimistic scenario for North 60’s long-term absorption.

The optimistic view of North 60’s long-term absorption is predicated upon the same assumptions as the conservative scenario, except that the success of Phase 1 will catapult growth in Westchester County’s market share of national life science employment. Due to a lack of historical precedent to inform this analysis, we have assumed that Westchester County’s market share of life science employment (currently 0.56%) will increase by 0.01% each year after the full lease-up of Phase 1 until stabilizing at 0.70%. **The optimistic absorption schedule suggests that it will take 171 to 251 months’ worth of demand to fully lease all 1.3 million usable square feet of life science space at North 60.** As such, the buildings would be fully leased sometime between 2034 and 2042.

The optimistic absorption schedule this analysis yields is as follows:

TABLE 35

North 60 Full Build-Out Absorption (at a 75% capture rate) -- Optimistic Scenario			
Year	Projection (Low)	Projection (Mid)	Projection (High)
2019	0 SF	0 SF	0 SF
2020	0 SF	3,000 SF	25,500 SF
2021	18,750 SF	31,500 SF	45,000 SF
2022	27,000 SF	31,500 SF	45,000 SF
2023	27,000 SF	33,750 SF	45,000 SF
2024	27,000 SF	33,750 SF	94,500 SF
2025	27,000 SF	87,750 SF	94,500 SF
2026	27,000 SF	81,000 SF	99,000 SF
2027	72,000 SF	83,250 SF	101,250 SF
2028	74,250 SF	83,250 SF	103,500 SF
2029	76,500 SF	85,500 SF	105,750 SF
2030	76,500 SF	87,750 SF	110,250 SF
2031	78,750 SF	87,750 SF	112,500 SF
2032	78,750 SF	92,250 SF	117,000 SF
2033	81,000 SF	92,250 SF	117,000 SF
2034	83,250 SF	94,500 SF	123,750 SF
2035	83,250 SF	99,000 SF	126,000 SF
2036	85,500 SF	99,000 SF	128,250 SF
2037	87,750 SF	101,250 SF	74,250 SF
2038	87,750 SF	49,500 SF	76,500 SF
2039	90,000 SF	51,750 SF	76,500 SF
2040	40,500 SF	51,750 SF	78,750 SF
2041	40,500 SF	51,750 SF	81,000 SF
2042	40,500 SF	54,000 SF	81,000 SF
Net Demand (2019-2042)	1,330,500 SF	1,566,750 SF	2,061,750 SF
Square Feet / Year	55,400 SF	65,300 SF	85,900 SF
Phase 1 Lease-Up Time	251 months	204 months	171 months

Orange shaded cells represent the years of demand that North 60's Phase 1 (130,000 usable square feet) could absorb, assuming it captures 75% of the market.

Green shaded cells represent the years of demand that North 60 (1,300,000 usable square feet) could absorb, assuming it captures 75% of the market. Green shaded and patterned cells represent partial years.

Source: Analysis by Weitzman Associates, LLC

Life Science Real Estate Demand Analysis Conclusion

While our research and analysis indicate that there is likely sufficient demand for North 60's Phase 1 to be absorbed in line with the preliminary construction schedule and terms currently set forth in the ground lease, it is far more uncertain when there will be enough demand to justify future phases. We take the position that with a concerted effort that works to ensure the success of Phase 1, the

optimistic absorption schedule presented above is achievable. However, we recommend that the lease be updated to allow for a more prolonged schedule in order for enough demand to be generated over time.



– HEALTHCARE MARKET ANALYSIS –

HEALTHCARE MARKET ANALYSIS

INTRODUCTION

In order to understand the potential for healthcare real estate development at North 60, we have prepared a comprehensive market analysis that reviews the healthcare industry at large and relevant real estate trends. Our study considers the healthcare sector from both a national and local perspective in order to contextualize North 60. We have organized the analysis as follows:

1. An Executive Summary of findings;
2. A summary of National Healthcare Trends;
3. An overview of the New York State and Westchester County Healthcare Markets;
4. A review of the New York State and Westchester County Healthcare Real Estate Markets;
5. A review of healthcare real estate rent comparables in Westchester; and
6. A Healthcare Real Estate Demand Analysis.

EXECUTIVE SUMMARY

- **The Changing Landscape of Healthcare.** The healthcare industry in the United States is undergoing an unprecedented period of disruption. The consolidation of hospital systems, the shrinking presence of private medical practices, the outsourcing of medical services, and the uptake of new medical technologies are changing the landscape for healthcare real estate and service delivery. However, in general, this has broadened the purview of healthcare real estate investors, who are generally not focusing on inpatient care facilities on a hospital campus, but rather on properties that are located near a hospital campus that provide outpatient care services and urgent care.
- **A Strong Healthcare Employment Base in Westchester.** Westchester County is well-served by healthcare professionals. The County currently supports over 61,000 healthcare jobs with an average annual wage of about \$65,000. Local to North 60, there are about 1,800 doctors within a 5-miles radius. In general, the market for healthcare professionals near North 60 is demonstrably saturated when benchmarked against other geographies.

- **A Significant Hospital Ecosystem in Westchester.** Westchester County has 16 hospitals totaling 4,130 beds, or 6.6% of the total number of hospital beds in New York State. The three hospitals closest to North 60 (Westchester Medical Center, White Plains Hospital, and Phelps Memorial Hospital) collected \$8.27 billion in patient revenue in 2017, the majority of which was for inpatient services. Roughly half of these hospitals' revenue stems from Medicare and Medicaid, and the balance from private insurance and patients' own financial means.
- **Medical Office Leasing in Westchester.** There are approximately 5 million square feet of medical office space in Westchester County. Within 5 miles of North 60, there are approximately 900,000 square feet. Rental rates for medical office space range from \$22 to \$30 on a modified gross basis, and the average triple net rent is about \$28, according to Revista. According to CoStar, the average asking rent for medical office buildings in Westchester is approximately \$23.00. However, Fareri Associates' medical office building, 19 Bradhurst, has tenants paying on average about \$40 per square foot. Given the building's proximity to North 60, we consider \$40 an achievable rental rate for healthcare real estate at the development. Nevertheless, we note that healthcare real estate leasing has slowed in recent years, and new buildings face a great deal of competition from newly converted office buildings and retail spaces.
- **Healthcare Real Estate Demand Analysis**
 - o Healthcare expenditures in New York State were estimated to be about \$190 billion in 2018, and they are projected to grow to about \$450 billion by the year 2040.
 - o Westchester County's fair share of New York State healthcare expenditures is estimated to be about 5.5%, or \$10.4 billion in 2018.
 - o Assuming a ratio of \$825 in healthcare expenditures per square foot of healthcare real estate, there will be demand for 16.9 to 17.1 million square feet of additional healthcare real estate by the year 2040.
 - o Given numerous constraints and fierce local competition, we have assumed that North 60 may only capture up to 7.5% of demand for healthcare real estate in the future. As such, there will not be sufficient demand to lease its proposed 400,000 square feet until the year 2032 or 2033. We recommend either reducing the footprint of healthcare real estate at North 60, or postponing some portion of it for a later phase, or both.

- o However, should the North 60 ground lease be updated to provide greater leasing flexibility (without a right of first refusal from Westchester Medical Center), and should Fareri Associates then be able to secure credit healthcare tenants, healthcare real estate at North 60 could be successful.

NATIONAL HEALTHCARE TRENDS

Policy Challenges and Private Strategies

The healthcare industry in the United States is undergoing dramatic transformation. A major driver of this transformation is significant demographic shifts, particularly the nation's rapidly growing senior population. Furthermore, a number of healthcare conditions widely considered to be increasing in incidence include cardiovascular disease, hypertension, obesity, autism, dementia, Alzheimer's, sexually transmitted diseases, and various forms of cancer.⁹ Furthermore, the cost of healthcare and overall healthcare spending are increasing substantially, due partially to the impact of the Affordable Care Act, instituted by former President Barack Obama. By way of example, in 2017 total healthcare expenditures in the United States accounted for 17.9% of the nation's GDP, whereas expenditures accounted for 13.4% in 2000. Healthcare expenditures per capita have more than doubled since 2000.¹⁰ There are numerous, high-stakes proposals percolating through political channels today, including the push to transition to a single-payer, universal system ("Medicare for All"), to address the ballooning cost of healthcare.

The process of updating the United States' healthcare delivery system is, to say the least, complicated and very politically controversial. However, separate from policy-based events, hospital systems and the private sector are pursuing new strategies on their own:

- **Hospital Consolidation.** Across the country, in any given year from 2013 to 2017, there were at least 75 deals that merged two or more hospitals – 115 mergers and/or acquisitions in 2017 alone.¹¹ In some cases, these mergers benefit struggling, older hospital properties in need of capital improvements and managerial overhaul. Many hospitals have been struggling due to unpredictable reimbursement rates from Medicare and Medicaid, which have pushed operating margins down to single digits. However, merging hospital systems tend to create oligopolies, which generate large systems that command greater

⁹ George Washington University

¹⁰ Centers for Medicare & Medicaid Services

¹¹ NY State / MergerWatch

market power and the ability to negotiate higher reimbursement rates from private insurance companies. Insurance companies, in turn, pass this cost along to consumers, thereby increasing the overall cost of care.¹²

- **Demise of the Private Practice.** Along with hospital mergers, private medical practices are on the decline, or consolidating. According to Accenture, 57% of physicians worked in independent, private practices in 2000. Today, less than one-third do.¹³ The majority of physicians are becoming hospital employees, following the acquisition of their practices. Some practices, rather than being acquired by hospitals, are merging in order to share the costs of administration, such as governmental requirements to use electronic medical records to access Medicare/Medicaid reimbursement, as well as to gain additional market power.
- **Outsourcing of Medical Services.** Rather than housing most medical services within the traditional four walls of a hospital, some hospitals and private companies are outsourcing to satellite locations. Specifically, outpatient care facilities and urgent care clinics are changing the landscape of healthcare real estate, following the path of medical demand. According to Deloitte, hospital revenue from outpatient services grew from 30% in 1995 to 47 percent in 2016. Accordingly, hospitals are expanding their outpatient care capabilities, which often includes on- or off-site real estate expansion. Similarly, while estimates differ, multiple sources note that many conditions that patients would typically go to an emergency room for (a costly option) could be resolved in an urgent care clinic. Urgent care businesses, such as CityMD, can be set up in traditional retail spaces, which brings healthcare closer to the consumer.
- **New Medical Technologies.** Just like many other business sectors, the medical world is experiencing disruption brought about by new medical technologies. For example, telehealth (doctors “Facetiming” with patients) has become commonplace as an expedient and cost-effective means of diagnosing ailments that reduce the need for in-person doctor visits. Newer insurance companies, such as Oscar, offer this as a complimentary component of their plans. Similarly, devices such as the Apple Watch are increasingly

¹² New York Times: <https://www.nytimes.com/2018/11/14/health/hospital-mergers-health-care-spending.html?module=inline>

¹³ Accenture: <https://newsroom.accenture.com/news/many-us-doctors-will-leave-private-practice-for-hospital-employment-accenture-reports.htm>

incorporating technology that can check vital signs to monitor and report on patient health, increasing opportunities for preventative medicine and early intervention.

The healthcare industry in the United States is exceedingly complex and presents myriad opportunities for innovation that can address its market failures and inefficiencies. Whether the result of hospital consolidation or new medical technologies, the landscape of healthcare real estate is changing.

Real Estate Trends

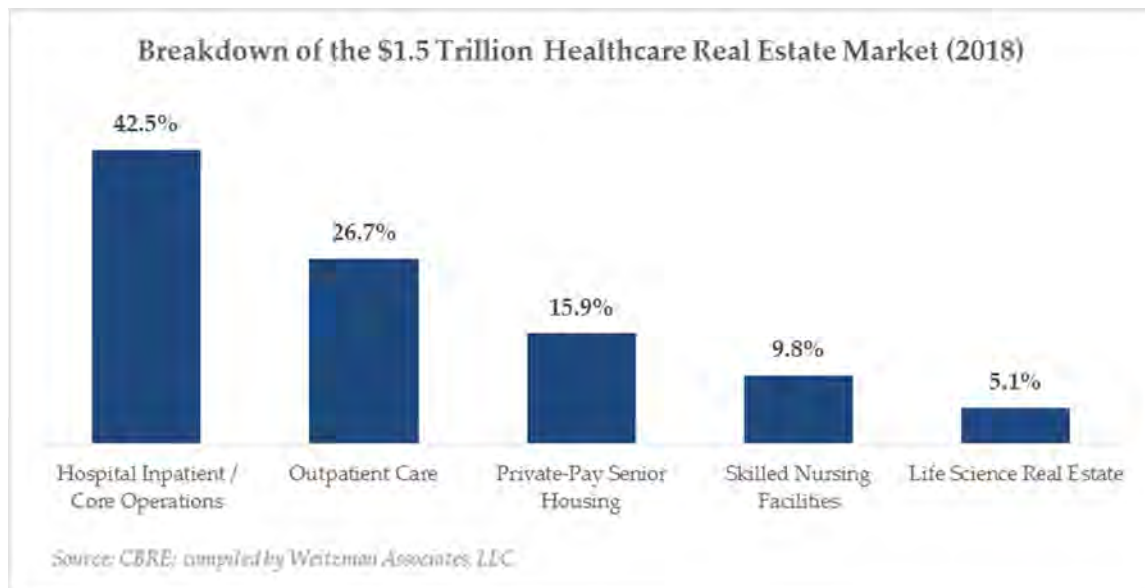
Healthcare real estate in the United States can be generally divided into the following six categories:

- **Medical Office Buildings (MOBs).** Medical office buildings are similar to traditional office buildings in many respects. However, their tenant mix is made up of traditional doctors' / dentists' practices and a wide range of health practitioners.
- **Hospitals.** There are numerous types of hospitals with varying specializations, capabilities, and bed counts. The main categories of hospitals include emergency, acute care, long-term acute care, rehabilitation, and psychiatric care.
- **Ambulatory Surgery Centers / Outpatient Care Facilities.** Ambulatory surgery centers and outpatient care facilities offer many of the same services as a hospital, but they are free-standing, either in a medical cluster or geographically dispersed. The services offered include minor surgeries (that do not require an overnight stay), chemotherapy, rehabilitation (physical or substance-related), and diagnostics (such as laboratory testing or medical imaging).
- **Wellness Centers.** As the name suggests, wellness centers provide space for a range of practitioners focused on "wellness," which usually includes personal training, nutrition consulting, dermatology, preventative cardiology, and OB-GYN services. While considered a class of healthcare real estate, they often resemble a spa as much as they do a medical facility.
- **Skilled Nursing Facilities (SNFs).** Skilled nursing facilities are a category of both healthcare real estate and senior housing. They are often categorized as healthcare, because they offer close-to-comprehensive medical care for the elderly, despite being in a

residential setting. While we mention SNFs here, we will elaborate on them elsewhere in the report.

- **Urgent care.** While not widely considered (or measured as) an independent class of real estate, urgent care centers have been gaining popularity across the United States. They fit into traditional retail spaces, and can provide treatment for a range of ailments for which many patients would otherwise travel to an emergency room.

While not perfectly aligned with the classifications list above, CBRE estimated that in 2018 there was approximately \$1.5 trillion worth of healthcare real estate across the United States. Hospitals own about two-thirds of all healthcare real estate. The following chart breaks down the \$1.5 trillion valuation, by asset class.



Employment in the healthcare sector has risen dramatically over the past two decades. From 2000 to 2017, healthcare employment increased by 47% (compared to 12% for overall employment), according to a CBRE analysis of data from the Bureau of Labor Statistics. Over the same time period, employment in hospitals and skilled nursing facilities increased by 40%, and employment in ambulatory healthcare services increased by 72%.

Increasing healthcare employment is (in many cases) indicative of increasing demand for healthcare real estate. For example, construction completions of medical office buildings (“MOB”) totaled 13.7 million square feet between 2011 and 2017. Over the last several years, MOB net absorption has outpaced construction completions nearly every quarter, such that the vacancy

rate hovers at around 8%. Notably, New York City alone has over 3 million square feet of new medical office buildings in the pipeline.¹⁴ Nearly 42 million square feet of outpatient care facilities were under construction or delivered in 2018, due in large part to the growth in outpatient revenue; in 2015, for the first time in history, outpatient revenue matched that of inpatient revenue, and has since exceeded it.¹⁵ About 38 million square feet of hospital space is under construction or being renovated as of 2018.

While there is substantial growth occurring in hospital construction and “on-campus” healthcare real estate, the sector’s trajectory is moving toward “off-campus” healthcare delivery. According to Revista, on a national basis, 73% of healthcare construction in 2018 occurred off of hospital campuses, a significant jump from 56% in 2014. Providers across the nation are expanding in order to “chase the patient” – bringing care closer to individuals’ homes and places of work. The rise of urgent care is a perfect example, as these centers pop up on retail strips and in malls that potential patients would frequent anyway. In short, the real estate landscape is evolving to bring healthcare to the patient, rather than the other way around.

NEW YORK STATE AND WESTCHESTER COUNTY HEALTHCARE MARKETS

Employment and Healthcare Expenditures

New York’s healthcare market is a substantial economic and non-economic driver of the State’s prosperity. As of 2017, healthcare employment in New York comprised about 1.16 million private jobs, representing about \$71 billion in wages. Healthcare employment rose more than 18 percent over the last decade, such that it currently makes up about 14% of overall employment in the State.¹⁶ The average healthcare job in New York pays about \$56,000 annually. Healthcare employment is expected to increase by 2.4% annually through 2026, according to the New York State Department of Labor.

While only one of 62 counties in the State, Westchester accounts for a sizable portion of healthcare employment. As of 2017, Westchester supported 61,588 private healthcare jobs (i.e. healthcare jobs operating in Westchester, though employees may live elsewhere), equating to 5.3% of the State’s healthcare employment base. Furthermore, the average wage earned by a healthcare

¹⁴ Jones Lang LaSalle, 2019

¹⁵ Revista

¹⁶ <https://www.osc.state.ny.us/reports/economic/health-care-employment-2018.pdf>

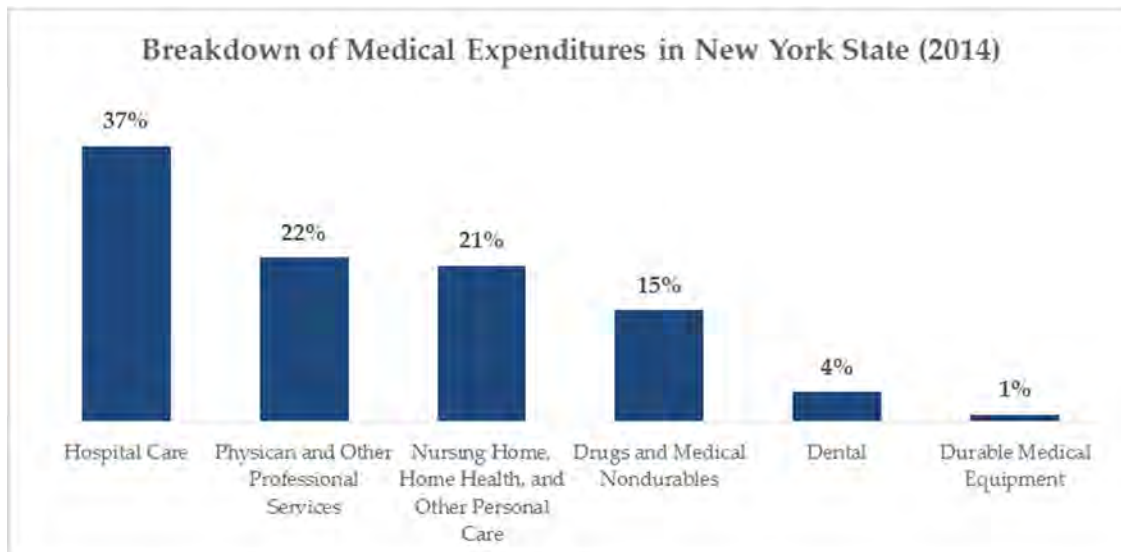
professional in Westchester County is approximately \$65,000, or about 16% more than that of the State overall.

TABLE 36

	Comparison: Healthcare Employment in NYS vs. Westchester (2017)		
	New York State	Westchester County	% Share
Healthcare Jobs	1,155,128	61,588	5.3%
Average Wage	\$55,896	\$64,651	115.7%

Source: Office of the New York State Comptroller; compiled by Weitzman Associates

Healthcare expenditures in New York State totaled \$193 billion in 2014, according to the latest publicly-reported, state-level data from the Centers for Medicare & Medicaid (“CMS”). This equates to about 6.4% of the national total. Similarly, healthcare expenditures in Westchester County accounted for approximately 6.3% of total spending in New York State, or about \$12 billion. On a per capita basis, New York State has one of the highest spending rates in the country, second only to California. The greatest share of New Yorkers’ medical expenditures goes toward hospital care (37%), followed by physicians’ services.



Source: Office of the New York State Comptroller; compiled by Weitzman Associates, LLC

Projections regarding healthcare spending vary greatly by source. The CMS reports that national expenditures grew at a compounded annual rate of 4.5% from 2012 to 2017, from \$2.8 trillion to \$3.5 trillion. This growth rate is expected to increase to 5.5% annually, such that national healthcare spending will be nearly \$6 trillion by 2027. If New York State and Westchester follow

national trends, healthcare expenditures will reach \$380 billion and \$24 billion, respectively, by 2027 – effectively doubling. This analysis is elaborated upon further on in this section.

Doctors by Medical Specialty

According to data sourced by Revista, there are nearly 1,800 doctors practicing within a 5-mile radius of North 60. In terms of personnel count, the top five specializations are dentistry, pediatrics, internal medicine, psychiatry/neurology, and surgery. The majority of these practitioners are likely employed by Westchester Medical Center and the other hospitals in Westchester.

While not a complete picture of healthcare spending, Medicare charges reported by various medical specialists stand as one proxy for understanding medical demand near North 60. Revista has compiled the following data.

TABLE 37

Medicare Charges by Medical Specialty (5-mile from North 60, 2012-2016)							
Medical Specialty	Number of Doctors	Medicare Charges					
		2012	2013	2014	2015	2016	CAGR
Positive Growth							
Geriatrics	18	\$24,275	\$24,883	\$572,411	\$1,217,506	\$891,985	146.21%
Nuclear Medicine	4	\$147,300	\$193,046	\$506,992	\$1,631,171	\$2,373,704	100.36%
Orthopedics	31	\$1,616,877	\$3,100,704	\$6,284,370	\$6,146,663	\$6,110,487	39.43%
Obstetrics & Gynecology	62	\$1,486,371	\$2,477,344	\$4,074,577	\$4,586,423	\$5,569,249	39.13%
Pain Medicine	3	\$842,617	\$1,571,129	\$1,566,694	\$1,808,448	\$2,920,046	36.44%
Rheumatology	8	\$254,590	\$489,997	\$412,365	\$616,554	\$772,900	32.00%
Infectious Disease	14	\$610,458	\$753,651	\$1,120,745	\$1,804,996	\$1,670,315	28.61%
Radiology	71	\$12,459,167	\$12,431,686	\$15,968,349	\$17,299,820	\$22,194,358	15.53%
Otolaryngology	38	\$5,982,500	\$6,491,442	\$7,297,071	\$9,053,587	\$10,611,916	15.41%
Emergency Medicine	45	\$6,586,214	\$7,335,851	\$9,316,840	\$10,461,621	\$11,210,723	14.22%
Pathology	26	\$2,991,505	\$4,392,502	\$3,508,055	\$3,819,690	\$4,851,660	12.85%
Critical Care	12	\$838,735	\$308,132	\$801,962	\$1,222,437	\$1,283,042	11.21%
Endocrinology & Diabetes	14	\$1,459,391	\$1,385,522	\$1,589,538	\$1,768,462	\$2,023,276	8.51%
Psychiatry & Neurology	180	\$6,109,897	\$6,081,514	\$7,049,014	\$7,833,600	\$7,984,791	6.92%
Surgery	125	\$34,313,829	\$36,505,526	\$39,384,837	\$37,820,670	\$43,967,791	6.39%
Allergy & Immunology	8	\$156,900	\$181,465	\$273,360	\$202,660	\$194,540	5.52%
Anesthesiology	110	\$25,331,141	\$29,551,531	\$31,563,371	\$31,235,055	\$30,552,487	4.80%
Internal Medicine	185	\$26,889,315	\$30,364,121	\$28,586,139	\$28,220,718	\$31,821,935	4.30%
Physical Medicine & Rehabilitation	38	\$3,779,155	\$3,231,765	\$3,574,912	\$4,537,932	\$4,326,102	3.44%
Cardiology & Vascular	57	\$32,320,514	\$30,384,634	\$32,882,843	\$33,199,385	\$35,625,160	2.46%
Podiatry	32	\$1,483,995	\$1,559,179	\$1,455,486	\$1,783,409	\$1,618,527	2.19%
Vision	79	\$9,595,040	\$9,702,844	\$9,573,137	\$10,120,208	\$10,255,480	1.68%
Renal	17	\$5,779,591	\$5,415,715	\$6,068,348	\$6,403,090	\$6,124,328	1.46%
Pulmonary	18	\$5,239,014	\$5,290,943	\$5,214,543	\$5,916,687	\$5,537,950	1.40%
Dermatology	17	\$2,621,235	\$2,544,785	\$2,374,028	\$2,432,168	\$2,747,034	1.18%
Negative Growth							
Gastroenterology	17	\$4,603,805	\$4,406,739	\$4,909,021	\$4,010,462	\$4,478,230	-0.69%
Urology	21	\$11,196,658	\$10,572,437	\$9,514,759	\$8,979,307	\$9,359,089	-4.38%
Oncology	12	\$11,973,933	\$12,085,410	\$9,935,331	\$9,612,641	\$7,591,956	-10.77%
Pediatrics	199	\$37,056	\$61,452	\$116,433	\$33,535	\$20,202	-14.07%
Family Medicine	57	\$4,463,473	\$4,203,297	\$4,103,838	\$4,100,185	\$2,348,085	-14.84%
Hematology	20	\$22,642,199	\$20,095,602	\$7,246,850	\$7,027,672	\$8,615,561	-21.46%
Hospice & Palliative	1	\$0	\$569,877	\$596,624	\$71,784	\$182,313	-31.61%
Insufficient Data							
Dental	201						
Hospitalist	19						
Medical Genetics	2						
Preventive Medicine	6						
Sleep	2						
Sports Medicine	3						

Sources: Revista; CMS Physician Data; compiled by Weitzman Associates, LLC

Medicare charges for geriatric patients have grown substantially over the last few years – a compounded annual growth rate of 146%. This is likely due to the substantial and growing elderly population in Westchester County. Nuclear medicine, a diagnostic subspecialty of radiology, is the second-fastest growing specialty, followed by orthopedics,

obstetrics/gynecology, pain medicine, rheumatology, infectious diseases, and radiology. Several of these specialties also likely cater to the age 65+ population.

Viewed differently, we have compiled data to conduct an analysis that compares the number of doctors currently near (within 10 miles of) North 60 to doctor-to-population ratios based at a national, state (New York), and city (New York City) level. This analysis considers the population within 10-miles of North 60 (both the general population and the age 65+ population). Based on this study, there is a surplus of doctors in most medical specialties within 10 miles of North 60. However, there is ostensibly demand (when viewed at all levels) for family medicine, and medical genetics. We note that we consider the New York State benchmarking to be the most appropriate measure for medical demand at North 60. Viewed at a state level, there is demand for family medicine, hospice & palliative care, medical genetics, and preventive medicine.

TABLE 38

Analysis: Demand for Medical Specialties within 10 Miles of North 60 based on National Benchmarking										
Physician Type	Total Population (10-Mile Radius of North 60)					65+ Population (10-Mile Radius of North 60)				
	Population	Doctor Count per 10,000 People (National)	Implied Demand for Doctors	Doctor Count (2016)	Surplus / Shortage of Doctors	Population	Doctor Count per 10,000 Age 65+ People (National)	Implied Demand for Doctors	Doctor Count (2016)	Surplus / Shortage of Doctors
Allergy & Immunology	607,252	0.16	9.74	49	(39.26)	101,183	0.16	1.62	49	(47.38)
Anesthesiology	607,252	1.69	102.61	227	(124.39)	101,183	1.69	17.10	227	(209.90)
Cardiology & Vascular	607,252	0.93	56.36	151	(94.64)	101,183	0.93	9.39	151	(141.61)
Critical Care	607,252	0.23	13.92	30	(16.08)	101,183	0.23	2.32	30	(27.68)
Dental	607,252	7.72	468.56	627	(158.44)	101,183	7.72	78.07	627	(548.93)
Dermatology	607,252	0.43	26.25	101	(74.75)	101,183	0.43	4.37	101	(96.63)
Emergency Medicine	607,252	1.78	108.05	109	(0.95)	101,183	1.78	18.00	109	(91.00)
Endocrinology & Diabetes	607,252	0.24	14.31	45	(30.69)	101,183	0.24	2.38	45	(42.62)
Family Medicine	607,252	4.76	289.24	179	110.24	101,183	4.76	48.19	179	(130.81)
Gastroenterology	607,252	0.48	29.40	83	(53.60)	101,183	0.48	4.90	83	(78.10)
Geriatrics	607,252	0.16	9.99	31	(21.01)	101,183	0.16	1.66	31	(29.34)
Hematology	607,252	0.38	23.09	50	(26.91)	101,183	0.38	3.85	50	(46.15)
Hospice & Palliative	607,252	0.03	1.99	3	(1.01)	101,183	0.03	0.33	3	(2.67)
Hospitalist	607,252	0.39	23.41	42	(18.59)	101,183	0.39	3.90	42	(38.10)
Infectious Disease	607,252	0.26	15.88	36	(20.12)	101,183	0.26	2.65	36	(33.35)
Internal Medicine	607,252	5.04	305.94	555	(249.06)	101,183	5.04	50.98	555	(504.02)
Medical Genetics	607,252	0.04	2.18	2	0.18	101,183	0.04	0.36	2	(1.64)
Nuclear Medicine	607,252	0.07	4.11	10	(5.89)	101,183	0.07	0.69	10	(9.31)
Obstetrics & Gynecology	607,252	1.54	93.49	178	(84.51)	101,183	1.54	15.58	178	(162.42)
Oncology	607,252	0.12	7.44	24	(16.56)	101,183	0.12	1.24	24	(22.76)
Orthopedics	607,252	0.97	58.84	119	(60.16)	101,183	0.97	9.80	119	(109.20)
Otolaryngology	607,252	0.38	23.09	76	(52.91)	101,183	0.38	3.85	76	(72.15)
Pain Medicine	607,252	0.11	6.91	15	(8.09)	101,183	0.11	1.15	15	(13.85)
Pathology	607,252	0.63	37.97	64	(26.03)	101,183	0.63	6.33	64	(57.67)
Pediatrics	607,252	2.94	178.74	384	(205.26)	101,183	2.94	29.78	384	(354.22)
Physical Medicine & Rehabilitation	607,252	0.74	45.14	117	(71.86)	101,183	0.74	7.52	117	(109.48)
Podiatry	607,252	0.63	37.96	129	(91.04)	101,183	0.63	6.33	129	(122.67)
Preventive Medicine	607,252	0.22	13.60	8	5.60	101,183	0.22	2.27	8	(5.73)
Psychiatry & Neurology	607,252	2.29	139.15	383	(243.85)	101,183	2.29	23.19	383	(359.81)
Pulmonary	607,252	0.42	25.79	62	(36.21)	101,183	0.42	4.30	62	(57.70)
Radiology	607,252	1.48	90.04	159	(68.96)	101,183	1.48	15.00	159	(144.00)
Renal	607,252	0.33	20.09	44	(23.91)	101,183	0.33	3.35	44	(40.65)
Rheumatology	607,252	0.18	11.18	23	(11.82)	101,183	0.18	1.86	23	(21.14)
Sleep	607,252	0.06	3.43	6	(2.57)	101,183	0.06	0.57	6	(5.43)
Sports Medicine	607,252	0.07	4.43	19	(14.57)	101,183	0.07	0.74	19	(18.26)
Surgery	607,252	1.98	120.03	259	(138.97)	101,183	1.98	20.00	259	(239.00)
Urology	607,252	0.38	22.91	51	(28.09)	101,183	0.38	3.82	51	(47.18)
Vision	607,252	2.62	158.85	266	(107.15)	101,183	2.62	26.47	266	(239.53)
				Demand	116.02				Demand	0.00

Cells highlighted in red denote a surplus of doctors in the given specialty. Cells highlighted in green denote a shortage of doctors in the given specialty.

Source: Revista; ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 39

Analysis: Demand for Medical Specialties within 10 Miles of North 60 based on New York State Benchmarking										
PhysicianType	Total Population (5-Mile Radius of North 60)					65+ Population (5-Mile Radius of North 60)				
	Population	Doctor Count per 10,000 People (NYS)	Implied Demand for Doctors	Doctor Count (2016)	Surplus / Shortage of Doctors	Population	Doctor Count per 10,000 Age 65+ People (NYS)	Implied Demand for Doctors	Doctor Count (2016)	Surplus / Shortage of Doctors
Allergy & Immunology	607,252	0.21	12.92	49	(36.08)	101,183	1.30	13.13	49	(35.87)
Anesthesiology	607,252	1.98	120.51	227	(106.49)	101,183	12.10	122.44	227	(104.56)
Cardiology & Vascular	607,252	1.26	76.52	151	(74.48)	101,183	7.68	77.74	151	(73.26)
Critical Care	607,252	0.29	17.79	30	(12.21)	101,183	1.79	18.08	30	(11.92)
Dental	607,252	7.95	482.98	627	(144.02)	101,183	48.50	490.71	627	(136.29)
Dermatology	607,252	0.52	31.77	101	(69.23)	101,183	3.19	32.28	101	(68.72)
Emergency Medicine	607,252	1.64	99.73	109	(9.27)	101,183	10.01	101.32	109	(7.68)
Endocrinology & Diabetes	607,252	0.36	21.63	45	(23.37)	101,183	2.17	21.98	45	(23.02)
Family Medicine	607,252	2.95	179.12	179	0.12	101,183	17.99	181.98	179	2.98
Gastroenterology	607,252	0.70	42.39	83	(40.61)	101,183	4.26	43.07	83	(39.93)
Geriatrics	607,252	0.29	17.40	31	(13.60)	101,183	1.75	17.68	31	(13.32)
Hematology	607,252	0.52	31.35	50	(18.65)	101,183	3.15	31.85	50	(18.15)
Hospice & Palliative	607,252	0.07	3.99	3	0.99	101,183	0.40	4.06	3	1.06
Hospitalist	607,252	0.35	21.18	42	(20.82)	101,183	2.13	21.52	42	(20.48)
Infectious Disease	607,252	0.38	23.24	36	(12.76)	101,183	2.33	23.61	36	(12.39)
Internal Medicine	607,252	6.01	364.68	555	(190.32)	101,183	36.62	370.52	555	(184.48)
Medical Genetics	607,252	0.04	2.42	2	0.42	101,183	0.24	2.46	2	0.46
Nuclear Medicine	607,252	0.12	7.05	10	(2.95)	101,183	0.71	7.16	10	(2.84)
Obstetrics & Gynecology	607,252	1.81	109.65	178	(68.35)	101,183	11.01	111.40	178	(66.60)
Oncology	607,252	0.18	11.01	24	(12.99)	101,183	1.11	11.19	24	(12.81)
Orthopedics	607,252	0.87	52.89	119	(66.11)	101,183	5.31	53.73	119	(65.27)
Otolaryngology	607,252	0.40	24.05	76	(51.95)	101,183	2.42	24.44	76	(51.56)
Pain Medicine	607,252	0.10	5.99	15	(9.01)	101,183	0.60	6.09	15	(8.91)
Pathology	607,252	0.71	42.99	64	(21.01)	101,183	4.32	43.68	64	(20.32)
Pediatrics	607,252	3.63	220.45	384	(163.55)	101,183	22.14	223.98	384	(160.02)
Physical Medicine & Rehabilitation	607,252	0.93	56.61	117	(60.39)	101,183	5.68	57.52	117	(59.48)
Podiatry	607,252	1.10	66.99	129	(62.01)	101,183	6.73	68.06	129	(60.94)
Preventive Medicine	607,252	0.14	8.38	8	0.38	101,183	0.84	8.52	8	0.52
Psychiatry & Neurology	607,252	3.84	233.16	383	(149.84)	101,183	23.41	236.89	383	(146.11)
Pulmonary	607,252	0.56	33.89	62	(28.11)	101,183	3.40	34.43	62	(27.57)
Radiology	607,252	1.74	105.93	159	(53.07)	101,183	10.64	107.62	159	(51.38)
Renal	607,252	0.41	24.96	44	(19.04)	101,183	2.51	25.36	44	(18.64)
Rheumatology	607,252	0.22	13.07	23	(9.93)	101,183	1.31	13.28	23	(9.72)
Sleep	607,252	0.04	2.30	6	(3.70)	101,183	0.23	2.34	6	(3.66)
Sports Medicine	607,252	0.11	6.38	19	(12.62)	101,183	0.64	6.49	19	(12.51)
Surgery	607,252	2.05	124.75	259	(134.25)	101,183	12.53	126.74	259	(132.26)
Urology	607,252	0.44	27.02	51	(23.98)	101,183	2.71	27.45	51	(23.55)
Vision	607,252	2.97	180.54	266	(85.46)	101,183	18.13	183.43	266	(82.57)
				Demand	1.91				Demand	5.02

Cells highlighted in red denote a surplus of doctors in the given specialty. Cells highlighted in green denote a shortage of doctors in the given specialty.

Source: Revista; ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 40

Analysis: Demand for Medical Specialties within 10 Miles of North 60 based on NYC Benchmarking										
PhysicianType	Total Population (10-Mile Radius of North 60)					65+ Population (10-Mile Radius of North 60)				
	Population	Doctor Count per 10,000 People (NYC)	Implied Demand for Doctors	Doctor Count (2016)	Surplus / Shortage of Doctors	Population	Doctor Count per 10,000 Age 65+ People (NYC)	Implied Demand for Doctors	Doctor Count (2016)	Surplus / Shortage of Doctors
Allergy & Immunology	607,252	0.11	6.56	49	(42.44)	101,183	0.72	7.32	49	(41.68)
Anesthesiology	607,252	1.28	77.62	227	(149.38)	101,183	8.55	86.55	227	(140.45)
Cardiology & Vascular	607,252	0.89	53.75	151	(97.25)	101,183	5.92	59.93	151	(91.07)
Critical Care	607,252	0.17	10.47	30	(19.53)	101,183	1.15	11.67	30	(18.33)
Dental	607,252	4.20	254.91	627	(372.09)	101,183	28.09	284.25	627	(342.75)
Dermatology	607,252	0.45	27.08	101	(73.92)	101,183	2.98	30.20	101	(70.80)
Emergency Medicine	607,252	0.90	54.44	109	(54.56)	101,183	6.00	60.71	109	(48.29)
Endocrinology & Diabetes	607,252	0.38	23.17	45	(21.83)	101,183	2.55	25.84	45	(19.16)
Family Medicine	607,252	1.13	68.33	179	(110.67)	101,183	7.53	76.20	179	(102.80)
Gastroenterology	607,252	0.58	35.25	83	(47.75)	101,183	3.88	39.31	83	(43.69)
Geriatrics	607,252	0.26	15.84	31	(15.16)	101,183	1.75	17.67	31	(13.33)
Hematology	607,252	0.25	15.08	50	(34.92)	101,183	1.66	16.81	50	(33.19)
Hospice & Palliative	607,252	0.05	3.28	3	0.28	101,183	0.36	3.66	3	0.66
Hospitalist	607,252	0.08	5.03	42	(36.97)	101,183	0.55	5.60	42	(36.40)
Infectious Disease	607,252	0.34	20.73	36	(15.27)	101,183	2.28	23.12	36	(12.88)
Internal Medicine	607,252	4.78	290.50	555	(264.50)	101,183	32.02	323.94	555	(231.06)
Medical Genetics	607,252	0.04	2.23	2	0.23	101,183	0.25	2.49	2	0.49
Nuclear Medicine	607,252	0.07	4.33	10	(5.67)	101,183	0.48	4.83	10	(5.17)
Obstetrics & Gynecology	607,252	1.25	76.15	178	(101.85)	101,183	8.39	84.92	178	(93.08)
Oncology	607,252	0.38	23.31	24	(0.69)	101,183	2.57	26.00	24	2.00
Orthopedics	607,252	0.38	23.17	119	(95.83)	101,183	2.55	25.84	119	(93.16)
Otolaryngology	607,252	0.29	17.31	76	(58.69)	101,183	1.91	19.30	76	(56.70)
Pain Medicine	607,252	0.23	14.17	15	(0.83)	101,183	1.56	15.80	15	0.80
Pathology	607,252	0.42	25.69	64	(38.31)	101,183	2.83	28.64	64	(35.36)
Pediatrics	607,252	2.14	130.04	384	(253.96)	101,183	14.33	145.00	384	(239.00)
Physical Medicine & Rehabilitation	607,252	0.61	36.92	117	(80.08)	101,183	4.07	41.17	117	(75.83)
Podiatry	607,252	0.85	51.79	129	(77.21)	101,183	5.71	57.75	129	(71.25)
Preventive Medicine	607,252	0.05	3.00	8	(5.00)	101,183	0.33	3.35	8	(4.65)
Psychiatry & Neurology	607,252	2.84	172.26	383	(210.74)	101,183	18.98	192.09	383	(190.91)
Pulmonary	607,252	0.36	21.85	62	(40.15)	101,183	2.41	24.36	62	(37.64)
Radiology	607,252	1.21	73.50	159	(85.50)	101,183	8.10	81.96	159	(77.04)
Renal	607,252	0.03	1.88	44	(42.12)	101,183	0.21	2.10	44	(41.90)
Rheumatology	607,252	0.16	9.70	23	(13.30)	101,183	1.07	10.82	23	(12.18)
Sleep	607,252	0.01	0.91	6	(5.09)	101,183	0.10	1.01	6	(4.99)
Sports Medicine	607,252	0.11	6.63	19	(12.37)	101,183	0.73	7.39	19	(11.61)
Surgery	607,252	1.50	91.16	259	(167.84)	101,183	10.05	101.65	259	(157.35)
Urology	607,252	0.31	18.99	51	(32.01)	101,183	2.09	21.17	51	(29.83)
Vision	607,252	2.26	137.22	266	(128.78)	101,183	15.12	153.02	266	(112.98)
				Demand	0.51				Demand	3.95

Cells highlighted in red denote a surplus of doctors in the given specialty. Cells highlighted in green denote a shortage of doctors in the given specialty.

Source: Revista; ESRI Business Analyst; compiled by Weitzman Associates, LLC

HEALTHCARE REAL ESTATE IN NEW YORK STATE AND WESTCHESTER COUNTY

Hospitals in Westchester County and New York State

New York State is home to 200 hospitals (not including those within the Veterans Health Administration system). Recent data from the American Hospital Directory and the New York State Department of Health indicate that there are 16 hospitals in Westchester County, ranging in size from 50 to 895 beds. In terms of bed count, total discharges, and patient days, the hospitals in Westchester account for 6.6%, 5.4%, and 5.9%, respectively, of those in New York State. Valhalla alone (which includes Westchester Medical Center and Blythedale Children's Hospital) has 981 hospital beds, which accounts for 23.7% of hospital beds in Westchester County.

TABLE 41

Westchester County Share of New York State Hospitals (2018)				
Hospital Name	City / Town	Staffed Beds	Total Discharges	Patient Days
Westchester County				
Westchester Medical Center	Valhalla	895	23,142	185,780
Saint Joseph's Medical Center	Yonkers	473	4,097	27,731
Saint John's Riverside Hospital - Andrus Pavilion	Yonkers	326	16,191	92,319
Montefiore New Rochelle Hospital	New Rochelle	301	6,582	33,317
White Plains Hospital	White Plains	292	17,702	83,848
New York-Presbyterian Hospital - Westchester Division	White Plains	270	N/A	N/A
Midhudson Regional Hospital of Westchester Medical Center	Poughkeepsie	243	5,805	34,600
New York-Presbyterian Lawrence Hospital	Bronxville	208	11,173	57,530
Phelps Memorial Hospital Center	Sleepy Hollow	238	6,383	38,737
Northern Westchester Hospital	Mount Kisco	195	8,676	38,286
St. John's Riverside Hospital ParkCare Pavilion	Yonkers	190	4,981	37,019
Winifred Masterson Burke Rehabilitation Hospital	White Plains	150	N/A	N/A
New York-Presbyterian Hudson Valley Hospital	Cortlandt Manor	128	8,530	38,169
Blythedale Children's Hospital	Valhalla	86	N/A	N/A
Montefiore Mount Vernon Hospital	Mount Vernon	85	2,945	14,460
Saint John's Riverside Hospital - Dobbs Ferry Pavilion	Dobbs Ferry	50	1,837	8,893
Subtotal (16 hospitals)		4,130	118,044	690,689
New York State (200 hospitals)		62,480	2,183,564	11,685,524
Westchester County Share of New York State Hospitals		6.6%	5.4%	5.9%

Notes

(1) Hospitals within the Veterans Health Administration system not included.

(2) N/A = Not available. Sums have been calculated regardless of missing data.

Source: American Hospital Directory; New York State Department of Health; compiled by Weitzman Associates, LLC

The largest hospital systems in the New York City and Westchester include WMC Health, New York Presbyterian, Montefiore, Mt. Sinai, and Northwell Health.

Based on data reported by Revista, the three hospitals closest to North 60 (Westchester Medical Center, White Plains Hospital, and Phelps Memorial Hospital) collected total patient revenue of \$8.27 billion in 2017. Westchester Medical Center led the market, accounting for 69% of total revenue. Overall, about half of all hospital revenue in the market stems from patients benefitting from Medicare and Medicaid, while the other half stems from patients utilizing private insurance and their own financial means. Inpatient revenue accounts for about two-thirds of all patient revenue, while outpatient revenue accounts for one-third.

TABLE 42

Revenue Category	Hospital Revenue within 5-Miles of North 60 (2017)										
	Westchester Medical Center			White Plains Hospital			Phelps Memorial Hospital			Combined	
	895 beds	Revenue / Bed	% of Total Revenue	292 beds	Revenue / Bed	% of Total Revenue	238 beds	Revenue / Bed	% of Total Revenue	1,425 beds	% of Total Revenue
Medicare Patient Revenue	\$1,367.3M	\$1.53M	24.0%	\$538.3M	\$1.84M	31.9%	\$283.8M	\$1.19M	32.3%	\$2,189.4M	\$1.54M 26.5%
Medicaid Patient Revenue	\$1,662.0M	\$1.86M	29.1%	\$210.0M	\$719.0K	12.4%	\$129.2M	\$542.7K	14.7%	\$2,001.1M	\$1.4M 24.2%
Other Patient Revenue	\$2,676.1M	\$2.99M	46.9%	\$938.7M	\$3.21M	55.6%	\$465.6M	\$1.96M	53.0%	\$4,080.4M	\$2.86M 49.3%
TOTAL PATIENT REVENUE	\$5,705.4M	\$6.37M	100.0%	\$1,687.0M	\$5.78M	100.0%	\$878.6M	\$3.69M	100.0%	\$8,271.0M	\$5.80M 100.0%
Inpatient Revenue	\$4,366.1M	\$4.88M	76.5%	\$735.8M	\$2.52M	43.6%	\$400.2M	\$1.68M	45.5%	\$5,502.1M	\$3.86M 66.5%
Outpatient Revenue	\$1,339.3M	\$1.50M	23.5%	\$951.2M	\$3.26M	56.4%	\$478.4M	\$2.01M	54.5%	\$2,768.9M	\$1.94M 33.5%
TOTAL PATIENT REVENUE	\$5,705.4M	\$6.37M	100.0%	\$1,687.0M	\$5.78M	100.0%	\$878.6M	\$3.69M	100.0%	\$8,271.0M	\$5.80M 100.0%

Sources: Revista; CMS Hospital Data; compiled by Weitzman Associates, LLC

Below we have provided profiles of key hospitals in Westchester County that are in close proximity (within a 5-mile radius of) to North 60:



Westchester Medical Center

Westchester Medical Center (WMC) is situated on the Grasslands Reservation in Valhalla, directly adjacent (south of) the North 60 site. Originally founded as a military hospital in 1915, the facility was turned over to Westchester County in 1920

and renamed "Grasslands Hospital." Grasslands Hospital closed in 1977, then was rebuilt as Westchester Medical Center, which became independent from the county in 1998 as a public-benefit corporation called the Westchester County Health Care Corporation.

At 895 beds, Westchester Medical Center is the 11th largest hospital in New York State by bed count, and the largest in Westchester County. WMC has numerous specializations, and is well-known as a burn center, Level 1 trauma center, organ transplant center, and cardiac surgery

center. Furthermore, WMC has two additional specialized institutions: the Maria Fareri Children's Hospital, and the Behavioral Health Center. The institution collaborates closely with New York Medical College, with which it shares the Grasslands campus. There are approximately 7,000 employees at WMC, including 1,200 physicians.

Following the national trend of hospital mergers, since 2014, Westchester Medical Center has acquired 7 hospitals in the Hudson Valley and rebranded itself as the WMC Health Network. The growth has been tremendous – Westchester Medical Center went from 3 institutions (including the Maria Fareri Children's Hospital and the Behavioral Health Center) in 2014 to 10 institutions totaling over 1,900 beds spread across 8 counties (Westchester, Rockland, Orange, Dutchess, Ulster, Putnam, Sullivan, and Delaware). Based on 2016 data, the WMC Health Network accounts for 21.8% of all in-patient admissions in its eight-county region.¹⁷ The hospital acquisitions include:

- MidHudson Regional Hospital (Poughkeepsie, 2014);
- Good Samaritan Hospital (Suffern, 2015);
- Bon Secours Community Hospital (Port Jervis, 2015);
- St. Anthony Community Hospital (Warwick, 2015);
- HealthAlliance – Broadway Campus (Kingston, 2016);
- HealthAlliance – Mary's Avenue Campus (Kingston, 2016); and
- Margaretville Hospital (Margaretville, 2016).

In addition to its slew of hospital acquisitions, Westchester Medical Center has recently enacted two other strategic interventions. First, WMC formed its "Advanced Physicians Services" initiative, which follows the national trend of hospitals buying out private medical practices and bringing doctors into the fold as salaried employees. Today, Advanced Physicians Services employs approximately 500 doctors, up from about 100 a few years ago. Second, WMC will soon debut its expansion, known as the "Ambulatory Care Pavilion." The \$230 million project includes 280,000 square feet of space to be used for additional outpatient procedures, administration, and pharmacy services. We have learned from confidential sources that WMC purposefully overbuilt the pavilion by 100,000 square feet to accommodate future growth.

¹⁷ Westchester Medical Center



White Plains Hospital

Founded in 1893 prior to the incorporation of the city itself, White Plains Hospital is a 292-bed hospital located in White Plains, New York, approximately 8 miles southwest of the North 60 site. The hospital's programs and departments include the Center for Cancer Care, an Orthopedic Program, a

Neonatal and Maternity Center, a Regional Stroke Center, and the Cardiac Catheterization Laboratories. White Plains Hospital treats about 200,000 patients each year and employs approximately 1,000 doctors. In 2016, White Plains Hospital opened a new \$50 million, state-of-the-art cancer center. White Plains Hospital recently broke ground on an expansion project, a nine-story 252,000 square foot facility which will include operating rooms, neurosurgery and a heart and vascular center. White Plains Hospital is part of the Bronx-based Montefiore Health System.



New York Presbyterian Hospital (White Plains)

New York Presbyterian Hospital in White Plains is a 270-bed psychiatric institution. Its campus sits on 200 bucolic acres, spread

across a number of historic buildings. The hospital provides inpatient and outpatient psychiatric services to people of all ages. Specializations include autism spectrum disorders, geriatric psychiatry, eating disorders, Dialectical Behavior Therapy, Cognitive Behavior Therapy, and treatment for Borderline Personality Disorder.



Phelps Memorial Hospital

Founded in 1955, Phelps Memorial Hospital is a 238-bed acute-care community hospital in Sleepy Hollow, about 2 miles west of North 60. Situated on a 69-acre campus, care at Phelps is oriented

toward family medicine, with specializations in internal medicine, cardiology, and geriatrics. Phelps became part of the Northwell Health system in 2015.

Medical Office in Westchester County and New York State

Medical offices outside of hospitals generally fall into four categories:

- Traditional Medical Office Buildings;
- Medical Condominiums;
- Medical Offices in Retail Spaces; and
- Medical Offices in Traditional Office Buildings.

According to data from Revista, there are approximately 5 million square feet of medical office space in Westchester County, spread across the four categories mentioned above. New York State has about 99 million square feet. As such, Westchester County accounts for 5% of all medical office space in New York State.

TABLE 43

Medical Office: Westchester County and New York State			
Medical Office Category	Westchester County Square Feet	New York State Square Feet	Westchester County Share
Medical Office Building	3.7M	76.9M	4.8%
Medical Condos	724.6K	8.4M	8.7%
Medical in Retail	83.2K	2.0M	4.2%
Medical in Traditional Office	531.5K	11.8M	4.5%
TOTAL	5.0M	99.0M	5.1%

Source: Revista, as of June 3, 2019; compiled by Weitzman Associates, LLC

In order to understand the potential for additional medical office construction, we have compiled data from Revista on existing medical offices within a 5-miles radius of North 60. Revista is a relatively new data service that catalogues data on medical real estate across the United States. We have excluded any buildings present on the Grasslands campus, as they are either owned or occupied by Westchester Medical Center. The data from Revista indicate that there are 21 medical office buildings within 5 miles of North 60 totaling nearly 750,000 square feet, housing 755 providers and 128 medical practices. In terms of office buildings with in-place medical tenants, there are 18 buildings totaling just over 150,000 square feet, housing 384 providers and 68 medical practices.

TABLE 44

Medical Office Properties (5-Mile Radius from North 60)									
Property Type	Street Address	City / Town	Distance from North 60 (miles)	Building Quality	Year Built	Stories	Square Feet (1)	Providers	Practices
Medical Office Building	19 BRADHURST AVE	HAWTHORNE	0.26	A	1987	3	200,000	263	24
Medical Office Building	95 GRASSLANDS RD	VALHALLA	0.81	A		1	100,000	154	16
Medical Office Building	503 GRASSLANDS RD	VALHALLA	1.06	B	1973	3	26,000	98	3
Medical Office Building	234 E MAIN ST	ELMSFORD	2.41	B		2	1,568		1
Medical Office Building	811 N BROADWAY	WHITE PLAINS	2.78	A		2	2,000	6	3
Medical Office Building	6-8 CHESTER AVE	WHITE PLAINS	2.90	A	2020	2	10,000	5	0
Medical Office Building	12 MARBLE AVE	THORNWOOD	2.97	A	2009	2	10,000	0	2
Medical Office Building	330 TARRYTOWN RD	WHITE PLAINS	3.11	B	1956	1	13,550	6	1
Medical Office Building	200 S BROADWAY	TARRYTOWN	3.11	B	1961	2	16,727	26	15
Medical Office Building	755 N BROADWAY	SLEEPY HOLLOW	3.15	A	2007	5	100,000	34	5
Medical Office Building	410 N BROADWAY	WHITE PLAINS	3.30	B	1925	1	1,800	5	1
Medical Office Building	777 N BROADWAY	SLEEPY HOLLOW	3.38	A	1998	3	40,230	34	7
Medical Office Building	15 N BROADWAY	WHITE PLAINS	4.21	B	1971	2	33,978	27	11
Medical Office Building	220 N CENTRAL AVE	HARTSDALE	4.33	B	1981	2	7,425	2	1
Medical Office Building	2-4 LONGVIEW AVE	WHITE PLAINS	4.58	A	1924	6	70,000	6	4
Medical Office Building	10 CHESTER AVE	WHITE PLAINS	4.59	B	1928	4	14,320	10	5
Medical Office Building	122 MAPLE AVE	WHITE PLAINS	4.62	B		2	5,800	1	1
Medical Office Building	12 GREENRIDGE AVE	WHITE PLAINS	4.67	B	1973	3	25,000	17	11
Medical Office Building	170 MAPLE AVE	WHITE PLAINS	4.67	A		6	44,000	48	12
Medical Office Building	33 DAVIS AVE	WHITE PLAINS	4.72	B		1	10,000	10	2
Medical Office Building	141 N STATE RD	BRIARCLIFF MANOR	4.71	A	1987	2	9,000	3	3
Subtotal							741,398	755	128
Office w/Medical	401 COLUMBUS AVE	VALHALLA	1.60	B	1985	2	5,302	14	3
Office w/Medical	370 ELWOOD AVE	HAWTHORNE	1.60	C	1996	3	1,422	6	1
Office w/Medical	115 E STEVENS AVE	VALHALLA	1.70	A	1984	3	26,126		
Office w/Medical	117 E STEVENS AVE	VALHALLA	1.80	A	1984	2	10,400		
Office w/Medical	5 NEPPERHAN AVE	ELMSFORD	2.20	B		2	7,200		
Office w/Medical	160 S CENTRAL AVE	ELMSFORD	2.60	B	1957	1	472	5	4
Office w/Medical	245 N BROADWAY	SLEEPY HOLLOW	2.80	A	1993	2	3,000	23	4
Office w/Medical	362 N BROADWAY	SLEEPY HOLLOW	2.88	B	2004	2	1,280	7	1
Office w/Medical	55 S BROADWAY	TARRYTOWN	2.90	B	1985	4	3,000	8	3
Office w/Medical	358 N BROADWAY	SLEEPY HOLLOW	2.90	B	2003	2	1,620	12	2
Office w/Medical	150 WHITE PLAINS RD	TARRYTOWN	3.03	A	1910	4	14,919	23	5
Office w/Medical	155 WHITE PLAINS RD	TARRYTOWN	3.09	A	1963	3	12,130	21	5
Office w/Medical	280 DOBBS FERRY RD	WHITE PLAINS	3.26	A	1987	3	6,000	43	13
Office w/Medical	3 BARKER AVE	WHITE PLAINS	4.02	A	1981	6	13,060	98	3
Office w/Medical	7-11 S BROADWAY	WHITE PLAINS	4.33	A	1955	4	14,000	12	4
Office w/Medical	75 S BROADWAY	WHITE PLAINS	4.53	B	1967	4	19,000	5	2
Office w/Medical	1053-1055 SAW MILL RIVER RD	ARDSLEY	4.71	A	1956	3	7,000	70	10
Office w/Medical	141 S CENTRAL AVE	HARTSDALE	4.90	B	1979	3	9,784	37	8
Subtotal							155,714	384	68
TOTAL							897,112	1,139	196

(1) According to Revista, on average approximately 20% of the tenancy in "Office w/ Medical" buildings is occupied by medical tenants. We have accounted for this in the above table.

Note: Excludes any properties within White Plains.

Source: Revista (supplemented by CoStar); compiled by Weitzman Associates, LLC

For the properties for which Revista has updated rental data, rents range from \$22 to \$30 per square foot on a modified gross basis. The average rent per square foot on a modified gross basis is \$28.57. Viewed over a larger, 10-mile-radius geography, average triple net rent for medical office buildings is \$28.40.

In recent years, Westchester County has experienced growing demand for medical office properties. An article published by 914INC in 2014 discusses how the healthcare industry has driven much of the recent commercial real estate activity in Westchester County, including the refurbishment of existing buildings to medical office use, as well as the development of new facilities for medical tenants. Bill Cuddy, executive vice president of CBRE's Westchester/Fairfield office, attributes this activity level "to the migration of the major hospitals to Westchester County," as well as "the fact that Westchester has a solid base of basic and clinical research enterprises in place."¹⁸ As noted in the article, the consolidations occurring within the healthcare industry have provided a broader funding base for expansion plans, including facility development and the creation of ambulatory care networks, in which services are delivered on an outpatient basis, covering a wider geography. As an example of this, in the third quarter of 2016, healthcare tenants represented over 30% of all leasing activity in Westchester. Many older office properties (and some retail spaces) have been converted and tailored to the needs of medical professionals. In particular, urgent care centers have cropped up throughout Westchester. However, we should note that many hospitals have been leasing space in Westchester in order to relocate their back-office functions off-campus in order to free up on-campus space for direct medical use.

While the trend of rampant medical office leasing in Westchester persisted through approximately 2016, the market has slowed since then. In 2017 and 2018, according to CoStar, in the I-287 West submarket in Westchester (near North 60), there were approximately only 25,000 square feet of office space leased to medical tenants in 2017 and 2018.

¹⁸ [Westchester Magazine, "Healthcare Generates Big Demand for Westchester Commercial Real Estate", 2014](#)

TABLE 45

Recent Medical Office Leasing near North 60					
Address	Square Feet	Floor	Sign Date	Rent	Rent Type
400 Columbus Avenue	5,650	2nd	7/12/2018	\$23.50	Modified Gross
400 Columbus Avenue	4,456	2nd	7/12/2018	\$23.50	Modified Gross
503 Grasslands Road	11,000	2nd	7/12/2017	\$21.50	Modified Gross
400 Columbus Avenue	4,430	2nd	1/2/2017	\$22.00	Triple Net
TOTAL / AVERAGE	25,536			\$22.38	

Source: CoStar; compiled by Weitzman Associates, LLC

Conversations with medical professionals, administrators, and real estate brokers have all indicated that there is little need for additional healthcare real estate at North 60 nor at Westchester Medical Center. Westchester County, in general, is “over-doctored,” and the trend of converting older office and retail properties to medical use is a faster, less expensive alternative to new construction. Furthermore, Westchester Medical Center’s recent, intentionally-overbuilt expansion (the Ambulatory Care Pavilion) has effectively provided for the need for some of the Center’s future expansion at North 60. Though, some interviewees did indicate that an urgent care clinic would be well-positioned to serve future employees and residents at North 60.

In addition to the data above, we have reviewed asking rent data for existing medical office buildings in Westchester, sourced from CoStar. Asking rents at the properties come to an average of approximately \$23.00 per square foot, though lease terms vary.

TABLE 46

Comparable Medical Office Asking Rents					
	Property/Location	Space	Sq. Ft.	Annual Rent PSF	Lease Type
	400 Columbus Ave Valhalla, NY 10595	1st	14,900	\$23.50/te	Modified Gross
		1st	4,842	\$23.50	
		1st	4,000	\$23.50/te	
		1st	4,700	\$20.57/te	
		1st	1,670	\$23.50/te	
		1st	3,523	\$23.50/te	Modified Gross
		1st	1,430	\$23.50/te	
		2nd	6,134	\$23.50/te	Modified Gross
		2nd	5,650	\$23.50	
		2nd	4,430	\$22.01/te	
		2nd	4,456	\$23.50	Modified Gross
	Skyline Plaza 37 Saw Mill River Rd Hawthorne, NY 10532	GRND	1,000	\$18.00	Pay Utilities
		1st	3,450	\$23.00	Modified Gross
		1st	700	\$19.20	Modified Gross
		1st	625	\$19.00	Modified Gross
		1st	2,130	\$21.00	Modified Gross
	3 W Main St Elmsford, NY 10523	1st	2,500	\$21.50	Modified Gross
		2nd	2,088	\$21.50	Modified Gross
	401 Columbus Ave Valhalla, NY 10595	GRND	1,220	\$22.50	Tenant Electric
		2nd	1,490	\$22.50	Tenant Electric
	503 Grasslands Rd Valhalla, NY 10595	GRND	9,989	\$17.30	Triple Net
		1st	2,111	\$24.00	Tenant Electric

Source: CoStar; compiled by Weitzman Associates, LLC

(Continued)

Comparable Medical Office Asking Rents					
	Property/Location	Space	Sq. Ft.	Annual Rent PSF	Lease Type
	100 North 19 Bradhurst Ave	2nd 3rd	1,500 26,000	\$32.00 \$32.00	Tenant Electric Tenant Electric
	245 Saw Mill River Rd Hawthorne, NY 10532	1st	7,500	\$24.00	
	115 Wall St Valhalla, NY 10595	1st	4,147	\$20.00	Tenant Electric
	635 Old White Plains Rd Tarrytown, NY 10591	1st	900	\$22.00	Triple Net
	75 N Central Ave Elmsford, NY 10523	3rd	1,700	\$29.00	Full Service

Source: CoStar; compiled by Weitzman Associates, LLC

Furthermore, we reviewed the current rent roll for 19 Bradhurst Avenue, a property owned by Fareri Associates adjacent to North 60 and Westchester Medical Center.

Tenants at the property pay approximately \$40 per square foot in rent. As such, the building is North 60's "closest comp," and we therefore believe that rent at \$40 per square foot is achievable at the development.

HEALTHCARE REAL ESTATE AT NORTH 60: DEMAND ANALYSIS

We have conducted a demand analysis in order to effectively understand the market for additional healthcare real estate at North 60. The methodology behind this analysis involves (1) establishing the status quo of healthcare spending in New York State, (2) projecting future healthcare spending in New York State, (3) establishing Westchester County's "fair share" of projected healthcare spending, and (4) estimating how many square feet of additional healthcare real estate Westchester County will require in the future based on its "fair share" of demand. Finally, we (5) calculated how much of the demand North 60 must capture for its buildings to be leased / its space to be absorbed, accounting for pipeline projects.

We should note that, while we stand by the empirical nature of our analysis, all data indicate that Westchester County (and North 60's location in particular) are already saturated with respect to healthcare services and the real estate within which they operate. Furthermore, Westchester Medical Center has "right of first offer" over any healthcare tenants that may want to take up residence at North 60. As a result, this likely prevents any of the other major hospital systems from leasing at North 60. However, we have learned that conversations between Fareri Associates and Westchester County may result in altering the North 60 ground lease such that Westchester Medical Center will only have "right of first offer" over healthcare tenants that directly compete with their services (ambulatory care, trauma, etc.). So, tenants that may be conducting medical research or providing educational services could lease space at North 60 without approval from Westchester Medical Center.

The Status Quo of Healthcare Spending in New York State

Formulating a detailed categorization of healthcare spending is a challenging task, due to a myriad of complexities and the lack of data on private spending, that is typically outside of the purview of real estate professionals. As a result, we have relied on a study completed by the RAND Corporation in 2018. The RAND Corporation is a global think-tank and consulting firm (akin to McKinsey & Company) that advises public and private clients on a range of policy-related matters. In 2018, New York State commissioned RAND to conduct a study ("An Assessment of the New York Health Act") using various statistical modeling techniques that project future

healthcare spending in New York State under two scenarios: (1) if the status quo of healthcare delivery does not change, and (2) if New York State were to switch to a single-payer healthcare system.

The RAND report establishes the status quo of healthcare spending for the year 2016 in its report, relying on a number of public and private data sources. The following table breaks down medical expenses that are paid (for the most part) directly toward human labor, rather than toward goods such as pharmaceuticals or medical devices. In total, healthcare expenditures in New York State were over \$173 billion in 2016:

TABLE 47

New York State Health Expenditures by Service and Payer Category (2016, \$ Amounts in Billions)				
Service Category	Medicare	Medicaid	Other	Total
Medical Care Expenditures				
Hospital Care	19.7	19.9	42.1	81.7
Physician and Clinical Services	11.0	7.0	24.1	42.1
Other Professional Services	1.6	0.7	4.3	6.6
Dental Services	0.1	0.8	7.3	8.2
Other Health and Personal Care	0.2	4.9	4.8	9.9
Long-Term Care Expenditures				
Home HealthCare	1.6	6.0	3.2	10.8
Nursing Home Care	2.9	7.1	3.8	13.8
Total Expenditures	37.1	46.4	89.6	173.1

Source: RAND Corporation, 2018; compiled by Weitzman Associates, LLC

It is challenging to attribute the catalogue of healthcare spending above to specific medical specialties, though we know that at a national level the growing elderly population will drive the majority of additional healthcare expenditures in the foreseeable future. For the sake of simplicity, we have used total healthcare expenditures as the proxy for our analysis.

Projected Healthcare Expenditures in New York State

After establishing the status quo of healthcare spending in New York State, RAND proceeds to project future healthcare spending based on the two scenarios mentioned above. The two scenarios differ in that certain healthcare costs will vary due to new policies, some individuals will choose to enter or exit the private insurance market depending on the scenario, and other factors. The result is that healthcare spending under the New York Health Act is projected to grow more quickly at first, but ultimately result in lower healthcare spending by 2030. From 2016

to 2031, healthcare spending is projected to grow at a compounded annual rate of 4.10% under the status quo and at 4.07% under the New York Health Act.

TABLE 48

	Projected Annual Healthcare Spending in New York State			
	Status Quo		New York Health Act	
	Spending	% Growth	Spending	% Growth
2016	\$173.1	--	\$173.1	--
2017	\$181.2	4.7%	\$181.2	4.7%
2018	\$189.7	4.7%	\$189.7	4.7%
2019	\$198.6	4.7%	\$198.6	4.7%
2020	\$207.9	4.7%	\$209.5	5.5%
2021	\$217.6	4.7%	\$221.0	5.5%
2022	\$227.8	4.7%	\$233.1	5.5%
2023	\$236.2	3.7%	\$240.9	3.3%
2024	\$244.8	3.7%	\$249.0	3.3%
2025	\$253.8	3.7%	\$257.3	3.3%
2026	\$263.1	3.7%	\$265.9	3.3%
2027	\$273.0	3.8%	\$275.0	3.4%
2028	\$283.2	3.8%	\$284.4	3.4%
2029	\$293.9	3.8%	\$294.2	3.4%
2030	\$304.9	3.8%	\$304.3	3.4%
2031	\$316.4	3.8%	\$314.7	3.4%
2032	\$329.4	4.1%	\$327.5	4.1%
2033	\$342.9	4.1%	\$340.8	4.1%
2034	\$357.0	4.1%	\$354.7	4.1%
2035	\$371.6	4.1%	\$369.1	4.1%
2036	\$386.9	4.1%	\$384.1	4.1%
2037	\$402.7	4.1%	\$399.7	4.1%
2038	\$419.3	4.1%	\$416.0	4.1%
2039	\$436.5	4.1%	\$432.9	4.1%
2040	\$454.4	4.1%	\$450.5	4.1%

Dollar amounts in billions.

Values for 2016 - 2019 are the same for both scenarios, given that the New York Health Act has not passed.

All values after 2016 are projected.

Source: RAND Corporation, 2018; analysis by Weitzman Associates, LLC

Westchester County's Fair Share of Healthcare Expenditures

A “fair share” analysis is predicated on the assumption that a given market’s competitive position will remain constant in the future. In reality, there are myriad economic forces, governmental policies, and private actors that shape the future of a given industry or place. However, the complexity is challenging (perhaps impossible) to account for empirically, so a fair share analysis presents a reasonable basis as a tool to plan for the future.

In order to project Westchester County’s fair share of New York State healthcare expenditures, we have relied on three metrics:

- Westchester County’s share of New York State’s population;
- Westchester County’s share of New York State’s hospital beds; and
- Westchester County’s share of the total square feet of medical office space in New York State.

As demonstrated in the table below, Westchester’s population in 2018 was 977,073, or approximately 4.9% of New York State’s total population.

TABLE 49

Westchester's Fair Share of NY State Population (2018)	
Westchester County Population	977,073
New York State Population	20,070,143
Westchester County's Share	4.9%

Source: ESRI Business Analyst

As demonstrated in the table below, hospitals in Westchester County currently total 4,130 beds, or approximately 6.6% of the total hospital beds in New York State.

TABLE 50

Westchester County Share of New York State Hospitals (2018)		
Hospital Name	City / Town	Staffed Beds
Westchester County		
Westchester Medical Center	Valhalla	895
Saint Joseph's Medical Center	Yonkers	473
Saint John's Riverside Hospital - Andrus Pavilion	Yonkers	326
Montefiore New Rochelle Hospital	New Rochelle	301
White Plains Hospital	White Plains	292
New York-Presbyterian Hospital - Westchester Division	White Plains	270
Midhudson Regional Hospital of Westchester Medical Center	Poughkeepsie	243
New York-Presbyterian Lawrence Hospital	Bronxville	208
Phelps Memorial Hospital Center	Sleepy Hollow	238
Northern Westchester Hospital	Mount Kisco	195
St. John's Riverside Hospital ParkCare Pavilion	Yonkers	190
Winifred Masterson Burke Rehabilitation Hospital	White Plains	150
New York-Presbyterian Hudson Valley Hospital	Cortlandt Manor	128
Blythedale Children's Hospital	Valhalla	86
Montefiore Mount Vernon Hospital	Mount Vernon	85
Saint John's Riverside Hospital - Dobbs Ferry Pavilion	Dobbs Ferry	50
Subtotal (16 hospitals)		4,130
New York State (200 hospitals)		62,480
Westchester County Share of New York State Hospitals		6.6%

Notes

(1) Hospitals within the Veterans Health Administration system not included.

Source: American Hospital Directory; New York State Department of Health; compiled by Weitzman Associates, LLC

As shown in the table below, Westchester County has approximately 5 million square feet of medical office space, or about 5.1% of total medical office space in New York State.

TABLE 51

Medical Office: Westchester County and New York State			
Medical Office Category	Westchester County Square Feet	New York State Square Feet	Westchester County Share
Medical Office Building	3.7M	76.9M	4.8%
Medical Condos	724.6K	8.4M	8.7%
Medical in Retail	83.2K	2.0M	4.2%
Medical in Traditional Office	531.5K	11.8M	4.5%
TOTAL	5.0M	99.0M	5.1%

Source: Revista; compiled by Weitzman Associates, LLC

Summarized and averaged, we estimate **Westchester County's fair share of New York State medical expenditures to be approximately 5.5%.**

TABLE 52

Westchester's Fair Share of NY State Medical Expenditures	
Westchester's Share of NY State Population (Low)	4.9%
Westchester's Share of NY State Medical Office Space (Mid)	5.1%
Westchester's Share of NY State Hospital Beds (High)	6.6%
Average	5.5%

Overlaying Westchester's fair share of medical expenditures to the projections from the RAND Corporation results in the following projection for the County:

TABLE 53

Westchester County's Fair Share of Projected Annual Healthcare Spending in New York State				
	Status Quo		New York Health Act	
	Spending	% Growth	Spending	% Growth
2016	\$9.5	--	\$9.5	--
2017	\$10.0	4.7%	\$10.0	4.7%
2018	\$10.4	4.7%	\$10.4	4.7%
2019	\$10.9	4.7%	\$10.9	4.7%
2020	\$11.4	4.7%	\$11.5	5.5%
2021	\$12.0	4.7%	\$12.2	5.5%
2022	\$12.5	4.7%	\$12.8	5.5%
2023	\$13.0	3.7%	\$13.2	3.3%
2024	\$13.5	3.7%	\$13.7	3.3%
2025	\$14.0	3.7%	\$14.2	3.3%
2026	\$14.5	3.7%	\$14.6	3.3%
2027	\$15.0	3.8%	\$15.1	3.4%
2028	\$15.6	3.8%	\$15.6	3.4%
2029	\$16.2	3.8%	\$16.2	3.4%
2030	\$16.8	3.8%	\$16.7	3.4%
2031	\$17.4	3.8%	\$17.3	3.4%
2032	\$18.1	4.1%	\$18.0	4.1%
2033	\$18.9	4.1%	\$18.7	4.1%
2034	\$19.6	4.1%	\$19.5	4.1%
2035	\$20.4	4.1%	\$20.3	4.1%
2036	\$21.3	4.1%	\$21.1	4.1%
2037	\$22.2	4.1%	\$22.0	4.1%
2038	\$23.1	4.1%	\$22.9	4.1%
2039	\$24.0	4.1%	\$23.8	4.1%
2040	\$25.0	4.1%	\$24.8	4.1%

Dollar amounts in billions.

Values for 2016 - 2019 are the same for both scenarios, given that the New York Health Act has not passed.

All values after 2016 are projected.

Source: RAND Corporation, 2018; analysis by Weitzman Associates, LLC

Projected Demand for Healthcare Real Estate in Westchester County and North 60

Projecting the demand for new healthcare real estate in Westchester County on a per square foot basis is a challenging task, largely because increases in medical expenditures do not necessarily translate perfectly to demand for more space. However, without a more refined method, this is the best approach currently available.

Healthcare expenditures in Westchester County were estimated to be approximately \$10.4 billion in 2018, and there are approximately 12.6 million square feet of hospital / medical office space in Westchester. Therefore, on a per square foot basis, **healthcare expenditures in the County amount to about \$825 per square foot**. Extrapolating this metric to the projected growth in healthcare expenditures results in demand for an additional 16.9 to 17.1 million square feet of healthcare real estate in Westchester County by the year 2040.

TABLE 54

Projection: Demand for Medical Office Space in Westchester County				
	Status Quo		New York Health Act	
	Spending Growth	Square Feet of Demand	Spending Growth	Square Feet of Demand
2019	\$0.5	575,000 SF	\$0.5	575,000 SF
2020	\$0.5	602,000 SF	\$0.6	705,000 SF
2021	\$0.5	630,000 SF	\$0.6	744,000 SF
2022	\$0.6	659,000 SF	\$0.7	785,000 SF
2023	\$0.5	541,000 SF	\$0.4	505,000 SF
2024	\$0.5	560,000 SF	\$0.4	522,000 SF
2025	\$0.5	581,000 SF	\$0.5	539,000 SF
2026	\$0.5	602,000 SF	\$0.5	557,000 SF
2027	\$0.5	640,000 SF	\$0.5	590,000 SF
2028	\$0.6	664,000 SF	\$0.5	610,000 SF
2029	\$0.6	689,000 SF	\$0.5	631,000 SF
2030	\$0.6	715,000 SF	\$0.6	652,000 SF
2031	\$0.6	742,000 SF	\$0.6	675,000 SF
2032	\$0.7	840,000 SF	\$0.7	828,000 SF
2033	\$0.7	874,000 SF	\$0.7	862,000 SF
2034	\$0.8	910,000 SF	\$0.8	897,000 SF
2035	\$0.8	948,000 SF	\$0.8	933,000 SF
2036	\$0.8	987,000 SF	\$0.8	971,000 SF
2037	\$0.9	1,027,000 SF	\$0.9	1,010,000 SF
2038	\$0.9	1,069,000 SF	\$0.9	1,051,000 SF
2039	\$0.9	1,113,000 SF	\$0.9	1,094,000 SF
2040	\$1.0	1,159,000 SF	\$1.0	1,139,000 SF
TOTAL	\$14.6	17,127,000 SF	\$14.3	16,875,000 SF
Demand / Year	\$0.7	815,571 SF	\$0.7	803,571 SF

Dollar amounts in billions.

Values for 2016 - 2019 are the same for both scenarios, given that the New York Health Act has not passed.

All values after 2016 are projected.

Source: RAND Corporation, 2018; analysis by Weitzman Associates, LLC

Having established the projected demand for healthcare real estate throughout Westchester County, the next step is to “localize” this analysis and consider how North 60 could capture this demand. Assuming that Westchester Medical Center will have a less restricted right of first offer on any new healthcare tenants who may consider leasing at North 60, the development will be somewhat less constrained in terms of who can take up space there. As such, we have conservatively assumed that North 60 may only capture up to 7.5% of healthcare real estate demand in Westchester County. Furthermore, Westchester Medical Center’s new 280,000 square foot Ambulatory Care Pavilion just opened, which we have deducted from the first few years of the demand analysis. Incorporating these limiting factors results in the following projection:

TABLE 55

Projection: Demand for Medical Office Space at North 60				
	Status Quo		New York Health Act	
	Spending Growth	Square Feet of Demand	Spending Growth	Square Feet of Demand
2019	\$0.04	0 SF	\$0.04	0 SF
2020	\$0.04	0 SF	\$0.04	0 SF
2021	\$0.04	0 SF	\$0.05	0 SF
2022	\$0.04	0 SF	\$0.05	0 SF
2023	\$0.03	0 SF	\$0.03	0 SF
2024	\$0.04	29,525 SF	\$0.03	7,700 SF
2025	\$0.04	43,575 SF	\$0.03	40,425 SF
2026	\$0.04	45,150 SF	\$0.04	41,775 SF
2027	\$0.04	48,000 SF	\$0.04	44,250 SF
2028	\$0.04	49,800 SF	\$0.04	45,750 SF
2029	\$0.04	51,675 SF	\$0.04	47,325 SF
2030	\$0.05	53,625 SF	\$0.04	48,900 SF
2031	\$0.05	55,650 SF	\$0.04	50,625 SF
2032	\$0.05	63,000 SF	\$0.05	62,100 SF
2033	\$0.06	65,550 SF	\$0.05	64,650 SF
2034	\$0.06	68,250 SF	\$0.06	67,275 SF
2035	\$0.06	71,100 SF	\$0.06	69,975 SF
2036	\$0.06	74,025 SF	\$0.06	72,825 SF
2037	\$0.07	77,025 SF	\$0.06	75,750 SF
2038	\$0.07	80,175 SF	\$0.07	78,825 SF
2039	\$0.07	83,475 SF	\$0.07	82,050 SF
2040	\$0.07	86,925 SF	\$0.07	85,425 SF
TOTAL	\$1.09	1,046,525 SF	\$1.08	985,625 SF
Demand / Year	\$0.05	49,835 SF	\$0.05	46,935 SF

Grey, shaded cells represent years during which Westchester Medical Center's new Ambulatory Care

Pavilion becomes part of new inventory and capture healthcare real estate demand in Mt. Pleasant.

Grey, shaded and patterned cells represent partial years of demand that the Ambulatory Care Pavilion will capture.

Dollar amounts in billions.

Source: Analysis by Weitzman Associates, LLC

The master plan for North 60 currently includes 400,000 square feet of medical office space. Given the moderate leasing constraints faced by the development and the direct competition from Westchester Medical Center, we have projected that there will not be sufficient demand to lease all 400,000 square feet of medical office space until 2032 or 2033. As a result, we conclude that project's master plan should either include less medical office space, or that the medical office space should be built during later phases, or both.

CONCLUSION

In general, the healthcare real estate market in Westchester has slowed in terms of leasing activity in recent years. Furthermore, changes to healthcare delivery systems (tied up in contentious political discourse) make the healthcare market somewhat unpredictable, despite a great deal of investor interest at a national level. While North 60 is well-positioned to accommodate healthcare real estate due to its proximity to Westchester Medical Center, it will take some time for the space to be absorbed, so we recommend proceeding with caution, and with an "ear to the ground" to pivot to changes in the market. Nevertheless, if the North 60 lease is updated to provide greater leasing flexibility (with less interference from Westchester Medical Center), and Fareri Associates can secure leases with credit tenants, then healthcare real estate at North 60 can likely be successful.

- HOTEL MARKET ANALYSIS -

HOTEL MARKET ANALYSIS

INTRODUCTION

As a component of the plan for North 60, Fareri Associates has proposed a moderately-upscale, extended-stay hotel, such as a Homewood Suites by Hilton, as a part of the first phase of development. The analysis of the market potential for the proposed hotel begins with an overview of the existing hotel inventory in Westchester County, followed by a review of the occupancy, average daily rate (ADR), and revenue per available room (RevPAR) trends of the defined primary and secondary competitive markets. The competitive market analysis then serves as the framework for our occupancy and ADR projections for the proposed extended-stay hotel at North 60. We have organized the analysis as follows:

1. An Executive Summary of findings;
2. An overview of the existing and planned hotel inventory in Westchester County;
3. An analysis of the Trends of the defined Primary Competitive Hotel Market;
4. An analysis of the Trends of the defined Secondary Competitive Hotel Market;
5. An analysis of the Monthly and Day of Week Trends of the Primary and Secondary Competitive Hotel Markets;
6. A Competitive Hotel Supply and Demand Analysis; and
7. A Projection of Occupancy and Average Daily Rate for the Proposed Hotel at North 60.

EXECUTIVE SUMMARY

- **Westchester County Hotel Market Overview.** Based upon data from STR, the existing hotel inventory in Westchester County is comprised of 45 hotel properties with a total of 6,622 rooms, of which 9.5% are classified by STR as economy class, 21.2% are classified as midscale or upper midscale class, 65.7% are classified as upscale or upper upscale class, and 3.5% are classified as luxury class. The major hotel clusters are primarily located in White Plains / West Harrison, Tarrytown, Yonkers, Rye Brook / Rye, and Elmsford. Six new hotels have opened in the County since 2014, including three in Yonkers, one in Peekskill, one in White Plains, and one in Dobbs Ferry. We identified two new hotels currently under construction (in Tuckahoe and New Rochelle), and two hotel developments proposed (in New Rochelle

and Sleepy Hollow). None of these planned or proposed hotels would compete to any significant degree with the proposed hotel at North 60.

- **Primary Competitive Set Hotel Market Trends.** The defined primary competitive set consists of six upper midscale to upscale class, limited- and select-service hotels: La Quinta Inns & Suites White Plains Elmsford, Hampton Inn White Plains Tarrytown, Comfort Inn & Suites Hawthorne, Springhill Suites Tarrytown, Courtyard Tarrytown, and Hilton Garden Inn Dobbs Ferry (which opened in July 2018). After a positive trend of growth over the years from 2010 to 2015, RevPAR in the primary competitive set declined in the following two years in 2016 and 2017, before rebounding somewhat in 2018. In 2018, the primary competitive set achieved an average occupancy of 74.2%, an ADR of \$131.63, and RevPAR of \$97.70. The year-to-date statistics through March 2019 reflect an occupancy decline of -6.2% and an ADR decline of -1.8% over the same period in 2018. We note that over this period, reflecting the full opening of the Hilton Garden Inn Dobbs Ferry, the competitive supply increased 22.8%.
- **Secondary Competitive Set Hotel Market Trends.** The defined secondary competitive set consists of four upscale or upper upscale class, full-service hotels located in Tarrytown: Marriott Westchester, Sheraton Hotel Tarrytown, Tarrytown House Estate & Conference Center, and Doubletree Tarrytown. Similar to the primary competitive set, the secondary competitive set exhibited continual RevPAR growth from 2010 to 2015, followed by a decline in 2016 and 2017 and a rebound in 2018. In 2018, the secondary competitive set achieved an average occupancy of 73.7%, an ADR of \$153.25, and RevPAR of \$112.96. The year-to-date statistics through March 2019 reflect a slight occupancy decline of -0.3% and an ADR increase of 1.0%, for overall RevPAR growth of 0.6%, over the same period in 2018.
- **Monthly and Day of Week Trends.** For the combined primary and secondary competitive market, the fall months of September and October and the late-spring and early-summer months of May and June typically represent the peak periods, followed by the summer months of July and August. The slowest months are generally the winter months of January and February.

Reflective of the commercial demand which typically peaks during the mid-week, the highest RevPAR levels are typically achieved on Tuesday and Wednesday nights. Saturday nights are also relatively strong, particularly in terms of occupancy, which is indicative of the leisure demand base that is also within the competitive market. As in most hotel markets, Sunday nights are the weakest in terms of occupancy and RevPAR.

- **Competitive Hotel Supply and Demand Analysis.** To project market occupancy over the next several years, we performed a competitive supply and demand analysis. In our competitive supply analysis, we included the six primary competitive hotels totaling 769 rooms, and the four secondary competitive hotels weighted at 50% for a weighted total of 526 rooms, resulting in an overall existing competitive supply of 1,295 rooms in 2019. For the purpose of our analysis, we have assumed that the proposed hotel at North 60, with 120 rooms, will open on July 1, 2022, thereby increasing the competitive supply by 4.6% in 2022 and a further 4.4% in 2023.

We project base annual hotel demand growth of 1.0% from 2019 to 2021 and 1.5% in the years thereafter from 2022 to 2025. Furthermore, we project that the proposed hotel at North 60 will induce¹⁹ 35% of its room nights, which is inclusive of the new hotel demand that will be generated by the overall North 60 development, including its life science and other commercial / medical tenants. Based upon the competitive supply and demand analysis, we have estimated a stabilized competitive market occupancy rate of approximately 73% in fiscal year 2024/25.

- **Projection of Occupancy and Average Daily Rate for the Proposed Hotel at North 60.** Assuming an upscale, extended-stay, nationally recognized hotel brand affiliation (such as Homewood Suites), we project three years to reach stabilized occupancy, with projected penetration rates²⁰ of 95% in the first partial year of operations in 2022, increasing to 102% in 2023 and a stabilized 107% penetration as of 2024. Based upon our analysis, we project the proposed hotel's stabilized occupancy rate at 78.0%.

Based upon the average daily rate of the primary and secondary competitive sets, and in consideration of the proposed hotel's new construction and development as an upscale, extended-stay, all-suite hotel, we estimate the proposed North 60 hotel's positioned average daily rate at \$155 in 2018 dollars. In consideration of recent trends, we project ADR growth to be flat in 2019, followed by annual growth of 2.0% in 2020 and 2021 and a stabilized growth of 3.0% thereafter. The proposed North 60 hotel's projected occupancy rate, average daily rate and RevPAR through the first stabilized year, as projected by Weitzman Associates, are summarized in the following table.

¹⁹ Penetration Rate: a measure of performance when compared to the market; a penetration rate equal to 100% implies that the hotel is accommodating exactly its fair share of demand.

²⁰ Induce: to bring about by influence; induced hotel demand represents room nights that are attracted into a market.

TABLE 56
PROJECTED OCCUPANCY, AVERAGE RATE AND REVPAR SUMMARY
PROPOSED NORTH 60 HOTEL

Projection Year Ending 6/30	2023	2024	Stabilized 2025
Projected ADR	\$169.00	\$174.00	\$179.00
Projected Occupancy	71.0%	75.0%	78.0%
Projected RevPAR	\$119.99	\$130.50	\$139.62
% Change		8.8%	7.0%

Source: Projections by Weitzman Associates, LLC

WESTCHESTER COUNTY HOTEL MARKET OVERVIEW

According to data from STR, the existing hotel market in Westchester County is currently comprised of 45 hotel properties with a total of 6,622 rooms. This inventory includes:

- Ten properties, with a total of 631 rooms (or 9.5% of the Westchester County total), that are considered by STR to be economy class hotels; this set includes a number of independent motels located across the county, as well as a Days Inn and Extended Stay America located in Elmsford.
- 12 properties, with a total of 1,407 rooms (or 21.2% of the Westchester County total), that are considered by STR to be midscale or upper midscale class hotels; this set includes a Comfort Inn located in Hawthorne within a half mile west of the North 60 site, and a Hampton Inn and a La Quinta Inn & Suites located in Elmsford, within two and three miles south of the North 60 site, respectively.
- 20 properties, with a total of 4,349 rooms (or 65.7% of the Westchester County total), that are considered by STR to be upscale or upper upscale class hotels. Many of these hotels are located in Tarrytown and White Plains.
- Just three properties, with a total of 235 rooms (or 3.5% of the Westchester County total), that are considered by STR to be luxury class hotels.

The breakdown of the Westchester County hotel inventory by class is displayed in Table 57.

The major hotel clusters are primarily located in White Plains / West Harrison (with 1,376 rooms, or 20.8% of the county total), Tarrytown (with 1,367 rooms, or 20.6% of the county total), Yonkers (with 1,031 rooms, or 15.6% of the county total), Rye Brook / Rye (with 959 rooms, or 14.5% of the county total), and Elmsford (with 568 rooms, or 8.6% of the county total). The full breakdown of Westchester County hotels by zip code area is displayed in Table 58.

Based upon the data from STR, of the existing Westchester County hotel market supply, 68.6% of the room inventory dates back to before 2000, while 21.1% of the room inventory has been built over the past 12 years since 2006. Of the six hotels which have opened since 2014, three of these hotels have been located in Yonkers, consisting of a Hyatt Place (2015), Hampton Inn (2016) and Courtyard (2017). Other hotel openings in Westchester County over the past few years include a Holiday Inn Express & Suites located in Peekskill and a Cambria Hotel & Suites located in downtown White Plains, both of which opened in 2014, and a Hilton Garden Inn, which opened in July 2018 in the Rivertown Square mixed-use retail and residential complex in Dobbs Ferry. Prior to 2014, the most recent hotel additions in Westchester County had been the 2009 openings of a Hampton Inn and a Residence Inn located in the South Westchester Executive Park in Yonkers (where a Courtyard was also subsequently developed in 2017).

The age distribution of the hotels in Westchester County is summarized in the following table.

TABLE 57
HOTEL AGE DISTRIBUTION
WESTCHESTER COUNTY, NY

Year Opened	Hotels	Rooms	% of Total
Before 2000	30	4,544	68.6%
2000 - 2005	5	680	10.3%
2006 - 2010	4	590	8.9%
2011 - 2015	3	361	5.5%
2016 - 2018	3	447	6.8%
Total	45	6,622	100.0%

Source: STR; compiled by Weitzman Associates, LLC

New Hotel Supply

Based upon our market research, we uncovered the following under construction or proposed hotel supply additions in Westchester County.

Under Construction:

- In Tuckahoe, a 153-room Springhill Suites is under construction at 109 Marbledale Road, on a former landfill site. The hotel is scheduled to open in September 2019.
- In New Rochelle, a new 80-room, boutique V Hotel, part of Choice Hotel's *Ascend* Collection, is under construction at 43 Church Street. The eight-story hotel will include a full-service restaurant and bar, and meeting spaces.

Proposed:

- In September 2018, Dobbs Ferry-based WARD Capital Management presented to the New Rochelle City Council its proposal to develop a TRYP by Wyndham hotel at 115 Cedar Street, on the site of former Soul Food restaurant, near I-95. Plans call for a 24-story tower with approximately 225 rooms, including 75 suites, with all rooms measuring between 300 and 450 square feet, as well as a rooftop pool and parking garage.
- In Sleepy Hollow, a 140-room boutique hotel is planned as part of the major mixed-use Edge-on-Hudson riverfront community proposed for the former General Motors assembly plant site at 199 Beekman Avenue. The master plan also includes 1,177 residential units, 135,000 square feet of retail space, 35,000 square feet of office space, and parks. Toll Brothers is currently developing the first 15-acre residential phase of the 70-acre development.

Based upon our research, we did not uncover any planned new hotel supply that would be competitive with a new hotel planned for North 60.

TABLE 58

WESTCHESTER COUNTY HOTEL INVENTORY						
BY CLASS						
Hotel	Location	Zip Code	Class (1)	Rooms	Aff Date	Open Date
Vincent & Sons Motel	Mamaroneck	10543	Economy	23	Jun 1980	Jun 1980
Central Motel Court	White Plains	10606	Economy	28	Apr 1977	Apr 1977
Mamaroneck Motel	Mamaroneck	10543	Economy	34	Jun 1946	Jun 1946
Watergate Motor Inn	Croton On Hudson	10520	Economy	44	Jun 1965	Jun 1965
Motel 6 Elmsford	Elmsford	10523	Economy	48	May 2018	Jan 1963
Apple Motor Inn	Ardsley	10502	Economy	49	Jun 1975	Jun 1975
Ardsley Acres Hotel Court	Ardsley	10502	Economy	60	Jan 1984	Jan 1984
Tuckahoe Motor Inn	Yonkers	10710	Economy	82	Jan 1996	Jan 1996
Days Inn Elmsford	Elmsford	10523	Economy	127	Jul 2013	Jun 1940
Extended Stay America White Plains Elmsford	Elmsford	10523	Economy	136	Dec 2000	Dec 2000
Economy Sub-Total	10 Properties			631 Rooms	9.5% of Total	
Ramada Yonkers	Yonkers	10710	Midscale	103	May 2005	Nov 1962
Inn On The Hudson	Peekskill	10566	Upper Midscale	53	Jun 1957	Jun 1957
Holiday Inn Express & Suites Peekskill Lower Hudson Valley	Peekskill	10566	Upper Midscale	76	Apr 2014	Apr 2014
Comfort Inn & Suites Hawthorne (P)	Hawthorne	10532	Upper Midscale	85	Dec 2000	Dec 2000
Royal Regency	Yonkers	10710	Upper Midscale	93	Jun 1996	
La Quinta Inns & Suites White Plains Elmsford (P)	Elmsford	10523	Upper Midscale	101	Mar 2007	Jan 1975
Holiday Inn Mount Kisco Westchester County	Mount Kisco	10549	Upper Midscale	118	May 1972	May 1972
La Quinta Inns & Suites Armonk Westchester County Airport	Armonk	10504	Upper Midscale	140	Feb 2007	Jan 1973
Hampton Inn Yonkers	Yonkers	10701	Upper Midscale	150	Jun 2009	Jun 2009
Hampton Inn Yonkers Westchester	Yonkers	10710	Upper Midscale	150	Sep 2016	Sep 2016
Hampton Inn White Plains Tarrytown (P)	Elmsford	10523	Upper Midscale	156	May 1996	Jun 1957
IBM Learning Center	Armonk	10504	Upper Midscale	182	Jun 1978	Jun 1978
Midscale Sub-Total	12 Properties			1,407 Rooms	21.2% of Total	
Residence Inn New Rochelle	New Rochelle	10801	Upscale	127	Jan 2000	Jan 2000
Radisson Hotel New Rochelle	New Rochelle	10801	Upscale	129	Jun 2004	Jun 1974
Cambria hotel & suites White Plains Downtown	White Plains	10601	Upscale	130	Sep 2014	Sep 2014
Residence Inn White Plains Westchester County	White Plains	10601	Upscale	135	Jun 1996	Jun 1982
Courtyard Tarrytown Westchester County (P)	Tarrytown	10591	Upscale	139	Jan 1988	Jan 1988
Hilton Garden Inn Westchester Dobbs Ferry (P)	Dobbs Ferry	10522	Upscale	143	Jul 2018	Jul 2018
Residence Inn Yonkers Westchester County	Yonkers	10701	Upscale	144	Aug 2009	Aug 2009
Courtyard Rye	Rye	10580	Upscale	145	Mar 1988	Mar 1988
Springhill Suites Tarrytown Westchester County (P)	Tarrytown	10591	Upscale	145	Feb 2004	Feb 2004
Courtyard Yonkers Westchester County	Yonkers	10701	Upscale	154	May 2017	May 2017
Hyatt Place New York Yonkers	Yonkers	10704	Upscale	155	Apr 2015	Apr 2015
Hyatt House White Plains	White Plains	10604	Upscale	187	Jan 2012	Jan 2000
DoubleTree by Hilton Hotel Tarrytown (S)	Tarrytown	10591	Upscale	246	Dec 2007	Jan 1961
Crowne Plaza White Plains Downtown	White Plains	10601	Upscale	402	Dec 1985	Dec 1985
Sheraton Hotel Tarrytown (S)	Tarrytown	10591	Upper Upscale	150	Jan 2007	Jan 2007
Tarrytown House Estate & Conference Center (S)	Tarrytown	10591	Upper Upscale	212	Jun 1965	Jun 1965
Renaissance Westchester Hotel	West Harrison	10604	Upper Upscale	348	May 1995	Apr 1981
Doral Arrow wood	Rye Brook	10573	Upper Upscale	369	May 2002	Jun 1983
Marriott Westchester (S)	Tarrytown	10591	Upper Upscale	444	Nov 1981	Nov 1981
Hilton Westchester	Rye Brook	10573	Upper Upscale	445	Apr 1973	Apr 1973
Upscale Sub-Total	20 Properties			4,349 Rooms	65.7% of Total	
Castle Hotel & Spa	Tarrytown	10591	Luxury	31	Jun 1996	Jun 1996
Edith Macy Conference Center	Briarcliff Manor	10510	Luxury	58	Apr 1999	Dec 1982
Ritz-Carlton The New York Westchester	White Plains	10601	Luxury	146	Dec 2007	Dec 2007
Luxury Sub-Total	3 Properties			235 Rooms	3.5% of Total	
Westchester County Total	45 Properties			6,622 Rooms		

(1) Class as designated by STR

(P) Included in Primary Competitive Set Analysis

(S) Included in Secondary Competitive Set Analysis

Source: STR; compiled by Weitzman Associates, LLC

TABLE 59

WESTCHESTER COUNTY HOTEL INVENTORY						
BY ZIP CODE						
Hotel	Location	Zip Code	Class (1)	Rooms	Aff Date	Open Date
Apple Motor Inn	Ardsley	10502	Economy	49	Jun 1975	Jun 1975
Ardsley Acres Hotel Court	Ardsley	10502	Economy	60	Jan 1984	Jan 1984
La Quinta Inns & Suites Armonk Westchester County Airport	Armonk	10504	Upper Midscale	140	Feb 2007	Jan 1973
IBM Learning Center	Armonk	10504	Upper Midscale	182	Jun 1978	Jun 1978
Edith Macy Conference Center	Briarcliff Manor	10510	Luxury	58	Apr 1999	Dec 1982
Watergate Motor Inn	Croton On Hudson	10520	Economy	44	Jun 1965	Jun 1965
Hilton Garden Inn Westchester Dobbs Ferry (P)	Dobbs Ferry	10522	Upscale	143	Jul 2018	Jul 2018
Motel 6 Elmsford	Elmsford	10523	Economy	48	May 2018	Jan 1963
Days Inn Elmsford	Elmsford	10523	Economy	127	Jul 2013	Jun 1940
Extended Stay America White Plains Elmsford	Elmsford	10523	Economy	136	Dec 2000	Dec 2000
La Quinta Inns & Suites White Plains Elmsford (P)	Elmsford	10523	Upper Midscale	101	Mar 2007	Jan 1975
Hampton Inn White Plains Tarrytown (P)	Elmsford	10523	Upper Midscale	156	May 1996	Jun 1957
Comfort Inn & Suites Hawthorne (P)	Hawthorne	10532	Upper Midscale	85	Dec 2000	Dec 2000
Vincent & Sons Motel	Mamaroneck	10543	Economy	23	Jun 1980	Jun 1980
Mamaroneck Motel	Mamaroneck	10543	Economy	34	Jun 1946	Jun 1946
Holiday Inn Mount Kisco Westchester County	Mount Kisco	10549	Upper Midscale	118	May 1972	May 1972
Inn On The Hudson	Peekskill	10566	Upper Midscale	53	Jun 1957	Jun 1957
Holiday Inn Express & Suites Peekskill Lower Hudson Valley	Peekskill	10566	Upper Midscale	76	Apr 2014	Apr 2014
Doral Arrowwood	Rye Brook	10573	Upper Upscale	369	May 2002	Jun 1983
Hilton Westchester	Rye Brook	10573	Upper Upscale	445	Apr 1973	Apr 1973
Courtyard Rye	Rye	10580	Upscale	145	Mar 1988	Mar 1988
Castle Hotel & Spa	Tarrytown	10591	Luxury	31	Jun 1996	Jun 1996
Courtyard Tarrytown Westchester County (P)	Tarrytown	10591	Upscale	139	Jan 1988	Jan 1988
Springhill Suites Tarrytown Westchester County (P)	Tarrytown	10591	Upscale	145	Feb 2004	Feb 2004
DoubleTree by Hilton Hotel Tarrytown (S)	Tarrytown	10591	Upscale	246	Dec 2007	Jan 1961
Sheraton Hotel Tarrytown (S)	Tarrytown	10591	Upper Upscale	150	Jan 2007	Jan 2007
Tarrytown House Estate & Conference Center (S)	Tarrytown	10591	Upper Upscale	212	Jun 1965	Jun 1965
Marriott Westchester (S)	Tarrytown	10591	Upper Upscale	444	Nov 1981	Nov 1981
Ritz-Carlton The New York Westchester	White Plains	10601	Luxury	146	Dec 2007	Dec 2007
Cambria hotel & suites White Plains Downtown	White Plains	10601	Upscale	130	Sep 2014	Sep 2014
Residence Inn White Plains Westchester County	White Plains	10601	Upscale	135	Jun 1996	Jun 1982
Crowne Plaza White Plains Downtown	White Plains	10601	Upscale	402	Dec 1985	Dec 1985
Hyatt House White Plains	White Plains	10604	Upscale	187	Jan 2012	Jan 2000
Renaissance Westchester Hotel	West Harrison	10604	Upper Upscale	348	May 1995	Apr 1981
Central Motel Court	White Plains	10606	Economy	28	Apr 1977	Apr 1977
Hampton Inn Yonkers	Yonkers	10701	Upper Midscale	150	Jun 2009	Jun 2009
Residence Inn Yonkers Westchester County	Yonkers	10701	Upscale	144	Aug 2009	Aug 2009
Courtyard Yonkers Westchester County	Yonkers	10701	Upscale	154	May 2017	May 2017
Hyatt Place New York Yonkers	Yonkers	10704	Upscale	155	Apr 2015	Apr 2015
Tuckahoe Motor Inn	Yonkers	10710	Economy	82	Jan 1996	Jan 1996
Ramada Yonkers	Yonkers	10710	Midscale	103	May 2005	Nov 1962
Royal Regency	Yonkers	10710	Upper Midscale	93	Jun 1996	
Hampton Inn Yonkers Westchester	Yonkers	10710	Upper Midscale	150	Sep 2016	Sep 2016
Residence Inn New Rochelle	New Rochelle	10801	Upscale	127	Jan 2000	Jan 2000
Radisson Hotel New Rochelle	New Rochelle	10801	Upscale	129	Jun 2004	Jun 1974
Westchester County Total		45 Properties		6,622 Rooms		

(1) Class as designated by STR

(P) Included in Primary Competitive Set Analysis

(S) Included in Secondary Competitive Set Analysis

Source: STR; compiled by Weitzman Associates, LLC

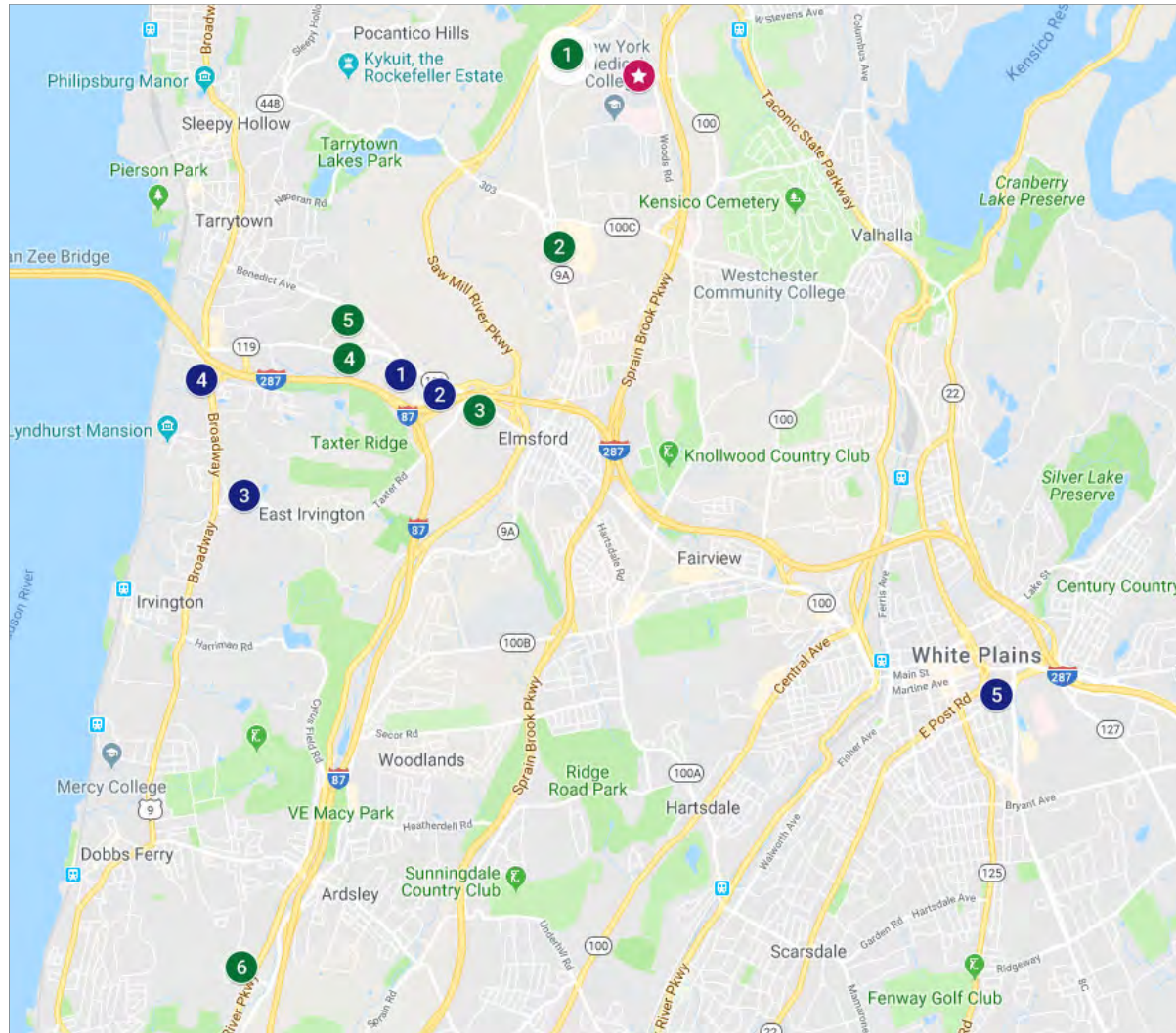
COMPETITIVE HOTEL MARKET ANALYSIS

As detailed previously in the report, the proposed hotel development is currently envisioned as a branded extended stay hotel such as Homewood Suites. We believe that this moderately upscale, extended-stay hotel concept is well suited for the medical office and life sciences mixed-use development which is proposed for North 60. The hotel will be well positioned to accommodate demand from visitors to Westchester Medical Center and New York Medical College, as well as from those visiting or training at the life sciences and other office facilities within the North 60 development and in the surrounding area. It is noted that while extended stay hotels are characterized by guest suites with full kitchens and other amenities targeted to longer term guests, these hotels also accommodate transient demand as well.

In evaluating the market potential for the proposed hotel at North 60, we analyzed the historical occupancy, average daily rate (ADR), and revenue per available room (RevPAR) trends of a primary competitive set consisting of six upper midscale to upscale class (as designated by STR) limited- and select-service hotels generally offering limited, if any, on-site restaurant and meeting space. Geographically, the primary competitive set includes the Comfort Inn & Suites, which is located in relatively close proximity to the North 60 site in neighboring Hawthorne to the west, as well hotels located in Elmsford and Tarrytown within five miles to the south and southwest, respectively. The primary competitive set also includes the recently-opened Hilton Garden Inn Dobbs Ferry, located off of Saw Mill River Parkway approximately eight miles to the south of the North 60 site.

In addition to the primary competitive set, we also considered a secondary competitive set consisting of four upscale and upper upscale class, full-service hotels located in Tarrytown. It is noted that in our analysis of the historical performance of the full-service secondary competitive hotel set as provided by STR, we also included the performance of the Crowne Plaza White Plains due to STR's reporting requirements; however, this hotel was not considered in our competitive supply analysis.

MAP OF COMPETITIVE HOTELS



Subject Site

- ★ Subject Site

Primary Competitive Set

- 1 Comfort Inn & Suites
- 2 La Quinta by Wyndham White Plains - Elmsford
- 3 Hampton Inn White Plains/Tarrytown
- 4 SpringHill Suites by Marriott Tarrytown Westchester County
- 5 Courtyard by Marriott Tarrytown Westchester County
- 6 Hilton Garden Inn Westchester Dobbs Ferry

Secondary Competitive Set

- 1 Sheraton Tarrytown Hotel
- 2 Westchester Marriott
- 3 Tarrytown House Estate on The Hudson
- 4 DoubleTree by Hilton Hotel Tarrytown
- 5 Crowne Plaza (included in STR data only)

Primary Competitive Set Analysis

The primary competitive set is comprised of six limited- and select-service hotels: La Quinta Inns & Suites White Plains Elmsford, Hampton Inn White Plains Tarrytown and Comfort Inn & Suites Hawthorne, which are classified as “upper midscale”; and Springhill Suites Tarrytown, Courtyard Tarrytown, and Hilton Garden Inn Dobbs Ferry, which are classified as “upscale.”

The hotels comprising the primary competitive set reflect a wide construction age range, with the oldest hotel being the Hampton Inn property, which opened in 1957 (affiliating with Hampton Inn later in 1996), and the newest hotel being the Hilton Garden Inn Dobbs Ferry, which opened in July 2018. Prior to the opening of the Hilton Garden Inn in 2018, the newest hotel had been the Springhill Suites, which opened over 14 years earlier in 2004. The six primary competitive hotels range in size from 85 rooms (at the Comfort Inn) to 156 rooms (at the Hampton Inn), and total 769 rooms.

From 2010 to 2015, the local hotel market had slowly rebounded from the Great Recession, which had caused a severe negative impact in 2009. Based upon statistics from STR, over the six years from 2010 to 2015, the average annual occupancy rate of the primary competitive set increased from 70.7% to 77.7%, the ADR increased from \$114.99 to \$132.72, and RevPAR increased from \$81.28 to \$103.18. RevPAR increased by 6.6% in 2011, 7.6% in 2012, 2.4% in 2013, 3.9% in 2014 and 4.0% in 2015.

Following these several years of positive growth, however, RevPAR declined in the following two years in 2016 and 2017, before rebounding somewhat in 2018. In 2016, an occupancy decline of -3.7% (to 74.9%) was slightly offset by modest ADR growth of 0.8%, resulting in an overall RevPAR decline of -2.9%. In 2017, occupancy declined further by -1.1% (to 74.1%) and ADR declined by -4.8%, resulting in an overall RevPAR decline of -5.8%. In 2018, despite the addition of the Hilton Garden Inn Dobbs Ferry in July, occupancy remained relatively stable with modest growth of 0.2% (to 74.2%), while ADR rebounded with 3.4% growth (to \$131.63), contributing to overall RevPAR growth of 3.6% (to \$97.70). Overall, over the eight-year period from 2010 to 2018, ADR has grown at an average annual compounded rate of 1.7%, while RevPAR has grown at an average annual compounded rate of 2.3%.

The most recent year-to-date statistics through March 2019 reflect a RevPAR decline of -8.0% over the same period in 2018; from year-to-date through March 2018 to year-to-date through March 2019, occupancy declined by -6.2% and ADR declined by -1.8%, together contributing to the decline in RevPAR. Over the same period, reflecting the full opening of the Hilton Garden Inn

Dobbs Ferry, supply increased 22.8%.

The primary competitive hotel trends are outlined in the following table.

TABLE 60

HOTEL MARKET PERFORMANCE PRIMARY COMPETITIVE SET												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	Avg Annual Chg 2010-2018	Year-to-date March	
											2018	2019
Supply (Rooms)	626	626	626	626	626	626	626	626	698		626	769
--% Change	----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.5%	1.4%	----	22.8%
Occupancy	70.7%	73.3%	75.7%	74.5%	75.7%	77.7%	74.9%	74.1%	74.2%		65.7%	61.6%
--% Change	----	3.7%	3.2%	-1.5%	1.5%	2.7%	-3.7%	-1.1%	0.2%	0.6%	----	-6.2%
ADR	\$114.99	\$118.20	\$123.20	\$128.05	\$131.02	\$132.72	\$133.74	\$127.36	\$131.63		\$118.55	\$116.37
--% Change	----	2.8%	4.2%	3.9%	2.3%	1.3%	0.8%	-4.8%	3.4%	1.7%	----	-1.8%
RevPAR	\$81.28	\$86.65	\$93.23	\$95.46	\$99.17	\$103.18	\$100.15	\$94.33	\$97.70		\$77.93	\$71.71
--% Change	----	6.6%	7.6%	2.4%	3.9%	4.0%	-2.9%	-5.8%	3.6%	2.3%	----	-8.0%

Set includes:

Name

Rooms
(per STR)

Affiliation
Date

Open
Date

Hilton Garden Inn Westchester Dobbs Ferry

143

Jul-18

Jul-18

Hampton Inn White Plains Tarrytown

156

May-96

Jun-57

La Quinta Inns & Suites White Plains Elmsford

101

Mar-07

Jan-75

Comfort Inn & Suites Hawthorne

85

Dec-00

Dec-00

Courtyard Tarrytown Westchester County

139

Jan-88

Jan-88

Springhill Suites Tarrytown Westchester County

145

Feb-04

Feb-04

Total

769

Source: STR; compiled by Weitzman Associates, LLC

Primary Competitive Set Profiles

The six limited- and select-service hotels comprising the primary competitive set are discussed below.



The *Comfort Inn & Suites Hawthorne*, which is classified by STR as upper midscale class, is located at 20 Saw Mill River Road in Hawthorne, less than two miles to the northwest of the North 60 site. The three-story, 85-room, limited-service hotel opened in December 2000. The guestrooms have a variety of options including two double beds, one or two queen beds, or one king bed.

Standard guestroom amenities include complimentary WiFi, a microwave and refrigerator, a work desk and a flat panel television. Hotel features and amenities include complimentary hot breakfast, an indoor pool, a fitness center, and free outdoor parking. There are also two small meeting rooms totaling 956 square feet.



The *La Quinta by Wyndham White Plains – Elmsford*, which is classified by STR as upper midscale class, is located at 540 Saw Mill River Road in Elmsford, less than two miles to the southwest of the North 60 site. The four-story, 101-room, limited-service hotel originally opened in 1975 and has been affiliated as a La Quinta since 2007. The standard guestrooms have two queen beds or one king bed. Standard guestroom amenities include

complimentary WiFi, a microwave, a mini refrigerator, a coffee/tea maker, a desk and a high definition television. Hotel features and amenities include complimentary breakfast buffet, an indoor pool, a fitness center, a business center, and free outdoor parking. The hotel also has five meeting rooms totaling approximately 5,500 square feet.



The *Hampton Inn White Plains/Tarrytown* is located at 200 W Main Street in Elmsford, approximately 3.5 miles southwest of the North 60 site. The seven-story, 156-room, upper midscale class hotel originally opened in 1957 and has been affiliated as a Hampton Inn since 1996. The guestrooms have either two double beds, one queen bed or one king bed. Standard guestroom amenities include complimentary WiFi, 37-inch LCD television, desk and a coffee maker. Hotel features and amenities include a complimentary breakfast area, a 24-hour pantry market, a fitness center, an outdoor pool, a business center, three meeting rooms totaling 2,815 square feet, free outdoor parking, and local shuttle service to within four miles of the hotel.



The *SpringHill Suites Tarrytown Westchester County*, which is classified by STR as upscale class, is located at 480 White Plains Road in Tarrytown, approximately 4.5 miles southwest of the North 60 site. The four-story, 145-room hotel opened in 2004. The guestrooms are all studio suites with two double beds or one king bed, plus a sofa bed. Standard guestroom amenities include complimentary WiFi, 37-inch flat screen television, ergonomic work desk, a pantry area with a mini refrigerator and microwave, and a coffee maker. Hotel features and amenities include complimentary breakfast, a lobby bar (open from 5:00 pm to 11:30 pm), a sundry/convenience store, a fitness center, an indoor pool, a 24-hour business center, a 350-square foot meeting room, and local shuttle service. For children and families, the hotel also hosts board game night on Saturday evenings and movie and popcorn night on Tuesday evenings in the lobby.



The *Courtyard Tarrytown Westchester County*, which is classified by STR as upscale class, is located at 475 White Plains Road in Tarrytown (across from the Springhill Suites), approximately 4.5 miles southwest of the North 60 site. The three-story, 139-room hotel opened in 1988. The standard guestrooms measure approximately 300 square feet and have two double beds, two queen beds, or one king bed. There are also one-bedroom suites of approximately 450 square feet with either two double beds or one king bed, plus a sofa bed. Standard guestroom amenities include complimentary WiFi, 27-inch

television, writing / work desk, a mini refrigerator, and a coffee maker. Hotel features and amenities include Courtyard's signature cafeteria-style restaurant known as The Bistro, open for breakfast and dinner, a sundry/convenience store, a fitness center, a business center, and two meeting rooms totaling 1,196 square feet.



The *Hilton Garden Inn Westchester Dobbs Ferry*, which is classified by STR as upscale class, is located at 201 Ogden Avenue in Dobbs Ferry, approximately 7.5 miles southwest of the North 60 site. The five-story, 143-room hotel recently opened in July 2018. Located off Saw Mill River Parkway (at exit 16), the hotel is part of the Rivertowns Square mixed-use retail development, and is also relatively close to Acorda

Therapeutics headquarters. The standard guestrooms have two queen beds or one king bed. There are also deluxe king rooms that include a sofa bed. Standard guestroom amenities include complimentary WiFi, 55-inch LCD television, work desk with ergonomic chair, a mini refrigerator, a microwave and a Keurig coffee/tea maker. Hotel features and amenities include the full-service Garden Grille & Bar, open for breakfast and dinner, the Pavilion Pantry convenience mart, evening room service from 5:00 to 9:00 pm, a fitness center, an indoor pool, a 24-hour business center, a 1,200 square foot meeting room that is divisible into two, complimentary covered parking, and complimentary local shuttle service, including to the Dobbs Ferry train station which offers express train service to Midtown Manhattan in approximately 40 minutes.

SECONDARY COMPETITIVE SET ANALYSIS

The secondary competitive set is comprised of the following four full-service hotels located in Tarrytown: Marriott Westchester, Sheraton Hotel Tarrytown, and Tarrytown House Estate & Conference Center, which are classified as “upper upscale” class; and Doubletree Tarrytown, which is classified as “upscale” class. As with the primary competitive hotel set, we reviewed the secondary competitive hotel set’s historical occupancy and ADR trends, as provided by STR; however, due to the reporting requirements of STR, the Crowne Plaza White Plains was also included as part of the defined hotel set for review purposes.

Among the full-service secondary competitive hotels, the oldest hotel is the Doubletree Tarrytown property, which opened in 1961 (and affiliated with Doubletree in 2007), and the newest hotel is the Sheraton Tarrytown, which opened in 2007. The competitive hotels within this set range in size from 150 rooms (at the Sheraton Tarrytown) to 444 rooms (at the Marriott Westchester), totaling 1,454 rooms (or 1,052 rooms excluding the Crowne Plaza).

Similar to the limited / select service primary competitive set, the full-service secondary competitive set exhibited continual growth from 2010 to 2015, followed by a decline in 2016 and 2017 and a rebound in 2018. Over the five years from 2010 to 2015, the average annual occupancy rate of the full-service secondary competitive set increased from 64.2% to 71.1%, the ADR increased from \$140.18 to \$151.84, and RevPAR increased from \$89.95 to \$107.95. Following strong growth of 8.8% in 2011, RevPAR growth moderated over the following four years to 1.4% in 2012, 4.0% in 2013, 2.8% in 2014 and 1.7% in 2015.

While the full-service secondary competitive set experienced a decline in 2016 and 2017 as did the limited / select service primary competitive set, the decline was less; the RevPAR of the secondary competitive set declined by -2.4% in 2016 and -1.5% in 2017 (compared to corresponding declines of -2.9% and -5.8%, respectively, among the primary competitive set). Additionally, the secondary competitive set’s rebound in 2018 was significantly greater, with RevPAR growth of 8.8% (compared to 3.6% among the primary competitive set). It is noted that in 2018, while ADR declined slightly by -0.7% to \$153.25, the occupancy of the secondary competitive set grew 9.6% to a high of 73.7%, compared to a lower range of 64.2% to 71.1% over the preceding eight years from 2010 to 2017. As a result of the strong occupancy growth, the RevPAR of the full-service secondary competitive set reached a high of \$112.96 in 2018 – 4.6% higher than the previous high reached in 2015. This trend is in contrast to that of the limited / select service primary competitive set, wherein the RevPAR in 2018 (at \$97.70) remained below 2014 to 2016 levels. Overall, over the eight-year period from 2010 to 2018, the ADR of the

secondary competitive set has grown at an average annual compounded rate of 1.1%, while RevPAR has grown at an average annual compounded rate of 2.9%.

In 2018, compared to the limited / select service primary competitive set with an ADR of \$131.63, the full-service secondary competitive set achieved an ADR that was 16.4% higher at \$153.25, coupled with an occupancy rate that was just 50 basis points lower. Thus, considering both occupancy and ADR, the full-service secondary competitive set achieved an average 2018 RevPAR (at \$112.96) that was 15.6% higher than the corresponding average RevPAR of the limited / select service primary competitive set (at \$97.70). It is noted that owing to the stronger performance of the full-service secondary competitive set compared to the limited / select service primary competitive set over the past three years (with less of a decline in 2016 and 2017 and stronger growth in 2018), the RevPAR premium of the full-service secondary competitive set over the limited / select service primary competitive set increased from 4.6% in 2015 to 15.6% in 2018.

For the full-service secondary competitive set, the most recent year-to-date statistics through March 2019 reflect a modest RevPAR increase of 0.6% over the same period in 2018; from year-to-date through March 2018 to year-to-date through March 2019, occupancy declined by -0.3% while ADR increased by 1.0%.

The full-service secondary competitive hotel trends are outlined in the following table.

TABLE 61

HOTEL MARKET PERFORMANCE SECONDARY COMPETITIVE SET												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	Avg Annual Chg 2010-2018	Year-to-date March	
											2018	2019
Supply (Rooms)	1,455	1,455	1,455	1,455	1,455	1,455	1,454	1,454	1,454		1,454	1,454
--% Change	----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	----	0.0%
Occupancy	64.2%	68.7%	67.2%	69.1%	70.6%	71.1%	67.8%	67.3%	73.7%		63.8%	63.6%
--% Change	----	7.1%	-2.2%	2.8%	2.1%	0.8%	-4.7%	-0.7%	9.6%	1.7%	----	-0.3%
ADR	\$140.18	\$142.37	\$147.68	\$149.40	\$150.40	\$151.84	\$155.53	\$154.34	\$153.25		\$142.65	\$144.04
--% Change	----	1.6%	3.7%	1.2%	0.7%	1.0%	2.4%	-0.8%	-0.7%	1.1%	----	1.0%
RevPAR	\$89.95	\$97.84	\$99.24	\$103.19	\$106.12	\$107.95	\$105.39	\$103.85	\$112.96		\$91.01	\$91.60
--% Change	----	8.8%	1.4%	4.0%	2.8%	1.7%	-2.4%	-1.5%	8.8%	2.9%	----	0.6%

Set includes:		Rooms	Affiliation	Open
Name		(per STR)	Date	Date
Sheraton Hotel Tarrytown		150	Jan-07	Jan-07
Tarrytown House Estate & Conference Center		212	Jun-65	Jun-65
DoubleTree by Hilton Hotel Tarrytown		246	Dec-07	Jan-61
Marriott Westchester		444	Nov-81	Nov-81
Crowne Plaza White Plains Downtown		402	Dec-85	Dec-85
Total		1,454		

Source: STR; compiled by Weitzman Associates, LLC

Secondary Competitive Set Profiles

The full-service hotels comprising the secondary competitive set are discussed below.



The ***Sheraton Tarrytown Hotel***, which is classified by STR as upper upscale class, is located at 600 White Plains Road in Tarrytown, approximately four miles to the southwest of the North 60 site. The six-story, 150-room, full-service hotel opened in January 2007. The standard guestrooms measure approximately 360 to 380 square feet and have two double beds, one queen bed, or one king bed. The hotel also offers one-bedroom king suites measuring 720 square feet, as well as club level guestrooms. Standard guestroom amenities include writing / work desk, coffee/tea maker, high speed internet (for a fee), available room service, and television with HBO. Hotel features and amenities include the Toasted Barrel Restaurant (open for breakfast, lunch and dinner), an indoor pool, a 24-hour fitness center, two combinable meeting rooms totaling 918 square feet, and complimentary on-site parking.



The ***Westchester Marriott***, which is classified by STR as upper upscale class, is located at 670 White Plains Road in Tarrytown, approximately four miles to the southwest of the North 60 site. The 444-room, full-service hotel, which includes a ten-story tower and five-story wing, opened in 1981. The standard guestrooms measure approximately 288 square feet and have two double beds or one king bed. The hotel also offers five suites of varying size, as well as concierge level guestrooms. Standard guestroom amenities include marble bathrooms, writing / work desk with ergonomic chair, coffee/tea maker, mini refrigerator, high speed internet (for a fee), available room service, and 32-inch flat screen television. Hotel features and amenities include Cooper's Mill restaurant (open for breakfast, lunch and dinner), Ruth's Chris Steak House (open for dinner), Tatiana Day Spa, an indoor pool, a 24-hour fitness center, a business center, and complimentary on-site parking. The hotel has a total of 26,676 square feet of meeting space.



The *Tarrytown House Estate & Conference Center*, which is classified by STR as upper upscale class, is located at 49 E. Sunnyside Lane in Tarrytown, approximately six miles southwest of the North 60 site. The 212-room, full-service hotel and conference center, set on 26 acres overlooking the Hudson River, includes mansions dating back to the 1800s, and a more contemporary, atrium-style conference center. The standard hotel guestrooms have either two double beds or one king bed. The hotel also offers ten Georgian-styled guest rooms housed in a historic mansion dating back to the mid-1800s. Standard guestroom amenities include complimentary WiFi, available room service, 32-inch flat screen television, professional workstation, refrigerator, coffee/tea maker, 300-thread count linens, and bathroom with granite countertops. Hotel features and amenities include Cellar 49 (open for lunch and dinner), a fitness center, indoor and outdoor pools, recreational grounds including tennis courts, a business center, approximately 30,000 square feet of meeting and event space, and complimentary on-site parking.



The *DoubleTree by Hilton Hotel Tarrytown*, which is classified by STR as upscale class, is located near the Hudson waterfront at 455 S. Broadway in Tarrytown, approximately 5.5 miles southwest of the North 60 site. The two-story, 246-room hotel originally opened in 1961 and has been affiliated as a Doubletree since December 2007. The standard guestrooms have two double beds or one king bed. Standard guestroom amenities include complimentary WiFi, a 32-inch LCD television, a work desk with ergonomic chair, and a coffee/tea maker. Hotel features and amenities include Bistro Z restaurant (open from 6:00 am to 10:00 pm), Bistro Z lounge, a 24-hour Pavilion Pantry market, a fitness center, an indoor pool, a business center, local shuttle service, and approximately 24,000 square feet of meeting and event space including two ballrooms.

Seasonality (Monthly Trends)

An analysis of the trends on a monthly basis for the combined primary and secondary competitive market reveals that the fall months of October and September and the late-spring and early-summer months of May and June typically represent the peak periods, followed by the summer months of July and August. The strongest occupancy months were October and September in 2017 (with occupancy at 80.1% and 79.5%, respectively), and June and October in 2018 (with occupancy at 84.6% and 82.9%, respectively). The slowest months are the winter months of January and February, with monthly occupancies generally falling within the low 50% to 60% range.

The strongest monthly ADR levels are typically achieved in the strongest occupancy months, while in both 2017 and 2018, the lowest monthly ADR was in December. Overall, monthly ADR levels ranged from a low of \$125.99 to a high of \$163.51 in 2017, and from a low of \$126.36 to a high of \$163.94 in 2018, with the low in December and the high in October in both years. Meanwhile, monthly RevPAR levels ranged from a low of \$72.71 (in January) to a high of \$131.02 (in October) in 2017, and from a low of \$77.66 (in February) to a high of \$135.90 (in October) in 2018.

The monthly occupancy, ADR and RevPAR trends of the combined primary and secondary competitive market from 2017 to year-to-date through March 2019 are outlined in the following table.

TABLE 62

MONTHLY HOTEL MARKET PERFORMANCE PRIMARY & SECONDARY COMPETITIVE SETS															
	2017			2018			Percent Change 2017 - 2018			2019			Percent Change 2018 - 2019		
	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR
Jan	53.4%	\$136.11	\$72.71	60.6%	\$129.10	\$78.19	13.4%	-5.1%	7.5%	58.1%	\$135.62	\$78.77	-4.1%	5.0%	0.7%
Feb	54.4%	\$134.83	\$73.35	58.3%	\$133.10	\$77.66	7.3%	-1.3%	5.9%	60.7%	\$133.27	\$80.87	4.0%	0.1%	4.1%
Mar	65.0%	\$137.89	\$89.63	73.7%	\$141.83	\$104.46	13.3%	2.9%	16.5%	69.8%	\$134.95	\$94.14	-5.3%	-4.8%	-9.9%
Apr	68.9%	\$141.72	\$97.71	75.3%	\$145.73	\$109.79	9.3%	2.8%	12.4%	---	---	---	---	---	---
May	76.1%	\$158.09	\$120.37	78.3%	\$158.69	\$124.33	2.9%	0.4%	3.3%	---	---	---	---	---	---
Jun	76.0%	\$155.37	\$118.07	84.6%	\$157.21	\$132.98	11.3%	1.2%	12.6%	---	---	---	---	---	---
Jul	72.6%	\$144.12	\$104.69	74.7%	\$146.61	\$109.59	2.9%	1.7%	4.7%	---	---	---	---	---	---
Aug	69.9%	\$141.70	\$98.98	75.5%	\$141.72	\$107.07	8.2%	0.0%	8.2%	---	---	---	---	---	---
Sep	79.5%	\$155.32	\$123.41	80.9%	\$153.01	\$123.75	1.8%	-1.5%	0.3%	---	---	---	---	---	---
Oct	80.1%	\$163.51	\$131.02	82.9%	\$163.94	\$135.90	3.5%	0.3%	3.7%	---	---	---	---	---	---
Nov	71.7%	\$140.12	\$100.44	75.4%	\$143.16	\$107.98	5.2%	2.2%	7.5%	---	---	---	---	---	---
Dec	63.4%	\$125.99	\$79.85	64.6%	\$126.36	\$81.69	2.0%	0.3%	2.3%	---	---	---	---	---	---
Year	69.3%	\$145.67	\$100.98	73.9%	\$146.20	\$108.01	6.6%	0.4%	7.0%	---	---	---	---	---	---

Source: STR; compiled by Weitzman Associates, LLC

Day of Week Trends

The strongest nights in terms of hotel RevPAR for the competitive hotel market is typically Tuesday and Wednesday nights, reflective of the commercial demand which typically peaks during the mid-week. However, Saturday nights are also relatively strong, particularly in terms of occupancy, which is indicative of the leisure demand base that is also within the competitive market. For the secondary competitive set, the highest nightly occupancy has been on Saturday nights over the past three years (although ADR and RevPAR are highest on Tuesday and Wednesday nights). Meanwhile, for the primary competitive set, the occupancy rates on Saturday nights are typically slightly lower than those on Tuesday and Wednesday nights, but the ADR levels are generally less discounted from the mid-week ADR levels compared to the secondary competitive set. As in most hotel markets, Sunday nights are the weakest in terms of occupancy and RevPAR; for the primary competitive set, ADR is also typically lowest on Sunday nights.

For the primary competitive set, in the trailing twelve months through March 2019, average occupancy ranged from a low of 54.7% on Sunday nights to a high of 81.9% on Tuesday nights (with an annual average of 72.8%), ADR ranged from a low of \$117.07 on Sunday nights to a high of \$142.13 on Tuesday nights (with an annual average of \$130.77), and RevPAR ranged from a low of \$63.99 on Sunday nights to a high of \$116.44 on Tuesday nights (with an annual average of \$95.14).

For the secondary competitive set, in the trailing twelve months through April 2019, average occupancy ranged from a low of 51.2% on Sunday nights to a high of 83.1% on Saturday nights (with an annual average of 73.5%), ADR ranged from a low of \$138.86 on Friday nights to a high of \$166.48 on Tuesday nights (with an annual average of \$153.22), and RevPAR ranged from a low of \$73.28 on Sunday nights to a high of \$136.80 on Tuesday nights (with an annual average of \$112.68).

The average occupancy, ADR and RevPAR trends by day of week, over the past three trailing twelve-month periods through March or April 2019, for the primary and secondary competitive sets, respectively, can be found in the following two tables.

TABLE 63

DAY OF WEEK HOTEL MARKET PERFORMANCE: April 2016 - March 2019								
PRIMARY COMPETITIVE SET								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
<u>Occupancy</u>								
Apr 16 - Mar 17	56.1%	73.7%	84.3%	83.9%	72.5%	73.3%	79.8%	74.8%
Apr 17 - Mar 18	56.9%	75.6%	83.9%	81.8%	72.1%	72.2%	80.0%	74.7%
Apr 18 - Mar 19	54.7%	72.3%	81.9%	80.3%	68.8%	72.1%	79.6%	72.8%
3 Yr Avg	55.8%	73.8%	83.3%	81.9%	71.0%	72.5%	79.8%	74.0%
<u>ADR</u>								
Apr 16 - Mar 17	\$120.11	\$137.93	\$145.01	\$143.17	\$128.87	\$121.38	\$129.46	\$133.11
Apr 17 - Mar 18	\$115.16	\$129.45	\$137.63	\$136.73	\$122.55	\$119.72	\$125.20	\$127.39
Apr 18 - Mar 19	\$117.07	\$133.74	\$142.13	\$140.13	\$126.41	\$122.35	\$127.95	\$130.77
3 Yr Avg	\$117.41	\$133.67	\$141.62	\$140.04	\$125.97	\$121.21	\$127.54	\$130.44
<u>RevPAR</u>								
Apr 16 - Mar 17	\$67.33	\$101.72	\$122.29	\$120.16	\$93.45	\$88.97	\$103.37	\$99.58
Apr 17 - Mar 18	\$65.58	\$97.85	\$115.43	\$111.85	\$88.34	\$86.46	\$100.16	\$95.11
Apr 18 - Mar 19	\$63.99	\$96.72	\$116.44	\$112.52	\$86.97	\$88.16	\$101.80	\$95.14
3 Yr Avg	\$65.53	\$98.65	\$117.97	\$114.71	\$89.45	\$87.89	\$101.77	\$96.53

Source: STR; compiled by Weitzman Associates, LLC

TABLE 64

DAY OF WEEK HOTEL MARKET PERFORMANCE: May 2016 - April 2019								
SECONDARY COMPETITIVE SET								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
<u>Occupancy</u>								
May 16 - Apr 17	45.7%	67.1%	76.8%	74.8%	61.9%	70.4%	78.3%	67.8%
May 17 - Apr 18	48.8%	70.4%	79.0%	77.4%	62.2%	72.0%	82.6%	70.3%
May 18 - Apr 19	51.2%	75.5%	82.2%	80.5%	67.8%	74.4%	83.1%	73.5%
3 Yr Avg	48.5%	71.0%	79.4%	77.6%	64.0%	72.3%	81.3%	70.6%
<u>ADR</u>								
May 16 - Apr 17	\$151.03	\$163.92	\$169.00	\$169.25	\$155.04	\$137.44	\$141.14	\$155.50
May 17 - Apr 18	\$148.65	\$161.13	\$167.11	\$166.71	\$150.11	\$137.75	\$141.85	\$153.71
May 18 - Apr 19	\$143.23	\$160.91	\$166.48	\$166.11	\$150.16	\$138.86	\$141.90	\$153.22
3 Yr Avg	\$147.51	\$161.93	\$167.50	\$167.32	\$151.72	\$138.03	\$141.64	\$154.11
<u>RevPAR</u>								
May 16 - Apr 17	\$68.99	\$110.02	\$129.81	\$126.54	\$95.97	\$96.75	\$110.50	\$105.41
May 17 - Apr 18	\$72.50	\$113.41	\$132.08	\$129.06	\$93.36	\$99.20	\$117.15	\$108.12
May 18 - Apr 19	\$73.28	\$121.50	\$136.80	\$133.74	\$101.76	\$103.30	\$117.91	\$112.68
3 Yr Avg	\$71.57	\$114.97	\$132.92	\$129.78	\$97.03	\$99.75	\$115.19	\$108.74

Source: STR; compiled by Weitzman Associates, LLC

PROJECTION OF HOTEL OCCUPANCY AND AVERAGE DAILY RATE

Competitive Supply Analysis

As part of its conceptual plan for the mixed-use development on the North 60 site, the developer has proposed a branded extended stay hotel such as Homewood Suites. As noted previously, we believe that this moderately upscale hotel concept is well-suited for the North 60 development. For the purpose of our hotel analysis, we concur with and have assumed the developer's proposal of a branded extended stay hotel such as Homewood Suites, which would open as of July 1, 2022. We have assumed a hotel size of 120 rooms.

In our competitive supply analysis, we included the six limited / select service primary competitive hotels as outlined previously, which total 769 rooms, as well as the four full-service secondary competitive hotels (not including the Crowne Plaza), which total 1,052 rooms. However, we weighted the room counts of the secondary competitive hotels at 50%, for a total weighted count of 526 rooms. Thus, the total existing competitive supply of six primary competitive hotels weighted at 100% and four secondary competitive hotels weighted at 50% totals 1,295 rooms.

Reflecting the full year opening of the Hilton Garden Inn Dobbs Ferry (which opened in July 2018), the competitive supply is projected to increase 5.8% from an average of 1,224 rooms in 2018 to the full weighted count of 1,295 rooms in 2019. We have assumed a proposed hotel at North 60, with 120 rooms, which will open on July 1, 2022. Factoring in the addition of the proposed hotel at North 60, the competitive supply is projected to increase further by 4.6% in 2022 and 4.4% in 2023. We note that any other potential supply increases over the long-term have been factored into our projection of stabilized occupancy. The following table outlines the projected competitive room supply through the year 2025.

TABLE 65

COMPETITIVE SUPPLY ANALYSIS									
	Total Rooms	2018	2019	2020	2021	2022	2023	2024	2025
Existing Competitive Supply:									
Total Rooms	1,295	1,224	1,295	1,295	1,295	1,295	1,295	1,295	1,295
Total Room Nights Per Year	472,675	446,792	472,675	472,675	472,675	472,675	472,675	472,675	472,675
Proposed Additions to Competitive Supply:									
PROPOSED NORTH 60 HOTEL	120 (1)	-	-	-	-	60	120	120	120
Total Rooms	120	-	-	-	-	60	120	120	120
Total Room Nights Per Year		-	-	-	-	21,900	43,800	43,800	43,800
Total Available Room Nights		446,792	472,675	472,675	472,675	494,575	516,475	516,475	516,475
			5.8%	0.0%	0.0%	4.6%	4.4%	0.0%	0.0%
(1) Projected opening on 7/1/2022									

Source: Projections by Weitzman Associates, LLC

Competitive Demand Analysis

Combining the statistics of the limited / select service primary competitive set and the weighted full-service secondary competitive set, the total competitive hotel market is projected to have achieved an average occupancy rate of approximately 74.0% in 2018. It is noted that for the purpose of our analysis, we assumed that the secondary competitive set has performed comparably to the secondary set reflected in the STR data (which also includes the Crowne Plaza White Plains Downtown.)

From 2010 to 2018, over which period the hotel supply increased at an average annual compounded rate of 1.4%, the average occupancy of the primary competitive hotel set increased at an average annual compounded rate of 0.6%. Over the nine-year period, the average annual occupancy has ranged from a low of 70.7% in 2010 to a high of 77.7% in 2015. The occupancy in 2018 was 74.2%

For the secondary competitive set, as the hotel supply remained stable, the average occupancy increased at an average annual compounded rate of 1.7% from 2010 to 2018; over the period, the occupancy overall increased from a low of 64.2% in 2010 to a high of 73.7% in 2018.

In consideration of recent trends, including the strong occupancy / demand growth of the full-service secondary competitive set in 2018, we project base annual hotel demand growth of 1.0% in 2019 to 2021 and 1.5% in the years thereafter from 2022 to 2025; this estimate does not include induced demand, which is projected separately as detailed in the following paragraph.

In addition, we believe that the new competitive supply will induce a good portion of their own demand into the competitive market by virtue of their new product offerings. This induced demand also includes a component of previously un-accommodated demand (due to supply constraints) that can be accommodated by the new supply. The induced demand from the new supply has been projected separately from base demand. Specifically, we have assumed that the competitive hotel supply growth in 2019, reflecting the balance of rooms from the full year opening of the Hilton Garden Inn Dobbs Ferry, will induce 15% of their room nights, while the proposed hotel on the North 60 will induce 35% of its room nights; the 35% induced demand projected for the subject hotel is inclusive of the new hotel demand that will be generated by the overall North 60 development, including its life sciences and other commercial / medical tenants.

TABLE 66

LATENT DEMAND CALCULATION			
New Room Supply	Rooms	Percent Induced	Rm Night Induced
Balance of Hilton Garden Inn Rooms	71	15%	3,882
PROPOSED NORTH 60 HOTEL	120	35%	15,330
Total	191		19,212

Source: Projections by Weitzman Associates, LLC

The following table outlines the phase-in of projected induced demand, based upon the anticipated competitive supply additions.

TABLE 67

INDUCED HOTEL DEMAND (PHASE-IN)							
	2019	2020	2021	2022	2023	2024	2025
Balance of Hilton Garden Inn Rooms	3,882	3,882	3,882	3,882	3,882	3,882	3,882
PROPOSED NORTH 60 HOTEL	-	-	-	7,665	15,330	15,330	15,330
Total Induced Room Nights	3,882	3,882	3,882	11,547	19,212	19,212	19,212

Source: Projections by Weitzman Associates, LLC

As illustrated in the following table, we project the competitive market occupancy to remain relatively stable in the low-70% range over the next several years. For the purpose of this hotel analysis, we have estimated a stabilized competitive market occupancy rate of approximately 73% in fiscal year 2024/25.

TABLE 68

DEMAND ANALYSIS								
	Actual	Projected						
	2018	2019	2020	2021	2022	2023	2024	2025
TOTAL MARKET DEMAND								
Total Gross Demand	330,458	333,763	337,100	340,471	345,578	350,762	356,023	361,364
Base Growth Over Previous Year		1.0%	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%
Plus: Induced / Unsatisfied Demand	-	3,882	3,882	3,882	11,547	19,212	19,212	19,212
TOTAL MARKET DEMAND	330,458	337,645	340,983	344,354	357,126	369,974	375,236	380,576
Growth Over Previous Year		2.2%	1.0%	1.0%	3.7%	3.6%	1.4%	1.4%
ANNUAL SUPPLY (room nights)	446,792	472,675	472,675	472,675	494,575	516,475	516,475	516,475
% Change		5.8%	0.0%	0.0%	4.6%	4.4%	0.0%	0.0%
MARKET OCCUPANCY	74.0%	71.4%	72.1%	72.9%	72.2%	71.6%	72.7%	73.7%
% Change		-3.4%	1.0%	1.0%	-0.9%	-0.8%	1.4%	1.4%

Source: Projections by Weitzman Associates, LLC

Occupancy Projection

Assuming an upscale, extended-stay, nationally recognized hotel brand affiliation (such as Homewood Suites), we project the proposed hotel's stabilized market penetration at 107%. A penetration factor equal to 100% implies that the hotel is accommodating exactly its fair share of demand, while a penetration factor greater than 100% implies that the hotel can accommodate more than its fair share of demand. It is noted that our competitive hotel analysis includes both limited / select service hotels (accounting for 59.4% of the total) and full-service hotels (accounting for 40.6% of the total, on a weighted basis). Between 2010 and 2017, the limited / select service primary competitive hotels achieved average occupancy rates substantially higher (by 510 to 850 basis points) than those achieved by the full-service secondary competitive hotels. In 2018, however, the differential was much lower (at 50 basis points), as the average occupancy of the full-service secondary competitive hotels significantly increased in that year. With the proposed hotel operating as an extended-stay hotel, we deemed a stabilized market penetration of 107% to be reasonable.

We project three years to reach the stabilized penetration rate, with projected penetration rates of 95% in the first partial year of operations in 2022, increasing to 102% in 2023 and a stabilized 107% penetration as of 2024. Based upon our analysis, we project the proposed hotel's stabilized occupancy rate at 78.0%. However, it is important to note that the projected penetration rates and the overall viability of the proposed hotel will be largely dependent on the success of the overall

mixed-use development, including the successful lease up of the proposed life sciences and medical office spaces, particularly in the first phase. Our stabilized hotel projection assumes a successful lease up of these spaces.

TABLE 69

OCCUPANCY ANALYSIS								
	2018	2019	2020	2021	2022	2023	2024	2025
Annual Room Nights Available	446,792	472,675	472,675	472,675	494,575	516,475	516,475	516,475
Daily Rooms Available - Subject	-	-	-	-	60	120	120	120
Annual Room Nights - Subject	-	-	-	-	21,900	43,800	43,800	43,800
Fair Share of Demand - Subject	0.0%	0.0%	0.0%	0.0%	4.4%	8.5%	8.5%	8.5%
TOTAL DEMAND								
Total Demand	330,458	337,645	340,983	344,354	357,126	369,974	375,236	380,576
Fair Share of Demand	-	-	-	-	15,814	31,376	31,822	32,275
Penetration Rate	-	-	-	-	95.0%	102.0%	107.0%	107.0%
Demand Captured	-	-	-	-	15,023	32,003	34,050	34,534
Estimated Occupancy					68.6%	73.1%	77.7%	78.8%
Projection Year Ending 6/30						2023	2024	2025
Estimated Occupancy (Rounded)						71.0%	75.0%	78.0%
								<i>Stabilized</i>

Source: Projections by Weitzman Associates, LLC

Based upon our analysis, we project the proposed hotel's stabilized occupancy rate at 78.0%.

Average Daily Rate (ADR) Projection

As discussed previously in this report, the limited / select service primary competitive set, which is comprised of upper midscale and upscale hotels (as classified by STR), achieved an average daily rate (ADR) of \$131.63 in 2018, while the full-service secondary competitive set, which includes a mix of upscale and upper upscale hotels, achieved a higher ADR of \$153.25 in 2018.

TABLE 70

HOTEL AVERAGE DAILY RATE SURVEY	
Competitive Set	2018
Primary Limited / Select Service Hotel Set	\$131.63
Secondary Full Service Hotel Set	\$153.25

Source: STR; compiled by Weitzman Associates, LLC

Based upon the average daily rate survey, we estimate the proposed subject hotel's positioned average daily rate at \$155 in 2018 dollars. This average daily rate positioning is approximately 17.8% above the limited / select service primary competitive set's ADR of \$131.63 in 2018, and 1.1% above the full-service secondary competitive set's estimated ADR of \$153.25 in 2018. The premiums over the existing competitive sets are deemed reasonable considering that the subject hotel will be brand new construction and will be developed as an upscale, extended-stay, all-suite hotel.

Over the past eight years from 2010 to 2018, ADR of the limited / select service primary competitive set has grown at an average annual compounded rate of 1.7%, while the ADR of the full-service secondary competitive set has grown at an average annual compounded rate of 1.1%. Over the past few years, however, growth has been lower, with negative growth experienced in some years. Over the past three years from 2015 to 2018, ADR of the limited / select service primary competitive set has modestly declined at an average annual compounded rate of -0.3%, while the ADR of the full-service secondary competitive set has modestly grown at an average annual compounded rate of 0.3%. The ADR change from the first quarter 2018 to the first quarter of 2019 is a -1.8% decline among the primary competitive hotels and 1.0% growth among the secondary competitive hotels.

In consideration of recent trends, we project ADR growth to be flat in 2019, followed by annual growth of 2.0% in 2020 and 2021 and a stabilized 3.0% thereafter. The following table presents the projected average daily rate over the first three years of operations, assuming a hotel opening date as of July 1, 2022.

TABLE 71

AVERAGE DAILY RATE ANALYSIS PROPOSED NORTH 60 HOTEL									
	Positioned 2018	2018	2019	2020	2021	2022	2023	2024	2025
Projected ADR	\$155.00	\$155.00	\$155.00	\$158.10	\$161.26	\$166.10	\$171.08	\$176.22	\$181.50
% Growth			0.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%
Projection Year Ending 6/30							2023	2024	2025
Projected ADR (Rounded)							\$169.00	\$174.00	\$179.00
% Growth								3.0%	2.9%

Source: Projections by Weitzman Associates, LLC

HOTEL MARKET ANALYSIS CONCLUSION

As an upscale, extended-stay hotel, the proposed hotel at North 60 is anticipated to compete primarily with six upper midscale and upscale class, limited- and select-service hotels (comprising

the primary competitive set), and to a lesser degree with four upscale and upper upscale class, full-service hotels (comprising the secondary competitive set), located in the surrounding market area to the east and southeast, particularly in and around Tarrytown. In 2018, the primary competitive hotels achieved an average occupancy of 74.2% and the secondary competitive hotels achieved an average occupancy of 73.7%. Based upon our supply and demand analysis, the competitive market occupancy is projected to remain relatively stable in the low-70% range over the next several years, and to stabilize at approximately 73% in fiscal year 2024/25. Based upon an estimated stabilized penetration rate of 107%, we project the proposed hotel's stabilized occupancy rate at 78.0%. Based upon the average daily rate of the primary and secondary competitive sets, and in consideration of the proposed hotel's new construction and development as an upscale, extended-stay, all-suite hotel, we estimate the proposed North 60 hotel's positioned average daily rate at \$155 in 2018 dollars. In consideration of recent trends, we project ADR growth to be flat in 2019, followed by annual growth of 2.0% in 2020 and 2021 and a stabilized 3.0% thereafter.

The proposed subject hotel's projected occupancy rate, average daily rate and RevPAR through the first stabilized year, as projected by Weitzman Associates, are summarized in the following table.

TABLE 72

PROJECTED OCCUPANCY AND ADR PROPOSED NORTH 60 HOTEL			
Projection Year Ending 6/30	2023	2024	Stabilized 2025
Projected ADR	\$169.00	\$174.00	\$179.00
Projected Occupancy	71.0%	75.0%	78.0%
Projected RevPAR	\$119.99	\$130.50	\$139.62
% Change		8.8%	7.0%

Source: Projections by Weitzman Associates, LLC

– RETAIL MARKET ANALYSIS –

RETAIL MARKET ANALYSIS

INTRODUCTION

The proposed mixed-use North 60 development is planned to include approximately 85,000 square feet of retail space in the first phase of development, and an overall total of approximately 214,000 square feet of retail space at full build-out. In order to gauge the overall health of the retail market, we reviewed retail market trends nationally and regionally. We also profiled the major shopping centers and malls located closest to the North 60 site in order to understand the current retail landscape in the surrounding market, and examined comparable retail leases recently transacted in the market. Based upon our review of the retail market, we concluded that the retail use as part of the North 60 development should primarily incorporate neighborhood retail services, such as bank branches, drug stores, restaurants, salons, and a fitness center, among other uses, serving as a complementary component to the other major uses of the site. We then prepared a retail demand analysis based upon the targeted retail tenant types, considering retail demand from both households and major employment centers within the trade area. We have organized the analysis as follows:

1. An Executive Summary of findings;
2. An overview of the National Retail Market;
3. An analysis of the Trends of the New York Metro Retail Market;
4. An analysis of the Trends of the West I-287 Retail Submarket (in which the North 60 site is located);
5. An analysis of the Trends of the nearby White Plains Retail Submarket (which has a high concentration of retail, including regional destination malls);
6. An analysis of Comparable Retail Leases; and
7. A retail demand analysis.

EXECUTIVE SUMMARY

- **National Retail Market Overview.** Nationally, consumer confidence remains healthy, supported by continued job and wage growth, as well as low inflation. While the continued expansion of e-commerce has had a negative impact on retail space demand, the impact has primarily been on larger “big-box” retail stores typically found in malls and power centers. In contrast, at grocery and strip centers, which benefit from demographic growth and a

tenant base generally less exposed to the threat of e-commerce, vacancies remain below pre-Recession lows. Retail sectors like fitness, restaurant, entertainment and discounters continue to be active in leasing.

- **New York Metro Retail Market Trends.** The overall New York metro retail market is healthy as the vacancy rate, at 3.8% (as of late-March 2019), remains near record lows. According to CoStar, despite several major retail projects set to deliver shortly (particularly Hudson Yards in Manhattan and American Dream at Meadowlands), with strong income growth forecasted over the near term, the New York metro should maintain its position as one of the preeminent retail markets in the country. The health of the metro market can be attributed to its high population density (particularly in New York City) and high household income levels, combined with limited new construction.
- **West I-287 Retail Submarket Trends.** The North 60 development site lies within the West I-287 Corridor submarket, which as defined by CoStar generally stretches to the north and south of I-287 in western Westchester County. In contrast to the overall metro market's retail inventory growth, which is projected to accelerate over the next year as several major projects open, retail inventory growth in the West I-287 Corridor is expected to remain modest with average annual compounded growth of 0.3% projected through 2023. With modest inventory growth projected, the vacancy rate in the West I-287 Corridor submarket is projected to remain relatively stable within a range of 2.9% to 3.3% over the next five years. We conclude that the retail proposed at North 60 will have a net neutral impact on existing retail in nearby areas, due to the increased demand that the future workers and residents of North 60 will bring to Valhalla.
- **White Plains Retail Submarket Trends.** We also reviewed retail trends within the White Plains CBD submarket, which lies directly to the southeast of the West I-287 Corridor submarket and has a high concentration of retail including three regional malls. As retail supply has remained fairly stable, the retail vacancy rate in the White Plains CBD submarket has declined from a high of 6.0% in 2011 to a low of 1.5% as of March 2019, with a 0% vacancy rate reported for malls and neighborhood centers.
- **Comparable Retail Leases.** We reviewed 12 comparable retail leases signed over the past few years within shopping centers within the West I-287 Corridor submarket, as derived from CoStar. Excluding the low, the indicated rents (reflecting either the asking rent or actual starting lease rent) ranged from \$20.00 to \$45.00 per square foot, with most of these rents being on a triple net basis. The survey includes Class B and Class C properties, with the lower

end of the rent range being reflective of older Class C properties. We believe that the retail at North 60 could achieve rent of \$40.00 per square foot per year on a triple net basis.

- **Retail Demand Analysis.** Based upon our retail market analysis, it is our opinion that the retail at North 60 should be developed as a neighborhood retail center, as a complementary component to the major other uses of the site. Targeted retail tenants should include bank branches, drug stores, restaurants, salons, and a fitness center. In order to ensure the retail's appropriateness, a commercial character assessment should be undertaken by Fareri Associates as a part of the ongoing SEQR process.

We prepared a retail trade area analysis based upon the targeted retail tenant types, considering retail demand from both households and major employment centers within the trade area. For the proposed neighborhood retail at North 60, we conducted a demand analysis for trade areas within 5-minute and 7-minute driving times from the North 60 site. In projecting the retail sales potential in a trade area, we considered retail demand from households residing in the trade area, as well as the additional retail demand that would also be generated by the employees of the several major institutions and corporate campuses located within the trade area. Specifically, we considered the workforce at Westchester Medical Center, New York Medical College, Westchester Community College, Regeneron, and Pace University, as well as the new workforce that will occupy North 60's planned life science space.

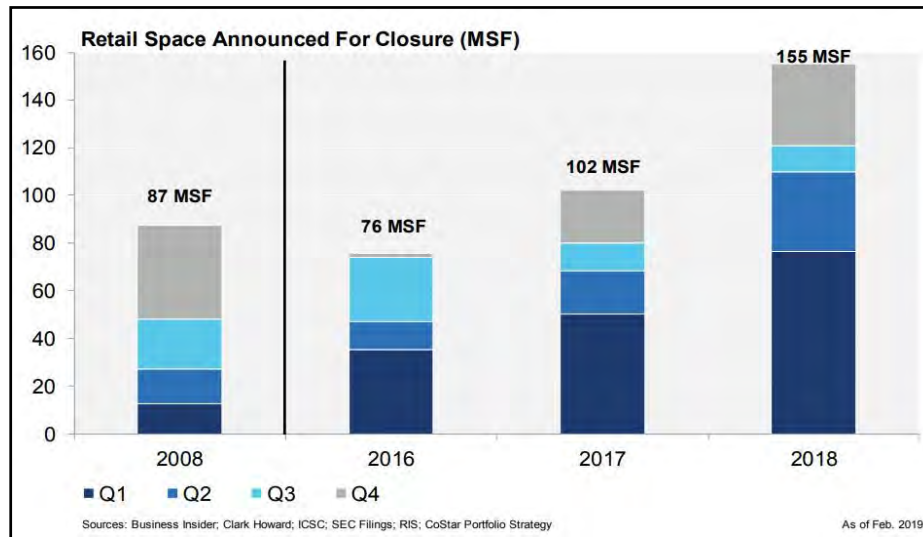
Assuming that there is no oversupply of existing retail stores in the trade areas, it is our experience and general industry practice that retail developments across the United States must capture approximately seven percent or less of total trade area demand in order for their tenants to achieve easy market entry. Our demand analysis as of 2018 indicates that at 85,000 square feet and at a retail sales level of \$200 per square foot, the indicated capture rate of the proposed first phase of retail development at North 60 is slightly elevated at 7.7%. However, in looking at the retail demand analysis as of 2026, upon lease-up and stabilization of North 60's first phase, the corresponding capture rate (at an inflated retail sales level of \$225 per square foot) is lower at 6.8%. In consideration of the proposed full retail build-out of approximately 214,000 square feet, our demand analysis as of 2040 (at an inflated retail sales level of \$275 per square foot) indicates a relatively high capture rate of 14.3%. However, we note that the use of the 7-minute driving time trade area in the demand analysis as of 2040 is conservative as the retail trade area is likely to expand over time by virtue of the development's increased retail offerings and the prominence of the overall North 60 development.

NATIONAL RETAIL MARKET OVERVIEW

Consumer confidence, supported by continued job growth, wage growth, low inflation, and increasing wealth, remains healthy. According to CoStar, consumer spending on goods has increased by a third since the end of the Great Recession. While e-commerce has to some degree negatively impacted physical retail demand potential, particularly by apparel brands, other retail sectors like fitness, restaurant, entertainment and discounters are active in leasing. CoStar reports that in the first quarter of 2019, among the top ten tenants leasing the most space were Planet Fitness, HomeGoods, Dollar General, AMC Theatres, and Ross Dress for Less. At malls and power centers, the retail building typologies that contain the majority of tenants announcing closures, vacancies have increased. In contrast, at grocery and strip centers, which benefit from demographic growth and a tenant base generally less exposed to the threat of e-commerce, vacancies remain below pre-Recession lows.

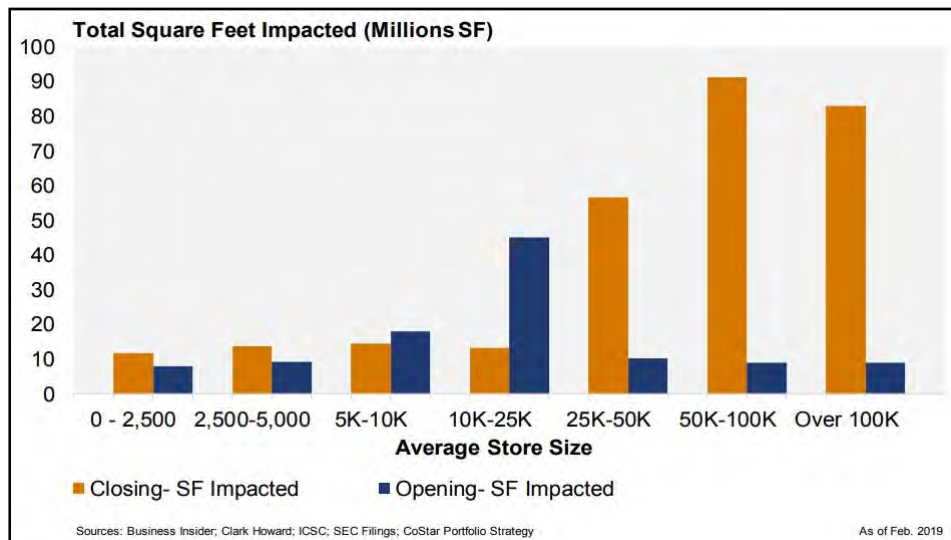
The national retail landscape has been experiencing a dramatic shift over the past several years resulting from the rise of e-commerce. Companies such as Amazon provide retail consumers with the ability to conveniently shop for goods online as opposed to visiting brick-and-mortar retail locations. According to the United States Census Bureau, retail e-commerce revenues were \$513.6 billion in 2018, which was a 14.2% increase from 2017. Total retail sales revenue increased by 4.8% from 2017 to 2018. In 2018, e-commerce retail sales accounted for 9.7% of total sales, which is an increase from the 8.9% accounted for in 2017. Looking further back, e-commerce retail sales accounted for 5.9% of total retail sales back in 2013. As e-commerce continues to command a higher share of total retail revenue, brick-and-mortar retail will need to adapt.

The national retail real estate market has been negatively impacted by the rise of e-commerce. Major retailers have filed for bankruptcies and retail store closures have been increasing. According to the CoStar Big Book Retail report as of February 2019, 155 million square feet of retail space was announced for closure in 2018. This represents an increase of 52.0% from 2017, when 102 million square feet of space closure was announced, and an increase of 103.9% from 2016, when 76 million square feet of space closure was announced. The following chart illustrates the amount of retail space announced for closure in 2008 and from 2016 to 2018.



Source: CoStar; compiled by Weitzman Associates, LLC

It is noted that the majority of the square footage announced for closure is found within “big-box” retail stores, which can be classified as a large-scale retail space of more than 50,000 square feet. The following chart illustrates the total square feet of store closures and openings, by store size, from 2017 to 2019. Approximately 180 million square feet of retail with an average store size over 50,000 square feet has been closed with very limited openings of retail spaces with similar store sizes.



Source: CoStar; compiled by Weitzman Associates, LLC

Thus, while the national retail landscape has been impacted by the continued rise of e-commerce, the negative impact has primarily been on larger “big-box” retail stores. Leasing from retail sectors like fitness, restaurant, entertainment and discounters remains strong.

NEW YORK METRO RETAIL TRENDS

The proposed retail space at North 60 in Westchester County is located within the New York Metro retail market, which as defined by CoStar is comprised of each of the five boroughs of New York City, as well as Westchester, Rockland and Orange Counties to the north, and parts of northern New Jersey to the west and south. In total, the New York Metro retail market consists of approximately 586.8 million square feet.

Supported by its high population density (particularly in New York City) and high household income levels, combined with limited new construction, the overall New York metro retail market is healthy as vacancy rates remain near record lows. According to CoStar, with strong income growth forecast over the near term, the New York metro should maintain its position as one of the preeminent retail markets in the country.

Consistent with national trends, new retail construction in the New York metro has been limited. Despite several large, high-profile projects that are expected to deliver in the near term, such as the 1,000,000 square foot retail component at Hudson Yards in Manhattan (already partially delivered) and the 2,069,000 square foot American Dream at Meadowlands super regional mall in northern New Jersey, the supply growth on a percentage basis is relatively low, and is not projected to significantly impact market vacancy.

The General Retail category accounts for the majority of retail space in the New York metro at nearly 73% of overall retail inventory, while Neighborhood Centers, representing the second largest category, accounts for 13% of overall retail inventory. Vacancy rates as of March 2019 across all categories range from a low of 1.7% at Malls to a high of 6.2% at Neighborhood Centers. The General Retail category has a vacancy rate of 3.5%, and the overall vacancy rate for all retail categories is 3.8%.

Asking rents in the market range from an average of \$26.47 per square foot for Strip Centers to \$44.69 per square foot for Malls, for an overall average of \$40.96 per square foot. For the largest retail category, General Retail, the average asking rent is \$43.91 per square foot. The key indicators of the retail type categories comprising the New York metro retail market are summarized in the following table.

TABLE 73

NEW YORK METRO RETAIL KEY INDICATORS							
Current Quarter	RBA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction SF
Malls	37,094,398	1.7%	\$44.69	3.2%	(29,387)	0	2,069,000
Power Center	24,307,201	4.5%	\$29.66	8.1%	(190,199)	0	0
Neighborhood Center	78,748,591	6.2%	\$29.76	8.9%	(23,852)	10,260	550,300
Strip Center	15,729,986	5.5%	\$26.47	7.5%	66,525	26,405	32,000
General Retail	427,653,821	3.5%	\$43.91	5.4%	(94,077)	565,927	6,630,055
Other	3,255,578	4.0%	\$29.38	4.1%	(6,144)	0	0
Market	586,789,575	3.8%	\$40.96	5.9%	(277,134)	602,592	9,281,355

Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates

The New York metro has had, overall, limited retail inventory growth over the past decade. In 2007, the market saw inventory growth of 1.0%, followed by annual growth of 0.8% in 2008 and 0.7% in each of 2009 and 2010. However, from 2011 to 2018, following the Great Recession, inventory growth for the whole of the New York metro ranged from just 0.1% to 0.5% annually.

Overall, the retail inventory of the New York metro has increased at an average annual compounded rate of 0.4% from 2007 to 2018. With several major retail projects set to deliver shortly, annual inventory growth is forecast to accelerate to 1.4% in 2019, before receding to a range of 0.1% to 0.6% over the following four years through 2023. Overall, the retail inventory of the New York metro is forecast to grow at an average annual compounded rate of 0.6% from 2018 to 2023.

Retail key indicators in the New York metro are generally positive. The overall retail vacancy in the New York metro as of late-March 2019 was 3.8 %, which is up slightly from the low of 3.7% reached last year in 2018, but is well below the 6.2% registered in 2017 and the 5.0%-range maintained thereafter during 2008 to 2013. In 2007, there were a total of over 34.9 million square feet of vacant retail space in the New York metro; since then, the level of vacant space has declined by -36.0% to approximately 22.3 million square feet as of March 2019. With the exception of 2012, there has been positive net absorption in each year since 2007, and, despite a small amount of negative net absorption experienced thus far in year-to-date through late-March, the trend of positive net absorption is projected to continue in the current year and in each of the following four years through 2023.

Following a moderate decline from \$37.34 per square foot in 2008 to \$35.54 per square foot in 2010, the average asking rent increased by between 0.6% and 3.8% annually over the following seven years from 2011 to 2017. Most recently, however, there has been a modest decline since 2018. Overall from 2007 to 2018, the average asking rent has grown at an average annual compounded rate of 1.0%. Over the next five years through 2023, CoStar is projecting the average asking rent to essentially remain flat.

The following table presents historical and forecasted retail inventory, absorption, vacancy rate, and asking rent trends from 2007 to 2023 for the New York metro Market, as provided by CoStar.

TABLE 74

NEW YORK METRO ALL INVENTORY RETAIL TRENDS							
Year	Inventory			Absorption	Vacancy Rate	Market Rent	
	Sq. Ft.	SF Growth	Percent Growth			Per SF	Percent Growth
2007	559,522,450	5,318,270	1.0%	8,900,621	6.2%	\$36.82	5.2%
2008	563,759,815	4,237,365	0.8%	8,509,317	5.4%	\$37.34	1.4%
2009	567,902,863	4,143,048	0.7%	4,391,422	5.3%	\$35.92	-3.8%
2010	571,980,888	4,078,025	0.7%	4,463,277	5.2%	\$35.54	-1.0%
2011	574,907,092	2,926,204	0.5%	2,834,910	5.2%	\$35.76	0.6%
2012	575,969,513	1,062,421	0.2%	(297,943)	5.5%	\$36.39	1.8%
2013	576,605,182	635,669	0.1%	3,204,359	5.0%	\$37.78	3.8%
2014	578,694,107	2,088,925	0.4%	4,936,895	4.5%	\$39.10	3.5%
2015	580,211,796	1,517,689	0.3%	3,295,884	4.2%	\$40.01	2.3%
2016	582,860,385	2,648,589	0.5%	4,905,608	3.8%	\$40.62	1.5%
2017	584,563,852	1,703,467	0.3%	1,255,700	3.8%	\$41.25	1.5%
2018	586,230,711	1,666,859	0.3%	2,514,772	3.7%	\$41.12	-0.3%
YTD	586,789,575	558,864	0.1%	(277,134)	3.8%	\$40.96	-0.4%
2019	594,488,333	8,257,622	1.4%	2,182,356	4.6%	\$40.86	-0.6%
2020	595,058,915	570,582	0.1%	2,775,026	4.3%	\$40.62	-0.6%
2021	597,185,012	2,126,097	0.4%	2,665,571	4.2%	\$40.52	-0.2%
2022	600,223,292	3,038,280	0.5%	2,564,420	4.2%	\$40.70	0.4%
2023	603,684,884	3,461,592	0.6%	3,060,993	4.2%	\$40.89	0.5%

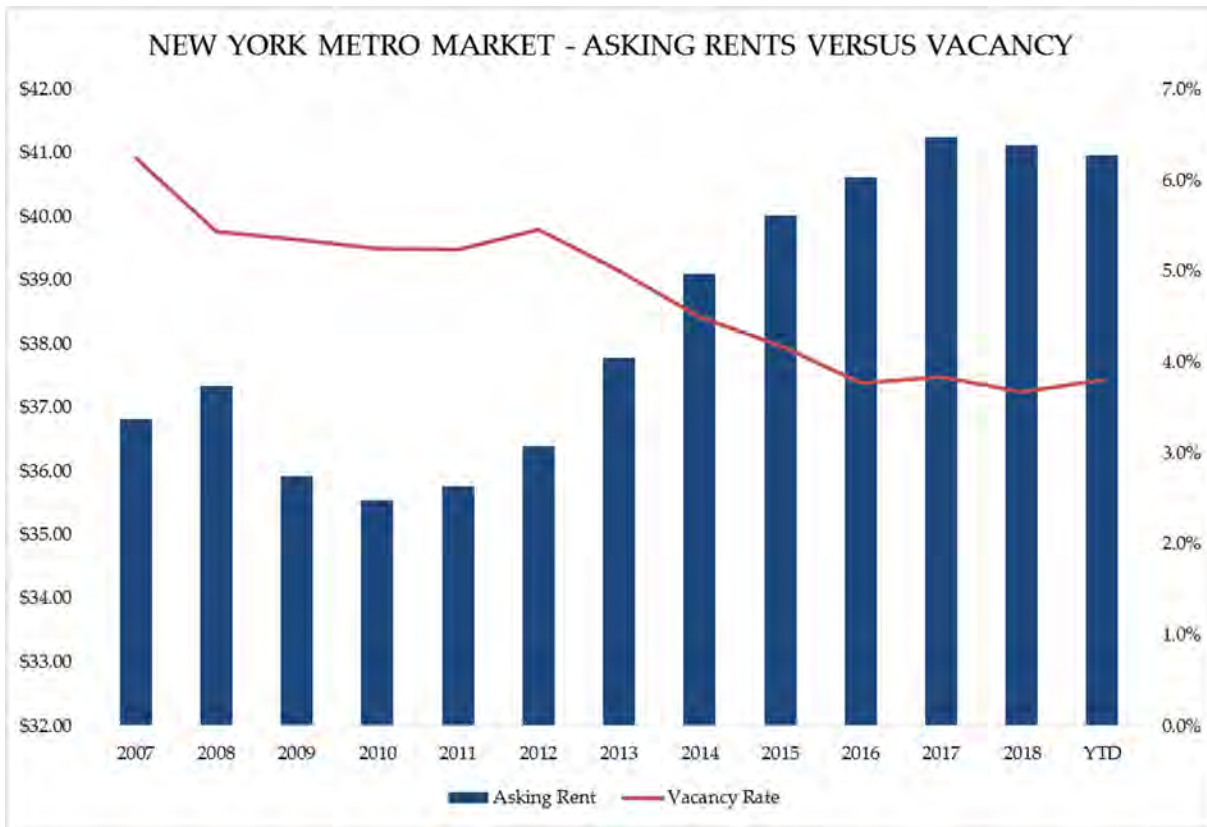
Avg. Annual Comp. Chg.:

2007 - 2018: 0.4% 1.0%

2018 - 2023 Forecast: 0.6% -0.1%

Shaded values are projected

Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates



Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates, LLC

The New York metro retail market as defined by CoStar is comprised of 69 submarkets. For the purpose of our analysis, we have grouped the submarkets in the following five broader geographical areas: New York City, Westchester County, Rockland County, Orange County, and the Northern New Jersey submarkets. Of the New York metro retail inventory, New York City and the Northern New Jersey submarkets account for the vast majority of space, at 46.5% and 38.2% of the metro inventory, respectively. Among the balance, Westchester County accounts for 8.8%, Rockland County accounts for 2.8% and Orange County accounts for 3.7% of the total metro inventory.

Over the past 12 months, new retail deliveries in New York City, the northern New Jersey submarkets, and Rockland County equated to approximately 0.4% of the respective existing inventory levels. In Westchester County, new retail deliveries over the past 12 months equated to approximately 0.6% of the county's existing inventory, with most of the retail deliveries having been within the Northwest and North submarkets. In contrast, there was very little or no new retail deliveries within Westchester County's West I-287 Corridor, East I-287 Corridor, White Plains CBD, and Northeast submarkets. Inventory trends for the Westchester County submarkets will be discussed in more detail in the following section.

Current retail construction activity is most prevalent in New York City, where the current level of construction equates to 2.2% of the current inventory, followed by the northern New Jersey submarkets, where the overall level of current construction equates to 1.3% of current inventory. In Westchester County, the current level of construction equates to 0.8% of the current inventory, again with most of the construction activity being within the county's Northwest and North submarkets.

By submarket, the retail vacancy rates range from a low of 1.2% in Manhattan's Upper West Side to a high of 20.8% in Manhattan's Insurance District. By broader geographical market, the retail vacancy rates are, in ascending order, 2.6% in Rockland County, 3.1% in Westchester County, 3.8% in New York City, 3.9% in the Northern New Jersey submarkets, and 5.4% in Orange County.

Over the past 12 months, the retail market in New York City has overall had negative net absorption, while the retail markets in Westchester, Rockland, and Orange Counties and in the Northern New Jersey submarkets have had positive net absorption.

A breakdown of inventory, 12-month deliveries, under construction pipeline, average asking rents, vacancy and 12-month net absorption, by submarket, is presented in the following tables.

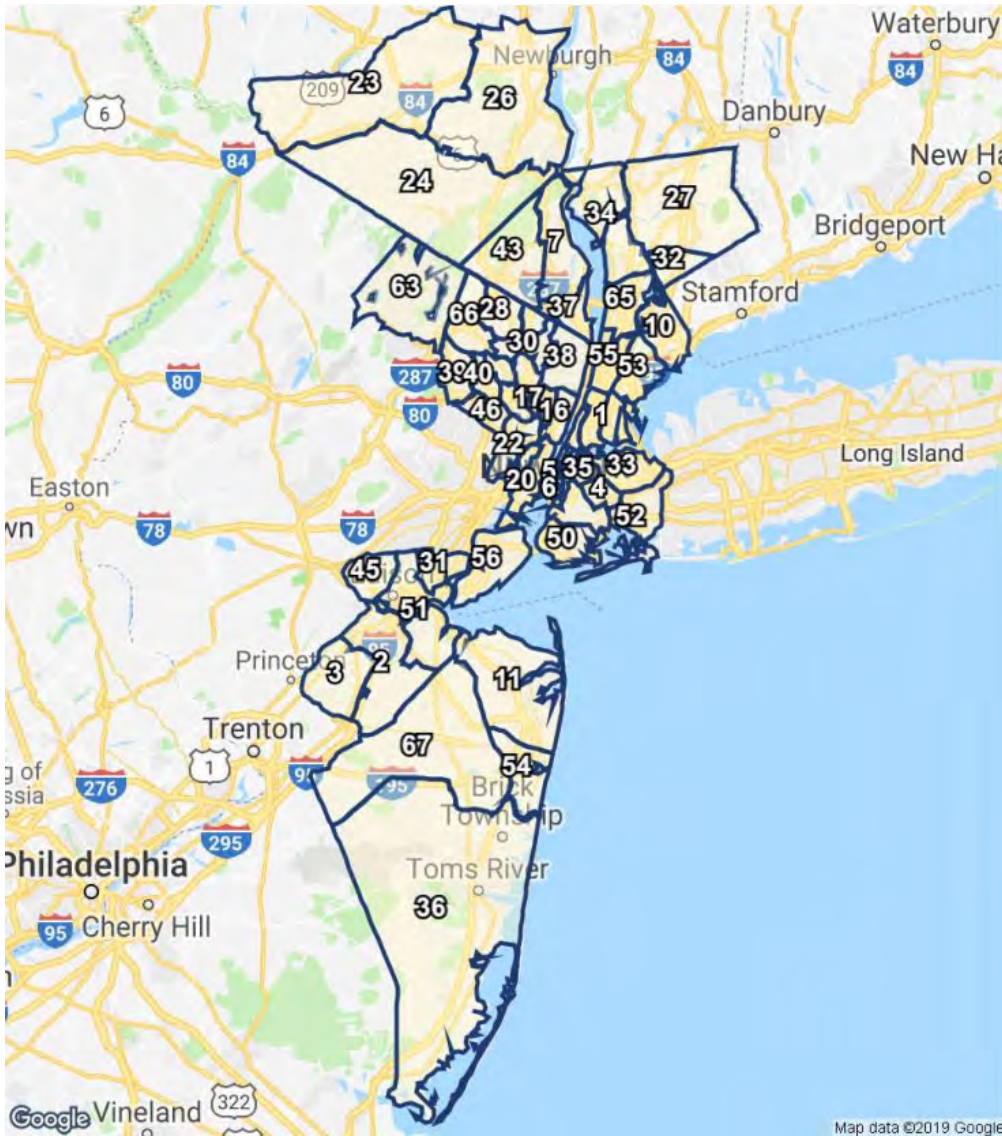
TABLE 75

NEW YORK METRO, RETAIL TRENDS																
	Inventory			12 Month Deliveries			Under Construction			Asking Rent	Asking Rent	Vacancy		12 Month Absorption		
	No. Bldgs	Sq. Ft. ('000s)	% of Market	No. Bldgs	Sq. Ft. ('000s)	% of Market	No. Bldgs	Sq. Ft. ('000s)	% of Market	Per Sq. Ft	Growth Percent	Sq. Ft	Percent	Sq. Ft	% of Inventory	Const. Ratio
<u>Westchester County:</u>																
Southwest	1,165	11,982	2.0%	2	11	0.1%	3	96	0.8%	\$36.65	-0.90%	294,444	2.5%	248,810	2.1%	0.0
Southeast	1,498	12,913	2.2%	2	17	0.1%	1	14	0.1%	\$33.67	-1.10%	395,741	3.1%	58,774	0.5%	0.1
West I-287 Corridor	602	4,914	0.8%	1	2	0.0%	1	16	0.3%	\$34.58	-0.60%	129,513	2.6%	23,327	0.5%	-
East I-287 Corridor	675	5,858	1.0%	0	0	0.0%	0	-	-	\$36.37	-1.10%	133,350	2.3%	100,520	1.7%	-
White Plains CBD	213	5,163	0.9%	0	0	0.0%	0	-	-	\$47.31	-1.50%	74,945	1.5%	77,004	1.5%	-
Northwest	592	5,540	0.9%	4	201	3.6%	1	122	2.2%	\$24.76	-0.50%	288,933	5.2%	157,332	2.8%	1.3
Northeast	37	265	0.0%	0	0	0.0%	1	4	1.5%	\$42.79	-1.10%	5,120	1.9%	(500)	-0.2%	-
North	403	4,928	0.8%	4	60	1.2%	4	151	3.1%	\$31.52	-0.70%	265,976	5.4%	51,267	1.0%	1.2
Total Westchester County, NY (1)	5,185	51,563	8.8%	13	291	0.6%	11	403	0.8%			1,588,022	3.1%	716,534	1.4%	
<u>New York City:</u>																
Bronx	3,873	32,000	5.5%	6	45	0.1%	7	173	0.5%	\$42.29	-1.00%	1,398,444	4.4%	(118,782)	-0.4%	-
Downtown Brooklyn	522	6,735	1.1%	0	0	0.0%	1	2	0.0%	\$75.30	-1.00%	238,381	3.5%	(22,909)	-0.3%	-
North Brooklyn	8,276	47,428	8.1%	18	206	0.4%	20	483	1.0%	\$46.65	-0.70%	1,750,136	3.7%	265,652	0.6%	0.6
South Brooklyn	7,592	42,020	7.2%	5	151	0.4%	9	562	1.3%	\$42.46	-0.70%	1,248,933	3.0%	(85,309)	-0.2%	-
Chelsea	494	5,773	1.0%	5	33	0.6%	3	229	4.0%	\$104.28	-1.10%	342,279	5.9%	(81,481)	-1.4%	-
City Hall	202	1,697	0.3%	0	0	0.0%	0	-	-	\$87.25	-1.10%	66,621	3.9%	28,202	1.7%	-
Columbus Circle	80	2,713	0.5%	2	123	4.5%	1	97	3.6%	\$118.81	-0.80%	55,367	2.0%	96,640	3.6%	1.3
Financial District	24	700	0.1%	0	0	0.0%	0	-	-	\$87.69	0.50%	128,049	18.3%	(128,049)	-18.3%	-
Gramercy Park	236	2,350	0.4%	0	0	0.0%	0	-	-	\$106.44	-1.10%	39,086	1.7%	571	0.0%	-
Grand Central	41	377	0.1%	0	0	0.0%	0	-	-	\$204.73	-0.70%	8,941	2.4%	612	0.2%	-
Greenwich Village	256	2,132	0.4%	0	0	0.0%	1	10	0.5%	\$112.80	-0.80%	58,156	2.7%	6,487	0.3%	-
Harlem/North Manhattan	731	8,755	1.5%	1	36	0.4%	3	67	0.8%	\$65.64	-1.20%	480,144	5.5%	(77,821)	-0.9%	-
Hudson Square	300	1,635	0.3%	1	20	1.2%	2	75	4.6%	\$138.51	-0.50%	83,542	5.1%	1,139	0.1%	17.3
Insurance District	40	755	0.1%	0	0	0.0%	1	68	8.9%	\$89.08	-0.20%	157,189	20.8%	28,056	3.7%	-
Murray Hill	79	649	0.1%	0	0	0.0%	1	6	0.9%	\$115.28	-1.10%	29,617	4.6%	2,275	0.4%	-
Penn Plaza/Garment	165	5,398	0.9%	0	0	0.0%	3	1,167	21.6%	\$116.82	-1.20%	85,556	1.6%	(13,216)	-0.2%	-
Plaza District	261	4,649	0.8%	2	12	0.2%	1	29	0.6%	\$107.25	-1.30%	215,401	4.6%	53,571	1.2%	0.0
Soho	688	5,859	1.0%	2	100	1.7%	2	497	8.5%	\$112.19	-0.60%	439,564	7.5%	(87,255)	-1.5%	-
Times Square	178	2,923	0.5%	0	0	0.0%	1	42	1.5%	\$116.98	-0.70%	180,660	6.2%	1,326	0.0%	-
Tribeca	84	927	0.2%	0	0	0.0%	0	-	-	\$94.88	-1.10%	15,050	1.6%	12,052	1.3%	-
U.N. Plaza	9	36	0.0%	0	0	0.0%	0	-	-	\$113.09	-0.30%	4,000	11.1%	1,826	5.1%	-
Upper East Side	380	3,614	0.6%	0	0	0.0%	1	13	0.4%	\$133.57	-1.10%	93,355	2.6%	2,432	0.1%	-
Upper West Side	221	3,759	0.6%	0	0	0.0%	0	-	-	\$170.00	-1.60%	46,862	1.2%	(22,382)	-0.6%	-
World Trade Center	15	881	0.2%	0	0	0.0%	0	-	-	\$93.92	-0.30%	80,656	9.2%	(51,289)	-5.8%	-
Central Queens	2,110	15,234	2.6%	2	5	0.0%	7	312	2.0%	\$46.94	-1.00%	501,230	3.3%	37,287	0.2%	0.1
Northeast Queens	3,124	23,792	4.1%	12	216	0.9%	12	385	1.6%	\$46.91	-1.10%	863,140	3.6%	(86,040)	-0.4%	-
Northwest Queens	1,694	13,023	2.2%	3	31	0.2%	6	215	1.7%	\$44.02	-0.90%	434,936	3.3%	(24,539)	-0.2%	-
South Queens	3,006	19,623	3.3%	5	61	0.3%	9	350	1.8%	\$37.68	-0.90%	746,538	3.8%	7,757	0.0%	-
Staten Island	2,450	17,650	3.0%	5	12	0.1%	11	1,154	6.5%	\$32.47	-0.80%	585,999	3.3%	(106,185)	-0.6%	-
Total New York City (1)	37,131	273,087	46.5%	69	1,051	0.4%	102	5,936	2.2%			10,377,832	3.8%	(359,372)	-0.1%	

(continued)

NEW YORK METRO, RETAIL TRENDS																
	Inventory			12 Month Deliveries			Under Construction			Asking Rent	Asking Rent	Vacancy		12 Month Absorption		
	No.	Sq. Ft.	% of	No.	Sq. Ft.	% of	No.	Sq. Ft.	% of	Per	Growth			% of	Const.	
Submarket	Bldgs	(000s)	Market	Bldgs	(000s)	Market	Bldgs	(000s)	Market	Sq. Ft	Percent	Sq. Ft	Percent	Sq. Ft	Inventory	Ratio
Northern New Jersey:																
Brunswick	1,043	12,400	2.1%	2	9	0.1%	3	60	0.5%	\$21.99	-0.40%	742,347	6.0%	91,852	0.7%	0.0
Brunswick West	148	2,448	0.4%	0	0	0.0%	2	79	3.2%	\$20.82	-0.50%	103,450	4.2%	58,381	2.4%	-
Eastern Monmouth	2,085	22,198	3.8%	4	88	0.4%	9	159	0.7%	\$24.35	-0.70%	1,128,565	5.1%	(12,708)	-0.1%	-
GW Bridge	952	7,965	1.4%	0	0	0.0%	0	-	-	\$32.87	-0.90%	191,731	2.4%	14,569	0.2%	-
Hackensack	342	3,462	0.6%	1	6	0.2%	0	-	-	\$24.34	-1.00%	160,994	4.7%	(24,519)	-0.7%	-
Hudson Waterfront	5,553	31,959	5.4%	8	207	0.6%	5	179	0.6%	\$28.27	-0.90%	488,107	1.5%	148,784	0.5%	1.2
Meadowlands	1,298	9,922	1.7%	1	9	0.1%	6	2,125	21.4%	\$23.52	-0.10%	315,628	3.2%	133,670	1.3%	0.1
North 17 Corridor	241	2,934	0.5%	0	0	0.0%	1	20	0.7%	\$28.80	-1.10%	134,455	4.6%	17,021	0.6%	-
North Central Bergen	461	3,649	0.6%	1	16	0.4%	1	1	0.0%	\$28.74	-0.90%	139,985	3.8%	(20,352)	-0.6%	-
North Edison/Woodbridge	628	7,671	1.3%	2	23	0.3%	2	9	0.1%	\$30.11	-1.20%	282,927	3.7%	89,291	1.2%	0.2
Ocean County	2,193	25,913	4.4%	8	135	0.5%	6	51	0.2%	\$19.68	-0.10%	1,006,248	3.9%	259,810	1.0%	0.5
Palisades	488	3,842	0.7%	1	30	0.8%	0	-	-	\$24.36	-0.90%	138,573	3.6%	32,619	0.8%	0.9
Passaic Rt 46/23	439	8,995	1.5%	0	0	0.0%	0	-	-	\$26.73	-0.40%	493,840	5.5%	95,345	1.1%	-
Passaic Urban Region	926	6,592	1.1%	1	3	0.0%	0	-	-	\$23.09	-0.60%	110,575	1.7%	158,534	2.4%	0.0
Route 208 Corridor	265	1,914	0.3%	1	1	0.0%	0	-	-	\$22.82	-0.40%	127,225	6.6%	(59,906)	-3.1%	-
Route 287 East	390	4,719	0.8%	1	23	0.5%	2	22	0.5%	\$23.62	-1.20%	175,374	3.7%	(11,767)	-0.2%	-
Route 3/GSP	853	7,620	1.3%	2	48	0.6%	2	58	0.8%	\$22.34	-1.10%	358,061	4.7%	(37,409)	-0.5%	-
Route 4/17	380	13,847	2.4%	1	1	0.0%	1	40	0.3%	\$37.32	-1.30%	438,706	3.2%	69,399	0.5%	-
Route 46 Corridor	677	5,929	1.0%	4	81	1.4%	0	-	-	\$22.58	-1.00%	411,156	6.9%	(40,415)	-0.7%	-
South Edison	1,317	12,923	2.2%	5	39	0.3%	3	65	0.5%	\$21.95	-0.70%	628,144	4.9%	(48,851)	-0.4%	-
Southern Monmouth	933	8,297	1.4%	6	108	1.3%	1	5	0.1%	\$20.46	-0.10%	219,495	2.6%	145,970	1.8%	0.7
Teaneck/Ridgefield	229	1,211	0.2%	1	5	0.4%	0	-	-	\$23.86	-0.70%	36,747	3.0%	33,802	2.8%	0.2
Upper Parkway	88	1,116	0.2%	1	2	0.2%	0	-	-	\$35.39	-1.20%	77,941	7.0%	(40,505)	-3.6%	-
Upper Suburban Passaic	281	2,030	0.3%	0	0	0.0%	0	-	-	\$18.94	-0.30%	197,440	9.7%	(25,148)	-1.2%	-
Western Bergen	118	1,280	0.2%	0	0	0.0%	1	62	4.8%	\$28.48	-1.10%	49,761	3.9%	24,675	1.9%	-
Western Monmouth	767	13,650	2.3%	8	130	1.0%	2	30	0.2%	\$21.90	-0.70%	628,578	4.6%	150,151	1.1%	0.8
Total NJ Submarkets (1)	23,095	224,486	38.2%	59	964	0.4%	47	2,965	1.3%			8,786,053	3.9%	1,202,293	0.5%	
Rockland County, NY:																
Clarkstown	560	9,531	1.6%	0	0	0.0%	1	5	0.1%	\$34.98	-1.40%	242,470	2.5%	(18,460)	-0.2%	-
Orangetown	266	1,969	0.3%	0	0	0.0%	0	-	-	\$21.82	-0.50%	114,056	5.8%	8,856	0.4%	-
Ramapo	381	4,798	0.8%	3	59	1.2%	1	24	0.5%	\$22.87	0.00%	62,900	1.3%	127,082	2.6%	0.5
Total Rockland County, NY (1)	1,207	16,298	2.8%	3	59	0.4%	2	29	0.2%			419,426	2.6%	117,478	0.7%	
Orange County, NY:																
Middletown	608	8,380	1.4%	0	0	0.0%	0	-	-	\$15.29	-0.40%	554,608	6.6%	258,307	3.1%	-
Monroe	334	4,261	0.7%	0	0	0.0%	0	-	-	\$19.23	-0.30%	139,592	3.3%	(1,482)	0.0%	-
Newburgh	867	9,016	1.5%	3	40	0.4%	0	-	-	\$16.66	0.10%	484,321	5.4%	(103,602)	-1.1%	-
Total Orange County, NY (1)	1,809	21,657	3.7%	3	40	0.2%	0	0	0.0%			1,178,521	5.4%	153,223	0.7%	

MAP OF NEW YORK METRO RETAIL SUBMARKETS



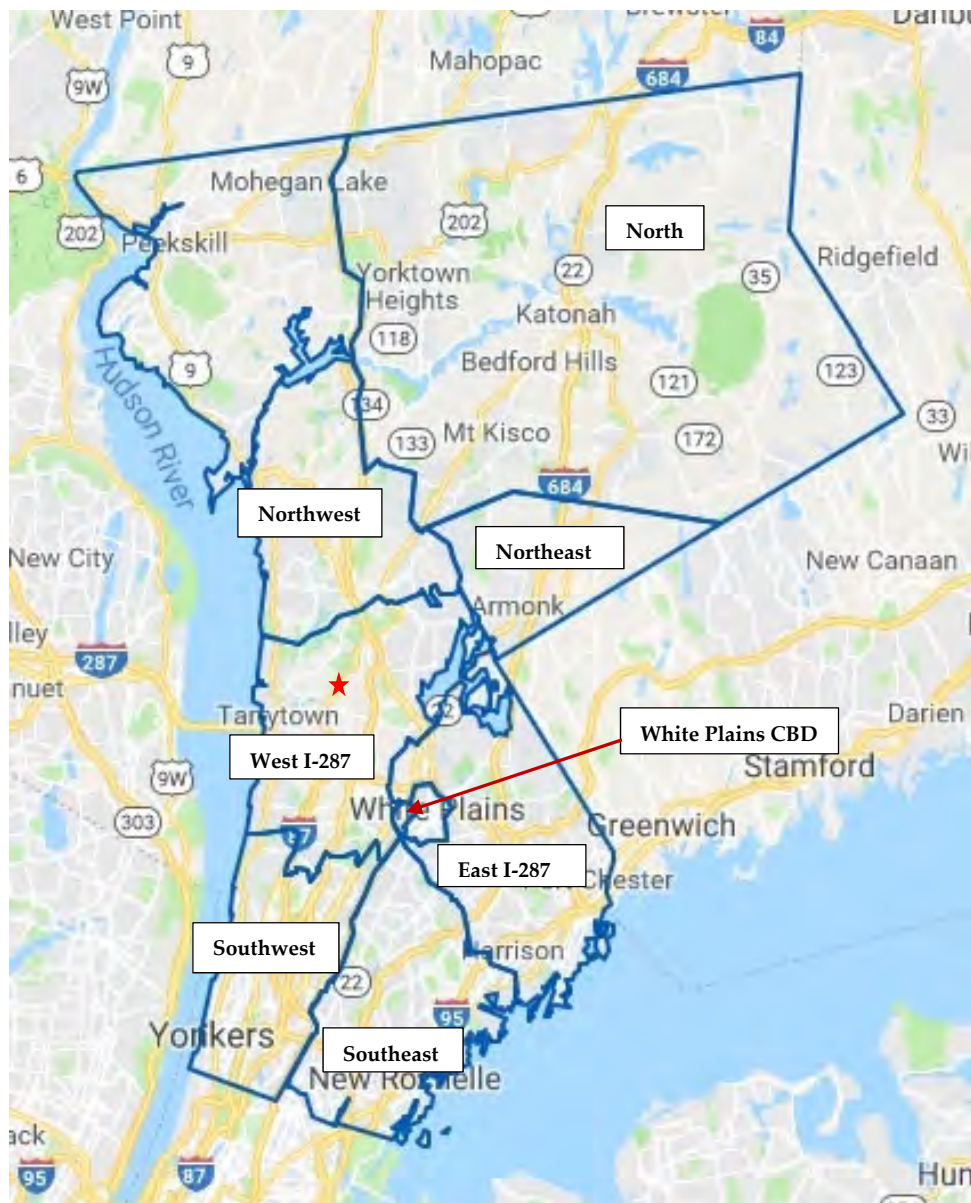
No.	Submarket
1	Bronx
2	Brunswick
3	Brunswick West
4	Central Queens
5	Chelsea
6	City Hall
7	Clarkstown
8	Columbus Circle
9	Downtown Brooklyn
10	East I-287 Corridor
11	Eastern Monmouth
12	Financial District
13	Gramercy Park
14	Grand Central
15	Greenwich Village
16	GW Bridge
17	Hackensack
18	Harlem/North Manhattan
19	Hudson Square
20	Hudson Waterfront
21	Insurance District
22	Meadowlands
23	Middletown
24	Monroe
25	Murray Hill
26	Newburgh
27	North
28	North 17 Corridor
29	North Brooklyn
30	North Central Bergen
31	North Edison/Woodbridge
32	Northeast
33	Northeast Queens
34	Northwest
35	Northwest Queens
36	Ocean County
37	Orangetown
38	Palisades
39	Passaic Rt 46/23
40	Passaic Urban Region
41	Penn Plaza/Garment
42	Plaza District

No.	Submarket
43	Ramapo
44	Route 208 Corridor
45	Route 287 East
46	Route 3/GSP
47	Route 4/17
48	Route 46 Corridor
49	Soho
50	South Brooklyn
51	South Edison
52	South Queens
53	Southeast
54	Southern Monmouth
55	Southwest
56	Staten Island
57	Teaneck/Ridgefield
58	Times Square
59	Tribeca
60	U.N. Plaza
61	Upper East Side
62	Upper Parkway
63	Upper Suburban Passaic
64	Upper West Side
65	West I-287 Corridor
66	Western Bergen
67	Western Monmouth
68	White Plains CBD
69	World Trade Center

WESTCHESTER COUNTY RETAIL SUBMARKETS

According to data from CoStar, Westchester County has over 5.18 million square feet of retail space, accounting for 8.8% of the New York metro total. Westchester County is comprised of the following eight submarkets: Southwest, Southeast, West I-287 Corridor, East I-287 Corridor, White Plains CBD, Northwest, Northeast, and North.

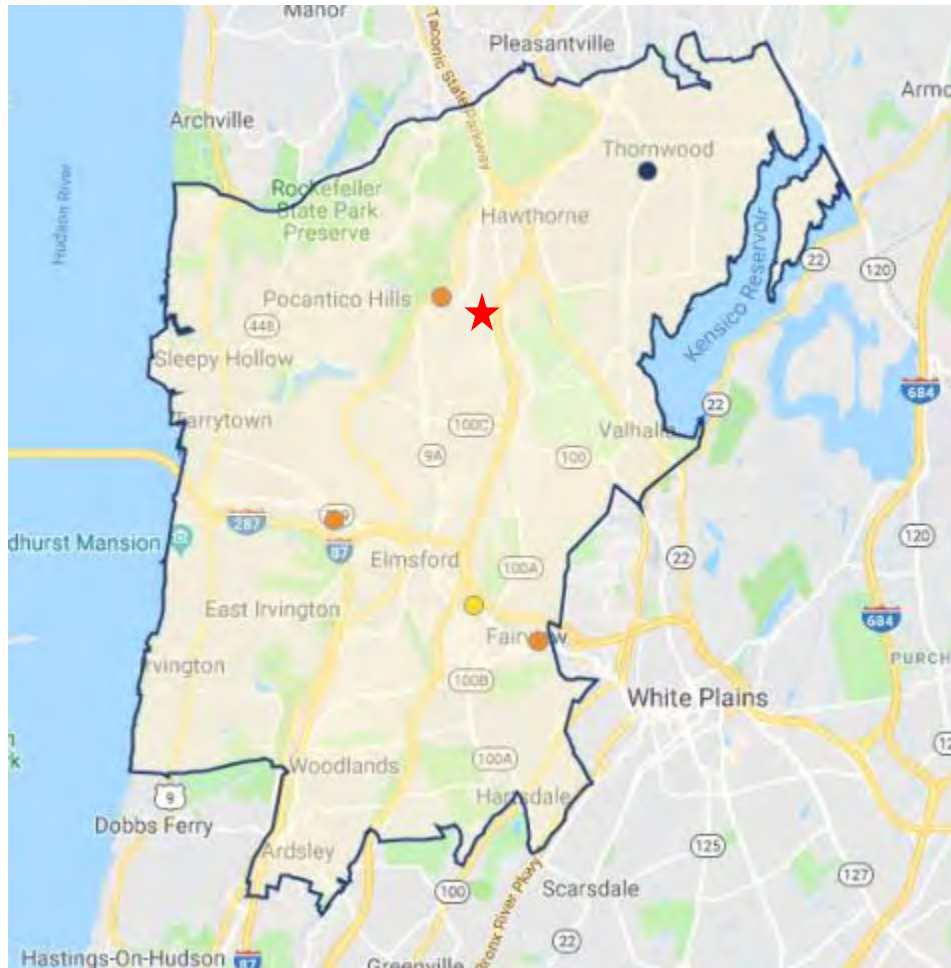
MAP OF WESTCHESTER COUNTY RETAIL SUBMARKETS



WEST I-287 CORRIDOR SUBMARKET RETAIL TRENDS

As shown in the following map, the North 60 development site lies within the West I-287 Corridor submarket, which as defined by CoStar generally stretches to the north and south of I-287 in western Westchester County.

MAP OF WEST I-287 CORRIDOR SUBMARKET



The West I-287 Corridor submarket consists of approximately 4.91 million square feet of retail space. Nearly 70% of the retail inventory in the West I-287 Corridor submarket is classified as General Retail, 27.0% is classified as Neighborhood Centers, and 3.4% is classified as Strip Centers; there are no identified malls or power centers within the submarket. The retail inventory of the West I-287 Corridor submarket is summarized in the following table.

TABLE 76

WEST I-287 CORRIDOR SUBMARKET RETAIL KEY INDICATORS							
Current Quarter	RBA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction SF
Malls	0	-	-	-	0	0	0
Power Center	0	-	-	-	0	0	0
Neighborhood Center	1,328,240	3.5%	\$37.11	4.8%	(2,000)	0	0
Strip Center	166,485	6.9%	\$33.69	9.5%	0	0	0
General Retail	3,419,513	2.1%	\$33.64	4.1%	15,130	2,200	16,000
Other	0	-	-	-	0	0	0
Market	4,914,238	2.6%	\$34.58	4.4%	13,130	2,200	16,000

Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates

Comparable to the overall New York metro market, the West I-287 Corridor submarket has experienced relatively little new retail development since 2007. Overall, the submarket's retail inventory has grown at an average annual compounded growth rate of 0.4% from 2007 to 2018. While the overall metro market's retail inventory growth is projected to accelerate over the next year as several major projects open, retail inventory growth in the West I-287 Corridor is projected to remain modest with average annual compounded growth of 0.3% projected over the next five years through 2023. According to CoStar, there is just one retail project currently under construction within the submarket – a 16,000 square foot development at 603 Columbus Avenue in Thornwood. Based upon listing data for the development, the 16,000 square foot retail center, named Columbus Plaza, has 588 linear feet of primary roadway frontage and will be available in September 2019. The property is described as “[p]erfect for banking, fast-casual restaurants, beauty/fitness, and more,” and the asking rental rate for the space is \$50 per square foot per year on a net basis. We are also aware of a Shoprite supermarket planned at 320 Saw Mill River Road in the Town of Greenburgh. The supermarket will occupy the site of a former movie theater.

Following negative net absorption of -76,637 square feet over the three years from 2010 to 2012, net absorption was positive over the next four years from 2013 to 2017; over this period, there was positive net absorption of 253,942 square feet, exceeding corresponding inventory growth of 153,350 square feet. As a result, the retail vacancy rate in the West I-287 Corridor submarket declined from 5.3% in 2012 to 3.1% in 2017. Most recently in 2018, net absorption was slightly negative, but there was a greater reduction in retail inventory and overall the vacancy rate declined further to 2.9%.

With modest inventory growth projected, the vacancy rate is projected to remain relatively stable within a range of 2.9% to 3.3% over the next five years through 2023.

The average retail asking rent in the West I-287 Corridor submarket decreased from \$32.37 per square foot in 2008 to \$30.57 per square foot in 2010. After remaining relatively stable in 2011, the average asking rent started to slowly recover thereafter, with annual growth of between 1.2% and 3.2% over the following six years from 2012 to 2017. The average asking rent reached \$34.67 per square foot in 2017 and remained flat in 2018. Similar to that in the overall New York metro market, the average retail asking rent in the West I-287 Corridor submarket is projected to overall remain relatively flat over the next five years through 2023.

Historical and forecasted retail trends for the West I-287 Corridor submarket are presented in the following table.

TABLE 77

WEST I-287 CORRIDOR SUBMARKET ALL INVENTORY RETAIL TRENDS							
Year	Inventory			Absorption	Vacancy Rate	Market Rent	
	Sq. Ft.	SF Growth	Percent Growth			Per SF	Percent Growth
2007	4,684,922	0	0.0%	67,983	3.0%	\$32.14	4.7%
2008	4,693,922	9,000	0.2%	39,662	2.3%	\$32.37	0.7%
2009	4,693,922	0	0.0%	15,426	2.0%	\$30.97	-4.3%
2010	4,691,729	(2,193)	0.0%	(4,371)	2.0%	\$30.57	-1.3%
2011	4,676,089	(15,640)	-0.3%	(46,857)	2.7%	\$30.67	0.3%
2012	4,777,347	101,258	2.2%	(25,409)	5.3%	\$31.05	1.2%
2013	4,777,347	0	0.0%	68,721	3.9%	\$32.00	3.1%
2014	4,833,897	56,550	1.2%	109,899	2.7%	\$33.03	3.2%
2015	4,860,697	26,800	0.6%	9,865	3.0%	\$33.72	2.1%
2016	4,860,697	0	0.0%	4,352	2.9%	\$34.12	1.2%
2017	4,930,697	70,000	1.4%	61,105	3.1%	\$34.67	1.6%
2018	4,912,038	(18,659)	-0.4%	(6,871)	2.9%	\$34.67	0.0%
YTD	4,914,238	2,200	0.0%	13,130	2.6%	\$34.58	-0.3%
2019	4,927,126	15,088	0.3%	9,010	3.0%	\$34.56	-0.3%
2020	4,925,273	(1,853)	0.0%	1,644	2.9%	\$34.41	-0.4%
2021	4,938,964	13,691	0.3%	6,036	3.1%	\$34.38	-0.1%
2022	4,961,093	22,129	0.4%	12,021	3.2%	\$34.56	0.5%
2023	4,986,186	25,093	0.5%	17,916	3.3%	\$34.75	0.5%

Avg. Annual Comp. Chg.:

2007 - 2018:	0.4%	0.7%
2018 - 2023 Forecast:	0.3%	0.0%

Shaded values are projected

Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates



Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates, LLC

Generally, the retail that is most proximate to the North 60 site lies along Route 9A, the Taconic State Parkway, and Saw Mill River Road. It is clustered within the towns / hamlets of Mount Pleasant, Greenburgh, Valhalla, Hawthorne, and Thornwood. With the exception of established shopping centers (discussed on the following pages), we can confidently characterize most retail as being mom-and-pop businesses housed within older, low-lying structures. The Grasslands campus is Valhalla, in particular, a retail desert. With the exception of a Panera Bread and a Walgreens pharmacy, there is no retail presence to speak of. By way of example, the closest Starbucks stores are located a 10-minute drive to the north and south of North 60. The closest supermarkets require a similar driving distance. Therefore, it is our conclusion (informed by unanimous input from all interviewees spoken with throughout the course of this study) that retail development at North 60 will have a net neutral effect on existing local retail. While the addition of neighborhood retail such as coffee shops, banks, pharmacies, and a supermarket will compete with nearby destinations, the residential and commercial components of North 60 will, by virtue of introducing new residents and workers to the area, generate demand to counterbalance new retail supply.

WEST I-287 CORRIDOR SUBMARKET - MAJOR SHOPPING CENTERS

Based upon data derived from CoStar's property database, the West I-287 Corridor submarket includes 18 retail properties of 50,000 square feet or more, as outlined in Table 78. The identified properties include shopping centers, as well as stand-alone big box retail stores such as a Sam's Club and a Home Depot, which are both located along Saw Mill River Road to the southwest of the North 60 development site. The list also includes three car dealerships - BMW of Westchester in White Plains, AutoNation Jaguar Land Rover Dealership, and Audi Hawthorne, which was recently built in 2017 at 151 Saw Mill River Road, just northwest of the North 60 development site.

TABLE 78

RETAIL PROPERTIES - 50,000 SQUARE FEET AND OVER WEST I-287 CORRIDOR SUBMARKET									
Building Address	Building Name	Property Type	City	Year Built	Rentable Building Area	Direct Vacant Space	Percent Leased	Owner Name	Anchor Tenants
387-423 Tarrytown Rd	Crossroads Shopping Center	Community Center	White Plains	1979	239,463	0	100	Acadia Realty Trust	Kmart
333 Saw Mill River Rd	Sam's Club	General Retail	Elmsford	1996	114,113	0	100	Walmart, Inc.	Sam's Club (Single Tenant)
1 Saw Mill River Rd	Home Depot	General Retail	Hawthorne	2006	106,949	0	100	Bmr Landmark At Eastview	Home Depot (Single Tenant)
660 Columbus Ave	Rose Hill Shopping Center	Neighborhood Center	Thornwood	1980	106,000	2,000	98.11	Vincent Castaldo	CVS, Acme
960-1024 Broadway	Thornwood Town Center	Neighborhood Center	Thornwood	1986	105,000	19,777	87.81	The Hampshire Companies, LLC	ShopRite
215-299 N Central Ave	Westchester Square	Neighborhood Center	Hartsdale	1980	102,650	2,000	98.05	Hampshire Mang Co No 20	Best Buy, Marshalls, Trader Joe's
251 Tarrytown Rd	Bed Bath & Beyond	Neighborhood Center	Elmsford	1999	84,450	0	100	Kimco Realty Corporation	Bed Bath & Beyond (Single Tenant)
610-658 White Plains Rd	Premier Plaza	Community Center	Tarrytown	2012-15	83,569 (1)	0	100	Robert Martin Company, LLC	Stop & Shop
381-393 N Central Ave	Dalewood Shopping Center II	Neighborhood Center	Hartsdale	1970	81,326	21,093	74.06		Christmas Tree Shops
350 S Broadway	Bridge Plaza	Neighborhood Center	Tarrytown	1950	75,000	0	100	Stop & Shop	
151 Saw Mill River Rd	Audi Hawthorne	General Retail	Hawthorne	2017	70,000	0	100	New Country Motor Car Group	Audi Hawthorne (car dealership)
380 Saw Mill River Rd		General Retail	Elmsford	1984	61,150	0	100	Rbt Co	Sportime USA, Goodwill
85-103 Knollwood Rd	Greenburgh Shopping Center	Neighborhood Center	White Plains	1950	60,000	0	100	Houlihan-Parnes Properties	
295 E Main St	Jaguar Land Rover Dealership	Neighborhood Center	Elmsford		58,838	0	100	Kimco Realty Corporation	Jaguar Land Rover (car dealership)
353-373 N Central Ave	Dalewood I Shopping Center	Neighborhood Center	Hartsdale	1965	57,669	0	100		
14 Saw Mill River Rd		General Retail	Hawthorne	2014	56,550	0	100	14 Smmr Llc	
543 Tarrytown Rd	BMW of Westchester	General Retail	White Plains		50,662	0	100	Ray Catena Motor Car Corporation	BMW of Westchester (car dealership)
449-459 Tarrytown Rd		Community Center	Greenburgh	1979	50,000	0	100	Acadia Realty Trust	HomeGoods, Modell's Sporting Goods

(1) Area derived from broker's listing data.

Source: CoStar (as of April 1, 2019) and Survey by Weitzman Associates, LLC; compiled by Weitzman Associates, LLC

The following survey profiles the major shopping centers located closest to the North 60 site. These destinations are presently where the neighborhood has the greatest variety of shops and services available to them.

- **Rose Hill Shopping Center** is a 106,000 square foot neighborhood shopping center located at 660 Columbus Avenue in Thornwood. Built in 1980, the center features tenants such as CVS (13,800 square feet), Acme Market (10,500 square feet), Dunkin Donuts (4,100 square feet), Rand Realty (3,000 square feet), Apple Bank (2,500 square feet), and Skratch (2,500 square feet). The property reportedly has 1.9% vacancy, with only a 2,000 square foot space available (asking rent undisclosed).



- **Thornwood Town Center**, built in 1986, is located at 960-1024 Broadway in Thornwood. Featuring 105,000 square feet of space, the neighborhood shopping center is anchored by a ShopRite supermarket (40,000 square feet). Additional retail tenants include CVS (10,824 square feet), Dress Barn (8,800 square feet), Citibank (3,640 square feet), Wells Fargo (2,587 square feet), and BageLicious Cafe (2,403 square feet). The property reportedly has 18.8% vacancy and 12.2% availability. Current asking rents range from \$30 per square foot (for an 8,800 square foot space) to \$45 per square foot (for a 1,500 square foot space), on a triple net basis.



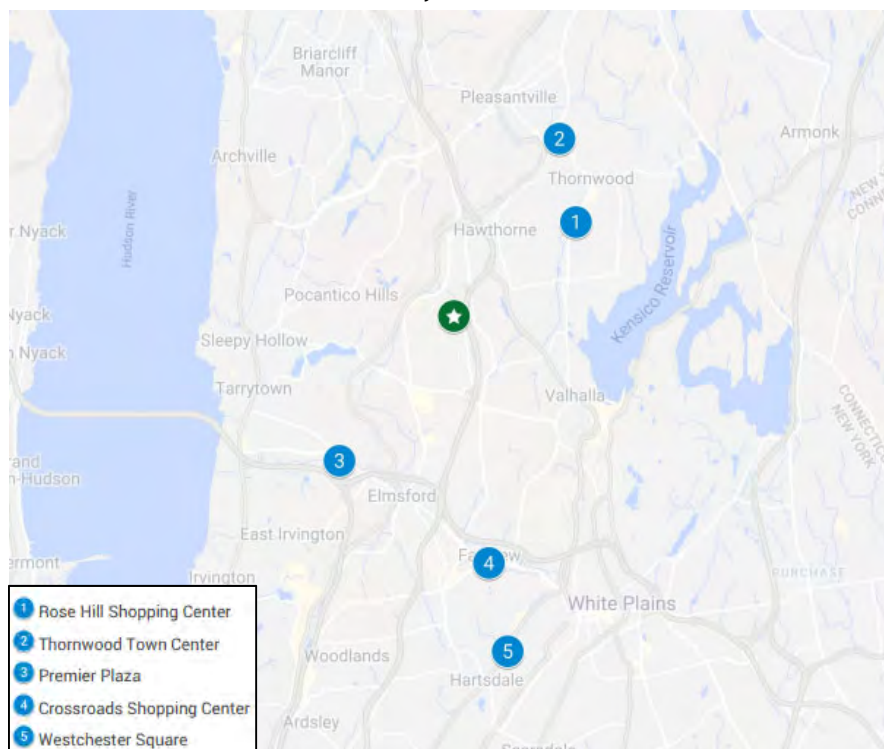
- Located at 610-658 White Plains Road in Tarrytown, **Premier Plaza** features a total of 83,569 square feet of gross leasable space and is anchored by a Stop & Shop supermarket. Other retail tenants include Orangetheory Fitness, Angel Tips, GoHealth Urgent Care, and Elite Hair Design. The retail complex is located in a commercial area, next to the Sheraton Tarrytown and proximate to several office buildings. The shopping center is reportedly 100% leased, although two 1,380 square foot relet spaces that can be combined are currently available at an asking rent of \$45.00 per square foot on a triple net basis, and a 1,500 square foot sublet space is currently available at an asking rent of \$48.50 per square foot on a triple net basis.



- Crossroads Shopping Center** is an older community retail center built in 1979 and located at 387-423 Tarrytown Road, in northwestern White Plains. The retail property has 239,463 square feet of retail space; tenants include Kmart, HomeGoods, PetSmart, Pier 1 Imports, Five Below and DSW. According to CoStar, there are five spaces available, each ranging from 1,980 to 6,105 square feet, and together totaling 15,795 square feet, for an overall availability rate of 6.6%.
- Westchester Square**, located at 215-299 N Central Avenue in Hartsdale, is a 102,650 square foot shopping center built in 1980. The retail center is anchored by Best Buy (32,900 square feet), Marshall's (27,000 square feet), CVS (9,000 square feet) and Trader Joes (which is currently expanding from 8,000 to 12,000 square feet). A 2,000 square foot space, previously occupied by The Rex Pizza and Lobster, is currently available at an asking rent of \$45.00 per square foot on a triple net basis.



MAP OF NEARBY MAJOR SHOPPING CENTERS



WHITE PLAINS CBD SUBMARKET RETAIL TRENDS

In order to provide greater perspective on the surrounding retail environment, we also reviewed retail trends within the White Plains CBD submarket, which lies directly to the southeast of the West I-287 Corridor submarket and has a high concentration of retail, including regional destination malls.

MAP OF WHITE PLAINS CBD SUBMARKET



The White Plains CBD submarket consists of approximately 5.16 million square feet of retail space, including nearly 2.06 million square feet (41.9%) within the Mall retail category. The retail inventory of the White Plains CBD submarket is summarized in the following table. The vacancy rates for malls and neighborhood centers within the submarket are reported at 0%, and the overall retail vacancy rate is reported at 1.5%.

TABLE 79

WHITE PLAINS CBD SUBMARKET RETAIL KEY INDICATORS							
Current Quarter	RBA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Under Construction SF	Deliveries SF
Malls	2,058,567	0.0%	\$68.26	1.8%	56,000	0	0
Power Center	0	-	-	-	0	0	0
Neighborhood Center	847,010	0.0%	\$31.59	10.0%	0	0	0
Strip Center	46,177	5.1%	\$34.63	15.0%	0	0	0
General Retail	2,211,284	3.3%	\$34.09	3.9%	(3,592)	0	0
Other	0	-	-	-	0	0	0
Market	5,163,038	1.5%	\$47.31	4.2%	52,408	0	0

Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates

Since the opening of major retail developments including City Center, The Source at White Plains and Shoppes on Main in 2004, the White Plains CBD submarket has since experienced very little new retail development. Overall, the submarket's retail inventory has slightly declined by -0.2% from 2007 to March 2019. While the submarket's retail inventory is projected to decline slightly further over the next two years through 2020, moderate retail inventory growth is projected over the following three years from 2021 to 2023. According to CoStar, there are currently no retail developments currently under construction within the White Plains CBD. Proposed retail developments include a 230,000 square foot, lifestyle retail center, dubbed the Boulevard, planned by Grid Properties at 77 W. Post Road at the southern end of downtown White Plains; the project's site plan approval, originally received in November 2016, was recently granted a one-year extension in January 2019.

In the White Plains CBD submarket, there was negative net absorption of -151,988 square feet over the three years from 2009 to 2011. Following 72,730 square feet of positive net absorption in 2012 and 2013, net absorption turned negative again in 2014 at -51,786 square feet. Since 2014, net absorption has been positive, totaling 201,681 square feet from 2015 to March 2019. As the retail supply has remained fairly stable, the retail vacancy rate in the White Plains CBD submarket overall declined from a high of 6.0% in 2011 to a low of 1.5% as of March 2019. With a forecast of modest negative net absorption in 2020 and 2021 and moderate supply growth over the period from 2021 to 2023, the vacancy rate is projected to gradually increase over the next five years, reaching 3.4% in the year 2023.

The average retail asking rent in the White Plains CBD submarket decreased slightly from \$41.61 per square foot in 2008 to \$40.53 per square foot in 2010. Over the following seven years from 2011 to 2017, the average asking rent grew in each year with annual growth ranging from 1.2% to 4.7%. The average asking rent reached \$48.04 per square foot in 2017, but has since slightly declined to \$47.31 as of March 2019. On an annual basis, further slight rent declines are projected over the next three years through 2021, and overall the average asking rent is projected to slightly decline at an average annual compounded rate of -0.2% over the next five years through 2023.

Historical and forecasted retail trends for the White Plains CBD submarket are presented in the following table.

TABLE 80

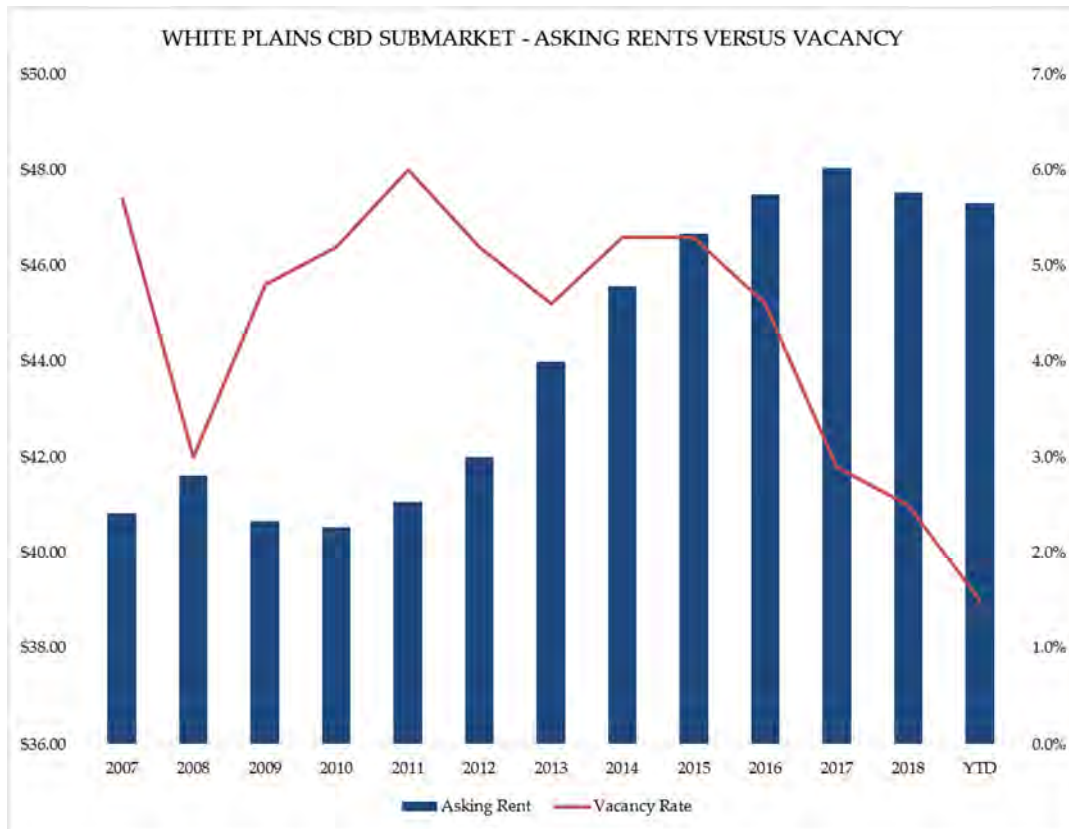
WHITE PLAINS CBD SUBMARKET ALL INVENTORY RETAIL TRENDS							
Year	Inventory			Absorption	Vacancy Rate	Market Rent	
	Sq. Ft.	SF Growth	Percent Growth			Per SF	Percent Growth
2007	5,173,920	0	0.0%	17,041	5.7%	\$40.83	2.6%
2008	5,173,920	0	0.0%	137,377	3.0%	\$41.61	1.9%
2009	5,173,920	0	0.0%	(89,817)	4.8%	\$40.66	-2.3%
2010	5,173,920	0	0.0%	(23,289)	5.2%	\$40.53	-0.3%
2011	5,173,920	0	0.0%	(38,882)	6.0%	\$41.06	1.3%
2012	5,173,920	0	0.0%	41,547	5.2%	\$42.00	2.3%
2013	5,173,920	0	0.0%	31,183	4.6%	\$43.99	4.7%
2014	5,159,788	(14,132)	-0.3%	(51,786)	5.3%	\$45.56	3.6%
2015	5,163,038	3,250	0.1%	3,962	5.3%	\$46.67	2.5%
2016	5,163,038	0	0.0%	36,554	4.6%	\$47.49	1.7%
2017	5,163,038	0	0.0%	85,369	2.9%	\$48.04	1.2%
2018	5,163,038	0	0.0%	23,388	2.5%	\$47.52	-1.1%
YTD	5,163,038	0	0.0%	52,408	1.5%	\$47.31	-0.4%
2019	5,155,712	(7,326)	-0.1%	29,845	1.8%	\$47.03	-1.0%
2020	5,151,203	(4,509)	-0.1%	(15,734)	2.0%	\$46.68	-0.8%
2021	5,178,337	27,134	0.5%	(1,841)	2.5%	\$46.55	-0.3%
2022	5,221,200	42,863	0.8%	14,677	3.0%	\$46.74	0.4%
2023	5,269,975	48,775	0.9%	29,180	3.4%	\$46.94	0.4%

Avg. Annual Comp. Chg.:

2007 - 2018:	0.0%	1.4%
2018 - 2023 Forecast:	0.4%	-0.2%

Shaded values are projected

Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates



Source: CoStar (as of March 25, 2019); compiled by Weitzman Associates, LLC

WHITE PLAINS CBD SUBMARKET - MAJOR SHOPPING CENTERS

Based upon data from CoStar, we identified within the White Plains CBD submarket 12 retail properties of 50,000 square feet or more, as outlined in Table 81. The identified properties include three malls - The Westchester Mall, Galleria at White Plains (including Macy's), and City Center at White Plains, which together account for more than two million square feet of retail space.

TABLE 81

RETAIL PROPERTIES - 50,000 SQUARE FEET AND OVER WHITE PLAINS CBD SUBMARKET									
Building Address	Building Name	Property Type	City	Year Built	Rentable Building Area	Direct Vacant Space	Percent Leased	Owner Name	Anchor Tenants
125 Westchester Ave	The Westchester Mall	Super Regional Mall	White Plains	1997	827,662	0	100	Simon Property Group, Inc.	Crate & Barrel, Neiman Marcus, Nordstr
100 Main St	Galleria at White Plains	Super Regional Mall	White Plains	1980	536,401	0	100	Simon Property Group, Inc.	Sears
100 Main St	Macy's (part of Galleria)	Super Regional Mall	White Plains	1978	328,599	0	100	Macy's, Inc.	Macy's
1-11 City Pl	City Center At White Plains	Regional Mall	White Plains	2004	365,905	0	100	Kite Realty Group	Barnes & Noble, Nordstrom Rack, ShopR
1 Maple Ave	The Source at White Plains	Community Center	White Plains	2004	265,000	0	100	UBS Realty Investors LLC	Dick's Sporting Goods, Raymour & Flanigan Furniture, The Cheesecake Factory, Whole Foods
275 Main St	Shoppes On Main	Community Center	White Plains	2004	257,360	0	100	Ivy Realty Services, LLC	Burlington Stores, Walmart
250 Mamaroneck Ave		General Retail	White Plains	1928	216,000	0	100	A County Of Westchester Indl Dev	
60 S Broadway	The Westchester Pavilion	General Retail	White Plains	1958	185,000	0	100	Lennar Multifamily Investors LLC	
76 S Lexington Ave		General Retail	White Plains	1974	144,926	0	100	Station Plaza Housing Co	
200 Hamilton Ave	White Plains Mall	Community Center	White Plains	1973	139,650	0	100	Exclusive Management	
1 S Broadway		General Retail	White Plains	1937	113,269	0	100	Emerick Gross Real Estate LP	
80 Westchester Ave		General Retail	White Plains		62,560	0	100	Saber Real Estate Advisors	
154 Westchester Ave		General Retail	White Plains		61,000	0	100	Ahold USA, Inc.	

Source: CoStar (as of April 1, 2019) and Survey by Weitzman Associates, LLC; compiled by Weitzman Associates, LLC

The three mall properties are detailed further below:

- **Westchester Mall**, located at 125 Westchester Avenue in White Plains, is a three-story, indoor shopping mall built in 1997. The mall comprises over 827,000 square feet of retail space, and is anchored by Nordstrom (219,000 square feet) and Neiman Marcus (138,000 square feet). Other major tenants include Crate & Barrel, Godiva, Abercrombie & Fitch, and Hugo Boss Fashions. The mall is reportedly 100% leased.



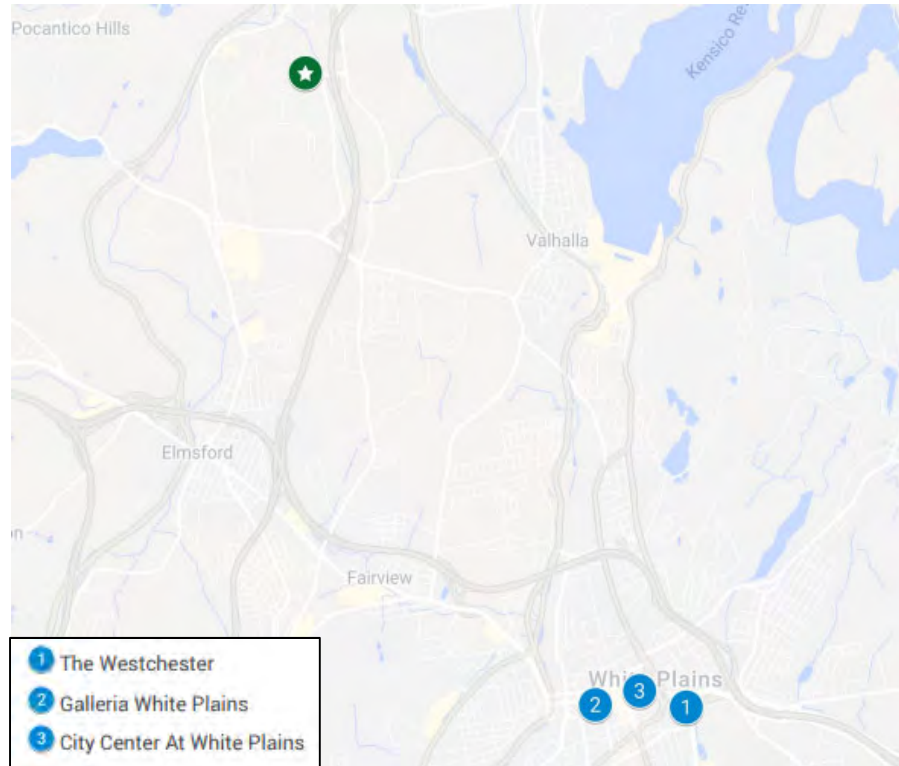
- **Galleria at White Plains**, which was built between 1978 and 1980, is located at 100 Main Street in White Plains. Featuring a total of 865,000 square feet of retail space, the four-story mall includes anchor tenants Macy's and Sears, and other national retailers such as H&M, Forever 21, Old Navy, Aldo, American Eagle and Victoria's Secret. The mall is reportedly 100% leased.



- **City Center At White Plains**, a comparatively more recent development built in 2004, is located at 1-11 City Place in White Plains. The five-story, 365,905 square foot mall is part of a larger mixed-use development which also includes two 35-story residential apartment and condominium towers. The mall includes a ShopRite supermarket (75,045 square feet), Cinema De Lux (59,106 square feet), Target (6,102 square feet), Nordstrom Rack (36,000 square feet), Barnes & Noble (25,767 square feet), and White Plains Performing Arts Center (12,114 square feet). The property is reportedly fully leased, but has 10.3% availability with three retail spaces of 3,700 square feet, 6,674 square feet and 27,360 square feet available.



MAP OF MALLS IN WHITE PLAINS



RECENT RETAIL LEASES (WEST I-287 CORRIDOR)

We reviewed recent retail leases signed over the past few years within shopping centers within the West I-287 Corridor submarket where North 60 is located, as derived from CoStar. The indicated rents (reflecting either the asking rent or actual starting lease rent) for 12 retail leases, for spaces ranging from 1,500 square feet to 5,960 square feet, range from \$12.00 to \$45.00 per square foot, with most of these rents being on a triple net basis. Excluding the low (reflecting the starting rent of a renewal lease), the annual rent range was \$20.00 to \$45.00 per square foot.

The low end of this rent range at \$20.00 per square foot (excluding the low) is reflective of asking rents, on a triple net basis, for retail spaces that were leased in class C properties located along Saw Mill River Road in Ardsley, located approximately six to seven miles to the southwest of the North 60 site. However, it is noted that the rent survey also includes a much higher actual starting rent of \$40.00 per square foot for a comparably located, 1,600 square foot space that was leased to Club Pilates at 875 Saw Mill River Road at Ardsley Plaza, which is categorized by CoStar as a class B property.

At Thornwood Town Center, a class B shopping center located along Broadway in Thornwood, approximately 3.5 miles to the northeast of the North 60 site, two retail spaces of 3,000 and 3,977 square feet were recently leased with triple net asking rents of \$40.00 and \$35.00 per square foot, respectively.

The high end of the rent range at \$45.00 per square foot is represented by an asking rent, on a triple net basis, for a 1,500 square foot retail space that was leased at Westchester Square, a class B shopping center located along Central Avenue in Hartsdale, just to the west of White Plains and approximately six miles to the south of the North 60 site.

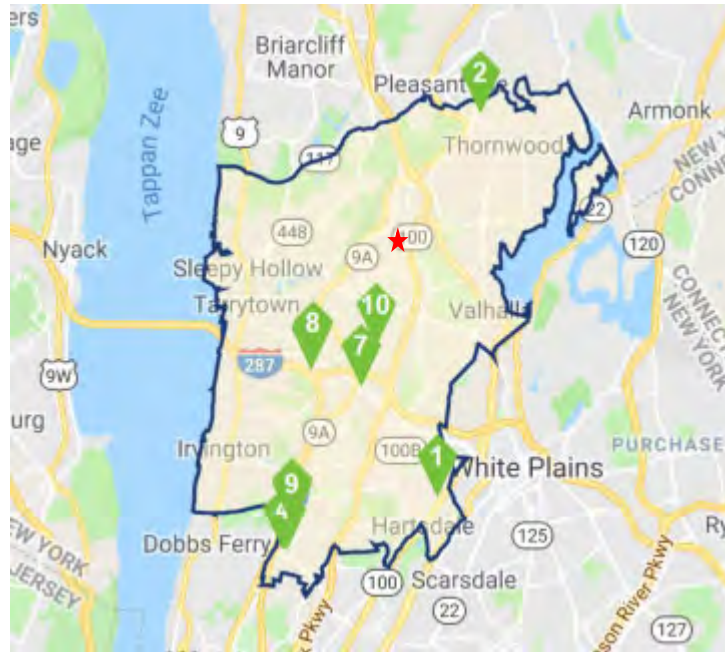
TABLE 82

COMPARABLE RETAIL LEASES WEST I-287 CORRIDOR SUBMARKET										
Map #	Address	Class	Year Built	Tenant	SF Leased	Type	Start Date	Term (Yrs)	Asking Rent	Starting Rent
1	 Westchester Square 215-299 N Central Ave Hartsdale, NY 10530	B	1980	N/A	1,500	New	Apr-19	N/A	\$45.00 NNN	N/A
2	 Thornwood Town Center 960-1024 Broadway Thornwood, NY 10594	C	1986	Gordo's	3,977	New	Apr-19	10	\$35.00 NNN	N/A
				SPAVIA	3,000	New	Apr-19	10	\$40.00 NNN	N/A
3	 Ardsley Shopping Plaza 15-27 Center St Ardsley, NY 10502	C	1970	Bellantoni's Tae Kwon	3,126	Renewal	Dec-18	N/A	N/A	\$12.00 NNN
4	 Heart Of Ardsley 717-725 Saw Mill River Rd Ardsley, NY 10502	C	1960	N/A	2,800	New	Aug-18	5	\$20.00 NNN	N/A
					2,800	New	Jun-18	N/A	\$20.00 NNN	N/A
5	 915-935 Saw Mill River Rd Ardsley, NY 10502	C	n/a	Cat Veterinary	1,850	New	Jul-18	N/A	\$20.00 NNN	N/A
6	 Premier Plaza 610-658 White Plains Rd Tarrytown, NY 10591	B	2012	Orangetheory Fitness	3,505	New	Jun-18	N/A	N/A	\$25.66 MG
7	 1-15 E Main St Elmsford, NY 10523	C	n/a	Anytime Fitness	3,300	New	Dec-17	N/A	N/A	\$33.00 NNN
8	 610-658 White Plains Rd Tarrytown, NY 10591	B	2015	North Shore	5,960	New	May-18	10	N/A	\$36.31 MG
9	 Ardsley Plaza 875 Saw Mill River Rd Ardsley, NY 10502	B	1968	Club Pilates	1,600	New	Jul-17	10	N/A	\$40.00 NNN
10	 Greenburgh Multiplex 320 Saw Mill River Rd Elmsford, NY 10523	C	1958	Boost Mobile	2,509	New	Oct-16	5	\$26.00 NNN	N/A

N/A = Not available

Source: CoStar; compiled by Weitzman Associates, LLC

MAP OF COMPARABLE RETAIL LEASES



RETAIL DEMAND ANALYSIS

It is believed that the retail use as part of the North 60 development should be developed as a complementary component to the major other uses of the site, incorporating neighborhood retail services lending itself to the “work-play” aspect of the project. Potential quality tenants could include bank branches, drug stores, restaurants, salons, and a fitness center. While the retail component will not be a primary driver of demand to North 60, it will nonetheless add to the attractiveness and marketability of the overall project, helping to attract commercial tenants to the proposed medical office and life science space, as well as residents when a residential component is incorporated into the project as well.

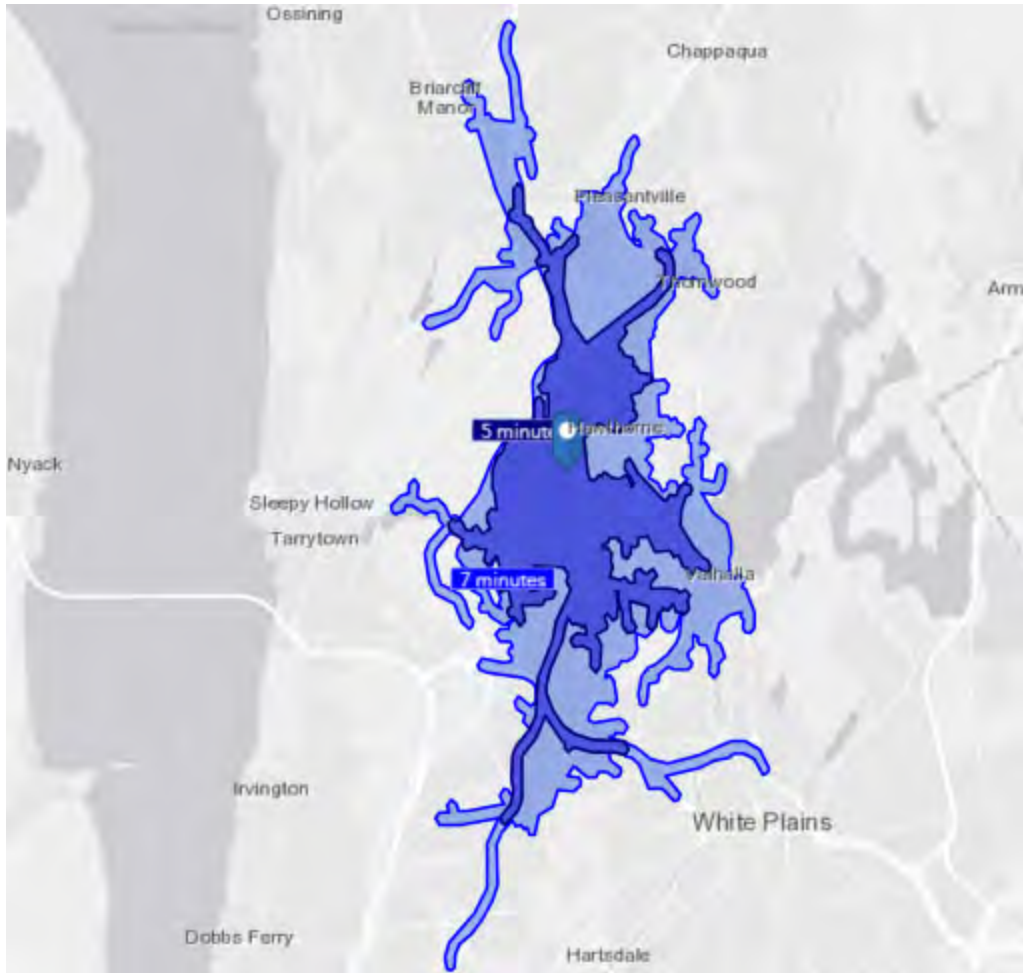
Delineation of the Trade Areas

A trade area is defined as the principal geographic source of demand for a retail center. The delineation of the trade area is subjective; typically, the distance a consumer is willing to travel to access a particular type of retail is dependent on a number of factors including, among others, local traffic conditions, types of retail available to the consumer, access to a downtown environment (or area with a critical mass of retail supply), and mix of tenants within the center, among other important considerations.

Market areas which comprise households that are most likely to travel to a given site for a particular type of retail can be categorized by distance, or driving time from home. Households are likely to travel up to a 5-minute driving time distance for retail that is convenience-oriented, and generally for day-to-day consumption (such as in neighborhood and strip centers), and up to a ten-minute driving distance for goods that are purchased for reasons other than convenience, but not requiring comparison shopping. These would also include food and beverage and entertainment establishments. Destination retail is expected to attract households from greater driving time distances, as these consumers are willing to travel longer distances for larger, less frequent purchases. Retail that represents this market of comparison shopping includes department stores, apparel, home furnishings, etc., such as found in power centers, regional malls, and super-regional malls. Downtown White Plains, which has several malls and major retail centers, is considered a destination retail market.

For the proposed neighborhood retail at North 60, we have conducted a demand analysis for trade areas within 5-minute and 7-minute drive times from the development site, as shown in the following map.

MAP OF RETAIL TRADE AREAS



Source: ESRI Business Analyst; Weitzman Associates, LLC

The following table summarizes population, household, and income estimates as of 2018 for each of the trade areas delineated around the development site, as provided by ESRI Business Analyst.

TABLE 83

DEMOGRAPHICS OF SELECTED TRADE AREAS - 2018 ESTIMATE		
	Primary 5 Minutes	Secondary 7 Minutes
Population	7,630	24,923
Households	2,145	8,240
Avg. HH Income	\$124,098	\$146,008
Median HH Income	\$96,944	\$110,041

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

In addition, utilizing and applying the same average annual growth rates projected by ESRI over the next five years through 2023, we formulated population, household and income estimates as of 2026, the estimated year of lease up stabilization of North 60's first phase, and as of 2040, when North 60 would be established and stabilized.²¹ These estimates are presented in the following two tables. We note that the household estimates do not include new households resulting from North 60's residential component, which are projected separately later in the trade area demand analysis.

TABLE 84

DEMOGRAPHICS OF SELECTED TRADE AREAS - 2026 FORECAST		
	Primary 5 Minutes	Secondary 7 Minutes
Population	7,659	25,402
Households	2,145	8,380
Avg. HH Income	\$158,807	\$183,554
Median HH Income	\$115,784	\$130,916

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 85

DEMOGRAPHICS OF SELECTED TRADE AREAS - 2040 FORECAST		
	Primary 5 Minutes	Secondary 7 Minutes
Population	7,710	25,705
Households	2,145	8,468
Avg. HH Income	\$185,272	\$211,779
Median HH Income	\$129,375	\$145,929

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

Gap Analysis

In analyzing the current retail market within the trade areas, we reviewed retail potential by analyzing current demand and supply of various retail sales categories. Retail Potential represents potential demand for a good or service in the market area, while Retail Sales represent how much of the demand is being satisfied in the market area. Over- or under-supply of the good or service is reflected in the Retail Gap – a positive gap figure indicates demand in excess of supply, or a positive leakage factor for a particular category of good, while a negative differential indicates supply in

²¹ We note that ESRI Business Analyst projects 0.00% annual household growth and 0.05% annual population growth within a 5-minute drive of North 60 from 2018 to 2023.

excess of demand. In other words, the leakage/surplus factor presents a snapshot of retail opportunity as a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents leakage of retail opportunity outside of the trade area.

As detailed in the following tables, within a 5-minute drive of the site there is an undersupply in grocery and specialty food stores, as well as in special food services and drinking places. There is also an indicated undersupply of clothing and clothing and accessories stores, as well as a slight undersupply of furniture and home furnishing stores. Within the same area, there is an indicated oversupply in restaurants, as well as in health and personal care services; beer, wine and liquor stores; and sporting goods, hobby, book and music stores. There is also an oversupply of building material, garden equipment and supply stores (which is presumably in part reflective of the Home Depot that is located along Saw Mill River Road in Hawthorne, approximately 1.5 miles to the southwest of the North 60 site).

Within a seven-minute drive of the site, comparable supply and demand relationships are observed in all retail categories, with the exception of furniture and home furnishing stores for which supply is in excess of demand. It is also noted that extending from a 5-minute drive to a 7-minute drive of the site, the surplus factors become less for grocery stores (from 78.3 to 28.2) and specialty food stores (from 100.0 to 26.9), as well as for drinking places (from 100.0 to 73.0).

While the retail gap analysis is a useful tool in analyzing the current retail environment in the surrounding market, it should be noted that in addition to the households within the trade areas, retail development on the North 60 site will, to a large degree, be supported by employees of and visitors to neighboring Westchester Medical Center, as well as the student population and staff at the neighboring New York Medical College and nearby Westchester Community College. Furthermore, the proposed office components as well as potential residential components of the master planned development will bring additional retail demand to the location, especially to categories of retail for which people do not typically travel. Health and personal care services and restaurants, for example, despite indicated oversupply within the retail trade areas, are likely still viable retail categories to be included in the North 60 project. Other retail types that have strong potential for the development include specialty food stores and special food services, which remain undersupplied within the seven-minute drive radius.

TABLE 86
SUMMARY OF RETAIL GROUP SUPPLY & DEMAND - 2017

Store Group	Demand	Supply	Demand / Supply Spread	Leakage / Surplus Factor
PRIMARY RETAIL MARKET AREA - 5 MINUTE RADIUS				
Total Retail Trade and Food & Drink	\$112,783,585	\$294,725,861	(\$181,942,276)	(44.6)
Total Retail Trade	\$101,386,391	\$273,744,210	(\$172,357,819)	(45.9)
Total Food & Drink	\$11,397,194	\$20,981,652	(\$9,584,458)	(29.6)
Building Material, Garden Equip & Supply Sto	\$6,483,362	\$55,088,028	(\$48,604,666)	(78.9)
Furniture & Home Furnishings Stores	\$3,741,643	\$3,608,498	\$133,145	1.8
Food & Beverage Stores	\$17,741,687	\$7,001,162	\$10,740,525	43.4
Grocery Stores	\$14,949,053	\$1,820,717	\$13,128,336	78.3
Specialty Food Stores	\$1,167,440	\$0	\$1,167,440	100.0
Beer, Wine & Liquor Stores	\$1,625,193	\$5,009,612	(\$3,384,419)	(51.0)
Health & Personal Care Stores	\$8,405,330	\$18,628,642	(\$10,223,312)	(37.8)
Clothing & Clothing Accessories Stores	\$8,939,194	\$1,531,698	\$7,407,496	70.7
Sporting Goods, Hobby, Book & Music Stores	\$3,003,509	\$5,176,769	(\$2,173,260)	(26.6)
Food Services & Drinking Places	\$11,397,194	\$20,981,652	(\$9,584,458)	(29.6)
Special Food Services	\$537,699	\$500,864	\$36,835	3.5
Drinking Places - Alcoholic Beverages	\$781,691	\$0	\$781,691	100.0
Restaurants/Other Eating Places	\$10,077,805	\$20,364,048	(\$10,286,243)	(33.8)
SECONDARY RETAIL MARKET AREA - 7 MINUTE RADIUS				
Total Retail Trade and Food & Drink	\$500,862,233	\$931,807,697	(\$430,945,464)	(30.1)
Total Retail Trade	\$450,077,570	\$871,972,667	(\$421,895,097)	(31.9)
Total Food & Drink	\$50,784,664	\$59,835,030	(\$9,050,366)	(8.2)
Building Material, Garden Equip & Supply Sto	\$29,128,200	\$97,807,226	(\$68,679,026)	(54.1)
Furniture & Home Furnishings Stores	\$16,774,261	\$22,920,250	(\$6,145,989)	(15.5)
Food & Beverage Stores	\$78,392,855	\$50,521,744	\$27,871,111	21.6
Grocery Stores	\$66,001,710	\$36,944,544	\$29,057,166	28.2
Specialty Food Stores	\$5,148,844	\$2,966,705	\$2,182,139	26.9
Beer, Wine & Liquor Stores	\$7,242,301	\$10,610,495	(\$3,368,194)	(18.9)
Health & Personal Care Stores	\$37,309,966	\$47,981,434	(\$10,671,468)	(12.5)
Clothing & Clothing Accessories Stores	\$39,757,329	\$16,969,875	\$22,787,454	40.2
Sporting Goods, Hobby, Book & Music Stores	\$13,373,760	\$18,879,519	(\$5,505,759)	(17.1)
Food Services & Drinking Places	\$50,784,664	\$59,835,030	(\$9,050,366)	(8.2)
Special Food Services	\$2,378,231	\$2,113,095	\$265,136	5.9
Drinking Places - Alcoholic Beverages	\$3,483,668	\$543,253	\$2,940,415	73.0
Restaurants/Other Eating Places	\$44,922,765	\$57,178,682	(\$12,255,917)	(12.0)

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

Trade Area Demand Analysis

The objective of the demand analysis is to measure the strength and depth of the retail market for the retail development opportunity at the North 60 site. After defining the appropriate trade areas for the site, the methodology involves: (1) quantifying the retail sales potential in the trade areas; and (2) estimating the site's share of total retail sales potential within each trade area based on estimates of average retail sales per square foot for the selected retail groups in each trade area. The results of this analysis provide a barometer to measure the market share of a given retail use in a trade area.

In projecting the retail sales potential in a trade area, we considered retail demand from both households and major employment centers within the trade area.

Retail Sales Potential from Households

In projecting the retail sales potential from households in a trade area, we estimated the following:

Projected Total Personal Income- This is accomplished by multiplying average household income times the number of households in the trade area.

Disposability Factor- The disposability factor is the proportion of annual income expended in one year. As shown in the table below, the disposability factor (based on after-tax income) is calculated by dividing the total average household budget expenditures by the average annual household income in each of the trade areas. For 2026 and 2040 projections, we assume the same disposability factor as estimated in 2018.

TABLE 87

DISPOSABILITY FACTOR - 2018		
	Primary	Secondary
Total Avg. HH Budget Expenditures	\$103,886	\$121,275
Avg. HH Income	\$124,098	\$146,008
Disposability Factor	83.7%	83.1%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

Percent of DPI Channeled into Traditional Retail Sales- To calculate the percent of disposable personal income (DPI) channeled into traditional retail sales, we have analyzed total consumer

expenditures that are a part of traditional retail sales as estimated for the delineated trade areas in 2018. These expenditures exclude doctor visits and health care expenses, car sales, and other non-traditional retail sales.

In an effort to examine those retail categories that dominate traditional retail expenditures within each trade area, we categorized (designated by color) those specific types of expenditures that fall within five main categories: a) Food, Beverage and Entertainment; b) Apparel and Accessories; c) Personal Care and Services; d) Electronics and Home Furnishings; and, e) General Merchandise. The percent of disposable personal income channeled into traditional retail sales (calculated by dividing the average traditional retail expenditure by the average disposable income) was estimated to be between 24.6% and 24.8% for households within the respective trade areas.

Of the estimated total of \$30,320 spent on average in 2018 per household on traditional retail products and services within the 7-minute drive trade area, approximately 57.2% was spent on Food, Beverage and Entertainment, 12.1% on Apparel & Accessories, 5.6% on Personal Care & Services, 19.0% on Electronics & Home Furnishings, and 6.0% on General Merchandise. The following table summarizes these consumer expenditures that are a part of traditional retail sales for each of the trade areas, as estimated for 2018.

TABLE 88

CONSUMER EXPENDITURES - 2018				
	Primary 5 Minutes		Secondary 7 Minutes	
Population	7,630		24,923	
Households	2,145		8,240	
Avg. HH Income	\$124,098		\$146,008	
Median HH Income	\$96,944		\$110,041	
Total Avg. HH Budget Expenditures	\$103,886		\$121,275	
Total HH Budget Expenditures in Area	\$222,836,156.40		\$999,303,940	
Traditional Retail Expenditure Category	\$ Exp.	% Tot.	\$ Exp.	% Tot.
Food, Beverage & Entertainment				
Food at Home	\$6,921	6.7%	\$8,008	6.6%
Food Away from Home	\$4,953	4.8%	\$5,700	4.7%
Alcoholic Beverages	\$855	0.8%	\$1,003	0.8%
Entertainment & Recreation	\$1,966	1.9%	\$2,350	1.9%
Apparel & Accessories				
Men's Apparel	\$622	0.6%	\$708	0.6%
Women's Apparel	\$1,113	1.1%	\$1,295	1.1%
Children's Apparel	\$407	0.4%	\$476	0.4%
Footwear	\$658	0.6%	\$767	0.6%
Watches & Jewelry	\$208	0.2%	\$243	0.2%
Other Apparel Products & Services	\$112	0.1%	\$137	0.1%
Personal Care & Services				
Nonprescription Drugs	\$171	0.2%	\$201	0.2%
Prescription Drugs	\$456	0.4%	\$539	0.4%
Eyeglasses & Contact Lenses	\$131	0.1%	\$155	0.1%
Personal Care Products	\$671	0.6%	\$780	0.6%
Electronics & Home Furnishings				
Computers and Hardware for Home Use	\$257	0.2%	\$290	0.2%
Other Computer Software & Accessories	\$51	0.0%	\$58	0.0%
TV/Video/Audio Equipment & Services	\$1,790	1.7%	\$2,050	1.7%
Household Furnishings & Equipment	\$1,855	1.8%	\$2,159	1.8%
Housekeeping Supplies	\$957	0.9%	\$1,122	0.9%
General Merchandise				
Pets	\$834	0.8%	\$984	0.8%
School Books & Supplies	\$227	0.2%	\$250	0.2%
Smoking Products	\$519	0.5%	\$566	0.5%
TOTAL TRADITIONAL RETAIL EXPENDITURES	\$25,732	24.8%	\$29,838	24.6%
Food, Beverage & Entertainment	\$14,695	57.1%	\$17,061	57.2%
Apparel & Accessories	\$3,119	12.1%	\$3,625	12.1%
Personal Care & Services	\$1,428	5.6%	\$1,675	5.6%
Electronics & Home Furnishings	\$4,910	19.1%	\$5,678	19.0%
General Merchandise	\$1,580	6.1%	\$1,799	6.0%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

We have also projected total consumer expenditures for 2026 and 2040 by applying 2018 retail expenditure percentage estimates to 2026 and 2040 projections of income, respectively. The following tables summarize projected consumer expenditures for 2026 and 2040. The percent of disposable personal income channeled into traditional retail sales remains estimated at between 24.6% and 24.8% for households in the 2026 and 2040 projections.

We note that in our projections of consumer expenditures in 2026 and 2040, we included the additional households in each of the trade areas that would be derived from the potential residential component of the subject development. Factoring in a vacancy of 5.0%, based upon 200 residential units in the first phase, we project 190 new households as of 2026, and based upon a total of 2,100 residential units at full build-out, we project 1,995 new households as of 2040.¹ Thus, our analysis considers additional support for the retail component that would come from new households living in the potential residential component of the development by 2026 and 2040.

¹ These estimates are based upon our case study analysis of how many residential units life sciences campuses incorporate relative to their square footage of life science space. See "Residential Market Analysis" section for more details.

TABLE 89

CONSUMER EXPENDITURES - PROJECTED TO 2026				
	Primary 5 Minutes		Secondary 7 Minutes	
Population	7,659		25,402	
Households	2,145		8,380	
Approximate HH Additions from North 60	190		190	
Total Expected Households	2,335		8,570	
Avg. HH Income	\$158,807		\$183,554	
Median HH Income	\$115,784		\$130,916	
Total Avg. HH Budget Expenditures	\$132,942		\$152,461	
Total HH Budget Expenditures in Area	\$310,420,584		\$1,306,535,117	
Traditional Retail Expenditure Category	\$ Exp.	% Tot.	\$ Exp.	% Tot.
Food, Beverage & Entertainment				
Food at Home	\$8,856	6.7%	\$10,067	6.6%
Food Away from Home	\$6,339	4.8%	\$7,165	4.7%
Alcoholic Beverages	\$1,095	0.8%	\$1,261	0.8%
Entertainment & Recreation	\$2,515	1.9%	\$2,955	1.9%
Apparel & Accessories				
Men's Apparel	\$796	0.6%	\$890	0.6%
Women's Apparel	\$1,424	1.1%	\$1,628	1.1%
Children's Apparel	\$521	0.4%	\$598	0.4%
Footwear	\$843	0.6%	\$964	0.6%
Watches & Jewelry	\$266	0.2%	\$305	0.2%
Other Apparel Products & Services	\$143	0.1%	\$172	0.1%
Personal Care & Services				
Nonprescription Drugs	\$219	0.2%	\$253	0.2%
Prescription Drugs	\$583	0.4%	\$678	0.4%
Eyeglasses & Contact Lenses	\$168	0.1%	\$195	0.1%
Personal Care Products	\$858	0.6%	\$981	0.6%
Electronics & Home Furnishings				
Computers and Hardware for Home Use	\$329	0.2%	\$364	0.2%
Other Computer Software & Accessories	\$65	0.0%	\$73	0.0%
TV/Video/Audio Equipment & Services	\$2,290	1.7%	\$2,577	1.7%
Household Furnishings & Equipment	\$2,374	1.8%	\$2,714	1.8%
Housekeeping Supplies	\$1,225	0.9%	\$1,410	0.9%
General Merchandise				
Pets	\$1,067	0.8%	\$1,237	0.8%
School Books & Supplies	\$290	0.2%	\$314	0.2%
Smoking Products	\$664	0.5%	\$711	0.5%
TOTAL TRADITIONAL RETAIL EXPENDITURES*	\$32,930	24.8%	\$37,511	24.6%
Food, Beverage & Entertainment	\$18,805	57.1%	\$21,448	57.2%
Apparel & Accessories	\$3,992	12.1%	\$4,557	12.1%
Personal Care & Services	\$1,828	5.6%	\$2,106	5.6%
Electronics & Home Furnishings	\$6,283	19.1%	\$7,138	19.0%
General Merchandise	\$2,022	6.1%	\$2,262	6.0%

* Estimates for retail expenditures are based on 2018 retail expenditures applied to 2026 projections of income.

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 90

CONSUMER EXPENDITURES - PROJECTED TO 2040				
	Primary 5 Minutes		Secondary 7 Minutes	
Population	7,710		25,705	
Households	2,145		8,468	
Approximate HH Additions from North 60	1,995		1,995	
Total Expected Households	4,140		10,463	
Avg. HH Income	\$185,272		\$211,779	
Median HH Income	\$129,375		\$145,929	
Total Avg. HH Budget Expenditures	\$155,097		\$175,904	
Total HH Budget Expenditures in Area	\$642,103,087.49		\$1,840,505,182	
Traditional Retail Expenditure Category	\$ Exp.	% Tot.	\$ Exp.	% Tot.
Food, Beverage & Entertainment				
Food at Home	\$10,332	6.7%	\$11,615	6.6%
Food Away from Home	\$7,395	4.8%	\$8,267	4.7%
Alcoholic Beverages	\$1,277	0.8%	\$1,455	0.8%
Entertainment & Recreation	\$2,935	1.9%	\$3,409	1.9%
Apparel & Accessories				
Men's Apparel	\$929	0.6%	\$1,027	0.6%
Women's Apparel	\$1,661	1.1%	\$1,878	1.1%
Children's Apparel	\$608	0.4%	\$690	0.4%
Footwear	\$983	0.6%	\$1,113	0.6%
Watches & Jewelry	\$310	0.2%	\$352	0.2%
Other Apparel Products & Services	\$167	0.1%	\$198	0.1%
Personal Care & Services				
Nonprescription Drugs	\$255	0.2%	\$292	0.2%
Prescription Drugs	\$680	0.4%	\$782	0.4%
Eyeglasses & Contact Lenses	\$196	0.1%	\$224	0.1%
Personal Care Products	\$1,001	0.6%	\$1,132	0.6%
Electronics & Home Furnishings				
Computers and Hardware for Home Use	\$384	0.2%	\$420	0.2%
Other Computer Software & Accessories	\$76	0.0%	\$84	0.0%
TV/Video/Audio Equipment & Services	\$2,672	1.7%	\$2,973	1.7%
Household Furnishings & Equipment	\$2,769	1.8%	\$3,132	1.8%
Housekeeping Supplies	\$1,429	0.9%	\$1,627	0.9%
General Merchandise				
Pets	\$1,245	0.8%	\$1,427	0.8%
School Books & Supplies	\$339	0.2%	\$362	0.2%
Smoking Products	\$775	0.5%	\$821	0.5%
TOTAL TRADITIONAL RETAIL EXPENDITURES*	\$38,417	24.8%	\$43,279	24.6%
Food, Beverage & Entertainment	\$21,939	57.1%	\$24,746	57.2%
Apparel & Accessories	\$4,657	12.1%	\$5,258	12.1%
Personal Care & Services	\$2,133	5.6%	\$2,430	5.6%
Electronics & Home Furnishings	\$7,330	19.1%	\$8,236	19.0%
General Merchandise	\$2,359	6.1%	\$2,610	6.0%

* Estimates for retail expenditures are based on 2018 retail expenditures applied to 2040 projections of income.

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

Projected Total Retail Sales Potential of Trade Areas- This is calculated by applying the percent of disposable personal income channeled into traditional sales to the total disposable personal income for the respective trade areas.

Projected Total Retail Sales Potential for Selected Store Groups- As indicated in Table 91 below, this projection is made by estimating the percentage of total retail sales potential that is channeled into selected store groups considered appropriate for the proposed North 60 development. As a neighborhood retail center, we considered the food, beverage and entertainment; personal care and services; and general merchandise store groups as the appropriate targeted retail tenant categories. We excluded apparel and accessories sales as well as electronics and home furnishings sales. The percentage of retail sales potential channeled into the selected store groups, based on consumer expenditures in 2018 in each of the trade areas, was estimated at 68.8%.

TABLE 91¹

SELECTED STORE GROUPS FOR RETAIL DEMAND ANALYSIS		
	Primary 5 Minutes	Secondary 7 Minutes
Food, Beverage & Entertainment	57.1%	57.2%
Personal Care & Services	5.6%	5.6%
General Merchandise	6.1%	6.0%
Percent of RSP Channeled into Selected Store Groups	68.8%	68.8%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

The estimated retail sales potential channeled into the selected store groups, as derived from households residing within the trade areas, as of years 2018, 2026 (upon stabilization of the North 60 development's first phase), and 2040 (upon stabilization of the full build out of the North 60 development), is outlined in the following tables.

¹ Figures do not sum properly due to rounding.

TABLE 92
2018 RETAIL SALES POTENTIAL FROM SELECTED STORE GROUPS – FROM
HOUSEHOLDS

	Primary 5 Minutes	Secondary 7 Minutes
Residential Base		
Population 2018 est.	7,630	24,923
Households 2018 est.	2,145	8,240
Average Household Income 2018 est.	\$124,098	\$146,008
Total Personal Income (TPI)	\$266,190,210	\$1,203,105,920
Diposability Factor	83.71%	83.06%
Total Disposable Personal Income (DPI)	\$222,836,156	\$999,303,940
Percent of DPI Channeled into Traditional Retail Sales	24.77%	24.60%
Total Retail Sales Potential (RSP)	\$55,196,191	\$245,867,757
Percent of RSP Channeled into Selected Store Groups	68.8%	68.8%
Total RSP For Selected Store Groups - From Households	\$37,973,385	\$169,210,295

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 93
2026 RETAIL SALES POTENTIAL FROM SELECTED STORE GROUPS – FROM
HOUSEHOLDS

	Primary 5 Minutes	Secondary 7 Minutes
Residential Base		
Population 2026 est.	7,659	25,402
Households 2026 est.*	2,335	8,570
Average Household Income 2026 est.	\$158,807	\$183,554
Total Personal Income (TPI)	\$370,814,691	\$1,572,995,032
Diposability Factor	83.71%	83.06%
Total Disposable Personal Income (DPI)	\$310,420,584	\$1,306,535,117
Percent of DPI Channeled into Traditional Retail Sales	24.77%	24.60%
Total Retail Sales Potential (RSP)	\$76,890,726	\$321,458,613
Percent of RSP Channeled into Selected Store Groups	68.8%	68.8%
Total RSP For Selected Store Groups	\$52,898,599	\$221,233,184

*Includes the approximate 190 households that will be added to the trade areas from the Phase I development of North 60.

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 94
2040 RETAIL SALES POTENTIAL FROM SELECTED STORE GROUPS – FROM
HOUSEHOLDS

	5 Minutes	7 Minutes
Residential Base		
Population 2040 est.	7,710	25,705
Households 2040 est.*	4,140	10,463
Average Household Income 2040 est.	\$185,272	\$211,779
Total Personal Income (TPI)	\$767,027,930	\$2,215,865,055
Diposability Factor	83.71%	83.06%
Total Disposable Personal Income (DPI)	\$642,103,087	\$1,840,505,182
Percent of DPI Channeled into Traditional Retail Sales	24.77%	24.60%
Total Retail Sales Potential (RSP)	\$159,047,999	\$452,836,081
Percent of RSP Channeled into Selected Store Groups	68.8%	68.8%
Total RSP For Selected Store Groups	\$109,420,430	\$311,649,352

*Includes the approximate 1,995 households that will be added to the trade areas from the Phase I development of North 60.

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

Retail Sales Potential from Employees

In addition to the retail demand from households residing within the trade areas, additional retail demand will also be generated by the employees of the several major institutions and corporate campuses located nearby, including Westchester Medical Center, New York Medical College, Westchester Community College, Regeneron, and Pace University, as well as by new workforce that will occupy North 60's planned life science space.

Based upon approximately 7,000 employees at Westchester Medical Center, 1,400 employees at New York Medical College and 600 employees at Westchester Community College, we considered an existing workforce base of 9,000 employees within the 5-minute trade area. Adding the approximately 2,500 employees at Regeneron and 300 employees at Pace University, we considered an existing workforce base of 11,800 employees within the 7-minute trade area. We note that there may be some minor overlap considering employees who already live within the trade area.

As outlined previously, Phase 1 of North 60 is currently required to include approximately 200,000 gross square feet of space for life science tenants; based upon a 65% efficiency factor, this gross area translates to approximately 130,000 leasable square feet. Utilizing an estimated ratio of 300 square feet per worker, the total life science workforce upon full leasing of the first phase is

estimated at 433 new workers. Adding this projected workforce, upon lease up of the first phase of North 60's life science space, we considered a workforce base of 9,433 employees within the 5-minute trade area and 12,233 employees within the 7-minute trade area.

At full build-out, the proposed development will encompass a total of approximately 2,000,000 square feet of life science space. Again, utilizing a 65% efficiency factor and an estimated ratio of 300 square feet per worker, the total new life science workforce over the long term, upon full leasing of the total development, is estimated at 4,333 new workers. Adding this projected workforce, upon lease up of the full build-out of North 60's life science space, we considered a workforce base of 13,333 employees within the 5-minute trade area and 16,133 employees within the 7-minute trade area.

To measure the retail sales potential from the existing and planned workforce of the several major institutions and corporate campuses within the retail trade areas, we relied upon a 2011 survey conducted by the International Council of Shopping Centers (ICSC) which analyzed retail expenditures by office workers in and around the vicinity of the office workers' workplace. As outlined in the following table, the survey found that office workers spent a weekly average of \$129.18 on dining and goods and services purchased in and around the vicinity of the office workers' buildings during the work week.

TABLE 95
OFFICE WORKER SPENDING SUMMARY
Mean Weekly Expenditures (U.S. Dollars Per Worker)

Types of Spending	2011		Inflated to 2018 (2)	
	Overall	Suburban	Overall	Suburban
Transportation and Online Purchases	\$66.03	\$80.14	\$73.28	\$88.94
Transportation	\$35.92	\$37.67	\$39.87	\$41.81
Online Purchases Made at the Office (Personal)	\$30.11	\$42.47	\$33.42	\$47.14
Full-Service Restaurants and Fast Food	\$26.71	\$28.86	\$29.64	\$32.03
Full-Service Restaurants	\$12.97	\$13.06	\$14.39	\$14.49
Fast Food/Deli/Lunch Eateries	\$13.75	\$15.80	\$15.26	\$17.54
Goods and Services	\$102.47	\$117.66	\$113.73	\$130.58
Department Stores	\$7.56	\$9.03	\$8.39	\$10.02
Discount Stores	\$10.63	\$11.33	\$11.80	\$12.57
Drug Stores	\$6.87	\$7.60	\$7.62	\$8.43
Grocery Stores	\$19.79	\$21.58	\$21.96	\$23.95
Clothing Stores	\$3.80	\$4.43	\$4.22	\$4.92
Shoe Stores	\$2.82	\$3.40	\$3.13	\$3.77
Sporting Goods Stores	\$2.73	\$3.49	\$3.03	\$3.87
Electronics/Phone/Computer Stores	\$6.88	\$8.93	\$7.64	\$9.91
Jewelry Stores	\$3.36	\$3.75	\$3.73	\$4.16
Office Supplies/Stationery/Novelty Gifts and Cards	\$6.90	\$7.41	\$7.66	\$8.22
Warehouse Clubs	\$9.71	\$12.32	\$10.78	\$13.67
Other Goods (florist, non-food vendors, etc.)	\$3.61	\$3.75	\$4.01	\$4.16
Personal Care Shops	\$6.03	\$5.76	\$6.69	\$6.39
Personal Services	\$3.92	\$4.97	\$4.35	\$5.52
Other Services (not elsewhere classified)	\$3.48	\$4.90	\$3.86	\$5.44
Entertainment (sporting events, live theater, concerts, movies)	\$4.35	\$5.01	\$4.83	\$5.56
Total	\$195.22	\$226.66	\$216.66	\$251.56
Total Less Transportation and Online Purchases	\$129.18	\$146.52	\$143.37	\$162.61
Targeted Store Groups (1)	\$73.83	\$79.93	\$81.94	\$88.71

(1) Includes Restaurants and Fast Food, Drug Stores, Grocery Stores, Office Supplies/Stationery/Novelty Gifts and Cards, Other Goods, Personal Care Shops, Personal Services.

(2) Inflated by 1.5% annually

Source: Office-Worker Retail Spending in a Digital Age 2011 Study by ICSC Research; compiled by Weitzman Associates, LLC

Logically, in areas that office workers perceived to have ample retail offerings, the weekly average was significantly higher at \$218.11, in contrast to a lower average of \$74.45 in areas that office workers perceived to have limited retail offerings.

Differentiating by geography type, the overall average weekly expenditure was \$146.52 in locations classified as suburban, with an average of \$256.21 in suburban locations that office workers perceived to have ample retail offerings, and an average of \$71.45 in suburban locations that office workers perceived to have limited retail offerings.

Focusing solely on the retail categories aligned with our recommended targeted store groups for retail development on the North 60 site, the average weekly expenditures based upon 2011 figures were \$73.83 overall and \$79.93 in suburban locations. Adjusting for inflation estimated at 1.5% annually, the estimated average weekly figures inflated to 2018 dollars are approximately \$82 overall and \$89 in suburban locations. In our retail demand analysis as of 2018, we applied an average worker expenditure estimate of \$85 per week, or \$4,420 per year. Utilizing the same 1.5% inflation estimate, we estimate an annual retail expenditure of \$4,979 per worker as of 2026 and \$6,133 per worker as of 2040. Again, these retail expenditure estimates are only for the retail categories aligned with the targeted store groups recommended for the North 60 development. Based upon the preceding analysis, we applied the applicable retail expenditure estimates to the existing and planned workforce of the major institutions and corporate campuses located within or in close proximity to the North 60 campus.

The estimated retail sales potential channeled into the selected store groups, as derived from employees of the major institutions and corporate campuses within the trade areas, as of years 2018, 2026, and 2040, is outlined in the following tables.

TABLE 96
2018 RETAIL SALES POTENTIAL FROM SELECTED STORE GROUPS – FROM WORKERS

	Primary 5 Minutes	Secondary 7 Minutes
Workforce Base		
Major Employers:		
Westchester Medical Center	7,000	7,000
New York Medical College	1,400	1,400
Westchester Community College	600	600
Regeneron	---	2,500
Pace University	---	300
Total	9,000	11,800
Mean Weekly Expenditure for Selected Store Groups 2018 est.	\$85.00	\$85.00
Mean Annual Expenditure for Selected Store Groups 2018 est.	\$4,420	\$4,420
Total RSP For Selected Store Groups - From Workers	\$39,780,000	\$52,156,000

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 97

2026 RETAIL SALES POTENTIAL FROM SELECTED STORE GROUPS – FROM WORKERS

	Primary 5 Minutes	Secondary 7 Minutes
Workforce Base		
<u>Major Employers:</u>		
Westchester Medical Center	7,000	7,000
New York Medical College	1,400	1,400
Westchester Community College	600	600
Regeneron	---	2,500
Pace University	---	300
North 60 - Life Sciences Phase I (2026 est.)	433	433
Total	9,433	12,233
Mean Weekly Expenditure for Selected Store Groups 2026 est.	\$95.75	\$95.75
Mean Annual Expenditure for Selected Store Groups 2026 est.	\$4,979	\$4,979
Total RSP For Selected Store Groups	\$46,967,824	\$60,909,296

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 98

2040 RETAIL SALES POTENTIAL FROM SELECTED STORE GROUPS – FROM WORKERS

	Primary 5 Minutes	Secondary 7 Minutes
Workforce Base		
<u>Major Employers:</u>		
Westchester Medical Center	7,000	7,000
New York Medical College	1,400	1,400
Westchester Community College	600	600
Regeneron	---	2,500
Pace University	---	300
North 60 - Life Sciences Full Build-Out (2040 est.)	4,333	4,333
Total	13,333	16,133
Mean Weekly Expenditure for Selected Store Groups 2040 est.	\$117.94	\$117.94
Mean Annual Expenditure for Selected Store Groups 2040 est.	\$6,133	\$6,133
Total RSP For Selected Store Groups	\$81,771,710	\$98,944,198

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

It is again noted that some of this retail sale potential from the nearby workforce overlaps with the retail sales potential from households in the trade area, meaning that some of the workers also live in the trade area. However, we also note that in our estimation of retail demand from employees working within the trade area, we only factored in major employment centers, and thus not the full employment base. Overall, as a major employment center including the region's major medical center, the North 60 mixed-use campus will include many workers, as well as

visitors, who reside outside the defined trade areas, but still represent a prime source of demand for retail development on the campus. According to sources, it is estimated that the Westchester Medical Center receives approximately 500,000 visitors annually. The medical center's workforce, as well as visitors to the medical center, represent key sources of retail demand.

North 60 Capture Rate

A capture rate analysis indicates what portion of the retail sales potential must be captured by any proposed retail development in order to achieve sales at a level that is likely to be viable for a prospective retail tenant to be successful. Based upon the depth of consumer demand for the goods and services (or projected retail sales potential mentioned above), we have estimated the percentage of this demand that potential retail tenants at the development site would need to capture in order to achieve average sales of between \$150 and \$250 per square foot as of 2018. The target average sales of between \$150 and \$250 per square foot are based upon our research in the market, our review of typical sales, and of sales in the range of retail stores comparable to what could be built at the North 60 development site.

Assuming that there is no oversupply of existing retail stores in the trade areas, it is our experience and general industry practice that retail developments across the United States must capture approximately seven percent or less of total trade area demand (i.e. potentially available retail sales) in order for their tenants to achieve easy market entry, and thus be expected to be reasonably financially safe and successful from a market penetration standpoint.

The proposed first phase of development on the North 60 site includes approximately 85,000 square feet of retail space. Table 99 illustrates our demand analysis for retail ranging in size from 35,000 square feet to 215,000 square feet at the targeted average retail sales per square foot in the 5-minute and 7-minute driving time trade areas as of 2018. Tables 100 and 101 illustrate our projected demand analyses as of 2026 and 2040, which factor in the increased number of households and increased workforce base as a result of North 60's first phase development and full build-out, respectively. We utilized an inflated target average retail sales range of between \$175 and \$275 per square foot for the demand analysis as of 2026 and between \$215 and \$335 per square foot for the demand analysis as of 2040.

Our demand analysis as of 2018 indicates that if retailers in this location must achieve \$250 per square foot in order to be able to afford to pay rent, the supportable retail component is estimated closer to 60,000 to 65,000 square feet. At a lower sales level of \$150 per square foot, the supportable retail component is estimated higher at close to 105,000 square feet (to achieve an approximate

7.0% capture rate). At 85,000 square feet and a retail sales level of \$200 per square foot, the indicated capture rate is just slightly elevated at 7.7%.

However, in looking at the retail demand analysis as of 2026, upon lease up stabilization of the North 60 development's first phase, the indicated capture rates are lower. At 85,000 square feet and a retail sales level of \$225 per square foot, the indicated capture rate is 6.8%.

At full build-out, the North 60 development is proposed to have a total of 214,000 square feet of retail space. Our demand analysis as of 2040 indicates that, while a total close to 135,000 square feet of retail space remains well supported, the capture rates for above this size climb over 7.0%. At 214,000 square feet and a retail sales level of \$275 per square foot, the indicated capture rate is 14.3%. While this indicated capture rate is relatively high, it is noted that with the full development of North 60, the retail trade area is likely to expand over time by virtue of the development's increased retail offerings coupled with the prominence of the overall North 60 development; thus, the use of the 7-minute driving time trade area in the demand analysis as of 2040 is considered highly conservative.

TABLE 99
RETAIL DEMAND ANALYSIS & MARKET SHARES BY MARKET AREA
2018

	Primary 5 Minutes	Secondary 7 Minutes
Total RSP For Selected Store Groups - From Households	\$37,973,385	\$169,210,295
Total RSP For Selected Store Groups - From Workers	\$39,780,000	\$52,156,000
Total Residential and Workforce Base		
Total RSP For Selected Store Groups	\$77,753,385	\$221,366,295
Subject Property Market Share:		
214000 square feet @ \$150 per sq. ft.	\$32,100,000 in aggregate annual retail sales	
150000 square feet @ \$150 per sq. ft.	\$22,500,000 in aggregate annual retail sales	
85000 square feet @ \$150 per sq. ft.	\$12,750,000 in aggregate annual retail sales	
55000 square feet @ \$150 per sq. ft.	\$8,250,000 in aggregate annual retail sales	
35000 square feet @ \$150 per sq. ft.	\$5,250,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	41.3%	14.5%
Market Share Percentage at 150,000 square feet	28.9%	10.2%
Market Share Percentage at 85,000 square feet	16.4%	5.8%
Market Share Percentage at 55,000 square feet	10.6%	3.7%
Market Share Percentage at 35,000 square feet	6.8%	2.4%
214000 square feet @ \$200 per sq. ft.	\$42,800,000 in aggregate annual retail sales	
150000 square feet @ \$200 per sq. ft.	\$30,000,000 in aggregate annual retail sales	
85000 square feet @ \$200 per sq. ft.	\$17,000,000 in aggregate annual retail sales	
55000 square feet @ \$200 per sq. ft.	\$11,000,000 in aggregate annual retail sales	
35000 square feet @ \$200 per sq. ft.	\$7,000,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	55.0%	19.3%
Market Share Percentage at 150,000 square feet	38.6%	13.6%
Market Share Percentage at 85,000 square feet	21.9%	7.7%
Market Share Percentage at 55,000 square feet	14.1%	5.0%
Market Share Percentage at 35,000 square feet	9.0%	3.2%
214000 square feet @ \$250 per sq. ft.	\$53,500,000 in aggregate annual retail sales	
150000 square feet @ \$250 per sq. ft.	\$37,500,000 in aggregate annual retail sales	
85000 square feet @ \$250 per sq. ft.	\$21,250,000 in aggregate annual retail sales	
55000 square feet @ \$250 per sq. ft.	\$13,750,000 in aggregate annual retail sales	
35000 square feet @ \$250 per sq. ft.	\$8,750,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	68.8%	24.2%
Market Share Percentage at 150,000 square feet	48.2%	16.9%
Market Share Percentage at 85,000 square feet	27.3%	9.6%
Market Share Percentage at 55,000 square feet	17.7%	6.2%
Market Share Percentage at 35,000 square feet	11.3%	4.0%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 100
RETAIL DEMAND ANALYSIS & MARKET SHARES BY MARKET AREA
2026

	Primary 5 Minutes	Secondary 7 Minutes
Total RSP For Selected Store Groups	\$52,898,599	\$221,233,184
Total RSP For Selected Store Groups	\$46,967,824	\$60,909,296
Total Residential and Workforce Base		
Total RSP For Selected Store Groups	\$99,866,423	\$282,142,481
Subject Property Market Share:		
214000 square feet @ \$175 per sq. ft.	\$37,450,000 in aggregate annual retail sales	
150000 square feet @ \$175 per sq. ft.	\$26,250,000 in aggregate annual retail sales	
85000 square feet @ \$175 per sq. ft.	\$14,875,000 in aggregate annual retail sales	
55000 square feet @ \$175 per sq. ft.	\$9,625,000 in aggregate annual retail sales	
35000 square feet @ \$175 per sq. ft.	\$6,125,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	37.5%	13.3%
Market Share Percentage at 150,000 square feet	26.3%	9.3%
Market Share Percentage at 85,000 square feet	14.9%	5.3%
Market Share Percentage at 55,000 square feet	9.6%	3.4%
Market Share Percentage at 35,000 square feet	6.1%	2.2%
214000 square feet @ \$225 per sq. ft.	\$48,150,000 in aggregate annual retail sales	
150000 square feet @ \$225 per sq. ft.	\$33,750,000 in aggregate annual retail sales	
85000 square feet @ \$225 per sq. ft.	\$19,125,000 in aggregate annual retail sales	
55000 square feet @ \$225 per sq. ft.	\$12,375,000 in aggregate annual retail sales	
35000 square feet @ \$225 per sq. ft.	\$7,875,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	48.2%	17.1%
Market Share Percentage at 150,000 square feet	33.8%	12.0%
Market Share Percentage at 85,000 square feet	19.2%	6.8%
Market Share Percentage at 55,000 square feet	12.4%	4.4%
Market Share Percentage at 35,000 square feet	7.9%	2.8%
214000 square feet @ \$275 per sq. ft.	\$58,850,000 in aggregate annual retail sales	
150000 square feet @ \$275 per sq. ft.	\$41,250,000 in aggregate annual retail sales	
85000 square feet @ \$275 per sq. ft.	\$23,375,000 in aggregate annual retail sales	
55000 square feet @ \$275 per sq. ft.	\$15,125,000 in aggregate annual retail sales	
35000 square feet @ \$275 per sq. ft.	\$9,625,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	58.9%	20.9%
Market Share Percentage at 150,000 square feet	41.3%	14.6%
Market Share Percentage at 85,000 square feet	23.4%	8.3%
Market Share Percentage at 55,000 square feet	15.1%	5.4%
Market Share Percentage at 35,000 square feet	9.6%	3.4%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

TABLE 101
RETAIL DEMAND ANALYSIS & MARKET SHARES BY MARKET AREA
2040

	Primary 5 Minutes	Secondary 7 Minutes
Total RSP For Selected Store Groups	\$109,420,430	\$311,649,352
Total RSP For Selected Store Groups	\$81,771,710	\$98,944,198
Total Residential and Workforce Base		
Total RSP For Selected Store Groups	\$191,192,140	\$410,593,550
Subject Property Market Share:		
214000 square feet @ \$215 per sq. ft.	\$46,010,000 in aggregate annual retail sales	
150000 square feet @ \$215 per sq. ft.	\$32,250,000 in aggregate annual retail sales	
85000 square feet @ \$215 per sq. ft.	\$18,275,000 in aggregate annual retail sales	
55000 square feet @ \$215 per sq. ft.	\$11,825,000 in aggregate annual retail sales	
35000 square feet @ \$215 per sq. ft.	\$7,525,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	24.1%	11.2%
Market Share Percentage at 150,000 square feet	16.9%	7.9%
Market Share Percentage at 85,000 square feet	9.6%	4.5%
Market Share Percentage at 55,000 square feet	6.2%	2.9%
Market Share Percentage at 35,000 square feet	3.9%	1.8%
214000 square feet @ \$275 per sq. ft.	\$58,850,000 in aggregate annual retail sales	
150000 square feet @ \$275 per sq. ft.	\$41,250,000 in aggregate annual retail sales	
85000 square feet @ \$275 per sq. ft.	\$23,375,000 in aggregate annual retail sales	
55000 square feet @ \$275 per sq. ft.	\$15,125,000 in aggregate annual retail sales	
35000 square feet @ \$275 per sq. ft.	\$9,625,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	30.8%	14.3%
Market Share Percentage at 150,000 square feet	21.6%	10.0%
Market Share Percentage at 85,000 square feet	12.2%	5.7%
Market Share Percentage at 55,000 square feet	7.9%	3.7%
Market Share Percentage at 35,000 square feet	5.0%	2.3%
214000 square feet @ \$335 per sq. ft.	\$71,690,000 in aggregate annual retail sales	
150000 square feet @ \$335 per sq. ft.	\$50,250,000 in aggregate annual retail sales	
85000 square feet @ \$335 per sq. ft.	\$28,475,000 in aggregate annual retail sales	
55000 square feet @ \$335 per sq. ft.	\$18,425,000 in aggregate annual retail sales	
35000 square feet @ \$335 per sq. ft.	\$11,725,000 in aggregate annual retail sales	
	5 Minutes	7 Minutes
Market Share Percentage at 214,000 square feet	37.5%	17.5%
Market Share Percentage at 150,000 square feet	26.3%	12.2%
Market Share Percentage at 85,000 square feet	14.9%	6.9%
Market Share Percentage at 55,000 square feet	9.6%	4.5%
Market Share Percentage at 35,000 square feet	6.1%	2.9%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

RETAIL MARKET ANALYSIS CONCLUSIONS

The general mindset surrounding the retail market can be best described as “cautious optimism.” While the retail real estate market has been negatively impacted by the continued rise of e-commerce, the impact has primarily been on larger retail stores with “big-box” retail stores accounting for the majority of store closures.

In the overall New York metro, high population density and high household income levels, combined with limited new construction, have supported a healthy retail market with vacancy rates remaining near record lows. Westchester County has a remarkably stable retail market as the affluent local population, combined with the limited land availability and high construction costs, help to keep vacancy rates and inventory growth very stable and predictable.

Based upon the recommendation and assumption of a neighborhood retail center, we conducted a retail trade area demand analysis for households residing and workers employed at the major institutions and corporate campuses located within a 5-minute and 7-minute driving time from the development site. As of the year 2026, upon lease up of the North 60 development’s first phase, based upon average retail sales of \$225 per square foot, the results of the demand analysis indicate sufficient demand to support the first phase’s proposed retail component of approximately 85,000 square feet. However, as of the year 2040, upon lease up of the North 60 development’s full build-out, based upon average retail sales of \$275 per square foot, the results of the demand analysis indicate an elevated capture rate of 14.4% for the total proposed retail space of 214,000 square feet. While this indicated capture rate is relatively high, it is noted that with the full development of North 60, the retail trade area is likely to expand by virtue of the development’s increased retail offerings coupled with the prominence of the overall North 60 development; thus, the use of the 7-minute driving time trade area in the demand analysis as of 2040 is considered highly conservative.

It is our opinion that the retail use as part the North 60 mixed-use development will be a complementary component to the major other uses of the site. As part of a greater mixed-use educational, medical, and life science campus (including Westchester Medical Center, New York Medical College and Westchester Community College), the proposed retail component on the North 60 site will attract the campus’ employment base, as well as visitors to the campus (including students and hospital visitors). However, the retail component will not be a primary driver of demand to North 60. Thus, the retail space should be seen as a secondary attraction, lending itself to the “work-play” aspect of the project, with potential quality tenants including bank branches, drug stores, restaurants, salons, and a fitness center, among other uses. Retail

development offering dining options and convenience and personal goods and services will add to the attractiveness and marketability of the overall North 60 development, helping to promote the successful lease-up of the medical office and life science space. Healthcare tenants in particular have exhibited increasing interest in locating in new medical facilities that are within mixed-use developments that also incorporate retail shops and restaurants to provide a more warm and social atmosphere for medical patients. The successful lease-up of the medical office and life science space at North 60 will in turn create demand for the complementary retail uses.

- RESIDENTIAL MARKET ANALYSIS -

RESIDENTIAL MARKET ANALYSIS

INTRODUCTION

In order to understand the market feasibility of North 60, we have analyzed both the multifamily rental and senior housing markets. We have reviewed market fundamentals (such as existing supply, rental rates, etc.) near North 60 and within Westchester County so that we can accurately establish the status of the housing market, in addition to quantifying the depth of demand for housing at North 60. The residential market analysis is divided into the following sections:

1. An Executive Summary;
2. An analysis of the rental apartment market;
3. A catalogue of comparable rental properties;
4. A rental housing demand analysis;
5. An analysis of the senior housing market;
6. A catalogue of comparable senior housing properties;
7. A senior housing demand analysis;
8. Background information on student housing, co-living, and micro-units; and
9. Case studies of life science campuses that have integrated housing.

EXECUTIVE SUMMARY

- **Westchester Multifamily Rental Market.** There are currently about 23,000 multifamily rental units within a 10-mile radius of North 60, and just under 60,000 units throughout Westchester County. New development has been dominated by four- and five-star (Class A) properties catering to more affluent households. Vacancy is currently about 3.6% in Westchester, and average asking rent is just over \$2,000 per unit. Four- and five-star properties rent at about \$2,500 per unit, but the vacancy rate is considerably higher at 12.3%, likely due to the delivery of approximately 3,000 units since 2016.
- **Comparable Multifamily Rental Properties.** The 8 comparable rental properties reviewed by Weitzman Associates indicate that there is a strong preference amongst consumers for highly-amenitized buildings with high-end finishes. However, the majority of multifamily properties in Westchester are ranked one-, two-, or three-stars

(out of five stars) by CoStar; they reflect a vacancy rate of 2.9%. Therefore, while there is evident demand for Class A buildings, lesser quality developments have achieved a degree of success, likely due to the lower spending power of students and middle-class professionals. Based on our review of comparable multifamily rental properties, we believe that residential apartments at North 60 could reasonably achieve rent of \$3.00 per square foot per month (\$36.00 per year), in between the rental rates of 4-5 star product and 1-3 star product in Westchester County.

- **Rental Housing Demand Analysis.** The rental housing demand analysis suggests that there are approximately 75,000 income-qualified (\$50,000+) households in the Primary Market Area around North 60, and over 250,000 households in all of Westchester County (the Secondary Market Area). Based on our analysis and known competition from existing, vacant supply, there is net demand for 3,872 housing units in the Primary Market Area, and 16,564 units in the Secondary Market Area. Tested at various absorption rates, new multifamily rental product is evidently well-supported by the demographics of Westchester County. For example, in order for a rental building at North 60 to lease-up at 10 units per month, the building would need to capture 3.1% of extant and future demand in the Primary Market Area.
- **Senior Housing Market and Comparable Properties.** The market for senior housing in the United States is robust and growing, driven by the retirement of the Baby Boomer population. Among the different typologies of senior housing, most investors favor building additional Independent Living facilities. There are approximately 11,700 senior housing “beds” spread across 91 developments in Westchester County. The comparable properties we reviewed charge rental rates ranging from \$6,750 to \$8,200 per month, including varied services such as meals.
- **Senior Housing Demand Analysis.** Our analysis of senior housing demand considers households throughout all of Westchester County. Our calculations indicate that there is negative (i.e. no) demand for additional skilled nursing beds in Westchester. However, there is substantial demand for assisted and independent living units. Our analysis concludes that there is demand for over 13,000 units of assisted living and over 18,000 units of independent living in Westchester County. Based on capture rates tested at different paces of absorption, North 60 is exceptionally well-positioned to accommodate assisted and independent living. In particular, its adjacency to Westchester Medical Center is a significant differentiating factor that will give senior housing at North 60 outsized marketability.

- **Student Housing, Co-Living, and Micro-Units.** There are 23 institutions of higher education throughout Westchester that drive demand for student housing. While there is no complete catalogue of student housing in Westchester, the comparable properties we reviewed reveal that rental rates ranged widely from about \$1,000 to \$7,000 per semester, depending on whether or not the respective academic institution is subsidizing the rent. There is little to no precedent for co-living and micro-units in Westchester County. One successful example of micro-units, “UNO” in Yonkers, has achieved successful leasing and charges upwards of \$1,550 per month. Co-living and micro-units are better-tested in dense urban markets such as New York City, but it is possible that they could succeed at North 60.
- **Case Studies: Residential Development at Life Science Campuses.** We reviewed four case studies of existing and under-development life science campuses across the United States in order to determine how much (if any) housing they include. The case studies were selected due to their locations in either suburban settings, or smaller urban areas. The analysis concludes that life science campuses have 0.31 to 2.50 units of housing for every 1,000 gross square feet of life science real estate, which is necessary to attract tenants by providing on-site (or nearby) housing for employees. The average and weighted average of these case studies, respectively, were 1.63 units and 1.05 units per 1,000 gross square feet. Based on the average and weighted average housing-to-space ratios derived from the case studies, the two million gross square feet of life science real estate proposed for North 60 should be accompanied by 2,100 to 3,250 housing units to accommodate employees. However, we note that not all of these housing units must be built directly on the North 60 site in order for life science development to be successful, though a portion of them (approximately 30%) should be. This results in our recommendation to construct approximately 30%, or 630 to 975 housing units, on the North 60 site. The housing units at North 60 should be small (studios and one-bedroom units) to accommodate the needs of a millennial workforce. Thus, this housing would most likely not be an additional burden on the school system in the Town of Mt. Pleasant.

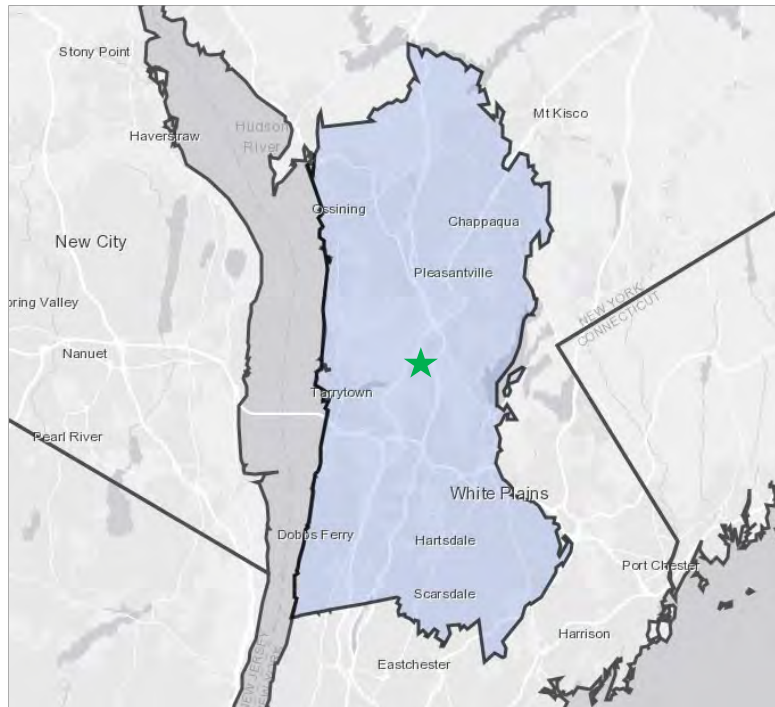
RENTAL APARTMENT MARKET ANALYSIS

Delineation of Market Areas

As part of our market analysis of North 60, we have analyzed data compiled by CoStar, which tracks trends in the multifamily rental market. We have defined our Primary Market Area as a 10-miles radius around the North 60 site. Our Secondary Market Area is the entirety of

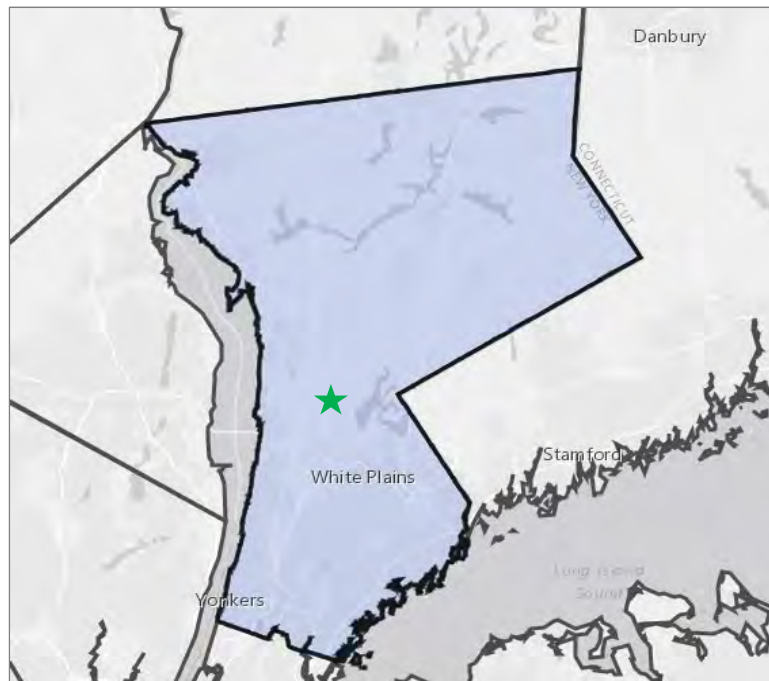
Westchester County. For the purposes of our rental market analysis, we will focus on four- and five- star, and one- to three-star product types within our defined market areas which are illustrated in the following maps.

MAP: PRIMARY MARKET AREA



Source: ESRI Business Analyst; annotated by Weitzman Associates, LLC

MAP: SECONDARY MARKET AREA



Source: ESRI Business Analyst; annotated by Weitzman Associates, LLC

All Inventory in the Primary Market Area

Multifamily rental inventory in the Primary Market Area has grown slowly with a compounded annual growth rate of 1.3% from 2007 to 2018, or from 20,056 units to 23,173 units. Inventory growth has accelerated in the last two years with 1,311 units delivered to market, or 3.0% growth year-over-year. The following table illustrates the supply and demand trends since 2007.

TABLE 102

PRIMARY MARKET AREA SUPPLY AND DEMAND					
Year	Inventory			Absorption	Under Construction
	No. of Units	Additions	Percent Growth		
2007	20,056	-	-	231	366
2008	20,069	13	0.1%	-51	353
2009	20,422	353	1.8%	352	0
2010	20,422	0	0.0%	59	0
2011	20,422	0	0.0%	-125	411
2012	20,833	411	2.0%	371	168
2013	20,833	0	0.0%	179	168
2014	21,057	224	1.1%	210	853
2015	21,381	324	1.5%	262	1,416
2016	21,864	483	2.3%	263	1,218
2017	22,746	882	4.0%	539	1,093
2018	23,173	427	1.9%	920	1,512
2019	23,295	122	0.5%	339	-
2020	24,117	822	3.5%	591	-
2021	24,963	846	3.5%	815	-
2022	25,133	170	0.7%	258	-
2023	25,436	303	1.2%	260	-

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

The market has experienced slow, but positive, annual rent growth since 2007, with the exception of a drop in rental rates in 2009 and 2010. Overall, the asking rent for all product types has risen from \$2,044 per unit per month in 2007 to \$2,321 per unit per month in 2018, which equates to a compounded annual growth rate of 1.2% per year. CoStar forecasts that the average asking rent will increase to \$2,541 per unit by 2023, a compounded annual growth rate of 1.8%. In 2018, the average asking price per square foot reached \$2.57, its highest point since 2007. The vacancy rate fell to 4.6% in 2018, its lowest point since 2015. The decline in the vacancy rate corresponded with a 2.6% increase in asking rent. In 2019, the vacancy rate is expected to increase to 4.7% and average 5.3% over the next five years. The vacancy and rent trends can be found in the following table.

TABLE 103

PRIMARY MARKET AREA VACANCY AND RENT							
Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	4.6%	\$2,044	-	\$2.26	\$2,034		\$2.25
2008	4.9%	\$2,056	0.6%	\$2.27	\$2,045	0.5%	\$2.26
2009	4.9%	\$1,938	-5.7%	\$2.14	\$1,926	-5.8%	\$2.13
2010	4.6%	\$1,937	-0.1%	\$2.14	\$1,927	0.1%	\$2.13
2011	5.2%	\$1,946	0.5%	\$2.15	\$1,935	0.4%	\$2.14
2012	5.3%	\$1,979	1.7%	\$2.19	\$1,966	1.6%	\$2.17
2013	4.4%	\$2,039	3.0%	\$2.26	\$2,021	2.8%	\$2.24
2014	4.4%	\$2,127	4.3%	\$2.36	\$2,118	4.8%	\$2.35
2015	4.6%	\$2,176	2.3%	\$2.41	\$2,165	2.2%	\$2.40
2016	5.5%	\$2,222	2.1%	\$2.46	\$2,193	1.3%	\$2.43
2017	6.8%	\$2,263	1.8%	\$2.51	\$2,232	1.8%	\$2.47
2018	4.6%	\$2,321	2.6%	\$2.57	\$2,298	3.0%	\$2.54
2019	4.7%	\$2,445	5.3%	\$2.71	\$2,431	5.8%	\$2.69
2020	5.7%	\$2,481	1.5%	\$2.75	\$2,466	1.4%	\$2.73
2021	5.6%	\$2,502	0.8%	\$2.77	\$2,487	0.9%	\$2.76
2022	5.2%	\$2,524	0.9%	\$2.80	\$2,509	0.9%	\$2.78
2023	5.4%	\$2,541	0.7%	\$2.82	\$2,526	0.7%	\$2.80

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC



Four- and Five-Star (Class A) Inventory in the Primary Market Area

Breaking the rental market down by type reveals that four- and five-star product comprised 22% of overall inventory in 2018. This amounts to 5,105 units. According to CoStar, 870 units were delivered to the market in 2017, an increase of 22.5%. In 2018, supply of four- and five-star product increased by 7.7% with the delivery of 364 units. The supply and demand trends of four- and five-star product can be found in the following table. We note that the four- and five-star ratings are a categorization by CoStar that is generally synonymous with Class A apartments.

TABLE 104

PRIMARY MARKET AREA					
4 & 5 STAR SUPPLY AND DEMAND					
Year	Inventory			Absorption	Under Construction
	No. of Units	Additions	Percent Growth		
2007	2,260	-	-	154	353
2008	2,260	0	0.0%	-9	353
2009	2,613	353	15.6%	318	0
2010	2,613	0	0.0%	6	0
2011	2,613	0	0.0%	-66	299
2012	2,912	299	11.4%	286	168
2013	2,912	0	0.0%	98	168
2014	3,136	224	7.7%	213	847
2015	3,454	318	10.1%	150	1,338
2016	3,871	417	12.1%	268	1,149
2017	4,741	870	22.5%	570	875
2018	5,105	364	7.7%	800	1,258
2019	5,227	122	2.4%	333	-
2020	6,057	830	15.9%	609	-
2021	6,760	703	11.6%	732	-
2022	6,941	181	2.7%	257	-
2023	7,256	315	4.5%	264	-

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

Average asking rent growth for four- and five-star product grew moderately in 2018, increasing 3.0% over 2017 rates. The average asking rent per unit per month grew from \$2,888 in 2017 to

\$2,976 in 2018, its highest point since 2007. The average asking rent is projected to continue growing in 2019 with a forecasted increase of 3.0% to \$3,064 per unit per month. The last time average asking rent decreased was during the Great Recession in 2009, when it fell by 6.4% -- it has appreciated positively since then. CoStar projects asking rents for four- & five-star product to continue increasing over the next five years, although at a slower rate of 1.3%. This is approximately 1.5% slower than the compounded annual growth of 2.3% experienced over the last five years. The vacancy and rent growth trends for the Primary Market Area can be found in the following table.

TABLE 105

PRIMARY MARKET AREA 4 & 5 STAR VACANCY AND RENT							
Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	5.5%	\$2,579	-	\$2.58	\$2,565		\$2.57
2008	5.8%	\$2,599	0.8%	\$2.60	\$2,584	0.7%	\$2.59
2009	6.4%	\$2,432	-6.4%	\$2.43	\$2,414	-6.6%	\$2.41
2010	6.2%	\$2,434	0.1%	\$2.44	\$2,420	0.2%	\$2.42
2011	8.7%	\$2,456	0.9%	\$2.46	\$2,441	0.9%	\$2.44
2012	8.3%	\$2,510	2.2%	\$2.51	\$2,493	2.1%	\$2.49
2013	4.9%	\$2,595	3.4%	\$2.60	\$2,568	3.0%	\$2.57
2014	4.9%	\$2,772	6.8%	\$2.78	\$2,762	7.6%	\$2.77
2015	9.3%	\$2,804	1.2%	\$2.81	\$2,793	1.1%	\$2.80
2016	12.2%	\$2,862	2.1%	\$2.87	\$2,835	1.5%	\$2.84
2017	16.3%	\$2,888	0.9%	\$2.89	\$2,842	0.2%	\$2.85
2018	6.6%	\$2,976	3.0%	\$2.98	\$2,948	3.7%	\$2.95
2019	5.8%	\$3,064	3.0%	\$3.11	\$3,042	3.2%	\$3.08
2020	8.8%	\$3,110	1.5%	\$3.15	\$3,087	1.5%	\$3.13
2021	7.4%	\$3,133	0.7%	\$3.18	\$3,110	0.7%	\$3.15
2022	6.1%	\$3,159	0.8%	\$3.20	\$3,135	0.8%	\$3.18
2023	6.8%	\$3,176	0.5%	\$3.22	\$3,152	0.5%	\$3.20

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC



One- to Three-Star (Class B & C) Inventory in the Primary Market Area

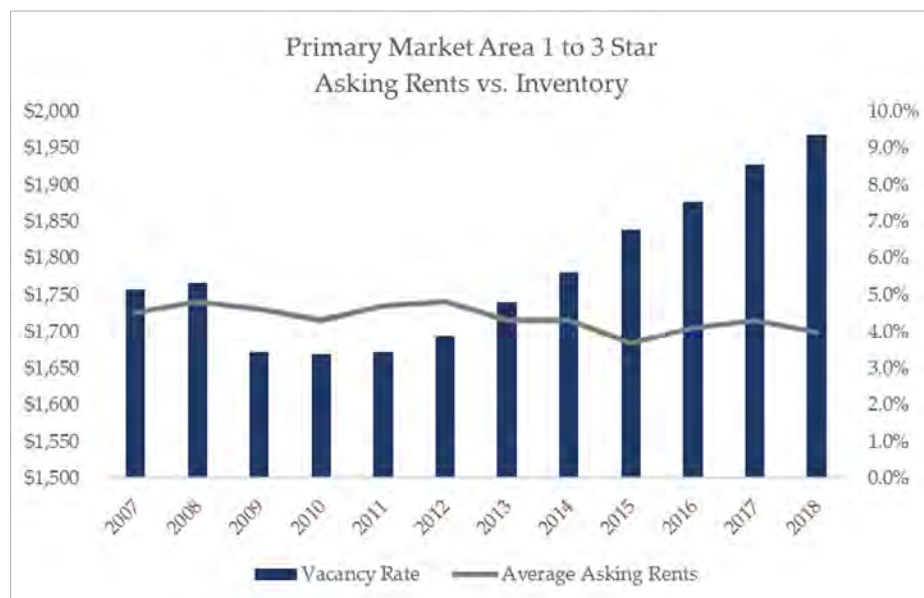
One- to Three-star inventory makes up 78% of the total supply in the Primary Market Area. According to CoStar, 65 units were delivered to market in 2018, increasing the inventory by 0.4%. The supply of one- to three-star product is expected to grow slowly over the next five years with only 113 units expected for delivery by 2023, a compounded annual growth rate of 0.1%. The supply and demand trends for one- to three-star product can be found in the following table.

TABLE 106

PRIMARY MARKET AREA 1 TO 3 STAR SUPPLY AND DEMAND					
Year	Inventory			Absorption	Under Construction
	No. of Units	Additions	Percent Growth		
2007	17,794	112	-	78	13
2008	17,807	13	0.1%	-42	0
2009	17,807	0	0.0%	34	0
2010	17,807	0	0.0%	53	0
2011	17,807	0	0.0%	-59	112
2012	17,919	112	0.6%	85	0
2013	17,919	0	0.0%	82	0
2014	17,919	0	0.0%	-4	6
2015	17,925	6	0.0%	113	78
2016	17,991	66	0.4%	-4	69
2017	18,003	12	0.1%	-31	218
2018	18,068	65	0.4%	121	254
2019	18,068	0	0.0%	7	-
2020	18,060	-8	0.0%	-18	-
2021	18,202	142	0.8%	83	-
2022	18,192	-10	-0.1%	1	-
2023	18,181	-11	-0.1%	-2	-

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC



Average asking rent growth for one- to three-star product was moderate in 2018, rising 2.1% year-over-year. This growth corresponded with a decline in the vacancy rate, which fell to 4.0%, its lowest point since 2015. Average asking rents are forecasted to rise 5.7% year-over-year in 2019 and continue growing at a compounded annual growth rate of 1.9% from 2018 to 2023. The vacancy and rent trends for one- to three-star product can be found in the following table.

TABLE 107

PRIMARY MARKET AREA							
1 TO 3 STAR VACANCY AND RENT							
Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	4.5%	\$1,757	-	\$2.05	\$1,748		\$2.04
2008	4.8%	\$1,765	0.5%	\$2.06	\$1,755	0.4%	\$2.05
2009	4.6%	\$1,673	-5.2%	\$1.96	\$1,664	-5.2%	\$1.95
2010	4.3%	\$1,670	-0.2%	\$1.95	\$1,662	-0.1%	\$1.94
2011	4.7%	\$1,672	0.1%	\$1.96	\$1,664	0.1%	\$1.95
2012	4.8%	\$1,694	1.3%	\$1.98	\$1,683	1.1%	\$1.97
2013	4.3%	\$1,740	2.7%	\$2.04	\$1,727	2.6%	\$2.02
2014	4.3%	\$1,780	2.3%	\$2.08	\$1,771	2.5%	\$2.07
2015	3.7%	\$1,839	3.3%	\$2.15	\$1,827	3.2%	\$2.14
2016	4.1%	\$1,877	2.1%	\$2.20	\$1,847	1.1%	\$2.16
2017	4.3%	\$1,927	2.7%	\$2.26	\$1,903	3.0%	\$2.23
2018	4.0%	\$1,968	2.1%	\$2.31	\$1,949	2.4%	\$2.28
2019	4.3%	\$2,080	5.7%	\$2.44	\$2,070	6.2%	\$2.43
2020	4.3%	\$2,110	1.4%	\$2.47	\$2,100	1.4%	\$2.46
2021	4.7%	\$2,129	0.9%	\$2.50	\$2,119	0.9%	\$2.48
2022	4.7%	\$2,149	0.9%	\$2.52	\$2,139	0.9%	\$2.51
2023	4.6%	\$2,166	0.8%	\$2.54	\$2,156	0.8%	\$2.53

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

TABLE 108

PRIMARY MARKET AREA KEY INDICATORS - AS OF MAY 2019							
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr. Units
4 & 5 Star	5,105	6.6%	\$2,976	\$2,948	800	364	1,258
1-3 Star	18,068	4.0%	\$1,968	\$1,949	121	65	254
Total	23,173	4.6%	\$2,190	\$2,169	921	429	1,512

Source: CoStar; compiled by Weitzman Associates, LLC.

All Inventory in the Secondary Market Area

Multifamily rental inventory in the Secondary Market has grown slowly with a compounded annual growth rate of 1.1% from 2007 to 2018, or from 53,080 units to 59,691 units. Inventory growth has accelerated in the last two years with 2,142 units delivered to market, or 1.8% growth year-over-year. The following table illustrates the inventory supply and demand trends since 2007.

TABLE 109

SECONDARY MARKET AREA SUPPLY AND DEMAND					
Year	Inventory			Absorption	Under Construction
	No. of Units	Additions	Percent Growth		
2007	53,080	-	-	116	1,839
2008	54,494	1,414	2.7%	969	587
2009	55,009	515	0.9%	697	115
2010	55,124	115	0.2%	163	305
2011	55,299	175	0.3%	95	698
2012	55,925	626	1.1%	466	234
2013	55,991	66	0.1%	461	339
2014	56,215	224	0.4%	293	1,173
2015	56,792	577	1.0%	255	1,870
2016	57,549	757	1.3%	582	3,277
2017	58,816	1,267	2.2%	688	3,042
2018	59,691	875	1.5%	1,770	4,870
2019	62,391	2,700	4.5%	972	-
2020	64,736	2,345	3.8%	1,534	-
2021	67,314	2,578	4.0%	2,327	-
2022	68,280	966	1.4%	1,325	-
2023	69,234	954	1.4%	878	-

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

The market has experienced slow, but positive, annual rent growth since 2007, with the exception of a drop in rental rates in 2009. Overall, the asking rent for all product types has risen from \$1,799 per unit per month in 2007 to \$2,025 per unit per month in 2018, which equates to a compounded annual growth rate of 1.1% per year. CoStar forecasts that the average asking rent will increase to \$2,146 per unit by 2023, a compounded annual growth rate of 1.2%. In 2018, the average asking

price per square foot reached \$2.41, its highest point since 2007. The vacancy rate fell to 3.6% in 2018, its lowest point since 2016. The decline in the vacancy rate corresponded with a 3.0% increase in asking rent growth. In 2019, the vacancy rate is expected to decrease to 3.2% and average 3.9% over the next five years. The vacancy and rent trends can be found in the following table.

TABLE 110

SECONDARY MARKET AREA VACANCY AND RENT							
Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	3.7%	\$1,799	-	\$2.14	\$1,789		\$2.12
2008	4.5%	\$1,799	0.0%	\$2.13	\$1,787	-0.1%	\$2.12
2009	4.0%	\$1,696	-5.7%	\$2.01	\$1,685	-5.7%	\$2.00
2010	3.8%	\$1,695	0.0%	\$2.01	\$1,686	0.1%	\$2.00
2011	4.1%	\$1,703	0.5%	\$2.02	\$1,693	0.5%	\$2.01
2012	4.0%	\$1,727	1.4%	\$2.05	\$1,716	1.3%	\$2.03
2013	3.4%	\$1,777	2.9%	\$2.11	\$1,764	2.8%	\$2.09
2014	3.3%	\$1,845	3.8%	\$2.19	\$1,836	4.1%	\$2.18
2015	3.2%	\$1,880	1.9%	\$2.23	\$1,871	1.9%	\$2.22
2016	3.3%	\$1,942	3.3%	\$2.31	\$1,926	3.0%	\$2.29
2017	4.1%	\$1,966	1.2%	\$2.34	\$1,947	1.1%	\$2.32
2018	3.6%	\$2,025	3.0%	\$2.41	\$2,004	2.9%	\$2.39
2019	3.2%	\$2,061	1.8%	\$2.49	\$2,048	2.2%	\$2.47
2020	4.3%	\$2,093	1.6%	\$2.53	\$2,080	1.6%	\$2.51
2021	4.5%	\$2,111	0.8%	\$2.55	\$2,098	0.9%	\$2.53
2022	3.9%	\$2,130	0.9%	\$2.57	\$2,117	0.9%	\$2.55
2023	4.0%	\$2,146	0.8%	\$2.59	\$2,133	0.8%	\$2.57

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC



Four- and Five-Star (Class A) Inventory in the Secondary Market Area

Breaking the rental market down by type reveals that four- and five-star product comprised 14% of the overall inventory in 2018. This amounts to 8,387 units. According to CoStar, 1,158 units were delivered to the market in 2017, an increase of 20% over 2016 inventory. In 2018, supply of four- and five-star product increased by 21% with the delivery of 1,471 units. The supply and demand trends of four- and five-star product can be found in the following table. We note that the four- and five-star rating is a categorization by CoStar that is generally synonymous with Class A apartments.

TABLE 111

SECONDARY MARKET AREA 4 & 5 STAR SUPPLY AND DEMAND					
Year	Inventory			Absorption	Under Construction
	No. of Units	Additions	Percent Growth		
2007	2,601	-	-	28	1,754
2008	3,945	1,344	51.7%	996	413
2009	4,373	428	10.8%	637	43
2010	4,389	16	0.4%	56	175
2011	4,589	200	4.6%	137	390
2012	4,894	305	6.6%	288	168
2013	4,894	0	0.0%	112	168
2014	5,118	224	4.6%	214	882
2015	5,333	215	4.2%	54	1,593
2016	5,758	425	8.0%	237	3,167
2017	6,916	1,158	20.1%	786	2,887
2018	8,387	1,471	21.3%	1,396	4,692
2019	9,161	774	9.2%	909	-
2020	11,530	2,369	25.9%	1,656	-
2021	14,119	2,589	22.5%	2,474	-
2022	15,059	940	6.7%	1,440	-
2023	16,048	989	6.6%	938	-

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

Average asking rent growth for four- and five-star product grew moderately in 2018, increasing 2.7% over 2017 rates. The average asking rent per unit per month grew from \$2,445 in 2017 to \$2,512 in 2018, its highest point since 2007. The average asking rent is projected to continue growing in 2019 with a forecasted increase of 2.1% to \$2,512 per unit per month. The last time average asking rent decreased was during the Great Recession in 2009, when it fell by 6.3% -- it has appreciated positively since then. CoStar projects asking rents for four- & five-star product to continue increasing over the next five years, although at a slower rate of 1.1%. This is approximately 1.2% slower than the compounded annual growth of 2.3% experienced over the last five years. Vacancy fell to 12.3% in 2018 and is expected to fall another 3% in 2019. The high vacancy rates are the result of over 3,000 units coming to market over the last three years. Vacancy rates are forecasted to moderate by 2023 once the market has had a chance to absorb the new product.

TABLE 112

SECONDARY MARKET AREA 4 & 5 STAR VACANCY AND RENT							
Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	5.1%	\$2,259	-	\$2.44	\$2,247		\$2.43
2008	12.3%	\$2,262	0.1%	\$2.44	\$2,244	-0.1%	\$2.42
2009	6.3%	\$2,120	-6.3%	\$2.29	\$2,104	-6.2%	\$2.27
2010	5.4%	\$2,124	0.2%	\$2.29	\$2,113	0.4%	\$2.28
2011	6.6%	\$2,141	0.8%	\$2.31	\$2,127	0.7%	\$2.30
2012	6.5%	\$2,181	1.8%	\$2.35	\$2,173	2.1%	\$2.34
2013	4.2%	\$2,246	3.0%	\$2.42	\$2,224	2.3%	\$2.40
2014	4.2%	\$2,343	4.3%	\$2.53	\$2,332	4.9%	\$2.52
2015	7.1%	\$2,370	1.1%	\$2.56	\$2,356	1.0%	\$2.55
2016	9.9%	\$2,434	2.7%	\$2.63	\$2,412	2.4%	\$2.61
2017	13.6%	\$2,445	0.5%	\$2.64	\$2,421	0.4%	\$2.61
2018	12.3%	\$2,512	2.7%	\$2.71	\$2,490	2.8%	\$2.69
2019	9.3%	\$2,565	2.1%	\$2.80	\$2,541	2.1%	\$2.77
2020	13.5%	\$2,600	1.4%	\$2.84	\$2,576	1.4%	\$2.81
2021	11.9%	\$2,616	0.6%	\$2.85	\$2,592	0.6%	\$2.83
2022	7.8%	\$2,636	0.8%	\$2.88	\$2,612	0.8%	\$2.85
2023	7.7%	\$2,651	0.5%	\$2.89	\$2,626	0.5%	\$2.87

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC



One- to Three-Star (Class B) Inventory in the Secondary Market Area

One- to three-star inventory makes up 86% of the total supply in Westchester County. According to CoStar, 137 units were delivered to market in 2018. The supply of one- to three-star product is expected to decrease over the next five years with -46 units expected for delivery by 2023. The supply and demand trends for one- to three-star product can be found in the following table.

TABLE 113

SECONDARY MARKET AREA 1 TO 3 STAR SUPPLY AND DEMAND					
Year	Inventory			Absorption	Under Construction
	No. of Units	Additions	Percent Growth		
2007	50,178	112	-	95	85
2008	50,191	13	0.0%	-129	174
2009	50,293	102	0.2%	141	72
2010	50,365	72	0.1%	188	130
2011	50,365	0	0.0%	-128	308
2012	50,601	236	0.5%	209	66
2013	50,667	66	0.1%	289	171
2014	50,667	0	0.0%	67	291
2015	50,851	184	0.4%	319	277
2016	51,116	265	0.5%	264	110
2017	51,167	51	0.1%	28	155
2018	51,304	137	0.3%	365	178
2019	51,304	0	0.0%	27	-
2020	51,280	-24	0.0%	-76	-
2021	51,265	-15	0.0%	-99	-
2022	51,291	26	0.1%	-65	-
2023	51,258	-33	-0.1%	-36	-

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

Average asking rent growth for one- to three-star product was modest in 2018, rising 1.9% year-over-year. This was the lowest annual increase since 2014. The growth in 2018 corresponded with a decline in the vacancy rate which fell to 2.9%, its lowest point since 2007. Average asking rents in 2019 are forecasted to rise 5.8% year-over-year and continue growing at a compounded annual

growth rate of 1.9% from 2018 to 2023. The vacancy and rent trends for one- to three-star product can be found in the following table.

TABLE 114

SECONDARY MARKET AREA 1 TO 3 STAR VACANCY AND RENT							
Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	3.9%	\$1,581	-	\$1.96	\$1,593		\$1.95
2008	4.2%	\$1,589	0.5%	\$1.97	\$1,591	-0.1%	\$1.96
2009	4.1%	\$1,507	-5.2%	\$1.87	\$1,505	-5.4%	\$1.86
2010	3.9%	\$1,501	-0.4%	\$1.86	\$1,503	-0.1%	\$1.85
2011	4.1%	\$1,502	0.1%	\$1.86	\$1,503	0.0%	\$1.85
2012	4.2%	\$1,519	1.1%	\$1.88	\$1,513	0.7%	\$1.87
2013	3.7%	\$1,546	1.8%	\$1.91	\$1,538	1.6%	\$1.90
2014	3.6%	\$1,571	1.6%	\$1.95	\$1,569	2.0%	\$1.94
2015	3.3%	\$1,609	2.4%	\$1.99	\$1,608	2.5%	\$1.98
2016	3.3%	\$1,655	2.9%	\$2.05	\$1,659	3.2%	\$2.03
2017	3.3%	\$1,695	2.4%	\$2.10	\$1,706	2.8%	\$2.08
2018	2.9%	\$1,727	1.9%	\$2.14	\$1,740	2.0%	\$2.13
2019	2.9%	\$1,827	5.8%	\$2.26	\$1,777	2.1%	\$2.25
2020	3.0%	\$1,849	1.2%	\$2.28	\$1,798	1.2%	\$2.27
2021	3.3%	\$1,866	0.9%	\$2.30	\$1,814	0.9%	\$2.30
2022	3.5%	\$1,884	1.0%	\$2.33	\$1,831	0.9%	\$2.32
2023	3.5%	\$1,900	0.8%	\$2.35	\$1,846	0.8%	\$2.34

(1) Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC



As of May 2019, there were 59,691 units across the Primary and Secondary Market areas with an average vacancy rate of 4.2%. The average asking rent in the market area is \$1,837 per unit per month. According to CoStar there were 1,608 units delivered during the current quarter and there are 4,870 units under construction, most of which are four- and five-star product.

TABLE 115

SECONDARY MARKET AREA KEY INDICATORS - AS OF MAY 2019							
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr. Units
4 & 5 Star	8,387	12.3%	\$2,512	\$2,490	1,396	1,471	4,692
1-3 Star	51,304	2.9%	\$1,727	\$1,740	365	137	178
Total	59,691	3.6%	\$2,025	\$2,004	1,770	1,608	4,870

Source: CoStar, compiled by Weitzman Associates, LLC.

Rental Apartment Market Analysis Conclusion

Four- and five-star rental products dominate the market in Westchester County with respect to absorption, deliveries, and units under construction. As such, it is clear that developers are generally catering to the top of the market. For example, well-paid Millennials (those earning \$100,000 or more) have been moving to Westchester County and driving demand for high-end product, which has led to one of the largest supply pipelines in years. Absorption has not kept pace with the recent influx of supply, but vacancy is forecasted to moderate by 2023. Rents have continued to rise despite the large amount of new product in the market. Demand for housing should remain strong as high housing prices in Manhattan and the prime outer boroughs push out prospective renters to more affordable transit-oriented towns in Westchester County.

COMPARABLE RENTAL PROPERTIES

In order to frame the market for the proposed development's rental apartments, we have profiled several properties that represent a mix of the available rental options within fifteen miles of the North 60 site. Our comparable rental properties include a mix of low- to mid-rise apartment buildings that range from one- to five-stars (or Class C to Class A). Similar to North 60, our comparable properties are located outside of urban centers, are (generally) not within easy walking distance of a Metro-North station, and have unit mixes that include studio and one-bedroom apartments. Although any residential uses at North 60 will be new construction, we did not limit our comparable set to exclusively newly-constructed rental developments. Instead, our competitive set includes rental properties built within the last twenty years to show the depth of the market and rental rates for all property types.

Four- and Five-Star Rental Apartment Comparables



Glasshouse 250 is a mid-rise apartment development located at 250 South Central Boulevard in Scarsdale, New York, approximately six miles from North 60. The development was completed in 2018 and contains 51 units. As of May 2019, it was 78.4% occupied and still in lease-up. Glasshouse 250 is one mile from the Hartsdale Metro-North train station.

Developed by Hartsdale Development LLC, Glasshouse 250 offers one- and two-bedroom units with six unique floorplans that range from 780 to 1,167 square feet. Units feature heating and air conditioning, hardwood floors, fully equipped kitchens with stainless steel appliances, stone countertops, tile floors in the bathrooms, stackable Bosch washer & dryer, floor-to-ceiling windows, ceiling heights up to 9'10", and balconies.

Amenity features include on-site parking for every unit, electric car charging stations, storage units, weekend doorman, valet dry cleaning, resident lounge, resident dining room, fitness center, outdoor grills, entertainment room, roof deck, business center, and a refrigerator and freezer for food deliveries.

Average asking rents range from \$3,007 to \$4,449 per unit per month or \$3.85 to \$3.81 per square foot per month.

TABLE 116

GLASSHOUSE 250									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
250 South Central Avenue Scarsdale, New York	2018	51	78.4%	One Bedroom	27	53%	781	\$3,007	\$3.85
				Two Bedroom	24	47%	1,168	\$4,449	\$3.81
TOTAL					51	100%	963	\$3,686	\$3.83

Source: CoStar; compiled by Weitzman Associates, LLC.



Quarry Place is a mid-rise apartment development located at 64 Midland Place in Tuckahoe, New York, approximately 12 miles from North 60. The development was completed in 2016 and contains 108 units in addition to 3,500 square feet of ground-level retail. As of May 2019, it was 96.3% occupied. Quarry Place is one mile from the Crestwood Metro-North train station.

Developed by Roseland Property Company, Quarry Place offers one- to two-bedroom units with 27 unique floorplans that range from 632 to 1,475 square feet. Units features include hardwood flooring, stainless steel appliances, granite countertops, and in-unit washers & dryers.

Amenities include a fitness and yoga studio, resident lounge, expansive garden terrace, outdoor fire pit and lounge, outdoor entertaining kitchen, electric car charging station, and secured garage parking. The 169-space underground parking garage for residents has a green roof. The property has an additional 19 outdoor parking spaces.

Average asking rents range from \$2,615 to \$4,677 per unit per month or \$3.46 to \$3.70 per square foot per month.

TABLE 117

QUARRY PLACE									
Address	Year Built	Units	% Leased	Unit	Count	% Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
64 Midland Place	2016	108	96.3%	One Bedroom	61	56%	756	\$2,615	\$3.46
Tuckahoe, New York				Two Bedroom	47	44%	1,264	\$4,677	\$3.70
TOTAL					108	100%	977	\$3,513	\$3.59

Source: CoStar; compiled by Weitzman Associates, LLC.



Scarsdale Commons is a mid-rise apartment development located at 70 Garth Road in Scarsdale, New York, approximately ten miles from North 60. The development was completed in 2005 and contains 42 units. As of May 2019, it was 92.9% leased. Scarsdale Commons is less than a mile from the Scarsdale Metro-North train station.

Developed by Staffard Garson Properties, Scarsdale Commons offers one- to three-bedroom units with three unique floorplans that range from 976 to 1,562 square feet. Unit features include heating and air conditioning, ceiling fans, hardwood floors, fully equipped kitchens with stainless steel appliances, washer & dryer, and crown molding. Amenities include dry cleaning service, a fitness center, spa, business center, and garage parking.

Average asking rents range from \$3,669 to \$5,300 per unit per month or \$3.39 to \$4.09 per square foot.

TABLE 118

SCARSDALE COMMONS									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
70 Garth Road White Plains, New York	2005	42	92.9%	One Bedroom	13	31%	977	\$3,996	\$4.09
				Two Bedroom	16	38%	1,282	\$4,309	\$3.36
				Three Bedroom	13	31%	1,563	\$5,300	\$3.39
TOTAL					42	100%	1,275	\$4,519	\$3.55

Source: CoStar, compiled by Weitzman Associates, LLC.



Monarch at Ridge Hill is a mid-rise apartment development located at 701 Ridge Hill Boulevard in Yonkers, New York, approximately twelve miles from North 60. The development was completed in 2012 and contains 249 units. As of May 2019, it was 99.6% occupied. Monarch at Ridge Hill is three miles from the Bronxville and Crestwood Metro-North train stations.

Developed by Horizon Group, Monarch at Ridge Hill offers studio to two-bedroom apartments with five unique floorplans that range from 878 to 1,234 square feet. Unit features include heating and air conditioning, Caesar stone counter-tops, stainless steel appliances, sustainable bamboo floors, floor-to-ceiling windows, terraces (select units), and washer & dryer hookups.

Amenities include a 24-hour concierge, a shuttle to Metro-North, a fitness center, a cinema room, resident lounge, on-site management, package service, outdoor grills, a doorman, and a sundeck.

Average rents range from \$2,509 to \$3,844 per unit per month or \$3.14 to \$4.38 per square foot.

TABLE 119

MONARCH AT NORTH RIDGE									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
701 Ridge Hill Boulevard Yonkers, New York	2012	249	99.6%	Studio	49	20%	878	\$3,844	\$4.38
				One Bedroom	50	20%	784	\$2,509	\$3.20
				Two Bedroom	150	60%	1,054	\$3,310	\$3.14
TOTAL					249	100%	965	\$3,254	\$3.37

Source: CoStar, compiled by Weitzman Associates, LLC.



Elm is a mid-rise apartment development located at 35 Valley Avenue in Elmsford, New York, approximately five miles from North 60. The development was completed in 2018 and contains 96 units. As of May 2019, it was 99% occupied. Elm is three miles from the Tarrytown Metro-North train station.

Developed by Robert Martin Company, LLC, Elm offers studio to two-bedroom units with seven unique floorplans that range from 543 to 1,297 square feet. Unit features include fully equipped kitchens with stainless steel appliances, Calacatta Quartz counter-tops, 9' ceilings, a washer & dryer, walk-in closets, plank flooring, central heating and air conditioning, and balconies (select units).

Amenities include a resident lounge with kitchen, fitness center, free bicycle storage, package lockers, free WiFi in common areas, electric car charging stations (additional fee), covered garage parking, and on-site storage (additional fee).

Average asking rents range from \$1,964 to \$2,971 per unit per month or \$2.29 to \$3.62 per square foot.

TABLE 120

ELM									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
35 Valley Avenue Elmsford, New York	2018	96	99.0%	Studio	42	44%	543	\$1,964	\$3.62
				One Bedroom	36	38%	879	\$2,286	\$2.60
				Two Bedroom	18	19%	1,297	\$2,971	\$2.29
TOTAL					96	100%	810	\$2,273	\$2.80

Source: CoStar, compiled by Weitzman Associates, LLC.



The Apex at 290 is a mid-rise apartment development located at 290 East Main Street in Elmsford, New York, approximately four miles from North 60. The development was completed in 2016 and contains 81 units. As of May 2019, it was 90.1% occupied. The Apex at 290 is three miles from the North White Plains Metro-North train station.

Developed by SME Development Partners, The Apex at 290 offers one- and two-bedroom apartments with twelve unique floorplans that range from 838 to 1,316 square feet. Units feature heating and air conditioning, fully equipped kitchens with stainless steel appliances, hardwood floors, balconies (on select units), walk-in closets, tile floor bathrooms, and double vanity sinks (in select units).

Amenity features include a 24-hour fitness center, a roof deck, a club house, a resident lounge, business center, outdoor dining area, entertainment room, landscaped pet park, storage rooms, a game room, a package concierge, 48-hour maintenance and repairs, and parking.

Average asking rents range from \$2,601 to \$3,182 per unit per month or \$2.60 to \$3.00 per square foot per month.

TABLE 121

THE APEX AT 290									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
290 East Main Street	2016	81	90.1%	One Bedroom	19	23%	867	\$2,601	\$3.00
Elmsford, New York				Two Bedroom	62	77%	1,224	\$3,182	\$2.60
TOTAL					81	100%	1,140	\$3,046	\$2.67

Source: CoStar; compiled by Weitzman Associates, LLC.



The Danforth at Dobbs Ferry is a four-story apartment complex located at 100 Danforth Avenue in Dobbs Ferry, New York, approximately thirteen miles from North 60. The development was completed in 2017 and contains 202 units. As of August 2019, it was 97% occupied. The Danforth is two miles from the Dobbs Ferry Metro-North train station, and is directly adjacent to Rivertowns Square, a shopping and entertainment center completed contemporaneously. The buildings at Rivertowns Square comprise a 123-key Hilton Garden Inn hotel, a 40,000 square foot iPic movie theater, and approximately 90,000 square feet of retail space.

Developed by Lincoln Property Company, The Danforth offers one- and two-bedroom apartments with over twenty different floorplans ranging from 698 to 1,488 square feet. Units feature heating and air conditioning, fully equipped kitchens with stainless steel appliances, wide-plank hardwood floors, walk-in closets, and tile floor bathrooms.

Amenities are extensive and include a 24-hour fitness center with “Motion Studio,” a resort-style pool with outdoor grills, an entertainment lounge with billiards tables, a pet space, an indoor parking garage, an electric car charging station, and bike storage, among other features.

Average asking rents range from \$2,858 to \$3,860 per unit per month, or \$3.07 to \$3.40 per square foot per month.

TABLE 122

THE DANFORTH AT DOBBS FERRY									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
100 Danforth Avenue	2017	202	97.0%	One Bedroom	102	50.5%	841	\$2,858	\$3.40
Dobbs Ferry, New York				Two Bedroom	100	49.5%	1,258	\$3,860	\$3.07
TOTAL					202	100%	1,047	\$3,354	\$3.20

Source: CoStar; compiled by Weitzman Associates, LLC.

One- to Three-Star Rental Apartment Comparables



The View on Nob Hill is a garden-style apartment development located at 32 Nob Hill Drive in Elmsford, New York, approximately four miles from North 60. The development was completed in 1993 and contains 416 units. As of May 2019, it was 79.1% occupied. The View on Nob Hill is three miles from the Tarrytown Metro-North train station.

Developed by Ares Management LLC, The View on Nob Hill offers one- to three-bedroom apartments with six unique floorplans that range from 652 to 1,304 square feet. Units feature heating and air conditioning, fully equipped kitchens, stainless steel appliance (in select units), a washer & dryer, and wall-to-wall carpeting.

Amenities include outdoor picnic areas, valet dry cleaning, reserved parking, on-site management, and 24/7 emergency maintenance.

Average asking rents range from \$1,800 to \$2,951 per unit per month or \$2.26 to \$2.76 per square foot per month.

TABLE 123

THE VIEW ON NOB HILL									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
32 Nob Hill Drive Elmsford, New York	1993	416	79.1%	One Bedroom	136	33%	652	\$1,800	\$2.76
				Two Bedroom	271	65%	882	\$2,188	\$2.48
				Three Bedroom	9	2%	1,306	\$2,951	\$2.26
TOTAL					416	100%	816	\$2,078	\$2.55

Source: CoStar; compiled by Weitzman Associates, LLC.



River Park Apartments is a garden-style apartment development located at 70 Virginia Road in White Plains, New York, approximately three miles from North 60. The development was completed in 2000 and contains 146 units. As of May 2019, it was 97.9% occupied. River Park Apartments is located one mile from the Valhalla Metro-North train station.

Developed by Samson Management, River Park Apartments offers one- to two-bedroom units with three unique floorplans that range from 750 to 1,000 square feet. Unit features include heating and air conditioning, stoves, and dishwashers. Community amenities include laundry facilities, and an on-site property manager.

Average asking rents range from \$1,721 to \$2,300 per unit per month or \$2.19 to \$2.30 per square foot per month.

TABLE 124

RIVER PARK APARTMENTS									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
70 Virginia Road White Plains, New York	2000	125	97.6%	One Bedroom	97	66%	786	\$1,721	\$2.19
				Two Bedroom	49	34%	1,000	\$2,300	\$2.30
TOTAL					146	100%	858	\$1,915	\$2.23

Source: CoStar; compiled by Weitzman Associates, LLC.



Avalon Green is a three-story apartment complex located at 500 Town Green Drive in Elmsford, New York, approximately three miles from North 60. The development was completed in 1995 and contains 617 units. As of August 2019, it was 98.9% occupied. Avalon Green is just over two miles from the Tarrytown Metro-North train station, and is adjacent to The View on Nob Hill, profiled above.

Developed by AvalonBay, Avalon Green offers one-, two-, and three-bedroom apartments with over thirty different floorplans ranging from 642 to 1,816 square feet. Units feature central heating and air conditioning, fully equipped kitchens with stainless steel appliances, hard surface flooring, walk-in closets, and outdoor space (in select units).

Amenities include a 24-hour fitness center, a heated outdoor pool with fireplaces and barbeques, Amazon Hub package lockers, a play area for children, and complimentary WiFi in common areas, among other features.

Average asking rents range from \$2,549 to \$3,856 per unit per month, or \$2.32 to \$2.77 per square foot per month.

TABLE 125

AVALON GREEN									
Address	Year Built	Units	% Leased	Unit	Count	%Mix	Avg. SF	Avg. Rent	Avg. Rent PSF
500 Town Green Drive Elmsford, New York	1995	617	98.9%	One Bedroom	268	43.4%	920	\$2,549	\$2.77
				Two Bedroom	254	41.2%	1,357	\$3,147	\$2.32
				Three Bedroom	95	15.4%	1,640	\$3,856	\$2.35
TOTAL					617	100%	1,211	\$2,998	\$2.47

Source: CoStar; compiled by Weitzman Associates, LLC.

Rental Apartment Comparables Conclusion

The majority of existing four- and five-star rental product in Westchester County was built within the last five years. The units at these developments feature luxury finishes such as hardwood floors, stone countertops, floor-to-ceiling windows, stainless steel appliances, double vanity sinks, and in-unit washers & dryers. Additionally, the amenities offered at these developments rival those of a luxury condominium building with features such as resident lounges, state-of-the-art fitness centers, doormen, roof decks, game rooms, pet washing stations, entertainment rooms with kitchens, and electric car charging stations. However, only one comparable in our competitive set has ground level retail. The four- and five-star rental product in Westchester County is being constructed for the well-paid Millennials that have been moving to the area in search of space while still having convenient access to New York City. All of the four- and five-star rental developments shown in our analysis are five miles or less from a Metro-North train station.

One- to three-star rental product has the largest market share in Westchester County. These developments were typically built within the last fifty years and renovated in the last ten to fifteen years. Due to the age of these properties, the finishes feel dated and typically lack the quality of four- and five-star product. There are developments with carpeted bedrooms and living areas which you typically would not see in four- and five-star product. The kitchens have older appliances, though in some renovated developments they feature stainless steel appliance packages. Units are typically heated and cooled through PTAC units and in-unit washers & dryers are not offered at all developments. All the one- to three-star developments in our analysis are three miles or less from the nearest Metro-North train station.

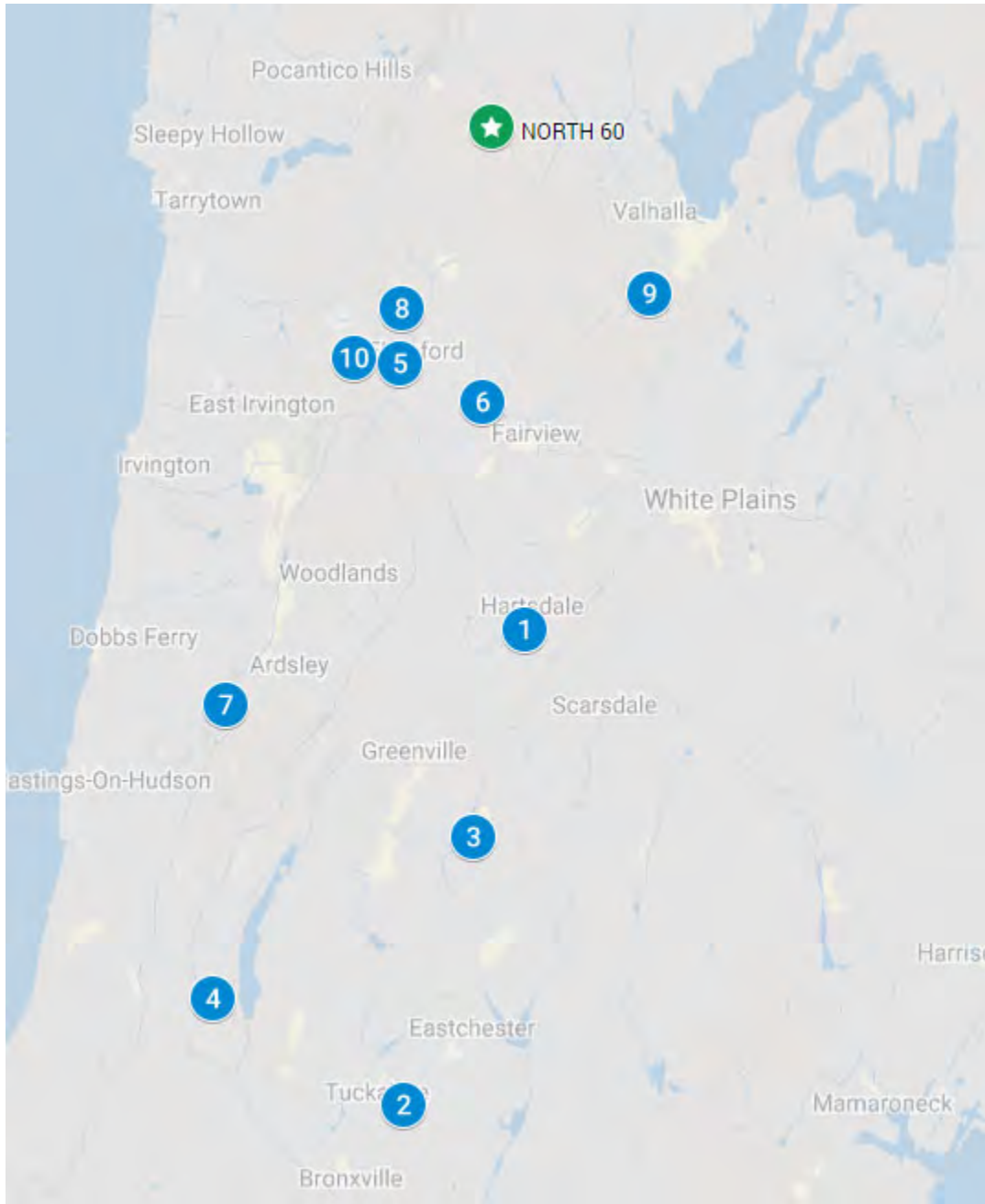
Our competitive set offers a snapshot of the rental market in Westchester County. The objective is to illustrate the depth and optionality in the market. The North 60 development ought to be able to compete with any product type in our competitive set, because it offers new construction, ground level retail, green space, and employment opportunities. Furthermore, the site is located less than three miles from a Metro-North Station with service to New York City. We believe that residential apartments at North 60 could reasonably achieve rent of \$3.00 per square foot per month (\$36.00 per year), in between the rental rates of 4-5 star product and 1-3 star product in Westchester County.

The following table presents a summary of the rental comparables profiled, their unit types, estimated monthly rents, unit features and amenities.

TABLE 126

RENTAL MARKET SURVEY WESTCHESTER COUNTY										
Property	Market Tier	Year Built	Estimated Occupancy	Unit Types	Unit Count	Average Sq. Ft.	Avg. Asking Rent	Avg. Rent PSF	Unit Features	Amenities
1. Glasshouse 250	1	2018	78.4%	One Bedroom	27	780	\$3,007	\$3.85	Heating and air conditioning, hardwood floors, fully equipped kitchens with stainless steel appliances, stone countertops, tile floors in the bathrooms, stackable Bosch washer & dryer, floor-to-ceiling windows, ceiling heights up to 9'10", and balconies.	on-site parking or every unit, electric car charging stations, storage units, weekend doorman, valet dry cleaning, resident lounge, resident dining room, fitness center, outdoor grills, entertainment room, roof deck, business center, and a refrigerator and freezer for food deliveries.
				Two Bedroom	24	1,167	\$4,449	\$3.81		
				Total	51	962	\$3,686	\$3.83		
2. Quarry Place	1	2016	96.3%	One Bedroom	61	756	\$2,615	\$3.46	Hardwood flooring, stainless steel appliances, granite countertops, and in-unit washers & dryers.	Fitness and yoga studio, resident lounge, expansive garden terrace, outdoor fire pit and lounge, outdoor entertaining kitchen, electric car charging station, secured garage parking. The 169-space underground parking garage for residents has a green roof. The property has an additional 19 outdoor parking spaces.
				Two Bedroom	47	1,264	\$4,677	\$3.70		
				Total	108	977	\$3,512	\$3.56		
3. Scarsdale Commons	1	2005	92.9%	One Bedroom	13	977	\$3,996	\$4.09	Heating and air conditioning, ceiling fans, hardwood floors fully equipped kitchens with stainless steel appliances, washer & dryer, and crown molding.	Dry cleaning service, fitness center, spa, business center, garage parking.
				Two Bedroom	16	1,282	\$4,309	\$3.36		
				Three Bedroom	13	1,563	\$5,300	\$3.39		
4. Monarch at Ridge Hill	1	2012	99.6%	Total	42	1,275	\$4,519	\$3.55		
				Studio	49	878	\$3,844	\$4.38	Heating and air conditioning, Caesar stone counter-tops, stainless steel appliances, sustainable bamboo floors, floor-to-ceiling windows, terraces (select units), and washer & dryer hookup.	24-hour concierge, shuttle to Metro-North, fitness center, cinema room, resident lounge, on-site management, package service, outdoor grills, doorman, and sundeck.
				One Bedroom	50	784	\$2,509	\$3.20		
5. Elm	1	2018	99.0%	Two Bedroom	150	1,054	\$3,310	\$3.14		
				Total	249	965	\$3,254	\$3.37	Fully equipped kitchens with stainless steel appliances, Calacatta Quartz counter-tops, 9' ceilings, washer & dryer, walk-in closets, plank flooring, central heating and air conditioning, and balconies (select units).	Resident lounge with kitchen, fitness center, free bicycle storage, package lockers, free WiFi in common areas, electric car charging stations (additional fee), covered garage parking, and on-site storage (additional fee).
				Studio	42	543	\$1,964	\$3.62		
6. The Apex at 290	1	2016	90.1%	One Bedroom	36	879	\$2,286	\$2.60	Heating and air conditioning, fully equipped kitchens with stainless steel appliances, hardwood floors, balconies (on select units), walk-in closets, tile floor bathrooms, and double vanity sinks (in select units).	24-hour fitness center, roof deck, club house, resident lounge, business center, outdoor dining area, entertainment room, landscaped pet park, storage rooms, game room, package concierge, 48-hour maintenance repairs, and parking.
				Two Bedroom	18	1,297	\$2,971	\$2.29		
				Total	96	810	\$2,273	\$2.80		
7. The Danforth	1	2017	97.0%	One Bedroom	19	867	\$2,601	\$3.00	Heating and air conditioning, fully equipped kitchens with stainless steel appliances, wide-plank hardwood floors, walk-in closets, tile floor bathrooms.	24-hour fitness center with "Motion Studio," resort-style pool with outdoor grills, entertainment lounge with billiards tables, pet space, indoor parking garage, electric car charging station, and bike storage
				Two Bedroom	62	1,224	\$3,182	\$2.60		
				Total	81	1,140	\$3,046	\$2.67		
8. The View on Nob Hill	1	2017	97.0%	One Bedroom	102	841	\$2,858	\$3.40	Heating and air conditioning, fully equipped kitchens with stainless steel appliances, wide-plank hardwood floors, walk-in closets, tile floor bathrooms.	24-hour fitness center with "Motion Studio," resort-style pool with outdoor grills, entertainment lounge with billiards tables, pet space, indoor parking garage, electric car charging station, and bike storage
				Two Bedroom	100	1,258	\$3,860	\$3.07		
				Total	202	1,047	\$3,354	\$3.20		
9. River Park Apartments	3	1993	79.1%	One Bedroom	136	652	\$1,800	\$2.76	Heating and air conditioning, fully equipped kitchens, stainless steel appliance (in select units), washer & dryer, and wall-to-wall	Outdoor picnic areas, valet dry cleaning, reserved parking, on-site management, and 24/7 emergency maintenance.
				Two Bedroom	271	882	\$2,188	\$2.48		
				Three Bedroom	9	1,306	\$2,951	\$2.26		
10. The View on Nob Hill	3	2000	97.9%	Total	416	816	\$2,078	\$2.55	Heating and air conditioning, stoves, and dishwashers.	Laundry facilities, and an on-site property manager.
				One Bedroom	97	786	\$1,721	\$2.19		
				Two Bedroom	49	1,000	\$2,300	\$2.30		
10. The View on Nob Hill	3	1995	98.9%	Total	146	858	\$1,915	\$2.23	Heating and air conditioning, fully equipped kitchens, stainless steel appliances, hard surface flooring, walk-in closets, and outdoor space (in select units)	24-hour fitness center, heated outdoor pool with fireplaces and barbeques, Amazon Hub package lockers, play area for children, and complimentary WiFi in common areas.
				One Bedroom	268	920	\$2,549	\$2.77		
				Two Bedroom	254	1,357	\$3,147	\$2.32		
10. The View on Nob Hill	3	1995	98.9%	Three Bedroom	95	1,640	\$3,856	\$2.35		
				Total	617	1,211	\$2,998	\$2.47		

MAP: RENTAL PROPERTY COMPARABLES



Source: Google Maps; compiled by Weitzman Associates, LLC.

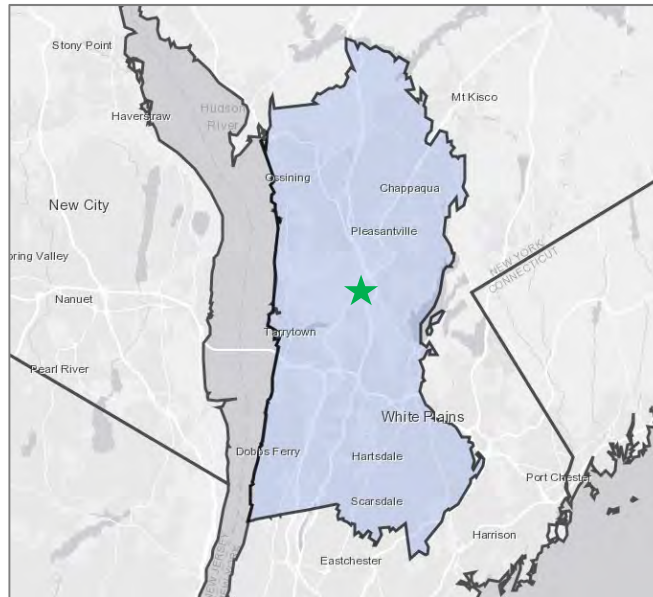
RENTAL APARTMENT DEMAND ANALYSIS

We have attempted to quantify the depth of demand for potential rental development at North 60. This methodology for doing so includes: (1) estimating the underlying demand for rental housing in two market areas (Primary and Secondary); (2) projecting annual absorption of the housing units at the development; and (3) estimating the percent of total demand that the project must capture in order to achieve the projected level of absorption. This analysis serves as a significant test of the potential marketability and ease of market entry for rental apartments at North 60. It is also a method of quantitatively determining the development and investment risk associated with absorption.

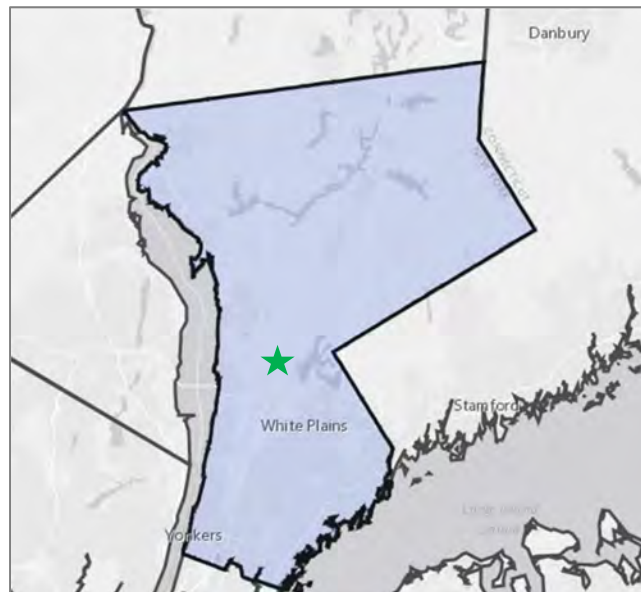
We have defined the Primary Market Area from which we believe most of the demand for housing at North 60 will come from. It includes the following municipalities: Ardsley, Briarcliff Manor, Chappaqua, Dobbs Ferry, Elmsford, Hartsdale, Hastings on Hudson, Hawthorne, Irvington, Millwood, Mount Pleasant, Ossining, Pleasantville, Scarsdale, Tarrytown, Thornwood, and White Plains. The Secondary Market Area comprises all of Westchester County. We believe that the vast majority of demand for the proposed development will come from households presently living in the Primary Market Area, as they already live nearby and are attracted to the area for its employment, entertainment, and amenity offerings. However, we note that the Secondary Market Area is inclusive of the Primary Market Area. The following maps show each defined market area.

In addition to our defined market areas, we also expect demand to come from the approximately 3,900 employees that could be employed at North 60. This potential demand has been added to our housing demand analysis.

MAP: PRIMARY MARKET AREA



MAP: SECONDARY MARKET AREA



Based upon demographic statistics published by ESRI, a leading GIS and demographics firm, and the U.S. Census Bureau, we have examined the number of households estimated to be seeking housing within the market areas who meet the target market criteria for rental housing at the North 60 site. We believe the apartment development will attract households earning \$50,000 or more annually, given the range of employees at different salary levels who may work at companies leasing space at North 60 in the future. We have used these income criteria to quantify

the number of qualified renter households in the market areas as of 2018. **According to ESRI's analysis, there are a total of 75,798 income-qualified households presently living in the Primary Market Area, and 256,769 households in the Secondary Market Area (which includes the Primary Market Area).**

In addition to those households that may move to North 60 for employment, it is reasonable to expect that some of the residents in the proposed development will be renting by preference. These could be people who have sold their larger single-family homes and are no longer interested in the costs and responsibility of homeownership. Nevertheless, to be conservative, our analysis considers only those households presently renting. This is particularly conservative because we believe that there is an ongoing structural shift towards rental housing in the U.S. housing market, whereby otherwise financially qualified households are choosing to rent instead of buy. This shift has been accelerated by the recently passed tax legislation, which disincentivizes home ownership in many states with higher real estate, state, and local income taxes.

ESRI forecasts that the ratio of rental households will fall by 1.6% in the Primary Market Area and Secondary Market Areas between 2018 and 2023. This may be due to higher-income householders choosing to purchase a home and thereby exit the rental market. Many of these households are well-paid Millennials moving from New York City to start families and send their children to the area's well-regarded public-school districts. Although the ratio of rental households is expected to fall, the amount of income-qualified households is expected increase. Many of these income-qualified households will still find homeownership out of reach in Westchester County, where the median home price was \$609,124 in 2018, according to ESRI.

ESRI regularly publishes data related to housing tenure. The most recent data indicates that in the Primary and Secondary Markets, the ratio of households that rent their homes is 29.3% and 38.2%, respectively. By applying these ratios to the number of income qualified households in each market area, we are able to estimate the total number of households that are both renters and income-qualified. Thus, **we have estimated that there are 22,209 renter households in the Primary Market Area and 98,086 renter households in the Secondary Market Area (which includes the Primary Market Area) that are income-qualified.**

The calculation for determining household demand is based upon several components: (1) internal mobility within a market area (i.e. a household changing its housing situation within the market), (2) anticipated household growth deriving from new households coming from outside the market area, (3) new households being created within the market area, and (4) demand from new life science employees at North 60.

With respect to internal mobility, there is a statistic that the turnover rate at typical apartment communities throughout the United States is 35% to 50% in any given year. We have applied a turnover rate of 25% to remain conservative. This application indicates that **there are 5,552 existing income-qualified households in the Primary Market Area that may seek new housing in any given year, and 24,521 households in the Secondary Market (which includes the Primary Market Area).**

Next, we quantified the number of new income-qualified households projected to be created within each Market Area, which is based upon projected annual household growth rates. In the Primary Market Area, the household growth rate is projected to be 1.1% annually. The rate is 1.4% in the Secondary Market Area. **These growth rates equate to an estimate of 237 and 1,324 new renter households annually in each market area, respectively.**

As shown in the following table, we estimate there will 5,789 income-qualified households seeking new rental housing in the Primary Market Area over the next five years. In the Secondary Market Area, there will be 28,546 income-qualified households seeking new rental housing over the next five years.

Finally, we considered scenarios in which residential development at North 60 could be absorbed at rates of 5, 10, and 25 units per month. This results in “capture rates” that indicate the percentage of demand in each market area North 60 would need to secure to maintain each absorption rate. In other words, the capture rates indicate how much demographic support there is for leasing residential units at North 60. **The capture rate in the Primary Market Area is 2.1% at an absorption pace of 10 units per month. If also relying on demand from the Secondary Market Area, the analysis supports absorption at a pace exceeding 25 units per month, as the capture rate at this level is 1.2%. These are very low capture rates which illustrates the strength of demand within the market, and the potential for new housing at North 60 to be quickly absorbed.**

TABLE 127

RENTAL HOUSING DEMAND ANALYSIS All Households Earning above \$50,000 Annually by Household Income, 2018 Estimate		
HOUSEHOLD CRITERIA	PRIMARY MARKET AREA	SECONDARY MARKET AREA
\$50,000 - \$74,999	9,960	45,778
\$75,000 - \$99,999	9,276	38,806
\$100,000 - \$149,999	16,258	58,356
\$150,000 - \$199,999	12,035	37,715
\$200,000 +	28,269	76,114
Total Income Qualified Households	75,798	256,769
Ratio of Rental Households	29.3%	38.2%
Total Renter Households	22,209	98,086
Household Mobility Rate	25%	25%
Total Estimated Internal Mobility	5,552	24,521
Annual Household Growth Rate (2018-2023)	1.1%	1.4%
Annual Household Growth	237	1,324
Existing Total Housing Demand	5,789	25,846
Potential Housing Demand from North 60 Life Science Employees (1)	3,900	3,900
Less Available Units (2)	1,917	9,282
Net Housing Demand	7,772	20,464
Projected Annual Capture Rate @ 400 Units per Year (33 Units per Month)	5.1%	2.0%
Projected Annual Capture Rate @ 200 Units per Year (17 Units per Month)	2.6%	1.0%
Projected Annual Capture Rate @ 100 Units per Year (8 Units per Month)	1.3%	0.5%

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

(1) We project that at full build-out with 10% vacancy, North 60 will have built-in demand from 3,900 life science employees.

(2) Available units are a total of existing and under construction units

Rental Demand Conclusion

Based on our analysis, we conclude that there is significant demographic depth of demand among renter households earning incomes above \$50,000; this assumes that the new North 60 residential units can capture market awareness and gain the interest of some renter households that may be seeking housing in any given year. It is our opinion that the new residential units will be able to capture 5%+ of market demand in the Primary Market Area due primarily to the employment

opportunities, ground level retail, and proximity to Metro-North. **A 5% capture rate is approximately 400 units per year from the Primary Market Area. Thus, the 142 new residential units projected for Phase 1 should be readily absorbed into the marketplace.**

SENIOR HOUSING MARKET ANALYSIS

Senior Housing in the United States

Senior housing is classified according to the level of care provided and includes a broad range of property types. The five primary property types are: (1) Age-Restricted Multifamily, (2) Independent Living, (3) Assisted Living, (4) Memory Care, and (5) Skilled Nursing. Age-Restricted Multifamily properties typically do not provide any level of care for seniors. These communities are for seniors who do not need assistance with daily activities but want to live among people in their age group. They may include community facilities with programming. Independent Living facilities provide assistance with daily activities but do not provide medical services. Assisted Living facilities provide assistance with daily activities and moderate healthcare support. Skilled Nursing facilities provide a similar level of care as Independent/Assisted Living facilities with the addition of administering medications to residents and providing 24-hour care. Memory Care facilities provide the same services as Independent/Assisted Living in addition to behavior/memory care in a secured access environment. The following table provides more detail on senior housing types in the United States.

TABLE 128

	Senior Housing Property Types in the United States				
	Age-Restricted (55+)	Independent Living	Assisted Living	Memory Care	Skilled Nursing
Ideal Building Size	60 - 200 units	100 - 150 units	80+ units	24 - 36 units	120 beds
Resident Entry Age	55 - 75	75 - 84	75 - 85	75 - 85	80+
Percent of Revenue from Services	0%	45%	65%	Included with assisted living	75%
Typical Services Provided	Minimal, some organized social activities	• Dining options • Laundry • Housekeeping • Social activities • Transportation • Minimal healthcare support	• Dining options • Laundry • Housekeeping • Social activities • Transportation • Assistance with bathing, eating, dressing, medication administration • Moderate healthcare support	• Dining options • Laundry • Housekeeping • Social activities • Transportation • Assistance with bathing, eating, dressing, medication administration • Memory care • Moderate healthcare support • Specialized behavior / memory care	• Hospital-style dining options • Laundry • Housekeeping • Minor social activities • Transportation • Assistance with bathing, eating, dressing, medication administration • Specialized behavior / memory care • 24-hour nursing care • Extensive healthcare support • Palliative care
Average Length of Tenancy	5 - 12 years	2.1 - 6.4 years	1.4 - 3.4 years	1.0 - 2.4 years	30 days to 2 years
Average Monthly Rent	Comparable to apartments	\$3,216	\$4,886	\$6,519	\$9,720
Average Annual Rent Growth		2.8%	2.6%	2.3%	2.5%
Q4 2018 Occupancy Rate		91.5%	92.7%	96.9%	83.6%
Total Units / Beds in the US		436,218	424,736	139,205	939,308
Number of Units / Beds Under Construction		21,168	24,837	10,970	6,552

Source: CBRE (Q4 2018); compiled by Weitzman Associates, LLC

According to CBRE's U.S. Seniors Housing & Care Investor Survey and Trends Report published in September of 2018, senior housing remains a strong asset class among institutional investors, capital markets professionals, and developers. Among the various types of senior housing, independent living facilities are most favored by investors followed by assisted living and memory care facilities. Of the investors surveyed in CBRE's report, two-thirds of them expected to increase their investment in senior housing over the next twelve months.

Demand for senior housing is largely driven by demographic trends. The baby boomer generation began turning 65 in 2011 and will continue doing so until 2029, when they will represent more than 20% of the total population in the United States. By 2050, it is estimated that the 65+ age cohort will exceed 88 million people, which would be nearly double its current population of 50.8 million. Furthermore, by 2056, the 65+ age cohort is expected to be larger than the population under the age of 18.

As the 65+ age cohort continues to grow, so does its life expectancy. In 1972, the average life expectancy for a 65-year-old was 15.2 years according to the Social Security Administration. By 2017, the average life expectancy for a 65-year-old had increased to 20.4 years. As the 65+ population grows and lives longer, they will face an increased risk of being diagnosed with heart disease, cancer, Alzheimer's, and other chronic diseases which often affect independence and mobility. The increasing prevalence of these diseases will increase the demand for care from

formally trained and professional caregivers, according to the Centers for Disease Control and Prevention. This care will likely be administered via assisted living, skilled nursing, and memory care facilities, and this should lead to a significant increase in demand for these product types across the country.

Westchester County Senior Housing

The Westchester County Department of Senior Programs and Services was created as part of the National Network on Aging. As part of the services they provide to seniors in Westchester County, they have developed a directory of senior housing developments in the County. The purpose of this directory is to help seniors determine the level of care they require and select the appropriate senior housing property type.

The County defines senior care facilities using four different categories of housing and services. These categories are Adult Homes, Enriched Housing, Retirement Residences/Assisted Living, and Residential Health Care Facilities. The following table provides detail on the care provided by each type of senior care facility.

TABLE 129

WESTCHESTER COUNTY SENIOR HOUSING PRODUCT TYPES	
Residential Care Option	Services Required
Adult Homes	For those in need of supervised residential care.
Assisted Living	For those having moderately good health and independent capabilities but need personal care services.
Enriched Housing Program	For those capable of living in community-based housing but in need of moderate personal care and supportive services.
Residential Health-Care Facility (Nursing Home)	For those needing various levels of skilled nursing care.
Retirement Residences	For those in good health, still active and able to live independently.

Source: Westchester Dept. of Senior Programs and Services; compiled by Weitzman Associates, LLC.

The following tables catalogue the existing senior care facilities in Westchester County as defined by the county's Department of Senior Programs and Services.

TABLE 130

WESTCHESTER COUNTY ADULT HOMES					
Name	Address	City	Total Beds	Beds Available	Vacancy
New Rochelle Manor	41 Lockwood Ave.	New Rochelle	248	62	25%
Mohegan Park Manor	3441 Lexington Avenue	Mohegan Lake	150	19	13%
Palisade Gardens	185 Palisade Avenue	Yonkers	106	4	4%
Westchester Center for Independent & Assisted Living	75 Stratton Street South	Yonkers	75	0	0%
St. Michael's Home	3 Lehman Terrace	Yonkers	60	16	27%
Seabury Woods	110 Dalaker Drive	Rochester	40	4	10%
Crestview Manor	150 Old Saw Mill River Road	Hawthorne	36	3	8%
Lincoln Rest Home	12 Lincoln Avenue	Ardsey	23	3	13%
Danish Home for the Aged	1065 Quaker Bridge Road	Croton on Hudson	21	2	10%
Chester Hill Adult Home	187 Cottage Avenue	Mount Vernon	21	2	10%
Sunnydale Home	809 Stuart Avenue	Mamaroneck	17	1	6%
White Plains Guest Home	32 Ridgeview Avenue	White Plains	15	2	13%
Total / Average	12		812	118	15%

Source: New York State Health Data; compiled by Weitzman Associates, LLC.

TABLE 131

WESTCHESTER COUNTY ENRICHED HOUSING					
Name	Address	City	Total Beds	Beds Available	Vacancy
Maple House	15 Maple Place	Ossining	25	11	44%

Source: New York State Health Data; compiled by Weitzman Associates, LLC.

TABLE 132

WESTCHESTER COUNTY INDEPENDENT LIVING (IL)/ASSISTED LIVING (AL)						
Name	Address	City	Total Beds	IL Beds	AL Beds	Vacancy ¹
Five Star Premier Residences of Yonkers	537 Riverdale Avenue	Yonkers	310	199	111	12%
The Club at Briarcliff Manor	25 Scarborough Road	Briarcliff Manor	260	130	130	0%
Kendal on Hudson	1010 Kendal Way	Sleepy Hollow	256	222	34	23%
The Osborn	101 Theall Road	Rye Brook	246	143	103	17%
Atria Briarcliff Manor	1025 Pleasantville Road	Briarcliff Manor	200	NA	NA	63%
Westchester Center for Independent & Assisted Living	75 Stratton Street South	Yonkers	195	0	195	0%
The Bristol White Plains	305 North Street	White Plains	190	0	190	20%
Atria on the Hudson	321 North Highland Avenue	Ossining	185	0	185	31%
Atria Woodlands	1017 Saw Mill Road	Ardsey	175	100	75	NA
Atria Rye Brook	1200 King Street	Rye Brook	166	166	0	NA
Willow Towers	355 Pelham Road	New Rochelle	150	0	150	14%
Willow Towers	355 Pelham Road	New Rochelle	150	0	150	14%
The Fountain at RiverVue	1 Rivervue Place	Tuckahoe	141	0	141	29%
The Ambassador of Scarsdale	9 Saxon Woods Road	White Plains	138	0	138	9%
Sunrise of Fleetwood	500 North Columbus Avenue	Mount Vernon	136	0	136	26%
Westchester Meadows	55 Grasslands Road	Valhalla	130	120	10	NA
The Kensington	100 Maple Avenue	White Plains	130	0	130	8%
The Springvale Inn	62 Springvale Rd.	Croton-on-Hudson	125	0	125	32%
Drum Hill Senior Living	90 Ringgold Street	Peekskill	120	120	0	NA
Meadow View at the Wartburg	2 Wartburg Place	Mount Vernon	105	0	105	5%
Garito Manor at Union Square	180 Union Avenue	New Rochelle	102	102	0	NA
Country House in Westchester	2000 Baldwin Road	Yorktown Heights	100	0	100	18%
Seabury Woods	110 Dalaker Drive	Rochester	85	0	85	9%
Crestview Manor	150 Old Saw Mill River Road	Hawthorne	76	0	76	4%
The Pines at Narragansett	19 Narragansett Road	Ossining	50	50	0	NA
Total / Count	25		3,921	1,352	2,369	15%

Source: New York State Health Data; compiled by Weitzman Associates, LLC.

1. Blended Independent and Assisted Living vacancy rate.

TABLE 133

WESTCHESTER COUNTY RESIDENTIAL HEALTH-CARE FACILITIES					
Name	Address	City	Total Beds	Beds Available	Vacancy
Regency Extended Care Center	65 Ashburton Avenue	Yonkers	315	0	0%
Cabrini of Westchester	115 Broadway	Dobbs Ferry	304	14	5%
Sarah Neuman Center	845 Palmer Avenue	Mamaroneck	300	21	7%
The Paramount at Somers Rehabilitation and Nursing Center	Route 100	Somers	300	26	9%
United Hebrew Geriatric Center	391 Pelham Road	New Rochelle	296	5	2%
New York State Veterans Home at Montrose	2090 Albany Post Rd	Montrose	252	22	9%
Westchester Center for Rehabilitation & Nursing	10 Claremont Ave	Mount Vernon	240	2	1%
Northern Manor Geriatric Center Inc	199 N Middletown Road	Nanuet	231	7	3%
The Wartburg Home	Bradley Avenue	Mount Vernon	210	2	1%
The Willows at Ramapo Rehabilitation and Nursing Center	30 Cragmere Road	Suffern	203	10	5%
Bethel Nursing & Rehabilitation Center	67 Springvale Road	Croton-On-Hudson	200	3	2%
Martine Center for Rehabilitation and Nursing	12 Tibbits Avenue	White Plains	200	4	2%
Yonkers Gardens Center for Nursing and Rehabilitation	115 South Broadway	Yonkers	200	39	20%
Andrus On Hudson	185 Old Broadway	Hastings-On-Hudson	197	10	5%
Dumont Center for Rehabilitation and Nursing Care	676 Pelham Road	New Rochelle	196	0	0%
Sky View Rehabilitation and Health Care Center	1280 Albany Post Road	Croton On Hudson	192	9	5%
Glen Island Center for Nursing and Rehabilitation	490 Pelham Road	New Rochelle	182	4	2%
Friedwald Center for Rehabilitation and Nursing, LLC	475 New Hempstead Road	New City	180	0	0%
Northern Riverview Health Care Center, Inc	87 South Route 9W	Haverstraw	180	5	3%
Elizabeth Seton Children's Center	300 Corporate Boulevard South	Yonkers	169	0	0%
Nyack Ridge Rehabilitation and Nursing Center	476 Christian Herald Road	Valley Cottage	160	12	8%
Pine Valley Center for Rehabilitation and Nursing	661 N Main St	Spring Valley	160	3	2%
Sutton Park Center for Nursing & Rehabilitation	31 Lockwood Avenue	New Rochelle	160	4	3%
The Enclave at Rye Rehabilitation & Nursing Center	1000 High St	Port Chester	160	3	2%
The Grove at Valhalla	61 Grasslands Road	Valhalla	160	0	0%
Cedar Manor Nursing & Rehabilitation Center	Cedar Lane, P.O. Box 928	Ossining	153	17	11%
Schaffer Extended Care Center	16 Guion Place	New Rochelle	150	15	10%
Briarcliff Manor Center for Rehabilitation and Nursing Care	620 Sleepy Hollow Road	Briarcliff Manor	131	27	21%
Waterview Hills Rehabilitation & Nursing Center	537 Route 22, P.O. Box 257	Purdys	130	9	7%
Total / Count	29		5,911	273	5%

Source: New York State Health Data; compiled by Weitzman Associates, LLC.

(continued)

WESTCHESTER COUNTY RESIDENTIAL HEALTH-CARE FACILITIES (CONTINUED)					
Name	Address	City	Total Beds	Beds Available	Vacancy
Salem Hills Rehabilitation and Nursing Center	539 Route 22, P.O. Box 360	Purdys	126	0	0%
Field Home-Holy Comforter	2300 Catherine Street	Cortlandt Manor	125	6	5%
Sprain Brook Manor Rehabilitation	77 Jackson Ave	Scarsdale	121	21	17%
Atria at Riverside Rehabilitation	120 Odell Ave	Yonkers	120	14	12%
Cortlandt Healthcare	110 Oregon Road	Peekskill	120	4	3%
King Street Rehabilitation	787 King Street	Port Chester	120	40	33%
North Westchester Restorative Therapy and Nursing Center	3550 Lexington Avenue	Mohegan Lake	120	8	7%
Northern Metropolitan Residential Health Care Facility Inc	225 Maple Avenue	Monsey	120	2	2%
San Souci Rehabilitation and Nursing Center	115 Park Avenue	Yonkers	120	1	1%
Tarrytown Hall Care Center	20 Wood Court	Tarrytown	120	17	14%
The Emerald Peek Rehabilitation & Nursing Center	2000 E Main Street	Peekskill	96	1	1%
Tolstoy Foundation Rehabilitation and Nursing Center	100 Lake Road	Valley Cottage	96	3	3%
White Plains Center for Nursing	220 West Post Road	White Plains	87	6	7%
St. Joseph's Hospital - Skilled Nursing Facility	555 St. Joseph's Boulevard	Elmira	85	2	2%
The Osborn	101 Theall Road	Rye	84	0	0%
Bayberry Nursing Home	40 Keogh Lane	New Rochelle	60	4	7%
Rosary Hill Home	600 Linda Ave	Hawthorne	54	28	52%
Sunshine Children's Home and Rehab Center	15 Spring Valley Road	Ossining	54	0	0%
Victoria Home	25 N Malcolm Street	Ossining	49	2	4%
Bethel Nursing Home Company Inc	17 Narragansett Avenue	Ossining	43	10	23%
Kendal On Hudson	One Kendal Way	Sleepy Hollow	26	20	77%
Helen Hayes Hospital RHCF	51 N Route 9W	West Haverstraw	25	1	4%
The Steven and Alexandra Cohen Pediatric Long Term Care	95 Bradhurst Avenue	Valhalla	24	0	0%
The Knolls	55 Grasslands Road	Valhalla	20	5	25%
Total / Count	53		7,926	468	6%

Source: New York State Health Data; compiled by Weitzman Associates, LLC.

According to our analysis of senior care facilities in Westchester County, there are approximately 11,735 beds spread across 91 facilities. Of these 11,735 beds, only 1,067 or 9% were available as of May 2019.

TABLE 134

WESTCHESTER COUNTY SENIOR CARE FACILITY SUMMARY			
TOTAL CARE FACILITIES	TOTAL BEDS	TOTAL AVAILABLE	VACANCY
91	12,684	1,483	12%

In addition to calculating the amount of existing available inventory, we also have calculated how many senior living units are under construction in Westchester County, according to data from CoStar. The list of senior housing development under construction can be found on the following table.

TABLE 135

WESTCHESTER COUNTY SENIOR HOUSING UNDER CONSTRUCTION					
Name	Address	Town	Subtype/Levels of Care	Year Built	Units
1. The Esplanade	95 South Broadway	White Plains	Senior Apartments	3Q 2019	212
2. Capitol Senior Housing	715 Dobbs Ferry Road	Hartsdale	Senior Apartments	4Q 2019	101
Total					313

Source: CoStar; compiled by Weitzman Associates

To account for the effect this new construction will have on demand for senior housing, we will include the number of units under construction in our net demand calculations. The following table is a list of proposed developments according to CoStar.

TABLE 136

WESTCHESTER COUNTY PROPOSED SENIOR HOUSING DEVELOPMENTS					
Name	Address	Town	Subtype/Levels of Care	Year Built	Units
1. Broadview	735 Anderson Hill Rd	Purchase	Independent/Assisted Living/Memory Care	N/A	385
2. 40 Croton Dam Rd	40 Croton Dam Rd	Ossining	Senior Apartments	N/A	188
3. 120 Bloomingdale Road	120 Bloomingdale Road	White Plains	Independent Living	N/A	132
4. 1 North Fulton Ave	1 North Fulton Ave	Mount Vernon	Independent/Assisted Living	N/A	240
5. Brightview Senior Living	289 Dobbs Ferry Road	Greenburgh	Independent/Assisted Living/Memory Care	N/A	160
6. Artis Senior Housing	553 North State Road	Ossining	Assisted Living	NA	NA
7. 900 King Street	900 King Street	Rye Brook	Senior Apartments	2021	269
8. United Hospital Residential	406 Boston Post Road	Port Chester	TBD	2026	230
9. Elmwood Preserve	850 Dobbs Ferry Road	White Plains	Senior Apartments	2021	175
10. 35 Vark Street	35 Vark Street	Yonkers	Senior Apartments	2020	67
11. 65 Lake Street	65 Lake Street	White Plains	Senior Apartments	2020	56
12. 1 Westhelp Drive	1 Westhelp Drive	White Plains	Senior Apartments	2020	54
Total					1,956

Source: CoStar; compiled by Weitzman Associates

SENIOR HOUSING PROPERTY COMPARABLES



The Osborn is located at 101 Theall Road in Rye, New York, approximately 13 miles from North 60. The not-for-profit retirement community originally opened in 1908 and offers an array of senior care options. Residents at The Osborn may choose to live alone in an independent living apartment or Garden Home. Those requiring more care may reside in the assisted living portion of the community.

Assisted living services include memory care, skilled nursing and rehabilitation, in-home care, and hospice care. The 56-acre campus houses over 400 residents. It offers amenities such as an indoor swimming pool, 27-seat screening room, two libraries, three dining rooms, a billiards room, an on-site general store, bank, computer center, beauty salon, and barbershop.

The 188-unit independent living community at The Osborn, Sterling Park, allows residents the choice of one- to three-bedroom apartments or single-family style two-bedroom garden homes. The apartments include eight different floor plans that range from 756 to 1,900 square feet. The independent living apartments require a 100% refundable entrance fee, in addition to a monthly service fee. Residents have the opportunity to purchase meal plans between 15 and 30 meals per month. The Garden Homes are single floor residences with two bedrooms and are 1,660 square feet in size. Garden Home features include eat-in kitchens, decks, fireplaces, and full-service maintenance and grounds keeping. The Garden Homes follow the same payment plan as the independent living community apartments, and both types include weekly housekeeping and laundry services. Sterling Park also received a brand-new fitness center in August 2015 with equipment geared toward the older population. The Rye YMCA personal trainers are also on-site at scheduled times to give guidance to the residents. The Osborn plans to incorporate a “Seven Dimensions of Wellness” program for residents, focusing on physical and mental well-being. This includes a variety of clubs, physical activities, classes, and social events.

The Osborn features an independent living component with rental units available across various buildings throughout the campus. The rental apartments are small, ranging from a 302 square foot studio to a 653 square foot two-bedroom unit. They do not require an entrance fee. Services and amenities are accounted for in the monthly rent. Amenities for

independent rental apartments include one meal per day, utilities, weekly housekeeping, laundry service, chauffeured transportation, medical emergency call alert system, 10 hours of personal care per year, and maintenance. Monthly rents for these units are summarized in the table below.

TABLE 137

THE OSBORN					
Address	Year Built	Units	Vacancy	Unit	Avg. Rent
101 Theall Road Rye Brook, New York	1908	103	17%	Studio	\$5,500 - \$6,000
				One Bedroom	\$6,400 - \$7,600
				Two Bedroom	\$9,900 - \$11,000
Average					\$7,267 - \$8,200

Source: The Osborn Sales Office; compiled by Weitzman Associates, LLC.



Atria Rye Brook is located at 1200 King Street in Rye Brook, New York, approximately 11 miles from North 60. The three-story independent and assisted living community opened in 2003. Community features at Atria Rye Brook include a private dining room available for special occasions, outdoor dining spaces, a pub, a courtyard, walking paths, gardens, a pottery

studio, and a library. Services include 24-hour staff, a concierge, shuttle service, scheduled transportation to local appointments and events, a full-service salon and spa, and emergency alert wristbands.

Other amenities include Wi-Fi in commons areas, on-site parking, a fitness center, a physical therapy room, off-site swimming pools, a movie theatre, volunteer programs, and newspaper delivery. Individual apartment services include housekeeping and linen services. There are a variety of floor plans, all of which include patios, fully equipped kitchens, walk-in showers, walk-in closets, washer and dryers, individual climate control, and an electronic key entry system. Atria Rye Brook created an “Engage Life” program, which allows residents to participate in over 200 opportunities to learn, create, and exercise each month. This includes guest lectures, art workshops, and cultural discussions.

TABLE 138

ATRIA RYE BROOK							
Address	Year Built	Units	Vacancy	Unit	Avg. SF	Avg. Rent	Avg. Rent PSF
1200 King Street Rye Brook, New York	2003	166	NA	One Bedroom	708	\$6,500	\$9.18
				Two Bedroom	1,030	\$8,250	\$8.01
Average					869	\$7,375	\$8.49

Source: Atria Rye Brook; compiled by Weitzman Associates, LLC.



Atria on the Hudson is located at 321 North Highland Avenue in Ossining, New York, approximately 10 miles from North 60. Atria on the Hudson offers independent living, assisted living, and memory care services. Services at Atria on the Hudson include laundry service, a concierge, scheduled transportation to local appointments and events, a full-service salon and

spa, and nurses on call 24/7.

The senior care facility offers studio, one-, and two-bedroom units. The studios range in size from 307 square feet to 342 square feet. The one-bedroom units range in size from 572 square feet to 680 square feet. The two-bedroom units are approximately 865 square feet. Apartment amenities include balconies or patios, kitchen or kitchenettes, walk-in showers, walk-in closets, an emergency alert system, individual climate control, and an electronic key entry system.

Amenities on the 10-acre property include 24-hour staff, a private dining room available for special occasions, an outdoor grill and dining space, a cocktail lounge, patio, courtyard, walking paths, gardens, a fireplace, library, Wi-Fi, on-site parking, on-site sundries shop, a fitness center, putting green, game room, an indoor swimming pool, a hot tub, a physical therapy room, movie theater, support groups, and emergency alert wristbands.

TABLE 139

ATRIA ON THE HUDSON					
Address	Year Built	Units	Vacancy	Unit	Avg. Rent
321 North Highland Avenue Ossining, New York	Renovated	185	31%	Studio	\$5,000 - \$6,500
	2009			One Bedroom	\$8,500 - \$9,000
Average					\$6,750 - \$7,750

Source: Atria on the Hudson; compiled by Weitzman Associates, LLC.



Brightview Tarrytown is located at 581 Old White Plains Road in Tarrytown, New York, approximately four miles from North 60. The development was completed in 2015 and offers 63 assisted living apartments and 32 memory care apartments. Residential amenities include individually controlled heating and air conditioning, full baths, kitchenettes, and all

utilities are included.

Community features include landscaped grounds, a communal dining room, a bar for daily happy hour, three meals per day, a private dining room, library, a fitness center, a Physical Therapy room, a full-service beauty and barber shop, daily social events, and office space for visiting physicians.

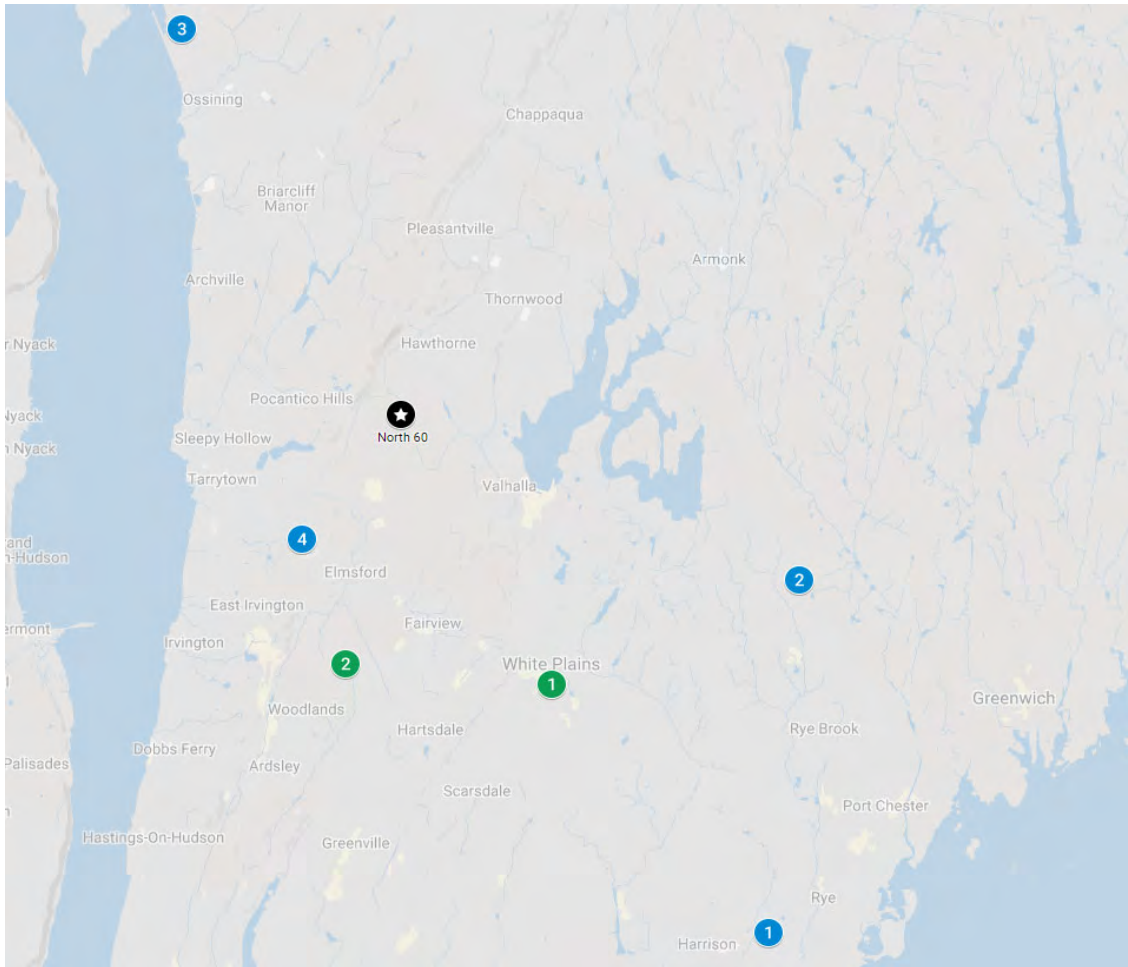
TABLE 140

BRIGHTVIEW TARRYTOWN					
Address	Year Built	Units	Vacancy	Unit	Avg. Rent
581 Old White Plains Rd Tarrytown, New York	NA	107	8%	Studio	\$5,000 - \$6,100
				One Bedroom	\$6,600 - \$8,100
				Semi-Private	\$4,400 - \$5,400
				Two Bedroom	\$7,500 - \$9,200
Average					\$5,875 - \$7,200

Source: Assistedliving.com; compiled by Weitzman Associates, LLC.

A map of existing (blue) and under construction (green) senior housing comparables for North 60 can be found on the following page.

MAP: SENIOR HOUSING COMPARABLES



Source: Google Maps; compiled by Weitzman Associates, LLC

MAP KEY

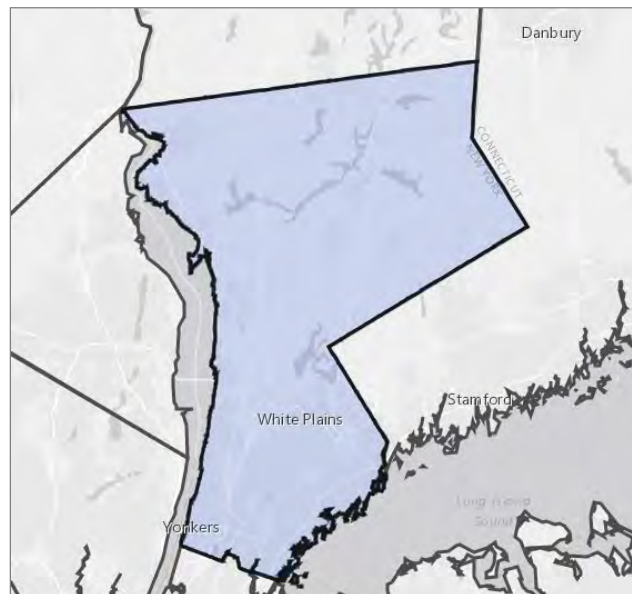
WESTCHESTER COUNTY EXISTING SENIOR HOUSING (Blue)					
Name	Address	Town	Subtype/Levels of Care	Year Built	Units
1. The Osborn	101 Theall Road	Rye	Independent & Assisted Living	1908	400
2. Atria Rye Brook	1200 King Street	Rye Brook	Independent & Assisted Living	2003	166
3. Atria on the Hudson	321 North Highland Avenue	Ossining	Independent & Assisted Living, Memory Care	2009	185
4. Brightview Tarrytown	581 Old White Plains	Tarrytown	Assisted Living & Memory Care	NA	107
WESTCHESTER COUNTY SENIOR HOUSING UNDER CONSTRUCTION (Green)					
Name	Address	Town	Subtype/Levels of Care	Year Built	Beds
1. The Esplanade	95 South Broadway	White Plains	Senior Apartments	3Q 2019	212
2. Capitol Senior Housing	715 Dobbs Ferry Road	Hartdale	Senior Apartments	4Q 2019	101

SENIOR HOUSING DEMAND ANALYSIS

We have attempted to quantify the depth of demand for a potential senior housing development at North 60. This task was accomplished by: (1) estimating the underlying demand for senior housing in the market area; (2) projecting the annual absorption rate of the senior housing units; and (3) estimating the percent of total demand that the project must capture in order to achieve the projected level of absorption. This analysis serves as a significant test of the potential marketability and ease of market entry for senior housing at North 60. It is also a method of quantitatively determining the development and investment risk associated with absorption.

The Primary Market Area (PMA) is the geographical area from which we believe the vast majority of the demand for senior housing at North 60 will come. The Primary Market Area is defined as all of Westchester County. Based on the need-driven nature of services provided by senior housing development, seniors requiring those services typically come from an area near the development. Furthermore, many seniors wish to remain near their families and communities, (“aging in place”). Therefore, we believe that the majority of demand for the proposed development will come from households presently living in the Primary Market Area. The following map shows the defined market area.

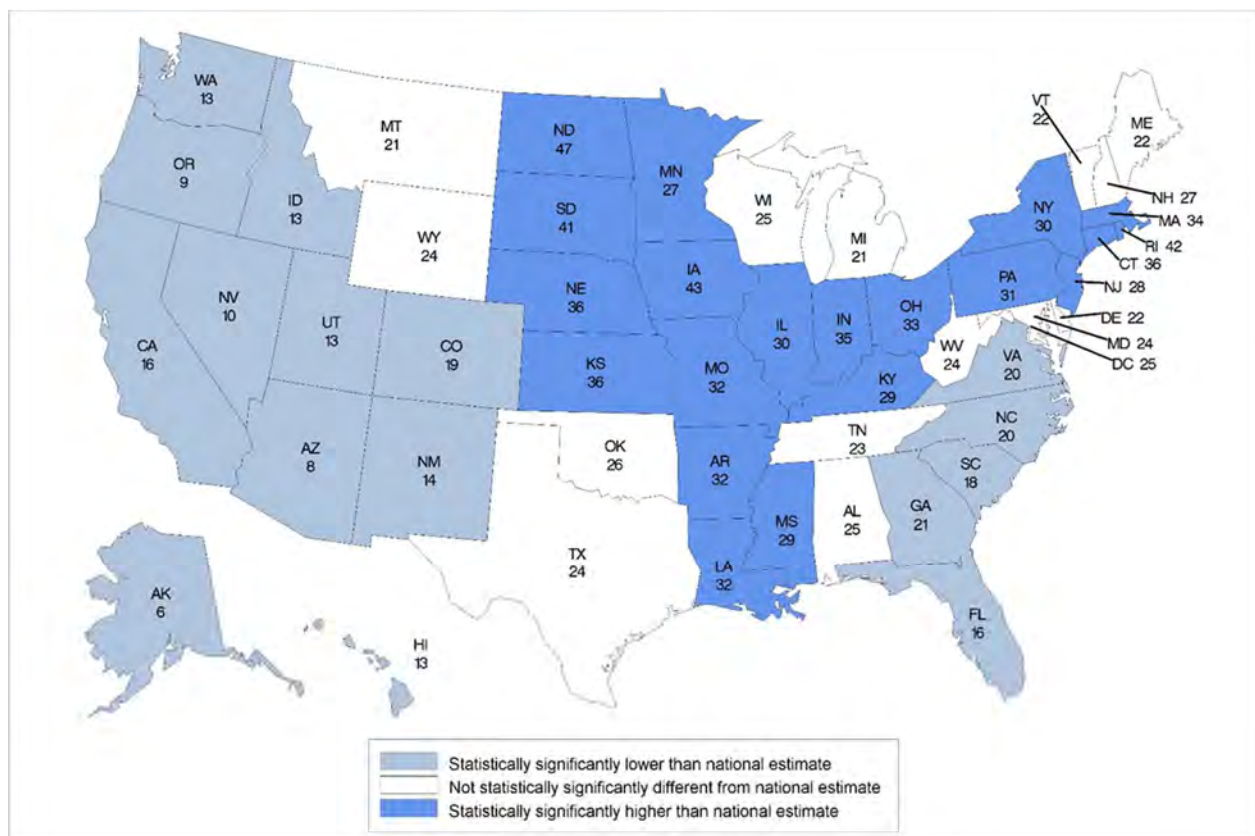
MAP: PRIMARY MARKET AREA



Skilled Nursing Demand Analysis

To analyze the demand for skilled nursing in our Primary Market Area, we applied the rate of people 65 years or older who use skilled nursing based on data from National Center for Health Statistics' report on Long-term Care Providers and Service Users in the United States, 2015-2016. This report is produced every two years, but the 2017-2018 report has not been released. Based on data from this report, 30 per 1,000 persons aged 65 and over in the state of New York were nursing home residents in 2016. For comparison, the national rate is 24 per 1,000 persons or 2.4%. The following map shows the findings from the NCHS, National Study of Long-Term Care Providers, 2016 report.

MAP: USE RATE OF NURSING HOME RESIDENTS
AGED 65 AND OVER PER 1,000 PERSONS



Source: Lendon, J.P., Rome, V., Sengupta, M., and Harris-Kojetin, L. Long-Term Care Services Use-Rates in the United States--US Maps Supplement: National Study of Long-Term Care Providers, 2015-2016. National Center for Health Statistics. 2018.

For the purposes of our study, we have analyzed the total population 65 years and older in our Primary Market Area. We have not used an income or net worth requirement because the majority of nursing home services are covered by Medicaid and/or Medicare for those who cannot afford to pay out of pocket. According to data collected by ESRI Business Analyst, **there are a total of 172,197 people aged 65 and over in the Primary Market Area.** This age group represents 18% of all people in the Primary Market Area.

TABLE 141

65+ POPULATION AS PERCENTAGE OF TOTAL PMA POPULATION		
65+ Population	Total PMA Population	%
172,197	977,073	18%

To determine the demand for new nursing home beds in the Primary Market Area we applied the use rate for the state of New York to the 65 and over population. We note that our skilled nursing demand analysis uses total population instead of households because skilled nursing is based on personal needs rather than that of a household. In other words, one person from a household may need skilled nursing care while the other household members remain in place. Further in the report, our assisted living and independent living demand analyses use households because of the assumption that an elderly couple would move together into one of those facilities. The following table illustrates our demand calculation for skilled nursing.

TABLE 142

AGE-BASED SKILLED NURSING DEMAND ANALYSIS	
Population Aged 65+	
HOUSEHOLD CRITERIA	PRIMARY MARKET AREA
Total Population, Aged 65+	172,197
Total Age Qualified Population	172,197
Rate of Seniors Expected to use Skilled Nursing Care	30 Per 1,000
Total Seniors Expected to use Skilled Nursing Care	5,166
Annual 65+ Population Growth Rate (2018-2023)	2.6%
Annual 65+ Population Growth	4,403
Annual Population Growth Expected	132
Total Skilled Nursing Demand	5,298
Less Total Skilled Nursing Beds ¹	7,926
Net Housing Demand	(2,628)

Sources: ESRI Business Analyst; American Community Survey; analysis by Weitzman Associates

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

(1) Figure includes existing and under construction skilled nursing facilities.

Based on the calculations in the previous table, we do not recommend developing nursing home beds at this time. Due to the high costs of nursing home services, many people choose home health agencies for their skilled nursing care. Furthermore, the more affluent population of Westchester County would likely choose home health agencies rather than a nursing home. According to the NCHS, Study of Long-Term Care Providers, 2016, 78 per 1,000 New York residents aged 65 and older use home health agencies compared to the national average of 76 per 1,000 persons aged 65 and older.

Assisted Living Demand Analysis

Many Americans do not consider their chances for becoming disabled and needing long-term care services and support (LTSS) as they age. Most LTSS is not medical care, but rather assistance with the basic personal tasks of everyday life, sometimes called “Activities of Daily Living” (ADLs), which include such everyday tasks as bathing, dressing, toileting, and eating.¹ Of those who do consider their chances of needing LTSS, many incorrectly assume that their health insurance will cover the costs of the assistance they require. In fact, health insurance does not cover LTSS costs, and Medicare does not cover most LTSS expenses according to the Centers for Medicare and Medicaid Services. Therefore, many Americans must pay out of pocket for their LTSS expenses.

According to our analysis of comparable developments, the average cost for a bed in an assisted living facility in the Primary Market Area is \$7,400 per month. According to the Department of Health and Human Services, the average length of time a person 65 years or older will use paid LTSS is one year. Using this data, we can calculate the number of seniors who can afford paid LTSS based on their net worth. The following table illustrates our calculation for the net worth required for one year of paid LTSS.

TABLE 143

HOUSEHOLD NET WORTH NEEDED	
Assisted Living Average Monthly Rent	\$7,400
Average Length of Paid LTSS (1)	12 months
Total Cost of Care	\$88,800
Minimum Net Worth Needed (3x Cost of Care)	\$266,400

(1) Figure based on Long-term services and supports for older Americans: Risks and financing. ASPE Research Brief

¹ Department of Health and Human Services, ASPE Issue Brief, 2016

Our analysis assumes that a senior entering assisted living would not be comfortable spending all of their net worth on care in 12 months. Also, many assisted living facilities charge an entrance fee that is typically equivalent to one month's rent or more. Based on these factors, we assume that someone would want their net worth to be three times the amount required for their stay in an assisted living facility. Therefore, we will use a **net worth requirement of \$250,000 or more to calculate how many age- and net worth-qualified households there are in the Primary Market Area**. For the purposes of our study, we have limited the analysis to households 65 years or older because this is the population most likely to use assisted living services.

According to data collected by ESRI Business Analyst, **there are a total of 63,754 age- and net worth-qualified households in the Primary Market Area**. These households represent 18% of all households in the Primary Market Area.

TABLE 144

65+ HOUSEHOLDS AS PERCENTAGE OF TOTAL PMA HOUSEHOLDS (2018)		
Senior Households	Total PMA Households (2018)	%
104,743	355,434	29%
65+ HOUSEHOLDS WITH NET WORTH \$250,000+ AS PERCENTAGE OF TOTAL PMA HOUSEHOLDS		
Senior Households	Total PMA Households (2018)	%
63,754	355,434	18%

Source: ESRI Business Analyst; compiled by Weitzman Associates, LLC

To determine the age- and net worth-qualified demand in our Primary Market Area, we applied a demand rate based on the percentage of seniors expected to use paid LTSS for at least one year according to the U.S. Department of Health and Human Services. The following table applies this rate to the age- and net worth-qualified households in our Primary Market Area. Additionally, this table calculates the growth expected over the next five years and projects the annual capture rates of the demand in the Primary Market Area.

TABLE 145

AGE AND NET WORTH-BASED ASSISTED LIVING DEMAND ANALYSIS Households Aged 65+ With Net Worth of \$250,000+ by Household Net Worth 2018 Estimate	
HOUSEHOLD CRITERIA	PRIMARY MARKET AREA
Total Households Aged 65+ With Net Worth \$250,000+	63,754
Total Age & Net Worth Qualified Households	63,754
Rate of Seniors Receiving Paid LTSS for 12+ months (1)	24.6%
Total Seniors Receiving Paid LTSS	15,683
Annual Household Growth Rate (2018-2023)	2.0%
Annual Household Growth	1,274
Annual Household Growth & Assistance with ADLs	313
Total Housing Demand	15,997
Less Total Assisted Living Beds (2)	2,565
Net Housing Demand	13,432
Projected Annual Capture Rate @ 100 Units per Year	0.7%
Projected Annual Capture Rate @ 50 Units per Year	0.4%
Projected Annual Capture Rate @ 25 Units per Year	0.2%

Sources: ESRI Business Analyst; American Community Survey; analysis by Weitzman Associates

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

(1) Figure based on data in Department of Health and Human Services, ASPE Issue Brief 2016

(2) Figure includes existing and under construction assisted living facilities, and 50% of proposed assisted living units.

Based on the calculations in the previous table, **the net demand for assisted living from age- and net worth-qualified households in the Primary Market Area is 13,432.** Tested at various absorption rates, the demand for assisted living is compelling. A new assisted living development would only need to capture 0.7% of the demand to lease-up 100 units per year. Therefore, we believe there is opportunity to develop assisted living beds.

Independent Living Demand Analysis

According to Caring.com, the average rent at an independent living facility is \$4,719 per month in Westchester County. Based on the 2016-2017 Consumer Expenditure Survey, people aged 65 and older spend approximately 60% of their income on housing, food, and transportation.

Generally, independent living facilities provide these three services, so our analysis assumes that potential independent living residents will use 60% of their income on rent. Based on this information, we can calculate the annual income needed to afford living at an independent living facility in the Primary Market Area. The following table illustrates our calculation.

TABLE 146

HOUSEHOLD ANNUAL INCOME NEEDED	
Average Monthly Rent (1)	\$4,719
Monthly Rent as Percentage of Income	60%
Monthly Income Needed	\$7,865
	x12
Annual Income Needed	\$94,380

(1) Caring.com; compiled by Weitzman Associates, LLC.

For the purposes of our analysis, we will calculate demand based on those aged 65+ years who have an average annual income of \$100,000 or more. Additionally, we will use data from the Department of Health and Human Services' 2016 ASPE Issue Brief that states that 52.8 percent of people 65 and older will not use paid long-term services and supports (LTSS) in their life time. Therefore, these people are potential users for independent living. Our independent living demand calculation can be found in the following table.

TABLE 147

AGE AND NET WORTH-BASED INDEPENDENT LIVING DEMAND ANALYSIS Households Aged 65+ With Annual Income of \$100,000+ by Household Annual Income 2018 Estimate	
HOUSEHOLD CRITERIA	PRIMARY MARKET AREA
Total Households Aged 65+, Annual Income \$100,000+	37,293
Total Age & Income Qualified Households	37,293
Rate of Seniors Not Expected to Use Paid LTSS (1)	52.8%
Total Seniors Not Expected to Use Paid LTSS	19,691
Annual Household Growth Rate (2018-2023)	2.0%
Annual Household Growth	745
Annual Household Growth Not Expected to Use Paid LTSS	393
Total Housing Demand	20,084
Less Total Independent Living Units (2)	1,614
Net Housing Demand	18,470
Projected Annual Capture Rate @ 100 Units per Year	0.5%
Projected Annual Capture Rate @ 50 Units per Year	0.3%
Projected Annual Capture Rate @ 25 Units per Year	0.1%

Sources: ESRI Business Analyst; American Community Survey; analysis by Weitzman Associates

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

(1) Figure based on data in Department of Health and Human Services, ASPE Issue Brief 2016

(2) Figure includes existing and under construction independent living facilities units, and 50% of proposed independent living units.

Based on the calculations in the previous tables, the total demand for independent living from age- and income-qualified households in the Primary Market Area is 18,470. Tested at various absorption rates, the demand for independent living is compelling. A new independent living facility at North 60 would need to capture 0.5% of demand in order to achieve a lease-up of 100 units per year.

Senior Housing Demand Analysis Conclusion

Our analysis provides a conservative estimate of the amount of senior housing demand in the Primary Market Areas. There is significant depth of demand generated by senior households with a net worth over \$250,000 for new assisted living facilities at North 60. There is also

significant depth of demand generated by senior households with an income over \$100,000 for independent living residences at North 60. Furthermore, demographic trends will continue to strengthen the demand for senior care in Westchester County. The adjacency to Westchester Medical Center is a critical selling point that Fareri Associates may capitalize on to attract an outsized share of demand. Furthermore, with proper design, orientation, and landscaping, senior housing at North 60 could resonate aesthetically with Westchester County households, further bolstering its marketability

STUDENT HOUSING, CO-LIVING, & MICRO-UNITS

Student Housing Overview

According to CBRE's 2018 Global Student Report, steady growth in student numbers is a worldwide phenomenon. Even while some developed countries have seen a slight dip in numbers due to demographic changes, this has been offset by the growth in international student mobility. While property yields are at all-time lows in traditional commercial real estate sectors, investors are turning to alternative asset types for better returns. CBRE's Investor Intentions Survey showed that 8 out of 10 categories of "real estate alternative" asset classes reached peak popularity in 2018. Furthermore, student housing registered a year-over-year increase in investor interest.

Similar to other real estate asset types, demographic changes are driving demand and investor interest in student housing. Although educational participation rates have slowed in North America and Europe, they have grown rapidly in developing countries such as China and India that have a booming middle class. As developing countries become richer, students have the means to travel abroad for their education, and the U.S. is the top destination. According to the Organization for Economic Cooperation and Development, 1,015,351 international students attended school in the United States in 2018. The next most popular country was the United Kingdom with 465,445 students. Therefore, even with slowing participation rates from domestic students, international student enrollment in U.S. universities should support strong demand for student housing.

Westchester County is home to over 20 colleges and universities in addition to medical schools and other specialty institutions. These institutions would likely be the largest demand drivers for student housing at North 60. The following table is a list of these institutions of higher education.

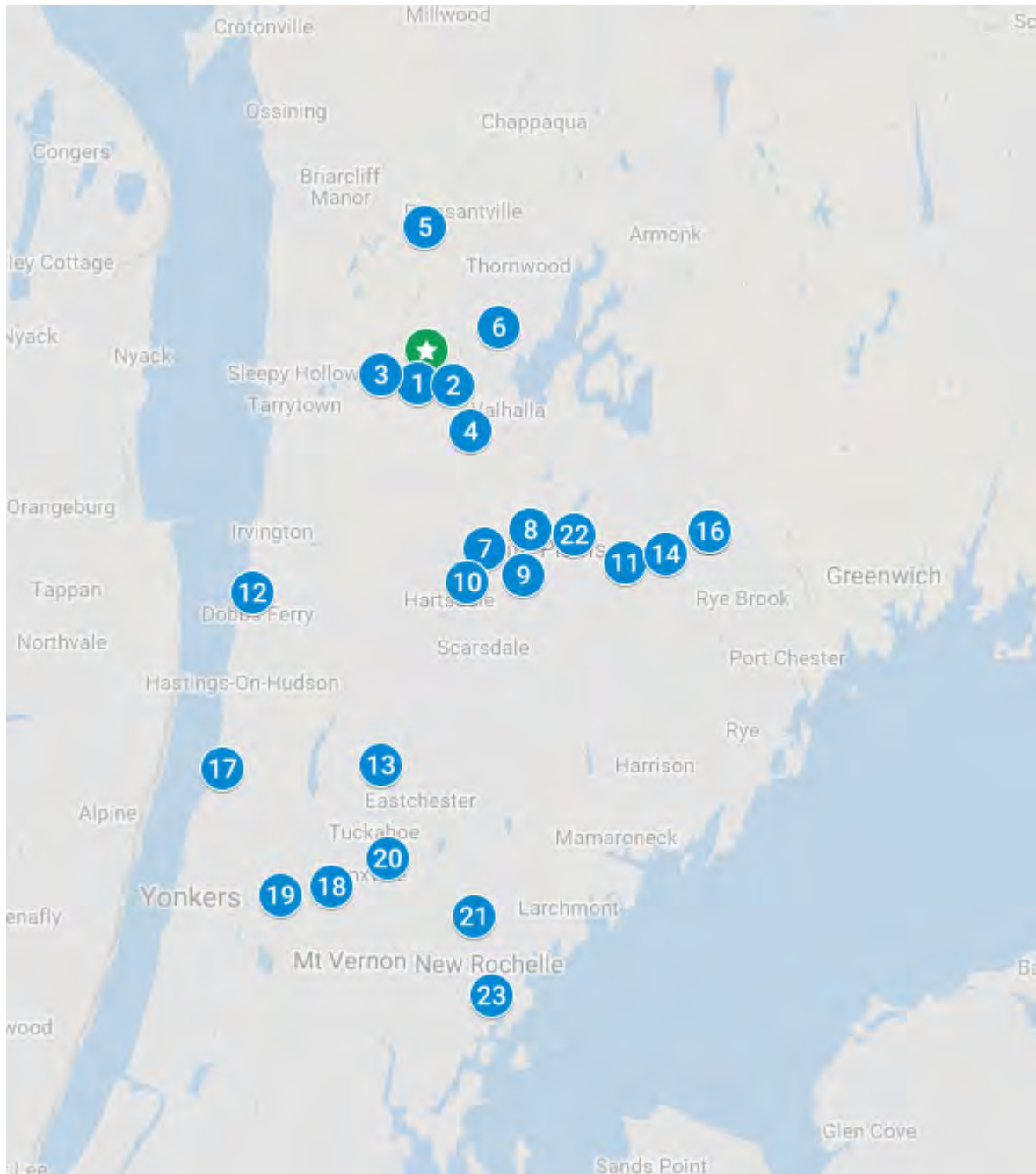
Conversations with academic institutions near North 60 indicate that the local student population is generally well-served by existing student housing. Furthermore, many students live with their parents, or in traditional apartments. However, we have learned that Pace University had intended to build a 250-unit student housing complex on its campus, but those plans are on hold due to financial concerns.

TABLE 148

HIGHER EDUCATION INSTITUTIONS WESTCHESTER COUNTY				
#	Name	Address	Town	Distance to Subject Site (mi)
1.	New York Medical College	40 Sunshine Cottage Road	Valhalla	<1
2.	NYMC School of Health Sciences	30 Plaza West	Valhalla	<1
3.	Tourp College of Dental Medicine	19 Skyline Drive	Hawthorne	1.3
4.	Westchester Community College	75 Grasslands Road	Valhalla	2.4
5.	Pace University - Pleasantville Campus	861 Bedford Road	Pleasantville	3.8
6.	Pace University	100 Summit Lake Drive	Valhalla	3.9
7.	The College of Westchester	325 Central Avenue	White Plains	5.5
8.	Elisabeth Haub School of Law at Pace University	78 North Broadway	White Plains	5.7
9.	Berkeley College	99 Church Street	White Plains	6.5
10.	SUNY Empire State College	210 North Central Avenue	Hartsdale	6.5
11.	Fordham University Graduate School of Social Service	400 Westchester Avenue	West Harrison	8.2
12.	Mercy College	555 Broadway	Dobbs Ferry	9.1
13.	Saint Vladimir's Orthodox Theological Seminary	575 Scarsdale Avenue	Yonkers	9.5
14.	Manhattanville College	2900 Purchase Street	Purchase	9.5
15.	Long Island University - Westchester	735 Anderson Hill Road	Purchase	10.0
16.	Purchase College	735 Anderson Hill Road	Purchase	10.0
17.	Cochran School of Nursing	967 North Broadway	Yonkers	12.0
18.	Sarah Lawrence College	1 Mead Way	Bronxville	12.5
19.	St. Joseph's Seminary	201 Seminary Avenue	Yonkers	13.1
20.	Concordia College	171 White Plains Road	Bronxville	15.5
21.	Iona College	715 North Avenue	New Rochelle	18.0
22.	Monroe College	434 Main Street	New Rochelle	18.0
23.	The College of New Rochelle	29 Castle Place	New Rochelle	20.0

Source: Compiled by Weitzman Associates, LLC

MAP: INSTITUTIONS OF HIGHER EDUCATION IN WESTCHESTER COUNTY



In addition to providing analysis on the possible demand drivers for student housing at North 60, we have also provided a summary of currently available student housing, as well as a pipeline of student housing projects in Westchester County (data from CoStar). Please note that rental rates are not available for all properties.

Select Currently Available Student Housing Comparables



Alumni Hall at Pace University is located on the Westchester Campus at 861 Bedford Road, Pleasantville, New York, approximately four miles from North 60. Alumni Hall is a 125,000 square foot four-story residence hall that houses 477 students in suites and semi suites. Suites contain either two doubles sharing a bathroom, one double with a bathroom, or a single with a bathroom.

Average rents range from \$5,830 to \$7,600 per suite per semester.

TABLE 149

ALUMNI HALL - PACE UNIVERSITY				
Address	Year Built	Capacity	Unit Type	Avg. Rent Per Semester
861 Bedford Road Pleasantville, New York		477 Students	5 Bed Semi-Suite	\$5,830
			5 Bed Semi-Suite - Extended Occupancy	\$6,730
			4 or 5 Bed Semi-Suite	\$6,730
			3 Bed Semi-Suite	\$6,900
			2 Bed Semi-Suite	\$7,200
			1 Bed Semi-Suite	\$7,600
Average				\$6,832

Source: Pace University; compiled by Weitzman Associates, LLC.



Elm Hall at Pace University is located on the Westchester Campus at 861 Bedford Road, Pleasantville, New York, approximately four miles from North 60. Elm Hall is a 96,000 square foot residence hall that houses 272 students in suites and semi-suites. Suites contain two double bedrooms sharing a bathroom and a furnished living room. Semi-suites contain two doubles sharing a bathroom.

Average rents range from \$5,830 to \$7,800 per suite or semi-suite per semester.

TABLE 150

ELM HALL - PACE UNIVERSITY				
Address	Year Built	Capacity	Unit Type	Avg. Rent Per Semester
861 Bedford Road Pleasantville, New York	NA	272 Students	5 Bed Semi-Suite (no living room, shared bath,) - Triple	\$5,830
			5 Bed Semi-Suite w/ living room - Triple	\$6,400
			4 or 5 Bed Semi-Suite (no living room, shared bath) - Double	\$6,730
			3 Bed Semi-Suite (no living room)- Triple	\$6,900
			5 Bed Suite w/living room - Double	\$7,200
			2 Bed Semi-Suite (no living room, shared bath) - Double	\$7,200
			3 Bed Suite w/living room	\$7,200
			2 Bed Suite w/living room	\$7,800
TOTAL				\$6,908

Source: Pace University; compiled by Weitzman Associates, LLC.



Gaddy Hall at Monroe College is located at 381 Main Street in New Rochelle, New York, approximately 17 miles from North 60. The six-story mixed-use building provides on-campus housing for 300 students. On the first floor is the main dining hall called the Gaddy Café which is open seven days per week. There is also an outdoor courtyard, seven classrooms, and offices for faculty members.

Average rents at Gaddy Hall range from \$2,850 to \$3,950 per semester.

TABLE 151

GADDY HALL - MONROE UNIVERSITY				
Address	Year Built	Capacity	Unit Type	Avg. Rent Per Semester
381 Main Street New Rochelle, New York	2014	300 Students	Quad	\$3,450
			Triple	\$3,800
			Double	\$3,950
Average				\$3,733

Source: Monroe University; compiled by Weitzman Associates, LLC.



Grasslands II at New York Medical College is located at 1302 Old Farm Road in Valhalla, New York, less than one mile from North 60. The four-story building offers a mix of furnished three- and four-bedroom apartments with two bathrooms. Bedrooms are typically 126 square feet, living rooms are 220 square feet, kitchens are 60 square feet, and bathrooms are 40 square feet.

Average rents range from \$880 to \$940 per bedroom per semester.

TABLE 152

GRASSLANDS II - NEW YORK MEDICAL COLLEGE				
Address	Year Built	Capacity	Unit Type	Avg. Rent Per Semester
381 Main Street New Rochelle, New York	NA	NA	Bedroom in 4 Bed Share	\$880
			Bedroom in 3 Bed Share	\$900
			Bedroom in 3 Bed Share w/ 1/2 Bath	\$940
Average				\$907

Source: New York Medical College; compiled by Weitzman Associates, LLC.



Six Cottage Place is a mid-rise dormitory located at 6 Cottage Place in White Plains, New York, approximately six miles from North 60. The dormitory was built in 1974 and contains 46 units. As of May 2019, it was 95.6% occupied. This dormitory is owned by Berkeley College.

Six Cottage Place offers furnished studio to three-bedroom units with full kitchens, and air conditioning. Each unit comes wired for voice, data, and cable television. Amenities include 24-hour security, electronic key access, a resident lounge, vending machines, and laundry facilities.



Sussex House is located on the first floor of 99 Church Street in White Plains, New York, approximately six miles from North 60. The building was completed in 1964 and contains a mix of studios and two-bedroom units that feature full kitchens, and air conditioning. Each unit comes wired for voice, data, and cable television. Amenities include 24-hour security, electronic key access, a resident lounge, vending machines, and laundry facilities.

This dormitory is owned by Berkeley College.

While it is challenging to quantify demand for student housing, the academic institutions near North 60 with whom we have spoken all indicated a constant need for more student housing. As such, there is an opportunity for Fareri Associates to partner with at least one academic institution to provide student housing at North 60.

Co-Living and Micro-Units

Co-living is not a new concept, but recently it has taken on new life as a housing option predominantly for Millennials or “digital nomads,” as well as anyone feeling isolated in their current living situation. At its core, co-living is a form of housing that combines private living spaces (i.e. a bedroom) with shared amenity spaces such as kitchens, lounges, and gyms. Beyond the basic housing fundamentals, the purpose of co-living is to create an affordable, community-centered environment that provides privacy, but also promotes in-person socialization instead of the virtual alternatives found on social media. To create this community-centered and social environment, many co-living properties have onsite “community managers” that organize social events. Residents are encouraged to participate in these events, and many are eager for the chance to meet new people and grow their networks.

Like co-living spaces, micro-units have been gaining traction as a viable housing option since the mid-2000s and have become more attractive as the costs of city living continue to rise. According to a JLL research report, the average micro-unit size is 300 to 400 square feet, which is about the size of an average one-car garage. What makes a unit of this size attractive is its location and the surrounding environment. Many younger renters are willing to forgo square footage in exchange for a convenient location, appealing amenities, and affordable rent.

A clear distinction between co-living and micro-units are that micro-units typically have a kitchen and bathroom within the unit. In a co-living unit, a renter may have their own bedroom, but likely will share a bathroom and kitchen with other renters on their floor. Micro-units provide a higher level of privacy than most co-living developments. However, most people are drawn to co-living for the chance to meet and interact with new people. Micro-units generally do not have to offer the luxury amenities found in co-living.

There are very few examples of co-living and micro-unit housing developments in Westchester County. This product type is predominantly found in New York City where renters are more constrained by housing prices, and where “transplants” to the New York area generally prefer to reside. However, a new development called UNO was recently launched in Yonkers that offers 50 high-tech micro-units. The following is a profile of this property.



UNO is located at One Larkin Plaza in Yonkers, New York, approximately 15 miles from North 60. The development was completed in October 2017 and contains 50 micro-unit apartments. According to press reports, a third of the micro-units were preleased at the time of completion.

Uno is located in the middle of i.Park, a 24-acre technology and office campus on the Yonkers Waterfront. The campus is home to more than 2,000 employees in the technology, life science, and education sectors. Residences feature 17-foot ceilings and large windows that make the micro-units feel larger. Each unit comes equipped with a Murphy bed that pulls down from a cabinet bolted to the wall to maximize living space. Additionally, each micro-unit has a refrigerator, dishwasher, stove, oven, microwave, and bathroom.

Rent for a 462 square foot UNO micro-apartment starts at \$1,550 per month, or \$3.35 per square foot. A typical floorplan for an UNO micro-apartment can be found below.



Source: Liveuno.com; compiled by Weitzman Associates, LLC.

Co-Living and Micro-Units Conclusion

There appears to be little demand for micro-units and co-living in Westchester County. The product type has typically been developed for millennial renters in major cities like New York and San Francisco. The success of UNO proves that there is some demand for micro-units outside of New York City. However, it is important to remember that UNO is in an up-and-coming waterfront

location that is closer to New York City than North 60. At this time we do not recommend developing co-living or micro-units at North 60.

LIFE SCIENCE CAMPUS CASE STUDIES: RESIDENTIAL DEVELOPMENT

In order to understand the necessity of residential development at North 60 as a complement to life science real estate, we have compiled several case studies of existing or under-development life science campuses around the United States. The goal of this exercise is to understand the ratio between residential units and life science space at notable developments.

In general, there is an ongoing national trend of corporate campuses being repositioned to include residential, retail, hotel, and entertainment uses to complement existing office buildings. Simply put, we understand anecdotally that many landlords find it challenging to attract office tenants if their properties lack amenities and nearby places for employees to live; otherwise, they would be required to commute to work. In the case of the life sciences, the need for residential development is even more pressing, as researchers and other employees often work unconventional hours that require close proximity to their laboratories (for example, a scientist who needs to take a measurement for an ongoing experiment in the middle of the night). Our choice of case studies ranges in geographic scope, but they are generally located in suburban areas or smaller cities.

Based on our analysis of four case studies, **life science campuses provide from 0.31 to 2.50 units of housing for every 1,000 square feet of life science / office space**. The average and weighted average of the case studies are 1.63 units and 1.05 units, respectively:

TABLE 153

Life Science Campus Case Studies: Comparison of Residential Units to Life Science / Office Space				
Development	Location	Square Feet of Life Science / Office Space	Residential Units	<u>Ratio</u> (Residential Units / 1,000 SF of Life Science or Office Space)
Princeton Forrestal Center	Princeton, NJ	4,800,000 SF	1,500 units	0.31
Illinois Science and Technology Park	Skokie, IL	700,000 SF	1,200 units	1.71
WestEdge	Charleston, SC	700,000 SF	1,750 units	2.50
Viva White Oak	Silver Spring, MD	2,225,000 SF	4,400 units	1.98
Average				1.63
Weighted Average				1.05

Source: Analysis by Weitzman Associates, LLC

The average and weighted average of the case studies suggest that **approximately 2,100 to 3,250 units of housing** should accompany the development of two million square feet of life science space at North 60, as illustrated by the following table. **Though, we note that only a portion of these housing units (about 30%, or 630 to 975 units) should be built directly on the North 60 site**, with other units being built nearby, to accommodate the needs of the millennial workforce that will be employed there.

TABLE 154

Analysis: Housing Need at North 60	
Gross Square Feet of Life Science Real Estate at North 60	
2,000,000 gross square feet	
Weighted Average Housing Ratio (1)	Average Housing Ratio (1)
1.05 units	1.63 units
Projected Unit Count (Low)	Projected Unit Count (High)
2,100 units	3,250 units
Housing Units to be Built Directly on the North 60 Site (30%)	
630 units	975 units

(1) Units per 1,000 gross square feet of life science real estate.

Source: Analysis by Weitzman Associates, LLC



Princeton Forrestal Center (Princeton, NJ)

The Princeton Forrestal Center in Princeton, NJ was founded in the 1970s. In 1951, Princeton University acquired 825 acres of land owned by the Rockefeller Institute in order to support medical research initiatives. Two decades later, in 1973, Princeton announced a larger, 1600-acre plan (inclusive of the acquired 825 acres) to create the Princeton Forrestal

Center in order to safeguard the University's main campus, build additional real estate for research, and foster partnerships with private enterprise. Since then, additional land has been added to the assemblage, bringing the total acreage today to 2,200.

Much of the land at the Forrestal Center has been leased to private developers; today the campus features nearly 4.8 million square feet of office and R&D space. It is home to some notable life science companies, such as Novo Nordisk and Laureate Pharma. There are also over 300,000 square feet of retail and several hotel properties.

The majority of office and R&D construction at the Forrestal Center, about 4 million square feet, occurred between 1976 and 1995. Since then, the pace of development has slowed dramatically, such that only about 40,000 square feet per year were built from 1996 to 2017. Furthermore, by the 1990s, many buildings faced distressed occupancy, and retail tenants were struggling. In an effort to reinvent the Center, efforts have been pursued to allow residential development (the zoning otherwise only allowed for commercial). Subsequently, about 1,000 units of multifamily housing have been built, and another 500 units are currently being permitted. Sources familiar with the decision to allow residential development note that it was made to realize the value of the land, and to help the Center remain competitive so that it would continue to recruit life science tenants. Today, commercial occupancy is approximately 80%. Existing and future residential inventory at the Forrestal Center is approximately **0.3 units** per 1,000 square feet of office and research space.



*Illinois Science and Technology Park
(Skokie, IL)*

Opened in 1941, the Illinois Science and Technology Park sits on 24 acres in Skokie, IL, a suburb north of Chicago. The campus currently includes five buildings with approximately 700,000 square feet of research, laboratory, and office space. The campus originally served as the

headquarters of G.D. Searle and Company. G.D. Searle was acquired by Monsanto in 1985, and subsequently by Pfizer in 2003, which took over ownership of the Park. Pfizer subsequently sold the facilities to Forest City in 2006. Many significant discoveries and innovations, such as the creation of pill-based birth control, have come out of the Park. Today, some notable tenants at the Park include Fresenius Kabi and Astellas. It is fully occupied.

In 2017, American Landmark Properties purchased the Illinois Science and Technology Park from Forest City, and they have recently announced a significant redevelopment initiative. The plan entails adding five new life science buildings to the campus (totaling over one million square), with the potential to also add up to 500,000 square feet of retail and residential space. While exact

residential build-out plans have not been made public, there are approximately 1,200 residential units surrounding the campus, such that there are **1.7 units** per 1,000 square feet of existing office and research space.



WestEdge (Charleston, SC)

WestEdge is a 60-acre campus currently being developed in Charleston, South Carolina. Land ownership is divided between the City of Charleston, the Medical University of South Carolina (MUSC), and other private entities. The project is overseen by the WestEdge Foundation, a non-profit sponsor created by

the City and MUSC, in conjunction with private developers. The mixed-use, urban infill initiative on the eastern bank of the Ashley River will replace several parking lots and outdated buildings adjacent to Charleston's Medical District. Today, the WestEdge site contains:

- A complex owned by the City of Charleston, 180 Lockwood Drive, which contains a courthouse and the Department of Motor Vehicles;
- The Joseph P. Riley Jr. Center for Livable Communities, operated by the College of Charleston;
- Two hotels, the 350-key Charleston Marriott and a 150-key Holiday Inn Express;
- 99 West Edge, "The Caroline," a 237-unit apartment building with 20,000 square feet of retail; and
- 10 West Edge, a 350-unit apartment building with 13,500 square feet of retail, plus a 50,000 square foot Publix supermarket.

A key building currently under construction at the campus is 22 WestEdge. It will contain 138,000 square feet of life science and office space plus 15,000 square feet of retail. The South Carolina Research Authority has already leased laboratory space in the building. Scheduled to open at the end of 2019, the completion of 22 WestEdge will mark the culmination of the overall development's first phase. When the entire site is built out, it will include:

- 1,750 apartments;
- 700,000 square feet of life science and office space;
- 1,350 hotel rooms;
- 250,000 square feet of retail;
- The 50,000 square foot Publix supermarket;
- 20,000 square feet of meeting space; and
- A 65,000 movie theater.

WestEdge is an exemplary modern case of a mixed-use development anchored by life science tenants which is in close proximity to a medical cluster, similar to North 60. When complete, there will be **2.5 apartment units** per 1,000 square feet of office and research space.



*Viva White Oak
(Silver Spring, MD)*

Viva White Oak is a mixed-use, life science campus in Silver Spring, MD currently under development. The developer is Percontee Inc, which is active in the Washington, D.C. area. Much of the land is owned by Montgomery County. The project is poised to capitalize on the resources, talent, and innovation already present in and around Washington, D.C.

The project's origins date back to the early 2000s, when Percontee approached Montgomery County with an initial plan to build the "LifeSci Village." After a great deal of visioning, community engagement, and securing of public approvals, Viva White Oak broke ground in April of 2019. Percontee forged a partnership with the US Food & Drug Administration (the "FDA"), which is nearby. The FDA will become a tenant for a portion of the development, and reportedly pushed Montgomery County to increase the number of residential units allowed by the master plan to create housing for its workforce. Subsequently, other partnerships have been formed with groups such as the IV² Alliance.

Viva White Oak's development plan at full build-out will feature:

- 1.9 million square feet of commercial space;
- 2.2 million square feet of life science / R&D space;
- 2 million square feet of education/academic space;
- 900,000 square feet of medical/clinical space; and
- 4,400 residential units.

Once completed, there will be **2.0 apartment units** per 1,000 square feet of life science space at Viva White Oak.

Case Studies Conclusion

Our case study analysis further exemplifies the necessity for residential housing development at North 60. In order to attract and retain life science tenants, and maximize the land value of North 60, the development must provide amenities and housing for employees that require close proximity to their work.



– TRADITIONAL OFFICE MARKET ANALYSIS –

TRADITIONAL OFFICE MARKET ANALYSIS

INTRODUCTION

While “traditional” office space is currently not a component of the proposed plan for North 60, we have conducted a high-level review of the office market in Westchester County in order to fully frame the development’s competitive landscape. Our analysis includes the following sections:

1. An Executive Summary;
2. An overview of the Westchester County office market;
3. An overview of the West I-287 Corridor office submarket;
4. An analysis of comparable lease transactions in the West I-287 Corridor office submarket;
5. An analysis of notable sale transactions in the West I-287 Corridor office submarket;
6. An overview of the office development pipeline in Westchester County; and
7. An analysis of comparable office properties.

EXECUTIVE SUMMARY

- **High Vacancy in Westchester.** While the Westchester County office market has somewhat recovered in recent years due to space conversions, lack of new supply, and marginally growing demand, the market suffers from relatively high vacancy (16.5% to 23.0%) due to an excess of inventory and a lack of demand.
- **Office Inventory has Remained Constant.** Based on data from Costar, the overall inventory in the West I-287 submarket has remained largely flat between 2008 and 2018, with the exception of 2015. As of the first quarter of 2019, there was a total of 9.3 million square feet of office space, and asking rents reached \$30.52 per square foot. The overall vacancy rate in the submarket declined from 13.33% in 2015 to 9.44% in 2018, prior to decreasing further through 2019 to 7.20% as the local economy has recovered.
- **Traditional Office is Not Recommended for North 60.** Westchester County overall has a rebounding office market, but its substantial vacancy suggests that new office space at North 60 would be ill-advised. Furthermore, the vacant office supply in Westchester presents competition for North 60, as older assets could be converted to medical offices (or potentially even life science space) in an expedient and affordable fashion.

WESTCHESTER COUNTY OFFICE MARKET OVERVIEW

We have reviewed the most recent available office market reports for Westchester County from various brokerage firms including Jones Lang LaSalle, Newmark Grubb Knight Frank, Colliers International and CBRE. All of the brokerage firm reports indicate that the Westchester County office market has remained relatively stable. During the year 2018, the trend of redevelopment of traditional office properties into mixed-use and medical office spaces has continued and is expected to continue in 2019 as well. However, even though office leasing activities in 2018 have decreased to a 10-year low, both vacancy rates and availability rates in the Westchester County office market dropped in 2018.

As outlined in the following table, Westchester County's office vacancy and availability rates in the fourth quarter of 2018, as indicated by the various brokerage firms, were in the range of 16.5% to 23.0%, approximately 2.5% lower than the range of 19.0% to 25.9% as of the fourth quarter of 2016. The overall average annual asking rents for the County fell within a tight range of \$26.82 to \$29.58 per square foot, with the highest rents being in the mid \$30s per square foot range in the White Plains CBD submarket, and the lowest rents being in the mid-\$20s per square foot in the Northern and Western submarkets.

In its office market report for Westchester County for the fourth quarter of 2018, Jones Lang LaSalle highlights that Simone Development purchased the office property at 104 Corporate Park Drive in White Plains for \$14 million, or \$119 per square foot for 117,798 square feet. The property is planned to be converted into a four-story pediatric ambulatory care center for Montefiore Medical Center; the center is expected to include urgent care space, lab facilities, MRI imaging suite and radiology among other uses. We also note that the industrial/flex market has also experienced a healthy trend in Westchester County with the six-building Elmford Distribution Center sold at \$70.25 million for 384,000 square feet, or \$183 per square foot.

Meanwhile, Newmark Grubb Knight Frank reports that 2018 was a record year for capital markets activities in the Westchester County office market. In 2018, 3.3 million square feet of office space was traded, which is significantly higher than the 2.2 million square feet of office space traded in 2017. Furthermore, sales price volume increased from \$220 million to \$446 million during the same time period. The sales price per square foot for the general office space in the market has also increased from \$117 per square foot to \$179 per square foot between 2017 and 2018.

TABLE 155

WESTCHESTER COUNTY OFFICE MARKET STATISTICS VARIOUS BROKERAGE FIRM REPORTS - 4Q2018							
Jones Lang LaSalle - 4Q2018							
	Inventory (SF)	Under Construction (SF)	Vacancy Rate	Quarter Absorption (SF)	YTD Absorption (SF)	Average Asking Rent PSF	Class A Asking Rent PSF
White Plains CBD	6,190,620	0	18.3%	(53,409)	(107,152)	\$35.06	\$36.34
East I-287	6,261,934	0	13.1%	37,326	(122,667)	\$28.04	\$28.13
West I-287	5,052,289	0	20.3%	375	(80,656)	\$24.68	\$24.85
Northern Westchester	5,133,628	0	53.5%	3,609	15,001	\$25.55	\$25.58
Southern Westchester	3,540,488	0	14.5%	(9,187)	41,418	\$25.83	\$29.61
White Plains East	4,023,216	0	17.2%	(21,580)	(60,523)	\$27.01	\$26.61
Westchester County Total	30,202,175	0	23.0%	(42,866)	(314,579)	\$28.24	\$28.84
Newmark Grubb Knight Frank - 4Q2018							
Submarket	Inventory (SF)	Under Construction (SF)	Vacancy Rate	Quarter Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent PSF	Class A Asking Rent PSF
Eastern Westchester	9,687,982	0	14.6%	25,764	64,101	\$27.56	\$27.92
Northern Westchester	7,263,498	0	36.0%	(81,805)	55,526	\$24.67	\$24.85
Southern Westchester	1,823,082	0	13.6%	(1,960)	55,439	\$25.39	\$26.99
Western Westchester	3,738,858	0	22.9%	(71,028)	(66,041)	\$26.39	\$26.96
White Plains CBD	5,094,687	0	16.2%	(1,547)	50,064	\$34.23	\$34.84
Westchester County Total	27,608,107	0	21.6%	(130,576)	159,089	\$26.82	\$27.31
Colliers International - 4Q2018							
Submarket	Inventory (SF)	Under Construction (SF)	Vacancy Rate	Quarter Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent PSF	Class A Asking Rent PSF
East I-287	10,705,425	n/a	17.4%	n/a	n/a	\$28.68	n/a
Northern Westchester	7,214,915	n/a	36.9%	n/a	n/a	\$25.00	n/a
Southern Westchester	3,375,923	n/a	11.1%	n/a	n/a	\$25.63	n/a
West I-287	3,573,803	n/a	26.8%	n/a	n/a	\$24.91	n/a
White Plains CBD	6,072,248	n/a	18.7%	n/a	n/a	\$36.32	n/a
Westchester County Total	30,942,314	n/a	22.6%	n/a	n/a	\$27.25	n/a
CBRE - 4Q2018							
Submarket	Inventory (SF)	Under Construction (SF)	Vacancy Rate	Quarter Absorption (SF)	YTD Absorption (SF)	Average Asking Rent PSF	Class A Asking Rent PSF
East	9,259,457	n/a	12.8%	50,498	n/a	\$28.50	n/a
North	7,357,620	n/a	21.2%	(94,694)	n/a	\$27.73	n/a
South	2,010,476	n/a	8.8%	31,835	n/a	\$27.12	n/a
West	2,863,217	n/a	23.0%	(132,575)	n/a	\$26.24	n/a
CBD	5,240,711	n/a	16.0%	7,022	n/a	\$35.41	n/a
Westchester County Total	26,731,481	n/a	16.5%	(137,914)	n/a	\$29.58	n/a

Source: Various brokerage firm reports as indicated; compiled by The Weitzman Group, Inc.

Colliers International reports that even though the overall availability rate in the Westchester County Office market remains high, it likely will decline because a total of 2 million square feet of office space is proposed for conversion into a different use; this is 30% of the current vacant inventory.

In addition to the market statistics, we have also summarized the top leasing transactions in 2018 for the Westchester County office market in the following table.

TABLE 156

2018 TOP OFFICE LEASE TRANSACTIONS WESTCHESTER COUNTY				
Quarter	Size (SF)	Tenant	Address	Transaction Type
Q1	24,000	CareMount Medical	100 South Bedford Rd, Mount Kisco	Lease
Q1	22,000	Montefiore Medical Center	20 Cedar St, New Rochelle	Lease
Q1	20,531	Mass Mutual Life Insurance	565 Taxter Rd, Elmsford	Renewal
Q2	21,793	Standard Life Insurance	333 Westchester Ave, White Plains	Lease
Q3	30,000	Montefiore Medical Center	555 Taxter Rd, Elmsford	Lease
Q3	20,097	Townsquare Media	1 Manhattanville Rd, Purchase	Lease
Q4	122,119	Fujifilm	200 Summit Lake Dr, Valhalla	Renewal/Expansion
Q4	25,748	Serendipity Labs	44 South Bdwy, White Plains	Lease
Q4	24,632	Carl Zeiss	1 North Bdwy, White Plains	Lease
Q4	23,000	UJA Federation of NY	925 Westchester Ave, White Plains	Lease

Source: CBRE; compiled by Weitzman Associates.

WEST I-287 CORRIDOR OFFICE SUBMARKET OVERVIEW

The overall inventory in the West I-287 submarket has remained largely flat between 2008 and 2018, with the exception of 2015. As of the first quarter of 2019, there was a total of 9.3 million square feet of office space. Within the past five years, approximately 280,000 square feet of office, or 3% of the total inventory, was added. The office market has reacted very positively to the new supply with approximately 500,000 square feet of office space having been absorbed between 2014 and 2018, which has driven the vacancy level to below 9%.

TABLE 157

WEST I-287 OFFICE TRENDS OVERALL SUPPLY & DEMAND					
Year	Inventory			Net Absorption	
	Sq. Ft	Growth Sq. Ft	Growth Percent	Sq. Ft	Percent of Inventory
2007	9,008,019	40,000	0.4%	51,822	0.6%
2008	9,008,019	0	0.0%	26,369	0.3%
2009	9,048,319	40,300	0.4%	34,702	0.4%
2010	9,048,319	0	0.0%	-61,990	-0.7%
2011	9,048,319	0	0.0%	-161,029	-1.8%
2012	9,048,319	0	0.0%	-73,577	-0.8%
2013	9,048,319	0	0.0%	-72,355	-0.8%
2014	9,048,319	0	0.0%	-45,338	-0.5%
2015	9,345,319	297,000	3.3%	204,837	2.2%
2016	9,295,319	-50,000	-0.5%	80,252	0.9%
2017	9,324,569	29,250	0.3%	175,035	1.9%
2018	9,324,569	0	0.0%	89,043	1.0%
YTD	9,324,569	0	0.0%	209,579	2.2%
2019	9,441,561	116,992	1.3%	150,639	1.6%
2020	9,431,400	-10,161	-0.1%	56,414	0.6%
2021	9,430,305	-1,095	0.0%	51,061	0.5%
2022	9,436,927	6,622	0.1%	17,033	0.2%
2023	9,446,388	9,461	0.1%	18,923	0.2%

Shaded values are projected.

Source: CoStar; compiled by Weitzman Associates, LLC

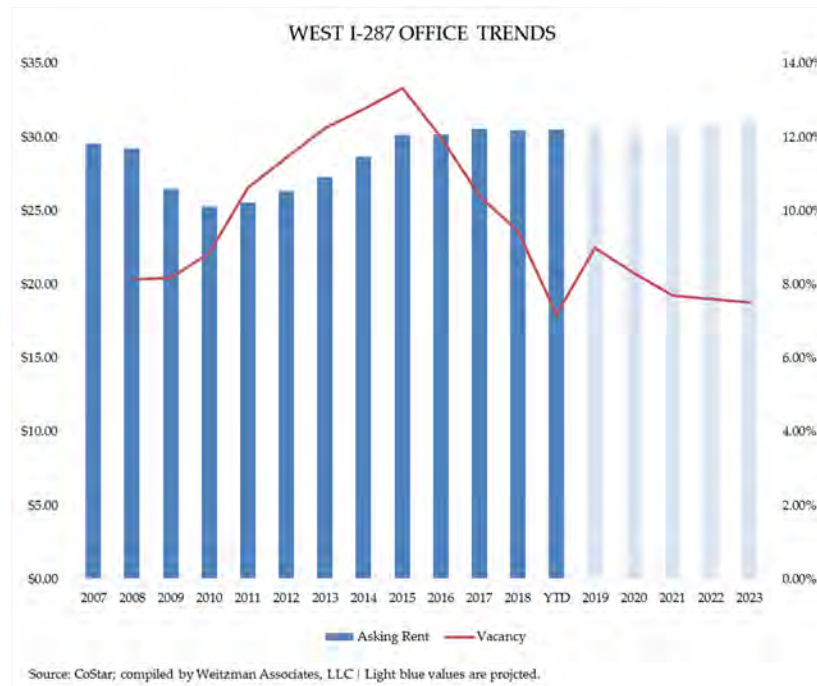
As of the first quarter of 2019, office asking rents reached \$30.52 per square foot according to CoStar, similar to the peak-level achieved in 2017. The asking rents for the office space in the submarket have generally been growing over the last eight years, with the exception of 2018. The asking rent for the submarket is projected to increase by 0.10%, to \$30.49 per square foot, by the end of 2019, and to reach \$31.24 per square foot by the end of 2023. The overall vacancy rate declined from 13.33% in 2015 to 9.44% in 2018, prior to decreasing further through 2019 to 7.20% as the local economy has recovered. With very limited anticipated supply growth, the office vacancy rate is projected to continue to decrease slowly in coming years. The following table and chart outline the historical and projected average gross asking rent and vacancy rate trends of the West I-287 Corridor office submarket.

TABLE 158

WEST I-287 OFFICE TRENDS OVERALL RENT & VACANCY					
Year	Gross Asking Rent		Vacancy		
	Per Sq. Ft	Percent Growth	Sq. Ft	Percent	Percent Change
2007	\$29.57				
2008	\$29.22	-1.18%	733,526	8.14%	
2009	\$26.45	-9.48%	739,124	8.17%	0.03%
2010	\$25.29	-4.39%	801,114	8.85%	0.69%
2011	\$25.57	1.11%	962,143	10.63%	1.78%
2012	\$26.35	3.05%	1,035,720	11.45%	0.81%
2013	\$27.29	3.57%	1,108,075	12.25%	0.80%
2014	\$28.65	4.98%	1,153,413	12.75%	0.50%
2015	\$30.15	5.24%	1,245,576	13.33%	0.58%
2016	\$30.19	0.13%	1,115,324	12.00%	-1.33%
2017	\$30.56	1.23%	969,539	10.40%	-1.60%
2018	\$30.46	-0.33%	880,496	9.44%	-0.95%
YTD	\$30.52	0.20%	670,917	7.20%	-2.25%
2019	\$30.49	0.10%	847,011	9.00%	-0.44%
2020	\$30.44	-0.16%	780,866	8.30%	-0.70%
2021	\$30.55	0.36%	729,058	7.70%	-0.60%
2022	\$30.89	1.11%	719,004	7.60%	-0.10%
2023	\$31.24	1.13%	709,894	7.50%	-0.10%

Shaded values are projected.

Source: CoStar, compiled by Weitzman Associates, LLC



The West I-287 Corridor has experienced office sales in excess of \$230 million between 2014 and 2018 with an average price of \$109 per square foot. Thus far in 2019, there have been 10 deals with a total transaction volume of \$126.2 million. The transaction volume has grown by an average growth rate of 6.0% over the past five years. The average capitalization rate for these transactions was 9.5%, according to CoStar. The market price for the office properties in the West I-287 Corridor office submarket has grown from \$199 per square foot to \$208 per square foot between 2014 and 2018, and is projected to continue to grow to \$210 per square foot in 2019.

The historical office sale trends within the West I-287 Corridor submarket are outlined in the following table.

TABLE 159

WEST I-287 OFFICE TRENDS								
OVERALL SALES								
Year	Completed Transactions						Market Pricing Trends	
	Deals	Volume in Millions	Turnover	Average Price	Average Price/Sq. Ft.	Average Cap Rate	Price per Sq. Ft.	Cap Rate
2008	6	\$61.6 M	3.1%	\$10,266,667	\$222	7.5%	\$154.58	6.70%
2009	3	\$24.9 M	2.1%	\$8,292,436	\$129	8.3%	\$128.13	7.40%
2010	3	\$4.1 M	0.2%	\$2,050,000	\$235	-	\$147.96	6.60%
2011	6	\$2.3 M	0.5%	\$758,855	\$190	-	\$165.94	6.10%
2012	3	\$3.6 M	0.2%	\$1,200,000	\$211	5.5%	\$170.64	6.00%
2013	14	\$47.2 M	5.5%	\$4,292,097	\$98	-	\$182.23	5.80%
2014	9	\$86.6 M	11.9%	\$9,620,556	\$81	12.1%	\$198.97	5.50%
2015	8	\$33.2 M	2.4%	\$4,744,143	\$157	8.0%	\$206.78	5.50%
2016	7	\$14.6 M	4.4%	\$3,287,500	\$128	9.7%	\$207.70	5.60%
2017	10	\$80.3 M	8.7%	\$8,927,135	\$100	8.2%	\$204.51	5.70%
2018	10	\$15.5 M	2.6%	\$2,579,167	\$79	-	\$207.66	5.70%
YTD	10	\$126.2 M	5.9%	\$12,618,960	\$230	-	\$209.69	5.70%
2019	-	-	-	-	-	-	\$210.43	5.80%
2020	-	-	-	-	-	-	\$206.65	5.90%
2021	-	-	-	-	-	-	\$203.54	6.00%
2022	-	-	-	-	-	-	\$203.94	6.10%
2023	-	-	-	-	-	-	\$204.24	6.10%

Shaded values are projected.

Source: CoStar; compiled by Weitzman Associates, LLC

West I-287 Office Submarket Comparable Lease Transactions

We have summarized recent lease transactions at both four and five-star office properties, as rated by CoStar, within the West I-287 Corridor office submarket in the past 12 months. Overall, there were 17 comparable lease transactions recorded between first quarter 2018 and first quarter 2019; all the leased spaces were in class-A office properties. The asking rents for the comparable leases ranged from \$22.00 per square foot per year to \$27.00 per square foot per year. The size of the leased office spaces ranged from 1,000 square feet at 399 Knollwood Rd. in White Plains to 122,119 square feet at 200 Summit Lake Dr. in Valhalla. It should be noted that, although all the leases profiled were signed at Class A properties, no leases were signed at five-star properties during the timeframe. In addition, most of the leases signed were under 12,000 square feet; only one lease to Fujifilm (in Valhalla) for a renewal/expansion was for over 100,000 square feet.

TABLE 160

NORTH 60 OFFICE LEASE COMPS WEST I-287 CORRIDOR 4 & 5 STAR													
Property Address	City/ Town	Year Built	Property Class	Tenant Name	SF Leased	Floor	Lease Type	Sign Date	Start Date	Lease Expiration Date	Lease Term	Rent	Rent Type
570 Taxter Rd	Elmsford	1972	A	-	11,548	2nd	New	1/15/2019	May-19	-	-	\$22.00/mg	Asking
100 Clearbrook Rd	Elmsford	1985	A	-	1,450	1st	New	1/15/2019	Feb-19	-	-	\$27.00/te	Asking
570 Taxter Rd	Elmsford	1972	A	-	748	5th	New	1/8/2019	Apr-19	-	-	\$22.00/mg	Asking
200 Summit Lake Dr	Valhalla	1990	A	Fujifilm	122,119	-	Renewal/Expansion	Q4 2018	-	-	-	-	-
570 Taxter Rd	Elmsford	1972	A	-	3,565	3rd	New	11/6/2018	Dec-18	-	-	\$22.00/mg	Asking
570 Taxter Rd	Elmsford	1972	A	-	3,060	3rd	New	10/18/2018	Oct-18	-	-	-	-
200 Summit Lake Dr	Valhalla	1990	A	-	12,302	3rd	New	10/9/2018	Jan-19	-	-	\$27.00/+elec	Asking
570 Taxter Rd	Elmsford	1972	A	-	1,771	3rd	New	9/1/2018	Sep-18	-	-	\$22.00/mg	Asking
399 Knollwood Rd	White Plains	1985	A	Financial Planning Associates LLC	1,160	1st	Renewal	8/27/2018	Aug-18	Aug-23	5 Years	-	-
399 Knollwood Rd	White Plains	1985	A	Goldenberg & Selker, LLP	1,500	2nd	Renewal	8/27/2018	Aug-18	Aug-23	5 Years	-	-
399 Knollwood Rd	White Plains	1985	A	Hoffman, Wachtell & Rao, LLP	1,000	2nd	Renewal	8/27/2018	Aug-18	Aug-23	5 Years	-	-
399 Knollwood Rd	White Plains	1985	A	Riker Danzig Scherer Hyland & Perretti LLP	1,861	2nd	New	8/13/2018	Aug-18	Aug-23	5 Years	-	-
570 Taxter Rd	Elmsford	1972	A	-	1,218	1st	New	7/24/2018	Aug-18	-	-	\$22.00/mg	Asking
100 Clearbrook Rd	Elmsford	1985	A	-	308	3rd	New	5/18/2018	Jun-18	-	-	\$27.00/te	Asking
100 Clearbrook Rd	Elmsford	1985	A	-	6,254	3rd	Renewal	4/30/2018	Apr-18	-	-	-	-
100 Clearbrook Rd	Elmsford	1985	A	-	4,373	3rd	New	4/30/2018	Apr-18	-	-	-	-
565 Taxter Rd	Elmsford	1987	A	Mass Mutual Life Insurance	20,531	-	Renewal	Q1 2018	-	-	-	-	-

Source: CoStar, compiled by Weitzman Associates, LLC

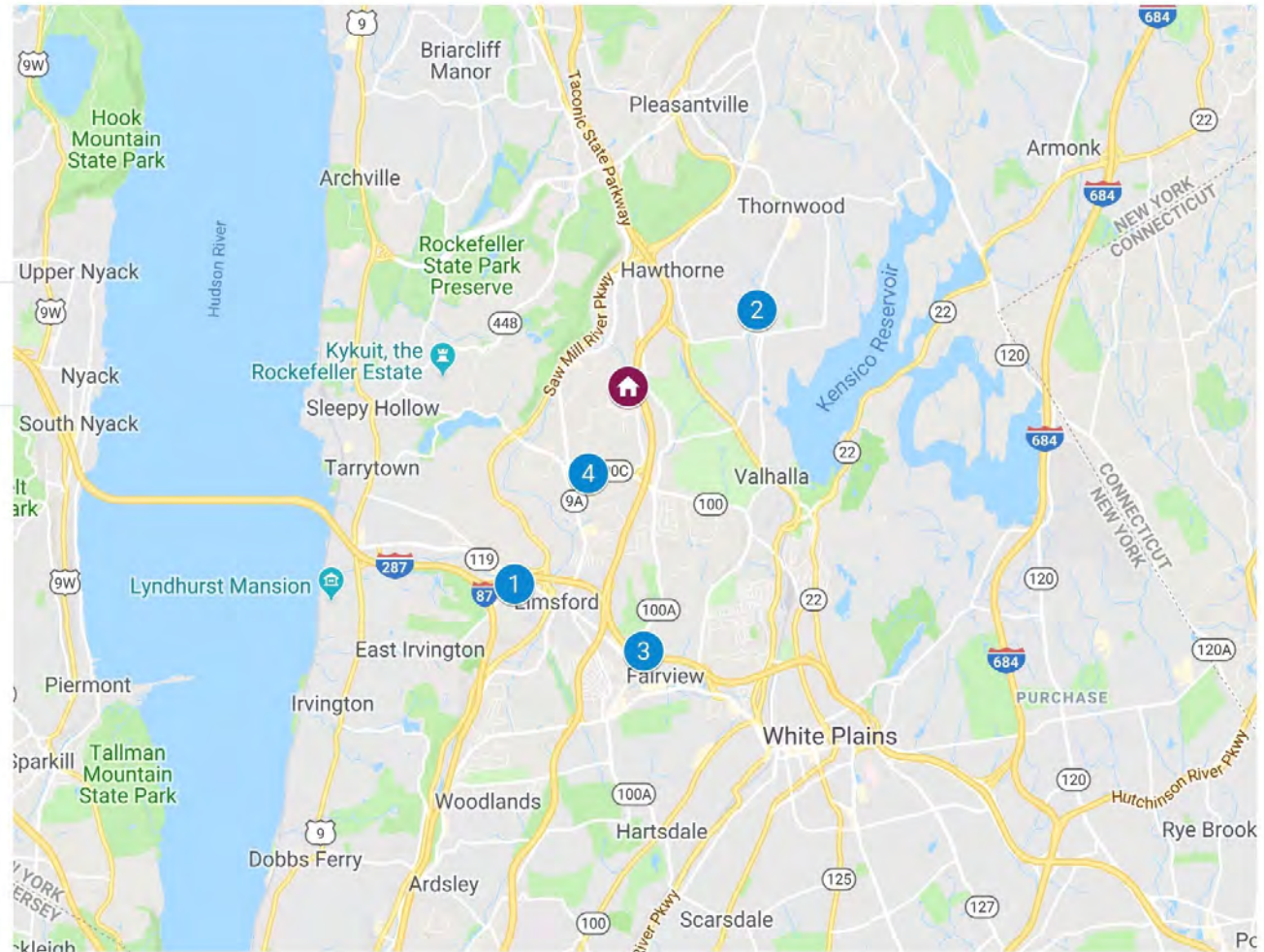
MAP: COMPARABLE LEASE TRANSACTIONS

Comparable Lease Transactions - West I-287 Corridor

- 1 570 Taxter Rd
- 2 200 Summit Lake Dr
- 3 399 Knollwood Rd
- 4 100 Clearbrook Rd

North 60 Site

-  North 60 Site



West I-287 Corridor Notable Office Sale Transactions

We have selected ten notable office sale transactions within the West I-287 Corridor office submarket recorded between March 2017 and March 2019. The majority of the sales were made at a portfolio or multi-property level, which indicates exit and entry activities at an institutional level. The prices for the transacted properties range from \$41 per square foot to \$160 per square foot. The vacancy levels at the sold properties ranged from 0% to 40.6% with only one outlier at 75% vacancy — the submarket has struggled to attract tenancy within the past eight years. All the sold properties were either Class-A or Class-B office buildings, and they were all built prior to 1990.

The details for each sale transaction, including identifying information, buyer and seller's company, the sale price, the sale condition and the capitalization rate associated with the transaction if reported, are summarized in the following table on the following page.

Planned and Under Construction Office Development in Westchester County

350 Columbus Avenue is a 122,000-square-foot research and development facility that is currently under construction by PepsiCo in Valhalla as an addition to its global R&D center on Columbus Avenue. The 35.7-acre site is currently improved with a 3-story office building and a 2-story warehouse with parking spaces. The construction started in February 2018 and is expected to be completed in August 2019.

100 Northcounty Village Center is a mixed-use development project with ground floor retail and office on the second floor. The asking rent for the 8,400-square foot office space on the second floor is \$25 per square foot per year on a triple net basis. The project broke ground in May of 2018 and will be complete by April of 2020. The property is located adjacent to a 50,000 square foot neighborhood shopping center; the tenants at the shopping center include Acme Markets, Dunkin Donuts, Subway, Sushi Take Out, and Bank of America.



TABLE 161

NOTABLE OFFICE SALE TRANSACTIONS WEST I-287 CORRIDOR																
Property Address	Property City	Submarket Name	Building Class	Year Built	Bldg SF	Buyer (True) Company	Seller (True) Company	Sale Date	Sale Price	Price Per SF	Sale Price Comment	Sale Condition	Actual Cap Rate	Vacancy	Number Of Floors	Number Of Parking Spaces
7 Skyline Dr	Hawthorne	West I-287 Corridor	B	1987	109,000	Robert Martin Company, LLC	Mack-Cali Realty Corporation	Mar-19	\$17,459,045	\$160	Full Value	Part of Portfolio Sale	-	17.6%	3	200
1 Skyline Dr	Hawthorne	West I-287 Corridor	B	1980	20,400	Robert Martin Company, LLC	Mack-Cali Realty Corporation	Mar-19	\$3,131,000	\$153	Full Value	Part of Portfolio Sale	-	-	2	50
115 E Stevens Ave	Valhalla	West I-287 Corridor	B	1984	130,630	GHP Office Realty, LLC	SL Green Realty Corp.	May-18	\$9,028,631	\$69	Allocated	Part of Multi-Property Sale	-	19.9%	4	362
117 E Stevens Ave	Valhalla	West I-287 Corridor	B	1984	52,000	GHP Office Realty, LLC	SL Green Realty Corp.	May-18	\$2,971,369	\$57	Allocated	Part of Multi-Property Sale	-	40.6%	3	319
90 N Broadway	Irvington	West I-287 Corridor	B	1981	43,000	Ben Lefkowitz	Carrafiello Family Properties, L.P.	Jan-18	\$3,926,473	\$91	Allocated	Part of Multi-Property Sale	-	-	4	96
570 Taxter Rd	Elmsford	West I-287 Corridor	A	1972	78,000	Opal Realty	Keystone Property Group	Dec-17	\$4,000,000	\$51	Confirmed	Individual Sale	-	32.6%	6	300
555 White Plains Rd	Tarrytown	West I-287 Corridor	A	1972	133,645	Robert Martin Company, LLC	RNY Property Trust	May-17	\$5,475,000	\$41	Confirmed	Individual Sale	-	75.0%	5	386
80 Grasslands Rd	Elmsford	West I-287 Corridor	A	1989	87,735	PAG Investments LLC	RNY Property Trust	May-17	\$11,644,211	\$133	Allocated	Part of Multi-Property Sale	9.5%	-	3	326
520 White Plains Rd	Tarrytown	West I-287 Corridor	A	1979	180,000	Abraham Brach	N/A	Apr-17	\$21,000,000	\$117	Confirmed	Individual Sale	-	1.9%	6	-
660 White Plains Rd	Tarrytown	West I-287 Corridor	A	1983	279,254	GHP Office Realty, LLC	RNY Property Trust	Mar-17	\$30,005,000	\$107	Confirmed	Individual Sale	9.3%	3.6%	6	830

Source: CoStar, compiled by Weitzman Associates, LLC

West I-287 Corridor Comparable Office Properties

Based on the office market statistics provided by CoStar, there has been limited addition of new office inventory during recent years, particularly within the Class-A category. Therefore, we have profiled seven older Class-A office properties in the West I-287 Corridor submarket (built after 1980).



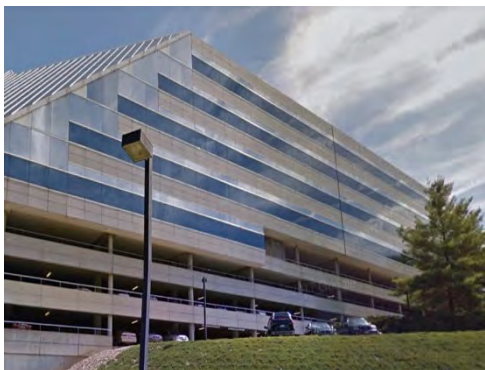
500 Summit Lake Drive is a Class- A office property in Valhalla, approximately 4 miles northeast of the North 60 site. The 4-story property was built in 1986 and contains a total of 216,316 square feet of space. The property is currently 97.9% occupied. The amenities at the property include 24-hour access, an atrium, car charging stations, a fitness center, food services, high ceilings, and on-site property management. The key tenants at the property include Verizon Wireless (occupying 115,554 square feet) and Constellation (occupying 16,639 square feet).

The property currently has four spaces available totaling 94,810 square feet; the available spaces range in size from 798 square feet to 58,579 square feet. The asking rent for the available spaces is \$27.00 per square foot per year on a gross basis. We have summarized the availability at 500 Summit Lake Drive in the following table.

TABLE 162

500 Summit Lake Dr. Availability Summary						
Floor	Use	Type	SF Avail	Rent	Occupancy	Term
P 1st	Office	Direct	3,823	\$27.00/+ELEC	Vacant	Negotiable
P 1st	Office	Direct	798	\$27.00/+ELEC	Vacant	Negotiable
E 3rd	Office	Direct	58,579	\$27.00/+ELEC	Jan-20	Negotiable
P 4th	Office	Direct	31,610	\$27.00/+ELEC	Dec-19	Negotiable

Source: Costar; compiled by Weitzman Associates, LLC



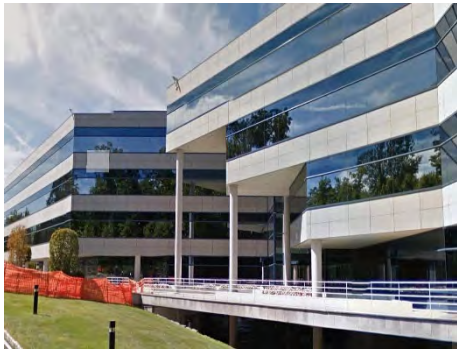
100 Summit Lake Drive is a Class-A office property located in Valhalla, approximately four miles northeast of the North 60 site totaling 250,000 square feet. The 4-story property was built in 1988 and the current vacancy level is 3.3%. The amenities at the property include controlled access, a fitness center, and food services. The key tenants at the property include Ascensia Diabetes Care (occupying 41,403 square feet), Pepsi Beverages Co. (occupying 37,000 square feet), Con Edison Development (occupying 32,598 square feet), and

Pace University (occupying 29,403 square feet). The property currently has three spaces totaling 9,449 square feet available. The spaces range in size from 1,184 square feet to 6,896 square feet. The asking rent is \$27.00 per square foot per year on a gross basis. We have summarized the availability at 100 Summit Lake Drive in the following table.

TABLE 163

100 Summit Lake Dr. Availability Summary						
Floor	Use	Type	SF Avail	Rent	Occupancy	Term
P 1st	Office	Direct	1,184	\$27.00/+ELEC	30 Days	Negotiable
P 2nd	Office	Direct	6,896	\$27.00/+ELEC	Vacant	Negotiable
P 2nd	Office	Direct	1,369	\$27.00/+ELEC	Vacant	Negotiable

Source: Costar; compiled by Weitzman Associates, LLC



200 Summit Lake Drive is a Class-A office property located in Valhalla, approximately four miles northeast of the North 60 site. The entire property contains 246,381 square feet of office space, and it was built in 1990. The 4-story property is currently 92.4% occupied. The amenities at the property include 24-hour access, an atrium, controlled access, a fitness center, food services, and on-site management. The key tenants at the property include Fujifilm (occupying 68,831 square feet), Kaufman, Borgeest & Ryan, LLP (occupying 42,013 square feet), and Wine Enthusiast (occupying 65,578 square feet).

The property currently has a total of 20,745 square feet of office available; the six available spaces range in size from 1,899 square feet to 8,767 square feet. The asking rent is \$27 per square foot per year on a gross basis. We have summarized the availability in the following table.

TABLE 164

200 Summit Lake Dr. Availability Summary						
Floor	Use	Type	SF Avail	Rent	Occupancy	Term
P 1st	Office	Direct	2,083	\$27.00/+ELEC	30 Days	Negotiable
P 2nd	Office	Direct	2,875	\$27.00/+ELEC	Vacant	Negotiable
P 2nd	Office	Direct	1,899	\$27.00/+ELEC	Vacant	Negotiable
P 2nd	Office	Direct	2,011	\$27.00/+ELEC	Vacant	Negotiable
P 2nd	Office	Direct	3,110	\$27.00/+ELEC	Vacant	Negotiable
P 3rd	Office	Direct	8,767	\$27.00/+ELEC	Vacant	Negotiable

Source: Costar; compiled by Weitzman Associates, LLC



120 White Plains Road is a 6-story office property located in Tarrytown (West I-287 Corridor submarket), approximately five miles southwest of the North 60 site. The class-A property contains 205,000 square feet of space and was built in 1984. The current occupancy is 75.1%. The amenities at the property feature 24-hour access, balconies, food services, and on-site property management. The key

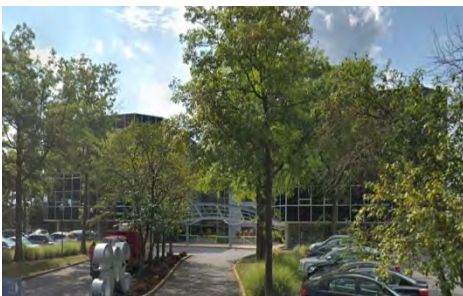
tenants at the property include Granite Construction Incorporated (occupying 22,354 square feet), DB US Holding Corporation (occupying 17,500 square feet), and Picone Capital LLC (occupying 14,402 square feet).

The property currently has a total of 61,972 square feet of office space available for rent; the seven available spaces range in size from a 48-square-foot co-working space to a 32,032-square-foot traditional office space. The asking rents for the spaces range from \$27 per square foot per year to \$29 per square foot per year on a gross basis. We have summarized the availability in the following table.

TABLE 165

120 White Plains Road Availability Summary						
Floor	Use	Type	SF Avail	Rent	Occupancy	Term
P 1st	Office	Direct	2,088	\$29.00/+ELEC	Vacant	Negotiable
P 1st	Office	Coworking	48 - 600	Withheld	Vacant	Negotiable
P 1st	Office	Direct	5,100	\$29.00/+ELEC	30 Days	Negotiable
P 2nd	Office	Direct	15,000	\$29.00/+ELEC	Vacant	Negotiable
P 4th	Office	Direct	1,952	\$29.00/+ELEC	Vacant	Negotiable
P 4th	Office	Direct	5,200	\$29.00/+ELEC	30 Days	Negotiable
P 5th	Office	Sublet	32,032	\$27.00/+ELEC	Vacant	Thru Oct 2022

Source: Costar; compiled by Weitzman Associates, LLC



303 South Broadway is a Class-A office property located in Tarrytown (West I-287 Corridor submarket). It is approximately five miles southwest of the North 60 site. The 4-story office property was built in 1980 and renovated in 2004. This property contains a total of 197,764 square feet of space, and is currently 92.3% occupied. The amenities include 24-hour access, controlled access, food services, and

on-site property management. The key tenants are MVP Health Plan (occupying 39,552 square feet), Jacobs Engineering Group, Inc. (occupying 15,000 square feet), and Ultrafabrics (occupying 12,441 square feet).

The property currently has 25,014 square feet of office available; the seven available spaces range in size from 1,060 square feet to 9,760 square feet. The asking rent for all spaces ranges from \$25 per square foot per year to \$26 per square foot per year on a gross basis. We have summarized the availability in the following table.

TABLE 166

303 S Broadway						
Availability Summary						
Floor	Use	Type	SF Avail	Rent	Occupancy	Term
P 1st	Office	Direct	1,527	\$25.00/+ELEC	Vacant	Negotiable
P 1st	Office	Direct	2,865	\$25.00/+ELEC	Vacant	Negotiable
P 1st	Office	Direct	1,354	\$25.00/+ELEC	Vacant	Negotiable
P 2nd	Office	Direct	2,448	\$25.00/+ELEC	Vacant	Negotiable
P 2nd	Office	Direct	6,000	\$25.00/+ELEC	Vacant	Negotiable
P 2nd	Office	Direct	1,060	\$25.00/+ELEC	Vacant	Negotiable
P 4th	Office	Direct	9,760	\$26.00/MG	30 Days	Negotiable

Source: Costar; compiled by Weitzman Associates, LLC



The property currently has one office space available with 7,434 square feet. The asking rent is not available. We have summarized the availability in the following table.

TABLE 167

555 Taxter Road						
Availability Summary						
Floor	Use	Type	SF Avail	Rent	Occupancy	Term
P 5th	Office	Direct	7,434	Withheld	Vacant	Negotiable

Source: Costar; compiled by Weitzman Associates, LLC



565 Taxter Road is a Class-A office property located in Elmsford, approximately four miles southwest of the North 60 site with a total of 176,299 square feet. The 6-story office property was built in 1987. It is currently 74.0% occupied. The amenities at the property include 24-hour access, an atrium, controlled access, a fitness center, a food court, and outdoor seating. The key tenants at the property include Nationwide Insurance (occupying 13,449 square feet), Knuckles Komosinski & Manfro LLP (occupying 9,547 square feet), and ADL Data Systems (occupying 9,500 square feet).

The four available spaces total 45,836 square feet and range in size from 2,914 square feet to 33,331 square feet. The asking rents for the available spaces are not available. We have summarized the availability in the following table.

TABLE 168

565 Taxter Road Availability Summary						
Floor	Use	Type	SF Avail	Rent	Occupancy	Term
P 1st	Office	Direct	5,569	Withheld	Vacant	Negotiable
P 2nd	Office	Direct	2,914	Withheld	Vacant	Negotiable
P 2nd	Office	Direct	4,022	Withheld	Vacant	Negotiable
P 3rd	Office	Direct	33,331	Withheld	Vacant	Negotiable

Source: Costar; compiled by Weitzman Associates, LLC

TABLE 169

NORTH 60 COMPARABLE OFFICE PROPERTIES WEST I-287 CORRIDOR CLASS A									
Building Address	City	Submarket Name	Building Class	Year Built	Size	Direct Available Space	Vacancy %	# of Parking Spaces	# of Stories
500 Summit Lake Dr	Valhalla	West I-287 Corridor	A	1986	216,316	94,810	2.1%	-	4
100 Summit Lake Dr	Valhalla	West I-287 Corridor	A	1988	250,000	9,449	3.3%	-	4
200 Summit Lake Dr	Valhalla	West I-287 Corridor	A	1990	246,381	20,745	7.6%	-	4
120 White Plains Rd	Tarrytown	West I-287 Corridor	A	1984	205,000	61,972	24.9%	750	6
303 S Broadway	Tarrytown	West I-287 Corridor	A	1980 Reno. 2004	197,764	25,014	7.7%	500	4
555 Taxter Rd	Elmsford	West I-287 Corridor	A	1985	177,428	7,434	4.2%	236	6
565 Taxter Rd	Elmsford	West I-287 Corridor	A	1987	176,299	45,836	26.0%	500	6

Source: CoStar; compiled by Weitzman Associates, LLC

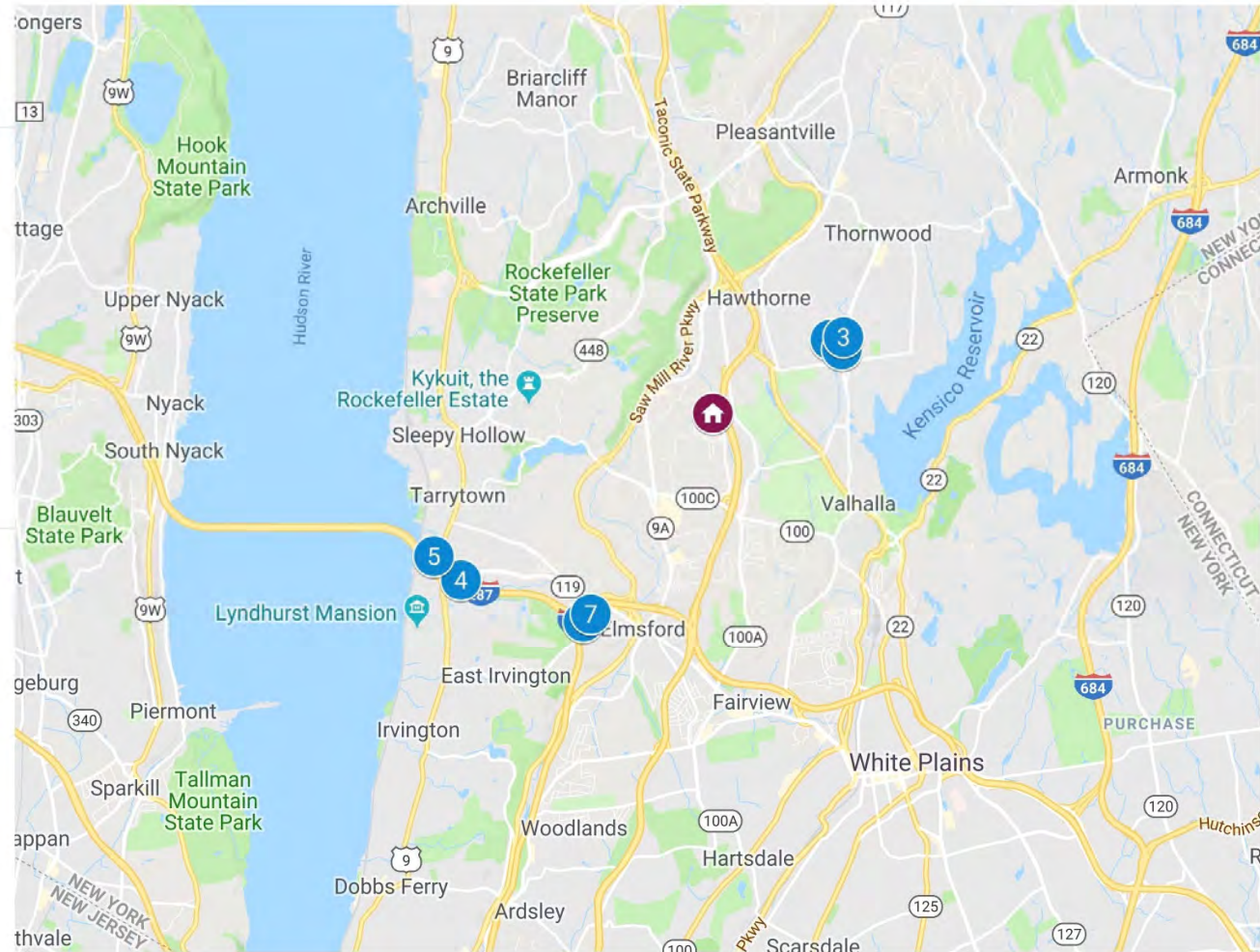
MAP: COMPARABLE OFFICE PROPERTIES

North 60 Site

📍 North 60 Site

Comparable Office Properties - West I-287 Corridor

- 1 500 Summit Lake Dr
- 2 100 Summit Lake Dr
- 3 200 Summit Lake Dr
- 4 120 White Plains Rd
- 5 303 S Broadway
- 6 555 Taxter Rd
- 7 565 Taxter Rd



OFFICE MARKET ANALYSIS CONCLUSION

Overall, the Westchester County office market and the West I-287 Corridor office submarket are expected to continue to improve slowly in terms of rent and occupancy as the regional economy grows and employment continues to expand. In addition, as many traditional office spaces are being redeveloped into different uses, including medical office spaces, the traditional office market's inventory should become a more attractive asset class over time. Based on the forecast that the average vacancy for Class-A office properties will be 7.2% with an average age of 33 years, the West I-287 Corridor office submarket is relatively well-positioned to absorb new Class-A supply in the future. Therefore, limited traditional new office space to be built at North 60 could be easily absorbed in by market. However, given the current vacant inventory, it may be ill-advised to build new office space at North 60 at this time, but Fareri Associates may consider "watching the market" and building at a later date.

- LIVING SCIENCE MUSEUM MARKET ANALYSIS -

LIVING SCIENCE MUSEUM MARKET ANALYSIS

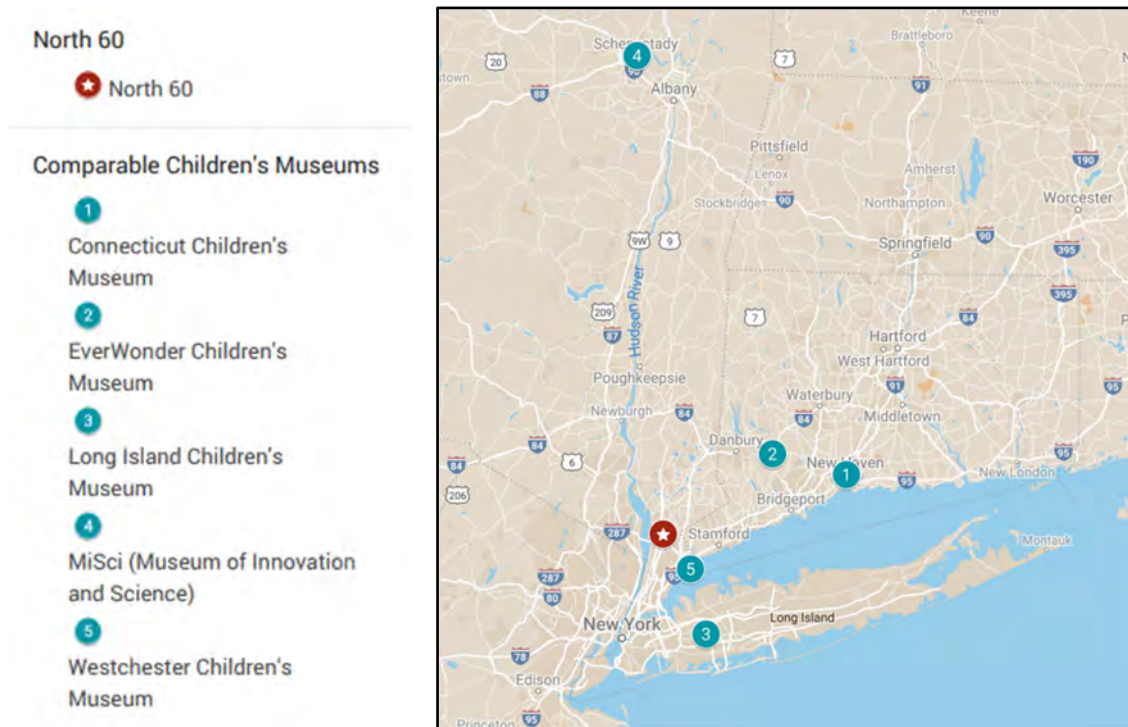
INTRODUCTION AND KEY CONCLUSIONS

As a component of our analysis of the North 60 project, we have studied the market for a “living science museum” on the site that would cater to Westchester County’s youth population. When compared to other suburban areas in New York, Westchester lacks such an attraction that has proven to be a popular driver of STEM (Science, Technology, Engineering, and Math) and health education in other markets. **We estimate that the living science museum at North 60 could achieve visitation of 130,000 people per year, and that it will generate admissions revenue between \$1.21 and \$1.26 million annually.**

Interactive museums are a key feature of many cities across the United States as they are popular spots for school-aged children and families. Proximity to Westchester Medical Center, New York Medical College, and other academic institutions creates a prime opportunity for an educational attraction such as a living science museum. Though there is no comparable attraction adjacent to the North 60 site, the Westchester Children’s Museum in Rye, New York successfully welcomes about 50,000 people each year to its modest space of approximately 22,000 square feet. Additional family-oriented entertainment options are needed in Westchester, and they do not require a large footprint. However, they must be engaging and experiential. A science- and health-related museum at North 60 that caters to children and families will be able to effectively compete due to its location and planned state-of-the-art facilities. Currently, Fareri Associates plans on building a “hands-on” 42,000 square-foot facility.

In addition to the Living Science Museum, Fareri Associates has considered introducing a formalized educational institution, such as a community college, to North 60. While we have not conducted a demand analysis to assess this, additional educational use at North 60 seems appropriate given the location’s greater economic context and adjacencies to existing institutions. Furthermore, life science companies in Westchester County, such as Regeneron, already hire local students for internships and other programs. The same dynamic could likely play out at North 60, and an education institution could help the overall development weather economic fluctuations, due to the trend of people returning to school during market contractions.

MAP: COMPARABLE WESTCHESTER ATTRACTIONS



We believe it is worthwhile to introduce a new regional STEM/science center, as this type of use could significantly complement the other uses proposed at North 60. An alliance with an educational institution, which might conduct research or offer programming at such an attraction, would be tremendously beneficial. Such a children's museum could serve to drive significant retail purchases and hotel room nights as well. Such an attraction could also serve as an entertainment option for families and patients visiting Westchester Medical Center and visiting the Maria Fareri Children's Hospital in particular.

CASE STUDIES

To better understand the potential visitation that a living science center could expect at North 60, we have compiled case studies of successful children's museums across upstate New York and nearby Connecticut. To conduct a thoughtful analysis that is both conservative and aspirational, we excluded some premier national institutions, such as the Science Center in Ithaca and the Rochester Museum & Science Center in Rochester, while attempting to gather a sample of "successful" venues in suburban contexts. The five selected case studies' contexts vary in terms of population density and services provided. Together they deliver a balanced perspective from which to estimate the visitation potential of a living science museum at North 60.

The following tables summarize the five museums' hours of operation and ticket pricing.

TABLE 170

Museum Hours of Operation							
Museum	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Connecticut Children's Museum	12 PM - 5 PM	12 PM - 5 PM	12 PM - 5 PM	12 PM - 5 PM	12 PM - 5 PM	12 PM - 5 PM	12 PM - 5 PM
EverWonder Children's Museum	11 AM - 5 PM	CLOSED (1)	9 AM - 4 PM	9 AM - 4 PM	9 AM - 4 PM	9 AM - 4 PM	11 AM - 5 PM
Long Island Children's Museum (2)	10 AM - 5 PM	CLOSED	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM
MiSci (Museum of Innovation and Science)	12 PM - 5 PM	CLOSED	10 AM - 5 PM	10 AM - 5 PM	10 AM - 9 PM	10 AM - 5 PM	10 AM - 5 PM
Westchester Children's Museum	10 AM - 4 PM	CLOSED	CLOSED	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM

(1) Closed for special events

(2) Open September through June

Source: Various museum websites; compiled by Weitzman Associates, LLC

TABLE 171

Museum Ticket Pricing				
Museum	Children (3-17)	College Students (18-24)	Adults (25-64)	Seniors (65+)
Connecticut Children's Museum	\$10.00	\$10.00	\$10.00	\$10.00
EverWonder Children's Museum	\$7.00	\$7.00	\$7.00	\$7.00
Long Island Children's Museum	\$14.00	\$14.00	\$14.00	\$13.00
MiSci (Museum of Innovation and Science) (1)	\$8.00	\$12.00	\$12.00	\$10.00
Westchester Children's Museum	\$7.50	\$7.50	\$7.50	\$6.50
Average Ticket Price per Age Group	\$9.30	\$10.10	\$10.10	\$9.30

(1) add \$6.00 for an additoinal show

Source: Various museum websites; compiled by Weitzman Associates, LLC

Connecticut Children's Museum (New Haven, CT)



The Connecticut Children's Museum in New Haven, CT opened its doors in 2001 and is located 63 miles from North 60. This museum is situated within the Children's Building in New Haven, which houses three programs interwoven in purpose and philosophy: the Creating Kids Child Care Center, the Creating Curriculum Child Care Provider Training Program, and the Connecticut Children's Museum itself.

The museum uses Howard Gardner's Theory of Multiple Intelligences as the inspiration and template for its design. These eight intelligences highlighted by the theory are mirrored throughout the museum rooms: logical-mathematical, linguistic, musical, spatial, interpersonal, naturalist, intrapersonal, and bodily-kinesthetic.

“The mission of the Connecticut Children’s Museum is to provide children, families, and teachers with innovative and inclusive educational programs in an arts- and literacy-based, multiple intelligences-inspired, magical place, rich in resources and rooted in the community.”²⁵ This museum is inclusive of hands-on exhibits, an observation beehive, the Great Green Room from Goodnight Moon, and a pint-sized post office.

The museum maintains attendance of approximately 21,000 visitors each year. Tickets cost \$10.00 for all individuals. The museum is open daily from 12PM to 5PM.

EverWonder Children’s Museum (Newtown, CT)



The EverWonder Children’s Museum in Newtown, CT is a 501(c)3 organization founded in 2011 by a group of local parents. These founding families enjoyed the educational experiences of children’s museums in other regions, and they wanted to create a similar venue within their own community. This museum is located 47 miles from North 60.

For the first years of its life, EverWonder Children’s Museum existed as a mobile entity without a physical location. The Board of Directors and volunteers brought science and art programming to the community through the local library and various community events to fulfill their mission and create awareness of the organization. In April 2013, EverWonder Children’s Museum opened a physical location called The EverWonder Experience. This small museum space was packed with exciting hands-on exhibits and activities. The current location opened April of 2015.

The facility currently provides activities for children up to 12 years of age, S.T.E.M.-based, hands-on exhibits, science demonstrations, art and Tinker Labs, the Imagination Playground, and the Young Explorer area.

Today, the EverWonder Children’s Museum welcomes 20,000 annual visitors. Tickets cost \$7.00 for all individuals. It is open most days from 9 AM to 4 PM (closed on Mondays and open 11 AM to 5 PM on weekends).

²⁵ EverWonder Children’s Museum: <http://www.everwondermuseum.org/> (Date Accessed: June 7, 2019)

Long Island Children's Museum (Garden City, NY)



The Long Island Children's Museum in Garden City, NY opened in 2002 and is located 44 miles from North 60. The museum was founded in 1993 as a private, not-for-profit institution in a 5,400-square foot demonstration space. The current 40,000 square foot museum holds 14 hands-on, interactive exhibit galleries, a 140-seat theater, and four classroom-size learning studios. The indoor and outdoor gallery spaces of this museum are both intergenerational and interdisciplinary, promoting cooperative

exploration and encouraging skill building/concept development.

LICM's mission is to connect its community and their children to a life of "wonder, imagination and exploration." This museum is a recipient of the National Medal for Museum and Library Service, the nation's highest honor conferred on museums and libraries in recognition of their extraordinary service to the community. Additionally, LICM has been designated a "Primary Institution" by the New York State Council on the Arts, which is defined by the Council as an organization that "is vital to the cultural life of New York State."

Today, the museum welcomes 265,000 annual visitors. Tickets cost \$14.00 for adults, \$14.00 for children, and \$13.00 for seniors. It is open daily from 10 AM to 5 PM (closed on Mondays).

MiSci (Museum of Innovation and Science) (Schenectady, NY)



The MiSci (Museum of Innovation and Science) in Schenectady, New York is located 130 miles from North 60. Founded in 1934, this not-for-profit institution "actively celebrates science, invention, and imagination."²⁶ It includes features such as a planetarium and demonstrations/hands-on activities for children and adults. Its 45,000 square feet of

²⁶ MiSci (Museum of Innovation and Science): <https://www.misci.org/> (Date Accessed: June 7, 2019)

exhibition space are dedicated to local history, science and technology, art, educational programs, and an archive of electrical history.

Inside of the museum is the Suits-Bueche Planetarium. It contains a GOTO Chronos Star Machine, one of only 16 in the United States, which is capable of displaying 8,500 stars and 24 constellation outlines. The planetarium features a high-definition, full-dome, computerized projector which projects on the ceiling and provides an “immersive experience.”

Also located at MiSci are the Challenger Learning Center (CLC) and an extensive archive of electrical history. Opened in 2014, the CLC offers simulated missions to space for groups and for the public. The archives contain over 1.5 million photographs, making them the seventh largest collection of photographs in the US (not including the federal government). The archives also include 110 radios, 60 televisions, 15,000 patents, 5,000 books, and 1,000 films.

Today, the museum welcomes 40,000 annual visitors. Tickets cost \$12.00 for adults, \$8.00 for children, and \$10.00 for seniors. It is open most days from 10 AM to 5 PM (12PM to 5 PM on Sundays and closed on Mondays).

Westchester Children’s Museum (Rye, NY)



The Westchester Children’s Museum in Rye, NY opened its doors in 2016 and is located 16 miles from North 60. Spanning 22,000 square feet, this space provides children, families, and school groups “the opportunity to nurture curiosity, enhance knowledge, and ignite imagination through creative, hands-on exploration.”²⁷ The Museum is committed to broadening knowledge of the arts and sciences, the environment, and multiculturalism. The mission and

higher purpose of the Westchester Children’s Museum is “to provide STEAM (science, tech, engineering, arts, and math) experiences to the broadest audience of children possible,”²⁸ most particularly those without access to this kind of enrichment in their own communities and schools.

²⁷ Westchester Children’s Museum: <https://discoverwcm.org/> (Date Accessed: June 7, 2019)

²⁸ Westchester Children’s Museum: <https://discoverwcm.org/> (Date Accessed: June 7, 2019)

The donors to the Founding Family program enabled the Westchester Children's Museum to open its first phase (6,500 sq. ft) to the public in April 2016. The second phase (16,000 sq. ft) was funded by an awarded \$824,000 from the New York State Council for the Arts/Empire State Development Arts & Cultural Facilities Improvement Program. The grant, coupled with matching funds from private individuals, businesses, and foundations will finance the build out of the remaining 16,000 square feet of the historic landmark North Bathhouse on the Boardwalk at Playland Park in Rye where the museum is situated. The Museum offers experiences in physics, science, art, technology and design, with places to climb, build, and explore.

The Westchester Children's Museum welcomes 50,000 visitors annually. Tickets cost \$7.50 for adults, \$7.50 for children, and \$6.50 for seniors. The museum is open daily from 10 AM to 4 PM (closed on Mondays and Tuesdays).

MUSEUM MARKET PENETRATION ANALYSIS

The five case studies of children's science museums profiled above, as noted, vary greatly in terms of their demographic context. For example:

- The Long Island Children's Museum in Garden City, NY attracts 260,000 annual visitors in a market with over 5.2 million residents within a 45-minute drive-time radius;
- The MiSci (Museum of Innovation and Science) in Schenectady, NY attracts 40,000 visitors in a market with only 890,000 residents; and
- The Westchester Children's Museum in Rye, NY attracts 50,000 visitors in a market with approximately 4.3 million residents.

Viewing several case studies and blending their "capture rates" has a leveling effect, accounting for population density and the relative differences of the market contexts. Our analysis defines a capture rate as the museum's annual visitation divided by the sum of the population within a 45-minute drive-time radius. For example, an attraction with visitation of 80,000 in a market with a population of 1,000,000 has an 8 percent capture rate. The capture rate is a measurement of the center's relative strength as a destination draw within its market.

Population estimates were sourced via ESRI Business Analyst, and children's museum visitation figures were compiled from annual reports and news articles.

The following table contains population and visitation data for each of the five museum case studies and notes their respective capture rates.

TABLE 172: MUSEUM CAPTURE RATES

Museum	Location	Population (1)	Annual Visitation	Capture Rate
Connecticut Children's Museum	22 Wall St, New Haven, CT 06511	1,673,964	21,000	1.25%
EverWonder Children's Museum	31 Pecks Ln, Newtown, CT 06470	1,321,577	20,000	1.51%
Long Island Children's Museum	11 Davis Ave, Garden City, NY 11530	5,281,391	265,000	5.02%
MiSci (Museum of Innovation and Science)	15 Nott Terrace Heights, Schenectady, NY 12308	890,715	40,000	4.49%
Westchester Children's Museum	100 Playland Pkwy, Rye, NY 10580	4,302,928	50,000	1.16%
			Average	2.69%

(1) Within a 45-min driving radius

Source: Various Youth/Science Museum websites; compiled by Weitzman Associates, LLC.

The average capture rate for the five museums case studies is 2.69%. After applying this capture rate to the population within a 45-minute drive radius of North 60, *our analysis projects a visitation estimate of 131,000 people at a potential living science museum at North 60*, as shown in the following table.

TABLE 173

North 60 Living Science Museum: Visitation Estimate		
Westchester Population (45 min drive time)	Capture Rate (Average)	Visitation Estimate
4,876,000	2.69%	130,000

MUSEUM ADMISSIONS REVENUE PROJECTION

Having established a visitation projection for the living science museum at North 60, we proceeded to generate a revenue projection for the museum's future admissions based on ticket pricing at comparable institutions. We reviewed ticket pricing in two ways: (1) based on the ticket pricing for each age group and the distribution of each age group in Westchester County, and (2) based on the blended average of ticket prices across age groups at all five institutions. Based on these methods, *we estimate a low stabilized revenue projection from admissions of \$1.21 million, and a high stabilized revenue projection from admissions of \$1.26 million at the living science museum*, as shown in the tables on the following page.

TABLE 174

North 60 Living Science Museum: Revenue Projection (Low)					
Age Range	Population Distribution	Population Count by Age Group	Visitation Estimate	Average Ticket Price per Age Group	Projected Revenue
Children (3-17):	16.5%	805,000	21,636	\$9.30	\$201,000
College Students (18-24):	9.4%	458,000	12,309	\$10.10	\$124,000
Adults:	52.5%	2,560,000	68,804	\$10.10	\$695,000
Senior Citizens (65+):	15.7%	766,000	20,587	\$9.30	\$191,000
Total:					\$1,211,000

Source: Analysis by Weitzman Associates, LLC

TABLE 175

North 60 Living Science Museum: Revenue Projection (High)				
Museum	Children (3-17)	College Students (18-24)	Adults (25-64)	Seniors (65+)
Conneticut Children's Museum	\$10.00	\$10.00	\$10.00	\$10.00
EverWonder Children's Museum	\$7.00	\$7.00	\$7.00	\$7.00
Long Island Children's Museum	\$14.00	\$14.00	\$14.00	\$13.00
MiSci (Museum of Innovation and Science)	\$8.00	\$12.00	\$12.00	\$10.00
Westchester Children's Museum	\$7.50	\$7.50	\$7.50	\$6.50
Average Ticket Price per Age Group	\$9.30	\$10.10	\$10.10	\$9.30
Blended Average Ticket Price	\$9.70			
Projected Visitation	130,000			
Projected Revenue	\$1,261,000			

Source: Analysis by Weitzman Associates, LLC

CONCLUSION

It is our opinion that the living science museum at North 60 would be an excellent complement to the overall development and what currently exists in Mt. Pleasant. The market can likely absorb another children-focused attraction, and its visitation potential of 130,000 people per year is readily achievable. We also note that, from reviewing annual financial statements from several STEM-focused children's museums, admissions/ticket purchases usually account for 10-30% of each institution's annual revenue. The remainder of their revenue typically comes from grants, fundraising, F&B sales, event sales, and sponsorships. As such, the living science museum at North 60 would likely generate far more revenue than our analysis demonstrates above. Proper fundraising, design, and management efforts will have to work in tandem to produce a successful children's attraction at North 60.

– FINANCIAL FEASIBILITY ANALYSIS –

FINANCIAL FEASIBILITY ANALYSIS

INTRODUCTION

In order to understand whether the proposed development of the North 60 Tract is financially feasible, we have constructed a comprehensive discounted cash flow model that calculates the project's projected return profile. We conducted our analysis on a free-and-clear basis (i.e. no debt, no incentives) in order to calculate any potential financial gap that the public sector will have to work to fill with Fareri Associates. We note that we have pursued this analysis under the assumption that Fareri Associates can secure whatever zoning is necessary for North 60. We have organized the analysis as follows:

1. An Executive Summary of findings;
2. An overview of the proposed program and mix of uses for North 60;
3. An overview of the projected development costs of North 60;
4. An overview of Weitzman Associates' underwriting assumptions for North 60; and
5. An analysis of North 60's potential financial feasibility and potential subsidies that could support the project.

EXECUTIVE SUMMARY

- **Fareri Associates' Proposed Program.** Fareri Associates' proposed development program for North 60 comprises 3 million gross square feet of space spread across seven uses, broken into a clearly defined first phase, and more loosely defined second and third phases. Life science real estate constitutes about two-thirds of the overall program. Fareri Associates' proposal includes 142 residential rental apartments to be built during the first phase. However, we note that conversations with Fareri Associates indicate a desire to build 200 to 250 rental apartments during the project's first phase, providing that this conforms to the outcome of the SEQRA process and is acceptable to the Town of Mt. Pleasant.
- **Weitzman Associates' Proposed Program.** Weitzman Associates' proposal for North 60 breaks the development into five phases and reallocates approximately 500,000 gross square feet of space from life science real estate to residential apartments, resulting in 716 rental units to be built throughout the project's five phases. We note that Weitzman

Associates' proposal maintains building 142 units during North 60's first phase, per Fareri Associates' original proposal.

- **Project Cost Estimates.** Fareri Associates currently projects that North 60 will cost approximately \$1.08 billion to build (not including leasing costs or annual capital expenses after construction). Based on our research and discussions with knowledgeable cost estimators and construction professionals, we believe that the development will, in fact, cost approximately \$1.56 billion to construct, or about 44% more than Fareri Associates' estimate. Nevertheless, we point out that Weitzman Associates is not a trained cost estimation firm. Thus, we assume no responsibility for any changes in cost estimates once an expert cost estimator is hired.
- **North 60's Return Profile and Financial Gap.** We conclude that North 60 could achieve an unlevered internal rate of return (IRR) of 5.3%, and that it will require approximately \$362 million in subsidies (or 21% of the project's total development cost of \$1.73 billion, inclusive of leasing costs and annual capital expenses after construction) in order to be financially feasible, assuming a required rate of return of 6.9% on an unlevered basis (the weighted average unlevered required return of all uses). There are numerous subsidies offered by Westchester County and New York State that could support North 60 and fill its financial gap, such as sales and mortgage recording tax exemptions, and discretionary grants. Additionally, we note that Westchester County can expect to receive approximately \$59 million (present value in 2019 dollars) in ground lease payments over the course of 30 years. The results of the financial feasibility analysis are displayed in the following table:

North 60: Analysis of Financial Returns								
Return Measure	North 60	Residential	Retail	Life Science	Healthcare	Hotel	Living Science	Education
Unlevered IRR	5.3%	6.6%	10.4%	4.5%	6.1%	3.8%	0.0%	4.8%
NPV (Financial Gap)	(\$362,116,000)	\$57,852,000	\$35,840,000	(\$356,636,000)	(\$24,807,000)	(\$32,662,000)	(\$24,958,000)	(\$16,745,000)
Gross Square Feet per Use	3,000,000	644,000	214,000	1,500,000	400,000	100,000	42,000	100,000
NPV per GSF	(\$121)	\$90	\$167	(\$238)	(\$62)	(\$327)	(\$594)	(\$167)
Required Rate of Return	6.91%	5.50%	7.25%	7.50%	7.00%	9.00%	0.00%	7.00%
Total Cost per Use (\$2019) (1)	\$1,730,724,000	\$308,031,000	\$77,167,000	\$993,741,000	\$204,967,000	\$61,211,000	\$28,308,000	\$57,299,000
Shortfall	20.9%	0.0%	0.0%	35.9%	12.1%	53.4%	N/A	29.2%

Notes

(1) Includes leasing costs and annual capital expenses after construction.

Source: Analysis by Weitzman Associates, LLC

- **Next Steps.** Westchester County and Fareri Associates should agree upon a mix of uses that could help shrink the financial gap. Furthermore, Westchester County should commission an economic and fiscal impact study to understand the net benefits North 60 could generate in order to justify the provision of subsidies.

PROGRAM AND MIX OF USES

Fareri Associates Proposal

We have reviewed the program and mix of real estate uses for North 60 proposed by Fareri Associates. Fareri proposes building a total of 3 million gross square feet of space spread across seven distinct uses: residential, retail, life science, healthcare, a hotel, a “living science” museum, and education. Life science real estate constitutes the majority (67%) of the program, or just over 2 million square feet. Healthcare constitutes 13%, while the remaining uses each make up less than 10%.

Fareri Associates has specified that the first phase of the project would total 590,340 gross square feet (including 142 residential apartments), encompassing every use except the living science museum and education. As of this writing, Fareri has not defined a detailed phasing schedule for the remaining 2.4 million square feet of proposed space, but rather has combined it into “Phase 2 + 3.” We note that Fareri projects an 84 month construction period (7 years) to build all 3 million square feet of space at North 60.

TABLE 176

Program by Phase and Use (Gross Square Feet) -- Fareri Associates				
Use	Phase 1	Phases 2 + 3	TOTAL	% of Total
Residential (142 units)	135,840	0	135,840	4.53%
Retail	87,500	126,500	214,000	7.13%
Life Science	192,000	1,816,160	2,008,160	66.94%
Healthcare	75,000	325,000	400,000	13.33%
Hotel	100,000	0	100,000	3.33%
Living Science Museum	0	42,000	42,000	1.40%
Education	0	100,000	100,000	3.33%
TOTAL	590,340	2,409,660	3,000,000	100.00%
% of Total	19.68%	80.32%	100.00%	

Source: Fareri Associates; compiled by Weitzman Associates, LLC

Weitzman Associates Proposal

Having reviewed Fareri Associates proposal, we have concluded through our research that the plan is supported by the market. However:

- Even from an optimistic standpoint, the absorption pace of life science real estate would require 171 to 251 months to absorb all 2 million square feet, which would result in

building stabilization sometime between 2034 and 2042 (as discussed in the previous “Life Science Market Analysis” section above).

- Based on our research of comparable mixed-use life science campuses, there should be approximately 630 to 975 units of on-site housing to supplement the 2 million square feet of life science space at North 60. We strongly believe that residential is an essential component of a successful mixed-use development like North 60 in order to ensure strong marketability to life science tenants and to provide a built-in population to support retailers.

As a result of these conclusions, we propose reallocating approximately 500,000 gross square feet of life science real estate to residential use instead. This would result in the construction of 644,000 gross square feet of residential space, which equates to 716 units (at an average unit size of 900 gross square feet). While this is a substantially larger residential unit count than that proposed by Fareri Associates, it is still within the range of on-site housing units (475 to 735) that we believe should complement 1.5 million gross square feet of life science real estate based on our analysis of comparable life science campuses.

We note that conversations with Fareri Associates have indicated that the developer may wish to build more than 142 residential apartments during the project’s first phase if granted the proper zoning. The higher unit count, about 200 or 250 units, would help fill a housing need faced by staff and students at Westchester Medical Center and New York Medical College. However, for the purpose of this analysis, we have maintained the original unit count of 142 for North 60’s first phase.

In order to provide enough time for the market to absorb all of the uses proposed for North 60, and to avoid paying for all infrastructure costs upfront (which would be to the detriment of the development’s financial returns), we have devised a five-phase schedule with a construction completion timeline of 126 months:

TABLE 177

Program by Phase and Use (Gross Square Feet) -- Weitzman Associates							
Use	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL	% of Total
Residential (716 units)	135,840	127,040	127,040	127,040	127,040	644,000	21.47%
Retail	87,500	31,625	31,625	31,625	31,625	214,000	7.13%
Life Science	192,000	327,000	327,000	327,000	327,000	1,500,000	50.00%
Healthcare	75,000	81,250	81,250	81,250	81,250	400,000	13.33%
Hotel	100,000	0	0	0	0	100,000	3.33%
Living Science Museum	0	21,000	21,000	0	0	42,000	1.40%
Education	0	50,000	50,000	0	0	100,000	3.33%
TOTAL	590,340	637,915	637,915	566,915	566,915	3,000,000	100.00%
% of Total	19.68%	21.26%	21.26%	18.90%	18.90%	100.00%	

Source: Analysis by Weitzman Associates, LLC

DEVELOPMENT COSTS

Fareri Associates Proposal

The development budget provided by Fareri Associates estimates a total development cost of \$1.17 billion. However, we note that Fareri's analysis of tenant improvement allowances for life science, healthcare, and retail tenants was based on gross square footage, rather than net square footage once a gross-to-net efficiency factor has been applied. For the purpose of our analysis, we have adjusted gross square footage to net square footage to calculate a tenant improvement allowance budget. Furthermore, Fareri assumes \$177 million in financing fees and \$85 million in state subsidies. We have removed financing fees and state subsidies, as our financial analysis is modeled on a free-and-clear basis in order to provide an estimate of any subsidies required to make the development feasible. Fareri's numbers result in a development budget of \$1.08 billion, or \$361 per gross square foot, as displayed on the following page.

TABLE 178

North 60: Cost Breakdown (Fareri Associates)		
Line Item (1)	Amount (\$2019)	% of Total
Land	\$12,500,000	1.2%
General Conditions	\$62,632,000	5.8%
Sitework	\$48,634,000	4.5%
Vertical Hard Costs	\$508,588,000	47.0%
Landscape	\$3,891,000	0.4%
Developer Fee	\$16,911,000	1.6%
Construction Management Fee	\$33,821,000	3.1%
General Contingency	\$59,187,000	5.5%
Soft Costs (excl. Financing Fees)	\$114,653,000	10.6%
Parking	\$127,657,000	11.8%
Tenant Improvement Allowance (2)	\$94,125,000	8.7%
TOTAL	\$1,082,599,000	100.0%
TOTAL / GSF	\$361	

Notes

(1) Does not include leasing costs or annual capital expenses.

(2) Fareri Associates modeled tenant improvements on a gross square foot basis. We have adjusted this to a net square foot basis.

Source: Fareri Associates; analysis by Weitzman Associates, LLC

Weitzman Associates Proposal

Having reviewed Fareri Associates development budget, we have conducted additional research into the various costs of each real estate use, supplemented by conversations with cost estimators, architects, and construction professionals with whom we have standing relationships. These efforts led us to conclude that the vertical hard costs, parking costs, and tenant improvement allowances provided by Fareri Associates should be increased by approximately 48%, which also raises other costs such as general conditions and construction management fees that are typically modeled as a percentage of construction costs. As such, our analysis concludes that the overall budget should be increased by 44% to \$1.56 billion, or \$520 per gross square foot, as displayed below.

TABLE 179

North 60: Cost Breakdown (Weitzman Associates)		
Line Item (1)	Amount (\$2019)	% of Total
Land	\$12,500,000	0.8%
General Conditions	\$90,646,000	5.8%
Sitework	\$48,634,000	3.1%
Vertical Hard Costs	\$791,750,000	50.7%
Landscape	\$3,891,000	0.2%
Developer Fee	\$24,474,000	1.6%
Construction Management Fee	\$48,949,000	3.1%
General Contingency	\$85,660,000	5.5%
Soft Costs (excl. Financing Fees)	\$165,936,000	10.6%
Parking	\$161,722,000	10.4%
Tenant Improvement Allowance	\$127,078,000	8.1%
TOTAL	\$1,561,240,000	100.0%
TOTAL / GSF	\$520	

Notes

(1) Does not include leasing costs or annual capital expenses.

Source: Fareri Associates; various cost estimators and construction professionals; compiled by Weitzman Associates, LLC

While we have made informed assumptions about the construction costs of each real estate use, many of the costs listed above should be shared across the various asset types. These shared costs total \$481 million (or \$160 per gross square foot), broken down as follows:

TABLE 180

North 60: Shared Costs (Weitzman)	
Land	\$ 12,500,000
General Conditions	\$ 90,646,000
Sitework	\$ 48,634,000
Landscape	\$ 3,891,000
Developer Fee	\$ 24,474,000
Construction Management Fee	\$ 48,949,000
General Contingency	\$ 85,660,000
Soft Costs (ex. Financing)	\$ 165,936,000
TOTAL	\$ 480,690,000
TOTAL / GSF	\$ 160

Source: Analysis by Weitzman Associates, LLC

In order to fairly distribute the costs listed above to each real estate use, we have conducted a secondary analysis that allocates the shared costs based on each use's proportionate share of vertical hard costs, parking costs, and tenant improvement allowances, as shown on the following page. This analysis results in the following distribution of shared costs, broken down by use and phase:

TABLE 181

Breakdown of Shared Costs by Use and Phase (\$2019) -- Weitzman Associates							
Use	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL	% of Total
Residential (716 units)	\$19.9M	\$18.6M	\$18.6M	\$18.6M	\$18.6M	\$94.2M	19.6%
Retail	\$10.0M	\$3.6M	\$3.6M	\$3.6M	\$3.6M	\$24.4M	5.1%
Life Science	\$33.6M	\$57.3M	\$57.3M	\$57.3M	\$57.3M	\$262.8M	54.7%
Healthcare	\$10.5M	\$11.3M	\$11.3M	\$11.3M	\$11.3M	\$55.8M	11.6%
Hotel	\$18.0M	\$0	\$0	\$0	\$0	\$18.0M	3.7%
Living Science Museum	\$0	\$3.8M	\$3.8M	\$0	\$0	\$7.5M	1.6%
Education	\$0	\$9.0M	\$9.0M	\$0	\$0	\$18.0M	3.7%
TOTAL	\$91.9M	\$103.6M	\$103.6M	\$90.8M	\$90.8M	\$481M	100.0%
% of Total	19.1%	21.5%	21.5%	18.9%	18.9%	100.0%	

Source: Analysis by Weitzman Associates, LLC

TABLE 182

Analysis: Distribution of Shared Costs per Use													
	Space Assumptions			Vertical Hard Costs		TI Allowance		Parking Costs		TOTAL			
Use	Gross Square Feet (GSF)	Net Square Feet (NSF)	Parking Spaces per Use	Vertical Hard Cost per GSF	Hard Costs	TI Allowance per NSF per Use	TI Allowance	Weighted Average Cost per Parking Space	Parking	TOTAL	% of Total	Share of Distributed Costs	Per GSF
Residential	644,000	547,400	1,610	\$275	\$177,100,000	\$0	\$0	\$21,563	\$34,716,306	\$211,816,306	20%	\$94,228,037	\$ 146
Retail	214,000	192,600	535	\$175	\$37,450,000	\$30	\$5,778,000	\$21,563	\$11,536,164	\$54,764,164	5%	\$24,362,240	\$ 114
Life Science	1,500,000	975,000	3,750	\$275	\$412,500,000	\$100	\$97,500,000	\$21,563	\$80,860,961	\$590,860,961	55%	\$262,848,832	\$ 175
Healthcare	400,000	280,000	1,000	\$200	\$80,000,000	\$85	\$23,800,000	\$21,563	\$21,562,923	\$125,362,923	12%	\$55,768,616	\$ 139
Hotel	100,000	85,000	250	\$350	\$35,000,000	\$0	\$0	\$21,563	\$5,390,731	\$40,390,731	4%	\$17,968,113	\$ 180
Living Science Museum	42,000	42,000	105	\$350	\$14,700,000	\$0	\$0	\$21,563	\$2,264,107	\$16,964,107	2%	\$7,546,607	\$ 180
Education	100,000	80,000	250	\$350	\$35,000,000	\$0	\$0	\$21,563	\$5,390,731	\$40,390,731	4%	\$17,968,113	\$ 180
TOTAL / AVERAGE	3,000,000	2,202,000	7,500	\$264	\$791,750,000	\$58	\$127,078,000	\$21,563	\$161,721,922	\$1,080,549,922	100%	\$480,690,558	\$ 160

Source: Fareri Associates; various cost estimators and construction professionals; analysis by Weitzman Associates, LLC

Similarly, below we have presented tables outlining the breakdown of hard costs and total costs by use and phase:

TABLE 183

Breakdown of Hard Costs by Use and Phase (\$2019) -- Weitzman Associates							
Use	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL	% of Total
Residential (716 units)	\$44.7M	\$41.8M	\$41.8M	\$41.8M	\$41.8M	\$211.8M	19.6%
Retail	\$22.4M	\$8.1M	\$8.1M	\$8.1M	\$8.1M	\$54.8M	5.1%
Life Science	\$75.6M	\$128.8M	\$128.8M	\$128.8M	\$128.8M	\$590.9M	54.7%
Healthcare	\$23.5M	\$25.5M	\$25.5M	\$25.5M	\$25.5M	\$125.4M	11.6%
Hotel	\$40.4M	\$0	\$0	\$0	\$0	\$40.4M	3.7%
Living Science Museum	\$0	\$8.5M	\$8.5M	\$0	\$0	\$17.0M	1.6%
Education	\$0	\$20.2M	\$20.2M	\$0	\$0	\$40.4M	3.7%
TOTAL	\$206.6M	\$232.8M	\$232.8M	\$204.1M	\$204.1M	\$1,079M	100.0%
% of Total	19.1%	21.6%	21.6%	18.9%	18.9%	100.0%	

Source: Analysis by Weitzman Associates, LLC

TABLE 184

Breakdown of All Costs by Use and Phase (\$2019) -- Weitzman Associates							
Use	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL	% of Total
Residential (716 units)	\$64.6M	\$60.4M	\$60.4M	\$60.4M	\$60.4M	\$306.0M	19.6%
Retail	\$32.4M	\$11.7M	\$11.7M	\$11.7M	\$11.7M	\$79.1M	5.1%
Life Science	\$109.3M	\$186.1M	\$186.1M	\$186.1M	\$186.1M	\$853.7M	54.7%
Healthcare	\$34.0M	\$36.8M	\$36.8M	\$36.8M	\$36.8M	\$181.1M	11.6%
Hotel	\$58.4M	\$0	\$0	\$0	\$0	\$58.4M	3.7%
Living Science Museum	\$0	\$12.3M	\$12.3M	\$0	\$0	\$24.5M	1.6%
Education	\$0	\$29.2M	\$29.2M	\$0	\$0	\$58.4M	3.7%
TOTAL	\$298.5M	\$336.4M	\$336.4M	\$295.0M	\$295.0M	\$1,560M	100.00%
% of Total	19.1%	21.6%	21.6%	18.9%	18.9%	100.00%	

Source: Analysis by Weitzman Associates, LLC

UNDERWRITING ASSUMPTIONS

We have presented a table on page 359 outlining the underwriting assumptions (some of which are discussed above) that we have used in order to analyze the financial returns that North 60 could yield. The assumptions are well-informed, and they are augmented by our experience with the financial feasibility of past projects when applicable. We also offer additional background on their sources, as necessary:

- *Gross Square Feet.* Discussed above.
- *Efficiency Factor.* Derived from our experience with similar projects in the past and discussions with architects and construction professionals.
- *Units.* Residential units were underwritten at an average of 900 gross square feet per unit.
- *Hard Costs.* See previous analysis. Hard cost assumptions were sourced from Fareri Associates, similar past projects, and development professionals with whom we have established relationships.
- *Soft and Distributed Costs.* See previous analysis.
- *Tenant Improvement Allowance.* Sourced from past projects and conversations with brokers, construction professionals, and architects.
- *Rent.* Sourced from CoStar, Revista, and conversations with brokers.
- *Vacancy.* Sourced from CoStar, Revista, and JLL. Life science vacancy (10%) is akin to that of other successful suburban life science markets throughout the United States.
- *Capital Expenses.* Sourced from experience with past projects.
- *Operating Expenses.* From our experience with past projects, residential operating expenses are usually about 35% of gross revenue, and healthcare (medical office) operating expenses are about 20% of gross revenue. If operating expenses are listed as \$0, we have assumed a true triple-net lease.
- *Capitalization Rate and Required Return (Unlevered).* Sourced from PricewaterhouseCooper's quarterly *Korpacz Survey*, and our judgment based on our experience with large, mixed-use developments.
- *Hotel Assumptions.* Sourced from STR data, our own analysis of the proposed hotel's operating performance, and the feasibility study commissioned from HVS (December, 2017) by Fareri Associates.
- *Parking Assumptions.* The number of parking spaces (7,500 total) were distributed on a pro rata basis to each use based on gross square footage. Occupancy, revenue, and operating cost assumptions were sourced from past discussions with parking operators and a review of current parking rates near North 60. Conversations with Fareri Associates indicate that they intend to make 75% of the parking spaces free-of-charge, while 25% will

be available for payment. Parking construction cost is a blended average of the different types of parking spaces (surface, subgrade, and structured) based on discussions with cost estimators.

TABLE 185

North 60: Underwriting Assumptions (Weitzman Associates)							
	Residential	Retail (1)	Life Science (2)	Healthcare	Hotel	Museum	Education
Space and Program							
Gross Square Feet	644,000	214,000	1,500,000	400,000	100,000	42,000	100,000
Efficiency Factor (Gross-to-Net Ratio)	15.00%	10.00%	35.00%	30.00%	15.00%	0.00%	20.00%
Units	716	N/A	N/A	N/A	N/A	N/A	N/A
Development Costs							
Hard Costs (per GSF)	\$275.00	\$175.00	\$275.00	\$200.00	\$350.00	\$350.00	\$350.00
Soft and Distributed Costs (per GSF)	\$146.32	\$113.84	\$175.23	\$139.42	\$179.68	\$179.68	\$179.68
Tenant Improvement Allowance (per NSF)	N/A	\$30.00	\$100.00	\$85.00	N/A	N/A	N/A
Leasing Commission as % of Lease	N/A	6.00%	6.00%	6.00%	N/A	N/A	6.00%
Annual Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Timing Assumptions							
Construction Completion (Month)	Month 126	Month 126	Month 126	Month 126	Month 24	Month 78	Month 78
Lease Up Time (Months)	60 months	60 months	176 months	120 months	24 months	N/A	24 months
Stabilization (Month)	Month 138	Month 138	Month 164	Month 150	Month 48	N/A	Month 90
Operating Assumptions							
Rent (per NSF)	\$36.00	\$40.00	\$35.00	\$40.00	N/A	N/A	\$25.00
Vacancy	5.00%	7.00%	10.00%	10.00%	N/A	N/A	10.00%
Capital Expenses per Year (per GSF)	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Operating Expenses per Year (per NSF)	\$12.60	\$0.00	\$0.00	\$8.00	N/A	\$0.00	\$0.00
Annual Growth Rate	3.00%	2.00%	3.00%	3.00%	2.00%	N/A	3.00%
Exit Assumptions							
Capitalization Rate	4.50%	6.25%	7.00%	6.00%	7.50%	N/A	6.00%
Cost of Sale	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Exit Month	Month 360	Month 360	Month 360	Month 360	Month 360	Month 360	Month 360
Hotel Assumptions (at stabilization)							
ADR	N/A	N/A	N/A	N/A	\$179.00	N/A	N/A
Occupancy	N/A	N/A	N/A	N/A	78%	N/A	N/A
RevPAR	N/A	N/A	N/A	N/A	\$139.62	N/A	N/A
Cost Margin (excluding ground lease payment)	N/A	N/A	N/A	N/A	67%	N/A	N/A
NOI Margin (excluding ground lease payment)	N/A	N/A	N/A	N/A	33%	N/A	N/A
Parking Assumptions							
Number of Spaces	1,610	535	3,750	1,000	250	105	250
Occupancy	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
Revenue per Space per Month	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Operating Costs per Month	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Percent of Spaces that are Revenue-Generating	25.00%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Construction Cost per Parking Space	\$21,563	\$21,563	\$21,563	\$21,563	\$21,563	\$21,563	\$21,563
Other							
Required Return (Unlevered) (3)	5.50%	7.25%	7.50%	7.00%	9.00%	0.00%	7.00%

Notes

- (1) Assumes that all retail parking is free of charge.
- (2) Rent for life science development in Phase 1 is \$30.00 per NSF.
- (3) The unlevered, weighted average required rate of return across all uses is 6.9%.

Sources: Fareri Associates; various brokers, cost estimators, architects, and construction professionals; CoStar; Revisa; JLL; HVS; STR; local parking company websites; PuC; analysis by Weitzman Associates, LLC

CONCLUSION: FINANCIAL FEASIBILITY

Having assembled the required underwriting assumptions listed above, we constructed a 30-year discounted cash flow model of North 60. We built the model on an unlevered basis in order to project the (if any) financial gap that the project may face in order to determine the amount of subsidy that may be required to make it feasible. The model assumes that Fareri Associates will sell its interest in North 60 after 360 months (during the year 2050). At the time of sale, we project that North 60 will have a net sale price of \$3.1 billion, based on a net operating income of \$196 million, a blended capitalization rate of 6.2%, and sale costs of 2%. The results of the financial feasibility analysis are as follows:

TABLE 186

North 60: Analysis of Financial Returns								
Return Measure	North 60	Residential	Retail	Life Science	Healthcare	Hotel	Living Science	Education
Unlevered IRR	5.3%	6.6%	10.4%	4.5%	6.1%	3.8%	0.0%	4.8%
NPV (Financial Gap)	(\$362,116,000)	\$57,852,000	\$35,840,000	(\$356,636,000)	(\$24,807,000)	(\$32,662,000)	(\$24,958,000)	(\$16,745,000)
Gross Square Feet per Use	3,000,000	644,000	214,000	1,500,000	400,000	100,000	42,000	100,000
NPV per GSF	(\$121)	\$90	\$167	(\$238)	(\$62)	(\$327)	(\$594)	(\$167)
Required Rate of Return	6.91%	5.50%	7.25%	7.50%	7.00%	9.00%	0.00%	7.00%
Total Cost per Use (\$2019) (1)	\$1,730,724,000	\$308,031,000	\$77,167,000	\$993,741,000	\$204,967,000	\$61,211,000	\$28,308,000	\$57,299,000
Shortfall	20.9%	0.0%	0.0%	35.9%	12.1%	53.4%	N/A	29.2%

Notes

(1) Includes leasing costs and annual capital expenses after construction.

Source: Analysis by Weitzman Associates, LLC

Our analysis concludes that North 60 may likely achieve an unlevered internal rate of return (IRR) of 5.3%, and that the project's financial gap is approximately \$362 million dollars. In other words, the project will require subsidies totaling \$362 million (present value in 2019 dollars) in order to reach the blended, unlevered required rate of return (6.9%) that a developer would need to undertake the venture.

Residential and retail uses do not require subsidy – they are feasible on an as-of-right, free-and-clear basis. Every other use, however, requires subsidy:

- Life science buildings are expensive to build and will require a long absorption period. However, we note that the life science industry is growing and changing rapidly at both a national and local level. It is impossible to predict the sector's future trajectory, but we remain cautiously optimistic that increasing investment and innovation could drive demand for more real estate than our demand analysis currently forecasts. Therefore, the absorption period may be shorter than that modeled in this analysis.

- The 120-key hotel is a significant loss leader, but we believe that it is an essential component of a mixed-use corporate campus like North 60. It should also benefit from the many extant (and future) demand drivers nearby.
- Likewise, the education space is expensive to build, and its potential tenants rarely have the ability to pay premium rent.
- The healthcare (medical office) real estate is nearly feasible without subsidy, and we believe that proximity to Westchester Medical Center makes North 60 an excellent location for such development. However, success of this asset type will depend upon future updates to the North 60 ground lease that would provide Fareri Associates with greater flexibility to lease healthcare space to a wider range of tenants.

The \$362 million financial gap represents approximately 21% of North 60's total development cost (\$1.73 billion), which includes leasing costs and annual capital expenses after construction. We note that the financial gap will likely be reduced by positive leverage once Fareri Associates secures financing (i.e. construction and permanent loans) for North 60. However, given that capital markets change based on the market and the appetites of financial institutions, we believe that a free-and-clear calculation is more reliable as a preliminary analysis. We recommend that, as market conditions shift in the future, Weitzman Associates' analysis should be updated.

We also note that, over the course of the 30 years, Westchester County can expect to receive approximately \$202 million in ground lease payments. Discounted back to 2019 dollars (at a discount rate of 6.91%), this equates to approximately \$59 million.

Based on our research and interviews, there are a number of subsidies and incentives offered by Westchester County and New York State that may be used to fill North 60's financial gap:

- **Sales and Mortgage Recording Tax Exemptions.** Westchester County's IDA (Industrial Development Agency) offers sales tax exemptions for construction projects, as well as exemptions for the local mortgage recording tax.²⁹ Fareri Associates estimates that, combined, these two exemptions could amount to \$85 million in subsidies (though this figure will increase given the larger construction budget we project for North 60). The Town of Mt. Pleasant's IDA may also offer similar subsidies.

²⁹ <https://business.westchestergov.com/incentives/ida>

- **Tax Exempt Bonds.** The Westchester County Local Development Board may issue tax exempt bonds to support project financing.³⁰ While bonds are most relegated to not-for-profit organizations, Fareri Associates could benefit from the program pending discussions with the County.
- **New York State Life Science Initiative.** New York State currently sponsors a \$620 million incentive program that aims to support the growth of the life science industry.³¹ In general, the Life Science Initiative has primarily targeted the end-user of buildings (i.e. life science tenants) rather than real estate developers. The program is allocated via three mechanisms:
 - o *Discretionary Grants.* New York State may provide discretionary grants to fund the cost of construction, infrastructure, and (perhaps) soft costs such as professional fees. Typically the grants fund a maximum of 20% of the total project cost.
 - o *Excelsior Jobs Tax Credit.* New York State offers employers a tax credit equivalent to 6.85% of the wages per each net new job they create in the State.
 - o *R&D Tax Credit Program.* New York State offers a fully refundable tax credit for research and development expenses incurred in the State. The credit is 15% for companies employing 10 or more people, and 20% for companies employing fewer than 10 people. The program has a lifetime cap of \$1.5 million per company.
- **Other Programs.**
 - o In addition to the “Excelsior Jobs Tax Credit” mentioned above, the Excelsior Jobs Program also offers³²:
 - Investment tax credits valued at 2% of qualified investments;
 - R&D tax credits equivalent to 50% of the Federal Research and Development Tax Credit.

³⁰ <https://business.westchestergov.com/incentives/ida>

³¹ <https://esd.ny.gov/industries/biotech-and-life-sciences>

³² <https://esd.ny.gov/excelsior-jobs-program>

- Real property tax credits “available to firms locating in certain distressed areas and to firms in targeted industries that meet higher employment and investment thresholds (Regionally Significant Project).”
- o New York State offers low-interest loans to fund construction, capped at 20% of the project cost.
- o NYSERDA (New York State Energy Research and Development Authority) offers subsidies in the forms of low-interest financing, tax credits, real property tax exemptions, and real property tax abatements in order to incentivize clean energy practices.

In pursuing a negotiation over subsidies for North 60, we recommend that:

1. Fareri Associates, Westchester County, and the Town of Mt. Pleasant discuss and agree upon a mix of uses that may shrink the financial gap. For example, residential development is feasible without subsidy, and it would likely present strong fiscal benefits to the County, provided that the unit sizes are small enough so that they will not attract additional families with school-aged children from moving to Mt. Pleasant.
2. Westchester County should commission an economic and fiscal impact study to assess the net benefits that North 60 could generate for the County and the State of New York in order to justify the provision of subsidies.

On the following pages we present the fully detailed discounted cash flow analysis.



TABLE 187 (Years 1- 10)

Weitzman Associates, LLC

Westchester North 60 | Cash Flow Summary

Summary Cash Flow											
Category	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Fixed Ground Lease Payment	(\$3,750,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)
Construction Costs	(\$2,294,902,000)	(\$190,514,000)	(\$195,886,000)	(\$182,021,000)	(\$187,481,000)	(\$289,658,000)	(\$198,899,000)	(\$285,049,000)	(\$188,095,000)	(\$284,504,000)	(\$193,264,000)
Net Operating Income											
Potential Gross Income	\$2,664,934,000	\$0	\$0	\$27,870,000	\$27,870,000	\$38,761,000	\$49,653,000	\$60,545,000	\$71,436,000	\$81,703,000	\$91,970,000
Vacancy/Turnover	(\$342,993,000)	\$0	\$0	(\$11,491,000)	(\$4,951,000)	(\$11,123,000)	(\$13,388,000)	(\$16,010,000)	(\$15,471,000)	(\$17,479,000)	(\$17,178,000)
Effective Gross Revenue	\$2,315,481,000	\$0	\$0	\$16,148,000	\$22,688,000	\$27,408,000	\$36,034,000	\$44,304,000	\$55,735,000	\$63,994,000	\$74,562,000
Effective Gross Revenue with Inflation	\$3,942,353,000	\$0	\$0	\$16,997,000	\$24,572,000	\$30,540,000	\$41,379,000	\$52,417,000	\$67,967,000	\$80,386,000	\$96,502,000
Operating Expenses	(\$642,253,000)	\$0	\$0	(\$7,037,000)	(\$7,493,000)	(\$9,049,000)	(\$10,573,000)	(\$12,182,000)	(\$13,877,000)	(\$15,664,000)	(\$17,546,000)
Variable Ground Lease Payment (% of Effective Gross Income) (1)	(\$198,734,000)	\$0	\$0	(\$667,000)	(\$1,100,000)	(\$1,364,000)	(\$1,897,000)	(\$2,457,000)	(\$3,260,000)	(\$3,897,000)	(\$4,754,000)
Parking NOI	\$259,607,000	\$0	\$0	\$1,186,000	\$1,220,000	\$2,042,000	\$2,913,000	\$3,834,000	\$4,808,000	\$5,753,000	\$6,750,000
NOI	\$3,309,417,000	\$0	\$0	\$10,430,000	\$17,068,000	\$21,982,000	\$31,535,000	\$41,242,000	\$55,127,000	\$65,954,000	\$80,142,000
Capital Expenses (2)	(\$31,282,000)	\$0	\$0	(\$171,000)	(\$176,000)	(\$280,000)	(\$390,000)	(\$506,000)	(\$629,000)	(\$749,000)	(\$875,000)
Leasing Costs	(\$270,244,000)	\$0	\$0	(\$22,379,000)	(\$13,881,000)	(\$11,042,000)	(\$21,044,000)	(\$28,529,000)	(\$27,822,000)	(\$29,584,000)	(\$28,953,000)
Exit: Net Sale Proceeds	\$3,096,516,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unlevered Cash Flow	\$3,811,999,000.00	(\$190,639,000)	(\$195,331,000)	(\$193,972,000)	(\$184,149,000)	(\$278,216,000)	(\$188,155,000)	(\$271,565,000)	(\$160,437,000)	(\$248,365,000)	(\$143,075,000)

Equity-In (Annual)	\$190,639,000	\$196,011,000	\$204,696,000	\$201,663,000	\$301,105,000	\$220,458,000	\$314,209,000	\$216,671,000	\$314,962,000	\$223,217,000
Equity-In (Cumulative)	\$190,639,000	\$386,650,000	\$591,346,000	\$793,009,000	\$1,094,114,000	\$1,314,572,000	\$1,628,781,000	\$1,845,452,000	\$2,160,414,000	\$2,383,631,000
NOI	\$0	\$0	\$10,430,000	\$17,068,000	\$21,982,000	\$31,535,000	\$41,242,000	\$55,127,000	\$65,954,000	\$80,142,000
Cash-on-Cash Return (3)	0.0%	0.0%	1.8%	2.2%	2.0%	2.4%	2.5%	3.0%	3.1%	3.4%

Notes

(1) Variable ground lease payments are equal to 6% of effective gross revenue of retail, healthcare, and life science buildings, and 3% of effective gross revenue of hotel, educational, and residential buildings.

(2) Capital expenses are not factored into the project's Net Operating Income – they are "below the line." Analysis assumes zero capital expenses in Year 30 (the year of sale)

(3) We note that the project's projected cash-on-cash returns are low, not reaching 6% until Year 22. However, cash-on-cash returns will increase substantially with leverage.

(4) Numbers may not sum due to rounding.

Source: Fareri Associates and Weitzman Associates, LLC.



TABLE 188 (Years 11- 20)

Weitzman Associates, LLC
Westchester North 60 | Cash Flow Summary

Summary Cash Flow											
Category	Total	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Fixed Ground Lease Payment	(\$3,750,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)
Construction Costs	(\$2,294,902,000)	(\$99,531,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income											
Potential Gross Income	\$2,664,934,000	\$101,604,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000
Vacancy/Turnover	(\$342,993,000)	(\$18,818,000)	(\$18,781,000)	(\$13,818,000)	(\$11,013,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)
Effective Gross Revenue	\$2,315,481,000	\$82,556,000	\$92,227,000	\$97,190,000	\$99,995,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000
Effective Gross Revenue with Inflation	\$3,942,353,000	\$110,056,000	\$126,657,000	\$137,444,000	\$145,596,000	\$150,130,000	\$154,539,000	\$159,079,000	\$163,754,000	\$168,566,000	\$173,521,000
Operating Expenses	(\$642,253,000)	(\$19,528,000)	(\$21,613,000)	(\$22,202,000)	(\$22,807,000)	(\$23,430,000)	(\$24,069,000)	(\$24,727,000)	(\$25,403,000)	(\$26,098,000)	(\$26,813,000)
Variable Ground Lease Payment (% of Effective Gross Income) (1)	(\$198,734,000)	(\$5,451,000)	(\$6,325,000)	(\$6,937,000)	(\$7,389,000)	(\$7,623,000)	(\$7,849,000)	(\$8,082,000)	(\$8,321,000)	(\$8,568,000)	(\$8,822,000)
Parking NOI	\$259,607,000	\$7,803,000	\$8,912,000	\$9,177,000	\$9,450,000	\$9,731,000	\$10,020,000	\$10,318,000	\$10,625,000	\$10,941,000	\$11,267,000
NOI	\$3,309,417,000	\$91,945,000	\$106,577,000	\$116,304,000	\$123,541,000	\$127,363,000	\$131,054,000	\$134,853,000	\$138,764,000	\$142,790,000	\$146,933,000
Capital Expenses (2)	(\$31,282,000)	(\$1,004,000)	(\$1,139,000)	(\$1,173,000)	(\$1,207,000)	(\$1,242,000)	(\$1,279,000)	(\$1,316,000)	(\$1,355,000)	(\$1,394,000)	(\$1,435,000)
Leasing Costs	(\$270,244,000)	(\$30,442,000)	(\$29,889,000)	(\$20,098,000)	(\$6,581,000)	\$0	\$0	\$0	\$0	\$0	\$0
Exit: Net Sale Proceeds	\$3,096,516,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unlevered Cash Flow	\$3,811,999,000.00	(\$39,157,000)	\$75,424,000	\$94,908,000	\$115,627,000	\$125,995,000	\$129,650,000	\$133,412,000	\$137,285,000	\$141,270,000	\$145,373,000

Equity-In (Annual)	\$131,102,000	\$31,153,000	\$21,396,000	\$7,913,000	\$1,367,000	\$1,404,000	\$1,441,000	\$1,480,000	\$1,519,000	\$1,560,000
Equity-In (Cumulative)	\$2,514,733,000	\$2,545,886,000	\$2,567,282,000	\$2,575,195,000	\$2,576,562,000	\$2,577,966,000	\$2,579,407,000	\$2,580,887,000	\$2,582,406,000	\$2,583,966,000
NOI	\$91,945,000	\$106,577,000	\$116,304,000	\$123,541,000	\$127,363,000	\$131,054,000	\$134,853,000	\$138,764,000	\$142,790,000	\$146,933,000
Cash-on-Cash Return (3)	3.7%	4.2%	4.5%	4.8%	4.9%	5.1%	5.2%	5.4%	5.5%	5.7%

Notes

(1) Variable ground lease payments are equal to 6% of effective gross revenue of retail, healthcare, and life science buildings, and 3% of effective gross revenue of hotel, educational, and residential buildings.

(2) Capital expenses are not factored into the project's Net Operating Income -- they are "below the line." Analysis assumes zero capital expenses in Year 30 (the year of sale)

(3) We note that the project's projected cash-on-cash returns are low, not reaching 6% until Year 22. However, cash-on-cash returns will increase substantially with leverage.

(4) Numbers may not sum due to rounding.

Source: Fareri Associates and Weitzman Associates, LLC

TABLE 189 (Years 21- 30)

Weitzman Associates, LLC
Westchester North 60 | Cash Flow Summary

Summary Cash Flow											
Category	Total	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Fixed Ground Lease Payment	(\$3,750,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)
Construction Costs	(\$2,294,902,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income											
Potential Gross Income	\$2,664,934,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000	\$111,238,000
Vacancy/Turnover	(\$342,993,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)	(\$10,842,000)
Effective Gross Revenue	\$2,315,481,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000	\$100,165,000
Effective Gross Revenue with Inflation	\$3,942,353,000	\$178,623,000	\$183,875,000	\$189,283,000	\$194,851,000	\$200,584,000	\$206,487,000	\$212,564,000	\$218,822,000	\$225,264,000	\$231,898,000
Operating Expenses	(\$642,253,000)	(\$27,547,000)	(\$28,303,000)	(\$29,079,000)	(\$29,878,000)	(\$30,698,000)	(\$31,542,000)	(\$32,410,000)	(\$33,302,000)	(\$34,220,000)	(\$35,163,000)
Variable Ground Lease Payment (% of Effective Gross Income) (1)	(\$198,734,000)	(\$9,084,000)	(\$9,353,000)	(\$9,630,000)	(\$9,916,000)	(\$10,210,000)	(\$10,513,000)	(\$10,825,000)	(\$11,146,000)	(\$11,477,000)	(\$11,817,000)
Parking NOI	\$259,607,000	\$11,602,000	\$11,947,000	\$12,303,000	\$12,669,000	\$13,046,000	\$13,434,000	\$13,834,000	\$14,246,000	\$14,670,000	\$15,106,000
NOI	\$3,309,417,000	\$151,198,000	\$155,588,000	\$160,107,000	\$164,758,000	\$169,546,000	\$174,474,000	\$179,548,000	\$184,770,000	\$190,145,000	\$195,679,000
Capital Expenses (2)	(\$31,282,000)	(\$1,477,000)	(\$1,520,000)	(\$1,565,000)	(\$1,611,000)	(\$1,658,000)	(\$1,706,000)	(\$1,756,000)	(\$1,808,000)	(\$1,861,000)	\$0
Leasing Costs	(\$270,244,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exit: Net Sale Proceeds	\$3,096,516,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,096,516,000
Unlevered Cash Flow	\$3,811,999,000.00	\$149,596,000	\$153,943,000	\$158,417,000	\$163,023,000	\$167,763,000	\$172,643,000	\$177,666,000	\$182,837,000	\$188,159,000	\$3,292,069,000
Equity-In (Annual)	\$1,602,000	\$1,645,000	\$1,690,000	\$1,736,000	\$1,783,000	\$1,831,000	\$1,881,000	\$1,933,000	\$1,986,000	\$125,000	
Equity-In (Cumulative)	\$2,585,568,000	\$2,587,213,000	\$2,588,903,000	\$2,590,639,000	\$2,592,422,000	\$2,594,253,000	\$2,596,134,000	\$2,598,067,000	\$2,600,053,000	\$2,600,178,000	
NOI	\$151,198,000	\$155,588,000	\$160,107,000	\$164,758,000	\$169,546,000	\$174,474,000	\$179,548,000	\$184,770,000	\$190,145,000	\$195,679,000	
Cash-on-Cash Return (3)	5.8%	6.0%	6.2%	6.4%	6.5%	6.7%	6.9%	7.1%	7.3%	7.5%	

Notes

- (1) Variable ground lease payments are equal to 6% of effective gross revenue of retail, healthcare, and life science buildings, and 3% of effective gross revenue of hotel, educational, and residential buildings.
(2) Capital expenses are not factored into the project's Net Operating Income -- they are "below the line." Analysis assumes zero capital expenses in Year 30 (the year of sale)
(3) We note that the project's projected cash-on-cash returns are low, not reaching 6% until Year 22. However, cash-on-cash returns will increase substantially with leverage.
(4) Numbers may not sum due to rounding.

Source: Fareri Associates and Weitzman Associates, LLC



– FINDINGS FROM INTERVIEWS –

FINDINGS FROM INTERVIEWS

INTRODUCTION

As a component of our work to contextualize North 60 and assess its overall feasibility, we have interviewed over 20 individuals who constitute key stakeholders in Westchester County and subject matter experts relevant to the development of North 60. As such, the interviewees' backgrounds vary greatly, but they generally hail from the public sector, real estate, healthcare, education, architecture, and construction. The interviews were conducted during March, April, May, June, and October of 2019. Key findings from the interviews are summarized below, as well as a full list of the interviewees.

KEY FINDINGS

- **Life Science.** The interviewees agree that North 60 is a critical opportunity to unlock the potential of Westchester County's extant, yet space-constrained, life science industry. However, there are challenges to overcome:
 - o Today, Westchester County has little to no vacant life science real estate (save for 80,000 square feet at Ardsley Park that will return to the market pending a refresh). Yet, there is substantial demand, often driven by smaller firms — the success of BioInc at New York Medical College speaks to the role of smaller start-ups in fueling demand.
 - o Westchester is already home to many "C-suite" executives in the life sciences, largely due to the presence of large pharmaceutical companies (such as Regeneron and Acorda Therapeutics) and the County's status as a desirable place to live. Talent recruitment is not a challenge.
 - o Those familiar with other successful life science clusters throughout the United States have noted that collaboration between life science companies, the real estate industry, educational institutions, and the public sector is absolutely necessary. This includes joint marketing efforts, government subsidies to fund construction and attract firms, expedited rezoning and permitting, the sharing of research, and transparency between key industry players.
 - o Regeneron Pharmaceuticals (which did not answer a request for an interview) reportedly opposes North 60 because they do not want other life science companies entering the market with whom they would have to compete for talent.

Interviewees report that the Regeneron's campus expansion is intended to be used solely for the company's own internal initiatives. In other words, they do not plan to lease space to other life science firms, which would thus render the campus competitive with North 60.

- o New York State (and Westchester County in particular) has failed to attract new life science companies to locate in the State in recent years. There is a consensus that New York State's incentive programs are insufficient when compared to those offered by states such as Pennsylvania, New Jersey, and Massachusetts.
 - o The long "stop and start" history of North 60 has caused many potential life science tenants to believe that the project may never happen. This presents a marketing challenge that can be overcome via public and private collaboration. However, North 60 may need to "go back to the grassroots" by building an incubator during Phase 1, rather than targeting a large anchor tenant.
 - o Life science companies have a market cycle unlike traditional office-using employers. For example, should a start-up secure a patent or FDA approval for a new drug, it requires turnkey laboratory space immediately to begin production. As such, developers should be the first movers, building space now for tenants of the future. Developers who wait for the tenant to come before building often lose them to another facility.
 - o There is consensus that Empire State Development's subsidy programs (such as the "Excelsior Jobs Program") are designed to incentivize the end-user (i.e. the life science tenant) to create jobs, rather than the real estate developer to construct buildings. This is out of sync with the needs of North 60, which will require upfront subsidies to fund construction. However, Empire State Development (and Governor Cuomo, in particular) has discretionary funding powers that could be tapped to support North 60.
- **Academic Institutions.** The relevant academic institutions in Westchester County (New York Medical College, Pace University, and Westchester Community College) have all grown in recent years and could lend critical support to create a strong innovation ecosystem at North 60. They all hope that North 60 will usher in new companies that will provide internships and research opportunities for students.
 - o As of the 2019 fall semester, New York Medical College will constitute approximately 1,800 students and 1,400 faculty members. It has added several

programs recently, including new master's programs in biostatistics and "corporate science." Furthermore, the dental school (Touro College of Dental Medicine) may expand its dental hygiene program in a few years. New York Medical College maintains collaborations with Westchester Medical Center and Regeneron Pharmaceuticals for direct physician training and research efforts, respectively.

- o Pace University's campus in Pleasantville has undergone several construction efforts recently that have culminated in new academic buildings and residence halls. Today, the campus welcomes approximately 3,500 students annually. Its graduate programs are growing, and there is a general focus on healthcare, computer science, and the life sciences. Pace has a need for additional student housing, new laboratory / research space, and potentially a new home for its nursing school.
 - o Westchester Community College has experienced steady enrollment over the last few years. Some of its most popular (and career-supporting) programs include hospitality, nursing, physical therapy, and veterinary science. Notably, graduates from the college's cybersecurity program have grown by 173% since 2016.
- **Residential Development.** Interviewees almost unanimously agree that there is a need for more residential, multifamily development in Westchester. In fact, some expressed concern that, if housing is not a component of North 60, the development will put additional pressure on the local residential market. The academic institutions in the area generally face housing challenges, as well. We have learned that housing is also particularly critical for life science employees who work unusual hours (for example, one may need to check on an experiment in the middle of the night), and therefore need housing close to their laboratories.
- **Healthcare.** Among those questioned, there was consensus that Westchester County does not lack adequate medical care – the County already has a high number of physicians and dentists. Furthermore, private medical practices are dwindling, consolidating, or being acquired by hospital systems such as Westchester Medical Center. None of the interviewees were aware of tenants who may wish to lease medical office space at North 60. However, several respondents noted that an urgent care facility would make practical sense.

- **Hotel.** Interviewees agree that a new hotel at North 60 would be well-received. The institutions with which we have communicated all indicate that they drive demand for room nights and event space. Regeneron has approval to build a hotel as a component of its campus expansion plan, though details regarding the project (scale, brand, timeline, etc.) have not yet been made clear.
- **Retail.** Interviewees unanimously agree that new retail space at North 60 would be of tremendous benefit to the area. Retail is scarce in Mt. Pleasant, which is primarily occupied by mom-and-pop businesses. Grocery, F&B, convenience retail, and service retail (such as dry cleaning, a beauty parlor, etc.) are all in high demand. No one was concerned that new retail at North 60 would negatively impact the Mt. Pleasant community or already existing retailers. In addition, with the forecasted employment at North 60, there would be an even larger consumer base to support retail businesses, both within Mt. Pleasant and at North 60. Notably, Regeneron's campus expansion plans include approximately 300,000 square feet of retail space along Route 9A, though details regarding the project have not yet been made clear.
- **Construction Cost.** Our conversations with architects, cost estimators, and construction professionals indicate that Fareri Associates' budget estimate for North 60 is low (about 40-50% under budget). We have incorporated these findings into the Financial Feasibility section of the report.

TABLE 190

North 60: List of Individuals Interviewed by Weitzman Associates			
Name	Title	Company / Affiliation	Sector
Cara Cea	Senior Director, Media Relations	Pace University	Education
Lisa Moscaritolo	Dean for Students	Pace University	Education
Edward Halperin	Chancellor & Chief Executive Officer	New York Medical College	Education
John Fareri	Developer	Fareri Associates	Real Estate
Neil DeLuca	North 60 Project Leader	Fareri Associates	Real Estate
Erik Aulestia	Principal	Torti Gallas + Partners	Architecture / Site Planning
Josh Ratner	SVP, Strategic Planning	Westchester Medical Center	Healthcare
Belinda Miles	President	Westchester Community College	Education
Shawn Brown	Assistant to the President & Chief of Staff	Westchester Community College	Education
Tricia Ardigo	Westchester Life Science Real Estate Broker	CBRE	Life Science / Real Estate
(Name redacted)	Life Science Real Estate Broker	Institutional, global brokerage	Real Estate
Bridget Gibbons	Director of Economic Development	Westchester County	Policy / Government
Meghan Taylor	Regional Director, Mid-Hudson Development	Empire State Development	Policy / Government
Loretta Beine	Director, Life Sciences Development	Empire State Development	Policy / Government
Garrett Duquesne	Commissioner, Department of Community Development and Conservation	Town of Greenburgh	Policy / Government
Brian Kennedy	Founder / CEO	BW Kennedy Construction	Construction
Wayne Selby	Regional Managing Director	Cumming Corporation	Cost Estimation
Michael Welling	Co-Founder and Chair	Westchester Biotech Project	Life Science
Joanne Gere	Co-Founder and Executive Director	Westchester Biotech Project	Life Science
Daniel Niewoehner	Regional Leader, Life Sciences	HOK	Architecture / Design
Will McConnell	Regional Leader, Healthcare	HOK	Architecture / Design

Source: Interviews completed by Weitzman Associates, LLC during March, April, May, June, and October of 2019

- CONCLUSION -

CONCLUSION

We are of the opinion that Fareri Associates' preliminary plan for the North 60 development is viable from a market standpoint, though we caution that real estate uses such as life science and healthcare space present a considerable degree of market risk and will likely require a prolonged absorption period. Yet, with respect to the life sciences and healthcare, we remain cautiously optimistic given the strengths that North 60's location lends to these uses.

Our analysis concludes that the project is not financially feasible without the provision of subsidies and incentives. The combination of significant infrastructure costs and expensive real estate uses (life science buildings, in particular) result in an initial project budget of over \$1.5 billion, or approximately \$520 per gross square foot. While disposition of North 60 in the year 2050 at a net sale price of \$3.1 billion (based on a net operating income of \$196 million) is a promising outcome, we expect that the development will take many years to reach stabilization. Hence, the cash flows do not justify the upfront development cost on a free-and-clear, as-of-right basis, without the use of subsidies and incentives. In order for North 60 to achieve success, Fareri Associates must work closely with the Town of Mt. Pleasant, Westchester County, the State of New York, and perhaps even the Federal Government to structure a multilayered public-private partnership that results in a financially viable project that generates accretive economic and fiscal impacts for the public sector. Nevertheless, we point out that the financial gap is only 21% of the project's total development cost, which is a reasonable percentage of subsidy.

Below we present our conclusions regarding the positive and challenging aspects of the North 60 project:

Positive Aspects of North 60

- The North 60 Tract site is both attractive and well-located within Westchester County. It is well-served by transit and transportation options.
- The North 60 Tract is surrounded by Westchester Medical Center, New York Medical College, and other academic institutions, which have all generally expressed positive thoughts regarding how development of the North 60 project would benefit them and enhance Westchester County as a life science and medical research hub. The existing concentration of these institutions qualify the area as an innovation ecosystem that will be attractive to potential life science and healthcare tenants.

- From a national perspective, the life science industry is growing. Furthermore, New York City supports one of the highest concentrations of academic / research institutions in the United States, bolstered by a strong base of educated talent. Furthermore, Westchester County already supports a network of life science companies. North 60's location suggests that the development is well-positioned to leverage the region's strengths and capitalize on national trends.
- Local market conditions in Westchester County indicate that there is substantial demand for multifamily residential and neighborhood retail real estate, both of which Fareri Associates have proposed at North 60. These uses will likely succeed and should generate substantial value to mitigate the project's high development budget, hence why we recommend reallocating approximately 500,000 gross square feet from life science real estate to residential use. The additional housing units will bolster the marketability of the life science space to potential tenants, as well as allow North 60 to become a lively, sustainable 24-7 community. Furthermore, we do not believe that the retail at North 60 will have a negative impact on the existing retail in Mt. Pleasant and nearby areas. In fact, with the introduction of rental housing and the forecasted employment at North 60, there would be an even larger consumer base to support retail businesses, both within Mt. Pleasant and at North 60. While there is the possibility that North 60 may cause property values to increase in nearby communities, we, overall, believe that the development will generate net positive benefits for the Town of Mount Pleasant and Westchester County.

Challenging Aspects of North 60

- As of this writing (October 17th, 2019), zoning for the North 60 Tract has not been finalized, which creates uncertainty regarding an accurate assessment of the development plan's potential (by any party).
- North 60 will likely be an expensive project to construct due to significant infrastructure costs and high vertical construction costs associated with life science real estate and other uses. To confirm the preliminary cost estimates contained herein, we recommend commissioning thorough, professional third-party cost estimation services.
- Despite national growth in the life sciences and healthcare industries, both uses will likely require long absorption periods at North 60, which would hinder the project's financial potential. It is unlikely that a large, life science anchor tenant will come easily to the project, as much of the growth in the industry stems from smaller start-ups. Furthermore,

Westchester Medical Center's right of first refusal over healthcare tenants at North 60 restricts Fareri Associates' ability to flexibly lease medical office space.

- Due to the aforementioned considerations, we conclude that North 60 is very marketable, but will require subsidies and/or a reallocation of real estate uses in order to achieve financial success. While this is possible, the provision of subsidies will likely be a politically contentious negotiation across numerous government agencies that will require time and perseverance on the part of all parties. Overall, should necessary subsidies be obtained, the development of the North 60 Tract will be a tremendous addition to Westchester County.

- ADDENDA -



- EXHIBIT A -

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

This market and feasibility study has been solely prepared for the client identified in the letter of transmittal and throughout the report. It is to be expressly utilized by the client for the purpose as stated, and no reliance is to be placed on this report for any other purposes. The rights to any information contained in this report, unless furnished by outside sources, are exclusively those of Weitzman Associates, LLC. This report must be read in its entirety and neither all nor portions of this report may be reproduced, published or shown to other parties without the express written authorization of Weitzman Associates, LLC.

The real property interest evaluated is the leased fee interest in a 99-year ground lease of the North 60 Tract (owned by Westchester County) to be developed by Fareri Associates as a three million gross square foot mixed-use campus, free-and-clear of financing, subsidies, and incentives.

The real property interest evaluated is based upon construction start, construction completion, and lease-up assumptions expressed in the report, and the report's conclusions are subject to completion of the entire project in accordance with the assumptions and cost estimates expressed in the report. The report assumes proper workmanship, and further assumes issuance of all required municipal certificates of occupancy and permits.

The North 60 Tract is currently zoned for single-family residential development. We have assumed that rezoning the property will be successful for all the uses mentioned in the body of the report. Should this prove to not be the case, the results of our financial feasibility analysis will definitely differ from that contained herein.

Cost estimates expressed in the report are not formal estimates prepared by a third-party cost estimator. Cost estimation is outside the purview of Weitzman Associates, LLC, and therefore Weitzman Associates, LLC assumes no responsibility for future updates to cost estimates that would alter the conclusions of the report.

Responsible ownership and competent property management are assumed. The underlying soil conditions are assumed to be adequate to support the highest and best use without undue delay or cost.

The date to which the opinions expressed in this report apply is set forth in the letter of transmittal. The signatories assume no responsibility for economic or physical factors occurring

at some later date which may affect the opinions herein stated. Any aberrations and/or dramatic changes of prevailing economic conditions as of the date of analysis may impact our financial projections with a concomitant impact on an assessment of feasibility.

No opinion is intended to be expressed for legal matters or proceedings.

No opinion as to title is rendered. However, title is assumed to be marketable.

No engineering survey has been made by Weitzman Associates, LLC. Data relative to size and area were taken from sources considered reliable and no encroachment of real property improvements is assumed to exist.

It is assumed that the utilization of the land and to-be-built improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

Maps, plats, graphics and exhibits, if included herein, are for illustration purposes only, as an aid in visualizing matters discussed within the report. They should not be considered surveys or relied upon for any other purpose.

The rendering of this report does not presume the right of expert testimony or attendance in court or at any other hearing, unless such arrangements are made a reasonable time in advance by mutual agreements.

The signatories of this report represent that they have no current or contemplated interests in the property covered by this report. The property was physically inspected by Marilyn K. Weitzman and Joshua Levitt on March 27, 2019. Catherine Tam has not inspected the property, but is familiar with the site and its environs.

Disclosure of the contents of this consulting report and/or its use is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultants or firm with which they are connected, or any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, sales media, news media, or any other public means of communication without prior written consent and approval of the consultants.

This feasibility study does not consider any additional financial expenditure that may be required by the Americans with Disabilities Act (ADA), a federal law codified at 42 USC Section 12101, et seq. It is important to note that the consultants do not have the specific expertise to render an opinion as to the subject's compliance, or noncompliance, under the ADA. The specific requirements and the types of property that may be affected are subject to interpretation. It is suggested that the client obtain an opinion regarding this matter from a qualified expert/advisor to determine the subject's compliance or noncompliance with the ADA. Should additional expenditures be required for compliance with the law, the Value Conclusion of this report would be subject to review and possible revision.

GLOSSARY AND KEY DEFINITIONS

DEFINITION OF "MARKET STUDY"

The Appraisal of Real Estate, Fourteenth Edition, published by the Appraisal Institute, defines "Market Study" as follows:

"A macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type." (Page 300)

DEFINITION OF "FEASIBILITY STUDY"

The Appraisal of Real Estate, Fourteenth Edition, published by the Appraisal Institute, states the following regarding a "Feasibility Study":

"The objective of a feasibility study is not to develop an opinion of value, but rather to draw a conclusion about feasibility, which is assessed by determining whether the financial benefit (i.e., the value) of an action or project is equal to or greater than the cost, or to analyze alternative actions or projects. In a feasibility study, the appraiser develops an opinion of value for a proposed land use and tests the feasibility of that use by comparing costs and benefits." (Page 684)

DEFINITION OF "NET PRESENT VALUE"

The Appraisal of Real Estate, Fourteenth Edition, published by the Appraisal Institute, states the following regarding the term "Net Present Value":

"Net present value (dollar reward) is the difference between the present value of all positive cash flows and the present value of all negative cash flows, or capital outlays. When the net present value of the positive cash flows is greater than the net present value of the negative cash flows or capital outlays, the investment exceeds the return requirements of the investor. If the reverse relationship exists (i.e., negative cash flows are greater than positive cash flows), the investment is not considered feasible." (Page 532)

DEFINITION OF “CAPITALIZATION RATE”

The Appraisal of Real Estate, Fourteenth Edition, published by the Appraisal Institute, defines “Capitalization Rate” as follows:

“An income rate for a total real property interest that reflects the relationship between a single year’s net operating income expectancy and the total property price or value.” (Page 493)

DEFINITION OF “YIELD RATE” (DISCOUNT RATE)

The Appraisal of Real Estate, Fourteenth Edition, published by the Appraisal Institute, defines “Yield Rate” as follows:

“A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from the sale at the termination of the investment. When applied to cash flows, it is called a discount rate.” (Page 457)

Furthermore,

“The term discount rate describes any rate used to convert future cash flows over time into a present value.” (Pages 454-455)

DEFINITION OF “LIFE SCIENCES”

The term “life sciences” is synonymous with others words such as bioscience and biotechnology, the latter of which is most commonly used. The Merriam-Webster dictionary defines biotechnology as follows:

“The manipulation (as through genetic engineering) of living organisms or their components to produce useful commercial products (such as pest resistant crops, new bacterial strains, or novel pharmaceuticals. [Further,] any of [the] various applications of biological science used in such manipulation.”¹

¹ Merriam-Webster Dictionary Online, Accessed May 1, 2019

In short, the life sciences / biotechnology industry includes businesses that specialize in (1) the production of biochemically engineered goods, (2) the science behind the products, and (3) the technology used to produce products.



- EXHIBIT B -

QUALIFICATIONS OF THE CONSULTANTS

PROFESSIONAL QUALIFICATIONS

MARILYN KRAMER WEITZMAN, MAI, CRE, FRICS

EDUCATION: B.A., University of Pennsylvania
M.A., University of Pennsylvania
Graduate School of Arts and Sciences

M.B.A., New York University Graduate
School of Business Administration
Beta Gamma Kappa Honor Society
Specialization in Finance

New York University Real Estate Institute
Courses in Advanced Real Estate Finance and
Case Studies in Investment Analysis

EMPLOYMENT: *WEITZMAN ASSOCIATES, LLC, New York, NY*
Real Estate Consultants

Principal & Managing Director

Real estate specialists, providing advice and counsel to those engaged in evaluation, buying, selling, leasing, financing, or developing real estate. The services provided by the firm include acquisition and disposition counseling, regional economic analysis, market research, due diligence, development planning, appraisals and expert testimony.

KORPACZ & WEITZMAN, INC., New York, NY
Real Estate Consultants and Appraisers

Principal

Real estate consultants and appraisers providing market analyses, investment analyses, and property valuation services.

LANDAUER ASSOCIATES, INC., New York, NY

Assistant Vice President of Investment Services Division

General real estate consulting including investment analysis, appraisals, feasibility studies and cash flow studies.

AMERICAN CITY CORPORATION, Hartford, CT

Subsidiary of The Rouse Company

Regional Economist

Responsible for aspects of regional planning and market analysis relating to the acquisition of new community sites.

LEON H. KEYSERLING, Washington, DC

Consulting Economist and Attorney

Junior Economist

Responsible for the collection and analysis of data from government sources and private clients.

MEMBER: Appraisal Institute – MAI (past Vice-Chairman, Education Committee)

Counselors of Real Estate (past National Vice-President)

Urban Land Institute (ULI)

The Real Estate Board of New York, Inc.

Royal Institute of Chartered Surveyors (RICS)

Commercial Real Estate Women (CREW)

Association of Real Estate Women (AREW Past President)

LECTURER: Ingredients and Functions of a Market Study, a seminar sponsored by the New York Chapter of the American Institute of Real Estate Appraisers.

Real Estate Marketability and Investment Feasibility Analysis, a seminar presented for the Real Estate Department of Manufacturers Hanover Trust Company.

Apartment Project Marketability and Investment Feasibility Studies, a seminar presented for the Long Island Chapter of The Society of Real Estate Appraisers.

Residential Development – Marketability and Investment Feasibility Studies, a seminar sponsored by the University of Massachusetts at Sturbridge, Massachusetts.

Feasibility Analysis before the International S.R.E.A. conference in Atlanta.

Guest Lecturer at the Real Estate Institute of New York University on economic base studies, market analysis and appraisal.

ADJUNCT

PROFESSOR:

The Real Estate Institute of New York University. Courses include

Real Estate Research: Market Analysis and Feasibility Studies; Advanced Applications in Appraisal.

PROFESSIONAL QUALIFICATIONS

JOSHUA A. LEVITT

EDUCATION: B.A., Amherst College
M.U.P, Harvard University
(Master's in Urban Planning; Concentrations in Real Estate
Development and Environmental Planning)

EMPLOYMENT: *WEITZMAN ASSOCIATES, LLC, New York, NY*
Real Estate Consultants

Assistant Vice President

Real estate specialists, providing advice and counsel to those engaged in evaluation, buying, selling, leasing, financing, or developing real estate. The services provided by the firm include acquisition and disposition counseling, regional economic analysis, market research, due diligence, development planning, appraisals and expert testimony.

MCR, New York, NY
National Hotel Owner-Operator; Private Equity

Associate

Large owner-operator of hotels across the United States specializing in Marriott / Hilton select-service properties, and independent hotels in New York City, including the TWA Hotel at JFK Airport and the High Line Hotel in Manhattan.

HR&A ADVISORS, INC., New York, NY
Real Estate and Economic Development Consultants

Analyst

National real estate consulting firm specializing in structuring public-private partnerships and developing economic development strategies.

PROFESSIONAL QUALIFICATIONS

CATHERINE M. TAM

EDUCATION: B.S., Cornell University
(School of Hotel Administration; Concentration in Real Estate)

EMPLOYMENT: *WEITZMAN ASSOCIATES, LLC, New York, NY*
Real Estate Consultants

Vice President

Real estate specialists, providing advice and counsel to those engaged in evaluation, buying, selling, leasing, financing, or developing real estate. The services provided by the firm include acquisition and disposition counseling, regional economic analysis, market research, due diligence, development planning, appraisals and expert testimony.

STARWOOD HOTELS AND RESORTS, White Plains, NY

Global hotel owner, operator, and brand manager (now owned by Marriott International).

Manager, Development

HVS, Mineola, NY

Hotel Appraisers and Consultants

Senior Associate

PROFESSIONAL QUALIFICATIONS

SPENCER COHN

EDUCATION: B.S., Lehigh University
(Business and Economics; Concentrations in Finance and Real Estate)
M.S. New York University
(Real Estate Development; Concentration in Sustainability)

EMPLOYMENT: *WEITZMAN ASSOCIATES, LLC, New York, NY*
Real Estate Consultants

Senior Associate

Real estate specialists, providing advice and counsel to those engaged in evaluation, buying, selling, leasing, financing, or developing real estate.

METROPOLITAN VALUATION SERVICES, New York, NY

Associate

Multifamily and mixed-use property appraisal in the New York area.

BLACK DIAMOND REALTY, Garden City, NY

Commercial Real Estate Associate

Property management and capital markets transactions.

FLUSHING BANK, Flushing, NY

Senior Commercial Loan Officer Assistant

Underwriting and due diligence to support debt transactions.