EASTERN CONSOLIDATED
Real estate investment services

The MetroGrid Report

Focus on NYC Submarkets

Featured District: Chelsea

Art, Culture And The High Line Lift Real Estate Market

Few neighborhoods in Manhattan have undergone as complete a transformation as Chelsea has over the last decade. Starting in the mid 1990s, artists moved to Chelsea from SoHo. Foot traffic increased as did interest in the Meatpacking district and the opening of hip restaurants such as Pastis and high-end retail such as Stella McCartney. More recently, the re-development of the High Line spurred tremendous residential and hotel development in the area, the most notable of which was the Standard Hotel that opened in 2009. Finally, the opening of the Apple Store at West 14th Street and Ninth Avenue cemented the area as a high-end retail destination.

In researching the data for this issue of the MetroGrid that covers the commercial property sales market for Chelsea – West 14th Street to West 30th Street west of Avenue of the Americas – we found so many transactions for art galleries and related spaces that we had to separate them as their own property type. And the results show that art-related space in Chelsea indeed carries a premium when compared to most other property types.

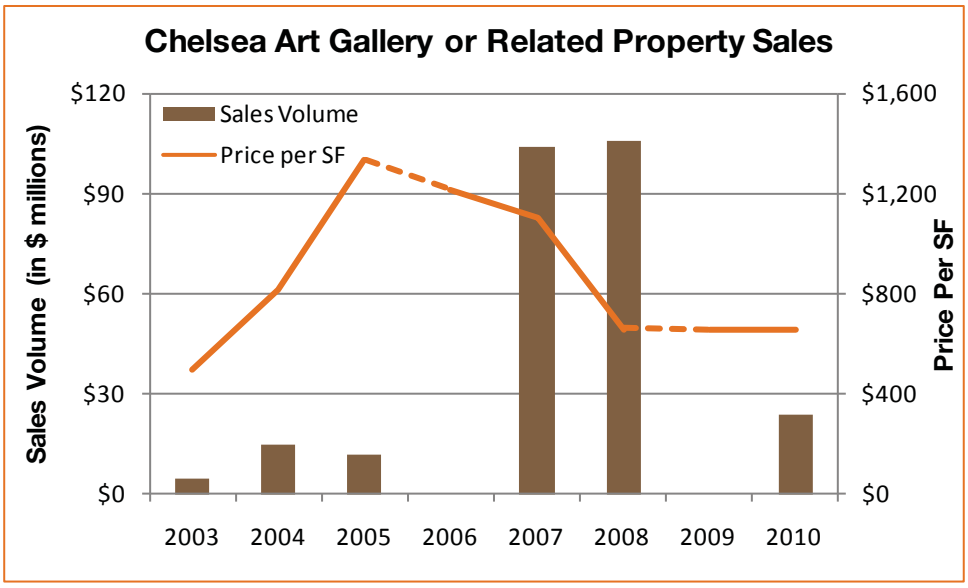
Other findings in this issue include:

- Sales of arts-related spaces picked up in the second half of 2010.
- Retail property prices have stayed remarkably healthy.
- Development site sales in the first quarter of 2011 have already surpassed that of 2010.
- Hotel sales have been strong: prices paid in 2010 neared $1,000 per square foot.
- The volume of multifamily sales has grown in line with all of Manhattan in that they more than doubled in 2010.
- Chelsea's office market is in a class of its own: vacancy rates have been lower than in Midtown and Downtown but prices paid have been comparable, at least judging by Google's recent purchase of 111 Eighth Avenue.

The analysis herein shows how Chelsea's real estate market has survived the recent crisis and investor interest is as strong as it's ever been, making the neighborhood one of the safest places to invest in New York City, if not the United States. According to Chairman and CEO Peter Hauspurg, "Many of our investors are eager for properties in Chelsea. The success of the High Line especially has boosted the neighborhood's real estate values over the last four years."

Art Gallery and Arts-Related Properties

Starting in the mid-1990s, Chelsea became the center of the New York art world, as many art galleries moved here from SoHo. Sources report that there are as many as 350 art galleries from 16th Street to 27th Street, between 10th and 11th Avenues alone, and West 25th Street is the epicenter of this enclave. A number of these art galleries were either built in old industrial spaces or in newly built developments over the last ten years.



Source: Eastern Consolidated, CoStar, Property Shark and NYC Department of Finance

On average, only two art-related properties traded hands per year from 2003 through 2006. However, in 2007 the Chelsea Arts Tower, a new development, opened at 543 West 25th Street, and sales activity was brisk. In that year alone, 15 art studio condominiums in the building were sold, totaling just under $50 million for an average of $750 per square foot. Also in 2007, three ground-level art galleries in other buildings traded for well over $1,500 per square foot, the same price that retail properties traded for that year.

Sales for arts-related space were strong in 2008 through early September but most of the transactions were for studio space which averaged just under $800 per square foot. Not surprisingly, from September 2008 through 2009 and early 2010, sales of arts-related properties froze but then activity picked up in the second half of 2010.

In September, the Pace Wildenstein Gallery on West 25th Street sold for $610 per square foot. And in December, the Chelsea Art Museum building at West 22nd Street and Eleventh Avenue was sold to the Albanese Organization for just more than $700 per square foot. This sale could either be classified as an arts-related property sale or a development site. The lease for the art museum is due to expire in 2012, and the building is not landmarked. The owner's plans for the building have not been expressed but current zoning allows for a building of 74,100 square feet which yields a price per buildable square foot of $260 if they were to re-build.

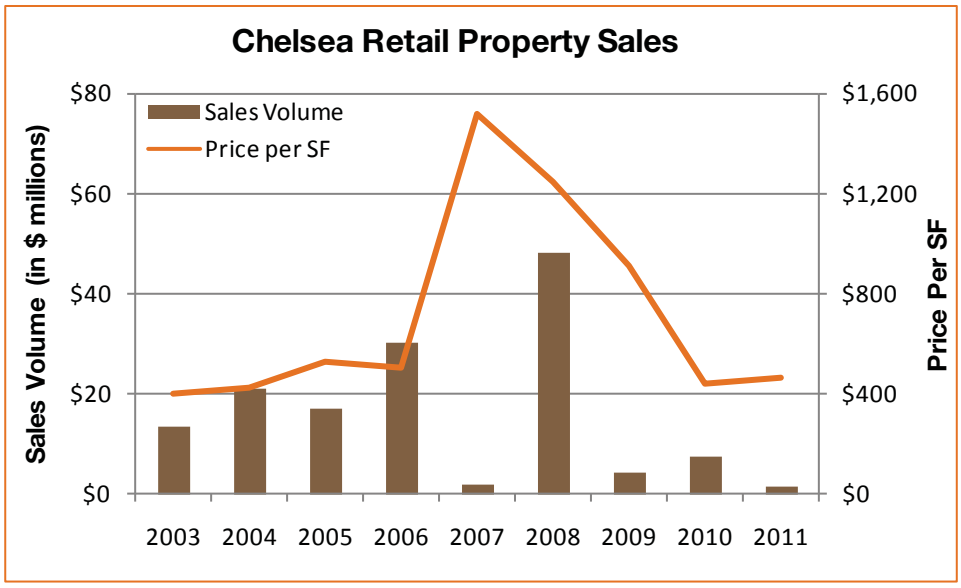
In addition to the art galleries mentioned above, Chelsea is home to a number of other cultural institutions including the Rubin Museum of Art, the Graffiti Research Lab, the Dance Theater Workshop, the Joyce Theater and The Kitchen - a center for modern theatrical and visual arts. The Starrett-Lehigh Building on West 26th Street from West Street to Eleventh Avenue houses a number of art studios, film and other companies in creative industries.

Plans are also underway to build an extension of the Whitney Museum on Gansevoort Street between West Street and the High Line. Designed by Renzo Piano, the new building will have six stories and 210,000 square feet of gallery spaces, education and studio facilities as well as a 170-seat theater.

Retail

From Ladies Mile on Avenue of the Americas south of West 23rd Street to the hip retail in the Meatpacking district, Chelsea offers a wide variety of shopping venues. Added to these are a broad selection of restaurants and other amenities in the area, all of which draw a sophisticated clientele of residents and tourists alike to Chelsea. Given this high-end clientele, retail properties have traded for healthy prices. From 2003 through 2006, the average price paid for a retail property was over $500 per square foot. In 2007, only one property traded, a high-profile retail property on West 27th Street, yet it fetched more than $1,500 per square foot. In 2008, the volume of retail properties soared with the sale of the retail condominium at 735 Avenue of the Americas for just under $1,600 per square foot.

From late 2008, post-Lehman crisis, through 2010 there were only five retail property transactions, but remarkably, the prices held firm for those trades at $540 per square foot, on average. So far in 2011, one retail condominium on West 23rd street between Ninth and Tenth Avenues traded for $464 per square foot.

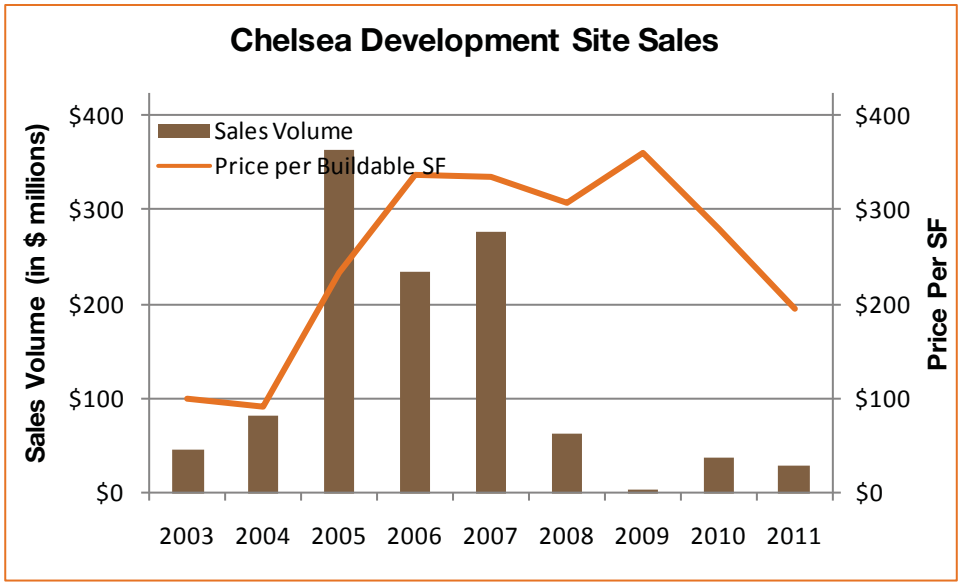


Source: Eastern Consolidated, CoStar, Property Shark and NYC Department of Finance

Development Sites

Triggered by interest from the artist community in the area as well as by the ongoing re-building of the High Line, development site sales soared in 2005. In fact, of 28 development sites sold in Chelsea in 2005, twelve of them were west of Ninth Avenue including the site that became the Chelsea Arts Tower mentioned above that traded for $279 per buildable square foot.

Other Chelsea development sites that sold that year include 100 Eleventh Avenue, the new residential condominium building designed by Jean Nouvel overlooking the Hudson River, as well as a number of hotels and other residential condominium buildings that have opened in recent years. These buildings have catchy names such The Chelsea Modern, The Modern 23 and The Loft 25.



Source: Eastern Consolidated, CoStar, Property Shark and NYC Department of Finance

The price for development site sales held steady in 2006 through 2008. But only one development site sold in 2009 and two sold in 2010. All three sales traded between $400 and $230 per buildable square foot. However, already in 2011, two development sites have traded: 524-532 West 29th Street and 147-157 West 21st Street. Both traded for relatively low prices because both sites contain occupied buildings, thus development will not start for some time.

Hotels

The clearest evidence of Chelsea's status as a tourism destination is found in its more than 20 hotels. A number of these hotels opened in newly developed or converted space over the last 10 years including the 12 listed below. The table shows that a number of these hotels have traded hands since being built.

Hotel Name	Address	Size (SF)	Year Built	Year Renovated	Year Last Traded	Price Traded (Price / SF)
The Maritime Hotel	363 West 16th Street	90,656	1969	2003		
The Four Points Sheraton	160 West 25th Street	31,000	2003			
Hampton Inn	108 West 24th Street	53,696	2003		2006	$1,006
Holiday Inn	121-125 West 26th Street	72,772	2006		2008	$908
Hilton Garden Inn Chelsea New York	119-121 West 28th Street	71,500	2006		2010	$957
The Gem Hotel	300 West 22nd Street	24,512	1912	2007	2007	$630
The Marriott Chelsea ExecuStay	239 Seventh Avenue	212,134	1987	2007		
Hotel Indigo	127 West 28th Street	59,843	2009			
The Standard Hotel	848 Washington Street	206,872	2009			
Wyndham Hotel	152 West 26th Street	208,089	2010		2010	$981
Fairfield Inn Chelsea	116 West 28th Street	74,484	2010			
Ace Hotel	1186-1198 Broadway	155,735	1905	2010		

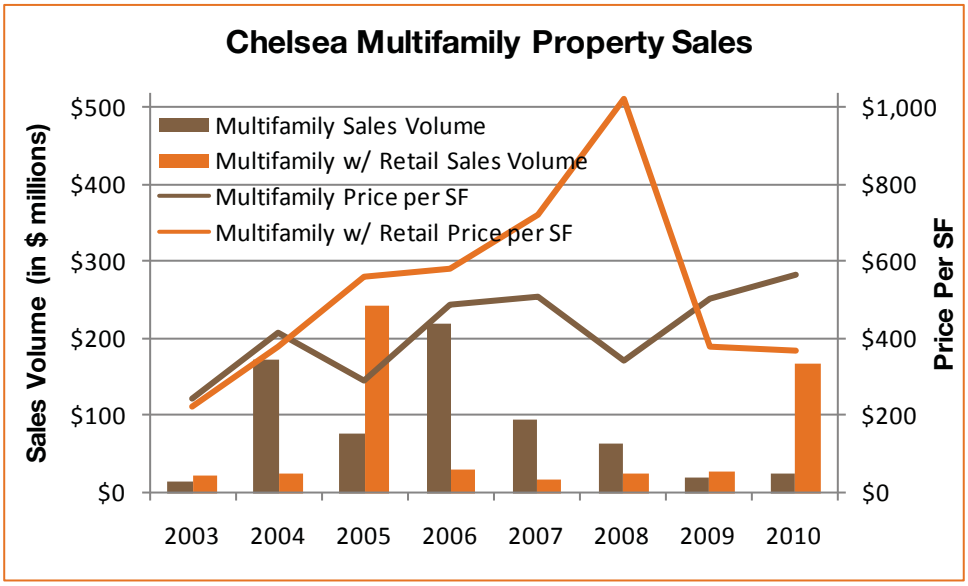
Source: Eastern Consolidated, CoStar, Property Shark and the NYC Department of Finance

Remarkably, two new hotels were sold last year for close to $1,000 per square foot. Both hotels are chain hotels; nevertheless, the high price paid includes a premium that presumably reflects high average room rates that these hotels command due to their location.

Multifamily

Just like development sites, multifamily property sales took off in 2005. While volume declined in 2007 through 2009, the drop-off in 2009 was not as severe as in the rest of Manhattan. Volume then more than doubled in 2010.

Because retail space carries such a premium in Chelsea, as mentioned above, it was important to split the multifamily building sales data according to whether or not the property had retail. The results show how sharply the prices diverged in 2007 and 2008. In other words, at the height of the market, properties with retail commanded a much higher price than those without retail. After the crisis hit, however, this premium disappeared.



Source: Eastern Consolidated, CoStar, Property Shark and NYC Department of Finance

The decline in the average price paid in 2010 for multifamily with retail was due to two sales: 777 Avenue of the Americas which traded for approximately $350 per square foot as part of a multi-property sale that Equity Residential bought from Macklowe Properties and 555 Avenue of the Americas that traded for $382 per square foot in July 2010. This former St. Vincent's Hospital dormitory building had been nearly vacant at the time of the sale. The building sold at auction to Stonehenge Partners together with SITQ, a Canadian pension fund [see the Deal is in the Details].

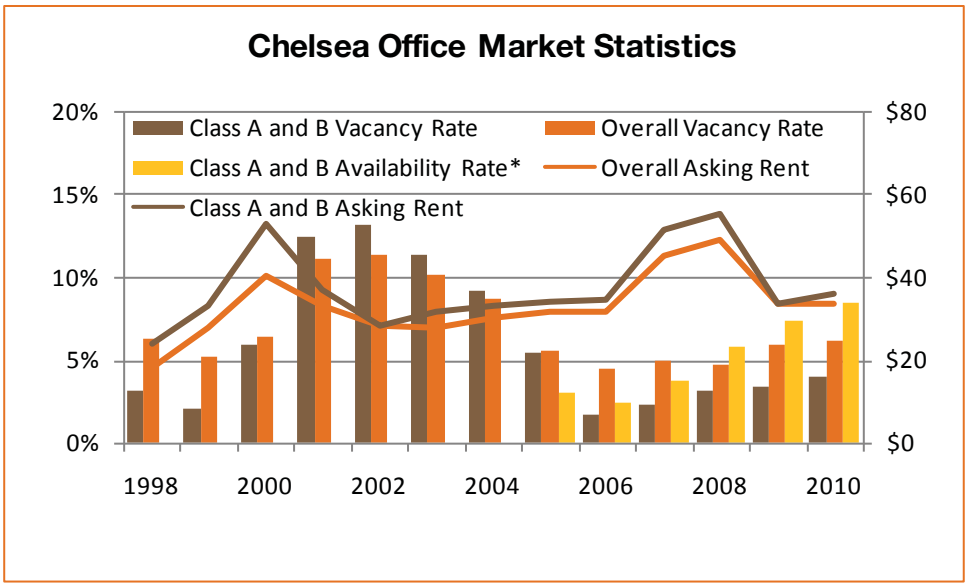
In 2011, two small multifamily properties have traded thus far for an average of $820 per square foot.

Office

Chelsea is not often recognized for its office market, but in fact there are 277 office properties in Chelsea with more than 25 million square feet. Over the last 10 years, an additional 20 office buildings were either torn down for redevelopment or converted to residential. This removed approximately 1 million square feet of old office space.

Most of the office product in Chelsea is older and classified as class "C." Of the 277 buildings, only 90 are class A or B. However, because Chelsea's office market is outside of the core Midtown and Downtown office districts, office rents in Chelsea are generally lower than the equivalent class A and B buildings in those markets. In other words, the distinction between class C rents and class A and B rents is much tighter.

The chart below shows how Chelsea's office buildings have survived the financial crisis relatively unscathed. The combined class A and B vacancy rate has remained below 5% despite the recession. The availability rate, which measures space listed on the market regardless of its occupancy, remained below 10% throughout the recession and fell to 7.1% at the end of 2010. This was well below the combined class A and B availability rates for both Midtown (12.7%) and Downtown (13.5%) at year-end 2010. Yet Chelsea's average asking rent, $36 per square foot at the end of 2010, was well below Midtown's rent, $54.50 per square foot, and even Downtown's rent, $38.60 per square foot at year end.This discrepancy is likely due to the fact that the building stock is older and that there is no transportation hub in Chelsea as there is in Midtown and Downtown.



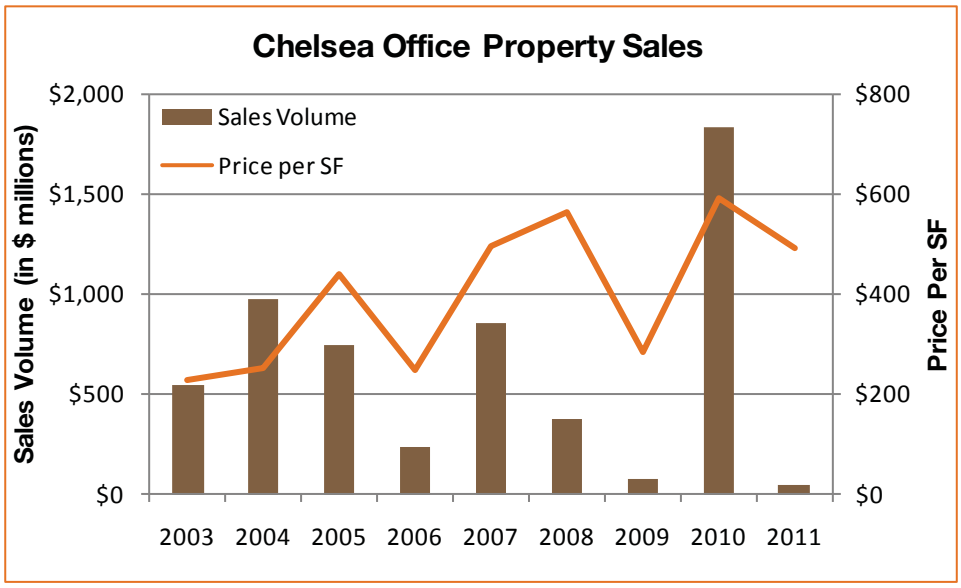
Source: Eastern Consolidated and CoStar

*Because the availability rate includes space that is actively listed on the market but necessarily vacant, it is usually much higher than the vacancy rate. Availability data is only available from 2005 on.

The types of clients that are attracted to the office market in Chelsea include smaller, more creative and less corporate firms like those in media, advertising and architecture. Bankers and lawyers, in contrast, tend to prefer Midtown and Downtown. This was also the case at the end of the 1990s when a number of dotcom firms chose to set-up businesses in Chelsea. The chart above shows how rents rose considerably in 1998 and 2000 before crashing after the dotcom bubble burst.

One company that exemplifies Chelsea's tenant profile is Google, Inc. which has been in Chelsea since 2006. Late last year, Google purchased 111 Eighth Avenue for $1.77 billion or $606 per square foot. Google had been a tenant in the building along with other dotcom holdovers such as DoubleClick which Google purchased in 2007. In January, Google announced that it would hire 6,000 employees worldwide in 2011. While the company would not provide any specifics as to location, it was hoped that the company would add a number of these employees in New York City.

With 2.9 million square feet of space, 111 Eighth Avenue stands out in Chelsea. It is not only the largest building in the submarket, it is the fifth largest office building in Manhattan. Google's purchase of the building was one of ten Chelsea office transactions last year, but it clearly dominated the statistics as shown in the chart below.



Source: Eastern Consolidated, CoStar, Property Shark and NYC Department of Finance

The chart also shows that office property values had risen considerably in 2007 and 2008 to $495 and $565, respectively. In 2009, on the basis of six transactions, the average price fell to $285 per square foot. Without the 111 Eighth Avenue sale, the average price paid in 2010 would have been $350 per square foot.

In 2011, one office building in Chelsea has sold: 636 Avenue of the Americas. Billy Macklowe, together with ING Clarion purchased the building from APF Properties for $45.2 million or $502 per square foot. The building sits in the heart of Ladies Mile and contains 18,000 square feet of retail.

Conclusion

In his groundbreaking book, "The Rise of the Creative Class" published in 2002, Richard Florida spoke about how creative industries were the best generator of economic activity, particularly for restaurants, retail and tourism. Few other micro development stories exemplify this trend better than Chelsea's as the artist community drew investors to the Meatpacking district than to the High Line which spurred further development in residential buildings and hotels. In the last 15 years, Chelsea has evolved from a quiet residential neighborhood into one of the hippest places to live, work and visit.

What is so unique about the success of Chelsea is that most of the area has little to no access to public transportation. The closest subway goes as far west as Eighth Avenue and, as many trivia buffs are aware, the island of Manhattan is at its widest between 14th and 23rd Streets that extends to Twelfth Avenue. This measurement does not include Chelsea Piers, a 30-acre mega complex that contains not just every sporting opportunity but a parking lot, event space and film studios.

Many would argue that Chelsea is so successful because of this lack of transportation access; that is, without a subway, crowds have a harder time getting to this area which is something the locals prefer. Nevertheless, the history of the property sales market analyzed within shows that Chelsea's real estate market has seen great success over the last decade and in every property type.

The clearest indicator of Chelsea's status as one of the safest investments in New York City, if not the entire United States, is the prices paid for its real estate: while sales volume declined since the financial crisis, the prices paid remained higher in Chelsea than in nearly every other neighborhood. The outlook for the real estate market is also favorable given the diversity of property offerings in the neighborhood. From Google to Pastis, the panache of the occupants of Chelsea will keep it in the center of investors' radar screens for years to come.

The Deal Is In The Details: Note Sale On 555 Sixth Avenue

After the commercial real estate market cratered in 2008, a unique asset class emerged from the wreckage: note sales. These are sales of the loans with which the properties that are "distressed" or underwater are financed. Many of the loans issued at the height of the market in 2006 and 2007 quickly went underwater as the properties for which they were underwritten could not generate the cash needed to pay the interest. Or, in the case of development site investments, they could not get construction financing.

The first sales were of levels of debt subordinate to the senior secured first mortgage which were, logically, the first debt instruments to lose value. Once those subordinate loans started to trade in the secondary market, lenders began to divest themselves of first mortgages.

When banks were stuck with an excess of underperforming loans, a number chose to refinance or "extend and pretend" on the loan, thereby allowing them to keep them on their books. But others shopped their troubled loans around to investors who would then secure the right to obtain title to the property by foreclosure, deed in lieu of foreclosure, or through a bankruptcy process. Starting in 2008, Eastern Consolidated emerged as one of the first firms to broker these loans.

When one of the most sought after residential buildings in Chelsea became embroiled in the St. Vincent's Catholic Medical Center bankruptcy, Sun Life Assurance, the original mortgagor, tapped David Schechtman, Esq., Principal and Senior Director, to quietly bring it a buyer for its defaulted senior secured first mortgage. In just six business days, Mr. Schechtman closed the note sale at a net recovery of 100% for the lender. The buyer, Westbrook Partners, paid $39.5 million which was the face value of the note. This note sale closed in May 2010. The property, which is known as Staff House, is a 180,000-square-foot building with 178 apartments, a 90-car parking garage and potential store space along the avenue. At the time of the sale, only three units were reported to be occupied.

Later in July, the hospital sold the property at auction to a consortium made up of SITQ, which is a subsidiary of Canadian investment fund Caisse de dépôt et placement du Québec, the (Canadian) Public Sector Pension Investment Board and Stonehenge Partners LLC. Taconic Investment Partners was in contract to buy the building for $48 million, but 23 bids were submitted in the auction, many of which were well north of $48 million. In the end, the consortium listed above acquired the property at $67.34 million or just under $390 per square foot. At the time of the sale, the loan that Westbrook had bought was paid off and included a return because of a yield maintenance acceleration clause in the terms of the sale.

Chelsea: By The Numbers

Consumer Expenditures and Retail Sales 2010: Chelsea vs. Manhattan

Clearly a Retail Destination: Retailers in Chelsea sell almost 3 times what its residents demand. Chelsea is known for its high-end boutique retail in the Meatpacking district as well as its big box retailers along Ladies Mile.

Artists and Then Some: The category with the greatest ratio of sales to demand is miscellaneous retailers that include art galleries. Claritas estimates that Chelsea sells 13% of the total art sales in Manhattan.

Thrift Stores: Another category with high retail sales includes "Used Merchandise Stores" which includes thrift stores.

Consumer Expenditures and Retail Sales 2010: Chelsea vs. Manhattan

	Chelsea			Manhattan			Chelsea as a % of Manhattan	
Retail Store Category	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/(Surplus)	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/(Surplus)	Demand (Consumer Expenditures)	Supply (Retail Sales)
Total Retail Sales Incl. Eating and Drinking Places	964,650,261	2,696,550,355	(1,731,900,094)	29,135,716,248	55,989,938,364	(26,854,222,116)	3%	5%
Motor Vehicle and Parts Dealers	131,828,846	42,124,491	89,704,355	4,254,245,414	1,492,672,055	2,761,573,359	3%	3%
Furniture and Home Furnishings Stores	26,923,989	82,394,115	(55,470,126)	834,078,723	1,373,414,043	(539,335,320)	3%	6%
Electronics and Appliance Stores	28,155,893	189,148,224	(160,992,331)	823,430,418	2,250,689,986	(1,427,259,568)	3%	8%
Building Material, Garden Equip Stores	104,212,254	109,446,590	(5,234,336)	1,975,086,596	1,695,806,103	279,280,493	5%	6%
Food and Beverage Stores	122,895,994	179,300,532	(56,404,538)	3,803,736,732	4,406,960,692	(603,223,960)	3%	4%
Grocery Stores	109,634,525	138,068,838	(28,434,313)	3,413,057,385	3,290,661,795	122,395,590	3%	4%
Health and Personal Care Stores	47,804,885	168,180,755	(120,375,870)	1,445,563,835	5,459,117,022	(4,013,553,187)	3%	3%
Clothing and Clothing Accessories Stores	55,555,981	401,699,492	(346,143,511)	1,860,520,127	10,714,983,529	(8,854,463,402)	3%	4%
Sporting Goods, Hobby, Book, Music Stores	24,396,851	62,291,125	(37,894,274)	670,565,969	1,305,241,090	(634,675,121)	4%	5%
General Merchandise Stores	134,686,513	73,055,524	61,630,989	3,958,661,041	2,666,159,932	1,292,501,109	3%	3%
Department Stores Excl Leased Depts	68,020,063	62,099,472	5,920,591	1,965,935,957	2,182,669,907	(216,733,950)	3%	3%
Miscellaneous Store Retailers	27,565,638	672,244,982	(644,679,344)	834,414,507	5,682,822,872	(4,848,408,365)	3%	12%
Florists	2,037,213	37,203,827	(35,166,614)	52,780,906	242,001,895	(189,220,989)	4%	15%
Office Supplies and Stationery Stores	7,258,017	25,204,409	(17,946,392)	198,062,390	528,431,980	(330,369,590)	4%	5%
Gift, Novelty and Souvenir Stores	5,051,589	18,647,176	(13,595,587)	151,884,690	506,176,916	(354,292,226)	3%	4%
Used Merchandise Stores	2,696,304	91,595,782	(88,899,478)	79,192,841	661,071,870	(581,879,029)	3%	14%
Other Miscellaneous Store Retailers (includes Art Galleries)	10,522,516	499,593,789	(489,071,273)	352,493,680	3,745,140,211	(3,392,646,531)	3%	13%
Food Service and Drinking Places	122,201,186	426,740,218	(304,539,032)	3,708,100,080	10,705,779,974	(6,997,679,894)	3%	4%

Source: Claritas, a Nielson Company and U.S. Bureau of Labor Statistics (BLS)

Claritas' RMP data is derived from two major sources of information. The demand data is derived from the Consumer Expenditure Survey (CE Survey), which is fielded by BLS. The supply data is derived from the Census of Retail Trade, which is made available by the U.S. Census The difference between demand and supply represents the opportunity gap or surplus available for each retail outlet in the specified geographical area. When the demand is greater than the supply, there is an opportunity gap (in black); when the demand is less than supply, there is a surplus (in red).

Demographic and Population Trends: Chelsea vs. Manhattan

Faster Growth: Chelsea's population grew at a higher rate than the rest of Manhattan (7% vs. 6% from 2000 to 2010) and it is slated to grow faster over the next five years.

Few Kids / More Young Professionals: Chelsea's residents include far fewer residents under the age of 21 (12.5% in Chelsea vs. 20% in Manhattan) but many more of those in the 35-to-55 age bracket (41% vs. 33%). Chelsea's youth population is projected to grow at a slower rate than that of the rest of Manhattan through 2015.

Little Attrition: Chelsea's older population is expected to grow more rapidly than the rest of Manhattan. The population of 55+ is projected to grow by 16% by 2015, higher than the 13% rate of growth for the rest of Manhattan in that age bracket.

Healthy Household Income Growth: from 2000 to 2010, the average household income grew 40%, much higher than the growth for the rest of Manhattan (24%).

Far More Wealthy Households: Chelsea has a higher ratio of residents that make >$100,000 than the rest of Manhattan (39% vs. 33%). This disparity in wealth has grown substantially since 2000 when the income distribution in Chelsea was similar to Manhattan.

Demographic and Population Trends: Chelsea vs. Manhattan

	Census 2000				2010 Estimate				2015 Projection			
	Population		% Distribution		Population		% Distribution		Population		% Distribution	
	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan
Population by Age	42,667	1,537,195			45,656	1,634,248			46,664	1,686,919		
Age 0 - 4	1,177	76,048	2.8%	4.9%	1,378	96,274	3.0%	5.9%	1,246	92,355	2.7%	5.5%
Age 5 to 14	2,086	142,646	4.9%	9.3%	2,372	146,887	5.2%	9.0%	2,839	180,036	6.1%	10.7%
Age 15 to 20	1,993	95,723	4.7%	6.2%	1,953	93,802	4.3%	5.7%	2,045	91,656	4.4%	5.4%
Age 21 - 24	2,405	100,137	5.6%	6.5%	1,655	78,512	3.6%	4.8%	1,347	63,142	2.9%	3.7%
Age 25 - 34	10,344	331,152	24.2%	21.5%	7,729	294,035	16.9%	18.0%	6,162	257,936	13.2%	15.3%
Age 35 - 44	8,939	257,226	21.0%	16.7%	11,056	308,246	24.2%	18.9%	11,085	305,508	23.8%	18.1%
Age 45 - 54	6,393	205,741	15.0%	13.4%	7,588	230,249	16.6%	14.1%	8,099	259,094	17.4%	15.4%
Age 55 - 64	3,846	141,746	9.0%	9.2%	5,355	175,467	11.7%	10.7%	6,369	199,314	13.6%	11.8%
Age 65 - 74	2,704	99,028	6.3%	6.4%	3,362	110,403	7.4%	6.8%	4,089	131,814	8.8%	7.8%
Age 75 - 84	1,928	62,161	4.5%	4.0%	2,199	68,488	4.8%	4.2%	2,322	71,785	5.0%	4.3%
Age 85 and over	852	25,587	2.0%	1.7%	1,010	31,885	2.2%	2.0%	1,063	34,279	2.3%	2.0%
Population Growth					*7%*	*6%*			5%	3%		
Median Age	38.7	35.9			42.0	38.5			43.7	40.2		
Average Age	41.0	38.2			43.3	39.4			44.6	40.3		
Population by Sex												
Male	21,950	729,534	51%	47%	23,725	781,880	52%	48%	24,242	809,062	52%	48%
Female	20,717	807,661	49%	53%	21,931	852,368	48%	52%	22,423	877,857	48%	52%
Male/Female Ratio	1.06	0.90			1.08	0.92			1.08	0.92		
	Census 2000				2010 Estimate				2015 Projection			
	Number of Households		% Distribution		Number of Households		% Distribution		Number of Households		% Distribution	
	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan
Households by Age of HH	24,605	738,644			25,994	768,292			26,485	787,371		
Householder Under 25 Years	883	35,455	4%	5%	516	29,895	2%	4%	504	26,549	2%	3%
Householder 25 to 34 Years	6,232	181,311	25%	25%	4,453	154,346	17%	20%	3,460	133,825	13%	17%
Householder 35 to 44 Years	5,941	157,847	24%	21%	7,114	181,351	27%	24%	7,053	177,653	27%	23%
Householder 45 to 54 Years	4,454	132,578	18%	18%	5,152	142,248	20%	19%	5,434	158,208	21%	20%
Householder 55 to 64 Years	2,732	95,570	11%	13%	3,692	113,427	14%	15%	4,349	127,383	16%	16%
Householder 65 to 74 Years	2,044	70,747	8%	10%	2,473	75,565	10%	10%	2,980	89,150	11%	11%
Householder 75 and older	2,318	65,136	9%	9%	2,595	71,460	10%	9%	2,706	74,603	10%	9%
Median Age of Householder	43.7	44.7			46.8	46.3			49.1	48.5		
	Census 2000				2010 Estimate				2015 Projection			
	Household Income		% Distribution		Household Income		% Distribution		Household Income		% Distribution	
	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan	Chelsea	Manhattan
Households by HH Income	24,618	739,167			25,994	768,292			26,485	787,371		
Income Less than $15,000	4,160	150,958	17%	20%	3,202	122,124	12%	16%	2,907	111,604	11%	14%
Income $15,000 - $24,999	2,286	71,941	9%	10%	1,807	63,137	7%	8%	1,677	61,811	6%	8%
Income $25,000 - $34,999	1,906	70,141	8%	9%	1,634	55,217	6%	7%	1,538	50,935	6%	6%
Income $35,000 - $49,999	3,370	90,586	14%	12%	2,169	80,369	8%	10%	2,002	74,540	8%	9%
Income $50,000 - $74,999	4,269	111,853	17%	15%	3,855	110,922	15%	14%	3,386	108,304	13%	14%
Income $75,000 - $99,999	2,626	66,838	11%	9%	3,209	82,830	12%	11%	3,059	81,989	12%	10%
Income $100,000 - $149,999	2,700	73,074	11%	10%	3,919	93,459	15%	12%	4,274	105,416	16%	13%
Income $150,000 - $249,999	2,035	56,513	8%	8%	2,135	79,134	8%	10%	2,419	94,104	9%	12%
Income $250,000 - $499,999	785	25,588	3%	3%	3,039	45,222	12%	6%	3,778	51,474	14%	7%
Income $500,000 or more	481	21,675	2%	3%	1,025	35,878	4%	5%	1,446	47,194	5%	6%
							Growth				Growth	
Average Household Income	$83,465	$88,158			$116,548	$109,162	**40%**	**24%**	$132,436	$121,879	**14%**	**12%**
Median Household Income	$53,440	$47,675			$77,574	$64,267	**45%**	**35%**	$89,163	$71,882	**15%**	**12%**
Per Capita Income	$48,819	$42,922			$67,323	$51,852	**38%**	**21%**	$76,141	$57,412	**13%**	**11%**

Source: Claritas, a Nielson Company

Workplace and Employment Summary 2010: Chelsea vs. Manhattan

Fewer Large Businesses: Chelsea houses less than 3% of the population but employs 4% of Manhattan employees.

Few Corporate Firms: Only 2% of the bankers and 1% of the lawyers have operations in Chelsea.

Social Services: There are a number of social services and non-profit organizations in Chelsea. Many choose to operate in Chelsea, presumably, because of the lower rents.

Retail, Movie Theaters and Other Amenities: Personal services (which includes spas, nail salons and the like) employ a higher percentage of workers in Chelsea. This is also the case with film and retail.

Few Private Schools or Hospitals: Employing only 2% of the total Manhattan employees, Chelsea does not house many private education institutions or hospitals.

WorkPlace and Employment Summary 2010: Chelsea vs. Manhattan

	Total Establishments			Total Employees			Employees Per Establishment	
	Chelsea	Manhattan	Chelsea as a % of Manhattan	Chelsea	Manhattan	Chelsea as a % of Manhattan	Chelsea	Manhattan
Industries (All)	8,494	179,875	5%	93,406	2,578,209	4%	11	14
Industries (Private Sector)	7,933	168,070	5%	78,749	2,247,501	4%	10	13
Industries (Government and Non-Profit)*	561	11,805	5%	14,657	330,708	4%	26	28
Construction (All)	279	3,774	7%	2,895	33,164	9%	10	9
Manufacturing (All)	528	8,550	6%	7,254	184,351	4%	14	22
Transportation, Communications/Public Utilities	253	5,170	5%	4,416	115,751	4%	18	22
Wholesale Trade (All)	377	8,709	4%	3,176	77,900	4%	8	9
Retail (All Retail)	1,737	34,940	5%	15,540	388,946	4%	9	11
Apparel and Accessory Stores	274	5,366	5%	2,513	56,617	4%	9	11
Home Furniture, Furnishings and Equipment	187	3,735	5%	1,291	40,337	3%	7	11
Eating and Drinking Places	418	9,615	4%	6,126	146,771	4%	15	15
Miscellaneous Retail Stores	675	11,634	6%	3,941	81,916	5%	6	7
Finance (All)	536	18,112	3%	8,321	430,462	2%	16	24
Bank, Savings and Lending Institutions	47	2,473	2%	731	69,670	1%	16	28
Security and Commodity Brokers	107	5,417	2%	568	166,509	0%	5	31
Insurance Carriers and Agencies	35	1,589	2%	225	71,829	0%	6	45
Real Estate	332	7788	4%	6,683	87,153	8%	20	11
Service (All)	4,717	98,702	5%	49,949	1,273,371	4%	11	13
Hotel and Other Lodging	33	682	5%	1,400	53,591	3%	42	79
Personal Services	971	16,556	6%	3,820	63,662	6%	4	4
Business Services	1,630	23,278	7%	20,578	354,547	6%	13	15
Motion Picture and Amusement	430	4,633	9%	3,468	64,241	5%	8	14
Health Services	283	13,499	2%	3,357	210,753	2%	12	16
Legal Services	151	10,563	1%	1,462	147,273	1%	10	14
Educational Services	137	2,637	5%	2,815	124,307	2%	21	47
Social Services	197	3,360	6%	7,247	67,089	11%	37	20
Public Administration (All)	26	1,477	2%	1,574	70,038	2%	7	47
All Other	885	23,494	4%	5,802	187,908	3%	7	8
Population	**45,656**	**1,634,248**	**3%**					
Residential Population Per Business	**5**	**9**						
Households	**25,994**	**768,292**	**3%**					
HHs Per Businesses	**3**	**4**						

Source: Claritas, a Nielson Company

— Barbara Byrne Denham, Chief Economist, Eastern Consolidated

Chelsea Comparables

Art Gallery Related

Property Address	Square Feet	Date	Price	Price/SF
510-512 West 25th Street	7,500	9/1/2010	$4,600,000	$613
556 West 22nd Street	28,838	12/8/2010	$19,350,000	$671

Retail

Property Address	Square Feet	Date	Price	Price/SF
459 West 18th Street, Retail Condo	2,254	3/4/2009	$2,189,281	$971
135 West 14th Street, Retail Condo	2,521	9/3/2009	$2,163,525	$858
215 West 29th Street, Retail Condo	2,001	2/2/2010	$1,075,000	$537
140 West 22nd Street, 2 Retail Condos	7,467	9/1/2010	$3,400,000	$455

Development Sites

Property Address	Square Feet	Date	Price	Price/SF
336 West 15th Street	6,112	12/15/2008	$3,550,000	$581
123 West 15th Street	9,450	6/24/2009	$3,400,000	$360
345-349 West 14th Street	70,089	4/15/2010	$25,343,119	$362

Multifamily

Property Address	Square Feet	Date	Price	Price/SF
257 West 29th Street	5,358	6/30/2010	$4,150,000	$775
555 Avenue of the Americas	176,442	7/22/2010	$67,340,000	$382
356 West 20th Street	5,125	9/13/2010	$2,100,000	$410
306 West 22nd Street	4,996	10/14/2010	$3,450,000	$691
349 West 17th Street	4,361	10/14/2010	$3,500,000	$803
253 West 21st Street	3,400	12/14/2010	$3,900,000	$1,147
338 West 22nd Street	5,000	12/15/2010	$3,600,000	$720

Office

Property Address	Square Feet	Date	Price	Price/SF
158 West 27th Street	112,900	12/17/2010	$37,806,000	$335
111 Eighth Avenue	2,921,914	12/21/2010	$1,770,000,000	$606
520 West 27th Street, Office Condo	4,800	12/21/2010	$4,800,000	$1,000