



THE CONCORD GROUP  
Real Estate Advisors

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# **Market Dynamics Impacting the Mixed-Use Development Potential of a 15-AC Project in Glen Cove, NY**

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June 1, 2020

# Scope of Work

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- Analyzed the market potential for apartment, condominium and retail development on the 15-AC property at Garvies Point (“the Site”)
- Evaluated historical and projected economic and demographic trends
- Appraised key macro- and micro-supply side metrics for the proposed land uses
- Forecasted the go-forward demand potential for apartment, condominium and retail development in the market area
- Identified the supportable scale (capture of demand) and character of development on the Site
- Projected lease and sales revenue to be generated by the proposed land uses

- The initial analysis was conducted in 3Q18
- TCG recommended a mixed-use program incorporating the following scale of land uses:
  - Apartments – 300 DU
  - Condominiums – 100 DU
  - Retail – 40,000 SF
- Reassessed market conditions for each land use as of April 2020
- Market update confirmed scale and character of land use recommendations from initial 3Q18 analysis

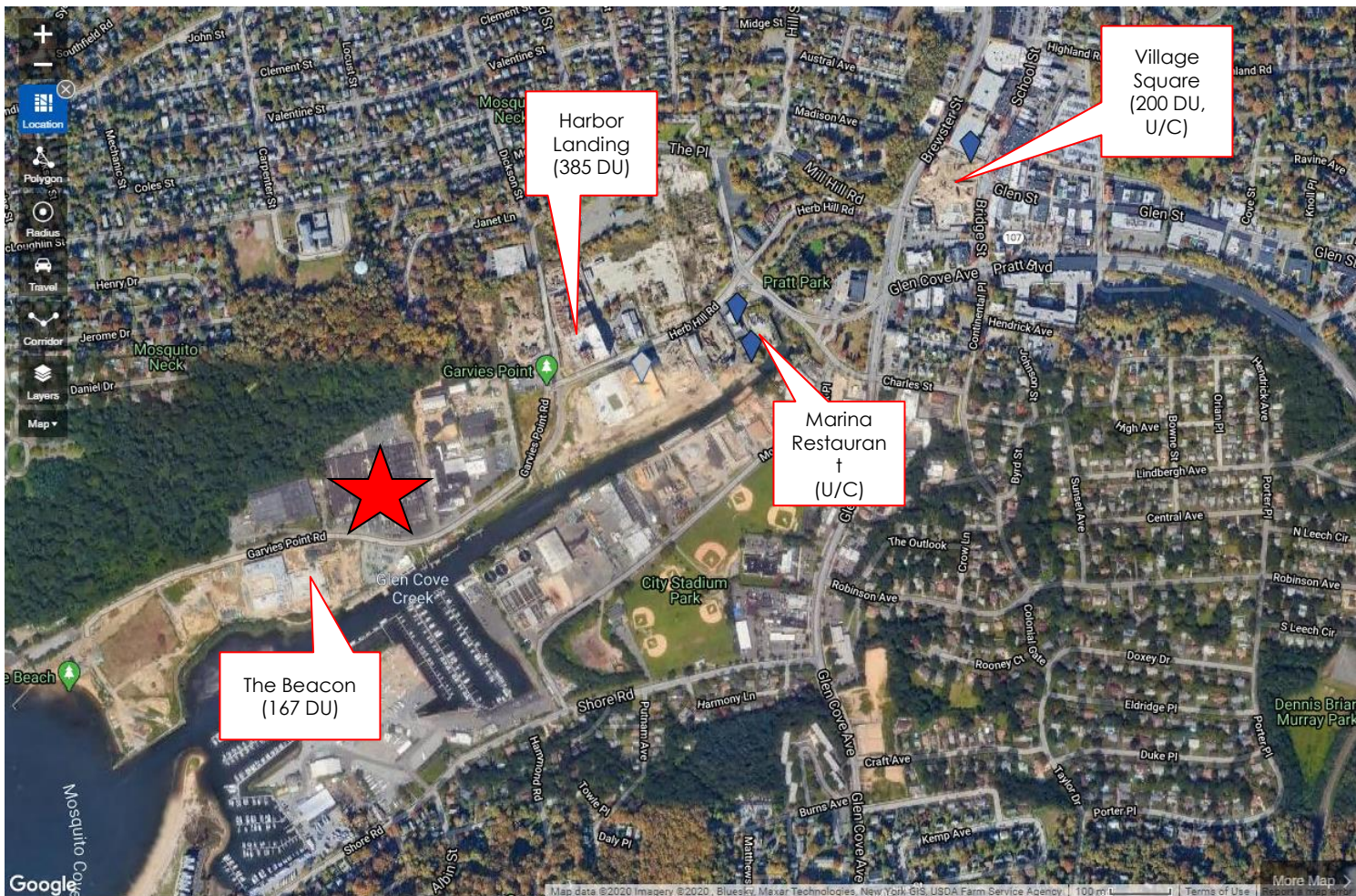
- **Transit Rich development opportunity**, adjacent to the Glen Cove Ferry Terminal and proximate to the LIRR Station
  - In post COVID world, ferry transit likely to increase
  - Commuters to Manhattan to seek greater protection of personal space which is more easily controlled on the ferry
- **Transit / mobility hubs are magnets for urban-scale, mixed-use development**
  - Increased use of Ferry to drive greater demand for retail serving both morning and evening commutes
  - Residential tenants / buyers gravitate to transit proximity, relieving need for four-wheel transportation and associated costs
  - Desirability of TOD reflected in its ability to drive premium lease and price positioning versus non-TOD competition

- **Parking in short supply** – increased use of Ferry and associated support for retail services dependent on the local area’s ability to provide parking for commuters from outside the immediate Garvies Point neighborhood
- **Recent nearby development catalyzes demand for more residential and retail**, enhancing the vibrancy of Garvies Point and attracting greater interest from apartment dwellers, condo buyers and retail tenants
- **Best-in-class amenities and unit specifications** – the suggested scale and quality of community amenities, large floorplan configurations and luxury interior specifications will establish a new benchmark for upscale, executive living in Glen Cove



# Site Assessment

- Neighborhood vibrancy will be enhanced by the critical mass of new and future development



## Nassau County Market Trends

- Median Rent
  - 3Q18 - \$2,663
  - 1Q20 - \$2,748 (**up 3.2%**)
- 1,400 institutional scale\* units added the last two years, raising supply by 8%
- **Occupancy – 95%** - even with large uptick in stock
- Successful lease-up of recent deliveries indicative of **significant scale demand for new, state-of-the-art apartments in the County**
  - Robinelle Gardens ('17) – **98% occupancy**
  - The Vanderbilt ('18) – **98%**
  - Avalon Great Neck ('17) – **97%**
  - Modera Metro Mineola ('19) – **90%** (finishing lease-up)

\* Buildings larger than 50-units

## North Nassau Market Trends

- Median Rent
  - 3Q18 - \$2,578
  - 1Q20 - \$2,723 (**up 5.6%**)
- New Delivery
  - Harbor Landing
  - Opened 2019
  - Rent - \$3,224 (**\$3.49 PSF**)
  - In Lease-Up – 50% occupied
- **Success of Harbor Landing** indicative of strong demand for further Class A apartment product in the market area

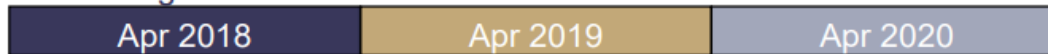


## Nassau County Market Trends

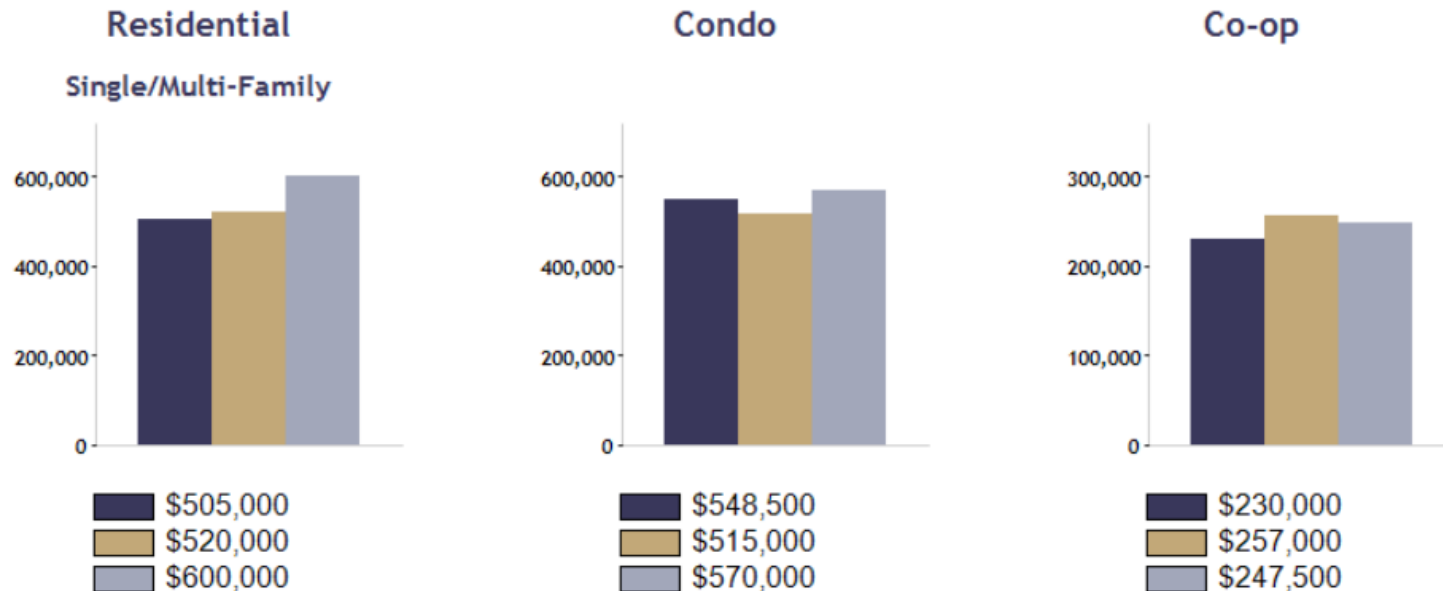
- **Home prices are up nearly 20%** over the last two years

### Location: Nassau (County)

Date Range



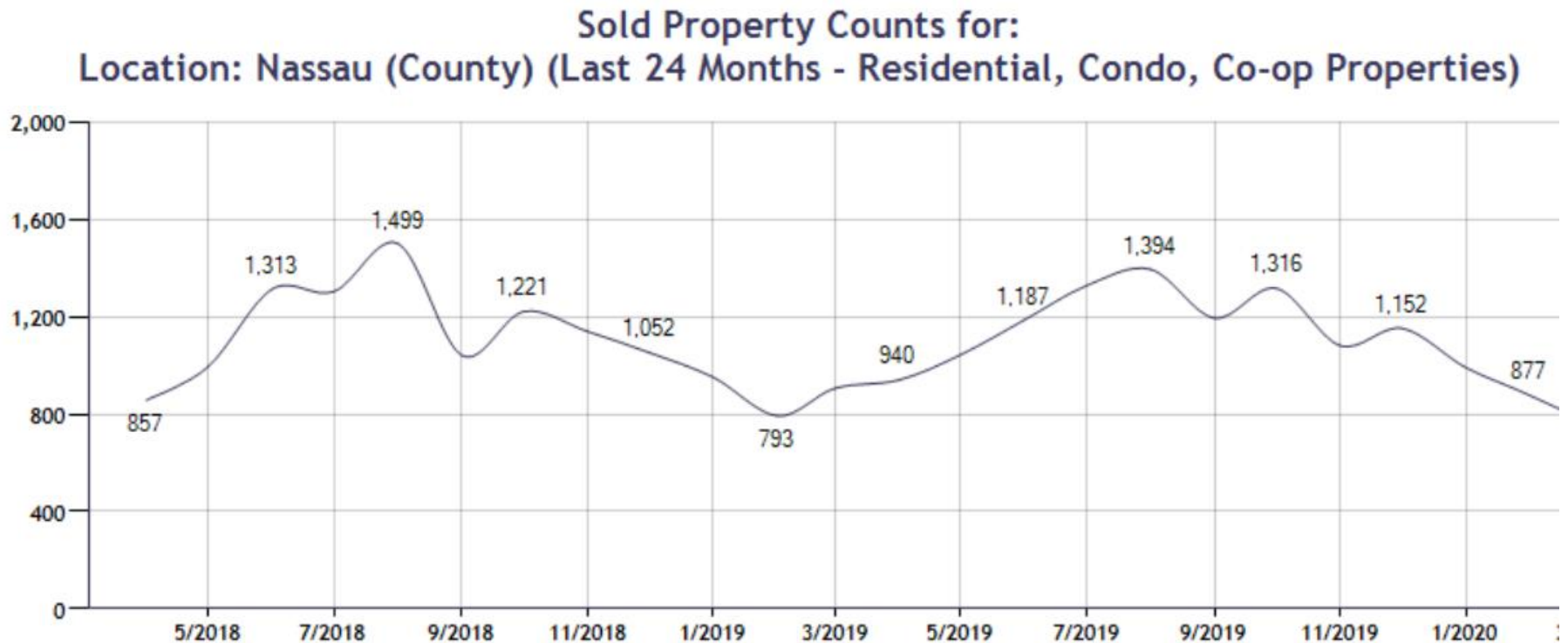
Current Available Inventory - 4,357  
Current Median List Price - \$679,999



# For-Sale Housing Update

## Nassau County Market Trends

- Pre-Covid **sales volume on par with sales pace from 2018**



# For-Sale Housing Update

- Beacon at Garvies Point
  - 167 waterfront condominiums
  - Lux price points from low \$700Ks to low \$2Ms
  - Current offerings average over **\$900 PSF**



- Success of the Beacon, combined with (1) underlying strong demographic growth potential of the Nassau market, and (2) inherent supply constraints, generates **strong demand for additional luxury condominium development at Garvies Point**

# Retail Update

- Northern Nassau retail market remains largely stable, with **strongest performance in neighborhood format retail centers (98.1% occ)**

## Overview

Northern Nassau Retail			
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
<b>0</b>	<b>(2.9 K)</b>	<b>4.5%</b>	<b>-0.5%</b>

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	0	-	-	-	0	0	0
Power Center	0	-	-	-	0	0	0
Neighborhood Center	239,896	1.9%	\$30.29	2.3%	0	0	0
Strip Center	200,209	8.2%	\$32.45	8.2%	0	0	0
General Retail	2,940,952	4.4%	\$29.68	6.6%	(891)	0	9,295
Other	0	-	-	-	0	0	0
<b>Submarket</b>	<b>3,381,057</b>	<b>4.5%</b>	<b>\$29.88</b>	<b>6.4%</b>	<b>(891)</b>	<b>0</b>	<b>9,295</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.1%	5.7%	5.2%	13.2%	2006 Q1	2.8%	2016 Q3
Net Absorption SF	(2.9 K)	20,846	4,966	148,334	2009 Q2	(46,000)	2010 Q3
Deliveries SF	0	6,719	9,887	59,822	2006 Q4	0	2020 Q1
Rent Growth	-0.5%	0.5%	0.5%	3.9%	2014 Q1	-5.0%	2010 Q2
Sales Volume	\$3.2 M	\$15.4M	N/A	\$36.8M	2014 Q1	\$3.6M	2010 Q1

- **Garvies Point retail opportunity and tenanting distinct from Downtown**, with tenancy driven by:
  - Current and future residents of Garvies Point
  - Ferry commuters
- **Convenience / neighborhood serving retail in short supply** – vibrancy of Garvies Point neighborhood dependent on provision of daily retail needs
- **Tenant gaps** include
  - Grocery (small)
  - Market (prepared foods)
  - Drug store
  - Eating places (limited & full service)
  - Fitness
  - Dry cleaner
  - Market – prepared foods

# Conclusion

- National and regional **real estate trends over the last 2 years further reinforce the market viability of the developer plan**
- **Recent and on-going development in Garvies Point has enhanced the character of the neighborhood**, making the subject even more attractive to potential apartment dwellers, condominium buyers and retail tenants
- **The impacts of Covid-19**, while hurtful to market conditions in the near-term, **do not derail the long-term potential of the project**
- **The developer plan:**
  - **Addresses a shortage of state-of-the-art amenitized housing** in the greater Long Island market
  - **Provides retail services that are sorely lacking** in the neighborhood, serving a growing population of commuters and residents in Garvies Point