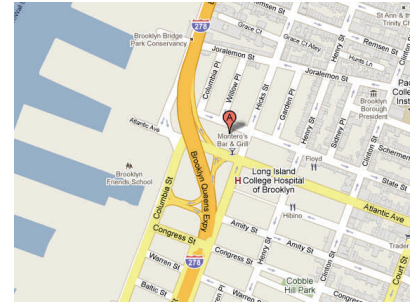


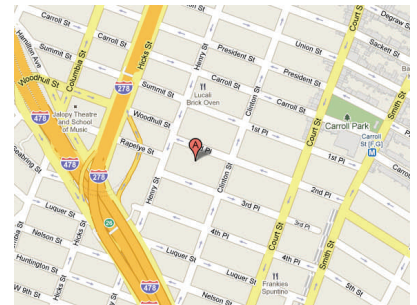
### 54 STATE STREET, BROOKLYN HEIGHTS, BROOKLYN, NY Closed Sale: Multi-family redevelopment site

- An 8,125 sq ft building shell. Formerly a 10-unit center-stair, walk-up rental.
- Traded hands on March 19, 2010.
- Sale price, \$2,300,000, or \$283 per buildable sq ft.
- Building, at time of sale, was a shell—structurally reinforced facade with a couple of new floor slabs in place.
- The net value of in-place materials that contribute to the improved real estate equals approximately \$35 per sq ft, as there is some demo work involved with removing incorrectly installed metal deck and concert floor plates.
- Our estimated land value equals approx. \$248 per buildable sq ft.



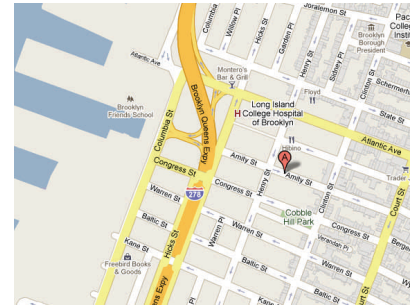
### 28 2nd PLACE, CARROLL GARDENS, BROOKLYN, NY Closed Sale: Multi-family redevelopment site

- A 4,900 sq ft existing 3-family property in poor condition.
- Sale date: March 17, 2010.
- Sale price: \$2,200,000, or \$449 per habitable sq ft.
- Building, at time of sale, was vacant and habitable but in poor condition.
- The net value of the in-place materials that contribute to the improved real estate equals approximately \$150 per sq ft.
- Our estimated land value equals approximately \$300 per buildable sq ft.



### 120 AMITY STREET, COBBLE HILL, BROOKLYN, NY Contract: Single-family development site

- A permitted 4,231 sq ft proposed single-family development site.
- According to Streeteasy.com the site is in contract.
- Last asking price was \$995,000, down from the \$1,400,000 asking price on 3/10/09.
- To estimate a closed sale price of \$945,000, or \$223 per buildable sq ft, we discounted the current asking price by 5%.
- As the deal supposedly includes plans and permits, we reduced the estimated transaction price by \$140,000 for soft costs related to the permit and pre-development work.
- We estimate the net land value to be \$805,000, or \$190 per buildable sq ft.



### SEARCHING FOR A BASELINE: RECENT PSEUDO LAND TRANSACTIONS

- Since land deals are few and far between in the built-up neighborhoods of Brownstone Brooklyn, we look at certain types of transactions that can provide guidance as to what the underlying land may be valued at.
- The 28 2nd Pl. deal represents the purchase price of an owner-user, with an approximate 15% premium to the developer. This would imply that this deal may have been priced at \$255 per buildable sq ft for a developer. In our opinion, knowing what would be involved with the rehabilitation of this property, that is on the high side.
- The 54 State St. deal struck us as very aggressive on the buy side, especially since the competition for these types of deals has evaporated almost completely. The land value we backed into for this deal, \$248 per buildable sq ft, matches the land prices from peak, locally. We expect that the market should be reflecting at least a 25% discount to peak prices for these entitlement-heavy rehabilitation projects in order to deliver a high quality product to the end-user.
- Our estimated land price of \$190 per buildable sq ft for 120 Amity Street is the closest out of these three deals to what we feel is, generally, the right price for land in the Brownstone Brooklyn neighborhoods of Brooklyn Heights, Cobble Hill, and Carroll Gardens—\$150 per buildable sq ft.
- Ken Krasnow, a managing director in the Brooklyn office of Massey Knakal (NYC's pre-eminent small building brokerage) framed the land value consideration quite nicely at Tuesday's Brooklyn Real Estate Summit when he said, "development site values have dropped significantly," "average now \$1M," "all cash deals, no financing available," and my favorite, "NO MORE FREE AND EASY STUPID MONEY ANYMORE."

If you have any questions about any of the information contained above, the market in general, or the value of your property, please feel free to contact me:

**DONALD BRENNAN** | C 917 568 6525 | P 718 858 8238 | F 718 228 6030 | [dbrennan@brennanrealestate.com](mailto:dbrennan@brennanrealestate.com)