

**ECONOMIC ANALYSIS
REVIEW AND UPDATE**

**Hoboken Yard Redevelopment Plan
Hoboken, New Jersey**

Prepared For:

The City of Hoboken

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INTRODUCTION

This Report has been prepared for the City of Hoboken to review and update the Economic Analysis of the Hoboken Terminal Redevelopment Plan (the “2012 Economic Analysis”) dated August, 2012. The 2012 Economic Analysis was prepared by Robert B. Pauls, LLC for Wallace Roberts and Todd (WRT) in order to assess the economic viability and fiscal implications of the Hoboken Yard Redevelopment Plan prepared by WRT in June and July 2012.

This review and update (the “Report”) considers changes in the program of the Redevelopment Plan, prepared by WRT subsequent to the 2012 Economic Analysis, and updates relevant changes to the Construction Cost, Market Income and Operating assumptions utilized in the 2012 Economic Analysis.

This Report re-analyzes the cost of each element of the Redevelopment Plan. As had been done in the 2012 Economic Analysis, excluded from our analysis are any potential environmental remediation costs. The cost of this remediation (an estimated \$11 million at a minimum) is assumed would be borne by New Jersey Transit (NJT) prior to the sale of the parcels. This Report assumes the value of the land estimated in the 2012 Analysis Report under its current I-2 and WH zoning classifications as of February 2007, the date of the determination that the site was in need of redevelopment. This 2007 “as-is” land value has been used in developing the updated economic pro forma for the development and in determining the economic viability of the plan. As was done in the 2012 Economic Analysis, we have also added \$3 million to this to cover the cost of demolishing the two buildings on the site as well as removing some of the un-needed rail track.

Included in this Report, but not in the 2012 Economic Analysis is an additional \$27 million to allow for the relocation of NJ Transit facilities. To provide for flood mitigation an additional \$18 million has been added to the infrastructure costs.

Except as described above and indicated below, all other assumptions of the 2012 Economic Analysis remain the same.

Analysis Assumptions and Limiting Conditions

The revised income elements of the analysis were based on researching comparable sales, lease rates and capitalization rates for the uses analyzed. The comparables were adjusted to reflect the attractiveness of Hoboken Yard Site and Hoboken’s waterfront as well as discussions with real estate professionals familiar with the local market.

The analysis covers only the portion of the site within the City of Hoboken. This represents approximately 52 acres (including approximately 16 acres which are under water) of the 80 acres under control of New Jersey Transit. The remaining acres are located in Jersey City.

The value of the land is assumed to be as had been estimated in the 2012 Economic Analysis.

Construction costs for each use were updated based on typical local costs for each type of structure, according to the Marshall and Swift Valuation Manuals, adjusted for current prices and the Northern New Jersey location. In addition to these base costs we have continued to add \$28 million in premiums for the development of Sites 2 and 8 which will require extraordinary costs related to the need for constructing a foundation around and over the existing PATH tunnels.

Soft costs were based on typical costs associated with real estate development and include taxes during construction, developers' fees and financing fees. We have assumed these costs as estimated in the 2012 Economic Analysis.

Financing and equity ratios and assumptions were calculated at current rates according to a survey conducted quarterly by "*Realty Rates*." Capitalization rates and discount rates in the residual land analysis were also based on the "*Realty Rates*" Survey.

Lastly all dollar figures are in terms of the September, 2014 value of the dollar and no increases due to inflationary pressures were allocated to the future costs of development or the future income to be derived.

Summary of Findings & Conclusions

The revised proposed development program has been used as the basis of this analysis. The Revised Proposed Development Plan is attached as Exhibit 1 to the Report.

The cash flow model indicates that the IRR of the project will be 12.9%. This is at the high end of the minimum range of pro forma rates of return in the New York – New Jersey Market as reported by the "*Realty Rates*" survey in the 3rd Quarter of 2014. These minimum rates of return ranged between 11.42% and 12.96% depending on the use. These minimum pro forma rates reflect forward looking revenue and development costs and are used as a measure of viability by lenders, investors and developers.

The total cost of the Infrastructure mandated by the Plan has been increased to include flood mitigation costs and is approximately \$65.0 million. Also as was assumed in the 2012 Economic Analysis, the value of the land under its current zoning as of 2007 (the date of the declaration that the site area "is in need of redevelopment) is \$24,500,000 delivered vacant and with sufficient environmental remediation to develop the site.

DEVELOPMENT SCENARIO

The Report analyzes the WRT Redevelopment Plan as revised in August 2014. The exact development program developed by Wallace, Roberts and Todd is presented on a site by site basis in Exhibit 1 of the Report.

The Report does not include any additional square footage for commercial space due to added incentives.

CURRENT LAND VALUE ANALYSIS

As provided in the 2012 Economic Analysis, a summary of sales considered in 2012 Economic Analysis is identified on Exhibit 2 of the Report.

On the basis of the Land Sales Analysis the 2012 Economic Analysis valued the land as follows:

38.3 Net Acres @ \$641,000 per Acre = \$24,550,300 – Say \$24,500,000.

As noted in the 2012 Economic Analysis, since all of the comparables were clean ready to build sites any potential remediation cost would be deducted from the land value in order to create true comparability. However, the 2012 Economic Analysis have added \$3 million to cover the cost of demolishing the Maintenance Building and Engine House as well as the un-needed rail track.

CASH FLOW ANALYSIS

Development Phasing

For purposes of the Report, assumptions regarding Development Phasing utilized in the 2012 Economic Analysis have not been changed.

Development Cost Assumptions

The Report updates the pricing of the construction cost of each element, based on current local costs for each element as reported in the Marshall & Swift Valuation Service cost manuals and other assumptions used in the 2012 Economic Analysis. Marshall & Swift costs include average architects' and engineers' fees, and building permits and surveys to establish building lines and grades. Normal interest on only the actual building funds during period of construction and processing fee or service charge is also included in the Marshall & Swift costs.

The cost structure assumed in the 2012 Economic Analysis, which included, in addition to the Marshall & Swift cost assumptions, 10% for soft costs, 3% for a developer's fee, and 5% additional costs for LEED Certification, has not been changed. As provided in the 2012 Economic Analysis, the Report has included \$19 million to the cost of developing Site 8 and \$9 million to the cost of developing Site 2 to allow for an expensive foundation system to accommodate the PATH tunnels under these sites which requires a deck to support the structures.

We have included \$3 million to cover the cost of demolition of the existing buildings on the site.

Additionally, we have included \$27 million to allow for the relocation of NJ Transit facilities.

Exhibit 3 of the Report summarizes the per foot cost for each use.

The details are presented in the "construction costs" schedule provided in the Appendix of the Report.

Infrastructure improvements and their related costs are presented in Exhibit 4. We have included \$18 million for flood mitigation costs. Other infrastructure cost estimates are as assumed in the 2012 Economic Analysis. Appropriate inflation adjustments have been made.

Development Income Assumptions

Market rate incomes for all contemplated uses, as assumed in the 2012 Economic Analysis have been updated to reflect current market conditions. These are based on current rent levels for comparably situated projects adjusted to reflect the unique advantages of the sites proximity to public transport, downtown Hoboken and the Hudson River waterfront. They are summarized in Exhibit 5 of the Report.

As seen in the attached Exhibit 5, the Residential pricing has increased from the 2012 Economic Analysis. Based on a review of comparable current market rates, Retail, Office, Incubator and Parking Rents have remained unchanged.

Residential Pricing

Exhibit 6 of the Report indicates the current rents in large scale residential building nearby and offers comments regarding their comparability.

The residential units will average approximately 1,000 square feet gross. The market rate for all types of residential units is expected to rent for an average of \$46.00 per square

foot of net residential space. The rent for individual apartments will vary based on the room count and size.

The affordable units mandated by the redevelopment plan for low to moderate income families are priced on the basis of the current Hudson County median incomes and the HUD requirements regarding income level and family size. The approximate current blended rental rate for a low to moderate income apartment is \$23 per square foot of gross space.

On the basis of the attached Exhibit 6, we believe that an overall average monthly rental of \$4,239 per month is an accurate reflection of current pricing for apartments of the quality assumed and the extraordinary location afforded by the site.

Retail Rental Rates

The retail elements are expected to average \$60 per square foot net of base year taxes and operating costs, but each location within the plan could be priced differently based on size and tenancy as well as location within the plan. Exhibit 7 of the Report indicates current rents in comparable retail facilities and offers comments regarding their comparability.

On the basis of the attached Exhibit 7 we believe that an average yearly rental of \$60.00 per square foot represents a conservative estimate of current pricing.

Office Pricing Assumptions

Current lease rates for comparable Class A space have been made in the \$28 to \$48 per square foot range depending on the amount of space leased. Given the premium often paid by tenants in LEED Certified buildings we believe that a gross rental of \$40.00 per square foot would easily be achievable at a location as desirable as the Hoboken Yard Site. Exhibit 8 of the Report indicates current rents in comparable office buildings and offers comments regarding their comparability.

The 30,000 square feet of incubator space mandated by the Redevelopment Plan is assumed to be rented at the pro rata cost of operating expenses on the office space. This would equate to approximately \$15.00 per square foot.

Parking Rates

The 2012 Economic Analysis Report assumed parking rates net of operating expenses for the project to average \$3,750 per year per space. Our review of current parking rates indicates little change from the 2012 Economic Analysis Report assumption. Therefore, for purposes of this Report we have made no changes.

Indoor Public Space

As indicated in the 2012 Economic Analysis, the 23,000 square feet of Indoor Public space mandated by the Redevelopment Plan is assumed to be donated to a not-for-profit operator who will be responsible for all operating expenses and the pro rata share of taxes and would neither provide income to the deal nor create any operating expense to project.

Operating Expenses

We have maintained the Operating Expenses assumed in the 2012 Economic Analysis, since the most recent BOMA (Building Owners and Managers Association) study of appropriate NJ Office buildings indicates no significant change.

As was assumed in the 2012 Economic Analysis, the Report continues to utilize a \$2.50 per square foot operating expense for the retail space, as much of the cost of operations will fall to the tenants. No costs were allocated to the Indoor Public Space or the Parking as the rents collected (nil in the case of the Indoor Public Space) are assumed net of all operating expenses.

As was assumed in the 2012 Economic Analysis, the Report continues to utilize residential operating expenses estimated to \$5.50 per sf net of Real Estate taxes which equates to \$6,325 per unit. This is typical for Northern New Jersey apartments.

Real Estate Taxes

Real Estate Taxes assumed in the 2012 Economic Analysis have not been changed.

Vacancy

As was done in the 2012 Economic Analysis, the Report assumes a 5% vacancy factor on the commercial portion of the development and 3% on the residential portion of the development. As was done in the 2012 Economic Analysis, the Report has included a 3% annual marketing and leasing budget to account for the annualized cost of 10 year leases on the office and commercial space and 3 year leases on the residential space.

Financing Assumptions

Financing assumptions utilized in the 2012 Economic Analysis have not been changed.

The residual value in the 21st year is based on a capitalization rate of 6.50% and reflects the current environment in the Jersey City and Hoboken markets.

Exhibit 1

Hoboken Yard Redevelopment Plan

Location	Use	Size (sf)	# of Parking	# of Apartments
Site 1-3	Office	975,000		
Site 1-3	Commercial	32,000		
Site 1-3	Incubator Space*	30,000		
Site 1-3	Indoor Public Space**	23,000		
Site 1-3	Parking	125,000	363	
Site 8	Office	436,000		
Site 8	Commercial	24,000		
Site 4-6	Residential ***	312,000		312
Site 4-6	Commercial	27,000		
Site 4-6	Parking	64,000	183	
Site 7	Residential ***	271,000		271
Site 7	Commercial	46,000		
Site 7	Parking	90,000	257	
Totals	Office	1,411,000		
	Commercial	129,000		
	Incubator Space	30,000		
	Indoor Public Space**	23,000		
	Parking	279,000	803	
	Residential	583,000		583

* At least 30,000 square feet of below market rate incubator space.

** The prior Report referenced this area as “performing arts center”, it is now referred to as Indoor Public Space.

** At least 10% allocated to low to moderate income housing; 10% of these units must be 3 bedroom units of at least 1,500 square feet; 10% of these units must be 3 bedroom units of at least 1,800 square feet.

Exhibit 2

Industrial Land Sales

	NO. 1	NO. 2	NO. 3	NO. 4
Location	Kearny	Kearny	Jersey City	Jersey City
Use	Industrial	Industrial	Industrial	Industrial
Lot Size – Acres	3.0	27.13	4.97	30 Net
Sales Date	In Contract	Jul-11	Jan-10	Dec-11
Sales Price \$ Millions	\$1.75	\$6.65	\$4.50	\$23.05
Price/Acre	\$583,333	\$245,116	\$905,400	\$735,000
Adjustment Factors				
Time*	1.20	1.20	1.20	1.20
Location	0.90	1.10	0.90	0.90
Size	0.90	1.00	0.90	1.00
Composite Adj.	0.97	1.32	0.97	1.08
Adj. Price/ Acre	\$567,000	\$323,500	\$880,000	\$793,800
Avg. Adj. Price/Acre		\$641,000		

* Adjustment to provide comparability to February 2007

Exhibit 3

Hoboken Yard Redevelopment Cost Schedule

Building Type	Cost per Sq. Ft.
Office with HVAC + Sprinklers	\$295.91 - \$306.16*
Residential	\$251.07
Indoor Public Space	\$294.54
Retail (Shell)	\$208.85
Garage Parking	\$36,521 per space

* Depends on building height, but does not include any foundation premiums which are allocated separately for each applicable site.

Exhibit 4

Hoboken Yard Redevelopment Plan - Infrastructure Costs

Based on LCOR, NJT, WRT and City of Hoboken Estimates

	Current Cost Est
Common Storm & Sanitary Sewer Reconstruction of Observer Hwy	Completed \$ 31,147,200
Upgrade Marin Blvd	\$ 5,768,000
Off-Site Traffic Improvements	\$ 5,768,000
Plaza Reconstruction	\$ 4,635,000
Service Road	\$ 1,030,000
Flood Mitigation Costs	\$ 18,000,000
Total Infrastructure	\$ 66,348,000

Exhibit 5

Hoboken Yard Redevelopment Pricing Schedule

Building Type	Rent/Yr.
Market Residential	\$46.00 per gross sf
Affordable Residential	\$23.00 per gross sf
Retail Space*	\$60 per sf
Office*	\$40 per sf
Incubator Space	\$15.00 per gross sf
Indoor Public Space**	Donated
Parking	\$3,750 per space net

* Net of Base Year taxes and operating costs

** Net of all taxes and operating costs

Exhibit 6

Summary of Hoboken Residential Rentals

Address	Date	# Bdrms - Bths	Adjusted Rent/Mo.	Comments
77 Park Avenue #M	Asking	1/1	\$3,240	+10% older construction
333 River Street #1253	Asking	1/1	\$3,212	+10% older construction
1125 Maxwell Lane #622	Asking	1/1	\$4,015	+10% Lesser Location
		Average	\$3,489	
1405 Clinton Street #305	Asking	2/2	\$3,979	+10% Lesser Location; +5% older construction
1405 Clinton Street #306	Asking	2/2	\$4,331	+10% Lesser Location; +5% older construction
1200 Grand Street, #511	Asking	2/2	\$4,320	+5% older construction; +10% Lesser Location; +5% small size
255 Hudson Street #908	Asking	2/2	\$3,609	+5% older construction; +5% small size
		Average	\$4,060	
2 Constitution CT, #1201-1202	Asking	3/2	\$5,198	+10% older construction; +5% Lesser Location
77 Park Avenue	Asking	3/2	\$5,401	+10% older construction
100 Marshall Terrace	Asking	3/3	\$5,082	+10% Lesser Location; +5% older construction
		Average	\$5,227	
		Overall Average	\$4,239	

Exhibit 7**Summary of Hoboken Retail Rentals**

Address	Date	Size/SF	Adjusted Rent/SF.	Comments
1414 Grand Street	Asking	8,200	\$58	+15% Lesser Location; +5% Under Construction
706 Washington Street	Asking	1,200	\$76	+15% Lesser Location; -10% small size
101 Park Avenue	Asking	1,200	\$52	+15% Lesser Location; -10% small size
732 Washington Street	Asking	650	\$110	+15% Lesser Location; -15% small size
1414 Willow Avenue	Asking	13,000	\$35	+15% Lesser Location
1100 Adams	Asking	437	\$45	+15% Lesser Location; -15% small size
Washington St & 7th	Asking	950	\$55	+15% Lesser Location; -10% small size
308 8th Street	Asking	500	\$52	+15% Lesser Location; -10% small size
		Average	\$61	

Exhibit 8**Summary of Hoboken Office Rentals**

Address	Date	Size/SF	Adjusted Rent/SF.	Comments
111 River St - Corporate Center I	Asking	17,976	\$48	+10% Lesser Location; +10% Older Construction
101 Park Avenue	Asking	1,200	\$49	+15% Lesser Location; -10% small size: +10% older construction
117 Washington St	Asking	1,450	\$45	+15% Lesser Location; -10% small size: +10% older construction
200 Washington St	Asking	1,800	\$38	+15% Lesser Location; -10% small size: +10% older construction
12 Hudson Place	Asking	746	\$37	+10% Lesser Location; -10% small size: +10% older construction
95 River Street	Asking	350	\$47	+10% Lesser Location; -10% small size: +10% older construction
313-315 First Street	Asking	1,576	\$30	+15% Lesser Location; -10% small size: +10% older construction
800 Jackson Street	Asking	1,350	\$28	+15% Lesser Location; -10% small size: +10% older construction
		Average	\$40	

APPENDIX

APPENDIX A-1

CONSTRUCTION COSTS

Hoboken Yard Redevelopment Plan - Construction Costs

Based on Marshall & Swift Cost Manual

	Office Site 1	Office Site 2	Office Site 3	Office Site 8	
Base Cost - Bldg	\$156.08	\$156.08	\$156.08	\$156.08	
Floor Height Adjustment	104.5%	103.5%	107.5%	105.5%	
Inflation	104.0%	104.0%	104.0%	104.0%	
Geography-NJ	133.0%	133.0%	133.0%	133.0%	
LEED Certification	105.0%	105.0%	105.0%	105.0%	
Total Hard Cost – Incl. HVAC	\$264.14	\$261.87	\$270.94	\$266.40	
Soft Cost & Dev. Fee	13%	\$34.34	\$34.04	\$35.22	\$34.63
Total Cost	\$298.47	\$295.91	\$306.16	\$301.03	

		Residential Site 4	Residential Site 5	Residential Site 6	Residential Site 7
Base Cost - Bldg		\$144.36	\$144.36	\$144.36	\$144.36
Floor Height Adjustment		103.0%	103.0%	103.0%	103.0%
Inflation		107.0%	107.0%	107.0%	107.0%
Geography-NJ		133.0%	133.0%	133.0%	133.0%
LEED Certification		105.0%	105.0%	105.0%	105.0%
Total Hard Cost		\$222.18	\$222.18	\$222.18	\$222.18
Soft Cost	13%	\$28.88	\$28.88	\$28.88	\$28.88
Total Cost		\$251.07	\$251.07	\$251.07	\$251.07

Hoboken Yard Redevelopment Plan - Construction Costs
Based on Marshall & Swift Cost Manual

	Parking ** All Sites	Retail * All Sites	Indoor Public Space
Base Cost - Bldg	\$65.95	\$129.75	\$179.47
Floor Height Adjustment	100.0%	100.0%	100.0%
Inflation	101.0%	102.0%	104.0%
Geography-NJ	133.0%	133.0%	133.0%
Total Hard Cost	\$93.02	\$184.82	\$260.66
Soft Cost	13%	\$12.09	\$24.03
		\$33.89	
Total Cost	\$105.11	\$208.85	\$294.54

* Shell Construction

** Above Grade Parking

Hoboken Yard Redevelopment Plan - Infrastructure Costs
Based on LCOR and City of Hoboken Estimates

	2012 Cost	Inflation Adj.	Current Cost Est
Common Storm & Sanitary Sewer Reconstruction of Observer Hwy	\$ 30,240,000	103%	\$ 31,147,200
Upgrade Marin Blvd	\$ 5,600,000	103%	\$ 5,768,000
Off-Site Traffic Improvements	\$ 5,600,000	103%	\$ 5,768,000
Plaza Reconstruction	\$ 4,500,000	103%	\$ 4,635,000
Service Road	\$ 1,000,000	103%	\$ 1,030,000
Flood Mitigation Costs*	\$ 0	100%	\$ 18,000,000
Total Infrastructure	\$ 64,940,000		\$ 66,348,000

*2014 Estimate

APPENDIX B-1

20 YEAR CASH FLOW

Hoboken Yard Redevelopment Plan - 20 Year Cash Flow Analysis

Uses of Funds	Site 1 - 3		Site 8		Site 4 - 6	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Land Acquisition & Demolition	(\$6,125,000)	(\$3,000,000)	(\$6,125,000)		(\$6,125,000)	
Hard Cost	(\$145,587,403)	(\$145,587,403)	(\$69,793,471)	(\$69,793,471)	(\$32,633,459)	(\$32,633,459)
Soft Cost	10% (\$14,558,740)	(\$14,558,740)	(\$6,979,347)	(\$6,979,347)	(\$3,263,346)	(\$3,263,346)
Developers Fee	3% (\$4,367,622)	(\$4,367,622)	(\$2,093,804)	(\$2,093,804)	(\$979,004)	(\$979,004)
Infrastructure Cost	(\$8,293,525)	(\$8,293,525)	(\$8,293,525)	(\$8,293,525)	(\$8,293,525)	(\$8,293,525)
Relocation Cost		(\$9,000,000)	(\$9,000,000)	(\$9,000,000)		
Total Cost	(\$178,932,290)	(\$184,807,290)	(\$102,285,147)	(\$96,160,147)	(\$51,294,333)	(\$45,169,333)
Income & Expense	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income			\$42,709,286	\$42,709,286	\$62,461,286	\$62,461,286
Vacancy			(\$2,135,464)	(\$2,135,464)	(\$3,123,064)	(\$3,123,064)
Effective Gross Income			\$40,573,821	\$40,573,821	\$59,338,221	\$59,338,221
Operating Expenses			(\$7,392,500)	(\$7,392,500)	(\$10,831,500)	(\$10,831,500)
R.E. Taxes			(\$5,377,000)	(\$5,377,000)	(\$7,761,500)	(\$7,761,500)
Brokerage/Marketing Costs	3%		(\$1,217,215)	(\$1,217,215)	(\$1,780,147)	(\$1,780,147)
Net Operating Income			\$26,587,107	\$26,587,107	\$38,965,075	\$38,965,075
Interim Financing Proceeds	70%	\$125,252,603	\$129,365,103	\$71,599,603	\$67,312,103	\$35,906,033
Mortgage Proceeds			\$254,617,706		\$138,911,706	
Interim Financing Payment			(\$254,617,706)		(\$138,911,706)	
Mortgage Payment			(\$15,631,374)	(\$15,631,374)	(\$24,159,378)	(\$24,159,378)
Cash Flow	(\$53,679,687)	(\$55,442,187)	(\$19,729,811)	(\$17,892,311)	(\$582,603)	\$1,254,897
Cumulative Cash Flow	(\$53,679,687)	(\$109,121,874)	(\$128,851,685)	(\$146,743,997)	(\$147,326,600)	(\$146,071,702)
IRR		12.9%				

Hoboken Yard Redevelopment Plan - 20 Year Cash Flow Analysis

		Site 7					
Uses of Funds		Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Land Acquisition & Demolition		(6,125,000)					
Hard Cost		(\$38,542,420)	(\$38,542,420)				
Soft Cost	10%	(\$3,854,242)	(\$3,854,242)				
Developers Fee	3%	(\$1,156,273)	(\$1,156,273)				
Infrastructure Cost		(\$8,293,525)	(\$8,293,525)				
Total Cost		(\$57,971,459)	(\$51,846,459)				
Income & Expense		Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Gross Income		\$78,293,760	\$78,293,760	\$93,767,251	\$93,767,251	\$93,767,251	\$93,767,251
Vacancy		(\$3,598,039)	(\$3,598,039)	(\$4,062,243)	(\$4,062,243)	(\$4,062,243)	(\$4,062,243)
Effective Gross Income		\$74,695,721	\$74,695,721	\$89,705,007	\$89,705,007	\$89,705,007	\$89,705,007
Operating Expenses		(\$12,615,000)	(\$12,615,000)	(\$14,220,500)	(\$14,220,500)	(\$14,220,500)	(\$14,220,500)
R.E. Taxes		(\$9,710,750)	(\$9,710,750)	(\$11,533,500)	(\$11,533,500)	(\$11,533,500)	(\$11,533,500)
Brokerage/Marketing Costs	3%	(\$2,240,872)	(\$2,240,872)	(\$2,691,150)	(\$2,691,150)	(\$2,691,150)	(\$2,691,150)
Net Operating Income		\$50,129,100	\$50,129,100	\$61,259,857	\$61,259,857	\$61,259,857	\$61,259,857
Interim Financing Proceeds		70%	\$40,580,022	\$36,292,522	\$0	\$0	\$0
Mortgage Proceeds			\$67,524,566	\$67,524,566	\$76,872,543		
Interim Financing Payment			(\$67,524,566)		(\$76,872,543)		
Mortgage Payment			(\$28,304,815)	(\$28,304,815)	(\$33,024,139)	(\$33,024,139)	(\$33,024,139)
Cash Flow		\$4,432,847	\$6,270,347	\$28,235,718	\$28,235,718	\$28,235,718	\$28,235,718
Cumulative Cash Flow		(\$141,638,856)	(\$135,368,509)	(\$107,132,791)	(\$78,897,073)	(\$50,661,354)	(\$22,425,636)

Hoboken Yard Redevelopment Plan - 20 Year Cash Flow Analysis

Uses of Funds		Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Land Acquisition & Demolition							
Hard Cost							
Soft Cost	10%						
Developers Fee	3%						
Infrastructure Cost							
Total Cost							
Income & Expense		Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Gross Income		\$93,767,251	\$93,767,251	\$93,767,251	\$93,767,251	\$93,767,251	\$93,767,251
Vacancy		(\$4,062,243)	(\$4,062,243)	(\$4,062,243)	(\$4,062,243)	(\$4,062,243)	(\$4,062,243)
Effective Gross Income		\$89,705,007	\$89,705,007	\$89,705,007	\$89,705,007	\$89,705,007	\$89,705,007
Operating Expenses		(\$14,220,500)	(\$14,220,500)	(\$14,220,500)	(\$14,220,500)	(\$14,220,500)	(\$14,220,500)
R.E. Taxes		(\$11,533,500)	(\$11,533,500)	(\$11,533,500)	(\$11,533,500)	(\$11,533,500)	(\$11,533,500)
Brokerage/Marketing Costs		3% (\$2,691,150)	3% (\$2,691,150)	3% (\$2,691,150)	3% (\$2,691,150)	3% (\$2,691,150)	3% (\$2,691,150)
Net Operating Income		\$61,259,857	\$61,259,857	\$61,259,857	\$61,259,857	\$61,259,857	\$61,259,857
Interim Financing Proceeds		70% \$0	70% \$0	70% \$0	70% \$0	70% \$0	70% \$0
Mortgage Proceeds							
Interim Financing Payment							
Mortgage Payment		(\$33,024,139)	(\$33,024,139)	(\$33,024,139)	(\$33,024,139)	(\$33,024,139)	(\$33,024,139)
Cash Flow		\$28,235,718	\$28,235,718	\$28,235,718	\$28,235,718	\$28,235,718	\$28,235,718
Cumulative Cash Flow		\$5,810,082	\$34,045,800	\$62,281,518	\$90,517,236	\$118,752,954	\$146,988,672

Hoboken Yard Redevelopment Plan - 20 Year Cash Flow Analysis

Uses of Funds	Year 19	Year 20	Residual Year
Land Acquisition & Demolition			
Hard Cost			
Soft Cost	10%		
Developers Fee	3%		
Infrastructure Cost			
Total Cost			(\$768,466,460)
Income & Expense	Year 19	Year 20	Residual Year
Gross Income	\$93,767,251	\$93,767,251	
Vacancy	(\$4,062,243)	(\$4,062,243)	
Effective Gross Income	\$89,705,007	\$89,705,007	
Operating Expenses	(\$14,220,500)	(\$14,220,500)	
R.E. Taxes	(\$11,533,500)	(\$11,533,500)	
Brokerage/Marketing Costs	3% (\$2,691,150)	3% (\$2,691,150)	
Net Operating Income	\$61,259,857	\$61,259,857	\$942,459,342
Interim Financing Proceeds	70% \$0	70% \$0	
Mortgage Proceeds			
Interim Financing Payment			
Mortgage Payment	(\$33,024,139)	(\$33,024,139)	(\$333,673,086)
Cash Flow	\$28,235,718	\$28,235,718	\$608,786,256
Cumulative Cash Flow	\$175,224,390	\$203,460,108	\$812,246,364

APPENDIX C-1

QUALIFICATIONS

Jack Freeman – Principal

Jack Freeman is a founding partner of Freeman/Frazier. He is the principal-in-charge for feasibility analyses for housing, commercial and nonprofit developments. He is highly regarded for his financial analysis work at the NYC Board of Standards and Appeals, facilitating the process for a wide field of land use attorneys and developing beneficial relationships with commissioners and staff. He has earned recognition in this area for almost twenty-five years.

Jack Freeman's background includes experience as a Mortgage Officer for the New York City Community Preservation Corporation, and as a developer and general partner in the development of multifamily market-rate and affordable housing projects with a value in excess of \$17 million. In the public sector, he was Director of the Zoning Study Group at the New York City Department of City Planning and he held senior staff positions in the Mayor's Office of Development. He has been a Commissioner of the New York City Landmarks Preservation Commission, and a member of the New York State Council on the Arts Capital Review Panel. He received a National Endowment for the Arts Grant for Architecture and a Progressive Architecture Award for Urban Design. Mr. Freeman is a licensed real estate broker and a member of the Real Estate Board of New York.

He holds a Master's Degree in City Planning from the City University of New York and Bachelors in Architecture from Cooper Union.

Jessica Kooris – Senior Project Manager

Jessica Kooris has been with Freeman/Frazier & Associates since June 2006. She has worked as a member of various teams in project planning and analysis for both nonprofit and for-profit projects. Ms. Daniels is actively involved in both the firms' financial analysis, and project management activities. As a senior project manager, her responsibilities with the firm include research, data analyses, field inventories, project supervision and other planning and real estate functions.

Ms. Kooris is a graduate of the University of Pennsylvania's School of Design earning a Master's degree in City Planning (Class of 2006). She concentrated in community and economic development. While in Philadelphia, Ms. Kooris worked for the City of Philadelphia Planning Commission Strategic Planning and Development Division. She managed an extensive database to support a citywide pedestrian plan, and was the fieldwork team leader while surveying all of Downtown Philadelphia's public and private parking.

Originally from the Midwest, Jessica's broad range of experience from different regions throughout the United States lends her a unique perspective on planning, real estate and development.

She received a Bachelor of Science in Geography and Regional Development from the University of Arizona in 2003.

Barbara J. Cohen
Senior Associate – Robert B. Pauls, LLC

Ms. Cohen has worked with Robert B. Pauls, LLC - Real Estate & Planning Consultants for the past 18 years. She has been involved in a number of assignments, including retail market studies, commercial revitalization strategies, Business Improvement District studies, feasibility studies, and commercial and residential market analyses. Most recently, she has worked on the economic and revitalization strategies for the Times Square BID, The Fashion Center BID, The Upper Manhattan Empowerment Zone as well as a variety of other planning and real estate analyses.

As a senior associate, her responsibilities with the firm include research, data analyses, field inventories, project supervision and other planning and real estate functions. Ms. Cohen has also been actively involved in the many services that the firm performed for private sector, public sector and Business Improvement District clients and has a unique understanding of the BID process.

Prior to joining forces with Robert B. Pauls, LLC - Real Estate & Planning Consultants, Ms. Cohen completed her B.A. in Architectural History at State University of New York at Buffalo and received her Master's degree in Urban Planning at CUNY - Hunter College.

Additional experience in the field is demonstrated by her work with the NYC Landmarks Preservation Commission, the Center for Building Conservation, The Pitkin Avenue BID, The Alliance for Downtown NY, The Glen Cove BID and Phipps Houses. Ms. Cohen has a Master's Degree in Urban Planning from Hunter College.