

LIGHTSTONE

363-365 Bond Street Case Study



Opportunity

363 and 365 Bond Street make a text-book case study for creating tremendous value by unlocking the potential of a very complex failed New York City transaction.

Lightstone first identified the opportunity after another developer had just walked away from the transaction after a successful, but very expensive multi-year rezoning process that allowed for a 450 unit condominium project on the formerly industrial zoned site. As a result, the land had reverted to its original 3 separate owners with no plans for further development. Lightstone immediately recognized the opportunity and put the parcels under contract at a very attractive basis with one objective in mind: Unlock the potential of this complex site by taking advantage of the shortage in rental inventory in one of the most vibrant neighborhoods in the city. Whereas others were only contemplating the site for its approved condominium use, Lightstone recognized a changing dynamic in the Brooklyn rental market and thus a tremendous opportunity. Lightstone quickly assembled a top tier team and received all agency approvals for a 700 unit rental project over an intensive 18 month process.

Lightstone's investment thesis for 363 and 365 Bond Street is simple: Take advantage of one of the most beautiful and established residential neighborhoods in New York City and build a contextually designed high quality luxury rental community with unparalleled amenities. This waterfront community would be uniquely surrounded by an esplanade and beautiful public park. The location also offers great access to public transportation.

363 and 365 Bond Street is certainly a unique project due to its complexity and scale; however it is also an once-in-a-lifetime opportunity with unlimited financial upside potential, tremendous flexibility for exit strategies, and extraordinary returns on a risk adjusted basis.

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Approach

Lightstone's approach to this project was different from the previous developer's plan as the project was repositioned from a condominium to luxury rental apartments. Lightstone saw a cultural transference taking place, making Brooklyn an extremely desirable destination, equating to rising rents, tremendous demand, and lack of supply.

363 Bond and 365 Bond have been positioned as a full service luxury rental community with a host of interior and exterior amenities including: 24 hour concierge doormen and valet service, an outdoor pool and sundeck, indoor basketball court and multi-purpose room, world class fitness centers with yoga studios and spin rooms, children's playrooms, lounges, libraries, game rooms, landscaped terraces, outdoor bbq and dining, Indoor gourmet kitchen with private dining, 24 hour concierge doormen, bike and tenant storage, and environmentally controlled indoor valet parking garages. Apartment features include custom Italian kitchens with Bosch appliances and Quartz countertops, wide plank white oak hardwood floors, beautifully appointed custom bathrooms, and in-unit Bosch washer/dryers.

Results

365 Bond Street is nearing completion with leasing beginning in Winter 2016.

After successfully navigating the arduous permitting and approvals process as the sites fall under the jurisdiction of many city, state and federal agencies, 363 Bond Street was sold in 2015. Although Lightstone is a long term holder, once it completed the approval process and began construction, Lightstone received a number of very attractive unsolicited offers to buy the property. Once Lightstone created value in a shovel ready approved site, Lightstone was able to recognize a tremendous profit and return through the sale.

Roles: Developer, Owner

Timeline:

Feb 2012	Entered into contract to acquire site
June 2013	Purchased the land
Dec 2013	Received NYC City Planning approval
Summer 2015	Sold, 363 Bond Street
Winter 2016	Leasing commences, 365 Bond Street

Location: 363 Bond Street and 365 Bond Street, Brooklyn, NY