

Q: On the dorm, the financial reasoning you outline only makes sense if NYU did not lease any other space. Since we do lease other space, it's just an accounting gimmick that makes the dorm look so good. I specifically asked Marty Dorph that question and he said very clearly that there's no financial advantage to moving a dorm from leased to owned space vs. moving any other type of usage from leased to own.

A: The University does not believe it is prudent to move office and administrative space into owned space in the core. Rather, administrative spaces are leased, and/ or sought to be moved outside of the campus core. So, the only users that may be candidates for owned versus leased space in the core are academic users, and student residence halls.

The total amount of academic leased space in the core is 200,000 square feet. The average base rent for this space is \$34.36.

If the University were to stop leasing student residences, it would seek to shed the most expensive leases. The two most expensive leases total 183,000 square feet (almost the same as the amount of leased academic space) and cost on average \$56.91 per square foot.

Therefore, shedding leased residence hall space yields an annual savings of \$3.56 million compared to the leased academic space, even when shedding 17,000 less square feet. Using a conservative 6% discount rate, this generates a present value savings over thirty years of \$49 million. This advantage does not take into account the likely higher cost to the University to construct academic space compared to student residence space.

Supporting detail is set forth below:

Address	Premises	User	Approx. SF	RENT FY14	
				Base Rent	Base Rent/SF
Core Academic Leases:					
627 Broadway aka 194-196 Mercer	5th floor	TSOA	10,000	\$ 268,075	\$ 26.81
627 Broadway aka 194-196 Mercer	7th floor	Steinhardt	10,000	\$ 305,545	\$ 30.55
627 Broadway aka 194-196 Mercer	8th floor	Steinhardt	10,000	\$ 441,217	\$ 44.12
665 Broadway	6th floor	TSOA	16,000	\$ 684,947	\$ 42.81
665 Broadway	Suite 805 and 9th Floor	Steinhardt	12,447	\$ 574,255	\$ 46.14
295 Lafayette Street	Floors 2, 3, and 4	Wagner and Sociology	75,000	\$ 1,845,000	\$ 24.60
409-411 Lafayette Street	3rd Fl South and 4th Fl North	Gallatin	11,075	\$ 585,534	\$ 52.87
409-411 Lafayette Street	Partial 3rd floor	Steinhardt	8,500	\$ 299,070	\$ 35.18
409-411 Lafayette Street	Partial 4th floor	FAS	8,500	\$ 299,070	\$ 35.18
409-411 Lafayette Street	Entire 5th floor	Steinhardt	16,000	\$ 631,193	\$ 39.45
380 Second Ave	3rd floor (partial)	Steinhardt	3,000	\$ 87,236	\$ 29.08
380 Second Ave	Entire 4th floor	Steinhardt	19,905	\$ 865,974	\$ 43.51
Core Academic Leases Subtotal:			200,427	6,887,116	\$ 34.36
Dormitory Leases:					
47-53 West 13th Street	Building	Student Dormitory	56,101	\$ 2,600,004	\$ 46.35
636 Greenwich Street	Building	Student Dormitory	90,000	\$ 3,787,269	\$ 42.08
201 East 14th Street - Coral Towers	Building	Student Dormitory	98,522	\$ 5,719,511	\$ 58.05
400 Broome Street	Building	Student Dormitory	85,322	\$ 4,615,304	\$ 54.09
1-19 East Second Street	Building	Student Dormitory	85,368	\$ 4,744,946	\$ 55.58
80 Lafayette Street	Building	Student Dormitory	330,000	\$ 13,429,089	\$ 40.69
Dormitory Leases Subtotal:			745,313	\$ 34,896,123	\$ 46.82
Two Most Costly Dormitory Leases:			183,890	10,464,457	\$ 56.91