

MARKET OVERVIEW/ Flatiron District

Figures for the third quarter of 2011 continue to reinforce and perpetuate what has been a banner year for the Flatiron district. A growing roster of diverse and respected retail and office tenants have contributed to the area's identity as a dynamic and cutting edge neighborhood, a true destination. The coming months will be a challenge as the area faces a tightening real estate market and the unknown impacts of the evolving and growing tech and creative design industries.

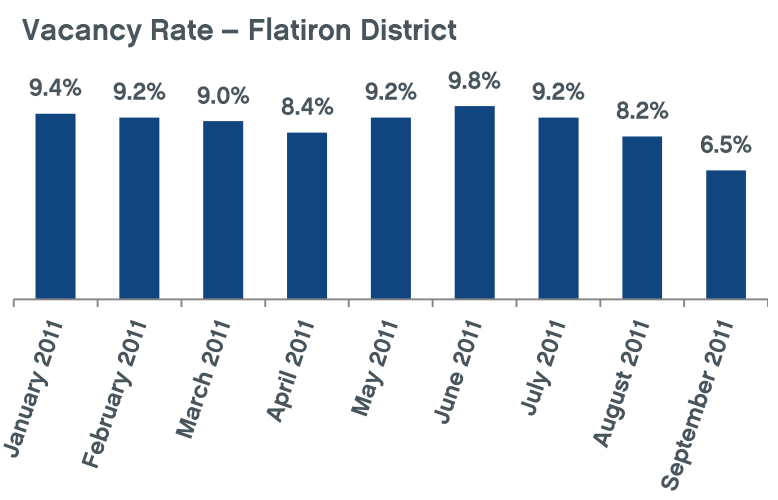
RETAIL MARKET/ Retail Rents Jump on 23rd Street

Changes in retail asking rents in the Flatiron district were fairly flat, rising a mere 0.85% from one quarter to the next despite a surge in asking rents along 23rd Street of 22.8%. Changes to asking rents along other avenues and side streets were nominal.

The Flatiron district remains a value with respect to retail rents, with prices significantly lower than those found in neighboring retail destinations like Union Square and Herald Square. More and more businesses are recognizing this opportunity, contributing to the recent drop in the vacancy rate to 6.5%.

The positive changes brought about by the opening of Eataly in August 2010 will continue in the Flatiron district with the area's next retail boost coming from the opening of the NoMad Hotel on 28th Street and Broadway in early 2012. The hotel, in the northern part of the Flatiron district, an area known as NoMad, will draw thousands of visitors to the 10,000 square feet of retail space on the ground floor. The recent sale of the Toy Building North at 1107 Broadway will bring 20,000 square feet of additional retail space to compliment several thousand square feet of residential space on the higher floors.

Average Asking Rent/SF within the Flatiron District			
	End of Q2 2011	End of Q3 2011	% Change
Flatiron	\$105.64	\$106.53	0.85%
23rd Street	\$142.63	\$175.17	22.82%
Avenue	\$141.55	\$140.37	-0.83%
Side Street	\$65.11	\$65.33	0.35%

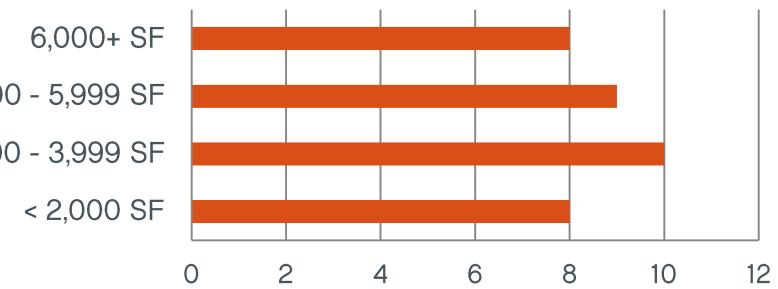


RETAIL SPACES/

RECENT LEASE SIGNINGS/OPENINGS

- TD Bank, 655 Sixth Ave.
- 4,000 SF
- Noir et Blanc, 9 West 25th St.
- 3,083 SF
- Starbucks, 1140 Broadway
- 2,903 SF
- l'Occitane en Provence, 170 Fifth Ave.
- 2,500 SF

Retail Spaces Available - October 2011



COMMERCIAL OFFICE MARKET/

Record low vacancy rates

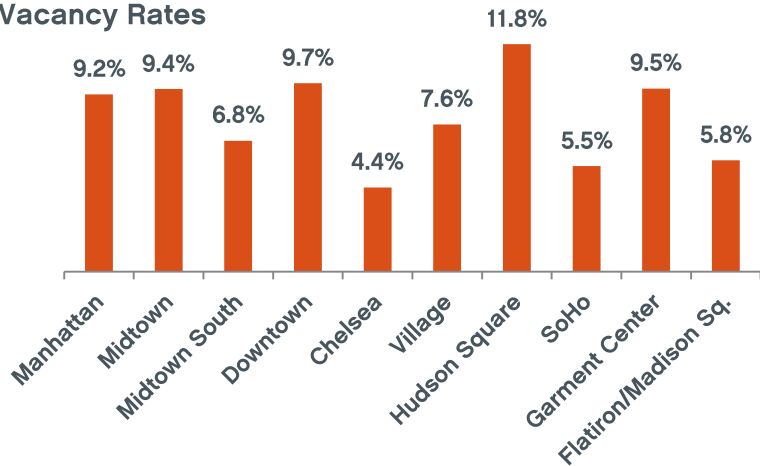
Attracted by the low rents, flexible leasing terms, a supportive community of like-minded individuals, and a plethora of amenities; the tech and creative design sectors have made their home in and around Flatiron. This has been the ongoing narrative of the area for 2010 and 2011.

The robust leasing activity driven by these sectors in the Flatiron district (over 230,000 SF in Q3) and the vicinity has resulted in a decline in the vacancy rate for the larger Midtown South neighborhood to one of the lowest in the nation at 6.8%. An increase in the asking rents has also been reported,

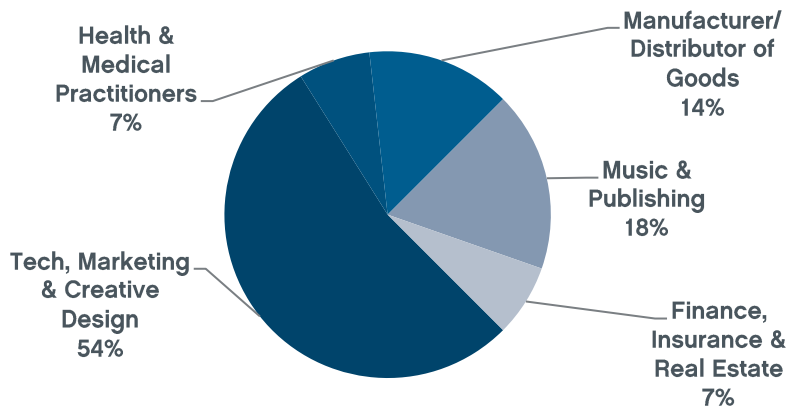
Larger tenants have also seen the benefits of a Flatiron address. Tiffany & Co. consolidated three locations in Midtown and moved into 200 Fifth Avenue at the end of June. Vera Wang and the Whitney Museum's administrative offices have also taken larger blocks of space in this dynamic area.

A new segment, the shared workspace provider, has also taken an interest in the Flatiron district. Select Office Suites, Micro Office Solutions and Regus have collectively taken over 120,000 square feet in the area.

Vacancy Rates



Q3 2011 Leasing by Sector



RECENT LEASES/

Micro Office Solutions
902 Broadway
33,000 Square Feet
Asking Rent: \$39/SF
Shared Workspace

William Grant & Sons
300 Park Avenue South
20,000 Square Feet
Asking Rent \$51/SF
Whiskey Maker

Function(x)
902 Broadway
16,500 Square Feet
Asking Rent \$36/SF
Tech Firm

Slalom
12 West 21st Street
5,000 Square Feet
Asking Rent \$38/SF
Tech Firm

ABOUT US/

The Flatiron/23rd Street Partnership Business Improvement District, formed in 2006, is a nonprofit organization whose mission is to enhance the area's reputation as one of New York's most vital and exciting neighborhoods. This is accomplished by maintaining a clean and safe environment for the district's businesses, residents, and visitors; by spearheading area improvement projects; and by marketing the diverse business and retail options in this vibrant and historic neighborhood.