



Flatiron: Where Then Meets Now

Flatiron District Market Snapshot/Q1 2017

MARKET OVERVIEW

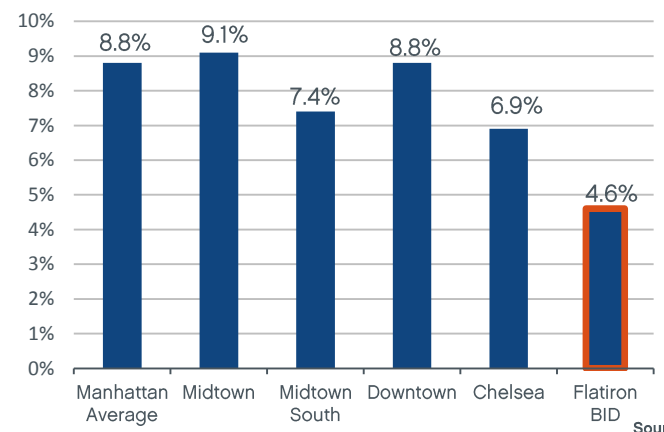
As new coworking spaces and tenants from the technology, advertising, media, and information (TAMI) sectors continued to seek out new locations in the Flatiron District, demand for office space remained high in the first quarter (Q1) of 2017. The Flatiron District continues to have one of the lowest Class A & B vacancy rates in New York City.

In Q1 2017, the Class A & B vacancy rate within the boundaries of the Flatiron BID, as reported in CoStar, was 4.6%. This is a slight increase from the 4.1% vacancy rate in Q4 2016, which was the lowest commercial vacancy rate in nearly a decade. The Q1 2017 vacancy rate is down from the 6.0% vacancy rate one year ago (Q1 2016) and the Flatiron District's 5-year average vacancy rate of 6.6%. The graph to the right illustrates how the Flatiron District compares to Manhattan and other districts.

During Q1 2017, asking rents for Class A & B spaces averaged \$67.51/SF, a decrease from \$70.13/SF in Q4 2016. Average asking rents in Q1 2017 were slightly higher than the Class A & B Manhattan-wide average of \$67.49/SF. Comparative graph is below.

COMMERCIAL OFFICE MARKET

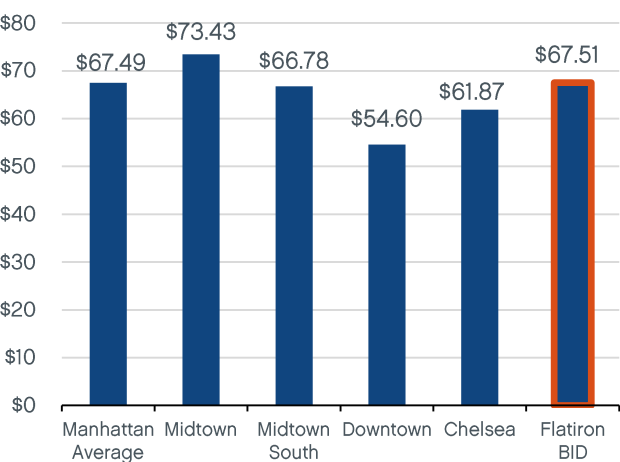
Commercial Vacancy Rates - Class A&B for Q1



Source: CoStar

Coworking Spaces Continue to Flourish

In the BID's 2015 Flatiron: Where Then Meets Now report, it was reported that there were 26 coworking and incubator office spaces, occupying over 680,000 square feet, in and around the Flatiron District. With several new coworking spaces moving to the BID over the past year, the Flatiron District continues to be a popular coworking neighborhood. Many of these new coworking spaces are aimed at fostering a professional community around a specific industry. For example, Fuigo at 304 Park Avenue South provides resources for interior design professionals, and Coalition: Flatiron at 902 Broadway focuses on tech industry sectors like mobile app development, graphic design, and software engineering.



Source: CoStar

COMMERCIAL BUILDING TRANSACTIONS

- 204 Fifth Avenue – Artemis Real Estate Partners acquired the 5-story, 14,000-square-foot building from Pentagram Design for \$29.5 million. Pentagram will relocate their offices just outside of the BID at 250 Park Avenue South.
- 139 East 23rd Street – SF Capital Partners acquired the 3-story, 7,000-square-foot building from Eric Modell of Modell Loans. The developer has filed plans to convert the current building into a 15-story residential building.

Creative Circle
300 Park Avenue South
10 years, 13,671 SF
New

S'well
28 West 23rd Street
2 years, 25,000 SF
Sublease

24 Seven
41 Madison Avenue
10 years, 14,103 SF
New

AEG Live
53 West 23rd Street
15 years, 28,128 SF
New

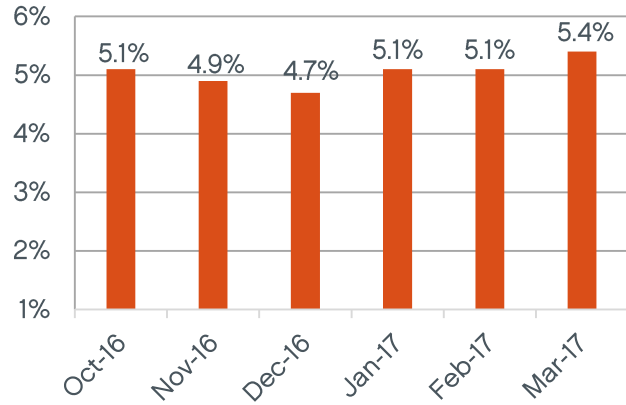


Inventory of available retail spaces in the district, which are tracked and published monthly by the Flatiron/23rd Street Partnership, remained low in Q1 2017. There was an increase in available retail spaces from Q4 2016 as several listings, including 935 Broadway, 700 Sixth Avenue, and 186 Fifth Avenue are on the market and looking for new ground floor retail tenants.

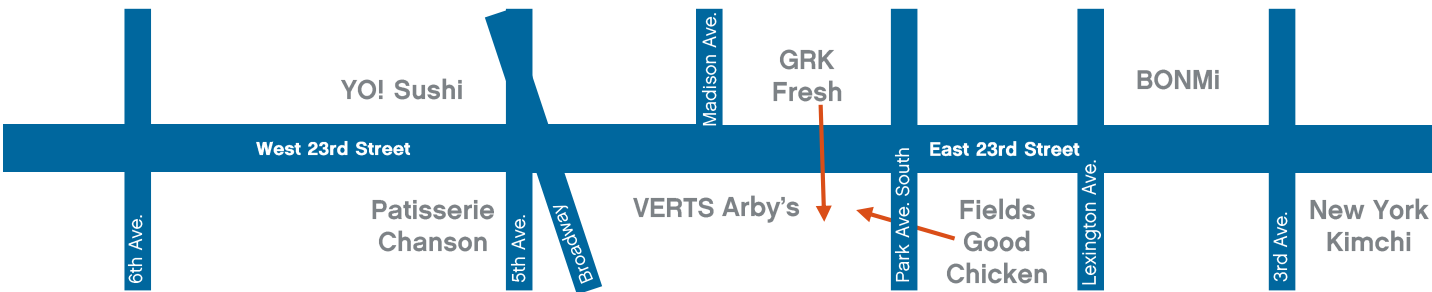
New Restaurants Transform 23rd Street

The Flatiron District strengthened its reputation as one of NYC's premier dining neighborhoods during Q1 2017 with the opening of several new quick and casual restaurants along 23rd Street. The transformed culinary corridor on 23rd Street is anchored by three new ground floor retail spaces at One Madison— the 50-story residential condominium development that was completed in 2013. Gasoline Alley Coffee and SNOWFOX Sushi both opened at One Madison in Q4 2016, while VERTS Mediterranean Grill recently opened in Q1 2017. Among the new dining options on 23rd Street are restaurants Fields Good Chicken and GRK Fresh, which are small NYC-based chains that opened their first Flatiron District outposts. Other restaurants, such as VERTS and YO! Sushi, are established fast-casual chains who are making their debuts into the NYC market. These new restaurants cite the district's growing residential community and the high number of millennials at nearby tech companies as major reasons why they expanded into the neighborhood. Flatiron foodies have more to look forward to later this year as Chinese fast-casual chain Xi'an Famous Foods and French creperie By Suzette plan to open new locations at 38 East 23rd Street in Q2 2017. See below for a map of the new restaurant openings on 23rd Street during Q1 2017.

Flatiron District Marketed Available Retail Space Q4 2016-Q1 2017



Source: October 2016-March 2017 Flatiron BID Retail Opportunities Maps



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.

27 West 24th Street, Suite 800B New York, NY 10010 T 212.741.2323 F 212.741.2324 FLATIRONDISTRICT.NYC