



# Flatiron: Where Then Meets Now

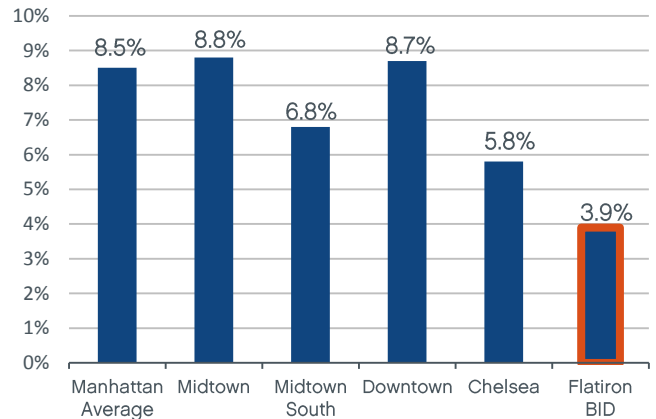
## Flatiron District Market Snapshot/Q2 2017

### MARKET OVERVIEW

Demand for Flatiron District office space remained high in the second quarter (Q2) of 2017. The continued influx of tenants from the technology, advertising, media, and information (TAMI) sectors has helped the Flatiron District's Class A & B commercial vacancy rate reach its lowest point in over a decade.

### COMMERCIAL OFFICE MARKET

Commercial Vacancy Rates - Class A&B for Q2



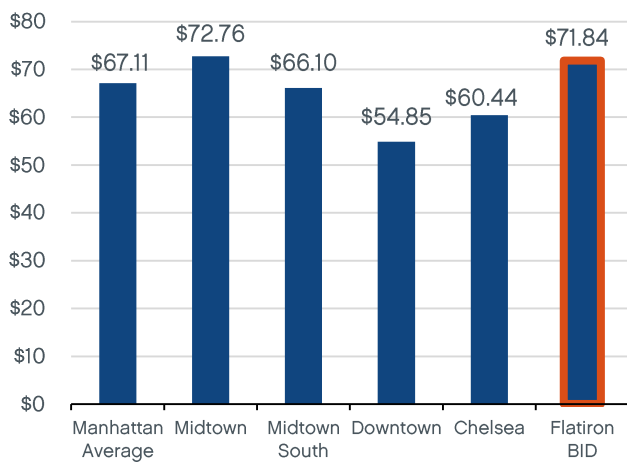
Source: CoStar

### New TAMI Tenants Drive Lower Vacancy Rate

In Q2 2017, a number of TAMI tenants announced their plans to move to the Flatiron District. Notable signings included real estate investment firm KSH Capital signing a 10-year, 11,616-square-foot lease at 386 Park Avenue South and The HON Company signing a 10-year, 13,627-square-foot lease for a new office furniture showroom at 245 Fifth Avenue. Additionally, meal-delivery startup Blue Apron signed a 2-year, 25,000-square-foot sublease to expand their office space at 40 West 23rd Street. These signings have helped lower the Flatiron District's Class A & B vacancy rate to 3.9% in Q2 2017. This is the lowest figure since Q1 2007, when the Class A & B vacancy rate was 3.5%.

The Flatiron District continues to have one of the lowest Class A & B vacancy rates in New York City. In Q2 2017, the Class A & B vacancy rate within the boundaries of the Flatiron BID, as reported in CoStar, was 3.9%. This is a steady improvement from the 4.6% vacancy rate in Q1 2017 and the 5.6% vacancy rate one year ago in Q2 2016. The Q2 2017 vacancy rate is also down from the Flatiron District's 5-year average vacancy rate of 6.5%. The graph to the right illustrates how vacancy rates in the Flatiron District compare to Manhattan and other districts.

During Q2 2017, asking rents for Class A & B spaces averaged \$71.84/SF, a 6.4% increase from \$67.51/SF in Q1 2017. Average asking rents in the Flatiron District in Q2 2017 were also higher than the Class A & B Manhattan-wide average of \$67.11/SF. Comparative graph is below.



Source: CoStar

### COMMERCIAL BUILDING TRANSACTIONS

- 1177 Broadway – JTRE acquired the 2-story, 7,022-square-foot building for \$13.5 million. The transaction includes additional air rights above the existing building.
- 1107 Broadway (10 Madison Square West) – TH Real Estate acquired a 20,619-square-foot retail condominium on the ground floor of the building for \$97.5 million. The retail condo was acquired from Savanna, who bought the space in 2014 for \$60 million.

## KSH Capital

386 Park Avenue South  
10 years, 11,616 SF  
New

## AdRoll

386 Park Avenue South  
10 years, 13,121 SF  
New

## TrueEX

22 West 21st Street  
5 years, 10,600 SF  
Sublease

## Blue Apron

40 West 23rd Street  
2 years, 25,000 SF  
Sublease

LEASES

## RETAIL MARKET

Inventory of available retail spaces in the district, which are tracked and published monthly by the Flatiron/23rd Street Partnership, remained low in Q2 2017. There was an increase in available retail spaces from Q1 2017 as several listings, including 139 East 23rd Street, 27 East 23rd Street, and 927 Broadway are on the market and looking for new ground floor retail tenants. Almost half (45.7%) of the retail spaces currently for lease in the district are between 2,000 and 3,999 square feet.

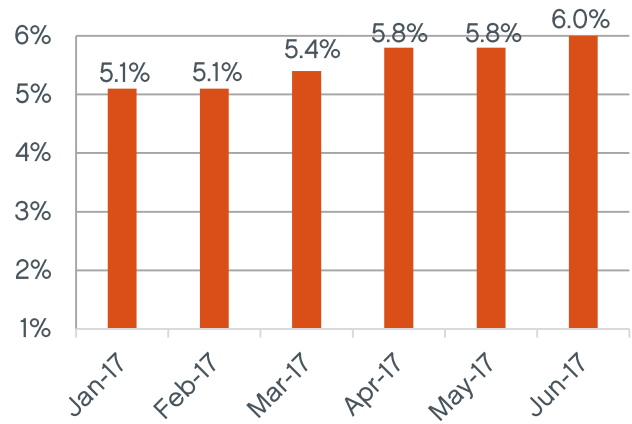
### Flagship Openings in the Flatiron District

Retailers are increasingly deciding that the Flatiron District is the perfect location to make their NYC debut. In Q2 2017, British lifestyle brand The White Company and kitchen and bath manufacturer Kohler both opened flagship stores in the Flatiron District. Kohler's 10,000-square-foot experiential retail space at 6 West 22nd Street is the first Kohler Experience Center in the world, and the White Company's 3,000-square-foot space at 155 Fifth Avenue is their first store in the United States. Los Angeles-based women's yogawear company Alo Yoga will be the newest retailer to make its NYC debut in the Flatiron District when it opens a new retail concept at 164 Fifth Avenue later this year.

### Food & Dining in NoMad

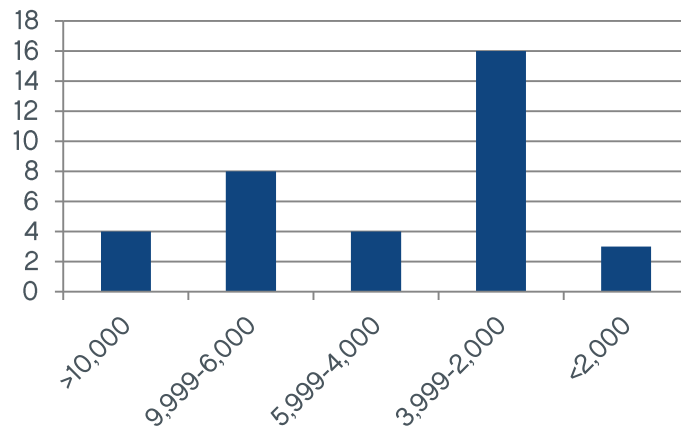
NoMad, in the northwest corner of the Flatiron BID, continued to see a wave of new restaurant openings in Q2 2017. New NoMad restaurants include Made Nice, an upscale fast-casual restaurant by the founders of neighborhood favorites Eleven Madison Park and The NoMad Restaurant. Made Nice received instant critical acclaim after opening at 8 West 28th Street in April. Other notable NoMad restaurant openings in Q2 2017 included organic café Dr Smood at 1151 Broadway and the first NYC location of fast-casual chain & pizza at 15 West 28th Street.

### Flatiron District Marketed Available Retail Space Q1-Q2 2017



Source: January-June 2017 Flatiron BID Retail Opportunities Maps

### Flatiron District Marketed Available Retail Space by Square Footage



Source: June 2017 Flatiron BID Retail Opportunities Map



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.

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