



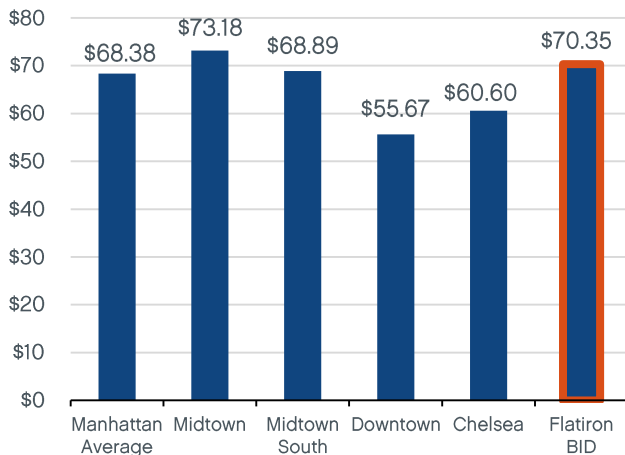
Flatiron: Where Then Meets Now

Flatiron District Market Snapshot/Q3 2017

MARKET OVERVIEW

In Q3 2017, the Class A & B vacancy rate within the boundaries of the Flatiron BID, as reported in CoStar, was 4.0%. This is a steady improvement from the 5.2% vacancy rate reported in Q3 2016, as well as the Flatiron District's 5-year average vacancy rate of 6.5%. The graph to the right illustrates vacancy rates in the Flatiron District compared to Manhattan and other districts.

During Q3 2017, asking rents for Class A & B spaces averaged \$70.35/SF, a 2.1% decrease from \$71.84/SF in Q2 2017, and a 0.6% increase from \$69.94/SF one year ago in Q3 2016. Average asking rents in the Flatiron District in Q3 2017 were also higher than the Class A & B Manhattan-wide average of \$68.38/SF. The Comparative graph is below.

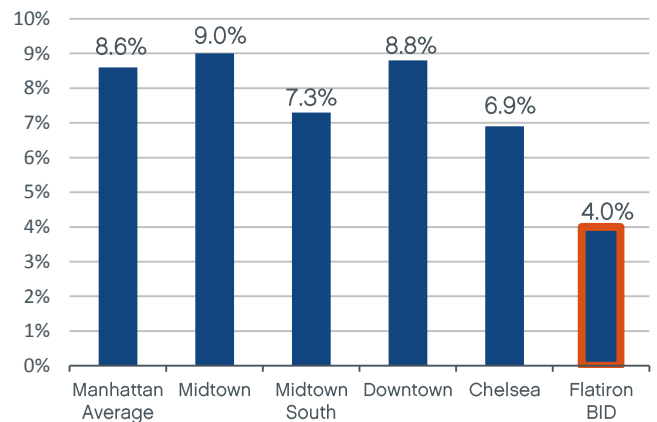


Source: CoStar

As established tenants leased additional office space and companies 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 third quarter (Q3) of 2017. The Flatiron District continues to have one of the lowest Class A & B vacancy rates in New York City.

COMMERCIAL OFFICE MARKET

Commercial Vacancy Rates - Class A&B for Q3



Source: CoStar

Flatiron Companies Expand District Footprint

In Q3 2017, a number of companies based in the Flatiron District announced plans to expand and lease additional office space in the neighborhood. Notable signings included media company theSkimm moving to an expanded 22,000-square-foot office at 50 West 23rd Street, and online publisher BDG Media leasing an additional 17,050 square feet at 315 Park Avenue South. Jewelry and luxury goods retailer Tiffany & Co. signed a 17,000-square-foot lease at 53 West 23rd Street, near their corporate headquarters at 200 Fifth Avenue. These signings have helped the Flatiron District maintain an ultra-low Class A & B vacancy rate in Q3 2017.

COMMERCIAL BUILDING TRANSACTIONS

- 27 West 24th Street – MJ Orbach Associates received a \$66 million loan for the 11-story, 125,000-square-foot building. MJ Orbach previously acquired the building in 2015 from the Kaufman Organization for \$92.5 million.

Knotel

373 Park Avenue South
10 years, 17,464 SF
New

Progyny

245 Fifth Avenue
7 years, 13,627 SF
New

Erdington Americas

27 West 23rd Street
10 years, 25,390 SF
New

theSkimm

50 West 23rd Street
5 years, 22,000 SF
Sublease

RETAIL MARKET

Inventory of available retail spaces in the district, which are tracked and published monthly by the BID, remained low in Q3 2017. There was a slight decrease in available retail spaces from Q2 2017 as several listings, including 281 Park Avenue South and 40 East 23rd Street, were leased and taken off the market. The graphs below show changes to the retail availability rate over the past six months, as well as how the Flatiron District compared to other neighborhoods.

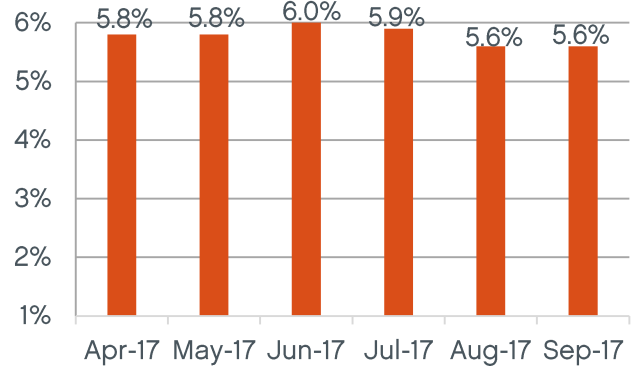
Fotografiska Inks Lease at 281 PAS

With institutions like the Center for Book Arts and the National Museum of Mathematics (MoMath), the Flatiron District is already a destination for unique educational and cultural experiences. In one of the largest retail lease signings in recent years, Swedish photography center Fotografiska announced that they will be opening a photography museum in the Flatiron District at 281 Park Avenue South. The museum will be Fotografiska's first U.S. location and will include a restaurant and café.

Food & Dining Continues to Grow

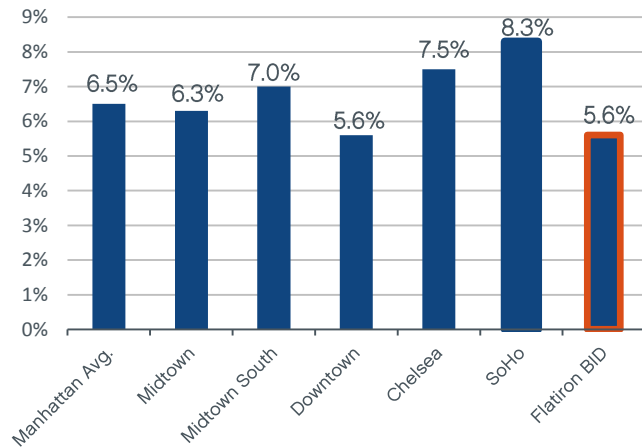
The Flatiron District strengthened its reputation as one of NYC's premier dining destinations for both upscale and fast-casual restaurants in Q3 2017. Korean-American steakhouse Cote opened at 16 West 22nd Street in July, and has since received rave reviews in both *The New York Times* and *Eater NY*. Other notable openings include Greek Steakhouse Merakia at 5 West 21st Street and poke restaurant Chikarashi at 1158 Broadway. In August, the district received a special shout-out for its growing healthy-focused, fast-casual restaurant scene in a profile for *AM New York*. The article highlighted several Flatiron District restaurants including Made Nice, Cha Cha Matcha, &Pizza, and Verde. Flatiron foodies will have more to look forward to in Q4 2017 as Zucker's Bagels is slated to open its flagship location at 40 East 23rd Street later this year.

Flatiron District Marketed Available Retail Space Q2-Q3 2017



Source: June-September 2017 Flatiron BID Retail Opportunities Maps

Retail Availability Rates by Neighborhood



Source: CoStar, Flatiron BID Ground Floor Survey



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