



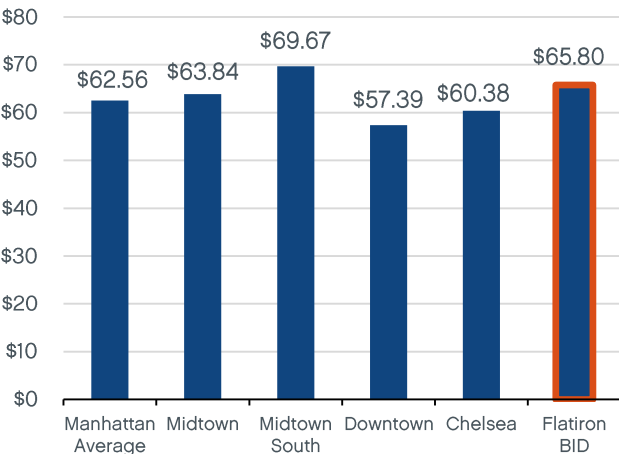
Flatiron: Where Then Meets Now

Flatiron District Market Snapshot/Q3 2018

MARKET OVERVIEW

In Q3 2018, the Class A & B vacancy rate within the boundaries of the Flatiron BID, as reported in CoStar, was 4.7%, an increase from 4.0% in Q2 2018. The Q3 2018 vacancy rate is down from the Flatiron District's 5-year average vacancy rate of 5.1%, but an increase from the 4.0% vacancy rate one year ago in Q3 2017. The graph to the right illustrates vacancy rates in the Flatiron District compared to other Manhattan districts. Overall, the Flatiron District continues to have historically low vacancy rates.

During Q3 2018, asking rents for Class A & B spaces averaged \$65.80/SF, a decrease from \$69.97/SF in Q2 2018, and a decrease from \$70.35/SF one year ago in Q3 2017. However, average asking rents in Q3 2018 were higher than the Class A & B Manhattan-wide average of \$62.56/SF. The comparative graph is below.

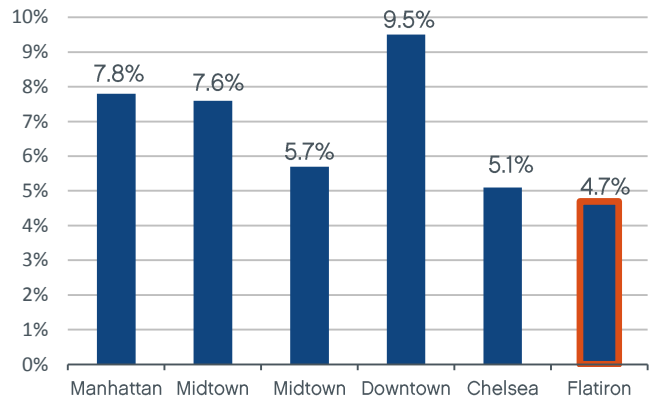


Source: CoStar

The Flatiron District maintains a low commercial vacancy rate and a high price per square foot. Coworking office spaces continue to proliferate in the district with major lease signings, and a café corridor has developed in the NoMad section of the neighborhood. Fast-casual restaurants remain strong along 23rd Street.

COMMERCIAL OFFICE MARKET

Q3 Commercial Vacancy Rates - Class A & B



Source: CoStar

Coworking Spaces' Growing Footprint

The Flatiron District continues to be a popular coworking neighborhood, and a spike in coworking leases signed in Q3 2018 extends this trend. In the BID's recent *Flatiron: Where Then Meets Now* report, there were 32 coworking office spaces in and around the Flatiron District. Knotel has nine Flatiron locations, five of which are new this year, and two additional leases, at 155 Fifth Avenue and 54 West 22nd Street, were signed during Q3 2018. Two coworking companies signed leases to occupy entire buildings in Q3 2018, each totaling roughly 100K square feet of new office space. Spaces inked a deal for the office portion of the former United Charities building at 287 Park Avenue South, and WeWork signed a deal for 35 East 21st Street to become a "HQ by WeWork" which is aimed at attracting midsize firms.

COMMERCIAL BUILDING TRANSACTIONS

- 160 Fifth Avenue – The Simons Foundation is under contract to acquire the office portion of the 150,000-square-foot space from RFR Holdings for \$185 million.

Gear Patrol
236 Fifth Avenue
N/A, 7,500 SF
New

HQ by WeWork
35 East 21st Street
10 years, 97,000 SF
New

IPG
386 Park Ave South
8 years, 13,121 SF
New

Cockroach Labs
53 West 23rd Street
5 years, 17,000 SF
New

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 Q3 2018. But, there was an increase in available retail spaces from Q2 2018 as several locations, including 220 Fifth Avenue, 304 Park Avenue South, and 56 West 22nd Street, posted new retail opportunities.

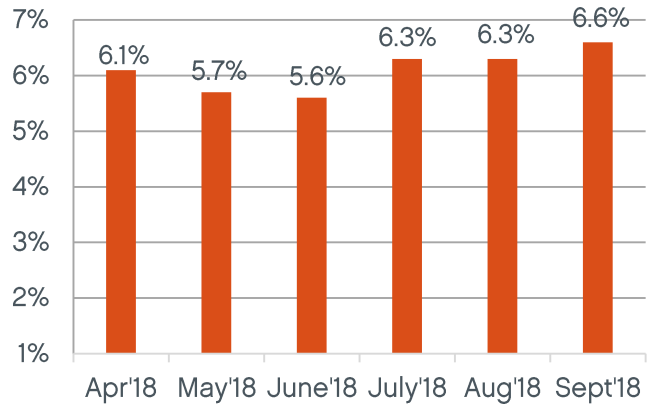
NoMad Café Corner

The Flatiron District increased its reputation as a coffee and pastry hotspot by welcoming two new cafés during Q3 2018. The Roman-inspired café and bakery, Leonelli Focacceria e Pasticceria, located inside the Evelyn Hotel at 7 East 27th Street, opened in July offering drip coffee, espresso, and house-baked traditional Italian pastries. Le Café Coffee opened the doors of its fourth outpost at 407 Park Avenue South in August, serving organic coffee and a full breakfast and lunch menu. Two additional cafés are on their way to the neighborhood. Minimalist coffee shop Seven Grams Caffe signed a lease at 76 Madison Avenue and beloved Australian bakery and café, Bourke Street Bakery, plans to open its doors in Q4 2018 at 15 East 28th Street.

Fast-Casual Dining Continues along 23rd Street

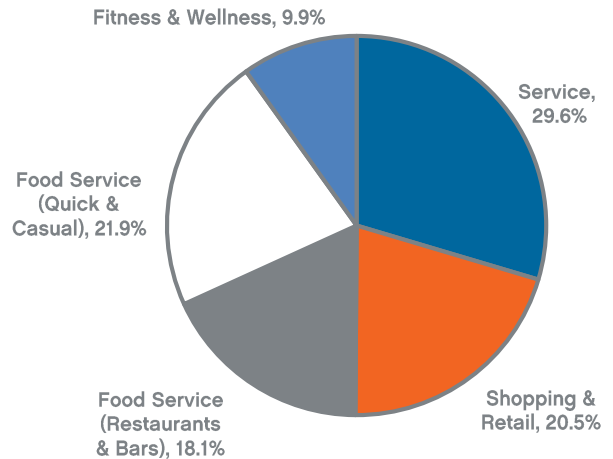
23rd Street has developed into a major dining destination with fast-casual spots leading the way along the corridor. During Q3 2018, Skewr Kabob Kitchen opened at 34 East 23rd Street preparing fresh, traditional Persian cuisine as a fast-casual concept. Kung Fu Tea + TKK Fried Chicken is making its way to the district at 115 East 23rd Street. This spot serves as a partnership between Kung Fu Tea, a popular made-to-order bubble-tea business, and TKK Fried Chicken, a Taiwanese fried chicken quick-service restaurant that will mark its first location in New York City in the Flatiron District.

Flatiron District Marketed Available Retail Space Q2 2018 – Q3 2018



Source: July 2018 - Sept 2018 Flatiron BID Retail Opportunities Maps

Ground Floor Business Composition



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.