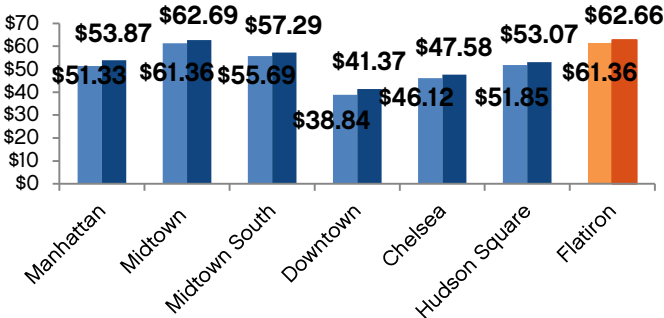
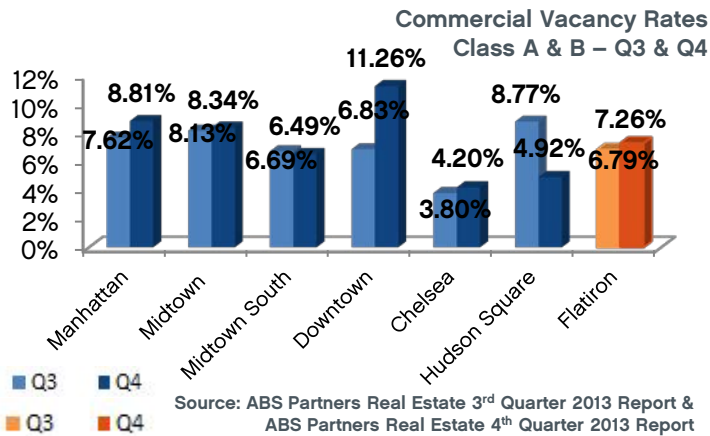


### MARKET OVERVIEW/

The Flatiron District flourishes with a dynamic workforce, ubiquitous presence of visitors and a growing residential population. Lease renewal and expansion is frequently seen as established commercial businesses grow locally. In turn, the dedicated worker population supports the retail business community, where both ends of the dining spectrum - fast-casual and destination - continue to do well.

### COMMERCIAL OFFICE MARKET/

Throughout the second half of 2013, the asking rate per square foot in both Midtown South and the Flatiron District continued to rise while the vacancy rate held relatively steady. For the fourth quarter of 2013, ABS Partners Real Estate reported 7.26% vacancy rate for the Flatiron District, slightly higher than that of Midtown South as a whole, comparative numbers at right. Asking rents for Class A & B spaces in Flatiron averaged \$62/SF at the end of the fourth quarter; one deal that was recently signed for Class A office space garnered asking rents of \$70/SF. Comparative numbers below.



### Coworking Continues in the Flatiron District

In the August, Select Office Suites took an additional 13,000 SF at 1115 Broadway with a 10-year lease for a total footprint of 71,000 SF. More recently, WeWork signed a new 10-year lease for 63,300 SF at 401 Park Avenue South. Also new to Flatiron's coworking scene, The Yard took an 18,000 SF, 15-year lease at 234 Fifth Avenue. These spaces join NeueHouse and In Good Company, among others.

### RECENT COMMERCIAL BUILDING SALES/

Sales of several commercial office buildings were announced or closed in the second half of 2013.

- 15 East 26<sup>th</sup> Street, 150,000 SF – sold by Savanna to Rockrose Development Corp. for \$105 million
- 122-130 East 23<sup>rd</sup> Street, 60,000 SF – sold by United Cerebral Palsy to Toll Brothers for \$150 million. Lot allows for 200,000 SF residential development.
- 304 Park Avenue South, 215,000 SF – sold by a partnership led by David Berley of Walter & Samuels Inc. to SL Green for \$135 million
- The MAve Hotel at 62 Madison Avenue, a 72 room, 12-story hotel was bought by MAve Investors LLC for \$28.5 million.
- 17 West 24<sup>th</sup> Street, a 7,900 SF, 5-story building sold by 17 West 24<sup>th</sup> Street LLC to Prime Hotel Management LLC for \$10 million.

### RECENT LEASES/

**Credit Suisse**  
11 Madison Avenue  
20 years, 1.2 M SF  
Renewal

**Select Office Suites**  
1115 Broadway  
10 years, 71,000 SF  
Expansion

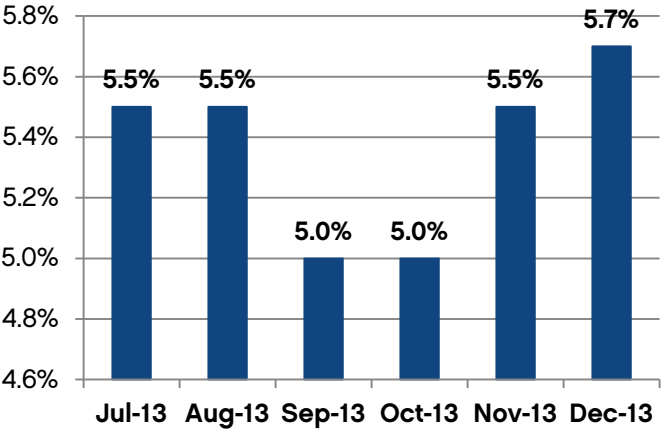
**YouTube**  
22 West 21<sup>st</sup> Street  
25,000 SF  
New

**NewsCred**  
386 Park Avenue South  
8 years, 13,121 SF  
New

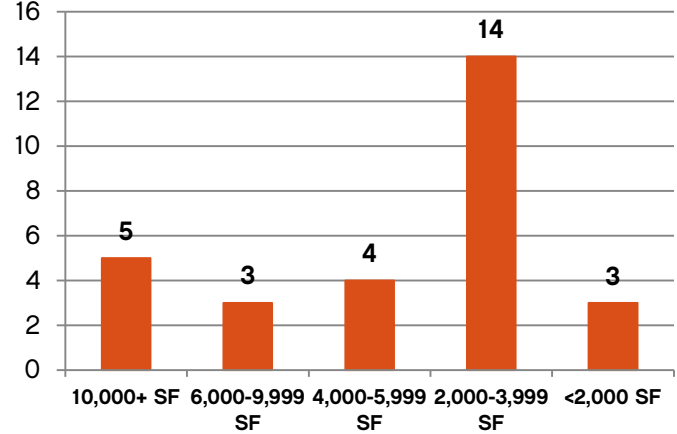
### RETAIL MARKET/

Retail leasing throughout the second half of 2013 continued to be active in the Flatiron District. Ground floor retail vacancies are tracked by the Flatiron/23rd Street Partnership and published monthly. In the second half of 2013, the retail vacancy rate hovered around 5.5%, with three new spaces becoming available at the end of 2013 for a 5.7% vacancy rate at year-end.

#### Retail Vacancy Rates – Flatiron District



#### Retail Spaces Available by Square Footage



\*From Dec. 2013 Flatiron BID Retail Opportunities Map

Cushman and Wakefield reported that the Flatiron submarket for Midtown South saw a 30% increase in asking retail rents from a year prior with the asking cost per square foot rising to \$355 at the close of the third quarter of 2013. Asking rents then rose again to \$388/SF at the close of the fourth quarter of 2013.

Looking ahead, new retail space will come to market at the ground floor of Related's residential building One Madison; this joins retail space already on the market at Witkoff's residential development at 10 Madison Square West.

#### Upper Broadway & Fifth Avenue in Flatiron = NoMad

At the northern end of the Flatiron District, in the area now known as NoMad, activity flourishes at the ground floor level. Last fall, French bistro and wine bar, Vin sur Vingt, opened at 1140 Broadway; its second location in the city. In December, quick and casual chain, Chipotle opened at 234 Fifth Avenue. Arriving later this year, American brasserie The Smith will open its fourth location at 1150 Broadway, along with Riccardo Maggiore Salon at 226 Fifth Avenue.

#### Flatiron Foodie Scene Flourishes

The Flatiron District continues to grow as a destination for enthusiastic and discerning "foodies." Keeping pace with the juicing phenomenon that has taken New York, Flatiron added two juice bar locations – Juice Generation and Juice Press. Arriving from Brooklyn, Toby's Estate Coffee opened at 160 Fifth Avenue, part of Club Monaco's store redesign. Obika Mozzarella Bar will open its second location in Manhattan at 928 Broadway, and Enrique Olvera, chef from Mexico City's renowned Pujol, is under construction for his first New York restaurant at 35 East 21st Street.

### 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.