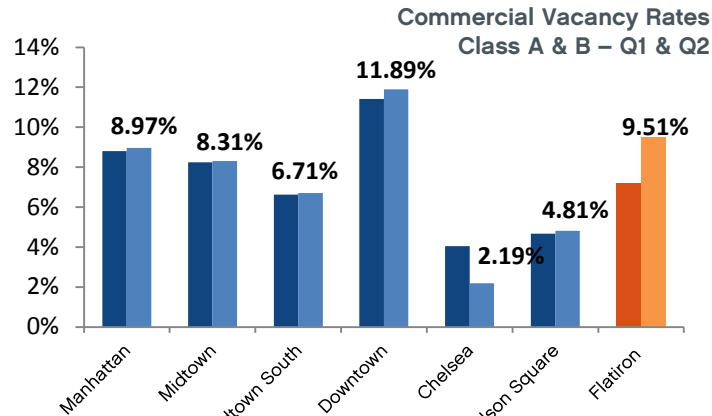


MARKET OVERVIEW/

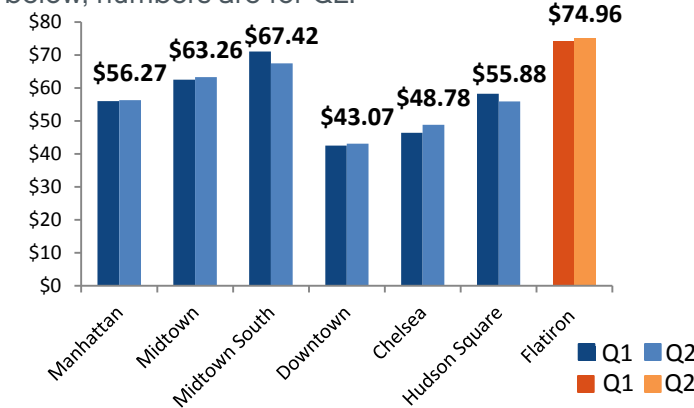
In the first half of 2014, the Flatiron District continued to thrive with retail business openings and lease signings. Looking ahead to the second half of the year, a number of new and exciting developments are ahead for the neighborhood.

COMMERCIAL OFFICE MARKET/

In the first quarter of 2014, the vacancy rate in the Flatiron District, as reported by ABS Partners Real Estate, remained steady from the end of 2013 at 7.19%. In the second quarter, the vacancy rate rose to 9.51%. For both quarters, the vacancy rate was slightly higher than that of Midtown South as a whole. Comparative graph on the right; numbers are for Q2. During the first half of 2014, asking rents for Class A & B spaces in Flatiron averaged \$74/SF, an increase from \$62/SF for the fourth quarter of 2013. Comparative graph for Midtown South is below; numbers are for Q2.



Source: ABS Partners Real Estate 1st Quarter 2014 Report & ABS Partners Real Estate 2nd Quarter 2014 Report



Leasing Activity at 11 Madison

Throughout the first half of 2014, Class A office building 11 Madison Avenue, owned by the Sapir Organization and CIM Group, has been the focus of attention with announcements of a 20 year lease renewal for 1.2M SF by Credit Suisse, and new leases for Sony (15 years, 525,000 SF), William Morris Endeavor (70,000 SF) and Yelp (10 years, 151,200 SF). Asking rents in the building are reported to be \$92/SF.

RECENT COMMERCIAL BUILDING SALES/

- Sales of several commercial office buildings were announced or closed in the first half of 2014.
- 912-920 Broadway, 110,000 SF – sold by the Carlyle Group and ClearRock Properties to KLM Construction for \$117.8 million (last sold in 2013 by Yeshiva University to the Carlyle Group and ClearRock Properties for \$58.5 million).
 - 670-672 Sixth Avenue, a two-story 5,920 SF building – sold to RFR Holding by Ashkenazy Acquisition Corp. for \$22.5 million.
 - 154 East 23rd Street, a 15,783 SF office building – sold by Xavier Society for the Blind to Omnia Group Ltd. for \$9 million.
 - 164 Fifth Avenue, 19,000 SF building – sold by AIGA to Thor Equities for \$23 million.

RECENT LEASES/

Goldstein, Rikon, Rikon & Houghton, P.C.
381 Park Avenue South
10 years, 4,409 SF
New

Yelp
11 Madison
10 years, 151,200 SF
New

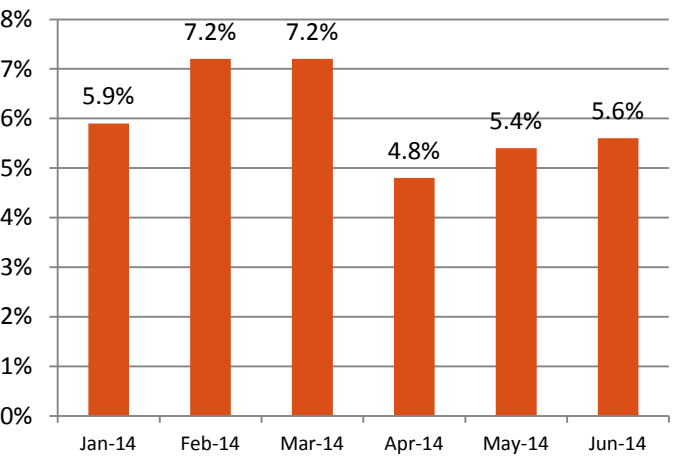
Vector Media Group
18 West 21st Street
5,000 SF
New

Ecole International de New York
206 Fifth Avenue
30 years, 15,000 SF
New

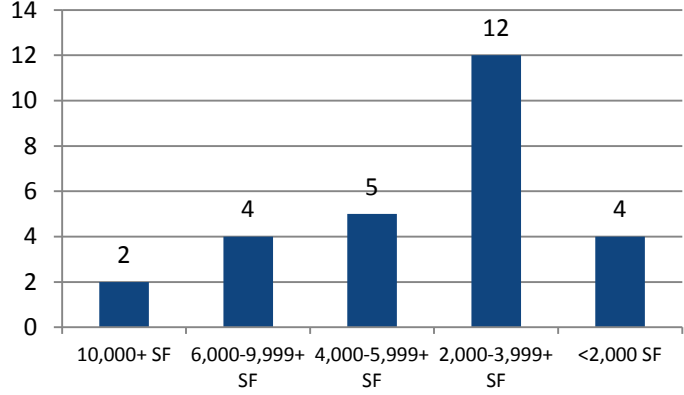
RETAIL MARKET/

Interest in the Flatiron District for retailers continues to remain strong. Ground floor retail vacancies are tracked by the Flatiron/23rd Street Partnership and published monthly. In the second quarter of 2014, a number of long vacant spaces that were previously marketed as available were removed due to a change in building ownership. It is anticipated that they will be back on the market by the new ownership in the third quarter of 2014.

Retail Vacancy Rates – Flatiron District



Marketed Retail Spaces by Square Footage



Source: June 2014 Flatiron BID Retail Opportunities Map

23rd Street Corridor

During the first half of 2014, there was an uptick in retail activity on West 23rd Street between Fifth and Sixth Avenues. Work began on the northwest corner of 23rd Street and Fifth Avenue where LEGO will open later this year. On the north side of the block, Eatly debuted a café devoted to Nutella in May, and two fast-casual options opened - Indikitch in February and J. Gumbo's in July. Time Warner Cable's new flagship store opened in February after relocating from 23rd Street between Madison and Park Avenue South. On the south side of the block, DataVision adds to the tech-retail mix along the corridor.

Health & Wellness Grows

The Flatiron District has become known as a destination for fitness thanks to a cluster of established boutique studios, such as Kinespirit Chaise Fitness, Bikram Yoga NYC, and Uplift Studios. In the first half of 2014, the district added new notable names in health and wellness including Yoga Shanti and exhale Flatiron. Later this year, Soul Cycle will open on West 27th Street. With this concentration of fitness businesses, cold press juice stores are also opening in Flatiron. In the spring The Juice Shop Kitchen and Juicery opened on Sixth Avenue, and Organic Avenue on Park Avenue South.

Food & Dining in Flatiron

The district remains a hotbed of activity for dining across all price points. In the spring, the team from Tacombi opened their second New York City location on West 24th Street with Café el Presidente. In June, The NoMad Hotel expanded their culinary footprint at the northern end of the district with The NoMad Bar.

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.