



# Flatiron: Where Then Meets Now

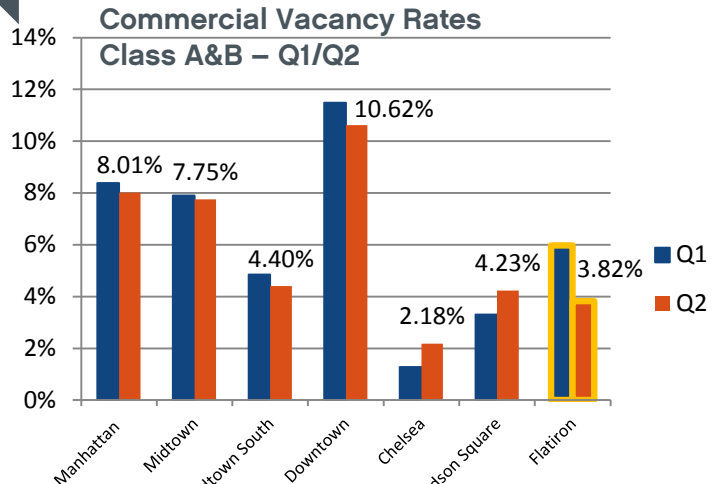
## Flatiron District Market Snapshot/Q1/Q2 2015

### MARKET OVERVIEW

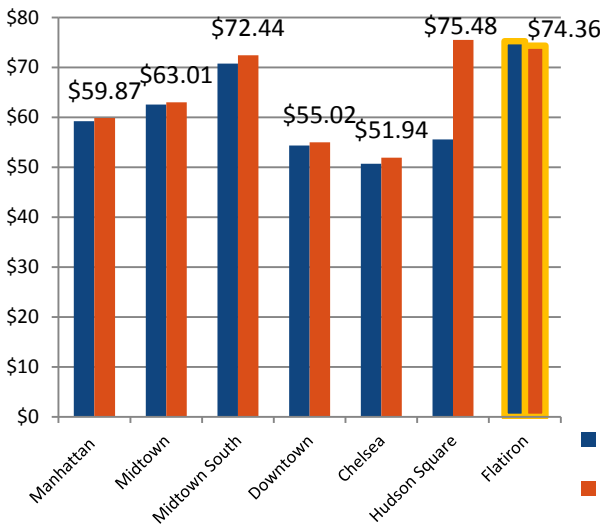
Bolstered by continued economic growth in New York City, the real estate market in the Flatiron District continued to thrive in the first two quarters of 2015. Technology, advertising, media and information (TAMI) sectors continue to seek out the area.

In the first quarter of 2015, the Class A & B vacancy rate in the Flatiron District, as reported by ABS Partners Real Estate, was 4.23% from 7.69% from Q4 of 2014. Availability in Q2 was further reduced in Q2 at 3.82%. On average for both quarters, the vacancy rate was about the same as Midtown South as a whole. A comparative graph is on the right; numbers are for Q2. The change in Flatiron from Q1 to Q2 is partially attributed to conversion of space from commercial to residential. During the first half of 2015, asking rents for Class A & B spaces averaged almost \$75/SF, an increase from \$70/SF in Q4 of 2014. Comparative graph is below; numbers are for Q2.

### COMMERCIAL OFFICE MARKET



Source: ABS Partners Real Estate 1st Quarter 2015 Report & ABS Partners Real Estate 2nd Quarter 2015 Report



### Coworking & Incubator Space in Flatiron

Throughout the first half of 2015, the amount of square footage dedicated to coworking and incubator space in the Flatiron District continued to grow. In Q2, The Yard signed at 15 year lease at 246 Fifth Avenue for 33,000 SF of space; this location is one block away from their first Flatiron location at 234 Fifth Avenue, with four floors of private office suites. In early Q3, Barclays launched Rise, its incubator space for financial technology companies, at the Castro Building located at 43 West 23rd Street.

### COMMERCIAL BUILDING SALES

Sales of several commercial office buildings were announced or closed in the first half of 2015.

- 11 Madison Avenue, 2.3 million SF – SL Green Realty Corp. purchased 11 Madison Avenue from a partnership of the Sapir Organization and CIM Group for \$2.6 billion, one of the largest real estate transactions ever in New York City. The deal closed in early August 2015. Sapir acquired the building in 2003 for \$675 million.
- 27-35 West 24th Street, 115,000 SF – sold by the Kaufman Organization to MJ Orbach Associates for \$92.5 million. In 2012, the Kaufman Organization purchased the building for \$55.5 million.
- 24-28 West 25th Street, 208,384 SF – Japanese company Jowa acquired the 2-building portfolio from DivcoWest and Brickman Real Estate for \$210 million. Two years ago the buildings were sold for a combined \$111 million.

<b>Avenues: The World School</b> 11 East 26th Street 24,166 SF	<b>SoundCloud</b> 50 West 23rd Street 5 years, 43,700 SF New	<b>Materne North America</b> 20 West 22nd Street 5 years, 11,901 SF New	<b>Stanford in New York</b> 915 Broadway 8 years, 5,885 SF New
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Renewal & Expansion (12 years)

**RETAIL MARKET**

Inventory of available retail spaces in the district, which are tracked and published monthly by the Flatiron/23<sup>rd</sup> Street Partnership, remained low in first half of 2015. A slight increase was seen Q2 as newly create retail space at One Madison came online in April.

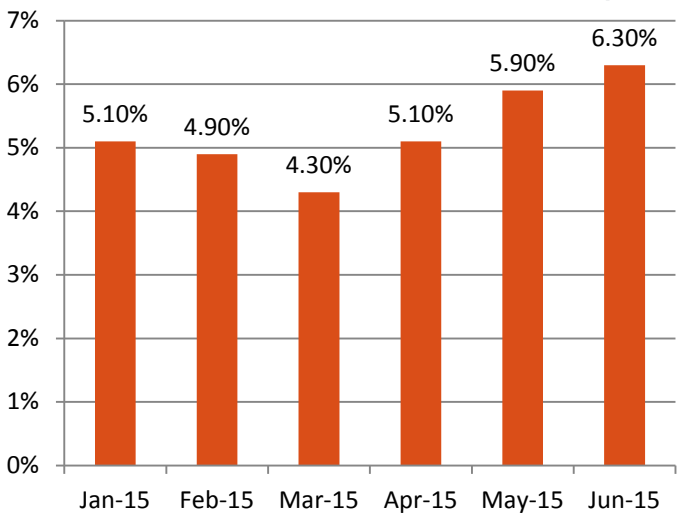
**Broadway Corridor**

In the northern section of the Flatiron BID's boundaries, in the area increasingly known as NoMad, growth and development continues. In the first half of 2015, a half dozen businesses opened their doors, including skincare spa Heyday, medical practice Hudson Allergy, the preschool building for Ecole Internationale de New York, Mexicue restaurant, and fast-casual dining options EXKi and Caffe Bene. In early Q3 of 2015, these businesses were joined by Rizzoli Bookstore, INDAY and La Pecora Bianca all opening at the historic St. James Building located at 1133 Broadway. Additional room for growth along the corridor can be found at 1151 Broadway with 1,980 SF of available retail space on the market. Further north on Broadway, an additional 100,000 SF of retail space is planned for the base of the Virgin Hotel, expected to open in 2017

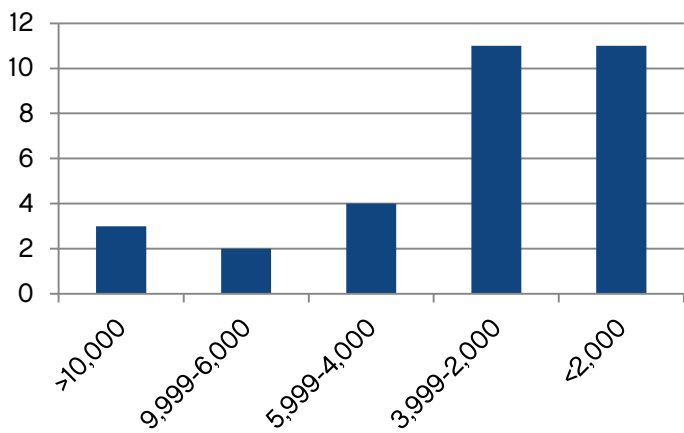
**Hotel Growth**

In May, after much anticipation, The New York EDITION opened after an extensive renovation of the former Metropolitan Life Insurance Company offices. The 41-story hotel was born from the partnership between hotelier Ian Schrager and Marriott International and offers 273 guest rooms and suites. The opening of The New York EDITION brings the total number of hotel rooms in and around the Flatiron BID boundaries to 1,228. Additional hotel growth in the area is yet to be realized with 68 rooms anticipated for a project at 17 West 24<sup>th</sup> Street and over 300 rooms at the Virgin Hotel on the northwest corner of 29th Street and Broadway.

**Flatiron District Marketed Available Retail Space**



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



Source July 2015 Flatiron BID Retail Opportunities Map



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.