



# Flatiron: Where Then Meets Now

## Flatiron District Market Snapshot/Q4 2015

### MARKET OVERVIEW

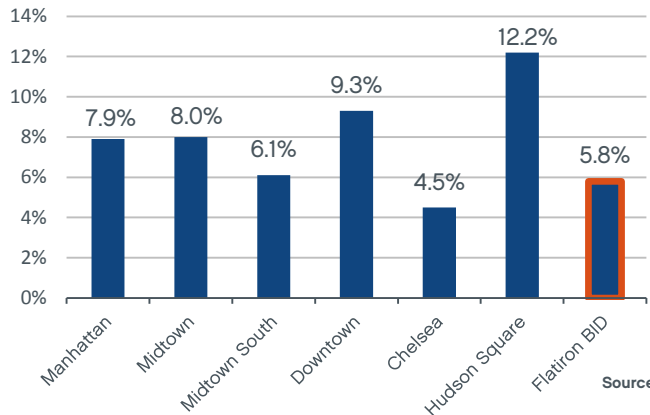
In Q4 2015, the Class A & B vacancy rate within the boundaries of the Flatiron BID, as reported in CoStar, was 5.8%. This is a slight decrease from the 5.9% vacancy rate in Q3 2015 and the 8.8% vacancy rate in Q4 2014. This is also less than the Flatiron District's 5-year average vacancy rate of 7.6% and the Q4 2015 Manhattan-wide vacancy rate of 7.9%. The graph to the right shows how the Flatiron District compares to Manhattan and other districts.

During Q4 2015, asking rents for Class A & B spaces averaged \$72.91/SF, a 0.4% increase from \$72.59 in Q3 2015 and a 7.1% increase from \$68.06/SF in Q4 2014. Comparative graph is below; numbers are for Q4 2015.

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

### COMMERCIAL OFFICE MARKET

Commercial Vacancy Rates - Class A&B for Q4



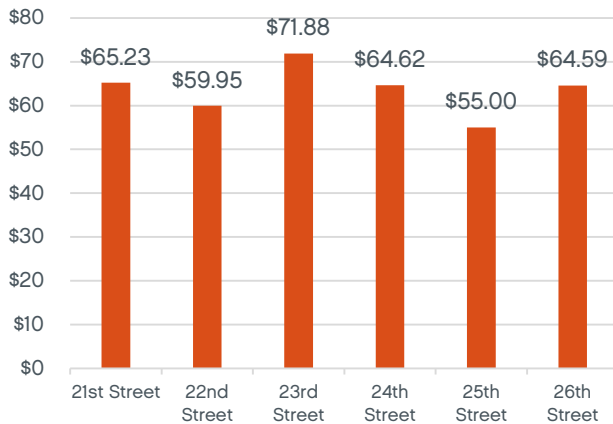
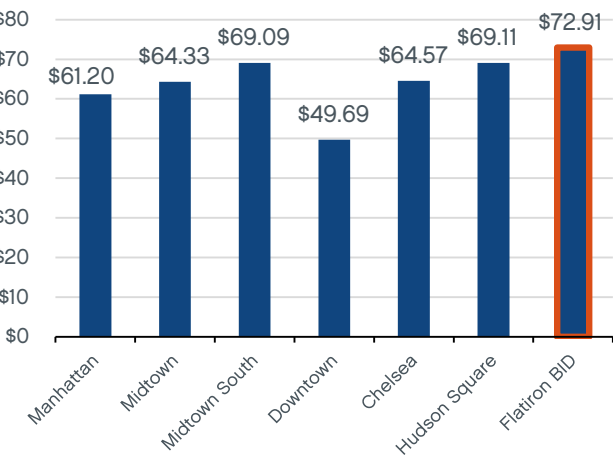
### TAMI Tenants Moving to 23rd Street

Over the last three years, Two Trees Management has invested \$25 million into their property at 50 West 23rd Street. Upgrades include a new lobby and 11,000 square foot roof deck for tenants. In the second half of 2015, two large tech companies - Dropbox and Soundcloud - signed long-term leases for over a combined 74,000 square feet. Asking rents in the building are \$72/SF.

### Side Street Office Space Rents Rise

As asking rents for Flatiron District office space have continued to rise throughout 2015, many Manhattan real estate experts have recognized that this increase has been particularly noticeable for side street office buildings. Industry experts believe that demand from TAMI tenants has been so high that rents for side street office buildings are higher than those on avenues further north in the Penn Station/Garment District area. An example of this trend can be seen in the continued development of the Kaufman Organization's buildings at 15 and 45 West 27th Street and 19 West 24th Street. In Q4 2015, the Kaufman Organization leased more than 27,300 square feet of new office space in its buildings.

See graph to the left for a breakdown of asking rents per square foot on major side streets and the 23rd Street corridor in the Flatiron District; numbers are for Q4 2015.



**Ford Models**  
11 East 26th Street  
24,166 SF  
New

**Dropbox**  
50 West 23rd Street  
5 years, 31,270 SF  
New

**Hometeam**  
50 West 23rd Street  
1 year, 22,000 SF  
New sublease

**Fernando Romero  
Enterprise**  
13-15 West 27th Street  
7 years, 5,909 SF  
New



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 Q4 2015. A slight increase is expected in early Q1 2016 as newly created retail space at 10 Madison Square West comes online.

**Area Continues to Grow as a Hotel Hub**

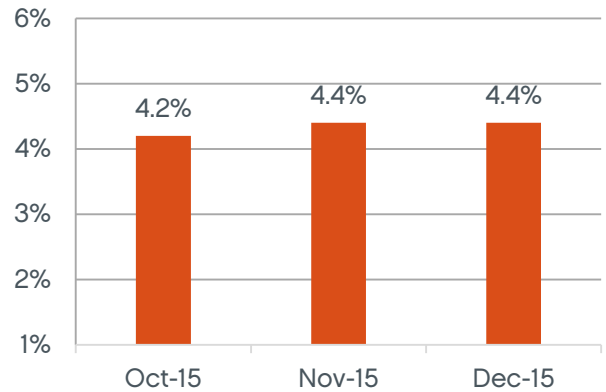
Luxury hotels like the Ace, the NoMad, and the Gansevoort Park Avenue continued to drive economic growth in the northern section of the Flatiron BID's boundaries. In Q4 2015, it was announced that the NoMad Hotel had gained approval for an addition at 1164 Broadway. Also announced in Q4 was the acquisition of the Martha Washington Hotel on East 29<sup>th</sup> Street by the CIM Group; in Q1 of 2016, the hotel will be rebranded as the Redbury Hotel New York. Further north on Broadway, 100,000 SF of retail space is planned for the base of the 38-story Virgin Hotel which is expected to open in 2017.

There are currently 3,485 rooms in and around the Flatiron BID, with more than 500 rooms in development.

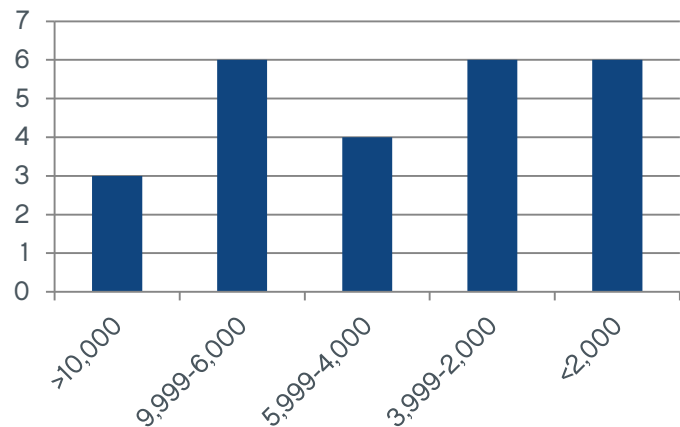
**Food & Dining in the Flatiron District**

The Flatiron District continues to bolster its reputation as one of NYC's premier dining neighborhoods. In early Q4, Luke's Lobster, a fast-casual seafood restaurant, opened its doors at 5 West 25<sup>th</sup> Street, between Broadway and Sixth Avenue. Flatiron District foodies can expect more exciting dining options in the future. In Q4 2015, it was announced that Japanese chain Wagamama, vegan fast-casual restaurant By Chloe, and French restaurant Artisanal Fromagerie Bistro will all open in the Flatiron District in 2016. It was also announced that the owners of the iconic Eleven Madison Park are planning to open a fast-casual restaurant at 6-8 West 28th Street.

**Flatiron District Marketed Available Retail Space**



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



Source December 2015 Flatiron BID Retail Opportunities Map



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