



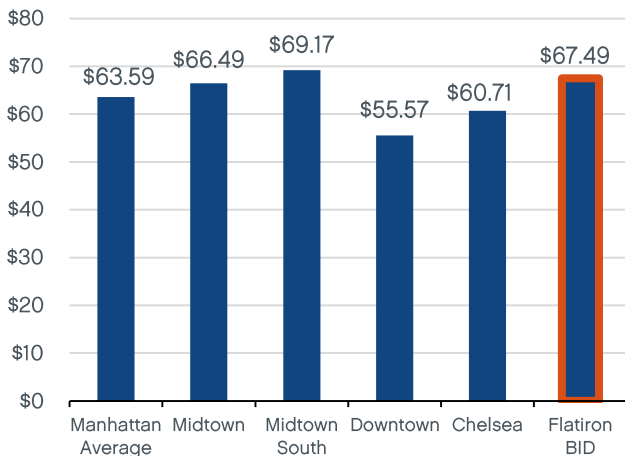
Flatiron: Where Then Meets Now

Flatiron District Market Snapshot/Q1 2018

MARKET OVERVIEW

In Q1 2018, the Class A & B vacancy rate within the boundaries of the Flatiron BID, as reported in CoStar, was 4.1%, unchanged from Q4 2017. The Q1 2018 vacancy rate is down from the Flatiron District's 5-year average vacancy rate of 6.2% and from the 4.6% vacancy rate one year ago in Q1 2017. The graph to the right illustrates vacancy rates in the Flatiron District compared to Manhattan and other districts.

During Q1 2018, asking rents for Class A & B spaces averaged \$67.49/SF, a decrease from \$70.06/SF in Q4 2017 and from \$67.51/SF one year ago in Q1 2017. However, average asking rents in Q1 2018 were higher than the Class A & B Manhattan-wide average of \$63.59/SF. The comparative graph is below.

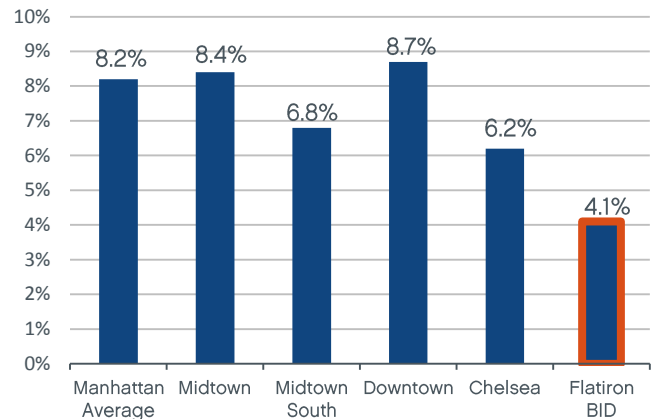


Source: CoStar

Demand for office and retail space in the Flatiron District remained high in the first quarter (Q1) of 2018. The continued influx of new hotel rooms has helped drive economic growth by attracting more tourists, increasing foot traffic, and adding new retail spaces to the district.

COMMERCIAL OFFICE MARKET

Q1 Commercial Vacancy Rates - Class A&B



Source: CoStar

Park Avenue South Corridor

In Q1 2018, a number of companies announced plans to lease office space along Park Avenue South in the Flatiron District. In the largest office signing of Q1 2018, financial data and software company Pitchbook Data signed an 11-year, 34,100-square-foot lease at Columbia Property Trust's 315 Park Avenue South. Additionally, upholstery company Swavelle Mill Creek Fabrics and marketing research firm Lieberman Research Worldwide both signed 13,700-square-foot leases at Rockrose Development's 300 Park Avenue South. These signings have helped the Flatiron District maintain a historically low vacancy rate in Q1 2018.

COMMERCIAL BUILDING TRANSACTIONS

- 204 Fifth Avenue – Porcelanosa acquired the 5-story, 14,000-square foot building from Artemis Real Estate Partners for \$42.5 million. Artemis had previously acquired the building from Pentagram Design for \$29.5 million in 2017. Porcelanosa plans to combine 204 Fifth Avenue with its current space at 202 Fifth Avenue to increase the size of its flagship showroom.

Pitchbook Data
 315 Park Avenue South
 11 years, 34,000 SF
 New

Riskified
 220 Fifth Avenue
 10 years, 27,000 SF
 New

Quovo
 54 West 21st Street
 5 years, 13,075 SF
 New

White Ops
 7 West 22nd Street
 5 years, 8,200 SF
 New

LEASES

RETAIL MARKET

Inventory of available retail spaces in the district, which are tracked and published monthly by the BID, remained low in Q1 2018. There was a slight increase in available retail spaces from Q4 2017 as several listings, including 47 East 21st, 48 West 22nd, and 34 East 23rd, were placed on the market. The graphs below show changes to the retail availability rate over the past six months, as well as how the Flatiron District compared to other neighborhoods.

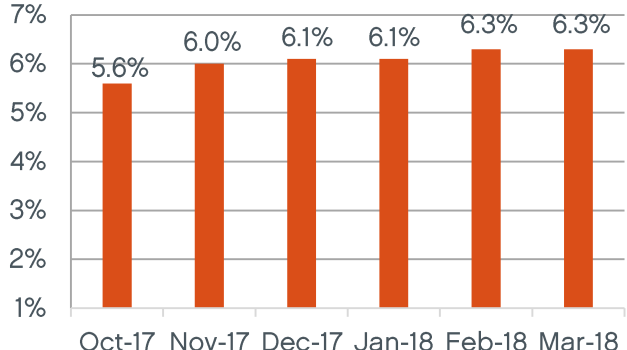
Hotel Openings and Renovations Spur Growth

Hotel developments, like The NoMad Hotel at 1170 Broadway and The New York EDITION at 5 Madison Avenue, have been an integral part of economic growth in the Flatiron District since the formation of the BID in 2006. The district strengthened its reputation as a hotel hub in Q1 2018 with the opening of the Freehand Hotel New York at 23 Lexington Avenue. The 395-room hotel features several new restaurants and bars, and was developed by Sydell Group, the same company behind The NoMad Hotel. With the opening of the Freehand there are now about 4,300 hotel rooms in and around the district, an increase of over 78% since 2011. In addition to the Freehand, the newly renovated The James New York NoMad at 22 East 29th Street (formerly the Carlton Hotel) also opened its doors in Q1 2018.

Food & Dining

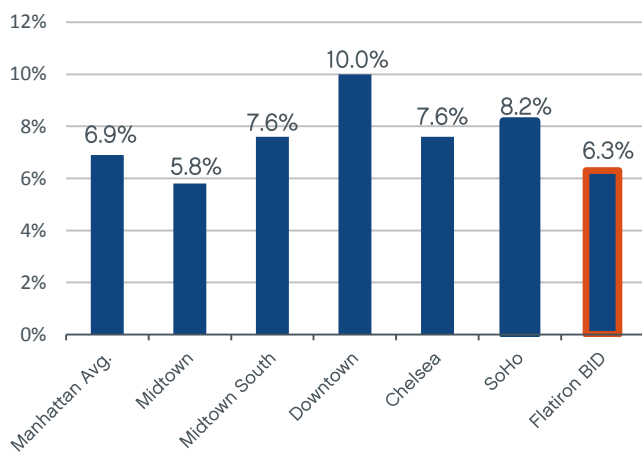
The Flatiron District's diverse culinary scene continued to flourish in Q1 2018 with the opening of several exciting new restaurants. In February, Italian restaurant and long-time NYC favorite Scarpetta moved into its new location at The James New York NoMad at 22 East 29th Street. Other notable Q1 2018 restaurant openings include American steakhouse Quality Eats at 3 East 28th Street and bakery and café Maman at 22 West 25th Street. Flatiron foodies will have more to look forward to in Q2 2018 as Zucker's Bagels is slated to open at 40 East 23rd Street.

Flatiron District Marketed Available Retail Space Q4 2017 – Q1 2018



Source: Flatiron BID Retail Opportunities Maps

Retail Availability Rates by Neighborhood



Sources: CoStar, Flatiron BID Ground Floor Survey



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