



Flatiron: Where Then Meets Now

A Comprehensive Report on New York's Flatiron District
Spring 2012



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**The Flatiron/23rd
Street Partnership
Business
Improvement
District**

What is a Business Improvement District (BID)

A Business Improvement District is a formal organization made up of property owners and commercial tenants who are dedicated to promoting business development and improving an area's quality of life. BIDs deliver supplemental services such as sanitation and maintenance, public safety and visitor services, marketing and promotional programs, capital improvements, and beautification for the area - all funded by a special assessment paid by property owners within the district.

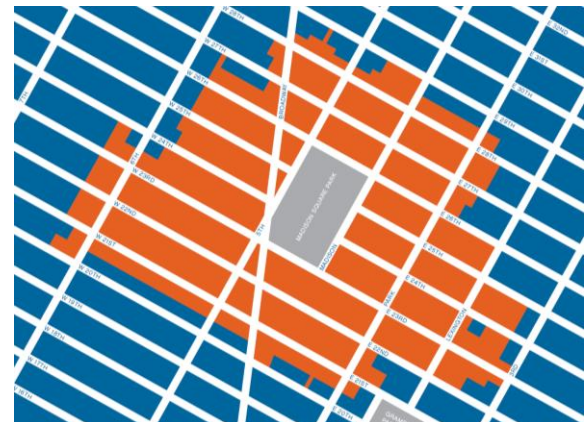
There are 67 BIDs operating in New York City; investing nearly \$100 million in serving over 3,100 block faces in all five boroughs. The BID program in New York City is overseen by the NYC Department of Small Business Services.

About the Flatiron/23rd Street Partnership BID



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.

- Assessment Budget: \$1,600,000.00
- Service Area & Constituents:
 - 21st to 28th Streets, 6th Ave. to 3rd Ave.
 - 103 block faces
 - 20,000,000 commercial square feet
 - Over 4,500 commercial tenants & 500 retail businesses



✦ Core Services – Street Operations

Clean Streets

Clean Team workers scour the district seven days a week starting at 7 a.m. year round, keeping it free of litter and graffiti, clearing puddles and snow, and scraping bills and stickers from street furniture. The Clean Team also services and maintains over 200 custom BID and other trash receptacles. One night per week, a specialized crew with power-washing equipment scrubs sidewalks and removes graffiti in areas throughout the district.



Public Safety

The BID's Public Safety Team, dressed in blue uniforms, with badges and Flatiron patches, is on patrol throughout the district seven days a week serving as ambassadors of goodwill to visitors, and acting as the eyes and ears of the BID by observing and reporting conditions around them. Since the program's inception the team has assisted countless visitors and documented or addressed tens of thousands of conditions and quality-of-life issues.

Additional Programs

Marketing & Communications

The BID's Marketing program promotes the BID as the go-to source for information on the Flatiron district. The program includes a website, a weekly electronic newsletter, a neighborhood map and shopping guide, e-mail alerts, Facebook and Twitter pages, the popular free weekly walking tour, and sponsorship opportunities. Its Intersections program includes a speaker series and business forums that have addressed challenging local and national issues as well as cultural events and exhibits highlighting the Flatiron district.

Public Improvements

The BID maintains district-wide horticultural elements such as hanging baskets, floral tree-pits and custom tree guards, as part of the BID Streetscape and Beautification plan. The adopt-a-mall beautification program along Park Avenue South adds flowers and greenery to a once lifeless thoroughfare. The BID also coordinates the installation of new bike racks and tree plantings throughout the district. At the center of the district are the Flatiron Public Plazas. These public spaces are maintained by the BID, and are embellished by lush plantings, bright blue umbrellas, silver-toned tables and chairs, and the BID's Visitor Information Cart.

Social Services

The BID's Social Service program focuses on homeless outreach through a contract with Urban Pathways. The BID is also a founding member of the East Side Alliance, an effort geared toward fostering communication and accountability among area methadone clinics, law enforcement, and the community.

✦ BIDs Are a Valuable Partner in Tenant Attraction

Tenant Attraction & Relocation Support

- BIDs are valuable partners in assisting new companies and their employees become acclimated to their new neighborhood.
- BIDs can meet with current and potential tenants to provide information about the area and its amenities and advise potential tenants on a variety of neighborhood issues.

Information, Insight and Access

- BIDs act as a liaison with community boards, and City government on behalf of member businesses and property owners.
- BIDs are an excellent source for information about an area gleaned from community outreach and surveys.

Business Assistance

- BIDs provide continual support for tenants to help them grow and expand.
- Business events provide access to services and information.
- Robust marketing programs promote local businesses through a variety of channels and initiatives.

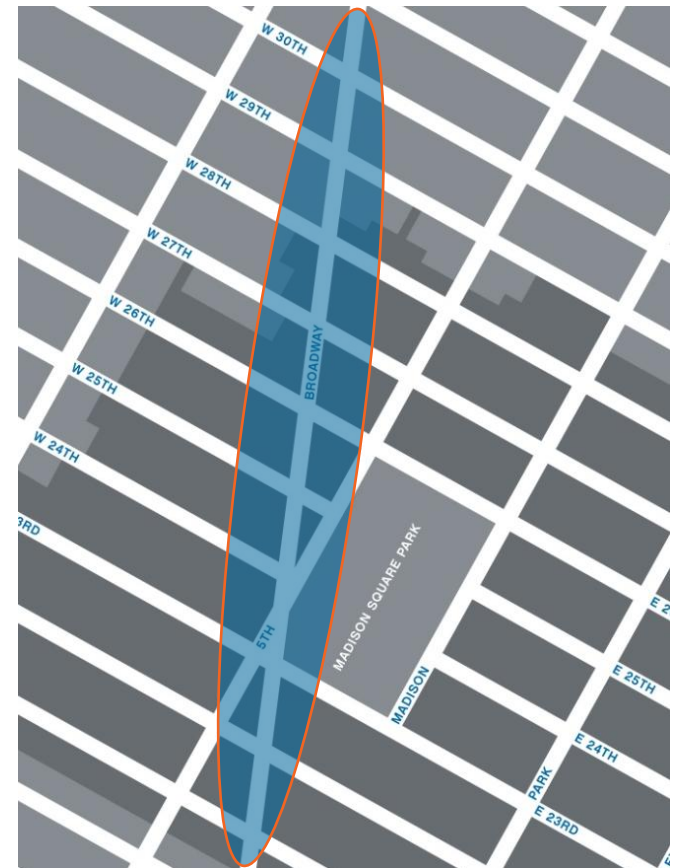
A Neighborhood Transformed

A Neighborhood Transformed

Since the formation of the BID in 2006, the Flatiron district has undergone a dramatic transformation to a safe, clean and desirable neighborhood sought out by all types of people, businesses, industries and interests.

✦ Public and Private Investment in a Revitalized Broadway Corridor

- \$240 million private investment led by the Sydell Group in two hotel properties, the Ace Hotel (2009) & the NoMad Hotel (2012)
- Recast the area as an up-and-coming neighborhood, home to creative, hip and avant garde businesses
- Public Plaza Program: NYC DOT initiative to reclaim roadbed and rationalize dangerous traffic patterns
- Created over 30,000 SF of space - managed by the BID for public use and enjoyment
- Broadway improvements included new bike lanes and median trees and plantings



✦ Next Generation Industry Hub: Tech & New Media Start-Ups

The district and surrounding areas are increasingly popular with creative and tech design firms, emerging media companies and start-ups in a variety of industries

Real Estate

- Commercial space is favorable to needs of small firms and start-ups
- Substantially lower rents than other office neighborhoods
- Lease terms commonly shorter and more flexible
- Open-plan, loft-like spaces are attractive to creative firms and more conducive to their way of working

Community

- Like-minded individuals and firms located nearby
- 11 of the 30 most valuable NYC start-ups are located in or near the Flatiron district*
 - Total estimated value: **\$3 billion***

Financing & Support

- Proximity to supportive organizations like incubators and venture capital firms



✦ A Diverse Culinary Destination

- Over 185 food establishments in every cuisine, style and price point
- World renowned chefs & restaurateurs
 - Danny Meyer/Union Square Hospitality Group
 - Steve Hanson/B.R. Guest
 - Batali & Bastianich Hospitality Group
 - April Bloomfield/Ken Friedman
- Nationally recognized cooking schools
 - Institute of Culinary Education
 - Natural Gourmet Institute
- Gourmet markets
 - Eataly
 - Morton & Williams Associated Supermarket
 - Trader Joe's
 - Whole Foods



✦ An Emerging Hospitality Center

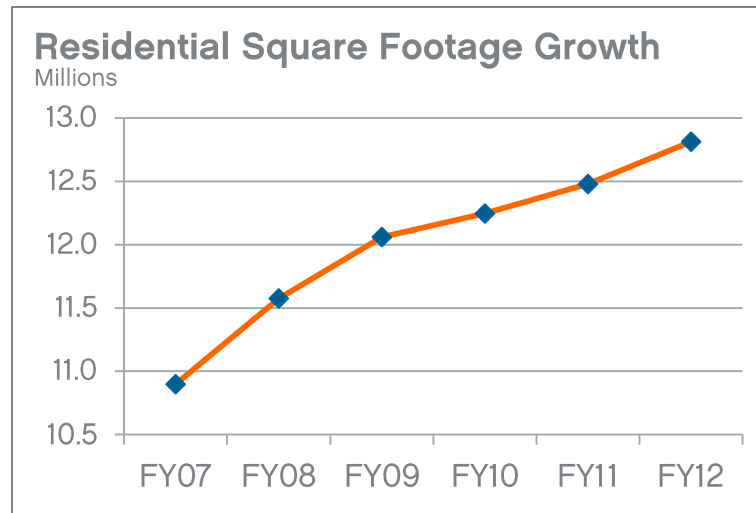
- In the last three years, four hotels have opened in the Flatiron district, with several more in close proximity and more being planned.
- Hotels range from high-end luxury to bed and breakfasts, boutiques to chains.
- Over 2,600 rooms in 20 hotels found in and around the district.
- And coming soon, conversion of the MetLife Clock Tower to a hotel under the Edition brand by Marriott International.



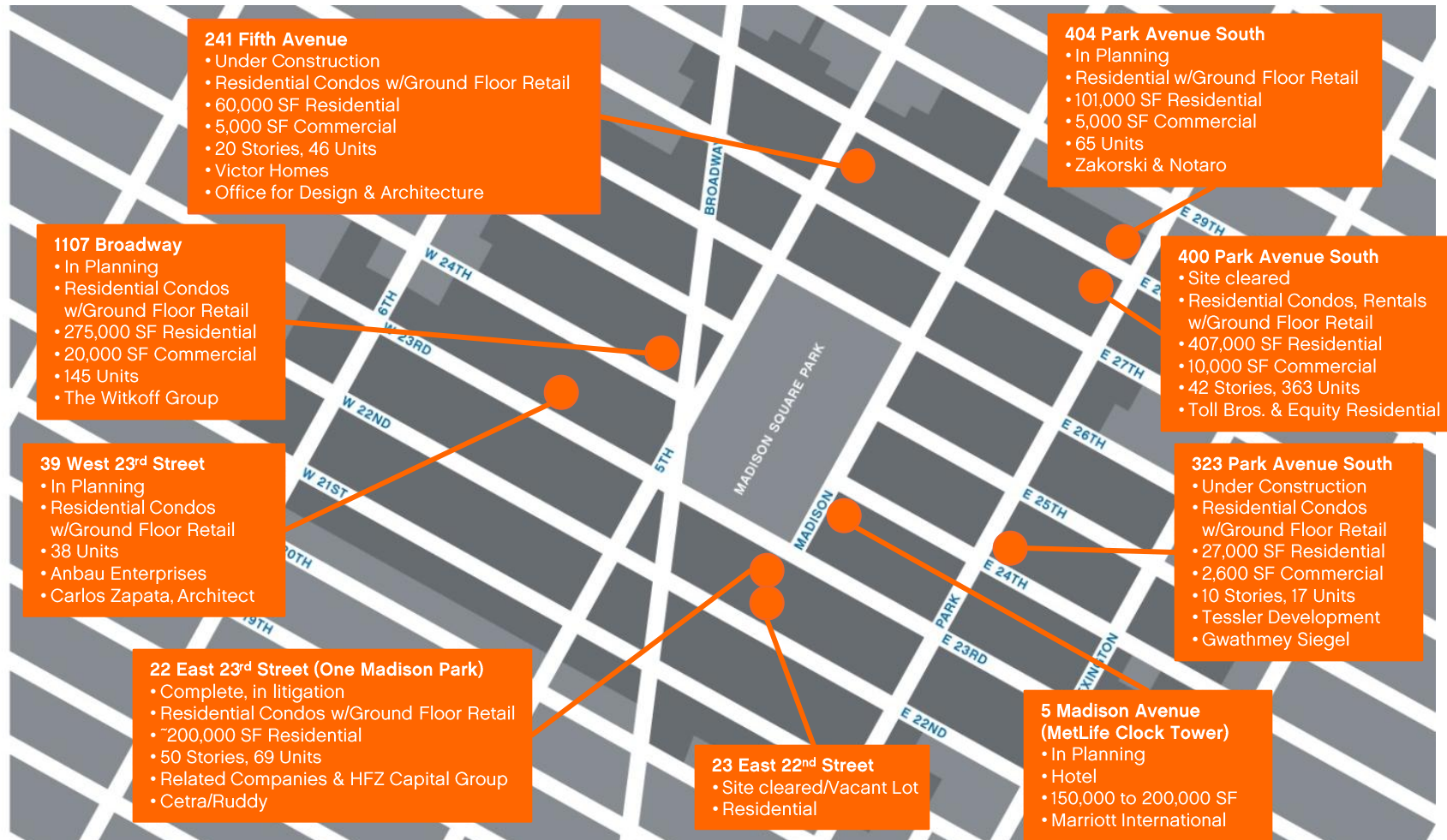
✦ Residential Development for a Growing Community

- Over 4,700 residential units in 42 new or converted properties came online in and around the district since 2001.
- Since 2006, nearly 2 million square feet of residential space has been created or converted to residential use in the Flatiron district, with 1 million more planned.

Residential properties, new and planned



Planned & Active Developments



Flatiron District Market Data

✦ Flatiron District Key Facts

LOCATION

- Neighbors include: Chelsea, Union Square, Gramercy, Herald Square, Murray Hill
- Boundaries: 21st to 28th St., 6th to 3rd Ave.

MAJOR ATTRACTIONS

- The Flatiron Building
- Eataly
- Madison Square Park

TRANSPORTATION & ACCESS

- Six subway lines, nine bus lines, PATH
- Five main thoroughfares: Sixth Avenue, Broadway, Fifth Avenue, Park Avenue South and 23rd Street
- Close to Penn Station and Grand Central Terminal

DEMOGRAPHICS*

- Residential population of 240,036
- Annual spending power of \$9 billion
- Median household income of \$90,246
- Over 645,600 daytime workers

COMMERCIAL REAL ESTATE

- Over 200 commercial office buildings
- Rentable building area of 22.3 million SF
- Asking rent range: \$22 to \$57/SF
- Overall Vacancy Rate of 4.19%
- Major Commercial Tenants: Credit Suisse, Grey Group, Tiffany & Co., New York Life, Macmillan, Digitas, Quinn Emmanuel, Leo Burnett, AppNexus

MAJOR INDUSTRIES

- Technology, new media, creative design, publishing, marketing/advertising/public relations, insurance, finance, apparel

RETAIL REAL ESTATE

- Over 550 retail storefronts
- Vacancy rate of 7.4%
- 30% national, 70% locally-owned independent business
- Major Retailers: Best Buy, Home Depot, Eataly, Marimekko, Trader Joe's, Restoration Hardware, P.C. Richard, Bath & Body Works, Crumbs

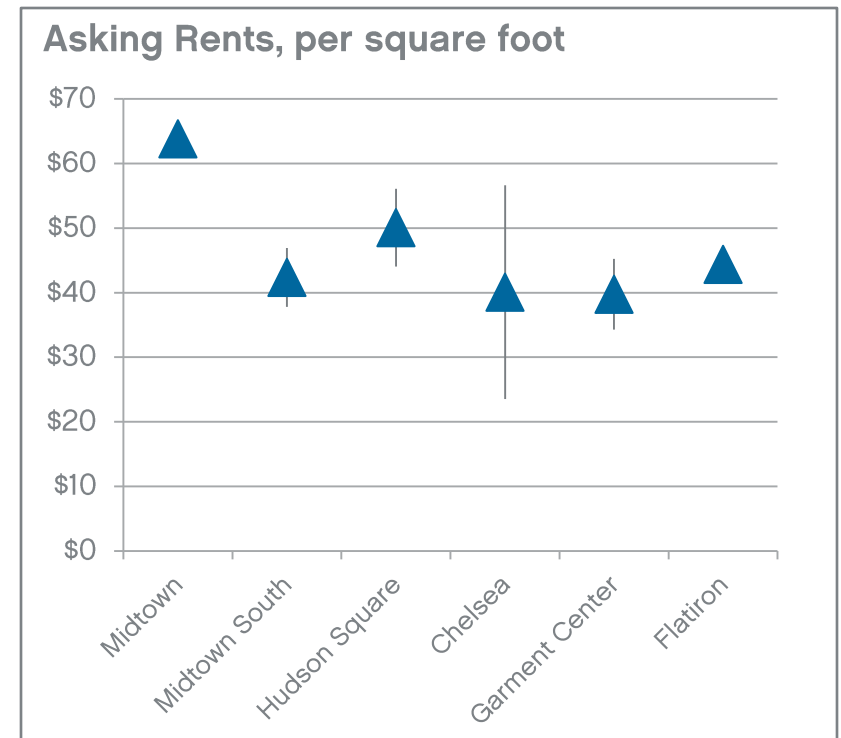
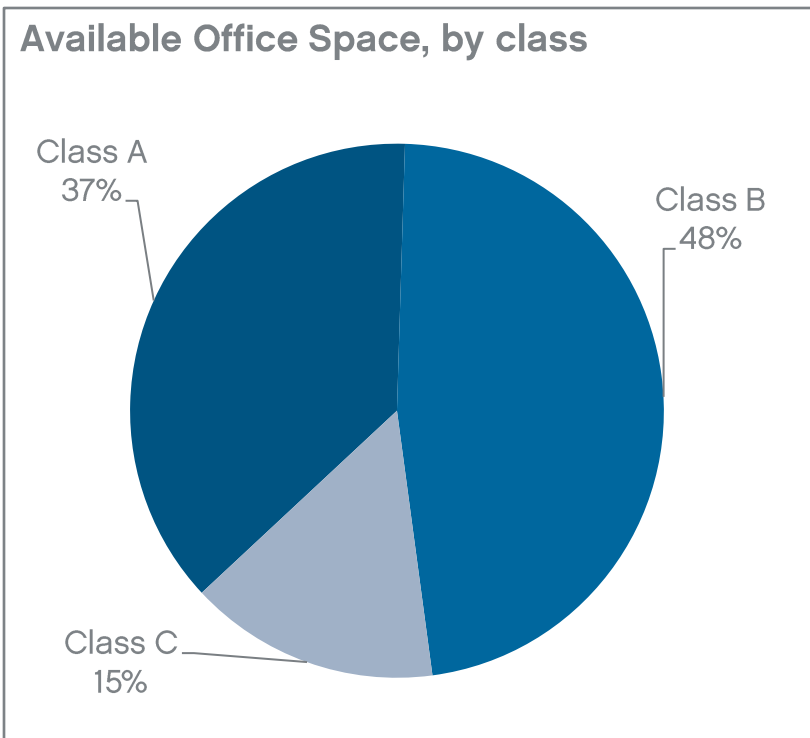


* 1-mile radius. Source: CoStar

Commercial Real Estate

- Variety of office space class, layout and type to meet the diverse needs of tenants

- Asking rents lower than Midtown, and closer in proximity than other alternatives



✦ Commercial Real Estate By the numbers

- Rentable space: 22.3 million square feet in 205 buildings
- 2.25 million square feet available for lease
- Overall vacancy rate of 4.19%

CLASS A

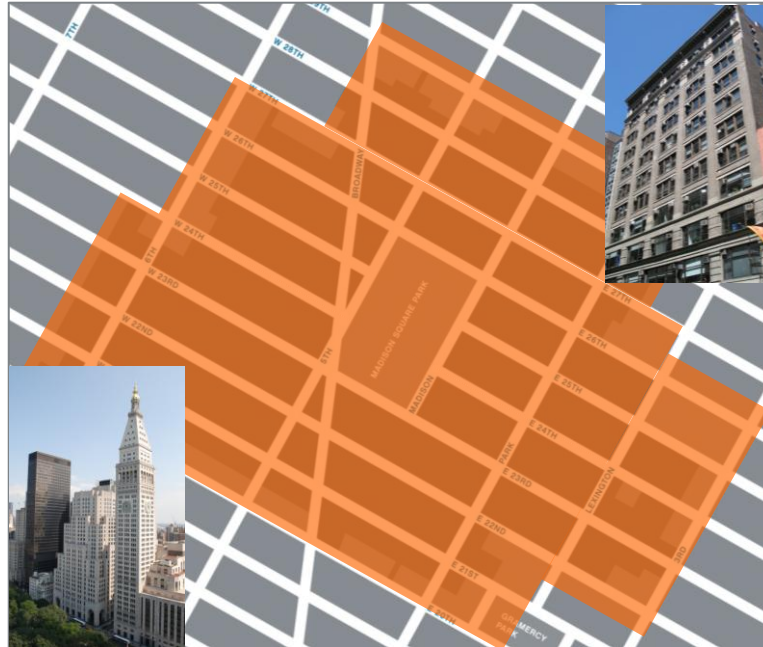
Rentable Building Area: 7,568,525 SF

Number of Buildings: 9

Vacancy Rate: <4%

Space Available: 840,707 SF

Vacant Space: 177,692 SF



CLASS B&C

Rentable Building Area: 14,806,330 SF

Number of Buildings: 196

Vacancy Rate: <6%

Space Available: 1,405,697 SF

Vacant Space: 759,914 SF



Commercial Real Estate

Selected tenant roster

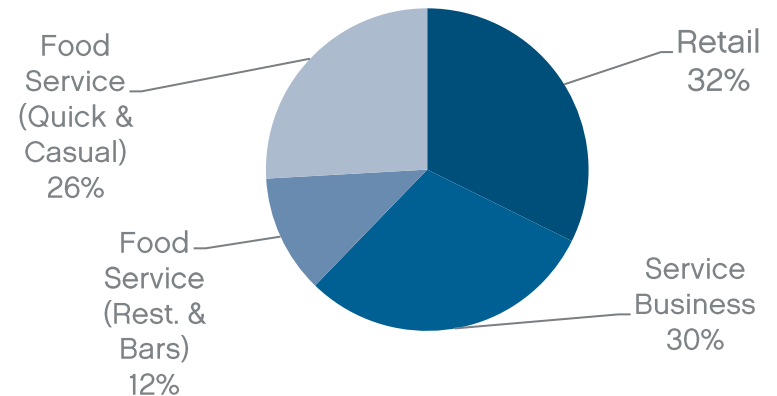
Appco Group U.S.	Earsnova	Lehr Construction	Roadrunner Records
AppNexus	Enterpoid	Leo Burnett	Saks, Inc.
Arenson Office Furnishings	Eveo Communications	M. Booth and Associates Inc.	Select Office Suites
Arister Gifts, Inc.	Extrovertic	Macmillan	Slalom
Artscroll Printing	Forrester Research, Inc.	Marimekko	Smithsonian Institution
Aruliden LLC	Fred Alger Management	Mashable	Sugar Publishing
Autodesk	Function(x) Inc.	Media Planet	Sydell
Avenues: The World School	General Assembly	Micro Office Solutions	TargetSpot
Bedford, Freeman & Worth	Gersh Agency	New York Foundling Hospital	Institute for Integrative Nutrition
Bloomsburg Carpet Industries	Gestalt Associates	New York Life	The Simons Foundation
Bluewolf Inc.	Gresham Partners	NY School of Interior Design	Tiffany & Co.
Bonobos	Grey Group	NYS Council on the Arts	Tremor Media
BrainPOP	Grohe America	Next New Networks	Trident Media Group
C.Wonder	HELP/PSI	NYU Langone Medical Center	TUMBLR
Cramer-Krasselt	HFP Capital Markets	Paper Magic Group	Vera Wang
Creative Realities Inc.	High Five Games Corp.	Perfect Fit Industries	Water Island Capital
Credit Suisse	Hirsch Construction Corp	Project:Worldwide	Watermill Institutional Trading,
DeSantis Breindel	Int'l Cosmetics & Perfumes	Prophet Brand Strategy	Whitehall Advisors
Digitas	Israel Berger & Associates	Quinn Emmanuel	Whitney Museum of American Art
Dragon Rouge	JLA Home	Reed Elsevier	William Grant & Sons, Inc.
Drummond Framing	Jump Associates	Rich, Intelisano & Katz	Zemoga

✦ Retail Space By the numbers

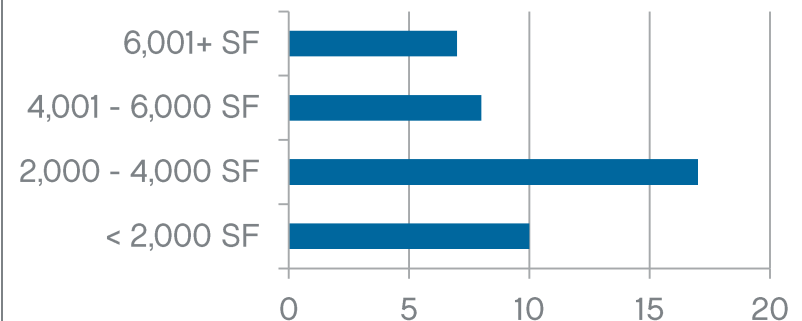
- 183,000 square feet of retail space is available in 42 locations
- Average asking rent: \$115 per square foot
- Retail vacancy rate: 7.4%

	Average Rent
Avenues	\$183 psf
23 rd Street	\$156 psf
Side Streets	\$72 psf

Ground Floor Business Composition



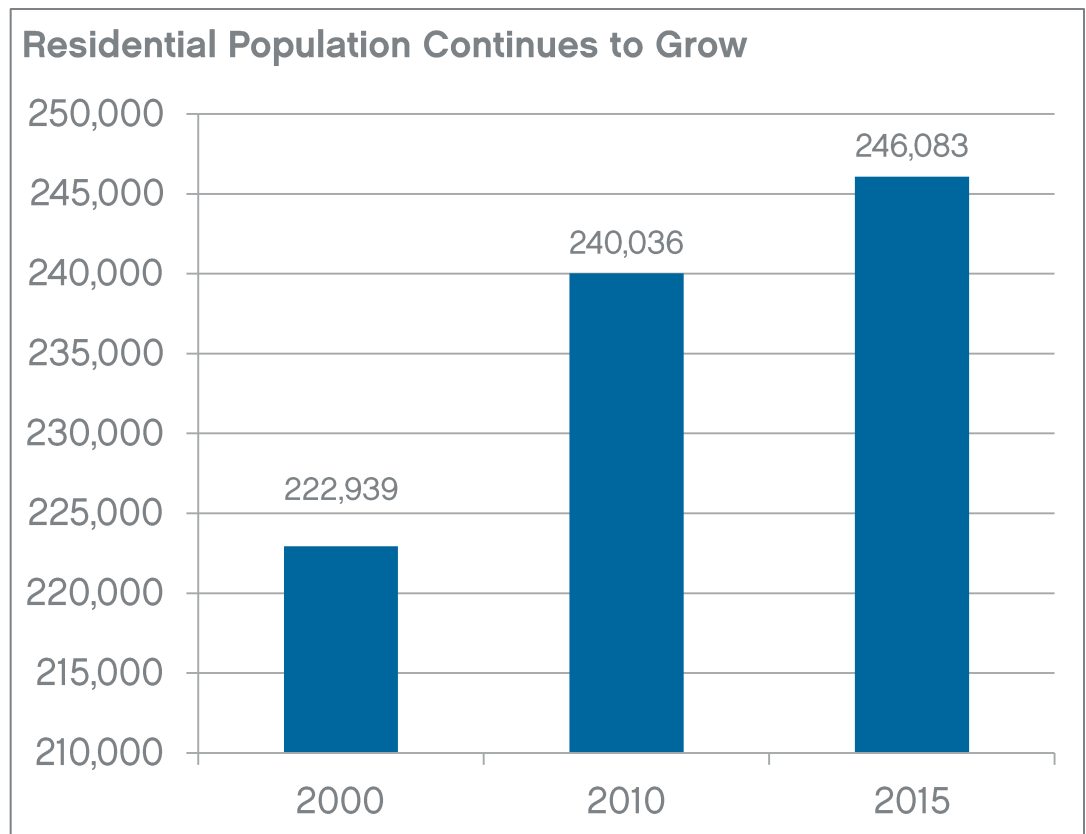
Retail Spaces Available



Residential Population

A growing residential community

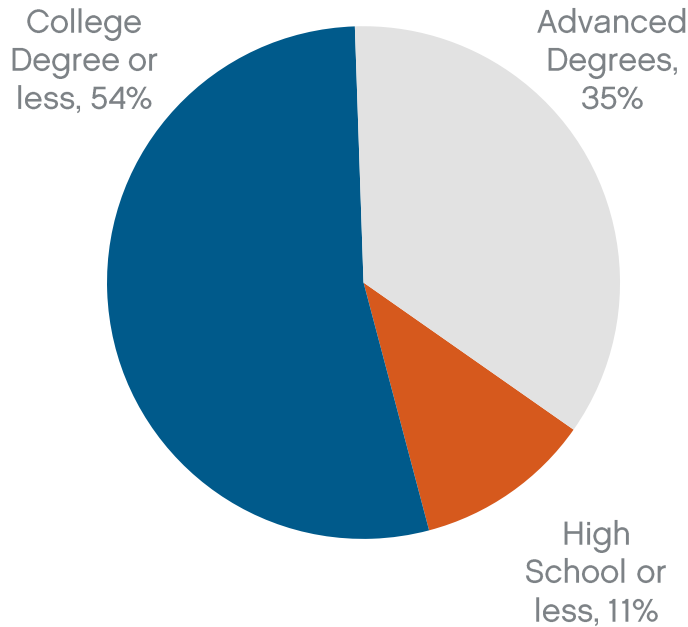
- The population of the Flatiron District grew by nearly 8% between 2000 and 2010, compared to 4.8% in New York City as a whole.
- Additionally, the District's population is anticipated to increase another 2.5% by 2015.



✦ Residential Population

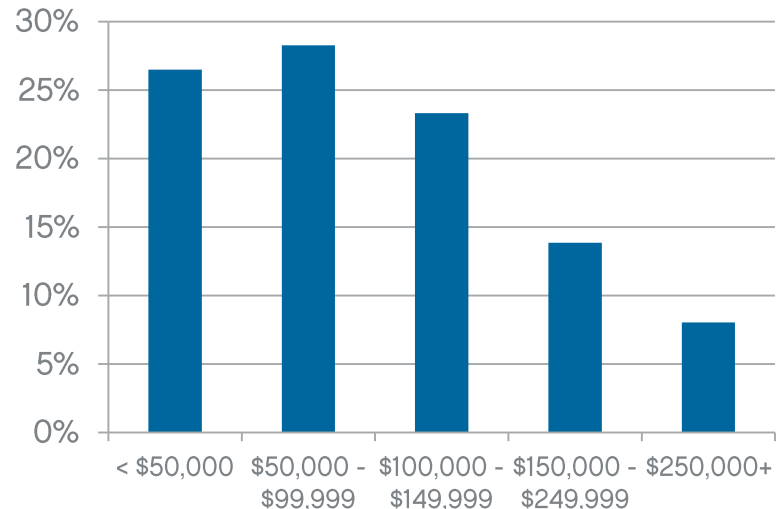
An educated and high earning population

Highly Educated Residents



- Median Age: 38.5 years
- White Collar Workers: 88.46%
- Nearly \$9 billion in consumer spending each year

Median Household Income of \$90,246



✦ Transportation

Multiple transit options and a central location

6 Subway Lines + PATH

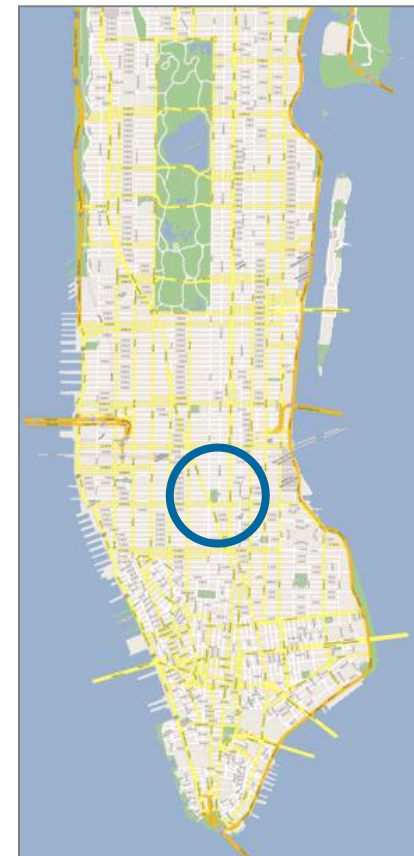


9 Bus Lines



Travel Times - Flatiron Building to:

	Automobile	Public Transport	Walking
LaGuardia Airport	18 to 23 min.	59 to 69 min.	NA
John F. Kennedy Airport	26 to 30 min.	57 to 78 min.	NA
Port Authority Bus Terminal	7 to 10 min.	10 min.	24 to 26 min.
Penn Station	4 to 7 min.	11 to 18 min.	16 to 17 min.
Grand Central Terminal	5 min.	12 to 14 min.	24 to 25 min.



✦ Transportation

A public transportation hub

With seven subway stations, nine bus lines, and a PATH station, people come to the Flatiron district from all parts of the City and New Jersey.

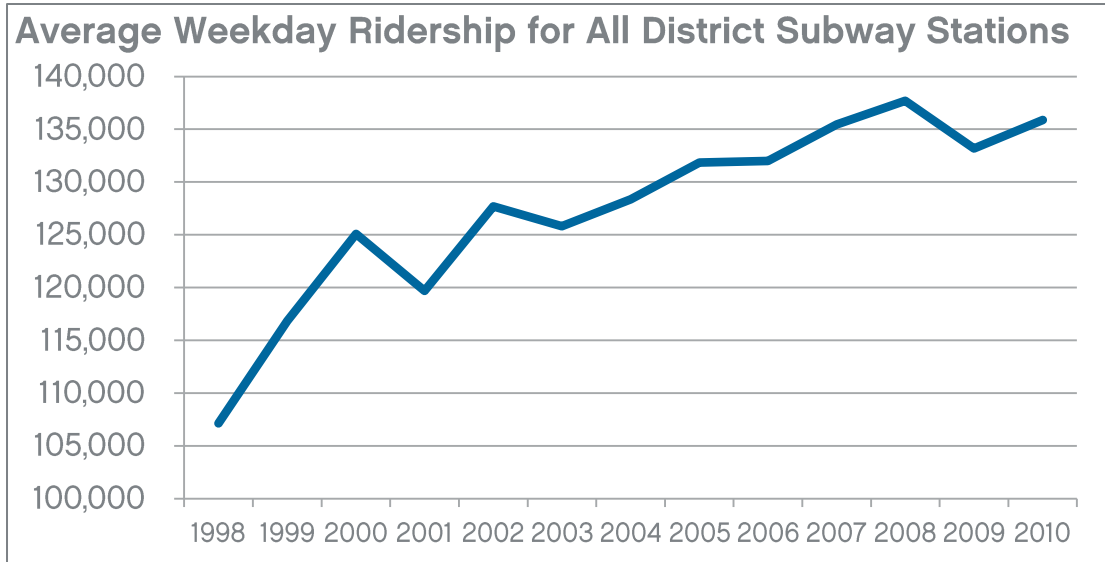
- Over 40 million people rode the neighborhood's subways in 2010.
- Nearly 50 million people rode the nine bus lines that served the district in 2010.
- 2.05 million passed through the 23rd Street PATH train entrance in 2010.



✦ Transportation

A public transportation hub

- Average weekday ridership for the Flatiron district's seven local subway stations has been on the rise, growing 27% since 1998 to 135,871 in 2010.
- The 23rd Street F/M train station saw a 44% increase in ridership between 1998 and 2010, the largest jump of all the local stations.
- The 23rd Street and 28th Street 1 train stations also experienced substantial gains of 24.6% and 37.7%, respectively.



Percentage Change in Subway Ridership, 1998-2010

Station	23 St (1)	28 St (1)	23 St (6)	28 St (6)	23 St (N,R)	28 St (N,R)	23 St (F,M)
Change	+24.6%	+37.7%	+24.5%	+16.5%	+25.9%	+14.3%	+44.0%

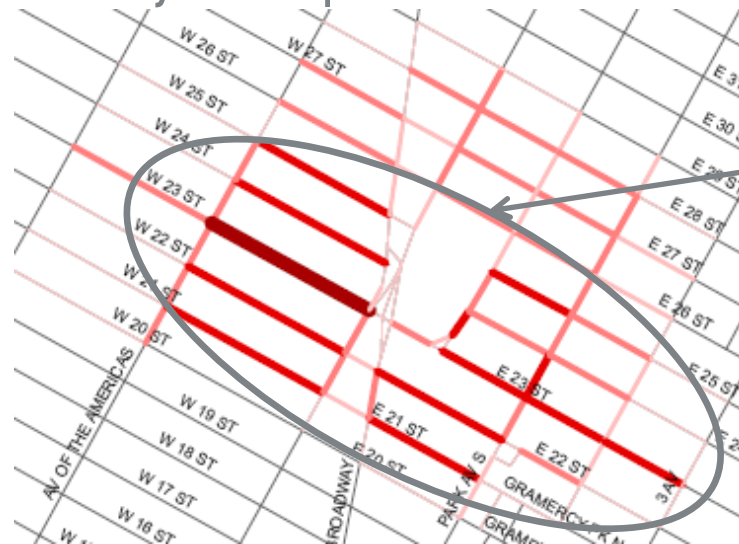
✦ Transportation Access Taxi drop-off

- On a typical weekday in the Flatiron district, a total of nearly 11,000 people arrive by taxi.
- With peak drop-off times of 9am on weekdays and 8pm on weekends, the neighborhood is constantly bustling with workers, shoppers, and diners.
- Morning drop-offs in the District are 4x higher than in the Union Square, and on par with 34th Street and Times Square.

Weekday Drop-offs in Area BIDs

	Flatiron	14th Street	34th Street	Times Square	Grand Central
AM Peak	897	223	911	989	2,837
PM Peak	694	376	1,619	1,189	1,313

Weekday Taxi Drop-offs in the District



Area of increased frequency in drop-offs and pick-ups

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