



# Flatiron: Where Then Meets Now

## Flatiron District Market Snapshot/Q3/Q4 2014

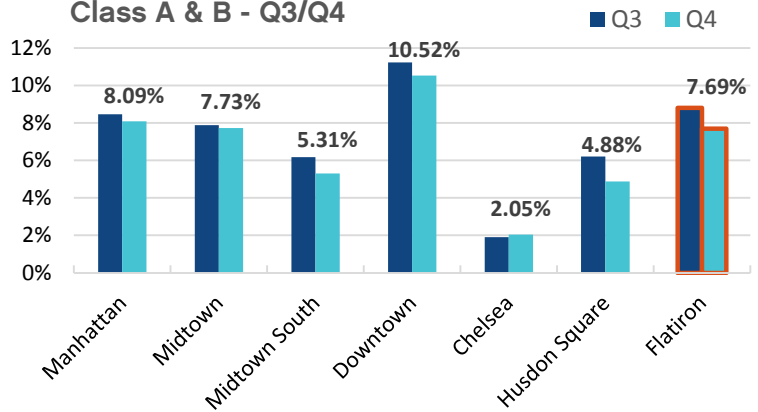
### MARKET OVERVIEW

Over the last two quarters of the year, rising employment and economic growth in New York City fueled a strong real estate market in the Flatiron District. Technology, advertising, media and information (TAMI) sectors continue to flock to the area.

In the third quarter of 2014, the Class A & B vacancy rate in the Flatiron District, as reported by ABS Partners Real Estate, declined to 8.81% from 9.51% in Q2. That rate further dropped to 7.69% in Q4. For both quarters, the vacancy rate was slightly higher than that of Midtown South as a whole. A comparative graph is on the right; numbers are for Q4. The total absorption in Q3, fueled by Yelp's move in to 11 Madison, was 176,397 SF. In Q4 that figure was 177,338 SF. During the second half of 2014, asking rents for Class A & B spaces averaged \$70/SF, a decrease from \$74/SF in Q2. Comparative graph for Midtown South is below; numbers are for Q4.

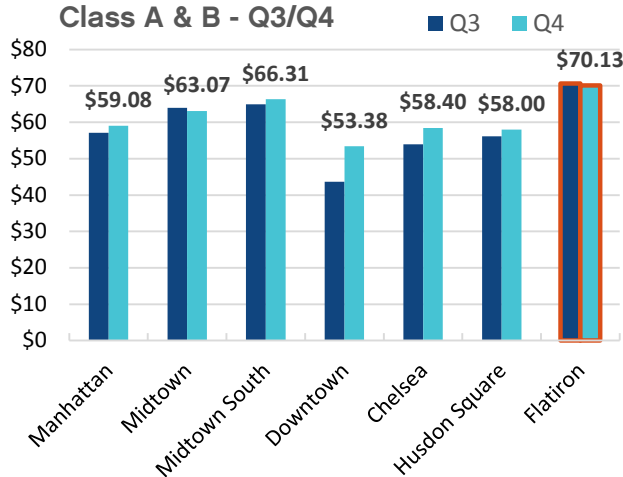
### COMMERCIAL OFFICE MARKET

**Commercial Vacancy Rates Class A & B - Q3/Q4**



Source: ABS Partners Real Estate 3rd Quarter 2014 Report & ABS Partners Real Estate 4th Quarter 2014 Report

**Commercial PPSF Class A & B - Q3/Q4**



### Ring Portfolio Sees New Action

After years of vacancy and deterioration, the 14 office buildings in Midtown South once owned by brothers Frank and Michael Ring are seeing new life. Extell took control of the 1 million square foot portfolio in October 2013, and has rapidly sold the buildings off to be improved by other developers. Two recent transactions in the Flatiron District include 114 East 25<sup>th</sup> Street, sold to MetroLoft, and 212 Fifth Avenue, sold to Thor Equities and two other partners. There are five additional Ring buildings scattered throughout the district.

### COMMERCIAL BUILDING SALES

Sales of several commercial office buildings were announced or closed in the second half of 2014.

- United Charities Building, 287 Park Avenue South, 93,300 SF – sold by the Community Service Society of New York, Children's Aid Society, and New York City Mission Society to Cheerland Investments for \$128 million.
- Church Mission House, 281 Park Avenue South, 36,749 SF – sold by the Federation of Protestant Welfare Agencies to RFR Realty for \$50 million.
- 114 East 25<sup>th</sup> Street, 52,000 SF – sold by Extell to MetroLoft for \$36.5 million.
- 212 Fifth Avenue, 220,000 SF – sold by Extell to Thor Equities, Madison Equities, and Building and Land Technology for \$260 million.

**Yext Inc.**  
1 Madison Avenue  
58,194 SF  
Expansion

**DuPont**  
49 West 23<sup>rd</sup> Street  
4 years, 5,594 SF  
New

**O Architecture Services**  
20 West 26<sup>th</sup> Street  
2,408 SF  
New

**CDA Holdings LLC**  
37 West 26<sup>th</sup> Street  
1,200 SF  
New

**LEASES**

## RETAIL MARKET

Retail vacancies in the district, which are tracked and published monthly by the Flatiron/23<sup>rd</sup> Street Partnership, dropped during the second half of 2014. A series of major retail space sales are another indication of the area's popularity. In August, Rockfeld Group purchased the 6,700 SF retail condo at the base of One Madison for \$21.5 million. JTRE paid \$16 million for two properties at 6-8 West 28<sup>th</sup> Street that include 4,750 SF of retail space combined. That acquisition adds to the firm's heavy NoMad presence, where they also own space at 31 East 28<sup>th</sup> Street and 241 Fifth Avenue.

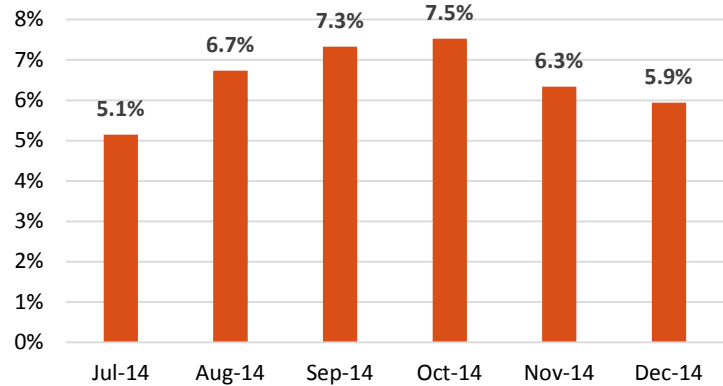
### NoMad Heats Up

Anchored by the Ace Hotel and NoMad Hotel, the area of the district north and northwest of Madison Square Park is experiencing a surge of popularity. The Evelyn Hotel (formerly the Gershwin Hotel), recently reopened after a year of renovations, and provides another home base from which visitors can shop and dine in the area. In November, Dig Inn opened a new location on the corner of West 28<sup>th</sup> Street and Broadway, just a block from Sweetgreen, another healthy fast-casual dining option. Other newcomers are the Belgian Beer Café; The Smith, an American brasserie that will open this year at 230 Fifth Avenue; and Rizzoli Bookstore, expected to open this spring. More retail growth can be expected with the eventual completion of the 489-key Virgin Hotel at Broadway and 29<sup>th</sup> Street.

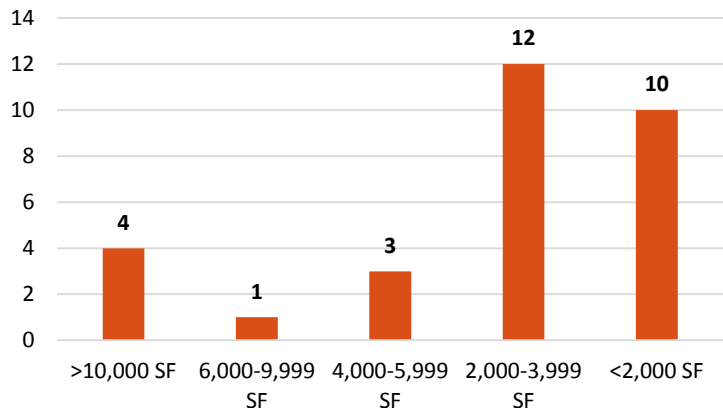
### Food & Dining in Flatiron

The district is already well-known for its large supply and variety of dining destinations, and that reputation was bolstered the past 6 months with the addition of some impressive new restaurants. Two that have been met with critical acclaim are Cosme, which features locally-sourced modern Mexican cuisine, and California-themed Upland. Later this year, fast-casual Mexican concepts Oxido and Mexicue will open in the neighborhood; they join newcomer Dos Toros, which recently opened at East 23<sup>rd</sup> Street and Park Avenue South. Sushi Shop is yet another fast-casual restaurant that will open in early 2015 at East 24<sup>th</sup> Street and Park Avenue South.

**Retail Vacancy Rates - Flatiron District**



**Marketed Retail Spaces by Square Footage**



Source: December 2014 Flatiron BID Retail Opportunities Map



The Flatiron/23<sup>rd</sup> 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.