

2015 Commercial Market Report

UNION SQUARE PARTNERSHIP

Following up on a phenomenal 2014, the Union Square district – part of the Midtown South market – continued to see positive growth at the start of 2015. One of New York City’s most dynamic neighborhoods with over 70,000 residents, 150,000 employees and 40,000 students, Union Square boasts a thriving cultural, retail and restaurant scene that surrounds beautiful Union Square Park and its world-famous Greenmarket. With nearly 36 million subway riders last year, Union Square’s convenient location, exten-

sive transit options, and highly-visible real estate continue to attract some of the city’s most desirable business establishments. For its many efforts on behalf of the area’s diverse business and residential community, the Union Square Partnership (USP) was honored in 2014 with the Manhattan Chamber of Commerce’s “Neighborhood Business Advocate of the Year” award highlighting its programs, which have further helped to attract commercial investment to the area.

TAMI Tenants Choose & Expand in Union Square

Union Square continues to experience a surge in office leasing activity as TAMI [technology, advertising, media and information] tenants plant their roots in renovated buildings throughout the district. Attracted to the area’s creative vibe, concentration of leading technology firms, proximity to mass transit, and 24/7 environment, these ever-expanding TAMI firms are driving up office demand, and creating high competition. Office vacancies in Midtown South reached their lowest level in seven years and average asking rent for Class A and B space climbed to \$75 and \$67 respectively, according to DTZ.

One of the area’s newest economic drivers, BuzzFeed, will bring over 500 jobs, and join other new, notable tenants such as digital advertising and media management software developer Centro Inc., on-line video service Hulu, tech-centric residential brokerage Compass, and American magazine The New Republic. At 114 Fifth Avenue, the 330,000 SF century-old, 18-story remodeled office tower signed leases with advertising agency AKQA, news website First Look Media, daily weblog Gawker, and experimental product-and-technology arm Capital One Labs.



Tech-driven companies are drawn to Union Square’s convenient location, attractive amenities, and proximity to like-minded TAMI tenants.

These companies join neighboring tech tenants MasterCard and Mashable, creating a draw for other like-minded companies and strengthening the Union Square area as a favored destination for TAMI tenants.

NEW AND EXPANDED OFFICE TENANTS

TAMI (TECH, ADVERTISING, MEDIA, INFORMATION)

Adobe Systems Inc.	Hulu
AKQA	Lippe Taylor
BuzzFeed	Pop2Life
Capital One Labs	The New Republic
Centro Incorporated	Warsaw Blumenthal Advertising
Compass	OTHER
Dropbox	BCB Property Management
First Look Media	Capital One
Gawker Media	Chimera Securities
Global Strategy Group	Peak Performance

TOP LEASE TRANSACTIONS

BUSINESS NAME	SIZE (SF)	ADDRESS
1. BuzzFeed	194,000	225 Park Avenue South
2. Gawker Media	58,900	114 Fifth Avenue
3. First Look Media	58,206	114 Fifth Avenue
4. Capital One Labs	40,000	114 Fifth Avenue
5. AKQA	40,000	114 Fifth Avenue
6. Adobe Systems Inc.	30,644	100-104 Fifth Avenue
7. Centro Inc.	26,235	841 Broadway
8. Peak Performance	25,204	90 Fifth Avenue
9. Compass [exp. to 50,000 SF]	25,000	90 Fifth Avenue
10. Global Strategy Group	21,974	215 Park Avenue South

NYC's Epicenter of Health & Wellness

With a wide variety of workout studios and gyms, exercise and sports retailers, and health-conscious eateries—as well as the City's largest Greenmarket—Union Square is the epicenter of NYC's health and wellness scene. USP launched *Union Square Sweat Fest* this past winter to promote this growing sector. The weeklong event was a huge success with the first 100 passes selling out in nine minutes and over 1,000 participants signing up for complimentary fitness classes, gym passes, neighborhood discounts, and social media giveaways.

This year, the neighborhood's dense concentration of fitness establishments was further enhanced with the arrival of Planet Fitness, Reebok FitHub, CrossFit Union Square, and specialized studios such as Fitting Room, City Row, and Pilates on the Square. Healthy eateries also continue to dominate the district landscape with the addition of two Be Juice bars, the area's second Liquiteria, and farm-to-table restaurants using locally sourced Greenmarket ingredients: Darrow's, Irvington, Fresh & Co and Roast Kitchen. Over on lower Fifth Avenue, dubbed 'Athleisure Row' by *Well+Good*, Lululemon will relocate and



Sweat Fest highlighted immense growth in the health and wellness sector.

expand to 16,000 SF joining other athletic retailers Athleta, GapFit, Nike, New Balance and newcomer Eddie Bauer. To further cement Union Square as NYC's premier health and wellness destination, the area will soon welcome Juice Generation and Jean-Georges Vongerichten's ABC Kitchen spinoff ABCV.

District Popularity Drives Retail Leasing

Union Square's prime location is drawing more pedestrians than ever to explore the district's many shops, restaurants, and attractions as evidenced by the area's increase in foot traffic. The neighborhood's proximity to eight subway lines, a dozen bus lines, the PATH, and adjacent walkable and bike-friendly neighborhoods Flatiron, Chelsea, Greenwich Village, East Village and Gramercy Park has brought additional visitors and fostered new business development. USP's 2014 Pedestrian Activity report counted 383,000 visitors on a summer Greenmarket Friday, an 11% increase in pedestrian activity and a 54% increase in bicyclists over a two-year period. This rise in district popularity has created strong demand for ground

floor retail space, driving vacancy down to 2.5% and leading property owners to redevelop older sites and major retailers to lease highly-visible space fronting Union Square Park. On the east side of the park at 44 Union Square East, owners of 'Tammany Hall' will complete a facade makeover with a new tenant mix, and a two-floor addition topped by a glass tortoise shell-inspired dome. At the newly renovated 853 Broadway, both MAC Cosmetics and Capital One signed record-breaking leases, where asking rent was reportedly \$750 PSF. At 1 Union Square West, Reebok FitHub opened with CrossFit Union Square below it and Dylan's Candy Bar signed a 10-year lease for approximately \$545 PSF at 33 Union Square West.

Annual transit ridership is quickly approaching 36 million at the Union Square subway station. The L-train is also bringing an additional 1.5 million visitors to the area's four stops along 14th Street, enticing customers to shop at new businesses like Planet Fitness, Lot Less, Club Clio, City MD, Dairy Queen, and The Halal Guys. These businesses join other newcomers such as Brooklyn's Dough doughnuts, Mexican-restaurant Javelina, casual steakhouse Morton's Grille, textile designer Chilewich, designer dress service rental Rent the Runway, and Banana Republic's new flagship store. With an annual spending power of more than \$9 billion and one of the most accessible locations in all of NYC, Union Square continues to be a prime spot for attracting diverse cuisine, innovative retail concepts and unique brand experiences.



Proposed rendering of the renovated Tammany Hall at 44 Union Square West.

New to the Union Square District in 2014–2015



New Eateries		New Retailers		New Services	
A.	Be Juice 121 University Place	Q.	Little Sal's 10 East 16th Street	A.	City MD 216 East 14th Street
B.	Be Juice 91 3rd Avenue	R.	Mezcla 327 2nd Avenue	B.	City Row 80 5th Avenue, Suite 1501
C.	Botequim 132 Fourth Avenue	S.	Mi Garba 129 Fourth Avenue	C.	CrossFit Union Square 1 Union Square West
D.	Burger & Lobster 39 West 19th Street	T.	Mighty Pie 20 Union Square West	D.	Fitting Room 31 West 19th Street
E.	Coffeed 590 6th Avenue	U.	Morton's Grille 233 Park Ave South	E.	Goethe Institut 30 Irving Place
F.	Dairy Queen 54 West 14th Street	V.	Nanking Express 63 West 14th Street	F.	Pilates on the Square 857 Broadway, 2nd Floor
G.	Darrow's 115 East 18th Street	W.	Num Pang 28 East 12th Street	G.	Planet Fitness 22 East 14th Street
H.	Dear Irving 55 Irving Place	X.	Roast Kitchen 120 University Place	H.	The Movement Fitness 32 West 18th Street
I.	Desi Shack 135 4th Avenue	Y.	Shuko 47 East 12th Street	I.	Eddie Bauer 100 Fifth Avenue
J.	Dough 14 West 19th Street	Z.	The Halal Guys 307 East 14th Street	J.	Homenature 7 West 18th Street
K.	Florian 225 Park Avenue South	AA.	The Pavilion 20 Union Square	K.	Intimacy 104 5th Avenue
L.	Fresh & Co. 127 4th Avenue	BB.	Think Coffee 568 6th Avenue	L.	Lot Less 17 West 14th Street
M.	Funkiberry 88 Third Avenue	CC.	Tasca Chino 245 Park Avenue South	M.	MAC 853 Broadway
N.	Irvington 201 Park Avenue South	DD.	Vegtown Juice & Creperie 328 East 14th Street	N.	Reebok FitHub 1 Union Square West
O.	Javelina 119 East 18th Street	EE.	Vivi Bubble tea 226 East 14th Street	O.	Rent the Runway 16 West 18th Street
P.	Liquiteria 145 4th Avenue	FF.	Wok to Walk 42 Union Square East	P.	Sleepy's 111 Third Avenue

Union Square District Facts

True Urban Village

- Union Square is one of the most diverse neighborhoods in New York City, priding itself in its balance of residential, office, retail and leisure components.
- More than **9,700** businesses are located within a half-mile radius of Union Square, employing over **153,000** people.

RESIDENTIAL OVERVIEW

	Union Square [1/2 mile]	Manhattan	NYC
Total Population	74,897	1,623,427	8,375,340
Housing Units	43,741	871,269	3,459,639
Median Rent	\$3,850	\$3,300	\$2,800
Median Home Value	\$902,473	\$744,508	\$529,738
% Owner Occupied	34%	21%	28%
Median HH Income	\$108,021	\$70,378	\$50,173
Median Age	34.2	37.2	36.1
Average HH Size	1.62	1.99	2.57

Thriving Residential Community

- Union Square is home to more than **74,000** residents with more than **280,000** people living within a one mile radius.
- **94%** of Union Square's residents age 25 and over have some college education or an associate's, and **85%** have completed college or hold an advanced degree. The median household income is **\$108,021** and the median age is **34.2**.

High Traffic Neighborhood

- Daily pedestrian volumes have increased dramatically since we began keeping records—**383,000** visitors walk through Union Square on a summer Greenmarket Friday.

Major Transportation Center

- Union Square is one of NYC's largest transit hubs with **8** subway lines, over **10** bus lines, the PATH, and **12** Citi Bike stations.
- In 2014, Union Square subway station ranked as the **4th** busiest station on weekdays and the **2nd** busiest station on weekends.
- Annual ridership at the Union Square subway station has increased to **35.7** million.



BUSINESS OVERVIEW

Total Businesses	9,787		
Total Employees	153,861		
TOP SECTORS* BY NUMBER OF FIRMS		TOP FIRMS BY NUMBER OF EMPLOYEES	
Prof., Scientific & Tech Services	1,514	Con Edison	4,279
Retail	1,393	Mount Sinai Beth Israel	4,000
Accommodation & Food Services	916	J. Crew	3,800
Information	709	The New School	3,023
Real Estate, Rental & Leasing	612	Tory Burch	1,800
Health Care & Social Assistance	577	NYU Administration	1,600
Finance and Insurance	310	NYU Hospital for Joint Disease	1,087
*Categories based on NAICS Codes [1/2 mile]		New York Eye & Ear Infirmary	800
		Barnes & Noble	700
		ABC Carpet & Home	525

COMMERCIAL OVERVIEW

Office	Union Square	Midtown South
Total Office Inventory [SF]	14.9M	87.9 M
Vacancy Rate	8.1%	7%
Average Asking Rent	Class A: \$83.74 Class B: \$75.55	Class A: \$74.86 Class B: \$67.29

RETAIL OVERVIEW

Retailers, Restaurants & Services	892
No. of New Establishments	55
Vacancy Rate [BID]	2.5%
AVERAGE GROUND FLOOR ASKING RENT	
Around Union Square	\$417
Fifth Ave: 14th - 23rd St	\$403
Broadway: 14th - 23rd St	\$359
East 14th Street Ground Floor Rents	\$150-\$300
Side Street Ground Floor Rents	\$100-\$200

Sources: Zillow, JGSC, Dun & Bradstreet, Inc., US Census 2010, CoStar, DTZ (formerly Cassidy Turley), Cushman & Wakefield, The Real Deal, The Commercial Observer, MTA and the Union Square Partnership.

The Union Square Partnership works to ensure the community's continued growth and success by providing public safety, sanitation, economic development, and marketing services, and by investing in the beautification of Union Square Park. For more information, visit unionsquarenyc.org

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