

# Union Square Partnership Commercial Market Report Spring 2011

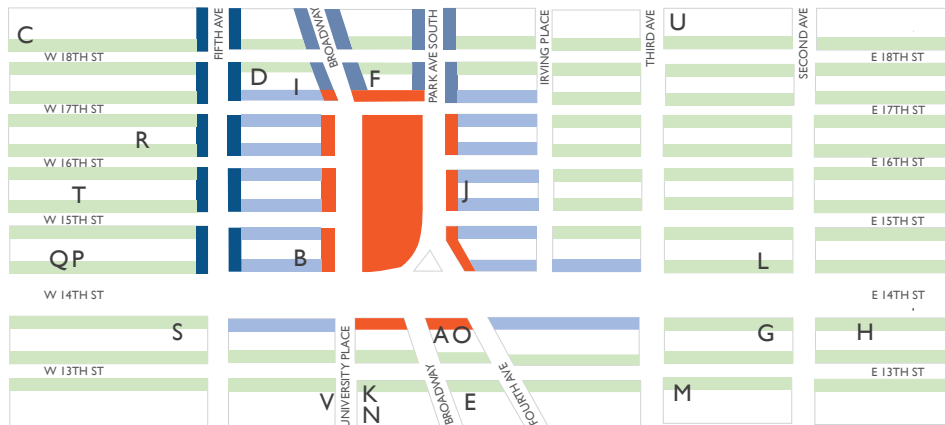
**Union Square** is at the vibrant heart of New York City, a dynamic center of food, fashion, culture, and cutting-edge businesses. Home to the City's oldest Greenmarket, a beautiful historic park, and hundreds of the best restaurants and shops, Union Square is one of New York City's ultimate neighborhoods, and *The New York Times* describes the area as "booming" and "on a roll."

For over 100 years, Union Square has boasted a diverse retail base that today includes an array of over 500 national retailers, unique local entrepreneurs and neighborhood services. Citibank's high-tech flagship branch, the City's first Nordstrom Rack, and a 24-hour Best Buy are all new anchors in the area.

Above the variety of retail and fitness establishments, Union Square's equally

diverse office market has fared well in recent years because of the range of business types in the neighborhood. The district contains just over eight million square feet of commercial office space and is the headquarters of many architecture, information technology, media, advertising and publishing firms.

## GROUND FLOOR ASKING RENTS



- \$350-450 / sq. ft.
- \$225-333 / sq. ft.
- \$125-250 / sq. ft.
- \$100-200 / sq. ft.
- \$65-175 / sq. ft.

Retail Establishments	900
New Establishments ('10-'11)	42
Vacancy Rate (Core)	2.77%
Vacancy Rate (1/2 mile)	6.74%
Midtown South Avg. Rent	\$105 / sq. ft.

## NEW BUSINESSES

- A. Citibank Flagship 52 E. 14th St.
- B. Accessorize 1 Union Square West
- C. Marshalls 620 6th Ave.
- D. SoulCycle 12 East 18th St.
- E. Ibiza Kidz 830 Broadway
- F. VMV Hypoallergenics 868 Broadway
- G. Hotel Tortuga 246 E. 14th St.
- H. Led Zeppole 328 E. 14th St.
- I. Hale & Hearty Soup 11 E. 17th St.
- J. TGI Friday's 34 Union Square East
- K. Vapiano 113 University Pl.
- L. Hype Lounge 243 E. 14th St.
- M. The Penny Farthing 103 Third Ave.
- N. Nanoosh 111 University Pl.
- O. Duane Reade Flagship 24 E. 14th St.
- P. Bourbon Coffee 43 W. 14th St.
- Q. Ole Kebab 49 W. 14th St.
- R. Advanced Sports Rehab 5 W. 16th St.
- S. Namaste Bookshop 2 W. 14th St.
- T. Pet Central 55 W. 16th St.
- U. Mikey's Burgers 241 Third Ave.
- V. Vive la Crepe 114 University Pl.

## RETAIL MARKET REPORT

Over 40 businesses opened in or around Union Square over the past year, providing fresh options in one of the City's most popular retail destinations. With tourism and employment on the rise, area residents and visitors alike are seeking the quality

goods and lower prices available in the district. Retail asking rents vary significantly depending on location and amenities, with marquee spots leasing for at least 10+ percent more than last year; while values remain available in high pedestrian traffic areas. Retail vacancy rates in the retail core remain under 3% since July 2010. Retail

vacancy rates in the district as a whole are up just slightly from the summer at 6.7%, significantly lower than in mid-2009. As vacancies continue to decrease, rents will likely rise over the course of 2011 and landlord incentives are expected to diminish.

## OFFICE MARKET REPORT

Union Square is one of the most commercially diverse neighborhoods in New York City. In addition to our assortment of retail stores, the district is home to many office tenants. Union Square has the benefit of being located on top of one of the largest subway hubs in the City, which makes it one of the most easily accessible office markets in Manhattan. The district serves as the headquarters for Con Edison and houses major education and health institutions such as New York University, The New School, Beth Israel Hospital and the New York Eye and Ear Infirmary.

As of early 2011, the City's unemployment rate is at a 16-month low of 9.1%, driving demand for office space. Leasing activity in 2010 throughout the City totaled 4.38 million square feet, double 2009's total and the highest annual total since 2004. Midtown South, which contains the Union Square submarket, fared better than Downtown and Midtown markets during the recession, as prices remained steady. No longer a destination exclusive to media and entertainment companies, Union Square has seen nonprofit and technology tenants expand their presence as well.

## MAJOR LEASE TRANSACTIONS IN 2010/2011

Leasing Company	Address	Sq. Ft.	Price/Sq. Ft.	Type
32BJ SEIU	620 Avenue	276,000	N/A	N/A
Academy for Ed. Development, Inc.	71 Fifth Ave.	28,000	N/A	N/A
FutureBrand	233 Park Ave. South	12,844	N/A	N/A
General Assembly Space LLC	902 Broadway	16,500	\$36	New
Roadrunner Records	902 Broadway	16,500	\$38	Renew
Chipotle Corporate	126 Fifth Ave.	7,000	N/A	New
Falcolnwood Corporation	67 Irving Pl.	3,680	\$41	Renew
Freddie Ross Total Entertainment	6 W. 18th St.	1,000	\$33	New

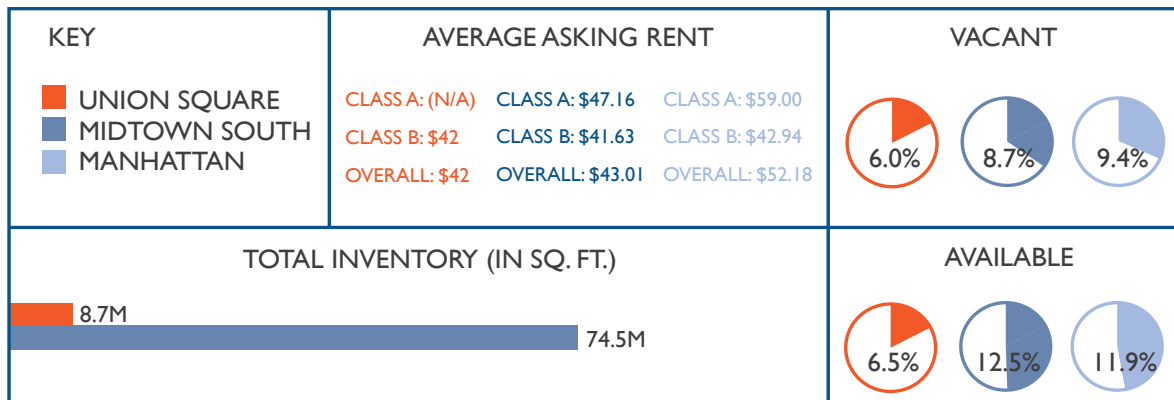
Sources: CBRE, Jones Lang LaSalle, The Real Deal

Office vacancy rates are at a two-year low throughout Manhattan, and asking rental rates are on the rise for the first time since the 2008 economic downturn. At the end of 2010 Midtown South availability rates, which include space available for sublease, was 12.5%, with Union Square boasting an even lower availability rate of 6.5%. Union Square and Midtown South experienced the strongest growth out of the Manhattan markets in 2010, with average asking rents surpassing \$43 per square foot (compared to \$38 Downtown and \$59

Midtown). Midtown South was the only Manhattan market in which the average net asking rent increased from 2009 to 2010.

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## COMMERCIAL OFFICE SPACE



Sources: CBRE, Grubb & Ellis, Jones Lang LaSalle

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](http://unionsquarenyc.org)

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