

2012 Commercial Market Report



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 first and largest Greenmarket, a beautiful historic park, hundreds of the best restaurants and retailers, and a thriving residential base, the Union Square district has earned its reputation as Manhattan's ultimate neighborhood destination. At the epicenter of it all, a growing number of tech companies and venture capital firms are

staking ground in Union Square, reinforcing the area's position at the center of the Digital District. In 2011 and early 2012, nineteen tech-related firms signed leases, accounting for roughly 213,000 square feet of commercial office space and approximately 910 employees. Attracted by a district already touted for its architecture, design, fashion and publishing firms, these newest companies deepen Union Square's artistic and entrepreneurial edge.

Digital District Surges in Union Square

Technology companies tend to locate where existing ones concentrate, making Union Square a prime real estate choice. Of the City's top ten largest venture capital firms in 2011, four are already located in the Union Square area and a fifth, FirstMark Capital, announced they are leaving Midtown in June for 10,000 square feet of commercial office space at 100-104 Fifth Avenue, joining a long list of tech firms already located in the building. Inspired eateries and local art, culture and entertainment options are all reasons why entrepreneurs are attracted to the neighborhood. Further, Union Square is located on top of one of the largest subway hubs in the City, making it one of the most accessible office markets anywhere in the five boroughs.



100-104 Fifth Avenue

New and Expanded Office Tenants

TECH

Apple iAd
Centric Digital
DataXu
eMusic
Essence Digital
FirstMark Capital
Freewheel Media
GetGlue
Gorilla Nation Media
GroupMe
Ignighter
Intrepidus Group
Jibe.com
Knewton
Mr. Youth
Net-A-Porter

Savored
Sulia
Yelp NY HQ

OTHER

Apple Tree Venture Management
Carter's
Chipotle Mexican Grill NY HQ
Daversa Partners
Endeavour Global
Fircosoft
FX Solutions
Grand Cru Selections
Interactive Partners
Koichiro Doi Studios
New York Blood Center
Tory Burch

The growth of the tech sector is without a doubt a contributor to the City's job outlook. In 2011, New York City saw the private sector add jobs at a rate almost 60 percent greater than the country as a whole, and over the last two years, New York City created more jobs than the next ten largest cities combined.

Capitalizing on this growth in Union Square, Mayor Bloomberg and Schools Chancellor Walcott announced that the Academy for Software Engineering will open in the Washington Irving Educational Campus in fall of 2012. Supported by Fred Wilson of Union Square Ventures, a leading venture capital firm in the area, this new high school will teach students what it takes to be innovators in the industry, and build relationships with local tech and creative services firms.

Union Square: Something for Everyone

More than 65 new retailers, eateries and companies have opened in or around Union Square over the past year. Most notable is the recent opening of Five Napkin Burger at 14th Street and Third Avenue. This corner had moved from uninspired retail to vacancy, and now has transformed into a fashionable dining location. Area retailers and eateries continue to offer a wide variety of cuisine and prices, suitable for the diverse needs of this market. With nearly 70,000 residents, over 142,000 employees and more than 40,000 students from New York University and The New School alone, Union Square remains one of the City's most vibrant, 24/7, mixed-use neighborhoods.

For these reasons and more, retail vacancy rates in the district remain low at approximately 3 percent, and pedestrian counts remain high with an average of 188,000 pedestrians coming through Union Square each day. Further, the residential



Five Napkin Burger transforms corner of 14th St and 3rd Ave

population as well as the area median income is on the rise, lending more purchasing power to the neighborhood. Ground floor rents around Union Square reflect this data with 2011 rents somewhere between \$400 and \$450 a square foot.

A Neighborhood Anchored in Success



Mayor Bloomberg welcomes Yelp to the District

Continuing to anchor the district's employment base includes Con Edison, one of the nation's largest investor-owned energy companies; New York University, one of the largest private universities in the United States; Beth Israel Medical Center, a distinguished voluntary teaching hospital and member of parent company, Continuum Health Partners; and The New School, a leading progressive university in New York City. These prestigious institutions are in good company with other prominent businesses such as Danny Meyer's distinguished Union Square Hospitality Group, and Fortune 500 Company, Barnes & Noble, the world's largest bookseller and the nation's highest-rated bookselling brand.

Creating new neighborhood employment opportunities are a wide array of newcomers and existing companies expanding within the district. Starting off the year, Tory Burch, a luxury, lifestyle fashion brand, extended its lease and doubled its space, making this the largest lease transaction for 2011. On the tech side, Apple iAd kicked off the tech surge when they leased 45,000 square feet at 100-104 Fifth Avenue, a highly sought after building now occupied by a number of successful tech companies, start-ups and venture capital firms.

Top Lease Transactions In 2011

Business Name	Size (sq. ft)	Address
Tory Burch	52,000	11 West 19th St
Apple iAD	45,000	100-104 Fifth Ave
Net-a-Porter	32,144	100-104 Fifth Ave
Mr. Youth	27,000	225 Park Ave South
eMusic	25,000	39 West 13th St
Carter's	22,000	122 Fifth Ave
Gorilla Nation Media	16,730	215 Park Ave South
Endeavour Global	12,000	900 Broadway
Yelp NY HQ	9,505	100-104 Fifth Ave
Chipolte Mexican Grill NY HQ	7,000	126 Fifth Ave
Freewheel Media	7,000	225 Park Ave South

Shop, Dine and Download—all in Union Square



THE DIGITAL DISTRICT

Venture Capital Firms

- A Canaan Partners
- B First Round Capital
- C FirstMark Capital
- D IA Ventures
- E Union Square Ventures
- Tech Incubators
- F Dog Patch Labs
- G General Assembly
- Tech Leases—2011-12
- H Apple iAd
- I Centric Digital
- J DataXu
- K eMusic
- L Essence Digital
- M Freewheel Media
- N GetGlue

- O GroupMe
- P Gorilla Nation Media
- Q Ignighter
- R Intrepidus Group
- S Jibe.com
- T Knewton
- U Mr. Youth
- V Net-a-Porter
- W Savored
- X Sulia
- Y Yelp NY HQ
- Flexible Spaces
- Z City Space Suites
- AA Micro Office
- BB Tech Space
- CC Wix Lounge

NEW TO UNION SQUARE IN 2011-2012

New Retailers

- A Ann Gish
- B Atmananda Yoga Sequence
- C Beacon's Closet
- D Blue Mercury
- E Brooks Brothers
- F Cigarville
- G Duane Reade
- H Drybar
- I Joe Fresh
- J Madewell Jeans Co.
- K Michael Kors
- L Soulmade Furnishings
- M Spring Star Nail
- N T-Mobile

New Eateries

- A 5 Napkin Burger
- B Bak Korean Kitchen
- C Bao BBQ
- D Baohaus
- E Beecher's Cheese
- F Blitz Brasserie
- G Bread & Butter
- I Corkbuzz Wine Studio
- J Dorado
- K Flavaboom
- L Hampton Market
- M Handles Frozen Yogurt
- N IHOP
- O Incognito Bistro
- P Kibo
- R Linen Hall
- S Little Town NYC
- T Meatball Factory
- U Mikey's Burger
- V Naked Pizza
- W Ngam
- X Potbelly Sandwich
- Y Qdoba
- Z Soft Serve Fruit Co.
- AA The Bean Coffee Shop
- BB Tommy Lasagna
- CC Tortaria

Facts About Union Square

Thriving Residential Community

- Union Square is home to nearly **70,000** residents with more than **270,000** people living within a mile radius.
- **95%** of Union Square's residents age 25 and over are high school graduates, and **71%** have completed college or hold an advanced degree.
- The Average Household Income in the Union Square Area is **\$123,764**.

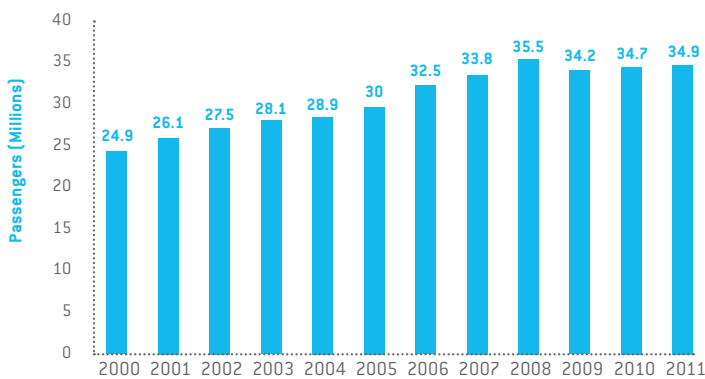
Residential Overview

	Union Square	Manhattan	NYC
Total Population	69,635	1,585,873	8,175,133
Housing Units	42,281	847,090	3,350,926
Median Rent	\$1,818	\$1,201	\$1,014
Median Sales Price	\$715,000	\$1,050,000	\$710,149
Percentage Owner Occupied	28%	25%	29%
Rental Vacancy Rate	.96%	1.02%	3.12%
Median Household Income	\$93,486	\$68,706	\$54,659

Major Transportation Center

- The 14th Street/Union Square subway station is one of the largest transportation hubs in New York City, and ridership has increased an **incredible 40%** since 2000 to **34.9 million** riders in 2011.

Union Square Subway Station Annual Ridership 2000-2011



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

High Traffic Neighborhood

- Daily pedestrian volumes in the district are on average **188,000**, ranging between **176,000** people on a non-Greenmarket weekday to **200,000** people on a Greenmarket Saturday.

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 **12,000** businesses are located within a half-mile radius of Union Square, employing over **142,000** people.

Commercial Overview

	Union Square	Midtown South
Total Office Inventory (sq. ft.)	8.7 million	74.5 million
Vacant	5.4%	6.3%
Available (with sublease space)	5.9%	9.1%
Average Asking Rent	Class A: \$47.54 Class B: \$45.23	Class A: \$58.52 Class B: \$42.41
Number of Retail Establishments	892	
Number of New Retail Establishments	47	
Vacancy Rate (Core)	3.02%	
Vacancy Rate (1/2 mile)	5.83%	

Top Sectors by Number of Firms

Retail	2,122
Business Services	1,816
Health Services	1,601
Finance	859
Personal Services	837
Restaurants/Bars	819
Real Estate	554
Arts/Media/Recreation	480
Manufacturing	449
Social Services	344

Top Firms by Number of Employees

Con Edison	4,100
Beth Israel Medical Center	4,000
The New School	2,101
Tory Burch	1,800
NYU Hospital for Joint Disease	1,087
Barnes & Noble	900
New York Eye & Ear Infirmary	800
Ballet Theatre Foundation	625
Port Authority of NY/NJ	600
ABC Home Furnishings	525

All information current as of April 2012.

Sources: CBRE, JGSC Group, Jones Lang LaSalle, The Real Deal and the Union Square Partnership

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