

2016 Commercial Market Report

UNION SQUARE PARTNERSHIP

Union Square's economic activity throughout 2015 and into 2016 was pulsating with new business openings, lease transactions, and catalytic development projects. Unique assets such as the area's central location, extensive transit options, and the city's largest Greenmarket, coupled with desirable demographics and high density, make Union Square a magnet for new and expanding tenants. The neighborhood's innovative culture has also driven commercial

market growth and investment as technology, advertising, media, and information (TAMI) companies continue to seek office space here. Welcoming over forty retail businesses and dozens of employers this past year, the Union Square Partnership (USP) has been busy expanding its beautification efforts, and economic development and marketing programs, to further showcase the district, its unparalleled variety, and everything it has to offer.

Dynamic Growth Slated for Union Square East

At the heart of the district, Union Square Park is as vital as ever, anchored by historic architecture, thriving businesses, hundreds of thousands of pedestrians, and a lively street network. The park's eastern corridor is undergoing a renaissance with notable developments underway along Union Square East and Park Avenue South. The modernization of the building stock has lured prominent companies, popular retailers, and new employees. USP is playing its own role in the east side's makeover with expanded beautification efforts and streetscape improvements.

TOP OFFICE LEASE TRANSACTIONS

Business Name	Size [SF]	Address
1. Facebook	200,000	225 Park Avenue South
2. WeWork	96,000	33 Irving Place
3. WeWork	82,000	88 University Place
4. Perkins Eastman [renewal]	77,000	115 Fifth Avenue
5. Pandora [exp. to 104,000]	51,000	125 Park Avenue South
6. Compass [exp. to 87,806]	37,806	90 Fifth Avenue
7. Casper	32,300	230 Park Avenue South
8. Regus	23,000	112 West 20th Street
9. DeVito Verdi [renewal]	22,000	100 Fifth Avenue
10. Verve	21,500	79 Fifth Avenue



Union Square's eastern corridor is undergoing a transformation.

Helping to revamp one of Union Square's most visible corners is the iconic Tammany Hall at 44 Union Square. Owner Reading International is restoring the beauty of this landmark with a new glass-dome roof and a façade and interior renovation. The property features over 30,000 SF of retail space, 43,000 SF of office space, and is expected to be completed by Q1 2018.

A few blocks to the south, Tishman Realty will develop a residential building with ground-floor retail at 112 East 16th Street. At Mount Sinai Beth Israel, the Phillips Ambulatory Care Center is modernizing its hospital entrance with façade improvements, elevator upgrades, pharmacy relocation, and the opening of an Urgent Care center.

A number of beloved establishments are also making the eastside of Union Square their new home. Steps away from BuzzFeed and Facebook's new offices, Union Square Cafe will move to a prominent corner location at Park Avenue South and 19th Street. Around the corner, Italian café Pulia will open its second Manhattan location off of 18th Street.

Building on these transformative developments, USP is working hard to beautify the eastern streetscape. In collaboration with Orda Management and NYC Parks Department, and with generous support from sponsors, 80 new trees and seasonal landscaping were planted



Newly landscaped medians beautify Union Square East.

in medians along Union Square East from 15th - 21st Street. New public art continues to be showcased at 15th Street in partnership with the city's Department of Transportation.

As millions of pedestrians enjoy Union Square Park each year, its surroundings are prime real estate given the strong visibility from one side of the park to the other. The transformation of the park's eastside in the coming years will bring further business activity and foot traffic to the Union Square district, adding to the Square's attractiveness, cultural significance and popular appeal.

NEW AND EXPANDED OFFICE TENANTS

TAMI (Tech, Advertising, Media, Information)		Other
AltSchool	HBS Startup Studio	Arquitectonica
Buzzfeed	MoPo Productions	ISKO
Casper	New Enterprise Associates	Perkins Eastman
Compass	Pandora	Quoin Group
DeVito/Verdi	SevenFiftyTechnologies	Rachel Zoe
Digital Reasoning	Teads	Regus
Facebook	Verve	WeWork

TAMI Sector Changing the Economy of Union Square

Union Square is an impressive hub for companies focused on tech, advertising, media, and information (TAMI), who are attracted to the neighborhood's entrepreneurial spirit and vast variety of amenities. *Crain's* reports TAMI tenants account for nearly 40% of the city's office leasing activity and 66,000 new jobs over the last decade. This increase to more tech-focused office tenants has developers and businesses taking advantage of Union Square's economic and creative activity, as well as its central location, which connects employees to eight major subway lines and five neighborhoods.

Recognizing that Union Square lies at the nexus of NYC's rapidly growing technology ecosystem, NYC's Economic Development Corporation (EDC) is redeveloping the city-owned P.C. Richard & Son site (124 East 14th Street) into a new tech hub with a large ground-floor retail component. The project will stimulate surrounding commercial real estate, support 21st century workforce skills,



BuzzFeed and Facebook share a new address at 225 Park Avenue South.

create a high density of quality jobs, and promote next generation companies.

Leasing competition in Union Square is stronger than ever with *Commercial Observer* reporting Midtown South as the tightest major U.S. market, and asking office rents at an all-time high [\$75-\$85 PSF]. Joining the extraordinary ranks of the neighborhood's tech community include newcomers WeWork, who recently took more than 150,000 SF for two coworking locations on Irving and University Place, and BuzzFeed and Facebook, who bring with them more than 2,000 employees.

Demand for nearby commercial space has also boomed with the surge in creative employees networking in the neighborhood. According to *REBNY*, ground floor asking rents along Broadway between 14th and 23rd increased 42% to \$510 PSF from last fall. A growing interest for fitness and health-conscious options can be seen with the addition of new studios, athleisure stores, and eateries. Housing units and community facilities such as The Clinton School for Writers & Artists, and Mark Zuckerberg's technology-driven AltSchool, are also expanding district amenities.

Union Square's economy continues to be reshaped as businesses flock here to be at the center of the city's tech and creative industries. This added consumer spending and synergy amongst TAMI tenants has made the neighborhood a prime spot for attracting NYC's most innovative companies, and unique retail, dining, and fitness options.

COWORKING SPACES

Space	Address	Space	Address
City Space Suites	817 Broadway	Urban Space	80 Fifth Avenue
Coalition	902 Broadway	WeCreateNYC	58 East 11th Street
Knotel	33 West 17th Street	WeWork	33 Irving Place
Mdrn	900 Broadway	WeWork	88 University Place
Nest	108 East 16th Street	WeWork	115 West 18th St
Paragraph	35 West 14th Street	Wix Lounge	10 West 18th Street
SparkLabs	833 Broadway	Work-Bench	115 Fifth Avenue
TechSpace	41 East 11th Street	Work Better	33 West 19th Street
TechSpace	18 West 18th Street	Wix Lounge	10 West 18th Street



Union Square is home to over 500,000 SF of coworking space.

New to the Union Square District in 2015–2016



NEW EATERIES		NEW SERVICES	
A. Al Vicoletto 9 East 17th Street	K. Le Coq Rico 30 East 20th Street	B. Beyond Vape 18 West 14th Street	M. Tory Sport 129 Fifth Avenue
B. Bagel Belly 114 Third Avenue	L. Mimi's Hummus 245 East 14th Street	C. Bonobos 95 Fifth Avenue	N. World Market 620 Sixth Avenue
C. Blossom Du Jour 15 East 13th Street	M. MoMo Sushi 239 Park Avenue South	D. Brandy Melville 61 Fifth Avenue	A. Brows Studio 28 West 14th Street
D. Bruno Pizza 204 East 13th Street	N. Roast Kitchen 870 Broadway	E. Dylan's Candy Bar 33 Union Square West	B. The Clinton School 10 East 15th Street
E. City Crab Shack 10 East 16th Street	O. Starbucks 25 Union Square West	F. Goodwill 7 West 14th Street	C. Cohen's Fashion Optical 825 Broadway
F. Flats Fix 29 Union Square West	P. sweetgreen 8 East 18th Street	G. Ivivva 15 Union Square West	D. Columbia Care 212 East 14th Street
G. Gong Cha 209 East 14th Street	Q. T-Swirl Crepe 247 East 14th Street	H. Kicks Lounge at Footaction 22 East 14th Street	E. Dental 365 22 West 14th Street
H. Ichiba Ramen 4 Union Square South	R. Union Fare 5-7 East 17th Street	I. Lululemon / Hub Seventeen 114 Fifth Avenue	F. Liberty Travel 25 West 14th Street
I. Juice Generation 28 East 18th Street	S. Vivi Bubble Tea 18A West 14th Street	J. Nature Republic 12 East 14th Street	G. Santander Bank 841 Broadway
J. Le Café Coffee 145 4th Avenue	NEW RETAILERS	K. Paper Source 75 Fifth Avenue	L. The New Stand Union Square Subway Station
	A. Aritzia 89 Fifth Avenue		

TOP UNION SQUARE ACTIVITIES



77%

Visiting Greenmarket



67%

Shopping



54%

Eating

TOP SPENDING CHOICES

1 GROCERIES + GREENMARKET

2 RESTAURANTS

3 RETAIL STORES

MOST ENJOYED AMENITIES



81%

Greenmarket



71%

Union Square Park



71%

Easy Public Transportation Access

Union Square District Facts

True Urban Village

- One of NYC's most dynamic neighborhoods, Union Square boasts a **thriving cultural, retail and restaurant scene** that surrounds beautiful **Union Square Park** and its world-famous **Greenmarket**.
- Union Square is home to more than **75,000 residents** whose median age is **35**; 82% hold a college or advanced degree, and **35% own their home** while 56% rent.

RESIDENTIAL OVERVIEW

	Union Square [1/2 mile]	Manhattan	NYC
Total Population	75,489	1,631,855	8,433,086
Housing Units	44,067	877,636	3,488,882
Median Rent	\$3,900	\$3,300	\$2,316
Median Home Value	\$938,319	\$791,780	\$546,356
% Owner Occupied	35%	23%	32%
Median HH Income	\$113,930	\$70,910	\$51,754
Median Age	34.6	37.5	36.3
Average HH Size	1.69	2.1	2.6

High Traffic Neighborhood

- Daily pedestrian volumes have increased dramatically with **383,000 visitors** walking through Union Square on a summer Greenmarket Friday and more than **1M shoppers** browsing UrbanSpace's Holiday Market each December.
- With over **58M visitors** to NYC, Union Square features **600+ hotel rooms**, anchored by the W New York - Union Square and Hyatt Union Square.
- The New School and NYU bring over **60,000 students** to the neighborhood with approximately 4,410 dorm residents.

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 with almost **400** docks.
- In 2015, Union Square subway station ranked as the **4th** busiest station on weekdays and the **2nd** busiest station on weekends.
- In 2015, **35.3M riders** passed through the Union Square subway station. Transportation options include:



Dynamic Retail Cluster

- Ground-floor BID vacancy rate remains at a low **2.7%**, with over **40** new businesses opening in the past year.
- Known as the epicenter of NYC's **health + wellness scene**, **100+** innovative fitness studios, gyms, athleisure retailers, healthy eateries and juice shops are located around the Square.

RETAIL OVERVIEW

Ground Floor Businesses	897
No. of New Establishments	42
Vacancy Rate [BID]	2.7%

Avg. Ground Floor Asking Rent

Around Union Square	\$350-\$550
Fifth Ave: 14th - 23rd St.	\$394
Broadway: 14th - 23rd St.	\$510
East 14th Street	\$150-\$300
Side Streets	\$100-\$200

Thriving Business Community

- More than **9,000 businesses** employ **140,000 employees**, with TAMI tenants such as BuzzFeed, Capital One Labs, Compass, Dropbox, Ebay, Facebook, Hulu, Gawker, Mashable, Spotify, and Zillow joining neighborhood institutions Con Edison, Mount Sinai Beth Israel, NYU and The New School.

COMMERCIAL & BUSINESS OVERVIEW

Office	Union Square	Midtown South
Total Office Inventory [SF]	15M	87.6 M
Vacancy Rate	9.5%	6.7%
Average Asking Rent	Class A: \$85 Class B: \$76	Class A: \$77 Class B: \$71

Top Sectors* by No. of Firms

Prof., Scientific & Tech Services	1,488
Retail	1,249
Accommodation & Food Services	807
Information	534
Real Estate, Rental & Leasing	673
Health Care & Social Assistance	599
Finance and Insurance	400

*Categories based on NAICS Codes (1/2 mile)

Top Firms by No. of Employees

Con Edison	4,279
Mount Sinai Beth Israel	4,000
J. Crew	3,800
The New School	3,023
NYU Administration	1,600
Tory Burch	1,500
NYU Hospital for Joint Disease	1,087
New York Eye & Ear Infirmary	800
Barnes & Noble	700
BuzzFeed	600

Sources: ABS, ACS 2014, Douglas Elliman, Dun & Bradstreet, Inc., US Census 2010, CoStar, Cresa, Cushman & Wakefield, ESRI (InfoGroup, Inc.), JGSC, MTA, Pluto, REBNY, The Real Deal, The Commercial Observer, Town Residential, Zillow 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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