

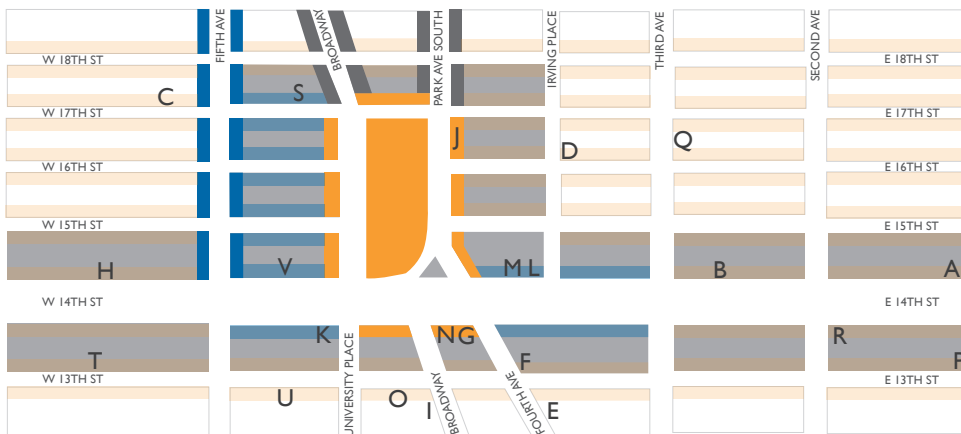
Union Square Partnership Commercial Market Report Spring 2010

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, the Union Square district has earned a reputation as one of New York City's ultimate neighborhood shopping locales.

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. Both high-end and discount clothing retailers feature the latest fashion trends, and the area is home to many of Manhattan's best eateries, making it one of the City's most delicious destinations.

Amidst, or perhaps more accurately, above the retail, Union Square is home to an equally diverse office market that has fared well in recent years because of the variety 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 information services, new media, advertising and publishing firms.

GROUND FLOOR ASKING RENTS



- \$275-\$400 / sq. ft.
- \$250-\$275 / sq. ft.
- \$200-\$275 / sq. ft.
- \$175-\$275 / sq. ft.
- \$100-\$175 / sq. ft.

Retail Establishments:	900
New Establishments ('09-'10):	40
Vacancy Rate (Core):	2.65%
Vacancy Rate (1/2 mile):	5.86%
Midtown South Avg. Rent	\$99

NEW BUSINESSES

- A. Kati Thai 347 E. 14th St.
- B. Riceton 223 E. 14th St.
- C. Rye House 11 W. 17th St.
- D. Spokesman Cycles 34 Irving Pl.
- E. Think Coffee 123 4th Ave.
- F. Dos Toros 137 4th Ave.
- G. Best Buy 52 E. 14th St.
- H. Qi Restaurant 31 W. 14th St.
- I. Callalilai 827 Broadway
- J. Pizza Bash 42 Union Square East
- K. RUN by Footlocker 34 E. 14th St.
- L. Chipotle 117 E. 14th St.
- M. Bravo Pizza 115 E. 14th St.
- N. Nordstrom Rack 60 E. 14th St.
- O. Karaoke Boho 54 E. 13th St.
- P. Select Burger 229 1st Ave.
- Q. Mondo Piatta 171 3rd Ave.
- R. Optyx 228 2nd Ave.
- S. The Pump Energy Food 17 E. 17th St.
- T. Da Andrea 35 W. 13th St.
- U. The City Tavern 22 E. 13th St.
- V. Baked by Melissa 7 E. 14th St.

RETAIL MARKET REPORT

As the country climbs out of recession, demand for retail space has remained high in the areas of New York City with high pedestrian traffic. With some of the highest pedestrian numbers in the city, the retail market appears to have stabilized, or in some cases expanded, in Union Square. Retail asking rents were

down approximately 10 percent from the previous year, which has provided opportunity for additional entrepreneurs as the market turns around. Retail vacancy rates in the retail core are the lowest recorded since early 2008 at 2.7%. Vacancy rates in the district as a whole are up just slightly from the fall at 5.9%, but are still significantly lower than they were in 2008 and early 2009.

Over 40 new businesses have opened in or around Union Square over the past year, underscoring the popularity of the district as a major retail destination for both residents and visitors alike. Whereas Manhattan has retail vacancy rates of 15% on average, Union Square has rebounded very quickly from the recession in large part due to the presence of the 150,000 visitors who roam the district daily.

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.

Coming off an economic downturn in 2008, the general New York office market also began 2009 slowly, but toward the end of the year there were indications that the market was stabilizing. Office vacancy rates were up across most of Manhattan in 2009 and asking office rents were down. However, the year ended on a positive note with a flurry of leasing activity and that activity seems to have continued through early 2010. Midtown South, in which the submarket of Union Square is located, saw four times the office leasing activity in the first quarter of 2010 as it did in the same period of 2009.

MAJOR LEASE TRANSACTIONS IN 2009/2010

Leasing Company	Address	Sq. Ft.	Price/Sq. Ft.	Lease/Sublease	Type
STV	225 Park Ave.	117,000	N/A	Lease	Renew
Natl. Repographics	44 W. 18th St	33,300	\$30	Lease	Renew
Lehr Construction	902 Broadway	33,000	\$38	Lease	Renew
Cramer-Kasselt	902 Broadway	16,500	\$38	Lease	New
902 Associates	902 Broadway	16,500	\$38	Lease	New
Continuum Health	215 Park Ave. South	16,200	N/A	Sublease	N/A
UNX LLC	215 Park Ave. South	5,000	N/A	Lease	New
American Medical Panel	200 Park Ave. South	2,422	N/A	Lease	New
Real Estate Marketing	39 W. 14th St.	1,200	\$33	Lease	New

Sources: The Real Deal, C B Richard Ellis, Jones Lang LaSalle

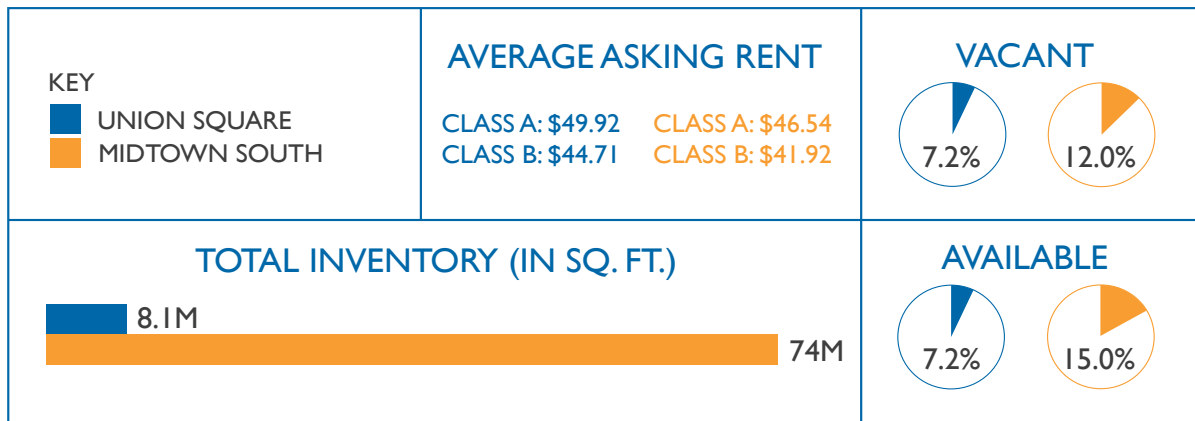
Although there are signs of economic recovery, the market is still in flux. Midtown South still posted a small negative absorption rate in 2009, which means that more office space returned to the market than was leased. Although there are signs the market is turning around, effective rents in the city reached a 5-year low in 2009.

In terms of vacancy rates, Union Square and Midtown South have fared better than other areas of the city because of its abundance of Class B office space. Additionally, because Midtown South

does not have the high rents seen in the Midtown or Downtown markets, the area had both lower rent decreases and less of an increase in vacancy rates in 2009. Union Square made out best in the city. It's 7.2 percent vacancy rate was a market low in Manhattan.

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COMMERCIAL OFFICE SPACE



Sources: CB Richard Ellis Inc, 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

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