

2016 Commercial Market Review

Office Market Overview

Hudson Square is, in many ways, a place catching up with its own success as a major hub for the creative economy. The adjusted year-end vacancy rate was 5.8%, 70 basis points lower than the Midtown South submarket. However, the renovation and repositioning of 161 Avenue of the Americas, 233 Spring, and 315 Hudson resulted in an overall vacancy rate of 10.1%. Although this is a temporary upswing in the overall vacancy rate, rents also trended slightly downward from the previous year. Still, the fourth quarter average asking rent closed at nearly \$66 per SF, compared to \$65 in Midtown South and \$61 for all of Manhattan. The asking price remained in the high \$70s to mid \$80s per SF for premium spaces.

9.3 million*
square feet of commercial
space inventory

472,077
square feet of leasing
activity in 2016

-18.3%
change in leasing activity,
year-over-year

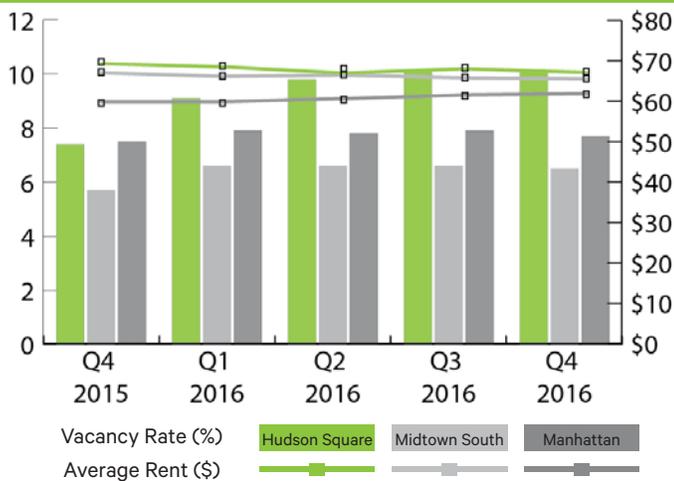
10.1%
vacancy rate

\$65.91
average asking rent per
square foot, Q4 2016

-2.8%
change in average rent,
year-over-year

*per Co-Star, survey information may vary slightly from year to year; all numbers include buildings under renovation

Vacancy Rates + Average Asking Rent Q4 2015 - Q4 2016



Vacancy Rates + Average Asking Rent 3-Year Averages

	Hudson Square	Midtown South	Manhattan
Vacancy Rate	6.6%	6.3%	7.8%
Average Rent	\$66.52	\$64.01	\$58.26

Top Office Leases, 2016

Tenant Location	SF Lease Transaction Type	Term Asking Rent	Quarter Signed Sector
Galvanize 315 Hudson	54,590 New Office	N/A \$75/SF	Q2 TAMI* (Technology), Education
One Kings Lane 315 Hudson	51,576 Renewal	10 years \$75/SF	Q3 TAMI (E-commerce)
Deloitte Digital 330 Hudson	37,358 New Office	12 years \$85/SF	Q4 TAMI (Marketing)
DoubleVerify 233 Spring	31,753 Moved HQ from Midtown	5 years \$80/SF	Q2 TAMI (Marketing, Technology)
Embassy Row 325 Hudson	30,697 Expansion	10 years high \$60s/SF	Q3 TAMI (Media)

The top five deals of 2016 account for 206,000 SF representing nearly 45% of all leasing activity in 2016. Topping the list, Galvanize - a Colorado-based coding school - inked a lease to open their first campus in the New York market. Further signaling the recent shift toward technology firms, two of the top four deals in 2016 involved technology-related companies. All five of the top deals involved TAMI tenants, highlighting the attractiveness of Hudson Square as a campus-like environment for creative companies.

*TAMI - Technology, advertising, media, and information

Hudson Square is the place to be

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Retail Market Overview

In 2016, nowhere was the transitional nature of Hudson Square's commercial leasing more apparent than in retail activity. Legacy, larger footprint retailers - such as the Grainger industrial supply store, Janovic paint store, and Jazzy's deli - were no longer suitable for the market and moved out. This transition resulted in a dramatic increase in the retail vacancy rate. Meanwhile, signed leases accounted for a total of 11,000 SF, with 131,000 SF of retail space remaining on the market. For the third straight year, the majority of leased retail spaces had footprints smaller than 3,500 SF, whereas 13 of the 21 currently available spaces have footprints larger than 4,000 SF.

508,000*
square feet of retail space inventory

10,570
square feet of leasing activity in 2016

18.6%
vacancy rate

131,000
square feet of available retail space

*per NYC PLUTO and CoStar; based on 2016 update of inventory

Signed Leases, 2016

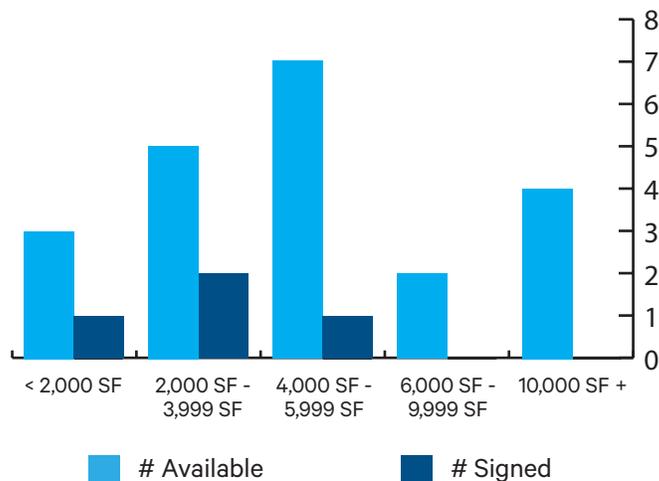
Local & Vine
282 Hudson Street
1,100 SF | New Lease

Harold's Meat and Three
231 Hudson Street
2,734 SF | New Lease

Exquisite Surfaces
95 Vandam Street
4,400 SF | New Lease

Tenant TBA
375 Hudson Street
2,336 SF | New Lease

Retail Leases Signed + Remaining Availability*



*includes spaces currently on the market for future availability

We are the Hudson Square Connection We're a Business Improvement District.

Since July 2009, the Hudson Square Connection has overseen the transformation of Manhattan's former Printing District into a creative hub that is home to more than 40,000 people working in advertising, design, media, communications, technology and other creative businesses. The area we manage is generally bounded by West Houston Street on the north, Canal Street on the south, 6th Avenue on the east and Greenwich Street on the west.

For more information, contact us at HudsonSquareBID.org.

Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. Economic data is sourced from CoStar. Transaction details are sourced from the Real Deal, Commercial Observer, Wall Street Journal, Crain's New York, YIMBY, Real Estate Weekly and CoStar. Retail square footage is sourced from the NYC PLUTO dataset and CoStar.

