

Photos: Choi + Ropflia Architects (p. 1), Times Square Alliance (p. 2), and Sarah Shatz (p. 4, 6)

Dear Friends of Times Square,

The Times Square Alliance began its first minute of 2005 out on the streets cleaning up the celebration, revelry, and refuse from New Year's Eve. As a truly 24-hour neighborhood, Times Square is perpetually in motion, and it's our job to keep up. This last quarter closed out the final events in our year-long centennial celebration with the Times Square Centennial Film Festival, which offered the public a rare opportunity to see classic films that either featured Times Square or came from the Broadway stage.

The Alliance, working with the Theatre Development Fund and the Coalition for Father Duffy, has made major progress in efforts to renovate Duffy Square. We've hired a client representative and construction manager and are working through a host of design and budget issues, with a goal of construction commencing in 2006.

In the meantime, more cutting-edge businesses and restaurants are coming to Times Square. This quarter, for example, we welcomed Andre Balazs's beautifully designed Hotel QT to 45th Street, complete with a swimming pool in its lobby!

The start of 2005 also saw the launch of Crossroads: The Times Square Card. Issued exclusively to Times Square employees and residents, the Crossroads Card is a passport to exclusive savings, promotions and opportunities offered by Times Square restaurants, delis, retailers, attractions, theaters and more. More than ever, we are looking for ways to better serve our employees and residents by promoting all that Times Square has to offer.

Sincerely,

Tim Tompkins
President

Jeffrey R. Gural
Chairman

QTR1 2005

INDICATOR REPORT



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SQUARE
ALLIANCE

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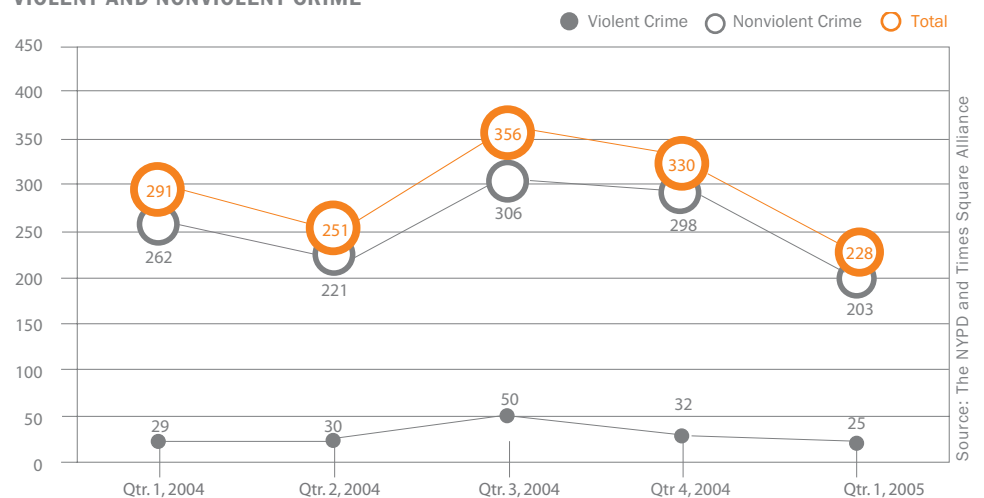


From L-R: Anthony Egleston, Patrick Anderson, Tanya Seawright, Joel Greenbaum, and Sarath Wijesekera.

SAFETY AND QUALITY OF LIFE INDICATORS

Overall crime saw a significant downturn for the 1st quarter of 2005, with 228 crimes, a 22% decrease over the same period 2004. Violent crime reached a record low with 25 violent crimes. Public Safety and Information Officer posts were reconfigured in the 1st quarter for the first time since the mid-1990s, allowing for greater visibility and an increased street presence during high-traffic times. In addition, the Midtown North and Midtown South Police Departments have been working diligently to address pick-pocketing and grand larcenies (usually computers stolen from offices) in the area.

VIOLENT AND NONVIOLENT CRIME*



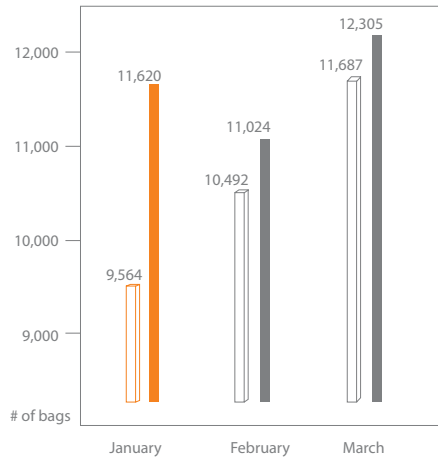
Source: The NYPD and Times Square Alliance

* Violent crime includes murder, rape, robbery and assault. Non-violent crime includes burglary, grand larceny, and grand larceny from a person.

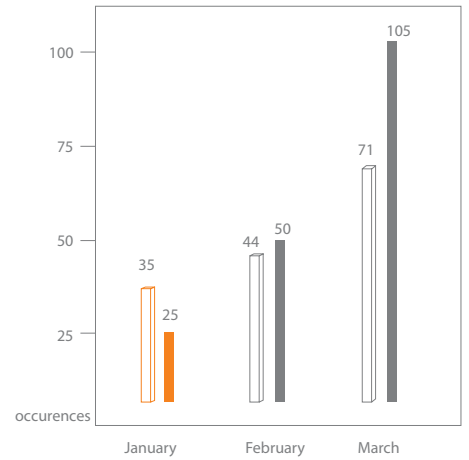
TIMES SQUARE SANITATION

As our pedestrian counts continue to skyrocket, so does the amount of trash on our streets. The Times Square Sanitation division worked hard in the winter months filling an astonishing 21% more bags in January 2005 than in 2004. Poor weather conditions kept graffiti removal low in January and February, but warmer weather in March allowed the sanitation division to do some “spring cleaning” and remove 106 “hits” of graffiti and 366 stickers in one month. They removed a total of 34,949 bags for the quarter, or an average of 388 bags per day.

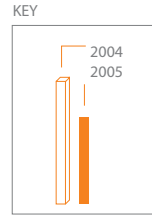
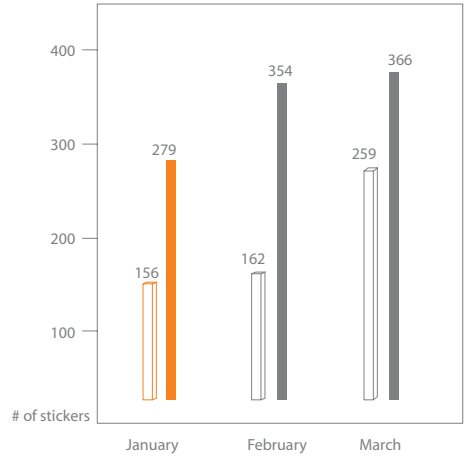
BAGS FILLED



GRAFFITI REMOVED



STICKERS REMOVED

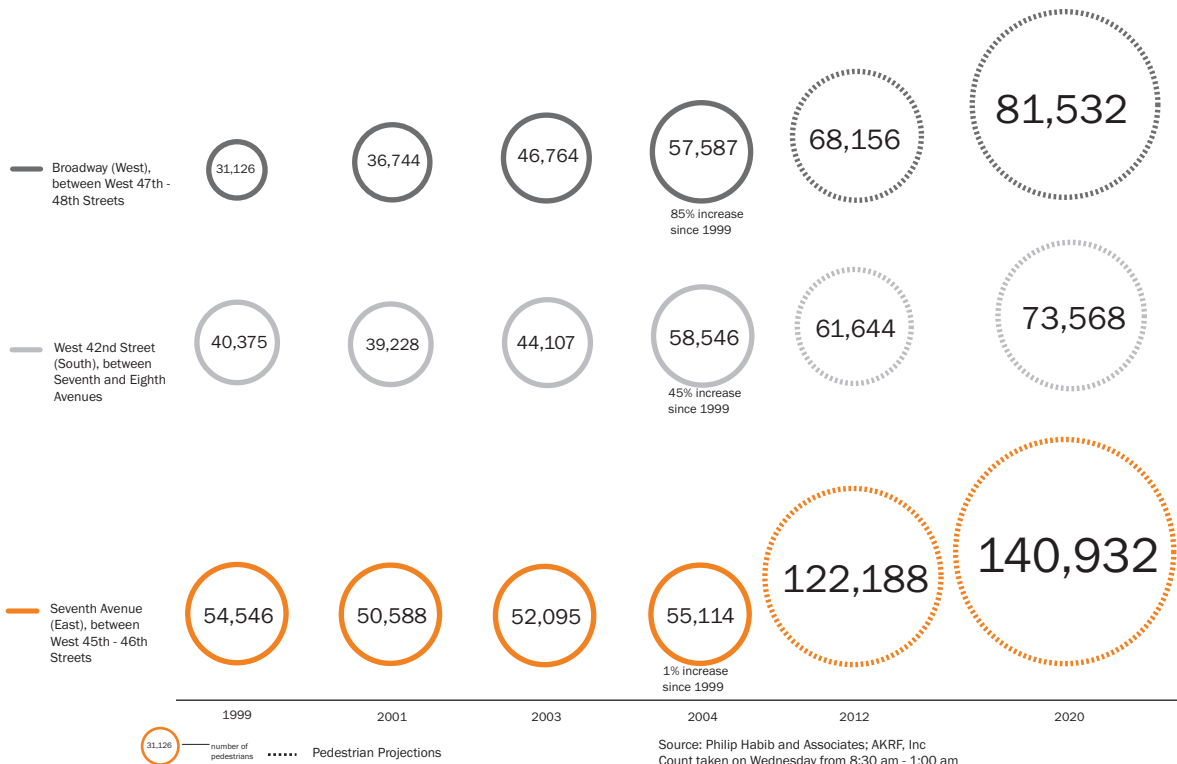


21%

Percent increase in number of bags of trash filled by Times Square Alliance sanitation workers from January 2004 to January 2005.

STUDIES SHOW INCREASING PEDESTRIAN COUNTS, 1999 – 2020

Recent studies for the Alliance by consultants AKRF and Philip Habib and Associates revealed a staggering increase in pedestrians, with an 85% increase since 1999 at Broadway between 47th and 48th Streets. AKRF estimates an even more dramatic increase at the same location by 2020. That means more customers, but also a pressing need for more pedestrian space.





REAL ESTATE INDICATORS

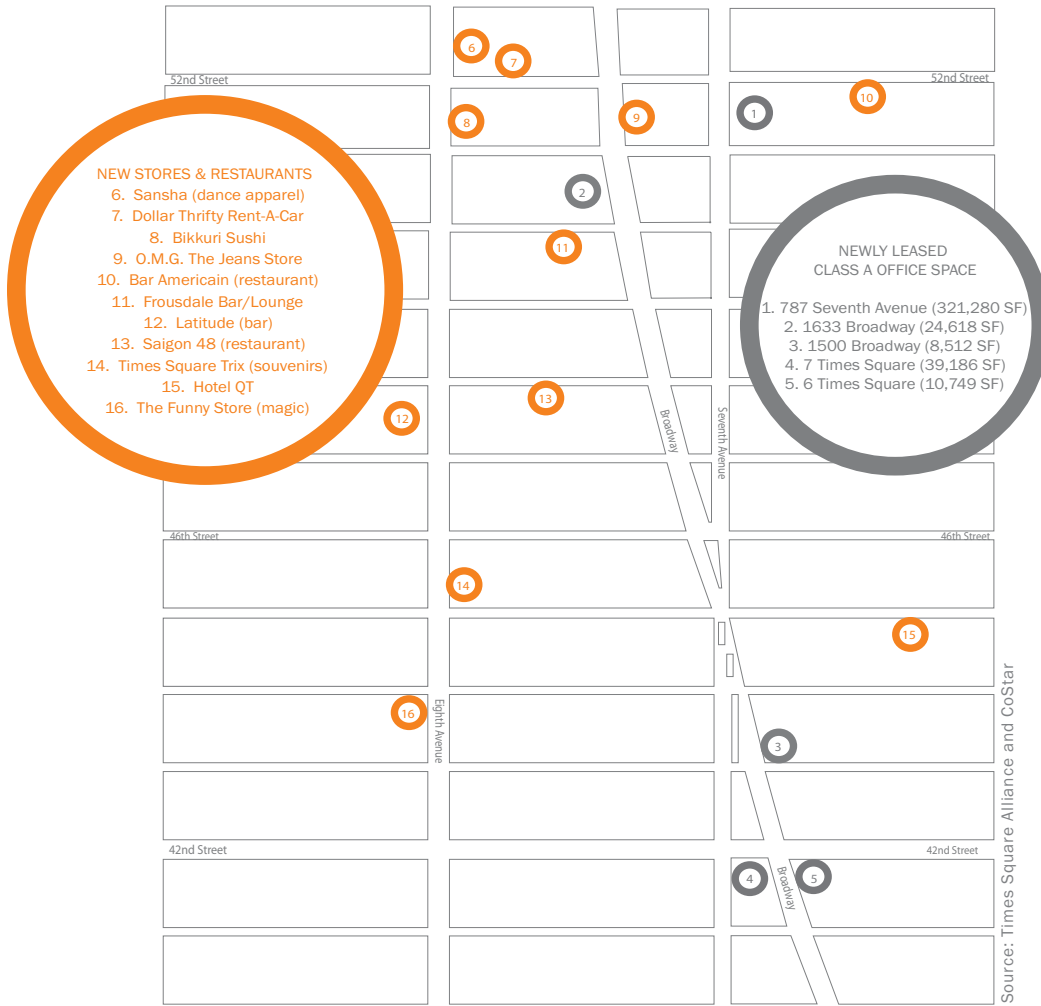
596,884

Class A square footage leased in Times Square this quarter.

Real Estate Update: The Eighth Avenue corridor is heating up with two of the most exciting buildings under construction in New York – the Hearst building at Eighth Avenue and 57th Street (a few blocks north of our district), and the New York Times Building at Eighth Avenue between 40th and 41st Streets, both scheduled to be completed in spring 2006. Complemented by a budding retail initiative by the Port Authority at Eighth Avenue and 40th Street and a new Alliance working group to improve the retail and streetscape environment of Eighth Avenue, these world-class architectural anchors will frame a resurgent corridor.

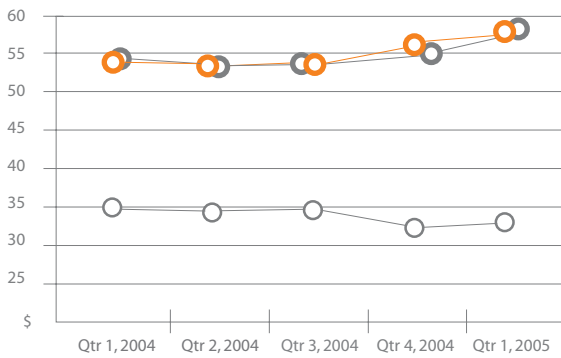
In the office market, thirty-nine Class A transactions took place in the district this quarter with a whopping total of 596,884 square feet leased, 321,280 square feet representing a renewal by PNB Paribas at 787 Seventh Avenue. Major leasing deals this quarter include The Walt Disney Company at 1500 Broadway; First Fortis Life Insurance Co., Bowne & Company, and Mendelsohn Kary Bell & Natoli, LLP at 1633 Broadway; Goldberg, Weprin & Ustin at 1501 Broadway; Weiser LLP at 135 W. 50th Street; Excelsior Radio Networks at 220 W. 42nd Street; and Sloane & Company at 7 Times Square.

The average 1st quarter rental rate for available office space in New York City, all classes, was \$40.59 per square foot. Within the Alliance, the asking rental rate reached an average of \$53.68 per square foot with a 93% occupancy rate.

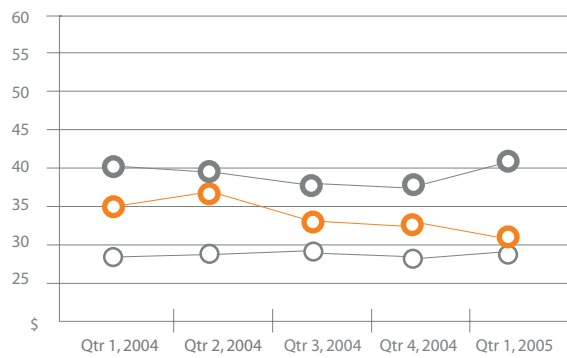


● Alliance
 ● Midtown
 ● Downtown

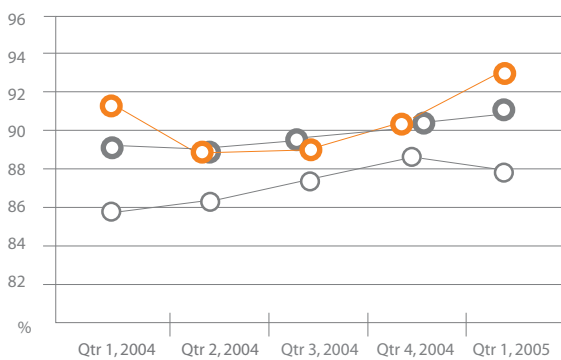
CLASS A OFFICE: Average Asking Rent



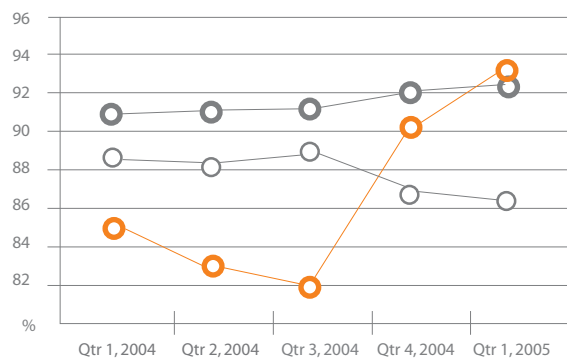
CLASS B&C OFFICE: Average Asking Rent



CLASS A OFFICE: Occupancy Rates



CLASS B&C OFFICE: Occupancy Rates



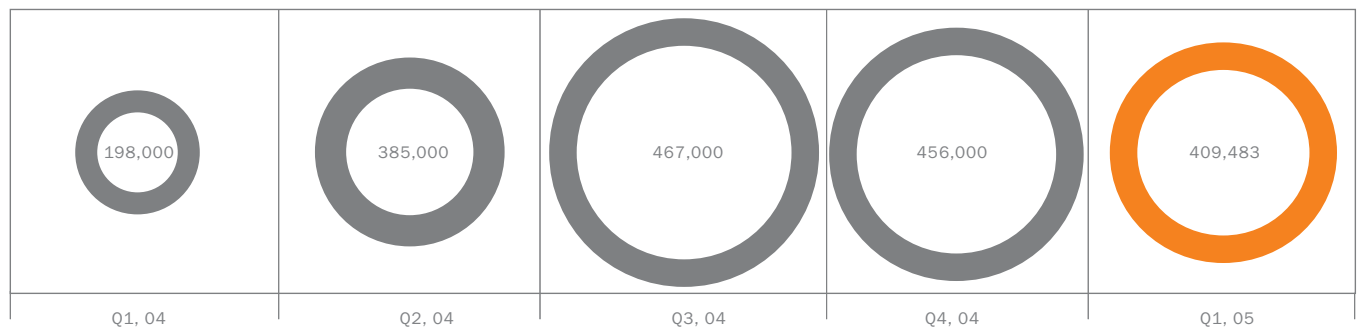
* Numbers include direct and sublet figures

Source: CoStar Group



TOURISM AND CONSTITUENT SERVICES INDICATORS

TIMES SQUARE INFORMATION CENTER PATRONAGE (Total Number of Visitors)

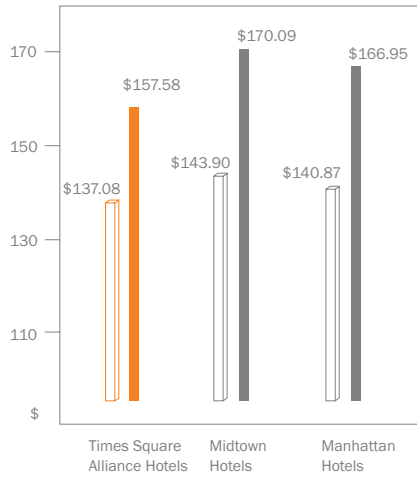


Source: Times Square Alliance

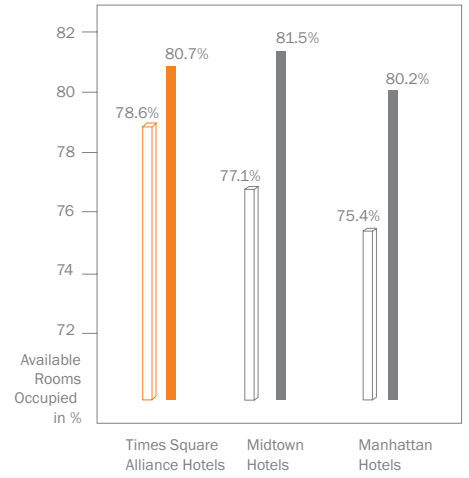
Times Square saw a burst of visitors to its Information Center with 199,000 visitors in the month of March alone. With a total of 409,000 visitors, the first quarter total represents a 107% increase over the number of visitors in the same period 2004.

The hotel industry continues to see its numbers rise across the city and Times Square hotels remain largely booked. Revenue per available room jumped Manhattan-wide in the 1st quarter. Times Square Alliance hotels were right on track with a 15% increase over 2004. Times Square continued to enjoy a slightly higher occupancy rate but slightly lower revenue per available room and average hotel room rates than Midtown and Manhattan-wide.

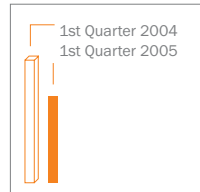
REVENUE PER AVAILABLE ROOM (REVPAR)



HOTEL OCCUPANCY



KEY



50,000

Number of Crossroads cards distributed during the first three months of the promotional program offering exclusive discounts to area residents and employees.

AVERAGE HOTEL ROOM RATES



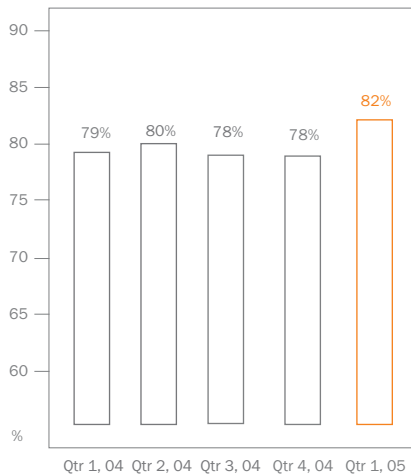
Source: PKF Consulting

780

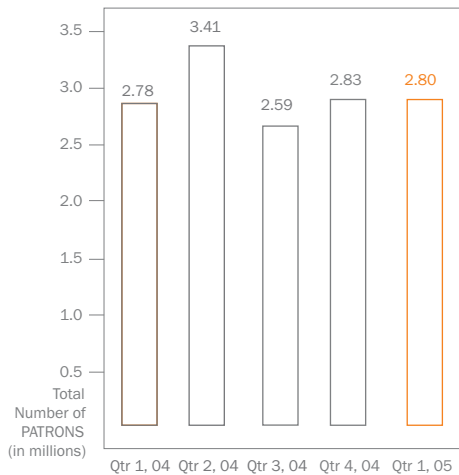
People signing up to be on our e-mail lists from the Times Square Alliance website during the first three months of 2005.

During the 1st quarter of 2005, there was an average of 27 shows playing each week, with a total paid attendance of 2,795,902, representing 82% of the total capacity of the theatres. Attendance and the average number of shows playing were right on par with the same period 2004, although this year saw a higher percentage of occupied seats.

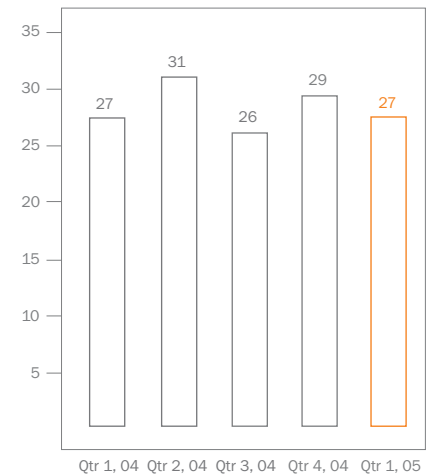
OCCUPIED SEATS



BROADWAY SHOW ATTENDANCE



AVERAGE NUMBER OF SHOWS PLAYING



Source: League of American Theatres and Producers