# TIMES SQUARE QUARTERLY MARKET REVIEW Q4 2011

TIMES SQUARE ALLIANCE
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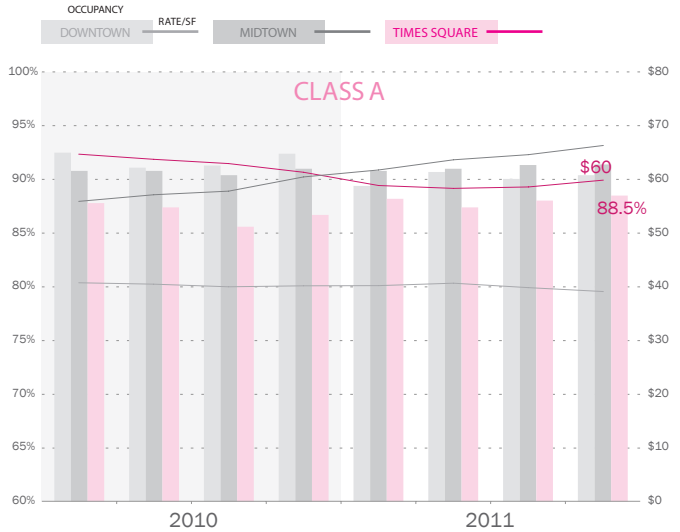
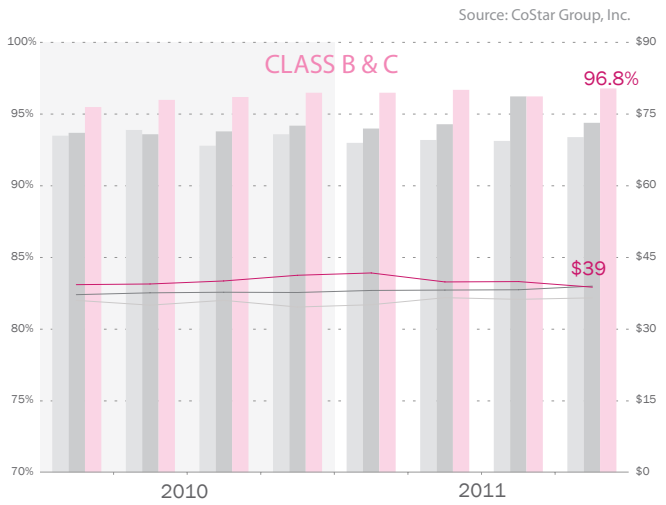
## COMMERCIAL REAL ESTATE QUARTERLY RATES AND OCCUPANCY




Times Square figures include commercial properties within BID boundaries; Downtown and Midtown figures based on CoStar submarkets. Average monthly rates include direct and sublet figures.

## LEASING ACTIVITY

| | Address | Class | SF | Sign | Move | Term | Price | Tenant |
|---|---|---|---|---|---|---|---|---|
| CLASS A | 120 W 45th St | A | 8,053 | 10/5/11 | 3/1/12 | – | $70/SF | – |
| | 120 W 45th St | A | 10,750 | 10/10/11 | 1/8/12 | 3 yrs | – | – |
| | 825 Eighth Ave | A | 2,389 | 10/14/11 | 11/1/11 | – | – | – |
| | 1601-1611 Broadway | A | 13,357 | 10/23/11 | 1/21/12 | 4.5 yrs | $36/SF | – |
| | 787 Seventh Ave | A | 17,629 | 10/24/11 | 1/22/12 | 5 yrs | – | – |
| | 1585 Broadway | A | 262 | 10/31/11 | 10/31/11 | – | – | – |
| | 1500 Broadway | A | 7,991 | 11/2/11 | 1/1/12 | 2.5 yrs | – | – |
| | 1500 Broadway | A | 6,643 | 11/4/11 | 1/3/12 | – | – | – |
| | 120 W 45th St | A | 10,750 | 11/15/11 | 11/15/11 | 4 yrs | – | Perimeter Internetworking Corp. |
| | 1633 Broadway | A | 24,876 | 11/21/11 | 2/19/12 | 12 yrs | – | – |
| | 7 Times Sq | A | 6,666 | 11/30/11 | 1/29/12 | – | $65/SF | – |
| | 7 Times Sq | A | 3,944 | 11/30/11 | 12/30/11 | – | $63/SF | – |
| | 4 Times Sq | A | 37,281 | 12/7/11 | 5/5/12 | 2 yrs | – | – |
| | 1633 Broadway | A | 86,137 | 12/15/11 | 6/2/12 | – | $55/SF | Digital Generation, Inc. |
| | 120 W 45th St | A | 13,313 | 12/19/11 | 1/13/12 | 1 yr | – | Coleman Research Group, Inc. |
| | **Total** | | **250,041 SF** | | | | | |
| CLASS B | 115 W 45th St | B | 1,400 | 10/7/11 | 11/1/11 | 2 yrs | $35/SF | – |
| | 220 W 42nd St | B | 2,200 | 10/18/11 | 11/17/11 | – | – | – |
| | 230 W 41st St | B | 3,407 | 10/19/11 | 11/18/11 | 2.5 yrs | – | – |
| | 1501 Broadway | B | 865 | 10/19/11 | – | 2 yrs | – | Charles J. Fine |
| | 230 W 41st St | B | 9,009 | 11/1/11 | 12/31/11 | – | – | Equity Office |
| | 571 Seventh Ave | B | 1,884 | 11/1/11 | 12/1/11 | – | $41/SF | – |
| | 570 Seventh Ave | B | 1,307 | 11/1/11 | 12/1/11 | – | $41/SF | – |
| | 220 W 42nd St | B | 23,266 | 11/7/11 | 2/5/12 | 8.5 yrs | | – |
| | 220 W 42nd St | B | 15,924 | 11/7/11 | 2/5/12 | 8.5 yrs | | – |
| | 130 W 42nd St | B | 2,500 | 11/9/11 | 12/9/11 | – | – | – |
| | 230 W 41st St | B | 4,492 | 12/7/11 | 12/10/11 | 2 yrs | – | NY Office Systems |
| | 729 Seventh Ave | B | 7,902 | 12/8/11 | 1/1/12 | – | – | – |
| | **Total** | | **74,156 SF** | | | | | |
| CLASS C | 155 W 46th St | C | 1,800 | 10/1/11 | 11/1/11 | – | $28/SF | – |
| | 300 W 43rd St | C | 2,500 | 11/10/11 | 12/10/11 | 5 yrs | $45/SF | Roy Arias Studios |
| | 303 W 42nd St | C | 1,000 | 11/10/11 | 11/10/11 | 5 yrs | $42/SF | – |
| | 300 W 43rd St | C | 1,541 | 12/27/11 | 1/26/12 | – | $45/SF | – |
| | 303 W 42nd St | C | 400 | 12/27/11 | 12/27/11 | 1 yr | $45/SF | – |
| | **Total** | | **7,241 SF** | | | | | |

Source: CoStar Group, Inc.

In Class A buildings, occupancy rose slightly to 88.5% and the average rate went up by a healthy $1.23/SF to $59.93 Times Square rates continues to track with Midtown's, while Downtown saw a small decline. Over 250,000 SF was leased in Class A this quarter, well above the 90,000 for Q3 but still generally quiet. The largest deal was 88,137 SF leased by Digital Generation Inc. in Paramount Plaza (1633 Broadway) at $55/SF. Two smaller leases at 7 Times Square saw rates in excess of $80/SF.

In Class B/C buildings, Times Square occupany rose to 96.8% while the average rate droped by $1.09/SF to $38.88. Midtown Class B/C rates exceeded those in Times Square for the first time since Q4 2007. The volume of leasing was up from last quarter, with 81,397 SF signed. The largest deal was an 8.5 year lease of 23,266 SF in 220 W 42nd St.



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# RETAIL

Observed during district walks, Q4 2011.

Source: Times S quare Alliance and CoStar

Q4 2011 saw 11 new openings and reopenings in Times Square, just in time for a holiday shopping season when Times Square draw its largest annual crowds. In addition to a number of new dining options, Q4 saw an opening of Aldo Shoes on 42nd street, and if current sales trends continue the store is on pace to become the brand's most profitable location.

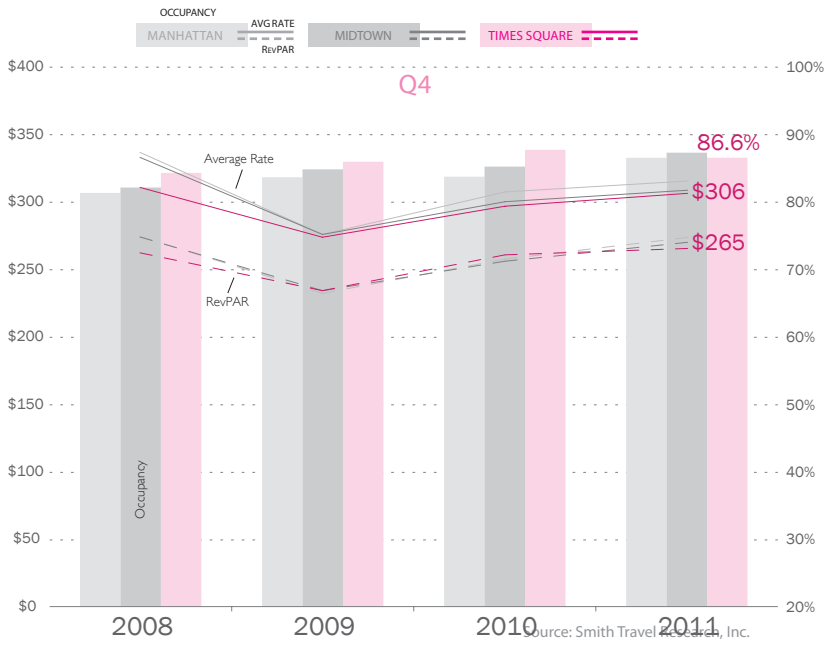
In long-term trends, 7th Avenue between 46th and 49th seems poised for development. In Q4 upscale clothing retailer Superdry leased 17,000 SF in 729 7th Avenue, and moves are underway to consolidate ground level storefronts in 1560 Broadway at 46th and 7th.

Q4 was also a busy time for the Times Square Alliance, with the final three Broadway plaza food vendors opening: SnackBox, Nuchas, and Rickshaw. In addition, Starbucks opened up a small location in the Times Square Info Center.

# HOTELS RATES, REVENUE & OCCUPANCY

Another mixed quarter for Times Square hotels. Q4 ADR grew to $306, up 3.1% from 2010 and 11.5% from 2009. Unfortunately RevPar was near-stagnant, growing only $4.57, due to declining occupany ftom 87.8% in Q4 2010 to 86.6%. Midtown and Downtown led Times Square in RevPAR for the 4th straight quarter, although the gap did narrow since Q3.

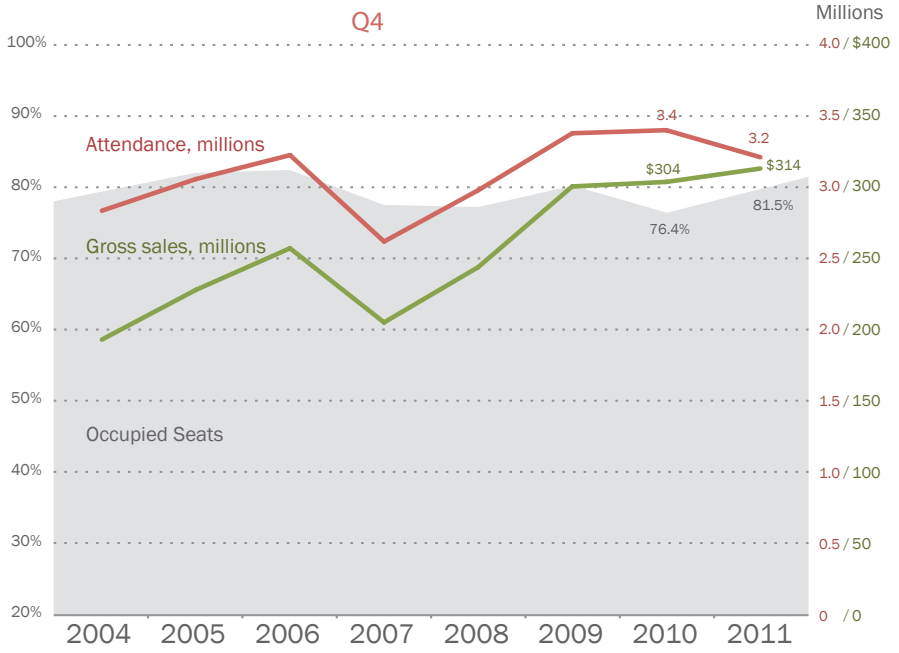
As shown above, two new hotels (CitizenM and Extell) are under construction in Times Square, with renovation work being done on two more (Milford Plaza and the Hilton).

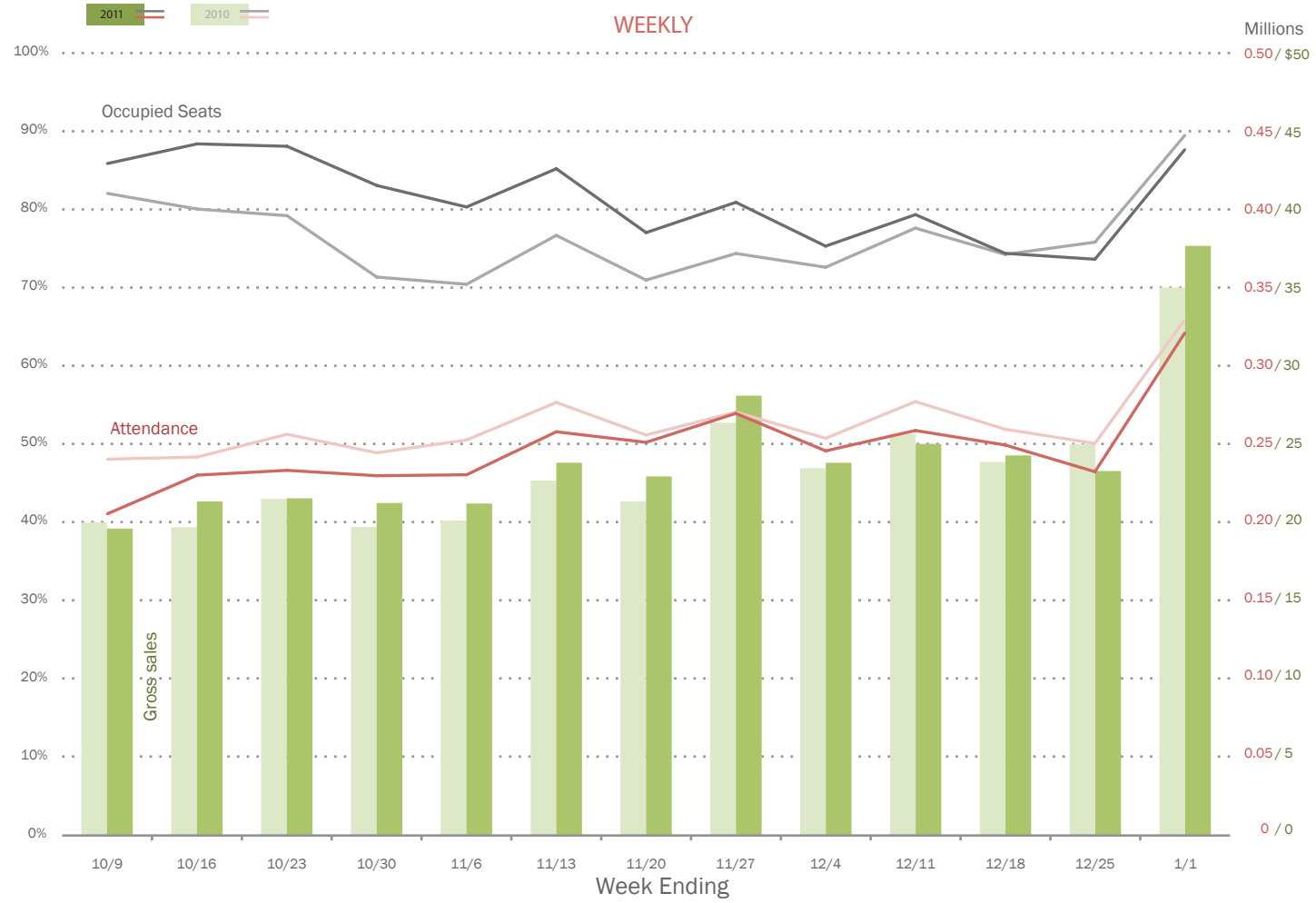



Source: Smith Travel Research, Inc.

# BROADWAY THEATERS

Source: The Broadway League




Q4 was mixed for Broadway compared to 2010, as a smaller collection of more succesful shows led to peaks in occupancy (81.5%) and gross sales ($314 million), but a slight drop in total attendance (down to 3.2 million).

Five shows dominated the holiday season with occupancies over 97% over three months (*The Book of Mormon*, *War Horse*, *The Lion King*, *Hugh Jackman: Back on Broadway*, and *Wicked*). These shows grossed $92.3 million for the quarter, 29% of Broadway's total sales.