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Culture Drives Midtown South Demand (and could drive tenants to NoMad)

By Karsten Strauss

The popularity of **Midtown South** is no secret in the New York commercial market, but **NoMad** may be the natural landing point for firms priced out of the city's most popular office neighborhood.

The umbrella term, "tech," is used too often, according to **Ash Zandieh**, director of **TechStarter**—the creative division of **ABS Partners**.

Specifically, it's the media, fashion, ecommerce, mobile and advertising tenants that are really driving the run on Midtown South, according to the firm's recent fourth quarter report on New York's startup scene. Those sectors drove rents up by 10 percent since the first quarter of last year, reaching nearly \$70 per square foot.

The real estate and economic footprint of the city's technology companies has increased, on average, by 44.74 percent since the beginning of 2012.



The Ace Hotel on West 29th Street
(photo: Scott Beale on Flickr).

The so-called NoMad neighborhood, or the area north of Madison, has the cultural draw to attract media and creative startups without the price point of Midtown South, said Mr. Zandieh, pointing to **the rise of the Ace Hotel at 20 West 29th Street. And culture is one of the reasons New York's Silicon Alley exists**, he said.

The attraction an area like Midtown South has for media startups is the promise of interaction with others in the same field, Mr. Zandieh added. There's also the added advantage of having potential professional collaborators a short walk away, enhancing the ease of adaptability that is a startup's greatest strength, he added.

Finally, there's the added location bragging rights that can mean the difference between securing the best personnel and having to hire B players.

“The (most) scarce resources are developers and engineers,” Mr. Zandieh said. “In New York City there is a lack of developers and engineers and the ones that are coming here are coming from the west coast, from Silicon Valley.

“Those engineers that are coming from the West Coast to the East Coast only know what they read, and they understand that Silicon Alley is traditionally Union Square and Flatiron, between 23rd and 14th streets, and some parts east, some parts west.” That reputation, plus advantages in transportation and nightlife, could drive continued interest in the neighborhood as not only a prime industry location but also a recruitment tool.

Other fledgling media and technology companies will find their way to lower Manhattan, where a glut of vacancies and decent price points will benefit startups looking to save capital. One such tenant is **Socratic Labs**, an education technology incubator that ABS placed into 15,000-square-foot lease at 44 Wall Street after the firm decided to leave its current location at The Alley—a co-working location on Seventh Avenue at 37th Street.



Ash Zandieh, director of TechStarter—the creative division of ABS Partners.



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