

Tech Report: Media Tech

Location Matters:

Demand for creative space continues to drive rental activity in Midtown South. Start-ups are rapidly growing both financially, benefitting from venture capital (VC) funding, and also in terms of size, leading to expansion and job creation within the tech community. Due to the oversaturation and high rents in Flatiron/Union Square, start-ups have begun migrating south to Chelsea and TriBeCa.

Tech's Footprint on Real Estate:

Tech's real estate footprint has increased from 3.8 million square feet in 2010 to 6 million square feet in 2012, according to the Center for an Urban Future. Between 2007 and 2011, the number of VC deals increased 32%. Overall, there are currently well over 1,000 tech start-ups in the city. Of the tech start-ups founded in New York since 2007, 15 have raised over \$50 million in capital, collectively. Furthermore, the number of incubators/accelerators went from zero in 2008 to 12 in 2012.

Real Estate isn't a hurdle for start-ups. With the benefit of incubators/accelerators, in recent years start-ups have been flexible in adapting their real estate needs as space becomes available. However, real estate in Midtown South has become scarcer and, to some degree, more expensive. Even though start-ups are benefitting from incubators/accelerators today, chances are, when boutique investment firms, hedge funds, and other sectors begin to grow again, desirable space may become less available.

Media Tech:

New York City has a strong hold on the media sector. The tech sector is largely tied and integrated into existing industries, particularly media. Midtown South is dominated by media tech tenancy. According to NYC Digital Future, media tech start-ups account for more than a quarter of all start-ups in New York City. This is likely because, media tech start-ups can benefit from being closer in physical proximity to their customers.

Media tech start-ups benefit from content providers, such as news organizations, informational portals, and TV/Video streaming platforms. New York City being the nation's largest outlet, these media tech start-ups can benefit from close proximity to these content providers.



Photo from 401Broadway.com



Photo from DezerProperties.com

Buildings To Watch For:

- 401 Broadway - (ABS Partners Real Estate, LLC)
 - 145 W 28th Street - (Winoker Realty Company, Inc.)
- Both buildings, 401 Broadway and 145 W 28th Street, benefit from large over-sized windows, exposed ceilings, competitive rent, access to transportation, and amazing views...exactly what start-ups are looking for.

Deal Makers: Midtown South's Largest Leases - Q2

J.C. Penney signed a new lease for 123,000 square feet at 200 Lafayette Street, a newly-renovated building in SoHo.

New York University signed a sublease at 105 East 17th Street for 125,000 square feet.

Reshaping the Media Landscape:

The Financial District (FiDi), which is not typically known for being the epicenter of cool, is getting a media juggernaut, Condé Nast, moving into 1 World Trade. While Google, AOL, eBay, and Gilt Groupe continue to anchor much of Midtown South, it is assumed that geographic diversification is key in changing the city's economic landscape. Even though FiDi has a few start-ups, and prospective tenants would benefit from internet-ready spaces, and competitive rent in Class B buildings, FiDi has still not fully addressed a relative lack of access to transportation, restaurants, and life style accommodations, critical to attracting some media tech start-ups.

