

GOING TO THE HEAD OF THE CLASS:

The Growth Of Higher Education In Lower Manhattan

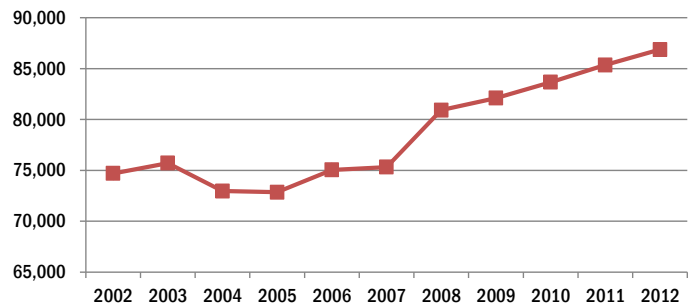
Higher Education: A Growth Sector In Quiet Force

Since 1659, when a renowned Latin school was established on Broad Street in Lower Manhattan, New York City has enjoyed a rich tradition of learning. Now, a new era of vibrancy in higher education is flourishing here. With an expanding number of students and institutions, New York's post-secondary education sector is growing in every borough. Half a million students are enrolled in 1,003 higher education establishments¹ in the city, and both of those figures are steadily rising. New York's total number of institutions increased by 21 percent since 2002, and employment in higher education has jumped 16 percent during the same period².

In Lower Manhattan, growth among educational institutions reflects this broader trend and contributes to the unique character and dynamism of the neighborhood. Annual leasing to higher education tenants in the district has increased by 82 percent since 2004³. Student enrollment south of Chambers Street has nearly doubled since 2006, surging from 27,000 to almost 50,000.

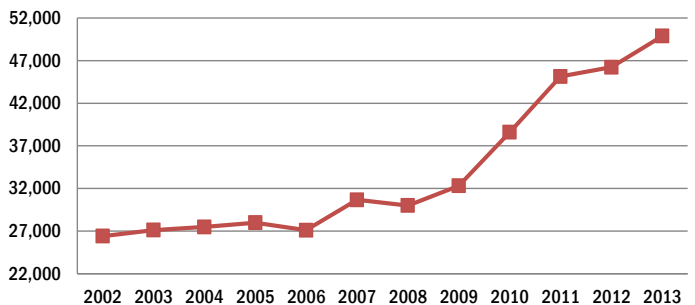
The district's schools comprise a diverse array of institutions that offer a range of degrees, from associates to advanced. Some have a long-established presence in Lower Manhattan, such as Borough of Manhattan Community College (BMCC) and Pace University, both of whom own

**Total Annual Employment in
Higher Education Sector - New York City**



Source: US Bureau of Labor Statistics

**Lower Manhattan's Annual
Student Enrollment**



Source: Alliance for Downtown New York

LOWER MANHATTAN HIGHER EDUCATION INSTITUTIONS

Institution	Address	Student Enrollment ⁴	Year Located in LM	Public/Private
Borough of Manhattan Community College	199 Chambers Street	23,647	1964	public
New York University, School of Continuing & Professional Studies	233 Broadway	9,109	2003	private
Pace University, New York City Campus	1 Pace Plaza	8,207	1906	private
New York Film Academy, Battery Place Campus ⁵	17 Battery Place South	1,950	2013	private
TSC Training Academy	2 Cortlandt Street	1,800	2010	private
Nyack College, New York City Campus	2 Washington Street	1,400	2013	private
City College of New York, Center for Worker Education	25 Broadway	700	2007	public
St. John's University, Manhattan Campus ⁶	101 Murray Street	427	2001	private
College of New Rochelle, DC 37 Campus	125 Barclay Street	311	1972	private
King's College	56 Broadway	300	2012	private
Brooklyn College, Graduate Center for Worker Education	25 Broadway	225	2006	public
NYU Polytechnic School of Engineering, Manhattan Campus	55 Broad Street	150	2008	private
Mildred Elley College, New York City Campus	25 Broadway	130	2010	private
The Flatiron School	11 Broadway	102	2013	private
Olivet College of Business, New York City Campus	6 Barclay Street	40	2013	private
Total Students in Lower Manhattan		48,498		
Pacific College of Oriental Medicine ⁷ (opened early 2014)	110 William Street	500	2014	private
Institute of Culinary Education (opening late 2014)	225 Liberty Street	800	2014	private

THE GROWTH OF HIGHER EDUCATION IN LOWER MANHATTAN

RECENT ADDITIONS TO LOWER MANHATTAN

2012
Borough of Manhattan Community College (BMCC) unveiled the 400,000-square-foot Fiterman Hall at 245 Greenwich Street for the 2012-2013 academic year. The \$325 million building replaces the original one that was damaged on September 11 th . The 15-story facility provides 80 classrooms, an art center and café.
Pace University's Department of Performing Arts opened a 50,000-square-foot facility at 140 William Street for its dance and visual arts programs, featuring rehearsal spaces, television and recording studios, and a 100-seat theater.
NYU's School of Continuing and Professional Studies renewed a 64,000-square-foot lease at the Woolworth Building.
King's College relocated from Midtown to a 52,000-square-foot space at 56 Broadway.
2013
Pace University opened a new dormitory for 600 students at 182 Broadway. The building brought an additional 24,000 square feet of ground floor retail to the site.
Nyack College opened its New York City campus at a 166,000-square-foot space at 2 Washington Street in 2013.
New York Film Academy established a second location at 17 Battery Place South, occupying 75,000 square feet.
Pacific College of Oriental Medicine relocated from Midtown South with a 42,000-square-foot lease at 110 William Street.
The Flatiron School relocated from Midtown South with a 11,000-square-foot lease at 11 Broadway.
Coming Soon
The Institute of Culinary Education will relocate from Midtown South and occupy a 71,000-square-foot facility at 225 Liberty Street at Brookfield Place.
Pace University is scheduled to open a 34-story, 385-bed dormitory at 33 Beekman Street for the 2015-2016 academic year.

Source: Alliance for Downtown New York

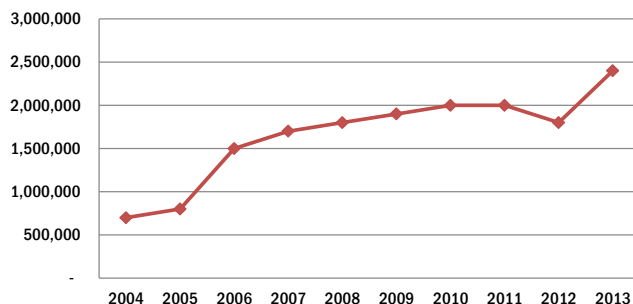
and lease considerable real estate. Another long-standing stakeholder is New York University's School of Continuing and Professional Studies. Several institutions are growing; most notably, BMCC recently invested \$325 million in its brand-new Fiterman Hall, a 400,000-square-foot building, which replaces its original building damaged on September 11th. They have been joined by many newcomers, including Nyack College, King's College, the New York Film Academy and the Flatiron School. The Institute of Culinary Education will relocate to the district late this year.

The expansion of higher education is affecting Lower Manhattan in many ways — fueling leasing, spurring a diversification of the local economy, contributing to residential growth, attracting a new cache of retailers and bringing ambitious young men and women to study and reside here.

Higher Education Expansion is Fueling Lower Manhattan's Commercial Leasing

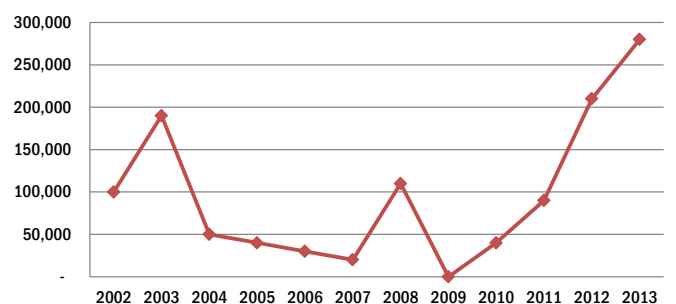
Recent activity within the education industry in Lower Manhattan has spawned a surge of leasing. Over the last ten years, the district's real estate market has seen a 71 percent increase in the occupancy of all education and education-related tenants⁸ and an 82 percent increase in leasing to higher education tenants⁹. That growth has been particularly strong over the last few years: since 2010, leasing in the education sector South of Chambers Street has grown by 571%, and the district accounted for 23% of all education sector leasing citywide¹⁰. As a result of this accelerated activity, the sector's overall footprint in the area has grown by 125 percent since 2005, expanding from a total of 800,000 square feet leased to 1.8 million in November 2012¹¹. During 2013, four deals were signed for higher education tenants in Lower Manhattan that totaled 284,465 square feet, while 2012 saw seven deals equaling 222,117 square feet¹².

Education Sector's Annual Total Occupancy in Lower Manhattan (SF)



Source: CBRE

Education Sector's Annual Total Leasing in Lower Manhattan (SF)



Source: CBRE

THE GROWTH OF HIGHER EDUCATION IN LOWER MANHATTAN

Within the past year alone, three new institutions started serving students south of Chambers Street, taking up a total of 252,165 square feet. An additional 42,000 square feet came online after the Pacific College of Oriental Medicine opened its doors in January 2014.

This momentum continues with the recent announcement that the Institute of Culinary Education (ICE), New York City's largest center for culinary learning, is moving to Lower Manhattan in late 2014 — also perhaps a sign of the district's ever-flourishing food culture. ICE will occupy 71,000 square feet at Brookfield Place, which is undergoing a major redevelopment along the Hudson River. "To establish a permanent new home for ICE, it was imperative to find a large aspirational location, with great regional transportation viability," said ICE President & CEO, Rick Smilow.

Student Housing On The Rise

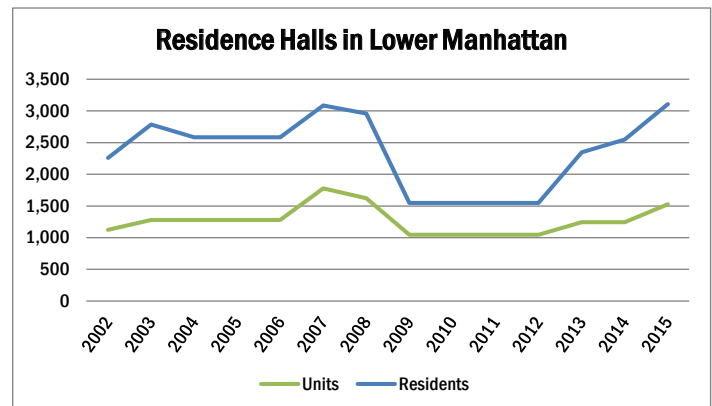
More students are becoming residents in Lower Manhattan. According to recent U.S. Census data, almost 5,000 students live in the district¹³ — about half are now concentrated in residence halls. The student population living in residence halls climbed from 1,549 in 2009 to 2,348 in 2013. During that same period, the number of units in Lower Manhattan increased from 1,046 in five buildings to 1,242 in six buildings.

A big reason for this uptick was Pace University's rapid dorm expansion at both 55 John Street and 182 Broadway. Pace was formerly a mostly commuter school — it is now becoming a residential institution. Pace invested \$75 million in the development of a 600-bed residence hall at 182 Broadway, introducing an additional 24,405 square feet of retail to the market. Pace is also completing construction of 385 rooms at 33 Beekman Street, scheduled to open by the fall of 2015. These new units will result in a total of 1,527 units in six buildings, a 46 percent jump since 2012, bringing the student population to 3,108 by the end of 2015.

Student Spending Power

Whether living here or commuting in to take classes, students at higher education institutions increase Lower Manhattan's daytime population and provide a significant source of spending power. They also attract a different cache of retailers, such as The Malt House and Smash Burger, which are near Pace. Urban Outfitters is located at 182 Broadway in a Pace dorm, and City Sports is close to Nyack College and King's College.

Nationwide, students' discretionary spending is substantial, totaling over \$117 billion; food, transportation, and apparel



Source: Alliance for Downtown New York

PACE UNIVERSITY'S NEW DORMITORY AT 182 BROADWAY



Source: Pace University

"Lower Manhattan represents every growing technology sector, including health care, communications, research, and, of course, financial services. These are the very areas in which our graduates will have the most impact. There is a natural synergy to the Flatiron School being in close proximity, so that these companies and our students can provide each other with matching career opportunities."

– Avi Flombaum, Dean of The Flatiron School

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account for the largest share of that money. As a local example, students at Pace University spend over \$68 million per year on housing, meals, transportation, entertainment and books. Pace attracts more than 50,000 visitors each year, who spend an additional \$6 million at retail stores, restaurants, hotels and other local businesses¹⁴.

Why Lower Manhattan Appeals to Higher Education Tenants

Higher education tenants are attracted to Lower Manhattan by a robust mix of economic and practical benefits. Compared to the Midtown and Midtown South markets, asking rents for office space in the Downtown market are considerably lower. Class A asking rents in Lower Manhattan average \$53.18 per square foot, 28% less than in Midtown and 27% less than in Midtown South. Class B asking rents average \$36.57 per square foot in Lower Manhattan, a 28% discount over Midtown and 42% over Midtown South¹⁵.

The diversity of building stock — historic and modern, class A and B — and the abundance of large floor-plate buildings are other draws. In fact, 38% of education tenants located in the Downtown market occupy large floor-plate buildings that total more than 40,000 square feet; in Midtown and Midtown South, this proportion is 17% and 15% respectively¹⁶.

Lower Manhattan is also eminently walkable and bike-friendly, with a plethora of transit choices for commuting students and visitors. At the center of a regional, multi-modal transportation network, the area has twelve subway lines, 30 bus routes, six ferry terminals, the PATH train, and the free Downtown Connection. The extensive transit network makes Lower Manhattan an optimal location for schools, linking the institutions with students

and workers who live throughout the metropolitan area. And it also puts the district in close proximity to some of the region's fastest-growing and talent-rich communities; eight out of the top 10 communities with the greatest population growth in college-educated adults are within a 30-minute subway or PATH ride of Lower Manhattan. And more transportation options are on the way, with \$5 billion worth of new transit infrastructure coming online in 2015; this will include two majorly renovated transit hubs at the redeveloped World Trade Center and Fulton Center.

There is another factor. A dramatic transformation is taking place south of Chambers Street, and the dynamism and energy are palpable. From the construction of the tallest building in America to the brand new waterfront esplanade on the East River to the creation of more than 1 million square feet of new retail and dining possibilities to the blossoming of a new and vibrant media and tech sector — nearly every corner of Lower Manhattan is changing. The area's rich history and bold new potential make it an exciting place for students and educators alike.

BMCC'S FITERMAN HALL



Source: BMCC

“For over one hundred years, Pace University has been a proud member of the Lower Manhattan community. The past decade has brought a dramatic resurgence to Lower Manhattan, which has made our community one of the fastest growing residential and commercial areas in New York City. Pace University has mirrored this transformation in many ways, with our growing residential student population and diversified world class academic offerings in the arts, entertainment, technology, business, education and health care. We derive so much of our energy and excellence from being located in this remarkable corner of the world. At the same time, Pace’s energy and excellence radiate outward, enhancing significantly the quality of life, cultural offerings and economic vitality of downtown Manhattan.”

– Stephen J. Friedman, President, Pace University

Sources:

¹US Bureau of Labor Statistics. An establishment is defined by the Bureau of Labor Statistics as an economic unit that produces goods and services at a single location.

²US Bureau of Labor Statistics

³CBRE

⁴Student enrollment reflects full-time and part-time students.

⁵Estimated from New York Film Academy Admissions Office.

⁶St. John’s University will be relocating from 101 Murray Street at the end of the 2013-2014 academic year.

⁷Estimated from Pacific College of Oriental Medicine Admissions Office.

⁸CBRE. Occupancy data includes all education and education-related tenants in the Downtown market, including areas north of Chambers Street in the City Hall submarket.

⁹CBRE. Leasing data includes just higher education and training school tenants in the Downtown market, including areas north of Chambers Street in the City Hall submarket. Renewal activity is not included.

¹⁰CBRE

¹¹CBRE. Taking the Office Market to School: Manhattan’s Growing Education Sector, January 2013

¹²US Census, 2010

¹³CBRE

¹⁴Pace University. Community and Economic Impact Report, May 2012

¹⁵Cushman & Wakefield, Fourth Quarter 2013

¹⁶CBRE. Taking the Office Market to School: Manhattan’s Growing Education Sector, January 2013