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## Lower Manhattan

# These Days, Tenants Housed in Insurance Submarket Anything But

By Michael Ewing

Since emerging in the early 20th century, the Insurance District has taken over the northern streets of the Financial District. The district spans from Broadway to William Street and from Pine Street to Park Row, with John and Fulton streets forming the heart of the district.

The New York Life Insurance Company, among the largest insurance companies today, was founded in 1845 and opened its first headquarters at 112-114 Broadway, becoming one of the first insurance companies in the area. Hundreds of firms moved to the area and took spaces in historic buildings like the Home Royal Insurance Building, 110 Fulton Street, Home Insurance Plaza and the National Board of Fire Underwriters Building.



Insurance submarket.

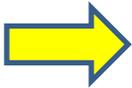
The Insurance District, of course, has changed over time, and the New York Life Insurance Company relocated to a building on Madison Avenue. AIG's recent financial collapse forced it to sell its building in 2009 and lose its foothold in the neighborhood.

"The Insurance District really is no longer its own and distinct submarket, but has truly been absorbed within the FiDi market," said Kent Swig, president of Swig Equities.

"This market has remained strong and stable and continues to show low vacancy rates. With exception of AIG and a few other relocations and downsizing, the market has had a steady stream of new tenants."

The vacancy rate has decreased to 6.8 percent from 7.1 percent this year, according to Cushman & Wakefield. The average vacancy rate in the city as a whole has been around 9 percent.

Insurance companies are still drawn to the area—especially seen in 100 William Street’s recent lease activity with Tower Insurance, New York Property Insurance Underwriting Association and OdysseyRe—but the area has attracted other businesses as well. In addition to the insurance agencies, 100 William Street signed with Priceline.com and a financial firm, Interactive Data Corporation.



“The FiDi area has become much more diversified and is no longer a true ‘insurance district’ or ‘financial services’ district,” said Mr. Swig. “Media companies, tech companies, architectural firms, advertising agencies and nonprofits all have been attracted by the value in FiDi relative to other areas of Manhattan, as well as the diverse blend of residential, civic, cultural, retail and other uses.”

“Asking rents range from \$33 to \$50, with many deals being made in the \$33 to \$36 range for starting rents,” Mr. Swig added.

“We expect the market to tighten as more tenants are priced out of Midtown South and Midtown and even the outer boroughs as occupancy rises,” said Mr. Swig.

Asking rents in Midtown often average in the upper \$60s per square foot.

“Bear in mind that the World Trade Center should not negatively impact the FiDi market, as the average lease size is less than 6,000 square feet, and approximately 80 percent of the buildings in the area contain floors of less than 18,000 square feet,” Mr. Swig said. “The WTC is not directly competing with the bulk of FiDi’s tenancy.”

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