

# REAL ESTATE WEEKLY

WEDNESDAY, MAY 26, 2010

## Retail Advisory Group reports confidence is returning to market



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Average asking retail rents are on the rise in Manhattan's retail corridor, showing signs for a slow and steady recovery to the market.

We recently released our Spring 2010 Retail Report, which shows improvements in the market for retail space, with average asking rents for ground floor retail space in Manhattan's retail corridors increasing between 2 and 71% since fall 2009.

According to the report, retail rents were up in a number of Manhattan geographic areas surveyed with increases of 3% in Midtown South and 16% in Upper Manhattan, compared to spring 2009.

Key economic indicators are encouraging with asking rents on the rise throughout many parts of Manhattan and retail sales and consumer confidence on the rise nationally. To keep moving at this pace will depend on our ability to sustain this momentum and prudent government actions at all levels not to dampen the economic recovery.

The reports also asked for rent comparisons from fall 2009 and spring 2009 for the 16 primary retail corridors that we survey throughout Manhattan on the Eastside, Westside, Midtown, Midtown South, Downtown and Upper Manhattan.

In Midtown, on Broadway and 7th Avenue between 42nd and 47th streets, average asking rents increased 71% to \$1,400 psf and in the West Village on Bleecker Street between 7th Avenue South and Hudson Street, rents increased 30% to \$456 psf since the fall in 2009. These large percentage increases are the result in part of the high foot traffic and the limited number of available stores in these locations.

Over in SoHo, on Broadway between Houston and Broome streets, rents increased 16% to \$563 psf. While in Herald Square, on West 34th Street between 5th and 7th avenues, asking rents increased 19% to \$500 psf since the fall in 2009.

Beyond these retail corridors, there are other economic signs of recovery as well. In March, with the most recent data available, retail sales were up 7.6% over last year and 1.6% month on month.

April's consumer confidence index was

at its highest since September 2008, and on the job front, New York City retail employment in March was up 1.4% year on year.

REBNY's Retail Advisory Group — made up of the city's leading retail brokers — reported a pick-up in leasing velocity over the past six months.

Inventory within prime corridors is diminishing due to this increasing demand. East 57th Street, Times Square and the once quiet Madison Avenue have been identified as areas with an inventory squeeze.

Another sign of the growing market confidence is the return of large transactions with major retailers leasing high rent locations for a lengthy term, such as Uniqlo on Fifth Avenue and Aeropostale and Disney in Times Square.

The report also found in primary retail corridors: In Midtown, asking rents on 5th Avenue between 49th and 59th streets were up 41% on the year to \$2,300 psf from \$1,631 psf in spring 2009. In Soho, from Broome to Houston streets, asking rents were up 24% to \$563 psf from \$452 in spring 2009.

For the full Spring 2010 Retail Report, visit the members site of [www.rebny.com](http://www.rebny.com) and go to "Reports/Survey" click "Retail" and then "Spring 2010."

The report's press release is available on [www.rebny.com](http://www.rebny.com) under "News" and "Press Releases."

### REBNY Landmarks Committee meets with City Councilmember

REBNY's Landmarks Committee recently met with City Councilmember Brad Lander. We discussed the growing misuse of landmark designation as a land use control and our strong opposition to expansions of historic districts. These expansions lack merit and take in buildings of lesser quality.

Another problem we have encountered is the difficulty our members have in attempting to get



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approvals for work on designated buildings. The meeting was informative and insightful for the council member and the members of our committee. Councilmember Lander represents District 39 in Brooklyn and has recently been appointed Chair of the Subcommittee on Landmarks, Public Siting and Maritime Uses. In this role, Councilmember Lander, among other things, holds hearings on the operations of the Landmarks Preservation Commission and on individual landmarks and historic district designations and on legislation affecting preservation.

### Negotiation Seminar Covers Leases

Leases were the hot topic at a recent Negotiation Seminar by the Seminar Committee on Domestic & International Markets held at the Doubletree Hotel. More than 90 people attended the event. Panelists broke into two groups with landlord and tenant representation that allowed participants to go through a mock lease negotiation.

The group covered existing leases, renewals, below grade space, renewal commencement date, terms and base rent as well as tenant improvement, cash allowance, operating expense escalations and real estate taxes.

Interaction between the panelists and moderator was well received and allowed the attendees to participate by asking questions as the panelists went about negotiating the

lease. The seminar was moderated by: Michael Laginestra, CB Richard Ellis with panelists Steven M. Durels, SL Green Realty Corp.; Mitchell L. Konsker, Cushman & Wakefield, Inc.; Jonathan L. Mechanic, Fried Frank; and Alan S. Weil, Sidley Austin LLP.

### In other REBNY News:

Is your REBNY membership profile current? Please take a moment to log in to your membership account and view your profile. Maintaining an up-to-date profile will also ensure you are accurately represented in the 2011 Diary and Manual. Changes must be submitted to membership in writing. You may email questions or changes to your profile to Mary Ann Aviles at [maviles@rebny.com](mailto:maviles@rebny.com).

REBNY's SFC will hold their next meeting at 9 a.m. Thursday, May 27 at the REBNY offices, 570 Lexington Avenue, between 50th & 51st streets in the Lower Level. All firm owners with one to 19 agents are welcome to attend. To RSVP, please contact Angela Donovan at [adonovan@rebny.com](mailto:adonovan@rebny.com) by Wednesday, May 26.

Become a Fan of the Real Estate Board of New York on our newly launched Facebook page. Also, follow us on Twitter and get daily updates and great tidbits about the real estate industry.