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From: Real Estate Board of New York (REBNY)

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REPORT: MANHATTAN RETAIL HOT SPOTS FIFTH AVE, MEATPACKING, SOHO AND TIMES SQUARE STAY STRONG

**High traffic, high profile retail corridors fare well while asking
rents down in most primary corridors**

Deal activity a positive sign says REBNY Advisory Group

NEW YORK, Nov. 18, 2009: Manhattan average asking rents for retail space in high traffic, high profile areas such as Fifth Avenue, Meatpacking, SoHo and Times Square were up despite the greatest economic recession the country has seen in years. Most of the primary retail corridors however reflected the impact of the down market and saw a market correction from all-time high retail rents, according to the Fall Retail Report released today by the Real Estate Board of New York (REBNY).

On Fifth Avenue (between 49th and 59th streets) asking rents for ground floor space were \$2,050 psf, up 46 percent compared to fall 2008. Meatpacking District asking rents for ground floor space were \$375 psf, an increase of 23 percent, SoHo asking rents increased to \$483 psf, up 12 percent, and Times Square asking rents on Broadway and Seventh avenues between 42nd and 47th streets were \$821psf, an increase of 6 percent. According to the REBNY Advisory Group, the majority of spaces in these areas are already taken and the few spaces that are available maintained asking rents from last summer before the economic downturn.

The primary retail corridors with the most sizable asking rent declines included Herald Square on West 34th Street between Fifth and Seventh avenues where asking rents for ground floor space declined to \$421 psf, or 35 percent. The Financial District corridor on Broadway between Battery Park and Chambers Street saw asking rents decline to \$189 psf, or 25 percent. East 86th Street between Lexington and Second avenues and Columbus Avenue between 66th and 79th streets both saw asking rents decline to \$363 psf and \$229 psf respectively, or 24 percent.

“The global economy continues to have an impact on asking rents for retail space this fall,” said Steven Spinola, REBNY President. “In fact, it was only six months ago in our spring 2009 report that we saw the first meaningful declines since 9/11. Clearly it has taken time for the recession’s impact to be reflected in the retail asking rents. But our

advisory committee reports solid activity and deal flow despite the economic downturn. In addition, retailers that were formerly priced out of the market now have an entry point for the first time in years.”

Retail deal activity also showed positive signs in the last six months according to REBNY’s Retail Advisory Group made up of the city’s leading retail brokers, which compiles the report. Recent deals include MAC Cosmetics and Swarovski in Times Square, Espirit on 34th Street, J. C. Penney in Herald Square, and Nordstrom Rack in Union Square. In addition, restaurants, especially quick service and sandwich shops, are opening all over town.

Overall asking rents for retail space in Manhattan (ground floor and other) declined nine percent to \$117 psf.

The advisory group also reports that sales activity in major retail stores in urban locations, such as New York, is better than the activity in their suburban mall locations. There continues to be activity in the marketplace as tenants such as Kohls, TJMaxx, Whole Foods, Nordstrom, CB2 and Trader Joes are looking for initial or additional locations.

Other report highlights:

Manhattan Geographic Areas:

Asking rents for all retail space (ground floor and other):

- Declined in Midtown and Midtown South by 11 percent in each geographic area to \$144 psf and \$99 psf respectively
- Declined by six percent on the Eastside and Downtown to \$178 psf and \$103 psf respectively
- Declined on the Westside by 10 percent to \$132 psf

Primary Retail Corridors:

- The Madison Avenue retail corridor between 57nd to 72nd streets had asking rents for ground floor space decline by 20 percent to \$919 psf
- The Fifth Avenue corridor between 42nd and 49th streets declined by 17 percent to \$457 psf
- Upper Manhattan rents on 125th Street from River to River declined by seven percent to \$116 psf

Full Fall Report Available upon request. Please contact Christi Mueller at 212-889-0808.

About the REBNY Retail Report

The REBNY Retail Report is issued twice a year in the spring and fall. Findings are reviewed by an advisory group that distills and analyzes the data. The report provides comprehensive information about available retail space and asking rents in Manhattan from a broad cross section of the city’s top real estate firms. The report presents all available data on retail space by geographic area and focuses on the ground floor space on the major retail streets. It provides an objective and reliable source for discerning market trends.

The Real Estate Board of New York is the city's leading real estate trade association with more than 12,000 members. REBNY represents major commercial and residential property owners and builders, brokers and managers, banks, financial service companies, utilities, attorneys, architects, contractors and other individuals and institutions professionally interested in the city's real estate. REBNY is involved in crucial municipal matters including tax policy, city planning and zoning, rental conditions, land use policy, building codes and legislation. In addition, REBNY publishes reports providing indicators of market prices for both the residential and commercial sectors.