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From: Real Estate Board of New York (REBNY)

Contact: **Cara Gentile, Frank Marino**
The Marino Organization
(212) 889-0808
cara@themarino.org

REPORT: MANHATTAN RETAIL RENTS SURGING IN PRIME SHOPPING CORRIDORS

Retail rents jump 50% in key districts

Rents in Herald Square and SoHo's Broadway shopping strip both up 32%

NEW YORK, May 15, 2008 – Asking rents for retail space in Manhattan increased substantially in the last six months compared to the same period last year, as retailers continued to seek space in the primary shopping corridors, according to a report released today by The Real Estate Board of New York (REBNY).

Retailer interest in prime shopping areas, combined with the city's population growth, a continuing surge in tourism, all contributed to the trend of rising rents.

On major shopping corridors, the sharpest increases were found on Third Avenue between 60th and 72nd streets, where asking rents for ground floor space were up 51 percent to \$329 per-square-foot (psf), and in the Flatiron District on Fifth Avenue between 14th and 23rd streets, where rents were up 50 percent to \$401 psf.

REBNY's report, the most comprehensive assessment of retail asking rents in Manhattan, also found substantial increases in asking rents for retail space in Herald Square on West 34th Street between 5th Avenue and 7th Avenue, which rose 32 percent to \$656 psf. Retail rents in SoHo's Broadway shopping area between Houston and Broome streets also increased 32 percent to \$424 psf.

"Building owners remain optimistic that the favorable market for retail leasing will continue despite the softening economy," said Steven Spinola, REBNY President. "We are still seeing high asking rents in the selected retail corridors. Further, we've now added new primary retail corridors to correspond with interest by high-profile retailers in locating to these areas, including 86th Street on the Upper East Side and Columbus Avenue on the Upper West Side."

Five new corridors have been added to the list of Selected Major Retail Corridors in the report. These include: 86th Street on the Upper East Side; Columbus Avenue on the Upper West Side; Fifth Avenue south of 49th Street in Midtown; Bleecker Street in the West Village and 14th Street in the Meatpacking District both in Midtown South.

The Fifth Avenue (49th-59th) corridor had the highest average asking rent of \$1,958 of all corridors surveyed, and had virtually no prime locations immediately available.

The Madison Avenue corridor had the next highest average asking rent of \$1,066, with some stores asking more than \$1500 for ground floor space.

“While the volume of retail leasing activity is strong, we are seeing that tenants appear to be taking a longer time to make decisions and to complete deals. In addition, prime areas like the Fifth Avenue corridor, the most famed shopping area in Manhattan, has virtually no retail space available, meaning all the prime locations are already spoken for,” added Mr. Spinola. “Overall, the rising rents indicate a strong market and that retailers continue to have interest in coming to New York City.”

The average asking rent psf for all Manhattan retail space (ground floor and other) was up three percent to \$111 compared to a year ago.

Other highlights from the Spring 2008 report include the following:

Neighborhoods:

- In Midtown, the average asking rent was up nine percent to \$145; in Midtown South, the average asking rent was up eight percent to \$96, compared to last year.
- The East Side had the highest average asking rent of the major areas at \$164, a six percent increase since last spring. This includes all available retail space (ground floor and other).

Selected Retail Corridors:

- Average asking rents continue to rise on Harlem’s 125th Street, the largest retail corridor in the report. Asking rents on 125th Street rose four percent to \$107 psf. This major commercial street extends from East Harlem through Central Harlem to West Harlem, generally from the East River to the Hudson. One strong pocket of activity is the stretch west of Lenox Avenue where the highest asking rents are clustered.
- The West Side’s Broadway corridor between 72nd to 86th streets saw rents increase 23 percent to \$384 psf.
- In the Financial District, asking rents for ground floor space in the Broadway corridor between Battery Park and Chambers Street rose 12 percent to \$198 psf.

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.

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***For a copy of the report please contact Cara Gentile at The Marino Organization, 212-889-0808 x 125.