

THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

FALL 2007



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CHAIRPERSON**

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PRESIDENT**

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REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

Retailers continue to do well according to our Advisory Group. In addition European retailers have been eager to establish a presence in New York and have been a key factor in our market. Another factor in the growth of asking rents is new development. These projects are offering space today that will not be available for two years and are pricing in anticipation of continued growth. A robust retail market and a vibrant local economy have resulted in a solid rise in asking price for retail space throughout Manhattan.

In analyzing our retail corridor data, our Advisory Group has taken note of unusually high asking rents that likely have factored in potential sign income for these stores as well as surprisingly low asking rents for stores with an address on the corridors but with no actual corridor street frontage.

Here are the highlights of our Fall 2007 report:

- The average asking rent per square foot (psf) for all Manhattan retail space was up 26% to \$133 compared to a year ago.
- Downtown average asking rent for all space increased 18% to \$109, the first time rents have crossed the \$100 a foot mark.
- Fifth Avenue (49th to 59th Street) recorded the highest average ground floor price of \$1,250 psf, followed by Madison Avenue (57th to 72nd Street) at \$1,108 psf. These represented increases of 21% and 22%, respectively.
- Broadway (42nd to 47th Street) had the highest percentage increase for ground floor space of 107%, followed by Broadway (Battery Park to Chambers) of 88%.



ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS

AVAILABLE GROUND FLOOR SPACE ONLY

	Average		Median		Range	
	9/06	9/07	9/06	9/07	9/06	9/07
EASTSIDE						
Third Ave: 60th - 72nd St.	\$255	\$305	\$250	\$239	\$179 - \$350	\$200 - \$394
Madison Ave.: 57th - 72nd St.	\$909	\$1,108	\$1,000	\$1,100	\$561 - \$1,200	\$824 - \$1,400
WESTSIDE						
Broadway: 72nd - 86th St.	\$257	\$264	\$250	\$273	\$185 - \$375	\$157 - \$350
MIDTOWN						
Fifth Ave.: 49th - 59th St.	\$1,035	\$1,250	\$900	\$1,250	\$600 - \$1,712	\$1,000 - \$1,500
57th St.: 5th - Park Ave.	\$598	\$579	\$400	\$579	\$400 - \$993	\$500 - \$658
Times Square						
Broadway: 42nd St. - 47th St.	\$386	\$797	\$300	\$825	\$125 - \$750	\$538 - \$1,000
42nd St.: 6th - 8th Ave.	\$314	\$488	\$300	\$525	\$205 - \$400	\$300 - \$600
MIDTOWN SOUTH						
34th St.: 5th - 7th Ave.	\$296	\$464	\$300	\$500	\$120 - \$450	\$250 - \$600
Flatiron						
Fifth Ave.: 14th - 23rd St.	\$252	\$298	\$265	\$300	\$175 - \$300	\$214 - \$350
DOWNTOWN						
Broadway: Battery Park-Chambers St.	\$160	\$301	\$148	\$267	\$70 - \$364	\$200 - \$500
SoHo						
Broadway: Houston - Broome St.	\$288	\$501	\$300	\$478	\$199 - \$375	\$275 - \$750
TriBeCa						
Hudson St.: Chamber St. - Canal St.	\$66	\$75	\$55	\$75	\$20 - \$125	\$55 - \$95
UPPER MANHATTAN						
125th St. (River to River)	\$100	\$113	\$85	\$100	\$35 - \$208	\$65 - \$220



ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

ALL AVAILABLE SPACE (GROUND FLOOR, LOWER LEVEL, UPPER LEVEL, MEZZANINE)

	Average		Median	
	9/06	9/07	9/06	9/07
MANHATTAN	\$106	\$133	\$73	\$100
EASTSIDE	\$161	\$172	\$111	\$142
60th Street to 96th Street, Fifth Avenue to the East River				
WESTSIDE	\$122	\$155	\$100	\$133
60th Street to 116th Street, West of Morningside Park				
MIDTOWN	\$131	\$171	\$90	\$128
35th Street to 59th Street				
MIDTOWN SOUTH	\$85	\$105	\$63	\$85
15th Street to 34th Street				
DOWNTOWN	\$92	\$109	\$70	\$83
South of 14th Street				
UPPER MANHATTAN	\$50	\$82	\$43	\$65
97th Street and higher, Fifth Avenue to the East River;				
116th Street and higher, West of Morningside Park				

SELECTED MARKET DATA

<p>Manhattan Retail Square Feet by Area (millions of square feet)</p> <p>Source: New York City Department of Finance/REBNY</p>	<table border="1" style="margin: auto;"> <caption>Manhattan Retail Square Feet by Area</caption> <thead> <tr> <th>Area</th> <th>Percentage</th> <th>Value (millions of sq ft)</th> </tr> </thead> <tbody> <tr> <td>Downtown</td> <td>19.3%</td> <td>21.2</td> </tr> <tr> <td>Midtown South</td> <td>32.2%</td> <td>35.4</td> </tr> <tr> <td>Midtown</td> <td>26.2%</td> <td>28.8</td> </tr> <tr> <td>N. Manhattan</td> <td>9.4%</td> <td>10.3</td> </tr> <tr> <td>East Side</td> <td>8.8%</td> <td>9.6</td> </tr> <tr> <td>West Side</td> <td>4.0%</td> <td>4.4</td> </tr> <tr> <td>Other</td> <td>4.0%</td> <td>-</td> </tr> </tbody> </table>	Area	Percentage	Value (millions of sq ft)	Downtown	19.3%	21.2	Midtown South	32.2%	35.4	Midtown	26.2%	28.8	N. Manhattan	9.4%	10.3	East Side	8.8%	9.6	West Side	4.0%	4.4	Other	4.0%	-								
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<p>New York City Retail Employment (in thousands)</p> <p>Source: NYS Department of Labor</p>																																	
<p>U.S. Monthly Retail Sales* (12 month percent change)</p> <p>*adjusted Source: U.S. Census Bureau</p>																																	
<p>Forecast of New York City Economic Indicators (percent change from previous year)</p> <p>Source: NYC Office of Management & Budget</p>	<table border="1" style="margin: auto;"> <caption>Forecast of New York City Economic Indicators</caption> <thead> <tr> <th>Year</th> <th>Employment (%)</th> <th>Consumer Price Index (%)</th> <th>Personal Income (%)</th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>0.3</td> <td>3.5</td> <td>5.9</td> </tr> <tr> <td>2005</td> <td>1.4</td> <td>3.9</td> <td>5.0</td> </tr> <tr> <td>2006</td> <td>1.5</td> <td>3.8</td> <td>7.1</td> </tr> <tr> <td>2007</td> <td>0.8</td> <td>2.1</td> <td>4.7</td> </tr> <tr> <td>2008</td> <td>0.7</td> <td>2.2</td> <td>3.0</td> </tr> <tr> <td>2009</td> <td>1.1</td> <td>2.0</td> <td>4.6</td> </tr> <tr> <td>2010</td> <td>1.2</td> <td>2.0</td> <td>5.5</td> </tr> </tbody> </table>	Year	Employment (%)	Consumer Price Index (%)	Personal Income (%)	2004	0.3	3.5	5.9	2005	1.4	3.9	5.0	2006	1.5	3.8	7.1	2007	0.8	2.1	4.7	2008	0.7	2.2	3.0	2009	1.1	2.0	4.6	2010	1.2	2.0	5.5
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ACKNOWLEDGEMENTS

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The Retail Report provides objective, comprehensive information about asking rents and market trends in Manhattan.

Issued twice a year—Spring and Fall—the report is a project of the REBNY Stores Committee.

The report presents retail space information by geographical area and focuses on the asking rent of the ground floor space on the major retail streets.