



THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT FALL 2016

REBNY Stay On Top
of New York.

Increasing retail inventory and a slower retail sales environment in New York City have started to affect ground floor asking rents in Manhattan's most prominent retail corridors. The Real Estate Board of New York's (REBNY) Fall 2016 Manhattan Retail Report shows that average asking rents declined in 11 of the 17 retail corridors surveyed, which is a shift from Spring 2016 when availability was accumulating in some corridors, but the effect on asking rents was subdued.

While the range of ground floor asking rents in these corridors started to decrease on both the high and low ends in Fall 2016, members of our Manhattan Retail Report Advisory Group identified that these asking rent adjustments are indicative of a natural correction in a market that had been soaring for a brief period following the 2008 financial crisis.

According to our advisory group, the lower asking rents recorded in Fall 2016 have brought disinterested retailers off of the sidelines and back into the market as they anticipate higher carrying costs for property owners.

However, the factors causing the decline in asking rents are not all byproducts of the state of the economy and retail demand. In an environment of high asking rents, retailers are willing to wait longer for the ideal space to become available. Members of the advisory group noted that more retailers are finely combing for options that accommodate their needs and are situated in locations that best suit their brands, while also becoming more cost-conscious as a means to increase profitability. Additionally, our advisory group explained that some retailers, now looking to relocate, will sacrifice larger store size and wider frontage for ideal placement in a corridor that most effectively reflects their brand.

Madison Avenue, between 57th and 72nd Streets, on the Eastside is one such corridor that is suffering from an increased availability of ground floor retail spaces. As the corridor's inventory level rose in Fall 2016, the average asking rent decreased eleven percent to \$1,433 per square foot from \$1,613 in Fall 2015. Additionally, an increase in the availability for less expensive ground floor spaces in the corridor caused a 22 percent drop in the median asking rent to \$1,350 from \$1,728 per square foot last year.

Increased retail inventory has also hurt asking rents Downtown in SoHo, on Broadway between Houston and Broome Streets. The average asking rent for ground floor space in this corridor fell nine percent to \$755 per square foot from \$831 last fall.

Midtown South asking rents in Herald Square on West 34th Street, between Fifth and Seventh Avenues, fell eleven percent year-over-year from \$836 to \$745 per square foot of ground floor space. This decline was caused by a combination of increased supply and supply being concentrated on the south side of the corridor. Spaces on the north side of West 34th Street typically offer wider street frontage, while spaces on the south side are usually smaller and more limited in frontage.

Despite the average asking rent drops seen in other corridors in Fall 2016, robust price growth occurred Downtown in the Financial District on Broadway, between Battery Park and Chambers Street, a corridor that has benefitted from recent transportation and retail improvements. The average asking rent for ground floor retail space in this corridor experienced a 20 percent jump year-over-year, rising from \$308 to \$369 per square foot. According to our advisory group, retail spaces near Fulton Street have been the largest beneficiary of increased foot traffic from the World Trade Center complex and openings of the Oculus and Fulton Center transit hub.

The lack of available ground floor retail spaces in Midtown South's Flatiron District on Broadway, between 14th and 23rd Streets, caused an anomaly in Fall 2016 with higher demand leading to a statistical decline in the average asking rent, which is not indicative of a weak market. Coupled with the withdrawal of a space previously listed on the market in Fall 2015, this corridor experienced a 23 percent decline in the

average asking rent for available ground floor space, dropping from \$510 per square foot to \$390 year-over-year.

We must reiterate that the rents quoted in this report are asking rents for available space. Also, please note that the physical components of a retail space factor greatly into its rental value. Attributes such as street/avenue frontage, ceiling height, presence of below and above grade space, and locational factors can affect value.

Consequently, in corridors with little availability, a high quality space coming to market can increase the average and median asking rents greatly. In smaller corridors, a lack of available space may lead, in some cases, to adjacent blocks becoming of interest to retailers. Accordingly, we have provided information about the rent range as well as asking rent information from six months and 12 months ago to provide a rich statistical context to evaluate the current market conditions. In addition, we would like to note that the surveyed corridors in the report represent the top tier retail corridors in the city and that rents on adjoining side streets may lease for considerably less than the locations we are profiling.

Lastly, as we have learned in the decade or more that we have been preparing this report, retail brokers active in the market are an invaluable source of information and trends that cannot be fully captured completely by the numbers in our report. We attempt to provide an overview of the market at a particular point in time that is based on the available listings of our Manhattan Retail Report Advisory Group and the REBNY Commercial Brokerage Retail Committee members, which include major retail real estate brokers and owners in Manhattan.

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AVERAGE ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS Available Ground Floor Space Only

	Fall 2016	Spring 2016	Fall 2015	% Change from Spring 2016	% Change from Fall 2015
EASTSIDE					
Madison Ave: 57 th – 72 nd St	\$1,433	\$1,644	\$1,613	-13%	-11%
Third Ave: 60 th – 72 nd St	\$340	\$371	\$335	-8%	2%
East 86 th Street: Lexington Ave – 2 nd Ave	\$428	\$455	\$430	-6%	-1%
WESTSIDE					
Broadway: 72 nd – 86 th St	\$341	\$359	\$361	-5%	-6%
Columbus Ave: 66 th – 79 th St	\$403	\$405	\$375	-1%	8%
MIDTOWN					
East 57 Street: 5 th Ave – Park Ave	\$1,438	\$1,625	\$1,600	-12%	-10%
Fifth Ave: 42 nd – 49 th St	\$1,259	\$1,368	\$1,203	-8%	5%
Fifth Ave: 49 th – 59 th St	\$3,484	\$3,398	\$3,397	3%	3%
Broadway & 7 th Ave: 42 nd – 47 th St	\$2,170	\$2,363	\$2,390	-8%	-9%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 th – 23 rd St	\$390	\$385	\$394	1%	-1%
Broadway: 14 th – 23 rd St	\$390	\$447	\$510	-13%	-23%
Herald Square					
West 34 th St: 5 th – 7 th Ave	\$745	\$890	\$836	-16%	-11%
DOWNTOWN					
Meatpacking					
14 th St: 9 th – 10 th Ave	\$345	\$348	\$372	-1%	-7%
Financial District					
Broadway: Battery Park – Chambers St	\$369	\$326	\$308	13%	20%
SoHo					
Broadway: Houston – Broome St	\$755	\$824	\$831	-8%	-9%
West Village					
Bleaker St: 7 th Ave South – Houston St	\$471	\$513	\$468	-8%	1%
UPPER MANHATTAN					
Harlem					
125 th St (River to River)	\$125	\$138	\$132	-9%	-5%

*Statistics reflect availabilities on 10/15/16

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MEDIAN ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS Available Ground Floor Space Only

	Fall 2016	Spring 2016	Fall 2015	% Change from Spring 2016	% Change from Fall 2015
EASTSIDE					
Madison Ave: 57 th – 72 nd St	\$1,350	\$1,575	\$1,728	-14%	-22%
Third Ave: 60 th – 72 nd St	\$385	\$385	\$325	0%	18%
East 86 th Street: Lexington Ave – 2 nd Ave	\$345	\$433	\$375	-20%	-8%
WESTSIDE					
Broadway: 72 nd – 86 th St	\$375	\$400	\$400	-6%	-6%
Columbus Ave: 66 th – 79 th St	\$412	\$419	\$350	-2%	18%
MIDTOWN					
East 57 th Street: 5 th Ave – Park Ave	\$1,400	\$1,625	\$1,600	-14%	-13%
Fifth Ave: 42 nd – 49 th St	\$1,200	\$1,200	\$1,225	0%	-2%
Fifth Ave: 49 th – 59 th St	\$3,500	\$3,000	\$3,397	17%	3%
Broadway & 7 th Ave: 42 nd – 47 th St	\$2,200	\$2,225	\$2,350	-1%	-6%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 th – 23 rd St	\$400	\$400	\$400	0%	0%
Broadway: 14 th – 23 rd St	\$390	\$451	\$486	-14%	-20%
Herald Square					
West 34 th St: 5 th – 7 th Ave	\$750	\$800	\$700	-6%	7%
DOWNTOWN					
Meatpacking					
14 th St: 9 th – 10 th Ave	\$350	\$375	\$325	-7%	8%
Financial District					
Broadway: Battery Park – Chambers St	\$350	\$235	\$275	49%	27%
SoHo					
Broadway: Houston – Broome St	\$685	\$760	\$750	-10%	-9%
West Village					
Bleaker St: 7 th Ave South – Houston St	\$475	\$525	\$500	-10%	-5%
UPPER MANHATTAN					
Harlem					
125 th St (River to River)	\$114	\$105	\$135	9%	-16%

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ASKING RENT RANGE: SELECTED MAJOR RETAIL CORRIDORS Available Ground Floor Space Only

	Fall 2016	Spring 2016	Fall 2015
EASTSIDE			
Madison Ave: 57 th – 72 nd St	\$780 - \$2,200	\$1,250 - \$2,058	\$1,000 - \$2,273
Third Ave: 60 th – 72 nd St	\$160 - \$550	\$185 - \$550	\$187 - \$425
East 86 th Street: Lexington Ave – 2 nd Ave	\$250 - \$800	\$250 - \$800	\$250 - \$650
WESTSIDE			
Broadway: 72 nd – 86 th St	\$200 - \$500	\$225 - \$455	\$193 - \$650
Columbus Ave: 66 th – 79 th St	\$247 - \$528	\$200 - \$600	\$137 - \$600
MIDTOWN			
East 57 th Street: 5 th Ave – Park Ave	\$1,200 - \$1,750	\$1,500 - \$1,750	\$1,500 - \$1,700
Fifth Ave: 42 nd – 49 th St	\$1,000 - \$2,500	\$1,000 - \$2,500	\$1,000 - \$1,500
Fifth Ave: 49 th – 59 th St	\$2,700 - \$4,450	\$2,700 - \$4,450	\$3,093 - \$3,700
Broadway & 7 th Ave: 42 nd – 47 th St	\$1,950 - \$2,350	\$2,000 - \$3,000	\$2,000 - \$3,000
MIDTOWN SOUTH			
Flatiron			
Fifth Ave: 14 th – 23 rd St	\$300 - \$480	\$325 - \$450	\$325 - \$500
Broadway: 14 th – 23 rd St	\$350 - \$430	\$286 - \$600	\$417 - \$650
Herald Square			
West 34 th St: 5 th – 7 th Ave	\$391 - \$1,000	\$550 - \$1,200	\$550 - \$1,100
DOWNTOWN			
Meatpacking			
14 th St: 9 th – 10 th Ave	\$275 - \$450	\$275 - \$450	\$300 - \$600
Financial District			
Broadway: Battery Park – Chambers St	\$178 - \$700	\$115 - \$700	\$115 - \$500
SoHo			
Broadway: Houston – Broome St	\$500 - \$1,667	\$500 - \$1,583	\$425 - \$1,583
West Village			
Bleaker St: 7 th Ave South – Houston St	\$325 - \$655	\$325 - \$655	\$325 - \$550
UPPER MANHATTAN			
Harlem			
125 th St (River to River)	\$65 - \$279	\$70 - \$390	\$75 - \$225

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AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

All Available Space (Ground Floor, Lower Level, Upper Level, Mezzanine)

	Fall 2016	Spring 2016	Fall 2015	% Change from Spring 2016	% Change from Fall 2015
MANHATTAN	\$151	\$126	\$156	20%	-3%
EASTSIDE 60 th St to 96 th St, Fifth Ave to the East River	\$167	\$191	\$220	-13%	-24%
WESTSIDE 60 th St to 116 th St, West of Morningside Park	\$149	\$127	\$140	17%	6%
MIDTOWN 35 th Street to 59 th Street	\$197	\$185	\$208	6%	-5%
MIDTOWN SOUTH 15 th Street to 34 th Street	\$152	\$158	\$153	-4%	-1%
DOWNTOWN South of 14 th Street	\$142	\$143	\$151	-1%	-6%
UPPER MANHATTAN 97 th St and higher, 5 th Ave to the East River; 116 th St and higher, West of Morningside Park	\$72	\$70	\$73	3%	-1%

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MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

All Available Space (Ground Floor, Lower Level, Upper Level, Mezzanine)

	Fall 2016	Spring 2016	Fall 2015	% Change from Spring 2016	% Change from Fall 2015
MANHATTAN	\$114	\$98	\$112	16%	2%
EASTSIDE 60 th St to 96 th St, Fifth Ave to the East River	\$133	\$119	\$140	12%	-5%
WESTSIDE 60 th St to 116 th St, West of Morningside Park	\$116	\$120	\$113	-3%	3%
MIDTOWN 35 th Street to 59 th Street	\$140	\$114	\$135	23%	4%
MIDTOWN SOUTH 15 th Street to 34 th Street	\$115	\$106	\$116	8%	-1%
DOWNTOWN South of 14 th Street	\$112	\$104	\$120	8%	-7%
UPPER MANHATTAN 97 th St and higher, 5 th Ave to the East River; 116 th St and higher, West of Morningside Park	\$66	\$60	\$65	10%	2%

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The Manhattan 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 Retail 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.