



THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

REBNY Stay On Top
of New York.

Following 2015's robust growth and activity, the Real Estate Board of New York's (REBNY) Manhattan Retail Report for Spring 2016 showed ground floor retail asking rents declining slightly in 10 of the 17 corridors surveyed, with only slight increases in some corridors, year over year.

Many in the industry view this as a needed natural adjustment as rents in many retail corridors had climbed significantly over the past several years. The slowdown in global retail growth has led to less competition for space and more availability.

Our Manhattan Retail Advisory Group, who reviewed the asking rent data for available space that comprises our report, noted that this impact of the global economy was not clearly apparent in the asking rents, but through the amount of available ground floor retail space in prime corridors. While there are retailers looking at potential stores to lease, the velocity of tenants committing to new leases has slowed and deals are taking longer to complete. Many of these retailers are seeing uncertainty in the market, anticipating that this will impact the retail leasing market, and proceeding with caution when pursuing new leases with the idea that asking rents will adjust from the historic highs of 2015. Comparatively, lease renewals are still being completed briskly in Manhattan as established brands with steady sales remain confident.

The biggest change, according to the Manhattan Retail Advisory Group, is with emerging brands being more careful with available capital. It appears that retailers have determined that the present period of slowing retail demand presents a challenge if they were to make a major branding push to increase their visibility. The retail property owners that are adjusting asking rents seem to be those who have had space on the market for an extended period of time.

Our Manhattan Retail Advisory Group reports that the owners who have not adjusted asking rents are located in areas that have less retail inventory. Limited supply enables owners to retain existing asking rents despite the slowing global economy.

Our Manhattan Retail Advisory Group anticipates that the next twelve months will be a decisive period for the retail leasing market. If sluggish retail sales continue and retail jobs decline, the supply of available space will be expected to increase. In such an economic landscape, many owners would have to make a decision whether or not to lower asking rents and how flexible to be with regard to taking rents. This changing economic landscape will occur gradually and any downward movement in asking or taking rents should be phased in over time.

The challenging retail headwinds have not restrained considerable asking rent increases in all corridors. In the booming Financial District Corridor on Broadway, between Battery Park and Chambers Street, asking rents for ground floor retail space increased 39 percent from \$234 per square foot last Spring to \$326 per square foot in Spring 2016. This growth is largely the result of transportation improvements with the completion of the Fulton Center and World Trade Center Transportation Hub, in addition to new residential development in this area and in nearby Downtown Brooklyn and South Brooklyn.

Madison Avenue has continued to struggle with supply issues as the luxury retail market has slowed and exclusive brands have delayed leasing new space until they can determine how this sector of the retail market will play out. This has brought onto the market more prestigious, higher-priced spaces in addition to spaces at the lower end of the price spectrum, resulting in a lower average asking rent for the corridor. However, this has not lowered individual asking rents significantly. The average asking rent for ground floor space along Madison Avenue between 57th and 72nd was \$1,644 per square foot this Spring, a decrease of three percent from \$1,613 per square foot in Spring 2015.

The average asking rent adjustment seen Downtown in SoHo on Broadway between Houston and Broome Streets, which declined 16 percent from \$977 to \$824 per square foot, and in Midtown South's Herald Square on West 34th Street between 5th and 7th Avenues, which declined 11 percent from

\$1,000 to \$890 per square foot, can also be attributed to the increased supply of the corridors' spaces on the lower end of the price spectrum, which were previously unavailable.

Conversely, on Bleecker Street, the soft luxury market has opened up prime retail spaces. With these previously unavailable spaces coming to market, the average asking rent along the corridor has jumped higher. Again, individual spaces may not have increased their asking rents, but higher priced spaces coming to market have skewed the average. The average asking rent for ground floor retail space on Bleecker Street between 7th Avenue South and Hudson Street was \$513 per square foot this Spring, an increase of seven percent from \$481 in the Spring of 2015.

We must reiterate that the rents quoted in this report are asking rents. 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 this 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 Advisory Group and the REBNY Retail Committee members, which include all the major retail real estate brokers and owners in Manhattan.

THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

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

	Spring 2016	Fall 2015	Spring 2015	% Change from Fall 2015	% Change from Spring 2015
EASTSIDE					
Madison Ave: 57 th – 72 nd St	\$1,644	\$1,613	\$1,700	2%	-3%
Third Ave: 60 th – 72 nd St	\$371	\$335	\$363	11%	2%
East 86 th Street: Lexington Ave – 2 nd Ave	\$455	\$430	\$456	6%	0%
WESTSIDE					
Broadway: 72 nd – 86 th St	\$359	\$361	\$390	-1%	-8%
Columbus Ave: 66 th – 79 th St	\$405	\$375	\$447	8%	-9%
MIDTOWN					
East 57 Street: 5 th Ave – Park Ave	\$1,625	\$1,600	\$1,600	2%	2%
Fifth Ave: 42 nd – 49 th St	\$1,368	\$1,203	\$1,200	14%	14%
Fifth Ave: 49 th – 59 th St	\$3,398	\$3,397	\$3,683	0%	-8%
Broadway & 7 th Ave: 42 nd – 47 th St	\$2,363	\$2,390	\$2,413	-1%	-2%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 th – 23 rd St	\$385	\$394	\$403	-2%	-4%
Broadway: 14 th – 23 rd St	\$447	\$510	\$435	-12%	3%
Herald Square					
West 34 th St: 5 th – 7 th Ave	\$890	\$836	\$1,000	6%	-11%
DOWNTOWN					
Meatpacking					
14 th St: 9 th – 10 th Ave	\$348	\$372	\$372	-7%	-7%
Financial District					
Broadway: Battery Park – Chambers St	\$326	\$308	\$234	6%	39%
SoHo					
Broadway: Houston – Broome St	\$824	\$831	\$977	-1%	-16%
West Village					
Bleaker St: 7 th Ave South – Houston St	\$513	\$468	\$481	10%	7%
UPPER MANHATTAN					
Harlem					
125 th St (River to River)	\$138	\$132	\$141	4%	-2%

*Statistics reflect availabilities on 4/1/16

THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

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

	Spring 2016	Fall 2015	Spring 2015	% Change from Fall 2015	% Change from Spring 2015
EASTSIDE					
Madison Ave: 57 th – 72 nd St	\$1,575	\$1,728	\$1,837	-9%	-14%
Third Ave: 60 th – 72 nd St	\$385	\$325	\$350	18%	10%
East 86 th Street: Lexington Ave – 2 nd Ave	\$433	\$375	\$475	15%	-9%
WESTSIDE					
Broadway: 72 nd – 86 th St	\$400	\$400	\$400	0%	0%
Columbus Ave: 66 th – 79 th St	\$419	\$350	\$488	20%	-14%
MIDTOWN					
East 57 th Street: 5 th Ave – Park Ave	\$1,625	\$1,600	\$1,600	2%	2%
Fifth Ave: 42 nd – 49 th St	\$1,200	\$1,225	\$1,200	-2%	0%
Fifth Ave: 49 th – 59 th St	\$3,000	\$3,397	\$3,750	-12%	-20%
Broadway & 7 th Ave: 42 nd – 47 th St	\$2,225	\$2,350	\$2,225	-5%	0%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 th – 23 rd St	\$400	\$400	\$395	0%	1%
Broadway: 14 th – 23 rd St	\$451	\$486	\$400	-7%	13%
Herald Square					
West 34 th St: 5 th – 7 th Ave	\$800	\$700	\$1,000	14%	-20%
DOWNTOWN					
Meatpacking					
14 th St: 9 th – 10 th Ave	\$375	\$325	\$325	15%	15%
Financial District					
Broadway: Battery Park – Chambers St	\$235	\$275	\$175	-15%	34%
SoHo					
Broadway: Houston – Broome St	\$760	\$750	\$950	1%	-20%
West Village					
Bleaker St: 7 th Ave South – Houston St	\$525	\$500	\$488	5%	8%
UPPER MANHATTAN					
Harlem					
125 th St (River to River)	\$104	\$135	\$125	-23%	-17%

*Statistics reflect availabilities on 4/1/16

THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

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

	Spring 2016	Fall 2015	Spring 2015
EASTSIDE			
Madison Ave: 57 th – 72 nd St	\$1,250 - \$2,058	\$1,000 - \$2,273	\$1,500 - \$2,200
Third Ave: 60 th – 72 nd St	\$185 - \$550	\$187 - \$425	\$163 - \$377
East 86 th Street: Lexington Ave – 2 nd Ave	\$250 - \$800	\$250 - \$650	\$255 - \$800
WESTSIDE			
Broadway: 72 nd – 86 th St	\$225 - \$455	\$193 - \$650	\$221 - \$650
Columbus Ave: 66 th – 79 th St	\$200 - \$600	\$137 - \$600	\$150 - \$500
MIDTOWN			
East 57 th Street: 5 th Ave – Park Ave	\$1,500 - \$1,750	\$1,500 - \$1,700	\$1,000 - \$1,500
Fifth Ave: 42 nd – 49 th St	\$1,000 - \$2,500	\$1,000 - \$1,500	\$575 - \$1,500
Fifth Ave: 49 th – 59 th St	\$2,700 - \$4,450	\$3,093 - \$3,700	\$2,700 - \$4,000
Broadway & 7 th Ave: 42 nd – 47 th St	\$2,000 - \$3,000	\$2,000 - \$3,000	\$2,000 - \$3,000
MIDTOWN SOUTH			
Flatiron			
Fifth Ave: 14 th – 23 rd St	\$325 - \$450	\$325 - \$500	\$325 - \$500
Broadway: 14 th – 23 rd St	\$286 - \$600	\$417 - \$650	\$225 - \$471
Herald Square			
West 34 th St: 5 th – 7 th Ave	\$550 - \$1,200	\$550 - \$1,100	\$492 - \$1,500
DOWNTOWN			
Meatpacking			
14 th St: 9 th – 10 th Ave	\$275 - \$450	\$300 - \$600	\$275 - \$450
Financial District			
Broadway: Battery Park – Chambers St	\$115 - \$700	\$115 - \$500	\$128 - \$500
SoHo			
Broadway: Houston – Broome St	\$500 - \$1,583	\$425 - \$1,583	\$425 - \$1,583
West Village			
Bleaker St: 7 th Ave South – Houston St	\$325 - \$655	\$325 - \$550	\$375 - \$600
UPPER MANHATTAN			
Harlem			
125 th St (River to River)	\$70 - \$390	\$75 - \$225	\$72 - \$300

*Statistics reflect availabilities on 4/1/16

THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Spring 2016	Fall 2015	Spring 2015	% Change from Fall 2015	% Change from Spring 2015
MANHATTAN	\$126	\$156	\$153	-19%	-18%
EASTSIDE 60 th St to 96 th St, Fifth Ave to the East River	\$191	\$220	\$188	-13%	2%
WESTSIDE 60 th St to 116 th St, West of Morningside Park	\$127	\$140	\$144	-9%	-12%
MIDTOWN 35 th Street to 59 th Street	\$185	\$208	\$191	-11%	-3%
MIDTOWN SOUTH 15 th Street to 34 th Street	\$158	\$153	\$145	3%	9%
DOWNTOWN South of 14 th Street	\$143	\$151	\$143	-5%	0%
UPPER MANHATTAN 97 th St and higher, 5 th Ave to the East River; 116 th St and higher, West of Morningside Park	\$70	\$73	\$72	-4%	-3%

*Statistics reflect availabilities on 4/1/16

THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

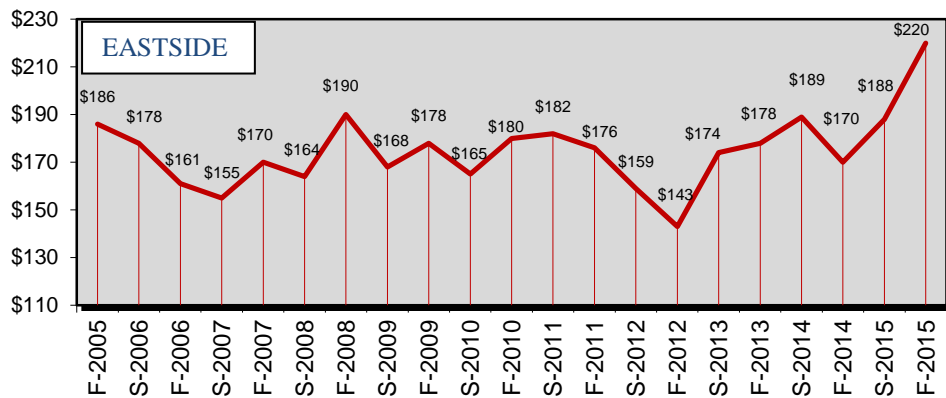
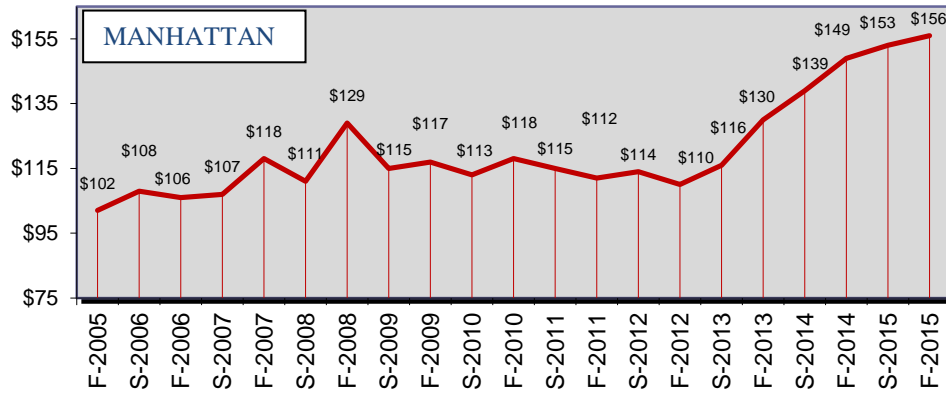
	Spring 2016	Fall 2015	Spring 2015	% Change from Fall 2015	% Change from Spring 2015
MANHATTAN	\$98	\$112	\$107	-13%	-8%
EASTSIDE 60 th St to 96 th St, Fifth Ave to the East River	\$119	\$140	\$123	-15%	-3%
WESTSIDE 60 th St to 116 th St, West of Morningside Park	\$120	\$113	\$120	6%	0%
MIDTOWN 35 th Street to 59 th Street	\$114	\$135	\$121	-16%	-6%
MIDTOWN SOUTH 15 th Street to 34 th Street	\$106	\$116	\$110	-9%	-4%
DOWNTOWN South of 14 th Street	\$104	\$120	\$115	-13%	-10%
UPPER MANHATTAN 97 th St and higher, 5 th Ave to the East River; 116 th St and higher, West of Morningside Park	\$60	\$65	\$60	-8%	0%

*Statistics reflect availabilities on 4/1/16

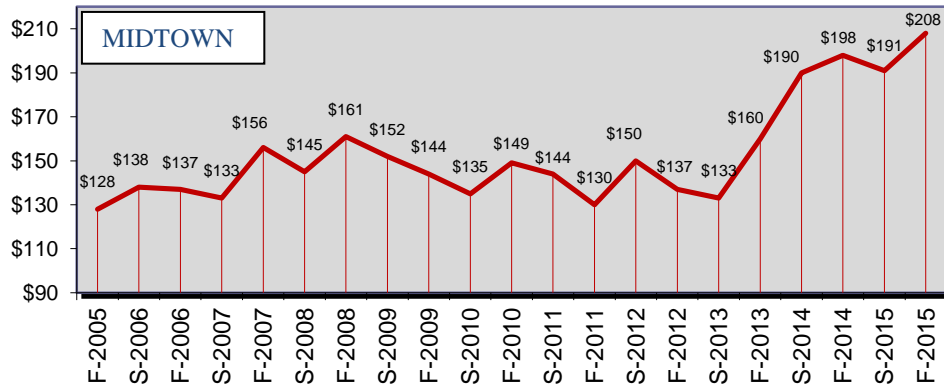
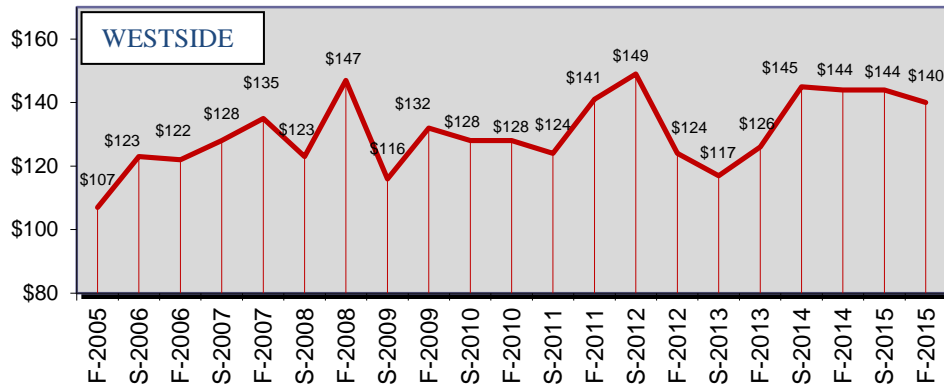
THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

AVERAGE RETAIL ASKING RENTS PSF



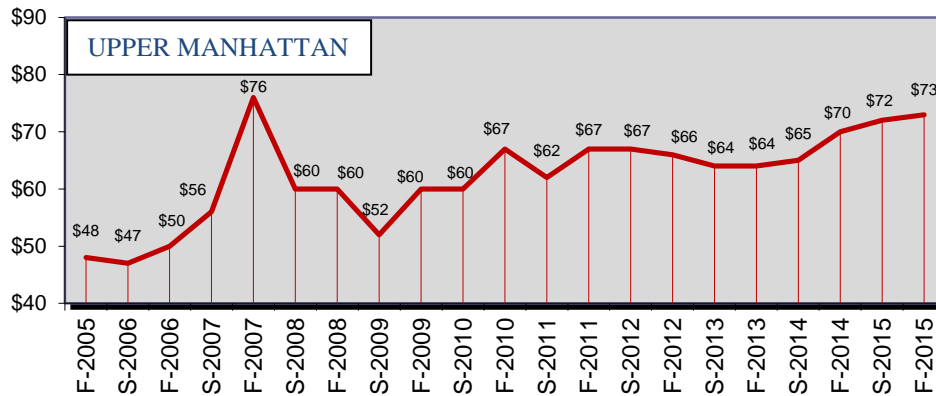
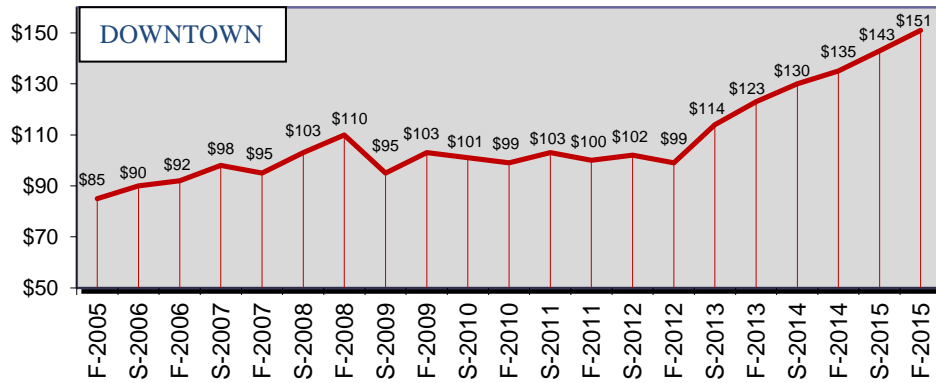
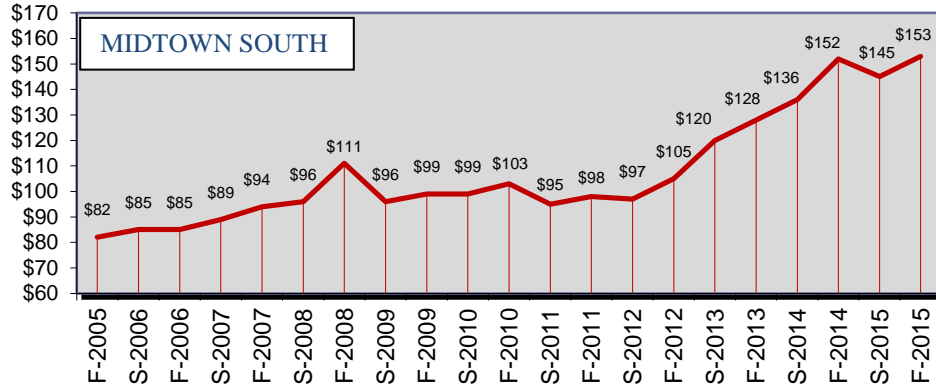
AVERAGE RETAIL ASKING RENTS PSF



THE REAL ESTATE BOARD OF NEW YORK

MANHATTAN RETAIL REPORT SPRING 2016

AVERAGE RETAIL ASKING RENTS PSF



ACKNOWLEDGEMENTS

The REBNY Manhattan Retail Report Advisory Group includes:

Robin Abrams, The Lansco Corporation
Karen Bellantoni, RKF
Benjamin Fox, SCG Retail
Andrew Goldberg, CBRE
David Green, Cushman & Wakefield
Andrew Mandell, Ripco Real Estate Corporation
Joanne Podell, Cushman & Wakefield
Fred Posniak, Empire State Realty Trust
Jeffrey Roseman, Newmark Grubb Knight Frank
Craig Slosberg, Jones Lang LaSalle
Alan Victor, The Lansco Corporation

REBNY would like to thank the following firms for their assistance in preparing the report:

Buchbinder & Warren Realty Group
CBRE
Crown Retail Services
Cushman & Wakefield
Jones Lang LaSalle
The Lansco Corporation
Newmark Grubb Knight Frank
Ripco Real Estate Corporation
RKF
Sholom & Zuckerbrot Realty
Sinvin Real Estate

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.