

THE REAL ESTATE BOARD OF NEW YORK

# RETAIL REPORT

**SPRING 2014**



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CHAIRMAN**

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REAL ESTATE BOARD OF NEW YORK

## EXECUTIVE SUMMARY

Manhattan's retail leasing market remained vibrant through the first quarter of 2014. Strong interest in prime corridors and the repositioning of other corridors resulted in strong market conditions. Asking rents in the most coveted corridors showed the biggest increases this period. Fifth Avenue between 49th and 59th again had the highest average asking rent for a corridor and reached a new record at \$3,550 per square foot, an increase of 16 percent compared to the Spring 2013 REBNY Retail Report. The Times Square retail corridor also touched a new high with an increase of 11 percent over last year to an average asking rent of \$2,407 per square foot.

Other major corridors saw continued rent increases as well. The average asking rent in Herald Square along West 34th Street increased 22 percent from last year to \$883 per square foot. On Broadway in SoHo between Houston and Broome the average asking rent increased 19 percent to \$890 per square foot. Prime Madison Avenue between 57th and 72nd streets had a surge in asking rents as the corridor has settled after a period of store repositioning. The average asking rent on the corridor increased 24 percent to \$1,643 per square foot.

Our advisory group noted that these increases are partly attributable to the strong consumer demand along New York City's major shopping corridors. Tourism, both foreign and domestic, has continued to grow. Furthermore, current low interest rates have allowed property owners to carry space inexpensively. With high demand from tenants and a low carrying cost, building owners have been pursuing a more deliberative approach to finding tenants; one that maximizes property value. This is especially relevant to retail spaces in the buildings along Fifth Avenue and Broadway.

In the areas away from the most glamorous corridors though, the group noticed other dynamics at play. Retailer demand in these more local corridors is much more price sensitive. They noticed that asking rents in such corridors have been met with some price resistance from retailers concerned about their bottom line. In cases such as this, owners may try to reposition their properties, improve the space, and wait for the direction of the corridor to become clearer before making a commitment to lease space. This more deliberative approach to leasing tends to lead to a more vibrant and desirable tenant mix. Transitions such as these may lead to some short term discomfort for owners and those who frequent the corridor, but these transformations of our retail corridors keeps the retail corridor and our city vibrant and interesting.

It must be stated that the rents quoted in the 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 can affect value as well as locational factors. Consequently, in corridors with fewer availabilities, a high quality space coming to market can increase the average and median asking rents greatly. 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 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 Advisory Group and the REBNY Retail Committee members which include all the major retail brokers and owners in Manhattan.



## AVERAGE ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

|                                      | Spring  | Fall    | Spring  | % Change  | % Change    |
|--------------------------------------|---------|---------|---------|-----------|-------------|
|                                      | 2014    | 2013    | 2013    | From Fall | From Spring |
|                                      |         |         |         | 2013      | 2013        |
| <b>EASTSIDE</b>                      |         |         |         |           |             |
| Madison Ave: 57 - 72 St              | \$1,643 | \$1,380 | \$1,325 | 19%       | 24%         |
| Third Ave: 60 - 72 St                | \$261   | \$249   | \$275   | 5%        | -5%         |
| East 86 St: Lexington Ave - 2nd Ave  | \$384   | \$442   | \$550   | -13%      | -30%        |
| <b>WESTSIDE</b>                      |         |         |         |           |             |
| Broadway: 72 - 86 St                 | \$284   | \$434   | \$297   | -34%      | -4%         |
| Columbus Ave: 66 - 79 St             | \$360   | \$319   | \$367   | 13%       | -2%         |
| <b>MiDTo WN</b>                      |         |         |         |           |             |
| East 57 St: 5 Ave - Park Ave         | \$1,000 | \$885   | \$768   | 13%       | 30%         |
| Fifth Ave: 42 - 49 St                | \$1,029 | \$1,072 | \$1,092 | -4%       | -6%         |
| Fifth Ave: 49 - 59 St                | \$3,550 | \$3,170 | \$3,052 | 12%       | 16%         |
| Broadway & 7 Ave: 42 - 47 St         | \$2,407 | \$2,175 | \$2,175 | 11%       | 11%         |
| <b>MiDTo WN So UTH</b>               |         |         |         |           |             |
| <b>Flatiron</b>                      |         |         |         |           |             |
| Fifth Ave: 14 - 23 St                | \$388   | \$329   | \$413   | 18%       | -6%         |
| Broadway: 14 - 23 St                 | \$392   | \$400   | \$322   | -2%       | 22%         |
| <b>Herald Square</b>                 |         |         |         |           |             |
| West 34 St: 5 - 7 Ave                | \$883   | \$738   | \$724   | 20%       | 22%         |
| <b>Do WNTo WN</b>                    |         |         |         |           |             |
| <b>Meatpacking</b>                   |         |         |         |           |             |
| 14 St: 9 - 10 Ave                    | \$339   | \$356   | \$356   | -5%       | -5%         |
| <b>Financial District</b>            |         |         |         |           |             |
| Broadway: Battery Park - Chambers St | \$226   | \$257   | \$232   | -12%      | -2%         |
| <b>SoHo</b>                          |         |         |         |           |             |
| Broadway: Houston - Broome St        | \$890   | \$762   | \$750   | 17%       | 19%         |
| <b>West Village</b>                  |         |         |         |           |             |
| Bleeker St: 7 Ave South - Hudson St  | \$524   | \$417   | \$540   | 26%       | -3%         |
| <b>UPPER MANHATTAN</b>               |         |         |         |           |             |
| <b>Harlem</b>                        |         |         |         |           |             |
| 125th St. (River to River)           | \$117   | \$110   | \$123   | 6%        | -5%         |

\*Statistics reflect availabilities on 4/1/14



## MEDIAN ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

|                                      | Spring<br>2014 | Fall<br>2013 | Spring<br>2013 | % Change<br>From Fall<br>2013 | % Change<br>From Spring<br>2013 |
|--------------------------------------|----------------|--------------|----------------|-------------------------------|---------------------------------|
| <b>EASTSIDE</b>                      |                |              |                |                               |                                 |
| Madison Ave: 57 - 72 St              | \$1,650        | \$1,300      | \$1,286        | 27%                           | 28%                             |
| Third Ave: 60 - 72 St                | \$250          | \$250        | \$250          | 0%                            | 0%                              |
| East 86 St: Lexington Ave - 2nd Ave  | \$355          | \$575        | \$475          | -38%                          | -25%                            |
| <b>WESTSIDE</b>                      |                |              |                |                               |                                 |
| Broadway: 72 - 86 St                 | \$268          | \$425        | \$300          | -37%                          | -11%                            |
| Columbus Ave: 66 - 79 St             | \$333          | \$329        | \$367          | 1%                            | -9%                             |
| <b>MIDTOWN</b>                       |                |              |                |                               |                                 |
| East 57 St: 5 Ave - Park Ave         | \$1,000        | \$885        | \$768          | 13%                           | 30%                             |
| Fifth Ave: 42 - 49 St                | \$1,000        | \$1,077      | \$1,127        | -7%                           | -11%                            |
| Fifth Ave: 49 - 59 St                | \$3,600        | \$3,200      | \$3,000        | 13%                           | 20%                             |
| Broadway & 7 Ave: 42 - 47 St         | \$2,350        | \$2,000      | \$2,175        | 18%                           | 8%                              |
| <b>MIDTOWN SOUTH</b>                 |                |              |                |                               |                                 |
| <b>Flatiron</b>                      |                |              |                |                               |                                 |
| Fifth Ave: 14 - 23 St                | \$393          | \$300        | \$400          | 31%                           | -2%                             |
| Broadway: 14 - 23 St                 | \$447          | \$400        | \$265          | 12%                           | 69%                             |
| <b>Herald Square</b>                 |                |              |                |                               |                                 |
| West 34 St: 5 - 7 Ave                | \$1,000        | \$650        | \$673          | 54%                           | 49%                             |
| <b>DoWNTOWN</b>                      |                |              |                |                               |                                 |
| <b>Meatpacking</b>                   |                |              |                |                               |                                 |
| 14 St: 9 - 10 Ave                    | \$325          | \$325        | \$350          | 0%                            | -7%                             |
| <b>Financial District</b>            |                |              |                |                               |                                 |
| Broadway: Battery Park - Chambers St | \$171          | \$188        | \$188          | -9%                           | -9%                             |
| <b>SoHo</b>                          |                |              |                |                               |                                 |
| Broadway: Houston - Broome St        | \$864          | \$875        | \$800          | -7%                           | 8%                              |
| <b>West Village</b>                  |                |              |                |                               |                                 |
| Bleeker St: 7 Ave South - Hudson St  | \$550          | \$364        | \$602          | 51%                           | -9%                             |
| <b>UPPER MANHATTAN</b>               |                |              |                |                               |                                 |
| <b>Harlem</b>                        |                |              |                |                               |                                 |
| 125th St. (River to River)           | \$100          | \$105        | \$118          | -5%                           | -15%                            |

\* Statistics reflect availabilities on 4/1/14



## ASKING RENT RANGE: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

|                                      | Spring 2014       | Fall 2013         | Spring 2013       |
|--------------------------------------|-------------------|-------------------|-------------------|
| <b>EASTSIDE</b>                      |                   |                   |                   |
| Madison Ave: 57 - 72 St              | \$1,200 - \$2,200 | \$700 - \$2,000   | \$950 - \$1,736   |
| Third Ave: 60 - 72 St                | \$158 - \$400     | \$154 - \$325     | \$200 - \$400     |
| East 86 St: Lexington Ave - 2nd Ave  | \$275 - \$550     | \$350 - \$625     | \$400 - \$650     |
| <b>WESTSIDE</b>                      |                   |                   |                   |
| Broadway: 72 - 86 St                 | \$200 - \$400     | \$385 - \$500     | \$225 - \$400     |
| Columbus Ave: 66 - 79 St             | \$226 - \$650     | \$327 - \$406     | \$327 \$406       |
| <b>MIDTo WN</b>                      |                   |                   |                   |
| East 57 St: 5 Ave - Park Ave         | \$1,000 - \$1,000 | \$884 - \$884     | \$650 - \$885     |
| Fifth Ave: 42 - 49 St                | \$575 - \$1,500   | \$575 - \$1,750   | \$575 - \$1,750   |
| Fifth Ave: 49 - 59 St                | \$3,150 - \$3,900 | \$2,500 - \$3,500 | \$2,560 - \$3,500 |
| Broadway & 7 Ave: 42 - 47 St         | \$1,800 - \$3,000 | \$1,800 - \$2,750 | \$1,500 - \$2,700 |
| <b>MIDTo WN So UTH</b>               |                   |                   |                   |
| <b>Flatiron</b>                      |                   |                   |                   |
| Fifth Ave: 14 - 23 St                | \$300 - \$500     | \$250 - \$500     | \$350 - \$500     |
| Broadway: 14 - 23 St                 | \$275 - \$453     | \$400 - \$400     | \$200 - \$500     |
| <b>Herald Square</b>                 |                   |                   |                   |
| West 34 St: 5 - 7 Ave                | \$550 - \$1,100   | \$550 - \$1,100   | \$493 - \$1,100   |
| <b>Do WNTo WN</b>                    |                   |                   |                   |
| <b>Meatpacking</b>                   |                   |                   |                   |
| 14 St: 9 - 10 Ave                    | \$300 - \$450     | \$325 - \$450     | \$250 - \$500     |
| <b>Financial District</b>            |                   |                   |                   |
| Broadway: Battery Park - Chambers St | \$128 - \$500     | \$125 - \$500     | \$100 - \$500     |
| <b>SoHo</b>                          |                   |                   |                   |
| Broadway: Houston - Broome St        | \$720 - \$1,200   | \$600 - \$1,200   | \$463 - \$950     |
| <b>West Village</b>                  |                   |                   |                   |
| Bleeker St: 7 Ave South - Hudson St  | \$375 - \$700     | \$300 - \$696     | \$300 - \$700     |
| <b>UPPER MANHATTAN</b>               |                   |                   |                   |
| <b>Harlem</b>                        |                   |                   |                   |
| 125th St. (River to River)           | \$70 - \$300      | \$80 - \$160      | \$72 - \$235      |

\* Statistics reflect availabilities on 4/1/14



## AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

|  | Spring<br>2014 | Fall<br>2013 | Spring<br>2013 | % Change<br>From Fall<br>2013 | % Change<br>From Spring<br>2013 |
|--|----------------|--------------|----------------|-------------------------------|---------------------------------|
| <b>MANHATTAN</b>   | \$139          | \$130        | \$116          | 7%                            | 20%                             |
| <b>EASTSIDE</b><br>60th Street to 96th Street, Fifth Avenue to the East River  | \$189          | \$178        | \$174          | 6%                            | 9%                              |
| <b>WESTSIDE</b><br>60th Street to 116th Street, West of Morningside Park   | \$145          | \$126        | \$117          | 15%                           | 24%                             |
| <b>MIDTo WN</b><br>35th Street to 59th Street  | \$190          | \$160        | \$133          | 19%                           | 43%                             |
| <b>MIDTo WN So UTH</b><br>15th Street to 34th Street   | \$136          | \$128        | \$120          | 6%                            | 13%                             |
| <b>Do WNTo WN</b><br>South of 14th Street  | \$130          | \$123        | \$114          | 6%                            | 14%                             |
| <b>UPPER MANHATTAN</b><br>97th Street and higher, Fifth Avenue to the East River;<br>116th Street and higher, West of Morningside Park | \$65           | \$64         | \$64           | 2%                            | 2%                              |

\* Statistics reflect availabilities on 4/1/14



## MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

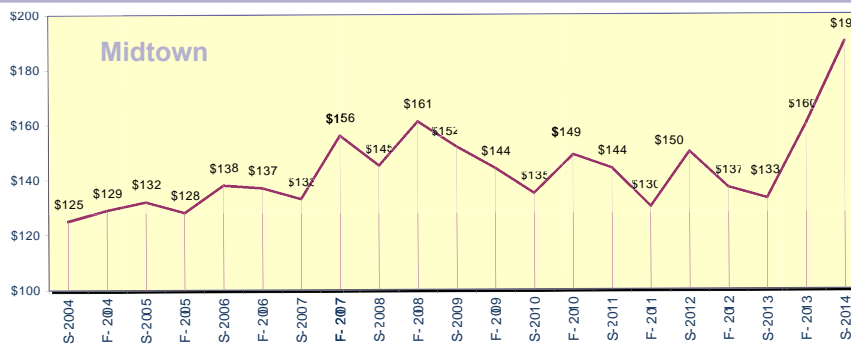
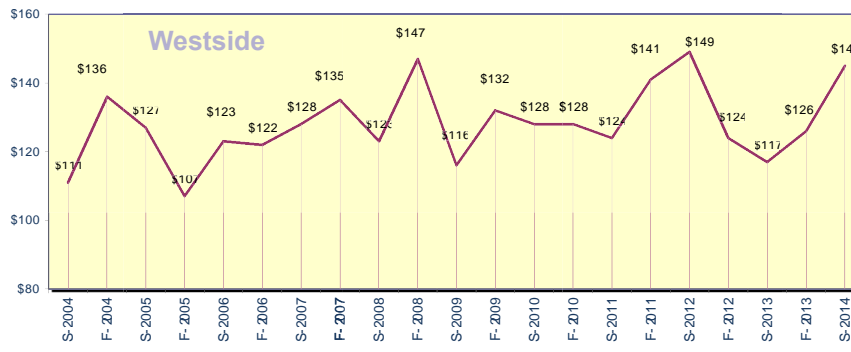
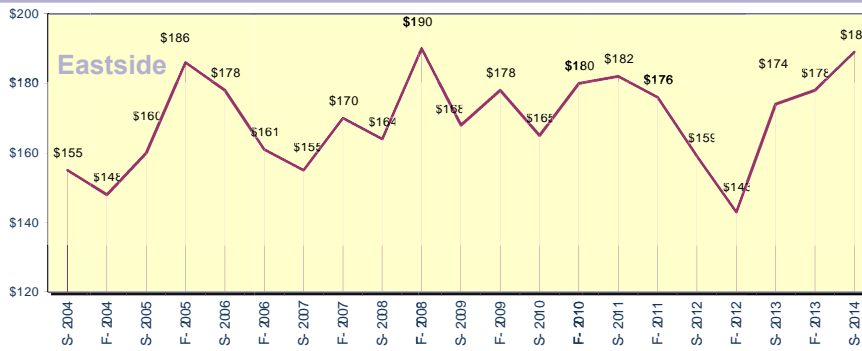
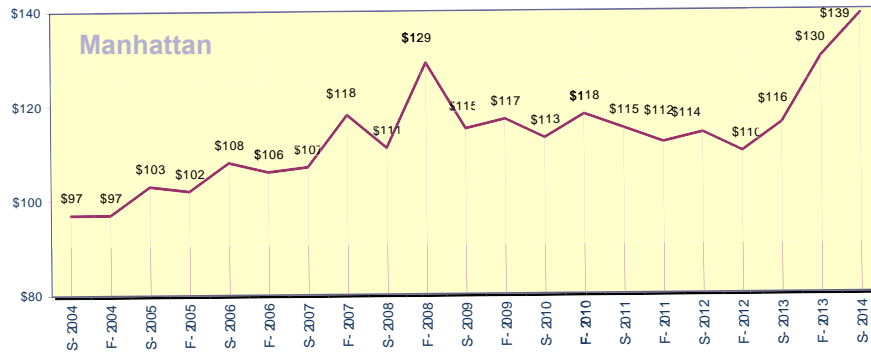
ALL AVAILABLE SPACE (GROUND FLOOR, LOWER LEVEL, UPPER LEVEL, MEZZANINE)

|  | Spring<br>2014 | Fall<br>2013 | Spring<br>2013 | % Change<br>From Fall<br>2013 | % Change<br>From Spring<br>2013 |
|--|----------------|--------------|----------------|-------------------------------|---------------------------------|
| <b>MANHATTAN</b>   | \$96           | \$93         | \$84           | 3%                            | 14%                             |
| <b>EASTSIDE</b><br>60th Street to 96th Street, Fifth Avenue to the East River  | \$125          | \$114        | \$120          | 10%                           | 4%                              |
| <b>WESTSIDE</b><br>60th Street to 116th Street, West of Morningside Park   | \$118          | \$98         | \$96           | 20%                           | 23%                             |
| <b>MIDTo WN</b><br>35th Street to 59th Street  | \$100          | \$100        | \$85           | 0%                            | 18%                             |
| <b>MIDTo WN So UTH</b><br>15th Street to 34th Street   | \$103          | \$100        | \$88           | 3%                            | 17%                             |
| <b>Do WNTo WN</b><br>South of 14th Street  | \$103          | \$98         | \$91           | 5%                            | 13%                             |
| <b>UPPER MANHATTAN</b><br>97th Street and higher, Fifth Avenue to the East River;<br>116th Street and higher, West of Morningside Park | \$59           | \$56         | \$55           | 5%                            | 7%                              |

\* Statistics reflect availabilities on 4/1/14

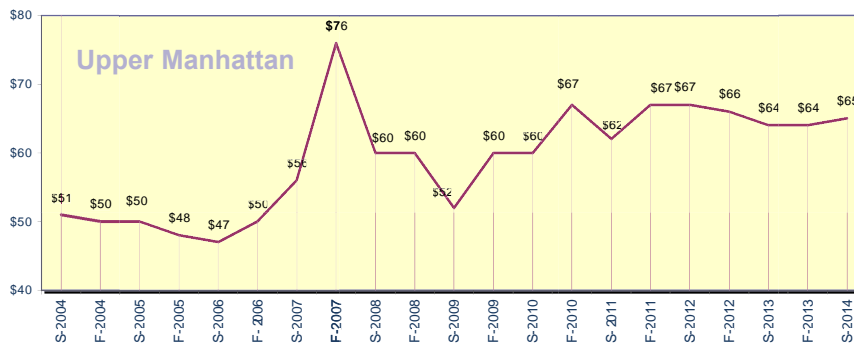
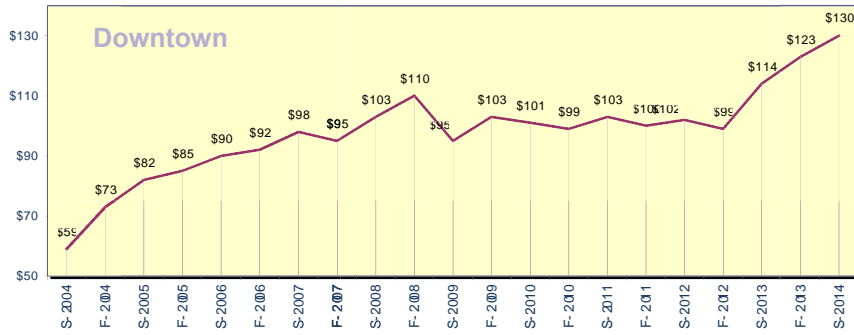
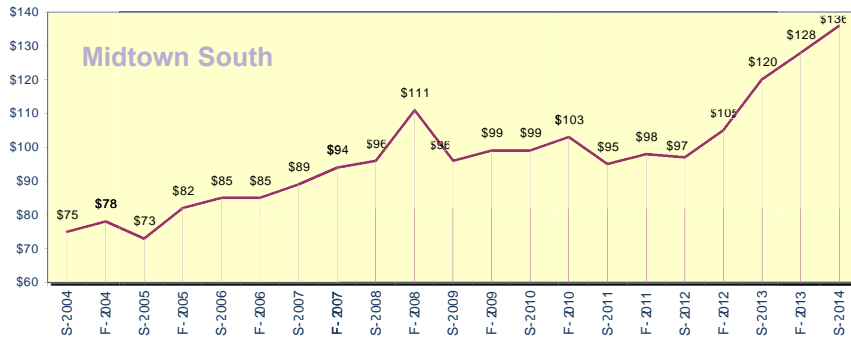


## AVERAGE RETAIL ASKING RENTS PSF





## AVERAGE RETAIL ASKING RENTS PSF



## **ACKNOWLEDGEMENTS**

### **The REBNY Retail Report Advisory Group includes:**

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**T**he 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.