

THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

FALL 2005



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CHAIRPERSON**

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PRESIDENT**

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REBNY
REAL ESTATE BOARD OF NEW YORK

A NOTE FROM THE PRESIDENT

The Real Estate Board of New York's Retail Report celebrates its fifth anniversary with the Fall 2005 issue. This biannual report, which provides comprehensive information about the Manhattan market gathered from our members, has become a reliable and respected source of rent and space information for retailers, property owners, brokers and the public.

New York City maintains its status as a premier location for major retailers -- from large national chains to international companies. In the last five years over 50 retailers have established a flagship store in Manhattan, leasing almost a half million square feet.

In reviewing the report, our Advisory Group thought that there was important activity in the market not conveyed by the numbers that we should highlight.

1. There is sustained demand among retailers for space in Soho, the Meatpacking District and the 125th Street corridor. The popularity of these locations with tourists is one reason for retailer interest.
2. There has been the strong demand from the banking industry for prominent corner locations along the retail corridors that we report on. This competition within the banking industry has helped to drive-up rents dramatically for ground floor space at these busy intersections. However, they caution that this demand does not spillover to adjacent mid-block stores or corners with less foot traffic in these corridors.
3. The decline in average asking rent for the West Side taken by itself is not a true reflection of the market. They noted that many prime locations have been rented since our last report, leaving an inventory of lower priced stores. Further, the present inventory of available space includes more mezzanine and second floor space that brings down the average price per square foot. However, ground floor space in new developments commands prices in excess of the area average.

With the encouragement and invaluable support of our members we inaugurated the REBNY Retail Report. Our goal has been to provide a fair and accurate assessment of the market that would be a useful resource for our members and the industry. In reporting on activity on the major retail corridors, we encourage strongly that a user of our report examine all three indicators-average, median, range-to properly value an individual location on the basis of our information.

From time to time, as we have done here, we have included a closer examination and explanation of market activity. In our view, these observations provide a glimpse of what's happening behind the numbers that insure that the reader will have a fair and accurate presentation of the market, for their own use or the use of their clients.

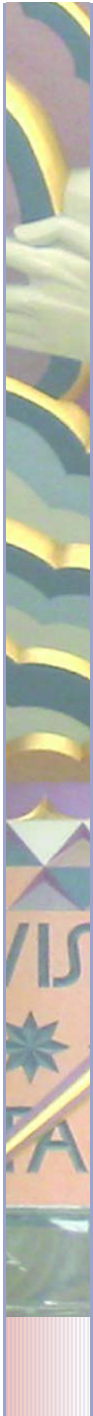


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EXECUTIVE SUMMARY

The East Side and Downtown major retail corridors had significant increases in the asking rent for their ground floor space.

- The Third Avenue corridor (60th - 72nd Sts) climbed 32% to \$248 per square foot.
- Along Broadway (between Houston and Broome St.) in SoHo average asking rent rose 27% to \$228 per square foot.
- The asking rent on Hudson St (between Chambers and Canal St) in TriBeCa was up 21% to an average of \$68 per square foot.
- The Broadway corridor (between Battery Park and Chambers St) in Lower Manhattan saw its average asking rent increase 12% to \$125 per square foot.

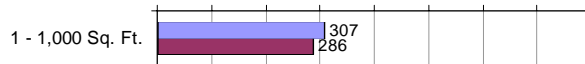
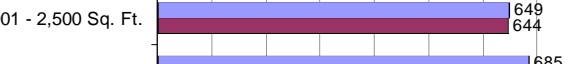

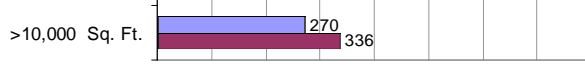

The market area asking rents, which surveys all available space, likewise showed improvement.


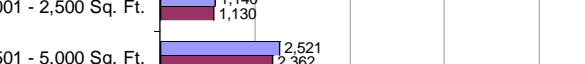
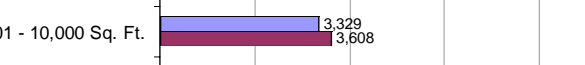

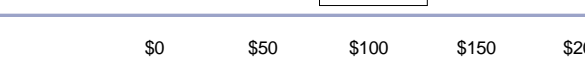
- The East Side climbed 26% to an average asking rent of \$186 for all space.
- Downtown average asking rent rose 16% to \$85 per square foot for all space.
- Average asking rents in Midtown South increased 5% to \$82 per square foot for all space.
- On the East Side stores with less than 1,000 square feet saw a 31% increase in average asking rent to \$205 per square foot.
- Stores south of 14th St (Downtown) with less than 1,000 square feet saw their average asking rents rise to \$151 per square feet for all space, an increase of 27%.

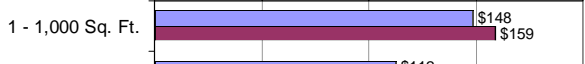

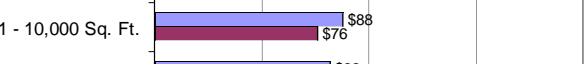
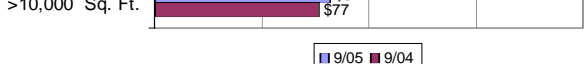

Overall Manhattan average asking rent for all space rose 5% to \$102 per square foot.

MANHATTAN (Ground Floor, Lower Level, Upper Level, Mezzanine)

Availability Summary		9/30/05	9/30/04
# of Stores		2,376	2,407
Square Feet		12,842,558	14,858,945
Average Asking Rent PSF:		\$102	\$97

Total Number of Stores by Store Size	
	0 100 200 300 400 500 600 700 800
1 - 1,000 Sq. Ft.	
1,001 - 2,500 Sq. Ft.	
2,501 - 5,000 Sq. Ft.	
5,001 - 10,000 Sq. Ft.	
>10,000 Sq. Ft.	

Available Space by Store Size (thousands)	
	0 2,000 4,000 6,000 8,000
1 - 1,000 Sq. Ft.	
1,001 - 2,500 Sq. Ft.	
2,501 - 5,000 Sq. Ft.	
5,001 - 10,000 Sq. Ft.	
>10,000 Sq. Ft.	

Asking Rents by Store Size	
	\$0 \$50 \$100 \$150 \$200
1 - 1,000 Sq. Ft.	
1,001 - 2,500 Sq. Ft.	
2,501 - 5,000 Sq. Ft.	
5,001 - 10,000 Sq. Ft.	
>10,000 Sq. Ft.	

EAST SIDE (Ground Floor, Lower Level, Upper Level, Mezzanine)

Availability Summary	9/30/05	9/30/04
# of Stores	188	194
Square Feet	720,480	669,916
Average Asking Rent PSF:	\$186	\$148

Total Number of Stores by Store Size	Number of Stores	
	9/05	9/04
1 - 1,000 Sq. Ft.	36	32
1,001 - 2,500 Sq. Ft.	71	75
2,501 - 5,000 Sq. Ft.	54	56
5,001 - 10,000 Sq. Ft.	15	25
>10,000 Sq. Ft.	12	6

Available Space by Store Size (thousands)	Square Feet (thousands)	
	9/05	9/04
1 - 1,000 Sq. Ft.	21	20
1,001 - 2,500 Sq. Ft.	123	128
2,501 - 5,000 Sq. Ft.	186	200
5,001 - 10,000 Sq. Ft.	96	172
>10,000 Sq. Ft.	294	147

Asking Rents by Store Size	Asking Rent PSF	
	9/05	9/04
1 - 1,000 Sq. Ft.	\$205	\$157
1,001 - 2,500 Sq. Ft.	\$202	\$161
2,501 - 5,000 Sq. Ft.	\$160	\$152
5,001 - 10,000 Sq. Ft.	\$172	\$112
>10,000 Sq. Ft.	\$172	\$55

WESTSIDE (Ground Floor, Lower Level, Upper Level, Mezzanine)

Availability Summary		9/30/05	9/30/04
# of Stores		112	115
Square Feet		539,108	598,264
Average Asking Rent PSF:		\$107	\$136

Total Number of Stores by Store Size		9/05	9/04
1 - 1,000 Sq. Ft.		28	22
1,001 - 2,500 Sq. Ft.		31	26
2,501 - 5,000 Sq. Ft.		22	28
5,001 - 10,000 Sq. Ft.		19	25
>10,000 Sq. Ft.		12	14

Available Space by Store Size (thousands)		9/05	9/04
1 - 1,000 Sq. Ft.		20	14
1,001 - 2,500 Sq. Ft.		55	45
2,501 - 5,000 Sq. Ft.		77	94
5,001 - 10,000 Sq. Ft.		143	172
>10,000 Sq. Ft.		244	274

Asking Rents by Store Size		9/05	9/04
1 - 1,000 Sq. Ft.		\$122	\$138
1,001 - 2,500 Sq. Ft.		\$119	\$167
2,501 - 5,000 Sq. Ft.		\$114	\$166
5,001 - 10,000 Sq. Ft.		\$84	\$90
>10,000 Sq. Ft.		\$68	\$99

MIDTOWN (Ground Floor, Lower Level, Upper Level, Mezzanine)

Availability Summary		9/30/05	9/30/04
# of Stores		610	663
Square Feet		3,229,552	4,258,030
Average Asking Rent PSF:		\$128	\$129

Total Number of Stores by Store Size		9/05	9/04
1 - 1,000 Sq. Ft.		75	76
1,001 - 2,500 Sq. Ft.		174	184
2,501 - 5,000 Sq. Ft.		158	146
5,001 - 10,000 Sq. Ft.		128	148
>10,000 Sq. Ft.		75	109

Available Space by Store Size (thousands)		9/05	9/04
1 - 1,000 Sq. Ft.		49	51
1,001 - 2,500 Sq. Ft.		299	314
2,501 - 5,000 Sq. Ft.		588	541
5,001 - 10,000 Sq. Ft.		939	1,038
>10,000 Sq. Ft.		1,356	2,314

Asking Rents by Store Size		9/05	9/04
1 - 1,000 Sq. Ft.		\$158	\$243
1,001 - 2,500 Sq. Ft.		\$150	\$139
2,501 - 5,000 Sq. Ft.		\$111	\$108
5,001 - 10,000 Sq. Ft.		\$113	\$97
>10,000 Sq. Ft.		\$106	\$103

MIDTOWN SOUTH (Ground Floor, Lower Level, Upper Level, Mezzanine)

Availability Summary		9/30/05	9/30/04
# of Stores		375	408
Square Feet		2,296,607	3,292,503
Average Asking Rent PSF:		\$82	\$78

Total Number of Stores by Store Size		9/05	9/04
1 - 1,000 Sq. Ft.		30	34
1,001 - 2,500 Sq. Ft.		75	82
2,501 - 5,000 Sq. Ft.		113	113
5,001 - 10,000 Sq. Ft.		104	98
>10,000 Sq. Ft.		53	81

Available Space by Store Size (thousands)		9/05	9/04
1 - 1,000 Sq. Ft.		21	26
1,001 - 2,500 Sq. Ft.		136	154
2,501 - 5,000 Sq. Ft.		423	440
5,001 - 10,000 Sq. Ft.		754	741
>10,000 Sq. Ft.		962	1,932

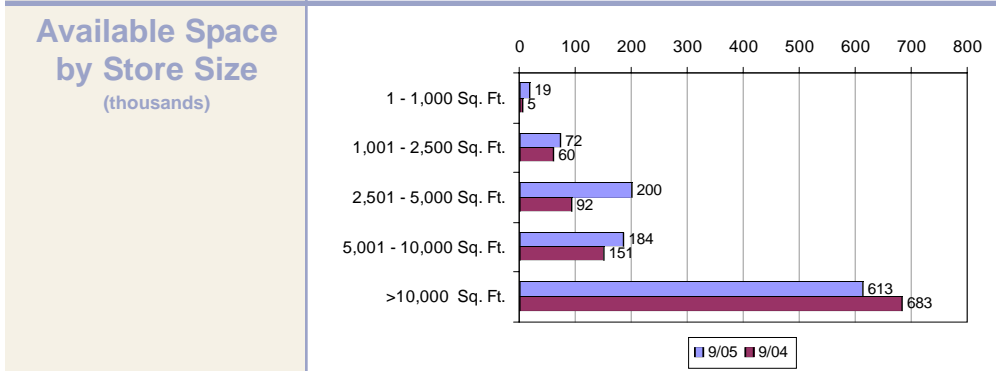
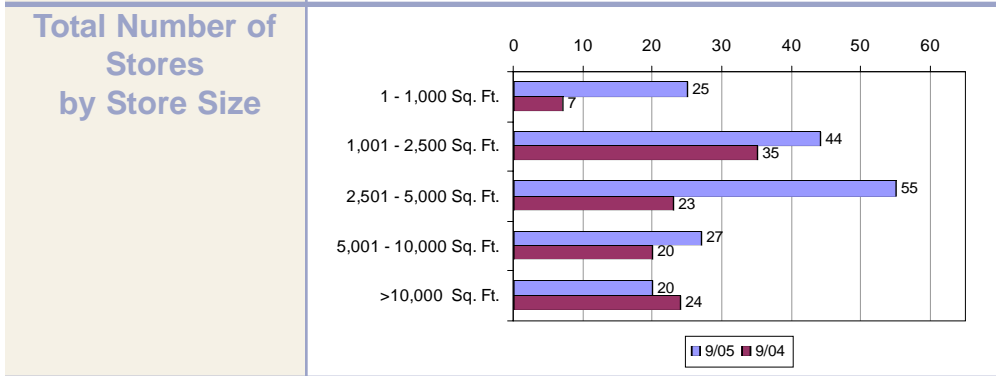
Asking Rents by Store Size		9/05	9/04
1 - 1,000 Sq. Ft.		\$148	\$143
1,001 - 2,500 Sq. Ft.		\$91	\$85
2,501 - 5,000 Sq. Ft.		\$76	\$62
5,001 - 10,000 Sq. Ft.		\$69	\$67
>10,000 Sq. Ft.		\$68	\$77

DOWNTOWN (Ground Floor, Lower Level, Upper Level, Mezzanine)

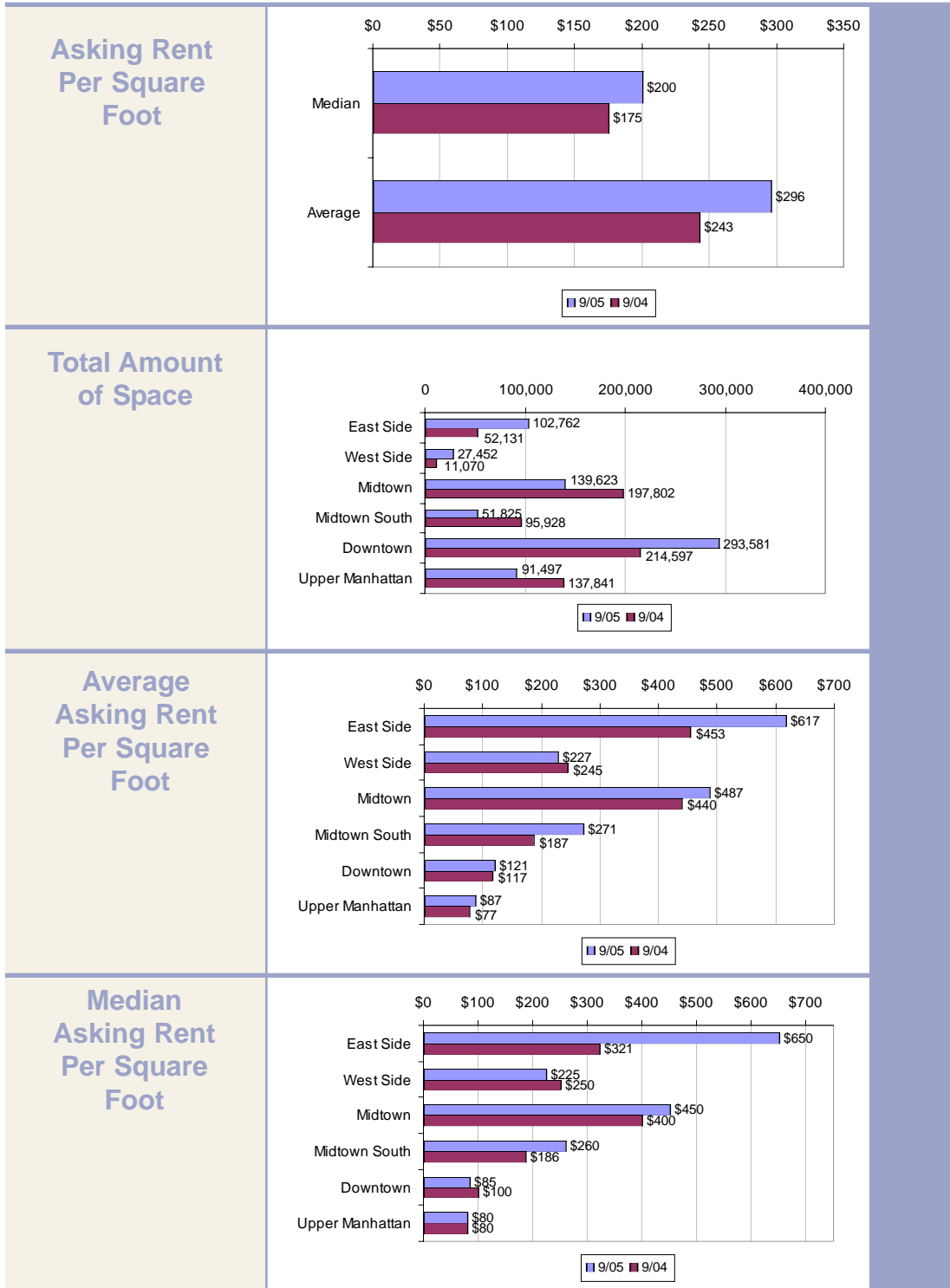
Availability Summary		9/30/05	9/30/04
	# of Stores	920	918
	Square Feet	4,968,517	5,051,457
	Average Asking Rent PSF:	\$85	\$73
Total Number of Stores by Store Size		0 50 100 150 200 250 300 350	
	1 - 1,000 Sq. Ft.	113 115	
	1,001 - 2,500 Sq. Ft.	254 242	
	2,501 - 5,000 Sq. Ft.	283 274	
	5,001 - 10,000 Sq. Ft.	172 185	
	>10,000 Sq. Ft.	98 102	
		■ 9/05 ■ 9/04	
Available Space by Store Size <small>(thousands)</small>		0 500 1,000 1,500 2,000 2,500	
	1 - 1,000 Sq. Ft.	73 78	
	1,001 - 2,500 Sq. Ft.	455 429	
	2,501 - 5,000 Sq. Ft.	1,047 996	
	5,001 - 10,000 Sq. Ft.	1,214 1,333	
	>10,000 Sq. Ft.	2,181 2,216	
		■ 9/05 ■ 9/04	
Asking Rents by Store Size		\$0 \$50 \$100 \$150	
	1 - 1,000 Sq. Ft.	\$151 \$119	
	1,001 - 2,500 Sq. Ft.	\$77 \$71	
	2,501 - 5,000 Sq. Ft.	\$73 \$70	
	5,001 - 10,000 Sq. Ft.	\$81 \$61	
	>10,000 Sq. Ft.	\$71 \$54	
		■ 9/05 ■ 9/04	

UPPER MANHATTAN (Ground Floor, Lower Level, Upper Level, Mezzanine)

Availability Summary	9/30/05	9/30/04
# of Stores	171	109
Square Feet	1,088,294	991,775
Average Asking Rent PSF:	\$48	\$50



SUMMARY OF SELECTED RETAIL CORRIDORS





SELECTED MAJOR RETAIL CORRIDORS: ASKING RENT

(Available Ground Floor Space Only)

	Average		Median		Range	
	9/05	9/04	9/05	9/04	9/05	9/04
EASTSIDE						
Third Ave.: 60th - 72nd St.	\$248	\$188	\$250	\$153	\$200 - \$300	\$125 - \$321
Madison Ave.: 57th - 72nd St.	\$823	\$770	\$794	\$750	\$475 - \$1,111	\$727 - \$875
WESTSIDE						
Broadway: 72nd - 86th St.	\$227	\$245	\$225	\$250	\$140 - \$300	\$172 - \$360
MIDTOWN						
Fifth Ave.: 49th - 59th St.	\$817	\$708	\$800	\$750	\$600 - \$1,050	\$333 - \$1,000
57th St.: 5th - Park Ave.	\$615	\$633	\$579	\$600	\$320 - \$1,000	\$600 - \$700
Times Square						
Broadway: 42nd St. - 47th St.	\$432	\$462	\$325	\$452	\$200 - \$800	\$350 - \$596
7th Ave.: 42nd - 47th St.	\$338	\$340	\$338	\$300	\$275 - \$400	\$200 - \$500
42nd St.: 6th - 8th Ave.	\$175	\$243	\$200	\$250	\$100 - \$225	\$100 - \$400
MIDTOWN SOUTH						
34th St.: 5th - 7th Ave.	\$297	\$299	\$331	\$299	\$120 - \$400	\$198 - \$400
Flatiron						
Fifth Ave.: 14th - 23rd St.	\$205	\$149	\$205	\$148	\$150 - \$260	\$97 - \$203
DOWNTOWN						
Broadway: Battery Park-Chambers St.	\$125	\$111	\$75	\$100	\$50 - \$325	\$70 - \$175
SoHo						
Broadway: Houston - Broome St.	\$228	\$179	\$224	\$167	\$150 - \$333	\$100 - \$300
TriBeCa						
Hudson St.: Chamber St. - Canal St.	\$68	\$56	\$66	\$55	\$27 - \$100	\$34 - \$79
UPPER MANHATTAN						
125th St. (River to River)	\$87	\$77	\$80	\$80	\$45 - \$140	\$45 - \$138

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-top: 10px; width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Area</th> <th>Millions of Square Feet</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Midtown South</td> <td>35.5</td> <td>32.2%</td> </tr> <tr> <td>Midtown</td> <td>28.9</td> <td>26.2%</td> </tr> <tr> <td>Downtown</td> <td>21.3</td> <td>19.3%</td> </tr> <tr> <td>East Side</td> <td>9.7</td> <td>8.8%</td> </tr> <tr> <td>Upper Manhattan</td> <td>10.4</td> <td>9.4%</td> </tr> <tr> <td>West Side</td> <td>4.4</td> <td>4.0%</td> </tr> </tbody> </table>	Area	Millions of Square Feet	Percentage	Midtown South	35.5	32.2%	Midtown	28.9	26.2%	Downtown	21.3	19.3%	East Side	9.7	8.8%	Upper Manhattan	10.4	9.4%	West Side	4.4	4.0%																																																																																													
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MARKET AREA DEFINITIONS

East Side

60th Street to 96th Street, Fifth Avenue to the East River

West Side

60th Street to 116th Street, West of Morningside Park

Downtown

South Of 14th Street

Midtown

35th Street to 59th Street

Midtown South

15th Street to 34th Street

Upper Manhattan

97th Street and higher, Fifth Avenue to the East River;
116th Street and higher, West of Morningside Park

Generally price per square foot will vary depending upon several factors including, store size, location and layout.

Revised September 30, 2004

ACKNOWLEDGEMENTS

REBNY would like to thank the following firms for providing information for this report.

Abrams Realty Corp.	Robert K. Futterman & Associates, LLC
CBRE Retail Services NY Tri-State Region	Rose Associates, Inc.
Cushman & Wakefield	Rudin Management
GVA Williams	Sinvin Realty
Murray Hill Properties	Staubach Retail Services
Newmark Retail	The Lansco Corp.
PBS Realty Advisors, LLC	Walker, Malloy & Co., Inc.

REBNY would like to thank our Advisory Group whose guidance and talent has enhanced the review and analysis of the market information.

Larry Abrams	Fred Posniak
Robin Abrams	Alan Victor
Benjamin Fox	Chase Welles
David Green	

The Retail Report provides objective, comprehensive information about available space, 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 by geographical area and focuses on the ground floor space on the major retail streets.