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RETAIL REPORT

REBNY[®]
REAL ESTATE BOARD OF NEW YORK

SPRING 2003

Burton P. Resnick, Chairperson
Steven Spinola, President

A NOTE FROM THE PRESIDENT

The Retail Report provides comprehensive information about available space and asking rents in Manhattan.

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

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	☞	Rockrose Development Corp.
Cushman & Wakefield, Inc.		Rose Associates, Inc.
David S. Kriss Realty Company, Inc.	☞	Staubach Retail Services
Insignia/ESG, Inc.		The Lansco Corp.
Madison HGCD, LLC	☞	Walker, Malloy & Co., Inc.
Murray Hill Properties		Walter & Samuels, Inc.
Newmark New Spectrum Retail, LLC	☞	Winick Realty Group
Northwest-Atlantic Partners, 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
Ben Fox		Chase Welles
David Green	☞	

The report presents all available retail space by geographical area and focuses on the ground floor space on the major retail streets. It provides an objective and reliable source for discerning market trends.

Readers will find a new feature in our report. The Executive Summary highlights key findings in the report and offers market insight from our Advisory Group.

Steven Spinola

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EXECUTIVE SUMMARY

The average asking rent for all space increased 3.5% in Manhattan. Increases in the average asking rent were reported on the East Side 15.3%; Upper Manhattan 6%; the West Side 4% and Midtown 2%.

On Manhattan's premier corridors average asking rent increases for ground floor space were more dramatic. Madison Avenue between 57th and 67th Streets saw the average increase 38%; Fifth Avenue between 48th and 59th Streets saw a 22% increase. Overall, the average asking rent for ground floor space along the primary retail streets increased 4.9%.

However, Midtown South and Downtown saw their average asking rents for all space decline 1.5%. Major retail corridors Downtown also saw a decline. Hudson Street in Tribeca had a 1.6% decline and Broadway in Lower Manhattan had a 7.4% decline in average asking rent for ground floor space. These declines suggest the continuing struggle in these areas to recover from September 11.

Tenant activity is vibrant. However, the uncertain economic climate—military activity in Iraq and tax increases in New York—has made retailers tentative in making new commitments.

Landlord flexibility in negotiating standard lease terms is increasing. More generous tenant work packages and less frequent base year rent increases are available for creditworthy tenants who are prepared to sign a lease.

MARKET AREA DEFINITIONS

East Side

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

West Side

60th Street to 110th Street, Hudson River to west of Fifth Avenue

Midtown

31st Street to 59th Street

Midtown South

Canal Street to 30th Street

Downtown

South of Canal Street

Upper Manhattan

97th Street and higher, Fifth Avenue to the East River;

111th Street and higher, west of Fifth Avenue to the Hudson River

MARKET PROFILE

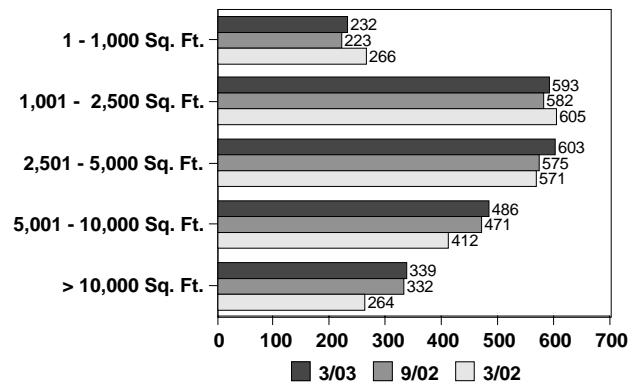
MANHATTAN

ALL SPACE

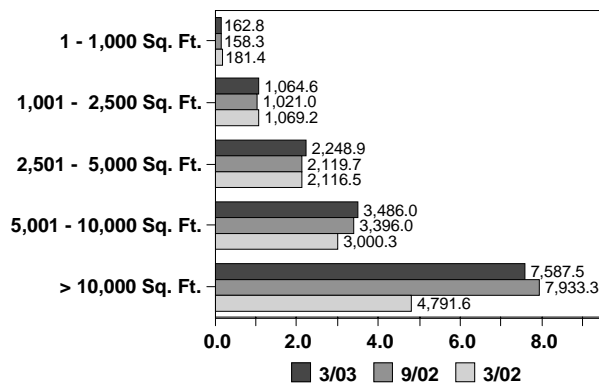
Availability Summary

	3/31/03	9/30/02	3/31/02
# of Stores:	2,253	2,183	2,118
SF:	14,549,940	14,628,600	11,158,883
Average Asking Rent PSF:	\$88	\$85	\$87
Average Store SF:	6,458	6,701	5,269

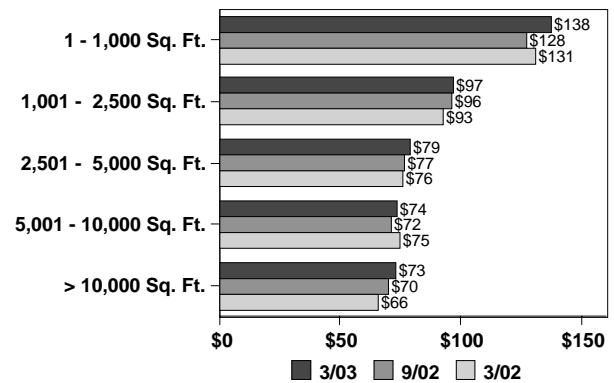
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

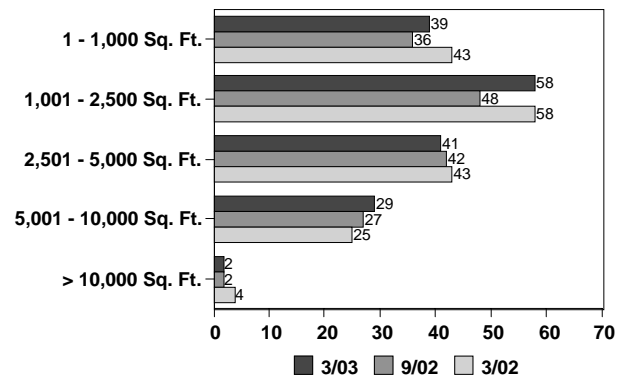
EAST SIDE

ALL SPACE

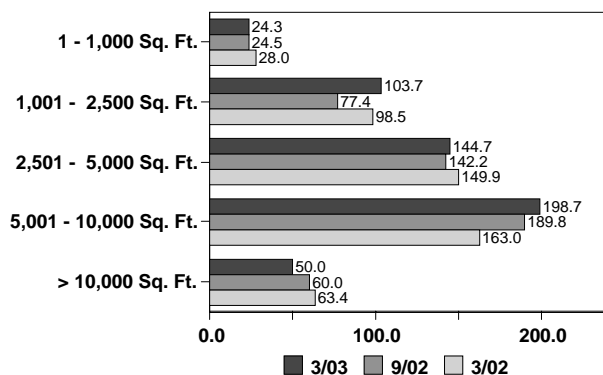
Availability Summary

	3/31/03	9/30/02	3/31/02
# of Stores:	169	155	173
SF:	521,572	494,084	502,713
Average Asking Rent PSF:	\$128	\$111	\$113
Average Store SF:	3,086	3,188	2,906

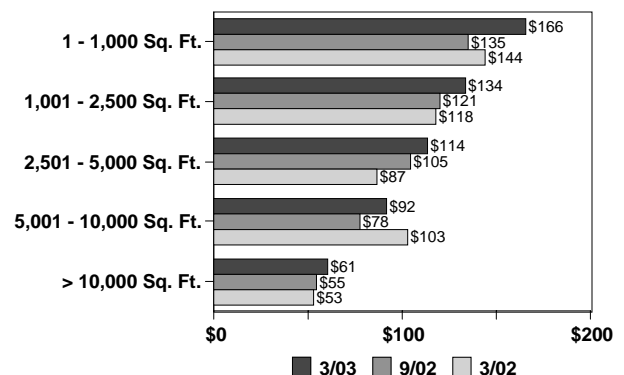
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

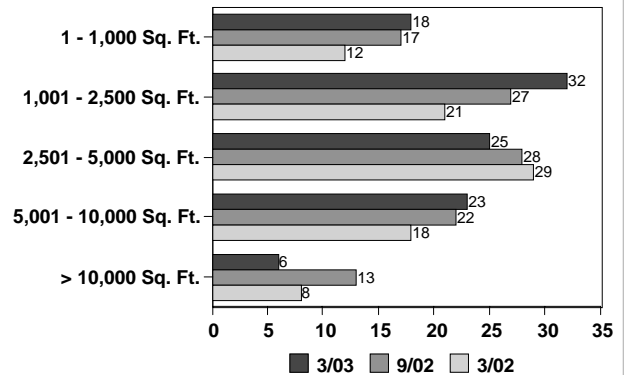
WEST SIDE

ALL SPACE

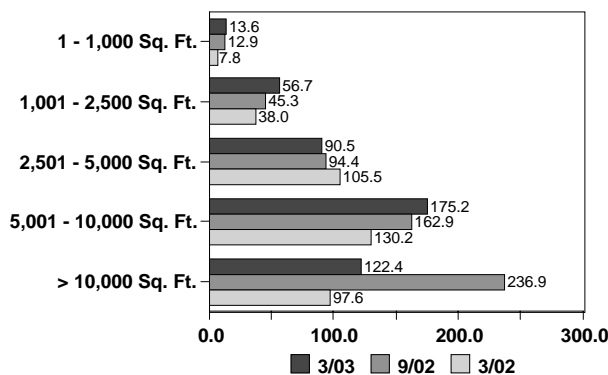
Availability Summary

	3/31/03	9/30/02	3/31/02
# of Stores:	104	107	88
SF:	458,669	552,649	379,187
Average Asking Rent PSF:	\$104	\$100	\$91
Average Store SF:	4,410	5,165	4,309

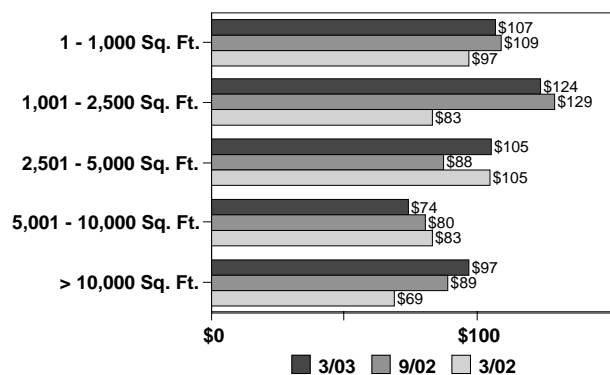
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

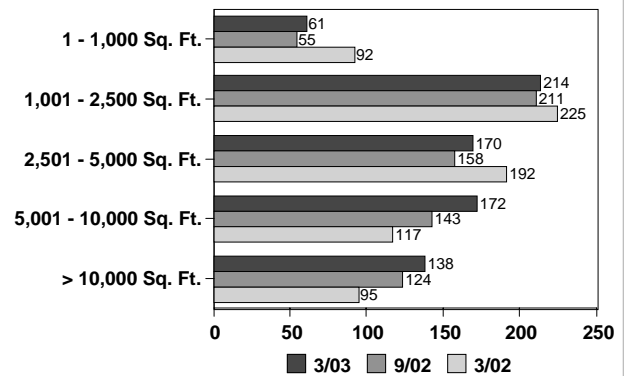
MIDTOWN

ALL SPACE

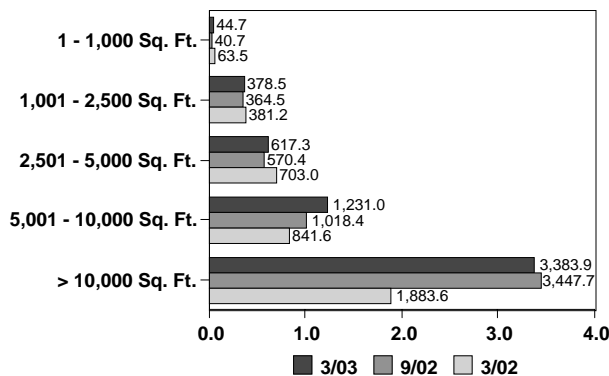
Availability Summary

	3/31/03	9/30/02	3/31/02
# of Stores:	755	691	721
SF:	5,654,983	5,441,938	3,873,069
Average Asking Rent PSF:	\$112	\$110	\$109
Average Store SF:	7,490	7,875	5,372

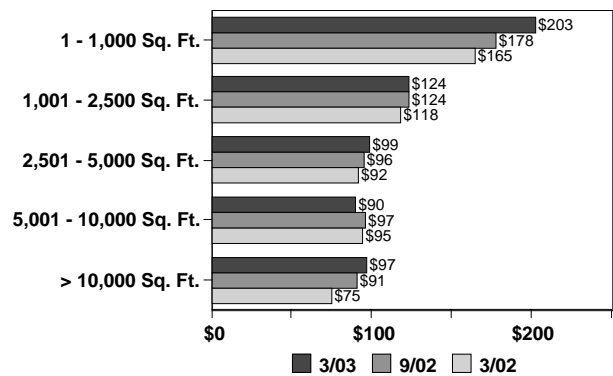
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

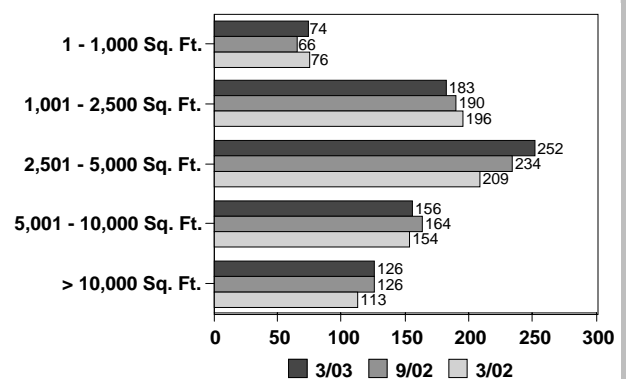
MIDTOWN SOUTH

ALL SPACE

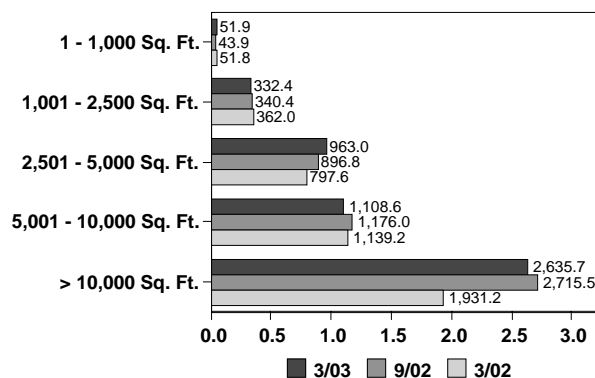
Availability Summary

	3/31/03	9/30/02	3/31/02
# of Stores:	791	780	748
SF:	5,091,709	5,172,809	4,281,769
Average Asking Rent PSF:	\$70	\$71	\$74
Average Store SF:	6,437	6,632	5,724

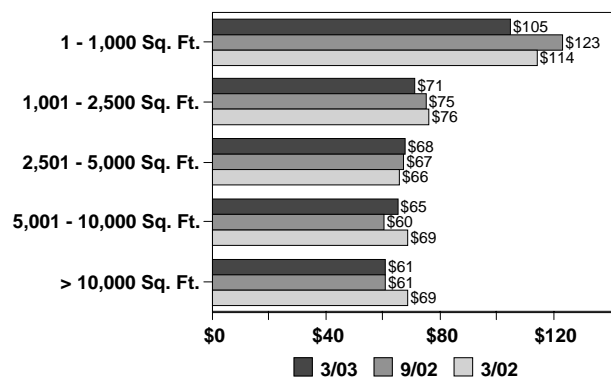
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

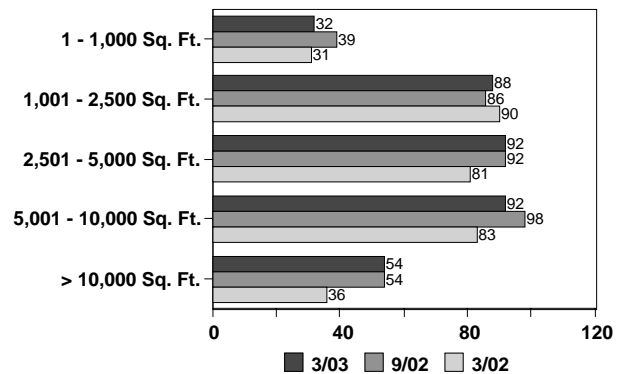
DOWNTOWN

ALL SPACE

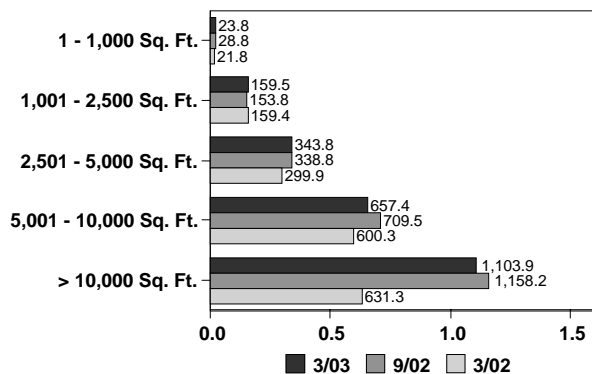
Availability Summary

	3/31/03	9/30/02	3/31/02
# of Stores:	358	369	321
SF:	2,288,655	2,389,302	1,712,603
Average Asking Rent PSF:	\$58	\$59	\$58
Average Store SF:	6,393	6,475	5,335

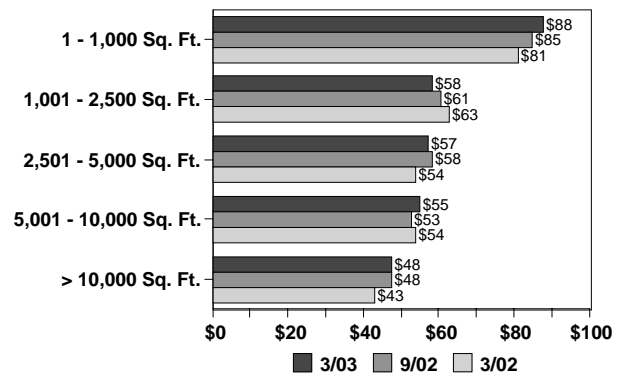
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

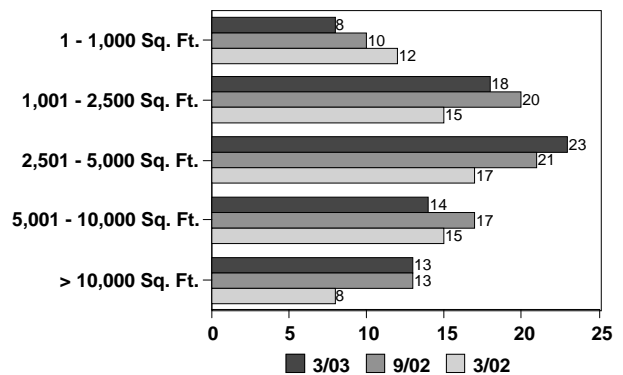
UPPER MANHATTAN

ALL SPACE

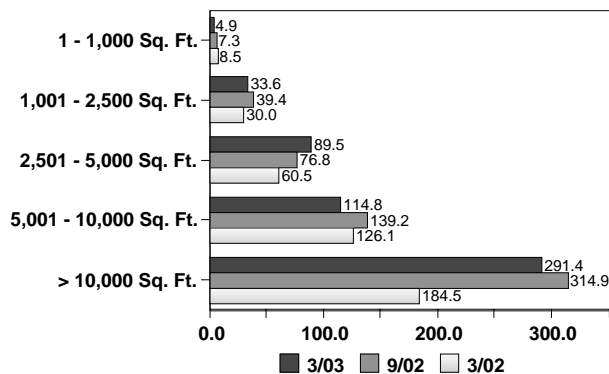
Availability Summary

	3/31/03	9/30/02	3/31/02
# of Stores:	76	81	67
SF:	534,352	577,8118	409,542
Average Asking Rent PSF:	\$53	\$50	\$53
Average Store SF:	7,031	7,134	6,113

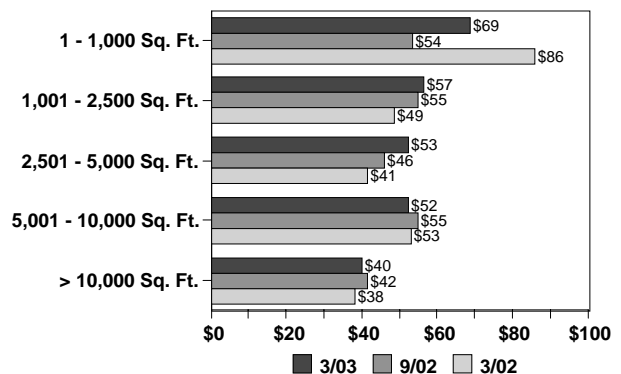
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size

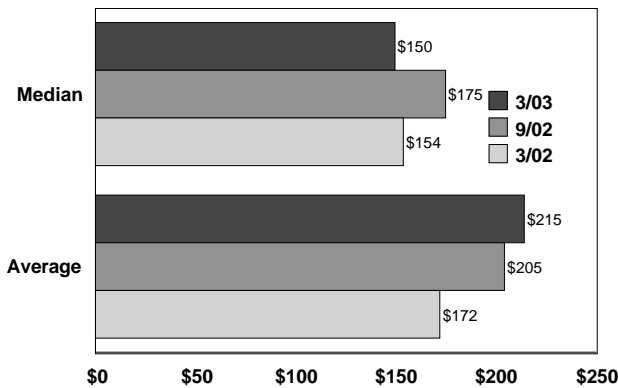


STATISTICAL SPOTLIGHT

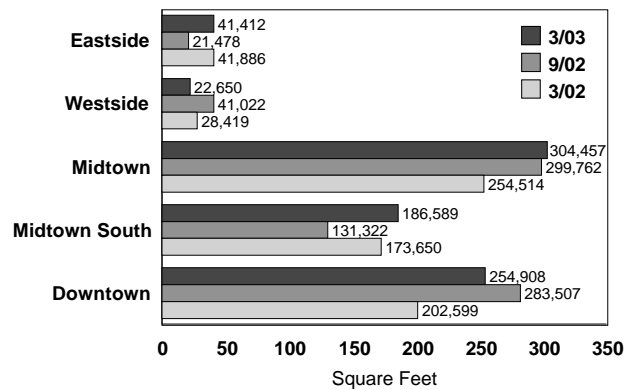
S U M M A R Y

GROUND FLOOR SPACE ONLY

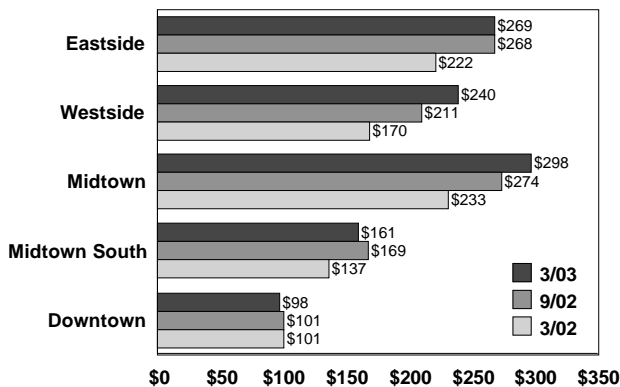
Asking Rent PSF



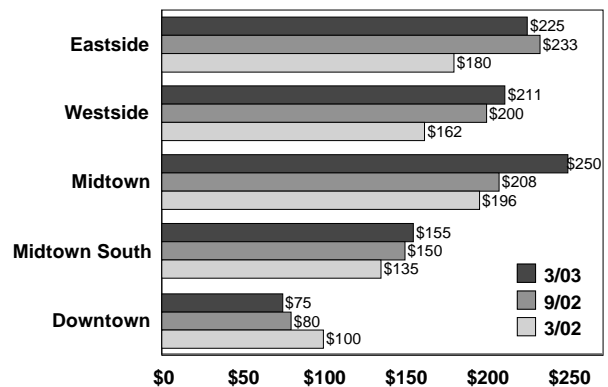
Total Amount of Space



Average Asking Rent PSF



Median Asking Rent PSF



STATISTICAL SPOTLIGHT

	Range					
	Ground Floor Space Only					
	Spring 2003		Fall 2002		Spring 2002	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	270 - 5,500	\$130 - \$315	270 - 3,200	\$95 - \$315	270 - 3,809	\$80 - \$400
Madison Ave.						
57 th - 67 th St.	495 - 4,000	\$600 - \$727	495 - 3,300	\$310 - \$727	385 - 2,800	\$170 - \$800
West Side						
Broadway						
72 nd -86 th St.	400 - 4,050	\$150 - \$333	900 - 6,500	\$95 - \$348	1,800 - 4,500	\$98 - \$225
Midtown						
34 th St.						
5 th -7 th Ave.	2,500 - 5,362	\$100 - \$200	2,500 - 5,362	\$60 - \$200	800 - 5,362	\$75 - \$425
5 th Ave.						
48 th - 59 th St.	1,689 - 10,425	\$333 - \$900	1,689 - 20,000	\$333 - \$1,113	1,689 - 20,000	\$120 - \$500
57 th St.						
5 th -Park Ave.	2,180 - 2,410	\$500 - \$598	2,000 - 6,400	\$475 - \$600	260 - 4,300	\$291 - \$600
Times Square						
Broadway						
42 nd -47 th St.	670 - 11,000	\$100 - \$597	320 - 21,000	\$60 - \$500	320 - 21,000	\$70 - \$600
7 th Ave.						
42 nd -47 th St.	1,000 - 9,241	\$140 - \$275	1,000 - 8,000	\$65 - \$280	2,389 - 8,000	\$85 - \$250
42 nd St.						
6 th - 8 th Ave.	1,400 - 32,000	\$65 - \$284	1,400 - 32,000	\$65 - \$284	1,550 - 8,800	\$50 - \$284

STATISTICAL SPOTLIGHT

	Range					
	Ground Floor Space Only					
	Spring 2003		Fall 2002		Spring 2002	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	1,400 -10,000	\$61 - \$267	500 -10,000	\$25 - \$309	1,800 -10,000	\$80 - \$250
SoHo						
Broadway						
Houston-						
Broome St.	2,500 -25,000	\$130 - \$210	1,700 -25,000	\$37 - \$150	2,000 -10,000	\$60 - \$200
Downtown						
Broadway						
Battery Park-						
Chambers St.	800 -39,412	\$24 - \$280	800 -39,412	\$24 - \$280	300 -11,000	\$65 - \$280
TriBeCa						
Hudson St.						
Chamber St.-						
Canal St.	800 - 7,500	\$35 - \$101	800 - 7,500	\$35 - \$100	2,000 -12,410	\$25 - \$60

STATISTICAL SPOTLIGHT

	Median					
	Ground Floor Space Only					
	Spring 2003		Fall 2002		Spring 2002	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	820	\$150	900	\$187	1,179	\$151
Madison Ave.						
57 th - 67 th St.	1,200	\$700	1,100	\$523	1,300	\$464
West Side						
Broadway						
72 nd -86 th St.	1,500	\$211	2,200	\$200	2,000	\$162
Midtown						
34 th St.						
5 th -7 th Ave.	3,750	\$135	2,813	\$99	2,500	\$175
5 th Ave.						
48 th - 59 th St.	3,274	\$675	2,420	\$413	3,000	\$350
57 th St.						
5 th -Park Ave.	2,295	\$549	2,410	\$575	2,000	\$385
Times Square						
Broadway						
42 nd -47 th St.	2,000	\$327	1,590	\$300	1,760	\$188
7 th Ave.						
42 nd -47 th St.	3,575	\$175	3,575	\$175	3,446	\$120
42 nd St.						
6 th - 8 th Ave.	5,968	\$151	4,189	\$175	3,301	\$145

STATISTICAL SPOTLIGHT

	Median					
	Ground Floor Space Only					
	Spring 2003		Fall 2002		Spring 2002	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	2,500	\$150	2,500	\$200	4,675	\$150
SoHo						
Broadway						
Houston-						
Broome St.	7,500	\$168	6,050	\$150	6,600	\$110
Downtown						
Broadway						
Battery Park-						
Chambers St.	4,000	\$81	4,000	\$103	2,679	\$118
TriBeCa						
Hudson St.						
Chambers St.-						
Canal St.	2,219	\$48	3,854	\$60	4,718	\$35

STATISTICAL SPOTLIGHT

	Average					
	Ground Floor Space Only					
	Spring 2003		Fall 2002		Spring 2002	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	1,779	\$200	1,191	\$192	1,624	\$182
Madison Ave.						
57 th - 67 th St.	1,421	\$676	1,270	\$491	1,526	\$501
West Side						
Broadway						
72 nd -86 th St.	2,059	\$240	2,735	\$211	2,584	\$170
Midtown						
34 th St.						
5 th -7 th Ave.	3,841	\$143	3,498	\$112	2,547	\$196
5 th Ave.						
48 th - 59 th St.	3,921	\$646	3,837	\$530	6,210	\$329
57 th St.						
5 th -Park Ave.	2,295	\$549	3,603	\$550	2,187	\$425
Times Square						
Broadway						
42 nd -47 th St.	4,036	\$324	4,045	\$304	3,212	\$213
7 th Ave.						
42 nd -47 th St.	4,147	\$208	3,632	\$202	3,987	\$153
42 nd St.						
6 th - 8 th Ave.	7,509	\$167	6,469	\$165	6,361	\$211

STATISTICAL SPOTLIGHT

	Average					
	Ground Floor Space Only					
	Spring 2003		Fall 2002		Spring 2002	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	3,986	\$157	3,458	\$195	5,432	\$148
SoHo						
Broadway						
Houston-						
Broome St.	7,693	\$165	7,157	\$152	5,783	\$125
Downtown						
Broadway						
Battery Park-						
Chambers St.	6,865	\$112	6,825	\$121	4,216	\$130
TriBeCa						
Hudson St.						
Chamber St.-						
Canal St.	2,837	\$60	4,070	\$61	5,138	\$41

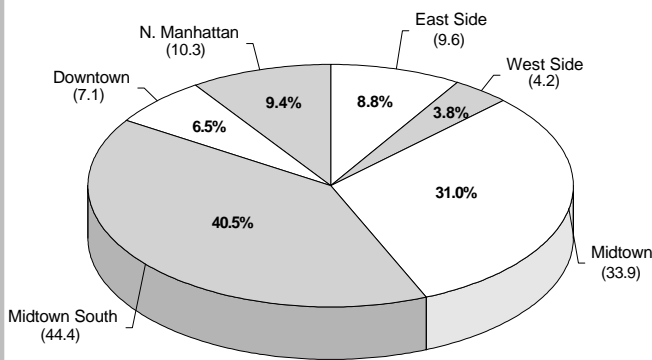
SELECTED MARKET DATA

Bank Leases

Tenant	Street Address	Square Footage
Hudson United Bank	90 Broad Street	5,268
Independence Community Bank	43 East 8 th Street	3,832
Fleet Bank	425 Lexington Avenue	3,700
Valley National Bank	776 Avenue of Americas	3,448
Independence Community Bank	864 Eighth Avenue	3,000
Washington Mutual	875 Third Avenue	2,800
Washington Mutual	1431 Broadway	2,700
Atlantic Bank	400 Madison	1,842
Fleet Bank	77 West 55 th Street	1,310
M&T Bank	830 Eighth Avenue	1,200
Fleet Bank	186 Fifth Avenue	1,000
Fleet Bank	2461 Broadway	1,000
Fleet Bank	825 Third Avenue	960
Fleet Bank	1276 Lexington Avenue	900
Fleet Bank	1065 Third Avenue	800
Fleet Bank	386 Sixth Avenue	400
Fleet Bank	3575 Broadway	400

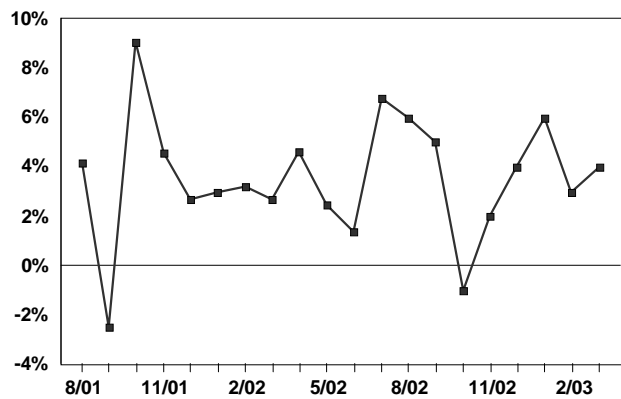
SELECTED MARKET DATA

**Manhattan Retail Square Feet by Area
(millions of square feet)**



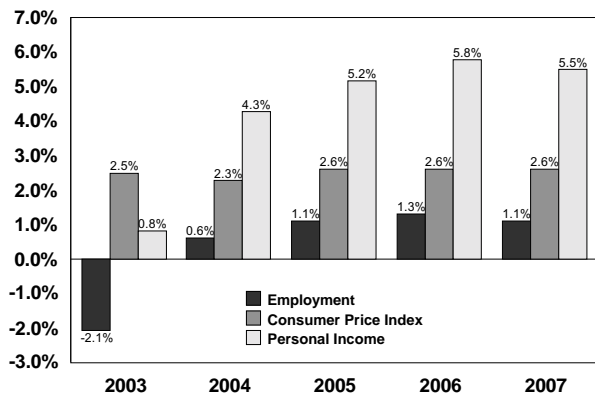
Source: New York City Department of Finance

**U.S. Monthly Retail Sales
(12 month percent change)**



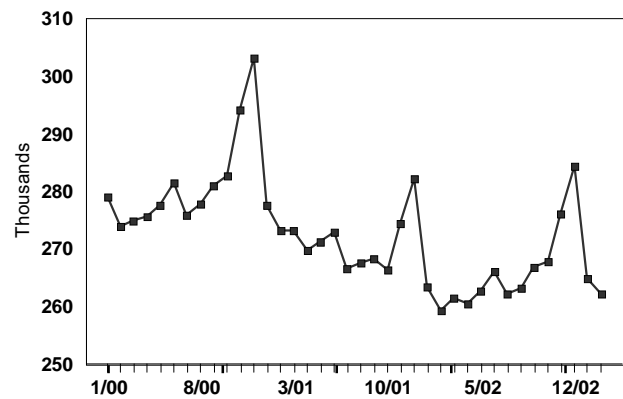
Source: U.S. Census Bureau

**Forecast of New York City Economic Indicators
(percent change from prior year)**



Source: NYC Office of Management & Budget

New York City Retail Employment



Source: NYS Department of Labor