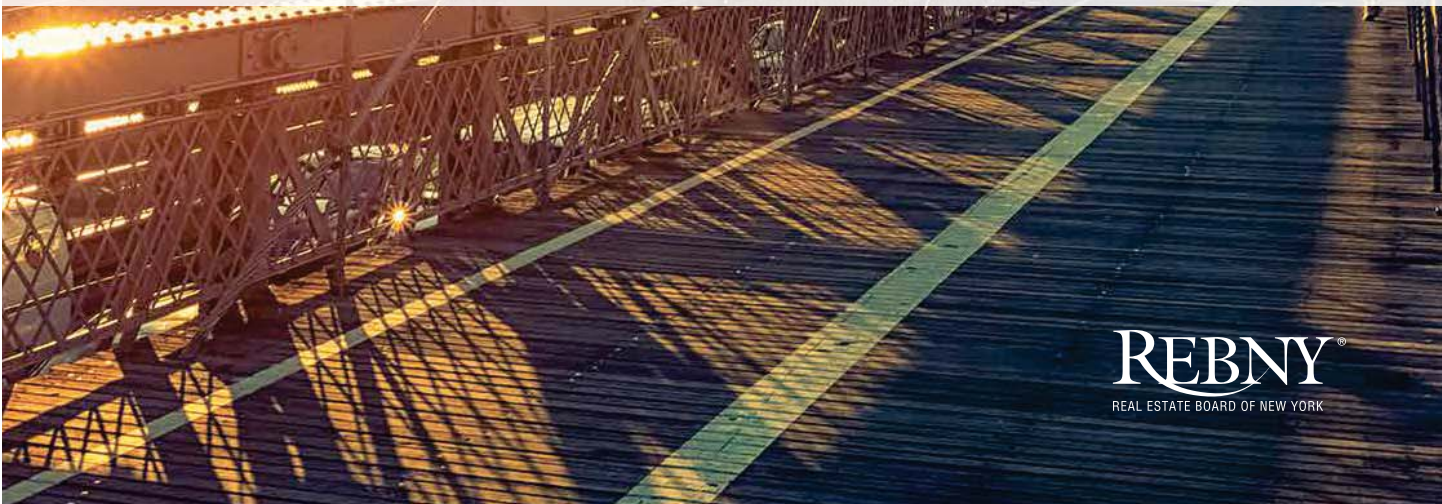




THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT | SUMMER 2017



REBNY[®]
REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

In summer 2017, average asking rents for available ground floor retail spaces increased in 10 of the 15 surveyed Brooklyn corridors analyzed in the Real Estate Board of New York's (REBNY) Brooklyn Retail Report, when compared to summer 2016. Decreases in ground floor retail average asking rents were recorded in four corridors. A lack of availability on the 86th Street corridor in Bay Ridge prevented us from reporting a change for the corridor during this period.

Overall, the retail landscape in Brooklyn has remained strong amidst a gloomy environment of national retail market reporting. The Brooklyn retail leasing market is now benefitting from new hotel and office projects that have increased foot traffic in Brooklyn neighborhoods. As new residential development expands further throughout the borough, retailer interest has increased in rapidly changing corridors in neighborhoods like Bushwick and Crown Heights.

Fifth Avenue in Park Slope, between Union Street and Ninth Street, saw a 19 percent increase in the average asking rent for ground floor retail space in summer 2017 compared to the summer of 2016. This increase to \$95 per square foot was a result of very low inventory on the corridor compared to last year. The remaining availabilities were grouped in the more expensive, northern segment of the corridor, which had an upward effect on the overall average asking rent. The new average is an all-time high and the first significant rise in average asking rents per square foot for the Fifth Avenue corridor since the inception of the REBNY Brooklyn Retail Report for summer 2015. Seventh Avenue, between Union and Ninth Street, had a large increase due to similar circumstances this summer. The corridor's average asking rent of \$124 per square foot was a 35 percent increase over last summer and still close to the corridor's all-time high of \$129 per square foot recorded in winter 2017.

Rents in Prospect Heights along Flatbush Avenue, between 5th Avenue and Grand Army Plaza, increased seven percent from the summer of 2016 to an average asking rent of \$109 per square foot for ground floor retail space. The attraction of the Barclays Center along with an influx of new residents, due to recently completed new residential developments, has led to shrinking retail availability on the corridor. The remaining available storefronts on the corridor have asking rents that range from \$78 to \$125 per square foot.

Bedford Avenue, between Grand Street and North 12th Street, experienced a decrease of 13 percent in the average asking rent per square foot of ground floor retail space. The summer 2017 average asking rent of \$325 per square foot for Bedford Avenue was a result of the bifurcation of the corridor between the lower priced north end and the highly sought-after blocks between North 4th Street and North 8th Street. Above North 8th Street the average asking rent was \$163 per square foot, while the average asking rent between North 4th Street and North 8th Street was \$393 per square foot. The average asking rent for the entire corridor skewed lower this period due to the greater amount of available listings located on the north end of the corridor. However, the average asking rents for each separate branch of the corridor remained stable.

The average asking rent for available ground floor retail space on Montague Street, between Hicks Street and Cadman Plaza, declined substantially for the first time since the inaugural REBNY Brooklyn Retail Report in the summer of 2015. The average asking rent of \$151 per square foot was 21 percent less than last summer due to the leasing of several of the more expensive spaces on the corridor.

The REBNY Brooklyn Retail Report—a joint effort by REBNY's Commercial Brokerage Brooklyn and Retail Committees, steered by the Brooklyn Retail Report Advisory Group—presents a snapshot of major retail corridors in the borough. Our goal is to provide a useful and reliable guide, based on actual ground floor retail asking rent information, to garner a better understanding of the Brooklyn retail leasing landscape.

EXECUTIVE SUMMARY (CONT.)

Although this report shows changes in average asking rents in most of the corridors analyzed, we must stress that a change between two consecutive periods does not necessarily indicate a change in the market. Such short term fluctuations may only be the result of spaces coming on or off the market. However, as we build historical data, we can identify long-run trends that suggest a gradual market shift. The median rent information, the range of rent information and this analysis of the data should help readers receive a comprehensive and accurate picture of the market in these selected corridors.

We must reiterate that the rents quoted in this report are asking rents. Physical components of a retail space factor greatly into its rental value. Attributes such as the lineal amount of street/avenue frontage, ceiling height, presence of below grade and mezzanine and second floor space, and locational factors, such as proximity to a subway entrance 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 its adjacent blocks becoming of greater interest to retailers. This is especially relevant in Brooklyn where neighborhoods have been in constant flux with a variety of landlord profiles—some who are capable of making investments to improve the quality of their space and others less inclined to do so.

The surveyed corridors in this report represent the top tier retail corridors in Brooklyn. Rents on adjoining side streets may lease for considerably less than the locations we are profiling.

Our report provides an overview of the market at a particular point in time that is based on the available listings of our Brooklyn Retail Advisory Group in addition to our Commercial Brokerage Brooklyn Committee and Retail Committee members.

ACKNOWLEDGEMENTS

The REBNY Brooklyn Retail Report Advisory Group Includes:

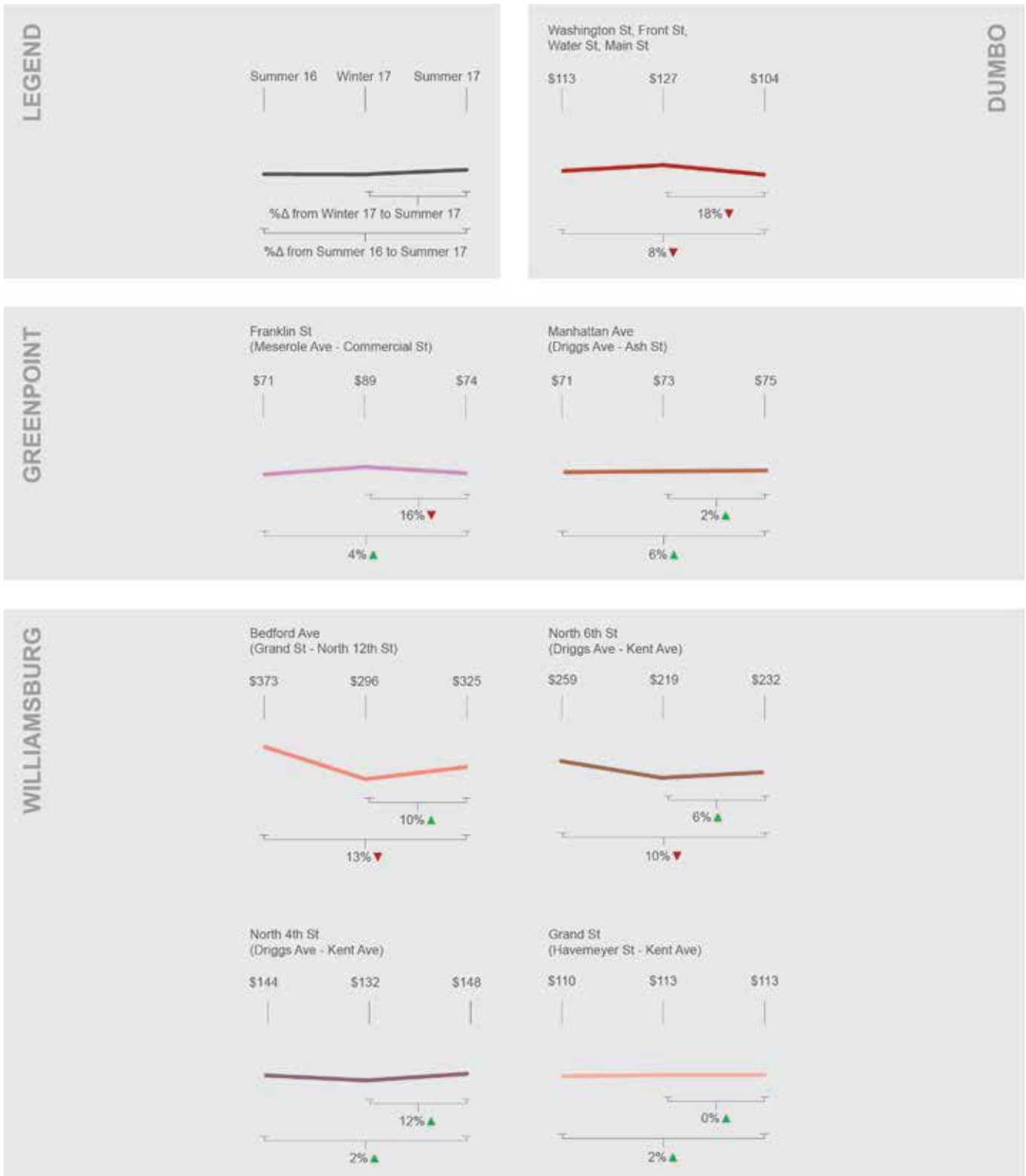
Robin Abrams, The Lansco Corporation
Diana Boutross, Cushman & Wakefield
Mitzi Flexer, Cushman & Wakefield
Peter Levitan, LEVITAN
Ryan Tucker, Cushman & Wakefield

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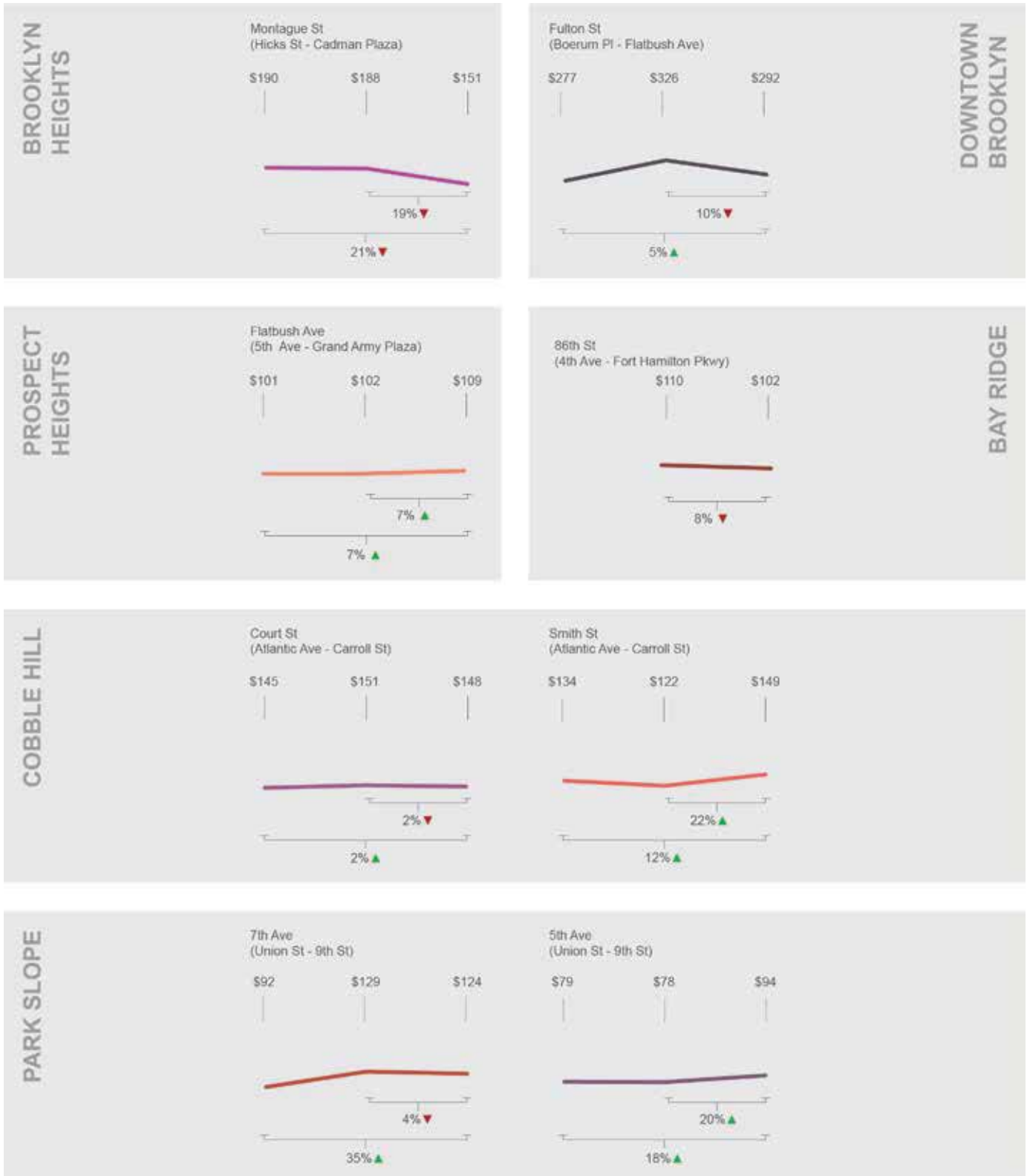
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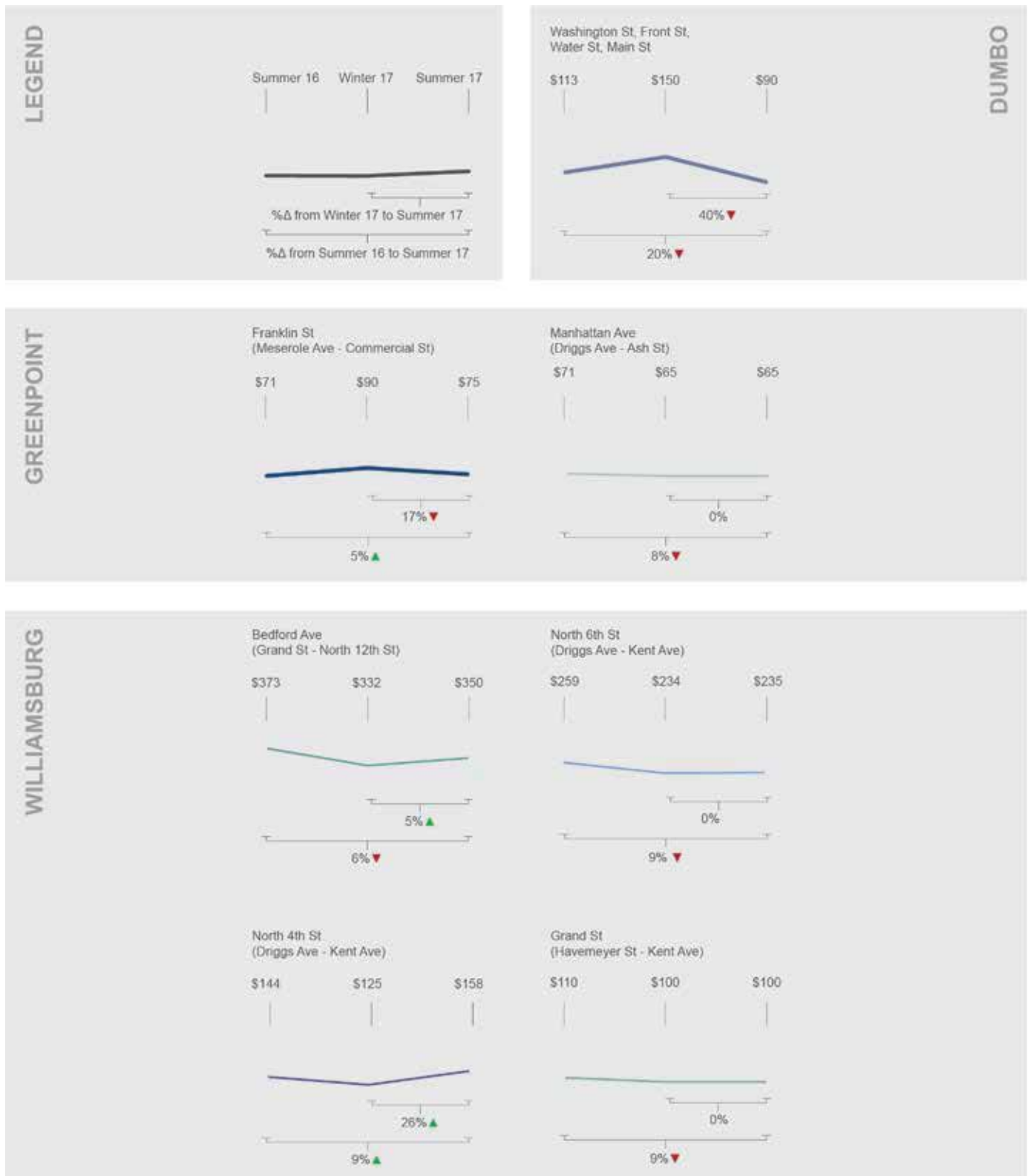
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



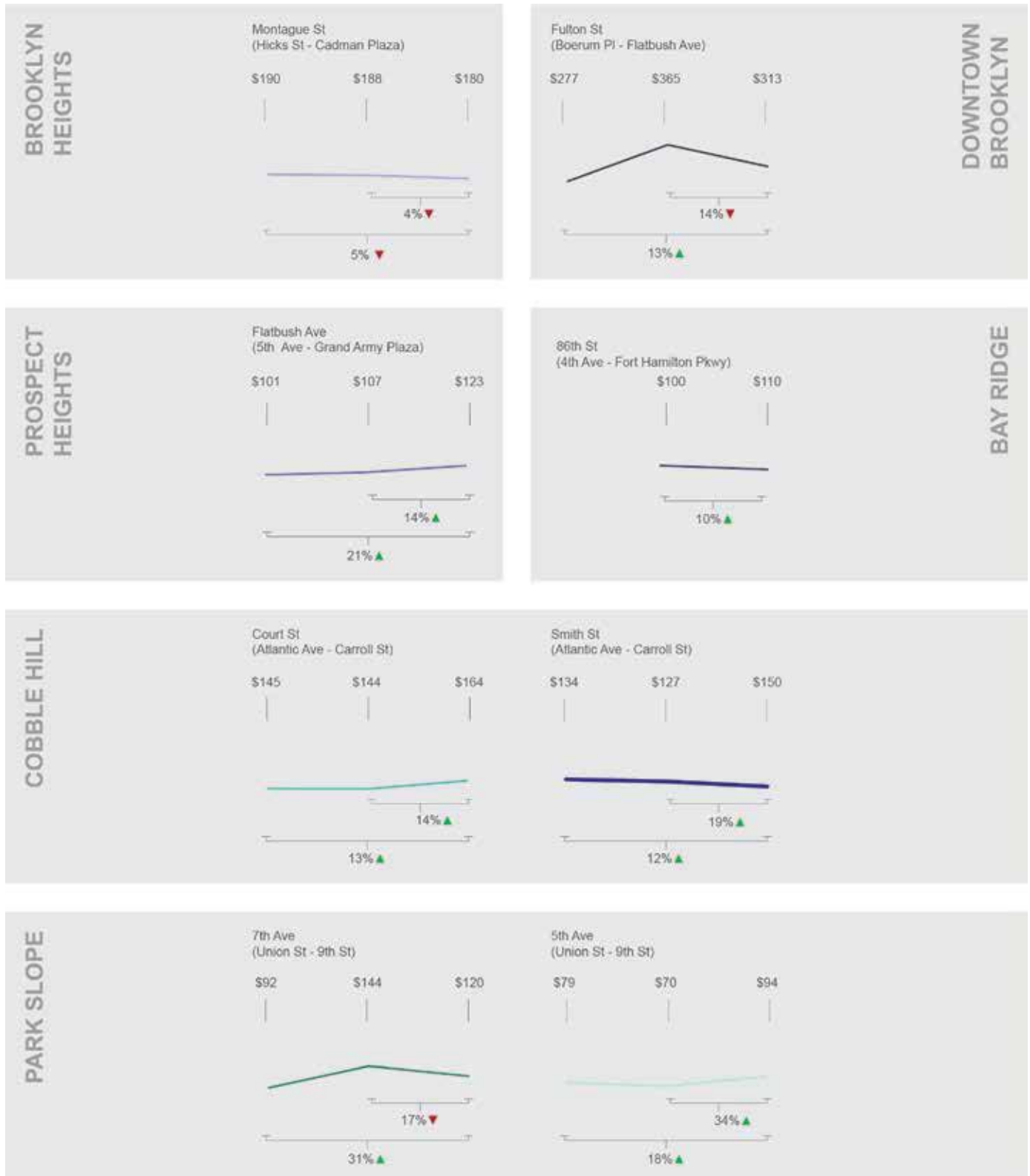
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



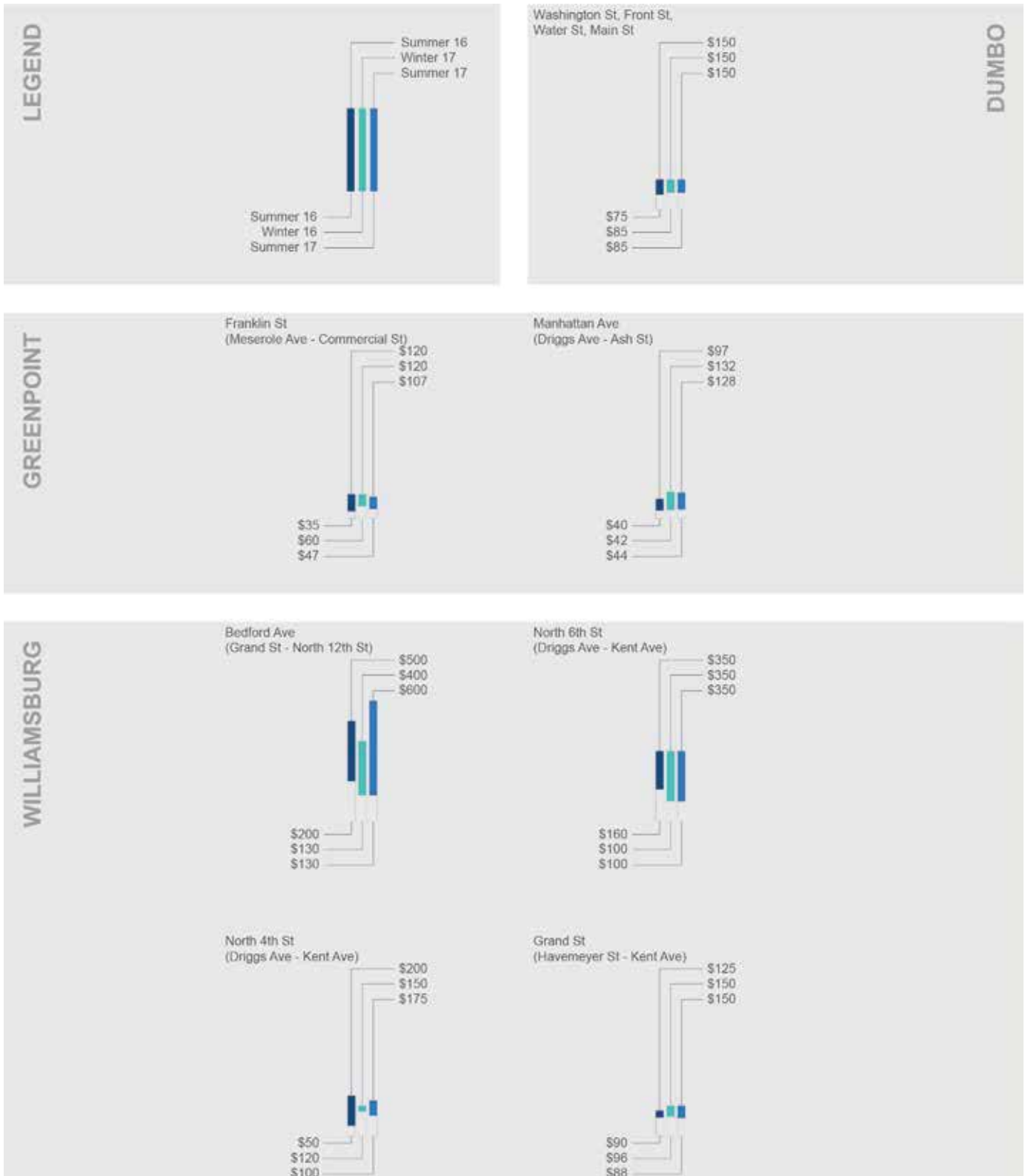
MEDIAN ASKING RENT PSF - GROUND FLOOR RETAIL



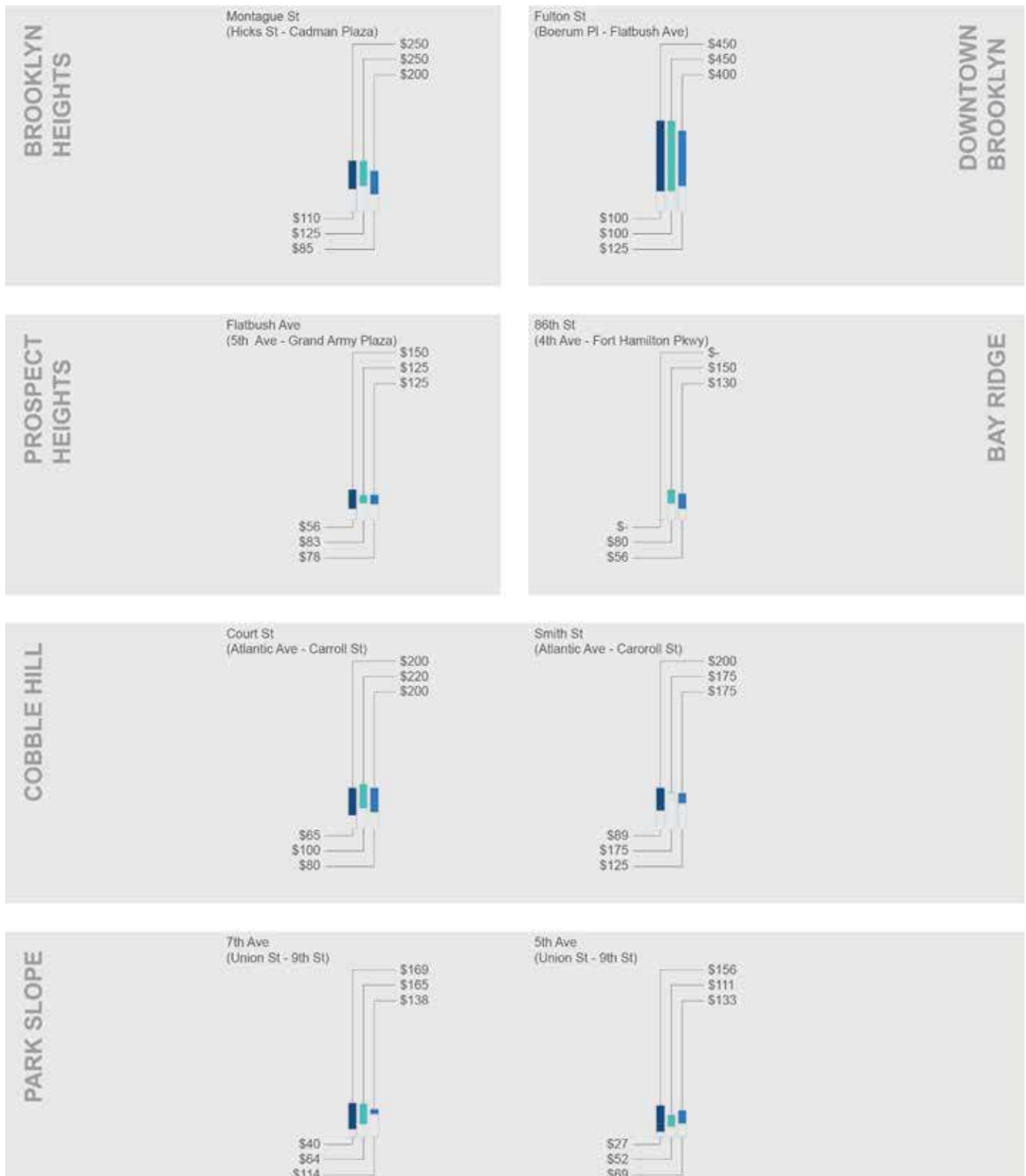
MEDIAN ASKING RENT PSF - GROUND FLOOR RETAIL



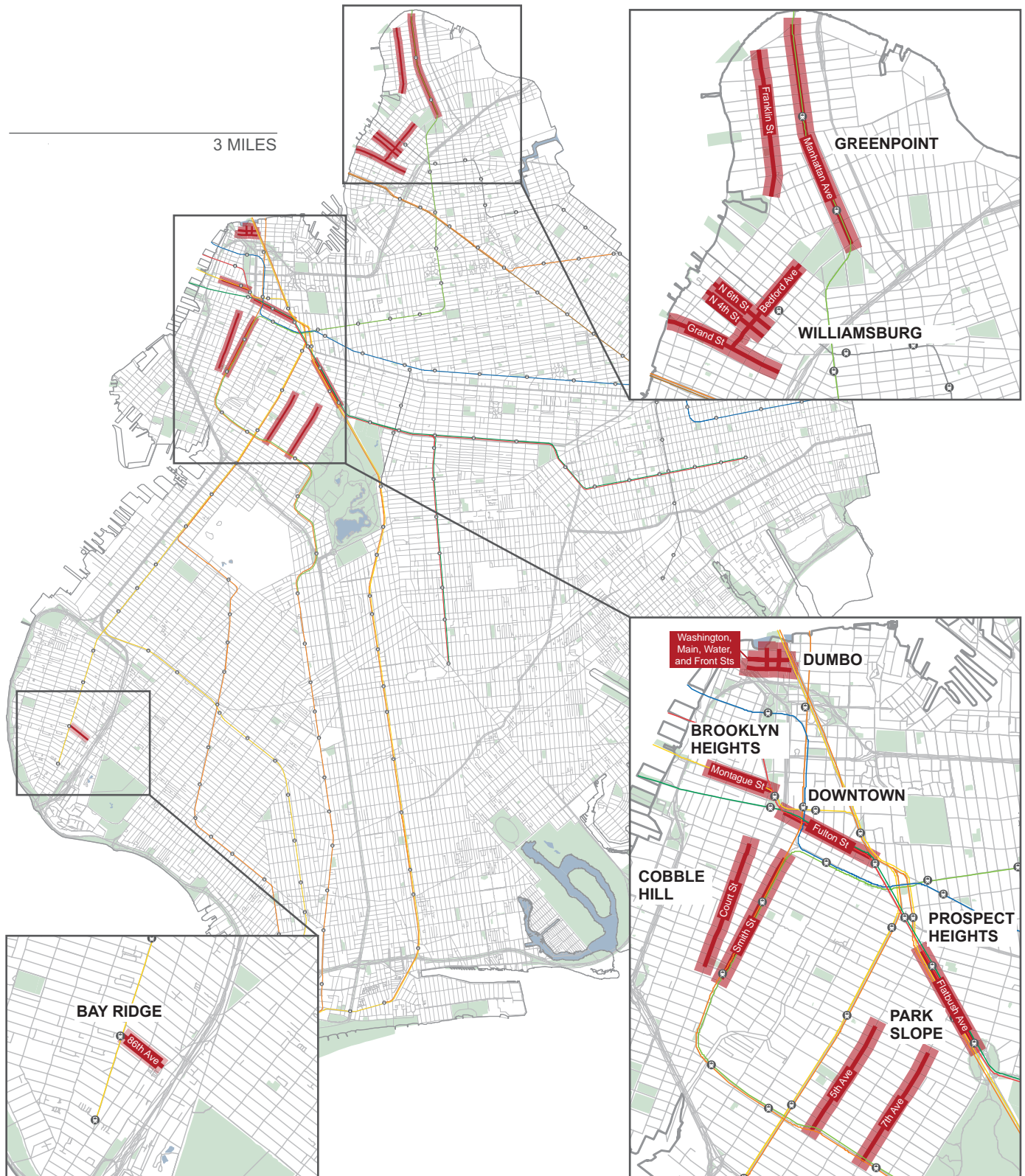
RANGE OF ASKING RENTS PSF - GROUND FLOOR RETAIL



RANGE OF ASKING RENTS PSF - GROUND FLOOR RETAIL



CORRIDOR MAPS



APPENDIX

AVERAGE ASKING RENT PSF – GROUND FLOOR RETAIL

	Summer 17	Winter 17	Summer 16	% Change Winter 17	% Change Summer 16
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$74	\$89	\$71	-16%	4%
Manhattan Ave (Driggs Ave - Ash St)	\$75	\$73	\$71	2%	6%
Williamsburg					
Bedford Ave (Grand St - North 12 St)	\$325	\$296	\$373	10%	-13%
North 6 St (Driggs Ave - Kent Ave)	\$232	\$219	\$259	6%	-10%
North 4 St (Driggs Ave - Kent Ave)	\$148	\$132	\$144	12%	2%
Grand St (Havemeyer St - Kent Ave)	\$113	\$113	\$110	0%	2%
DUMBO					
Washington St, Front St, Water St, Main St	\$104	\$127	\$113	-18%	-8%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$151	\$188	\$190	-19%	-21%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$292	\$326	\$277	-10%	5%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$109	\$102	\$101	7%	7%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$148	\$151	\$145	-2%	2%
Smith St (Atlantic Ave - Carroll St)	\$149	\$122	\$134	22%	12%
Park Slope					
7th Ave (Union St - 9th St)	124	\$129	\$92	-4%	35%
5th Ave (Union St - 9th St)	\$94	\$78	\$79	20%	18%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$102	\$110		-8%	

APPENDIX

MEDIAN ASKING RENT PSF – GROUND FLOOR RETAIL

	Summer 17	Winter 17	Summer 16	% Change Winter 17	% Change Summer 16
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$75	\$90	\$71	-17%	5%
Manhattan Ave (Driggs Ave - Ash St)	\$65	\$65	\$71	0%	-8%
Williamsburg					
Bedford Ave (Grand St - North 12 St)	\$350	\$332	\$373	5%	-6%
North 6 St (Driggs Ave - Kent Ave)	\$235	\$234	\$259	0%	-9%
North 4 St (Driggs Ave - Kent Ave)	\$158	\$125	\$144	26%	9%
Grand St (Havemeyer St - Kent Ave)	\$100	\$100	\$110	0%	-9%
DUMBO					
Washington St, Front St, Water St, Main St	\$90	\$150	\$113	-40%	-20%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$180	\$188	\$190	-4%	-5%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$313	\$365	\$277	-14%	13%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$123	\$107	\$101	14%	21%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$164	\$144	\$145	14%	13%
Smith St (Atlantic Ave - Carroll St)	\$150	\$127	\$134	19%	12%
Park Slope					
7th Ave (Union St - 9th St)	\$120	\$144	\$92	-17%	31%
5th Ave (Union St - 9th St)	\$94	\$70	\$79	34%	18%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$110	\$100		10%	

APPENDIX

RANGE OF ASKING RENTS PSF – GROUND FLOOR RETAIL

	Winter 17		Summer 16		Winter 16	
Greenpoint						
Franklin St (Meserole Ave - Commercial St)	\$47	-	\$107	\$60	-	\$120
Manhattan Ave (Driggs Ave - Ash St)	\$44	-	\$128	\$42	-	\$132
Williamsburg						
Bedford Ave (Grand St - North 12 St)	\$130	-	\$600	\$130	-	\$400
North 6 St (Driggs Ave - Kent Ave)	\$100	-	\$350	\$100	-	\$350
North 4 St (Driggs Ave - Kent Ave)	\$100	-	\$175	\$120	-	\$150
Grand St (Havemeyer St - Kent Ave)	\$88	-	\$150	\$96	-	\$150
DUMBO						
Washington St, Main St, Water St, Front St	\$85	-	\$150	\$85	-	\$150
Brooklyn Heights						
Montague St (Hicks St - Cadman Plaza)	\$85	-	\$200	\$125	-	\$250
Downtown Brooklyn						
Fulton St (Boerum Pl - Flatbush Ave)	\$125	-	\$400	\$100	-	\$450
Prospect Heights						
Flatbush Ave (5th Ave - Grand Army Plaza)	\$78	-	\$125	\$83	-	\$125
Cobble Hill						
Court St (Atlantic Ave - Carroll St)	\$80	-	\$200	\$100	-	\$220
Smith St (Atlantic Ave - Carroll St)	\$125	-	\$175	\$175	-	\$175
Park Slope						
7th Ave (Union St - 9th St)	\$114	-	\$138	\$64	-	\$165
5th Ave (Union St - 9th St)	\$69	-	\$133	\$52	-	\$111
Bay Ridge						
86th St (4th Ave - Fort Hamilton Pkwy)	\$56	-	\$130	\$80	-	\$150