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RETAIL REPORT

REBNY[®]
REAL ESTATE BOARD OF NEW YORK

FALL 2001
Burton P. Resnick, Chairperson
Steven Spinola, President

I N T R O D U C T I O N

The third REBNY Retail Report is our first such survey to provide market comparisons over a twelve-month period. This biannual look at the stores market shows that prime shopping areas have thrived despite the economy's slowdown and unprecedented disruptions following the terrorist attacks. Less prominent districts, though, have proven more vulnerable to the past year's turmoil. Even in difficult times, though, our most established shopping corridors remain destinations for customers from all over the city, region, nation and the rest of world.

The 16 brokerages we now have contributing to this report have examined 11.3 million square feet of retail space. Their experience and our mounting retail data base will continue to produce illuminating accounts of this leading realty market. We are grateful to REBNY's Retail Task Force for an enlightening report.

Steven Spinola

RETAIL REPORT TASK FORCE

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

ACKNOWLEDGEMENTS

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Larry Abrams



CB Richard Ellis, Inc.



Cushman & Wakefield, Inc.



D.G. Hart Associates, Inc.



Robert K. Futterman & Associates, LLC



HGCD Retail Services, LLC



Insignia/ESG, Inc.



The Lansco Corporation

Massey Knakal Realty Services, Inc.



Murray Hill Properties



Newmark New Spectrum Retail, LLC



Northwest-Atlantic Partners, Inc.



Retail Realty, LLC



Ripco Real Estate Corp.



Rose Associates, Inc.



Winick Realty Group

This report is a project of the REBNY Stores Committee

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- Ben Fox - New Spectrum Newmark Retail
- David Green - Insignia/ESG
- Susan Kurland - Cushman & Wakefield
- Robert K. Futterman - Robert K. Futterman & Associates

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

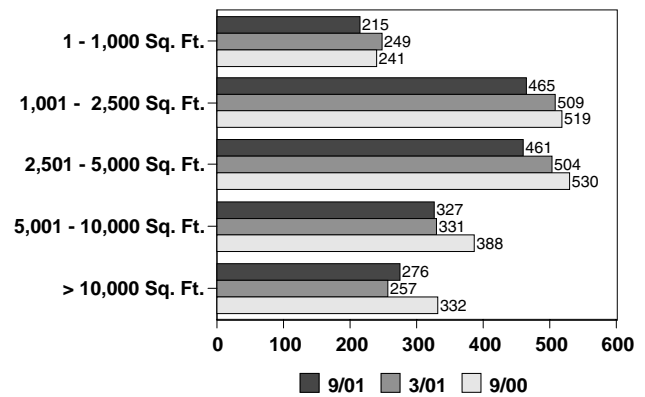
MANHATTAN

ALL SPACE

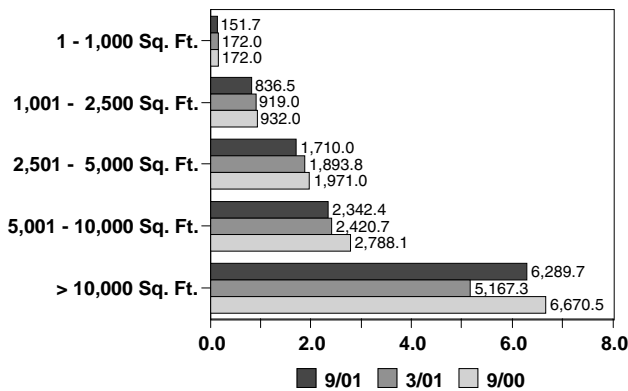
Summary

	9/30/01	3/31/01	9/30/00
# of Stores:	1,744	1,850	2,010
Available SF:	11,330,587	10,573,173	12,533,759
Average Asking Rent PSF:	\$84	\$98	\$96
Average Store SF:	6,497	5,715	6,236

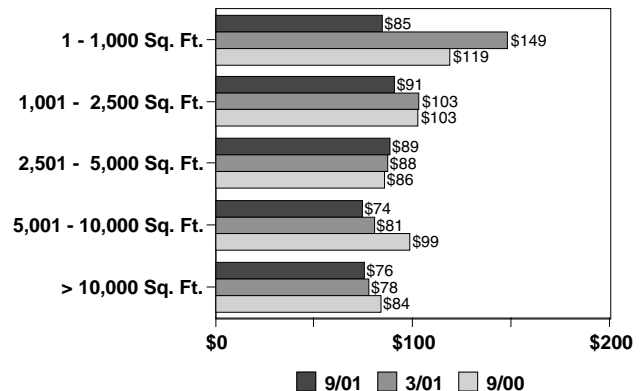
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

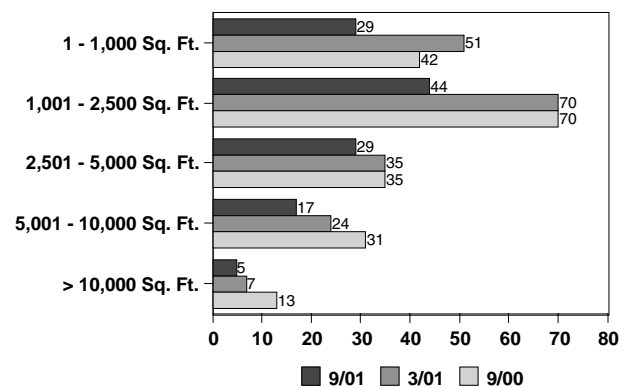
EAST SIDE

ALL SPACE

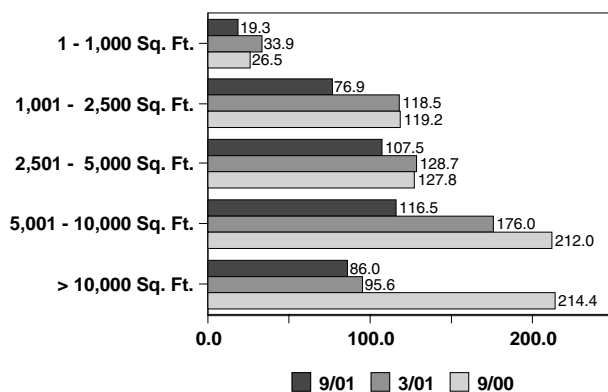
Summary

	9/30/01	3/31/01	9/30/00
# of Stores:	124	187	191
Available SF:	406,481	552,923	700,106
Average Asking Rent PSF:	\$103	\$138	\$133
Average Store SF:	3,278	2,957	3,665

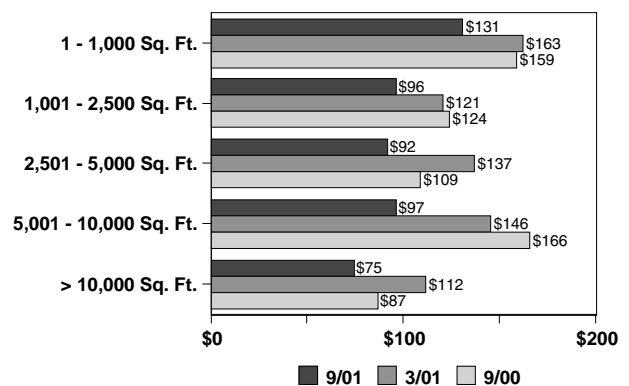
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

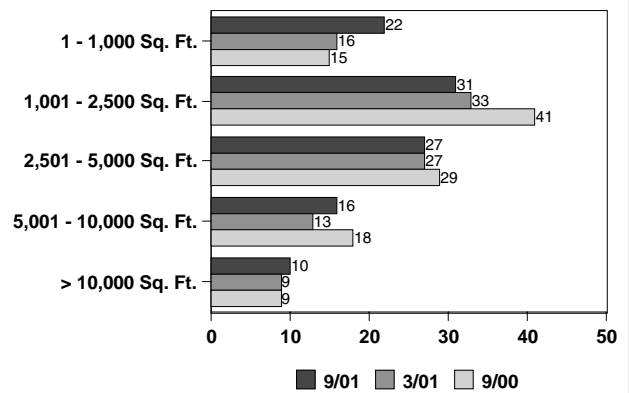
WEST SIDE

ALL SPACE

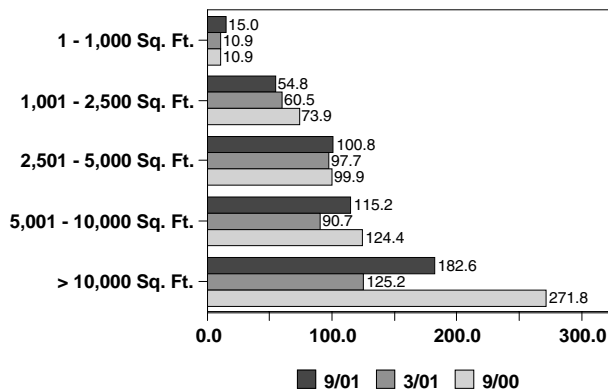
Summary

	9/30/01	3/31/01	9/30/00
# of Stores:	106	98	112
Available SF:	468,702	385,306	581,139
Average Asking Rent PSF:	\$92	\$92	\$103
Average Store SF:	4,422	3,932	5,189

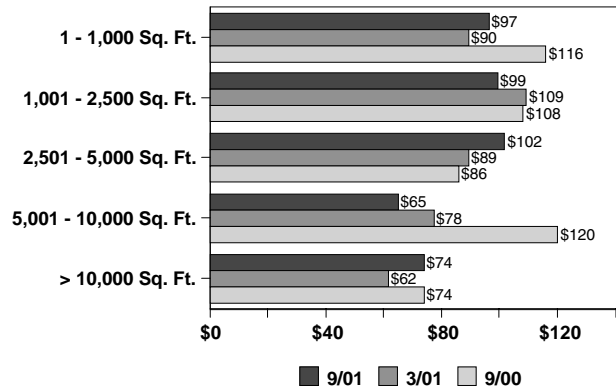
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

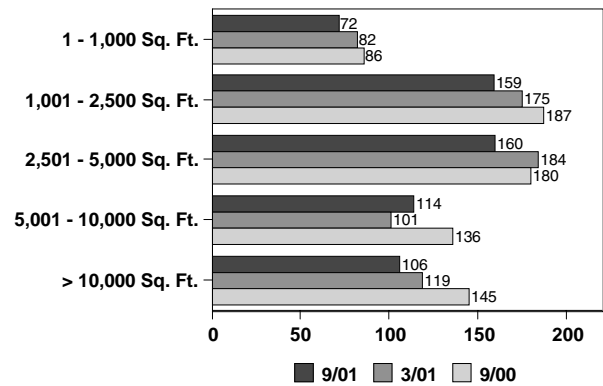
M I D T O W N

ALL SPACE

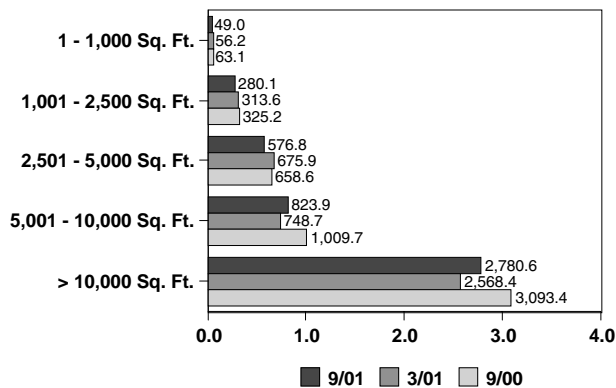
Summary

	9/30/01	3/31/01	9/30/00
# of Stores:	611	661	734
Available SF:	4,510,740	4,362,963	5,150,223
Average Asking Rent PSF:	\$107	\$122	\$115
Average Store SF:	7,383	6,601	7,017

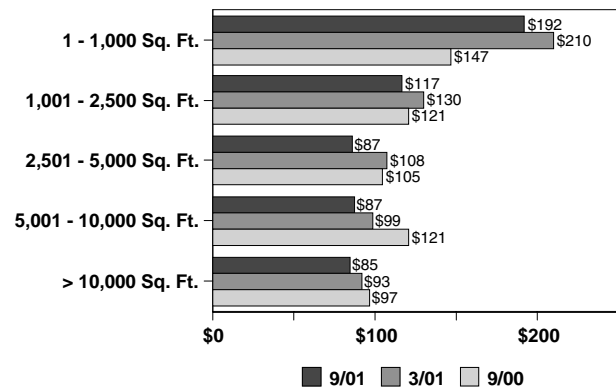
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

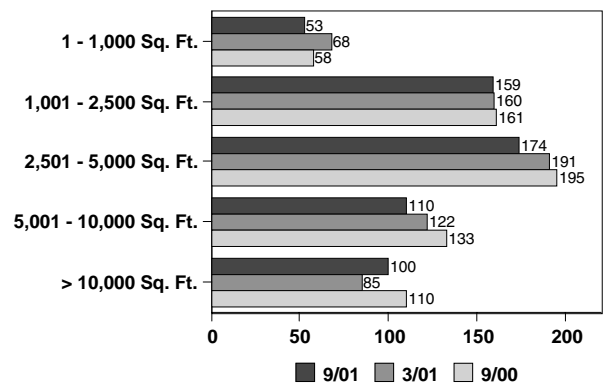
MIDTOWN SOUTH

ALL SPACE

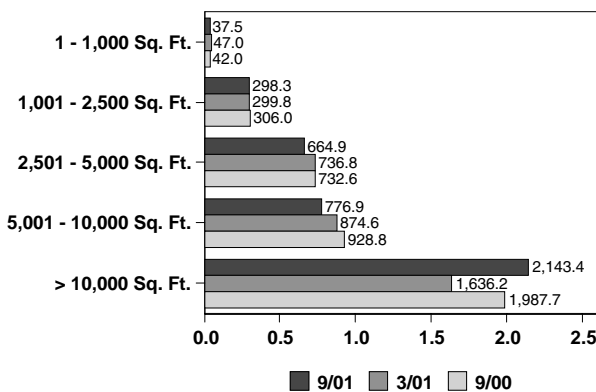
Summary

	9/30/01	3/31/01	9/30/00
# of Stores:	596	626	657
Available SF:	3,921,165	3,594,616	3,997,295
Average Asking Rent PSF:	\$70	\$78	\$79
Average Store SF:	6,579	5,742	6,084

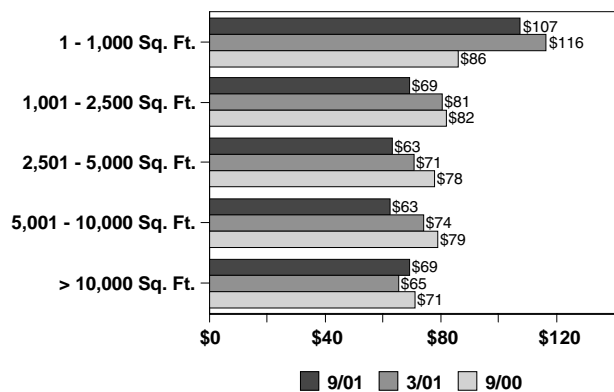
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

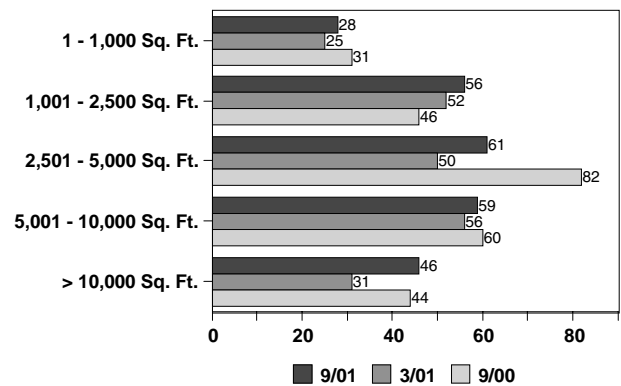
DOWNTOWN

ALL SPACE

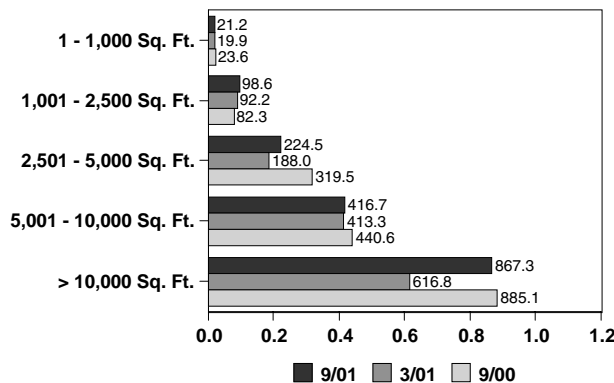
Summary

	9/30/01	3/31/01	9/30/00
# of Stores:	250	214	263
Available SF:	1,628,602	1,330,401	1,751,368
Average Asking Rent PSF:	\$60	\$60	\$67
Average Store SF:	6,514	6,217	6,659

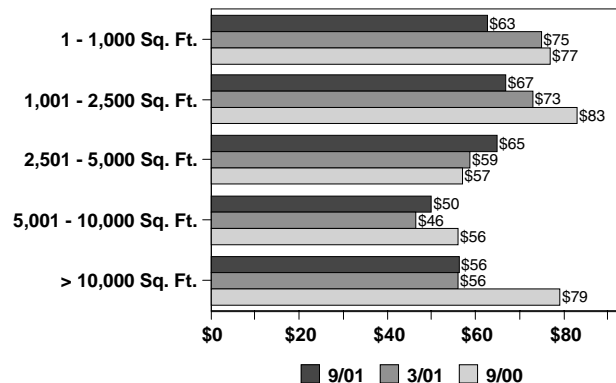
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

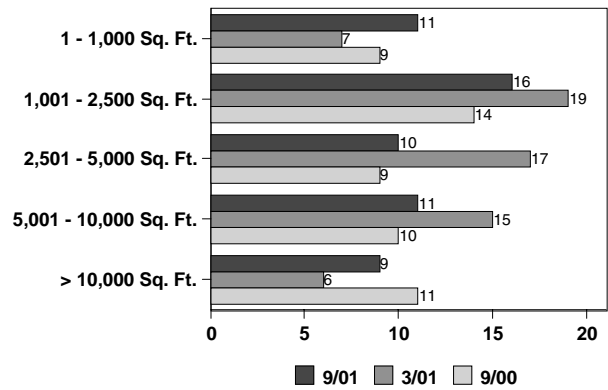
UPPER MANHATTAN

ALL SPACE

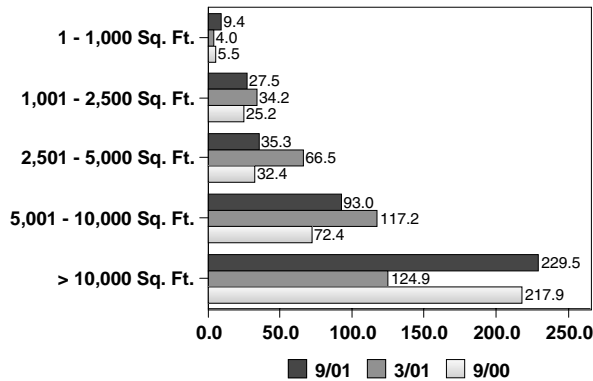
Summary

	9/30/01	3/31/01	9/30/00
# of Stores:	57	64	53
Available SF:	394,897	346,964	353,628
Average Asking Rent PSF:	\$43	\$47	\$51
Average Store SF:	6,928	5,421	6,672

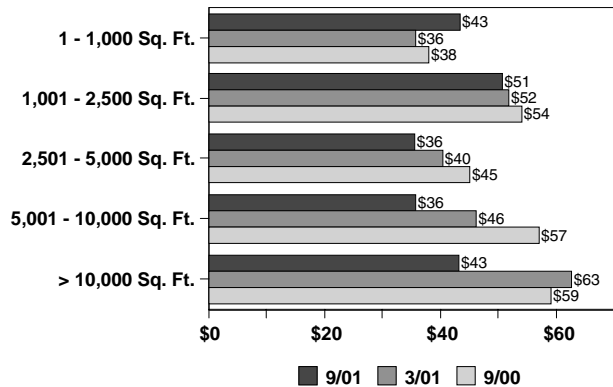
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



STATISTICAL SPOTLIGHT

Range

Ground Floor Space Only

	Fall 2001		Spring 2001		Fall 2000	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	270 - 5,022	\$150 - \$165	270 - 5,324	\$145 - \$315	450 - 5,022	\$147 - \$225
Madison Ave.						
57 th - 67 th St.	385 - 3,100	\$787 - \$800	495 - 3,100	\$200 - \$850	500 - 3,100	\$150 - \$800
West Side						
Broadway						
72 nd -86 th St.	330 - 5,000	\$56 - \$291	400 - 5,000	\$150 - \$273	400 - 5,000	\$115 - \$275
Midtown						
34 th St.						
5 th -7 th Ave.	800 - 5,000	\$227 - \$425	800 - 8,000	\$75 - \$344	2,542 - 8,000	\$120 - \$200
5 th Ave.						
50 th - 59 th St.	500 - 5,750	\$800 - \$1,043	160 - 3,506	\$592 - \$896	1,049 - 11,541*	\$550 - \$1,100*
57 th St.						
5 th -Park Ave.	933 - 2,500	\$500 - \$800	933 - 4,300	\$274 - \$833	933 - 1,750	\$350 - \$800
Times Square						
Broadway						
42 nd -47 th St.	750 - 8,649	\$75 - \$188	530 - 8,142	\$75 - \$350	530 - 8,142	\$83 - \$625
7 th Ave.						
42 nd -47 th St.	225 - 14,000*	\$177 - \$350*	2,500 - 10,000	\$200 - \$417	870 - 9,000	\$125 - \$417
42 nd St.						
6 th - 8 th Ave.	2,000 - 23,000	\$109 - \$284	500 - 23,000	\$75 - \$632	1,200 - 23,000	\$75 - \$375
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	2,124 - 5,500	\$76 - \$217	500 - 4,200	\$51 - \$324	1,800 - 5,500	\$111 - \$218
SoHo						
Broadway						
Houston-						
Broome St.	2,400 - 25,000	\$150 - \$225	2,000 - 10,000	\$40 - \$350	1,700 - 10,000	\$75 - \$225

*from April 1st through September 30th

STATISTICAL SPOTLIGHT

	Median					
	Ground Floor Space Only					
	Fall 2001		Spring 2001		Fall 2000	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	2,414	\$182	900	\$180	1,100	\$199
Madison Ave.						
57 th - 67 th St.	2,100	\$794	1,500	\$550	1,350	\$550
West Side						
Broadway						
72 nd -86 th St.	1,800	\$200	2,210	\$204	1,300	\$200
Midtown						
34 th St.						
5 th -7 th Ave.	2,200	\$406	3,350	\$245	6,400	\$200
5 th Ave.						
50 th - 59 th St.	3,125	\$922	1,352	\$721	4,482*	\$615*
57 th St.						
5 th -Park Ave.	2,000	\$650	2,000	\$579	1,045	\$571
Times Square						
Broadway						
42 nd -47 th St.	2,600	\$100	2,000	\$178	2,000	\$188
7 th Ave.						
42 nd -47 th St.	5,400*	\$200*	3,600	\$312	1,438	\$250
42 nd St.						
6 th - 8 th Ave.	3,801	\$220	3,250	\$185	4,300	\$220
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	4,000	\$150	2,350	\$179	2,275	\$178
SoHo						
Broadway						
Houston-						
Broome St.	5,300	\$150	4,500	\$150	4,900	\$120

*from April 1st through September 30th

STATISTICAL SPOTLIGHT

	Average					
	Ground Floor Space Only					
	Fall 2001		Spring 2001		Fall 2000	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	2,359	\$209	1,622	\$198	1,877	\$186
Madison Ave.						
57 th - 67 th St.	1,898	\$794	1,807	\$575	1,545	\$493
West Side						
Broadway						
72 nd -86 th St.	2,019	\$186	2,491	\$205	2,479	\$205
Midtown						
34 th St.						
5 th -7 th Ave.	2,417	\$353	3,640	\$233	5,647	\$187
5 th Ave.						
50 th - 59 th St.	3,125	\$922	1,593	\$733	5,621*	\$713*
57 th St.						
5 th -Park Ave.	1,784	\$650	2,117	\$579	1,193	\$574
Times Square						
Broadway						
42 nd -47 th St.	4,119	\$117	3,066	\$197	3,064	\$239
7 th Ave.						
42 nd -47 th St.	6,044*	\$223*	5,320	\$310	2,799	\$240
42 nd St.						
6 th - 8 th Ave.	6,361	\$211	5,266	\$229	6,094	\$215
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	3,875	\$148	2,428	\$167	3,950	\$171
SoHo						
Broadway						
Houston-						
Broome St.	7,354	\$175	4,913	\$145	5,374	\$129

*from April 1st through September 30th

STREET TALK

For informed views of how the September 11th attack altered the outlook for retailers downtown as well as elsewhere in Manhattan's Central Business District, we asked five leading store brokers to assess the problems and opportunities that merchants will confront in the months ahead.

Robin Abrams –Lansco

TriBeCa still has a considerable residential base, Ms. Abrams noted, with new developments to accommodate retail clients. Retail chains already located there want to remain, she asserted. Some representatives of retail chains are coming in from other parts of downtown, but decisions about opening new stores "might be on hold for a couple of months," she said. For discount chains, other parts of Lower Manhattan might be attractive, according to Ms. Abrams. For such retailers, "Image and prestige factors are not so significant and landlords are more flexible," she said. Ms. Abrams thinks that "commercial users [displaced from the Trade Center] and supermarkets are interested in TriBeCa space." Beyond Lower Manhattan, Ms. Abrams observed, "Lots of people are still looking for space on upper Madison Avenue, but nothing much is opening up." She said that New Yorkers, including retailers, are "Type A" personalities eager to move as soon as the economy's direction becomes clear. Those outside the city are likelier to wait a bit longer before making commitments for new stores.

* * *

Ben Fox- New Spectrum Newmark Retail

Downtown's "pedestrian paths are so varied and the population is so vast" that the area is promising for retailers, Mr. Fox advised. He also predicted that the World Financial Center is going to become more popular" as a retail location. Regarding the rest of the Central Business District, Mr. Fox said, "The absorption of the work force of the World Trade Center won't affect retailing...People are dispersing all over the city...An additional 30,000 people means something in Cincinnati but not in New York." Mr. Fox also pointed out that tourism is a major factor in the retail sector's prosperity. "Over an extended period, fears will fade," he maintained. According to Mr. Fox, no retailers would be deterred from coming to New York because of the attacks. He cited the national economy's condition and the pace of sales elsewhere as factors determining whether retail chains could get the capital to build new outlets. He also noted that "There's lots of interest from European tenants," and emphasized that foreigners have become accustomed to taking major disruptions—including terrorism—in their stride.

STREET TALK

David Green- Insignia/ESG

Retailers were at the World Trade Center, Mr. Green said, because of the quantity of people flowing through its passages every day on the way to and from work. "The consumer base was their justification for being downtown," he explained. "Banks, services, corporations and chains might be covered by other locations in Manhattan," he speculated. "Brooks Brothers is looking for another location downtown, some others are waiting, but there was a general slow drain in the economy before September 11th." Retailers have a long-term perspective, he believes. "Banks have to get to their people immediately. In retail, no one location defines you, except for the flagship store." Mr. Green also regards market share and brand awareness as key to attracting more customers. "If you dominated at the World Trade Center, you might want to stay downtown." But he also indicated that "Retailers have a more measured approach because they don't have the compelling need to be open, except in certain circumstances" which gives them more time to consider the merits of a potential new location.

* * *

Susan Kurland - Cushman & Wakefield

"I don't view Lower Manhattan as a major retail play, but the World Trade Center was a tremendous retail opportunity," Ms. Kurland said. "Most Trade Center tenants were national or regional chains." She predicted that downtown might be an attractive location for food stores and predicted that owners would be eager to work with prospective tenants there. She also forecast that luxury retailing operations would rebound before other sectors and observed that there were limited openings on the more sought after retail corridors. She was generally confident about New York's long-term prospects. The city, she said, "is the center of the universe and will rebound. It's gone through cycles before." Local government could help, Ms. Kurland suggested, by making people feel safe and accelerating rebuilding programs to create jobs quickly.

* * *

STREET TALK

Robert K. Futterman- Robert K. Futterman & Associates

Although Lower Manhattan will “take a long time to come back,” Mr. Futterman said, “the South Street Seaport is 90% leased.” Mr. Futterman noted that its transportation connections and large work force gave World Trade Center customers “the sort of moderate to high-end shopping experience you could only get [otherwise] in the suburbs.” Retail executives across the country have told Mr. Futterman they expect the city to “come back in six to nine months.” He suggested that retailers who could afford to expand at current rents with longer leases would be “in a good position for the future.” Mr. Futterman sees Forest City Ratner going ahead with its plans for 125th Street with “a Gap, a Bally, a CVS. The project hasn’t been affected.” He described the Flatiron area, Chelsea, Ladies’ Mile and the Upper East and West Sides “stronger than ever.” Mr. Futterman called for “incentives for national retailers to expand downtown,” the prompt restoration of Battery Park City residences and transportation initiatives to bring more people into the district.

* * *