

THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT SUMMER 2016



The Real Estate Board of New York's (REBNY) Brooklyn Retail Report, a joint effort by REBNY's Commercial Brokerage Brooklyn and Retail Committees, presents a snapshot of several 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, towards a better understanding of the Brooklyn retail leasing landscape.

This is the third release of the bi-annual report and also the first time we can compare corridor ground floor rents year-over-year. In summer 2016, ground floor retail average asking rents in Brooklyn increased in eight of the 15 surveyed corridors when compared to last year. The remaining seven corridors had either small decreases or no change at all. The strongest rent growth has continued in areas with new residential development and the potential for increased residential density.

North Brooklyn average asking rents had strong increases in some corridors along with a small decrease in others. In Williamsburg, there was no change in ground floor average asking rent on Grand Street between Havemeyer Street and Kent Avenue. The biggest increase in North Brooklyn was on North 6th Street, between Driggs Avenue and Kent Avenue, in Williamsburg where an increase in available spaces in new developments not yet ready for possession pushed the average asking rent up 24 percent to \$259 per square foot for ground floor retail space. This rise was also impacted by strong leasing activity for spaces in this corridor that were ready for immediate occupancy, which are usually priced slightly lower than spaces in new developments.

The issue of the L train subway service interruption between Manhattan and Brooklyn, due to necessary infrastructure repairs, has been covered widely by many news outlets in the last year. Our Brooklyn Retail Report Advisory Group recognizes that this has the potential to create inconveniences for shoppers traveling between the two boroughs. However, from a retail leasing perspective, our advisory group believes that the suspension of the L train service under the East River will not pose major difficulties for the retail market and the end result of better service will lead to an improved retail landscape in Williamsburg and beyond. Additionally, unlike residential leases, retail leases are of a longer term. Therefore, the impact on sales of the L closing will be for a relatively short period of the entire lease.

Bedford Avenue, between Grand Street and North 12th Street, in Williamsburg maintained the highest average asking rent for ground floor retail space in the Brooklyn retail corridors analyzed at \$373 per square foot in summer 2016, a seven percent increase from summer 2015. This asking rent average was influenced by a concentration of available listings located between North 4th and North 7th streets where rents in the corridor are traditionally the highest due to the proximity to the Bedford Avenue L train station.

The average asking rent for ground floor space on North 4th Street, between Driggs Avenue and Kent Avenue, in Williamsburg declined six percent year-over-year to \$144. This decline occurred despite an active leasing environment, and in this case, the leasing activity led to the rise in availability of more midblock spaces away from Bedford Avenue, which are the relatively lower priced locations along the corridor.

Moving further south in the borough, average ground floor asking rents in the Cobble Hill retail corridors moved in opposite directions. The average on Smith Street, between Atlantic Avenue

and Carroll Street, rose 10 percent to \$134 per square foot compared to last year, but on Court Street, between Atlantic Avenue and Carroll Street, rents dropped 10 percent to \$145 per square foot. Rents moved in opposite directions in Park Slope retail corridors as well. The average asking rent for ground floor retail space on 7th Avenue, between Union Street and 9th Street, rose six percent to \$92 per square foot, while rents on 5th Avenue, between Union Street and 9th Street, dipped two percent to \$79 per square foot.

Meanwhile, average asking rents in Brooklyn Heights on Montague Street, between Hicks Street and Cadman Plaza, increased 27 percent to \$190 per square foot this summer compared to last year due to an influx of new retail availabilities. Down in Bay Ridge on 86th Street, a lack of available ground floor retail spaces prevented us from reporting reliably on a current average asking ground floor rent at this time.

Although this report shows changes in average asking rents in most of the corridors, 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, once we have built enough historical data, we will be able to identify long run trends that suggest a gradual market shift.

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 street/avenue frontage, ceiling height, presence of below and above grade space, and locational factors 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 the investment 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 Report Advisory Group in addition to our Commercial Brokerage Brooklyn Committee and Retail Committee members.

THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT SUMMER 2016

AVERAGE GROUND FLOOR RENT PSF

	Summer 2016	Winter 2016	Summer 2015	% Change Winter 2016	% Change Summer 2015
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$71	\$63	\$63	13%	14%
Manhattan Ave (Driggs Ave - Ash St)	\$71	\$65	\$65	8%	9%
Williamsburg					
Bedford Ave (Grand St - North 12 St)	\$373	\$361	\$347	3%	7%
North 6 St (Driggs Ave - Kent Ave)	\$259	\$218	\$208	19%	24%
North 4 St (Driggs Ave - Kent Ave)	\$144	\$157	\$153	-8%	-6%
Grand St (Havemeyer St - Kent Ave)	\$110	\$109	\$110	1%	0%
DUMBO					
Washington St, Main St, Water St, Front St	\$113	\$112	\$107	1%	5%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$190	\$188	\$150	1%	27%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$277	\$301	\$287	-8%	-3%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$101	\$102	\$102	0%	0%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$145	\$175	\$162	-17%	-10%
Smith St (Atlantic Ave - Carroll St)	\$134	\$139	\$121	-4%	10%
Park Slope					
7th Ave (Union St - 9th St)	\$92	\$96	\$86	-4%	6%
5th Ave (Union St - 9th St)	\$79	\$85	\$81	-6%	-2%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	NA	\$85	\$77	NA	NA

THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT SUMMER 2016

MEDIAN GROUND FLOOR RENT PSF

	Summer 2016	Winter 2016	Summer 2015	% Change Winter 2016	% Change Summer 2015
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$65	\$63	\$60	3%	8%
Manhattan Ave (Driggs Ave - Ash St)	\$73	\$60	\$60	22%	22%
Williamsburg					
Bedford Ave (Grand St - North 12 St)	\$375	\$400	\$350	-6%	7%
North 6 St (Driggs Ave - Kent Ave)	\$250	\$193	\$188	30%	33%
North 4 St (Driggs Ave - Kent Ave)	\$150	\$150	\$150	0%	0%
Grand St (Havemeyer St - Kent Ave)	\$110	\$105	\$110	5%	0%
DUMBO					
Washington St, Main St, Water St, Front St	\$100	\$100	\$100	0%	0%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$190	\$188	\$150	1%	27%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$300	\$313	\$300	-4%	0%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$102	\$102	\$102	0%	0%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$165	\$175	\$155	-6%	6%
Smith St (Atlantic Ave - Carroll St)	\$128	\$125	\$118	2%	8%
Park Slope					
7th Ave (Union St - 9th St)	\$88	\$88	\$75	0%	17%
5th Ave (Union St - 9th St)	\$77	\$77	\$74	0%	5%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	NA	\$69	\$65	NA	NA

THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT SUMMER 2016

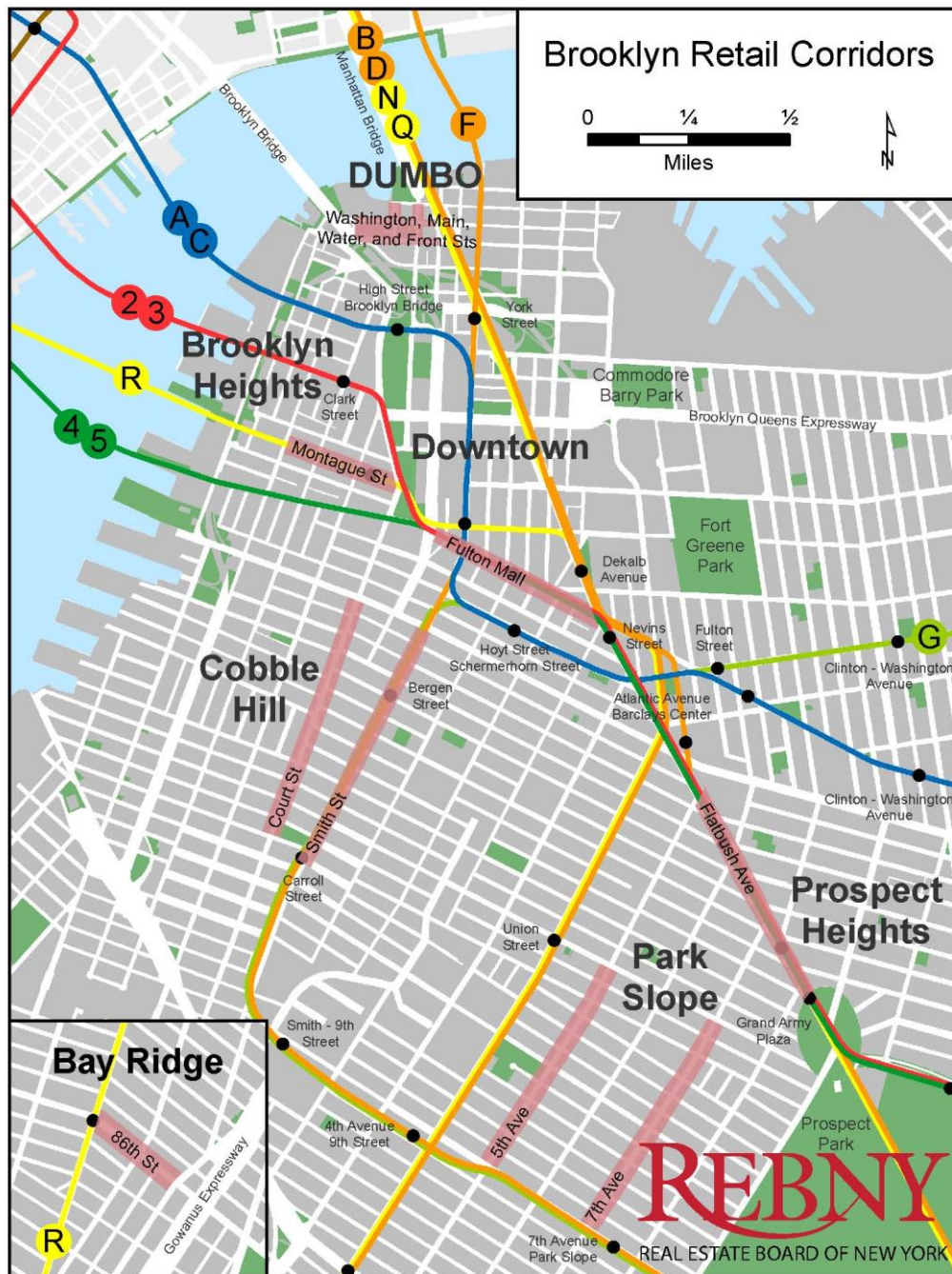
RANGE OF GROUND FLOOR RENTS PSF

	Summer 2016			Winter 2016			Summer 2015		
Greenpoint									
Franklin St (Meserole Ave - Commercial St)	\$35	-	\$120	\$35	-	\$89	\$35	-	\$89
Manhattan Ave (Driggs Ave - Ash St)	\$40	-	\$97	\$45	-	\$96	\$45	-	\$100
Williamsburg									
Bedford Ave (Grand St - North 12 St)	\$200	-	\$500	\$200	-	\$500	\$200	-	\$500
North 6 St (Driggs Ave - Kent Ave)	\$160	-	\$350	\$125	-	\$350	\$97	-	\$300
North 4 St (Driggs Ave - Kent Ave)	\$50	-	\$200	\$150	-	\$175	\$140	-	\$175
Grand St (Havemeyer St - Kent Ave)	\$90	-	\$125	\$90	-	\$125	\$90	-	\$125
DUMBO									
Washington St, Main St, Water St, Front St	\$75	-	\$150	\$75	-	\$150	\$85	-	\$150
Brooklyn Heights									
Montague St (Hicks St - Cadman Plaza)	\$110	-	\$250	\$176	-	\$200	\$150	-	\$150
Downtown Brooklyn									
Fulton St (Boerum Pl - Flatbush Ave)	\$100	-	\$450	\$230	-	\$350	\$147	-	\$450
Prospect Heights									
Flatbush Ave (5th Ave - Grand Army Plaza)	\$56	-	\$150	\$62	-	\$150	\$62	-	\$150
Cobble Hill									
Court St (Atlantic Ave - Carroll St)	\$65	-	\$200	\$130	-	\$225	\$100	-	\$225
Smith St (Atlantic Ave - Carroll St)	\$89	-	\$200	\$89	-	\$188	\$72	-	\$187
Park Slope									
7th Ave (Union St - 9th St)	\$40	-	\$169	\$40	-	\$183	\$40	-	\$169
5th Ave (Union St - 9th St)	\$27	-	\$156	\$31	-	\$156	\$31	-	\$156
Bay Ridge									
86th St (4th Ave - Fort Hamilton Pkwy)	NA	-	NA	\$57	-	\$150	\$57	-	\$137

CORRIDOR MAPS – NORTH BROOKLYN



CORRIDOR MAPS – CENTRAL AND SOUTH BROOKLYN



ACKNOWLEDGEMENTS

The REBNY Brooklyn Retail Report Advisory Group Includes:

Robin Abrams, The Lansco Corporation

Diana Boutross, Cushman & Wakefield

Mitzi Flexer, Cushman & Wakefield

Jordan Kaplan, Cushman & Wakefield

Peter Levitan, Lee & Associates NYC

Nicole Liebman, Hudson

ACKNOWLEDGEMENTS

REBNY would like to thank the Commercial Brokerage Brooklyn Committee, the Retail Committee, and the following people and firms for their assistance in preparing this report.

Brendan Reichenbacher / Lee & Associates NYC

Cushman & Wakefield

Hudson

The Lansco Corporation