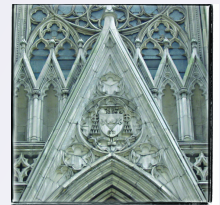


THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

SPRING 2013



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CHAIRMAN**

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REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

The Manhattan retail market continues to be one of the healthiest sectors in the real estate market in New York. Rents in the high profile corridors are high and rising due to strong demand from a broad range of both domestic and international retailers. Activity in the secondary corridors with more local tenancy is improving too as business confidence builds as a result of a consumer buoyed by an improving economic growth outlook and an improving job market. Booming tourism in the city has also played a major role in boosting asking rents. New York City attracted 52 million tourists last year according to NYC & Company, the most ever recorded.

The demand for space in New York City is robust, according to our Advisory Group, despite very high asking rents in some corridors. Luxury and fast fashion brands are both establishing and expanding their presence in the city. Tenants from Europe, Asia, and South America have been in competition for limited space in prime corridors. The benefits from heavy pedestrian foot traffic and brand association in these prime corridors is very important to these retailers as they can increase sales volumes as well as boost brand awareness and prestige.

As our Advisory Group noted in the Fall 2012 retail report, the unavailability of good quality space and increasing rents in prime corridors has led retailers to push the boundaries of the traditional and established high end retail areas. This phenomenon has continued in 2013. Asking rents in such corridors as Fifth Avenue south of 49th Street and Broadway in the Flatiron district, Bleecker Street between Seventh Avenue South and Hudson Street, and Broadway in SoHo have all had substantial asking price increases.

These corridors in midtown south and downtown have also benefitted from the tech sector expanding in the area. Office occupancy rates in midtown south have risen significantly in the past two years generating increased foot traffic in the respective retail corridors as a result. Furthermore, high end residential development in midtown south has created an increased demand for high quality shopping options. Some retailers looking to stay in certain traditional prestigious corridors have become very savvy in order to maintain their presence. Our Advisory Group has noticed this occurring on Madison Avenue between 57th and 72nd streets where a form of retail “musical chairs” has taken place. As these retailers gain experience and knowledge of the corridor they can better assess the specific type of space they need. This leads to many lease transactions occurring before the retail space comes to market. This active and efficient market is good for both

the tenant and the property owner as the space does not go vacant and retailers do not lose the base they’ve established. Our Advisory cited the examples of Berluti moving from the 70s to a larger space in the 60s, J. Mendel moving a few blocks north to a larger space, and Loro Piano expanding into adjacent space as examples of this on Madison.

The rapidly increasing asking rents in some corridors have not gone without consequence though as our Advisory Group has pointed out. They cite that although asking rents on Upper Fifth Avenue (between 50th and 59th) are still creeping higher, there have been no actual transactions closed in the corridor since the Fall 2012 to our report cutoff date of March 30th. Landlords are willing to wait for the right tenant though as the corridor offers some of the best space for a company looking to establish a large flagship store.

As always, it must be stated that the rents quoted in the report are asking rents. Also, please note that the physical components of a retail space factor greatly into its rental value. Attributes such as street/avenue frontage, ceiling height, and the presence of below and above grade space can affect value as much as locational factors. Consequently, in corridors with fewer availabilities, a high quality space coming to market can skew the average and median asking rents greatly. Accordingly, we have provided information about the rent range as well as asking rent information from six months and 12 months ago to provide a rich statistical context to evaluate the current market conditions. Lastly, as we have learned in the decade or more that we have been preparing this report, retail brokers active in the market are an invaluable source of information and trends that cannot be fully captured by our report. We attempt to provide an overview of the market at a particular point in time that is based on the available listings of our Advisory Group and the REBNY Retail Committee members which include all the major retail brokers and owners in Manhattan.



AVERAGE ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

	Spring	Fall	Spring	% Change	% Change
	2013	2012	2012	From Fall	From Spring
				2012	2012
EASTSIDE					
Madison Ave: 57 - 72 St	\$1,325	\$973	\$1,203	36%	10%
Third Ave: 60 - 72 St	\$275	\$266	\$265	3%	4%
East 86 St: Lexington Ave - 2nd Ave	\$550	\$450	\$410	22%	34%
WESTSIDE					
Broadway: 72 - 86 St	\$297	\$314	\$332	-5%	-11%
Columbus Ave: 66 - 79 St	\$367	\$318	N/A	15%	N/A
MIDTOWN					
East 57 St: 5 Ave - Park Ave	\$768	\$884	\$690	-13%	11%
Fifth Ave: 42 - 49 St	\$1,092	\$1,021	\$900	7%	21%
Fifth Ave: 49 - 59 St	\$3,052	\$2,690	\$2,750	13%	11%
Broadway & 7 Ave: 42 - 47 St	\$2,175	\$1,833	\$1,400	19%	55%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$413	\$350	\$302	18%	37%
Broadway: 14 - 23 St	\$322	\$273	\$215	18%	50%
Herald Square					
West 34 St: 5 - 7 Ave	\$724	\$683	\$558	6%	30%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$356	\$325	\$375	10%	-5%
Financial District					
Broadway: Battery Park - Chambers St	\$232	\$152	\$180	52%	29%
SoHo					
Broadway: Houston - Broome St	\$750	\$542	\$551	38%	36%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$540	\$458	\$452	18%	20%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$123	\$145	\$121	-15%	2%



MEDIAN ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

	Spring 2013	Fall 2012	Spring 2012	% Change From Fall 2012	% Change From Spring 2012
EASTSIDE					
Madison Ave: 57 - 72 St	\$1,286	\$900	\$1,135	43%	13%
Third Ave: 60 - 72 St	\$250	\$262	\$250	-5%	0%
East 86 St: Lexington Ave - 2nd Ave	\$575	\$475	\$450	21%	28%
WESTSIDE					
Broadway: 72 - 86 St	\$300	\$313	\$325	-4%	-8%
Columbus Ave: 66 - 79 St	\$367	\$300	N/A	22%	N/A
MIDTOWN					
East 57 St: 5 Ave - Park Ave	\$768	\$884	\$690	-13%	11%
Fifth Ave: 42 - 49 St	\$1,127	\$1,100	\$873	2%	29%
Fifth Ave: 49 - 59 St	\$3,000	\$3,000	\$2,750	0%	9%
Broadway & 7 Ave: 42 - 47 St	\$2,175	\$1,833	\$1,400	19%	55%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$400	\$375	\$250	7%	60%
Broadway: 14 - 23 St	\$265	\$273	\$250	-3%	6%
Herald Square					
West 34 St: 5 - 7 Ave	\$673	\$660	\$558	5%	24%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$350	\$325	\$375	8%	-7%
Financial District					
Broadway: Battery Park - Chambers St	\$188	\$143	\$143	31%	31%
SoHo					
Broadway: Houston - Broome St	\$800	\$455	\$600	76%	33%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$602	\$417	\$400	44%	50%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$118 ³	\$128	\$115	-8%	2%



ASKING RENT RANGE: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

	Spring 2013	Fall 2012	Spring 2012
EASTSIDE			
Madison Ave: 57 - 72 St	\$950 - \$1,736	\$800 - \$1,400	\$705 - \$2,270
Third Ave: 60 - 72 St	\$200 - \$400	\$175 - \$429	\$175 - \$383
East 86 St: Lexington Ave - 2nd Ave	\$400 - \$650	\$350 - \$500	\$240 - \$500
WESTSIDE			
Broadway: 72 - 86 St	\$225 - \$400	\$225 - \$450	\$200 - \$475
Columbus Ave: 66 - 79 St	\$327 - \$406	\$250 - \$405	N/A N/A
MIDTOWN			
East 57 St: 5 Ave - Park Ave	\$650 - \$885	\$884 - \$884	\$690 - \$690
Fifth Ave: 42 - 49 St	\$575 - \$1,750	\$600 - 1,405	\$575 - \$1,470
Fifth Ave: 49 - 59 St	\$2,560 - \$3,500	\$1,250 - \$3,500	\$2,500 - \$3,000
Broadway & 7 Ave: 42 - 47 St	\$1,500 - \$2,700	\$1,500 - \$2,000	\$800 - \$2,000
MIDTOWN SOUTH			
Flatiron			
Fifth Ave: 14 - 23 St	\$350 - \$500	\$250 - \$400	\$240 - \$400
Broadway: 14 - 23 St	\$200 - \$500	\$273 - \$273	\$120 - \$275
Herald Square			
West 34 St: 5 - 7 Ave	\$493 - \$1,100	\$493 - \$1,000	\$422 - \$694
DOWNTOWN			
Meatpacking			
14 St: 9 - 10 Ave	\$250 - \$500	\$250 - \$400	\$350 - \$425
Financial District			
Broadway: Battery Park - Chambers St	\$100 - \$500	\$75 - \$3540	\$75 - \$350
SoHo			
Broadway: Houston - Broome St	\$463 - \$950	\$350 - \$750	\$450 - \$680
West Village			
Bleeker St: 7 Ave South - Hudson St	\$300 - \$700	\$250 - \$720	\$333 - \$676
UPPER MANHATTAN			
Harlem			
125th St. (River to River)	\$72 - \$235	\$100 - \$220	\$50 - \$233



AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

ALL AVAILABLE SPACE (GROUND FLOOR, LOWER LEVEL, UPPER LEVEL, MEZZANINE)

	Spring 2013	Fall 2012	Spring 2012	% Change From Fall 2012	% Change From Spring 2012
MANHATTAN	\$116	\$110	\$114	6%	2%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$174	\$143	\$159	22%	9%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$117	\$124	\$149	-6%	-21%
MIDTOWN 35th Street to 59th Street	\$133	\$137	\$150	-3%	-11%
MIDTOWN SOUTH 15th Street to 34th Street	\$120	\$105	\$97	14%	23%
DOWNTOWN South of 14th Street	\$114	\$99	\$102	15%	12%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$64	\$66	\$67	-3%	-4%



RETAIL REPORT

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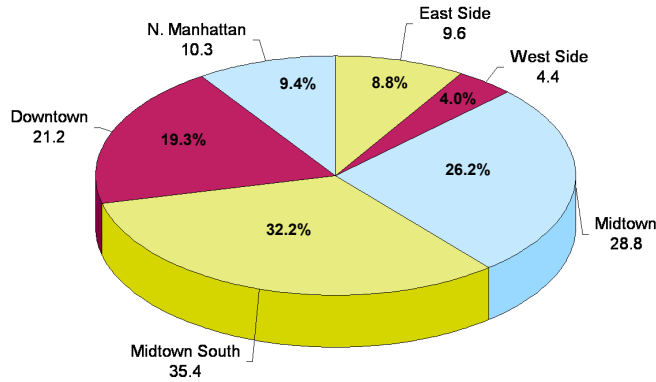
MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

ALL AVAILABLE SPACE (GROUND FLOOR, LOWER LEVEL, UPPER LEVEL, MEZZANINE)

	Spring 2013	Fall 2012	Spring 2012	% Change From Fall 2012	% Change From Spring 2012
MANHATTAN	\$84	\$77	\$85	9%	-1%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$120	\$108	\$133	11%	-10%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$96	\$110	\$120	-13%	-20%
MIDTOWN 35th Street to 59th Street	\$85	\$88	\$101	-3%	-16%
MIDTOWN SOUTH 15th Street to 34th Street	\$88	\$75	\$75	17%	17%
DOWNTOWN South of 14th Street	\$91	\$78	\$84	17%	8%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$55	\$55	\$55	0%	0%

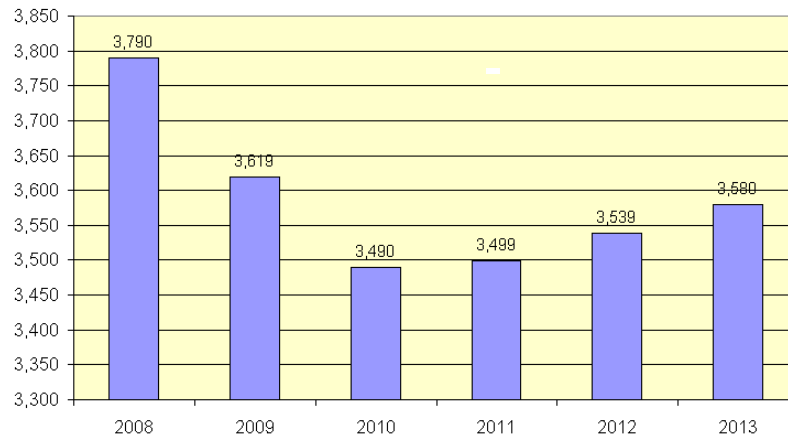
SELECTED MARKET DATA

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



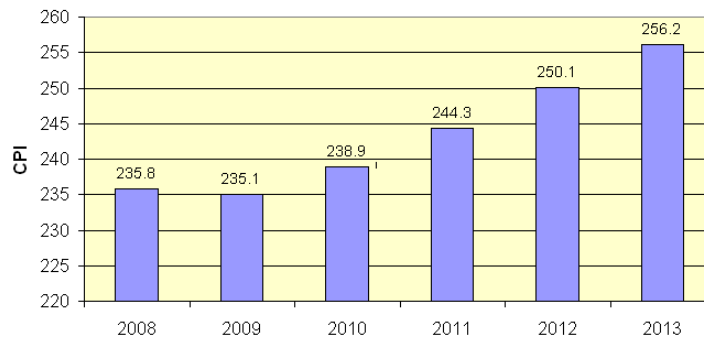
Forecast of New York City Economic Indicators

New York City Employment (in thousands)



Source: NYC Office of Management & Budget

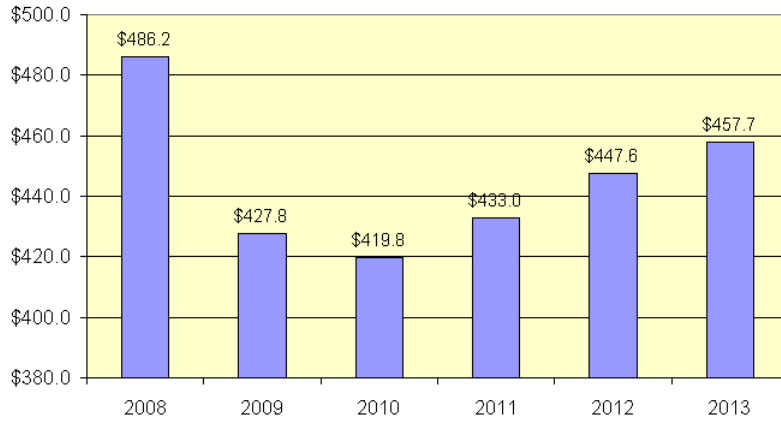
New York City CPI (1982-1984=100)



Source: NYC Office of Management & Budget

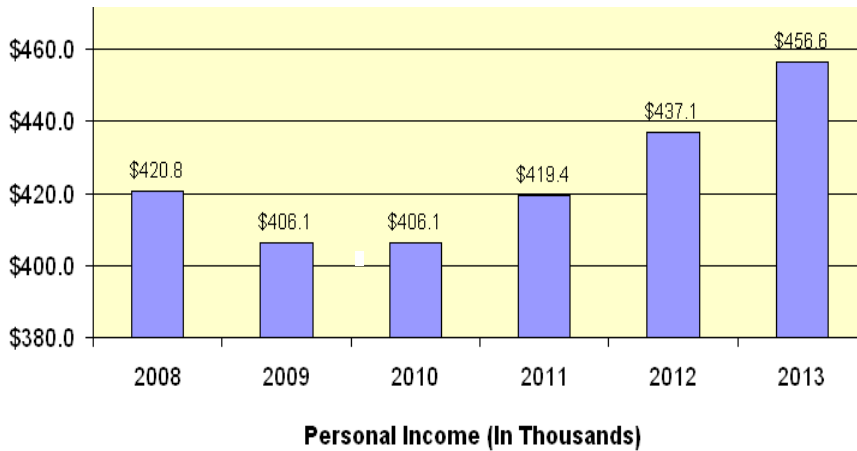
SELECTED MARKET DATA

New York City Real Gross City Product (billions)



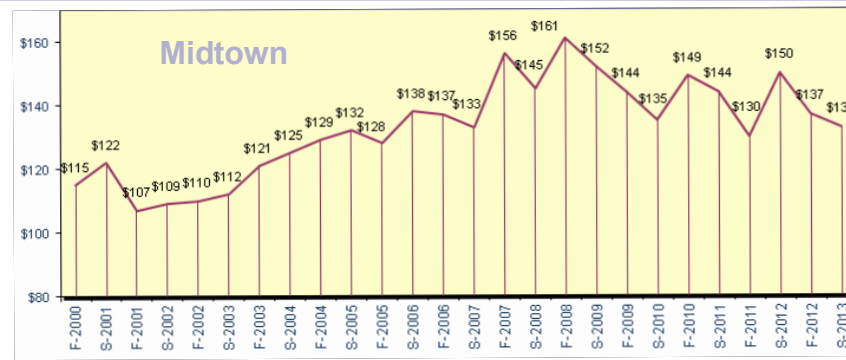
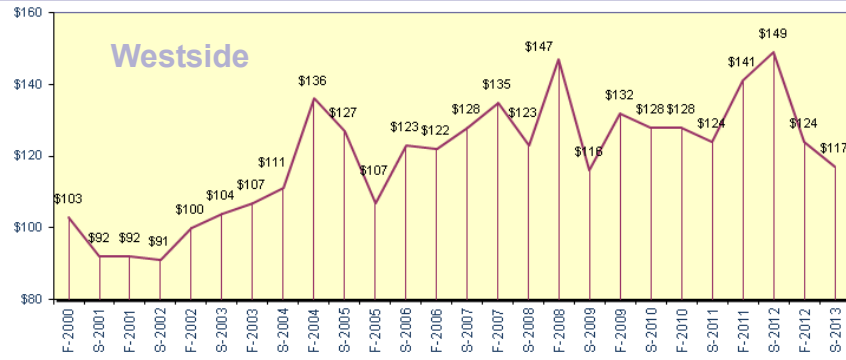
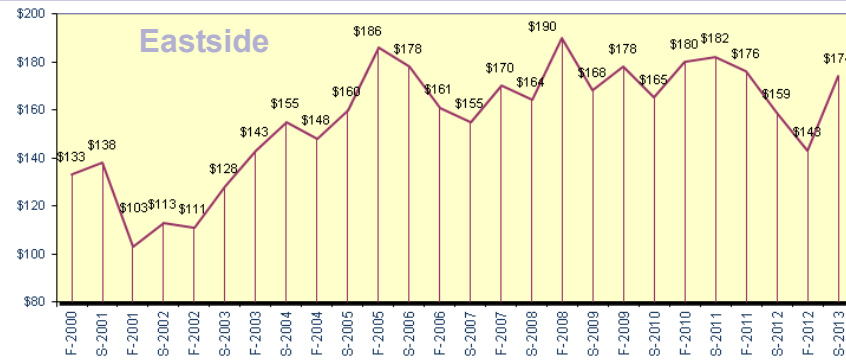
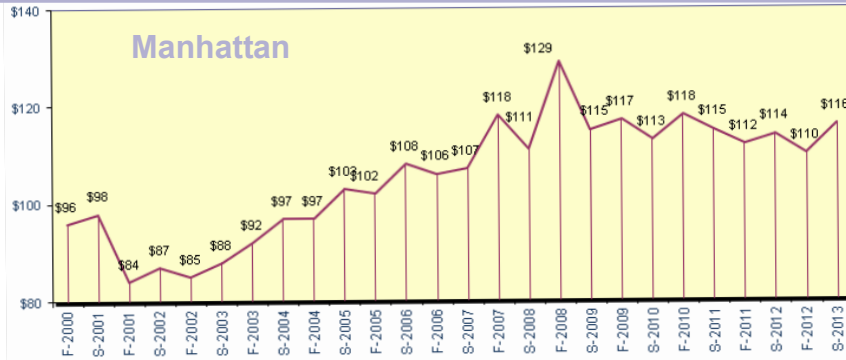
Source: NYC Office of Management & Budget

New York City Gross Personal Income

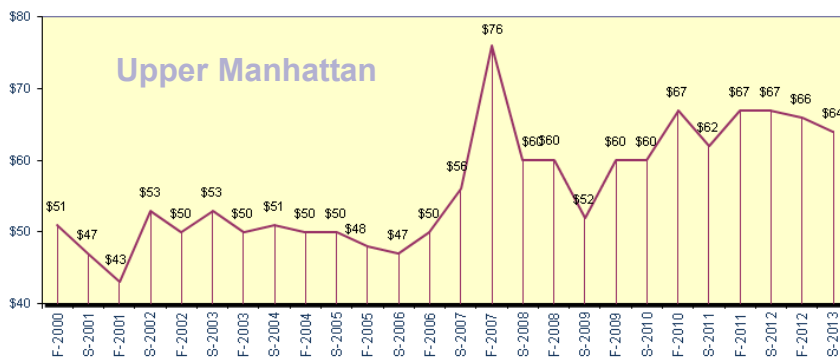
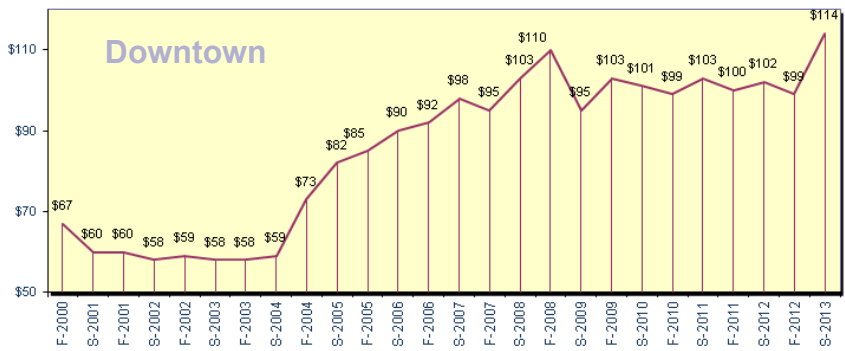
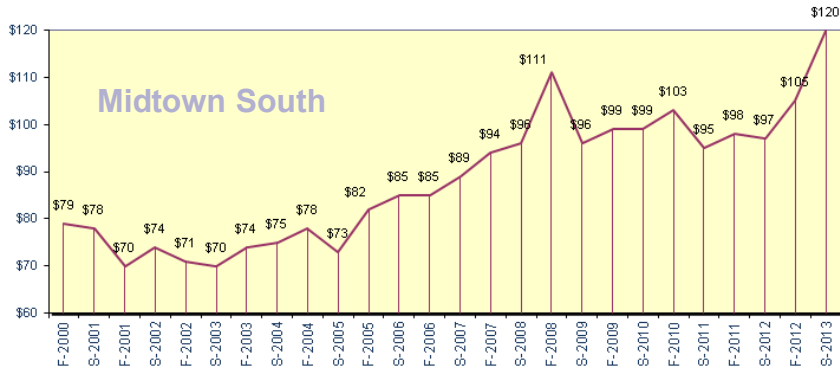


Source: NYC Office of Management & Budget

AVERAGE RETAIL ASKING RENTS PSF



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The Retail Report provides objective, comprehensive information about asking rents and market trends in Manhattan.

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

The report presents retail space information by geographical area and focuses on the asking rent of the ground floor space on the major retail streets.