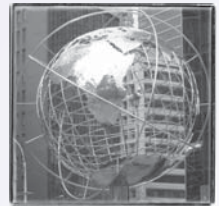


THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

FALL 2010



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REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

Our Retail Advisory Group reports a noticeable increase in retail tenant interest and competition for space. This tenant interest has led to an increase in asking rents and activity in Manhattan particularly for space in major retail corridors, such as those highlighted in our report.

The asking rent for all available space in Manhattan increased 4 percent to \$118 psf since spring 2010. Similarly, the Midtown and the East Side neighborhoods saw the average asking rent for all available space increase 10 percent to \$149 and 9 percent to \$180 since the spring of this year.

However, beyond the popular and well-known shopping corridors highlighted in our report, our group points out that vacancies persist and rents have remained flat in many smaller, local shopping areas.

The financial crisis that occurred in the fall of 2008 had a dramatic impact on the net wealth of consumers leading to a severe decline in retail sales. During that uncertain climate retail tenants halted any planned expansion, especially the opening of new stores. By mid-2009, the economy slowly and unevenly emerged from the recession and consumers began to loosen their purse strings. Retail tenants recognized it was an opportunistic time and began to re-enter the market looking for affordable space or for an opportunity to move into a more exclusive area for their expansion plans. This pick up in activity brought about healthy competition for available space and improved the retail market. A handful of retail corridors saw a significant boost in lease signings, according to our Advisory Group. Madison Avenue saw a sharp decline in the number of available stores and asking rents have improved modestly from a year earlier. With a lower price point than upper Fifth Avenue, Madison Avenue owners benefited from a migration of tenants that wanted a high profile address at a more reasonable price. Fifth Avenue continues to be strong with little availability. Uniqlo committed to lease 90,000 square feet at 666 Fifth Avenue, said to be the largest retail lease in Manhattan.

Another area to benefit from this competition for space was lower Fifth Avenue

(42nd to 49th Streets). At the height of the market, H & M and Zara had opened showcase stores at 42nd Street. These stores anchored this stretch of Fifth Avenue, creating energy and necessary co-tenancy for other retailers to consider flagship locations south of 49th Street and bringing leasing activity further south. Large blocks of space were assembled to cater to the growing demand and recent deals include Guess, Urban Outfitters and Syms/Filene. These transactions send a strong signal of optimism in the retail brokerage community.

In addition to healthy competition, another boost for the retail market has been the resurgence of tourism and the weak dollar. Though hotel rates have not rebounded to the highs of a few years earlier, hotel occupancy has. Tourists spending less money on hotels, combined with a purchasing power boost from the weak dollar, has led to increased retail activity in areas visited by tourists. As a result, Times Square and 34th Street Herald Square now have limited availability. SoHo has emerged as a strong and popular retail market. Similarly, we have seen the evolution of the Meatpacking District and the West Village as a solid and desirable location for shoppers and stores.

A retail trend that has improved demand is the emergence of "Fast Fashion", such as H & M, Uniqlo, and Forever 21. These value retailers are coming into the New York market and taking advantage of the trend toward less expensive, but fashion forward apparel.

Another observation of our Retail Advisory Group is that in high traffic areas, such as Fifth Avenue and Times Square, tenants are expecting to make money in relatively expensive space and are not simply using these locations solely to advertise or to burnish their image.

New York will continue to be a desirable destination for retail tenants, large and small, boutique or big box. The great recession has created hardship and casualties. However, for stores that have survived the recession, New York offers the rare opportunity now to find space below what a tenant would have expected to pay or in a neighborhood that would have been outside their price range a few short years ago.



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

	Fall 2010	Spring 2010	Fall 2009	% Change From Spring 2010	% Change From Fall 2009
EASTSIDE					
Madison Ave: 57 - 72 St	\$1,049	\$960	\$919	9%	14%
Third Ave: 60 - 72 St	\$270	\$267	\$261	1%	3%
East 86 St: Lexington Ave - 2nd Ave	\$293	\$325	\$363	-10%	-19%
WESTSIDE					
Broadway: 72 - 86 St	\$312	\$291	\$285	7%	10%
Columbus Ave: 66 - 79 St	\$229	\$243	\$229	-6%	0%
MIDTOWN					
East 57 St: 5 Ave - Park Ave	N/A	N/A	\$600	N/A	N/A
Fifth Ave: 42 - 49 St	\$501	\$425	\$457	18%	10%
Fifth Ave: 49 - 59 St	\$2,367	\$2,300	\$2,050	3%	15%
Broadway & 7 Ave: 42 - 47 St	\$1,700	\$1,400	\$891	21%	107%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$255	\$285	\$255	-11%	0%
Herald Square					
West 34 St: 5 - 7 Ave	\$419	\$500	\$421	-16%	-1%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$371	\$375	\$375	-1%	-1%
Financial District					
Broadway: Battery Park - Chambers St	\$150	\$135	\$189	11%	-21%
SoHo					
Broadway: Houston - Broome St	\$526	\$563	\$483	-6%	9%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$486	\$456	\$352	7%	38%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$117	\$127	\$116	-8%	1%



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

	Fall	Spring	Fall	% Change	% Change
	2010	2010	2009	From Spring	From Fall
				2010	2009
EASTSIDE					
Madison Ave: 57 - 72 St	\$900	\$900	\$875	0%	3%
Third Ave: 60 - 72 St	\$273	\$250	\$260	9%	5%
East 86 St: Lexington Ave - 2nd Ave	\$292	\$400	\$375	-27%	-22%
WESTSIDE					
Broadway: 72 - 86 St	\$325	\$298	\$263	9%	24%
Columbus Ave: 66 - 79 St	\$240	\$240	\$245	0%	-2%
MIDTOWN					
East 57 St: 5 Ave - Park Ave	N/A	N/A	\$600	N/A	N/A
Fifth Ave: 42 - 49 St	\$463	\$350	\$450	32%	3%
Fifth Ave: 49 - 59 St	\$2,500	\$2,300	\$2,100	9%	19%
Broadway & 7 Ave: 42 - 47 St	\$1,700	\$1,400	\$593	21%	187%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$250	\$300	\$250	-17%	0%
Herald Square					
West 34 St: 5 - 7 Ave	\$417	\$500	\$500	-17%	-17%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$375	\$375	\$400	0%	-6%
Financial District					
Broadway: Battery Park - Chambers St	\$150	\$125	\$150	20%	0%
SoHo					
Broadway: Houston - Broome St	\$490	\$563	\$438	-13%	12%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$500	\$500	\$295	0%	69%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$109	\$125	\$112	-13%	-3%



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

	Fall 2010		Spring 2010		Fall 2009
EASTSIDE					
Madison Ave: 57 - 72 St	\$550 - \$2,484		\$800 - \$1,250		\$530 - \$1,500
Third Ave: 60 - 72 St	\$200 - \$375		\$250 - \$300		\$150 - \$347
East 86 St: Lexington Ave - 2nd Ave	\$225 - \$400		\$176 - \$400		\$275 - \$450
WESTSIDE					
Broadway: 72 - 86 St	\$250 - \$350		\$208 - \$371		\$200 - \$400
Columbus Ave: 66 - 79 St	\$173 - \$275		\$200 - \$290		\$127 - \$300
MIDTOWN					
East 57 St: 5 Ave - Park Ave	N/A	N/A	N/A	N/A	\$400 - \$800
Fifth Ave: 42 - 49 St	\$400 - \$680		\$325 - \$600		\$300 - \$600
Fifth Ave: 49 - 59 St	\$2,100 - \$2,500		\$2,100 - \$2,500		\$1,500 - \$2,500
Broadway & 7 Ave: 42 - 47 St	\$1,400 - \$2,000		\$1,400 - \$1,400		\$550 - \$1,400
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$200 - \$300		\$200 - \$350		\$200 - \$325
Herald Square					
West 34 St: 5 - 7 Ave	\$311 - \$500		\$500 - \$500		\$202 - \$595
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$325 - \$400		\$350 - \$400		\$300 - \$400
Financial District					
Broadway: Battery Park - Chambers St	\$100 - \$200		\$75 - \$225		\$100 - \$320
SoHo					
Broadway: Houston - Broome St	\$305 - \$807		\$475 - \$650		\$243 - \$1,000
West Village					
Bleeker St: 7 Ave South - Hudson St	\$411 - \$543		\$250 - \$550		\$81 - \$667
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$55 - \$200		\$90 - \$170		\$35 - \$200



AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Fall 2010	Spring 2010	Fall 2009	% Change From Spring 2010	% Change From Fall 2009
MANHATTAN	\$118	\$113	\$117	4%	1%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$180	\$165	\$178	9%	1%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$128	\$128	\$132	0%	-3%
MIDTOWN 35th Street to 59th Street	\$149	\$135	\$144	10%	3%
MIDTOWN SOUTH 15th Street to 34th Street	\$103	\$99	\$99	4%	4%
DOWNTOWN South of 14th Street	\$99	\$101	\$103	-2%	-4%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$67	\$60	\$60	11%	11%



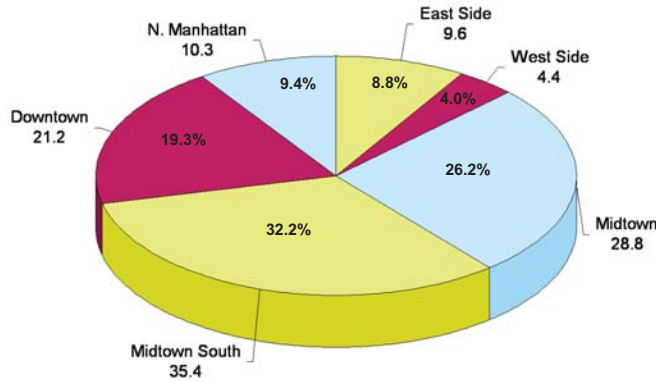
MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Fall 2010	Spring 2010	Fall 2009	% Change From Spring 2010	% Change From Fall 2009
MANHATTAN	\$85	\$85	\$85	0%	0%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$124	\$120	\$124	3%	0%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$105	\$104	\$105	1%	0%
MIDTOWN 35th Street to 59th Street	\$100	\$93	\$90	8%	11%
MIDTOWN SOUTH 15th Street to 34th Street	\$76	\$80	\$78	-4%	-3%
DOWNTOWN South of 14th Street	\$80	\$82	\$84	-2%	-5%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$54	\$52	\$50	4%	8%

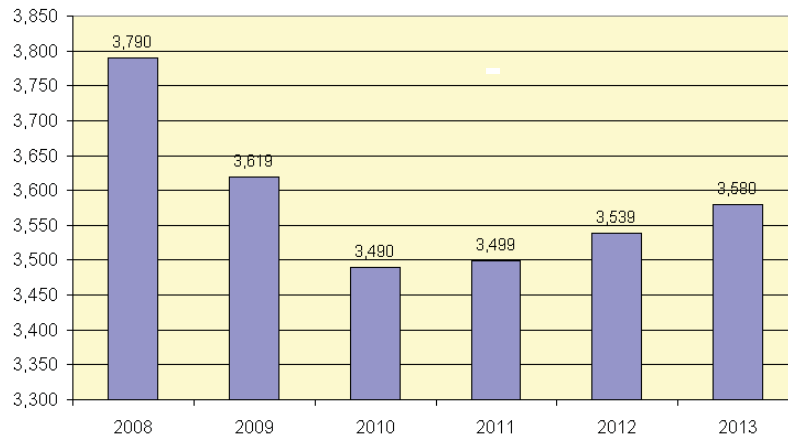
SELECTED MARKET DATA

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



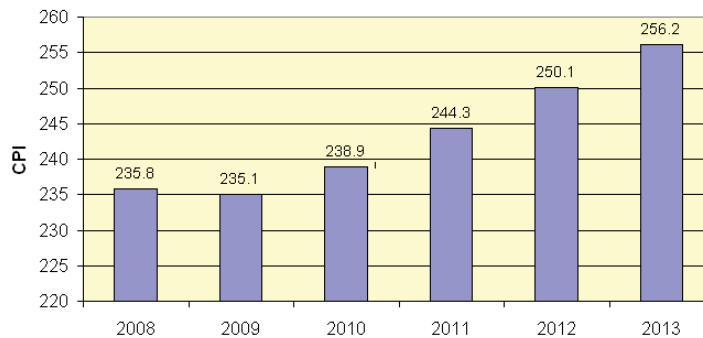
Forecast of New York City Economic Indicators

New York City Employment (in thousands)



Source: NYC Office of Management & Budget

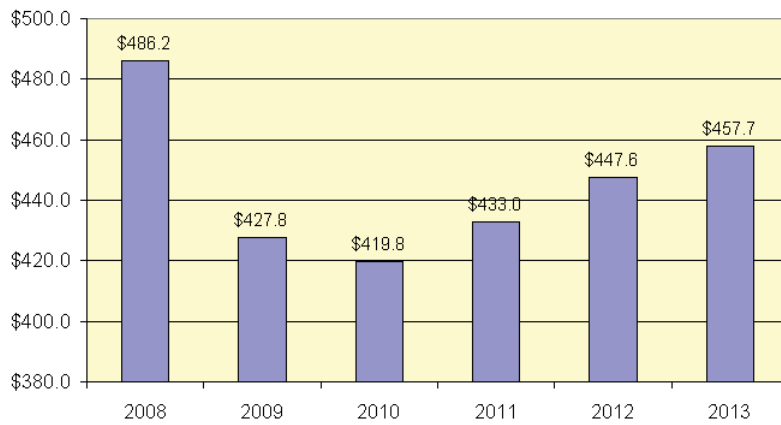
New York City CPI (1982-1984=100)



Source: NYC Office of Management & Budget

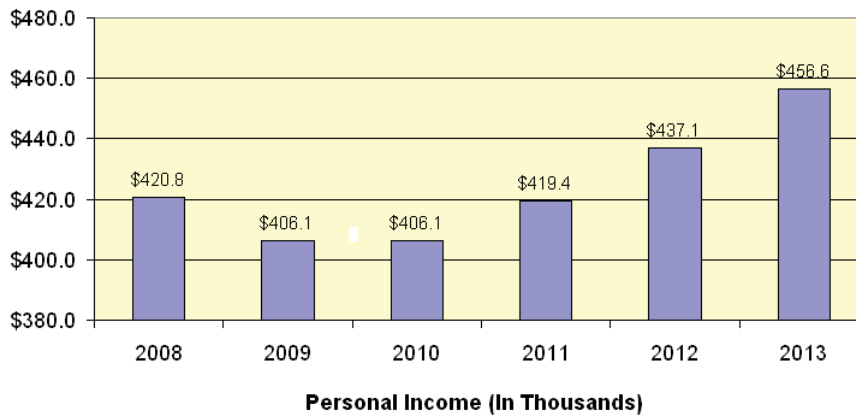
SELECTED MARKET DATA

New York City Real Gross City Product (billions)



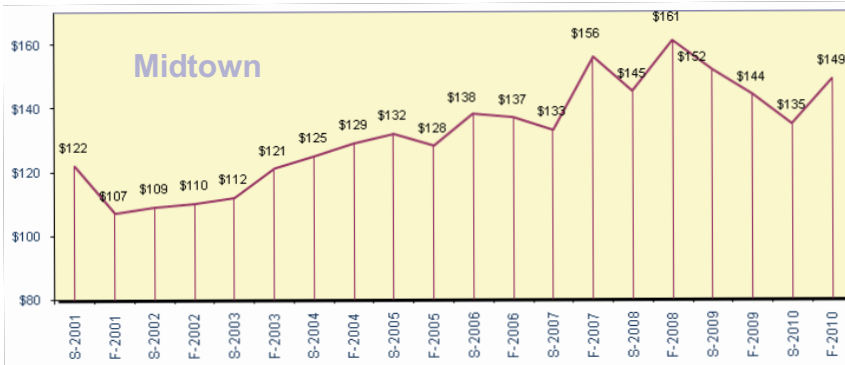
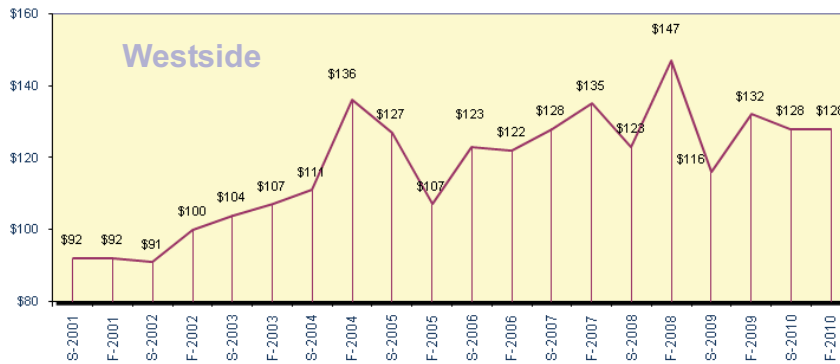
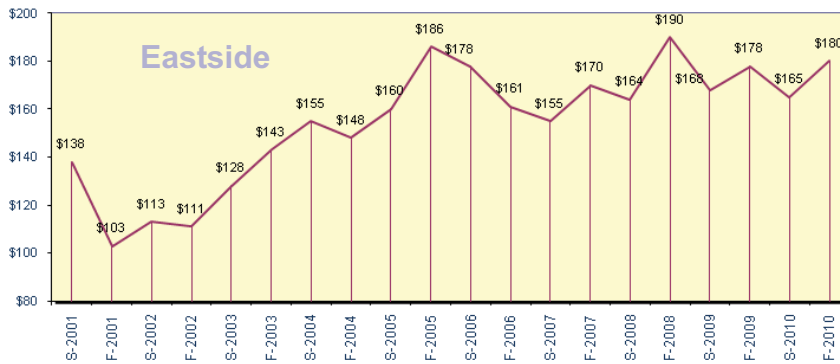
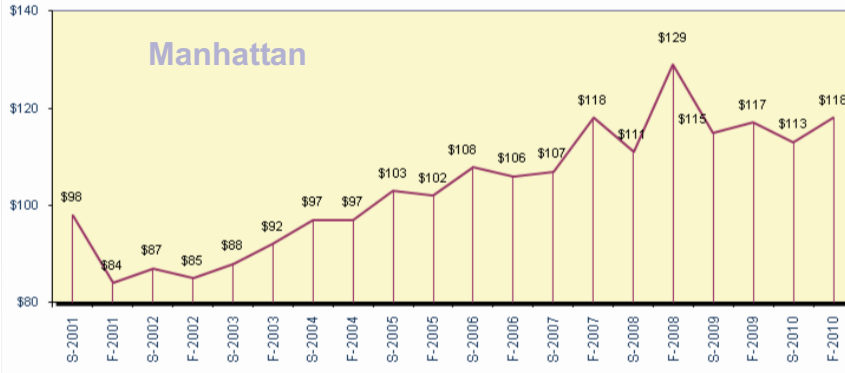
Source: NYC Office of Management & Budget

New York City Gross Personal Income

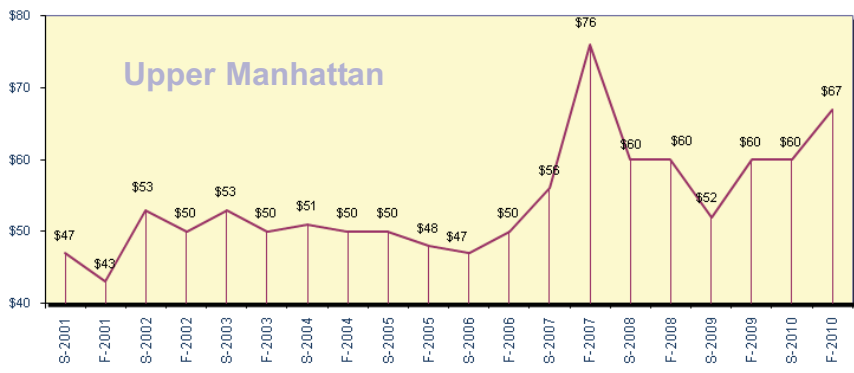
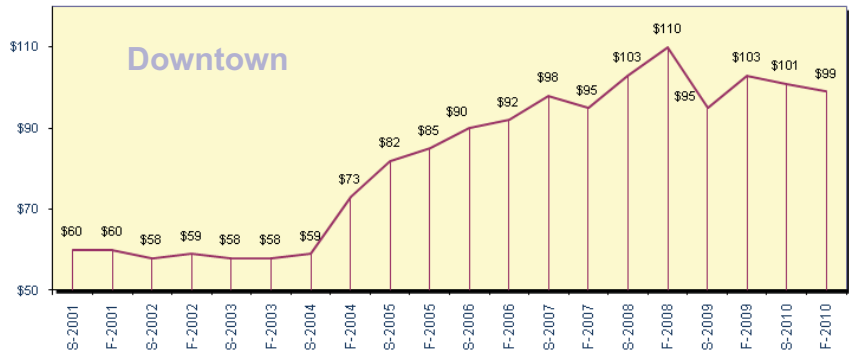
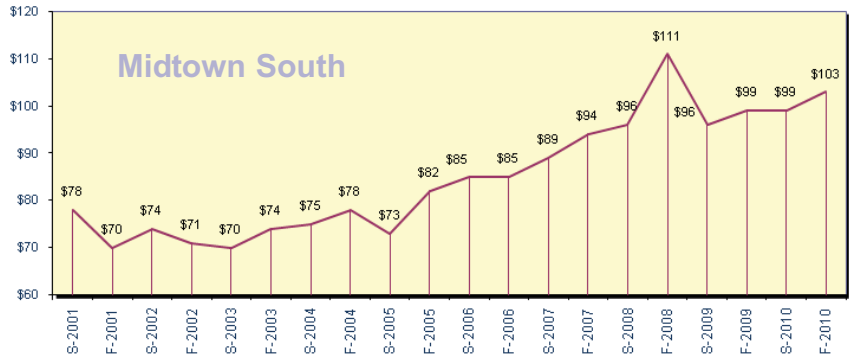


Source: NYC Office of Management & Budget

AVERAGE RETAIL ASKING RENTS PSF



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ACKNOWLEDGEMENTS

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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.