



# THE REAL ESTATE BOARD OF NEW YORK

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MANHATTAN RETAIL REPORT | FALL 2018



**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

## INTRODUCTION

Asking rents in the Manhattan retail leasing market continue to adjust after reaching unsustainable levels three years ago. Declines have been widespread across Manhattan's top retail corridors since spring 2015 and our Manhattan Retail Report Advisory Group stated that the market still faces many challenges. However, owners and retailers have been increasingly responsive to the new retail environment.

As discussed in previous reports, the existing hurdles in the Manhattan retail leasing market have been a by-product of a natural fluctuation in the market as well as a changing retail industry. These issues will be resolved with shifting rents and lease structures, but time is required for this process to develop. Changes in retail markets take more time to manifest due to the impact of longer-term factors. Examples include a retailer's timeline for strategizing a business plan, securing financing, and planning improvements to a retail space to fit their business needs.

With this long-term view in mind, it is worth looking at the market now and comparing it to where it stood three years ago. Currently, there are 15 corridors, out of 17, with lower average asking rents for ground floor retail space than what they were in the fall of 2015. The average overall decline in these corridors is 25 percent when compared to three years ago. Ten of the 15 decreases were over 20 percent and three were over 30 percent.

A natural correction in retail rents has been well underway over the past three years and both owners and retailers have been responding accordingly. Lease terms are more flexible, owners are accepting more short-term deals, improvement allowances are more generous, and retailers are trying different concepts for the new retail market before they agree to a long-term deal.

## EXECUTIVE SUMMARY

The Manhattan retail market's orderly correction continued this fall with per square foot (psf) ground floor retail average asking rents declining year-over-year in 15 of the 17 high-profile corridors that the Real Estate Board of New York (REBNY) surveys bi-annually. There were four more corridors in decline in fall 2018 than in fall 2017, and this period marked the highest number of corridor declines in the Manhattan Retail Report's history.

The two corridors with year-over-year increases were: Harlem's 125th Street corridor, between Fifth Avenue and Morningside Avenue, where the ground floor retail average asking rent increased 14 percent year-over-year to \$140 psf and the Upper West Side's Broadway corridor, between West 72nd and West 86th Streets, where the ground floor retail average asking rent rose five percent year-over-year to \$306 psf. These increases were caused by changes in the profile of available ground floor retail spaces along these corridors, not an upward revision of asking rents for existing supply.

The West Village average asking rent of \$293 psf on Bleeker Street, between 7th Avenue South and Hudson Street, was a 17 percent decrease from last fall. This was the first period that the average asking rent in this corridor fell below \$300 since we started tracking the corridor in the spring of 2008. Among the largest of these declines was the 37% drop of the average asking rent for ground floor retail space in the West Village on Bleeker Street, between 7th Avenue South and Hudson Street, from \$468 psf in the fall of 2015 to \$293 psf in the fall of 2018.

Upper Fifth Avenue, between 49th and 59th Streets, experienced a significant average asking rent decrease of 24 percent this fall leaving the average asking rent on the corridor at \$2,973 psf. This drop was caused by increases in availability and the types of spaces available in the corridor. In previous periods, there were limited availabilities in the corridor and any available spaces were at the higher end of the market.

## EXECUTIVE SUMMARY (CONT.)

Average asking rents psf in the Eastside on Madison Avenue, between East 57th Street and East 72nd Street; in the Meatpacking District on West 14th Street, between 9th and 10th Avenues; and in SoHo on Broadway, between Houston and Broome Street, continued to decline this fall. The Madison Avenue corridor notched its seventh consecutive year-over-year drop to \$1,160 psf. Average asking rents on the Meatpacking District's West 14th Street and SoHo's Broadway both fell for the sixth consecutive year-over-year period to \$303 psf and \$558 psf, respectively.

We must reiterate that the rents quoted in this report are asking rents for available ground floor retail spaces. The physical components and location of a retail space factor greatly into its rental value. Attributes such as street/avenue frontage, ceiling height, and presence of below and above grade space can also affect value. Consequently, in corridors with low availability, a high quality retail space coming to market can increase the average and median asking rents greatly. Also, in smaller corridors, a lack of available spaces may lead, in some cases, to adjacent blocks becoming of greater interest to retailers.

Accordingly, we have provided information about the retail rent range as well as asking rent information from six months and 12 months ago to provide a rich, statistical context in order to evaluate current market conditions. In addition, we would like to note that the surveyed corridors in this report represent the top tier retail corridors in New York City. Rents on adjoining side streets may lease for considerably less than the locations we are profiling. Lastly, as we have learned over the 18 years that we have been preparing this report, retail brokers who are active in the market are an invaluable source of information and trends that cannot be fully captured by the numbers in 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 Manhattan Retail Report Advisory Group and Retail Committee members, which include all the major retail brokers and owners in Manhattan.

## ACKNOWLEDGEMENTS

### **The REBNY Manhattan Retail Report Advisory Group includes:**

Robin Abrams, Compass  
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Matt Chmielecki, CBRE  
Andrew Goldberg, CBRE  
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Joanne Podell, Cushman & Wakefield  
Fred Posniak, Empire State Realty Trust  
Jeffrey Roseman, Newmark Knight Frank  
Craig Slosberg, Newmark Knight Frank  
Alan Victor, The Lansco Corporation

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RKF  
Rose Associates  
SCG Retail  
Sholom & Zuckerbrot Realty  
Sinvin Real Estate  
Walker Mall

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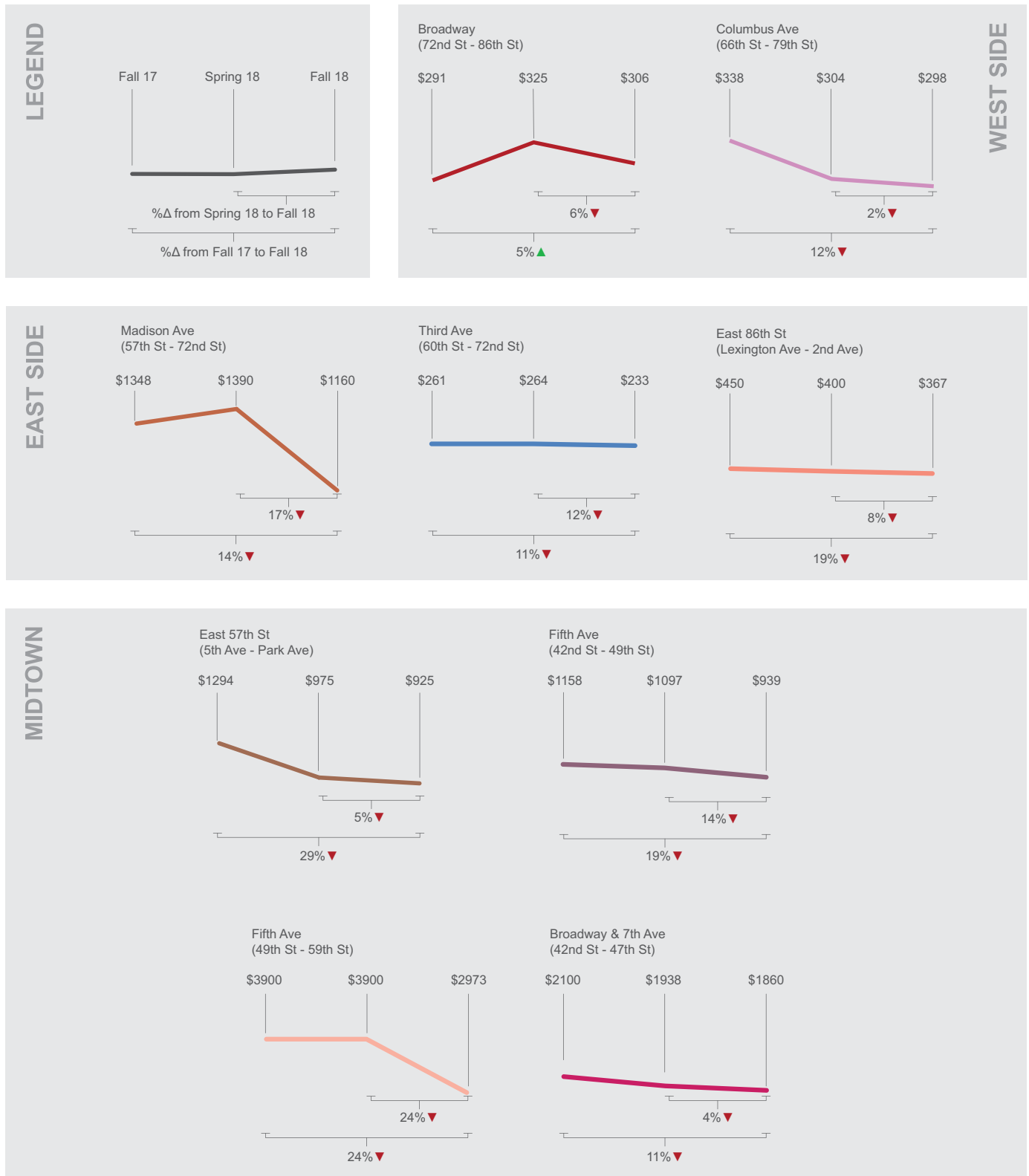
## RETAIL AVERAGE ASKING RENTS PSF



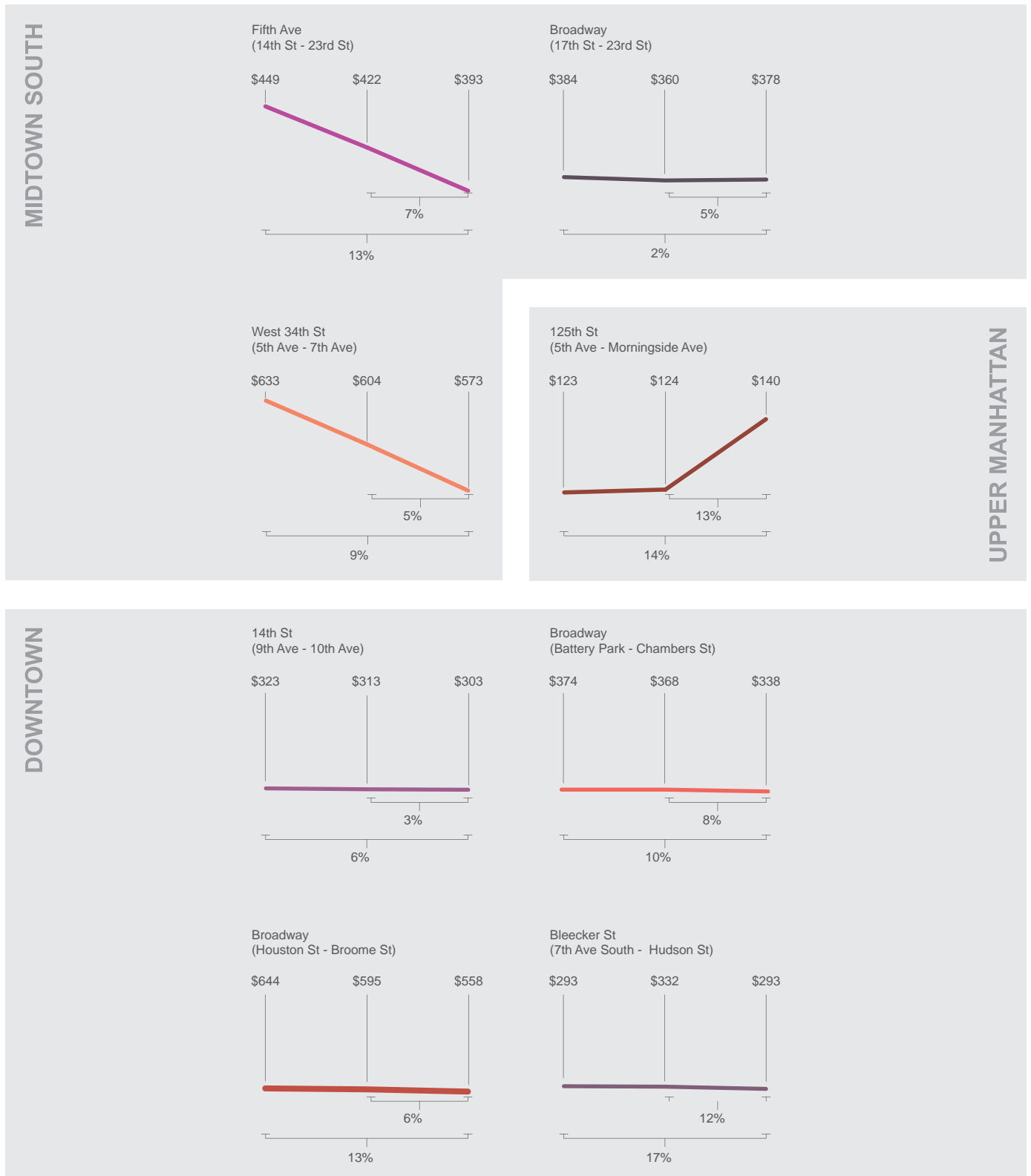
## RETAIL AVERAGE ASKING RENTS PSF



## AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



## AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



## APPENDIX

### AVERAGE ASKING RENT PSF – GROUND FLOOR RETAIL

	Fall 18	Spring 18	Fall 17	% Spring 18	% Fall 17
<b>EAST SIDE</b>					
East 86th St (Lexington Ave - 2nd Ave)	\$367	\$400	\$450	-8%	-19%
Madison Ave (57th St - 72nd St)	\$1,160	\$1,390	\$1,348	-17%	-14%
Third Ave (60th St - 72nd St)	\$233	\$264	\$261	-12%	-11%
<b>WEST SIDE</b>					
Broadway (72nd St - 86th St)	\$306	\$325	\$291	-6%	5%
Columbus Ave (66th St - 79th St)	\$298	\$304	\$338	-2%	-12%
<b>MIDTOWN</b>					
East 57th St (5th Ave - Park Ave)	\$925	\$975	\$1,294	-5%	-29%
5th Ave (49th St - 59th St)	\$2,973	\$3,900	\$3,900	-24%	-24%
5th Ave (42th St - 49th St)	\$939	\$1,097	\$1,158	-14%	-19%
Broadway & 7th Ave (42nd St - 47th St)	\$1,860	\$1,938	\$2,100	-4%	-11%
<b>MIDTOWN SOUTH</b>					
<b>Herald Square</b>					
West 34th St (5th Ave - 7th Ave)	\$573	\$604	\$633	-5%	-9%
<b>Flatiron</b>					
5th Ave (14th St - 23rd St)	\$393	\$422	\$449	-7%	-13%
Broadway (14th St - 23rd St)	\$378	\$360	\$384	5%	-2%
<b>DOWNTOWN</b>					
<b>Meatpacking</b>					
14th St (9th Ave - 10th Ave)	\$303	\$313	\$323	-3%	-6%
<b>West Village</b>					
Bleecker St (7th Ave South - Hudson St)	\$293	\$332	\$351	-12%	-17%
<b>SoHo</b>					
Broadway (Houston St - Broome St)	\$558	\$595	\$644	-6%	-13%
<b>Lower Manhattan</b>					
Broadway (Battery Park - Chambers St)	\$338	\$368	\$374	-8%	-10%
<b>UPPER MANHATTAN</b>					
Harlem					
125th St. (5th Ave - Morningside Ave)	\$140	\$124	\$123	13%	14%

\* NA denotes minimal availability for evaluation

\*\* Statistics reflect availabilities on 10/15/18



## APPENDIX

### MEDIAN ASKING RENT PSF – GROUND FLOOR RETAIL

	Fall 18	Spring 18	Fall 17	% Spring 18	% Fall 17
<b>EAST SIDE</b>					
East 86th St (Lexington Ave - 2nd Ave)	\$375	\$400	\$450	-6%	-17%
Madison Ave (57th St - 72nd St)	\$1,160	\$1,361	\$1,247	-15%	-7%
Third Ave (60th St - 72nd St)	\$225	\$275	\$275	-18%	-18%
<b>WEST SIDE</b>					
Broadway (72nd St - 86th St)	\$325	\$325	\$295	0%	10%
Columbus Ave (66th St - 79th St)	\$280	\$276	\$300	1%	-7%
<b>MIDTOWN</b>					
East 57th St (5th Ave - Park Ave)	\$800	\$900	\$1,250	-11%	-36%
5th Ave (49th St - 59th St)	\$2,600	\$3,900	\$3,900	-33%	-33%
5th Ave (42th St - 49th St)	\$909	\$1,000	\$1,200	-9%	-24%
Broadway & 7th Ave (42nd St - 47th St)	\$2,000	\$1,975	\$2,000	1%	0%
<b>MIDTOWN SOUTH</b>					
<b>Herald Square</b>					
West 34th St (5th Ave - 7th Ave)	\$650	\$625	\$650	4%	0%
<b>Flatiron</b>					
5th Ave (14th St - 23rd St)	\$418	\$400	\$409	5%	2%
Broadway (14th St - 23rd St)	\$350	\$343	\$328	2%	7%
<b>DOWNTOWN</b>					
<b>Meatpacking</b>					
14th St (9th Ave - 10th Ave)	\$300	\$300	\$300	0%	0%
<b>West Village</b>					
Bleecker St (7th Ave South - Hudson St)	\$268	\$319	\$371	-16%	-28%
<b>SoHo</b>					
Broadway (Houston St - Broome St)	\$547	\$587	\$600	-7%	-9%
<b>Lower Manhattan</b>					
Broadway (Battery Park - Chambers St)	\$325	\$375	\$400	-13%	-19%
<b>UPPER MANHATTAN</b>					
<b>Harlem</b>					
125th St. (5th Ave - Morningside Ave)	\$130	\$130	\$130	0%	0%

\* NA denotes minimal availability for evaluation

\*\* Statistics reflect availabilities on 10/15/18

## APPENDIX

### RANGE OF ASKING RENTS PSF – GROUND FLOOR RETAIL

	Fall 18			Spring 18			Fall 17		
<b>EAST SIDE</b>									
East 86th St (Lexington Ave - 2nd Ave)	\$250	–	\$475	\$300	–	\$500	\$450	–	\$450
Madison Ave (57th St - 72nd St)	\$720	–	\$1,700	\$720	–	\$2,000	\$520	–	\$2,135
Third Ave (60th St - 72nd St)	\$165	–	\$300	\$140	–	\$400	\$165	–	\$300
<b>WEST SIDE</b>									
Broadway (72nd St - 86th St)	\$200	–	\$450	\$147	–	\$500	\$105	–	\$500
Columbus Ave (66th St - 79th St)	\$178	–	\$458	\$225	–	\$500	\$176	–	\$500
<b>MIDTOWN</b>									
East 57th St (5th Ave - Park Ave)	\$800	–	\$1,175	\$800	–	\$1,200	\$1,175	–	\$1,500
5th Ave (49th St - 59th St)	\$2,000	–	\$4,000	\$3,900	–	\$3,900	\$3,900	–	\$3,900
5th Ave (42th St - 49th St)	\$590	–	\$1,744	\$635	–	\$1,600	\$700	–	\$1,600
Broadway & 7th Ave (42nd St - 47th St)	\$1,000	–	\$2,350	\$1,800	–	\$2,000	\$1,800	–	\$2,500
<b>MIDTOWN SOUTH</b>									
<b>Herald Square</b>									
West 34th St (5th Ave - 7th Ave)	\$314	–	\$750	\$371	–	\$800	\$314	–	\$1,000
<b>Flatiron</b>									
5th Ave (14th St - 23rd St)	\$285	–	\$511	\$285	–	\$555	\$285	–	\$750
Broadway (14th St - 23rd St)	\$311	–	\$500	\$311	–	\$445	\$286	–	\$540
<b>DOWNTOWN</b>									
<b>Meatpacking</b>									
14th St (9th Ave - 10th Ave)	\$195	–	\$450	\$150	–	\$700	\$195	–	\$700
<b>West Village</b>									
Bleecker St (7th Ave South - Hudson St)	\$182	–	\$465	\$200	–	\$450	\$200	–	\$450
<b>SoHo</b>									
Broadway (Houston St - Broome St)	\$300	–	\$900	\$341	–	\$1,000	\$444	–	\$1,000
<b>Lower Manhattan</b>									
Broadway (Battery Park - Chambers St)	\$125	–	\$500	\$160	–	\$600	\$160	–	\$600
<b>UPPER MANHATTAN</b>									
<b>Harlem</b>									
125th St. (5th Ave - Morningside Ave)	\$76	–	\$230	\$76	–	\$145	\$76	–	\$145

\* NA denotes minimal availability for evaluation

\*\* Statistics reflect availabilities on 10/15/18

## CORRIDOR MAPS

