

THE REAL ESTATE BOARD OF NEW YORK

# RETAIL REPORT

**SPRING 2012**



**MARY ANN TIGHE,  
CHAIRMAN**

**STEVEN SPINOLA,  
PRESIDENT**

570 Lexington Avenue / New York, NY 10022 / 212.532.3100  
[www.rebny.com](http://www.rebny.com)

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REAL ESTATE BOARD OF NEW YORK

## EXECUTIVE SUMMARY

The market for Manhattan retail space has tightened in the most prominent shopping corridors since the REBNY Fall 2011 Retail Report. Demand for store space continues to raise the asking rents and prestige in these retail corridors. Overall, asking rents for all space in Manhattan are up two percent since the fall of 2011 and down one percent compared to a year ago.

The Spring 2012 REBNY Retail Report shows the average asking rents on Upper 5th Avenue between 50th and 59th Streets have edged up twenty-two percent to \$2,750 per square foot of ground space compared to the Spring of 2011. Also, average asking rents for ground floor space on Madison Avenue between 57th and 72nd have increased thirty-one percent to \$1,203 since the Spring of 2011.

One of the most important developments in the Manhattan retail market according our Retail Advisory Group has been the relentless ground floor asking rent increases for retail space on Lower 5th Avenue between 42nd and 49th Streets. The average asking rent for ground floor retail space on this corridor has reached \$900 per square foot, up seventy-five percent from the Spring of 2011. The advisory group attributed this both to the lack of space on Upper 5th Avenue, causing a trickle-down effect, and the high degree of pedestrian traffic on the avenue.

Two other corridors benefitting from the lack of available space are the Columbus Avenue (66th- 79th) and Bleecker Street (7th Ave South – Hudson St) corridors. Data from our members reported no available space on the Columbus corridor at our cutoff date. This provided further evidence to substantiate the twenty percent increase in the average asking rent of all space on the Westside over the Spring of 2011. The average asking rent of \$149 per square foot of all space on the Westside is the highest for the area since we started the report in the fall of 2000. Average asking rents on the Bleecker St. corridor increased twenty-two percent since the fall of 2011 to \$452. According to our advisory group though, the increase in the average asking rent on this corridor is not the entire story. Landlords and brokers are reporting continuing strong demand for stores just beyond the southern end of Bleecker and the higher asking rents for this section are representative of the potential expansion of this prime corridor.

However, asking rents in the exclusive shopping corridors in Manhattan are increasing at a much greater rate than of the overall store space in Manhattan signaling that a broader resurgence of the retail space market has yet to take hold. Since the financial crisis of 2008, data has backed up the assertion by our REBNY Retail Advisory Group that prime corridors are where the most competition for space is taking place. These large increases are in contrast to what the REBNY Retail Advisory Group has seen on side streets and less prominent retail areas in Manhattan. The average asking rent of all retail space in Manhattan dropped one percent since the Spring of 2011 and is down almost twelve percent since the market's peak immediately before the financial crisis. Furthermore, despite annual increases in all of the report's prime Eastside corridors, average asking rents for all space on the Eastside declined thirteen percent since the Spring of 2011. Our advisory group attributed this partly due to waning expansion interest from banks. During the height of the retail market banks were known to bid up the better spaces on less prestigious corridors. Now though, without this competition, and the slow recovery in the retail sector, landlords have been unable to attract tenants or increase asking rents in these areas.



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

	Spring 2012	Fall 2011	Spring 2011	% Change From Fall 2011	% Change From Spring 2011
<b>EASTSIDE</b>					
Madison Ave: 57 - 72 St	\$1,203	\$989	\$919	22%	31%
Third Ave: 60 - 72 St	\$265	\$255	\$246	4%	8%
East 86 St: Lexington Ave - 2nd Ave	\$410	\$398	\$333	3%	23%
<b>WESTSIDE</b>					
Broadway: 72 - 86 St	\$332	\$316	\$275	5%	21%
Columbus Ave: 66 - 79 St	N/A	\$250	\$255	N/A	N/A
<b>MIDTOWN</b>					
East 57 St: 5 Ave - Park Ave	\$690	\$700	N/A	-1%	N/A
Fifth Ave: 42 - 49 St	\$900	\$675	\$515	33%	75%
Fifth Ave: 49 - 59 St	\$2,750	\$2,633	\$2,250	4%	22%
Broadway & 7 Ave: 42 - 47 St	\$1,400	\$1,433	\$1,600	-2%	-13%
<b>MIDTOWN SOUTH</b>					
<b>Flatiron</b>					
Fifth Ave: 14 - 23 St	\$302	\$279	\$275	8%	10%
Broadway: 14 - 23 St	\$215	\$229	N/A	-6%	N/A
<b>Herald Square</b>					
West 34 St: 5 - 7 Ave	\$558	\$482	\$455	16%	23%
<b>DOWNTOWN</b>					
<b>Meatpacking</b>					
14 St: 9 - 10 Ave	\$375	\$365	\$363	3%	3%
<b>Financial District</b>					
Broadway: Battery Park - Chambers St	\$180	\$144	\$184	25%	-2%
<b>SoHo</b>					
Broadway: Houston - Broome St	\$551	\$506	\$498	9%	11%
<b>West Village</b>					
Bleeker St: 7 Ave South - Hudson St	\$452	\$371	\$488	22%	-7%
<b>UPPER MANHATTAN</b>					
<b>Harlem</b>					
125th St. (River to River)	\$121	\$129	\$125	-6%	-3%



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

	Spring 2012	Fall 2011	Spring 2011	% Change From Fall 2011	% Change From Spring 2011
<b>EASTSIDE</b>					
Madison Ave: 57 - 72 St	\$1,135	\$1,000	\$950	14%	19%
Third Ave: 60 - 72 St	\$250	\$250	\$250	0%	0%
East 86 St: Lexington Ave - 2nd Ave	\$450	\$425	\$350	6%	29%
<b>WESTSIDE</b>					
Broadway: 72 - 86 St	\$325	\$325	\$258	0%	26%
Columbus Ave: 66 - 79 St	N/A	\$250	\$276	N/A	N/A
<b>MIDTOWN</b>					
East 57 St: 5 Ave - Park Ave	\$690	\$700	N/A	-1%	N/A
Fifth Ave: 42 - 49 St	\$873	\$525	\$490	66%	78%
Fifth Ave: 49 - 59 St	\$2,750	\$2,500	\$2,250	10%	22%
Broadway & 7 Ave: 42 - 47 St	\$1,400	\$1,500	\$1,500	-7%	-7%
<b>MIDTOWN SOUTH</b>					
<b>Flatiron</b>					
Fifth Ave: 14 - 23 St	\$250	\$250	\$263	0%	-5%
Broadway: 14 - 23 St	\$250	\$185	N/A	35%	N/A
<b>Herald Square</b>					
West 34 St: 5 - 7 Ave	\$558	\$500	\$449	12%	24%
<b>DOWNTOWN</b>					
<b>Meatpacking</b>					
14 St: 9 - 10 Ave	\$375	\$375	\$375	0%	0%
<b>Financial District</b>					
Broadway: Battery Park - Chambers St	\$143	\$125	\$175	14%	-18%
<b>SoHo</b>					
Broadway: Houston - Broome St	\$600	\$500	\$500	20%	20%
<b>West Village</b>					
Bleeker St: 7 Ave South - Hudson St	\$400	\$346	\$488	16%	-18%
<b>UPPER MANHATTAN</b>					
<b>Harlem</b>					
125th St. (River to River)	\$115	\$125	\$86	-8%	34%



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

	Spring 2012	Fall 2011	Spring 2011
<b>EASTSIDE</b>			
Madison Ave: 57 - 72 St	\$705 - \$2,270	\$600 - \$1,500	\$667 - \$1,333
Third Ave: 60 - 72 St	\$175 - \$383	\$180 - \$300	\$200 - \$325
East 86 St: Lexington Ave - 2nd Ave	\$240 - \$500	\$240 - \$500	\$250 - \$400
<b>WESTSIDE</b>			
Broadway: 72 - 86 St	\$200 - \$475	\$225 - \$452	\$200 - \$375
Columbus Ave: 66 - 79 St	N/A - N/A	\$250 - \$250	\$200 - \$329
<b>MIDTOWN</b>			
East 57 St: 5 Ave - Park Ave	\$690 - \$690	\$700 - \$700	N/A N/A
Fifth Ave: 42 - 49 St	\$575 - \$1,470	\$500 - \$1,000	\$400 - \$680
Fifth Ave: 49 - 59 St	\$2,500 - \$3,000	\$2,400 - \$3,000	\$2,000 - \$2,500
Broadway & 7 Ave: 42 - 47 St	\$800 - \$2,000	\$800 - \$2,000	\$1,300 - \$2,000
<b>MIDTOWN SOUTH</b>			
<b>Flatiron</b>			
Fifth Ave: 14 - 23 St	\$240 - \$400	\$250 - \$350	\$250 - \$350
Broadway: 14 - 23 St	\$120 - \$275	\$121 - \$380	N/A N/A
<b>Herald Square</b>			
West 34 St: 5 - 7 Ave	\$422 - \$694	\$422 - \$520	\$415 - \$500
<b>DOWNTOWN</b>			
<b>Meatpacking</b>			
14 St: 9 - 10 Ave	\$350 - \$425	\$350 - \$375	\$325 - \$375
<b>Financial District</b>			
Broadway: Battery Park - Chambers St	\$75 - \$350	\$75 - \$275	\$75 - \$300
<b>SoHo</b>			
Broadway: Houston - Broome St	\$450 - \$680	\$425 - \$600	\$450 - \$550
<b>West Village</b>			
Bleeker St: 7 Ave South - Hudson St	\$333 - \$676	\$250 - \$542	\$425 - \$550
<b>UPPER MANHATTAN</b>			
<b>Harlem</b>			
125th St. (River to River)	\$50 - \$233	\$75 - \$220	\$35 - \$220



## AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Spring 2012	Fall 2011	Spring 2011	% Change From Fall 2011	% Change From Spring 2011
<b>MANHATTAN</b>	\$114	\$112	\$115	2%	-1%
<b>EASTSIDE</b> 60th Street to 96th Street, Fifth Avenue to the East River	\$159	\$176	\$182	-10%	-13%
<b>WESTSIDE</b> 60th Street to 116th Street, West of Morningside Park	\$149	\$141	\$124	6%	20%
<b>MIDTOWN</b> 35th Street to 59th Street	\$150	\$130	\$144	15%	4%
<b>MIDTOWN SOUTH</b> 15th Street to 34th Street	\$97	\$98	\$95	-1%	2%
<b>DOWNTOWN</b> South of 14th Street	\$102	\$100	\$103	2%	-1%
<b>UPPER MANHATTAN</b> 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$67	\$67	\$62	0%	8%



## MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

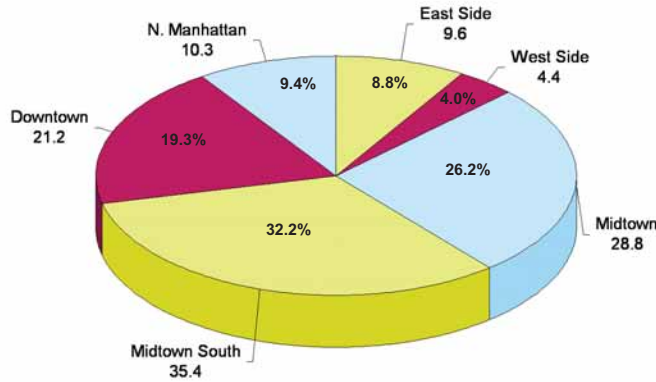
ALL AVAILABLE SPACE (GROUND FLOOR, LOWER LEVEL, UPPER LEVEL, MEZZANINE)

	Spring 2012	Fall 2011	Spring 2011	% Change From Fall 2011	% Change From Spring 2011
<b>MANHATTAN</b>	\$85	\$83	\$83	2%	2%
<b>EASTSIDE</b> 60th Street to 96th Street, Fifth Avenue to the East River	\$133	\$135	\$130	-1%	2%
<b>WESTSIDE</b> 60th Street to 116th Street, West of Morningside Park	\$120	\$120	\$108	0%	11%
<b>MIDTOWN</b> 35th Street to 59th Street	\$101	\$100	\$94	1%	7%
<b>MIDTOWN SOUTH</b> 15th Street to 34th Street	\$75	\$75	\$73	0%	3%
<b>DOWNTOWN</b> South of 14th Street	\$84	\$83	\$84	1%	0%
<b>UPPER MANHATTAN</b> 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$55	\$51	\$53	8%	4%



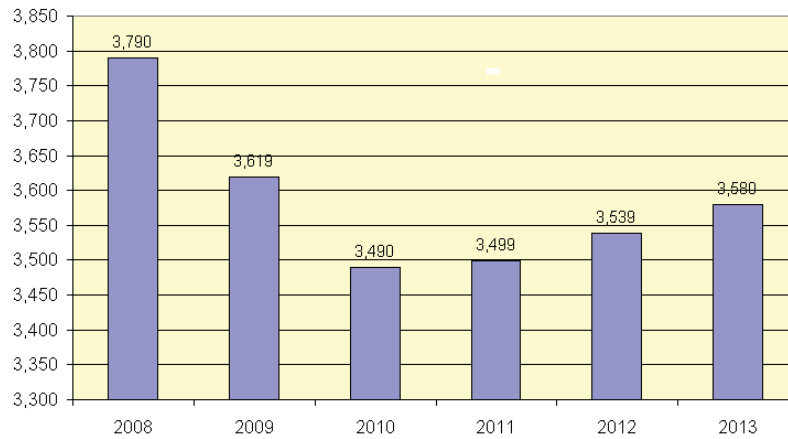
## SELECTED MARKET DATA

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



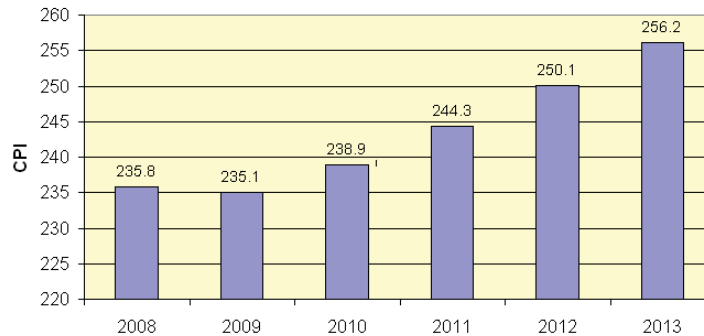
### Forecast of New York City Economic Indicators

**New York City Employment (in thousands)**



Source: NYC Office of Management & Budget

**New York City CPI (1982-1984=100)**

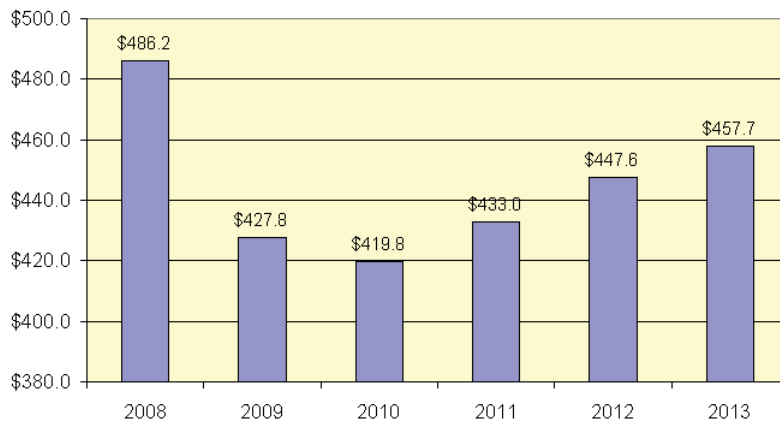


Source: NYC Office of Management & Budget



## SELECTED MARKET DATA

### New York City Real Gross City Product (billions)



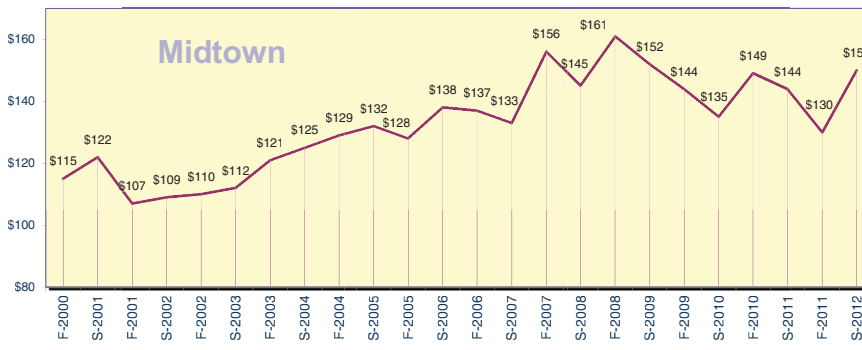
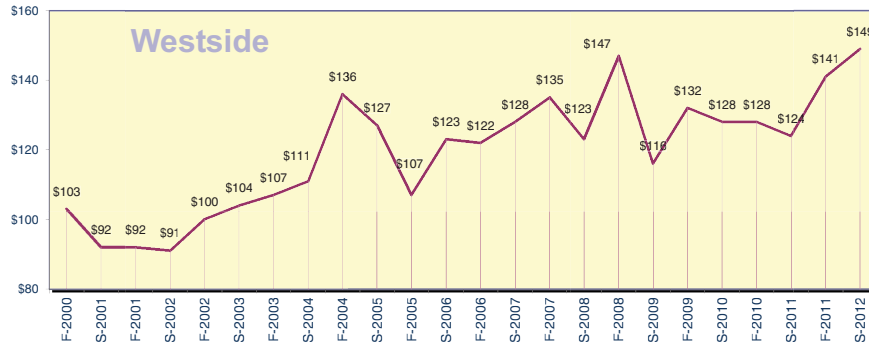
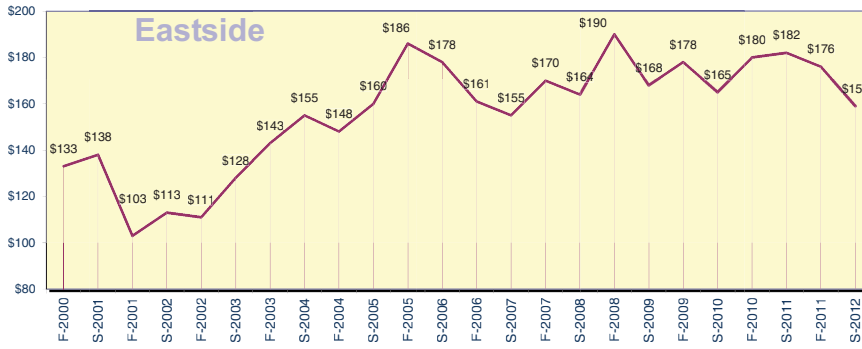
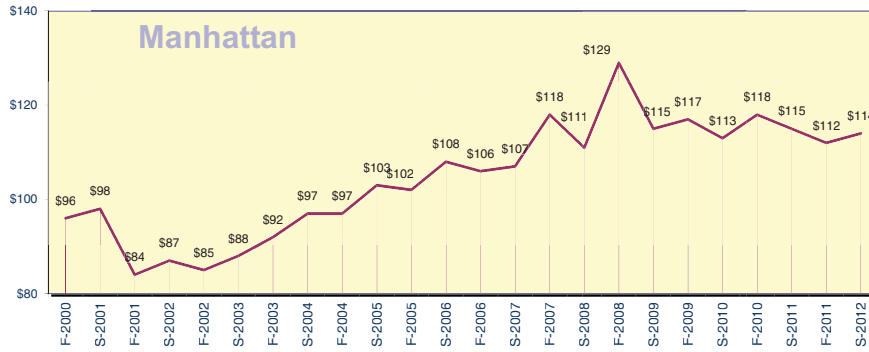
Source: NYC Office of Management & Budget

### New York City Gross Personal Income

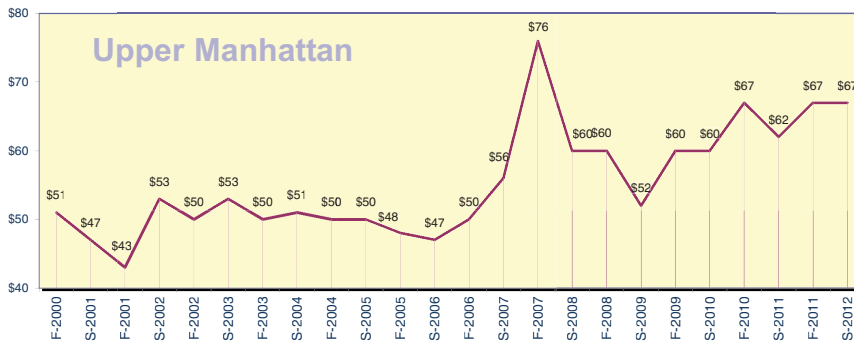
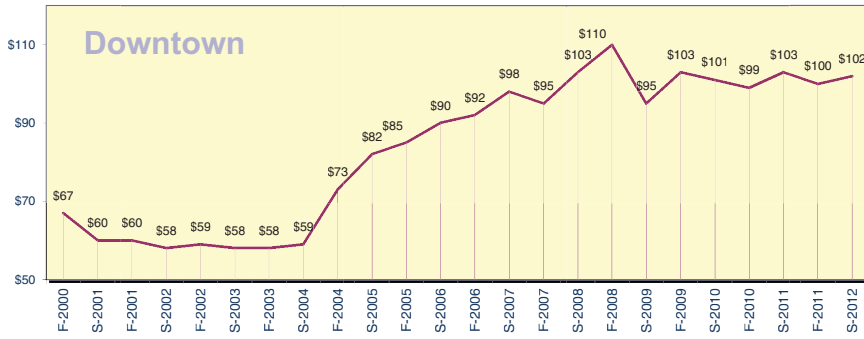
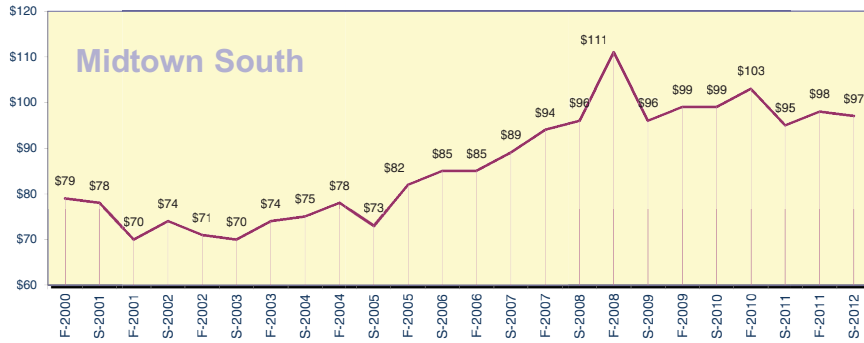


Source: NYC Office of Management & Budget

## AVERAGE RETAIL ASKING RENTS PSF



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## ACKNOWLEDGEMENTS

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

Robin Abrams, The Lansco Corporation



Karen Bellantoni, Robert K. Futterman & Associates, LLC



Benjamin Fox, Massey Knakal Realty Services



Andrew Goldberg, CBRE



David Green, Cushman & Wakefield



Joanne Podell, Cushman & Wakefield



Fred Posniak, W&M Properties of New York, LLC



Jeffrey Roseman, Newmark Knight Frank



Alan Victor, The Lansco Corporation

**T**he 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.