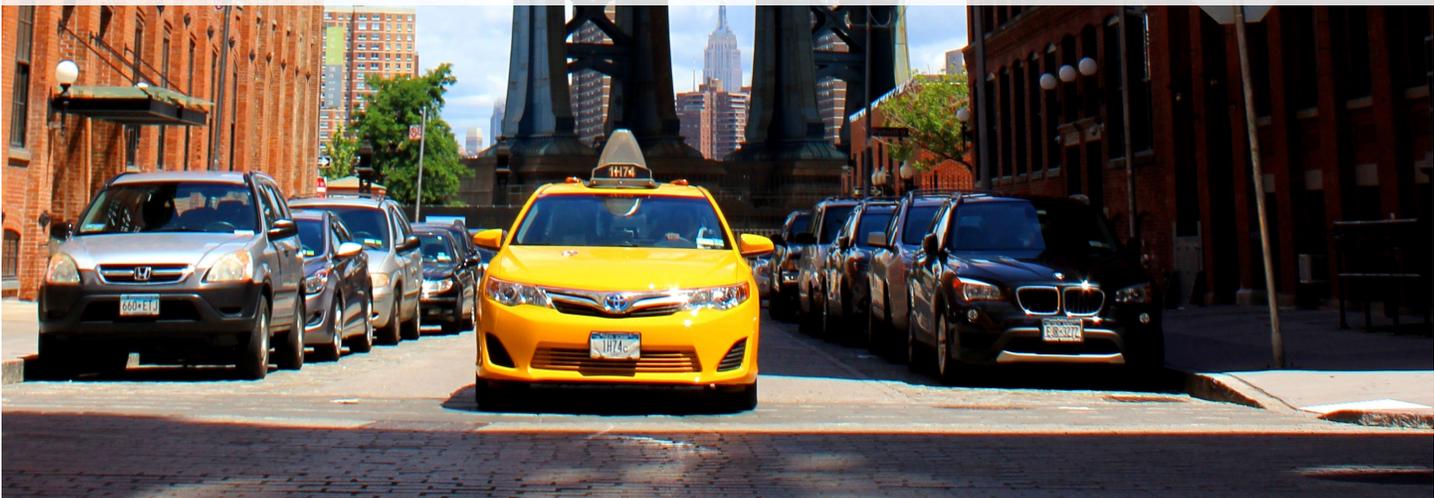




THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT | SUMMER 2019



EXECUTIVE SUMMARY

In summer 2019, average asking rents for ground floor retail space decreased in 12 of the 17 Brooklyn corridors analyzed by the Real Estate Board of New York (REBNY), when compared to the summer of 2018. Overall, the Brooklyn retail environment is evolving with declining asking rents in more mature neighborhoods as landlords seek to remain competitive by reassessing the value of their retail spaces among shifting demographics. Progressing neighborhoods are experiencing favorable market trends due to increased foot traffic from new residential, commercial, and mixed-use developments.

WILLIAMSBURG

Four of the five Williamsburg retail corridors surveyed witnessed declines in asking rents during the summer of 2019. Along Bedford Avenue, between North 8th and North 12th Street, average asking rents fell to \$153 per square foot (psf), a 9% decline year-over-year. These decreases in asking rents led to an uptick in leasing activity. Average asking rents along North 6th Street, between Driggs Avenue and Kent Avenue, fell to \$246 psf, a 2% decline year-over-year. North 6th Street is experiencing healthier tenant demand as several rehabbed retail spaces are now available for leasing. New high-profile tenants like Warby Parker, Buck Mason, and Marine Layer demonstrate the corridor's strong appeal.

GREENPOINT

Average asking rents on Franklin Street, between Meserole Street and Commercial Street, remained flat at \$74 psf when compared to the summer of 2018. On Manhattan Avenue, between Driggs Street and Ash Street average asking rents fell to \$67 psf, a 4% decline year-over-year. The retail environment in Greenpoint is in a state of flux as the neighborhood's demographics are shifting with new residential developments under construction and increased foot traffic from the Greenpoint Landing ferry. Retail uses are neighborhood centric ranging from mom-and-pop, service, and amenity uses. Older owners are exercising patience in an effort to sign up-and-coming tenants.

COBBLE HILL

In Cobble Hill, average asking rents on Court Street, between Atlantic Avenue and Carroll Street, rose to \$96 psf, a 3% increase year-over-year. Along Smith Street, between Atlantic Avenue and Carroll Street, average asking rents fell to \$83 psf, a 4% decline year-over-year. For both corridors, availabilities of higher-value and revamped retail spaces have led to increased tenacity from perspective tenants, as demonstrated by the recent leases by Crunch, My Gym, and Moschino.

“Cobble Hill is witnessing increased retail activity and demand for retail spaces, as older leases are now expiring, and more desirable spaces are becoming available for perspective tenants. As rents are increasing, many of these leases are not renewing. A significant amount of construction is undergoing to rehab older single-story retail spaces and the creation of new multi-story availabilities.”
– **Mitzi Flexer, Cushman & Wakefield**

EXECUTIVE SUMMARY (CONT.)

PARK SLOPE

In Park Slope, average asking rents along 7th Avenue, between Union Street and 9th Street, fell to \$86 psf, a 23% decline year-over-year. Asking rents along 7th Avenue have adjusted downwards to more sustainable levels, in part due to competition from expanded corridors that offer greater visibility. On 5th Avenue, between Union Street and 9th Street, average asking rents rose to \$104 psf, a 10% increase year-over-year. 5th Avenue remains a highly attractive corridor with rents expected to increase, as several older buildings are being rehabbed. Current availabilities mainly consist of recent restaurant closures.

“Despite the summer months usually being slower, retail activity along 7th Avenue is picking up with landlords becoming more flexible by adjusting rents and leasing out spaces that have been on the market for over a year. 7th Avenue, traditionally the home to Mom & Pops is beginning to see an influx of credit tenants signing leases.” – **Jeffery Kessler, LEVITAN**

BROOKLYN HEIGHTS

On Montague Street, between Hicks Street and Cadman Plaza, average asking rents fell to \$86 psf, a 22% decline year-over-year. Compared to other corridors, low availabilities are common on Montague Street as prime retail spaces are already leased out and current availabilities are considered less desirable.

“Current Montague Street availabilities are mainly converted brownstones featuring “step-up” or “step-down” retail spaces more suited for local tenants with lower asking rents with prime retail occupied by national tenants.”
– **Curtis Woodside, Compass**

DOWNTOWN BROOKLYN

In Downtown Brooklyn’s Fulton Street, between Boerum Place and Flatbush Ave, average asking rents rose to \$237 psf, a 1% increase year-over-year. The corridor is experiencing increased foot traffic from new high-profile developments such as Brooklyn Point, The Brooklyn Grove, 76 and 211 Schermerhorn Street, and 11 Hoyt. CityPoint Brooklyn has transformed the retail environment along Fulton Street, as the number of outlet/ discount clothing stores is declining. Perspective tenants have more incentives to execute leases as both large and small landlords alike are offering more flexible concessions. REBNY’s previous Brooklyn Retail report added Court Street, between Atlantic Avenue and Pierrepont Street, as a new corridor. For summer 2019, average asking rents along this corridor fell to \$160 psf, a 4% decline from winter 2019.

DUMBO

Average asking rents in Dumbo, along Washington Street, Front Street, Jay Street, Water Street, and Main Street, fell to \$103 psf, a 7% decline year-over-year, as prime spaces have been leased. Demand for Dumbo retail space remains high as new mixed-use developments at 85 Jay Street and 168 Plymouth Street will significantly increase neighborhood foot traffic.

ABOUT REBNY'S BROOKLYN RETAIL REPORT

The REBNY Brooklyn Retail Report—a joint effort by REBNY's Commercial Brokerage Brooklyn and Retail Committees—presents a snapshot of major retail corridors in the borough. REBNY's goal is to provide a useful and reliable guide, based on actual ground floor retail asking rent information, to garner a better understanding of the Brooklyn retail leasing landscape.

Although this report shows changes—positively and negatively—in average asking rents in most of the corridors analyzed, 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, as we build historical data, we can identify long-term trends that suggest a gradual market shift. The median rent information, the range of rent information, and this analysis of the data should help readers receive a comprehensive and accurate picture of the market in these selected corridors.

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 the lineal amount of street/avenue frontage, ceiling height, presence of below grade and mezzanine and second floor space, and locational factors such as proximity to a subway entrance, 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 investments 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.

This report provides an overview of the market at a particular point in time that is based on the available listings of REBNY's Brooklyn Retail Advisory Group in addition to the Commercial Brokerage Brooklyn Committee and Retail Committee members.

ACKNOWLEDGEMENTS

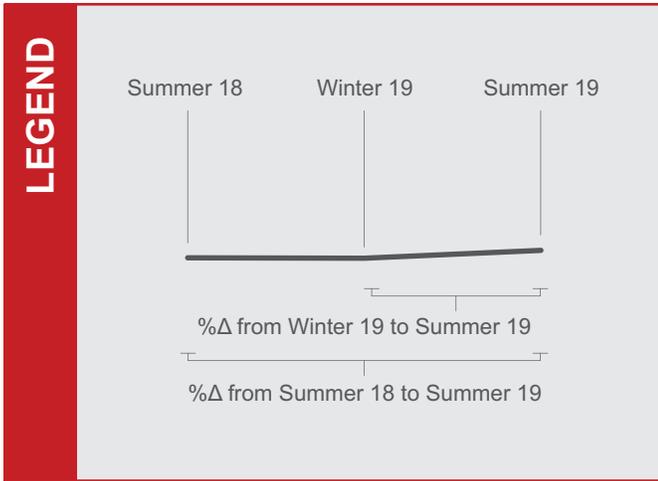
The REBNY Brooklyn Retail Advisory Group Includes:

Robin Abrams, Compass
Diana Boutross, Cushman & Wakefield
Hymie Dweck, Newmark Knight Frank
Mitzi Flexer, Cushman & Wakefield
Jeffery Kessler, LEVITAN
Peter Levitan, LEVITAN
Curtis Woodside, Compass

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

Compass
Cushman & Wakefield
LEVITAN
Newmark Knight Frank

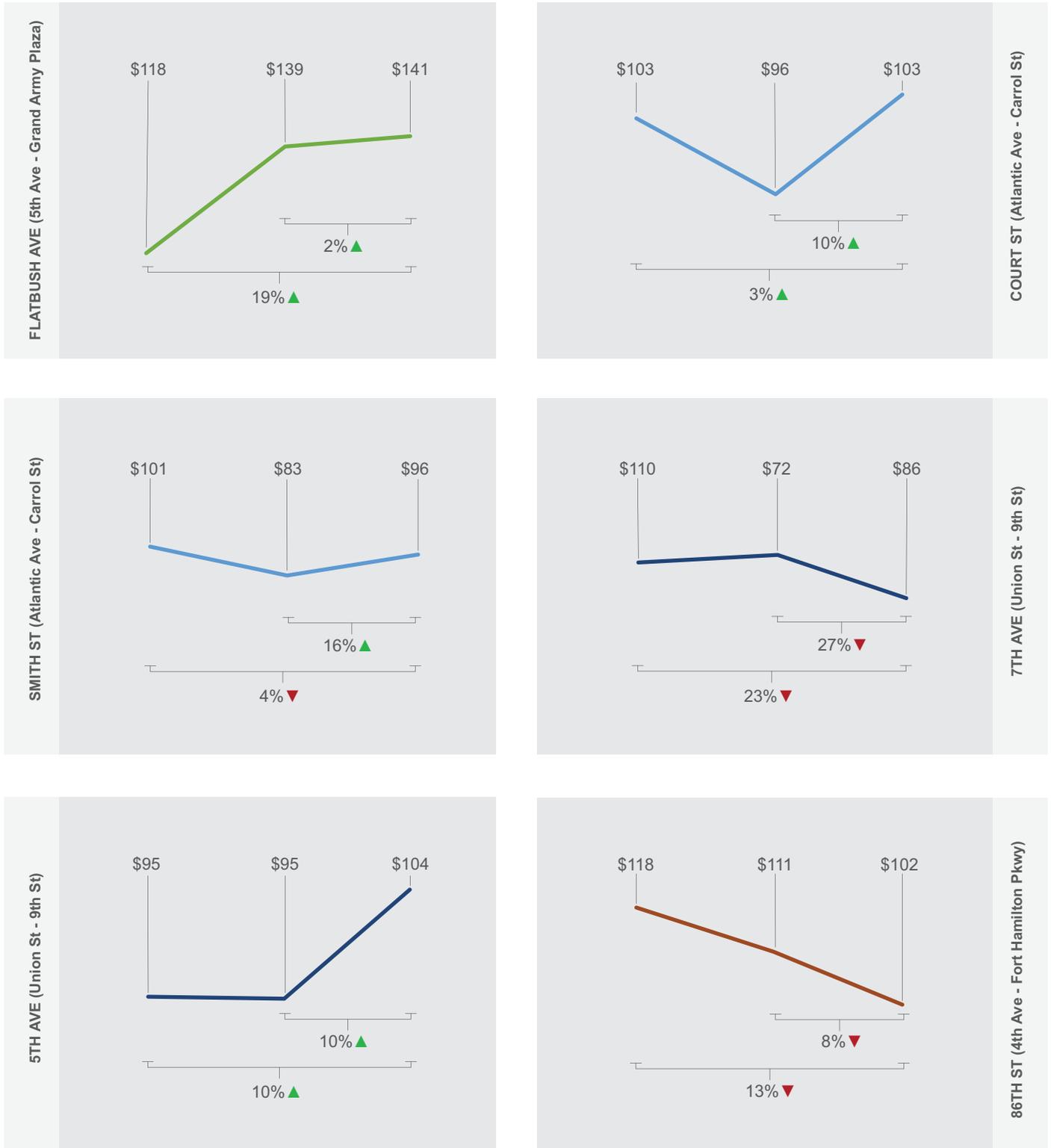
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



APPENDIX

AVERAGE ASKING RENT PSF – GROUND FLOOR RETAIL

	Summer 19	Winter 19	Summer 18	% Change Winter 19	% Change Summer 18
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$74	\$70	\$74	5%	0%
Manhattan Ave (Driggs Ave - Ash St)	\$67	\$70	\$70	-4%	-4%
Williamsburg					
Bedford Ave (North 8th St - North 12th St)	\$153	\$147	\$168	4%	-9%
Bedford Ave (Grand - North 8th St)	\$326	\$319	\$351	2%	-7%
North 6 St (Driggs Ave - Kent Ave)	\$246	\$209	\$251	18%	-2%
North 4 St (Driggs Ave - Kent Ave)	\$161	\$196	\$197	-18%	-18%
Grand St (Havemeyer St - Kent Ave)	\$92	\$100	\$84	-8%	10%
DUMBO					
Washington St, Main St, Water St, Front St, Jay St	\$103	\$108	\$110	-5%	-7%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$86	\$72	\$110	20%	-22%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$237	\$262	\$234	-9%	1%
Court St (Atlantic Ave - Pierrepont St)	\$160	\$166	N/A	-4	N/A
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$141	\$139	\$118	2%	19%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$96	\$96	\$103	10%	3%
Smith St (Atlantic Ave - Carroll St)	\$83	\$83	\$101	16%	-4%
Park Slope					
7th Ave (Union St - 9th St)	\$86	\$117	\$112	-27%	-23%
5th Ave (Union St - 9th St)	\$104	\$95	\$95	10%	10%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$102	\$111	\$118	-8%	-18%

APPENDIX

MEDIAN ASKING RENT PSF – GROUND FLOOR RETAIL

	Summer 19	Winter 19	Summer 18	% Change Winter 19	% Change Summer 18
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$74	\$62	\$70	19%	6%
Manhattan Ave (Driggs Ave - Ash St)	\$75	\$70	\$69	7%	9%
Williamsburg					
Bedford Ave (North 8th St - North 12th St)	\$138	\$141	\$175	-2%	-21%
Bedford Ave (Grand - North 8th St)	\$300	\$300	\$350	0%	-14%
North 6 St (Driggs Ave - Kent Ave)	\$263	\$215	\$285	22%	-8%
North 4 St (Driggs Ave - Kent Ave)	\$175	\$167	\$200	5%	-13%
Grand St (Havemeyer St - Kent Ave)	\$90	\$90	\$80	1%	13%
DUMBO					
Washington St, Main St, Water St, Front St, Jay St	\$98	\$100	\$125	-3%	-22%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$80	\$70	\$100	14%	-20%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$250	\$250	\$250	0%	0%
Court St (Atlantic Ave - Pierrepont St)	\$154	\$150	N/A	3%	N/A
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$138	\$125	\$119	10%	16%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$91	\$98	\$108	-7%	-16%
Smith St (Atlantic Ave - Carroll St)	\$95	\$71	\$94	34%	1%
Park Slope					
7th Ave (Union St - 9th St)	\$89	\$115	\$125	-23%	-29%
5th Ave (Union St - 9th St)	\$100	\$86	\$88	16%	14%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$109	\$115	\$115	-5%	-5%

APPENDIX

RANGE OF ASKING RENTS PSF – GROUND FLOOR RETAIL

	Summer 19			Winter 19			Summer 18		
Greenpoint									
Franklin St (Meserole Ave - Commercial St)	\$40	–	\$115	\$45	–	\$115	\$48	–	\$115
Manhattan Ave (Driggs Ave - Ash St)	\$20	–	\$109	\$36	–	\$125	\$43	–	\$150
Williamsburg									
Bedford Ave (North 8th St - North 12th St)	\$120	–	\$200	\$106	–	\$200	\$130	–	\$200
Bedford Ave (Grand - North 8th St)	\$195	–	\$500	\$210	–	\$500	\$160	–	\$500
North 6 St (Driggs Ave - Kent Ave)	\$143	–	\$300	\$55	–	\$350	\$150	–	\$285
North 4 St (Driggs Ave - Kent Ave)	\$70	–	\$258	\$120	–	\$300	\$175	–	\$216
Grand St (Havemeyer St - Kent Ave)	\$60	–	\$144	\$65	–	\$175	\$53	–	\$116
DUMBO									
Washington St, Main St, Water St, Front St, Jay St	\$47	–	\$143	\$70	–	\$150	\$65	–	\$150
Brooklyn Heights									
Montague St (Hicks St - Cadman Plaza)	\$66	–	\$133	\$40	–	\$108	\$75	–	\$154
Downtown Brooklyn									
Fulton St (Boerum Pl - Flatbush Ave)	\$63	–	\$375	\$100	–	\$375	\$125	–	\$320
Court St (Atlantic Ave - Pierrepont St)	\$117	–	\$235	\$120	–	\$234		N/A	
Prospect Heights									
Flatbush Ave (5th Ave - Grand Army Plaza)	\$72	–	\$226	\$71	–	\$226	\$66	–	\$222
Cobble Hill									
Court St (Atlantic Ave - Carroll St)	\$55	–	\$185	\$55	–	\$125	\$55	–	\$144
Smith St (Atlantic Ave - Carroll St)	\$46	–	\$160	\$46	–	\$150	\$61	–	\$150
Park Slope									
7th Ave (Union St - 9th St)	\$87	–	\$120	\$110	–	\$128	\$60	–	\$135
5th Ave (Union St - 9th St)	\$60	–	\$125	\$85	–	\$110	\$74	–	\$132
Bay Ridge									
86th St (4th Ave - Fort Hamilton Pkwy)	\$47	–	\$133	\$45	–	\$200	\$45	–	\$200

CORRIDOR MAPS

