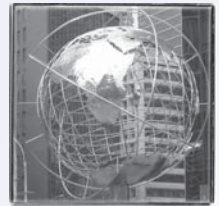


THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

FALL 2009



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CHAIRPERSON**

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REBNY[®]
REAL ESTATE BOARD OF NEW YORK

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EXECUTIVE SUMMARY

Average asking rents have declined in most of the retail corridors surveyed, according to our Fall 2009 report, reflecting the impact of the global recession on the local economy as well as a market correction from all-time high retail rents.

High traffic, high profile areas such as Times Square and Fifth Avenue and trendy locations like Meatpacking and SoHo have continued to fare relatively well.

Major retail stores are doing better in their urban locations, such as New York, than they are doing in their suburban mall locations, according to our Advisory Group. There continues to be activity in the marketplace, as tenants like Kohls, TJMaxx, Whole Foods, Nordstrom, CB2 and Trader Joes are looking for initial or additional locations.

More importantly, deals are being done, such as MAC Cosmetics and Swarovski in Times Square, Espirit on 34th Street, J. C. Penney in Herald Square, Nordstrom Rack in Union Square, and Duane Reade and CVS throughout the city. In addition, restaurants, especially quick service and sandwich shops, are also opening all over town.

However, the lack of capital financing for tenant improvements, typically high in retail stores (\$200 per square foot is not uncommon), has been a mild drag on activity and deal-making.

One positive aspect of the decline in asking rent is the return of tenants (Citibank, Apple Bank, Apple and Beach Bum Tanning) that were priced out of New York two years ago during the surge in retail rents. In addition, other tenants see this as an opportunity to find more prominent locations on popular retail corridors.

Retailers in the market can expect to find owners offering more free rent and work to induce tenants to make deals now than they were two years ago.

Preparing an accurate and reliable retail report in the current market has been challenging. The economic downturn has created enormous uncertainty in establishing asking rents for available space in virtually every neighborhood.

In reviewing the available listings, we noticed in some instances owners had not changed the asking rent for their space since the market downturn. According to our Advisory Group, in prime locations where demand is still strong and vacancies are few, like Times Square and upper Fifth Avenue, asking rents in-line with the height of the market may still be appropriate.

In other instances, owners recognize the change in the economy, but until the market stabilizes they are unwilling to guess about what the new asking rent should be. In other situations, owners want to retain a higher base rent but are prepared to provide incentives that would lower the effective rent to a level where a deal is achievable.

As always, our report is based on the analysis of the asking rents for the available listings we have received from the members of REBNY's Retail Committee and the knowledge and insight of our Advisory Group.

With their assistance, we have been able to provide you with a more complete understanding of the report's data and the activity in the retail market during these turbulent times.



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

	Fall 2009	Fall 2008	% Change
EASTSIDE			
Madison Ave: 57 - 72 St	\$919	\$1,143	-20%
Third Ave: 60 - 72 St	\$261	\$287	-9%
East 86 St: Lexington Ave - 2nd Ave	\$363	\$475	-24%
WESTSIDE			
Broadway: 72 - 86 St	\$285	\$309	-8%
Columbus Ave: 66 - 79 St	\$229	\$300	-24%
MIDTOWN			
East 57 St: 5 Ave - Park Ave	\$600	\$600	0%
Fifth Ave: 42 - 49 St	\$457	\$550	-17%
Fifth Ave: 49 - 59 St	\$2,050	\$1,400	46%
Broadway & 7 Ave: 42 - 47 St	\$821	\$775	6%
MIDTOWN SOUTH			
Flatiron			
Fifth Ave: 14 - 23 St	\$255	\$276	-8%
Herald Square			
West 34 St: 5 - 7 Ave	\$421	\$643	-35%
DOWNTOWN			
Meatpacking			
14 St: 9 - 10 Ave	\$375	\$304	23%
Financial District			
Broadway: Battery Park - Chambers St	\$189	\$251	-25%
SoHo			
Broadway: Houston - Broome St	\$483	\$432	12%
West Village			
Bleeker St: 7 Ave South - Hudson St	\$352	\$362	-3%
UPPER MANHATTAN			
Harlem			
125th St. (River to River)	\$116	\$125	-7%



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

	Fall 2009	Fall 2008	% Change
EASTSIDE			
Madison Ave: 57 - 72 St	\$875	\$1,140	-23%
Third Ave: 60 - 72 St	\$260	\$300	-13%
East 86 St: Lexington Ave - 2nd Ave	\$375	\$450	-17%
WESTSIDE			
Broadway: 72 - 86 St	\$263	\$316	-17%
Columbus Ave: 66 - 79 St	\$245	\$300	-18%
MIDTOWN			
East 57 St: 5 Ave - Park Ave	\$600	\$600	0%
Fifth Ave: 42 - 49 St	\$450	\$550	-18%
Fifth Ave: 49 - 59 St	\$2,100	\$1,250	68%
Broadway & 7 Ave: 42 - 47 St	\$593	\$775	-24%
MIDTOWN SOUTH			
Flatiron			
Fifth Ave: 14 - 23 St	\$250	\$271	-8%
Herald Square			
West 34 St: 5 - 7 Ave	\$500	\$640	-22%
DOWNTOWN			
Meatpacking			
14 St: 9 - 10 Ave	\$400	\$300	33%
Financial District			
Broadway: Battery Park - Chambers St	\$150	\$200	-25%
SoHo			
Broadway: Houston - Broome St	\$438	\$400	9%
West Village			
Bleeker St: 7 Ave South - Hudson St	\$295	\$304	-3%
UPPER MANHATTAN			
Harlem			
125th St. (River to River)	\$112	\$115	-3%



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

	Fall 2009	Fall 2008
EASTSIDE		
Madison Ave: 57 - 72 St	\$530 - \$1,500	\$704 - \$1,667
Third Ave: 60 - 72 St	\$150 - \$347	\$184 - \$503
East 86 St: Lexington Ave - 2nd Ave	\$275 - \$450	\$325 - \$781
WESTSIDE		
Broadway: 72 - 86 St	\$200 - \$400	\$168 - \$450
Columbus Ave: 66 - 79 St	\$127 - \$300	\$131 - \$447
MIDTOWN		
East 57 St: 5 Ave - Park Ave	\$400 - \$800	\$400 - \$800
Fifth Ave: 42 - 49 St	\$300 - \$600	\$300 - \$800
Fifth Ave: 49 - 59 St	\$1,500 - \$2,500	\$1,200 - \$2,500
Broadway & 7 Ave: 42 - 47 St	\$550 - \$1,400	\$550 - \$1,000
MIDTOWN SOUTH		
Flatiron		
Fifth Ave: 14 - 23 St	\$200 - \$325	\$238 - \$325
Herald Square		
West 34 St: 5 - 7 Ave	\$202 - \$595	\$500 - \$791
DOWNTOWN		
Meatpacking		
14 St: 9 - 10 Ave	\$300 - \$400	\$250 - \$400
Financial District		
Broadway: Battery Park - Chambers St	\$100 - \$320	\$100 - \$500
SoHo		
Broadway: Houston - Broome St	\$243 - \$1,000	\$220 - \$800
West Village		
Bleeker St: 7 Ave South - Hudson St	\$81 - \$667	\$130 - \$800
UPPER MANHATTAN		
Harlem		
125th St. (River to River)	\$35 - \$200	\$80 - \$222



**AVERAGE ASKING RENT:
MAJOR RETAIL NEIGHBORHOODS**

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

	Fall 2009	Fall 2008	% Change
MANHATTAN	\$117	\$129	-9%
EASTSIDE 60th St. to 96th St., Fifth Avenue to the East River	\$178	\$190	-6%
WESTSIDE 60th St. to 116th St., West of Morningside Park	\$132	\$147	-10%
MIDTOWN 35th St. to 59th St.	\$144	\$161	-11%
MIDTOWN SOUTH 15th St. to 34th St.	\$99	\$111	-11%
DOWNTOWN South of 14th St.	\$103	\$110	-6%
UPPER MANHATTAN 97th St. and higher, Fifth Avenue to the East River; 116th St. and higher, West of Morningside Park	\$60	\$60	0%



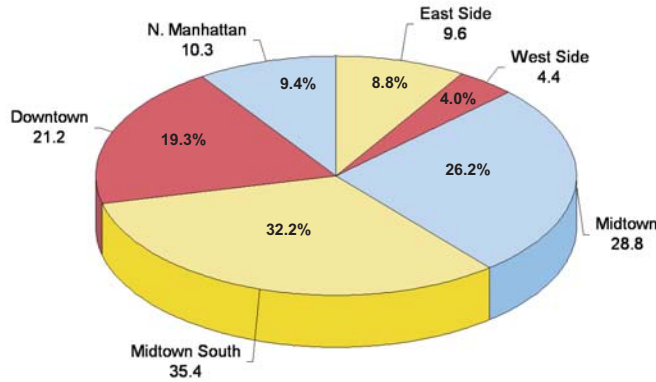
**MEDIAN ASKING RENT:
MAJOR RETAIL NEIGHBORHOODS**

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

	Fall 2009	Fall 2008	% Change
MANHATTAN	\$85	\$94	-10%
EASTSIDE 60th St. to 96th St., Fifth Avenue to the East River	\$124	\$139	-11%
WESTSIDE 60th St. to 116th St., West of Morningside Park	\$105	\$120	-13%
MIDTOWN 35th St. to 59th St.	\$90	\$113	-20%
MIDTOWN SOUTH 15th St. to 34th St.	\$78	\$85	-8%
DOWNTOWN South of 14th St.	\$84	\$85	-1%
UPPER MANHATTAN 97th St. and higher, Fifth Avenue to the East River; 116th St. and higher, West of Morningside Park	\$50	\$50	0%

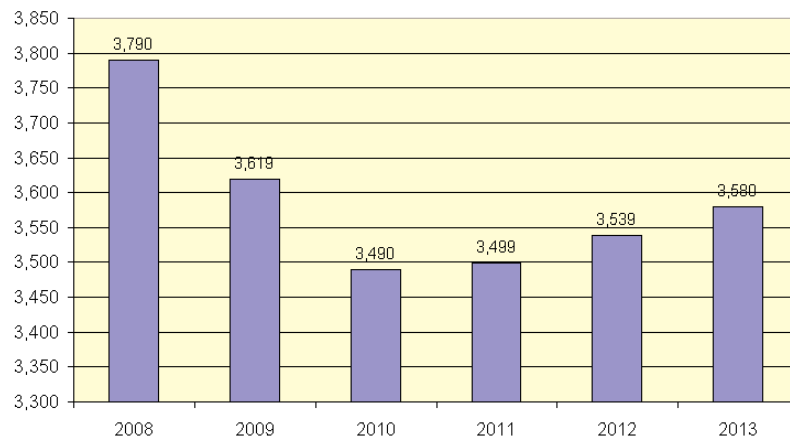
SELECTED MARKET DATA

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



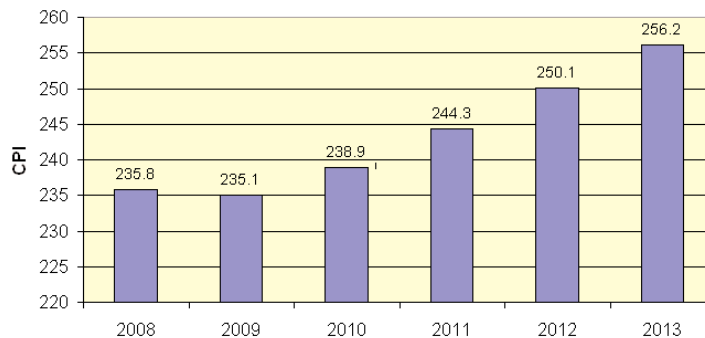
Forecast of New York City Economic Indicators

New York City Employment (in thousands)



Source: NYC Office of Management & Budget

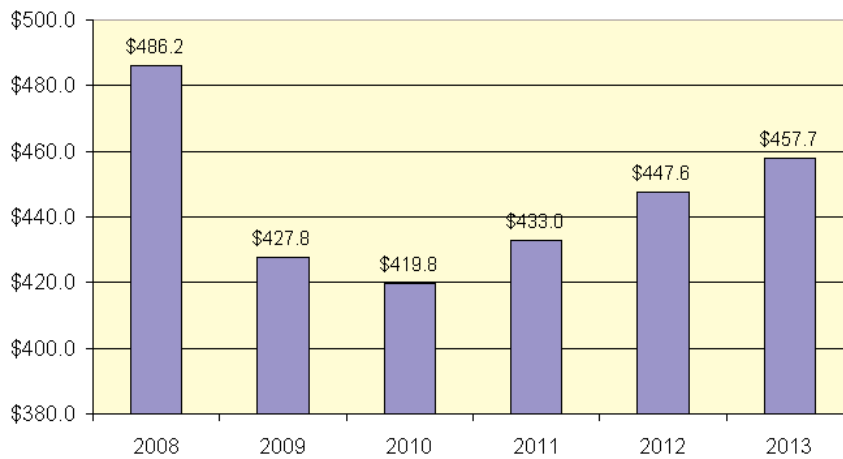
New York City CPI (1982-1984=100)



Source: NYC Office of Management & Budget

SELECTED MARKET DATA

New York City Real Gross City Product (billions)



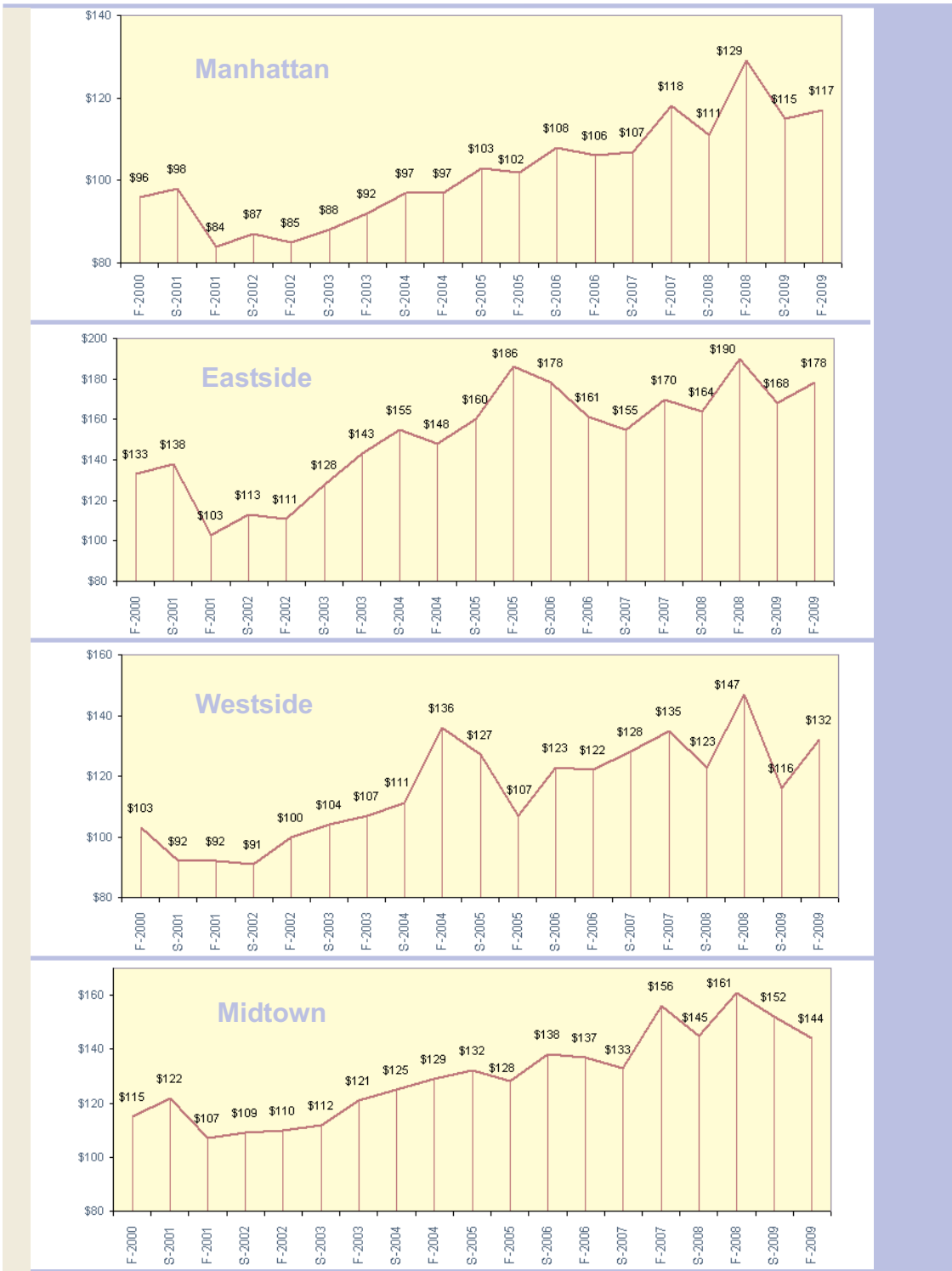
Source: NYC Office of Management & Budget

New York City Gross Personal Income

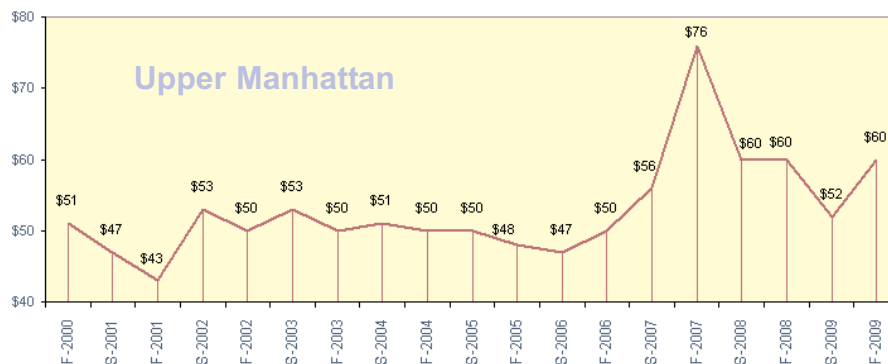
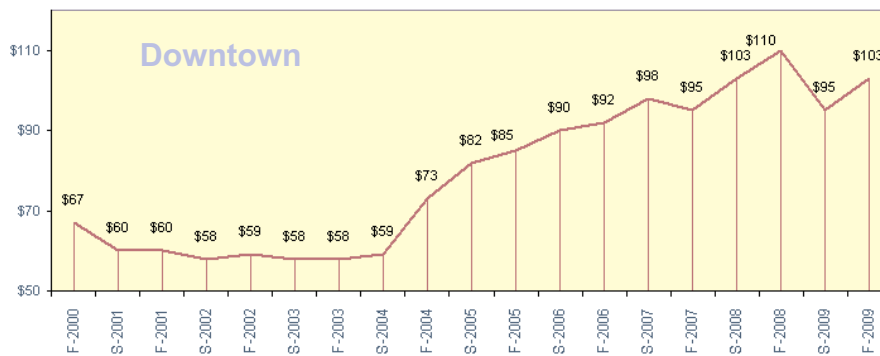
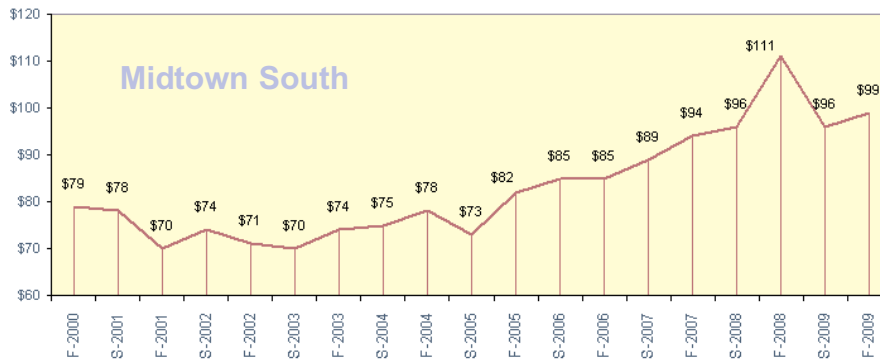


Source: NYC Office of Management & Budget

AVERAGE RETAIL ASKING RENTS PSF



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ACKNOWLEDGEMENTS

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NOTES

Asking rent information for the major retail corridors (average, median, range) is based only on the ground floor asking rent. When ground floor asking rent information is not given in the listing, we have reached out to the listing agent to supply this information. In those cases where there is insufficient verified data, we rely on our Advisory Group to provide this information based on their knowledge of the market.

All information presented is asking rent data. The asking rent information is not for closed transactions and it is not adjusted to account for free rent and work allowance which is determined by market conditions.

The average and median asking rent data for Manhattan and the six geographic areas (Downtown, Midtown South, Midtown, East Side, West Side, Northern Manhattan) are based on the total available square footage in each listing. Total square footage includes ground floor space, mezzanine and second floor space, and basement space.

The report is a snapshot of the available space on the market at two points of time Spring (March 31) and Fall (September 30).