

REBNY Research

# Brooklyn Retail Report

*Second Half 2023*



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# Summary

## *Steady Activity Along Prime Corridors, Pullback in Demand from Some Sectors*

Brooklyn's retail sector registered healthy leasing throughout 2023 as new market entrants supplemented expansion by local firms. The most active retailers are chasing Brooklyn's growing and increasingly high-density residential base.

But there is a great deal of divergence in the pace of activity from one neighborhood to another, and even one street to the next. Leasing and rental rate growth is the strongest in prime residential neighborhoods and in innovative shopping destinations like City Point and Industry City. Conversely, other neighborhoods have significant vacancies due to natural tenant turnover, recent multi-family deliveries, and moderating demand from banks and pharmacies.

Retailers have seen some relief in inflation and material costs, but they still face familiar hurdles to business setup and operations in 2024, including staff shortages, retail theft, and quality of life issues, as well as new issues like growing licensing and permitting delays.



# Market Key Takeaways

## *Vigorous Competition for Space in Select Corridors*

Top international and domestic brands continue to flock to Williamsburg. Prime residential corridors such as Park Slope and Cobble Hill have very few quality spaces remaining. Rent is slowly rising but is almost always below pre-pandemic peaks; 13 of 15 corridors posted increases in asking rent during the second half of 2023 but remain below pre-pandemic peaks in 12 of the 15 corridors.

## *Ample Availability and Lower-Priced Storefronts in Lower-Traffic Areas*

Retailers can find many options for reasonably priced space (\$50 to \$100 per square foot) just a few blocks off of prime, high-traffic corridors. However, lower rent is accompanied by smaller footprints and lower quality stores (marked by space configuration, buildout, and owner-provided services) as well as less foot traffic.

## *Innovative and Distinctive Shopping Destinations are Drawing Attention and Tenants*

Tenants were very active in Brooklyn's shopping and entertainment destinations. City Point's 650,000 square foot retail center is almost fully leased. Industry City added to its collection of unique local producers and home design stores.

## *Some New Retail Spaces are Struggling to Lease*

Brokers noted that larger storefronts, including some at the base of newly completed multi-family buildings, are taking longer to lease. Increased delivery and pullback among some banks, pharmacies, and medical clinics is a factor.

## *Familiar and New Challenges*

Staff shortages and quality of life issues continue to inhibit business setup. Brokers note that permit and licensing delays are impeding some lease completions and business openings.

# Market Activity

This report is based on data and market commentary provided by brokers, local community organizations, and business owners active in Brooklyn. During 2022 and the first half of 2023, these participants focused on Brooklyn's retail resurgence. In the second half of the year, they highlighted the divergence in retail demand across Brooklyn's neighborhoods, calling attention to a moderation in demand from a few key sectors. Some corridors that saw a surge in leasing during late 2021 and much of 2022 are now experiencing natural tenant turnover.

## *Retailers Catering to Williamsburg's High Standards*

In the most sought-after areas there are few signs of moderation. Williamsburg remains a top choice for luxury fashion and accessory brands like Byredo. The Swedish brand recently opened its second New York City store in Williamsburg. Byredo noted that it wanted its Williamsburg store to "showcase a different facet of Byredo so that the Williamsburg store can enter into dialogue with this unique locale." To be successful in Brooklyn's most competitive areas, retailers must understand the unique preferences and high standards of its diverse shoppers. Many brands are going to great lengths to differentiate themselves. In September, to celebrate the launch of a new beauty boutique at 130 North Sixth Street, Chanel hosted a themed pop-up diner for several days at the Wythe Avenue Diner.

Also on Wythe Avenue, Rivian recently opened its second "Spaces" store in New York City. The electric car maker describes the stores, which feature very few cars or salespeople, as more of a "playground" than a showroom. Visitors can plan excursions that utilize the adventure-centric features of its EVs, schedule a test-drive, or buy camping gear and other auto accessories.

## *Private Schools Expanding in Top Residential Neighborhoods*

Top residential corridors in Brooklyn Heights, Cobble Hill, Park Slope, and Vinegar Hill are also drawing a wide array of retailers. Food and beverage retailers have led the way, but boutique gyms as well as health and wellness retailers are also active. Private schools continue to expand. Kiddie Korner Preschool announced plans to open a second preschool campus and Teen Lounge at 130 Montague Street in Fall 2024. Ember Charter Schools, an operator of elementary and middle schools in Bedford-Stuyvesant, leased 25,000 square feet on the upper floors of 295 Front Street in Vinegar Hill for a high school. The seven-story office building was converted from a self-storage facility in 2018.

In Park Slope, Fifth and Seventh Avenues are virtually devoid of quality space. Retailers are eager to gain a foothold in the neighborhood, and new construction opens opportunities. During the summer, 120 Fifth Avenue made significant construction progress. The 180-unit multi-family building will have 45 affordable units, 45,000 square feet of retail, and Lidl's first store in Brooklyn. The 25,000 square foot grocery store on the corner of Fifth Avenue and Baltic replaces the Key Foods.

# Market Activity

## *Ample Space Options and Lower Rent Come with Reduced Quality*

Although rent in a handful of high-traffic neighborhoods like Williamsburg and Downtown Brooklyn is higher, rent in most of Brooklyn's retail corridors is generally below \$100 per square foot. Businesses seeking availability and lower rent can often go just a street or two off the prime corridors to find more space. This includes sections of Grand Street in Williamsburg or Manhattan Avenue in Greenpoint. Other tenants are exploring options in emerging areas like Boerum Hill and Gowanus, like Anais, a new wine bar and bookshop that opened in non-prime Boerum Hill this summer. Retailers considering these areas must know the market to ensure their business model is a good fit.

## *Cortelyou Road – A Microcosm of Retail Recovery and Lingering Challenges*

Brooklyn has no shortage of smaller but healthy retail corridors. While many are stable now, the road to recovery from the pandemic was not easy for retailers in these neighborhoods. Most still face substantial challenges. Cortelyou Road in Ditmas Park is a good example.

Retailers on Cortelyou Road primarily serve locals of Victorian Flatbush. While the neighborhood has seen some low-rise and mid-rise condo and apartment development in recent years, housing density is much lower in this family-oriented neighborhood than most areas of Brooklyn. Foot traffic is much more limited than in Downtown Brooklyn, Brooklyn Heights or Greenpoint, but nevertheless, Cortelyou Road has nearly 100 businesses in the several blocks from East 17th Street to East Ninth Street. Rents are also typically under \$100 per square foot.

Like so many other neighborhoods, Cortelyou Road saw extensive business closures during the pandemic. Retailers had to be creative and collaborative to survive. However, they also had the support of community organizations like the Cortelyou Road Merchants Association (CoRMA) and the Flatbush Development Corporation (FDC). Volunteer-led CoRMA in particular, which had done so much to help revitalize Cortelyou Road nearly two decades ago, was committed to helping businesses stay afloat. In addition to helping businesses secure PPP loans and business grants, these groups organized unique events that showcased local artists and kept people connected during the lockdown. CoRMA and FDC, for example, helped organize porch concerts that featured local musicians, such as internationally known saxophonist Roy Nathanson. Multiple local artist groups like 5PM Porch Concerts and Operation Gig hosted the shows. And Artmageddon, a music and arts festival held every fall since 2019, brought together more than 200 local artists and musicians.

Creative measures like these adopted during the pandemic have persisted post-Covid. Another adaptation that is now a fixture was the City's Open Restaurant program, where the City simplified the process for restaurants and bars to design safe sidewalk dining. The Open Restaurant program was critical to many local bars and restaurants and allowed them to keep their doors open during the pandemic.

Given measures like these, Cortelyou Road's retail has made an impressive comeback. Some business owners shifted to larger spaces that were vacated during the pandemic. A few entrepreneurs that closed during the pandemic eventually returned with new concepts. First-time business owners like the children's clothing store Le Petite Chambre opened during the pandemic while Taylor & Co. Bookstore opened during the recovery. The bookstore, the first on Cortelyou since 1999, is owned by a former Brown University literature professor who grew up in the neighborhood. The store, which is in the former Brooklyn ARTery store, hosts book signings as well as a local birdwatching club in nearby parks. The Brooklyn ARTery relocated to a larger store across the street and remains a critical part of the neighborhood's streetscape and community.

# Market Activity

While business owners and community organizations on Cortelyou Road and surrounding streets highlight the retail comeback, they also mention significant challenges. Lack of staffing and competition from ecommerce has spurred some businesses to cut back on operating hours. Some business owners lost stock or had to install equipment following recent flooding. Nearby streets like Newkirk Avenue face challenges attracting tenants due to dilapidated, vacant and poorly maintained storefronts. Retailers and the merchant association have been resourceful and work together but the lack of a formal Business Improvement District (BID) heightens challenges given their limited funds and dependence on merchant dues. Businesses support each other, and do not exactly have to fend entirely for themselves, but mention that getting responses and approvals from understaffed city agencies is a challenge at times.

## Bushwick

Like Ditmas Park, Bushwick's thriving artist community cultivates cutting-edge and innovative retail. Some of the most socially and eco-conscious retail in the United States can be found in Bushwick. In September, Zero Waste Daniel (ZWD) opened a small storefront at 257 Varet in Bushwick. Daniel Silverstein co-founded the genderless zero-waste fashion brand in 2017. He creates clothing from leftover garment materials that would otherwise end up in a landfill. Silverstein has collaborated with a wide range of partners including retailer Alice + Olivia and the New York City Department of Sanitation.

For many of the retailers featured in this report, this was their first time opening brick-and-mortar stores. Many of them, however, spent years finetuning their business model and product online, in street fairs, and fashion shows.

## Crown Heights

Home to the Brooklyn Museum, Brooklyn Children's Museum, and Weeksville Heritage Center, as well as host to the annual West Indian Day Parade, Crown Heights boasts one of the largest African diaspora populations in the United States. Its retail often reflects Caribbean American and West African influences. This past summer, local artist Burkindy opened his first store: JAHNKOY at 760 Franklin Avenue. Burkindy, originally from Burkina Faso, makes handcrafted jewelry that incorporates West African symbols. The winner of the Rising Star Award from Fashion Group International in May, Burkindy's jewelry was previously featured at Bergdorf Goodman.

The Center for an Urban Future's "State of the Chains 2023" report, which follows national retailers' presence in the City, found the number of chain stores in Brooklyn declined, and is now almost 11% below its 2019 pre-pandemic levels. The report found that pharmacies, mobile phone stores, and clothing and shoe stores accounted for much of the decrease. Fast casual and quick-service restaurants have offset some of these closures in many neighborhoods, including Crown Heights.

Franchises are often set up by first-time business owners, including many immigrants. In October, Atomic Wings held its Crown Heights grand re-opening at 438 Utica Avenue. Pakistani immigrant Fahad Samad is an Atomic Wings franchisee with three stores in New York City. A recent interview with Fahad detailed the costs and challenges associated with operating a new franchise. Starting an Atomic Wings franchise is costly, averaging \$155,900 to \$338,500. Samad noted that during Covid, the price of chicken tripled.

# Market Activity

## Industry City

Brooklyn has no shortage of different neighborhoods containing distinctive and unique retail, like Cortelyou Road and Franklin Avenue. Visitors to Industry City can immerse themselves in a wide variety of Brooklyn retail experiences. The Brooklyn Made Store opened at Industry City's Innovation Alley this past summer. Sponsored by The Brooklyn Chamber of Commerce, the Brooklyn Org (formerly Brooklyn Community Foundation) and Wells Fargo sponsored the 1,200 square foot store that features Brooklyn-based designers, makers, and entrepreneurs, mostly from communities of color. The store was inspired by a highly successful holiday market hosted at Industry City in 2022.

Other sections of Industry City are building on proven popularity. Japan Village, a food hall run by Sunrise Mart, is adding another 10,000 square feet to its existing 30,000 square feet, with completion expected in early 2024. This is the second expansion for Japan Village. It added a second story called the Loft in 2022 that includes Daiso, used bookstore BookOff, and pottery store Setomonoya. Visitors to the Loft can also experience authentic Japanese tea ceremonies at Setsugekka. In Courtyard 5/6, Brooklyn Kura, New York's first sake brewery, opened a larger tap room and production facility in November.

The Industry City Design District, home to more than 125,000 square feet of design stores, added more home design and furniture brands during the summer. Kohler recently opened a Signature Store, which will provide design services to customers as well as architects, contractors, and designers based in the nearby Makers Guild. Hardware store Hilti also opened. Finally, West Elm will move its outlet store from Building 4 to the Design District, doubling the size of its store.

## Downtown Brooklyn Combines Local Services and Shopping Destinations

Downtown Brooklyn continues to capture firms who are eager to tap into its high-traffic streets to expand their brand. CityPoint is already home to major generators of retail traffic, including Brooklyn's largest food hall as well as Alamo Drafthouse (which is expanding with five new theatres), Trader Joe's, and Primark. The 650,000 square foot complex is almost fully leased following a flurry of new leases signed this fall. A recent report from owner Acadia Realty Trust put foot traffic at City Point at 90% in March 2023.

The latest mix of retailers should capitalize on CityPoint's prime access to transit while also expanding the services to residents in surrounding new construction. Brazilian steakhouse Fogo de Chao and The Escape Room should draw patrons from across the region. One Medical and Good Vets will provide needed medical care to local residents and their pets. Finally, Sephora will open in a repurposed 4,000 square foot store that has sat vacant for more than seven years. Sephora clearly sees strength in Downtown Brooklyn, as this will be its third outpost. It also has stores on Joralemon and in Atlantic Terminal. The Sephora lease is expected to drive demand from other national retailers in the surrounding area.

The opening of new residential product and retail has shifted some foot traffic to streets like Hoyt and Dekalb. Other sections of Fulton Mall, which had traditionally been a top retail thoroughfare, have lost some traffic, losing several national tenants in the last few years. TJ Maxx and Nordstrom Rack announced that it will close its location at 503 Fulton Street. But some property owners along Fulton are making extensive improvements to attract new retail tenants.

In August, New Jersey-based Inserra signed a 21,000 square foot lease for its Fresh Grocer brand at 523 Fulton Street. The building owner Raymond Chera reportedly spent \$20 million to update the three-story building. Inserra which has 20 supermarkets (some under the ShopRite and Price Rite brand) in Pennsylvania and New Jersey is looking to expand in New York. Scheduled to open in late 2024, the store should help restore some of the foot traffic at the edge of Fulton Mall.



# Market Activity

Notably, this summer the mayor announced a \$40 million investment in the streetscape around Downtown Brooklyn, including \$10 million for upgrades on Fulton Street. Even with these leases and streetscape enhancements, local brokers and business owners note that long-standing vacant storefronts on the street exacerbate the loss of foot traffic and heighten the sense of a street in transition. Some prospective tenants have decided to lease elsewhere. Several blocks away at the base of 625 Fulton Street, Gourmet Glatt announced plans for a 26,500 square foot gourmet supermarket at the base of a 35-story apartment building with 1,098 units.

There is perhaps no stronger indication of Downtown Brooklyn's residential growth than the number of recent school leases. School leases gained momentum during early 2023 with Community High School's 35,000 square feet at 250 Jay Street. The High School is taking a portion of the City University of New York's former space. Albee Square Montessori Public School is scheduled to open in September 2024 at 424 Albee Square West next to Abolitionist Place. The school will occupy six floors at One Willoughby Square – the first office tower constructed since Downtown Brooklyn's rezoning in 2004.

## Plans for Bay Ridge's 86th Street Revisioning Revealed

Like Fulton Mall, 86th Street in Bay Ridge also struggled with substantial store closures that lingered from the pandemic. Other streets in Bay Ridge, such as Third and Fifth Avenue, which typically house local services and food and beverage, have seen a loss in activity due to the closure of national retail anchors on 86th Street. Modell's (37,000 square feet) closed in early 2020. Century 21 closed in December of 2020, leaving a 150,000 square foot hole. Several smaller storefronts closed soon after.

Like Fulton Mall, reviving 86th Street will require creative repositioning, extensive investment, and collaboration between developers and community

leaders. This summer, ASG Equities, the owner of Century 21 has successfully brought the store back to Lower Manhattan but has plans to redevelop and then re-tenant the Bay Ridge location, plus several adjacent buildings that it has assembled over the last few years. Plans call for more than 700 feet of storefronts and 150,000 square feet of retail space with a diverse mix of fashion, cosmetics, dining, and grocery stores. The developer plans to add a pedestrian walkway connecting 86th and 87th streets and bring a mayor supermarket chain to 8Seventh street.

Part of the ASG assemblage includes the former TJ Maxx at 502 86th Street. This summer ASG announced that it signed a lease with NYU Presbyterian to lease the 20,000 square foot store. In addition to providing an essential service, major medical facilities can stabilize retail corridors that lack, or have seen a reduction in, key consumer demand drivers. Hospitals eventually support an ecosystem of specialized practices, private clinics, and physical therapy offices boosting foot traffic in neighborhoods with less destination shopping.

While the details appear to be a positive step forward, it remains to be seen how quickly this project will get going and what retailers will choose to open a location here. The developer did clear one high hurdle: despite a very challenging lending environment, ASG Equities secured \$20 million in critical financing for the redevelopment project.

## Sector Trends

The food and beverage sector remains the most consistent source of leasing activity across Brooklyn. Considering the elevated costs of setting up and staffing a full-service restaurant, smaller fast casual and quick-service restaurant (QSR) models remain active. Examples of QSR groups expanding in Brooklyn include Seventh Street Burger (adding locations in Downtown Brooklyn, Dumbo, and Williamsburg), DIG (expanding to 1 City Point), Quality Greens Kitchen (57 Willoughby), Nan Xiang Express (148 Lawrence), and Silky Kitchen (56 Willoughby).

# Market Activity

This sector also has the financial backing of private equity, including new concepts like “fast fine” dining. An example is Wonder, a hybrid food hall concept that features food from top chefs available for dine-in, pickup, or delivery. The startup has raised \$900 million and already has nine locations in New Jersey and New York City, with another three opening in early 2024. Founded in 2018 by Marc Lore, Wonder originally launched as a food truck business. After experimenting with a hybrid delivery and dine-in location in Westfield, New Jersey, Lore decided to pivot from food trucks to brick-and-mortar locations in 2023. In many locations, including the new Downtown Brooklyn site, the focus is still more on delivery than dine-in. This location at 310 Schermerhorn has only six tables and features cuisine from Jota (Chef Jose Andres), Michael Symon, and Bobby Flay. A second Brooklyn location opened this summer at 493 Fifth Avenue in Park Slope.

Prior to the pandemic, food halls absorbed large spaces that would have otherwise been difficult to lease, and activated spaces in train stations, office lobbies, and lower-level space. By 2019 there were approximately 50 food halls, primarily in Manhattan and Brooklyn. Some have re-opened, a few with slimmed down versions. Many, like Wonder, incorporate a hybrid mix of dine-in and takeout.

More extensive bars and restaurants and event venues are popping up in Brooklyn. Andrew Tarlow, the operator of Diner and Marlow & Sons, signed a 12,500 square foot, 15-year lease for a rooftop event hall at 295 Front Street in Vinegar Hill. In addition to a 7,000 square foot event hall, the space will feature a 3,000 square foot wraparound deck and a 2,500 square foot commercial kitchen in the basement.

The growth of food and beverage in Brooklyn has a positive spillover effect on its warehouse space, which in turn fuels further demand from food production, distributors, and wholesalers. Light manufacturing, food production and distribution properties in Sunset Park and Red Hook benefit from this demand.

## Grocery Stores Following Rooftops

The last few months included new grocery store leasing. These leases were generally connected to new multi-family development, and in some cases, filled in gaps in food deserts. In October, the Bushwick Food Bazaar re-opened following a two-year closure. Located at 1102 Myrtle Avenue, the 35,620 square foot grocery store is at the base of a new 11-story mixed-use building that includes 233 apartments. In Ditmas Park, the Delight Bazar Supermarket signed a lease for 6,500 square feet at 1041 Coney Island Avenue. Like the Bushwick supermarket, the store is at the base of a new apartment building. In addition to the grocery store, the property signed long-term leases with two medical tenants: Option Care Health and Quest Diagnostics. The building replaced a gas station that was demolished in 2019. In December, Foodtown of Atlantic Avenue opened at 457 Atlantic Avenue in Boerum Hill.

Finally, Crown Heights is benefitting from a major 105,000 square-foot mixed-use development located at 1730 Bedford Avenue. The complex will be anchored by a 33,000 square foot Lidl supermarket, as well as 57 residential units, 12,000 square feet of office space, and a 9,000 square feet of community space. A 2018 report found that bodegas outnumber grocery stores by 28 to one in Crown Heights. This area lost its primary grocery store in 2021 when Associated Supermarket on Nostrand Avenue shut down, making the Lidl a welcome addition.

Grocery stores, like medical care facilities, provide key services to local residents. When Food Bazaar on Myrtle Avenue closed in 2021, residents complained about a lack of quality food and fresh produce. Grocery stores share another trait with medical facilities - very high operating costs and low margins. In turn the grocery store market is dominated by national chains or family-owned stores that have been in business for decades, like Food Bazaar which first opened in 1988.

In some neighborhoods, incentives from the City and landlords are the only way to make grocery stores feasible. Many of the projects mentioned above were constructed via incentive programs. The Myrtle Avenue apartment and grocery store received Fresh Core tax abatements from the Industrial Development

# Market Activity

Authority. At the time of the application the developer anticipated the creation of 56 permanent jobs. Also developed with New Markets Tax Credit equity investments in partnership with JP Morgan Chase Bank. The Ditmas Park property includes 18 units at 130% of AMI built under the 421-a program.

## *Pullback from Pharmacies, Banks, and Medical Care*

While there are plenty of examples of retail leases connected to multi-family developments, brokers mentioned that some of the community spaces at ground level of newly delivered buildings are lingering on the market for several months. This includes some stores in completed buildings that have been vacant since the first half of 2023, as well as space in opportunity zones. In addition to concerns about very tight margins, some medical care providers have expressed concerns about the levels of future funding given city and state fiscal gaps in the coming years.

In addition to vacancies in some new apartment buildings, brokers also highlighted pullback in leasing among some pharmacies and banks. In recent years, as they pursued market share and prominent locations, pharmacies and banks had been among the most aggressive in the retail sector, often committing to long-term leases for larger corner stores. In contrast, during 2023 pharmacies and banks have either reined in requirements or even closed locations. These vacancies linger on the market and diminish foot traffic. The property owner may not have much urgency to commit to a new lease, particularly since some tenants are still paying rent even though they have vacated the location. In addition to the negative impact on draw for in-line tenants, brokers say these vacancies could eventually depress rent.

Other retail space users, including even core retail like food and beverage, can provide public services. Retail is a pathway to employment for many students and immigrants. Few exemplify this to the extent of Cyclone Bagels, though. Located at the base of Surf Vets Place, a 135-unit building in Coney Island, the bagel shop will be run entirely by formerly homeless veterans.

Tenant	Sector	Corridor
Changing Tomorrow Childcare Academy	Private School	Brooklyn Heights
Poppy's	Bakery	Brooklyn Heights
The Fresh Grocer	Supermarket	Downtown Brooklyn
Food Bazaar	Supermarket	Bushwick
Zero Waste Daniel	Accessories	Bushwick
DAE	Café/Home Goods Store	Carroll Gardens
Studio Pilates	Fitness	Cobble Hill
Cyclone Bagels	Bakery	Coney Island
Delight Bazaar Supermarket	Supermarket	Coney Island
Atomic Wings	QSR	Crown Heights
JAHNKROY	Jewelry	Crown Heights
Outlandish	Outdoor/Athletic Gear	Crown Heights
Wonder	Food Hall/Delivery	Downtown Brooklyn
Ippudo	Restaurant (Ramen)	Dumbo
Flatbush Adult Daycare	Medical/Daycare	Flatbush
TATTER	Textile Arts Library	Fort Greene
Caffe Panna	Bakery/Coffee	Greenpoint
Kosuge Bachman	Men's Clothing	Greenpoint
Ray's	Bar/Tavern	Greenpoint
City Pickle	Pickleball (Pop-up)	Industry City
Chanel	Luxury Accessories	Williamsburg
Othership	Bathhouse/Spa	Williamsburg
Sorel Footwear	Footwear	Williamsburg

# Market Activity

## *Challenges Still Loom Large*

Many of the challenges that retailers face are far from new. Businesses have struggled with staff shortages and quality of life issues for at least a couple of years. Retail theft has gained increasing attention. A recent report from the National Retail Federation found that inventory “shrink” (the industry phrase for stock lost to theft) accounted for \$111 billion in losses in 2022, up from \$94 billion in 2021. The totals are for the United States overall, but Brooklyn businesses have certainly felt the impact as well.

Brokers and business owners also highlighted another challenge – increasing delays in liquor license approvals. Brokers note that liquor licenses are routinely taking seven to nine months to secure, up from six months on average, previously. This can be too long for some restaurant owners. Because of this, several operators have backed away from bar or restaurant leases.

# Market Outlook

## *Demand from Consumers and Retailers Focused in Key Areas*

The durability of consumer spending power, and in turn, demand for retail space, has also been impressive in Brooklyn. Despite inflation and the highest borrowing costs in more than 20 years, consumer appetite for dining and entertainment has not lost steam. A strong jobs market has also helped.

Relative to Manhattan, most of Brooklyn's office market is much less integrated with the office sector. Downtown Brooklyn is an exception. Fortunately, the boom in residential housing and success of CityPoint is driving demand for new retail and offsetting some of the challenges that office owners face. Some owners may not have the ability to fund significant space buildout and tenant improvement allowances. Arranging financing for major capital improvements or building renovations can also be a challenge. Additionally, higher borrowing costs reduce margins for store owners who may need financing to expand.



# Greenpoint: Franklin Street (Meserole Avenue - Commercial Street)

## Average asking PPSF

- \$76, a 4% increase from first half of 2023, and up by 16% year-on-year
- Declined 15% from the all-time high of \$89 in second half of 2017
- Increased 34% from the all-time low of \$57 in Second half of 2018

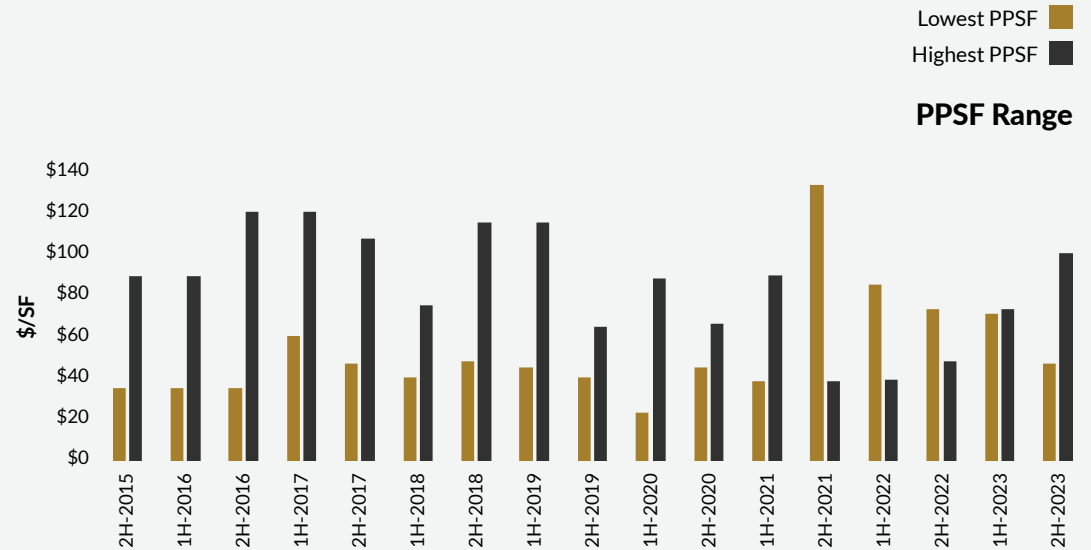
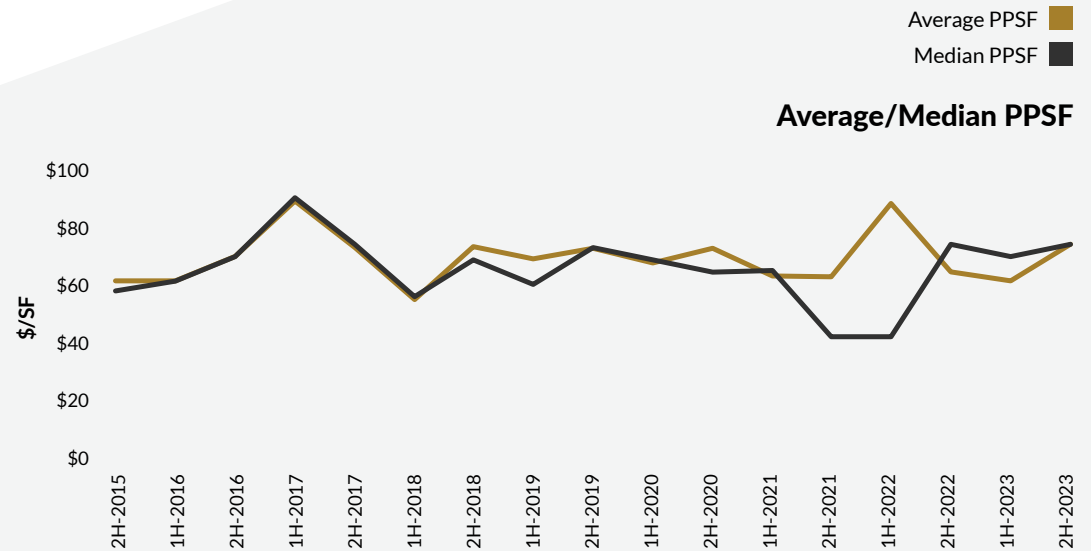
## Lowest asking PPSF

- \$47, down from \$73 in the first half of 2023 and from a year ago

## Highest asking PPSF

- \$100, down from \$133 in first half of 2023

Current rent based on seven availabilities.



# Greenpoint: Manhattan Avenue (Driggs Avenue - Ash Street)

## Average asking PPSF

- \$67, an 11% decrease from first half of 2023, and a 3% year-over-year decrease
- Down from the peak of \$75 in first half of 2017
- Increased 15% from the low of \$58 in second half of 2021

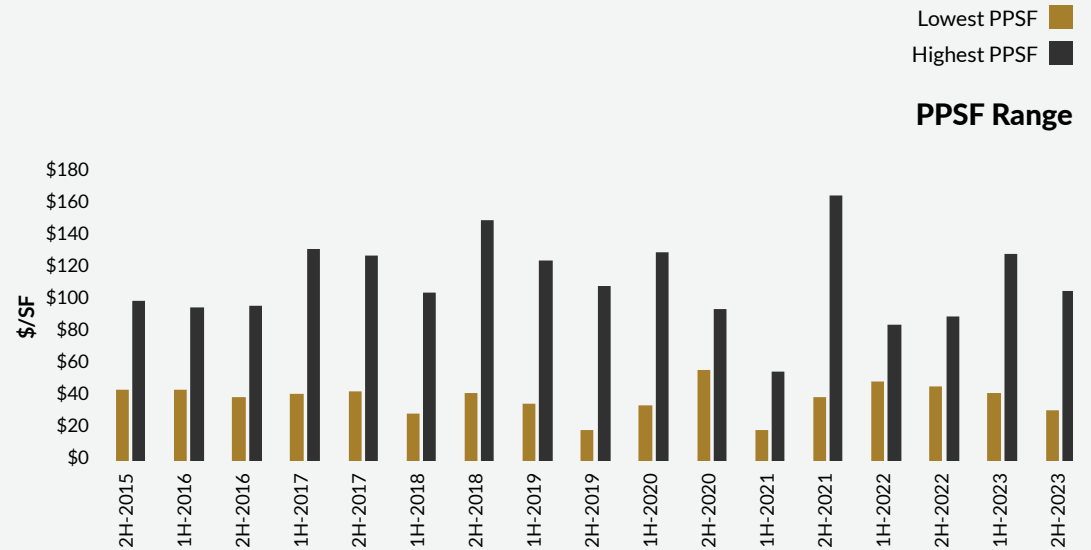
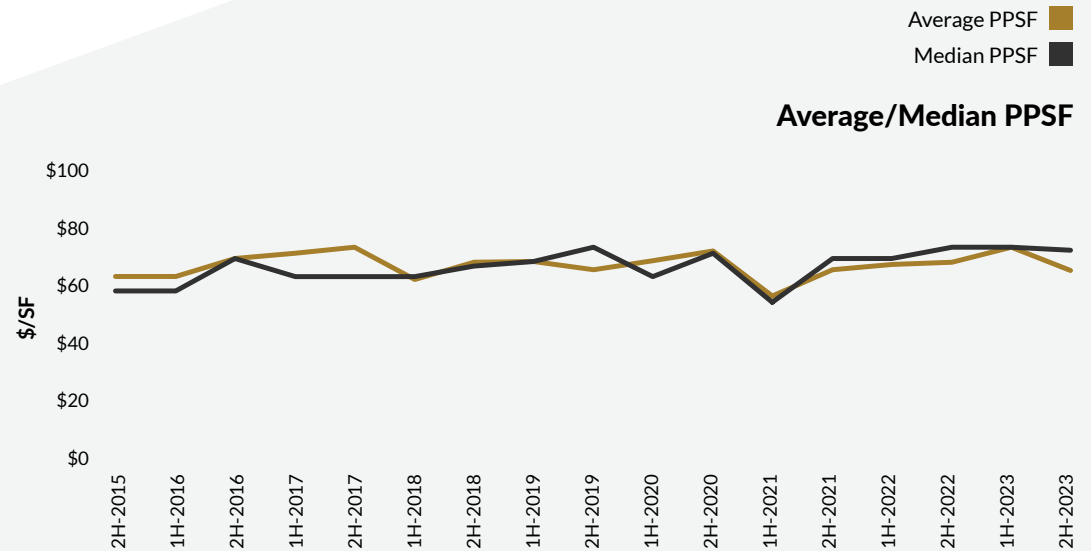
## Lowest asking PPSF

- \$32, down from \$43 in first half of 2023, and from \$47 a year ago

## Highest asking PPSF

- \$106, down from \$129 in the first half of 2023, and from \$90 a year ago

Current rent data based on four availabilities.

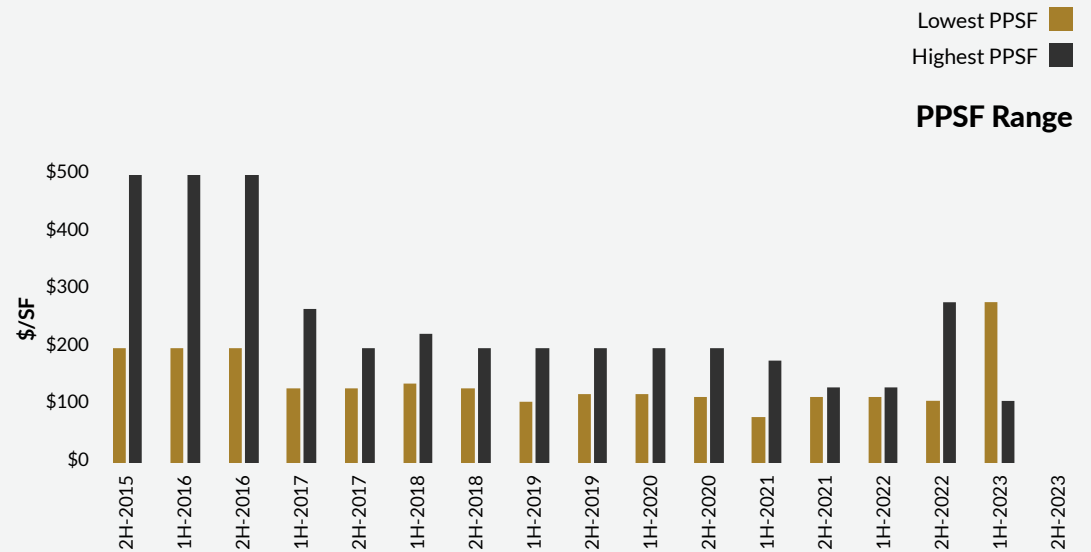
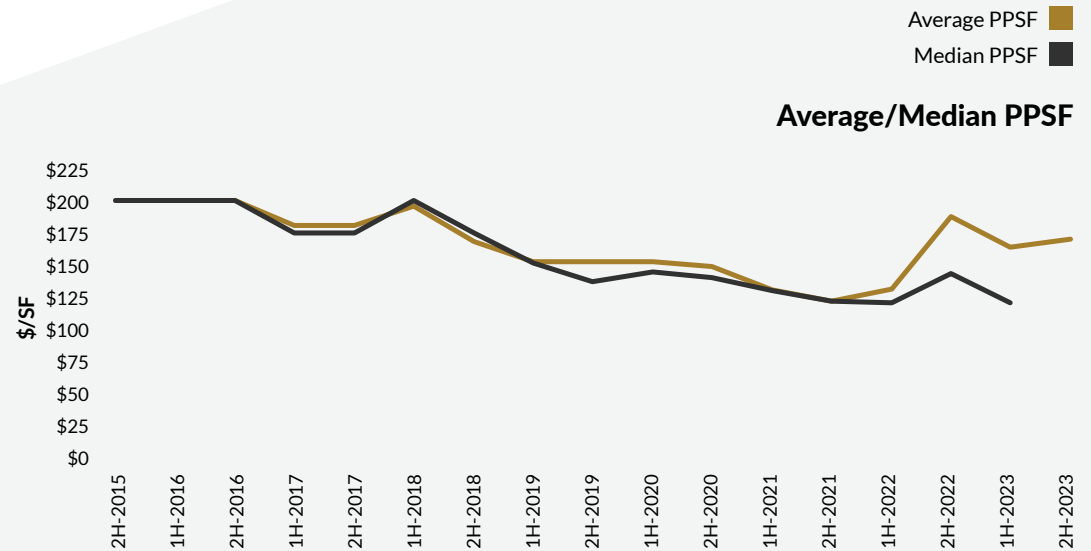


# Williamsburg: Bedford Avenue North (North Eighth Street - North 12th Street)

## Average asking PPSF

- \$170, a 4% increase from first half of 2023, but down by 10% from a year ago
- Declined 15% from the all-time high of \$200 in first half of 2016
- Winter 2023 rent is up 39% from the all-time low of \$122 in first half of 2023

Current rent data based on three availabilities.



\*Limited availabilities and withheld rent in some corridors may cause sharp quarterly shift in asking rent averages.



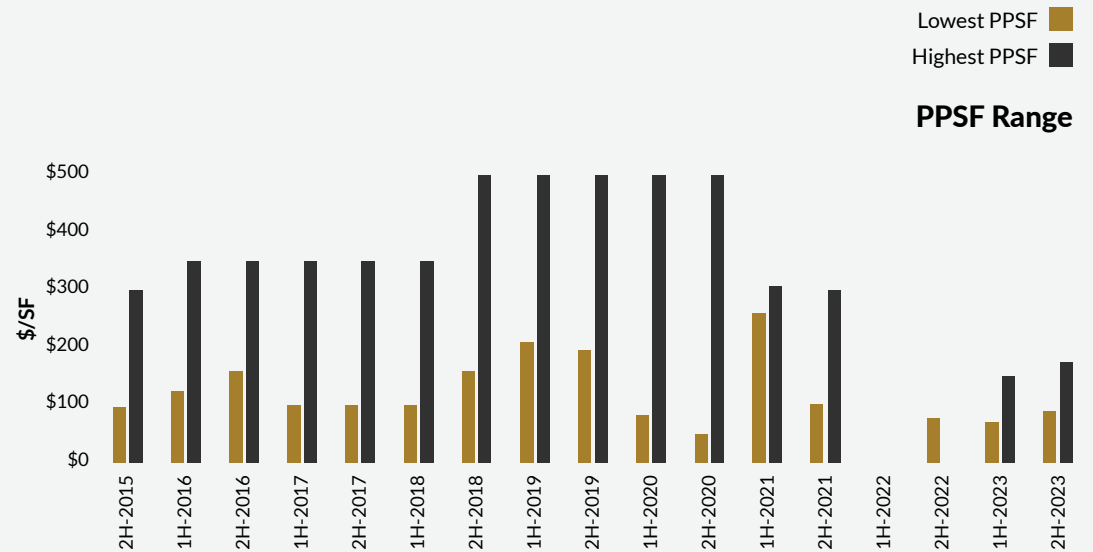
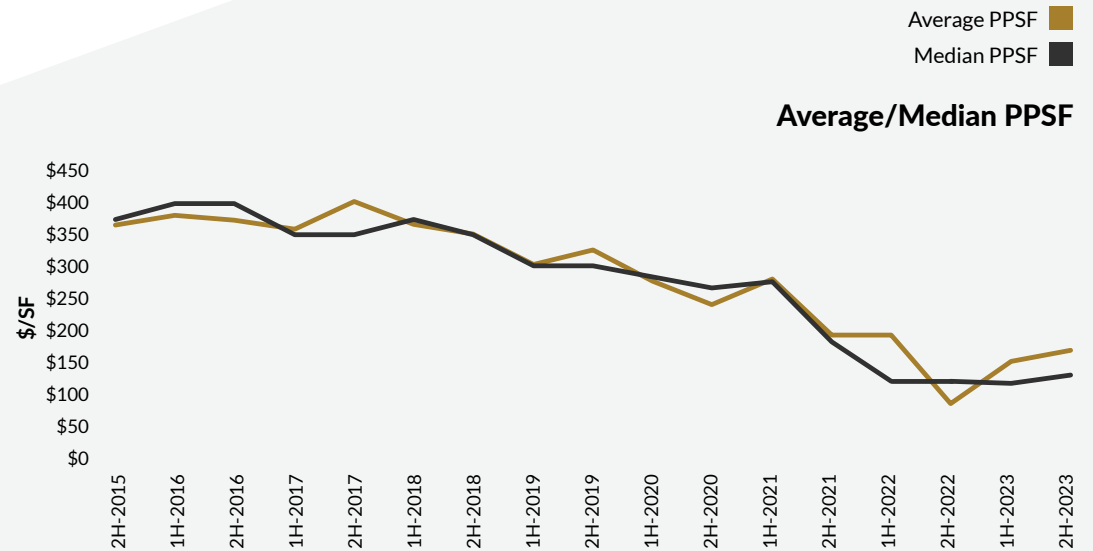
# Williamsburg: Bedford Avenue South (Grand Street - North Eighth Street)\*

## Average asking PPSF

- \$165, up by 12% from first half of 2023 and from a year ago
- Declined 59% from the all-time high of \$404 in first half of 2016
- Up \$110 from the previous low mark of \$78 in first half of 2022

Current rent data based on four availabilities.

\*Limited availabilities and withheld rent in some corridors may cause sharp quarterly shift in asking rent averages.

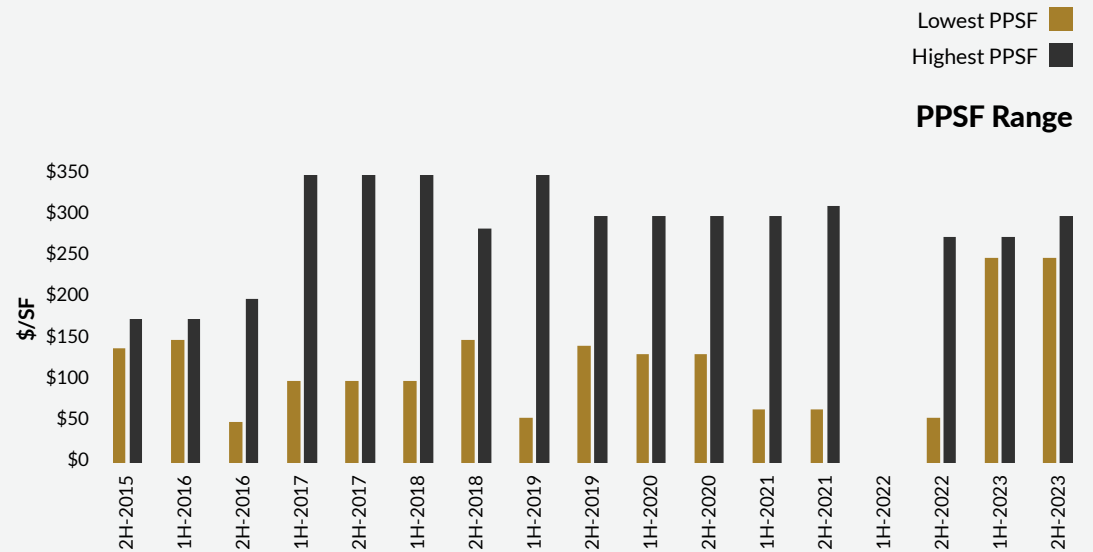
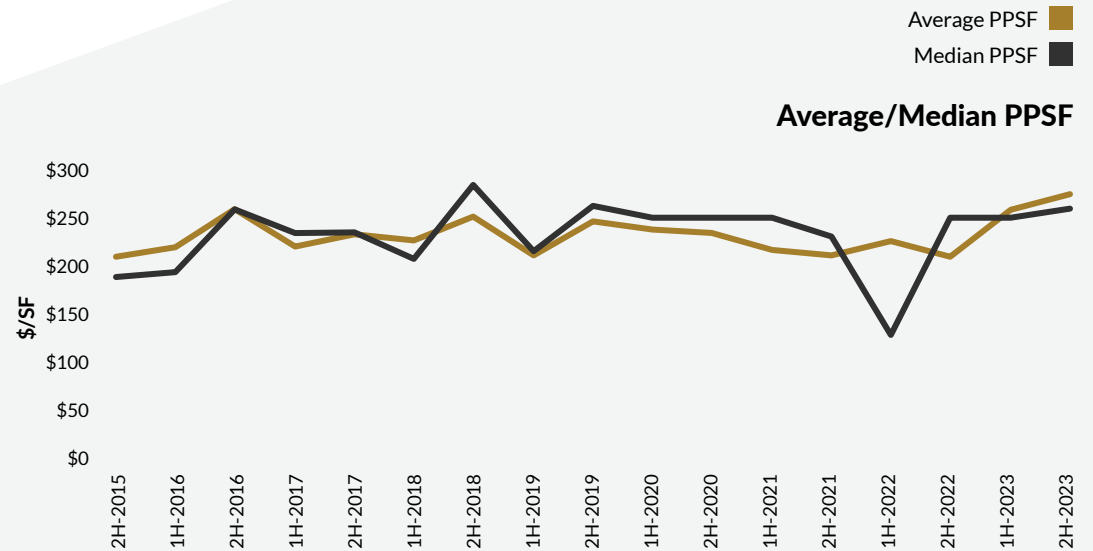


# Williamsburg: North Sixth Street (Driggs Avenue - Kent Avenue)\*

## Average asking PPSF

- \$275, a 7% jump from second half of 2023, and a 33% increase year-over-year
- Surpassed the previous peak of \$259 in first half of 2016
- 32% above an all-time low of \$208 in first half of 2015

Current rent data based on three availabilities.



\*Limited availabilities and withheld rent in some corridors may cause sharp quarterly shift in asking rent averages

# Williamsburg: Grand Street (Havemeyer Street - Kent Avenue)

## Average asking PPSF

- \$85, a 31% increase from first half of 2023, and an 11% jump year-over-year
- Declined 25% from the all-time high of \$113 in first half of 2017
- Up 20% from the low of \$71 in second half of 2022

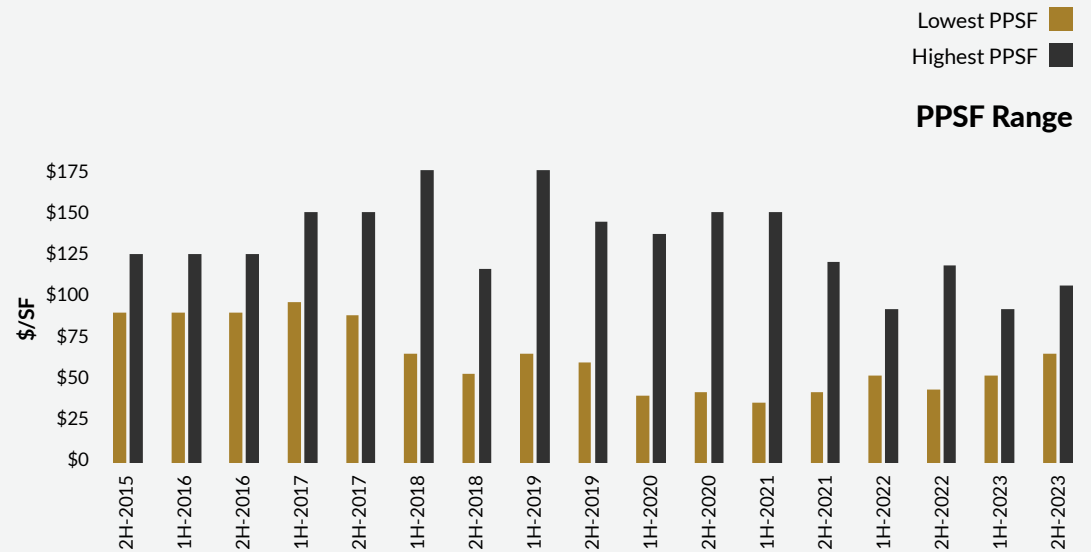
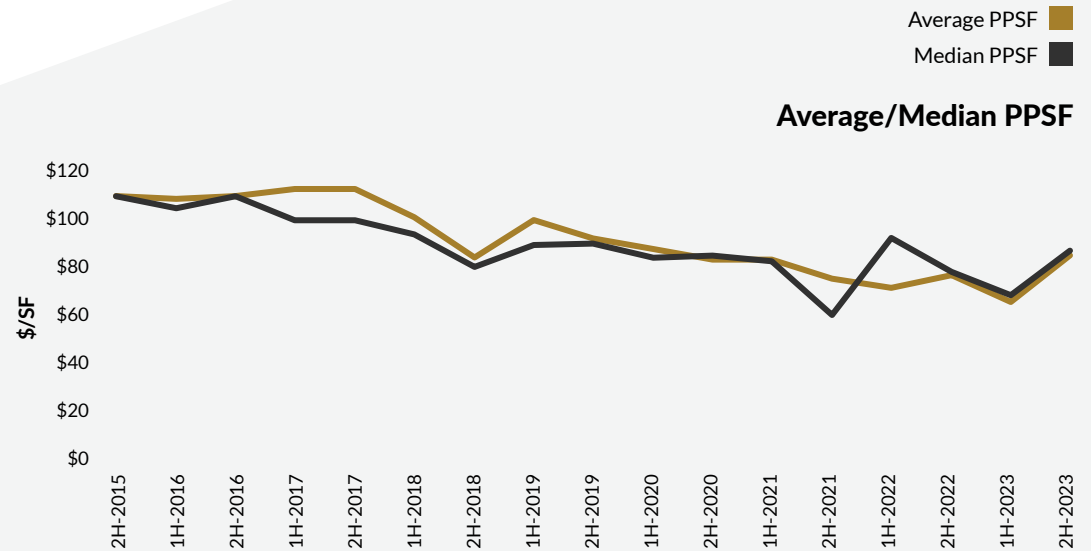
## Lowest asking PPSF

- \$65, up from \$44 a year ago

## Highest asking PPSF

- \$106, down from \$118 a year ago

Current rent data based on five availabilities.



# Dumbo: Washington Street, Front Street, Water Street, Main Street

## Average asking PPSF

- \$67, up 3% from first half of 2023, but down by 21% year-over-year
- Declined 53% from the all-time high of \$143 in second half 2018
- Increased 84% from the all-time low of \$36 in second half 2021

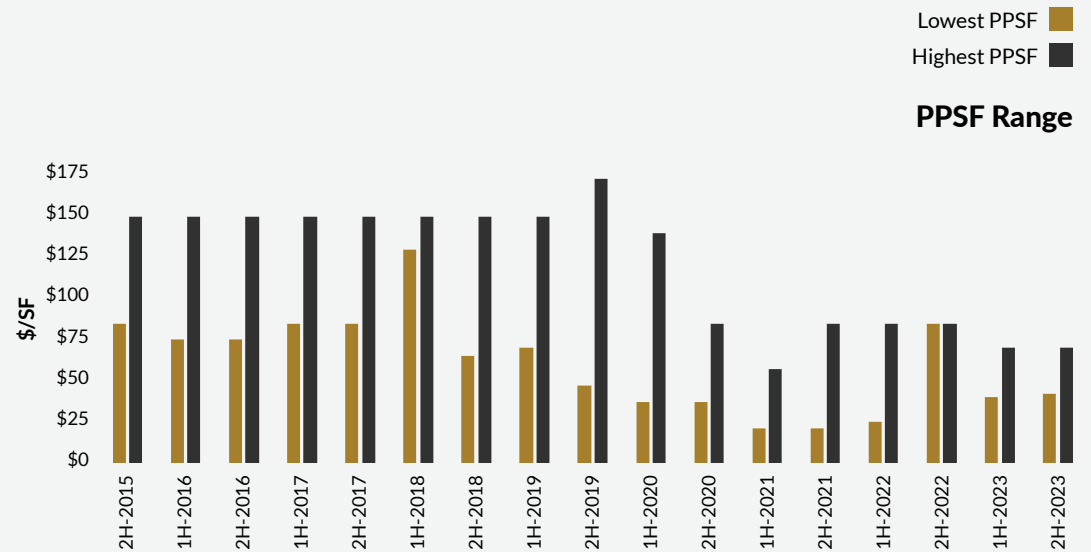
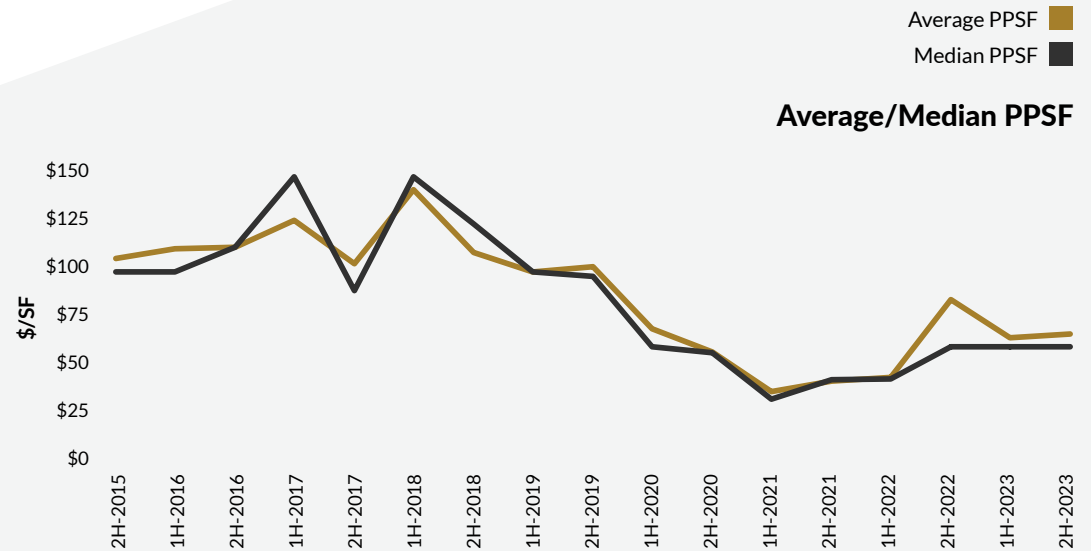
## Lowest asking PPSF

- \$42, up from \$40 in first half of 2023

## Highest asking PPSF

- \$70, unchanged from first half of 2023, but down from a year ago

Current rent data based on four availabilities.



# Brooklyn Heights: Montague Street (Hicks Street - Cadman Plaza)

## Average asking PPSF

- \$130 up by 1% from first half of 2023, and by 24% year-over-year
- Declined 32% from the all-time high of \$190 in first half of 2016
- Increased 80% from the all-time low of \$72 in second half of 2019

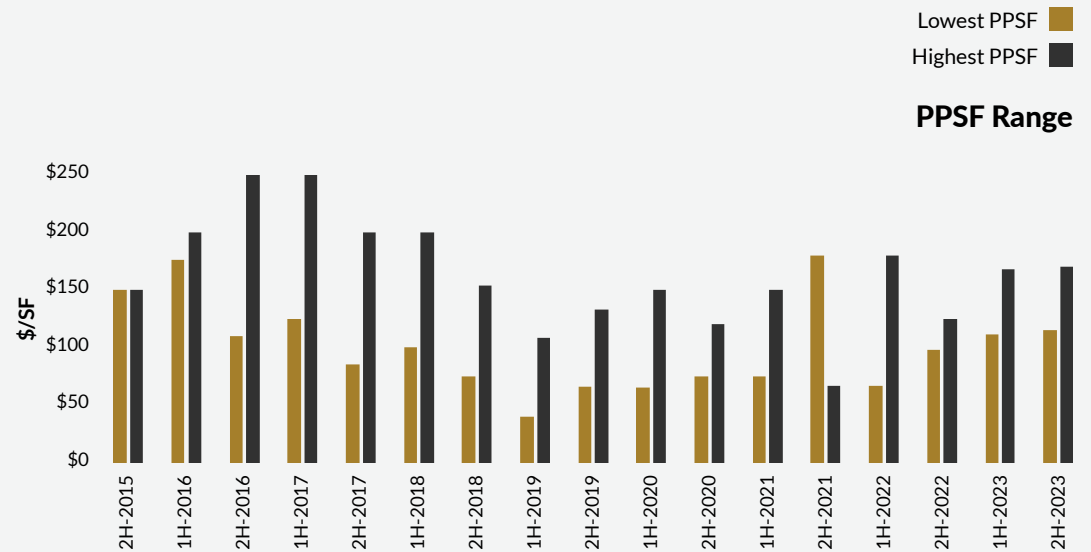
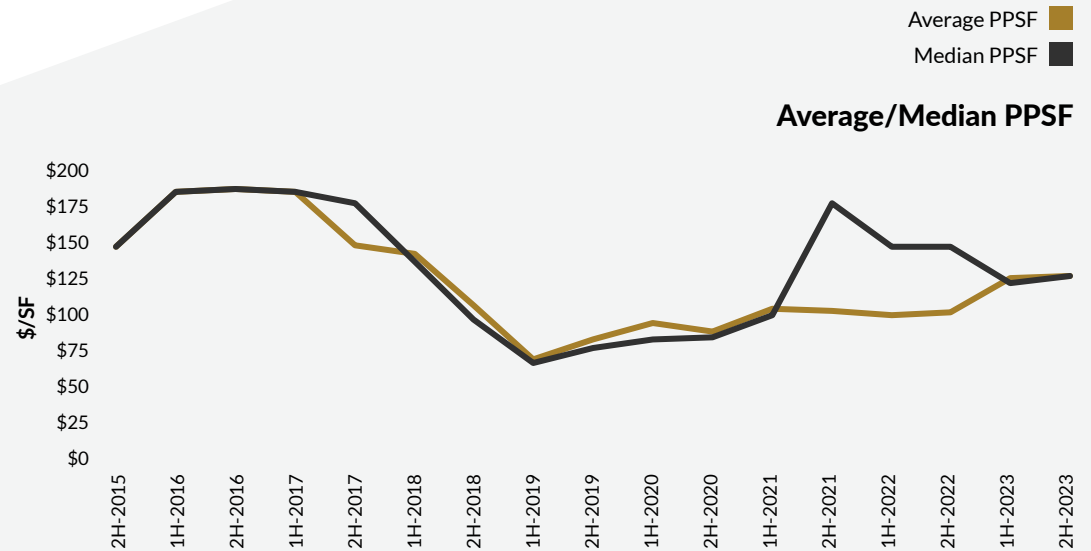
## Lowest asking PPSF

- \$115, up from \$111 in first half of 2023, and \$98 a year ago

## Highest asking PPSF

- \$170, up from \$168 in first half of 2023, but down from \$200 a year ago

Current rent data based on five availabilities.

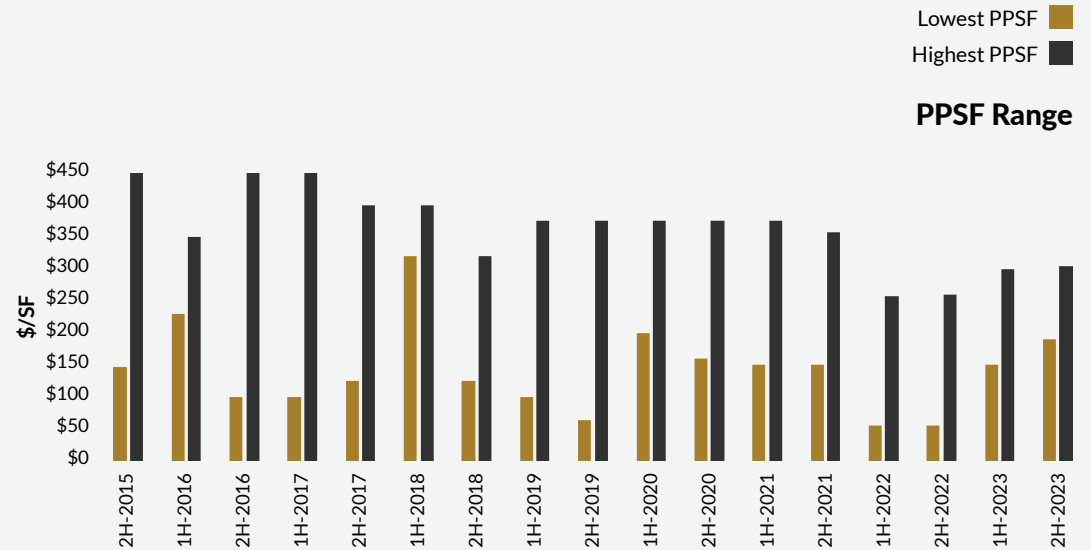
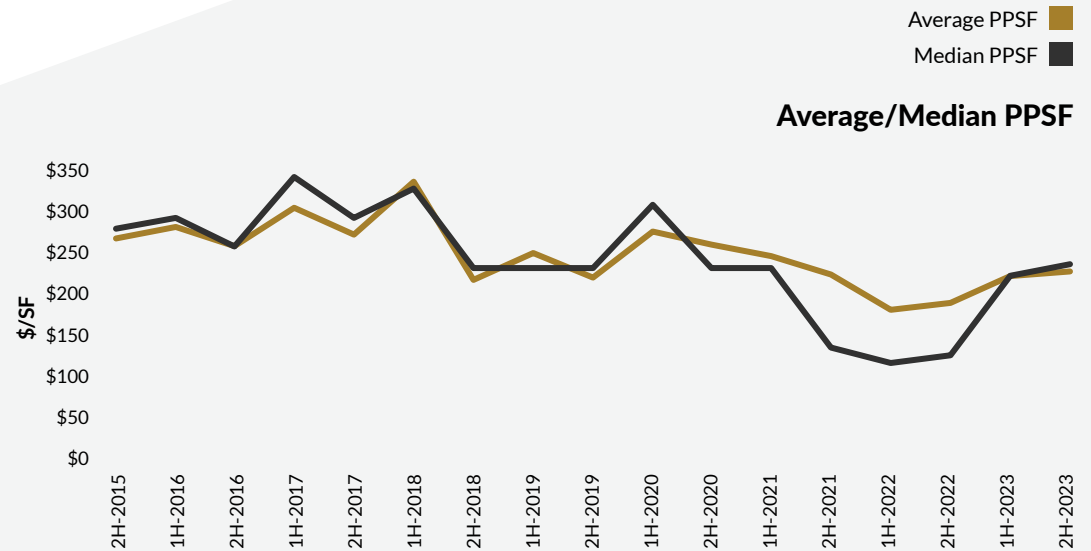


# Downtown Brooklyn: Fulton Street (Boerum Place - Flatbush Avenue)

## Average asking PPSF

- \$245, a 3% increase from first half of 2023, and a 20% jump year-over-year
- Declined 32% from all-time high of \$359 in second half of 2018
- Up by 25% from \$196 in first half of 2023

Current rent data based on six availabilities.



# Downtown Brooklyn: Court Street (Atlantic Avenue - Pierrepont Street)\*

## Average asking PPSF

- \$195, up by 2% from first half of 2023, and up by 11% from a year ago
- Exceeding the prior all-time high of \$181 in first half of 2023
- Increased 75% from the all-time low of \$112 in second half of 2021

## Lowest asking PPSF

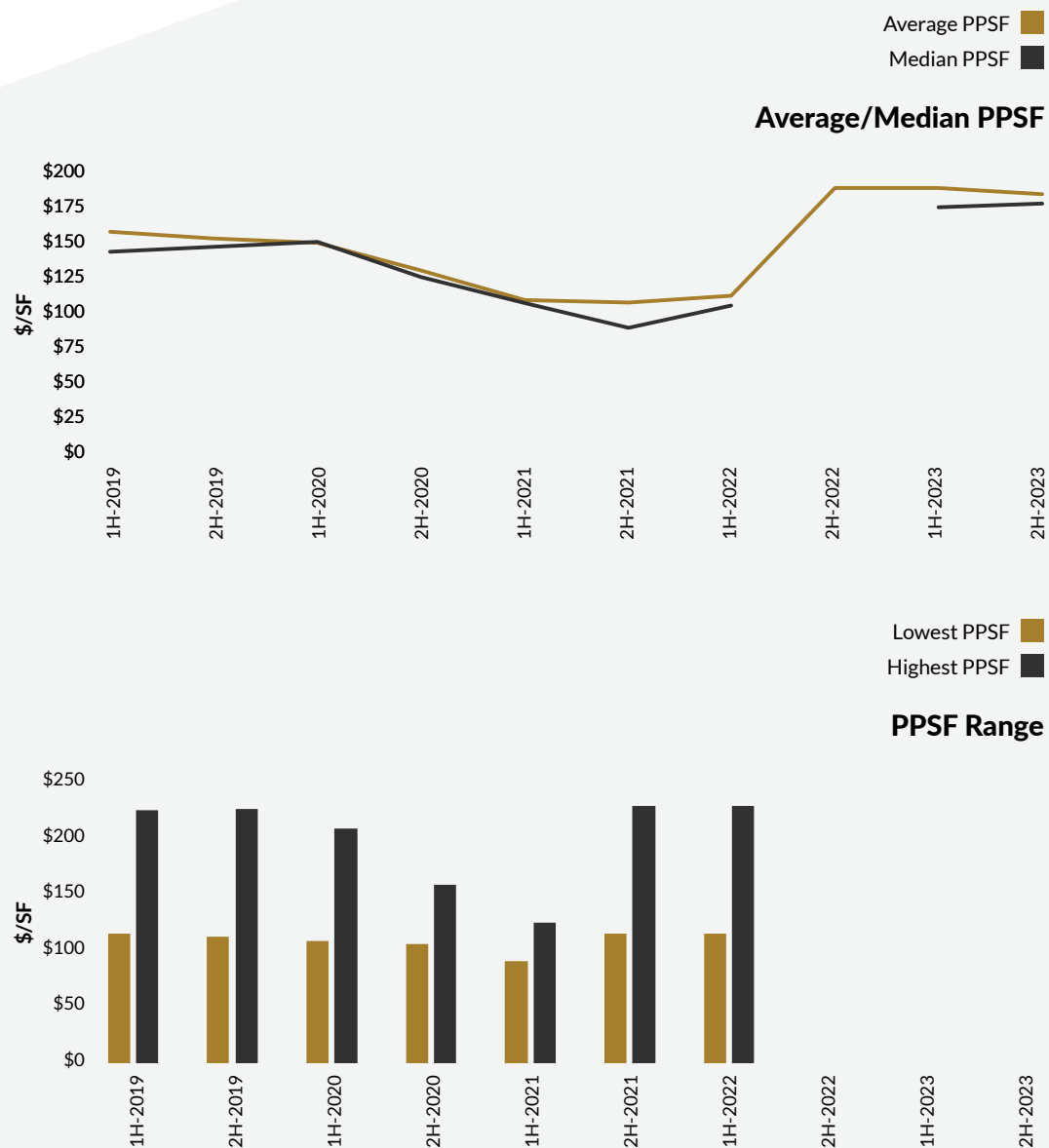
- \$125, up from \$110 in first half of 2022, and \$95 a year ago

## Highest asking PPSF

- \$225, up from \$210 in the first half of 2023, but down from a year ago

Current rent data based on three availabilities.

\*Limited availabilities and withheld rent in some corridors may cause sharp quarterly shift in asking rent averages



# Prospect Heights: Flatbush Avenue (Fifth Avenue - Grand Army Plaza)

## Average asking PPSF

- \$110, a 3% increase from first half of 2023, but down by 17% year-over-year
- Declined 22% from the all-time high of \$141 in first half of 2019
- Up 9% from the all-time low of \$101 in first half of 2016

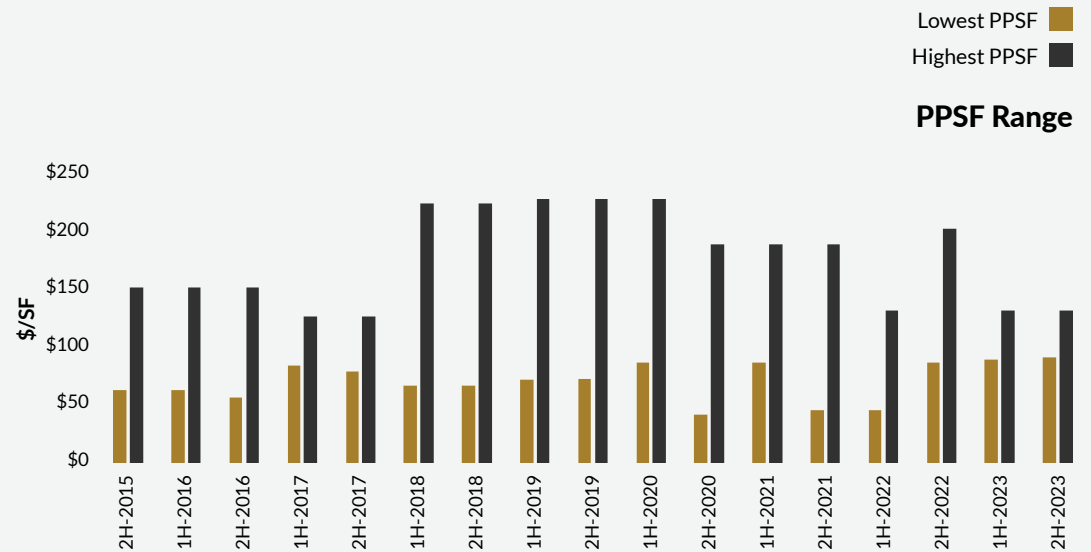
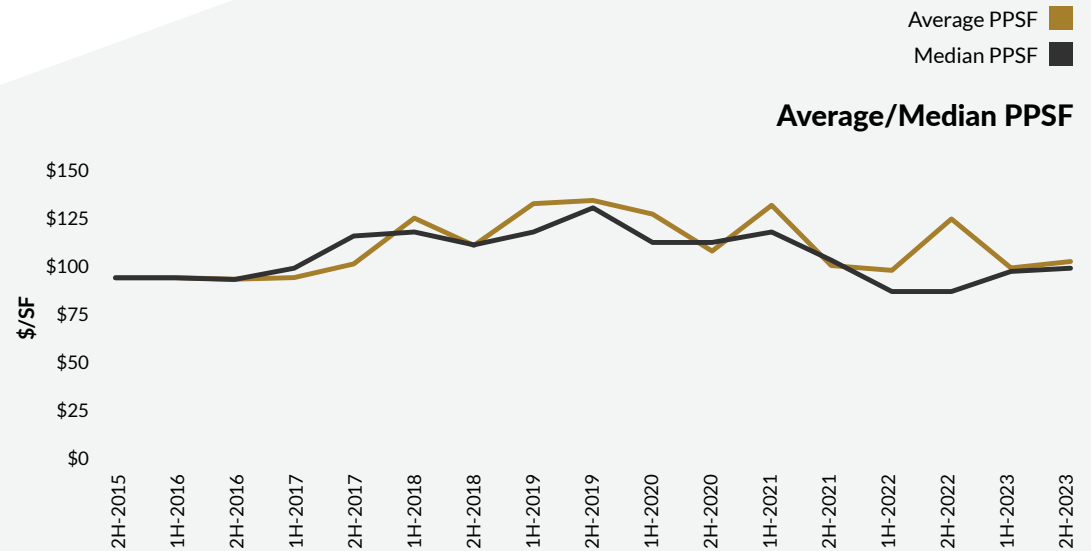
## Lowest asking PPSF

- \$90, up from \$88 in first half of 2023 and \$86 a year ago

## Highest asking PPSF

- \$130, unchanged from the first half of 2023 and from a year ago

Current rent data based on five availabilities.



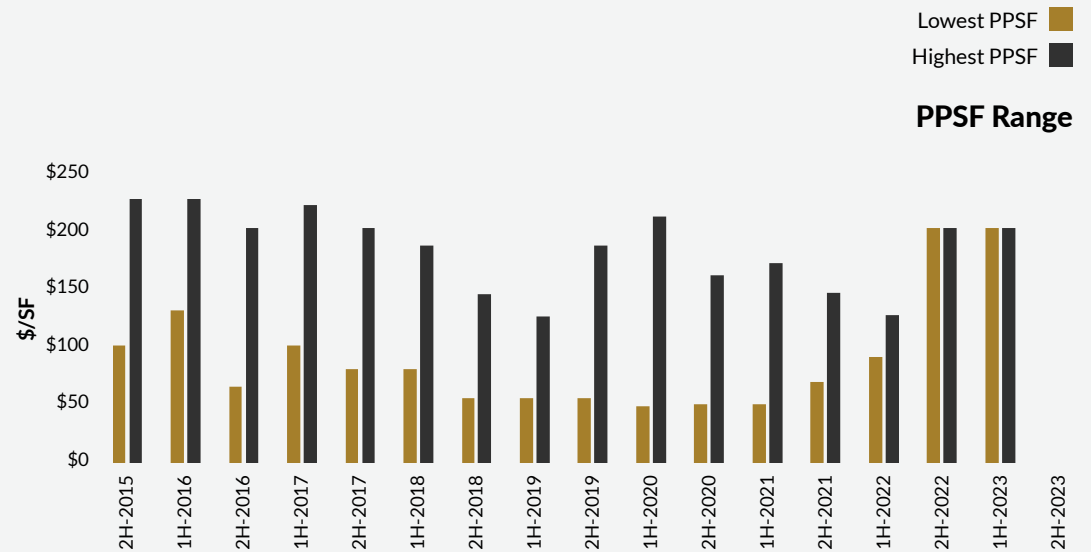
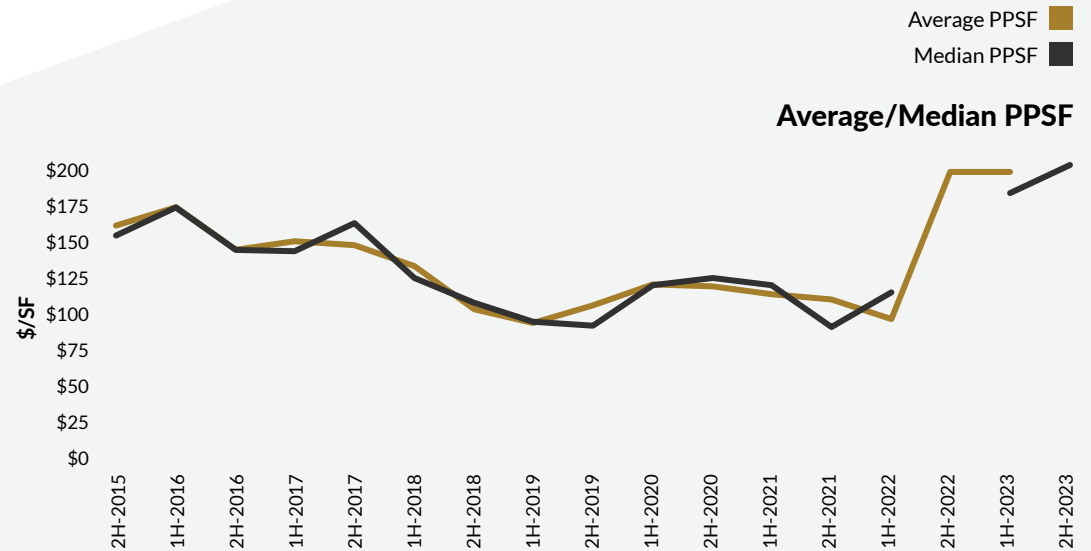


# Cobble Hill: Court Street (Atlantic Avenue - Carroll Street)

## Average asking PPSF

- 245, up 8% from the first half of 2023 and year-on-year
- Up from the all-time high of \$200 set in the second half of 2022
- Increased 131% from the all-time low of \$93 in second half 2019

Current rent data based on two availabilities.



\*Limited availabilities and withheld rent in some corridors may cause sharp quarterly shift in asking rent averages

# Cobble Hill: Smith Street (Atlantic Avenue - Carroll Street)

## Average asking PPSF

- \$99, a 9% decline from first half of 2023, and a 5% increase year-over-year
- Declined 34% from the all-time high of \$149 in first half of 2017
- Increased 19% from the all-time low of \$83 in second half of 2019

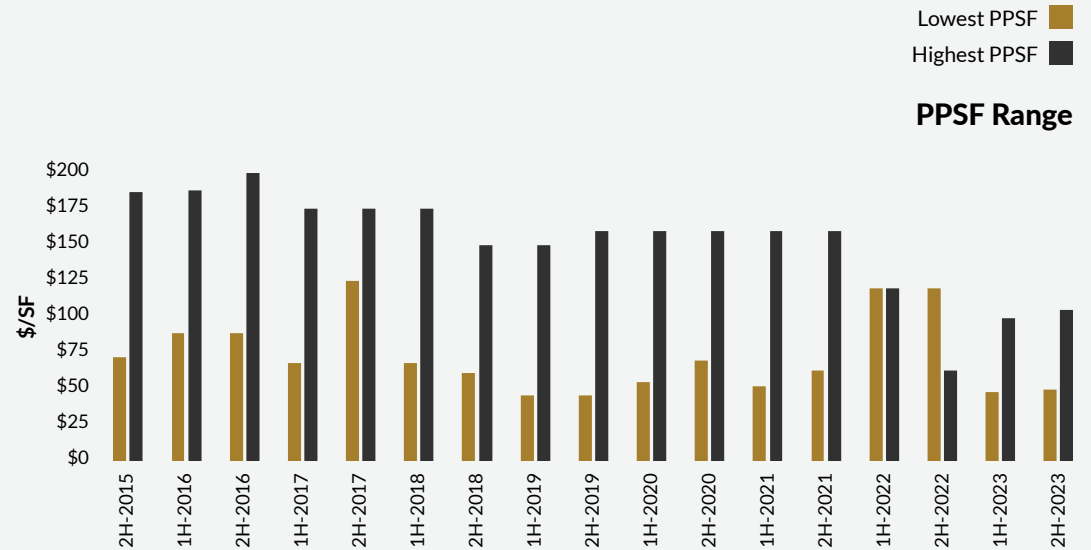
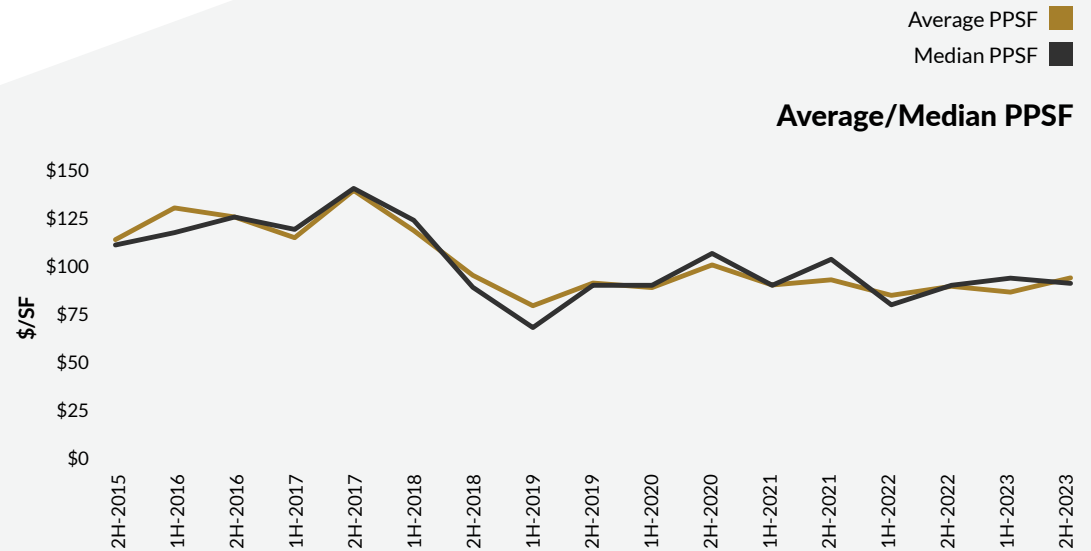
## Lowest asking PPSF

- \$48, down from \$63 in first half of 2023 as well as a year ago

## Highest asking PPSF

- \$91, down from \$120 Winter 2022, and from \$160 in a year ago

Current rent data based on three availabilities.



# Park Slope: Seventh Avenue (Union Street - Ninth Street)

## Average asking PPSF

- \$112, up by 14% from first half of 2023, and up by 27% from a year ago
- Declined 13% from the all-time high of \$129 in second half of 2017
- Increased 31% from the all-time low of \$86 in first half of 2019

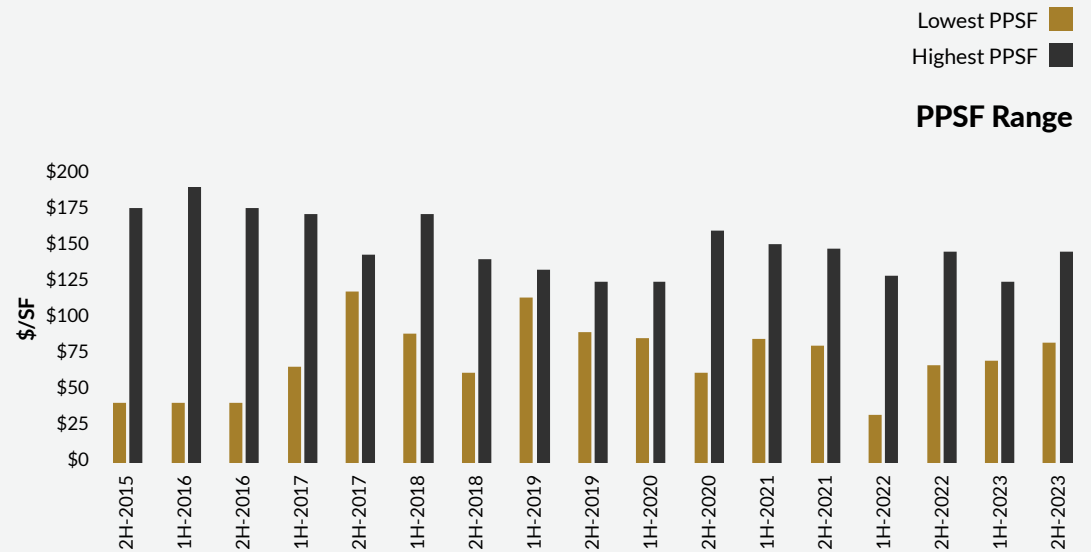
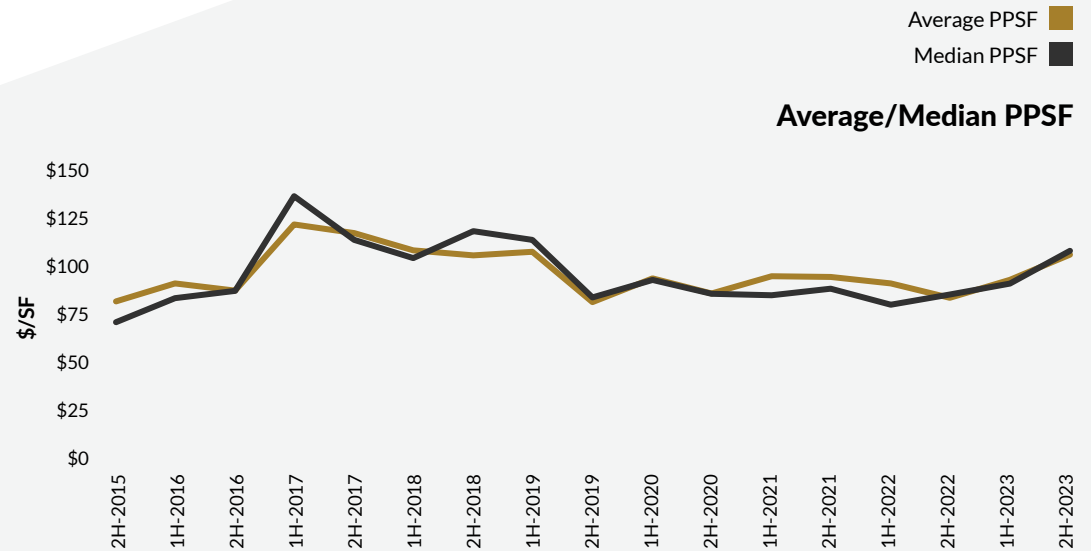
## Lowest asking PPSF

- \$68 up from \$65 in first half of 2023, but below \$78 a year ago

## Highest asking PPSF

- \$120, down from \$140 in first half of 2023 and \$142 a year ago

Current rent data based on four availabilities.

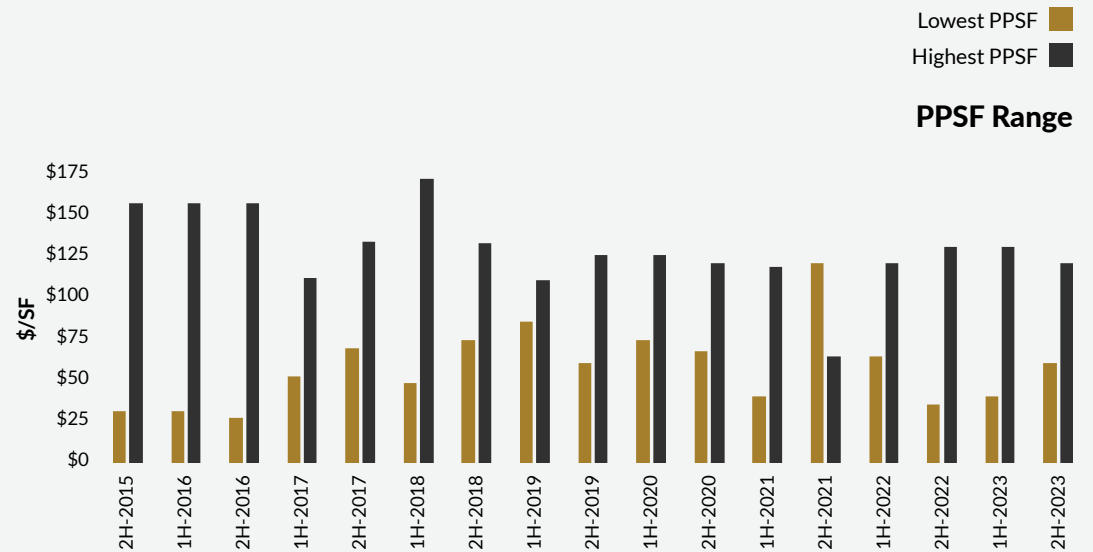
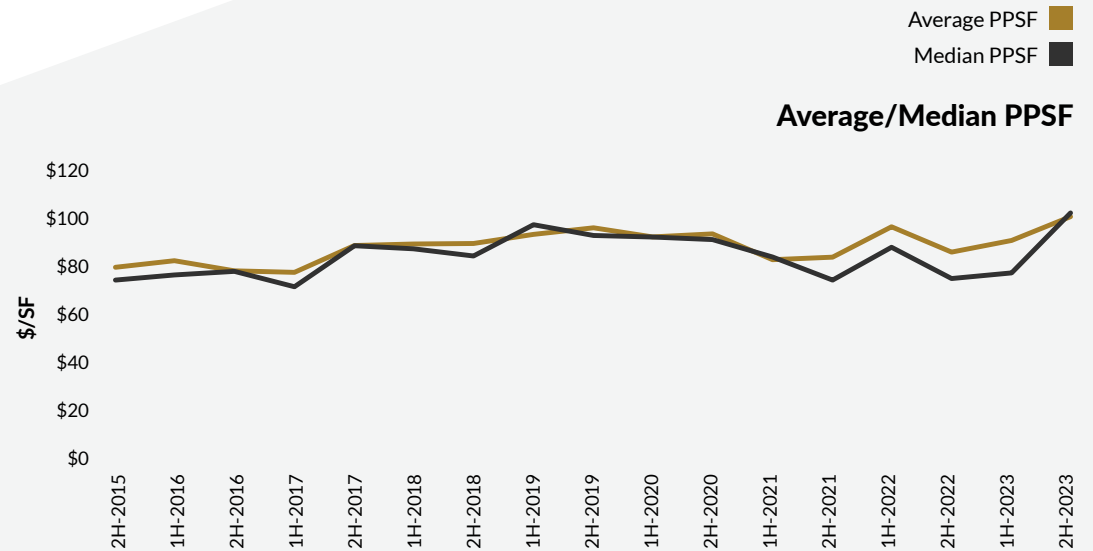


# Park Slope: Fifth Avenue (Union Street - Ninth Street)

## Average asking PPSF

- \$111, a 14% increase from first half of 2023, and up by 23% year-over-year
- Up from the all-time high of \$104 in first half of 2019
- Increased 42% from the all-time low of \$78 in second half of 2017

Current rent data based on two availabilities.

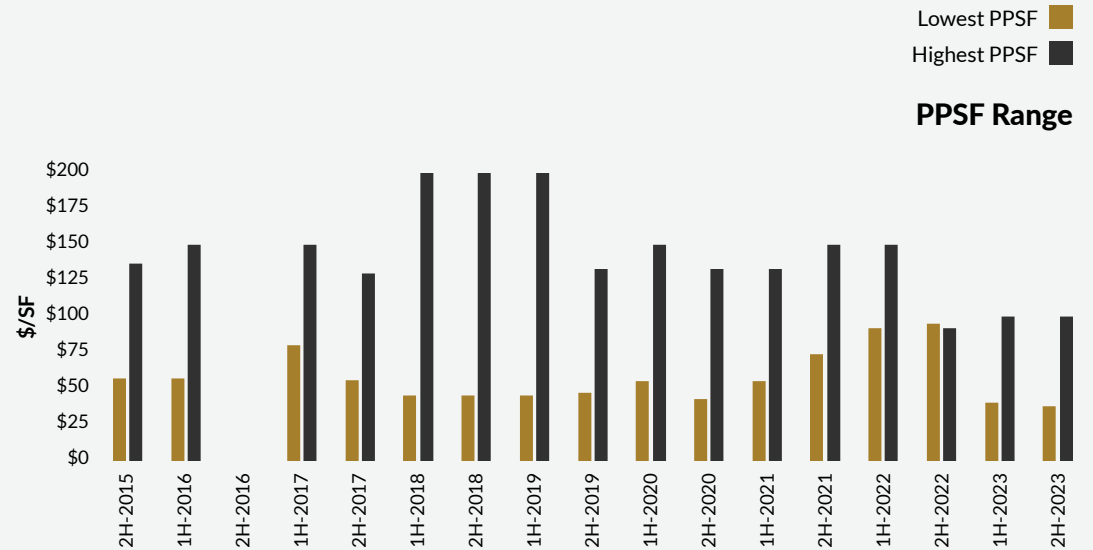
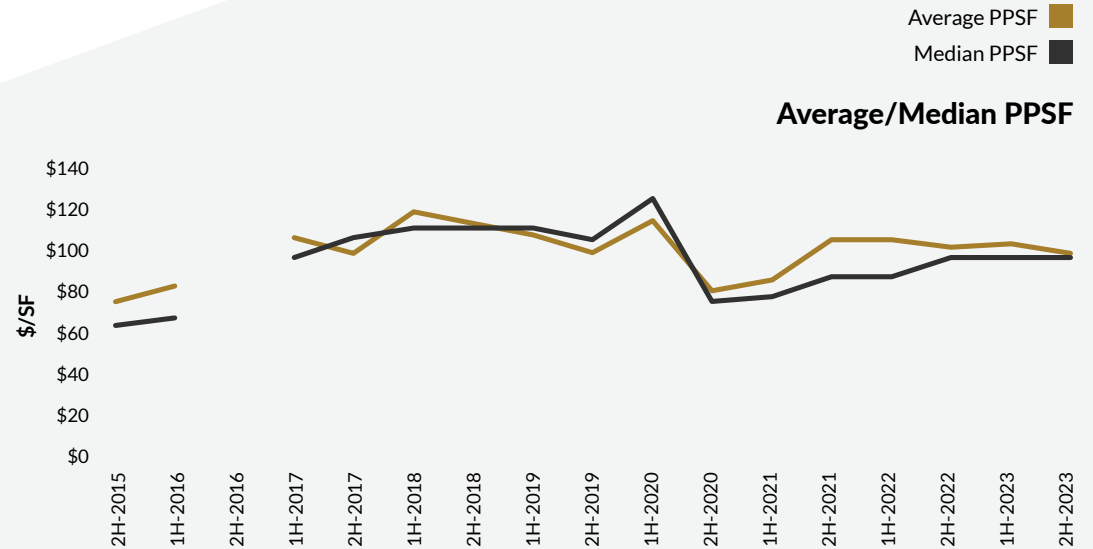


# Bay Ridge: 86th Street (Fourth Avenue - Fort Hamilton Parkway)

## Average asking PPSF

- \$107, down by 5% from first half of 2023 and by 3% year-on-year
- Declined 11% from the all-time high of \$123 in second half 2018
- Increased 32% from the all-time low of \$77 in first half 2015

Current rent data based on three availabilities.



# Appendix

## Average Asking Rent PPSF

Corridor	2H-2023	1H-2023	2H-2022	1H-2022	2H-2021	1H-2021	%Δ 1H-2023	%Δ Y-o-Y
Franklin St. (Meserole Ave - Commercial St.)	\$76	\$73	\$66	\$88	\$64	\$65	4.1%	15.2%
Manhattan Ave (Driggs Ave - Ash St.)	\$67	\$75	\$70	\$69	\$67	\$58	-10.7%	-4.0%
Bedford Ave (North Eighth St. - North 12th St.)	\$170	\$164	\$188	\$131	\$122	\$130	3.7%	-9.5%
Bedford Ave (Grand St. - North Eighth St.)*	\$165	\$147	\$148	\$189	\$189	\$279	12.2%	11.5%
North Sixth Street (Driggs Ave - Kent Ave)*	\$275	\$258	\$208	\$225	\$209	\$215	6.6%	32.5%
North Fourth Street (Driggs Ave - Kent Ave)*	N/A	\$200	\$160	\$135	\$107	\$120	N/A	N/A
Grand Street (Havemeyer St. - Kent Ave)	\$85	\$65	\$76	\$71	\$75	\$83	30.8%	11.4%
Washington St., Front St., Water St., Main St.	\$67	\$65	\$85	\$44	\$42	\$36	3.1%	-21.2%
Montague St. (Hicks St. - Cadman Plaza)	\$130	\$128	\$105	\$103	\$106	\$107	1.3%	24.1%
Fulton St. (Boerum Pl. - Flatbush Ave)	\$245	\$239	\$205	\$196	\$241	\$265	2.5%	19.5%
Court St. (Atlantic Ave - Pierrepont St.)*	\$195	\$192	\$175	\$175	\$164	\$112	1.6%	11.4%
Flatbush Ave (Fifth Ave - Grand Army Plaza)	\$110	\$107	\$132	\$106	\$108	\$139	2.8%	-16.5%
Court St. (Atlantic Ave - Carroll St.)*	\$215	\$200	\$200	\$115	\$110	\$113	7.5%	7.5%
Smith St. (Atlantic Ave - Carroll St.)	\$99	\$91	\$94	\$98	\$98	\$95	8.8%	4.9%
Seventh Ave (Union St - Ninth St.)	\$112	\$98	\$88	\$96	\$100	\$100	14.3%	26.8%
Fifth Ave (Union St - Ninth St.)	\$111	\$97	\$90	\$82	\$87	\$86	14.4%	23.1%
86th St. (4th Ave - Fort Hamilton Pkwy)	\$102	\$107	\$105	\$105	\$109	\$88	-4.7%	-2.9%

# Appendix

## Median Asking Rent PPSF

Corridor	2H-2023	1H-2023	2H-2022	1H-2022	2H-2021	1H-2021	%Δ 1H-2023	%Δ Y-o-Y
Franklin St. (Meserole Ave - Commercial St.)	\$76	\$72	\$65	\$45	\$45	\$67	5.6%	68.9%
Manhattan Ave (Driggs Ave - Ash St.)	\$74	\$75	\$75	\$131	\$71	\$56	-1.3%	-43.5%
Bedford Ave (North Eighth St. - North 12th St.)	N/A	N/A	\$144	\$121	\$122	\$131	N/A	N/A
Bedford Ave (Grand St. - North Eighth St.)*	N/A	\$120	N/A	\$114	\$178	\$275	N/A	N/A
North Sixth Street (Driggs Ave - Kent Ave)*	\$260	\$250	\$250	\$128	\$231	\$250	4.0%	103.9%
North Fourth Street (Driggs Ave - Kent Ave)*	N/A	N/A	N/A	N/A	\$100	\$120	N/A	N/A
Grand Street (Havemeyer St. - Kent Ave)	\$87	N/A	\$78	\$92	\$60	\$83	N/A	-5.7%
Washington St., Front St., Water St., Main St.	\$66	\$65	\$65	\$43	\$43	\$33	1.5%	55.3%
Montague St. (Hicks St. - Cadman Plaza)	\$130	\$125	N/A	\$100	\$96	\$103	4.0%	30.0%
Fulton St. (Boerum Pl. - Flatbush Ave)	\$255	\$240	N/A	\$150	\$180	\$250	6.3%	70.0%
Court St. (Atlantic Ave - Pierrepont St.)*	\$188	\$175	N/A	\$150	\$150	\$110	7.4%	25.5%
Flatbush Ave (Fifth Ave - Grand Army Plaza)	\$107	\$105	\$120	\$95	\$111	\$125	1.9%	12.4%
Court St. (Atlantic Ave - Carroll St.)*	\$205	\$185	N/A	\$108	\$91	\$120	10.8%	89.8%
Smith St. (Atlantic Ave - Carroll St.)	\$95	N/A	\$99	N/A	\$77	\$95	N/A	N/A
Seventh Ave (Union St - Ninth St.)	\$114	\$96	\$90	\$85	\$94	\$90	18.8%	34.5%
Fifth Ave (Union St - Ninth St.)	\$113	N/A	\$75	N/A	\$74	\$88	N/A	N/A
86th St. (4th Ave - Fort Hamilton Pkwy)	\$100	\$100	N/A	\$93	\$90	\$80	0.0%	7.5%

# Appendix

## Asking Rent PPSF Range

Corridor	2H-2023 Low	2H-2023 High	1H-2023 Low	1H-2023 High	2H-2022 Low	2H-2022 High	1H-2022 Low	1H-2022 High	2H-2021 Low	2H-2021 High
Franklin St. (Meserole Ave - Commercial St.)	\$47	\$100	\$71	\$73	\$48	\$85	\$39	\$133	\$38	\$104
Manhattan Ave (Driggs Ave - Ash St.)	\$32	\$106	\$43	\$129	\$47	\$90	\$50	\$85	\$40	\$165
Bedford Ave (North Eighth St. - North 12th St.)	N/A	N/A	N/A	N/A	\$108	\$280	\$114	\$131	\$114	\$131
Bedford Ave (Grand St. - North Eighth St.)*	N/A	N/A	\$72	\$250	\$78	N/A	N/A	N/A	\$102	\$300
North Sixth Street (Driggs Ave - Kent Ave)*	N/A	N/A	\$250	\$275	\$55	\$275	N/A	N/A	\$65	\$313
North Fourth Street (Driggs Ave - Kent Ave)*	N/A	N/A	N/A	N/A	\$150	\$170	\$100	\$170	\$100	\$120
Grand Street (Havemeyer St. - Kent Ave)	\$65	\$106	N/A	N/A	\$44	\$118	\$52	\$92	\$42	\$120
Washington St., Front St., Water St., Main St.	\$42	\$70	\$40	\$70	\$85	\$85	\$25	\$85	\$21	\$85
Montague St. (Hicks St. - Cadman Plaza)	\$115	\$170	\$111	\$168	\$98	\$125	\$67	\$180	\$67	\$200
Fulton St. (Boerum Pl. - Flatbush Ave)	\$190	\$305	\$185	\$300	\$55	\$260	\$55	\$257	\$150	\$357
Court St. (Atlantic Ave - Pierrepont St.)*	\$125	\$225	\$110	\$210	N/A	N/A	\$120	\$238	\$120	\$238
Flatbush Ave (Fifth Ave - Grand Army Plaza)	\$90	\$130	\$88	\$130	\$86	\$200	\$45	\$130	\$45	\$187
Court St. (Atlantic Ave - Carroll St.)*	\$205	\$205	N/A	N/A	\$200	\$200	\$90	\$126	\$69	\$145
Smith St. (Atlantic Ave - Carroll St.)	\$50	\$85	\$48	\$91	\$63	\$120	\$63	\$120	\$63	\$160
Seventh Ave (Union St - Ninth St.)	\$80	\$140	\$68	\$120	\$65	\$140	\$32	\$124	\$78	\$142
Fifth Ave (Union St - Ninth St.)	\$60	\$120	N/A	N/A	\$35	\$130	\$64	\$120	\$64	\$120
86th St. (4th Ave - Fort Hamilton Pkwy)	N/A	N/A	\$40	\$100	\$95	\$150	\$92	\$150	\$74	\$150



# Appendix

## Average Asking Rent PPSF – Min/Max

Corridor	Min		Max	
	Year	Value	Year	Value
Franklin St. (Meserole Ave - Commercial St.)	W-2018	\$57	W-2017	\$89
Manhattan Ave (Driggs Ave - Ash St.)	W-2021	\$58	S-2017	\$75
Bedford Ave (North Eighth St. - North 12th St.)	S-2021	\$122	S-2016	\$200
Bedford Ave (Grand St. - North Eighth St.)*	S-2022	\$78	S-2017	\$404
North Sixth Street (Driggs Ave - Kent Ave)*	S-2015	\$208	2H-2023	\$275
North Fourth Street (Driggs Ave - Kent Ave)*	S-2020	\$103	W-2023	\$200
Grand Street (Havemeyer St. - Kent Ave)	W-2021	\$71	S-2017	\$113
Washington St., Front St., Water St., Main St.	W-2021	\$36	W-2018	\$143
Montague St. (Hicks St. - Cadman Plaza)	W-2019	\$72	S-2016	\$190
Fulton St. (Boerum Pl. - Flatbush Ave)	W-2022	\$196	W-2018	\$359
Court St. (Atlantic Ave - Pierrepont St.)*	W-2021	\$112	2H-2023	\$195
Flatbush Ave (Fifth Ave - Grand Army Plaza)	S-2016	\$101	S-2019	\$141
Court St. (Atlantic Ave - Carroll St.)*	W-2019	\$93	S-2022	\$200
Smith St. (Atlantic Ave - Carroll St.)	W-2019	\$83	S-2017	\$149
Seventh Ave (Union St - Ninth St.)	S-2019	\$86	W-2017	\$129
Fifth Ave (Union St - Ninth St.)	W-2017	\$78	2H-2023	\$111
86th St. (4th Ave - Fort Hamilton Pkwy)	S-2015	\$77	W-2018	\$123

# Methodology

The Real Estate Board of New York's (REBNY) bi-annual Brooklyn Retail Report is a joint effort by the REBNY Manhattan Retail Advisory Group and the REBNY team. The report provides a particular point in time snapshot of major retail corridors in the borough based on available ground-floor retail asking rent information. All data is sourced from the respective firms of each REBNY Brooklyn Retail Advisory Group member.

REBNY's bi-annual Brooklyn Retail Report includes the average price per square foot, median price per square, the lowest price per square foot and highest price per square foot for each of the 17 retail corridors tracked.

Limited availabilities and withheld rent in some corridors may cause sharp quarterly shifts in asking rents.

## Key Terms

**Asking Rent** – Represents the annual dollar amount the lessor is asking in order to lease their retail space.

**Availability** – Direct ground-floor retail space that is actively marketed or off-market; includes spaces for immediate and future occupancy which are not necessarily vacant. Does not include below or above ground-floor retail space, spaces with frontage on side streets or subleases.

**PPSF** – The price per square foot is calculated by dividing the annual asking rent by the ground-floor square footage.

**Average PPSF** – The average price per square foot is calculated using the price per square foot that represents the straight-line average for all direct, ground-floor availabilities within a particular corridor frontage. The Average PPSF provides values that are not skewed by high or low outlier prices.

**Median PPSF** – The median price per square foot is calculated using the price per square foot that represents the midpoint PPSF for all direct, ground-floor availabilities within a particular corridor frontage. Half of the prices fall either below or above this value.

**Lowest PPSF** – The lowest price per square foot recorded for all direct, ground-floor availabilities within a particular corridor frontage.

**Highest PPSF** – The highest price per square foot recorded for all direct, ground-floor availabilities within a particular corridor frontage.

## Acknowledgements

### The REBNY Brooklyn Retail Advisory Group includes:

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Shlomi Bagdadi, Tri State Commercial Realty

Mitzi Flexer, Cushman & Wakefield

Peter Schubert, TerraCRG

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Compass

Cushman & Wakefield

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LEVITAN

TerraCRG

Tri State Commercial Realty