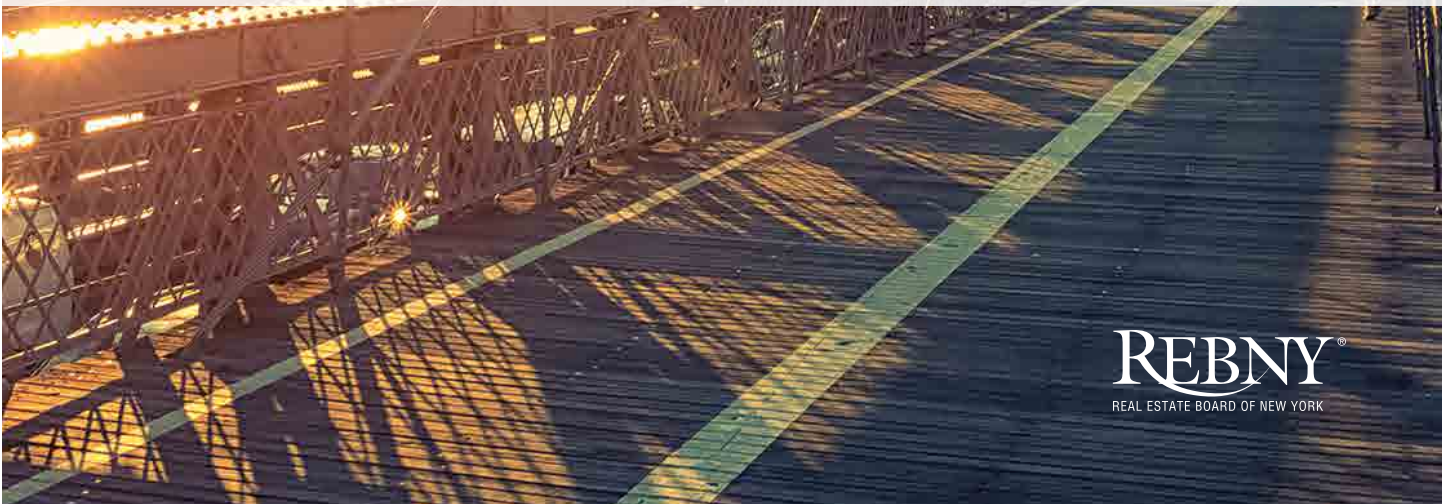




THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT | WINTER 2017



REBNY[®]
REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

In winter 2017, average asking rents for available ground floor retail spaces increased in seven of the 15 Brooklyn corridors analyzed in the Real Estate Board of New York's (REBNY) Brooklyn Retail Report when compared to winter 2016.

Three corridors were unchanged and the decreases in ground floor retail average asking rents for the remaining five varied. The strongest average asking rent growth has continued in areas with new residential development and the potential for increased residential density. The declines were posted in corridors without new residential development and where available retail space was concentrated in the lower-priced periphery of those corridors. Overall, the retail landscape in Brooklyn has shown continued strength as residential development rises and commercial developments create new retail destinations.

In Greenpoint, the average asking rent for available ground floor retail space on Franklin Street, between Meserole Avenue and Commercial Street, increased 41 percent to \$89 per square foot. This was the largest year-over-year increase in average asking rent out of all the North Brooklyn corridors.

This corridor has been undergoing rapid change as residential projects nearby have risen and new retail spaces have been coming to market. Meanwhile, some of the lower-priced spaces with less frontage and rougher finishes, which were previously pulling down the corridor's average asking rent, are now off the market.

Seventh Avenue in Park Slope, between Union Street and Ninth Street, saw a 35 percent increase in the average asking rent for ground floor retail space in winter 2017 compared to the winter of 2016. This increase to \$129 per square foot was a result of very low inventory

on the corridor. According to our Brooklyn Retail Report Advisory Group, the few available spaces were clustered in more desirable locations, which drove the average asking rent for ground floor spaces upward and could cause the pace of deal making to decelerate.

The ground floor retail average asking rent on Fulton Street, between Boerum Place and Flatbush Avenue, increased eight percent year-over-year to \$326 per square foot.

Deals in this corridor have been moving at a brisk pace due to new residential projects being completed nearby and chances of retail spillover from the City Point project where popular retailers Target, Century 21, and the Alamo Drafthouse Cinema have already opened and Trader Joe's is scheduled to open this year. Our Brooklyn Retail Report Advisory Group sees the City Point project shifting the core of the Fulton Mall corridor east, closer to the project and its symbiotic opportunities.

The average asking rent for ground floor retail spaces on both Court and Smith Streets, between Atlantic Avenue and Carroll Street, decreased 14 percent and 12 percent, respectively, compared to last winter. Our Brooklyn Retail Report Advisory Group saw a slowdown in leasing velocity along the Court Street corridor due to competition from lesser-priced ground floor retail spaces on the Smith Street corridor and other nearby corridors offering good value.

The average asking rent for available ground floor retail spaces on Flatbush Avenue, between Fifth Avenue and Grand Army Plaza, remained at \$102 per square foot. Although the average asking rent in this corridor has been unchanged since the first REBNY Brooklyn Retail Report in summer 2015, our Brooklyn Retail Report Advisory Group sees this corridor as having great potential with 6,430 apartments being constructed at the nearby Pacific Park project.

Bedford Avenue, between Grand Street and North 12th Street in Williamsburg, has also been one of the most stable corridors since the first REBNY Brooklyn Retail

EXECUTIVE SUMMARY (CONT.)

Report. Average asking rents have remained between \$350 and \$375 per square foot since summer 2015. However, more ground floor retail spaces became available in winter 2017 near the north end of the corridor where there is less foot traffic and retail density. Meanwhile, the number of availabilities within prime blocks of the corridor, between North 3rd Street and North 9th Street, were fewer. These two factors caused the average asking rent for available ground floor retail spaces on the Bedford Avenue corridor to fall 18 percent to \$296 per square foot in winter 2017 compared to winter 2016. In contrast, the average asking rent for available ground floor retail spaces in the core of Bedford Avenue, between North 3rd Street and North 9th Street, was \$359 per square foot, which is within the historical average range for the full Bedford Avenue corridor that our report analyzes.

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. Our goal is to provide a useful and reliable guide, based on actual ground floor retail asking rent information for available spaces, to garner a better understanding of the Brooklyn retail leasing landscape.

Although this report shows changes 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-run trends that suggest a gradual market shift.

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 street/avenue frontage, ceiling height, presence of below and above grade space, and locational factors 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.

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

ACKNOWLEDGEMENTS

The REBNY Brooklyn Retail Report Advisory Group Includes:

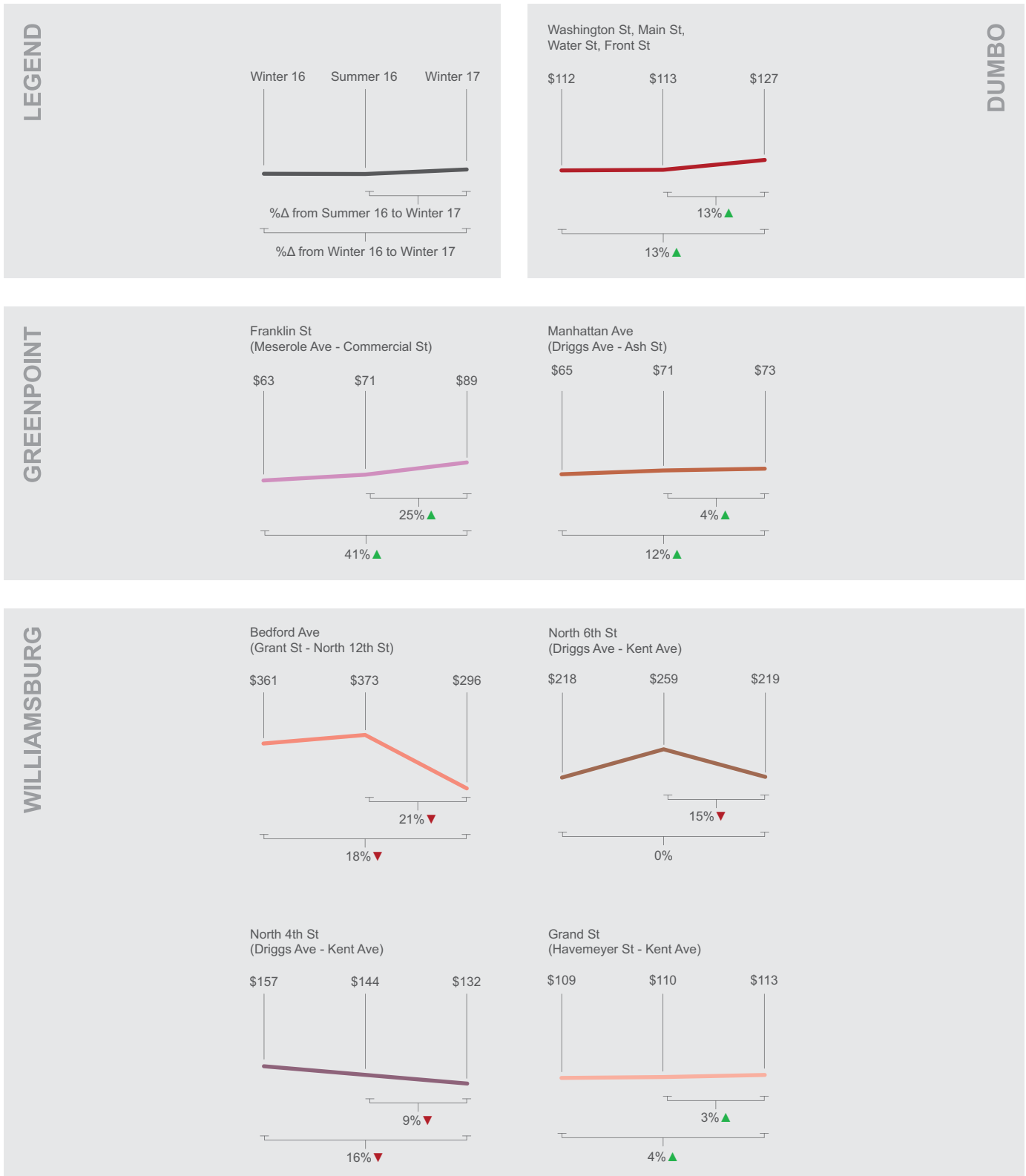
Robin Abrams, The Lansco Corporation
Diana Boutross, Cushman & Wakefield
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Jordan Kaplan, Cushman & Wakefield
Peter Levitan, Lee & Associates NYC

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

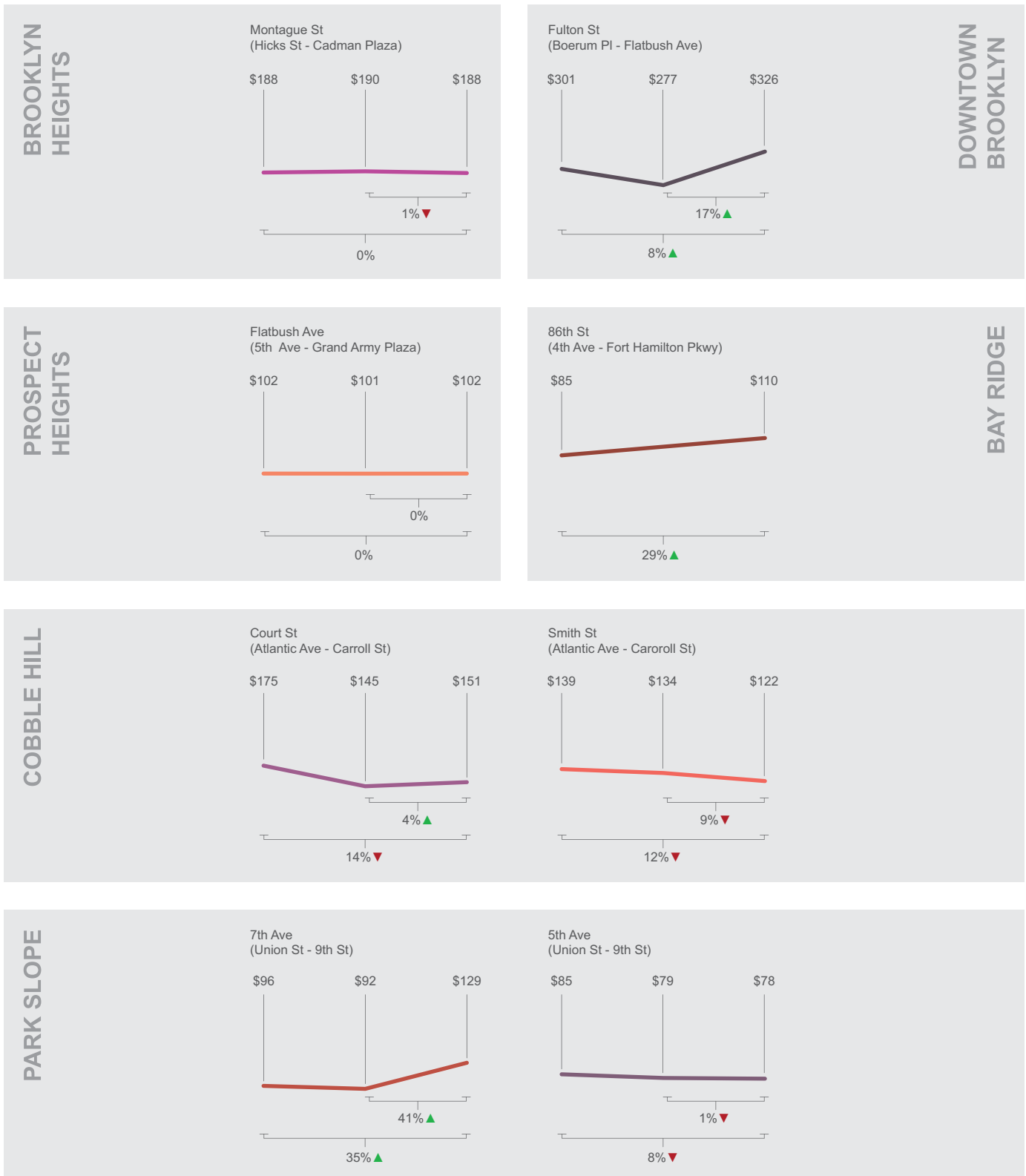
Lee & Associates NYC
Cushman & Wakefield
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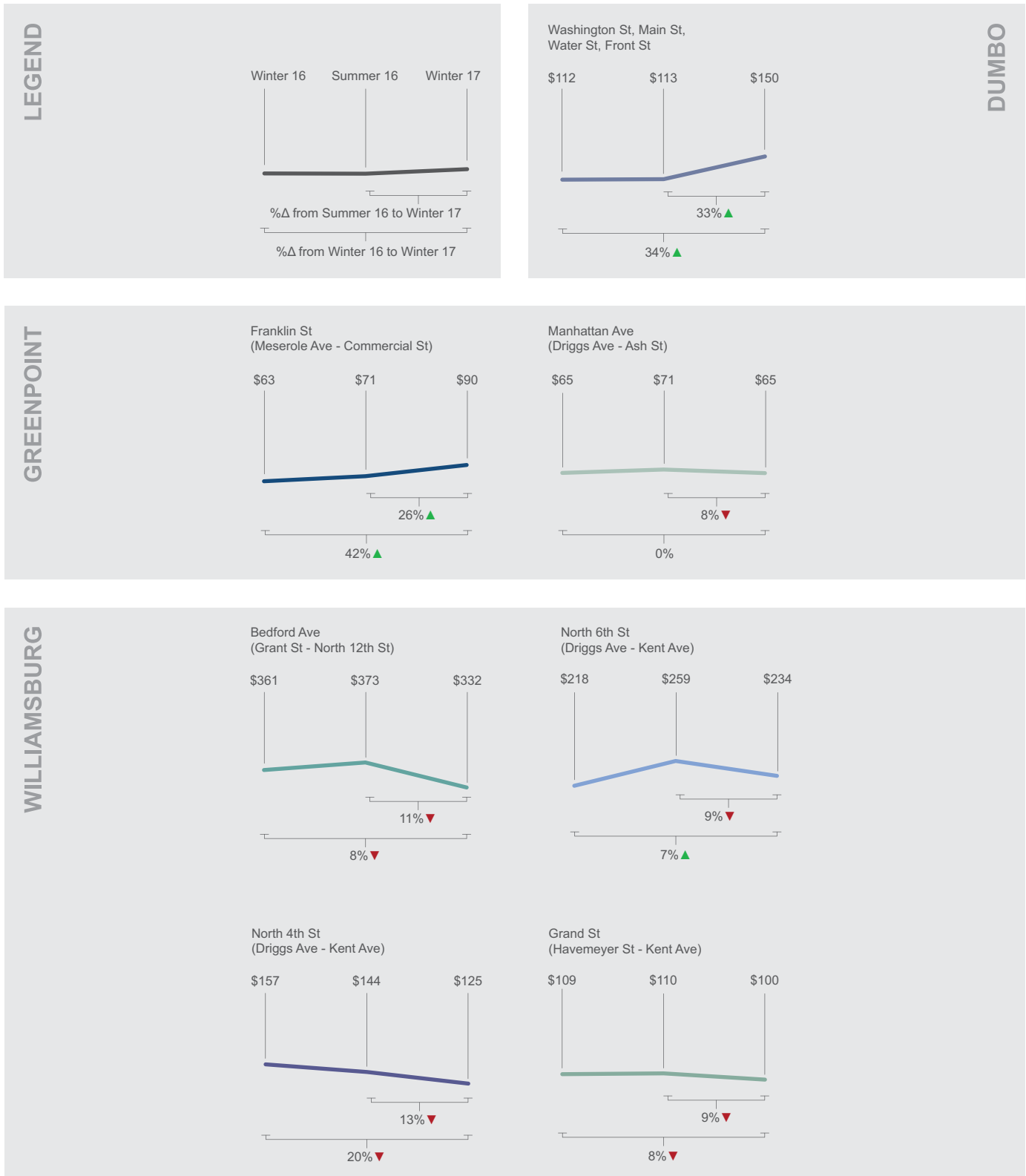
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



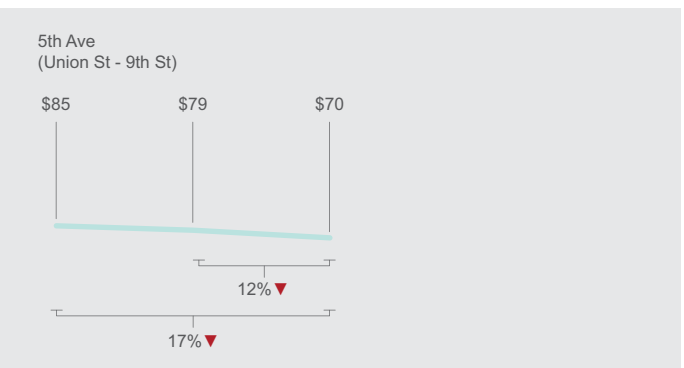
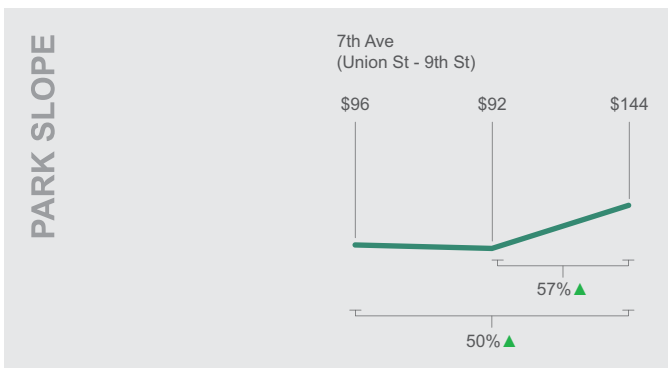
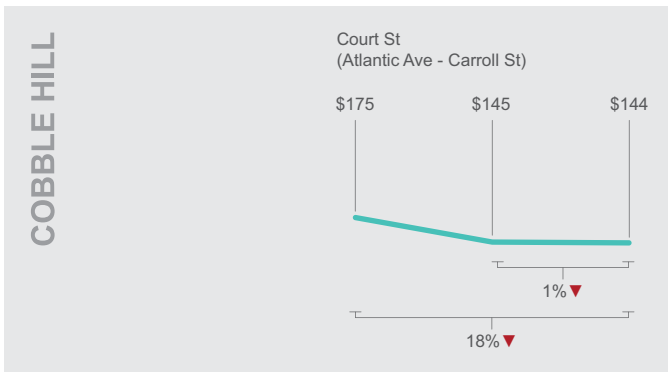
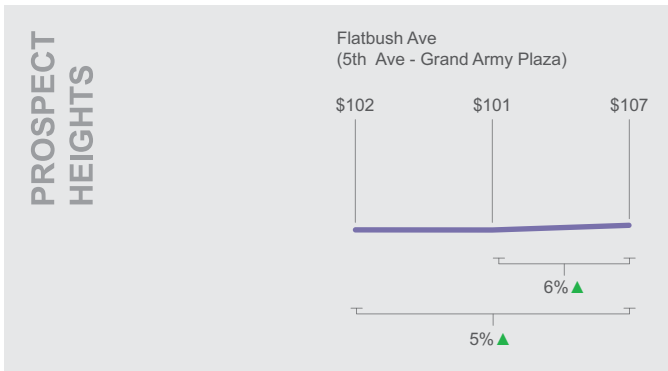
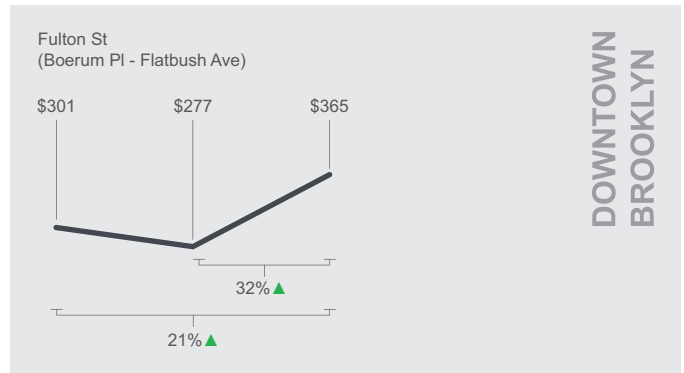
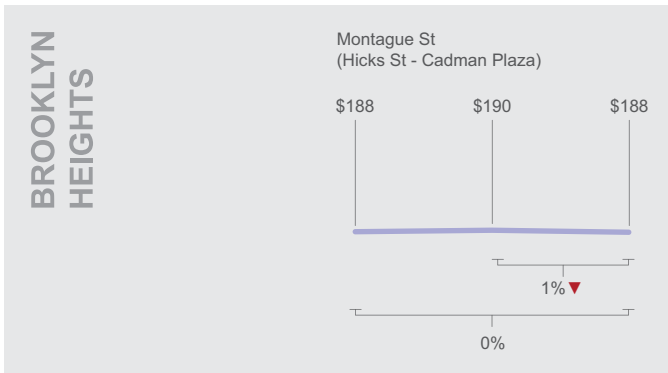
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



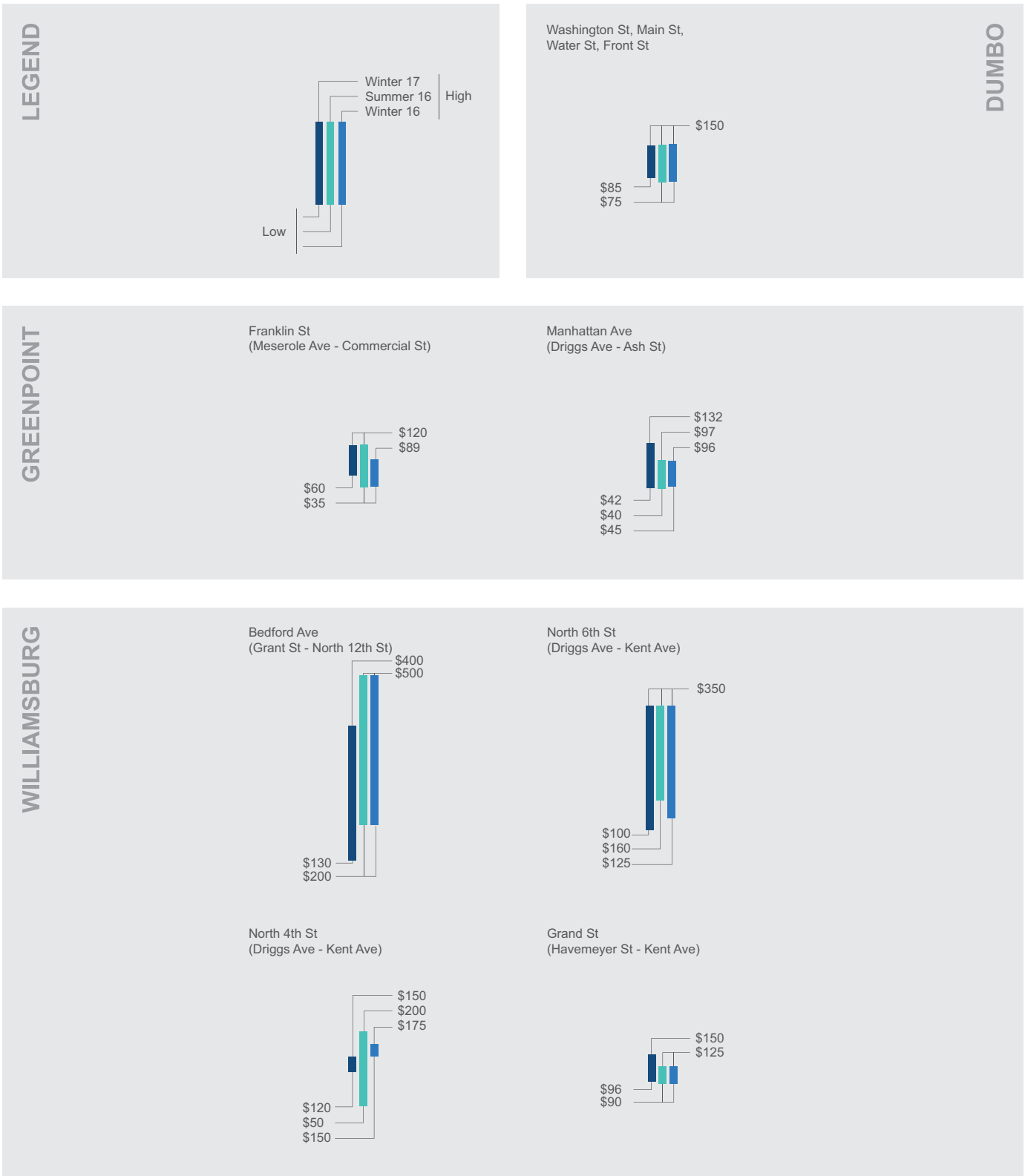
MEDIAN ASKING RENT PSF - GROUND FLOOR RETAIL



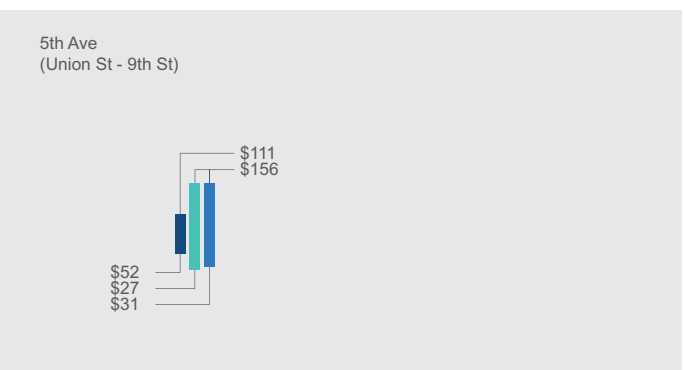
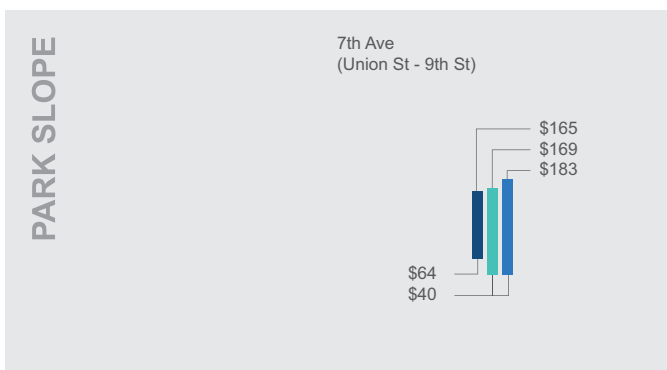
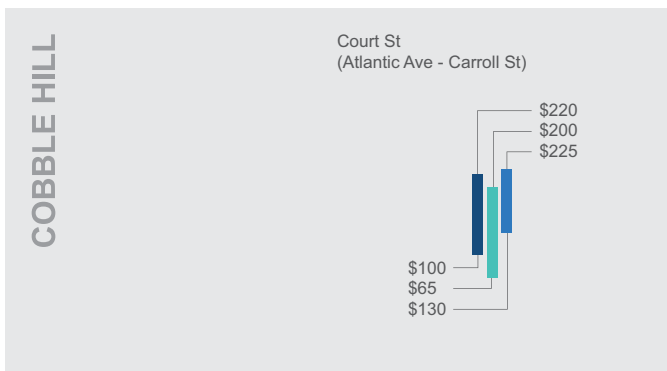
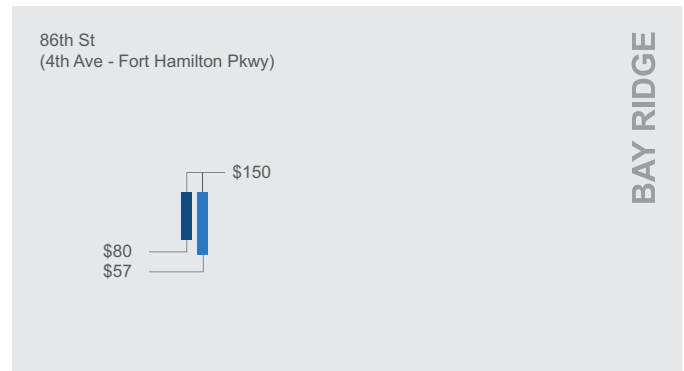
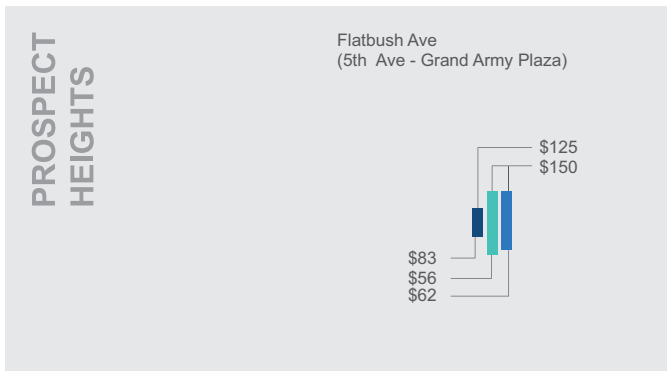
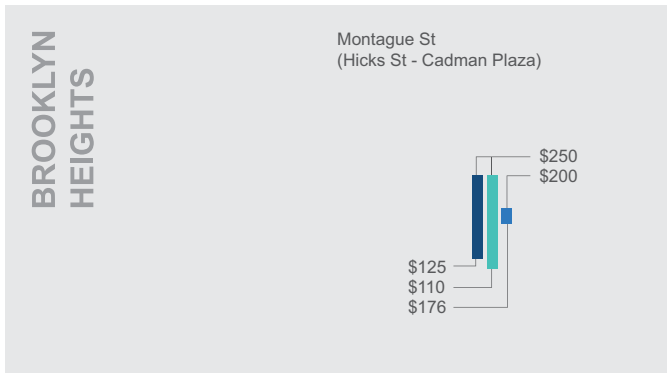
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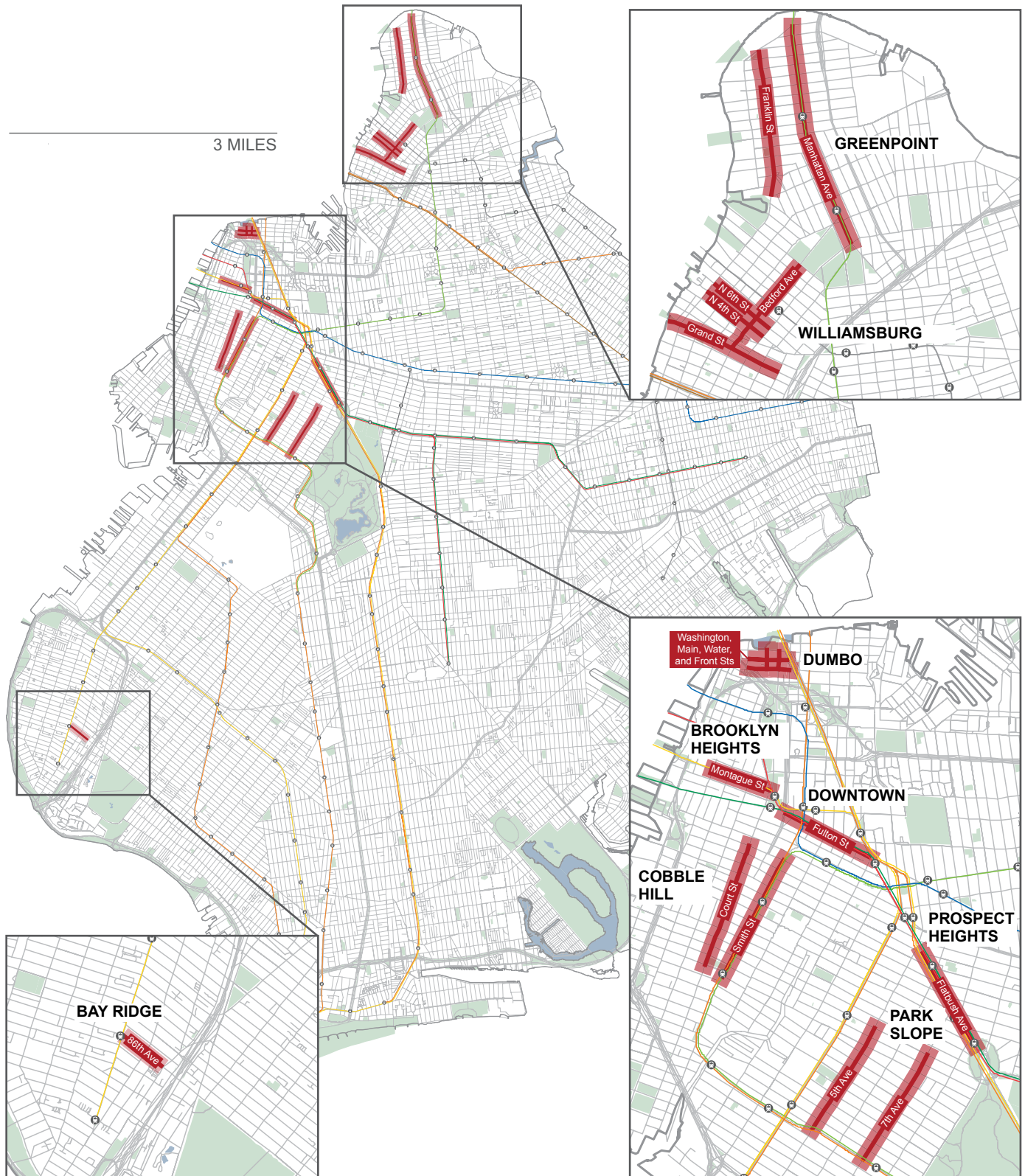
RANGE OF ASKING RENTS PSF - GROUND FLOOR RETAIL



RANGE OF ASKING RENTS PSF - GROUND FLOOR RETAIL



CORRIDOR MAPS



APPENDIX

AVERAGE ASKING RENT PSF – GROUND FLOOR RETAIL

	Winter 17	Summer 16	Winter 16	% Change Summer 16	% Change Winter 16
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$89	\$71	\$63	25%	41%
Manhattan Ave (Driggs Ave - Ash St)	\$73	\$71	\$65	4%	12%
Williamsburg					
Bedford Ave (Grand St - North 12 St)	\$296	\$373	\$361	-21%	-18%
North 6 St (Driggs Ave - Kent Ave)	\$219	\$259	\$218	-15%	0%
North 4 St (Driggs Ave - Kent Ave)	\$132	\$144	\$157	-9%	-16%
Grand St (Havemeyer St - Kent Ave)	\$113	\$110	\$109	3%	4%
DUMBO					
Washington St, Main St, Water St, Front St	\$127	\$113	\$112	13%	13%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$188	\$190	\$188	-1%	0%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$326	\$277	\$301	17%	8%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$102	\$101	\$102	0%	0%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$151	\$145	\$175	4%	-14%
Smith St (Atlantic Ave - Carroll St)	\$122	\$134	\$139	-9%	-12%
Park Slope					
7th Ave (Union St - 9th St)	\$129	\$92	\$96	41%	35%
5th Ave (Union St - 9th St)	\$78	\$79	\$85	-1%	-8%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$110	NA	\$85	NA	29%

APPENDIX

MEDIAN ASKING RENT PSF – GROUND FLOOR RETAIL

	Winter 17	Summer 16	Winter 16	% Change Summer 16	% Change Winter 16
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$90	\$71	\$63	26%	42%
Manhattan Ave (Driggs Ave - Ash St)	\$65	\$71	\$65	-8%	0%
Williamsburg					
Bedford Ave (Grand St - North 12 St)	\$332	\$373	\$361	-11%	-8%
North 6 St (Driggs Ave - Kent Ave)	\$234	\$259	\$218	-9%	7%
North 4 St (Driggs Ave - Kent Ave)	\$125	\$144	\$157	-13%	-20%
Grand St (Havemeyer St - Kent Ave)	\$100	\$110	\$109	-9%	-8%
DUMBO					
Washington St, Main St, Water St, Front St	\$150	\$113	\$112	33%	34%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$188	\$190	\$188	-1%	0%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$365	\$277	\$301	32%	21%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$107	\$101	\$102	6%	5%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$144	\$145	\$175	-1%	-18%
Smith St (Atlantic Ave - Carroll St)	\$127	\$134	\$139	-5%	-9%
Park Slope					
7th Ave (Union St - 9th St)	\$144	\$92	\$96	57%	50%
5th Ave (Union St - 9th St)	\$70	\$79	\$85	-12%	-17%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$100	NA	\$85	NA	18%

APPENDIX

RANGE OF ASKING RENTS PSF – GROUND FLOOR RETAIL

	Winter 17			Summer 16			Winter 16		
Greenpoint									
Franklin St (Meserole Ave - Commercial St)	\$60	–	\$120	\$35	–	\$120	\$35	–	\$89
Manhattan Ave (Driggs Ave - Ash St)	\$42	–	\$132	\$40	–	\$97	\$45	–	\$96
Williamsburg									
Bedford Ave (Grand St - North 12 St)	\$130	–	\$400	\$200	–	\$500	\$200	–	\$500
North 6 St (Driggs Ave - Kent Ave)	\$100	–	\$350	\$160	–	\$350	\$125	–	\$350
North 4 St (Driggs Ave - Kent Ave)	\$120	–	\$150	\$50	–	\$200	\$150	–	\$175
Grand St (Havemeyer St - Kent Ave)	\$96	–	\$150	\$90	–	\$125	\$90	–	\$125
DUMBO									
Washington St, Main St, Water St, Front St	\$85	–	\$150	\$75	–	\$150	\$75	–	\$150
Brooklyn Heights									
Montague St (Hicks St - Cadman Plaza)	\$125	–	\$250	\$110	–	\$250	\$176	–	\$200
Downtown Brooklyn									
Fulton St (Boerum Pl - Flatbush Ave)	\$100	–	\$450	\$100	–	\$450	\$230	–	\$350
Prospect Heights									
Flatbush Ave (5th Ave - Grand Army Plaza)	\$83	–	\$125	\$56	–	\$150	\$62	–	\$150
Cobble Hill									
Court St (Atlantic Ave - Carroll St)	\$100	–	\$220	\$65	–	\$200	\$130	–	\$225
Smith St (Atlantic Ave - Carroll St)	\$175	–	\$175	\$89	–	\$200	\$89	–	\$188
Park Slope									
7th Ave (Union St - 9th St)	\$64	–	\$165	\$40	–	\$169	\$40	–	\$183
5th Ave (Union St - 9th St)	\$52	–	\$111	\$27	–	\$156	\$31	–	\$156
Bay Ridge									
86th St (4th Ave - Fort Hamilton Pkwy)	\$80	–	\$150	NA	–	NA	\$57	–	\$150