

THE REAL ESTATE BOARD OF NEW YORK

# RETAIL REPORT

FALL 2008



**STEPHEN M. ROSS,  
CHAIRPERSON**

**STEVEN SPINOLA,  
PRESIDENT**



## NOTE FROM THE PRESIDENT

### Introduction

The Real Estate Board of New York (REBNY) launched its inaugural retail report in fall 2000. At that time, our Retail Committee expressed concerns about the reporting of the retail market. The media headlines about a record setting rent were creating a perception in the market place that all property or areas could achieve this rent. These record setting transactions were unique and not representative of rents in the various retail corridors in Manhattan. One consequence of such a story was that some tenants were discouraged by the reported high rent from looking for a New York location. Another practical consequence was that some owners would raise the asking rent above the market value of their space, making it more difficult to rent. The Retail Committee concluded that the best way to address the perceptual problem and the practical problem was to produce a broad based report that would provide an objective, comprehensive, and data based presentation of the market for the media, prospective tenants, and property owners.

Over the last nine years, the REBNY Retail Report has successfully served its multiple purposes and has evolved to reflect the changing market.

### The Report

The REBNY Retail Report is issued twice a year and provides an analysis of asking rent information for all available space at two points in time September 30 (fall) and March 31 (spring). The available space information is provided from among the 80 members of our Retail Committee who send us their listings. This information is kept confidential. These members represent space in every significant retail market in Manhattan.

The report analyzes the data in two basic ways that serve the variety of users of our report. 1) It provides the average and median asking rent per square foot (psf) for all available retail space in Manhattan and compares it to a year earlier. It further divides Manhattan into six neighborhoods: Downtown, Midtown South, Midtown, East Side, West Side and Northern Manhattan. Likewise, the average and median asking rent psf in each geographic area is provided and compared to a year earlier. 2) It also analyzes the asking rent psf for only ground floor space along seventeen major retail corridors in Manhattan. In addition to analyzing the average asking rent psf for ground floor space, the major retail corridor analysis looks at the median asking rent psf and the range of asking rents (lowest and highest) psf. The scope of the asking rent information for the retail corridors is especially valuable to brokers, tenants and owners.

## NOTE FROM THE PRESIDENT

### **The Advisory Group**

We have assembled an Advisory Group who has played an invaluable role in the preparation of the report, especially with the Major Retail Corridor section. As we analyze the listings, they identify asking rent information that appears inconsistent with their first hand knowledge of the market. In these cases, we often learn that a store with a street address on the corridor is actually a side street location with no frontage on the corridor. Such a listing would be omitted from the retail corridor analysis, but not the neighborhood analysis. Occasionally the retail corridors have too few listings at the point in time when we collect the data. In such cases, our Advisory Group submits listings that occurred since the last report to provide an accurate, objective and data-based analysis of the corridor. In such instances, we note this fact in the report.

Our Advisory Group provides detailed insight into the activity of the market and has insured that the information is reliable and useful.

### **Conclusion**

Our Retail Committee has graciously provided market information that benefits all participants in the market. Our advisory Group has given generously of their time and their talent to make certain that the quality of the information in our report is unsurpassed. I want to thank them all for their service to REBNY and our industry.

## EXECUTIVE SUMMARY

Over the last few months, the retail market has slowed according to our Advisory Group. Reflecting this trend, the average asking price for all available retail space in Manhattan was \$129, 3% lower than a year ago. However, on the East Side, the average asking rent for all available retail was up 11% from a year ago, to \$190. Midtown South reported a 6% increase to \$111; Downtown, a 1% increase to \$110.

Our Advisory Group noted that these asking rents are based on availabilities as of September 30 and may not reflect the turmoil in the financial markets in October. However, they added that asking prices do not fluctuate like stock prices and that we should not necessarily anticipate any dramatic shifts over the next few months. They point out that owners are likely to address a softening market by increasing the free rent period or the tenant work allowance. What they all acknowledged was that tenants are still leasing space and deals are being made.

The continuing strength in the retail market is demonstrated by the average asking rent for ground floor space in the major retail corridors. In the five new corridors that we began tracking in the spring, the average asking rent for available ground floor space on 86th Street, Columbus Avenue and Meatpacking are up compared to our initial analysis of the area in the REBNY Retail Report Spring 2008.

Here are additional highlights on the other corridors:

- Fifth Avenue between 49th and 59th Streets showed a 12% increase, to \$1,400 psf for ground floor space
- Hudson Street in Tribeca jumped to \$120 psf, from \$75 psf for ground floor space
- West 34th Street in Herald Square (between 7th Avenue and 5th Avenue) was up to \$643 psf for ground floor space, from \$464 a year ago, an increase of 38%
- Broadway between 72nd and 86th Streets was up 17% to \$309, from \$264 a year earlier, for ground floor space
- In Upper Manhattan, the 125th Street corridor was up 11% to \$125, from \$113 a year ago
- Madison Avenue, between 57th and 72nd Streets was up 3% to \$1,143 for ground floor space a year ago.

Our report is based on the available listing submitted by members of our Retail Committee. For this period, the number of available spaces submitted was up, due in large part to the efforts of the committee members getting their colleagues to submit their listings. It appears from our cursory analysis that we received an increased amount of lower priced space than we have in the past, especially in the Upper Manhattan area. Some of the corridors only had lower priced space available which brought down some of their average prices. This was evident in SoHo and the Financial District. However, our Advisory Group did not think that the market has changed significantly in these locations.



## ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS

AVAILABLE GROUND FLOOR SPACE ONLY

	Average		Median		Range	
	9/08	9/07	9/08	9/07	9/08	9/07
<b>EASTSIDE</b>						
Madison Ave: 57 - 72 St	\$1,143	\$1,108	\$1,140	\$1,100	\$704 - \$1,667	\$824 - \$1,400
Third Ave: 60 - 72 St	\$287	\$305	\$300	\$239	\$184 - \$503	\$200 - \$394
East 86 St: Lexington Ave - 2nd Ave	\$475	n/a	\$450	n/a	\$325 - \$781	n/a
<b>WESTSIDE</b>						
Broadway: 72 - 86 St	\$309	\$264	\$316	\$273	\$168 - \$450	\$157 - \$350
Columbus Ave: 66 - 79 St	\$300	n/a	\$300	n/a	\$131 - \$447	n/a
<b>MIDTOWN</b>						
East 57 St: 5 Ave - Park Ave	\$600	\$579	\$600	\$675	\$400 - \$800	\$500 - \$658
Fifth Ave: 42 - 49 St	\$550	n/a	\$550	n/a	\$300 - \$800	n/a
Fifth Ave: 49 - 59 St	\$1,400	\$1,250	\$1,250	\$1,250	\$1,200 - \$2,500	\$1,000 - \$1,500
Broadway & 7 Ave: 42 - 47 St	\$775	\$797	\$775	\$825	\$550 - \$1,000	\$538 - \$1,000
<b>MIDTOWN SOUTH</b>						
<b>Flatiron</b>						
Fifth Ave: 14 - 23 St	\$276	\$298	\$271	\$300	\$238 - \$325	\$214 - \$350
<b>Herald Square</b>						
West 34 St: 5 - 7 Ave	\$643	\$464	\$640	\$500	\$500 - \$791	\$250 - \$600
<b>Meatpacking</b>						
14 St: 9 - 10 Ave	\$304	n/a	\$300	n/a	\$250 - \$400	n/a
<b>DOWNTOWN</b>						
<b>Financial District</b>						
Broadway: Battery Park - Chambers St	\$251	\$301	\$200	\$267	\$100 - \$500	\$200 - \$500
<b>SoHo</b>						
Broadway: Houston - Broome St	\$432	\$501	\$400	\$478	\$220 - \$800	\$275 - \$750
<b>TriBeCa</b>						
Hudson St.: Chamber St. - Canal St	\$120	\$75	\$111	\$75	\$55 - \$237	\$55 - \$95
<b>West Village</b>						
Bleeker St: 7 Ave South - Hudson St	\$362	n/a	\$304	n/a	\$130 - \$800	n/a
<b>UPPER MANHATTAN</b>						
<b>Harlem</b>						
125th St. (River to River)	\$125	\$113	\$115	\$100	\$80 - \$222	\$65 - \$220



## ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Average		Median	
	9/08	9/07	9/08	9/07
<b>MANHATTAN</b>	\$129	\$133	\$94	\$100
<b>EASTSIDE</b>	\$190	\$172	\$139	\$142
60th Street to 96th Street, Fifth Avenue to the East River				
<b>WESTSIDE</b>	\$147	\$155	\$120	\$133
60th Street to 116th Street, West of Morningside Park				
<b>MIDTOWN</b>	\$161	\$171	\$113	\$128
35th Street to 59th Street				
<b>MIDTOWN SOUTH</b>	\$111	\$105	\$85	\$85
15th Street to 34th Street				
<b>DOWNTOWN</b>	\$110	\$109	\$85	\$83
South of 14th Street				
<b>UPPER MANHATTAN</b>	\$60	\$82	\$50	\$65
97th Street and higher, Fifth Avenue to the East River;				
116th Street and higher, West of Morningside Park				

## SELECTED MARKET DATA

<p><b>Manhattan Retail Square Feet by Area</b> (millions of square feet)</p> <p>Source: New York City Department of Finance/REBNY</p>	<table border="1" style="margin-top: 10px;"> <caption>Manhattan Retail Square Feet by Area</caption> <thead> <tr> <th>Area</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Downtown</td> <td>21.2%</td> </tr> <tr> <td>Midtown South</td> <td>35.4%</td> </tr> <tr> <td>Midtown</td> <td>28.8%</td> </tr> <tr> <td>N. Manhattan</td> <td>10.3%</td> </tr> <tr> <td>East Side</td> <td>9.6%</td> </tr> <tr> <td>West Side</td> <td>4.4%</td> </tr> <tr> <td>Other Midtown</td> <td>9.4%</td> </tr> </tbody> </table>	Area	Percentage	Downtown	21.2%	Midtown South	35.4%	Midtown	28.8%	N. Manhattan	10.3%	East Side	9.6%	West Side	4.4%	Other Midtown	9.4%																
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## ACKNOWLEDGEMENTS

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The Retail Report provides objective, comprehensive information about asking rents and market trends in Manhattan.

Issued twice a year—Spring and Fall—the report is a project of the REBNY Retail Committee.

The report presents retail space information by geographical area and focuses on the asking rent of the ground floor space on the major retail streets.



## ACKNOWLEDGEMENTS

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