

THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

FALL 2012



**MARY ANN TIGHE,
CHAIRMAN**

**STEVEN SPINOLA,
PRESIDENT**

570 Lexington Avenue / New York, NY 10022 / 212.532.3100
www.rebny.com

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REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

The Manhattan retail market remains strong, as there is increased demand and limited supply, particularly for space in the high profile retail corridors. Contributing factors are the slow improvement in the economy, the uptick in consumer confidence and the strong tourism in NYC.

With increased competition for the minimal available space in key locations, rents in those areas are at all time highs. This has led to a softening of the boundaries, and tenants are now willing to consider space beyond what had traditionally been targeted.

For example, at one point 49th Street was considered the dividing line for the Fifth Avenue market, and asking rents dropped significantly south of 49th Street. However, this retail corridor is evolving. More and more, members of our Advisory Group are reporting the willingness of high profile retail tenants to rent stores between 42th – 49th Street due to the high volume of tourist and potential customer traffic. As a result, the average ground floor asking rent in these corridors has been rising.

In time, our Advisory Group projects the retail stores south of 42nd Street will see an increase in asking rents, as tourists continue to walk south on Fifth Avenue linking 42nd St. and 34th St and beyond down to the Flatiron District.

It is important to recognize that the asking rent for ground floor space in the retail market is based on a broad range of important factors, with consideration of physical components such as street frontage, depth of store column spacing, ceiling heights, possible addition of mezzanine or lower level selling space; as well as accessibility to mass transportation. All of these factors affect the value of a space. Similarly, in these major retail corridors often small spaces can command higher ground floor asking rents which can increase weighted average asking rents within retail corridors. Equally critical are whether the location is in an emerging market, the owner's and the broker's vision for the future of the neighborhood and can/ should the area support the increased customer base which can lead to increased retail asking rents.

When we issued our initial report in the Fall of 2000, there was little interest by national retailers in Lower Manhattan, the Flatiron district, and the Meatpacking area. Today, these markets have emerged with their unique appeal to retailers which has led to major

increases in asking rent, along with higher occupancy. Retail corridors evolve and grow reflecting the changing nature of our city. The rise in asking rents we are seeing in certain corridors is evidence of the ever changing retail scene.

The data for this report was based on market conditions prior to Hurricane Sandy. Undoubtedly, the storm has had a temporary impact on the retail market in lower Manhattan. Regardless, the attractiveness of Lower Manhattan has not abated. The neighborhood continues to grow in population, with both increased residents and workers and continues to develop as a 7 day a week location. Not to be forgotten, even more hotels, attracting more visitors, are opening in Lower Manhattan to fill the need as tourism continues to increase downtown. The retail to be available at the World Trade Center, World Financial Center/Brookfield Place and the South Street Seaport will all create a lot of activity. Downtown has a bright future ahead

Our report is intended to be a snapshot of the market at a particular point in time and a comparison with the market six and twelve months earlier. However, as our Advisory Group points out and our neighborhood data affirms, the secondary and tertiary retail markets based on overall asking rents per square foot continue to improve as well.



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

	Fall 2012	Spring 2012	Fall 2011	% Change From Spring 2012	% Change From Fall 2011
EASTSIDE					
Madison Ave: 57 - 72 St	\$973	\$1,203	\$989	-19%	-2%
Third Ave: 60 - 72 St	\$266	\$265	\$255	0%	4%
East 86 St: Lexington Ave - 2nd Ave	\$450	\$410	\$398	10%	13%
WESTSIDE					
Broadway: 72 - 86 St	\$314	\$332	\$316	-5%	-1%
Columbus Ave: 66 - 79 St	\$318	N/A	\$250	N/A	27%
MIDTOWN					
East 57 St: 5 Ave - Park Ave	\$884	\$690	\$700	28%	26%
Fifth Ave: 42 - 49 St	\$1,021	\$900	\$675	13%	51%
Fifth Ave: 49 - 59 St	\$2,690	\$2,750	\$2,633	-5%	2%
Broadway & 7 Ave: 42 - 47 St	\$1,833	\$1,400	\$1,433	31%	28%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$350	\$302	\$279	16%	25%
Broadway: 14 - 23 St	\$273	\$215	\$229	27%	19%
Herald Square					
West 34 St: 5 - 7 Ave	\$683	\$558	\$482	22%	42%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$325	\$375	\$365	-13%	-11%
Financial District					
Broadway: Battery Park - Chambers St	\$152	\$180	\$144	-16%	6%
SoHo					
Broadway: Houston - Broome St	\$542	\$551	\$506	-2%	7%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$458	\$452	\$371	1%	23%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$145	\$121	\$129	20%	12%



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

	Fall 2012	Spring 2012	Fall 2011	% Change From Spring 2012	% Change From Fall 2011
EASTSIDE					
Madison Ave: 57 - 72 St	\$900	\$1,135	\$1,000	-21%	-10%
Third Ave: 60 - 72 St	\$262	\$250	\$250	5%	5%
East 86 St: Lexington Ave - 2nd Ave	\$475	\$450	\$425	6%	12%
WESTSIDE					
Broadway: 72 - 86 St	\$313	\$325	\$325	-4%	-4%
Columbus Ave: 66 - 79 St	\$300	N/A	\$250	N/A	20%
MIDTOWN					
East 57 St: 5 Ave - Park Ave	\$884	\$690	\$700	28%	26%
Fifth Ave: 42 - 49 St	\$1,100	\$873	\$525	26%	110%
Fifth Ave: 49 - 59 St	\$3,000	\$2,750	\$2,500	9%	20%
Broadway & 7 Ave: 42 - 47 St	\$2,000	\$1,400	\$1,500	43%	33%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$375	\$250	\$250	50%	50%
Broadway: 14 - 23 St	\$273	\$250	\$185	9%	48%
Herald Square					
West 34 St: 5 - 7 Ave	\$660	\$550	\$500	18%	32%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$325	\$375	\$375	-13%	-13%
Financial District					
Broadway: Battery Park - Chambers St	\$143	\$143	\$125	0%	14%
SoHo					
Broadway: Houston - Broome St	\$455	\$600	\$500	-24%	-9%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$417	\$400	\$346	4%	21%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$128	\$115	\$125	11%	2%



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

	Fall 2012	Spring 2012	Fall 2011
EASTSIDE			
Madison Ave: 57 - 72 St	\$800 - \$1,400	\$705 - \$2,270	\$600 - \$1,500
Third Ave: 60 - 72 St	\$175 - \$429	\$175 - \$383	\$180 - \$300
East 86 St: Lexington Ave - 2nd Ave	\$350 - \$500	\$240 - \$500	\$240 - \$500
WESTSIDE			
Broadway: 72 - 86 St	\$225 - \$450	\$200 - \$475	\$225 - \$452
Columbus Ave: 66 - 79 St	\$250 - \$405	N/A - N/A	\$250 - \$250
MIDTOWN			
East 57 St: 5 Ave - Park Ave	\$884 - \$884	\$690 - \$690	\$700 \$700
Fifth Ave: 42 - 49 St	\$600 - \$1,405	\$575 - \$1,470	\$500 - \$1,000
Fifth Ave: 49 - 59 St	\$1,250 - \$3,500	\$2,500 - \$3,000	\$2,400 - \$3,000
Broadway & 7 Ave: 42 - 47 St	\$1,500 - \$2,000	\$800 - \$2,000	\$800 - \$2,000
MIDTOWN SOUTH			
Flatiron			
Fifth Ave: 14 - 23 St	\$250 - \$400	\$240 - \$400	\$250 - \$350
Broadway: 14 - 23 St	\$273 - \$273	\$120 - \$275	\$121 \$380
Herald Square			
West 34 St: 5 - 7 Ave	\$493 - \$1,000	\$422 - \$694	\$422 - \$520
DOWNTOWN			
Meatpacking			
14 St: 9 - 10 Ave	\$250 - \$400	\$350 - \$425	\$350 - \$375
Financial District			
Broadway: Battery Park - Chambers St	\$75 - \$350	\$75 - \$350	\$75 - \$275
SoHo			
Broadway: Houston - Broome St	\$350 - \$750	\$450 - \$680	\$425 - \$600
West Village			
Bleeker St: 7 Ave South - Hudson St	\$250 - \$720	\$333 - \$676	\$250 - \$542
UPPER MANHATTAN			
Harlem			
125th St. (River to River)	\$100 - \$220	\$50 - \$233	\$75 - \$220



AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Fall 2012	Spring 2012	Fall 2011	% Change From Spring 2012	% Change From Fall 2011
MANHATTAN	\$110	\$114	\$112	-4%	-2%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$143	\$159	\$176	-10%	-19%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$124	\$149	\$141	-17%	-12%
MIDTOWN 35th Street to 59th Street	\$137	\$150	\$130	-9%	5%
MIDTOWN SOUTH 15th Street to 34th Street	\$105	\$97	\$98	8%	7%
DOWNTOWN South of 14th Street	\$99	\$102	\$100	-3%	-1%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$66	\$67	\$67	-1%	-1%



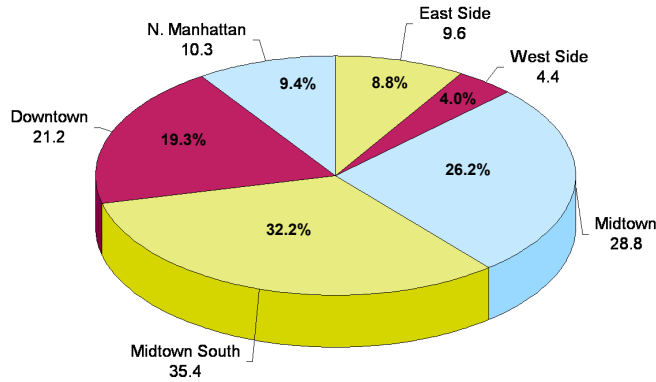
MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Fall 2012	Spring 2012	Fall 2011	% Change From Spring 2012	% Change From Fall 2011
MANHATTAN	\$77	\$85	\$83	-9%	-7%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$108	\$133	\$135	-19%	-20%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$110	\$120	\$120	-8%	-8%
MIDTOWN 35th Street to 59th Street	\$88	\$101	\$100	-13%	-12%
MIDTOWN SOUTH 15th Street to 34th Street	\$75	\$75	\$75	0%	3%
DOWNTOWN South of 14th Street	\$78	\$84	\$83	-7%	-6%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$55	\$55	\$51	0%	8%

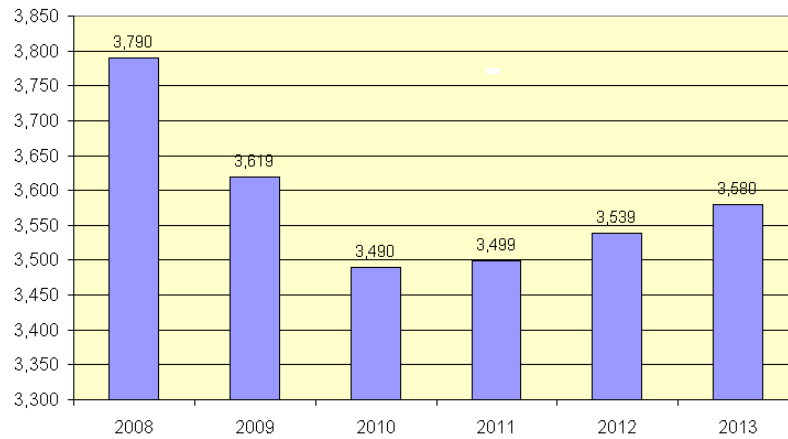
SELECTED MARKET DATA

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



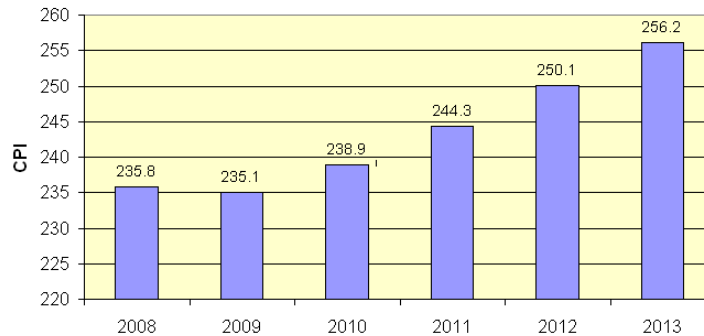
Forecast of New York City Economic Indicators

New York City Employment (in thousands)



Source: NYC Office of Management & Budget

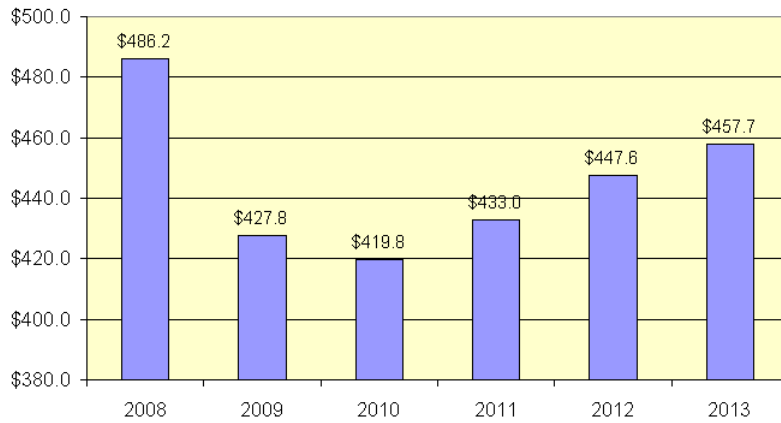
New York City CPI (1982-1984=100)



Source: NYC Office of Management & Budget

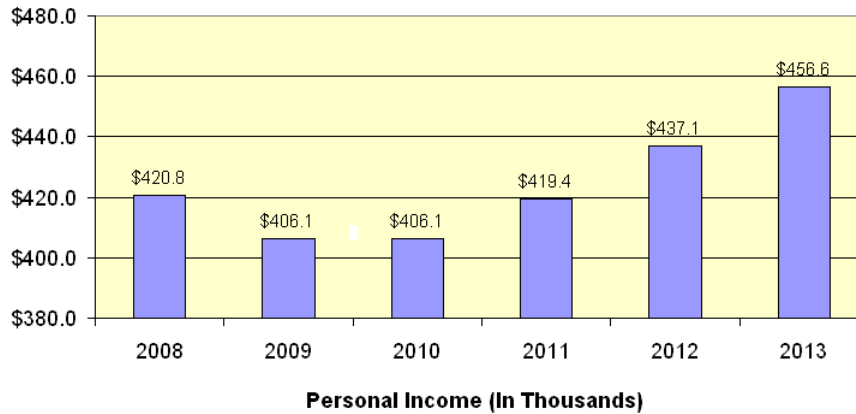
SELECTED MARKET DATA

New York City Real Gross City Product (billions)



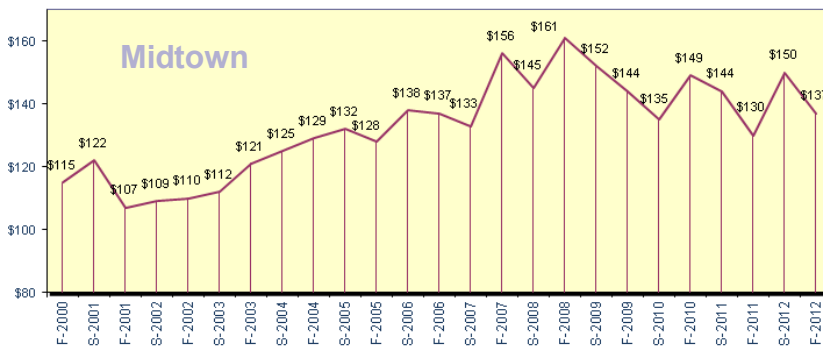
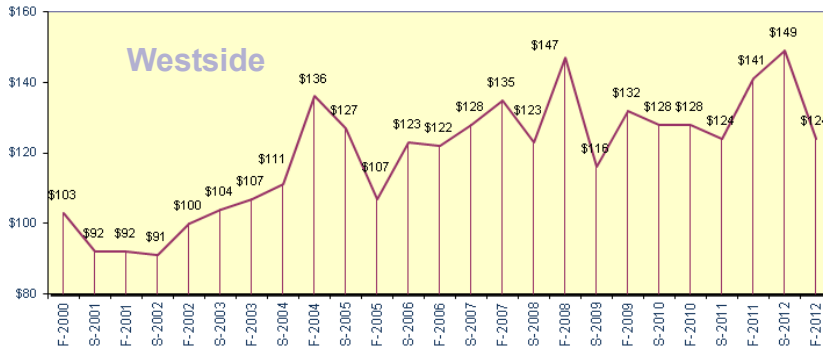
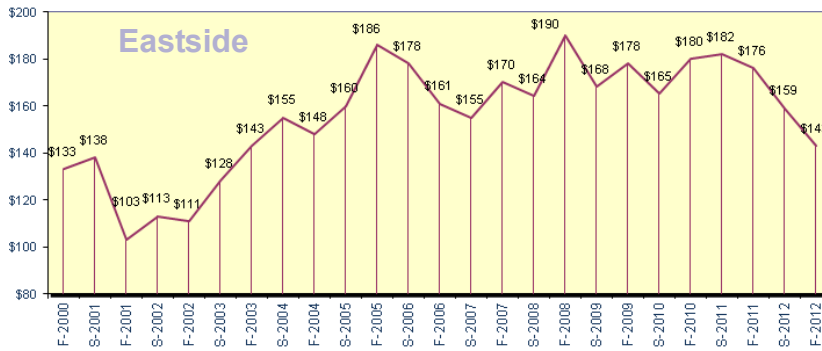
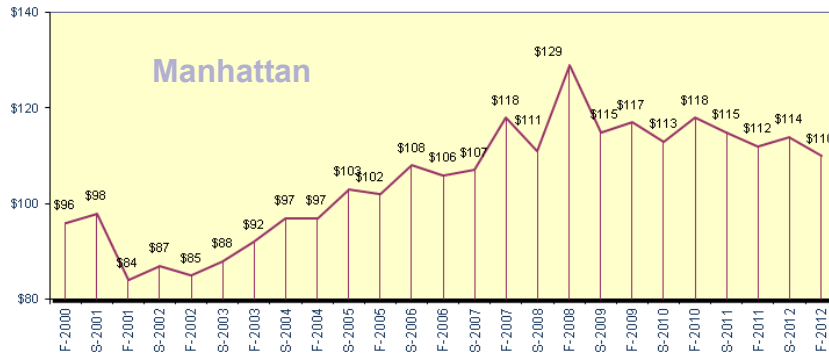
Source: NYC Office of Management & Budget

New York City Gross Personal Income

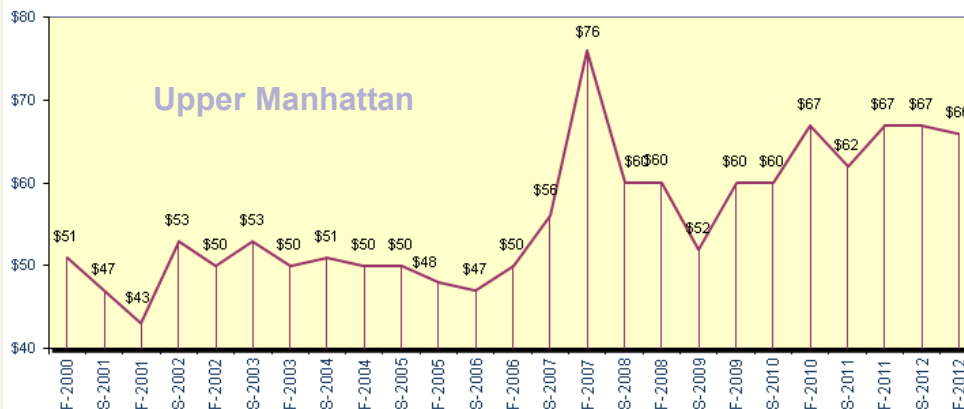
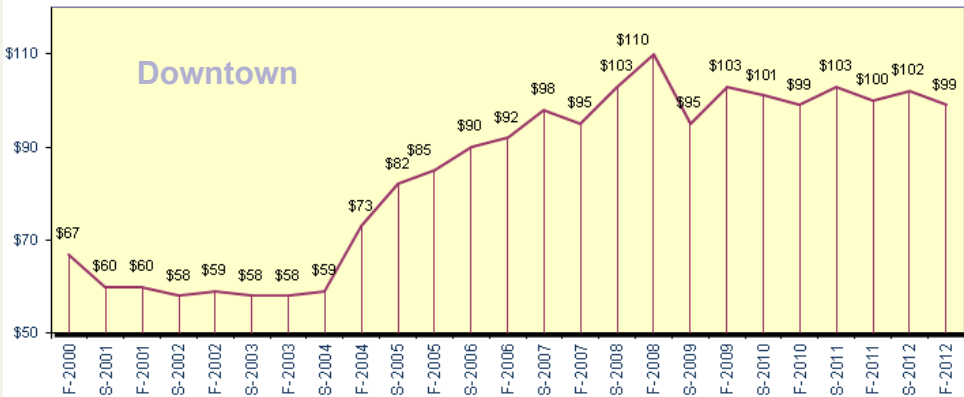
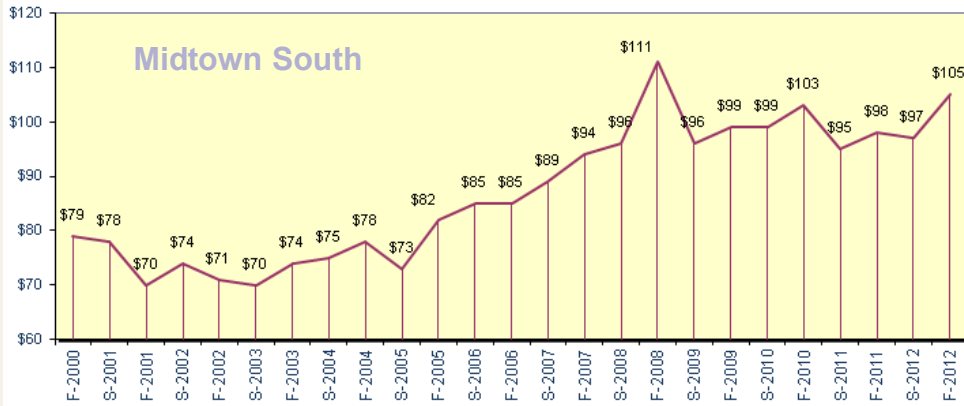


Source: NYC Office of Management & Budget

AVERAGE RETAIL ASKING RENTS PSF



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Robin Abrams, The Lansco Corporation
Karen Bellantoni, RKF
Benjamin Fox, Massey Knakal Realty Services
Andrew Goldberg, CBRE
David Green, Cushman & Wakefield
Joanne Podell, Cushman & Wakefield
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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.