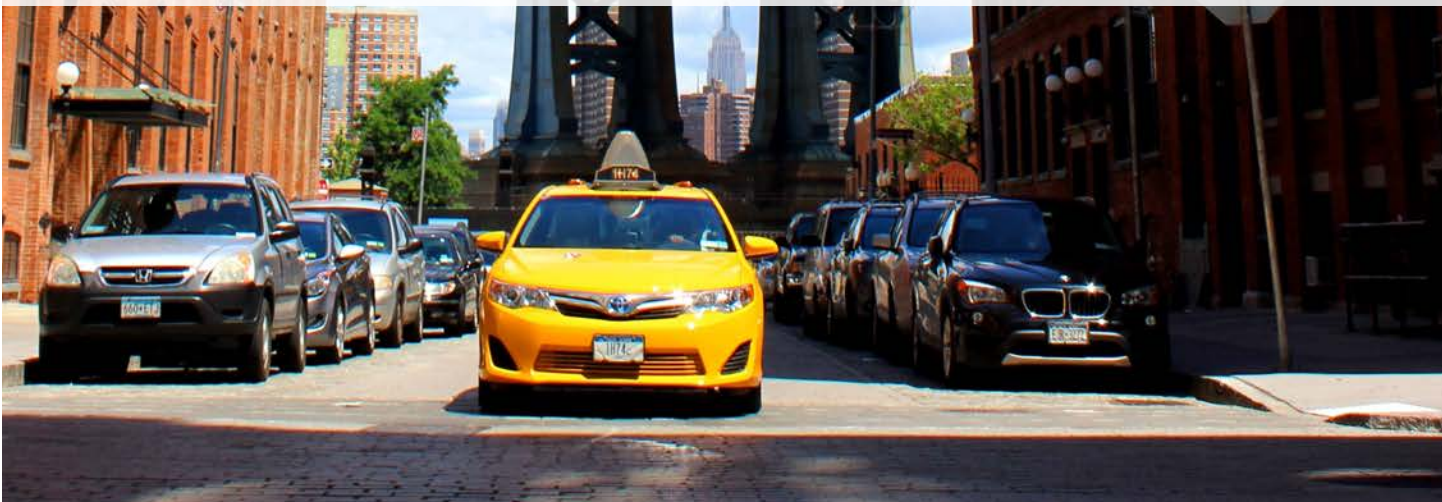




THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT | WINTER 2019



EXECUTIVE SUMMARY

In winter 2019, average asking rents for available ground floor retail spaces increased in five of the 17 Brooklyn corridors analyzed by the Real Estate Board of New York (REBNY) in its bi-annual Brooklyn Retail Report, when compared to the winter of 2018. The retail environment in Brooklyn is witnessing some softening in asking rents in more established areas with low availabilities in prime retail spaces. Meanwhile, strong rent growth occurred in up-and-coming areas experiencing increased foot traffic due to new residential and commercial developments. REBNY's Retail Report Advisory Group has observed that similar to Manhattan, Brooklyn retail asking rents are currently experiencing natural market corrections as landlords are reassessing the quality and value of their stock among shifting national retail conditions.

“Deal volume has been healthy over the past two quarters as rents have caught up to tenant expectations. Brooklyn has been experiencing a correction in retail rents since they plateaued in early 2016 to early 2018. They are now starting to flatten. Average rents all corridors are down 10.9 percent from their peak, but have returned to just below 2015 levels [-2.3 percent] when REBNY first started tracking retail rents in Brooklyn. That is modest compared to Manhattan which down by -22.6 percent over the same period.” - **Peter Levitan, LEVITAN**

WILLIAMSBURG

Four of the five Williamsburg retail corridors surveyed witnessed declines in ground floor average asking rents during the winter of 2019. Along Bedford Avenue, between North 8th Street and North 12th Street, the average asking rent fell to \$147 per square foot (psf) representing a 17 percent year-over-year decline. Similarly, above Grand Street and up to North 8th Street, the average asking rent decreased 11 percent to \$319 psf compared to the winter of 2018. According to REBNY's Brooklyn Retail Advisory Group, over the past year, asking rents along the corridor underwent price corrections to levels that have fostered a recent uptick in retail transactions. Prime spaces have been leased by tenants such as Alo Yoga, Happy Socks, Chase, and Sephora. Current asking rents are based on the leftover

available space and no longer include these pricier spaces.

GREENPOINT

In Greenpoint, the ground floor retail average asking rent on Manhattan Avenue, between Driggs Avenue and Kent Street, rose nine percent to \$70 psf, compared to the winter of 2018. Likewise, on Franklin Street, between Meserole Avenue and Commercial Street, the average asking rent increased 23 percent year-over-year to \$70 psf. This upward trend is due to a combination of increased local foot traffic from new, high-density residential developments along the Greenpoint waterfront and an increased willingness among owners to accommodate a diverse spectrum of tenants, by building out retail space and providing long-term lease agreements.

COBBLE HILL

Average asking rents in Cobble Hill on both Court Street and Smith Street, between Atlantic Avenue and Carrol Street, fell 28 percent to \$96 psf and 34 percent to \$83 psf, respectively. For both corridors, these declines are credited to a lack of available prime retail space. Current listings may require significant build out and/or are concentrated in the lower-priced periphery of these corridors.

“While Cobble Hill rents are undergoing price adjustments; retailers are still signing leases along Court Street and Smith Street. Prospective Tenants remain present as new developments are rising along Atlantic Avenue and enhancing the area's residential and commercial activity” – **Mitzi Flexer, Cushman & Wakefield**

EXECUTIVE SUMMARY (CONT.)

PROSPECT HEIGHTS

On Flatbush Avenue, between Fifth Avenue and Grand Army Plaza, the average asking rent rose six percent year-over-year to \$139 psf. This increase is attributed to an increased amount of new retail activity occurring along the corridor throughout 2018. Demand for retail space on Flatbush Avenue remains high despite most of the prime spaces, and even some older retail listings, being currently leased out.

PARK SLOPE

The average asking rent for available ground floor retail space on Seventh Avenue in Park Slope, between Union Street and Ninth Street, increased two percent to \$117 psf in winter 2019 compared to the winter of 2018. By the same token, the Fifth Avenue ground floor average asking rent, between Union Street and Ninth Street, also remained flat year-over-year at \$95 psf. Most Park Slope retail tenants are food services ranging from restaurants to grab-and-go stores, while the remaining uses are neighborhood service-related such as fitness facilities, nail salons, and dry cleaning.

“Fifth and Seventh Avenues are witnessing more retail absorption with a growing number of smaller tenants, who are signing more short-term leases. Food concepts continue to be the driving force in Park Slope.” – **Jeffery Kessler, LEVITAN**

BROOKLYN HEIGHTS

In Brooklyn Heights along Montague Street, between Hicks Street and Cadman Plaza, the average asking rent fell 50 percent to \$72 psf, compared to winter of 2018. The decrease in asking rent was primarily caused by low availability and location. Most available retail spaces along the corridor are “walk-up” and “step-down” spaces, which are considered less desirable in comparison to typical storefronts.

“Montague Street has always been the quintessential Brooklyn Heights shopping and restaurant street. But now with so many newly vibrant neighborhoods in Brooklyn, Montague now seems quaint and quiet. Current availabilities along the corridor mainly consist of older listings that had been temporarily rendered undesirable due to the amount of new construction, with premium retail already leased.” – **Curtis Woodside, Compass**

DOWNTOWN BROOKLYN

In Downtown Brooklyn’s Fulton Street, between Boerum Place and Flatbush Avenue, the average asking rent decreased 27 percent to \$262 psf. This decline can be attributed to a small percentage of available spaces that have been on the market for over a year. However, newly completed residential and office projects indicate future growth in foot traffic along the corridor. Upon the recommendation of REBNY’s Brooklyn Retail Advisory Group, Court Street, between Atlantic Avenue and Pierrepont Street, has been added as a new Downtown Brooklyn retail corridor. For winter 2019, the average asking rent along this corridor was \$166 psf.

ACKNOWLEDGEMENTS

The REBNY Brooklyn Retail Advisory Group Includes:

Robin Abrams, Compass
Diana Boutross, Cushman & Wakefield
Hymie Dweck, Newmark Knight Frank
Mitzi Flexer, Cushman & Wakefield
Jeffery Kessler, LEVITAN
Peter Levitan, LEVITAN
Curtis Woodside, Compass

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

Compass
Cushman & Wakefield
LEVITAN
Newmark Knight Frank

ABOUT REBNY'S BROOKLYN RETAIL REPORT

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

Although this report shows changes—positively and negatively—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-term trends that suggest a gradual market shift. The median rent information, the range of rent information, and this analysis of the data should help readers receive a comprehensive and accurate picture of the market in these selected corridors.

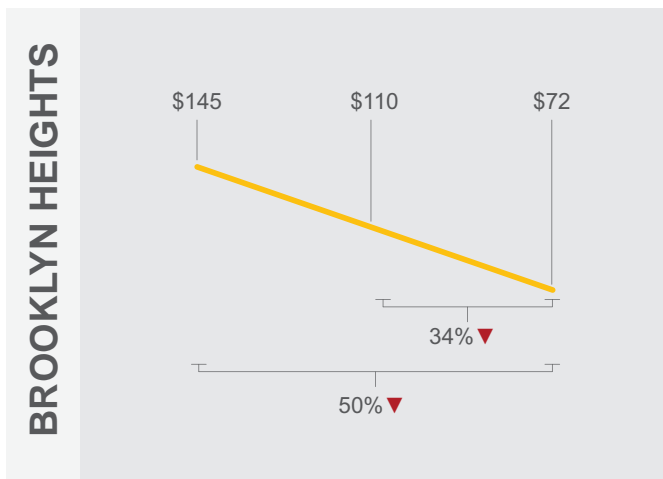
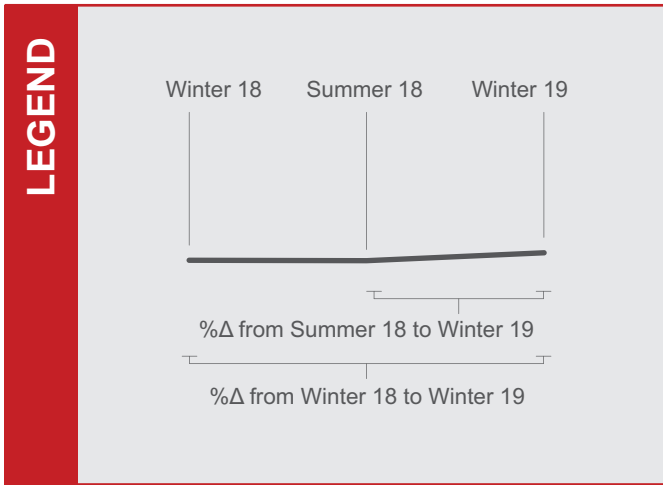
We must reiterate that the rents quoted in this report are asking rents. Physical components of a retail space factor greatly into its rental value. Attributes such as the lineal amount of street/avenue frontage, ceiling height, presence of below grade and mezzanine and second floor space, and locational factors such as proximity to a subway entrance, 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.

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

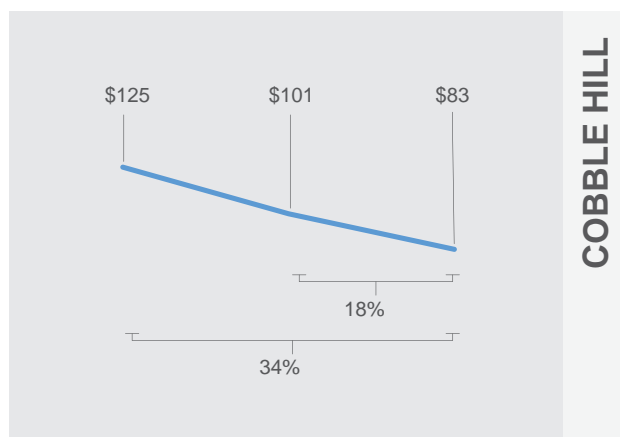
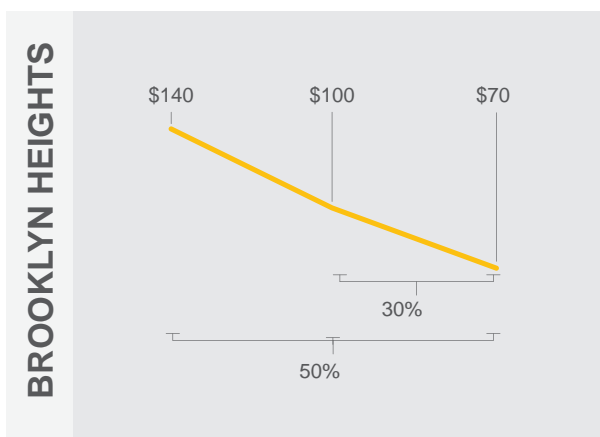
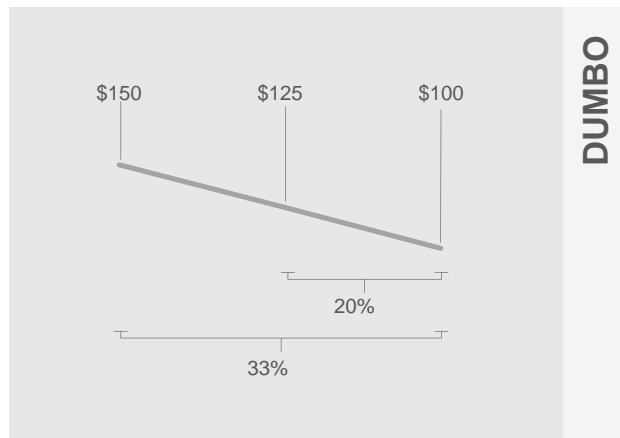
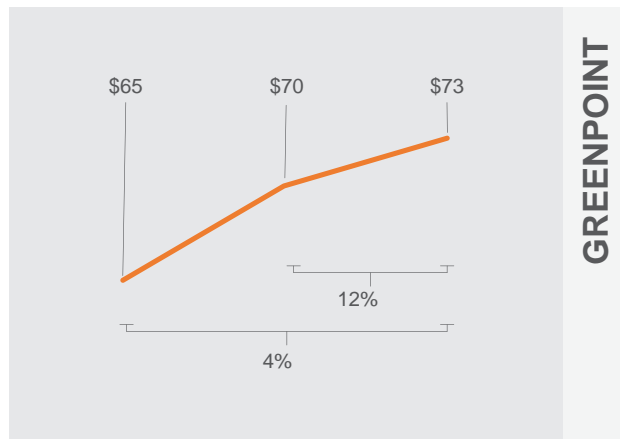
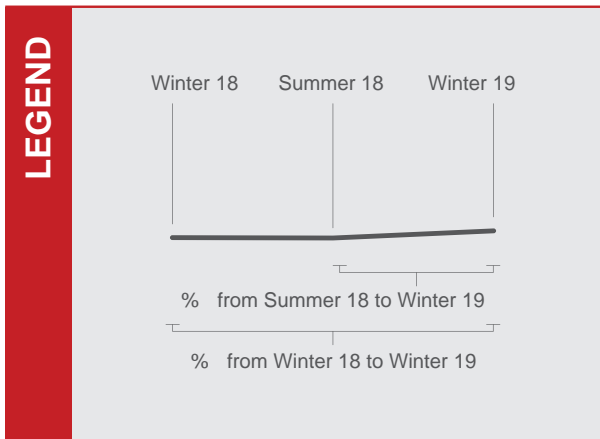
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



MEDIAN ASKING RENT PSF - GROUND FLOOR RETAIL



MEDIAN ASKING RENT PSF - GROUND FLOOR RETAIL



APPENDIX

AVERAGE ASKING RENT PSF – GROUND FLOOR RETAIL

	Winter 19	Summer 18	Winter 18	% Change Summer 18	% Change Winter 18
Greenpoint	\$73	\$71	\$62	3%	18%
Franklin St (Meserole Ave - Commercial St)	\$70	\$74	\$57	-5%	23%
Manhattan Ave (Driggs Ave - Ash St)	\$70	\$70	\$64	0%	9%
Williamsburg	\$187	\$225	\$258	-17%	-28%
Bedford Ave (North 8th St - North 12th St)	\$147	\$168	\$178	-13%	-17%
Bedford Ave (Grand - North 8th St)	\$319	\$351	\$359	-9%	-11%
North 6 St (Driggs Ave - Kent Ave)	\$209	\$251	\$225	-17%	-7%
North 4 St (Driggs Ave - Kent Ave)	\$196	\$197	\$122	-1%	61%
Grand St (Havemeyer St - Kent Ave)	\$100	\$84	\$101	19%	-1%
DUMBO	\$108	\$110	\$143	-2%	-25%
Washington St, Main St, Water St, Front St, Jay St	\$108	\$110	\$143	-2%	-25%
Brooklyn Heights	\$72	\$110	\$145	-34%	-50%
Montague St (Hicks St - Cadman Plaza)	\$72	\$110	\$145	-34%	-50%
Downtown Brooklyn	\$214	\$234	\$359	-9%	-40%
Fulton St (Boerum Pl - Flatbush Ave)	\$262	\$234	\$359	12%	-27%
Court St (Atlantic Ave - Pierrepont St)	\$166	N/A	N/A	-	-
Prospect Heights	\$139	\$118	\$132	18%	6%
Flatbush Ave (5th Ave - Grand Army Plaza)	\$139	\$118	\$132	18%	6%
Cobble Hill	\$90	\$102	\$130	-11%	-31%
Court St (Atlantic Ave - Carroll St)	\$96	\$103	\$134	-6%	-28%
Smith St (Atlantic Ave - Carroll St)	\$83	\$101	\$126	-17%	-34%
Park Slope	\$108	\$103	\$102	5%	6%
7th Ave (Union St - 9th St)	\$117	\$112	\$114	4%	2%
5th Ave (Union St - 9th St)	\$95	\$95	\$95	0%	0%
Bay Ridge	\$111	\$118	\$123	-5%	-10%
86th St (4th Ave - Fort Hamilton Pkwy)	\$111	\$118	\$123	-5%	-10%

APPENDIX

MEDIAN ASKING RENT PSF – GROUND FLOOR RETAIL

	Winter 19	Summer 18	Winter 18	% Change Summer 18	% Change Winter 18
Greenpoint	\$73	\$70	\$65	4%	12%
Franklin St (Meserole Ave - Commercial St)	\$62	\$70	\$58	-11%	7%
Manhattan Ave (Driggs Ave - Ash St)	\$70	\$69	\$65	2%	8%
Williamsburg	\$152	\$238	\$225	-36%	-32%
Bedford Ave (North 8th St - North 12th St)	\$141	\$175	\$175	-19%	-19%
Bedford Ave (Grand - North 8th St)	\$300	\$350	\$350	-14%	-14%
North 6 St (Driggs Ave - Kent Ave)	\$215	\$285	\$207	-25%	4%
North 4 St (Driggs Ave - Kent Ave)	\$167	\$200	\$140	-17%	19%
Grand St (Havemeyer St - Kent Ave)	\$90	\$80	\$94	12%	-5%
DUMBO	\$100	\$125	\$150	20%	-33%
Washington St, Main St, Water St, Front St, Jay St	\$100	\$125	\$150	-20%	-33%
Brooklyn Heights	\$70	\$100	\$140	-30%	-50%
Montague St (Hicks St - Cadman Plaza)	\$70	\$100	\$140	-30%	-50%
Downtown Brooklyn	\$212	\$250	\$350	-15%	-39%
Fulton St (Boerum Pl - Flatbush Ave)	\$250	\$250	\$350	0%	-29%
Court St (Atlantic Ave - Pierrepont St)	\$150	N/A	N/A	-	-
Prospect Heights	\$125	\$119	\$125	5%	0%
Flatbush Ave (5th Ave - Grand Army Plaza)	\$125	\$119	\$125	5%	0%
Cobble Hill	\$83	\$101	\$125	-18%	-34%
Court St (Atlantic Ave - Carroll St)	\$98	\$108	\$125	-9%	-22%
Smith St (Atlantic Ave - Carroll St)	\$71	\$94	\$132	-24%	-46%
Park Slope	\$110	\$105	\$98	5%	12%
7th Ave (Union St - 9th St)	\$115	\$125	\$110	-8%	5%
5th Ave (Union St - 9th St)	\$86	\$88	\$92	-2%	-7%
Bay Ridge	\$115	\$115	\$115	0%	0%
86th St (4th Ave - Fort Hamilton Pkwy)	\$115	\$115	\$115	0%	0%

APPENDIX

RANGE OF ASKING RENTS PSF – GROUND FLOOR RETAIL

	Winter 19			Summer 18			Winter 18		
Greenpoint	\$36	–	\$125	\$43	–	\$150	\$30	–	\$105
Franklin St (Meserole Ave - Commercial St)	\$45	–	\$115	\$48	–	\$115	\$40	–	\$75
Manhattan Ave (Driggs Ave - Ash St)	\$36	–	\$125	\$43	–	\$150	\$30	–	\$105
Williamsburg	\$55	–	\$500	\$53	–	\$500	\$65	–	\$600
Bedford Ave (North 8th St - North 12th St)	\$106	–	\$200	\$130	–	\$200	\$138	–	\$225
Bedford Ave (Grand - North 8th St)	\$210	–	\$500	\$160	–	\$500	\$150	–	\$600
North 6 St (Driggs Ave - Kent Ave)	\$55	–	\$350	\$150	–	\$285	\$100	–	\$350
North 4 St (Driggs Ave - Kent Ave)	\$120	–	\$300	\$175	–	\$216	\$75	–	\$150
Grand St (Havemeyer St - Kent Ave)	\$65	–	\$175	\$53	–	\$116	\$65	–	\$175
DUMBO	\$70	–	\$150	\$65	–	\$150	\$130	–	\$150
Washington St, Main St, Water St, Front St, Jay St	\$70	–	\$150	\$65	–	\$150	\$130	–	\$150
Brooklyn Heights	\$40	–	\$108	\$75	–	\$154	\$100	–	\$200
Montague St (Hicks St - Cadman Plaza)	\$40	–	\$108	\$75	–	\$154	\$100	–	\$200
Downtown Brooklyn	\$100	–	\$375	\$125	–	\$320	\$320	–	\$400
Fulton St (Boerum Pl - Flatbush Ave)	\$100	–	\$375	\$125	–	\$320	\$320	–	\$400
Court St (Atlantic Ave - Pierrepont St)	\$120	–	\$234		N/A			N/A	
Prospect Heights	\$71	–	\$226	\$66	–	\$222	\$66	–	\$222
Flatbush Ave (5th Ave - Grand Army Plaza)	\$71	–	\$226	\$66	–	\$222	\$66	–	\$222
Cobble Hill	\$46	–	\$150	\$55	–	\$150	\$68	–	\$185
Court St (Atlantic Ave - Carroll St)	\$55	–	\$125	\$55	–	\$144	\$80	–	\$185
Smith St (Atlantic Ave - Carroll St)	\$46	–	\$150	\$61	–	\$150	\$68	–	\$175
Park Slope	\$85	–	\$128	\$60	–	\$135	\$48	–	\$171
7th Ave (Union St - 9th St)	\$110	–	\$128	\$60	–	\$135	\$86	–	\$165
5th Ave (Union St - 9th St)	\$85	–	\$110	\$74	–	\$132	\$48	–	\$171
Bay Ridge	\$45	–	\$200	\$45	–	\$200	\$45	–	\$200
86th St (4th Ave - Fort Hamilton Pkwy)	\$45	–	\$200	\$45	–	\$200	\$45	–	\$200

CORRIDOR MAPS

