

THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

FALL 2014



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CHAIRMAN**

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REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

The Manhattan retail leasing market maintained its strength and dynamism through the third quarter of 2014. The Fall 2014 REBNY Retail Report showed ground floor asking rents increasing in 13 of 17 corridors surveyed, year over year. Furthermore, despite the increasing rents of recent years, our Retail Advisory Group reported that the market remained active. While the average asking rent in most corridors increased compared to last year, the increases were not as extreme as previous reports.

The average asking price for ground floor space on Fifth Avenue between 49th and 59th increased 8 percent from last fall to \$3,420 psf. In Times Square along Broadway and Seventh Avenue between 42nd and 47th average ground floor asking rents increased 7 percent from last fall to \$2,317 psf. Average asking rents in other prominent corridors increased strongly as well. Madison Avenue between 57th and 72nd streets had an increase of average ground asking rents of 24 percent to \$1,709 psf. The average asking rent in Herald Square along West 34th Street increased 21 percent from last year to \$891 per square foot.

The factors driving demand for retail space in Manhattan's top corridors have not changed greatly. Tourism in the city is still strong, luxury brands are seeking association to select areas, and widely known global brands are looking for visibility in high traffic areas. Another factor that our Advisory Group pointed out was that retailers now are looking for certain locations within these already high demand corridors besides simply corner space or a location near transit. Proximity to a major attraction in or near the corridor, they explained, can have a tremendous effect on desirability and price. For example, the available spaces on West 34th are more expensive closer to Macy's than those on the other end of the block. The same holds true with the Financial District where retailers are looking to be close to The World Trade Center.

Another aspect influencing the retail leasing market according to the group is a retailer's desire to make an impact in an area that gets them noticed and creates excitement around the brand. Examples of this are Saks moving to Lower Manhattan, Amazon taking space on West 34th, Nordstrom establishing a massive store at the base of the soon to be constructed 225 West 57th Street, and Neiman Marcus taking space at Hudson Yards for their first New York City store. These deals are the product of companies

wanting to be a part of the changing city in general and leaving their particular mark on its vibrant retail environment.

We must reiterate that the rents quoted in the report are asking rents. Also, please note that the 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 can affect value as well as locational factors. Consequently, in corridors with fewer availabilities, a high quality space coming to market can increase the average and median asking rents greatly. Also, in smaller corridors, a lack of available space may lead its adjacent blocks becoming of interest to retailers. Accordingly, we have provided information about the rent range as well as asking rent information from six months and 12 months ago to provide a rich statistical context to evaluate the current market conditions. In addition, we would like to note that the surveyed corridors in the report represent the top tier retail corridors in the city and that rents on adjoining side streets may lease for considerably less than the locations we are profiling. Lastly, as we have learned in the decade or more that we have been preparing this report, retail brokers active in the market are an invaluable source of information and trends that cannot be fully captured completely by the numbers in our report. We attempt to provide an overview of the market at a particular point in time that is based on the available listings of our Advisory Group and the REBNY Retail Committee members which include all the major retail brokers and owners in Manhattan.



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

	Fall	Spring	Fall	% Change	% Change
	2014	2014	2013	From Spring	From Fall
				2014	2013
EASTSIDE					
Madison Ave: 57 - 72 St	\$1,709	\$1,643	\$1,380	4%	24%
Third Ave: 60 - 72 St	\$266	\$261	\$249	2%	7%
East 86 St: Lexington Ave - 2nd Ave	\$423	\$384	\$442	10%	-4%
WESTSIDE					
Broadway: 72 - 86 St	\$377	\$284	\$434	33%	-13%
Columbus Ave: 66 - 79 St	\$347	\$360	\$319	-4%	9%
MiDTo WN					
East 57 St: 5 Ave - Park Ave	\$1,250	\$1,000	\$885	25%	41%
Fifth Ave: 42 - 49 St	\$1,095	\$1,029	\$1,072	6%	2%
Fifth Ave: 49 - 59 St	\$3,420	\$3,550	\$3,170	-4%	8%
Broadway & 7 Ave: 42 - 47 St	\$2,317	\$2,407	\$2,175	-4%	7%
MiDTo WN So UTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$403	\$388	\$329	4%	23%
Broadway: 14 - 23 St	\$359	\$392	\$400	-8%	-10%
Herald Square					
West 34 St: 5 - 7 Ave	\$891	\$883	\$738	1%	21%
Do WNTo WN					
Meatpacking					
14 St: 9 - 10 Ave	\$339	\$339	\$356	0%	-5%
Financial District					
Broadway: Battery Park - Chambers St	\$265	\$226	\$257	17%	3%
SoHo					
Broadway: Houston - Broome St	\$830	\$890	\$762	-7%	9%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$484	\$524	\$417	-8%	16%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$130	\$117	\$110	11%	18%

*Statistics reflect availabilities on 4/1/14



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

	Fall	Spring	Fall	% Change	% Change
	2014	2014	2013	From Spring	From Fall
				2014	2013
EASTSIDE					
Madison Ave: 57 - 72 St	\$1,500	\$1,650	\$1,300	-9%	15%
Third Ave: 60 - 72 St	\$258	\$250	\$250	3%	3%
East 86 St: Lexington Ave - 2nd Ave	\$318	\$355	\$575	-11%	-45%
WESTSIDE					
Broadway: 72 - 86 St	\$323	\$368	\$425	-12%	-24%
Columbus Ave: 66 - 79 St	\$329	\$333	\$329	-1%	0%
MIDTo WN					
East 57 St: 5 Ave - Park Ave	\$1,250	\$1,000	\$885	25%	41%
Fifth Ave: 42 - 49 St	\$1,100	\$1,000	\$1,077	10%	2%
Fifth Ave: 49 - 59 St	\$3,500	\$3,600	\$3,200	-3%	9%
Broadway & 7 Ave: 42 - 47 St	\$2,225	\$2,350	\$2,000	-5%	11%
MIDTo WN SoUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$400	\$393	\$300	2%	33%
Broadway: 14 - 23 St	\$350	\$447	\$400	-22%	-13%
Herald Square					
West 34 St: 5 - 7 Ave	\$827	\$1,000	\$650	-17%	27%
Do WNTo WN					
Meatpacking					
14 St: 9 - 10 Ave	\$325	\$325	\$325	0%	0%
Financial District					
Broadway: Battery Park - Chambers St	\$194	\$171	\$188	13%	3%
SoHo					
Broadway: Houston - Broome St	\$819	\$864	\$875	-7%	-6%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$488	\$550	\$364	-11%	34%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$116	\$100	\$105	16%	11%

* Statistics reflect availabilities on 4/1/14



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

	Fall 2014	Spring 2014	Fall 2013
EASTSIDE			
Madison Ave: 57 - 72 St	\$1,500 - \$2,200	\$1,200 - \$2,200	\$700 - \$2,000
Third Ave: 60 - 72 St	\$163 - \$377	\$158 - \$400	\$154 - \$325
East 86 St: Lexington Ave - 2nd Ave	\$255 - \$800	\$275 - \$550	\$350 - \$625
WESTSIDE			
Broadway: 72 - 86 St	\$221 - \$650	\$200 - \$400	\$385 - \$500
Columbus Ave: 66 - 79 St	\$150 - \$500	\$226 - \$650	\$327 - \$406
MIDTo WN			
East 57 St: 5 Ave - Park Ave	\$1,000 - \$1,500	\$1,000 - \$1,000	\$884 - \$884
Fifth Ave: 42 - 49 St	\$575 - \$1,500	\$575 - \$1,500	\$575 - \$1,750
Fifth Ave: 49 - 59 St	\$2,700 - \$4,000	\$3,150 - \$3,900	\$2,500 - \$3,500
Broadway & 7 Ave: 42 - 47 St	\$2,000 - \$3,000	\$1,800 - \$3,000	\$1,800 - \$2,750
MIDTo WN So UTH			
Flatiron			
Fifth Ave: 14 - 23 St	\$325 - \$500	\$300 - \$500	\$250 - \$500
Broadway: 14 - 23 St	\$225 - \$471	\$275 - \$453	\$400 - \$400
Herald Square			
West 34 St: 5 - 7 Ave	\$492 - \$1,500	\$550 - \$1,100	\$550 - \$1,100
Do WNTo WN			
Meatpacking			
14 St: 9 - 10 Ave	\$275 - \$450	\$300 - \$450	\$325 - \$450
Financial District			
Broadway: Battery Park - Chambers St	\$128 - \$500	\$128 - \$500	\$125 - \$500
SoHo			
Broadway: Houston - Broome St	\$425 - \$1,583	\$720 - \$1,200	\$600 - \$1,200
West Village			
Bleeker St: 7 Ave South - Hudson St	\$375 - \$600	\$375 - \$700	\$300 - \$696
UPPER MANHATTAN			
Harlem			
125th St. (River to River)	\$72 - \$300	\$70 - \$300	\$80 - \$160

* Statistics reflect availabilities on 4/1/14



AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

	Fall 2014	Spring 2014	Fall 2013	% Change From Spring 2014	% Change From Fall 2013
MANHATTAN	\$149	\$139	\$130	7%	15%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$170	\$189	\$178	-10%	-4%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$144	\$145	\$126	-1%	14%
MIDTOWN 35th Street to 59th Street	\$198	\$190	\$160	4%	24%
MIDTOWN SOUTH 15th Street to 34th Street	\$152	\$136	\$128	12%	19%
DOWNTOWN South of 14th Street	\$135	\$130	\$123	4%	10%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$70	\$65	\$64	8%	9%

* Statistics reflect availabilities on 4/1/14



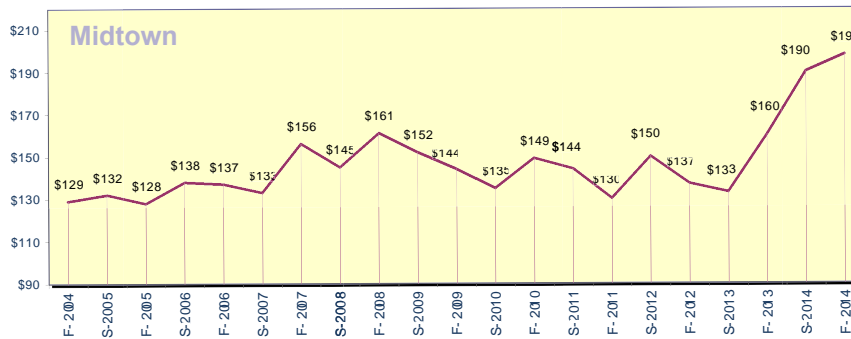
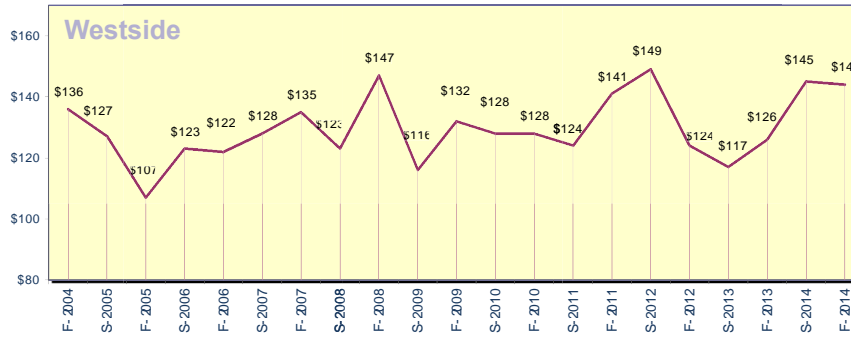
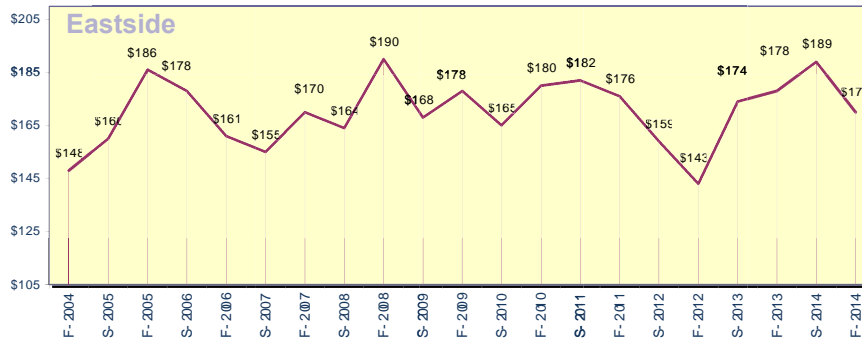
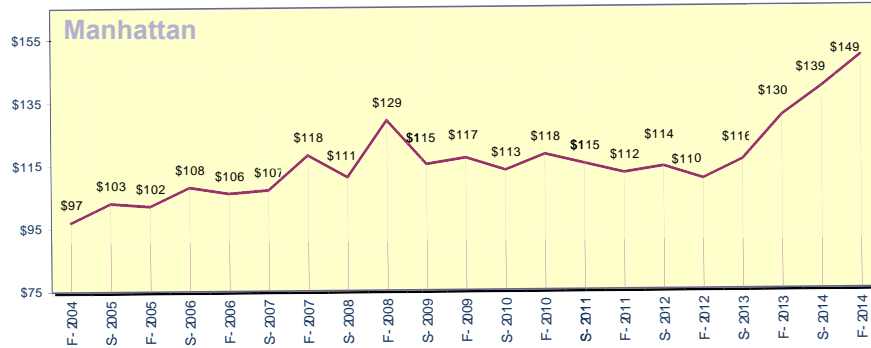
MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

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

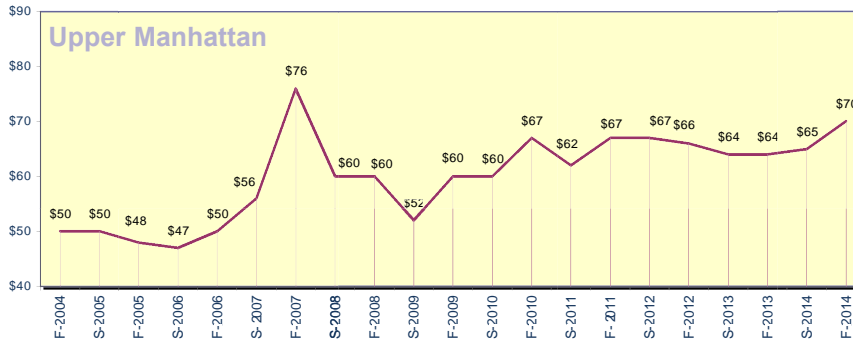
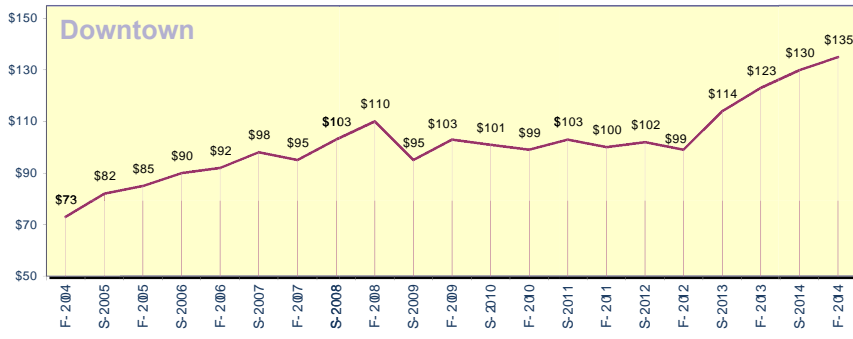
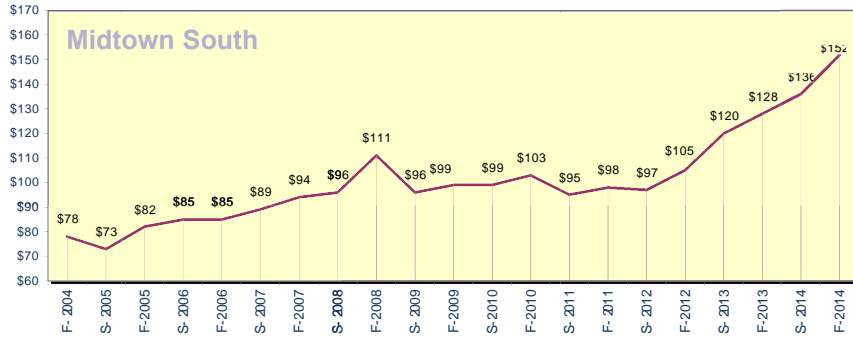
	Fall 2014	Spring 2014	Fall 2013	% Change From Spring 2014	% Change From Fall 2013
MANHATTAN	\$104	\$96	\$93	8%	12%
EASTSIDE 60th Street to 96th Street, Fifth Avenue to the East River	\$124	\$125	\$114	-1%	9%
WESTSIDE 60th Street to 116th Street, West of Morningside Park	\$123	\$118	\$98	4%	26%
MIDTOWN 35th Street to 59th Street	\$104	\$100	\$100	4%	4%
MIDTOWN SOUTH 15th Street to 34th Street	\$118	\$103	\$100	15%	18%
DOWNTOWN South of 14th Street	\$110	\$103	\$98	7%	12%
UPPER MANHATTAN 97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park	\$60	\$59	\$56	2%	7%

* Statistics reflect availabilities on 4/1/14

AVERAGE RETAIL ASKING RENTS PSF



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ACKNOWLEDGEMENTS

The REBNY Retail Report Advisory Group includes:

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Fred Posniak, Empire State Realty Trust
Jeffrey Roseman, Newmark Grubb Knight Frank
Craig Slosberg, Jones Lang Lasalle
Alan Victor, The Lansco Corporation

REBNY would like to thank the following firms for their assistance in preparing the report:

Buchbinder & Warren Realty Group, LLC
CBRE
Cushman & Wakefield
Eastern Consolidated
Empire State Realty Trust
Jones Lang Lasalle
The Lansco Corporation
Massey Knakal Realty Services
Newmark Grubb Knight Frank
Ripco Real Estate Corporation
RKF
Sinvin Realty, LLC

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.