



THE REAL ESTATE BOARD OF NEW YORK

BROOKLYN RETAIL REPORT | SUMMER 2018



REBNY[®]
REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

In the summer of 2018, average asking rents for available ground floor retail spaces increased in seven of the 16 Brooklyn corridors analyzed in the Real Estate Board of New York's (REBNY) Brooklyn Retail Report, when compared to the summer of 2017. Overall, the retail environment in Brooklyn is mixed and market trends have remained favorable in areas that are experiencing increased residential density. Declines in average asking rents have occurred mostly in more mature neighborhoods where retail rents soared after the financial crisis and now are adjusting downward as smaller property owners become more realistic about the condition of their spaces and their current value.

Average asking rents per square foot (psf) increased in three of the five Williamsburg corridors surveyed in our report during the summer of 2018. On both North 6th Street and North 4th Street, between Driggs Avenue and Kent Avenue, average asking rents increased compared to the summer of last year. The average asking rent on North 6th was \$251 psf, an 8% increase year-over-year. The average asking rent on North 4th Street was \$197 psf, a 34% increase from the summer of 2017. This large increase was attributable to a combination of existing retail spaces becoming available closer to Bedford Avenue and larger, newly renovated spaces becoming available further west on the corridor.

Bedford Avenue average asking rents, between Grand Street and North 8th Street, fell by 11% to \$351 psf compared to last year. Above North 8th Street and up to North 12th Street, the average asking rent on Bedford increased 3% to \$168 psf. Despite the upcoming interruption of L train service, asking rents on these corridors have been relatively stable.

Flatbush Avenue in Prospect Heights, between 5th Avenue and Grand Army Plaza, recorded another average asking rent increase this period compared to last year. The \$118 psf average was a 9% increase when compared to the summer of 2017. This marked the third consecutive year-over-year increase on the corridor. Growing foot traffic in the area—generated by new, high-density residential projects, popular restaurants, and a strong office leasing market—contributed to this upward trend.

The average asking rents for ground floor retail space in Cobble Hill declined sharply in the summer of 2018 when compared to asking rents in the summer of 2017. The average asking rent on Court Street, between Atlantic Avenue and Carroll Street, decreased 31% year-over-year to \$103 psf. On Smith Street, between Atlantic Avenue and Carroll Street, the average asking rent fell 32% year-over-year to \$101 psf. In the past year, higher-value spaces on these corridors were leased while lower-value, smaller spaces became available, both of which contributed to the drop in average asking rents.

The same phenomenon occurred in Brooklyn Heights on Montague Street, between Hicks Street and Cadman Plaza, where rents fell 27% to \$110 psf. This decline was due to turnover of higher-priced spaces. Low availability is common on this corridor so any absorption or new supply has a strong effect on its average asking rent.

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, 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. 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.

EXECUTIVE SUMMARY (CONT.)

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.

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 Advisory Group in addition to our Commercial Brokerage Brooklyn Committee and Retail Committee members.

ACKNOWLEDGEMENTS

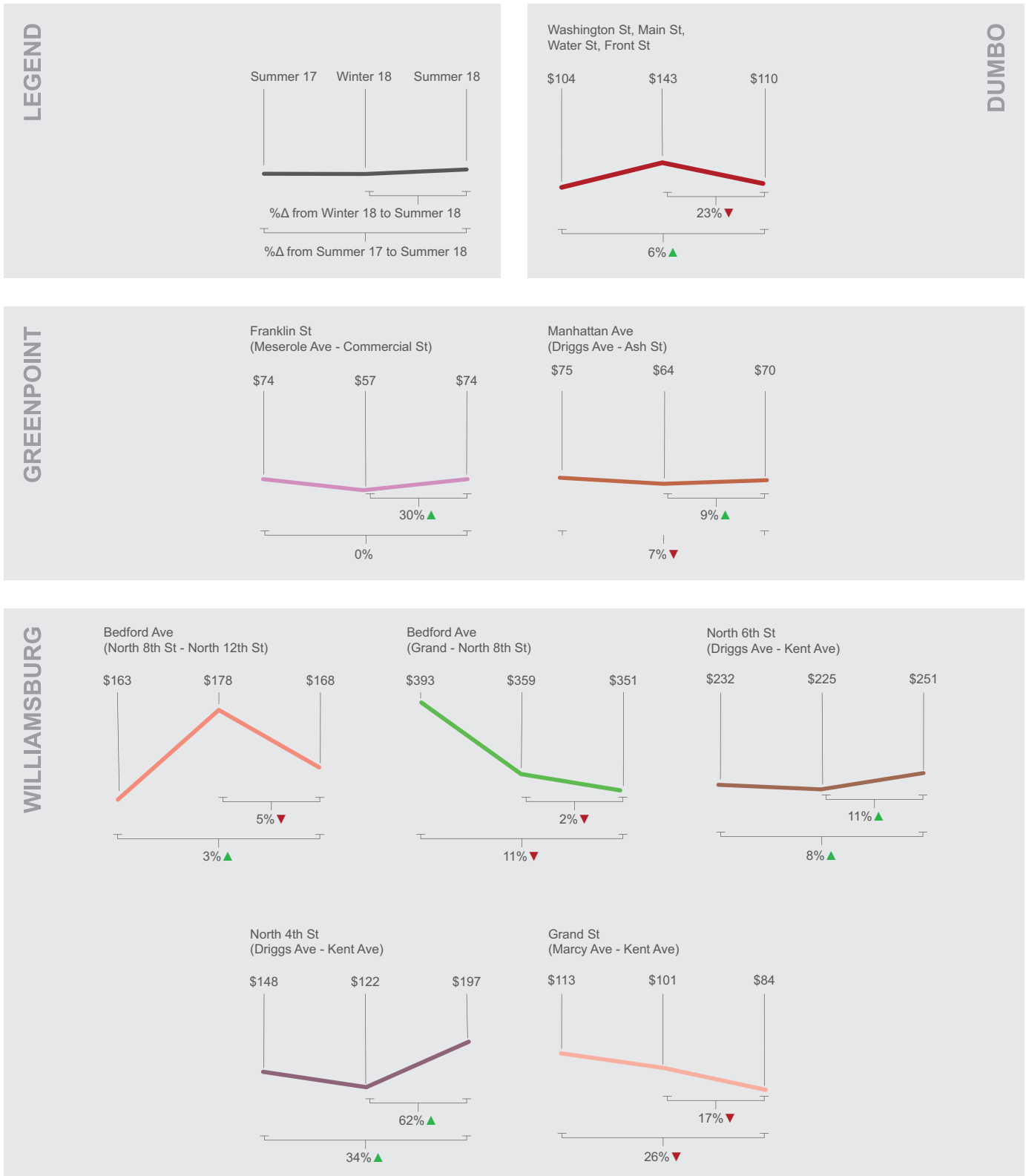
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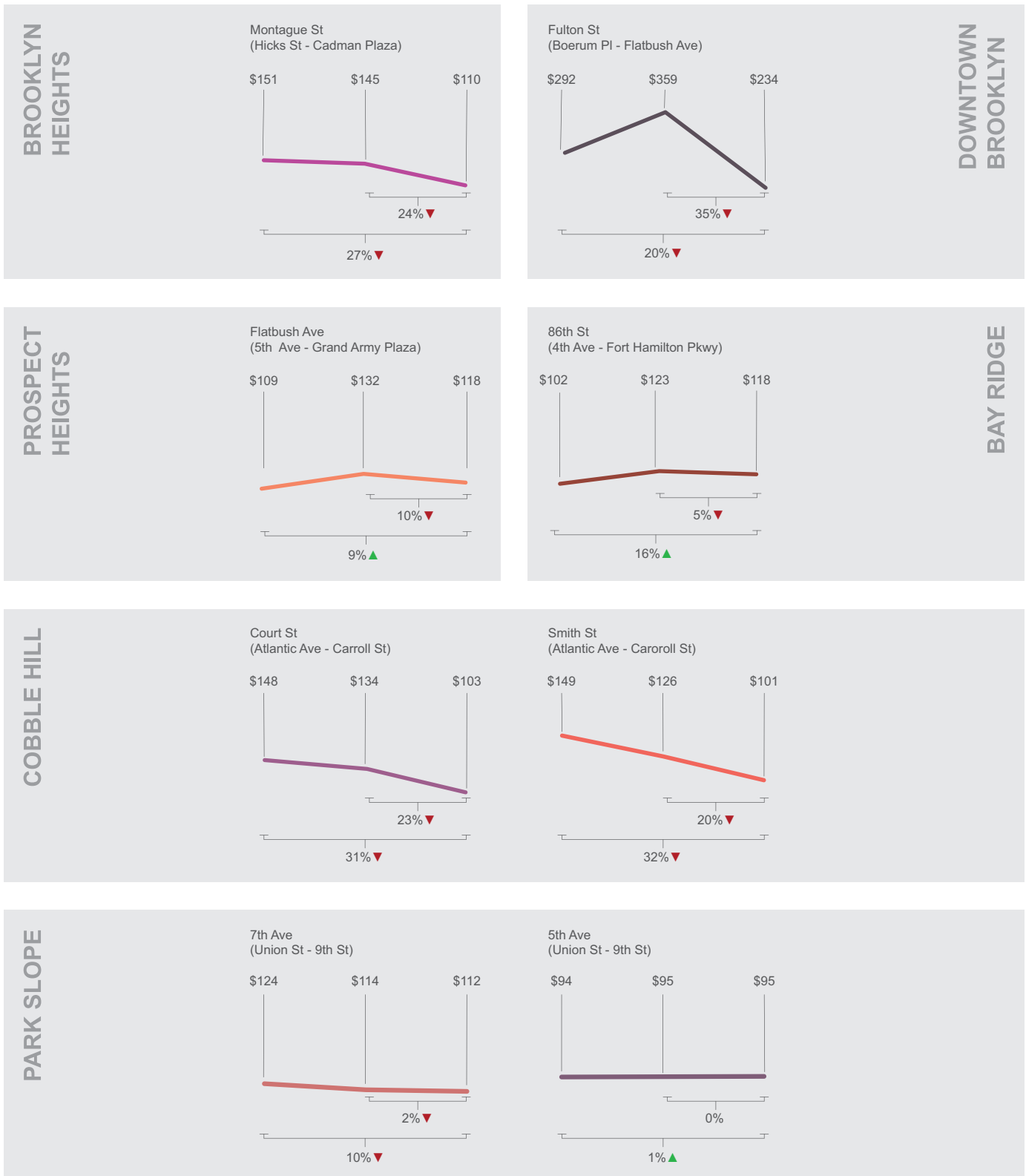
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Compass
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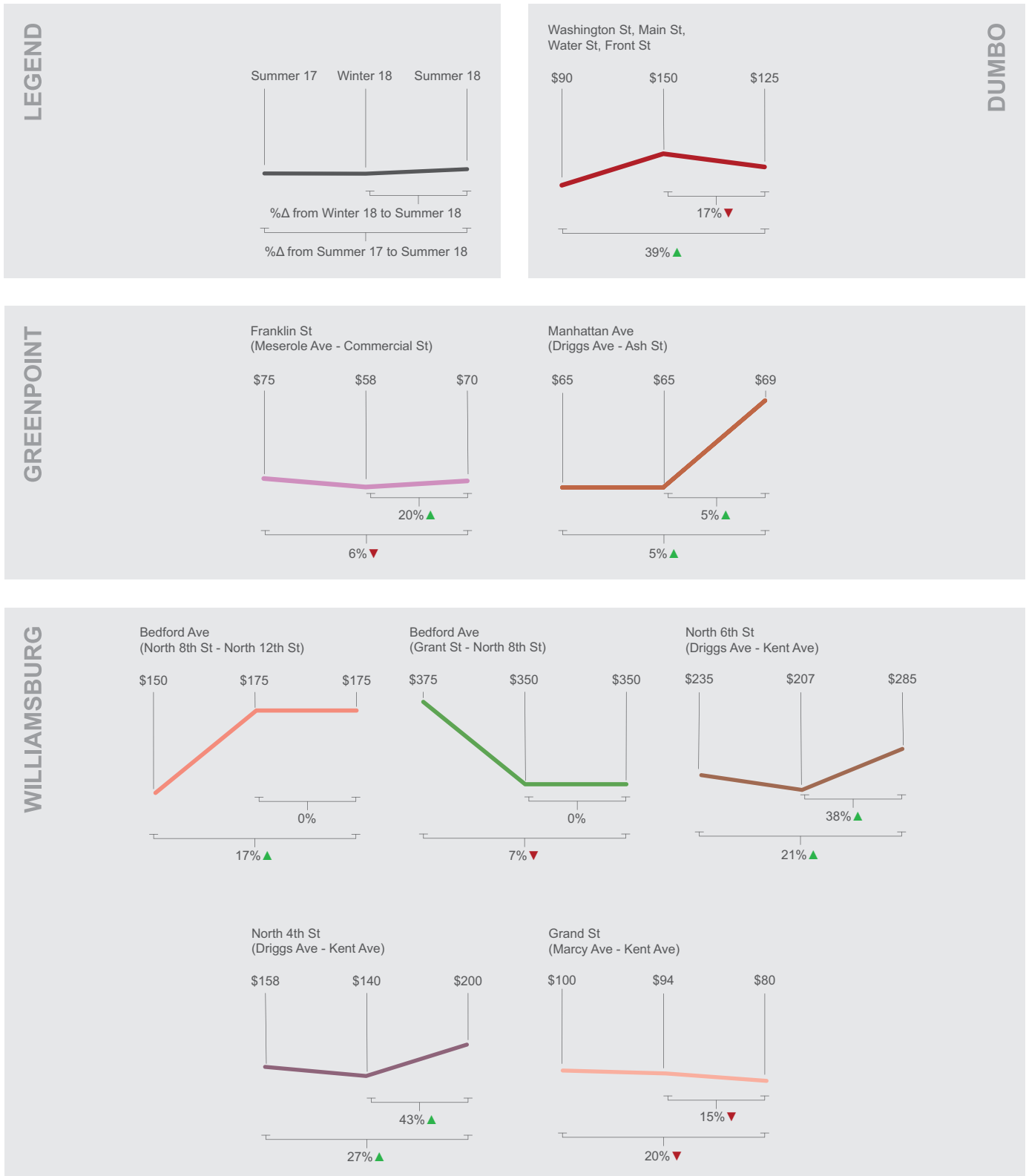
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



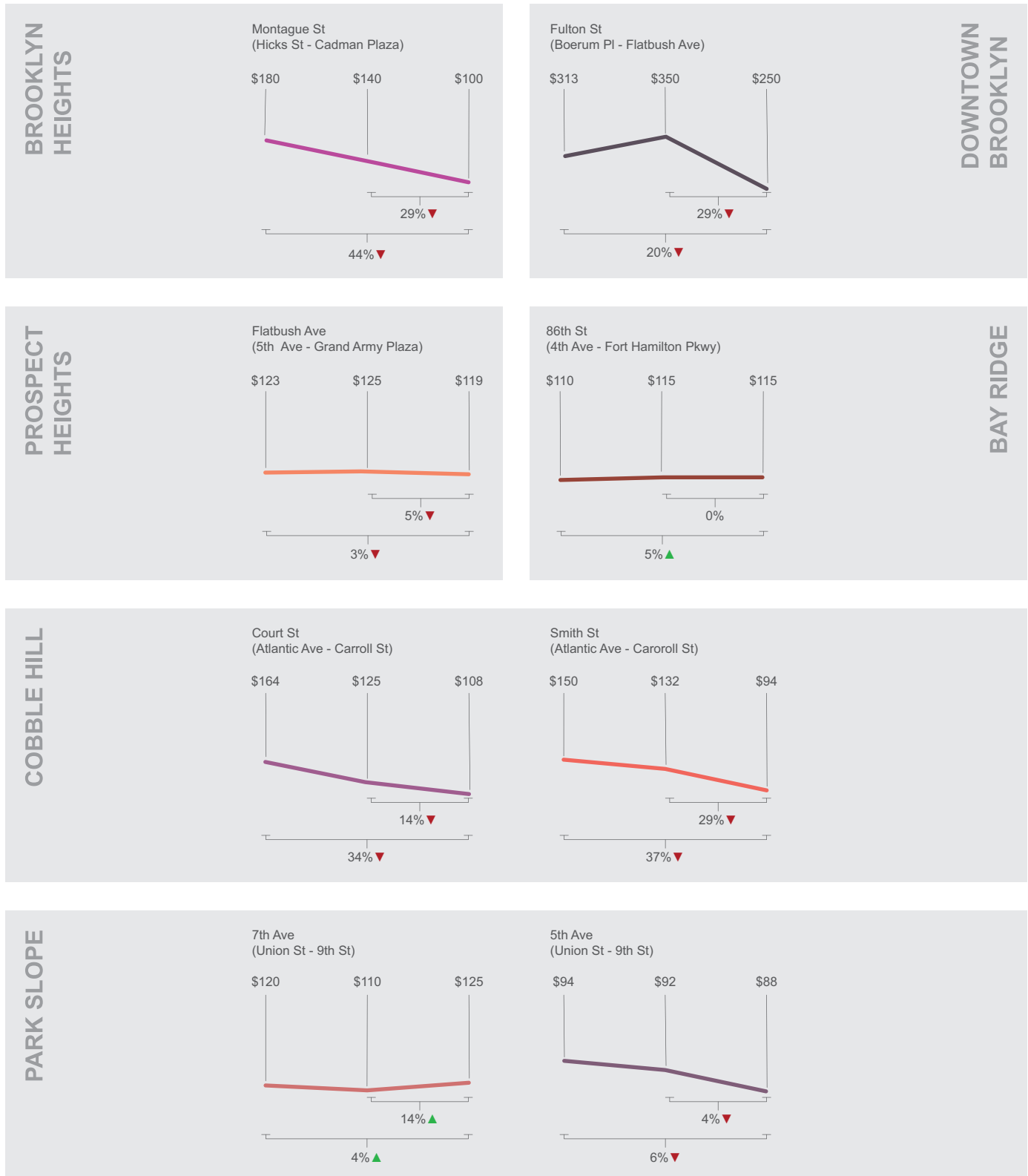
AVERAGE ASKING RENT PSF - GROUND FLOOR RETAIL



MEDIAN ASKING RENT PSF - GROUND FLOOR RETAIL



MEDIAN ASKING RENT PSF - GROUND FLOOR RETAIL



APPENDIX

AVERAGE ASKING RENT PSF – GROUND FLOOR RETAIL

	Summer 18	Winter 18	Summer 17	% Change Winter 18	% Change Summer 17
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$74	\$57	\$74	30%	0%
Manhattan Ave (Driggs Ave - Ash St)	\$70	\$64	\$75	9%	-7%
Williamsburg					
Bedford Ave (North 8th St - North 12th St)	\$168	\$178	\$163	-5%	3%
Bedford Ave (Grand - North 8th St)	\$351	\$359	\$393	-2%	-11%
North 6 St (Driggs Ave - Kent Ave)	\$251	\$225	\$232	11%	8%
North 4 St (Driggs Ave - Kent Ave)	\$197	\$122	\$148	62%	34%
Grand St (Havemeyer St - Kent Ave)	\$84	\$101	\$113	-17%	-26%
DUMBO					
Washington St, Main St, Water St, Front St	\$110	\$143	\$104	-23%	6%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$110	\$145	\$151	-24%	-27%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$234	\$359	\$292	-35%	-20%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$118	\$132	\$109	-10%	9%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$103	\$134	\$148	-23%	-31%
Smith St (Atlantic Ave - Carroll St)	\$101	\$126	\$149	-20%	-32%
Park Slope					
7th Ave (Union St - 9th St)	\$112	\$114	\$124	-2%	-10%
5th Ave (Union St - 9th St)	\$95	\$95	\$94	0%	1%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$118	\$123	\$102	-5%	16%

APPENDIX

MEDIAN ASKING RENT PSF – GROUND FLOOR RETAIL

	Summer 18	Winter 18	Summer 17	% Change Winter 18	% Change Summer 17
Greenpoint					
Franklin St (Meserole Ave - Commercial St)	\$70	\$58	\$75	20%	-6%
Manhattan Ave (Driggs Ave - Ash St)	\$69	\$65	\$65	5%	5%
Williamsburg					
Bedford Ave (North 8th St - North 12th St)	\$175	\$175	\$150	0%	17%
Bedford Ave (Grand - North 8th St)	\$350	\$350	\$375	0%	-7%
North 6 St (Driggs Ave - Kent Ave)	\$285	\$207	\$235	38%	21%
North 4 St (Driggs Ave - Kent Ave)	\$200	\$140	\$158	43%	27%
Grand St (Havemeyer St - Kent Ave)	\$80	\$94	\$100	-15%	-20%
DUMBO					
Washington St, Main St, Water St, Front St	\$125	\$150	\$90	-17%	39%
Brooklyn Heights					
Montague St (Hicks St - Cadman Plaza)	\$100	\$140	\$180	-29%	-44%
Downtown Brooklyn					
Fulton St (Boerum Pl - Flatbush Ave)	\$250	\$350	\$313	-29%	-20%
Prospect Heights					
Flatbush Ave (5th Ave - Grand Army Plaza)	\$119	\$125	\$123	-5%	-3%
Cobble Hill					
Court St (Atlantic Ave - Carroll St)	\$108	\$125	\$164	-14%	-34%
Smith St (Atlantic Ave - Carroll St)	\$94	\$132	\$150	-29%	-37%
Park Slope					
7th Ave (Union St - 9th St)	\$125	\$110	\$120	14%	4%
5th Ave (Union St - 9th St)	\$88	\$92	\$94	-4%	-6%
Bay Ridge					
86th St (4th Ave - Fort Hamilton Pkwy)	\$115	\$115	\$110	0%	5%

APPENDIX

RANGE OF ASKING RENTS PSF – GROUND FLOOR RETAIL

	Summer 18			Winter 18			Summer 17		
Greenpoint									
Franklin St (Meserole Ave - Commercial St)	\$48	–	\$115	\$40	–	\$75	\$47	–	\$107
Manhattan Ave (Driggs Ave - Ash St)	\$43	–	\$150	\$30	–	\$105	\$44	–	\$128
Williamsburg									
Bedford Ave (North 8th St - North 12th St)	\$130	–	\$200	\$138	–	\$225	\$130	–	\$200
Bedford Ave (Grand - North 8th St)	\$160	–	\$500	\$150	–	\$600	\$267	–	\$600
North 6 St (Driggs Ave - Kent Ave)	\$150	–	\$285	\$100	–	\$350	\$100	–	\$350
North 4 St (Driggs Ave - Kent Ave)	\$175	–	\$216	\$75	–	\$150	\$100	–	\$175
Grand St (Havemeyer St - Kent Ave)	\$53	–	\$116	\$65	–	\$175	\$88	–	\$150
DUMBO									
Washington St, Main St, Water St, Front St	\$65	–	\$150	\$130	–	\$150	\$85	–	\$150
Brooklyn Heights									
Montague St (Hicks St - Cadman Plaza)	\$75	–	\$154	\$100	–	\$200	\$85	–	\$200
Downtown Brooklyn									
Fulton St (Boerum Pl - Flatbush Ave)	\$125	–	\$320	\$320	–	\$400	\$125	–	\$400
Prospect Heights									
Flatbush Ave (5th Ave - Grand Army Plaza)	\$66	–	\$222	\$66	–	\$222	\$78	–	\$125
Cobble Hill									
Court St (Atlantic Ave - Carroll St)	\$55	–	\$144	\$80	–	\$185	\$80	–	\$200
Smith St (Atlantic Ave - Carroll St)	\$61	–	\$150	\$68	–	\$175	\$125	–	\$175
Park Slope									
7th Ave (Union St - 9th St)	\$60	–	\$135	\$86	–	\$165	\$114	–	\$138
5th Ave (Union St - 9th St)	\$74	–	\$132	\$48	–	\$171	\$69	–	\$133
Bay Ridge									
86th St (4th Ave - Fort Hamilton Pkwy)	\$45	–	\$200	\$45	–	\$200	\$56	–	\$130

CORRIDOR MAPS

