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RETAIL REPORT

REBNY[®]
REAL ESTATE BOARD OF NEW YORK

FALL 2002

Burton P. Resnick, Chairperson
Steven Spinola, President

A NOTE FROM THE PRESIDENT

Our latest REBNY Retail Report confirms New York's top rank as a global marketing center and shopping destination. Rents and vacancy rates are improving in all prime areas despite a sluggish economy, except for downtown whose circumstances are unique. In fact, at the Board's November Members Luncheon, the panelists agreed that strong retail rents were elevating building sales prices in these sections of town. But vacancies are on the rise in secondary retail districts, however, another sign that any significant realty tax hike could also dim hopes for a near-term recovery in most of the city's shopping districts. Raising taxes in these tough times would force many stores to go out of business and deprive New York the payroll and sales levies they generate.

Readers will find a new feature has been added to our report. The Statistical Summary Spotlight provides a more accessible and comprehensive view of what is happening in the most widely patronized shopping districts.

We're grateful to our Retail Task Force Study Group for their customary fine work and for an alert that should be heeded.

Steven Spinola

REBNY'S STORES COMMITTEE ADVISORY GROUP

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Madison HGCD, LLC

Murray Hill Properties



Newmark New Spectrum Retail, LLC



Northwest-Atlantic Partners, Inc.



Retail Realty, LLC

Robert K. Futterman & Associates, LLC



Rockrose Development Corp.



Rose Associates, Inc.



Staubach



W&M Properties, Inc.

This report is a project of the REBNY Stores Committee

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STREET TALK

Leading Retail Districts Flourish While Secondary Shopping Areas Lag

Prime Manhattan retail areas, particularly their avenue locations, continued to thrive during the past six months, while secondary districts and stores on side streets saw significant increases in available space.

With the exception of Lower Manhattan, average asking rents for retail space are up in every core shopping district, surpassing levels reached six months or a year before. In line with that finding, the amount of available space in these prime areas would be unchanged if not for the sizable store vacancies downtown. Lower Manhattan's economy, of course, contends with both a recession and aftershocks from the terrorist attacks.

Leasing activity was most intense in places noted for their pedestrian traffic and high advertising value, such as Times Square and 34th Street in Pennsylvania Station's immediate vicinity. Stores near high-income, high-density residential neighborhoods, such as those on Broadway north of Lincoln Center, also attracted tenants. Leasing patterns in these prime areas were unaffected by such negative trends as local job losses, a recent dip in consumer confidence and a shortening list of the few remaining luxury goods purveyors—foreign and domestic—who have yet to take a Manhattan outlet. These problems, however, have been more that offset by other national and offshore retail chains seeking greater visibility or "showcase" Manhattan shops. In addition, banks, telephone equipment stores and drugstores were leasing as much desirable space as possible, with banks showing a preference for corner locations. These tenants have stabilized retail rents in Manhattan's main shopping venues during a period of economic uncertainty. Secondary areas, though, are contending with the recession's impact.

STREET TALK

Leading Retail Districts Flourish While Secondary Shopping Areas Lag (Continued)

Brokers report that retail rents rose in all key markets during this period. Some tenants anticipated a softening in rents after the terrorist attacks and sought concessions, but owners, refinancing at lower interest rates, could more easily afford to wait with vacant space while pursuing the rents they sought. The industry's view is that retail rents are generally rising in prime districts.

A list of retail tenants that made major commitments to Manhattan during the past six months, including several making their debut in this market, is appended to the report.

The Retail Report will continue to feature this Street Talk column as a preface to our statistical survey. Street Talk will include impressions, anecdotes and predictions from REBNY's Stores Committee Advisory Group.

MARKET AREA DEFINITIONS

East Side

60th Street to 96th Street, Fifth Avenue to the East River

West Side

60th Street to 110th Street, Hudson River to west of Fifth Avenue

Midtown

31st Street to 59th Street

Midtown South

Canal Street to 30th Street

Downtown

South of Canal Street

Upper Manhattan

97th Street and higher, Fifth Avenue to the East River;
111th Street and higher, west of Fifth Avenue to the Hudson River

MARKET PROFILE

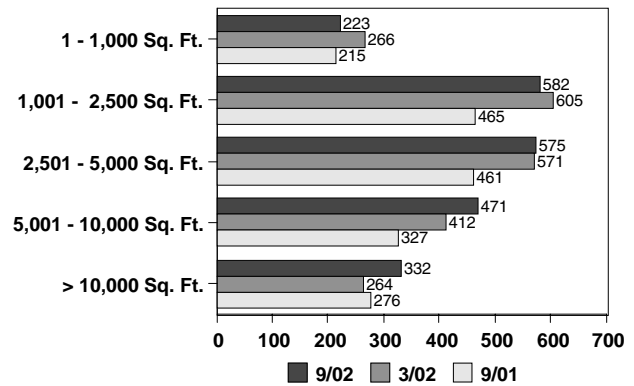
MANHATTAN

ALL SPACE

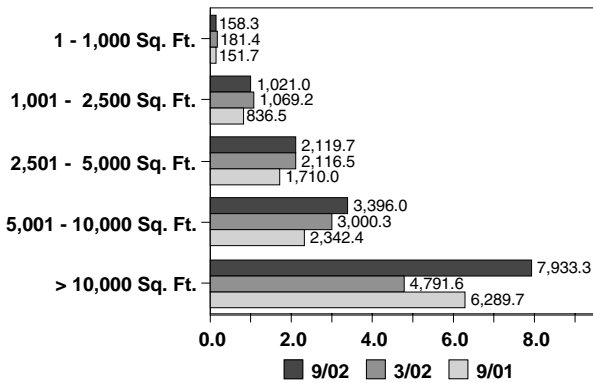
Availability Summary

	9/30/02	3/31/02	9/30/01
# of Stores:	2,183	2,118	1,744
SF:	14,628,600	11,158,883	11,330,587
Average Asking Rent PSF:	\$85	\$87	\$84
Average Store SF:	6,701	5,269	6,497

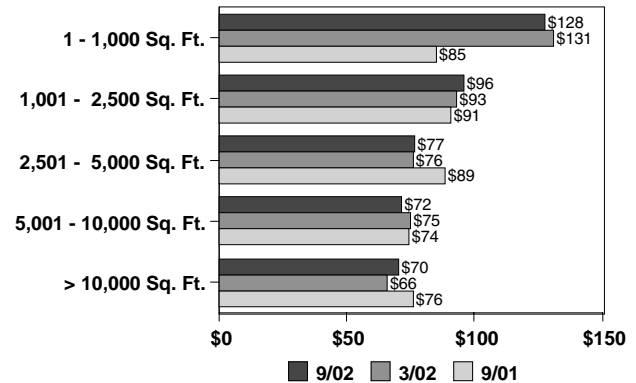
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

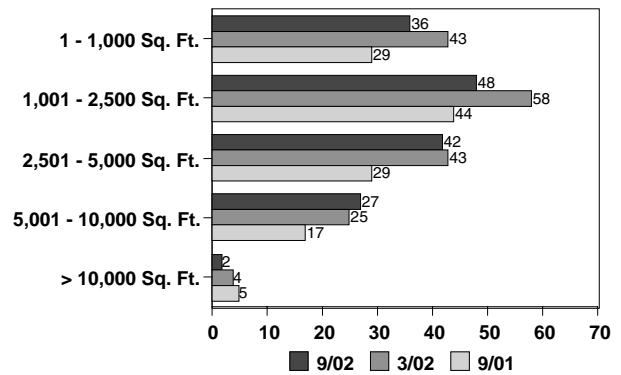
EAST SIDE

ALL SPACE

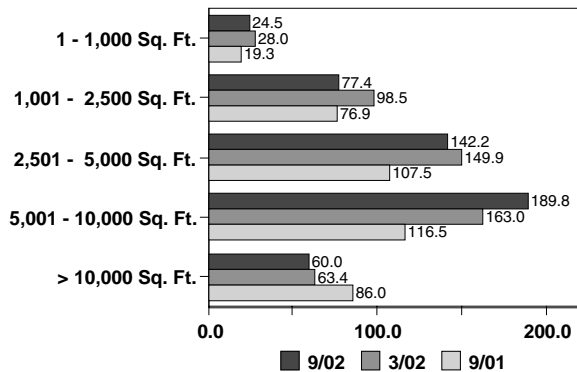
Availability Summary

	9/30/02	3/31/02	9/30/01
# of Stores:	155	173	124
SF:	494,084	502,713	406,481
Average Asking Rent PSF:	\$111	\$113	\$103
Average Store SF:	3,188	2,906	3,278

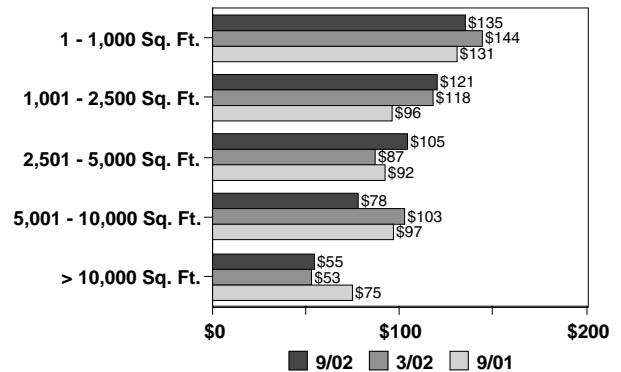
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

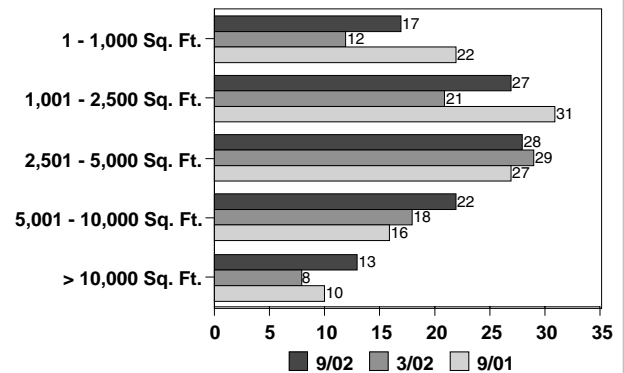
WEST SIDE

ALL SPACE

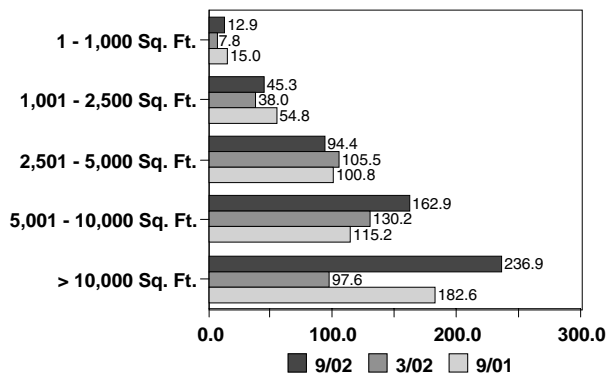
Availability Summary

	9/30/02	3/31/02	9/30/01
# of Stores:	107	88	106
SF:	552,649	379,187	468,702
Average Asking Rent PSF:	\$100	\$91	\$92
Average Store SF:	5,165	4,309	4,422

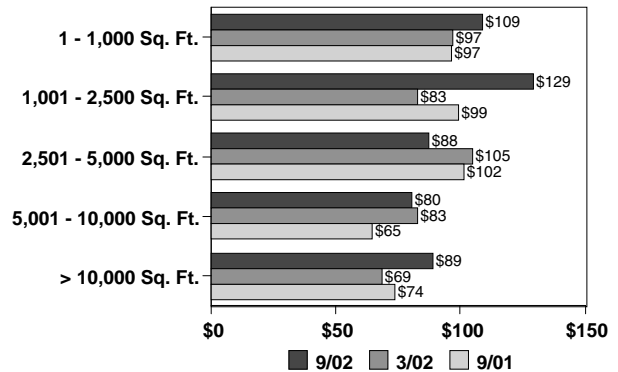
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

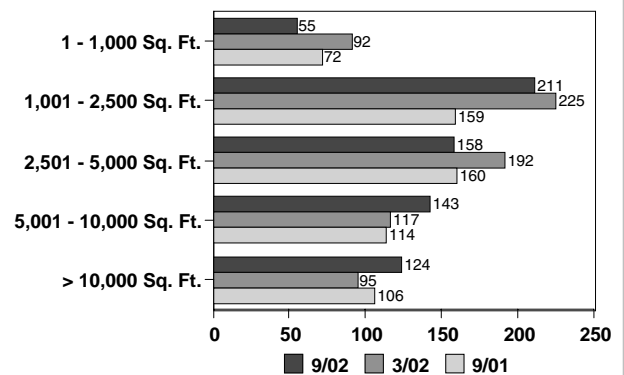
M I D T O W N

ALL SPACE

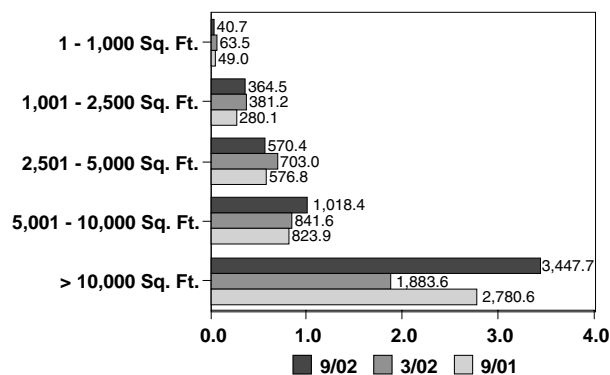
Availability Summary

	9/30/02	3/31/02	9/30/01
# of Stores:	691	721	611
SF:	5,441,938	3,873,069	4,510,740
Average Asking Rent PSF:	\$110	\$109	\$107
Average Store SF:	7,875	5,372	7,383

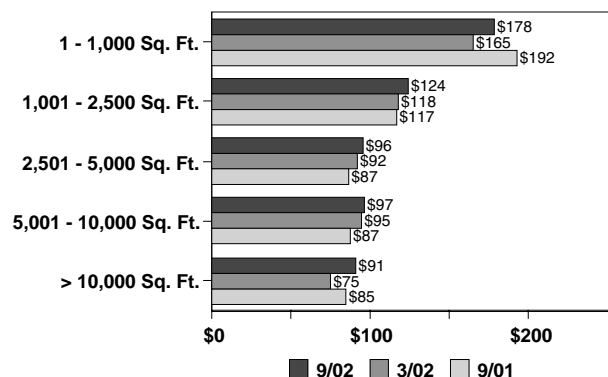
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

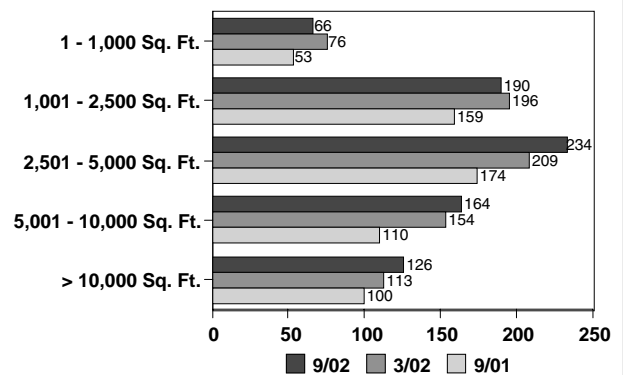
MIDTOWN SOUTH

ALL SPACE

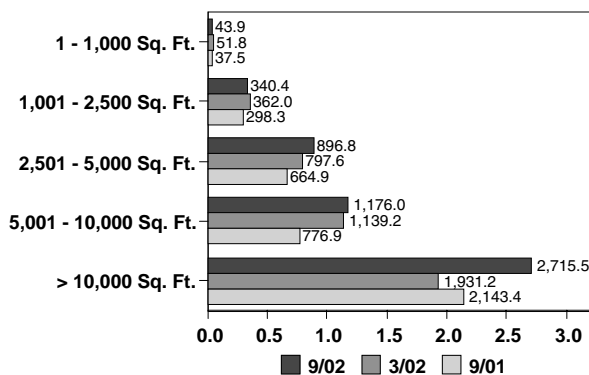
Availability Summary

	9/30/02	3/31/02	9/30/01
# of Stores:	780	748	596
SF:	5,172,809	4,281,769	3,921,165
Average Asking Rent PSF:	\$71	\$74	\$70
Average Store SF:	6,632	5,724	6,579

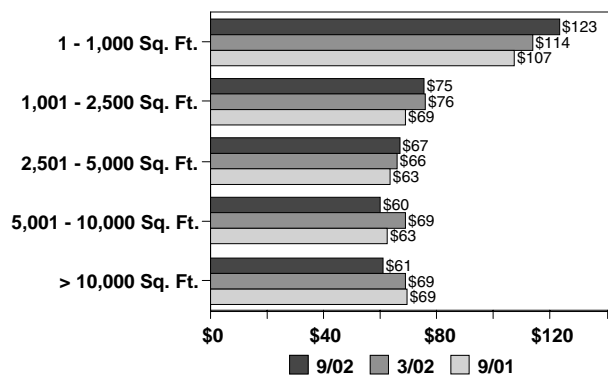
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

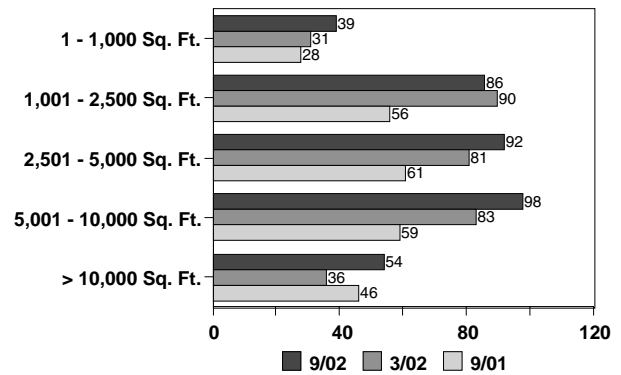
DOWNTOWN

ALL SPACE

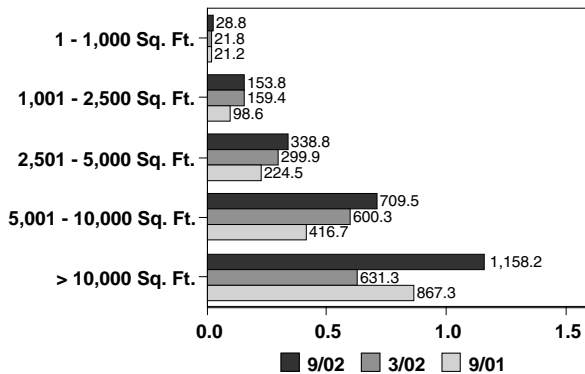
Availability Summary

	9/30/02	3/31/02	9/30/01
# of Stores:	369	321	250
SF:	2,389,302	1,712,603	1,628,602
Average Asking Rent PSF:	\$59	\$58	\$60
Average Store SF:	6,475	5,335	6,514

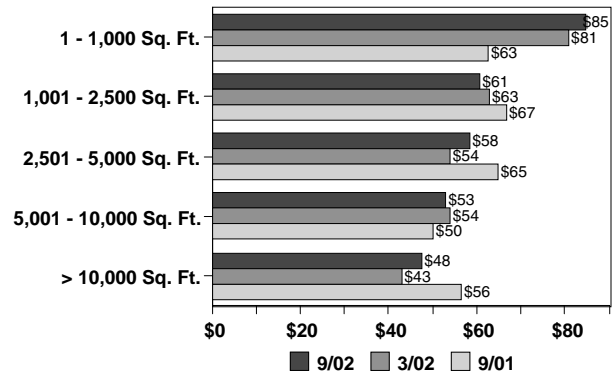
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size



MARKET PROFILE

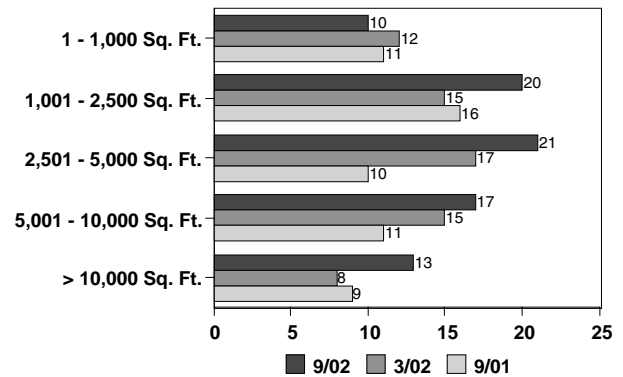
UPPER MANHATTAN

ALL SPACE

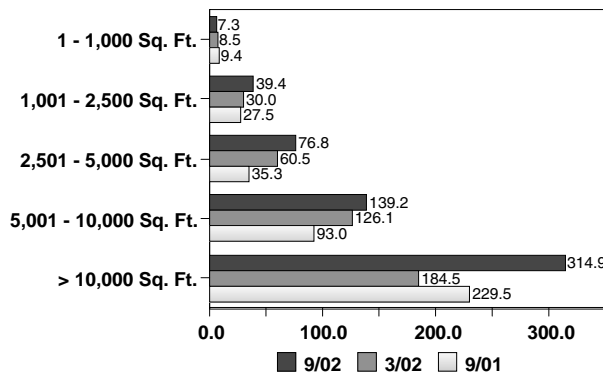
Availability Summary

	9/30/02	3/31/02	9/30/01
# of Stores:	81	67	57
SF:	577,8118	409,542	394,897
Average Asking Rent PSF:	\$50	\$53	\$43
Average Store SF:	7,134	6,113	6,928

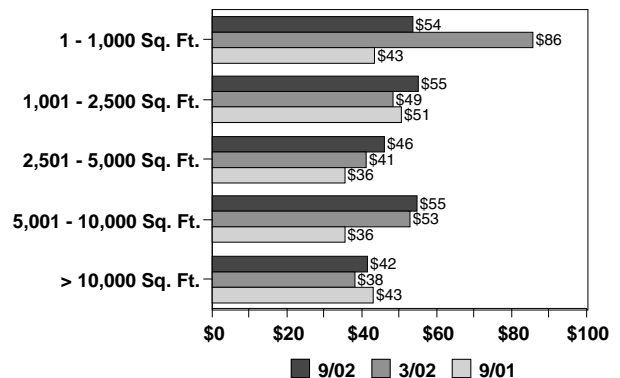
Total Number of Stores by Store Size



Available Space by Store Size (in 000's)



Asking Rents by Store Size

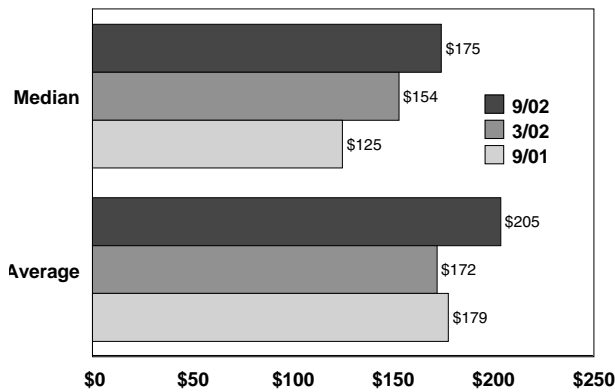


STATISTICAL SPOTLIGHT

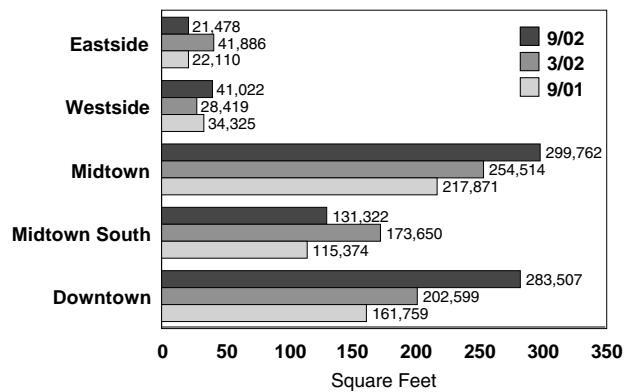
S U M M A R Y

GROUND FLOOR SPACE ONLY

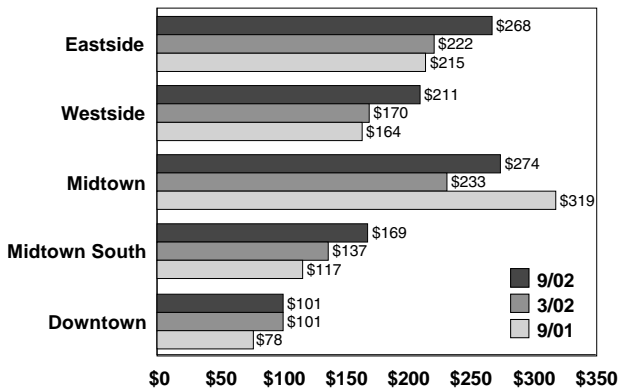
Asking Rent PSF



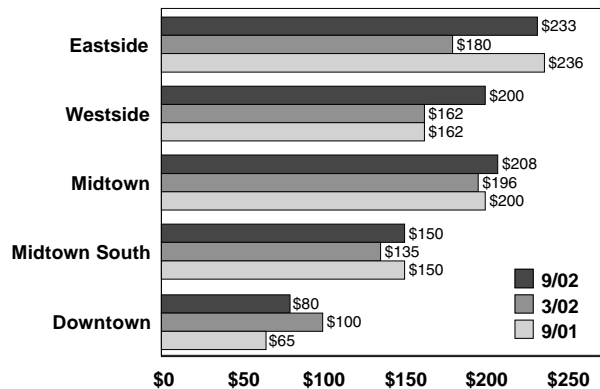
Total Amount of Space



Average Asking Rent PSF



Median Asking Rent PSF



STATISTICAL SPOTLIGHT

Range

Ground Floor Space Only

	Fall 2002		Spring 2002		Fall 2001	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	270 - 3,200	\$95 - \$315	270 - 3,809	\$80 - \$400	270 - 5,022	\$150 - \$165
Madison Ave.						
57 th - 67 th St.	495 - 3,300	\$310 - \$727	385 - 2,800	\$170 - \$800	385 - 3,100	\$787 - \$800
West Side						
Broadway						
72 nd -86 th St.	900 - 6,500	\$95 - \$348	1,800 - 4,500	\$98 - \$225	330 - 5,000	\$56 - \$291
Midtown						
34 th St.						
5 th -7 th Ave.	2,500 - 5,362	\$60 - \$200	800 - 5,362	\$75 - \$425	800 - 5,000	\$227 - \$425
5 th Ave.						
48 th - 59 th St.	1,689 -20,000	\$333 - \$1,113	1,689 -20,000	\$120 - \$500	500 - 5,750	\$800 - \$1,043
57 th St.						
5 th -Park Ave.	2,000 - 6,400	\$475 - \$600	260 - 4,300	\$291 - \$600	933 - 2,500	\$500 - \$800
Times Square						
Broadway						
42 nd -47 th St.	320 -21,000	\$60 - \$500	320 -21,000	\$70 - \$600	750 - 8,649	\$75 - \$188
7 th Ave.						
42 nd -47 th St.	1,000 - 8,000	\$65 - \$280	2,389 - 8,000	\$85 - \$250	225 -14,000*	\$177 - \$350*
42 nd St.						
6 th - 8 th Ave.	1,400 -32,000	\$65 - \$284	1,550 - 8,800	\$50 - \$284	2,000 -23,000	\$109 - \$284

*from April 1st through September 30th

STATISTICAL SPOTLIGHT

	Range					
	Ground Floor Space Only					
	Fall 2002		Spring 2002		Fall 2001	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	500 -10,000	\$114 - \$309	1,800 -10,000	\$80 - \$250	2,124 - 5,500	\$76 - \$217
SoHo						
Broadway						
Houston-						
Broome St.	2,000 -25,000	\$100 - \$228	2,000 -10,000	\$60 - \$200	2,400 -25,000	\$150 - \$225
Downtown						
Broadway						
Battery Park-						
Chambers St.	800 -39,412	\$24 - \$280	300 -11,000	\$65 - \$280	472 -13,739	\$32 - \$200
TriBeCa						
Hudson St.						
Chamber St.-						
Canal St.	800 - 7,500	\$35 - \$100	2,000 -12,410	\$25 - \$60	2,038 -12,410	\$25 - \$75

STATISTICAL SPOTLIGHT

Median

Ground Floor Space Only

	Fall 2002		Spring 2002		Fall 2001	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	900	\$187	1,179	\$151	2,414	\$182
Madison Ave.						
57 th - 67 th St.	1,100	\$523	1,300	\$464	2,100	\$794
West Side						
Broadway						
72 nd -86 th St.	2,200	\$200	2,000	\$162	1,800	\$200
Midtown						
34 th St.						
5 th -7 th Ave.	2,813	\$99	2,500	\$175	2,200	\$406
5 th Ave.						
48 th - 59 th St.	2,420	\$413	3,000	\$350	3,125	\$922
57 th St.						
5 th -Park Ave.	2,410	\$575	2,000	\$385	2,000	\$650
Times Square						
Broadway						
42 nd -47 th St.	1,590	\$300	1,760	\$188	2,600	\$100
7 th Ave.						
42 nd -47 th St.	3,575	\$175	3,446	\$120	5,400*	\$200*
42 nd St.						
6 th - 8 th Ave.	4,189	\$175	3,301	\$145	3,801	\$220

*from April 1st through September 30th

STATISTICAL SPOTLIGHT

	Median					
	Ground Floor Space Only					
	Fall 2002		Spring 2002		Fall 2001	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	2,500	\$200	4,675	\$150	4,000	\$150
SoHo						
Broadway						
Houston-						
Broome St.	6,050	\$150	6,600	\$110	5,300	\$150
Downtown						
Broadway						
Battery Park-						
Chambers St.	4,000	\$103	2,679	\$118	3,887	\$73
TriBeCa						
Hudson St.						
Chambers St.-						
Canal St.	3,854	\$60	4,718	\$35	6,278	\$40

STATISTICAL SPOTLIGHT

	Average					
	Ground Floor Space Only					
	Fall 2002		Spring 2002		Fall 2001	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
East Side						
Third Ave.						
60 th - 72 th St.	1,191	\$192	1,624	\$182	2,359	\$209
Madison Ave.						
57 th - 67 th St.	1,270	\$491	1,526	\$501	1,898	\$794
West Side						
Broadway						
72 nd -86 th St.	2,735	\$211	2,584	\$170	2,019	\$186
Midtown						
34 th St.						
5 th -7 th Ave.	3,498	\$112	2,547	\$196	2,417	\$353
5 th Ave.						
48 th - 59 th St.	3,837	\$530	6,210	\$329	3,125	\$922
57 th St.						
5 th -Park Ave.	3,603	\$550	2,187	\$425	1,784	\$650
Times Square						
Broadway						
42 nd -47 th St.	4,045	\$304	3,212	\$213	4,119	\$117
7 th Ave.						
42 nd -47 th St.	3,632	\$202	3,987	\$153	6,044*	\$223*
42 nd St.						
6 th - 8 th Ave.	6,469	\$165	4,433	\$153	6,361	\$211

*from April 1st through September 30th

STATISTICAL SPOTLIGHT

	Average					
	Ground Floor Space Only					
	Fall 2002		Spring 2002		Fall 2001	
	Store Size	Asking Rent	Store Size	Asking Rent	Store Size	Asking Rent
Midtown South						
Flatiron						
5 th Ave.						
14 th - 23 rd St.	3,458	\$195	5,432	\$148	3,875	\$148
SoHo						
Broadway						
Houston-						
Broome St.	7,157	\$152	5,783	\$125	7,354	\$175
Downtown						
Broadway						
Battery Park-						
Chambers St.	6,825	\$121	4,216	\$130	5,331	\$88
TriBeCa						
Hudson St.						
Chamber St.-						
Canal St.	4,070	\$61	5,138	\$41	6,353	\$45

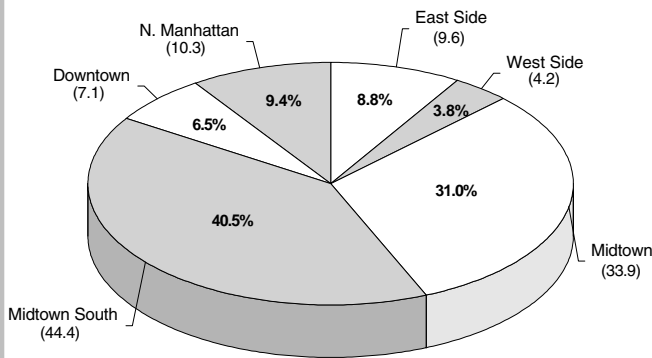
SELECTED MARKET DATA

Flagships/Significant Leases

Tenant	Street Address	Square Footage
Bloomingdale's	504 Broadway	124,000
American Gril	609 Fifth Ave	40,000
Best Buy	86th & Lexington Ave	36,000
H & M	34th & 7th Ave	33,600
Borders Books and Music	100 Broadway	32,000
Forever 21	40 E 14th St	26,000
Faconnable	630 5th Ave	21,000
Red Lobster	5 Times Square	14,513
Club Monaco	8 W 57th St	11,000
Searle	156 5th Ave	10,000
DeBeers	St. Regis Hotel	7,519
Quicksilver	3 Times Square	5,392
Champs	5 Times Square	5,320
Arden B	1130 Third Ave	3,800

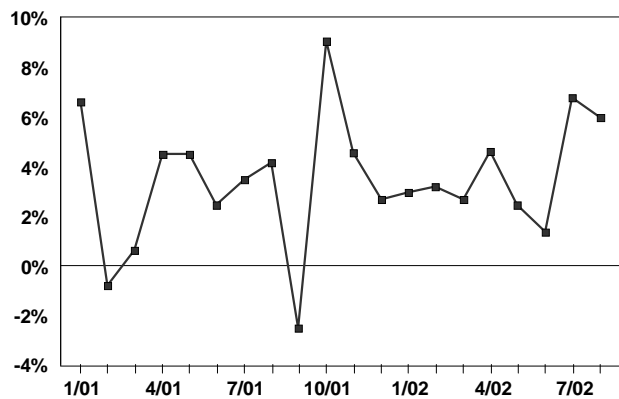
SELECTED MARKET DATA

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



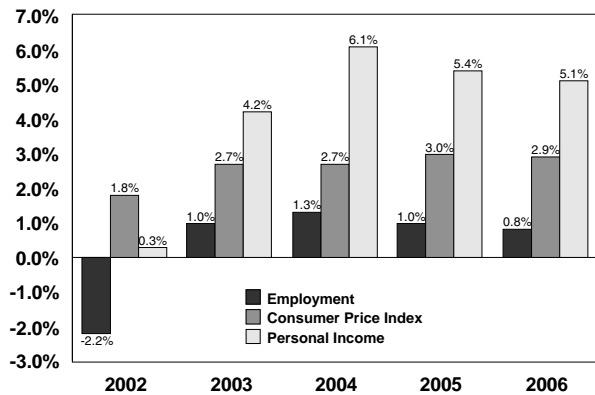
Source: New York City Department of Finance

U.S. Monthly Retail Sales
(12 month percent change)



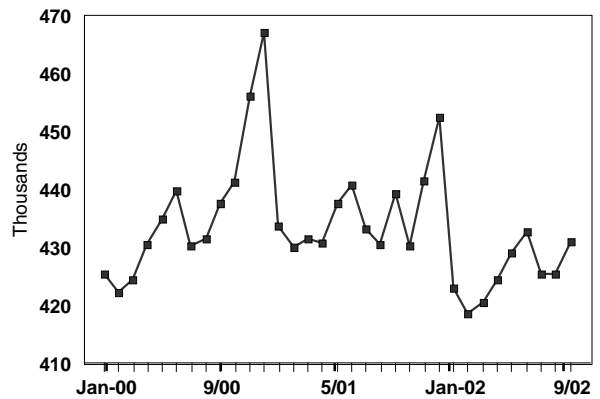
Source: U.S. Census Bureau

Forecast of New York City Economic Indicators
(percent change from prior year)



Source: NYC Office of Management & Budget

New York City Retail Employment



Source: NYS Department of Labor