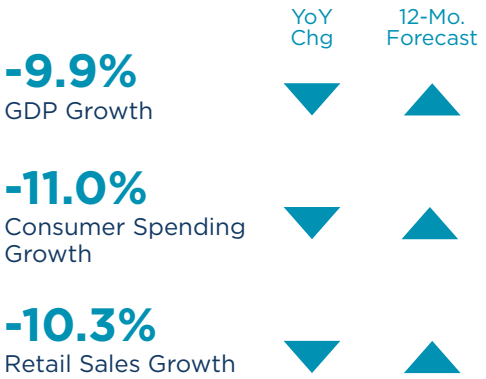


Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q2 2020



Source: BEA, Census Bureau

ECONOMY: Recession Realities Hit

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a notable impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access Cushman & Wakefield's most recent information specific to COVID-19 [here](#).

DEMAND: Outlier Deals Bolster Leasing

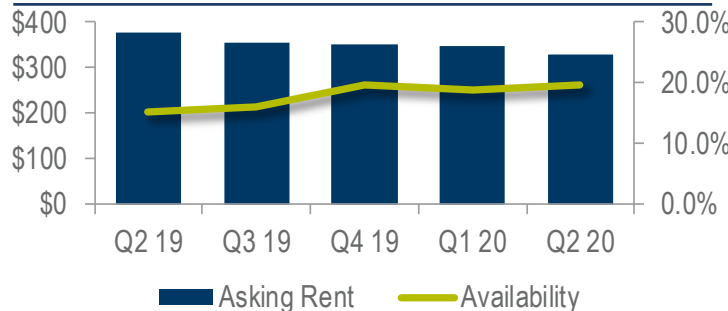
With much of the city's retailers and restaurants closed through the end of June, the demand for retail space recorded a steep decline during the second quarter. Retail availability continued to trend upwards from the pre-pandemic market with seven of the eleven statistical markets tracked by Cushman & Wakefield recording year-over-year (YOY) increases. Manhattan leasing activity totaled less than 250,000 square feet (sf) across 33 transactions—down nearly 75.0% compared to the volume of space leased during the second quarter of 2019—as most neighborhood and high street locations registered a downturn in deal velocity.

Six transactions greater than 10,000 sf accounted for 61.1% of quarterly leasing activity, including two new leases signed by Target for additional urban-concept locations at 150 East 86th Street and 795 Columbus Avenue. Canadian fashion retailer Aritzia announced plans to relocate its multi-level SoHo store from 524 Broadway to the former Dean & DeLuca space at 560 Broadway after originally seeking the space for a winter pop-up location. Financial services tenants also fueled Manhattan's second quarter leasing activity, comprising 18.1% of the transaction volume compared to 4.3% during the same period last year, with bank branches such as Wells Fargo and Santander committing to new space across Manhattan.

PRICING: Asking Retail Rents—Rental Decline Persists

Downward pressure on retail rental rates continued into the second quarter of 2020, a gradual trend that predates the pandemic market. Lower Fifth Avenue (42nd to 49th Streets) posted an average asking rent of \$706 per square foot (psf), a 29.9% YOY decline attributed to lower priced spaces entering the statistical sample over the past year. Retail rents on Madison Avenue's luxury corridor (East 57th to East 72nd Street) averaged \$822 psf, showcasing the largest reset of the statistical markets over the past five years—down 48.0%. Further south, markets such as Meatpacking showed a stable YOY rental rate of \$364 psf, while Lower Manhattan posted the only increase of 8.7% to \$399 psf.

FLATIRON/UNION SQUARE WEST ASKING RENT / OVERALL AVAILABILITY RATE



FIFTH AVENUE (42ND-49TH STREETS) ASKING RENT / OVERALL AVAILABILITY RATE



MARKET STATISTICS

SUBMARKET	Q2 2019 ASKING RENT	Q2 2020 ASKING RENT	% CHANGE YOY	Q2 2019 AVAILABILITY RATE	Q2 2020 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd-49th Streets)	\$1,007	\$706	-29.9%	19.6%	20.4%	0.8%
Fifth Avenue (49th-60th Streets)	\$2,804	\$2,620	-6.6%	26.5%	23.5%	-3.0%
Fifth Avenue (49th-60th Streets) Direct space only	\$2,871	\$2,843	-1.0%	13.2%	11.8%	-1.4%
Madison Avenue (East 57th-East 72nd Streets)	\$960	\$822	-14.4%	29.8%	32.8%	3.0%
SoHo (Broadway to West Broadway)	\$387	\$319	-17.6%	24.1%	23.5%	-0.6%
Third Avenue (East 57th Street-East 79th Street)	\$243	\$223	-8.2%	16.0%	17.8%	1.8%
Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)	\$1,983	\$1,929	-2.7%	26.7%	33.3%	6.6%
Upper West Side (Broadway and Columbus Avenue)	\$314	\$298	-5.1%	13.1%	15.7%	2.6%
Flatiron/Union Square West (Fifth, Broadway)	\$377	\$329	-12.7%	15.3%	19.6%	4.3%
Meatpacking	\$364	\$364	0.0%	24.7%	24.0%	-0.7%
Herald Square/West 34th Street (Fifth Avenue-Seventh Avenue)	\$588	\$463	-21.3%	27.6%	25.4%	-2.2%
Lower Manhattan (Broadway, Wall and Fulton Streets)	\$367	\$399	8.7%	16.9%	20.3%	3.4%

*Rental rates reflect gross asking \$PSF/Year

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
150 East 86th Street	Upper East Side	Target	54,500	New Lease
560 Broadway	SoHo	Aritzia	29,431	New Lease
795 Columbus Avenue	Upper West Side	Target	23,800	New Lease

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
609 Fifth Avenue*	Plaza	SL Green Realty Corp./Reuben Brothers	27,000	\$168.0M/\$6,222
200 East 95th Street*	Upper East Side	Extell/CL Investment Group	22,563	\$28.7M/\$1,273
1156 Third Avenue*	Upper East Side	The Larsen Family/Juice From The Raw	7,352	\$7.5M/\$1,020
52 Greene Street*	SoHo	Panjo Realty, Inc/52 Greene Partners LP	5,029	\$10.4M/\$2,068

*Retail condo

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