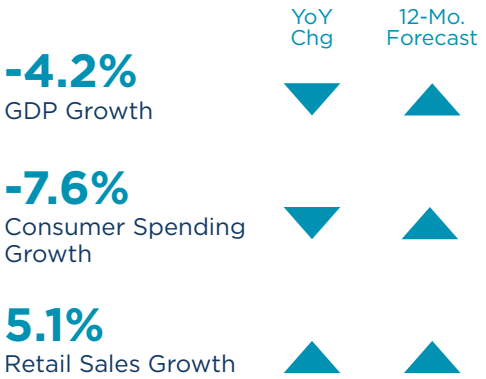


Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q3 2020



Source: BEA, Census Bureau

ECONOMY: Recession Realities Persist

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

DEMAND: Availability Rises as Expected

Retail availability continued to trend upward during the third quarter of 2020 with eight of the eleven statistical submarkets tracked by Cushman & Wakefield recording year-over-year (YOY) increases. On Third Avenue (East 57th–East 79th Streets), availability rose 6.0 percentage points since midyear, with fourteen new spaces added to the market. Similarly in Flatiron/ Union Square West, additional storefronts becoming available along Broadway and Fifth Avenue caused a 5.9-point increase since the second quarter of 2020. However, one of the largest leases of the third quarter was signed in Flatiron at 19 Union Square West, where Zappos announced plans for its first long-term retail location in the former American Eagle space at the corner of East 15th Street.

While leasing activity remained slow through the third quarter, several transactions carried New York City's retail market during the pandemic. Signing for its fourth new location in New York City this year, Target will open a 44,000-square-foot (-sf) storefront in a sprawling upcoming office, residential, and retail development at 121 West 125th Street. Downtown on the historic Ladies Mile, Bed Bath & Beyond announced plans to downsize its 620 Avenue of the Americas location but committed to its physical retail presence by renewing 92,000 sf in Chelsea. Despite quieter streets in Midtown this fall, popular Mediterranean restaurant Avra Estiatorio signed for nearly 30,000 sf at 1271 Avenue of the Americas, joining the newly opened Major League Baseball flagship store.

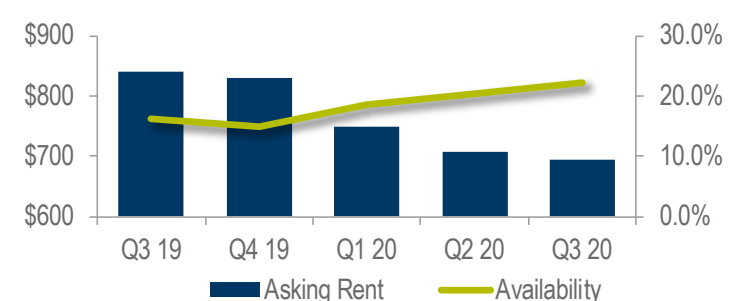
PRICING: New to Market Space Adjust Rental Rates

As additional new to market spaces entered the statistical inventory during the third quarter of 2020, the gradual, pre-pandemic trend of downward pressure on average asking rental rates continued in most of Manhattan's retail submarkets. On Madison Avenue (East 57th–East 72nd Streets), rental rates pushed further downward to \$779 per square foot (psf) and recorded the most drastic five-year decline of 51.5%. Similarly, average asking rents have adjusted downward on Lower Fifth Avenue (42nd–49th Streets) by 44.3% over the past five years—while neighboring Upper Fifth Avenue (49th–60th Streets) has had less change both YOY and since this time during 2015.

MADISON AVENUE (EAST 57TH-72ND STREETS) ASKING RENT / OVERALL AVAILABILITY RATE



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



MARKET STATISTICS

SUBMARKET	Q3 2019 ASKING RENT	Q3 2020 ASKING RENT	% CHANGE YOY	Q3 2019 AVAILABILITY RATE	Q3 2020 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd-49th Streets)	\$840	\$693	-17.5%	16.1%	22.2%	6.1%
Fifth Avenue (49th-60th Streets)	\$2,697	\$2,664	-1.2%	27.9%	23.2%	-4.7%
Fifth Avenue (49th-60th Streets) Direct space only	\$2,871	\$2,925	1.9%	13.2%	11.6%	-1.6%
Madison Avenue (East 57th-East 72nd Streets)	\$937	\$779	-16.9%	29.2%	34.7%	5.5%
SoHo (Broadway to West Broadway)	\$359	\$310	-13.6%	23.6%	27.4%	3.8%
Third Avenue (East 57th Street-East 79th Street)	\$235	\$212	-9.8%	14.3%	23.8%	9.5%
Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)	\$2,044	\$1,936	-5.3%	31.1%	29.4%	-1.7%
Upper West Side (Broadway and Columbus Avenue)	\$334	\$289	-13.5%	12.2%	19.9%	7.7%
Flatiron/Union Square West (Fifth, Broadway)	\$355	\$315	-11.3%	16.0%	25.5%	9.5%
Meatpacking	\$363	\$363	0.0%	22.8%	28.0%	5.2%
Herald Square/West 34th Street (Fifth Avenue-Seventh Avenue)	\$564	\$463	-17.9%	27.6%	23.7%	-3.9%
Lower Manhattan (Broadway, Wall, and Fulton Streets)	\$359	\$375	4.5%	15.3%	22.9%	7.6%

*Rental rates reflect gross asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
620 Avenue of the Americas	Chelsea	Bed Bath & Beyond	92,000	Renewal/ Consolidation
121 West 125th Street	Harlem	Target	44,000	New Lease
1271 Avenue of the Americas	Rockefeller Center	Avra Estiatorio	16,560	New Lease

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
22 Chatham Square	Chinatown	Chatham 22 Realty Corp/ American Fu Jian Dong Qi United Center, INC.	3,950	\$3,950,000/\$1,000
502 Ninth Avenue	Penn Plaza/Herald Square	502 Hudson Yards LLC/ 502 Ninth Avenue Investors LLC	1,796	\$2,750,000/\$1,531

RICHARD PERSICHETTI

Tri-State Marketing & Research Lead
richard.persichetti@cushwake.com

CATHERINE MERCK

Analyst—New York City Retail Research
catherine.merck@cushwake.com

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