

\$73,400
Median HH Income



-0.1%
Population Growth



12.6%
Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q4 2020

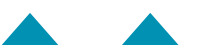
-2.5%
GDP Growth



-4.7%
Consumer Spending Growth



5.3%
Retail Sales Growth



Source: BEA, Census Bureau

ECONOMY: Labor Markets Shift as Dining Restrictions Continue

Retail employment in New York City began to slowly recover from its low in April 2020, increasing by 59,000 jobs from April through October before slightly declining by 4,000 jobs in November. As the year of challenges for New York City restaurants continued, the pause of indoor dining put in place mid-holiday season contributed to a loss of 11,400 jobs during December. Government loans and initiatives such as the Federal Paycheck Protection Program and Open Streets and Open Storefronts, city programs allowing retailers and restaurants space to extend business outdoors to the sidewalks and streets, have attempted to support struggling small businesses and retail jobs. But, as the winter arrived and the city-wide ban on indoor dining was reinstated, many restaurants continue to struggle. International travel restrictions and other pandemic-related restraints on travel to New York have continued to impact the historically strong tourism sector. However, it is expected to rebound upon the widespread vaccine rollout and easing of restrictions.

DEMAND: Retailers Persist Despite Rising Availability

Retail availability continued to trend upward during the fourth quarter of 2020 in most statistical submarkets, recording year-over-year (YOY) increases. Madison Avenue (East 57th–East 59th Streets) recorded the highest ground floor availability rate at year-end at 39.2%, climbing 4.5 percentage points since the third quarter and 14.3 percentage points since the fourth quarter of 2019. In SoHo, the availability rate continued to climb, reaching 29.5% as additional spaces entered the statistical inventory—but had healthier leasing activity compared to the second and third quarters of 2020. One of the largest deals in Manhattan during the fourth quarter was signed by Target, taking 27,600 square feet (sf) in 600 Broadway, the former home of Hollister at the corner of West Houston Street.

On Upper Fifth Avenue, iconic luxury jeweler Harry Winston announced the renewal of its 19,000-sf boutique at 718 Fifth Avenue and plans to expand by 18,000 sf into an adjacent townhouse at 712 Fifth Avenue, part of the former Henri Bendel flagship. Further south, Ugg Australia opened its 12,900-sf store at 530 Fifth Avenue at the corner of West 45th Street. Helping to offshoot the rising availability rate on Third Avenue (East 57th to East 79th Streets), six leases were signed along the corridor during the fourth quarter by tenants such as Juice Press, Bondi Sushi, and Small Door Veterinary. Food & beverage and medical concepts continue to dominate the landscape of active tenant requirements throughout the city.

PRICING: Downward Rent Pressure Continues

Downward pressure on average asking rents, a trend that pre-dated the pandemic in many New York City submarkets, continued through year-end 2020, with each of the retail markets posting YOY and quarter-over-quarter declines. New availabilities entering the statistical sample continue to push average asking rents downward during the fourth quarter, while pricing for spaces on the market prior to the pandemic have been slower to adjust. Average asking rents dropped most significantly YOY in SoHo, declining by 21.6% to \$290 per square foot (psf), and decreasing on Lower Fifth Avenue (42nd to 49th Streets) by 19.5% to \$669 psf. In markets such as Fifth Avenue (49th to 60th Streets) and the Times Square Bowtie, asking rents have dropped less significantly, in part due to lower retail storefront inventory.

SOHO ASKING RENT / OVERALL AVAILABILITY RATE



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



MARKET STATISTICS

SUBMARKET	Q4 2019 ASKING RENT	Q4 2020 ASKING RENT	% CHANGE YOY	Q4 2019 AVAILABILITY RATE	Q4 2020 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd-49th Streets)	\$831	\$669	-19.5%	14.8%	24.1%	9.3%
Fifth Avenue (49th-60th Streets)	\$2,673	\$2,575	-3.7%	26.5%	23.2%	-3.3%
Fifth Avenue (49th-60th Streets) Direct space only	\$2,843	\$2,925	2.9%	11.8%	11.6%	-0.2%
Madison Avenue (East 57th-East 72nd Streets)	\$921	\$772	-16.2%	24.9%	39.2%	14.3%
SoHo (Broadway to West Broadway)	\$370	\$290	-21.6%	23.8%	29.5%	5.7%
Third Avenue (East 57th Street-East 79th Street)	\$230	\$206	-10.4%	17.6%	25.9%	8.3%
Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)	\$2,005	\$1,906	-4.9%	27.5%	29.4%	1.9%
Upper West Side (Broadway and Columbus Avenue)	\$326	\$282	-13.5%	13.8%	19.6%	5.8%
Flatiron/Union Square West (Fifth, Broadway)	\$351	\$297	-15.4%	19.6%	28.3%	8.7%
Meatpacking	\$367	\$360	-1.9%	21.3%	27.3%	6.0%
Herald Square/West 34th Street (Fifth Avenue-Seventh Avenue)	\$489	\$399	-18.4%	26.2%	23.7%	-2.5%
Lower Manhattan (Broadway, Wall, and Fulton Streets)	\$366	\$365	-0.3%	18.2%	23.5%	5.3%

*Rental rates reflect gross asking \$PSF/Year

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
410 East 61st Street	Upper East Side	Home Depot	120,000	New Lease
600 Broadway	SoHo	Target	27,600	New Lease
410 West 55th Street	Midtown West	BluePearl Pet Hospital	20,290	Renewal

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
85 Fifth Avenue*	Flatiron/Union Square West	Brookfield Properties & Wharton Properties / SL Green	12,946	\$59,032,957/\$4,560
841 Madison Avenue*	Madison Avenue	Ashkenazy Acquisition Corp. / JSRE Acquisitions	18,877	\$45,593,746/\$2,415
164 Fifth Avenue	Flatiron/Union Square West	Thor Equities / Alduwaliya Asset Management	17,600	\$40,000,000/\$2,273
300 West 23rd Street*	Chelsea	BFE Management Corp / HF Realty & JLRE	12,110	\$11,000,000/\$908
12 West 45th Street	Grand Central	Buchbinder & Warren / Belvedere Management	5,440	\$7,900,000/\$1,452

*Retail Condo

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