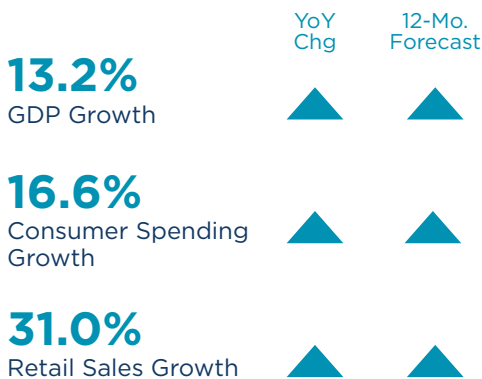


Source: BLS (Economic Indicators are representative of specific county or MSA.)

## U.S. ECONOMIC INDICATORS Q2 2021



Source: BLS, BOC, Census Bureau

### ECONOMY: Local Recovery Sparks City Resurgence

COVID-19 vaccine eligibility expanded to all adult Americans during the second quarter of 2021, leading to pandemic-related restrictions being lifted in mid-June as 70% of adult New York residents received their first vaccine dose. As reassurance to resume pre-pandemic life persisted into the early summer, economy-boosting activities such as dining indoors, shopping, and leisure travel continued. More employees began to return to the office and visitors to the city streets, contributing to a positive impact on business activity, ridership on public transportation, and hotel occupancy.

### DEMAND: Leasing Activity Begins to Resurge

Rising availability rates, a retail trend that pre-dated the pandemic in Manhattan, continued to increase on a year-over-year (YOY) basis during the second quarter of 2021 in most submarkets. While leasing activity recorded positive momentum during the first half of the year, new retail space coming to the market continues to push availability rates upward. In Herald Square/West 34th Street, availability increased by 8.4% since mid-year 2020 and six additional storefronts have become available since the start of 2021. Availability in SoHo increased by 3.1% YOY, but a significant increase in leasing activity during the second quarter pushed availability down to 26.6%—a 3.2% decline compared to the previous quarter. On Madison Avenue (East 57th to East 72nd Streets), where availability rose just above 40.0% during the first quarter, the availability rate dropped slightly to 39.2% as the number of spaces coming to the market slowed compared to the past quarters.

Leasing activity in Manhattan during the first half of 2021 outpaced activity during the first half of 2020 by 27.6%. Leases by food & beverage tenants continued to dominate the retail landscape, accounting for 43.0% of leasing activity over the past 18 months. New locations for fast-casual chains such as Shake Shack, Carrot Express, and Venchi, along with full-service restaurants including La Pecora Bianca and Seamore's, all committed to space in Manhattan during the second quarter of 2021. Among the largest transactions in Manhattan were leases signed by TMPL Fitness at 601 Lexington Avenue for more than 26,000 square feet (sf), CVS announcing plans for a new Chelsea location at 512 Seventh

### PRICING: Downward Rent Pressure Continues

Over the past year, adjustments to storefronts already being marketed for lease and new spaces at lower pricing sent asking rents down by an average of \$99 per square foot (psf). Each of the Manhattan submarkets recorded a decline in average asking rents YOY during the second quarter of 2021, which also occurred at the close of the first quarter. Average asking rents were down by more than 50.0% since the same time five years ago in SoHo, Herald Square/West 34th Street and Lower Fifth Avenue (42nd to 49th Streets), with downward pressure on rents occurring before the pandemic-related market conditions as well. In SoHo, asking rents were down by 13.8% YOY to \$274 psf, though the market has seen a resurgence of leasing activity over the past six months compared to other markets with less of a shift in rents. Uptown in Herald Square/West 34th Street, asking rents fell by 16.6% YOY to \$386 psf as availability continues to rise with seven storefronts added to the market so far during 2021.

### SOHO ASKING RENT / OVERALL AVAILABILITY RATE



### TIME SQUARE-BOWTIE ASKING RENT / OVERALL AVAILABILITY RATE



## MARKET STATISTICS

SUBMARKET	Q2 2020 ASKING RENT	Q2 2021 ASKING RENT	% CHANGE YOY	Q2 2020 AVAILABILITY RATE	Q2 2021 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd-49th Streets)	\$706	\$613	-13.2%	20.4%	25.9%	5.5%
Fifth Avenue (49th-60th Streets)	\$2,620	\$2,405	-8.2%	23.5%	21.7%	-1.8%
Fifth Avenue (49th-60th Streets) Direct space only	\$2,843	\$2,733	-3.9%	11.8%	13.0%	1.2%
Madison Avenue (East 57th-East 72nd Streets)	\$822	\$743	-9.6%	32.8%	39.2%	6.4%
SoHo (Broadway to West Broadway)	\$318	\$274	-13.8%	23.5%	26.6%	3.1%
Third Avenue (East 57th Street-East 79th Street)	\$223	\$198	-11.2%	17.8%	21.3%	3.5%
Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)	\$1,929	\$1,549	-19.7%	33.3%	31.4%	-1.9%
Upper West Side (Broadway and Columbus Avenue)	\$298	\$272	-8.7%	15.7%	21.1%	5.4%
Flatiron/Union Square West (Fifth, Broadway)	\$329	\$279	-15.2%	19.6%	28.3%	8.7%
Meatpacking	\$364	\$325	-10.7%	24.0%	30.0%	6.0%
Herald Square/West 34th Street (Fifth Avenue-Seventh Avenue)	\$463	\$386	-16.6%	25.4%	33.9%	8.5%
Lower Manhattan (Broadway, Wall, and Fulton Streets)	\$399	\$349	-12.5%	20.3%	25.7%	5.4%

\*Rental rates reflect gross asking \$PSF/Year

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
601 Lexington Avenue	Midtown East	TMPL Fitness	26,273	New Lease
103 Prince Street	SoHo	Apple	25,934	Renewal
1535 Third Avenue	Upper East Side	The Dalton School	21,915	Extension

## KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
604 Fifth Avenue	Rockefeller Center	The Riese Organization / Minamoto Kitchoan	21,600	\$44,960,000/\$2,081
133 West 22nd Street*	Chelsea	Magnum Real Estate / Akam Associates	11,109	\$11,000,000/\$990
108 East 60th Street	Upper East Side	Emily Doris LLC / 108East60thSt LLC	6,554	\$7,040,000/\$1,074

\*Retail Condo

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