

**\$88,800**  
Median HH Income



**0.0%**  
Population Growth



**8.8%**  
Unemployment Rate



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

## U.S. ECONOMIC INDICATORS Q4 2021

**5.4%**  
GDP Growth



**11.3%**  
Consumer Spending Growth



**17.9%**  
Retail Sales Growth



Source: BLS, BOC, Census Bureau

## ECONOMY: Omicron Variant Stalls Resurgence Amid Best Quarter Yet

New York City headed further toward a positive recovery in the fourth quarter as more employees returned to the office and students returned to local schools. International visitors were welcomed back into the U.S. in October, triggering increased tourism traffic and a pandemic-era occupancy record for downtown hotels in December. New York City's usual holiday bustle felt more present at the end of last year. Times Square pedestrian traffic nearly doubled year-over-year in December, while residents and visitors returned for in-store holiday shopping after the flat experience they had in 2020. In-store retail sales in the U.S. jumped 4.0% this season compared with the holiday period in 2019. The city's continued reopening and high vaccination rate provided a boost that lowered unemployment to 8.8% in December. The rapid rise of COVID-19 caused by the Omicron variant stalled the momentum mid-December and resulted in expanded pandemic-related restrictions. Retailers continued to grapple with inflation, national supply chain dysfunction and the effects of COVID-19 on their workforce. Despite this, retailers were more adaptable than before, maintained a healthy supply of merchandise and reimplemented mask policies and sanitation procedures.

## SUPPLY & DEMAND: Available Storefronts Taper Off as Leasing Momentum Continues

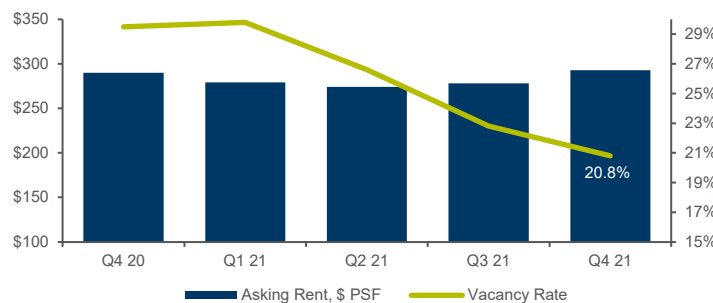
Manhattan retail ended 2021 on a high note, as availability rates declined or remained stagnant in nine of the 11 submarkets on both a quarterly and annual basis. Residential-backed Third Avenue/Upper East Side and Upper West Side continue to recover quicker than neighboring submarkets, with availability rates dropping the lowest of all with 17.2% and 17.0% of total spaces available, respectively. Times Square had its lowest availability rate since the second quarter of 2019, driven by food & beverage leases for Raising Cane's at 1501 Broadway and a new Gordon Ramsey restaurant concept at 1500 Broadway. Recent property sales, including 1600 Broadway, one of the city's biggest retail transactions since the start of the pandemic, show investor confidence in New York City's most recognized retail submarket.

On the year, retail leasing velocity reached nearly 2.4 million square feet (msf) during 2021, compared to 1.7 msf during 2020. Manhattan is moving closer toward recovery, with 2021 leasing velocity just under 40.0% of 2019. Food & beverage continued to dominate the leasing landscape, accounting for 38.0% of 2021 deals. Leasing activity was up 40.4% in the fourth quarter of 2021 year-over-year. Apparel brands have continued to rebound, accounting for 23.3% of leases in the fourth quarter. Traditionally direct-to-consumer apparel brands Alo Yoga, Allbirds, and Vuori finalized flagship leases to expand their New York City retail presence in prominent submarkets Fifth Avenue, Flatiron and SoHo. The majority (15.6%) of leasing activity occurred in SoHo in the fourth quarter, with 35 spaces leased. International retailers continue to choose SoHo to expand their global presence. Japanese-inspired lifestyle retailer MINISO signed an 8,000-square-foot (-sf) lease at 490 Broadway, along with Italian home décor brand Salvatori at 102 Wooster Street for 5,100 sf.

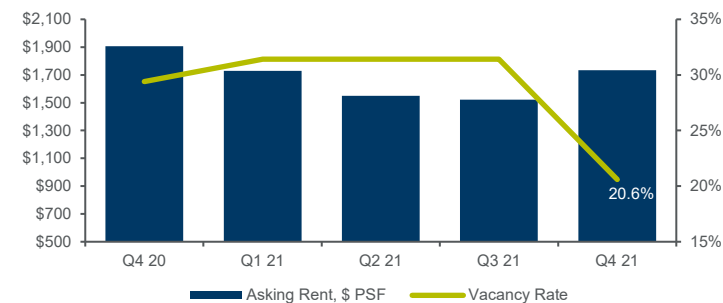
## PRICING: Asking Rents Continue Downward

Average asking rents for ground floor retail space continued to fall through year-end 2021 among most submarkets, down an average of 5.6% compared to year-end 2020. Prominent submarkets Lower Fifth Avenue (42nd to 49th streets), Madison Avenue, and SoHo remain at nearly 25.4% of their pre-pandemic year-end 2019 asking rents. Upper Fifth Avenue between 49th and 60th streets had the highest average asking rents this quarter, at \$2,440 per square foot (psf), while Third Avenue between East 57th and 79th Streets had the lowest asking rent at \$220 psf. Lower Fifth Avenue between 42nd and 49th streets recorded the biggest decrease in asking rents year-over-year, dropping 10.5% from 2020's asking rent at \$599 psf. Signs of a return are in play, as asking rents began to inch upward in three submarkets, with SoHo up 5.4%, Third Avenue/Upper East Side up 5.8% and Times Square up 14% quarter-over-quarter.

## SOHO ASKING RENT / OVERALL AVAILABILITY RATE



## TIMES SQUARE ASKING RENT / OVERALL AVAILABILITY RATE



## MARKET STATISTICS

SUBMARKET	Q4 2020 ASKING RENT	Q4 2021 ASKING RENT	% CHANGE YOY	Q4 2020 AVAILABILITY RATE	Q4 2021 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd-49th Streets)	\$669	\$599	-10.5%	24.1%	24.1%	0.0%
Fifth Avenue (49th-60th Streets)	\$2,440	\$2,440	-5.2%	23.2%	20.3%	-2.9%
Fifth Avenue (49th-60th Streets) Direct space only	\$2,925	\$2,625	-10.3%	11.6%	11.6%	0.0%
Madison Avenue (East 57th-East 72nd Streets)	\$772	\$735	-4.8%	39.2%	32.5%	-5.7%
SoHo (Broadway to West Broadway)	\$290	\$293	1.0%	29.5%	20.8%	-8.7%
Third Avenue (East 57th Street-East 79th Street)	\$206	\$220	6.8%	25.9%	17.2%	-8.7%
Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)	\$1,906	\$1,734	-9.0%	29.4%	20.6%	-8.8%
Upper West Side (Broadway and Columbus Avenue)	\$282	\$266	-5.7%	19.6%	17.0%	-2.6%
Flatiron/Union Square West (Fifth, Broadway)	\$297	\$280	-5.7%	28.3%	24.8%	-3.5%
Meatpacking	\$360	\$329	-8.6%	27.3%	27.3%	0.0%
Herald Square/West 34th Street (Fifth Avenue-Seventh Avenue)	\$399	\$396	-0.8%	23.7%	35.6%	11.9%
Lower Manhattan (Broadway, Wall, and Fulton Streets)	\$365	\$321	-12.1%	23.5%	24.0%	0.5%

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

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
23 East 22nd Street	Madison Square	Chelsea Piers Fitness	53,000	New Lease
902 Broadway	Flatiron/Union Square	Food 52	26,554	New Lease
450 Park Avenue	Plaza	Bank United	17,000	New Lease

## KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
530 Fifth Avenue	Lower Fifth	Brookfield Capital Partners / Aurora Capital	58,989	\$192,000,000/\$3,255
1600 Broadway	Times Square	Sherwood Equities / Paramount Group	25,693	\$191,500,000/\$7,453
72 Mercer Street	SoHo	Vornado Realty Trust / Crane Partners	9,035	\$27,500,000/\$3,044

## DANA MISCHLER

Analyst—New York City Retail Research  
dana.mischler@cushwake.com

## RICHARD PERSICETTI

East Region Marketing & Research Lead  
richard.persicetti@cushwake.com

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