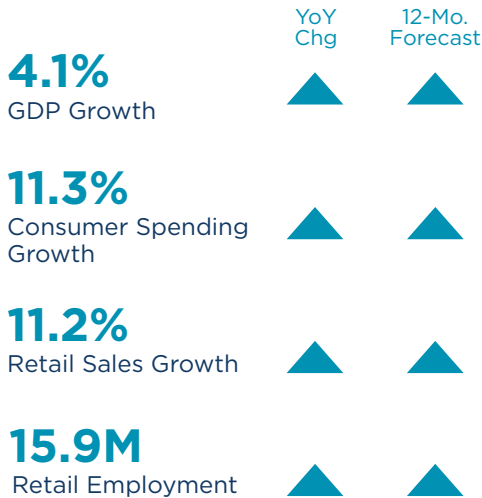


Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q1 2022



Source: BLS, BOC, Census Bureau

ECONOMY: Manhattan's Retail Recovery Continues as Pandemic Subsides

Early in the first quarter of 2022, the rise of COVID-19 cases caused by the Omicron variant stalled New York City's pandemic recovery as outbreaks rose to an all-time high in January following the winter holidays. Fortunately, cases dropped sharply in February, and the city's path to normalcy resumed as mask and vaccination requirements for indoor dining, gyms, and entertainment venues were eliminated in early March. The city remains supportive of the reopening—running subway discount programs to support a steadily growing office-commuter population and extending the outdoor dining program for restaurants. Retailers continue to grapple with the effects of COVID-19 on their workforce, along with the Russia-Ukraine conflict, rising inflation, and supply chain dysfunction. Despite these challenges, the vibrancy of Manhattan's retail corridors is reemerging as international travel and tourism expands, with activity expected to increase further as the warmer months commence. Forecasts predict that consumer spending in Greater New York City will improve 20% this year compared to 2019's activity, benefitting current and prospective retailers.

SUPPLY & DEMAND: Prime Storefronts Taper Off as Leasing Momentum Continues

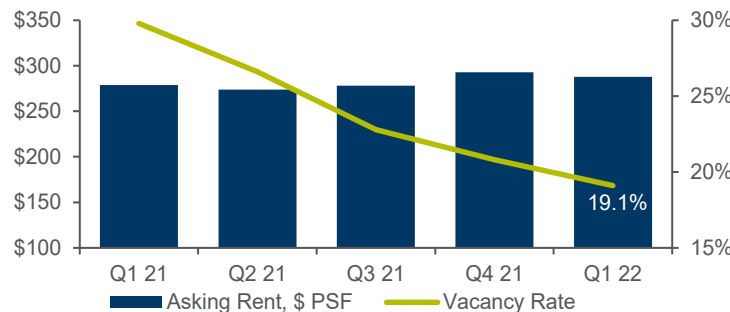
Manhattan retail continued its positive trajectory in the first quarter of 2022 as availability rates declined in 10 out of 11 submarkets year-over-year (YOY). Availability for retail space in prime luxury corridors, including Upper Fifth Avenue, Madison Avenue, and SoHo, has dipped far below their pre-pandemic inventory levels, down 4.0% since the first quarter of 2020. SoHo's availability has fallen below 20% for the first time since the third quarter of 2015, as trendy brands and installations gain traction among international and domestic visitors. Madison Avenue had the most significant quarterly and annual decrease in availability, notably dropping 11.3% YOY as retailers, such as Valentino and Calvin Klein, take advantage of discounted pricing for prime spaces. Upper Fifth Avenue availability is at the submarket's lowest since the first quarter of 2018, driven by Swarovski signing a 13,500-sf lease at 680 Fifth Avenue, where the brand will feature its new "Wonderlab" retail concept. Petco marked the quarter's largest lease with a 29,790-sf deal at the former Tammany Hall at 44 Union Square East. Leading Synthetic biotech company, Amyris, will occupy 27,780 sf at 15 Little West 12th Street in Meatpacking to showcase the company's clean and sustainable beauty products. The largest food and beverage deal was Michelin-starred restaurant Din Tai Fung's 15-year lease for their first East Coast location, spanning 26,400 sf at 1633 Broadway.

Apparel and accessories brands accounted for 26.0% of leases in the first quarter as native brands expanded and an influx of contemporary brands committed to their first New York City location. Primarily wholesale and direct-to-consumer womenswear brand, Khaite, will debut its first-ever retail outpost in SoHo at 163 Mercer Street. Medical-related leases also increased, accounting for 7.0% of Manhattan deals, as millennial-focused med-tail concepts like Bond Vet and One Medical continue to expand further into residential-backed submarkets. While still lagging behind pre-pandemic deal volume, first-quarter activity was up 18% YOY, setting the stage for a year of positive recovery and returning demand to one of the world's most desirable retail markets.

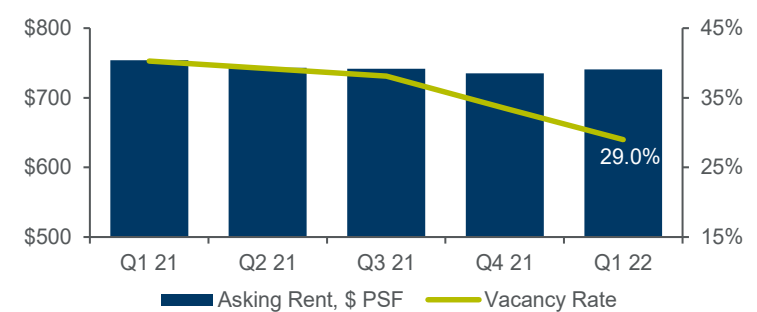
PRICING: Asking Rents Continue Downward, Quarterly Declines Beginning to Wane

Consistent with the past five years, average asking rents for ground-floor retail space continued to slip in 2022, down an average of 15.0% across all submarkets over the past two years compared to the first quarter of 2020. However, quarterly decreases are waning by around 2.0% for the past four consecutive quarters among select submarkets, including Upper Fifth Avenue, Upper West Side, Third Avenue, and Flatiron/Union Square. Average asking rents for direct spaces along Upper Fifth Avenue have declined 8% YOY due to the leasing of high-rent spaces. Creative deal terms such as percentage-rent clauses, shortened term lengths, and a stronger emphasis on credit continue to gain traction to support activity and fresh retail concepts in the recovering market.

SOHO ASKING RENT / OVERALL AVAILABILITY RATE



MADISON AVENUE ASKING RENT / OVERALL AVAILABILITY RATE



MARKETBEAT MANHATTAN

Retail Q1 2022



MARKET STATISTICS

SUBMARKET	Q1 2021 ASKING RENT	Q1 2022 ASKING RENT*	% CHANGE YOY	Q1 2021 AVAILABILITY RATE	Q1 2022 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd-49th Streets)	\$631	\$597	-5.4%	27.8%	25.9%	-1.9%
Fifth Avenue (49th-60th Streets)	\$2,389	\$2,500	4.6%	20.3%	18.8%	-1.5%
Fifth Avenue (49th-60th Streets) Direct space only	\$2,733	\$2,510	-8.2%	11.6%	10.1%	-1.5%
Madison Avenue (East 57th-East 72nd Streets)	\$754	\$741	-1.7%	40.3%	29.0%	-11.3%
SoHo (Broadway to West Broadway)	\$279	\$288	3.2%	29.8%	19.1%	-10.7%
Third Avenue (East 57th Street-East 79th Street)	\$204	\$213	4.4%	23.1%	15.8%	-7.3%
Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)	\$1,728	\$1,388	-19.7%	31.4%	17.6%	-13.8%
Upper West Side (Broadway and Columbus Avenue)	\$274	\$277	1.1%	20.8%	17.0%	-3.8%
Flatiron/Union Square West (Fifth, Broadway)	\$286	\$302	5.6%	29.0%	26.2%	-2.8%
Meatpacking	\$342	\$326	-4.7%	29.3%	26.7%	-2.6%
Herald Square/West 34th Street (Fifth Avenue-Seventh Avenue)	\$401	\$406	1.2%	30.5%	39.0%	8.5%
Lower Manhattan (Broadway, Wall, and Fulton Streets)	\$356	\$255	-28.4%	25.1%	22.9%	-2.2%

*Rental rates reflect gross asking \$PSF/Year

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
44 Union Square East	Flatiron/Union Square	Petco	29,793	New Lease
15 Little West 12th Street	Meatpacking	Amyris	27,783	New Lease
1633 Broadway	Plaza	Din Tai Fung	26,800	New Lease

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
155 Spring Street	SoHo	Vornado Realty Trust / K Property Group	92,751	\$184,500,000 / \$911
1600 Broadway	Times Square	Sherwood Equities / Paramount Group	25,693	\$191,500,000 / \$7,453
121 Spring Street	SoHo	Oaktree Capital Management / Acadia Realty Trust	2,186	\$39,416,505 / \$18,031

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