



## Retail Q2 2022

**\$103,500**  
Median HH Income



**0.3%**  
Population Growth



**4.7%**  
Unemployment Rate



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

### U.S. ECONOMIC INDICATORS Q2 2022

**2.5%**  
GDP Growth



**9.8%**  
Consumer Spending Growth



**8.7%**  
Retail Sales Growth



**15.9M**  
Retail Employment



Source: BLS, BOC, Census Bureau

### ECONOMY: Manhattan's Retail Recovery Continues, Inflation Impact Expected

As the effects of the COVID-19 pandemic subside, New York City's economic recovery has progressed in tandem with positive retail momentum. Industries hit hardest by pandemic closures and restrictions are now growing fast—leisure and hospitality jobs grew 3.2% month-to-month in May and 22.9% year-over-year (YOY). As more workers return to the office and international tourism picks up, daytime activity in Manhattan's business districts continue to return across both foot traffic and subway ridership. Domestic tourism has continued to support the city's retail revival. Placer.ai reported New York City's YOY domestic tourism in May was up 21.0% over 2019 levels. The effects of rising inflation have yet to be felt as consumer spending still grew 2.7% quarter-over-quarter in New York. However, the positive retail momentum could be slowed according to economists' predictions of a potential recession later in 2022. Despite this, retailers continue to prioritize expanding their brick-and-mortar footprint for customer acquisition and retention as advertising online becomes more competitive.

### SUPPLY & DEMAND: Prime Storefronts Taper Off as Leasing Momentum Persists

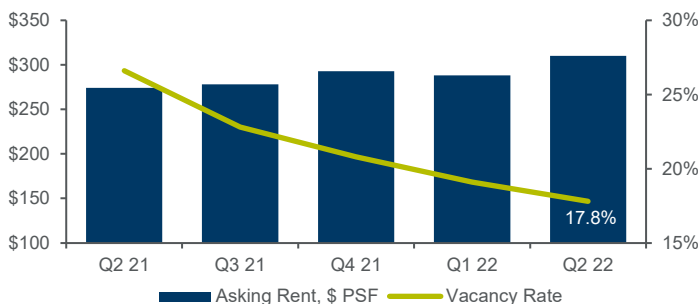
Manhattan retail continued its positive leasing trajectory into the second quarter of 2022 as availability rates declined in 10 out of 11 submarkets YOY. Availability has dropped below pre-pandemic 2019 levels in 6 out of 11 submarkets, with the most significant decreases along Upper Fifth Avenue, SoHo and Third Avenue. Demand along the luxury Fifth and Madison Avenues remain strong on both a quarterly and annual basis, notably dropping an average of 8.7% YOY as retailers such as AllSaints, Jaeger LeCoultre and Chloë locked in prime spaces. Space in SoHo continues to dwindle at 17.8% available, the lowest rate since the second quarter of 2015. The majority of SoHo leasing took place along Broadway, with luxury sneaker brand APL signing a 10,000-sf lease for its first brick-and-mortar store in Manhattan at 568 Broadway. Italian luxury furniture brand Poltrona Frau inked the quarter's largest lease, relocating its flagship location into 21,000 sf at 181 Madison Avenue in NoMad's Design District.

Apparel and accessories accounted for 29.0% of leasing velocity during the second quarter, followed by food and beverage, and medical leasing. Canadian women's apparel brand Aritzia set its plans to relocate and expand its New York City footprint with leases in Lower Fifth Avenue at 608 Fifth Avenue for 33,000 sf and Flatiron/Union Square at 115 Fifth Avenue for 13,500 sf. Food and beverage made up 28.2% of leases, with notable growth among sit-down restaurant leases, up 16.0% from one year ago. Medical and personal services leases accounted for 13.0% of Manhattan deals, as millennial-focused med-tail concepts continue growth into residential-backed submarkets, with the majority now leasing space in Flatiron/Union Square. Retail deal flow has remained positive through 2022 YTD, leading the market to reach a 21.0% increase in leasing velocity compared to the first half of 2021.

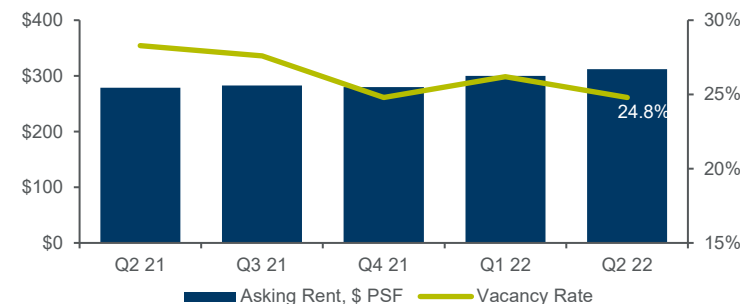
### PRICING: Asking Rents Stabilize Across Select Submarkets

Consistent with the past five years, average asking rents for ground-floor retail space remain far below their peaks, down an average of 11.8% across all submarkets over the past two years from the second quarter of 2020. However, as demand has returned, decreases in asking rents are showing signs of a plateau, increasing YOY across 8 out of 11 submarkets. Average asking rents for direct spaces in SoHo and Flatiron/Union Square have increased 13.1% and 11.8% YOY, respectively, as retailers continue to seek space in these 24/7 neighborhoods. Submarkets that are traditionally driven by strong tourism such as Fifth Avenue continue to decrease, down an average of 5.1% along Upper and Lower Fifth Avenues. Creative deal terms such as percentage-rent clauses, shorter term lengths, and a stronger emphasis on credit remain present to support fresh retail concepts in Manhattan.

### SOHO ASKING RENT / OVERALL AVAILABILITY RATE



### FLATIRON ASKING RENT / OVERALL AVAILABILITY RATE



# MARKETBEAT MANHATTAN

## Retail Q2 2022



# CUSHMAN & WAKEFIELD

### MARKET STATISTICS

| SUBMARKET   | Q2 2021<br>ASKING RENT | Q2 2022<br>ASKING RENT* | % CHANGE YOY | Q2 2021<br>AVAILABILITY RATE | Q2 2022<br>AVAILABILITY RATE | % POINT<br>CHANGE YOY |
|---|------------------------|-------------------------|--------------|------------------------------|------------------------------|-----------------------|
| Fifth Avenue (42nd-49th Streets)                                | \$613                  | \$601                   | -2.0%        | 25.9%                        | 25.9%                        | 0.0%                  |
| Fifth Avenue (49th-60th Streets)                                | \$2,405                | \$2,501                 | 4.0%         | 21.7%                        | 18.8%                        | -2.9%                 |
| Fifth Avenue (49th-60th Streets) Direct space only              | \$2,733                | \$2,510                 | 8.2%         | 13.0%                        | 10.1%                        | -2.9%                 |
| Madison Avenue (East 57th-East 72nd Streets)                    | \$743                  | \$743                   | 0.0%         | 39.2%                        | 27.3%                        | -11.9%                |
| SoHo (Broadway to West Broadway)                                | \$274                  | \$310                   | 13.1%        | 26.6%                        | 17.8%                        | -8.8%                 |
| Third Avenue (East 57th Street-East 79th Street)                | \$198                  | \$205                   | 3.5%         | 21.3%                        | 13.0%                        | -8.3%                 |
| Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)  | \$1,549                | \$1,402                 | -9.5%        | 31.4%                        | 23.5%                        | -7.9%                 |
| Upper West Side (Broadway and Columbus Avenue)                  | \$272                  | \$282                   | 3.7%         | 21.1%                        | 16.7%                        | -4.4%                 |
| Flatiron/Union Square West (Fifth, Broadway)                    | \$279                  | \$312                   | 11.8%        | 28.3%                        | 24.8%                        | -3.5%                 |
| Meatpacking   | \$325                  | \$330                   | 1.5%         | 30.0%                        | 27.3%                        | -2.7%                 |
| Herald Square/West 34th Street<br>(Fifth Avenue-Seventh Avenue) | \$386                  | \$434                   | 12.4%        | 33.9%                        | 42.4%                        | 8.5%                  |
| Lower Manhattan (Broadway, Wall, and Fulton Streets)            | \$349                  | \$254                   | -27.2%       | 25.7%                        | 19.6%                        | -6.1%                 |

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

### KEY LEASE TRANSACTIONS Q2 2022

| PROPERTY             | SUBMARKET              | TENANT        | SF     | TYPE      |
|----------------------|------------------------|---------------|--------|-----------|
| 181 Madison Avenue   | Madison Square / Nomad | Poltrona Frau | 21,000 | New Lease |
| 234 West 42nd Street | Times Square           | IT'SUGAR      | 20,335 | New Lease |
| 575 Fifth Avenue     | Plaza                  | AllSaints     | 19,313 | New Lease |

### KEY SALES TRANSACTIONS Q2 2022

| PROPERTY                 | SUBMARKET          | SELLER / BUYER   | SF     | PRICE / \$ PSF         |
|--------------------------|--------------------|--|--------|------------------------|
| 12 West 48th Street      | Rockefeller Center | DNA Development LLC /<br>12 West 48th Street LLC                   | 30,845 | \$29,500,000 / \$1,605 |
| 411-417 West 13th Street | Meatpacking        | DWS Group & Deutsche & Wealth<br>Management / Torchlight Investors | 8,058  | \$21,106,373 / \$2,619 |
| 689 Eighth Avenue        | Midtown West       | Adcort Realty Ltd /<br>Trans World Equities, Inc.                  | 5,503  | \$21,00,000 / \$3,634  |

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