

\$104,200
Median HH Income



0.3%
Population Growth



4.9%
Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q3 2022

1.5%
GDP Growth



7.9%
Consumer Spending Growth



8.9%
Retail Sales Growth



15.9M
Retail Employment



Source: BLS, BOC, Census Bureau

ECONOMY: Manhattan's Retail Recovery Persists Despite Looming Recession

As international tourism strengthened over the summer months and more workers returned to the office after Labor Day, daytime activity in Manhattan across foot traffic and subway ridership picked up, each hitting pandemic milestones in August and September. In August, Times Square foot traffic reached its closest pre-pandemic monthly average level of 343,000, only 5.8% below August 2019. Tourism boosted by New York Fashion Week brought activity spikes and a slew of new store openings along Manhattan's high streets.

Despite decades-high inflation and economists' predictions of a recession, New York-Metro area retail sales continued to hold up, growing 2.5% quarter-over-quarter. As the U.S. economy enters a slowdown, impacts on local unemployment and retail sales are expected in early 2023.

DEMAND: Historic Lows in Available Storefronts in High-Activity Submarkets

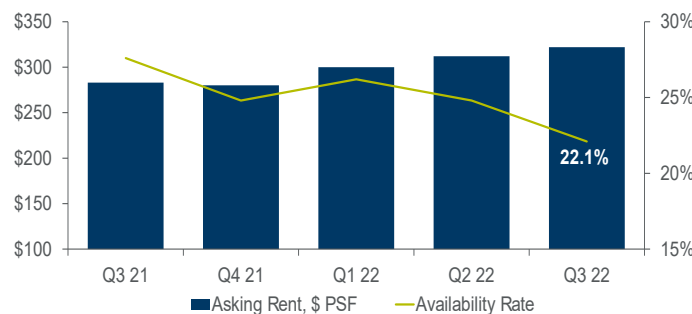
Robust leasing activity carried its positive trajectory into the third quarter as availability rates declined in 10 of 11 submarkets year-over-year (YOY). Three submarkets—SoHo, Upper Fifth Avenue, and Madison Avenue—experienced historic lows in available retail space compared to their peaks from 2015 to 2018. Luxury leasing remained strong along Madison Avenue, which recorded the most significant quarterly and annual availability decrease of all tracked submarkets, down 15.4% YOY. The most notable deal was Michael Kors relocating to 10,613 sf at 667 Madison Avenue. SoHo accounted for the majority of spaces leased among all submarkets tracked, totaling 17 new deals and seven renewals. Sunglass Hut signed the largest new deal to relocate from 496 Broadway to 6,324 sf at 523 Broadway. Flatiron/Union Square shined as the second most active submarket with 12 transactions completed, led by a sublease deal for the former Tory Burch space at 129 Fifth Avenue, where Express debuted its new Express Edit concept. Five DTC brands looked to the submarket's Fifth Avenue stretch to further their brick-and-mortar expansions. Activewear brand Fabletics committed to 7,950 sf for its first permanent Manhattan store at 168 Fifth Avenue. Parachute Home will open a 5,231-sf location at 122 Fifth Avenue. Modern accessories brands Mejuri and Warby Parker committed to new spaces at 144 Fifth Avenue and 73 Fifth Avenue. On the Upper West Side, new grocery, education, and veterinary services leases are set to anchor the vital residential neighborhood, led by Morton Williams, locking in 12,590 sf spanning almost an entire blockfront at 2001-2017 Broadway.

Food and beverage (F&B) leasing steered third-quarter activity, accounting for 28.0% of leasing velocity. Quick-service restaurants made up the majority, led by McDonald's 20-year, 8,595-sf lease for 661 Eighth Avenue in Midtown West. At the close of the third quarter of 2022, leasing velocity increased 25.3% YOY. The number of YTD leases signed in 2022 surpassed the year-end 2020 velocity in August and is on track to exceed 2021 activity beginning in the fourth quarter of 2022.

PRICING: Asking Rents Trend Upward in Select Submarkets

Consistent with the past five years, average asking rents for ground-floor retail space remained far below peak levels, down an average of 10.2% since the third quarter of 2020. Despite this decline, six of the 11 submarkets recorded YOY increases—most notably in Flatiron/Union Square, Third Avenue, and Madison Avenue—all inching closer to pre-pandemic levels and averaging 1.2% above their third quarter of 2020 rent levels. In Flatiron/Union Square, asking rents continued to grow in tandem with increased leasing velocity, up 13.8% YOY and 2.2% above 2020's third quarter. The sharpest YOY asking rent decrease was in Lower Manhattan, down 25.9%, due to French department store Printemps leasing 54,365 sf of the newly-developed One Wall Street retail space. While taking rents continued to inch closer to asking rents among high-street deals, creative terms and concession packages remained present to support fresh retail concepts in Manhattan.

FLATIRON / UNION SQUARE
ASKING RENT / OVERALL AVAILABILITY RATE



MADISON AVENUE
ASKING RENT / OVERALL AVAILABILITY RATE



MARKETBEAT MANHATTAN

Retail Q3 2022



MARKET STATISTICS

SUBMARKET	Q3 2021 ASKING RENT	Q3 2022 ASKING RENT*	% CHANGE YOY	Q3 2021 AVAILABILITY RATE	Q3 2022 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd-49th Streets)	\$612	\$584	-6.3%	27.8%	27.8%	0.0%
Fifth Avenue (49th-60th Streets)	\$2,461	\$2,350	-4.5%	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)	\$742	\$773	4.2%	38.1%	22.7%	-15.4%
SoHo (Broadway to West Broadway)	\$278	\$291	4.7%	22.8%	16.7%	-6.1%
Third Avenue (East 57th Street-East 79th Street)	\$208	\$215	3.4%	19.2%	11.3%	-7.9%
Times Square Bow Tie (Broadway and Seventh, 42nd-49th Streets)	\$1,521	\$1,257	-17.4%	31.4%	23.5%	-7.9%
Upper West Side (Broadway and Columbus Avenue)	\$270	\$272	0.7%	19.2%	12.9%	-6.3%
Flatiron/Union Square West (Fifth, Broadway)	\$283	\$322	13.8%	27.6%	22.1%	-5.5%
Meatpacking	\$332	\$323	-2.7%	29.3%	26.0%	-3.3%
Herald Square/West 34th Street (Fifth Avenue-Seventh Avenue)	\$395	\$456	15.4%	35.6%	40.7%	5.1%
Lower Manhattan (Broadway, Wall, and Fulton Streets)	\$352	\$261	-25.9%	25.1%	18.4%	-6.7%

*Rental rates reflect gross asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1 Wall Street	Lower Manhattan	Printemps	54,365	New Lease
675 Avenue of the Americas	Chelsea	Michael's Arts & Crafts	33,500	Renewal
110 West 20th Street	Chelsea	Kleinfeld	28,000	Renewal
101 Park Avenue	Grand Central	Five Iron Golf	26,839	New Lease
575 Broadway	SoHo	Prada	25,000	Renewal
425 Park Avenue	Plaza	Jean-Georges Restaurant	14,000	New Lease
537 West 27th Street	Chelsea	Central Rock Gym	12,895	New Lease
2001 Broadway	Upper West Side	Morton Williams Supermarkets	12,590	New Lease
501 Avenue of the Americas	Greenwich Village	Lincoln Market	10,621	New Lease

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
2250 Broadway	Upper West Side	The Zucker Organization / Angelo, Gordon & Co.	35,200	\$27,000,000 / \$767
301 West 53rd Street	Midtown West	PGIM Real Estate / Regal Ventures	16,405	\$27,000,000 / \$1,646
230 Varick Street	Greenwich Village	Bridge Investment Group / Highview Property Group	13,029	\$13,000,000 / \$998

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