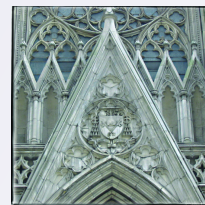


THE REAL ESTATE BOARD OF NEW YORK

RETAIL REPORT

SPRING 2011



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CHAIRMAN**

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REAL ESTATE BOARD OF NEW YORK

EXECUTIVE SUMMARY

New York City's market for retail store space continues to improve according to our Retail Advisory Group. Steady growth in tourism as a result of depreciating value of the dollar has been a boon to New York City's major retail corridors, as we noted in our last report. Visitors from around the world have been a vital aspect of our improving economy. This external demand has compensated for the City's modest job growth. New York City employment gains have generally been in line with ten year average monthly gains according the New York State Department of Labor, though retail gains have outpaced the other sectors. Furthermore, significant national job growth was reported in April by the Bureau of Labor Statistics, raising hopes for improved summer tourism to New York City by domestic travelers.

Lower Manhattan, according to our Retail Advisory Group, has attracted significant interest and activity since the Fall 2010 Rebnry Retail Report. The average ground floor asking rent for the Broadway Corridor in the Financial District was \$184 per square foot this spring, up 23 percent from the fall 2010 and 36 percent from spring 2010. The downtown retail area, defined in the report as below 14th Street, also showed increases this spring. The average rent per square foot for all space of \$103 was 4 percent greater than in the fall. This is supported by figures from a recent report by the Alliance for Downtown. In the report, the business improvement district stated that number of visitors to Lower Manhattan has grown from 7 million in 2008 to 9 million in 2010. The visible progress of office construction at the World Trade Center site and the announced opening of the 9/11 memorial later this year has been attracting national and international attention for Lower Manhattan as well. Taking advantage of these improved market conditions, a number of stores have signed leases, such as Duane Reade, My Suit (a custom men's tailor) and the Dark Horse (a full service restaurant).

A lack of availability within the prime spaces of the traditional high end retail corridors, like Madison Ave. and Upper Fifth Ave (49th-59th), has led to rents leveling off in these areas. There was a surge in asking rents last fall as such prime spaces became available, but now rents reflect a concentration of available space away from the most prestigious blocks. Asking rents in the Madison Ave. corridor decreased to \$919 per square foot of ground space, 12 percent off from last fall and 4 percent off from spring 2010. The leasing of high end space on Upper 5th Ave led to the average asking rent of availabilities settling to \$2,250, a decline from last fall and spring 2010 by 5 percent and 2 percent respectively.

Our Retail Advisory Group reported that retail activity is spreading to the periphery of the traditional retail corridors too. For instance, the Third Avenue corridor, especially the area north of East 69th Street, which typically has lower asking prices than the southern end of the corridor, has been attracting more tenant interest recently. In time, this tenant interest will push up asking prices, bringing them more in line with the average asking rents for stores to the south.

In preparing to release our report, our Advisory Group always reminds us to clearly acknowledge that the rents reported here are asking rents (not the final negotiated price per square foot or the taking rent) and the unique aspects of the retail space market. The asking rent does not factor in a free rent period or a financial allowance for making interior improvements in the space. The dollar value of these lease provisions can vary depending on the relative strength or weakness a particular market and the availability of comparable space in the same corridor. Similarly, a tenant with strong financials, especially over an extended period of time, provides an owner with greater assurance that the rent will be paid on time. A tenant in this position can generally negotiate a lower rent than a tenant that cannot offer the owner the same level of financial security.

There are exceptions. As we mentioned, many retailers have unique space needs. For a retailer who wants a store on Fifth Avenue in the mid 50s an available space on Sixth Avenue is no substitute, not even at a lower price. Likewise, for a retailer that wants to be on Seventh Avenue in Times Square, a store a short block away on Eighth Avenue is not an option. A few years ago the competition in the retail banking industry led to very specific space requirements for branch locations. Banks wanted to be on a corner and could not be persuaded to lease a similar mid-block space at a discount or with generous concessions. With strong competition for a specific location on a block, it was not unusual for the taking rent in these cases to be higher than the asking rent as well as the normal range of rents for the corridor.

As you review our report keep in mind that we are using asking rents for available space and that in the prime retail corridors there may be a limited number of stores available on which we can report. We have tried to provide a broad range of price information to give you a comprehensive account of pricing in the market.



AVERAGE ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

	Spring	Fall	Spring	% Change	% Change
	2011	2010	2010	From Fall	From Spring
				2010	2010
EASTSIDE					
Madison Ave: 57 - 72 St	\$919	\$1,049	\$960	-12%	-4%
Third Ave: 60 - 72 St	\$246	\$270	\$267	-9%	-8%
East 86 St: Lexington Ave - 2nd Ave	\$333	\$293	\$325	14%	2%
WESTSIDE					
Broadway: 72 - 86 St	\$275	\$301	\$291	-9%	-6%
Columbus Ave: 66 - 79 St	\$255	\$229	\$243	11%	5%
MIDTOWN					
East 57 St: 5 Ave - Park Ave	N/A	N/A	N/A	N/A	N/A
Fifth Ave: 42 - 49 St	\$515	\$501	\$425	3%	21%
Fifth Ave: 49 - 59 St	\$2,250	\$2,367	\$2,300	-5%	-2%
Broadway & 7 Ave: 42 - 47 St	\$1,600	\$1,700	\$1,400	-6%	14%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$275	\$255	\$285	8%	-4%
Herald Square					
West 34 St: 5 - 7 Ave	\$455	\$419	\$500	9%	-9%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$363	\$371	\$375	-2%	-3%
Financial District					
Broadway: Battery Park - Chambers St	\$184	\$150	\$135	23%	36%
SoHo					
Broadway: Houston - Broome St	\$498	\$526	\$563	-5%	-11%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$488	\$486	\$456	0%	7%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$112	\$117	\$127	-4%	-12%



MEDIAN ASKING RENT: SELECTED MAJOR RETAIL CORRIDORS

AVAILABLE GROUND FLOOR SPACE ONLY

	Spring 2011	Fall 2010	Spring 2010	% Change From Fall 2010	% Change From Spring 2010
EASTSIDE					
Madison Ave: 57 - 72 St	\$950	\$900	\$900	6%	6%
Third Ave: 60 - 72 St	\$250	\$273	\$250	-8%	0%
East 86 St: Lexington Ave - 2nd Ave	\$350	\$292	\$400	20%	-13%
WESTSIDE					
Broadway: 72 - 86 St	\$258	\$325	\$298	-21%	-13%
Columbus Ave: 66 - 79 St	\$276	\$240	\$240	15%	15%
MIDTOWN					
East 57 St: 5 Ave - Park Ave	N/A	N/A	N/A	N/A	N/A
Fifth Ave: 42 - 49 St	\$490	\$463	\$350	6%	40%
Fifth Ave: 49 - 59 St	\$2,250	\$2,500	\$2,300	-10%	-2%
Broadway & 7 Ave: 42 - 47 St	\$1,500	\$1,700	\$1,400	-12%	7%
MIDTOWN SOUTH					
Flatiron					
Fifth Ave: 14 - 23 St	\$263	\$250	\$300	5%	-12%
Herald Square					
West 34 St: 5 - 7 Ave	\$449	\$417	\$500	8%	-10%
DOWNTOWN					
Meatpacking					
14 St: 9 - 10 Ave	\$375	\$375	\$375	0%	0%
Financial District					
Broadway: Battery Park - Chambers St	\$175	\$150	\$125	17%	40%
SoHo					
Broadway: Houston - Broome St	\$500	\$490	\$563	2%	-11%
West Village					
Bleeker St: 7 Ave South - Hudson St	\$488	\$500	\$500	-2%	-2%
UPPER MANHATTAN					
Harlem					
125th St. (River to River)	\$86	\$109	\$125	-21%	-31%



ASKING RENT RANGE: SELECTED MAJOR RETAIL CORRIDORS AVAILABLE GROUND FLOOR SPACE ONLY

	Spring 2011	Fall 2010	Spring 2010
EASTSIDE			
Madison Ave: 57 - 72 St	\$667 - \$1,333	\$550 - \$2,484	\$800 - \$1,250
Third Ave: 60 - 72 St	\$200 - \$325	\$200 - \$375	\$250 - \$300
East 86 St: Lexington Ave - 2nd Ave	\$250 - \$400	\$225 - \$400	\$176 - \$400
WESTSIDE			
Broadway: 72 - 86 St	\$200 - \$375	\$250 - \$350	\$208 - \$371
Columbus Ave: 66 - 79 St	\$200 - \$329	\$173 - \$275	\$200 - \$290
MIDTOWN			
East 57 St: 5 Ave - Park Ave	N/A N/A	N/A N/A	N/A N/A
Fifth Ave: 42 - 49 St	\$400 - \$680	\$400 - \$680	\$325 - \$600
Fifth Ave: 49 - 59 St	\$2,000 - \$2,500	\$2,100 - \$2,500	\$2,100 - \$2,500
Broadway & 7 Ave: 42 - 47 St	\$1,300 - \$2,000	\$1,400 - \$2,000	\$1,400 - \$1,400
MIDTOWN SOUTH			
Flatiron			
Fifth Ave: 14 - 23 St	\$250 - \$350	\$200 - \$300	\$200 - \$350
Herald Square			
West 34 St: 5 - 7 Ave	\$415 - \$500	\$311 - \$500	\$500 - \$500
DOWNTOWN			
Meatpacking			
14 St: 9 - 10 Ave	\$325 - \$375	\$325 - \$400	\$350 - \$400
Financial District			
Broadway: Battery Park - Chambers St	\$75 - \$300	\$100 - \$200	\$75 - \$225
SoHo			
Broadway: Houston - Broome St	\$450 - \$550	\$305 - \$807	\$475 - \$650
West Village			
Bleeker St: 7 Ave South - Hudson St	\$425 - \$550	\$411 - \$543	\$250 - \$550
UPPER MANHATTAN			
Harlem			
125th St. (River to River)	\$35 - \$220	\$55 - \$200	\$90 - \$170



AVERAGE ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

ALL AVAILABLE SPACE (GROUND FLOOR, LOWER LEVEL, UPPER LEVEL, MEZZANINE)

	Spring 2011	Fall 2010	Spring 2010	% Change From Fall 2010	% Change From Spring 2010
MANHATTAN	\$115	\$118	\$113	-3%	1%
EASTSIDE	\$182	\$180	\$165	1%	10%
60th Street to 96th Street, Fifth Avenue to the East River					
WESTSIDE	\$124	\$128	\$128	-3%	-3%
60th Street to 116th Street, West of Morningside Park					
MIDTOWN	\$144	\$149	\$135	-3%	7%
35th Street to 59th Street					
MIDTOWN SOUTH	\$95	\$103	\$99	-8%	-4%
15th Street to 34th Street					
DOWNTOWN	\$103	\$99	\$101	4%	2%
South of 14th Street					
UPPER MANHATTAN					
97th Street and higher, Fifth Avenue to the East River;	\$62	\$67	\$60	-7%	3%
116th Street and higher, West of Morningside Park					



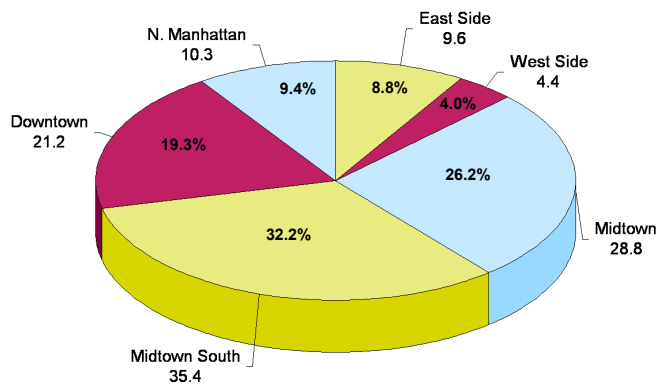
MEDIAN ASKING RENT: MAJOR RETAIL NEIGHBORHOODS

ALL AVAILABLE SPACE (GROUND FLOOR, LOWER LEVEL, UPPER LEVEL, MEZZANINE)

	Spring 2011	Fall 2010	Spring 2010	% Change From Fall 2010	% Change From Spring 2010
MANHATTAN	\$83	\$85	\$85	-2%	-2%
EASTSIDE	\$130	\$124	\$120	5%	8%
60th Street to 96th Street, Fifth Avenue to the East River					
WESTSIDE	\$108	\$105	\$104	3%	4%
60th Street to 116th Street, West of Morningside Park					
MIDTOWN	\$94	\$100	\$93	-6%	1%
35th Street to 59th Street					
MIDTOWN SOUTH	\$73	\$76	\$80	-4%	-8%
15th Street to 34th Street					
DOWNTOWN	\$84	\$80	\$82	5%	3%
South of 14th Street					
UPPER MANHATTAN	\$53	\$54	\$52	-2%	2%
97th Street and higher, Fifth Avenue to the East River; 116th Street and higher, West of Morningside Park					

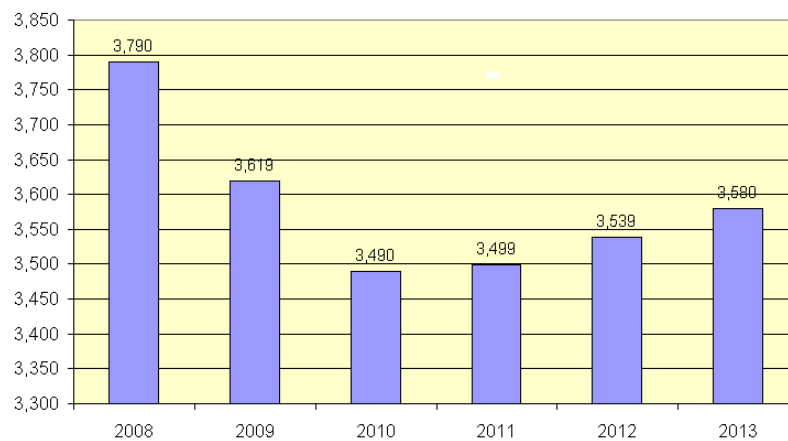
SELECTED MARKET DATA

Manhattan Retail Square Feet by Area (millions of square feet)



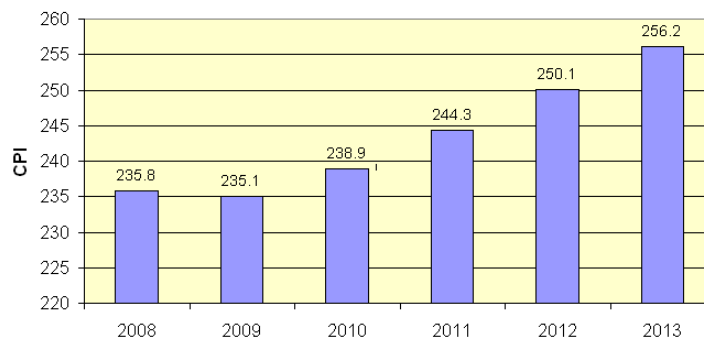
Forecast of New York City Economic Indicators

New York City Employment (in thousands)



Source: NYC Office of Management & Budget

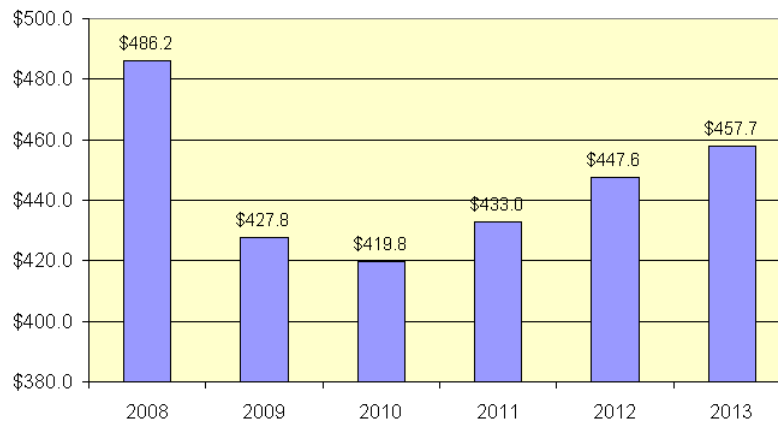
New York City CPI (1982-1984=100)



Source: NYC Office of Management & Budget

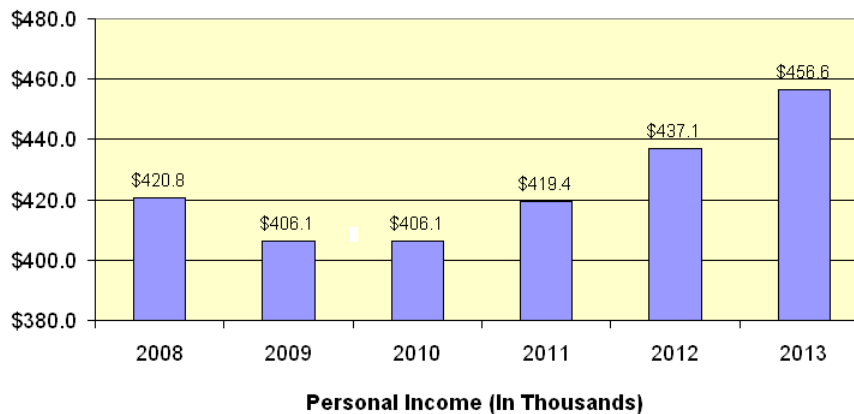
SELECTED MARKET DATA

New York City Real Gross City Product (billions)



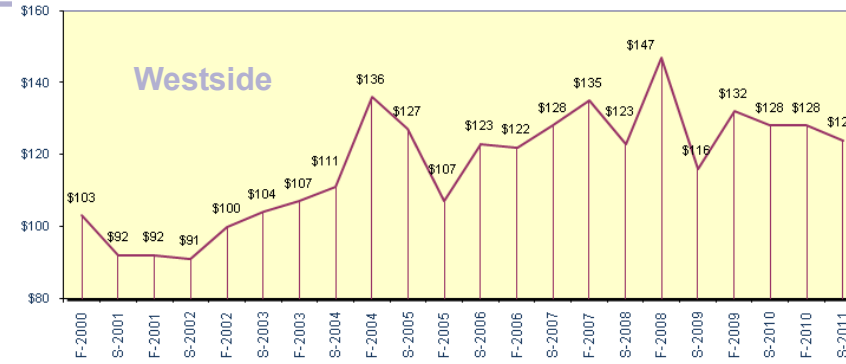
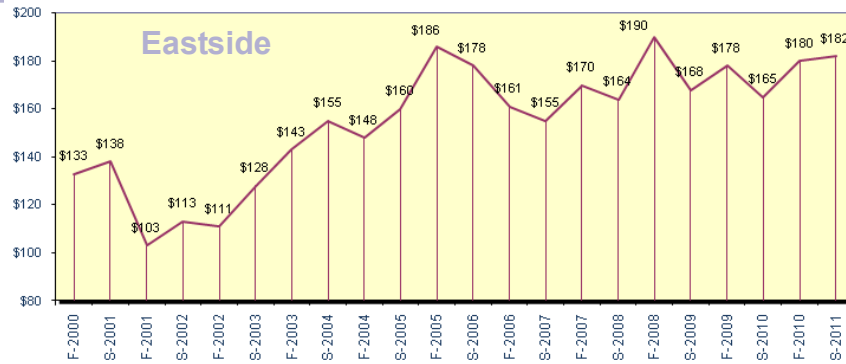
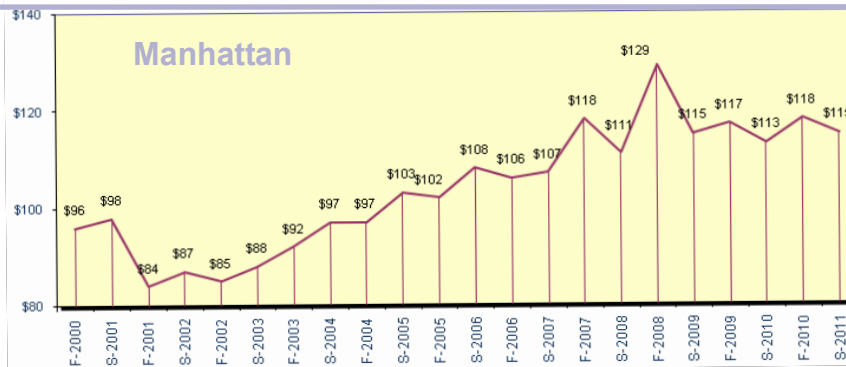
Source: NYC Office of Management & Budget

New York City Gross Personal Income

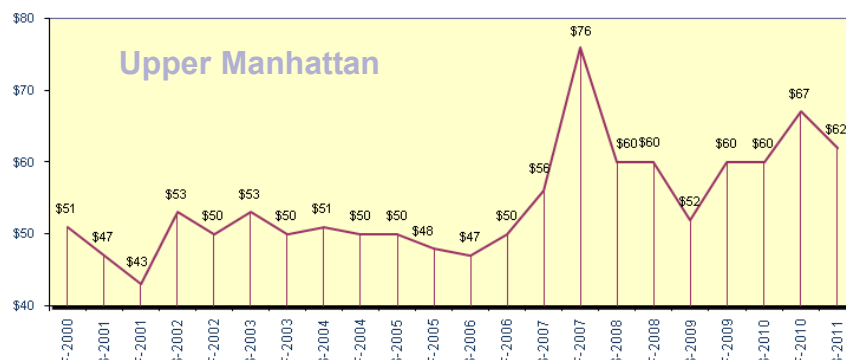
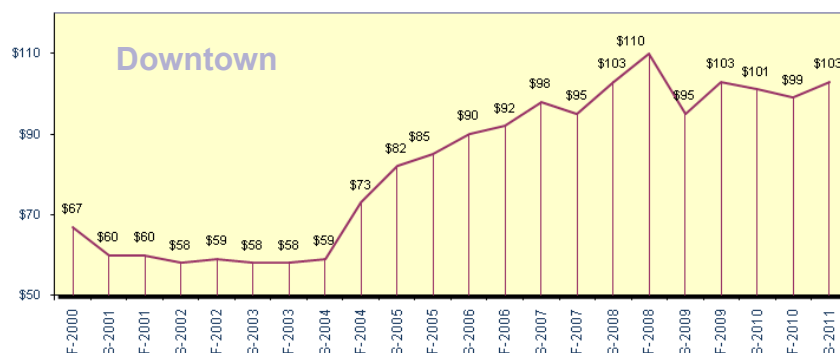
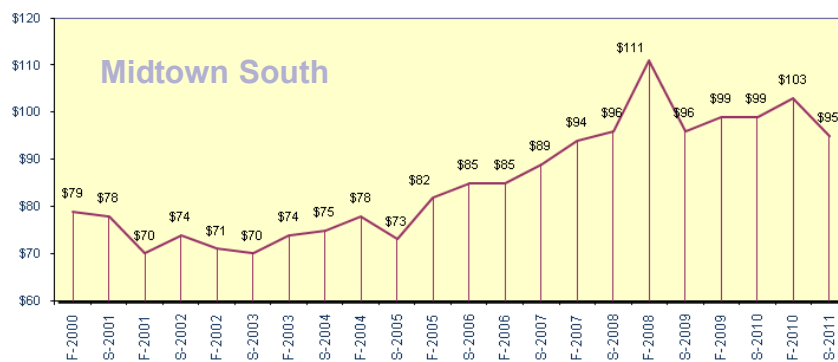


Source: NYC Office of Management & Budget

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ACKNOWLEDGEMENTS

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The Retail Report provides objective, comprehensive information about asking rents and market trends in Manhattan.

Issued twice a year—Spring and Fall—the report is a project of the REBNY Retail Committee.

The report presents retail space information by geographical area and focuses on the asking rent of the ground floor space on the major retail streets.