MARKETBEAT

MANHATTAN

Retail Q4 2019

	YoY Chg	12-Mo. Forecast
$89,700 Median HH Income	▲	▲
-0.3% Population Growth	▼	▼
3.6% Unemployment Rate	—	▼

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

U.S. ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
2.4% GDP Growth	▼	▲
4.3% Consumer Spending Growth	▼	▲
4.1% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

ECONOMY: NYC Tourism Charges Full Speed Ahead

The New York City economy continued to expand during the fourth quarter of 2019, gaining 22,200 jobs through November. The education and healthcare sector added 10,800 jobs during this period, achieving a record-high of 1.1 million jobs. Tourism, a critical driver of retail activity, also remained strong, boasting an estimated record-high 67 million visitors to the Big Apple in 2019. According to Moody's Analytics, Manhattan retail sales increased by 6.3% in 2019, and are projected to increase 2.9% in 2020.

DEMAND: Leasing Velocity Increased Year-Over-Year

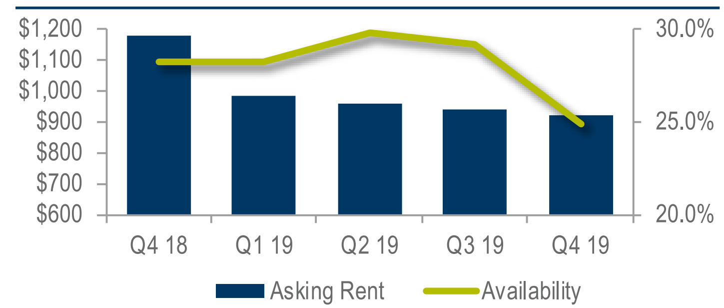
Manhattan retail leasing activity totaled more than 4.0 million square feet (msf) in 2019, a 6.8% increase compared to 2018's 3.4 msf leased. Leasing velocity has been on the upswing the last few years, as 2019 activity was up 9.7% from 2017. More than 800 retail transactions were closed in 2019, 80 of which were greater than 10,000 square feet (sf). Maintaining the status quo, food users and apparel retail space takers continued to dominate as the most active industries. The largest transaction of the year was AMC Theaters' renewal in the Penn Plaza area for 95,341 sf at 312 West 34th Street at Eighth Avenue. Following this, work and meeting event space host Convene committed to 73,000 sf in Lower Manhattan, at Brookfield Place at Liberty Street, absorbing the former Saks Fifth Avenue three-level women's store. Also Downtown, the third largest retail lease announcement occurred when Life Time Fitness committed to 72,800 sf at One Wall Street, a new condominium development.

PRICING: Asking Retail Rents—How Low Can You Go?

Of the eleven statistical submarkets tracked by Cushman & Wakefield, eight had reductions in their retail asking rents year-over-year (YOY) due to continued competition for available store spaces. In Midtown South, asking rents in the sought-after SoHo submarket continued to fall YOY from $414 per square foot (psf) to $370 psf at the close of 2019. Also posting YOY decreases, Madison Avenue (East 57th-East 72nd Streets) and West 34th Street (Fifth Avenue-Seventh Avenue) plummeted more than 20%. A $257-psf reduction in Madison Avenue's asking rents marked the greatest decrease at year-end 2019. Followed by this, Fifth Avenue (42nd-49th Streets) lowered its average asking rent by $165 psf to $831 psf YOY.

SOHO
ASKING RENT / OVERALL AVAILABILITY RATE

FIFTH AVENUE (42ND-49TH STREETS)
ASKING RENT / OVERALL AVAILABILITY RATE



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MARKET STATISTICS

SUBMARKET	Q4 2019 ASKING RENT	% CHANGE YOY	Q4 2019 AVAILABILITY RATE	% POINT CHANGE YOY
Fifth Avenue (42nd–49th Streets)	$831	-16.6%	14.8%	-8.5%
Fifth Avenue (49th–60th Streets)	$2,673	0.2%	26.5%	-1.0%
Fifth Avenue (49th–60th Streets) Direct space only	$2,843	6.0%	11.8%	-2.7%
Madison Avenue (East 57th–East 72nd Streets)	$921	-21.8%	24.9%	-3.3%
SoHo (Broadway to West Broadway)	$370	-10.6%	23.8%	-0.7%
Third Avenue (East 57th Street–East 79th Street)	$230	-4.2%	17.6%	-1.6%
Times Square Bow Tie (Broadway and Seventh, 42nd–49th Streets)	$2,005	-2.2%	27.5%	7.5%
Upper West Side (Broadway and Columbus Avenue)	$326	-1.8%	13.8%	3.4%
Flatiron/Union Square West (Fifth, Broadway)	$351	-18.9%	19.6%	5.7%
Meatpacking	$367	3.7%	21.3%	-2.8%
Herald Square/West 34th Street (Fifth Avenue–Seventh Avenue)	$489	-20.6%	26.2%	-6.6%
Lower Manhattan (Broadway, Wall and Fulton Streets)	$366	1.1%	18.2%	2.9%

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

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
535 Fifth Avenue	Grand Central	Best Buy	40,839	New Lease
5 Manhattan West/ 450 West 33rd Street	Penn Plaza/Herald Square	Citizens (C3) Food Hall	40,000	New Lease
1515 Broadway/One Astor Plaza	Times Square	RAD Entertainment Group	39,436	New Lease
233 West 42nd Street	Times Square	Target	32,942	New Lease
1600 Broadway	Times Square	M&M's World	26,733	Renewal*

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
285 Lafayette Street*	NoLita	Centurion Realty/Kushner Co.	30,500	$39.7M / $1,303
1721 First Avenue*	Upper East Side	Magnum RE Group/ Affluent Silver International	11,400	$15.3 / $1,342
429 Seventh Avenue	Penn Plaza/Herald Square	McDonald's/Buvet Fee Owners	5,829	$35.0M / $6,004
565 Broadway*	SoHo	Marsha Soffer/ Acadia Realty Trust & Prusik Group	4,500	$28.0M / $6,222
427 Seventh Avenue	Penn Plaza/Herald Square	DK China LLC/The Oved Group	4,373	$30.0M / $6,860

**Retail condo*

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Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of $8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

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