

3Q 2022 – MANHATTAN

Retail Market Overview

NEWMARK



Market Observations

Demand and Leasing Activity

A strong quarter of leasing activity brought year-to-date velocity up to 1.9 million square feet.

Four deals were signed for more than 25,000 square feet this quarter, bringing the total to 12 for the year, surpassing the past two years combined.

A diverse set of industries drove activity this quarter, including big box retailers, entertainment concepts and high-end restaurants.

Rental Rates

Taking rents continued their ascent, rebounding to \$233.00/SF, after falling 33.0% from 2019 to 2021, when they reached their lowest levels in more than 15 years.

Asking rents improved quarter over quarter, with increases recorded in five trade areas. The trade areas that recorded decreases quarter over quarter were not as steep as in prior quarters, averaging just a 3% decline.

While rental rates in most trade areas were down from pre-pandemic levels, they represented a market correction and drove leasing activity.

Availability Rates

Availability rates decreased or were flat in nine of the 10 core trade areas year over year.

The Financial District, SoHo, the Plaza District, Upper East Side and Upper West Side all recorded lower availability rates compared to pre-pandemic levels.

The Upper West Side and Upper East Side continued to have the lowest availability rates, declining 190 basis points and 290 basis points, respectively, from last year.

Economic Improvements

The national unemployment rate remained steady, closing August at 3.7%, a month-over-month increase of 20 basis points. While unemployment remains solid, inflation continues to be elevated.

Retail trade recovered 89.8% of pre-pandemic employment. Hotel and Restaurant employment was slower to recover, but have since surpassed retail trade.

Mobility Trends

Transit ridership, including buses, subways and the LIRR, each reached pandemic peaks during the third quarter.

Companies continue to encourage employees to return to the office. Kastle data indicates that office occupancy recently reached 43.8% in Manhattan, just below the national average of 47.4%.

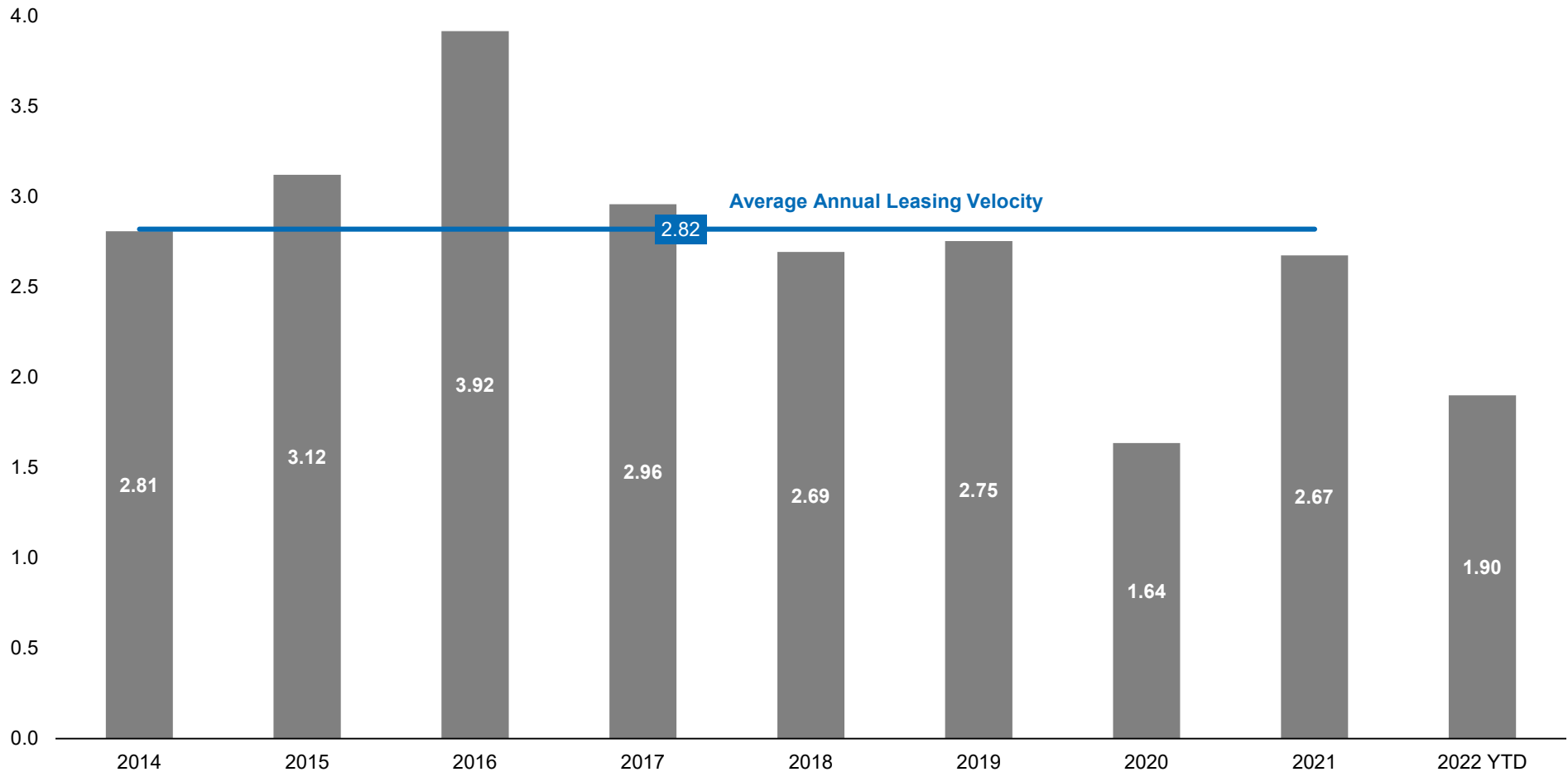
Occupancy rates from buildings tracked by Kastle have increased significantly since the summer as companies continue to encourage employees to return to the office. Occupancy in each of the 10-city major markets have improved over the past month with New York City currently registering 46.7%.

Restaurant reservations continue to improve as Manhattan's tourist and office populations return.

Manhattan Annual Leasing Velocity

A strong quarter of leasing activity brought year-to-date velocity up to 1.9 million square feet. Four deals were signed for more than 25,000 square feet this quarter, bringing the total to 12 for the year, surpassing the past two years combined.

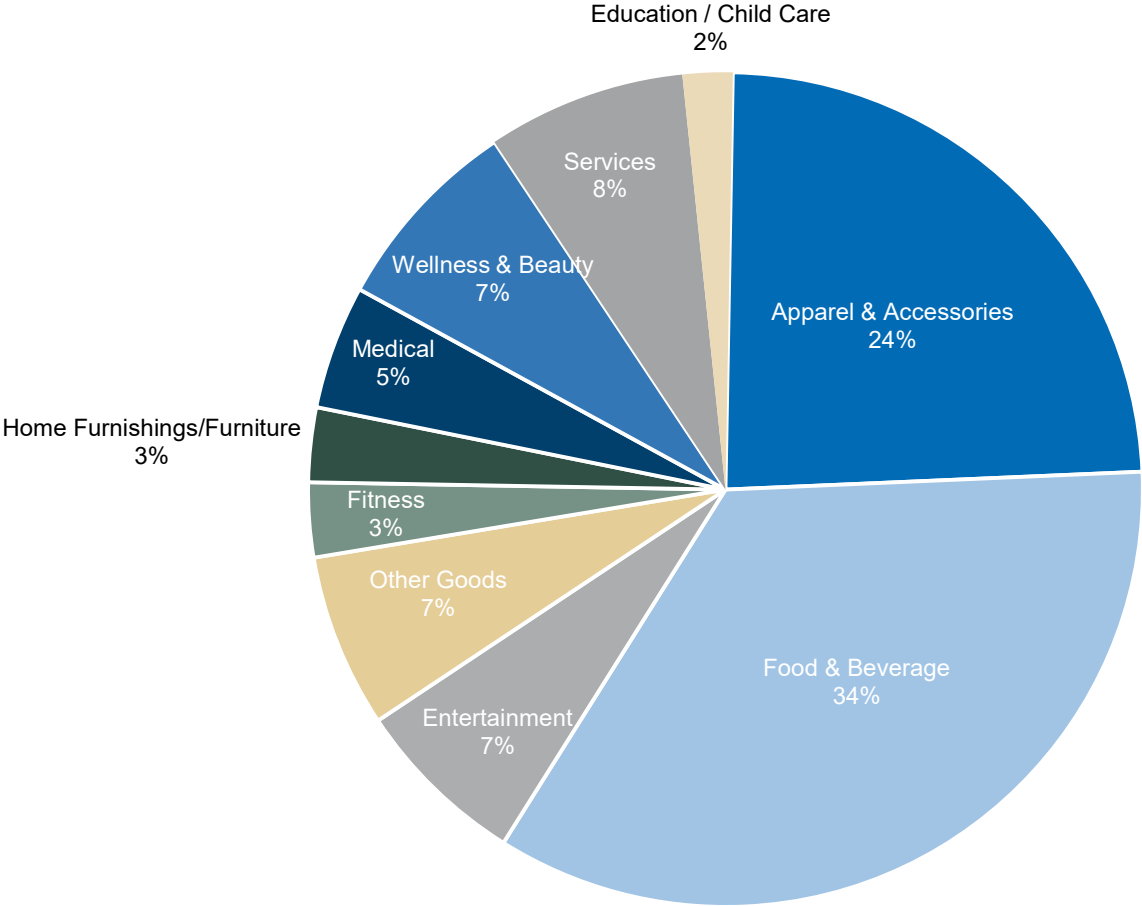
ANNUAL LEASING VOLUME (MSF)



Source: Newmark Research

Manhattan Leasing By Industry

Food and Beverage tenants continue to drive leasing in Manhattan, with both quick-service and full-service restaurants signing deals throughout Manhattan. The Apparel and Accessories sector is also making a comeback, specifically with luxury retailers, as leasing activity was slow during the pandemic for this industry.

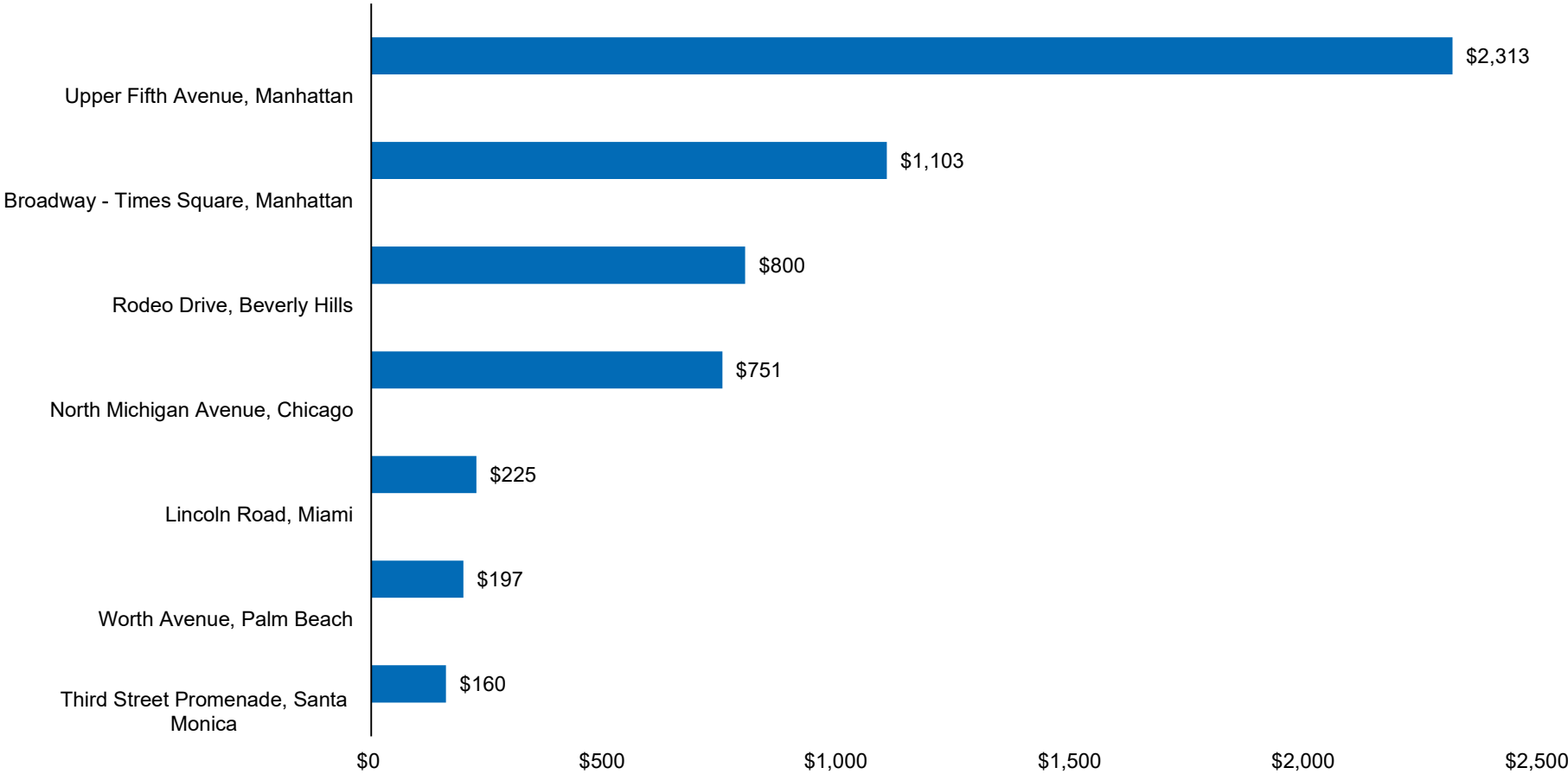


Source: Newmark Research

Average Asking Rents | Top Select U.S. Markets

High streets in global markets garner the highest asking rents in the nation, with Manhattan, Los Angeles, and Chicago topping the list of select major cities.

RANK OF U.S. MARKETS (\$/SF)



Source: Newmark Research

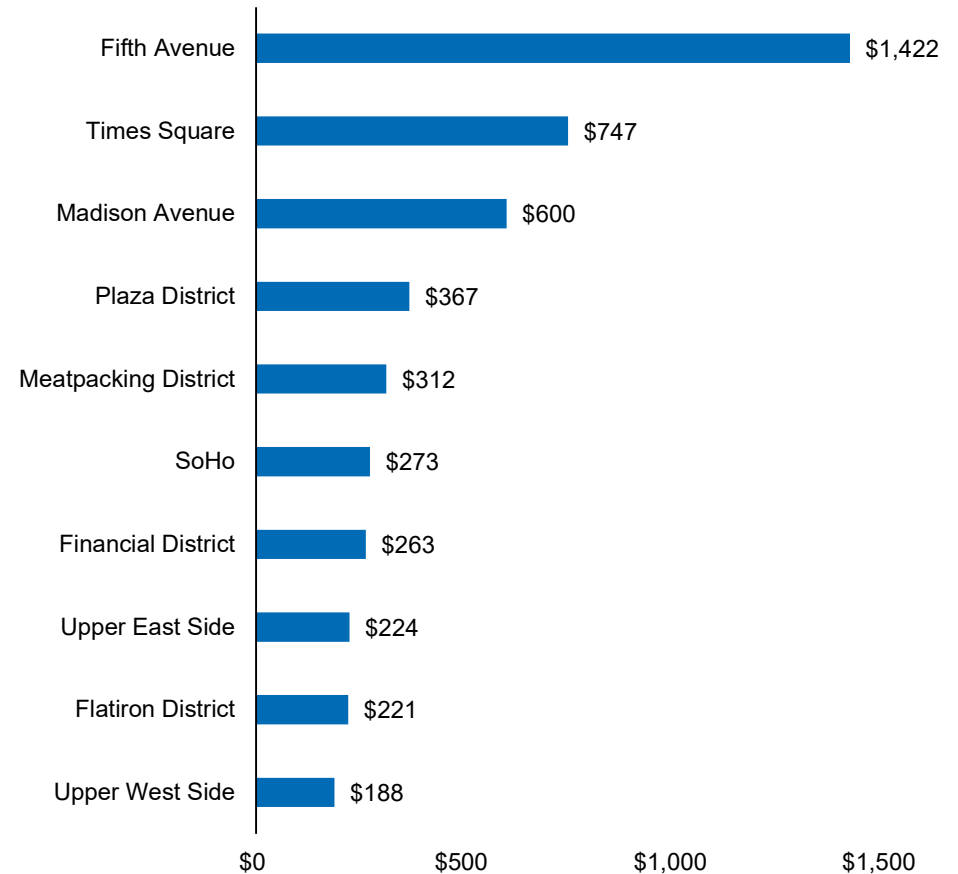
Average Asking Rents by Trade Area

Asking rents improved quarter over quarter, with increases recorded in five trade areas. The trade areas that recorded decreases quarter over quarter were not as steep as in prior quarters, averaging just a 3% decline.

ANNUAL AND PRE-PANDEMIC COMPARISONS

Trade Area	1Q22	Change, Year Over Year	Change, Pre-Pandemic
Fifth Avenue	\$1,422	1.7%	-28.0%
Financial District	\$263	-6.6%	-30.2%
Flatiron District	\$221	-2.1%	-31.2%
Madison Avenue	\$600	-3.6%	-23.8%
Meatpacking District	\$312	-0.5%	-13.7%
Plaza District	\$367	-14.4%	-23.1%
SoHo	\$273	8.5%	-20.4%
Times Square	\$747	-3.8%	-19.0%
Upper East Side	\$224	8.0%	-1.1%
Upper West Side	\$188	4.9%	0.7%

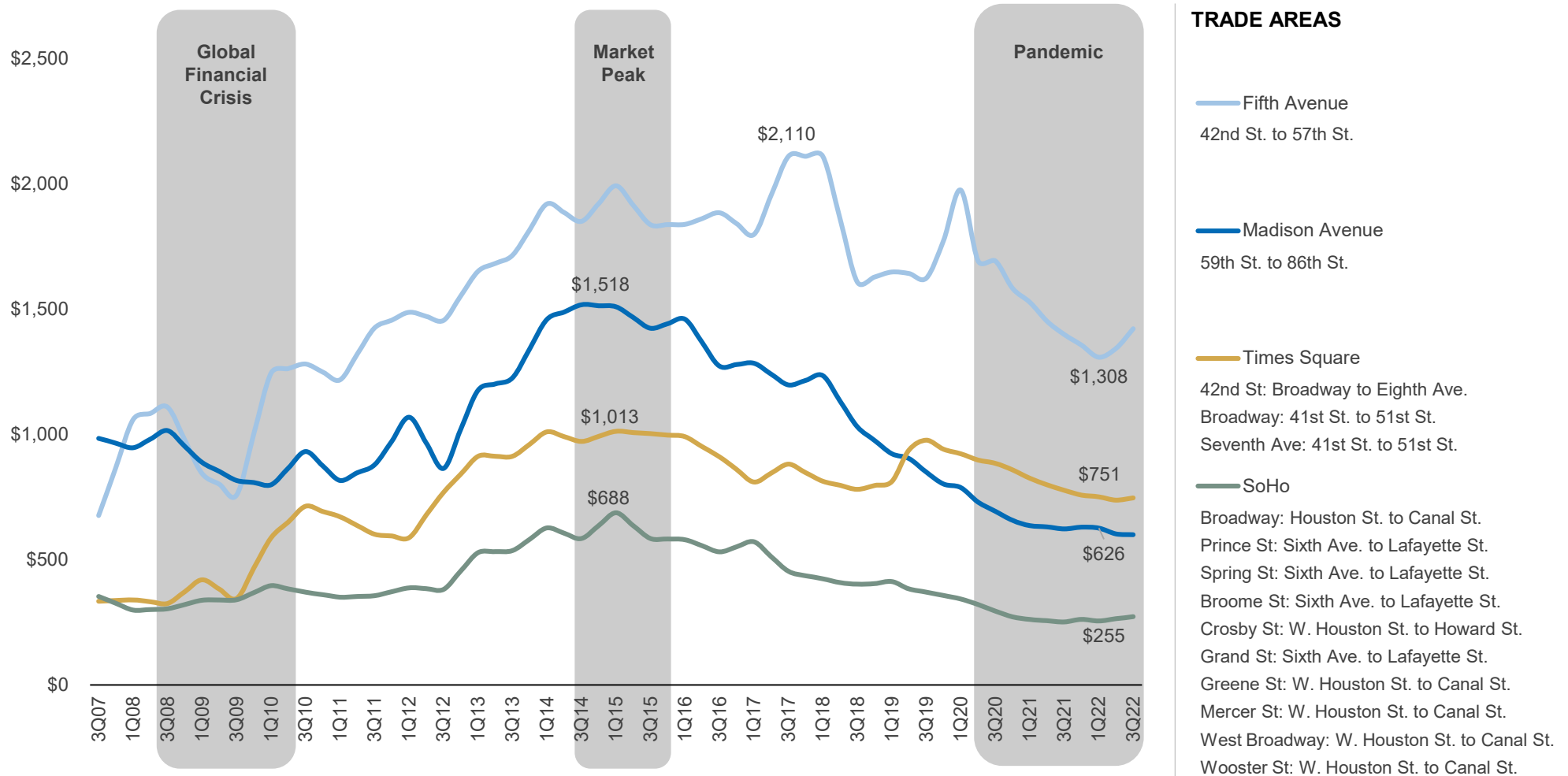
RANK OF TRADE AREAS (\$/SF)



Source: Newmark Research

Prime Trade Areas | Historic Asking Rents (\$/SF)

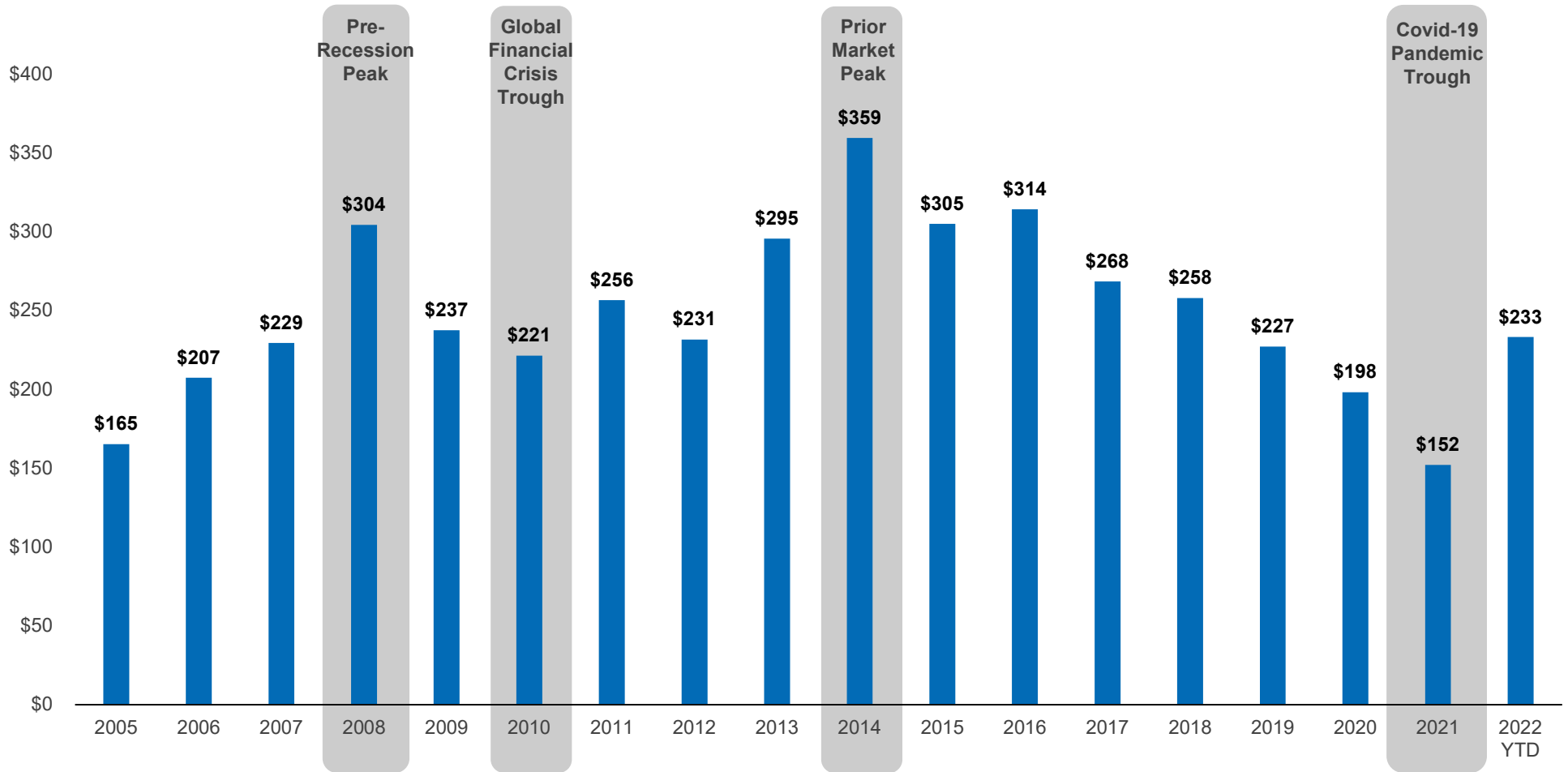
As the pandemic waned and business confidence improved, demand reemerged in 2021 and continued into 2022. As a result, the drop in rental rates slowed in key trade areas.



Source: Newmark Research

Manhattan Taking Rent Trends

Taking rents continued their ascent, rebounding to \$233/SF, after falling 33.0% from 2019 to 2021, when they reached their lowest levels in more than 15 years.



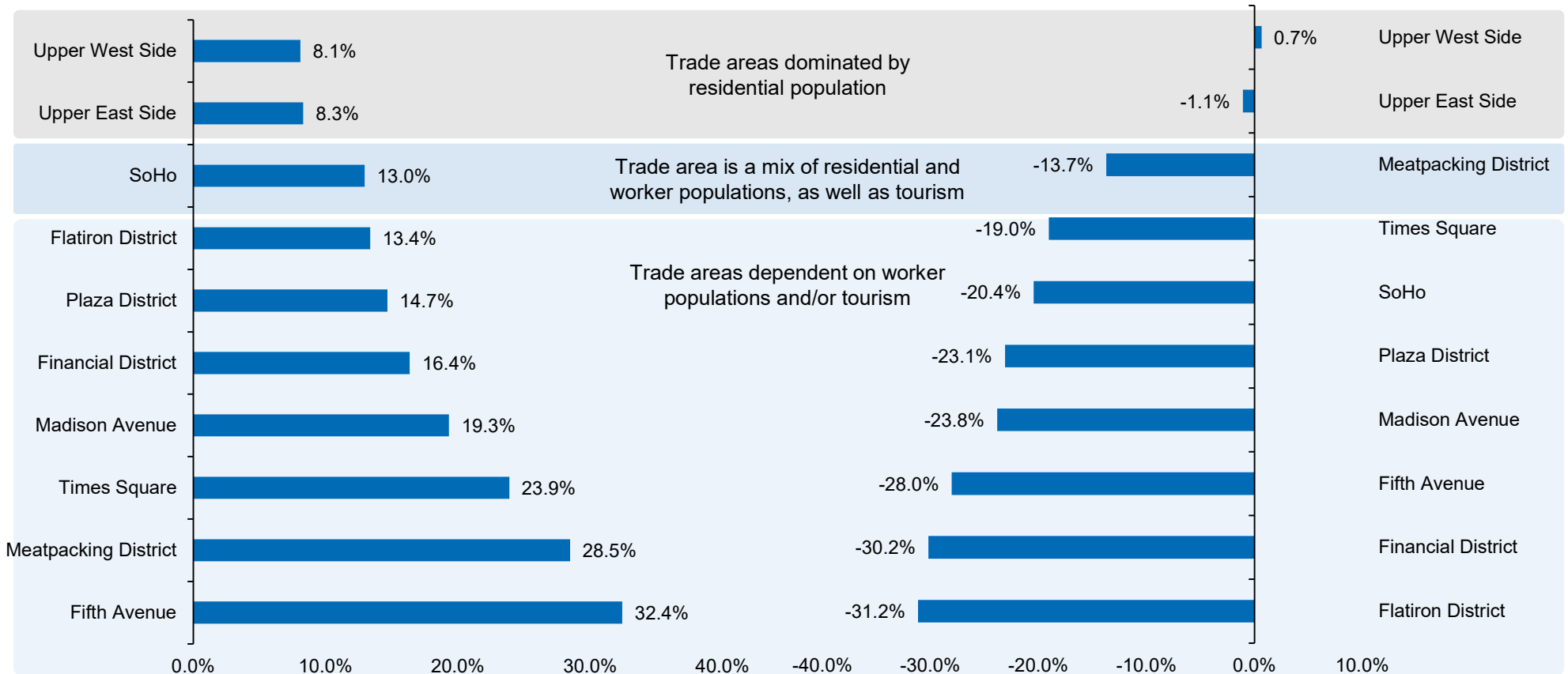
Source: Newmark Research

Trade Area Performance | Availability vs. Rent Correction

Trade areas with strong residential populations, such as the Upper East Side and Upper West Side, have fared better during the pandemic, with low availability rates and shallower rent corrections. Trade areas that rely on tourism and office populations, such as Fifth Avenue, Madison Avenue, and Times Square struggled more, with high availability rates and steeper drops in asking rents.

CURRENT AVAILABILITY BY TRADE AREA

CHANGE IN ASKING RENT, PRE-COVID TO 3Q22



Source: Newmark Research

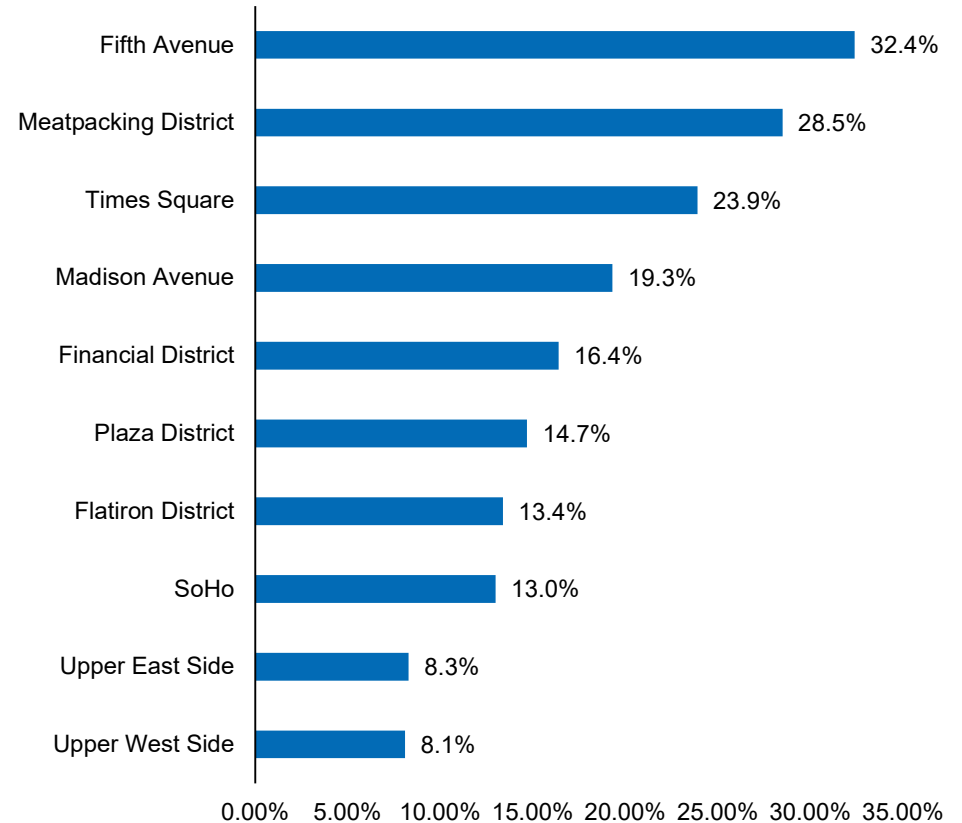
Availability Rates by Trade Area

Availability rates decreased or were flat in nine of the 10 core trade areas year over year. The Financial District, SoHo, the Plaza District, Upper East Side and Upper West Side all recorded lower availability rates compared to pre-pandemic levels. The Upper West Side and Upper East Side continued to have the lowest availability rates, declining 190 basis points and 290 basis points, respectively, from last year.

ANNUAL AND PRE-PANDEMIC COMPARISONS

Trade Area	3Q22	Change, Year Over Year	Change, Pre-Pandemic
Fifth Avenue	32.4%	4.5%	9.0%
Financial District	16.4%	-4.9%	-2.2%
Flatiron District	13.4%	-3.9%	0.8%
Madison Avenue	19.3%	-6.9%	3.9%
Meatpacking District	28.5%	-1.9%	4.1%
Plaza District	14.7%	-3.7%	-0.9%
SoHo	13.0%	-5.2%	-5.1%
Times Square	23.9%	0.0%	3.3%
Upper East Side	8.3%	-2.9%	-3.1%
Upper West Side	8.1%	-1.9%	-0.5%

RANK OF TRADE AREAS

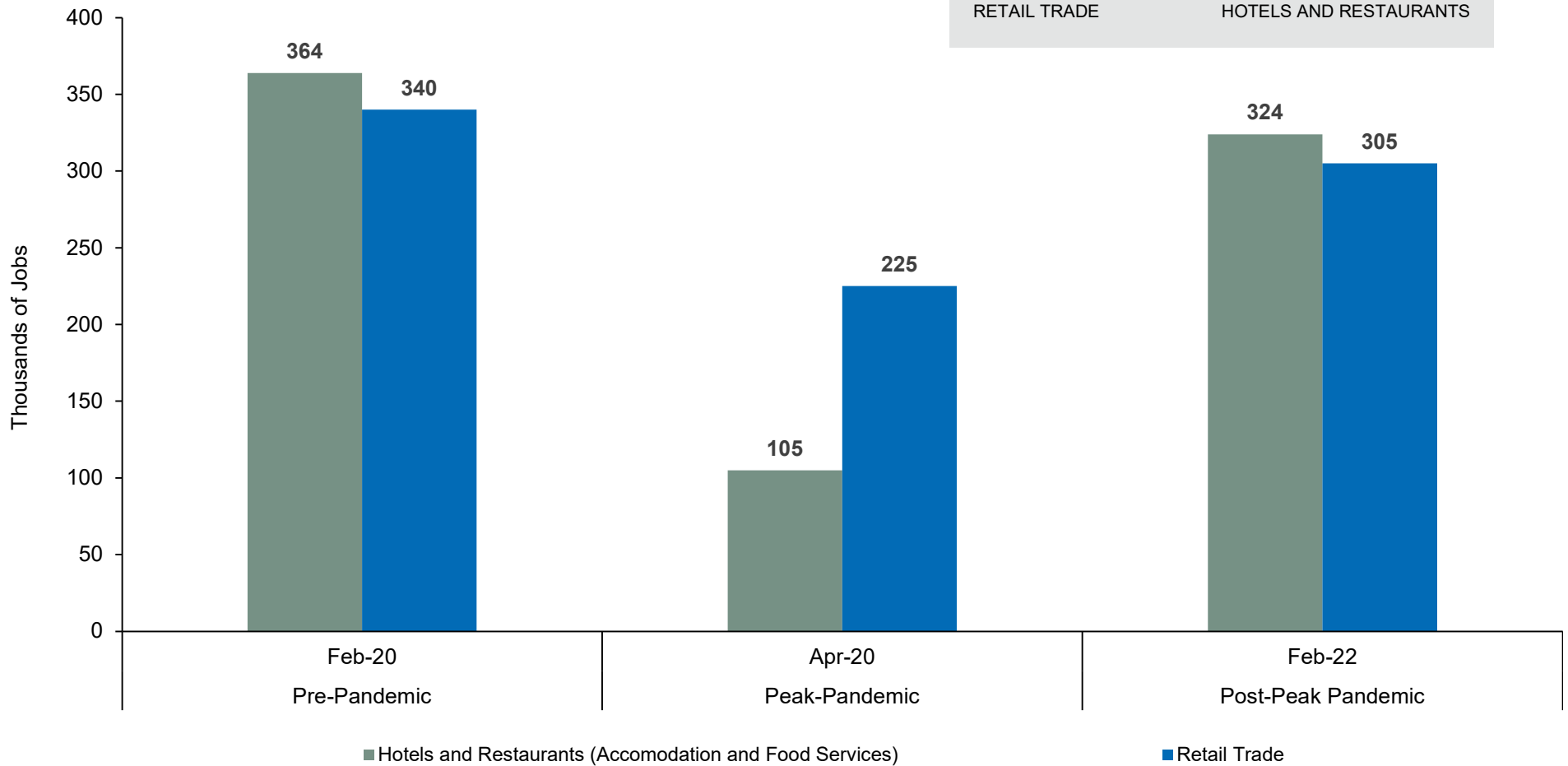


Source: Newmark Research

NYC Employment Recovery by Industry

Retail trade recovered 89.8% of pre-pandemic employment. Hotel and Restaurant employment was slower to recover, but have since surpassed retail trade.

EMPLOYMENT BY INDUSTRY



Sources: United States Department of Labor, Newmark Research

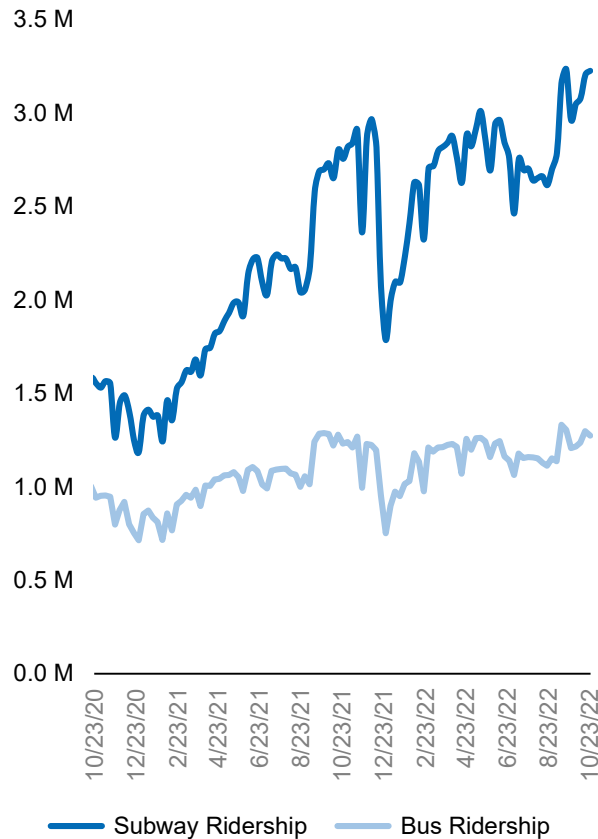
New York City Mobility Trends | 7-day Averages

Ridership is up in recent weeks remaining at or above the pre-Omicron peak. Mobility in New York City reached new pandemic peaks through April and early May before declining as a result of summer holidays and the jump in COVID-19 cases.

MTA SUBWAY AND BUS RIDERSHIP

Subways: -29% pre-pandemic

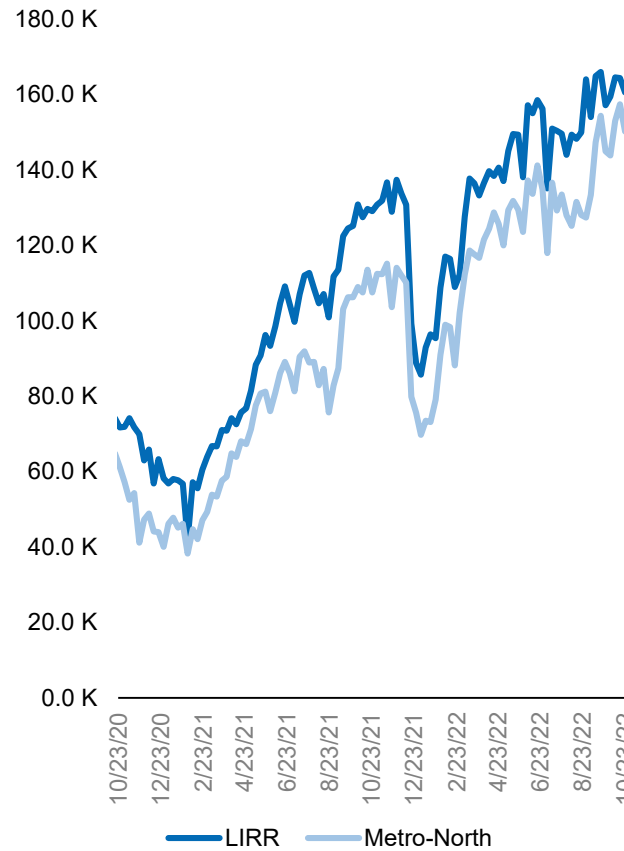
Buses: -32% pre-pandemic



MTA LIRR AND METRO-NORTH RIDERSHIP

LIRR: -17% pre-pandemic

Metro-North: +7% pre-pandemic



MTA BRIDGE AND TUNNEL TRAFFIC

Bridges and Tunnels: +6.1% pre-pandemic



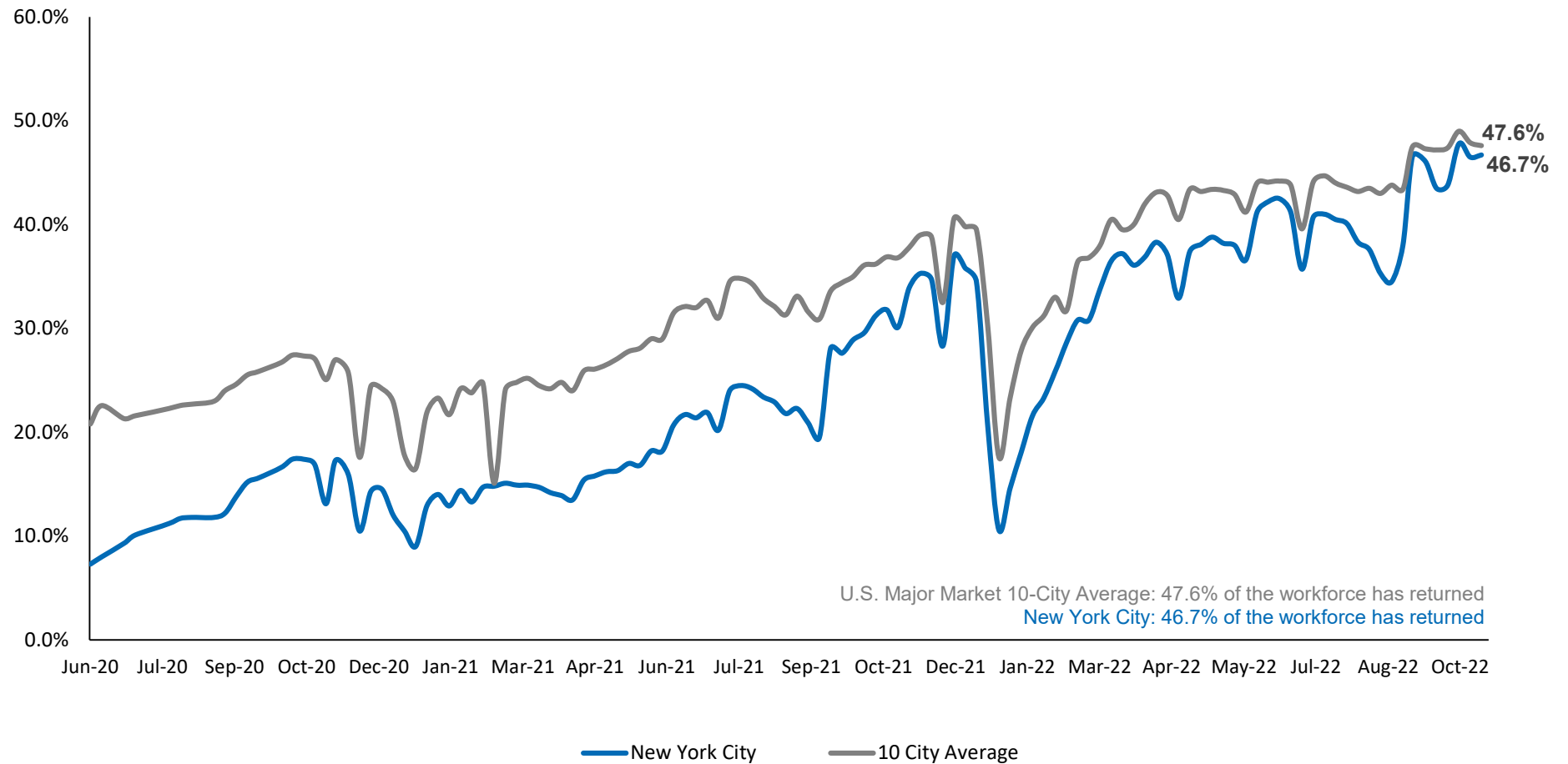
Sources: MTA, Apple, Newmark Research

Weekly Occupancy Rates Based on Key Fob Swipes

New York City vs. United States Major Market 10-City Average

Occupancy rates from buildings tracked by Kastle have increased significantly since the summer as companies continue to encourage employees to return to the office. Occupancy in each of the 10-city major markets have improved over the past month with New York City currently registering 46.7%.

KASTLE SYSTEMS RETURN TO WORK DATA



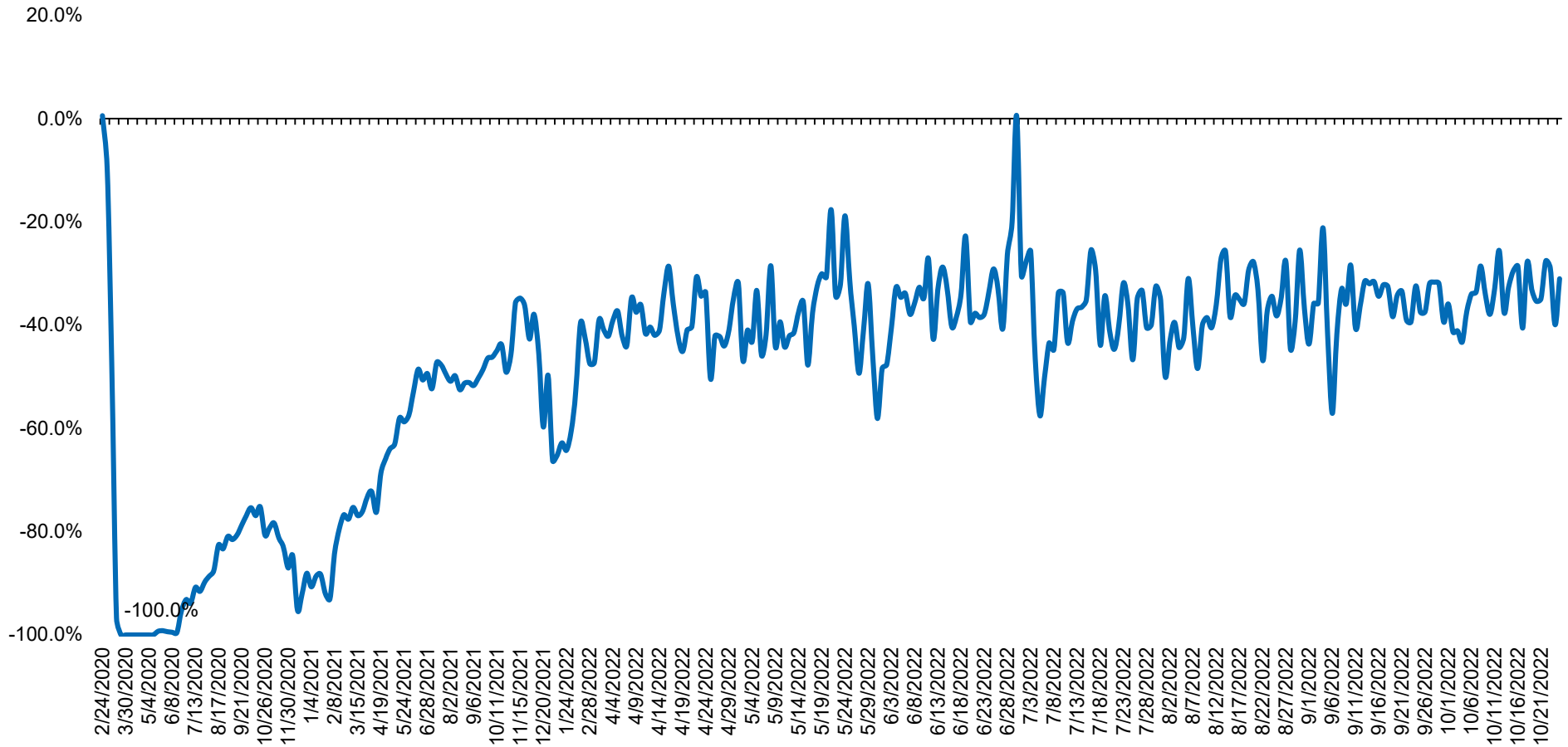
Sources: Kastle, Newmark Research

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OpenTable Reservations

Restaurant reservations continue to improve as Manhattan's tourist and office populations return. Reservations, however, remain 31.1% below pre-pandemic levels.

PERCENTAGE CHANGE FROM PRE-PANDEMIC, 7-DAY AVERAGE

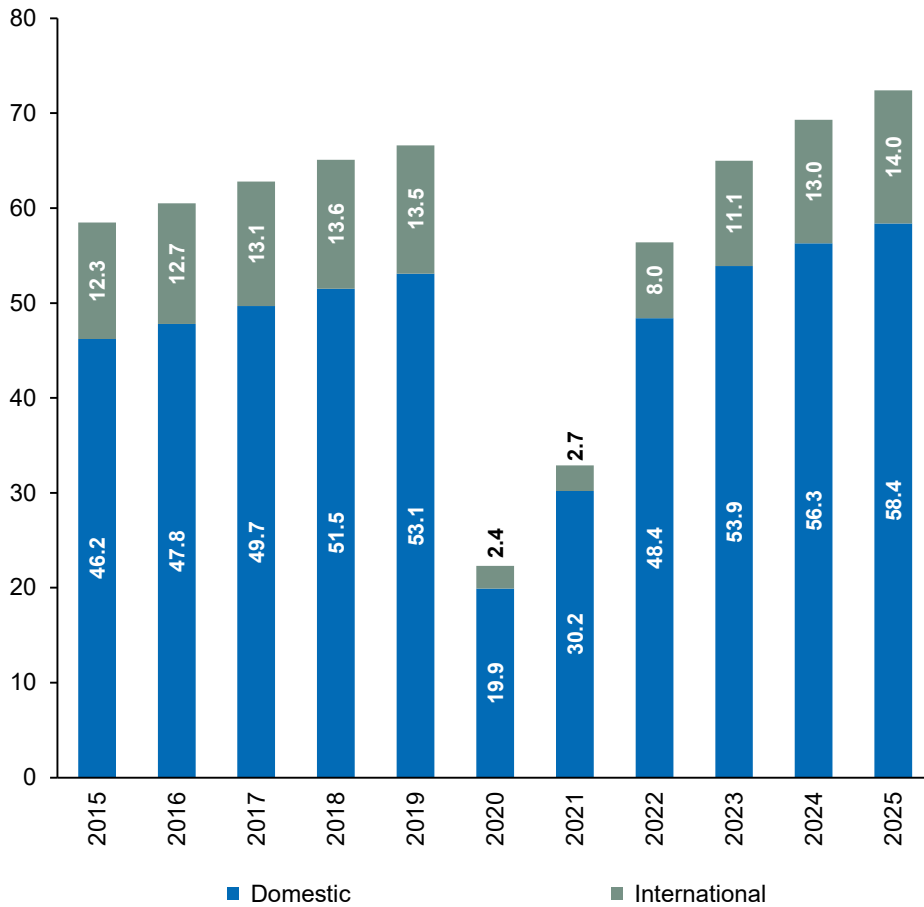


Sources: OpenTable, Newmark Research

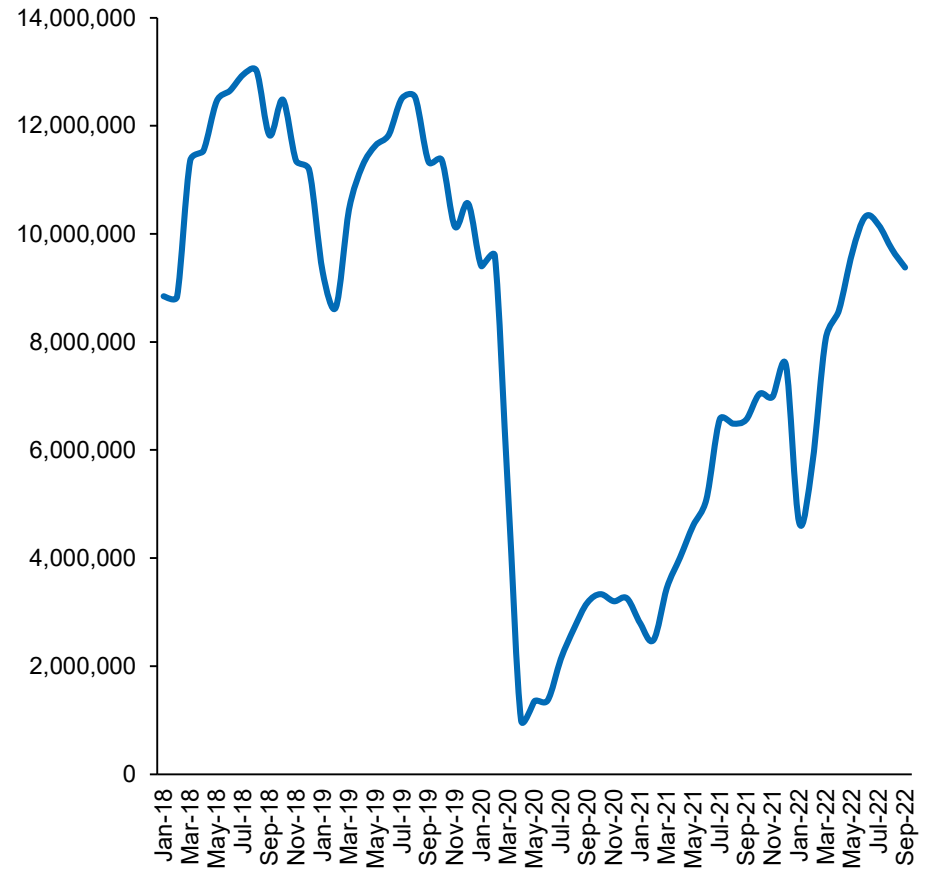
New York City Tourism

Tourism improvements are expected to continue throughout 2022, driven by domestic travel which is expected to exceed pandemic levels in 2023. Overall tourism projections, including international tourism is expected to return to pre-pandemic levels by 2025.

INTERNATIONAL VS DOMESTIC TOURISM (MILLIONS OF VISITORS)



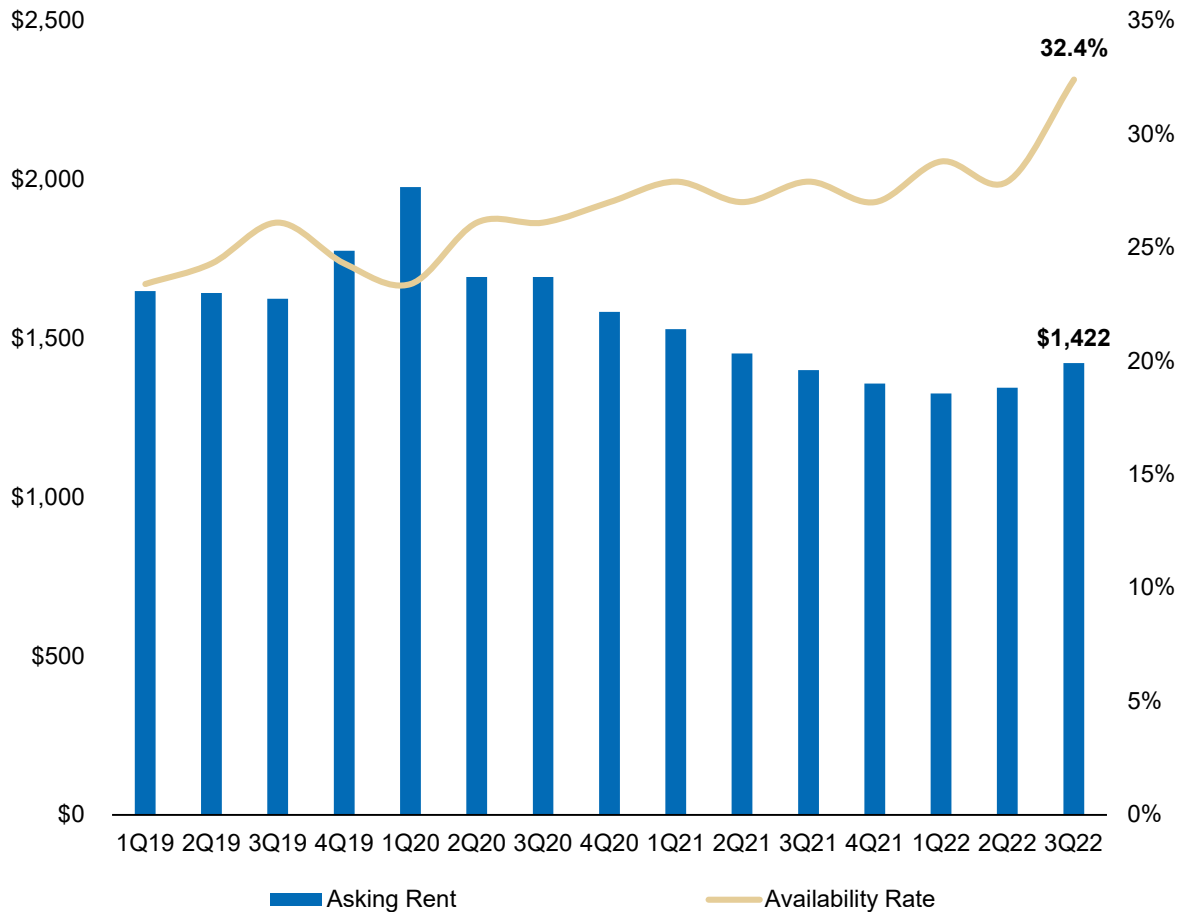
TIMES SQUARE PEDESTRIAN TRAFFIC



Sources: NYC & Company, Times Square Alliance, Newmark Research

Select Trade Area Overview | Fifth Avenue

AVERAGE ASKING RENT AND AVAILABILITY RATE



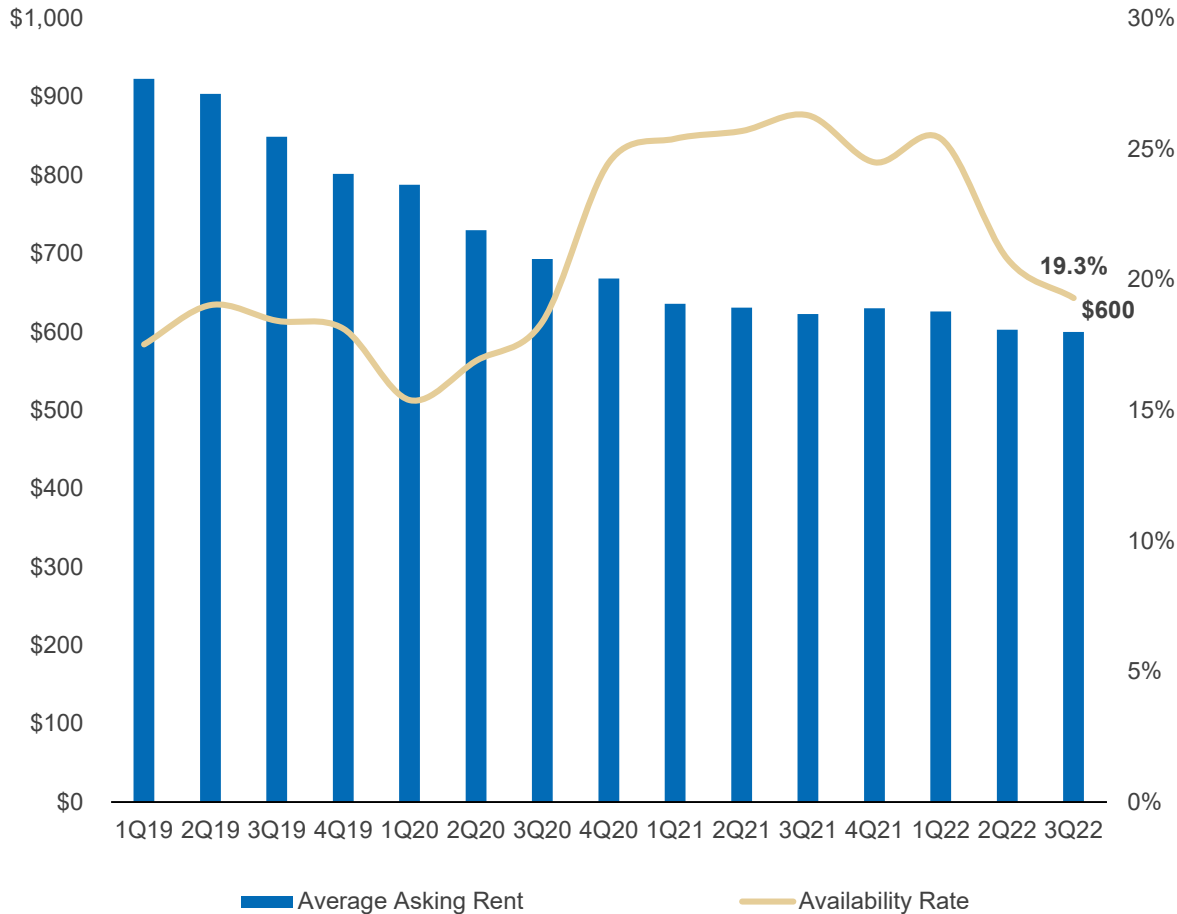
TRADE AREA STATISTICS AND TRENDS

- Boundaries: Fifth Avenue (42nd-57th)
- 111 Total storefronts
- 36 Available storefronts
- Peak in average asking rents: \$2,110/SF in 3Q17 - 1Q18 with some storefronts asking as much as \$4,000/SF.
- From pre-Covid-19 to today, asking rents have fallen 28.0%, while availability is up 9.0 percentage points.
- Aritzia signed a lease at 680 Fifth Avenue for 33,000 SF; Allsaints signed a short term lease for 19,313 SF at 600 Fifth Avenue.

Source: Newmark Research

Select Trade Area Overview | Madison Avenue

AVERAGE ASKING RENT AND AVAILABILITY RATE



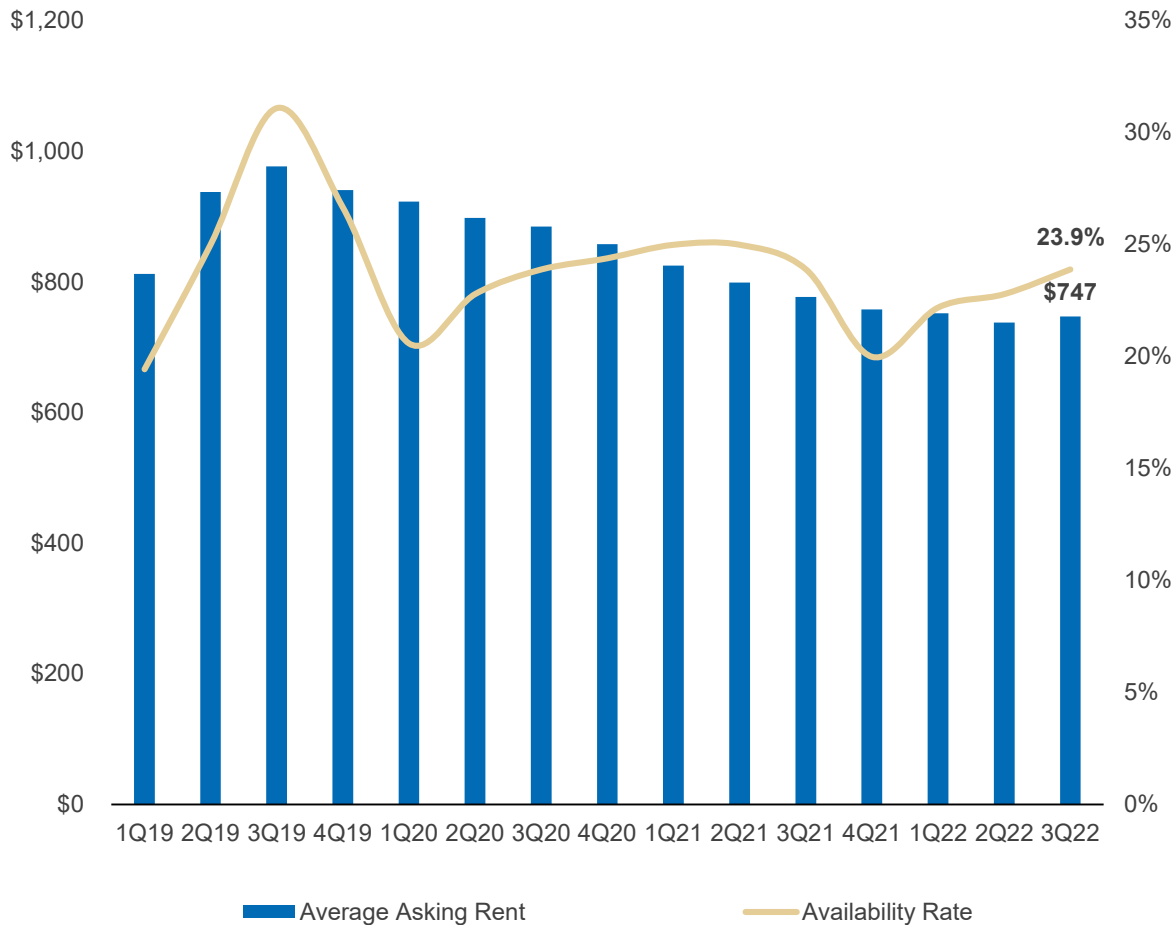
TRADE AREA STATISTICS AND TRENDS

- Boundaries: Madison Avenue (59th – 86th)
- 331 Total storefronts
- 64 Available storefronts
- Peak in average asking rents: \$1,518/SF in 3Q14 with some spaces asking as much as \$2,200/SF.
- Since the start of the pandemic (1Q20), rents have dropped 23.8%, and availability has risen 3.9 percentage points.
- John Elliot leased 2,089 SF at 853 Madison Avenue, Anne Fontaine signed a deal at 723 Madison Avenue for 1,661 SF; Asprey leased 1,622 sf at 680 Madison Avenue.
- Activity improved on Lower Madison Avenue (59th-72nd Street). During the pandemic, most of the leasing activity was above 72nd street, where rents are less expensive.

Source: Newmark Research

Select Trade Area Overview | Times Square

AVERAGE ASKING RENT AND AVAILABILITY RATE



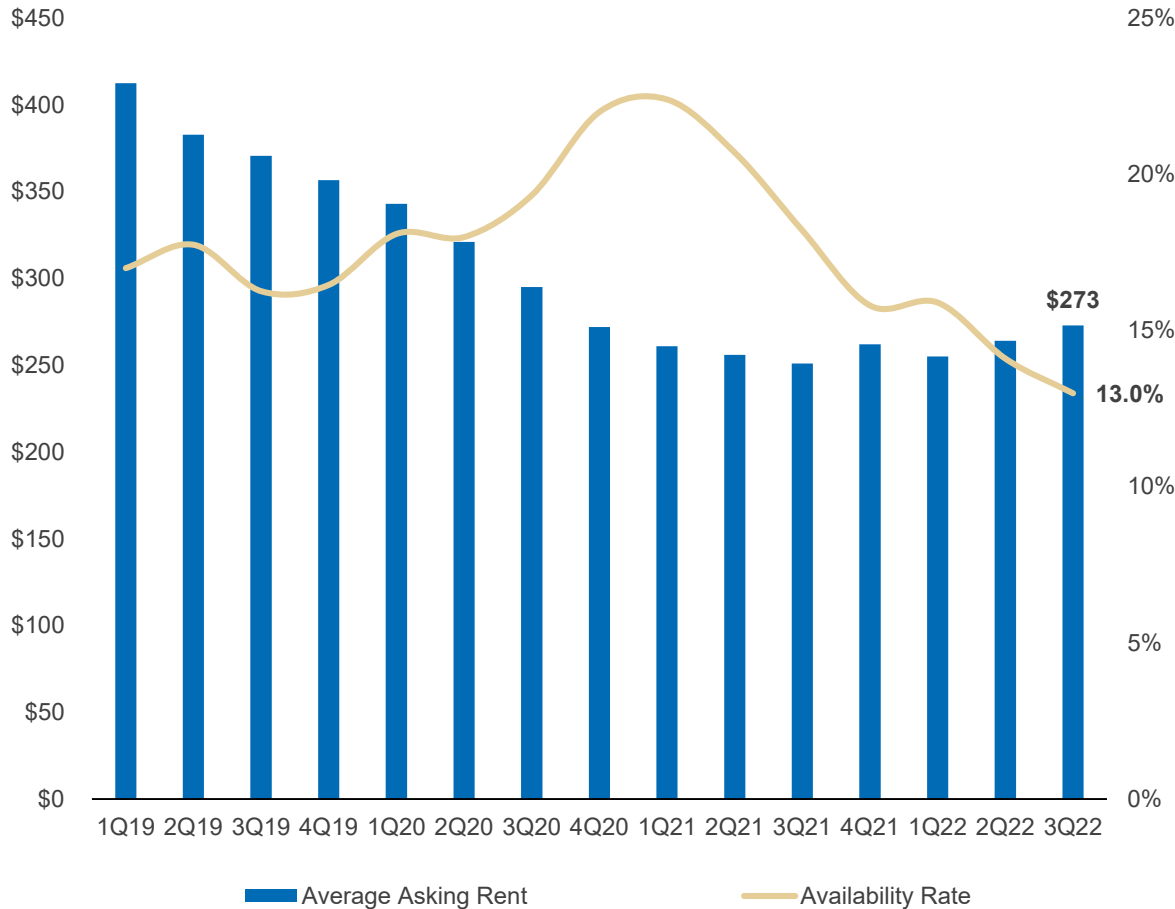
TRADE AREA STATISTICS AND TRENDS

- Boundaries:
 - West 42nd Street (Broadway-Eighth Ave)
 - Broadway (41st-51st)
 - Seventh Ave (41st-51st)
- 180 Total storefronts
- 43 Available storefronts
- Peak in average asking rents: \$1,012.59/SF in 1Q15 with some spaces asking as much as \$2,000/SF
- Since the start of the pandemic (1Q20), rents have fallen 19.0%, and availability is up 3.3 percentage points.
- IT'SUGAR leased 20,335 sf 234 West 42nd Street; Sprayground signed a 10,915 SF short-term lease at Seventh Avenue.
- Times Square pedestrian traffic averaged 312,616 people per day in September 2022, up 42.9% from September 2021.

Source: Newmark Research, Times Square Alliance

Select Trade Area Overview | Soho

AVERAGE ASKING RENT AND AVAILABILITY RATE



TRADE AREA STATISTICS AND TRENDS

- Boundaries:
- Broadway (Houston – Canal St)
- Broome St (Sixth Ave – Lafayette St)
- Crosby St (West Houston – Howard St)
- Grand St (Sixth Ave – Lafayette St)
- Greene St (West Houston – Canal St)
- Mercer St (West Houston – Canal St)
- Prince St (Sixth Ave – Lafayette St)
- Spring St (Sixth Ave – Lafayette St)
- West Broadway (West Houston – Canal St)
- Wooster St (West Houston – Canal St)

- 941 Total storefronts
- 122 Available storefronts

- Average asking rents peaked at \$687.51/SF in 1Q15
- Since the start of the pandemic, rents have dropped 20.4% while availability is down by 5.1 percentage points.

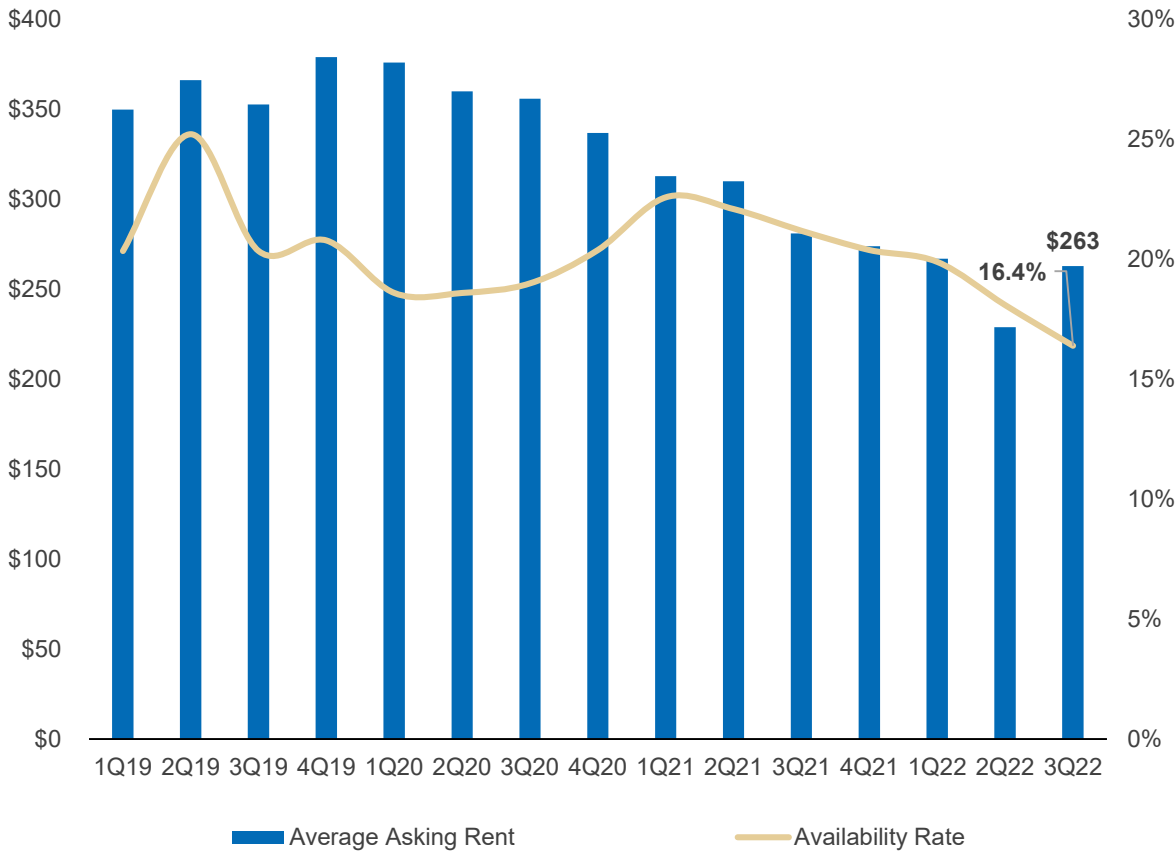
- The House of Cannabis signed a lease for 30,000 SF at 427 Broadway; Doll’s Kill leased 10,000 SF at 33 Howard Street; Minisio signed a deal for 7,947 sf at 490 Broadway.

- Leasing activity has been strong throughout 2022 as the trade area has been thriving post-pandemic.

Source: Newmark Research

Select Trade Area Overview | Financial District

AVERAGE ASKING RENT AND AVAILABILITY RATE



TRADE AREA STATISTICS AND TRENDS

- Boundaries:
 - Broadway (Battery Pl – Murray St)
 - Wall St (South St – Church St)
 - Fulton St (South St – Church St)
- 226 Total storefronts
- 37 Available storefronts
- Average asking rents peaked later than other trade areas, at \$438.03/SF in 3Q17, as construction, industry diversification, and quality of life continued to progress Downtown.
- Since the start of the pandemic, rents have dropped 30.2%, while availability has decreased 220 basis points.
- The largest deal of the quarter in Manhattan was signed by French department store Printemps for 54,365 sf at 1 Wall Street for their first US store.
- Mezeh signed a 3,400 sf lease at 111 Fulton Street; Peachy Cosmetics leased 3,043 sf at 120 Broadway; Luzzo's Pizzeria signed a deal at 14 Wall Street for 1,900 sf.

Source: Newmark Research

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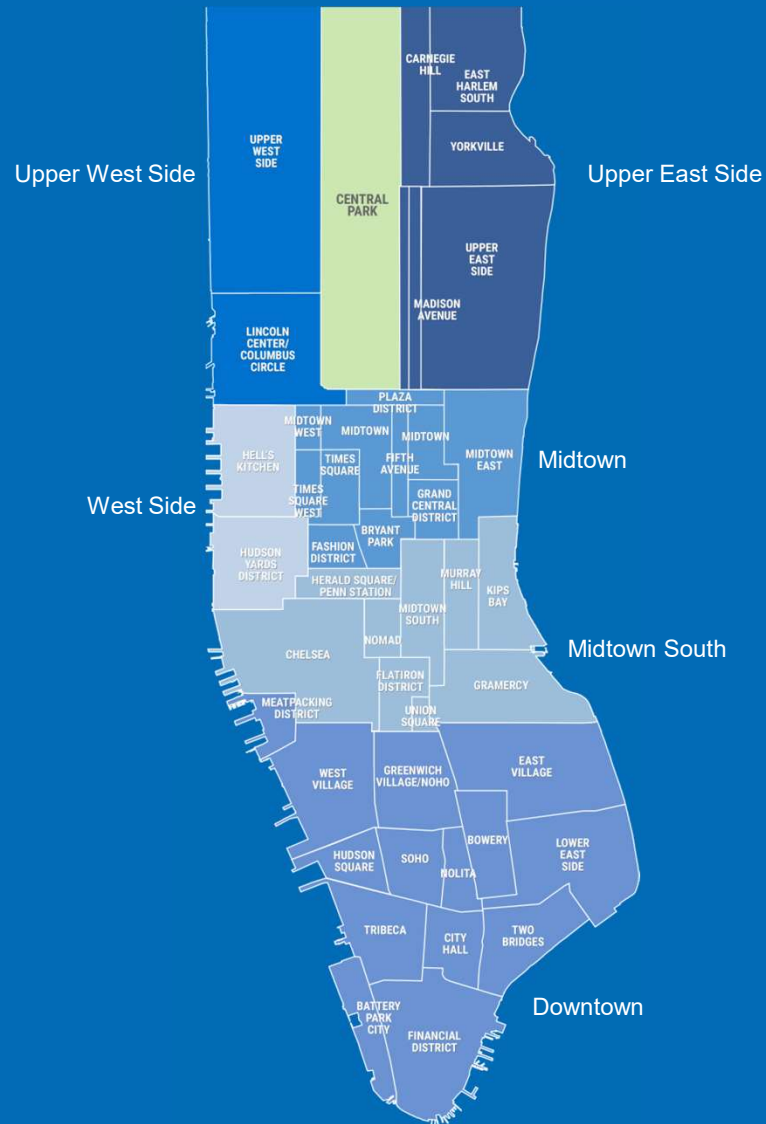
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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at ngkf.com/research.

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