

Q2 | 2018

MANHATTAN RETAIL
MARKET REPORT

The New York City retail market did not experience much change in market conditions in the second quarter 2018. The vacancy rate went from 4.1% in the previous quarter to 4.0% in the current quarter. Net absorption was positive 128,312 square feet, and vacant sublease space increased by 38,535 square feet. Quoted rental rates decreased from first quarter 2018 levels ending at \$101.35 per square foot per year. One retail building with 96,300 square feet of retail space was delivered to the market in the quarter, with 2,490,153 square feet still under construction at the end of the quarter.

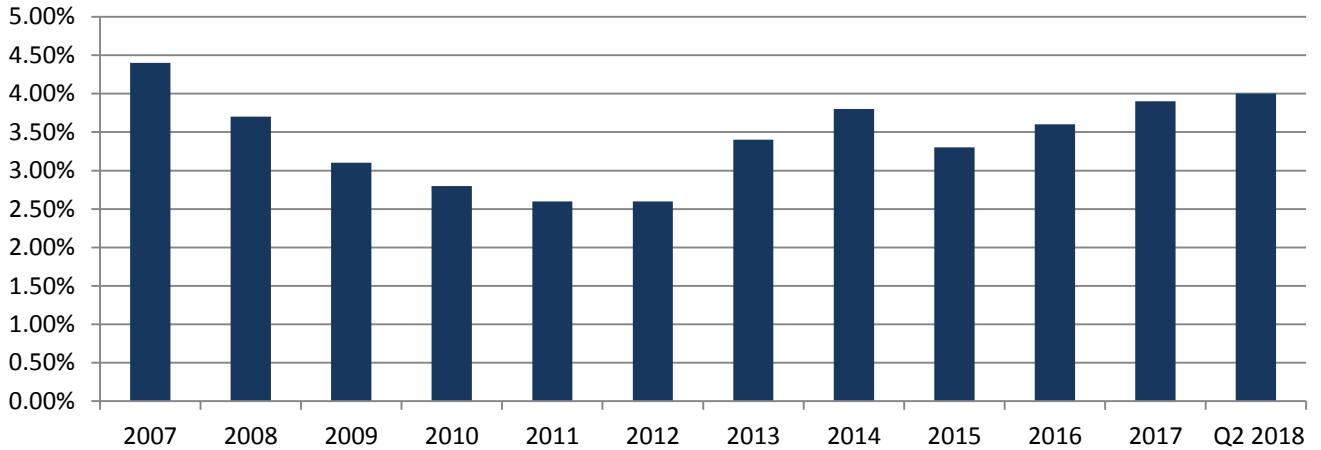
Net Absorption: Retail net absorption was moderate in New York City second quarter 2018, with positive 128,312 square feet absorbed in the quarter. In first quarter 2018, net absorption was positive 58,192 square feet, while in fourth quarter 2017, absorption came in at positive 58,914 square feet. In third quarter 2017, negative (45,390) square feet was absorbed in the market. Tenants moving into large blocks of space in 2018 include: Morton Williams Supermarket moving into 29,535 square feet of new space at 1 W End Ave; and ESPN moving into 19,000 square feet at South Street Seaport aka Pier 17.

Vacancy: New York City's retail vacancy rate decreased in the second quarter 2018, ending the quarter at 4.0%. Over the past four quarters, the market has seen an overall increase in the vacancy rate, with the rate going from 3.6% in the third quarter 2017, to 3.9% at the end of the fourth quarter 2017, 4.1% at the end of the first quarter 2018, to 4.0% in the current quarter. The amount of vacant sublease space in the New York City market has trended up over the past four quarters. At the end of the third quarter 2017, there were 82,912 square feet of vacant sublease space. Currently, there are 120,955 square feet vacant in the market.

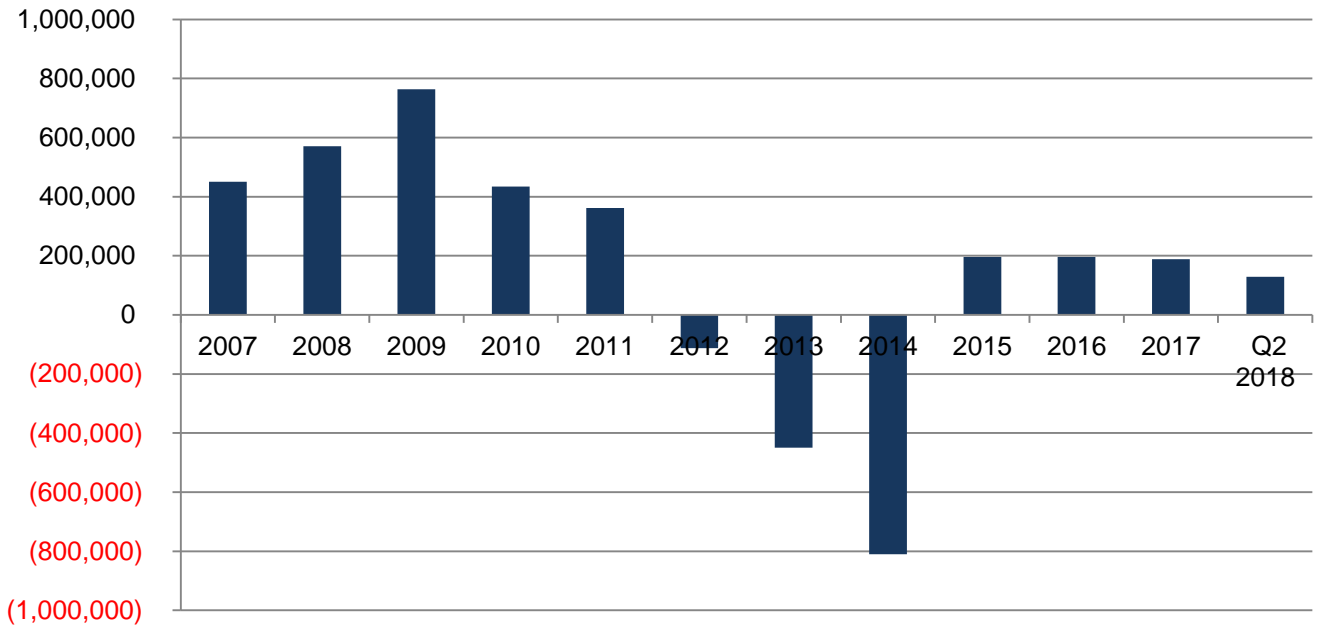
Largest Lease Signings: The largest lease signings occurring in 2018 included: 75,000-square-foot lease signed by Glass Houses at 660 12th Avenue, the 45,000-square-foot-lease signed by Alamo Draft House Cinema at 28 Liberty St; and the 43,000-square-foot-deal signed by Forever 21 at 435 Seventh Avenue.

Rental Rates: Average quoted asking rental rates in the New York City retail market are down over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the second quarter 2018 at \$101.35 per square foot per year. That compares to \$102.52 per square foot in the first quarter 2018, and \$98.86 per square foot at the end of the third quarter 2017. This represents a 1.1% decrease in rental rates in the current quarter, and a 2.46% increase from four quarters ago. Inventory & Construction During the second quarter 2018, one building totaling 96,300 square feet was completed in the New York City retail market. Over the past four quarters, a total of 507,629 square feet of retail space has been built in New York City.

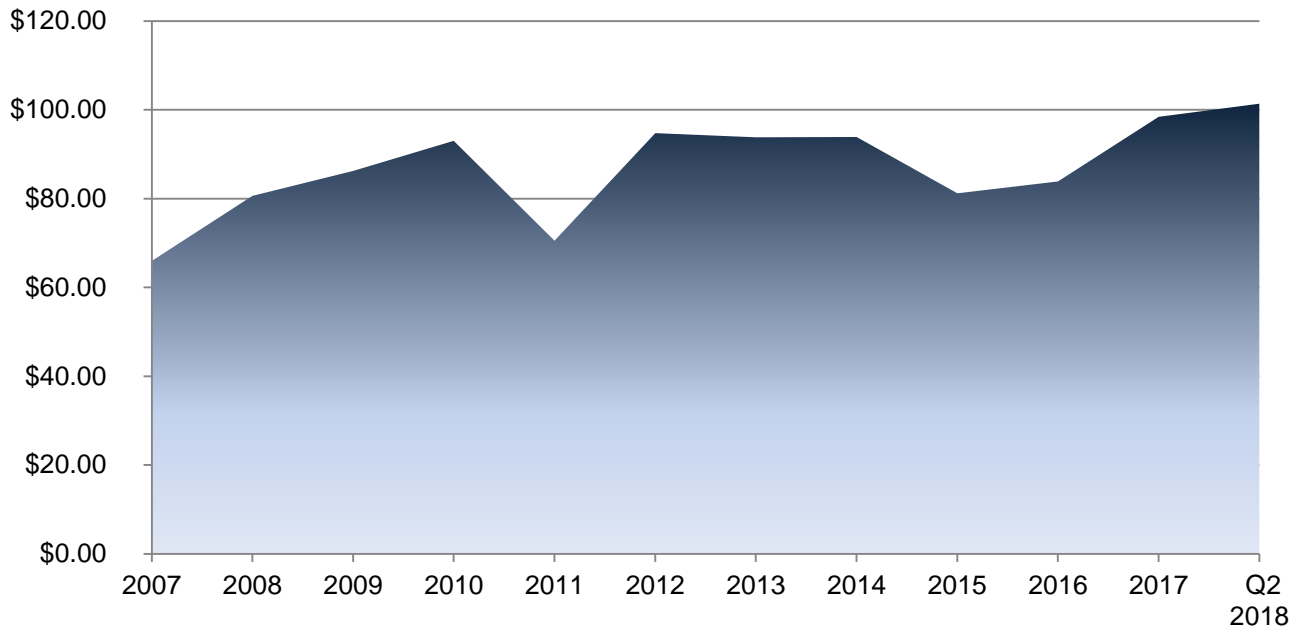
Historic Manhattan Retail Vacancy



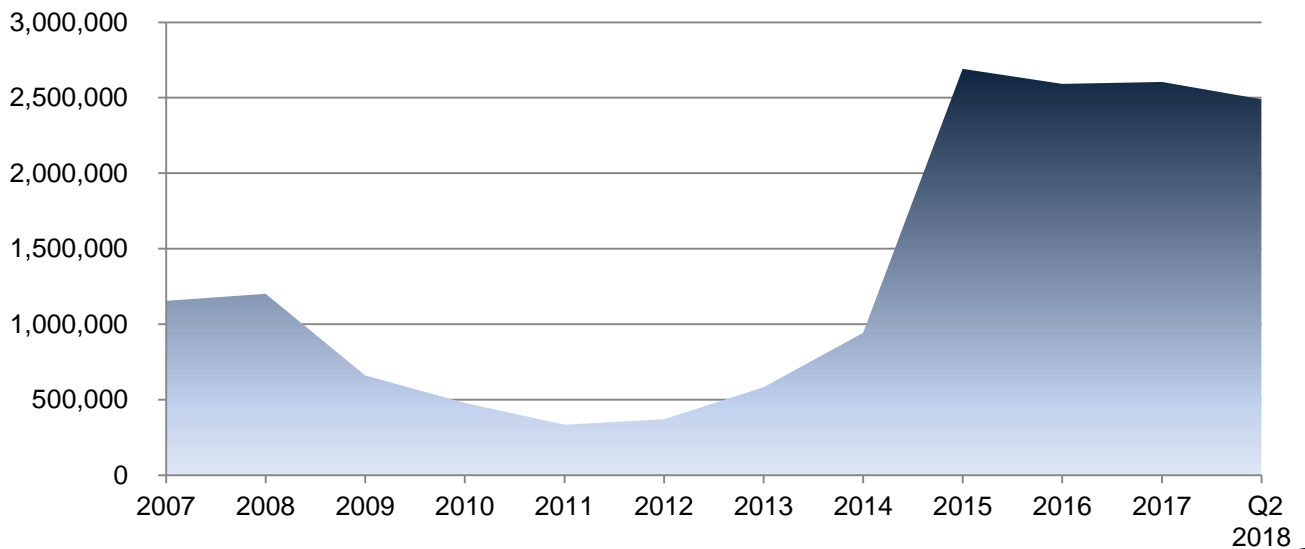
Historic Manhattan Retail Absorption (Sq. Ft.)



Historic Manhattan Retail Rents (Dollars Per Square Foot Per Annum)



Historic Manhattan Retail Under Construction (Square Feet)



Top Retail Submarket Statistics

Market	<u>Existing Inventory</u>		<u>Vacancy</u>			<u>YTD Net</u>	<u>Quoted</u>
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Rates
Plaza District	257	4,598,514	253,860	258,160	5.6%	115,902	\$208.33
Penn Plaza/Garment	166	5,541,902	87,194	108,534	2.0%	(23,687)	\$183.44
Hudson Square	292	1,491,504	80,572	81,472	5.5%	(36,338)	\$113.99
Tribeca	86	942,844	18,271	18,271	1.9%	(9,922)	\$110.00
Times Square	178	2,885,472	113,973	114,573	4.0%	30,544	\$87.55

Top Leases In H1 2018

<u>Building</u>	<u>Submarket</u>	<u>SF</u>	<u>Tenant Name</u>
660 12th Avenue	Times Square	75,000	Glass Houses
28 Liberty Street	Financial District	45,000	Alamo Draft House Cinema
435 Seventh Avenue	Penn Plaza/Garment	43,000	Forever 21
439 W 127th Street	Northern Manhattan	28,500	Gavin Brown's Enterprise
670 Broadway	Greenwich Village	27,500	Bandier

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