



2024
**NYC RETAIL
OVERVIEW**

LOCAL EXPERTISE | NATIONAL REACH
WORLD CLASS

FOR MORE INFORMATION, PLEASE CONTACT:

PETER BRAUS

Managing Principal

212.776.1203

pbraus@lee-associates.com

TODD KORREN

Director of Leasing | Principal

212.776.1283

tkorren@lee-associates.com



US and New York City Retail Sales Remain Strong Despite Economic Skepticism

While economic uncertainty loomed, consumer spending in the first quarter of 2024 remained robust for retail goods. Retail sales in the US rose 0.7% in March to \$709.6 billion, and total sales for Q1 2024 were up 2.1% from the same period a year ago. The National Retail Federation expects retail sales to reach between \$5.23 trillion and \$5.28 trillion this year. The 2024 forecast is roughly in line with the 10-year pre-pandemic average annual sales growth of 3.6%.

In February, the New York City unemployment rate was 5.10%, a 0.20% improvement from Q4 2023 and lower than the long-term average of 7.72%. Private sector jobs increased by 19,200 over-the-year to 4,090,200. There were 4,659,600 nonfarm jobs, a 98.7% recovery to pre-pandemic levels. Subway ridership, bus ridership, and commuter rail is up to 71%, 60%, and 75% recovery to pre-pandemic levels, respectively.



RETAIL SALES
\$49.3B

TAXABLE RETAIL SALES
CONTRIBUTING TO NYC ECONOMY



UNEMPLOYMENT RATE

5.1%
FEB 2024 (NYC)

3.8%
MARCH 2024 (US)

RETAIL EMPLOYMENT

19.8M
FEB 2024 (US)

298.7K
FEB 2024 (NYC)

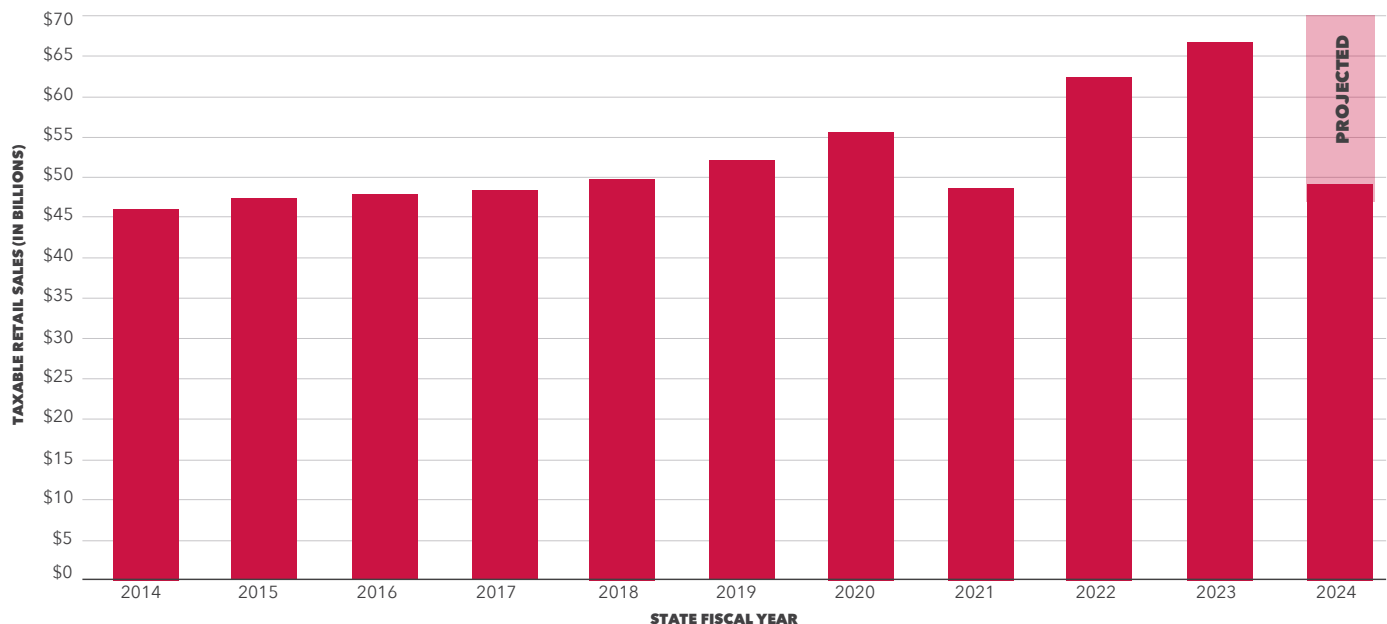


FEDERAL FUNDS RATE

5.25%

5.50%

TOTAL TAXABLE RETAIL SALES, BY STATE TAX PERIOD





Tourism Makes Strong Comeback

New York City's tourism has rebounded strongly. New York City Tourism & Conventions, the city's destination marketing organization, projects tourism to surpass 2019 levels this year. The Big Apple anticipates an estimated 64.5 million tourists in 2024, an 8% increase in domestic travelers and a 15% jump in international visitors compared to 2023.

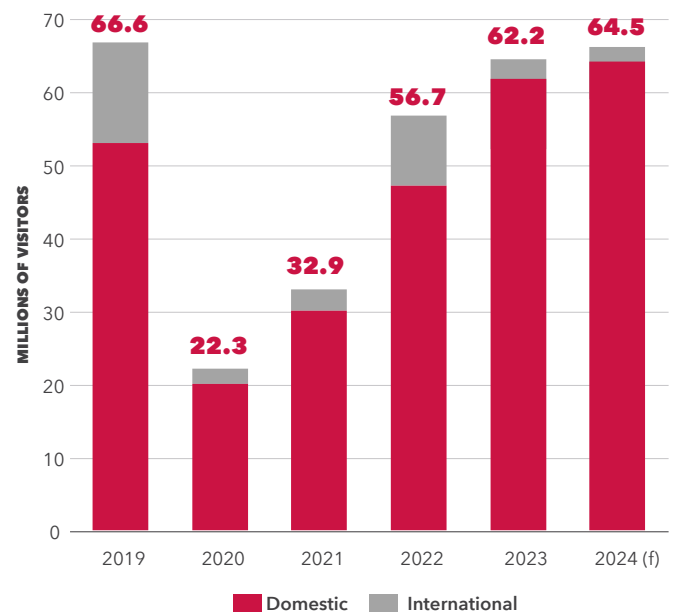
According to the Port Authority of New York & New Jersey, NYC airports reported their busiest year of all time in 2023, with a record 144 million people passing through LaGuardia, JFK, & Newark airport. Newark reported a 6% jump, the highest out of the three airports, while Guardia's new high of 32.4 million passengers was a 4% jump from its previous record in 2019 and JFK's 62.5 million passengers was on par with its 2019 total.

While New York City's office market remains hindered by remote and hybrid work, the retail market is benefiting from an increase in leisure activity and the rebound of tourist-centric areas.

Based on indicators from the first quarter of 2024, Times Square foot traffic has reached 86% of pre-pandemic levels with 23.6 million visitors, a nearly 6% increase compared to Q1 2023.



NYC VISITORS



NYC's Booming Luxury Fifth Avenue Retail

New York City is no stranger to luxury retail, specifically in Manhattan's Plaza District. In March 2024, Chanel opened its first US store dedicated solely to fine watches and jewelry in the Crown Building on Fifth Avenue. Brands such as Arcteryx, Skims, and Dolce & Gabbana are filling former vacant spaces while some fashion retailers are buying their own buildings. 715-717 Fifth Avenue was purchased by luxury group Kering for \$963m and a pair of neighboring buildings was acquired

by Prada for \$835m. French conglomerate LVMH is in the process of constructing an entirely new property on the northeast corner of Fifth Avenue and 57th Street, which will operate as Louis Vuitton's flagship. In 2025, Rolex is set to move into their new headquarters, a 30-story tower on the corner of 53rd Street and Fifth Avenue. The luxury watch brand has allotted the first four floors of the nearly 200,000 square foot space solely for retail.

Grocery Store Resurgence

The first quarter of 2024 saw a grocery store showdown in the realm of retail leasing - both the top renewal and the biggest new lease deal belonged to major players in the grocery sector. Leading the pack was Whole Foods, which secured a lease renewal for their 59,940 square foot store located at 10 Columbus Circle. Meanwhile, Wegmans signed a 58,874 square foot lease at 1930 Broadway on the Upper West Side. Their second location comes on the heels of their wildly successful debut at 770 Broadway in late 2023, which generated significant buzz and customer loyalty. Looking ahead, Whole Foods announced plans for a brand new store format - quick-shop stores ranging from 7,000 to 14,000 square feet. These smaller stores are slated to arrive in New York City later this year, paving the way for smarter expansion in densely populated areas.



Cannabis

At least 30 legalized cannabis dispensaries have opened in New York state and New York City since the legalization of recreational marijuana in 2021. Lee & Associates' Gregory Tannor and Jessica Gerstein have been at the forefront of cannabis retail leasing, working with both tenants and landlords to come to fair terms. Due to location constraints and rules set by the Office of Cannabis Management, there is a high competition for spaces that meet requirements. Jessica and Greg represented tenants ConBud & Union Square Travel Agency with locations at 85 Delancey Street, 587 5th Avenue, 598 Broadway, and 122 Flatbush Avenue. The Lee NYC cannabis team currently has 8 pending leases on track for 2024 and are constantly vetting a revolving door of new applicants, approvals, and opportunities.





Retail as an Amenity

Faced with low office occupancy, a growing strategy for landlords is to curate attractive retail offerings within their buildings, creating a more compelling package for potential office tenants. In late 2022, SL Green partnered with Daniel Bouloud on a management deal for 22,800 square feet for a French café and steakhouse concept at One Madison Avenue. In 2023, Tishman Speyer announced a partnership with Chef Gabriel Kreuther for two new restaurants at the Spiral in Hudson Yards, as well as plans for a rooftop bar and restaurant at 245 Park Avenue. In Q1 2024, Popular Greek restaurant Avra Estiatorio took a big bite out of the Penn District with a new 20,000 square foot lease, inking their fourth location in the city and kickstarting the area's transformation into a top-tier office and entertainment hub.



Flatiron/Union Square

The Flatiron/Union Square market retained and attracted new tenants during the first few months of 2024. Popular clothing brand Zara is staying put at 101 Fifth Avenue, renewing their 10,000 square foot lease along the popular corridor. Levain Bakery is set to open at 2 West 18th Street in Q2 2024, making Union Square their company's eighth location in New York. Othership, a Canadian bathhouse, will open its first location in New York City this summer at 23 West 20th Street. The cult favorite will offer a myriad of treatments aimed at fostering a sense of community, while offering an alternative environment to socialize and disconnect from the hustle and bustle of the city.

The Bronx

Retail in the Bronx was resilient throughout the pandemic due to the residential concentration and existence of service-oriented tenants in this area. Lee & Associates' Principal Steve Lorenzo has closed a multitude of retail deals in the Bronx this past year, many of which were supermarkets and drug stores. The area has seen an influx of investment from developers, including a \$349m mixed-use development along the Harlem River and RXR's 2413 Third Avenue project. Brookfield's Bankside is a \$1B residential complex located on the waterfront in Mott Haven, with more than 12,000 square feet of retail availability represented by Lee's Steve Lorenzo.



Williamsburg

Interest in the retail market in Williamsburg has been rapidly increasing since 2021, according to Lee & Associates' Executive Managing Director Garry Steinberg. Activity has been concentrated on the busy streets of North 3rd Street and North 6th Street, attracting luxury retailers and premium rent prices of \$300/SF or more. In the rest of the neighborhood, food and beverage operators account for around 70% of tenants in the market. Other tenants are health and wellness, as well as entertainment groups looking to relocate outside of Manhattan. Since the beginning of 2023, Lee & Associates has leased just under 200,000 square feet across North & South Williamsburg. Brokers Jeffrey Kessler, Brett Brownstein, and Garry Steinberg have recently set their sights on Gowanus, an emerging retail neighborhood south of Williamsburg. As part of a 2021 rezoning, an estimated 8,500 residential units are expected to be added to the neighborhood, creating a need for amenities and services.



SOHO SPOTLIGHT

Soho Spotlight

Soho has bounced back from the pandemic and continues to be a high demand area for retailers, particularly apparel tenants, due to its high foot traffic and density.

Some of the neighborhood's most prominent deals were completed by Lee & Associates brokers. Catherine O'Toole and Stephanie Moore represented the Landlords at 121 Prince Street and 114 Spring Street, securing leases with clothing companies Ba&Sh and Maje for 4,600 and 2,450 square feet in late 2023, respectively. Catherine & Stephanie also represented ownership at 65 Mercer Street in the renewal of the ground floor lease to jewelry company Holden, who will stay put at their space for another two years. Schott NYC relocated its flagship from 236 Elizabeth Street to 3,400 square feet at 32 Howard, represented by Lee & Associates' Gregory Tannor and Jessica Gerstein. Steve Madden opened its new storefront last year at 494 Broadway totaling 2,200 square feet, with Paul Popkin representing the tenant and the Lee & Associates' team of JP Sutro and Morris Dweck representing the landlord. Vintage Twin, an apparel consignment store, signed a lease

for 5,000 square feet across the ground and basement floors of 597 Broadway and was represented by Lee & Associates' Paul Popkin and Annie Squier.

Lee brokers Cory Gahr, Peter Braus, & Brad Schwarz represented ownership at 108 Leonard Street, just south of Soho in Tribeca's new Gallery District, in the sale of their 20,000 square foot banking hall. The retail property was purchased for \$18,200,000 by prominent New York gallery owner Jack Shainman after a years-long search for a new space.

Other notable apparel leases in Soho include Japanese fashion retailer GU taking Forever 21's former 25,000 square foot space at 568 Broadway and Urban Outfitters taking 12,810 square feet at 583 Broadway. Legendary Italian automaker Ferrari signed a 4,000 square foot lease at 92 Prince Street, currently home to Nespresso, where ground floor asking rents average \$1,000/SF. Soho continues to be a hotspot across all industries, with Eataly opening their third location in December 2023 at 200 Lafayette Street.



TOP RETAIL LEASES BY SQUARE FOOTAGE

Wegmans

58,874 SF

1930 BROADWAY

NEW

**WHOLE
FOODS
MARKET**

59,940 SF

10 COLUMBUS CR

RENEWAL

**BEST
BUY**

46,064 SF

1280 LEXINGTON

RENEWAL

GU

23,500 SF

568 BROADWAY

NEW

**FITNESS
FACTORY**
HEALTH CLUB

22,139 SF
362 WEST 125TH
NEW

AVRA

estiatorio

20,373 SF
390 9TH AVE
NEW

citibank

13,000 SF
1 BROADWAY
RENEWAL

URBAN OUTFITTERS

12,810 SF
583 BROADWAY
NEW



FOR MORE INFORMATION, PLEASE CONTACT:

PETER BRAUS

Managing Principal

212.776.1203

pbraus@lee-associates.com

TODD KORREN

Director of Leasing | Principal

212.776.1283

tkorren@lee-associates.com



**LEE &
ASSOCIATES**

COMMERCIAL REAL ESTATE SERVICES