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CBRE releases Q2 2017 Manhattan Retail Marketview report

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New York, NY CBRE has released its Manhattan Retail MarketView for the second quarter of this year.

Conditions in the Manhattan retail market continued to evolve in Q2 2017, exhibiting both challenges and opportunities for tenants and landlords alike. Aggregate average asking rents across Manhattan’s 16 main retail corridors declined by 8.6% year-over-year, continuing a trend that began nearly two years ago.

“While asking rents are adjusting downward, in many parts of Manhattan, the bigger story is the increasing willingness on the part of landlords to negotiate rents and offer greater concessions to win over tenants,” said Nicole LaRusso, director, research & analysis, CBRE Tri-State. “We’re seeing mixed results so far—in SoHo, activity has been picking up as tenants see great opportunities, while on Upper Madison Avenue, leasing remained slow through Q2.”

The easing rent environment helped spur a decrease in the number of available spaces, which fell by 4.2% quarter-over-quarter, although availability remains high relative to one year ago.

Tenant demand, especially among luxury retailers, is lacking, which is reflected in the high availability and low transaction volume on Manhattan’s toniest corridors, including Madison Avenue and Fifth Avenue from 42nd to 59th streets. However, some tenants are taking advantage of newfound landlord flexibility on rents, concessions and lease terms to take on new locations, especially in SoHo, the Plaza District and the Upper West Side.

Strong market fundamentals, including buoyant consumer confidence, employment growth and expanding household income, help support tenants looking to take advantage of the softening market to expand.