



REBNY Report: Brooklyn Retail Gets Boost from New Development in Summer 2017

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New York, NY Amidst a gloomy environment of national retail market reporting, the Brooklyn retail market continued to experience strong demand for storefront spaces located along the borough's top retail corridors in summer 2017. Average asking rents for available ground floor retail spaces in 10 of the 15 retail corridors analyzed in the Real Estate Board of New York's (REBNY) Summer 2017 Brooklyn Retail Report, rose year-over-year when compared to summer 2016.

According to REBNY's Brooklyn Retail Report Advisory Group, the borough's retail leasing market is benefitting from the opening of new hotel and office projects that have increased foot traffic in Brooklyn neighborhoods. Paired with the expansion of new residential development throughout the borough, retailer interest has increased in rapidly changing corridors within neighborhoods, most notably Bushwick and Crown Heights.

"New developments are drawing more attention, particularly from retailers that are looking to develop a presence in Brooklyn as an extension of their Manhattan mainstays," said John Banks, REBNY President. "In spite of shifting national retail market conditions, Brooklyn continues to present attractive storefront opportunities in growing, more densely populated neighborhoods."

HIGHLIGHTS OF THE SUMMER 2017 BROOKLYN RETAIL REPORT

Fifth Avenue in Park Slope, between Union Street and Ninth Street, saw a 19 increase in the average asking rent for ground floor retail space in summer 2017 compared to summer 2016. This increase to \$95 per square foot was a result of very low inventory on the corridor compared to last year. The remaining availabilities were grouped in the more expensive, northern segment of the corridor, which had an upward effect on the overall average asking rent. The new average is an all-time high and the first significant rise in average asking rents per square foot for the Fifth Avenue corridor since the inception of the REBNY Brooklyn Retail Report after summer 2015. The large average asking rent increase for Park Slope's Seventh Avenue, between Union Street and Ninth Street, echoed that of Fifth Avenue due to similar circumstances this summer. The corridor's average asking rent of \$124 per square foot was a 35 percent increase from summer 2016; just shy of Seventh Avenue's all-time high average asking rent of \$129 per square foot recorded in winter 2017.

In Prospect Heights, the average asking rent for Flatbush Avenue, between Fifth Avenue and Grand Army Plaza, increased seven percent from the summer of 2016 to an average asking rent of \$109

per square foot for ground floor retail space in the summer of 2017. The attraction of the Barclays Center, along with an influx of new residents due to recently completed new residential developments, has led to shrinking retail availability on the corridor.

In Brooklyn Heights on Montague Street, between Hicks Street and Cadman Plaza, the average asking rent for available ground floor retail space declined substantially for the first time since the inaugural REBNY Brooklyn Retail Report for summer 2015. The corridor's average asking rent declined 21 percent from summer 2016 to \$151 per square foot in summer 2017 due to the leasing of several, more expensive spaces on the corridor.

Williamsburg's Bedford Avenue, between Grand Avenue and North 12th Street, experienced an overall decrease of 13 percent, year-over-year, in the average asking rent per square foot of ground floor retail space. The summer 2017 average asking rent of \$325 per square foot for Bedford Avenue was a result of the bifurcation of the corridor split between the lower priced north end and the highly sought-after blocks between North 4th Street and North 8th Street.

Above North 8th Street, the average asking rent was \$163 per square foot, while the average asking rent between North 4th Street and North 8th Street was \$393 per square foot of ground floor retail space. While the average asking rent for the entire corridor skewed lower this period—due to a larger amount of available listings located on the north end of the corridor—the average asking rents for the two, aforementioned Bedford Avenue sections remained stable.

Published twice per year in the winter and summer, REBNY's Brooklyn Retail Report analyzes the average, median, and range in asking rents for available ground floor retail spaces in Brooklyn's top retail corridors spanning from Greenpoint to Bay Ridge. Data for the Brooklyn Retail Report was provided by REBNY members from the Commercial Brokerage Brooklyn and Retail Committees, and analyzed by REBNY's Brooklyn Retail Report Advisory Group.

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