



Eastern Consolidated releases bi-annual retail report by Byrne Denham: The Retail Pulse: Retail Capital of the World - New York City

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Eastern Consolidated's just-released in-depth retail report, *The Retail Pulse: Retail Capital of the World - New York City* builds a case for a bright economic future for the Big Apple. Chief economist Barbara Byrne Denham, author of the report which will be published bi-annually in December and May to coincide with the ICSC, argues the case that in the last five years the city has added close to 6.2 million s/f of new retail space, and ten more retail centers are coming down the pike. New development of retail has driven employment, resulting in 85,000 jobs, accounting for 39 % of total job growth since 2009. Simply put, more retail, means more jobs; more employment means more personal income; and more wealth means a more buoyant economy.

In fact, retail sales in the city nearly doubled since 2002 and there's no reason to believe that that volume won't continue and is likely to increase, according to the report, for many reasons but among them:

- 1) The outer boroughs are significantly under-retailed;
- 2) A bevy of new retail destinations, beyond Madison and Fifth Avenues, in off-beat Manhattan neighborhoods have emerged, and
- 3) Tourism—both domestic and international—is driving retail growth.

The report argues that as an asset class from investors' perspective, retail condominiums have emerged front row and center. The fourth quarter is set to be a banner period for retail property sales, as four about-to-close transactions will shatter the previous high with more than \$1.5 billion in sales volume. These four are:

- 1) The retail portion of 666 Fifth Ave., set to become the largest retail property sale in city history;
- 2) The retail portion of the Carlton House at 680 Madison Ave., a conversion of a former hotel into residential with retail space;
- 3) 24,700 s/f about to be built at 2 East 55th St., the retail portion of the St. Regis Hotel; and
- 4) A prominent retail site at Madison Ave. and East 63rd St.

Virtually every statistic pertaining to the retail industry in the city is covered in the 16-page report, which illustrates with tables and graphs, information on historic economic census results, retail employment, per capital personal income, visitor status to the city, U.S. exchange rates and descriptions of the city's hottest retail neighborhoods, namely SoHo, Meatpacking, Chelsea, Flatiron and NoLita.

"After all is said and done, the outlook for the future economic health of the city is inextricably tied to growth of the retail sector," said Denham. "Our research indicates that the vast lack of retail outlets/spaces in the outer boroughs of The Bronx, Staten Island, Queens and Brooklyn will provide opportunities for their dense residential populations, with incomes that can certainly support more

retail, the shopping options that they do not now have, but very much need and deserve. As well, tourism to the city shows no signs of abating, especially with the soon-to- debut 365,000 s/f World Trade Center site as well as more than 565,000 s/f at Hudson Yards."

According to the report, key factors driving the city's retail growth are:

- Â· The incredible surge in domestic tourism to NYC; after the downturn in 2008, Americans traveled to NYC instead of abroad;
- Â· The surge in international tourism because NYC, as first port of entry, offers a plethora of tourist attractions and the dollar competes well against foreign currencies;
- Â· A bevy of new hotels (more than 80 have opened since 2007) giving tourists a wide variety of hospitality options at different price points;
- Â· Research indicates the outer boroughs are vastly under retailed;
- Â· There is definitely room to build more retail spaces in the outer boroughs;
- Â· Noteworthy shopping meccas extend well beyond Madison Avenue and they include Chelsea, Flatiron, Nolita, Meatpacking, Lower Manhattan, SoHo and centers like The Time Warner Center
- Â· Retail centers soon to be completed include The Mall at Bay Plaza in the Bronx; City Point Mall in Brooklyn; Broadway Marketplace near the GW Bridge, Manhattan; the Charleston Municipal Site in Staten Island, to name a few;
- Â· The number of visitors to the City is expected continue to grow, given tough economic times both here and abroad;
- Â· Retail condominiums have become a preferred asset class for investors;
- Â· Retail property sales volume will be more than \$1.5 billion next quarter, more than doubling the second quarter high of \$750 million;
- Â· Retail sales in the outer boroughs has been well below the national average;
- Â· No other industry has added more jobs than the retail sector;
- Â· Restaurant growth (employment) at the national level has grown by 6.9% since 2009, but by 23% in NYC during the same period of time;
- Â· New residential density in NYC; personal income has jumped in the past two years; greater personal income and increased density results in increased demand for more retail.

Founded in 1981, Eastern Consolidated is one of the country's preeminent full-service real estate investment services firms, combining an unrivaled expertise in the greater New York marketplace with a worldwide roster of institutional and private investor clients. Over the years, it has been responsible for the acquisition, disposition and finance of all types of properties, including office and apartment buildings, lofts, factories, hotels, shopping centers, commercial and residential development sites, taxpayers, parking garages and lots, retail condominiums and air rights transfers.

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