



Letter of Intent - Retail Expansion

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The retail sector is has seen a new awakening at the hands of rising tourism and consumer confidence. New retail construction and renovations throughout the boroughs have actually not caused in increase in absorption or vacancy rates, in fact, quite the opposite. As retailers have grown their businesses online, they have also now begun to foray into brick and mortar concepts.

Between the stronger private and public job sector growth, and the record number of tourists expected to travel to New York City this year (projected to break last year's record of 54,000,000), retail spending is expecting a boost, and they're taking advantage of the situation by catering to both residents and visitors' demands for high-end shopping, entertainment, and attractions. In Brooklyn and Queens, the "next frontier" for prime retail, the average rents have climbed 10%.

This carries over to investment sales as well, where the demand for first-class locations has led to an unprecedented increase in rents, driving both domestic and foreign investment into the city as a place to "park" their money and realize the upside in the area's appreciation. The number of retail investment sales transactions is expected to drop off this year, as demand grows and supply thins out, which should give even more credibility to outer borough investment. The reinvigoration of retail in the outer boroughs, where locations considered "off" a handful of years ago are sought after and highly coveted. Neighborhoods such as Park Slope, Downtown Brooklyn, and Long Island City, for a variety of reasons, have grown tremendously, where up-and-comers like Astoria, Forest Hills, and Gowanus are starting to experience real investor excitement. Revitalizations in Bushwick and East New York are planned to bring more retail to the area, and more jobs along with it. The retail sector is expected to offer jobs to over 20,000 people in New York City this year, and with that, more spending.

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