



REBNY Report: Brooklyn retail average asking rents cool in winter 2019

May 21, 2019 - Shopping Centers

Brooklyn, NY Average asking rents for available ground floor retail spaces increased year-over-year in five of the 17 Brooklyn corridors analyzed by the Real Estate Board of New York (REBNY) in its bi-annual Brooklyn Retail Report.

The retail environment in Brooklyn is witnessing some softening in asking rents in more established areas with low availabilities in prime retail spaces. Meanwhile, strong rent growth occurred in up-and-coming areas that are experiencing increased foot traffic due to new residential and commercial developments.

"The average asking rent changes in Brooklyn's top retail corridors are reflective of both shifting national market conditions and unique, local neighborhood dynamics," said John Banks, REBNY president. "As our commercial broker members have reported in Manhattan, our Brooklyn Retail Report Advisory Group members are seeing Brooklyn landlords reassess the value of their retail spaces and consider more flexible terms for storefront concepts that complement residential density and foot traffic."

"Deal volume has improved over the past two quarters as rents catch up to tenant expectations," said advisory group member Peter Levitan of LEVITAN. "Brooklyn has been experiencing a correction in retail rents since they plateaued in early 2016 to early 2018. They are now starting to flatten."

Four of the five retail corridors surveyed in Williamsburg witnessed declines in ground floor average asking rents during the winter of 2019. Along Bedford Ave., between North 8th St. and North 12th St., the average asking rent fell to \$147 per s/f representing a 17% year-over-year decline. Similarly, above Grand St. and up to North 8th St., the average asking rent decreased 11% to \$319 per s/f compared to the winter of 2018. According to REBNY's Brooklyn retail advisory group, over the past year, asking rents along the corridor underwent price corrections to levels that have fostered a recent uptick in retail transactions.

In Greenpoint, the ground floor retail average asking rent on Manhattan Ave., between Driggs Ave. and Kent St., rose 9% to \$70 per s/f, compared to the winter of 2018. On Franklin St., between Meserole Ave. and Commercial St., the average asking rent increased 23% year-over-year to \$70 per s/f. This rise was attributed to a combination of increased local foot traffic from new, high-density residential developments along the Greenpoint waterfront and an increased willingness among

owners to accommodate a diverse spectrum of tenants by building out retail space and providing long-term lease agreements.

Additional Highlights from REBNY's Winter 2019 Brooklyn Retail Report

- Average asking rents in Cobble Hill on both Court St. and Smith St., between Atlantic Ave. and Carrol St., fell 28% to \$96 per s/f and 34% to \$83 per s/f, respectively. For both corridors, these declines are credited to a lack of available prime retail space. Current listings may require significant build out and/or are concentrated in the lower-priced periphery of these corridors.

"While Cobble Hill rents are undergoing price adjustments; retailers are still signing leases along Court St. and Smith St.," said advisory group member Mitzi Flexer of Cushman & Wakefield. "Prospective tenants remain present as new developments are rising along Atlantic Ave. and enhancing the area's residential and commercial activity."

- The average asking rent for available ground floor retail space on Seventh Ave. in Park Slope, between Union St. and Ninth St., increased 2% to \$117 per s/f in winter 2019 compared to the winter of 2018. The Fifth Ave. ground floor average asking rent, between Union St. and Ninth St., also remained flat year-over-year at \$95 per s/f.

"Fifth and Seventh Aves. are witnessing more retail absorption with a growing number of smaller tenants, who are signing more short-term leases. Food concepts continue to be the driving force in Park Slope," said Jeffery Kessler of LEVITAN.

- In Brooklyn Heights along Montague St., between Hicks St. and Cadman Plaza, the average asking rent fell 50% to \$72 per s/f, compared to winter of 2018. This decrease was primarily caused by low availability and the corridor's location. Most available retail spaces along the corridor are "walk-up" and "step-down" spaces, which are considered less desirable in comparison to typical storefronts.

"Montague St. has always been the quintessential Brooklyn Heights shopping and restaurant St.. But now, with so many newly vibrant neighborhoods in Brooklyn, Montague now seems quaint and quiet," said Curtis Woodside of Compass. "Current availabilities along the corridor mainly consist of older listings that had been temporarily rendered undesirable due to the amount of new construction, with premium retail already leased."

The REBNY Brooklyn Retail Report Advisory Group includes: Robin Abrams and Curtis Woodside, Compass; Diana Boutross and Mitzi Flexer, Cushman & Wakefield; Peter Levitan and Jeffery Kessler, LEVITAN; and Hymie Dweck, Newmark Knight Frank.