

Economic Quarterly Report



1st Quarter 2021



WELCOMING BACK THE GARMENT DISTRICT

We are resuming our quarterly Economic Reports this year after a pause in 2020. Leasing of both office and retail spaces slowed dramatically as the COVID-19 crisis unfolded, and accurate tracking of leasing activity was impacted as in-person communication and office working were disrupted. Even today, as the city and the Garment District are slowly emerging from the devastating effects of the last year, the impact of the pandemic on economic activity in the neighborhood is not entirely clear. Availability and vacancy rates are at highs not seen in at least a decade, and the average months on market for available spaces has nearly doubled.

In just over one week in March 2020, when local restrictions were first implemented, neighborhood pedestrian counts dropped 70 percent, eventually falling by 90 percent. Storefronts and offices shuttered, and travel into the District's public transit hubs fell by well over 90 percent. Activity began gradually rebounding in early May, but pedestrian counts and other measures, while improving steadily, remain far below normal.

Tourism and business travel were also decimated by COVID-19 as New York City missed out on most of its typical 50 million domestic and 13.5 million foreign tourists. This was particularly impactful in the Garment District, where 48 hotels and 11,000 rooms account for more than eight percent of the entire hotel capacity in New York City. The neighborhood was one of the best performing hotel markets in the city in recent years, and the rise of the restaurant and bar scene in the District has largely coincided with the hotel construction boom that has seen 33 hotels constructed in the past ten years.

As vaccinations continue to roll out at a rapid rate and local restrictions are eased, there is reason to hope for a boom time ahead for the city and the Garment District. Each week has brought more pedestrians to the neighborhood and higher transit ridership. There is optimism for a wave of pent-up demand for social experiences to re-enliven our streets. The Garment District Alliance is prepared for it, continuing to advocate for policies from the city and state to ensure a robust recovery, while invigorating our streets with vibrant public spaces and public art to welcome workers and visitors back to the neighborhood.



EMPLOYMENT

KEY INSIGHTS

- » Employment in zip code 10018 continued its multi-decade growth trend in 2019. The impact of COVID-19 on neighborhood employment is not yet known. 2020 employment figures are anticipated to be released by New York State in late 2021.
- » The largest growth sectors from 2018 to 2019 in the neighborhood's core industries were Education and Health Services (+17.6%) and Natural Resources, Mining and Construction (+8.1%).
- » Hotels, restaurants, and bars continued to drive significant growth in the leisure and hospitality sector, but 2020 job losses are expected to be severe given the impact of the pandemic.
- » The largest employment sector in the neighborhood remains Professional and Business Services, which grew 5.3% in 2019 and contains nearly 38% of all jobs in the neighborhood.
- » Overall manufacturing continued a long decline, falling to just over 5,000 jobs. Of those, 3,800 are in apparel manufacturing, which fell 12% from 2008 and 74% from 2000. Apparel manufacturing comprised just 2.6% of employment in the District in 2019.

EMPLOYEES IN CORE GDA INDUSTRIES — ZIP CODE 10018, 2000 - 2019

	2000	2018	2019	1-yr. Change	Since 2000
Natural Resources, Mining and Construction	2,157	5,683	6,143	8.1%	184.8%
Manufacturing	17,079	5,700	5,078	-10.9%	-70.3%
Trade, Transportation, and Utilities	26,691	26,869	25,200	-6.2%	-5.6%
Information	-	10,535	9,796	-7.0%	-
Financial Services	6,362	12,203	11,893	-2.5%	86.9%
Professional and Business Services	18,224	50,238	52,915	5.3%	190.3%
Education and Health Services	5,439	9,137	10,749	17.6%	97.6%
Leisure and Hospitality	2,209	11,136	11,629	4.4%	426.4%
Other Services	1,587	7,374	7,411	0.5%	367.0%
Total Employment	89,267	138,875	141,091	1.6%	58.1%

Source: NY State Dept. of Labor

OFFICE

KEY INSIGHTS

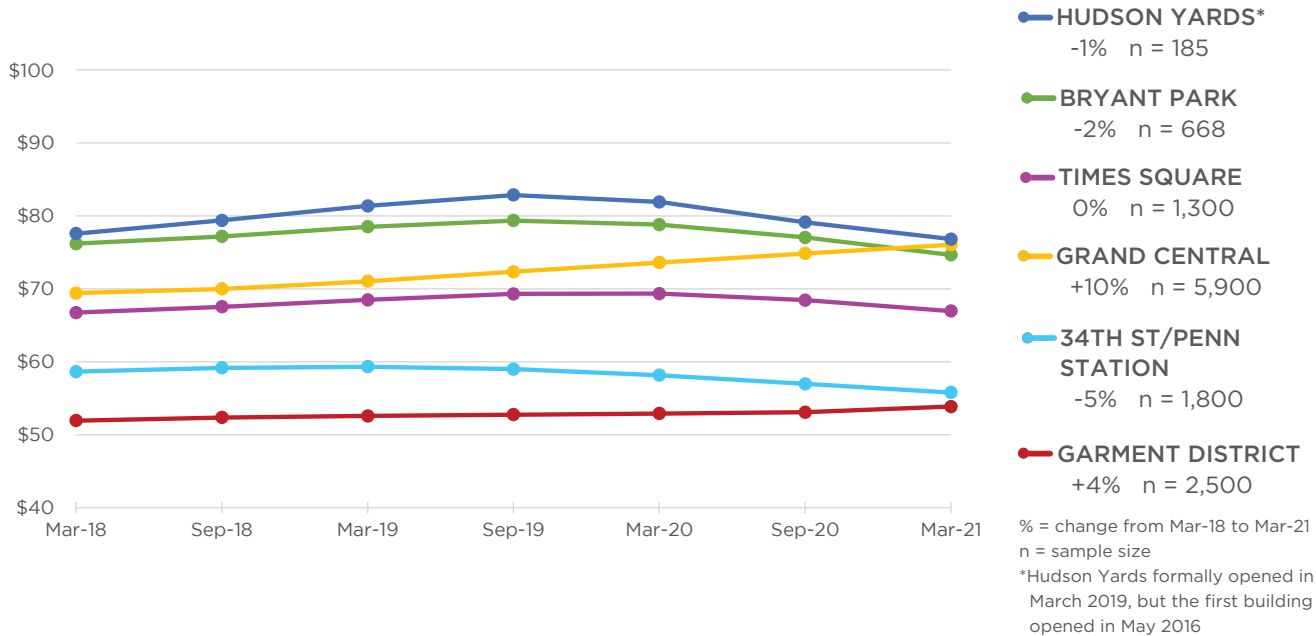
- » While leasing data tracked by CoStar and CompStak has yet to reflect a drop in Garment District average starting rents due to the pandemic, this may be a lagging indicator given that vacancy and availability rates have spiked dramatically and asking rents have declined.
- » With leasing activity down significantly, the data is more easily impacted by outliers. For instance, the rise in average starting rents in the Grand Central Partnership was driven in large part by the opening of One Vanderbilt.
- » Recent notable office leases in the Garment District include:
 - » Transit Wireless
32,499 SF - 1400 Broadway
 - » Ideanomics
10,790 SF - 1441 Broadway
 - » Beth Melsky Casting
10,000 SF - 49 W 37th St
 - » The Forum Group
8,216 SF - 550 Seventh Ave
 - » Arete Management
6,966 SF - 42 W 39th St

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS PER SF



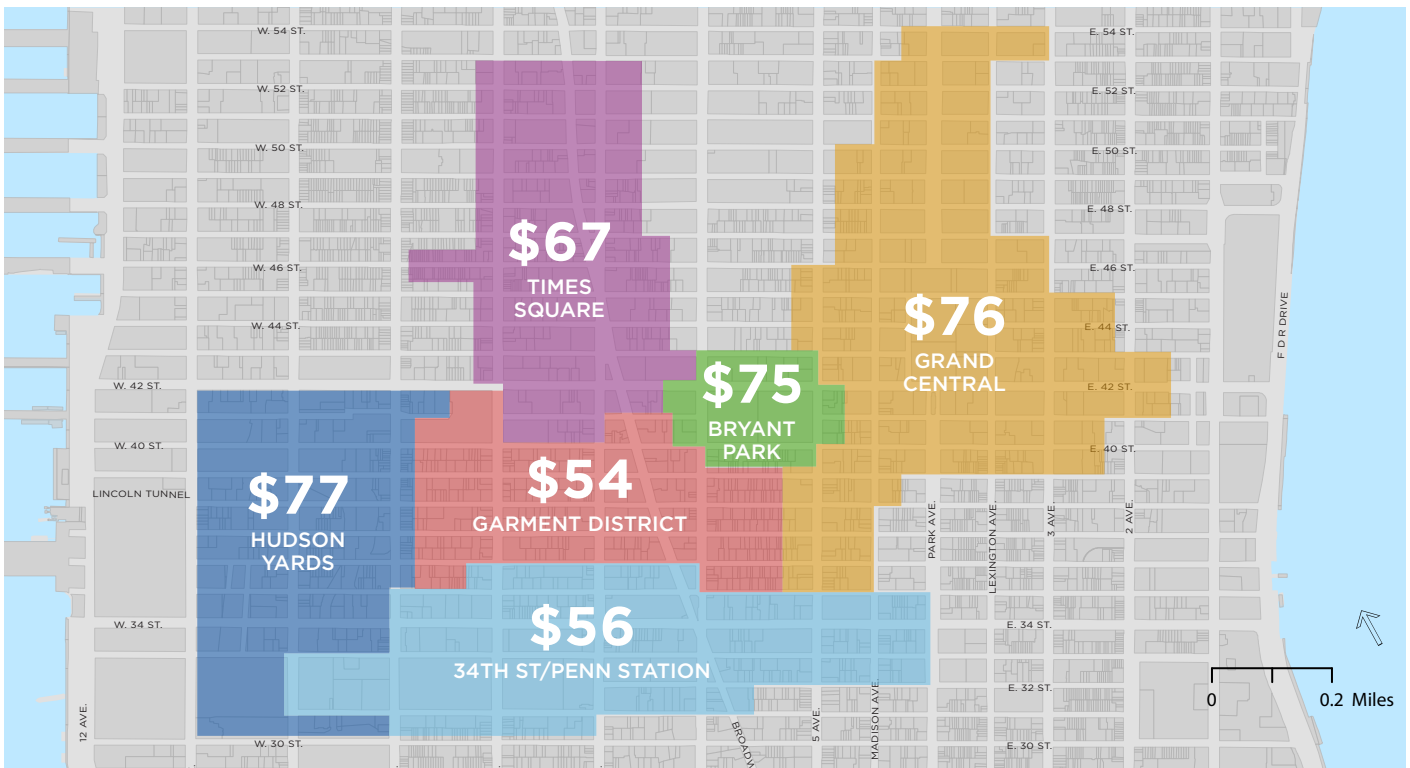
Source: CompStak, Inc., 1-year moving averages

AVERAGE STARTING OFFICE RENTS PER SF



Source: CompStak, Inc., 1-year moving averages

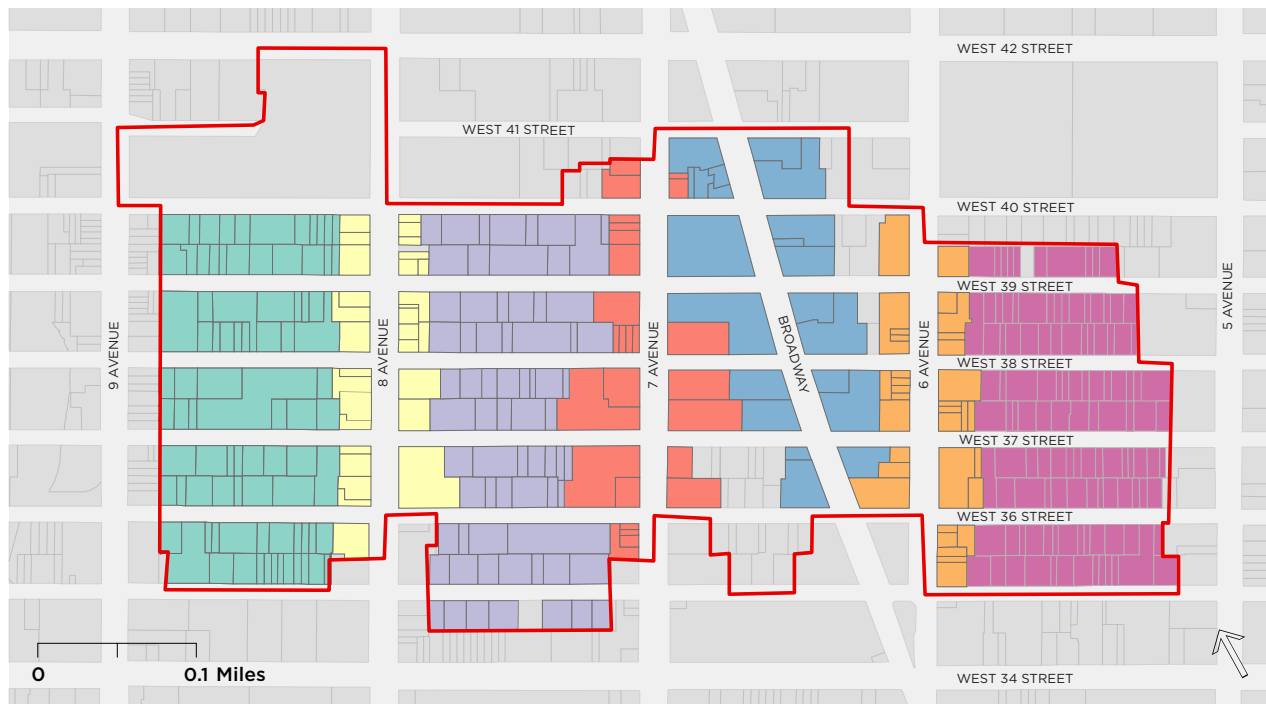
AVERAGE STARTING OFFICE RENTS PER SF, MARCH 2021



Actual BID boundaries vary slightly from neighborhood boundaries shown. Source: CompStak, Inc.

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS BY LOCATION

	Sample Size	March 2019 (\$/SF)	March 2020 (\$/SF)	March 2021 (\$/SF)	2-yr. Change
 8th-9th Ave Side Streets	168	\$44.52	\$46.74	\$48.24	8%
 Eighth Avenue	266	\$43.00	\$43.16	\$43.05	0%
 7th-8th Ave Side Streets	369	\$44.68	\$41.51	\$36.48	-18%
 Seventh Avenue	561	\$53.55	\$52.23	\$51.50	-4%
 Broadway	768	\$58.79	\$59.52	\$59.12	1%
 Sixth Avenue	119	\$66.43	\$62.36	\$56.65	-15%
 5th-6th Ave Side Streets	318	\$47.36	\$47.89	\$47.92	1%
 District Average	2,569	\$52.57	\$52.91	\$53.86	2%



Source: CompStak, Inc., 12-month moving averages



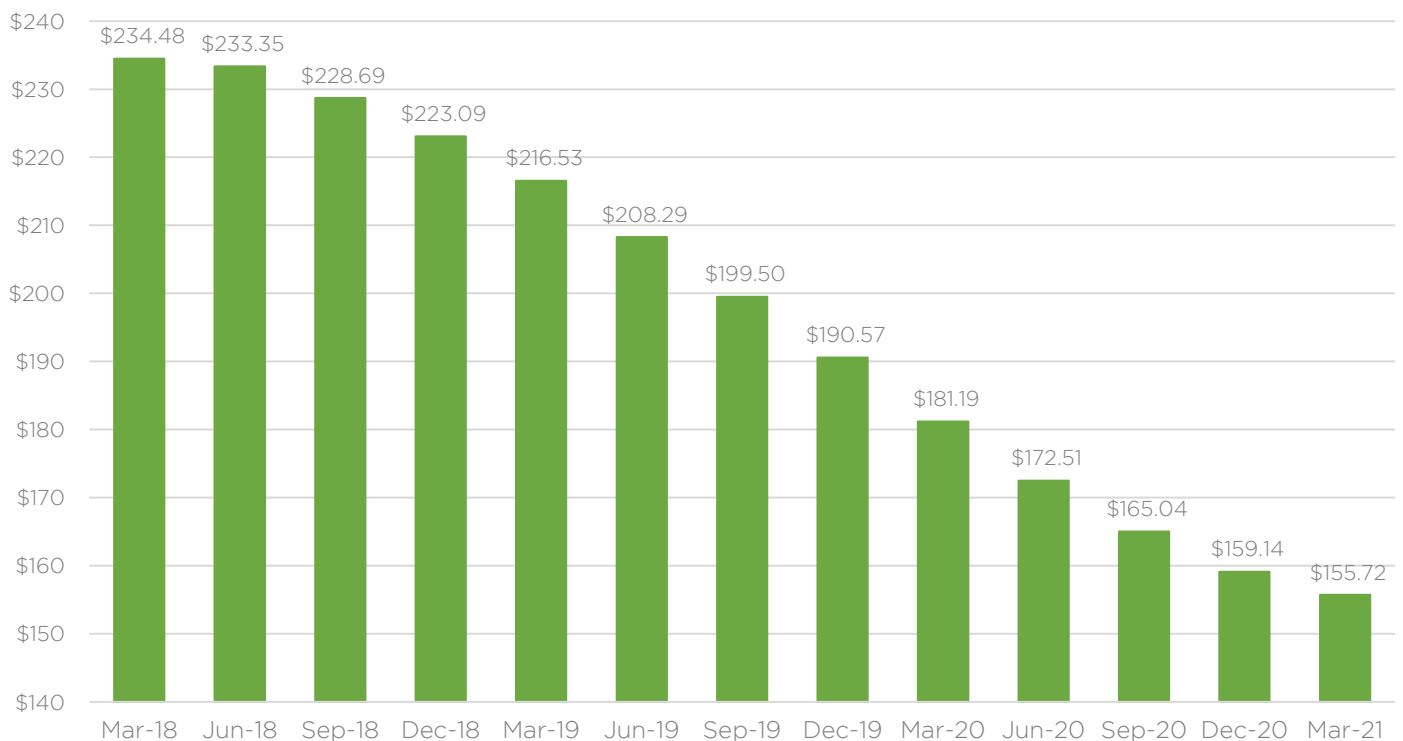
Bao Bao Cafe at 214 W 39th St

RETAIL

KEY INSIGHTS

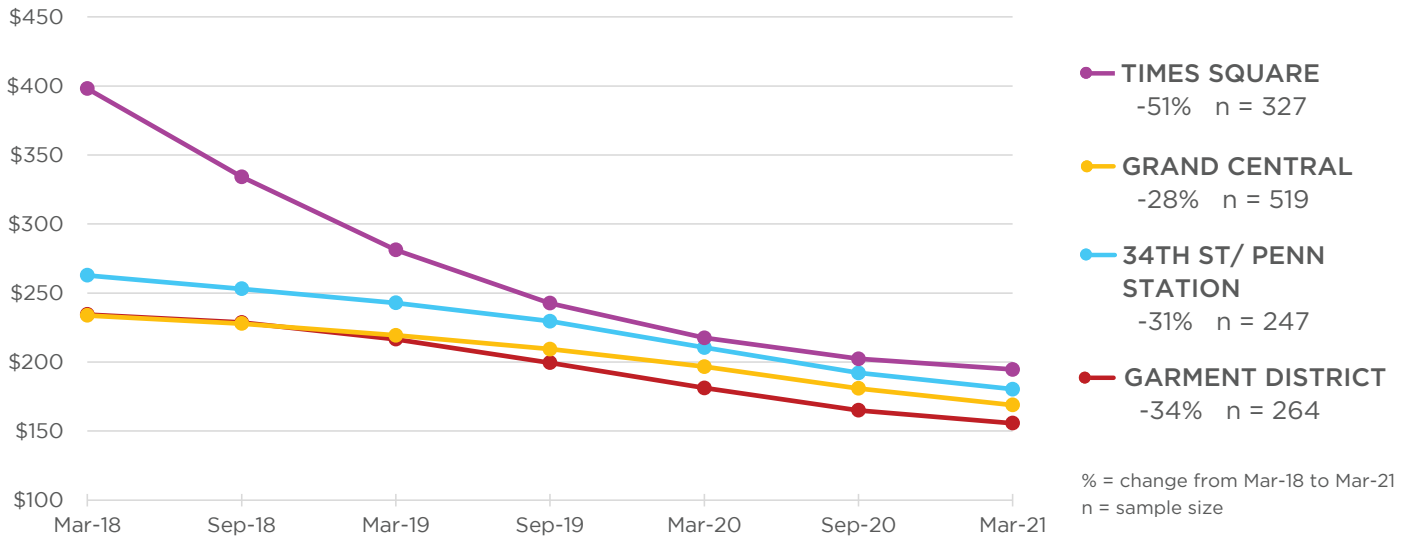
- » A retail decline that pre-dated the pandemic continues. Garment District retail rents are down 15% over the past 5 years and down 33% in the past 3 years.
- » Midtown neighborhoods experienced similar percentage declines in starting rents since COVID-19 hit, ranging from 11% to 14% drops.
- » Times Square remains the most expensive retail area in Midtown, but starting rents have fallen 61% from their high in 2016 to become more comparable to neighboring areas.
- » Some recent retail openings in the Garment District include:
 - » MOOYAH
485 Seventh Ave
 - » Yankee Doodle Dandy's
558 Seventh Ave
 - » Tengri Tagh Uyghur Cuisine
144 W 37th St
 - » Stout NYC
104 W 40th St
 - » Kati Shop
104 W 37th St

GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



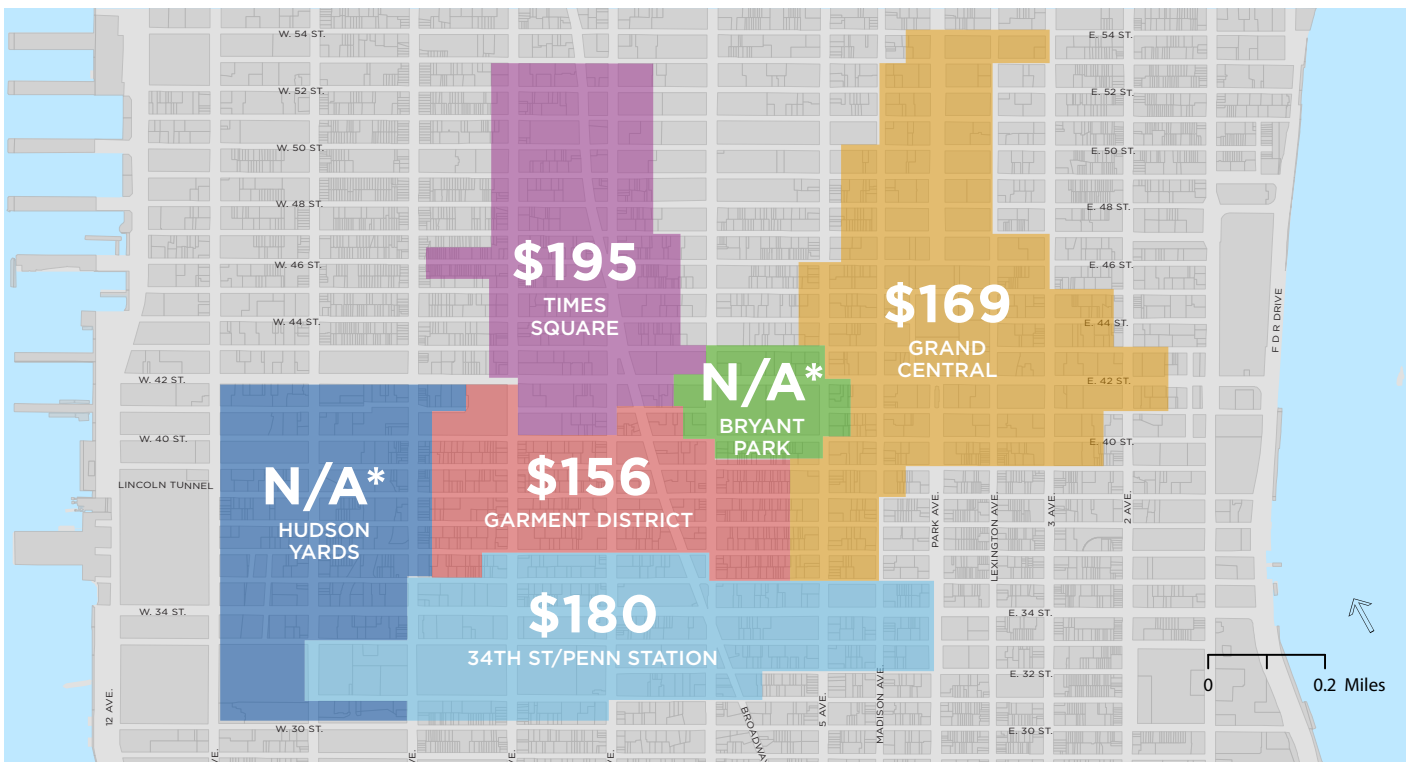
Source: CompStak, Inc., 1-year moving averages

AVERAGE STARTING RETAIL RENTS PER SF



Source: CompStak, Inc., 1-year moving averages

AVERAGE STARTING RETAIL RENTS PER SF, MARCH 2021



*Sample sizes in Hudson Yards and Bryant Park were too small to be analyzed
Actual BID boundaries vary slightly from neighborhood boundaries shown. Source: CompStak, Inc.

RETAIL VACANCIES

1. 980-990 SIXTH AVE 525 - 1,687 SF CUSHMAN & WAKEFIELD	17. 1441 BROADWAY 700 - 5,000 SF JLL	33. 213 W 35TH ST 3,900 SF NOMAD GROUP	49. 20 W 37TH ST 850 - 5,800 SF CBRE
2. 989 SIXTH AVE 4,500 SF WINICK REALTY GROUP	18. 1450 BROADWAY 700 SF JLL	34. 223-225 W 35TH ST 2,000 SF REDWOOD PROPERTY GROUP	50. 34 W 37TH ST 1,500 SF KASSIN SABBAGH REALTY
3. 1001 SIXTH AVE 354 - 5,268 SF ABS PARTNERS REAL ESTATE	19. 488 SEVENTH AVE 300 - 1,500 SF ABH REALTY CORP	35. 224 W 35TH ST 1,100 - 3,000 SF AVENUE REALTY ADVISORS	51. 40 W 37TH ST 2,100 SF PARK RIDGE INTERNATIONAL
4. 1008 SIXTH AVE 1,000 SF JTRE	20. 500 SEVENTH AVE 1,221 - 2,650 SF CUSHMAN & WAKEFIELD	36. 240 W 35TH ST 2356 SF ATCO BROKERAGE SERVICES	52. 44 W 37TH ST 1,000 - 2,450 SF WINICK REALTY GROUP
5. 1015 SIXTH AVE 1,400 SF METROPOLITAN PROPERTY GROUP	21. 501 SEVENTH AVE 1,849 - 3,162 SF EMPIRE STATE REALTY TRUST	37. 253 W 35TH ST 800 - 2,700 SF ADAMS & COMPANY	53. 148 W 37TH ST 2,500 SF ADAMS & COMPANY
6. 1021-1039 SIXTH AVE 1,875 - 4,432 SF NEWMARK KNIGHT FRANK	22. 525 SEVENTH AVE 2,250 - 8,271 SF JLL	38. 261 W 35TH ST 4,000 SF H. JUSTIN REALTY SERVICES	54. 323-325 W 37TH ST 1,000 - 4,900 SF KASSIN SABBAGH REALTY
7. 1359 BROADWAY 800 - 1,187 SF EMPIRE STATE REALTY TRUST	23. 526 SEVENTH AVE 220 SF NEWMARK KNIGHT FRANK	39. 315 W 35TH ST 3,132 SF KASSIN SABBAGH REALTY	55. 8 W 38TH ST 2,700 SF ABS PARTNERS REAL ESTATE
8. 1369 BROADWAY 630 SF KASSIN SABBAGH REALTY	24. 535 EIGHTH AVE 2,100 SF OLMSTEAD PROPERTIES	40. 11 W 36TH ST 2,500 SF VENTURE CAPITAL PROPERTIES	56. 18 W 38TH ST 1,322 SF THE HELLER ORGANIZATION
9. 1372 BROADWAY 571 - 2,532 SF JLL	25. 545 EIGHTH AVE 663 - 2,651 SF CUSHMAN & WAKEFIELD	41. 29 W 36TH ST 4,000 - 5,500 SF MERIDIAN CAPITAL GROUP	57. 39-41 W 38TH ST 1,500 SF MJ PROPERTY GROUP
10. 1384 BROADWAY 866 SF WINICK REALTY GROUP	26. 584 EIGHTH AVE 1,400 SF ISA REALTY GROUP	42. 142-148 W 36TH ST 2,298 SF CUSHMAN & WAKEFIELD	58. 48 W 38TH ST 3,862 SF CBRE
11. 1400 BROADWAY 700 - 3,691 SF EMPIRE STATE REALTY TRUST	27. 601 EIGHTH AVE 2,733 - 8,062 SF ASHKENAZY ACQUISITION CORP	43. 149 W 36TH ST 1,600 - 3,200 SF NEWMARK KNIGHT FRANK	59. 57 W 38TH ST 1,000 - 4,000 SF RESOLUTION REAL ESTATE PARTNERS
12. 1407 BROADWAY 1,773 - 2,921 SF JLL	28. 610 EIGHTH AVE 1800 SF MERIDIAN CAPITAL GROUP	44. 152 W 36TH ST 1,365 SF FALCON PROPERTIES	60. 109 W 38TH ST 3,000 SF KASSIN SABBAGH REALTY
13. 1410 BROADWAY 1,052 SF JLL	29. 612-616 EIGHTH AVE 1,250 SF COMPASS	45. 229 W 36TH ST 5,183 - 20,132 SF R.E. PERRY COMPANY	61. 228 W 38TH ST 1,800 - 2,000 SF WINICK REALTY GROUP
14. 1420 BROADWAY 2,400 SF KASSIN SABBAGH REALTY	30. PORT AUTHORITY BUS TERMINAL 196 - 4,400 SF JRT REALTY GROUP	46. 256-258 W 36TH ST 3,000 SF LEE & ASSOCIATES	62. 230 W 38TH ST 3,050 SF OLMSTEAD PROPERTIES
15. 1435 BROADWAY 1,100 - 3,500 SF SOLIL MANAGEMENT CORPORATION	31. 29 W 35TH ST 3,900 - 8,200 SF UNITED GROUP	47. 308-312 W 36TH ST 5,500 SF NET MANAGEMENT	63. 252 W 38TH ST 3690 SF TAMAR EQUITIES CORP.
16. 1440 BROADWAY 1,745 - 16,156 SF CUSHMAN & WAKEFIELD	32. 41 W 35TH ST 1,440 SF PD PROPERTIES	48. 347 W 36TH ST 750 SF RESOLUTION REAL ESTATE PARTNERS	64. 273 W 38TH ST 1,250 SF ISA REALTY GROUP

THE GARMENT DISTRICT ALLIANCE

65. 325 W 38TH ST
810 SF
FALCON PROPERTIES

66. 21-23 W 39TH ST
2,600 SF
FOREST PARK PROPERTIES

67. 37 W 39TH ST
1,750 - 3,000 SF
RESOLUTION REAL ESTATE PARTNERS

68. 55 W 39TH ST
4,500 SF
SINOVSKY REALTY SERVICES

69. 214 W 39TH ST
2,350 - 4,700 SF
GRANITE MANAGEMENT

70. 231-250 W 39TH ST
1,100 - 1,444 SF
ADAMS & COMPANY

71. 234 W 39TH ST
3,479 SF
CUSHMAN & WAKEFIELD

72. 260 W 39TH ST
2,800 SF
LEE & ASSOCIATES

73. 270-276 W 39TH ST
500 SF
LEE & ASSOCIATES

74. 147 W 40TH ST
1,975 - 2,100 SF
COMPASS

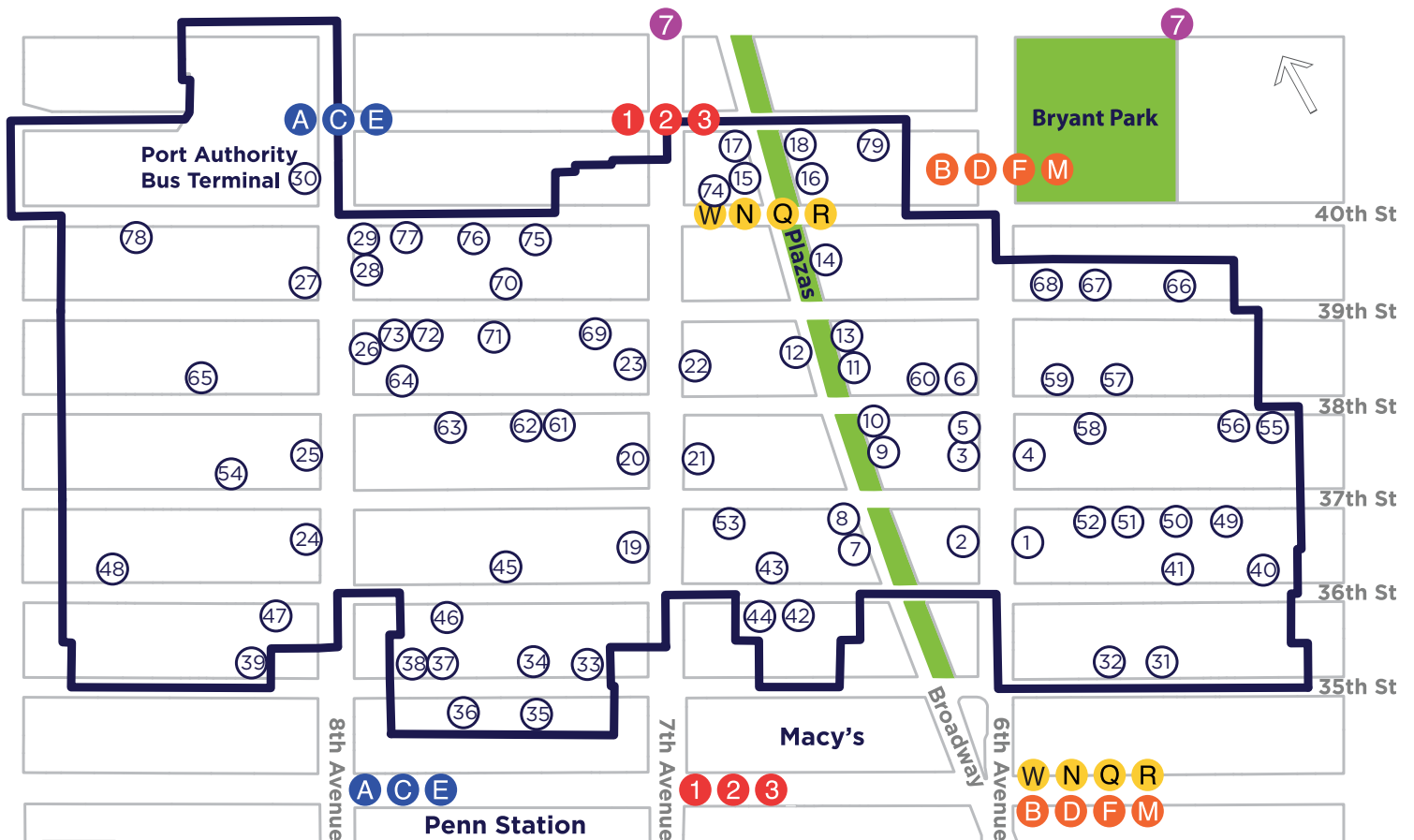
75. 218-232 W 40TH ST
5,192 - 10,316 SF
SAVITT PARTNERS

76. 240 W 40TH ST
1,500 - 2,600 SF
WINICK REALTY GROUP

77. 264 W 40TH ST
1,000 - 3,400 SF
NEWMARK KNIGHT FRANK

78. 334-340 W 40TH ST
2,000 - 4,000 SF
KASSIN SABBAGH REALTY

79. 114 W 41ST ST
744 - 2,546 SF
CUSHMAN & WAKEFIELD



Source: CoStar

HOTELS

KEY INSIGHTS

- » There are currently 48 hotels in the Garment District with 11,000 rooms.
- » At least 15 hotels in the neighborhood closed temporarily and at least one (Courtyard by Marriott at 71 W 35th St) has closed permanently.
- » At least three hotels (Margaritaville Resort, The Draper, and Arlo Hotel Midtown) are anticipated to open in 2021.
- » Eight additional hotels were planned or under construction before the pandemic, but their status is unclear.
- » Average revenue per available room (RevPAR) for Garment District area hotels is down 74% from March 2019.
- » 1.2 million guests stayed in Garment District hotels in the past year, down from 2.7 million over the same time period in 2018-19, a decline of 56%.
- » Hotel revenue in the Garment District was down \$542 million over the past year, declining 82% from 2018-19.
- » Performance is rebounding faster at hotels outside of business districts (Uptown and Village/SoHo/Tribeca).



Margaritaville Resort under construction at 560 Seventh Avenue

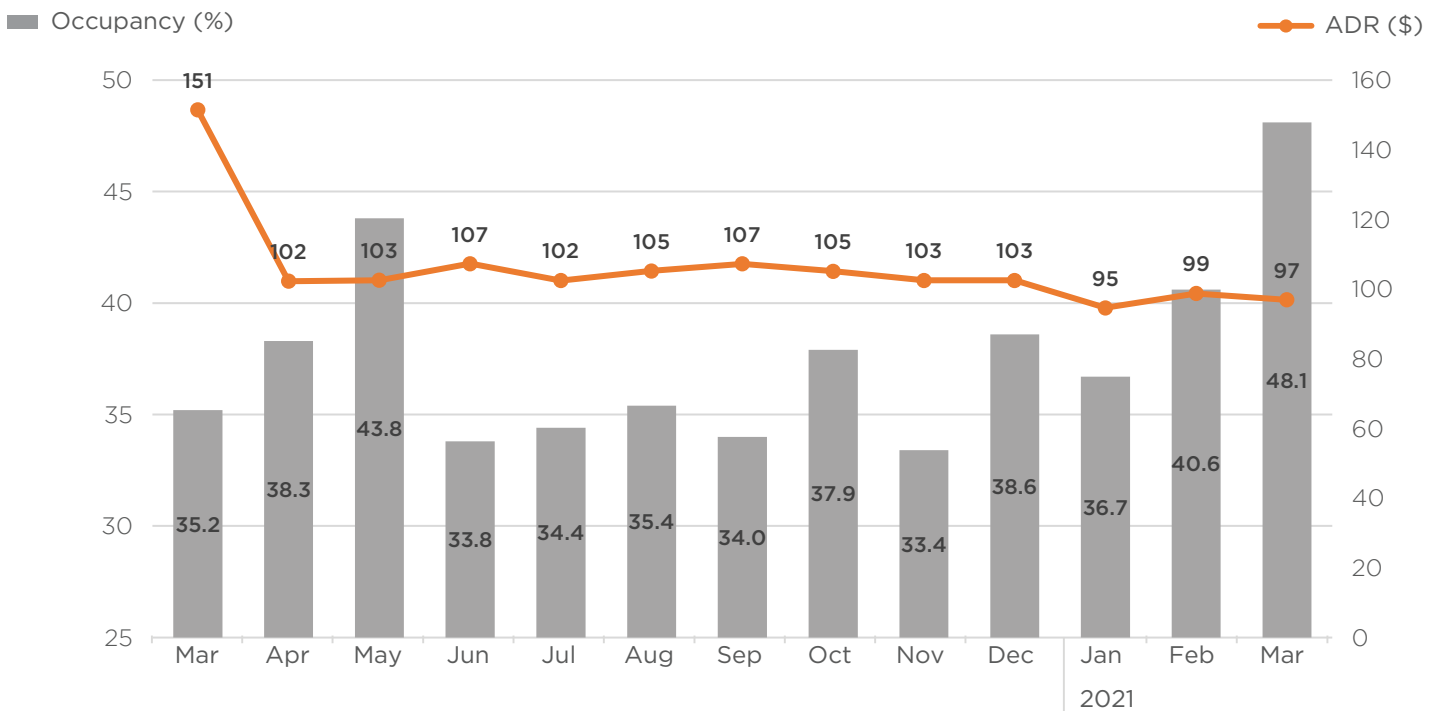
REVPAR, OCCUPANCY, & ADR COMPARISON, MARCH 2020 & 2021

	Revenue Per Available Room (RevPAR)			Occupancy		Average Daily Rate (ADR)	
	Mar 2021	Mar 2020	Pct. Change	Mar 2021	Mar 2020	Mar 2021	Mar 2020
Garment District	\$47	\$53	-11.3%	48.1%	35.2%	\$97	\$151
Midtown West/Times Square*	\$50	\$61	-18.0%	35.8%	31.1%	\$139	\$197
Midtown South*	\$50	\$53	-5.7%	45.3%	33.6%	\$110	\$159
Midtown East	\$55	\$57	-3.5%	37.7%	26.6%	\$147	\$214
Financial District	\$56	\$59	-5.1%	43.2%	28.8%	\$129	\$205
Village/SoHo/Tribeca	\$67	\$63	+6.3%	48.0%	29.0%	\$139	\$218
Uptown	\$103	\$86	+19.8%	45.6%	31.4%	\$225	\$273

*Garment District data is included in this area

Source: STR

OCCUPANCY & AVERAGE DAILY RATE IN GARMENT DISTRICT, 2020-2021



Source: STR

PEDESTRIAN COUNTS

KEY INSIGHTS

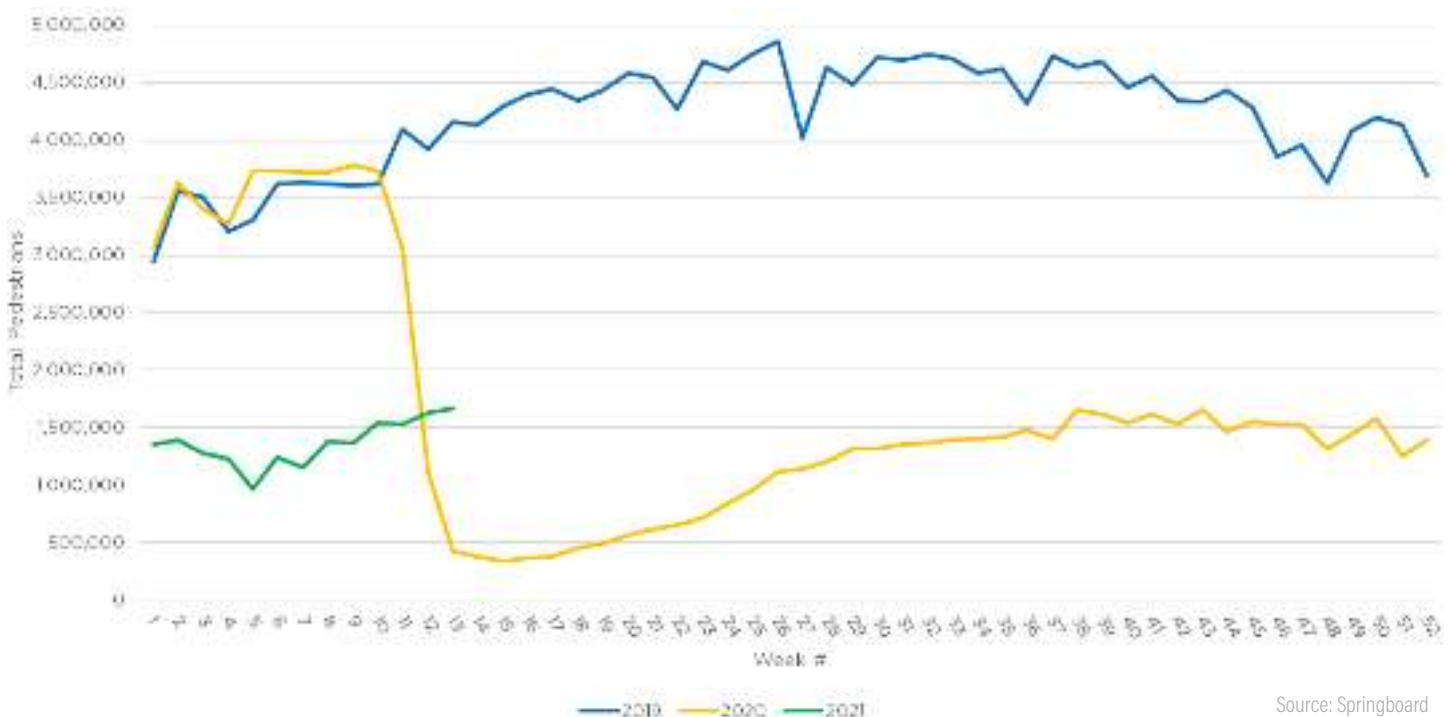
- » Warmer weather and the vaccine rollout spurred higher pedestrian counts each week in March, with the last week of the month setting a new post-pandemic high.
- » MTA weekday subway ridership is currently at roughly 35% of pre-pandemic totals. The Long Island Rail Road is at 30% and Metro-North Railroad at 25%.

MONTHLY PEDESTRIAN VOLUMES SINCE MARCH 2020

	Total Count	Change from 2020	Change from 2019
March 2021	7.7 million	-11%	-61%
January 2021	5.3 million	-63%	-61%
November 2020	5.9 million	N/A	-62%
September 2020	7.7 million	N/A	-66%
July 2020	5.2 million	N/A	-72%
May 2020	2.3 million	N/A	-87%
March 2020	8.7 million	N/A	-56%

Source: Springboard

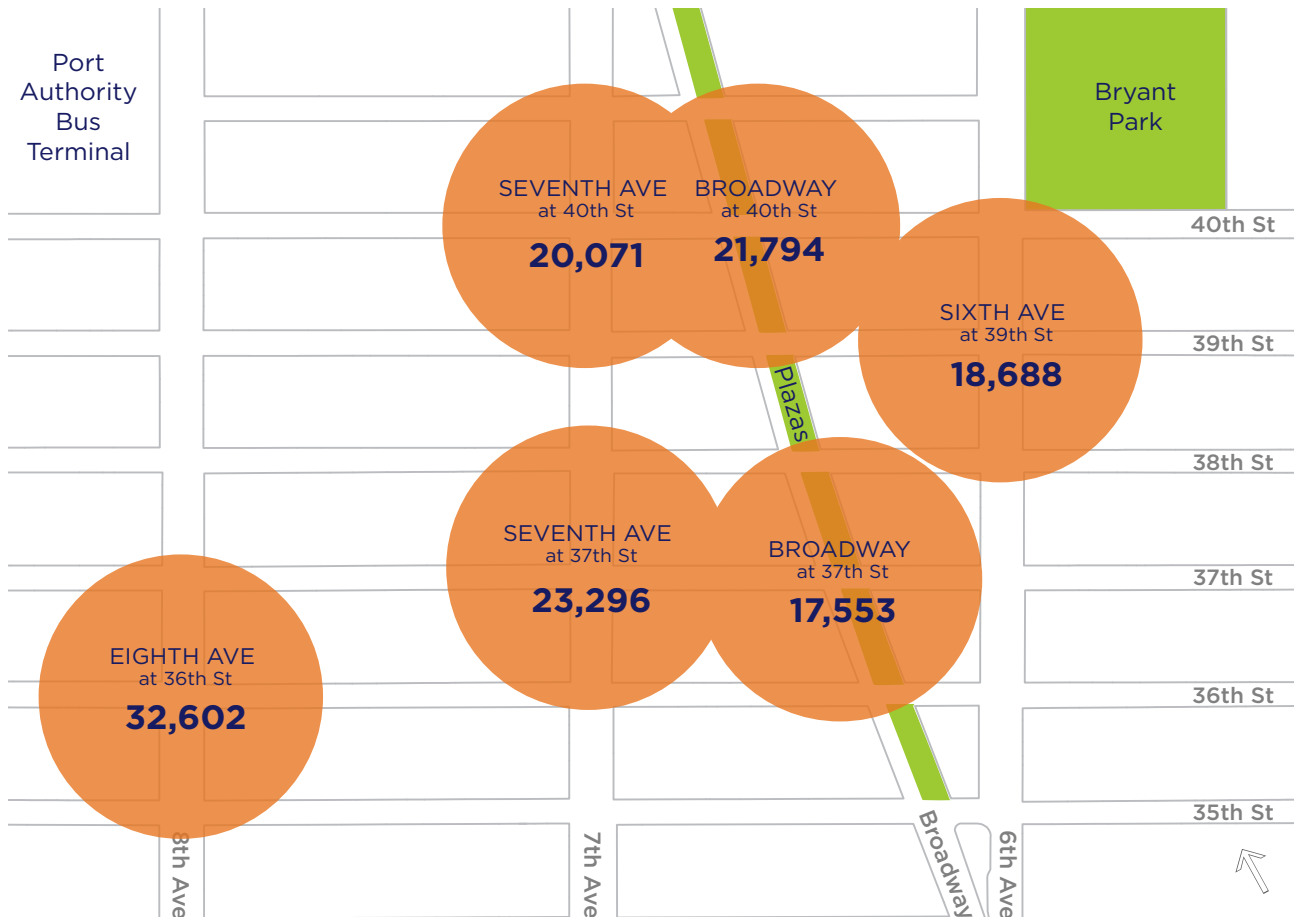
TOTAL WEEKLY PEDESTRIAN VOLUMES, 2019 - 2021



Source: Springboard



WEIGHTED WEEKDAY AVERAGE PEDESTRIAN COUNTS, JAN - MAR 2021



Source: Springboard



We are the Garment District Alliance

We serve New York's storied Garment District, in the heart of Midtown Manhattan. Working in partnership with local building owners and businesses, we improve the quality of life and economic vitality in this authentic New York neighborhood. The Garment District Alliance is a not-for-profit corporation, established in 1993.

For more information on all that's happening in the Garment District, visit [**garmentdistrict.nyc**](https://www.garmentdistrict.nyc)

Cover: Kim Carlino installing "Spectrum" on Seventh Avenue
Back: "Pin Cushion" by Floratorium on Seventh Avenue
Photos by Alexandre Ayer/Diversity Pictures

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