

Economic Quarterly Report



3rd Quarter 2021



OFFICE

KEY INSIGHTS

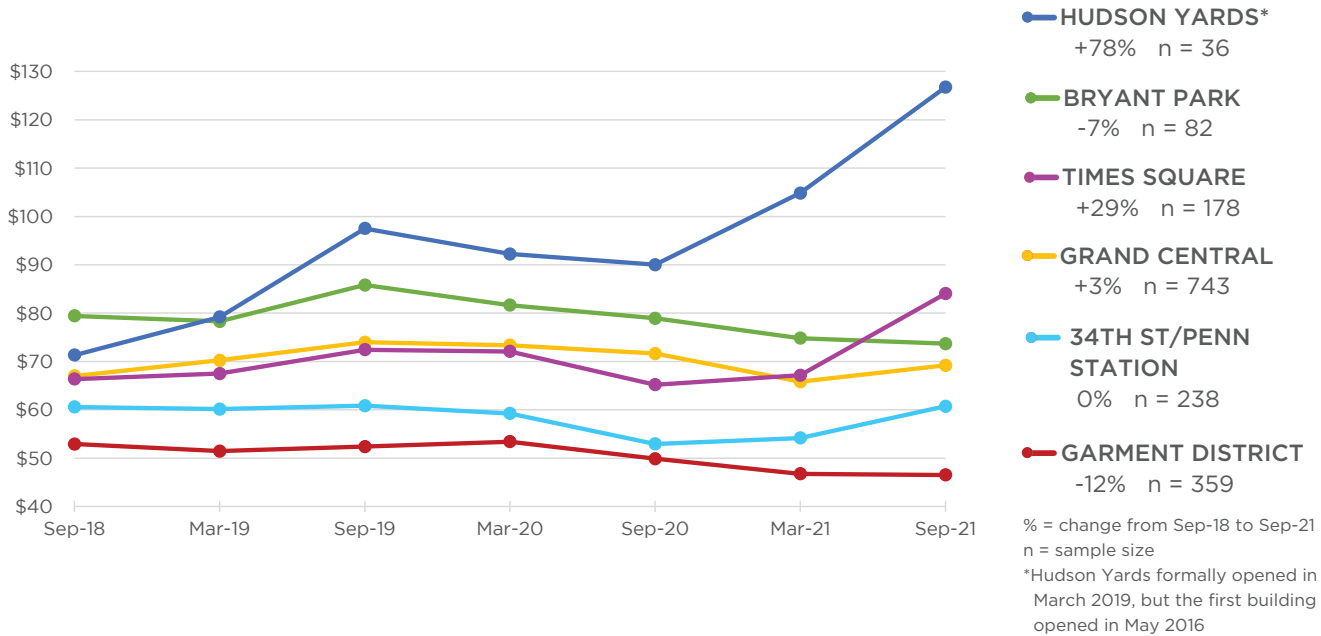
- » The data presented here are based on a sample of leasing activity. Given the decline in leasing activity since 2020, averages are more easily impacted by outliers than usual. For example, the Hudson Yards average starting rent increased significantly due to some large leases for high profile tenants in new buildings. Location, amenities, size, age, and quality of the space and building all impact prices.
- » The vacancy rate in the Garment District is up 20% from prior to the pandemic and asking prices are down 16%. Starting rents may continue to decline as vacancies are filled.
- » According to a new CBRE survey, the 100 largest NYC office tenants reduced their spaces by 7.4% since the start of the pandemic, less than expected.
- » Examples of recent office leases in the Garment District include:
 - » American Exchange Group
31,500 SF - 1400 Broadway
 - » Argo Group
30,000 SF - 501 Seventh Ave
 - » Dattner Architects
30,000 SF - 498 Seventh Ave
 - » Raw Brands
12,986 SF - 205 W 39th St

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS PER SF



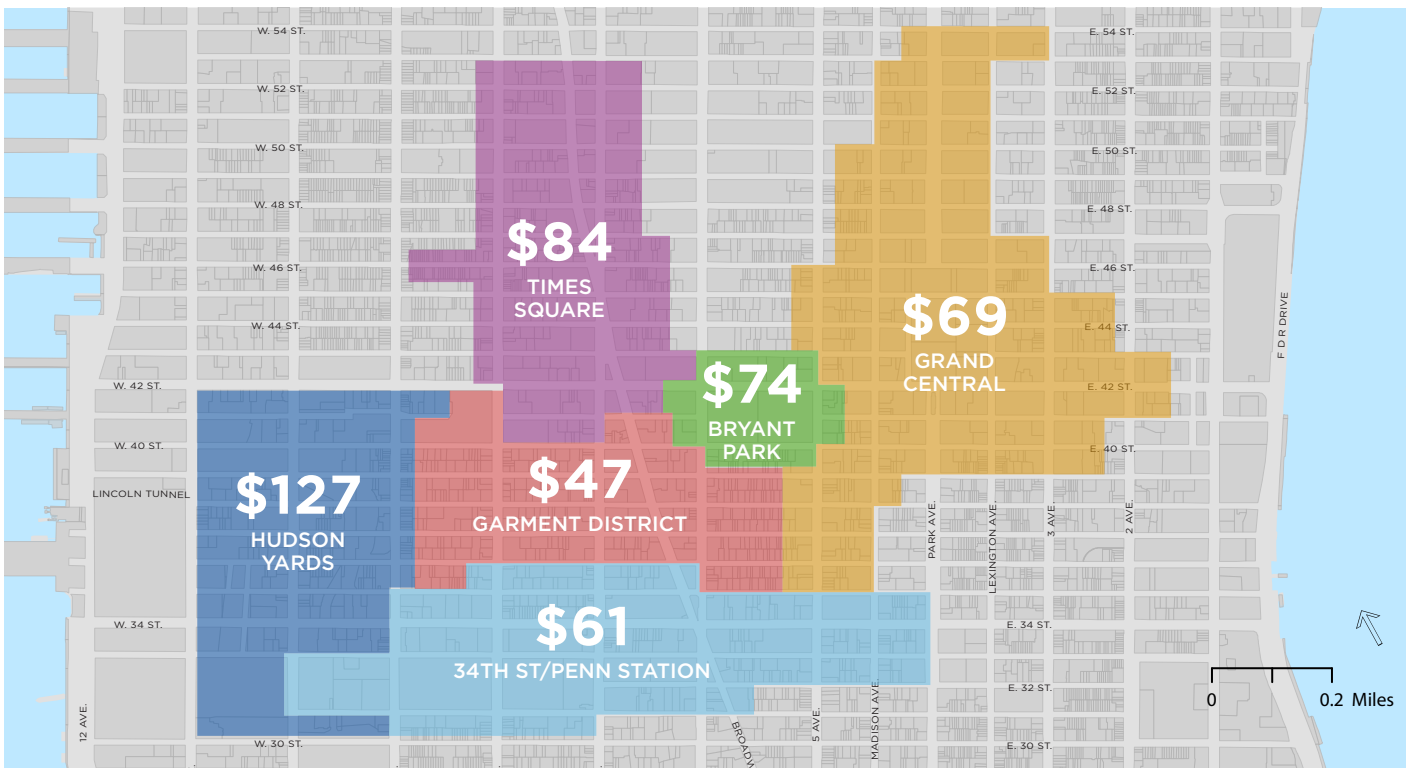
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING OFFICE RENTS PER SF



Source: CompStak, Inc., 3-month moving averages

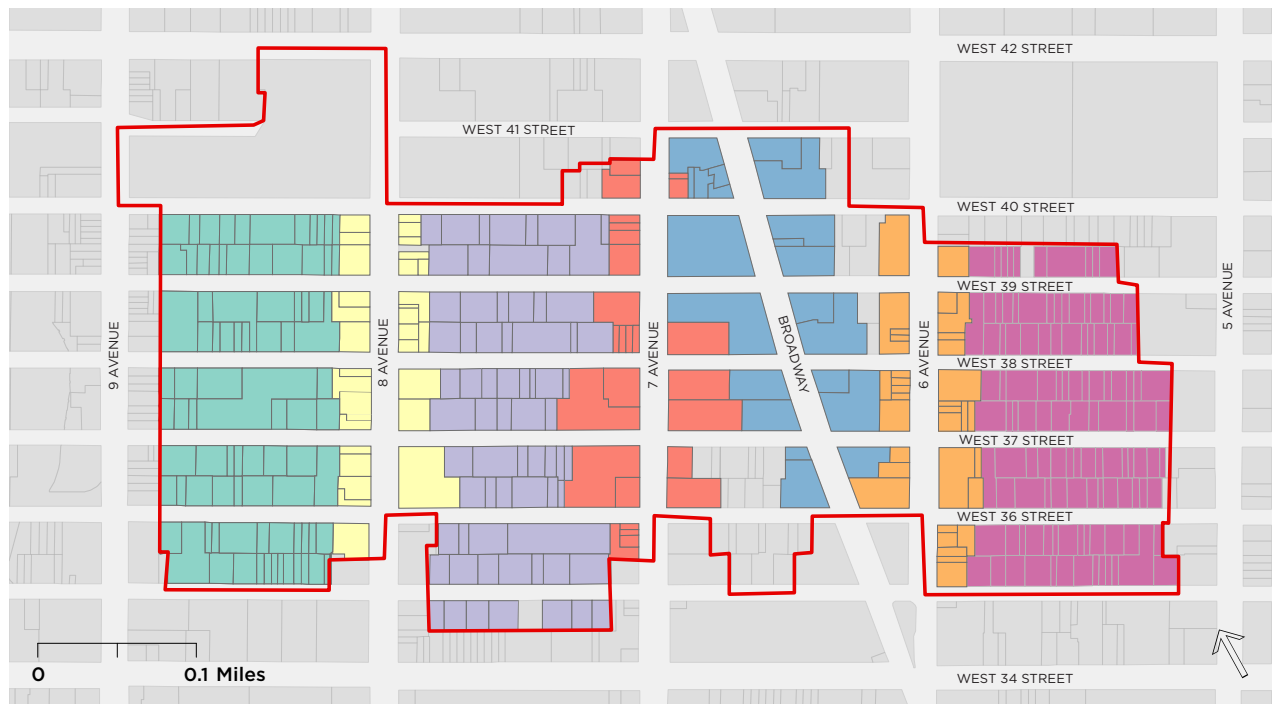
AVERAGE STARTING OFFICE RENTS PER SF, SEPTEMBER 2021



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

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS BY LOCATION

	Sample Size	Sept. 2019 (\$/SF)	Sept. 2020 (\$/SF)	Sept. 2021 (\$/SF)	2-yr. Change
 8th-9th Ave Side Streets	9	\$44.35	\$44.21	\$40.30	-9%
 Eighth Avenue	6	\$44.07	\$35.46	\$35.32	-20%
 7th-8th Ave Side Streets	27	\$47.72	\$35.05	\$37.77	-21%
 Seventh Avenue	34	\$52.24	\$50.99	\$51.88	-1%
 Broadway	52	\$58.05	\$58.88	\$44.12	-24%
 Sixth Avenue	9	\$72.64	\$54.12	\$48.88	-33%
 5th-6th Ave Side Streets	18	\$47.27	\$42.94	\$34.89	-26%
 District Average	175	\$52.51	\$49.86	\$46.52	-11%



Source: CompStak, Inc., 3-month moving averages

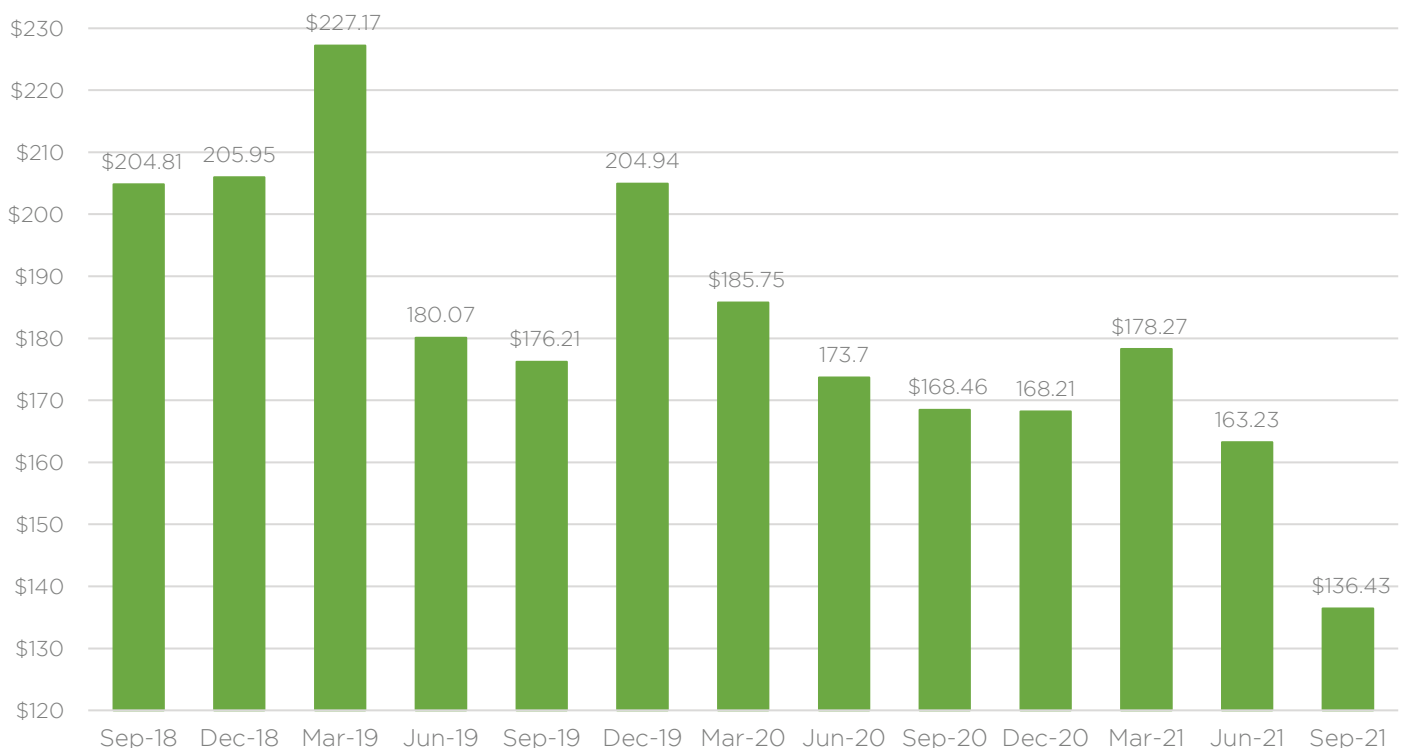


RETAIL

KEY INSIGHTS

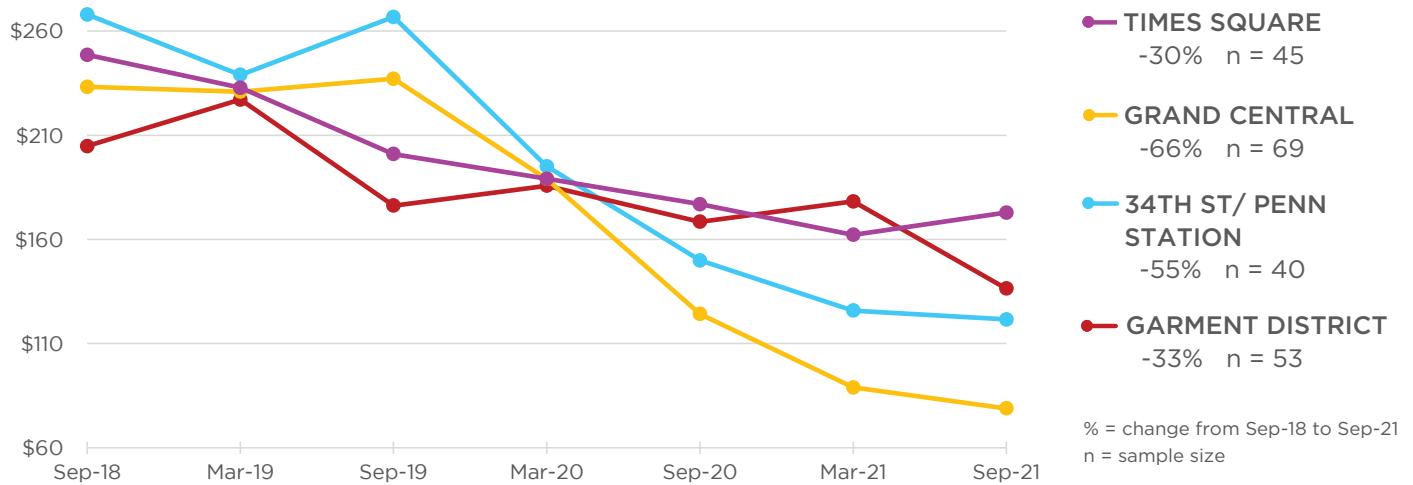
- » A pre-pandemic retail rent decline continues and is not limited to the Garment District. In Manhattan, retail rents are down 27% in the past three years and 36% since March 2020.
- » The impact has not been limited to Manhattan. In the outer boroughs, retail rents are up 14% from three years ago, but they are down 30% since March 2020.
- » As with office tracking, retail data are more impacted by outliers since leasing activity is down.
- » Some recent retail openings in the Garment District include:
 - » Yard House
1441 Broadway
 - » Cutlets Sandwich Co.
213 W 35th St
 - » Ground Central Coffee
498 Seventh Ave
 - » PingPod
321 W 37th St
 - » Burgermania
274 W 40th St
 - » About Coffee
260 W 39th St

GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



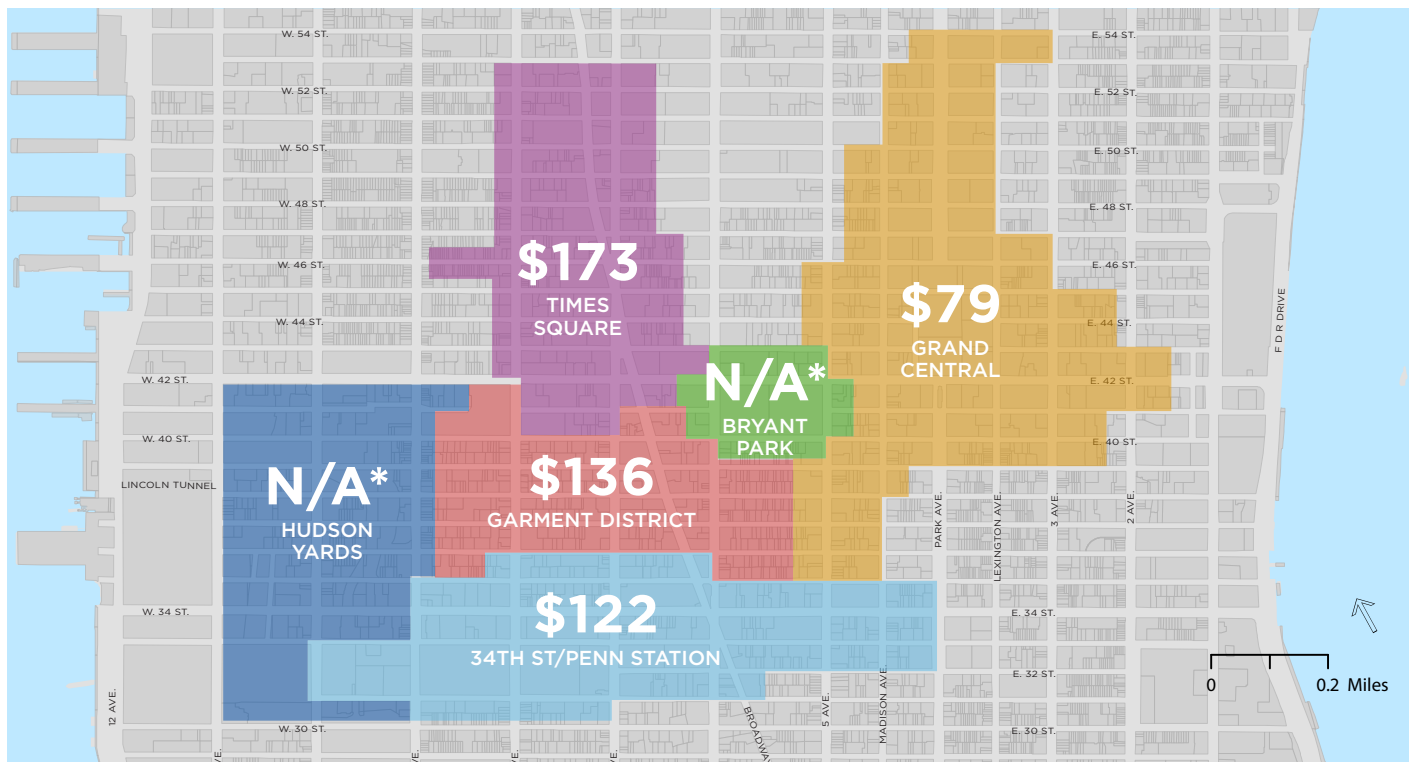
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING RETAIL RENTS PER SF



Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING RETAIL RENTS PER SF, SEPTEMBER 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. 966 SIXTH AVE 1,800 SF NEWMARK KNIGHT FRANK	16. 1420 BROADWAY 2,400 SF KASSIN SABBAGH REALTY	31. 601 EIGHTH AVE 383 - 7,512 SF KASSIN SABBAGH REALTY	46. 148 W 37TH ST 2,500 SF ADAMS & COMPANY
2. 980 - 990 SIXTH AVE 525 - 1,687 SF MASONRE	17. 1435 BROADWAY 1,100 - 3,500 SF SOLIL MANAGEMENT	32. 610 EIGHTH AVE 1,800 MERIDIAN CAPITAL GROUP	47. 240 W 37TH ST 1,434 SF KASSIN SABBAGH REALTY
3. 989 SIXTH AVE 4,500 SF KASSIN SABBAGH REALTY	18. 1440 BROADWAY 1,745 - 16,760 SF CUSHMAN & WAKEFIELD	33. 619 EIGHTH AVE (PORT AUTHORITY BUS TERMINAL) 196 - 4,400 SF JRT REALTY GROUP	48. 252-258 W 37TH ST 1,000 SF ERETZ GROUP
4. 1001 SIXTH AVE 354 - 4,250 SF ABS PARTNERS REAL ESTATE	19. 1441 BROADWAY 700 - 5,000 SF JLL	34. 29 W 35TH ST 3,900 - 8,200 SF UNITED GROUP	49. 336-342 W 37TH ST 2,700 SF IGS REALTY CO.
5. 1008 SIXTH AVE 2,150 SF JTRE	20. 1450 BROADWAY 700 SF REAL ESTATE ADVISORS	35. 35 W 35TH ST 2,500 SF BROAD PRINCE REALTY CORP.	50. 8 W 38TH ST 2,700 SF ABS PARTNERS REAL ESTATE
6. 1015 SIXTH AVE 1,250 SF METROPOLITAN PROPERTY GROUP	21. 488 SEVENTH AVE 300 - 1,500 SF ABH REALTY CORP.	36. 240 W 35TH ST 2,356 SF CUSHMAN & WAKEFIELD	51. 18 W 38TH ST 1,722 SF THE HELLER ORGANIZATION
7. 1021-1039 SIXTH AVE 1,875 SF NEWMARK	22. 498 SEVENTH AVE 2,047 SF GEORGE COMFORT & SONS	37. 253 W 35TH ST 800 - 2,700 ADAMS & COMPANY	52. 38 W 38TH ST 2,100 - 3,700 SF MICHAEL BENJI
8. 1359 BROADWAY 800 - 1,187 SF EMPIRE STATE REALTY TRUST	23. 500 SEVENTH AVE 3,095 SF WINICK REALTY GROUP	38. 261 W 35TH ST 4,000 SF H. JUSTIN REALTY SERVICES	53. 57 W 38TH ST 1,000 - 4,000 SF JUYI, INC.
9. 1372 BROADWAY 500 - 2,532 SF JLL	24. 501 SEVENTH AVE 1,849 - 3,162 SF EMPIRE STATE REALTY TRUST	39. 142-148 W 36TH ST 2,298 SF CUSHMAN & WAKEFIELD	54. 109 W 38TH ST 3,000 SF KASSIN SABBAGH REALTY
10. 1375 BROADWAY 1,050 - 5,600 SF CUSHMAN & WAKEFIELD	25. 525 SEVENTH AVE 2,250 - 5,443 SF JLL	40. 152 W 36TH ST 1,365 SF SIDO NEW YORK REAL ESTATE	55. 228 W 38TH ST 1,800 - 2,000 SF WINICK REALTY GROUP
11. 1384 BROADWAY 866 SF WINICK REALTY GROUP	26. 526 SEVENTH AVE 220 - 2,950 SF MJ PROPERTY GROUP	41. 229 W 36TH ST 5,183 - 20,132 SF R.E. PERRY COMPANY	56. 242-244 W 38TH ST 2,500 SF RESOLUTION REAL ESTATE
12. 1385 BROADWAY 1,317 SF SAVITT PARTNERS	27. 530 SEVENTH AVE 799 - 2,100 SF SAVITT PARTNERS	42. 256-258 W 36TH ST 3,000 SF LEE & ASSOCIATES	57. 252 W 38TH ST 3,690 SF TAMAR EQUITIES CORP.
13. 1400 BROADWAY 914- 3,691 SF EMPIRE STATE REALTY TRUST	28. 525 EIGHTH AVE 1,100 SF JLL	43. 308-312 W 36TH ST 5,500 SF NET MANAGEMENT	58. 270 W 38TH ST 600 - 12,500 SF CBRE
14. 1407 BROADWAY 1,773 - 2,921 SF JLL	29. 557 EIGHTH AVE 1,250 SF DRESSLER GROUP	44. 40 W 37TH ST 2,100 SF PARK RIDGE INTERNATIONAL	59. 273 W 38TH ST 1,250 SF ISA REALTY GROUP
15. 1410 BROADWAY 1,052 SF JLL	30. 584 EIGHTH AVE 1,000 - 1,700 SF ISA REALTY GROUP	45. 44 W 37TH ST 1,000 - 2,450 SF KASSIN SABBAGH REALTY	60. 320 W 38TH ST 2,500 - 10,000 SF THE MANHATTES GROUP

THE GARMENT DISTRICT ALLIANCE

61. 331 W 38TH ST
800 SF
SALVIO RANDAZZO

62. 231-250 W 39TH ST
1,100 - 2,640 SF
ADAMS & COMPANY

63. 234 W 39TH ST
3,479 SF
CUSHMAN & WAKEFIELD

64. 260 W 39TH ST
1,500 - 2,700 SF
LEE & ASSOCIATES

65. 270-276 W 39TH ST
500 - 2,500 SF
LEE & ASSOCIATES

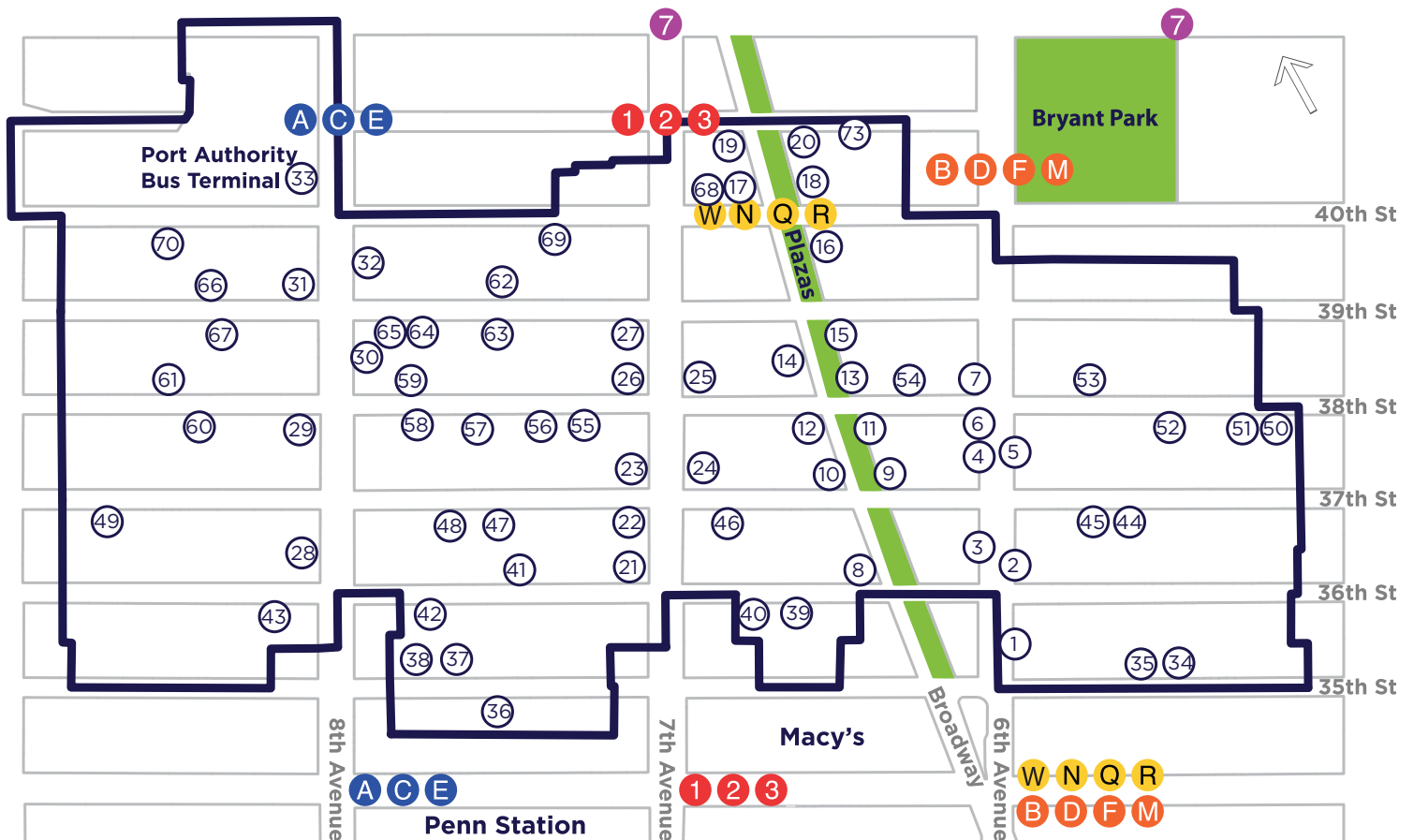
66. 315-321 W 39TH ST
550 SF
HANDLER REAL ESTATE
SERVICES

67. 316 W 39TH ST
600 SF
MERIDIAN CAPITAL GROUP

68. 147 W 40TH ST
1,975 - 2,100 SF
COMPASS

69. 218-232 W 40TH ST
5,192 - 10,316 SF
SAVITT PARTNERS

70. 334-340 W 40TH ST
4,000 SF
KMC HOSPITALITY



Source: CoStar

HOTELS

KEY INSIGHTS

- » There are 53 hotels in the Garment District representing 12,104 rooms.
- » Five hotels opened in 2021: Margaritaville Resort, Pestana CR7 Times Square, Arlo Hotel Midtown, The Draper, and Henn na Hotel New York.
- » Four additional hotels are planned or under construction, which will add up to 650 rooms to the neighborhood in the next couple of years.
- » Average revenue per available room (RevPAR) for Garment District area hotels is up 236% from September 2021, but still down 53% from 2019.
- » 1.7 million guests stayed in Garment District hotels in the past 12 months, down from 2 million in the previous 12 months and 2.9 million over the same span in 2018-19.
- » Hotels brought nearly 600,000 visitors to the neighborhood in Q3 2021.
- » The Garment District continues to have the lowest average daily rates of comparable Manhattan neighborhoods, but only the Village/ SoHo/Tribeca and the wider Midtown South area had higher occupancy rates in September.



Henn na Hotel

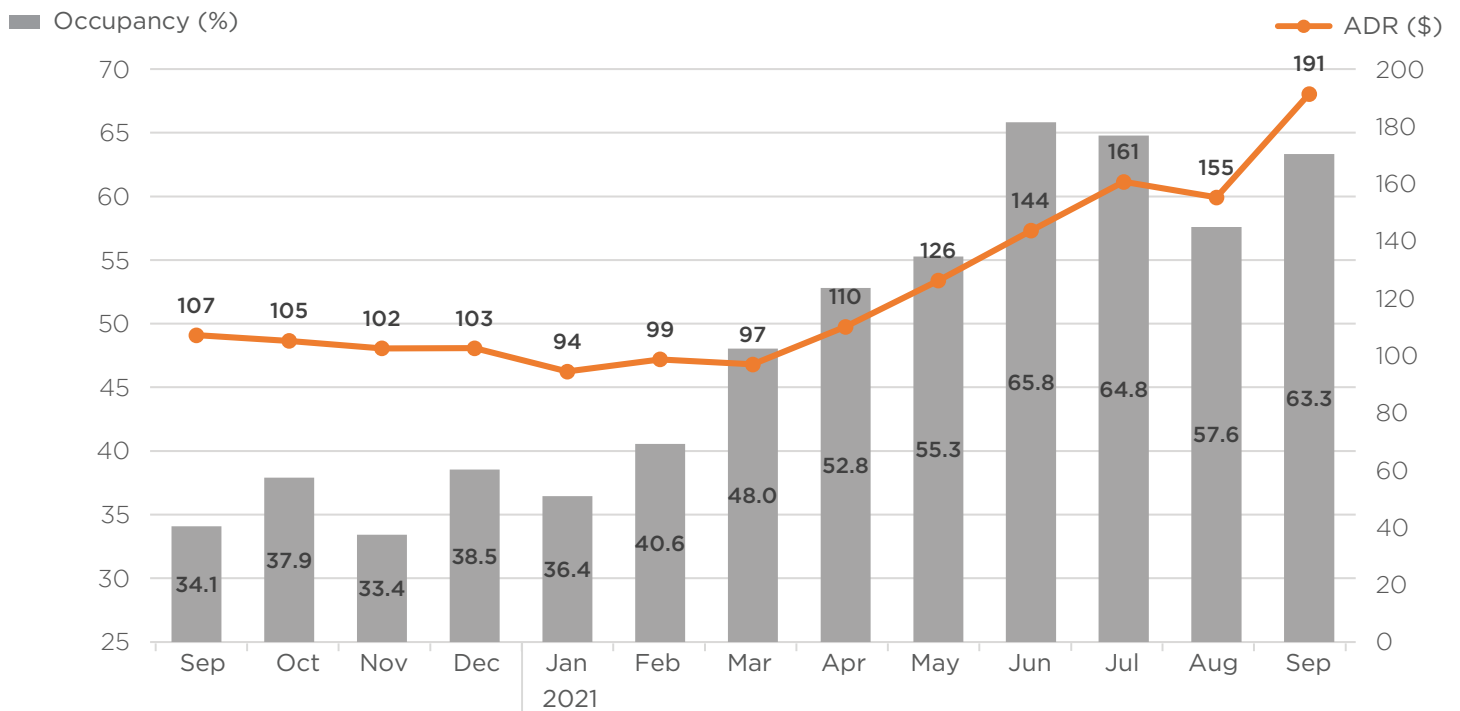
REVPAR, OCCUPANCY, & ADR COMPARISON, SEPTEMBER 2020 & 2021

	Revenue Per Available Room (RevPAR)			Occupancy		Average Daily Rate (ADR)	
	Sep 2021	Sep 2020	Pct. Change	Sep 2021	Sep 2020	Sep 2021	Sep 2020
Garment District	\$121	\$36	+236.1%	63.3%	34.1%	\$191	\$107
Midtown South*	\$133	\$40	+232.5	64.8%	33.6%	\$205	\$120
Midtown East	\$207	\$34	+508.8%	60.2%	19.1%	\$344	\$177
Midtown West/Times Square*	\$159	\$33	+381.8%	60.5%	24.2%	\$263	\$137
Financial District	\$151	\$39	+287.2%	61.5%	33.8%	\$246	\$114
Uptown	\$294	\$86	+241.9%	62.3%	40.8%	\$472	\$212
Village/SoHo/Tribeca	\$235	\$57	+312.3%	73.3%	41.1%	\$321	\$139

*Garment District data is included in this area

Source: STR

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



PEDESTRIAN COUNTS

KEY INSIGHTS

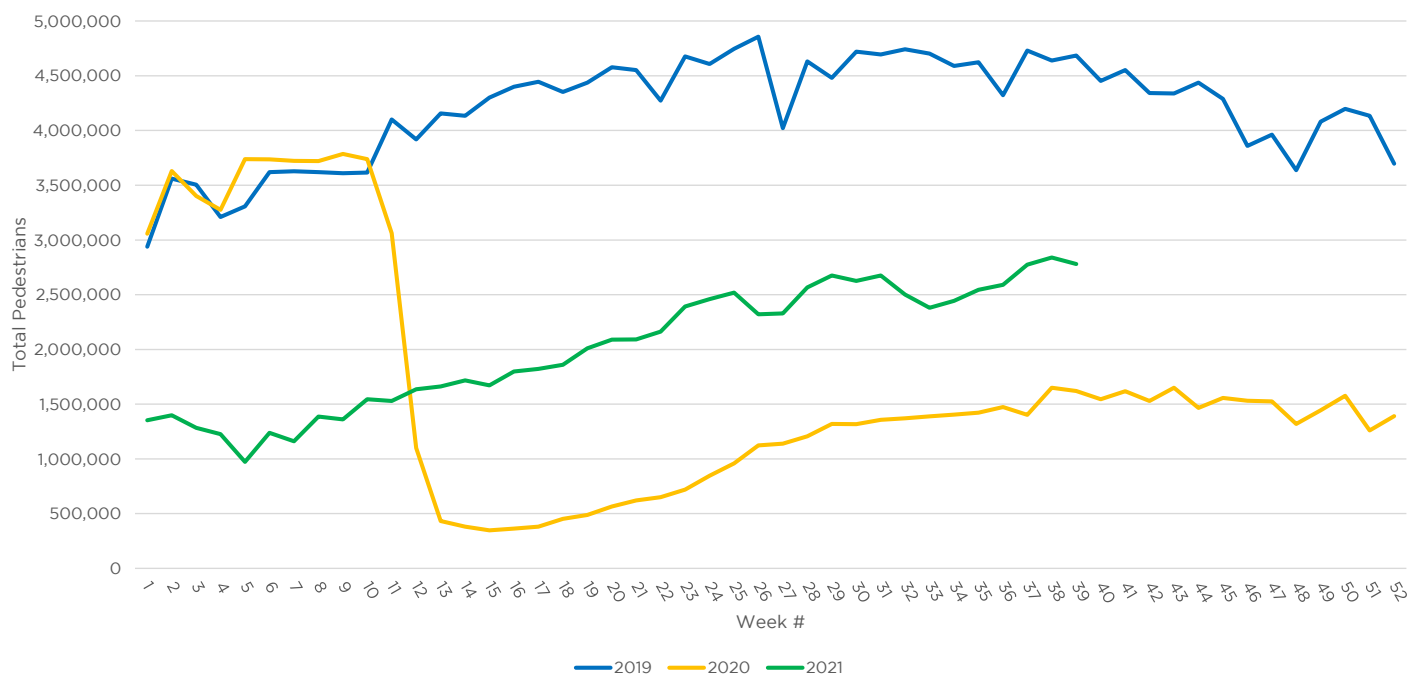
- » Though still well below historical levels, pedestrian volumes have shown steady growth through 2021, spurred by a surge in tourism and the partial return of office tenants.
- » MTA weekday subway ridership is currently at roughly 55% of pre-pandemic totals. The Long Island Rail Road is at 50% and Metro-North Railroad is at 45%.

MONTHLY PEDESTRIAN VOLUMES SINCE SEPTEMBER 2020

	Total Count	Change from 2020	Change from 2019
September 2021	11.7 million	+77%	-42%
July 2021	11.4 million	+97%	-43%
May 2021	8.7 million	+248%	-55%
March 2021	6.9 million	-22%	-60%
January 2021	5.7 million	-63%	-63%
November 2020	6.3 million	N/A	-62%
September 2020	6.6 million	N/A	-67%

Source: Springboard

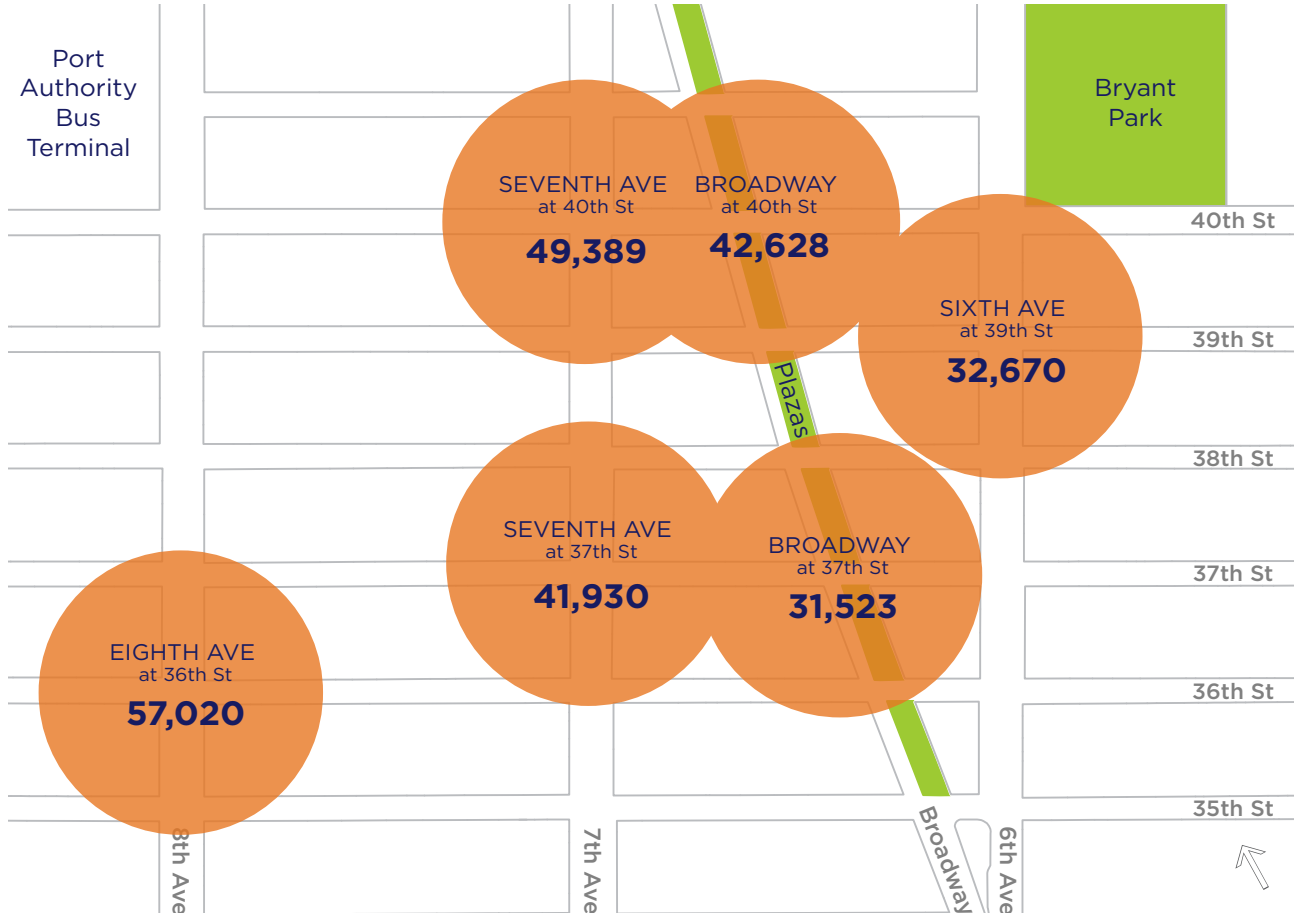
TOTAL WEEKLY PEDESTRIAN VOLUMES, 2019 - 2021



Source: Springboard



WEIGHTED WEEKDAY AVERAGE PEDESTRIAN COUNTS, JUL - SEP 2021



Source: Springboard. Intersection count values are weighted to account for the difference in number of counters per location.

BROADWAY PLAZAS ENHANCED

Workers returning to the neighborhood in late summer and fall were welcomed back by a public space transformation on Broadway. After a multi-year collaborative effort with the NYC Department of Transportation, public space on Broadway has been expanded between 38th and 40th Streets, increasing the amount of public space on Broadway from roughly 15,000 square feet to 25,000 square feet. The block between 38th and 39th Streets has been converted to a “shared street,” open to vehicles for local access and deliveries with expanded public space. The block between 39th and 40th Streets has been transformed into a full pedestrian plaza, the first in the Garment District to be closed to vehicles entirely.

The project brings a much needed signature public space to the Garment District, which has always lacked the outdoor amenities of surrounding neighborhoods. In 2019, the Alliance surveyed 1,000 random people on Broadway during the Urban Garden event about the possibility of future Broadway vehicular closures. 80% of respondents who lived or worked in the neighborhood said they use the Broadway plazas at least once a week. 84% of respondents said they would like to see blocks of Broadway closed to vehicular traffic, including 89% of respondents who worked on Broadway.



EMPLOYMENT

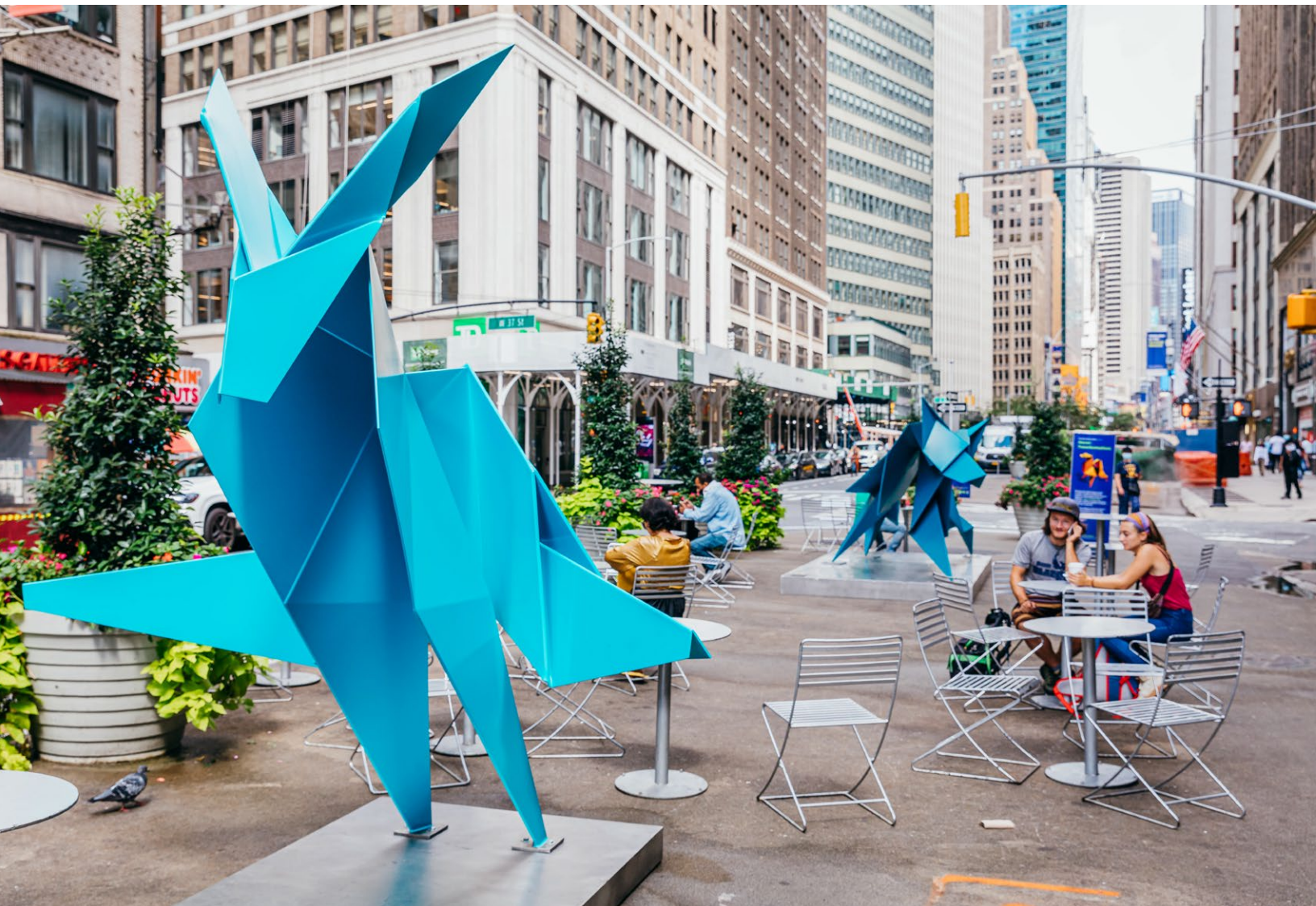
KEY INSIGHTS

- » The COVID-19 pandemic drove a loss of nearly 18,000 jobs in the District in 2020, reducing employment in the neighborhood by 12.7% from 2019.
- » The percentage loss in the Garment District was similar to New York City overall.
- » The hardest hit sectors were leisure and hospitality (-46.7%) and manufacturing (-33.4%).
- » The only significant gain in employment came in the Information sector (+5.0%).
- » The largest employment sector in the neighborhood remains Professional and Business Services, with over 48,000 jobs.
- » Manufacturing employment, already down dramatically in recent decades, was further decimated by the pandemic. There are now just 2,500 apparel manufacturing jobs in the District, representing 2% of overall employment.
- » Employment data for ZIP Code 10018 is provided by the New York State Department of Labor and is made available each fall for the prior year.

EMPLOYEES IN CORE GDA INDUSTRIES — ZIP CODE 10018, 2000 - 2020

	2000	2019	2020	1-yr. Change	Since 2000
Natural Resources, Mining and Construction	2,157	6,143	5,220	-15.0%	142.0%
Manufacturing	17,079	5,078	3,383	-33.4%	-80.2%
Trade, Transportation, and Utilities	26,691	25,200	20,710	-17.8%	-22.4%
Information	-	9,796	10,289	5.0%	-
Financial Services	6,362	11,893	10,959	-7.9%	72.3%
Professional and Business Services	18,224	52,915	48,049	-9.2%	163.7%
Education and Health Services	5,439	10,749	10,769	0.2%	98.0%
Leisure and Hospitality	2,209	11,629	6,194	-46.7%	180.4%
Other Services	1,587	7,411	5,929	-20.0%	273.6%
Government	-	-	1,432	N/A	N/A
Total Employment	89,267	141,091	123,203	-12.7%	38.0%

Source: NY State Dept. of Labor



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 [garmentdistrictnyc](https://www.garmentdistrictnyc.com)

Cover: "Inside Out" on the Port Authority Midtown Bus Terminal
Back: "Transformations" by Hacer
Photos by Alexandre Ayer/Diversity Pictures unless otherwise noted

Published November 2021