

Economic Quarterly Report



3rd Quarter 2022

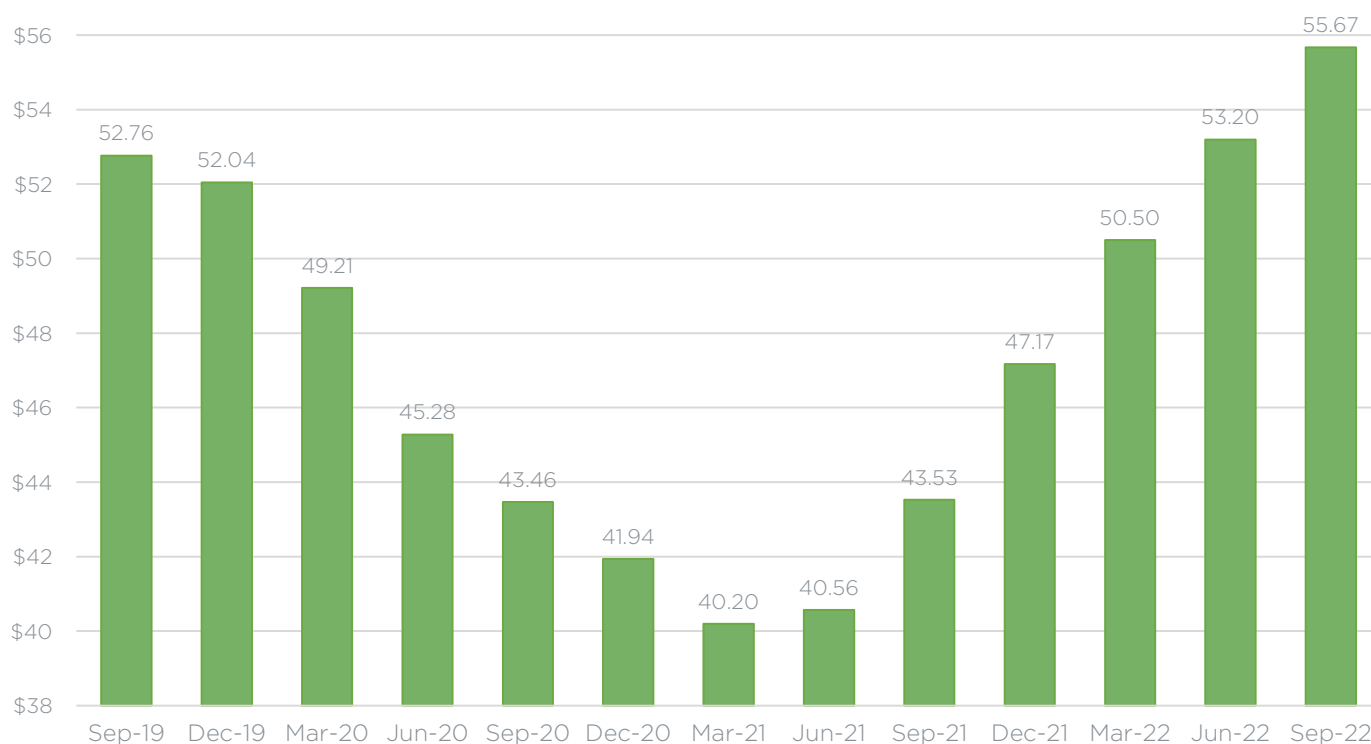


OFFICE

KEY INSIGHTS

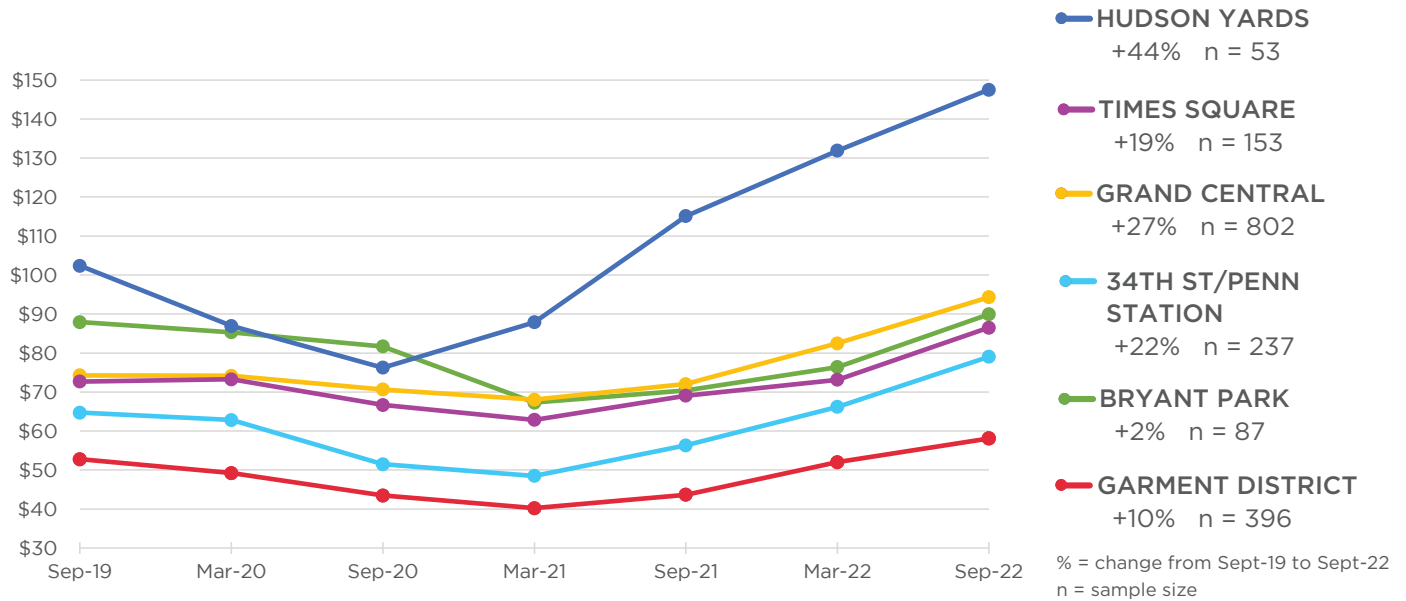
- » The data presented here are based on a sample of leasing activity. Due to the impact of the pandemic, averages are more easily influenced by outliers than usual, as seen in the recent Hudson Yards leasing activity. Location, amenities, size, age, and quality of the space and building all impact prices.
- » According to Kastle Systems, in November NYC office occupancy topped at 47.2%. NYC office occupancy rates are virtually identical to Los Angeles, and Washington, DC. Nationally, office occupancy rates continue to hover around 47%. Austin (73.2%) remains at the top, with San Jose (43.3%) at the bottom.
- » Examples of recent office leases in the Garment District include:
 - » WSC Sports
10,399 SF - 1410 Broadway
 - » Crown Castle
24,151 SF - 1359 Broadway
 - » Reich & Tang
16,790 SF - 1370 Broadway
 - » SKIP of New York
27,000 SF - 318 W 39th Street
 - » NY Foundation for the Arts
7,150 SF - 29 W 38th Street
 - » Eric Winterling Inc
11,152 SF - 520 8th Avenue
 - » Penn & Fletcher
3,400 SF - 309 W 36th Street

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS PER SF



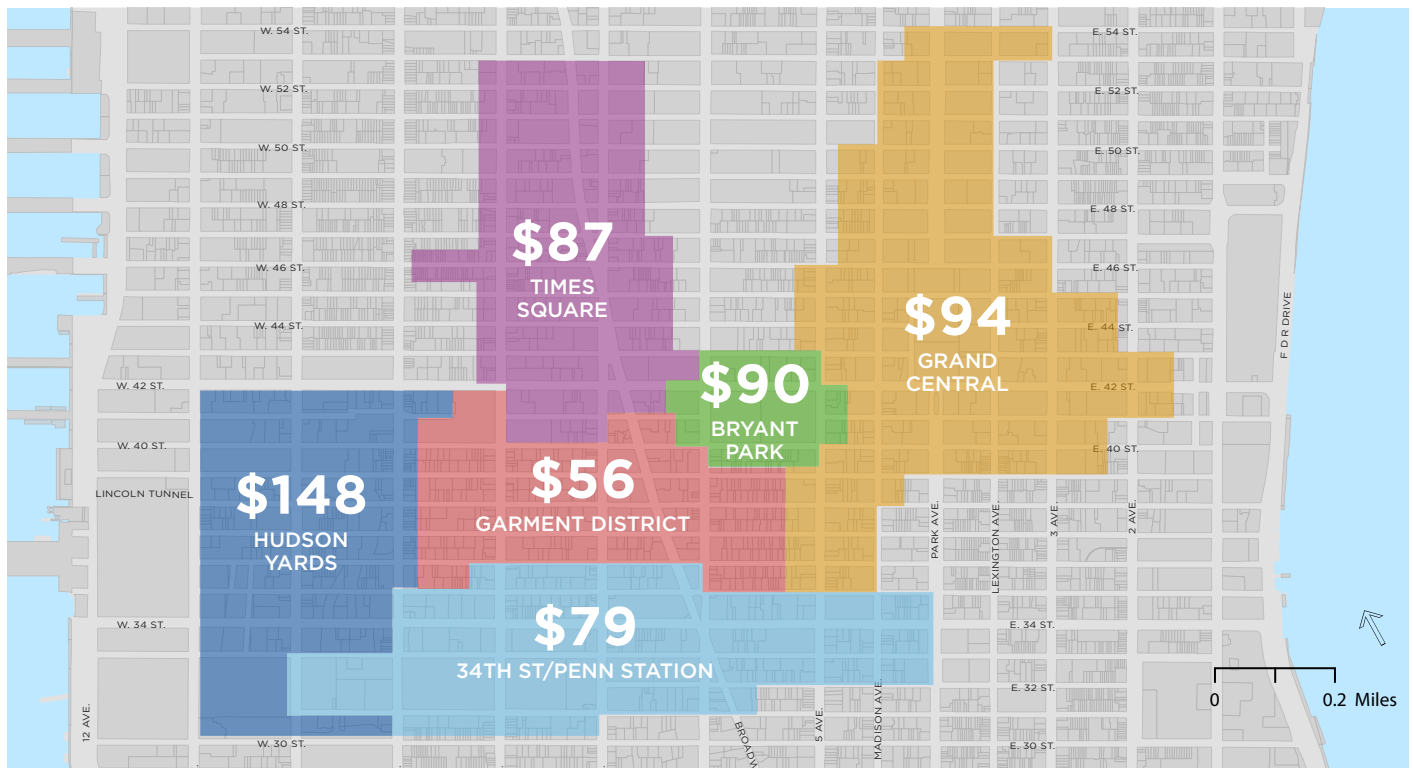
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING OFFICE RENTS PER SF



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

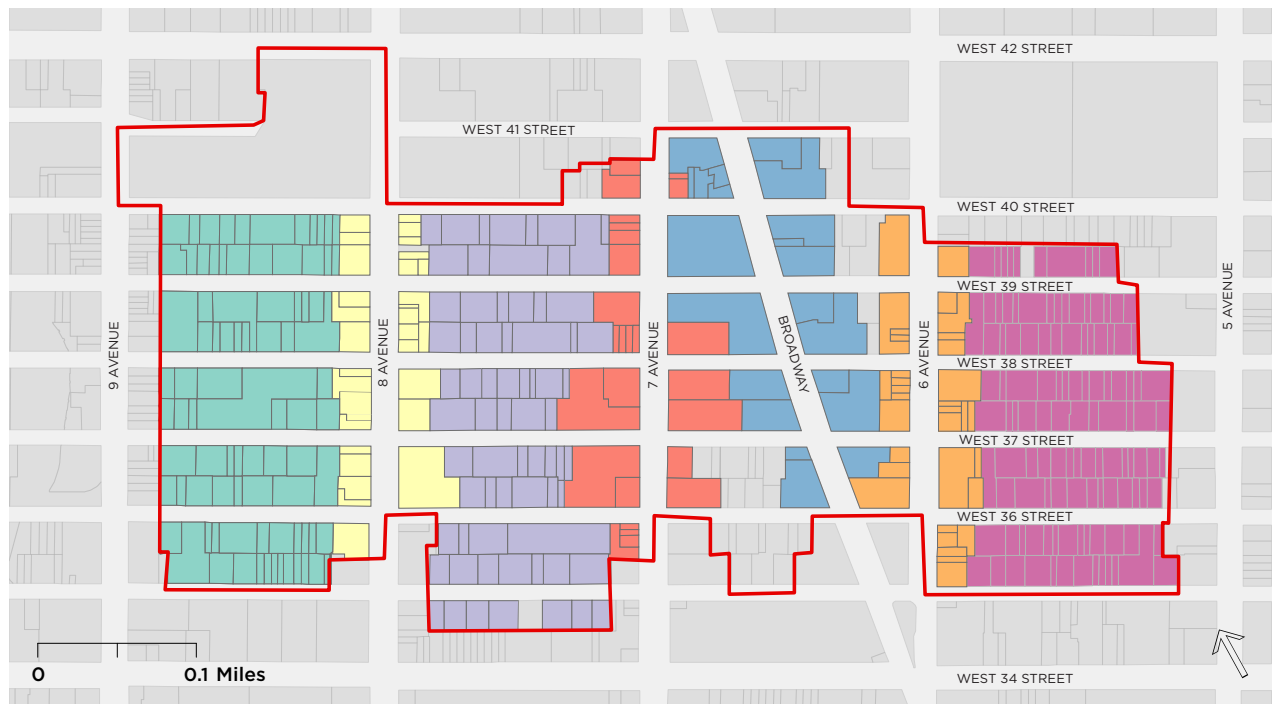
AVERAGE STARTING OFFICE RENTS PER SF, SEPTEMBER 2022



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

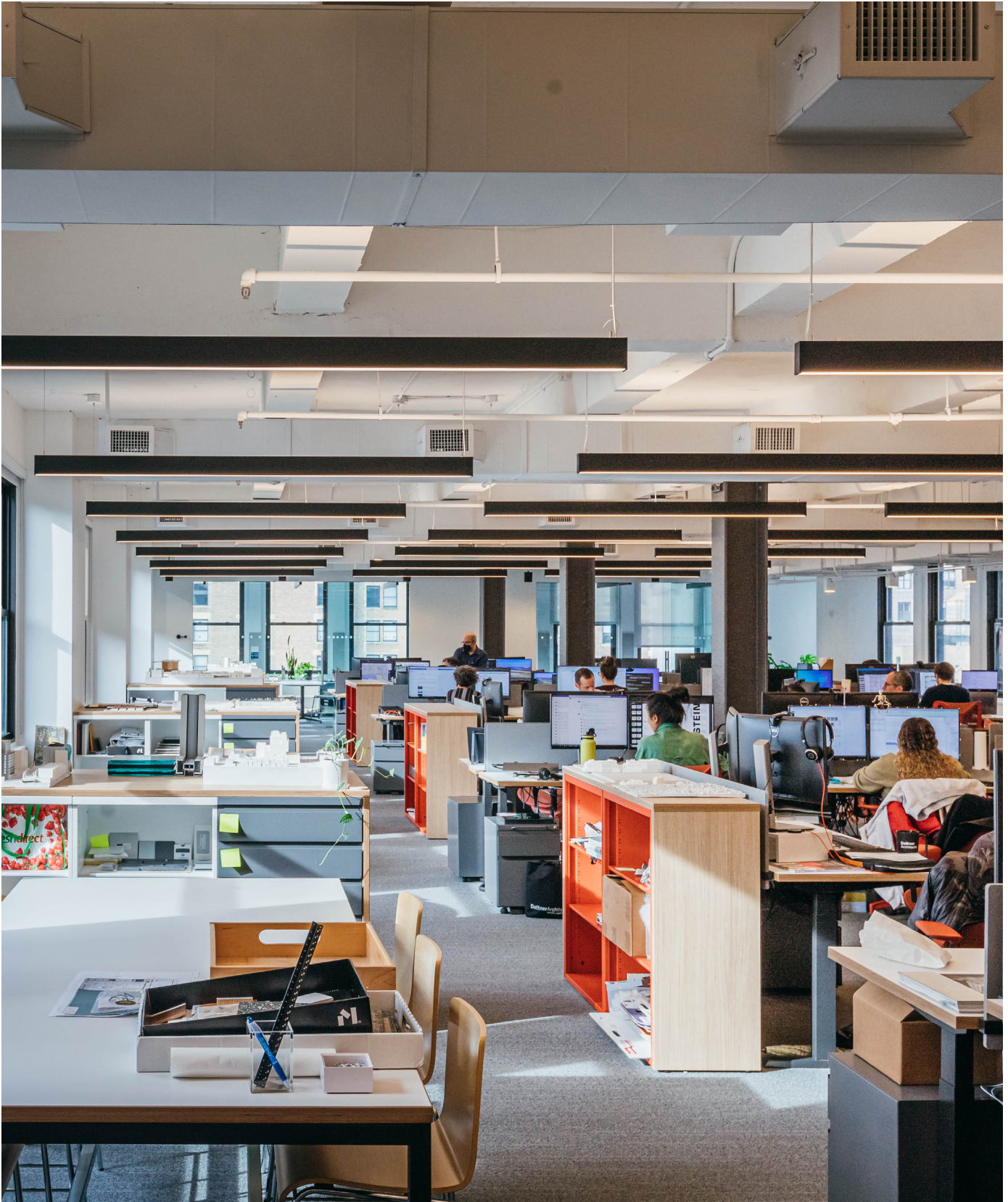
GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS BY LOCATION

	Sample Size	September 2020 (\$/SF)	September 2021 (\$/SF)	September 2022 (\$/SF)	2-yr. Change
 8th-9th Ave Side Streets	18	\$38.68	\$32.80	\$34.95	-10.7%
 Eighth Avenue	8	\$40.68	\$37.63	\$36.26	-12.2%
 7th-8th Ave Side Streets	30	\$35.91	\$34.19	\$34.33	-4.6%
 Seventh Avenue	28	\$49.33	\$45.79	\$44.72	-10.3%
 Broadway	70	\$50.49	\$47.14	\$63.40	20.4%
 Sixth Avenue	20	\$55.48	\$51.45	\$53.00	-4.7%
 5th-6th Ave Side Streets	14	\$46.04	\$37.82	\$37.98	-21.2%
 District Average	188	\$43.46	\$43.53	\$55.67	28%



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

THE **GARMENT DISTRICT** ALLIANCE



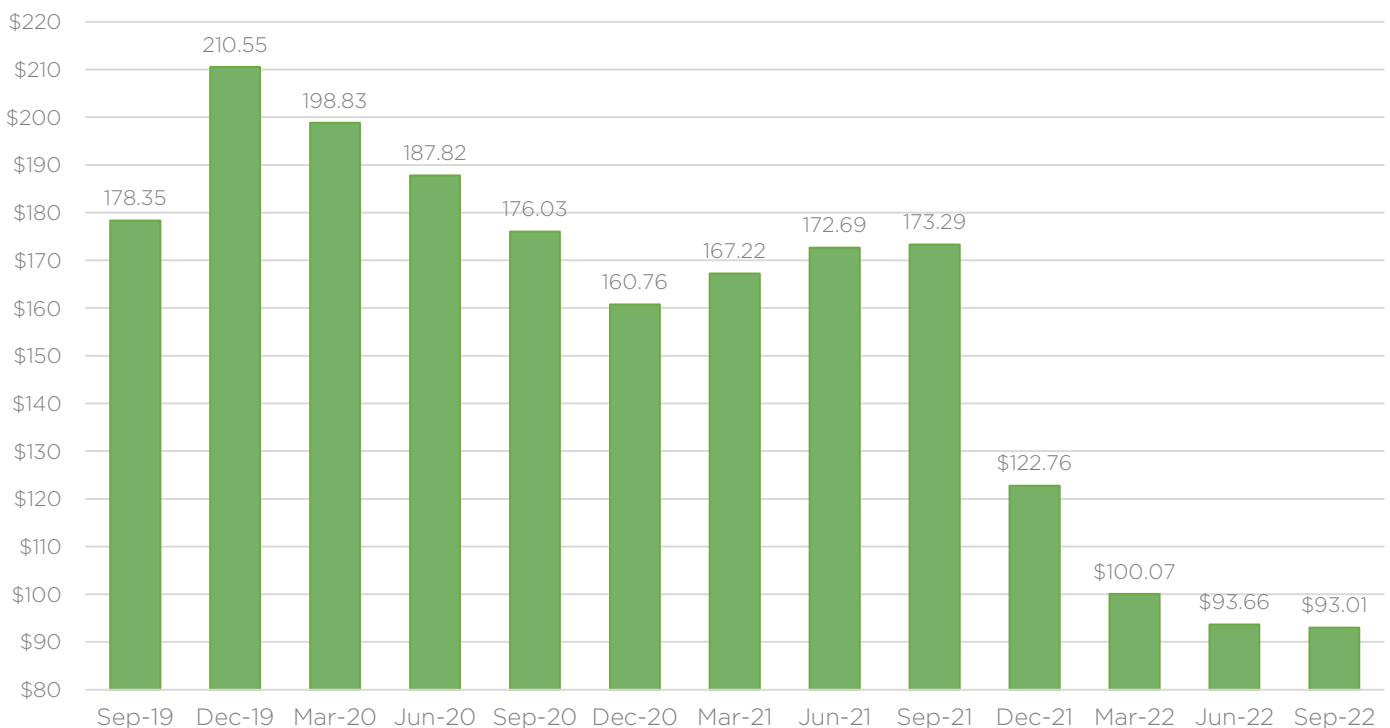
Dattner Architects, 498 7th Ave, New York, NY 10018

RETAIL

KEY INSIGHTS

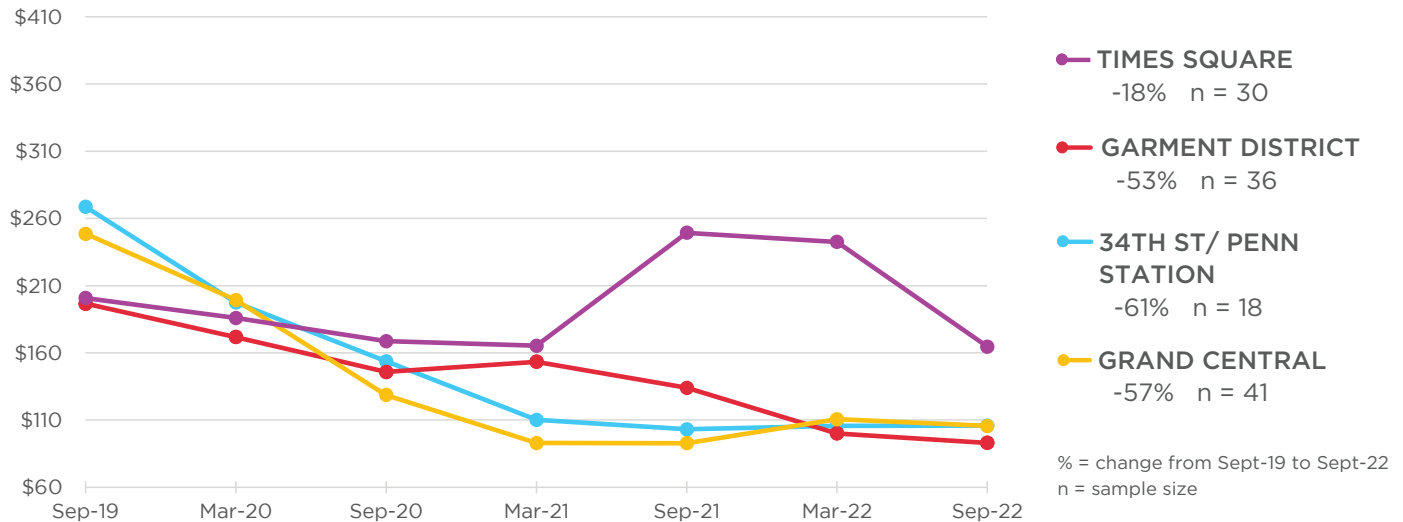
- » Garment District retail rents remain significantly below 2019 levels. Overall Manhattan rents are down 11% from three years ago, but have increased 42% in the past year.
- » In the outer boroughs, retail rents are up 31% from three years ago and 46% from one year ago as remote working may have strengthened retail in residential neighborhoods.
- » As with offices, retail data can be more impacted by outliers. This is particularly noticeable in Times Square, which experienced an uptick of a few high value leases signed in Q2, but then dropped back to similar numbers in the past quarter.
- » For the last 6 months, retail rents in the District have remained stable.
- » Some recent retail openings in the Garment District include:
 - » Panera
1359 Broadway
 - » Harta
30 W 39th Street
 - » Glaze Teriyaki
119 W 40th Street

GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



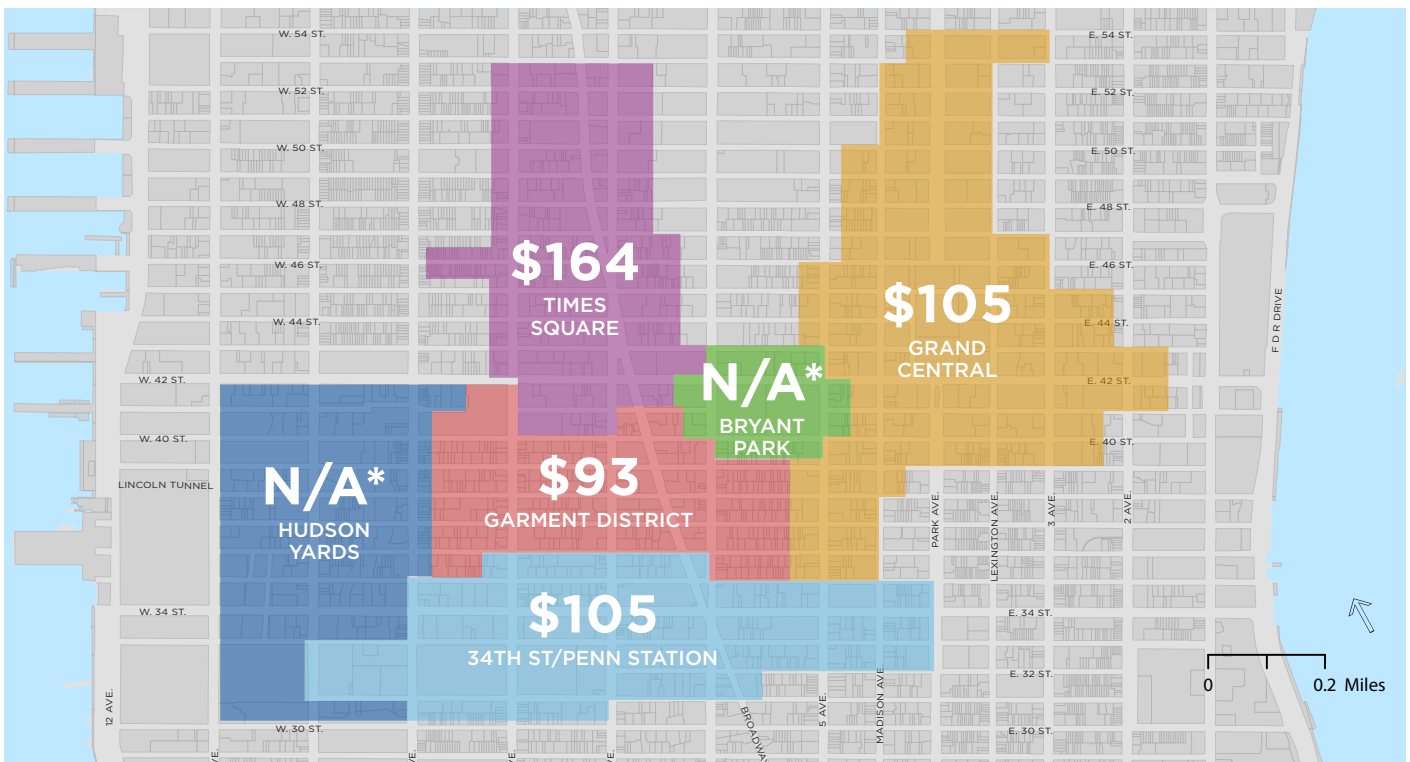
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING RETAIL RENTS PER SF



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

AVERAGE STARTING RETAIL RENTS PER SF, SEPTEMBER 2022

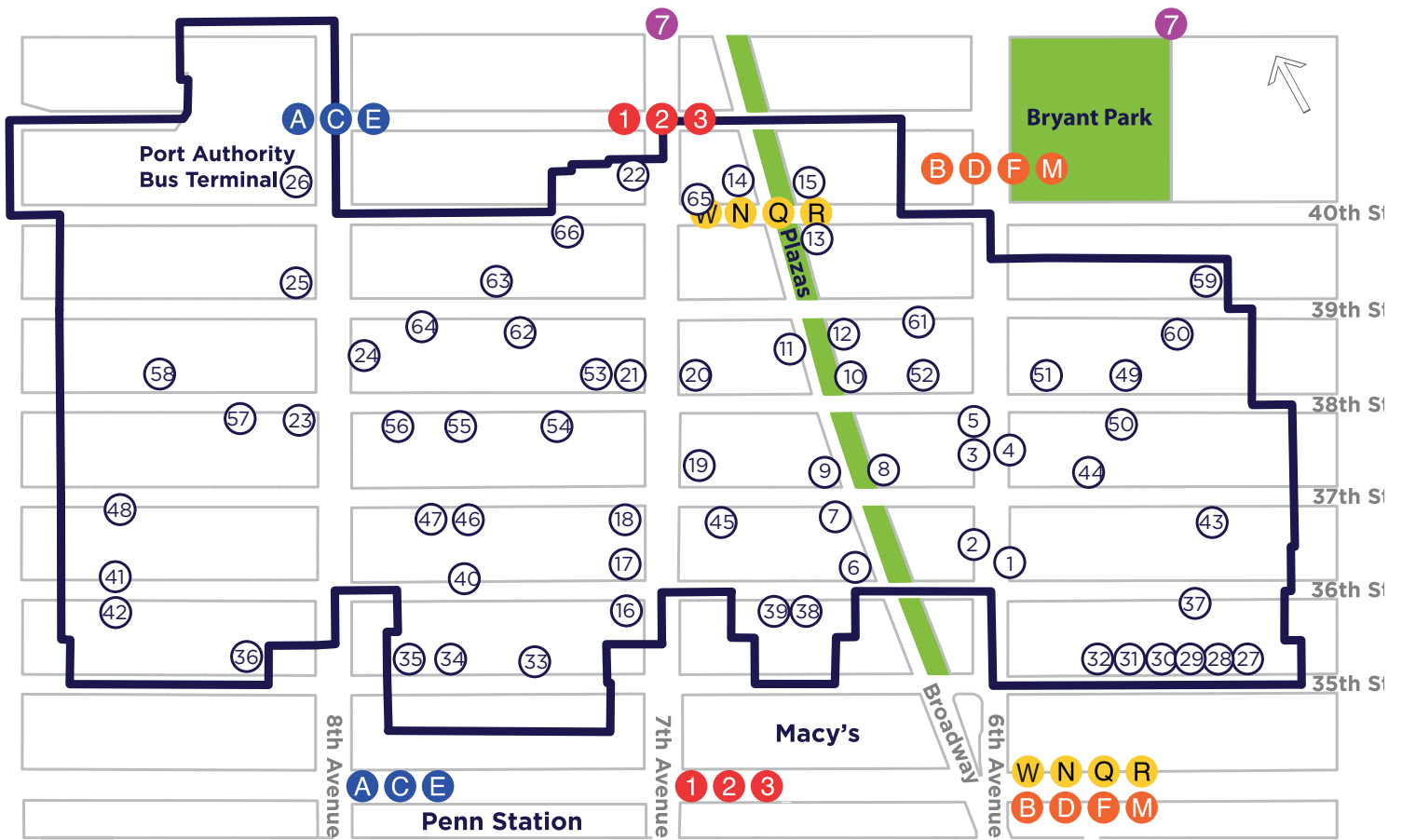


*Sample sizes in Hudson Yards and Bryant Park were too small to be analyzed
Actual BID boundaries vary slightly from neighborhood boundaries shown. Source: CompStak, Inc.

RETAIL VACANCIES

1. 980 - 990 SIXTH AVE 525 - 1,687 SF MASONRE	18. 498 SEVENTH AVE 2,047 SF GEORGE COMFORT & SONS	35. 261 W 35TH ST 4,000 SF H. JUSTIN REALTY SERVICES	52. 109 W 38TH ST 300 - 3,000 SF RICHARD BAILEY
2. 989 SIXTH AVE 4,500 SF KASSIN SABBAGH REALTY	19. 501 SEVENTH AVE 1,571 - 1,998 SF RIPCO REAL ESTATE/EMPIRE STATE REALTY TRUST	36. 315 W 35TH ST 6,900 SF KASSIN SABBAGH REALTY	53. 203-205 W 38TH ST 2,500 - 5,000 SF KASSIN SABBAGH REALTY
3. 1001 SIXTH AVE 354 - 4,250 SF ABS PARTNERS REAL ESTATE	20. 525 SEVENTH AVE 2,250 - 5,443 SF JLL	37. 20 W 36TH ST 2,744 - 6,894 SF CBRE	54. 228 W 38TH ST 1,800 - 2,000 SF WINICK REALTY GROUP
4. 1008 SIXTH AVE 1,000 - 1,100 SF JTRE	21. 526 SEVENTH AVE 2,950 SF MJ PROPERTY GROUP	38. 132-138 W 36TH ST 1,611 SF KAUFMAN ORGANIZATION	55. 252 W 38TH ST 3,690 SF TAMAR EQUITIES CORP./WAY2WIN
5. 1015 SIXTH AVE 900 SF MERIDIAN CAPITAL GROUP	22. 566 SEVENTH AVE 916 - 5,000 SF PLATINUM PROPERTIES	39. 142-148 W 36TH ST 2,298 SF CUSHMAN & WAKEFIELD	56. 270 W 38TH ST 600 - 12,500 SF CBRE
6. 1359 BROADWAY 3,187 SF RIPCO REAL ESTATE	23. 557 EIGHTH AVE 900 SF DRESSLER GROUP	40. 255 W 36TH ST 3,500 SF TRIANGLE ASSETS	57. 306 W 38TH ST 1,300 SF GREENFIELD REAL ESTATE
7. 1369 BROADWAY 5,500 SF MILLENNIUM REALTY GROUP	24. 584 EIGHTH AVE 1,000 - 1,700 SF ISA REALTY GROUP	41. 355-357 W 36TH ST 700 SF SAJA HOLDINGS INC	58. 331 W 38TH ST 950 SF MERIDIAN CAPITAL GROUP
8. 1372 BROADWAY 500 - 2,182 SF JLL	25. 601 EIGHTH AVE 383 - 7,512 SF KASSIN SABBAGH REALTY	42. 356-360 W 36TH ST 700 SF LEE & ASSOCIATES	59. 15 W 39TH ST 6,200 SF OKADA & COMPANY
9. 1375 BROADWAY 1,050 SF CUSHMAN & WAKEFIELD	26. 619 EIGHTH AVE (PORT AUTHORITY BUS TERMINAL) 196 - 4,504 SF JRT REALTY GROUP	43. 18 W 37TH ST 500 SF DOUGLAS WAGNER	60. 32 W 39TH ST 7,351 SF RUDDER PROPERTY GROUP
10. 1400 BROADWAY 1,591 SF RIPCO REAL ESTATE/EMPIRE STATE REALTY TRUST	27. 21 W 35TH ST 2,000 SF PD PROPERTIES	44. 49 W 37TH ST 3,500 - 8,300 SF SAMCO PROPERTIES	61. 108 W 39TH ST 778 - 2,916 SF JOSEPH P. DAY REALTY CORP.
11. 1407 BROADWAY 1,743 - 10,627 SF JLL	28. 23 W 35TH ST 6,915 SF PD PROPERTIES	45. 148 W 37TH ST 2,500 SF ADAMS & COMPANY	62. 230 W 39TH ST 4,500 SF THE ASTON GROUP
12. 1410 BROADWAY 1,000 - 1,619 SF JLL	29. 25 W 35TH ST 7,966 SF PD PROPERTIES	46. 240 W 37TH ST 1,434 SF KASSIN SABBAGH REALTY	63. 231-249 W 39TH ST 1,444 SF ADAMS & COMPANY
13. 1420 BROADWAY 2,400 SF KASSIN SABBAGH REALTY	30. 29 W 35TH ST 3,900 - 8,200 SF UNITED GROUP	47. 252-258 W 37TH ST 600 SF MJ PROPERTY GROUP	64. 260 W 39TH ST 2,800 SF LSL ADVISORS
14. 1435 BROADWAY 1,100 - 3,500 SF SOLIL MANAGEMENT	31. 35 W 35TH ST 2,500 - 6,000 SF PD PROPERTIES	48. 350 W 37TH ST 800 - 3,000 SF WINICK REALTY GROUP	65. 147 W 40TH ST 1,975 - 2,100 SF COMPASS
15. 1440 BROADWAY 1,745 - 16,760 SF CUSHMAN & WAKEFIELD	32. 41 W 35TH ST 2,000 SF PD PROPERTIES	49. 39-41 W 38TH ST 2,548 SF MJ PROPERTY GROUP/ELO REALTY CORP	66. 218-232 W 40TH ST 5,192 - 10,316 SF SAVITT PARTNERS
16. 474 SEVENTH AVE 1,343 SF PI CAPITAL PARTNERS	33. 237 W 35TH ST 2,535 SF FOREST PARK PROPERTIES	50. 42 W 38TH ST 256 SF E REALTY INTERNATIONAL GROUP	
17. 488 SEVENTH AVE 300 - 1,500 SF ABH REALTY CORP.	34. 253 W 35TH ST 800 - 2,700 ADAMS & COMPANY	51. 57 W 38TH ST 1,000 - 4,000 SF JUYI, INC./CORBETT & DULLEA	

THE GARMENT DISTRICT ALLIANCE



Source: CoStar



Ipanema, 3 W 36th St, New York, NY 10018

HOTELS

KEY INSIGHTS

- » There are 54 hotels in the Garment District representing 12,400 rooms. The opening of new hotels and reopening of those that were temporarily closed have brought the District to an all-time high room count. The Grayson is the newest hotel to open, with 296 rooms.
- » Four additional hotels are currently under construction, and are expected to add 675 rooms to the District.
- » Tourism continued to increase in Q3 2022. Occupancy rates averaged 85.2%, peaking at 89.5% in September. For comparison, the average occupancy rate in Q3 2019 was 92.5%.
- » Though occupancy rates were lower than Q3 2019, given the expanded number of hotels in the District, Q3 2022 saw the most hotel demand of any quarter ever, with 897,582 stays. There were 593,461 stays in Q3 2021, 256,386 in Q3 2020, and 886,412 in Q3 2019.
- » Hotel occupancy for the city overall rebounded to 86% of pre-pandemic levels by the end of September, the highest of any major market in the country, with room rates higher than any other US market outside of Hawaii and the Florida Keys.



The Grayson Hotel, 30 W 39th St, New York, NY 10018

Source: <https://www.graysonhotel.com/gallery>

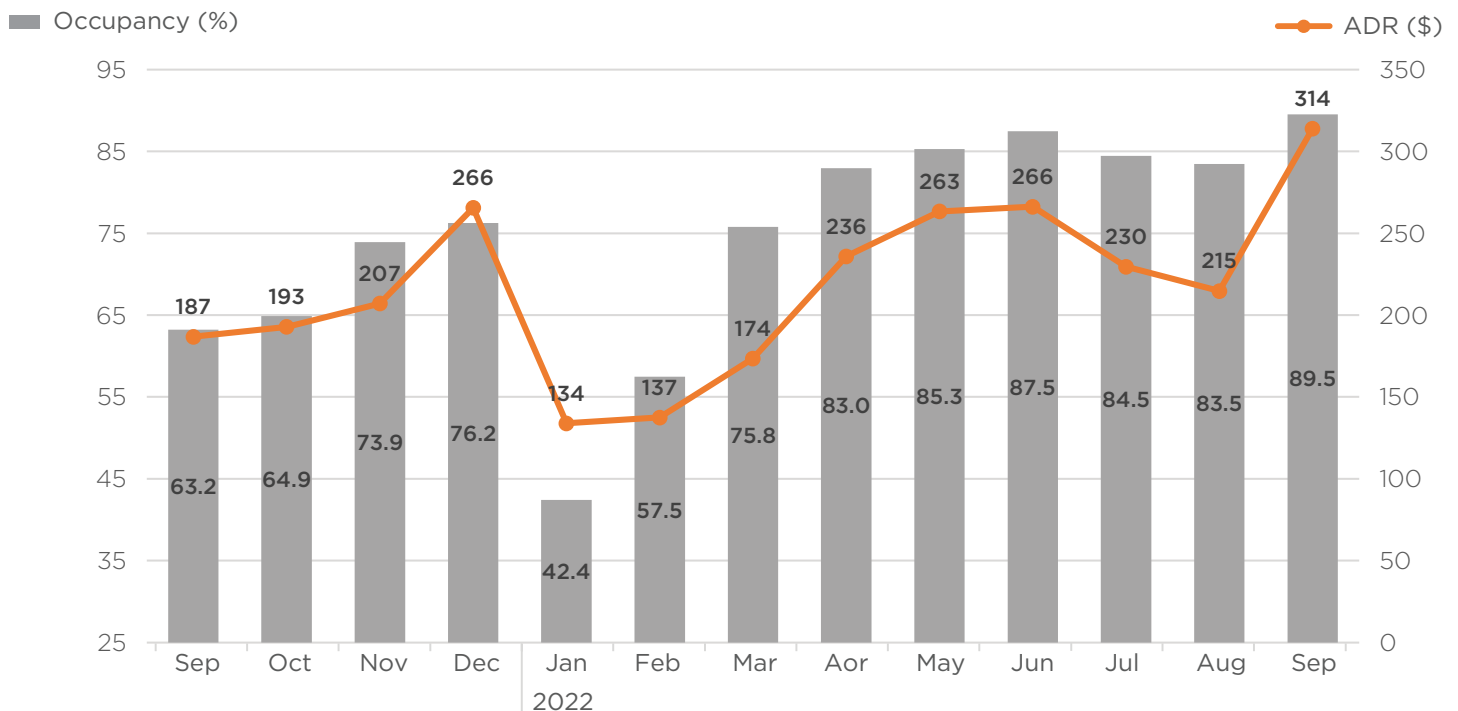
REVPAR, OCCUPANCY, & ADR COMPARISON, SEPTEMBER 2021 & 2022

	Revenue Per Available Room (RevPAR)			Occupancy		Average Daily Rate (ADR)	
	Sep 2021	Sep 2022	Pct. Change	Sep 2021	Sep 2022	Sep 2021	Sep 2022
Garment District	\$118	\$281	+138.1%	63.2%	89.5%	\$187	\$314
Midtown South*	\$132	\$295	+123.4%	64.9%	87.3%	\$203	\$337
Midtown East	\$208	\$394	+89.6%	60%	86.5%	\$346	\$456
Midtown West/Times Square*	\$158	\$328	+107%	60.1%	85.5%	\$263	\$383
Financial District	\$152	\$295	+94.2%	61.3%	84.5%	\$247	\$349
Uptown	\$296	\$458	+54.9%	62.5%	81.9%	\$473	\$559
Village/SoHo/Tribeca	\$233	\$398	+71.1%	72.5%	89.1%	\$321	\$447

*Garment District data is included in this area

Source: STR

OCCUPANCY & AVERAGE DAILY RATE IN GARMENT DISTRICT, 2021-2022



PEDESTRIAN COUNTS

KEY INSIGHTS

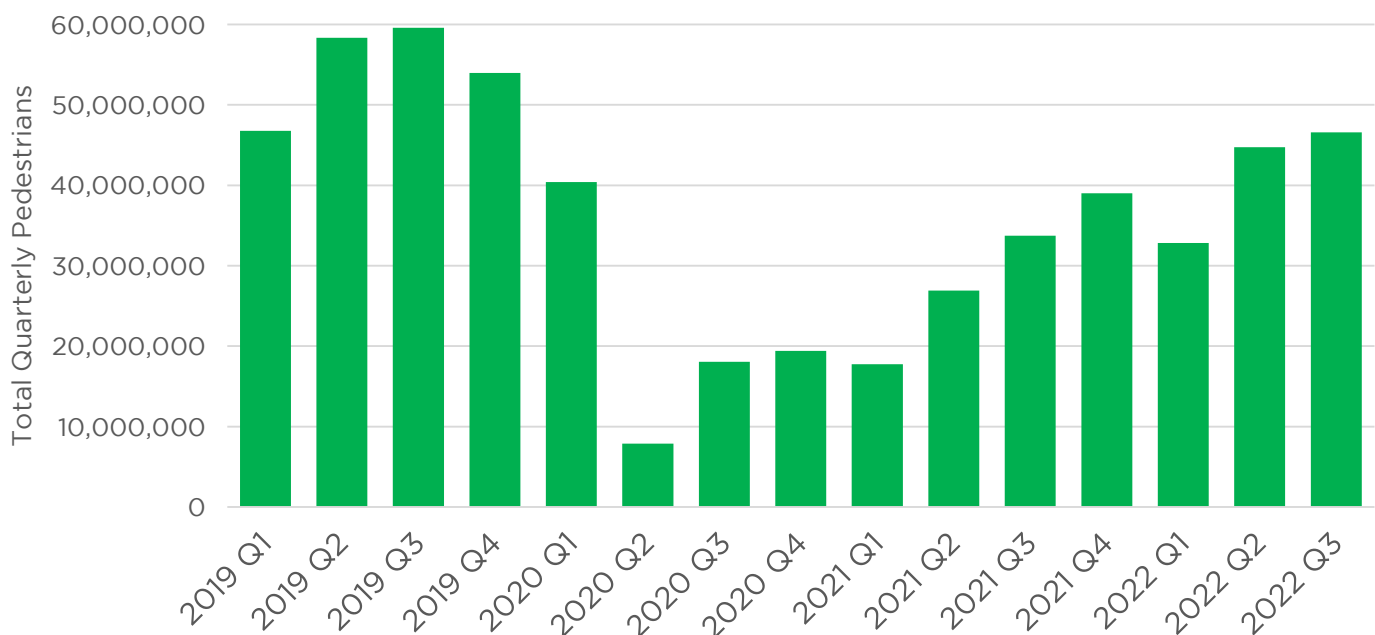
Pedestrian volumes have stabilized into a pattern that resembles the seasonal trend seen prior to COVID-19, with counts averaging roughly 80% of 2019. The NYC subway and regional railroads are averaging 61.2% of 2019 ridership on weekdays, but significantly higher on weekends, as leisure travel and tourism have rebounded more robustly than office commuting.

MONTHLY PEDESTRIAN VOLUMES SINCE SEPTEMBER 2021

	Total Count	Change from 2020	Change from 2019
September 2022	18.1 million	+134%	-21%
July 2022	14.0 million	+169%	-24%
May 2022	13.7 million	+496%	-23%
March 2022	15.0 million	-11%	-61%
January 2022	7.8 million	-62%	-70%
November 2021	12.2 million	+107%	-22%
September 2021	13.5 million	+75%	-41%

Source: Springboard

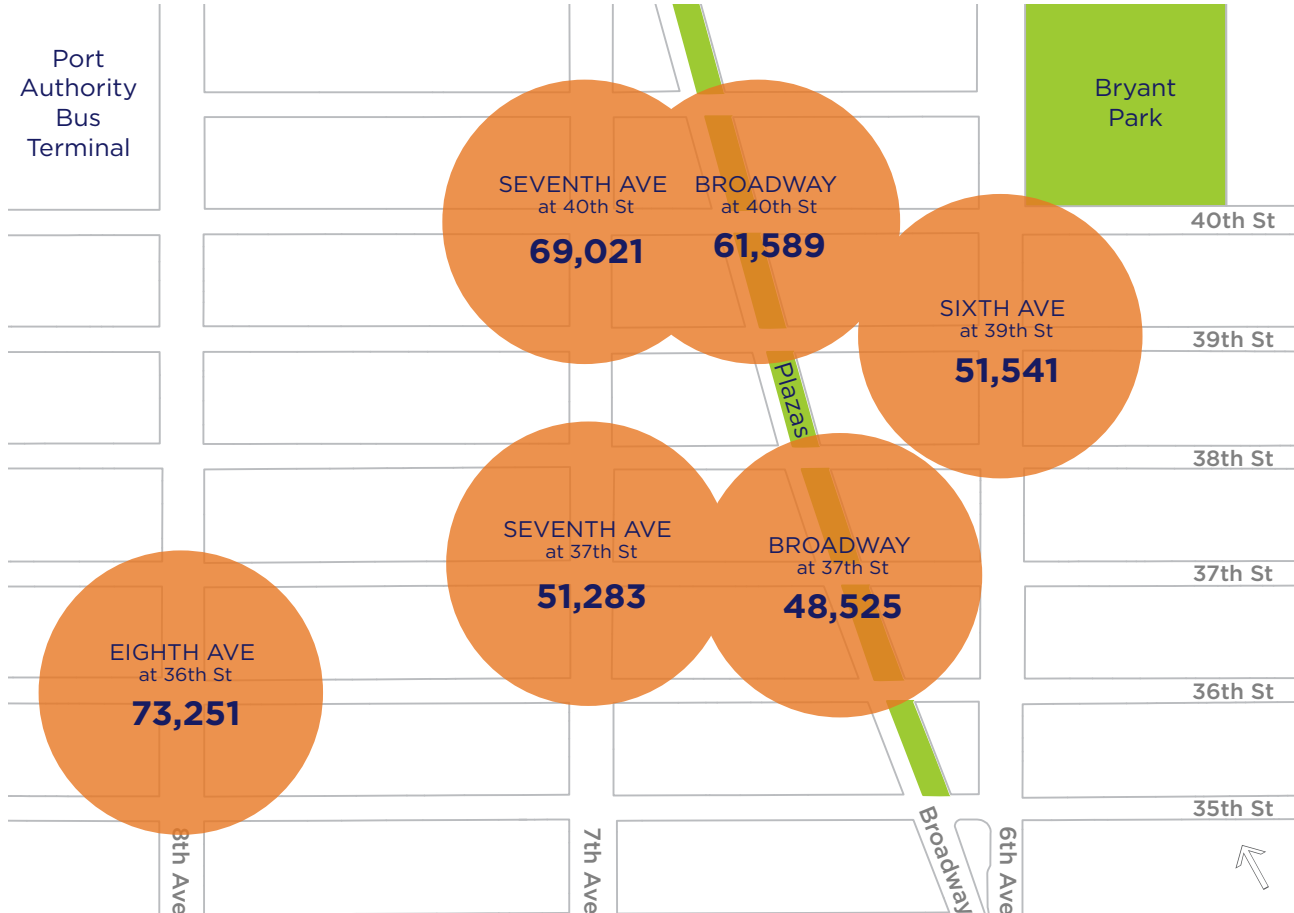
TOTAL QUARTERLY PEDESTRIAN VOLUMES, 2019 - 2022



Source: Springboard



WEIGHTED WEEKDAY AVERAGE PEDESTRIAN COUNTS, JULY - SEPT 2022



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

Employment

KEY INSIGHTS

- » The COVID-19 pandemic drove a loss of nearly 18,000 jobs in the District in 2020. Although not resurging, total employment saw a 2% gain, between 2020 and 2021.
- » There were large gains in New York City for leisure and hospitality, showing an overall trend of increased tourism.
- » Continued loss of Financial Services employment since the pandemic, -7.9% in 2020 and -5.0% in 2021.
- » Significant gains in Trade, Transportation, & Utilities (+4.0%), Professional & Business Services (+5.0%), Leisure & Hospitality (+3.8%).
- » The largest employment sector in the neighborhood remains Professional and Business Services, with over 50,000 jobs.
- » The decline of Manufacturing employment, exacerbated by the pandemic, has reduced the industry's foothold in the district to under 3% of total 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 - 2021

	2000	2019	2020	2021	1-yr. Change	Since 2000
Natural Resources, Mining and Construction	2,157	6,143	5,220	4,917	-5.8%	128.0%
Manufacturing	17,079	5,078	3,383	3,438	1.6%	-79.9%
Trade, Transportation, and Utilities	26,691	25,200	20,710	21,547	4.0%	-19.3%
Information	-	9,796	10,289	10,220	-0.7%	-
Financial Services	6,362	11,893	10,959	10,416	-5.0%	63.7%
Professional and Business Services	18,224	52,915	48,049	50,465	5.0%	176.9%
Education and Health Services	5,439	10,749	10,769	10,731	-0.4%	97.3%
Leisure and Hospitality	2,209	11,629	6,194	6,430	3.8%	191.1%
Other Services	1,587	7,411	5,929	5,462	-7.9%	244.2%
Government	-	-	1,432	1,418	-1.0%	-
Total Employment	89,267	141,091	123,203	125,376	1.8%	40.5%

Source: NY State Dept. of Labor

KEY INSIGHTS

The Garment District is facing an uncertain economic future unless the city embraces the widely accepted planning principles of mixed use in neighborhoods, including office, live/work, residential and retail. A recent report, conducted for the GDA by BFJ Planning in association with Urbanomics, analyzed post-pandemic trends in the office market and their effects on the District. Data revealed how residential conversions could be the catalyst for recovery. The report also further details the market basis, residential development potential, and zoning and tax recommendations to support the rationale for a zoning change to allow for residential conversions.

Garment District Challenges

- » Historically a single industry district, opportunity for growth is limited, as garment manufacturing now occupies less than 2% of Garment District space.
- » The vacancy rate is 17%, with no discernable market expected to alleviate that trend.
- » Dominated by Class B and C office buildings, the neighborhood cannot compete with the massive amount of new office space surrounding the district, making it difficult to find or retain tenants.
- » Least number of residents per acre in the five boroughs of New York City.
- » Without residential, ground floor retail is not sustainable.
- » Without a robust public realm, crime will continue to increase and quality of life challenges continue to dominate the neighborhood.
- » Severe office vacancy, retail decline, and quality of life concerns call for a proactive and holistic approach.

Opportunities

The Garment District is the key to Midtown's pandemic recovery.

The Garment District is the gateway to NYC for millions of tourists and commuters.

- » 1.7 million daily transit riders
- » 220 million pedestrians
- » 3 million hotel visitors a year (20% of Manhattan office supply)

The Garment District presents a solution to NYC's severe housing crisis.

Potential Benefits of Residential



Add more than 3000 new residential units over the next 10 years (6500 over 25 years)



Activate unutilized space



Foster an active, safer, 24/7 community



Spur investment in streetscape and public realm



Support retail recovery

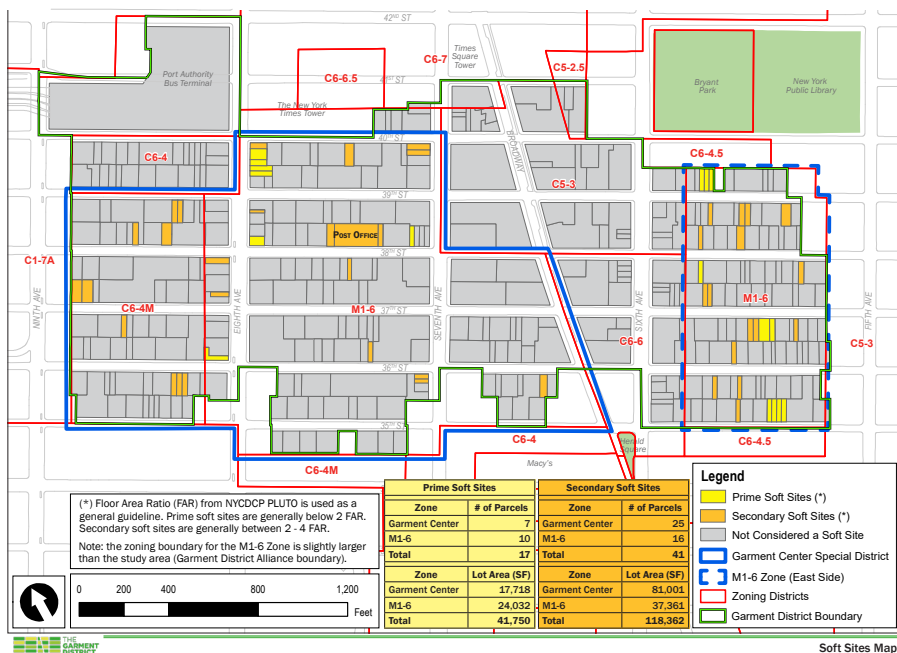
Residential Study

GARMENT DISTRICT FAR ANALYSIS



Much of the neighborhood exceeds current allowable FAR, making residential conversions much more likely than demolition and new development.

SOFT SITES FOR POTENTIAL DEVELOPMENT



Scattered soft sites could potentially support new residential development.



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: Broadway Plaza

Back: Broadway and 38th Street at night

Photos by Alexandre Ayer/Diversity Pictures unless otherwise noted

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