

Economic Quarterly Report



2nd Quarter 2023



OFFICE

KEY INSIGHTS

- » The data presented here are based on a limited sample of leasing activity as reported to CompStak. Due to the impact of the pandemic, averages are more easily influenced by sample size and outliers than usual.
- » According to Kastle Systems, NYC office occupancy has hovered around 60% in Q2, with NYC occupancy slightly below the national average. Houston (69.0%) is at the top, with Philadelphia (47.9%) at the bottom. Office occupancy is slightly higher from 55-58% in Q1.
- » Location, amenities, size, age, and quality of the space and building all impact prices.
- » CBRE reports Midtown Q2 2023 leasing activity increased 27% more from Q1 2023, but was still 36% lower than Q2 2022 data. The office vacancy rate was 14.1% for Q2, a 0.1% increase from last quarter. The midtown market growth rate is lower than the Manhattan market average.
- » Anecdotal reports from individual owners indicate that rents may differ from what is included here.

Recent office leases in the Garment District include:

BCI Brands
51,600 SF
530 7th Avenue

Flagstar Bank
313,109 SF
1400 Broadway

Merryl Diamond
22,000 SF
1375 Broadway

Inmar Intelligence
14,093 SF
1359 Broadway

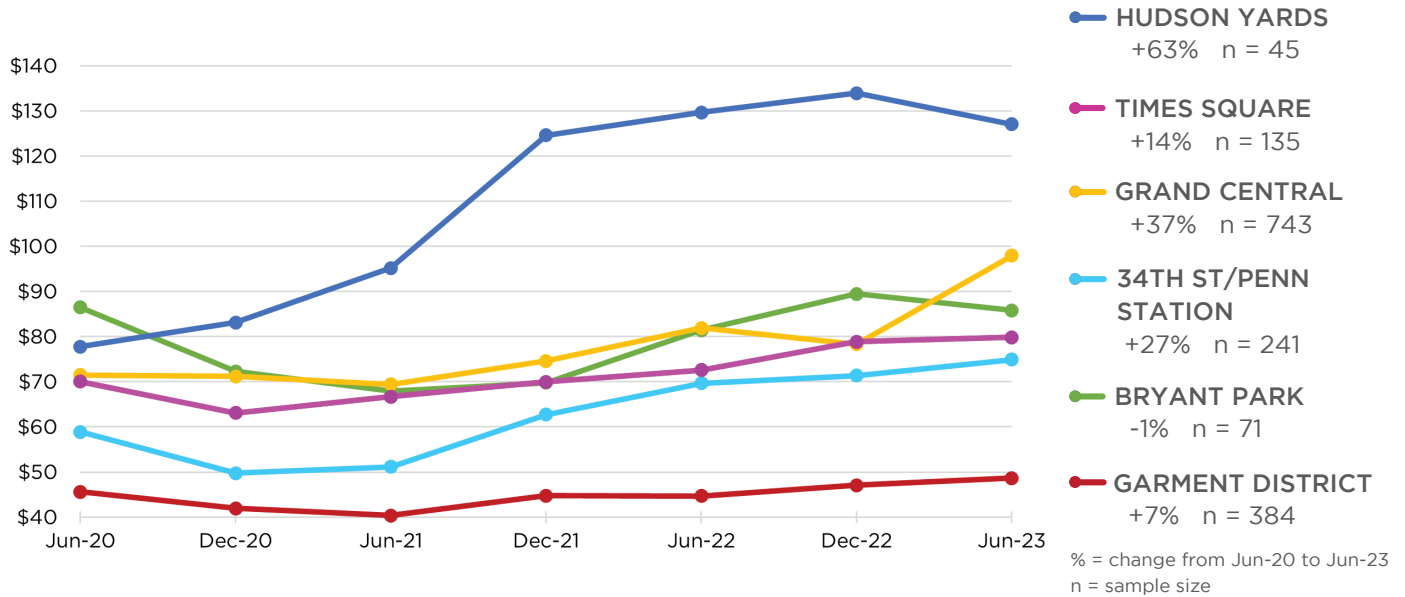
* Kastle System data does not include all offices in the region, thus occupancy rate may differ from market average.

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS PER SF



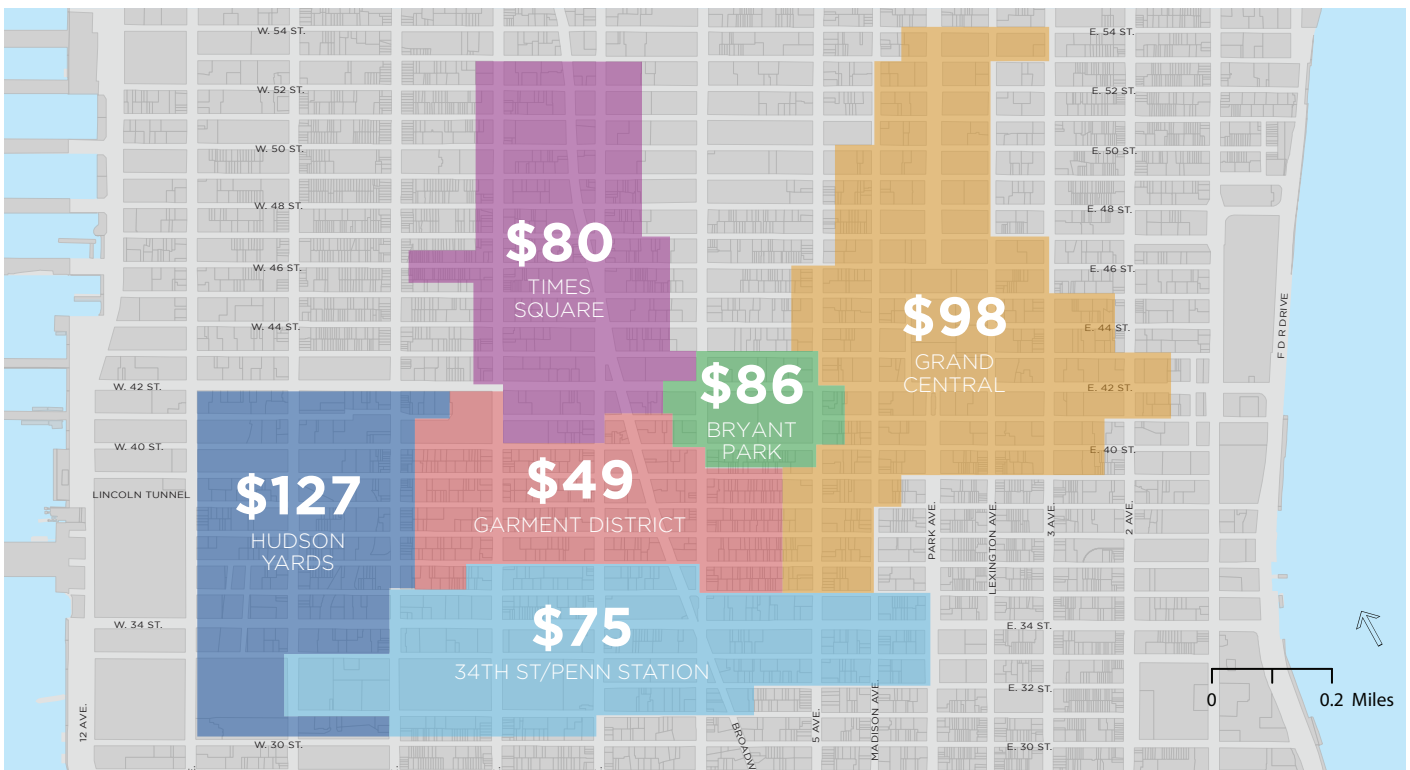
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING OFFICE RENTS PER SF



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

AVERAGE STARTING OFFICE RENTS PER SF, JUNE 2023

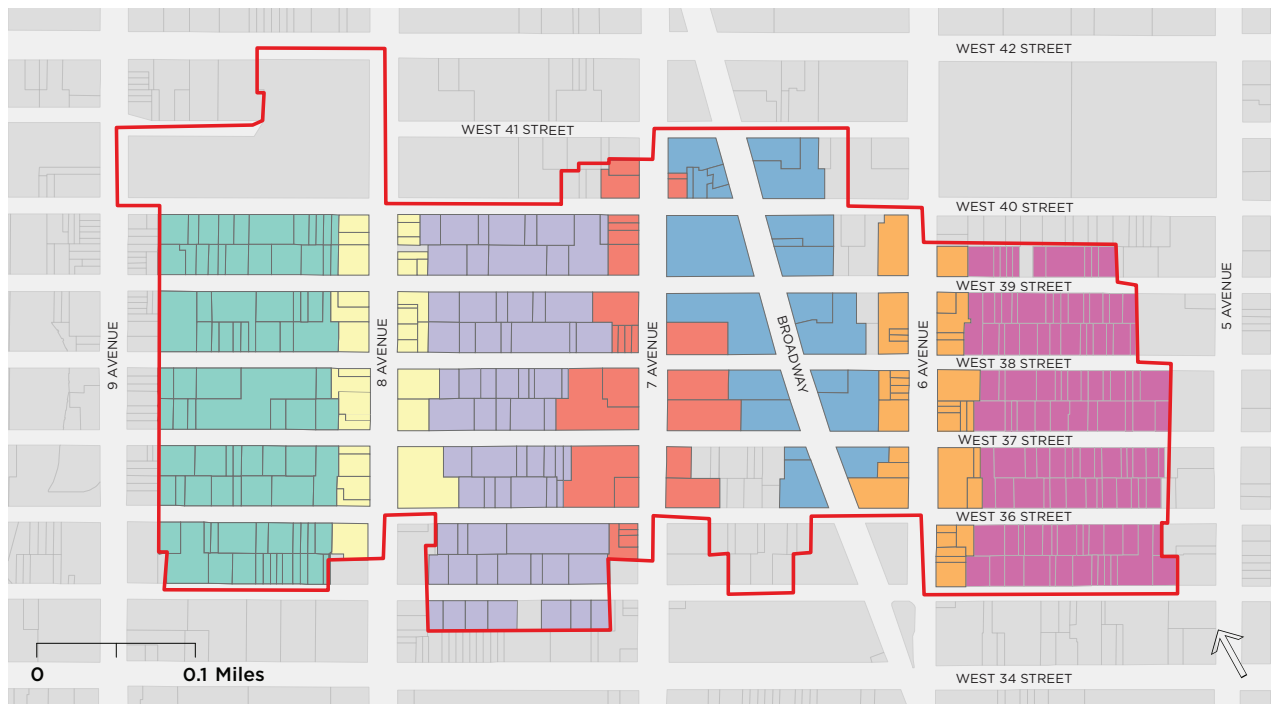


Actual BID boundaries vary slightly from neighborhood boundaries shown. Source: CompStak, Inc.

OFFICE

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS BY LOCATION

	Sample Size	June 2021 (\$/SF)	June 2022 (\$/SF)	June 2023 (\$/SF)	2-yr. Change
 8th-9th Ave Side Streets	20	\$31.58	\$34.72	\$34.73	+9.1%
 Eighth Avenue	12	\$37.15	\$34.38	\$34.80	-6.8%
 7th-8th Ave Side Streets	23	\$32.94	\$34.48	\$36.05	+8.6%
 Seventh Avenue	36	\$46.87	\$44.83	\$48.82	+4.0%
 Broadway	77	\$59.32	\$63.45	\$66.94	+11.2%
 Sixth Avenue	20	\$50.02	\$54.10	\$51.42	+2.7%
 5th-6th Ave Side Streets	22	\$36.41	\$40.32	\$40.22	+19.8%
 District Average	210	\$40.33	\$42.68	\$42.76	+5.7%



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

THE GARMENT DISTRICT ALLIANCE



1410 Broadway, New York, NY 10018

RETAIL

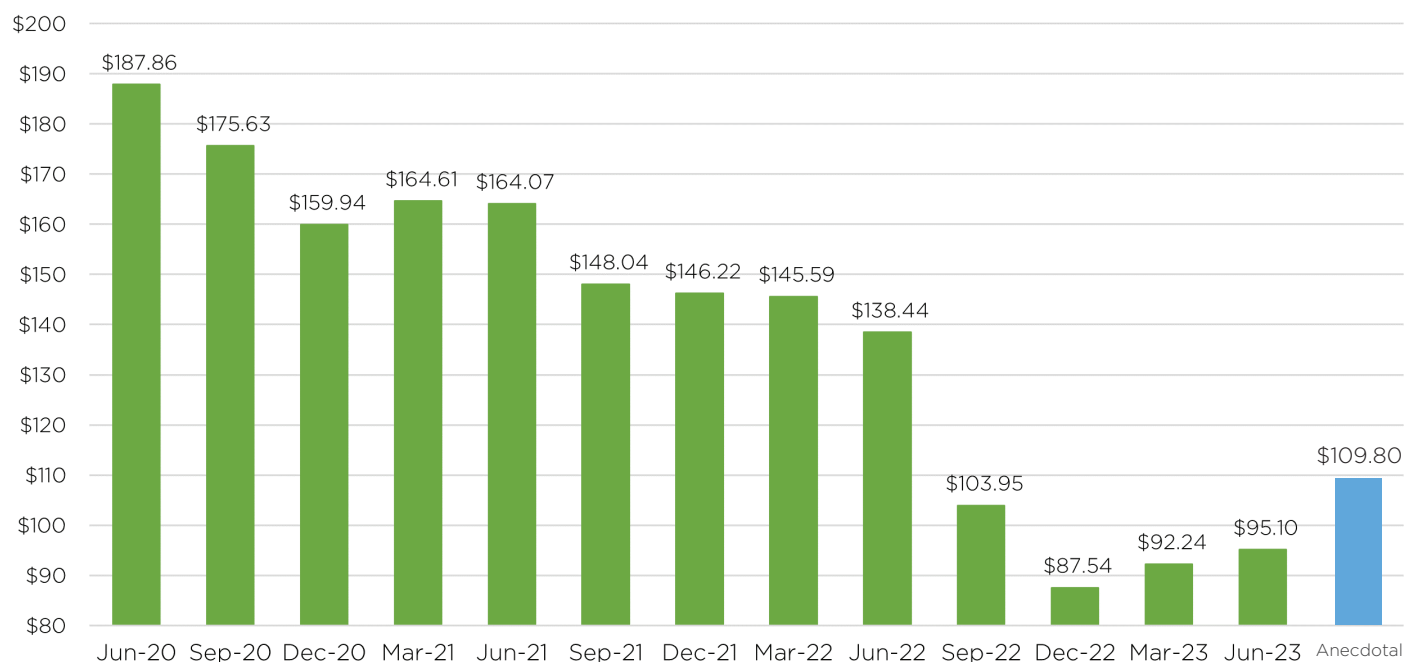
KEY INSIGHTS

- » Garment District retail rents remain significantly below pre-Pandemic levels. Overall Manhattan rents are down 49% from three years ago, and have fluctuated but overall decreased 31% from one year ago.
- » Outer boroughs witness continuing increase in retail rents: Rents in Brooklyn are 12% higher compared to the July 2019 average, Bronx 57%, Queens 5%, according to Compstak. Remote working has partially strengthened retail in residential neighborhoods.
- » As with offices, retail data can be easily impacted by outliers and sample size. This is noticeable in Times Square, which saw an uptick in retail metrics during Q2 of 2022 due to high value leases. However, averages declined in the following 2 quarters.
- » For the last 6 months, retail rents in the District have slowly and steadily increased, but vary depending on location, amenities, size, age, and quality of the space and building.
- » Anecdotal reports from individual owners indicate that rents may differ from what is included here.

Recent retail leases in the Garment District include:

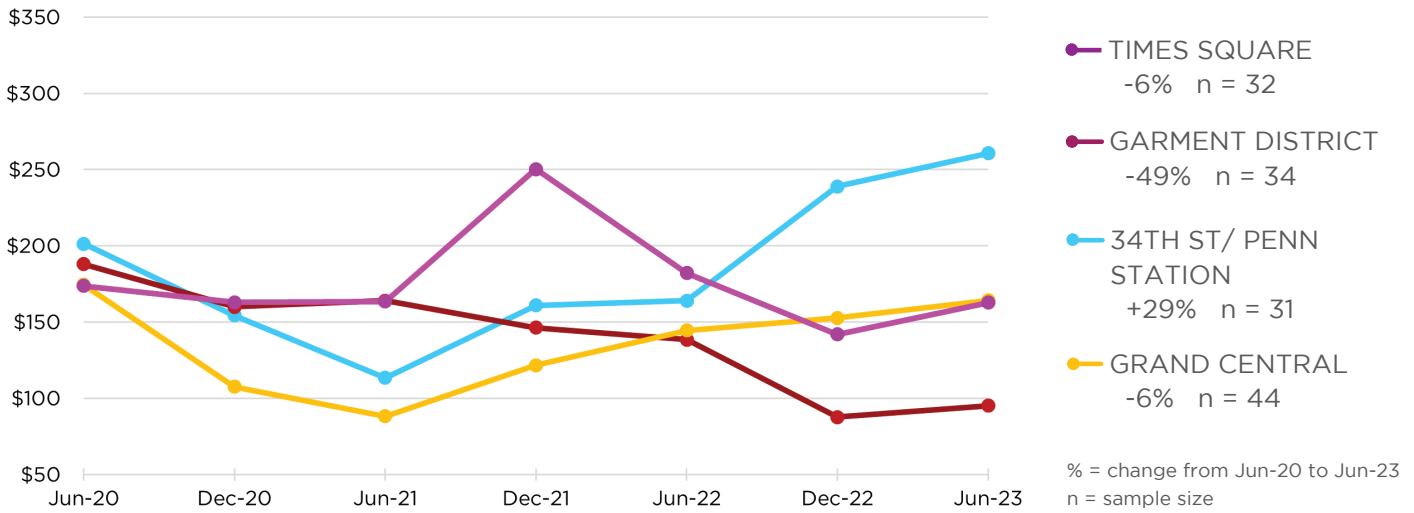
Pret a Manger 1410 Broadway	Geox 1410 Broadway
Zoomo 252 West 38th St	

GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



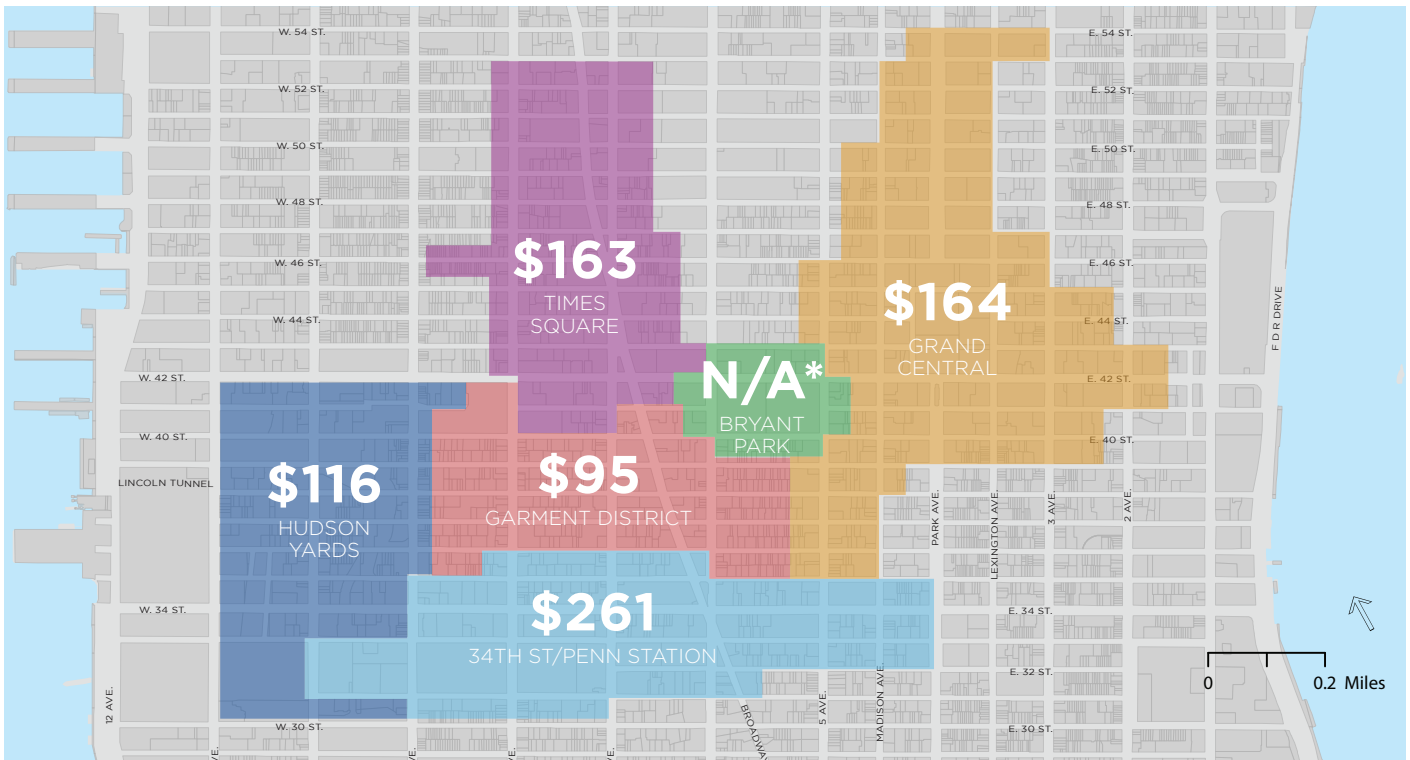
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING RETAIL RENTS PER SF



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

AVERAGE STARTING RETAIL RENTS PER SF, JUNE 2023



*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
466 - 1,687 SF
MASONRE

2. 1001 SIXTH AVE
843 - 4,249 SF
ABS PARTNERS REAL ESTATE

3. 1010 SIXTH AVE
1,050 - 1,100 SF
JTRE

4. 1015 SIXTH AVE
750 SF
MERIDIAN CAPITAL GROUP

5. 1021 - 1039 SIXTH AVE
1,051 SF
NEWMARK

6. 1040 SIXTH AVE
2,255 SF
JLL/ CBRE

7. 1359 BROADWAY
3,187 SF
RIPCO REAL ESTATE

8. 1369 BROADWAY
4,449 SF
MILLENNIUM REALTY GROUP

9. 1372 BROADWAY
500 - 2,182 SF
JLL

10. 1375 BROADWAY
1,050 SF
CUSHMAN & WAKEFIELD

11. 1400 BROADWAY
1,591 SF
RIPCO REAL ESTATE/EMPIRE
STATE REALTY TRUST

12. 1407 BROADWAY
446 - 4,473 SF
JLL

13. 1411 BROADWAY
850 - 1,439 SF
CUSHMAN & WAKEFIELD/ CBRE

14. 1412 BROADWAY
1,785 - 4,616 SF
LEE & ASSOCIATES

15. 1435 BROADWAY
3,500 SF
SOLIL MANAGEMENT

16. 1440 BROADWAY
1,745 - 16,760 SF
CBRE/ JLL

17. 1450 BROADWAY
750 SF
ZG CAPITAL PARTNERS LLC

18. 498 SEVENTH AVE
1,770 SF
GEORGE COMFORT & SONS

19. 501 SEVENTH AVE
805 - 2,048 SF
CBRE

20. 525 SEVENTH AVE
2,250 - 5,443 SF
JLL

21. 526 SEVENTH AVE
2,950 SF
MJ PROPERTY GROUP

22. 566 SEVENTH AVE
6,500 SF
PLATINUM PROPERTIES

23. 554-568 EIGHTH AVE
600 - 12,500 SF
THE EXPANSION GROUP INC

24. 584 EIGHTH AVE
1,000 - 1,700 SF
ISA REALTY GROUP

25. 601 EIGHTH AVE
383 - 7,512 SF
KASSIN SABBAGH REALTY

26. 619-649 EIGHTH AVE (PORT
AUTHORITY BUS TERMINAL)
196 - 4,504 SF
JRT REALTY GROUP

27. 23 W 35TH ST
6,915 SF
PD PROPERTIES

28. 25 W 35TH ST
7,966 SF
PD PROPERTIES

29. 29 W 35TH ST
3,900 - 8,200 SF
UNITED GROUP

30. 35 W 35TH ST
2,500 - 6,000 SF
PD PROPERTIES

31. 41 W 35TH ST
2,000 SF
PD PROPERTIES

32. 213 W 35TH ST
3,900 SF
JUSTIN MANAGEMENT

33. 237 W 35TH ST
2,535 SF
SOMERSET MANAGEMENT LTD

34. 253 W 35TH ST
800 - 2,700 SF
ADAMS & COMPANY

35. 11 W 36TH ST
2,500 SF
RESCO PROPERTIES INC

36. 20 W 36TH ST
2,744 - 6,894 SF
CBRE

37. 23 W 36TH ST
1,400 SF
ABS PARTNERS REAL ESTATE

38. 35 W 36TH ST
1,921 - 2,264 SF
RUDDER PROPERTY GROUP

39. 43-51 W 36TH ST
2,500 - 13,000 SF
INTREPID REAL ESTATE

40. 142-148 W 36TH ST
1,770 SF
CUSHMAN & WAKEFIELD

41. 229W 36TH ST
5,680 - 9,243 SF
JLL

42. 241W 36TH ST
2,602 - 7,507 SF
KERA & GRAUBARD ESQS

43. 255 W 36TH ST
3,500 SF
FREDDY SROUR INC

44. 256-258 W 36TH ST
3,000 SF
WINDSOR MANAGEMENT

45. 260 W 36TH ST
9,500 SF
LEE & ASSOCIATES

46. 356-360 W 36TH ST
700 SF
LEE & ASSOCIATES

47. 37 W 37TH ST
3,803 SF
KOEPEL ROSEN LLC

48. 40 W 37TH ST
1,950 SF
PARK RIDGE INTERNATIONAL INC

49. 148 W 37TH ST
2,500 SF
ADAMS & COMPANY

50. 218 W 37TH ST
3,500 SF
MJ PROPERTY GROUP

51. 226 W 37TH ST
5,600 SF
DOUGLAS ELLIMAN

52. 336-342 W 37TH ST
1,800 - 3,000 SF
IGS REALTY CO

53. 350 W 37TH ST
800 - 3,000 SF
WINICK REALTY GROUP

54. 38 W 38TH ST
1,000 SF
MICHEAL BENJI

55. 42 W 38TH ST
256 SF
E REALTY INTERNATIONAL GROUP

56. 49 W 38TH ST
1,921 - 3,804 SF
ABS PARTNERS REAL ESTATE

57. 57 W 38TH ST
1,000 - 4,000 SF
JUYI, INC./CORBETT & DULLEA

58. 203-205 W 38TH ST
2,500 - 5,000 SF
LEE, JOHN S (INDIVIDUAL)

59. 228 W 38TH ST
1,800 - 2,000 SF
WINICK REALTY GROUP

60. 306 W 38TH ST
6,000 SF
GREENFIELD REAL ESTATE

61. 330 W 38TH ST
4,500 SF
EJMB COMMERCIAL LLC

62. 15 W 39TH ST
6,200 SF
OKADA & COMPANY

63. 108 W 39TH ST
778 - 2,916 SF
JOSEPH P. DAY REALTY CORP.

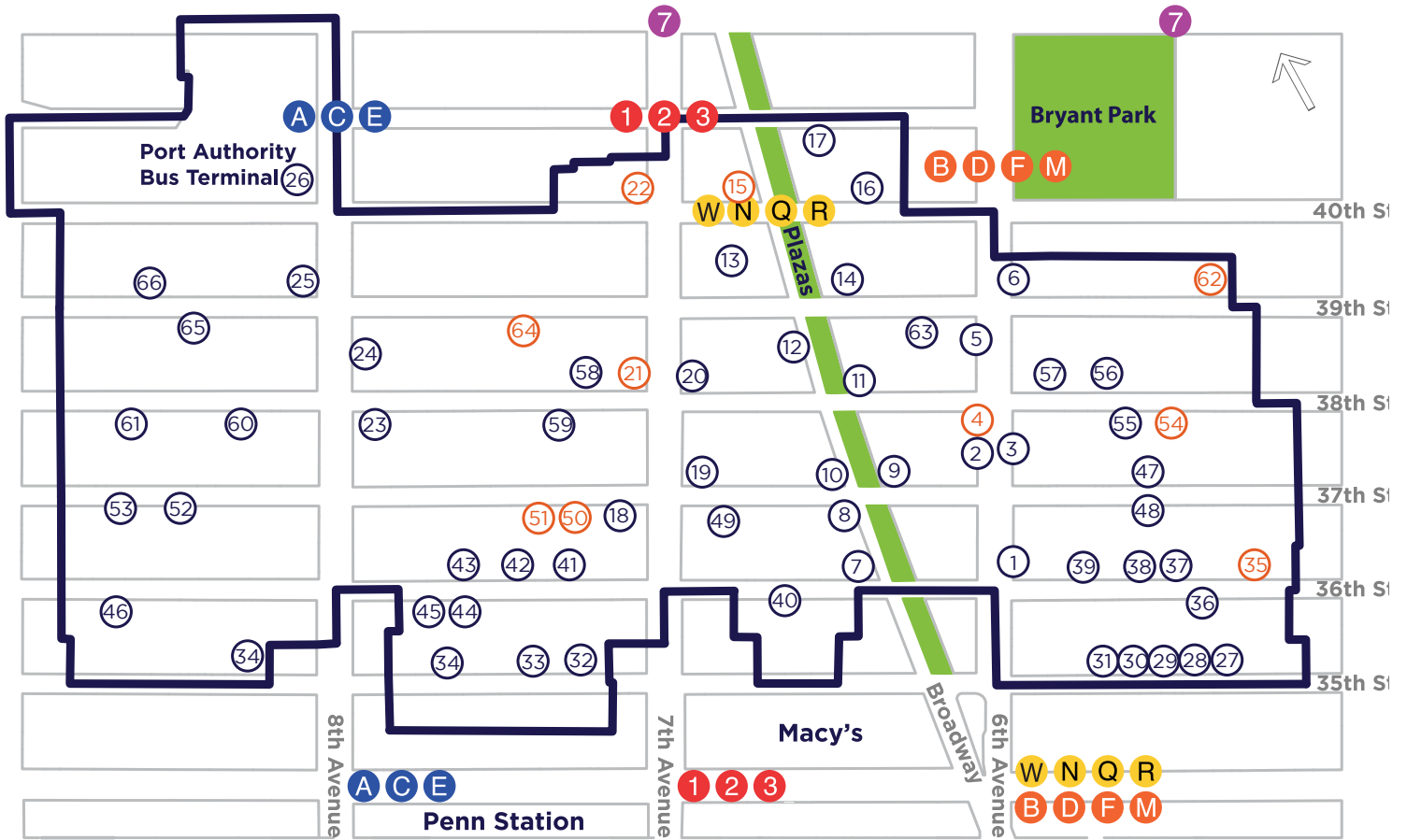
64. 230 W 39TH ST
4,500 SF
THE ASTON GROUP

65. 318 W 39TH ST
9,800 SF
GFP REAL ESTATE LLC

66. 333 W 39TH ST
3,350 SF
NEWMARK

* RETAIL VACANCY ON UPPER
FLOOR

THE GARMENT DISTRICT ALLIANCE



Source: CoStar



M&J Trimming, 1008 6th Ave, New York, NY 10018

HOTELS

KEY INSIGHTS

- » There are 56 hotels in the Garment District, representing 12,098 rooms and 19% of Midtown's supply. New hotels and the reopening of those temporarily closed have brought the District to an all-time high room count.
- » Construction has been completed for the hotel at 317-319 W 35th St which will soon add 166 new rooms.
- » Three additional hotels are currently under construction, and are expected to add 405 rooms to the District.
- » Tourism continued to increase in Q2 2023. Occupancy rates averaged 89.2%, peaking at 90.7% in June. For comparison, the average occupancy rate in Q2 2019 was 90.6%.
- » Occupancy rates were slightly lower than Q2 2019, though given the expanded number of hotels in the District, Q2 2023 had more hotel demand. A comparison of Q2 of each year shows 2023 with 937,689 stays, 2022 with 881,765 stays, 2021 with 500,361 stays, 2020 with 285,547 stays, and in 2019 with 825,825 stays.
- » Hotel occupancy for the city overall reached 94% of pre-pandemic levels by the end of June 2023, maintaining the highest rates of any major market in the country, with room rates higher than any other US market outside of Kauai, Maui, and the Florida Keys.
- » By 2024 New York is expected to exceed 2019 numbers.



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

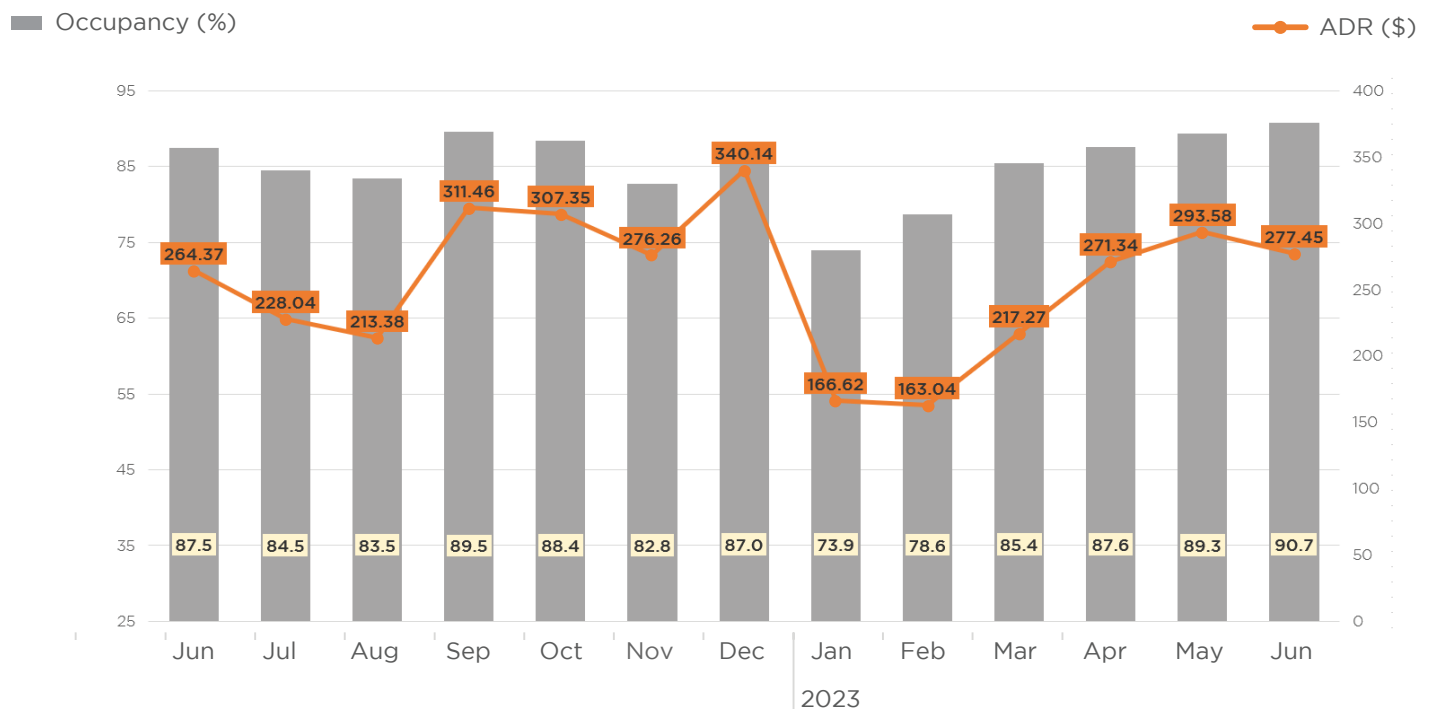
REVPAR, OCCUPANCY, & ADR COMPARISON, JUNE 2022 & 2023

	Revenue Per Available Room (RevPAR)			Occupancy		Average Daily Rate (ADR)	
	Jun 2022	Jun 2023	Pct. Change	Jun 2022	Jun 2023	Jun 2022	Jun 2023
Garment District	\$231	\$252	+8.8%	87.5%	90.7%	\$267	\$277
Midtown South*	\$237	\$250	+5.6%	85.8%	86.1%	\$276	\$291
Midtown East	\$276	\$285	+3.5%	80.4%	82.8%	\$343	\$345
Midtown West/Times Square*	\$262	\$285	+8.8%	82.4%	85.5%	\$318	\$334
Financial District	\$240	\$257	+7.4%	83.3%	84.4%	\$288	\$305
Uptown	\$328	\$332	+1.3%	80.6%	79.9%	\$407	\$416
Village/SoHo/Tribeca	\$306	\$289	-5.5%	85.2%	85.3%	\$360	\$339

*Garment District data is included in this area

Source: STR

OCCUPANCY & AVERAGE DAILY RATE IN GARMENT DISTRICT, 2022-2023



PEDESTRIAN COUNTS

KEY INSIGHTS

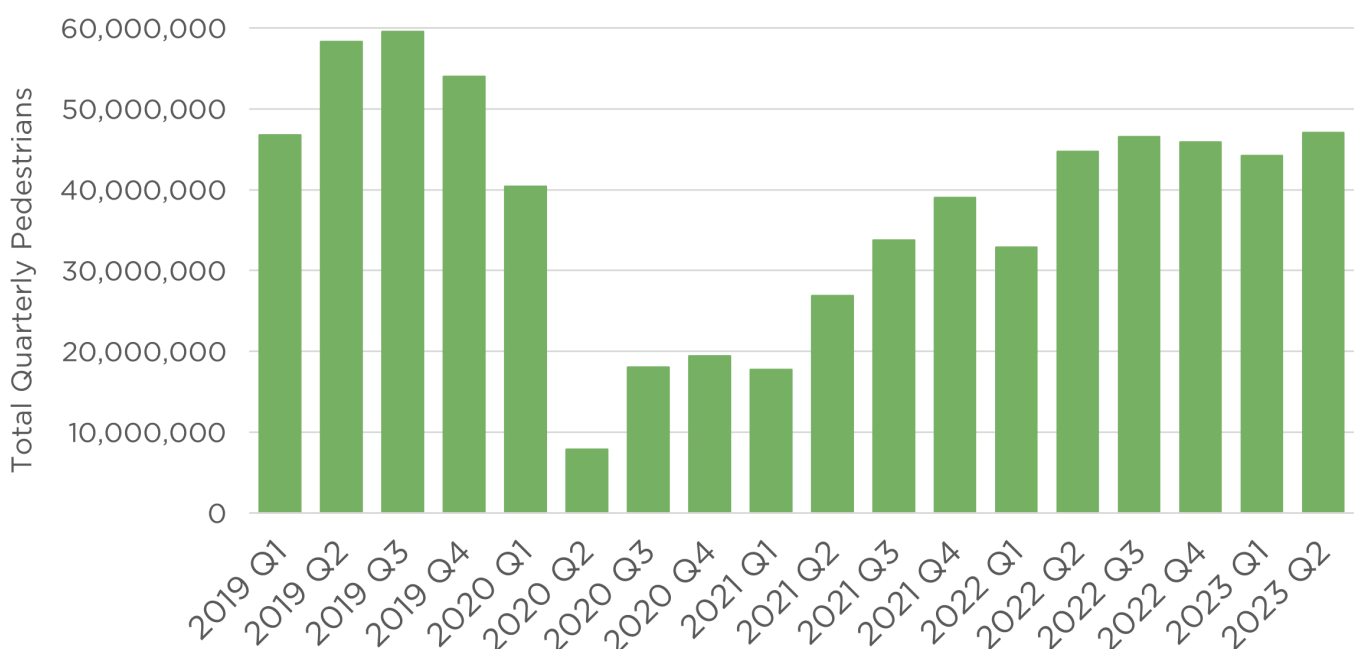
Pedestrian volumes have stabilized into a pattern that resembles the seasonal trend seen prior to COVID-19, with counts averaging roughly 90% of 2019. According to a Feb 2023 Partnership for NYC analysis, on average, 9% of Manhattan office workers are in the office 5 days a week, 15% are in 4 days, 35% are in 3 days, and 10% are fully remote. The NYC subway and regional railroads are averaging 65% of 2019 ridership on weekdays, but significantly higher on weekends, with Times Sq-42nd St Station having the highest ridership rates in the city.

MONTHLY PEDESTRIAN VOLUMES SINCE MAY 2022

	Total Count	Change from 2020	Change from 2019
May 2023	14.5 million	+530%	-19%
March 2023	19.3 million	+122%	-0.03%
January 2023	12.1 million	-14%	-0.1%
November 2022	17.3 million	+193%	+10%
September 2022	14.5 million	+88%	-37%
July 2022	14 million	+169%	-24%
May 2022	13.7 million	+496%	-23%

Source: Springboard

TOTAL QUARTERLY PEDESTRIAN VOLUMES, 2019 - 2023



Source: Springboard



Broadway Squeeze

WEIGHTED WEEKDAY AVERAGE PEDESTRIAN COUNTS, APR - JUN 2023



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



Broadway Rhythm



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#GarmentDistrict



Source: Matt Rade, instagram@MattRadePhotography

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)

Back: Crowd shot of Broadway MP3 Experiment
Photos by Alexandre Ayer/Diversity Pictures unless otherwise noted

Published Aug 2023