Economic Quarterly Report



3rd Quarter 2023



OFFICE

KEY INSIGHTS

- » The data presented here are based on a limited sample of leasing activity as reported to CompStak. Averages can be influenced by sample size and outliers.
- According to Kastle Systems, NYC office occupancy has hovered around 50% in Q2, with NYC occupancy slightly below the national average. Houston (61.0%) is at the top, with Philadelphia (42.3%) at the bottom. Office occupancy slightly decreased from previous quarters.
- » Location, amenities, size, age, and quality of the space and building all impact prices.

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

- » CBRE reports Midtown Q3 2023 leasing activity increased 13% more from Q2 2023, but was 35% lower than Q3 2022 data. The office vacancy rate was 13.4% for Q3, a 5.1% 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:

PMC Treasury 3,700 SF 27 West 36th St Ambient Enterprises 17,000 SF 498 7th Ave

Kering Eyeware 4,109 SF 1450 Broadway

Doordash 47,000 SF 1385 Broadway



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	Sep 2021 (\$/SF)	Sep 2022 (\$/SF)	Sep 2023 (\$/SF)	2-yr. Change
8th-9th Ave Side Streets	41	\$33.17	\$33.10	\$34.83	+4.8%
Eighth Avenue	20	\$37.04	\$33.59	\$33.36	-6.8%
7th-8th Ave Side Streets	48	\$33.92	\$35.31	\$33.69	+8.6%
Seventh Avenue	45	\$45.50	\$45.88	\$45.11	+4.0%
Broadway	106	\$46.90	\$57.21	\$57.01	+17.7%
Sixth Avenue	35	\$51.81	\$54.60	\$52.49	+1.3%
5th-6th Ave Side Streets	32	\$37.37	\$36.96	\$35.05	-6.6%
District Average	210	\$40.82	\$42.38	\$41.65	+2.0%



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

THE GARMENT DISTRICT ALLIANCE



550 7th Ave, New York, NY 10018

RETAIL

KEY INSIGHTS

- » Garment District retail rents remain significantly below pre-Pandemic levels. Overall Manhattan asking rents are down around 40% from prepandemic levels, but have increased 9.2% year-over-year and 2.7% from last quarter.
- » Outer boroughs are seeing continued increases in retail rents: Rents in Brooklyn are 23% higher than the 2019 averages, Bronx 14%, Queens 9%, according to TRD. 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 Hudson Yards, which saw an uptick in retail

metrics last September due to a small number of high value leases. However, averages have declined since then.

- » For the last 6 months, retail rents in the District have slowly and steadily decreased, 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:

Venchi US 16 West 36th St TAIM Kitchen 1372 Broadway

Burgermania 68 West 39th St Latitude 39 306 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

E. 54 ST. W. 54 ST. W. 52 ST. E. 52 ST w. 50 S1 E. 50 ST. W. 48 ST. E. 48 ST E. 46 ST W. 44 ST DR W. 42 ST. W. 40 ST 69 LINCOLN TUNNE AVE A.E. PARP R W. 34 ST 4 E. 32 ST 0 0.2 Miles 12 AVE. E. 30 ST. W. 30 ST

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 525 - 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. 1017 SIXTH AVE 1.500 SF 45 W 37TH ST REALTY CORP

6. 1021 - 1039 SIXTH AVE 1,051 SF NEWMARK

7. 1040 SIXTH AVE 2,255 SF JLL/ CBRE

8.1359 BROADWAY 3,187 SF **RIPCO REAL ESTATE**

9.1369 BROADWAY 4 449 SF MILLENNIUM REALTY GROUP

10. 1372 BROADWAY 500 - 2.182 SF JLL

11. 1375 BROADWAY 1.050 SF **CUSHMAN & WAKEFIELD**

12. 1400 BROADWAY 1,591 SF **RIPCO REAL ESTATE/EMPIRE** STATE REALTY TRUST

13. 1407 BROADWAY 446 - 4,473 SF JEL

14 1411 BROADWAY 850 - 1.439 SF CUSHMAN & WAKEFIELD/ CBRE

15. 1412 BROADWAY 1,785 - 4,616 SF LEE & ASSOCIATES

16. 1435 BROADWAY 3.500 SF SOLIL MANAGEMENT

17. 1440 BROADWAY 1.745 - 16.760 SF CBRE/ JLL

18. 1450 BROADWAY 750 SF ZG CAPITAL PARTNERS LLC

19. 498 SEVENTH AVE 1,770 SF **GEORGE COMFORT & SONS**

20. 501 SEVENTH AVE 805 - 2,048 SF CBRE

21. 525 SEVENTH AVE 2,250 - 5,443 SF JLL

22. 566 SEVENTH AVE 6.500 SF PLATINUM PROPERTIES

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

24. 601 EIGHTH AVE 383 - 7.512 SF KASSIN SABBAGH REALTY

25. 619-649 EIGHTH AVE (PORT AUTHORITY BUS TERMINAL) 196 - 4,504 SF JRT REALTY GROUP

26. 23 W 35TH ST 6.915 SF PD PROPERTIES

27. 25 W 35TH ST 7,966 SF PD PROPERTIES

28. 29 W 35TH ST 3,900 - 8,200 SF UNITED GROUP

29. 35 W 35TH ST 2,500 - 6,000 SF PD PROPERTIES

30. 41 W 35TH ST 2,000 SF PD PROPERTIES

31. 213 W 35TH ST 3,900 SF JUSTIN MANAGEMENT

32. 237 W 35TH ST 2,535 SF SOMERSET MANAGEMENT LTD

33. 253 W 35TH ST 800 - 2,700 SF ADAMS & COMPANY

34. 11 W 36TH ST 2.500 SF **RESCO PROPERTIES INC** 35. 23 W 36TH ST 1,400 SF ABS PARTNERS REAL ESTATE

36. 28 W 36TH ST 2,500 - 2,700 SF SWIFT RETAIL ADVISORS

37. 35 W 36TH ST 1,921 - 2,264 SF RUDDER PROPERTY GROUP

38. 43-51 W 36TH ST 2,500 - 13,000 SF INTREPID REAL ESTATE

39. 142-148 W 36TH ST 1.770 SF CUSHMAN & WAKEFIELD

40. 229W 36TH ST 5,680 - 9,243 SF JLL

41. 241W 36TH ST 2.602 - 7.507 SF KERA & GRAUBARD ESQS

42. 255 W 36TH ST 3.500 SF FREDDY SROUR INC

43. 256-258 W 36TH ST 3.000 SF WINDSOR MANAGEMENT

44. 260 W 36TH ST 9.500 SE LEE & ASSOCIATES

45. 356-360 W 36TH ST 700 SF LEE & ASSOCIATES

46. 8-10 W 37TH ST 2.200 SF KASSIN SABBAGH REALTY

47. 37 W 37TH ST 3.803 SF KOEPPEL ROSEN LLC

48. 40 W 37TH ST 1950 SE PARK RIDGE INTERNATIONAL INC NEWMARK

49.148 W 37TH ST 2.500 SF ADAMS & COMPANY

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

51. 232-234 W 37TH ST 1.800 SF 45 W 37TH ST REALTY CORP 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. 49 W 38TH ST 1,921 - 3,804 SF ABS PARTNERS REAL ESTATE

56. 57 W 38TH ST 1,000 - 4,000 SF JUYI, INC./CORBETT & DULLEA

57. 203-205 W 38TH ST 2,500 - 5,000 SF REQCE

58. 228 W 38TH ST 1,800 - 2,000 SF WINICK REALTY GROUP

59. 306 W 38TH ST 6.000 SF GREENFIELD REAL ESTATE

60. 344 W 38TH ST 500 SF SAJA HOLDINGS/ REQCE

61. 15 W 39TH ST 6.200 SF **OKADA & COMPANY**

62. 108 W 39TH ST 778 - 2,916 SF JOSEPH P. DAY REALTY CORP.

63. 230 W 39TH ST 4,500 SF THE ASTON GROUP

64. 318 W 39TH ST 9.800 SF GFP REAL ESTATE LLC

3 350 SE

* RETAIL VACANCY ON UPPER FLOOR

65. 333 W 39TH ST





HOTELS

KEY INSIGHTS

- There are 56 hotels in the Garment District, and 12,098 guest rooms, representing 18% of Midtown's supply. This is an all-time high room count for the Garment District.
- » 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 or renovation, and are expected to add 618 rooms to the District.
- » Garment District occupancy rates averaged 90.9% in Q3 2023, peaking at 92.1% in September. For comparison, the average occupancy rate in Q3 2019 was 92.5%.

- » Occupancy rates were slightly lower than Q3 2019, though given the expanded number of hotels in the District, Q3 2023 had 22% greater demand. A comparison of Q3 of each year shows 2023 with 965,227 stays, 2022 with 897,710 stays, 2021 with 593,461 stays, 2020 with 261,214 stays, and in 2019 with 791,997 stays.
- » Hotel occupancy for the city overall reached 86.2% by the end of August 2023, maintaining the highest rates of any major market in the country.
- » By 2024, hotel demand in New York is expected to exceed 2019 numbers.



39th St and 6th Ave, New York, NY 10018

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

	Revenue Per Available Room (RevPAR)		Occupancy		Average Daily Rate (ADR)		
	Sept 2022	Sept 2023	Pct. Change	Sept 2022	Sept 2023	Sept 2022	Sept 2023
Garment District	\$279	\$321	+15.1%	89.5%	90.7%	\$311	\$349
Midtown South*	\$287	\$332	+15.7%	87.2%	89.5%	\$330	\$371
Midtown East	\$384	\$424	+10.4%	85.1%	84.9%	\$451	\$500
Midtown West/Times Square*	\$324	\$365	+12.7%	85.8%	87.2%	\$378	\$419
Financial District	\$297	\$345	+16.2%	84.9%	89.4%	\$350	\$386
Uptown	\$415	\$465	+12.0%	83.5%	83.5%	\$498	\$557
Village/SoHo/Tribeca	\$362	\$384	+6.1%	88.3%	87.6%	\$410	\$438

*Garment District data is included in this area

Source: STR

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



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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 September 2023 Partnership for NYC analysis, on average, 12% of Manhattan office workers are in the office 5 days a week, 16% are in 4 days, 44% are in 3 days, and 6% are fully remote. The NYC subway and regional railroads are averaging 70% of 2019 ridership on weekdays, but significantly higher on weekends, with Times Sq-42nd St Station having the highest ridership rates in the city, at 65% of 2019 levels.

MONTHLY PEDESTRIAN VOLUMES SINCE MAY 2022

	Total Count	Change from 2020	Change from 2019
September 2023	14.5 million	+88%	-36%
July 2023	15.3 million	+195%	-17%
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%

TOTAL QUARTERLY PEDESTRIAN VOLUMES, 2019 - 2023



Source: Springboard

THE GARMENT DISTRICT ALLIANCE



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.

EMPLOYMENT

KEY INSIGHTS

- » The COVID-19 pandemic drove a loss of nearly 18,000 jobs in the District in 2020. Although not recovered, total employment saw a 12% gain between 2020 and 2022.
- » There were large gains in leisure and hospitality, showing an overall trend of increased tourism in New York City.
- The employment data show continued loss of Financial Services employment since the pandemic, -5.0% in 2021 and -0.3% in 2022.
- » The data show significant gains in Information (+21.3%), Education and Health Services (+21.3%), Leisure &

Hospitality (+45.8%).

- » 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.

	2000	2020	2021	2022	1-yr. Change	Since 2000
Natural Resources, Mining and Construction	2,157	5,220	4,917	5,320	8.2%	146.6%
Manufacturing	17,079	3,383	3,438	3,877	12.8%	-77.3%
Trade, Transportation, and Utilities	26,691	20,710	21,547	22,095	2.5%	-17.2%
Information	-	10,289	10,220	12,399	21.3%	-
Financial Services	6,362	10,959	10,416	10,394	-0.2%	63.4%
Professional and Business Services*	18,224	48,049	50,465	53,815	6.6%	195.3%
Education and Health Services	5,439	10,769	10,731	13,017	21.3%	139.3%
Leisure and Hospitality	2,209	6,194	6,430	9,378	45.8%	324.5%
Other Services	1,587	5,929	5,462	5,958	9.1%	275.4%
Government	-	1,432	1,418	1,383	-2.5%	-
Total Employment	89,267	123,203	125,376	138,063	10.1%	54.7%

EMPLOYEES IN CORE GDA INDUSTRIES - ZIP CODE 10018, 2000 - 2022

EMPLOYMENT



CHANGE IN PRIVATE EMPLOYMENT, COVID IMPACT



Source: NY State Dept. of Labor

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THE GARMENT DISTRICT ALLIANCE



Fashion Center Building, 525 7th Ave, New York, NY 10018



The Garment District Alliance

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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

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