

Economic Quarterly Report



4th Quarter 2023



KEY INSIGHTS

- » The data presented here are based on a limited sample of leasing activity as reported to CompStak. Averages may be influenced by sample size and outliers.
- » According to Kastle Systems, NYC office occupancy has hovered around 62% in Q4. NYC was above the national average for the highest occupied day of the week, Tuesday, but was the least (25.7%) during the lowest occupied day of the week, Friday. Austin (71.0%) was at the top, while San Jose (49%) was at the bottom overall.
- » Location, amenities, size, age, and quality of the space and building all impact prices.
- » CBRE reports Midtown South Q4 2023 leasing activity increased 36% from Q2 2023, exceeding their projected five-year quarterly average, but overall annual activity was down 26% from last year. Leasing activity rebounded to close out 2023, but availability climbed to a new high (22.5%). The office vacancy rate was 18.3% for Q4.
- » Anecdotal reports from individual owners indicate that rents may differ from what is included here.

Recent office leases in the Garment District include:

Anat Gerstein Inc. 6,994 SF 29 W 38th Street	Gardaworld 4,800 SF 499 7th Avenue
IF7 2,500 SF 256-258 W 36th St	JJMRS, LTD 11,000 SF 49 W 37th St

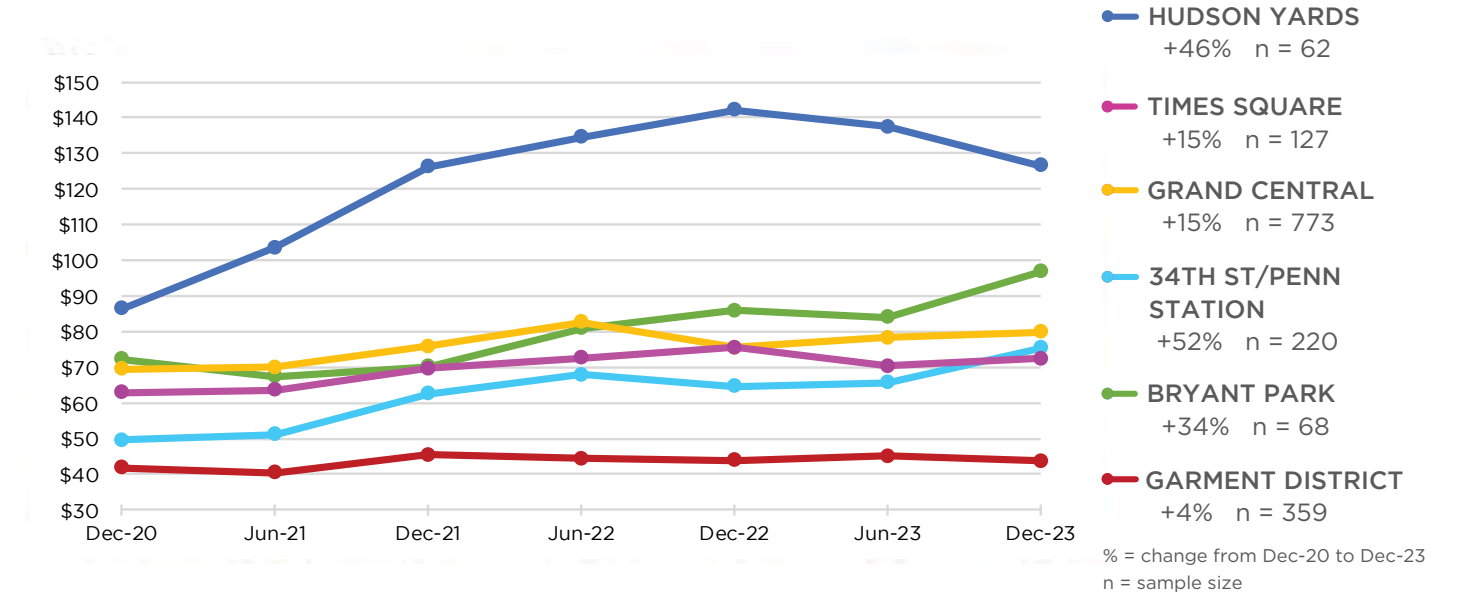
* Kastle System data does not include all offices in the region, thus occupancy rate may differ from market average.

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS PER SF



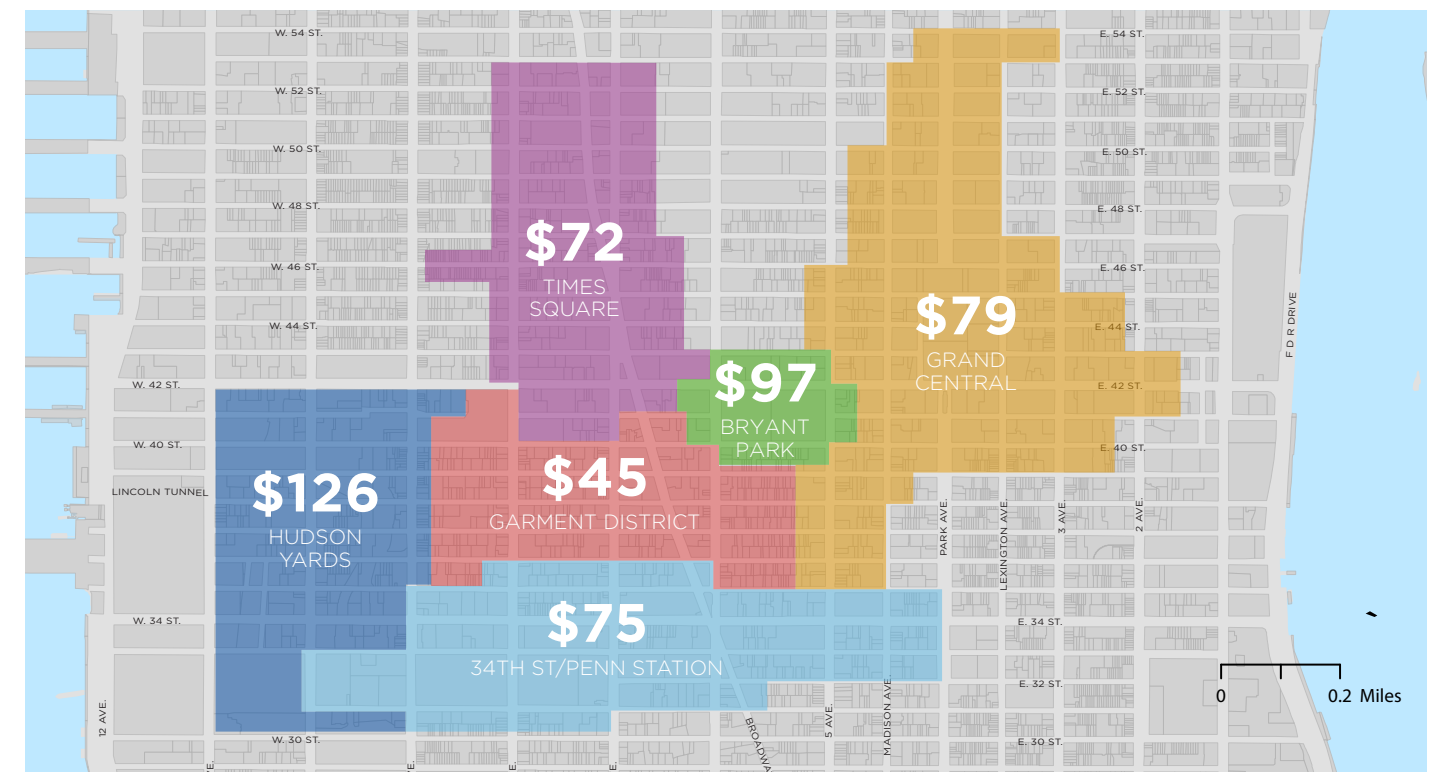
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING OFFICE RENTS PER SF



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

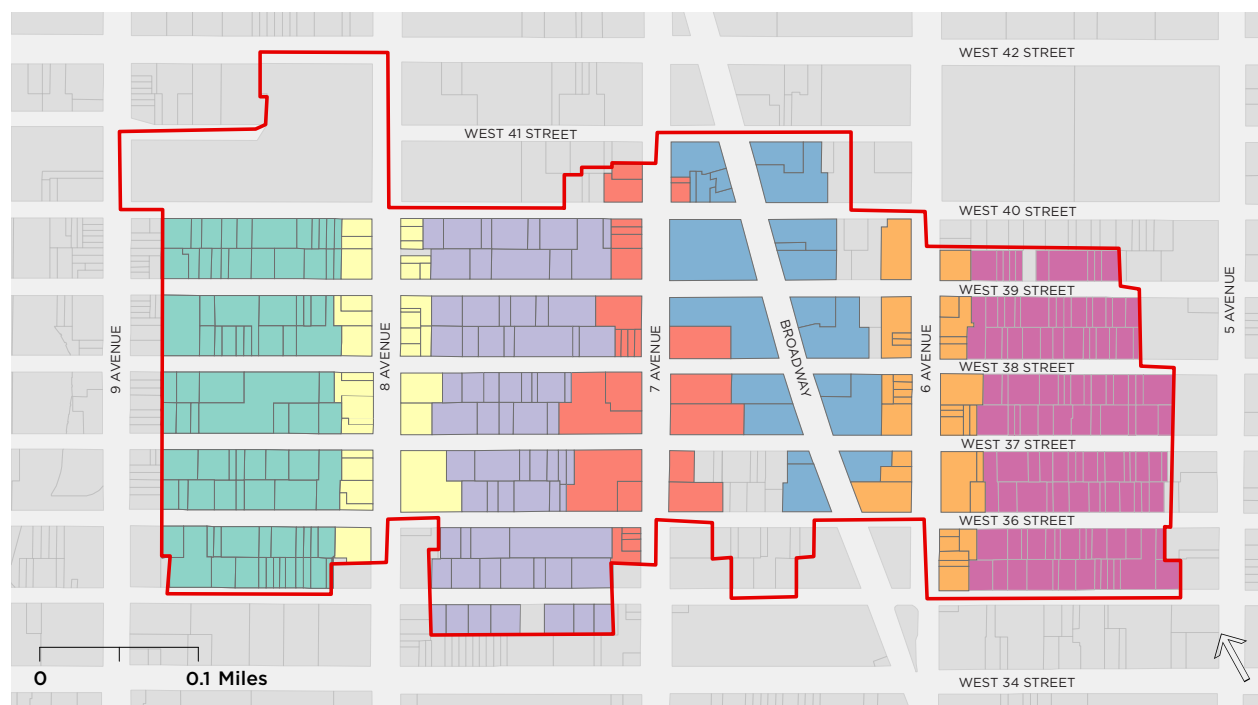
AVERAGE STARTING OFFICE RENTS PER SF, DECEMBER 2023



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

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS BY LOCATION

	Sample Size	Dec 2021 (\$/SF)	Dec 2022 (\$/SF)	Dec 2023 (\$/SF)	2-yr. Change
 8th-9th Ave Side Streets	16	\$34.50	\$32.88	\$34.42	-0.2%
 Eighth Avenue	16	\$36.92	\$34.78	\$39.45	+6.9%
 7th-8th Ave Side Streets	22	\$33.93	\$36.75	\$32.39	-4.5%
 Seventh Avenue	24	\$44.01	\$43.39	\$44.87	+1.9%
 Broadway	59	\$49.95	\$52.99	\$48.68	+2.5%
 Sixth Avenue	13	\$53.36	\$55.05	\$53.17	-0.3%
 5th-6th Ave Side Streets	24	\$38.24	\$34.17	\$36.11	-5.6%
 District Average	210	\$40.33	\$42.68	\$42.76	+5.7%



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



1410 Broadway, New York, NY 10018

KEY INSIGHTS

- » Garment District retail rents remain significantly below pre-pandemic levels. Overall Manhattan rents are down 36% from four years ago, and have fluctuated but overall decreased 14% from one year ago.
- » 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 2023 due to high value leases. However, averages declined in the following 2 quarters.
- » Outer boroughs enjoy a 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.
- » The number of ground floor availabilities across Manhattan shopping corridors decreased 12% from last year, going from 203 to 195.
- » Anecdotal reports from individual owners indicate that rents may differ from what is included here.

Recent retail leases in the Garment District include:

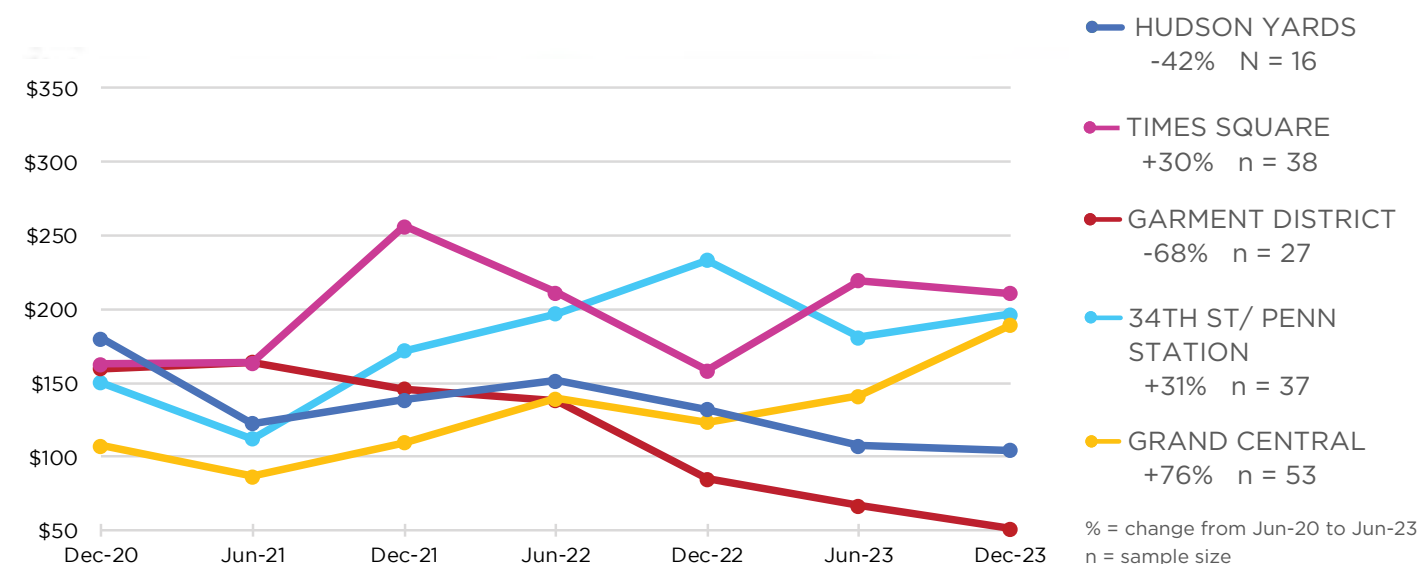
Hey Tea 1407 Broadway	Pink Rose 525 7th Avenue
Pio Bagel 528 9th Avenue	Adult Continuing Education 255 W 36th Street

GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



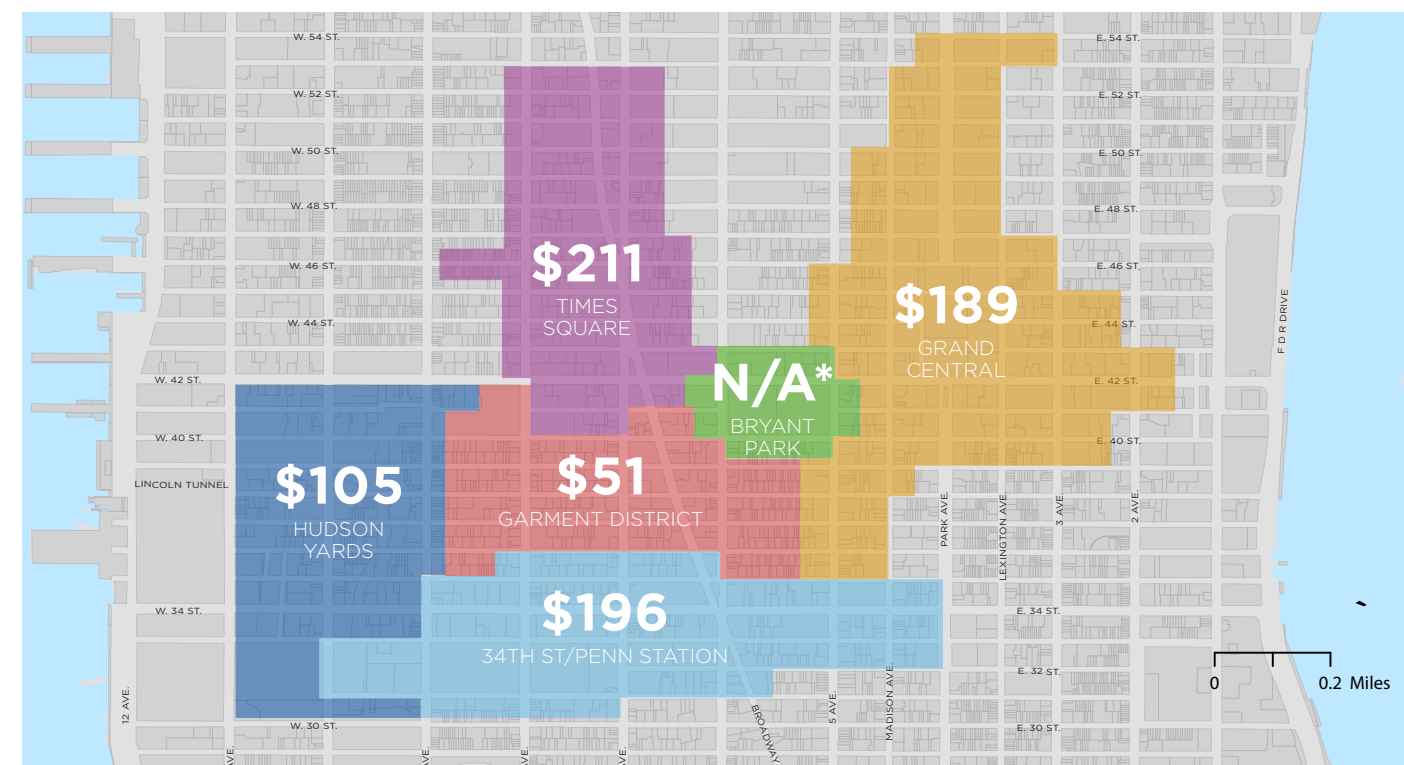
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING RETAIL RENTS PER SF



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

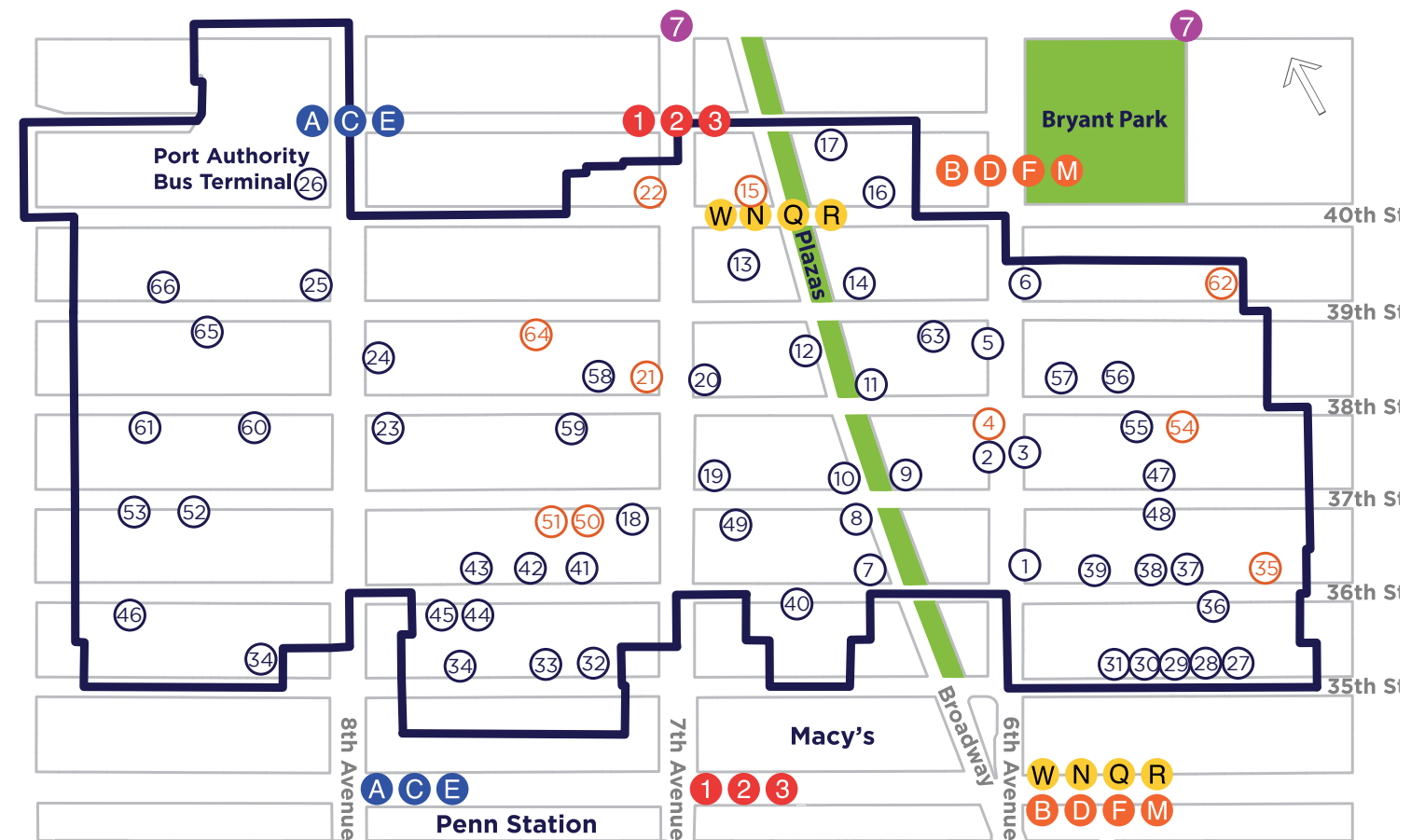
AVERAGE STARTING RETAIL RENTS PER SF, DECEMBER 2023



*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 | 18. 498 SEVENTH AVE
1,770 SF
GEORGE COMFORT & SONS | 35. 11 W 36TH ST
2,500 SF
RESCO PROPERTIES INC | 52. 336-342 W 37TH ST
1,800 - 3,000 SF
IGS REALTY CO |
| 2. 1001 SIXTH AVE
843 - 4,249 SF
ABS PARTNERS REAL ESTATE | 19. 501 SEVENTH AVE
805 - 2,048 SF
CBRE | 36. 20 W 36TH ST
2,744 - 6,894 SF
CBRE | 53. 350 W 37TH ST
800 - 3,000 SF
WINICK REALTY GROUP |
| 3. 1010 SIXTH AVE
1,050 - 1,100 SF
JTRE | 20. 525 SEVENTH AVE
2,250 - 5,443 SF
JLL | 37. 23 W 36TH ST
1,400 SF
ABS PARTNERS REAL ESTATE | 54. 38 W 38TH ST
1,000 SF
MICHEAL BENJI |
| 4. 1015 SIXTH AVE
750 SF
MERIDIAN CAPITAL GROUP | 21. 526 SEVENTH AVE
2,950 SF
MJ PROPERTY GROUP | 38. 35 W 36TH ST
1,921 - 2,264 SF
RUDDER PROPERTY GROUP | 55. 42 W 38TH ST
256 SF
E REALTY INTERNATIONAL GROUP |
| 5. 1021 - 1039 SIXTH AVE
1,051 SF
NEWMARK | 22. 566 SEVENTH AVE
6,500 SF
PLATINUM PROPERTIES | 39. 43-51 W 36TH ST
2,500 - 13,000 SF
INTREPID REAL ESTATE | 56. 49 W 38TH ST
1,921 - 3,804 SF
ABS PARTNERS REAL ESTATE |
| 6. 1040 SIXTH AVE
2,255 SF
JLL/ CBRE | 23. 554-568 EIGHTH AVE
600 - 12,500 SF
THE EXPANSION GROUP INC | 40. 142-148 W 36TH ST
1,770 SF
CUSHMAN & WAKEFIELD | 57. 57 W 38TH ST
1,000 - 4,000 SF
JUYI, INC./CORBETT & DULLEA |
| 7. 1359 BROADWAY
3,187 SF
RIPCO REAL ESTATE | 24. 584 EIGHTH AVE
1,000 - 1,700 SF
ISA REALTY GROUP | 41. 229W 36TH ST
5,680 - 9,243 SF
JLL | 58. 203-205 W 38TH ST
2,500 - 5,000 SF
LEE, JOHN S (INDIVIDUAL) |
| 8. 1369 BROADWAY
4,449 SF
MILLENNIUM REALTY GROUP | 25. 601 EIGHTH AVE
383 - 7,512 SF
KASSIN SABBAGH REALTY | 42. 241W 36TH ST
2,602 - 7,507 SF
KERA & GRAUBARD ESQS | 59. 228 W 38TH ST
1,800 - 2,000 SF
WINICK REALTY GROUP |
| 9. 1372 BROADWAY
500 - 2,182 SF
JLL | 26. 619-649 EIGHTH AVE (PORT
AUTHORITY BUS TERMINAL)
196 - 4,504 SF
JRT REALTY GROUP | 43. 255 W 36TH ST
3,500 SF
FREDDY SROUR INC | 60. 306 W 38TH ST
6,000 SF
GREENFIELD REAL ESTATE |
| 10. 1375 BROADWAY
1,050 SF
CUSHMAN & WAKEFIELD | 27. 23 W 35TH ST
6,915 SF
PD PROPERTIES | 44. 256-258 W 36TH ST
3,000 SF
WINDSOR MANAGEMENT | 61. 330 W 38TH ST
4,500 SF
EJMB COMMERCIAL LLC |
| 11. 1400 BROADWAY
1,591 SF
RIPCO REAL ESTATE/EMPIRE
STATE REALTY TRUST | 28. 25 W 35TH ST
7,966 SF
PD PROPERTIES | 45. 260 W 36TH ST
9,500 SF
LEE & ASSOCIATES | 62. 15 W 39TH ST
6,200 SF
OKADA & COMPANY |
| 12. 1407 BROADWAY
446 - 4,473 SF
JLL | 29. 29 W 35TH ST
3,900 - 8,200 SF
UNITED GROUP | 46. 356-360 W 36TH ST
700 SF
LEE & ASSOCIATES | 63. 108 W 39TH ST
778 - 2,916 SF
JOSEPH P. DAY REALTY CORP. |
| 13. 1411 BROADWAY
850 - 1,439 SF
CUSHMAN & WAKEFIELD/ CBRE | 30. 35 W 35TH ST
2,500 - 6,000 SF
PD PROPERTIES | 47. 37 W 37TH ST
3,803 SF
KOEPEL ROSEN LLC | 64. 230 W 39TH ST
4,500 SF
THE ASTON GROUP |
| 14. 1412 BROADWAY
1,785 - 4,616 SF
LEE & ASSOCIATES | 31. 41 W 35TH ST
2,000 SF
PD PROPERTIES | 48. 40 W 37TH ST
1,950 SF
PARK RIDGE INTERNATIONAL INC | 65. 318 W 39TH ST
9,800 SF
GFP REAL ESTATE LLC |
| 15. 1435 BROADWAY
3,500 SF
SOLIL MANAGEMENT | 32. 213 W 35TH ST
3,900 SF
JUSTIN MANAGEMENT | 49. 148 W 37TH ST
2,500 SF
ADAMS & COMPANY | 66. 333 W 39TH ST
3,350 SF
NEWMARK |
| 16. 1440 BROADWAY
1,745 - 16,760 SF
CBRE/ JLL | 33. 237 W 35TH ST
2,535 SF
SOMERSET MANAGEMENT LTD | 50. 218 W 37TH ST
3,500 SF
MJ PROPERTY GROUP | * RETAIL VACANCY ON UPPER
FLOOR |
| 17. 1450 BROADWAY
750 SF
ZG CAPITAL PARTNERS LLC | 34. 253 W 35TH ST
800 - 2,700 SF
ADAMS & COMPANY | 51. 226 W 37TH ST
5,600 SF
DOUGLAS ELLIMAN | |



Source: CoStar

KEY INSIGHTS

- » There are 56 hotels in the Garment District, representing 12,098 rooms and 19% of Midtown’s supply. The District is at 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 Q4 2023. Occupancy rates averaged 90.8%, peaking at 91.9% in October. For comparison, the average occupancy rate in Q4 2019 was 90.6%.
- » Occupancy rates have now exceeded those of Q4 2019. Given the expanded number of hotels in the District, Q4 2023 continued to demonstrate increased hotel demand, now significantly higher than previous years. A comparison of Q4 of each year shows 964,448 stays in 2023, 915,906 stays in 2022, 755,458 stays in 2021, and 289,812 stays in 2020.
- » Hotel occupancy for the city overall reached 93% of pre-pandemic levels by the end of December 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.

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

	Revenue Per Available Room (RevPAR)			Occupancy		Average Daily Rate (ADR)	
	Dec 2022	Dec 2023	Pct. Change	Dec 2022	Dec 2023	Dec 2022	Dec 2023
Garment District	\$296	\$335	+13.1%	87.0%	91.4%	\$340	\$366
Midtown South*	\$291	\$327	+12.4%	85.8%	86.1%	\$276	\$291
Midtown East	\$379	\$412	+8.6%	80.4%	82.8%	\$343	\$345
Midtown West/Times Square*	\$360	\$410	+14.0%	82.4%	85.5%	\$318	\$334
Financial District	\$265	\$318	+20.2%	83.3%	84.4%	\$288	\$305
Uptown	\$396	\$433	+9.2%	80.6%	79.9%	\$407	\$416
Village/SoHo/Tribeca	\$309	\$346	+12.2%	85.2%	85.3%	\$360	\$339

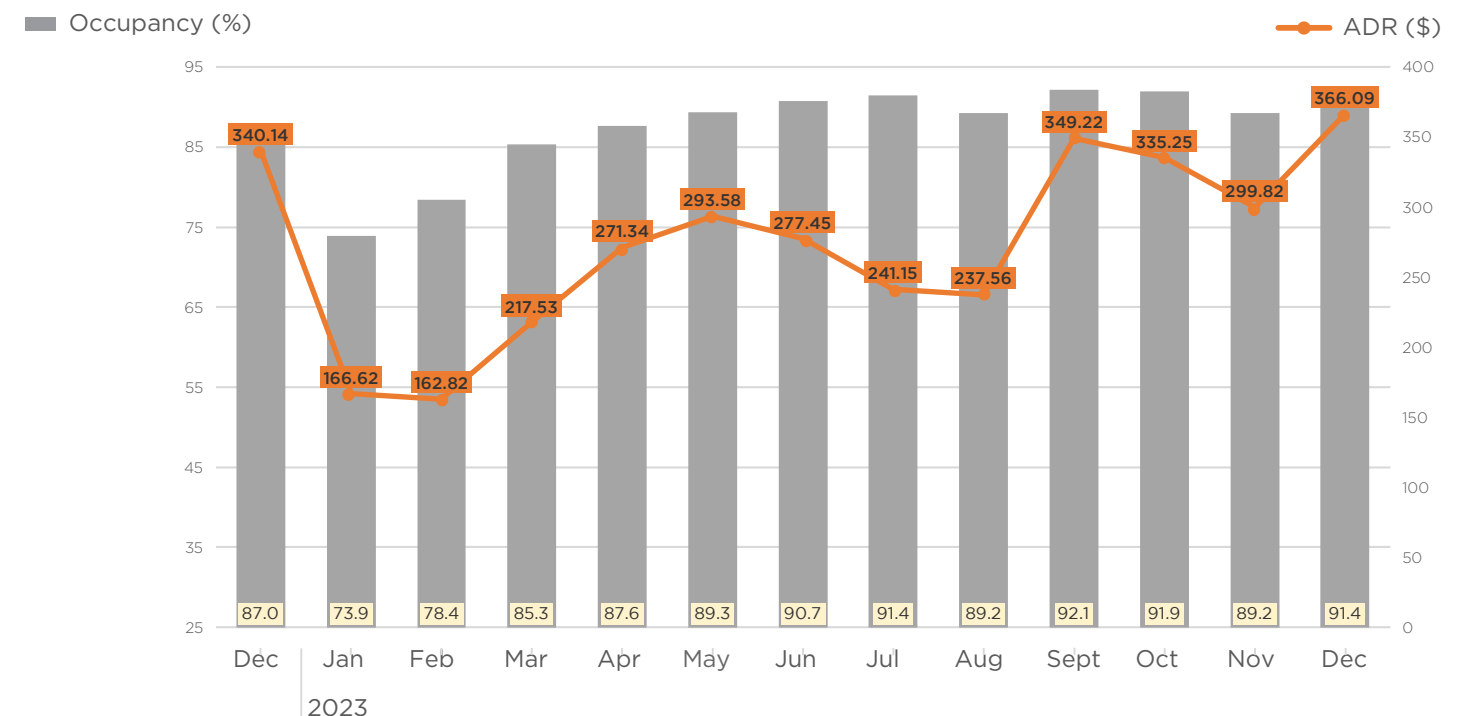
*Garment District data is included in this area

Source: STR



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

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



Source: STR

KEY INSIGHTS

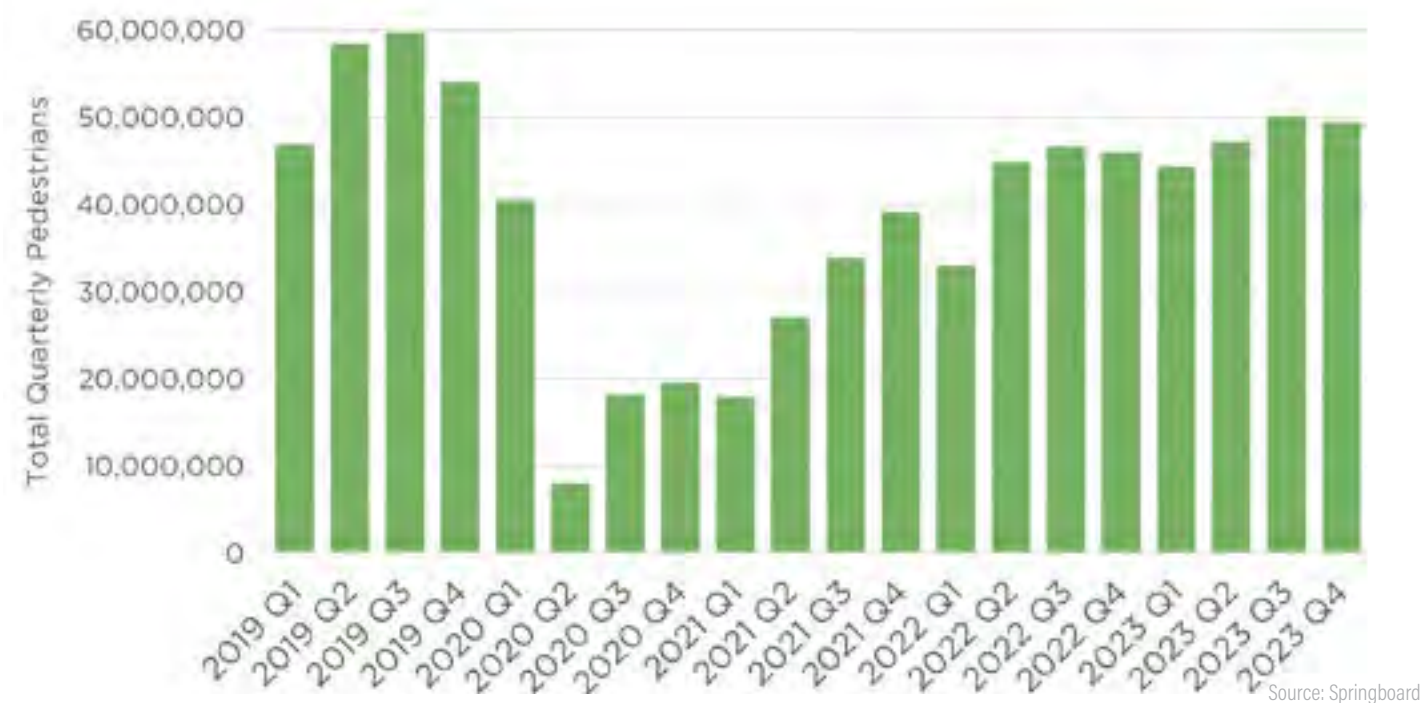
Pedestrian volumes have stabilized into a pattern that resembles the seasonal trend seen prior to COVID-19, with counts averaging roughly 90% of 2019. End of December counts exceeded those in 2019. The NYC subway and regional railroads are averaging 65% of 2019 ridership on weekdays, but significantly higher on weekends, with Times Sq-42nd St Station having the highest ridership rates in the city.

MONTHLY PEDESTRIAN VOLUMES SINCE DECEMBER 2022

	Total Count	Change from 2020	Change from 2019
December 2023	16.9 million	+138%	+5%
October 2023	14.7 million	+133%	-17%
August 2023	20.2 million	+261%	+8%
June 2023	18.9 million	+294%	-17%
April 2023	13.6 million	+807%	-22%
February 2023	12.9 million	-14%	-11%
December 2022	18 million	-6%	-6%

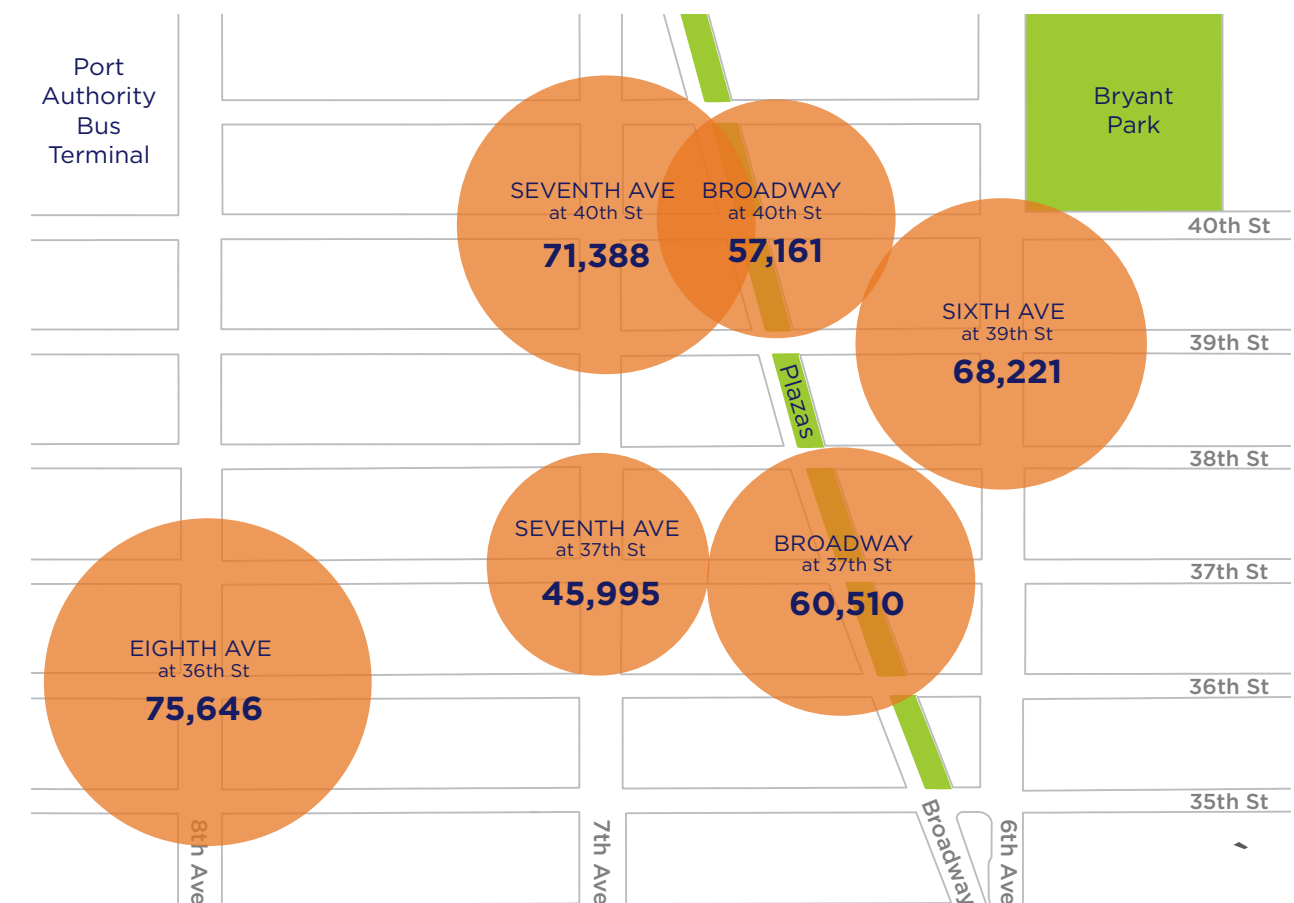
Source: Springboard

TOTAL QUARTERLY PEDESTRIAN VOLUMES, 2019 - 2023



Broadway Squeeze

WEIGHTED WEEKDAY AVERAGE PEDESTRIAN COUNTS, OCT - DEC 2023



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



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)

Front: Cracked Ice by Del Geist
Back: Aerial photo of subway station
Photos by Alexandre Ayer/Diversity Pictures unless otherwise noted

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