

Quarterly Economic Report

Q3 2026

Garment District Alliance

OFFICE

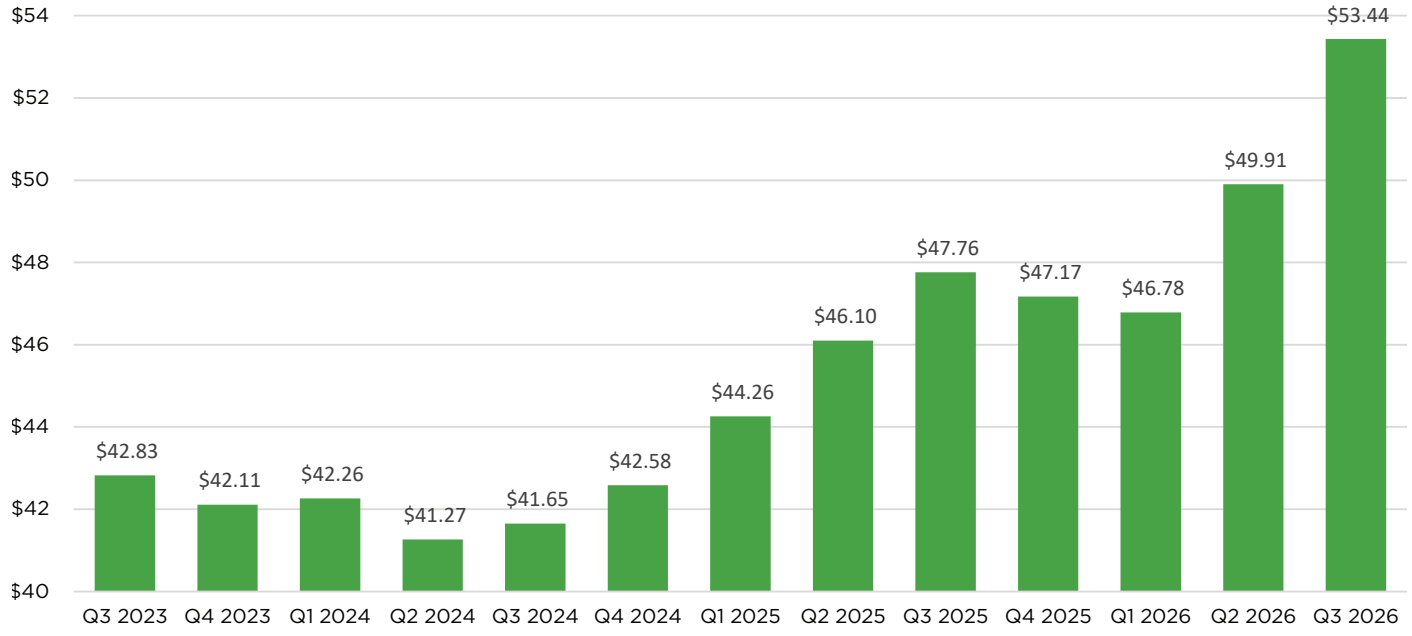
KEY INSIGHTS

Office leasing in Q3 2026 continued positive trends seen in prior quarters. According to CBRE, Midtown office availability is increasingly limited, down to 12.1%. Within the district, net absorption was 170,820 SQFT in Q3, continuing a trend of positive net absorption over the past 5 quarters. This is driving up starting office rents, and boosting the Garment District relative to the rest of Midtown; the gap between Garment District and Midtown starting office rents narrowed by 7% compared to Q2 2026.

Looking across the district, buildings that perform well are continuing to do so, while those with high vacancy are seeing losses compound. Prospective lessees are turning to buildings with nicer lobbies, active management, and functional building operations. Buildings that do not meet these standards are losing out on leasing growth. This is especially true for class C buildings, whose value-driven tenants are increasingly scarce.

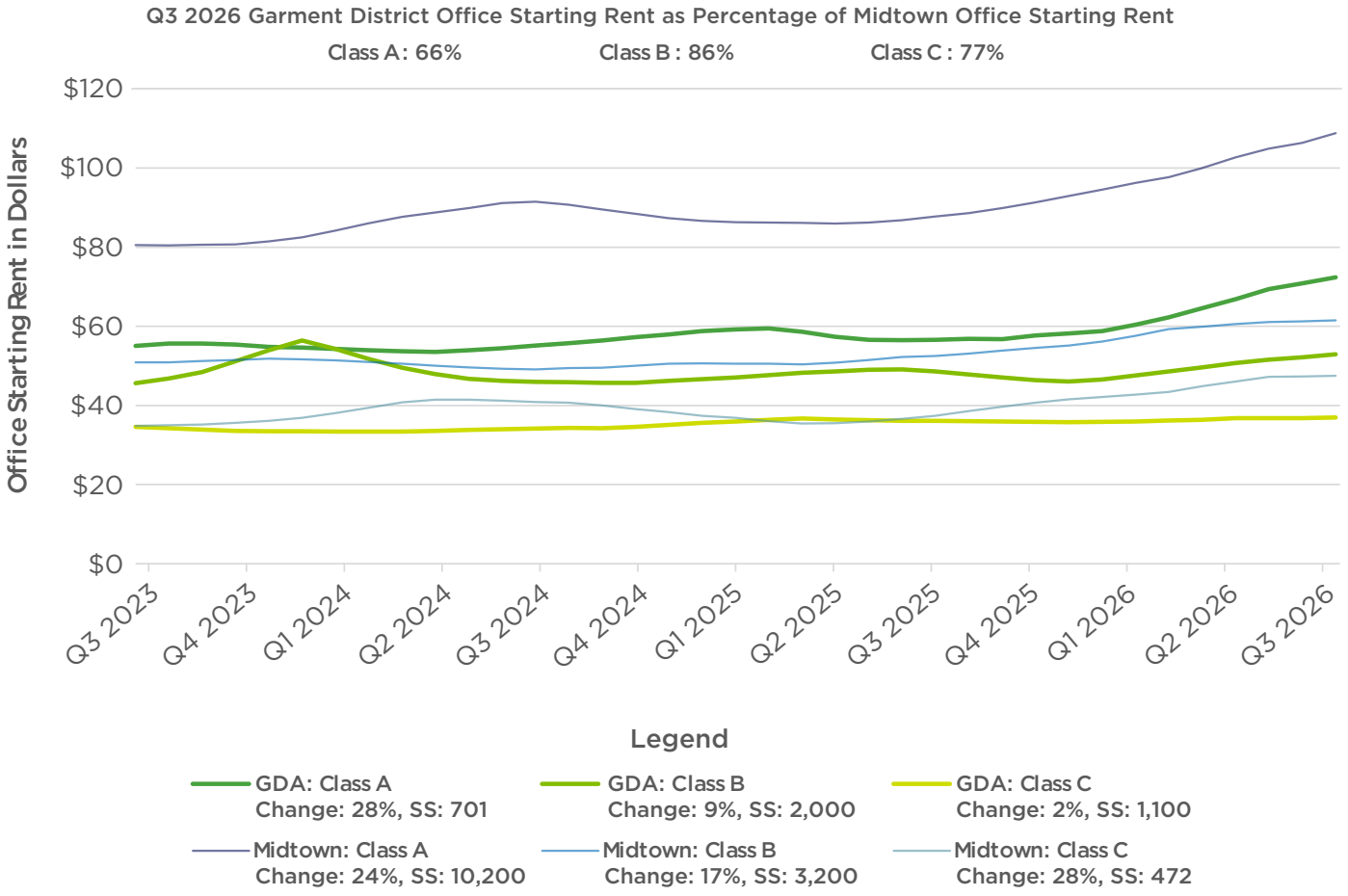
New office leases in the district include Republic Clothing Group (81,010 SQFT), Zeta Global (50,522 SQFT), and Amorepacific (50,522 SQFT) in 1411 Broadway, Center for Justice Innovation which expanded their office in 520 Eighth Ave with 24,000 SQFT of new space, and MediaRadar which leased 15,931 SQFT at 114 West 41st Street. These and other new leases primarily fall into three categories: 1) technology and AI firms, 2) international fashion companies seeking to expand their US footprint, or 3) firms relocating to larger spaces within the district. According to Colliers, the high volume of large leases is supported by a scarcity of high-quality large spaces across Manhattan.

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS PER SF

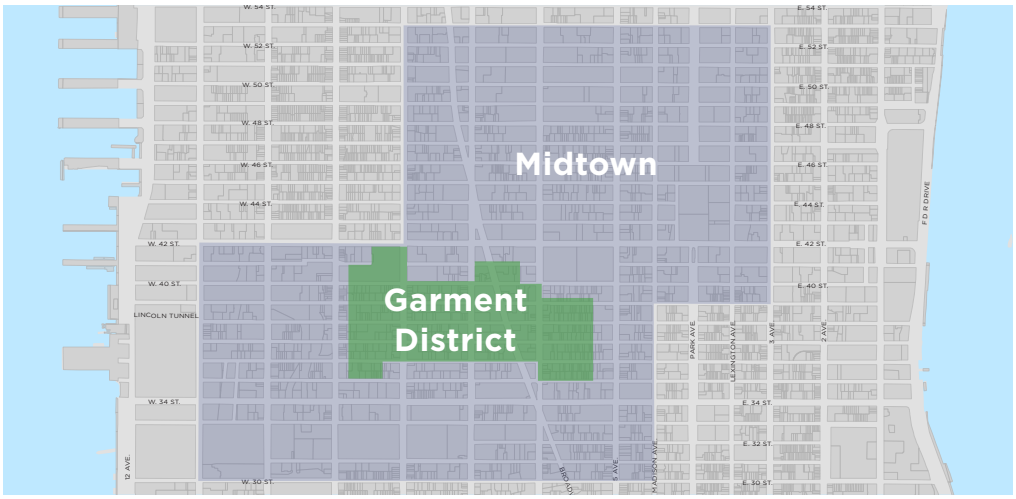


Source: CompStak, Inc., 3-month moving averages

GDA VS MIDTOWN STARTING OFFICE RENTS BY BUILDING CLASS



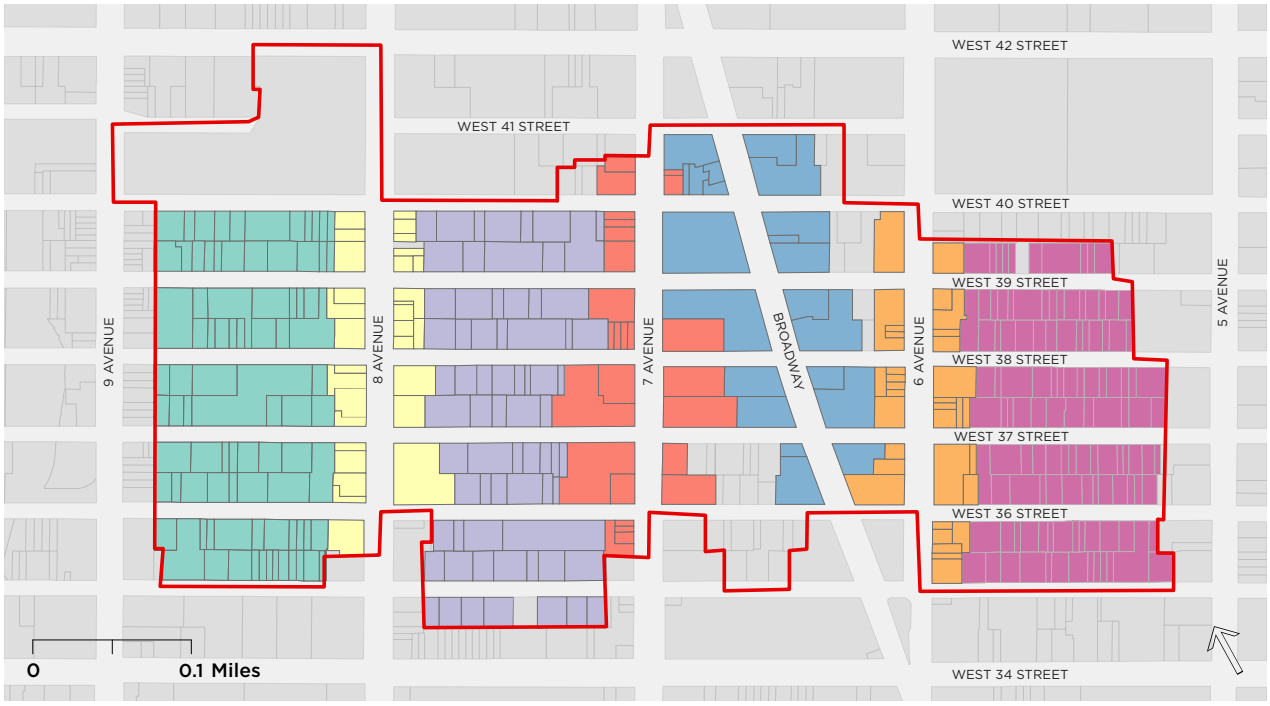
Source: CompStak, Inc., 3-month moving averages
Change is measured as the percent change from Q3 2025 to Q3 2026
SS represents the total lease sample size for each class and geography



OFFICE

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS BY LOCATION

	Sample Size	Sep 2024 ($/SF)	Sep 2025 ($/SF)	Sep 2026 ($/SF)	2-yr. Change
8th-9th Ave Side Streets	59	$36.81	$36.96	$34.46	-6.4%
Eighth Avenue	52	$36.74	$36.34	$38.23	+4.0%
7th-8th Ave Side Streets	116	$34.68	$35.55	$42.55	+22.7%
Seventh Avenue	63	$47.40	$53.42	$57.53	+21.4%
Broadway	181	$49.86	$55.03	$58.18	+16.7%
Sixth Avenue	59	$61.65	$60.05	$55.35	-10.2%
5th-6th Ave Side Streets	85	$38.84	$38.21	$37.41	-3.7%
District Average	**635**	**$41.46**	**$46.63**	**$52.27**	**+26.1%**



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



Viva La Dough, a new patisserie and lunch restaurant at 525 7th Avenue



Chatti, a Kerala-style Indian restaurant by chef Regi Matthew, opened last year at 252 West 37th Street



Piadi - La Piadineria, an Italian flatbread sandwich shop recently opened at 1040 Sixth Avenue

RETAIL

KEY INSIGHTS

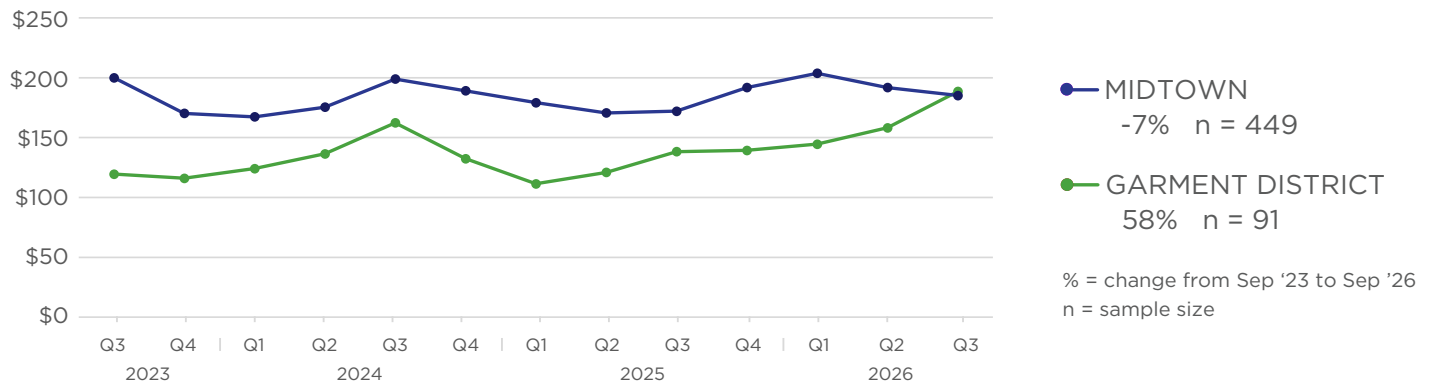
A collection of high rent retail leases drove up Garment District starting retail rents in Q3 2026. Century Cricket Centre ($394/SQFT), Hans Kebob ($300/SQFT), and Tacos Del Barrio ($300/SQFT) all contributed to this increase. According to CompStak, in Q3 2026, Garment District starting retail rents were $188.59, the highest they have been since Q3 2017, and slightly above current Midtown starting retail rents of $185.19. This upward swing is a positive sign of growth, but is unlikely to continue to scale.

These new leases are typical of the high volume of grab-and-go or fast casual restaurants that are flooding the district. Many of them have small footprints under 2,000 SQFT, yet bring in upwards of $1,000,000 in annual sales per CenterCheck. That makes these storefronts highly efficient revenue generators for investors and chains that want to test the New York market. It is also useful for property owners who can build out vacant storefronts to be restaurant-ready to attract tenants.

Retail availability is up from 40 to 42 spaces in Q3 2026 — a slight increase that will be worth watching. Of higher concern are storefronts that are rented, but contracts, build-out, and permitting are preventing the business from opening. Across the district, from Cotti Coffee and Koshary El Tahrir to Sora and Jersey Mike's, lease-to-opening has been delayed for over six months, leaving adjacent sidewalks unactivated.

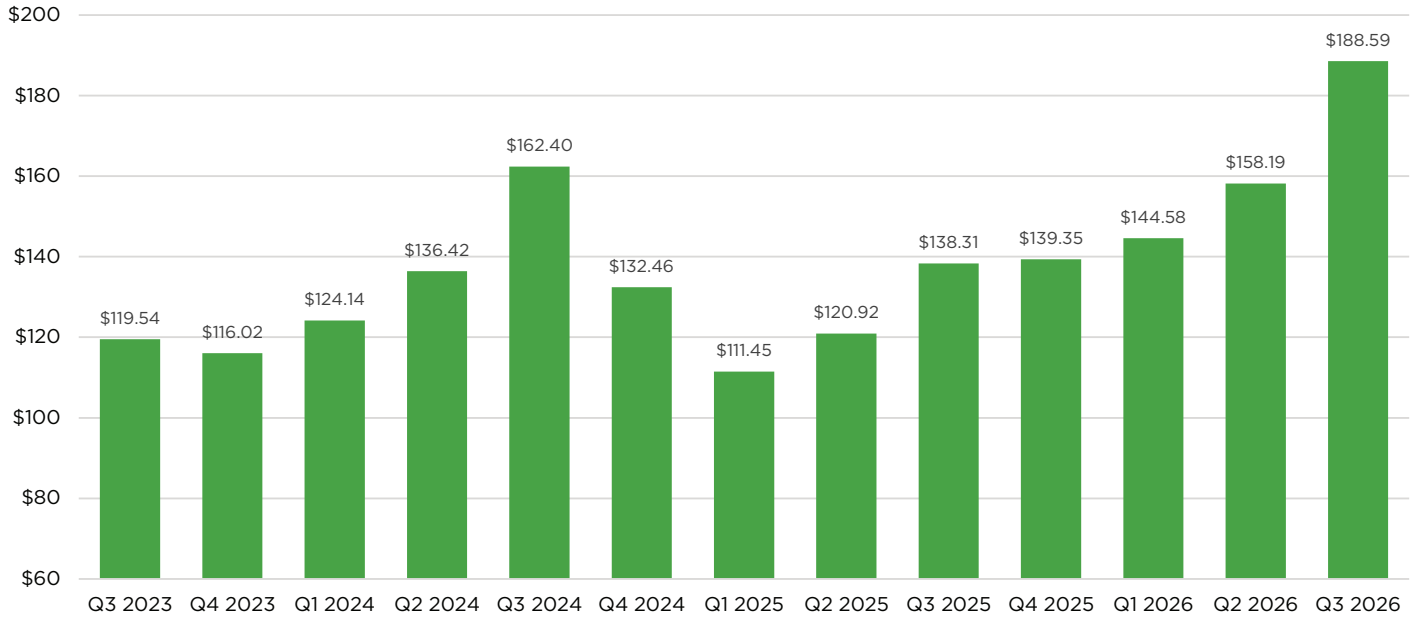
Looking at credit card spending from CenterCheck, Q3 2026 saw a 5% increase in spending compared to Q3 2025. Weekly spending also shifted from an office-dominant trend (peak spending on weekdays, especially Tuesday through Thursday) to a leisure-dominant trend (peak spending on Friday and Saturday). This is likely tied to seasonal changes in pedestrian activity between office workers and tourists in the neighborhood. Spending is expected to dip before spiking over the holiday season.

MIDTOWN VS GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



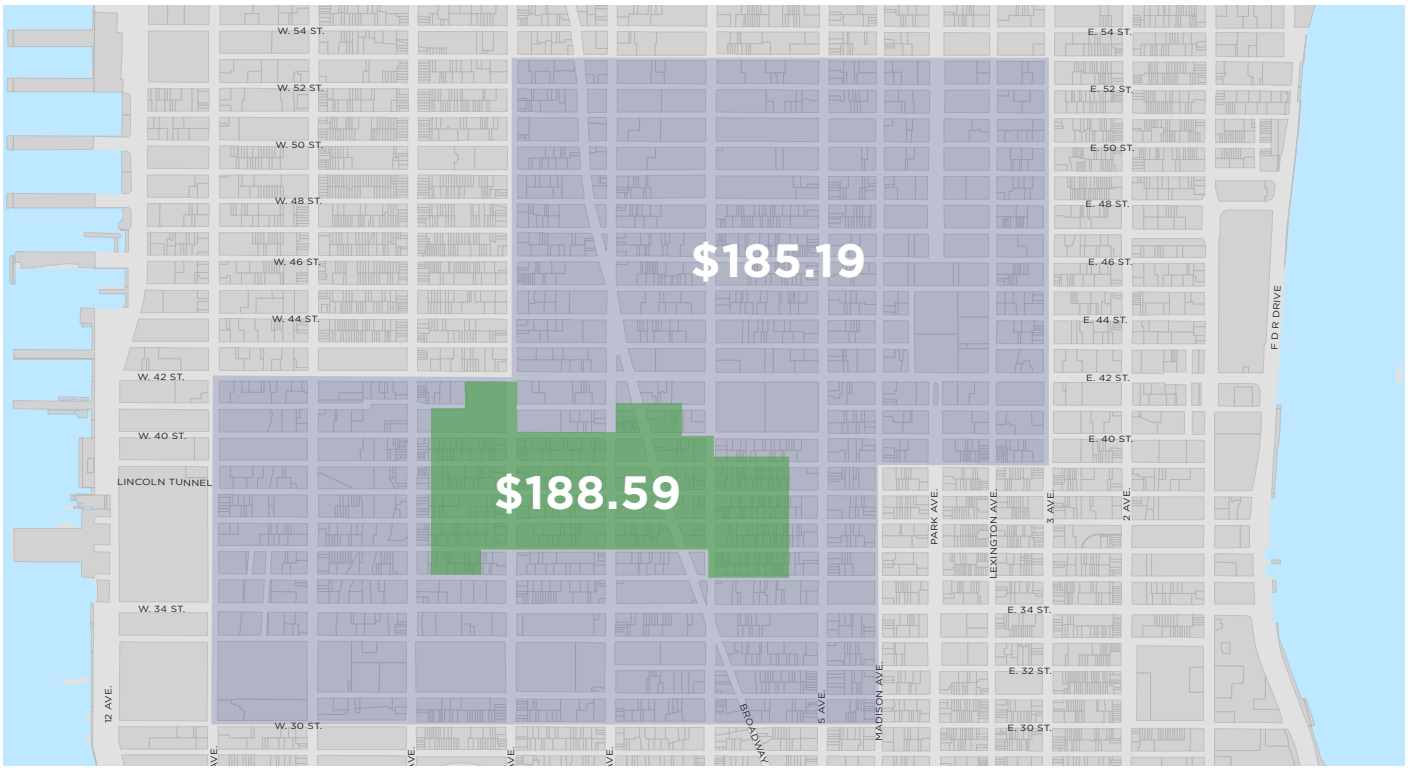
Source: CompStak, Inc., 3-month moving averages
Outlier leases over $1,500/SQFT were removed for comparison

GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



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

AVERAGE STARTING RETAIL RENTS PER SF, SEPTEMBER 2026



Source: CompStak, Inc.

RETAIL AVAILABILITIES

1. 535 EIGHTH AVENUE
3,565 SF
OLMSTEAD PROPERTIES

2. 601 EIGHTH AVENUE
2,421 - 19,501 SF
MRG

3. 625 EIGHTH AVENUE
1,116 - 9,431 SF
CBRE/JRT

4. 501 SEVENTH AVENUE
4,585 SF
RIPCO REAL ESTATE

5. 560 SEVENTH AVENUE
734 - 9,934 SF
JLL

6. 1369 BROADWAY
2,400 SF
CUSHMAN & WAKEFIELD

7. 1370 BROADWAY
1,000 SF
KSR

8. 1372 BROADWAY
1,779 - 6,161 SF
JLL

9. 1375 BROADWAY
2,080 SF
KSR

10. 1385 BROADWAY
3,100 SF
KSR

11. 1407 BROADWAY
1,231 - 10,627 SF
JLL

12. 1411 BROADWAY
681 - 1,439 SF
JLL

13. 1435 BROADWAY
1,400 SF
SOLIL MANAGEMENT

14. 1450 BROADWAY
1,400 SF
KSR

15. 254 WEST 35TH STREET
2,000 - 5,500 SF
MOD

16. 224 WEST 35TH STREET
1,250 SF
BULLARO PROPERTIES

17. 348 WEST 36TH STREET
2,300 SF
ELEGRAN CAPITAL & ADVISORY

18. 314 WEST 36TH STREET
981 SF
VIEW RESIDENTIAL, LLC

19. 241 WEST 36TH STREET
6,646 SF
CORCORAN

20. 124 WEST 36TH STREET
1,000 - 2,200 SF
METROPOLITAN PROPERTY GROUP

21. 25 WEST 36TH STREET
6,226 SF
KSR

22. 20 WEST 36TH STREET
6,894 SF
CBRE

23. 325 WEST 37TH STREET
5,000 - 10,000 SF
MRG

24. 321 WEST 37TH STREET
4,080 SF
KSR

25. 237 WEST 37TH STREET
4,000 SF
KSR

26. 225 WEST 37TH STREET
7,650 SF
OLMSTEAD PROPERTIES

27. 209 WEST 37TH STREET
3,076 SF
RTL

28. 131 WEST 37TH STREET
1,300 SF
KSR

29. 48 WEST 37TH STREET
291 - 2,318 SF
ADAMS & COMPANY

30. 16 WEST 37TH STREET
1,450 SF
JBA COMMERCIAL REAL ESTATE

31. 344 WEST 38TH STREET
2,000 - 4,500 SF
CURRENT REAL ESTATE

32. 325 WEST 38TH STREET
3,620 SF
FALCON PROPERTIES

33. 273 WEST 38TH STREET
1,500 SF
RESCO

34. 228 WEST 38TH STREET
9,800 SF
RTL

35. 203 WEST 38TH STREET
2,500 SF
REQCE

36. 57 WEST 38TH STREET
9,470 SF
RIPCO REAL ESTATE

37. 49 WEST 38TH STREET
5,725 SF
ABS PARTNERS

38. 13 WEST 38TH STREET
1,850 SF
BESEN PARTNERS

39. 306 WEST 39TH STREET
3,500 SF
KSR

40. 269 WEST 39TH STREET
800 SF
OKADA & CO

41. 214 WEST 39TH STREET
4,935 SF
NEWMARK

42. 21 WEST 39TH STREET
2,500 SF
PANTHEON REALTY

RECENTLY LEASED!

25 WEST 35TH STREET
TO BECOME CENTURY CRICKET CENTRE

526 SEVENTH AVENUE
TO BECOME HANS KEBOB

28 WEST 36TH STREET
TO BECOME SUSHI XUSHIN

485 SEVENTH AVENUE
LEASED!

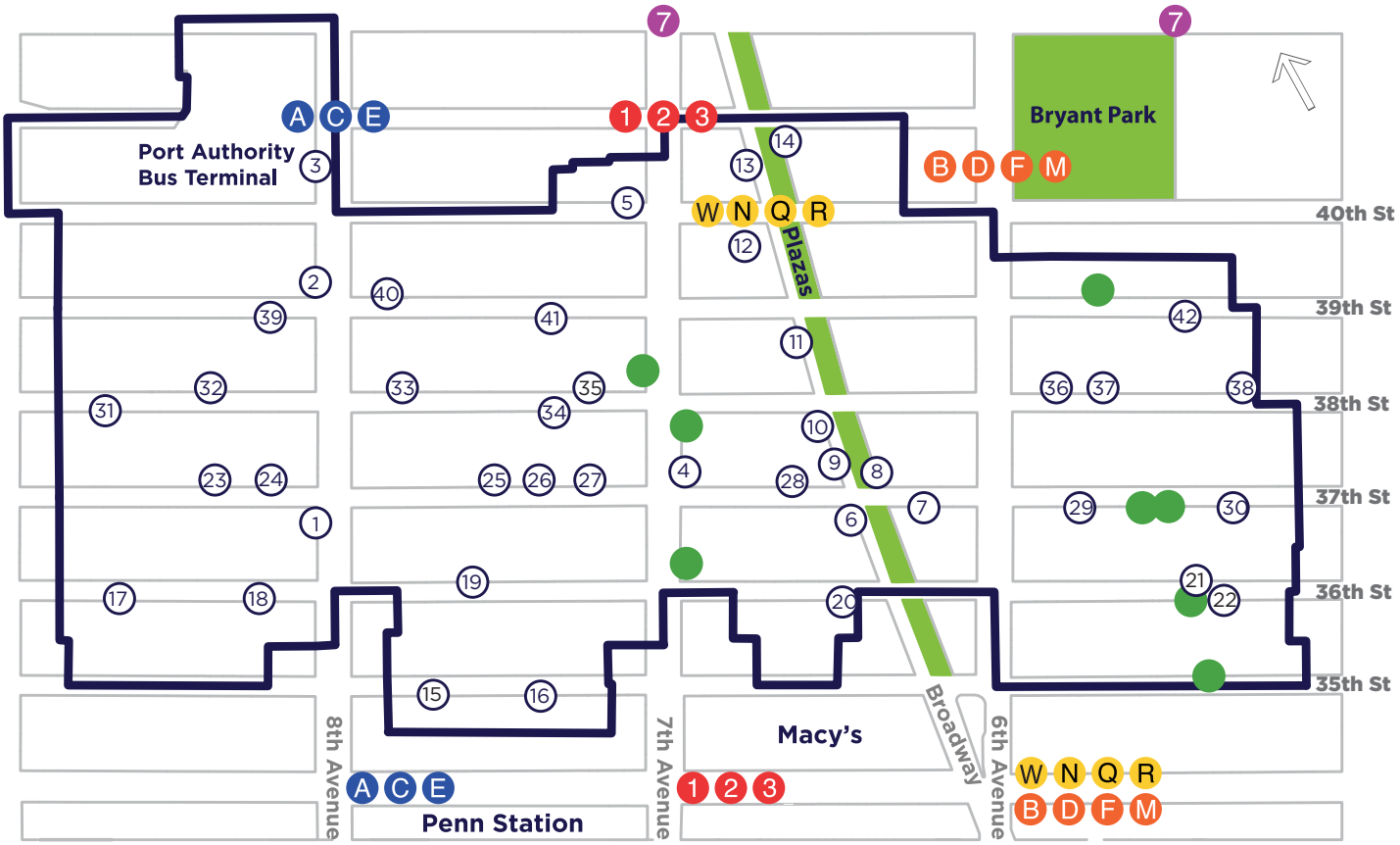
34 WEST 37TH STREET
LEASED!

515 SEVENTH AVENUE
LEASED!

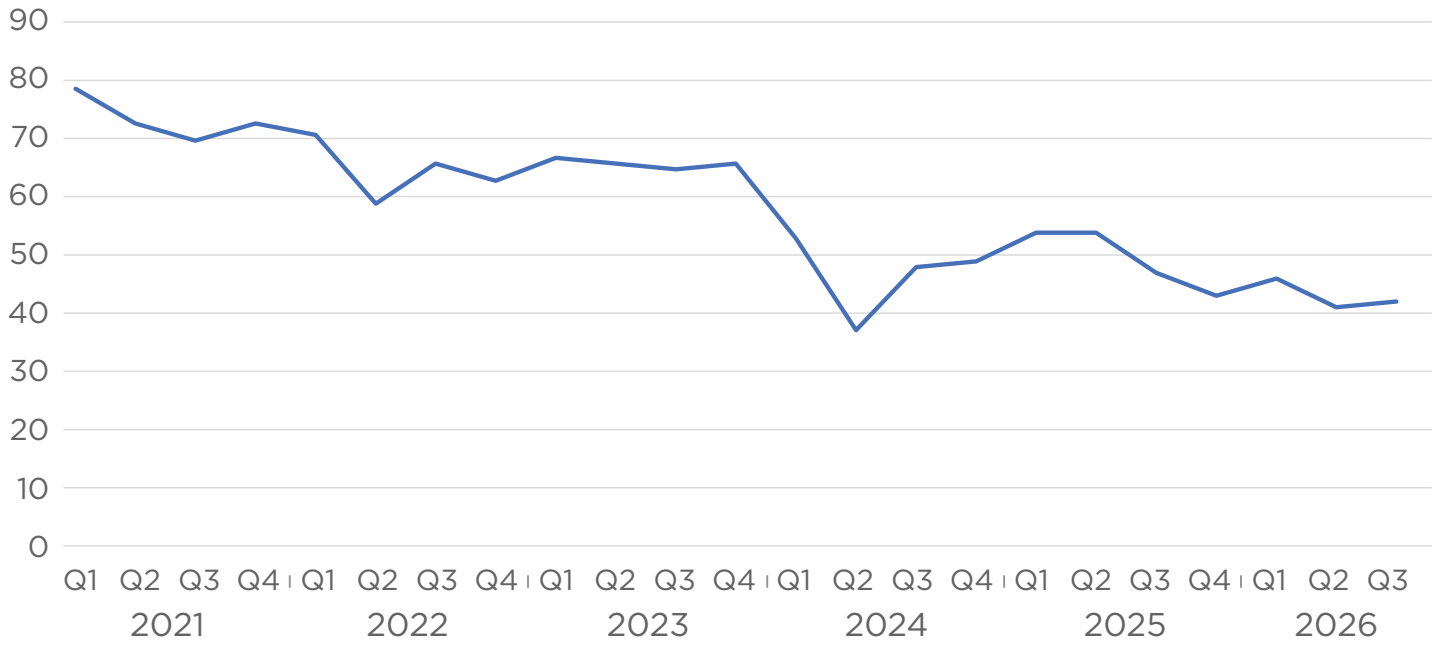
43 WEST 39TH STREET
LEASED!

36 WEST 37TH STREET
LEASED!

Source: CoStar



GDA GROUND FLOOR RETAIL AVAILABILITIES, 2021 - 2026



HOTELS

KEY INSIGHTS

The Garment District continues to be the highest performing hotel submarket in Manhattan with a 93.2% occupancy rate, and the most affordable rates of any submarket. Low ADR and RevPAR are no hindrance on performance; the district saw 993,000 nights spent in Q3, bringing in $318,000,000 in revenue, up 8% compared to Q3 2025. This continued strength comes at a time when luxury hotels are driving sector growth. Despite the limited number of luxury hotels in the district, performance is still strong with Garment District RevPAR increasing at the same pace as luxury properties across the city.

Notably, per CoStar, New York is leading the country in hotel development, and the Garment District is leading the charge; three new hotels are currently under development. Hotel 38 New York City recently opened in June 2026 (175 rooms), The Ariya New York Times Square Hotel (199 rooms) is set to open in November, and the Xadia Hotel (173 rooms) just resumed construction, while a fourth hotel (255 rooms) is expected to begin development within the next year.

Tourism volumes are continuing as predicted by NYC Tourism + Conventions. International travel is down, especially from Canadian tourists. Meanwhile, more Americans are choosing to travel domestically rather than internationally. In New York specifically, group travel is increasing as conferences and office-based business meetings return. The district's central location makes it an ideal place for business, group, and tourist travel, helping drive high performance.



Selected works from *if you change your mind*, by Kate Corroon Skakel, located in the Kaufman Arcade and funded by the Garment District Alliance

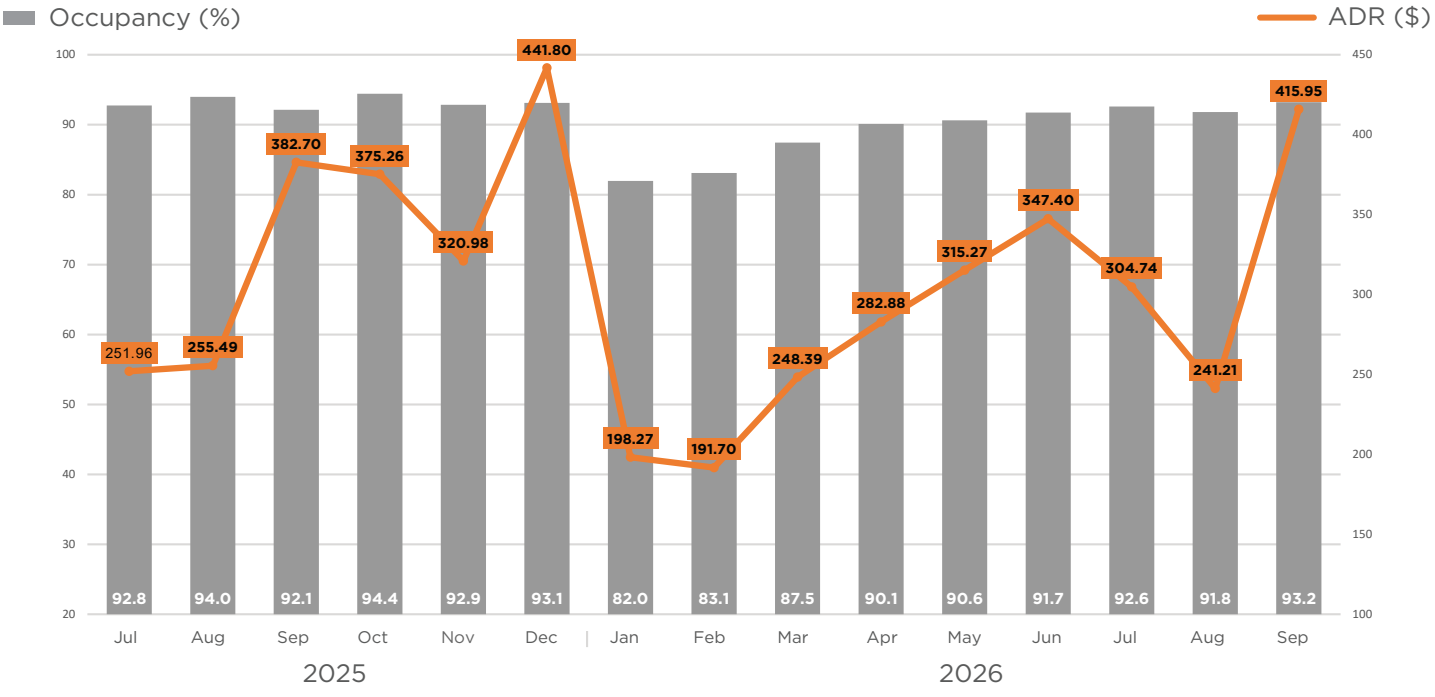
REVPAR, OCCUPANCY, & ADR COMPARISON, SEPTEMBER 2025 & 2026

	Revenue Per Available Room (RevPAR)			Occupancy		Average Daily Rate (ADR)	
	Sep 2025	Sep 2026	Pct. Change	Sep 2025	Sep 2026	Sep 2025	Sep 2026
Garment District (Zip 10018)	$352	$388	+10.0%	92.1%	93.2%	$383	$416
Midtown South*	$370	$413	+11.8%	89.4%	91.9%	$414	$450
Midtown East	$495	$568	+14.9%	83.1%	87.5%	$595	$650
Midtown West/Times Square*	$401	$436	+8.9%	87.6%	90.7%	$457	$481
Financial District	$381	$431	+12.9%	87.6%	90.4%	$435	$476
Uptown	$522	$584	+11.8%	80.8%	84.8%	$646	$689
Village/Soho/Tribeca	$456	$521	+14.2%	89.5%	91.5%	$510	$570

* Neighborhoods include portions of the Garment District

Source: STR

OCCUPANCY & AVERAGE DAILY RATE IN GARMENT DISTRICT, 2025-2026



Source: STR

PEDESTRIAN COUNTS

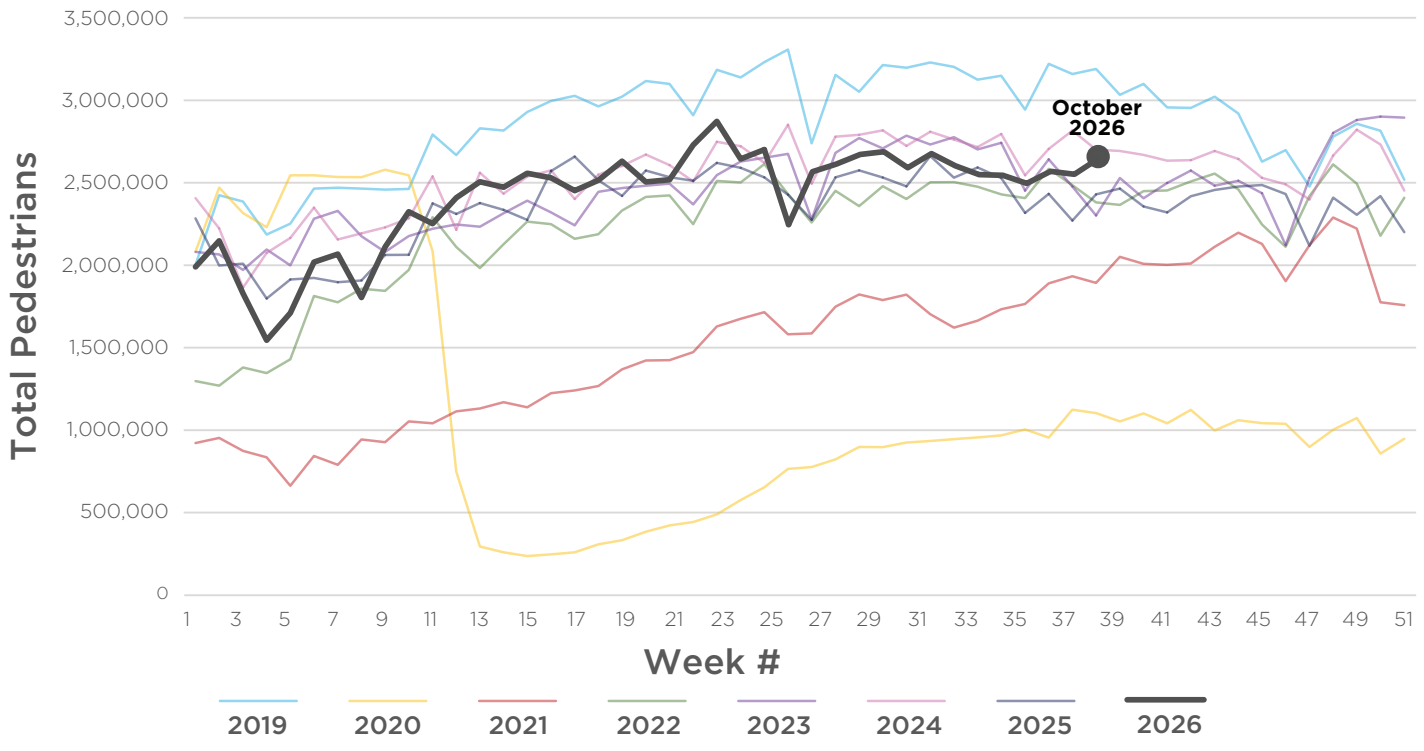
KEY INSIGHTS

Pedestrian activity in Q3 was, on average, 6% above Q3 2025, and around 84% of pre-COVID volumes. These numbers — around 2.8 million people per week in winter and 3.8 million per week in summer — seem to be a new normal. This reset is the product of work-from-home policies, changes in the use of office space, and trends in national and international tourism per CoStar research.

The 6% increase in foot traffic was also reflected in a 9.4% increase in spending year-over-year, and a 6.3% increase in card transactions year-over-year based on CenterCheck data. This means as foot traffic increased, retail within the district was able to capture those increases through sales. Customer frequency across spending transactions has also slowly increased, from 1.68 in 2023 to 1.79 in 2026. This suggests a slight uptick in workers returning to the district who spend routinely at restaurants and retail chains.

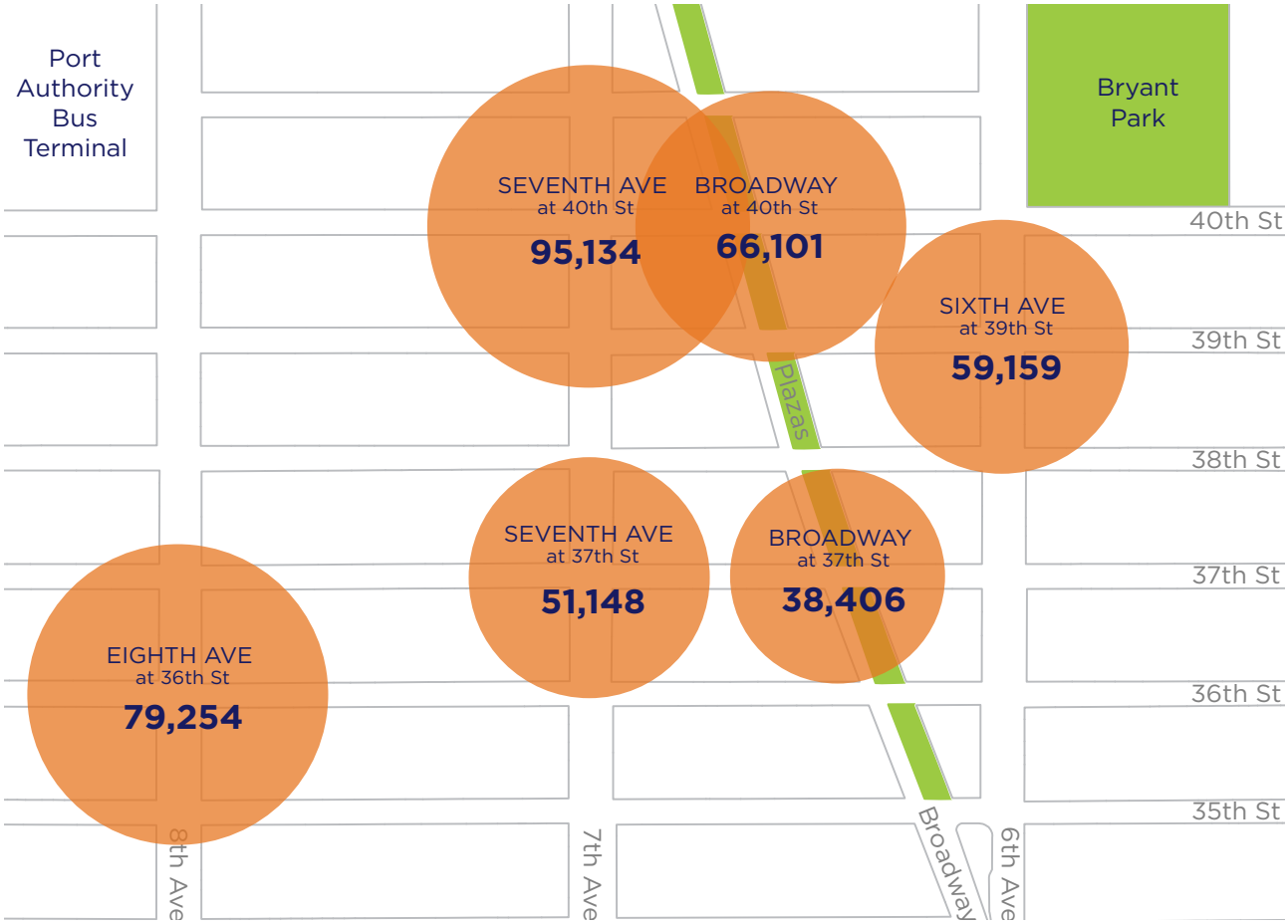
Looking forward, NYC Tourism + Conventions expects a strong Q4, with 8.1 million travelers visiting the city for the holiday season. Pedestrian numbers in the District will be bolstered by the 100th Macy's Thanksgiving Day Parade, Bryant Park Winter Village, and New Year's Eve in Times Square. These events will bring extra hotel guests, foot traffic, and special event traffic to the District, boosting pedestrian counts, and hopefully boosting spending, too. Overall, 66.3 million visitors are expected to visit NYC in 2026, just shy of 2019's record breaking 66.6 million visitors.

WEEKLY TOTAL PEDESTRIAN COUNTS, YEAR OVER YEAR



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

WEIGHTED WEEKDAY AVERAGE PEDESTRIAN COUNTS, JUL - SEP 2026



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



People enjoying the GDA's Broadway Squeeze free seasonal lemonade on the Broadway Plaza

EMPLOYMENT

KEY INSIGHTS

The District saw a flattening of job growth in 2025, settling at around 143,000 jobs, and surpassing pre-pandemic employment. Professional and business services remain the largest sector, comprising 39% of all jobs within the district. Leisure and hospitality continued to grow, increasing 3% in 2025. Meanwhile, finance jobs fell 4% and education and health jobs fell 9% despite citywide growth of both sectors. These shifts are likely tied to financial firms chasing premium office space outside the district, and healthcare jobs undergoing administrative changes, affecting where these jobs are reported.

The fashion sector continued to shrink in 2025, albeit at a slower rate than previous years. The Garment District is still home to 39.5% of NYC's apparel manufacturing jobs, and 46% of NYC's fashion wholesaling jobs. The primary employment sub-sectors in 2025 include corporate headquarters for international fashion brands, showrooms, specialty services or products, and boutique design and services.

Fashion manufacturing declined 2% from 2024 to 2025, reflecting an overall 84% decline from 2000 to 2025. The loss of these jobs outpaced the loss of firms, meaning the fashion manufacturing sector is seeing a shrinking number of overall firms, and the firms that are surviving are shrinking their staff.

Apparel wholesalers are faring better. The total number of these firms has fallen 47% since 2000, but the total number of jobs at these firms has only fallen 27% over the same time period. This means the remaining firms have increased headcounts over time, growing their workforce.



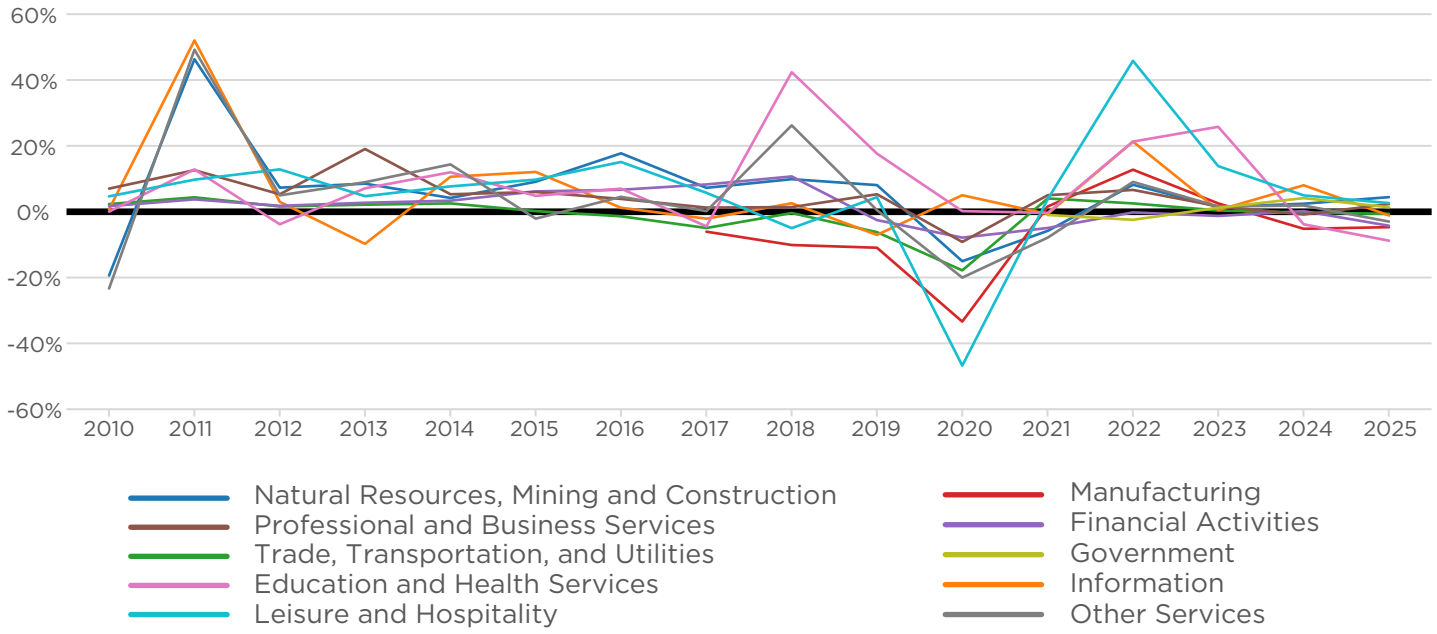
Pushcart workers haul rolls of fabric between Garment District offices

EMPLOYEES IN CORE INDUSTRIES FOR ZIP CODE 10018, 2000 - 2025

Sector	2000	2019	2020	2024	2025	1-yr Change	Since 2019	Since 2000	% of total NYC Sector Jobs
Natural Resources, Mining and Construction	2,157	6,143	5,220	5,529	5,773	4.4%	-6.0%	167.6%	4.3%
Manufacturing	17,079	5,078	3,383	3,770	3,593	-4.7%	-29.2%	-79.0%	6.9%
Apparel Manufacturing	17,079	4,145	2,769	2,784	2,720	-2.3%	-34.4%	-84.1%	39.5%
Trade, Transportation, and Utilities	26,691	25,200	20,710	22,124	21,986	-0.6%	-12.8%	-17.6%	3.6%
Apparel Sales	14,388	11,915	9,262	10,406	10,518	1.1%	-11.7%	-26.9%	45.5%
Information	-	9,796	10,289	13,460	13,307	-1.1%	35.8%	-	6.3%
Financial Activities	6,362	11,893	10,959	10,283	9,847	-4.2%	-17.2%	54.8%	2.0%
Professional and Business Services	18,224	52,915	48,049	54,231	55,493	2.3%	4.9%	204.5%	7.4%
Education and Health Services	5,439	10,749	10,769	15,748	14,362	-8.8%	33.6%	164.1%	1.2%
Leisure and Hospitality	2,209	11,629	6,194	11,205	11,501	2.6%	-1.1%	420.6%	2.6%
Other Services	1,587	7,411	5,929	6,168	5,983	-3.0%	-19.3%	277.0%	4.0%
Government	-	-	1,432	1,458	1,478	1.4%	-	-	0.3%
Total Employment	**89,267**	**141,091**	**121,771**	**143,050**	**142,481**	**-0.4%**	**1.0%**	**59.6%**	3.5%

Source: New York State Department of Labor

YEAR OVER YEAR % CHANGE IN EMPLOYMENT BY SECTOR FOR 10018



Sectors above 0% grew year over year, while those beneath 0% shrank year over year.

Source: New York State Department of Labor

The Garment District Alliance
209 West 38th Street, 2nd Floor
New York, NY 10018
Tel. 212.764.9600 | Fax 212.764.9697

info@garmentdistrictnyc.com
www.garmentdistrict.nyc
#GarmentDistrict



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**

Front: Sculpture installation, *Clouds*, by Olaf Breuning, on the Broadway Plaza
Back: Photo of *Clouds*, by Olaf Breuning, on the Broadway Plaza
Photos by Alexandre Ayer (@diversitypics) unless otherwise noted

Published October 2026