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Manhattan Retail Market

MID-1ST QUARTER 2020 REPORT

Pictured: 200 Park Avenue South

Real Estate Board of New York's Fall 2019 Manhattan Retail Report

The asking rents in Manhattan's retail leasing market have begun to drop, resulting in an uptick in leasing activity and a stabilizing market according to the report released by REBNY in November. New operators are entering the market and there is heightened interest in retail spaces as the outlook for Manhattan's retail remains positive. "E-commerce proof" uses such as food/beverage, service, and medical offices fueled leasing activity in the second half of 2019. The receding footprint of traditional brick-and-mortar retail is being replaced by other types as new retailers become more innovative in their uses including a growing number of digitally native brands that are establishing showrooms to showcase their products/services, which via omni-channel retail act in conjunction with their e-commerce and marketing efforts. Average asking rents for available ground level retail spaces decreased year-over-year in 10 of the 17 corridors profiled. The Upper East Side's Madison Avenue corridor incurred the sharpest decline of 22% year-over-year, in contrast to Lower Manhattan's Broadway corridor which saw a 22% increase in average asking rents.

The corridors profiled in REBNY's report represent Manhattan's top tier retail corridors, and the asking rents quoted reflective of available ground level space. It has been furthered pointed out that asking rents are significantly affected by numerous attributes such as location (street/avenue), frontage, ceiling heights, and volume of space availability; and that rents on adjoining side streets may lease for considerable less that the locations profiled.

Spring 2019 Manhattan Retail Report (cont'd)

Corridor	Fall 2019 Avg.Asking	Fall 2019 Asking Range	Spring 2019 Avg. Asking	% Yr-over-Yr Change	% Change Srpring 2019
Eastside					
East 86th St: Lexington-2nd Aves	$327	$200 - $475	$365	-11%	-10%
Madison Ave: 57th – 72nd Sts	$906	$350 - $1,502	$1,039	-22%	-13%
Third Ave: 60th – 72nd Sts	$233	$185 - $300	$226	0%	3%
Westside					
Broadway: 72nd – 86th Sts	$263	$166 - $409	$273	-14%	-4%
Columbus Ave: 66th – 79th Sts	$298	$150 - $458	$279	0%	7%
Midtown					
East 57th St: 5th – Park Aves	$740	$650 - $800	$944	-20%	-22%
Fifth Ave: 49th – 59th Sts	$2,838	$1,750 - $3,750	$3,047	-5%	-7%
Fifth Ave: 42nd – 49th Sts	$852	$600 - $1,176	$878	-9%	-3%
Broadway & 7th Ave: 42nd – 47th Sts	$1,889	$1,425 - $2,350	$1,936	2%	-2%
Herald Square					
West 34th St: 5th – 7th Aves	$528	$400 - $800	$613	-8%	-14%
Flatiron					
Fifth Ave: 14th – 23rd Sts	$348	$300 - $415	$400	-12%	-13%
Broadway: 14th – 23rd Sts	$377	$325 - $425	$372	0%	1%
SoHo					
Broadway: Houston – Broome Sts	$491	$250 - $733	$544	-12%	-10%
West Village					
Bleecker St: 7th Ave South – Houston St	$278	$142 - $379	$294	-5%	-5%
Meatpacking					
14th St: 9th – 10th Aves	$345	$150 - $700	$277	14%	25%
FiDi					
Broadway: Battery Park – Chambers St	$413	$150 - $785	$401	22%	3%
Harlem					
125th St: Hudson – East Rivers	$151	$100 - $250	$137	8%	10%

Sources: https://www.rebny.com/content/dam/rebny/Documents/PDF/News/Research/Retail%20Reports/2019_Fall_ManhattanRetailReport.pdf

Center for an Urban Future – State of the Chains, 2019

Following an analysis of 316 national-brand retailers tracked, the report released in mid-December by the New York City-based policy institute revealed a year-over-year decrease of 3.7% in the number of national-brand store locations throughout New York City, marking the largest year-over-year drop since the non-profit organization began its annual analysis more than a decade ago. In 2019 the overall store count lowered from 8,136 stores in 2018 to 7,832 stores in 2019, with the slowdown broadly spread across all (5) boroughs for the first time. Queens saw the sharpest reduction of 4.9%, followed by declines in Brooklyn, the Bronx and Manhattan of 4%, 3.8% and 3.1% respectively; and Staten Island at the low, seeing a more moderate 2.4% reduction in the overall store count. Among the 316 national retail companies 36%, or 114 retailers, reduced their footprint; 24%, or 76 retailers, registered net gains; and the footprints of the remaining 40%, or 126 retailers, were unchanged. Since initially observing a significant decline in national retail locations, CUF found that most decreases were concentrated among merchandise chain retailers selling — clothing, accessories, cosmetics, and other household supplies. In contrast, even amid a pullback, CUF's research showed that food retailers continued to grow in 2018; however in 2019 the trend shifted and both merchandise and food retailer store counts saw notable declines.

CUF's Methodology:

- National retailer defined as one that has at least (2) New York City locations and at least (1) location outside the city limits.
- Locations numbers obtained from the store locators on each retailer's website, except in cases where other available resources were used for companies were on the verge of closure and had shut down their websites. For mobile communications stores, only those locations that use the exact name of the retailer were counted, excluding authorized providers operating under a different name.
- Data for the 2019 report was compiled between August and December 2019.
- A retailer is only removed from the lost on the year after the one in which it closed all New York City locations. The 2018 study found 18 retailers that closes all of their locations since the previous year, and were subsequently removed from the 2019 report — Bakery Crumbs Bake Shop; shoe retailers Aerosoles, Nine West, Rockport, Traffic Shoes, Easy Spirit and Stride Rite; fitness clubs David Barton Gym and Gold's Gym; electronics retailer Radio Shack; fast food retailers Quiznos, KyoChon, and Chevy's Fresh Mex; clothing retailers Afaze and DKNY; cosmetics retailer Bare Mineral; toy store Toys 'R' Us; and retailer Brookstone
- Year-over-year store count changes calculated based on national retailers included in the 2018 report. Retailers eliminated from the study, since they no longer have official store website lists or working store locators — Bolton's, Easy Pickins, Fabco, and Crown Fried Chicken. National Retailers that Closed 100% of New York City Locations in 2019

Number of Chain Stores by Borough

Borough	2019	2018	% Change
Manhattan	2,891	2,982	-3.1%
Brooklyn	1,719	1,790	-4.0%
Queens	1,763	1,854	-4.9%
Bronx	1,003	1,043	-3.8%
Staten Island	456	467	-2.4%
Total	**7,832**	**8,136**	**-3.7%**

National Retailers that Closed 100% of New York Locations in 2019

National Retailer	Category	2018 Store Count	2017 Store Count
Avenue	Clothing and Accessories	6	6
Bebe	Clothing and Accessories	1	4
Crabtree & Evelyn	Beauty salons, equipment, supplies, and products	2	2
Fye	Other Retail	1	2
Gymboree	Clothing and Accessories	3	3
Payless	Shoes	71	74
Petland Discounts	Pet Supplies	60	63
Red Robbin	Restaurants, Fast-food	2	2

Sources: https://nycfuture.org/pdf/CUF_StateoftheChains_2019_7.pdf

State of the Chains, 2019 (cont'd)

Top 10 National Retailers in Each Borough

Manhattan	Brooklyn	Queens	Bronx	Staten Island
Starbucks (231)	MetroPCS (159)	Dunkin' Donuts (194)	MetroPCS (106)	Dunkin' Donuts (36)
Dunkin' Donuts (174)	Dunkin' Donuts (141)	MetroPCS (122)	Dunkin' Donuts (91)	MetroPCS / Subway (21 each)
Duane Reade/Walgreens (139)	T-Mobile (67)	Subway (78)	Subway / T-Mobile (42 each)	CVS/Pharmacy (18)
Subway (98)	Duane Reade / Walgreens (63)	T-Mobile (76)	McDonald's (40)	Duane Reade/Walgreens (13)
CVS/Pharmacy (64)	Baskin-Robbins (51)	Baskin-Robbins (73)	Duane Reade / Walgreens (33)	Baskin-Robbins / 7-Eleven (12 each)
MetroPCS (60)	McDonald's (50)	Duane Reade / Walgreens (69)	Baskin-Robbins (27)	Starbucks (11)
McDonald's (56)	Subway (48)	7-Eleven (50)	Popeye's (23)	Carvel (10)
Pret a Manger (55)	Starbucks (45)	McDonald's / Starbucks (49 each)	Dollar Tree (21)	T-Mobile / Burger King (9 each)
Baskin-Robbins (54)	Popeye's (38)	CVS/Pharmacy (45)	Rainbow (19)	McDonald's (8)
Chipotle Mexican Grill (53)	Key Food (37)	Key Food (40)	Rite Aid / Burger King (18 each)	5 Retailers tied at 6 each

2019 Change by Borough of the 10 Largest National Retailers in New York City

National Retailer	Store Count 2018	Difference 2017-2018	Manhattan	Brooklyn	Queens	Bronx	Staten Island
Dunkin Donuts	636	+12	+8	0	+2	+1	+1
Metro PCS	468	-3	-9	+10	-3	+2	-3
Starbucks	351	+24	-1	+7	+11	+3	+4
Duane Reade / Walgreens	317	+54	0	+14	+25	+15	0
Subway	287	-43	-11	-10	-15	-7	0
T-Mobile	245	-7	-1	0	-4	-1	-1
Baskin-Robbins	217	-10	-1	-4	-4	-1	0
McDonald's	203	-4	-1	0	-2	0	0
CVS Pharmacy	170	+12	+10	+1	+2	0	-1
7-Eleven	141	0	0	0	0	0	0

National Retailer Year-over-Year Change by Industry Category, 2018-2019

Retail Category	# of Locations			
	2019	2018	Yr-over-Yr Change	Examples
Restaurants, fast-food	1,060	1,116	-5%	Subway, McDonald's Popeyes
Coffee Shops	1,049	1,011	4%	Dunkin' Donuts, Starbucks, Joe Coffee
Cellular Telephones (srvcs)	965	979	-1%	Metro PCS, T-Mobile, Sprint
Clothing & Accessories	754	771	-2%	Children's Place, Gap (including GapKids and BabyGap), V.I.M.
Pharmacies	606	598	-5%	Duane Reade, Rite Aid, CVS Pharmacy
Other Retail	562	592	-5%	Modell's, Papyrus, Party City
Restaurants, fast-casual	433	426	2%	Chevy's Fresh Mex, Dallas BBQ, Johnny Rockets
Ice Cream	309	316	-2%	Baskin-Robbins, Carvel, Häagen-Dazs
Grocers	236	240	-2%	Whole Foods, Trader Joes', Aldi
Pizza	206	235	-12%	Domino's Pizza, Papa John's, Pizza Hut

Looking Ahead

FRESH Program Leaves Room for Improvement

Although the days of supermarkets being sought as anchor tenants seems to be returning only 41 supermarkets have reportedly received **Food Retail Expansion to Support Health** (FRESH) zoning and tax benefits since 2009. The program created in 2009 under the Bloomberg administration was intended to "improve the eating habits of New Yorkers who had little access to fresh fruit and vegetables; and in addition to density bonuses offered tax incentives to developers of projects in certain areas via "breaks on property, sales and mortgage-related taxes." In 2011 the city council approved an expansion of the boundaries of the FRESH program to include additional neighborhoods in Queens. The city council was planning to review the program back in 2018 to determine the common issues and roadblocks that operators are running into when trying to take advantage" of FRESH benefits; and to make sure that it is easier for supermarkets to thrive in areas that otherwise offer limited food-access options according to reports at the time.

The program's 2015 fact sheet notes that for locations within the designated FRESH zones, grocery store operators renovating existing retail space, or developers seeking to construct or renovate retail space that will be leased by a full-line grocery operator are eligible to apply.

Eligibility:

- A minimum of 6,000 square feet of retail space for a general line of food and nonfood grocery products intended for home preparation, consumption and utilization.
- At least 50% of retail space for a general line of food products intended for home preparation, consumption and utilizations.
- At least 30% of retail space for perishable goods that may include dairy, fresh produce, fresh meats, poultry, fish and frozen foods.
- At least 500 square feet of retail space for fresh produce.

Sources: http://www.nyc.gov/html/misc/pdf/fresh_fact_sheet_eng.pdf

FRESH Program (cont'd)

Benefits:

- Zoning Incentives through the Department of City Planning
  - A 1:1 square-foot bonus for eligible grocery store square footage between 6,000 and 20,000 square feet.
  - Stores up to 40,000 square feet in commercial districts that permit residential buildings with ground floor retail will not be required to provide parking. In other Commercial and Light Manufacturing districts the first 15,000 square feet is exempt from parking.
  - Grocery stores up to 30,000 square feet permitted in M1 districts.
- Financial Incentive offerings vary based upon the property's location within the FRESH zones.
  - Sales tax exemption from the 8.775% sales tax on materials to construct, renovate or equip grocer facilities.
  - Land tax abatement equal to $500 multiplied by each full-time employee or part-time equivalent at the time of application may be abated for 25 years, or abatement equal to full value of land tax for project site located within Empire and Empowerment Zones. A phase-out of the benefit begins in year 22 and continues through year 25 at 20% each year. In year 26, land taxes increase to full amount.
  - Building tax stabilization based on pre-improvement assessed value for 25 years. A phase-out of the benefit begins in year 22 and continues through year 25 at 20% each year. In year 26, building taxes increase to full amount.
  - A one-time Mortgage Recording tax deferral relating to the project's financing; and equal to 2.05% of the mortgage amount for mortgage of $500,000 or less, and 2.80% for mortgages greater than 500,000.

Reports indicate that complaints of the current iteration have reportedly focused on the difficult application process and "insufficient incentives to help ensure the grocery stores pencil out." New data provided by the New York City Economic Development Corporation (NYCEDC) reportedly reveals that of the 41 supermarkets that have received FRESH zoning and tax benefits since 2009, 21 received zoning bonuses, while the remaining 20 only received tax incentives.

Those industry people that feel the program falls short of addressing the city's food-access problem attribute the low participation to reportedly the 30% minimum of space required to be devoted to perishable goods and 6,000-square-foot minimum store-size requirement, thereby excluding "smaller produce, meat and fish shops that often cater to ethnic communities;" and "often face greater financial pressure and are at greater risk of closing." It was further pointed out by reported sources that the owners of smaller stores "may not even realize the program exists, or they may not have the tools to navigate the city's application process;" and it has been suggested that as administrator of the program the NYCEDC could partner with the city's Department of Small Business Services to do outreach and organized training for owners of small food markets. The FRESH program's lack of rules about whether a participating grocery store has to be affordable for the neighborhood has also been questioned; and while many FRESH supermarkets are moderately priced chains, that has not always been the case according to reports.

In contrast there are others who see the program as a great example of the use of a zoning resolution to stimulate developers to provide a public benefit; and further comment that it can't be expected to resolve all neighborhood issues. In addition it has also been pointed out that there are many new grocery stores coming to the city's underserved neighborhoods that are not part of FRESH, citing as example:

- **Foodtown / 54 Noll Street** (Bushwick) – The New Jersey-based grocer secured a 50-year lease for 15,000 square feet to anchor the retail component of the 443-unit mixed-use development currently under construction on a portion of the former **Rheingold Brewery** site. The project is part of the 2-building **Denizen Bshwk** complex being developed by All Year Management. Reports indicate that since the site was rezoned by the city prior to the developer acquiring it, FRESH's zoning benefits weren't needed.
- **Western Beef / 51-15 Channel Drive** (Edgemere) – The supermarket committed to anchor the retail component in a 20,000-square-foot space at the site of the former **Peninsula Hospital** that will be redeveloped in (5) phases by Arker Companies. Upon full construction completion a mixed-use complex hosting 2,050 rent-controlled housing units and 270-units of senior housing will be delivered. A required "extensive" rezoning of the site secured city council approvals in November, similarly eliminating the need for separate FRESH zoning benefits.

In the News

Lord & Taylor Pop-up to Open for Holiday Season

Although a far cry from the 12-story, 662,729-square-foot flagship the nearly 200-year-old retailer once occupied at 424 Fifth Avenue for 104-years until shuttering in early 2019, New York City reportedly saw a short-term return of the department store brand. Reports in early December announced plans by Le Tote Inc. to open a 2,400-square-foot pop-up for (2) weeks in mid-December; and although unverified appears to be at SoHo's **138 Wooster Street**, reportedly giving Le Tote a "chance to re-connect with customers in the middle of the busy holiday season." The announcement came about (4) months following the fashion rental subscription startup's $100 million cash purchase of the Lord & Taylor brand and related intellectual property; Lord & Taylor's digital channels and the associated inventory; as well as assuming operation of 38 stores, for which seller NRDC-owned Canada-based Hudson's Bay Co. (HBC) will maintain economic responsibility for at least the initial 3-years for the rent payments owed.

Rent the Runway Enters the Hotel Market

The e-commerce retailer launched in 2009 that offers designer fashions for rent is reportedly moving ahead with a plan to introduce its high-end subscription service to hotels. A deal secured with Marriott International-owned **W Hotels** will "allow customers to borrow (4) outfits during their stay for $69" initially in (4) locations — Hollywood, CA; Aspen, CO; Miami, FL; and Washington, D.C. The concept is intended to enable travelers to lighten their luggage since "participating guests will be greeted with clothing in their hotel room, and they can leave it at the front desk upon checkout" according to reports. News of the deal comes at a time when competition among e-commerce brands to attract customers has intensified, Rent the Runway (RTC) hoping the partnership will expand its physical network.

In 2017 Houston, TX-based department store Neiman Marcus partnered with Rent the Runway in a bid to attract more millennials with the opening on in-story RTC boutiques; and in 2018 a network of clothing drop-off boxes in (15) WeWork locations nationwide was launched in order to make RTC accessible for both the general public and those who work in the offices. More recently RTC reportedly expanded its partnership with Seattle, WA-based Nordstrom that in addition to installing drop-off boxes will lead to a collaborative effort to design clothes "using data about the kinds of products customers want and what items work best within the rental model," as well as incorporate Nordstrom inventory into the RTC system.

The startup currently operates stores in Chicago, New York, California, and Washington, D.C., with its Manhattan flagship located at 30 West 15th Street; and in March RTC reportedly received a new round of financing, increasing its valuation to the unicorn level of $1 billion. While RTC's original service offers one-off dress rentals for special occasions, more than 70% of the company's revenue now comes from a monthly subscription service for everyday clothing according to reported statements by an RTC spokesperson. Although achieving success since the startup's launch, as with many other innovative e-commerce businesses that are aggressively pursuing growth while maintaining smooth service to existing customers, RTC has had its setbacks, particularly back in September when reports indicated that technology issues in its New Jersey warehouse disrupted the company's supply chain resulting in a high volume of canceled orders.

Sources: https://www.fastcompany.com/90431748/rent-the-runway-and-nordstrom-have-big-plans-to-reshape-retail
https://www.vox.com/recode/2019/9/27/20887017/rent-the-runway-new-customer-freeze-subscribers-delivery-delays-warehouse-issues
https://www.6sqft.com/lord-taylor-is-returning-to-nyc-as-a-soho-pop-up/

In the News (cont'd)

Manhattan-based Mattress Startup Casper to Go Public

The Manhattan-based mattress manufacturer startup that launched online mattress sales at reportedly $500 in April 2014 has filed a Form S-1 Registration Statement as the preliminary step by Casper Sleep Inc. for a planned initial public offering (IPO). Morgan Stanley, Goldman Sachs and Jeffries are among the (8) underwriters listed to market the IPO. Updated reports indicate that although valued at $1.1 billion in 2019, Casper Sleep Inc. "hopes to be valued at $744 million when it completes its initial public offering — about 32% lower than its private-market valuation; and "expects the offering to price between $17 and $19 a share."

Initially a digitally-native brand noted as the pioneer of the so-called "bed-in-a-box" industry, Casper was able to offer next-day delivery on bicycles to New York City residents made possible by pioneering the innovation of utilizing a 2-ton compressor that squeezed its foam mattresses into 3.5-foot boxes; while also providing shipment to customers outside the city. Met with favorable appeal, the company reportedly generated $20 million in sales within their first 10-months of business, growing to serve over 1.4 million customers since the company's founding. However similarly to the last few start-ups that have launched IPO's in the past year, Casper is deeply unprofitable, and growth is slowing amid heightened competition from the reportedly estimated 175 online mattress retailers launched in Casper's wake. It has reportedly been estimated by investment and financial services firm Wedbush Securities that online retailers have captured 20% of the $16 billion mattress market, with 35% possible. In addition, selling a mattress in a box comes with the risk consumers won't like what they bought and Casper reportedly said about a quarter of all mattress sales are returned, refunded or discounted.

Although initially taking advantage of lower barriers of entry as a digitally-native brand, to keep growing, increased investment in marketing and store openings becomes crucial. In addition the company's product line has increased over the past approximately 5-years from a single-mattress to 27 sleep products as of December 31, 2019 according to details in the Form S-1. Currently headquartered in a 70,000-square-foot space at 3 World Trade Center, Casper has 60 U.S. stores in operation, of which (3) are located in New York City according to the website — NoHo at **627 Broadway**, the Westfield World Trade Center Mall's Oculus at 185 Greenwich Street, and in Downtown Brooklyn at City Point Center, 445 Albee Square West; and believes there is opportunity to expand to more than 200 stores in North America over time, stating that "direct-to-consumer sales in cities where we [Casper] have opened retail stores have grown 100% faster on average than cities without a Casper retail store."

Sources: https://www.sec.gov/Archives/edgar/data/1598674/000104746920000166/a2240404zs-1.htm

In the News (cont'd)

New Concept to Replace Saks Men's Store at Brookfield Place

The 16,750-square-foot store located on the 2nd floor of the retail component within the 4-building waterfront **Brookfield Place** complex was lated to close its doors on January 21st according to reports. Hudson's Bay, owner of the luxury retailer will reportedly retain the space with forthcoming plans for a new concept rumored to be "potentially unrelated to clothing." The space initially intended for an L'Atelier de Joël Robuchon French restaurant and casual café, was leased by the Canada-based company near the end of 2015. The store that opened in 2017 represented the first standalone outpost dedicated to Saks Fifth Avenue's men's line. Final plans for the space are expected to be announced in the coming months.

News of the store's closure comes about one year following the shuttering of Saks Fifth Avenue's 3-level, 86,000-square-foot women's store within Brookfield Place at 225 Liberty Street. The store intended as a downsized concept of the luxury department store's 5th Avenue flagship opened in 2016 and closed just a little over 2-years later; and is currently occupied by Convene. The New York-based flexible meeting and working space provider leased the 73,000-square-foot majority of the former store reportedly through a partnership with landlord Brookfield Property Partners in early 2019. A Saks OFF 5TH was also expected to make the debut of its first New York City outpost in the Lower Manhattan neighborhood, however the store to be located in the former Brooks Brothers space never opened despite Hudson's Bay reportedly securing a lease for 55,000 square feet in 2014 at Brookfield's One Liberty Plaza.

Market Line's First Phase Makes its Debut at Essex Crossing

The bazaar-like marketplace and grocery dubbed **Market Line** is situated below-grade within the **Essex Crossing** complex. Phase I of what will eventually be a 150,000-square-foot amenity opened on November 22nd, the 35,000-square-foot space welcoming the opening of 23 of the 30 locally-source venders that are expected to fill the space, as well as a stall for the Tenement Museum. The first phase of the Market Line sits below the new home of the historic **Essex Market** at the base of the **Essex** (Site 2), a 26-story, 489,688-square-foot mixed-used building that hosts 195 residential units split between market-rate and affordable housing; as well a 14-screen **Regal Cinemas** theater. Upon full construction complete in 2021, Market Line will house a total of 100 vendors, span (3) blocks between Essex Street and Clinton Street, and lie beneath a total of (3) buildings. In addition to the Essex, mixed-use office, retail and residential developments at 202 Broome Street (Site 3) and 180 Broome Street (site 4) are currently rising atop what will be the remaining sections of the marketplace as part of Phase 2 construction of the (9) building, 1.9 million-square-foot mixed-use complex.

Market Line Views

2019 U.S. Retail Holiday Trends: Report

An industry report released in November reveals some developing trends in today's omni-channel retail market, which continues to undergo a transformation to "serve consumers increasingly living in a faster-moving, online-based, and more time-conscious and demanding world."

Retail Sales volume across all channels (excluding restaurant, gas and auto sales) were projected to increase 4% to $729 billion in 2019 according to reported National Retail Federation (NRF) data, delivering an optimistic outlook that has mainly been "driven by positive economic and consumer-spending fundamentals, increasing total retail sales by 3.5% year-over-year. However uncertainty and concern over tariffs on consumer goods remains. Online and other non-store sales were expected to see the highest gains over the 2019 holiday season, which was the shortest since 2013, increasing year-over-year by 3% to reach 14% and account for an estimated 20% of total holiday retail sales. Among online sales activity, the growth rate of mobile commerce is outpacing that of desktop and was predicted to reach 50% of all online 2019 holiday sales.

Delivery Pressure continues to intensify as demanding consumers increasingly expect same-day, next-day and free delivery and returns. Due to the shorter 2019 holiday season with earlier shipping deadlines as a growing number of companies offer "purchase online and pick-up in-store" (BOPS) options, delivery competition significantly intensified, prompting retailers to increase their seasonal workforce dedicated to fulfillment and delivery. Major carriers such as UPS and FedEx strategically aligned with retailers to make the delivery and return process as easy and seamless as possible for consumers. Other examples cited of companies increasing their ability to expedite delivery and increase return convenience include:

- Amazon now offers its Prime members free one-day delivery at over 1,150 Kohl's locations.

- UPS recently installed UPS Access Points in 1,100 Michael's craft stores, adding to already established locations within CVS and Auto Zone stores, allowing shoppers to drop-off returns, or designate delivery near home or work at the UPS-affiliated retail locations.

- FedEx expanded its partnership with Walgreens for the holiday season to provide shipping and return services in 7,300 of the drug store chain's stores nationwide, as well as in 8,000 Dollar General stores.

Pop-ups which are especially prevalent during the holiday season are increasingly becoming a permanent brick-and-mortar establishment year-round. While in the past the concept provided a short-term opportunity for start-ups to obtain market response to their products and enabled digitally native brands to test "clicks-to-bricks" strategies, in recent years a growing number of true legacy brands are being added to the roster as the use as an incubator for special-release product drops, brand collaborations and limited inventory launches has mainstreamed pop-up stores. In addition pop-ups have been successful in driving traffic since they frequently offer unique customer experiences on a limited basis making it more enticing, as well as increasing brand awareness and attracting new customers. Cited in example was the launch of a new men's lifestyle collection by luxury jewelry brand Tiffany & Co. in a 200-square-foot pop-up in Los Angeles; and as part of the relaunch and revitalization of Toys "R"Us, a co-branded playland pop-up with Candytopia in approximately 30,000 to 36,000 square feet was opened in Chicago and Altlanta.

Resale Market has increasingly become more popular among the more environmentally, socially and economically sensitive consumer of today that continues to remain highly fashion-conscious and photo-ready. Resellers are connecting consumers with high-quality merchandise both online and in-store at prices that are often sharply discounted; and to make purchases even more affordable the buy-now/pay-later (BNPL) payment option is being offered, providing short-term, flexible payment installment programs to finance high-priced purchases as an alternative to cash and credit cards. Over the past 3-years BNPL has gained rapid traction and is now offered by thousands on online retailers; and it is expected to become a more common payment platform in brick-and-mortar retail over the next year.

Further helping to fuel the resale market's growth is the fading stigma over secondhand clothing, particularly in New York, which has always had a vintage culture; and as consumers increasingly focus on extending the life of garments to reduce the environmental impact. According to the results of a survey completed by consulting firm Accenture, 48% of surveyed consumers would by pre-use apparel and accessories as gifts, while 56% would welcome secondhand gifts from others in the 2019 holiday season. The shifting preference is helping to drive the increasing share of spending on gifts and seasonal attire among resale and apparel rental companies.

Sources: https://www.cbre.us/research-and-reports/US-Retail-Holiday-Trends-Guide---Short-Season-Creates-Delivery-Pressures-December-2019

Developing Trends

U.S. Restaurant Industry: A Changing Landscape

Restaurant sales volume nationwide has enjoyed steady growth which continues to outpace total retail sales growth. According to an industry report released in November, fueling the trend is:

- Increased consumer spending;
- Food delivery options, which are causing "dramatic shifts in restaurant operations and partnerships with third-party providers; and
- Investment in technology in delivery-only "ghost kitchens," which is creating cost-effective ways for restaurants to expand and increase customer reach.

Looking ahead, key predictions include:

- **Restaurant sales growth** is expected to continue outpacing total retail sales growth based on consumer demand and rising prices; however profitability could be weakened by landlords if too many competing uses are established. In 2018 restaurant sales volume reached over $738 billion, representing a 6.3% year-over-year growth; and as the largest share of retail brick-and-mortar sales, restaurants accounted for 17% of total retail sales. In addition the pace of growth over the post-recession decade, which is 5.6% annually on average, exceeded the 4.4% annual average of overall brick-and-mortar retail categories.
- **Delivery challenge solutions** will continue to be refined by restaurant operators, including the exchange of consumer market and demographic data, as well as data needed to personalize in-app services. In 2018 U.S. food-service delivery reached $34 billion, representing a 13% year-over-year increase. Third-party delivery accounts are projected to comprise 58% of all delivery in 2019, up from 37% in 2016; and forecast to increase to 70% by 2022. However a growing number of restaurateurs are investing in native delivery platforms to offset third-party fees and provide more personalized in-app experiences.
- **Restaurant delivery platforms** growth vehicle will be primarily fueled by delivery-only "ghost kitchens" also known as "virtual restaurants." In addition a new business model called "cloud kitchen space," which offers shared kitchen space for delivery-only restaurants using online ordering, is expected to grow in numbers amid increasing investor interest.
- **Consumer-facing and back-of-house technology** investment is expected to increase in an effort to control rising costs through automation and improve customer experience.

Sources: http://cbre.vo.llnwd.net/grgservices/secure/US%20Food%20in%20Demand%20Restaurants%20November%202019.pdf?e=1575554047&h=96116dbd008b97b848f5c5f681ac4fc9

Restaurant Industry (cont'd)

- **Fast-casual dining** will see rapid growth among traditional concepts as well as regional and specialty startups entering the market due to low barriers of entry. Among the fast-casual chains, the top 20 had average sales growth of 24% between 2015 and 2018; and unit growth over the past 3-years averaged 19%, in comparison to the moderate 1.4% average unit growth among more mature fast-food chains due to consumer demand for better-sourced food and healthier options. Affordability has fueled growth over the post-recession years, with wealth constrained millennials a key driver.

- **Fast-food industry** will continue to evolve amid an increasing consumer demand for healthy food options, technological conveniences, and modern designs. Fast-food sales reached $237 billion in 2019; and have grown at an average annual rate of 4.1% over the past 6-years. However the pace of growth is expected to further slow over the next 5-years to 1.2% annually.

- "**Eatertainment**" concept eateries that combine food and beverage with live and virtual sports, will downsize to smaller-format, tech-driven formats that will infill urban locations and be a catalyst for the revitalization of urban main streets in select markets. Amid rising consumer demand for more experience-rich recreation and dining options, the concept has seen a 44.7% and 68.5% growth of its incorporation in malls and non-mall setting respectively.

- **Diverse food halls** will expand further into suburban markets, but their success will rely on being executed and operated correctly. Not to be confused with food courts, food halls offer a "social food experience built on elevated contemporary dining," with the most successful featuring a selection of "best-in-class menu options in a carefully curated environment to provide connection, community and entertainment." Food hall success is also reliant upon design that uniquely reflects the environment, history and origins of the local community; while integration of entertainments and events is essential to drive traffic and encourage customers to linger.

Micro-Stores Join Growing Roster of Office Tenant Amenities

The reimagined convenience store concept **Bridges** will be making its debut in the lobby spaces of 747 and 777 Third Avenue (Plaza) following leases signed by Manhattan-based startup **Flagship**, in partnership with Sage Realty Corp., the leasing and Management division of the William Kaufman Organization. The grab-and-go concept will offer healthy and responsibly-sourced snacks, lifestyle brands and essentials; and will be open to both the buildings' tenants and public upon making its 3rd Avenue corridor debut before the end of 2019. Bridges will "work with the building management team to modify the menu of offerings and its services to meet the ongoing needs and changing preferences of the workforce within the building based upon a mobile component that enables Bridges to collect feedback as purchases are made. Launched in 2016, Flagship reportedly builds and operates brands for the modern consumer. Following the latest new openings, Bridges will have eight locations in the city, and plans to increase its total number of its stores to 12 by the end of the year.

Developing Trends (cont'd)

Increasing Demand for Food Delivery Driving Uptick in Ghost Kitchen Numbers

The rising preference among consumers of the convenience that food delivery offers is driving the ongoing emergence of ghost kitchen startups. According to reported industry data, online food delivery rose 13% year-over-year, reaching $34 billion in 2018, a trend that is anticipated to continue as projections of $62 billion being reached by 2022, or over 80% of a total $77 billion delivery market, reveal. Initially beginning to emerge in 2010 as "virtual restaurants" that produce their own food, the tendency of the concept to struggle with consumer connection makes the start up more challenging than perceived. This has prompted an increased shifting of the concept towards the providing of kitchen space to established brick-and-mortar eateries and restaurants for the use of delivery only food offerings. Some early virtual restaurant startups that were unsuccessful include **Green Summit Group** launched sometime in 2013 shutdown its New York and Chicago locations in 2017; and New York City-based **Maple**, which launched in 2015 offering a changing farm-to-table menu until shuttering 2-years later. Yet despite the challenges, new digitally-native brands continue test the waters such as **Zoku Sushi**. Led by a former Nobu chef, Zoku opened its first virtual kitchen in early 2019 after testing the concept in São Paulo in 2014, a city the start-up deemed similar in population density to New York.

Typically ghost kitchens provide shared operations support to restaurants while they prepare delivery orders in individual kitchen spaces, with the ghost kitchen operator taking care of the rest — from dishwashing to delivery of orders to a dispatch center. For brick-and-mortar restaurants if offers a lower-risk opportunity to expand; and although the fees paid to third-party delivery services still apply, making delivery orders more costly to produce than in-restaurant meals, in theory by utilizing ghost kitchens the operation is so streamlined that a much higher volume of orders at a quicker rate can be handled, resulting in better profit margins being generated than with delivery orders in a regular restaurant.

Ghost Kitchen Numbers (cont'd)

At a time when restaurants are seeing much of their business go online with the rise of delivery apps, some are taking advantage of their existing kitchens by adding delivery-only brands to their in-house offering. Although the approach allows the brick-and-mortar restaurant to get the most out of their existing staff, storage, ingredients and kitchen space for extra profit, the potential downside is that the kitchen is not purpose-built for delivery, so the delivery orders may be bumped down the list of priorities when the restaurant is busy; while also negatively impacting in-house diners. In contrast, since ghost kitchens are designed with tech in mind, they can reportedly optimize processes.

- **Zuul Kitchens** – Launched in 2018, the startup reportedly leases 5,000 square feet of space at 30 Vandam Street in SoHo, which was previously occupied by Maple. According to the company's website the space is divided into (9) individual kitchens, and tenant restaurants are charged an annual management fee. Zuul's tenants have reportedly included salad chain Sweetgreen, which operates several locations in Manhattan; Jewish deli Sarge's located in Murray Hill at 548 Third Avenue; Naya, a fast-casual Lebanese chain with multiple Manhattan locations; and farm-to-table Stone Bridge Pizza & Salad located in Midtown at 16 East 41st Street.

- **CloudKitchens** – The startup launched in 2016 currently operates facilities in Los Angeles, San Francisco and Chicago, some of which are in owned buildings. Among the services offered, the ghost kitchen operator helps to facilitate demand generation for its tenants through every online ordering platform. Reportedly backed by $700 million in funding, CloudKitchens also sells food created by its tenants under its own virtual labels. Earlier this year reports indicated that the Los Angeles-based startup has about 10 locations with kitchens offering adaptable layouts starting at 220 square feet.

- **Kitchen United** – Based in Pasadena, CA, the startup launched in 2017 has current and upcoming locations in Austin, Chicago, Los Angeles, Pasadena, San Francisco, New York City and Scottsdale; and has the goal of building 400 kitchen centers to house the installation of 5,000 kitchens nationwide by reportedly 2023. Reportedly closing a $40 million funding round led by RXR, Kitchen United plans to open shared kitchen centers in RXR properties, which will be an amenity for the building's residents and workers.

- **Reef Technology** – The company formerly known as Park Jockey, and backed by Softbank, uses container kitchens on a number of the 5,000 nationwide parking lots the company manages. Located in urban settings, the company determined it could realize additional value of its portfolio by putting a food-truck-like space without a pickup window. Dubbed **Reef Kitchens,** the containers spread across (3) parking spaces and house up to (5) brands. Restaurants can opt to staff the kitchens themselves or hire a staff provided by Reef according to reports. Italian pasta brand **Barilla** reportedly opened a Reef Kitchen last fall in Miami, and is using the space primarily as a test kitchen in order to help resolve some of the challenges of cooking and delivering pasta.

  In contrast to other startups Reef's real advantage is reportedly its scale, which offers brands the option of expanding quickly within a market. However it's scale has the potential to "significantly upset the order of the food and beverage industry," raising some concerns of similar larger companies with significant financial backing pursuing such quick and aggressive growth, raising questions about how it will disrupt the restaurant industry.

Looking ahead, while some industry people anticipate the level of investor interest the growing sector has attracted will provide the funding latitude for startups to gain enough market share that will likely come at the cost of brick-and-mortar businesses; others suggest the ghost kitchens can serve as great incubators, potentially fostering the next up-and-coming eatery concept without the sky-high capital investments currently needed to open a restaurant. It has been further noted that "the act of eating is inherently a social and human experience;" and although the future potential impact of ghost and virtual kitchens on brick-and-mortar restaurants has yet to be determined, seems unlikely that it will end peoples' desire to eat out. However as the city administration continues its efforts to support local brick-and-mortar businesses, the fast-growing nascent industry has come under scrutiny, prompting the city council to schedule an "oversight hearing" on the recent growth of the food niche, which will reportedly "focus on the impact [these kitchens] have on the entire restaurant industry and how they work."

Developing Trends (cont'd)

Department Stores Hope to Boost Sales by Adding Bars in Shopping Areas

Ongoing efforts by some of the city's department stores to increase sales revenue is leading to the developing trend of liquor-serving bar areas being created. In addition to prompting customers to linger in the store longer, at the same time the concept opens the door to the potential of additional purchases. In addition to alcohol's reportedly high margins, the in-store bar in urban department stores naturally attracts customers since unlike their suburban counterparts, reportedly "draw a combination of domestic and international tourists, as well as the after-work commuter crowd." Cited in example are:

- **Nordstrom** – The Seattle, WA-based chain that opened its Manhattan flagship store in October features its **Shoe Bar** within the women's shoe department on the lower level, as well as the **Broadway Bar** on the 3rd floor, offering cocktails and small plates. In addition, the retailer's first standalone men's store that opened on the adjacent block in mid-2018 offers cocktails and wine in its **Clubhouse** bar located on the 2nd floor.

- **Bergdorf Goodman** – The iconic department store opened **Goodman's Bar** in January offering cocktails, an extensive wine list, and small plates within an alcove area on the 2nd floor of its dedicated Men's Store. Bergdorf is also "working on an app that allows customers to order drinks" while being fitted for clothes on the floor.

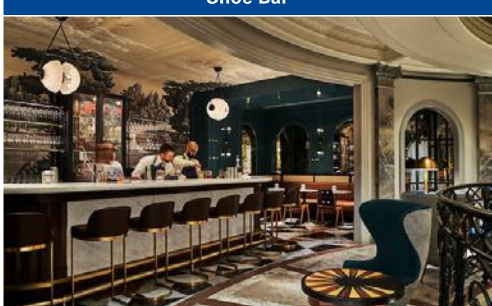
- **Saks Fifth Avenue** - As part of a $250 million renovation completed last year the department store added **L'Avenue at Saks Fifth Avenue**. Opening last February, the upscale eatery that spans the 8th and 9th floors also includes **Le Chalet**, an Austrian "après-ski-style bar and lounge" on the 8th floor inspired by a 1940s-style ski chalet; and offers small bites and cocktails. In contrast to the bars at the other department stores, which are in the vicinity of merchandise on the sales-floor where they are located, Saks' Le Chalet is intended to serve as a hideaway from the bustling city and is located away from the merchandise racks.

- **Neiman Marcus** – The Dallas, TX-based department store that made its New York City debut within the 7-story Shops and Restaurants at Hudson Yards last year has **Bar Stanley**. Located within the store on the 6th level of the mall, a selection of cocktails, wines, beers and single malt scotch, along with small plates are available.

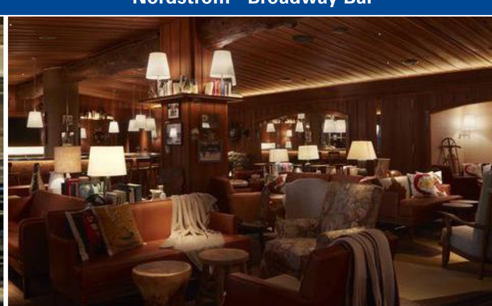
Shoe Bar

Nordstrom - Broadway Bar

Men's Store Clubhouse



Bergdorf Goodman - Goodman's Bar



Saks Fifth Avenue Le Chalet

Neiman Marcus - Bar Stanley

Developing Trends (cont'd)

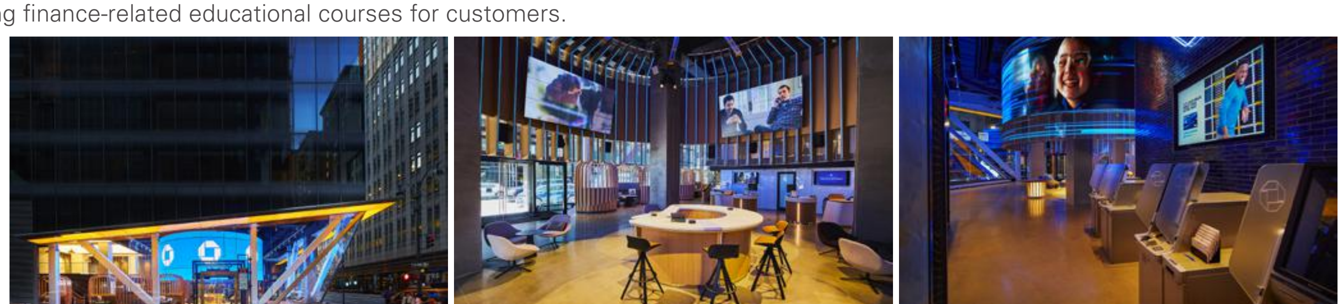
Manhattan's Bank Branches Shrinking in Size and Numbers

An increase in online banking and credit card use by consumers has prompted a further re-evaluation by banks of their street level presence. Although the phrase "a bank on every block" still continues to hold true in many of Manhattan's neighborhoods, it is likely to become less accurate in the years to come. Already the number of "grand bank" branches have just about all disappeared, as some banks begin to close branches, or downsize those that remain open as leases expire. According to reported Federal Reserve data, "more than half of U.S. counties lost branches between 2012 and 2017, with rural areas the most affected." In Manhattan branch count has fallen around 5% since 2009, with a 2.5% decline in the past 2-years, in contrast to a nearly 50% increase between 2002 and 2009 per reported data from the Federal Deposit Insurance Corp. (FDIC).

In addition, the purpose of bank branches is gradually evolving, since most of the tasks that previously required a trip to the branch by customers can now be done online. It has also been pointed out that "many young consumers rarely bank at all, favoring payment apps such as PayPal-owned Venmo, a digital wallet that lets consumers make and share payments with friends, while also offering a Venmo debit card to use when shopping in stores; and more recent digital-only rivals that offer mobile banking options such as Goldman Sachs' Marcus, BankMobile and newer entrants Chime and N26. As a result some of today's bank branches are more focused on advertising, have fewer employees, and more machines to handle an increasing range of customer transactions. Branch overlap — when two branches are too close together, and a consolidating of operations have also contributed to branch closures. Since 2009 HSBC Holdings has reportedly reduced its nationwide footprint by 20%, while Citigroup and Bank of America have stayed flat; and although the number of Chase branches declined 1% in the past year, the New York-based lender has recently bucked the trend, a bank spokesperson reportedly stating that "whenever we move into a new location, it's the branch that drives all of the business that we do." In June JPMorgan Chase announced it was in the midst of opening 400 branches in 20 cities where the bank has little presence, as well as the opening of a new 12,500-square-foot flagship branch at **390 Madison Avenue** (Grand Central) in June. (2019)

According to a press release by the bank, the new branch is one of Chase's largest and most innovative, integrating the latest digital technology, amenities and design elements; and features free Wi-Fi and charging stations, a modernized workspace for bankers with online tablets, a digital advice bar, and enhanced ATM's that can perform 80% of transactions. The branch will also host community events and discussions including **Chase Chats**, a new series of small group discussions on topics that matter most to customers. JPMorgan reportedly plans to open similar flagship branches in Chicago, Los Angeles and other cities. More recently Chase opened a branch at **29 Union Square West**, in a portion of the space formerly occupied by longtime tenant the Union Square Coffee Shop. The primarily automated branch is located adjacent to a Joe Coffee, which is accessible from within the bank branch, offering a place to relax over a cup of Joe before or after completing your banking transactions.

Another lender that over the past few years has launched a transformation of its branches to attract millennials is Capital One. The McLean, VA-based lender's **Capital One Café**, which has been reportedly popping up all over the country, made its Manhattan debut at **853 Broadway** in Union Square. According to initial reports in 2015 announcing the 3-level, 15,000-square-foot lease, the new branch features a large café operated by Peet's Coffee & Tea, in addition to a large work lounge for customers offering free Wi-Fi. Mobile tellers are equipped with iPads to handle transactions face-to-face rather than from behind the typical teller windows, and basement space is utilized for classrooms offering finance-related educational courses for customers.



Chase Flagship - 390 Madison Avenue Exterior and Interior Views

Capital One Flagship - 853 Broadway

Leasing Activity

Fashion Brand Tops List of Manhattan's Most Valuable Retail Leases in 2019

The year-end brings reports of the line-up of the most valuable leases secured in 2019. Among the top-10 new leases, of which only leases of a minimum of 3-years were counted, a global fashion brand led the way for the first time in reportedly 5-years — a title previously claimed by mass-appeal or non-clothing tenants since 2014. An industry source reportedly commented that with the stabilization of rents, retail tenants are "starting to do 5- and 10-year deals again; however "concerns over internet retailers remain, while new ones including the potential for a commercial rent cap have cropped up." Although new deals took center stage, there were reportedly several significant renewals during the year.

- **M&M World New York** – The 15-year renewal by Mars Inc. of the 20,000-square-foot store at 1600 Broadway reportedly has a value of $190 million.
- **Whole Foods Market** – The renewal and expansion at 4 Union Square South at an approximate annual rent of $9 million, nearly triple the $3.2 million the grocery chain paid upon securing its initial lease in 2004.
- **Mikimoto** – The jeweler relocated within the **Crown Building** at 730 Lexington Avenue; and the new lease for 700 square feet on the ground level and 2,000 square feet on the 2nd floor has a reported rent of $4.75 million per year.

Fashion Brand Tops List (cont'd)

In total the reported top-10 deals accounted for approximately $68.9 million in annual rent, representing an 11% year-over-year increase from the $62 million total in 2018. However despite the uptick, the figure is significantly lower than the $150 million generated by the top-10 deals in 2015 according to the report.

- **Hermès of Paris / 706 Madison Avenue** – The 39,671-square-foot lease secured in early 2019 by the Paris-based luxury fashion house reportedly had an annual base rent of approximately $16 million. Tenant incentives such as free rent or work contributions reportedly valued at more than $30 million were included in the lease package, lowering the net effective rent.

- **Best Buy / 535 Fifth Avenue** – The technology retailer's lease for 40,839 square feet on the ground, 2nd, mezzanine and basement levels has a base rent of $8.25 million per year according to reported details within a Tel Aviv Stock Exchange filing.

- **Christian Dior / 767 Fifth Avenue** – The fashion house secured an 11,847-square-foot lease reportedly under an approximately 4-year term with a 5-year extension option. The space formerly occupied by jeweler Cartier during a renovation of its nearby flagship store includes 6,552 square feet on the ground level, 743 square feet on the mezzanine, and 4,552 square feet of space on the concourse level at the base of the **GM Building**; and has an estimated annual rent of $8 million.

- **JD Sports / 1466 Broadway** (aka 6 Times Square) – The U.K.-based retailer secured a lease for about 36,396 square feet, which although unverified appears to be the space that previously housed a holiday pop-up store for Toys 'R' Us. The new store that spreads across a portion of the ground, 2nd and lower levels has an approximate asking rent of $7 million per year.

- **Lululemon Athletica / 592 Fifth Avenue** – The athletic apparel brand secured a 10-year lease for its 20,000-square-foot flagship at an approximately $7 million asking rent for the space that includes 6,000 square feet on the ground level, and 7,000 square feet each on the 2nd floor and lower level. Lululemon will be relocating from an 8,000-square-foot space spread across the ground, mezzanine and balcony levels, plus 5,000 square feet of basement space at the nearby **Charles Scribner's Sons Building**, 597 Fifth Avenue, which the retailer leased short-term in mid-2017 according to reports at the time, apparently deciding not to exercise an option to extend the lease long-term.

- **Ulta Beauty / 2 Herald Square** (aka 950 Sixth Avenue) – The Estée Lauder-owned cosmetic brand secured a lease for 12,040 square feet of ground level space at an estimated asking rent valued at approximately $6.65 million. The deal that absorbed a portion of the 60,500-square-feet vacated by fast-fashion chain H&M also includes an additional 6,000 square feet of lower level storage space; and will serve as the retailer's Manhattan flagship.

- **Whole Foods / 28 East 28th Street** (formerly 63 Madison Avenue) – The Austin, TX-based grocer leased 60,000 square feet — 10,000 square feet on the ground level and 50,000 square feet on the 2nd floor, at the base of the 15-story building currently undergoing a major renovation to include a wraparound 2-story retail glass box. The deal reportedly fetched an annual asking rent valued at approximately $4.8 million.

- **Target / 233-271 West 42nd Street** (aka 267 West 42nd Street) – The discount retailer leased 32,942 square feet — 1,300-square-foot on the ground level and the entire 31,642-square-foot lower level of the 5-story, roughly 200,000-square-foot **E-Walk Retail and Entertainment** complex, reportedly putting the annual asking rent at approximately $3.95 million.

- **Legends Hospitality / 28 Liberty Street** – The operator of One World Trade Center's Observation Deck will be opening a yet-to-be-named food and live music venue within the tower's **Marketplace 28**. The 35,000-square-foot ground level space had an annual asking rent valued at approximately $3.7 million.

- **Ugg / 530 Fifth Avenue** – The California-based Decker Brand-owned footwear brand reportedly secured a lease for 12,843 square feet at an annual asking rent valued at approximately $3.5 million.

Lease Deal Highlights

Midtown

Club Monaco / 597 Fifth Avenue (Plaza) – The Ralph Lauren-owned high-end casual retailer will be opening a store at the base of the historic **Charles Scribner's Sons Building**. Asking rent for the space was reportedly $1,000 per square foot, offering about 8,000 square feet spread across the ground, mezzanine and balcony levels plus 5,000 square feet of basement space; and featuring a "large, grand staircase, 31-foot ceilings, and 55 feet of frontage on 5th Avenue." Headquartered at the **Starrett-Lehigh building**, 601 West 26th Street (Chelsea), the new store will establish the retailer's 5th New York City location, joining other outposts at 160 Fifth Avenue (Flatiron), 536 Broadway (SoHo), 211 Columbus Avenue (Upper West Side), and separate men's and women's locations in Lower Manhattan's **Brookfield Place**. Yoga apparel retailer Lululemon previously occupied the space under a short-term lease, recently relocating its flagship across 5th Avenue to a 20,000-square-foot space at 592 Fifth Avenue under a 10-year term.

East 59th Street: Triple-header deals (Plaza) – Leasing activity along the block between Madison and 5th Avenues will add a trio of fashion brands to the corridor that already boasts several luxury retailers such as Gucci, Tiffany & Co., Louis Vuitton, Coach House, Rolex and Valentino. Full details were not released of the (3) leases that had a combined total of 10,954 square feet.

- **650 Madison Avenue** – The retail space at the base of the 28-story, 604,000-square-foot tower has reportedly added the pair of new fashion brands to its roster, joining existing tenants leather handbag retailer Celine and shoe brand Tod's. The recently leased storefronts that have a combined total of 4,402 square feet will front the 59th Street side of the building that spans the entire Madison Avenue block-front between East 58th and 59th Streets.
  - **Balmain** – The France-based fashion house will establish its second Manhattan outpost, having leased 3,200 square feet. The retailer made its U.S flagship debut in 2015 following a 2,600-square-foot, 5-year lease at 100 Wooster Street in SoHo, which recent reports indicate may close; and
  - **Bape** (aka Bathing Ape) – The Japanese streetwear brand leased 1,202 square feet at the base of the building; and also has a SoHo location at 91 Greene Greene Street, but plans to relocate to nearby 163 Mercer Street, having recently secured a lease for the entire 4,000-square-foot building.
- **Christian Dior** – The luxury fashion brand has reportedly leased 11,847 square feet at the full-block **GM Building**, 767 Fifth Avenue. The store fronting East 59th Street will include 6,552 square feet on the ground level, 743 square feet of mezzanine space, and 4,552 square feet on the concourse level. The deal that has a term of just a few years includes an option to extend to 5-years according to reports.

Yet-to-be-Named / 45 Rockefeller Plaza (Plaza) – Chefs Riad Nasr and Lee Hanson will be opening a new restaurant in the 18,000-square-foot space that has longtime served as the home of Brasserie Ruhlmann, which will be closing early this year. Full details of the deal were not released, but the location that borders the Rockefeller Center ice skating rink is expected to open in the spring of 2021; and will keep the same classic French brasserie style. Currently Nasr and Hanson operate the popular Frenchette, which reportedly opened in 2018 in Tribeca at 241 West Broadway; and more recently acquired the Upper East Side French restaurant Le Veau d'Or. As part of a makeover at Rockefeller Center, other legacy eateries expected to close include the Sea Grill, Rock Center Café, and Cucina & Co.; and are being replaced by more modern, fast-casual offerings such as Fuku, Milk Bar, Van Leeuwen, By Chloe, Black Seed and Sweetgreen according to reports.

Fasano Hotel & Restaurant Group / 280 Park Avenue (Plaza) – The Brazilian group has reportedly secured a lease for the 20,000-square-foot space with plans to open a yet-to-be-named high-end Italian restaurant. Although full details of the deal were not released, the new eatery is expected to open sometime between March and mid-2020. Initial reports surfaced in August of the Fasano Group entering into talks to take the space that formerly served as the home of the short-lived revival of the **Four Seasons** restaurant, which had reopened in September 2018 after relocating from its longtime home at 375 Park Avenue, only to shut down for good in June 2019 according to reports at the time.

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

Sherwood Equities: Double-header Deals (Times Square) – The landlord has secured 15-year renewals by a pair of long-time tenants occupying a combined total of about 40,000 square feet. Both tenants are reportedly planning to make upgrades to their spaces.

- **M&M World New York / 1600 Broadway** – The chocolate purveyor has reportedly renewed its 2-story, approximately 20,000-square-foot space at West 48th Street, where the company has been located since 2006. The deal that has a 2.5% annual rent increase also included the renewal of (2) big electric signs, one of which is the size of a tennis court according to reports. The candy brand owned by Mars Inc. anchors the roughly 25,000-square foot retail condo situated at the base of the mixed-use 25-story, 160,008-square-foot tower. Recent reports indicate that longtime owner Sherwood Equities introduced the unit to the market in November at an asking price of $200 million.

- **Olive Garden / 2 Times Square** – The Italian restaurant chain renewed its 3-story, 20,000-square-foot space occupied since 1994.

1530 Broadway: Double-Header Deals (Times Square) – The 4-story, 161,000-square-foot **Bow Tie Building** that spans the entire Broadway block-front between West 44th and 45th Streets recently secured a pair of leases that will bring the retail space to full occupancy. The space previously serving as the longtime 10,000-square-foot home of **Toys 'R' Us** until shuttering in June 2016, has since been divided to house multiple tenants. Full details of the latest signings that have a combined total of 16,719 square feet were not released, but they bring the total of reported deals since 2015 to 87,219 square feet.

- **Walgreens** – The drugstore chain leased 14,434 square feet fronting Broadway. According to marketing material the space includes 8,641 square feet on the ground level and 5,793 square feet of 2nd floor space. The new location located between Old Navy and McDonald's features 76-feet of frontage and ceiling heights up to 20-feet. Although unverified, news of the deal will likely result in a relocation and downsizing from the drug store chain's 27,287-square-foot space at the base of One Times Square (aka 1475 Broadway), where they have been located since 2007. Although the 15-year lease secured reportedly includes options, decisions to move have likely been prompted by a planned redevelopment of the 117,000-square-foot building, which on New Year's Eve reportedly "becomes the center of attention for roughly a billion people around the world, who tune in to watch the ball drop on its roof."

- **Running Subway Productions** – The New York-based entertainment production company has lease the 2,285-square-foot space formerly occupied by restaurant Bond 45. The storefront offers 21-feet of frontage along West 45th Street. Additional basement space totaling 3,335 square feet is also available, but it is uncertain if the extra storage space was included in the deal.

Previously reported lease deals include:

- Gap Inc. committed to a combined total of 72,000 square feet under 15-year terms in 2015.
  - Gap occupies 31,000 square feet with approximately 6,000 square feet on the ground level and 25,000 square feet on the lower level at reported asking rents of $2,500 per square foot and $150 per square foot respectively. Reports at the time indicated that the estimated annual starting rent was $17 million.
  - Old Navy occupies 32,500 square feet with approximately 23,500 square feet between the ground and 2nd levels plus about 17,500 square feet of mezzanine space. The estimated starting rent was reportedly $18 million.
- McDonald's occupies 7,000 square feet secured in 2018. The space is split between 4,000 square feet on the ground level, at a reported asking rent of $2,000 per square foot, and 3,000 square feet on the 2nd floor.

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

Yard House / 10 Times Square (Times Square) – The Darden Restaurants-owned New American eatery and bar will be making its New York City debut at the base of the 34-story, 470,000-square-foot building that also goes by the address 1441 Broadway. Although full details of the deal were not released, the new fast-casual pub will spread across 19,000 square feet on the ground, 2nd and lower levels of the building that spans the entire West 41st Street block-front between Broadway and 7th Avenue. The tenant was attracted to the new glass-box space that features floor-to-ceiling windows offering great foot-traffic visibility. Yard House currently operates numerous locations in malls nationwide, as well as nearby suburban locations in West Nyack and Yonkers according to reports.

Target / 233-271 West 42nd Street aka 660-668 Eighth Avenue (Times Square) – The discount retailer is adding its 11th reported location to its growing roster of Manhattan small-format concept stores upon expected opening in 2022. The lease for 32,942 square feet spans a 1,300-square-foot portion of the ground and entire 31,642-square-foot lower level of the 5-story, roughly 200,000-square-foot **E-Walk Retail and Entertainment complex** at reported asking rents of $800 per square foot and $125 per square foot respectively. Connected to the **Westin Hotel** at 270 West 43rd Street, the 400-foot-long retail strip is undergoing an approximately $60 million capital improvement program by Tishman-Speyer, which is expected to be completed in late 2021. Target will join other tenants Cineworld-owned Regal Entertainment Group's Regal E-Walk Stadium 13 & RPX theater, which has been located at the property since reportedly 1999; and secured a 10-year extension in late 2017 of its lease expected to expire in 2019 that resulted in an undisclosed downsizing of Regal's former 78,562-square-foot theater.

Best Buy / 535 Fifth Avenue (Grand Central) – The electronics retailer has secured a 10-year lease for 40,839-square-feet according to reported details within a recent Tel Aviv Stock Exchange filing. The space spanning the ground, 2nd, mezzanine and basement levels has a reported base rent of $8.25 million and includes (2) 5-year extension options that if exercised will see the rent increased to $10.45 million and $11.495 million during the first and second extensions. In addition, $7.5 million in tenant improvements is set to be paid to Best Buy by landlord the Moinian Group upon the opening of the new flagship according to reports. The new store is expected to open in late 2020 or early 2021, resulting in the Richfield, MN-based chain vacating nearby 529 Fifth Avenue where they had an initial lease for 20,000 square feet.

Citizens / 5 Manhattan West (Penn Plaza) – SBE Entertainment has reportedly secured a lease for 40,000 square feet. SBE subsidiary C3 will operate the space that is expected to include (2) full service restaurants, multiple bars and a fast-casual market hall. News of a potential signing initially surfaced in early November, reports at the time indicating that SBE was planning some kind of culinary incubator to test different concepts for the company's expansion plans. Full details of the deal were not released.

Club Nebula / 130 West 42nd Street aka 135 West 41st Street (Penn Plaza) – The nightclub operated by the Mixx Lifestyle group will reportedly be opening in the Theater District at the base of the 30-story, 255,078-square-foot block-through tower in September 2020. The 10,000-square-foot lease includes 4,672 square feet on the ground level at $233 per square foot, with the remainder of the space on the mezzanine and lower levels, having previously served as the home of Pronto Pizza according to reports. Located between Broadway and 6th Avenue, the new venue will front West 41st Street; and reportedly feature "state-of-the-art special effects and a unique cocktail program with a kitchen. The hospitality company also operates (4) locally owned craft beer and gourmet food stores called Milk & Hops; as well as (3) charter party boats at the East River and 34th Street.

Midtown South

Hugo Boss / 568-578 Broadway (SoHo) – The German fashion designer has reportedly secured a lease for 7,000 square feet about one block north of its current location, where the lease was nearing expiration. According to reports Hugo Boss will be vacating 6,600 square feet at the Scholastic-owned 555-559 Broadway upon relocating to a portion of the 19,250-square-foot space that was formerly the longtime home of Armani Exchange until shuttering in the summer of 2017, with Artist & Fleas the most recent tenant over the past 2-years prior to closing last summer. The new store located at the base of the **Prince Building** has a blended asking rent of $543 per square foot; and includes 5,000 square feet on the ground level, featuring an 18-foot ceiling height at an asking rent of $700 per square foot; and 2,000 square feet on the lower level at $150 per square foot according to reports.

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

Audemars Piguet / 56-58 Gansevoort Street (MePa) – The Swiss watch brand that currently has a Manhattan boutique at 65 East 57th Street (Plaza) will be opening its second location in the borough. The blended asking rent for the space was reportedly $150 per square foot; and includes a ground level 200-square-foot lobby with elevator, and 5,171 square feet on the 2nd floor with a 2,543-square-foot terrace. The luxury retailer will be joining several other brands within the 5-building **Gansevoort Row** that spans the entire block-front between Washington and Greenwich Streets within the Gansevoort Market Historic District; and have been undergoing major renovations and alterations by the joint venture of William Gottlieb Real Estate and Aurora Capital Associates.

- Hermès – The accessories brand leased 10,000 square foot space at 46-48 Gansevoort in 2017;
- Pastis – The lease for 8,500 square feet at 52 Gansevoort lease in early 2019 brought the welcomed return to the area of the popular restaurant;
- Belstaff – The British outerwear brand leased a 2-level, approximately 3,200-square-foot space at 62 Gansevoort in 2019, relocating from 814 Madison Avenue (Upper East Side);
- Frame – The popular denim brand based in Los Angeles and the U.K. leased a 2-level, 3,324-square-foot space in 2019 at 64 Gansevoort; and
- Brunello Cucinelli –The Italian fashion brand leased a 3-level, 6,100-square-foot space featuring a large 2nd floor private terrace at 50 Gansevoort in 2019, relocating from 683 Madison Avenue (Upper East Side).

In a separate deal, another Swiss watch brand will add its name to the roster of upscale tenants in the neighborhood. As an authorized dealer, Bucherer-owned **Tourneau** will reportedly be opening a dedicated **Rolex** store in a 3,950-square-foot space the retailer leased at **SoHo House, 29 Ninth Avenue**. The asking rent for the corner space is about $2.1 million per year, having been previously occupied for a short time by specialty market Dean & DeLuca, which reportedly leased the former Spice Market space in 2016 for its **Stage** café concept that opened in April 2019, but subsequently closed (3) months later amid financial setbacks.

Nusr-Et / 412-414 West 15th Street (MePa) – The steakhouse by Turkish chef Nusret Gökçe , more popularly known as Salt Bae, will be establishing its second New York City location at the base of the newly constructed office building. Entering the Manhattan market in early 2018 with the opening of a location at 60 West 53rd Street (Plaza), the new 12,176-square-foot restaurant will spread across 7,059 square feet on the ground level and 5,117 square feet of lower level space. News of the deal comes a few days after reported announcements that Rockpoint Group and Highgate Hotels have re-introduced the remaining 93-year term of the ground lease of the 18-story, 138,799-square-foot building and adjoining 413-419 West 14th Street, 421-435 West 14th Street, as well as 436 West 15th Street to the market for $275 million.

Downtown

CVS Pharmacy / 140 Church Street (TriBeCa) – The Rhode Island-based chain has reportedly secured a 15-year lease for 11,954 square feet at the base of the 24-unit condominium located on the corner of Warren Street. Slated to open sometime in 2020, CVS will replace current tenants Mattress Firm and 7-Eleven according to reports. The new location that includes 8,724 square feet on the ground level and 3,230 square feet of basement space will establish CVS' second outpost in the neighborhood, adding to the lower level space the pharmacy occupies within the small-format Target store at 255 Greenwich Street.

Nerolab Italian Food Zone / 40 Wall Street (FiDi) – The Italian restaurant and bar will be opening in the 18,500-square-foot space at the base of the 1.198 million-square-foot **Trump Building**. News of the deal comes about 4-years after upscale market Dean & DeLuca reportedly secured a lease for the space; however due to financial setbacks never occupied the space that reportedly fetched a lease price of $1.4 million per year. According to marketing material the ground level space that has 12- to 14-foot ceiling heights offers 53-feet of frontage plus 1,500 square feet of lower level space; and is reportedly being marketed as a sublease that extends until 2031.

Sources: https://tribecacitizen.com/2015/11/03/in-the-news-dean-deluca-opening-on-wall-street/);

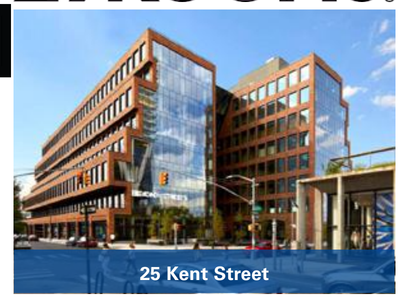
Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

Sweat 440 / 80 John Street (FiDi) – The Florida-based on-demand fitness concept launched in 2018 secured a lease for a second Manhattan facility, just about (3) months after making its Manhattan debut. The 4,000-square-foot outpost at the base of the 90-unit mixed-used condominium will join Sweat 440's 5,321-square-foot gym at 600 Sixth Avenue (Flatiron) leased under a 10-year term in August. Full details of the recent signing were not released, but looking ahead the number could increase to 10-15 locations throughout the borough depending how well the concept that offers classes every 10 minutes intended to appeal to busy businessmen and women is received.

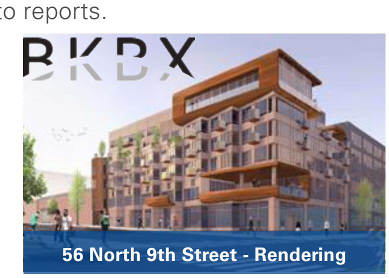
Outer Boroughs - Brooklyn

29Rooms / 25 Kent Avenue (Williamsburg) – Refinery29 has reportedly secured a nearly month-long lease for 64,900 square feet spanning the entire 5th floor at the newly constructed 8-story, roughly 500,000-square-foot office-and-warehouse development. The space will host the online women's publication's Instagram museum, which was opened to the public from November 25th through December 22nd. The short-term pop-up deal marks the first publicly-announced lease for the full-block building bound by North 12th and 13th Streets between Kent and Wythe Avenues that was constructed on speculation by Heritage Equity Partners and Rubenstein Partners LP. Initially launched in 2015, 29Rooms was a way to bring the digitally native publication into the brick-and-mortar world. Over the past year several interactive pop-up museum concepts offering perfect photo opportunities for posting online, which has become extremely popular among millennials, have been taking space around New York City; and a combination of increased vacancies and the "amount of buzz and visitors that museums generate has started to excite landlords, hoping they will drum up interest in their vacant storefronts." The Museum of Ice Cream, Candytopia, Rosé Mansion, Color Factory, Dream Machine, the Museum of Pizza, and more recently Arcadia Earth are among the growing roster.


25 Kent Street

About 2-weeks following news of the short-term deal, the building secured its first term tenant. The streetwear brand **KITH** launched in 2011 has reportedly secured a lease for 57,679 square feet to house about 75 employees, along with its production, design and "front office" functions on the building's 3rd floor. The company will be relocating from Midtown South's SoHo neighborhood, where KITH opened a 3-story retail flagship in 2017 at 337 Lafayette Street; and will occupy two-thirds of the Kent Street building's 87,000 square feet of manufacturing space; as well as open a new 2,000-square-foot ground level retail store according to reports.

BKBX / 56 North 9th Street aka 87 Kent Avenue (Williamsburg) – The new fitness brand reportedly offering circuit-training classes that blend elements of adventure sports with the latest in fitness and technology is opening its 2nd location. Launched in 2019 with the opening of its first facility, BKBX reportedly leases more than 32,000 square feet within the newly constructed 45-unit, 102,789-square-foot mixed-use building. The space will include (4) fitness studios spread across 8,700 square feet and a 2,000-square-foot yoga studio featuring 22-foot ceilings that open up to a 35-foot vaulted skylight according to reports. Slated to open in the summer of 2020, BKBX will be joining urban rock climbing facility Brooklyn Boulders, which occupies a 30,589-square-foot space secured in early 2019.



56 North 9th Street - Rendering

Talea Beer & Brewery / 87 Richardson Street (Williamsburg) – The New York-based brewery has secured a lease for 10,000 square feet within the 40,000-square-foot building on the northeast corner of Leonard Street. The craft beer startup's new taproom is expected to open sometime this year across the street from the New York Distilling Company at 79 Richardson Street; and is reportedly the "first female-forward beer brand in the U.S." Since its 2018 launch Talea Beer has secured 85 accounts citywide, as well as their beer being stocked in New York City Whole Foods stores according to reports.

Leasing Activity (cont'd)

Lease Deal Highlights (cont'd)

123 Linden Boulevard Rendering

Friends of Ascend Charter School / 123 Linden Boulevard (Prospect Lefferts Gardens) – The Brooklyn-based charter school has reportedly secured a 15-year lease for the entire 45,000-square-foot retail component at the base of the currently under construction 26-story mixed-use development that topped out in May. Founded in 2008 Ascend currently serves 5,000 kindergarten to 12th grade students spread across 15 schools throughout Brooklyn. The new facility dubbed **Lefferts Gardens Ascend Lower School** will span the ground and 3rd floor, with an expected opening in the fall of 2020. Leasing launched last summer at the 469,000-square-foot building dubbed **PLG**, which in addition to the school will host 467 residential rental units.

475 Clermont Avenue Rendering

Fitness Factory Health Club / 475 Clermont Avenue (Fort Greene) – The New Jersey-based fitness operator that currently has (5) locations in New Jersey will be making its debut in New York City, having reportedly secured a lease for 18,000 square feet. The 10-year deal that had an asking rent in the $80 to $90 per square foot range will bring the first tenant to the 12-story, 400,000-square-foot mixed-use building that recently completed construction by RXR Realty, representing the developers debut in New York City's residential market. In addition to a total of 33,235 square feet of retail space, (per Ripco listing on Costar) the 133-foot-tall structure hosts 363 residential units, of which 20% have been designated for affordable housing. RXR controls the site, which has an alternate 810 Fulton Street, under a lease that extends to February 1, 2077 according to city record documents.

Queens

22-43 Jackson Avenue Rendering

Trader Joe's / 22-43 Jackson Avenue (Long Island City) – The grocery chain launched in 1957 has reportedly secured a lease for about 17,000 square feet. The deal will establish the California-based retailer's second outpost in the Queens borough, adding to its location in Rego Park at **90-30 Metropolitan Avenue**; as well as its (12) stores citywide since entering the New York City market in reportedly 2006. Expected to open in late 2020, the store will be situated at the base of the 11-story- 120,000-square-foot mixed-use development well underway by Circle F Capital. Expected to complete construction sometime in 2020, the new building that offers frontage along 46th Avenue, Jackson Avenue and 23rd Street will also host 71 residential units.

Pirate Studios / 1519 Decatur Street (Ridgewood) – The startup that provides rehearsal and production space for musicians will be establishing its Queens debut within a 13,832-square-foot space at the 67,000-square-foot former manufacturing building located on the border of Brooklyn's Bushwick neighborhood. The building located on the corner of Irving Place was rebranded **Box Factory**, upon co-owners Hornig Capital Partners and Brickman Real Estate completing a reportedly $10 million gut renovation and rehabilitation of the 3-level structure. Asking rents are reportedly $35 per square foot at the building that now offers office space "catering to the area's creative class, with outdoor space, common areas and bike rooms." Based in the U.K. and currently operating over 25 locations primarily in the United Kingdom, the recent signing establishes Pirate Studios' second New York City facility, having initially entered the U.S. in 2018 at **19 Division Street** in Brooklyn's Greenpoint neighborhood. The company's facilities offer a variety of studio types for recoding, rehearsal, podcast production and DJ Booths.

Bronx

535 Union Avenue

Essen Health Care / 535 Union Avenue (Mott Haven) – The urgent care center has reportedly leased 18,000 square feet of community facility space to serve as its flagship location in the area. Expected to open in the 2nd or 3rd quarter of 2020, the new facility will be situated at the base of the newly constructed 8-story, 177,292-square-foot mixed-use development. The new walk-in clinic brings a much needed service to the community, which currently has limited medical and dental offices in the vicinity according to reports. The 126-unit building that opened in June completes the 3-building project known as **Crossroads Plaza**. Developed by Douglaston Development along with the New York City Department of Housing Preservation and Development (HPD), the previously constructed adjacent mixed-use buildings include **828 East 149th Street** and **501 Southern Boulevard**, offering a combined total of 432,319 square feet hosting 299 residential units and (2) retail units.

Sale Activity

New to Market

Midtown

1600 Broadway (Times Square) – Longtime owner Sherwood Equities has reportedly introduced the multi-level retail condominium to the market at an asking price of $200 million ($7,909 per square foot). The 25,288-square-foot unit spreads across portions of the ground, 2nd and cellar levels of the mixed-use 25-story, 160,008-square-foot tower that spans the entire West 48th Street block-front between 7th Avenue and Broadway. Currently anchored by longtime tenant M&M's World New York in a 2-story, roughly 20,000-square-foot space occupied since 2006 that the candy brand owned by Mars Inc. recently renewed for 15 years according to reports.

Downtown

82-92 Greenwich Street (FiDi) – Thor Equities has reportedly introduced the sale offering of the approximately 43,564 rentable-square-foot retail condominium, hoping to fetch around $30 million. Situated at the base of the 461-unit residential condominium known as the **Greenwich Club Residences**, which goes by the address 88 Greenwich Street, the unit currently serves as the home of the **9/11 Tribute Museum** under the address 92 Greenwich Street. News of the sale that is expected to be delivered vacant comes about two and one-half years after the museum opened, having reportedly secured a 36-year lease for the space in June 2016. The deal enabled the museum operated by the non-profit group the September 11th Widows and Victims Families' Association to triple in size from its former location at 120 Liberty Street. However as the "reconstruction of the World Trade Center neared completion, its more popular memorial has become the signature attraction of Lower Manhattan."

The museum's space has (2) entrances — one fronting Greenwich Street and the other on Rector Street, offering an building-within-a-building opportunity with elevator access; and spreads across a portion of the ground level — 1,943 rentable square feet facing Greenwich Street and 1,132 rentable square feet on Rector, as well as 6,840 rentable square feet of basement space and the entire 2nd floor's 33,649 rentable square feet. The unit is part of the larger 50,183-square-foot retail condominium that Thor took control of in 2014, having bought out former partner Buttonwood Development's 50% stake for about $12.5 million. In 2005 the former partnership had purchased the 450,000-square-foot office building for $195 million ($433 per square foot), proceeding with a residential conversion of the 38-story tower.

The sale of the museum's condo interest comes over 2-years after reports in August 2017 announced Thor's plans to sell the entire retail condominium at an asking price of $52 million. In addition to the museum, other retailers at the building include Dunkin Donuts, Boundless Plains Espresso, eatery Sauce & Barrel, and pet supply retailer Petropolis. It is uncertain if the museum will cease operations or be able to establish itself in a new location.

Sale Highlights

Midtown

429 Seventh Avenue (Penn Plaza/Garment) – The entity Buvet Fee Owner LLC has purchased the 3-story, 5,829-square-foot retail property located between 6th and 7th Avenue, between Penn Station and Macy's Herald Square flagship. The sale by longtime owner the McDonald's Corporation attracted a price of $35 million ($6,004 per square foot).

Sale Activity (cont'd)

Sale Highlights (cont'd)

Midtown South

565 Broadway (SoHo) – The partnership of Rye, NY-based Acadia Realty Trust and the Prusik Group has assumed the remaining term of the 99-year leasehold for the ground and basement retail space at the base of the 9-story, 10-unit mixed-use cooperative located on the corner of Prince Street. The approximately 5,000 gross-square-foot unit currently occupied by **Victoria's Secret Pink** attracted a price of $28 million ($5,600 per square foot). The memorandum of lease that has 59 years of term remaining was originally issued in March 1979 and extends through December 2078 according to city record documents. News of the transaction comes about (5) months following Acadia's purchase of the nearby 7,328-square-foot retail condominium at **47-49 Greene Street** for $24.8 million ($5,819 per square foot), having also purchased (2) other units along the street at **41 and 51 Greene Street** in May and March 2019 respectively.

37 Greene Street (SoHo) – Acadia Realty Trust has added another retail property to its growing roster of holdings on the block between Grand and Broome Streets. The latest acquisition for the 3,343-square-foot ground level unit fetched a price of roughly $15.409 million ($4,609 per square foot), having previously traded in June 2015 for $12 million ($3,590 per square foot) according to city records. The purchase from Premier Equities is reportedly part of a previously announced plan to "acquire some $122 million worth of retail assets along Green Street; and "covers (7) properties with an average remaining lease term of 6-years" according to a reported statement by a company spokesperson during a summer 2019 earnings call. Other purchases bring the aggregate investment thus far to roughly $101.371 million, with previous purchases including:

- **47-49 Greene Street** – The 7,328-square-foot retail condominium was acquired in October 2019 for $24.8 million ($5,819 per square foot based on ground level space) from EMP Capital Group. The unit occupied by fashion brand Theory includes 4,262 square feet on the ground level and 3,066 square feet of cellar space. (BL: 475-50/7513 – Unit 1901 ACRIS page 46)

- **41 Greene Street** – The 3,500-square-foot co-op occupied by men's clothing brand Stone Island since July 2016 was acquired in May 2019 for roughly $17.156 million from Premier Equities and Thor Equities, having last traded in March 2015 for $10.5 million.

- **51 Greene Street** – The roughly $14.642 million purchase in March (2019) of the adjacent 3,064-square-foot retail unit which offers a mix of ground and cellar space from sellers Premier Equities and Thor Equities, having last traded in April 2015 for $8 million according to city records.

- **45 Greene Street** – The 3,430-square-foot retail condo was purchased for roughly $12.175 million in November 2019 from Premier Equities and Thor Equities, having previously traded for $9 million in April 2016. The unit currently occupied by women's clothing brand L'Agence, Acadia reportedly executing the lease in conjunction with the closing, includes 2,190 square feet of ground level space and 1,240 square feet of cellar space.

- **53 Greene Street** – The 3,611-square-foot ground level condo unit that includes a 216-square-foot terrace was acquired for $17.189 million in March 2019. Currently occupied by womens' clothing store A.L.C. since 2018, representing the debut of the concept by fashion designer Andrea Lieberman.

Downtown

25 Broad Street (FiDi) – Regal Acquisitions has acquired the (3) retail condominiums for $10.5 million from LCOR. Ladder Capital provided a $9.5 million loan to close on the transaction. The units offering a combined total of 22,054 square feet include 9,360 square feet on the ground level, 3,755 square feet of mezzanine space, and 11,155 square feet of cellar space. The largest, 15,480-square-foot unit is reportedly the home of steakhouse Bobby Van's under a lease expiring in May; and the smaller units are occupied by custom menswear retailer Indochino and Exchange Cleaners. Seller LCOR had acquired the 21-story, 434,515-square-foot **Broad Exchange Building** located on the corner of Exchange Place in May 2012 for $170.6 million according to city records. The former Paine Webber headquarters is currently undergoing an office to 307-unit mixed-use residential condominium conversion, for which sales launched in May. In January, LCOR struck a short-term agreement with international travel website **Booking.com**, which has uniquely decked-out and furnished 20 unsold units offering users a two-night stay. At a time when the residential market sales have slowed, LCOR "thought it was a great way to showcase the building" according to reported statements by a company spokesperson; and offered the potential of a short-term guest becoming a buyer.

Sale Highlights (cont'd)

Outer Boroughs - Brooklyn

93 North 9th Street (Williamsburg) – Artist Brian Donnelly, more commonly known as KAWS, has reportedly purchased the single-story, 10,200-square-foot storefront for $17 million ($1,667 per square foot), enabling the artist to expand his existing adjacent studio at 101 North 9th Street. The standalone building located between Wythe Avenue and Berry Street was sold by Thor Equities and Colt Equities, having last traded in January 2015 for $8.35 million ($819 per square foot).

2181 Ralph Avenue (Bergen Beach) – Maryland-based Federal Realty Trust has closed on the $85 million ($578 per square foot) acquisition of the **Georgetowne Shopping Center** totaling reportedly 147,000 square feet on the 8.94-acre property from a longtime entity owner. Located in southeast Brooklyn, the shopping center that spans nearly a full city block offers frontage along Ralph Avenue, Avenue L and Avenue K. **Fairway Market** serves as anchor tenant, having secured a 20-year, 9-month lease in May 2015 in a deal that includes (2) 10-year renewal options according to city record documents; however a recent filing for Chapter 11 bankruptcy protection may result in the store closing. Currently about 90% leased, other tenants include Five Below, Starbucks, and Chipotle.

182 Flatbush Avenue (Prospect Heights) – Hidrock Properties has purchased the 3-story, 4,791-square-foot retail property bordering Park Slope for $7 million ($1,461 per square foot) from RedSky Capital and equity partner JZ Capital Partners, last trading in September 2012 for $4.1 million ($825 per square foot). A $4.5 million mortgage was provided by Piermont Bank to close on the transaction. The **Triangle Sports** building that offers a total of 196-feet of wraparound frontage along Flatbush Avenue, 5th Avenue and Dean Street is located across from Barclays Center. New ownership reportedly plans to launch a multi-million dollar renovation at the site.

Canarsie Plaza, 8925 Avenue D (Canarsie) – The Blackstone Group has reportedly purchased the retail power center that borders East Flatbush for around $130 million. Comprised of (6) standalone buildings bound by Avenue D, Forster and Remsen Avenues, the center offers a total land area of 519,026 square feet, or nearly 12-acres, of which 278,821 square feet serves as parking area and 274,000 square feet of building area. BJ's Wholesale Club anchors the shopping center in 172,770 square feet, with other larger tenants including Planet Fitness in 15,336 square feet, PetSmart in 13,574 square feet, Dollar Tree Store in 10,018 square feet; as well as the New York City Police Department in 33,048 square feet. Last trading for $124 million, seller Los Angeles-based CIM Group has reportedly owned the center since acquiring Cole Capital from VEREIT in 2018.

Development

Upper Manhattan

2924 Eighth Avenue aka 2924 Frederick Douglass Boulevard (Washington Heights) – The Criterion Group, under the partnership entity of 280 W 155 St Owner LLC pre-filed new building applications in November for a 3-story, 109,735-square-foot self-storage development hosting 74,482 square feet of usable space. Although unverified, it seems likely that the Queens-based company will be constructing the project along with longtime property owner Western Beef. New construction will rise on the 39,964-square-foot vacant parking lot that offers 450-feet of frontage along West 155th Street and 50-feet along Frederick Douglass Boulevard. Criterion has reportedly entered the lending market, hoping to secure a $60 million construction loan for the project. Visions to redevelop the site, originally comprised of (3) tax lots, dates back to 2011 upon Western Beef filing plans for a 3-story, 114,816-square-foot office-and-retail development with 79,428 square feet of usable space to include a supermarket, however construction never moved forward.

Lending

Midtown

1466 Broadway (Penn Plaza) – Invesco has reportedly refinanced the 2-unit, multi-level approximately 45,653-square-foot retail condominium that spreads across the sub-cellar, cellar, ground, 2nd and mezzanine levels at the base of the 16-story, 289,391-square-foot **Knickerbocker Hotel**. Located on the corner of West 42nd Street, a $115 million loan provided by Fifth Third Bank, NA refinanced the $107.106 million outstanding principal of a $110 million loan provided by United Overseas Bank at the time of Invesco acquiring the units for $195.8 million, and consolidated it with a newly provided $7.894 million gap mortgage. Most recently housing a Toys 'R' Us pop-up short-term through the 2017 holiday season until closing sometime in 2018, a lease by British athletic footwear and apparel retailer **JD Sports** was reportedly secured back in June. According to available online data the space includes 13,943 square feet of lower level space, 13,346 square feet on the ground level, and 16,555 square feet on the 2nd floor.

Uptown

70 West 93rd Street aka 667 Columbus Avenue (Upper West Side) – Stellar Management and Vornado Realty Trust have reportedly secured a 5-year, interest-only loan in the amount of $85.5 million from German-lender Landesbank Hessen-Thüringen Girozentale (aka Helaba). The new debt reportedly refinances existing financing provided by Capital One in August 2016 to help fund the construction of a 14,730-square-foot, glass-enclosed retail addition. Featuring a 2nd-story rooftop garden that is open to the public, the retail space is situated at the base of the 30-story, 283,000-square-foot mixed-use tower that also hosts 325 residential units; and spans the entire Columbus Avenue block-front between West 92nd and 93rd Streets. Alteration permits had initially been filed in early 2016, increasing the total retail to 16,080 square feet according to permit details; while replacing a reportedly "displaced public space" that formerly surrounded the building.

70 West 93rd Street - Rendering

Lending (cont'd)

Outer Boroughs - Brooklyn

5100 Kings Plaza (Mill Basin) – Macerich has refinanced the recently redeveloped 1.138 million square foot **Kings Plaza Shopping Center** with a $487 million loan. JPMorgan Chase provided the new debt the refinanced roughly $427.233 million of existing debt and consolidated it with a newly provided $59.577 million gap mortgage according to city records. Macerich acquired the shopping center at the corner of Flatbush Avenue and Avenue U in November 2012 for $302.578 million ($252 per square foot). Larger leasing deals over the last few years include a 55,078-square-foot, 10-year signing by discount chain Burlington in November 2017 in a deal that includes (3) 5-year extension options; and a 75,000-square-foot, 21-year lease of a multi-level portion of the former Sears building by JCPenney in June 2017 per city record documents, joining other big box brands including home improvement chain Lowe's, Macy's department store, Sephora and Primark.

15-Building Portfolio (Williamsburg) – L3 Capital has secured a $90.5 million loan from Ladder Capital to refinance the primarily commercial portfolio located between Berry Street and Kent Avenue, and North 6th and 7th Streets. The properties were acquired through multiple transactions near the end of December for a combined total of $146.289 million. Seller ASB Capital Management had purchased (14) of the properties in March 2015 and (1) in July 2016 through multiple transactions for a combined total of $80.75 million according to city records.

<table>
<tr><th>Address</th><th>Sq. Ftge.</th><th>Zoning Use</th><th>Acquisition Price December 2019</th><th>Last Trade Price March 2015</th></tr>
<tr><td>81 North 6th Street</td><td>4,500 SF</td><td>Commercial</td><td rowspan="2">$18,121,000</td><td>$4,500,000</td></tr>
<tr><td>83 North 6th Street</td><td>4,500 SF</td><td>Commercial</td><td>$4,500,000</td></tr>
<tr><td>85-87 North 6th Street</td><td>18,100 SF
(2-res/1-retail)</td><td>1-3 Family Store</td><td>$23,408,000</td><td>$14,750,000</td></tr>
<tr><td>91 North 6th Street</td><td>4,140 SF</td><td>Commercial</td><td>$11,107,300</td><td>$3,500,000</td></tr>
<tr><td>89 North 6th Street</td><td>4,140 SF</td><td>Commercial</td><td>$14,373,600</td><td>$6,550,000</td></tr>
<tr><td>111 North 6th Street</td><td>2,500 SF</td><td>Commercial</td><td>$5,547,300</td><td>$4,500,000</td></tr>
<tr><td>113 North 6th Street</td><td>2,640 SF</td><td>2-Family</td><td>$9,861,500</td><td rowspan="3">$11,450,000</td></tr>
<tr><td>115 North 6th Street
Aka 132-134 Berry Street</td><td>2,500 SF
(1-res/1-retail)</td><td>1-3 Family w/store</td><td>$6,471,800</td></tr>
<tr><td>130 Berry Street</td><td>M1-2/R6A Vacant Yard
1,175 SF</td><td>Other</td><td>$2,712,000</td></tr>
<tr><td>108 North 7th Street</td><td>2,450 SF (1-Res/1-Ret)</td><td>Commercial</td><td>$5,547,300</td><td>$4,500,000</td></tr>
<tr><td>104 North 7th Street</td><td>5,000 SF</td><td>Office Building</td><td rowspan="2">$10,786,400</td><td>$5,750,000</td></tr>
<tr><td>106 North 7th Street</td><td>2,500 SF parking lot</td><td>Commercial</td><td>$3,000,000</td></tr>
<tr><td>133 Kent Avenue
Aka 41-47 North 6th Street</td><td>Vacant Land – 2,500 SF
M1-2/R6A</td><td>Non-residential
vacant land</td><td rowspan="3">$38,352,700
(plus 51 N 6th St - non-residential vacant land - 2,500 SF)</td><td>$8,750,000
Traded 07/2016</td></tr>
<tr><td>131 Kent Avenue</td><td>Vacant Land – 1,500 SF
M1-2/R6A</td><td>Non-residential
vacant land</td><td rowspan="2">$9,000,000</td></tr>
<tr><td>129 Kent Avenue</td><td>Parking facility - 3,500 Sf</td><td>Commercial</td></tr>
<tr><td>Totals</td><td colspan="2">52,970 SF + 11,175 SF Vacant Land</td><td>$146,289,000</td><td>$80,750,000</td></tr>
</table>

Bronx

1 East 161st Street (Concourse) – The Yankees are reportedly seeking to refinance the bonds used to fund the construction of the 50,000-seat, approximately 1.3 million-square-foot stadium, having asked the New York City Industrial Development Agency (IDA) to issue $900 million worth of tax-exempt bonds at a time when Treasury rates have lowered to near all-time lows. News of efforts to refinance the debt comes about 4-years after previously filing an application in August 2016 for a $1 billion bond issuance; however following Donald Trump's election U.S. Treasury rates reportedly skyrocketed "on fears his economic policies could feed inflation," making the cost of refinancing much more expensive. The athletic organization controls the site located on the northern portion of **Macomb's Dam Park** and the southern portion of **John Mullaly Park** under a 99-year ground lease initially secured from the IDA in August 2006 according to city record documents.

Sources: https://ir.jcpenney.com/news-events/press-releases/detail/548/jcpenney-debuts-second-brooklyn-store

Hospitality Market

NYC & Company: Hotel Development in NYC

New York City visitors from both domestic and international travelers are on pace to reach an expected 66.9 million in 2019 according to the November report released by NYC & Company, the official destination marketing organization (DMO) and convention and visitors bureau (CVB) for the (5) boroughs. If reached, tourism activity will have increased year-over-year by about 2.8% from the 65.1 million record in 2018 — 51.5 million domestic visitors and 13.6 million international visitors. Hotel growth continues to parallel tourism growth, which has boasted (10) consecutive years of record performance, as the increase in overnight visitation from both business and leisure travelers supports tourism development citywide. The wide range of hotel projects comprise a mix of new ground up construction, restorations of historic buildings and expansions, increasing the city's ability to offer accommodations that suit all traveler needs and preferences.

Covering more than 250 hotels and projects, NYC & Company's report reveals that the city is on pace to reach 144,000-keys in active inventory by the end of 2021. As of November, more than 20 new hotels opened, adding 3,900-keys. Highlighted ground-up construction projects include the 285-key **Moxy East Village**, 112-120 East 11th Street; the 212-key first-ever **Equinox Hotel**, 35 Hudson Yards; the 176-key **Hotel Hendricks**, 25-27 West 38th Street; the 187-key **Hotel Indigo**, 120-122 Water Street; the 452-key **Times Square EDITION**, 20 Times Square; and the 133-key extended-stay **TownePlace Suites by Marriott**, 38-42 11th Street in Long Island City. In addition the 512-key T**WA Hotel** at JFK Airport included the restoration and expansion of the former **Trans World Flight Center.**

Looking ahead, some anticipated ground-up constructed hotel openings in Manhattan over the next year include the 137-key **Six Senses New York**, 76 Eleventh Avenue; the 130-key **SpringHill Suites Park Avenue**, 111 East 24th Street; 341-key **Renaissance New York Chelsea Hotel**, 112 West 25th Street; 320-key dual-branded **Marriott Courtyard and Residence Inn**, 215 Pearl Street; 177-key **The Pestana CR7 New York Hotel**, 338 West 39th Street; the 460-key **Virgin Hotel**, 1225-27 Broadway; and dual-branded 531-key **Marriott TownePlace Suites** and **SpringHill Suites**, 140 West 28th Street.

Below is a snapshot of hotel development over the last 5-years.

	Total	Manhattan	Brooklyn	Bronx	Queens	Staten Island
Hotels Opened 2015-2016	60	42	10	2	6	-
Hotels Opened 2017-2018	55	33	9	2	14	-
Hotels Opened YTD 2019	20	12	2	-	5	1
Hotels in Pipeline Nov 2019 and Beyond	123	56	21	8	37	1
Keys in Development*	+/- 21,300 est.	12,900 est.	2,100 est.	800+ est.	5,200 est.	175
*Estimates based upon available data, all estimates rounded to nearest 100)						

Active NYC Hotel Key Inventory	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Ytd	Next Gen 2020-2021
Rooms (000s)	86.6	89.7	92.0	95.6	101.8	106.5	112.5	116.5	118.9	122.7+	144+ est.
Yr-over-Yr Change	-	3.6%	2.6%	3.9%	6.5%	4.6%	5.6%	3.6%	2.3%	3.1%	-

Development Projects

Midtown

148-166 West 48th Street (Times Square) – The McSam Hotel Group filed new building applications in December for a 34-story, 300,216-square-foot hotel development that will reach a linear height of 330-feet and host 974-keys. The roughly $18.771 million ($462 per buildable-square-foot) acquisition from the Rockefeller Group of the 5-parcel, 15,567-square-foot assemblage that can accommodate 307,285 buildable square feet closed in mid-December. A $250 million acquisition and construction loan was provided by S3 Capital Partners according to reports. News of the purchase initially surfaced in October, the Rockefeller Group seeking $250 million for the assemblage that also included 112,385 square feet of air rights the company purchased for $41.127 million from the Shubert-owned **Cort Theatre** in 2017 fto allow for or larger 419,671-square-foot project, but was subsequently omitted in the sale to the hotel developer.

Lending

Midtown

685 Fifth Avenue (Plaza) – The partnership of Michael Shvo, Deutsche Finance and Bilgili Group have reportedly secured $120 million in construction financing from the CIM Group. The new debt will help fund the office-to-residential conversion and 5-story vertical expansion of the existing 15-story office component on the upper floors of the 20-story office-and-retail building. News of the development team entering the lending market was initially reported in February, having acquired the existing 75,265-square-foot office component for $135 million in reportedly an all-cash deal in July 2018.

685 Fifth Avenue - Rendering

The project is expected to deliver 69 luxury condominiums spread across approximately 116,000 square feet. Alteration proposals for the former Gucci-owned building date back to 2016 upon Thor and GGP filing permit applications for the 5-story addition that due to a redistribution of space would increase the structure's linear height without changing the overall square footage. In August 2018 the permit was approved by the city's Department of Buildings. Preparations for the estimated $135 million project are already underway, with an agreement reportedly in place with Mandarin Oriental Hotel Group to manage the **Mandarin Oriental Residences**. Tenant amenities are expected to include a fitness center, a spa, and a rooftop pool with cabanas according to previous reports.

Midtown South

444 Park Avenue South (NoMad) – Moin Development and hospitality company SBE have reportedly secured a $135 million loan backed by the 190-key, 86,973-square-foot **Mondrian Park Avenue** hotel located on the corner of East 30th Street. The 3-year debt includes a $110 million senior mortgage from KeyBank and a $25 million mezzanine loan from Fidelis Asset Management. The new financing reportedly retires a $126.7 million floating-rate loan provided by JPMorgan Chase in December 2017 to help fund the approximately $150 million conversion and redevelopment of the former 13-story office building that underwent a 6-story vertical expansion as part of the project. The development was originally intended to bring the first SLS-branded hotel to New York City, but was later branded under the Mondrian name following SBE's 2016 acquisition of the Morgans Hotel Group in a deal reportedly valued at $805 million, the co-developers reportedly deciding that is was a better fit for the area. The hotel features café-restaurant Cleo, the Mondrian Terrace rooftop lounge, and below-grade Boogie Room bar and lounge.

Hospitality Market (cont'd)

Lending (cont'd)

Outer Boroughs - Brooklyn

98 Montague Street (Brooklyn Heights) – The Chetrit Group has secured a $112 million loan to refinance the former Jehovah's Witnesses property that dates back the 1912, and has been undergoing a conversion back to its original use as a hotel. Cantor Commercial Real Estate provided the new debt that replaces loans from New York Community Bank — a $60 million mortgage provided in November 2012 upon Chetrit and former partner Clipper Equities purchasing the 14-story, 187,200-square-foot building for $81 million ($433 per square foot); as well as a $25 million building loan provided in 2015, and combines them with a newly issued $27.2 million gap mortgage according to city records. In early 2019 Chetrit reportedly completed a buyout of Clipper Equities' 40% interest for an undisclosed price. Upon a tentative opening in early 2020, the long delayed 282-key **Esplendor Bossert Brooklyn** hotel will feature a 1,992-square-foot rooftop terrace to be utilized by a restaurant; and will be managed by Argentina-based Fën Hoteles according to previous reports.

Queens

38-59 11th Street (Long Island City) – Developer Teddy Li, under the entity 559 Development LLC, reportedly secured $46 million in construction financing from Madison Realty Capital, reportedly collateralized by the development site along with condo units and a medical office property in Flushing. The new loan will help fund the planned 24-story, 182,684-square-foot extended-stay **Staybridges Suites-branded** hotel. The 244-foot-tall structure will host 240-keys spread across 95,736 square feet and 23,714 square feet of community facility space. Amended building applications approved in April 2018 resulted in a larger project scope from the original 2014 filing that detailed a 16-story, 67,077-square-foot hotel hosting 116-keys spread across 54,164 square feet.

38-59 11th Street - Rendering

The T-shaped, block-through 2-parcel site totaling 19,159 square feet offers frontage on both 11th and 12th Street between 38th and 40th Avenues; however it appears that new construction will rise on a 10,849-square-foot portion, potentially indicating that the existing 16-story, 56,377-square-foot commercial structure fronting 12th Street will remain. The assemblage was acquired in July 2016 for roughly $6.182 million; and in March 2017 a 72% interest was acquired by the entity BWZ 88, LLC, paying roughly $4.315 million in real estate and real property transfer taxes according to city records.

108-20 Rockaway Beach Boulevard (Rockaway Beach) – The joint venture of In Good Company Hospitality Group (IGC) and JBS Project Management secured a $32.5 million construction loan package in November for their **Rockaway Beach Hotel** development. Sterling National Bank provided the new debt that includes a roughly $19.402 million building loan, a $2.098 million project loan, and an $11 million junior building loan. Proceeds from the loan are funding construction completion of the 6-story, 72,275-square-foot mixed-use development that has been under construction for the past year. According to an EB-5 presentation released in 2017, upon construction completion this year, the 75-foot-tall structure will host (7 residential units spread across 9,243 square feet, 54 hotel keys, a 6,000-square-foot event space and 30 on-site parking spaces. Guest amenities will include a ground level outdoor pool and bar, a rooftop bar, restaurant, day use lockers, cabanas, and beach rentals. The former 5-parcel, 19,361-square-foot full block site bound by Rockaway Beach Drive and Rockaway Beach Boulevard between Beach 108th and 109th Streets last traded in December 2016 for a combined total of roughly $2.508 million ($25 per buildable-square-foot) according to city records.

108-20 Rockaway Beach Boulevard Rendering

Shrinkage & Expansions

Rate of Liquidations Higher for Large Retailers Filing for Bankruptcy Protection

News headlines are increasingly delivering announcements of retail chains planning to shutter a significant number of store locations, or on the brink of a full closure and bankruptcy filings, as brick-and-mortar stores are facing mounting challenges from changing consumer behavior;" the "loss of market share to competitors, such as discounters and online-only companies; as well as declining store traffic." According to reported details within Fitch Rating's latest **Bankruptcy Enterprise Values and Creditor Recoveries** series, "among large retail and supermarket chains that filed for bankruptcy protection over the past 15-years, 45% closed all of their stores; and the 25 out of the 55 retail and supermarket companies analyzed, ended in liquidations. In contrast, "bankruptcies spanning all U.S. corporate sectors ended in liquidations an average of 13% of the time."

Contributing factors driving retailers into bankruptcy typically include "high debt balances and lease and interest payments," with some troubled big retailers incurring shrinkage of their borrowing base due to a decrease in inventory as vendors start demanding cash in advance, upon delivery, or a letter of credit guaranteeing payment for goods versus offering trade credit – further creating a "downward spiral." An inability to attract reinvestment in the business once a retailer has lost its place in the marketplace tends to end up in liquidation. Among the companies analyzed by Fitch, recovery among first-lien lenders reportedly averaged 91%, including for asset-backed loans, cash-flow revolvers, term loans and secured bonds; second-lien creditors had a median recovery of 41%; while "unsecured note claims realized mostly poor recoveries of less than 10% of par value." Among the (9) retailers reportedly on Fitch's watch list for being at risk of default, New York-based Fairway Market has already moved ahead with a Chapter 11 bankruptcy protection filing.

Sources: https://www.wsj.com/articles/after-bankruptcy-nearly-half-of-retailers-close-all-stores-11579784408

Shrinkage & Expansions (cont'd)

Looking to Expand

Five Below Moves Forward with Expansion Plans

The bargain variety store chain aimed at tweens and teens reportedly plans to move ahead with new store openings. Currently operating 900 stores nationwide, spread throughout 36 states, the Philadelphia-based retailer will open 180 stores this year. News of the planned expansion comes despite sales during the holiday season (November 3, 2019 through January 4, 2020) reportedly not meeting Wall Street expectations; and comparable sales, a key industry measure of sales at stores open longer than a year, lowering 2.6% year-over-year, which the company reportedly attributed to the late Thanksgiving date and unusually short shopping season. However including the nearly 150 new store openings in 2018, Five Below's net sales increased 13.4% to $596.6 million during the same period. A majority of the new locations, as well as existing stores that are remodeled, will incorporate the chain's **Ten Below** zone — an in-store concept launched last year. currently in 25 stores, Ten Below includes a bigger assortment of tech gear, reportedly as a result of higher tariff charges making the retailer's ability to charge $5 and under for merchandise increasingly challenging.

IHOp Enters Fast-Casual Dining Market


Flip'd - Rendering

The Glendale, CA-based franchise chain that is known nationwide for its pancakes, opened its first location in Los Angeles in 1958; and over the company's 58-year history has "celebrated more than 1,650 restaurant openings" in the U.S., and around the world. Initially known as the **International House of Pancakes**, the publicly-traded company owned by Dine Brands Global subsequently introduced the acronym IHOP for the first time in 1973 according to its website. More recently in June 2018, the company changed its name (temporarily) to **IHOb** to celebrate the debut of the brand's new Ultimate Steakburgers line with the opening of its flagship IHOb restaurant in Hollywood, CA. Once again the eatery is expanding into another market with the launch of **Flip'd by IHOp** in the U.S., a new fast-casual concept intended to tap into the growing demand for food prepared in a shorter time. The Flip'd locations will be about 2,000 square feet, about half the size of a traditional IHOp, with less seating and no wait staff; and the menu will draw inspiration from IHOp but with a unique twist on flavors and portability according to the company's December press release. Flip'd will open its first 24-hour location in April in Atlanta, GA, with additional locations reportedly under exploration in New York City, Washington, D.C., Denver and San Francisco. The new concept gives IHOp a "quicker and cheaper way to expand the brand, the smaller footprint means lower rent, construction costs and labor expense" making it ideal for urban markets where its difficult and expensive to build.

Although fast-casual dining is a smaller component of the restaurant industry, the pace of growth is exceeding that of the fast-food subset. According to reported data from Port Washington, Long Island-based research firm NPD "fast-casual customers increased their visits 3% between February 2018 and February 2019, compared to 1% for fast-food. Although IHOp has not been immune to the struggles of casual dining, a 24% increase in take-out business has significantly contributed to the chain's longest sustained positive sales performance in 3-years at the end of the 3rd quarter and accounting for 9% of total sales, with a goal of reaching 15% according to a reported statements by a company spokesperson. Other chains that are trying fast-casual spinoffs reportedly including 2019 debuts by Cheesecake Factory with the launch of fast-casual Asian concept **Social Monk Asian Kitchen**, and Bloomin Brands' **Aussie Grill by Outback** offering a menu that focuses on sandwiches developed primarily for international growth.

Sources: https://www.ihop.com/en/news/2018/ihop-changes-name-to-ihob-and-reveals-the-b-is-for-burgers
https://www.ihop.com/en/news/2019/ihop-announces-plans-to-debut-flipd-a-new-fast-casual-concept-in-spring-2020

Looming Closures

Fairway Files for Chapter 11 Bankruptcy Protection

The grocer that began in the early 1930s as a "small, corner fruit and veggie stand on the Upper West Side filed for Chapter 11 bankruptcy protection on January 22nd reportedly amid an overwhelming debt load and intensifying price competition in the grocery business. Since opening its first store at 2131 Broadway by West 74th Street, Fairway grew to currently operate a total of 14 stores, of which (8) are in New York City, with the remaining (6) stores in New Jersey and Connecticut. The Chapter 11 filing is the second in 4-years for Fairway; and will likely result in a closing of some or many of its stores according to reports. As part of the bankruptcy a "debtor-in-possession credit facility in the aggregate principal amount of up to $25 million" is being provided by senior lenders, so the grocer can continue to operate without interruption during the bankruptcy process.

Back in 2017 New York City-based **Red Apple Group**, which owns the Gristedes brand, was reportedly in talks to purchase the chain, but a deal never moved forward; and now as detailed within the voluntary petition filed Fairway has an agreement with **Village Super Markets**, Inc. to reportedly purchase Fairway's (5) Manhattan stores and its Bronx warehouse for about $70 million, reportedly contingent upon them being clear of all liabilities, which will require a negotiation with unions to try to reach agreements with affected employees. If the sale moves forward by the Springfield, NJ-based member of the Wakefern Food Corp. cooperative that reportedly operates under the ShopRite and Gourmet Garage brands, the (5) stores will continue to operate under the Fairway name according to reported statements by a Village Super Markets spokesperson. The offer by Village Super Markets will "act as a so-called stalking horse bid that sets a floor for other potential offers in a court-supervised auction" according to reported statements by a Fairway spokesperson, with bids due by February 28; and throughout the sale process Fairway will continue to "engage with potential suitors" and may "enter into transactions for other stores."

A brief recount of significant events leading to the 87-year-old grocer's current financial situation:

2007: An 80.1% majority stake in Fairway was sold to Sterling Investment Partners for about $150 million. The deal was followed by plans to expand the brand, while borrowing heavily to fund the expansion, including a portion of a $114 million debt financing completed in 2010. However the expansion that was viewed by some as too quick, reportedly delivered cookie cutter stores offering a lackluster shopper experience in comparison to Fairway's Upper West Side flagship.

2012: Severe damage to one of the Fairway's largest New York City locations at 480-500 Van Brunt Street in Brooklyn's Red Hook neighborhood in the fall of 2012 due to Hurricane Sandy, required shuttering the location for about 7 months, reopening in May 2013.

2013: Fairway went public following a successful initial public offering (IPO) that reportedly generated $158.8 million in net proceeds. However in the months that followed Fairway reportedly incurred larger than expected losses resulting in a significant drop in stock price, in part due to increasing competition from newer and fresher entrants that have expanded aggressively in marketing a range of natural and organic foods, prepared food and quality specialty grocery items — Austin, TX-based Whole Foods Market, which entered New York City in 2001 and Monrovia, CA-based Trader Joe's, which made its debut in the city in 2006. Further heightening competition are the online home delivery brands such as FreshDirect, "big-box firms like Costco, national giants like Walmart and Target, international discount players like Germany-based Aldi and Lidl, regional players like Rochester, NY-based Wegmans and Norwalk, CT-based Stew Leonard's," and online grocery buying via Amazon and Peapod by Stop & Shop.

A pair of leases secured by Fairway in the second-half of 2013 were subsequently canceled, a 46,000-square-foot lease at **10 Hudson Yards** is now the home of chef Jose Andres' Spanish-themed food hall **Mercado Little Spain**; and a 52,242-square-foot lease asking $200-$250 per square foot at the time on the ground and lower level of **255 Greenwich Street** in Lower Manhattan ultimately became the home of one of discount retailer **Target's** small concept stores.

Fairway (cont'd)

Efforts by Fairway to boost sales revenue and adapt to the quickly changing preferences of consumers led to a deal with **Google** in June 2014 that reportedly made **Google Express** its official delivery partner; and in 2015 Fairway secured a lease for 40,000 square feet at the **Georgetowne Shopping Center**, 2149 Ralph Avenue, following in the footsteps of the **Whole Foods 365** concept by stocking it shelves with less expensive offerings. However unable to turn the business around, Fairway Group Holdings Corp. filed for Chapter 11 reorganization for the first time in 2016, reportedly emerging under the control of its lenders (2) months later, but still highly leveraged. Continuing to struggle following its 2016 re-emergence from bankruptcy, it was hoped that the iconic grocer would attract investor interest, boasting a loyal following of shoppers, with stores in Manhattan and Brooklyn situated in prime locations. However in 2018 Fairway secured what it reportedly described as "rescue financing," adding to the grocer's debt burden as earnings continued to fall; and ultimately upon incurring a sharp 5% drop in comparative-store sales in 2019 decided to move ahead with the bankruptcy filing.

Fairway reportedly leases all its stores, and pays about $3.5 million a month in rent according to reported details in the court filings. Below is a snapshot of the New York City locations currently in operation.

Location	Sq. Ftge. (approx.)	Deal Terms*
Manhattan: 2328 Twelfth Avenue, Harlem	41,347 SF	Lease issued January 2007, extends through January 2032 and includes (2) 5-year extension options, plus right of first offer to purchase the 3-story commercial building
766 Sixth Avenue, Chelsea	26,000 SF - 17,000 SF Grd - 9,000 SF Bsmt	20-year lease issued February 2013 and includes (2) 10-year extension options.
Kips Bay Shopping Center 550 Second Avenue, Kips Bay	40,119 SF	20-year lease commenced August 10, 2012 and includes (2) 10-year renewal options.
2131 Broadway, Upper West Side	N/A	25-year lease commenced January 18, 2007 and extending through January 2032; includes (2) 5-year extension options.
240 East 86th Street, Upper East Side	45,283 SF	20-year lease issued August 11, 2010 includes (2) 10-year extension options.
Brooklyn: Georgetowne Shopping Center 2149 Ralph Avenue, Georgetown	40,000 SF	Approximately 20-year and 9-month lease issued May 18, 2015 includes (2) 10-year extension options. Fairway reportedly serves as the anchor tenant at the 147,000-square-foot shopping center recently sold for $85 million to Federal Realty Trust.
480 and 611 Van Brunt Street, Red Hook	52,000 SF	The lease that commenced January 18, 2007 initially extended through December 2010 and includes (4) 5-year extension options along with the right of first offer to lease a portion of the 2nd floor.
Queens: Douglaston Shopping Center 242-02 61st Avenue, Douglaston	56,000 SF	20-year lease issued June 4, 2008 includes (2) 10-year extension options and right of firs offer on space immediately adjacent to demised premises on either side.
Bronx: Distribution Center 400 Walnut Avenue, Port Morris	237,000 SF	25-year lease dated May 2, 2013, commencing May 16, 2013 and expiring June 30, 2039
*Source : NYC ACRIS		

Sources: https://casedocs.omniagentsolutions.com/cmsvol2/pub_47371/791345_1.pdf

Shrinkage & Expansions (cont'd)

Looming Closures (cont'd)

Pier 1 Plans 450 Store Downsizing

The Fort Worth, TX-based home furnishings and décor retailer intends to close up to 450 U.S. stores, reportedly among the 942 Pier 1 stores in operation as of the end of November 2019, according to a January 6th Securities and Exchange Commission (SEC) filing, having previously closed 45 locations during the prior 12 months. As part of an effort to turn around declining sales and "better align its business with the current operating environment," certain distribution centers will also close as well as a planned reduction in corporate headcount. A third-party liquidator has been retained to help Pier 1 manage the store closings.

Initially launched under the name Cost Plus Imports with the opening of a store in San Mateo, CA in 1962, the retailer initially catered to baby boomers (people born between 1946 and 1964). By 1966 the company had grown to 16 store locations, with the newly rebranded Pier 1 Imports establishing its corporate headquarters in Texas. During the years that followed Pier 1 went public; and in addition to expanding its U.S. brick-and-mortar footprint began opening locations internationally, reportedly reaching a sales volume of $418 million as of December 2012. However a continued decline in revenue over the last several years resulted in net sales lowering 13.3% year-over-year to $358.4 million according to the company's 3rd quarter FY 2020 financial results ending November 30, 2019 per details in Pier 1's January 6 press release.

According to Pier 1's website a total of 5 stores are currently in operation in New York City — in **Queens** at Rego Park Center, 61-35 Junction Boulevard, Rego Park and 191-24 Northern Boulevard, Flushing; in **Brooklyn** at 410 Gateway Drive, East New York since 2012; in the Bronx at Bay Plaza Shopping Center, 2146 Bartow Ave, Baychester under a 10-year lease secured in December 2011 including (2) 5-year renewal options per city record documents; and in **Staten Island** at 2385 Richmond Avenue, Heartland Village. **Manhattan** stores had already shuttered over the past decade, formerly having locations at:

- **1550 Third Avenue** (Upper East Side) under a lease that expired in 2010, reports in 2008 indicating that the retailer paid $50 per square foot upon initially leasing the space in 1992. A Duane Reade now occupies the approximately 16,746-square-foot space;
- **71 Fifth Avenue** (Flatiron), a 13,040-suare-foot store reportedly occupied since 1992 at a time when area rents ranged between $40 to $60 per square foot subsequently closed in 2012. Private wellness club The Well currently occupies the space under a 15-year lease secured in 2018; and
- **1110 Third Avenue** (Upper East Side), a 17,514-square-foot space on the ground, 2nd and lower level of **The Chatham** in the Lenox Hill section of the neighborhood was leased in 2012 under a 10-year term plus a 10-year renewal option, marking the retailer's return to the Upper East Side; however it appears the store has already closed.

Sources: https://www.sec.gov/Archives/edgar/data/278130/000115752320000018/a52153426ex99_1.htm
https://investors.pier1.com/news-releases/news-release-details/pier-1-imports-inc-reports-third-quarter-fiscal-2020-financial

Looming Closures (cont'd)

Abercrombie & Fitch Plans Flagship Closures

The New Albany, Ohio-based company that owns the eponymous American lifestyle brand Abercrombie & Fitch as well as Abercrombie Kids and Hollister clothing brands and lingerie brand Gilly Hicks is reportedly planning to "significantly pare its brick-and-mortar footprint" according to reports; "drastically reduced the size of many of its mall stores" by 30% to 50%; and close (3) of its (15) flagship stores. Currently operating more than 850 stores under its brands in North America, Europe, Asia and the Middle East, the retailer will continue to boost its e-commerce arm that now commands 30% of all sales as online customers become Abercrombie's "most important customer" today.

Founded in 1892 in Manhattan at 36 South Street as an outfitter for elite outdoorsman, boasting a customer roster that included Theodore Roosevelt and Ernest Hemmingway, by the 1970s the retailer began to struggle with lower priced competition while trying to maintain its image. In 1976 Abercrombie reportedly filed for Chapter 11 bankruptcy, subsequently closing its flagship store at Madison Avenue and East 45th Street about one year later. A revival of the name came in 1978 following the sale of the company's intellectual property and initially relaunched as a mail-order retailer specializing in hunting wear and novelty items. By the mid-1980s stores were opening in Beverly Hills, Dallas and New York City. Over the next few years Abercrombie began shifting its focus to young adults as a subsidiary of Limited Brands inthe beginning, which had reportedly acquired the retailer in 1988; but eventually became a separate, publicly-traded company, growing to become reportedly one of the largest apparel firms in the United States. However during the Great Recession young consumers shifted to other brands offering lower priced fashion, and Abercrombie began closing underperforming stores.

New York City stores currently in operation include:

- **Abercrombie & Abercrombie Kids**: 720 Fifth Avenue (Plaza) and Kings Plaza Shopping Center, 5100 Kings Plaza, Brooklyn
- **Hollister**: 668 Fifth Avenue (Plaza) and 130 West 34th Street (Penn Plaza), which also includes the Gilly Hicks line; and in the outer boroughs at 90-15 Queens Boulevard, Elmhurst in Queens; Kings Plaza Shopping Center, 5100 Kings Plaza in Brooklyn; and in the Staten Island Mall at 2655 Richmond Avenue.

Bose Plans to Shrink Brick-and-Mortar Footprint in Shift to E-commerce Retail

The Framingham, MA-based audio technology retailer founded in 1964 has reportedly announced plans to close a total of 119 brick-and-mortar stores, citing the growing preference among consumers for making purchases online prompting decisions. Initially opening its first physical store in reportedly 1993, Bose will be closing all retail locations in North America, Europe, Japan and Australia according to reports. Originally serving primarily as showrooms, while giving people a place to experience and test Bose's product line, store closures by the privately-held chain are reportedly expected to begin "over the next few months." Bose will continue to operate its brick-and-mortar stores in other parts of the world, "including approximately 130 stores located in Greater China and the United Arab Emirates; and additional stores in India, Southeast Asia, and South Korea" according to reported statements by a company spokesperson. Although the number of employees to be impacted by the closures was not disclosed, outplacement assistance and severance will reportedly be offered to those that are affected. According to the company's website, the only stores currently in operation in New York City are located in Manhattan at **465 Broadway** (SoHo) and in **Westfield World Trade Center**, 185 Greenwich Street.

Sources: https://abercrombieandfitchcompany.gcs-web.com/static-files/986f1f06-2694-44b9-a745-63c27eafc5ae
http://www.boweryboyshistory.com/2012/12/abercrombie-fitch-used-to-be-more.html

Looming Closures (cont'd)

Papyrus to Shutter all Stores as Part of Chapter 11 Filing

The Goodlettsville, TN-based stationary chain Schurman Franchise Corporation and its affiliated debtor Schurman Fine Papers (SFP) will be closing all of its 254 stores — 178 U.S. retail stores spread across (27) states, of which (22) Papyrus stores and (1) American Greetings store are located in Manhattan, as well as (76) stores in Canada. News of the planned closings came just prior to SFP filing for Chapter 11 bankruptcy protection on January 23rd. According to the filing documents SFP, which was founded in 1950 as an importer and wholesaler of fine greeting cards and stationary, operates retail locations under (4) brands: Papyrus — reportedly named after the earliest form of paper made, American Greetings, Carlton Card and Paper Destiny; and the Trademarks used in the Papyrus, American Greetings and Carlton Card retail locations were licensed to American Greetings (page 5) pursuant to trademark agreement as part of a 2009 Purchase and Sale agreement that at the time also made SFP the retail operator of over 500 stores in both the U.S. and Canada. (page 3) Looking ahead, American Greetings plans to "continue to supply Papyrus greeting cards and products to more than 300 retailers, representing 20,000 locations, in the United States and Canada without any interruption" according to reported statements by a company spokesperson.

As of the date of the Chapter 11 filing, SFP employed approximately 1,100 salaried and hourly employees in the U.S., the majority of which work in the retail locations; while assets totaled approximately $39.4 million and consolidated outstanding liabilities totaled approximately $54.9 million primarily comprised of secured and unsecured obligations. (page 7) Efforts over the past 2-years to turn business around included "negotiating with vendors to obtain credit or more favorable terms for a supply of services, engaging in discussions with landlords to obtain various forms of rent relief." (page 10) However American Greeting Card's notification of decisions to immediately terminate the American Greetings Agreements in the fall of 2019 resulted in the halting of the providing of products to the stores. (page 11) The termination by American Greetings further increased business challenges since it "constituted events of default under the Senior Loan Agreement," thereby giving senior lenders the "right to cease making any advances" or "issuing any additional letters of credit;" as well as the right to "demand immediate payment of all outstanding obligations under the Senior Loan Agreement," ultimately leading to decisions by SFP to proceed with Chapter 11 filing as the "best available option." Pending court approvals a full liquidation of all remaining inventory and the closure of all stores will be completed either through a previously established "Consultant Agreement" between SFP and a joint venture of liquidation firms Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC; or as an alternative, through a conversion to Chapter 7 and a trustee conducted liquidation.

Papyrus Manhattan Stores Listed on the Company's Website			
Penn Station 1 Penn Plaza New York, NY 10121	25th & 7th Ave 275 7th Avenue New York, NY 10001	69th & 1st Ave 1285 First Avenue New York, NY 10021	86th & Lexington Ave 1291 Lexington Avenue New York, NY 10028
Rockefeller Center 1250 Sixth Avenue New York NY 10020	21st & 6th Ave 655 Sixth Avenue New York, NY 10010	54th & Park Ave 400 Park Avenue New York, NY 10022	73rd & 3rd Ave 1270 Third Avenue New York, Y 10021
96th & Madison Ave 1380 Madison Avenue New York, NY 10128	Time Warner Center 10 Columbus Circle New York, NY 10019	Turnstyle 1000 8th Avenue New York, NY 10019	Westfield World Trade Center 185 Greenwich Street New York, NY 10007
Woolworth Building 233 Broadway New York, NY 10279	Tribeca 149 Reade Street New York, NY 10013	SoHo 65 Prince Street New York, NY 10012	Grand Central 107 East 42nd Street New York, NY 10017
8th & Broadway 753 Broadway New York, NY 10003	76th & Broadway 2157 Broadway New York, NY 10023	70th & Columbus Ave 209 Columbus Ave New York, NY 10023	64th & Lexington Ave 852 Lexington Ave New York, NY 10065
36th & Broadway 1359 Broadway New York, NY 10018	22nd & Broadway 940 Broadway New York, NY 10010	American Greetings 33 Maiden Lane (Financial District)	

Sources: https://www.washingtonpost.com/business/2020/01/24/papyrus-store-close-bankruptcy/
https://s.wsj.net/public/resources/documents/papyrus_restructuring_officer_declaration.pdf
https://www.usatoday.com/story/money/2020/01/21/papyrus-store-closings-2020-all-254-north-america-stores-shutter/4534533002/

Shrinkage & Expansions (cont'd)

Looming Closures (cont'd)

Express Planning up to 91 Store Closings by 2022

The Columbus, OH-based fashion brand was launched in 1980 with the opening of its first store in Chicago, IL. Initially offering women's clothing and accessories, Express became a dual gender brand in 2001. In 2008 Express.com was launched, and 2-years later the company went public on the New York Stock Exchange. Currently operating full-priced stores and factory outlets in the U.S. and Puerto Rico, Express announced plans in January of a corporate strategy identifying $80 million in cost reduction opportunities amid a disappointing holiday shopping season resulting in same-store sales (stores open longer than a year) falling about 3%, nearly double what analysts were expecting according to reports. Simultaneously focusing on cost reductions over the next 3-years, Express reportedly plans to increase technology investment in part to improve customer online experience and boost e-commerce sales revenue.

Having previously closed (9) stores in 2019, another (31) and (35) stores are expected to close by the end of January 2020 and January 2021 respectively, with the timeline for the remaining 25 stores yet to be announced. Sales revenue is anticipated to incur a reduction of $90 million by 2022, but be "offset by the elimination of the fixed operating costs of the closed stores and a leveraging of the remaining stores' and online infrastructure for additional sales, which it expects to result in a $15 million annualized increase in EBITDA (earnings before interest, tax, depreciation and amortization) by 2022 according to the January 22nd press release by the company.

New York City stores currently in operation per the Express website include:

Manhattan:
Manhattan Mall, 901 Sixth Avenue, New York, NY 10001 (Penn Plaza/Herald Sq)
477 Madison Avenue, New York, NY 10022 (Plaza – slated to close)
1552 North Broadway, New York, NY 10036 (Times Square)
130 Fifth Avenue, New York, NY 10011(Flatiron)
Queens:
Queens Center, 90-15 Queens Boulevard, Elmhurst, NY 11373
3101 Steinway Street, Astoria, NY 11103
Brooklyn:
Kings Plaza, 5036 Kings Plaza, Brooklyn, NY 11234
Express Factory Outlet, 490 Fulton Street, Brooklyn, NY 11201

Sources: https://investors.express.com/news-releases/press-release-details/2020/Express-Inc-Narrows-Fourth-Quarter-Guidance-Announces-New-Corporate-Strategy-Including-Significant-Cost-Reductions-and-Fleet-Rationalization/default.aspx
https://www.express.com/g/about-us/who-we-are

Notable Retail Transactions

Lease - Manhattan

Address	Submarket	District	Sq. Ftge	Tenant
40 Wall Street	Downtown	FiDi	18,500	Nerolab Italian Food Zone
316 Greenwich Street	Downtown	Tribeca	18,000	Cocoon
140 Church Street	Tribeca	Tribeca	11,954	CVS Pharmacy
535 Fifth Avenue	Midtown	Grand Central	40,839	Best Buy (relocation)
450 West 33rd Street	Midtown	Penn Plaza	40,000	Citizens
E-Walk 233-271 West 42nd Street	Midtown	Times Square	33,000	Target
2 Times Square	Midtown	Times Square	20,000	Olive Garden (renewal)
1600 Broadway	Midtown	Times Square	20,000	M&M World New York (renewal)
412-414 West 14th Street	Midtown South	Chelsea	12,176	Nusr-Et

Lease - Outer Boroughs

Address	Borough	Neighborhood	Sq. Ftge	Tenant
25 Kent Avenue	Brooklyn	Williamsburg	64,900	29Rooms (pop-up)
123 Linden Boulevard	Brooklyn	Prospect Lefferts Blvd	45,000	Lefferts Gardens Ascend Lower School
56 North 9th Street	Brooklyn	Williamsburg	32,000	BKBX
475 Clermont Avenue	Brooklyn	Fort Greene	18,000	Fitness Factory Health Club
22-43 Jackson Avenue	Queens	Long Island City	17,000	Trader Joe's
1519 Decatur Street	Queens	Ridgewood	13,832	Pirate Studios
535 Union Avenue	Bronx	Mott Haven	18,000	Essen Health Care

Sales

Address	Submarket	District	Sq. Ftge	Sold Price	Purchaser
429 Seventh Avenue	Midtown	Penn Plaza	5,829	$35,000,000	Buvet Fee Owner LLC (building)
565 Broadway	Midtown South	SoHo	5,000	$28,000,000	Acadia Realty Trust / Prusik Group (leasehold interest)
37 Greene Street	Midtown South	SoHo	3,343	$15,409,000	Acadia Realty Trust (condo)
25 Broad Street	Downtown	FiDi	22,054	$10,500,000	Regal Acquisitions (condo)
Georgetowne Shopping Ctr 2181 Ralph Avenue	Brooklyn	Bergen Beach	247,000	$85,000,000	Federal Realty Trust
Canarsie Plaza 8925 Avenue D	Brooklyn	Canarsie	274,000	$130,000,000	Blackstone Group

The Mid-Quarter Retail Report is produced by:
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