

FIGURES | MANHATTAN RETAIL | Q1 2026

# Manhattan Retail Leasing Steadies as Prime Markets Tighten

▲ 91.8

Consumer Confidence

▲ 5.6%

NYC Unemployment

▼ \$49.2B

NYC Quarterly Retail Sales

▼ 297.2K

NYC Retail Job Count

▲ \$682

PSF Average Prime Corridor Asking Rent

Note: Arrows indicate change from previous quarter.

## Market News

- Average asking rent in Manhattan’s retail corridors was \$682 per sq. ft.—2% above the prior quarter and up 3% year-over-year.<sup>1</sup>
- The taking rent index for the prime 16 retail corridors was 80.6%, down 20 basis points (bps) from the prior quarter but 10 bps above a year ago.<sup>2</sup>
- The number of direct ground floor availabilities across Manhattan’s 16 premier shopping corridors decreased to 172 from 173 —down 1% quarter-over-quarter and 9% below the year prior.<sup>3</sup>
- The rolling four-quarter aggregate leasing velocity, which measures total leasing (renewals and new leases) for the four prior quarters, was over 3.8 million sq. ft., down 3% from the prior quarter and 6% below the same period one year ago.<sup>4</sup>

## Market Overview

Manhattan’s retail market began the year in a healthier position than last year, owing to a strong 2025. Demand for upscale spaces from a variety of industries absorbed the best spaces on the market, intensifying competition for the remaining high-quality locations. However, limited new supply in top-tier markets, coupled with elevated capital costs, tempered leasing activity in the first quarter.

In Q1 2026, the number of directly available ground-floor spaces across the 16 prime corridors declined 1% to 172, while average asking rents rose to \$682 per sq. ft. – up 3% annually. Supply remains tight in the most sought-after neighborhoods, driving strong rent growth in these markets.

Rolling four-quarter leasing velocity totaled more than 3.8 million sq. ft., reflecting a 3% decline from the prior quarter and a 6% decrease year over year. New-to-market retailers<sup>5</sup> accounted for 19% of quarterly leasing activity, with more than 150,000 sq. ft. leased in Q1. Amid elevated capital costs and extended build-out times, tenants increasingly favored turnkey spaces requiring minimal improvements, often pursuing flexible and creatively structured lease agreements.

## Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. Operation Epic Fury and global energy prices are a concern, however assuming the conflict is resolved quickly, the impact on U.S. growth should be minimal. If the conflict escalates, this will elevate inflation and long-term yields and would likely be felt in the commercial real estate market. Regardless of the outcome, it will materially affect headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February.

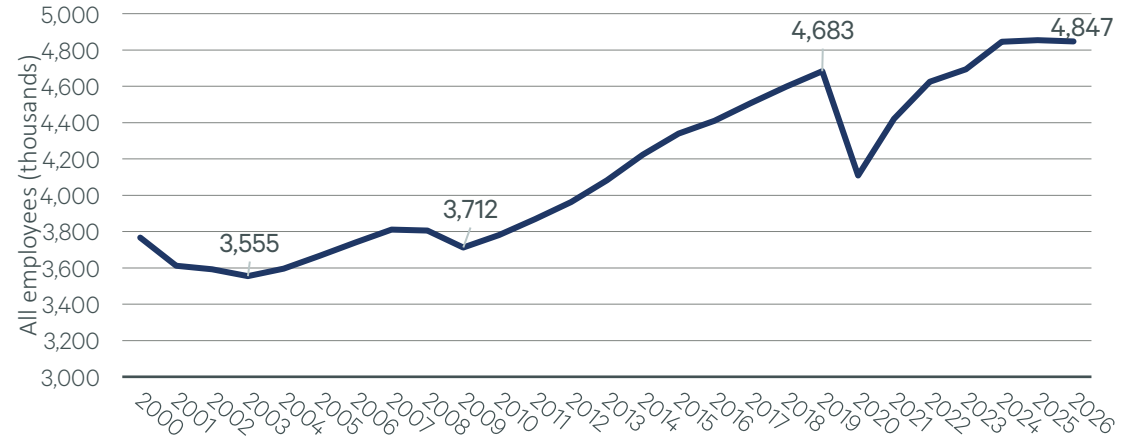
On the other hand, America’s aggressive build-out of AI infrastructure give the U.S economy a unique edge. Hyperscaler capex is nearing 3% of GDP – just below residential investment – though concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Nevertheless, GDP growth is expected to average 2.1% in 2026, matching 2025 and exceeding peer economies.

In New York City, seasonally adjusted nonfarm employment held relatively steady at nearly 4.9 million, remaining 29% above the pandemic-era low. Retail employment declined to 297,200 jobs, while retail sales fell to \$49.2 billion in Q1 2026. NYC’s unemployment rate was 5.6% matching year-end 2024 and above the national rate of 4.4% as of December 2025.

## Leasing Activity

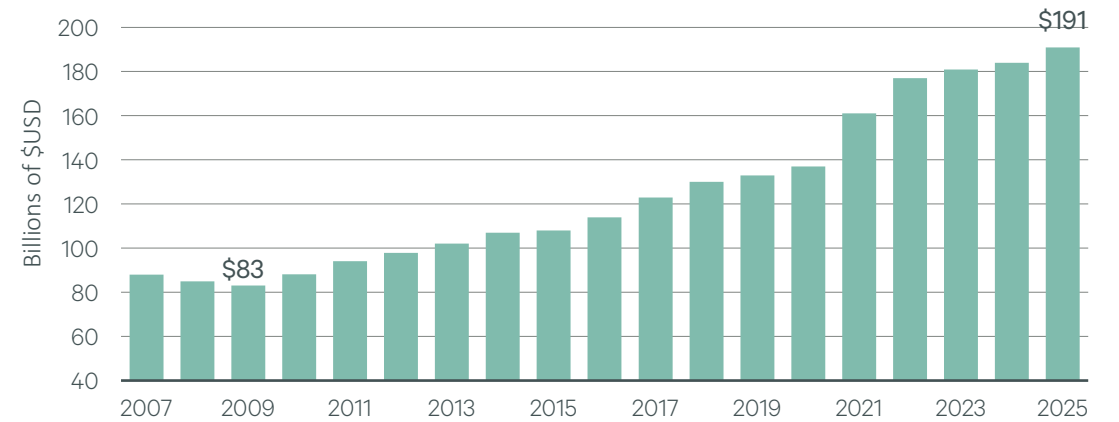
In Q1 2026, rolling four-quarter leasing velocity—which captures total leasing activity, including renewals and new leases, over the prior four quarters—exceeded 3.8 million sq. ft. Leasing volume declined 3% from the previous quarter and was down 6% year-over-year. Apparel tenants were the primary drivers of activity during the quarter. Although demand for top-tier retail space remains strong, a lack of new inventory in prime markets has kept overall leasing activity 8% below the peak of 4.4 million square feet recorded in Q2 2019.

FIGURE 1: Seasonally Adjusted Total Employment



Source: NYC Department of Labor, January 2026.

FIGURE 2: NYC Total Retail Sales | Annual



Source: US Census Bureau, Oxford Economics, March 2026

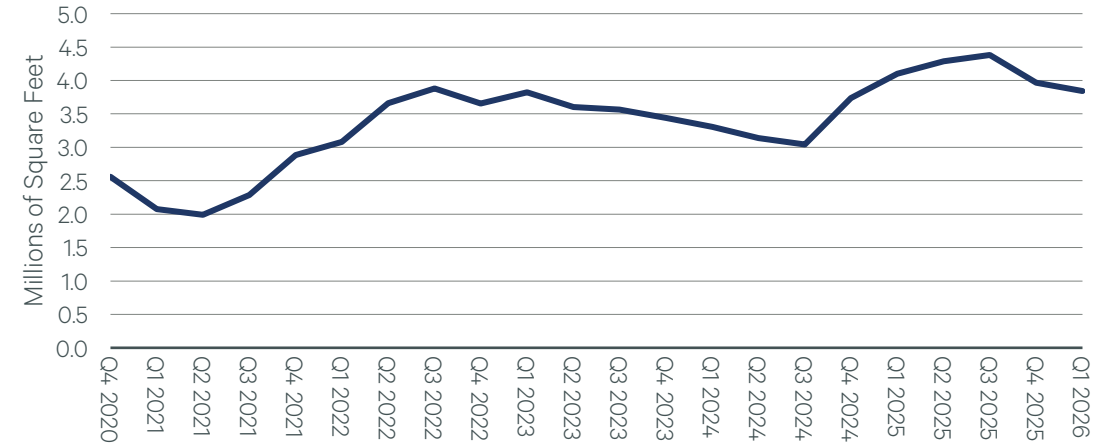
New-to-market retailers opening their first brick-and-mortar locations in Manhattan continued to be a solid source of demand for Manhattan’s retail market. In Q1 2026, these first-time entrants leased more than 150,000 sq. ft. across 15 transactions, accounting for over 19% of quarterly deal activity — slightly above the 18% average recorded since 2022. The largest new-to-market transaction of the quarter was signed by the Balloon Museum, which secured more than 54,000 sq. ft. for its first permanent Manhattan location at the Seaport at 96 South Street.

In Q1, the Plaza District was the most active neighborhood for both leasing volume and deal count, with nearly 82,000 sq. ft. leased across 11 transactions. A notable uptick in leasing activity along the Fifth Avenue corridor helped drive improved leasing performance in the Plaza District. Meta’s new 15,000-sq.-ft. retail location at Vornado Realty Trust’s 697 Fifth Avenue was the neighborhood’s largest lease of the quarter. Additionally, women’s apparel brand Edikted leased nearly 13,000 sq. ft. at the Scribner Building at 597 Fifth Avenue. Food-and-beverage tenants were also active in the Plaza District during Q1. Fine dining steakhouse Delmonico’s leased a 10,000-sq.-ft. space at 1330 Avenue of the Americas, while upscale French-Vietnamese restaurant Le Colonial committed to nearly 9,600 sq. ft. at 50 West 57th Street.

The Penn District/Herald Square was the second most active neighborhood by leasing volume, with nearly 66,000 sq. ft. leased across five transactions. The TJX Companies executed the largest apparel lease of the quarter, committing to more than 35,000 sq. ft. at JEMB Realty’s 50 West 34th Street. Meanwhile, SORA—the upscale Japanese omakase concept backed by Round 1 Corporation —signed the largest food-and-beverage deal of the quarter, securing a new 20,000-sq.-ft. space at 1370 Broadway.

SoHo, one of Manhattan’s most desirable areas, recorded 11 transactions totaling nearly 61,000 sq. ft. in Q1. Babylist—a California-based baby registry platform, announced plans to open a 20,000-sq.-ft. space at 477 Broadway for its first New York location. Additionally, Canada Goose leased a 9,000-sq.-ft. space at 72 Greene Street, while Australian online apparel platform WeWearAustralian secured its first U.S. location, leasing 5,000 sq. ft. at 69 Mercer Street.

FIGURE 3: Four-Quarter Aggregate Leasing Velocity<sup>4</sup>



Source: CBRE Research, Q1 2026.

FIGURE 4: Rolling Four-Quarter Aggregate Total Leasing Velocity<sup>4</sup>

Period	12 Month Aggregate (Sq. Ft. )	Period	12 Month Aggregate (Sq. Ft. )
Q4 2020	2,557,107	Q3 2023	3,566,820
Q1 2021	2,076,128	Q4 2023	3,441,096
Q2 2021	1,990,313	Q1 2024	3,307,306
Q3 2021	2,286,094	Q2 2024	3,137,178
Q4 2021	2,885,247	Q3 2024	3,041,256
Q1 2022	3,080,185	Q4 2024	3,736,455
Q2 2022	3,662,156	Q1 2025	4,099,785
Q3 2022	3,882,944	Q2 2025	4,289,297
Q4 2022	3,656,762	Q3 2025	4,381,632
Q1 2023	3,823,872	Q4 2025	3,969,040
Q2 2023	3,601,647	Q1 2026	3,842,006

Source: CBRE Research, Q1 2026.

The apparel sector emerged as the most active tenant category by leasing volume, with more than 236,000 sq. ft. leased across 26 transactions. The largest apparel deal of the quarter was the previously noted 35,000-sq.-ft. lease signed by The TJX Companies at 50 West 34th Street. Other notable transactions included Los Angeles Apparel—a Los Angeles–based manufacturer and retailer—committing to more than 25,000 sq. ft. for its first permanent New York City flagship at 480 Broadway; Levi’s renewing its 18,000-sq.-ft. lease at 1535 Broadway; and Urban Outfitters securing a new 15,000-sq.-ft. location at 575 Fifth Avenue.

In Q1, food-and-beverage (F&B) tenants signed the greatest number of deals, completing 29 transactions totaling nearly 131,000 sq. ft. The largest F&B lease of the quarter was the previously noted 20,000-sq.-ft. deal signed by SORA at 1370 Broadway. Other notable transactions included upscale Chinese restaurant Nan Xiang Soup Dumplings leasing 19,000 sq. ft. at 147 West 46th Street, and Erté—a new burlesque brunch concept backed by Voss Events—securing a 12,000-sq.-ft. lease at the former Buddha Bar location at 62 Thomas Street.

FIGURE 5: Top Lease Transactions | Q1 2026

Tenant	Size (Sq. Ft.)	Address	Neighborhood	Tenant Type
Balloon Museum	54,000	96 South Street	City Hall	Entertainment
The TJX Companies	35,000	50 W 34th Street	Penn District	Apparel
Los Angeles Apparel	24,627	480 Broadway	Little Italy/Chinatown	Apparel
Beanstalk Academy	24,190	34 W 139th Street	Harlem	Children's Services
SORA	20,496	1370 Broadway	Penn District	Food & Beverage
Baby List	20,000	477 Broadway	SoHo	Children's Services
Hydrogen Fitness	19,325	145 E 32nd Street	Gramercy	Health Club
Nan Xiang Soup Dumplings	19,000	147 W 46th Street	Times Square	Food & Beverage
Levi's*	17,939	1535 Broadway	Times Square	Apparel
Urban Outfitters	15,345	575 Fifth Avenue	Grand Central	Apparel

\*Renewals. \*\*Short Term Deal  
Source: CBRE Research, Q1 2026.

FIGURE 6: Most Active Neighborhoods by Sq. Ft. Leased | Q1 2026

Neighborhood	Number of deals	Leased (Sq. Ft. )
Plaza District	11	81,752
Penn District/Herald Square	5	65,891
SoHo	11	60,955
City Hall	2	54,329
Greenwich Village	11	52,443
Times Square	6	51,095
Grand Central	5	48,121
Harlem	5	44,756
Little Italy/Chinatown	3	33,430
Wall Street/Financial	5	28,576

Source: CBRE Research, Q1 2026.

FIGURE 7: Most Active Tenant Type by Sq. Ft. Leased | Q1 2026

Tenant Type	Number of deals	Leased (Sq. Ft. )
Apparel	26	236,308
Food & Beverage	29	130,737
Entertainment	3	85,770
Children's Services	3	53,590
Financial Services	5	49,204
Health Club	6	37,388
Home Furnishings/Furniture	4	35,705
Pharmacy	1	18,425
Electronics	1	15,231
Jewelry	4	7,694

Source: CBRE Research, Q1 2026.

## Availability

The number of direct ground-floor availabilities across Manhattan’s 16 premier shopping corridors edged down 1% from the prior quarter to 172 spaces. This reflected a 9% annual decline in available supply. Overall availability now stands 41% below the peak of 290 spaces recorded in Q2 2021, signaling a meaningful improvement from the market’s weakest point.

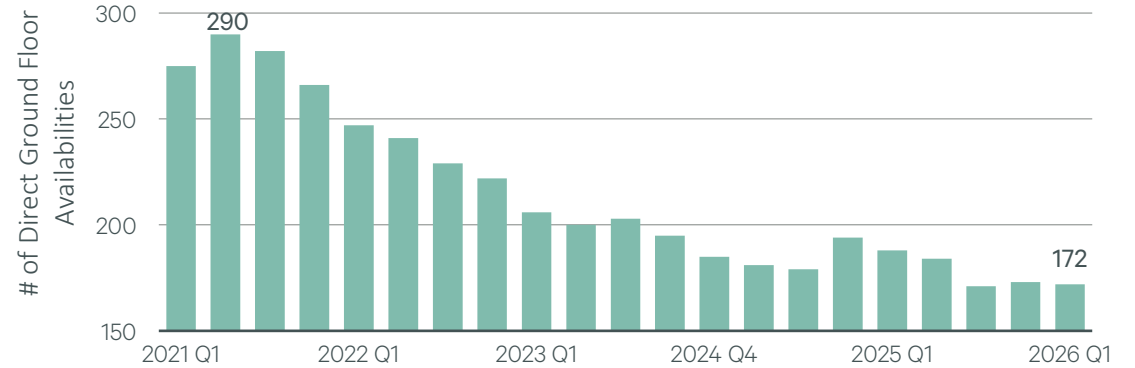
The quarterly decline in available spaces was largely driven by the Broadway corridor in Flatiron/Union Square, which posted a 23% reduction both quarter-over-quarter and year-over-year, falling to 10 available spaces. In Q1, three spaces were leased: Santander Bank signed for the corner storefront formerly occupied by Reebok at 1 Union Square West; Heytea took over the space recently vacated by Claire’s at 863 Broadway; and L.A. Burdick Handmade Chocolates secured the former Godiva Café space at Thor Equities’ 933 Broadway.

Availability along the West 12th, West 13th, and Gansevoort corridor in the Meatpacking District also declined modestly, falling to 13 spaces. In Q1 2026, two spaces were leased by a new upscale restaurant tenant that will be combining the adjacent spaces formerly occupied by Fig & Olive and Nigel Curtis at 416 West 13th Street. As a result, availability along the corridor decreased 7% from the prior quarter and 13% year-over-year.

Unlike most other neighborhoods, Times Square was one of the few to record both quarterly and annual increases in availability, rising 29% from the prior quarter and year. While demand and leasing activity were strong for spaces close to 42nd Street, escalating rents and the rising cost of digital signage may have impacted activity in the northern portion of the corridor. In Q1, the spaces currently occupied by Dos Caminos and Blue Fin at 1567 Broadway, along with the former Express location at 1552 Broadway, were brought to market.

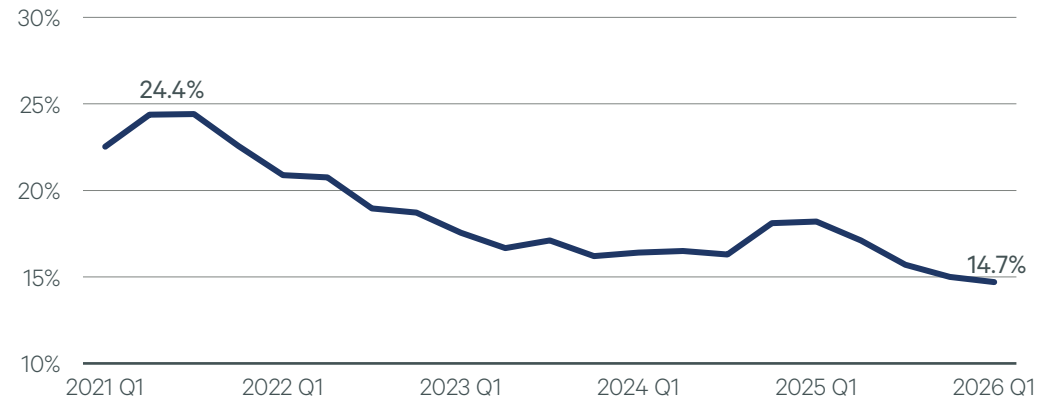
The frontage availability rate—which measures the share of directly available retail frontage across the city’s primary shopping corridors—declined 30 bps from the previous quarter and 350 bps year-over-year to 14.7%. Supply has fallen four consecutive quarters and has hit the lowest level since tracking began in 2019. Q1’s decline was largely driven by robust corridor leasing activity in Flatiron/Union Square and the Upper East Side. Along Flatiron/Union Square’s

FIGURE 8: Count of Direct Ground-Floor Availabilities



Source: CBRE Research, Q1 2026.

FIGURE 9: Direct Ground-Floor Retail Frontage Availability Rates



Source: CBRE Research, Q1 2026.

Broadway corridor, the frontage availability rate fell 340 bps to 13.6%. Upper East Side’s Third Avenue corridor posted a 170 bps quarterly decrease to 8.1%. Together, these gains contributed meaningfully to the overall reduction in available retail frontage.

## Average Asking Rent

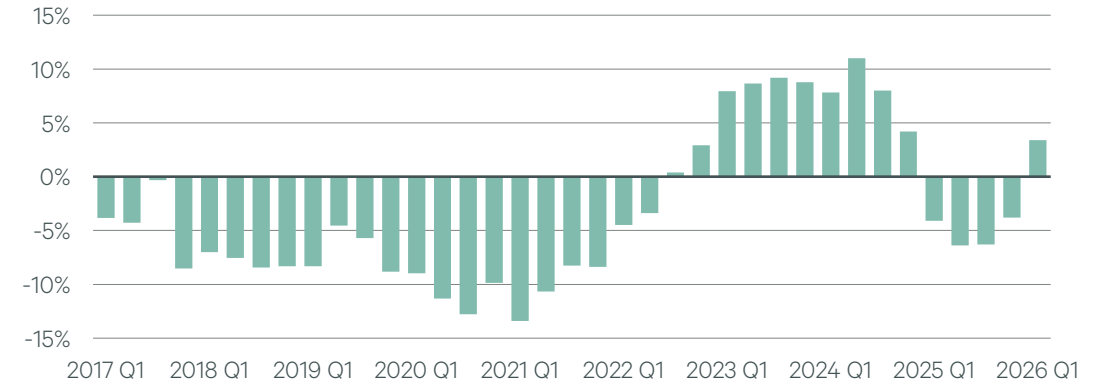
Average asking rents across Manhattan’s 16 prime retail corridors increased modestly in Q1 2026 to \$682 per sq. ft., up 2% from the prior quarter and 3% year-over-year. While demand for the city’s most sought-after locations remained strong, stagnant supply in less desirable markets, along with limited new availabilities, kept overall pricing 39% below the peak levels recorded in 2014.

The Prince Street corridor in SoHo recorded the largest quarterly and annual rent increases, with asking rents rising 41% quarter over quarter and 88% year over year to \$1,411 per sq. ft.—the highest level observed on the corridor since tracking began in 2015. This spike reflects constrained inventory rather than a fundamental shift in corridor-wide pricing trends with only two availabilities on the market. The recently renovated corner space currently occupied by Issey Miyake at 126 Prince Street was brought to market during Q1, prompting a sharp increase in asking rents.

Broadway in Flatiron also experienced an increase in asking rents, with average pricing rising to \$404 per sq. ft.—up 3% quarter-over-quarter and 16% year-over-year. Strong demand from F&B tenants drove a recent surge in leasing activity, removing several discounted spaces from the market. During Q1, the removal of storefronts leased by Santander Bank, Heytea, and L.A. Burdick contributed to the upward pressure on asking rents.

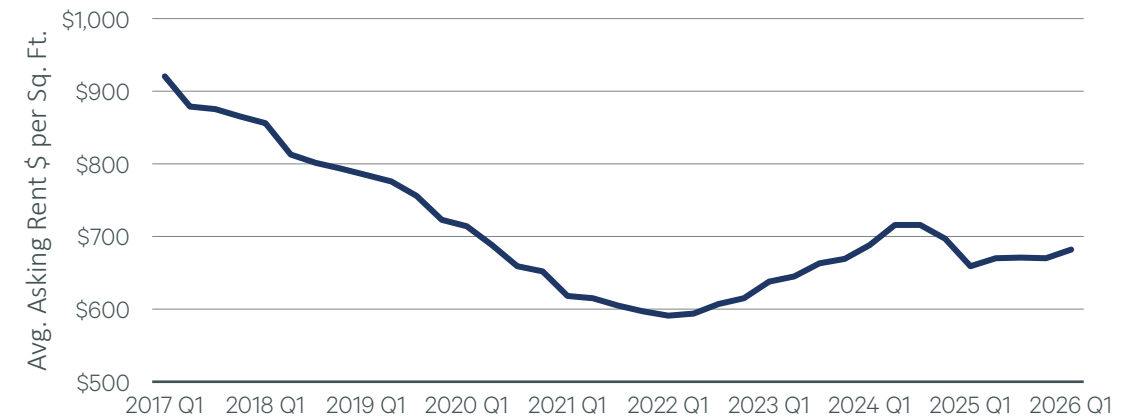
Conversely, Times Square posted declines in average asking rent on both a quarterly and annual basis, falling 7% quarter over quarter and 17% year over year to \$1,400 per sq. ft. Demand from entertainment and F&B tenants has been concentrated in the southern portion of the corridor, removing supply, but has left a pocket of available spaces in the northern half that are causing the drop in average pricing. In Q1, the addition of two newly marketed spaces with below-average pricing weighed on rents, leading to a modest decline in overall corridor pricing.

FIGURE 10: Year-over-Year Asking Rent Change



Source: CBRE Research, Q1 2026.

FIGURE 11: Asking Rent – Average of Corridors

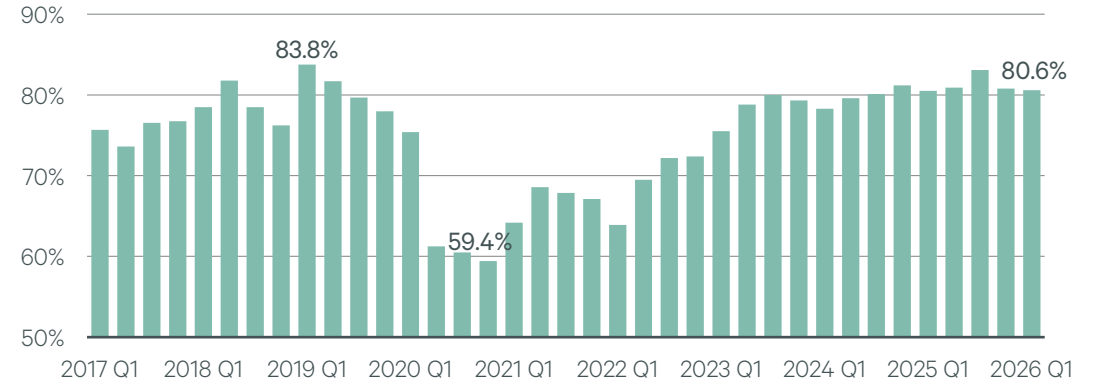


Source: CBRE Research, Q1 2026.

## Taking Rent Index

The taking rent index—which measures the relationship between achieved and asking rents across Manhattan’s 16 prime retail corridors—declined a modest 20 bps in Q1 2026 to 80.6%. Despite the quarterly dip, the index remains 10 bps above the 80.5% recorded one year earlier. The decline was largely driven by increased transaction volume in markets with greater availability, such as the Upper West Side, where tenants have more leverage in negotiations. By contrast, supply-constrained corridors including SoHo and Flatiron/Union Square recorded taking rents ranging from 80% to 90% of asking rents, underscoring persistent landlord pricing power in these tight markets.

FIGURE 12: Taking Rent Index (Taking/Asking %)



\* Quarterly totals reflect the quarter to date average. For quarters with limited data, a blended value was calculated using the past 5 quarters

Source: CBRE Research, Q1 2026.

FIGURE 13: Average Asking Rents \* | Q1 2026

Neighborhood	Corridor Parameters	Total direct ground floor availabilities Q1 2026	Q1 2026	Q4 2025	Quarter-over-quarter change	Q1 2025	Year-over-year change
Upper West Side	Broadway   72nd to 86th Streets	16	\$253	\$247	2.7%	\$246	2.9%
Upper East Side	Third Avenue   60th to 72nd Streets	8	\$242	\$227	6.5%	\$264	(8.4%)
Upper Madison Ave	Madison Avenue   57th to 72nd Streets	19	\$930	\$930	0.0%	\$900	3.3%
Plaza District	Fifth Avenue   49th to 59th Streets**	12	\$2,540	\$2,569	(1.1%)	\$2,562	(0.9%)
Grand Central	Fifth Avenue   42nd to 49th Streets**	5	\$575	\$633	(9.2%)	\$615	(6.5%)
Times Square	Broadway & Seventh Avenue   42nd to 47th Streets	9	\$1,400	\$1,506	(7.1%)	\$1,690	(17.2%)
Herald Square	34th Street   Fifth to Seventh Avenues**	24	\$394	\$405	(2.9%)	\$455	(13.4%)
Flatiron/Union Square	Broadway   14th to 23rd Streets	10	\$404	\$394	2.5%	\$348	15.9%
Flatiron/Union Square	Fifth Avenue   14th to 23rd Streets	8	\$320	\$327	(2.2%)	\$345	(7.3%)
SoHo	Broadway   Houston to Broome Streets	5	\$622	\$657	(5.4%)	\$568	9.5%
SoHo	Prince Street   Broadway to West Broadway	2	\$1,411	\$1,000	41.1%	\$750	88.2%
SoHo	Spring Street   Broadway to West Broadway	6	\$734	\$734	0.0%	\$711	3.2%
Meatpacking	14th Street   Eighth to Tenth Avenues	12	\$266	\$268	(0.7%)	\$282	(5.7%)
Meatpacking	Gansevoort   Little West 12th Street   13th Street   Ninth to Tenth Avenues	13	\$261	\$264	(1.2%)	\$273	(4.5%)
Meatpacking	Washington Street   14th to Gansevoort Streets	3	\$333	\$333	0.0%	\$305	9.3%
Downtown	Broadway   Battery Park to Chambers Street	20	\$224	\$228	(1.7%)	\$236	(5.2%)
All	Average of corridors	-	\$682	\$670	1.7%	\$659	3.4%
		<b>Total direct ground floor availabilities Q1 2026</b>	<b>Q1 2026</b>	<b>Q4 2025</b>	<b>Quarter-over-quarter change</b>	<b>Q1 2025</b>	<b>Year-over-year change</b>
Aggregate Average Asking Rent**		172	\$578	\$575	0.5%	\$578	0.0%

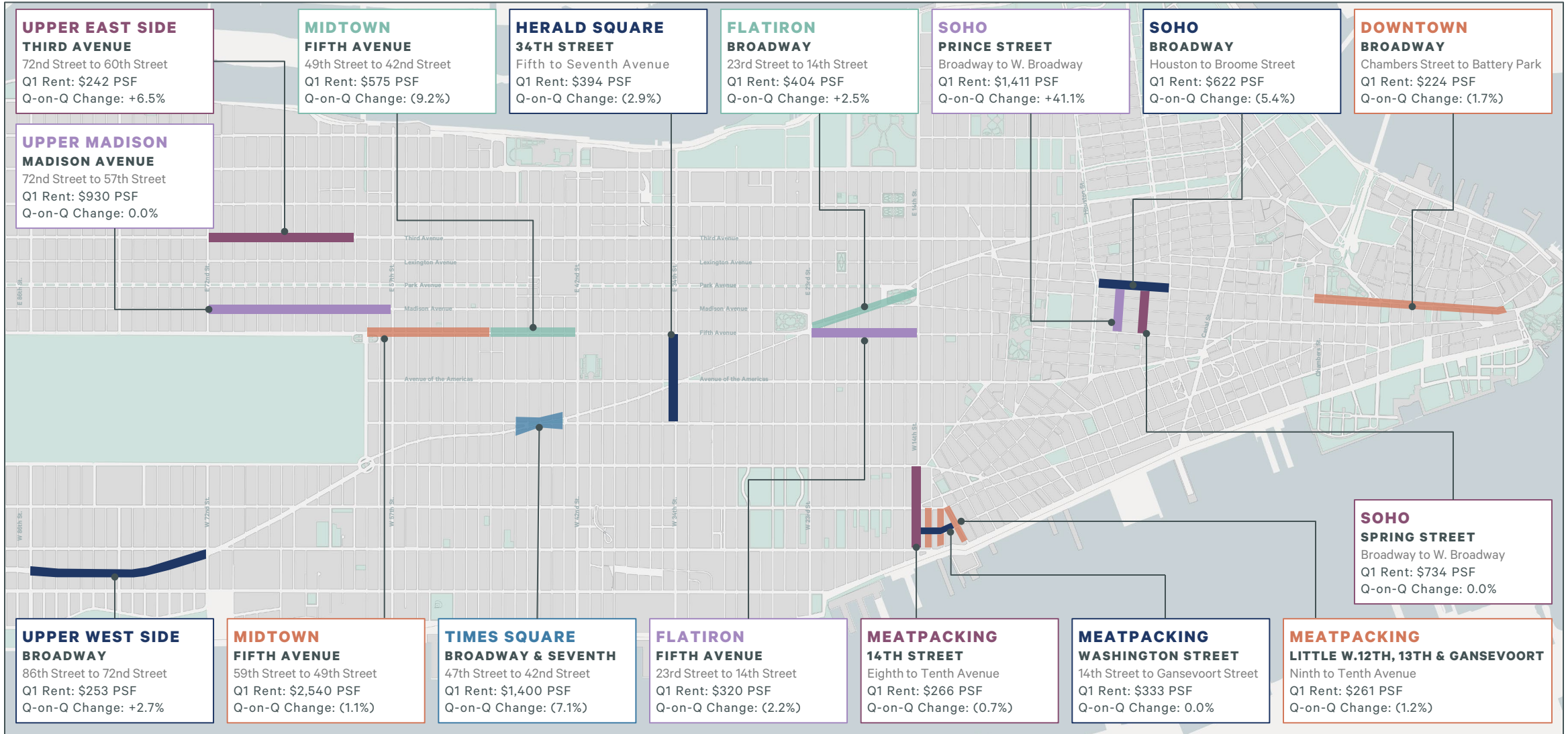
\*Based on ground floor only, not inclusive of subleases.

\*\*Historic Average Asking Rent data has been revised since original publication due to updated information

Source: CBRE Research, Q1 2026.

**Retail Corridors**

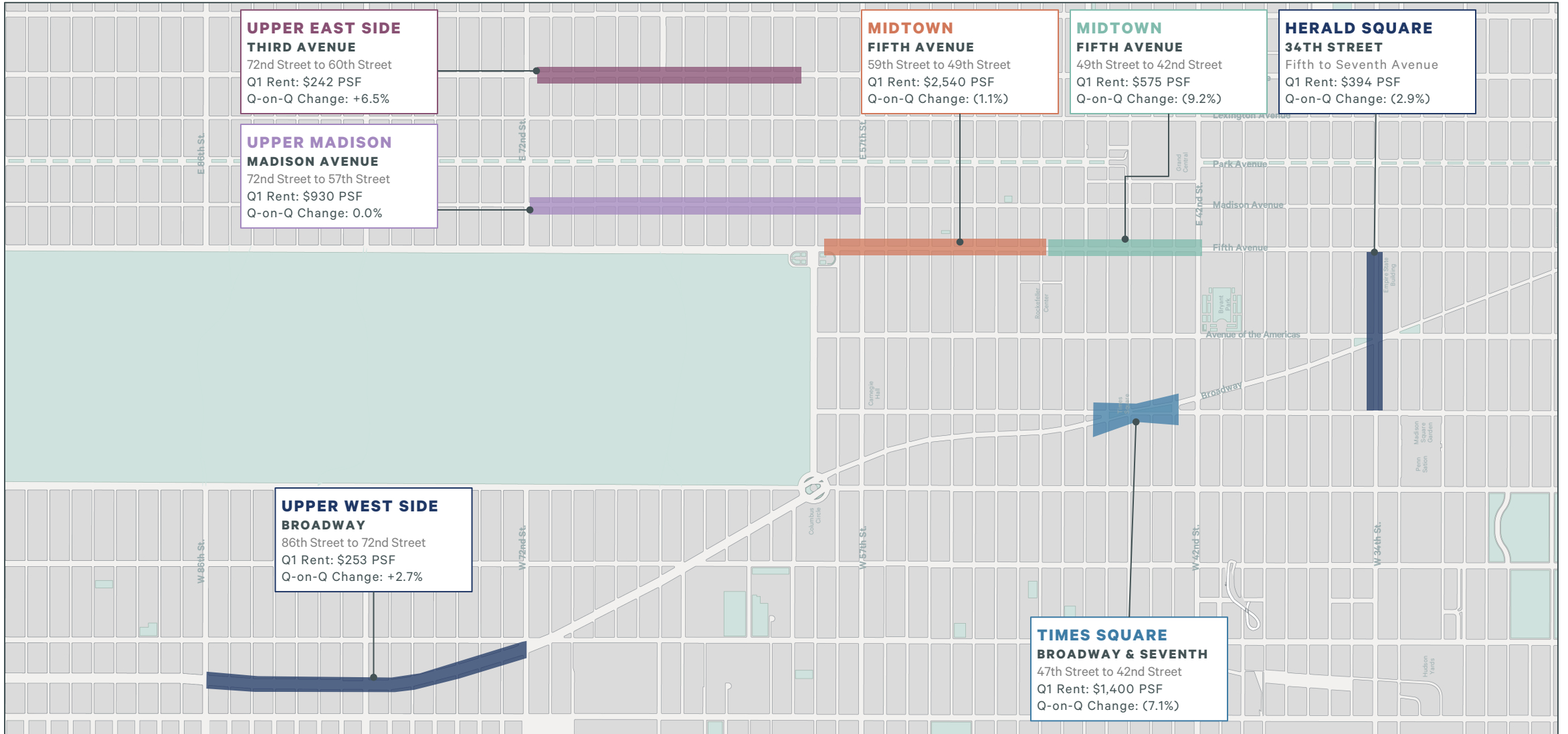
Overall Aggregate Average Asking: \$578 PSF +0.5% | Overall Average Asking Rent: \$682 PSF +1.7%



Source: CBRE Research, Q1 2026.

**Retail Corridors: Midtown**

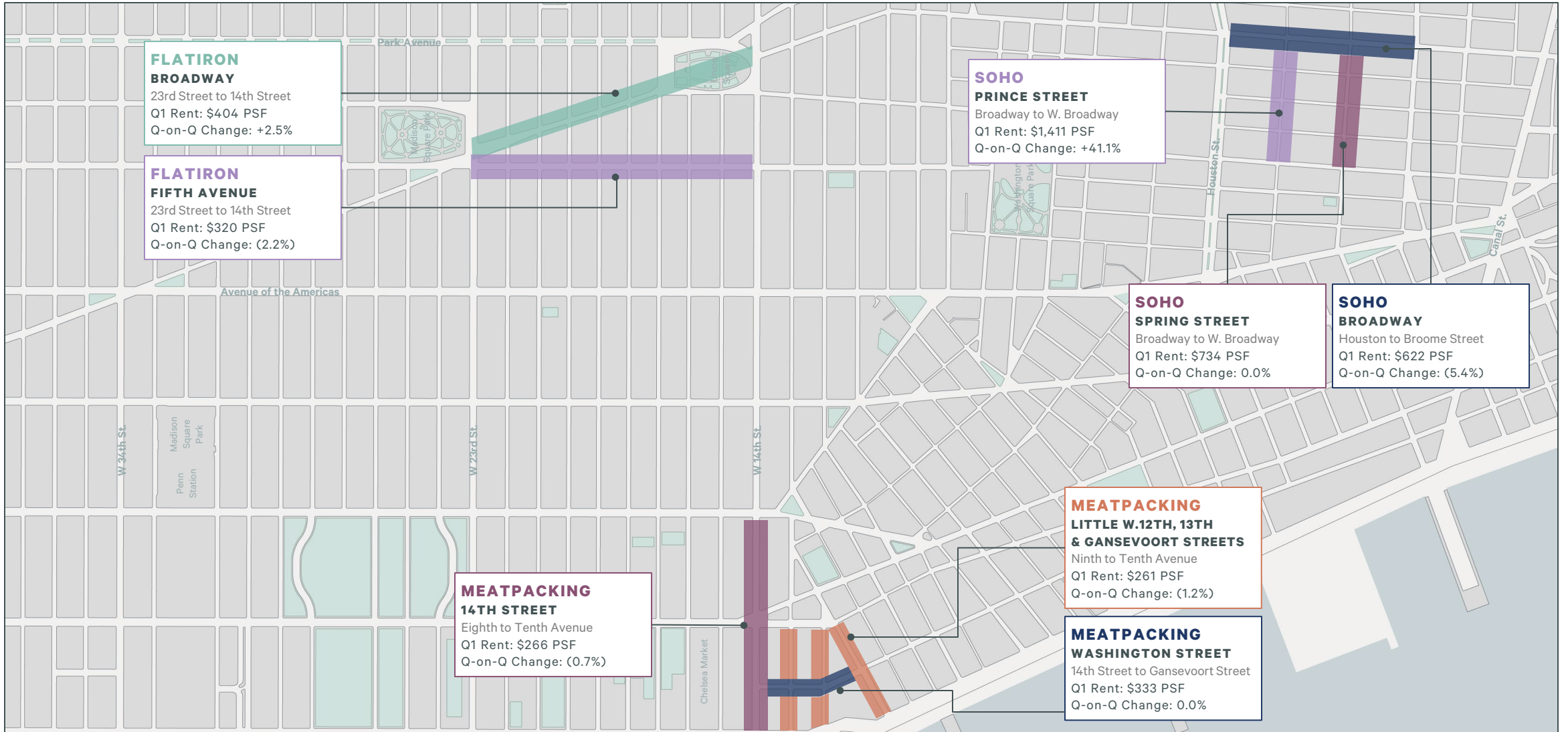
**Overall Average Asking Rent: \$905 PSF (2.8%)**



Source: CBRE Research, Q1 2026

**Retail Corridors: Midtown South**

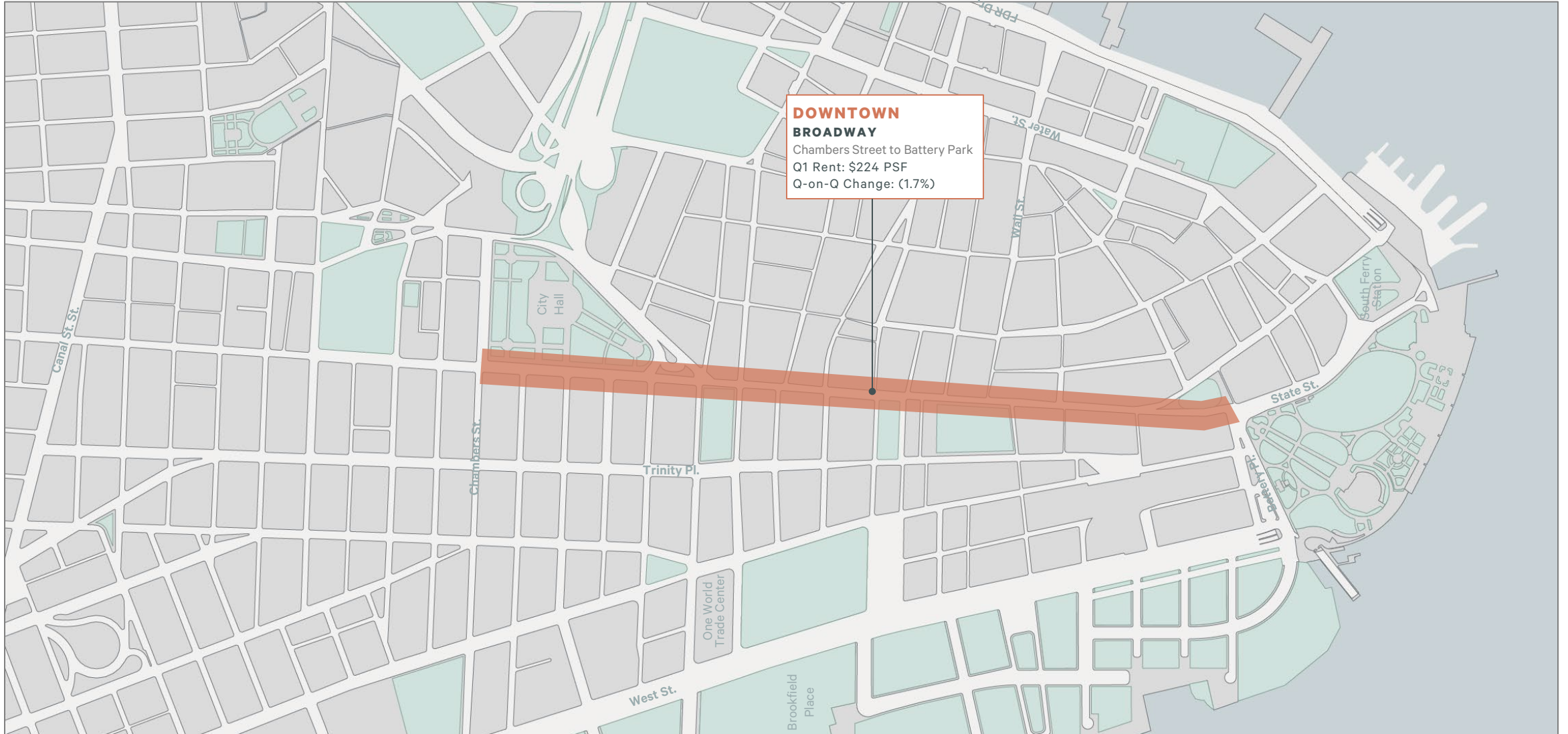
Overall Average Asking Rent: \$544 PSF +9.4%



Source: CBRE Research, Q1 2026.

**Retail Corridors: Downtown**

**Overall Average Asking Rent: \$224 PSF (1.7%)**



Source: CBRE Research, Q1 2026.

## Market Area Overview

### Definitions

**Availability:** Direct space that is actively marketed; includes spaces for immediate and future occupancy.

**Asking Rent:** Average asking rent calculated using the straight-line average for direct ground-floor spaces that have street frontage along one of the 16 corridors tracked by CBRE. Does not include sublease space.

**Aggregate Average Asking Rent:** The straight-line average of all direct, ground-floor availabilities with corridor frontage.

**Average of Corridors:** The average rent for the 16 main retail corridors tracked by CBRE. This is calculated by taking the average of the 16 corridor averages for the quarter.

**Frontage Availability Rate:** The average percentage of direct available frontage on the 16 main retail corridors tracked by CBRE. This is calculated by dividing the total direct available retail frontage by the total frontage of each corridor.

**Leasing Velocity:** Total amount of square feet leased within a specified period of time, including pre-leasing and renewals.

**Rent Change:** Percentage changes to asking rents that are less than 1% are reported as flat or virtually unchanged. Rent changes greater than 1% are reported as either increases or decreases.

**Rolling Four-Quarter Aggregate Total Leasing Velocity:** This metric is calculated as the sum of total leasing velocity for the previous four quarters. For example, the rolling aggregate for Q1 2026 includes total leasing velocity over Q4 2025, Q3 2025, Q2 2025 and Q1 2025. The rolling four-quarter aggregate figure helps track momentum in leasing velocity while controlling for the normal up and down variations seen between quarterly leasing totals. The aggregate data lags by one quarter, to allow time for complete data collection of closed deals.

### Definitions

**Taking Rent Index:** Percentage of direct ground floor asking rents achieved. Quarterly totals reflect the quarter to date average on the 16 main retail corridors tracked by CBRE. For quarters with limited data, a blended value was calculated using the past 5 quarters.

**Total Available Space:** Based on available ground-floor space with street frontage that faces one of the 16 corridors tracked by CBRE.

### Sources

1. CBRE Research, Q1 2026
2. The taking rent index was revised since original publication, based on the availability of additional leasing data.
3. CBRE Research, Q1 2026
4. The Q4 2025 rolling four-quarter aggregate total leasing velocity was revised since original publication, based on the availability of additional leasing data.
5. New-to-market retailers - retailers leasing their first brick-and-mortar locations in Manhattan

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