

FIGURES | MANHATTAN RETAIL | Q2 2026

F&B and Apparel Lead Leasing Activity as Prime Markets Tighten

▼ 91.2

Consumer Confidence

▼ 5.4%

NYC Unemployment

▲ \$50.4B

NYC Quarterly Retail Sales

▼ 294.8K

NYC Retail Job Count

▼ \$678

PSF Average Prime Corridor Asking Rent

Note: Arrows indicate change from previous quarter.

Market News

- Average asking rent in Manhattan’s retail corridors was \$678 per sq. ft.—1% below the prior quarter but up 1% year-over-year.¹
- The taking rent index for the prime 16 retail corridors was 84.0%, up 340 basis points (bps) from the prior quarter and 310 bps above a year ago.²
- The number of direct ground floor availabilities across Manhattan’s 16 premier shopping corridors decreased to 170 from 172 —down 1% quarter-over-quarter and 8% below the year prior.³
- The rolling four-quarter aggregate leasing velocity, which measures total leasing (renewals and new leases) for the four prior quarters, was nearly 3.7 million sq. ft., down 5% from the prior quarter and 16% below the same period one year ago.⁴

Market Overview

Manhattan’s retail market remains healthier than a year ago. While robust demand for built-out space in prime retail corridors absorbed many of the market’s highest-quality availabilities, limited new supply and elevated capital costs continued to constrain leasing activity in the second quarter. Rolling four-quarter leasing velocity declined 5% quarter-over-quarter to nearly 3.7 million sq. ft. but remained largely supported by food & beverage and apparel tenants. While ground-floor availability across the 16 prime corridors held near historic lows at 170 spaces, average asking rents eased to \$678 per sq. ft. Taking rents in the most supply-constrained corridors climbed to as much as 90% of asking, underscoring landlord pricing power, even as a still-expanding but inflation-pressured economy pushed tenants toward turnkey spaces and more flexible lease structures.

Economic Overview

The U.S. economy entered mid-2026 navigating crosscurrents but growing at a healthy pace. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue. As a result, CBRE projects GDP growth to average 2.2%, broadly in line with 2025.

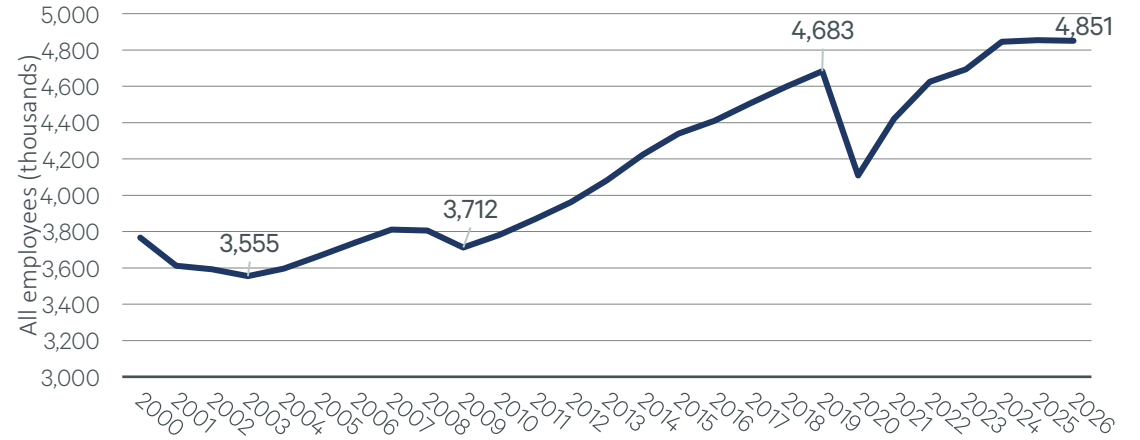
Nevertheless, the more pressing concern of late has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal come to fruition, inflation is expected to fall to the upper 3% range by year-end as energy prices slowly decline. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

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 294,800 jobs, while retail sales increased to \$50.4 billion in Q2 2026. NYC’s unemployment rate fell to a tight 5.4%, though still above the national rate of 4.3% as of May 2026.

Leasing Activity

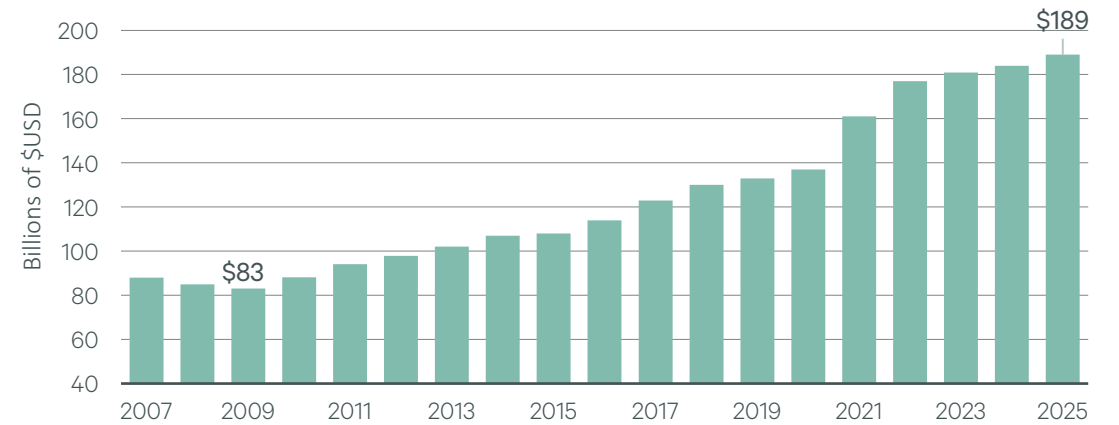
In Q2 2026, rolling four-quarter leasing velocity—which captures total leasing activity, including renewals and new leases, over the prior four quarters—reached nearly 3.7 million sq. ft., down 5% from the previous quarter and 16% year-over-year. Food & Beverage and Apparel tenants drove most of the activity. The largest transaction of the quarter was signed by Ulta Beauty, which secured more than 26,000 sq. ft. for a new location at 1551 Broadway. Although demand for top-tier retail space remains strong, a lack of new inventory in prime markets has kept overall leasing activity 18% below the peak of 4.4 million sq. ft. recorded in Q3 2025.

FIGURE 1: Seasonally Adjusted Total Employment



Source: NYC Department of Labor, May 2026.

FIGURE 2: NYC Total Retail Sales | Annual



Source: US Census Bureau, Oxford Economics, June 2026

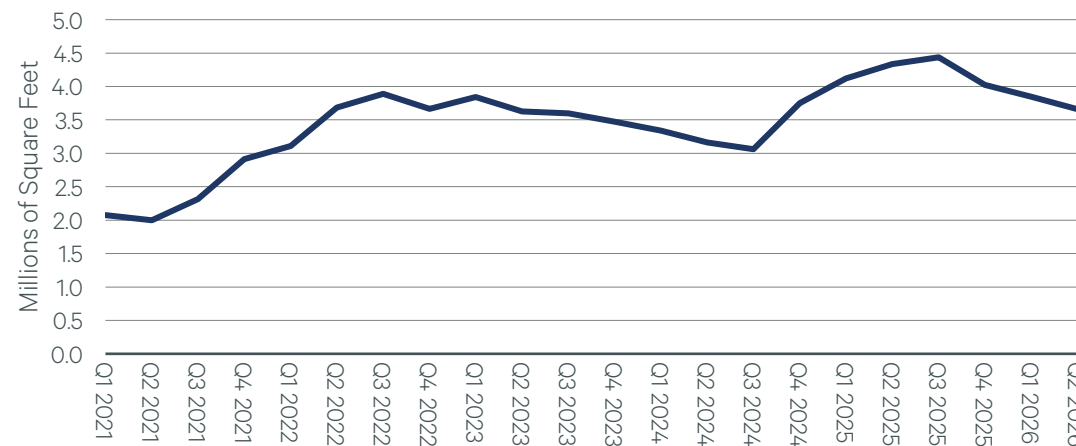
In Q2, Flatiron/Union Square was Manhattan’s most active neighborhood by both leasing volume and transaction count, with more than 90,000 sq. ft. leased across 16 deals. A notable increase in leasing activity along the Fifth Avenue corridor helped drive strong performance in the neighborhood. CB2 signed the area’s largest lease of the quarter, committing to a new 12,000-sq.-ft. retail location at 23 West 18th Street. Meanwhile, 160 Fifth Avenue secured two new tenants, with furniture brand Cozey leasing more than 10,000 sq. ft. of inline space and Garage Clothing committing to 8,900 sq. ft. for the corner location. Additional leasing activity included American Eagle Outfitters’ 6,300-sq.-ft. lease at 114 Fifth Avenue and Swiss chocolatier Läderach’s new 4,000-sq.-ft. location at 125 Fifth Avenue.

The Plaza District ranked as the second-most active neighborhood by quarterly leasing volume, with more than 90,000 sq. ft. leased across 10 transactions. Upscale French restaurant Bar des Prés executed the quarter’s largest F&B lease, committing to more than 22,000 sq. ft. for its first U.S. location at 345 Park Avenue. The Fifth Avenue corridor between 49th and 59th Streets also experienced a notable increase in activity during the quarter. Luxury jeweler David Yurman secured a new 21,000-sq.-ft. flagship at 685 Fifth Avenue, while Coach relocated to a new 13,000-sq.-ft. space at 645 Fifth Avenue.

SoHo, one of Manhattan’s most sought-after retail markets, recorded 13 transactions totaling nearly 40,000 sq. ft. in Q2. Spanish premium apparel brand Massimo Dutti leased a new 6,400-sq.-ft. space at 575 Broadway. Additional deals included upscale apparel retailer Sea NY’s 3,700-sq.-ft. lease at 472 Broome Street and Japanese clothing brand Human Made’s first New York City location, a 3,600-sq.-ft. store at 118 Prince Street.

Food and beverage (F&B) was the most active tenant category in Q2 by both leasing volume and transaction count, with more than 161,000 sq. ft. across 36 deals. The sector’s largest lease was the previously noted 22,000-sq.-ft. commitment by Bar des Prés at 345 Park Avenue. Other notable transactions included restaurant and pub operator Stout leasing a new 14,000-sq.-ft. location at 373 Park Avenue South, upscale seafood restaurant Sea Fire Grill securing a 12,000-sq.-ft. lease at 216 East 49th Street, and Quality Branded committing to nearly 11,000 sq. ft. for a new upscale omakase concept at 787 Seventh Avenue.

FIGURE 3: Four-Quarter Aggregate Leasing Velocity⁴



Source: CBRE Research, Q2 2026.

FIGURE 4: Rolling Four-Quarter Aggregate Total Leasing Velocity⁴

Period	12 Month Aggregate (Sq. Ft.)	Period	12 Month Aggregate (Sq. Ft.)
Q1 2021	2,076,128	Q4 2023	3,474,780
Q2 2021	1,990,313	Q1 2024	3,341,493
Q3 2021	2,314,883	Q2 2024	3,163,236
Q4 2021	2,914,536	Q3 2024	3,061,914
Q1 2022	3,110,674	Q4 2024	3,753,495
Q2 2022	3,685,296	Q1 2025	4,120,992
Q3 2022	3,888,778	Q2 2025	4,335,821
Q4 2022	3,667,225	Q3 2025	4,437,044
Q1 2023	3,840,545	Q4 2025	4,026,291
Q2 2023	3,628,666	Q1 2026	3,849,193
Q3 2023	3,597,505	Q2 2026	3,659,057

Source: CBRE Research, Q2 2026.

The apparel sector was also active in Q2, completing 18 transactions totaling nearly 80,000 sq. ft. The quarter’s largest apparel lease was signed by Aritzia for a new 16,000-sq.-ft. location at 10 Columbus Circle. Other notable transactions included luxury menswear brand Dunhill committing to more than 8,000 sq. ft. for a new flagship store at 821 Madison Avenue; UK-based activewear brand Oner Active leasing its first brick-and-mortar location, a 4,700-sq.-ft. space at 0 Bond Street; and Subdued securing a new 3,800-sq.-ft. location at 123 Fifth Avenue.

FIGURE 5: Top Lease Transactions | Q1 2026

Tenant	Size (Sq. Ft.)	Address	Neighborhood	Tenant Type
Ulta Beauty	26,000	1551 Broadway	Times Square	Cosmetics
Bar des Prés	22,000	345 Park Avenue	Plaza District	Food & Beverage
David Yurman	21,014	685 Fifth Avenue	Plaza District	Jewelry
House of Spells	20,198	234 W 42nd Street	Times Square	Novelty/Souvenirs
Aritzia	16,000	10 Columbus Circle	Columbus Circle	Apparel
Stout	13,900	373 Park Avenue South	Park Avenue South	Food & Beverage
Coach	13,200	645 Fifth Avenue	Plaza District	Accessories
CB2	12,152	22 W 19th Street	Flatiron/Union Square	Home Furnishings
Avocado Mattress	12,036	942 Third Avenue	Midtown East	Bed & Bath
Sea Fire Grill	12,000	216 E 49th Street	Midtown East	Food & Beverage

*Renewals. **Short Term Deal
Source: CBRE Research, Q2 2026.

FIGURE 6: Most Active Neighborhoods by Sq. Ft. Leased | Q2 2026

Neighborhood	Number of deals	Leased (Sq. Ft.)
Flatiron/Union Square	16	90,092
Plaza District	10	90,010
Downtown West	3	74,599
Times Square	3	56,717
SoHo	13	39,369
Midtown East	3	26,168
Upper East Side	7	19,703
Penn District/Herald Square	5	19,586
14th Street	2	19,575
East Village	6	18,403

Source: CBRE Research, Q2 2026.

FIGURE 7: Most Active Tenant Type by Sq. Ft. Leased | Q2 2026

Tenant Type	Number of deals	Leased (Sq. Ft.)
Food & Beverage	36	161,124
Entertainment	4	108,230
Apparel	18	79,751
Cosmetics	6	37,688
Jewelry	3	24,214
Home Furnishings/Furniture	2	22,298
Novelty/Souvenirs/Collectibles	1	20,198
Bed & Bath	2	14,208
Accessories	1	13,200
Books	1	11,300

Source: CBRE Research, Q2 2026.

Availability

The number of direct ground-floor availabilities across Manhattan’s 16 premier shopping corridors declined 1% from the prior quarter to 170 spaces, representing an 8% decrease year-over-year. Overall availability now stands 41% below the peak of 290 spaces recorded in Q2 2021, signaling a substantial recovery from the market’s weakest point.

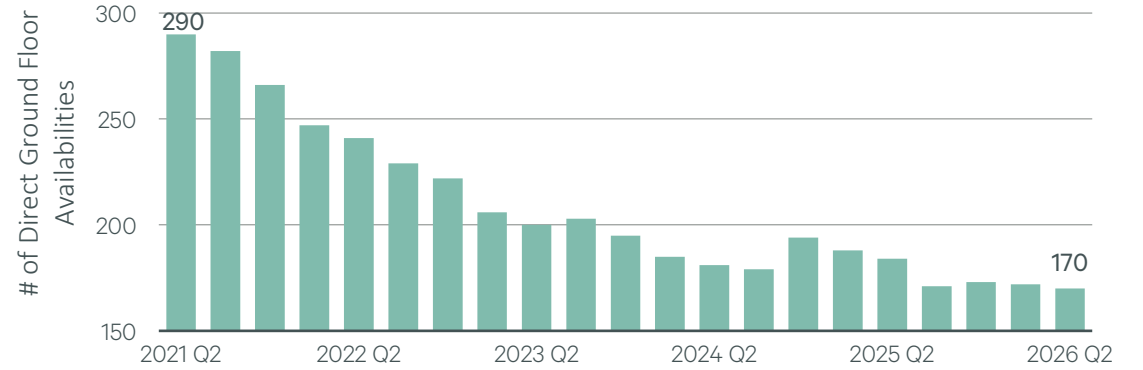
The quarterly decline in available space was largely driven by the Fifth Avenue corridor in Flatiron/Union Square, where availability fell 38% both quarter-over-quarter and year-over-year to just five spaces. During Q2, three locations were leased and removed from the corridor: Garage Clothing and Cozey committed to space at 160 Fifth Avenue, Läderach leased 125 Fifth Avenue, and American Eagle Outfitters secured a new location at 114 Fifth Avenue.

The adjacent Broadway corridor in Flatiron/Union Square recorded the second-largest decline in availability, with available space falling 20% quarter-over-quarter and 27% year-over-year. Two spaces were leased and removed from the corridor during Q2. Cosmetics retailer Beautyspace leased 872 Broadway, while bubble tea brand Molly Tea secured a new location at 862 Broadway.

Availability along Upper Madison Avenue also declined modestly, falling to 17 spaces. During Q2 2026, two locations were leased and removed from the corridor. Dunhill leased the entire building at 821 Madison Avenue, while Marfa Stance secured a new location at 801 Madison Avenue. As a result, availability along the corridor decreased 11% from the prior quarter and 19% year-over-year.

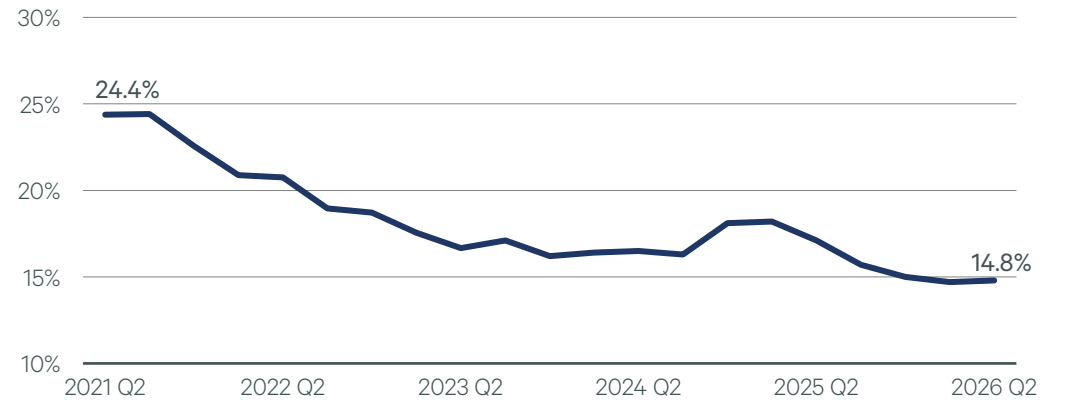
Unlike most other neighborhoods, the Upper West Side was one of the few corridors to post increases in availability on both a quarterly and annual basis, with available space rising 25% from the prior quarter and year. Although the corridor continues to benefit from strong demand generated by one of Manhattan’s most densely populated residential neighborhoods, rising rents and elevated occupancy costs may have slowed leasing activity. In Q2, four new availabilities came to market at 2242 Broadway, 2265 Broadway, 2307 Broadway, and 2341 Broadway.

FIGURE 8: Count of Direct Ground-Floor Availabilities



Source: CBRE Research, Q2 2026.

FIGURE 9: Direct Ground-Floor Retail Frontage Availability Rates



Source: CBRE Research, Q2 2026.

Average Asking Rent

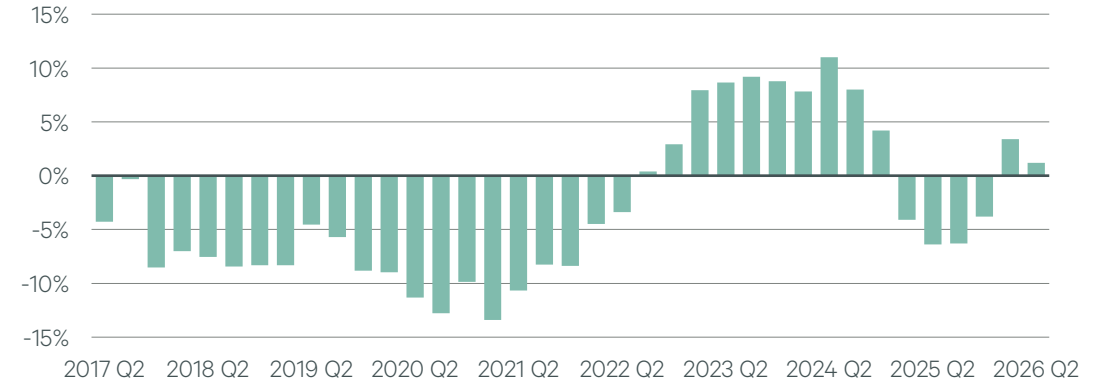
Average asking rents across Manhattan’s 16 prime retail corridors declined modestly in Q2 2026 to \$678 per sq. ft., down 1% from the prior quarter but up 1% year-over-year. While demand for the city’s most sought-after retail locations remained strong, stagnant supply in less desirable markets and limited new availabilities kept overall pricing 39% below the peak levels recorded in 2014.

The Fifth Avenue corridor in Flatiron/Union Square recorded the largest quarterly decline in asking rents, with rates falling 13% quarter-over-quarter and 18% year-over-year to \$279 per sq. ft. Strong leasing activity during Q2 removed several premium-priced spaces from this supply-constrained corridor, contributing to a modest decline in average asking rents.

Times Square posted the largest annual decline in asking rents, with rates falling 21% year-over-year to \$404 per sq. ft. Although asking rents were unchanged from the prior quarter, a recent surge in leasing activity removed several premium-priced spaces from the market, contributing to downward pressure on average asking rents compared with a year ago.

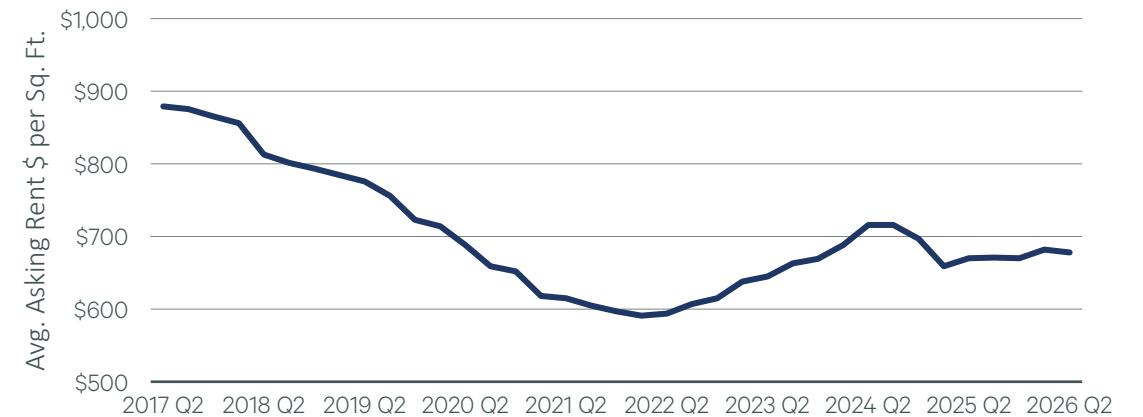
Conversely, 14th Street in the Meatpacking District recorded the largest quarterly increase in average asking rents, rising 14% from the prior quarter and 7% year-over-year to \$303 per sq. ft. Demand from upscale and luxury retailers has remained concentrated in the Meatpacking District, reducing available supply and supporting higher asking rents for newly marketed spaces. During Q2, the addition of a new space with above-average pricing contributed to a modest increase in overall corridor asking rents.

FIGURE 10: Year-over-Year Asking Rent Change



Source: CBRE Research, Q2 2026.

FIGURE 11: Asking Rent – Average of Corridors

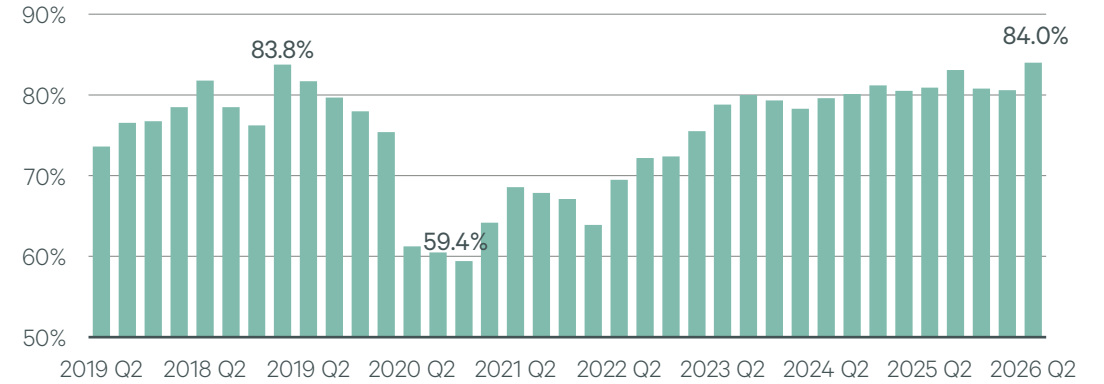


Source: CBRE Research, Q2 2026.

Taking Rent Index

The taking rent index—which measures the relationship between achieved and asking rents across Manhattan’s 16 prime retail corridors—increased 340 bps in Q2 2026 to 84.0%. The index is now 310 bps above the 80.9% recorded one year earlier. The increase was largely driven by a surge in transaction volume in supply-constrained markets, such as Flatiron/Union Square and Upper Madison Avenue, where taking rents range 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, Q2 2026.

FIGURE 13: Average Asking Rents * | Q2 2026

Neighborhood	Corridor Parameters	Total direct ground floor availabilities Q2 2026	Q2 2026	Q1 2026	Quarter-over-quarter change	Q2 2025	Year-over-year change
Upper West Side	Broadway 72nd to 86th Streets	20	\$248	\$253	(2.2%)	\$239	3.5%
Upper East Side	Third Avenue 60th to 72nd Streets	8	\$252	\$242	4.2%	\$258	(2.3%)
Upper Madison Ave	Madison Avenue 57th to 72nd Streets	17	\$918	\$930	(1.3%)	\$874	4.9%
Plaza District	Fifth Avenue 49th to 59th Streets**	10	\$2,540	\$2,540	0.0%	\$2,562	(0.9%)
Grand Central	Fifth Avenue 42nd to 49th Streets**	8	\$575	\$575	0.0%	\$620	(7.3%)
Times Square	Broadway & Seventh Avenue 42nd to 47th Streets	8	\$1,400	\$1,400	0.0%	\$1,776	(21.2%)
Herald Square	34th Street Fifth to Seventh Avenues**	24	\$394	\$394	0.0%	\$450	(12.4%)
Flatiron/Union Square	Broadway 14th to 23rd Streets	8	\$371	\$404	(8.2%)	\$369	0.4%
Flatiron/Union Square	Fifth Avenue 14th to 23rd Streets	5	\$279	\$320	(13.0%)	\$338	(17.5%)
SoHo	Broadway Houston to Broome Streets	5	\$622	\$622	0.0%	\$597	4.2%
SoHo	Prince Street Broadway to West Broadway	2	\$1,408	\$1,411	(0.2%)	\$750	87.8%
SoHo	Spring Street Broadway to West Broadway	6	\$734	\$734	0.0%	\$762	(3.7%)
Meatpacking	14th Street Eighth to Tenth Avenues	13	\$303	\$266	14.0%	\$283	7.1%
Meatpacking	Gansevoort Little West 12th Street 13th Street Ninth to Tenth Avenues	13	\$252	\$261	(3.4%)	\$275	(8.3%)
Meatpacking	Washington Street 14th to Gansevoort Streets	3	\$333	\$333	0.0%	\$335	(0.5%)
Downtown	Broadway Battery Park to Chambers Street	20	\$224	\$224	0.0%	\$240	(6.8%)
All	Average of corridors	-	\$678	\$682	(0.5%)	\$670	1.2%
		Total direct ground floor availabilities Q2 2026	Q2 2026	Q1 2026	Quarter-over-quarter change	Q2 2025	Year-over-year change
Aggregate Average Asking Rent**		170	\$573	\$578	(1.0%)	\$596	(3.9%)

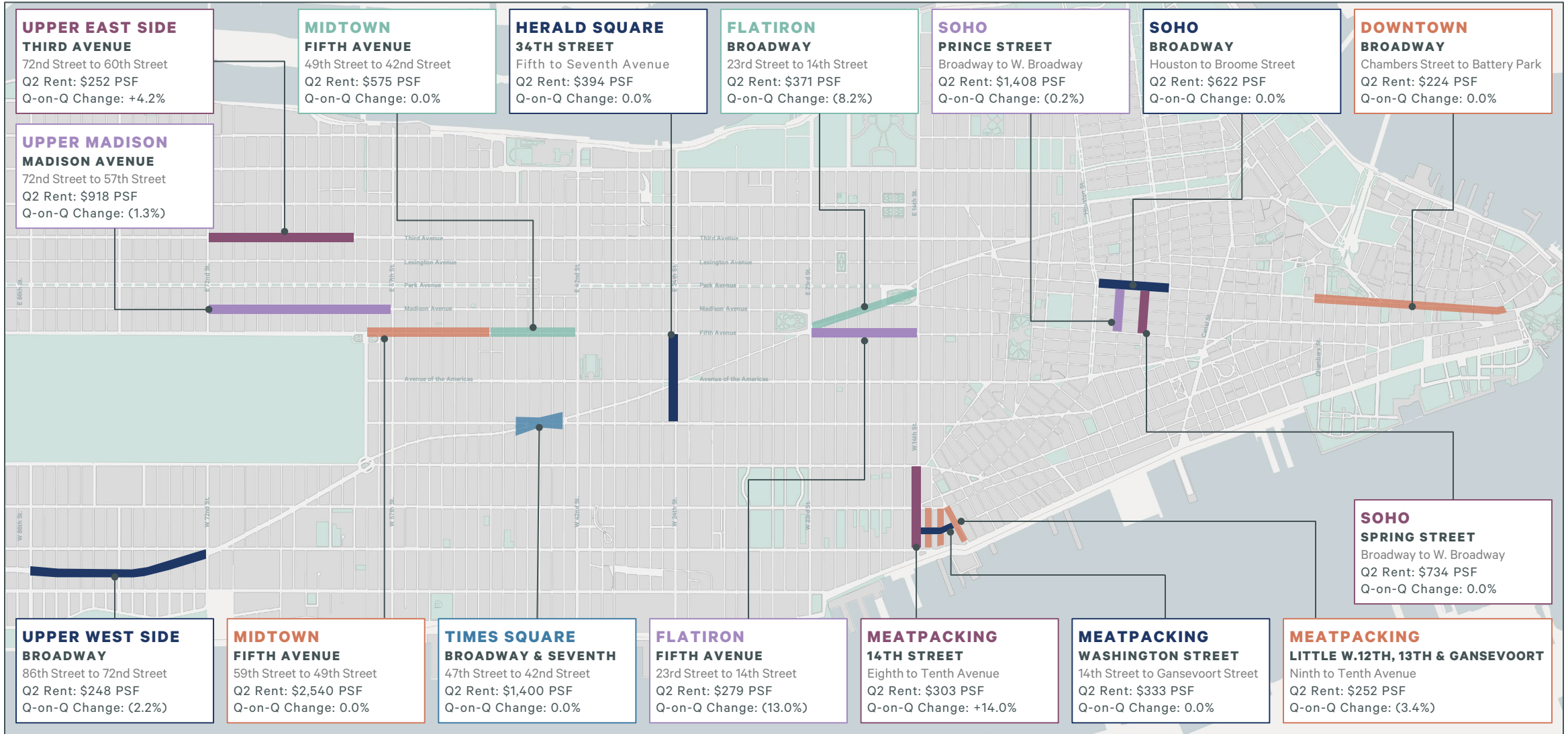
*Based on ground floor only, not inclusive of subleases.

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

Source: CBRE Research, Q2 2026.

Retail Corridors

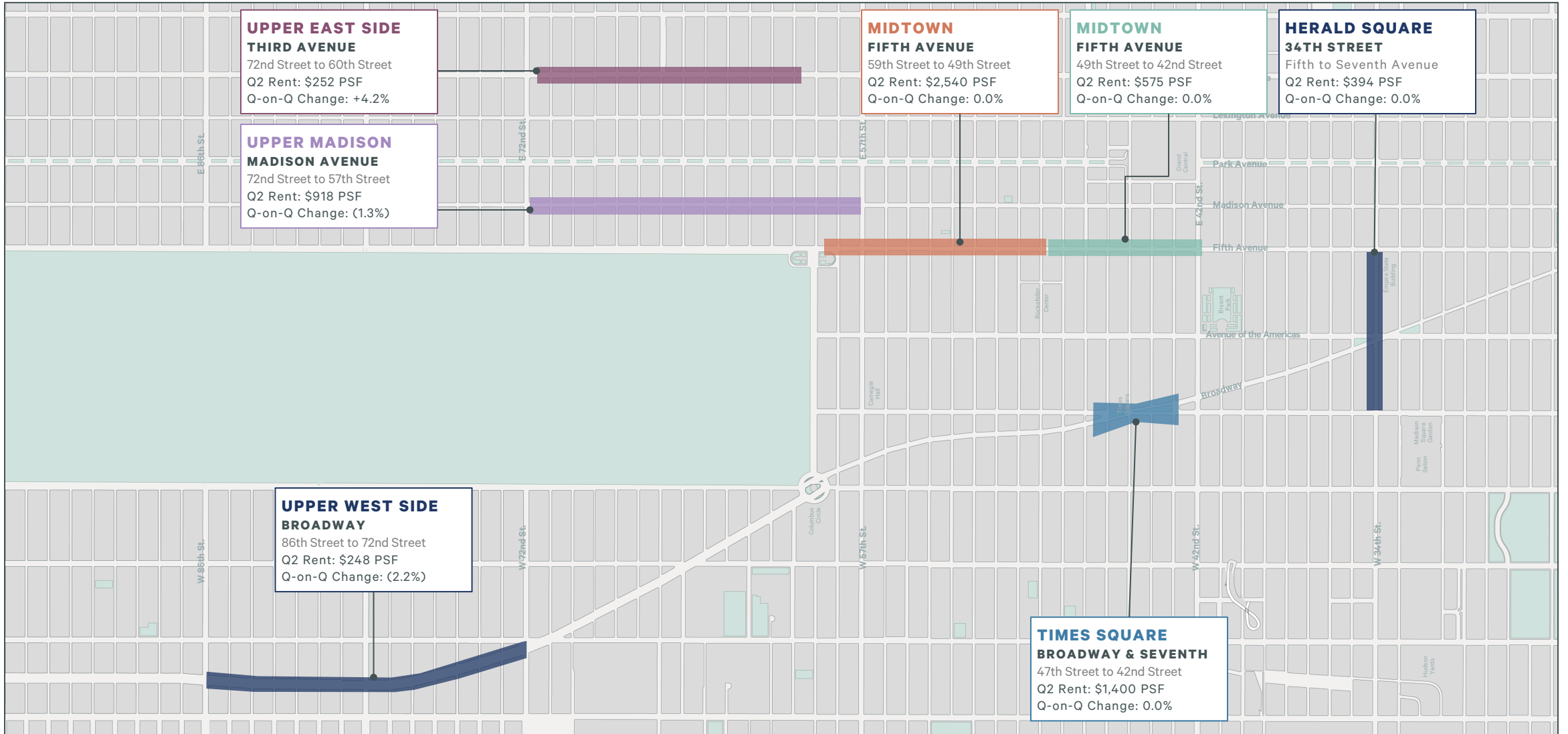
Overall Aggregate Average Asking: \$573 PSF (1.0%) | Overall Average Asking Rent: \$678 PSF (0.5%)



Source: CBRE Research, Q2 2026.

Retail Corridors: Midtown

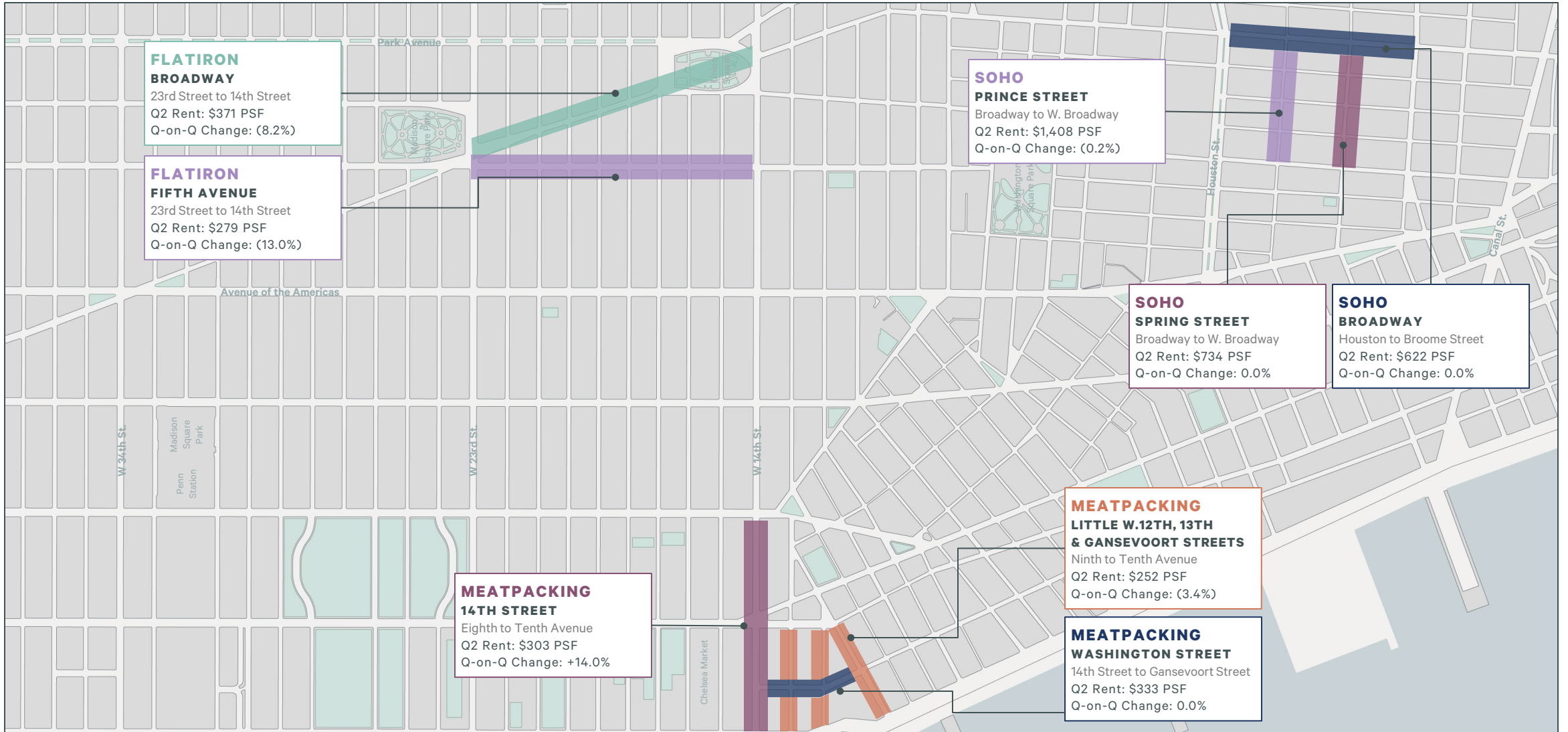
Overall Average Asking Rent: \$904 PSF (0.1%)



Source: CBRE Research, Q2 2026

Retail Corridors: Midtown South

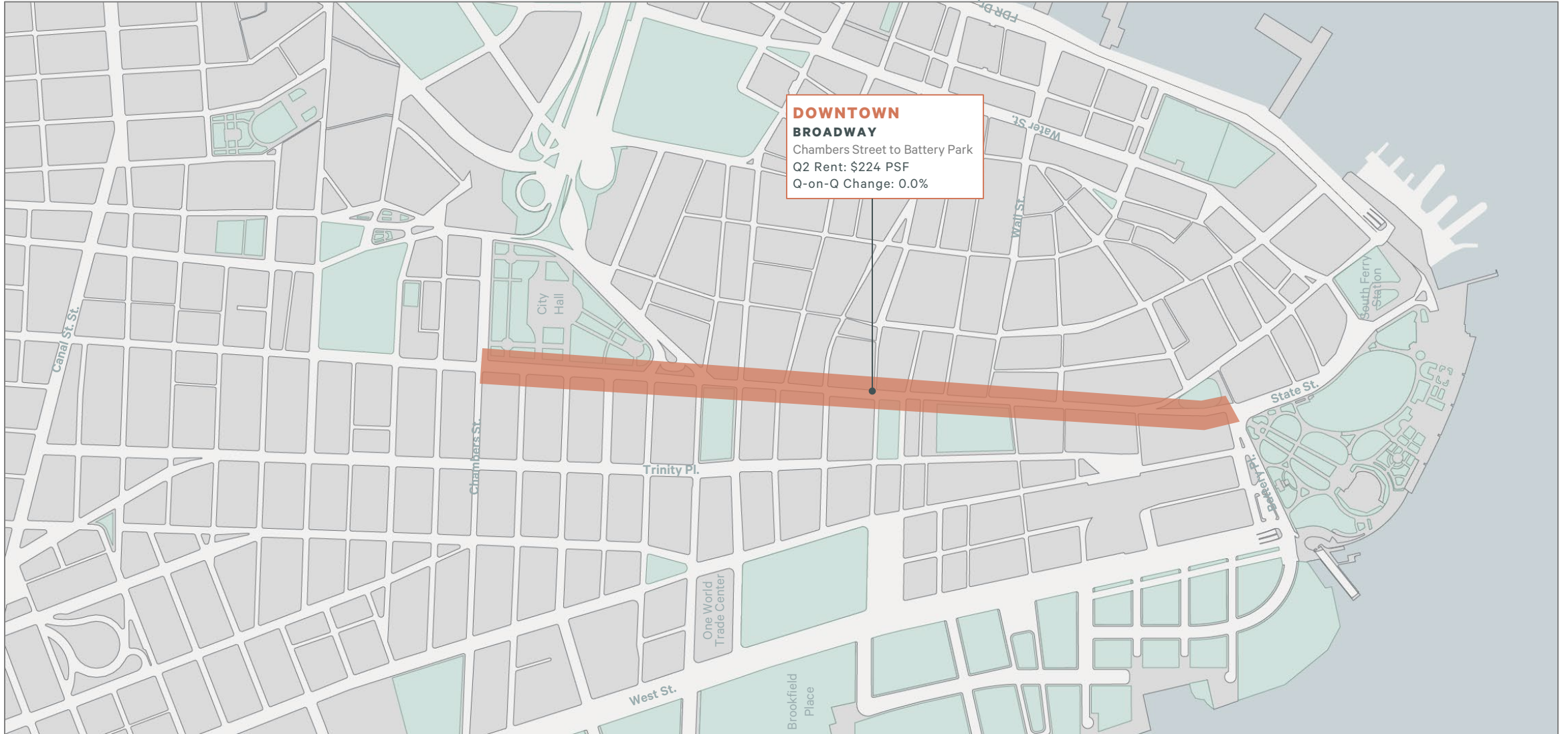
Overall Average Asking Rent: \$538 PSF (1.1%)



Source: CBRE Research, Q2 2026.

Retail Corridors: Downtown

Overall Average Asking Rent: \$224 PSF +0.0%



Source: CBRE Research, Q2 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 Q2 2026 includes total leasing velocity over Q1 2026, Q4 2025, Q3 2025 and Q2 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, Q2 2026
2. The taking rent index was revised since original publication, based on the availability of additional leasing data.
3. CBRE Research, Q2 2026
4. The Q1 2026 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

Contact

Michael Slattery

Research Director
+1 212 656 0583
Michael.Slattery@cbre.com

Hironori Imaizumi

Field Research Manager
+1 212 656 0538
Hiro.Imaizumi@cbre.com