Strong F&B and Apparel Demand Tighten Manhattan's Retail Market

▼ 81.9
Consumer Confidence

▼ 4.8%
NYC Unemployment

▲ $51.4B
NYC Quarterly Retail Sales

▼ 278.4K
NYC Retail Job Count

▲ $707
PSF Average Prime Corridor Asking Rent

Note: Arrows indicate change from previous quarter.

Market News

- Average asking rent in Manhattan's retail corridors was $707 per sq. ft., 4% above the prior quarter and up 5% year-over-year.[1]
- The taking rent index for the prime 16 retail corridors was 85.6%, up 160 basis points (bps) from the prior quarter and 430 bps above a year ago.[2]
- The number of direct ground floor availabilities across Manhattan's 16 premier shopping corridors decreased to 151 from 170, down 11% quarter-over-quarter and 12% 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 3.5 million sq. ft., down 5% from the prior quarter and 22% below the same period one year ago.[4]

Market Overview

The supply of prime corridor spaces continued to contract in Q3 amid strong food and beverage (F&B) and apparel demand. Ground-floor availability across the 16 prime corridors declined 11% to 151 spaces, pushing average asking rents up 4% to $707 per sq. ft. Taking rents exceeded asking rents in the most supply-constrained corridors, underscoring landlord pricing power. Broad demand has been curtailed by the limited new supply and elevated construction costs. Rolling four-quarter leasing velocity fell 5% quarter-over-quarter to nearly 3.5 million sq. ft. At the same time, inflationary pressures steered tenants toward turnkey spaces, which are becoming harder to find, and creative lease structures.

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Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

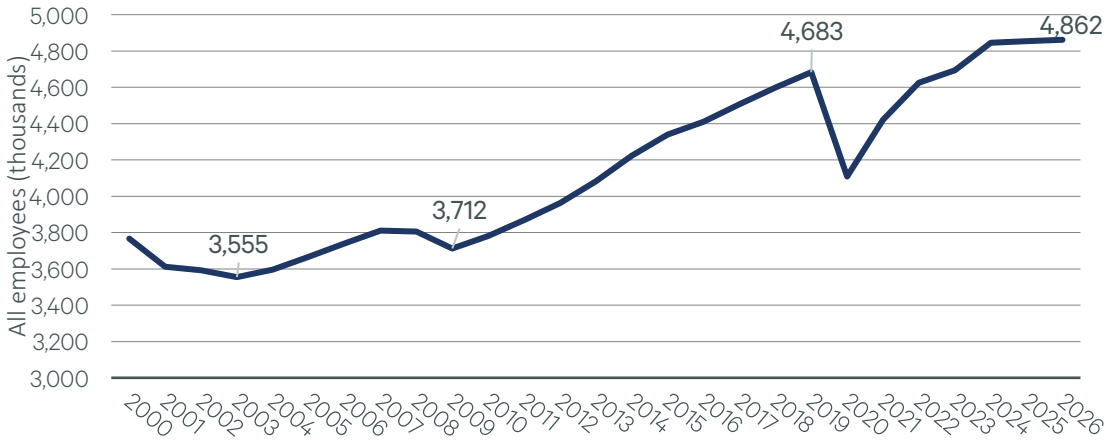
The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

In New York City, seasonally adjusted nonfarm employment held relatively steady at nearly 4.9 million, 29% above the pandemic-era low. Retail employment declined to 278,400 jobs, while retail sales increased to $51.4 billion in Q3 2026. NYC's unemployment rate fell to a tight 4.8%, though still above the national rate of 4.2% as of August 2026.

Leasing Activity

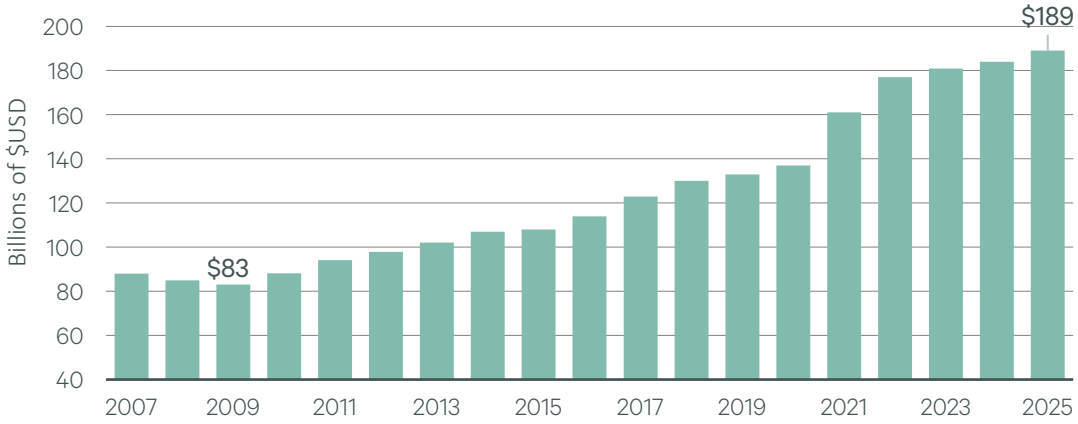
In Q3 2026, rolling four-quarter leasing velocity—which includes renewals and new leases completed over the prior four quarters—totaled nearly 3.5 million sq. ft., down 5% quarter-over-quarter and 22% year-over-year. Although demand for prime retail space remained strong, constrained supply and limited new inventory kept overall leasing activity 22% below the Q3 2025 peak of 4.4 million sq. ft.

FIGURE 1: Seasonally Adjusted Total Employment



Source: NYC Department of Labor, August 2026.

FIGURE 2: NYC Total Retail Sales | Annual



Source: US Census Bureau, Oxford Economics, September 2026

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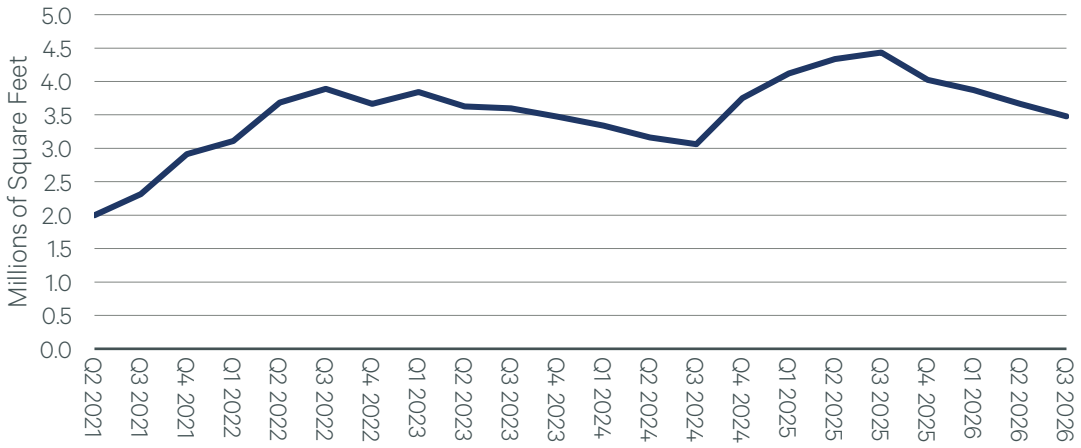
In Q3, the Upper East Side led Manhattan neighborhoods in both leasing volume and transaction count, with nearly 97,000 sq. ft. leased across 15 deals. Increased activity along 86th Street and Second Avenue drove the neighborhood's strong performance. The largest transaction was TJ Maxx's 29,000-sq.-ft. lease at 150 East 86th Street. Grocery activity included Happier Grocery, an upscale community-focused grocer, taking nearly 21,000 sq. ft. at 210 East 86th Street, and Whole Foods leasing a new 9,100-sq.-ft. location at 1522 Second Avenue. Other notable transactions included Cotton On's nearly 6,600-sq.-ft. lease at 1149 Third Avenue and CityMD's renewal of its 4,500-sq.-ft. lease at 1152 Third Avenue.

The Upper West Side ranked second among Manhattan neighborhoods in quarterly leasing volume, with more than 50,000 sq. ft. leased across 11 transactions. Activity was concentrated along Broadway and Columbus Avenue. Crunch Fitness signed the neighborhood's largest deal, taking more than 28,000 sq. ft. at 2192 Broadway, while Pura Vida leased nearly 5,000 sq. ft. at 2320 Broadway. F&B activity along Columbus Avenue included Mimi's Frozen Yogurt's new 4,200-sq.-ft. location at 221 Columbus Avenue, the Mermaid Inn's 2,500-sq.-ft. lease at 301 Columbus Avenue, and Edith's Sandwich Counter's 2,400-sq.-ft. lease at 186 Columbus Avenue.

The Plaza District recorded nearly 39,000 sq. ft. of leasing across eight transactions in Q3. F&B tenants accounted for several of the district's largest deals. Café Hestia committed to more than 9,600 sq. ft. at 570 Lexington Avenue, marking the district's largest F&B transaction of the quarter, while Casa Carmen leased more than 5,400 sq. ft. at 437 Madison Avenue. Fifth Avenue also saw activity, with Warby Parker signing a temporary 1,900-sq.-ft. lease at 660 Fifth Avenue in Rockefeller Center.

F&B was Q3's most active tenant category by both leasing volume and transaction count, totaling nearly 133,000 sq. ft. across 42 deals. The sector's largest transaction was signed by the northern Chinese comfort-food chain Nong Geng Ji for its first 9,900-sq.-ft. Manhattan location at 365 West 46th Street. Other notable deals included premium Indian restaurant and lounge Samudhra's 9,700-sq.-ft. lease for its first New York City location at 312 West 43rd Street, as well as upscale seafood buffet Crab House's commitment to a new 6,500-sq.-ft. location at 11 East 13th Street.

FIGURE 3: Four-Quarter Aggregate Leasing Velocity[4]



Source: CBRE Research, Q3 2026.

FIGURE 4: Rolling Four-Quarter Aggregate Total Leasing Velocity[4]

Period	12 Month Aggregate (Sq. Ft.)	Period	12 Month Aggregate (Sq. Ft.)
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	4,433,344
Q1 2023	3,840,545	Q4 2025	4,022,591
Q2 2023	3,628,666	Q1 2026	3,868,589
Q3 2023	3,597,505	Q2 2026	3,663,522
Q4 2023	3,474,780	Q3 2026	3,477,347

Source: CBRE Research, Q3 2026.

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The apparel sector was also active in Q3, completing 16 transactions totaling more than 92,000 sq. ft. This sector was bolstered by the aforementioned TJ Maxx deal at 150 East 86th Street. Other notable transactions included luxury sample-sale brand Mad Under's commitment for nearly 11,000 sq. ft. at 292 Madison Avenue, Madewell's new 7,300-sq.-ft. space at 1 Rockefeller Plaza, and English apparel brand JW Anderson's first U.S. location, a 4,500-sq.-ft. space at 138 Wooster Street.

FIGURE 5: Top Lease Transactions | Q3 2026

Tenant	Size (Sq. Ft.)	Address	Neighborhood	Tenant Type
TJ Maxx	28,837	150 E 86th Street	Upper East Side	Apparel
5Iron Golf	28,288	32 Old Slip	Wall Street/Financial	Entertainment
Crunch Fitness	28,100	2192 Broadway	Upper West Side	Health Club
Happier Grocery	20,500	210 E 86th Street	Upper East Side	Grocery
UGG	13,200	620 Fifth Avenue	Rockefeller Center	Footwear
BankUnited	13,097	452 Fifth Avenue	Grand Central	Financial Services
Mad Under	10,950	292 Madison Avenue	Grand Central	Apparel
NONG GENG JI	9,900	365 W 46th Street	Midtown West	Food & Beverage
Samudhra NYC	9,738	312 W 43rd Street	Midtown West	Food & Beverage
Café Hestia	9,626	570 Lexington Avenue	Plaza	Food & Beverage

*Renewals. **Short Term Deal

Source: CBRE Research, Q3 2026.

FIGURE 6: Most Active Neighborhoods by Sq. Ft. Leased | Q3 2026

Neighborhood	Number of deals	Leased (Sq. Ft.)
Upper East Side	15	96,912
Upper West Side	11	50,489
Wall Street/Financial	6	42,895
Plaza	8	38,575
Midtown West	6	32,371
Greenwich Village	10	30,486
Grand Central	3	26,547
Flatiron/Union Square	3	25,398
SoHo	6	24,729
Rockefeller Center	2	20,540

Source: CBRE Research, Q3 2026.

FIGURE 7: Most Active Tenant Type by Sq. Ft. Leased | Q3 2026

Tenant Type	Number of deals	Leased (Sq. Ft.)
Food & Beverage	42	131,683
Apparel	16	92,333
Financial Services	4	43,548
Health Club	4	39,378
Grocery	4	38,884
Footwear	6	30,988
Entertainment	1	28,288
Cosmetics	5	14,589
Bed & Bath	2	12,772
Health Care	3	7,900

Source: CBRE Research, Q3 2026.

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Availability

Direct ground-floor availability across Manhattan's 16 premier shopping corridors declined 11% quarter-over-quarter and 12% year-over-year to 151 spaces. Availability now stands 48% below the Q2 2021 peak of 290 spaces, signaling a substantial recovery from the market's weakest point.

The quarterly decline was led by SoHo's Spring Street corridor, where availability fell 67% both quarter-over-quarter and year-over-year to just two spaces. Three locations were leased and removed from the corridor in Q3: Eileen Fisher committed to a new space at 149 Spring Street, while Monica Vinader and Stuart Weitzman renewed their leases at 151 Spring Street and 118 Spring Street, respectively.

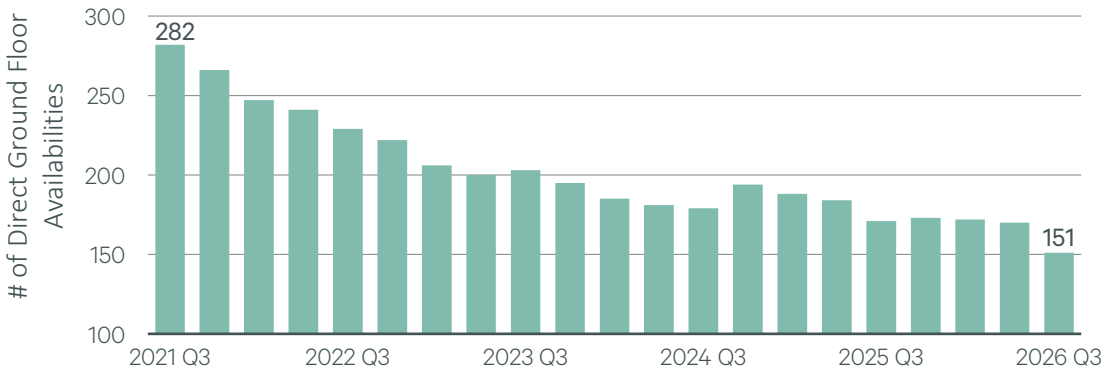
SoHo's Broadway corridor posted the second-largest decline in availability, falling 60% quarter-over-quarter and 50% year-over-year to two spaces. Strong leasing activity reduced availability to a record low, with three spaces leased and removed from the corridor during Q3. Vivaia Shoes relocated to 491 Broadway, while MAC Cosmetics leased 579 Broadway and Cole Haan secured a new location at 584 Broadway.

Availability along Upper Madison Avenue also tightened, declining 29% quarter-over-quarter and 37% year-over-year to 12 spaces. Four locations were leased and removed from the corridor during Q3 2026. Purple Style Lab leased 601 Madison Avenue, 19v69 Italia secured a new location at 766 Madison Avenue, and Sunspel renewed its lease at 781 Madison Avenue.

In contrast to the other neighborhoods, Washington Street in the Meatpacking District was the only corridor to record both quarterly and annual increases in availability. Demand from upscale and luxury retailers remained concentrated in the Meatpacking District, limiting supply and supporting higher asking rents for newly marketed spaces. In Q3, one space at 823 Washington Street was brought to market.

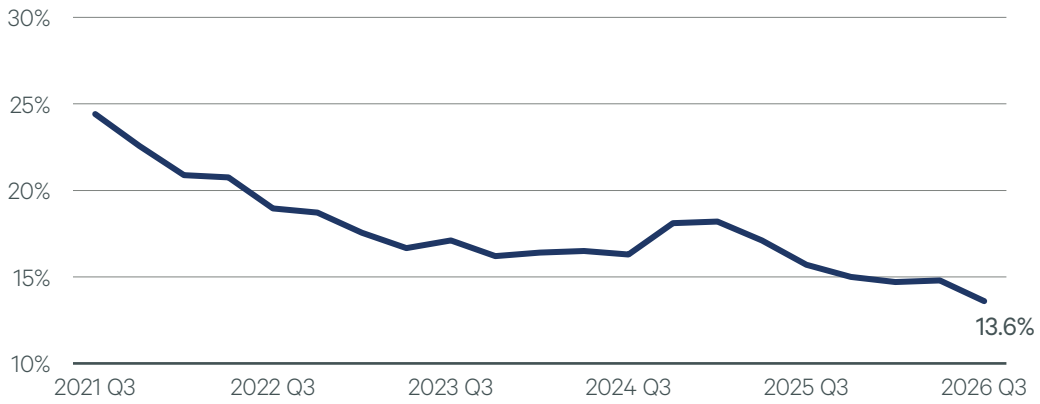
The frontage availability rate—which measures the share of directly available retail frontage across the city's primary shopping corridors—declined 120 bps quarter-over-quarter and 210

FIGURE 8: Count of Direct Ground-Floor Availabilities



Source: CBRE Research, Q3 2026.

FIGURE 9: Direct Ground-Floor Retail Frontage Availability Rates



Source: CBRE Research, Q3 2026.

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bps year-over-year to 13.6%. The quarterly decrease was driven largely by tightening availability in SoHo and Upper Madison Avenue, two of the market's most active corridors. Along Spring Street in SoHo, the rate fell 600 bps to 4.1%, while Upper Madison Avenue recorded a 230-bps decline to 5.7%.

Average Asking Rent

Average asking rent across Manhattan's 16 prime retail corridors rose to $707 per sq. ft. in Q3, up 4% quarter-over-quarter and 5% year-over-year. The increase was driven largely by strong demand and limited supply in SoHo's most sought-after corridors. Despite these gains, overall pricing remained 36% below the peak recorded in 2014.

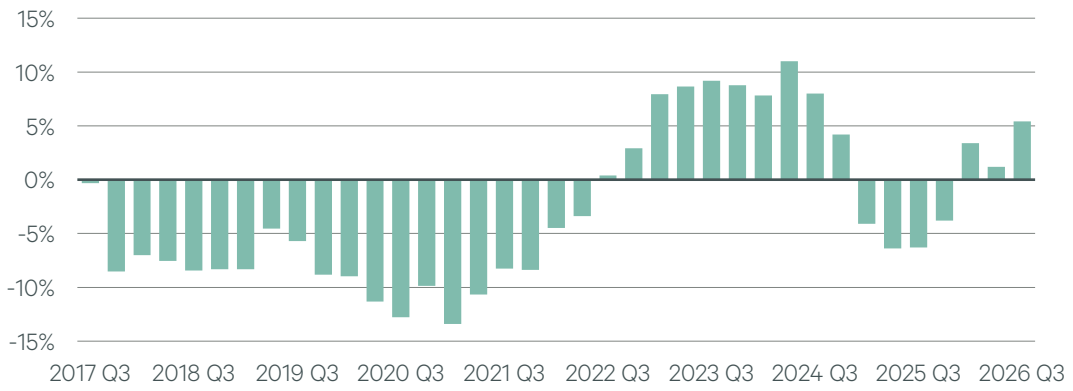
SoHo's Broadway corridor recorded the largest quarterly increase in asking rents, rising 44% quarter-over-quarter and 39% year-over-year to $896 per sq. ft. Strong leasing activity removed several discounted spaces from the supply-constrained corridor and reduced availability to a record low of two active listings, pushing average asking rents above $800 per sq. ft. for the first time since 2015.

Prince Street in SoHo posted the largest annual increase in asking rent, rising 41% year-over-year to $1,409 per sq. ft. Although rents were essentially unchanged from the prior quarter, the annual increase reflects constrained inventory—with only two availabilities on the market—rather than a fundamental shift in corridor-wide pricing.

Spring Street in SoHo also recorded a significant increase in asking rents, rising 29% quarter-over-quarter and 32% year-over-year to $948 per sq. ft. A recent surge in leasing activity removed several discounted spaces from the market, placing upward pressure on average asking rents. As with Prince Street, the increase reflects constrained inventory rather than a fundamental shift in corridor-wide pricing.

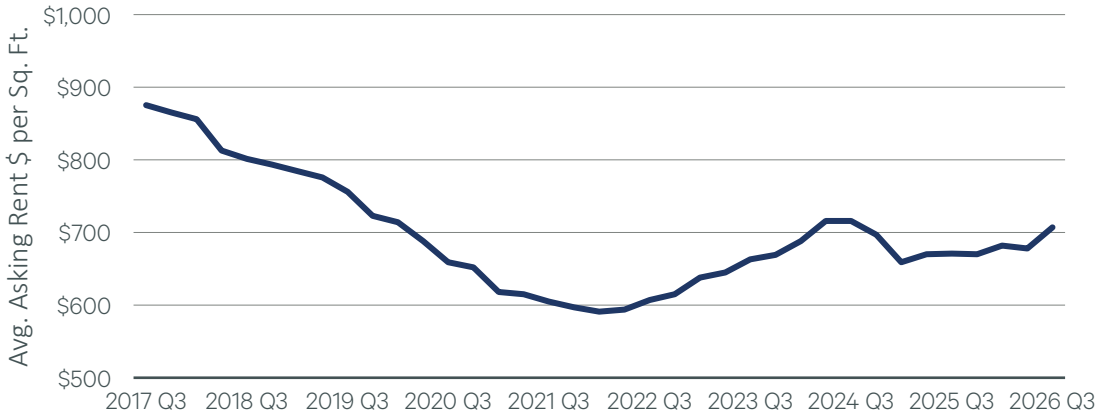
Conversely, Broadway in the Flatiron District recorded the largest quarterly decline in average asking rents, falling 4% quarter-over-quarter and 13% year-over-year to $355 per sq. ft. In Q3, demand for the Flatiron District remained strong as one of the corridor's highest-priced spaces at 19 Union Square West was leased to a financial institution and contributed to a modest decrease in average rents.

FIGURE 10: Year-over-Year Asking Rent Change



Source: CBRE Research, Q3 2026.

FIGURE 11: Asking Rent – Average of Corridors



Source: CBRE Research, Q3 2026.

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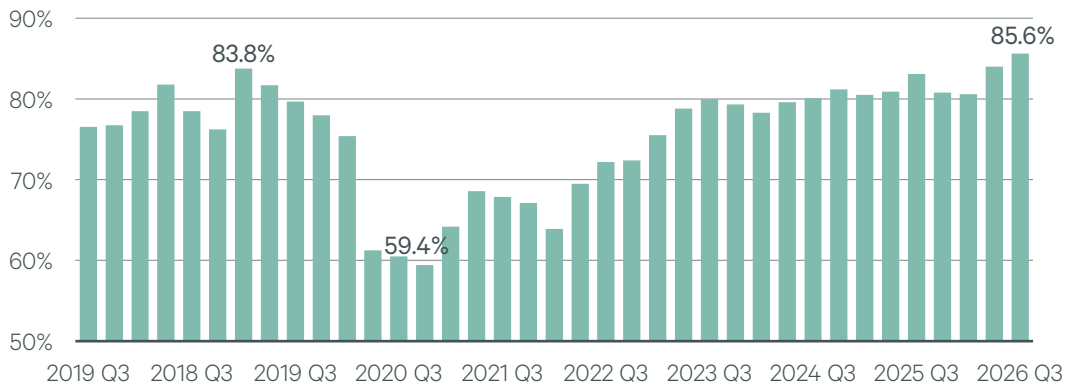
Taking Rent Index

The taking rent index—which measures achieved rents relative to asking rents across Manhattan's 16 prime retail corridors—increased 160 bps in Q3 2026 to 85.6%, up 430 bps from 81.3% a year earlier. The increase was driven largely by higher transaction volume in supply-constrained markets such as SoHo and Flatiron/Union Square, where taking rents ranged from 80% to 90% of asking rents, underscoring continued landlord pricing power.

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, Q3 2026.

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FIGURE 13: Average Asking Rents* | Q3 2026

Neighborhood	Corridor Parameters	Total direct ground floor availabilities Q3 2026	Q3 2026	Q2 2026	Quarter-over-quarter change	Q3 2025	Year-over-year change
Upper West Side	Broadway | 72nd to 86th Streets	14	$250	$248	0.9%	$243	2.8%
Upper East Side	Third Avenue | 60th to 72nd Streets	8	$259	$252	2.8%	$221	17.4%
Upper Madison Ave	Madison Avenue | 57th to 72nd Streets	12	$919	$918	0.2%	$837	9.7%
Plaza District	Fifth Avenue | 49th to 59th Streets**	9	$2,471	$2,540	(2.7%)	$2,562	(3.5%)
Grand Central	Fifth Avenue | 42nd to 49th Streets**	8	$600	$575	4.3%	$633	(5.3%)
Times Square	Broadway & Seventh Avenue | 42nd to 47th Streets	8	$1,400	$1,400	0.0%	$1,579	(11.4%)
Herald Square	34th Street | Fifth to Seventh Avenues**	23	$403	$394	2.4%	$440	(8.5%)
Flatiron/Union Square	Broadway | 14th to 23rd Streets	7	$355	$371	(4.2%)	$406	(12.5%)
Flatiron/Union Square	Fifth Avenue | 14th to 23rd Streets	6	$301	$279	8.2%	$327	(7.7%)
SoHo	Broadway | Houston to Broome Streets	2	$896	$622	44.0%	$646	38.7%
SoHo	Prince Street | Broadway to West Broadway	2	$1,409	$1,408	0.0%	$1,000	40.9%
SoHo	Spring Street | Broadway to West Broadway	2	$948	$734	29.1%	$718	32.0%
Meatpacking	14th Street | Eighth to Tenth Avenues	13	$294	$303	(2.9%)	$271	8.7%
Meatpacking	Gansevoort | Little West 12th Street | 13th Street | Ninth to Tenth Avenues	13	$257	$252	2.0%	$273	(5.8%)
Meatpacking	Washington Street | 14th to Gansevoort Streets	4	$333	$333	0.0%	$333	0.0%
Downtown	Broadway | Battery Park to Chambers Street	20	$218	$224	(2.7%)	$245	(11.0%)
All	Average of corridors	-	$707	$678	4.2%	$671	5.4%
		Total direct ground floor availabilities Q3 2026	Q3 2026	Q2 2026	Quarter-over-quarter change	Q3 2025	Year-over-year change
Aggregate Average Asking Rent**		151	$559	$573	(2.3%)	$592	(5.5%)

*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, Q3 2026.

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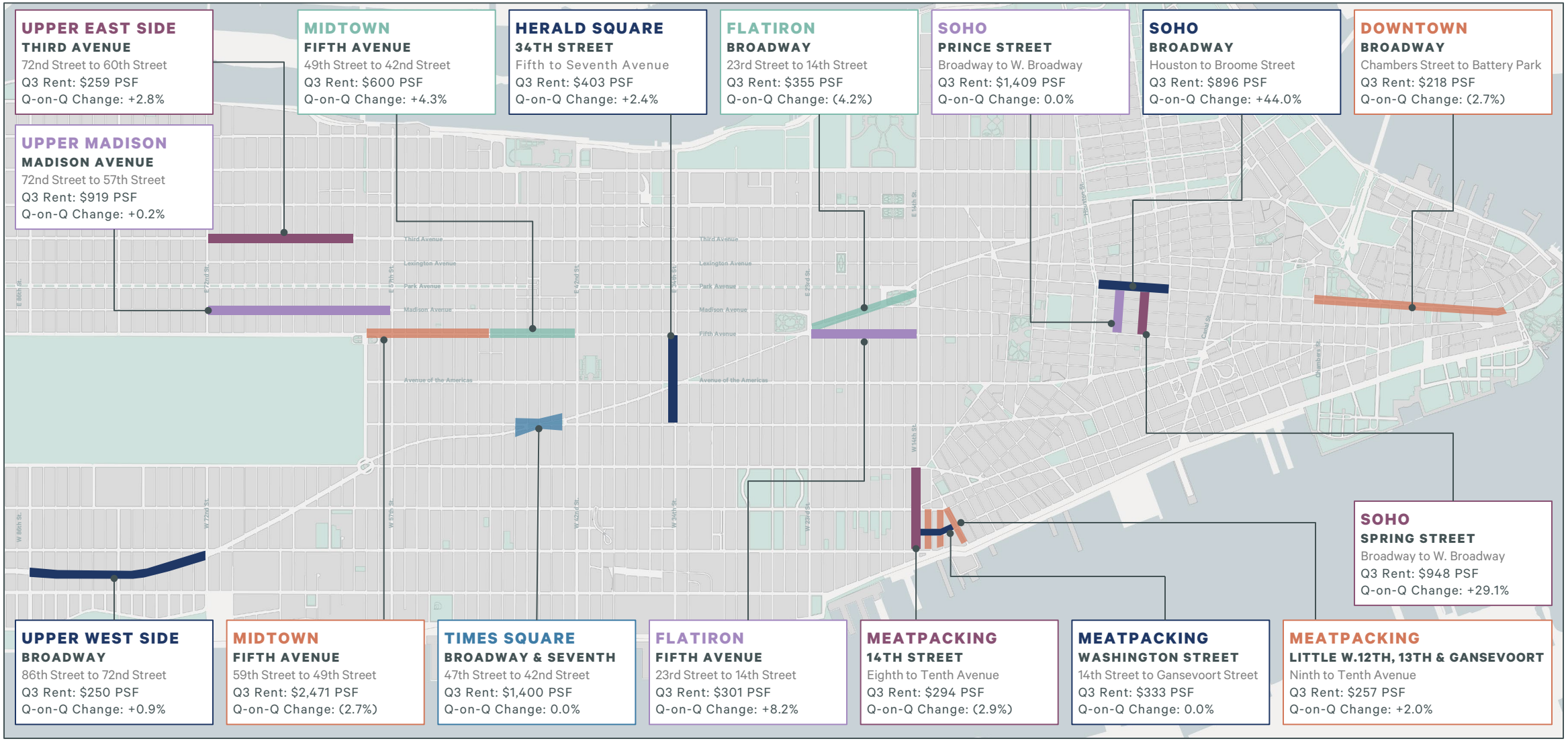
Retail Corridors

Overall Aggregate Average Asking: $559 PSF (2.3%) | **Overall Average Asking Rent:** $707 PSF +4.2%



Source: CBRE Research, Q3 2026.

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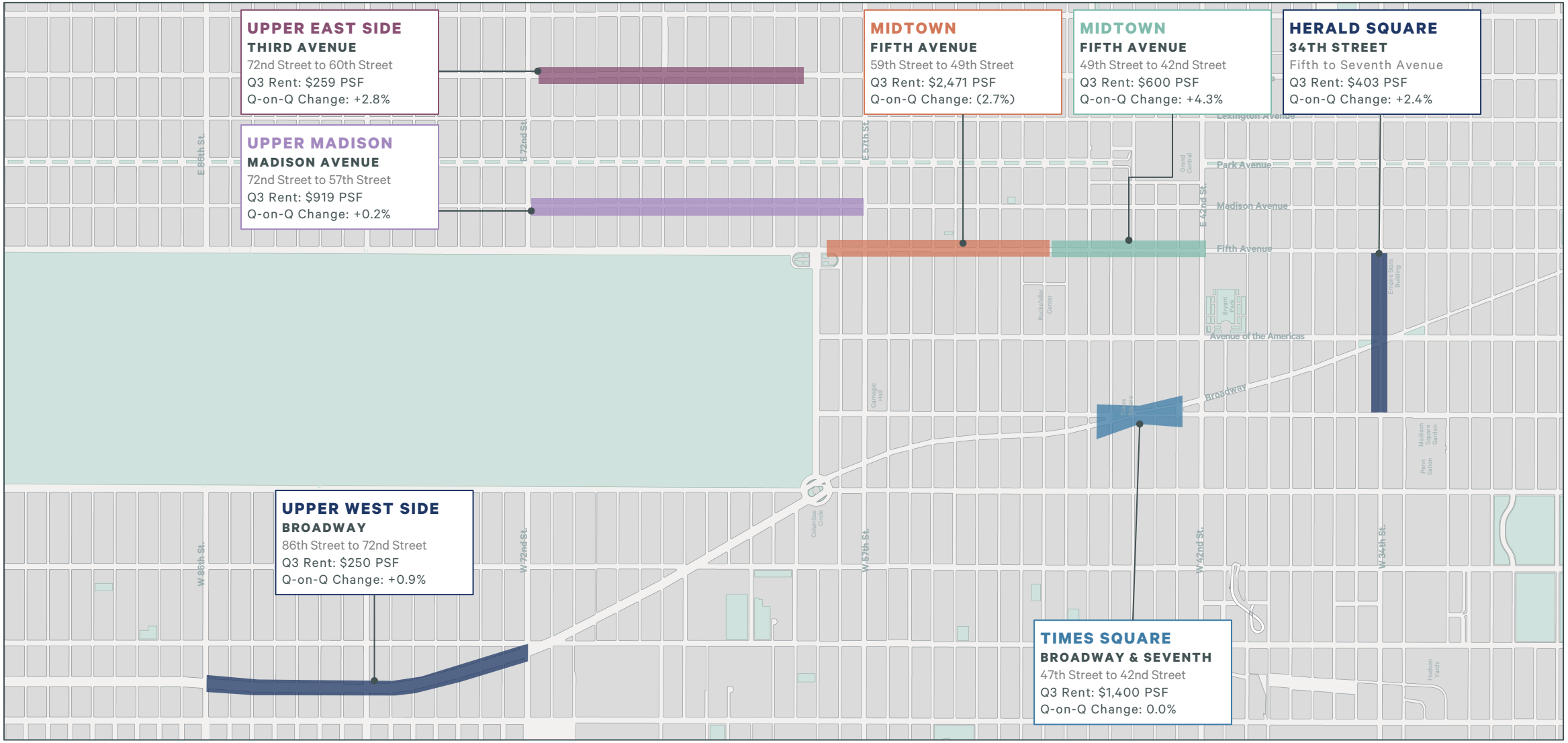
Retail Corridors: Midtown

Overall Average Asking Rent: $900 PSF (0.4%)



Source: CBRE Research, Q3 2026

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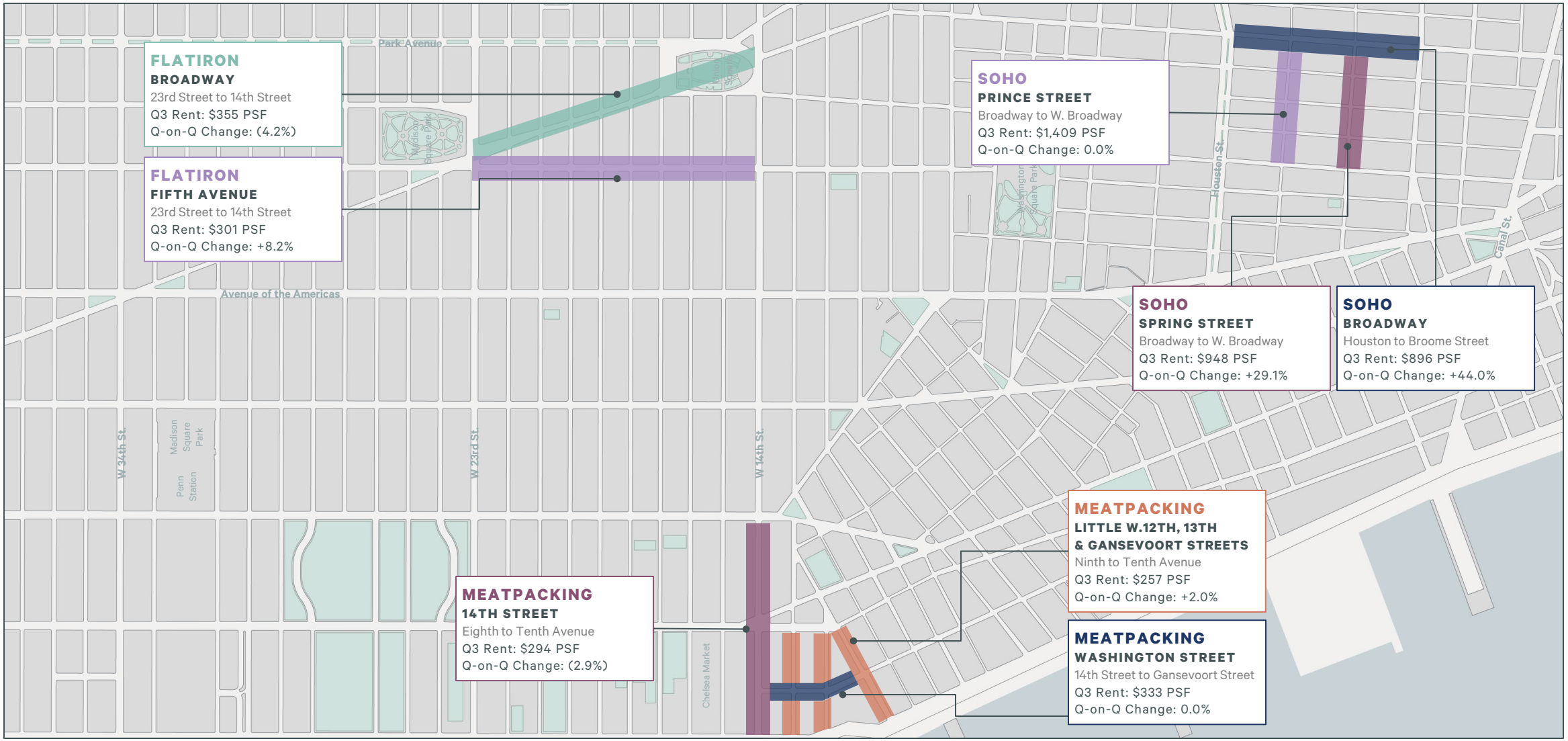
Retail Corridors: Midtown South

Overall Average Asking Rent: $599 PSF +11.4%



Source: CBRE Research, Q3 2026.

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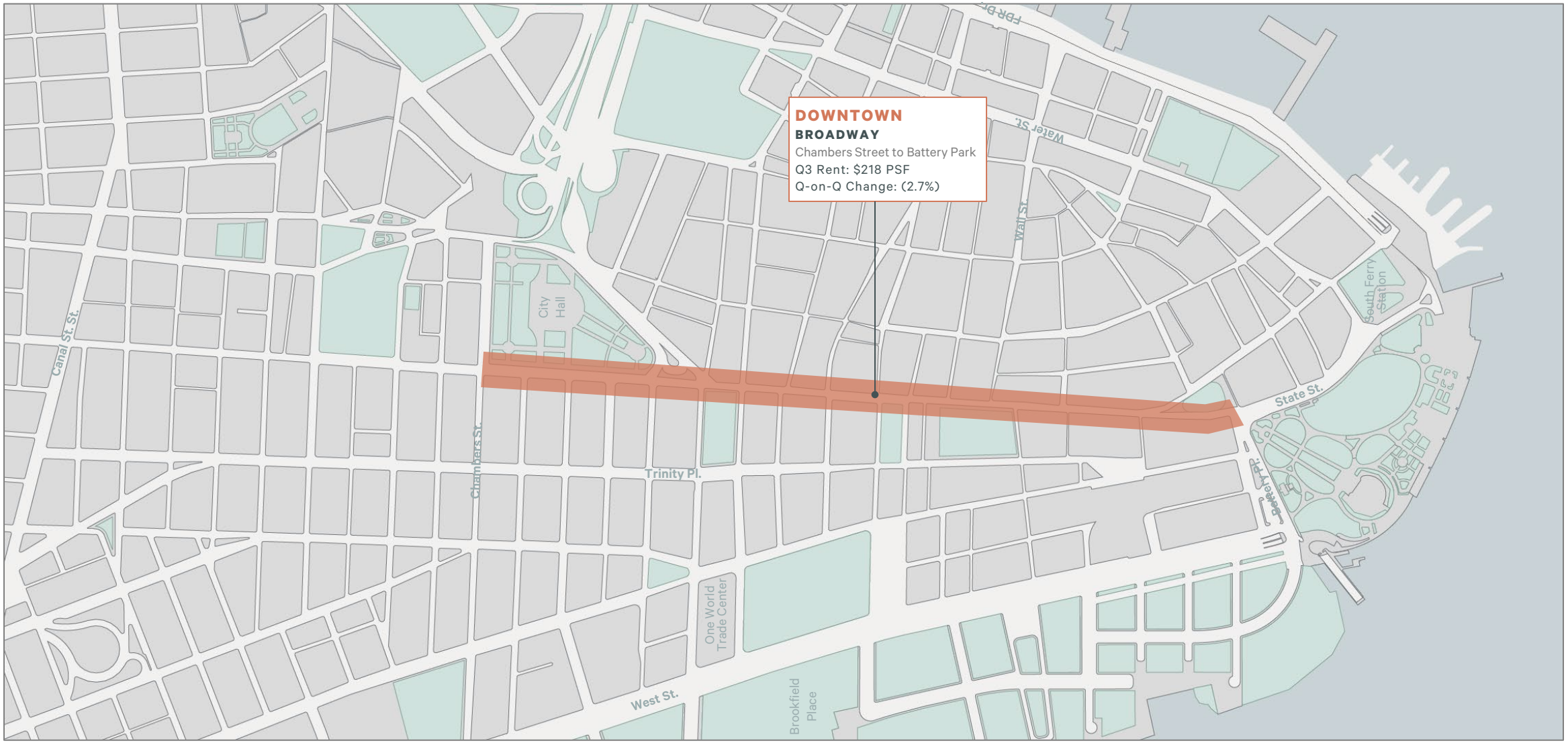
Retail Corridors: Downtown

Overall Average Asking Rent: $218 PSF (2.7%)



Source: CBRE Research, Q3 2026.

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

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

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