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## East Village Surges According to Recent Massey Knakal Study

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Recent data released by Massey Knakal reveals a surging market in the retail sector of the East Village. The report shows a closing gap between the neighborhoods of the East Village and its more traditionally affluent counterpart the West Village. Asking rents per square foot for the West Village have historically been higher than those of the East Village, however, over the last two years asking rents for the East Village have increased from 71% of those in the West Village in the first half of 2012, to 84% in the first half of 2014. Looking at the data from a growth perspective reveals that the East Village's asking rates have increased about 14% over the same period. A remarkable progression over a two-year span that indicates the East Village renaissance is well underway.

One of the drivers of this change is the emerging presence of a robust office market of Astor Place. This market includes the new building at 51 Astor Place by Minskoff Equities, which has brought the office space in the immediate vicinity to nearly 1.5 million square feet. This market has attracted a notable tenant list that already includes Facebook, IBM, J. Crew and 1st Dibs.

Supplementing the change are the evolving demographics of the neighborhood as it transitions from a place for college grads to rent their first apartment to a realistic place to stay long-term. According to a study done by Columbia University the median household income of the East Village has risen considerably from \$37,000 in 2000, to \$62,000 in 2012. At the forefront of this transition are residential developments in the area, including purchases by the Kushner Companies. This portfolio includes over \$130 million of walkup buildings in the East Village that are intended to be converted to luxury apartments and condos. Other high-end residential developments include Jupiter 21, Bloom 62, 154 2nd Avenue, The Nathaniel and The Jefferson.

Along with their demographic effect, these developments have also drawn sophisticated retail tenants to the area. These include the full spectrum of business, from well-established, independent retailers like OddFellows Ice Cream and Papaya King to national retailers like Starbucks and TD Bank. One of these tenants is the Scottish based Glasglow Vintage Clothing Company which is moving into 331 East 9th Street. It is the company's first location in North America and could be a sign for similar retailers to follow as the market continues to boom, along with incomes, in the East Village. Other noteworthy retail projects include the restaurant renaissance on Avenue C. An established restaurant and nightlife scene has blossomed on Avenue C with trendy additions including The Summit, The Third Man, Edi & The Wolf, and Bedlam all of which have seen a great deal of success with their new locations.

Vacancy statistics illustrate that the East Village is making significant progress while new developments show the direction the East Village is heading. With an increasingly luxurious residential sector, the East Village has attracted, and will continue to attract, more high-end retailers to the area. Given the strength of the market, retail leasing activity should be expected to increase substantially heading into 2015, with no end in sight to the neighborhood's continued ascent.