EMPTY STOREFRONTS, HIGH RENTS

Why New York City Needs Commercial Rent Stabilization

A REPORT BY

SMALL BUSINESS UNITED · THE ACTION LAB · THE MAIN STREET ALLIANCE · SMALL BUSINESS MAJORITY

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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

New York City's neighborhoods depend on small businesses, and busy retail corridors help communities thrive. New York City small businesses provide almost 1 million jobs, representing 25 percent of all jobs in the city. However, in recent years, the city's small business sector has struggled and now employs tens of thousands fewer people than before the COVID-19 pandemic.[1]

The more than 15,000 storefronts currently standing empty across the city are a stark reminder of the uphill battle small businesses face. A recent New York City Comptroller report found an average vacancy rate of about 11 percent citywide, with some areas exceeding 20 percent. Persistent vacancies are also common: in many neighborhoods, 80–90 percent of storefronts vacant in early 2026 had already been vacant for at least nine months.[2] In this report, we build on the Comptroller's analysis by examining additional data on commercial rents to assess how commercial rents have changed in response to high vacancy rates and whether rents adjust downward when storefronts remain empty.

> **"The more than 15,000 storefronts currently standing empty across the city are a stark reminder of the uphill battle small businesses face."**

1 "NYC's Small Business Recovery: Patterns of Growth in a Changing Economy," New York City Economic Development Corporation, May 2024, https://edc.nyc/sites/default/files/2024-05/NYC-Small-Business-Recovery-May-2024.pdf

2 "Who's Minding the Storefront: An Analysis of Storefront Vacancies in New York City," New York City Comptroller Mark Levine, June 2026, https://comptroller.nyc.gov/reports/whos-minding-the-storefronts/

KEY FINDINGS

Storefront vacancy rates rose substantially while rents barely changed:
Citywide storefront vacancy increased by 29.7 percent (from 9.2 percent in 2020 to 11.9 percent in 2024), while average registered rent declined only 6.5 percent (from $9.14 per square foot to $8.55 per square foot.)

High rent and high vacancy often coincide:
Electoral district-level analysis found a positive relationship between registered rent and vacancy, suggesting "rent rigidity," meaning that landlords have resisted lowering rents in response to shifts in market conditions. This pattern also suggests that some landlords are keeping properties empty while "holding out" for premium tenants or potential redevelopment.

Manhattan shows the clearest rent-rigidity pattern:
Senate Districts 28, 47, and 27 which cover the Upper East Side, Midtown/Midtown East, Gramercy, Murray Hill, Upper West Side, Hell's Kitchen, Chelsea, West Village/Greenwich Village, Lower Manhattan, Greenwich Village, East Village, SoHo, Tribeca, Chinatown and the Financial District recorded average rents as high as $20 per square foot, with vacancy rates above 15 percent in 2024.

Together, these findings suggest that many small businesses in New York City have been unable to survive and that small business owners seeking to rent commercial space may find it difficult to find spaces that they can afford, even though many properties stand empty.

Simultaneous high commercial rents and high vacancies persist because the lack of commercial tenant protections causes landlords to prioritize maintaining building valuations for lenders and investors over lowering rents. An empty space that has high rent "on paper" may allow landlords to more easily borrow money to purchase additional properties than an occupied space with a tenant that is paying a lower rent. In the absence of legal requirements to support tenant continuity, many landlords may prefer to keep units vacant—"warehousing" space while they wait for premium corporate tenants or possible redevelopment—rather than promoting long-term storefront occupancy or reducing rents to attract new small businesses.

"Many landlords may prefer to keep units vacant—'warehousing' space while they wait for premium corporate tenants or possible redevelopment."

RECOMMENDATIONS

Storefront vacancy is more than an eyesore—it creates real costs for the businesses that are displaced and for the community that has to absorb the fallout. When a business closes, owners and workers often lose steady income, customers, and relationships that can take years to rebuild. Vacant storefronts also weaken community safety by reducing "eyes on the street," increasing blight and deterioration, and sometimes drawing nuisance activity that remaining businesses and residents then must manage. Empty storefronts reduce local foot traffic and shopping, undermining nearby retailers and services that depend on consistent daily demand, and it can deter new investment by signaling instability. Over time, vacancy erodes neighborhood character—replacing familiar signs, services, and cultural texture with blank facades—and it can shift how residents and visitors perceive an area, making recovery slower and more difficult.

For small businesses in New York City to remain open and thrive, targeted public policy interventions are urgently needed to create a more level playing field between commercial tenants and landlords.

The New York State legislature has an opportunity to address this crisis by passing the Small Business Rent Stabilization Act (A5568A/S8319), a bill sponsored by Assembly Member Emily Gallagher and State Senator Julia Salazar. The bill would establish basic protections for commercial tenants in New York City. Specifically, it would:

01 **Protect businesses from abrupt and excessive rent increases;**

02 **Establish a Commercial Rent Guidelines Board to set fair annual rent adjustments;**

03 **Create lease renewal rights, with a default 10-year renewal term;**

04 **Give at-will tenants the right to a written lease; and,**

05 **Protect commercial tenants from harassment and unlawful overcharges.**

With these protections, small businesses can continue to create local jobs, increase foot traffic to retail corridors and drive economic activity—supporting the economic health, vibrancy, and strength of our neighborhoods and of New York City as a whole.

01 INTRODUCTION

Healthy retail corridors around the country report vacancy rates below 5 percent, with the latest data showing national retail vacancy rate of about 4 percent, and cities such as Boston and Seattle reporting rates close to that average.[3] By contrast, New York City's storefront vacancy rate is currently 11.0 percent, with approximately 15,700 storefronts vacant across the city.[4] Vacant storefront properties negatively affect surrounding areas by reducing foot traffic, discouraging nearby businesses from opening, and giving people the perception that the area is declining. Areas with high vacancy may enter a vicious cycle in which decreased foot traffic sustains vacancy. Many small firms operate with thin margins, so even modest rent increases or prolonged vacancy periods in adjacent spaces can jeopardize their survival. Neighborhood-level analyses have highlighted that persistent high storefront vacancies stem from a mismatch between demanding lease rates and the revenue capacity of small, independent businesses.[5]

> **"Areas with high vacancy may enter a vicious cycle in which decreased foot traffic sustains vacancy."**

3 Yilun Zha and Tracy Hadden Loh, Six facts about the post-pandemic commercial real estate market in the US and what they tell us about the future of retail, August 15, 2024, https://www.brookings.edu/articles/six-facts-about-the-post-pandemic-commercial-real-estate-market-in-the-us-and-what-they-tell-us-about-the-future-of-retail/

4 Who's Minding the Storefront: An Analysis of Storefront Vacancies in New York City, New York City Comptroller Mark Levine, June 2026, https://comptroller.nyc.gov/reports/whos-minding-the-storefronts/

5 Gina Lee, Sarah Internicola, and Karen Yao, The State of Storefronts, Association for Neigborhood and Housing Development, 2022, https://anhd.org/wp-content/uploads/2025/02/the_state_of_storefronts_2022_final_0-2.pdf

02 LANDLORDS KEEP RENTS HIGH EVEN AS STOREFRONTS STAND EMPTY

We analyze five years of data currently available from the Citywide Storefront Registry, which compiles information on occupancy, vacancy and average monthly rents submitted by the owner of every building containing one or more ground-floor or second-floor commercial premises visible from the sidewalk, as required by city law.

Our analysis reveals that between 2019 and 2024, overall storefront vacancy in New York City has increased but on average landlords have not adjusted rents downward at the same rate that vacancy has climbed. Vacancy rose by 29.7 percent while rents only decreased slightly by 6.5 percent. The data show elevated vacancy alongside only modest rent adjustments, meaning that landlords in many areas are choosing to keep properties empty instead of lowering rents to fill empty properties.

Table 1 shows the average storefront vacancy rate and registered rent per square foot for 2019-2024. Vacancy climbed from 9.22 percent in 2020 to 11.96 percent in 2024, while average registered rents fell only modestly from $9.14/square foot to $8.55/square foot. This divergence means landlords did not significantly lower asking rents even as more storefronts stood empty.

Table 1. New York City storefront vacancy rate and average registered rent, 2019-2024

	2019	2020	2021	2022	2023	2024
Vacancy Rate (%)	—	9.22	11.31	10.42	10.98	11.96
Average Rent ($/square foot)	9.05	9.14	9.17	10	8.86	8.55

> **“Vacancy climbed from 9.22 percent in 2020 to 11.96 percent in 2024, while average registered rents fell only modestly from $9.14/square foot to $8.55/square foot.”**

R = 0.54

CORRELATION BETWEEN REGISTERED RENTS AND VACANCY RATES

A pooled district-level correlation analysis finds a moderately strong positive relationship (r = 0.54) between registered rents and vacancy rates. In a functioning market, persistent vacancy should pressure rents downward; yet many high-rent districts have among the highest vacancy rates. For example, Manhattan Senate Districts 28 (Upper East Side, Midtown/Midtown East, Gramercy, Murray Hill) and 47 (Upper West Side, Hell's Kitchen, Chelsea, West Village/Greenwich Village) both recorded average rents around $20/square foot and vacancy rates above 16 percent in 2024 (Table 2). These districts demonstrate the "rent rigidity" phenomenon: very high vacancy persists despite registered rents at or near the top of the citywide distribution.
These findings suggest that market forces alone are unlikely to resolve storefront vacancy quickly. In a typical market, higher vacancy rates should pressure landlords to reduce rents to attract tenants. However, the citywide and district-level patterns show that elevated vacancy can persist even where registered rents remain high. This is especially evident in Manhattan districts such as Senate Districts 28 and 47 and Assembly Districts 75 and 73, where high vacancy rates coincide with some of the highest average registered rents per square foot.

High commercial rents appear alongside high vacancy rates because, without meaningful protections for commercial tenants, landlords often focus on reporting high theoretical rental income to lenders and investors rather than stabilizing rents to keep existing tenants or engage new ones. Even when a unit is vacant, a rent price that looks high on paper can make it easier for landlords to secure financing for buying more properties than they could with an occupied space earning lower rent. With no legal duties to commercial tenants, landlords can effectively hold empty spaces in reserve—waiting for top-paying tenants or redevelopment plans—instead of investing in stable, long-term small business occupancy.

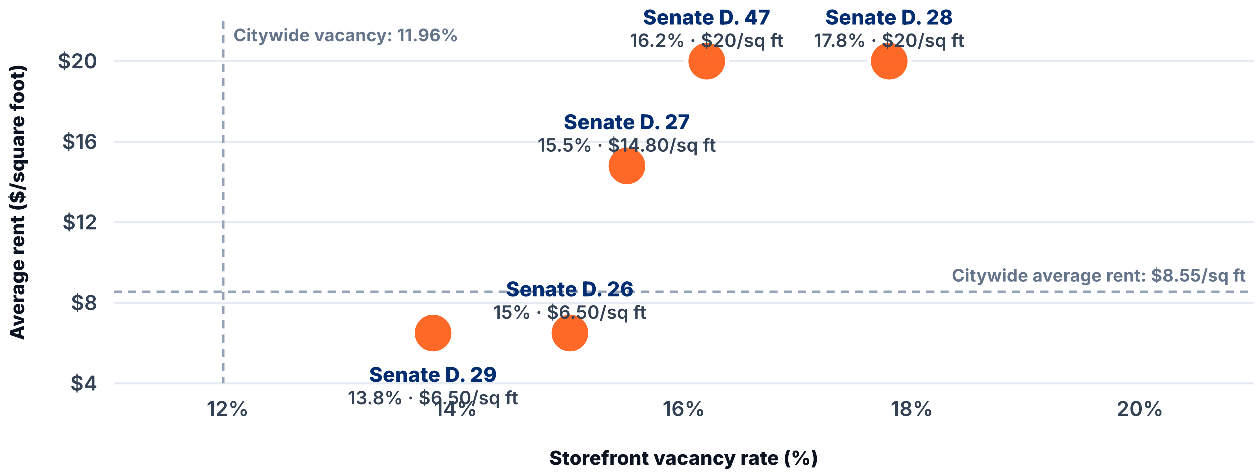
These findings suggest that market forces alone are unlikely to resolve storefront vacancy quickly.

Table 2. Highest-vacancy Senate districts and average registered rent per square foot, 2024

RANK	SENATE DISTRICT	NEIGHBORHOOD CONTEXT	VACANCY (%)	AVERAGE REGISTERED RENT ($/SQUARE FOOT)
1	28 (Manhattan)	Upper East Side, Midtown/Midtown East, Gramercy, Murray Hill	**17.8%**	**$20**
2	47 (Manhattan/Brooklyn)	Upper West Side, Hell's Kitchen, Chelsea, West Village/Greenwich Village	**16.2%**	**$20**
3	27 (Manhattan)	Lower Manhattan, Greenwich Village, East Village, SoHo, Tribeca, Chinatown, Financial District	**15.5%**	**$14.80**
4	26 (Brooklyn/Manhattan)	Bay Ridge, Sunset Park, Red Hook, Park Slope, Gowanus, Carroll Gardens, Cobble Hill, Downtown Brooklyn, DUMBO	**15.0%**	**$6.50**
5	29 (Manhattan)	East Harlem, Yorkville, Roosevelt Island, Central Park edge; also portions of the South Bronx	**13.8%**	**$6.50**

Vacancy and average registered rent, highest-vacancy Senate districts, 2024

Each bubble is a district · dashed lines mark the 2024 citywide averages



Data Source: NYC Storefront Registry, New York City Department of Finance

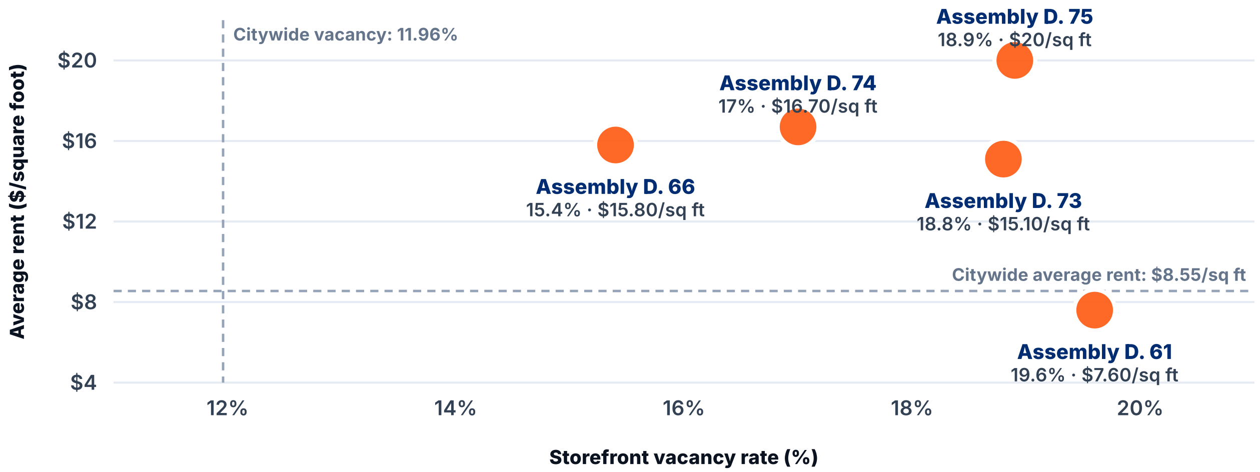
Several Assembly districts show similar "high-rent/high-vacancy" patterns (Table 3) including Assembly District 75 (Chelsea, Hell's Kitchen, Midtown, Lincoln Center area) and Assembly District 73 (Upper East Side, Midtown East, Murray Hill, Turtle Bay, Sutton Place). It is important to note, however, that not all high-vacancy districts are expensive. Assembly District 61 in Staten Island had the highest vacancy rate (19.6 percent) but an average registered rent of about $7.6/square foot.

Table 3. Highest-vacancy Assembly districts and average registered rent per square foot, 2024

RANK	ASSEMBLY DISTRICT	NEIGHBORHOOD CONTEXT	VACANCY (%)	AVERAGE REGISTERED RENT ($/SQUARE FOOT)
1	61 (Staten Island)	North Shore Staten Island; Lower Manhattan/Financial District and Battery Park City; parts of waterfront Brooklyn	**19.6%**	**$7.60**
2	75 (Manhattan)	Chelsea, Hell's Kitchen, Midtown, Lincoln Center area	**18.9%**	**$20**
3	73 (Manhattan)	Upper East Side, Midtown East, Murray Hill, Turtle Bay, Sutton Place	**18.8%**	**$15.10**
4	74 (Manhattan)	Lower East Side, East Village, Stuyvesant Town/Peter Cooper Village, Gramercy, Kips Bay, Murray Hill, Tudor City/UN area	**17.0%**	**$16.70**
5	66 (Manhattan)	Greenwich Village/West Village, SoHo, NoHo, Tribeca, Battery Park City, Meatpacking District	**15.4%**	**$15.80**

Vacancy and average registered rent, highest-vacancy Assembly districts, 2024

Each bubble is a district · dashed lines mark the 2024 citywide averages

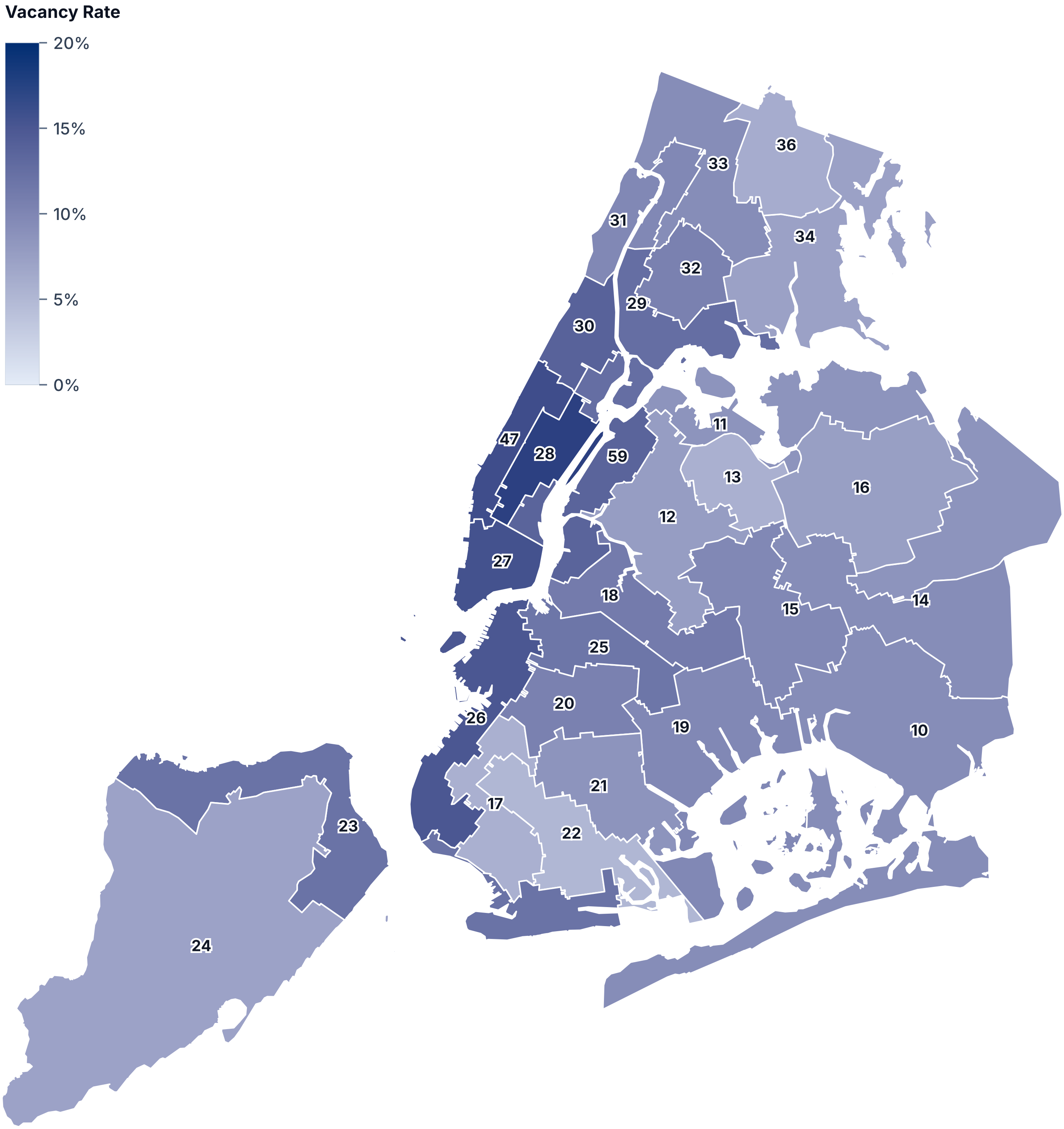


Data Source: NYC Storefront Registry, New York City Department of Finance

> **Figures 1–4 on the following pages map storefront vacancy rates and average registered rents across every Senate and Assembly district in New York City for reporting year 2024.**

Figure 1. NYC Storefront Vacancy Rate by Senate District – 2024

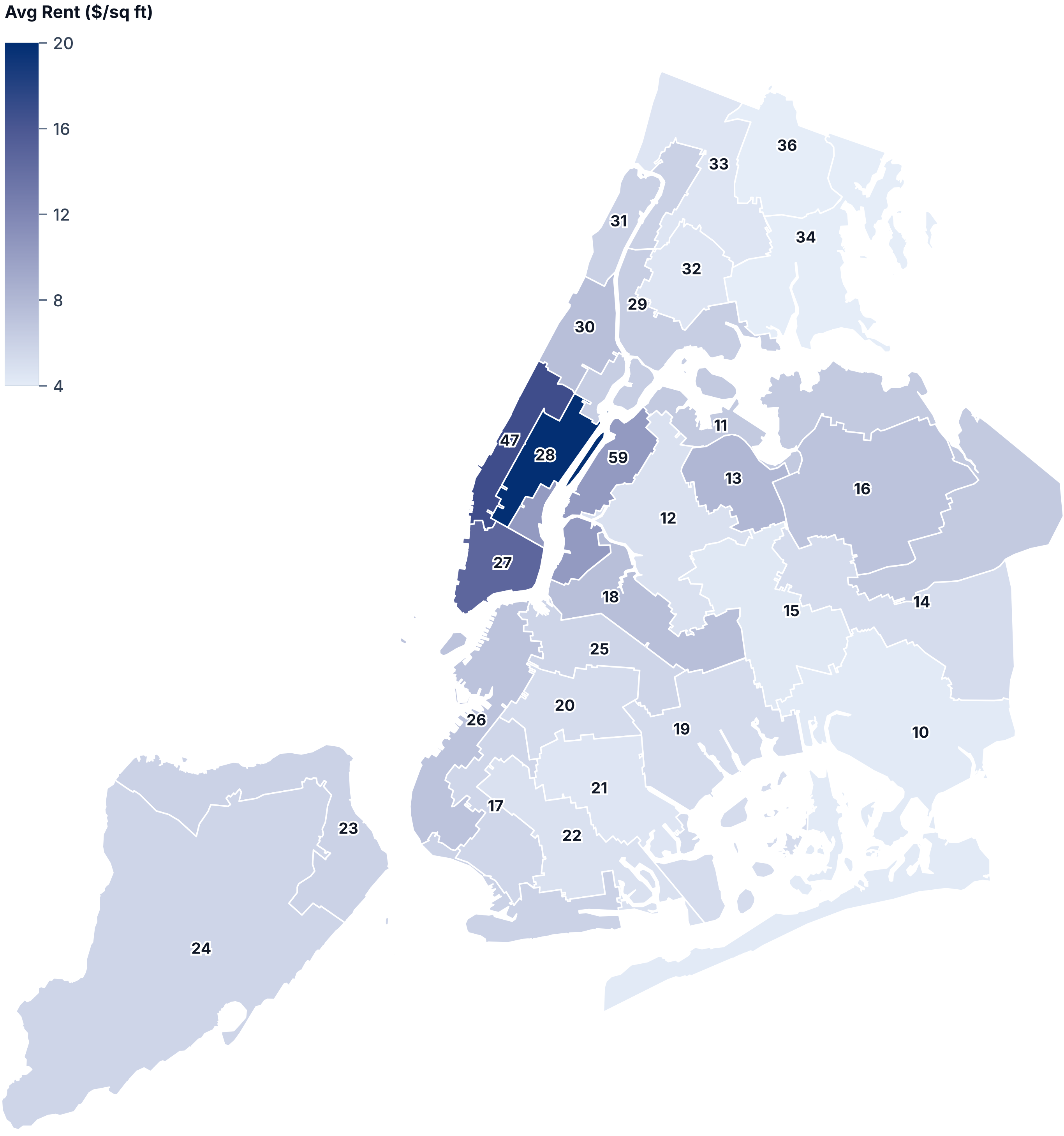
Reporting Year: 2024



Data Source: NYC Storefront Registry, New York City Department of Finance

Figure 2. NYC Storefront Average Rent by Senate District – 2024

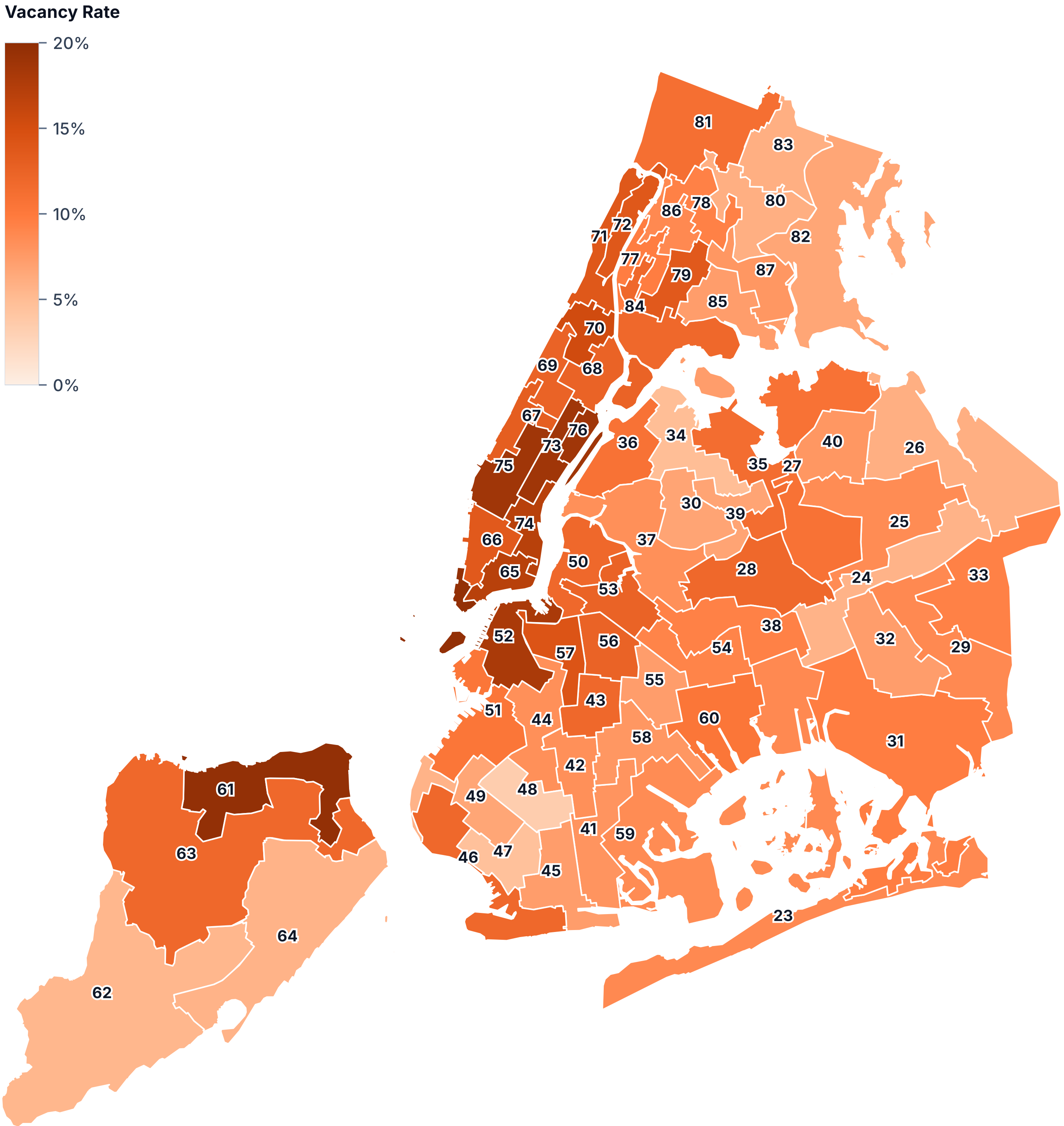
Reporting Year: 2024



Data Source: NYC Storefront Registry, New York City Department of Finance

Figure 3. NYC Storefront Vacancy Rate by Assembly District – 2024

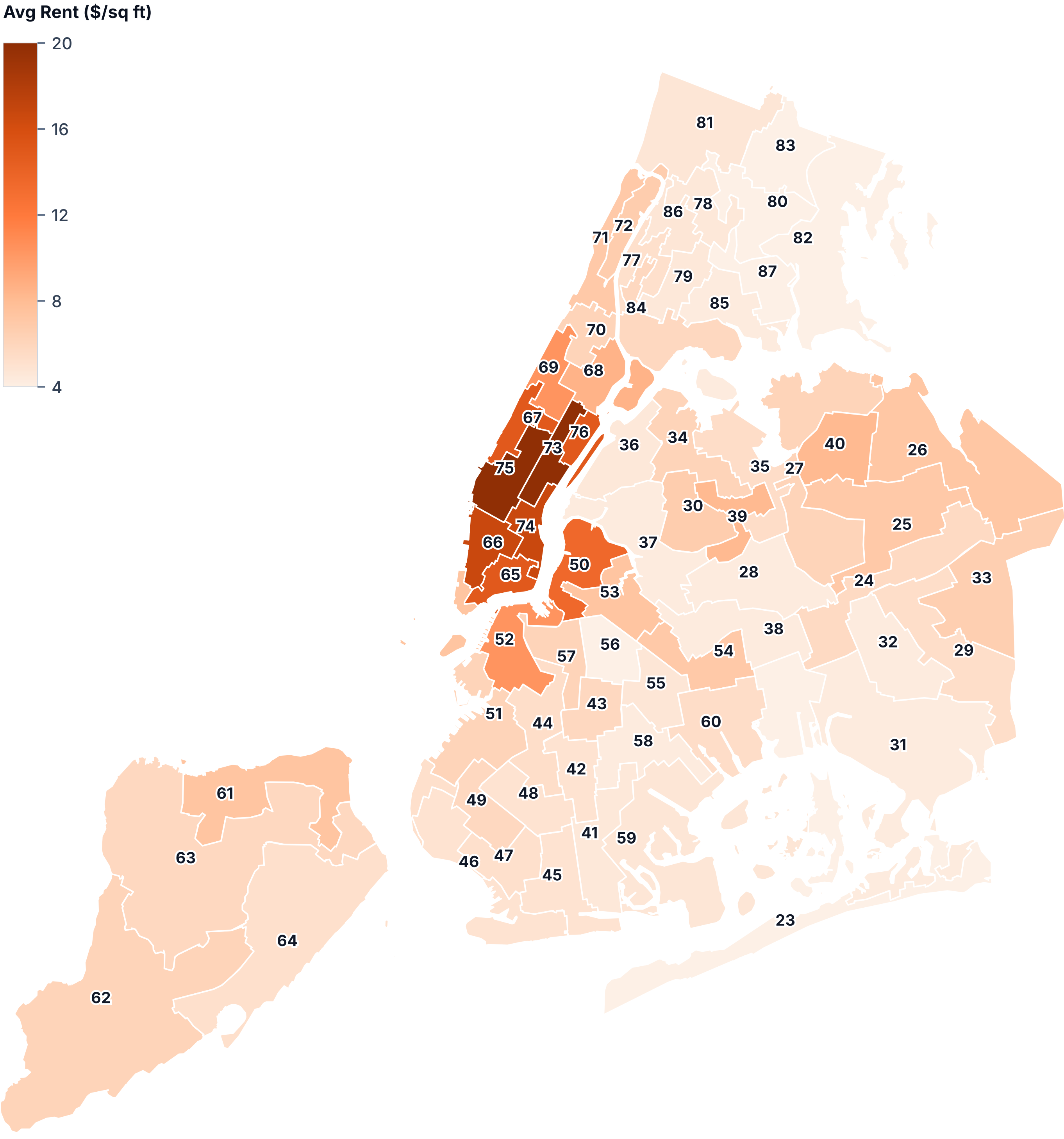
Reporting Year: 2024



Data Source: NYC Storefront Registry, New York City Department of Finance

Figure 4. NYC Storefront Average Rent by Assembly District – 2024

Reporting Year: 2024



Data Source: NYC Storefront Registry, New York City Department of Finance

03 COMMERCIAL TENANTS LACK ADEQUATE LEGAL PROTECTIONS AND BARGAINING POWER

Small businesses employ 46.3 percent of New York State's private-sector workforce.[6] However, high commercial rental costs and unstable rental terms impose significant burdens on many small business owners, exposing them to sudden cost increases that can contribute to closures. Under current law, small businesses and other commercial tenants lack even the most basic rights.

What's more, many businesses cannot simply relocate when landlords displace them. Their customer base, equipment, permits, workforce, and capital investments are tied to a specific location. For businesses such as bodegas, restaurants, franchise locations, laundromats, repair shops, pharmacies, and car washes, losing a lease often means losing the business itself and all of the money and work they have invested in it over many years.

New York City small businesses urgently need interventions to reduce destabilizing lease-renewal shocks and rebalance negotiating power. One such intervention is stabilizing commercial rent increases so that rents do not spike in the same year as a new lease, but allow for reasonable increases at some time in the future.

46.3%

OF NEW YORK STATE'S PRIVATE-SECTOR WORKFORCE EMPLOYED BY SMALL BUSINESSES

15,000+

STOREFRONTS CURRENTLY STANDING EMPTY ACROSS NEW YORK CITY

> **"For businesses such as bodegas, restaurants, franchise locations, laundromats, repair shops, pharmacies, and car washes, losing a lease often means losing the business itself and all of the money and work they have invested in it over many years."**

6 U.S. Small Business Administration, Office of Advocacy. (2024). Small business profile: New York. https://advocacy.sba.gov/wp-content/uploads/2024/11/New_York.pdf

04 RECOMMENDATIONS: LEVELING THE PLAYING FIELD FOR SMALL BUSINESSES

The Small Business Rent Stabilization Act (A5568A/S8319) introduced in the New York State Legislature would establish a common-sense framework for commercial tenant protections in New York City. Specifically, it would:

01 **Protect businesses from abrupt and excessive rent increases;**

02 **Establish a Commercial Rent Guidelines Board to set fair annual rent adjustments;**

03 **Create lease renewal rights, with a default 10-year renewal term;**

04 **Give at-will tenants the right to a written lease; and,**

05 **Protect commercial tenants from harassment and unlawful overcharges.**

These reforms would help small businesses operate with the stability they need to plan for the future, and protect them from unpredictable rent increases, short lease terms, and uncertainty around lease renewals—conditions that make it harder for business owners to hire, invest, grow, and remain in the neighborhoods they help build. With these protections, small businesses can continue to create local jobs, increase foot traffic to retail corridors and drive economic activity—supporting the economic health, vibrancy, and strength of our neighborhoods and of New York City as a whole.

THE SMALL BUSINESS RENT STABILIZATION ACT (A5568A/S8319)

05 APPENDIX: METHODOLOGY

The analysis uses Administrative Data collected under Local Law 157, which requires the Department of Finance (DOF) to collect and compile a City-Wide Storefront Registry. Pursuant to Local Law 157, the owner of every building containing one or more ground-floor or second-floor commercial premises visible from the sidewalk shall annually submit a registration statement disclosing occupancy, vacancy, and average monthly rents. Our research pooled data from 2020 to 2024 to calculate the vacancy rate and average registered rent per square foot at the level of New York State Senate and Assembly Districts.

To determine the vacancy rate for each district, we divided the number of reported vacant storefronts within that district by the total number of storefronts registered in that district. We then summarized the average registered rent per square foot for each district to compare the rental pressures and vacancy patterns. Those districts with extreme numbers of storefronts in 2023 were addressed by calculating the ratio of vacant storefronts to total storefronts in order to focus on vacancy rates rather than absolute numbers; it was determined that the significant increase was due to changes in how storefronts were being reported rather than an actual dramatic increase in the amount of commercial space.

Limitations. The Local Law 157 registry is owner-reported and limited to qualifying ground-floor and second-floor premises visible from the sidewalk; it does not cover every commercial space in New York City. Reporting completeness, changing coverage over time, missing or implausible rent values, district aggregation, and nominal (not inflation-adjusted) rent figures may affect comparisons. Registered rent is the average monthly rent per square foot reported for the prior 12-month period; it is not necessarily current asking rent, executed lease rent, concessions, or net effective rent. The analysis identifies district-level associations but cannot determine why individual businesses closed or spaces remained vacant, and it does not establish landlord motive, financing behavior, or causation. Comparisons with Live XYZ and national commercial-vacancy measures are contextual because the sources use different units, coverage, and collection methods.

06 REFERENCES & DATA SOURCES

1 "NYC's Small Business Recovery: Patterns of Growth in a Changing Economy," New York City Economic Development Corporation, May 2024, https://edc.nyc/sites/default/files/2024-05/NYC-Small-Business-Recovery-May-2024.pdf

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3 Yilun Zha and Tracy Hadden Loh, Six facts about the post-pandemic commercial real estate market in the US and what they tell us about the future of retail, August 15, 2024, https://www.brookings.edu/articles/six-facts-about-the-post-pandemic-commercial-real-estate-market-in-the-us-and-what-they-tell-us-about-the-future-of-retail/

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5 Gina Lee, Sarah Internicola, and Karen Yao, The State of Storefronts, Association for Neigborhood and Housing Development, 2022, https://anhd.org/wp-content/uploads/2025/02/the_state_of_storefronts_2022_final_0-2.pdf

6 U.S. Small Business Administration, Office of Advocacy. (2024). Small business profile: New York. https://advocacy.sba.gov/wp-content/uploads/2024/11/New_York.pdf

DATA SOURCES

NYC Storefront Registry, New York City Department of Finance
Storefronts Reported Vacant or Not | NYC Open Data · Storefront Registration Class 2 and 4 Statistics | NYC Open Data

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