

NYC Streetscape Risk Protocol

March 2026 Intelligence Briefing

Ground-floor retail underwriting intelligence for NYC institutional operators. The signals in this briefing are not available through brokers, occupancy data, or conventional underwriting.

SYSTEM HISTORY

**20 Years Direct Operator
& Neighborhood Observation**

MANAGED EVENT
PORTFOLIO

\$4.2M

LIVE TRACKING

**40+ Active Venues
(Manhattan · Brooklyn · Bronx)**

TERMINAL DEFINITION:

"Hollow Dining Room Effect" – High physical occupancy masking critically low per-cover spend. Consumers fill the seats. The revenue is not there. Looks healthy from the street. Not from the rent roll.

R2R AVERAGE

16.2% ↑ **17.1%**

0.9 points from the Default threshold. Five venues in the cohort are already above 18%. Third consecutive monthly increase at the same rate. April is the expected breach month.

PLATFORM DEPENDENCY

34% ↑ **37%**

It breached. 37%. First time in tracked history. Eight venues above 40%. The escrow directive from February is now active – not future tense.

QUIET VACANCY RATE

14% ↑ **16%**

+2 points from February. 16% of the cohort is paying rent on structural revenue failure. At current trajectory, this exceeds 20% by Q2.

TUESDAY TEST

19% → **19%**

Unchanged from February. March should show seasonal improvement. It didn't. An unchanged Tuesday Test during spring is a structural signal, not a seasonal one.

WATCH LIST COUNT

11 ↑ **14**

Three new entries. South Bronx contributed two. The Bruckner corridor escalation is real and accelerating.

Platform Dependency crossed 35% for the first time. That is not a trend line. That is a threshold. Any tenant in your portfolio above 40% PD needs an escrow review this month – not at renewal.

R2R AVERAGE

17.1%

DEFAULT RED ZONE: >18% | 0.9 POINTS FROM THRESHOLD

Observed: 17.1% average across 40 active venues. Up from 16.2% in February. Five venues already above 18%. At 17.1%, the cohort is one revenue compression event from the Default Red Zone. The rate of increase is consistent at +0.9 per month. April is the expected breach month for the cohort average.
Implication: A landlord with development-corridor exposure should stress-test every current lease at 5% additional revenue decline. The result tells you your April problem.

WHY INVISIBLE: Cover count is visible. Revenue per cover is not. No occupancy report tracks check size trends. Requires P&L disclosure or direct operator data.

TUESDAY TEST COMPOSITE

19%

UNCHANGED FROM FEBRUARY | SPRING SHOULD IMPROVE THIS

Observed: 19% average. Identical to February's reading. Six venues at or below the 8% critical floor. Spring calendar should produce recovery — it hasn't. Unchanged Tuesday Test in March is not seasonal. Spring traffic should lift off-peak demand. The fact that it hasn't confirms the off-peak weakness is structural, not calendar-driven.
Implication: Tenants still at 19% in March with no improvement should be reclassified as structurally weak regardless of their Friday/Saturday performance.

WHY INVISIBLE: Reads as 'occupied and current' in every standard dataset. Revenue compression is not disclosed, not required, and not visible in any rent roll.

PLATFORM DEPENDENCY INDEX

37%

ABOVE CRITICAL THRESHOLD: 35% | FIRST BREACH IN TRACKED HISTORY

Observed: 37% average. First time the cohort average has exceeded 35%. Eight venues above 40%. Threshold crossed. Above 35% combined with R2R above 15%, the observed default rate in the tracked cohort is 78% within 9 months. Eight venues meet both criteria right now.
Implication: The escrow review directive from February is now active for eight specific venues. This is not a recommendation. It is a response to a confirmed threshold breach.

WHY INVISIBLE: Not disclosed in lease applications. Not in financial statements. Only visible through revenue source analysis or digital footprint scraping.

QUIET VACANCY RATE

16%

+2 PTS FROM FEBRUARY | EXCEEDS 20% BY Q2 AT CURRENT TRAJECTORY

Observed: 16% of tracked venues current on rent with >15% gross revenue compression. Up from 14% in February. Quiet Vacancy has moved 8 points in one quarter (8% Q3 2025 → 16% March 2026). At this trajectory, it exceeds 20% by June 2026.
Implication: 20% Quiet Vacancy means one in five tracked tenants is paying rent on a failing business. The Q3-Q4 2026 closure pipeline is filling now.

WHY INVISIBLE: Not tracked by any industry source. Requires physical corridor observation. No dataset — public or private — contains this information.

Corridors ranked by urgency. Capital action required.

RANK	CORRIDOR	STATUS	R2R / PD	CAPITAL GUIDANCE	BASIS
1	Bruckner / Port Morris South Bronx	HIGH FRAGILITY	R2R 21% PD 51%	DO NOT DEPLOY	Development corridor, no local loyalty base. R2R 3 points above threshold. Weekend-only business model confirmed.
2	Mott Haven / Third Ave South Bronx	HIGH FRAGILITY	R2R 21% PD 47%	REDUCE EXPOSURE	Two lease default notices issued this month. Escrow increase is mandatory on any renewal or modification.
3	FDB / 125th St Central Harlem	WATCH	R2R 15% PD 29%	CONDITIONAL ONLY	Neighborhood utility anchors holding corridor at WATCH. Renew only with quarterly revenue disclosure.
4	Astoria / Steinway St Queens (new)	WATCH	R2R 14% PD 26%	CONDITIONAL ONLY	First quarter tracked. Established anchor operators showing Durable profiles. Newer concepts elevating PD average.
5	Williamsburg / Bedford Brooklyn	STABLE ANCHOR	R2R 10% PD 19%	PRIORITY ZONE	Strong off-peak base, growing residential density. Post-default clearing creates Durable recruitment window now.

DO NOT DEPLOY: South Bronx/Bruckner corridor — any new commitment requires Protocol clearance. Mott Haven: no renewals without 9-month escrow and quarterly revenue disclosure.

PRIORITY ZONE: Williamsburg/Bedford Ave. Post-default vacancy in a Stable Anchor corridor. Recruit before concept-driven operators fill the space.

What was stated in February. What March confirmed. What it cost.

FLAGGED	OBSERVED	FINANCIAL CONSEQUENCE
<p>LES/Orchard-Delancey: 2 closures pending vacancy filing (February). Estimated exposure: \$760K.</p>	<p>March: 1 confirmed vacancy. Space listed for lease. Second operator still occupying – no reservations available on any platform.</p>	<p>\$380K realized. \$380K pending. Total LES tracked exposure this month: \$760K across two units.</p>
<p>Mott Haven / Third Ave: HIGH FRAGILITY, R2R moved to 19%, 3rd venue in Default Red Zone (February).</p>	<p>March: Two lease default notices issued. Average corridor R2R now 21%. Escrow insufficient on both affected leases.</p>	<p>Estimated exposure: \$560K across 2 leases in active default proceedings.</p>
<p>Platform Dependency approaching 35% breach – threshold crossing projected February or March (February).</p>	<p>March: Confirmed at 37%. Eight venues above 40%. Threshold breach as modeled.</p>	<p>At 78% observed default rate for PD >35% + R2R >15%: estimated cohort exposure at risk: \$2.1M.</p>

3 OF 3 FEBRUARY FLAGS CONFIRMED OR ESCALATED // Q1 TRACKED EXPOSURE TOTAL: \$4.7M // DETECTION LEAD: 6-9 MONTHS

HIGH-RISK OPERATORS: DIAGNOSTIC CLASSIFICATION

WATCH LIST: 14 ▲ FROM 11

OPERATOR TYPE	NEIGHBORHOOD	DIAGNOSTIC CAUSE	DEFAULT WINDOW	SURVIVAL PROB.	EST. EXPOSURE
High-Concept Port Morris Eatery	Bruckner, SBx	Hollow Dining Room + R2R Breach	R2R 21% TT 12%	3-6 months	< 16%
Venture-Backed Plant-Based	Mott Haven, SBx	Terminal Platform Dep.	R2R 22% PD 71%	3-5 months	< 16%
Fast-Casual Fusion Chain	125th St, Harlem	R2R Breach (escalated)	R2R 23% PD 31%	4-8 months	< 16%
Ghost Kitchen / Physical Front	South Bronx	Terminal Platform Dep.	R2R 25% PD 86%	1-3 months	< 16%
Weekend Brunch / Event Concept	FDB, Harlem	Tuesday Test Failure (persists)	TT 4% R2R 17%	12-15 months	62%

\$1.78M estimated exposure on current Watch List // 3 entries in active default proceedings // Durable Index avg survival: 94%

HIGH-CONCEPT LATIN FUSION / COCKTAIL BAR, BRUCKNER CORRIDOR — 12 MONTHS POST-FLAG, DEFAULT

WHAT THE LEASE FILE SHOWED

- Opened Q1 2025. 2,200 SF corner unit. Part of an active development cluster in Port Morris.
- Well-reviewed at launch. BID support and neighborhood development press coverage.
- Rent current through February 2026. No payment issues on record.
- Operator self-reported strong weekend numbers at Q3 2025 check-in.
- No disclosure of delivery revenue share or off-peak traffic data.

Underwriting Conclusion: PERFORMING IN DEVELOPMENT CORRIDOR

WHAT THE PROTOCOL SAW (Q3 2025 FLAG)

R2R	19%	1 pt above Default Red Zone at flag
TUESDAY TEST	9%	Near-critical floor. Destination, not neighborhood.
PLATFORM DEP.	62%	Terminal dependency. No in-store loyalty base.
LOCAL REPEAT	16%	No residential customer base established
COVER TREND	+8%	Covers up. Check size down -16%. Hollow Dining Room.

Underwriting Conclusion: HIGH-RISK / DEFAULT WITHIN 12-15 MONTHS

Default notices received March 2026. 12 months post-Protocol flag, 14 months post-opening. The development energy opened the door. The neighborhood wasn't ready to sustain the concept. Estimated landlord loss: \$380K-\$520K pending resolution. The covers were there. The revenue wasn't.

RAISE ESCROW

- Any tenant with Platform Dependency above 35%: escrow review this month, not at renewal.
- Any South Bronx or FDB tenant with R2R above 16%: increase to 9 months before any renewal discussion.
- Any tenant showing Hollow Dining Room pattern (covers stable or up, check size declining): request P&L before renewal.

DO NOT DEPLOY

- South Bronx / Bruckner corridor: no new capital commitment without Protocol clearance.
- Any operator in a development corridor with Tuesday Test below 15% and Platform Dependency above 40%.

AUDIT THIS WEEK

- Hollow Dining Room check: pull cover count AND average check size for your three highest-volume tenants. If covers are up and check is down, you have a problem.
- Visit one South Bronx or Mott Haven tenant on a Tuesday afternoon. The vacancy pipeline is filling — know which of your spaces is in it.

TARGET FOR REPLACEMENT

- Williamsburg / Bedford Ave has an active vacancy in a Stable Anchor corridor. Recruit before a concept-driven operator takes it.
- Astoria / Steinway is entering the tracked dataset with positive signals. Greek corridor anchors are showing Durable profiles — first-mover opportunity.

STOP DOING

- Renewing leases based on occupancy data without revenue data. A full restaurant and a failing restaurant look identical from the outside.
- Treating development corridor momentum as a tenant health signal. Press coverage and BID support do not service a lease.

A tactical leasing guide. Not a concept. Not a benchmark. A screen.

FORMAT

- Counter-service, café, or neighborhood dining. Not fine dining, not nightlife.
- Multi-daypart preferred – opens before 11am, operates past 8pm.
- Physical footprint under 2,500 SF. No concept-scale build-out dependency.
- The operator is the brand. No parent company, no franchise layer.

REVENUE BEHAVIOR (require disclosure)

- R2R below 12% at time of lease execution.
- Platform Dependency below 20% of gross revenue.
- Tuesday Test above 30% at time of execution (verify by walking the space).
- Off-peak revenue (Tue-Thu, 11am-4pm) at least 25% of weekly gross.

OPERATING HISTORY

- 3+ years at current or comparable prior location.
- Local repeat rate above 50% of weekly customers.
- Revenue stable or growing through at least two market compression events.

HOW TO SCREEN

1. Walk the space on a Tuesday between 1-4pm before the lease conversation.
2. Request 12 months of gross revenue broken out by channel (in-store vs. delivery vs. catering).
3. Ask for average check size trend over last four quarters.

RED FLAGS — DO NOT SIGN

- × More than 30% of revenue from a single delivery platform.
- × PR agency engaged before or at opening.
- × Venture-backed with investor-driven unit economics.
- × No demonstrable Tuesday afternoon traffic at prior location.
- × Concept launched within 18 months of proposed lease execution.

THIS WEEK



Pull cover count AND average check size for your highest-volume tenants. Compare them.



Visit one Bruckner or Mott Haven tenant Tuesday afternoon.



Initiate escrow review for any tenant above 40% Platform Dependency – now, not at renewal.

THIS MONTH



Implement Hollow Dining Room audit for all tenants above 50% weekend revenue concentration.



Build Durable Index recruitment pipeline for Q2 expected vacancies before spaces open.



Review and increase escrow for the eight venues now above 40% PD.

THIS QUARTER



Complete portfolio stress test at 20% revenue compression. Know which tenants breach Default at that level.



Identify the Williamsburg and Astoria vacancies now. The best operators don't wait for vacancy listings.

NEXT MONTH (ISSUE 004):

THE R2R STRESS TEST: YOUR RENT ROLL EXPOSED – What 20% revenue compression does to every corridor in the tracked dataset. // QUEENS BOROUGH MAP: ASTORIA TO JACKSON HTS – First full Queens corridor risk assessment.

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