

NYC Streetscape Risk Protocol

January 2026 Intelligence Briefing

Ground-floor retail underwriting intelligence for NYC institutional operators. Not a food report. Not a hospitality trend report. The information in these pages is not available through brokers, public data, or traditional underwriting.

SYSTEM HISTORY

**20 Years Direct Operator
& Neighborhood Observation**

MANAGED EVENT
PORTFOLIO

\$4.2M

LIVE TRACKING

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

TERMINAL DEFINITION:

"R2R (Rent-to-Revenue Ratio)" – Annual rent divided by gross annual revenue. The Protocol's primary indicator of lease viability. At R2R >18%, 12-month survival probability drops to 16% without 10%+ revenue recovery.

R2R AVERAGE

14.7% ↑ **15.3%**

First upward movement in three quarters. 31% of the tracked cohort is within 90 days of a lease renewal at 2026 market rates. Their revenue hasn't caught up.

QUIET VACANCY RATE

8% ↑ **9%**

Low-looking number. Not a low-impact number. Quiet Vacancy runs 9-12 months ahead of visible default. At 8% last quarter, the Q4 2026 closure pipeline is already loading.

PLATFORM DEPENDENCY

28% ↑ **31%**

January weather inflates delivery share. Strip out seasonality and underlying dependency is approximately 29-30%. Still elevated. Four venues already above 40%.

TUESDAY TEST

~20% ↓ **17%**

Post-holiday calendar. Expected seasonal drop. Not a structural signal on its own — but in a Maturity Wall environment, any off-peak weakness compounds.

WATCH LIST (INAUGURAL)

— → **8**

Eight operators placed on the inaugural Watch List. Three are in the LES/Orchard-Delancey corridor. Two in East Harlem. The concentration tells you where to look first.

31% of the tracked cohort is within 90 days of a lease renewal. These operators signed in 2021-2022 at distressed-market terms and are now facing 2026 rates. Some of them are paying rent right now on businesses that cannot survive renewal. Pull those lease files this week.

R2R AVERAGE

15.3%

DEFAULT RED ZONE: >18% | SURVIVAL AT 15-18% BAND: 62%

Observed: 15.3% average across 40 active venues. Up from 14.7% Q3 2025 baseline. At 15.3%, operators in the cohort are in the Moderate Risk band. Survival probability at current level is 62% over 12 months. That drops to 16% if R2R crosses 18% without revenue recovery. *Implication: A landlord with 10 development-corridor tenants at this average should expect 3-4 non-renewals or defaults in the next 18 months if trajectory holds.*

WHY INVISIBLE: Revenue data is never required in standard lease applications. These ratios come from field observation and disclosed operating data — not public records.

TUESDAY TEST COMPOSITE

17%

HEALTHY RANGE: >30% | CRITICAL FLOOR: <8%

Observed: 17% average off-peak revenue share. Five venues at or below the 8% critical floor. 17% is below the healthy range but above critical. The concern is not the January number — it's that January should recover from the post-holiday floor. If March reads the same or lower, it's structural. *Implication: Tenants below 8% Tuesday Test are single-daypart or destination-only operators. In a hybrid-work environment, that's a fragile traffic base.*

WHY INVISIBLE: Reads as 'occupied and current' in every standard dataset. No occupancy report or rent roll captures revenue compression. It is invisible by design.

PLATFORM DEPENDENCY INDEX

31%

CRITICAL THRESHOLD: >35% | ABOVE 35% + R2R >15%: 78% DEFAULT RATE

Observed: 31% average. Four venues above 40% delivery dependency. January weather inflates this number; adjusted baseline is approximately 29-30%. One data point doesn't confirm structural dependency. Two quarters above 30% does. Watch whether March confirms the trajectory or reverses. *Implication: Any tenant above 40% PD in a development corridor should be on conditional renewal status, with quarterly revenue disclosure built into the lease.*

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

QUIET VACANCY RATE

9%

Q3 2025 BASELINE: 8% | LEADS VISIBLE DEFAULT BY 9-12 MONTHS

Observed: 9% of active venues are current on rent with >15% gross revenue compression, adjusted for seasonal variance. Up from 8% at Q3 2025. One point above baseline. Early movement. Quiet Vacancy has a 9-12 month lead time before market-visible default. *Implication: At 9% in January, Q4 2026 and Q1 2027 are the expected default windows for the current Quiet Vacancy cohort. That is the planning horizon.*

WHY INVISIBLE: Not tracked by any industry dataset. Requires physical corridor observation on a specific day and time window. No database contains this.

Corridors ranked by urgency. Capital action required.

RANK	CORRIDOR	STATUS	R2R / PD	CAPITAL GUIDANCE	BASIS
1	LES / Orchard-Delancey Manhattan	HIGH FRAGILITY	R2R 20% PD 52%	DO NOT DEPLOY	R2R 2 points above Default threshold. Three closures modeled Q1-Q2. No off-peak traffic base across corridor.
2	East Harlem / 116th St Upper Manhattan	WATCH	R2R 14% PD 33%	CONDITIONAL ONLY	Development corridor pressure. New concepts inflating PD. Neighborhood utility anchors holding status.
3	Bed-Stuy / Fulton-Malcolm Brooklyn	MODERATE RISK	R2R 13% PD 24%	CONDITIONAL ONLY	Mixed cohort. Utility operators providing ballast. Tuesday Test at 28% confirms some residential loyalty.
4	Crown Heights / Franklin Brooklyn	STABLE ANCHOR	R2R 9% PD 17%	SAFE TO DEPLOY	Structurally durable. Strong off-peak base. Operators here service leases. They don't generate news.
5	West Village / Hudson Manhattan	STABLE ANCHOR	R2R 8% PD 12%	PRIORITY ZONE	Deepest neighborhood utility base in tracked cohort. Active vacancy is a recruitment opportunity, not a gap.

DO NOT DEPLOY: LES/Orchard-Delancey — any new capital commitment here requires full Protocol stress test first.

PRIORITY ZONE: West Village and Crown Heights have active vacancies in Stable Anchor corridors. Recruit Durable operators before concept-driven tenants fill the spaces.

What Protocol diagnostics flagged. What happened. What it cost.

FLAGGED	OBSERVED	FINANCIAL CONSEQUENCE
<p>LES corridor — R2R approaching 18%, Platform Dependency above 50% (Q2 2025). Protocol modeled 2-3 closures within 12-18 months.</p>	<p>Three West Village / LES closures occurred Q4 2025. All three fit the flagged profile. Average operating period post-flag: 14 months.</p>	<p>Combined landlord loss: \$1.1M across three units. TI and unamortized commissions. At least one was renewed in 2024 without revenue review.</p>
<p>Meatpacking high-concept eatery — Acquisition Decay pattern visible Q2 2025. R2R 19%, Platform Dependency 67%, Tuesday Test 6%.</p>	<p>Closed August 2025, 14 months post-opening. Convention signals at opening: press coverage, waitlists, \$2M venture backing.</p>	<p>\$450K landlord loss. Lease signed in Q1 2024 without Protocol review. Operator's seed round covered launch noise, not operating reality.</p>
<p>FiDi venture-backed concept — R2R 22%, PD 67%, zero off-peak traffic (Q2 2025). Protocol modeled default within 9-12 months.</p>	<p>Closed November 2025, 18 months post-opening. Conventional indicators through closure: good reviews, active social media.</p>	<p>\$380K landlord loss. Operator had raised \$2.5M when the lease was signed. The funding masked the structural problem.</p>

3 PRE-PROTOCOL OBSERVATIONS // 3 CONFIRMED Q4 2025 CLOSURES // COMBINED LOSS: \$1.93M // DETECTION LEAD: 9-14 MONTHS

HIGH-RISK OPERATORS: DIAGNOSTIC CLASSIFICATION

WATCH LIST: 8

OPERATOR TYPE	NEIGHBORHOOD	DIAGNOSTIC CAUSE	DEFAULT WINDOW	SURVIVAL PROB.	EST. EXPOSURE
Viral Ramen Concept	LES, Manhattan	Terminal Platform Dep.	R2R 20% PD 58%	6-9 months	< 16%
High-Concept Dessert Bar	Orchard St, LES	Acquisition Decay	TT 7% R2R 19%	6-9 months	< 16%
Fast-Casual Salad Franchise	East Harlem	R2R Threshold Breach	R2R 21% PD 34%	6-12 months	16%
Venture-Backed Coffee Chain	LES	Terminal Platform Dep.	R2R 18% PD 47%	9-12 months	16%
New American Dinner Concept	Bed-Stuy	Tuesday Test Failure	TT 5% R2R 16%	12-18 months	62%

\$1.63M total estimated landlord exposure across Watch List // Avg. survival probability: 25% // Durable Index avg: 94%

HIGH-CONCEPT PRIX FIXE, ORCHARD STREET — 16 MONTHS, \$480K LANDLORD LOSS

WHAT THE LEASE FILE SHOWED

- Opening: Q3 2024. 38-seat prix fixe. Backed by a recognized hospitality group.
- Reservations fully booked within 72 hours of launch.
- Press coverage in major food publications within 30 days.
- 4.8 stars across review platforms. Active social following.
- Rent current through Q4 2025. No payment issues flagged.

Underwriting Conclusion: TIER-1 TENANT / NO FLAGS

WHAT THE PROTOCOL SAW (Q4 2024 FLAG)

R2R	19%	1 pt above Default Red Zone at flag
TUESDAY TEST	7%	Near-critical floor — destination, not neighborhood
PLATFORM DEP.	78%	Terminal dependency on discovery traffic
LOCAL REPEAT	11%	No neighborhood loyalty base at flag
HYPE HALF-LIFE	14mo	Acquisition Decay timeline confirmed

Underwriting Conclusion: HIGH-RISK / DEFAULT EXPECTED

Closed Q1 2026. 16 months post-opening. 14 months after Protocol flag. Landlord loss: \$480K in TI and unamortized commissions. The reservation book was not a business. It was a waiting room for the neighborhood to decide it wasn't interested.

RAISE ESCROW

- Any tenant in LES or East Harlem with R2R above 15% within 90 days of renewal: increase to 9 months before negotiations begin.
- Any tenant with Platform Dependency above 35% in a development corridor: escrow increase is not optional.
- Any tenant within 90 days of renewal who has not provided revenue documentation in 6+ months: escrow review before any renewal discussion.

DO NOT RENEW

- Any LES operator at R2R above 18% without documented revenue recovery in the trailing 90 days.
- Any operator with Tuesday Test below 8% and Platform Dependency above 40%.

AUDIT THIS WEEK

- Pull 2021-2022 lease files. Flag every lease expiring Q1-Q2 2026. These are Maturity Wall candidates.
- Walk your highest-risk development corridor tenant on a Tuesday between 1 and 4pm. The room tells you what the rent roll doesn't.
- Pull Platform Dependency on your five highest-rent tenants. If you don't have it, that's the audit.

TARGET FOR REPLACEMENT

- Crown Heights and West Village have active vacancies in Stable Anchor corridors. Do not fill with concept-driven operators.
- Profile to recruit: 3+ year operating history, below 20% Platform Dependency, demonstrable off-peak traffic. See Durable Operator Profile on following page.

STOP DOING

- Treating no missed payments as a health signal. A tenant can be in Quiet Vacancy for 9-12 months before missing rent.
- Using time-since-opening as a proxy for stability. At 14 months, platform-dependent operators are in acquisition decay.

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



Walk your LES or East Harlem tenants on Tuesday between 1 and 4pm. Count the occupied tables.



Pull 2021-2022 lease files. Flag every renewal coming due in Q1-Q2 2026.



Request Platform Dependency disclosure from any tenant within 90 days of renewal.

THIS MONTH



Set escrow review meetings for every Maturity Wall candidate before Q1 closes.



Identify one Durable Index operator for your next development-corridor vacancy.



Run a Tuesday Test visit on your five highest-rent tenants in development corridors.

THIS QUARTER



Complete R2R stress test across full rent roll at 10%, 20%, 30% revenue compression. Know which tenants breach Default threshold at each level.



Add Platform Dependency disclosure as a standard requirement on all new lease applications.

NEXT MONTH (ISSUE 002):

CORRIDOR DIVERGENCE: DEV ZONES VS. ANCHORS — Where the Maturity Wall creates opportunity and where it creates exposure. // QUIET VACANCY DECODED: THE 9-MONTH SIGNAL — How to read the gap between rent payment and business health.

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