

NYC Streetscape Risk Protocol

February 2026 Intelligence Briefing

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

SYSTEM HISTORY

**20 Years Direct Operator
& Neighborhood Observation**

MANAGED EVENT
PORTFOLIO

\$4.2M

LIVE TRACKING

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

TERMINAL DEFINITION:

"Quiet Vacancy" – A space where the tenant is current on rent but revenue has already collapsed. The lease is paid. The business is failing. It reads as occupied in every standard dataset.

R2R AVERAGE

15.3% ↑ **16.2%**

Up 0.9 points. Second consecutive monthly increase. At this rate, the cohort average crosses 18% in April. The concern is not the current level. It is the direction.

QUIET VACANCY RATE

9% ↑ **14%**

+5 points in 30 days. Fastest single-month expansion in tracked history. This number leads visible default by 9-12 months. February's spike is the Q4 2026 closure signal.

PLATFORM DEPENDENCY

31% ↑ **34%**

One point from the 35% critical threshold. Eight venues already above 40%. The breach is this month or next.

TUESDAY TEST

17% ↑ **19%**

Slight recovery from January's post-holiday floor. Expected seasonal pattern. Not structural – but watch whether March sustains the improvement.

WATCH LIST COUNT

8 ↑ **11**

Three new entries. Mott Haven contributed two. That corridor is no longer watch-only.

The Quiet Vacancy spike – +5 points in 30 days – means operators who looked stable in January are not stable now. If you have tenants in development corridors with no demonstrable off-peak traffic, February is the month to check their financials.

R2R AVERAGE

16.2%

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

Observed: 16.2% average across 40 active venues. Up from 15.3% in January. Second consecutive monthly increase. At 16.2%, operators in the cohort carry a 62% 12-month survival probability. A 6% additional revenue compression moves the average cohort into Default Red Zone.

Implication: At current rate of change (+0.9/month), cohort average crosses 18% in April. Two months, not two quarters.

WHY INVISIBLE: Reads as 'occupied and current' in every standard rent roll and occupancy report. Revenue compression is not disclosed and not required to be.

TUESDAY TEST COMPOSITE

19%

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

Observed: 19% average. Six venues at or below the 8% critical floor. Slight recovery from January's 17%. Recovery from January's post-holiday floor is expected and present. The concern: it stopped at 19%. A healthy corridor should recover to 22-25%+ by February.

Implication: Off-peak demand is not returning to pre-holiday levels. The recovery is real but structurally limited.

WHY INVISIBLE: No lease application requires disclosure of revenue by channel. This figure is derived from digital footprint analysis, not financial statements.

PLATFORM DEPENDENCY INDEX

34%

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

Observed: 34% average. One point from critical threshold. Eight venues already above 40% Platform Dependency.

Above 35% combined with R2R above 15%, the observed default rate in the cohort is 78% within 9 months. Eight venues meet both criteria now.

Implication: The threshold breach is structural, not seasonal. February confirms the trajectory. If March reads 35%+, escrow review is mandatory across the affected cohort.

WHY INVISIBLE: No industry dataset tracks mid-week daytime traffic. This requires physical corridor observation on a specific day and time window.

QUIET VACANCY RATE

14%

+5 POINTS FROM JANUARY | FASTEST SINGLE-MONTH EXPANSION TRACKED

Observed: 14% of tracked venues current on rent with >15% gross revenue compression. Up from 9% in January.

+5 points in 30 days is the fastest single-month Quiet Vacancy expansion in the tracked dataset. At 9-12 month lead time, this is the Q4 2026 default signal.

Implication: 14% of 40 venues means 5-6 operators are paying rent on structurally failing businesses right now. None of this is visible in rent rolls or occupancy reports.

WHY INVISIBLE: Revenue is never required in standard lease execution. This ratio is calculated from field observation and operator-disclosed data.

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	Three closures projected Q1-Q2. R2R 2 points above Default threshold. Zero off-peak traffic in corridor.
2	Mott Haven / Third Ave South Bronx	HIGH FRAGILITY	R2R 19% PD 47%	REDUCE EXPOSURE	Escalated from WATCH this month. Acquisition decay confirmed. Any renewal: minimum 9-month escrow.
3	FDB / 125th St Central Harlem	WATCH	R2R 15% PD 29%	CONDITIONAL ONLY	Below Default threshold but trending up. Renew only with quarterly revenue disclosure and utility clause.
4	East Harlem / 116th Upper Manhattan	WATCH	R2R 14% PD 33%	CONDITIONAL ONLY	Development corridor pressure. Neighborhood utility anchors holding it. Monitor monthly.
5	Crown Heights / Franklin Brooklyn	STABLE ANCHOR	R2R 9% PD 17%	PRIORITY ZONE	Active vacancy in a durable corridor. 94% survival rate operators available for immediate placement.

DO NOT DEPLOY: LES/Orchard-Delancey and Mott Haven/Third Ave. Any new commitment in these corridors needs Protocol clearance first.

PRIORITY ZONE: Crown Heights/Franklin has two current vacancies. Durable Index operators available for placement. 94% vs. 16% survival rate.

Stated in January. Observed in February. Counted in dollars.

FLAGGED	OBSERVED	FINANCIAL CONSEQUENCE
<p>LES/Orchard-Delancey: R2R 20%, PD 52% (January). 2-3 closures modeled Q1-Q2 2026.</p>	<p>February: 2 venues confirmed pending vacancy. One stopped updating social media. OpenTable removed from booking platform.</p>	<p>Estimated landlord exposure: \$760K across 2 units (\$380K avg per event, based on Q4 2025 observed losses).</p>
<p>Mott Haven / Third Ave: WATCH status, trajectory toward HIGH FRAGILITY if unchanged (January).</p>	<p>February: corridor escalated to HIGH FRAGILITY. R2R moved from 17% to 19%. Third venue entered Default Red Zone.</p>	<p>Estimated corridor exposure: \$420K across 3 at-risk leases. No escrow increases on record for any of these.</p>
<p>Quiet Vacancy at 9% with projected acceleration through Q1 based on post-holiday compression (January).</p>	<p>February Quiet Vacancy: 14%. Confirmed acceleration. Fastest single-month expansion tracked.</p>	<p>14% of 40 venues paying rent on structural revenue failure. At avg \$280K/yr occupancy cost: \$1.57M 'invisible' exposure in cohort.</p>

3 OF 3 JANUARY FLAGS CONFIRMED IN FEBRUARY // ESTIMATED COHORT EXPOSURE: \$2.75M // DETECTION LEAD: 6-9 MONTHS

HIGH-RISK OPERATORS: DIAGNOSTIC CLASSIFICATION

WATCH LIST: 11

OPERATOR TYPE	NEIGHBORHOOD	DIAGNOSTIC CAUSE	DEFAULT WINDOW	SURVIVAL PROB.	EST. EXPOSURE
Venture-Backed Plant-Based	Mott Haven, SBx	Terminal Platform Dep.	R2R 21% PD 68%	6-9 months	< 16%
High-Concept Cocktail Bar	Third Ave, SBx	Acquisition Decay	TT 8% R2R 18%	8-12 months	< 16%
Fast-Casual Fusion Chain	125th St, Harlem	R2R Threshold Breach	R2R 22% PD 31%	6-12 months	16%
Weekend Brunch Concept	FDB, Harlem	Tuesday Test Failure	TT 4% R2R 16%	12-18 months	62%
Multi-Unit Ghost Kitchen	South Bronx	Terminal Platform Dep.	R2R 24% PD 83%	3-6 months	< 16%

\$1.64M total estimated exposure // Average survival probability: 23% // Durable Index average: 94%

VENTURE-BACKED FAST-CASUAL HEALTH CONCEPT — 9 MONTHS POST-FLAG, \$450K LOSS

WHAT THE LEASE FILE SHOWED

- Opened Q1 2024. 1,800 SF. \$2M venture seed round secured before opening.
- Waitlists reported within first two weeks. Press coverage in food and business media.
- Active social media following. High review scores across platforms.
- Rent current through Q3 2025. No payment issues flagged.
- Operator self-reported year-over-year cover growth at Q1 2025.

Underwriting Conclusion: PERFORMING / NO FLAGS

WHAT THE PROTOCOL SAW (Q2 2024 FLAG)

R2R	21%	3 pts above Default Red Zone at flag
TUESDAY TEST	8%	Near-critical — no off-peak traffic base
PLATFORM DEP.	67%	Structurally dependent on delivery
LOCAL REPEAT	14%	Discovery traffic, not neighborhood loyalty
CHECK SIZE	-12%	Declining per-cover spend in first 6 months

Underwriting Conclusion: HIGH-RISK / DEFAULT WITHIN 12 MONTHS

Closed Q4 2025. 9 months post-Protocol flag, 21 months post-opening. Landlord loss: \$450K in TI and unamortized commissions. The seed round paid for the launch. It didn't build the business.

RAISE ESCROW

- Any tenant in LES or Mott Haven with R2R above 15%: increase to 9 months before end of Q1.
- Any tenant with Platform Dependency above 30% in a development corridor: escrow increase is mandatory.
- Any tenant within 90 days of renewal who has not provided revenue documentation in 6 months: escrow review before renewal talks.

DO NOT RENEW

- Any LES operator at R2R above 18% without documented 10%+ revenue recovery in the trailing 90 days.
- Any operator with Tuesday Test below 8% whose primary revenue source is platform delivery.

AUDIT THIS WEEK

- Visit your highest-risk development corridor tenants on a Tuesday between 1 and 4pm.
- Pull Platform Dependency on your five highest-risk tenants. If you don't have the number, that is the audit.
- Check which leases were signed 2021-2022 with below-market terms. Flag every renewal due in Q1-Q2 2026.

TARGET FOR REPLACEMENT

- Crown Heights / Franklin Ave has active vacancies in a Stable Anchor corridor. Fill with Durable operators now.
- Profile to recruit: counter-service or neighborhood dining, 3+ year operating history, below 20% Platform Dependency. See Durable Operator Profile.

STOP DOING

- Using cover count or reservation data as revenue health proxies. The room can be full while the business is failing.
- Waiting for a missed payment before requesting financial review. By then, you are 9 months past the signal.

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 three highest-rent development corridor tenants on a Tuesday. Note actual occupancy vs. capacity.



Full Platform Dependency disclosure on your five highest-risk tenants.



Identify which leases are within 90 days of renewal. Do not enter those negotiations without R2R data.

THIS MONTH



Increase escrow on any tenant above R2R 15% in LES or Mott Haven before Q1 closes.



Start Durable Index recruitment conversation for the Crown Heights vacancy.



Run Tuesday Test visits on five highest-rent tenants and log the results.

THIS QUARTER



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



Implement Platform Dependency disclosure requirement in all new lease applications.

NEXT MONTH (ISSUE 003):

THE PLATFORM DEPENDENCY RECKONING — What 37%+ means for a rent roll at 20% revenue compression. // BOROUGH DIVERGENCE: QUEENS ENTRY SIGNAL — First Queens corridor data — Astoria/Steinway risk profile.

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