

CHAIN STORE AGE

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I love New York Retail

By Katherine Field

I have no shortage of sources when it comes to writing about New York City retail.

No surprise, but my go-to girl for all things retail-related in and around Manhattan is Marianne Wilson, Chain Store Age's editor-in-chief. Retail in the Big Apple is her career and her passion.

And then there is Faith.

When I'm analyzing the retail real estate scene in NYC, I call Faith Hope Consolo, chairman of the Retail Group of Prudential Douglas Elliman. (There are those who dispense with her title and simply call her the 'queen of New York retail.')

With the city's big retail real estate conference -- the International Council of Shopping Centers' New York deal-making conference at the New York Hilton on Dec. 7-8 -- just around the bend, I made the call to Faith to get her take on the current, and future, climate of retail in New York.

"A year ago, everyone predicted the downfall of retail, particularly in the luxury sector," Faith told me. "And while it's true that department stores have taken a huge hit, and some seemingly steadfast boutiques have unexpectedly closed, New York City has seen an influx of the new and fabulous," she said.

Faith ticked off Nordstrom Rack and furniture retailer Raymour and Flanigan as noteworthy market debuts, and made it a point to emphasize that New York City is in the throes of a big-box reinvention.

"The smart retailers have taken advantage of a market dip to find locations that would not have been attainable just a year ago," she said. "We've seen a number of new entries to the market, which only create a more diversified retail offering for New Yorkers and our visitors."

Deals may take a bit longer, and require a bit more handholding, but they are getting done, from value tenants to ultra luxury. The biggest news, according to Faith, is the coming of the long-awaited Nordstrom Rack to the former Virgin Megastore space near Union Square. Other national big boxes expanding in Manhattan are Michael's, with its first location, and TJ Maxx's second unit in the borough. Forever 21, Geox, Aeropostale and Esprit all will have opened significant new shops by year-end.

"Large spaces aren't remaining empty long -- Hollister has taken space on Fifth Avenue, not far from where Tommy Hilfiger replaced Fortunoff with a 22,000-sq-ft. flagship," said Faith. And Crate and Barrel's CB2 and The Container Store also are expanding around town.

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"Shoppers are diversifying at every price point, and finally are looking at buying some clothing again," she said. "It's not the crazy days of 2007, but the shopper is coming back. Regardless of price point, they're seeking quality clothing, whether it's at TJ Maxx, or Loro Piana. And they're investing in their home, at Raymour and Flanigan or The Container Store."

However, shoppers are continue to look for value, and may find new locations. Kohl's has been rumored to be eyeing the city, said Faith, and Wal-Mart may yet be enticed into Manhattan -- it reportedly considered the Union Square location taken by Rack.

"All of these stores are taking advantage of a somewhat more manageable rent structure," Faith observed. Other tenants have negotiated or renegotiated more favorable numbers in exchange for lease extensions, though rent relief is not nearly as frequent as many predicted. "Don't misunderstand -- New York rightfully remains one of the most expensive retail locations in the world. But these chains saw their chance to locate here," she said.

What's particularly interesting, though, is an influx of new retailers from overseas. Near Times Square, INGLOT Cosmetics has come from Poland to offer its exceptional makeup colors, while India-based Kimaya will introduce East Asian high fashion to the city. Uniqlo, which has learned the needs of the U.S. consumer at its successful flagship in SoHo, is seeking new locations elsewhere in the city, as is the British TopShop, which opened to major fanfare earlier this year. Superdry, another British apparel merchant for the young and hip, opened in November and reportedly is looking for more stores in the United States, said Faith.

"Clearly, retailers in all categories are still coming here, and we're still finding the financial means to help them do so. We've taken the hits of 2008, and come back stronger, with new operators and a more diverse retail base," Faith said. "There really is something here for everyone."