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What's in store for city retail?

Industry sees signs of life ahead of holidays

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Manhattan's top retail corridors are holding fast on high rents, and brokers are reporting that deal making has been picking up, especially for pop-up stores.

There's no doubt the city is still in a retail rut, with shuttered storefronts and rents down in most places, but there are signs of life, industry observers said.

Fifth Avenue, SoHo and the Meatpacking District are still coveted areas where asking rents are rising, according to the Real Estate Board of New York's

fall 2009 retail report, released yesterday.

Elsewhere prices are dropping, such as on Madison Avenue, where the average asking rent was down 23 percent from last year to \$875 a square foot, according to the report. By contrast, high-end Fifth Avenue asking rents were up 68 percent to \$2,100.

"Areas that are still high profile, high traffic and still trendy seem to be holding their value," said Michael Slattery, REBNY's senior vice president.

REBNY's report shows a different picture than the latest report from CB Richard Ellis, which has Fifth Avenue rents holding stronger than most, but still down and nowhere near \$2,100 a square foot. Both reports show a tale of two Fifth avenues, with rents way down between 42nd and 49th streets, a stretch that is lined

with closed stores.

Despite the differences in the industry reports, they both indicate parts of the city are bouncing back. A flurry of activity from pop-up stores has helped.

"It seems to be a phenomenon," Slattery said. "[A pop-up store] serves two purposes: It occupies space that wouldn't have been occupied and gives the retailer an opportunity to see if it's a space that works for them."

Names as diverse as Brooklyn Flea, Wired and Bailey's liquor are dipping their toes in Manhattan retail for the holidays. The test for some pop-ups is if they sign-on to longer leases, which Faith Hope Consolo, chairwoman of retail leasing and sales at Prudential Douglas Elliman, said she is seeing more often.

Another gauge of the market is Madison Avenue, where brokers are noting a reawakening driven by the lower rents. Consolo said she knows of at least seven deals between 57th and 72nd streets in November alone.

"There is no question we are on a retail rebound. Since the end of the third quarter and the beginning of the fourth quarter it's been off to the races," she said.



Madison Avenue has seen a recent spurt in leasing activity.

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