



Going...Going...Growing! Retail in New York City expanding

May 28, 2013 - Spotlights

Retail in New York City is expanding. The Federal Reserve's most recent Beige Book Report confirmed the economy is moving at a steady, but moderate pace nationwide. But Manhattan and Brooklyn seem to be the exceptions because they are growing faster than anticipated. Neighborhoods are being developed or reinvented and due to demand, the rent rates for retail and residential space in many areas throughout these two boroughs are higher than we have ever seen before. Job growth was up 4.8% within the first quarter of this year, including more than 4,700 new jobs in retail alone.

Along the retail corridors of Manhattan, both Madison Avenue and Fifth Avenue are nearly leased up, especially the area spanning 49th Street to 59th Street. It may seem like a bad dream now, but less than five years ago, entire swaths of Madison Avenue were punctuated by vacancies. But today, businesses are so eager to have a stake along these world-acclaimed avenues that haute couture and fashion have been pushed beyond 86th Street to Carnegie Hill and below 42nd Street, inching into Murray Hill.

Just south of Grand Central Terminal, where the Apple Store is poised like a temple, Fifth and Madison Avenues from 42nd Street south have been re-positioned as the new Midtown technology corridors. Moreover, many property owners are taking advantage of this shift by revitalizing their street presence with renovated ground level retail. Already under construction are all-glass frontages and expanded interior space. Soon dozens of stodgy stores will be replaced by hip fashion brands, such as Joe Fresh and Juicy Couture. They will add to the recent renaissance on Fifth Avenue a block away, which already has Urban Outfitters, H&M and BCBG Max Azria.

Another Madison Avenue

Segue 50 blocks north to the Madison Avenue of Carnegie Hill and you'll witness a startling change and a reason to shop there. Where service retail and mediocre coffee shops once proliferated are designer names and shops that truly service this affluent community. Within the past two years, my team, alone, has resuscitated two once dreary blockfronts. At 1225 Madison Avenue, between 88th and 89th Streets, we replaced a discount hairstyle chain with Christopher Fischer Cashmere and then surrounded it with such luxury brands as Robert Marc Eyewear, Malia Mills, Pink Chicken 'tween and the country's first Armani, Jr. flagship. On the next blockfront, between 89th and 90th Streets, we brought in Italian prêt à porter sportswear company Le Civette, along with Mariana Antinori and Caramel Baby.

Within a brief period, the formerly marginal sections of two of New York's most revered avenues have developed their own personalities and become destinations. But the Golden streets leading up to the Plaza District will always remain an inherent part of the city's identity, even with a few changes.

Flagship Central

Fifth Avenue between 49th and 59th Streets has long been the most expensive retail street in New York, but now it's one of the most eclectic, too. Where else in the world would you find a Hollister flagship next to H. Stern, or an H&M across from St. John, or the Armani and Tiffany flagships just a few blocks from the massive NFL Shop. With rents averaging just shy of \$3,000 per s/f, many of these locations are purposed for presence over profitability.

But we should be grateful, too, because stores such as H&M and Hollister, Juicy Couture and Zara have attracted a new and broader audience to the area, which kept it dynamic even in the down times and has additionally rendered it exciting for the future.

Downtown is Still Dynamite!

Soho is bigger and brasher, with the Prada flagship at 575 Broadway reputedly one of the most expensive leases in the area at \$1,000 per s/f, and eclipsing rent rates on West Broadway, Mercer and Spring Street for the first time in the history of the area. Other off-the-beaten path streets are emerging as destinations, too, including Wooster, Greene and Grand Streets.

Meatpacking has also returned to health, partially thanks to the High Line and its stature as a tourist hub. Stella McCartney and Alexander McQueen may have moved on to super chic Soho, but the area is still a thriving center of fashion with an international potpourri of brands such as Moschino, Tory Burch, Hugo Boss, DVF, Theory, Rag + Bone and, of course, Jeffrey. In addition, there has been an important shift to the retail profile that broadens its appeal thanks to stores like All Saints, Patagonia, UGG, Lululemon and Steven Alan, which add more moderate price points to the mix.

The Village continues to flourish thanks to charming streets with artsy retail and hot designers such as Marc Jacobs, who turned a portion of a Bleecker Street into a fashion brand block. Also returning with vigor are the Bowery and Nolita. The only unchartered downtown territory for the moment is FiDi and now that One World Trade Center has topped off, I can't wait to see what kind of retail will be at its base.

Brooklyn Bound

Williamsburg is positioned to become the next Soho with lots of new retail space being built at the ground level of newly constructed luxury apartment buildings. Even before it officially opened last year, Barclays Center had an altering effect on the retail in surrounding areas, having been the reason why big box stores Target, Modell's and Victoria Secret opened nearby. Moreover, its influence is being realized a few blocks away at the formerly dowdy Fulton Mall, which now has a Shake Shack, Century 21 and Gap, along with long-time anchor, Macy's. And if Brooklyn Borough President Marty Markowitz has his way, the apple of his eye will be an Apple Store at the mall, too.

We're Back...

My business takes me all over the world, but there's no place like home! I rejoice that as New Yorkers, we collectively weathered a four-year economic storm -- and a real one last year -- with gumption, spirit and optimism. Consumer confidence at the local level has made a definitive comeback and this year's tourism forecasts already exceed last year's 52 million visitors, which added \$55 billion to the City's coffers. It's also driving a major share of the new retail jobs, which are in the hospitality and restaurant sectors. Since 2009, tourism's support of the hospitality, retail and restaurant industries has contributed 87,000 new jobs in New York City. How could we not be confident?

Those of us who are based in New York City have a lot to be thankful for, especially women in the real estate industry because here we have a strong presence in both the commercial and residential sectors. Many of the top commercial brokers and asset managers today are women, but there is still

plenty of room to grow! While we continue to make great strides professionally, we need to encourage and mentor the next generations entering the field, so that this narrative will someday be moot.

Still, I get tremendous satisfaction reviewing the retail landscape and the changes. It's exciting to see where the deals are being made, and determining which neighborhoods are primed for comebacks, which are open to reinvention and which ones require a particularly creative approach. Working in our industry is never dull; rather, every day is an opportunity for a new beginning.

Faith Hope Consolo is the chairman of The Retail Group, Douglas Elliman Real Estate, New York, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540