



## The Beige Book: Consumer confidence rebounds

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Just in time for summer, the economy appears to be springing back to life. According to the most recent Federal Reserve Board Summary on Economic Conditions, i.e., The Beige Book, sales improved in May and were roughly on plan. Even more importantly, consumer confidence rose noticeably in April and May, rebounding from a record low. That's a big sigh of relief for retailers who are reporting that sales prices are stable and prices for merchandise ordered for the 2009 holiday season have changed little from last year.

Numerous national resources concur and "the light is at the end of the tunnel" may be the new mantra. In N.Y.C., it's starting to feel that way, too, with new stores scheduled to open soon, or already debuting, up and down the avenues. On East 57th St., Zilli is opening at the Four Seasons in the shop previously home to Brioni Women's. Jewel Mile will be seeing two new luxury retailers: Devi Kroell at 717-719 Madison Ave. (the sister store to our exclusive agency for another glamorous, multi-level townhouse at 717 Madison Ave.) and Longchamp, which just bought the entire building at 713 Madison Ave.

Downtown, there's a new Escada at 560 Broadway, J.Crew Men's Shop at 484 Broadway and Vince opening at 211 Elizabeth St., fresh on the heels of its other recent opening at 833 Washington St. and Little West 12th St. French fine loungewear line LTJ Arthur has also set up shop downtown at 329 Bleecker St.

All good news, but the turnaround is not nearly complete. Rather, these are moderate signs for cautious optimism. The luxury engine that drove this economy has been greatly affected since September 2008. But as of late, there has been a regrouping in the category that has resulted in a quantifiable increase in spending.

According to the Luxury Business Newsletter, which addresses the spending habits of affluent consumers, sales of home luxuries increased by 16% in the first quarter of the year. Conversely, those same consumers spent less on luxury experiences like dining out and travel. It stands to reason that in preparation of spending more time at home, affluent buyers are sprucing up their living spaces with home furnishings and décor items.

Of the big ticket luxury category items, Swiss watches and jewelry continue to remain static. However, N.Y.C. is an anomaly on the national retail front, because here we have seen multiple openings in this category since the beginning of the year.

To begin with, F.P. Journe is opening in the fall at 721 Madison Ave. in the former Graff store. Toubillon has already opened at 45 Wall St. Joseph Edwards watches and jewelry will soon welcome Midtown customers at 425 Fifth Ave., and Morellato has debuted down the street at 551 Fifth Ave. Tourneau, a long-term presence at 510 Madison Ave., is expanding its store and Omega Watches opened its first New York store at 711 Fifth Ave. The current state of the market has not deterred Richard Mille and Zenith from continuing their search for prime real estate.

With the economy inching its way up again, partially buoyed by a national housing market that is beginning to stabilize, consumers are cautiously returning to the stores. Even if shoppers no longer choose to spend with abandon, the retail engine is still being fueled. It is currently predicted that the next high-ticket category to recover as credit markets open up again, will be automobiles, albeit with far less dealerships to shop from.

The bottom line is if we haven't yet hit bottom, it's very close and our collective national anxiety is palpably abating. As the news about the economy becomes consistently positive, consumers are returning to the stores. By all accounts, we're moving in the right direction - and it's up.

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