



Consumer confidence continues into the New Year

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This past holiday season set the right tone for the New Year, and that's a good thing. Although positive forecasts for retail were evident as early as September, the new figures for sales between November 1 and December 24 surpassed expectations, indicating retail sales had risen 3.6%. Compared with the 2.3% drop in the Christmas 2008 sales, the new data was cause for jingle time jubilation!

After a year of mixed predictions and desultory economic forecasts it was clear that consumers needed to break away from all the doom and gloom and feed their inner shopaholic. With the exception of the luxury categories, retailers in most of the other categories were announcing anticipated sales increases by the third quarter 2009. A combination of data, economic trends and bravado, many retailers were also better prepared with sensible inventory levels, commensurate with the general tenor of the country's reaction to the economy.

At the same time, consumers made it clear they were focused on value and by all post-holiday reports, practical gifts were preferred over luxury. There were less deep discounts in the malls this past year, but plenty of value-driven offers were able to entice shoppers. According to such resources as SpendingPulse, the best selling categories last holiday season were consumer electronics, where sales rose 5.9% on such items as flat-screen televisions, smart phones, cameras and video games. Interestingly, footwear sales were up 5%, another indication of how practical purchases held sway over aspirational ones this past season (unless we read it wrong and there was a footwear bonanza of Prada and Jimmy Choo stilettos.)

Eschewing flat forecasts from such reliable resources as the Luxury Institute and Unity Marketing, jewelry sales were actually up 5.6% during the 2009 holiday season. Of course, the fact that they were up from last year's 30% drop does dim the sparkle somewhat.

2010 is Already Looking Better

A little over a year ago, I correctly pronounced 2009 "the survival of the fittest" year for retailers. Sadly but expected, we lost some important national chains. But there were also several noteworthy expansions in New York City, such as Apple, Trader Joe's and Whole Foods. Even Costco opened this year in Manhattan in its own mall off the FDR; and suburban stalwarts Michael's and Best Buy flourished, too. JC Penney helped revitalize the Herald Sq. area and down the road along 34th St., a slew of affordable chic marketers such as Aeropostale, Hollister, Desigual and Geox among others, added tremendous cachet to what had been a very tired corridor for decades.

The closing of giants like Virgin Megastore and Tower Records were dismaying, although the reasoning was crystal clear, i.e., the switch from bricks-and-mortar to e-retail as a preferred medium for selling audio and video. After all, Virgin's Times Sq. store was actually profitable, and the closure of the Union Sq. location was significant only in that it opened the way for Nordstrom to enter the city. As for the giant Upper West Side Tower Records, it morphed into a blockwide Raymour &

Flanigan. Meanwhile, music lovers are faring just fine buying CDs at Tower.com and Virgin.com and downloading the latest tunes to their iPods from any number of sites.

So whether it's a big box, department, cheap chic, exclusive boutique or e-retail, consumers are coming back with more confidence. Even when they're simply visiting the stores and malls to browse or are truly experiencing a renewed faith in the economy, things are looking up for retailers.

This year, I am predicting that the last sector to completely recover will be luxury; but recover it will! Already there are new and deliciously decadent stores poised to fulfill every luxury buyer's dreams with enticing new entries across the Manhattan retail landscape. Premier Indian fashion and joaillerie house Kimaya is ready to make an exotic entrance at 717 Madison Ave. Soho fixture and home of the \$800 sweater, Christopher Fischer Cashmere has recently opened at 1225 Madison Ave. in Carnegie Hill. Isaac Mizrahi has his own chic boutique on the Upper East Side. And that's just the tip of the iceberg.

Shopping is back in vogue and even if what we're seeing is a tentative return after an exuberant holiday season, there is activity once again. As for the many retail businesses that managed to survive last year, let's help them thrive again in 2010!

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