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REPORT

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| THE PEOPLE BEHIND THE DEALS IN THE NY REAL ESTATE SCENE |



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Retail Relocations!

By Faith Hope Consolo, The Retail Group, Douglas Elliman Real Estate



Imagine you're a retailer — it doesn't matter what kind. You or your broker searched long and hard for the perfect size store at the perfect location. You fall in love with your neighborhood, maybe even your block. But then something changes: You're so successful the store is too small. Or you want to reconfigure into something smaller.

Or the lease is up and the landlord wants the space for someone else. What do you do? You move up or down the street!

That's been happening quite a bit in the last few months in the city. From fashion to eyeglasses to high-end pens, we've seen a lot of retail relocations, sometimes even on the same block.

One of the most recent announcements, in fact, has eyeglass retailer *Moscot* relocating from its store of 77 years (!!!) across the street to 108 Orchard. In fact, Orchard seems to be relocation central: *Adrienne's Bridal Salon* is moving from 156 Orchard to 134, while *Delicate Raymond Jewelry* left its pop-up at 179 to a space at 73.

Pat Field, best known as the stylist for "Sex and The City" has moved from 302 Bowery to 306 Bowery. Kathy Kemp's boutique *Anna* moved a bit north, from East 3rd Street to East 11th. *Flower Girl NYC*, after five years sharing space with *Earnest Sewn*, moved to 245 Eldridge Street. *Victorinox* closed at 136 Prince Street, to reopen around the corner in Soho at 99 Wooster.

Also in Soho, find *La Perla* at 434 West Broadway instead of its old location on Greene Street. *L'Occitane en Provence* has moved a few blocks south on Third Avenue to 1126. Fashion boutique *Azaleas* has moved to a larger space at 140 Second Avenue, around the corner from her original location. *Block Headwear* also moved around the corner, to 89 East Houston.

Luxury tenants are also on the move. *Escada* shifted from 717 Fifth Avenue to 715 Fifth, and *Baccarat* will relocate from 625 Madison Avenue to a two-level flagship at 635 Madison in May. In fact, Madison saw a spate of these moves less than two years ago!

Granted, not all of the relocations have been in the same neighborhood — quite famously, several designers including *Stella McCartney* and *Balenciaga* moved from Meatpacking to Soho, though *Yigal Azrouel* departed for Madison Avenue in 2012. The French nautical brand *Saint James* has moved south from Madison Avenue to Bleecker Street, while jeweler *Karen Karch* shifted north from Nolita to Gramercy Park. But more often than not, designers will choose to remain in the same general area.

Why stay so close to home? Particularly for more independent boutiques, they've become part of the neighborhood. Clearly, they chose their first location well and are successful, otherwise they wouldn't reopen at all. They know their customers, their neighbors and competitors, and have found a clear niche. And retailers and shoppers both are creatures of habit. We all have "our" stores, the ones we know and trust. We know the employees, often the owners. These shops, whether a luxury chain or our local boutique, are part of our lives. They make a neighborhood. Choosing a new location out of the area is usually part of an expansion, not a complete shift, unless there has been a drastic change in the district, either demographically or physically (a new zoning ordinance, the loss of a major anchoring store, construction or a disaster of some kind). At that point, it's up to the owner or more likely, his or her representatives to find a new site.

Getting these deals isn't easy, believe me. The broker has to know a neighborhood well — lease expiration dates, rents, building quirks that may make a site perfect or an absolute disaster for one of its neighbors. Patience is required, too. A mall, for example, often has several leases expiring at around the same time. But it's much less likely to occur on a city street, and as our area recovery continues, stores are not closing nearly as often. You may need to negotiate with the current tenant to evacuate a space early or buy out a landlord. And of course, that could be another relocation opportunity if you handle the deal properly. The result could be a merry, and profitable, series of retail relocations that can certainly keep a neighborhood lively!

Will this continue? Almost certainly, particularly in ever-changing New York. One reason why I believe retail is the most exciting sector of commercial real estate is that it is never static. Even as many retailers enter new markets, our best established ones often need new spaces. Is it sometimes a case of musical chairs? Sure. And didn't you love that game as a child?

Shifting Shoppportunities! Happy Shopping!

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