

MANNTM REPORT

JANUARY 2014

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



REDEFINING THE FUTURE OF PROJECT MANAGEMENT

Macro Consultants

MICHAEL FROMM AND MICHAEL GLATT

The Year(s) To Come

By Faith Hope Consolo, Chairman, The Retail Group, Douglas Elliman



Happy New Year! It's been a busy season that ended an even busier year for retail, from major deals to smaller relocations, throughout our five boroughs. We've seen market entries from some wonderful retailers, and whole new neighborhoods (Carnegie Hill, the Lower East Side, Greenpoint) opening up as our traditional bases (Madison Avenue, Soho, Williamsburg) fill up. Tourism is at all-time highs, and so is interest in retail and development!

That should make for an exciting retail scene in 2014. Of course, we still have much to learn about how the De Blasio administration will affect development and thus the retail that crops up around it. But somehow, retailers find a way to get the spaces they need here. Among the trends to keep an eye on this year:

More In Meatpacking/High Line. The High Line's \$90 million extension will bring the park all the way to West 34th Street. Combined with the subway extension west, and the continuing development of Hudson Yards, a whole new area will become even more accessible to consumers. The Fairway at Hudson Yards will draw shoppers from an unusually large distance, and more retailers will follow when they see the crowds.

Off The Waterfront. With the Atlantic Ocean, rivers and Long Island Sound surrounding us, we have a lot of waterfront for retailers to inhabit. But those rents are rising, as are flood insurance premiums, and some mid-level retailers likely will start looking to our more inland neighborhoods such as Flatbush and Queens Village for locations.

Even More Globalization. Every year, it seems we have an influx from retailers and brands from specific parts of the world, from a British invasion a few years ago to entrants from France and Scandinavia last year. At the end of the year, we saw some entrants from Australia (welcome, *Sass & Bide*), and I wouldn't be surprised to see more expansion from Down Under. But keep an eye on Chinese brands, if not for 2014, but the near future. Increasing tourism from China will have shoppers looking for some familiar merchandise, and despite the opportunity still present in its home country (literally dozens of cities with populations of more than 1 million), some brands may be starting to look abroad. Menswear manufacturer *Bosideng* has opened a flagship in London; how long before it comes to the world's greatest retail city?

Fifth Avenue Extends. First, the prime location was 49th to 59th Streets – and it still is, commanding rents of more than \$3,000 per square foot. But with very few availabilities even at that exalted rent, retail began taking spaces south, and now the stretch between 42nd and 49th Streets commands well over \$1,000 a square foot. Yet there is no end to international brands wanting the status

of a Fifth Avenue flagship. With no opportunity to venture north because of Central Park and the residential buildings that face it, retailers have no choice but to head south, toward 34th Street. As leases come up for renewal on that section of the boulevard, look for more international brands to continue marching toward *Lord & Taylor*, to 34th Street, and even eventually meeting the flourishing shopping district in Flatiron.

Outlet Fever. It began in 2013 with *Restoration Hardware* opening an outlet store in Queens, and the *Empire Outlets* center finally getting approvals in Staten Island. The old rule of thumb used to be that outlet stores had to open a certain distance from the manufacturers' full price and department store vendors. No longer. Now I expect to see announcements of some major outlet center brands all looking to enter New York City, and to see more retail development in what has been our most neglected borough. The efforts in leasing and rebuilding this year will have benefits for years to come.

FiDi Reborn. The leasing of Brookfield Place continues to bring great luxury brands from *Hermès* to *Ferragamo* downtown, and more announcements will be forthcoming shortly, I'm certain. That will leave an interesting mix for the rebuilding of the World Trade Center's retail complex. Developer Westfield is promising a mix of retail and services that will include multiple price points – a smart move given the huge daytime office population and the tourists of all means who will be flocking to the 9/11 memorial and museum. I'm anxiously awaiting their first announcements. And the interest in these projects will boost interest in streetfront locations throughout the neighborhood.

Walmart Announces Its First New York City Location. Hey, a girl can dream, can't she?

Something We Don't Even Know Yet. After more than 25 years in this industry (I started at 12), the one thing I've learned is that you can't predict it all. Retail is ever changing, ever evolving, and there will always be a surprise somewhere down the line, particularly in New York City. That's what makes it fun!

Happy Shopping!

Faith Hope Consolo

Chairman

The Retail Group

Prudential Douglas Elliman Real Estate

575 Madison Avenue, 3rd Floor

New York, NY 10022

Tel: 212-418-2020

faith@faith-consolo.com / fconsolo@elliman.com

www.faitn-consolo.com / www.elliman.com