

MANN REPORT™

April, 2014

FAITH ON RETAIL

Spring Surge?

By Faith Hope Consolo, The Retail Group, Douglas Elliman



One of the great frustrations, I'm told, of magazine editors is the period between the writing of an article and its publication – so much can change in this rapidly moving business that it can be hard to relate to something that was au courant just a few weeks earlier.

So it's a bit hard to think about trends for spring when I'm writing during a brief February "spatium inter procellas" (yes, I Googled Latin for "period between storms"). But snow and cold seem to be all we've talked about this year: the weather's effect on Holiday 2013 retail sales; the weather's effect on January retail sales; the weather's effect on February retail sales; the weather's effect on travel and tourism and retail sales...

You get the idea; we've been talking a lot about the weather. But one topic we haven't focused on much is how this winter will affect New York City's retail sales in the Spring.

They're going to explode.

First of all, consumer spending was on or ahead of plan during the holidays, despite the weather, according to the Federal Reserve Board's January 2014 Beige Book. Broadway theaters also had terrific business in December, well ahead of 2012 levels.

Nationally, retail sales dropped 0.4% in January, largely due to a decline in stores that depend on foot traffic such as clothing and restaurants, according to the U.S. Department of Commerce. And it's likely that New York saw a decline in January, too, given how difficult it was to get around town (sub-zero wind chills do slow down even the heartiest of windowshoppers). And February, thus far hasn't been much better, with snow seemingly every other day, plus the distraction of the Winter Olympics.

What this translates into is major pent-up demand, all ready to be spent during an unusually late Easter season (the holiday is April 20th this year) and beyond. Consumer confidence is on the rise, and a group of retail CFOs recently predicted a 5.1% increase in total sales for the year in a BDO survey. We're all a bit stir crazy, and are undoubtedly sick of Internet shopping and binge watching "House of Cards."

We're in desperate need of color, and of something new. And as

always, tourism will bolster what would already be healthy sales figures. We have a slew of theater openings in April in time for the Tony Awards, drawing visitors who promptly buy, buy, buy during the daytime!

What will they buy? Certainly apparel, as we're all truly sick of the heavy clothes we've been forced to wear all winter. A look at Spring 2014 fashion shows that our stores will have plenty to serve us. Color abounds in women's fashion, we've had ever more options for men's clothing (including a *Pantone* popup shop at *Scoop NYC*) and even sandals seem to be practical, with varying heel heights for different occasions and hemlines.

Jewelry, a bright spot over the holidays (pun intended) also should continue to do well. Precious metal prices have continued to drop, making that gold necklace or ring much more affordable than in recent years. We may see a drop in home furnishings sales, as they did so well last year when mortgage rates were insanely low and many consumers invested in their apartments rather than in their closets. We'll see.

And stores are waiting for us, beginning this month and continuing well into the summer. New flagships have been announced for *Topshop* on Fifth Avenue, and *H&M* in the Bronx, at the soon-to-open Mall at Bay Plaza. *Macy's* in Brooklyn will be getting a long-awaited renovation. *Dior* may be opening a second store in Soho, *Banana Republic* will consolidate its Flatiron men's and women's shops at the old Barnes & Noble college bookstore, and we have many stores opening in the summer months, when all those obscene heating bills will be distant, unpleasant memories.

Of course, weather permitting. Happy Spring and 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.faith-consolo.com / www.elliman.com