

# MANN REPORT™

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



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## The Best Of Times And Even Better Times To Come

By Faith Hope Consolo, The Retail Group, Douglas Elliman



For those of us who work in and live for New York City retail, what a year 2014 has been – and what a year 2015 will be!

As I discussed last month, this year saw the long-awaited announcement of the first *Neiman Marcus* in Manhattan, opening in 2018 at Hudson Yards. Not coincidentally, that's the same year *Nordstrom* will locate on West 57<sup>th</sup> Street. And not surprisingly, all of our classic department stores have been modernizing, sprucing up and expanding to better serve their shoppers, and compete with the newcomers. *Macy's* has undertaken a \$400 million updating of its Herald Square legend, while *Saks Fifth Avenue*, *Barneys* and *Bergdorf Goodman* have expanded their shoe and beauty offerings, all to serve our ever-growing population and visitors.

What will be most interesting is that several of our “department stores” have common ownership, which allows them to coordinate their merchandise mix – and should broaden it. *Bloomingdale's* and *Macy's* are sister stores, and each has a point of view and a particular target customer. While there are obvious overlaps in some areas, including beauty and a few apparel lines, there are many more points of differentiation. Now that *Hudson's Bay Co.* owns both *Saks Fifth Avenue* and *Lord & Taylor*, we've all see the latter's luxury component bolstered. But still, these two classic but different retailers largely offer varied merchandise rather than try to compete too much.

I expect the same will happen when *Neiman's* (which owns *Bergdorf Goodman*) comes to town. For years, we Bergdorf shoppers have had access to the best of both retail worlds through the *Neiman's* website (and vice versa) – and a quick look will show that the two have complementary contingents of the greatest fashion designers in the world. A visit to both will be de rigeur in no time!

*Nordstrom*, of course, will bring its own group of luxury and better designers, as well as its own private label, adding yet another option for our shoppers. And we're all excited to see what *Barneys* will have in store (pun intended, I couldn't resist) when it returns to its home in Chelsea!

The opening of the *Mall at Bay Plaza* in the Bronx brought an entirely new experience to a borough that is becoming one of the decade's great retail real estate tales, as well as a comeback story for the borough. I can't wait to see the crowds there at the holidays.

And while our store occupancy is at probably the highest rate I've ever seen, we're still finding spaces for some extraordinary pop-ups that will likely become major permanent tenants in the not-

too-distant future. *Cartier's* “temporary” space while it renovates its legendary townhouse is in fact a stunning recreation – and the space probably will house a sister store from parent *Compagnie Richemont*. *J+R* is opening an in-store boutique at *Century 21* in lower Manhattan and possibly some other locations as it renovates its superstore on Park Row. And others such as *Havaianas* and *Alice + Olivia* finally took permanent spaces after testing locations around town. The opening of a temporary shop has proven to be a critical part of site selection strategy where a retailer can refine its brand as well as its expansion plan.

Looking forward, next year should see more of everything. While the renovations largely are complete, our existing department stores will continue to beef up their presentations to reinforce their relationships with their shoppers in anticipation of more competition. More retailers and brands will test new concepts and locations with pop-up retail, though they should expect to pay healthy rents as spaces continue to dwindle.

The initial phase of *Brookfield Place* is scheduled for a spring debut, bringing exceptional designer retail and fine dining to the area. The *Westfield World Trade Center* will follow in the fall, adding a combination of high-end, midmarket and service retail. The result creates an entirely new focus for shopping in the city – and has already proven beneficial to nearby streets as they too fill with stores. *Urban Outfitters* already has opened, with *Gap* and *Zara* superstores to come. Rents are rising, so move quickly!

Also expect 2015 to be the year of outlet deals as Empire Outlets in Staten Island announces its tenant lineup in anticipation of its 2016 debut.

All of these new retailers will find a New York City that is thriving. Tourism is at record levels, Wall Streeters will take home record bonuses in light of what (at this writing) have been all-time highs for various indices, and redevelopment brings the young and the affluent to new neighborhoods. I can't wait!

Happy Holidays, Happy New Year and Happy Shopping!

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