

# THE WALL STREET JOURNAL.

October 30, 2018

NEWS

## Pop-Up Stores and Dive Bars: How a Property Developer Aims to Cure NYC's Empty Storefronts

By Keiko Morris



*Customers shop on Bleecker Street at Fleurotica, a floral design boutique that is shared with health shop Bonberi. Photo: Agaton Strom For The Wall Street Journal*

A global real-estate firm thinks it may have found a way to slow the rise of vacant storefronts that have marred New York City neighborhoods and other metro areas.

Brookfield Properties this spring acquired seven empty retail spaces on Bleecker Street. The downtown block, which cuts through Manhattan's West Village neighborhood, has

become infamous for its proliferation of retail vacancies after rents shot way up. The closed doors have depressed local residents and alienated shoppers.

Brookfield's plan, launched this month, is a sort of extended pop-up store strategy: fill the vacant spaces with new entrepreneurs on short-term deals, then create events and encourage retailers to hold their own programs. The Toronto-based firm has been attracting smaller retailers, many of which got their start online, with slightly below market-rate rents and help in marketing.



*Slightly Alabama, a boutique owned by Dana Glaeser where he sells his own handmade leather goods and other clothing brands, on Bleecker Street. Photo: Agaton Strom For The Wall Street Journal*

Local residents, city landlords and shoppers will be watching to see if Brookfield's plan succeeds. Rates for vacant or soon-to-be vacant retail space are at historically high levels across Manhattan. They are rising not just on Bleecker Street but on Madison Avenue, where the rate edged up 5.5 percentage points to 28.4% in the third quarter, as well as other uptown corridors, according to real-estate services firm Cushman & Wakefield . More than just an eyesore, long-shuttered storefronts hurt nearby open businesses, can undermine property values and turn lively streets into dead zones, making them feel less safe.

Brookfield said it is using Bleecker Street as a testing ground for what can be applied to other neighborhoods in New York City and beyond, as well as identifying promising brands that it could add to other properties.

“For us it’s a great learning experience and hopefully something we’ll take globally,” said Michael Goldban, head of retail leasing for Brookfield Properties, the operating arm of Brookfield Property Partners. “Part of the problem in the retail world is that things got very commoditized.”



*Sammy Kim arranges clothes at Prabal Gurung, a women's designer that recently opened a store on Bleecker Street. Photo: Agaton Strom For The Wall Street Journal*

The new Bleecker tenants have often collaborated with artists to gain exposure. Fleurotica, a floral design shop hosted a reception for photographer Robert Hickerson. Slightly Alabama, a leather accessory brand with a dive bar and leather-making

workshop in the back of the store, has joined with Rolling Stone magazine for musician interviews and other events.

Lingua Franca, a brand of cashmere sweaters with phrases like “believe survivors,” slated to open next month, looks to keep customers in the shop by having the women who embroider the garments working in the middle of the store.

Bonberi, a recently opened health shop selling vegan meals, natural skin care and other sundries, holds Q&A sessions with health and wellness teachers and makers of some of the products it sells.

“It’s not just a retail store in my mind,” said co-founder Nicole Berrie. “It’s a throwback to old school salons discussing interesting topics, a place people can linger.”

West Village resident Sonya Koshuta stopped coming to the stretch of Bleecker Street when luxury brands like Marc Jacobs, Burberry, Coach and Ralph Lauren moved in. But last week she was back, buying vegan pho, natural makeup wipes, food containers and a mineral mist from Bonberi.



*Noor Salam, right, talks with a customer at Bonberi, which sells a collection of items from nontoxic*

“If I see a small business, I try to buy something to support it, particularly women-run businesses,” said Ms. Koshuta, a freelance art director.

Bleecker Street had been populated with antique stores, bodegas, independent clothing shops and dry cleaners. Rent prices rose as luxury brands sought out these hot shopping corridors. When sales couldn’t justify the rents, stores closed, said Richard Hodos, vice chairman at real-estate services firm CBRE Group Inc. Some landlords bought these retail properties, securing financing based on future rising rents and complicating their ability to lower prices.

A proposal in the New York City Council aims to combat empty storefronts with measures that include allowing tenants to negotiate rents with an arbitrator.

“The ones that bought the properties over the 6 to 7 years, who essentially made a bet on \$400 to \$500 a square foot or more, those are hamstrung,” Mr. Hodos said, referring to retail on Bleecker Street. Lenders, he noted, often won’t let these landlords lower rents. Rents on the street are now roughly half that amount, brokers said.

There are other independent retailers opening, like Sunni Spencer, who were able to find deals on Bleecker Street. Ms. Spencer’s apparel and home-decor boutique Sunni Spencer Après Sea started as a pop-up store and is now into her second-year lease.

“For some, a temporary home like this makes sense,” said Andrew Berman, executive director of the Greenwich Village Society for Historic Preservation. “My hope would be that this isn’t a temporary tool to kind of put the street back up on its feet so we can bring in a new round of high-end corporate chains.”