

THE **U** P T O W N E R

September 11, 2018

Retail Vacancies Increase Along 125th Street As National Chains Move In

By *Kiley Roache*

Empty storefronts proliferate along Harlem's main commercial thoroughfare, but business experts argue that's not always bad news.



When Avi Golan opened West Side Stone and Marble on West 125th Street 20 years ago, he paid about \$2,800 in monthly rent. When the rent rose to \$6,000, he moved most of his business to the Bronx, leaving behind just a small showroom. But when his rent went up again about a year and a half ago, he closed the showroom, too, relinquishing his presence in Manhattan.

"The landlord wanted to take the property," he said. "To make more money."

The former Harlem address of West Side Stone and Marble has become one of many vacant storefronts along 125th Street.

In the last two years, commercial vacancies along the street west of Madison Ave. have more than doubled, from 16 empty storefronts to 35, according to the 125th Street Business Improvement District. Though the street remains the neighborhood's chief commercial district, it's pockmarked with empty spaces—like 5 E. 125th, formerly a shop called Nicholas, which sold incense, jewelry and clothing; and 24 W. 125th Street, until earlier this year a hair product store called Carol's Daughter. The rest of the city is also experiencing multiplying retail vacancies. About 20 percent of all retail space in Manhattan now stands empty, compared to seven percent in 2016, according to a survey by the real estate firm Douglas Elliman.



A familiar sign posted at 319 W. 125th Street (Photo by Kiley Roache)

But increasing vacancies may not be entirely bad news. Faith Hope Consolo, a retail broker at Douglas Elliman, said empty storefronts could be deceiving. She called 125th Street, and Harlem more broadly, one of the “bright spots” of New York commercial real estate—among the top three most sought-after retail districts in the city, after Fifth Avenue and Times Square. In Harlem, “you get a lot of value,” she said, calling it “a community very entrenched in new development in retail.”

“A whole ecosystem of development is taking place on 125th Street,” said Barbara Askins, president and CEO of the 125th Street Business Improvement District, which conducted the count. “If you look at it, you only see vacant storefronts; you don’t see behind the scenes.”

A number of the vacant buildings are actually development projects awaiting permits or under construction, including a rock-climbing gym planned for 256 W. 125th and a Shake Shack under construction at 1 W. 125th.

There’s been a “big shift” on the street from eight to 10 years ago when mom and pop shops dominated, Consolo said. Today, the corridor attracts “a lot more national and international retailers.”

She called this the “mallization” of 125th Street, in an interview with the Commercial Observer. But Lloyd Williams, president of the Greater Harlem Chamber of Commerce, sees empty storefronts as part of an ominous trend: rising expenses that put “the cost of doing business beyond the capacity of medium and small businesses in Harlem.”

“Harlem is hot,” Williams said. “Larger box stores and businesses who had not come to Harlem in the past are now interested.”

That demand makes it hard for small businesses to compete, increasing vacancies. Landlords would rather take the tax write-off on a vacant store than rent it at below the climbing market rate, Williams said. “They don’t have an incentive to rent them out.”

The Real Estate Board of New York disputes the claim that property owners benefit from empty storefronts. Board President John Banks called that a “myth of city retail” in a Crain’s op-ed in May. “There are no tax benefits for keeping space empty,” he wrote.

Not all the vacancies were caused by local factors. One space, 3 W. 125 St, housed a former Toys R Us until the chain filed for bankruptcy last year. Another, 55 W. 125th, served as a Hillary Clinton campaign office, then closed after the 2016 campaign, according to public filings.

How long the storefronts stay empty will vary. Some remain available to rent, according to online postings. But the number of vacancies has fallen to 34, as renovations have been completed at one address. The space at 72 W. 125th St. has reopened as a Chipotle.

(Map illustration by Kiley Roache. Source: 125th Street Business Improvement District 2017-2018 Vacancy Map.)

