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COMMERCIAL REALESTATE

SHOPPER'S DELIGHT

Retail continues on a roll

By LOIS WEISS

WITH a record 48.7 million city visitors last year and the return of our home grown appetite for shopping, the retail climate continues to move along a healthy path.

Retailers that were cut out of the market in 2007 and 2008 began jumping in last year to claim prime locations at sometimes a third or more off the original rents.

While most of the early demand was from food and renewals, now there is a shift toward requirements from several different use groups.

"Each kind of user can pay a different amount for the same corner," says Kim Mogull, President & CEO of Mogull Realty, pointing to the previous bounce in retail rents when banks went after the same corners. "The market is starting to shift again [toward higher rents] along with the increase in demand and the diversification of that demand," Mogull said.

As empty storefronts have filled in, building owners have been energized to cut concessions and boost rents. They also continue to sift through multiple competing offers for their better shops.

"Not only has there been a retail

rebound but as the retailers ramp up to expand they are worried the rents will increase and start to be out of their grasp," said Faith Hope Consolo, Chairman of Prudential Douglas Elliman's Leasing Division. Additionally she says, "Deals are taking longer to make, longer to go to lease and owners are not being so conciliatory."

But building owners are eager to make deals with good tenants," said Joel Isaacs, president of Isaacs and Company. "We're starting to see competitions for space," Isaacs said.

"The retail climate is extremely vibrant and the market is truly heating up as indicated by some new retail strips in play," said Jeffrey Roseman, executive vice president & principal of Newmark Knight Frank.

For example, Roseman says both the Upper West and East Sides are seeing resurgence while Fifth Avenue in the low 40s is filling in with a slew of larger discounters. Meanwhile, Park Avenue South by the new Gansevoort Park and Madison Park by Eatley are among the new retail strips "in play."

"Additionally any retailer across the country — or world for that matter — with aspirations of either going public, raising capital or just plain raising their visibility realize that they need to be in New York City, so that continues to drive the demand up," observed Roseman.



The holiday season gave retail a boost, which has given prime store locations looking for tenants good reason to celebrate.

Isaacs says most of his work is with international tenants. "We are busy both with clients taking first locations and with others adding to their locations," said Isaacs of the worldwide interest in city stores.

"The fundamentals of New York City retail continue to be sound and we anticipate another strong year," said Roseman.

