

BUSINESS / RETAIL

Is Bleecker Street Over?

The closure of the last Marc Jacobs apparel store on the block raises questions about the future of the street as a fashion destination.

By Jean E. Palmieri on April 6, 2017



The closed Marc Jacobs store at 403 Bleecker Street. WWD

NEW YORK — And then there was one.

Marc Jacobs was among the pioneers on Bleecker Street, at one time operating four stores on the block and six in the West Village. But at the end of March, the designer closed his last remaining fashion store on Bleecker Street, leaving his company with just its Bookmarc store.

The newly shuttered store on the corner of West 11th Street had been on Bleecker Street since 2001.

According to a **Marc Jacobs** spokesperson, “We are continuing to reinforce our one-brand strategy by taking steps to operate more efficiently to enhance performance and growth. This includes working to ensure we have controlled and balanced distribution across selected retail and our own stores. As we do this, we are focused on ensuring our stores are in the best locations.”

The company continues to operate a store in SoHo on Prince Street.

While Jacobs’ closure may have come as a result of the brand’s internal shifts, does it also indicate that the once-red-hot Bleecker Street has seen better days, done in by a highly challenged fashion retail environment and a drop in traffic in New York City?

A spot check of the street Wednesday found 19 empty storefronts between Seventh Avenue and Abingdon Square. However, there are still a slew of fashion brands operating on the street, including Reiss of London, J. Press York Street, Jachs, Marine Layer, Saint James, Seven For All Mankind, Gant, Paul Smith, Maison Margiela, Intermix, Burberry, James Perse, Cynthia Rowley, Tomas Maier, ATM, Sandro, Zadig & Voltaire and Brunello Cucinelli.

There is also an abundance of accessories and beauty brands, including Nars, Fresh, Mac, Rituals, Orogold, Larsson & Jennings and Goorin Bros. Hatmakers.

Joel Isaacs, founder and president of Isaacs and Co., a real estate broker with deep knowledge of the area, believes Bleecker Street is going through a transition.

“Real estate goes through cycles,” he said. “We last saw a big influx of new companies and brands to Bleecker Street around 10 or 12 years ago. But a number of those leases came to expiration and rents had escalated over the 10-year terms until the rents were well over the market rate.”

He said with business struggling, “tenants didn’t feel those rents made sense from the business they were generating and the landlords weren’t ready to lower rents, so as a result we saw an increasing amount of vacancy.”

But that may soon change, Isaacs said.

Twelve or 13 years ago, he said, rents averaged around \$150 a square foot, but they jumped exponentially to \$600 or \$700 a square foot. “And those numbers just don’t make sense,” he said. “Retail sales are generally challenging, so tenants are willing to either give up the store as they reevaluate their store count and give up the West Village in favor of a SoHo store [or other location] they already have.”

Today, rents have been lowered to a more-reasonable range of the \$300s into the \$400s a square foot, Isaacs said.

Rents in the Meatpacking District, another hot area that draws a lot of fashion attention, are generally \$300 to \$600 a square foot, Isaacs said, while SoHo has a wide range from \$250 into the \$700s, depending upon location.

Isaacs believes there is an opportunity for Bleecker Street, which he called “a very charming street, to be remerchandised.”

He has received interest in recent months from cosmetics and beauty brands as well as European labels without a retail presence here yet who are seeking a foothold in New York and can’t find a small storefront in SoHo. Most of the locations on Bleecker are 1,000 square feet or less, he said, which is good for testing the waters.

Despite the troubles on the street, some brands continue to be happy there. Ari Hoffman, chief executive officer of Scotch & Soda USA, has operated a store on Bleecker and Grove Streets since May 2015 and expanded the location last February.

“We’re extremely happy on Bleecker Street,” he said. “Year-to-date, we’re up in the low double digits to last year.” In fact, he said, the store is outperforming the company’s other three locations in Manhattan. “That store depends less on tourism, which has dropped significantly,” he said, “so it’s trending better.”

He has noticed a shift in the character of the street. “In the past, everybody wanted to be closer to Marc Jacobs, and when we first rented our space two years ago, we questioned if we were too far east. But the traffic and activity has shifted our way and the further west you go, the more closures there have been, so we’re very happy where we are.”