



**R**ETAIL may have lost its shine, but savvy stores are out scrutinizing available spots just like any other bargain hunter. Discount retailers like Wal-Mart, Kohl's, Filene's Basement, Target and others are ramping up site visits as pricing slips towards their sweet spots. At the same time, building owners are reaching out to tenant rep brokers.

"I am getting a bevy of written offers on behalf of my clients, The One Group, Megu, Oceana and Forty Eight," said Kim Mogull, CEO of Mogull Realty. "The building owners want to entice them to rent restaurant spaces all over Manhattan and other urban markets throughout the country. We are entertaining them all."

Over the last two years, as she watched the economy change direction, Mogull pushed her business toward more tenant rep so she is now armed with credit-worthy and flexible contenders.

"People aren't paying \$600 for dinner anymore," Mogull said. "It's about getting good value and coming away with a really great experience."

Meanwhile, space owners like George Constantin's Heritage Realty Services have armed themselves with prime assets.

"We own 74,000 feet of retail at 420 Fifth Avenue, where Comp USA ended the lease even though they were grossing \$100 million a year," said Constantin, who got his start in the business working for Harry Helmsley. "We like it as a technology location and are getting interest from tenants with big operations." He believes the rent will end up north of \$8 million a year.

Most building owners are renewing and extending retail leases for their finan-

Allison Joyce



## SHOPPERS PARADISE

### Retail tenants go bargain hunting

cially healthiest tenants.

"I do a lot of landlord rep work and we are making the cuts," said Cory Zelnik, President & CEO of Zelnik & Co. But he noted, "It has to be the right cut."

Those that bring in their books and sit down to discuss the situation have a shot. "If it works out right, you give him a six month or a year breather and then pick it up down the road," said Zelnik.

Brands that appeal to residents, office tenants and tourists are going to fare the best in this market because they have a broad appeal, said Laura Pomerantz, principal of PBS Real Estate.

"You have all the big discounters, drug stores and supermarket chains all looking," said Jeffrey Winick of Winick Realty Group. "All the local chains — food and deli chains — are being more aggressive because they can now afford the rents. In any recession you need food and you need drugs."

Winick is actively seeking locations for clients including Gristedes, Duane Reade and AT&T Mobility.

Also, apparel, accessories and even jewelry designers that had turned tail from high asking rents are reconsidering deals that were \$1,300 to \$1,500 a square foot last year, and are now \$800 a square foot.

"They are even coming back to leases they abandoned last quarter," said Faith Hope Consolo, chairman of the Prudential Douglas Elliman Retail Division.

"This can be a fabulous market," added Consolo. "We [all] have a different mindset." But, she warned, "There are no easy deals. There are no shortcuts."

Jeffrey Roseman, executive vice president of Newmark Knight Frank, said most chains are still "paralyzed with fear or indecision. There are companies that are smart enough to realize it's a gold rush to get onto Fifth or Madison or SoHo and lock in for 20 years."

Winick added, "The blessing is that the banks have finally chilled out. A lot of Washington Mutuals will become gourmet food shops or phone stores."

— Lois Weiss