



SHOP DROP

Retailers hoping for a merrier Christmas

By LOIS WEISS

SHOPPING has changed from being a sport to a necessity. With Christmas coming, retailers are hoping the last few weeks of people doing without their favorite activity will convert window shoppers back into paid customers. "Conspicuous consumption is passé now," observed Faith Hope Consolo, chairman of retail for Prudential Douglas Elliman. "Even if they not affected, they don't want to appear to be flaunting it."

One billionaire real estate developer told us, "My wife just doesn't think it's in good taste to dress in an over the top manner anymore." And she can still afford it.

That scaling back is scaring retailers who are putting off decision making on many lease transactions.

Glenn Goldstein, vice president of Related Companies who is overseeing the lease up of the Gateway Bronx Terminal Market said,

"It's a little bit of a challenging time."

"Everything takes steps forward and back," said Consolo. "Tenants are coming back and wanting more concessions, and they want rent reductions. And for the first time, the landlords are

listening."

That's because the slowdown in tenants, store sales and the stock market upheaval is making owners nervous.

Consolo noted that those that never hired brokers before or kept their trophy property for themselves are now playing "ring around the brokers."

Building owners are for the first time concerned about spaces that are coming up 18 months away, and are willing to make smart deals. Consolo tells her owners, "Let the tenant come into the market and take the space and be positioned in a comfortable way."

That's being felt by brokers representing tenants like Pat Breslin, the President of US Retail for Grubb & Ellis.

"Landlords who wouldn't talk to us are starting to create scenarios for us," said Breslin. He predicts that those tenants who have "deep pockets and staying power will be able to make really good deals."

While deals take longer, some of that has been driven by tenants that are not familiar with the market and later by materials that don't mesh with city standards.

Wayne Schümer, President of Ucon Corporation which is a retail and condo contractor, said he still has a lot of European clients looking to expand into New York because of the strong Euro and weak dollar.

The current market conditions have given entrepreneurs an opportunity to invest in restaurants and other retail ventures.

"Some deals that are being made are with tenants with major net worth and they are not taking loans to build out their stores," said Mogul. "They don't want their money in the stock market and they want to do something interesting with it."

Local brokers all believe it's also better for national chains to expand in New York rather than places like Milwaukee.

"There are plenty of tourists, and more people and more vibrancy than anywhere else," Roseman said.



WITH THE DEMISE of the major banks, all eyes are now on the prime corners where there are multiple redundant branches. Those spaces, which are predominantly on major attractive corners, will likely be snapped up.

"Tenants with expiring leases are upgrading for better space," said Kim Mogul, President & CEO of Mogul Realty. "Tenants that have been through this cycle before know

this is an opportunity to lock in great space through a long term lease at rents they could not have afforded."

Owners are taking into account that the next two years are going to be tough. "We are giving tenants

breathing room to account for the current economic environment and tacking it on to the back end of the lease," Mogul said.

Companies seeking space include AT&T, Verizon and T Mobile; cosmetics places like Blue Mercury, L'Occitane, Origins and Sephora; gelato pick me uppers Red Mango and Pinkberry, and cafes Chipotle and Pret a Manger.

Clothing sellers Modells, Daffy's, Marshalls, Steve Madden, Kenneth Cole, Mango, Zara and Levi's have been exploring opportunities too. Steve Madden also just renewed at its 41 W. 34th Street flagship through Newmark Knight Frank. —Lois Weiss

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Retailers eye prime spaces