



Unlimited Listings \$49.95

Get Started Now!

Showcase.com Feedback - Ads by Google

# MADISON AVENUE RETAIL TELLS MIXED STORY

August 27, 2009 06:15PM

By Adam Pincus



675 Madison Avenue at 60th Street, vacant store front



Pedestrians strolling down Madison Avenue this summer are confronted by two competing narratives for the economic health of the high-end retail zone on the Upper East Side: large numbers of vacant storefronts mixed in with a wave of construction and rehabilitation projects.

While in recent years the number of [empty locations](#) has approximately doubled along Madison Avenue from 57th Street to 86th Street, new construction and rehabilitation work is filling other spaces, as the accompanying slide show of photographs by *The Real Deal* shows.

Of the 350 storefronts on the strip, there are now 30 vacant sites compared to an estimated 14 in September 2007, data from the Madison Avenue Business Improvement District, which covers the 29-block stretch, indicates.

And commercial brokerage CB Richard Ellis reported this month that rents on Madison Avenue from 57th to 72nd streets had fallen 31 percent to \$829 per square foot in the second quarter of 2009 from \$1,087 at the end of last year.

Despite the dark retail picture, this month there were 20 storefronts undergoing some construction on the 1.6-mile stretch from 57th to 86th streets, and 16 stores new to Madison Avenue have opened since September 2008, the BID figures said.

"It is a difficult time for the luxury marketplace. Some businesses for a variety of different reasons may have gone out of business or are looking for a new direction," BID President Matthew Bauer said. But despite the downturn, new retailers continue to open on the street. "There is a very loyal marketplace and it is a good time to invest in the street," he said.

He did not think New Yorkers would be put off by the combination of empty stores and intense construction.

"Gee whiz. New York City is a place of constant business and constant change. This is nothing of particular great difficulty for shoppers," he said.

The heaviest concentration of construction is on the block between 63rd and 64th streets, where five projects are ongoing. Longchamp is undertaking a gut rehab of its building at 713 Madison Avenue while two doors down Devi Kroell, at 717 Madison Avenue, is constructing a new retail store. Across the street David Yurman, at 712 Madison Avenue, is building out a new location. The other projects are F.P. Journe at 721 Madison Avenue and JPMorgan Chase Private Bank, at 726 Madison Avenue.

One highly visible project is the location for Hermes' first men's only store, at 690 Madison Avenue at 62nd Street, where the five-story building site has been wrapped entirely in orange.

Some of the 16 new stores that recently opened include Spanish shoe retailer Camper at 635 Madison Avenue and London-based jeweler Solange Azagury-Partridge, which opened at 809 Madison Avenue.

Brokers taking the long view said the current downturn was the most serious in decades.

"This one has been the worst of all of them," Gene Meer, president of the New York office of Friedland Realty, said of the four recessions he has experienced in his nearly 30 years brokering leases on Madison Avenue.

In addition to the recession, property owners are reluctant to budge on rents, slowing lease signings, he said.

"The landlords see the value of the property and don't want to see a fire sale. [But] I believe in the next 12 to 18 months there will be a strong and vibrant retail market" on the rebound, he said.

Meanwhile, some tenants will have to live with leases signed at the top of the market, when average asking rents were above \$1,200 per square foot.

He said watchmaker Girard-Perregaux, which signed at 701 Madison Avenue last fall, was such a tenant.

"They signed and subleased from another company and they really paid a high rent," he said, but would not disclose the figure.

 [ShareThis](#)

## COMMENTS