

# Here are Manhattan's most valuable retail leases of 2019

A global fashion brand topped the list for the first time in 5 years

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From left: 706 Madison Avenue, 535 Fifth Avenue and 767 Fifth Avenue (Credit: Google Maps)

For the first time in five years, a global fashion brand signed the most valuable retail lease in Manhattan.

Hermès of Paris is paying an estimated \$16 million in annual rent for its sprawling new [Madison Avenue flagship](#). The deal, announced in February, was a [boon for the retail corridor](#), which has seen declining rents for years

since the recession.

Since 2014, mass-appeal or non-clothing tenants have topped *The Real Deal's* list of [priciest Manhattan leases](#). Last year, it was McDonald's, and the [year before](#), Hyundai/Genesis.

Altogether, the top 10 most valuable retail leases of 2019 accounted for \$68.9 million in annual rent. It's an increase from the \$62 million from 2018, and according to industry experts, indicates stabilization in the retail leasing market. Still, those figures are far below the peak in 2015, when the top 10 deals totaled \$150 million.

"The word is 'reckless,'" said Jeffrey Roseman, a broker with Newmark Knight Frank. "People aren't being reckless any more. And they are probably taking less space."

To take the temperature of the market, *TRD* reached out to more than two dozen real estate insiders to identify the top deals and estimate the annual rent. Only new deals with at least three-year terms were counted. *TRD* also reached out to the owners and landlords, but most did not respond or declined to comment.

Soozan Baxter, a retail consultant, said tenants are absorbing some of the vacancies in markets such as Madison Avenue.

"We are seeing a stabilization," she said. "Global and iconic brands Hermès and Dior are significant statements about how meaningful it is to have a flagship retail presence on Fifth and Madison."

Even as new deals take center stage, there are several significant renewals and reconfigured deals that stood out in 2019. The largest was Mars, Inc. renewing its lease for M&M World at Sherwood Equities' 1600 Broadway in Times Square. The sweets giant has a 15-year lease worth \$190 million, according to sources who have seen marketing materials.

Another major deal was Whole Foods Market's renewal and expansion at Vornado Realty Trust's 4 Union Square South, where the annual rent is approximately \$9 million. That's nearly triple the \$3.2 million that the grocery chain paid when it began the lease in 2004, according to the [New York Times](#).

Meanwhile, a tenant relocation within the Crown Building allowed landlords Jeff Sutton and Brookfield Property Partners to bring a new, larger space to market. Jeweler Mikimoto is moving two doors down within the property, at 730 Fifth Avenue. It will take 700 square feet on the ground and about 2,000 square feet on the second floor, paying \$4.75 million per year.

With the stabilization, tenants are "starting to do five- and 10-year deals again. Rents had to self-correct," said Robin Abrams, a broker with Compass. But she added that concerns over internet retailers remain, while new ones including the potential for a commercial rent cap have cropped up.

The most valuable retail leases Manhattan saw in 2019 are as follows:

### **1. Hermès of Paris | 706 Madison Avenue | \$16M**

The Paris-based fashion house signed a lease early this year at Friedland Properties' 706 Madison Avenue, where sources with knowledge of the deal said it would pay an annual rent of approximately \$16 million. The lease package included tenant incentives such as free rent or work contributions, valued at more than \$30 million, insiders said. The tenant was represented by CBRE's David LaPierre and Cassie Durand, while the landlord was represented by Judson Realty's Stuart S. Ellman and Nicholas Judson and an in-house team.

### **2. Best Buy | 535 Fifth Avenue | \$8.25M**

In the second-largest deal of the year, Best Buy signed a lease at Moinian Group's 535 Fifth Avenue that starts at [\\$8.25 million](#), according to filings from the Tel Aviv Stock Exchange. The lease, for 40,839 square feet over

the ground floor, mezzanine, second and a lower level, runs for 10 years. Ripco Real Estate's Peter Ripka represented Best Buy, which is relocating from its existing store across 44th Street.

### **3. Christian Dior | 767 Fifth Avenue | \$8M**

Christian Dior signed an approximately four-year lease with an estimated annual rent of \$8 million for a portion of the retail in the General Motors Building at 767 Fifth Avenue. Dior has its flagship location at 21 East 57th Street, about two blocks away. Dior is taking the space that jeweler Cartier occupied for several years while its flagship store at 653 Fifth Avenue was renovated. Robin Zendell of Robin Zendell & Associates represented Dior, while Steven Soutendijk and Molly Sandza of Cushman & Wakefield and David A. Green and Tommy Botsaris of Colliers International represented the landlord, Boston Properties.

### **4. JD Sports | 1466 Broadway | \$7M**

The United Kingdom-based JD Sports signed a lease valued at approximately \$7 million for a portion of the retail at 1466 Broadway, a building also known as 6 Times Square. The retail space in the building, composed of two retail units, is owned by Invesco and the Chera family's Crown Acquisitions. The lease, according to a Cushman & Wakefield report, is for approximately 36,396 square feet. The parties did not respond to requests for comment.

### **5. Lululemon Athletica | 592 Fifth Avenue | \$7M**

Lululemon's lease for 20,000 square feet at 592 Fifth Avenue is valued at approximately \$7 million per year. It's across the street from its former location at 597 Fifth Avenue, which it vacated to make the move. Newmark Knight Frank's Jeremy Ezra represented Lululemon, while CBRE's Lon Rubackin and Michael Kadosh represented the landlord, United Overseas Bank.

### **6. Ulta Beauty | 2 Herald Square | \$6.65M**

Cosmetics company Ulta Beauty signed a lease at SL Green Realty's 2

Herald Square with an annual rent starting at [\\$6.65 million](#). The lease, signed in the middle of the year, covers 12,040 square feet. Colliers International's Patrick Breslin and Kenny Yip represented the tenant, while Ariel Schuster, Ross Berkowitz, Jason Wecker and Mitch Heifetz represented SL Green.

### **7. Whole Foods Market | 63 Madison Avenue | \$4.8M**

Whole Foods signed the seventh most valuable new lease, with an annual rent insiders said was [\\$4.8 million](#). The grocer is taking 10,000 square feet on the ground floor and 50,000 square feet on the second floor. The office building, with an alternate address of 28 East 28th Street, is owned by George Comfort & Sons, Jamestown and Loeb Partners. Chase Welles and Jacqueline Klinger of SCG Retail, represented Whole Foods. The landlord was represented in-house.

### **8. Target | 267 West 42nd Street | \$3.95M**

Target, which is aggressively expanding its smaller concept stores nationally and in New York City, signed a 32,942-square-foot lease at Tishman Realty's E-Walk Retail. Insiders put the annual rent at [\\$3.95 million per year](#). The lease is for 1,300 square feet on the ground floor and about 31,000 square feet on a lower level of 267 West 42nd Street. Ripco Real Estate's Richard Skulnik represented Target, while JLL's Patrick A. Smith, Erin Grace, Corey Zolcinski and Matt Ogle represented the landlord.

### **9. Legends Hospitality | 28 Liberty Street | \$3.7M**

Legends signed a 35,000-square-foot lease for a large food hall on the ground floor of 28 Liberty Street that has a [value of \\$3.7 million](#). The tenant was represented in-house, while the landlord, the Chinese property company Fosun International, was represented by Newmark Knight Frank's Jeffrey Roseman, Ross Kaplan and Drew Weiss.

### **10. Ugg | 530 Fifth Avenue | \$3.5M**

Ugg, a division of California-based footwear company Decker Brands, signed a 12,843-square-foot lease valued at \$3.5 million at the retail portion

of Brookfield Property Partners' 530 Fifth Avenue. The shoe company was represented by Karen Bellantoni of Newmark Knight Frank and Victor Fandel of Fandel Retail Group. The brand currently has a store at 600 Madison Avenue, between 57th and 58th streets.