

CASE STUDY



Tommy Hilfiger

CBRE's Midtown Manhattan Retail Services group teams with Downtown Manhattan's Office Brokerage team to arrange a 22,000-sq.-ft. lease for Tommy Hilfiger's new global flagship store at 681 Fifth Avenue. Hilfiger's new location along the famed 10-block retail corridor between Rockefeller Center and Central Park is expected to open on "Black Friday," the day after Thanksgiving in 2008, and will be the retailer's largest store in the world.

CHALLENGE

Fashion icon Tommy Hilfiger, a leading premium lifestyle brand and one of the largest designer apparel brands globally, has experienced a flurry of new store openings during the last few years. They include the recently opened Hilfiger Denim concept store and women's boutique on Bleecker Street in Manhattan and the Georgetown store in Washington, D.C., as well as the Miami Beach, Florida, store, which will open in May 2008.

During the past two years, Hilfiger sought to expand its brand even further by securing more than 20,000 sq. ft. of space on one of the most luxurious and prestigious shopping avenues in the world—the famed 10-block Fifth Avenue retail corridor between Rockefeller Center and Central Park. Hilfiger tapped David LaPierre—the brand's national retail representative—of CBRE's Retail Services group in Midtown Manhattan, for the requirement.

The primary challenge facing the CBRE Retail Services team was finding a retail location that would meet Hilfiger's significant 20,000-sq.-ft. size requirement in one of the tightest and most expensive retail corridors in the world. The team would also have to compete against a host of international retailers, all vying for the same flagship exposure.

SOLUTION

David, a veteran of the Manhattan retail real estate market, was well-versed in the Fifth Avenue retail corridor, and performed a comprehensive analysis of potential locations that might fit Hilfiger's requirement. David also reached out to Bruce Surry of CBRE's Downtown Manhattan office for assistance.

David took the CEO of Hilfiger on a tour of several retail properties during a visit to New York. When the CEO saw 681 Fifth Avenue—formerly home to Fortunoff—he immediately envisioned the brand's future flagship location.

However, the owner of 681 Fifth Avenue wasn't actively marketing the space at the time, and had been dissuading many potential tenants. Undaunted, the CBRE team developed a strategy that would ultimately result in the completion of a deal in less than 10 days from start to finish.

The team kept an ongoing dialogue with the landlord, reiterating Hilfiger's strong desire to lease the space, while reinforcing the importance of securing a tenant with a strong brand for such a high-profile location. This strategy effectively prevented the rest of the market from drawing the owner's attention. The final day of lease negotiations lasted nearly 15 hours and culminated with the landlord and tenant signing the lease in the early hours of the morning.

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RESULT

CBRE's Retail Services group in Midtown Manhattan and Office Brokerage in Downtown Manhattan successfully teamed to arrange a 22,000-sq.-ft. lease for a new global flagship store at 681 Fifth Avenue for Tommy Hilfiger. The retailer will occupy the basement, ground, mezzanine, third and fourth floors, making the new location Hilfiger's largest store in the world.

The flagship store—branded as "The World of Tommy Hilfiger"—will carry men's, women's, children's and denim clothing, and is expected to open on "Black Friday," the day after Thanksgiving in 2008.

"The New York store will be a true flagship for the brand, with global exposure and impact," said Tommy Hilfiger. "It is also a very important strategic move in our efforts to further redefine and elevate the brand's positioning in the U.S. market, a process which has been underway since our privatization in 2006. We intend to escalate the rate of new store openings during the years to come. The balance between these select new retail locations and the nationwide presence via our strategic alliance with Macy's will firmly anchor the brand in America and help ensure many years of growth."

TEAM

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