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## Tommy Hilfiger Tries Fifth Avenue On For Size

By *Miriam Marcus*

To get a sense of the best--and most expensive--shopping New York City has to offer take a stroll down Fifth Avenue. Apparel retailer Tommy Hilfiger plans to be there next time you go, and will pay top dollar for its placement on the high-end shopping strip.

Tommy Hilfiger announced Wednesday it will open a 22,000 square foot global flagship store at 681 Fifth Avenue, between 53rd and 54th Streets, moving into the retail space Fortunoff occupied for 30 years.

The new flagship location will cover 4 floors of retail space, and will be the first Tommy Hilfiger store to offer all its product lines, including the runway collection, men-swear, womens-wear, childrens-swear, tailored, footwear, accessories, home and its denim collection.

Financial details of the lease were not disclosed but Cushman & Wakefield commercial retail broker Joanne Podell estimates that retail space on the Avenue demands rent of up to \$1500 per square foot. That could mean \$33 million per year for the preppy-inclined Tommy Hilfiger.

With neighbors like Gucci, Prada and Tiffany, the estimated rent seems like a high price tag for a mid-brow retailer like Tommy Hilfiger. Neighborhood tenants understand that high-end shops can be next to lower brow, Podell points out. "Fifth Avenue is one of the most important, well trafficked streets in the world. With foot traffic like that, you can appeal to so many people."

Other comparably priced vendors such as Abercrombie & Fitch, Apple and Brooks Brothers are just a few blocks north, too.

"Fifth Avenue is a great market for retailers with already established brands to really rake in the tourist dollars," notes Peter Slatin, editor of Forbes/Slatin Real Estate Report and commercial real estate analyst. "It's a mass market destination and a branding opportunity."

Local visitors, international tourists and surrounding office buildings, plus close proximity to Rockefeller Center, indeed draw a tremendous community of shoppers. With that kind of global audience, spending big money to open a flagship store on Fifth Avenue makes a lot of sense.

**“Companies that open on Fifth Avenue are there to make a statement about their brand’s ability to travel to other markets. It’s a representation of what their products and setting could look like in other retail stores,” said Telsey Advisory Group analyst Dana L. Telsey.**

**Macy’s signed a deal with Tommy Hilfiger in October 2007 to be the exclusive department-store retailer of its brand. Other flagship stores on the Avenue should follow suit, says Telsey.**

Hilfiger himself likely won’t be at the new location. Founded in 1984, he took the company public in 1992 and, after declining sales, sold to private investment firm Apax Partners in May, 2006 for a reported \$1.6 billion.

In it’s last 12 months as a publicly traded company, Tommy Hilfiger earned \$83.2 million on sales of \$1.6 billion, compared to \$91.9 million on \$1.3 billion the year before.

After the deal went through, the CEO of Tommy Hilfiger Europe, Fred Gehry, took over as CEO of the entire company. (See: " Tommy Hilfiger Is Taken Off The Rack For \$1.6B") Hilfiger stayed on as honorary chairman and principal designer.