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## Fashion firms flee garment district

Designers find other neighborhoods more creative, convenient

BY ADRIANNE PASQUARELLI

While the city dithers about rezoning the embattled garment center, some fashion firms are taking matters into their own hands: They're leaving. In the past two weeks alone, several high-profile designers, including Oscar de la Renta, Erin Fetherston and Phillip Lim, have defected from the district, raising concerns that going forward, the neighborhood is doomed as a fashion hub.

"They're leaving for neighborhoods that are hipper and groovier, with destination dining and more of a 24/7 youth appeal," said Barbara Randall, president of the Fashion Center Business Improvement District. "And that's something this neighborhood really struggles with," she continued,

noting that ground-floor retail is hampered by zoning restrictions.

This latest wave of designer departures could grow. Clothier Liz Claiborne Inc. is said to be considering a move from the district. While the garment center still attracts emerging designers, established fashion names, which can afford pricier neighborhoods, are moving elsewhere. Such exits could further depress an already declining fashion mecca—only 22% of the 91,703 jobs in the neighborhood, which spans roughly the area between Sixth and Ninth avenues and between West 35th and West 41st streets, are currently fashion-related, according to the Fashion Center BID.

Fashion companies no longer feel compelled to stay. They say the sense of community that the district once offered is evaporating fast as manufacturing moves offshore and neighborhoods from TriBeCa to the meatpacking district offer more excitement.

"Things have changed," said Stacey Bendet, founder of design house Alice + Olivia, who is leaving her West 40th



**LOOKING OR LEAVING:** Liz Claiborne CEO William McComb, Oscar de la Renta, Phillip Lim, Erin Fetherston (clockwise from top).

Street headquarters for a 24,000-square-foot space in the meatpacking district this fall. "There isn't that same reliance on being in the garment district as there was 20 years ago, when everyone was making clothes there. Now things are made in China,

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Brazil—all over the world.”

And even all over New York: Ms. Bendet said 30% of her company's production is still done in the city, but the main factory she uses is in Long Island City, Queens, not midtown.

Similarly, Ms. Fetherston and Mr. Lim are forgoing their garment center offices for larger spaces in TriBeCa and SoHo, respectively, while Mr. de la Renta is relocating to 11 W. 42nd St. this fall. Ms. Fetherston, who launched her own label in Paris six years ago but moved to West 37th Street in 2007, found her former neighborhood lacking in creative inspiration.

“It's worth it to come to an area that I find more pleasant,” she said of her West Broadway office, which she moved into last week.

Though garment center rents have held steady—as much as \$40 or \$50 on the avenues and half that on the side streets—many designers noted that price is not a factor in their departure decisions. The asking rent for Mr. Lim's new 25,000-square-foot space at 304 Hudson St., for instance, was \$35 a square foot.

While Liz Claiborne's lease at

1441 Broadway, at West 41st Street, is not up until December of 2012, the company is said to be shopping both in and out of the garment center for a new office. A spokeswoman could not comment on specifics. Additionally, handbag purveyor Coach Inc. is reportedly eyeing expansion to Hudson Yards. The retailer owns its 265,000-square-foot West 34th Street headquarters, but also has space in a nearby building and on West 33rd Street. A spokeswoman declined to comment on a move.

The area still has its supporters. Nanette Lepore and Yeohlee Teng, two designers who have fought in recent years to save the 13-block district, remain steadfast. Last October, Ms. Teng opened her first retail store there. “The full potential for the community as a fashion R&D center has yet to be realized,” said Ms. Teng, who wants a district where fashion is created, made and sold.

#### **Rezoning remains on hold**

The city is starting to pay attention. It has examined rezoning the district, which was zoned in 1987 for almost 10 million square feet of fashion industry space, but such rezoning measures are still on hold. Last fall, Mayor Michael Bloomberg introduced several initiatives under the Fashion NYC 2020 project to promote New York City as the country's fashion capital, but critics have said the programs do little to sustain factories in the neighborhood.

Though the garment center may not remain the same centralized fashion mecca it was for the majority of the past century, real estate brokers said its strategic midtown location makes the area vital to other corporations.

“Landlords want to mix up the tenancy because diversification would help augment [the area] if the fashion industry had a downturn,” said Steven Solomon, a managing director at **ABS Partners** Real Estate.

Meanwhile, 20 hotels have opened in the district in the past six years, and 10 more, along with residential projects, are in the pipeline. To attract both residents and office tenants, the BID's Ms. Randall has been lobbying for more destination dining and unique ground-floor stores.

“There's potential there,” said Eric Gural, executive managing director at Newmark Knight Frank. “But it's incumbent on us to make it a fun area.” ■