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RetailWire DISCUSSIONS

Target Finally Lands in Manhattan

By Tom Ryan

After a 13-year wait, Target has opened its first store in Manhattan to packed crowds. The 174,000 square-foot store in East Harlem officially opened on July 25.

Target had been eying the former factory site since the late nineties but zoning, local business opposition, and other complications caused delays. Given real estate costs, the store represents the largest investment in a single project in Target's history, said John Griffith, senior vice president of property development, at a press preview last week. But according to the Minneapolis Star Tribune, he quickly added: "And we're expecting the best return, over time."

First-year sales are projected at "north of \$90 million" versus a typical suburban store's first-year output of about \$25 million. A number of its other nine locations in other New York boroughs already surpass \$100 million. Entering Manhattan is said to represent a breakthrough.

"It's not about the baby boroughs," Faith Hope Consolo, Chairman of Prudential Douglas Elliman's Retail Leasing Division, told The Associated Press. "This is going to plant Target firmly in the urban market. If you succeed here, there's no market you can't own."

Target has been heralding its entry into Manhattan since turning a floating barge into a temporary store on the Hudson River in 2002 followed by a comprehensive marketing campaign, including billboards in Times Square. The store joins a Costco and Best Buy at East River Plaza on East 117th Street, about a 15-minute walk from the nearest subway. Locals are expected to make up the bulk of shoppers but the store is also expected to draw residents from across the city.

"My husband and I are serious Target fans," Lisa Haney, a Brooklynite, told the Star Tribune. "We rent a car on weekends just to go to the suburbs and go to Target. It's great there's finally one in the city."

Target also said its planning smaller stores – 60,000 to 80,000 square-feet – in Manhattan in the future, though the next one isn't expected to open for at least three years.

Overall, Target has been more aggressively targeting urban doors than competitors, and it now has 10 in Chicago and 33 in Philadelphia. In all, it has about 150 stores in cities and 50 more that have more than 100,000 people within two miles, according to the AP.

Kmart actually has two stores in Manhattan opened in the late nineties, but analysts believe the chic discounter holds greater appeal to the city slicker.

"It'll be the de facto price leader in this area," Eric Beder, an analyst at Brean Murray Carret & Co., told the Star Tribune. "And, let's face it. New Yorkers are more cachet to Target than Kmart."