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## Canadian retailers grab NYC locations

Aritzia, others take advantage of favorable rents, more consumer spending.

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By [Adrienne Pasquarelli](#)

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These days, America's neighbors to the north are saying, "We'll take Manhattan, eh?"

While U.S. retailers such as Target and Walmart are exploring growth opportunities in the Great White North, many Canadian stores are making the opposite migration south, lured by favorable real estate opportunities here and an uptick in shopper spending. Such companies include Aritzia, which sells high-end brands like Rag & Bone as well as its own labels, and lower-end retailers Joe Fresh and Groupe Dynamite.

Aritzia, a Vancouver-based retail chain, began its push into the city last week by opening a temporary store in SoHo. The 1,500-square-foot space will become a full-fledged, 10,000-square-foot store opening in late May.

"We're ready for center stage," said Brian Hill, Aritzia's chief executive, explaining that it took about three years since entering the American market in 2008 to perfect operations for a New York debut. The chain now has eight U.S. stores in locales including Short Hills, N.J., and Seattle.

Many of these northern brands recognize the U.S. as a strong source of spending power and plan to take advantage.

"The folks in Canada, they've got some money and they're looking to expand," said Michael Londrigan, chair of the fashion merchandising department at fashion school LIM College. "Canada's limited in population size, so the ability to expand here in the U.S. is a lot better."

Such growth seems to be happening all at once. Joe Fresh, an inexpensive-apparel company conceived by the founder of trendy Club Monaco and originally born in the aisles of grocery stores in Canada, recently signed a lease on the coveted Fifth Avenue strip, taking 15,000 square feet at 43rd Street. The company declined to comment on an opening date for the store, its first in the U.S.

Meanwhile, both Aritzia and Montreal-based Groupe Dynamite, which owns the Garage and Dynamite brands, are opening their first Big Apple shops here this spring. Aritzia's SoHo store, located on the corner of Spring Street and Broadway, will be more than double the typical size of the chain's seven other U.S. locations. The company, which boasts annual sales north of \$250 million and targets women aged 15 to 35, is not ruling out additional Manhattan locations either.

"It's always wise to dip your toe in the water and test the temperature before you jump in the deep end," said Mr. Hill. "Certainly there are lots of opportunities elsewhere in Manhattan, and we'll be looking at that."

### OPENING AT THE 'WORST TIME'

Groupe Dynamite plans this June to open a 4,000-square-foot shop for its Garage brand—which is geared toward teenage girls—at the Staten Island Mall. The 36-year-old company entered the American market in 2007 and now has 12 U.S. stores.

“We opened really at the worst time [with the recession], but we did well and figured if we could get through a recession, that’s a good sign,” said Laurence Fostein, director of international business development at Groupe Dynamite. “We’ve seen the traffic picking up, so we’re pushing more development.”

Of course, many of these newcomers will have to contend with already established local players. Mini department stores Intermix and Scoop have been on the New York landscape for more than a decade, as have other youth-oriented brands such as Aéropostale and American Eagle.

“[The newcomers] are trying to create this area or store that’s very inviting. Even though the products might be similar to another store, the experience will be different,” said Mr. Londrigan, noting that Aritzia has DJs that spin music and that the store boasts a sustainability program that should resonate with New Yorkers.

With enough attractive spaces on the market, the activity is just heating up, and many retailers are signing on for short-term spaces. Aritzia, for example, is subleasing a former Banana Republic space at 524 Broadway from Gap Inc., sources said, with three years left on the term. The rent for the space is \$550 a square foot for the ground floor, and \$100 for the second level, according to a broker familiar with the deal. (Mr. Hill declined to comment on the lease terms.) Fossil and Helmut Lang also recently leased space in SoHo with short-term leases.

## **TRAVELING IN PACKS**

“Retailers travel and lease in packs,” said Amira Yunis, executive vice president at Newmark Knight Frank Retail, noting that many new brands will probably take on additional spaces. “That’s the goal of every retailer. If it works and they find they sell well, you’ll definitely see other locations.”