Retail Supply Chain Update
August 3, 2020

FDA's list of hand sanitizers to avoid grows again with more than 100 identified that may contain methanol

- As of Saturday, the FDA's "do-not-use list of dangerous hand sanitizer products" now includes 101 varieties of hand sanitizer that should be avoided – some that have already been recalled and other products being recommended for recalls – as they may contain methanol, a potentially fatal ingredient.
- Full list of hand sanitizers to avoid is available here.

Amazon online grocery sales triple in second quarter

- Amazon, which owns more than 500 Whole Foods stores, said it increased grocery delivery capacity by more than 160% and tripled grocery pickup locations during the second quarter.
- Physical store sales saw revenue drop 13% to $3.8 billion during Q2. Those sales come mainly from Whole Foods, however, and exclude online orders made through Amazon’s brick-and-mortar brands, such as Prime Now delivery and pickup via Whole Foods stores. That drop in revenue can be attributed to less in-store traffic overall during the pandemic.

Retail rents plummet across New York City, as America’s glitzy shopping districts turn into ghost towns

- America’s glitziest and most expensive shopping districts are losing tenants, and rents are in a free fall.
- The pressures from the Covid-19 crisis will likely have a lasting impact on shopping streets such as Michigan Avenue — better-known as the "Magnificent Mile" — in Chicago, the Las Vegas Strip, and Rodeo Drive in Los Angeles, to name a few.
- It is already beginning to play out with the changes taking place throughout the New York City retail scene, serving as a leading indicator of what’s to come in other major metros, real estate analysts predict.
- “In the U.S., certainly you will see that what was once perceived as a luxury block ... is no longer exclusively luxury,” said Naveen Jaggi, the president of commercial real estate services firm JLL’s Retail Advisory team. “More and more retail real estate space is going to be taken up by non-luxury,” he said. “Take Fifth Avenue. You see a Vans, a Five Below and a Timberland. Those kinds of brands are the ones taking space. That’s all you need to know about the direction of Fifth Avenue.”
- Average asking rents along 16 major retail corridors in Manhattan declined for the eleventh consecutive quarter, falling to $688 per square foot in the second quarter, according to CBRE.
• The drop marked in Manhattan retail rent was the first time since 2011 that prices dropped below $700.
• Rents on Prince Street in the SoHo neighborhood saw the biggest declines, according to CBRE, tumbling 37.5% year-over-year to $437 per square foot from $699 per square foot — and falling below $500 for the first time since 2014.
• The Upper Madison Avenue corridor from 57th Street to 72nd Street, which holds a number of luxury retailers including Balenciaga, Celine and Hermes, saw rents drop 15.3% from a year ago to $882 per square foot.
• The most expensive retail rents in the city are found in the Plaza District along Fifth Avenue, which runs from 49th Street to 59th Street and boasts retail storefronts from Tiffany to Gucci to Cartier. Those rents held steady at $3,000 per square foot during the second quarter, CBRE said, falling 4.8% from a year ago, but remaining unchanged from the prior quarter.
• All told, the number of ground-floor leases available in Manhattan’s 16 retail corridors tracked by CBRE hit a record of 235, surpassing a previous high of 230 set back in 2013, the real estate group said.

One-Third of New York’s Small Businesses May Be Gone Forever

• Small-business owners said they have exhausted federal and local assistance and see no end in sight after months of sharp revenue drops. Now, many are closing their shops and restaurants for good.
• More than 2,800 businesses in New York City have permanently closed since March 1, according to data from Yelp, the business listing and review site, a higher number than in any other large American city.
• Nearly a third of the 2,800 businesses in New York City that have permanently closed were restaurants, according to Yelp.
• There is no clearinghouse for reliable data on the number of small businesses that have closed in New York or nationwide. The actual number of permanent closings in New York is probably higher than Yelp’s tally since it largely focuses on consumer-facing businesses. A small business is generally defined by economists as those with under 500 employees.
• About half the closings have been in Manhattan, where office buildings have been hollowed out, its wealthier residents have left for second homes and tourists have stayed away.
• When the pandemic eventually subsides, roughly one-third of the city’s 240,000 small businesses may never reopen, according to a report by the Partnership for New York City, an influential business group. So far, those businesses have shed 520,000 jobs.
• While New York is home to more Fortune 500 headquarters than any city in the country, small businesses are the city’s backbone. They represent roughly 98 percent of the employers in the city and provide jobs to more than 3 million people, which is about half of its work force, according to the city.
• The first to fall were businesses, especially retail shops, that depended on New York City’s massive flow of commuters. And months into the crisis, established businesses that once seemed invincible, including some that had ambitious expansion plans, are cratering under a sustained collapse in consumer spending.