

RETAIL

HBC, WeWork complete sale of Lord & Taylor Fifth Avenue building

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HBC-owned Lord & Taylor has called Fifth Avenue its home for more than 90 years. Image credit: Lord & Taylor

By STAFF REPORTS

Retail group Hudson's Bay Company has completed its sale of the iconic Lord & Taylor building in New York to WeWork Property Investors.

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After years of deliberation, HBC has completed its sale of the Fifth Avenue building to be converted into a community workspace. The total numerical value of the sale was CAD \$1.1 billion, or \$850 million at current exchange.

Retail sales

As bricks-and-mortar retail continues to have a questionable outlook and retail real estate becomes a costly investment, HBC is cutting the Lord & Taylor building.

With physical retail focusing now on creating one-of-a-kind experiences rather than having a widespread presence, many department stores are cutting down on the number of locations.

HBC entered a global, multi-faceted strategic relationship with communal workspace network WeWork in October 2017.

One of retail's primary stressors is the operational cost associated with bricks-and-mortar storefronts now that so much of the market share has moved online. HBC's strategic partnership with WeWork and Rhne Capital, an affiliate of WeWork Property Advisors, hopes to lessen the burden by maximizing the productivity and value of the retailer's global real estate assets while also positioning its brands as being on the forefront of experiential retailing ([see story](#)).



The Fifth Avenue building will now be owned by WeWork

The sale eliminates HBC's \$520 million mortgage for the building.

"This transaction reinforces HBC's ability to identify undervalued real estate investments with great potential," said Richard Baker, governor and executive chairman of HBC. "We continue to strengthen our retail business and unlock the value of our real estate assets.

"We've fortified our balance sheet in short order," he said. "Since the end of fiscal 2017, we've paid down approximately CAD \$1 billion in debt, providing us flexibility to support our business goals and advance our strategy."

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