

RETAIL

## Barneys may shutter surviving stores as part of sale bid

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*Exterior of Barneys New York flagship, which may soon close. Image credit: Barneys*

By STAFF REPORTS

Department store chain Barneys New York has reached a deal to sell its remaining assets, but the \$271 million agreement could also lead the retailer to close its surviving stores.

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Filings from the United States Bankruptcy Court for the Southern District of New York show that Barneys has made an agreement with Authentic Brands Group and B. Riley Financial that would prevent complete liquidation, reports [The Wall Street Journal](#). Since filing for bankruptcy in August, Barneys has been rumored to have several interested buyers.

Barneys bankruptcy

On Aug. 6, Barneys opted to file for Chapter 11 bankruptcy in an effort to reorganize its business for a sale. The retailer cited rising rents as one of the main factors in its financial struggles and has since shuttered stores in Chicago, Las Vegas, Seattle and elsewhere ([see story](#)).



*Barneys' Beverly Hills store remains open for now*

Later that week, Barneys entered a financing agreement with Brigade Capital Management and B. Riley Financial, to the tune of \$218 million.

The bankruptcy court also granted Barneys interim approval to immediately access \$75 million of this figure to continue operations, including paying employees' salaries and benefits, as well as permission to honor customer orders ([see story](#)).

Now the investment firm B. Riley Financial, along with ABG, has emerged as Barneys' stalking-horse bidder. The \$271.4 million proposal will effectively serve as the reserve bid for Barneys' bankruptcy auction, scheduled for Oct. 24.

Other interested buyers have until Oct. 22 to submit bids to the bankruptcy court. Ecommerce group Farfetch has previously denied reports that it was purchasing Barneys ([see story](#)), but there may be other potential bidders.

Should the ABG deal be finalized, it is expected that the seven remaining Barneys' stores will close, including its iconic Madison Avenue flagship. Rent for another 10-year lease of the 265,000 square feet property reportedly doubled in 2018 ([see story](#)).

Although it is likely the stores will close their doors if the sale happens, ABG intends to preserve the Barneys brand by licensing the name to luxury retailer Saks Fifth Avenue. This could result in Barneys' merchandise being sold online and in-store by its former competitor, preventing a total liquidation.

[View this post on Instagram](#)

Introducing @Colovos x Woolmark Prize, the award winning capsule collection created entirely from Merino wool using natural processes and production methods. Head to #TheWindow (link in bio) for a full interview with the line's creators Michael and Nicole Colovos.

A post shared by Barneys New York (@barneysny) on Oct 16, 2019 at 3:00pm PDT

*Barneys New York has been business as usual on social media*

Amid its Chapter 11 bankruptcy proceedings, the department store has been maintaining a brave face on social media, continuing to push new products and launches.

In September, a campaign spanning social media and the retailer's store windows featured messages to consumers, letting them know that it is still open for business. With this campaign, Barneys spoke directly to shoppers, looking to control some of the narrative around its bankruptcy ([see story](#)).

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