**Target Takes Manhattan**
Tom Ryan 08.03.10, 1:00 PM ET

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 July 25.

Target had been eying the former factory site since the late '90s but zoning, local business opposition and other complications caused delays. The store represents Target's largest investment in a single project, said John Griffith, senior vice president of property development. 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," vs. 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. Neighborhood locals are expected to make up the bulk of shoppers, but the store should also 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 it's 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 have, 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 Associated Press.

Kmart actually has two stores in Manhattan that opened in the late '90s, but analysts believe chic discounter Target 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."

In an online discussion following the news, RetailWire's BrainTrust panel of retailing experts considered the significance of Target's long-awaited move. Among other benefits for the retailer, industry consultant David Biernbaum believes a Manhattan presence raises the chain's national media exposure and "further upgrades [Target's] image as a trendy retailer."

"It's a match made in heaven," remarked Carol Spieckerman, president of newmarketbuilders. "Hanging a shingle in Gotham will give Target invaluable insights into urban markets that they can in turn leverage across the U.S. New York is a coveted urban template. Just ask Walgreen (Duane Reade)."

Doug Stephens, president of Retail Prophet, believes making headway in Manhattan is an imperative for the company.

"I see the move as the hood ornament of an urban strategy that will become increasingly vital to the survival of box retailers like Target, Wal-Mart and others," wrote Stephens. "The simple truth is that major cities are growing and most other places aren't. ... Population growth in both [the U.S. and Canada] is largely the result of immigration. Couple this with an increased reliance on urban infrastructure by an aging domestic population and you have no choice but to open stores in the core."

However, while consultant Joel Warady sees the opening as part of Target's "natural progression," he advises against overplaying its momentousness.

"Is it important? Only from the standpoint of the fact that having a store in the fashion, art and financial capital of the U.S. is a way of solidifying the fact that the chain is truly a national chain. Other than that," wrote Warady, "we shouldn't make it a bigger deal than it is."