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MICHAEL SALOVE COMPANY

H&M will open a second store in Center City, PA

H&M, the Swedish designer, maker and retailer of men's and women's clothing, is opening its second store in Center City, just off Rittenhouse Square.

At the same time, H&M plans to double the size of its first store, at nearby 1530 Chestnut St., which opened in 2002. "In Europe, it is not uncommon for us to have stores close by. Some are within sight of each other," said H&M spokeswoman Lisa Sandberg of New York.

Pelle Persson, director of expansion for the Stockholm-based retailer, said the Chestnut Street store would focus on young, trendy apparel, while the new Walnut Street store will offer more conservative attire.

The new store will go where the nation's 11th Borders Book Shop opened in 1990, bringing a blend of hard-to-find books, espresso, book readings, and live music recitals that helped launch a neighborhood renaissance.

After its success attracted rival Barnes & Noble to the next block, Borders moved four blocks to Broad and Chestnut Streets in 2003, leaving a hole in the upscale neighborhood.

The leases signed this week with H&M and Ann Taylor Lofts will fill virtually all of the former Borders space and an adjacent store, said Larry Steinberg, of the Michael Salove Co. real estate firm, who was the broker on the deals.

The 17,000-square-foot H&M store, 1723 Walnut St., is scheduled to open in the spring; the adjacent 9,000-square-foot Ann Taylor Lofts could open sooner.

"We have one 2,000-square-foot retail site in the complex left," Steinberg said.

Retail space is becoming scarce on Walnut and Chestnut west of Broad, Steinberg said.

"You can't imagine how many calls I'm getting, from New York City restaurateurs and others... We've had to buy out existing tenants to make room for new stores that wanted to be here," said Steinberg, who runs Salove's Center City operation.

The former Borders site stayed vacant for a time because the former owner, AIG Baker L.L.C., of Birmingham, Ala., wanted to build six floors of residential units over the stores. That would have blocked adjacent apartment views, leading to protests and delays in the city approval process.

Earlier this year, John Usdan's Midwood Management Corp., of New York, already a major Center City property owner, bought the 30,000 square feet of space for \$15 million, in a deal negotiated by Steinberg.