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# Melrose Sees Growing Interest

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Melrose Avenue and Melrose Place in West Hollywood are seeing growing interest from tenants as the street rebounds from the Covid-19 pandemic. The latest entrant? Ultra-luxury brand Gucci, which has signed a lease for the former Marc Jacobs storefront at 8400 Melrose Ave.

The space, for which Newmark Group Inc. Vice Chairman Jay Luchs had the listing, is expected to first house a pop-up of Gucci's collaboration with Adidas.

The Adidas x Gucci collection debuted during the fashion house's runway show in Milan in February and is going to be featured in a number of pop-up locations in June.

Gucci, which did not immediately respond to request for comment, will remain in the space after the pop-up closes.

Experts agree that interest in the street is growing as brands seek to open stores in the trendy area, which will, they say, lead to high occupancy numbers.

"The market is tightening up," Ryan Gurman, a retail specialist at CBRE Group Inc., said. "You have your main retail corridors, a few streets on Los Angeles that people want to be on, and Melrose is one of them."

"For good quality real estate, we are seeing multiple tenants in the market. We're also seeing some newcomers to the street," he added. "During the height of Covid, we saw a lot of vacancies, but now it's hotter than it's ever been."

Devin Klein, a vice president at Jones Lang LaSalle Inc., agreed.

"Coming out of Covid, Melrose is bouncing back with a vengeance, no question," he said. "You have a number of deals being done up and down the block ... There's a lot of activity and a lot of interest from the luxury brands."

## Near Rodeo Drive

Melrose is just a few miles away from luxury retail street Rodeo Drive. But brokers say retailers are interested in being on both streets and recognize the differences in the two iconic shopping areas.

"The brands are starting to realize the importance of it (Melrose) and that it's okay to be in both places. It's a slightly different customer," Luchs said.

Melrose, experts agree, generally appeals to a local, young clientele whom brands are trying to appeal to. Luchs called the area "younger-skewing and influencer-skewing."

"Celebrities and influencers and people like that, it's more of a casual environment for that world," he said. "Rodeo Drive is the

best fashion street in the world, it's three streets of packed-in retail and it's as good as it's ever been. You can't find space. But that's also going to help West Hollywood grow a little bit because you cannot find space (on Rodeo Drive)."

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## **I see a lot more brands coming to Melrose.**

**Carine Mamann**  
**Cushman & Wakefield**

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Carine Mamann, an executive director at Cushman & Wakefield who represented Gucci on their Melrose lease, agreed.

"If you're a luxury brand, Rodeo Drive is three blocks long," she said. "There's only so much space. If you are going to do a second store in L.A., luxury is definitely going to go to Melrose." Melrose has other things going for it as well.

"Melrose and West Hollywood, that area is the entertainment fashion epicenter of Los Angeles, it's where a lot of your top restaurants are and your top nightclubs are," Klein said, adding that the area was close in proximity to a lot of expensive residential real estate and high net-worth individuals as well. He also said that there is a lot of new development in the area, including hotels and mixed-use projects, which are bringing energy to the market.

"West Hollywood and Melrose has a gloss to it and an edge to it that Beverly Hills does not have," Klein added.

Mamann said that Melrose was also very pedestrian-friendly, making it great for shopping.

For tenants, Melrose is a cheaper place to call home than Rodeo Drive. Rents on Melrose can average \$240 a square foot, whereas rents on the glitzy Rodeo average \$900 a square foot, she said.

As for the stores themselves, Klein said Melrose gets more boutique luxury brands than Rodeo Drive, but Gucci coming to the street "speaks volumes" about its desirability.

Gurman said many brands are now looking at bringing new concepts to Melrose and added that he expects to see more collaborations and brands appealing to trendsetters setting up business in the area.

## **Positive signs**

Retail experts agree that Melrose has a bright future.

"It's only going to get better," Klein said. "The demand is only going to continue."

And many think Gucci is just one example of a top brand being interested in the street.

"I see more luxury," Mamann said. "I see a lot more brands coming to Melrose, it's a really super exciting time for the street."



*Melrose Drive is attracting lots of attention from shoppers and merchants, and the real estate industry is taking notice.*

Mamann added that she also expects to see more stores on Rodeo Drive opening a second location on Melrose, with many of them making the concept a bit different on Melrose. Melrose, she said, often has smaller storefronts and she thinks we'll see some high-end brands do more specialized spaces on Melrose compared to their Rodeo Drive flagship locations.

And experts agree that some brands that are either online or international but do not have any U.S. storefronts will likely test the waters in areas like Melrose instead of sticking only to New York as a testing ground.

"I'm hoping to continue to see a lot of the same," Gurman said. "I'm hoping that more brands want to focus on Melrose and more people want to continue to shop and the market stays as hot as it is, and it's exciting to see... it's such a difference from a year and a half, two years ago."

He added that he is seeing a lot of interest in properties that weren't leasing during the height of the pandemic. Rental rates, he said, came down during the pandemic but are now "trending closer to pre-Covid numbers."

"I'm hoping this activity and the heat of the market stays strong," Gurman said.

