

Crumbs locations seen as unappetizing

BY ADRIANNE PASQUARELLI

The crumbling fortunes of cupcake seller Crumbs will leave a hole of nearly 20 vacancies in the New York City retail landscape. The bakery, which operates 13 shops in Manhattan and three in the outer boroughs, announced Monday that it will be shuttering all stores and filing for Chapter 7 bankruptcy protection.

The locations range in size from 1,500 square feet to 2,500 square feet. Many are in tourist-laden neighborhoods such as Times Square and Grand Central. They are not, however, ventilated for on-site cooking, said Steve Rappaport, senior managing director at Sinvin Real Estate. That would make them less suitable for many restaurant chains that are currently in expansion mode. Among those are Dig Inn, which recently opened its eighth location and has two more on the way, and Sweetgreen, which has two Manhattan outposts.

Mr. Rappaport noted that grab 'n go chains such as Pret a Manger and Just Salad may be interested in the Crumbs locations because they do no cooking that requires venting. High rents may also limit the number of potential takers for the space.

“[The sites] would be too expensive for smaller food users,” he said, since many are in high-rent neighborhoods that small businesses could not afford.

In addition, restaurant consultant Arlene Spiegel noted that the shops may be a hard-sell for food retailers because of their size.



Nearly 20 properties will be left vacant after Crumbs closes all of its stores, but the properties will be desirable to just a limited number of potential tenants. *Photo: Buck Ennis*

“[The locations] are generally too small to accommodate proper queuing and service to make the system work,” she said.

In the past when chains have gone bust, their stores were large enough to appeal to a variety of retailers. Several Blockbuster locations, for example, were coveted by fitness chains for their 4,000-square-foot-plus sizes. Beyond food users, blow-dry salons, such as DryBar and Blo Blow Dry Bar, which have been growing rapidly, could also be a good fit for the Crumbs sites.

Overall, 11-year-old Crumbs, which went public in 2011 and employs 165 full-time workers, has 65 locations in 12 states and Washington, DC. For the three months ending March 31, the chain reported \$3.8 million in losses.

Ms. Spiegel added that Crumbs expanded too rapidly, and took their baking off-site to a commissary, a step which eliminated the pleasant baking aroma that once helped to draw in patrons by the nose.