

New York luxury retail icon Barneys files for bankruptcy

Luxury department store chain, Barneys New York, has filed for Chapter 11 bankruptcy protection and secured \$75m in emergency financing from affiliates of Hilco Global and the Gordon Brothers Group. The 96-year-old company has been getting squeezed by rising rental and fewer visitors to its high-end fashion boutiques, according to a [Bloomberg report](#).



Credit Jim Henderson via Wikimedia

The chain is the latest retail giant to buckle under mounting pressure in the U.S. retail environment. [Sears filed for Chapter 11](#) bankruptcy last year and [Toys R Us](#) collapsed into liquidation.

"Like many in our industry, Barneys New York's financial position has been dramatically impacted by the challenging retail environment and rent structures that are excessively high relative to market demand," Barneys' chief executive officer Daniella Vitale said in a statement Tuesday.

"In response to these obstacles, the Barneys New York Board and management team have taken decisive action by entering into a court-supervised process, which will provide the company the necessary tools to conduct a sale process, review our current leases and optimise our operations," the statement continued.



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Aside from the growing number of consumers choosing to shop online or from brands directly, "Barneys' woes have been further exacerbated by sky-high rent even as its sales have fallen. As cash to pay its vendors has dwindled, it's been left with out-of-season products, or in some cases, no product at all," explains a [CNBC report](#).

The company will close its stores in Chicago, Las Vegas and Seattle, along with five smaller 'concept' stores and seven warehouses. It will retain operations in Madison Avenue, Downtown New York City, Beverly Hills, San Francisco and Copley Place in Boston, as well as two warehouses. Its online store will be unaffected.



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Barneys was founded in Manhattan in 1923 by businessman Barney Pressman. It started out as a men's retailer and soon became a high fashion icon among both men and women. Its Madison Avenue store, in particular, became a New York institution, and was featured in episodes of popular TV series *Sex and the City*. Today, Barneys New York is owned by investor Richard Perry.

The chain landed in bankruptcy court once before in 1996, after a falling out with a Japanese partner, Isetan.

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