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## Virgin Megastore in Times Square to Be Replaced by Forever 21

By [PATRICK MCGEEHAN](#)

The retailing of recorded music will take another step toward extinction in early April, when the [Virgin Megastore in Times Square](#) closes to make room for [Forever 21](#), a popular chain that sells moderately priced clothing.

The closing, which was announced to the store's 200 employees this week, will leave the Virgin store on Union Square as the last Manhattan outpost of a large music chain. The future of that store has not been decided, Simon Wright, the chief executive of Virgin Entertainment Group, said on Wednesday.

Stores that sell prerecorded CDs and DVDs have been done in by the popularity of digitized music that can be downloaded from the Internet onto iPods and MP3 players. But Mr. Wright said that the Times Square store, which has about 60,000 square feet of selling space, is not simply a victim of technological progress.

It has remained "very, very profitable" by shifting its merchandise toward apparel and electronics, including iPods, he said, adding that those two categories accounted for about 25 percent of sales during the holiday shopping season.

"Stores that rely completely on recorded music have a difficult future," he said, "but we've been changing our business quite dramatically."

But the chain's owners, two big New York-based real estate development companies, saw greater potential in leasing the prime space to Forever 21.

The Virgin chain, once part of Sir [Richard Branson's](#) business empire, has been owned since 2007 by the Related Companies and Vornado Realty Trust. It comprised 11 stores when it was acquired, but now will be down to just five, two of them in California. Virgin closed other stores late last year.

The Times Square space, on the east side of Broadway near 46th Street, will be closed for at least a year before it reopens as Forever 21's largest location. It will be combined with some adjoining space to create a 90,000-square-foot store that

will be triple the size of any of Forever 21's three current stores in Manhattan, said Lawrence Meyer, a senior vice president of Forever 21. Forever 21 is a Los Angeles-based chain that sells trendy clothing for young women and men. It competes with other moderately priced retailers like H & M and Gap stores.

"This is a bigger format," Mr. Meyer said. "It's going to be a fashion department store. It's going to offer a deeper assortment of women's apparel and men's apparel."

Mr. Meyer said the recession had not diluted his company's enthusiasm for making a big splash in an expensive area like Times Square. He declined to specify the rent Forever 21 will pay.

"We have been doing O.K. in this environment because we have always given great value to our customers," Mr. Meyer said. "Our stores are exciting and we want to create an exciting environment in Times Square."

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