



Exclusive: Gucci owner Kering in talks to sell stake in \$1 billion Fifth Avenue property, sources say

Companies Kering SA Follow Ardian Inc Follow PARIS/MILAN, June 5 (Reuters) - Gucci owner Kering (PRTP.PA) , opens new tab is in exclusive talks with buyout group Ardian about the sale of a stake in a prestigious Fifth Avenue building it bought just over a year ago, two people with direct knowledge of the matter told Reuters.

The negotiations are part of the French luxury group's broad strategy to cut costs and sell stakes in prime real estate to help lower its heavy debt as the industry struggles with sagging consumer demand.

Kering and Ardian declined to comment.

Kering, controlled by family of CEO Francois-Henri Pinault, bought 715-717 Fifth Avenue in January 2024 for \$963 million to secure a top retail location in one of the world's most popular shopping streets.

The property stretches over 115,000 square feet across several stores.

Kering's net debt soared to 10.5 billion euros (\$12 billion) by the end of 2024, from close to zero three years earlier, following a shopping spree that saw roughly 4 billion euros spent on top properties in New York, Milan and Paris.

Deputy CEO Jean-Marc Duplaix said earlier this year that Kering expects to raise 2 billion euros or more over the next two years through real estate transactions.

Under a deal struck in January, Paris-based Ardian took a 60% stake in a joint venture with Kering containing three prestigious Paris properties, raising 837 million euros for the luxury group, which retained a 40% stake.

The New York property discussions are also about the sale of a stake, said the sources, declining to comment on the value of the possible transaction or size of the stake under discussion.

"We continue to work not to resell these assets, but to sell part of them and have a co-shareholder," Duplaix told shareholders in April. He added that the properties in Milan's Via Montenapoleone and on the Fifth Avenue were among the buildings under discussion, as well as real estate in Tokyo.

Duplaix said that maintaining a presence in the main shopping streets was essential for Kering's brands, which also include Balenciaga and Saint Laurent.

According to Cushman & Wakefield, Via Montenapoleone in Milan was the world's most expensive street for rents in 2024, followed by the upper-end of New York's Fifth Avenue.

(\$1 = 0.8756 euros)

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