

Party City is said to be shutting down its 850 locations

New Jersey chain would become latest retailer to close all its stores



Party City is said to be planning to wind down its business. (CoStar)

By **Linda Moss**

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Party City looks to be the second chain within two days to say it's closing all its stores, with the retailer and Big Lots soon to create roughly 1,700 retail vacancies.

Woodcliff Lake, New Jersey-based Party City, the chain that bills itself as the largest party retailer in North America, plans to go out of business, according to a [report by CNN](#) on Friday. The roughly 40-year-old chain has about 850 stores, according to the company website.

The retailer's CEO, Barry Litwin, informed corporate employees on a video conference call Friday that Party City would be winding down its operations immediately and it was their last day of work, CNN reported after viewing the meeting. Party City didn't respond to an email from CoStar News seeking comment.

But for [several weeks now](#) published reports said that Party City was planning to file for Chapter 11 bankruptcy protection, which would be its second such filing in roughly a year, and to close its brick-and-mortar locations.



This will be the last Christmas for Party City, which is said to be closing all its stores. (Linda Moss/CoStar)

Party City appears to be joining the roster of U.S. retailers this year that have been felled by a challenging macroeconomic environment — with consumers cutting back their discretionary spending — as well as competition from budget-friendly giants such as the dollar-store chains, Amazon, Walmart and Target. [On Thursday](#), Columbus, Ohio-based Big Lots, which filed for Chapter 11 bankruptcy protection in September, said it planned to close all its remaining locations, a list with 870 stores.

This year overall has seen a burst of store closings. In its most recent report, Coresight Research said that U.S. retailers have so far announced 7,327 store closings and 5,919 store openings for 2024, with [closings soaring](#) past any full-year total since the height of pandemic in 2020. Coresight's most recent data doesn't include the Party City closings or the final round of Big Lots shutdowns. But with the U.S. retail vacancy rare so low, at least one retail analyst expects the empty stores to find tenants.

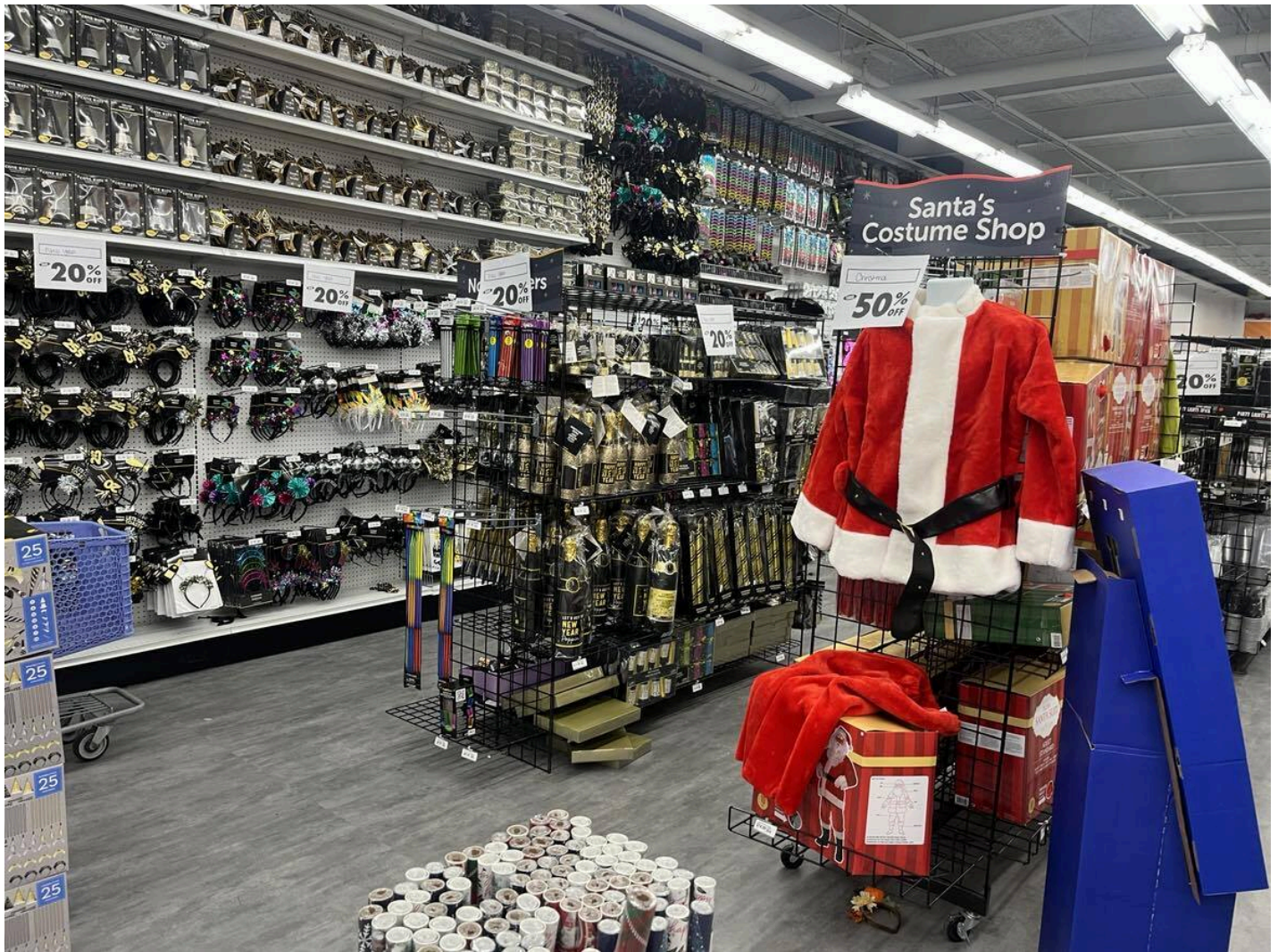
New Jersey store

On Friday afternoon, a Party City store at [346 Route 10](#) in East Hanover, New Jersey, had not posted any going-out-of-business signs. But some of its Christmas merchandise was on sale for up to 50% off.

The store's manager declined to comment to CoStar News, referring to the chain's customer service phone line. But a shopper at the location said the store's staff had informed her about the chain closing down, which she hadn't been aware of yet. Party City's stores will close in February, the shopper was told.

On his conference call, Litwin told employees that despite the company's best efforts, it couldn't solve its financial woes, as high inflation increased its costs and curbed consumer spending, according to CNN.

Party City first filed for bankruptcy in [January 2023](#), looking to reduce its \$1.7 billion in debt. It emerged from the process [in September](#) that year, with \$1



Some sale signs were posted at the East Hanover, New Jersey, Party City store on Friday. (Linda Moss/CoStar)

billion less debt and a slightly smaller store footprint.

Fewer choices

A closing of Party City would leave shoppers with fewer choices, according to Rudolph Milian, president and CEO of retail consultant Woodcliff Realty Advisors.

"Soon consumers will struggle to find the proper selection that Party City now supplies," he said in an email to CoStar News. "It seems that in the case of defunct big-box stores, such as Toys R Us and Bed Bath & Beyond, consumers are left with little choice but to shop at mass merchants like Walmart or Target for supplies that will be limited to only the best-selling merchandise. Dollar stores and Michaels also sell party goods but with a limited selection."

While there are other party-supply stores across the country, "Party City was the best-known brand in the physical store space" and at one time was a "category killer," according to Milian.

"It appears that Walmart, Target and e-commerce websites are today the killers of category killers, but in fact, it is the high cost and access to capital that is causing the demise of very good but undercapitalized retail chains, such as Party City," he said.

There will be takers for Party City's space should it be closing, according to Milian.

"Retail landlords will have little difficulty filling these vacant Party City locations at today's market rents, which almost always tend to be higher than existing rents of leases that commenced years ago, because most Party City stores are well located at neighborhood centers and community centers that are in high demand and have little vacancies," he said.

In particular for Halloween, Party City has faced heightened competition from Spirit Halloween, which operates a national network of seasonal pop-up stores each year. For year, Party City also opened standalone Halloween City pop-up stores. But it stopped doing that [this year](#).

That was a change done on the watch of Litwin, who joined Party City in August.

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