

WWWD MONDAY

Accessories/Innerwear/Legwear

A Fresh Coating

And we're off. The resort race has begun as Giorgio Armani goes full speed ahead, giving his Armani Collezioni line a sporty new dimension. Smart trenchcoats, cozy knits, shrunken zip-front jackets, playful shorts and even skirts with shorter hemlines provide a fresh, modern spin. Here, a polyester trench and cotton and elastane skirt. For more, see page 6.



The Key to California? Wal-Mart Said Eyeing Gottschalks Store Chain

By Vicki M. Young

Wal-Mart Stores Inc. may have found a way finally to enter the Northern California market: buy the Gottschalks chain of department stores.

Wall Street analysts familiar with the sale process for Gottschalks Inc. said the book, or prospectus, was sent out by UBS Investment Bank about six weeks ago. Several of those sources also confirmed that Wal-Mart was given a copy of the book. In addition, one credit analyst said Wal-Mart "does not typically receive such books."

A sale of Gottschalks to Wal-Mart would mean yet another department

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ICSCPREVIEW | MARKETS

Ambitious Atlanta

High-end retail stores are a key component of a planned shopping, residential, office and entertainment district.

By Georgia Lee

ATLANTA — Touting the proposed Midtown Mile here as a potential version of Chicago's Michigan Avenue, city officials and developers envision high-end fashion stores as linchpins for a major shopping, residential, office and entertainment district created virtually from scratch.

Spanning 14 blocks of Peachtree Street, Atlanta's main thoroughfare, the project involves mixed-use high-rise projects that would create 1 million square feet of street-level retail by 2010.

The challenges of creating this ambitious landscape, especially in Atlanta's suburban residential and retail culture, are significant. During the past four decades, many residents and merchants left the city as the metropolitan region — among the fastest-growing in the U.S. — spread out over almost 8,400 square miles. However, as Baby Boomers and young professionals seek the convenience and community of an urban setting, development is benefiting in once stagnant core areas of cities such as Atlanta.

"In three years, Atlanta will have what took" many decades "to evolve in New York and Chicago," predicted Shirley Gouffon, senior vice president, Selig Enterprises, developer of 12th & Midtown, a \$1.1 billion project that broke ground in fall 2006.

Even as new developments such as the \$2 billion Atlantic Station have attracted residential, office, entertainment and retail space, Peachtree Street has been mostly restaurants and furniture stores. High-end apparel stores lagged behind. Preferring the tested formulas of luxury malls, they have thrived in locations like the Lenox Square and Phipps Plaza shopping malls in Atlanta's affluent Buckhead section.

"Until recently, Atlanta has had a mall mentality, a suburban focal point and a driving culture," said Keith Pierce, director of research for the Atlanta office of CB Richard Ellis, a commercial real estate firm. "Around 15 years ago, with the buildup to the 1996 Olympic Games here, and concerns about growth, traffic and suburban sprawl, a trend back to in-town living began, and developers began building mixed-use, live-work-play developments."

City and development officials concede that the Midtown Mile is not a "build it and they will come" proposition, as they seek to lure luxury retailers such as Barneys New York and Bergdorf Goodman.

"They have to convince the first retailer to roll the dice, and go where there's no proven track record for these stores," Pierce said.

Apparel retailers "are more demanding; they want to see co-tenants and walking traffic, the track record, while restaurants and furniture stores come in to serve immediate needs," said George Mori, senior vice president, retail development, Novare Group, developer of ViewPoint, a three-tower mixed-used project that will create 50,000 square feet of retail.

Officials insist they have all the elements in place to deliver not only the customers, but the right kind of customers.

Midtown, a 2.5-mile stretch along Peachtree Street north of downtown, is gaining traction. The population has doubled to more than 30,000 over the past decade, and is projected to top 53,000 by 2010. In the last six years, 7,800 residential units were added, and 13,000 are under construction or planned by 2010.

Average household income of new residents is \$81,000, according to The Midtown Alliance, a 350-member nonprofit group of business and civic leaders. Along with marketing efforts, The Midtown Alliance has organized initiatives such as the Midtown Improvement District, a \$76 million streetscape effort; Midtown Blue, a private security force, and Midtown Green, an environmental maintenance initiative. All are funded with private and public money.

The Midtown Alliance says the area has the demographics to support retailers that haven't considered Atlanta or that have a limited presence here. A study



An aerial view of Atlanta.

PHOTO COURTESY OF AERIAL INNOVATIONS OF GEORGIA INC.

by Buxton, a market research firm in Fort Worth, found that 90 percent of the households in the two-square-mile Midtown walking trade area ranked high in the categories of income, hobbies, interests and other key benchmarks.

Indeed, affluent young professionals have flocked to Atlanta for the city's educational and job opportunities and lifestyle. The Metropolitan Atlanta Chamber of Commerce said that from 1990 to 2000 there was a 46 percent jump, or 81,471, in the 25- to 34-year-old college-educated demographic, ranking Atlanta number one in terms of percentage increase among U.S. metropolitan areas, and second only to San Francisco in volume. That trend has continued.

The Midtown Mile also targets another group — empty nesters and suburbanites tired of long commutes in Atlanta's 28-county metropolitan area. The regional population is projected to swell to seven million by 2020 from the current 5.1 million, according to U.S. Census figures.

"People now want convenience. They're sick of sitting in traffic and want to live near where they work and have pedestrian access to activities," said Jeff Dufresne, executive director of the Atlanta District Council of the Urban Land Institute, a nonprofit research and education organization.

Midtown has convenient access to highways and is laid out on a street grid with cultural attractions — the Fox Theater, Piedmont Park and the High Museum of Art — that are all within walking distance of the retail zone to be created by the Midtown Mile.

More than three-quarters of the 1 million square feet of retail space on the Midtown Mile will be created from scratch; 230,000 square feet will be redeveloped from existing space.

Midtown has attracted Donald Trump, who, collaborating with Wood Partners and Dezer Properties Inc., plans to build Trump Towers Atlanta, two luxury condominium buildings near the Midtown Mile targeted to open by 2012.

In addition, the Starwood Hotels & Resorts Worldwide plans to convert the Sheraton Colony Square into a W Hotel. And across from the Woodruff Arts Center, Atlanta developer John Wieland is to build a mixed-use complex with street-level retail and an art gallery.

Two projects, 12th & Midtown and ViewPoint, are under construction for first-phase openings in 2008, and are to be completed by 2010. "This project, with several developers buying into it, allows us to tell the story of a one-mile stretch as one united front," said Scott Selig, vice president, Selig Enterprises.

ViewPoint will have 30,000 square feet of retail, including room for a 12,000- to 15,000-square-foot store, and smaller spaces for apparel, restaurants and boutique grocery stores such as Dean & DeLuca.

Although Mori wouldn't discuss specific rents for the new spaces, he said that with lower common area fees, the overall cost to retailers would be about 20 percent less than rent at Atlanta's priciest luxury malls.

Retailers such as Urban Outfitters, Theory and Juicy Couture view Atlanta as a strong, underpenetrated market.

"There's opportunity there, for one or two more [Urban Outfitter] stores," said chief financial officer John Keyes. The chain has two stores in Lenox Square and one in Perimeter Mall in the northern suburb of Dunwoody. "Volume is always above company average, the profile is strong and we're more prevalent in street-front locations," said Keyes.

H. Stockton, a men's and women's clothing retailer, opened a 4,500-square-foot Midtown Peachtree Street store last September. The store, bigger and more contemporary and with more modern design and edgier offerings, was a departure from three other suburban units. "There's a real energy to these combined developments," said Chip Stockton, principle of the family-owned business.

Mayor Shirley Franklin has traveled to the International Council of Shopping Centers convention, and other cities, talking up Atlanta.

"We're creating the density to make retail work in town," Franklin said. "We have laws on the books that require developers to have street-level retail. We just need to enforce them. We're marketing to both ends — the customers to move into Midtown and the retailers that will serve them."

REMAKING MIDTOWN

Among the key projects are:

● **12th & Midtown:** 2.5-million-square-foot, mixed-use joint venture of Selig Enterprises, Daniel Corp. and Canyon Johnson Urban Fund. Includes 1.2 million square feet of office space, more than 500 hotel rooms, 600 residences and 150,000 square feet of retail. First phase to open in 2008, completion by 2010.

● **ViewPoint:** 1,000 residential units and 75,000 square feet of retail. This three-tower, mixed-use project developed by Novare Group is to open fall 2008.

● **Sixth & Peachtree:** A proposed mixed-use development with 32,000 square feet of retail, 106 hotel rooms and 188 residential units, to open by 2010.

● **999 Peachtree:** A total of 610,000 square feet for offices and another 50,000 square feet of retail. Developer Jamestown has earmarked the ground floor for a 30,000-square-foot flagship retailer. Completion date not disclosed.

● **The Premiere at Fox Plaza:** Cousins Properties' proposed mixed-use project that will include 18,000 square feet of retail and 210 residential units, to open by 2010.



ViewPoint is set to open in fall 2008.