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INDUSTRY FOCUS
GWINNETT MARKET REPORT • SECTION B

Economy won't stop luxury retailers' expansion 12A

January 9-15, 2009

www.atlantabusinesschronicle.com

44 Pages • \$2.00

Economy won't stop luxury retailers' expansion

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Despite the threadbare economy, luxury retailers are likely to keep expanding in Atlanta as they try to catch up to the area's growth, especially in wealth.

Retail observers say **Louis Vuitton**, **Tiffany & Co.** and **Neiman Marcus** will open additional stores, even if it is with their smaller concepts, like **Tiffany Collection** and **Cusp**, **Neiman Marcus'** boutique store.

Retailers **Michael Kors**, **Hugo Boss**, **Juicy Couture** and **Tumi** will open additional stores.

Designer boutiques will also enter the Atlanta market, including **Prada**, **Chanel**, **Chloe** and **Vera Wang**.

Some of the designer retailers may test the Atlanta market with their lower-end concepts, said Marc Weinberg, operating partner at retail real estate brokerage **The Shopping Center Group LLC**.

Dolce & Gabbana may enter the market with its **D&G** store, and **Cavalli** may enter with its **Just Cavalli** store, said Barbara Babbit Kaufman, a local retail consultant and former owner of the **Chapter 11 Bookstore** chain.

"Atlanta may be a slightly different customer than New York," Kaufman said, but the wealth is here.

"If you cater to what she wants, the woman has the money to spend," Kaufman said. "You give the customer what they want, they will buy."

"The economy may get worse, but



BYRON E. SMALL

that will not change what will happen to Atlanta [retail] in the next five years," said Nick Egelanian, president of **SiteWorks** in Annapolis, Md., a division of **The Shopping Center Group**.

Luxury retailers are still trying to catch up to Atlanta's growth, especially its growth in wealth.

"This city reminds me of a cross between Dallas and Los Angeles," he said. "This is very much a new-wealth city and new wealth likes to show it off."

Luxury retailers often consider expanding after looking at sales of their brands in department stores like **Saks Fifth Avenue** and **Neiman Marcus**.

Currently, luxury retailers call **Phipps Plaza** and **Lenox Square** home.

New luxury retailers' expansion will happen as **Ben Carter's Streets of Buckhead**, **Stan Thomas' Prospect Park** in Alpharetta, and the proposed luxury retail development by **Taubman Centers Inc.** (NYSE: TCO)

Phipps Plaza: The high-end mall and **Lenox Square** are now home for luxury retailers.

in **Cumming** take shape, **Egelanian** said.

Sometimes luxury retailers need a catalyst to focus attention on a market, he said.

"These projects are probably five to 10 years behind when they could have been here," **Egelanian** said.

That's not to say getting all this new luxury retail into Atlanta will be easy.

Carter has already pushed back the opening of his project from summer 2009 to spring 2010 and could push it back again if the economy remains weak.

Carter, founder and chairman of **Ben Carter Properties Inc.**, noted that **Streets of Buckhead** is the third project he has built in the middle of a recession. "We've seen this movie before," he said.

Carter is hopeful a federal economic stimulus package will allow consumer spending to start recovering by summer 2009. Spending has to recover so retailers can recover, he said.

"The last thing we want to do is open

up in a weaker economy," **Carter** said.

Carter has some leeway for opening **Streets of Buckhead** because "a lot of money you spend on a retail project comes at the very end, so it's easier to manage your [construction] schedule and extend an opening date six to 12 months."

Streets of Buckhead and **Prospect Park**, built by **Thomas Enterprises Inc.** of Newnan, are expected to open in 2010, with **Taubman's** project expected to open in 2012.

Taubman's project will take two years to build "so we'd need to be under construction in early fall of 2010," said **Mark Putney**, vice president of development for **Taubman**.

Selig Enterprises Inc.'s \$2 billion 12th & Midtown mixed-use project is also expected to have some luxury retailers.

The project, in four phases, will open at various times, with the first retail space expected to open in summer 2009, said **Shirley Gouffon**, **Selig's** senior vice president of retail leasing.

The second phase, which will have 60,000 square feet of retail, will open spring 2010, she said.

All of these projects are coming on line basically "at the same time, which isn't so great," **Egelanian** said. And the economic timing isn't so great.

All that means, according to **Egelanian**, is "some [developers] will get some retailers and some will get others. No one will get everything they want."

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Carter
Ben Carter
Properties Inc.