

INDUSTRY ON NEXT PRESIDENT'S CHALLENGES/16

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WWD Real Estate Review
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Section II

WWD MONDAY

Accessories/Innerwear/Legwear

Jean Genie

LOS ANGELES — Daniella Clarke of Frankie B. was one of the first to bring waistslines on jeans to precarious lows, but for spring the designer has tempered that look somewhat with new pieces such as beaded silk tunics and shrunken tuxedo jackets. As a result, Clarke, who is also launching a new men's line, is sure to appeal to a wider audience. Here, her denim jeans, jacket and top. For more on the L.A. shows, see pages 6 and 7.

If the Shoe Fits, Wear It: Candie's in Surprise Deal To Buy Badgley Mischka

By Eric Wilson

NEW YORK — Mark Badgley and James Mischka, the purveyors of expensive evening gowns, have found a business partner in an unlikely place: moderate footwear and jeans company Candie's Inc.

The designers signed a deal on Friday afternoon with Candie's, best known for its youth-oriented footwear; that will effectively rescue one of the most prominent high-end eveningwear businesses in U.S. specialty stores. After financial difficulties sidelined the Badgley Mischka label for the spring 2005 season, the designers vowed they

See **Badgley**, Page 18



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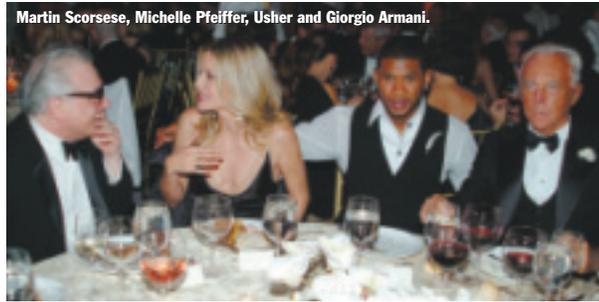
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Martin Scorsese, Michelle Pfeiffer, Usher and Giorgio Armani.

Stars on Ice

eye Sometimes the whole designer-celebrity connection is tenuous at best, but once in a while there's more synergy than you'd expect. **Stella McCartney** and **Kate Hudson** have such a tight bond that when the designer called to ask what the actress would be wearing to present her an award at the Fashion Group International's Night of Stars benefit on Thursday night, the response, "Your suit," was sufficient enough that McCartney turned up wearing a trench in the exact same black taffeta fabric.

"We didn't mean to, but I guess great minds think alike," said McCartney, whose noticeable pregnancy merited the same kind of press attention as the presence of superstar honoree **Giorgio Armani** (whose dates were **Michelle Pfeiffer**, **Martin Scorsese** and **Usher**).

There were some other deceptively strange bedfellows in the crowd — **Julie Andrews** turned out to honor Target (which sponsored a production of "The Boyfriend" she directed in Sag Harbor) and **Gretchen Mol** presented to architect **Billie Tsien** (who is Mol's mother-in-law). But the most outrageous pairing belonged to **Marc Jacobs**, who invited **Lil' Kim** as his escort, disguising her in a conservative red dress complete with ruffles. She looked downright respectable. That is, until she opened her mouth and let out a squeal as she presented to "my friend, Marc."

"When he's in heaven, he'll be sewing my clothes," she said. As absurd as Lil' Kim can be, you have to give her props for embracing the fashion world with such enthusiasm.

"I think I was born in Bloomingdale's or something," she said after the awards. "Seriously, my mom has worked in every department store there is."

Jacobs, who, according to the rapper, does a "mean Lil' Kim impersonation," returned the compliment: "What I admire most about creative people is having something to say and being fearless about saying it." **Ingrid Sischy** also does a good impersonation, but that of a chicken, specifically one belonging to **Helmut Lang**, whom she introduced by reading a note from his pets (Lang owns 13 chickens and one rooster). "Cheep, cheep, cheep. Cock-a-doodle-doo," Sischy sang, which was apparently payback for the time Lang stood up the CFDA and left Sischy to accept an award on his behalf.

Armani's camp of celebrities kept to themselves for most of the night, although Pfeiffer and Scorsese delivered a touching introduction to the designer: Pfeiffer recalled how Armani had contacted her after "Scarface." "He saw that film as a 'fashion moment,' while I was thinking that, because I had starved myself for six months, he figured I could fit into sample sizes," she said.

Seated between the designer and the actress, Usher discovered his head was spinning from the experience. Asked about a startling diamond pin he wore in the shape of a single quill, he had to make a call on his cell phone to find out it was from Fred Leighton. "You can't imagine the conversation that's going on between acting and fashion," he said, ducking out for a moment. "I'm looking forward to using some of what I'm learning here tonight. Fashion is something that artists naturally evolve into. Acting is a priority for me right now — and making sure I'm in the right place at the right time."

— Eric Wilson



Gemma Ward in Helmut Lang.



Eva Longoria in Halston.



Leticia Birkheuer in David Meister.



Kate Bosworth with Tom Ford.

FORD ON THE ROAD: If the Hollywood thing doesn't work out for Tom Ford, he might consider running for office. He showed the poise of a consummate politician at the sold-out book signing in Beverly Hills for his signature tome at Barneys New York Thursday night, scrawling his John Hancock on books, Gucci handbags and YSL platforms; shaking hands and making small talk with gaga fans, even posing with a baby for snapshots by camera-phone.

And despite a dinner party at one of his favorite local haunts, La Dolce Vita, with about 60 of his famous friends and hosted by GQ editor in chief Jim Nelson, Ford stayed beyond the two-hour scheduled event at Barneys in order to meet with every last one of the 600-plus visitors. "It wouldn't be right otherwise," Ford said later as he nursed a vodka tonic on the rocks. "They bought the book and waited so long."

Indeed, they began lining up as early as noon, some six hours before Ford's prompt arrival. "Who knew?" asked a shocked Julie Gilhart, Barneys vice president and fashion director, as she scanned the scene. The Wilshire store was wiped out of its 400 regular-edition tomes within 90 minutes of the event starting at \$350 a pop. More than one store rep mumbled buyers hadn't realized the potential and could've sold twice that number.

Ford dashed over to the party just as the majority of his pals — Heather Graham and Chris Weitz, CAA's Bryan Lourd, Bruce Weber, Paul Jasmin, Brigette Romanek, Pierce Brosnan and Keely Shaye Smith, and Kate Bosworth and her mother, Patty Bosworth — sauntered in. There was already a Tom — as in Hanks — on hand, not to mention Stevie Wonder.

"What is he doing here?" gasped a happily surprised Tracee Ellis Ross when Wonder, who she's known since she was a child, entered with his wife, Kai Morris, who was abuzz about her new fashion line.

Ford loves turning his circle on to quirky places like La Dolce Vita. Another haunt of his is Diaghilev, a Russian hideaway complete with live harp and a questionable crowd. And certainly no one is more cool old school than Robert Evans, who had Gina Gershon's ear for a stretch — or was it the other way around?

More than one guest wondered aloud whether the steak-and-martini m.o. of the Italian restaurant was going to send vegan Alicia Silverstone running. It didn't. Nor did the cigarettes Lisa Eisner kept threatening to burn brightly. The two women were, along with Ford, among the last of the two dozen guests to leave the party well after 1 a.m.

— Rose Apodaca Jones



Pierce Brosnan, Keely Shaye Smith and Alicia Silverstone.

A fan with her shoes signed by Ford.



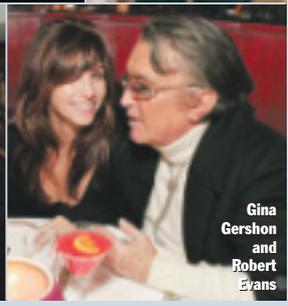
Kate Hudson and Angela Lindvall in Stella McCartney, flanking the designer.



Marc Jacobs and Lil' Kim



Chris Weitz with Heather Graham.



Gina Gershon and Robert Evans

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Frankie B.'s Daniella Clarke focused on denim...Juan Carlos Obando debuted with slick poolside fare... Pegah Anvarian went quiet and modern...and Louis Verdad continued his affair with midcentury glamour.

Frankie B.: It may just be a little ol' contemporary line from a Hollywood rock chick, but on Thursday night, Daniella Clarke's Frankie B. show was the hottest ticket in town. The packed crowd, which included Macy Gray and Samaira Armstrong, wasn't disappointed as Clarke sent out what Frankie B. customers expect: low-slung jeans (in noticeably upgraded denim) and tight blouses. But this season, the designer also expanded her lineup to include pieces that are sure to appeal to a broader audience. There was a draped paisley silk chiffon palazzo pantsuit featuring a subtle metallic pinstripe, retro floral-print blazers and capris in vibrant summer colors; some seriously sexy swimwear; and a beautiful strapless printed chiffon gown with a twisted bodice and beading. Altogether, it was a focused collection. It may have helped that Clarke enlisted editorial stylist George Kotsiopoulos to both style the show and design her new men's line, which debuted alongside the women's.

Juan Carlos Obando: Twenty-seven-year-old Juan Carlos Obando made a stellar debut in what was the breakout show of the week. Obando's breathtaking collection was levels above most of what was shown here, from his choice of luxe shiny silks in chocolate, magenta and aqua, to his adeptly cut, body-hugging silhouettes. Going with a swimming pool theme, the designer showed sharp, provocative dresses and swimsuits that brought to mind some of Helmut Newton's women — slicked-back hair and all. One silk satin dress, for example, was shaped very tight to the body, almost like a wetsuit, and featured small, bra cup-type seaming. There were sexy pencil skirts with scrunched detail stitching in front and flat-front, wide-legged silk pants. While not all of his ideas were original, they were beautifully executed. Even his sexy, strappy shoes made of silver-and-white goatskin were perfect. What's more remarkable is that Obando pulled this off without any formal fashion education. He was formerly an art director at an advertising firm, where he clearly developed an eye for fashion.

Pegah Anvarian: Oh, what a welcome respite from the typical L.A. fashion show, where over-the-top glitz tends to overwhelm any sense of natural beauty. Pegah Anvarian's gals were — gasp — pretty. Their hair was clean and shiny, their makeup natural and the clothes were quiet, modern and, most importantly, wearable. Anvarian said she was inspired by a trip to the desert for her spring collection, and her 42-piece cashmere, jersey and chiffon lineup featured light colors, such as sand, coral, pistachio and lilac. She layered a pale green tank over a longer brown one, and pants and skirts were doubled up with contrasting colors that peeked out from beneath their hems. But the designer really hit her stride with her dresses. The deep V-neck halter that opened the show was trimmed around the neckline with tiny silver leather disks, and a lavender ribbed chiffon ballet dress shone with delicate gold metallic pinstripes.

Louis Verdad: Since Louis Verdad's Gen Art debut just two years ago, the designer has quickly become an A-list favorite — Madonna and Cate Blanchett are fans — and many have been watching to see what he will do next. For spring, Verdad was swept up in a

Juan Carlos Obando



Louis Verdad



los angeles

◀ Pegah Anvarian



◀ Frankie B.

Rami Kashou





Forties nautical theme, sending out well-cut suits, fine-knit dresses and pretty separates. But rather than push the envelope and stretch his ideas into something truly new, he played it safe by continuing his affair with midcentury glamour. Of course, this isn't necessarily entirely bad, as evidenced by his sleek suits, such as a pistachio pinstripe pantsuit and a pretty white bouclé skirt with an eyelet petticoat. But the most interesting moments came when he did the unexpected. To wit: a pretty peach madras blouse trimmed in white piping paired with turquoise slouchy linen trousers. With his eye for detail, Verdaz is still an L.A. designer worth watching.

David Cardona: After David Cardona's contract with Cerruti dissolved earlier this year, the designer decided to refocus on his signature line, and he did so to positive effect. For spring, Cardona eschewed the black leather looks reminiscent of the "Matrix" movies for a much softer, ladylike sensibility. Loose, pleated silk tweed trousers or a beige lambskin jacket, for example, provided a sassy complement to the pretty georgette blouson tops and dresses in abstract prints of pink bamboo and watercolors. And there was something decidedly Lauren Hutton circa 1975 about some of the looks, such as in his sharp ivory tuxedo that had charmeuse details. Altogether, the collection didn't have the overt sex appeal of his previous seasons, and in many cases, it was just about pretty clothes without the wow factor. The styling — endless

floppy hats, oversized sunglasses and skinny scarves — managed to frump up a few too many looks, but take the accessories away and the forgiving silhouettes in luxe fabrics should appeal to a wider and more affluent clientele.

Sheri Bodell: Sheri Bodell continued her rock 'n' roll theme for spring, as a blaring soundtrack of rock anthems accompanied her lengthy homage to Sunset Strip dressing. She sent out a parade of chiffon camisoles and flirty dresses, which she punked up with grommets and studs, her signature look. And while the party-girl tops and well-cut trousers seemed endless, there were a few standout looks, such as the leather-and-chiffon Empire dress and the tops decorated with brass chain details. The designer, however, sometimes took the rock theme too literally, as in the case of her mariachi-type pants trimmed with silver rings from hip to toe and the ill-fitting embellished jersey jumpsuits. Bodell's look may get too heavy at times, but her combination of edgy and flirty will certainly get plenty of notice.

Rami Kashou: Rami Kashou, who debuted three years ago with a critically praised line of dramatic jersey pieces, has struggled in recent years to find a voice that would please both himself and his retailers. But he's found the right direction with the severe, sexy looks he showed for spring. The designer cut cotton-based fabrics into flattering silhouettes that, for the most part,

worked beautifully. Take, for example, the ruffle-front sleeveless blouse that he turned positively sweet with a blue hydrangea print or a grass green tiered minidress with a high collar that was both pretty and fierce. And his Elizabethan-collared black cotton voile tiered gown wasn't for the demure, either. The looks that Kashou sent out were just the sort that retailers such as Tracey Ross, who sat in the front row, could merchandise with her latest hot-selling jeans and heels.

Sue Wong: Sue Wong has always had a flair for the dramatic, and that was certainly true for spring, since she opened her show with a singing flamenco dancer. It was meant to lure the audience into her exotic world, but what the audience got instead was a campy costume drama. Her use of flamboyant colors and embellishments managed to make Bob Mackie look like a minimalist. Take, for example, the rainbow-paneled chiffon dress bright enough to stop traffic or the pale silk gown that looked more like a display for a bead shop than something wearable. And the decoration didn't stop at the clothes. Models awkwardly balanced eccentric headpieces, such as an artichoke and a white feather Mohawk. This more-is-more tactic drowned out some otherwise wearable shapes in beautiful fabrics, such as an emerald silk slip and the Twenties-style flapper dresses. All the world doesn't have to be a stage, and Wong would do better to stick to the precious dresses her customers have come to expect.

Morning

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Innerwear Preview

Election Looms Over Market Week

By Karyn Monget

NEW YORK — Some major out-of-town retailers may not be in a big hurry to strategize and complete plans for spring 2005 at this week's market.

The reason: Tuesday is Election Day and a major concern is not being able to vote at a designated polling place, according to innerwear manufacturers, a majority of whom say many buyers and divisional merchandise managers are forgoing appointments until next week.

While market week traditionally is staged during the Election Day period, industry executives said this year is different because of the tight presidential race, the volatile political climate and the Iraq War. A few makers said they have heard concerns about being in New York because of possible terrorism.

Victor Lee, president of NAP Inc., said, "Actually, we are going to be very busy Nov. 8, 9 and 10, and I'm hearing from retailers the election is one of the reasons for that. It's either because the retailers didn't do their absentee ballots on time, or they're going to stay home and vote and come the following week...this election has a lot more buildup than I can remember."

Marcia Leeds, chief executive officer of Richard Leeds International, said, "A lot of retailers are coming in the week after market week. Maybe the election is a reason people are staying away, or it could be an excuse. However, I am hearing some people are afraid to come to New York the week of the election."

The bulk of appointments for the second week of November were with major midtier stores, she said.

Howard Radzinsky, senior vice president of sales and merchandising at Movie Star Inc., said the official market week has expanded to two weeks over the past year, but he noted there is a "difference" this year.

"One major retailer told me they were forgoing their trip to New York during election week," he said. "I don't know if it was that they wanted everyone to vote or if it's for security reasons, or both. Everybody has their own fears."

Maurice Reznik, president of the Maidenform brand at Maidenform Inc., said one important midtier retailer had postponed its market week appointment until the week after the election. But he noted, "This is a big market for us, and we'll have big intro-



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ductions in every one of our brands, like Extreme Push by Maidenform, which gives a dramatic level of push-up cleavage."

Reznik said the Flexees brand will introduce firm control lace shapers by Instant Slimmer; The Perfect Underwire bra by Lilyette for full-figures and "the biggest pant launch by Maidenform called One Fabulous Fit," which will be supported by a major advertising campaign in spring 2005.

Lingerie executives said they were optimistic about overall retailer turnout even with the political uneasiness and despite November being among the smaller of the five seasonal markets. Sleepwear specialists, in particular, based their optimism on two classifications that have generated healthy sales over the past six months: traditional sleepwear and dual-purpose items that have a young contemporary look.

"I think this will be a very positive market," said Greg Holland, executive vice president of sales at The Komar Co. "Retail sales in sleepwear across the board have been strong. I think retailers are pretty optimistic about current sales and about the balance of the year."

Holland added that an additional July in-store delivery will be scheduled for the first time to "avoid delivery issues" because the bulk of merchandise comes from the Far East.

"November for us is a strategic market," said Jessica Mitchell, senior vice president of sales, marketing and merchandising at Natori Co. "We'll be previewing warmwear for next year in all collections, but it's really a time to look over the year and opportunities for next year."

Gail Epstein, co-owner and designer of Hanky Panky, said she has seen no difference with market appointments, but noted, "Some specialty stores from Florida aren't coming because of the aftermath of the hurricanes." Regarding new product, she said two groups will be expanded for spring-summer: a group of Cotton Lycra Lite basic undies, tanks, spaghetti-strap camis and unconstructed bandeau bras, as well as new colors for a signature stretch lace thong including watermelon, orange, lilac and bluebird blue.

Also expanding assortments for spring-summer is sleepwear and robe designer Ying Li, who will be showing a full range of bras and panties for the first time. "I previewed a few bras and panties in August, and retail reaction was strong, even from ready-to-wear boutiques that buy my camis," said Li.

PHOTO BY DAVID TURNER; MODEL: KAYLEE OULING; SUPPLIERS: AMENHARREN TROCOM; MAKEUP: INCIJUMP

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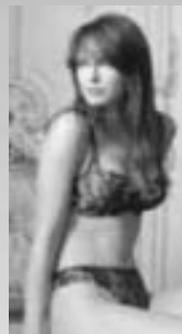
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EVEDEN INC.

Accessories Report

Silmo Sees a Techy Spring Ahead

By Emilie Marsh

PARIS — Be it wraparound frames, Fifties-inspired styles or sporty looks, buyers shopping for spring and summer eyewear at Silmo, the eyewear trade show at the Porte de Versailles exhibition halls here, said eyewear frames are becoming more technically intricate and diverse in styling.

Metal and plastic combos, three-dimensional effects and unusual proportions were key fashion messages at the show, which ended its four-day run Oct. 25.

“Interesting uses of plastics have been the underlying fashion message here,” said Beverly Baker, purchasing manager for Specsavers, a British eyewear chain that boasts 33 percent market share in the U.K.

“Voluminous laminated plastics that cause an abstract effect together with dual coloring is going to be extremely popular,” added Oleg Rabinovich, owner of the Artsee eyewear boutique in New York.

Buyers noted that many manufacturers were adding embellishments on the temples, such as wide branches, engravings and contrast colors.

“The focus on detailing on the temple changes the emphasis of the look,” said Baker.

As for colors, most buyers favored acid shades such as pink, fuchsia, yellow and green, and noted that mixing colors would also be a key fashion trend.

After a difficult 2003 for eyewear, buyers said business over the last year has increased slightly.

“Sales are increasing gradually, but it hasn’t been spectacular,” said Artsee’s Rabinovich. “But the high-end optical industry has more of an economy-proof clientele.”

Exhibitors and buyers agreed the new design directions should help encourage customers to create an eyewear “wardrobe” as opposed to just owning one frame.

“Sales are increasing as people are wearing specs as a fashion accessory,” said Specsaver’s Baker, who noted that the firm’s buy-two-get-one-free policy was also helping to boost sales.

Meanwhile, manufacturers said they were satisfied with attendance at the show. “We increased orders by 15 to 20 percent,” said Raphaël Rambeau, export manager for Paris-based Lafont. Rambeau noted a strong return of American buyers as well as buyers from Asia and Spain.

“Sales were up 28 percent,” said Alain Mikli, whose “Pact” collection, a black acetate line with embedded crystals, was a bestseller.

“They are looking very optimistic,” said Pascal Jaulent, president of exhibitor Face-à-Face, a French eyewear manufacturer, who agreed that foreign buyers, especially from the U.S. and Canada, were in full force.

Meanwhile, manufacturers are racing to come up with innovative technology and materials. “The mechanics of the frames have gotten very complex and are diversifying the market,” said Lafont’s Rambeau, who noted that an acetate and titanium frame was a bestseller at the show.

Organizers cited an attendance of 42,759, up from 40,488 the previous year.



A look from Alain Mikli’s new “Pact” collection.

Lafont

Face-à-Face



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Accessories Report

NOTEBOOK FROM PARIS

This fall the City of Light is sparkling with accessories. Paris is abuzz with dramatic baubles, new boutiques and even some sneakers and slippers to wear around town.

OPERA ROCKS

Pop diva Jennifer Lopez may be from the block, but her bling hardly compares to the jewels going on the block that belonged to opera diva Maria Callas. Eleven pieces from the late soprano's collection will be auctioned at Sotheby's annual Magnificent Jewels sale on Nov. 17 in Geneva. One of the highlights will be an 11.7-carat marquise diamond ring; Sotheby's expects it to fetch \$180,000. Also on sale will be a gold Van Cleef & Arpels clutch and a stunning 37.56-carat claw-set emerald and diamond ring. Most of the pieces were gifts to Callas from her husband, Giovanni Battista Meneghini, in the Fifties. The diva bequeathed her collection to an anonymous friend after her death in 1977. The jewels will be displayed in various European cities this month.

— Phoebe Elder



Callas' ruby and diamond jewels.



Tennis shoes by Jean Paul Gaultier and Bensimon.

TWO-STEP

There are two designer collaborations afoot, each with a sporty edge.

Jean Paul Gaultier has teamed up with French sportswear label Bensimon to create a line of tennis shoes to match his upcoming summer denim collection. Styles range from Asian-inspired high-tops and erotic Kama Sutra print designs to classic marine-striped shoes. Meanwhile, Rei Kawakubo has laced up with French ballet shoe manufacturer Repetto to make dance-inspired gold slippers for her Comme des Garçons line.

— Emilie Marsh



Ballet shoes by Comme des Garçons and Repetto.

PHOTOS BY LAURENT FOLCHER

FASHION ANTICS

The French ready-to-wear and accessories label Antik Batik has opened a 538-square-foot store on Paris' chic Rue Cambon, its second location in Paris. The walls are covered with fabric with Japanese-inspired prints, the century-old furniture comes from an Italian drugstore and a chandelier from the Fifties all echo the label's quirky, ethnic style. An Antik Batik store in London is in the works for next summer.

— E.M.



The new Antik Batik shop.

Escada's Eluna bags.



MOON DANCE

Escada is hopping on the accessories express. The German fashion house has integrated production of its leather goods in-house and bolstered the rest of its accessories categories with a raft of licenses.

Marc Lelandais, Escada general manager for luxury goods and accessories, said the company is gunning to build accessories into a \$384 million, or 300 million euro, business within the next four years from about \$205 million, or 160 million euros, today. (Dollar figures have been converted at current exchange rates.)

Emblematic of its ambition is the launch this month of a new signature bag — Eluna. It is a sleek, half-moon shoulder purse that will ship 15,000 units in its first three months. "Eluna's an important step for Escada," said Lelandais. "It gives a clean style statement. We want leather goods to reach the 100 million euro mark within the next few years."

Eluna will be promoted heavily. Its one million euro, or \$1.3 million, launch campaign includes billboards in New York and Paris and on taxis in London. Steven Meisel shot the ads.

Eluna will be extended to luggage, scarves and belts for duty-free distribution in 2005. At the same time, Escada is plowing into duty-free for the first time with deals for locations at 12 airports.

Meanwhile, Escada launched last month at Paris' Silmo trade event its new eyewear line in license with Italy's De Rigo. Lelandais said Escada is aiming for 60 million euros, or \$76.8 million, in eyewear sales within the next four years.

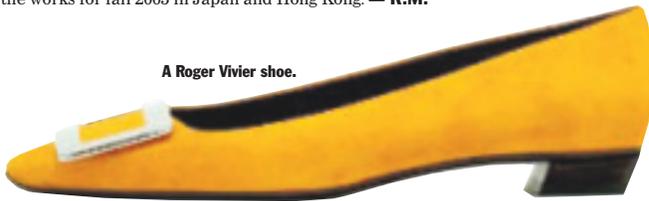
Escada has renewed for four years its silk license with Italy's Ratti and has signed a jewelry license with Pluczenick Group of Antwerp, Belgium, which Lelandais said should grow into a 40 million euro, or \$51.2 million, business within the next four years.

— Robert Murphy

VIVA VIVIER

A year after reviving Roger Vivier and opening a palatial boutique in Paris, the Tod's-owned shoe brand is going wholesale. Vivier will be sold at Bergdorf Goodman and Saks Fifth Avenue in New York and Neiman Marcus in Los Angeles starting this spring. Ines de la Fressange, Vivier's director and communications coordinator, said the pieces would range from practical day looks to exuberant evening ones. "We wanted to start with the United States," she said. "It's a good showcase for our elegance and extravagance." Day shoes will retail from \$400 to \$700, while special evening shoes will cost as much as \$4,000. She added Vivier had wholesale projects in the works for fall 2005 in Japan and Hong Kong.

— R.M.



A Roger Vivier shoe.

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Borsalino Heads in a New Direction

By Luisa Zargani

ALESSANDRIA, Italy — The plethora of hats in all shapes and colors on the spring runways spelled out good business for Roberto Gallo, chief executive officer of Borsalino, the company often associated with felt hats and gangster movies.

However, while hanging on to Borsalino's rich history and tradition, the Gallo family, which owns the company, is distancing itself from this conventional image and is investing in product diversification aimed at a younger customer and supporting its new look with an international advertising campaign.

"Our marketing research shows that the label is still prestigious but distant," said Gallo during an interview at the company's headquarters here, an hour's drive from Milan. "We want to convey the message that hats are accessories for every day."

To lower the age target from the established 35- to 55-year-old customer, Borsalino has tapped a team of young designers to flank the company's creative director, Alessandra Maregatti. Together they are injecting new shapes and color palettes into the line. Case in point: The spring collection includes slouch hats in jersey and raffia with brightly colored stripes in contrasting colors such as fuchsia, lime or sage green and yellow; multipatterned and multifabric patchwork caps; raffia fedoras with appliqué leather flowers, and white cotton brim hats with leaf patterns in contrasting colors. Wholesale prices range between \$30 and \$40.

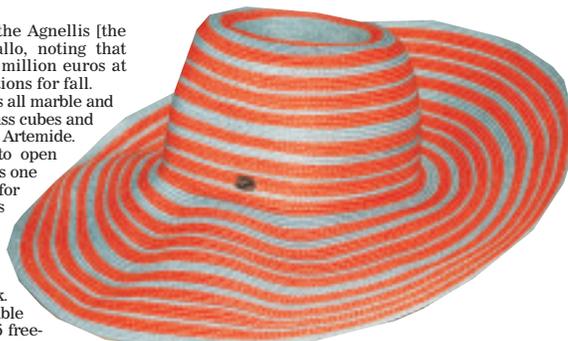
In October, Borsalino inaugurated its new concept store in Milan, just a few steps away from tony Via Spiga and Via Montenapoleone on Corso Venezia. For the occasion, the company invited the Juventus soccer team, whose players have been photographed for the brand's latest ad campaign.

"This team is associated with elegance, prestige and

success — it is, after all, the team of the Agnellis [the owners of automaker Fiat]," said Gallo, noting that Borsalino invested \$3.2 million, or 2.5 million euros at current exchange rates, in communications for fall.

At almost 4,000 square feet, the store is all marble and glass, with seven windows and glazed brass cubes and displays. The lights were designed by Artemide. Within two years, the company plans to open stores in New York and Tokyo. The U.S. is one of Borsalino's main markets, accounting for 30 percent of sales. In the U.S. the line is available at 200 stores, including major retailers such as Saks Fifth Avenue, Bergdorf Goodman, Neiman Marcus and Barneys New York. Globally, the line is available at 900 stores. There are 15 free-standing stores in Italy, including the historical boutique in Milan in the newly revamped Galleria Vittorio Emanuele, where Gucci and Louis Vuitton just opened; one in Paris, which opened this spring, and boutiques in hotels such as the Ritz in Paris, the Grand Hotel in Monaco, the Palace in Gstaad, Switzerland, the Kempinski in Hamburg, Germany, and the Forte Village in Sardinia, Italy.

Last year, the company reported sales of \$19.1 million, or 15 million euros. Gallo said his goal is to double sales in five years, also through an expansion of the brand's products, such as handbags and small leather goods, which were launched this fall through a license with former Alviro Martini licensee Marco Rossi, and apparel collections for women, men and children. The new boutique in Milan already displays a selection of men's and children's clothing. The company has also expanded the more traditional production of felt hats with the addition of an exclusive Guanaco model, a hat made with fur from the hare and the guanaco, indigenous to the Patagonia region of South America and



Borsalino's new designs target a younger customer.

whose soft and shiny fur was up to now only used for coats.

The company produces 95,000 hats per year with 95 employees, a proportion that hasn't changed since 1900 when Borsalino produced 900,000 hats with 900 employees. It takes seven weeks for the production of a felt hat, made from a single mould. The hat's shape is fine-tuned through the use of vapor, pressed onto each hat. "We basically still use the same machines Giuseppe Borsalino set up when he founded the company in 1857," said Gallo.

"You can step on and wring a Borsalino hat and it will always resume its original shape," said Gallo proudly, noting that there are only four other companies in the world that produce felt hats. Every step is overseen by an artisan and details are still hand-sewn.

The company uses hare or rabbit fur from Venezuela, Argentina and Belgium for the felt and uses a natural wax imported from India to add stiffness to the base. Borsalino also owns a manufacturing plant in southern Italy, near Lecce, that produces fabric and straw hats under the label. A Borsalino museum will open here early next year.

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Accessories

Gwyneth Graces Damiani Campaign

By Alessandra Ilari

MILAN — Damiani hopes its latest Hollywood calling will echo around the world.

Following Isabella Rossellini, Brad Pitt and Jennifer Aniston, the upscale jewelry firm has tapped Gwyneth Paltrow to pose for its new ad campaign, which will roll out worldwide, with the exception of the U.K., between November and December.

The choice of the Oscar-winning actress is meant to set the stage for the firm's international growth.

"We are pushing to raise Damiani's brand awareness throughout the world, so who could have been better than Gwyneth to affirm our jewels internationally," said Giorgio Damiani in a phone interview from the company's Valenza, Italy, headquarters.

The 12 black-and-white and color images were shot by Sante d'Orazio in a Paris studio. Lit with a moody glow, the photos portray a seductive yet dreamy Paltrow, dressed in looks such as a black strapless evening gown, an open white shirt and multicolored scarf prints.

The message is meant to stimulate women to pile on their jewels for all occasions, whether they're sporting ripped jeans or embroidered couture gowns.

"We wanted a simple mood, one that gave the jewelry an everyday spin," Damiani said.

The campaign will appear in a number of international titles, including *Io Donna* and *Corriere della Sera* in Italy, *Town & Country* and *W* (WWD's sister publication) in the



Gwyneth Paltrow in Damiani's new ads shot by Sante d'Orazio.

U.S., *Russian Vogue*, *Elle Japan* and *Hola* in Spain.

Damiani said the firm's annual advertising investments are between 5 and 10 percent of its \$230 million group sales for 2003. Also under the Damiani umbrella are the Salvini, Alfieri&St. John and Bliss collections.

Founded in 1924 by Enrico Grassi Damiani, the company is celebrating its 80th anniversary. After the death of Damiano Damiani in 1996, his three children — Silvia, Giorgio and Guido, image and style director, chairman Damiani USA and group chief executive officer, respectively — took control.



Handbags line the wall at Sacco's store in Chelsea.

Walking Bag-wards

NEW YORK — Shoe retailer Sacco has carried accessories at its stores since the first boutique opened in 1980. It's just that they were kind of an afterthought — "Almost a no-thought," quipped Joe South, partner and general merchandise manager who took over the direction of the New York-based firm's selection of scarves, hats, jewelry and handbags in 2000.

For the past two years, Sacco's accessories sales have jumped nearly 80 percent, increasing overall sales by 20 percent. The category now accounts for about 12 percent of total sales, according to co-founder and chief operating officer Albert Cruz. With South's continued focus, Cruz sees no reason that it can't jump to 25 or 30 percent in the next few years.

Nearly all of the accessories are bought from outside vendors such as handbag firms Hobo and Tano. Yet South works closely with designers, suggesting color and size specifications to produce a product that is exclusive to the company.

With the handbags, which are the biggest category, styles range from sophisticated quilted shoppers and tweed purses with leather trim to funky furry totes (South calls them "Muppets") and distressed metallic leather Hermès-inspired bags.

Retail prices range from \$25 to \$495 for a handbag. Since Sacco only has five stores in New York, each carrying between 750 and 1,000 bags a season, the company is unable to order the massive quantities needed if it wanted to produce its own in-house label. But now, as the business is growing, the firm's owners are committed to a deeper investment in the category. They'd like to open two to three new stores in the next few years, and a collection of Sacco brand handbags is not out of the picture.

Should that come to fruition, however, the group is not rushing to wholesale the collection. "We don't know enough about it, and we're not financed properly," Cruz explained.

South agreed: "We're better selling them one at a time."

— Emily Holt

Michael Kors Steps Into Sock Deal

NEW YORK — Michael Kors is taking his luxury philosophy to the feet.

Come fall 2005, customers perusing upscale department stores will likely stumble across a selection of women's and men's socks by the designer. That's because Michael Kors USA Inc. has teamed up with American Essentials in a licensing deal to design, manufacture and market both the signature Michael Kors and the better-priced Michael Michael Kors sock collections.

According to Jordan Lipson, president and chief operating officer of American Essentials, the deal has been in the works for over a year. "This wasn't just another brand," he said. "This was a significant and meaningful opportunity. There's a great energy around the brand and interest from the retail community."

The collection will match Kors' reputation for luxury. It is expected to include cashmere and silk blends, hand-knitted cashmere and fine-ribbed and cable cotton socks. There will also be herringbone prints and knit textures drawing

from the apparel, and dressy and casual tights for women. "It offers us an opportunity to really access a different consumer. It's really an American sensibility with a twist," Lipson said. American Essentials also markets brands such as Calvin Klein and its own American Essentials line.

Wholesale prices will range from about \$8.10 for cotton and cashmere blend socks to \$135 for hand-made cashmere cable socks for Michael Kors, though on average the line wholesales for \$8.10 to \$11.25. Michael Michael Kors socks generally will range from \$3.60 to \$5.40 wholesale. The line will be previewed to select retailers during the January market and launched officially during the March market. Lipson said the distribution target is upscale department stores. He declined to give sales projections, but added it will be a slow, strategic rollout. "We see this as a long-term opportunity," he said. "There's not a rush to go too deep; it's going to be about better doors."

— Marc Karimzadeh

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Kabbalah Charisma: Fashion's New State of Mind

By Karyn Monget

NEW YORK — You don't have to be a Kabbalah-loving celebrity like Madonna, Britney Spears, Demi Moore or Lucy Liu to dress like one.

Would you believe Kabbalah loungewear, T-shirts, accessories, jewelry and even babywear? That's right. The Kabbalah Centre in Los Angeles, a focal point for the study of the mystical branch of Judaism that has attracted Hollywood A-listers, is making a push to promote the products, said Sharon Chalkin-Feldstein, design director of the center.

A licensed loungewear line produced by New York-based Polkadot will be unveiled at this week's market for spring selling in New York. Chalkin-Feldstein described the loungewear as lifestyle dressing, saying, "It could be worn to do yoga, go shopping at the market or to relax and meditate."

Indicating that loungewear was only a start, Chalkin-Feldstein said, "This is just the tip of the iceberg...There's something wonderful about wearing something that wards off the evil eye. That's what's so cool about it. It's not just a fashion item."

The initiative coincides with the publication on Oct. 22 of "The Red String Book," by Rabbi Yehuda Berg, co-director of the Kabbalah Centre. Red string worn on the left wrist is a symbolic connection to the protective energy of the matriarch Rachel and is supposed to dissolve negative influence and close the "evil eye" that interferes with happiness. The general idea will be to eventually cross-promote Kabbalah lifestyle items on an international scale.

Debra Schoenau, designer of Kabbalah loungewear as well as at-home wear and robes by Polkadot, said a certain karma put her in the right place at the right time to design the new line.

"Sharon [Chalkin-Feldstein] and I have been friends since we were kids," Schoenau said. "We went to camp together. She called me and said 'Do you realize you have two 72s in your phone number?' It was meant to be. The number 72 represents the 72 words of God in Kabbalah."

Regarding the loungewear, Schoenau, who is not a Kabbalist, said distribution will be aimed at major department and specialty stores and boutiques. Styles of lightweight cotton knit are planned to include tank tops and camis with straps that have a ruffled effect, drawstring pants and shorts and hooded sweatshirts. Solid colors are black, white and pink, while logos include red string motifs and the number 72. Wholesale prices will start at \$8.50 for shorts and thongs and go to \$25 for sweatshirts.

Meanwhile, "The Red String Book," which sells for \$14 and is published by the Kabbalah Centre, was part of a launch party for Kabbalah products on Oct. 26 at Kitson, the Los Angeles boutique

that is a favorite of Paris Hilton and Lindsay Lohan. Donald Trump's ex-wife, Marla Maples, will be the red string-swathed centerpiece on a billboard to be unveiled Nov. 15 in Times Square that advertises the book, said Kabbalah Centre spokesman Andy Behrman.

Kabbalah items available at Kitson include T-shirts produced under license by Knot that say "Kabbalah Is For Lovers," brightly colored terry cloth makeup bags imprinted with an "I Love Kabbalah" mantra by St. Tropez Essentials and babywear by Babesta with embroidered sayings "Miss String," "String Fellow" and "Kabbalists Did It Better." Scented candles by Slatkin began selling in September at Barneys New York, Bergdorf Goodman and Neiman Marcus in the U.S., and Selfridges, Liberty and House of Fraser in the U.K.

"We contribute 10 percent of all sales of Kabbalah stuff we have approved to the Kabbalah Centre's Spirituality for Kids Foundation," Chalkin-Feldstein said.

On the drawing board are private label T-shirts for women and men that were shown in September at the MAGIC show in Las Vegas that say, "Teck 4 Soul," a proprietary faux jewelry charm bracelet design from Italy with words such as "Protection" and "Unconditional Love" printed in Hebrew, and two fine jewelry lines — exclusive sterling silver jewelry from Israel and a Kabbalah necklace of white gold, white and black diamonds and rubies, which is expected to retail for \$10,000.

"Maybe there will be 100 or 200 of these necklaces," Chalkin-Feldstein said. "We're not making 10,000 necklaces because we don't want everybody wearing it."

She said the Kabbalah organization is in talks to create and market a Red String lipstick and a Kabbalah fragrance, but declined to elaborate. However, she added, "I just left Anastasia, the eyebrow queen of the world. Anastasia wants to do Kabbalah eyebrows for us."

Left: "The Red String Book." Here: Kabbalah loungewear by Polkadot.



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Presidential Issues Run Deep for Industry

By WWD Staff

NEW YORK — The next U.S. president, incumbent George W. Bush or challenger Sen. John Kerry, will face issues that are of critical importance to the fashion industry and, by their nature, to the entire country.

A survey of industry executives showed consistency in the challenges they believe are paramount, and diverse opinions on specific details and ramifications. Many of the 40 or so individuals interviewed made the point that several of these situations are linked, including port security and the flow of goods or exporting and the international fallout from the Iraq War.

The most crucial questions for the industry involve economic health and trade policy, and balancing issues such as lifting apparel and textile quotas on Jan. 1 and surging Chinese imports with creating jobs and strengthening the economy. Terrorism, homeland security and Iraq preoccupied many of those who shared their views.

TRADE, JOBS AND THE ECONOMY

Robert Skinner, president and chief operating officer, Kellwood Co.: "By far, the health of the economy and job creation...it's what I think is the most important issue. [When] people feel good about their jobs and potential jobs, they spend money — hopefully on our clothes. We have to start to control the deficit again. We have to make people feel better about job creation."

Bruce Raynor, general president, UNITE HERE: "The biggest single issue ...is trade, and whether labor and environmental protections are built into trade agreements. That helps raise worldwide standards for workers and not lower them. Globalization is here and there's nothing anybody can do about it, but it can be controlled."

Rick Darling, president, Li & Fung USA: "The real issue is how we are going to approach our obligations under the whole WTO (World Trade Organization) regimen and whether we are going to continue down the road of real free trade and globalization or whether we shrink back on a protectionist bent. To back away...is a mistake for the country and over the long term, bad for the overall economy."

Roger Chastain, president and chief operating officer, Mount Vernon Mills: "Lots of comments are made about wanting to help other countries with jobs. Well, I think our first obligation is this country. The idea of giving jobs away kind of turns my stomach."

Jim Gutman, president, Pressman-Gutman: "The most important topic is the topic of China and the implications that China has on the world economy and particularly the textile and apparel sector. As a textile importer, I would like to see no quota restrictions on China, but I'm also a garment producer in Central America and I see China as a threat to my garment production in Central America. Then, of course, there's the currency issue. There's no question that China's currency is undervalued. The question is how quickly can its value be allowed to float to whatever its real price should be, without destroying their economy and creating other problems."

Norm Zvail, president, Marika Group: "We deal with Chinese factories out of Taiwan and I don't know if we should be looking for other factories and how to react to the quota changes. Other than that, we do some business out of Israel and while we haven't seen any real disruption of things there, I am not sure what is going to happen with our shipping and products."

Gilbert Harrison, chairman, Financo: "The next president should work to lower the capital gains rates to stimulate expansion so that retailers and apparel manufacturers can build more facilities to grow their business and invest in new stores. Another tax rebate would be foolish. While it might stimulate retail sales in the short run, it would further mortgage our economy, and all consumers have to pay the piper eventually."

Richard Murray, president, Wacoal America: "I think the biggest issues will be the opening up of the China markets. The quota-free issue won't go away. CAFTA (Central American Free Trade Agreement) could become a priority or a nonpriority depending on who wins the election."

Josie Natori, chief executive officer, Natori Co.: "I believe in free trade and I think that will be an important issue. An important factor will be to stimulate business and the economy, have a good business environment and create jobs so people will invest and consumers will buy."

Designer Tracy Reese: "The next president will have to face the issue of the ever-growing trade imbalance. Our market is utterly ruled by imports and it has become increasingly difficult to compete in the international sphere with domestically made products due to labor costs, quality issues, minimums and creative restrictions. I am afraid 'Made in the U.S.A.' will soon be a thing of the past."

Designer Julie Chaiken: "I think what this country has always needed is a president and first lady that implicitly support the American fashion industry. I would like to see both of them wearing American designers and actively promoting American fashion, both in concept and in reality. Leaders of other countries actively promote their design industries and I feel that our leaders should do so, as well."

Lynne Coté, group ceo, Jones Apparel Group: "Controlled growth of China as it re-



Many executives said trade — particularly with China — was foremost on their minds this election season.



The continuing war in Iraq is another key factor in picking a president.

Election 2004

lates to its infrastructure has to be a concern of the president. The president also will have to face rising fuel costs, impacting both freight and the consumer, and delays in ports and in shipping. In a world where everybody wants speed to market, this is a really critical factor for us."

Ken Sitomer, principal, Apparel Holdings Group: "If you're talking about the industry, you're talking about more choices and freer access to countries around the world. The second issue is tax cuts. More tax cuts probably open the pocketbooks for more spending in the stores."

Michael Lerner, chairman, Marisa Christina Inc.: "The major issue facing us would be free trade. I think that whether there's going to be the imposition of any type of restraints or not would be probably the major concern for the industry. The next thing that would concern me is the status of the general economy. No matter how anyone paints the picture...I don't get a sense throughout the country that the economy has been strong. The best thing that can happen for the industry would be a strong consumer who feels confident in spending."

Designer Kay Unger: "The next president must work on our domestic economy. The rich always buy, but everyone else is greatly affected by loss of jobs...and fear that this war is out of control with no end in sight."

Designer Ellis Kreuger, Tocca: "It's such a shame so much of the fashion industry has been outsourced. There's something ghost town-like about the garment district — it's happened over the past five years or so. It would be great if the president could bring some of the jobs back home"

THE IRAQ WAR AND INTERNATIONAL RELATIONS

Designer Robert Lee Morris: "Every morning when I read the newspapers and I see that the war continues to escalate, I get the same feeling I got when I was in college during the Vietnam War and I would do anything to stop the madness."

CHINA PHOTO BY MICHAEL REYNOLDS/SEPERALANDOV; IRAQ BY ALHABER/EPALANDOV; CAMERON/KERRY PHOTO BY BILL GREENBALT/UPOLIANDOV; SUSKMAN BY PATTICK MCILLIN/GOESCHLIDON/PANIC; ZEL LOCK BY DENNIS BLACK/BERG NEWS/LANDOV; ALDOWNS BY CLAR/CORTES WIRE/STANDOV

An American point of view handcrafted in Italy

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Designer Michael Kors: "The biggest issue to the fashion industry after the election, no matter who is the president, is going to be the United States' relationship with the world community at large — basically fixing global relations."

George Horowitz, chairman and ceo, Everlast Worldwide: "I think that the way that Americans and American brands and products are perceived overseas is what concerns me most right now. We do a lot of licensing overseas, and when we go abroad, people are not really loving Americans and that could affect all of our businesses."

Brian Kukon, president and ceo, Hummel USA: "Oil prices are a big concern right now and the resulting inflationary pressures. The rising oil prices affect the cost of synthetic materials and has an impact on our business."

Charles Komar, ceo, Komar Co.: "Everybody is talking about China and that plays into it, but what about many third-world countries, like Bangladesh and Sri Lanka, where a lot of their gross national product is textiles and apparel? What happens when people stop buying from Third-World countries?"

Gary Wolkowitz, president, Hot Sox: "It's not just about quotas from China, it's about the safety of the nation, education and Medicare. Having just come back from London and Milan, it's about the stature of America in the world."

Matt Rubel, chairman and ceo, Cole Haan: "The biggest issue is really clearly defining the U.S. leadership role and leadership style. It needs to be more conciliatory. We do have to make sure we're able to live in a safe environment and at the same time travel the world. It doesn't mean we have to change our stance on things, it's how we approach these issues. It all cascades into the fashion industry because we all travel all over the world, whether it's for sourcing or selling our products outside the U.S."

NATIONAL SECURITY AND TERRORISM

Maria Stefan, president, Ellesse USA: "I believe the issues of homeland security and the economy go hand-in-hand. It is important that we have strategies and tactics in place to protect our citizenry from the emotional and economic blows that terrorism can create. On the business front, we need homeland security to focus on developing systems and safeguards to counter terrorism threats that are aimed at destroy-

ing our social and business mobility. For example, there is a need to ensure [that] containers arriving into ports are safe and we don't have bottlenecks that create disruptions in getting product to market."

Carol Hochman, ceo, Danskin: "The first thing on everyone's mind now is national security. While quotas, oil prices and other things are important, I don't think there is as big a separation now between what is important to the fashion industry and the wider society."

Bud Konheim, ceo, Nicole Miller: "After all the politicians I have voted for since Dwight Eisenhower, business and jobs have been created by business people who feel good about the future. That politician who is able to instill confidence in the business leaders will get them to take a risk and expand capital and labor spending. That's why I think the candidate that can best ensure a safe America will be the best for business. Everything else pales when fear becomes the overriding emotion."

Tom Ward, ceo, Maidenform Inc.: "I think keeping people safe and stimulating the economy would go a long way in getting consumer confidence back."

Arnold Aronson, managing director of retail strategies, Kurt Salmon Associates: "The number one thing the next president has to do is to make people feel very secure from threats of terrorism, in their economic security and the availability of quality employment. The president also must find a happy medium between imports and domestic production and the issue of outsourcing, and he has to reduce the polarity in government to enable long-term legislation for job creation, proper health care, tax reform and to create a united society."

Antonio Bertone, global director of brand management, Puma: "I feel the number one area the next administration can do to improve our industry is to loosen the noose of fear on this country, so creativity and self-expression can once again flourish in the U.S. By removing this cloud of fear, we can once again become a role model and leader in global politics, as well as fashion and design."

Designer Cynthia Steffe: "Of paramount interest to all of us is the war on terrorism. Not only are the concerns for the safety of our country, but commerce around the world is affected in how this war is fought."

Sizing Up the Administrations

By Joanna Ramey and Kristi Ellis

WASHINGTON — Picking the makeup of the cabinet and senior staff if Sen. John Kerry wins the presidential election or trying to determine which cabinet members and other top advisers would stay in a second Bush administration is a government policy wonk's delight.

Neither Bush nor Kerry would officially talk about personnel blueprints, citing the need to first win. However, officials from both campaigns were willing to speculate — without being identified. Former members of the Clinton administration and that of the 41st president, George H.W. Bush, also offered insights on the same basis.

"Start with the inner circle," a former Clinton senior trade official said about where to find Kerry loyalists who would likely move to the White House. The official cited the candidate's younger brother, Cameron, a Boston telecom attorney, for example, as a potential pick for a senior slot in the Justice Department.

As for a second Bush term, a current trade official said, "At the secretary level, historically, most go back to the private sector after the first term, but there are exceptions."

White House aides also can change hats, which the trade official said might mean Commerce Secretary Donald Evans would become chief of staff, with chief of staff Andrew Card moving to head an agency, possibly Treasury. Here are some names and positions under discussion:

JOHN KERRY

Potential picks for Kerry's U.S. trade representative are Stuart Eisenstadt, economic adviser in the administrations of Presidents Bill Clinton and Jimmy Carter; departing Democratic Rep. Cal Dooley (Calif.), a strong international trade proponent; former Clinton deputy trade representative Richard Fisher, who had oversight of Asia, Latin America and Canada, and Bill Daley, Clinton's commerce secretary.

Among those who might fill the roles of trade deputies or advisers at the White House or Commerce or Treasury

departments are Gene Sperling, who was Clinton's national economic adviser; Lael Brainard, Clinton's deputy assistant for international economics, and Nelson Cunningham, Clinton's staff director with expertise on Western Hemisphere economic issues. Brainard and Cunningham are Kerry's top trade advisers.

Ivan Schlager, another Kerry insider and key fund-raiser, might be in line for a trade, economic or telecommunications policy job. Schlager is South Carolina Sen. Ernest Hollings' chief of staff on the Senate Commerce Committee.

Former Labor Secretary Alexis Herman, and Jim Johnson, the former Fannie Mae chairman and chief executive officer — selected to head a Kerry post-election transition team — are seen as potential White House advisers, or Johnson as treasury secretary. Another commerce secretary pick could be Lou Susman, Kerry's national finance chairman and vice president of Citicorp's Global Markets. Susman's daughter, Sally, also a Kerry fund-raiser and senior vice president for global communications with the Estée Lauder Cos. who served as the Clinton undersecretary for legislative affairs, could be on a Kerry White House communications team.

Departing Missouri Rep. Richard Gephardt, longtime champion of organized labor, could be in line for labor secretary. Clinton Treasury Secretary Robert Rubin is seen as a top choice to succeed Federal Reserve Chairman Alan Greenspan, whose fifth term ends Jan. 31, 2006, but Rubin might be tapped earlier for a second tour at Treasury. Richard Holbrooke, former assistant secretary of state under Clinton, is often discussed for secretary of state.

Sen. Bob Graham (Fla.) also is seen as being part of a Kerry administration, possibly as transportation secretary.

GEORGE BUSH

Trade representative Robert Zoellick, who has zealously hoppedscotched the globe pressing Bush's aggressive trade-expanding agenda, might be in line for treasury secretary if John Snow leaves that post, as is expected, or Zoellick could leave for the private sector.

One top pick to succeed Zoellick could be undersecretary of commerce for international trade Grant

Aldonas, who has had a willing ear for U.S. textile executive complaints about the impact of trade on their businesses and is credited for opening some export markets to U.S. goods. Other possibilities for a USTR spot are Gary Edson, most recently deputy national security adviser, and Josette Shiner, deputy USTR and leading negotiator on trade issues for East Asia, South Asia and Africa.

Presidential economic adviser Stephen Friedman may be a candidate for treasury secretary, along with Evans, should he not move to chief of staff. Joshua Bolten, director of the White House Office of Management & Budget, is also considered a strong possibility for chief of staff.

Jim Leonard, deputy assistant secretary of textiles and apparel at Commerce, is seen as staying at the helm of Commerce's office of textiles & apparel.

In deputy trade jobs at USTR, Commerce or Treasury, names of Capitol Hill staffers being talked about are Angela Ellard, staff director for the subcommittee on trade at the House Ways & Means Committee; Sean Mulvaney, legislative assistant for Rep. Jim Kolbe (R., Ariz.), and Everett Eissenstat, chief trade counsel at the Senate Finance Committee.

Labor Secretary Elaine Chao is seen as keeping her post, but Secretary of State Colin Powell is expected to leave. A possible replacement is John Danforth, now ambassador to the U.N.



Cameron Kerry



Robert Zoellick



Grant Aldonas



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Badgley Mischka in Deal with Candie's



David Conn, executive vice president of Candie's Inc., Mark Badgley, James Mischka and Neil Cole, chairman of Candie's.

Continued from page one
would return with a collection for fall retailing next year.

Candie's is expected to announce today that it has acquired B.E.M. Enterprises Ltd., the holding company for the Badgley Mischka business, from its parent company Escada U.S.A., which has owned the brand since 1992. Escada said in October 2003 that it had put the 16-year-old label, which had yet to become profitable, on the block in the wake of its own restructuring. While the exact terms of the sale to Candie's were not disclosed, the final purchase price will be determined by how Candie's stock performs in the next six months.

Badgley Mischka's problems, which forced the company to seek out new backers this summer, have been endemic in the eveningwear industry. Those designers are typically dealing with a higher price point, as well as higher costs of production and materials, making their profit margins minimal at best.

In Badgley Mischka's case, the designers had yet to establish a significant stable of licensed products that typically provide the royalties needed to support a runway collection. Considering their editorial appeal and celebrity following, the designers feel they are on the verge of reaching that threshold, a point on which Candie's would agree.

"We pursued Badgley Mischka because we feel this is an amazing brand, and the more we looked at it, we just saw enormous potential to expand the product," said Neil Cole, chairman and chief executive officer of Candie's, in an exclusive interview, along with the designers, on Friday.

Candie's is an unexpected player to enter the luxury apparel market, but the acquisition of the Badgley Mischka trademarks is the first step in its strategy to build a more diversified portfolio, said Cole, whose brother Kenneth Cole famously broke from the family business to found his signature company in 1982. Candie's has also changed its business model in recent years by eliminating its own production and licensing the operations of its brands, Candie's and Bongo, which together generate about \$200 million in sales. This year, Candie's footwear was licensed to Kenneth Cole Productions Inc. and Bongo to Steve Madden Ltd., while TKO Apparel Inc. is in the process of taking over the Bongo jeans business as a licensee.

The company is planning to take a similar approach

with Badgley Mischka. Rather than producing the collection, as Escada did, Cole hopes to identify a strategic partner that will take on the production of the collection in a deal much like what Phillips-Van Heusen has done with the Calvin Klein brand since it was acquired last year. Candie's will instead focus on the licensing and marketing side of Badgley Mischka, building an image and stable of products that fall in line with the image set by the runway collection.

Creating memorable images is certainly an area where Candie's has some experience, given its latest campaign with Ashlee Simpson or the notorious advertisements from 1997 that showed Jenny McCarthy, the MTV and Playboy Channel poster child for potty humor, sitting on a toilet with her panties pulled down around her ankles.

The transformation has been relatively successful, as the company's stock has more than doubled its value of the last year with a 111.4 percent increase. Shares of the firm picked up 2 cents, or 0.5 percent, Friday to close at \$4.44 in Nasdaq trading. Its revenues for the six months ending July 31, reflecting the shift to licensing royalties, fell 43 percent to \$47.9 million, while earnings were \$551,000 as compared with a loss of \$3.1 million a year earlier.

The acquisition of Badgley Mischka, which will be paid with shares of Candie's common stock, will bring Candie's into a different market segment. Cole stressed that any future products under the label will respect its designer heritage, but both he and the designers feel there will be a logical transition of the Badgley Mischka brand from the more designer-oriented environs of Escada to Candie's less rarefied world.

Candie's had 18 licensees for Candie's and Bongo prior to the deal with Badgley Mischka, which now brings its total to 20. The immediate focus will be on finding a production partner, as well as targeting additional licensing opportunities beyond Badgley Mischka's two existing deals — one with Pronovias USA for bridal gowns, and another for fur coats with BC International.

"Yes, we've been marketing to teenagers for the last 25 years, but we have been looking for a way to diversify our business," Cole said. "We see great potential in Badgley Mischka in accessories, certainly footwear or handbags are a no-brainer, but we're going to be exploring natural brand extensions."

Badgley and Mischka, who will be compensated with a revenue participation in the business going forward, said they were interested in Candie's for its marketing and licensing expertise.

"The potential of our company has never been realized because we were never focused on that," Mischka said.

"Fashion each season comes like a bullet," added Badgley. "We never had the time, but this is really right for us."

The designers and Escada executives entertained a number of potential offers over the past year, but a deal did not appear likely unless the company was restructured as a licensing business. In July, when Escada announced it would not provide the funding for a spring collection, the designers began to shut down their operations, including their showroom at 525 Seventh Avenue here, and letting about 40 employees go. They will begin to restaff this week and are looking for new real estate in the West Chelsea neighborhood, they said.

"We were able to sit back and think about what we really want to do," Mischka said. "We want to build a business."

The designers plan to put together a fall collection, but it is not clear whether they will be able to stage a formal show during the next New York Fashion Week in February. That will depend on whether they can find a partner that can make a viable business out of the high-



A look from Badgley Mischka's fall collection.

end collection, which had sales of about \$40 million at retail before it was shut down. Cole projected that number could double within a year.

"We are talking to people who are very interested and we are going to find a strategic partner," Cole said. "We will find a way to do this because the collection is very important to our marketing approach. Mark and James have this amazing talent, and now is the time to expand the brand and bring it to new heights. One of the advantages we have is Mark and James themselves."

The designers got together with Candie's through UCC Capital Corp., which has been involved in an increasing number of intriguing designer deals. UCC orchestrated the sale of Bill Blass Ltd. through the bond market in 1999 and also provided asset-backed financing to Candie's in 2002. Last month, UCC facilitated the introduction of Oscar de la Renta Ltd. to the Connecticut-based Webster Bank to expand the company's credit facility with more aggressive terms than those offered by its previous lender, reportedly Fleet Bank. Robert D'Loren, president and ceo of UCC Capital Corp., is also a member of Candie's board.

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Tahari Bid for Barneys Said in \$400M Ballpark

By Vicki M. Young

NEW YORK — Designer Elie Tahari last week submitted his bid for Barneys New York, according to sources.

Although Tahari had been searching for a partner, sources said he elected to “go on his own.” Tahari’s bid, which one source referred to as “substantial,” is said to be in the \$400 million range.

A bid at this stage, with “highest and best offers” to be put on the table, means Tahari already has secured commitment letters from lenders. Tahari has been eager to buy Barneys for some time, having made a substantial initial bid in



the early fall to propel him into second-round consideration, sources said. Tahari is one of the few nonfinancial buyers to have made it to the second round and beyond.

Dickson Concepts looked at Barneys and passed on making a bid, as did Hong Kong-based retailer Lane Crawford. As for U.S. retailers, Federated Department Stores has elected to focus on converting its stores to the Macy’s nameplate, while high-end specialty chain Neiman Marcus Group also walked away from any deal but is reportedly watching on the sidelines to see who may be bidding, as well as discern the amount of each bid. While it likely would be too late for any other bids — the process is expected to close this week — one investment banker said: “Anything can happen at this stage of the bidding, especially

when someone comes in with a high offer that is legitimate and secured with financing in place.”

On the financial side, firms such as Vestar Capital Partners and Freeman Spogli & Co. also decided not to make a run at Barneys for their next deal. One problem, observed an investment banker, is that “Barneys is high-priced for many of these financial firms, and for them, there appears to be limited potential for growing the freestanding stores and its Co-op concept.”

Barneys wouldn’t be the usual investment for Bear Stearns’ merchant banking group — it likes to build retail operations that are cast-offs from the parent

firm, such as New York & Co. and Aeropostale, both successful deals in the past — but it is possible it could join forces with another firm, such as Triac. The merchant banking group is the private investment arm of Bear Stearns and a source said Gregory Shaia, who joined the Bear Stearns’ investment banking group in August after a stint at Citigroup, has been working on putting together financing for Triac in a Barneys bid. He also has experience in deals connected to retail and apparel. One avenue of financing would be the private equity group at his own firm, a banker at a competing firm said.

Puma 3Q Net Rises 23%, Ups Guidance

PARIS — Puma AG on Friday raised its full-year earnings target and reported a 23 percent hike in third-quarter income.

The German sports firm said solid shoe and apparel sales drove earnings for the three months ended Sept. 30 to 85 million euros, or \$104.6 million, from 69 million euros, or \$79.7 million, a year ago. Figures have been converted using average exchange for the corresponding periods.

Sales in the period gained 14.6 percent to 460.9 million euros, or \$567.3 million, from 402.3 million euros, or \$464.6 million, in the year-ago period.

Although results narrowly missed analysts’ consensus expectations, Jochen Zeitz, Puma’s chief executive, said in a conference call that the company was upbeat.

“We’ve achieved our goals,” he said. “We expect a strong fourth quarter, which should enable us once again to achieve new records across the board for the year.”

Zeitz said full-year profits should grow 35 percent to 40 percent, up from the firm’s previous guidance of 30 percent growth. He added that sales should increase 20 percent for the year.

Puma said footwear sales increased 13 percent to 301 million euros, or \$370.5 million, while sales of apparel grew 19.3 percent to 130 million euros, or \$160 million. Accessories sales climbed 27.1 percent to 31 million euros, or \$38.2 million.

By region, sales grew 11.1 percent to 313.5 million euros, or \$385.8 million, in Europe and were up 17.9 percent to 84 million euros, or \$103.4 million, in the U.S. Sales in Asia bounded 14.3 percent to 48 million euros, or \$59.1 million, and grew 110.7 percent in the Middle East and Africa to 15 million euros, or \$18.5 million.

— **Emilie Marsh,**
with contributions from
Damien McGuinness



To our manufacturers and suppliers:
Statement of policy concerning gifts.

We are taking this opportunity to restate our policy concerning gift-giving, not only during the forthcoming holiday season, but at all times of the year. On any occasion, gifts, no matter how well-intentioned by the donor, tend to shake the moral structure of the firmest business foundations by substituting subjective emotions and motives for objective judgment based on service, quality and price.

Accordingly, for the mutual protection of our suppliers, our associates and the Company, we prohibit our associates from accepting gifts, gratuities, payments or favors of any kind. Any gifts received by our associates will be returned to the donor or donated to charitable organizations. Our associates are advised that violation of this policy is considered to be a grievous matter.

We call upon you to assist us and our associates by refraining from giving or offering such gifts. Your awareness of and cooperation with this policy will foster the continuation of fair business practices that favor our close association.

Best wishes for a happy holiday season and a prosperous New Year.

Bernard Cammarata
Chairman of the Board

Edmond J. English
President and Chief Executive Officer

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Financial

WWD COMPOSITE STOCK INDEX VS. S&P 500



WWD STOCK INDEX UP 3.1%

NEW YORK — Matching a percentage advance by the S&P 500, the WWD Stock Index rose 3.1 percent in the week, closing at 1,117.24 from 1,083.63 a week ago.

Pleasing investors, who are already focused on what could be a decent holiday season, several retail stocks posted big gains last week following better-than-expected quarterly earnings reports. In a new forecast released Friday on holiday spending, Archstone Consulting predicted a 3 to 5 percent increase in sales in November and December over last year, in line with several other projections.

"Consumers, much like markets, don't like uncertainty, and regardless of who is elected, a large veil of uncertainty will be lifted, further fueling holiday sales," said Michael Unger, a director at Stamford, Conn.-based Archstone Consulting, in a statement.

Among specific companies, shares of Coach Inc. rocketed 11.7 percent to \$46.63 from \$41.75 the week before. The company reported on Tuesday that profits jumped 60 percent on a 33.4 percent increase in revenues. It also outlined a significant store expansion strategy in the U.S. and in Japan.

Columbia Sportswear shares increased 10.6 percent to \$60.36 last week from \$54.56 the week earlier, after reporting Thursday that third-quarter net income rose 7.9 percent on a sales gain of 11.3 percent.

Meanwhile, shares of J.C. Penney & Co. took a hit after the company announced Wednesday that Myron E. Ullman 3rd will succeed Allen Questrom as chief executive officer on Dec. 1. The shares ended the week down 9.5 percent at \$34.59 from \$38.20 the week before.

— Meredith Derby

Weekly Stock Index

52-WEEK		P/E	VOLUME (00'S)	AMT LAST	CHANGE
HIGH	LOW				
RETAILERS					
39.94	23.07	17.3	75865	39.18	2.32
33.98	16.83	26.9	32437	31.55	0.72
41.59	14.70	29.7	61950	40.88	2.21
31.43	21.20	12.7	56566	22.46	0.22
31.20	15.22	30.3	18855	30.87	2.43
5.97	1.40	-	20400	2.86	0.21
17.95	9.62	10.5	4747	12.00	0.96
22.90	17.42	14.3	3165	22.07	0.65
23.63	11.31	19.8	2288	15.70	0.29
23.68	18.65	14.7	3086	22.96	0.44
22.24	10.77	17.8	12760	13.21	0.62
9.19	5.09	12.9	22783	7.63	0.39
47.60	30.51	28.8	61919	40.03	2.68
32.85	16.77	28.9	28884	30.87	2.56
44.44	32.90	19.0	71421	43.46	1.18
27.01	18.74	21.8	695	24.23	-0.05
24.98	14.39	27.7	27222	20.49	1.43
23.19	16.91	20.1	108459	19.25	0.62
19.45	13.90	16.1	7287	16.03	-0.88
102.12	50.63	90.7	499040	97.63	1.72
44.13	25.09	18.8	63084	29.55	2.33
55.06	42.54	12.9	122417	50.45	3.59
27.59	17.89	15.7	36888	24.40	0.86
25.72	18.12	16.2	266165	19.98	0.08
14.80	7.35	16.3	3514	8.79	0.45
6.89	3.14	18.4	1884	6.09	-0.19
19.58	10.75	34.3	9169	16.70	-0.90
5.25	0.00	-	36	1.55	0.04
32.30	13.85	20.6	60144	20.56	1.85
41.50	22.29	19.3	259415	34.59	-3.61
42.01	22.41	19.2	59242	32.04	2.67
56.63	39.59	27.8	168111	50.76	-1.53
24.80	16.68	16.4	124047	24.78	0.91
36.48	23.04	12.0	111939	26.06	1.15
29.00	12.75	6.1	503	12.95	0.00
60.89	46.63	14.2	6039	60.83	2.36
46.30	29.76	18.5	59870	43.18	2.17
25.78	17.25	19.3	78019	36.01	1.80
46.56	37.00	17.9	7652	42.80	0.14
9.70	4.10	20.4	3275	7.17	0.45
32.86	20.95	18.7	97638	26.27	3.10
17.92	11.61	19.7	63632	12.22	0.37
56.06	31.21	3.6	230554	35.00	2.48
18.71	12.14	13.1	7199	17.24	1.01
40.34	26.14	11.8	55668	36.01	1.80
18.96	7.07	31.7	5960	16.62	0.62
12.15	6.52	-	225	10.66	0.41
39.82	24.11	13.7	19479	26.39	0.93
50.26	36.19	23.5	218169	50.02	2.31
26.82	20.51	17.0	97440	23.98	0.74
3.71	1.77	-	1049	3.47	0.31
41.47	16.29	46.7	44849	41.00	3.08
61.31	50.50	24.3	471681	53.92	1.93
11.80	0.69	-	14828	1.85	0.05
9.90	1.95	-	8698	5.80	0.47
31.30	24.23	14.1	12557	28.52	1.70
VENDORS					
52.30	39.51	29.2	24510	44.86	2.46
46.65	30.67	14.2	372633	39.55	-2.08
27.41	20.60	31.5	204	23.34	-0.34
29.00	19.47	16.3	1276	28.45	0.55
47.45	32.50	29.9	143258	46.63	4.88
60.46	49.22	18.0	21587	60.36	5.80
34.60	22.48	17.0	2073	33.35	1.65
24.35	17.59	-	7454	23.98	1.98
40.34	36.15	26.8	44177	42.95	0.17
32.37	17.19	19.1	15785	29.76	1.70
11.90	5.75	24.1	122	6.59	0.32
39.97	31.01	16.8	37356	39.05	0.99
33.36	11.32	15.6	3129	13.44	0.63
40.00	31.75	14.3	43965	35.30	1.22
45.10	31.32	11.0	20395	31.46	-0.51
37.39	24.65	14.4	8058	26.50	0.70
41.51	32.09	15.0	47249	40.88	2.13
5.68	2.67	15.4	99	3.43	0.12
17.97	11.86	18.0	3097	17.25	0.06
81.95	60.69	21.1	58814	81.31	2.20
2.65	0.66	-	62	0.73	0.04
47.50	29.60	15.8	7044	37.09	0.94
29.95	19.45	10.8	3171	21.50	1.20
23.27	16.27	-	6239	22.79	0.77
38.57	27.28	20.4	22405	36.93	1.58
27.71	14.70	20.8	23591	27.25	1.45
42.95	31.25	12.3	32975	37.00	1.30
3.93	2.03	-	34661	2.43	0.19
19.23	15.60	13.1	8000	17.29	0.72
4.50	0.71	-	7080	0.97	0.16
18.25	8.50	8.2	24289	9.60	0.49
4.88	0.90	-	4301	1.06	-0.14
3.24	0.65	77.5	12974	3.15	0.38
54.34	40.16	13.0	36454	53.83	3.81
22.76	12.94	-	11621	20.40	0.98




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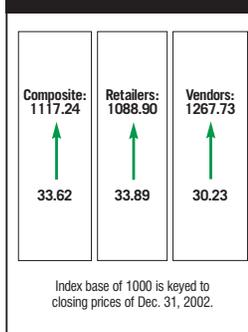
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WWD Stock Market Index



Weekly % Changes (ending Oct. 29)

	Close	Change
Largest Gainers		
Tarrant	0.97	19.75
True Religion	3.15	13.72
Ross Stores	26.27	13.38
Coach	46.63	11.69
Columbia Sportswear	60.36	10.63
Largest Losers		
Tropical Sportswear	1.06	-11.67
J.C. Penney	34.59	-9.45
Dress Barn	16.03	-5.20
Guess	16.70	-5.11
Avon	39.55	-5.00

Index base of 1000 is keyed to closing prices of Dec. 31, 2002.

Legwear In-Step with Fun, Function and Fashion



American Essentials

There's a rainbow of new opportunities in legwear, and fresh colors, patterns and styles are raising a demand making it a basic necessity at retail, reported Marshal Cohen, chief industry analyst, The NPD Group.

While increasing purchases may be a challenge in other categories, legwear sales are flourishing as shoppers find hosiery "fun, functional and always affordable." Despite the brand or style, legwear is economical and offers consumers a good buy, and its gains at retail should outpace those of the overall apparel business, Cohen predicted.

"Women may not be sure they are able to afford a new \$150 skirt, but they can always buy \$20 hose or socks," he asserted.

Retail sales in the bustling legwear market from September to August 2004 rose to \$2.982 billion, up 0.8 percent from \$2.959 billion for the same 12 months in 2003, according to The NPD Group. The average price for legwear in that period rose to \$2.11, up from \$2.05 for the prior year.

Specialty stores are doing a particularly good job of filling women's legwear needs, Cohen said. "Color is what will determine newness. Novelty was the differentiation of product all over Europe."

As retailers continue to concentrate on legwear and offer it in even more colors, they will find it gains added stature, he predicted. "It needs to be treated as a business, not just as an add-on." In the latest developments at retail, consumers are looking for legwear that is fun, more feminine and a bit dressier, he noted.

"If a woman is going to go out and spend \$100, she's going to want to buy something like an accessory she can wear a few times a week. For legwear, now is the time!"

INVISTA recognizes consumer needs.

And with features like LYCRA® Body Care and Coolmax®, the world's leading fiber and fabrics company is a true leader in legwear innovation, meeting consumer needs and focusing on and delivering new benefits like moistur-

izing, freshness and massage to the legwear category.

After successful presentations across the country, enthusiasm for INVISTA's legwear advances continue to rise, reported Sharon Cook, North America legwear marketing manager. Launched just over a year ago, LYCRA® Body Care unveils a new road to unique consumer benefits, she reported.



Tommy Hilfiger by Mountain High Hosiery

Offering a collection of massage, freshness and moisturizing advantages, the system incorporates innovative technologies that will be enthusiastically welcomed. "We really know the consumer is out there looking for a sense of well-being," asserted Cook.

Appealing to men and women, "It offers comfort and fit, while the stretch and recovery of LYCRA® is a great way to deliver microencapsulation. INVISTA added special features that consumers understand and are familiar with – like moisturizing with Aloe Vera."

INVISTA also is developing new opportunities with IFF, one of the fragrance industry's premier companies, "because they really understand the market and know what consumers are looking for." The partnership will continue to evolve new ideas and fresh concepts for prod-

ucts, she noted. "It's the largest textile company partnering with the largest fragrance company, and we think it will deliver real newness to the market."

For socks, INVISTA also offers Coolmax® freshFX™, that can be blended with Coolmax®, cotton or other fibers for socks that suppress odor-causing microbial growth and offer long-lasting freshness. Socks with Coolmax® freshFX™ are designed to keep the wearer cooler, dryer and odor-free. While it now is offered just in socks, it could evolve into other categories, she noted.

"We have always made great products for legwear – now we're just adding new layers of consumer benefits and are doing a lot to help market legwear products, with hangtags and stickers, and creating a whole umbrella of marketing tools that link the benefits of LYCRA® with these new features."

LYCRA® Body Care will continue to explore and move into new areas, she noted. "It's just an endless way to deliver new value-adding benefits."

Even though INVISTA offers materials for other apparel categories, legwear is a prime vehicle for Body Care's benefits, Cook observed. "Legwear is perfect: It's close to the skin and there are very simple consumer needs that require some sophisticated technologies that only INVISTA can supply." Another benefit is that the fabric finishes are applied in the finishing process, consistent with usual mill practices.

LYCRA® Body Care and Coolmax® offer benefits that shoppers are most seeking: "Fashion, function and well-being – people are interested in taking care of themselves and their well-being. That's been true for years and it's not going away!"

LYCRA® Body Care is available with or without scent, creating apparel that "not only looks



American Essentials

Continue to page 2

Legwear Brands Making Strides with Consumers

Women are enthusiastically returning to wearing legwear in a wide array of colors, patterns and textures, confirmed David Wolfe, creative director, The Doneger Group.

"I think legwear is definitely a fashion accessory today, and has to have all the pizzazz of handbags or jewelry or shoes. There's color, texture, prints, patterns, and the fact is the consumer is reawakening to the idea of coordinated dressing.

"That gives a wonderful window of opportunity for the manufacturer and retailer to really make some fashion impact (on the selling floor) with legwear."

As classic, feminine dressing returns to popularity, legwear is delivering a new impetus to retail sales, he noted. "I think legwear is benefiting (now) that lady-like propriety is coming back in style."

But despite rising consumer interest, some

retailers are not properly prioritizing legwear for in-store or window displays, he observed. "The important thing is to make sure the visual merchandising department gets out there (with legwear) and supports it!"

Legwear – like other necessary accessories and details – should play a rising role in compiling retailers' fashion offerings, Wolfe stressed. "They have to learn it's part of the fashion equation now. For a while, legwear went the way of gloves; but now, legwear finally is back – and so are gloves!"

Retailers are learning that elegant add-ons to fashion are back, and gaining popularity, he noted. "They have to learn the big picture – or die."

With 77 years of experience in the legwear business, there are very few companies that could fill the shoes of Toronto and New York-based American Essentials.

For the last 20 years, the family-controlled company has been extending close outsourcing alliances around the globe, distributing legwear to 30 countries and an estimated 10,000 retail locations worldwide, with the U.S. accounting for 50 percent of business, disclosed Jordan Lipson, president and CEO, American Essentials.

With the company currently "in the heat of the Fall/Winter '04 season," Lipson reflected legwear has "really become a solid third- and fourth-quarter business," particularly for its American Essentials and Calvin Klein legwear labels.

Looking to Fall/Winter 2005, Lipson projected opportunities may be even bigger – "a record season" – primarily due to the emphasis the entertainment and fashion industries are placing on the

Continue to page 4

Tights, Socks Going the Extra Mile

Continued from page 1

good and feels good, but is good for you too."

In 2005, from sheers though socks, INVISTA's legwear features will generate tremendous interest from manufacturers, Cook related. "Innovations like LYCRA® Body Care and Coolmax® freshFX™ are going to take the market by storm next year."

"We are the leader in bringing newness to consumers, and we're still working on other innovations," noted Dianne Lober, marketing communication manager.

"We recently conducted a market research study among men and women, and results show the top attribute desired in dress and athletic socks are to remain odor-free, dry and cool—all the attributes Coolmax® freshFX™ provides to the consumer."

With advantages like Vitamin E and massaging, INVISTA offers consumers concepts they will welcome. "In 15 years, we may be getting benefits through our apparel that we never imagined. The current well-being benefits from LYCRA® Body Care are just the beginning."

With new innovations coming down the line, special features also will come in the intimates market, Cook noted. "These are exciting days at



Legwear with LYCRA®

INVISTA – we're building momentum in intimates as well (as legwear), and there is a lot of synergy between the two categories!"

INVISTA debuted LYCRA® Body Care delivering well-being benefits in apparel in September 2003.

"Through LYCRA® Body Care, we can help brands and retailers differentiate everyday products in ways that have strong consumer appeal and interest," explained Bill Ghitis, president, global apparel.

Extensive research by INVISTA in the U.S. and Europe confirmed both men and women are excited by the concept of well-being benefits in their clothing, especially those items – like legwear and socks

— worn close to the body, with benefits like freshness, massage and moisturizing rated extremely high in consumer interest.

LYCRA® Body Care features unique benefits though fiber micro-encapsulation technology delivering moisturizing and other benefits, with invisible micro-capsules releas-

ing their benefits continuously as garments move against the skin.

Massage properties result from combining graduated compression knitting technology and fiber finishing innovations in high-tech hosiery yarns. "Legs stay cool in summer and warm in winter, and are toned and invigorated all year round by a gentle massaging action that works vitamin-rich nutrients into the skin," INVISTA reported.

Upcoming LYCRA® Body Care innovations may include aromatherapy, as well as a range of other benefits for well-being, INVISTA added.



LYCRA® Body Care Hangtags

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Calvin Klein

Colors and Patterns Re-energizing the Hosiery Market

The leg is back!

Runway shows for Spring/Summer '05 continued to highlight the leg, with the emphasis on color, reported Sally Kay, president of The Hosiery Association.

"Color will continue to be very important. Hosiery and legwear are fun but functional, letting women make their own fashion statements – and using color lets you do that."

Color continues to re-energize the legwear mar-

ket, she confirmed. "There's certainly a lot of new opportunity out there. We're seeing some trends of the past coming back, but they are bringing much fresher and more modern looks with them."

Because legwear now is so affordable and accessible, it adds major flexibility to a woman's wardrobe, allowing her to totally change a whole look by adding new hosiery colors, prints, or patterns, she noted.

Legwear offers women their most viable economic alternative to updating their wardrobe, said Kay,

who has been with the foundation for 14 years and president since 1991.

"A woman may not be able to go out and purchase a new dress, but legwear certainly provides her with a more affordable way to still change and upgrade her look with new, fresh hosiery."

Retailers and legwear makers increasingly offer women styles and materials at an array of affordable

Continue to page 6

Legwear Brands Offer Many New Choices

Continued from page 2

category. "Many of the top European designers are showing socks and tights on the runway, and the leg is becoming more and more of a fashion focus."

American Essentials' brands continue to enjoy a vibrant retail reaction. "Fashion and functional legwear is selling faster than ever this fall. We're shipping our product (into retail locations), and they're selling right out," he stated, explaining both career-oriented legwear and "very dressed-down" styles are on a record pace and driving the industry.

The continuous flow of core basic inventory represents a significant investment, and one that is necessary to ensure profitability and stability with the company's retail partners. To that end, American Essentials carries an extensive inventory of in-stock basics to support auto-replenishment of its bestselling styles.

Through its various legwear collections, the company runs the gamut in terms of domestically producing or globally sourcing everything from tights to socks, thigh-highs to knee-highs, in 64-needle all the way up to 400-needle weights. But no matter what the style, it's "all about newness, newness, newness," he declared.

Where consumers were mainly interested in stocking up on two- and three-packs of the basics in past seasons, American Essentials' consumers today primarily look for what is "new and different." To meet their needs, the company works to ensure its products always look fresh on the shelves or racks – and in the retail environment as a whole – working closely with retailers in romancing its assortments with the support of its New York sales management and national in-store merchandise service team, he added.

On the product level, American Essentials remains focused on providing "something special" in each price point, be it a private label, national or luxury brand. "We try to de-clutter the noise at point of sale, and work to make each brand consumer-friendly by offering a balanced assortment of compelling quality products."

Working off current trends of exciting colors and novelty patterns, American Essentials is doing its part to make department stores' legwear departments "a more exciting environment to shop in." Through its collections, the company is showcasing "rescaled menswear patterns" like houndstooth and argyle, as well as stripes and more feminine floral prints.

"And the use of color has been just fantastic," Lipson emphasized. "It has been a significant driving force. We're seeing it in all aspects of clothing and home fashion – not just in the legwear industry – and I think that today the American consumer is really in tune with global influences and embracing color as a vehicle for updating the world around them."



American Essentials

American Essentials also is setting high industry standards with its product innovations as well, Lipson related, noting it has always followed its "TFE philosophy", meaning each and every product – as well as its packaging and presentation at retail – must be "Technical, Functional and Emotional."

"Many companies focus on volume-based six-packs. We're not about that," he declared. "Today we are seeing a resurgence in single pair purchases being

driven by the consumer's need for newness in both functional and fashionable quality product.

"Comfort and performance have also become leading factors in the purchasing decision for better quality brands. When it comes to ultimate comfort we're combining extra soft microfibers like modal, Tactel® and rayon, blended with luxury fibers such as Pima cotton, cashmere, angora and merino wool. To add superior performance we knit many of our products with soft tops, elasticized arches, antimicrobial finishes and cushioned soles."

Customers are definitely trading up with all the new luxurious touches and added features to their legwear. "If the product captivates her attention, (she) will spend based on emotion and the purchasing criteria will not be solely price-driven. Legwear is a great way to update her wardrobe and our focus at American Essentials is to always provide her with an excuse to treat herself to a wonderful pair of socks and tights so that she'll always look right and feel good season after season."

The opportunity to do something special has been particularly strong with the Calvin Klein legwear label, which American Essentials has held for 16 years, Lipson offered. "Calvin Klein has fantastic global recognition, and (its legwear sales) only get better."

For Spring 2006, American Essentials plans to extend the Calvin Klein legwear collection by launching "Choice by Calvin Klein", a new line designed to specifically target consumers 12-18 years of age.

The company also will be launching new websites, www.americanelements.com and www.mcgregorsocks.com. Yet, while Lipson disclosed the company has been monitoring e-tail relationships, he believes the close, personal nature of American Essentials' business will ensure that path won't be pursued in the near future.

"Our ongoing philosophy is to think globally, but act locally in our approach to sales, marketing, merchandising and manufacturing around the world. Our strategy is not to be the biggest, but to be the best when it comes to people, product and performance."

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CLASSICS WITH A TWIST



TOMMY HILFIGER



SOCKS

Consumers Warming Up to New Styles

Continued from page 4

prices, she noted. "So if there is a certain look they thought they couldn't afford, manufacturers still offer product at a variety of price levels. We're doing a better job as an industry of listening to exactly what the consumer actually wants."

Legwear is delivering an upbeat trend for the fashion industry worldwide, increasing consumer interest and stimulating manufacturers to extend their lines, she observed.

For Fall 2005, Mountain High Hosiery, Ltd. responded to the latest fashion trends by moving in several fresh, innovative directions that will set new standards for the legwear market.

According to Ken Walter, senior vice president, marketing, Mountain High Hosiery will offer a variety of trends that continue to grab consumer attention:

- Texture – particularly heavier, twisted looks – will be important, with Mountain High also offering looks like boot socks with "fashion" senses, he noted.
- Feminine and flirty looks will be particularly important, with sheers and lightweight socks gaining new importance.
- Layering of different sock lengths will gain stature.
- Details and embellishments will be taken from clothing.

The rainbow of colors boosting sales in the market will continue to command consumers' attention, Walter confirmed. "Color is always important. We will see a large range of neutrals and organic tones which are very saturated."

Marketing products under licensing agreements for leading brands like Esprit, Tommy Hilfiger, Bill Blass, Adidas and Johnston & Murphy, Mountain High Hosiery also is one of the largest suppliers of private label hosiery, offering proprietary labels like Mountain High Hosiery.

With a mission to be the premier manufacturer of quality hosiery, Mountain High Hosiery's "passion for the product" produces quality and assortment in all genders and categories.

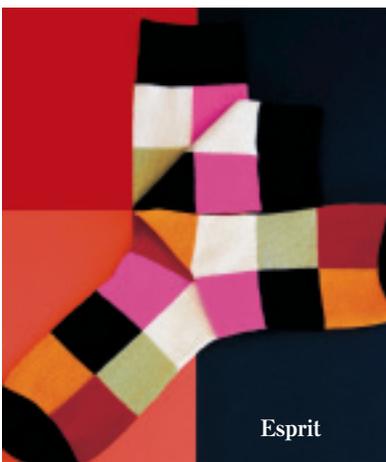
By infusing fashion with technology, Mountain High Hosiery is a leader in better hosiery, creating product "that lasts and serves the customer better."

The vertical enterprise enjoys close partnerships with customers, practicing the highest environmental, ethical, safety and labor standards, it asserted. As a privately held company headquartered in San Diego, Mountain High Hosiery markets to men, women and children. Having reached its 26th year, it enjoys long-standing relationships with some of the top retailers in the nation, like Nordstrom's, Federated, May Corp., Dillard's, Belk, Saks Inc., Hudson Bay Co., Costco Wholesale International, Johnston & Murphy, Jos. A. Banks, Brooks Brothers, Dayton-Hudson and Van Heusen.

Products are sold through a wide range of retail channels, including department stores, discount retail

chains, specialty stores, warehouse clubs and catalogs. Sales offices are located in New York City, San Diego, Toronto, St. Louis, Newport Beach, Philadelphia, Winston-Salem and Costa Rica. "Our primary focus is to accommodate our customers' business needs by offering an extensive assortment and accurate informational analysis and recommendations," it noted.

The firm noted it offers one of the most diversified ranges of manufacturing capabilities in the world, state-of-the-art manufacturing facilities, vertical processing and supply chain management. With a design and merchandising team constantly offering customers "fresh new ideas, innovative products and creative merchandising concepts," goods are produced in Asia and Central America, with materials sourced on a worldwide basis. The distribution center of approximately 48,000 square feet in San Diego features a



flexible layout to control the material handling process.

Retail price points are increasing on legwear items that feature the attributes consumers seek and appreciate, and deliver shoppers a message of "better, unique or luxe," Walter noted.

As the market continues to expand, retail distribution will evolve and change, he asserted. "Uniqueness of product, specific to an account or retail channel, is needed to differentiate the 'noise' in the overall market," he related. "Cross-channeling continues to be the continuing trend that affects this category."

Legwear will continue to gain greater attention in the overall fashion market, offering shoppers a particularly inexpensive way to accessorize an outfit or update their look, Walter explained.

Legwear offers women several innovative, affordable ways to update and change their look, with the addition of color through tights, knee-highs and leg warmers giving outfits an entirely new look and feel. "The trend in legwear is color, texture and layering. You can dress up a skirt with tights for the office and on weekends layer with a legwarmer for a casual look."

The growing array of new legwear trends and

style directions also offer women a distinct way to make an individual statement, he stressed. "She can have fun whether she is showing off her legs or hiding them with pants and boots. Legwear today flirts with the senses!"

In choosing patterns and materials, consumers are both staying with traditional looks and seeking newness in legwear style directions, he noted. "In basics, they are buying traditional and fashion colors. They are also buying new yarns to fit their lifestyle.

"For example, they are buying basics for the office in a dressier yarn and basics for the weekend in a more casual yarn or heavier needle count. It is important to understand the consumers' lifestyle and how that relates back to their buying patterns."

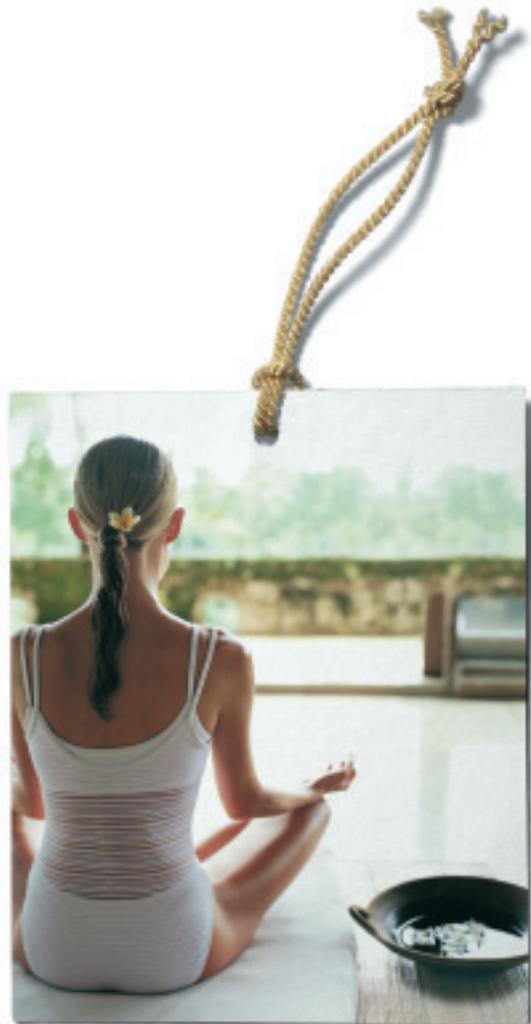
With shoppers purchasing both natural and man-made high-tech products, Mountain High Hosiery is always introducing newness for novelty or technical yarns, he explained. "There are so many consumers who still want cotton socks, and others who have accepted synthetics and now are reaching for the micronylons which offer a super soft touch."

While the sock market has become very basics-driven, patterns and more whimsical looks remain important, especially in drawing consumers to the retail fixture – "but of course they need to make sense for the brand or label," he stressed. "(Customers) still want to have an uplifting, fun experience when they shop (for hosiery) and fun product merchandise helps that happen."

Today's legwear market is constantly evolving and changing, Walter affirmed: "We live in a world where anything goes, and consumers do not want to be in a box – they want choice, and they want it when they want it."

Comfort stands prominent as one of the most important factors when consumers decide to buy, while function – the latest market trend, when added to comfort – is an extra bonus for consumers that enhances their lifestyle. "Women are now catching on to function; however comfort, and a soft hand, continue to be very important."





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For more information on LYCRA® Body Care, contact Kim Scheffler for Intimate Apparel at 212-512-9321 and Sharon Cook for Legwear at 212-512-9456.



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ESPRIT

socks



Catch Them If You Can: Abagnale Fights Counterfeiting

By Ross Tucker

NEW YORK — Frank Abagnale, whose journey from teenage confidence man to Federal Bureau of Investigation consultant received the Hollywood treatment in Steven Spielberg's "Catch Me If You Can," is bringing his decades of expertise to the luxury goods market with an anti-counterfeiting product.

On Wednesday night, a select audience gathered on the third floor of Swiss luxury watch designer Audemars Piguet's Midtown North American flagship boutique was dazzled as Abagnale delivered a rapid-fire sermon on the myriad ways identities are stolen and companies swindled in record time using today's technology. Also in attendance were Court TV anchor Kimberly Guilfoyle Newsom and Bill Mason, a former thief who stole more than \$35 million in jewels from the likes of Bob Hope, Robert Goulet and Phyllis Diller.

Regarding the yet-to-be unveiled anti-counterfeiting technology, it's been in development for four years. Abagnale and Piguet believe it could revolutionize the war against counterfeit goods.

"I don't want to use the word evolution, it's going to be a revolution," said François-Henry Bennahmias, president of Piguet North America, over cocktails following Abagnale's presentation. As to the specifics about the technology, Bennahmias said it would be revealed in several months.

Abagnale offered only a few more insights during his presentation, saying Piguet watches would soon be saddled with an invisible technology that will be unable to be removed or replicated, and

will allow each watch to be tracked as soon as it leaves the manufacturing plant.

While a sense of excitement and optimism surrounds the project, Abagnale — who discourages his wife and three sons from writing checks and mails letters containing personal information in special opaque envelopes — fell short of saying he developed the ultimate weapon against knockoffs.

"Whenever someone tells me 'We've got a foolproof system,' I tell them, 'You've underestimated the creativity of fools,'" said Abagnale.

Delving into the realm of branded product protection is new territory for Abagnale, who has spent more than 25 years consulting for thousands of corporations, lecturing at the FBI Academy and developing fraud-prevention systems used in checks and passports. It seems a natural transition for a man who has built a career around identifying the glaring chinks in corporate armor. Responding to questions from the audience, Abagnale indicated that similar systems may be applicable in items like handbags, and that he'd even be interested in exploring anticounterfeiting systems for works of art. Then again, nothing is out of bounds for Abagnale, who said he can't help but immediately think of 10 ways to beat security when he enters an airport.

For Piguet, which was founded in 1875 and is the world's oldest watch manufacturer still owned and run by members of its founding family, ensuring the authenticity of their watches is crucial. The firm said it manufactures about 20,000 watches a year ranging in price from \$8,000 to \$1 million. To com-



Frank Abagnale, Court TV anchor Kimberly Guilfoyle Newsom and former thief Bill Mason.

pare, Rolex manufactures anywhere from 600,000 to 700,000 watches a year. According to the company, growth has picked up in the U.S. market significantly in recent years, making protection an ever-increasing concern.

The bulk of Abagnale's speech focused on the growing ease with which personal information can be obtained in

order to steal identities. "In all of my career, I've never found a crime more simplistic than identity theft," said Abagnale.

Asked by one audience member if he felt guilty about his own transgressions as a young man, Abagnale laughed, clearly having faced a lifetime of similar questions. "Only when I got older," he replied.

Government to Review Petition on China Cotton Trousers

By Kristi Ellis

WASHINGTON — The interagency committee for the Implementation of Textile Agreements on Friday accepted for full review a safeguard petition seeking to impose quota limits on cotton trouser imports from China, valued at \$280.2 million last year.

It marks the first time the Bush administration has accepted for full review a safeguard petition based on the threat of market disruption versus actual market disruption. That represents a procedural victory for the domestic apparel and textile coalition that brought the petition and a blow to retail and importing associations that oppose the concept of threat-based petitions.

Many on both sides of the issue claim CITA's decision Friday sets a precedent for the six other threat-based petitions that have been filed, as well as another six that the coalition has promised to file. The National Council of Textile Organizations, American Manufacturing Trade Action Coalition, National Textile Association, SEAMS, American Fiber

Manufacturers Association and UNITE HERE are targeting some \$1.96 billion in imports from China for continued quota restraints.

Under a section of the petition titled "The Threat of Increased Imports From China," the coalition said "there is strong and compelling evidence from many sources that imports of the subject products from China will increase when quotas are removed on Jan. 1."

Erik Autor, vice president and international trade counsel of the National Retail Federation, said, "China has less than a 2 percent import share of cotton trousers over the past four years; imports of cotton trousers from China from January through July 2003, compared with January through July 2004, fell 38 percent, and prices have been up for two years. Based on those three criteria, it is difficult for us to see any threat of market disruption."

CITA's acceptance of the petition for full review triggers a 30-day comment period, which will be followed by another 60 days to make a determination.

"It's the first hurdle," said an AMTAC spokesman. "We

felt like we had compiled far more information than necessary to achieve the technical acceptance of the case, and we also believe this is an extremely strong case."

Allen Gant, chairman of NCTO, and president of Glen Raven Inc., said in a statement: "This is definitely a good first step. We believe we have a very strong case that should be approved. Our industry is looking for our government to approve these petitions and prevent China from taking over virtually the entire U.S. textile and apparel market at the expense of U.S. jobs. We have a long way to go, and we look forward to working with the government toward this end."

The associations said in the 62-page petition, including exhibits, that U.S. production has fallen dramatically. China's market share has increased significantly and imports of cotton trousers from China have risen by 39.5 percent from 1999 to 2003.

U.S. production of cotton trousers totaled \$8.2 billion in 2003, while imports of cotton trousers from the world to the U.S. stood at \$11.3 billion and imports from China were \$280.2 million.



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 Help Wanted
Designer
 Designer to \$90K Current exp. in better to bridge contemporary cut & sewn tops. Fashion sense similar to Theory, Three Dot, etc. Strong knowledge of cut & sewn fabrics dev. Import co. Call 973-564-9236 Jarla

HELP WANTED
 Help Wanted
DESIGN/Graphics
 3-4 yrs w/ Mens/Boy longwear/underwear mt designing/doing artwork/Photo/Illus nec. 8Open Les Richards Agency. Call (212) 221-0870

HELP WANTED
 Help Wanted
Chief Operating Officer /General Manager
 Rapidly expanding company looking for a Mgr. with min. of 10 years exp. to grow the company in both retail and production sectors. Candidates must possess knowledge of high-end fashion or jewelry market, wholesale and retail sales and production. Hands on position offering great growth potential. Excellent salary and benefits offered.
 Fax resume to: 718-422-7584

HELP WANTED
 Help Wanted
Distribution Center Mgr
 Large accessory company in Moonachie, NJ needs exp'd Warehouse Mgr. Must be college grad and have min 7 yrs exp at mgmt level in pick/pack environment. AS400, Word, & Excel req'd. Email: carberry@kfm.com or call: 201-343-1100
 KARLYN FASHION RECRUITERS

HELP WANTED
 Help Wanted
EDI COORDINATOR
 Wholesale co seeking experienced EDI coordinator to liaise with our VP/COO. EDI, including setting up new customers. Knowledge of ADS, GE, Advantys, and Ezedi software a plus.
 Fax: 212-643-9684

HELP WANTED
 Help Wanted
Executive/Sales Asst
 Busy accessories company seeks mature individual to manage our VP/COO. Strong administrative and customer service experience required. Light supervision of support staff. Good benefits.
 Fax resume w/ sal history to: 212-244-5897 Attn: VP

HELP WANTED
 Help Wanted
FASHION DESIGNER
 Design and Merchandise sleepwear and lingerie lines, prepare line sheets, make patterns and prepare color dips; act as liaison w factories abroad; prep garments; specs; utilize freshand and design software packages including Photoshop, Illustrator & Excel; 2 yrs. exp. req. Send resume to: Fostie at: NAP, Inc.
 171 Madison Avenue, NYC 10016

HELP WANTED
 Help Wanted
FIRST & PRODUCTION PATTERN MAKER
 Sportswear & dress co. seeks diverse pattern maker with experience in jackets & dresses.
 Fax resume to: 212-302-5763
 Attn: Lynn

HELP WANTED
 Help Wanted
GRADER
 NYC Pattern Service exp'd Grader. Accumark experience a plus.
 Fax resume to: Or call: 631-385-2141

HELP WANTED
 Help Wanted
GRAPHIC DESIGNER
 Leading mfr of lifestyle seeks graphic designer with 2 years+ experience in licenses such as Disney and Nick.
 Fax: 212-643-0684; hr@ideanua.com

HELP WANTED
 Help Wanted
Jewelry ACCOUNT EXECUTIVE
 Nationally known Jewelry Manufacturer seeks an Account Executive to manage inventory and order follow-up as well as day to day relationships with buyers and retail assistants. Previous accessory or jewelry wholesale experience a plus.
 This high viable position offers growth opportunity within our prestigious organization plus an excellent salary commensurate with your experience and full benefits package. Qualified candidates should fax all resumes to:
 Human Resources
 FACM: (718) 349-4424

HELP WANTED
 Help Wanted
JACMEL Jewelry
 30-00 47th Ave, LIC, NY 11101
 Equal Opportunity Employer M/F

HELP WANTED
 Help Wanted
JR. FINANCIAL ANALYST
 A leading Manhattan apparel company has an immediate position available for a Jr. Financial Analyst. This position will support the CFO and Senior Management in various analysis projects. This includes performing business analysis, planning and forecasting, revenue and variance analysis. This position requires the preparation of annual operating expense budgets and will prepare monthly sales and margin reports. This candidate will be responsible for the creation of several financial reports and must have extensive computer experience including Microsoft Excel. Excellent salary and benefits. Please e-mail your resume and salary requirements to:
mike@carlofellini.com. EOE.

HELP WANTED
 Help Wanted
LANDAU
 80 Store Luxury Retail Chain Seeks:
 1. BUYER for private label costume jewelry
 2. BUYER for private label handbags
 3. VISUAL MERCHANDISE MANAGER
 4. TRAINING COORDINATOR
 Buyers req. exp. in overseas sourcing. All 4 positions req. exp., travel & living in PA. Fax resume attn. Nat (610) 740-1086

HELP WANTED
 Help Wanted
PRODUCTION MANAGER
 Sock/Slipper/flip flop accessory Company seeking a detail oriented individual with strong organizational and communication skills to coordinate China import/production FROM START TO FINISH. Organize weekly time-action calendar. 5 years minimum experience. Must be motivated, self starter, computer literate, and able to travel.
 Please fax resume to: (212) 947-1037

HELP WANTED
 Help Wanted
BUYERS' MART
 Classifieds

HELP WANTED
 Help Wanted
CLOSEOUTS WANTED
 Any Fabric Wanted. Upholsteries, Trims. Remnants OK. Please call:
 212-243-4913

HELP WANTED
 Help Wanted
RTW Items Offered
 Cash For Retail Stock & Closeouts. No Lot Too Big or Too Small. Call CLOTHERS-OUT.
 (937) 898-2975

HELP WANTED
 Help Wanted
OFF Price Wanted
 Classifieds

HELP WANTED
 Help Wanted
CLOSE OUTS
 We Buy Men's, Women's & Children's All Quantities
 WE HAVE INSTANT MONEY
 We are nice people to deal with
 P.S. Large Piece Good Deals
 Also H&B and General Merchandise.
 Call Rocky 800-762-5488

HELP WANTED
 Help Wanted
REAL ESTATE
 Real Estate

HELP WANTED
 Help Wanted
15 #36' OFF 5' 5,000 SF
 Classifieds

HELP WANTED
 Help Wanted
488 Seventh Avenue LIVE/WORK
 Small 1 BR SHOWROOMS.....\$175
 Large 1 BR SHOWROOMS.....\$175
 Wood floors. Hi ceilings. Dorman. Immed.
 212-629-8694 - MON-FRI - NO FEE

HELP WANTED
 Help Wanted
Prime Space For Sub-LEASE available
 Beautiful, newly renovated, office space is available for below market rate by tenant. 3500 sq. ft. floor to ceiling windows, secure. Year-to-year or long term. no brokers. Call Steve or Andrew at 212-398-0444 for information.

HELP WANTED
 Help Wanted
Showrooms & Lofts
 BWAY 7TH AVE SIDE STREETS
 Great 'New' Office Space Avail
 ADAMS & CO. 212-679-5500

HELP WANTED
 Help Wanted
Freelance Services Offered
Apparel Graphic Designer
 Experienced graphic designer specializing in screen tees, as well as labeling and packaging, with over 10 yrs exp in working with some of the major retailers of the world. I have a proven track record of great selling graphics.
 • Mens/Juniors/Girls, over 10 yrs
 • Labeling/Trims, over 10 yrs
 Contact: jbechtel@nyc.rr.com
 212-585-0533

Help Wanted

ASSISTANT DAYWEAR/SLEEPWEAR DESIGNERS

seeks highly creative candidates with modern, fresh design perspective and strong technical skills. Must have strong communication and organizational skills. Please send resume to: nycc23@yahoo.com

Licensing Director \$125-\$150K. Min 5 yrs. exp. in signing up manufacturers to take on license name for multi markets required. Manage & promote license program of famous celeb name. Call 973-564-9236 Jara! Fashion Agency.

Merchandiser to \$75K Sleepwear, missy/junior moderate exp Jennifer*Just Mgmt* 800-544-5878 Jennifer@justmgmt.com

Na'l Sales Manager
A new Contemporary denim jean co seeks aggressive and highly motivated salesperson with proven track record and contacts in both dept store and specialty store business. Exciting opportunity. Comprehensive package. e-mail resume to: nycc23@yahoo.com

PATTERNMAKER
Children's clothing co. Exp. required. Philadelphia. Please email resume to: GLK13@hotmail.com

PATTERNMAKER
Westchester County based Handbag Co. seeks experienced individual to make first samples. Part-Time 914-939-1291

Planner (2) to \$90K
Walmart planning/forecasting Janet Stevens*Just Mgmt* 800-544-5878 JanetStevens@justmgmt.com

Product Development Coordinator
Waterworks, the leading luxury brand for the bath is seeking a Product Development Coordinator for our Soho, NY location. Assist in the development of new product lines including product testing, market analysis, and presentation boards. Must have strong administrative acumen, 2 years professional exp. Must be proficient in Word/Excel. Degree in Merchandising or Business preferred. Fax resume to 203-546-6009 or E-mail to: HR@waterworks.com

Product Development Manager
Large Mid Town Accessory & Legwear company seeking experienced product development manager for private label product development position. Candidate must have 5 years practical experience in related fields and be able to work from the conceptual design stages until completion. Individual must possess high level communication and organizational skills. Design experience a plus. Compensation commensurate with experience. Fax resume to fax# 212-239-7157

Product Development
Women's Apparel co. seeking creative organized person to handle all aspects of product development. Must be able to work closely with accounts from receipt of sketch to samples. Good communication and computer skills required. Please fax resume to 212-382-2421. Attn: Susan P.

PRODUCTION COORDINATOR
Must have strong computer skills and experience with organizing complex production. Must be willing to learn. E-mail resume to: HR@mendel.com

Production Coordinator (Two Positions)
Major apparel company is looking for two experienced production coordinators. One position involves handling care label/main label/hang tag for accessories and sending core accessories to garment makers. The second position will be involved with tracking piece goods. Both positions require excellent computer skills. Fax resume 212-239-2766.

PRODUCTION MANAGER
MAGASCHONI APPAREL GROUP is seeking candidates that have strong background/knowledge in all phases of knitwear/sweater production. Must be familiar w/ yarn sourcing, be able to interact with buyers/design team, be excellent at lead time control, and down/ LD/samples and be familiar with costing. Candidates must have strong organizational skills, able to communicate with overseas offices/vendors, be computer literate and detail oriented. Must have 6 yrs min. exp. We will consider candidates with less exp if an excellent. PLS fax resume to 809-757-7814 or email to pmedonough@m-a-g.com

Help Wanted

PRODUCTION MANAGER
Major apparel company seeks a Production Manager with a minimum 5 years experience. Responsibilities include handling delivery tracking, preparing for weekly tracking meetings and analyzing weekly production status reports. Must have excellent communication & organizational skills. Fax resume 212-239-2766

Production Mgr \$125-\$150 K. Current exp in popular priced mass-market kidswear required. A strong exp. in sourcing from Far East. From inception-completion. Supervise 6. Midtown. Call 973-564-9236 Jara! Agency

PRODUCTIONSOURCING@Pro \$150K++ Due to growth this multi-divisional co. manuf/importing men's, ladies, Jrs., boy's, girl's/Active, Contemporary, Streetwear for the better to moderate markets. seeks a sourcing/production pro Req: ability to multi task, fast paced, 10+ yrs exp in Global sourcing, establish a sourcing plan for entire co., oversee all aspects of Production/sourcing, in depth knowl. of L/C's etc. E-mail resume: recruiter@mindspring.com

TECH DESIGNER
Tech Designer \$75-\$80K. Current exp. in pattern corrections from Far East. Sending corrections, Fittings, Grading. Seeking info by computer to Far East. Excel. Knits & Wovens. Fast pace. Tech Designer to \$80K. Juniors Top & Bottoms, Knits & Wovens Sptswr. Call 973-564-9236 Jara! Fashion Agency.

TECH DESIGNERS
SVP'S & FIRMS GROWTH
fgellis@winstonstaffing.com

TECH DESIGNER
YOUNIQUE CLOTHING INC.
Growing fast paced junior manufacturer seeks a tech designer for knits & woven divisions. Will be responsible for processing factory samples, measure and evaluate fit & production samples. Liaison between overseas factories, customers and sales staff. Fax resume to 212-764-0352

Visual Merchandisers
Long Island jean stores looking for full time visual merchandisers. Experience necessary. Fax resume & sal. req. to: 516-742-4720

WAREHOUSE SUPERVISOR
Warehouse Floor Supr \$40-45K. Current exp. in apparel Co. req'd. Hangers & boxes. Supervise 10. Receiving, Shipping, Control response for 30,000 sq ft. NJ loc. Call 973-564-9236 Jara! Fashion Agency.

RECEPTIONIST
John Paul Richard, a fast-paced women's apparel company, seeks a dynamic candidate to hold down the fort at our Midtown NYC front desk. Duties will include phones, administrative and sales support. Experience with Flex/Fox Powership, Word & Excel desired. Minimum 1 year experience in front office work required. Fax resume to: 212-398-2827 or E-mail: dismom@johnpaulrichard.com

RECEPTIONIST
Major apparel company seeks well organized individual to manage the front desk and day to day administrative duties. Must have excellent phone manner and desk appearance. Fax resume to 212-239-2766

RETAIL OPERATIONS
IMMEDI CONSUMER PRODUCTS
cmay@winstonstaffing.com

RETAIL PLANNER
Retail planner Analyst to \$95K. Current exp. in apparel wholesale co. dealing w/ dept stores req'd. Review weekly sales, margins etc. Retail Planner \$8 open. Min 2 yrs exp as planner required. Either retail or wholesale background OK. Call 973-564-9236 Jara! Agency

Sales Assistants!
Seeking 3 sales assistants/1 yr wholesale exp & strong follow up. Will communicate directly with buyers. Great growth potential, benefits, 28-35K. Email resumes: creatvestaffing@hotmail.com

Sales Assistant
Top NY accessories showroom is looking for sharp, energetic, multi-tasking sales assistants. Responsibilities include showroom sales, follow up, customer service and general office duties. Excellent computer skills a must. Accessories experience preferred. Please fax resume to 212-768-3748

Seamstress/Tailor
Sporting Goods Accessories co. seeks PT Seamstress/ASAP! Sew prototypes, patternmaking, technical sewing, grading. Must be exp'd wide range of technical fabrics (including neoprene and elastics). Call/E-mail Linda Stein: 212-653-8313 linda.stein@weldgate.com

Help Wanted

Secretary/Admin. Asst
Experienced Secretary to work for busy CEO/Pres. Duties include scheduling appts, making travel arrangements, screening calls etc. Must have good computer skills. Please fax resume: 212-382-2421 Attn: June

Showroom Manager
Required for celebrity bridal designer Michelle Roth min. 2 yrs. experience. Responsibilities include trunk show & trade show preparations, customer service & appointment scheduling. Strong communication skills, detail oriented & exceptional organizational skills. Email henry@henryroth.com or fax 212-245-3374, REF 118

SWEATER DESIGNER
Contemporary sports co. seeks designer with min. 5 yrs import exp. Must have technical knowledge of yarns & sweater construction Fax Resume 212-392-5763 Attn: Lynn

TECH DESIGNER
Spec Tech \$45-\$50K. Current exp. in jr. or missy or kidswear. Fittings, corrections, measurements, spec sheets. Sewing instructions sent to Far East. Computerized. Call 973-564-9236 Agency

TECH DESIGNER
Spec Tech \$75-\$80K. Current exp. in pattern corrections from Far East. Sending corrections, Fittings, Grading. Seeking info by computer to Far East. Excel. Knits & Wovens. Fast pace. Tech Designer to \$80K. Juniors Top & Bottoms, Knits & Wovens Sptswr. Call 973-564-9236 Jara! Fashion Agency.

TECH DESIGNERS
SVP'S & FIRMS GROWTH
fgellis@winstonstaffing.com

TECH DESIGNER
YOUNIQUE CLOTHING INC.
Growing fast paced junior manufacturer seeks a tech designer for knits & woven divisions. Will be responsible for processing factory samples, measure and evaluate fit & production samples. Liaison between overseas factories, customers and sales staff. Fax resume to 212-764-0352

Warehouse Floor Supr
Warehouse Floor Supr \$40-45K. Current exp. in apparel Co. req'd. Hangers & boxes. Supervise 10. Receiving, Shipping, Control response for 30,000 sq ft. NJ loc. Call 973-564-9236 Jara! Fashion Agency.

WAREHOUSE SUPERVISOR
Warehouse Floor Supr \$40-45K. Current exp. in apparel Co. req'd. Hangers & boxes. Supervise 10. Receiving, Shipping, Control response for 30,000 sq ft. NJ loc. Call 973-564-9236 Jara! Fashion Agency.

Account Executive
High-profile jewelry company seeks motivated Account Executive with sales experience in luxury jewelry/accessories market. Ideal candidate will be detail oriented with excellent oral and written communication skills. Prior sales experience required. College degree preferred. Salary commensurate with experience. Please fax or email resume to 212-431-8650. Attn: HR or hr@mendrojewelry.com

Account Executive
High-profile jewelry company seeks motivated Account Executive with sales experience in luxury jewelry/accessories market. Ideal candidate will be detail oriented with excellent oral and written communication skills. Prior sales experience required. College degree preferred. Salary commensurate with experience. Please fax or email resume to 212-431-8650. Attn: HR or hr@mendrojewelry.com

Women's & Men's Accessories
We are seeking a talented individual to join our team. Minimum of 2 years exp. in accessories, preferably shoes & bags. Qualified candidate is detail oriented w/strong organizational & communication skills. Travel is a must. Full benefits package offered. E-mail all resumes & salary requirements to: hr@rafeny.com

FT / PT Sales Associates
W Hotels Retail Store is looking for FT/PT personnel. Must be extremely outgoing & motivated, with a flair for fashion. Salary & commission. Experience required. Fax or E-mail resume to: 212-341-9806 / hr@platform-ny.com

Private Label Sales
Excellent opportunity for a motivated sales professional to develop and grow business. Est'd Sportswear/Sweater Co. with its own factories seeks a self starter w / established private label account base & experience to do volume. PLS fax resume to 917-510-9778

Sales Executive
Bag & Stationary co. seeks person w/ min 3 years exp. Knowledge of backpack industry a must. Large accounts available. Fax resumes to: 212-695-7073

SALES EXECUTIVE
Established Missy/Plus sizes ladies wear importer seeks highly qualified & exp'd seller with est'd & ongoing relationships with moderate, specialty & mass accounts to sell our new & exciting casual line in missy & plus sizes. Must have min 10 yrs sales exp. incl private label. PLS email sales@god2ruebe.com or call 212-221-6200 X230

Senior Help Wanted

Sales Executive
Loro Piana, a leader in manufacturing & distribution of the finest quality textiles, ready to wear & accessories has an outstanding opportunity available. Candidates must have a minimum of 5 yrs fashion accessory exp in a wholesale luxury environment. Responsibilities include assuming national responsibility for the Accessories collection - developing, building & managing overall relationships with current and new accounts. Extensive travel required. Must be computer proficient & have strong analytical skills.

Please submit resume with salary requirement to: Director, Human Resources Loro Piana 46 E. 61 St New York, N.Y. 10021 hr@loropiany.com Fax: 212 826-2302

GANT
Original American Sportswear since 1949 Seeking highly motivated sales professionals to join our expanding sales team.

SENIOR ACCOUNT EXECUTIVE
WOMEN'S WEAR
Greater career opportunity for self-starter in our newly formed division. Minimum of 5 years better sports-wear experience required.

ACCOUNT EXECUTIVE
MEN'S WEAR
Seeking an energetic sales-driven individual with 2-3 years of high-end wholesale experience.

Strong working relationships with Better Specialty Stores is imperative. Must have superb communication and computer skills. Exceptional benefits. Fax or E-mail resumes to: 212-230-1950 hr.us@gant.com No phone calls please

Sales Executive
Junior Outerwear
Six figure compensation, must have current contacts with Mid Tier and Department store accounts. Minimum 3 years experience. Excellent working environment! Please e-mail resume: SK@sho-fash.com or fax resume: (212) 473-4281 EOE

SALES MANAGER
Handbags/Popular Priced This well estab. Handbag import co. seeks an in house sales pro w/exp. selling handbags to Chain Stores. Sal. + comm. E-mail Resume: accessoryjobs@mindspring.com (Fax) 212-725-7116 (Tel) 212-481-1941

SALES MANAGER
to \$75K+ Better to Bridge Handbags This well known handbag co. seeks a sales pro w/recent exp. in the better to bridge Handbag Mkts., selling to Fed./Nordstroms/May's Dept. stores etc. management exp. E-mail resume: cburke@cburke.com (Tel) 212-725-7116 (Tel) 212-481-1941

SALES REPS
Established Los Angeles based co. seeks reps to launch new mid-priced contemporary lingerie line. Must have strong contacts with dept and specialty stores. All territories available. We offer a great package: competitive salary, commissions, bonus plan. Private label experience a plus. Please email resume: hr@feminawoman.com or fax to 323-277-1061

SHOWROOM SALES
Fast growing junior knit top line seeks energetic and aggressive individual for showroom sales in NY. Must be excellent on the phone, hardworking and detail oriented. Salary plus commission. Fax resume to 212-718-8828 or email: merine@iamatex.com

Senior Help Wanted

National Account Executive
John Hardy represents the most refined quality in jewelry and luxury giftware around the world. To support the next stage of growth and success we are seeking a National Account Manager for a major retailer. Multi-door management experience along with strong analytical skills, and experience in building strong relationships with buyers/retail management is necessary. Min 3 years exp as either retail buyer or wholesale account executive with luxury industry preferred. We offer excellent medical benefits and a brand new penthouse location in downtown Chelsea. Please send your resume in confidence to: hr@johnhardy.com

JOHN HARDY

National Account Executive
John Hardy represents the most refined quality in jewelry and luxury giftware around the world. To support the next stage of growth and success we are seeking a National Account Manager for a major retailer. Multi-door management experience along with strong analytical skills, and experience in building strong relationships with buyers/retail management is necessary. Min 3 years exp as either retail buyer or wholesale account executive with luxury industry preferred. We offer excellent medical benefits and a brand new penthouse location in downtown Chelsea. Please send your resume in confidence to: hr@johnhardy.com

KNIT TOPS SALES REPRESENTATIVES
Large, vertical mfg. seeks reps for popular priced girls and ladies tops. Ideal products for discount, specialty, promotional chains. Please send resume to box: Box#M 1094 c/o Fairchild Publications 7 West 34th Street, 4th Fl New York, NY 10001

Sr. Sales Executive
NYC based European Fashion House seeks dynamic individual with proven track record and solid relationships w/ major dept and specialty stores. Responsibilities include selling, marketing and merchandising. Work with in store personnel organizing sales efforts. Domestic as well as international travel required. Only proactive individuals with a desire to drive a successful business need apply. Competitive salary. PLS fax resume w / cover letter 212-262-5162. PLS. fax resume to 212-904-1142

5th Ave Lingerie Store
We're seeking an experienced F/T sales professional to build our business. PLS. fax resume to 212-904-1142

Retail Sales Help Wanted

Retail Manager
Exciting ground floor opportunity to manage the first location of a new high-end lingerie retail concept. The store is in a prime location in Manhattan's Meatpacking District. The concept is well capitalized with plans for growth throughout the US and internationally. The ideal candidate will be creative, goal oriented and energetic, with strong communication skills and the ability to cultivate client relationships. 2-5 years relevant experience required. Must have day, evening and weekend availability working an average of 50 hours per week. Full time position eligible for a complete benefits package including health and dental insurance, Long Term/Short Term Disability Insurance, 401(k), paid vacation & holidays.

P/T Sales Assoc.
Also hiring part time sales associates. EOE. Drug-free workplace. Background check required. E-mail resumes to: manager@realconcept.net

W. Village Shop
Busy W. Village, need management / sales pro. Min 1 yr exp in shoes / accessories. Fax Alida 212-675-6360.

Every Friday is Beauty Mart in WWD.
For information call 1-800-423-3314

Senior Help Wanted

SLEEPWEAR
Est'd. Midtown Lingerie Co. seeks Sales Pro's to sell our moderate to better line. Only exp'd. candidates need apply. Call or Fax resume to: T. 212-889-7878 / F. 212-889-8411

Lines Offered

Anzie Inc. - JEWELRY SALES AGENTS
Montreal based Designer Jewelry Co. is seeking talented and motivated Sales Agents. Ideal candidates will be exp'd. in selling Jewelry / Accessories and be knowledgeable about semi-precious and precious stones. Strong Dept., Specialty Store & Catalog contacts are essential. Great opportunity for growth. Call/Fax Tel: 917-613-4197 / Fax: 514-486-6361 or E-mail: Anzie@videotron.ca

Handbags
Independent Mfr. Sales Rep needed for high-end handbag line. Holiday collection - Easy sell! Commission without any \$ limit. Call Diana at: 732-295-2207

Lingerie Reprs
A lingerie co now selling a line of Brazilian lingerie coast to coast in Canada is seeking commissioned sales reps in the U.S. with 5 years experience. Please call for free brochure & price list. Marie @ (705) 434-0529.

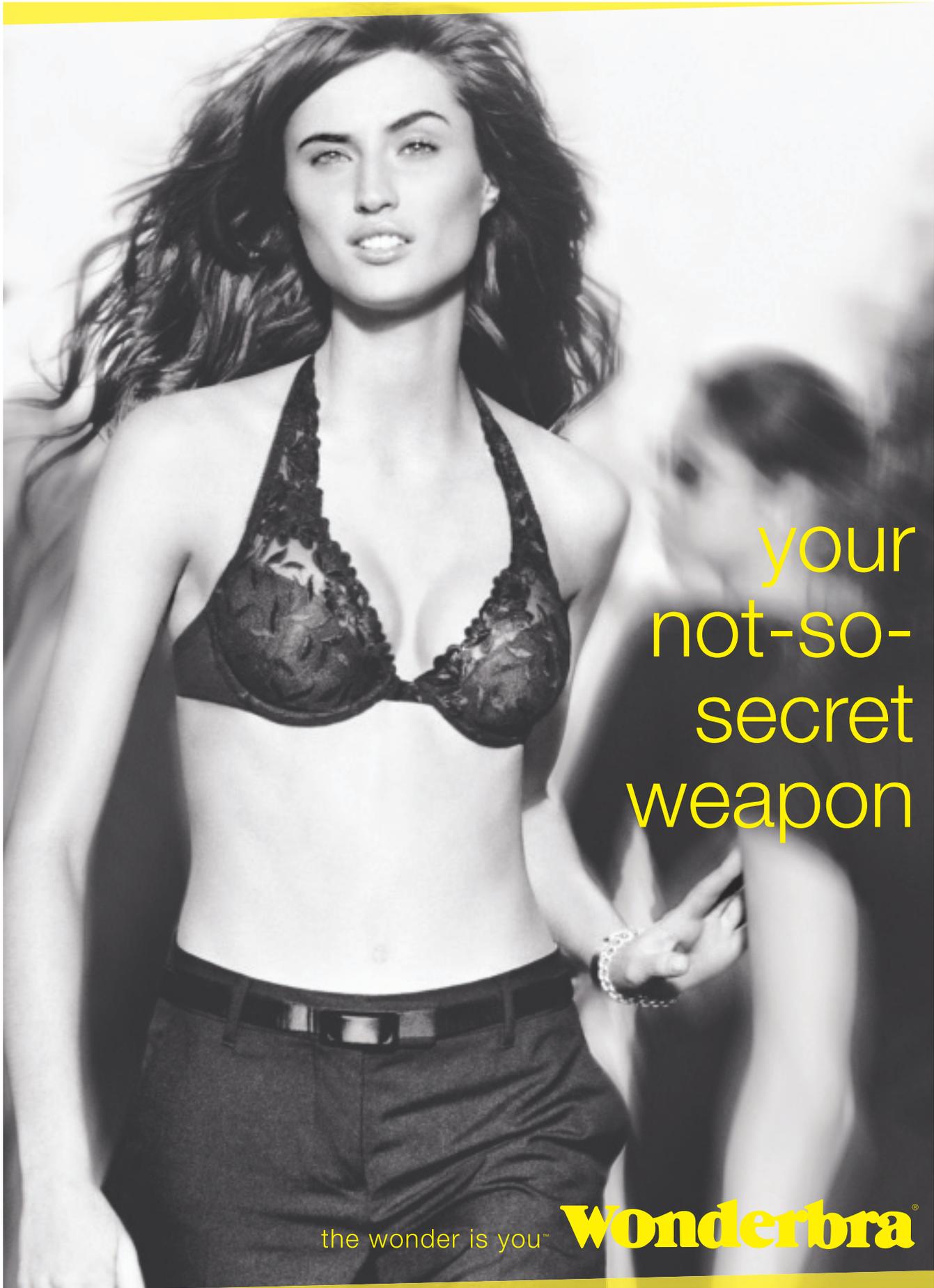
POSITIONS WANTED

Positions Wanted

Lingerie Sales Pro
Currently seeks a showroom sales position with a sleepwear / loungewear company. Strong contacts with specialty, chain, and discount stores. Call John: 516-536-8576

VISIT US ONLINE
WWD.COM

WWD.COM

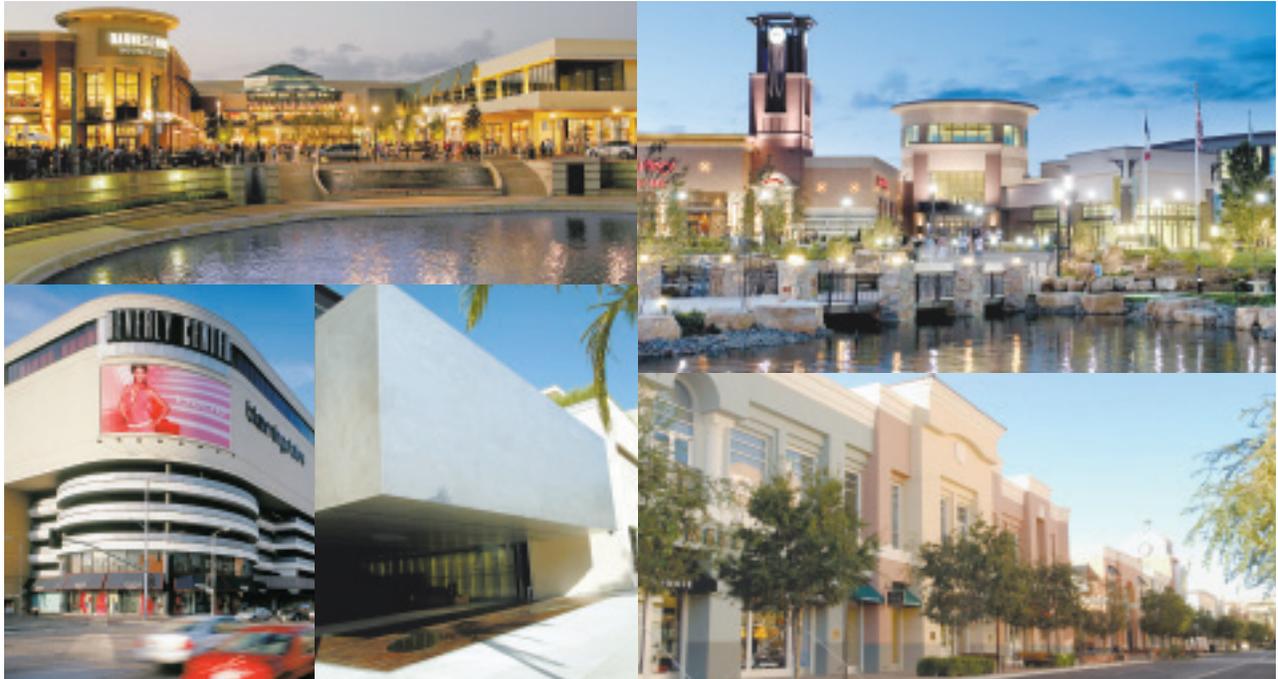


your
not-so-
secret
weapon

the wonder is you™ **Wonderbra®**

WWD Real Estate Review

SECTION II



A Changing Landscape

Huge deals are rocking the retail real estate industry, putting megamalls and millions of square feet of property into the hands of fewer and fewer developers. Inside, a look at the latest strategies of some big players and hot spots around the world experiencing rapid change.







SIMON

When the air turns crisp, so should the cut of one's clothes.

Declare your fashionability.

The Fashion Centers of Simon: *Atlanta* Lenox Square, Phipps Plaza • *Austin* Barton Creek Square, The Domain • *Boca Raton* Town Center at Boca Raton • *Boston* Atrium Mall, Burlington Mall, Copley Place, Northshore Mall, South Shore Plaza, The Mall at Chestnut Hill • *Charlotte* SouthPark • *Houston* The Galleria • *Indianapolis* The Fashion Mall at Keystone • *Las Vegas* The Forum Shops at Caesars • *Miami* Dadeland Mall *Mission Viejo* The Shops at Mission Viejo • *New York* Roosevelt Field, Walt Whitman Mall, The Westchester • *Palo Alto* Stanford Shopping Center *San Diego* Fashion Valley • *Washington DC* The Fashion Centre at Pentagon City • For leasing information call 317. 636.1600

REAL ESTATE REVIEW

Facts, Fascias and Footage

CAJUN HAPPENING: Louisiana's biggest outlet center, a 600,000-square-foot project in Shreveport called Louisiana Boardwalk, is scheduled to open in March. "It's a combination of entertainment, lifestyle and outlets in a very high tourist area, with five casinos on the Mississippi River," said Marshall Felenstein, president of Felenstein Was & Associates, real estate consultants to retailers. "A lot of firms have signed leases," said Felenstein, who is consulting for the project. He cited BassPro, with a 106,000-square-foot store; a 14-screen Regal cinema; Guess; Adidas; Dress Barn; Gap, and Borders Books & Music. "This is clearly the biggest outlet center in Louisiana. There's a trading area of 400,000 people, and a huge tourist base in excess of 10 [million] to 12 million for the casinos." The developer is Q&S from Los Angeles.

CHICAGO'S SOHO: Lincoln Park is fast becoming Chicago's magnet for hip retailers. "It's an emerging area, like SoHo was years ago," observed Laura Pomerantz, a principal of PBS Realty, who has been to Lincoln Park twice in the past two weeks. "It's got cachet. You can feel it from the retailers that are going there. Barneys Co-op is going there."

Pomerantz said that retailers with rollout strategies generally first opt for Chicago's North Michigan Avenue, Oak or Rush Streets. But in the past year and a half, Lincoln Park has drawn several contemporary and younger-minded fashion stores. The hot spots include Halstead and Armitage Streets. Halstead will have Barneys, and already has Abercrombie & Fitch. Other tenants along Halstead are BCBG, Fresh, Shabby Chic, Origins, Betsey Johnson, Banana Republic, Lucky Brand Jeans, Bebe and Ann Taylor.

On Armitage, there's Cynthia Rowley, the Charlie Trotter restaurant, Benetton and Active Endeavors.

Most of the action covers a three-block stretch of Armitage and a two-and-half-block stretch of Halstead, Pomerantz noted. "There's a little of a Georgetown feel there, too, but there is still space available."

STREETS OF GOLD: Fifth Avenue is the world's most expensive shopping street, according to Cushman & Wakefield, the real estate services firm. In its report, called "Main Streets Across the World," C&W says shops located on Fifth Avenue between 50th and 59th Streets pay an average rent of \$950 a square foot for ground floor retail space. And that's before service charges, local taxes and other fit-out costs, C&W added.



Looking south on Fifth Avenue in the 50s.

Rents in the Midtown Fifth Avenue vicinity over the past year have grown by nearly 12 percent, C&W said.

C&W says Avenue des Champs-Élysées in Paris, followed by Causeway Bay in Hong Kong, are the next most expensive venues for retailers worldwide, at \$711 and \$569 a square foot, respectively. The report tracks retail rents in 229 shopping locations in 45 countries.

While Louis Vuitton, De Beers and Bottega Veneta have recently grabbed sites on Fifth Avenue, not every retailer moving in is about luxury. As C&W noted, earlier this year, Spanish fashion retailer Zara took 15,000 square feet, of which 4,500 square feet is at ground level, at 689 Fifth on the corner of 54th Street. Also, Abercrombie & Fitch leased a unit at 720 Fifth Avenue, which broke the \$1,000-a-square-foot barrier, according to C&W. A&F will open next year.

DEVELOPER SCORECARD: The nation's largest developer, Simon Property Group Inc., and second largest, General Growth Properties Inc., both last week posted third-quarter gains in income, boosted in part by higher rents and sales at malls.

At Simon, income available to common shareholders after dividend payments to holders of preferred stock jumped to \$74.1 million, or 36 cents, for the three months ended Sept. 30. In the year-ago period, Simon posted \$42.7 million in income, or 22 cents a share.

Cash flow from operations, or FFO, increased to \$277.7 million, or \$1.04 a

Year-to-Date Statistics

Category	Simon Property Group	General Growth Properties Inc.
Sales Per Square Foot	+5.8% to \$417	+7.2% to \$377
Comp Sales Per Square Foot	+5.8%	+4.8%
Average Base Rents (Expiring Leases)	\$32.90	\$25.69
Initial Base Rents (For New Leases)	\$39.28	\$34.83
Occupancy Rate	91.8%	90.8%
Notable Acquisition	Chelsea Property Group, \$5.1 bn (completed on Oct. 14)	The Rouse Co., \$7.2 bn (deal expected to close during Q4)

share, from \$246.7 million, or 93 cents, last year, said the Indianapolis-based real estate investment trust.

REITs use FFO as a measure of profitability. It excludes gains and losses from the sale of properties as well as debt restructuring, but incorporates depreciation into the calculation.

At General Growth, FFO was \$180.2 million, or 66 cents a share, up from \$155.8 million, or 57 cents, last year. Per-share results for the Chicago-based REIT reflect a three-for-one stock split on Dec. 5, 2003.

Income available to common shareholders after payment of dividends to preferred stockholders was \$64 million, or 29 cents a share, from \$61.4 million or 28 cents, a year ago.

FFO for both REITs are expected to be slightly above Wall Street's consensus for the year, with Simon Property at \$4.35 a share and General Growth at \$2.73 a share.

JERSEY APPEAL: Meadowlands Xanadu, the massive mixed-use entertainment, shopping, hotel and office complex under construction in New Jersey's Meadowlands, isn't scheduled to open until spring 2007. But The Mills Corp. recently unveiled about two-dozen tenants and consumer brand, entertainment and dining experiences headed for Xanadu, which will be laid out with five zones for sports, entertainment, fashion, children's education and food and home.

Among the tenants and features announced are a digital playground concept by Circuit City, Virgin Megastore, Cabela's outdoor gear, a 1,500-seat House of Blues, Muvico Theater, Lucky Strike, Felt, Balducci's, Borders Books & Music, a Ferris wheel, Lucky Strike bowling and Wannado City, a miniature city where kids can pretend to be professionals, such as firemen, archeologists and detectives.

For sports fans, Mills said there will be "the ultimate skybox experience," with tailgating parties and live television remotes. The anchor for the sports zone will be the 250,000-square-foot Snow Dome indoor ski slope. There also will be a sky-diving simulator, a race cart track and the Elle Pavilion, with a fashion runway, exhibition and multimedia space.

RENT ALERT: Rents along Manhattan's major west side retail corridors, such as 34th and 42nd Streets, experienced substantial increases, according to the Real Estate Board of New York's Fall Retail Report. It indicated that the average asking rents for ground-floor space on 34th Street between Fifth and Seventh Avenues leaped to \$299 a square foot, up 82 percent since the same time last year. West 42nd Street between Sixth and Eighth Avenues surged 54 percent to \$243 a square foot, but the surge extended as far north as 125th Street, where rents jumped 28 percent to \$77 a square foot.

"Having surpassed sagging rents post-9/11, the market has not only rebounded, but new areas have emerged as attractive locations for national and local retailers," Steven Spinola, REBNY president, said in a statement. "The Meatpacking District, for example, is hotter than ever, with an influx of new stores such as Scoop, Diane von Furstenberg and the Puma flagship."

Among other findings, the report indicates Midtown South [34th Street, between Fifth and Seventh Avenues, and Fifth Avenue, from 14th to 23rd Streets] was up 21 percent to a median of \$186 a square foot. Overall, Manhattan average asking rent for all space rose 5 percent to \$97 a square foot.

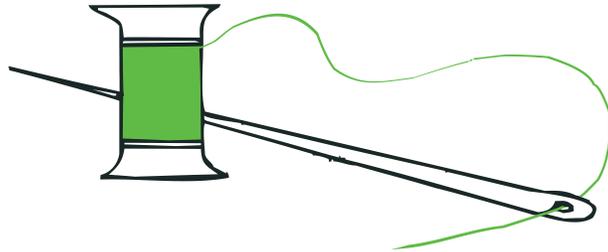
The REBNY report also comes out in the spring and provides information about retail space as well as rents.

SWEETENING THE POT: The Mall at Short Hills, one of the nation's top malls nestled in the affluent Short Hills, N.J., community, has become a magnet for new retail concepts. Three formats are opening soon, including:

- Iridessence, Tiffany's new pearl retail venture, which is expected to open early this month.
- Lancôme, which is opening in Manhattan as well as in Short Hills.
- Javier Simorra, a 25-year-old women's ready-to-wear company based in Barcelona.

Other retailers headed to The Mall at Short Hills but that are not new concepts include Anthropologie, Ladders, Oliviers & Co. and Pottery Barn Kids.

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REAL ESTATE REVIEW

General Growth's Rousin



The Jordan Creek Town Center in West Des Moines, Iowa, GGP's newest lifestyle center, opened in August. It's filled with entertainment features and the latest retail concepts.

By David Moyn

CHICAGO — As it celebrates 50 years in business, General Growth Properties Inc. is buying a whale of a birthday present, The Rouse Co. Almost overnight, it's putting on some flash, shedding its middle-market image and becoming nearly as big as The Simon Property Group, the nation's largest developer.

"Without question, Rouse is the single largest transforming event in our company's history," said John Bucksbaum, the 47-year-old chief executive officer of GGP, and the son of chairman Matthew Bucksbaum, who co-founded the company in 1954 with his late brother Martin.

So what's next for GGP, aside from closing the \$12.6 billion Rouse deal? Aggressive redevelopment of properties, rapid lifestyle center construction, a complicated blending of Rouse people and processes into GGP and possible selloffs to reduce the big debt assumed by the acquisition.

That's the heart of the Rouse agenda, as Bucksbaum told it, during an interview at GGP headquarters here. As far as further consolidation in the industry, it will certainly continue, he said, but not with the intensity seen this year in the rush of single and multi-property deals. These range from Simon's \$4.8 billion purchase of Chelsea Properties, the biggest outlet operator in the country, to Mills Corp. spending over \$1 billion for a 50 percent stake in nine shopping centers and GGP's \$766 million purchase of the Grand Canal Shoppes at The Venetian in Las Vegas.

"I don't see the consolidation happening at quite the same pace. A lot of properties have changed hands," Bucksbaum said.

But the Rouse deal, announced in August, topped them all, elevating GGP to a total of 202 million square feet and \$33 billion in equity and debt, and closing in on Simon Properties, which has \$34 billion in equity and debt and 204 million square feet in North America.

The Rouse price tag includes \$5.4 billion in debt, and involves 37 regional malls, four planned communities, including Summerlin on the western edge of Las Vegas, and six mixed-use projects for a total of some 40 million square feet. Among the high-profile properties GGP will pick up are Water Tower Place and Oakbrook Center in Chicago, Fashion Show Mall in Las Vegas, South Street Seaport in Manhattan, Faneuil Hall Marketplace in Boston and Park Meadows Mall in Denver.

Taking on such a big portfolio raises questions about whether GGP, a real estate investment trust, has bitten off more than it can chew. Aside from Rouse, since 1993 GGP has acquired \$16 billion worth of properties, diversifying the portfolio to include lifestyle centers, open-air centers and urban projects, and breaking away from the firm's sharp focus for 40 years on traditional malls.

GGP has emerged more highly leveraged than other major developers, with about a 70 percent-30 percent debt-to-equity ratio after the Rouse deal closes, against a generally preferred 50-50 rate. Nevertheless, Bucksbaum said the company's cash flow is 1.7 times its total interest expense, including that stemming from Rouse.

Asked if GGP can handle the Rouse package, Bucksbaum replied: "Time will tell on that one, but we understand what we are taking on."

Many in the industry, including competitors, would agree that the combination is likely to work, given GGP's strong track record of profitability — 16 percent average earnings per share growth for the past 11 years — and of smoothly integrating past property buys.

"Sure the acquisition is challenging, and they have leveraged the company to do this, but they obviously see huge opportunities to improve these properties," observed James Rosenfield, national director of retail services at real estate services firm Cushman & Wakefield.

"I have no doubt in their capabilities. If John Bucksbaum tells you he's doing something, it will happen," Rosenfield added. "They have a very long-term view of the world, and they have been very disciplined about acquisitions. When there was feeding frenzy of mall acquisitions, they stayed on the sidelines. For years, Simon and Westfield were paying more aggressive prices, so it seemed General Growth would miss opportunities and others would outbid them. But they are proof that slow and steady wins the race. Oftentimes, General Growth would forgo the sexier opportunity for a favorable return."

"For decades, General Growth wouldn't get caught up in high-profile properties as much," said another real estate source. "They favored a good rate of return in smaller markets. They were a bit formulaic, though that's changed in the last few years, first with the purchase of Ala Moana [the giant Hawaiian mall bought in 1999 for about \$1 billion] and they have since started picking off some trophy properties, but the economics still have to be right. The Bucksbaums are smart and very able. The industry changed around them, and they shifted in an appropriate way."

Said one executive from a major developer: "Taking Rouse is a brilliant transforming event for General Growth. The industry now has three very large players — Simon, Westfield and General Growth," all with about \$30 billion in total enterprise value, though only about a third of Westfield's business is in the U.S.

"General Growth has proven to be excellent acquirers. The Bucksbaums are very competitive, very low key, and terrific business people, but any time you put that much increased value into an acquisition, you have to worry about integration," the developer said. "The biggest part of it is people, followed by the leasing



John Bucksbaum

g Expansion

program, systems and processes.

"With the Bucksbaums the largest shareholders [owning 25 percent of the GGP stock] you know they are going to be very aggressive. Historically, when you have very aggressive family management as Bucksbaums have proven themselves to be, there's more interest in pushing growth than there would be in company run by professionals," which is how Rouse has been run, the source said.

Although GGP never got much credit for it, partly due to the more reserved, understated character of the Bucksbaums, the company did start to step out as far back as 1978, when it became the first developer to install Target as an anchor, in a mall in Sioux Falls, S.D., which is no longer in the portfolio.

The company is truly stepping out in Las Vegas, where between the Grand Canal Shoppes and Fashion Show, GGP has in its hands two of the glitziest retail venues in the country, both of which are slated for some remerchandising to further raise the glitter factor. With Summerlin and two other malls just off The Strip — The Boulevard and Meadows Mall — GGP will become the biggest retail player in the city of sin.

More significantly, by entering the Manhattan market, via the South Street Seaport, as well as taking a much bigger stake in Chicago, GGP has emerged as a major metropolitan player, and as significant as any of its competitors. That's a major shift from its modest Iowa roots and underpinnings as a developer of malls in smaller towns with less national visibility but usually sound economics.

In its previous incarnation, GGP could be called the Wal-Mart of shopping mall owners, in the sense that it found a formula for reaping profitability in small-town, Middle America. It locked into towns that were big enough to support only one mall and relied on traditional anchors such as Penney's, Sears, and regional fashion stores such as Younkers.

Even now, nothing is too small for the Bucksbaums to consider, even a designer shop with a couple of thousand square feet of footage. "I remember one leasing meeting, where John asked if anybody knew if Betsey Johnson's business was doing well," recalled Rosenfield. "He was about to approve a store. He asked the women in the room, 'How does Betsey's collections look?' and 'How are the stores?'"

"It may be a simple thing; however, to me it illustrates that he's really interested and that he knows he needs to learn and is willing to ask the questions. What he doesn't know, he is not afraid to ask."

He describes Bucksbaum as accessible and humble. "When other guys are out partying, he's riding his bike." Bucksbaum actually cycles about 5,000 miles a year and serves on the boards of the USA Cyclist and the U.S. Ski and Snowboard Team.

So how does he feel about the company's higher profile in places like Las Vegas? "It's a marketplace that does give us an opportunity," he said. "But it's not like we're out there putting on our Elvis suits all the time. It's all about building a retail platform. We'll continue to give the same amount of attention to Jefferson, Missouri, as to Las Vegas."

Although GGP has taken bigger stakes in big-time cities, with holdings in 21 of the top 25 markets and 44 states, Bucksbaum still finds a lot of comfort in those smaller, less-competitive markets. Becoming big time players in the acquisition game wasn't premeditated. "It has been more accelerated, larger and faster than we would have expected. At the same time, it feels to us to be the right thing."

Being among the biggest in the business, Bucksbaum said, "Doesn't go unnoticed, and opportunities will come about due to our size. Our malls become very attractive," particularly in the marketing, sponsorship and advertising arenas. "But it's not about being the biggest. It's about being the best and the most profitable."

The purchase of Rouse, Bucksbaum insisted, "had nothing to do with worrying about what someone else might do. It was all about how we would benefit."

While entering more markets is important, it's really redeveloping properties that gets Bucksbaum most animated, whether it's a GGP mall such as Woodlands in Houston, where a 180,000-square-foot outdoor addition, considered a lifestyle component, was completed last May, or one of Rouse's malls, such as Paramus Park in New Jersey, which he feels is among many Rouse developments that could stand for some renovating or expansions, or both.

"The opportunities in redevelopment are just tremendous," he said. "We have been averaging \$300 million a year for the last three years. That's like building two new centers a year. We might have 20 redevelopments going on at the same time; some are extensive, others rather minor. But almost everything in our portfolio is a candidate for some form of redevelopment. We've been very aggressive on redevelopment and we will pick up the pace."

He called Rouse "a very attractive acquisition" in large part because it's been less aggressive than GGP in redeveloping malls, thereby presenting possibilities for higher productivities and updating the merchandising.

"You have to be willing to reinvest in real estate today," Bucksbaum said. "It's more critical than ever because we are faced with more and stiffer competition. If you leave it alone, you'll go downhill. Slowly but surely, market share will erode. The critical element is having the right retailers and that's forever changing."

"What you do is add to a market already represented. That's one of our objectives — to become the primary retailer provider in a marketplace."

The additions often come in the form of lifestyle centers. "We're the largest developer of lifestyle centers," he contended. "We connect them to our existing centers and try to incorporate them into the mall. That's really one of the exciting aspects of the business. They make for a much more architecturally interesting project. The blank brick walls of the Seventies were fine for that day. Today's customer is more discriminating. They want a sense of community, a Main Street feel." GGP has about two dozen redevelopments under way, which in most cases include lifestyle additions.

Woodlands Mall in Houston generates more than \$400 in sales a square foot, says GGP.



Woodlands Mall was overhauled with stores "turned out" to the center's exterior for easier access, higher productivity and a streetscape effect.



Inside the Jordan Creek Town Center.



Water Tower Place

At some traditional malls, GGP has been reconstructing stores with "turn outs," meaning entrances from the outside of the mall, as well as from inside, to create an outdoor streetscape and quicker access to stores from parking. Malls are like "living organisms in a state of change," Bucksbaum said. "We've always described shopping centers as being ever-evolving."

He also said that the redevelopment activities would be abetted by what he sees as a run up in new retail concepts, citing Gap Inc.'s as-yet-unnamed division being launched next year, and Abercrombie & Fitch's recently launched Ruehl division. Both concepts will cater to 20- to 30-year-olds, an older audience than historically the two retailers served.

"That's the beauty of the business: Retailers are creating more concepts today than they ever have, and it's wonderful that established retailers are doing it. It means there's an ability to roll out the new concepts faster. Some are showing real creativity."

Bucksbaum also cited Zara and Mango as part of a group of foreign retailers he believes are ready to penetrate the U.S. market. Zara already has a handful of stores operating in the U.S., while Mango has yet to open its first, although it has just revealed plans to enter Canada.

New retail will stimulate mall traffic, which Bucksbaum characterized as "very decent" and holding up amid a slowdown in retail sales in the second half of the year. "I can live with that," Bucksbaum acknowledged. "People go to the mall just for the sake of going to the mall, not necessarily with an agenda or a shopping list. The mall is still a popular place."

Asked to project Christmas business for retailers, he said, "If we have three percent sales growth that would satisfy most everyone. Will it be a banner year? No, though it's not going to be a bust."

REAL ESTATE REVIEW

Tourist traffic at Beverly Center in L.A. is rising, according to Taubman Centers.



Robert Taubman is part of a drive to promote travel to the U.S.

Taubman on a Tourism Push

By David Moin

NEW YORK — With tourists accounting for up to a third of the traffic in certain malls of his, Robert Taubman, the chairman and chief executive officer of Bloomfield Hills, Mich.-based Taubman Centers Inc., is working hard to maintain the influx.

He's a member of the Department of Commerce Travel and Tourism Promotion Advisory Board, which was established in August 2003 to devise strategies to stimulate tourism. On Nov. 8 at the World Travel Market trade show in London, the department will announce a \$6 million advertising campaign to encourage U.K. residents to vacation in the U.S. It runs from December to March, which is when most people book spring and summer trips.

"Encouraging tourism in any way is good for the economy, good for the retail business and good for the Taubman Center business," Taubman said in an interview. "Tourism represents a good chunk of our business. It can be 20 or 30 percent of that for many of our centers, and about half is international."

Taubman said the campaign will focus on depicting the "breadth, warmth, diversity, character and personality of the American people," as well as the "memorable aspects of people and places in the U.S."

He also said the campaign could go a long way toward casting a positive image of America abroad, and America as "not this hard machine that is the American economy."

The advisory board members are from a range of industries, including restaurants, hotels, airlines, bus companies, tour operators, travel agents, resorts and theme parks. "I'm representing the retail guys on this board, but all of us are from industries that in some way benefit enormously from the tourist dollar," Taubman said.

Originally, President Bush approved a \$50 million allocation for developing an overseas travel and tourism marketing and promotional campaign that would have covered four to six regions. "It was spawned post-9/11, when nobody was traveling, when hotels were really having a problem," Taubman recalled. But the \$50 million was reduced to \$6 million, and earmarked just for the U.K. "The Iraq war effort put so much pressure on the budgets. It really forced the cutback at the last minute," Taubman said. "The \$50 million should really have been \$500 million and maybe more."

The current allocation, Taubman believes, is paltry, considering countries all over the world from Germany to Jamaica have spent hundreds of millions each to promote travel to their countries. "We are the only major country in the world that has been doing no advertising to try to pull in trade from other countries," Taubman said. "Tourism is an incredibly

important way of importing dollars into this country. Disneyland does advertising all over the world. Sea World does, too. They are involved in travel agencies, tourism operations, bus trip operators, but the U.S. government [up until recently] does nothing.

"The \$6 million is really disappointing, and certainly not enough money to compete on an international basis. But the fact is, it's a start," he said.

"This is the first time the U.S. government ever developed a multimedia campaign to promote travel to the U.S. and position the U.S. as a leading tourism destination," said Doug Baker, deputy assistant secretary of Commerce. "We chose the campaign to be in the U.K. because of the volume of travelers from the U.K., the time they stay in the U.S. and the amount of economic contribution to our national economy.

"We were cognizant of a lot of different markets we could choose from. However, we wanted to focus on where we could have the biggest effect in terms of a recovery market," Baker said. "Some people suggested China. But the problem was that this program was designed as a one-time effort, so you would have to question the usefulness of it, if you went to a market where there wasn't much of a [tourist] base."

The U.K. is responsible for generating 1.3 million shoppers in the U.S., more than any other market in the world, according to a study completed by Taubman Centers and the Department of Commerce's Office of Travel and Tourism. Baker said 4 million to 5 million visitors from the U.K. travel to the U.S. a year, either for business or pleasure.

From 1996 to 2001, Japan generated more shoppers in the U.S. than any other country, and remains number two, just below the U.K., according to the study.

In 2003, 16.8 million overseas visitors to the U.S. shopped while they were in the country, spending \$5.8 billion on gifts and souvenirs, an average of about \$345 per person per trip.

Nine out of 10 international travelers to the U.S. cited shopping as their top travel activity.

U.S. domestic travelers spent an estimated \$38.9 billion on retail purchases in 2002, up from \$38.8 billion in 2001, according to the study.

Baker and Taubman suggested the U.K. campaign is a kind of litmus test for possible future campaigns, and will be monitored to see if it leads to a step up in U.K. citizens traveling to the U.S. and changing attitudes about visiting America. Baker said the U.K. campaign has five "pillars," or themes: family destinations, such as Florida theme parks; cities to visit; outdoor experiences, such as national or state parks; iconic images of America, such as the Statue of Liberty, and key shopping destinations, such as Las Vegas and New York.

He said there will be TV and print ads, billboards and sweepstakes. The ad agency is M&C Saatchi, and public-

ity is being handled by Edelman Public Relations. There also will be a Web site to assist travelers.

Baker said some co-op marketing dollars are coming in to help extend the scope of the program. For example, more than \$2 million was contributed by Visit Florida, a public-private partnership promoting tourism in Florida.

Even after the presidential election and if there is a new administration, Taubman believes the U.S. Travel and Tourism Promotion Advisory Board could continue its efforts to promote international tourism. "Good ideas maintain themselves in the various cabinet departments and in the halls of government," Taubman said. "All of us involved at the board level feel it's very important that we have a program."

Taubman said that his malls have programs to encourage tourist visits. For example, at Beverly Center in Los Angeles, there is a multilingual staff, and the Great Lakes Crossing in Auburn Hills, Mich., and MacArthur Center in Norfolk, Va., have lounges for bus drivers. "You have to do things like this to encourage travel operators to make your center one of their stops. We also participate in trade shows, work with hotels to put packages together and work with local convention bureaus. Beverly Center has a California welcome center," which is the only one in L.A. "We have done an awful lot of things to encourage tourism and we can track it fairly well." Taubman also has a tourism marketing program, called World Class Shopping, which offers shopping packages and discounts.

Taubman said that, among his properties, the Mall at Millenia in Orlando, Fla., gets the most tourists. "Orlando is a huge market," with about 30 percent of the traffic in the Millenia being tourists. "The average stay in Orlando is four and half days, and usually one day it's rainy, and usually one day someone doesn't want to go to Disney or Universal or Sea World," he said. That means they hit the malls.

At the Beverly Center, some 30 percent of the traffic is tourists: about 40 percent are domestic and 60 percent are international. Beverly Center is trending up 40 percent in tourism numbers this year, according to Taubman.

The International Plaza in Tampa, Fla., has an even higher percentage of tourists — 35 percent — and is trending up 15 percent in tourism this year, according to Taubman. About 78 percent of the tourists are domestic and 22 percent are international.

The Dolphin Mall in Miami, a combination value retail and entertainment center, also has a high rate of tourism, at almost 34 percent. About 85 percent of the tourists are international; 15 percent are domestic.

"There's no question tourism has come back to us," Taubman said. "Latin America was slower because the economy was slower. But now even Latin America is coming back."



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REAL ESTATE REVIEW



◀ Colin Darling of Pieces of Harlem.

Grandview ▶



Montgomery



Murphy Heyliger at Harlemade.



Stephen Burrows



Montgomery Harris



Le Pavillon Garries



Hats by Bunn ▲



◀ Maiko Suzuki at Xukuma.

Native restaurant. ▲

PHOTOS BY TALAWA CENTERO

Retail Takes the 'A' Train to Harlem

NEW YORK — After more than a decade on the main shopping drag of Nyack, N.Y., Veronica Jones decided in 2000 to open a second Grandview boutique. Rather than go to another established downtown neighborhood, she chose Harlem's historic Strivers Row near 135th Street.

When Jones opened the store, which features African-American designers such as Byron Lars and Stephen Burrows, Frederick Douglass Boulevard was populated by bodegas, hair salons and barber shops.

But today, Jones, who calls herself a pioneer, is no longer alone.

Rosetta Garrie, M.D., a plastic surgeon, opened Le Pavillon Garries across the street from Grandview 18 months ago. Garrie renovated a storefront in the middle of the block, adding white awnings, doors with stained-glass windows and large planters filled with seasonal flowers. The office is decorated with mahogany, marble floors, a fireplace and chandeliers.

"People who can't afford \$5 million to \$6 million townhouses downtown are buy-

ing \$2 million townhouses here," said Garries, who sees about 25 patients a day. "I saw a need for this service."

With its wide, tree-lined boulevards and variety of architecture and entertainment venues, Harlem is becoming an affordable alternative to many areas of Manhattan south of 96th Street.

Brownstones that were boarded-up shells could be bought for as little as \$300,000 a decade ago. Many are now being renovated and sold for as much as \$2 million and offer more space than comparably priced real estate downtown.

Residential construction in Harlem is booming as well, a sign of a neighborhood on the upswing. Renaissance Plaza on Lenox Avenue and 116th Street opened with 230 co-op units of affordable housing and 60,000 square feet of retail space. An environmentally friendly "green" building at 1400 Fifth Avenue between 115th and 116th Streets consists of moderate income units, market rate co-ops and townhouses and 25,000 square feet of retail space.

Strivers Gardens, which is under construction, will have 170 affordable condominium units and 37,000 square feet of commercial space. Nicole Miller is planning to open a store in the development in partnership with the Greater Harlem Chamber of Commerce, of which the company is a member.

"One success leads to a stampede," said Nicole Miller president and chief executive officer Bud Konheim. "Once you see one company there, others will follow. I'm not looking at it as a pioneer. It's very comfortable. The attitude of pioneer has kind of disappeared. Harlem is like any other part of New York at this point."

A part of New York with attractive demographics. The area has 500,000 residents and \$6.2 billion in buying power, according to Social Compact, a market research firm in Washington, D.C., and that is attracting other national retailers. With African-American shoppers spending \$25 billion on apparel annually, Harlem seems especially promising to fashion and accessories firms.

Drew Greenwald, president of Grid Properties, saw Harlem's potential early on. His company was one of the developers of Harlem U.S.A., a 250,000-square-foot complex on West 125th Street. When Harlem U.S.A. opened in 2000, it was considered a breakthrough for the neighborhood with retailers such as Modell's Sporting Goods, Old Navy and a Magic Johnson Theater, among others. Since then, M.A.C., Starbucks and Northfolk Bank have opened outposts on the block. Timberland is reportedly looking for a space on 125th Street and Bed, Bath & Beyond is negotiating for several spaces on the thoroughfare, according to Greenwald.

"In 1992, when we started going after retailers for Harlem U.S.A., people thought Harlem was a wasteland," he said. "People aren't afraid of Harlem anymore. A lot of the larger retailers who had been thinking about Harlem are now seriously looking. I think you're going to see an upscaling in the future."

"I'm a lifetime resident of Harlem and I didn't think I'd ever see a Modell's or Nine West," said Evette Core, director of property management for Harlem Congregations for Community Improvement, which owns residential and retail properties in the area.

According to retail brokers, rents on 125th Street range from \$50 to \$70 per square foot, while Adam Clayton Powell Jr. Boulevard and Frederick Douglass Boulevard command about \$30 a square foot.

In addition to national chains, Harlem's retail scene is being fueled by local entrepreneurs at the grass-roots level. People like Stephen Burrows, the influential African-American designer, and hat designer Bunn, have made investments in the neighborhood.

Burrows sees private clients in his storefront studio on Adam Clayton Powell Jr. Boulevard and 134th Street. His Stephen Burrows World collection is sold at Henri Bendel and he's working on a signature line with price points from \$500 to \$2,500. Meanwhile, Bunn, who started out selling from a table on 125th Street, is appealing to a new generation of hat wearers at his boutique Hats by Bunn, where prices range from \$75 to \$200.

Bunn is hoping the economy improves. "After Sept. 11, people thought everything below 14th Street was affected," he said. "We were affected, too. A lot of people here worked downtown and lost jobs, so they can't afford to support us."

Other African-American entrepreneurs are placing their bets on Harlem. Colin Darling in July opened Pieces of Harlem on West 135th Street to complement his original store on Vanderbilt Avenue in Brooklyn.

"A lot of my customers moved here from Prospect Heights," explained Darling. "People said to me, 'You need to be in Harlem.'"

The area features designers that are exclusive to Harlem such as Ingwa Melerio, Derek Green and Gesus for Amsterdam. "We all have our own type of destination customer," said Darling of other boutiques in the area.

There's also Montgomery Harris, who opened an epony-

mous jewel box of a shop for her original designs on Adam Clayton Powell Jr. Boulevard and West 136th Street. With butterflies and flowers hanging from the ceiling, the store is a whimsical backdrop for the Montgomery collection, priced from \$25 for T-shirts to \$4,800 for a Feng Shui coat made of hand-embroidered vintage fabric with fox fur on the collar.

Small boutiques and restaurants are also popping up along Lenox Avenue, where rents range from \$60 to \$65 per square foot, according to retailers.

On Lenox Avenue and 120th Street, Settepani Bakery serves beautiful pastries. Native on Lenox Avenue and 118th Street has a French, Moroccan and Caribbean menu. The two-year-old boutique Xukuma, a few doors north of Native, is developing its own line of clothing designed by Maiko Suzuki and sells one-of-a-kind jewelry. Across Lenox Avenue, Harlemeda, owned by Kevin McGruder and Murphy Heyliger, carries art by local artists and graphic T-shirts designed by McGruder.

"In the next year or two Lenox Avenue is going to be shining," said McGruder. "Five years ago they were giving these stores away. We're looking to expand and open another store in Harlem next year."

Grandview's Jones said the Strivers Road district has the potential to become a fashion destination.

"The demographics have changed dramatically in the last three years," she said. "But tourism is down. We need more foot traffic. It's a place that still needs work. It's a great community that has a lot of potential."

— Sharon Edelson

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REAL ESTATE REVIEW

The Fashion Village at Boca Park in the Las Vegas suburb of Summerlin.



Las Vegas: Finding Big Bucks in the 'Burbs

By Michelle Dalton Tyree

LAS VEGAS — If the only thought that comes to mind when thinking of this city built on gambling is the famed strip, then think again. Developers here are bringing lots of chic retail to the suburbs, where they are finding plenty of gold.

True, last month's opening of the expanded \$140 million The Forum Shops at Caesars Palace was the latest shopping development to challenge the resort town's reputation as a gambling-focused hot spot, as entertainment and shopping continue to outrank the once-favorite Sin City pastime. The new 175,000-square-foot expansion to the Forum Shops, owned by Simon Property Group, added 60 high-end stores including Harry Winston, Luca Luca, Baccarat and Kate Spade to the existing 510,000 square feet of shopping space. Also coming to the strip in April is resort mogul Steve Wynn's \$2.7 billion Wynn Las Vegas Resort and Country Club, with Maserati and Ferrari dealerships, the second U.S. Manolo Blahnik shop and stores from Oscar de la Renta, Jo Malone, Louis Vuitton, Chanel and others.

But while the strip continues to wow career shoppers and woo the city's 36 million domestic and international tourists with luxury shopping, some developers and retailers say the glitz and glamour of shopping there is a mirage, and doesn't cater to the real lifestyles of residents in the surrounding areas. It's these residents, they said, who are looking for convenient access to their favorite chain stores, as well as for specialty retailers that have their pulse on the season's must-have items.

"If [the shopper] can have it right across from her home, why drive half an hour to the strip, park and drive back?" said Jean-Marc Joveidi, senior executive vice president of Triple Five Group Ltd., which owns and manages the Boca Park shopping center in the suburb of Summerlin and is also the majority shareholder of the Mall of America in Bloomington, Minn., along with Simon Property. "There's a lot of locals that need

to be catered to. We're really bringing the strip right to the neighborhood."

Boca Park, trumpeted as a lifestyle center, has more of an upscale suburban strip-mall feel. The 1.2 million square feet it occupies consists of two shopping sections: The first is Boca Park Marketplace, which opened in 1999 and is anchored by a Target and a Vons grocery store and features such retailers as Dress Barn, Tilly's and Famous Footwear. The second phase, The Fashion Village at Boca Park, opened in late 2003, anchored by a Cheesecake Factory restaurant and mixing upscale home stores with trendier apparel offerings. Von Dutch is neighbor to specialty boutique shops like Talulah G — which also operates a store at Fashion Show Mall — Pink and Envy. American Apparel is opening a store in December.

"We're re-tenanting and focusing more on the fashion," said Joveidi, who is negotiating to add more specialty retailers to the existing center while also courting higher-end department stores and luxury retailers for the 800,000-square-foot expansion of The Mall at Boca Park scheduled to bow in fall 2006.

But some current tenants said the company has not done enough marketing and advertising to entice local residents to shop at its existing stores.

"Traffic is a problem here," said Vince Bartello, owner of Envy at Fashion Village, a women's specialty boutique that is merchandised more like a mass-market chain despite pricier offerings like True Religion, Earl Jeans and Joie. "It's a beautiful place but Boca Park [management] needs to advertise. I asked a few people to meet me by The Cheesecake Factory and they didn't even know where that was."

Bartello, who is also opening three other Vegas locations, is projecting \$3 million total for all locations and hopes to open an additional 70 stores throughout the country in the next three years.

Retailers' comments surprised Joveidi, who replied, "The center has over 40,000 visitors a week, and I know that the stores are all doing very well."

Other shopping centers are popping up seemingly

overnight and quickly turning the vast desert landscape into suburban sprawl. Particularly popular are outdoor lifestyle centers, like Boca Park and The District at Green Valley Ranch, in Henderson, which is on the southern edge of Vegas and, like North Las Vegas, is one of the fastest-growing cities in the U.S., according to the Census Bureau. The District, developed by American Nevada Co., which built the first master-planned community in southern Nevada in the late Seventies, offers lofts and flats for rent above retail shops such as Anthropologie, Talbots and Pottery Barn.

Fueling this trend in retail development is the exploding housing market in the Vegas area, which ranks seventh in the top 300 U.S. metro areas for retail construction, with 3.5 million square feet of new retail space, according to McGraw-Hill Construction, which tracks construction trends throughout the country. The metro region has seen retail contract value in the area shoot up 20 percent from the same time last year. Atlanta currently holds the number-one spot.

"I'm sure [the housing construction] will continue to bring retail developers to the area," said Jennifer Coskren, an economist at McGraw-Hill Construction, based in Lexington, Mass.

For the first three quarters of 2004, Las Vegas has built almost 29,000 single-family homes for a total of \$4 billion. But as construction and retail expansion typically go hand-in-hand, Coskren cautioned that a downturn in the housing industry could sharply affect the retail market.

"If we see a bigger drop-off than expected in housing, it might dampen retail construction," said Coskren. "And there is some talk of it being overbuilt."

Retailers such as Meital Grantz, owner of Talulah G, are not worried, however, and said all these offerings are still new to the residents of Las Vegas, who have gone to more traditional regional malls such as The Boulevard Mall and Meadows Mall for their off-the-strip shopping needs. Both malls, which are owned by General Growth Properties Inc., have anchors such as Sears, J.C. Penney and Dillard's.

But Grantz, who operates locations at Fashion Show Mall — which gets 25,000 shoppers a day because of its location at the north end of the strip — and in Summerlin, acknowledged that being in a highly trafficked tourist area has given her \$1.5 million business the boost she needed to open in neighborhoods off the strip. She will also open a store at Fashion Island in Newport Beach, Calif., this month. Because of her popularity, Grantz's Summerlin business now does close to \$1 million a year and many products, like Balenciaga bags, are so in demand they never even make it to the sales floor.

"Our store has just become such a destination since we've been at Fashion Show," said Grantz, who counts the Hilton sisters among her regular clients. "There's always going to be a new attraction in Vegas and hype about something new, but at the end of the day, locals will still look for convenience as well as uniqueness."

As much as retailers want the local dollar, they are cognizant of ever-important tourist currency — both in dollars and cachet. Melissa Warren, a spokeswoman for Fashion Show Mall, which is owned by The Rouse Co., said traffic at the mall is up 30 to 40 percent over last year and sales are up 40 percent year-to-date. Fashion Show, which gets about 60 percent of traffic from tourists and 40 percent from locals, just completed a \$1 billion expansion to 1.9 million square feet from 900,000 square feet and has more than 200 stores, from Louis Vuitton to Hot Topic and the Gap, on its property. Its seven anchors alone are an impressive lot, with Saks Fifth Avenue, Neiman Marcus, Nordstrom and

Bloomingdale's Home among them.

Although shoppers might love the diversity, some retailers said the mix could potentially be a source of problems.

"I was so upset that Payless moved in," said Tamara Knechtel, owner, with Todd Burden, of Still, a women's and men's boutique at Fashion Show, which carries Evisu, True Religion, James Perse and Diane von Furstenberg, among others. "I'm not against Payless, but I don't see people shopping at Payless then buying a pair of several-hundred dollar Evisu jeans at my store."

Susan Houck, regional retail marketing manager for the West Coast for Rouse, doesn't think the two are mutually exclusive.

"Every woman has got to say she has at least one pair of throwaway shoes," she said, but then acknowledged that the customer who is buying a \$200 pair of jeans is most likely not the same one who is shopping at Payless.

Said Houck, "Our size and depth of product makes us unique. We serve the local market as well as the tourist pretty evenly."



Talulah G at The District at Green Valley Ranch.



Boca Park

PHOTOS BY DENISE FRUSCELLI/WIREIMAGE

REAL ESTATE REVIEW



Stores for rent on the Avenue George V in Paris; below left, Chantal Thomass' Fantasies shop opened recently on Rue Saint-Honoré.



PHOTOS BY STEPHANE FELDGERE

The French Paradox

PARIS — With consumer spending weak and tourist flows lagging, commercial real estate in France stagnated this year.

Real estate executives said transactions in the luxury sector fared worst. Rents stabilized and vacancies went unfilled on tony thoroughfares like the Avenue George V and the Rue François 1er.

"The Paris luxury market is dead," said Jean-Jacques Bertrand, director of the French market for commercial real estate firm August Thouars. "The French aren't opening their pocketbooks and there's not enough high-end tourism. There aren't many shops that want to open expensive locations in this environment."

Rents on Avenue Montaigne, George V and the Faubourg Saint-Honoré have dropped some 10 percent and few major deals have been signed, executives said.

Christian Dubois, director of commercial real estate in France for Cushman & Wakefield Healy & Baker, added that openings from the fast-fashion behemoths have decelerated, too.

"We're not seeing the rollout we did a few years ago from the likes of H&M and Zara," said Dubois. "Conversely, we're seeing more activity in the service sector and banks."

But not everything is bad. Several high-profile deals were inked this year, including 50,000-square-foot spaces for Adidas and Go Sport, the French sporting goods store, on the Avenue des Champs-Élysées.

They underscore continued high demand for locations on the street, which will also see Hugo Boss and Lancel stores bow over the next few months.

Hennes & Mauritz has been searching for a suitable Champs-Élysées location for years, real estate agents said.

A recent Cushman & Wakefield study said the street is the most expensive in Europe, commanding average rents of \$2,124 a square foot (\$7,648 a square meter) annually. London's Oxford Street is a distant second, with an average of \$1,545 a square foot (\$5,564 a square meter) a year.

Meanwhile, deals have flowered around the high-traffic Avenue de l'Opéra and the Boulevard Haussmann.

Esprit signed up for a 25,000-square-foot space at the Opéra, where Lancel recently renovated its flagship.

A cluster of shops, including a Sephora and a Sureau electronics store, are in the works on the Boulevard Haussmann, where Benetton recently opened a sprawling flagship. A Heineken brasserie is also part of that development, Dubois said.

Cushman said average Haussmann rents were \$1,138 a square foot (\$4,097 a square meter).

Activity is also bubbling on the Rue Saint-Honoré around Colette, the hip fashion emporium.

Recent additions include Chantal Thomass, next door to Colette, and Diane von Furstenberg, on the adjacent Rue d'Alger. Roberto Cavalli plans to move into the neighborhood soon in the former Laura Ashley boutique at the corner of the Rue Cambon and Saint-Honoré.

"Saint-Honoré is one of the only neighborhoods to still be in demand," said Bertrand. "But we're talking about small spaces. Rents on and around Saint-Honoré are up about 15 percent."

Rents on Saint-Honoré range from about \$805 to \$945 a square foot (\$2,900 to \$3,400 a square meter) a year, Bertrand said. (Figures are converted at current exchange rates.)

Conversely, several blocks northwest, Faubourg Saint-Honoré, especially locations above the Place Beauvau, has been unusually quiet.

Average annual rents on the Faubourg last year were \$1,245 a square foot (\$4,479 a square meter), according to Cushman's study.

But while Paris had a quiet year, rates have leapt in provincial cities. Rents in Lyon, Lille, Toulouse, Strasbourg, Bordeaux and Marseille have grown by double digits this year.

"Rents are up 10 to 15 percent in the provinces," said Bertrand. "Demand is greater than supply. But we're not talking about luxury for the most part."

Dubois added that shopping strips on the frontier of provincial cities are booming, too. He said companies such as C&A and Grand Optical were expanding quickly in such formats.

"We're not seeing companies at the level of Gap, but we're moving in that direction," he said. "These formats are attractive because rents are low and sales are high. Retailers can make money there."

— Robert Murphy

Marylebone High Street's Rebellion

LONDON — In a city that boasts flashy flagships on Bond Street and Sloane Street and fast-fashion chains like Topshop, New Look and Zara, one neighborhood is fighting to stand apart from the retail crowd.

Marylebone, the area south of Regents Park and north of Oxford Street, is home to Baker Street, the fictional address of Sherlock Holmes; Harley Street, famous for its top-notch doctors' offices, and Madame Tussaud's.

The neighborhood is gaining newfound popularity owing to its central shopping street, Marylebone High Street, which over the past 10 years has been transformed from a run-down, anonymous strip to a vibrant thoroughfare packed with independently owned fashion and beauty boutiques, food shops and restaurants.

"Ten years ago, there were a lot of charity shops, one-third of the buildings were empty and there was no pedestrian flow. The street had been neglected by the estate for a long time," said Simon Baynham, managing director of Howard de Walden Estates, the property company that owns the bulk of the real estate in the area. While five to seven stores on the street would be changing hands at any given time, Baynham said, there are currently no properties available for rent.

"The High Street needed direction, so we thought 'Let's pull the street up by its socks.' If we get the retail right, it will raise the value of the residential, med-

ical and office property in the neighborhood," added Baynham, who has been spearheading the street's revitalization.

Today, Marylebone High Street is home to about 70 small businesses, including clothing stores Madeleine Press, Shoon, Brora and Rachel Riley; beauty boutiques Fresh, Aveda, Space NK and Calmia; home stores The Conran Shop, Terre d'Oc and Skandium, and specialty food stores The Ginger Pig, Paul and Rocco chocolates.

Foot traffic has rocketed 400 percent.

The estate's strategy was simple. "We didn't want to compete with the multiple chain shops like you see on Oxford Street or Bond Street. We wanted to attract retailers that were different, and put in some destination stores that would attract people from outside the area."

Baynham, who said the estate spent about \$54 million (30 million pounds) on the project, pointed out that another part of the strategy is to keep a lid on rents.

He said rents on Marylebone High Street range from \$225 (125 pounds) to \$234 (130 pounds) a square foot, compared with more than \$360 (200 pounds) a square foot in ultracool and stylish Westbourne Grove in Notting Hill, or the King's Road in Chelsea where rents can be as high as \$540 (300 pounds) a square foot.

"We thought, if we get the street right, the retailers will be able to pay their rents. And we also know that if we go above 150 pounds [\$270] a square foot, they'll start to struggle," he added.



Clockwise from top left: Madeleine Press, Shoon, Skandium and Fresh have been part of Marylebone's rejuvenation.

Dollar figures are converted at current exchange.

Not surprisingly, the street's retailers feel they've hit the jackpot. "We traipsed all over London looking for space, but we never found the neighborhood mix we wanted," said Stuart Newman, managing director of Madeleine Press. "Here, we're still in the center of town, but it's a village-y environment. The landlord is sympathetic and the rents are very reasonable."

Nathalie and Darius Kabiri opened their first multibrand jewelry store on the street. "It's the closest thing to Notting Hill that we have in this part of London," said Nathalie Kabiri, who carries about 35 jewelry lines from around the world including Shaun Leane, Tom McEwan, Lola Rose, Double Happiness and Me & Ro.

Chrystina Schmidt, marketing

director of Skandium, which carries classic objects and home furnishings from major Scandinavian designers, said she's eternally grateful to the landlords. "We couldn't even get onto the High Street. No one would touch us because we were a new company, and no one knew who we were. These landlords are very forward-thinking," she said.

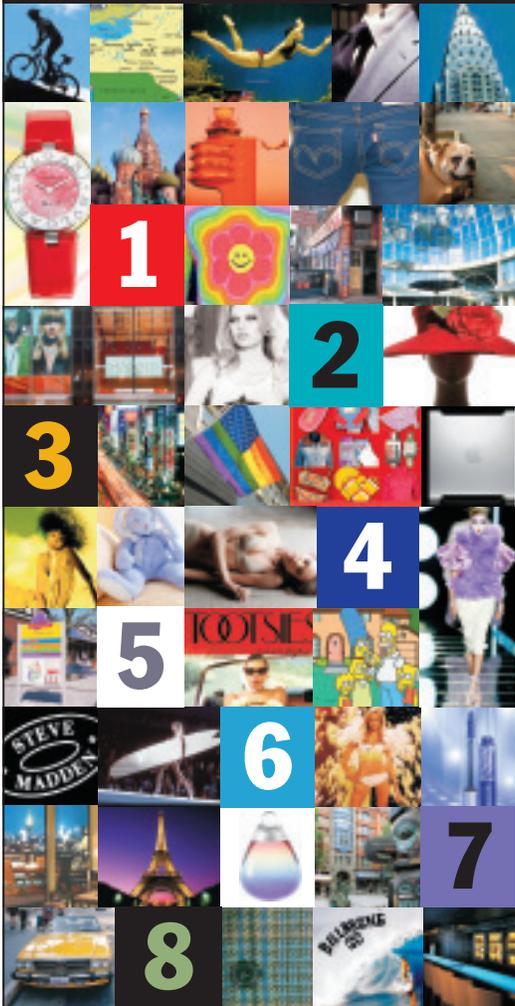
All is not rosy on Marylebone High Street, however.

The estate recently lost a battle to keep Vodafone out (that particular lease is not under Howard de Walden's control), and Baynham said he foresees more battles with chain stores that want to plant their flags on the street. "We'll deal with it on a one-on-one basis — and fight them as hard as we can," he said.

— Samantha Conti

PHOTOS BY TIM BIRKINS

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