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## BUSINESS

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### RETAIL

#### LUXURY RETAIL DNA

#### Bal Harbour Shops welcomes new, exclusive tenants

Bal Harbour Shops welcomes new luxury tenants, sticks to its 'allure' of exclusivity.

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The Bal Harbour Shops may be losing tenants as others aim to take a share of its market, but one of the country's top shopping malls isn't ready to give up its dominance.

During a week when the attention of the luxury market is focused on South Florida for Art Basel, visitors will find several new tenants opening stores at Bal Harbour, including Balenciaga, Breguet, CH Carolina Herrera, Panerai, La Perla and Stella McCartney. And more are on the way including Moncler, Canali and Alexander McQueen.

Many of the new arrivals are filling space left earlier this year as Bal Harbour saw the departures of several long-time luxury mainstays: Louis Vuitton, Dior and Cartier. Hermes has also announced plans to leave when its lease expires at the end of next year.



PHOTOS BY PATRICK FARRELL/MIAMI HERALD STAFF  
**INTERNATIONALLY KNOWN:** Alex Luz and his wife, Priscila Luz, of Brazil shop in November at the Bal Harbour Shops, one of the country's top shopping centers and a magnet for visitors.

Those departures came as many of the brands wanted to expand the size of their stores at Bal Harbour and were told there wasn't space available. In exchange, they wanted the rights to open an additional store in the market and the owners of Bal Harbour refused. Bal Harbour's leases prohibit tenants from opening a second store within 20 miles unless the luxury retail center's owners receive a percentage of the additional store.



**NEW TENANTS:** A shopper in November walks past a giant ad outside the location of the incoming Stella McCartney store at Bal Harbour Shops. Although the exclusive shopping center has lost some coveted merchants and faces threats to its market share, it keeps finding new high-end retail tenants.

"Duplicating uses in a center this small is not good for us in the long run," said Matthew Whitman Lazenby, Bal Harbour's operating partner and the third generation of the Whitman family to run the business. "That's never been in our DNA, not in the past and not in the future. It's always been important for us to maintain the allure of luxury, and exclusivity has always defined that."

But the world of luxury retail has changed and so has Miami-Dade County. Retailers now see the need to expand their presence.

Louis Vuitton has already opened at Aventura Mall and announced plans to open in the Design District by 2014. Expected to follow Louis Vuitton's lead are at least some — or possibly all — of the other brands owned by parent-company Louis Vuitton Moët Hennessy that currently have stores at the Bal Harbour Shops. So far the only one that said it's staying put is Thomas Pink.

DACRA's Craig Robins has said he plans to have between 40 and 50 luxury brands open in the Design District by 2014, as he seeks to create Miami's version of SoHo or the Meat Packing District. Hermes and Cartier are already in the works and Dior is expected to follow.

"The Design District is a work in progress that is going to end up being successful in a different kind of way," said Arthur Weiner, principal of AWE Talisman in Coral Gables, who specializes in luxury retail leasing. "Bal Harbour is not going anywhere. It's no longer the judge and jury of what is luxury and what is not. They no longer have a stranglehold over what is admitted into the Miami luxury market."



PHOTOS BY PATRICK FARRELL/MIAMI HERALD STAFF  
**HIGH-END STORES:** Shoppers walk past the Gucci store at Bal Harbour Shops, a center known for such luxury merchants.

Weiner says the challenge for Bal Harbour will be to replicate the sales volumes that it has lost from these big name departures.

"Those are the building blocks of luxury," Weiner said. "You cannot replicate LVMH either in global luxury stature or in sales per square foot."

Louis Vuitton was one of Bal Harbour's oldest and most successful tenants. The brand has been there for about 30 years, when it chose the site for its first U.S. location outside of New York.

Since its opening in 1965, Bal Harbour's sales per square foot have increased every year but two. The exceptions were in 2001 after the 9-11 attacks and during the recession in 2009.

As the luxury market continues to rebound, the mall's sales are on track to hit what is expected to be a national record in 2011 of \$2,277 in sales per square foot. Bal Harbour same store sales are up this year 26 percent compared to the same period last year.

"Invariably it will be our best year of all time," Lazenby said. "Some tenants are up as much as 100 percent."

That kind of success is what attracts tenants like Officine Panerai. The luxury Italian watchmaker, which celebrated its opening at Bal Harbour this week to coincide with Art Basel, has been trying for some time to get a store in the luxury mall.



**BIG PLANS:** Operators of the Bal Harbour Shops hope to move forward with a major expansion.

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Lazenby, Bal Harbour's  
operating partner

"Bal Harbour Shops is known internationally for its collection of high-end retail boutiques and is considered to be a major tourist destination," Rafael Alvarez, Officine Panerai North America president, said in a statement. "Bal Harbour not only caters to the local community but also has a strong seasonal business."

In addition to bringing in new tenants, Bal Harbour has also taken the opportunity to allow existing tenants to expand. Bottega Venetta recently opened a new store, almost doubling its space to add fine jewelry. Yves St. Laurent, Jimmy Choo, Tory Burch and Ralph Lauren also have expansions underway or recently completed.

To accommodate future growth plans, Bal Harbour's owners are still hoping to move forward on a major expansion plan that would bring another specialty department store and 100,000 square feet of small retailers, allowing room for about 50 new tenants.

"My number one goal is getting this expansion done," said Lazenby, who is in the process of finalizing an agreement to acquire the property next to the mall belonging to the Church by the Sea. "What we really need is to be able to accommodate the huge demand for space that's resulted in people having to get space elsewhere in the market."