

## Owners of Bal Harbour Shops become partner in Brickell CityCentre

By ELAINE WALKER



CHARLES TRAINOR / MIAMI HERALD STAFF  
**CHANGING SCENE:** Oasie Preston smiles as she peers into a store at Bal Harbour Shops last week. The mall's owners will join forces with a potential competitor in Miami.

When Brickell CityCentre opens in 2015, South Florida's luxury seekers will be dealing with a familiar retail company. The owners of the Bal Harbour Shops are joining forces with Swire Properties on the project.

Bal Harbour Shops has decided the best defense may be a good offense.

After years of fighting the expansion of luxury retail in Miami-Dade, the owners of

Bal Harbour Shops have done an about-face and decided to help fuel the growth.

The Whitman family, which owns Bal Harbour Shops, finalized a deal Tuesday to become a partner with Swire Properties in the development of downtown Miami's Brickell CityCentre. Plus, the Whitmans are part of one of the groups bidding for rights to redevelop the Miami Beach Convention Center.

The moves are a dramatic sign of the shifts in Miami's luxury retail market, a segment the Bal Harbour Shops have controlled since 1965. With Miami's ascent as a fashion market, retailers have insisted that one store is not enough. The change was underscored last year with the arrival of brands like Louis Vuitton and Prada in the Miami Design District, which is poised to become Miami's version of SoHo.

"Resistance becomes futile at some point," said Matthew Whitman Lazenby, operating partner and the third generation to run the business his grandfather Stanley Whitman founded. "Our brands convinced us that they believe there is room for more than one store in the market

### MORE INFORMATION

#### Bal Harbour Shops

- Founded: 1965 by Stanley Whitman
- 2012 Sales: \$2,729.60 per square foot
- 2012 vs. 2011: Up 14.49 percent
- Size: 450,000 square feet

#### Brickell CityCentre

- Developer: Swire Properties and Bal Harbour Shops
- Opening: Planned mid-late 2015
- Project cost: \$1.05 billion
- Size: 5 million-square-feet; 520,000-square feet are retail space

### Luxury retail

Options for luxury shopping in Miami-Dade County continue to grow. Existing luxury destinations are marked with solid lines; planned districts are rimmed in dotted lines.



“If you recognize that you have competition, than why not become the competition rather than playing defense all the time?” Previously, tenants had to abide by strict clauses forbidding them to open within 20 miles or give up part of their revenues from additional outlets to Bal Harbour.

The Whitmans will make a “significant” equity investment in the retail portion of Brickell CityCentre and serve as co-developer with Swire Properties, which will remain the majority owner of the \$1.05 billion urban shopping and mixed-use development scheduled to open in 2015. Both developers will equally share responsibility for all phases of the 520,000-square-foot of retail, from leasing to marketing. Financial terms of the agreement were not disclosed. Swire will still handle the office, hotel and condo components of the project.

“It’s very hard for us to make any claims we know the local market in terms of retail,” said Martin Cubbon, chief executive of the Hong Kong-based Swire Properties, which has developed retail in Asia but only condos, hotels and office buildings in Miami. “They know what works in this retail mix and they have the confidence of the major brands. There is no question it gives us more confidence in the project’s success.”

Steve Owens, president of Swire Properties, likened the joint venture to the Miami Heat’s signing of LeBron James. Bal Harbour also has an international reputation as the top producing mall in the world based on sales per square foot, according to the International Council of Shopping Centers.

“What better way to complement our team than bringing in the No. One shopping center developer,” Owens said.

For the owners of Bal Harbour, the change of course came after several major tenants closed up their Bal Harbour shops and moved to the Miami Design District and some added additional stores at Aventura Mall. Louis Vuitton, Cartier, Dior and Celine are those that have recently left. Next on the list is Hermes, which will close next month.

The exodus came because retailers wanted to be able to open a second store in Miami-Dade to accommodate the growth in demand for luxury goods. Lazenby acknowledges that Bal Harbour’s radius clause has loosened to allow shops like Prada to remain at Bal Harbour and open elsewhere.

Now that control lies with the retailers, Lazenby wants to be able to offer options beyond Bal Harbour.

Cynthia Cohen, president of Strategic Mindshare, a retail consulting firm with offices in Miami, called the deal a “smart move” for the Whitman family. “After many years, they’re finally acknowledging that there is power in negotiating with retailers when you represent more than one center.”

After Bal Harbour’s decades-long monopoly over the luxury retail market, the pendulum is swinging to the other extreme. Miami-Dade County could find itself with as many as six destinations for luxury retail, along with an expansion of the existing Bal Harbour Shops.

“This is going to make Miami very interesting,” Cohen said. “There’s going to be some nice competition.”

The Village of Merrick Place was the first to fight Bal Harbour's dominance when it opened in 2002, but despite signing anchors Neiman-Marcus and Nordstrom, it never gained a critical mass of luxury retailers. The Design Center has drawn commitments for more designer boutiques. And Aventura Mall is also shifting its mix toward luxury retail with the opening of Louis Vuitton and the planned arrival of Cartier and others. On South Beach, retail is part of the expanded convention center now under discussion.

But will it all be too much? No, says at least one expert.

"I don't think there's a saturation point," said Arthur Weiner, principal of AWE Talisman in Coral Gables, who specializes in luxury retail leasing. "Miami has grown into one of the most diversified cities in the world. The retailers do really well here. There are plenty of brands that will always keep Bal Harbour as a pearl. The growth of these other projects will take time."

Brickell CityCentre's primary competition is the Design District, which already has an investment from a Louis Vuitton affiliate. Louis Vuitton, Cartier, Dior Homme, Prada and Celine all opened last year in the burgeoning area; Hermes will open next month. Developer Craig Robins has commitments from more than 40 luxury brands, including Fendi, Bulgari, Pucci, De Beers, Zegna, Tom Ford, Burberry and Marc by Marc Jacobs.

By 2014 some 75 luxury brands will spread throughout the Design District, creating a new urban destination for fashionistas.

"I don't think Bal Harbour's expansion downtown or on Miami Beach will impact us negatively at all," Robins said. "I am a big admirer of the Whitmans' historical success and look forward to seeing how they intend to replicate their past accomplishments. Clearly they now acknowledge that Miami is a big market and the brands need more coverage than to just be in one isolated location."

Brickell CityCentre expects to devote about 40 percent of its retail space to luxury retailers. The rest would be a mix of the type of upper moderate or premium retailers found at up-market malls like Aventura and Dadeland. Plans also include a department store and concentration of restaurants and entertainment.

"We think it would be insensitive and a mistake to plop down the Bal Harbour shops today at Brickell CityCentre," Lazenby said. "Luxury should evolve over time."