

# Apparel Maker Picks Prime Spot in Santa Monica

**RETAIL:** Spain's Desigual chooses Promenade site for big U.S. expansion.

By **ALEXA HYLAND** Staff Reporter

The corner of Third Street and Broadway in Santa Monica has turned into the center of L.A.'s retail universe thanks to a revamped **Santa Monica Place**.

The location's new prominence is heralded by the arrival of apparel and accessories maker **Desigual**, a chain headquartered in the sun-drenched city of Barcelona, Spain. Desigual is expected to announce this week that it's establishing a flagship L.A. store at the southern edge of the Third Street Promenade, next to Santa Monica Place.

Desigual's debut on the Third Street Promenade underscores a shift that's occurred within the shopping district. The corner of Third and Broadway – former home of the Broadway Deli – is no longer the quiet end of the street. It's now a heavily trafficked intersection bustling with shoppers headed to Santa Monica Place's trendy retailers and restaurants from the Promenade.



Colorful: A Desigual advertisement.

"That was the end of the Promenade and it could have been considered the far side," said Jay Luchs, an executive vice president in the Century City office of **CB Richard Ellis Inc.** who specializes in luxury retail real estate. "Now it's the dead center. You could call it the 50-yard line."

Desigual, which runs its own stores in addition to selling its clothes and accessories in boutiques and major department stores such as **Macy's**, is preparing for game day.

The retailer in November signed a 10-year lease worth about \$15 million for the 7,300-square-foot space. It plans to open the store early this summer, according to Carol Rosenfeld, L.A.-based principal at retail real estate consultant **CM&R Group** who is overseeing the retailer's U.S. expansion efforts.

Rosenfeld said Desigual, which opened its first L.A.-area outpost at the Beverly Center last year, instantly saw the appeal of the location.

"(It's) sitting in between the newly remodeled Santa Monica Place and Third Street Promenade," Rosenfeld said. "I might go so far as to call it a trophy piece of real estate."

Broadway Deli, which had been there for 20 years, closed in November after landlord Promenade Gateway sought to increase the rent. Promenade Gateway then decided to divide the space for retail and restaurant use.

Barbara Tenzer, president at **Tenzer Com-**

**mercial Brokerage Group Inc.** who represented Promenade Gateway in its deal with Desigual, said the landlord has yet to sign up a restaurant tenant.

## Fashion forward

Desigual, founded in 1984, is best known in Europe for colorful fashions such as wildly patterned sundresses and graphic T-shirts.

But more recently, the apparel maker has been making a splash in the United States alongside other international fast-fashion chains such as **H&M** and **Zara**.

Desigual plans to invest 100 million euros this year into expansion efforts in Europe, Asia and the United States. The chain currently operates seven stores in major U.S. cities, and plans to open its Santa Monica location and an additional five stores in the United States this year.

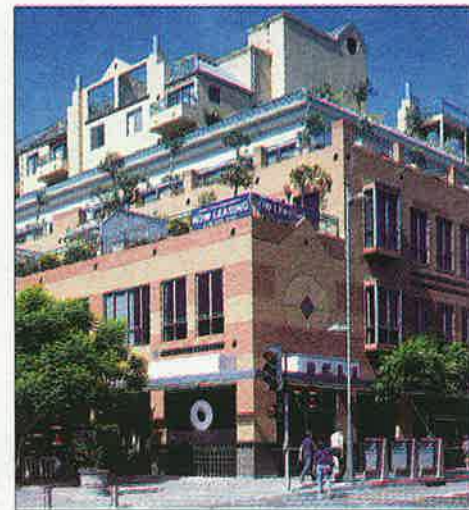
Howard Davidowitz, chairman of New York retail consulting and investment banking firm **Davidowitz & Associates Inc.**, said Desigual has been a hit with U.S. consumers because of its unique fashions.

"They have positioned themselves as a totally differentiated product line which customers are gobbling up," he said.

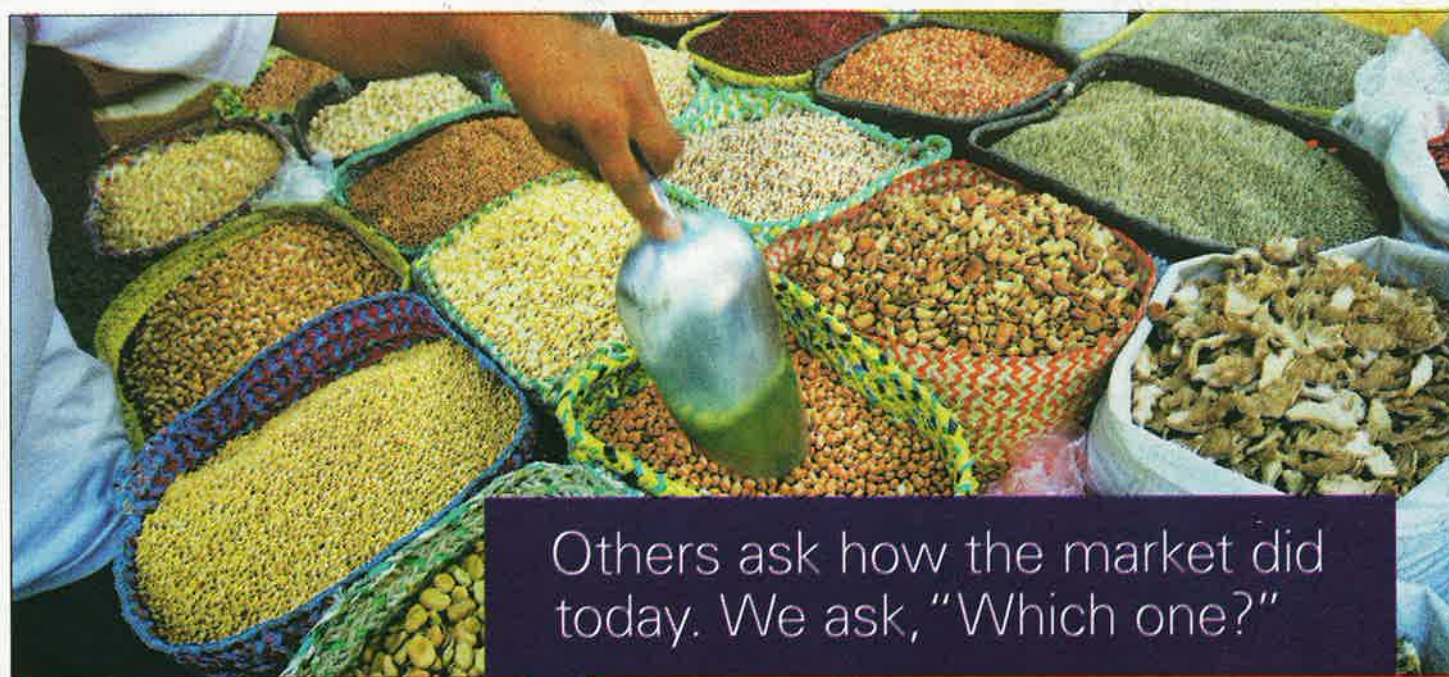
Desigual is betting that its Third Street Promenade location will be a hit with fashion-forward Angelenos and the millions of tourists who visit the shopping district annually. The new store, which will be three times larger than the Beverly Center outpost, will carry a broader range of clothes and accessories.

Rosenfeld said Desigual's colorful clothes will help the chain stand apart from other Promenade retailers.

"It's not the premium denim guys," she said.



Corner Store: Third and Broadway.



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