



Jones Apparel Group says it is right-sizing its chains to redirect its mix toward the outlet channel, where it operates more than 600 stores in five concepts.

Jones loyal to outlet concept despite plan to shutter units

DURING ITS FIRST QUARTER 2009 conference call with analysts, Jones Apparel Group, which operates more than 600 outlet stores in five concepts, said it would take advantage of expiring leases and close approximately 225 stores throughout 2009 and 2010, saving the company about \$20 million annually.

Wesley Card, Jones' president and CEO, said in the April 29th conference call, that approximately 60 percent of the closings would be in mall-based stores, implying that approximately 90 outlet units will be shuttered.

"Our strategy is to move our portfolio of stores to a higher percentage of outlet stores," Card said. "Exiting the stores will result in expense savings and elimination of operating losses at the stores and we anticipate that will benefit our financial results by about \$3 million in 2009, \$14 million in 2010, and then \$20 million in 2011."

"Our strategy has been to manage the store portfolio for the best cash results... We will continue to be conservative when considering new store openings and expect new store openings to also be heavily weighted towards the outlet store concept."

Josh Podell, VP-real estate for Jones Retail Corp., told *VRN*, "We're committed to opening more outlet stores. We're opening 25 next year and I'm scouting for Nine West and Shoe Wu sites. The ones closing are the older, non-profitable stores we've been hanging onto year after year."

Card told the analysts that Jones' aim is to right-size its retail chains. "We have adjusted our strategy to reflect the very difficult current conditions as well as what we anticipate as the recovery starts and new patterns of consumer spending settle in... We are now at a point where we can substantially reduce under-performing locations, which are spread across concepts and geography, over the next 18 months with very minimal cash requirements. This is going to allow us to exit the marginal and losing locations ... and redirect the mix toward the outlet channel which we continue to believe is a viable distribution channel over the long-term."

The company's comp store sales were down 10.6 percent for the quarter, with outlet sales much better than mall-based stores, Card said. Full-price stores were down in the low 20s, he said, with the outlet channel down in the low teens.

Card said the outlet chain has "historically been profitable... because

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Outlet veteran Iris Callie dies

IRIS J. CALLIE, who handled leasing for BCBG MaxAzria, died at home in Rancho Mirage, Calif., on Jan. 11 at age 64. Because of her lengthy career in retail leasing, Callie was known best by industry veterans, including Susan Reich, senior director of real estate for Polo Ralph Lauren.

"Physically, Iris was a little bit of a thing," Reich told *VRN*, "but she possessed a presence that was larger than life. She filled a room when she entered and generated a life-spirit personality that was both electric and contagious."

Callie honed her skills as a leasing professional when few women were in the industry, Reich said. "I had the pleasure of working with her on both the development and retail sides. Iris was one of the toughest negotiators ever – she represented her employer and clients as if she owned the business. From Iris I learned that one could be tough yet fair and complete a transaction as friends."

Vince Blake, VP-leasing of Ariel Preferred, worked with Callie for several years at Mills Corp. "Iris does stand out among the many people I worked with," Blake said. "She was a one-of-a-kind person who believed in getting things done. She had a very positive approach, always trying to find the right fit – and she usually did."

Born in Detroit, Callie majored in physical education at UCLA and started her career in Los Angeles. She went to work for Rouse Corp. leasing Santa Monica Place, and then joined Westfield to lease Westside Pavilion. After nine years with Westfield, Callie went back to her own business, which handled BCBG's real estate.

She is survived by her husband of 27 years, William Kaufman; her mother, Eleanor Callie; brother Michael Callie; nephew Jack Aaron Callie, and her very special family members Tiffany, Trooper and Casey. **■**

you've got a good, strong customer, you're pricing at the right point and SG&A [selling, general and admin expenses] is lower, which is probably the biggest factor. We have been more profitable [in the outlets]. As we get the chain right sized, that business seems to be trending better."

Card noted that Jones runs flagship and full-price stores to support the brand and help the product stand out. "We believe in the mall-based store. It is a lower profitability model though, than the outlets."

Jones' outlet concepts are Anne Klein Factory Stores (59 units); Easy Spirit Outlet (121 units); Jones New York (140 units); Kasper (83 units); and Nine West Outlet (211 units).

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Pigeon Forge considers Belz Outlets' proposal for public events center

THE CITY OF Pigeon Forge, Tenn., is considering a proposal from the owner of Belz Outlets to locate a city-operated public events center at the mall. The location is in Annex I, which was damaged by a \$4 million fire in February and is awaiting rehabilitation. Some 120,000 sf of tenant space was burned, according to co-owner David Ober.

"Since the property has to be redeveloped anyway," Ober said, "we'd like the opportunity

to redirect it for an events venue and add up to three pads for restaurants on the property."

City manager Earlene Teaster said Belz Outlets had contacted her office with the proposal.

"The idea proved intriguing, and we wanted to study it fully," she said. "One consideration for close examination is comparing the cost of this proposal to the construction cost of a brand-new building."

In May, the Pigeon Forge City Commission ap-

proved a memorandum of understanding, which defines the basics of the project and provides the framework for a thorough evaluation.

More than 150,000 sf would be converted into an events facility that could accommodate up to 10,000 people. Such a space, according to Ober, is sorely missing in Pigeon Forge. "The town is currently turning away meeting and event business because there's no space big enough," he said. "Pigeon Forge still gets around 11 million tourists a year, and it has the second highest number of wedding chapels – after Las Vegas – in the country."

Located at the entrance of the Great Smoky Mountains, the most visited National Park in the United States, the 450,000-sf Belz Outlets is close to the area's top tourist attraction, Dollywood, and is just five miles from the resort area of Gatlinburg, which remains a heavily visited tourist spot all year long.

Outlet stores may transform Cleveland

CRAIG KASER OF TerreMark Partners recently presented downtown Cleveland property owners with a proposal for occupying empty retail space with outlet retailers. Earlier, Kaser helped to transform Cleveland's East Fourth Street into an entertainment and restaurant district.

TerreMark is working with the Cleveland Downtown Alliance and Playhouse Square to redevelop the main corridor of downtown Cleveland. The concept is based on several studies that reveal a niche for outlet retailing, entertainment and a design district in what is known as the Euclid Corridor.

"We're retail scholars," Kaser told VRN. "We figure out revitalizations. We're niche specialists and not sworn to one format over another. We look for what will work best in each situation."

The partnership could assemble more than 600,000 sf of retail, Kaser says, adding that he expects to start phased construction in 2010. TerreMark Partners, based in Canton, Ga., outside Atlanta, focuses on the identification and planning of retail destinations throughout the U.S., providing master planning, leasing and marketing services.

Kaser's 25-year shopping center career includes stints with Cousins Properties, Ben Carter Properties, Primerica, The Paramount Group and Sam Zell's Equity Group. ■