Despite the weak economy, Malibu’s commercial real estate is booming, but questions remain for the retail entrepreneurs who set up shop in the exclusive colony of celebrities and surfers.

Retailers are still determining whether wealthy Malibu shoppers are driven to spend their luxury dollars locally, or if they prefer being back at their beachside mansions clad in cheap bathing suits and T-shirts.

The questions are asked as the city’s recent boom in retail development might be at its peak, particularly along its main retail drag of Cross Creek Road and Pacific Coast Highway.

The strip holds three retail centers. It has long been well-known for the exclusive Malibu Country Mart shopping center, which offers park-like open space and designer stores such as John Varvatos and Ralph Lauren.

In May, the 30,000-square-foot Malibu Lumber Yard luxury shopping center debuted adjacent to the Malibu Country Mart, where designer stores Maxfield and James Perse do business. The neighboring Malibu Village, formerly called Cross Creek Plaza, is the address of Ron Herman and Free City boutiques. It is receiving a more than $5 million facelift, which will be unveiled in 2010, according to Jay Luchs, the retail center’s leasing broker.

Los Angeles–based architecture firm Marmol Radziner + Associates was recently hired to give the Malibu Village retail center a rustic, rural look, which will be reminiscent of exclusive New York weekend spot The Hamptons. More than eight new retailers will join Malibu Village, Luchs said.
Malibu residents may share a high tax bracket, but that's where the similarities end, according to Luchs. “It's a real mix of people. It's very casual, and there's so much money and spending power,” he said. Malibu’s median household income is $102,031.

Fred Levine is co-owner of the Agoura Hills, Calif.–based M.Fredric chain and runs a 4,200-square-foot M.Fredric store at the Malibu Country Mart. From his experience, Malibu residents enjoy shopping for world-famous fashion labels outside the borders of their town. “We're hearing complaints from the community they want neighborhood-style stores,” Levine said.

Following local tastes, M.Fredric’s top-selling Malibu styles have been casual. For women, best-selling pieces are tops with a sexy edge. A halter style by Los Angeles label Sky has been selling well. The top features crochet details on a form-fitting rayon-spandex jersey and retails for more than $110.

Popular bottoms for women typically favor boyfriend-style jeans and leggings. A popular denim label at the store is Rich & Skinny. Retail price points for denim and bottoms at M.Fredric range from $150 to $200.

Across a corridor at the Malibu Country Mart, Mark Goldstein said he believes there is an avid designer fashion shopper in Malibu. He has sold high-priced fashions made by exclusive designers at his Madison Gallery store, which he opened in September 2007. He said selling designer fashions in what looks like a casual place is a good bet. Malibu’s gorgeous beaches and endless summer style make people feel like spending money. “When you come here, you feel like you are on holiday,” he said. “It puts you in the mood to shop.”

Stylish women have been buying the stretchy leather leggings from the Elise Overland label at Madison Gallery. These leggings retail for $1,426. The entire collection from French label Balmain has also been selling well. The label’s silk bow blouse, which features shoulder pads and Swarovski crystals, has been very popular. It retails for $4,278. Balmain silk smoking jackets have sold well and cost $4,104 retail.

Another popular designer brand at Madison Gallery has been Stella McCartney. The label’s sweaters and cotton T-shirts bearing graphics of leopard faces have been a hit with customers. The cotton T-shirts retail for $175. The sweaters cost $945.

Madison Gallery will offer more lifestyle items and a wider range of price points in the future, Goldstein said. “We want everyone to enjoy this store,” Goldstein said. “If it’s the right T-shirt and fits in this environment, but it’s only $80, it’s cool.”

For husband-and-wife boutique owners Arlington and Jac Forbes, the Malibu shopper is ready for anything. “But they won’t buy expensive things just because they are expensive,” said Arlington Forbes, co-owner of fashion store and art gallery Canvas Boutique & Gallery at the Malibu Country Mart. He said Malibu consumers will shop locally for fashions ranging from the formal fashions to
swimwear. But these fashions have to be of a high quality and offer a unique look before customers will open their wallets.

Recently, popular items at Canvas include items from Engineered Garments, which is headquartered in New York and Japan. An Engineered Garments blazer retails for $400. A hooded sweater costs $200.

Commes Des Garçons’ Play Collection has been popular at Canvas. The collection offers casual fashions with a sense of irreverence. They bear an appliqué of a cartoon-style heart with a pair of wide eyes. The heart graphic is placed where a logo appliqué would be placed on a polo shirt. A T-shirt costs $95, and a sweater retails for $325.