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The Best Spots to Set Up Shop

Inside the Battle of Two Boutiques for a Site That Will Draw Crowds

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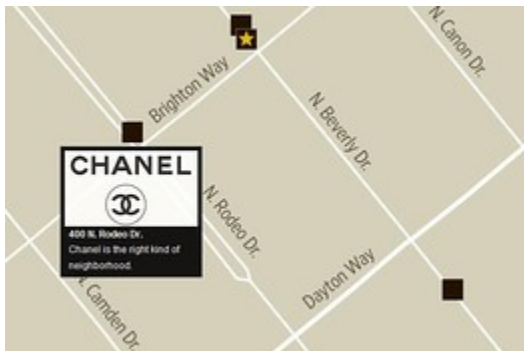
Beverly Hills, Calif.

Blame the Olallieberry pie: A generous slice helped boutique chain Intermix beat out rival Scoop NYC in the race for a prime store location here.

After several years of playing it safe, fashion retailers are once again opening new stores, with signs of better times ahead. There are still parts of the country with too many stores, but in affluent urban areas, competition is rising for prime space.

With the economic recovery still tentative, it's more important than ever for retailers to find sweet spots—great "50-yard line" locations, as Intermix co-founder Khajak Keledjian puts it. Stores want a magical blend of address and aesthetics that will make them magnets for stylish shoppers. Finding such gems requires perfect timing—as well as research, gut instinct and shoe leather.

Location Scouting in Beverly Hills



The race is accelerating in Beverly Hills and the adjacent West Hollywood neighborhood, where Céline, Isabel Marant, Theory and Rachel Zoe have recently pounced on new

locations. Scoop, a boutique chain with 16 stores nationwide, is planning to open a store in Brentwood next month and is seeking a space on Beverly Drive.

But Scoop recently lost out to rival Intermix for a key location on the corner of Beverly Drive and Brighton Way. There, a block from Chanel and Cartier, Intermix plans to open a new 2,200-square-foot store featuring an indoor vertical garden in early May. The competition for this location, at 400 North Beverly Drive, offers a prime view of the battle for space.

Beverly Drive, one block from Rodeo Drive, in the heart of Beverly Hills' commercial district, appeals to brands that don't require a luxe Rodeo address but want to be near the action. It holds a mix of mall-style stores and popular restaurants. Its rents, at around \$180 per square foot these days, are less than half the \$500 per square foot or so that Rodeo commands, and traffic is the highest in Beverly Hills, with 50,000 cars passing by each day, according to Jay Luchs, an executive vice president and broker with CBRE who represented Scoop.



Michal Czerwonka for The Wall Street Journal

Intermix opened its first store in L.A. on Robertson Boulevard, shown. It also has stores in the Brentwood and Malibu areas.



Michal Czerwonka for The Wall Street Journal

Intermix felt a Beverly Drive location would draw more tourists than Sunset Plaza.

The space at 400 North Beverly was formerly occupied by the Geox shoe brand, which had aggressively expanded before the financial crisis. Geox had time left on its lease when Scoop offered to buy it out last year. But the property's landlord, art consultant Carlyle Eubank, says he felt confident Geox could be persuaded to leave early. Months of negotiations ensued between Scoop and Mr. Eubank. Scoop chief executive Susan Davidson says she was looking at other properties on Beverly Drive as well, part of expansion plans that may include more stores in Los Angeles and New York, as well as Washington, D.C., Houston, Atlanta and San Francisco.

But Intermix executives were also on the lookout for a new location. The fashion retailer, which has 27 U.S.

stores, opened its first L.A. store in 2007 in the trendy paparazzi zone of Robertson Boulevard. After the 2008 financial crash, it spent several years licking its wounds on the East Coast and closed stores in Orlando and Charlotte, N.C.

Only recently did Intermix dive back into expansion mode. Haro Keledjian, Khajak's brother and co-founder of Intermix, turned to a map of potential locations that he keeps on his office wall. Black pins indicate the chain's current stores, and red pins indicate hot zones where the company would like to be. Red-pin towns include San Diego, San Francisco, Aspen, Colo., Washington, D.C., Tysons Corner, Va., Scottsdale, Ariz., and Houston. He had been watching Beverly Hills for several years.

Zeroing in on a perfect address is less science than romance, and each retailer chooses differently. Haro Keledjian rejected one Los Angeles-area store space because the corner gave him a feeling of "bad feng shui." He rejected another because a nearby store happened to be holding a sale when he was in the neighborhood. He feels corner locations are more visible than stores in the middle of the block, and he prefers independent, walkable streets to malls.

Intermix executives are constantly seeking expansion spaces. When she was supposed to be skiing last month in Aspen, the company's president, Adrienne Lazarus, spent two days canvassing the chic town for possible store spaces and emailing cellphone photos back to the

office. "My husband didn't understand that at all," she says. "He was on the slopes."

She found one "50-yard-line" location, only to decide it was too narrow for Intermix's ideal store layout, which involves spreading merchandise on tables and mannequins, with fewer bars of hanging clothes to slow down shoppers, she says.

Haro Keledjian had rejected a half-dozen locations, including a former Ann Taylor site just up the street, which was not on a corner. But on a Thursday late last year, he got a call from his L.A. broker, Bruce Demby, saying the Geox store might be in play. He got on a plane from New York City the next morning. Once Mr. Keledjian saw the store, Mr. Demby told him he needed to meet the landlord, Mr. Eubank.

"I got this frantic call to meet and I said, 'I really can't. I'm at this wedding,' " says Mr. Eubank, who was attending private nuptials at Hearst Castle.

Mr. Keledjian offered to meet Mr. Eubank near Hearst Castle, which is more than five hours' drive north of Los Angeles. He rented a car, leaving at 8 a.m., and met the landlord at Linn's, a popular cafe in Cambria, a sleepy town at the southern end of the Big Sur coastline.

"I was very impressed with that," says Mr. Eubank.

Mr. Eubank explained that Linn's is known for its Olallieberry pie. The berries are a West Coast-grown cross said to be a relative of the loganberry.

"I said, 'OK, I'll eat the pie,' " says Mr. Keledjian. "It was delicious."

They discussed Mr. Keledjian's Armenian heritage, as well as his offer of rent for the Beverly Drive store. Mr. Eubank says he recalls Mr. Keledjian saying he wouldn't raise the offer because he was leading with his best. Both sides decline to offer specifics, but Mr. Eubank says \$180 per square foot per year is "in the ballpark," an estimate that Intermix confirms.

They clinched the deal. "I figured if they were going to tend to business in that personal way, I wanted them as a tenant," says Mr. Eubank.

Scoop's broker Mr. Luchs, who says he is busy now but went nearly 18 months with no deals in the Beverly Hills area, concedes he was more than disappointed to lose the site. Scoop is now close to signing a lease for another property on Beverly, according to representatives of the retailer.

Mr. Luchs says, "I guess that trip up to have pie was what did it, because Scoop was ahead of them."

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Corrections & Amplifications

The name of the Cambria, Calif., restaurant famous for its Olallieberry pie is Linn's. An earlier version of this article incorrectly called it Winn's.