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Neiman Marcus store coming to the Domain

Luxury retailer will be an anchor in \$150 million North Austin project, sources say

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Texas retailing legend **Neiman Marcus** Group Inc. will open a store in the **Domain** retail project in North Austin, according to people familiar with the announcement, which is expected today.

The store will be the first of two anchors for the \$150 million project being developed jointly by Endeavor Real Estate Group and mall giant Simon Property Group Inc.

The developers expect to break ground later this year or early next year for the project, which is on North MoPac Boulevard (Loop 1) north of Braker Lane. The opening would be in late 2006 or spring 2007.

People familiar with the **Neiman Marcus** store said it would bring about 80 jobs and generate more than \$2 million a year in taxes. They said officials ranging from Gov. Rick Perry to Mayor Will Wynn and Travis County officials helped persuade the retailer to come to Central Texas.

"Governor Perry would certainly welcome a project of this size that will bring new jobs to Central Texas and expand the economy," said Kathy Walt, Perry's press secretary. "However, if **Neiman Marcus** has made a decision, it would be up to the company to announce."

Executives from the retailer and the developers declined to comment.

City Council Member Brewster McCracken said: "If it's true that **Neiman Marcus** is coming, this is great news," adding that the store would be a regional draw.

Austin, which counts on sales taxes for about a third of its budget, has been trying to fight the flight of sales and to the suburbs. Last year, the City Council approved a \$37 million, 20-year package of incentives for the **Domain**, the first time the city had granted incentives to a retail project.

The **Domain's** developers have said their project will not be an ordinary mall but an upscale outdoor shopping and entertainment center. It is located in what developers call a retailing "golden triangle." The area is near major employers such as IBM Corp. and a growing population of affluent households. More than 100,000 cars a day pass the property.

Dallas-based **Neiman Marcus** has been scouting Central Texas for possible sites off and on for several years in areas such as the Arboretum, which is near the **Domain**, and the Village of Bee Cave.

In the past, executives have said they were not certain the area had the right population and income levels to support one of their stores.

Neiman Marcus is known for high-end apparel and accessories, including designer brands such as Prada, Gucci, Dolce & Gabbana, Lagerfeld and Chanel, along with its extravagant holiday gift catalog and fancy-foods section.

The core customer spends more than \$3,000 a year at the store and has an average household income of \$350,000, said Eric Beder, a retailing analyst at Northeast Securities Inc. in New York.

High-end retailers have seen their business rise with the emerging economic recovery, but **Neiman Marcus** is outperforming some other upscale stores, analysts said. The company said sales at its stores open more than a year were up 15.2 percent in January, an unusually big increase.

Beder said the chain has been more aggressively looking for new store locations.

"They're feeling very confident in the market right now," Beder said. "Their business is just on fire."

The company has 35 **Neiman Marcus** stores across the country, including six in Texas, plus two Bergdorf Goodman locations. It also has 14 clearance centers, including one in Austin at the Brodie Oaks shopping center, and an online catalog operation.

The company had \$3.1 billion in sales in fiscal 2003.

Herbert **Marcus**, his sister, Carrie **Marcus Neiman**, and her husband, Al **Neiman**, opened their first store in downtown Dallas in 1907. Stanley **Marcus**, Herbert's son, who retired as chairman in 1975, helped shape the retailer's reputation for high-quality merchandise and top-notch service.

Neiman Marcus will join two other high-end department stores in Austin.

Saks Fifth Avenue opened a 58,000-square-foot store in the Arboretum in 1997. Nordstrom Inc. opened a 144,000-square-foot store at Barton Creek Square mall in August.

"We feel competition is good for everyone, especially the customer, and it makes us work just that much harder to earn their business," said Deniz Anders, a Nordstrom spokeswoman. A Saks spokesperson declined to comment.

A second **Domain** anchor is expected to be announced in two or three months.

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