

CALIFORNIA ApparelNews

THE VOICE OF THE INDUSTRY FOR **73** YEARS

\$2.99 VOLUME 74, NUMBER 22 JUNE 1-7, 2018



FASHION FIRSTS

The fashion-design students at Los Angeles Trade-Tech College showed off their creations at the recent Gold Thimble Fashion Show. To see more looks, go to page 6.

NICK CARRANZA

Enzo Ybarra

Changes in the Fashion District Hit Los Angeles Street

By Dorothy Crouch *Associate Editor*

Renovation in the **Los Angeles Fashion District** is hitting high gear as the mammoth **Broadway Plaza** apartment complex on Broadway is getting ready to open and a major lease has been signed at the hip retail complex called **Row DTLA**.

The area is experiencing a resurgence in major corporate players, such as **Adidas**, which reportedly inked a deal to rent 31,000 square feet of office space at the industrial complex that sits next to the old **American Apparel** factory on Alameda Street. **Spotify**, the digital website that lets you stream music, is moving from West Hollywood, Calif., and considering setting up offices in the same part of the neighborhood.

"When you look at something like the Row, the building sat vacant for many, many years," said Mark Chatoff, president of the **California Flower Mall Inc.** "The Row has been something that has been underutilized. The whole area has

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Tariff War Heats Up and Expands to U.S.-Made Clothing

By Deborah Belgum *Executive Editor*

A major trade war that started with aluminum and steel is now migrating into steep tariffs being placed on U.S.-made apparel exported to Europe.

The war was triggered by the Trump administration announcing on May 31 that it will be placing tariffs on aluminum and steel coming from some of the country's closest trading partners: Europe, Canada and Mexico.

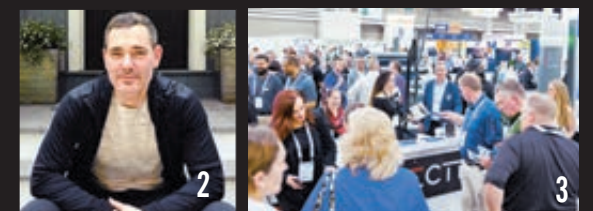
The 25 percent tariff on steel and 10 percent tariff on aluminum go into effect June 1 after being postponed several times.

In retaliation, the European Union said it will be slapping 25 percent tariffs on key items it imports from the United States. Those include men's and women's blue jeans, T-shirts, shorts, men's synthetic woven industrial and occupational trousers, cotton woven bed linen that is not printed, and foot-

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Where fashion gets down to businessSM



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Guess Inc. Sees Net Loss Despite Growth in Europe and Asia

Guess? Inc. is an apparel brand synonymous with the cool California lifestyle, but most of its sales are now done in Europe and Asia.

In the Los Angeles company's first-quarter earnings call on May 27, Guess Chief Executive Victor Herrero noted that the label has been chalking up major sales gains in Europe, where they rose 24 percent in U.S. dollars during the first quarter for fiscal 2019, ending May 5, compared to the same period last year.

"The growth was driven by new store openings, by an increase in wholesale revenues and by positive comps, including e-commerce, which was up 15 percent in U.S. dollars," he noted.

The company's European wholesale business is strong, he said, with Guess opening seven new directly operated stores in the first quarter in areas including Italy, France, Spain, Turkey, Finland, Russia and Poland.

Healthy sales were also seen in Asia, with China and Japan providing the most growth and South Korea being stable. Revenues in Asia grew 33 percent over the same period

last year.

Guess has been on an aggressive expansion path in China. During the first quarter, Guess opened 12 stores in Asia, including eight directly operated stores in China. Those stores included Chinese locations in Hangzhou, Harbin, Wenzhou, Shenzhen and Haikou.

The Hangzhou store is in the first shopping mall opened by **Alibaba**, located next to the online e-commerce site's headquarters.

However, sales in the Americas—which include Latin America, Canada and the United States—dipped 1 percent in U.S. dollars, with the company trying to save money by shuttering unprofitable stores, renegotiating leases and asking for rent reductions when possible. Comp sales for the quarter, including e-commerce, were only up 2 percent, Herrero said, over last year.

"While the positive comps [in the Americas] were exciting, what was satisfying is that we achieved these comps while being less promotional than last year," Herrero said.

Overall, the company's revenues increased

15 percent in the first quarter to \$521.3 million compared with \$454.3 million during the same period last year. However, the company had a net loss of \$21.2 million, compared to a net loss of \$21.3 million for the same period last year.

Sandeep Reddy, the chief financial officer for Guess, said that the company, founded by the Marciano brothers in 1981, was investing significantly in Europe and Asia, with about \$85 million to \$95 million expected to be spent this year on retail growth.

Executives at the apparel company were asked about the investigation surrounding allegations lodged by model Kate Upton earlier this year against Guess cofounder Paul Marciano, who has the titles of executive chairman and chief creative officer.

Two weeks after the allegations were made, Marciano stepped down from being involved in the company.

Herrero said the investigation was ongoing and that the company had no further comment about the issue.—*Deborah Belgum*

New Marketing Chief Hired for Agenda

The **Agenda** trade show has a new vice president of marketing.

ReedPOP West—which organizes the Agenda trade show as well as the accompanying consumer day, called **Agenda Festival**, and a sprawling pop-up market, art and music festival called **ComplexCon**—announced that Rob Weinstein has taken over the new position at ReedPOP West.



Rob Weinstein

Weinstein hopes he can expand these concurrent events. "I look forward to the opportunity to continue to elevate the experiences in the business-to-business and consumer arenas, ensuring the shows are not just thought of twice or four times per year but as influential industry resources all year long," he said in a statement.

Weinstein most recently served as the head of marketing for *Men's Journal*. Before working with the magazine, he worked as the brand development director for the **MAGIC** trade show.

He will start his job June 18 and will work out of ReedPOP's Los Angeles office, reporting to Ron Walden, the group vice president who oversees ReedPOP West's fashion and festival portfolios.

"Rob will bring tremendous knowledge and energy to the group and to our effort to be the best versions of ourselves," Walden said in a statement.

Walden, who was hired in late February to head up Agenda, came on board following the departure of Agenda founder Aaron Levant in January. Levant left the show after a 15-year run, guiding it from a guerrilla trade show to a major event running biannual shows in Long Beach, Calif., and Las Vegas.

Agenda's organizers said more than 1,000 brands exhibit at their trade shows.

—*Andrew Asch*

Cone Denim Introducing Sustainable Denim

As consumers are requesting more sustainable options in their clothing, **Cone Denim** announced it is introducing a new denim fabric that will be made of **Tencel** and **Refibra**-branded lyocell fibers, which are among the most sustainable fibers available.

The new denim fabric will be introduced at the **Kingpins** trade show in New York June 6-7.

Tencel is made from repurposed wood pulp and Refibra is made from recycled cotton scraps and wood. Both are made by the

Lenzing Group, an Austrian-based company that produces high-quality fibers.

Cone Denim, a historic denim maker with more than 125 years of history in the United States, said it is reacting to the apparel market's call for fabrics produced with more consideration for the environment. The sustainable denim will be made in Cone's North American mills and will be traceable with a fiber identification, which will provide brands an independent way to verify that the denim contains genuine Tencel and Refibra

lyocell fibers.

"Denim consumers want authentic yet innovative products that maximize comfort, style and performance," said Kara Nicholas, Cone Denim's vice president of product design and marketing, in a statement. "They also want to know that their favorite jeans are responsibly made and remain sustainable at the end of their lifecycle when finally discarded."

Cone Denim, based in Greensboro, N.C., was known as the last domestic producer of selvedge denim, but at the end of last year it shut down its White Oak plant, where the tightly woven denim was made on old wooden shuttle looms from the 1940s. The weaving process was painstakingly slow, but selvedge denim has always had its following among true denim worshipers.

Many tried-and-true blue-jeans makers are now going to Japan for their selvedge denim.—*D.B.*

Ross Stores Continues to Add to Retail Lineup

Running a discount store chain is turning out to be very profitable these days.

While major department chains are shuttering stores and fighting to keep profits from tumbling, discount-store companies are in expansion mode.

During its recent first-quarter earnings call, **Ross Stores Inc.**, based in Dublin, Calif., said it will be adding 100 locations for its **Ross Dress for Less** division and its **dd's Discounts** division.

"Our store-expansion program is on schedule with the addition of 23 new Ross and six dd's Discounts locations in the first quarter," Barbara Rentler, chief executive officer, said on the May 24 first-quarter conference call with analysts and investors. "We remain on track to open a total of approximately 100 locations in 2018 comprised of 75 Ross and 25 dd's Discounts."

Showing its promising future, the discount apparel retailer rose in ranking on the 64th annual *Fortune* 500 list, which ranks the top 500 U.S. corporations.

Sixteen years after making its debut on the list, Ross Stores reached its highest ranking in the corporation's history, being listed as No. 209 on the 2018 ranking, up from No. 219 last year.

The new position reflects Ross Stores' ongoing growth. In 2017, the company had \$14.1 billion in revenues, up nearly 10 per-

cent from the previous year.

Competitors of the discount-apparel retailer also showed improvement on the *Fortune* 500 list, as Massachusetts-based **TJX Companies**—parent company of **T.J. Maxx** and **Marshalls**—rose from 87 to 85 and New Jersey's **Burlington Stores** was listed at 459, up from 463.

In Ross Stores' first-quarter earnings for the 13 weeks ending May 5, net income totaled \$418 million compared with \$321 million for the same period last year. First-quarter sales reached \$3.6 billion, up 9 percent from the first quarter in 2017. Same-store sales for the quarter were up 3 percent over last year.

During the conference call, Ross Stores' executives revealed that stores located near competitors showed no deviation in performance when compared with shops that have no immediate competition in their neighborhoods.

"We colocate about a third of our chain with either **T.J. Maxx**, **Marshalls** or **Burlington**, and those stores performed in line with the rest of the chain," said Michael Hartshorn, who serves as the off-price retailer's executive vice president and chief financial officer.

Currently, Ross Stores has 1,409 Ross Dress for Less locations and 213 dd's Discounts locations.—*Dorothy Crouch*

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Automation and High-Tech Collaborations Are the Future for Apparel and Textile Industries

By John McCurry *Contributing Writer*

ATLANTA—Micro factories, made-to-order programs and the automation required to put these systems in play were big themes at the recent **Texprocess Americas** exhibition.

Collaboration was also apparent, with vendors combining for interesting demonstrations of how their products can work together, as seen at the May 22–24 show, which is one of the largest U.S. trade fairs for equipment, sewn products and technology. It was colocated at the **Georgia World Congress Center** with **Techtextil North America**, which showcases technical textiles and other items. The events brought 567 exhibitors from 32 countries. Both shows were coproduced by **Messe Frankfurt** and **Spesa**.

One such collaboration at the show was between **Gerber Technology**, **Kornit Digital** and **Henderson Sewing Machine Co.** The three combined to demonstrate an integrated workflow with the goal of showing how technology can make made-to-order a reality.

The demonstration featured Gerber's "AccuMark" and "AccuMark 3D" for product design, Kornit Digital's "Allegro" printer, Gerber's "Z1" single-ply cutter with "ContourVision," and an **Omron** robot autonomous intelligent vehicle (AIV) integrated by Henderson. The AIV transported cut parts to Henderson's robotic sewing station.

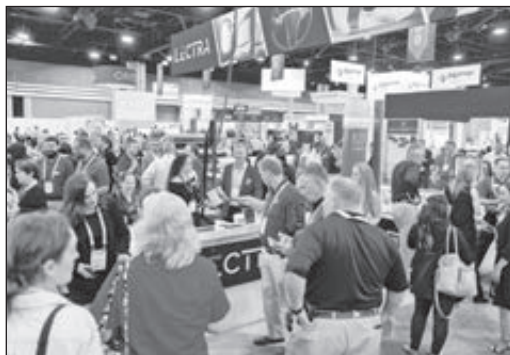
Gerber's Karsten Newbury, senior vice president of software solutions, believes this type of system is needed by apparel brands, suppliers and manufacturers to bring the entire process together with great potential to reduce waste in the supply chain. Gerber has a longstanding relationship with Henderson and has been working with Kornit for a couple of years. "This is about developing the ability to respond to demand," Newbury said.

Frank Henderson, chief executive of Henderson Sewing Machine Co., acknowledges that micro factories will help solve the labor shortage affecting U.S. apparel manufacturing, but he says it is also about the movement toward on-demand production of garments. "We all grouped together as partners in a collaborative effort to explain to the world

that you can have a factory in a 40-foot-long semi-trailer," he said. "It's scalable, of course. You can have one up to thousands. It takes a lot fewer people and is far more flexible."

CGS partnered with **Juki America** to showcase its "BlueCherry Shop Floor Control" and smart factory system. "It's an integrated solution for manufacturers and improves visibility and productivity," said Paul Magel, president of the CGS application solutions group. "It can track piecework and incentive calculations and helps keep operations efficient throughout the day."

Magel said CGS has a strong history with BlueCherry,



Lectra at Texprocess Americas



The trade-show floor at Texprocess Americas

with versions used across the globe for years. He said the recent innovations are about collecting actionable intelligence and analytics while enhancing previous CGS developments. "We're providing tablet-based analytics where supervisors can walk the floor and work directly with operators," he said.

On the cutting-room floor

Lectra unveiled its "Cutting Room 4.0" digital product. The company said it is the first cloud-connected digital-cutting system, which combines a digital-cutting platform data hub with a new single-ply cutting machine. Adams said Lectra's equipment has more than 160 sensors providing feedback.

"From a made-to-order perspective, it's a big step toward mass customization," said Jason Adams, president of Lectra North America. "With the millennial crowd being more choosy and impatient consumers, we need to look at how to

be more responsive, get to the market faster and get items in hands quicker. This isn't just about the hardware. It's really a digital platform on top of the hardware."

Will all of this technology bring more apparel production back to the U.S.?

Adams said he's seeing some movement from Asia to Central America, Mexico and the U.S., but it's probably not accelerating as fast as some predicted.

He noted that companies are looking at automation technologies because the U.S. doesn't have the skilled workforce for sewing operations that it did years ago. However, the industry is working on it.

Buhler Quality Yarns of Jefferson, Ga., was a participant in the **SEAMS Supply Chain USA Pavilion**. One of its featured products was **Ecosil** yarn, a low-pill product developed by Buhler's new parent company, South Korea-based **Samil Spinning**. "Pilling seems to be a key problem at the consumer level," said David Sasso, Buhler's vice president of sales. "Ecosil helps reduce pilling."

Ecosil is produced on air-jet spinning machines. Sasso said Buhler is in the process of taking out some of its ring-spinning machines in Jefferson and replacing them with air-jet machines. The new machines

will also allow the plant to increase its output while maintaining its current 120-person production staff.

Sasso noted that when the plant opened in 1996, 99 percent of its production went into woven home textiles. Today, 95 percent goes into knit applications.

Amid all of the new products was the debut of a new service plan from sewing-machine manufacturer **Merrow Sewing Machine Co.** A firm based in Fall River, Mass., it touted its new service, which aims at tackling the shortage of sewing-machine mechanics in the U.S.

Merrow users can ship their machines to the company's headquarters, where they are repaired and shipped back within two days. "It can change what people are able to manage," said Merrow Chief Executive Charlie Merrow. "It's not just a repair program; it's a remote service program. There are no hidden costs. You need to have a Merrow [-trained] mechanic around, but if you don't, we can be there to support you." ●

NEWS

Volcom Names Gonzales as Director for Global Men's Design

Volcom picked label veteran Jeffrey James "JJ" Gonzales as its new director to lead the company's global men's design department.

Gonzales has been working at the Costa Mesa, Calif.-headquartered action-sports brand for the past 16 years. He's designed almost every category of men's garments, from boardshorts to jackets, but he's focused on denim, said Todd Hymel, Volcom's chief executive officer.

"JJ has been a core member of the design team for years, developing and growing our bottoms business to be the industry leader, by far," Hymel said. "He is a living and breathing embodiment of Volcom's passion and dedication, and I am excited for him to drive and elevate all of our efforts to

bring a new level of creativity to our brand and product."

Gonzales will lead the men's design department during the label's third decade. Volcom started in 1991 as a brand that made clothes for action sports such as skateboarding, snowboarding and surfing. During that time, which was the George H.W. Bush era, the great majority of action-sports brands stayed in their lanes and designed clothes for only one activity.

Volcom's inclusive approach to action sports and its humorous spin on marketing made it popular. It was sold in top action-sports boutiques such as **Jack's Surfboards**. The brand also ran a handful of its own boutiques and can be found at department stores such as **Macy's**.

In 2011, Parisian luxury company **PPR**, now **Kering**,

spent \$608 million to acquire the label for its Sport & Lifestyle Group. In January, Kering announced that it intended to sell Volcom, so it could focus on its stable of luxury brands such as **Gucci** and **Saint Laurent**. By press time, no suitors have been announced.

Since then, Volcom unveiled a "Volcom for Every Body," which features a women's denim line in expanded sizes. Volcom has also looked to distinguish itself as a brand that uses sustainable and ethical practices in its production. In February, it achieved accreditation by the **Fair Labor Association**. The accreditation confirms that Volcom has been diligent in upholding the association's labor standards in its global supply chain.—*Andrew Asch*

Tariffs *Continued from page 1*

wear with upper and outer soles of leather not covering the ankle. These items carry an estimated value of \$88 million, with the EU tariffs going into effect as early as June 20.

"Let's be clear, 'Made in USA' apparel and footwear will suffer as a direct result of this action by the Trump administration," said Rick Helfenbein, president and chief executive of the **American Apparel & Footwear Association**, a trade group in Washington, D.C., whose members include big companies including **VF Corp.**, **PVH Corp.**, **Lululemon** and **Tapestry**. "The ability to export our 'Made in USA' product is essential for the health of the domestic manufacturing industry. This will be detrimental for our companies and for American workers."

"Just as the administration was downgrading the storm from a 'trade war' to a 'trade dispute,' it has decided to take a very negative turn. It is important to note that tariffs are a hidden tax on the American consumer. They will inflate prices throughout the economy and hurt American job growth. New barriers will not create new opportunities for Americans."

Because Los Angeles is a major hub for the manufacturing of blue jeans and high-end clothing items, the tariffs are

particularly worrisome.

In many ways, the European Union's imposition of tariffs on apparel is reminiscent of five years ago when the EU increased a tariff on women's blue jeans made in the United States. That tariff rose from 12 percent to 38 percent due to another trade dispute, costing some Los Angeles denim makers as much as \$250,000 during a six-month period.

This time around, apparel experts are wondering how deep the pain will be because more and more Los Angeles brands are switching their blue jeans production to Mexico. That includes **True Religion**, **7 For All Mankind** and **Hudson**.

"There is not a lot of major stuff going to Europe," said Ilse Metchek, president of the **California Fashion Association**.

Statistics from the U.S. Department of Commerce show that in 2017, the United States shipped \$690 million in apparel to the European Union's 28 countries compared with \$720 million in 2014.

One of those shippers was **Tellason**, a high-end men's blue jeans company based in San Francisco. About 60 percent of its jeans, which use **Cone Denim** selvedge denim and are cut and sewn in San Francisco, are shipped to Europe.

But the founders of the nearly 10-year-old denim line are

not concerned about the higher tariffs for their pants retailing for \$230. "Unfortunately, some companies will be heavily affected," said Tellason cofounder Pete Searson. "But we think our customer already knows we have given them the best deal that we can. When we set up our distribution around the world, we were candid with our profitability with our distributors. We were transparent with our pricing structure, fixed costs and margins."

He said Tellason customers are pretty loyal. "They are not going to beat us up on price," Searson said.

Steve Lamar, executive vice president of the Aafa, said the other side of the issue is the cost of increased tariffs on aluminum and steel. Canada, Mexico and Europe account for more than half of the imports of those two metals coming into the United States. "Anyone who uses aluminum or steel will see price increases," he noted.

That will include the cost of zippers or metal buttons. "A zipper may be a small component, but it affects your cost structure. And if you are a garment maker producing a lot of clothing, it will be a big bill that shows up," he said. "The bottom line is that tariffs are a tax on consumers and manufacturers." ●

ShopTheFloor, OffPrice365 Up Their Games

About 30,000 retailers shop for fashion on the online trade show **ShopTheFloor**, which is owned by **UBM**, the parent company of **MAGIC**.

The forum for online trade shows is increasingly becoming more complex, and more trade shows are producing digital extensions of their events. Vince Tsai, senior vice president and general manager for ShopTheFloor, recently unveiled some updates for the digital trade show.

"This launch includes a redesign of the shopping and order-taking process as well as a new mobile-friendly responsive design to accommodate our 'on-the-go' retail buyers," he said.

For buyers, the revamp offers a more user-friendly ordering process. Buyers have more options to order in multiple categories, sizes and colors. The site also provides trend forecasts and tips into what retailers are buying.

For brands, more tools are provided to manage online showrooms and build brands' profiles. The site is more user friendly for mobile users. Earlier this year, ShopTheFloor unveiled a soft launch for **ShopTheFloor Premium**. The premium site's new features include **SalesMatch**, a matchmaking service that aims to connect store brands and prospective customers. Another new feature, **Lead Insights**, gives brands intelligence on which buyers are shopping its products.

Later this year, ShopTheFloor will offer a feature to process credit cards, so transactions can be done on the site, Tsai said. The service had not been offered before. Many of the site's vendors told the show that they process orders through their brands' websites.

However, an important part of being on the site is being able to have a presence. "More of these brands are saying that you can find me at the trade show. You also can find me on this platform. For any brand trying to sell product, it's important to be on multiple channels," Tsai said.

OffPrice Show also recently introduced **OffPrice365**, an online extension of its bi-annual show in Las Vegas, said Stephen Krogulski, the show's chief executive officer.

"Not everybody will go to Vegas. We are giving people an opportunity to go to the show," he said of the digital forum.

On this site, preapproved exhibitors post images of products on an online storefront. Buyers can shop the exhibitors' profiles and negotiate deals. They can make transactions in another forum.

Offprice365 is being pitched as a complement to the physical show, said Melissa Miller, Offprice's marketing manager. "It allows buyers to learn more about the vendors. Our show can be intimidating. It's massive. Off-price365 can be a planning tool for when you are onsite in Vegas. You can use it to negotiate beforehand," she said.—*Andrew Asch*

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Calendar

June 3

Denver Apparel & Accessory Market

Denver Mart
Denver
Through June 4

ITMA Showtime

Suites at Market Square
High Point, N.C.
Through June 6

June 6

Kingpins

Basketball City
New York
Through June 7

Dallas Apparel & Accessories Market

Dallas Market Center
Dallas
Through June 9

FIG

Fashion Industry Gallery
Dallas
Through June 8

June 8

IFJAG

Stewart Hotel
New York
Through June 11

June 10

Fame Moda

AccessoriesTheShow
[Pre] Coterie
Javits Center
New York
Through June 12

June 11

LA Mode 2018

Barnum Hall, Santa Monica College
Santa Monica, Calif.

June 12

CALA

Fort Mason Center
San Francisco
Through June 13

June 13

Atlanta Apparel Market

AmericasMart
Atlanta
Through June 16

June 18

Los Angeles Fashion Market

California Market Center
The New Mart
Cooper Design Space
Gerry Building
Lady Liberty Building
Academy Awards Building
Primrose Design Building
824 Building
Los Angeles
Through June 20

Designers and Agents

The New Mart
Los Angeles
Through June 20

LA Kids' Market

Select Transit
California Market Center
Los Angeles
Through June 20

June 23

Los Angeles Professional Services presents the Black and White Ball, benefiting National Jewish Health

The Langham Huntington
Pasadena, Calif.

June 24

Midwest Apparel Trade Show

Embassy Suites
Deerfield, Ill.
Through June 25

Fashion Market Northern California

San Mateo Event Center
San Mateo, Calif.
Through June 26

June 28

Agenda

Long Beach Convention Center
Long Beach, Calif.
Through June 29

There's more
on ApparelNews.net.

For calendar details and contact information, visit ApparelNews.net/calendar.

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Los Angeles Trade-Tech Fashion Students Travel Through the Years

The fashion students at **Los Angeles Trade-Tech College** spend two years learning the ins and outs of the trade.

Their big moment comes with the biannual **Gold Thimble Fashion Show**, where they get a chance to show what they have learned.

At the recent Gold Thimble Fashion Show, held May 25 on the junior community college's campus, 35 students in their final semester took up the challenge to show their creations.

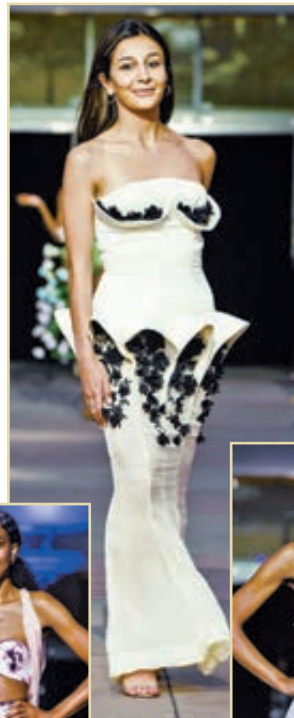
The theme of this season's show was a retrospective of all the Gold Thimble Fashion Shows from 1999 to 2014.

The seven categories seen in the show were swimwear, athleisure, childrenswear, day dresses, after-five, eveningwear and menswear.

First-place winners in each category were Ani Ghelichian for swimwear, Layla Botshekan for athleisure and childrenswear, Julia Layton for day dresses, Ruby Navarro for menswear, Maria Frias for after-five, and Jennifer Collao for eveningwear.—*Deborah Belgum*



Jiye Han



Nemsis Shabhbazian



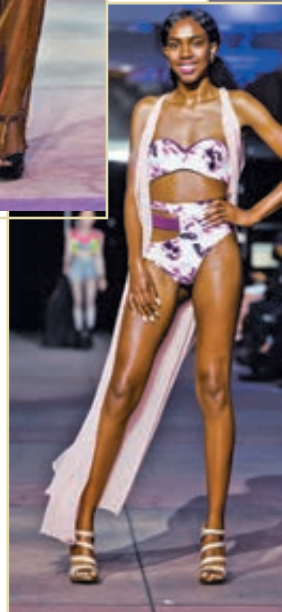
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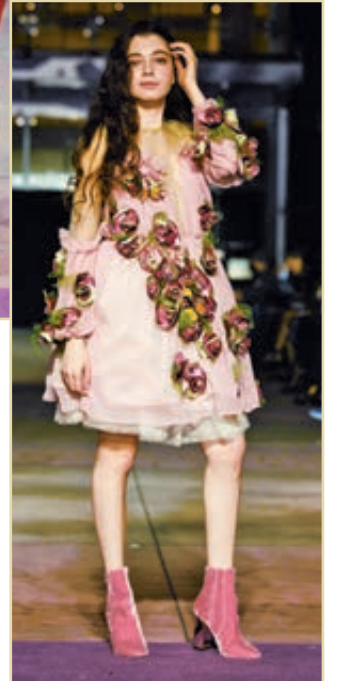
David Viato



Enzo Ybarra



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Fashion District *Continued from page 1*

been underutilized, and it's fascinating to see what is going on."

What's going on is a redevelopment evolution of a neighborhood forgotten for decades by mainstream companies. As the Fashion District changes, however, there are certain areas where the transformation is affecting many tried-and-true retailers who have been in the Fashion District for years.

One of those areas is Los Angeles Street, home to long-established menswear retailers that have sold fancy suits and matching ties to generations of prom attendees, wedding parties and churchgoers. Recently, the **LA Fashion District Business Improvement District** spent \$2 million to upgrade 13,000 square feet of sidewalks, create curbs with pocket gardens and add 27 flowering pear trees protected by cast-iron grates.

A walk down the street between Fifth Street and Olympic Boulevard revealed several gated storefronts advertising space for lease.

One menswear business owner located on Los Angeles Street, who did not wish to be identified, expressed his disappointment that his landlord gave him only 30 days' notice to sell his inventory and vacate the retail space he had occupied for 22 years. "As a courtesy, it would have been helpful if he said, 'You

left Nino Ferrutti. 'They are going to change downtown to make it the same as New York. It's a good idea, but it takes time.'"

One building that is now shuttered is the former **C&E Fashions** store at 823 S. Los Angeles St., located between Eighth and Ninth Streets. There are plans to convert the former manufacturing facility, built in 1920, to 12 live-work apartment spaces. The four-story building will retain its ground-floor commercial area.

But landlords said they are trying to be fair. As a property owner whose family has owned buildings for three generations on Los Angeles Street, Laurie Sale of the **SCS Building Fund LLC** explained that higher rent prices are a byproduct of the redevelopment process. As taxes rise and maintenance costs increase, a slight hike in rent is to be expected. While considering their own needs, she explained how contributing to the neighborhood growth, while remaining fair to tenants, is a priority for

landlords in the area.

"The property owners that I know along Los Angeles Street have been very accommodating to make sure that nobody is forced to make a change," she said. "If a lot of money is being put into redevelopment, the landlord has to be able to recoup some of that."

Most of her tenants that occupy spaces on Los Angeles Street are men's apparel businesses and have been in her buildings be-



LA Councilmember Jose Huizar speaks during the May 24 meeting of Fashion District BID stakeholders.



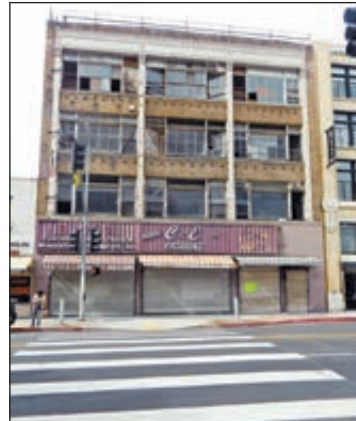
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The former C&E Fashions store at 823 S. Los Angeles St.



The Nino Ferrutti store at 763 S. Los Angeles St., which sits under the former Nino Ferrutti space



Vacant businesses that once housed men's apparel shops, including the former Nino Ferrutti store

have to go. You've been my tenant, but I have to make money because I am a landlord. I'll give you four months, get ready," he explained. "No problem. I am a businessman."

Nino Ferrutti, a Los Angeles Street menswear store now at 763 S. Los Angeles St., ended up moving one door away. "We used to be next door, but they sold the building, and we had to move here. They're going to make the bottom [of our old building] a food court," said Nick Fargam, who recently

tween 12 and 25 years. They have remained with Sale throughout the change in the neighborhood.

When asked about the menswear store closures along Los Angeles Street, Councilmember Jose Huizar, whose District 14 includes the Fashion District, said he wasn't aware of the issue but advised that communication between property owners and tenants yielded progress on other streets.

"What we have done in other areas for ex-

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Fashion District *Continued from page 8*

ample is that we had a comprehensive approach that we got together with local businesses. For example, on Broadway, we talked about the challenges of being there with the rising cost of rent," he said at a May 24 meeting of Fashion District BID stakeholders. "It was more about exchange of information. 'What are your expectations?' 'What are our expectations?' 'How do you see this group moving forward?'"

Huizar said he would be interested in developing incentives for landowners to maintain their relationships with long-term tenants, which would make store closures the exception rather than the rule.

"In Boyle Heights, we're looking to see how we can provide incentives for property owners to give long-term leases to tenant businesses who have been there for a long time so that they don't get displaced,"

he said. "What type of incentives are those? Perhaps we do façade improvements for them, work on energy efficiency with them—a free efficiency plan and implement those for them."

These efforts are part of the progress that Sale supports, as she believes these improvements can help not only her real-estate interests but also her tenants' businesses. While she is excited about these changes, Sale also emphasized that the efforts to improve the district must be collaborative.

"We got our streets redone. We got those nice sidewalks with the landscaping," Sale explained. "People are trying to change it in other ways to make it more welcoming. When our buildings and our area look better, our tenants do better. That's just economics 101. You all have to work together." ●

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