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NEW NORDSTROM OPENS FRIDAY

Upscale retailer has long-term strategy

It's sure of success, even as luxury lifestyle fades in metro Detroit

BY GRETA GUEST • FREE PRESS BUSINESS WRITER • APRIL 16, 2008

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Nordstrom will open its third metro Detroit store Friday, as the seams holding the economy together continue to strain.



ERIC SEALS/DFP

Mannequins await their big debut at the Nordstrom that anchors the Mall at Partridge Creek in Clinton Township. Nordstrom is confident the Detroit area can easily support its third store, but studies suggest shoppers aren't as willing as they once were to splurge on high-priced fashions and accessories.



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Nordstrom is known for its shoes and service. Its core customer makes about \$100,000 a year. About 300 people were hired for the new store.



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Laura Licavoli of Fraser gets a lesson in how to apply makeup Tuesday as Bridgette Force of Grand Rapids

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The 118,000-square-foot store will open at the Mall at Partridge Creek in Clinton Township at 10 a.m. The retailer also operates a store at Twelve Oaks in Novi, which opened last September, and one at the Somerset Collection in Troy that opened in 1996.

Some post-holiday season retail studies indicate that shoppers who once splurged on \$400 handbags are shutting their wallets now.

But that's not stopping the upscale

Seattle-based retailer from taking another big bet on the Detroit market, said Erik Nordstrom, president of stores.

"These are very long-term commitments. Is this the exact right timing to open? That's not how we look at our real estate decisions," Nordstrom said. "We feel great about being in the market. It is a very large market, and it can easily support three stores."

Nordstrom is growing fast. It's opening eight stores this year, with plans to have 140 to 150 full-line stores by 2015. Nordstrom operates 158 stores in 29 states. That includes 104 full-line stores and 54 Nordstrom Racks, boutiques and clearance stores.

Nordstrom recorded its highest annual sales per square foot last year, \$402. It had revenue of \$8.8 billion, and sales at stores open at least a year rose 3.9% last year.

But it expects sales to be flat to down 2% for 2008. Same-store sales fell 11.4% at Nordstrom's full-line stores in March, when compared with March 2007.

"We remain very confident in our strategy. We are experiencing a downward cycle. These cycles happen periodically," said Mike Koppel, Nordstrom's chief financial officer, in remarks at a [Bank](#) of America conference in March.

"Our core customer is growing faster than the market. We're well-positioned to gain market share with that customer."

The core Nordstrom customer is 25 to 54 years old with an income of more than \$100,000.

Times are different now

The store will host a grand-opening gala from 7 to 10 tonight. Proceeds from the \$75 tickets will benefit the Barbara Ann Karmanos Cancer Institute, based in Detroit, and Henry Ford Macomb Hospital in Clinton Township.

The store will open in an economic [environment](#) much different from the one that existed even six months ago. According to a survey by TNS, a market research firm, more than 77% of Americans have reduced their spending since September 2007.

The loss of 29,000 Michigan jobs last year and the addition of retail developments in Macomb County will make competition for retail sales more intense, according to a 2008 market report by Marcus & Millichap.

"Detroit's economy will improve modestly in 2008, though gains will not be strong enough to overcome the effects of new retail supply," the report said.

Some predict struggle

Scott Watkins, a consultant for Anderson Economic Group in East Lansing, said Nordstrom would share in the overall economic struggles in metro Detroit.

"I would think, at least in metro Detroit, if I were them, I wouldn't be comfortable saying, 'I am immune to the economic downturn,' " Watkins said. "We are an area so reliant on the auto industry, and that includes people in the top-level jobs."

Watkins said that while wages are rising in technology, [health](#) care, finance and accounting jobs, Nordstrom may find that some of its core customers are leaving the area to find better jobs in other states.

Michigan's unemployment rate was 7.2% in February, compared with the national rate of 4.8%.

Nordstrom hired 302 people for its Clinton Township store.

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ravenhawk wrote:

it is funny that most low cost retailers are closing their doors and the high -end retailers are opening up,, I do not understand it but oh well,, we will see the growth at the Partridge Creek mall real soon,, but I am not expecting real big numbers,, (cold weather)

and here something That I did not see anywhere in the papers or on the local news,,, I thought everybody should read this ,,
http://www.thekrogerco.com/corpnews/corpnewsinfo_pressreleases_04162008.htm
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dlewenz wrote:

Nordstrom can handle the negative growth in the market, as other less financial stable retailers fall to the wayside, Nordy will still be standing in 2012, when the Detroit market starts it's comeback, we hope.

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