



Simon Properties 'delighted' by arrival of Bloomingdale's

By ELIZABETH MALLOY, The Daily Transcript

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Officials at Simon Property Group Inc. (NYSE: SPG), the company that owns San Diego's Fashion Valley foresee a smooth transition when the Robinson's-May department store is replaced by a Bloomingdale's next year, however just how long that transition will take remains unknown.

Federated Department Stores (NYSE: FD), the company that owns Macy's and Bloomingdale's, acquired Robinson's-May, along with many other department stores across the country, when it merged with the May Department Stores Co. in August.

The change is planned for next year, and Les Morris, a corporate spokesman for Simon Properties, said his company is "delighted by the change."

"We think it will re-affirm Fashion Valley as the pre-eminent fashion destination in San Diego County," Morris said from Simon Property's corporate office in Indianapolis. "This will be the first Bloomingdale's in San Diego County and we think it will fit nicely."

Jim Sluzewski, a spokesman for the Cincinnati-based Federated company, said no exact timeline has been scheduled for the change, only that the company plans to close Robinson's-May in 2006, conduct "extensive renovations" and re-open the store as a Bloomingdale's.

In their press release Tuesday, Federated said all stores set to be changed will remain open through the holiday shopping season. While he said he didn't know enough about the situation to comment on the Fashion Valley store specifically, Morris the conversion from one department store into a Saks Fifth Avenue at a Simon mall in Indianapolis took about 10 months.

Sluzewski said the number of jobs that could be potentially lost in the change is also unknown. In Tuesday's press release, Federated stated that, "there will be no workforce reductions or job eliminations as a result of the merger prior to March 1, 2006, however after the merger, some jobs at division headquarters may be lost."

Morris said Simon Properties is confident that while Fashion Valley shoppers may not be as familiar with Bloomingdale's as they are with Robinson's-May, Bloomingdale's is well known by its presence on the East Coast and San Diegans will learn to enjoy shopping there.

"What we've found in these situations is initially there might be some uncertainty, but that's quickly overcome with good merchandise and good service," he said.

John Ferber, Director of Commercial Real Estate at the Burnham-Moores Center for Real Estate at the University of San Diego, agreed with Morris, saying that Bloomingdale's is a department store with a clear idea of its customers and will therefore likely succeed.

"Department stores are trying to define what their customer base is, and with Bloomingdale's and Macy's, one is more up-scale than the other and they market it that way," Ferber said. "Good, well operated department stores will survive."

From a real estate perspective, Ferber said the concern when a new store opens is more with the economy and whether or not people are spending money, and sometimes a new store is just the thing to get consumers out shopping.

"When consumers have money, they will spend it," he said.

"Customer loyalty can change pretty quickly," Ferber added. "They're not going to boycott the store because they still have to shop. If they find good deals and values are good, they're going to shop."