

Friday, June 12, 2009

In Bellevue, Beverly Hills meets its match

Social climbing

Puget Sound Business Journal (Seattle) - by Jeanne Lang Jones Staff Writer

By at least one measure, Beverly Hills' famous Rodeo Drive has got nothing on downtown Bellevue.

Drawing 10-mile rings around the two shopping zones, a retail consulting firm found a larger pool of affluent consumers around Bellevue than Beverly Hills.

The data were compiled for the Puget Sound Business Journal by the Redlands, Calif.-based **ESRI Business Solutions**, and bolster some experts' belief that the Seattle area is developing the wealth and fashion sense to support a larger armada of luxury retailers.

"It's been the most dramatic over the last three to four years," said Wayne Hussey, a **Neiman Marcus** executive who helped pick Bellevue for the high-end chain's first Northwest store, which opens in September.

While the recession has cast a pall over high-end shopping, the long-term trend for the Seattle-Bellevue area, some say, is toward a growing cohort of prosperous, aging professionals primed to embrace a more formal lifestyle — for example, buying splashy clothes for charity events.

"It's not so much lifestyle, but the next level above that — life stages," said Jim Hebert, CEO of **Hebert Research** in Bellevue. "Life changes. Now it's cool to buy a Lexus, cool to have a Mercedes or a new Audi."

And that extends to clothes, said Tom Woodworth, senior investment director at Schnitzer West, which is developing Neiman Marcus' Bellevue store at The Bravern mixed-use project. If the demographics are any indicator, Woodworth said, the Bellevue Neiman Marcus could be within the top quarter of stores in the chain.

A 10-mile ring around downtown Bellevue nets the Microsoft campus, Sammamish Plateau, Lake Washington's "Gold Coast" and most of Seattle. A 10-mile ring around Beverly Hills, Calif., yields three times as many residents overall — but a smaller proportion of the class of consumers that ESRI defines as most desirable.

Some Northwesterners might be shocked to see Bellevue win a demographic smackdown with the nation's most famously affluent ZIP code, Beverly Hills 90210 (also home to one of the highest-grossing Neiman Marcus stores in the country).

But compared with the 10 miles surrounding Beverly Hills, the 10-mile ring within reach of Bellevue yields three times the proportion of households in the demographic tier ESRI calls High Society — affluent, married professionals with a median household income of \$104,934.

High Society covers seven "psychodemographic" subsegments of prosperous, well-educated urban and suburban homeowners. Twenty-seven percent of residents within Bellevue's reach belong to High Society, compared with 7 percent around Beverly Hills.

In sheer numbers, the 2.8 million population within 10 miles of Beverly Hills' Rodeo Drive is nearly three times that in the 10 miles surrounding downtown Bellevue. Even so, Bellevue's ring contains more High Society types than Beverly Hills' — 280,271 versus 193,804.

On the other hand, the Beverly Hills ring has more than four times as many residents (108,672) in the very wealthiest subsegment of High Society, which ESRI calls Top Rung. The Top Rung segment — people with substantial stock portfolios who play a prominent civic role — also accounts for a higher share of the population surrounding Beverly Hills (4 percent, compared with Bellevue's 2.3 percent).

But Bellevue bests Beverly Hills in ESRI's next-wealthiest major demographic tier: Upscale Avenues. These consumers have a median household income of \$70,504 and constitute one in four people in the Bellevue ring, compared with 8 percent of people surrounding Beverly Hills.

Locating a store in Bellevue allows Neiman's to capture the upscale neighborhoods on the Issaquah plateau while still reaching most of Seattle. Putting the store in Seattle would have placed those far-Eastside shoppers outside the 10-mile radius that many retailers view as their prime consumer market.

Nevertheless, Neiman's Hussey shares local developers' belief that the concentration of high-end retail in Bellevue will draw wealthy shoppers from throughout the Northwest and Western Canada.

While luxury sales are down because of the economy, Hussey said, "We make these decisions not for the short term, but the long term."