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Economy leaves luxury auto mall at starting line

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ELGIN -- Amid yards of wet mud and gravel, construction is taking place at the northwest corner of Interstate 90 and Randall Road.

What's being built -- the beginning of what developers hope will be the creation of a new luxury car dealership district on the city's northwest side -- is expected to be open for business by the fall.

But in an economy that can only be described right now as shaky at best, some of the car brands that traditionally have been synonymous with the higher end have not been immune to the troubles the retail industry has faced.

Reports show new car-sales have been down for most luxury brands -- such as BMW, Mercedes, Porsche and Cadillac -- over the past year, while the future for names such as Saab and Hummer looks uncertain.

The struggling economy may be the reason why only one car dealership so far -- McGrath Honda, now at 955 E. Chicago St., along Elgin's east-side car dealer row -- has committed to move into the new location, intended to feature as many as nine dealerships.

One of the site's developers, project director Sherwin Portnoy, said it was expected that given the state of the economy, some dealerships would be hesitant at this point to either expand or move from their current locations.

But he said the present climate should not be an indicator of the overall worth of the project, and he feels that the results of an economic turnaround might be seen as soon as the tail end of this year.

"Even though the economy has tanked, we've got some decent interest from a number of car brands that are waiting," he said. "They're waiting for growth to take place and for the economy to pick up again a little bit before they commit."

Plans to construct the 86-acre, nine-lot Randall 90 Auto Mall to Elgin were in the making for the past few years.

City leaders approved the project in December 2007, along with a number of economic incentives that included \$3.5 million up front to pay for the cost of road improvements and a 25 percent rebate from the city's share of sales tax generated from the site over the next 20 years.

Portnoy said under the terms of that agreement, the auto mall would only feature car brands that were preapproved by the city, most being luxury vehicles with the exception of McGrath.

"They were a relocation from downtown Elgin," he explained, and city leaders "wanted to keep McGrath. They didn't want to lose them."

But developers have had to make considerations over just how many car brands to feature at Randall 90, since recent reports of troubles within the auto industry have forced companies such as General Motors

to announce this month its intention to let go of Swedish car brand Saab, a company it has owned for the past 20 years.

"Out of the 16 car brands, there are about 10 that actually are active," Portnoy said of the luxury brands -- "10 that we're working right now to try and get their interest."

Of those 10 car brands, Portnoy said, about five have shown an interest in moving into Randall Rose.

In spite the current climate, Portnoy said he is optimistic that the car market will pick up again once other sectors begin to bounce back and banks allow more credit. Until then, he said, it appears as though car dealerships will just have to stand fast and wait.

"It's going to be a long, slow process," he said. "But it's going to get better."

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