Reborn in the U.S.A.

A wave of luxury jeans makers rises from the ruins of an industry in Los Angeles

At first blush, Bread Denim, a one-year-old clothing maker in this city’s gritty industrial district, appears to be a flash in the fashion pan, a fledgling, trend-riding company without a future.

Its headquarters consist of two desks, a conference table and a clothing rack, all squeezed behind a partition in an office it shares with a larger company. It has just three employees.

Its sure-fire business plan? To manufacture $200 vintage-washed, 100 percent organic cotton jeans — not in Asia or Latin America, where the vast majority of jeans are made, but in downtown Los Angeles.

“We went into this knowing we could fail,” said Jason Ferro, Bread’s founder.

But the story of Bread Denim — which is, in broad strokes, the story of the designer denim industry — is more reassuring than it seems. Mr. Ferro is no novice. He has a decade of experience designing jeans at Guess, Levi’s and Abercrombie & Fitch.

The reason his staff is so skeletal is that he contracts much of the work to a small army of renowned denim experts with offices nearby.

Bread’s jeans once sewed jeans for Guess and Calvin Klein. And the laundry house that washes and sands his denim used to do the same for Pepe Jeans and Tommy Hilfiger.

Everything about the luxury denim industry, which began taking root here in 2000, has a fly-by-night feel, from the esoteric brand names — Antik, Nudie, Evisu, Monarch — to the sky-high prices, which have hit $1,000 a pair. But the new business is firmly rooted in this city’s rich blue-jean past, tapping into a vast network of experienced designers, sewers, laundry houses and fabric importers who gave birth to the first generation of designer denim in the late 1970s and ’80s — brands like Guess and Hilfiger — only to fall idle when such companies moved much of their manufacturing to China and Latin America.

Premium denim companies like Bread, far from dropping from the sky, picked up the pieces and rejiggered and retooled that ailing industry to become a $400 million economy that sustains an estimated 100 companies in Los Angeles.

It can be argued, as it often is in Los Angeles, that the premium denim business could not have happened anywhere else. “All the infrastructure was in place,” said Mr. Ferro, 35. “We just used it for something new.”

And something more expensive.
Los Angeles has quickly become the Silicon Valley of high-priced denim, with each step in the painstaking process of putting together a $200, $300 or more costly pair of jeans performed a few blocks from the next.

Los Angeles offered something else crucial for expensive denim companies: celebrities. One by one, actresses like Cameron Diaz and Paris Hilton slapped on a pair of $200 jeans, which ran in photographs across the country, catapulting unknown brands into the spotlight. (The headquarters of the denim maker 7 for All Mankind are peppered with such photos.)

Despite rumors of a luxury denim bubble, the business shows few signs of slowing down. In 2007, denim priced at more than $100 a pair, much of it produced here in Los Angeles, was the fastest-growing category of jeans in department stores. Men’s premium denim sales rose 45 percent and women’s 24 percent, according to NPD Group, a market research firm, while sales of jeans under $50 fell for both sexes.

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But that is exactly what has happened with denim — not, as is widely believed, because a “Made in the U.S.A.” tag adds cachet to an article of clothing but because it is actually easier, and often cheaper, for a small luxury company to make denim in the United States than abroad.

Companies like Bread cannot afford the minimum-order requirements from the foreign factories that now make jeans for giants like Levi’s and Wrangler — or the office space, staff and international travel needed to oversee such a process.

But in Los Angeles, they found companies willing to work with small denim makers — not out of charity, but because the denim industry, like much of the domestic clothing economy, was experiencing a wrenching transformation.

The case of Caitac Garment Processing is instructive. The company started in 1991, stone-washing denim for Guess, Gap and Abercrombie & Fitch. Because of their size, these clothing companies placed enormous orders with Caitac, for hundreds of thousands of jeans a year. By 2000, however, several of Caitac’s biggest customers had moved the bulk of their manufacturing to Mexico, Guatemala and El Salvador, where cheap labor improved their profits.

The rise of premium denim was a case of good timing for Caitac. By the late 1990s, a handful of tiny denim makers, with names like Earl and 7, began popping up in the Los Angeles area. The jeans they made consisted of the same five-pocket design as Levi’s — two

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**Denim’s reverse commute across the Pacific Ocean is an anomaly in this era of globalization.**
in the back, three in the front (with one for loose change) — but everything else was different. These designers insisted on using the finest denim, imported from Japan and Italy, which incorporated stretch material that hugged the hip, and they required every element to be manufactured by hand, a far more elaborate wash process and abundant hard-to-achieve details.

Caitac was used to far less labor-intensive work, but it needed new clients to replace what it had lost. So it began working with premium denim companies to develop an entirely new set of technologies. In 2000, Caitac considered sandblasting machines, used to age denim with a high-pressure blast of stone, to be superior technology.

Today, those machines sit idle. “Before premium denim arrived, if you wanted a distressed look, you used these,” said Muneyuki Ishii, Caitac’s factory manager here. “The new denim companies wanted different machines for everything.”

For example, to create “whiskers,” or the horizontal lines of discoloration that run across the thighs, Caitac made balloons that inflate and deflate, mimicking legs inside a pair of jeans, so employees can sand the denim by hand.

For three-dimensional whiskers, or permanent folds in the denim, Caitac ordered a fast-hardening resin, which is ironed into the jeans and then baked in an oven. To artificially age the denim, it experimented with dozens of chemicals, settling on a potassium spray that leaves a yellow-colored worn look.

These technologies take months, if not years, to develop. An emerging trend calls for a shiny, black plastic coating on denim. Caitac has spent three frustrating months perfecting the process so that the coating does not rub off — onto chairs, walls and hands. The solution has been to bake the coating in an oven and apply a high-pressure blast to blend it into the denim.

The perils of all this washing, spraying, sanding and baking on denim are important. When the first pairs of premium denim reached stores, hundreds of customers complained that kneecaps and back pockets broke down soon after purchase. Now, companies like Caitac have elaborate quality-control laboratories to test for such flaws.

Orders from small companies did not make up the business Caitac lost when the Levi’s and Guesses of the world shipped their manufacturing abroad. But the payoff has been substantial. Caitac charges prices for the hand-sanding and complex chemical washes requested by premium denim makers far higher than it did for stone washing in the ’90s. Washes for premium denim companies can run $30 a pair, compared with prices as low as $2 for traditional jeans.
And Caitac has become a favorite of the new industry, used by 7 for All Mankind, True Religion, Earnest Sewn, Agave and James Jeans. And even Levi’s. When Levi’s introduced a premium denim line several years ago, called Capital E, to compete with the upstarts in Los Angeles, it turned to Caitac. Levi’s now occupies a small office inside Caitac’s headquarters.

Companies like Caitac form the backbone of the industry, because few denim makers can afford to sew, wash or package their own jeans. Even the industry’s biggest players, like 7 for All Mankind and Paper Denim & Cloth, contract much of their labor, which helps explain why premium denim has a premium price.

“We don’t make anything here,” said Rick Crane, the president of sales and marketing for 7, as he walked down the halls of the company’s office. The company relies on six firms for sewing and seven for washing — and even leases space on its property to one of them, U.S. Garment, whose owner used to wash jeans for Guess and Calvin Klein but left the business when those companies moved manufacturing offshore. (In another example of the new denim industry reviving the old, 7 financed U.S. Garment through a 50-50 partnership.)

Michael Cassel is a co-owner of Stronghold, a new denim company that sells bespoke jeans for up to $1,200 a pair. He employs six sewers but contracts “everything else out,” he said. On a given day, he will crisscross Los Angeles five times to pick up jeans from one contractor and deliver them to the next.

On a recent Wednesday, with a reporter in tow, he picked up a dozen pairs of jeans from All American Wash, a tiny laundry house begun by an entrepreneur who used to wash for Guess. He checked in on Sample Express, a tiny company that stitches together prototypes of jeans — often an order of just one or two pairs — that Stronghold shows buyers at department stores and boutiques to gauge interest.

And he dropped off a small bag of jeans at Santa Fe Finishing, a company that specializes in the final stage of clothing production: inspecting garments for flaws, repairing them, ironing them and packaging them for delivery.

Barry Forman, president of Santa Fe Finishing, says the premium denim industry makes up a small part of his business. Indeed, on this day, Mr. Cassel dropped off no more than 10 pairs of jeans for Mr. Forman’s employees to inspect.

Why would Mr. Forman bother with such a small client? The big denim companies, “can live without me,” he said. He looked at Mr. Cassel, standing next to him on the factory floor. “But he can’t.”