

Saks Global files for Chapter 11 with vow to evaluate its store footprint

Luxury giant obtains \$1.75 billion in financing from bondholders, lenders



Saks Global has over 30 Saks Fifth Avenue stores, including a flagship location in Manhattan. (Getty Images)

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It was a blockbuster \$2.7 billion merger that united some of the most iconic names in luxury retail under one roof, creating a brick-and-mortar luxury giant. But just over a year later, the deal has turned sour and landed the consolidated company in bankruptcy court, with plans to evaluate its brick-and-mortar footprint.

New York-based Saks Global — parent of not only its namesake Saks Fifth Avenue but also Neiman Marcus and Bergdorf Goodman, the chains it acquired in 2024 — filed for voluntary [Chapter 11 protection](#) late Tuesday in U.S. Bankruptcy Court for the Southern District of Texas.

Early Wednesday morning, shortly after midnight, Saks Global announced the filing and said it had secured a financial commitment of roughly \$1.75 billion, with \$1.5 billion coming from an ad hoc group of its senior secured bondholders and about \$240 million of incremental liquidity from its asset-based lenders.

Upon court approval, the \$1 billion of debtor-in-possession financing "will provide ample liquidity to fund Saks Global's operations and turnaround initiatives," the company said in a statement. The ad hoc group has also committed \$500 million of financing for when Saks Global emerges from Chapter 11, expected later this year. The company has also installed new management, naming former Neiman Marcus Group CEO Geoffroy van Raemdonck its CEO, replacing Richard Baker.

The filing and financing will help Saks Global to "advance [the] transformation of [its] iconic luxury portfolio," the company said in a statement early Wednesday morning. The company in the past year has already been closing some stores and shedding real estate and retail analysts have said they expect it to continue to do so.

There have been other U.S. luxury retail bankruptcies but none as high profile as this one. Barneys New York sought Chapter 11 protection in 2019, for the second time in its history, and ended up liquidating. Neiman Marcus itself filed in 2020

amid the pandemic and emerged after shedding debt. And Lord & Taylor, once owned by Baker, also filed in that year and eventually closed all its stores. But this bankruptcy, and the route leading up to it, has grabbed worldwide headlines.

Legacy brands

Saks Fifth Avenue and Neiman Marcus are each over a century old, mainstays of legacy upscale brick-and-mortar, and the bankruptcy is likely to have widespread repercussions for the retail industry, both domestically and globally. Retail and Wall Street analysts expect Saks Global to downsize its real estate holdings even more as it looks to forge a profitable course forward. If stores close, vendors of luxury merchandise will have fewer brick-and-mortar outlets to sell their wares.

"As part of the Chapter 11 process, the company is evaluating its operational footprint to invest resources where it has the greatest long-term potential," Saks Global said in a statement. "This approach reflects an effort to focus the business in areas where the company's luxury retail brands are best positioned for sustainable growth."

WWD reported that Saks Global had been pressured to get financing in place so it could pay some vendors — who are owed millions of dollars — and get spring merchandise into its stores.

Some critics blamed Saks Global's financial woes on the decline of department stores. Yet luxury chains such as Bloomingdale's and Nordstrom have been solid performers. And they could be winners in the Saks Global Chapter 11 if they are able to seize the opportunity to grab market share, industry analysts have speculated.

HBC, parent of Saks Fifth Avenue, closed on its acquisition of Neiman Marcus Group in December 2024. The Canadian company, led by Baker, had touted the creation of the new umbrella company — Saks Global — as establishing "a combination of world-class luxury retail and real estate assets."



Bergdorf Goodman in Manhattan was one of the upscale retail jewels that HBC got as part of its acquisition of Neiman Marcus Group. (CoStar)

But Saks Global got snarled up in a perfect storm of problems. As in retail acquisitions before it, the deal entailed significant borrowing. Saks Global struggled with the \$2.2 billion in debt it took on in high-yield bonds to buy Neiman Marcus. Last summer, Saks Global arranged a \$600 million bailout, but it burned through the cash. Most recently, the company missed a \$100 million bond payment at the end of December.

Sales decline

Saks Global faced other challenges that snowballed and added to its financial woes. Sales of luxury goods took a turn for the worse last year. In addition, Saks Global faced increased competition as more high-end brands started to focus on opening up their own stores. Strained by those pressures, Saks Fifth Avenue has been lagging behind in paying vendors, some who refused to ship goods, leaving less merchandise on the store's shelves.

Saks Global said it has 70 full-line luxury locations, Saks Fifth Avenue, Neiman Marcus, Bergdorf Goodman, Saks Off 5TH, and Last Call, as well as additional off-price locations. That includes 33 Saks Fifth Avenue stores, 36 Neiman Marcus stores as well as two Bergdorf Goodman locations, both in Manhattan.

"While the previous management team always presented the merger as an opportunity to create a luxury powerhouse, behind the glossy facade the deal was an entanglement of complex financial engineering that made it impossible for the group to execute their stated vision," Neil Saunders, a retail analyst and managing director at analytics firm GlobalData, said in a note on Wednesday.

"The truth is that Saks Global put itself in a financially precarious position that undermined the day-to-day operations of the business," he wrote. "A lack of cash meant suppliers went unpaid, this created inventory gaps which then drove customers away and caused revenue and cash generation to plummet. This classic vicious spiral put the business in an unsustainable position ... Ultimately, the lesson from Saks is that retailers should be run as retailers and not used as financial playthings."

Saks Global didn't immediately respond to an email from CoStar News seeking comment.

Van Raemdonck previously served as CEO of Neiman Marcus Group prior to its acquisition by Saks Global. He will work with Saks Global's Chief Financial Officer Brandy Richardson, who served as CFO alongside him at Neiman Marcus.

Changes afoot

Van Raemdonck plans changes in his new role.

"This is a defining moment for Saks Global, and the path ahead presents a meaningful opportunity to strengthen the foundation of our business and position it for the future," he said in a statement. "In close partnership with these newly appointed leaders and our colleagues across the organization, we will

navigate this process together with a continued focus on serving our customers and luxury brands. I look forward to serving as CEO and continuing to transform the company so that Saks Global continues to play a central role in shaping the future of luxury retail."

Van Raemdonck is already bringing in his own team, appointing industry veterans and former Neiman Marcus Group leaders. Darcy Penick has been named president, chief commercial officer for Saks Global, overseeing stores, marketing, buying, digital, analytics and customer care. And van Raemdonck named Lana Todorovich chief of global brand partnerships.

Baker took on the role of Saks Global CEO, in addition to serving as executive chairman, [earlier this month](#), assuming the duties of long-time Saks veteran Marc Metrick, who stepped down.

Last year Saks Global looked to sell a stake in Bergdorf Goodman and to divest \$600 million in its real estate. And it has made some progress monetizing its portfolio, by closing or selling some stores. Most recently, Saks Global sold the land beneath its Neiman Marcus stores, which will remain open, in both [Beverly Hills](#) and [San Francisco](#). The land lease for the Beverly Hills store [sold for \\$50 million](#).

Saks Global has also [listed the former Lord & Taylor store](#) in King of Prussia in Pennsylvania, where the first Netflix House recently opened, up for sale.

In September, [Saks Global sold a Neiman Marcus store](#) in Plano, Texas, for an undisclosed price. The company also announced last year that it was closing its iconic Neiman Marcus in downtown Dallas that had been in operation for more than a century but then changed its plans after an outcry from local officials. In a turnaround, [Saks Global said it would keep the location](#) open past the 2025 holiday season and then work with the city on potential plans for the historic building.

Saks Global also closed Saks Fifth Avenue stores in San Francisco and Palm Beach, Florida, last year. The company has also said it [plans to shut](#) about 10 Saks Off Fifth stores early this year.

For the record

Willkie Farr & Gallagher and Haynes and Boone are serving as legal counsel, PJT Partners is serving as investment banker, Berkeley Research Group is serving as financial adviser, and C Street Advisory Group is serving as strategic communications adviser to the company.

Paul, Weiss, Rifkind, Wharton & Garrison is serving as legal counsel, Lazard Frères & Co. is serving as investment banker, FTI Consulting is serving as financial adviser and Kekst CNC is serving as strategic communications adviser to the ad hoc group.

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