



Mall should survive after Mervyns goes

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It usually starts with a big tenant going out of business. With the destination store gone, the small tenants suffer and they call it quits. The landlord might still have leases on the empty space, so he has no strong motivation to keep it up and the parking lot grows emptier.

So when a store the size of Mervyns - 78,000 square feet - announces plans to leave a mall like Cranbrook Village on West Eisenhower Parkway, it could be cause for concern.

The company announced last week that all 15 of its Michigan stores will be shuttered by February. It's unclear when the Ann Arbor store will close.

Finding replacement tenants for a large space can be difficult. There are only a handful of large retailers, and big spaces are tough to subdivide because they are so deep.

In cases where Wal-Mart closes a store, the space can stand empty for years because demand for 150,000 square feet of warehouse-like retail is pretty limited.

But even though there are some clunker shopping centers in and around Ann Arbor that are struggling to recover after some big departures, Cranbrook probably won't be joining the group, said Dave Huntoon, a national retail expansion advisor based in Ann Arbor.

He said Ann Arbor has fewer retail stores compared to its population than most areas and a highly desirable demographic of wealthy and educated residents. And the Mervyns location, near the corner of Ann Arbor-Saline Road and Eisenhower Parkway, is enviable.

"I don't think the owners of the center will have any problem filling the space," he said.

Huntoon said a store like Dick's Sporting Goods, which isn't in the Ann Arbor market now, could be a possible tenant.

Huntoon said the reason for the closure has a lot to do with how easy it will be to fill the space.

For example, he said when Jacobson's left Briarwood Mall, it left a temporary hole that was quickly snapped up by Von Maur, an upscale department store. Malls in less desirable areas have bulldozed empty department stores rather than keep them interminably empty.

Mervyns' closure had more to do with a cost-saving plan by the mother company in California, Huntoon said, than with the Ann Arbor location. For that reason, he thinks it will be quickly filled.

But even a good location isn't a guarantee. It took bulldozers and new management at Arborland Mall to re-energize that shopping center on Ann Arbor's east side.

Jim Chaconas, who heads up broker services for local real estate giant McKinley, knows about

the problems caused by losing a tenant. But he has shown that demolition isn't always necessary.

He spent years trying to fill the space in Westgate Shopping Center left by the departure of Kroger, which moved to a nearby location in 1996.

First, he got a Rite Aid a few years ago in half the space. Then he landed a Staples this summer, and now the center is almost full and it is bustling. But he said there is no doubt that a large vacant space can hurt a center.

Chaconas said he has tried to be creative to keep Westgate going strong, including leasing out the back half of vacant space to businesses like plumbers and bringing in a good mix of national and local tenants.

Tom Goldberg, who is part of the management team at Cranbrook Village, said it's never pleasant to lose a big tenant. But he isn't worried about landing a replacement, although Mervyns' decision is so recent that he doesn't have any prospects yet.

His company has successfully replaced several lost tenants at the Colonnade Center, also on West Eisenhower Parkway. And now that small shopping center is packed with cars.

"It's all about the fact that you are in Ann Arbor in a great area with positive dynamics," he said. "I think it's an opportunity, not a problem."

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