

Metro Detroit malls woo small shops

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Coen Wilson, 4, of Westland, visits with Santa at the Ice Palace at Twelve Oaks mall in Novi.

New names in retail, such as Franklin Vine and Flirty Fashions, will compete against more familiar chains, such as Foot Locker and Victoria's Secret, at metro Detroit malls this holiday season.

With some national chains downsizing or going out of business as the economy struggles to recover, some local retailers are taking their spots, which will mean more unique merchandise and deals for shoppers, and cash flow for mall owners.

owner of Franklin Vine, a women's accessories store, at Twelve Oaks in Novi.

"I want to be affordable and trend forward," said Nicole Pierce, 20, co-

Pierce has a background in biology and sold fashion accessories on eBay for years with the hope of opening her own store. Her 3,000-square-foot shop is near Nordstrom.

The Southfield entrepreneur opened last month on a one-year lease and sells a range of items from \$14.99 embellished headbands to \$219 red suede Sam Edelman shoes.

Retail analysts say malls have done their best to keep vacancies to a minimum as they enter the busiest shopping time of the year.



Matt Wilson, 38, and his sons Blake Wilson, 19 months, and Coen Wilson, 4, all of Westland, enjoy the falling artificial snow inside the Ice Palace at Twelve Oaks mall in Novi

"The thing with a mall is you can't hide vacancies. They are there before everyone's eyes," said Ken Dalto, a Farmington Hills-based turnaround expert. "They are making deals to get people in."

Independent retailers, local stores get short-term leases at malls

Independent retailers selling everything from flavored olive oils to toys are getting prime spots at more malls, giving consumers alternatives and maybe even deals they won't find at the national chains this holiday season.

Malls such as Partridge Creek, Great Lakes Crossing Outlets and Oakland are giving them short-term leases to fill vacant space. If they succeed, a longer-term lease can be arranged. One-year leases are more common in malls where five- to 10-year leases are the norm. A drop in mall traffic overall is opening opportunities that wouldn't exist otherwise.

While overall retail sales are forecast to rise by 2% to 3% this holiday season, foot traffic at the nation's malls is expected to drop another 2.2% because of high unemployment and rising gas prices, according to ShopperTrak, a Chicago-based firm.

National retail chains may still be skittish about opening new locations, but local retailers are relishing the chance to be at the big malls.

Xylinda Smith-Nickols opened her special sizes lingerie store Next 2 Nothing at Oakland Mall in September. She has an 800-square-foot store next to JCPenney and offers bras in sizes up to an N cup and panties and corsets from small up to 7X. She offers free fittings and plans to beat the Black Friday deals with a 20% off sale under way now. Bras are priced at \$65 and under.

Joe and Wendy Cucinello, a Sterling Heights couple who had worked as automotive engineers, are running their own specialty olive oil store, Giuseppe's International Oils & Vinegars, at the Mall at Partridge Creek in Clinton Township. It sells olive oils infused with flavors such as butter, blood orange and wild mushroom and sage. The oils sell for \$11.95 to \$30.95 and can be tested at the store.

"It's kind of one of those dreams you have to have your own" (business), Joe Cucinello, 31, said.

Diane Fornari, owner of Flirty Fashions, which specializes in apparel for occasions such as prom and homecoming, got out of real estate in 2007 and started doing purse parties. That turned into fashion shows at friends' homes and then she opened a store in Rochester. She recently moved that store to another location in Rochester and also opened a 3,600-square-foot store at Partridge Creek on a one-year lease.

"I have a niche," Fornari said. "That's what the leasing people were excited about. They said there was a strong need for what I was doing."

Some malls lease to independents and local chains more than others. You won't find many independents at Somerset Collection in Troy, and just a handful at Twelve Oaks in Novi or Briarwood Mall in Ann Arbor, which rank as the region's healthiest malls, said Ken Nisch, chairman of JGA, a Southfield-based retail consulting and design firm.

"People are talking today about the 'have' and 'have not' shopping centers," he said.

Nisch points to Somerset Collection in Troy as a "have" mall that is so successful it can raise rents and bring in better-known tenants. The Apple store there is expanding and an Omega store opened last month. But then there are "have not" malls such as Macomb Mall in Roseville that is in receivership. Once that happens, tenants often go month-to-month and don't want to renew their leases, he said.

The malls with sales increases are anchored by Nordstrom or Macy's, he said. Those malls anchored by Sears or JCPenney are dependent on them to generate traffic with mixed success. Eastland Center in Harper Woods, Northland Center in Southfield and Macomb Mall are ones that have suffered the most from demographic shifts, he said.

While Twelve Oaks has recently opened stores by national chains Vera Bradley and Zumiez, it has also made room for a few independents such as Franklin Vine and Just Baked. Carlo Pazolini, a new upscale Italian shoe store, expects to open its first Michigan location there soon.

The mall expanded four years ago, adding a Nordstrom wing. Other anchor stores are JCPenney, Lord & Taylor, Macy's and Sears. But there are still a few vacancies.

"Until we added the new wing, we didn't have the flexibility to add local retailers," said Peggy Hayes, Twelve Oaks marketing director. "We are very happy with the mix we have."

Laurel Park Place in Livonia has welcomed a handful of local retailers in the past year, including the Olive Store, which also sells infused olive oils among other items, and Razzmatazz, a toy store. "We've always looked for tenants that are unique. That's how we differentiate ourselves from the competition," said Todd Huhn, general manager of Laurel Park Place, where sales are up single digits this year.

At Oakland Mall in Troy, some temporary tenants have caused shoppers to pause. For example, the former Borders store there is filled with rugs from the Gibraltar Trade Center, a temporary use through the holidays, said Dave Neuman, general manager.

"Borders was a blow to us and other malls," he said. "We have a good mix of local and national tenants."

The mall, anchored by Sears, Macy's and JCPenney, has 15-20 temporary leases. The vacancy rate has fallen to 8% from up to 12% in 2008, Neuman said.

Shoppers have noticed the changes. Brandie Ventimiglia, 21, of Warren, said she has shopped at Oakland Mall her whole life and loves it. She shops at some independent stores, chain stores and the anchors. She hopes the new crop of independents don't price themselves out of her budget as some others were too expensive and later closed.

And Partridge Creek, which opened in 2007 as the housing meltdown was just beginning, has lost a number of its tenants because of the economy, including J. Jill, Moonstruck Chocolate, Calvin Klein and Brooks Brothers. It has filled some of the vacancies with independent retailers such as Brilliant Sky Toys & Books, Bears & Buddy's, J. Barbaro Clothiers and regional chains such as Charming Charlie and Ragstock. It also has opened a new Rojo restaurant.

Ragstock, a Minneapolis-based retailer, moved into the former Brooks Brothers' 10,000-square-foot location near the mall's center. The store, which specializes in seasonal items such as what the company refers to as ugly Christmas sweaters along with premium recycled and reasonably priced trendy new clothing.

Mike Finn, Ragstock owner, said he'd always wanted to try an open-air mall and opened at Partridge Creek in October. The mall is anchored by Nordstrom, Parisian and MJR Theaters. Ragstock typically looks for downtown locations and has a store in Ann Arbor. In five states now, the chain plans to open three to five stores next year.

"Of course, we opened during our busiest season, which is Halloween. We did good. We are kind of building a little momentum for the holiday," he said.