

As chain stores close, pain and opportunity

By Joyce M. Rosenberg
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When retail chains close stores, it can be a blow for small businesses near the shuttered merchants.

Or it can be a blessing.

Many shoppers will gravitate to a smaller store when a big player shuts down, says Aric Shlifka, owner of Kiddles Sports in Lake Forest, Ill., who notes that the demise of the Sports Authority last year has contributed to a 5 percent increase in business for him since then.

He's noticed more demand for athletic shoes and bicycles, in particular.

"I feel mass chain-store closings scare people, and make them realize how many jobs and tax dollars are lost and want to support the local retailers more," Shlifka says.

If the big retailer next door has been a shopper magnet, some smaller businesses can see their own sales suffer when that retailer disappears.

Still others, however — businesses ancillary or unrelated to retail — can find opportunities in the vacant real estate.

The retail remains of a shuttered store may mean franchisees of 1-800-GOT-JUNK? get contracts to empty it out, loading dump trucks with unwanted mannequins, shelving, racks and other fixtures and hauling it all away.

Corporate executives at 1-800-GOT-JUNK? are regularly in touch with big chains and often know in advance when stores will be closing, said Scott Perry, an account manager.

It can take a month in some cases to remove and cart away items. Franchisees handled 150 truckloads from a closed Macy's in Pittsburgh and 120 from a closed Bon-Ton in Sheboygan, Wis., Perry said.

James Williams, owner of a 1-800-GOT-JUNK? franchise in Burbank, Calif., said that in removing the contents of a store, his compa-

ny donates usable equipment like vacuum cleaners to charities and takes furniture and fixtures to businesses that will recycle what they can.

But there's also a downside for his business when a store closes — he's just lost a customer that regularly needed trucks to haul fixtures and other items.

"Some of these were clients that we were serving on a weekly or monthly basis," Williams said. "We see the negative impact on our business immediately after the closing."

When a department store in a mall or a big-box store in a strip center closes, nearby retailers can see fewer shoppers and lower sales. Some mall operators have staged events and activities near shuttered stores to attract more shoppers.

Yogibo, which sells beanbag chairs and casual furniture, had to work harder to make itself more visible after Sears left malls in Freehold, N.J., and Danbury, Conn., said CEO Eyal Levy. The retailer had a 10 percent sales slide while the Sears space was vacant, and has had lower sales since a J.C. Penney shut in Natick, Mass., two years ago.

So it has increased its advertising, offering its chairs to mall operators for events like children's story hours. "We had to be more active. We couldn't rely on mall foot traffic," Levy said.

On the flip side, when a new tenant moves in, sales at smaller stores pick up as shoppers return to that part of the mall. Yogibo's sales rose 10 percent to 15 percent when the clothing retailer Primark moved into space vacated by Sears, Levy said.

Abandoned retail real estate can be a bonanza for a small company. Earth Treks, which operates rock-climbing gyms, is looking at shuttered big-box retailers for possible additions to its current five locations, in Maryland, Virginia, and Colo-

rado. And it plans to open a gym at Sports Authority's old headquarters in Englewood, Colo.

Earth Trek gyms need about 30,000 square feet, and they need high ceilings for rope climbing, so "a vacated big-box store becomes a viable option to meet those needs," said Chris Jenkins, chief operating officer of the Columbia, Md.-based company.

The retail picture seems dire for many retailers. An analysis by Standard & Poor's found that 14 major retailers had already filed for bankruptcy court protection by mid-April, compared with 18 for all 2016.

At PMR auto-repair shop in Marion, Ill., manager Nicole Firebaugh said that if a nearby Sears store were to close, she might get a slight bump in business from people who were going there for repairs and maintenance. But a bigger impact would be the loss of Sears as a supplier — the retailer has a big selection of tools, including compressors.

"We're not quite sure where we'd end up going to get them," she said.