

What's next for Borders space?

DOWNTOWN REAL ESTATE: National retail chains looking to expand

By JONDI GUMZ

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SANTA CRUZ — The decision by Borders to close its store at 1200 Pacific Ave. opens a prime spot downtown, but two weeks after the closing announcement, it is difficult to say what will take over that 22,500-square-foot space.

Peter Koht, the city's economic development coordinator, said Thursday the process to pick a broker to represent 1200 Pacific Ave. is in the "final stages of selection." He expects to have an announcement by this time next week.

That move was recommended by national retail expert Robert Gibbs, who visited the city

this past fall. The deadline initially was Jan. 26, but it was extended to Feb. 4 to attract more local applicants.

Asked if retailers have shown interest, Koht responded, "Totally," but said he could not comment further.

Gibbs also recommended getting a consultant to analyze what goods and services residents are buying elsewhere and identify stores that fit the local demographic, advice the city redevelopment agency is following. The deadline to submit that application was Feb. 16.

The four-story Rittenhouse Building, completed as the economy went into a tailspin, has yet to attract permanent tenants.

Redtree Properties of Santa Cruz owns the building where Borders is. The Santa Cruz location is one of 200 Borders stores in the nation to be closed by the end of April as the company

tries to reorganize out of bankruptcy.

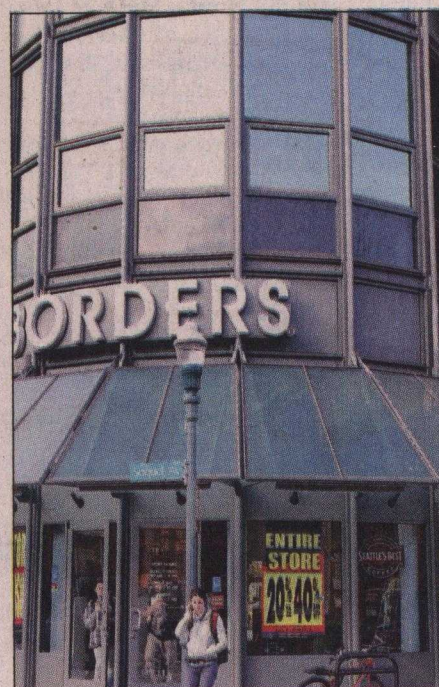
Real estate experts are speculating which chains might fill those 200 soon-to-be vacant spaces.

The folks at Retail Traffic, a trade magazine based in New York, posted their top 10 ideas Wednesday, but whether any of them is a fit for Santa Cruz is an open question. Here is the list:

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Real estate experts say many national retail chains have expansion plans but big national chains are not always popular in Santa Cruz.

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BORDERS

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■ **Whole Foods or Fresh Market:** In Santa Cruz, Borders is across the street from New Leaf Community Market, a locally owned organic grocery, and a short walk from Trader Joe's, a popular chain grocery.

■ **T.J. Maxx,** a clothing discounter: There is no T.J. Maxx in Santa Cruz County, but Marshalls, a clothing discounter owned by the company, is in Mid-County.

■ **Ashley Furniture:** The closest stores are in Fremont or Salinas.

■ **Planet Fitness, LA Fitness, Anytime Fitness:** Downtown Santa Cruz already has Toadal Fitness, Bike Dojo and a number of yoga studios.

■ **Lucky Strike Lanes:** Santa Cruz has Boardwalk Bowl near the beach; the county's other bowling alley in Watsonville closed last year.

■ **HHGregg:** Sells electronics and appliances east of the Mississippi River.

■ **Half-Price Books or Books-A-Million:** They would face competition from Logos, a locally owned store on Pacific Avenue specializing in used books.

■ **Forever 21:** Clothing retailer with a store in the Capitola Mall.

■ **Big Lots:** Discounter with a store at 1986 Freedom Blvd. in Watsonville.

■ **Barnes & Noble,** Borders' competitor: The closest stores are in Campbell, San Jose and Gilroy, but like Borders, Barnes & Noble would be competing against locally owned Bookshop Santa Cruz as well as Logos.

Ron Hirsch, a longtime local commercial real estate broker, contends many retailers are reluctant to expand in a struggling economy.

His company, Hirsch and Associates, is not bidding to be the broker for 1200 Pacific Ave., but if he were, he said he would use a database showing 449 retailers looking for 1,000 to 10,000 square feet in downtown areas in California and 65 retailers looking for 10,001-30,000 square feet.

Those looking for a large space includes Anthropologie, Citi Trends, Crate and Barrel, Loehmann's Discount Department Stores, Old Navy, Pottery Barn and Saks Fifth Avenue, none of which has a Santa Cruz presence.

Those looking for a smaller space includes Apple, Aerosoles, Banana Republic and Crabtree & Evelyn.

ChainLinks Retail Advisors, a division of Terranomics in Sacramento, is more optimistic about retail. The company issued a report this week detailing expansion plans for hundreds of retail and restaurant chains.

"As 2010 came to a close, growth plans were up 30 percent from the levels we recorded last year," said Garrick Brown, ChainLinks research director. "Following the strong performance during this year's holiday sales season, many chains further upped their growth plans. Right now, expansion plans are up 40 percent over last year's levels."

His list includes: CVS Pharmacy, Verizon Wireless and Ross Dress for Less, which already have stores in or near downtown Santa Cruz; Burlington Coat Factory, which opened a temporary holiday store at the Capitola Mall; AT&T, which has stores in Capitola and Watsonville; Dollar Tree, which has stores in Live Oak, Scotts Valley and Watsonville; and 7-Eleven, which has nine stores around the county.

Others on the list have yet to enter the Santa Cruz County market, such as Ulta, which sells cosmetics, and Chico's, a women's clothing boutique.