

Half-empty or half-full?

Abercrombie & Fitch gone, Blockbuster next, yet Mid-County vacancy rate is among lowest in county



Cierra Ryczek is framed by a vacant retail space at Capitola Mercantile as she adjusts a display at Lumen Gallery on Monday.

SHMUEL THALER/SENTINEL

RIGHT: Space is for lease in nearly every shopping center on 41st Avenue in Capitola, the busiest street in the county.

BELOW: Standing in stark contrast to the vacant retail spaces along 41st Avenue, the Feldner Project, a new mixed-use construction, rises above traffic Monday.



JON WEIAND/SENTINEL

Mayor: Mall owner considers 'refreshing' 41st Avenue hub

By JONDI GUMZ
jgumz@santacruzsentinel.com

CAPITOLA — On the east side of 41st Avenue, between Capitola Road and Betty Burger, nearly every shopping center has a "for lease" sign, and the Blockbuster movie rental shop will close Feb. 26.

The Capitola Mall has six vacancies, including Abercrombie & Fitch, which closed last month, and space in the Mercantile, a prime location in Capitola Village, has been empty for two years.

Before the recession, space on 41st Avenue was hard to get, and the mall and the Mercantile were full.

"This is a real issue," Councilman Dennis Norton said.

Abercrombie & Fitch, which employed 51 people and occupied a relatively large space in the mall, decided not to renew when the lease expired, said Merrie Ann Millar, Capitola Mall senior property manager, calling it a "business decision" by the retailer.

Abercrombie & Fitch closed stores in Anaheim and Riverside last month and plans to close two stores in Simi Valley in March. Two years ago, the retailer announced plans to close 100 stores nationwide.

The company did not return a call seeking comment, but Eric Cerny, senior manager of investor relations, told the Ventura County Star that A&F is expanding internationally and closing underperforming domestic stores.

A&F's departure "makes me want to fill the vacancies faster," said Millar, noting two businesses are relocating and Best Buy Mobile is slated to open at the end of February.

Signs posted at the mall indicate Denizens Denim will open in the fall along with a store featuring school supplies, though mall officials declined to confirm the names.

Discounter Target is expected to attract shoppers when it opens



SHMUEL THALER/SENTINEL

SEE MALL ON A2

MALL

Continued from A1

at the mall in July. Construction started months ago to create a first-floor grocery where Gottschalks department store was.

Just outside the mall is another empty spot: Marie Callender's restaurant, which closed in June.

Of the retail chains in the mall, sales companywide jumped 10.8 percent at Zumiez and 9 percent at Limited but fell 13 percent at Wet Seal and 4 percent at Gap, according to Kantar Retail's January stats.

The National Retail Federation projects retail sales to increase 3.4 percent this year, which analyst Doug McIntyre contends is not enough to grow the economy.

Mayor Michael Termini is "not that concerned" about mall turnover, which he considers normal.

"They're talking about refreshing the mall," he said of mall owner Macerich. "I'm behind them 100 percent."

Filling vacancies is a challenge for Capitola Mercantile owner Peter Dwares, who has owned the property for 30 years.

"This is the first time in the recession he's had vacancies this long," marketing manager Yuko Katsube-Mather said.

In November, an Oregon man proposed a takeout eatery called the Thirsty Duck Ale House in the Mercantile, but the idea got a cool reception from the City Council after the hotel owner next door said it would be too noisy.

A taffy shop closed; so did Baby Shoppe Santa Cruz. Flying Dragon Jewelry moved to downtown Santa Cruz. Flooding in Capitola Village last



SHMUEL THALER/SENTINEL

Macy's at the Capitola Mall is visible through the windows of the vacant building where the Marie Callender's restaurant operated until it closed in June.

March didn't help.

"The building was closed for a month," Katsube-Mather said. "It looks very nice now."

She's happy to have one new shop, Lumen Gallery, which sells jewelry, glass sculpture and photography by 20 local artists.

Proprietor Cierra Ryczek, 25, previously managed a gallery in Morro Bay and sells her Cierra Designs jewelry to the DeYoung Museum in San Francisco.

"I like coastal California for the type of business I do," Ryczek said. "Capitola has a cute vibe. I like the little bubble it's in."

Just beyond the Capitola Beach Villas and outside the city limit, a two-story mixed-use building known as the Feldner Project is under construction at 1030 41st Ave.

Contractor Dale Tracy, who's doing the work, credits Santa Cruz County Bank, which is financing the development. It represents an investment of more than \$1 million.

IF YOU GO TALKING ABOUT SIGNS

WHAT: The Capitola Village Wharf and Business Improvement Association plans to present a proposal Thursday to the Capitola City Council on A-frame signs.

WHEN: The City Council meeting begins at 7 p.m. at City Hall, 420 Capitola Ave., Capitola.

HISTORY: The City Council rejected a November proposal to legalize sandwich board signs for a year and expanded the hours of the building inspector, who plans to begin enforcement Feb. 14 on 41st Avenue and Bay Avenue.

"We feel real positive about that area of 41st," said David Heald, president and chief executive officer of Santa Cruz County Bank. "We helped with the purchase and remodel of North Coast Orthodontics. We did the Betty Burger purchase and remodel."

He pointed out office vacancy in Mid-County, which includes Capitola, Live Oak, Soquel and Aptos, went down last quarter.

Only 5.3 percent of the Mid-

County office space was vacant at year's end, compared to 4.9 percent in Watsonville, 14.3 percent in Santa Cruz and 21.6 percent in Scotts Valley, according to Cassidy Turley, which monitors commercial real estate.

"When people are looking for a building, they want to be in a building in Mid-County," Heald said.

Follow Sentinel reporter Jondi Gumz on Twitter @jondigumz