

## **Retail**

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Predicting an improvement in Northeast Ohio's retail sector may be a tough sell among some industry observers, with more instability in the forecast for 2010.

Stores large and small will continue to shutter, altering Northeast Ohio's retail landscape by producing a more consolidated sector laden with retail vacancies.

"It'll be like Darwin's theory - survival of the fittest" said Robert Antall, a local retail analyst. "I would say by 2011, you'll see fewer retailers here, and the strongest will be the survivors."

The discount chains will emerge as long-term beneficiaries as consumers shop less for brands and more for quality products at a reasonable price, he said.

In the interim, 2010 likely will assume similar qualities of 2009, as Northeast Ohio's retail industry continues to be marred by economic blight.

"There's no real (short-term) prospects for economic recovery," Mr. Antall said. "Retail sales are a direct correlation to the cumulative sums of the region's income."

Still, some retail industry observers said the worst may be over, and the region could be headed for a tepid rebound.

Keith Hamulak, senior associate of CB Richard Ellis, said he believes the climb in Northeast Ohio's retail vacancy in recent years will have peaked in 2009.

CB Richard Ellis will release 2009 retail vacancy numbers this month, which are expected to be higher than 2008's record of 10.3%, the highest since the company started tracking numbers in 1988.

"I think we may have hit bottom," Mr. Hamulak said.

**Get moving**

Overall, the region's retail sales will remain flat, while the nation's retail sales likely will inch up 2% to 3%, according to Mr. Antall.

Mr. Antall, managing partner of Shaker Heights-based Consumer Centric Consulting, said stores like Akron-based Sterling Jewelers, which declined to comment, and Glenwillow-based Dots LLC likely will be industry winners due to consolidation among competitors and the value their brands yield.

Rick Bunka, president of Dots, said the women's clothing chain is in a position to grow market share through 2010 and beyond based on its retail strategy and recent sales growth.

"Our business was founded on the belief that fashion doesn't have to be expensive," Mr. Bunka said. "This underlying strategy has helped us through tough times."

The chain, which has more than 400 stores nationwide, is expecting to open another 20 in 2010.

**In other movement, construction of Cleveland Hopkins International Airport's \$25 million, 76,000-square-foot AirMall is expected to be complete in the second quarter of 2010.**

**The AirMall will have 55 local, regional and national brand stores, including the Rock and Roll Hall of Fame and Museum store, Panini's Bar & Grill and Great Lakes Brewing Co., said Tina LaForte, vice president of BAA-Cleveland, the AirMall's developer.**

**Prior to the renovation, the airport had 40 stores.**

**"This is significant in improving the passenger experience, first and foremost, and increasing the revenue stream for the city of Cleveland," Ms. LaForte said.**

**The AirMall is expected to double the airport's annual retail sales to \$60 million from \$30 million once the project is complete and passenger levels are restored.**

### **Setting the stage**

Plans to redevelop Cleveland's version of Broadway - the "District of Design" at PlayhouseSquare - have re-emerged as well.

Thomas Einhouse, vice president of real estate services at PlayhouseSquare, told Crain's in December that talks were under way with two or three prospective tenants for the design district within PlayhouseSquare's downtown domain.

The design district plan envisions people and businesses involved with product and industrial design filling retail space at PlayhouseSquare with showrooms and studios and working in offices on Euclid Avenue near the theaters.

Even as parts of the region's retail environment warms slightly with modest activity, Ed Bentley, who follows Northeast Ohio's retail industry for Deloitte Research, has a guarded, yet optimistic, outlook of prospects beyond 2010.

He said it likely won't be until 2011 before Northeast Ohio's retail industry returns to "normalcy," or the equivalent of its environment five years ago.

"Consumer optimism is growing," Mr. Bentley said.

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