

Shops drop as Old Port cools

Stores move or close amid high rents, slow sales

By BETH QUIMBY, Staff Writer

February 3, 2009

PORTLAND — Some of the storefronts that line the heart of one of Maine's iconic shopping districts are emptying.

In the past few months, a number of shops have moved out of Portland's Old Port to less expensive locations, or have shut down completely.

The recession, coupled with comparatively high rents, has led to the flight of many stores, say retail market watchers. The Old Port's market, once red-hot, has cooled considerably in the past two years, since the days when merchants vied for space along the district's most popular tourist routes.

The trend mirrors what is happening in many other such locations nationally, such as Boston's Newbury Street.

"We are seeing this migration of tenants," said Matthew Cardente of Cardente Real Estate, a Portland commercial real estate company.

Store closings along the busiest street in the Old Port – Exchange – highlight what has happened in recent months.

Edith & Edna's, a craft gallery at 51 Exchange St., and Simply Chic women's clothing shop at 28 Exchange St. announced late last fall that they would be closing for good after Christmas.

Simply Chic owner Denise Novotny said that when she first moved to Exchange Street from Free Street two years ago, she made up for higher rents with lower marketing costs because of higher foot traffic and more sales. It was a good move financially, until the economy soured.

This month she is selling the last of her inventory, looking for someone to sublease her space and hunting for a new job.

"It was hard, but I made the decision," Novotny said.

Amaryllis women's clothing store, which had been open at 41 Exchange St. since 1979, virtually vanished overnight. After Christmas, the women's clothing store Betsy's at 9 Exchange St. moved several blocks, to 455 Fore St.

"It made perfect business sense," said Candy Fitzgerald, manager at Betsy's.

Fitzgerald said the store's new space is cheaper, newer and offers better parking. It also has none of the problems with street loitering that plagued merchants in the store's old neighborhood.

Tom Moulton, a broker with NAI/The Dunham Group, said merchants on Exchange Street are paying \$25 to \$50 a square foot to rent space, versus \$9 to \$12 a square foot along Congress Street.

"The problem in the Old Port is that the (properties) are in the hands of a few," said Moulton.

Friday was the last day of business at Clay City Redux, an offbeat gift shop at 157 Middle St. run by Bruce and Jan Kornbluth, who moved the store from Congress Street four years ago.

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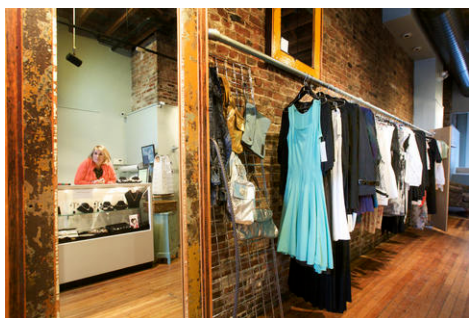
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Doug Jones/Staff Photographer Steven Bunker and Sharon Bondroff, co-owners of the China Sea Marine Trading Co., are storing the shop's inventory in their Gray home and barn after leaving the Old Port two weeks ago. "Rents are outrageous. You would think you are in New York," Bondroff said.



Gregory Rec/Staff Photographer Simply Chic women's clothing shop at 28 Exchange St. announced late last fall that they would be closing for good.



Gregory Rec/Staff Photographer Denise Novotny, reflected in a mirror at Simply Chic, will close her Exchange Street boutique by month's end. When she moved the shop from Free Street, she said, lower marketing costs initially made up for the higher rent.

The Kornbluths said business had dwindled during the past two years but had never been really robust, except at Christmas. Last fall, facing a rough holiday season, they decided not to renew their \$2,000-a-month lease when it came due.

"I am very, very sad," said Jan Kornbluth.

"Rents are outrageous. You would think you are in New York," Bondroff said.

The couple are looking for a new location, possibly in Wiscasset.

Just what percentage of Old Port retail space is vacant is unclear. Janis Beitzer, executive director of Portland's Downtown District, said store closings have doubled this winter – to about 10 – but still represent just a small percentage of the 300 first-floor businesses that make up Portland's downtown retail sector, which includes Congress Street.

Figures on total retail footage in the Old Port or the downtown retail district weren't available.

Cardente estimates that there's 60,000 square feet of vacant retail space in the Old Port, in stark contrast to the sizzling retail market of two years ago.

"It shocks me. There were times you couldn't find space," said Cardente.

Moulton said rents are now headed down. He suggested that struggling merchants try to renegotiate their present leases if possible. He said some landlords are willing to lower rent in exchange for a longer lease or higher rent in the future.

Cardente said he does not expect any big improvement soon for those selling and developing retail space. He said banks will loan money for new building or retail projects only if the space is already leased.

The one bright light, according to Cardente, is small retail centers with two to five tenants that focus on reasonably priced food, such as Little Caesars or Domino's Pizza.

He said Subway Restaurants, which saw sales rise in the past year, is actively looking to open more stores in Maine. "There is a lot of territory that hasn't been tapped," he said.