

At Maine Mall, Bustle Loses Steam

The recession and competition thin out stores and crowds, but new shops are coming and the owner is staying afloat.

By BETH QUIMBY, Staff Writer

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SOUTH PORTLAND — The Maine Mall bustles with shoppers on a late-winter weekend, but on a midweek morning, the scene is quiet.

Done with their daily walk, the silver-haired set fills some of the tables at the food court. Mall workers unobtrusively water plants and sweep debris from the corners, but shoppers are largely absent. This is the time of day, when many people are at their workplaces, that the economic recession's toll on the retail sector becomes apparent.

“Things have slowed down,” said Tom Weston, proprietor of the Tommie Shades kiosk for the past decade.

Since the holidays, the seasonal stores have gone away and storefronts have emptied. Two of the Maine Mall's anchor locations now stand empty, a half-dozen other store spaces are vacant, and three of 14 food court locations have closed. Many of the kiosks and carts that filled the thoroughfares have disappeared. The restaurant spaces in the mall's detached buildings are only partially occupied.

With mall owner General Growth Properties of Chicago struggling to avoid bankruptcy, the future of Maine's largest indoor shopping mecca appears far less rosy than it did two years ago, when the mall unveiled plans, now on hold, for a 14-screen movie theater and expansion across the street.

Even before the recession, merchants at the mall said they had noticed less traffic as new malls and big-store developments sprang up across southern Maine and provided competition. More than 1 million square feet of new retail space opened in 2008 across Greater Portland.

“We had a ton of properties that were built up,” said Matthew Cardente of Cardente Real Estate, who follows the retail real estate market.

The Maine Mall also has further to fall than smaller malls, say industry watchers, because it has a high proportion of national chain tenants who have been hit hard by the crumbling economy. Since last fall, Linens 'n Things and nearby Circuit City have closed, while scores of other national retailers are scaling back by closing some stores.

“The bigger the center, the larger the assortment, and consequently you have a greater chance of having these tenants vacate due to business reasons,” said James Gerety, general manager of the Bangor Mall. It has about 760,000 square feet and 80 stores and restaurants, compared with the Maine Mall's 1.2 million square feet and 115 stores and restaurants.

General Growth Properties, which owns 200 malls in 44 states, bought the Maine Mall in 2003 from a group of owners, some of whom had owned the mall since 1980. General Growth considers it a successful addition to its portfolio, said James Graham, company spokesman.

But General Growth has not ruled out selling the Maine Mall to help solve its debt problems. The company has cited the credit crunch for not being able to access capital to refinance the billions in debt that General Growth incurred during a buying spree of competitors earlier in the decade.

“We are open to selling core or non-core assets if a buyer were to approach us about any property,” Graham said.

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John Patriquin/Staff Photographer
Leo Patry of Old Orchard Beach, who walks the Maine Mall for exercise five days a week, says he has noticed more vacant store locations, but he is optimistic that the mall will do fine once the weather warms up and the tourists return.



John Patriquin/Staff Photographer

STRAINED BY DEBT

General Growth Properties, which owns 200 malls in 44 states, bought the Maine Mall in 2003 – part of a buying spree that saddled the company with billions of dollars in debt that it is now struggling to make payments on. So far, the Chicago-based company has avoided bankruptcy.

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So far, that has not happened with any of its mall properties.

Maine Mall manager Craig Gorris said he is optimistic about the mall's prospects. He is about to return to the mall full time after splitting his time managing another mall in Rhode Island.

Gorris said the Maine Mall has signed several leases and expects 93 percent occupancy for mall spaces under 40,000 square feet by year's end. In the past year, the mall brought in several new tenants, such as the Apple Store, Coldwater Creek and XXI Forever, he said. It has just signed with Zumiez, a skateboard gear store, and Brighton Collectibles, a handbag and accessories shop, both due to open this summer.

Gorris said he is talking with several other national chains, including a restaurant. He also said the mall is looking at subdividing the vacant Linens 'n Things anchor spot into several smaller store locations.

"The Maine Mall is an established presence. Any national retailer looking to come into the market is looking at the Maine Mall," Gorris said.

Some shoppers say they have noticed the store closings this year.

"I've counted 13," said Leo Patry of Old Orchard Beach.

Patry walks the mall five days a week in the winter, and said he would be lost without it. He is optimistic that the mall will do fine once the weather warms up and the tourists return.

Judith MacInnes of Saco, who was clutching bags from the Chico's and Coldwater Creek women's clothing stores, said she shops at the mall every other month because she can't find the same stores at home. Also, she said, she had store coupons burning a hole in her pocket.

"I got a \$100 jacket for \$50," she said.

Shop owners say they are optimistic about their own prospects. Ken Punjabi, manager of the On Time watch kiosk, a fixture at the mall for the past 17 years, said he has never seen so many vacancies and has observed a gradual decline in traffic at the mall. Still, he said, the \$60,000 it costs in lease, maintenance and marketing fees to operate his 160-square-foot business is well worth it, and the store has built up a strong customer base.

"The loyalties are strong," Punjabi said.

Jim Wellehan, president of Lamey Wellehan shoe stores, said he thinks the Maine Mall is working as well as any mall right now.

"We don't know if there is a good retail location," Wellehan said.

He said his self-standing stores do about the same as his store at the mall, which has been there since 1976.

Weston, of Tommie Shades, said he has operated under several mall owners and is not worried about another possible sale.

"The mall will survive them," he said.