

# MISSOULIAN

By *KEILA SZPALLER of the Missoulian*  
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A persistent fear that Macy's will close has heightened just as urban planning experts stress the need to keep the department store open in downtown Missoula.

Consultants working on the Downtown Master Plan have urged Missoula in recent months to retain its "anchor" or risk the long, slow demise of the retail market in the heart of town. Indeed, Crandall Arambula, an urban planning firm based in Portland, Ore., has advised the downtown community to usher in a second major store to bolster the current market.



At the same time, an ongoing concern that the sagging national retailer will pull out of the Garden City has escalated for the Missoula Downtown Association. Linda McCarthy, the association's executive director, said she has witnessed troubling signs over the last three years that could point to a shuttering of Macy's.

"We're sitting here wondering what kind of an impact would it have? And what does downtown potentially look like without a Macy's?" McCarthy said.

The Downtown Association has a mission to promote the economic and cultural vitality of downtown Missoula. It is a leader in the Downtown Master Plan, a \$450,000 initiative undertaken to plan the development of the city's core.

The spokespeople probably best-equipped to answer questions about the future of the store at the corner of Higgins Avenue and Front Street were silent on the matter. Macy's West, the San Francisco-based division office, did not respond to e-mail, phone call and voicemail requests for comment. The local store directed questions to the corporate office, which directed inquiries back to San Francisco.

But McCarthy said she fears major changes at the corporate level don't bode well for Missoula. After Macy's bought out the Bon Marche, it closed a regional office in Seattle, she said. So decisions about the Garden City store are being made farther away - in San Francisco.

Also, longtime general manager Rich Boberg recently took another job and the company apparently has yet to fill the position, she said. Before leaving, McCarthy said Boberg told her the store did not have a strong 2007. He also warned her to worry if corporate didn't hire his replacement.

Other changes also could indicate instability for the downtown establishment, once the Missoula Mercantile. Last December, Macy's announced the closure of nine stores in various states. Earlier this year, it announced plans to break ground on several new stores in the next couple years, but the crisis on Wall Street has since tightened the credit market. McCarthy and consultants expect that downtown stores remain at risk.

“They've closed a number of stores down nationwide. We also know that the downtown store is not their typical model,” McCarthy said.

The city's consultants said the absence of a big retailer in the core business district would have a detrimental effect on smaller merchants and mean less consumer spending. George Crandall, a principal with Crandall Arambula, said when retailers pull out of downtowns, the big stores end up on the fringes. But he said it's important to stimulate shopping in the center of town and not on the edge.

Shoppers going downtown drive less than those heading to the edge of town, he said. The shorter drive means less money in the gas tank and more money for Main Street. Crandall cited Portland, Ore., as an example.

Portlanders drive 4 percent less on average than those living in communities of a similar size, he said. That's partly due to transit and partly due to the location of retail. He said the difference translates into \$2.6 billion people aren't pouring into their gas tanks and are using instead to buy things they need and desire.

“It's a huge figure. ... So while Missoula is a smaller community, those same principles apply,” Crandall said.

All over the country, Crandall said he has seen large department stores pull out of downtowns. However, he also has seen stores reverse plans to close. He said in Portland, investments by the city helped keep a giant retailer downtown, and it isn't too late for Missoula to offer incentives that would curb any closure plans.

“We think it's pretty unique to have a Macy's downtown. And we think with the retail strategy they can be made strong and will be a great enhancement for the rest of the retail downtown,” Crandall said.

It isn't clear whether Macy's has been receptive to any overtures by Missoula. Crandall said Missoula Redevelopment Agency director Ellen Buchanan has been involved in conversations about providing more parking as an incentive for Macy's to stay put. Buchanan was out of the office and could not be reached for comment.

Assistant director Chris Behan said he has not been involved in those discussions. However, he said the corporation flew some representatives to Missoula several months ago, though the purpose of their visit wasn't clear. Behan said he hopes the visit signaled the company's commitment to this store.

Market analyst Ken Brown said mid-range department stores such as Macy's have been hit hard the last few years. They don't cater to the high-end customers who shop at Nordstrom, for instance, nor do they serve shoppers who buy at Target. Plus, he said customers are veering more toward specialty stores and less to the department stores. So Brown said revenue at those companies has taken a significant beating.

“They've been kind of caught in the crossfire the last few years,” said Brown, president of Research Connect, of Washington, D.C.

Some of those companies have stores at Southgate Mall, but general manager Tim Winger said he's heard no intentions of leaving from their corporate directors. In fact, he said Dillard's closed stores this year, but on a visit to Missoula this summer, executives said the company turns a profit here and intends to stay.

Winger said some companies have benefited from having locations both at the mall and downtown. Skin Chic is one example, he said. If Macy's closes downtown, however, it's possible the mall could see a gain.

“I would have to imagine that there'd be a certain amount, (a) percentage of business they were doing downtown that would be absorbed here at the mall,” Winger said.

Any big effort to keep Macy's open isn't necessarily because the store is beloved by all. This store isn't the most attractive Macy's in the West and is notoriously cramped. Crandall, though, said there's hope for it yet: "We think she can be freshened up and become vital."

For many, the push to hold onto Macy's is a struggle on behalf of the downtown itself. Ward 1 Councilman Dave Strohmaier, who represents the downtown district, said he hasn't seen hard, fast evidence the loss of Macy's would hit other retailers but he trusts the consultants' experience.

Downtown Missoula is the cultural and economic heartbeat of Missoula, he said. If any one area - retail or commercial or residential - is weak, the health of the entire downtown is probably in jeopardy.

As such, Strohmaier said he wants to see the Downtown Master Plan move forward. He sees how Macy's coupled with another big anchor would support the small stores that are unique to Missoula. People drawn from one big store to the other end up shopping in between at the local shops that make downtown Missoula one of a kind.

"I want to definitely see a healthy Butterfly Herbs and Worden's Market and all of those elements that are so unique to Missoula to remain healthy," Strohmaier said.

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