

LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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Reusing Vacant Department Stores in Small Communities

by
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An empty department store downtown or on the edge of a small community sends a message that something in the local economy isn't working right. Whether it be excessive retail competition or declining market demand, the ghostly appearance of an underutilized building is something most residents simply don't want to see in their town.

In January, a meeting was held by the University of Wisconsin-Extension, Calumet County to explore the reuse of a Pamida store that recently closed in New Holstein. Case studies were presented on how downtown and suburban department store buildings have been reused in Wisconsin and elsewhere in the country. The discussion is summarized below.

New Retail Uses

Many believe that the only appropriate use for a vacated department store is another similar store. Local residents typically like the convenience and selection offered by department stores. Zoning is already in place and there is typically plenty of public support for maintaining the site as a commercial location. The site would also offer a new retailer lower construction costs and shorter turnaround than building at a location elsewhere.

However, a closed store also sends a warning sign to potential new retailers that the site is poor or the market is weak. New retailers might conclude

that "if another store failed here, we might too." Further, many chains have building layout and design specifications that may not fit into the existing space of another building.

There are many examples of department stores replacing department stores in smaller cities. One example is in Rutland, Vermont where a vacant Kmart in a downtown shopping center was converted to a Wal-Mart. This example is described in an earlier Let's Talk Business (see <http://www.uwex.edu/ces/cced/lets/Jul00ltb.pdf>).

However, often the building takes on a new retail format and/or may be subdivided into numerous stores or a "mini-mall." While the potential retail uses are endless, the following are some examples of how former department stores have been reused for different retail purposes:

- Grocery store and bank, Merrill, WI
- Restaurant and antiques mall, Chatham, VA
- Shoe factory outlet, Chippewa Falls, WI
- Off-price merchandise outlet, Ponca City, OK
- Hardware superstore, Franklin, VA
- Furniture store, Rice Lake, WI
- Retail incubator, Bridgetown, NJ



A market analysis can help identify retail opportunities for a community. A comprehensive study includes an assessment of the market situation, size of the trade area, demographic and lifestyle characteristics of residents, local attitudes and shopping preferences, and a detailed supply and demand analysis by business category. For more information see <http://www.uwex.edu/ces/cced/mabd2.html>.

Once the market analysis is completed, a recruitment strategy can be developed. This strategy must be designed around considerations that are important to the retailer: sales potential, market penetration, potential to develop a strong identity and expansion into new locations. A recruitment strategy should identify targeted retail categories, compile community information (including market analysis findings), identify retail prospects (chains and local stores), and how to effectively contact those prospects.

Other Uses

For many small communities, retail may not be the highest and best economic use of the site. A wide variety of other commercial uses of these buildings may exist. Examples include:

- Professional offices (and delicatessen), Birmingham, AL
- Telemarketing offices, Russell, KS
- Health club, Bardstown, KY
- Showroom and offices for furniture company, Martinsburg, VA
- Telework center with workstations, copiers, fax machines and conference space, Hagerstown, MD
- Manufacturing, Petuluma, CA
- Casino for local tribe, Port Huron, MN

Other small communities found vacated department store space well suited for noncommercial uses. Examples of community services housed in former department stores include:

- County offices, Bedford, VA
- Post office, Culpeper, VA
- Children's museum, Portsmouth, VA
- Community college, Ithaca, NY
- Public library, Ithaca, NY
- Sheltered workshop for developmentally disabled, Woodward, OK
- Community civic center, Woodward OK
- Offices for non-profits, Somerset, KY

Community Response

Residents of a small community are often very proud of their town. Quality of life including the convenience of

Use of Former Pamida Stores in Wisconsin

Communities that have lost a Pamida store in Wisconsin between 1990 and 2000 were identified. Phone calls were made to local chambers of commerce to determine the current use of these former department stores. Findings are presented below:

| Community | New Business | Reuse Category |
|--------------|-------------------------|----------------------|
| Sun Prairie | On the Road Liquidators | Storage/Sales |
| Stoughton | Nelson Industries | Offices/Distribution |
| Sturgeon Bay | Palmer Johnson | Offices |
| Merrill | County Market and Bank | Retail, Service |
| Whitewater | Auto Sales and Service | Building razed |
| Ripon | Heritage Wafer | Storage |
| Tomah | Hartland Furniture | Retail |
| Sparta | Family Dollar, Sears | Retail |
| Menominee | Vacant | Vacant |

shopping locally is of major importance. When a large retailer closes business in a small city it does not go unnoticed. Residents often react by blaming city government. Comments like, "The city did not do enough to keep them from closing," are often heard.

Once the initial reaction time passes, the community still has the dilemma of dealing with an empty store. Attracting a business or another use to a vacant store is not easy. In many situations it takes a business, government, and concerned citizen partnership to secure a new tenant. For successful business development to occur, efforts must be comprehensive, well organized, and have broad support. They must include education, vision, positive attitudes, patience, local ideas, and investment.

Small communities will continue to face challenges and increasing competition from metropolitan areas. Communities that build capacity and strong local partnerships will be in a better position to meet these challenges.

Sources:

New Uses for Obsolete Buildings, ULI—the Urban Land Institute, 1996.
The Adaptive Reuse of Wisconsin Buildings, Virginia Lambert and Robert Dick, UW-Extension, 1986.
 Department store conversion notes, compiled by Doug Loescher, National Main Street Center.

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