

## Business

### Shop till you drop

City's 2.1 million square feet of retail is among largest collections of contiguous shopping areas in the county.

By Zain Shauk

Published: Last Updated Friday, December 11, 2009 10:11 PM PST

Glendale didn't plan on becoming one of the largest retail hubs in Los Angeles County, but it happened — for better or worse.

The city's 2.1 million square feet of stores, restaurants, movie theaters and other retail property within the Americana at Brand, Glendale Galleria, Glendale Marketplace and Exchange on Maryland is the largest collection of contiguous shopping area within 20 miles of downtown Los Angeles.

The Del Amo Fashion Center in Torrance is likely the largest in the county, at 2.4 million square feet, and a soon-to-be-completed connection between two Westfield-owned shopping plazas in Topanga will overtake that property, at 2.6 million square feet, according to Marcus & Millichap Real Estate Investment Services, which specializes in retail.

But while major retail hubs typically help businesses by attracting more consumers to those areas, the addition of more city-backed shopping development in Glendale has not helped to curb losses at the Exchange and Marketplace, which have each involved significant city investment.

Total revenues for the two properties have fallen annually during the last five years and are now 31% lower than they were in the 2004-05 fiscal year, according to city sales tax revenue reports.

Unfilled vacancies plague both centers, including large spaces left behind by Circuit City, Linens N' Things, Gateway Computers and Chuy's restaurant.

Maryland Avenue, which borders both properties, has been a regular concern for city officials as they have frequently tried to pull shoppers to a street that seems persistently devoid of activity, they say.

And the challenges for both developments are expected to grow.

Mann Theaters, the major tenant and entertainment draw in both developments, plans to close its 10-screen location in the Exchange in 2011 and also expects to leave its four-screen complex in the Marketplace, said Peter Dobson, Mann's chief executive.

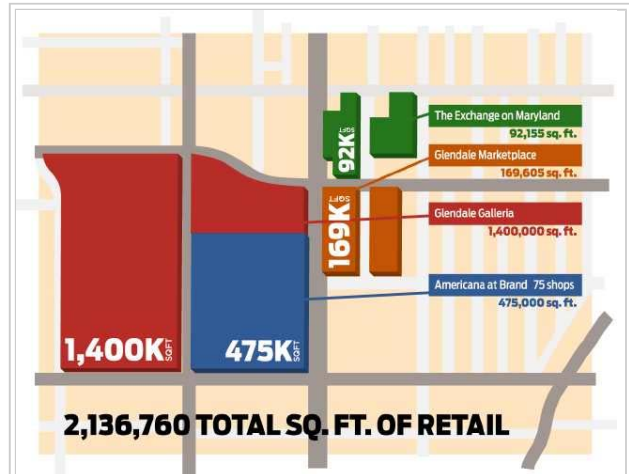
Problems for Mann in Glendale, and for the Exchange and Marketplace in general, are not new, but they have become nearly insurmountable, Dobson said, since the city lured the Americana to downtown in 2004 with a \$77-million gift.

That move included clearance for an 18-screen Pacific Theatres at the city's newest retail project, a decision that Mann saw as an abandonment of an older commitment to the Exchange and Marketplace, he said.

"We're leaving basically because Glendale city gave permission for a multiplex to be built in the Americana," Dobson said.

Development Services Director Philip Lanzafame argued that Mann's positioning and outdated theaters have left the two complexes in decline for years, before the arrival of the Americana.

Still, while Glendale has invested in each of its major downtown retail developments, its decision to give the go-ahead to the Americana may not have fully taken into account how best to create synergy with its



The fact that Glendale became a major shopping hub was only a byproduct of an accelerated effort to ensure that shoppers came to the city, Development Services Director Emil Tatevosian said. (Graphic Illustration by Jacob Reed)

neighbors, experts said.

"It sort of unfolded," said Jack Kyser, chief economist for the Los Angeles County Economic Development Corporation. "I don't think there was any grand overall plan [for synergy], they just said, 'Well, let's put retail here. Let's put retail there,' but there was no kind of thought as to what type of retail."

If a downtown retail anchor with outdoor public space was part of the city's vision, officials did not consider how that development could have been added in a way that helped the existing retailers they had already helped to create, Kyser said.

While the down economy has complicated the picture for retailers in general, an alternative for shoppers that would have otherwise gone to the Exchange or Marketplace, maybe to visit a store on the way to seeing a movie, has likely taken its toll on the centers, said William Roberts, director of the San Fernando Valley Economic Research Center at Cal State Northridge.

Officials say the city acted in accordance with its long-range plan when it encouraged the development of the Americana, which fit into a downtown strategic plan that is coming to fruition.

The fact that Glendale became a major shopping hub was only a byproduct of an accelerated effort to ensure that shoppers came to the city, Development Services Director Emil Tatevosian said

"We weren't necessarily set out to become a large regional retail destination," he said. "We were just constantly reaffirmed that the draw was there, and had we not captured it, it would have gone elsewhere."

In addition, the Americana has not drawn customers from the Exchange and Marketplace, because the two retail centers have a different product mix, Lanzafame said.

Sales from the two Maryland developments fell 1%, to \$3.9 million, during the fiscal year that ended in June, according to city sales tax data.

The Americana, which opened in 2008, pulled in \$41 million in sales during the same period, according to the data.

The city has followed a long-term plan for development that included additional retail, but its decision to move ahead with the Americana did not immediately address challenges at the Exchange and Marketplace, Tatevosian said.

"I think it's a work in progress," Tatevosian said.

The Redevelopment Agency recently turned its attention to the struggling properties when it proposed to transform the two-block strip of Maryland into an entertainment district.

Officials hope that repositioning the Exchange and Marketplace to draw nightclubs or other evening-oriented entertainment tenants will help add an attractive dynamic to the downtown retail mix, they said.

The plan has its skeptics, and some believe the area cannot support the amount of retail space it has grown to accommodate.

With major tenants already gone and future losses on the horizon, it is unclear how the Exchange and Marketplace will draw any consumers away from the Americana and Galleria, said Bill Holderness, who developed the Exchange for Brand Development.

"It's going to be really hard to keep the Exchange and Marketplace alive," Holderness said.

The four developments could generate enough activity to flourish if they evolve into a cohesive center where each property benefits from the other, said Lior Regenstreif, senior director of Marcus & Millichap's national retail group.

But that kind of a change may not be realistic, he said.

"It's obviously a competitive business," Regenstreif said. "They're all retailers, and they're trying to make the most dollars, so I don't really know how they are striving to unite."

[zain.shauk@latimes.com](mailto:zain.shauk@latimes.com).

Copyright © 2009 - Glendale News Press

---

[\[x\] Close Window](#)