



G. WIDMAN | GPTMC

In the King of Prussia Mall the Talbots Kids store is shutting its doors for good.

Bankruptcies, store closings put retail space on market

PETER VAN ALLEN
STAFF WRITER

A souring economy has started to put a damper on retail growth.

Retailers and malls are bracing for a rough retail climate, brought on by high gasoline prices, a higher cost of living, a shaky economy and a decline in consumer confidence.

"The situation is not as severe here as other areas of the country, but there's definitely an element of caution," said Frederick H. Masters, a retail specialist at the law firm Buchanan Ingersoll & Rooney. "I would tell you that a number of lenders are very concerned about retail right now. Retail is shut as a strong component of growth. But gas prices and the economy are having an impact."

On July 29, Clifton, N.J.-based Linens 'n Things, which filed for Chapter 11 bankruptcy protection in May, said its Frazer

location is among 120 stores closing.

Talbots Inc. said early this year it would close 78 stores by next month, including a Talbots Kids at the King of Prussia Mall.

On July 14, Starbucks said it would close eight area stores, including locations at Plymouth Meeting Mall, Granite Run Mall in Media and English Village in North Wales.

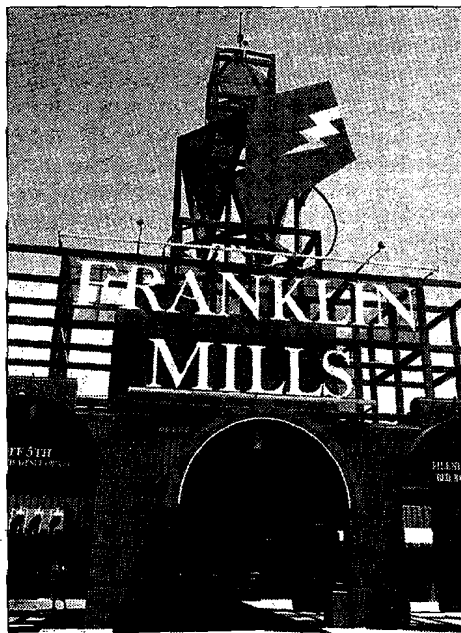
Earlier this week, it was widely reported that Boscov's, the Reading, Berks County-based retailer with 49 department stores in six states, has had trouble paying suppliers. For now, the company, which is privately held, has no plans to close stores. It has eight locations in the area.

Of the seven Bennigan's restaurants in the region, five were shut down as part of a Chapter 7 bankruptcy filing this week by parent company S&A Restaurant Corp., part of Plano, Texas-based Metromedia Restaurant Group. The restaurants that remained open, in Montgomeryville and West Chester, are franchises.

Steve & Barry's, a Port Washington, N.Y., retail chain that got its start near the University of Pennsylvania campus, filed for Chapter 11 bankruptcy protection on July 9. It has locations at Franklin Mills Mall, Valley Forge Shopping Center and, in South Jersey, at Deptford Center and Evergreen Plaza in Lumberton. Thus far, it has not announced any store closings.

Despite the shakeout among some retailers, thus far area shopping centers are not experiencing widespread vacancies.

"We have very low vacancy rates in this market. A lot of new development slowed up. Demand is leveling off, but supply is adjusting as well since the [credit crunch] slowed development," said Steven Gartner, president of Metro Commercial Real Estate Inc.. "We haven't overbuilt. We're in good shape right now. I'm not saying that couldn't change, but right now things are good."



B. KRIST | GPTMC

Franklin Mills hit with some closings.

pvanallen@bizjournals.com | 215-238-5145