

# Malls face a question

*What will go into the Boscov's stores in Oxford Valley and Montgomery?*

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When the Strawbridge's stores in the Oxford Valley and Montgomery malls closed in 2006, the big question on everyone's mind was who would replace them.

Two years later, shoppers are asking the same question as ailing department store chain Boscov's — which moved into both properties — prepares to close those stores as part of its Chapter 11 bankruptcy filing.

Real estate experts said this week that shoppers shouldn't expect another department store chain to take Boscov's place.

Many shopping centers are opting instead to replace anchors with smaller retailers, restaurants or entertainment venues, they said.

"There are not a lot of department stores left out there that would take these spaces," said Steven Gartner, president of Metro Commercial Real Estate in Conshohocken. "It's as simple as that."

Boscov's, the nation's largest — and one of the last — family-owned regional department store

chains, filed for Chapter 11 bankruptcy protection Monday. It listed \$538 million in assets and \$479 in liabilities and said it would close 10 stores as part of its restructuring effort.

On Tuesday, the bankruptcy judge approved a \$250 million emergency loan, which will allow the retailer to pay its employees and buy inventory. The financing is led by Bank of America. The judge also approved an auction to select a liquidation firm that would handle store-closing sales. Those sales will begin Aug. 15.

The Boscov's in the Neshaminy Mall in Bensalem will remain open. Boscov's officials said they still hope to open a store in the Willow Grove Park mall, which was part of the 2006 Strawbridge's purchase.

Les Morris, a spokesman for the Simon Property Group, which owns the Oxford Valley and Montgomery malls, declined to comment on what would happen when Boscov's leaves.

In 2006, when department store owner Federated Department Stores Inc. announced it would close

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Strawbridge's and other regional retailers as part of its acquisition of Macy's, Simon replaced some of those stores with "lifestyle centers" that included specialty retailers, bookstores, restaurants and movie theaters.

Joe Pasquarella, managing director of the Philadelphia office of Integra Realty Resources, said to expect more of the same here.

"[Boscov's stores] are typically pretty large formats," he said.

"It's hard to find a tenant in today's climate that will take over the entire store."

At Willow Grove, in fact, the former three-story Strawbridge's was broken up to provide space for both Boscov's and the Cheesecake Factory restaurant, which opened on the third level last year.

"One of the good things is that the role of anchor, or who is an anchor, of a mall has changed over time," said Malachy Kavanagh, a spokesman for the International Council of Shopping Centers. "Years ago, it

was only considered to be department stores. Now you're seeing mass merchants and wholesale clubs like Sam's and BJ's and Wal-Mart and Target. Years ago, that was never a reality."

"Department stores have very, very, very long-term leases," he said. "They go for lifetimes. If it's an opportunity for an owner to get space they never thought they'd get back, and do something with it, that's a good opportunity. Time will tell."

Both the Oxford Valley and Montgomery are strong properties, he said.

Pasquarella, Gartner and Kavanagh agreed the store closings are all part of the lifecycle of a shopping center.

"We've seen this over and over again," Pasquarella said. "We saw it in the '70s when Lit Brothers went out of business. We saw it in the '80s. We saw it in the '90s. It's a cycle."

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