PRESS RELEASE

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Shuttered Stores Increasingly Litter U.S. Landscape

As shopping centers go dark, cities reconsider the merits of uncontrolled retail development

Minneapolis, MN—(September 29, 2008). Cities around the country are struggling with a growing number of shuttered retail stores and blighted shopping centers, and the situation is likely to get worse in the coming months.

While the current economic climate is a factor, the underlying cause is more than a decade of massive overbuilding in the retail industry, according to Stacy Mitchell, senior researcher at the Institute for Local Self-Reliance and author of *Big-Box Swindle.*

"By flooding areas with an excess of shopping space, retail chains and developers have not only undermined the viability of downtowns and small business districts. They have increasingly cannibalized sales at older big-box stores and shopping centers, thousands of which are now sitting empty," says Mitchell.

These abandoned buildings were not designed to accommodate other uses and often remain vacant for years, pulling down surrounding property values and deterring new investment.

Over the last 15 years, the amount of retail store space per capita in the U.S. has doubled, from 19 to 38 square feet. Meanwhile, per capita retail spending, adjusted for inflation, grew by only 14 percent.

With retail development significantly out-pacing consumer demand, over 1 billion square feet of stores and shopping centers have been left vacant.

That figure is likely to grow. Despite rising vacancies, developers are on track to bring another 150 million square feet of new retail space online this year.

Meanwhile, major retail chains have announced that they will abandon a total of more than 7,000 outlets, according to data compiled by the Institute for Local Self-Reliance and available here: http://www.newrules.org/retail/chainclosures.pdf

Chains that fueled the overdevelopment boom are now leading the bust, including Home Depot (closing 15 stores), Linens & Things (177 stores), Circuit City (69 stores), Movie Gallery/Hollywood Video (1,080 stores), The Gap (293 stores), and Starbucks (600 stores).

"Many cities are now realizing that new retail development may not make good economic sense, especially when it undermines existing commercial districts," says Mitchell. "Rather than becoming dependent on national chains, with their ever-shifting corporate strategies and lack of allegiance to the places they operate, more cities are focusing on growing locally owned businesses that are rooted in the community."

National statistics on retail vacancy mask consideration variation from region to region. Those cities and states that have taken steps to limit sprawling development have not experienced the widespread and chronic vacancies seen elsewhere.

Concern about the spread of empty stores has prompted more cities to consider stricter controls on retail development, such as limiting the size and location of new stores and requiring new shopping centers to pass an economic impact review. Last year, the state of Maine enacted the Informed Growth Act, a landmark law requiring cities to evaluate the economic impacts of large-scale retail projects before deciding whether to approve them.

About ILSR: The Institute for Local Self-Reliance (ILSR) is a national nonprofit organization founded in 1974 to advance sustainable, equitable, and community-centered economic development through research and educational activities and technical assistance. Through its New Rules Project, ILSR has worked with communities across the country to address the negative impacts of big-box development. For more, see http://www.newrules.org/retail and http://www.bigboxswindle.com

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