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Ex-Borders stores don't wait long for tenants

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Borders Group Inc. foundered earlier this year as online rivals cut demand for its book-selling business. But apparently there's still plenty of demand for the company's real estate. Three of the seven Twin Cities Borders bookstores that closed soon will turn a new page. The St. Paul store will be converted into a HealthEast clinic, the Roseville location will become a Becker Furniture store and part of the Minnetonka store will be filled by a Destination XL big-and-tall men's clothing store.

The results are encouraging, given the short period of time that those spaces have been on the market. Borders closed four of the stores shortly after its Chapter 11 bankruptcy in February, then shuttered the other three this summer when it decided to liquidate after failing to identify a buyer.

Dave Brennan, co-director of the Institute for Retailing Excellence at the University of St. Thomas, said he's not surprised by the early results and anticipates strong interest in the remaining four Borders vacancies as well.

There are 70 similar-sized properties available in the Twin Cities, according to Cushman & Wakefield/ NorthMarq Real Estate Services, but the Borders sites compare well, Brennan said. "Those are all pretty decent locations," he said. "I think there's a good chance they all get picked up within the next year or even less."

Done deals

MSP Commercial Cos. bought the Borders store in St. Paul's Midway area for \$2.25 million and will lease the 26,000-square-foot space to St. Paul-based HealthEast Care System, which plans to open a clinic there in March. The freestanding building at 1390 University Ave. is part of Midway Marketplace, a shopping center anchored by Cub Foods, Herberger's, Walmart and LA Fitness.

The clinic will offer nine internal-medicine clinicians, as well as certified nurse midwives and services in podiatry, audiology, allergy, and ears, nose and throat. It will have

eight intake rooms, 18 exam rooms and four checkout rooms. It also will house Optimum Rehabilitation, which is moving from the University Park Medical Building at 1690 University Ave.

Len Kaiser, HealthEast's director of business development, said the company had been scouting sites in the Midway area for the past two years. It was drawn to the Borders building because of its easy access to Interstate 94 and the Central Corridor light-rail line, as well as ample surface parking and the ability to offer a curbside drop-off area with heated sidewalks.

Chad Sturm and Josh Huempfer, retail brokers at Minneapolis-based Upland Real Estate Group Inc., represented the seller, a private entity called 2001 Books Holding. Lou Suarez, a broker for Colliers International's local office, represented the buyer.

Meanwhile, Becker Furniture has signed a lease to fill the 32,000-square-foot, two-story location at Rosedale Center in Roseville. It will be the fifth retail location for Becker Furniture, joining the flagship store in Becker and sites in Blaine, Burnsville and Waite Park.

Construction is underway and the store is slated to open by the end of the year.

In Minnetonka, Destination XL — a new retail concept from Canton, Mass.-based Casual Male Retail Group Inc. — will fill the 14,000-square-foot upper level of the former Borders store at Bonaventure Shopping Center, near Ridgedale Center. Property owner, Minneapolis-based CSM Corp., is still in the process of leasing the lower level.

There are six Casual Male XL stores in the Twin Cities, but this will be the first Destination XL store in the area. The company plans to have 19 DXL locations open nationwide by the end of this year and 50 by the end of 2012.

The landlord, CSM, also has signed Marshalls to fill the 26,000-square-foot former Linen 'N Things store at the shopping center.

NEW CHAPTER FOR FORMER BORDERS STORES		
Locator#/City	Shopping center	Status
1. Coon Rapids	Riverdale Village	Vacant
2. Maple Grove	The Shoppes at Arbor Lakes	Vacant
3. Roseville	Rosedale Center	Becker Furniture coming soon
4. Minnetonka	Bonaventure Shopping Center	Destination XL coming soon
5. St. Paul	Midway Marketplace	HealthEast Clinic coming soon
6. Woodbury	8472 Tamarack Bay	Vacant
7. Richfield	The Shops at Lyndale	Vacant

Story continued below.

Remaining vacancies

The recent deals in St. Paul, Roseville and Minnetonka leave four Borders stores left to fill: Riverdale Village in Coon Rapids, The Shoppes at Arbor Lakes in Maple Grove, The Shops at Lyndale in Richfield and a site at 8472 Tamarack Bay in Woodbury. Talks are ongoing at all of those sites.

There's also the former Borders at Block E in Minneapolis, which closed several years ago.

Woodbury may be furthest along. Florida.-based landlord Kin Properties Inc. has letters of intent for the 24,560square-foot site.

"The locations were good, so there are some good opportunities for other retailers," said Steven Sandelman, an asset manager for Kin, which owned 14 Borders locations nationwide. "Borders picked good sites. The rents were just too high for them."

Maple Grove and Richfield both have temporary Spirit Halloween stores, but have not yet secured long-term deals.

"We have conversations going on ... but we do not have a signed lease at this time," said Wendy Thompson, general manager at The Shoppes at Arbor Lakes.

An official at CSM, which owns The Shops at Lyndale, said there's "nothing new to report" there. DDR Corp., the Beachwood, Ohio-based real estate investment trust that owns Riverdale Village, could not be reached for comment.

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