

Retail occupancy up, rents down throughout Naperville

By David Sharos

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When Naperville resident Tom Kiecker and his wife, Karen, decided to open their own business, the decision about its location was easy.

“We wanted to remain in our hometown, and people around here like that,” Kiecker says as he looks out over Kicks Shoes, 22 E. Chicago Ave. in downtown Naperville. “People come in and say, ‘Oh, are you a franchise?’ and we just tell them we’re a local mom-and-pop store. They like that.”

Kicks Shoes, which opened late last year in December, has been a hit out of the box, says Katie Wood, executive director of the Downtown Naperville Alliance.

Local flair is what helps downtown’s reputation — and helps fill storefronts. Open retail space now, Wood says, is practically non-existent.

“Back around 2008, things kind of hit their low point here in the city, but today, I don’t think there are any more than about a half dozen spaces that are open, and some of them have already been leased,” Wood said. “People like the Kieckers aren’t even located within the major center of downtown, and yet they’re doing very well.”

Wood said the formula for attracting tenants in the downtown area is basically a two-pronged approach, which includes the location itself as well as the lure of the day/night foot traffic.

“It’s really the whole package when it comes to businesses coming here, as we have the strength of the foot traffic by day with the early-morning crowd and a vibrant nightlife,” she said.

Becoming state player

Kiecker said he began looking for a shoe store location three to four years ago for his wife, who used to be a buyer for Nordstrom. He had considered opening a location west of downtown along Route 59. But the current rent structure and the advantages of being downtown changed his mind.

“When the economy went bad a few years ago, it began to have an effect on the rent rates downtown, which aren’t cheap, but they have gone down slightly,” he said. “We also came because of the foot traffic. There are stores and destination spots around us that people go to every day, and we knew that would draw people to our store.”

As an economic engine, Naperville is emerging as a major player throughout the entire state — something that Christine Jeffries, president of the Naperville Development Partnership, says explains the low vacancy rate in the city.

“Back in late 2007 and 2008, the vacancy rate might have been somewhere around 15 percent at any one time, but today, it’s less than 3 percent,” Jeffries said. “For all intents and purposes, we’re close to full.

“If you look at the sales tax figures from last year, we’re the second highest in volume outside of Chicago behind Schaumburg, and that’s without a regional mall. And we’re closing fast.”

Big vs. small

The Route 59 corridor is also filling up although the absorption rate is different since many big box retailers have left larger holes.

“In the past six months, we’re seeing retail stores coming that were not here before like Gordmans and HH Gregg,” Jeffries said. “There have been concessions on lease prices, and it’s clear that national retailers see Naperville as a desirable location.”

Jeffries said the lure of Naperville is based on its mix of retail, restaurants and entertainment options and having a downtown “that is the core of a city of nearly 150,000 people.” Free parking and the array of amenities adds to the desire for businesses to come here.

“We have also partnered with national retailers, so that an Anderson’s Books and a Barnes and Noble can co-exist very nicely,” she said. “If you ask Anderson’s, you’ll find that their sales went up after Barnes and Noble moved in.”

Anderson’s confirmed that sales there “did not suffer.”

“We continue to have loyal customers that shop locally,” said Doris Blechman, an assistant manager at Anderson’s. “We offer great customer service, a lot of events and people continue to support us.”

New kids on the block

Leasing manager Mari Rodriguez, of Dynacom Real Estate Management in Naperville, said the surge in occupancy began in the last quarter of 2010 and has continued into 2011. Both Jeffries and Rodriguez said the more attractive leasing rates found by the Kiecker couple have helped bring other businesses into town.

“Landlords have been willing to lower their leasing rates after the market went bad, and now we’re actually beginning to see construction with things like the Promenade expansion,” Rodriguez said. “People see new things coming in and get excited.”

Other stores like Joe Naperville and Enchantments have joined Kicks Shoes as the new kids on the block. Rosebud moved to a new location while its former site waits for, what Jeffries said, “the perfect tenant.” Penzeys Spice is moving to a bigger storefront near Kicks Shoes, and a fitness group is poised to occupy its space at 235 S. Washington St.

“We love the foot traffic here, and the fact that we don’t carry a lot of stock and replenish things almost every week makes this work,” said Deone Matcichak, co-owner of Enchantments.

Cheryl Fahrenbach, manager of Twisted Olive Imports, which opened less than a year ago in July 2010, said “loving the Naperville area and living in it” made her and her husband want to work here as well.

“The timing was right and Naperville residents love shopping here in town,” she said. “We like being a part of the community.”