

MINNEAPOLIS

Downtown Minneapolis ready for boost from Nordstrom Rack opening Thursday

No other Racks are on deck in the Twin Cities, but the Mall of America location will be remodeled.

By John Ewoldt (<http://www.startribune.com/john-ewoldt/10644811/>) Star Tribune |

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The downtown Minneapolis retail market gets a sorely needed lift Thursday when Nordstrom Rack opens in the IDS Center.

The Nicollet Mall location becomes Seattle-based Nordstrom's 224th Rack outlet store, as the company's off-price stores continue to outperform full-line Nordstrom department stores.

"Department stores have moved down and discounters and outlets have moved up," said Beth Perro Jarvis of Minneapolis-based retail consulting firm Ginger. "Nordstrom Rack is successful because it feels like they're trying a little harder and the employees are a little nicer."

A year ago, Nordstrom had 200 Rack stores. By 2020, the number is expected to increase to 300.

Its full-line department stores are growing at a much slower rate. There are currently 122 full-line stores.



The Rack's share of Nordstrom's total sales — both online and in the stores — is about 30 percent, according to the company's 10K filing. In the second quarter, Nordstrom Rack and Rack.com net sales increased 9.8 percent, compared to 2.4 percent for the full-line stores.

The new 39,000-square-foot Rack, which will open at 8 a.m. Thursday for the grand opening, is the only two-story Rack in Minnesota. It takes up space formerly used by the Gap, which closed its street-level location in 2015, and TJ Maxx, which closed in 2004.

When Nordstrom credit card customers got a sneak peek on Tuesday, many customers initially thought it was a clothing-free Rack, since the men's, women's and children's clothing are in the basement. Many of the customers didn't realize or didn't remember that IDS once opened part of its lower level to TJ Maxx.

The downtown store will be somewhat different from other locations. It will include an alterations department, which only Mall of America offers locally. Store hours are also different from suburban stores. Except for the first day, it will open at 9:30 a.m. and close at 8 p.m. weekdays, and will be open from 9:30 a.m. to 7 p.m. Saturdays and 11 a.m. to 5 p.m. Sundays.

Perro Jarvis, who attended the preview on Tuesday, described the store as a step up from TJ Maxx.

(<http://stmedia.stimg.co/08-1004458411+06rack090717.JPG?w=2000>)



(http://stmedia.startribune.com/images/ows_1504733641)
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The new two-story Nordstrom Rack opens Thursday in the IDS Center.

"You get the thrill of the hunt but with a nicer experience," she said. "There are several mobile checkout lines instead of one long one, and it's nicely merchandised. I was surprised to see an impressive selection of MAC Cosmetics. You don't see that very often at an outlet."

Adding a brand as respected as Nordstrom will help downtown retail overall, but it's not a game changer, said Dave Brennan, a retailing professor at the University of St. Thomas.

"Downtown needs a destination-type place where people go exclusively for them like an Apple or Microsoft store," he said.

In 2015, Nordstrom added a long-sought second department store in the Twin Cities. When the Ridgedale full-line Nordstrom store opened, some expected its spillover to raise all retail boats at the Minnetonka mall.

"I don't think the bump is as impactful as hoped," said Dick Grones, principal of Cambridge Commercial Realty in Edina. "Nordstrom is doing fine there, but it doesn't have the level of merchandise that Mall of America has."

Nordstrom spokeswoman Anya Pavlovic said that customers are responding positively since the Ridgedale opening and that the store has added some higher-end lines such as Derek Lam 10 Crosby and Tory Burch handbags.

About 15 percent of the merchandise at a Rack store was originally sold at a full-line Nordstrom. Many of the items on the nearly 10 clearance racks in the women's and men's departments in the new Rack are from the full-line stores. Tags with a red sticker on them usually indicate that it came from the department store.

Pavlovic said that no other new Nordstrom Racks are on deck for the Twin Cities, but the Mall of America location will be remodeled. It is expected to be completed by fall 2018. Other Rack locations in Minnesota include St. Louis Park and Maple Grove. Earlier this year, Nordstrom opened its first store on the east side of the metro, a Rack in Woodbury.

The new downtown store employs about 75 people.

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