

BUSINESS

Twin Cities supporting two outlet malls just fine

A year after the Twin Cities became home to two outlets, both are thriving

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

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When the Twin Cities Premium Outlets in Eagan celebrated its first anniversary in August, another outlet center also celebrated.

The Albertville Premium Outlets, which was the closest outlet mall to the Twin Cities before the Eagan center opened, came through its first year with the new competitor in solid shape, said executives at Simon Property Group, which runs both.

“We picked up more customers with the two centers combined,” Mark Silvestri, Simon’s chief operating officer, said. “There was no cannibalizing between the two centers.”

For Premium Outlets at Albertville, the biggest challenge over the past year turned out to be construction on the highways in the northwest metro area, which started causing long tie-ups this spring. “Shopping traffic was steady from last August to March, and then construction started,” said Sara Smith, director of marketing at Albertville Premium Outlets. “Since then, the roadwork has definitely affected us.”

Customers such as Luana Ciccarelli of St. Paul, who lives closer to Eagan than Albertville, said she’s not giving up on the outlets in the northwest metro. “I prefer the layout design and the variety of stores in Eagan, but I miss Lululemon,” she said, mentioning one of Albertville’s most popular draws.

Simon wanted to make each center distinctive enough that customers would want to shop both. Its formula: 60 percent of the stores at each mall are unique to it.

Besides Lululemon, Albertville’s star retailers include Columbia Sportswear, Ugg Australia and Kenneth Cole. And Talbots debuted in April, Bass and Under Armour expanded, American Eagle just opened, North Face opens at the end of October and Kate Spade accessories will debut in December.

“Every time I say ‘Kate Spade,’ people’s eyes just get wide,” Smith said.

Eagan outlets are ‘rocking’

Adding new stores has kept customers coming back to Albertville. But there’s no denying the success in Eagan.

“Twin Cities Premium Outlets is rocking,” said Dick Grones, Minneapolis retail analyst. “It’s well accepted. Sales have been fantastic, and tenants are happy.”

Shoppers have been attracted to outlet stores exclusive to Minnesota, including a Saks Off Fifth anchor, J. Crew, Armani, 7 for All Mankind, Express, Robert Graham, Asics and Movado.

“I like both malls but I prefer the higher-end stores in Eagan,” said Kaylan Wurm of Monticello as she shopped in Albertville last month.

Ciara Stockeland, who franchises 11 Mode fashion stores around the country, including ones in Woodbury, Roseville and Eagan, said the Eagan store gets the highest traffic. “Sales have definitely met expectations,” she said. “We’d love a 10-year lease if they’d give it to us.”

Outlet centers are growing at a much faster pace than traditional shopping centers. Only one traditional enclosed shopping mall has been built in the U.S. since 2006, but 41 outlet malls opened in North America between 2012 to 2014. Last year, average sales per



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One year after Twin Cities Premium Outlets opened, it and its sibling in Albertville are doing well in gaining customers.

square foot at outlet malls was \$532. Traditional mall sales per square foot were \$480 per square foot, according to the International Council of Shopping Centers.

No one expected Twin Cities Premium Outlets to poach very many customers from the nearby Mall of America, though it's rare for an outlet mall to be built so close to a traditional mall. The synergy between the two works out well, according to Dave Brennan, co-director of the University of St. Thomas Institute for Retailing Excellence. "The location and proximity between Mall of America and the Eagan outlet is good for tourists to visit both in one day," he said.

Some retailers with an outlet store in Eagan and a full-price store in Mall of America have seen a loss of business at the MOA. "The brands that have a presence at both locations were the ones that may have been impacted," said Jill Renslow, senior vice president of business development and marketing at Mall of America.

Winter traffic concerns

The biggest challenge that retailers faced at the open air outlet centers is one that Mall of America can mostly disregard — winter.

January and February are the slowest months of the year for most retailers, but those in northern lifestyle or open air centers suffer the worst. Rahul Aphale, who owns Great American Cookies at the Eagan outlet center, said that his winter business was down 60 percent compared with busier spring and summer months.

Mary Van Note of Ginger Consulting in Minneapolis thinks that outdoor retail centers in Minnesota can do a much better job of handling winter. "They can take a nod from Vail or Beaver Creek Village [in Colorado] where the sidewalks are heated and heater units are placed outside the stores," she said. "They can make bad weather more cute and charming."

Silvestri said Simon hasn't brought in heaters to the Eagan or Albertville outlets yet. Eagan has roofs that cover parts of the walkways in the pedestrian oval, and the food court has a fireplace. Then there's the snow melter. All of the snow plowed off the parking lots is collected and melted with warm water to avoid the piles that claim parking places.

Lack of adequate parking was one of the biggest concerns initially in Eagan, but the problem seems to have been avoided. SRF Consulting Group in Plymouth told Eagan city planners that the mall would be victimized by major traffic backups during peaks such as holiday weekends and Black Friday. It forecast a shortage of more than 450 stalls.

But those issues have not materialized, said Twin Cities Premium Outlets General Manager Peter Lund. "We have two access points to the center which relieves congestion," Lund said. The center has occasionally used two open lots on both sides of the ramp for overflow parking.

Kendra Forga of Farmington shopped at the Eagan mall one weekend last month and the Albertville center the next weekend.

"Eagan has Saks Off Fifth and a bigger food court, but Albertville has Lululemon and Pebble Boutique," she said. "I guess I like both equally."