



ON RETAIL & RESTAURANTS

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BEHIND THE SCENES

This bad news may be good

MACY'S CLOSURE COULD ALLOW MALL TO REINVENT ITSELF

Losing Macy's isn't necessarily a death sentence for Country Club Plaza, some experts say. In fact, the upcoming closure could even be a good thing for the largely vacant shopping center at Watt and El Camino avenues.

"It's still a great retail intersection. It's just not that type of use anymore," said Doug Wiele, president of Foothill Partners, a development company based in El Dorado Hills. Wiele has worked in the industry for 40 years and has experience with department store deals.

A liquidation sale is underway at the Arden-Arcade store, which is expected to close in the spring. The local closure was among 40 store closings that Cincinnati-based Macy's Inc. confirmed last week. At the time, a partner in Country Club Plaza called the announcement "the best news that we could have possibly gotten." Some retail analysts say that's not a far-fetched assessment.

Macy's owns its building at Country Club Plaza, a center that struggled in recent years but got new ownership in 2014. Wiele said Macy's often maintains strict control over changes to its site plans, so it's possible the store's presence might have put constraints on redevelopment efforts at the mall.

Last year, Country Club Plaza appeared poised for a brighter future with the announcement of a new movie theater and WinCo Foods store. Both projects are moving forward, and the owners expect



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A buyer for the Macy's site at Country Club Plaza could replace the old building with a hotel, restaurants, office space or a mixed-use configuration.

to confirm more new tenants this year. With those developments in the works, the closure of the 165,000-square-foot Macy's store could be another boost to the mall's fortunes, said Jon Gianulias, a broker with Core Commercial Real Estate.

"All of a sudden, the mall could become a much bigger deal," said Gianulias, who has consulted and worked with previous and current owners of the mall.

Gianulias said most likely, a buyer would want to tear down the Macy's building because it's old and the space doesn't fit most retailers' priorities. That could pave the way for possible replacements such as a hotel, restaurants, office space or bowling alley, possibly even in a mixed-use configuration. Current mall owners could be a likely buyer for the

Macy's space, but there might be others. Ideally, the entire mall would have one owner, Gianulias said.

Jerry Wise, owner of Los Angeles-based Brad Management, a partner in the center, wouldn't say if the owners plan to buy the Macy's space.

The retail industry has changed since Macy's opened its Country Club Plaza store in 1961. Nationally, department stores are struggling, a result of factors ranging from online commerce to the rise of "fast-fashion" retailers such as H&M. But location likely also played a role in the decision to close the local Macy's, according to Wiele.

Reporter Ben Van Der Meer contributed to this story.

► FOUR THINGS...

... ABOUT CHANGES AT CALIFORNIA FAMILY FITNESS

The founders of California Family Fitness, Russ Kuhn and Larry Gury, have retired from the Orangevale-based business. What does that mean for the company? Here's what you need to know.

1. A NEW OWNER

Since 2006, both the founders and Boston-based Bunker Hill Capital have had ownership interests in CalFit. Last week, officials with CalFit confirmed Kuhn and Gury have "retired from business operations" and that Arlington, Va.-based Perpetual Capital Partners is now the sole owner. Terms of the acquisition were not disclosed.

2. NO IMMEDIATE CHANGES

The ownership change won't affect member privileges, said CalFit president Randy Karr. Also, Perpetual Capital Partners does not own the company's real estate. CalFit has 19 health clubs in the Sacramento region.

3. EXPANSION PLANNED

In a prepared statement, Karr said the acquisition supports the company's "vision to keep growing strategically by adding convenient locations for our members in neighborhoods throughout the Sacramento region."

4. FOUNDERS WILL STAY

Kuhn and Gury will continue to help CalFit identify and build new sites through their commercial development company, Fit Development. In a prepared statement, Gury said he was proud "that the leadership team and brand we built for so many years will carry on, and the company will continue to grow for generations to come."

► FOLLOWING UP

MILAGRO CENTRE ADDS TENANT, AIMS FOR MARCH 1 OPENING

THEN
Officials broke ground on Carmichael's Milagro Centre in 2013. The planned public marketplace consists of two buildings on Fair Oaks Boulevard between El Camino and Marconi avenues. It will feature many food-and-drink businesses: Ghiotto Gelato, The Patriot, Mesa Mercado, Insight Coffee Roasters, Fish Face Poke Bar and River City Brewing Co. The center's opening date has fluctuated.

NOW

Hunt and Gather is the latest addition to the center, according to Michael Stumbos of Stumbos & Co. Real Estate, one of the project's leasing agents. The approximately 3,300-square-foot business is a retail market that's a joint effort by Chris Jarosz and Ernesto Delgado, each of whom have another business in Milagro.

With the addition of Hunt and Gather, just one 969-square-foot retail space remains in the center, Stumbos said. "We are currently in negotiations with a local winery to open a tasting room with retail wine and related products sales," he said in an email. Milagro is expected to open March 1.

► IN THE WORKS

DOWNTOWN MOVIE COMPLEX CLOSED FOR REMODELING

What: The former Downtown Plaza movie complex has closed for remodeling.

When: The Cinemark Holdings Inc. complex closed Monday. It is expected to reopen in the fall as part of the retail development around Sacramento's new downtown arena.

Notable: The new theater will be called Century DoCo 9 Theaters. It will go from seven to nine auditoriums, including a Cinemark XD premium large-format auditorium. Other changes include an updated lobby and "luxury loungers," described as "electric-powered, oversized recliners with footrests and cup holders."

► ON TAP



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RAILBRIDGE CELLARS & CO.

Where: 921 11th St., on the ground floor of downtown Sacramento's Elks Tower

Operators: Michael Gelber and Michael Chandler

Opening: Early February

What it'll serve: Small plates, sandwiches, salads and dinner. A variety of beverages also will be offered, from espresso drinks and milkshakes to wine and craft beer.

What else you should know: The executive chef is Christian Sieck, who spent 14 years at former Del Paso Boulevard restaurant Enotria. The new restaurant will be open from 8 a.m. until 7 p.m. Monday through Friday, and available for private parties on weeknights and weekends. It will offer counter service until 2 p.m. and table service for the rest of the day. Most lunch options will be in the \$10 range.