

Real estate won't stay shelved for Borders spots

By David Kaplan

The six soon-to-be-closing Borders stores in the Houston area are in prime locations.

But some may be easier to lease than others, local retail brokers say.

The main concern is that four of the stores are two-story, a setup some retailers tend to avoid.

Except for a small store at Bush Intercontinental Airport, the local Borders stores also are big. The locations at the Galleria, Meyerland Plaza, the Centre at River Oaks at Kirby and Alabama, Baybrook Passage in Webster and Market Street in The Woodlands are all about 30,000 square feet or more.

“The biggest issue is that most of them are two stories, which is a potential problem for leasing,” said Scott Shillings, president of Riverway Retail, a Houston-based retail tenant representative.

“Two-story retail spaces are challenging for landlords and retailers alike,” said Kenneth Katz, principal at Baker Katz, a commercial retail brokerage firm.

Normally, retailers would not consider two-story spaces, Katz said, but since the locations are in prime markets and there has been little new retail construction, some retailers may give serious thought to adapting to a multilevel store.

In some instances, the space on the second floor of the Borders store is much larger than on the first, Katz noted.

One broker doesn't think the spaces will be vacant for long.

“They'll be rebranded pretty quickly,” said Lance Gilliam, managing partner at UCR moodyrambin, a retail real estate brokerage firm. The two-story challenge is not insurmountable, given how good the locations are, he said.

“I would expect that all of the landlords have the financial resources to weather any temporary loss in rent and reinvest in the property,” said Gilliam, who leases the site of the Borders at Kirby and Alabama.

Some two-story spaces may be easier to lease than others, Shillings said. The Galleria and Woodlands Borders both are on two-levels, but he believes the spaces could lease easily if they were to be split — with a different retailer on each floor - because they are in centers in which multilevel leasing is the norm.

Typically when landlords split a two-level retail space, they keep the street level for retail and convert the top level to office, he said.

The Borders store in the Baybrook Passage center in Webster is a one-story and should have no trouble leasing, Shillings said.

Working in the favor of all the Borders locations is that there is a limited number of big retail spaces in prime retail areas, said Ed Wulfe, chairman and CEO of Wulfe & Co. retail development and brokerage company. Wulfe & Co. leases for Baybrook Passage.

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However, Shillings noted, not every big space in town is currently occupied. The former Barnes & Noble at Westheimer and Post Oak, arguably a desirable location, has been vacant for months, he said.

Leasing the Borders space at the airport shouldn't be a

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problem, Gilliam said.

“There is a scarcity of retail space at the airport,” he said.

In other cities, Wulfe said, former Borders locations have been taken over by Best Buy, Books-A-Million, TJ Maxx and fashion retailer H&M.
