

# THE SUNDAY RECORD

"The Pulse Of Capital Country Today"

VOLUME 1979, No. 168

2nd Class Postage Paid  
At Troy, N.Y.

272-2000

SUNDAY, JUNE 17, 1979

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## Malls—Have we reached the limit?

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ALBANY — Shopping malls are the ultimate retailing device, and more: they're a state of mind.

The pulling power of malls such as Colonie Center is as phenomenal as it is mysterious. Bigger is better, distances don't seem to matter, crowds seem to beget more crowds.

The question is, can ever-increasing size defy the economic limits of an area? Put another way, can the available shopping dollar be made to expand simply by building more and bigger malls?

That is a very important question in the Capital District now. The proposed Crossgates Mall in Guelderland will add a third again as much retail space as currently exists in Capital District malls. In Loudonville, the Patroon Park proposal made last week would roughly equal Colonie Center, the area's biggest — another 20 percent jolt to the existing centers.

How much is too much?

The developer of Crossgates says a major expansion of retail

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the impact statement reinforces that view. Crossgates, says the statement, will mean 2,505 permanent jobs and a \$19 million annual payroll. That's on top of the \$34 million and 2,783 construction jobs required to build the mall.

And best of all, it will mean \$2.7 million each year in sales and property tax revenue over and above the cost of public services.

In the developer's scenario, everybody wins with Crossgates: "Wholesale and retail trade appear to carry the greatest likelihood of sparking future development in the Capital District," says the impact statement.

"A dramatic expansion of retailing — for example, construction of the Crossgates Mall — may have the effect of establishing the Capital District as the major commercial and distribution center between New York City and Montreal. This could include secondary growth in the services, and financial, insurance and real estate sectors."

Obviously, Pyramid sees Crossgates as an entirely new type of mall for this area. The size alone — 1.29 million square feet of retail space to Colonie Center's 800,000 square feet — sets it apart, as does the plan to have four department stores as "anchors".

The impact statement talks about the sameness of the department stores in existing shopping centers and the need to "broaden the quality and price range available" with "full-line and high fashion department stores."

But only one anchor store is named in the impact statement — J.C. Penny's. Penny's is already well represented in the area, and has been mentioned as a potential tenant in the downtown Schenectady mall.

This, however, would apparently be a different Penny's, one which the developer says would be "devoted 70 percent to product types not now available in the Capital District region."

space could bring in new customers, boost tax dollars and employment and spin off in dozens of ways.

A marketing professor at the State University at Albany says Crossgates could force existing shopping centers out of business, leaving empty buildings, a decaying tax base in some municipalities and no overall improvement in the area's economy.

It could also have an effect on the cause of downtown revitalization in both Troy and Albany.

Both sides base their conclusions on essentially the same information from industry associations and census data. The conclusions are different, says Dr. William Diamond, because the focus is different.

"They dismiss the impact; we're shocked by it," he says.

A word of warning: shopping center developments, like any other form of real estate venture, can start with a bang and end with a whimper. Witness Hudson Valley Mall, proposed four years ago in Schodack to take advantage of the housing boom which was supposed to result from the completion of I-90 through Southern Rensselaer County.

"We've been waiting for the demographics to catch up," explains Fred Rossini, the Lenox, Mass., developer. Shopping centers have to wait for the houses, and in this case the houses have to wait for the sewers. When they come, says Rossini, he has no doubt that the mall — bigger than Colonie Center — will be built.

"You don't see anything else on this side of the river," he reasons.

At the same time, there are always new feelers out. Schenectady City Manager Wayne Chapman says he's been discussing a downtown mall site, also possibly as large as Colonie Center, with two unnamed developers. And he also sees little impact in Crossgates — "They're two different market areas," he says.

Patroon Park can hardly ignore Crossgates or Colonie Center. That factor, plus the fact that the developers have not announced their backers and have indicated a willingness to be flexible on the plans, makes many people wonder whether a shopping center is in the cards there.

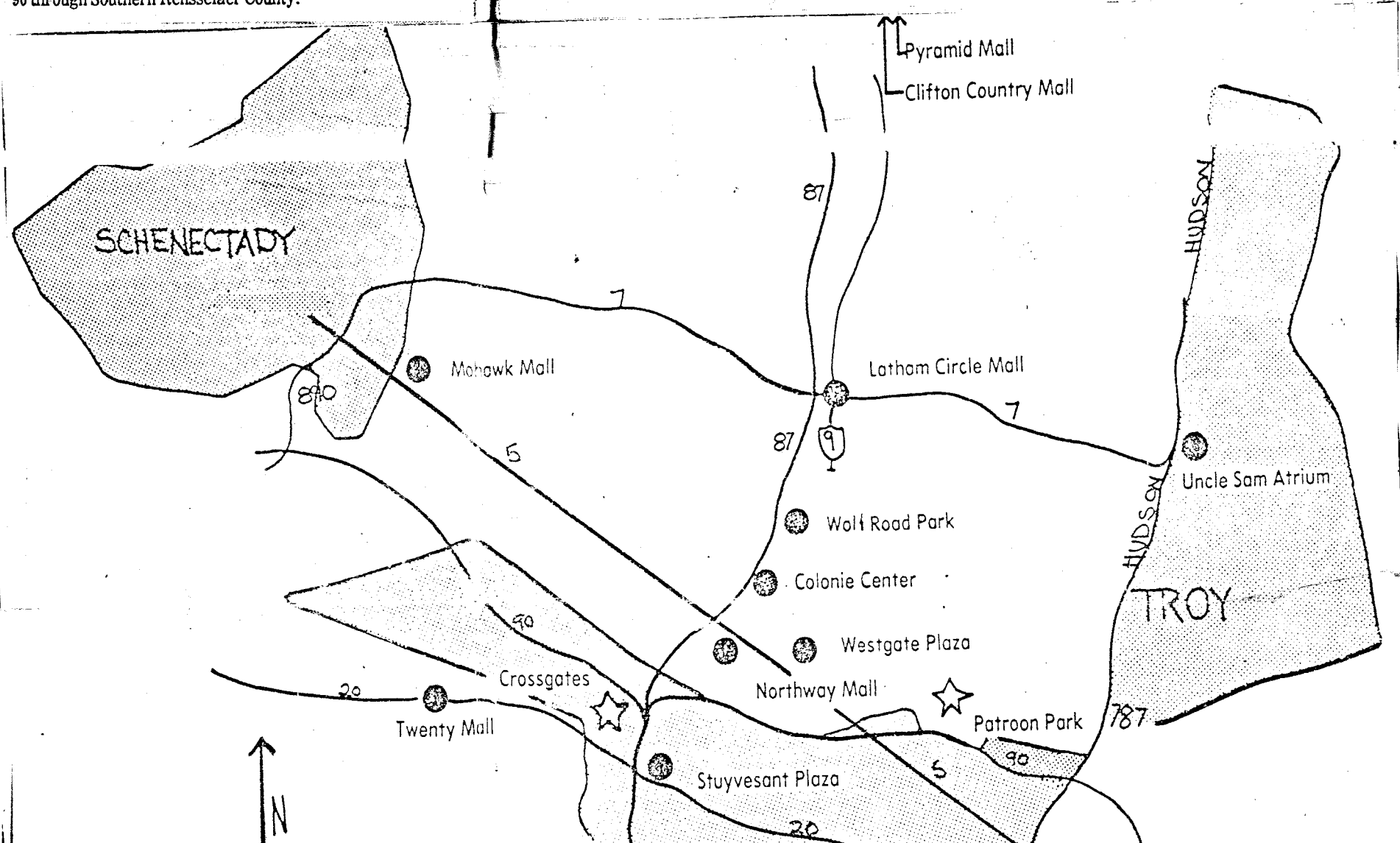
At any rate, Patroon Park would have to undergo the trial by fire now facing Crossgates.

That involves not only the usual local zoning and planning approvals, but also New York State's Environmental Quality Review Act (SEQRA), which is in some ways more demanding even than the federal environmental impact statement.

The Crossgates developers, Pyramid Crossgates Co., has filed its draft impact statement, which is currently being reviewed for completeness. The statement is already the size of two Manhattan telephone books. Six consultants were retained to prepare reports on everything from the project's impact on the water table to the effect of increased traffic on the air.

Because the 167-acre site is situated in the Pine Bush, and would obliterate 16 acres of protected wetlands, environmental considerations will get much of the attention.

But for local officials, economic considerations have made Crossgates an attractive proposition from the beginning, and



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Attractive as it may be, the expanding market theory isn't the only egg in the Crossgates basket. The other is the "gap" theory — the idea that the existing Capital District retailers aren't getting everything possible out of the market, so there is room for Crossgates to take up the slack without hurting them.

The gap itself is a fairly simple calculation. It's based on the difference between the per capita average of sales in eight areas statistically comparable to the Capital District — the "expected value" — and the actual sales figures for the Capital District. The figure, adjusted to 1977 dollars, comes to \$95 million.

The impact statement assumes that Crossgates can fill that \$95 million gap. Then, projecting \$140 million in sales for the new mall in 1980, it concludes that the total impact on competing malls and shopping centers will be \$45 million. (The impact on other types of retail stores is seen as a relatively insignificant \$8 million.)

Diamond began looking at the economic impact of Crossgates last year, before the impact statement was completed. He said Thursday he doesn't plan to critique the massive document, and has no disagreement with the approach taken by the developer's economic consultant, Harbridge House.

"I would have done what they did, plus what we did," he said.

Using essentially the same data — retail sales for the region, the size of the existing centers and their proximity to the Crossgates location — Diamond has attempted to calculate the impact of the new mall on a case-by-case basis. (See the table on this page.)

The results, he feels, are cause for concern. The impact on two obviously struggling facilities, Northway Mall and Westgate Shopping Center, could be fatal. Stuyvesant Plaza, because of its proximity to Crossgates, would also be severely hit.

All of Diamond's figures are preliminary estimates, and there are indications that his dollar figures, startling as they are, are far too low. For instance, his calculation of Colonie Center's loss of \$9.6 million per year is based on an estimate of \$70 million in total sales. In fact, figures supplied by a source close to the retailing business indicate that sales are between \$120 and \$140 million per year.

Since chain stores and shopping centers guard their sales information only slightly less zealously than the crown jewels, none of these figures can be confirmed. However, the higher Colonie Center figures cast doubt on Crossgates' projections of its own first year sales (also \$140 million for a much larger mall), and thus raise questions about the size of the gap and the new mall's impact.

The issue of economic impact in development has only recently been recognized as an area of legitimate public concern. What weight the economic issues will have in the Crossgates case is still unclear, but because the SEQRA law is still new, the decision will probably be a precedent for other developments.

The Pyramid Corp., a major commercial developer in the Northeast, has already had considerable experience dealing with the issue. In Vermont, a state commission ruled that Pyramid's proposal for a mall outside Burlington would have a devastating impact on the city's tax base. The developer is appealing through the courts.



SHOPPING MALLS compete with each other, but also — in the view of some developers — complement each other. This map shows the major shopping centers and malls in the Capital District which are likely to feel the impact of the proposed Crossgates and Patroon Park other factors, such as size of the center and the type of stores, must also be considered. (Map by David Williams)

In Pittsfield, Mass., city officials — with some state money to back them up — got Pyramid to switch from a proposed suburban mall to a downtown development.

Still, many of the issues raised by the size of the Crossgates Mall simply can't be answered by studies or statistics. They are basically matters of opinion:

— WILL A MAJOR suburban mall have a significant impact on downtown shopping districts? Diamond was able to calculate a 10 percent decline in business for Troy's Uncle Sam Atrium when Crossgates opens, only because the atrium follows the pattern of conventional suburban malls. Albany hasn't gone that route, hoping instead to attract new merchants into existing buildings, but has its own problems containing the impact of the Empire State Plaza. Diamond says his own view is that the major Crossgates impact on downtowns will be the psychological pause it gives to potential tenants. Many other experts, he says, feel that downtowns are "just a different animal" which decline or prosper for reasons which have little to do with suburban malls.

— WILL THE ENERGY crisis affect shopping habits? Experts have found the American driver an extremely contrary being. Sharply rising gas prices and limited supplies simply don't have the same impact as other supply- and-demand cycles — people need to drive. So no one is willing to predict how tight things have to get before people stop driving long distances to shop. One marketing expert suggests that rather than stop shopping at malls, people will adjust by coming less often but buying more. In fact, a recent report that traffic at Colonie Center is down while sales continue to climb appears to support that view.

— THE DRAW of a Crossgates is also complicated by behavior. To succeed on its own terms, Crossgates would have to draw from Utica - Rome on the West, Pittsfield on the East and Glens Falls on the North. It would have to draw significantly more than Colonie Center now draws from those areas. The impact statement talks about the "magnet" effect of bunching different types of malls close together, but offers

### THE CROSSGATES IMPACT — DIFFERENT VIEWS

Shopping centers	Pyramid's projections of shares of market after Crossgates	Diamond's projections of revenue loss after Crossgates	Diamond's projection of dollar loss after Crossgates
Crossgates	14.6%	—	—
Colonie Center	11.6%	14%	\$9.6 mil
Mohawk Mall	11.6%	9%	\$5.5 mil
Latham Circle Mall	9.2%	15%	\$5.3 mil
Clifton Country Mall	9%	9%	\$3.5 mil
Pyramid Mall (Saratoga)	9%	—	—
Northway Mall	8.4%	15%	\$7 mil
Stuyvesant Plaza	7.7%	13%	\$7 mil
Westgate Shopping Center	6.9%	16%	\$5 mil
Uncle Sam Atrium	—	10%	\$3.3 mil
Wolf Park Shoppers Center	—	14%	\$1.0 mil
Twenty Mall	—	16%	\$3.8 mil
Other	12%	—	—

THE economic impact of the Crossgates Mall on other area shopping centers and malls will be debated despite the absence of hard data. In a report prepared by Harbridge House Inc. of Boston for the developers, Pyramid Crossgates Co., the estimate is that there will be little impact due to market expansion. The Pyramid report estimates the share of the market each of the major malls can expect. Dr. William Diamond, a professor of marketing at the State University at Albany, has attempted to estimate the Crossgate impact, both in terms of the percentage of revenue loss and in dollars.