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Business Lending News

BIG STORE CLOSINGS: WHAT'S IT MEAN FOR SMALL BIZ IN THE MALL?

...AND WHAT ABOUT MAIN STREET?

The great department store decline is upon us. Big-timers like Macy's, Sears, K-Mart and JC Penney's are closing stores in record numbers. And some, like high-end retailers BeBe and BCBG are shutting their doors altogether. An estimated 3,000 retail stores - many of them shopping mall flagships - will close up in 2017. Some will keep an online presence, but the spate of brick-and-mortar closings is fast changing the face of the American shopping mall.

So fine. You're not their lender. What's it to you? It's time to think about the big picture.

What about the many small businesses in these shopping centers? Chances are your organization has mall-based small businesses - food court vendors, shoe repairs, jewelers - in your SBA and client business lending portfolio. How are they doing? Are they losing foot traffic? As the big guys close up, are the little guys losing business?

Now is a good time to actively reach out to these borrowers and have this discussion. Could be the major retailer's traffic slowed to a trickle months ago so the business isn't all that affected. By the same token, it's possible that the retailer closing up shop adjoins another big guy that's staying put. Or the business could be next to or a few doors from what's now or soon will be a huge empty space. It also could be that a major retailer's closing isn't the only factor affecting the business.

One or more of these factors is a concern for the business owner - and for you as their lender. Time to get the lay of the land. A frank discussion with the borrower will help determine what can be done in the short- and long-run. Is the business conducting a marketing campaign? Do you see a possible need for a workout plan in the next 6-24 months? In any event, regular check-ins with these borrowers should be a priority right now.

A Bright Spot: Main Street Shops

With the decline of the big guys comes a growing trend toward smaller boutique shops - many with their own brands - that cater to individual tastes. These could represent opportunities for your organization.

Big shop. Little shop. Middling shop. Whatever the size of the business, our JRB Team is here for you. We can conduct portfolio reviews, help evaluate these businesses, give underwriting assistance, and make appropriate recommendations. [Contact JRB](#)

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Vol. 17, No. 11