

## V. LOCATIONAL CHARACTERISTICS

### **Access**

Access to Hibbing is excellent via U.S. Highway 169, which connects Hibbing to Grand Rapids, Virginia, and other areas to the east and west. State Highway 37 connects with U.S. Highway 53 to provide easy and direct access to Duluth. Hibbing is also an easy drive from the Twin Cities of Minneapolis-St. Paul via I-35, then state and federal highways.

Locally, access throughout Hibbing is good. U.S. Highway 169 serves as a retail corridor on the south side of town. State Highway 73 provides access along the eastern side of the community and Howard Street serves as the downtown's Main Street.

Parking is largely sufficient for the current retail uses along U.S. Highway 169 and State Highway 73, but is a more controversial issue within the downtown area. Along Howard Street in particular, there is storefront parking, but limited surface lots. There is a perceived shortage of parking on the parts of both the residents and business owners. Whether the current ratio would be adequate from a planning standpoint is irrelevant if the perception is that parking is difficult to find. This perception alone can drive customers to other areas to shop.

### **Existing Conditions**

Overall, within the Hibbing community there is approximately 1,338,450 square feet of retail space, of which just over one-quarter (27%) is located in the downtown. The balance is located primarily along the south side of Hibbing in Irongate Mall, Wal-Mart Supercenter, and Lowe's, as well as smaller concentrations in Graysher Mall and Mesabi Mall. There are essentially two distinct areas within Hibbing that need to be addressed as part of this analysis:

- Downtown (for the purposes of this analysis is defined as Howard Street and the adjoining portion of First Avenue)
- Irongate Mall and Vicinity



*Downtown Hibbing has a number of advantages, but faces several challenges. Vacancies, lack of parking, and a perception of poor customer service are obstacles that the city can overcome to help strengthen its retail core.*

## **Downtown**

Downtown Hibbing (includes the Howard Street corridor and several blocks along First Avenue) offers a number of advantages, but has several challenges to overcome in order to return to a vibrant place to shop and dine. There are a number of successful specialty shops such as Howard Street Booksellers, Leuthold-Jacobson, and Zimmy's/The Atrium, but there are also a number of vacancies. The existing 367,150 square feet of retail space in the downtown needs more of a critical mass of retailing to attract more customers to the area on a more frequent basis. The greatest challenge for the downtown retail corridor is the somewhat disjointed nature of the existing downtown locations. Currently, vacancies and inappropriate storefront uses create an appearance that there is little retail in the downtown. With a greater mass or centralization of retailers, customers would view the downtown as a more viable retail district. Ideally there

should be more anchor-level retail that will create a larger draw to the downtown, so that the existing retailers can also benefit from increased traffic, both along the Howard Street and First Avenue corridors.

However, as will be discussed in the Conclusions section of this report, simply bringing in new retail to fill in vacancies in the downtown will not solve all the challenges. In addition to the aforementioned concerns regarding parking, the downtown faces other challenges including a perception that the city is difficult to work with and inconsistent hours of existing retailers.

Working in the downtown's favor are several factors including good existing tenants, existing infrastructure (e.g., sidewalks and storefront parking), and world-class non-commercial draws such as the renowned Hibbing High School and Bob Dylan's birthplace. Howard Street already has a strong element of walkability — it just needs a greater capacity to attract residents and visitors.



Further, there are a number of buildings that need to be repaired or renovated to make them fit within the downtown and provide a more enticing atmosphere. There are buildings with peeling paint, tacky or inappropriate signage, and signs that appear unattractive to shoppers and detract from the ambience of downtown. The downtown needs to mandate certain levels of building maintenance, develop and enforce signage codes, and maintain the city property to help attract downtown shoppers. The city and its retailers must always be conscious of two main principles:

1. The first impression will be the strongest (“You never get a second chance to make a first impression”).
2. A retailer only has 8 seconds to capture the attention of a passerby. In this time, the potential customer will make the decision whether or not to visit a given store.

These and other suggestions will be discussed in the Conclusions section of this report.



*Irongate Mall has substantial issues with vacancy. With only JCPenney and Jo-Ann Fabrics as anchors, the mall is well over 50% vacant. The lease rates are exceedingly low at \$5-\$7 per square foot.*

### **Irongate Mall**

The Irongate Mall, located along U.S. Highway 169 at 41st Street, represents the single biggest challenge in retail redevelopment in Hibbing. While the center has 250,000 square feet of retail space, over 50% is vacant. The remaining anchors are a 40,000-square-foot JCPenney unit and Jo-Ann Fabrics. Other uses include a fitness center and bible/religious store. Once a dominant retail center when it opened in 1979, Irongate Mall has seen its tenants leave for a variety of

reasons such as Kmart's corporate bankruptcy. When this 88,000-square-foot anchor closed, other retailers such as Maurice's and Vanity left with it. Ten years ago, the mall was 70% full, but has experienced increasing struggles to attract and retain tenants.

While there have been a number of reasons given for the continued decline of the mall, the fact that the mall has absentee landlords has certainly contributed to its current state. Moreover, the fact that statistical data shows Hibbing's population declining further deters new national retailers from opening in the mall, despite the extremely low lease rate of \$5-\$7 per square foot (healthy malls can average \$35-\$40 per square foot or higher). The high vacancy rate at the mall does not inspire confidence in national/regional retail chains in the retail viability of Hibbing.

As the mall has declined, the reduction in retail offerings has, in effect, forced residents to find alternate places to shop, essentially pushing them to shop in Duluth, Virginia, and Grand Rapids. Despite the mall's current condition, the addition of the new Lowe's unit nearby and its success is proof that the area has untapped retail potential and more retail expenditures can be captured in Hibbing.



*Downtown Chisholm competes for some customer business with downtown Hibbing. Both rely on customers from the primary and secondary trade areas for survival.*

### **Competition**

For both of these areas, but more specifically the downtown, there will be significant competition from within the PTA, including the Graysher and Mesabi Malls in Hibbing. Within the PTA, the communities of Hibbing, Chisholm and, to a lesser degree, Buhl and Keewatin, compete with each other for customers. Local establishments, such as bars/taverns, restaurants, etc., all need to draw regular customers within the PTA to remain vibrant.

Chisholm has an established downtown area with a number of bars, restaurants, and other neighborhood and community-oriented establishments. New restaurants and retail in Hibbing will likely have some impact on these operators, who will then have to work to retain their existing customers and attract new ones. Chisholm, because of its larger retail base, will have to make more adaptations than Buhl or Keewatin. Chisholm businesses will have to determine what makes them unique for their customers and play on those strengths so that they can retain the

retail sales dollars. While these establishments were taken into consideration when conducting the market analysis for Hibbing to ensure a minimal impact (there is no desire to see stores in Chisholm close as a result of retail redevelopment in Hibbing), there will be some impact. It will be crucial for Chisholm businesses to offer merchandise or experiences that cannot be found in Hibbing or at national chains.

Buhl consists of a small convenience store as its retail base. The community has a number of seniors and the prices in the convenience store are higher than they would like to pay, but many also have limited mobility to access other areas. While the community would like a small grocer, its viability would have to be analyzed. This type of use could be possible as people generally prefer not to drive more than 2-3 miles for groceries and Chisholm (which has a grocery store) is just over 7 miles away. Buhl's location within the defining radius for a number of retailers who want a specific distance between a new store and either competitors or a sister store made it challenging to attract a grocer. In addition, the population base is below that which will attract most national grocery chains. The addition of a grocer may be possible with the addition of more residents and/or industry; however, that would require a more specialized analysis.

Keewatin has a very small retail area that is neighborhood and convenience oriented. Due to the fact that Hibbing is almost 10 miles away and its retail is convenience based, retail changes in Hibbing should have a modest to little effect on Keewatin merchants. A market analysis for this community has not been done, but there may be potential for more convenience-based retail in this community.

### **Other Shopping Areas**

The surrounding shopping areas outside of Hibbing are located in Duluth, Virginia, and Grand Rapids. Due to its larger size and stronger retail offerings, Duluth exerts considerable retail draw on the Hibbing area. Hibbing area residents routinely travel there to shop retailers such as Gander Mountain, Best Buy, and Old Navy. Virginia and Grand Rapids have some overlapping offerings, but do offer some unique retail draws not found in Hibbing such as Target (both markets) and Herbergers (Thunderbird Mall in Virginia).

In 2001, a survey was conducted by the Hibbing Daily Tribune to assess shopping patterns for area residents. While this information is somewhat dated, it does provide some good insights which are still valid. At the time of the survey, 69% of respondents had lived in Hibbing/Chisholm (referred to simply as Hibbing going forward) more than 20 years, indicating loyalty to the community, but also implying people are likely set in certain shopping patterns and habits. Some key information about their shopping habits include:

- Within the past 30 days, 89% had shopped at IronGate Mall (but the vacancy rate was not as high at the time of this survey), 64% had shopped downtown Hibbing, 51% had shopped in Virginia, 42% in Duluth, and 33% had traveled to Grand Rapids. These factors indicate that residents are accustomed to traveling to shop, but do spend some time shopping in Hibbing.
- Within the last 12 months, 64% had ordered mail-order items from stores outside of Hibbing — a very high rate of mail ordering. With internet shopping now a popular form of buying goods, it is likely Hibbing also has a fairly large proportion of retail leakage going out over the internet. This has likely increased since 2001. Additionally, this further shows consumer spending outside of Hibbing by lack of choice.
- Of those spending money on mail-order items, almost 20% spent between \$500 and \$1,000. Assuming this proportion holds true for the general population, this 20% of the population alone accounted for between \$1.3 million and \$2.6 million in lost revenue from the primary trade area.
- When respondents were asked what type of merchandise they were likely to purchase outside the Hibbing area in the next 12 months, 25% said women's clothing, 19% answered men's clothing, and 14% stated computer equipment, 9% said furniture, 8% responded home entertainment equipment, and 5% said a major appliance.
- Of those who planned to buy furniture in the next 12 months, 30% said they would shop outside Hibbing.

- Of those respondents who planned on purchasing a major appliance, 23% said they would shop outside Hibbing.
- More than one-third (38%) of respondents who planned on buying home-entertainment equipment indicated they would purchase it outside Hibbing.
- While 34% indicated that they would make a home-improvement purchase over \$100 outside Hibbing. (This survey was prior to the Lowe's opening and is likely different in the current environment.)
- When asked what changes need to be made to the downtown, 68% said more variety of stores to choose from, 55% stated they'd like to see more variety within the stores, and 49% said parking. Competitive pricing was next with 43%.
- When asked about desired improvement in areas outside the downtown, variety of stores (57%) and selection within the stores (47%) remained the top two answers, and competitive pricing was third with 30% of respondents indicating this was needed. Parking came in last with only 11% citing it as a concern.
- When asked if they found the shopping options in Hibbing adequate, 43% stated no.

This study should be updated to determine the impact of Lowe's opening, Kmart and Pamida closing, and other changes. The overall indication is that Hibbing lacks adequate shopping and, therefore, residents feel they need to leave town to shop. This perception took root many years ago and has become ingrained in the residents. The balance of this section discusses the competing communities and why they are a draw for Hibbing residents.



## **Duluth**

Duluth has the most comprehensive retail offerings in northeastern Minnesota. Miller Hill Mall, a 757,844-square-foot mall anchored by Barnes & Noble, JCPenney, Sears, Younkers, and DSW Shoe Warehouse, is easily accessible to Hibbing area residents along U.S. Highway 53. This mall opened in 1973 and is only 3% vacant. In addition to this center, Duluth has Burning Tree Plaza, which is a 185,477-square-foot center anchored by Best Buy, David's Bridal, T.J. Maxx, and Dunham's Sporting Goods. Lease rates at Burning Tree Plaza are listed at \$8-\$16 per square foot for a community strip center. There are also a number of freestanding units such as Target, The Home Depot, and Gander Mountain that can draw residents to the area.



## Virginia

Virginia, which is part of the Quad Cities area, is home to the Thunderbird Mall, a 253,539-square-foot center anchored by Herberger's and Kmart. Opened in 1971, this center has a moderate level of vacancy. Coupled with the surrounding retail developments that house such units as Target, this area has enough critical mass of retail to qualify as a strong retail node for northern Minnesota.



## **Grand Rapids**

The community of Grand Rapids has a great deal of overlap with Hibbing in terms of retail offerings, but has some retailers (such as Target) that are not found within the PTA, and provide a different variety of options within a half-hour drive. Grand Rapids also has some unique offerings such as the Old Central School Shops, which is a collection of specialty boutiques (including a quilt shop and doll clothing store) in a renovated school building. These types of unique draws not only attract new visitors, but extend a community's trade area.