

From Retail Blues to Bluegrass: Manchester Pivots in the Age of Amazon

BY KATIE JICKLING

When yet another retailer abandoned the Price Chopper plaza in Manchester last year, Michael and Carolina Ellenbogen saw opportunity in the empty storefront. The two artists had long wanted to open a gallery, but rents in the southern Vermont town — long a retail destination for well-heeled tourists — had been too expensive for an enterprise as risky as abstract art.

But the plaza's landlord, faced with a number of vacancies, offered an affordable rent and a month-to-month lease. Last November, the Ellenbogens turned the 7,000-square-foot former Eastern Mountain Sports store into stART Space, a gallery displaying the work of 17 area artists.

Their venture is emblematic of the way Manchester's entrepreneurs and policy makers are trying to rebuild a town economy once dependent upon outlet stores but hurt in the last 10 years by the rise of internet shopping.

The town has rewritten its zoning laws, put a fresh emphasis on opening locally owned businesses, encouraged downtown housing, and diversified its tourist attractions to include music and film festivals.

"We're getting ready for a fresh coat of paint, metaphorically speaking," Michael Ellenbogen said. "New businesses are moving in."

While Manchester was unique in Vermont in its reliance on tourist-driven shopping, it is not the only community trying to adjust to declining retail sales.

The *Rutland Herald* reported last month that the local Diamond Run Mall hadn't made its required payments to Rutland since February 2017. So much space was available in South Burlington's University Mall that the city moved its library into temporary quarters there. In July, the Berlin Mall offered 3,000 square feet of free space for temporary use by local startups, freelancers and artists. Burlington allowed a developer to tear down most of the Burlington Town Center mall on Church Street this year in order to replace it with a mixed-use development.

"Retail in general is extremely challenging," said Joan Goldstein, commissioner of the Vermont Department of Economic Development. The future of web-based shopping is difficult for brick-and-mortar storeowners to predict, she said. And once retail stores are no longer profitable, the subsequent "adaptation and the adjustment is much more difficult," she added.

Nowhere has that adjustment been more challenging than in Manchester, a town of 4,400 that has drawn visitors for nearly two centuries for the mountain air, trout fishing in the fabled Mettawee River and, since the mid-20th century, skiing at nearby Bromley and Stratton mountains.

In the early 1980s, Lana and Ben Hauben, a New York City couple who summered in nearby Arlington, saw potential in Manchester. As Lana recalled in an interview on the Manchester Business Association website, her husband looked up Main Street one day and asked her, "Is this 57th Street and 5th Avenue, or am I dreaming?"

The two built their first store in 1984, for the upscale clothing company Ralph Lauren. Over the next 30 years, the Haubens grew Manchester Designer Outlets into



DESPITE THE RISE OF ONLINE SHOPPING, MANCHESTER RETAILERS AND RESIDENTS INSIST THEY HAVE A NEW, HOPEFUL STORY TO TELL.

stART Space

PHOTOS: CHRISTINE GLADE



Michael and Carolina Ellenbogen

an empire of more than 40 stores. Other developers followed. Clothing brands including Gap, Eddie Bauer, J.Crew, Brooks Brothers and Loft clustered in new buildings near the town's main intersection.

Out-of-staters flocked to the retailers. Manchester was written up in the *New York Times* and *Boston Globe* as a vacation destination for mountain biking, skiing — and shopping. Traffic jammed the town's main intersection so often that it became known as Malfunction Junction. The community thrived.

But after the 2008 recession hit, stores in Manchester began to close. National retailers including Famous Footwear, BCBGMAXAZRIA, Gucci and Coach joined the exodus.

The retail vacancy rate, which had hovered around 5 percent during the town's boom years, peaked in 2016 at 20 percent, with 53 stores vacant, according to real estate agent Paul Carroccio, president of the Manchester Business Association. Even when buildings were occupied, turnover was high, he said.

That year, the Manchester and the Mountains Regional Chamber of Commerce went bankrupt. The town attracted a new kind of media coverage. "Picture-perfect Manchester, Vt., isn't so perfect anymore" read the headline of a 2017 *Boston Globe* article.

A number of famous brands — including Ralph Lauren — still operate stores in Manchester. Manchester Designer Outlets still touts its 40 stores. But the turnover continues. Next to the Ellenbogens' art gallery, the former Yankee One Dollar Store space remains empty. Down the street, Banana Republic has cleared out. At the

end of September, Olympia Sports is leaving the Price Chopper plaza, according to Ellenbogen.

“Manchester isn’t the destination it once was,” said Sarah Foster, executive director of the American Museum of Fly Fishing in town. “Look at all the empty [stores] downtown. You walk through town, and it’s not what it used to be.”

Nevertheless, a decade after the financial crash and despite the rise of online shopping, Manchester retailers and residents insist they have a new, hopeful story to tell.

Town economic development officer Pauline Moore called the story of a struggling Manchester “tired.” Lingerie

storeowner

Joy Proft said she’d decline to speak with a reporter if

the result was going to be a “negative” story. Other business owners who spoke to *Seven Days* stayed relentlessly on message, insisting that the future of their downtown is bright.

“Are there empty stores? Yes,” Proft conceded. “But, to me, that’s an opportunity to come up with an idea that serves the core of this beautiful shopping destination.”

Town officials and local business owners say they are reinventing their downtown, with a focus on new housing and finding alternative uses for empty storefronts.

The town is diversifying. The first Green Mountain Bluegrass & Roots Festival concluded a four-day run on Sunday. And the Independent Television Festival will come to town this fall.

To attract youth sports tournaments, Manchester rebuilt its recreation park’s athletic fields. The town hopes parents will shop and eat out while their children play soccer and lacrosse, town manager John O’Keefe said.

Manchester has one advantage many struggling towns lack: a large cadre of affluent year-round residents and second-home owners willing to contribute cash to help the community. Private fundraising made possible the new athletic fields, a rebuilt bandstand on the town green and a \$6.2 million state-of-the-art library. This year, an additional \$125,000 in private dollars will go toward a new skate park.

The business community has also been at work. Carroccio and others started the Manchester Business Association to replace the defunct chamber of commerce. Town voters in March approved giving the association \$50,000 to sell Manchester as a destination. The business association also turned a vacant storefront into a part-time visitors center.

New housing is being developed in the downtown. Mark Lenza, a landlord who rents space to several businesses, is adding an apartment to a second floor of a retail building, and said he’s considering doing the same in a second building. Hauben and Manchester Designer Outlets are creating four new apartments in two existing buildings. Zoning adopted in June encourages even more housing by allowing higher density and taller buildings. The changes minimize red tape for landlords who want to convert retail space to housing.

Storefronts that once rented for \$25 or \$30 a square foot are down to \$15 to \$20 per square foot, according to Carroccio. That has allowed retailers — including Proft and the Ellenbogens — to set up shop. And when landlords Bill Drunsic and his son Steve redeveloped a century-old Factory Point National Bank building along Main Street, locals had the means to set up two new restaurants on the first floor. The Drunsics built four luxury condo units above the eateries.

The changes are “hardly a tidal wave,” said Andrew McKeever, news director at Greater Northshire Access Television and former editor of the weekly *Manchester Journal*, noting that Manchester may never return to its former vibrancy. But, he added, “It’s certainly a trend.”

It’s a trend that Manchester business owners are hoping to capitalize on — and market to the outside world.

On a sunny Wednesday in late July, couples shopped at the Manchester Country Store and sipped iced coffees in the shade of the Spiral Press Café. Two girls in the area for a horse show in nearby East Dorset walked down a sidewalk holding shopping bags and Starbucks drinks.

Newspaper-plastered windows made some vacant stores easy to spot. But only about 15 stores are empty, according to Carroccio — fewer than a third of the number from just a couple of years ago.

Manchester’s meals, rooms and alcohol tax revenues have risen 38 percent over the last six years, to \$454,000, O’Keefe said. That’s a result of growing business at the cafés and restaurants, hotels, and bars. Taxable retail sales have improved, climbing to \$98 million last year, though still well short of the 2008 peak.

O’Keefe uses “experiential” to describe Manchester’s future. He pointed to the appeal of sampling cheese and sausage at Fortuna’s Sausage downtown or picking a fresh baguette at Nature’s Market. “A lot of what we sell here is experience,” he said. “Amazon can’t do that.” ⑦

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