

# Cabela's lures little retail growth

## Few additional area businesses seen; a Falls Bass Pro could be competition

By [Tom Daykin](#) of the Journal Sentinel

A few years ago, Washington County officials thought a \$4 million lure, in the form of a subsidy to outdoor gear retailer Cabela's, would help snare jobs and tax revenue.

But so far, this fish story is more like the one that got away.

After Cabela's Inc. opened a huge store in Owatonna, Minn., the city of 23,000 lured a lot of nearby developments: a Comfort Inn and a Holiday Inn with an indoor water park; sit-down restaurants, including Famous Dave's BBQ and Timber Lodge Steakhouse; and outlet stores such as Slumberland and Russell Stover candy.

But the Milwaukee-area Cabela's has drawn few retailers since that 165,000-square-foot store opened in September 2006.

There's a large Ashley Furniture store and a convenience store, which both opened in 2008, north of Cabela's in the Washington County community of Richfield. There's also a small strip center that, to date, has landed just two tenants: a Hallman Lindsay paint store and Peaceful Pets, which provides pet funeral services. Both opened last year.

That's it. No hotels. No restaurants. No outlet stores.

That's not as much spinoff development that typically follows a new Cabela's store, said John Melaniphy, who operates Chicago-based retail consulting firm Melaniphy & Associates Inc.

The value of so-called destination retailers such as Cabela's, and their ability to attract other businesses, might be debated in nearby Menomonee Falls later this year. Local officials recently [approved plans](#) that could allow public funds to help finance a large development south of Highway 45 and west of Pilgrim Road, which would be anchored by a 130,000-square-foot retailer.

A real estate industry source told the Journal Sentinel that the prospective anchor tenant, which village officials declined to name, is Springfield, Mo.-based Bass Pro Shops. Like Cabela's, Bass Pro runs large, elaborately furnished stores that sell hunting, fishing and camping gear and clothing, and draws shoppers from a wide area, making it a destination. And, like Cabela's, Bass Pro could benefit from public financing assistance - something that would require additional Village Board action.

## Financial incentives

Cabela's, based in Sidney, Neb., received \$4 million from Washington County after agreeing to build the store in a triangle formed by the Highway 41 and Highway 45 split, and state Highway 145. The money is being repaid over 15 years through annual county sales tax payments generated by the store, with Cabela's making additional payments if the tax revenue falls short. Also, the state agreed to spend up to \$5.25 million on road improvements near the store.

When plans were announced, Cabela's said the store, with its aquarium and stuffed wildlife displays, would amount to a tourist attraction. Cabela's executives and public officials justified the subsidy by noting the tax revenue and jobs generated by Cabela's, and by the hotel, restaurants and other businesses they said would follow in its wake.

Cabela's has about 280 employees in Richfield, company spokesman John Castillo said. The store, with an assessed value of \$22.9 million, had a 2009 property tax bill of \$333,348, according to public records.

In 2008, the store generated \$231,883 in county sales tax, said Susan Haag, Washington County's finance director. Through November 2009, the latest period for which last year's county sales tax data was available, Cabela's collected \$210,651, Haag said.

But other retail development has brought a much lower amount of tax revenue.

Ashley Furniture and Mayfield Mobil on the Go convenience store had 2009 property tax bills of \$68,317 and \$29,956, respectively. The nearby strip shopping center had a tax bill of \$17,574.

There is potential for more development.

The 56,200-square-foot Ashley store and the Mobil on the Go were both built on parcels totaling about 10 acres that Cabela's sold.

The company has 16.3 acres still available for developers to buy, Castillo said, but the excess land hasn't sold as quickly as Cabela's executives had hoped. Castillo blames the economic slowdown, which began to take hold in late 2007.

The 16,000-square-foot strip center, which is only about one-third leased, has run into the same problem, said Jennifer Miller, vice president at Helsan Development Co. of Germantown.

Helsan Development created the retail center by converting a light industrial building.

"Because of the economy, it's been slow," Miller said. She hopes to land a restaurant and coffee shop at the center and said road improvements funded by the state make the area more attractive to retailers.

Additional retail may yet come to Richfield and the neighboring Town of Polk, which together have a population of about 15,500.

However, those communities are in semi-rural areas and lack the higher level of residential development sought by many retailers, said Jon Thoresen, a principal at Commercial Property Associates Inc., a Milwaukee retail leasing brokerage.

"It's remote," Thoresen said of the Cabela's location.

## **Bass Pro site closer**

By contrast, the possible Bass Pro site, which is roughly a 15-minute drive south of Cabela's, is a convenient location for many Milwaukee-area shoppers, Thoresen said.

That Menomonee Falls site also is close to other large retailers, including a Best Buy and a Steinhafels furniture store.

Finally, by locating closer to Milwaukee and its suburbs, Bass Pro would capture a lot of traffic that otherwise drives north on Highway 45 to Cabela's, said Melaniphy, the Chicago retail consultant.

"They're going to cut off Cabela's legs," Melaniphy said.

Castillo said Cabela's competes successfully with Bass Pro in other markets. The retailer enjoys a strong relationship with repeat customers who use the Cabela's Club Visa credit card to shop at the store and accumulate points for free merchandise, he said.

"Cabela's customers are extremely loyal to the brand," Castillo said. "We know that they will continue to visit our store."

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