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Costco lays out its vision for Sarasota mall presence

Mega-retailer would take over a defunct Dillard's

By [Kevin McQuaid](#)

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Ending months of speculation and anticipation, Costco Wholesale Club has outlined its plans to replace a derelict department store at Westfield Sarasota Square mall with a members' wholesale club.

Plans submitted to Sarasota County by the nation's third-largest retailer call for mall owner Westfield Corp. to demolish the former Dillard's and replace it with a 145,000-square-foot Costco -- a slightly larger building than the one the department store occupied before closing in 2009.

"Westfield and Costco are very committed to this project," Scott Titmas, a Westfield vice president, told the county's Development Review Committee Thursday during a preliminary hearing on Costco's plans. "We're trying to bring it to fruition."

Besides its traditional discount fare, Costco intends to operate a gas station at the mall, and sell liquor, tires and serve food, plans show.



AP PHOTO / PAUL SAKUMA

A customer considers a TV this month at a Costco in Mountain View, Calif. Costco is the nation's third-largest retailer.

Costco's desire to open a store at the mall -- its first in Manatee, Sarasota or Charlotte counties -- represents one of the first major retailers to enter the area since the region's real estate market collapsed four years ago.

Costco operates 567 warehouses, has 55 million members and has annual sales that top \$70 billion. The closest store now are in Brandon and Clearwater, 42 miles and 44 miles away, respectively, from Sarasota County.

Customers said they welcome the idea of having one of the company's warehouse clubs in the region.

"Residents in this area will be happy to hear they don't have to drive 20-30 miles to shop Costco," Bob and Barbara Swan, of Sarasota wrote in an e-mail. "This will be a great addition to the retail business at this end of Sarasota County, and it will revitalize the Westfield Mall @ Sarasota Square and the surrounding area."

For Westfield, the introduction of Costco to 13 acres at 8201 S. Tamiami Trail would provide a much-needed boost at a time when malls nationally are struggling to retain customers battered by the Great Recession, traditional anchor department stores are vanishing or shrinking, and mall owners are wrestling against non-traditional shopping avenues like the Internet.

"Sarasota Square has been struggling, to say the least," Titmas said Thursday.

Retail analysts note that anemic retail sales are not limited to Westfield, or malls in general, and that a top-quality operator like Costco could -- by itself -- go a long way toward turning around Sarasota Square.

"The biggest home run a mall could get is Costco," said Howard Davidowitz, chair of Davidowitz & Associates Inc., a New York-based national retail consultant and investment banking firm.

"Department stores, for years, have been shrinking," Davidowitz said. "So the only way for malls to stay in business is to come up with creative ideas, and Costco is perfect for a mall. They're very unique, because they're not just a discounter. They sell quality. After all, they're the biggest wine seller in the U.S. -- the biggest."

Though Costco has been exploring opening at the Westfield mall for at least eight months, Thursday's DRC meeting marked the first public pronouncement that the discount retailer is interested.

Costco officials have declined to comment on a Sarasota County site. The Issaquah, Wash.-based company's policy is not to discuss new stores until after building and other permits have been secured.

To date, Westfield representative Bohler Engineering has not filed for building or other permits for Costco, county records show, though preliminary plans have been submitted.

Westfield, too, declines to discuss Costco. Titmas referred inquiries to a corporate spokeswoman in Maryland.

Catharine Dickey, a Westfield executive vice president, said Thursday that the company "is always exploring new options with our malls."

"Costco is a fantastic operator," Dickey said. "And we would welcome their addition to our property. But there is no announcement that we can make today."

As such, a Costco opening date in Sarasota remains unclear, though the club is expected to debut sometime in 2011.

Titmas told county officials it would take about eight months to construct Costco's new building, once all necessary approvals were obtained.

County DRC officials said that once Bohler provides more formal plans, project approvals would take about six weeks.

It also could not be determined whether the new Costco would physically connect to the mall and its in-line stores, as Dillard's did.

County officials from land development, zoning, transportation, stormwater management, utilities, fire and other departments seemed pleased with the proposal, indicating that they did not represent a "major" change to the mall.

"We certainly want to bring this here and help make this happen," said Mary Stephens, a county DRC official.

If Costco's plans reach fruition, it would also continue a trend the retailer -- and competitors including Target -- have been moving toward for the past five years.

Among the retailer's latest Florida stores, for example, its Fort Myers outlet is connected to a mall. Elsewhere, at retail hubs like the Randhurst Mall, just outside Chicago, Costco joined more traditional mall anchors like Carson Pirie Scott and Bed, Bath & Beyond.

"It's a trend that happening and will continue to happen," Davidowitz said. "I think it's a great thing."

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