

# Los Angeles Times

## [Macy's is shutting its Westside Pavilion store and others in California](#)

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Macy's Inc. plans to close its store at Los Angeles' Westside Pavilion mall, as well as two others in California, the retail giant said Thursday as it grapples with consumers' increasing shift to online shopping.

The closures, which include Macy's stores at the Laguna Hills Mall in Orange County and the Stonestown Galleria in San Francisco, will occur early next year. It was not immediately known how many jobs would be affected.

The Macy's closure at Westside Pavilion probably is related to the recent opening of a new Macy's store at the nearby Westfield Century City mall, said Ron Friedman, co-head of retail and consumer products for Marcum.

"It's old, it hasn't been refreshed," he said of Westside Pavilion. "Why would I go to the Pavilion when I can go to brand new Century City?"

Located less than 2 miles from Westside Pavilion, [Westfield Century City is wrapping up a two-year, \\$1-billion makeover](#) into a high-end hangout and shopping destination.

The renovation brings five valet stations and more than 200 mostly new shops and restaurants, including famed chef Mario Batali's Eataly.

Analysts have said that malls of the future must be entertainment centers with a plethora of eating options to attract young consumers, rather than the current model that's heavily focused on apparel shops.

Westside Pavilion, owned by Santa Monica-based mall operator [Macerich Co.](#), recently lost its other anchor tenant Nordstrom to Westfield Century City.

Ki Bin Kim, senior REIT analyst and managing director at SunTrust Robinson Humphrey, described Westside Pavilion as a “fantastic piece of real estate” that has the bad luck of being sandwiched between Westfield Century City and 3rd Street Promenade in Santa Monica.

“Over time, it’s lost value,” he said. “This is potentially an opportunity for the company to do something different with this asset.”

Westside Pavilion representatives did not respond to a request for comment on Macy’s plans.

Kim emphasized that the Macy’s closure was not a bigger statement about the mall business.

“This is a unique situation for a unique asset,” Kim said.

Macy’s announced the [closure of 68 stores](#) nationwide and cut 10,000 jobs early this year, including locations in Simi Valley, Santa Barbara and San Diego.

Those closures are one reason Macy’s fiscal third-quarter profit — excluding one-time restructuring and other costs — jumped 35% from a year earlier despite a 6.1% sales decline, the Cincinnati-based company said.

Macy’s also said its comparable sales — those at stores open at least a year, a key gauge of retail performance — fell 4% in the quarter ended Oct. 28 compared with a year earlier. The company forecast a comparable-sales drop of 2.2% to 3.3% for its full fiscal year.

Even so, Macy’s Chief Executive Jeff Gennette said he was “excited about our plans” for the holiday season, in part because of a new loyalty rewards program.

“The loyalty program, special in-store experiences and a strong mobile and online presence will help drive holiday sales,” he said in a statement.

Macy's said its third-quarter profit, excluding the one-time charges, equaled 23 cents a share, up from 17 cents in the year-earlier quarter. Sales fell to \$5.28 billion from \$5.63 billion.

Key to improving Macy's financial results, analyst Friedman said, would be to reduce its store size to attract millennials, who aren't as interested in shopping at malls and in large department stores.

"They have to change their business model to be successful," he said.

Macy's and dozens of other major U.S. [retailers have been closing stores](#) and otherwise scaling back as shoppers increasingly make purchases on the internet at sites such as Amazon.com. Online shopping left many brick-and-mortar locations unprofitable as their foot traffic declines.

Kohl's Corp., another major retailer heavily dependent on apparel sales, said Thursday that its fiscal third-quarter sales of \$4.3 billion were flat compared with a year earlier, but its comparable-store sales edged up 0.1%.

The chain's third-quarter earnings, excluding one-time charges, fell to 70 cents a share, down 13% from a year earlier.

Shares of Macy's closed at \$19.50, up 10.98%.

Kohl's — with 1,156 stores nationwide, including 116 in California — enjoyed "strong results" during the back-to-school season but a "soft" middle of the quarter "as we experienced disruptions from the hurricanes and other unseasonable weather," Kohl's CEO Kevin Mansell said in a statement.

Kohl's stock closed at \$41.17, up 0.93%.

Mall owner Macerich is also recently feeling the heat.

In a [Securities and Exchange Commission](#) filing Thursday, the Dan Loeb-run hedge fund Third Point said it purchased 1.73 million shares of Macerich.

A [report from Bloomberg](#) citing unnamed sources said Third Point was expected to act as an activist investor and push for change.

Third Point declined to comment on the report.