ANOTHER MAJOR DEPARTMENTAL STORE READY TO CLOSE ?

Another large departmental store in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is to close, or partially close, or reposition itself, the last term, being the latest obfuscation of an economic scene of the same or similar genre.

The departmental store is the Pacific Place, 4-storey Seibu store, owned as to 86.80 percent by publicly listed Dickson Concepts (International) Ltd.

The 1999 Annual Report of Dickson Concepts makes no mention of any contribution to the Group's income from Seibu (it is owned through the subsidiary, Hongkong Seibu Enterprise Company Ltd) and the Chairman of Dickson, Mr Dickson Poon, did not refer to it in his 1999 Statement to Shareholders.

The Pacific Place Seibu presently occupies 4 floors, and its operations extend over about 120,000 square feet, according to a source in the rental office of Pacific Place.

TARGET confirmed that, within the next few months, at least 2 floors will be surrendered to the landlord, and negotiations are just about complete with the Swire Group – it owns Pacific Place – to rent out the 2 floors to another retailer.

Whether or not the remaining 2 floors will be surrendered before the end of the year, or Seibu will cease to trade in this Grade A retail space, is unknown.

Nobody with whom TARGET talked has denied that something in the neighbourhood of 200 employees will be hitting the streets, before the end of this year.

The Year of the Dragon may be an auspicious year for some people, but not, it appears, for staff of Seibu, unless the redundant staff can be retrained/relocated/redirected (other popular expressions for making staff redundant, these days).

Seibu, which also took over the space in Windsor House, Causeway Bay, a few years ago, when Lane Crawford could not make a go of it, had to sublet the basement to a supermarket, shrinking the size of its retail operations by as much as 50 percent.

The failure of Seibu (this has to be true otherwise it would not be moving out, partially or in total, from Pacific Place) is the latest confirmation of what is nothing short of a catastrophe in the retail industry in the HKSAR since 1997.

According to TARGET's reckoning, at least 2.50 million square feet of retail space have been surrendered by major departmental store operators in the HKSAR since 1997.

The acute problems in Wing On Department Stores (Hongkong) Ltd have been well documented, and it is confirmed that this once major retailer is to close its Central store this Thursday, February 10.

Dragon Seed Company Ltd, which operated a 50,000 square-foot store in Central for many a decade, closed its doors on December 31, 1999.

Hongkong Daimaru Ltd in Causeway Bay, which operated its 2 stores in Patterson Street, in Great George Building, Hyde Park Mansions and Riviera Mansions (just about the entire length of the street) and its homehardware and supermarket outlet in a street adjacent to Patterson Street, Cleveland Street, operated for more 35 years before succumbing to the inevitable in 1997 and 1998.

But it was not the largest departmental store failure in the HKSAR.

That was reserved for the Yaohan Department Store (Hongkong) Ltd, which hit the skids in the late 1990s, allowing its 9 stores to close, putting hundreds of employees out of work, and resulting in something of the neighbourhood of 1.20 million square feet of retail space to be left vacant.

The closure of Daimaru was the precursor to the closure of its closest neighbour, Hongkong Matsuzakaya Department Store, which was located at Number 2, Patterson Street, Causeway Bay, where it operated from a 65,000 square-foot perch in a building, owned by publicly listed Hang Lung Development Company Ltd.

That left just one large Japanese departmental store group, operating in Causeway Bay. That store exists today: Mitsukoshi Enterprises Company Ltd.

Operating out of Hennessy Centre – owned by publicly listed Hysan Development Company Ltd – Mitsukoshi operates a store, comprising about 100,000 square feet.

While nobody would talk to TARGET, officially, one Japanese Senior Manager, a Mr Manabu Ohira, said that business in his store was *'not good'*.

'Business (in 1999) *is much worse than last year* (1998)*'*, he told TARGET.

Mr Ohira confirmed that his store would not be closing down. He said that the problem with the store was *'only rental too high for us'*.

The only Japanese departmental store, which is thriving, these days, is Sogo ... CLICK TO ORDER FULL ARTICLE

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