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Oak Creek Ace closes

Higher rent, big-box retailers spell end for hardware store

By RICK ROMELL

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A local hardware store in a rapidly developing part of Oak Creek has closed, with one of the owners saying the struggling retail operation could not afford the higher rents generated by the area's commercial growth.

Oak Creek Ace Hardware, 8201 S. Howell Ave., shut its doors for good on Sunday. The Micale family, which owns the business, is moving the inventory and most of the employees to a sister store in South Milwaukee.

It's the fifth hardware store to close since 2011 in a 12-square-mile corridor through Oak Creek, Franklin and Milwaukee's south side.

"They're just dropping like flies," said David Micale, one of the owners of the now-shuttered business.

Competition from big-box home-improvement outlets — a long-standing problem for hardware stores — was among reasons underlying the decision to close, Micale said.

However, the clincher was that the store's lease was up, and a new lease would have cost

too much, he said.

"It's getting a little expensive to be in Oak Creek," Micale said. "They're building a market right here on the corner, and rent's going up, going up, going up."

The "market" near the strip mall the hardware store occupied is Drexel Town Square, a \$162 million development designed to be Oak Creek's downtown, with stores, restaurants, a hotel, higher-end apartments and a new city hall and public library. The project is one of the largest mixed-use developments in the Milwaukee area. It occupies the site of two former Delphi auto-parts factories that 10 years ago employed 1,400 people.

Asked how much rent would have risen under a new lease, Micale said, "Too much to stay here, let's put it that way."

Generally speaking, a major commercial development will tend to push up the value of nearby commercial property, said Tom Treder, a partner with Commercial Property Associates Inc.

"I think it does," Treder said. "Certainly it draws attention to the area, and it's bringing more users and retailers in this particular

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Struggling store shuts down

case that are looking for space in the market to capitalize on the additional synergy."

Even before Drexel Town Square, other development along S. Howell Ave. helped push land values up fivefold over the last 15 to 20 years, Oak Creek assessor Marty Kuehn said.

"It was \$50,000 an acre," he said. "Now it's \$250,000 (to) \$300,000."

"And commensurate with that . . . you're finding much higher rents," Kuehn said.

Coming into the space Ace Hardware is vacating: A Goodwill thrift store.

That may seem odd at first glance, but Goodwill is thriving and may well be the

fastest-growing retailer in metropolitan Milwaukee.

In 2009, Goodwill Industries of Southeastern Wisconsin Inc. had 10 stores in the four-county area. The Oak Creek store, scheduled to open next spring, will be the 18th in the region. Sales revenue at the nonprofit's retail operations across southern Wisconsin and northern Illinois, meanwhile, has nearly doubled.

Oak Creek Ace Hardware, on the other hand, was scuffling. Open for a decade, it lost money some years and never met the Micale fam-

ily's original ambitions for a larger store offering a wider variety of merchandise, David Micale said.

"People just weren't ready to buy riding lawn mowers here," he said. "It just didn't pan out."

However, he said the South Milwaukee store, in the Sunrise Shopping Center at 1009 Marquette Ave., has done well over the 20 years he and his brothers have owned it. It is in an older building with lower overhead and a good deal on rent, Micale said.

"It's always profitable," he said.