

BUSINESS: Retailer to vacate two York Region shopping malls

Pacific Linen folds

BY PATRICK CASEY
Staff Writer

More unexpected retail space has opened up at two York Region shopping malls after the Pacific Linen Company announced it will close its operation on both sides of the border.

Canada's largest specialty bed and bath chain, Pacific Linen, will shut 19 Canadian outlets, including its stores at Markville Shopping Centre in Markham and Newmarket's Upper Canada Mall. Another 10 in the United States will also close.

Both malls will lose their anchor Eaton's stores once final liquidation sales wrap up in November, while Markville, Upper Canada and Hillcrest Mall in Richmond Hill all lost Marks & Spencer stores when the London retailer began closing its 38 Canadian outlets in April.

A call to Pacific Linen's Seattle, Washington headquarters was not returned, but Universal Capital Group, a Minneapolis-based liquidation firm, has started plans to clear out all the stores' merchandise.

"We have wrote a large cheque for the right to go in and liquidate the entire inventory," Universal Capital Group executive Michael Catain explained in a telephone interview this week.

"Everybody uses linen and towels and sheets, so I believe this stock should go very quickly. We will also set up a job fair with a national chain because our goal at the end of this is to have zero unemployment. It usually works since there's such a demand in the retail sector, and good employees will have a job."

According to Catain, the average Pacific Linen store occupies between 18,000 and 20,000 square feet and employs about 20 people in each outlet. Other stores in greater Toronto include Oakville,

Brampton and Ajax, which just opened last year.

According to retail analyst Richard Talbot, Pacific Linen has experienced problems since its inception. It also faced steep competition from traditional department stores and American big-box player Bed, Bath and Beyond, which just announced an agreement to open its first Canadian outlet at the Vaughan Mills mall.

Founded in 1980, Pacific Linen closed a number of stores in 1996 after amassing \$32.1 million U.S. in debt. After the company sought Chapter 11 bankruptcy protection, American retailer Scott Hessler acquired the assets and injected \$8.5 million as part of a court-approved reorganization.

"Department stores in Canada are very strong in linen and I believe Pacific Linen just underestimated the strength in this market," said Talbot, a representative of Unionville's Thomas Consultants International Inc. "When you have good prices at The Bay, Sears or Eaton's, who needs to go to a specialty store?"

"Bed, Bath and Beyond is typically found in the Mills projects, and beyond is the key because they are twice the size at over 40,000 square feet. Pacific Linen is just what it says with bedding, towels and linen, and that's pretty boring. But walk around Bed, Bath and Beyond and you realize it's more of a full home furnishing store."

Talbot, meanwhile said both malls should have little difficulty replacing their Pacific Linen stores, especially since the company kept its monthly rent low by leasing with narrow frontage stores with large back space.

Calls to Toronto's Cadillac Fairview Corp. and Cambridge Shopping Centres Ltd., respective owners of the Markville Centre and Upper Canada Mall, were not returned.

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In addition to regular menu items, the Corner House also features special events throughout the year. "We've been doing a Lobster Fest in June, July and August since we opened and it's been our most popular special event," says Manager Jennifer Pennanen.

As always, live lobsters will be flown in from the east coast for the next festival, which runs September 21 - September 26 and for which reservations are strongly recommended. "We sold about 200 lobsters at the last event, in addition to our regular menu items."

This is something a lot of people seem to enjoy - they particularly like the fact that it's flown in fresh and cooked here.

"We cook it four different ways, steamed, broiled or in one of two

sauces, Lobster-Bonne-Femme and Lobster Thermidor. The restaurant also features periodic special events with the emphasis on international specialties including Italian, Cajun, Jamaican and Indian cuisine.

An Elizabethan feast, which is held each fall, attracts clients from a wide area. Outdoor barbecues are another customer favorite, and Pennanen and her staff once again barbecued a giant hip of beef at last year's Strawberry Festival. "The quality of food here is always well above average and our prices are reasonable," Pennanen said.

"We have a fully stocked bar and a good selection of wines from different countries and we've just redecorated and renovated the restaurant." Rich hues of blue and plum lend a touch of European sophistication to the ambiance, without detracting from the restaurant's country house charm.

The upper level features framed posters of jazz greats, while original paintings by area artists are displayed on the walls downstairs.

"We're featuring different artists every couple of months and the paintings are for sale."

Pennanen is an attentive and genial host, stopping at each table to chat to her guests, ensuring that everything is to their liking, and exchanging friendly banter. "I try to make it feel as comfortable as I can because I want everyone to come back again."

To make reservations for the Lobster Festival, call 640-8494.

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Manager Jennifer Pennanen shows off one of the lobsters as well as a wide selection of wine.