

BUSINESS

# Minneapolis skyway retailers stuck in limbo: 'It's been absolute devastation'

Businesses connected to the iconic downtown Minneapolis artery face uncertainty amid the pandemic.

By John Ewoldt (<https://www.startribune.com/john-ewoldt/6370594/>) Star Tribune |

MARCH 28, 2021 — 5:57AM

For nearly 30 years, downtown Minneapolis workers have wended their way through the skyways at lunchtime to grab Chicago-style hot dogs at Walkin' Dog.

Just over a year after most downtown office workers began working from home, Walkin' Dog is the only spot still open on the first-floor food court of Northstar Center. And owner Dave Magnuson misses his customers.

"I've taken to writing down descriptions of people I no longer see," he said.

He's filled a sheet with dozens of customers that he knows by name, job, order or physical attribute — Chocolate Shake Richard, Loading Dock Larry, Mike from Ameriprise, Fort Myers Steve, Canada Craig, Firedog Shawn, Big Mike Capella.

The famed Minneapolis skyway system, nearly 10 miles of arteries coursing through downtown's buildings, used to be traversed by hundreds of thousands of people every weekday. Since the pandemic and the unrest that began after George Floyd's death, most of the 200 or so businesses on or just off the skyway have closed. For places like Walkin' Dog that are still open, business is down 70% to 80%.

As Magnuson looks across the Northstar Center food court, he sees that Cheetah Pizza, Twin City Bites, La Loma Tamales and a convenience store are gone. Bamboo Garden still has seating but no signs of activity. And the Crowne Plaza Hotel whose doors emptied into the food court is closed.

"It was a neighborhood down here and now I'm the only one left," Magnuson said.

GALLERY

GRID

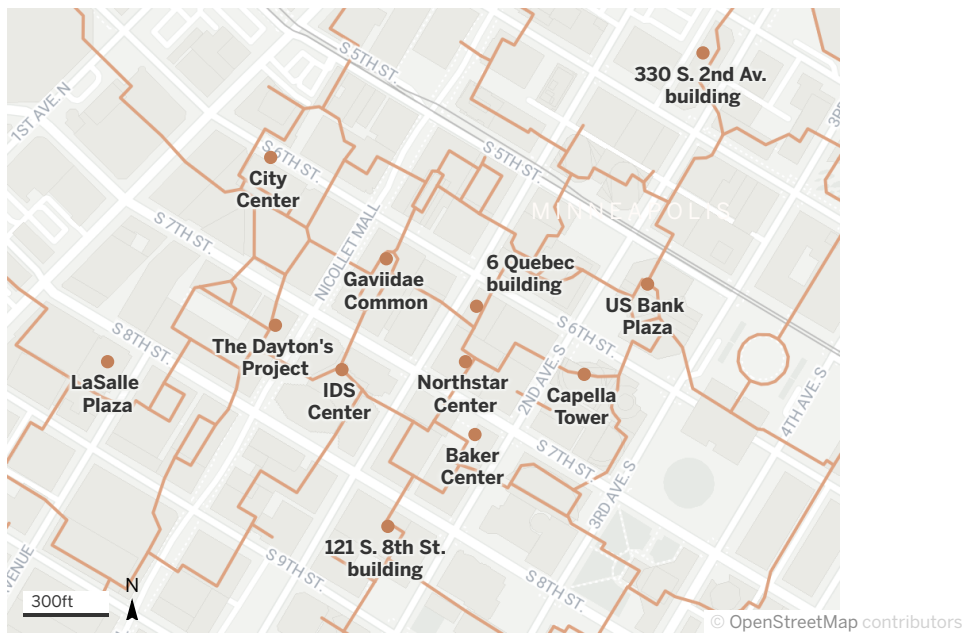
10/14



---

## Minneapolis skyway system

Here's a look at the core blocks of the 9.5 mile Minneapolis skyway system and some of the key buildings linked by it.



Map: Mark Boswell, Star Tribune • Source: City of Minneapolis

For businesses that never closed, hopes for a revival keep getting stalled by new waves of infections and, more recently, the trial of Derek Chauvin, which led to heightened security for blocks around the Hennepin County Government Center.

"It's been absolute devastation. I've used up everything I've had to stay open," said Frank Gambino, who owns three skyway restaurants, Andrea Pizza in the Capella Tower and Andrea Pizza and Jalapeño Mexican Grill in the 330 S. 2nd Av. building.

Like many small-business owners, Gambino stayed open partly because he didn't want to lose valuable employees who've been with him for as many as 18 years. But he didn't expect to lose 80% of his customers.

When they'll return remains in the minds of all downtown business owners. Some are hoping for a trickle by June and others by fall. Complicating matters is the expectation that, even when downtown offices reopen, employees will split their time between home and office.

Gambino was told by several Capella University employees working in the Capella Tower that it recently reduced the number of floors it needs from six to three. A spokeswoman for Capella University confirmed the company subleased a portion of its space, but she declined to discuss specifics.

Target's recent announcement that it will move 3,500 employees out of City Center and transfer them to other locations as hybrid workers also shocked businesses.

"Target was an awesome source of sales for us," said Justin Bedford, who owns Cardigan Donuts, which is on the skyway level in City Center. "We will miss them, but we're trying to remain positive. With loans and grants, it's given us a runway to pivot."

When walk-in business disappeared, Bedford blitzed social media with announcements of new delivery and curbside service. Deliveries within 20 miles of downtown and curbside pickup on 7th Street make up nearly a quarter of sales. Earlier this month it launched a large doughnut case in Frgmt coffee in downtown's nearby North Loop neighborhood. The result? Cardigan's revenue is back to 60% of what it was before the pandemic.

Deep Patel, owner of Salad Bar, a kiosk near Cardigan, looked into delivery and curbside too but didn't think it worked well for salads. He's concerned about Target leaving City Center, but also about the closing of some major retailers around the skyway.

Banana Republic closed in the IDS Center earlier this year and Saks Off Fifth across the hall is temporarily closed. The future of Saks' downtown outlet should be known by May, according to Jim Durda, who manages City Center for Ryan Cos.

In November, David Wagner closed his Juut salon, which had been open nearly 20 years on the skyway level in Gaviidae. With only Freshii restaurant, Walgreens and a convenience store open nearby after the pandemic began, Wagner asked for concessions on a three-year lease extension but the landlord wouldn't budge. Juut's lease will expire in July.

"Business was down 80% and it wasn't fair to the staff to stay open, so we moved all of them to our other salons," he said.

Wagner considered moving to IDS or the Dayton's Project but decided against it. "I don't think downtown has figured itself out yet. Signing a seven-year lease didn't make sense right now," he said.

Amy Hauge of Amy's Classic Confections also left downtown as her lease expired last year. She spent 16 years building her business in spaces in Northstar and Six Quebec. After seeing neighboring tenants not reopening and delays in refurbishing Northstar, she decided not to renew.

"Our wholesale business was growing three times as fast as the retail was, so we decided not to stay," she said.

Small businesses with up to 10 years remaining on their lease aren't so lucky. They often have no choice but to stay open, especially if the business is their sole source of income and a lifelong passion.

"We didn't have a choice. We had to stay open to make money and pay bills," said Jun Abematsu, owner of Sushi Takatsu in Baker Center. He opened his skyway business seven years ago and was attracting 400 customers a day before the pandemic. Now it's about 100 daily customers and he's cut his staff from five to three.

On the skyway level of Northstar Center, Gene Gittelsohn of Gittelsohn Jewelers has remained open but shortened his time to five hours on three weekdays.

"Sometimes I count the number of people who walk by," he said. "Some days it's only 35."

Gittelsohn's lease is up next year after 36 years. He and his son hope to renew. "I like to work, meet people and treat them right," he said. "My son needs this job. I still want to be here, so I definitely want to renew if things can get better."

He wonders if he might be one of the last locally owned jewelers left downtown with JB Hudson on Nicollet Mall being sold to Gunderson Jewelers from Iowa next month. Although CEO Brian Gunderson said in early March that he has no immediate plans to move the store, he said in an e-mail last week, "We are considering many options but none have been determined. We have discussed relocation as well as remaining in downtown."

Skyway destination businesses that work by appointment have fared better, including optical shops, chiropractors and dentists. Their work-from-home clients still come downtown for appointments.

Kevin Moss, owner of Moss Optical in the LaSalle Plaza, said most of his customers are now driving to see him. "Frequently, they say, 'I haven't been downtown in a year,'" he said.

Many people have told Moss they're worried about the safety of on-street parking, so Moss started validating in the ramp. He's also beefed up mailings and social media for customers who no longer walk by his shop. "I want them to keep me in mind. Their loyalty is keeping me in business," he said.

Across the hall, Dr. Josh Stephens runs Downtown Chiropractic Clinic, which, for a while, was the only business open in LaSalle Plaza's skyway.

"It's not like I had to turn on the building lights when I entered the building," he said. "Security guards were here, but I had to ask myself, 'Am I making the right decision to be down here when no one else is?'"

National chains such as Taco John's and Panera have temporarily closed their skyway spots until employees return. With far deeper pockets, they can absorb the loss of a closed location while others in the city or suburbs stay open.

Angelo Giovanis owns three locations of the Naughty Greek, two in St. Paul and one in Capella Tower. He wanted to make a go of it downtown despite the pandemic and unrest, so he reopened in Capella Tower in September but closed it after four weeks. "I wanted to be part of the solution and hoped that people would return, but it was a black hole of operating costs," Giovanis said. He's hoping to reopen by mid-May or June.

The upshot? His other two locations support the weak link. "If I didn't have the two St. Paul locations, oh my gosh, we'd have to be permanently closed depending on the landlord."

Nearly every landlord has been confronted with skyway tenants who can't pay. Larry Abdo of Abdo Markethouse, who owns the Six Quebec building, has lost four skyway tenants in his building, a coffee shop and an Asian food place. "We've forgiven rent, reduced rent and negotiated a fair amount to buy out a lease for good tenants who needed to end the relationship," he said. "I could hire a collection agency and sue them, but why leave an empty space if I can get some rent?"

Abdo has already filled the two vacancies he has with immigrant tenants willing to take it on as a low-cost investment. One element in the tenants' favor is that few landlords, especially those trying to attract new office tenants, want empty skyway storefronts.

Steve Cramer, CEO of the Minneapolis Downtown Council, sees signs of recovery among some employers. Deluxe Corp. will open in the former TCF building in the fall. Fredrikson and Byron signed a new lease to stay downtown. Ernst & Young will become the first major tenant in the Dayton's Project after moving from U.S. Bank Plaza.

"It may take a couple of years but, in the long term, buildings won't want substantial vacancies," he said.

Hauge from Amy's Confections said she'd consider returning downtown. "We were drawn to downtown's captive audience and the hours," she said. "It's a Monday-through-Friday job and no nights. It's still better than being in a strip mall seven days a week."

Gambino is committed after signing two 10-year leases in downtown shortly before the pandemic. His Capella lease is up next year, but it's his busiest location. "I don't know if I can walk away," he said.

The lease at Walkin' Dog expires in October. Magnuson, who is 61, isn't sure whether he'll stay or go.

"I'm four years away from Medicare, but I don't want to go anywhere," he said. "I love what I do, I make a little money that I've squirreled away, but there aren't enough people coming back downtown yet."

---

**John Ewoldt** is a business reporter for the Star Tribune. He writes about small and large retailers including supermarkets, restaurants, consumer issues and trends, and personal finance.

john.ewoldt@startribune.com    612-673-7633    StribEwoldt

//