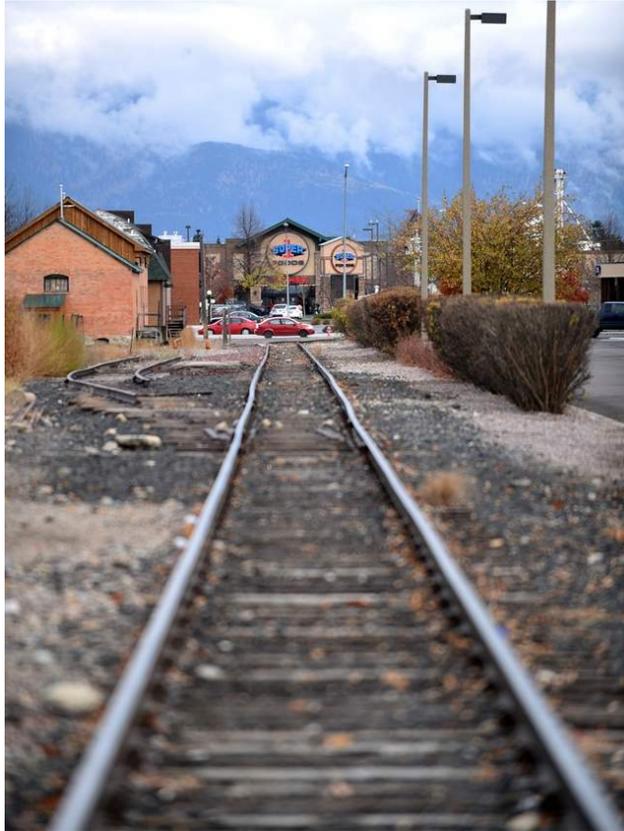


COMMERCIAL GROWTH STILL BRISK, BUT SLOWDOWN MAY BE IN SIGHT

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View of the railroad tracks running through downtown Kalispell. Once the tracks are removed, the city aims to redevelop the area through its Core Area development plan. (Brenda Ahearn/Daily Inter Lake)

After years of frenzied retail construction in Kalispell, the city might be looking at a lull in commercial building. □

Developers have been on a yearslong building spree, with box stores, chain restaurants and specialty businesses filling up the U.S. 93 corridor in north Kalispell and scattered projects in other areas of the city. However, proposals for new commercial construction have come to a near halt.

“The big trend this year is retail building is slowing down,” Kalispell Planning Director Tom Jentz said. “The reality is our largest retailer is amazon.com.”

From 2013 to 2018, new and relocating businesses added more than 700,000 square feet of commercial and retail in new construction and additions within Kalispell city limits. A big percentage — more than 370,000 square feet — was added to the north end of the city.

The dollar value of recent projects in Kalispell also tells the story of growth. For example, in 2010 — when the Flathead still was in the throes of a recession — commercial construction was at about \$2 million. That figure was at about \$25 million by 2016.

During the post-recession years 2008 and 2010, there was less than 11,000 square feet of commercial construction tallied for Kalispell. (The number came in at more than 200,000 square feet in 2009, but almost 190,000 of that was the new Walmart building.)

Kalispell North Town Center could take a hit if retail construction falters, Jentz said. The mixed-use development features 500 acres of commercial property behind the new Ford dealership east of U.S. 93 off of Reserve Drive. Though the Rose Crossing connector from U.S. 93 to Whitefish Stage Road has been completed, Jentz said no other significant retail stores or other commercial enterprises have sought permits at that location.

“We’re just working to get more energy and excitement,” Jentz said.

After a building boom in 2007, when the city saw completion of notable projects such as the new Sportsman & Ski Haus, Eisinger auto dealerships and Murdoch’s Ranch and Home Supply, the recession brought building to a virtual standstill in 2009. The situation lasted until the arrival of Cabela’s in 2013 marked the beginning of a retail building boom in north Kalispell. Hobby Lobby, Dress Barn, REI and many more national retail and

food chains have since filled up once-vacant land along U.S. 93.

The only commercial construction in the works in that area now is an Urban Bricks Pizza franchise, next to the new My Place Hotel.

Another Kalispell project on the hunt for tenants is Glacier Rail Park, with space for three or four additional rail-served businesses. The recently completed \$11.5 million industrial endeavor in the northeastern part of Kalispell is hosting \$14 million worth of building projects from CHS Mountain West Co-op, with grain elevators, a warehouse and fertilizer plant. Northwest Drywall is also relocating to the development meant for train-served businesses. Montana West Economic Development was a major driver of the rail park.

One of the biggest retail construction undertakings in recent years was the 40,000-square-foot addition to Herberger's in the Kalispell Center Mall. Herberger's sits empty now after the store closed in April 2018, after its parent company Bon-Ton Stores announced its liquidation. Jentz said he has heard rumors of new tenants in the space, but mall owners won't confirm any plans at this time.

Kalispell Regional Healthcare had been one of the biggest players in regional construction in the last decade, with a new emergency services center, the Digestive Health Institute, the Children's Medical Center and more, but Jentz said that Kalispell Regional is "buttoning up" and has no new projects slated.

Susan Nicosia, city manager of Columbia Falls, said the city has been blessed with a steady growth in a good mix of residential, commercial and industrial projects in recent years. Commercial building activity for Columbia Falls in 2018 totaled almost \$9 million.

Much of the focus has been on the downtown Nucleus Avenue corridor, where reconstruction projects have modernized the aesthetics of the street, brought in new businesses and increased traffic. One of the biggest was the 2018 transformation of the Bandit bar into the Gunsight Saloon, with a landscaped patio and new Western-themed bar and restaurant. The former Los Caporales, renamed Vaqueros, did some extensive remodeling to its Mexican restaurant, and the additions of North Fork Pizza and Uptown Hearth bakery and cafe were also part of the downtown facelift in the last few years.

"With all the businesses, there was an uptick in visitors," Nicosia said. "You couldn't find parking most nights in Columbia Falls downtown in the summer."

One of the highest visibility projects was the Cedar Creek Lodge just off of U.S. 2. Built by prolific developer Mick Ruis, the \$7 million hotel was completed in 2016 and sold to Xanterra in early 2017. Ruis also led the way in changes to Nucleus Avenue, with the completion of Columbia Crest, a new three-story building with business and retail on the main floor and four residences each on the second and third floors.

Whitefish Credit Union also completed a major project in Columbia Falls in 2018, with its \$1.7 million office along U.S. 2.

In the industrial development sector, Western Building Center constructed a new \$1.7 million truss plant in Columbia Falls, and Columbia Rising Industrial Park, a 19-lot subdivision, has preliminary plat approval on the former Weyerhaeuser property.

The park offers 40 acres for light and heavy industrial-zoned businesses and is recruiting wood-product and related industrial tenants. SmartLam, in the process of installing a new press for its cross-laminated timber, is an anchor tenant for the park.

Murdoch's Ranch and Home Supply, off of U.S. 40 west of town, was a high-profile project completed in late 2015. The next tenant in that three-lot commercial subdivision will be a Smith's fuel facility.

In Whitefish, five new commercial building projects were permitted in 2018, the same as in 2017. Recent commercial building permits included two mixed-use retail and apartment buildings on Central Avenue by developer Ruis. A big change on the retail landscape is the planned relocation of Nelson Hardware from downtown Whitefish to a new facility now under construction on U.S. 93, across from Mountain Mall.

The year 2016 had seen the height of commercial building in Whitefish in a decade, with 11 projects approved. These included a downtown parking garage, the Hampton Inn and Firebrand Hotels and the new world headquarters of the Glacier Restaurant Group.

Other notable commercial additions to Whitefish in the last decade include the remodel of Casey's bar and the Mountain Mall, the Don K Subaru dealership expansion, the construction of a Walgreen's and the new Hurraw! lip balm facility.

South of Whitefish provided the biggest commercial boost within the Flathead County jurisdiction, when a county zoning change created a new development area along U.S. 93. Whitefish Marine & Powersports was the first commercial project completed in the area. County Planning Director Mark Mussman expects additional commercial use there.

He said his department is also aiming to promote redevelopment of properties that have been abandoned among current commercial corridors.

"It's a little concerning when Nissan and Hyundai leave Evergreen and head south," he said. "It leaves those huge voids in vacant commercial properties."

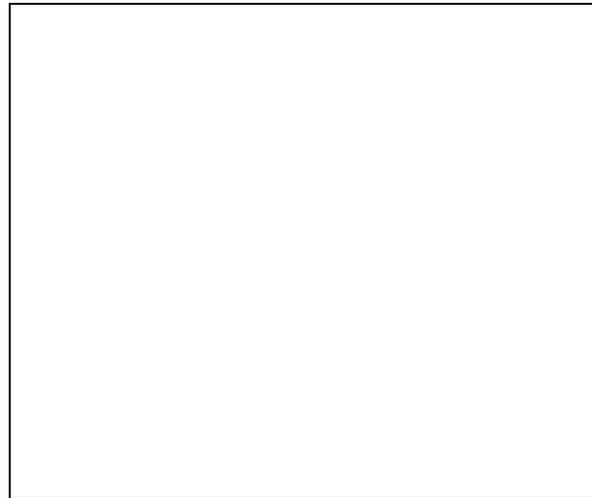
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