

# Macy's, Big Lots join other US retailers in shutdown of thousands of stores

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Macy's, the largest department store chain by sales in the United States, is set to close 65 "underperforming" locations by March 23, 2025, as part of a broader strategy to shut 150 stores—or about a third of its operations—by 2026. The move will eliminate thousands of jobs and follows an ongoing trend of retail closures driven by the shift to online shopping, and more cautious consumer spending due to inflation, higher interest rates and crushing levels of household debt.

Retailers across the US, including Big Lots, 7-11, Family Dollar and Walgreen's, announced thousands of store closures in 2024. An October 26 CNN Business article, titled, "Consumers reach their breaking point, forcing retailers to shutter stores at a worrying pace," noted: "Major retailers have announced 6,189 store closures so far this year, already outpacing last year's total of 5,553, according to Coresight Research. Chains are on track to close the highest number of stores in 2024 than any year since 2020, when the Covid-19 pandemic decimated the industry."

Consumer spending accounts for nearly 70 percent of US economic activity and the Christmas holidays are a make-it-or-break-it period for retailers. Though the corporate media trumpeted the Mastercard/Spending Pulse report showing that this year's holiday spending had risen 3.8 percent over 2023, Target, Macy's and Kohl's all cut their forecasts for profitability ahead of the holiday season.

A far more accurate picture of the state of things came from the executives of Japan-based Seven & i Holdings, which is closing nearly 450 7-Eleven convenience stores in the US and Canada. In a conference call in October, they told investors that persistent inflation, high interest rates and a "deteriorating employment environment" had created "a more prudent approach to consumption, in particular among middle- and low-income earners."

Underscoring this economic distress, consumer discount

retailers like Big Lots announced it will be liquidating its 908 locations nationwide and holding "going out of business" sales after the failure of buyout bid by private equity firm Nexus Capital Management.

Macy's operates 459 stores under the Macy's brand name and another 32 Bloomingdale's luxury stores. The closures are part of the company's "Bold New Chapter" strategy to streamline operations and boost profitability, including liquidating "non-go-forward stores." In a December 11 conference call, Macy's CEO Tim Spring told investors and financial analysts the company was raising the first round of store closures from the previously announced 50 to 65 and that these would "occur post-holiday."

So-called activist investors, angered by falling share values, have pressured Macy's to cut costs and monetize assets, including selling real estate and leveraging its Bloomingdale's and Bluemercury beauty product brands. Share values continued to fall after Macy's announced its third-quarter profits of \$28 million, down from \$41 million a year ago. Values have stabilized since Wall Street received word of the increased number of closures.

The company's footprint has been shrinking for many years. Under pressure from previous investors, Macy's sold its San Francisco men's store for \$250 million, its Minneapolis flagship for \$59 million, a portion of its Chicago Loop flagship for \$27 million and its Pittsburgh flagship for \$15 million. In December, Macy's said it was selling its iconic building in downtown Brooklyn, New York to United American Land. Macy's will reportedly lease the four story, 440,000 square-foot property in the Fulton Mall from the new owner but it is not clear how long the store will remain open.

The company has returned \$8.7 billion to shareholders over the last decade though stock buybacks and dividends. But this has not stopped private equity firms from aggressively expanding their presence on Macy's board

of directors and pressing to liquidate more stores based on their potential real estate value.

In July, Macy's board of directors rejected a \$6.8 billion takeover bid from Arkhouse Management and Brigade Capital Management. The Wall Street speculators were apparently planning to secure financing for the deal based on future sales of the 150 properties on the chopping block.

In December, Joseph Sitt, Chairman of Thor, stated, "Macy's owns valuable and well-located real estate assets—led by its flagship property at Herald Square in New York City—that we believe are worth between \$5-\$9 billion. In our opinion, Macy's board should create a separate real estate subsidiary to collect market rents from Macy's retail operations and pursue other asset sale and redevelopment opportunities. We believe doing so would greatly maximize the value of these owned assets for the benefit of stockholders."

The closures will have a devastating impact on workers at the department store, which employed 94,000 salespeople, stock workers, managers and other employees as of January 2023. The concerns and anger of Macy's workers were reflected in some of social media posts, including on thelayoff.com.

"I'm sick of these activist investors. They are all just bottom feeders. All they care about is the real estate. All they WANT is the real estate at the expense of everything and everyone else."

Another read: "In a little less than 10 months, the company has announced its closing 150 stores and decided to call it a "Bold New Strategy" when every failed retailer had a similar, but maybe less presumptuous spin on similar downsizing approaches. We have moved from one activist investor distraction (Arkhouse) to the embarrassment of a delayed earnings release, to yet another activist investor fiasco (Barington). Now we learn that the company is selling assets for pennies on the dollar. What a year, can't wait for the next survey, it will be interesting to see if we leave the question about trusting senior leadership or asking people how they feel about the future in the survey."

"Reducing expenses means layoffs and reduced staffing. Staffing is always the biggest expense and the easiest way to cut costs," another worker wrote, with one replying, "On top of that they want a huge stock buyback. Sure, why not...just print some money. It works for the Feds."

In addition to Macy's, Big Lots and 7-Eleven, the list includes:

**Family Dollar:** the discount chain announced 677 store closings in this year.

- **Walgreens:** the pharmacy and convenience chain plans to close 1,200 stores over the next three years, including 500 in the fiscal year 2025.

- **CVS:** The pharmacy giant closed nearly 300 stores in 2024, on top of the 600 it has previously shuttered since 2022.

- **Advanced Autoparts:** More than 700 locations will be closed by the middle of 2025, as the car parts supplier introduces a new three-year financial plan to revive its business, according to *USA Today*.

- **Party City:** The company is permanently closing after 40 years, shutting 700 company-owned and franchised stores after declaring bankruptcy.

- **Foot Locker:** The athletic shoe retailer announced in 2023 that it planned to close more than 400 low-performing stores in shopping malls through 2026.

- **Walmart:** Earlier in 2024, the retail giant closed 23 stores in 12 states, including in the cities of Chicago, San Diego and Portland, and closed an additional 11 stores in December.

- **Office Depot:** The company, which has been downsizing for years, closed 10 stores in 2024 and is planning for more in 2025.

- **Gamestop:** After suffering a 20 percent decline in sales, the game console company is reviewing how many stores in smaller towns and declining malls it will close in 2025.

In November alone, retail employment fell by 30,000, according to the Bureau of Labor Statistics. Every indication points to this trend accelerating in 2025, including major retailer's proposals for major cost-cutting measures next year, including the introduction of AI and other technologies to slash labor costs. This will also provoke far more struggles by retail and logistics workers, a foretaste of which was seen last week in the strikes by Amazon and Starbucks workers. In the latter, 5,000 baristas walked off the job, shutting down more than 300 stores across 43 states.



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