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Whole Foods coming to Mishawaka

Retailer will locate in former Borders store

HEIDI PRESCOTT

South Bend Tribune

5:01 PM EST, February 8, 2012

MISHAWAKA — Whole Foods Market plans to open a store this fall in the vacant Borders store in Mishawaka.

The natural and organic foods supermarket company will invest about \$5 million to renovate the currently idle freestanding building.

The Austin, Texas-based retailer, which has signed a long-term lease and estimates it will hire as many as 100 employees for the store, actually has been scouting our market for years.

But very quietly.

“We have gotten a ton of questions over the years about when we’d put a store in the South Bend area. I can’t remember a time when we haven’t received questions,” company spokeswoman Kate Klotz said today.

“Our Midwest region is seeing a ton of growth. We want to become a bigger player, especially somewhere like South Bend,” she said.

And the Whole Foods announcement could have a ripple effect on other retailers who have been considering locations here, some retail industry watchers said.

Whole Foods was one of the first companies that local real estate broker Tim Mehall called last spring after Borders announced it would be closing its doors on Grape Road. Borders later exited the book business completely. And the timing finally proved right.

“The question was always when they would start looking at putting stores in markets our size. They always had bigger fish to fry,” said Mehall, vice president of retail at Grubb & Ellis/Cressy & Everett Commercial Co.

“This is an exciting retailer. It’s not more of the same,” he said. “So it may open doors to a whole different set of retailers in our market.”

The 24,000-square-foot stand-alone Borders building, located in the heart of a regional shopping corridor, offered visibility and ample and accessible parking.

In fact, the location at Grape and Day roads met all of Whole Foods’ criteria. The grocer will join Kohl’s Department Store, Dick’s Sporting Goods, Petsmart, Old Navy, Shoe Carnival, Gordman’s and others at Princess City Plaza.

The long-term lease was signed in late January.

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“The master national broker said this location really hit the mark on all fronts for them,” Mehall said. “After being in Chicago and Indianapolis, they finally took a look at where some of their sales were coming from outside of those markets.”

Whole Foods now has a program in place for expanding into secondary markets, he said. In the next three to five years, Klotz said, the company plans to expand to 60-plus stores from about 35 Midwestern stores currently in operation.

The company wants to increase the 3 percent marketshare it currently has among grocers industry-wide, Klotz said.

Whole Foods competes against traditional grocers and superstores that offer natural and organic product lines, as well as small mom-and-pop stores that have dedicated themselves to the increasingly popular niche.

Education, Klotz said, is a key criteria when Whole Foods is selecting new cities.

“We understand that education and a knowledge of where your food comes from has a certain correlation,” Klotz said.

George Cressy, chief executive officer at Grubb & Ellis/Cressy & Everett, worked with Mehall and others on the Whole Foods deal. He believes the former Borders is a key building to be taken off the market.

“We’re chipping away at the larger vacancies,” Cressy said. “Every time you do that, it’s good for the remaining spaces. It helps everybody when this happens.”

And Cressy said this is not a temporary Halloween or fireworks store moving in.

“They are a publicly traded stock that is doing very very well,” Cressy said. “That adds some stability as opposed to a name you never heard of or a start-up that may not be there in a couple of years.”

Mehall agreed about the possible ripple effect.

“Once the word is out there, it may not be a Fresh Market or Trader Joe’s, but it might be someone else,” Mehall said. “Sometimes it takes that first guy to say, ‘Yeah, I buy in.’ That retailer jumps in and gets it done and then herd instinct comes into play.”

Staff writer Heidi Prescott:
hprescott@sbtinfo.com
574-235-6070

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