

Friday, October 12, 2007

Retailers come back for second helping of Pearland

Houston Business Journal - by Allison Wollam Houston Business Journal

Some major retailers are going back for seconds and thirds in Pearland as dust continues to fly on new retail centers.

So far, developers haven't had much trouble filling the hundreds of thousands of square feet of retail space that is going up without pause in the submarket, largely because retailers have been rushing to establish a presence in the south Houston suburb.

And now, history seems to be repeating itself.

Target Corp. will open a second store in Pearland, **Kroger Co.** is planning a third -- and possibly fourth -- and **Office Depot Inc.** recently opened its second location there.

With a booming housing market and explosive job growth, retailers are counting on young families and commuters to support multiple stores in the Pearland vicinity.

Jim Fisher, president of Houston-based Jefco Development Corp. and developer of The Parks at Boulder Creek, a mixed-use project at Beltway 8 and Pearland Parkway, says it's not a stretch for retailers to open double, triple or even quadruple locations in Pearland.

"My new center is 10 miles away from all of the retail at Highway 288 and FM 518," he says. "Nobody gets that it's really a whole other market. I'm constantly educating people on how big the Pearland market is."

Fisher is currently negotiating with Kroger to open a store in the Parks at Boulder Creek. The grocery chain already operates two Pearland stores at 3245 Broadway St. and 8323 Broadway St.

"Nothing is signed yet, but I know we will eventually land Kroger at our center," Fisher says.

The Parks at Boulder Creek will have 1.5 million square feet of retail space, a 300-unit apartment complex and Class A office space. Construction has already started on the center, and the first stores are expected to open by March.

Russell Richard, consumer affairs manager for Kroger, declined to comment on The Parks at Boulder Creek location, but did point out that the grocer is planning to open its third Pearland location at State Highway 288 and Shadowcreek Parkway.

The 98,000-square-foot store is slated to open by late 2008.

Richard says the Cincinnati-based grocer, which operates 103 stores throughout the Houston area, views the Pearland market as a growth opportunity.

"The community is growing and developing and adding new rooftops every day, and we see this as a way to position ourselves to gain new customers," he says.

Meanwhile, Jeff Read of Houston-based Read King Inc. is developing a power center on land he acquired from Fisher on the southwest corner of Pearland Parkway and Beltway 8.

Read says he is currently working on letters of intent with nine big-box retailers that are planning second Pearland locations in his center.

Read declined to divulge the names of the retailers, citing confidentiality agreements.

"When we started this project we had no idea how significant the demand would be for second

locations by big-box retailers," he says. "All of the growth in the area has really created a new market, and the retailers are recognizing this."

One of those retailers is Target, which sources say is planning to open its second location in the area on the northeast corner of Pearland Parkway and Beltway 8.

The Minneapolis-based retailer currently operates a Target Supercenter in the Silver Lake Village Shopping Center. Sources say the new Target location will be a traditional Target store rather than a supercenter.

A Target spokeswoman said the company does not comment on new store openings until after they are announced, and officials with Houston-based Property Commerce, the developer of the project, were not available for comment.

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Meanwhile, Delray, Fla.-based Office Depot, which operates a 10,000-square-foot store in the Silver Lake Village Shopping Center at Highway 288 and FM 518, also recently opened an 18,000-square-foot store at 2032 N. Main St./State Highway 35.

"We decided to open the second store because the area is currently experiencing small-business growth and we're looking to better serve our new and existing small-business owners," says Melissa Perlman, a spokeswoman for Office Depot.

Fred Welch, executive director of Pearland Economic Development Corp., says the Pearland area will be able to support expansions by existing retailers as long as it continues to grow.

There are about 85,000 people that feed into the Pearland retail market, and Welch says that population is expected to grow to approximately 160,000 over the next 10 years.

"I think our new centers will pull in even more people to the area, and we'll have people from Southern Brazoria County shopping at our centers instead of losing money to other areas such as Baybrook Mall," he says.

Another center under way in Pearland is the 1.2 million-square-foot Pearland Town Center, located at FM 518 and Highway 288. The center -- which is being developed by Chattanooga, Tenn.-based CBL & Associates Properties Inc. -- will house Dillard's, Macy's and Barnes & Noble. Pearland Town Center is scheduled to open next summer.

Pearland Retailers

Kroger

Existing Pearland Locations: 3245 Broadway St. and 8323 Broadway St.

Planned Third Location: ShadowCreek Parkway and Highway 288

Office Depot

First Pearland Location: Silver Lake Village Shopping Center at Highway 288 and FM 518

Second Location: 2032 N. Main St. /Highway 35

Target

First Pearland Location: In the Silver Lake Village Shopping Center at Highway 288 and FM 518

Planned Second Location: At the northeast corner of Beltway 8 and Pearland Parkway