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Yanking Our Chains

Alex Woodward on why New Orleans still doesn't have outposts of many national chain stores

by [Alex Woodward](#)

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Specialty market Trader Joe's, a favorite on the West and East coasts, is one of the national chains with no presence in the New Orleans metro area.

IKEA, the Swedish retailer (and world's largest furniture retailer), houses thousands of products throughout its several floors in its stores, hundreds of thousands of square feet and warehouse space, all under a copy-paste, blue-and-yellow shell that's ubiquitous in dozens of American metropolitan areas.

Except New Orleans.

The nearest Trader Joe's, the California-based specialty grocery store, is in Nashville, and there are seven locations in Georgia (including two in Atlanta). Buzz about a new store occupying a 500,000 square foot riverfront warehouse ended in a shrug when the tenant was revealed not as a Trader Joe's but a Bass Pro Shop. A Mid-City development in a former car dealership will be anchored by a new Winn-Dixie concept — plans for a Target several blocks away (and several years earlier) were scrapped. Borders' closure (itself occupying a former funeral home) on St. Charles Avenue sparked rumors over new tenants (another Apple store?), but developers announced a grocery store — the high-end chain The Fresh Market — would take its place. And Costco recently revealed plans to develop the vacant Carrollton Shopping Center across from Xavier University.

As soon as plans are announced for large retail developments, Internet comments, social networks and water coolers light up with speculation: IKEA! Trader Joe's! H&M! Crate & Barrel! Bookstores! Shopping malls! — all the commercial makings of a super metro area, none of which New Orleans, and in some cases Jefferson Parish, has.

Then there's the great contradiction: Petitions and Facebook pages ("Bring Trader Joe's to New Orleans," with more than 200 members, and a similarly titled "Bring Trader Joe's to New Orleans!!!," with more than 800 members) aim to attract big retailers in a city that prides itself on "local," with a hardy Stay Local! campaign and a growing field of locally owned businesses.

But here's why some of those prized big boxes will never, ever, open in New Orleans — for now.

Despite District E New Orleans City councilman Jon Johnson's hints at discussions with the company at an Oct. 20 meeting, Trader Joe's spokesperson Alison Mochizuki said the company keeps a low profile, and doesn't discuss its business model, not even what it takes to sustain one of its stores, or how they distribute products. Trader Joe's sells mostly products bearing its own name, stressing environmental friendliness and a "neighborhood"-y vibe. The company's latest openings were in Louisville, Ky., and Spokane, Wash. Both opened Oct. 28.

A Los Angeles location, the company's second-oldest, recently moved to a larger store, inspiring a lengthy *Los Angeles Times* piece on the company possibly setting its sights on smaller markets (similar to Whole Foods Markets). Mochizuki wouldn't comment. Trader Joe's is scheduled to open four more locations, in New York, Pennsylvania, Virginia, and Florida.

IKEA, however, "typically needs a population of approximately 2 million people within a certain trade area to support one store," says company spokesperson Joseph Roth. It also requires 15 to 30 acres for its warehouse-sized, multi-level stores, which comprise hundreds of thousands of square footage. Its most recent store opening in Denver clocked 415,000 square feet — compare that to its 2009 openings in Charlotte, N.C. (356,000 square feet on 25 acres) and Tampa, Fla. (350,000 square feet on 29 acres). But, Roth says, "Currently, New Orleans does not meet that standard."

Mehmet Ergelen opened the New Orleans-based BlueBag in March 2010. BlueBag makes weekly trips with customers' shopping lists to the nearest IKEA store, which is in Houston. Drivers fill a large rental truck and make up to 100 deliveries in Louisiana, from Baton Rouge to the metro area. It also offers design consulting and can assemble IKEA's notoriously tricky furniture, all without any real advertising aside from Facebook and

Twitter.

"People that know IKEA, love IKEA, are going to find us," says Ergelen, who started the company to solve his own problems getting the affordable furniture and house- and office-ware into his renovated double shotgun. "In my experience, having lived and grown up in places that have IKEA, using that as your de facto for kitchens, bathrooms, down to the last pieces of your furniture, (it's) the most affordable, good quality, good design product out there. ... Not just in New Orleans, but in smaller towns all across the country, there's no such product. You have to drive to Houston multiple times, probably in my case at least 10 times, just to get a couple apartments done. And that's a long drive."

Working with the Houston IKEA, BlueBag will open a storefront and warehouse space in Uptown later this month. The space will serve as a "design studio slash showroom," Ergelen says, with 4,000 square feet of space, 500 of which will serve as a model apartment with faux kitchen and bathroom, a typical IKEA-style showroom seen in its stores. This year, BlueBag joined the 2012 "class" of entrepreneurial upstarts with the Idea Village, where Ergelen says the company will "define where to go next," with possible plans to bring its model to similar IKEA-less markets, like Birmingham, Ala., and Albuquerque, N.M.

While several big-name, "hipper" retailers are shy of New Orleans openings, **Stirling Properties** has a simultaneous threefold stake in large commercial developments across the city. The developer is heading construction of three large retail spaces in New Orleans, with groundbreaking scheduled in the coming months for openings slotted for next year — projects that have been a few years in the making.

What makes New Orleans so attractive now, as opposed to, say, 10 years ago? The answer seems simple. "The positive momentum, just from the standpoint of the demographic shift in the population since Katrina, has really taken a foothold," says **Townsend Underhill**, vice president of development, "as well as the inertia it's got from a national perspective." The three developments, he notes, are driven by national companies: a Winn-Dixie-anchored shopping center in Mid-City, a Fresh Market in the former St. Charles Avenue Borders location, and a Walgreens, moving from its current Tchoupitoulas Street location into the American Legion Hall on Magazine Street — all totaling millions of dollars and hundreds of thousands of square feet of retail space.

"Those three projects are a total of 143,000 square feet of retail, which isn't in the grand

scheme of things a tremendous amount, but when you look at that much new retail in Orleans, there just hasn't been that much new retail built in Orleans Parish at all over the last decade, at all, if not longer," Underhill says.

Stirling typically is involved with projects outside Orleans Parish, with shopping centers, banks, and other retail development across Louisiana. The New Orleans projects are "a fraction of projects going on throughout our footprint in Louisiana, frankly," Underhill says. But, "over the last 24 months, we've really been bullish on New Orleans," including several other developments Stirling has yet to reveal.

Renovations at the Walgreens location will run between \$5 million and \$6 million, with 11,000 square feet of retail space. The Fresh Market project will overhaul the formers bookstore's space (which Stirling owns). Mid-City, however, will be anchored by Winn-Dixie's latest "fresh produce" concept, totaling 108,000 square feet with five buildings with a \$30-\$35 million pricetag. Underhill says the only confirmed tenant is Pinkberry, but Stirling is in lease negotiations and discussions with other restaurants and retailers, including Five Guys, Office Depot and Petco. Groundbreaking should begin at that site in January 2012.

Between those developments is the Carrollton Shopping Center, now a proposed home for a Costco. Southern locations of the big-box retailer include three in Alabama and 18 in Texas — but none in Mississippi, or Louisiana. Last month, Jack Frank, the company's vice president of real estate, told a crowd at Xavier about plans to develop more than 140,000 square feet of retail space at the shopping center, a pockmark of blight in the neighborhood where a Big Lots and Piccadilly Cafeteria formerly stood.

National retail outlets, Underhill says, "would not have done a project (like that) in New Orleans pre-Katrina — whether good or bad, perception or reality, they would not. But because of all the positive momentum and inertia, they have an appetite, and we have an appetite. ... We think the long-term future is very bright for New Orleans. Not that we didn't before, we just evaluated other opportunities, a better use of our resources at that point. ... Hopefully we're right."