

Stocking up

As it opens ShopRite stores, Wakefern splurging on warehouse space

By Joshua Burd

With a formula that calls for hands-on customer service and a strong network of neighborhood supermarkets, Wakefern Food Corp. has managed to stay atop the grocery industry – and even grow during dismal economic times.

That success has allowed the company to be a steady, reliable presence in New Jersey's commercial real estate market as the nation's largest retailer-owned cooperative. And its reach is poised to spread even further with more growth planned for its distribution arm and its brand of ShopRite stores.

Wakefern, based in the Keasbey section of Woodbridge, has stayed active in recent months with moves in the state's industrial, retail and office sectors. Most visible is its 1 million-square-foot warehouse lease at iPort 12, in Carteret, a deal that was New Jersey's largest industrial lease through the first half of 2011.

The space will serve as Wakefern's distribution hub through mid-2014 while it replaces its 50-year-old grocery warehouse in Elizabeth and builds a new produce facility in Newark's East Ward. Company representatives said the state-of-the-art buildings will total more than 700,000 square feet of space.

"We've always been a presence in the real estate market," said Joseph Colalillo, Wakefern chairman and CEO. "The fact that we're actually adding another produce warehouse, and the fact that we're rebuilding our warehouse in Elizabeth, works out well for us, and it works out well for the state."

To support its growing retailers, Wakefern in June also added a 90,000-square-foot extension to its Keasbey warehouse, bringing it to more than 450,000 square feet. As of August, the company operated more than 2.5 million square feet of grocery and non-food warehousing, mostly in New Jersey.

Wakefern's rush to add industrial space comes as other large companies are looking to do the same, said Stanley Danzig, executive director and head of the industrial space portfolio at Cushman & Wakefield. He said many of those companies are expanding after maintaining a holding pattern during the recession.

"I think the noticeable thing there is that companies are finally ready to start making



commitments, and not just shopping," Danzig said. "I think they see the market turn around and working in the owners' favor, and I think that they needed to make a commitment and not lose the opportunity, not lose the favorable climate."

Wakefern's robust need for warehouse space is tied directly to its success, Colalillo said. Six new ShopRites are slated to open by year's end in the cooperative's eight-state market, including two in New Jersey, according to spokeswoman Santina Stankevich. Those stores, in Somerville and Toms River, would follow eight new ShopRites and one new PriceRite that have opened in the region this year.

The Wakefern blueprint is well known in the industry. The family businesses that form the cooperative are small enough to "really give a lot of attention to the stores," said Matthew Casey, president of Matthew P. Casey & Associates, a Clark-based firm specializing in market research for grocery retailers.

"With some of the larger chains, it's going to be a cookie-cutter store, and you're going to see the same store in any neighborhood, regardless of the demographics," Casey said. "They've got a great game plan, a great offense and great defense, meaning if a newcomer comes into the market, they react well."

The 65-year-old company, which spans eight states, includes 47 members who individually own and operate more than 230 ShopRites. Wakefern also has 45 PriceRite stores in New England, while serving as the distributor for its member stores and others across the Northeast.

And it's also gobbled up space left vacant by competitors who have fallen on hard times, like Montvale-based A&P. Inserra Supermarkets, a Mahwah-based Wakefern member that owns 21 ShopRites, recently signed a lease to build a 62,000-square-foot store in Wyckoff at the site of a former A&P, according to Stankevich and a recent company news release.

Meanwhile, the ShopRite that will soon open in downtown Somerville – one of the two that will come to New Jersey this year – will replace a Pathmark that stood at the site until 2007. The 70,000-square-foot store will anchor the Somerville Town Center, a 13.5-acre mixed-used development by Edgewood Properties that had been planned for nearly 10 years.

In Mercer County, the ShopRite at the Hamilton Plaza Shopping Center, on Route 33, is undergoing a 33,000-square-foot expansion, which will bring the anchor store to 86,000 square feet. Levin Management Corp. President Matthew K. Harding, who is brokering the expansion, said the move has triggered a full renovation of the shopping center and the addition of two pad sites. The success of the ShopRite also allowed brokers to lure a growing restaurant chain, Texas Roadhouse, and new retailers to the upgraded site, he said.

"We have them in a number of places, and they're just such a strong draw, in terms of bringing customers to shopping centers – especially when they do something like they're doing in Hamilton, expanding the store, making it brand new and state-of-the-art," said Harding, whose firm is based in North Plainfield.

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