

Whole Foods delivers huge store

Austin chain to build mammoth market in Galleria corridor

Houston Business Journal - May 12, 2006

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Houston Business Journal

After years of scouting sites in the Galleria area, [Whole Foods Market Inc.](#) has bagged a key location to build a mammoth Houston flagship store.

The Austin-based health foods supermarket chain has signed a lease to develop a 78,000-square-foot store at the southwest corner of Post Oak and San Felipe.

The one-story mega-market will anchor one end of Boulevard Place, a 21-acre mixed-use project from developer Ed Wulfe that will replace the existing Pavilion on Post Oak and Fashion Square retail centers.

Whole Foods spokesman Scott Simons says the Boulevard Place lease was signed so recently that architectural work has not yet begun on the new store.

The Houston flagship has been in the works for some time, but publicly traded Whole Foods maintains a policy of declining to discuss new stores until they are mentioned in an earnings report, which came out last week.

Says Simons: "We've been dying to talk about it."

Most neighboring retailers will be rolling out the welcome mat for the super-sized newcomer. Whole Foods stores attract large followings of destination shoppers.

A couple of supermarket competitors in the area, however, could see customers siphoned off from checkout lines.

Only a few lanes of traffic will separate the Whole Foods from a Rice Epicurean Market, which is right across San Felipe from the future Boulevard Place being developed in a partnership between Wulfe and Bob Sellingsloh of Wulfe & Co.

Executives from Rice declined to comment.

Whole Foods, located on the hard corner, also could be going head-to-head with Eatzi's Market & Bakery. The store popular for selling fresh food prepared daily leases space in Fashion Square.

Ed Wulfe, president of Wulfe & Co., says Whole Foods and Eatzi's will be right next to each other, and that won't create a problem with competition.

"There's some overlap, but they're basically compatible," Wulfe says.

As Boulevard Place development moves forward, Wulfe says, new facilities will be built for existing retailers before their old locations are demolished so they experience no interruption in operations.

Wulfe plans to first construct a new building for Eatzi's that will front South Post Oak Lane running west of the existing location.

After Eatzi's relocates, Wulfe says, a building will be erected for Whole Foods with frontage on Post Oak.

Wulfe says the earliest Whole Foods could open would be 2008. Initial plans call for a multi-level parking garage to be built above the store that would connect to a new residential development.

Wulfe's plan for Eatzi's is not set in stone, however, because he must first negotiate a new lease with the Carrollton-based company.

Eatzi's officials could not be reached for comment.

Supermarket as theater

Most Whole Foods stores average 35,000 square feet, with newer locations in the 55,000-square-foot range.

The 78,000-square-foot Houston supermarket will be the second oversized store for Whole Foods, which opened an 80,000-square-foot version in Austin last year and plans a similar facility in London.

Based on sheer size, the Austin and Houston supermarkets will share some similarities.

Austin offers five sit-down eating areas along with a roof garden and plaza with 200 shaded seats, space for entertainers, a playscape and native landscaping.

Simons says the restaurants provide great people-watching opportunities for shoppers who are taking a break.

"They've gone over really, really well," he says. "Our stores have a lot of theater in them."

A three-level, 900-space underground parking facility in Austin includes a moving sidewalk to transport shopping carts from store to garage.

In Houston, surrounding retailers like apparel stores and other types of shops will feed on the traffic volume generated by Whole Foods.

Groceries, prepared food stores and possibly even some restaurants may find fewer sales on their plates.

The fate of the Rice Epicurean Market is of particular concern to Kristen Barker, vice president of leasing for Houston-based AmREIT, a major Galleria area landlord.

"I'd worry about Rice," Barker says. "I would find it hard to believe they could sustain going up against Whole Foods."

Another Rice store sits across the street from the 75,000-square-foot Central Market which caused a similar Whole Foods-sized stir in 2001 when it opened at 3815 Westheimer.

The upscale supermarket concept from San Antonio-based H-E-B Grocery Co. created more competition for the nearby Rice, but not enough to cause a closure.

Whole Foods, which has a similar freshly prepared food component, could also chew into the proprietary niche now dominated by Eatzi's.

Barker says it doesn't make sense to have both an Eatzi's and a Whole Foods in the same development.

"That's a head-scratcher," Barker says. "To me, they're chasing the same dollar."

While food stores may not embrace the new landmark location, Barker says, Whole Foods will add value to the intersection.

AmREIT owns the upscale Uptown Park and retail space on the northwest corner of San Felipe and Post Oak that contains a Verizon Wireless store and Ninfa's Mexican Restaurant.

The only downside, if any, says Barker, could be an increase in traffic that will likely come with such a unique store.

Larry Levine, president of Houston-based Levcor Inc., says Whole Foods approached him a couple of years ago about putting a store in his complex on the southeast corner of Post Oak and San Felipe.

Levcor's Post Oak Plaza development has tenants such as Linens 'n Things, California Pizza Kitchen and Luby's.

Levine said no to Whole Foods because he wanted to focus more on high-end retail fashion.

Regardless, Levine says he's glad Whole Foods is setting up shop across the street.

Says Levine: "It will be very positive. It's great for the neighborhood."

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