

 **Winnipeg Free Press - PRINT EDITION**

Strong growth in rural retail

Walmart leads major expansion outside city



By: **Murray McNeill**

Posted: 1:00 AM | Comments: 0 (including replies)g



WINNIPEG FREE PRESS [Enlarge Image](#)

BORIS MINKEVICH / WINNIPEG FREE PRESS Shindico's John Pearson checks out the progress of construction at Steinbach's major Clearspring Centre development.

Retail expansion is picking up steam again in rural Manitoba, with one of the world's retail heavyweights -- Walmart -- leading the charge.

The department store giant is building a new SuperCentre in Steinbach and is in the midst of a major

expansion of its big-box store in Brandon.

Last year, it also completed major upgrades to its stores in Selkirk and Portage la Prairie, converting them to SuperCentres with full-sized grocery departments.

And Walmart isn't the only retailer beefing up its presence in rural Manitoba. Sport Chek is opening a new store in Steinbach's Clearspring Centre shopping mall/power centre, and Pet Valu and Warehouse One are moving into larger premises in the same centre.

Those latter two retailers also opened new stores late last year in the Winkler Crossing power centre in Winkler, while Staples opened a new store in the Selkirk Crossing power centre.

Not to be outdone, Sobeys is also in the midst of a complete renovation/redesign of its store in the Clearspring Centre, according to John Pearson, a broker with Shindico Realty Inc., which owns the retail power centres in Brandon, Portage la Prairie, Winkler and Selkirk, and is the developer and leasing agent for the Clearspring Centre.

"We're seeing lots of interest and enthusiasm (in the rural centres), particularly this year," Pearson said in an interview, adding he expects that trend to continue.

He said that within the next two years, Loblaws-owned Real Canadian Superstore is expected to build a new store on land it already owns in the Selkirk Crossing power centre.

"It's on their list. They slowed down construction in Canada during the recession, and they've only just begun construction again in other areas of Canada. So our turn will come."

Loblaws also owns land in the Royal Plains power centre in Portage, Pearson said, and is expected to eventually build a Superstore outlet there, as well.

He said negotiations are also ongoing with a number of other retailers, some of whom are interested in opening stores in the Selkirk power centre and others who have their sights set on the Royal Plains centre.

"We hope to make some announcements -- some fairly major ones -- within the next few months."

Pearson said while retail expansion slowed a bit in rural Manitoba during the 2008-09 global recession, it never ground to a halt the way it did in some other regions of the country.

"I think it's been riding the same wave, along with Winnipeg. It just doesn't get the attention that Winnipeg does."

Retail analyst John Winter of Toronto-based John Winter Associates said it's not surprising rural expansion is picking up steam again.

"The economy is improving. It may not be improving as fast as some people would like, but we're getting back to where we were in (early) 2008 in terms of real per capita spending."

And if consumers are spending more money, that gives retailers the confidence to expand.

Winter said major retail players such as Walmart and the Real Canadian Superstore are expanding into smaller rural centres because that's where some of the best growth opportunities lie.

"They moved into the bigger markets first, and now they've become oversubscribed in some respects. So they're looking at the smaller markets. You still have the prospect of getting goods sales. They may not be fantastic sales, but they're good sales."

He said the retail expansion into rural centres began about a decade ago in Canada and is expected to escalate as gas prices continue to climb.

"With high gas prices, you're going to see shorter and shorter shopping trips. Certainly people are not prepared to drive 100 miles to go to a Walmart because of the cost involved."

So if retailers want their business, they're going to have to take their stores to them, rather than the other way around, he said.

Winter and Pearson said most of the rural expansion is taking place in the regional service centres, such as Brandon, Steinbach and Winkler, because they already attract residents from surrounding towns and communities. So that gives retailers a bigger customer base on which to build their businesses.

Pearson said the five retail power centres Shindico has developed since 2004 are all unqualified successes, both for the owners and their tenants.

"The retailers are very pleased with the performance (of their stores)."

Winter said Walmart's expansion into these rural centres could prove to be a good strategic move, especially with its main U.S. rival, Target, now entering the Canadian market with its purchase of more than 100 Zellers stores across the country.

He said once Target becomes established in the larger urban centres, it will likely start turning its attention to the smaller, secondary markets. And by then, Walmart should already have a strong foothold in many of those market.

"There won't be much left over for the next entry coming in if they offer similar products and similar pricing."

Know of any newsworthy or interesting trends or developments in the local office, retail, or industrial real estate sectors? Let real estate reporter Murray McNeill know at the email address below, or at 697-7254.

murray.mcneill@freepress.mb.ca

Power centres

live up to name

Here is a summary of some of the retail development that has taken place over the last year or so in key retail power centres in rural Manitoba:

Steinbach -- Clearspring Centre (331,030 square feet)

-- 109,000-square-foot Walmart SuperCentre under construction. Opening in January 2013.

-- Sobeys store undergoing complete renovation/redesign. Should be complete this fall.

-- Pet Valu relocating to a larger, 3,000-sq.-ft. store next to Sobeys.

-- Sport Chek, new to Steinbach, moving into a new 11,000-sq.-ft. store under construction. Opening this fall.

-- Warehouse One, recently relocated to a larger, 2,500-sq.-ft. store in the centre.

Selkirk -- Selkirk Crossing (368,000 sq. ft.)

-- Walmart converted existing 112,000-sq.-ft. store into a Walmart SuperCentre, with full grocery department. Opened last June.

-- Staples, opened new 15,000 sq. ft., free-standing store last November.

-- New 2,000 sq. ft. Nurse Practitioner Quick-Centre opened earlier this year.

Brandon -- Corral Centre (473,000 sq. ft.)

-- Walmart, expanding its 130,000 sq. ft. store by 40,000 sq. ft. and converting it to a SuperCentre. Opening next Jan. 25.

-- Ardene moving into a recently vacated 6,000-sq.-ft. store. Opening in July.

Winkler -- Winkler Crossing (108,000 sq. ft.)

-- 2,750-sq.-ft. Warehouse One store opened last October.

-- 2,750-sq.-ft. Pet Valu store. Also opened last October.

Portage la Prairie -- Royal Plains (200,000 sq. ft.)

-- Walmart converted 130,000-sq.-ft. store into a Walmart SuperCentre. Opened in May of last year.

-- source: Shindico Realty Inc.

Find this article at:

<http://www.winnipegfreepress.com/opinion/columnists/strong-growth-in-rural-retail-152470295.html>

Check the box to include the list of links referenced in the article.