

Discount retailer Forman Mills to open pair of new area stores



Jojo Bennaugh prepares for the Friday opening of the new Forman Mills store in New Carrollton. (Mark Gail/the Washington Post)

By *V. Dion Haynes*

Washington Post Staff Writer
Friday, November 20, 2009

Capitalizing on consumers' growing desire to "trade down," no-frills retailer Forman Mills is making a bigger foray into the Washington area with two new stores, one opening in New Carrollton on Friday and another in the District on Nov. 27.

Forman Mills, which oversees 22 locations in the East, including one in Temple Hills, and three in Michigan, has for 26 years largely operated under the radar. Several retail experts said they know little about the privately held chain. But company officials said they intend to raise the profile of the retailer in the region with a TV and radio advertising blitz, and within two years to open other area stores, in the Waldorf and Oxon Hill areas.

The retailer, which goes after the same discount-minded consumer as rivals Burlington Coat Factory and Syms, has thrived during the recession, unlike more upscale stores. While other retailers suffered heavy losses, Forman Mills sales have climbed 7 percent compared with a year ago, company officials said.

Forman Mills officials say they have long considered Washington fertile ground for expansion, but found the high cost of real estate and fierce competition among large national retailers for space major barriers. But the recession changed that, derailing expansion plans for some major chains. And others, including Linens 'n Things and Circuit City, have either gone out of business or closed stores and left hulking vacancies throughout the region.

The region's retail vacancy rate had its biggest one-year jump this year since the early 1990s, according to Gregory H. Leisch, chief executive of the Alexandria-based research firm Delta Associates, rising to 5.6 percent from 3.9 percent a year ago. The sudden availability of space prompted Pennsauken, N.J.-based Forman Mills to accelerate its plan to open

"In this economy, we find a lot of people trading down. They're not trying to keep up with the Joneses anymore," said Richard Forman, the company's founder and chief executive, who started in the business as a street vendor. "In the past, it was hard to get real estate in the Washington area," he added. "Now with [numerous retailers] going out of business, it finally opened up for us."

The company will occupy an 80,000-square-foot store at 8401 Annapolis Rd. in New Carrollton and a 70,000-square-foot store at 514 Rhode Island Ave. NE in the District, which were vacated when National Wholesale Liquidators closed. The two stores will employ a total of about 300 people. The District location will open on Black Friday, traditionally a peak day for holiday shoppers seeking bargains.

Peter Framson, principal of Bethesda-based Green Light Retail Real Estate Services, who helped Forman Mills find the properties to lease, said the region's steady economy, bolstered by the federal government, was attractive to the retailer. The region has a relatively low unemployment rate -- 6.2 percent in September, compared with the national, not-seasonally-adjusted average of 9.5 percent for that month.

"The volume retailers do in this market on average are double digits ahead of what they do in other parts of the country," he said.

Still, some retail experts said profitability is no guarantee here and questioned Forman Mills' strategy of moving into locations once occupied by failed stores.

"They're moving into somebody's cheap dead space -- it's still dead space," said C. Britt Beemer, founder of America's Research Group, a Charleston, S.C.-based consumer behavior research and marketing firm. "People may think it's the same retailer that was there before."

Forman Mills officials said the New Carrollton and Northeast Washington sites were successful locations for National Wholesale Liquidators, despite that company's failure. Forman Mills, they said, has redecorated the two locations, painting the exteriors in the company's distinctive bright yellow color.