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Walgreens' RX for '08: 8-10 new stores

BY LISA R. BROWN
 lrbrown@bizjournals.com

The nation's largest drugstore chain, Walgreens, shows no signs of slowing its new-store development pipeline nationwide or in St. Louis.

At a time when other major retailers, such as Starbucks, are slowing plans for new stores domestically, Walgreens' growth trajectory is on the fast track: Every 16 hours, a new Walgreens opens in the United States.

There are 125 Walgreens in the St. Louis area, including eight new stores that opened in 2007. Walgreens plans to meet or exceed that new-store growth in 2008, according to Tricia Lenahan, senior real estate manager for Walgreens, covering St. Louis and the Midwest.

"We will continue to grow stores for the foreseeable future," Lenahan said. "We're not slowing down."

Lenahan outlined Walgreens local growth plans at the International Conference of Shopping Centers' Heartland States conference, held in St. Louis Jan. 30. She said between eight and 10 new Walgreens will be added in the St. Louis area in 2008. Of the sites that have been identified, new stores will open next year in Warrenton, Wentzville, St. Charles County and Ellisville in Missouri. In Metro East, a new Walgreens will open in Troy, Ill.

Each freestanding store costs between \$3 million and \$5 million to

Coming soon

Walgreens stores opening in 2008

1. 701 N. Highway 47	Warrenton
2. 1053 Meyer Road	Wentzville
3. 4650 Highway K	O'Fallon, Mo.
4. 3800 Elm St.	St. Charles
5. Highways Z and N	St. Charles County
6. Troy Blvd. and Route 162	Troy, Ill.
7. Clarkson and Clayton roads*	Ellisville

* This is a replacement of an existing store at 1346 Clarkson Center

SOURCE: WALGREEN CO.

develop. New Walgreens stores average about 14,820 square feet and leases typically span 25 years.

There are currently 6,148 Walgreen stores open in 49 states and Puerto Rico. The drugstore chain projects it will grow to more than 7,000 locations by 2010. Walgreens said it will spend \$2 billion in capital expenditures in 2008, which will cover opening new stores and technology upgrades.

"We see long-term potential for approximately 13,000 stores in the U.S.," said Walgreens Chairman and CEO Jeffrey Rein in a statement at the end of 2007. "We've built a remarkable record of successful organic growth over the last 10 years, building more than 4,400 drugstores from the ground up while closing only six because of poor sales."

Walgreen Co., based in Deerfield, Ill., saw its net earnings for the first quarter of fiscal 2008, which ended Nov. 30, rise 5.5 percent to nearly \$456 million on sales that were up more than 10 percent to \$14 billion, from the prior year's quarter. That was on top of the company's fiscal 2007 net sales increase of 13.4 percent to \$53.8 billion, and net earnings boost of nearly 17 percent to more than \$2 billion.

In the recent quarter, Walgreens' prescription sales increased 11.1 percent, accounting for 66.1 percent of the company's sales.

"The demand for prescription drugs is increasing rapidly as the baby boomers age and as life expectancy increases," said spokeswoman Carol Hively.

Despite the growing residential population in downtown St. Louis, there are no immediate plans to open a Walgreens downtown. The Walgreens at St. Louis Centre shuttered in late 2006 to make way for Pyramid Cos.' redevelopment of the former mall.

Koman Properties, the largest developer of Walgreens stores in St. Louis, plans to add a 14,820-square-foot Walgreens at its Georgian Square mixed-use development to be located south of downtown, near Lafayette Square, in the 1500 block of Lafayette Avenue. The Walgreens at Georgian Square is set to open in 2009. St. Louis-based Koman Properties has developed more than 30 Walgreens drug stores in Missouri and Illinois.