

A Reprint from *Tierra Grande*



Like a shattered love affair, major retailers leave an empty feeling when they abandon a community they once courted. Also left behind are empty “big boxes” — stand-alone stores of 50,000 or more square feet made of corrugated metal, concrete block or brick-faced walls. Filling the vacated space is usually difficult, but across the nation, creative new uses are being found for these buildings.

Big boxes have been converted into call centers, offices and smaller retail stores. One Wal-Mart was converted to a go-cart track; others have become county courtrooms and churches. In some cases, communities are offering economic development incentives to businesses that fill the space.



**HORMEL'S CORPORATE HEADQUARTERS** and Spam Museum (below), an MCI call center (bottom left) and Thomas Medical Center are proof that big boxes can be both attractive and productive after initial tenants vacate the properties.



## Spam Museum, Corporate Offices

When Kmart closed a 77,000-square-foot store in Austin, Minnesota, the community found it difficult to attract another retailer to the space. Now, however, the once-vacant store is home to Hormel Foods Corporation's 60,500-square-foot headquarters and a 16,500-square-foot Spam Museum celebrating the highly recognized and popular meat product.

Hormel chose the former Kmart because it was close to its existing corporate offices, had interstate highway access and abundant parking. Hormel's investment transformed an unattractive, empty big box into productive office space and a tourist draw for the community.

## Auto Dealership

Four big-box retailers have closed in Prince William County, Virginia. One of these sites, a 108,000-square-foot former nursery, was vacant for seven years, becoming a dumping ground for trash.

Donald Hopper, CFO of Cowles Ford, says the dealership purchased the 13.7-acre site in 2003. Cowles spent \$5 million to convert the building for use as a service facility, car wash and vehicle display area. The project was completed in the fall of 2004 and has brought the property back to productive use.

## Call Center

In 1998, MCI Telecommunications opened a call center in a former Wal-Mart in Winchester, Kentucky. The call center provides technical support and help desk functions for hardware and software companies. MCI functions as an outsourcing operator, providing services for other companies. The call center created 500 jobs for the community.

Big box stores are easy to convert for call center use, but reuse is driven by labor availability. Most stores converted to call centers are for inbound purposes such as customer service, which requires a labor pool with specific skills.

Call centers typically cost \$25 to \$40 per square foot for tenant improvements, including the addition of UPC panels and generators, according to Larry Patrick, manager of economic development for Wal-Mart Realty.



Wal-Mart works with national firms such as PricewaterhouseCoopers to identify potential call center locations. They obtain basic labor information and work with Wal-Mart to identify available buildings across the nation.

## Medical Center

Officials at Thomas Medical Center in Daphne, Alabama, were looking for a flexible space with plenty of parking. They transformed an 81,000-square-foot Wal-Mart into a facility for outpatient services, radiation therapy and other medical uses. This type of conversion is expensive, costing approximately \$100 per square foot to renovate, according to Larry Patrick with Wal-Mart Realty. Even so, it was easy to divide the building into the spaces needed for medical use.

Wal-Mart representatives notify the mayor and economic development officials in a community approximately two years in advance of a store closure. Wal-Mart Realty then works with community officials to identify potential tenants. When a tenant is identified, Wal-Mart collaborates with local and state economic development officials to put together an incentive package.

## Retailers on the Prowl

Empty big boxes can also be used by other retailers. Several national retailers look for closed big box sites to locate their stores. These retailers are able to save costs on rent, while the community benefits from a new retailer. Craft stores such as Jo-Ann Fabrics and Hobby Lobby and discount retailers such as Burlington Coat Factory and Big Lots have used this strategy.

Flexible space and abundant parking make big boxes easy to convert in many cases. Creative marketing may be the key to finding new users for these nonproductive properties. ♣

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