Walmart eyes second Guelph store in former Target location

The lease to the former Target store on Stone Road in Guelph has been acquired by Walmart Canada. Walmart Canada has signalled interest in taking over the former Target store location on Stone Road to set up its second retail outlet in Guelph.

On Friday, the corporation said it plans to spend about $165 million to acquire 13 former Target Canada locations across the country and a further $185 million on renovations. This deal includes the lease for the former Target store in Guelph as well as a distribution centre in Cornwall.

The $350-million plan is subject to court approval, as part of Target's exit from the Canadian market.

Kithio Mwanzia, president and chief executive officer of the Guelph Chamber of Commerce, said Walmart and Target are very similar in terms of retail platforms. The retail experience lost when Target closed will likely be replaced when Walmart opens.

"From an overall net impact on the retail environment, it wouldn't have a drastic affect," he said.

The Walmart will also be able to absorb the jobs lost when Target closed down on April 8.

The failure of Target Canada to get a foothold in the Canadian retail market was due to its entire Canadian strategy, Mwanzia said. The collapse of this retailer doesn't have anything to do with its Guelph location.

The first Walmart in Guelph opened on Woodlawn Road near the end of 2006. Prior to its arrival there was an 11-year battle to keep the retailer out of the city. This fight garnered international attention and led to millions of dollars spent on legal costs.

John Winter, a retail analyst based in Toronto, said Friday he was involved with Walmart, putting together the economic feasibility plan for the store, when the company first set eyes on Guelph. At the time, he said Guelph was one of the largest cities without a Walmart.

With a population of more than 120,000, there are more than enough people in the city to support a second Walmart location, he said. Nearby retailers may even see an increase in traffic because the Walmart will bring more people to that area of the city.

City Councillor James Gordon was part of that pushback to keep Walmart out of the city a decade ago. He said the prospect of a second Walmart setting up in the city is not beneficial to Guelph over the long term.

"They have a pattern of opening a store, and making it so competitive that stores in the area would close, and then they close it," he said. "I hope that that's not what they're doing here."

Gordon said retailers like Walmart can have a negative impact on a community because money spent at the store will go directly to the United States.

"It doesn't encourage the kind of activity that we want to stimulate our (local) economy," he said.

Attempts to speak to officials at Walmart Canada were not successful.

Don O'Leary, the vice president of finance and administration at the University of Guelph, said there are still a few things to work out with Walmart in regards to taking over the land lease, but he said he is confident the deal will go through. Target Canada owns the building and the University of Guelph owns the land that Walmart is looking to lease.

The retailer is looking to take over Target's previous lease, which has more than 10 years left on it,
O’Leary said, without giving an exact number.

In the search for a new tenant, he said the university wanted to find a company that was looking to plant roots in the city and stay on that property for a long time.

Walmart Canada expects renovations to start in a few months and to employ about 1,500 trade and construction workers across the country. It also plans to hire about 2,400 people to set up and staff the stores and another 1,000 for the distribution centre.

Earlier, this week Canadian Tire announced a deal to acquire the leases of 12 former Target stores. Two of the leases are in Ontario, in Aurora and Sudbury.

Chris Seto, Guelph Daily Mercury

With files from the Canadian Press