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German grocery chain Lidl buys Philly site, aiming to blanket eastern U.S. with 150 stores

Updated: DECEMBER 12, 2016 — 10:20 AM EST



 **LIDL**

Exterior of Lidl store in Arcole, Italy.



by **Jacob Adelman**, STAFF WRITER

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German grocery giant Lidl has acquired the site of an aged industrial building in Port Richmond for what may be the expanding

(http://www.philly.com/philly/business/real_estate/commercial/20160519_German_grocery_chain_Lidl_has_b)
first location in Philadelphia.

Lidl's Arlington, Va.-based U.S. unit paid \$2.88 million for two parcels covering nearly four acres at 2270 and 2300 E. Butler St., near Aramingo Avenue, according to city property records.

The discount-oriented retailer would be taking a bold step by putting one of its first stores in a shopping district that other new entrants to the region might consider too far off the beaten path, Lars Kerstein, a vice president with brokerage Metro Commercial Real Estate, said in an interview last week.

“They came in very aggressively with a lot of capital, with the intention of buying the best real estate in every one of the nodes in this entire area,” said Kerstein, who is not currently involved in any deals involving Lidl. “They’re trying to blanket the region.”

The Butler Avenue site, near a Walmart Supercenter and a ShopRite grocery store, also shows the company's confidence that it can compete with big grocers operating in the area, Kerstein said.

Lidl Stiftung & Co. KG, a unit of the Schwarz Gruppe grocery conglomerate, has been quietly identifying store locations along the East Coast since establishing its U.S. headquarters in mid-2015. It aims to eventually own and operate 150 stores in the eastern United States, according to the German Embassy's [website](http://www.germany.info/Vertretung/usa/en/___pr/P__Wash/2016/11/11-Lidl.html)
(http://www.germany.info/Vertretung/usa/en/___pr/P__Wash/2016/11/11-Lidl.html).

Its first stores are expected to open by 2018, company officials have said.

Philadelphia-area locations previously disclosed in news reports include [Warminster](http://www.buckscountycouriertimes.com/news/local/warminster-approves-draft-budget-supermarket-plans-and-a-push-for/article_c61e2d64-e1cc-50d8-b0d6-626f96eaa1b7.html)
(http://www.buckscountycouriertimes.com/news/local/warminster-approves-draft-budget-supermarket-plans-and-a-push-for/article_c61e2d64-e1cc-50d8-b0d6-626f96eaa1b7.html)(at the site of a former Pathmark supermarket on York Road); [Ridley Township](http://www.delcotimes.com/general-news/20160824/ridley-) (<http://www.delcotimes.com/general-news/20160824/ridley->

[zoners-give-ok-to-new-supermarket](#)) (a former Pathmark site on MacDade Boulevard); and the Cumberland County, N.J., city of [Millville](#) (<http://www.thedailyjournal.com/story/news/2016/06/17/german-food-retailer-picks-millville-store-lidl-planning-board/86009984/>) (on an underdeveloped lot near Union Crossing Boulevard and Second Street).

The company's website also includes a store-management job [listing](#) (http://careers.lidl.com/cps/rde/SID-26A5881F-1F613A92/career_lidl_us/hs.xsl/jobsearch.htm?action=showJobDetails&id=391) in Burlington County, but no specific location is identified.

Also, Lidl is portrayed in an online marketing [presentation](#) (http://www.mscretail.com/wp-content/uploads/2015/12/1401-1499-S.-Columbus-Bldv-Brochure_sm3.pdf) by brokerage MSC Retail as anchoring a retail-and-residential project proposed by developer Bart Blatstein along the Delaware River in South Philadelphia.

An earlier [version](#) (http://www.philly.com/philly/business/real_estate/commercial/20160204_Blatstein_plan_for_old_Foxwoods) MSC's plan for the retail space at the 21-acre site, where a Foxwoods casino had once been proposed, featured an Aldi supermarket rather than a Lidl.

Property records show no transactions at the site involving Lidl, which generally buys its own real estate rather than leasing space from landlords.

Jason Bock, an MSC vice president marketing space at Blatstein's property, did not respond to an email.

Lidl U.S. spokesman Will Harwood declined in an email to discuss specific locations, but said the company was "actively preparing a number of sites in the area, and throughout Pennsylvania."

The company also opened a regional headquarters and distribution center in Cecil County, Md., in August that will be capable of serving multiple states, Harwood said.

According to real estate criteria on its website, Lidl plans to open stores of about 36,000 square feet. That's about half the size of a standard supermarket, but around twice as big as a typical store operated by fellow German-based deep-discounter Aldi. The companies are longtime rivals in their native country.

Lidl is turning its attention to the Philadelphia area after concentrating most of its real estate activity in the Southern states where it plans to operate, especially North and South Carolina, said Robert Gorland, a supermarket-site-selection specialist with Rahway, N.J.-based Matthew P. Casey & Associates.

Lidl is expected to adopt a retail strategy similar to Aldi, which sells its merchandise under its own private-label brand, Gorland said.

The chain appears to be targeting consumers across the socioeconomic spectrum, with locations in neighborhoods of varying wealth, Gorland said. Its primary objective, he said, is just to be where the most shoppers are.

“They like to be in retail hubs,” he said. “They like to be in main thoroughfares with high traffic.”

Published: December 12, 2016 — 9:33 AM EST | **Updated:** December 12, 2016 — 10:20 AM EST

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