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Developer Drops Plan for City's First Wal-Mart

By STEVEN GREENHOUSE

Facing intense opposition, a large real estate developer has dropped its plans to include a Wal-Mart store in a Queens shopping complex, thwarting Wal-Mart's plan to open its first store in New York City, city officials and real estate executives said yesterday.

The decision by the developer, Vornado Realty Trust, is a blow to Wal-Mart, the world's largest retailer, and comes after company officials said that New York City was an important new frontier in which Wal-Mart was eager to expand.

A Wal-Mart spokeswoman said the company was still exploring other sites in the city, but the possibility that the company would open a 132,000-square-foot store in Queens had immediately stirred a storm of opposition by neighborhood, labor and environmental groups as well as small businesses. Wal-Mart also faced opposition from many City Council members and several members of Congress.

Labor unions fought Wal-Mart with a special intensity because they believe its wage levels and benefits are pulling down standards for workers through the United States.

Melinda Katz, chairwoman of the Council's Land Use Committee, said a Vornado representative informed her yesterday that Vornado was no longer negotiating with Wal-Mart for it to be part of the mall planned for Rego Park, Queens, in 2008.

"I think they just decided it's not worth the complications of having Wal-Mart," Ms. Katz said. "The idea

Critics See a Victory, but the Company Is Still Seeking a Site

of Wal-Mart was overshadowing what could very well be a good project."

Roanne Kulakoff, a Vornado spokeswoman, declined to comment, except to say there was never a formal deal between Vornado and Wal-Mart. But one executive briefed on the talks between Vornado and Wal-Mart said Vornado had concluded that keeping Wal-Mart would jeopardize the city's approval of a large, ambitious project that included other

stores and two 25-story apartment towers.

"There were people who felt it was a major risk for the project," said the executive, who asked not to be identified in order not to anger either side.

The executive said Vornado had originally hoped that city planning officials would approve the Rego Park project before it became publicly known that Wal-Mart was involved. But once Wal-Mart's participation became public, the opposition mushroomed, and the fight was shaping up to be the biggest battle against a single store in the city's history.

Small-business advocates declared victory after the decision was

DISABLED MAN WINS SUIT

A jury found that Wal-Mart had discriminated against a worker with cerebral palsy. *Business Day*, Page C3.

New York City. "In fact, we continue to explore a number of possible sites throughout the five boroughs," she said. "Until we have an executed agreement for a specific site, we will not comment on any ongoing negotiations."

Ms. Masten declined to say whether Vornado had dropped Wal-Mart from the project or whether Wal-Mart had pulled out voluntarily. Wal-Mart's opponents said that Vornado might have been swayed in part by a unanimous vote of the City Council's Land Use Committee two weeks ago to block a B.J.'s Wholesale Club in the Bronx. In the face of intense lobbying by environmental, community and labor groups, the committee overruled the local planning board and the borough president.

Several shoppers interviewed yesterday in Rego Park said they were disappointed that a Wal-Mart would not be coming to the neighborhood, noting that many Queens residents now travel to Long Island to take advantage of the store's low prices.

"It would've been good if we had a

wouldn't have to travel outside the area," said Rolando Sands, 21, a soft drink deliverer from Jamaica, Queens. "We'd be able to keep the money in the Queens community instead of Long Island."

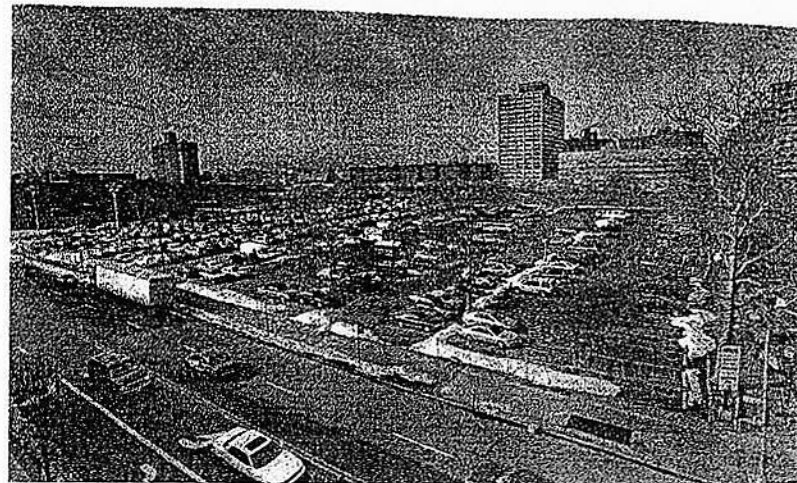
Corinth King, 45, a traffic enforcement agent from Rego Park, said she had been looking forward to the store's variety. "They have a lot of good sales," she said. "I like it for things for the bathroom and the kitchen. They have a wide variety. I'm going to miss it."

But shoppers did not form an organized group to support Wal-Mart.

Helen Sears, the City Council member representing Rego Park, had warned Wal-Mart, which has several stores in the suburbs surrounding the city, that to win approval in the city itself, it needed to improve its wages, health benefits and pensions and end its vehement stance against unions.

"I am hopeful that if Wal-Mart attempts to locate another site, whether in Queens or Brooklyn, the Bronx, Manhattan or Staten Island, that its officials work tirelessly to improve workplace benefits and conditions so that New York City will welcome it with open arms," Ms. Sears said. "Until then, we can only offer our backs."

Small-business owners had voiced



Whatever eventually rises on this site in Rego Park, Queens, the city's first Wal-Mart will not be part of it.

Queens would push hardware stores, shoe stores and many clothing shops out of business, as has been the case in many small towns where Wal-Mart is dominant. Company officials

to New Yorkers and would create more than 300 jobs.

City Hall officials declined yesterday to discuss the Wal-Mart matter. Mayor Michael R. Bloomberg an-

saying that it was wrong to simply say that warehouse-type stores should not be allowed in the city. But his aides later said that it was not at all clear that he would ultimately

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