

NBBJ Article 11-08-04

LOCAL FURNITURE CHAIN HAS AGGRESSIVE GROWTH PLANS

Its name won't change. But starting next year, more than half of Furniture 101's sales will come from the Interstate 5 and 80 corridors.

The Cotati-based discount home furnishings retailer plans to open a 70,000sf store in a Fresno shopping center in March and is actively looking for a location along Interstate 80 in Solano County and the Sacramento area for another store, according to Tuan "Kenny" Nguyen, one of the three brothers who run the company. The intent is to open a store in each of those areas next year.

Mr. Nguyen says demographics and the need to increase sales per store prompted the company to expand beyond the North Bay.

"Our trade area is loaded, and there is no room to expand," he says, referring to lower-rent options along the U.S. 101 corridor in the North Bay. "A lot of new homes are being built [in the Central Valley]."

The three stores Furniture 101 has in Cotati, Santa Rosa, and San Rafael have about 20,000sf apiece. To achieve low prices on imported furniture, the company must buy in bulk. However, limited in-store space necessitated outside warehousing, Mr. Nguyen says.

Recently, the brothers purchased a 24,000sf warehouse at 720 Portal Street in Cotati for \$2.25 million from Theodore and Alicia Van Doorn of Belvedere. The warehouse will serve all three North Bay stores. **Vonnie Irish** of **Keegan & Coppin** brokered the deal.

The company has grown since Nam "Charlie" Nguyen sold his landscaping business, Nam Garden, and gleaned funding and workers from his more than 100 Santa Rosa-area kin. In 2002, the company rang up about \$4 million in sales, an increase from \$1.5 million with one store in 2001, but below the company's \$4.5 million projection. Revenues are on track to hit \$6.5 million to \$7 million this year, a 30%-40% increase from last year's \$5 million, according to Kenny Nguyen.

The Fresno store is project to produce sales of \$7 million a year after ramp-up. The Sacramento-area store likely would produce likewise.

Kenny Nguyen is driven to put Furniture 101 among the top 50 such retailers nationwide, but he has a ways to go. The entry level to that club is \$50 million in annual revenues, and his company would be about halfway there in a year or two.

Nationally, home furnishings retailers have been riding out two opposing trends, according to Mike Pierce, spokesperson for North Carolina-based National Home Furnishings Association. Poor economic conditions hurt sales starting in 2001. Conversely, anecdotal evidence points to Americans' putting more emphasis on home life since then, helping home-improvement stores, remodeling contractors, and furniture companies.