

Krispy Kreme Plans To Open D.C. Store; Shop Will Be in Dupont Circle

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Krispy Kreme Doughnuts Inc., whose gooey glazed pastries have become one of America's best-known indulgences, signed a lease yesterday to open its first store in the District, according to the broker representing the North Carolina chain.

It will be moving into Dupont Circle, in space once occupied by the Italian fashion chain Benetton.

"I don't think you could get anything better than having a Krispy Kreme doughnuts shop on top of one of the busiest Metro stations in Washington," said restaurant broker **Tom Papadopoulos**, who represented Krispy Kreme in the deal.

The shop had better sell a lot of doughnuts, say retail brokers. "It's probably one of the highest rents in the city, on a per- square-foot basis," said retail broker John Asadoorian.

Founded in 1937 in Winston-Salem, N.C., Krispy Kreme is much smaller than rival Dunkin' Donuts Inc. But its popularity in the South helped make it a darling of Wall Street. The stock closed yesterday at \$41 and is up 7 percent over the past year. Krispy Kreme products now can be found in cafes, supermarkets and convenience stores, pushing annual sales up 25 percent last year to \$492 million.

It now has 320 U.S. locations, including factory stores like the one in Alexandria, and smaller retail stores. The chain has tried to preserve the factory store's appeal -- that of hot doughnuts rolling off the conveyer belt -- by devising a smaller doughnut-baking machine that can fit in smaller retail stores. Those machines take half-baked doughnuts, complete the baking and glaze the finished product.

"We are long overdue to enter the Washington, D.C. area," said Brooke Smith, a Krispy Kreme spokeswoman. She declined to confirm the exact location of the new store or say when it would open.

John Glass, an analyst at CIBC World Markets, said Krispy Kreme's larger strategy is to eventually to take on chains such as Dunkin' Donuts and Starbucks Corp.

Staff writer Michael Barbaro contributed to this report.

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