



Sterling Seals the 'Deal' with Fairway Market

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Charles Santoro saw potential when his Westport private equity firm was eyeing the Fairway Market grocery chain as a candidate for purchase.

It was a small operation, but the flagship store at Broadway and 74th St. in New York City, was busy at all hours offering an eclectic mix of products.

Sterling Investment Partners acquired a majority stake in the business early last year, and is primed for expansion, according to Ken MacFadyen, editor of Mergers & Acquisitions Journal, a division of SourceMedia Inc.

"I think Sterling got a pretty good property. It seemed like an attractive property to pick up, given the industry dynamic. It took three years to line up the deal. At a time when markets are moving so quickly, it showed a lot of patience," said MacFadyen, whose publication recently presented Sterling with its Consumer Deal of the Year award at the initial M&A Journal Awards in Orlando, Fla.

Started in 1940 by Nathan Glickberg as a fruit and vegetable store, Fairway has expanded into a large food and gourmet fare purveyor to metropolitan New York.

"Everything about this partnership is exciting, not just for me and my family, but also for the 10 million-plus customers who shop at Fairway annually," said Howie Glickberg, Fairway's third-generation owner and chief executive officer.

"Under Sterling's guidance," he said, "Fairway will be able expand its operations."

Last year, Fairway, which does the highest volume sales per square foot of any grocery store in the country, opened a 70,000-square foot store in the Red Hook section of Brooklyn.

There also are Fairway Markets at 125th St. and 12th Ave. in Manhattan and in Plainview, Long Island.

"Sterling has brought an elevated level of professional management to Fairway, as well as a "conservatively aggressive" growth plan," MacFadyen said.

"Sterling was introduced to the principals of Fairway approximately three years before we concluded our investment, and we therefore had the opportunity to spend a great deal of time helping Fairway think through its growth strategy and needs going forward," said Santoro, a managing partner at Sterling and chairman of Fairway. "Fairway was looking for a partner, and the time we spent over those three years gave us all a chance to have significant first-hand experience working together and melding a common strategy."

The founding family continues as significant owners, with Howie Glickberg running the business on a daily basis.

Plans call for Fairway to open four other stores in the metropolitan area and hire 2,000 employees. There also are plans to enhance Fairway's private-label business.

"With the opening of the four additional stores, Fairway is expected to expand its annual revenue to \$1 billion," Santoro said.

"Our plan is to provide growth capital to the business," said Bill Selden, a managing partner at Sterling. "We consider our market the broader New York metropolis, which is the largest food market in the United States and one of the largest in the world."

Since its founding in 1991, Sterling has completed various deals involving more than 75 companies with a total transaction value of about \$7 billion.