TOP ~~10~~ 12 SUBMARKETS FOR GROCERY PERFORMANCE

In the ever-evolving landscape of the U.S. grocery industry, the sheer scale and complexity of the largest markets have rendered comprehensive analysis increasingly challenging. For instance, the four most populous metro areas also have the highest store count: New York-Northern New Jersey, Los Angeles, Chicago, and Dallas-Fort Worth.

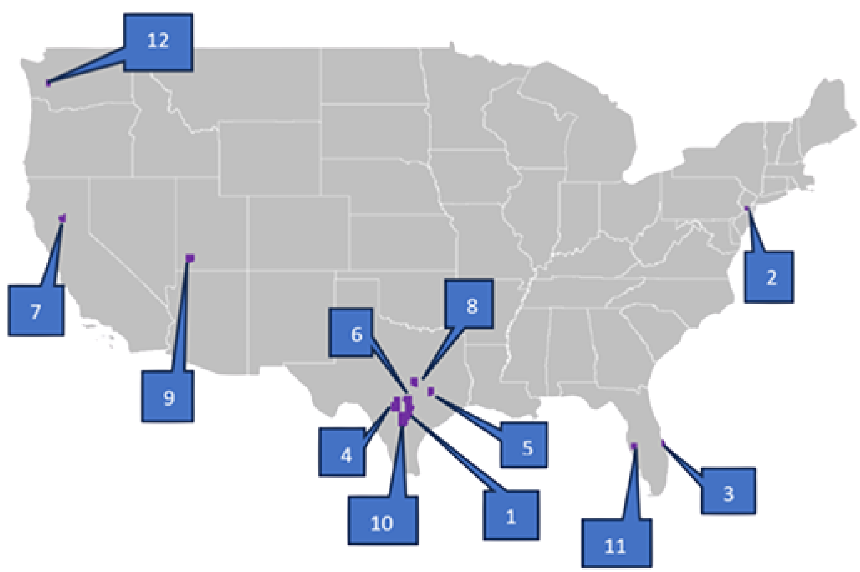
To address this, RetailStat experts have strategically segmented these vast markets into more manageable submarkets. We divided each market into six submarkets of equal area to the other submarkets in that metro. We then looked at store performance based on sales per square foot in submarkets with at least five active grocers (see the end of our analysis for more parameters). This approach allows for a more granular examination and facilitates more precise and actionable insights.

Drawn from this analysis, we've mapped 12 high-performing submarkets located in 10 markets, across six states.

Rank	Submarket Name/Description	State	Banners	Stores	SPSF	Market
1	New Braunfels-Seguin-Stockdale Corridor (Eastern San Antonio Suburbs)	TX	5	10	$33.77	San Antonio-New Braunfels, TX
2	Princeton / West Windsor	NJ	8	8	$30.53	Trenton-Ewing, NJ
3	Vero Beach	FL	4	6	$27.73	Sebastian-Vero Beach, FL
4	Boerne-Bandera	TX	8	30	$26.75	San Antonio-New Braunfels, TX
5	Central College Station & Western Suburbs	TX	7	12	$26.20	College Station-Bryan, TX
6	Dripping Springs-San Marcos	TX	11	33	$25.72	Austin-Round Rock-San Marcos, TX
7	Chico and NW Suburbs	CA	11	15	$25.45	Chico, CA
8	Killeen-Belton	TX	9	15	$25.25	Killeen-Temple-Fort Hood, TX
9	Cedar City	UT	5	5	$24.98	Cedar City, UT
10	SE San Antonio & South Suburbs	TX	3	5	$24.92	San Antonio-New Braunfels, TX
11	NE Bradenton Suburbs (Ellenton-Parish)	FL	8	22	$24.73	North Port-Bradenton-Sarasota, FL
12	Central Olympia	WA	16	29	$24.58	Olympia–Tumwater, WA

Thanks to HEB, Texas submarkets dominate the rankings. The Lone Star State has six top-tier submarkets across four markets. There is a notable concentration on the fringes of HEB's home market of San Antonio, which comes in at the top spot and two other places in the top 10, as well as nearby Austin. Florida is the only other state with multiple submarkets on the list, with one on either coast, and both thanks at least partially to Publix. New Jersey, Northern California, Southern Utah, and Washington round out the list with one submarket each.

These top-tier submarkets have an average sales per square foot of $26.72, which is 50% greater than the national average of $17.81 psf.



This is quite remarkable. But how do these markets, which are in small metros or in the suburbs or exurbs of larger metropolitan areas that still are not among the 20 largest, outperform the grocers in dense, affluent neighborhoods of, say, Northern Virginia or the wealthy enclaves in western Los Angeles? There are many factors in play, but the underlying reason is that, while the dense, affluent communities certainly do have their stellar performers, as the store count increases, so do the under-performers, and they drag down the average. Site location plays a vital role in the success of a grocer, and perhaps even more so in those affluent areas, where the competition is fierce.

Other parameters: At least 50% of the stores in the submarket must be larger than the national median grocery store size to reduce outliers due to footprint size; and at least 85% of the store locations within the submarket must have sales data available, to avoid analysis based on incomplete data.