Grocery Store Gap Analysis for the City of Greenville, SC

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Abstract

Commercial real estate companies use many different research methods to determine what and where to develop. While working with the Furman Company for the past two summer, I was shown many times just how valuable gap analyses can be at determining the precise building locations.

This project looked at the current distribution of grocery stores across the city of Greenville along with various specific demographics to determine where other potential grocery stores may consider locating in the near future. My project determined that there are two potential sites; one on Easley Bridge rd and one on Wade Hampton blvd.

While I mapped out every sized grocer across Greenville county, my recommendations only came in the form of supermarkets since small grocers have potential in very small segments.

Introduction and Background

Much of my research was aided by Brian Reed with the Furman Company. He was able to provide site specific opportunity analysis for the locations I provided. Brian is the lead researcher for a major commercial real estate company here in Greenville, SC. I also used www.batchgeocode.com for all of my geocoding needs. This is a website designed to give you the latitude and longitude of any street address. Finally I used www.yellowpages.com to determine the address of all the grocery stores across Greenville county.

The final goal of my project was to determine which areas in Greenville might be under represented with respect to easy access to grocery stores. My ultimate goal is to return to work with the Furman Company this summer with my findings and propose these areas be considered for development of future grocery stores.

Methodology

The commercial real estate market is an ever changing ordeal. Since much of my project requires timely data, my suggestions are based on data taken on April 15th, 2009.

The first step I took to perform my gap analysis was to compile all of my data. I first had to use the yellow pages to acquire all of the data for the hundreds of grocery stores across Greenville county. Next, I took these addresses, screening out those not in the six major cities, and ran them through the geocoding process online to get their approximate latitude and longitude. I only choose to use Greenville, Mauldin, Greer, Simpsonville, Traveler’s Rest, and Fountain Inn because they contain most of Greenville counties developments.

With this data, I typed it all up into an excel spread sheet, and using ArcMap, I overlaid it on top of my Greenville county layer. From here I overlaid the other states, counties, major roads, and population densities taken from Furman’s Data Resources.

For the next step I received help from Brian Reed (Furman & Co) to determine purchasing power (average income levels) and opportunity analysis for supermarkets since this information in not available to the public for such a small area. I then overlaid this data on top of my other work and derived two acceptable sites.

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Results/Discussion

As of April 15th, 2009, there were over 112 grocery stores in the six major cities in Greenville county (Figure 1). The city of Greenville held over 70 by itself. My analysis focused on only the grocery stores located within the city limits of Greenville to slightly narrow down the search (Figure 2).

With the majority of the population residing in western Greenville it was only natural for the majority of the grocery stores to trend in that direction. By looking at Figure 2, I was able to roughly determine the areas that offered enough potential clients that were not already saturated with other supermarkets.

From here I was able to relay the coordinate data for the potential grocery store locations onto Brian Reed. He was able to provide with me with purchasing power statistics as well as an opportunity analysis for future supermarkets in Greenville (Figure 3 and 4).

This information ultimately lead to two locations. One on Easley Bridge rd and one on Wade Hampton blvd. Within a one mile radius of the coordinate data I provided him, he found that there is a 8 million dollar and 13.7 million dollar opportunity for a potential supermarket on Easley Bridge road and Wade Hampton blvd respectively. Figure 3 shows the average income level for Easley Bridge rd to be approximately $27,000. I would suggest a lower end or cost leader to consider this site for development. Figure 4 shows the average income to be around $53,000. With this information, I would suggest a slightly higher end supermarket, but not a top end grocer because of the poor economy.

There were 6 other locations that showed a positive opportunity for supermarkets, but none of the other sites were either zoned correctly and/or would have been able to purchase/combine parcels to meet the required space needed for a grocery store of that magnitude.

These opportunity numbers take into consideration current Permit Application trend for new housing in order to determine future residential growth. Residential housing leads to job creation, which is an important guideline for grocery store locations. If a grocery store knows which areas are going to increase in population, grocery stores would then try to find optimal locations based on major roadways that connect as much of these futures developments as possible.

I chose these two locations because they seemed to meet all the criteria mentioned above.

Conclusions

•Greenville county does indeed have opportunities for future grocery store growth despite the 70 already in place.

•Of the locations derived from Figure 2, eight provided a positive opportunity for supermarkets.

•Of those eight, only two met all the criteria for zoning, utilities, and potential parcel sizes.

•This information, if taken to the right grocery store, could provide the beginnings of a development contract.

•This does not take into consideration grocery stores that are in the process of closing.

Acknowledgements

I would like to thank my father for his ideas and suggestions in helping me devise my project ideas. I would like to thank Brian Reed of the Furman Company, for all the insight into geo-coding my projects ideas.