

CONVENIENCE STORES



WHAT IS A CONVENIENCE STORE?

The National Association of Convenience Stores (NACS) defines a convenience store as:

- ▣ *A retail business with primary emphasis placed on providing the public a convenient location to quickly purchase from a wide array of consumable products and services*



History of the Convenience Store

- Evolved from a variety of sources
 - Mom & Pop small stores
 - Neighborhood grocery stores
 - A Dairy Store
 - Local Supermarkets
 - Delicatessen



History of the Convenience Store

- ▣ Southland Ice Company - 1927
- ▣ WWII and the growth of Automobile owners
- ▣ Built in small towns
- ▣ 1970's States began lifting regulations on Self-Serve Gasoline



History of the Convenience Store

- ▣ 1971 Less than 7% sold Fuel
- ▣ 1984 Less than 50% sold Fuel
- ▣ 2008 Approx 80% sell Fuel



Revenue - according to NACS

- ▣ Fuel accounts for 70% of revenue
 - However 1/3 of a stores profits
 - Higher margin on Food and Coffee
 - Since the Economic Downturn... NACS has actually seen a growth in this industry
 - 2008 Total Industry Sales in the U.S. 624.1 Billion
 - Relates to 4.4% of GDP
 - Other services. Car Wash, Propane containers, Lottery, QSR (Quick Service Restaurant), etc...



Fun Facts

- ▣ 144,875 stores at the end of 2008
 - More than supermarkets, drug stores, dollar stores and wholesale clubs
 - 1 store for every 2,100 people



Site Characteristics

- ▣ All Convenience Stores Require ...
 - Good Visibility
 - Easy Access – Ingress and Egress
 - Minimum site size of 30,000SF
 - 150 to 200' of frontage.



Location Characteristics

- ▣ Primary Market Area / Trade Area
- ▣ Vehicle Traffic Count
- ▣ Traffic Speed
- ▣ “Going Home” side of the Street
- ▣ Competition
- ▣ Corner Site
- ▣ Ease of Ingress and Egress
- ▣ Population Density
- ▣ Nearby Schools – NCAS recommends sites should NOT be located near an Elementary School



Location Characteristics

- ▣ Ample Parking
- ▣ Ample space for Fuel Islands



Pricing Land in VCS

- ▣ Unit of comparison is SF of Land?
- ▣ NOT SF of Building?
- ▣ Does the Building have value?



Building & Interior Amenities

- ▣ Food Service – Large service areas
- ▣ Multiple Check-out Counters
- ▣ Floor designs – More windows at front, Wide aisles
- ▣ High Ceilings
- ▣ Effective Signage – for a distinct identity



NCSA Avg 2008 Investment (Urban/Suburban)

- ▣ Land = \$1,090,616
- ▣ Building Cost = \$835,414
- ▣ Total Cost = \$1,926,030
- ▣ Other (listed as Equipment)
 - Foodservice = \$148,560
 - Motor Fuels Equipment = \$473,361
 - Merchandise = \$182,199
 - Car Wash = \$372,296
 - Technology = \$42,569
 - Inventory Fuel = \$72,630



NCSA Avg 2008 Investment

- ▣ Potential Total Investment per store
 - \$2,899,783
 - This figure was up 11% from 2007
 - Rural Stores total investment per store
 - \$2,183,318
 - This figure was down 27% from 2007



2008 Avg Store Size (Urban/Suburban)

- ▣ Sales Area - 2928 SF
- ▣ Non-Sales Area - 1657 SF
- ▣ Store Size - 4585 SF
- ▣ Avg Property Size 62,748 SF

- ▣ Avg Rural Store Size - 3996 SF
- ▣ Avg Rural Property Size - 64,013 SF



Fun Facts

- ▣ Parking spaces are 9'x19'
- ▣ 62.9% of Convenience Stores are Single Owner Stores
- ▣ 2 in 1 stores have 50% more income
- ▣ The Women's Restroom is always placed first in a hallway design for safety
- ▣ Modern stores average 37 lineal feet of walk-in-cooler space



Store Grades



2 GRADE
EIFS ON STL FR CONV. STORE



Store Grades



2 GRADE
DEC. C.BLK/WD FR CONV. STORE



Store Grades



**3 GRADE
BRICK VENEER/STL FR CONV. STORE**



Store Grades



3 GRADE
BRK ON C.BLK/WD FR CONV. STORE



Store Grades



4 GRADE
C.BLK/STL FR CONV. STORE



Store Grades



**5 GRADE
MTL/STL FR CONV. STORE**



Store Grades



5 GRADE
C.BLK/STL FR CONV. STORE



What Grade is this?



Industry Design Terms

- ▣ **Kiosk** – Less than 800 SF, main purpose to serve fuel, generally owned by an oil company



Industry Design Terms

- ▣ **Mini Convenience Store** – 800 – 1,200 SF, Fuel primary focus, limited grocery items, very little food service, limited parking



Industry Design Terms

- ▣ **Limited selection Convenience Store** - 1,500 to 2,200 SF, derives revenue from both Fuel and Merchandise, more extensive grocery, simple food service, Parking available, Extended hours



Industry Design Terms

- ▣ **Traditional Convenience Store** - 2,400 to 2,500 SF, In-Store products are primary focus with Fuel as secondary source of revenue, typically owned by national chains, includes food service as well as limited frozen foods, health and beauty items. Extended Hours



Industry Design Terms

- ▣ Traditional Convenience Store –



Industry Design Terms

- ▣ **Expanded Convenience Store** - 2,800 to 3,600 SF, Large amount of shelf space, significant fast food options, In-Store sales are now a large percentage of total revenues, 10 to 29 parking spaces, 24 hour service



Industry Design Terms

- ▣ Expanded Convenience Store –



Industry Design Terms

- ▣ **Hyper Convenience Store** - 4,000 to 5,000 SF, Could be a mini-truck stop, wider array of in-store products, bakery, fast food restaurant with seating or pharmacy. Extensive parking.



Industry Design Terms

- ▣ Hyper Convenience Store –



Industry Design Terms

- ▣ **Hypermarkets** - built in conjunction with a larger grocery store or department store, i.e.: Sam's Club, Hy Vee, Jewel Osco, etc...



Industry Design Terms

- ▣ Hypermarkets –



Canopy/fueling station Design – “Starting Gate”



Canopy/Fueling Station Design – “Four Square”



Fuel Service

- ▣ Fuel System:



Fuel Service



Fuel Service



Fuel Service

Yard 4 of 5 | Add | Delete | ?

Yard Item: Tank - Underground | 4-42

Totals Choice: Improved

Pricing Options: Calculated

Price \$: 40250.00

Apply 100% Manual Level: No

Description: Tank - Underground | \$3.75

Tank Type: Fiberglass-Dbl Wall

Quantity: 10,000 Gallons

Pump Stations: 4

Age: Year Built 1998 | EFA 12 | EF Year 1998

Depreciation Table: Option Computer | Table 2

Cond./Depr.	Normal	36	-\$28,980
Func Obso.	0		\$0
Econ Obso.	0		\$0
Other Obso.	0		\$0
Ag Factor	No	N/A	\$0

Yrd Count: 2 | Plot No.:

Comment:



Fuel Service – Real vs Personal

- ▣ Underground Tanks?
- ▣ Pumps?
- ▣ Underground Piping?
- ▣ Sign?
- ▣ Concrete?
- ▣ Lighting?



Building - Real vs Personal

- ▣ Coolers?
- ▣ Shelving?



Building Valuation - Cost Approach



Building Valuation - Cost Approach

Structure	Verticals[6]	Horizontals[7]	Adjust[1]/Plumb[3]	Extras[0]	
Occupancy	204	Store - Convenience		Pricing Option	Precomputed
Pricing	204	Store - Convenience		Totals Choice	By Class
Description	B1-1S BRK VEN		6-25	Age	
Style	Brick Veneer - Steel			Year Built	1998 EFA 12 EF Year 1998
Stories	1			Depreciation Table	
Grade	3	1.220		Option	Computer Table 7
Base	2,720	Square Feet		Cond./Depr.	Normal 18 -\$51,225
Basement	0	Square Feet		Func Obso.	0 \$0
GBA	2,720	Square Feet		Econ Obso.	0 \$0
				Other Obso.	0 \$0
					<input type="button" value="Obso Reasons..."/>
					<input checked="" type="checkbox"/> Obso Override



Building Valuation - Cost Approach

Structure	Verticals[6]	Horizontals[7]	Adjust[1]/Plumb[3]	Extras[0]				
1 Ftr & Fdtn	...	Description	Inch	Range	LF	Page	Tbl Price	Value \$
		Reinforced Concrete w/o Bsr	8"	Average	0	5-5	...	Base
Total								0
2 Exterior Wall	...	Description	Height	Range	LF	Page	Tbl Price	Value \$
		Brick Veneer	12	Average	148	5-6	...	Base
		Metal/ Frm/ Insul (<50' Wide	10	Average	68	5-6	...	Base
Total								0
3 Interior Wall	...	Description	Height	Range	LF	Page	Tbl Price	Value \$
		Drywall or Equiv.	0	Average	0	5-8	...	Base
Total								0
4 Pilasters	...	Description	Height	Range	LF	Page	Tbl Price	Value \$
		None					...	Base
Total								0
5 Wall Facing	...	Description		Range	SF	Page	Tbl Price	Value \$
		None					...	Base
Total								0
6 Windows	...	Description	Floors	Range	LF of Wall	Page	Tbl Price	Value \$
		Aluminum Casement	0	Average	0	5-8	...	Base
Total								0
7 Fronts/Doors	...	Description		Range	LF	Page	Tbl Price	Value \$
		Good Cost Front	Average	Average	0	5-6	...	Base
Total								0



Building Valuation - Cost Approach

Structure	Verticals[6]	Horizontals[7]	Adjust[1]/Plumb[3]	Extras[0]				
1 Basement	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		None				...		Base
Total								0
2 Roof	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		Rubber Membrane/Wood		Average	2720	5-8	...	Base
Total								0
3 Ceiling	...	Description		Range	SF/Story	Page	Tbl Price	Value \$
		Suspended Blk-Fiber		Average	2720	5-9	...	Base
Total								0
4 Struct. Floor	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		R'Concrete 4"		Average	2720	5-9	...	Base
Total								0
5 Floor Cover	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		Asphalt Tile		Average	2720	5-9,4-	...	Base
Total								0
6 Partitions	...	Description		Range	p/Unit	Page	Tbl Price	Value \$
		None				...		Base
Total								0
7 Framing	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		Wood - Average		Average	2720	5-10	...	Base
Total								0
8 HVAC	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		Combination FHA - AC		Average	2720	5-11,4	...	Base
Total								0
9 Lighting	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		Incl. w / Base		Average	2720	5-12	...	Base
Total								0
0 Sprinkler	...	Description		Range	Sq Ft	Page	Tbl Price	Value \$
		None				...		Base

Adjustments - Manual page

MAIN AREA ADJUSTMENTS

No Air Conditioning	(-)			\$5.60	P.S.F.
Sprinkler System	(+)			2.50	P.S.F.
Basement Finish	(+)		\$20.00 -	30.00	P.S.F.
No Ceiling Finish	(-)			2.25	P.S.F.
Interior Restaurant Facilities	(+)	(Apply to 100% of building area)	5.00 -	8.00	P.S.F.
Built-In Coolers		(See "Analyzed Unit Cost")			

OTHER AREA ADJUSTMENTS

			Price Range	Typical	
Canopy	(+)		\$12.00 - \$18.00		P.S.F.
Loading Docks	(+)		13.00 - 19.50		P.S.F.
Lighted Canopies	(+)	Wood Frame	9.50 - 14.50	\$12.00	P.S.F.
		Steel	16.00 - 24.00	20.00	P.S.F.
		Concrete	17.00 - 25.00	21.00	P.S.F.

Paving & Yard Lighting (See "Commercial and Industrial Schedule Short Form" — Page 5-13)



Building Valuation - Cost Approach

Structure		Verticals[6]		Horizontals[7]		Adjust[1]/Plumb[3]		Extras[0]	
Add		Delete		Typicals		Adjustment 1 of 1		Total \$5,600	
Adjustment	Units	Range	Price per Unit	Value \$					
▶ Surveillance system(>3)	4	Average	\$1,400.00	\$5,600					
Add		Delete		Typicals		Plumbing 1 of 3		Total \$0	
Plumbing	Units	Range	Price per Unit	Value \$					
▶ Toilet Room	2	Base	\$0.00	\$0					
Sink-Kitchen	1	Base	\$0.00	\$0					
Stainless Stl Triple Sinks - (1	Base	\$0.00	\$0					



Building Valuation – Cost Approach

Yard 1 of 5
Add
Delete
[-37/5-1]

Yard Item: Paving - Concrete

Description: Paving - Concrete \$2.90

Paving Type: Concrete w/Curbs

Quantity: 25,000 Square Feet

Pricing: Low

Totals Choice: Improved

Pricing Options: Calculated

Price \$: 72500.00

Apply 100% Manual Level: No

Age:

Year Built: 1998 **EFA:** 12 **EF Year:** 1998

Depreciation Table:

Option: Computer **Table:** 1

Cond./Depr.	Normal	24	-\$17,400
Func Obso.	0		\$0
Econ Obso.	0		\$0
Other Obso.	0		\$0
Ag Factor	No	N/A	\$0

Yrd Count: 1 **Plot No.:**

Comment:



Building Valuation - Cost Approach

Yard 2 of 5 ▶ 🔍 ➕ Add ➖ Delete 📄 🔄 📅 ?

Yard Item: **Yard Lighting - Sodium/Halide** 📅 4-28

Totals Choice: **Improved**

Pricing Options: **Calculated**

Price \$: **3950.00**

Apply 100% Manual Level: **No**

Age: _____

Year Built: **1998** EFA: **12** EF Year: **1998**

Depreciation Table: _____

Option: **Computer** Table: **1** 📅

Cond./Depr.	Normal	24	-\$2,844
Func Obso.	0		\$0
Econ Obso.	0		\$0
Other Obso.	0		\$0
Ag Factor	No	N/A	\$0

Description: **Yard Lighting - Sodium/Halide** **\$2,600.00**

of Poles: **1**

Pole Height: **16**

of Lights per pole: **2**

Watts: **800** Watts

Yrd Count: **3** Plot No. _____

Comment: _____



Building Valuation - Cost Approach

Yard 3 of 5 | Add | Delete | ?

Yard Item: **Canopy - Lighted** 6-95

Totals Choice: Improved
Pricing Options: Calculated
Price \$: 0.00
Apply 100% Manual Level: No

Description: Canopy - Lighted \$12.00
Type: Wood Frame
Pricing: Average
Quantity: 0 Square Feet

Age: Year Built 1998 EFA 12 EF Year 1998

Depreciation Table: Option Computer Table 1

Cond./Depr.	Normal	24	\$0
Func Obso.	0		\$0
Econ Obso.	0		\$0
Other Obso.	0		\$0
Ag Factor	No	N/A	\$0

Yrd Count: 1 Plot No.:
Comment:



Building Valuation – Cost Approach

Yard 4 of 5 | Add | Delete | ?

Yard Item: Tank - Underground | 4-42

Totals Choice: Improved

Pricing Options: Calculated

Price \$: 40250.00

Apply 100% Manual Level: No

Age: Year Built 1998 EFA 12 EF Year 1998

Depreciation Table: Option Computer Table 2

Cond./Depr.	Normal	36	-\$28,980
Func Obso.	0		\$0
Econ Obso.	0		\$0
Other Obso.	0		\$0
Ag Factor	No	N/A	\$0

Description: Tank - Underground \$3.75

Tank Type: Fiberglass-Dbl Wall

Quantity: 10,000 Gallons

Pump Stations: 4

Yrd Count: 2 | Plot No.:

Comment:



Building Valuation – Cost Approach

Yard 5 of 5 | Add | Delete | ?

Yard Item: Sheds | 7-78

Totals Choice: Improved

Pricing Options: Calculated

Price \$: 864.00

Apply 100% Manual Level: No

Age: Year Built 2004 EFA 6 EF Year 2004

Depreciation Table: Option Computer Table 2

Cond./Depr.	Normal	18	-\$156
Func Obso.	0		\$0
Econ Obso.	0		\$0
Other Obso.	0		\$0
Ag Factor	No	N/A	\$0

Description: Sheds \$9.00

Type: Metal

Pricing: Average

Width: 12.00

Length: 8.00

Area: 96 Square Feet

Yrd Count: 1 | Plot No.:

Comment:



Total Value

- ▣ Land - \$70,460
- ▣ Buildings - \$397,850

- ▣ TOTAL - \$468,310



How do we compare?

- ▣ Total Value - \$468,310

- ▣ Industry Estimates Investment at:
 - \$2,100,000 total investment
 - \$1,009,000 in Land costs
 - \$800,000 in Building costs



Property for Sale - in Brainerd

- Turn-key operation that is profitable, well maintained and on an excellent, highly trafficked intersection in the Brainerd/Baxter Lakes area. Established for over 25 years, this opportunity includes a fully stocked convenience store, an off-sale liquor store, gas, diesel and non-oxy premium with 24 hr pay at the pump service, a fresh deli, bakery, pizza and self-serve beverage area, LP tanks, firewood, ice, air, lottery tickets, ATM, outdoor picnic area, live bait, tackle, hunting/fishing licenses and boat & snowmobile storage (3 out buildings). All situated on approx 2.75 acres of real estate (included). Over \$100k has been spent on improvements within the past 2 years including new pumps. The retail stores combined are over 7400 square feet and the storage facilities total over 12,000 sq ft.



Properties for Sale

- ▣ This establishment has excellent curb appeal, has a fun, friendly atmosphere and has been a well known center point for traveling patrons who are on their way to their favorite lake in the area for fishing or just relaxing. Revenues are on a constant increase in addition to several opportunities for growth.

In 2011, gas revenues were slightly under \$2M, liquor sales \$392k, tobacco approx \$320k, and grocery / deli / bait \$470k. The asking price of \$1M shall include Everything mentioned (including inventory). In addition, the seller is willing to finance the transaction to a qualified buyer with a down payment of approx \$300k or negotiated amount. Terms are negotiable depending upon buyer's financial status.



Properties for Sale

- ▣ Listed for \$1,000,000
- ▣ Revenue of \$3,169,993
- ▣ Furniture / Fixture value \$140,000
- ▣ Inventory / Stock \$160,000



Thank You for your time!

HOPE YOU ALL LEARNED A LITTLE
SOMETHING ABOUT CONVENIENCE
STORES

