



# Grocery Stores

## Emerge as

# Anchors in Retail



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Without overstating the obvious, one of the very bright spots in retail real estate over the course of the pandemic (and foreseeably into the future) is the strength of grocery anchored neighborhood shopping centers as long term investments. These types of centers, in addition to Wal-Mart, Costco and Target (who also offer groceries) fared much better in 2020 (and continuing in 2021) than all other types of retail real estate.

Many grocers, including Ralphs, Whole Foods, Vons, Barons, Sprouts and Jimbo's achieved record sales volumes at multiple locations. The "daily needs" centers that by definition include grocers, drugstores, banks, fast casual and drive thru restaurants among other tenants fared very well during the pandemic. Further, because of changing customer shopping habits, these centers are poised to continue generating strong sales as the economy continues to open and attract shoppers.

As noted in an article from the Wall Street Journal, [Read the Article](#) "grocery anchored shopping centers are one of the few categories of retail property attractive to investors." This is significant as some of the largest shopping center owners including Kimco, Regency, American Assets Trust, Vestar, ShopCore, Donahue Schriber, Sudberry Properties, Balboa Retail Partners and others have a large presence in San Diego County and are considered amongst the best owners and operators of grocery anchored centers. This bodes well for the long term investment of grocery anchored centers and attracts many best in class tenants to these centers.

Flocke & Avoyer is the exclusive marketing agent for more than 40 grocery market anchored centers. From our experience, retail leasing at many of these centers have seen increased demand and many are at or near 100% occupancy. Leasing momentum is solid as evidenced by activity at Del Mar Highlands Town Center, [www.delmarhighlandstowncenter.com](http://www.delmarhighlandstowncenter.com). One of the best performing open air centers in Southern California, DMHTC had a new phase

come on line in 2020 where 14 new leases were signed! In addition several restaurant leases were signed in the new SkyDeck phase that also recently opened at the center.

The Shops at La Jolla Village, [www.theshopsatlajollavillage.com](http://www.theshopsatlajollavillage.com) is another example of a very successful center where Whole Foods, and CVS have very high performing stores. The strong anchor tenant sales and customer traffic also benefited some of the “shops” tenants, with some retailers and restaurants seeing year over year comp sales jump by 50% and in once case increased by 100%!

To take a closer look at customer behavior, including spending habits and safety precautions, an ICSC survey found the following:

- 60% are shopping in physical stores for non-essential goods
- 73% agree businesses should be open in their state
- 49% plan to buy new clothes for office and social events
- 66% are comfortable with reopening pace and relaxing of local Covid-19 restrictions

With all the doom and gloom that has been written about the demise of shopping centers, neighborhood grocery anchored centers continue to outperform other retail categories. These types of centers attract the best tenants and prove their worth as long term profitable investments.

Retail is here to stay and while the landscape will change over time, this segment has continued to outperform for the long haul.



*Del Mar Highlands Town Center*



*Del Mar Highlands Town Center*



*The Shops at La Jolla Village*



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