



# NORTH KILLEEN GROCERY STORE UPDATE

DS-24-054

September 3, 2024

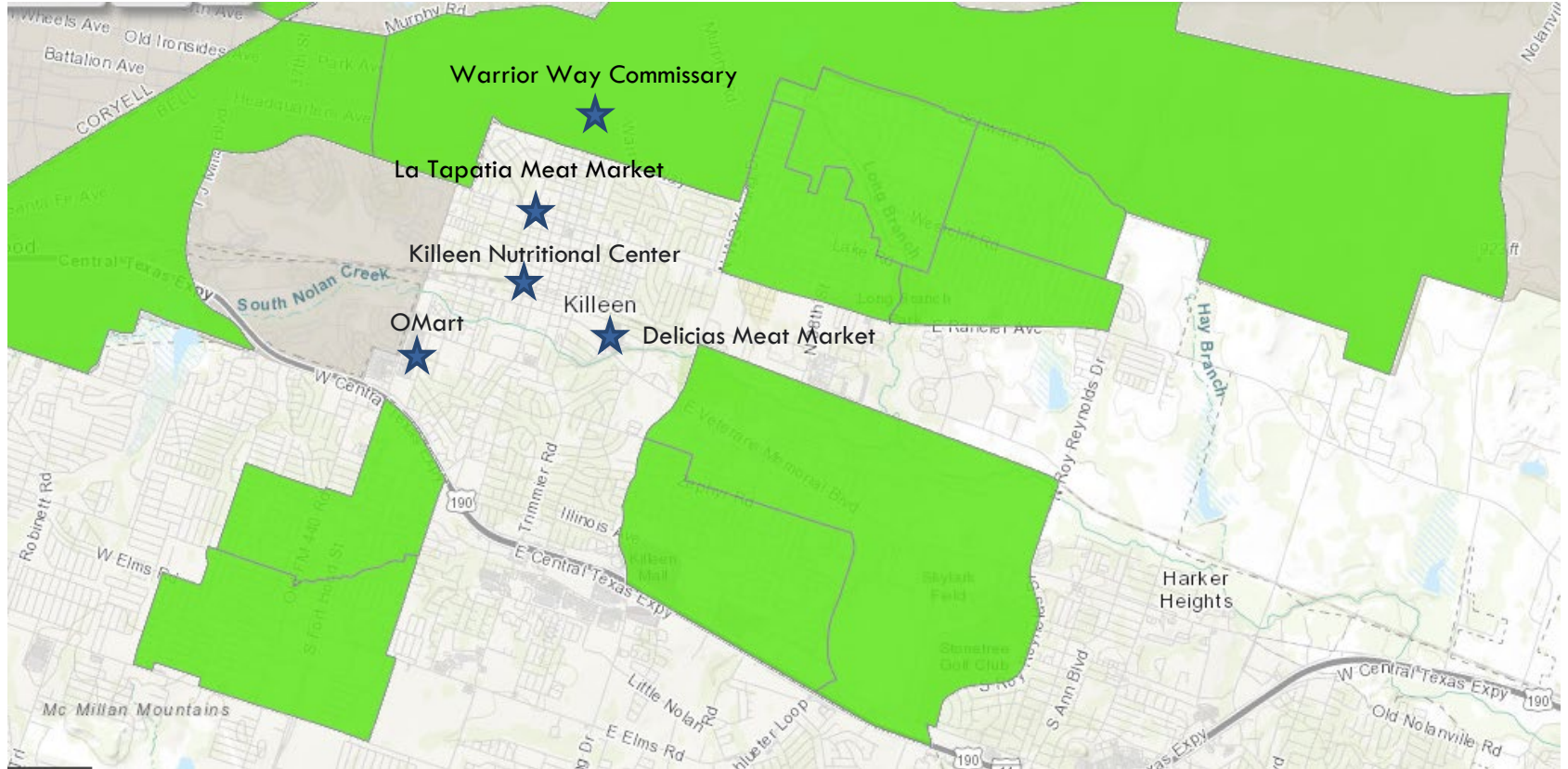
# Background

The USDA uses the Food Access Research Atlas (FARA) to better understand a community's access to healthy and affordable foods.

- The USDA stopped using the Term Food Desert in 2013 and now used the term “Low Income and Low Access” to designate areas with limited access to healthy food as it more accurately reflects what is statistically measured in FARA.
  - The FARA only uses three types of stores for their data, Supercenters, supermarkets, and large grocery stores (greater than \$2 Million in annual sales).
  - The FARA does not count Military Commissaries, Club Stores, dollar stores, or convenience stores.

# Food Access Research Atlas (FARA)

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# Current Access to Healthy Foods in North Killeen

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- La Tapatia Meat Market 204 W Rancier Ave.





# Current Access to Healthy Foods in North Killeen

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## □ Killeen Nutritional Center 102 E Avenue D





# Current Access to Healthy Foods in North Killeen

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- ❑ Delicias Meat Market - 1001 E Veterans Memorial







# Background

- July 2023 – Killeen City Council allocated funding for grocery store pre-site development at 2906 E Rancier Avenue.
- July 2023- Oasis Grocery Store completed a market survey for a grocery store in North Killeen.
- August 2023- Phase One environmental was completed for 2906 E Rancier Avenue.
- September 2023- KEDC and IBCC visited Oasis Grocery Store in Tulsa Oklahoma. Oasis did indicate that at least \$8 million would be needed to build and fully outfit a grocery store to their specifications.



# Background

- September 2023 – The City of Killeen engaged Retail Coach as a consultant to further study the Rancier Corridor, to identify market opportunity and to engage potential grocers.
  - The report found that the corner of 38<sup>th</sup> and Rancier Avenue was a good location for a grocery store.
  - The Rancier Ave Retail Trade Area Demand outlook shows a relatively strong market demand and growth for a grocery store in the area. The current 2023 demand for grocery stores in the area is \$49,807,689 with a compound annual growth rate (CARG) of 1.14% as well as the supermarket 2023 demand for the area at \$47,691,296 with a CARG of 1.11%.

# Background

- December 2023 to April 2024 – Retail Coach engaged multiple grocers to gage their interest in opening a location in North Killeen with the following results:
  - United/Randalls/Tom Thumb: Reported that they have no current plans to enter the North Killeen Market. They are in the process of a buyout/merger with Kroger; most of their new development plans are on hold until at least the middle of 2025
  - Aldi: Their representative said they already have two locations covering the Killeen market and have no current plans to add another.

# Background

- HEB: Did not respond on the potential for additional locations in the area.
- Walmart Neighborhood Market: Reported that they are not expanding this brand.
- Kroger: Did do an analysis to investigate expanding in North Killeen. However, they recently announced they will stop all their delivery services in Central Texas and have decided they will not be expanding in the Killeen area.
- Sprouts: Did do an analysis to investigate expanding in the area and reported that income levels in North Killeen were not viable for a Sprouts location.



# Background

- April 2024- The City of Killeen requested grant resources research support from CTCOG related to grocery store development in North Killeen.
- June 2024 - the City of Killeen completed a Request for Proposals (RFP) for master planned development of the 2906 E Rancier Avenue site including a grocery store as an anchor project. No proposals were received in response to the RFP.

# Background

- When talking with potential Grocers, it was identified that any level of incentive towards the project were secondary to their need to see significant growth in new residential development in the area to make the market viable for a new grocery store location.
- Specifically, when talking with grocery store developers, they state they are looking for at least 5,000 new rooftops being added to an area in the immediate future to make it a viable location.
- Currently, in the North Killeen trade area for the potential grocery store, there are an estimated 3,500 units expected to be added within the next 7 to 10 years.