
Going to Market:

New York City's Neighborhood Grocery Store and Supermarket Shortage



New York City
Department of City Planning



Going to Market:

- **Introduction**
- **Grocery Stores to People**
- **Assessing Need for New Neighborhood Grocery Stores**
- **Supermarkets and Economic Development**
- **Recommendations**

Introduction

Why should we be concerned about neighborhood grocery stores and supermarkets?

- A widespread shortage of neighborhood grocery stores and supermarkets exists in New York City. High need for fresh food purveyors affects approximately three million New Yorkers. Low-income neighborhoods have the highest need.
- Closures are occurring in neighborhoods already poorly served by fresh food purveyors.
- Our research shows the City is vastly underserved by local grocery stores. NYC has the potential to capture approximately \$1 billion of grocery spending* lost to suburbs. As a result, New York City can support more than 100 new neighborhood grocery stores and supermarkets.
- Pharmacies, convenience stores, and discount stores are the largest segment of food retailers in some neighborhoods. These stores typically do not sell fresh foods.
- Underserved areas of the Bronx, central and eastern Brooklyn, far eastern Queens, and Harlem have high rates of diet-related diseases.
- Increased competition in underserved neighborhoods would reduce grocery costs. More stores would increase convenience and availability of fresh foods, empowering consumers to make healthier decisions about what to buy and what to eat.

*Based on NYCEDC estimates

Introduction

Why should we be concerned about neighborhood grocery stores and supermarkets?

Supermarkets:

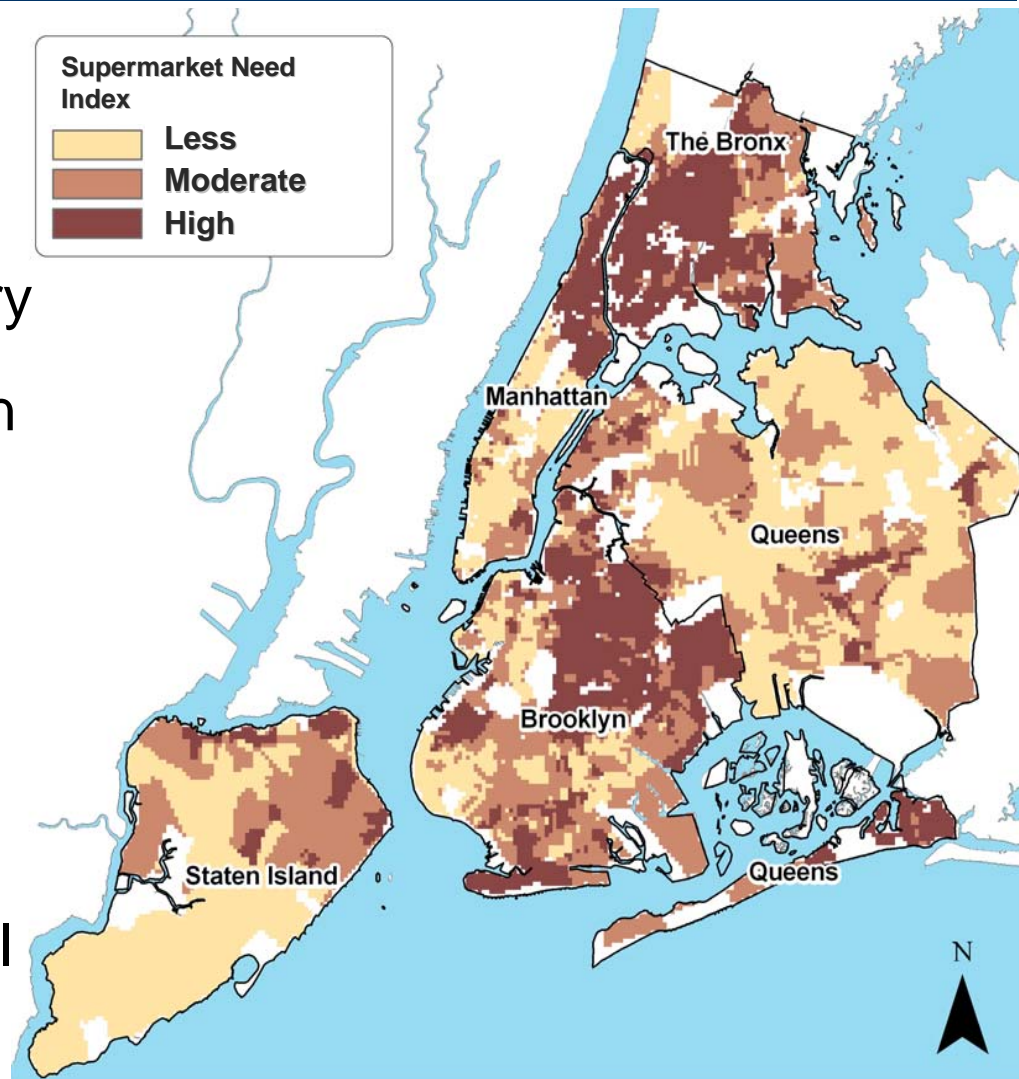
- Improve quality of life
- Improve property values
- Create jobs
- Serve as retail anchors, attracting foot traffic and complementary retail



Introduction

Assessing Need:

- City Planning's assessment of need for new neighborhood grocery stores and supermarkets accounted for the areas in the City that have the highest levels of diet-related diseases and largest populations with limited opportunities to purchase fresh foods
- High need for local grocery stores exists in all five boroughs



Going to Market:

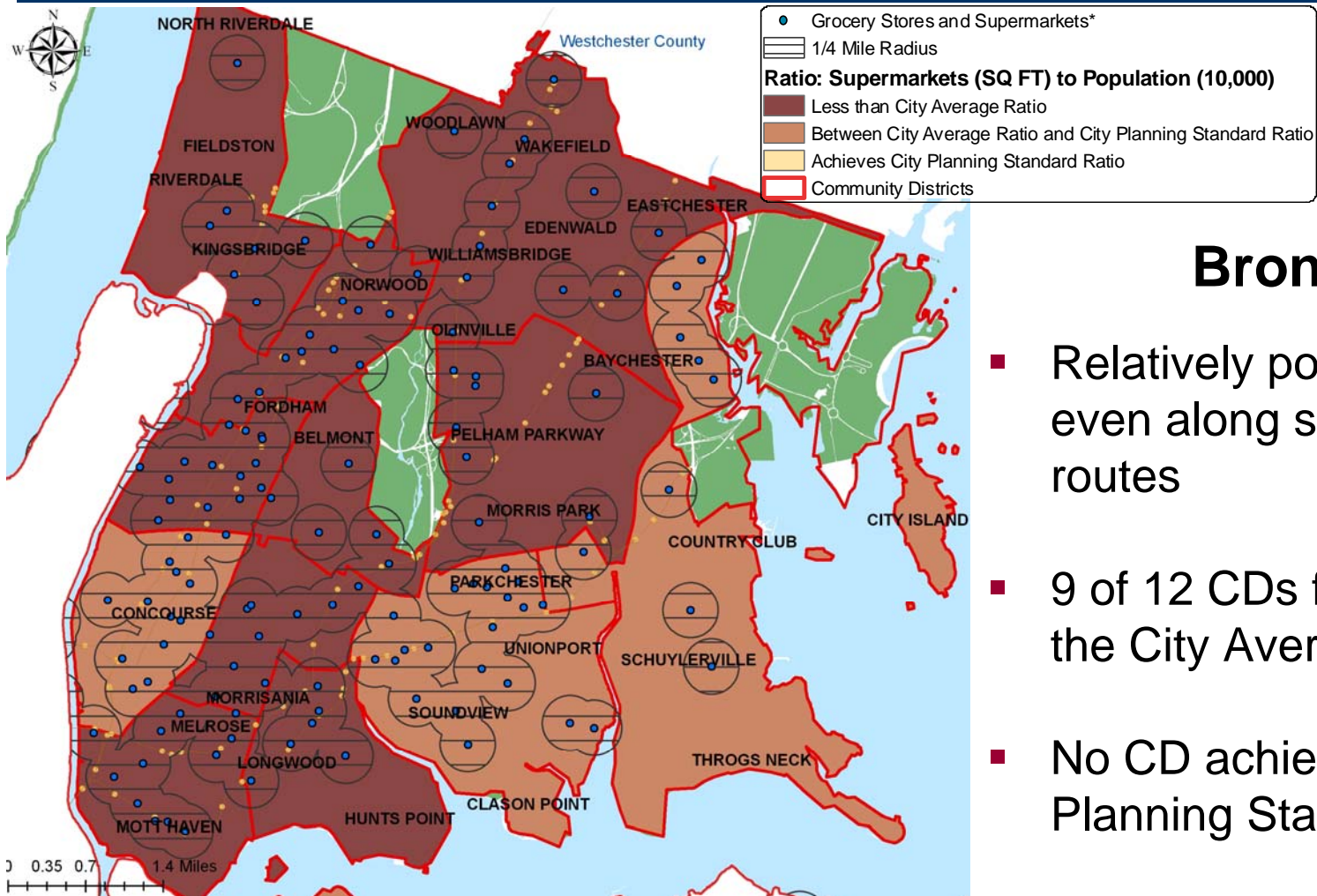
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Grocery Stores to People

What is the optimal ratio of neighborhood grocery stores to New Yorkers?

- **National ratios for supermarket square footage to people do not work for NYC. They are formulated for suburban shopping centers.**
 - **National Ratio for Supermarkets to People:**
One 50,000 to 100,000 SQ FT store / 10,000 people in 8 to 10 minute drive time
- **NYC's neighborhoods are dense, pedestrian-oriented, urban environments. New Yorkers are more likely to walk to their local grocery store. The City is a built environment and stores no larger than 30,000 SQ FT can be developed on most local commercial corridors.**
 - **Existing Average Citywide Ratio for Local Grocery Stores to People**
15,000 SQ FT / 10,000 people in neighborhood
 - **City Planning Standard Ratio for NYC Local Grocery Stores to People:**
30,000 SQ FT / 10,000 people in neighborhood
- **Goal: Increase the current Citywide Average Ratio from 15,000 SQ FT / 10,000 people to the City Planning Standard Ratio of 30,000 SQ FT / 10,000 people**
 - Only 2 Community Districts (CDs) citywide currently meet the City Planning Standard Ratio – CDs 4 and 5 in Manhattan

Grocery Stores to People by Community District (CD)



Bronx:

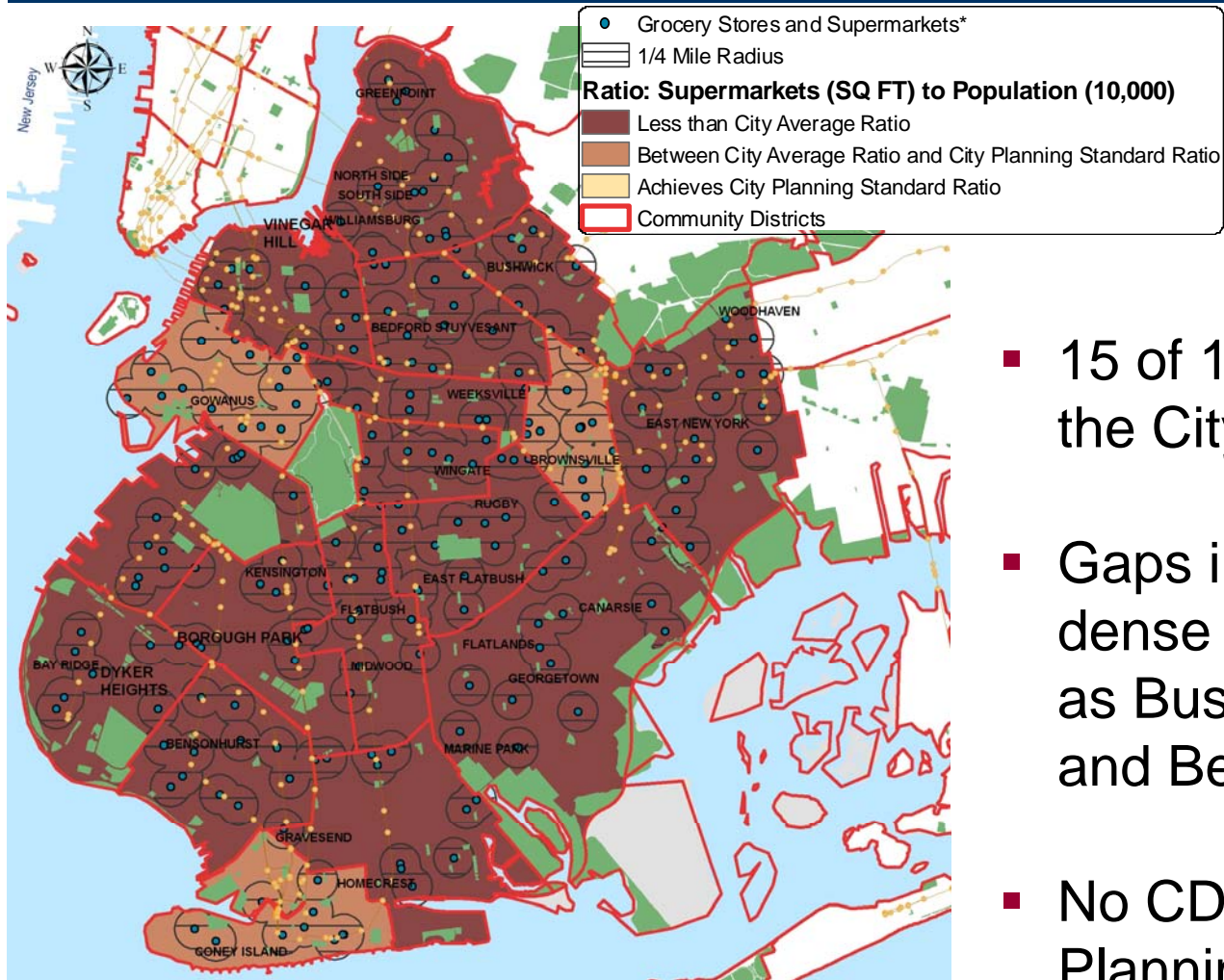
- Relatively poor coverage even along subway routes
- 9 of 12 CDs fall short of the City Average Ratio
- No CD achieves the City Planning Standard Ratio

Areas in dark brown show CDs with largest shortfall between existing stores/10,000 people and City Planning Standard Ratio

* Grocery stores and supermarkets include all name brand grocery stores and supermarkets and food stores over 10,000 sq ft

Source: NYS Department of Agriculture and Markets

Grocery Stores to People by Community District (CD)



Brooklyn:

- 15 of 18 CDs fall short of the City Average Ratio
- Gaps in coverage in very dense neighborhoods, such as Bushwick, Sunset Park, and Bedford Stuyvesant
- No CD achieves the City Planning Standard Ratio

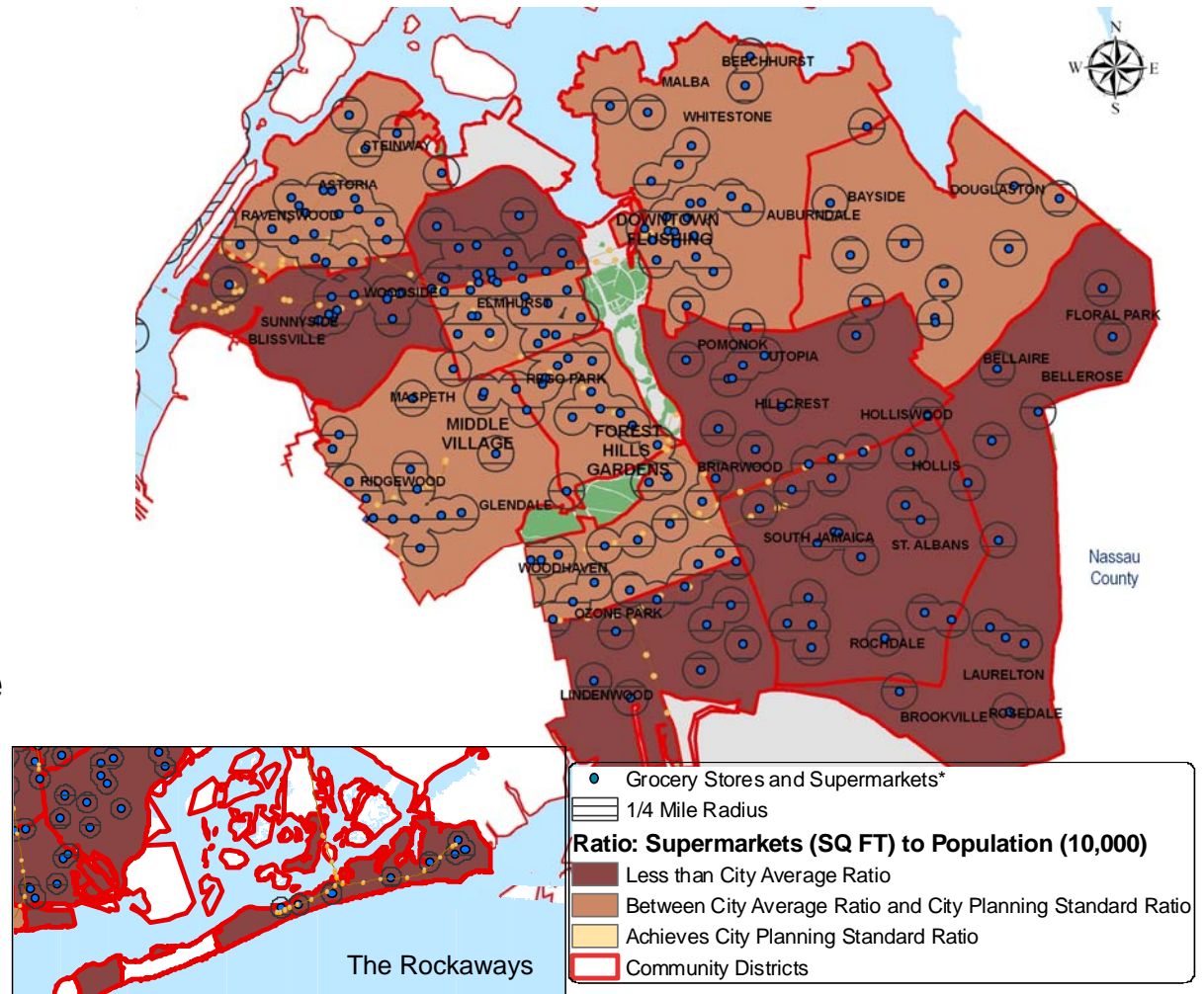
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Grocery Stores to People by Community District (CD)

Queens:

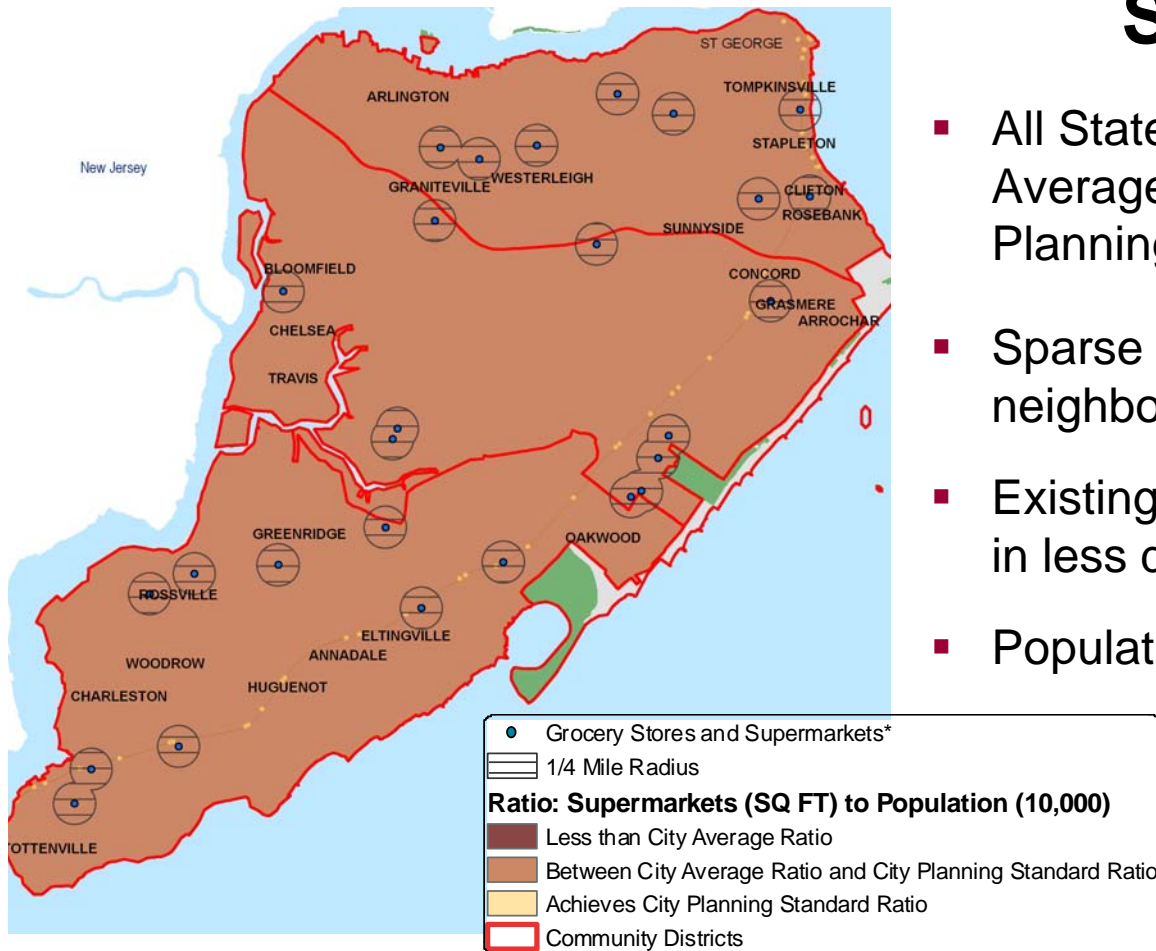
- Half of all Queens CDs fall between the Average City Ratio and the City Planning Standard Ratio
- Sparse supermarket and neighborhood grocery store coverage
- Existing stores are larger and located in less dense neighborhoods
- Population has greater access to cars



Areas in dark brown show CDs with largest shortfall between existing stores/10,000 people and City Planning Standard Ratio

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Grocery Stores to People by Community District (CD)



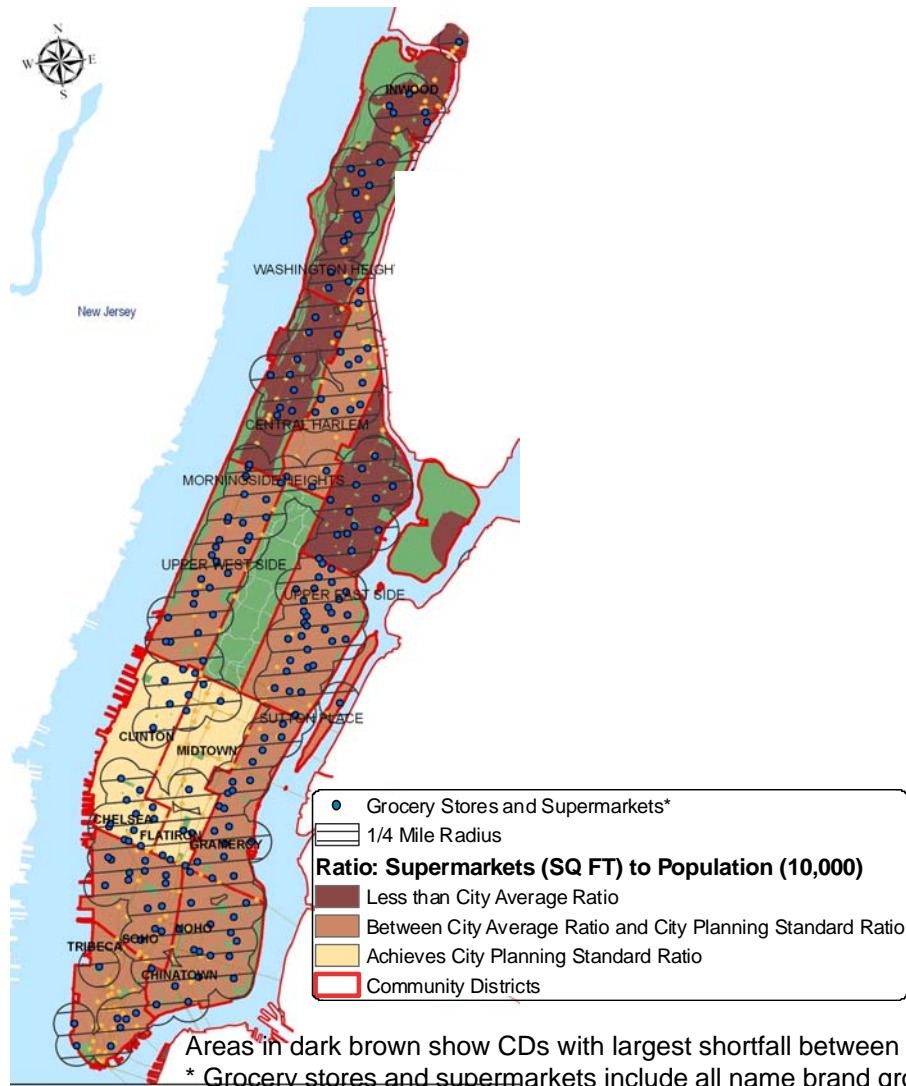
Staten Island:

- All Staten Island CDs are between the Average City Ratio and the City Planning Standard Ratio
- Sparse supermarket and neighborhood grocery store coverage
- Existing stores are larger and located in less dense neighborhoods
- Population has greater access to cars

Areas in dark brown show CDs with largest shortfall between existing stores/10,000 people and City Planning Standard Ratio

* Grocery stores and supermarkets include all name brand grocery stores and supermarkets and food stores over 10,000 sq ft

Grocery Stores to People by Community District (CD)



Manhattan:

- Three CDs in northern Manhattan fall short of the Average City Ratio
- Best coverage of grocery stores and supermarkets in the City
- CD4 (Chelsea) & CD5 (Midtown) meet City Planning Standard Ratio
- Gap in coverage in Central & East Harlem & parts of Washington Heights

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Assessing Need for New Grocery Stores

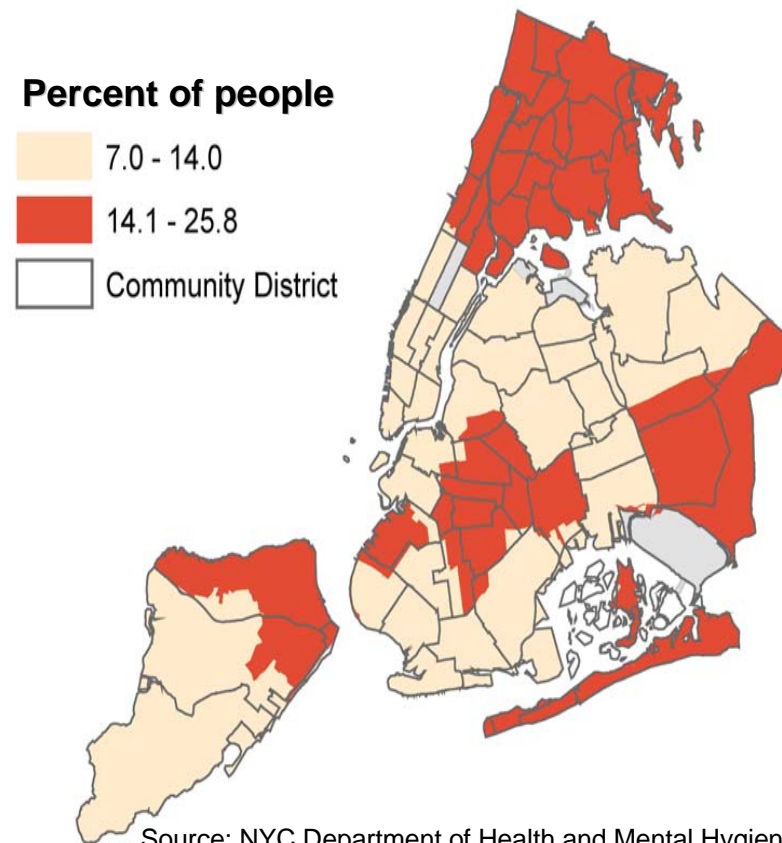
- City Planning created a **Supermarket Need Index (SNI)** to determine the areas in the City that have the **highest levels of diet-related diseases** and **largest populations with limited opportunities to purchase fresh foods**.
- **The SNI identifies areas with the highest need for new neighborhood grocery stores and supermarkets** based on an index which measures:
 - **High population density**
 - **Low access to a car at the household level**
 - **Low household incomes**
 - **High rates of diabetes**
 - **High rates of obesity**
 - **Low consumption of fresh fruits and vegetables**
 - **Low share of fresh food retail**
 - **Capacity for new stores**

Assessing Need for New Grocery Stores

Consumption of Fruits and Vegetables:

- People who eat fruits and vegetables 3 times or more a day are 42% less likely to die of stroke and 24% less likely to die of heart disease than those who eat them less than once a day.
- Eating more fruits and vegetables helps prevent diabetes, heart disease, cancer, high blood pressure, and many other illnesses.
- Consumption of fruits and vegetables is lowest in neighborhoods where obesity and diabetes levels are high – Harlem, the Bronx, far eastern Queens and the Rockaways, central Brooklyn, and northern Staten Island.

Percent of people reporting they consumed NO fruit or vegetables the previous day by the United Hospital Fund Neighborhoods



Assessing Need for New Grocery Stores

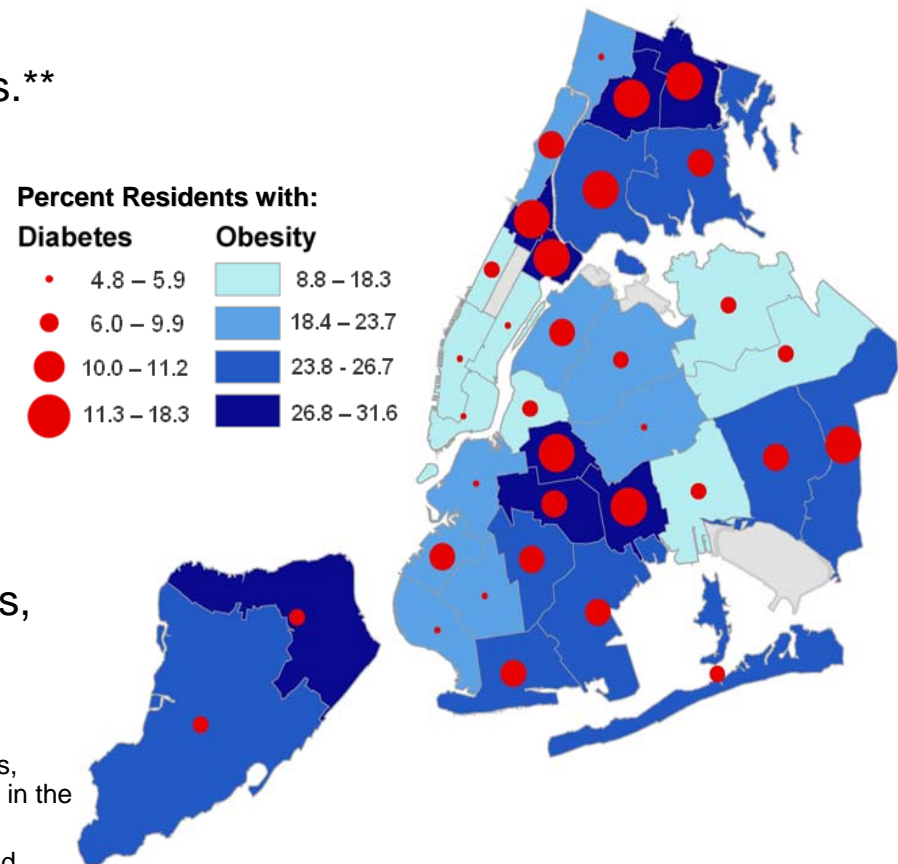
Diet-related Diseases:

- A 2006 study published in the American Journal of Preventive Medicine (AJPM) found the presence of a supermarket* reduced the prevalence of overweight and obese residents.**
- Over 1.1 million New Yorkers are obese and another 2 million are overweight.
- In NYC, diabetes has more than doubled and affects over 700,000 New Yorkers, causing heart disease, stroke, blindness, and lower extremity amputations.
- Much of the Bronx, Harlem, southeast Queens, central eastern Brooklyn are most affected by obesity and diabetes.

*Supermarkets were defined as: 'large corporate owned "chain" food stores, distinguished grocery stores, or smaller non-corporate-owned food stores' in the AJPM article.

**Morland K, Diez Roux AV, Wing S., 'Supermarkets, other food stores, and obesity: the atherosclerosis risk in communities study.'

Prevalence of Diabetes and Obesity reported in neighborhoods defined by the United Hospital Fund (UHF)

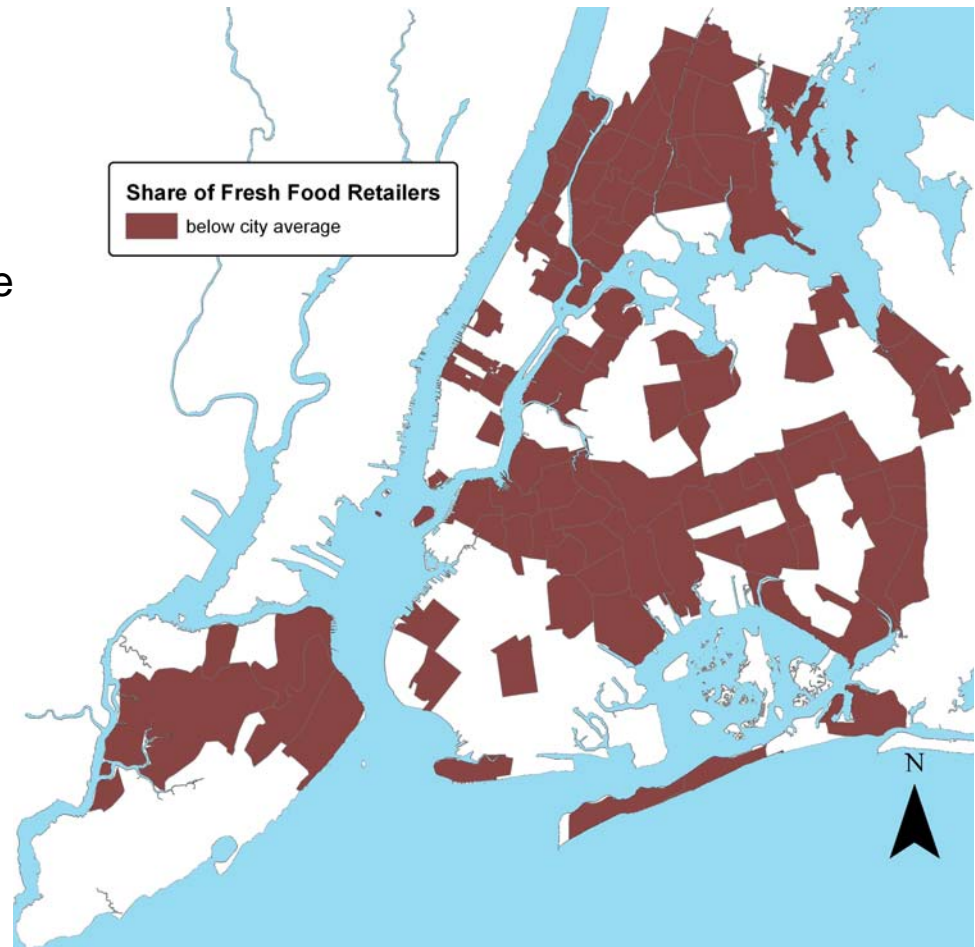


Source: NYC Department of Health and Mental Hygiene

Assessing Need for New Grocery Stores

Zip codes with below the city average share of fresh food

- Less than one quarter of food retailers are likely to sell fresh food.
- Fresh food retailers include supermarkets, meat markets, fish and seafood markets, and fruit and vegetable markets.
- This limits residents' opportunity to buy fresh, nutritious food in their neighborhoods, which may reduce their chances of preparing healthy meals.
- Large amounts of grocery budgets may be spent in establishments not carrying fresh foods.

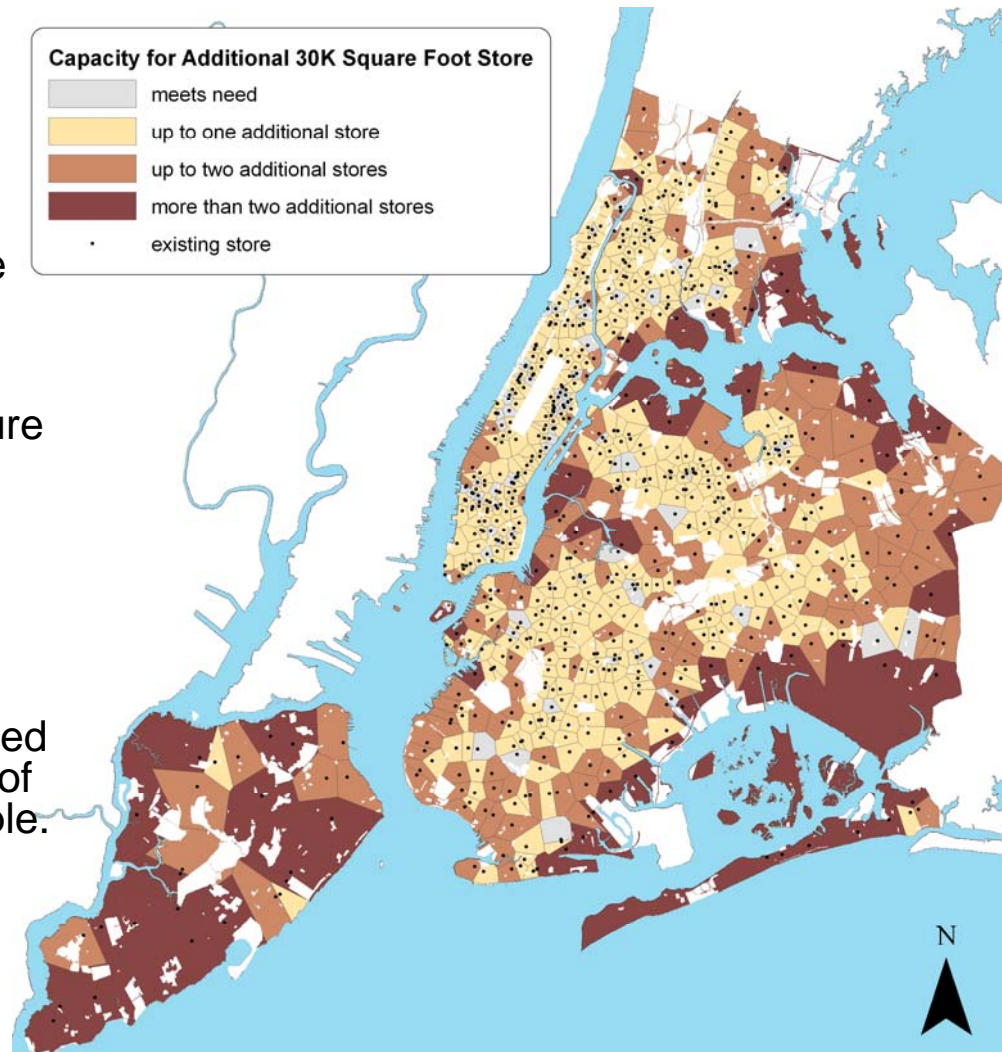


SOURCE: NYS Dept. of Agriculture and Markets, 2007;
Dept. of Labor ES202 by Zip Code, 2002

Assessing Need for New Grocery Stores

Capacity for New Stores:

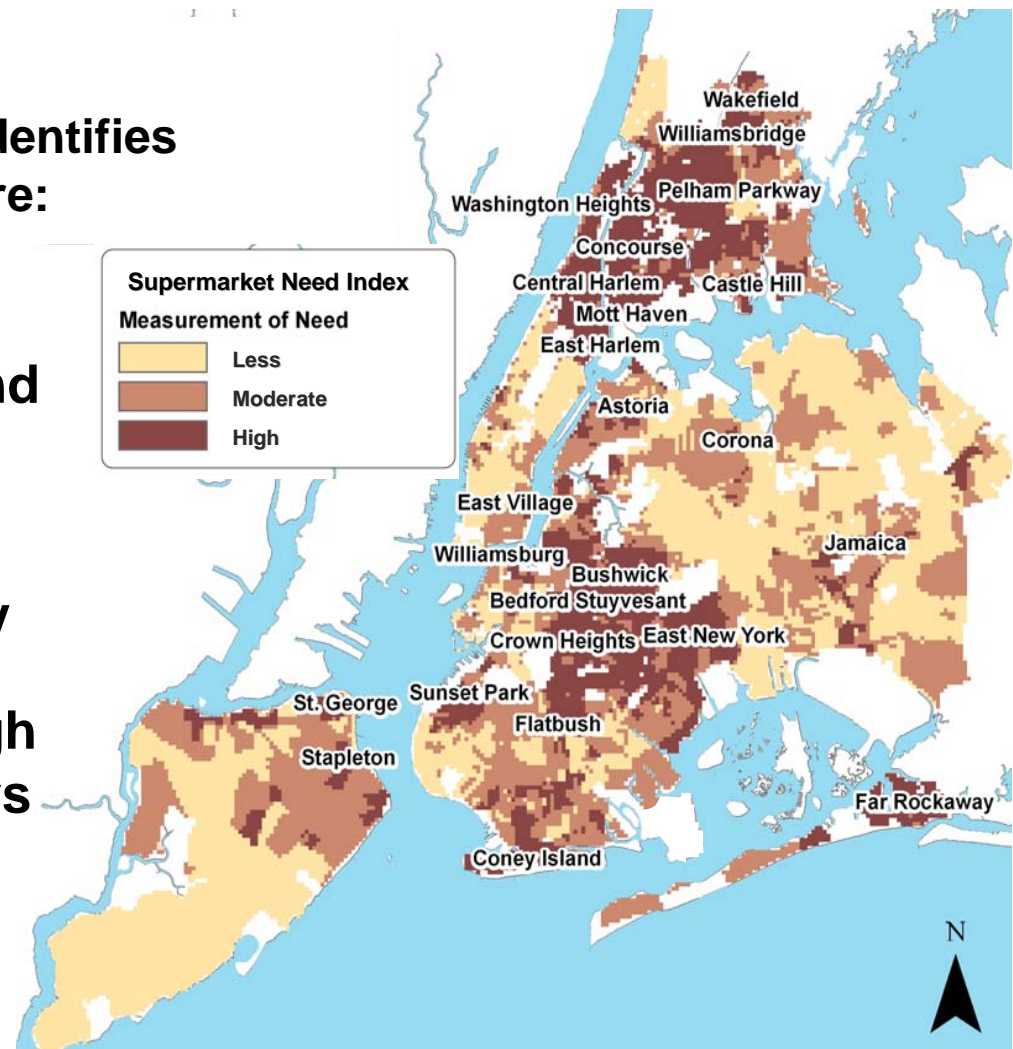
- Capacity exists when there are few stores for many people.
- Map shows estimated capacity for locating additional stores within trade areas of existing stores.
- Approximate trade areas for every grocery store and supermarket capture the population that is closer to that store than to any other store.
- Trade area size varies widely depending on store locations.
- Trade areas could support additional smaller stores or one large store based on the City Planning Standard Ratio of 30,000 SQ FT store per 10,000 people.
 - e.g. Average sizes of existing stores:
 - C-Town: ~10,000 SQ FT
 - Key Food: ~15,000 SQ FT
 - Pathmark: ~50,000 SQ FT



Assessing Need for New Grocery Stores

Findings:

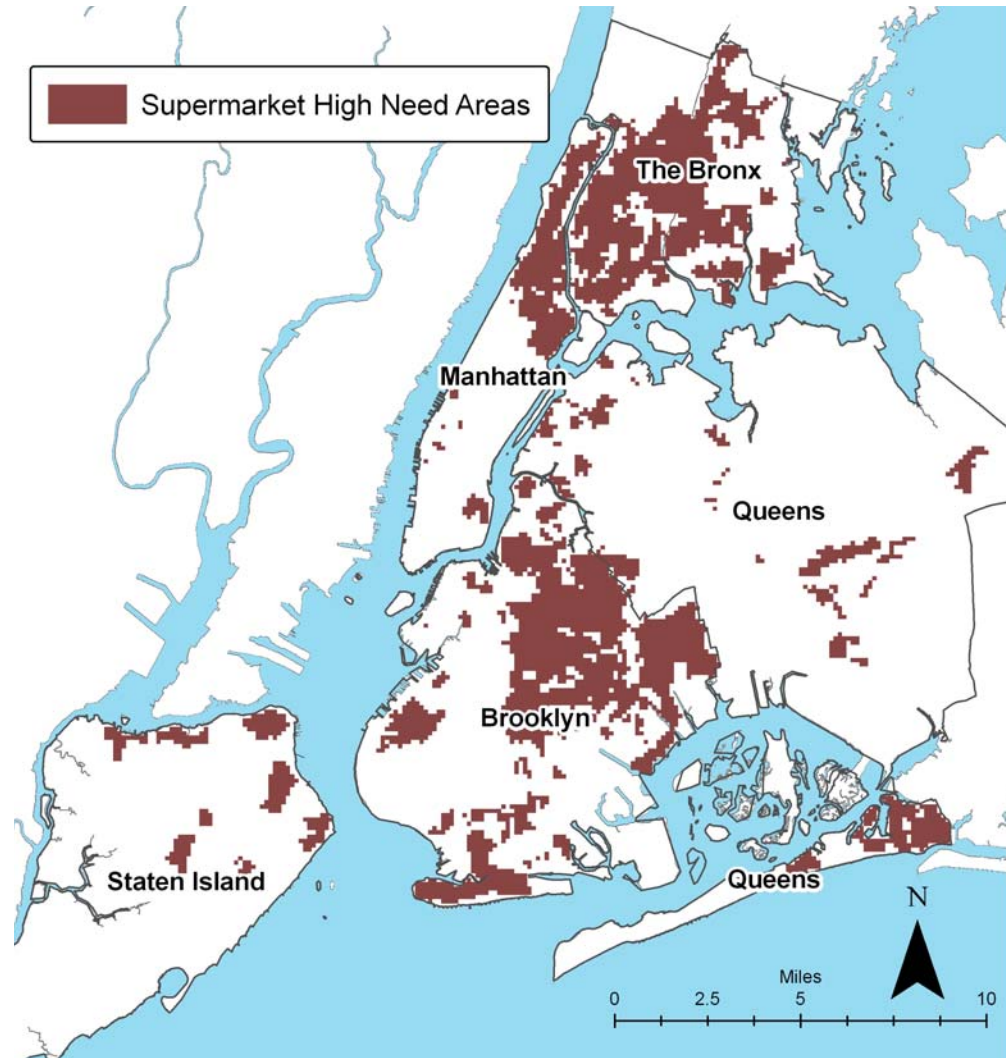
- The Supermarket Need Index identifies high need neighborhoods where:
 - Diabetes and obesity rates are high
 - Consumption of fruits and vegetables is low
 - Share of fresh food retailers is low
 - Capacity for new grocery stores exists
 - Population density is high
 - Household access to cars is low
 - Household incomes are low



Assessing Need for New Grocery Stores

Findings:

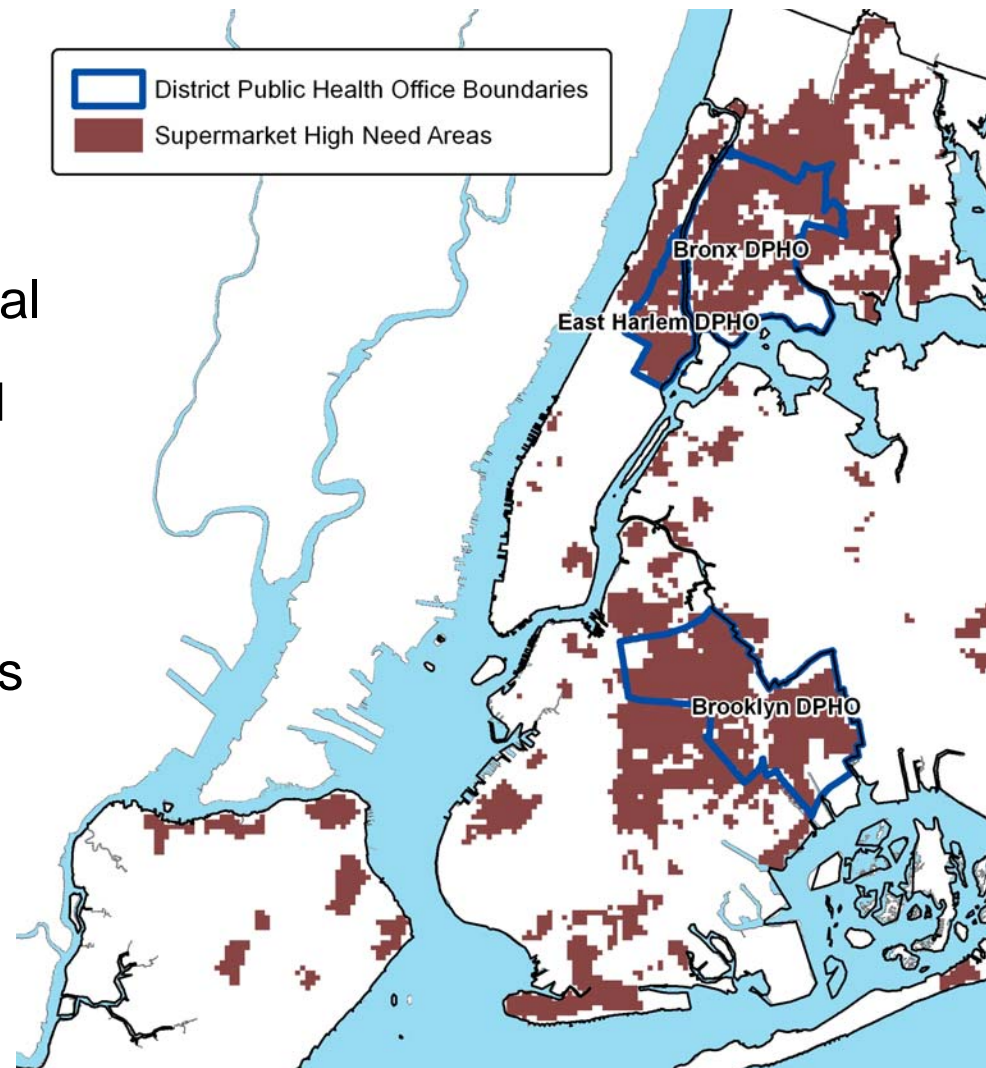
- Approximately **three million New Yorkers** live in high need neighborhoods.
- High need neighborhoods include Harlem, Washington Heights, the South Bronx, Williamsbridge/ Wakefield, portions of Pelham Parkway, Jamaica, Far Rockaway, Bushwick, Bed-Stuy, East New York, Sunset Park, St. George, and Stapleton.
- Generally, very dense, high need neighborhoods have fewer grocery stores and these stores are smaller in size.



Assessing Need for New Grocery Stores

Findings:

- The Department of Health established District Public Health Offices (DPHO) in Harlem, the Bronx, and central Brooklyn, areas where concentrations of diet-related diseases, such as obesity, diabetes, and heart disease are high
- Over one million New Yorkers live in the three DPHO areas
- Our index also identifies the DPHO areas as having high need for additional neighborhood grocery stores and supermarkets



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Supermarkets and Economic Development

Barriers to Entry:

Land Availability

- Large sites are difficult to find and assemble
- Zoning prohibits stores in excess of 10,000 SQ FT in M1 (light manufacturing) districts except by special permit, which requires public review

Costs

- High land acquisition, construction, operation, rent, and labor costs compared to suburbs

Risk Aversion

- Distributors are often unwilling to front equity for new stores
- Fear of loss of sales in existing stores
- Political opposition to new stores
- Landlords concerned about vermin associated with food stores

City Processes

- Regulation of building, parking, zoning, fines and restrictions
- Need assistance in ULURP
- Permitting process is complex and involves many players

Supermarkets and Economic Development

Supermarkets can spur local economic development in underserved communities:

■ Expanded tax base

- NYC has the potential to capture over \$1 billion in grocery spending currently lost to the suburbs*
- Each grocery worker generates ~\$2,800 in taxes**
- New supermarkets raise property values

■ Job creation

- An average 30,000 SQ FT store provides between 100 and 200 jobs
 - Examples of stores this size include Stop & Shop on Myrtle Avenue in Queens and Key Food on 5th Avenue in Brooklyn

■ Neighborhood development and physical revitalization

- Supermarkets attract complementary stores and services, creating opportunities for additional private sector investment
- Residents benefit from lower prices, less travel time, and greater merchandise selection
- Increased foot traffic creates walkable neighborhoods and reduces crime

*Based on estimates by EDC

**EDC research and analysis department estimate, includes personal income tax, sales tax, and real estate taxes

Source: The Reinvestment Fund,
*Economic Impacts of Supermarkets on their Surrounding
Communities*

Supermarkets and Economic Development

Supermarkets have led to the revitalization of commercial hubs nationwide:

	Harlem Pathmark	D.C. Ward 8 Giant Grocery	Pittsburgh Whole Foods	Philadelphia Progress Plaza
Size	50,000 SQ FT	110,000 SQ FT	32,000 SQ FT	65,000 SQ FT
Jobs	275 jobs created	300 jobs created	150 jobs created	240 jobs created
Other benefits	<ul style="list-style-type: none"> ▪ Anchors an \$85M complex ▪ One of Pathmark's highest grossing stores 	<ul style="list-style-type: none"> ▪ Attracted local and national retailers 	<ul style="list-style-type: none"> ▪ Catalyst for restaurant and national retailers ▪ Revitalized commercial corridor 	<ul style="list-style-type: none"> ▪ Additional retail built with grocery ▪ First cooperatively developed African-American owned center

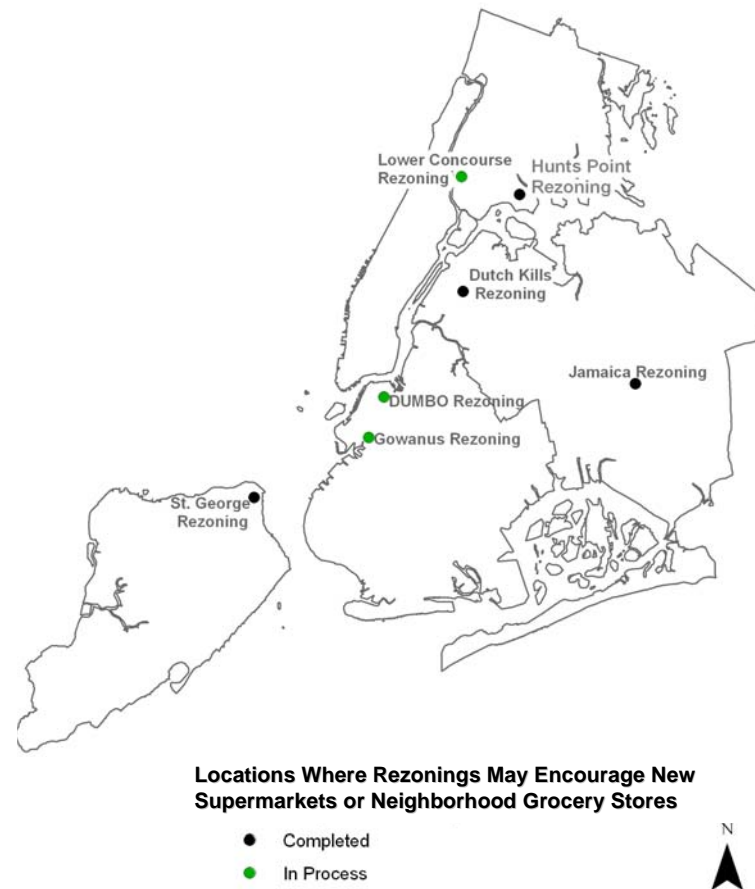
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Recommendations

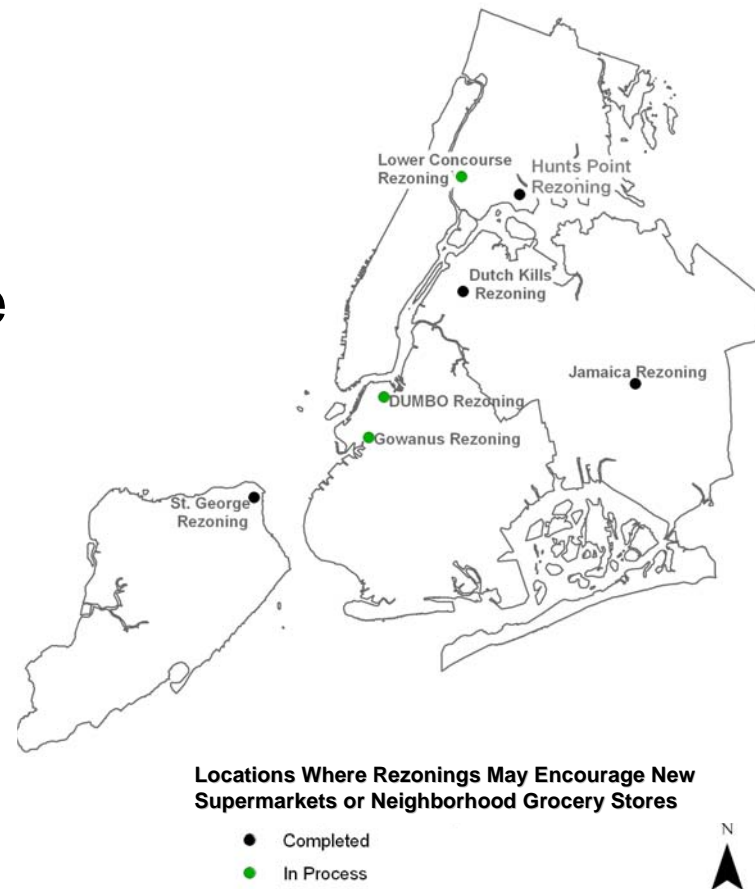
City Planning has opportunities to improve access to neighborhood grocery stores and supermarkets:

- Land use regulations affecting supermarkets should be modified where appropriate
- Future rezonings should consider need for supermarkets or neighborhood grocery stores
- City-owned property offers potential for new supermarkets. The appropriateness of supermarkets should be evaluated in projects containing a retail component on city-controlled sites.



Recommendations

- Rezoning in St. George, Dutch Kills, Hunts Point and Jamaica permit supermarkets as-of-right where they otherwise would not be permitted and reduce the parking requirement for their use
- These changes will reduce costs associated with developing new supermarkets



Recommendations

Beyond Zoning and Land Use:

- The Mayor's Food Policy Task Force is also working in collaboration with the Food Trust, the Food Bank for New York City and the Food Industry Alliance to convene the New York Supermarket Commission which will include key players from the food industry, City and State government, economic development non-profits, health and children's advocates
- EDC is exploring opportunities to promote the development of supermarkets and neighborhood grocery stores in appropriate areas through the disposition of city-owned land