

## FOOD & BEVERAGE STORES: Downtown Federal Way

### INTRODUCTION

The North American Industry Classification System (NAICS) identifies establishments engaged in retailing food and beverages.

The food and beverage stores subsector consists of three industry groups:

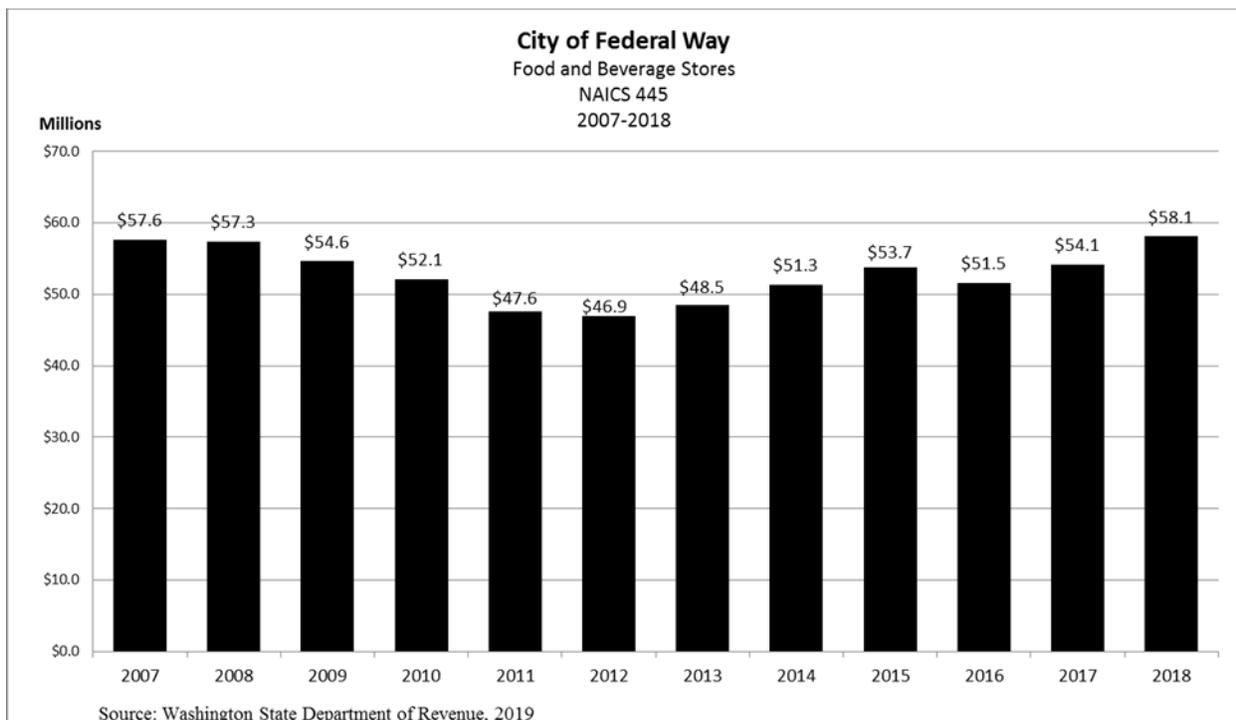
- Grocery Stores NAICS 4451,
- Specialty Food Stores, NAICS 4452 and
- Beer, Wine and Liquor stores, NAICS 4453.

For the purpose of this analysis, the three digit code 445 was used to capture the broad array of businesses in this review.

### BACKGROUND

According to the Federal Reserve Economic Data from the Federal Reserve Bank of St. Louis and the Census Bureau's Annual Retail Trade Survey, revenues for retail food and beverage stores amounted to approximately \$752 billion in 2017 and \$742 billion in 2018. Nationally, while revenues flattened during the Great Recession, revenues have managed to grow but not significantly since 2010. Current employment statistics from the Bureau of Labor Statistics illustrate that employment has remained stagnant with over 3 million people employed nationally in the sector in nearly 63,000 establishments.

Research on taxable retail sales from 2007 to 2018 in Federal Way, specifically before and through the recovery from the "Great Recession," began to decline in 2008. It did not begin to recover until 2013. In Federal Way, the low point for sales was \$46.9 million in 2012. It finally returned to pre-recession levels to \$58.1 million in 2018. See chart below.



## **MARKET**

Downtown Federal Way has nine food and beverage stores along with a grocery store adjacent to the downtown for a total of ten establishments. Of those establishments eight are national chains while two are local and regional chains. The presence of two ethnically focused grocery store chains, H Mart, an Asian grocery store chain, and Campeón Market illustrate that customers can and do find a variety of ethnically-focused grocery options in Downtown Federal Way.

There are five grocery stores, three convenience stores, and a liquor store. Additionally, Walmart and Target offer a limited selection of food and beverage goods. The following lists the numbers and types of establishments found in the City Center.

### **Grocery Store Closures and Replacements**

Top Food & Drug closed in 2013. Although the store was not replaced with another grocery store, the facility underwent renovation and has been occupied by a variety of general merchandise retailers.

Additionally, Campeón Market replaced Haggins, which previously replaced Albertsons in 2017.

## **TRENDS**

Grocery stores are responding to the cultural shift towards convenience as less people are spending time shopping for groceries and preparing food.

Substantiated by a study for the US Dept. of Agriculture, in 2014, Americans started spending more on food away from home rather than food at home. Young people are not uniquely turning away from groceries. Rather, the story is a structural shift toward eating out at restaurants among millennials and their parents (and perhaps even their grandparents).

With an abundance of options on the streets and at their fingertips, young shoppers are eating out at restaurants and bars, ordering in on their phones, or snagging groceries at convenience stores. Supermarkets, meanwhile, are stuck in a middle that is being hollowed out by choice and technology.

To recapture their Americans' interest, retail consultants are recommending that supermarkets transform into community social hubs that combine groceries with entertainment and even basic services, such as laundry.

It is forecasted that by 2020, technology will enable supermarkets to affordably go on camera and sell live. In collaboration with major food or household product brands, they will create sponsored online programming that will feature cooking, entertaining, and cleaning tips as well as cooking segments. Throughout, viewers will have the opportunity to click and order any of the products featured.

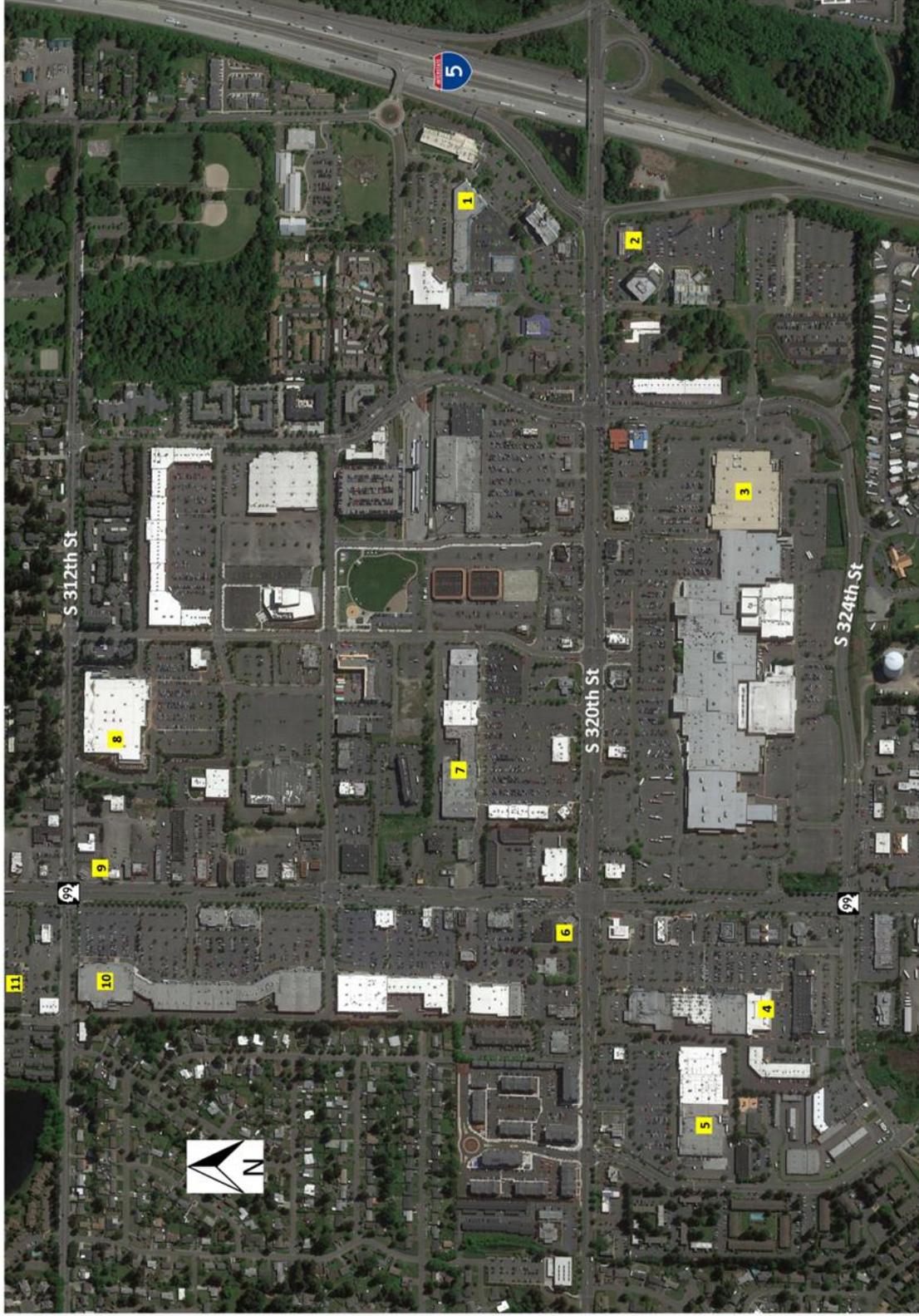
Grocery stores will replace anchor stores in shopping malls. As mall operators turn to supermarkets to replace anchor department stores, ancillary merchants such as international markets, spice shops, wine stores, and cooking suppliers will fill adjacent spaces as they open up, to form food villages.

More grocery sellers, pressured by the convenience of fast replenishment services from online retailers will include auto-replenishment on their online marketplaces.

**SOURCES**

- US Dept. of Labor Dept. of Labor, Bureau of Labor Statistics
- US Dept. of Commerce, Census Bureau, Annual Retail Trade Survey
- Federal Reserve Economic Data, Federal Reserve Bank, St. Louis
- City of Federal Way
- ESRI
- North American Industry Classification System
- United States Department of Agriculture, Economic Research Service
- Washington State Department of Revenue

# Location of Food and Beverage Stores



This map is intended for use as a graphical representation. The City of Federal Way makes no warranty as to its accuracy.  
Aerial Photo: May 2018  
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## Food and Beverage Stores

Businesses in this category typically sell food and beverage merchandise from fixed point-of-sale locations. This retail category includes grocery stores, supermarkets, convenience stores, specialty food stores, and liquor stores. It does not include restaurants. Downtown Federal Way is currently served by 11 Food and Beverage Stores which total over 340,000 square feet. There are five grocery stores, three convenience stores, and one liquor store. Additionally, Walmart and Target offer a limited selection of food and beverage goods.

Year Built is the calendar year in which at least 50 percent of the original construction was complete.

Effective Year Built is the adjusted year built taking into account any subsequent new construction or major rehabilitation.

### 1. Marlene's Market & Deli

2565 S Gateway Center Plaza  
Located: Gateway Center  
Natural grocer featuring organic produce & a vegan-friendly deli with prepared dishes & a salad bar.  
Square Footage: about 22,000  
Year Built: 1988 (Eff. Year: 2000)

### 2. My Goods Market

2535 S 320<sup>th</sup> St  
Gas station convenience store  
Square Footage: 2,189  
Year Built: 1995 (Eff. Year: 2005)

### 3. Target

2201 S Commons  
Located: The Commons Mall  
Retail chain offering home goods, clothing, electronics & more. Some grocery products available as well.  
Square Footage: 123,735  
Year Built: 2004

### 4. Total Wine & More

32095 Pacific Hwy S  
Located: Celebration Center  
Liquor superstore chain with a fine wine focus, also offering tastings & classes.  
Square Footage: 20,875  
Year Built: 1963 (Eff. Year: 1990)

### 5. Safeway

1207 S 320th St  
Located: Sunset Square  
Safeway, Inc., is an American supermarket chain founded in 1915. It is a subsidiary of Albertsons.  
Square Footage: 55,437  
Year Built: 1977 (Eff. Year: 1985)

### 6. ExtraMile

31204 Pacific Hwy S  
Gas station convenience store.  
Square Footage: 1,359  
Year Built: 1988 (Eff. Year: 1994)

### 7. Trader Joe's

1758 S 320th St  
Located: SeaTac Village  
Specialty grocery store offering quality goods at low prices. The company started in 1958 and has expanded to over 400 stores nationwide.  
Square Footage: 12,447  
Year Built: 1976 (Eff. Year: 1990)

### 8. Walmart

1900 S 314th St  
Located on the intersection of PVR Way and 314<sup>th</sup>. This is the smaller of the two Walmarts in Federal Way.  
Square Footage: 122,549

### 9. ampm

31855 Pacific Hwy S  
Located: Intersection of SR-99 & S 320<sup>th</sup> St  
Convenience-store chain serving coffee drinks, donuts, hot dogs, burgers & other basic eats.  
Square Footage: 2,488  
Year Built: 1987 (Eff. Year: 1987)

### 10. H Mart

31217 Pacific Hwy S  
Located: Pavilions Centre  
An Asian grocery store chain supplying imported packaged foods & housewares plus ready-to-serve meals.  
Square Footage: 55,077  
Year Built: 1995

### 11. Campeón Market

31009 Pacific Hwy S  
A Hispanic grocery store.  
Square Footage: 52,463  
Occupied in 2018  
Previously Albertson's and Haggen's  
Year Built: 2002