

EMERGING TRENDS UPDATE

ISSUE 12 • FEBRUARY 2018

THE GROCERY LIST

• Power drills and produce? **KROGER** and **ACE HARDWARE** are in preliminary talks to form a partnership which would bring Ace stores into select Kroger locations.

• **ALBERTSONS** recently opened an "Express" convenience store in Boise, ID, with food and fuel options, with new features for the company. The 3,100 square foot store offers fresh fruit, a walk-in beer cooler, digital soda dispenser, and grab-and-go meals.



• **H-E-B** is on another level with their development of a new 95,000-square-foot, two-story store in Meyerland, TX. The amenities will include meal kits, cooking classes, a large floral department and a skybridge to the adjacent JC Penney. The grocer is also building a second two-story location nearby in Bellaire.



THE AGE OF AMAZON

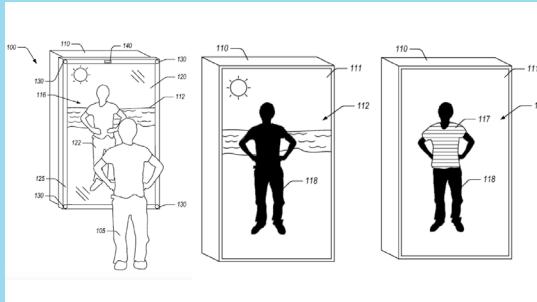
IT'S "GO" TIME!

Amazon Go officially opened in Seattle on January 22nd. The store is registerless, cashierless, and checkoutless — customers simply download the Amazon Go app on their mobile devices, select their merchandise and walk out!



VIRTUAL CLOSET? SIGN US UP

Playing dress up? Amazon has patented a blended-reality mirror that lets you try on clothes virtually and places you in a virtual location. It will allow users to see how the outfit will look and fit before ever touching or purchasing the item.



FOR THE DRIVERS

Taking a bite out of the food truck trend, Amazon is partnering with Toyota to design an autonomous vehicle that would serve as a pop-up shop in the form of a restaurant or retail shop. Called the e-Palette, the vehicle is slated to roll out in early 2020.



BOXED-IN

Boxed is turning down the big bucks! The ecommerce retailer has recently declined a bid from Kroger said to range between \$300 million and \$400 million. Other groups, including Costco, Target, Amazon and Aldi, have also shown interest. Initial offers are estimated to range from \$325 to \$500 million.

In other Boxed business, their CEO, Chieh Huang, recently announced that brick-and-mortar stores are "definitely" in their future. Huang also eluded that Sam's stores left vacant may be an excellent target for Boxed.



Love
that
bulk ❤



TAPPING INTO RETAIL-BREWERY ANCHORS

The craft brew revolution is here! Production for craft beer has nearly tripled over the past 10 years, and this has translated into small-scale breweries popping up all over the country — including major retail developments. Let's tap into FOUR brewery examples anchoring major developments. Cheers!



MONDAY NIGHT BREWING GARAGE
Atlanta, Georgia



SOUTHERLEIGH BREWERY
San Antonio, Texas

The local favorite, Monday Night Brewing Garage, opened in September as the anchor to a 426K square foot food and beverage hub from Stream Realty. The development will also include a distillery, tea taproom, gelato and pickle stores.



MONDAY NIGHT
BREWING

This microbrewery is part of a 22-acre mixed use development called Pearl Brewery, and owned by private equity firm Silver Ventures. The site features a 146-room Hotel Emma, a 293-unit apartment complex, a shopping mall, farmer's market and a number of restaurants and bars.



IRON HILL BREWERY
Philadelphia, Pennsylvania



BLUEJACKET BREWERY
Washington, D.C.

As part of a \$250 million redevelopment, National Real Estate signed a lease with Iron Hill Brewery in February 2017 to open 8,450 square feet of space at its East Market property.



The Yards, a 48-acre mixed-use project developed by Forest City, began with the opening of three-level 5,600 square foot Bluejacket Brewery in 2013. The project is now planned to bring 3,400 apartments, 1.8 million square feet of offices, and 400K square feet of retail.



January's Retail Intel podcast was recorded at a brew pub and speaks about the craft brew trend! Download and listen now on iTunes!



INSTACART: NEW STARTS & FALLING APART

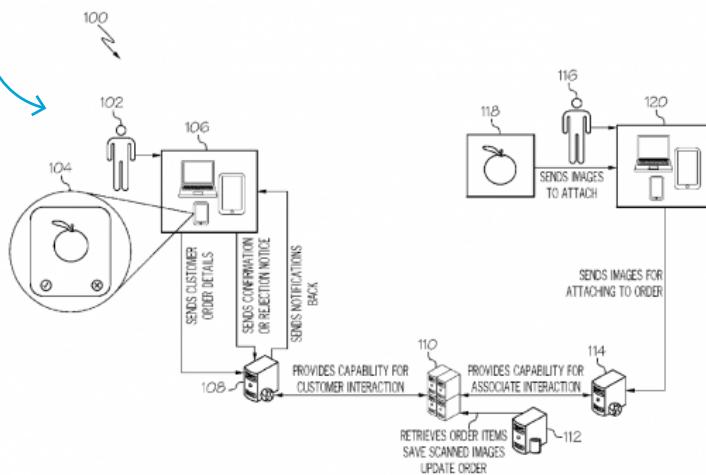
- Sprouts and Instacart have teamed up, giving the \$3 billion grocer an edge to better compete with Amazon-owned Whole Foods. The service will begin in Phoenix and Tucson, and will later expand to other large Sprouts markets.
- Combining forces, Instacart has acquired Unata, a fellow e-commerce and digital grocery services provider based in Toronto. The acquisition brings contracts with large regional grocers including Roche Bros., SpartanNash, Raley's, and Lowe's Foods.



- It's not you, it's me — while forming partnerships with other big brands, Instacart and Target are dissolving theirs following Target's acquisition of Shipt. Instacart isn't too heartbroken though, as Target only accounts for about 1% of their volume.

IT'S A WALMART WORLD

- Walmart recently filed for a patent for a system that allows customers to see produce and other food items in 3-D before purchase, dubbed the "Fresh Online Experience." The system is aimed to solve a major problem in e-commerce grocery — that customers can't see perishables prior to purchase.



EXPERIENTIAL RETAIL

Dyson, the vacuum brand, has brought its Dyson Demo concept to New York City. The 3,100 square foot space is designed to encourage customers to pick up, test, and understand Dyson products. Technical information is displayed on a digital wall and patrons can even have their hair styled by Dyson hairdryers at the in-store salon!



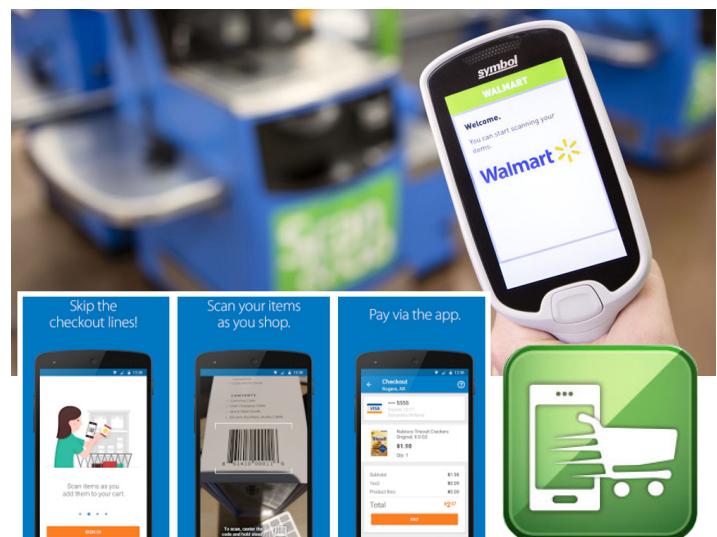
Starbucks has opened a Roastery in Shanghai. The 30,000-square-foot coffee experience features augmented reality, three coffee bars, and 30 skilled bakers and chefs. Four additional Roasteries are expected to open by 2020.



Handbag designer, Mansur Gavriel, has opened a store geared toward the millennial consumer, with every corner of the store designed to be an "Instagram dream." The store also includes a florist selling arrangements for guests.



- The retail giant is banking on convenience and battling Amazon Go! Walmart is expanding their Scan & Go app to an additional 100 stores. The expansion brings the technology to 125 Walmart stores and select Sam's Clubs.



RETAILERS ON THE RISE

