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Next year Dollar General will open fewer, but bigger, stores

Discount retailer plans to add nearly 600 locations to its fleet in 2025



Dollar General is putting an emphasis on store remodels next year. (CoStar)

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Discount giant Dollar General has unveiled plans to open nearly 600 new stores in 2025, fewer than this year but primarily larger in size than its traditional locations.

The Goodlettsville, Tennessee-based retailer outlined its fiscal 2025 brick-and-mortar project list when it reported its third-quarter earnings Thursday. The initiatives will include refreshes of some existing stores, a program dubbed "Project Elevate," that aren't in need of full-blown remodeling, according to company officials.

Dollar General will undertake more overall real estate projects in 2025 but about 155 fewer new-stores. The slowdown in store rollouts is being "driven by higher new-store occupancy cost as well as by higher operating cost," according to the retailer's CEO, Todd Vasos.

For the fiscal year ending Jan. 30, 2026, Dollar General anticipates executing roughly 4,885 projects, including opening around 575 new U.S. stores and up to 15 new stores in Mexico. The company plans to fully remodel around 2,000 stores, partially remodel roughly 2,250 stores through Project Elevate and relocate around 45 stores. That compares to 2,435 real estate projects this year, including 730 new store openings, 1,620

remodels and 85 store relocations, according to the company. Dollar General originally planned 800 new stores in 2024 but sliced that number down in May.

Bucking a trend

"We continue to see very strong returns in our remodel projects," Vasos said on the earnings call. "We are expanding and enhancing our efforts to impact our mature stores. Accordingly, the growth in projects this year is focused on our remodels while continuing to balance our portfolio and capture growth opportunities through a significant number of new stores as well."

Dollar Tree is going against the tide of some other retailers in that it is opening larger stores — 8,500 to 9,500 square feet versus 7,300 — a move that the chain said will give it the opportunity to offer an expanded selection of products to shoppers and increase sales. By contrast, retailers ranging from Macy's to Burlington Stores have been launching small-format stores, saving costs on rent, and helping to deepen their penetration in markets.

Vasos explained Dollar General's game plan and rationale for larger stores to Wall Street analysts.

"We anticipate that more than 80% of our new stores next year will be in one of our 8,500-square-foot-store formats and will predominantly be located in rural communities," he said. "And nearly all of our relocations are planned for one of our 8,500- or 9,500-square-foot stores. These stores continue to drive increased sales productivity per square foot as compared to our traditional 7,300-square-foot box, and also provide additional opportunities to serve our customers, including expanded cooler offerings, more health and beauty products [and fresh produce]."

Fending off competition

Dollar General has a vast physical footprint. It has more than 20,000 stores across 48 states, with those locations within five miles or less of roughly 75% of the U.S. population, according to Vasos.

Chesapeake, Virginia-based Dollar Tree, Dollar General's direct competitor, reported its third-quarter results on Wednesday. It said it had closed 670 of its underperforming Family Dollar stores so far of the nearly 1,000 it plans to shutter. This year the core chain Dollar Tree is on track to open 600 to 650 new stores, behind Dollar General.

On Thursday, Vasos disclosed that Dollar General is piloting same-day delivery at 75 stores using a third-party company that he didn't name. The

chain faces competition from rivals such as Walmart and Target, which offer quick delivery.

In the third quarter, Dollar General's net sales rose 5% to $10.18 billion and same-store sales increased 1.3%. Net income dropped to $196.5 million, down about 30% from $276.2 million in the same period a year ago.