



# THE TREND REPORT

## C-STORE EVOLUTION







## C-STORE EVOLUTION: FROM SNACKS TO SUPERMARKETS AND BEYOND

It may be the most prototypically American retail sector, whose explosive growth paralleled the growth of suburbia, our love of the open road, and the resulting need for fuel and food – the convenience store (c-store).

You may be surprised to learn, however, that c-stores began in the 1920s as an urban phenomenon, evolving from manufacturers serving employees and then continuing to evolve in the decades since. It became the go-to retailer for the quick snack, fuel and gaming for a populace that is increasingly on the go. It also has been among the most flexible sectors, adapting to customers' needs and locations, including adopting new foods, fuels and even entertainment as they dictate. As a result, it remains a favored sector for investors, even as other retail categories experience their ups and downs.

The 21st century has compelled even more reinvention, as more regional entries compete with the nationals, more food categories – even dining – are altering site choices and space needs, and consolidation affects the industry's very structure. The future will not look like Grandpa's quick pit stop.



A handwritten signature in black ink that reads "D. Spiegel".

**DANIEL SPIEGEL**  
*Senior Vice President &  
Managing Director*



## FOLLOWING U.S. GROWTH

In some ways, the growth of the c-store parallels the growth of the U.S. and the middle class in the 20th century. It was founded in the 1920s by the Southland Company (now 7-Eleven) in Dallas as a shop that offered some grocery items outside its ice manufacturing locations — more importantly, it was open outside normal shopping hours, to accommodate cooler nighttime temperatures.<sup>1</sup>

The urbanization of the U.S. and the growth of the auto industry spurred further development throughout the first half of the century. Post World War II, suburbanization pushed further expansion, as car-bound shoppers sought the equivalent of neighborhood corner stores, and gas station owners ceded repairs to more specialized shops and needed a new source of cash flow.

“For a majority of fuel retailers, however, the best way to replace a lost revenue stream from auto service was to attach a more fully formed merchandise concept to the gas station,” wrote *Service Station Computer Systems*. “The model has been so widely successful that it has transformed more than the convenience channel, blurring into other retail streams as the race for high quality and innovation pushes competition to new heights. In fact, it’s not that much of a stretch to say that, in the mind of the general public, the prevailing image of food retailing is the c-store.”<sup>2</sup>

In the early years, however, packaged foods dominated the day, as large petroleum companies such as Exxon opened stores at gas stations to serve customers in need of a quick break, a quick smoke or a quick bite. But smaller, regional chains found a point of differentiation — food, in terms of quality, selection and specialization.

“Unique challenges drove some c-stores to food service as early the

1990s,” wrote *CStore Decisions*. “For example, in Pennsylvania — where Sheetz, Wawa and Rutter’s Farm Stores are all renowned for their superior food service offerings — convenience stores cannot sell beer, which pushed them toward food service faster than other areas of the country.”<sup>3</sup>

To be sure, fuel and tobacco remain critical categories for the sector, but increasingly, convenience stores are becoming substitute grocers and even restaurants for time-pressed and value-oriented shoppers. Prepared foods enjoyed a 12.2% increase YoY, according to the National Association of Convenience Stores’ 2023 State of the Industry Report. C-stores have expanded from quick stops to actual grocery and dining locations. And customers have shopped ever more frequently.

“Convenience stores are increasingly viewed not only as places to fuel up, but as affordable destinations for quick meals, snacks, and other necessities. And analyzing monthly visits to the category shows that it is continuing to benefit from its positioning as a stop for food, fuel, and in some cases, tourism,” said Placer.AI.<sup>4</sup>

The 2020 COVID-19 pandemic saw sales at c-stores rise nearly 10% as shoppers relied on their easy locations to stock up on items and minimize trips, reported Skupos.<sup>5</sup>





In fact, the reason to visit a c-store has been flipped, according to Richard Garcia, global manager of convenience retailing operations at Shell, who spoke at the 2024 NielsenIQ Consumer 360 Conference. “When you look at our numbers, the average person fills up their car, I think it’s two to 2.3 times a month. The average C-store shopper comes to a convenience store more than three times a week. So, the store has become the destination.”<sup>6</sup>

That continues today, and this focus on food service is changing not only the needs, locations and configuration of c-stores, but also is affecting other sectors, including groceries and restaurants themselves.

<sup>1</sup> Qmartstores.com, “The History of the Convenience Store”

<sup>2</sup> Service Station Computer Systems, “[The Saga of the Convenience Store](#)”

<sup>3</sup> Erin Rigik, [CStore Decisions](#), July 2014, “Convenience Stores and the Last 25 Years”

<sup>4</sup> Bracha Arnold, [PlacerAI](#), September 16, 2024, “C-Stores: More Than a Pit Stop”

<sup>5</sup> [Skupos](#), CSP News, COVID-19: 1 Year Later

<sup>6</sup> NielsenIQ, July 2, 2024, “The 2024 State of Convenience”



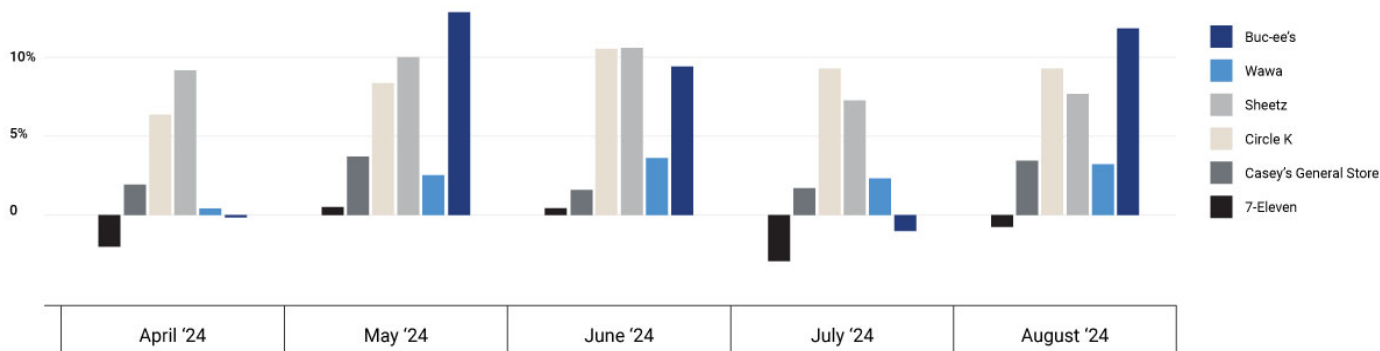


## ADAPTING TO A CHANGING CONSUMER

The stereotypical c-store shopper of decades ago — the suburban family with multiple children and one car — has long since given way to smaller families, more urban locations and more sophisticated palates. Because they're visited so frequently, the 152,255 c-stores operating in the U.S.<sup>7</sup> must be in close contact with the consumer and have continued to adapt to their changing lifestyles.

## MAJOR C-STORE ENJOY OVERALL STRONG FOOT TRAFFIC GROWTH, REGIONAL C-STORES EXPERIENCE VISIT INCREASES

MONTHLY VISITS COMPARED TO 2023



Source: Placer.AI

Young professionals frequently stop by before or after work. But there is more potential for millennials and even seniors, reports Explorer Research. Going forward, an aging population will seek easier ways to buy food, and for much smaller households.

*"C-stores should also try and cater to the growing single demographic. It is now estimated that nearly three in 10 American households consist of just one person and nearly half of U.S. adults are single," noted Explorer Research. "Whether it's ready-made frozen meals for rural-living men or single-serve ice cream or yogurts for city-living females, retailers need to consider this demographic."*<sup>8</sup>

<sup>7</sup> 2025 NACS/NIQ TDlinx Convenience Industry Store Count

<sup>8</sup> Explorer Research, Convenience Store Shopper Insights





## C-STORE OR A GROCERY?

C-stores' growing focus on quality food brings them into increasingly unexpected competition with grocers.

Consumers now are seeking ease of purchase in all retail formats, even in food purchases. According to a September 2024 survey from Deloitte, "52% of respondents say they value convenience now more than they did in the past. Similarly, grocers recognize the value of easier options, as more than 8 in 10 (84%) agree successfully competing on convenience is key to increasing unit sales volume."<sup>9</sup>

As inflation increased the prices of regular groceries, shoppers have turned to c-stores for fresh food they didn't have to prepare themselves, according to a survey from industry research firm Acosta Group. Nearly half of those surveyed in 2024 (48%) said they were purchasing more fresh food from c-stores because prices had changed, while nearly as many (44% and 43%, respectively) cited the increasing number of freshly prepared items, and the decreasing time available to cook.<sup>10</sup>

Meanwhile, many supermarkets including Whole Foods, Trader Joe's, Sprouts and more are testing smaller, more convenient, more urban formats. These can tailor merchandise mixes to local communities, achieve a higher margin per shopper and locate where the people are.

<sup>9</sup> [Deloitte](#), September 10, 2024 Grocery Shoppers Crave Convenience and Fresh

<sup>10</sup> [Acosta Group](#), September 24, 2024, Convenience Stores Gaining Competitive Edge for Shopper Share of Wallet



## C-STORE OR RESTAURANT?

As stores add more fresh, ethnic and higher quality food to increase dwell time, more customers are looking to eat in-store. More than half 56% of respondents to an Intouch Insight survey now regard c-stores as a viable alternative to fast-food chains, marking an 11% increase over the past two years.<sup>11</sup>







Electric vehicles also provide an opportunity for expanded food service — shoppers need something to do or eat during the half hour they're charging their vehicles, compared with the five or ten minutes spent gassing up.

"How do you then actually transfer people from in their cars — where the cars essentially become little TV studios or movie theaters themselves — and get somebody out of their car into the facility for whatever purpose you're trying to serve?" noted Patrick O'Mara, senior solution principal for RELEX Solutions, to *Convenience Store News*.<sup>12</sup>

In 2019, 7-Eleven began experimenting with a fuller dining offering with its "Evolution" format, offering a quick-serve restaurant, self-serve coffee and espresso, wine and even fresh cookies baked in-store daily. That has already evolved into the "New Standard" format, with a larger format, more digital and personalized offerings and more pumps. Plans call for up to 615 New Standard units in the U.S. by the end of 2027.<sup>13</sup>

Even food service distributors are responding, with Core-Mark offering turnkey programs to c-stores: Contigo Taqueria, Deli 55, Perfectly Fresh Fried Chicken, The Red Seal Pizzeria and Tru-Q BBQ, reported *Restaurant Business*.<sup>14</sup>

The result is that, according to Intouch Insight, 56% of respondents now regard c-stores as a viable alternative to fast-food chains, marking an 11% increase over the past two years.<sup>15</sup>

<sup>11</sup>Intouch Insight, *ibid*.

<sup>12</sup>Convenience Store News, January 3, 2024, "The Merging of Emerging Trends"

<sup>13</sup>*QSR Magazine*, October 28, 2024, "7-Eleven to Open 500 Food-Forward Stores"

<https://www.qsrmagazine.com/operations/fast-food/7-eleven-to-open-500-food-forward-stores/>

<sup>14</sup>Heather Lalley, *Restaurant Business*, October 9, 2024, "Here are the newest ways convenience stores are trying to out-restaurant restaurants"

<sup>15</sup>Intouch Insight, Convenience Store Trends Report 2024, Powering the Next Era of Convenience Stores





## CHANGING REAL ESTATE NEEDS

A growing footprint, especially to accommodate more fresh food and preparation, frequently requires more real estate. In 2023, QuickTrip opened a two-store location in downtown Fort Worth, Texas, comparable in size to its suburban travel centers. Casey's General Stores, RaceTrac and Wawa also are expanding the larger travel center format, largely to accommodate expanded food service.





Needs vary by the customer base. An urban location that appeals largely to young professionals likely will and should be smaller than a suburban site that a family may use for a meal out.

But the return to urban locations could bring the problem of ubiquity. A growing concern is that much like the coffee and drug store wars of previous decades, competitors will begin opening branches within blocks, or even yards of each other. It's already happening in the Northeast with Wawa and Sheetz.

"The one thing all of these stores have in common is they aren't going to do something for ego," said Jeff Lenard, spokesman for the NACS in Alexandria, Virginia, told *PennLive* in August 2024. "They are doing it because they see a business opportunity. That's why they are doing it."<sup>16</sup>

Increasingly, nontraditional locations are looking to c-stores, as well.

A growing interest in health on the part of students is leading to a growing interest in placing c-stores on campus.<sup>17</sup> Students are seeking organic food, the accommodation of allergies and fresh ingredients. According to Sodexo's Quad Squad, an in-house research initiative and student insights community, Gen Z students prioritize convenience options that provide meaningful variety (57%) and healthy options (47%).<sup>18</sup>

<sup>16</sup> Sue Gleiter, *PennLive*, August 9, 2024, "Why do Wawa and Sheetz compete on the same corners? 'You want to be close to the people'"

<sup>17</sup> Real-Time Student Insights. Sodexo's The Quad Squad, May 2024.

<sup>18</sup> Business Wire, January 2, 2025, "Sodexo to Launch 100 'Food Hive' Community-Oriented Campus Convenience Stores by 2026"

# EXPANSION AND CONSOLIDATION

Despite the fame of global behemoths such as 7-Eleven and Circle K, c-stores are a fragmented industry, with 60% of units owned by single-store operators.<sup>19</sup> Slowly, that is changing.

With their exceptional locations on main roads, long leases (up to 20 years for 7-Elevens)<sup>20</sup>, low vacancy rates, predictable income streams and varied merchandise mix, convenience stores have long been a desirable investment asset class for CRE investors, particularly net-leased investors. Comparatively tight profit margins ranging from 5% to 7%<sup>21</sup> are offset by high merchandise turnover and steady consumer demand, as these stores fulfill everyday needs. Cap rates are low, making them attractive for 1031 exchanges, often attracting multiple offers.

	Total Stores	Northeast	Southeast	Midwest	South Central	Central	West
Independent	92,301	19,710	24,458	13,426	15,265	5,613	13,829
7-Eleven Inc	12,601	3,464	1,792	2,026	1,675	661	2,983
Alimentation Couche-Tard	5,845	242	2,109	925	1,050	603	916
Caseys General Stores Inc	2,642	0	52	811	229	1,550	0
EG America	1,572	823	203	140	1	315	90
GPM Investments LLC	1,517	271	404	409	380	29	24
Murphy USA Inc	1,120	182	430	70	360	69	9
Wawa Inc	1,043	771	272	0	0	0	0
QuikTrip Inc	1,039	0	288	11	346	254	140
Kwik Trip Inc	850	0	0	511	0	339	0
Maverik Inc	821	0	0	5	113	368	335
Sheetz Inc	716	507	116	93	0	0	0
Pilot Company	665	61	154	149	121	78	102
Love's Country Stores Inc	642	31	117	107	213	111	63
Racetrac Petroleum	567	0	405	5	166	0	0
Military	539	93	133	30	79	43	161
BP	482	35	80	244	48	36	39
Yesway	427	0	0	0	368	59	0
Stewarts Shops Corp.	361	361	0	0	0	0	0
Global Partners/Alliance Energy	345	342	1	0	1	0	1
Major Management Inc	341	30	242	25	41	1	2
United Pacific	339	0	0	0	0	50	289
Jacksons Food Stores Inc	305	0	0	0	0	0	305
ExtraMile Convenience Stores LLC	304	0	0	0	0	0	304

Source: NACS

<sup>19</sup> 2025 NAC/NIQ TDlinx Convenience Industry Store Count

<sup>20</sup> [Net Lease Advisor](#), 7-Eleven Tenant Overview

<sup>21</sup> [CStorePOS](#), August 21, 2023, "Are Convenience Stores a Good Investment?"



In addition, the 2017 Tax Cuts and Jobs Act, which gave a 100% bonus depreciation deduction for qualified retail motor fuel outlets made c-stores even more attractive. While that bonus depreciation is being phased out and will disappear entirely in 2027, the focus on food continues to make the sector appealing.

In 2024, for example, Madison Capital Markets, an affiliate of Madison Capital Group, launched the \$100 million Madison Net Lease IV Fund to acquire new, single-tenant convenience stores with 15- to 20-year leases.

It isn't surprising, then, that M&A has been active in recent years.

Global and regional chains continue to grow, whether by development or acquisition. 7-Eleven's parent company Seven & I Holdings announced plans to open 500 new units throughout the U.S. and Canada by 2027 (and plans for a total of 100,000 units in 30 countries by 2030<sup>22</sup>). It also acquired 204 Stripes stores in Texas, New Mexico and Sunoco early in 2024.

Alimentation Couche-Tard (owner of Circle K), the second largest c-store owner in the U.S., is seeking to acquire Seven & I Holdings, largely because of its fresh food offerings.<sup>23</sup> While many express doubts that the deal will go through for anti-trust reasons, expect continued consolidation — and possible sales and closures of individual locations. Expected to close in 2025 is Couche-Tard's plan to buy GetGo Café + Markets from supermarket company Giant Eagle.

Growth isn't limited to the giants. Regionals chains are planning to expand beyond their home regions to satisfy growth needs, compete with the global giants and retain loyal customers as they relocate. Arch-rivals Wawa and Sheetz, for example, are following their snowbirds from the Northeast into Florida and the South, respectively, while Texas-born Buc-ees is moving into Arkansas and growth markets in North Carolina.

<sup>22</sup> [Reuters](#), December 17, 2024, "Japan's 7 & I Plans to Open 500 Stores in U.S., Canada by 2027"

<sup>23</sup> Adriano Marchese, [The Wall Street Journal](#), November 4, 2024, "Couche-Tard Targets More Fresh Food In 7-Eleven Pursuit"









# CONCLUSION

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With a new generation of consumers focused on health, value, speed and convenience, c-stores are perfectly positioned to expand. But how and where will be key, as their space needs and locations can pit them against other formats. Careful selection by both store and landlord is critical.

For more information on these and other retail and restaurant trends, and how we can help you expand, feel free to contact a Coldwell Banker Commercial® affiliated professional at

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