

Net Takeaways

Albertsons – The Quiet Tech Giant

When we discuss the trends of today, it is undoubtedly a conversation that begins and ends with tech; we see it, we feel it, we use it in our everyday lives. Even in the old-line businesses of today, the talk of tech and modernization is again directly at the center of the discussion. It comes as no surprise that when the old and new are combined, it can completely enrapture the mindshare of an entire market segment. Enter Amazon Fresh into the grocery marketplace – which has single-handedly become the talk of the greater grocery industry. From other operating competitors, to developers and investors on the real estate side, everyone is talking about Amazon and their implementation of tech into this important retail segment.

But not so fast, for there is a name from the older, mainline grocery business that is looking to have a say in the ever-changing landscape of the high-tech grocery business, our old friend Albertsons. A long-time behemoth in the traditional grocery space, Albertsons operates more than 2,500 stores under names such as Albertsons, Safeway, Jewel-Osco, and Tom Thumb. The company had its IPO last June (NYSE: ACI) at \$16 per share, and as of this writing, it is up more than 25%, closing in mid-April at over \$20 per share, equating to a market capitalization value of over \$9.6 billion. With sales in 2020 exceeding \$60 billion, Albertsons is the 3rd largest grocer nationally, and sales volume is four times larger than its previously mentioned competitor's Whole Foods division.

**Albertsons Operates
More Than 2,500 Stores**



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Not content to sit on their laurels, Albertsons has been aggressively investing in new technologies to improve store performance and enhance their customer experience. In March of 2021, Albertsons and Google announced the companies had signed a multi-year partnership to create a formidable nexus of retail savvy and trendsetting technology on a massive, omnichannel scale. The partnership intends to focus on pickup and delivery, online ordering, and the implementation of advanced AI technologies. For example, approximately half of all Albertsons stores today offer their "Drive-Up & Go" services, with plans to increase that count to 1,800 locations by the end of 2021. To improve their in-store experiences, Albertsons stores have been adding health and wellness experts to amplify the consumer experience, to go along with the company's expansion of its "Own Brands" portfolio, which has offerings at different price points, and to address varying lifestyle needs.

Speaking to the major impact of their new tech-focused strategy, Albertsons recently announced that Q4 **digital sales growth accelerated to 282%, with a growth of 258%** for the full year. Additionally, the Drive Up & Go offering grew over **1,000% in the fourth quarter and 865% during the fiscal year 2020**, the company said. Having launched 343 new Drive Up & Go locations in the fourth quarter of 2020, the program is now available in 1,420 Albertsons stores.

& Partnership



**Pickup and
Delivery**



**Online
Ordering**



**Implementation Of Advanced
AI Technologies**

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Looking at the impact on the real estate industry, these developments will be welcome with open arms; great businesses competing with one another for prime real estate is a recipe that will be sure to leave developers and investors satisfied. With the demise of certain segments of brick & mortar retail, Landlords have feared tenant competition going the way of the industrial market, where Amazon leased over 40% of the available space in 2020. Not so in the grocery business, where competition is only getting more fierce.

By combining the grocery shopping ecosystem of Albertsons and the AI technology, and platforms of Google, Albertsons is poised for the next generation of grocery wars against their well-heeled, high-tech competitors in Amazon and Walmart.

Sources:

- Albertsons Gains 11 Million Households in 2020, Posts Record Sales Year
- ACI - Albertsons Companies, Inc.
- Albertsons partners with Google to boost online shopping convenience
- Albertsons and Google Eye the 'Winning Customer Experience of the Future'

Recent Market Albertsons Transactions



Albertsons | Laguna Niguel, CA
\$17.3 M | \$433/SF



Albertsons | San Diego, CA
\$22.2 M | \$516/SF



Albertsons | Rancho Mirage, CA
\$24.2 M | \$426/SF | Cap Rate: 5.0%

Photos Source: CoStar

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