# Table of Contents

About the Author ........................................................................................................ ix  
Acknowledgments .......................................................................................................... xi  
Foreword ......................................................................................................................... xiii  
Introduction ...................................................................................................................... xv  

## Chapter 1  Industry Essentials ................................................................. 1
- Definition of a Convenience Store ......................................................... 1
- History of the Convenience Store ......................................................... 2
- Types of Convenience Stores ............................................................... 3
- Convenience Store Trends ................................................................. 6
- Blurring of Distinction among Retail Channels ...................................... 22
- Hypermarkets ...................................................................................... 24

## Chapter 2  Economic Essentials ........................................................... 33
- Understanding Supply and Demand ................................................... 33
- The Supply of Retail Real Estate ......................................................... 36
- The Demand for Retail Real Estate ..................................................... 39
- How Profit Is Created for Convenience Stores ...................................... 43
- How Value Is Created for Retail Real Estate ......................................... 48
- Seven Elements of Retail Real Estate Competition ......................... 50
- Summary ............................................................................................. 58

## Chapter 3  Trade Area Essentials ......................................................... 61
- Urban Growth Patterns ................................................................. 61
- Primary and Secondary Trade Areas ............................................... 64
- Ring Studies and Drive-Time Studies ................................................ 64
- Know Your Trade Area ................................................................. 65
- Trade Area Analysis Tools for Appraisers ......................................... 71
- Estimating Supply and Demand in the Trade Area ......................... 83
- Trade Area Analysis Conclusions in the Appraisal Report ............... 93
# Chapter 4: Site Essentials

- Functional Components of Convenience Stores: 97
- Site Selection Criteria: 98
- Site Costs and the Economics of Co-Branding: 99
- Near Corner and Far Corner: 104
- Reaction Times and Visibility: 105
- Measuring Traffic Volume and Patterns: 106
- Criteria for Undeveloped Sites: 113
- Contamination Issues: 114
- Summary: 118

# Chapter 5: Eminent Domain Essentials

- Economic Impact of Access Impairment: 122
- Common Access Management Applications and Their Impact on Retail Gasoline Properties: 127

# Chapter 6: Store Building Essentials

- Trends in Building Size and Development Costs: 135
- Basic Design Elements: 138
- Food Service Operations: 148
- Additional Profit Centers: 150
- The Convenience Store of Tomorrow: 151

# Chapter 7: Fuel Service Essentials

- Fuel Dispensing System: 156
- Advances in Technology: 168
- Canopies: 170
- Summary: 172

# Chapter 8: Equipment Essentials

- Types of Value: 175
- Valuing Equipment: 177
- Types of Equipment: 180
- The Economics of a Car Wash: 184
- Breakeven Analyses: 186
- Summary: 189
Chapter 9  Highest and Best Use Essentials .................... 193
  Tests of Highest and Best Use .................................. 193
  Highest and Best Use Issues ................................. 200
  Summary ............................................................ 202

Chapter 10  Valuation Essentials .............................. 205
  Real Property, Personal Property, and
  Business Value ..................................................... 206
  General Considerations in Estimating
  Convenience Store Value ........................................ 209
  Outline of a Convenience Store Appraisal Report ... 213
  National Convenience Store Value Trends .......... 214
  The Three Approaches to Value as Applied to
  Convenience Stores ............................................. 215
  The Cost Approach ................................................. 217
  The Sales Comparison Approach ...................... 218
  The Income Capitalization Approach .................. 244
  When Convenience Stores Fail to Perform ........ 265
  Conclusion ........................................................... 270

Chapter 11  Automated Valuation Modeling Essentials .... 275
  Model Design .......................................................... 276
  Model Results .......................................................... 281
  Model Equation .......................................................... 285
  Strengths and Weaknesses of the
  Prototype Model ................................................... 287

Appendix A  NAICS Codes for Retail Businesses .......... 291

Appendix B  International Valuation Standards and
  International Financial Reporting Standards ... 295

Appendix C  FIRREA and Selected Portions of USPAP .... 305

Glossary ............................................................................. 309