

Post-Bulletin

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Heard on the Street: Is Rochester in a grocery gold rush?

By Jeff Kiger, October 26, 2011

If the names of food retailers rumored to be shopping for space in Rochester were tossed into a shopping cart, there would be too many to go through the express lane.

While much of the chatter is wishful thinking, there is sort of a stealthy grocery gold rush under way now that Hy-Vee has staked its claim for a fourth Rochester store.

That means I'm running through the usual roster of Rochester's most wanted retailers to see if anybody will fess up to plans.

One grocery store chain that is always on that list is Kowalski's Markets, a family-owned gourmet grocer with nine stores in the Twin Cities area.

While Kowalski's maintains its base in the big cities and their suburbs, it often has looked at Rochester. In 2006, it was even named as seriously considering a downtown grocery store here.

What about now? Is Kowalski's thinking about moving into the Med City?

"We always have Rochester on our radar screen as far as interest," says Mike Oase, Kowalski's vice president of operations. "I think it is a great community and a great town for sure, but we don't have any plans for Rochester right now."

The popular grocer has a couple of possible Twin Cities locations that it is focusing on right now, he says. The last store it opened was in Eagan in 2008.

So it looks like Kowalski's can be crossed off the list of prospectors hoping to mine grocery gold in Rochester.

All of this buzz about new stores is interesting, particularly when you factor in current national grocery numbers.

Sales at grocery stores have climbed by 4.28 percent in the past 12 months, according to financial information firm Sageworks. That's a big leap compared to the 0.09 percent sales growth in 2009 and the 2.66-percent increase in 2010.

However, it is not all smiles in the aisles. As food and fuel costs continue to climb and shoppers look harder for the best buys, grocery chains are having trouble passing on the increasing costs to customers.

That means profits are sliding nationally, with a 1.27-percent skid in the past 12 months.

However, Rochester's economic shield and helmet — Mayo Clinic and IBM — typically protect the Med City from the worst of the national financial siege.

Biz buzz

While I'm rambling on about retail, I thought I'd toss out that there are rumblings about a drug store chain working on a prescription for a new Rochester location.

I'll check this to see if these symptoms manifest into a full-blown store or if this pill is just a placebo.

For the full story featuring Sageworks' private industry data, please visit [Post-Bulletin - Heard on the Street: Is Rochester in a grocery gold rush?](#)