



# Major Tractor Supply Retailer Begins Striking Sale-Leaseback Deals To Fund Expansion

Company Plans To Sell 117 Owned Locations Over Next Seven to 10 Years



Tractor Supply Co. recently opened a distribution center in Navarre, Ohio. The retailer has a long-term goal of operating 3,000 stores. (Tractor Supply Co.)

By **Linda Moss**  
CoStar News

February 1, 2024 | 4:48 P.M.

Tractor Supply Co., a chain that bills itself as the country's largest rural lifestyle retailer, has embarked on a strategy of selling and leasing back more than 100 stores it owns to help fund the accelerated expansion of its brick-and-mortar footprint.

The Brentwood, Tennessee-based company reported Thursday that it sold 15 stores in fiscal 2023, implementing a real estate strategy it launched last year to sell its 117

existing legacy retail locations. Five of those sales were in the fourth quarter ended Dec. 30, with 10 executed in the third quarter.

Sale-leasebacks in fiscal 2024 will pace at "similar cadence" to last year, and will be ongoing during the next seven to 10 years, Kurt Barton, Tractor Supply's chief financial officer, told Wall Street analysts during a fourth-quarter earnings call. He said he anticipated these sales would likely occur in the second half of the year.

New store growth will be funded through the sale of the existing stores, according to company officials, with proceeds from those sales expected to offset the incremental capital outlay for the firm's development program. Such deals will also allow Tractor Supply to capture the value of its existing real estate, according to the company.

Tractor Supply has set high store-growth goals, having increased its long-term target to 3,000 of its namesake locations, an increase of 200 locations from its prior guidance. As of Dec. 30, the company operated 2,216 Tractor Supply stores and 198 Petsense by Tractor Supply stores, a small-box pet specialty supply retailer.

## New Millennial Shoppers

Tractor Supply had a sales boom since the pandemic hit as it gained new customers — including millennials, who had relocated from urban areas to go to the suburbs or more rural areas — and who suddenly needed some of its wares. The retailer's specialty had been selling such merchandise as livestock feed, farm supplies and even live chicks. But now it has added new product lines, such as pre-chopped firewood, and expanded its apparel assortment in an effort to cater to its new breed of shoppers.

On its website, Tractor Supply said it serves "a niche market of farmers, horse owners, ranchers, part-time and hobby farmers, and suburban and rural homeowners, as well as contractors and tradesmen." That group also includes "pet enthusiasts," according to the company.

In fiscal 2023 Tractor Supply opened 70 of its banner stores and 13 new Petsense stores. Next year, it expects to roll out about 80 Tractor Supply stores and 10 to 15 Petsense sites. The company has forecast capital expenditures, net of sale-leaseback proceeds, of \$625 million to \$700 million.

## Beefing Up Its Distribution Network

Tractor Supply has also been bolstering its supply chain. The company opened its ninth distribution center, which is at [3001 Sterilite St.](#) in Navarre, Ohio, last month.

Construction on the 900,000-square-foot building began in May 2021. It will serve about 250 stores and fill e-commerce orders for online customers in Ohio, Michigan, Minnesota and other parts of the upper Midwest region.

And the retailer reported it had broken ground on its tenth distribution center, located at [150 Champs Blvd. in Maumelle, Arkansas.](#) When completed, the 1.2 million-square-foot facility will serve stores in Arkansas, Texas, Oklahoma and surrounding states.

In the fourth quarter, Tractor Supply's net sales dropped 8.6% to \$3.66 billion compared with the prior-year period, which included an extra sales week. The retailer also registered a comparable-store sales decline of 4.2%.

"Comparable store sales performance reflects continued strength in year-round consumable ... categories, offset by softness in cold-weather products, discretionary categories and, to a lesser extent, big-ticket items," Tractor Supply said in a statement.

In fiscal 2023, net sales rose 2.5%, to \$14.56 billion, over the prior year. Fiscal year comparable-store sales were even with the prior year.

---

Follow us on Social Media

Have feedback or questions? Email us at [news@costar.com](mailto:news@costar.com)

---