



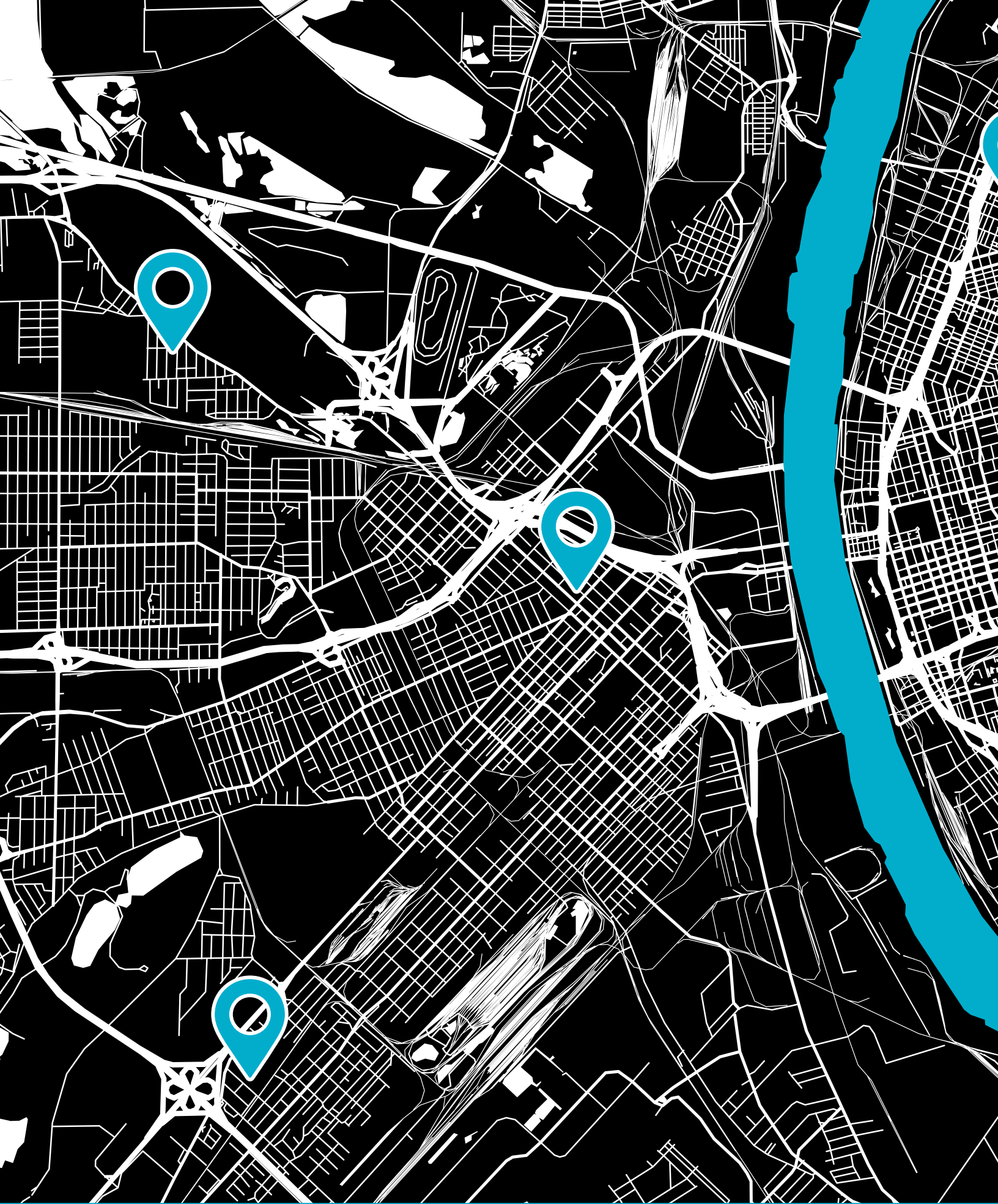
HOW TO IDENTIFY NEW MARKETS FOR QUICK EXPANSION


Are you looking to quickly expand your business into a new market?

GOOD NEWS: National growth trends were up in 2023 from years prior, so the opportunities for expansion are ripe. But don't rush into a new market mindlessly. Make sure you set realistic expectations for your expansion plans and leverage the right data, so you break into the right markets instead of the wrong ones.

Insights by Scott Florini

Senior Vice President of Strategy





Many thriving business leaders set their sights on quick expansion for their financial industry, retail, or hospitality ventures. And while expanding into a new market is an exciting prospect, the risk involved raises many questions:

1. Is our business ready to expand?
2. Which new market(s) should we consider?
3. Are there opportunities to increase our share in current markets?
4. Which data, tools, and insights should we leverage before making expansion decisions?

Our Strategy Team at NewGround has helped many businesses identify expansion opportunities and “act fast” on them, although “fast” is a relative metric that needs a clear definition (more on that later).

OUR APPROACH: DATA, DATA, DATA.

While NewGround’s complete data-evaluation process includes some proprietary steps and insights, annual census data is a great place to start if you’re looking for new markets for quick expansion.

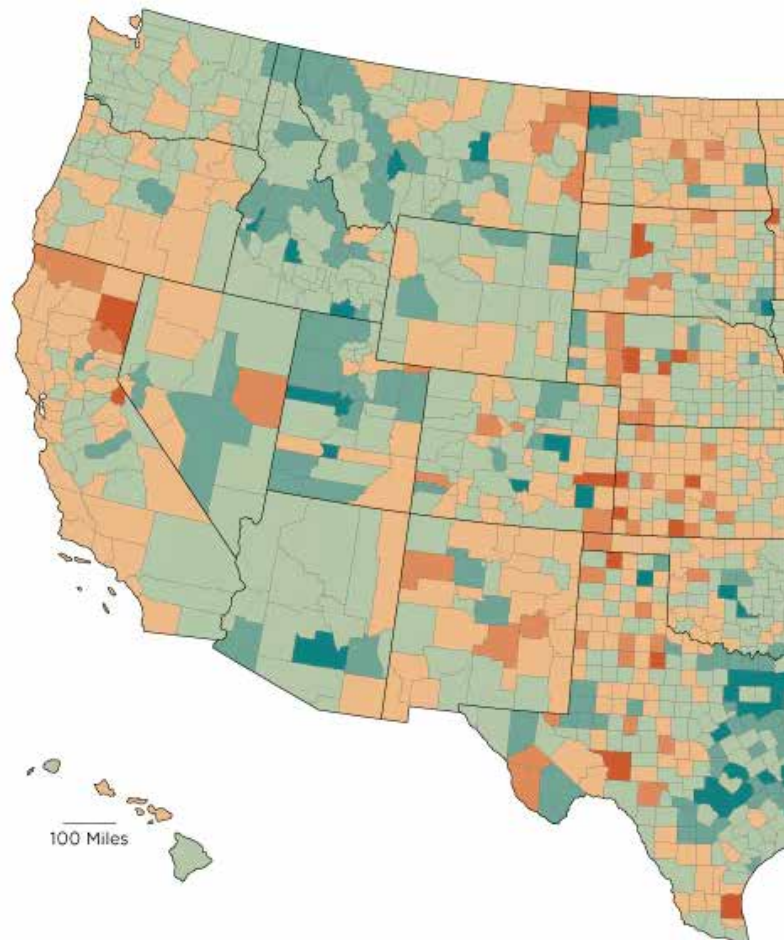


2023 POPULATION TRENDS IN THE UNITED STATES

The U.S. Census Bureau released a 2023 population report in March with a headline that should give many expansion-eager business owners hope: "More U.S. counties experienced population gains than losses in 2023."

If we drill down further into the data, other population macro trends emerge:

- Approximately **73%** of the nation's 387 metro areas experienced population **growth** in 2023.
- Among counties with a population of 20,000 or more, the ten **fastest-growing** were in the South—six in Texas, two in Georgia, and one each in South Carolina and Virginia.
- Approximately **96%** of Florida's 67 counties grew, with only three counties losing population.
- Eight of the ten counties that led the nation by the largest numeric gain were in Texas.

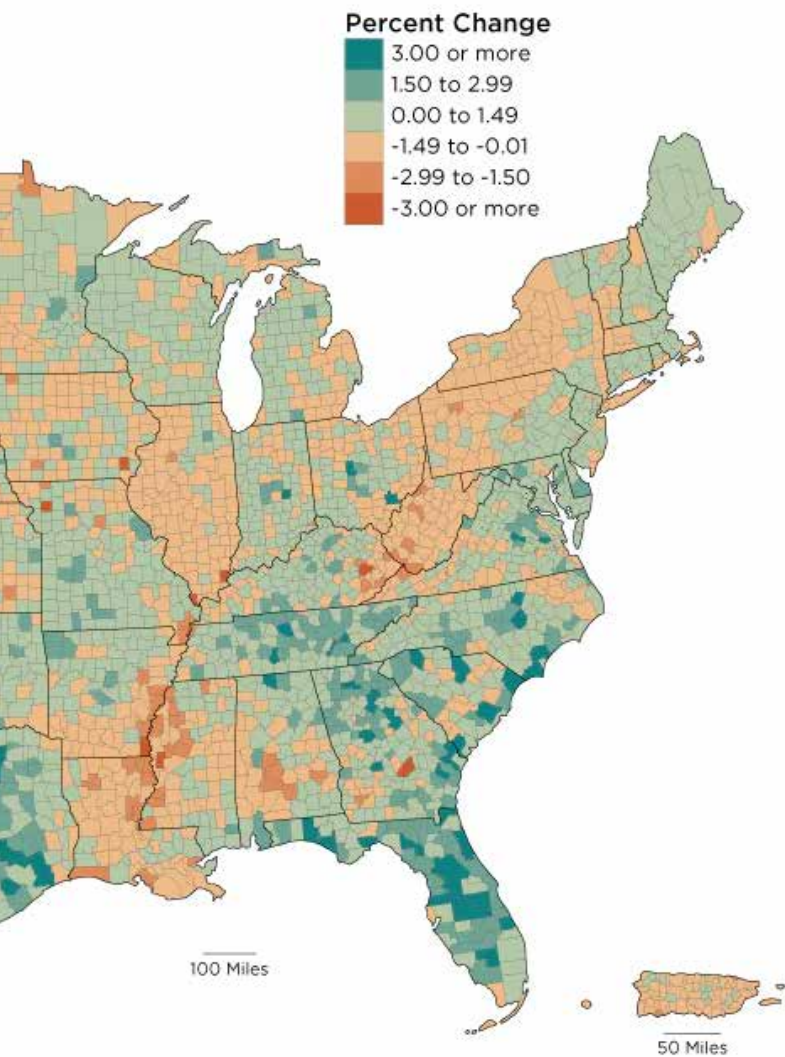


Top 10 Counties in Annual Numeric Growth: July 1, to July 1, 2023

| Rank | State | County | April 1, 2020 (Estimates Base) | July 1, 2022 | July 1, 2023 | Numeric Growth |
|------|---------|----------------------|--------------------------------------|-----------------|-----------------|-------------------|
| 1 | Texas | Harris County | 4,731,122 | 4,781,337 | 4,835,125 | 53,788 |
| 2 | Texas | Collin County | 1,066,467 | 1,158,995 | 1,195,359 | 36,364 |
| 3 | Texas | Montgomery County | 620,460 | 679,554 | 711,354 | 31,800 |
| 4 | Arizona | Maricopa County | 4,425,102 | 4,555,833 | 4,585,871 | 30,038 |
| 5 | Florida | Polk County | 725,048 | 788,382 | 818,330 | 29,948 |
| 6 | Texas | Denton County | 906,419 | 977,760 | 1,007,703 | 29,943 |
| 7 | Texas | Fort Bend County | 822,797 | 888,919 | 916,778 | 27,859 |
| 8 | Texas | Bexar County | 2,009,316 | 2,060,191 | 2,087,679 | 27,488 |
| 9 | Texas | Tarrant County | 2,110,623 | 2,155,646 | 2,182,947 | 27,301 |
| 10 | Texas | Williamson County | 609,006 | 672,273 | 697,191 | 24,918 |

Source: U.S. Census Bureau, Vintage 2023 Population Estimates.





This should be exciting news because more people means more opportunity, right? While generally true, there are other factors to consider, such as local economic indicators, regional migration projections, and even transportation infrastructure.

But you may also have locations or headquarters in declining regions and think, "That's all well and good for Texas and Florida, but what about my regional markets?"

Great question! In our experience, you can find your next best market for quick expansion no matter where you are in the country if you *leverage the right data* and *go slow to go fast*.

The 10 Cities With the Largest Numeric Increases: July 1, to July 1, 2023

| Rank | Area Name | State | Numeric Increase | 2023 Total Population |
|------|---------------------|----------------|------------------|-----------------------|
| 1 | San Antonio city | Texas | 21,970 | 1,495,295 |
| 2 | Fort Worth city | Texas | 21,365 | 978,468 |
| 3 | Charlotte city | North Carolina | 15,607 | 911,311 |
| 4 | Jacksonville city | Florida | 14,066 | 985,843 |
| 5 | Port St. Lucie city | Florida | 13,169 | 245,021 |
| 6 | Atlanta city | Georgia | 12,052 | 510,823 |
| 7 | Houston city | Texas | 11,669 | 2,314,157 |
| 8 | Georgetown city | Texas | 9,250 | 96,312 |
| 9 | Celina city | Texas | 9,110 | 43,317 |
| 10 | Raleigh city | North Carolina | 8,872 | 482,295 |

"More Counties Saw Population Gains in 2023." U.S. Census Bureau, March 14, 2024. <https://www.census.gov/newsroom/press-releases/2024/population-estimates-more-counties-population-gains-2023.html>.





GO SLOW TO GO FAST

When business leaders see a growing population center, the temptation is to pounce immediately and build new locations while the growth is hot. But before jumping into quick expansion mode, consider the long-term sustainability of that growth and how it aligns with your business goals, then set a realistic timeline for your expansion.

If you're a bank or credit union looking to open branches in a brand-new market, our experience tells us that it will take you an average of five years to build a healthy customer or member base.

ASK YOURSELF

Is this area experiencing consistent growth, or is it just a temporary boom?

Which competitors already have market share? And which others might plan to break into the new market alongside us?

Will there be enough demand for our product or service in the long run?

Even if your business can operate with a temporary or "pop-up" location, you still have to find the right street corner in the community, secure the proper permits, design it for minimum-viable operation, and staff it with new employees—and all of that may take 10 to 12 months.

The hard truth is, no matter how badly you want to break into a growing market, you can't get there tomorrow. But if you **go slow** during the research and strategy phase to ensure you've gathered the right data, you'll eventually **go fast** as you near your next location's launch.

LEVERAGE THE RIGHT DATA

Census data is free and a great place to start when looking for population and migration trends. But when we're consulting a client on where to expand next, we're looking for the alignment of a few things beyond just population: customer demographics, macroeconomic factors, local commitment to infrastructure improvements, market competitiveness and saturation, and more.

Sure, Springfield, MO, might be growing, but it doesn't need another fast-food restaurant.





POSITIVE GROWTH INDICATORS



Local zeal for growth

Does the community itself, from the citizens to the mayor, have a growth-minded passion for expanding its city business through policies, grants, and credits? The local tenor for growth helps forecast long-term opportunities for success, not just trendy ones.



Sprouting "employment anchors"

Are large-scale, high-employment businesses like hospitals, corporate offices, headquarters, universities, manufacturing plants, or big-box retailers popping up? These types of employment anchors bring many committed employees into a community to build a reliable customer base.



New homes being built

Newer homes tend to mean that the community is in a growth mood, and the people investing in pricier new builds are more likely to stay for five years or more.



Business-friendly incentives

What incentives and tax breaks does the community offer? Taxes' effect on your business's bottom line may be the tiebreaker between two different regions, states, or markets.



Proximity to modernized transportation hubs

Are there any updated, high-traffic interstate interchanges near this community or public transportation improvements? How many people travel near or through the community every day? Commuter traffic is a huge boom for new locations, especially for service and retail businesses.



NEGATIVE GROWTH INDICATORS

On the flip side, look for any major employers moving out of the area, any large-scale transportation challenges, and limited proximity to expansion options. These sorts of negative factors can signify a downturn in the market, and we don't recommend "playing the hero" by being the only new, expanding business in town.

But with the right data in hand, you'll know a promising market from a diminishing one, and you can begin to plan your next expansion with confidence.





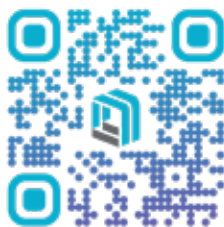
LEAN ON NEWGROUND FOR STRATEGIC INSIGHTS INTO YOUR NEXT EXPANSION

No matter where you are in the country, there's a market for every business's next expansion if you just know where (and how) to look. Our Strategy Team leverages a variety of databases, independent surveys, peer-reviewed studies, and regional government reporting to find the best markets for quick expansion and sustained success.

Partner with us to plan, design, and build your next location in your next market with our data-driven team of business strategists.

ABOUT NEWGROUND

NewGround International helps brands plan, design, and build innovative spaces that turn heads and accelerate growth. Our business, brand, and location-alignment strategists help Groundbreakers build on a solid foundation and create a comprehensive plan for growth and success.



START A CONVERSATION



SCOTT FLORINI

Senior Vice President of Strategy

sflorini@newground.com

314-346-2102

