



Economic Rural Development & Policy Committee
December 8, 2025

Challenges Facing Independent Grocery Stores in New Mexico

1. Food Deserts and Loss of Independent Grocers

Independent grocery stores are closing in rural communities such as Mountainair, Magdalena, and Carrizozo, resulting in the creation of food deserts—areas where residents have limited access to affordable and nutritious food. This issue is not confined to rural areas; for example, the recent closure of Wal-Mart on Zuni in Albuquerque has led to a food desert within that urban community.

Impact of Discount Stores

Over 200 discount stores—including Dollar Tree, Dollar General, and Family Dollar—operate throughout New Mexico. While these stores provide essential goods, they do not offer fresh produce or meats. Their business model relies on centralized warehouses and minimal staffing (2–3 employees per store), compared to the 35–40 employees typically found in small independent grocery stores. This shift reduces local employment opportunities and limits access to healthy food options.

2. Food Supply Chain and Pricing Pressures

All food sold in New Mexico is trucked in from out-of-state warehouses located in Texas or Utah. Previously, the state had its own warehouse, which improved food access and helped keep prices lower by reducing transportation costs. The current reliance on distant suppliers means grocery prices are dictated by shipping expenses and external market forces.

New Mexico now has the sixth highest grocery basket rate in the United States and the highest in the region, with prices approximately \$15 higher per basket than neighboring states.

3. Employment Shortages

Grocery stores across both urban and rural areas of New Mexico face persistent staffing shortages, with vacancy rates averaging 15–20%. This ongoing challenge affects store operations and service quality.

4. Retail Theft and Security Costs

Retail theft is a significant and growing problem for grocers in New Mexico. A lack of prosecution has led to repeat offenses, and police response times can be up to four hours or, in some cases, non-existent. As a result, many grocers have been forced to hire private security services, which further increases grocery prices for consumers.