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## Retailers continuing to find fertile ground in Alamo City

San Antonio Business Journal - by [Tricia Lynn Silva](#)

Despite all the challenges confronting retailers in the current economy, San Antonio remains a hot spot for concepts looking to expand their brands.

As part of its year-end report on the San Antonio retail market, the local offices of **The Weitzman Group** and Cencor Realty Services highlighted several retail projects where new roofs were raised over the past year.

The Shops at La Cantera, the Alamo City's newest regional shopping mall, for example, grew by another 300,000 square feet. And with the expansion to the Northwest Side property came 15 new retail concepts for San Antonio shoppers — including **Urban Outfitters**, Orange Cup, Solstice, Free People and Metropark.

Park North — which has been created on the site of what was once another regional mall, Central Park — added a new Target store of 131,000 square feet, and another 57,000 square feet of small-shop space.

On the small-shop side, new tenants for Park North included Costa Mesa, Calif.-based Anna's Linens. In fact, over the past year, Anna's Linens opened at both Park North and Southeast Side shopping center Dellcrest. Earlier this month, the chain also inked a lease for what will be store No. 9 in San Antonio — this one at one of the city's newest power centers: Alamo Ranch on the far West Side.

Cencor is a retail commercial management and development firm. Weitzman is the brokerage arm of Cencor.

### News of the new

Another local retail center that expanded its footprint in 2008 was The Rim in Northwest San Antonio, according to the Weitzman/Cencor report. With that expansion came new retailers, including **Staples**, Nordstrom Rack and **T.J. Maxx/Homegoods**. Also on the Northwest Side, Culebra Market added **Party City**, and will welcome **Office Depot** later this year.

While The Shops at La Cantera has become a magnet for new concepts, new names also made their way to the Alamo City over the past year via other shopping centers as well. Speciality furniture store West Elm and home furnishings retailer **Smith & Hawkins** both debuted at Quarry Village in North Central San Antonio.

New restaurants in the city include Wildfish Seafood Grille, Roaring Fork and Brasserie Pavil — all of which are located in the Plaza Las Campanas center on the far North Side.

### **Down, but not out**

Looking at the stats for the local retail market, it makes sense that new retailers would continue to set their sights on the Alamo City.

According to the latest Weitzman/Cencor report, San Antonio's retail sector recorded a citywide occupancy rate of 91.6 percent at the end of 2008 — down slightly from 92 percent as of year-end 2007.

But at 91.6, San Antonio is still sitting pretty with the second-highest occupancy rate in Texas, the Weitzman/Cencor analysis shows. Coming in at number one was Austin, with an occupancy rate of 93 percent. Next in line were Houston and Dallas/Fort Worth, which recorded occupancy rates of 87.8 and 87.6 percent, respectively, as of year-end 2008.

Occupancy figures are based on studies of multi-tenant retail centers measuring 25,000 square feet or more.

Nationally, many older regional malls are on the decline, notes Kimberly S. Gatley, senior vice president and director of research for **NAI REOC Partners**.

San Antonio, however, has benefitted from some outside-the-box thinking when it comes to a couple of its older properties. As the latest Weitzman/Cencor analysis points out, the Southeast Side center once known as McCreless Mall has been reborn as McCreless Market — complete with a 142,000-square-foot H-E-B Plus! store and a new 10-screen theater by Cinemark.

On the Northeast Side, Windsor Park Mall has been given a new life as the headquarters for **Rackspace Managed Hosting** — a project that is working to turn a once-troubled retail center into a high-tech hub.

But as is the case in many other markets around the country, San Antonio's retail sector will also have to contend with a rising tide of retail bankruptcies. Store closings by retail chains such as Circuit City, Harold's, Mervyn's and Calloway's Nursery have left the city with some hefty spaces to fill. Economic uncertainty, meanwhile, has other retailers pulling back on store expansions.

Some landlords, in an effort to keep the lights on in as many of its retail spaces as possible, have begun to offer incentives to potential tenants — from higher finish-out allowances to rental concessions. It is an environment that is allowing some retailers to trade up to newer and/or higher-quality centers, the Weitzman/Cencor reports states. This “churn” — as the report calls it — will continue in 2009.

For all of its challenges, however, San Antonio continues to outperform many other cities on several fronts. While some housing markets are seeing double-digit drops in home prices, the median home price in San Antonio has so far remained stable — going from \$150,100 as of November 2007 to \$150,400 the following November, according to a recent report by the San Antonio Board of Realtors.

“Based on an economy that continues to outperform the national average ... we expect the San Antonio retail market to continue into 2009 on a positive note,” the Weitzman/Cencor report concludes.

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