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# Retail real-estate sector in Alamo City remains resilient

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

San Antonio can still lay claim to a healthy retail real estate market despite the tough national economy.

According to a new report by **The Weitzman Group**, at the end of the first half of 2008, the overall occupancy rate for the city's retail sector stood at 91 percent — the same figure reported for the local retail market 12 months ago.

The fact that San Antonio is holding steady at a vacancy rate of under 10 percent is good news, notes Weitzman, which is a full-service brokerage firm.

Local statistics are based on all multitenant retail space in the San Antonio MSA that measures 25,000 square feet or more.

In fact, only Austin's retail sector is in slightly better shape than San Antonio's — sitting at an occupancy rate of 92.5 percent as of June 30, 2008. Meanwhile, the Texas metros of Dallas/Fort Worth and Houston recorded occupancy rates of 89.4 and 88 percent, respectively, at the end of the second quarter of this year, according to Weitzman's research.

Between the myriad retail projects that have already reached completion this year, and the shopping centers that are slated to be finished by year's end, Weitzman reports that approximately 4 million square feet of new retail space is expected to enter the local market over the course of 2008.

## National chains

Accounting for a good portion of that construction, Weitzman states, are several new stores by some of the leading, national chains, including the following:

- **Best Buy** opened a new store this past May at Alamo Ranch, a new power center on the city's far West Side;
- Target opened late last month at Alamo Ranch, and will open an outlet in October at North Central Side power center Park North;
- **Academy Sports & Outdoors** will open at far West Side retail center Potranco Village this fall;
- **T.J. Maxx**/HomeGoods, an apparel/home furnishings combo store, opened earlier this year at Northwest Side power center The Rim;
- Staples opened its doors in June at The Rim.

These large retailers continue to look to San Antonio because the city is still in good shape, compared to most

markets, when it comes to its housing market and job growth — two critical factors when it comes to a retailer's success, Weitzman reports.

It is these fundamentals that have kept one of the nation's oldest retail chains hot on the San Antonio market: Plano, Texas-based **J.C. Penney Co. Inc.** — the parent company behind the JCPenney retail stores.

Earlier this month, J.C. Penney opened its sixth store in San Antonio — at the Alamo Ranch shopping center. The grand-opening festivities “far exceeded our expectations,” notes Roland Tullos, district manager for Plano-based J.C. Penney.

### **Slow sales**

Unfortunately, on the national front, retail sales momentum does not appear to be on a fast track.

According to the recent chain-store analysis by the **International Council of Shopping Centers** (ICSC), retail sales nationwide for the month of July were up only 2.6 percent from the same month in 2007.

Though off the mark of the more robust year-over-year increase of 4.2 percent posted at the end of June, the July figures were in line with the 2 to 3 percent increase that officials of the New York-based industry organization had expected.

While retailers captured some back-to-school traffic in July, the real impact of this occasion on retail sales will not be felt until August. But even with this event on the horizon, ICSC is still predicting a conservative sales growth of 2 percent between August 2007 and 2008 — noting that shopping dollars have waned as money from the recent stimulus rebates has been spent.

The slow market is also taking its toll on major retailers like J.C. Penney.

In June, the retailer announced that it was scaling back on its previous expansion plans. J.C. Penney originally planned to open 50 new or relocated stores each year in the years 2009 through 2011. The new plan — at least for 2009 — is to open 20 new stores.

“We are not immune,” says Tim Lyons, senior manager for field corporate communications for J.C. Penney. “Customers are facing a lot of challenges. The economy has impacted every retailer to some extent.”

Despite the national retail slump, J.C. Penney has aggressively positioned itself in San Antonio's key shopping submarkets — Alamo Ranch being the latest example of that strategy.

Last August, the retailer also opened for business in the former Macy's box at retail landmark North Star Mall in North Central San Antonio. This store, says Tullos, now serves as the flagship site for the chain in San Antonio.

And in October 2006, JCPenney joined the lineup of retailers at The Rim — a Northwest Side retail destination that is located along the Loop 1604 and Interstate Highway 10 intersection.

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