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A positive spin on San Diego retail

There's no denying we just turned the page on one of the most economically challenging years the real estate business has seen. However, there is reason for hope in 2010. The International Council of Shopping Centers reported December same-store sales rose 2.8 percent compared to December 2008 and is projecting 2010 will see a 3.0 percent to 3.5 percent increase in sales, the highest level since 2006.

One of the biggest challenges we faced during this recent recession has been the vacation of numerous large retailers or "big boxes." The closing of such big boxes — Mervyns (12), Circuit City (8), Linens 'N Things (4), Shoe Pavilion (8) and Expo Design Center (2) — created large vacancies countywide. While these big boxes flooded the market and contributed to the highest vacancy rate in close to a decade, San Diego still maintained one of the lowest retail vacancy rates in the country. Barriers to entry, a diverse economy and the San Diego lifestyle all contribute to San Diego remaining in high demand by many retailers. For example, Kohl's, Best Buy, Ross and Sprouts Farmers Markets are just a few companies taking advantage of these failed big boxes to expand their market share by entering markets and centers with historically little or no vacancies.

While many large retailers are taking advantage of available big boxes, other users see an opportunity to take advantage of less competition, lower rents and other concessions being offered. From Chase

Bank and Bright Now Dental, to The Habit Burger Grill and Corner Bakery, more and more retailers and restaurants are looking for new stores in San Diego; and it seems like the list of active tenants increases every week.

While many landlords have struggled to keep space filled, 2009 proved to be an active year for Village Walk at Eastlake in Chula Vista. Village Walk signed eight leases totaling approximately 18,734 square feet, including HSBC Bank, San Diego Association of Realtors and Massage Envy. As a testament to the strength of the area and the success of the center, Massage Envy has signed a lease to expand, and the center is now about 97 percent occupied. Sudberry Properties, the developer of Village Walk, has taken a more active role to solidify Village Walk's position as a dominant center. Whether it's meeting with prospective tenants to "seal the deal," having concerts, craft activities, the San Diego Ferrari Club, or bringing "magic" snow or Santa and carolers in over the holidays, Sudberry and its entire leasing/management team have been thinking of ways to generate interest and traffic and, in turn, developed a plan to help perpetuate the center's stature in the community.

We've all seen the headlines filled with bad news, but we each have a choice. We can believe what we read and worry about the next shoe to drop or we can take this opportunity to reinvent how we do business in 2010, like at Village Walk, and help make San Diego an even better place.

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