

Retail Challenges and Possibilities: from San Antonio to New York City

By Janis Arnold for REDNews

Stopping by the Quarry Village for a cup of coffee from Starbucks? Or, given the summer temperatures that we're experiencing, perhaps a frosty beverage from Jamba Juice or Red Mango is more appealing. These days residents of Artessa, the residential component of San Antonio's newest mixed use development, have these amenities, and more, available to them as they step outside their front doors.

Artessa, the newly opened Quarry Village residences on Basse in San Antonio, many of which overlook the Quarry Golf Course, are leasing quickly, and are fast approaching 50% occupancy. Apartment sizes range from 600 plus square feet to almost 2000 square feet. The views, residents say, are priceless, while the rents they describe as reasonable. According to the apartment complex's brochure, monthly rates range from \$1125 to \$5300.

Comments from some of the Quarry Village retailers are also positive: "Our women's lines have done well, even in a tough market," or, "We've only been here two weeks, but already we're sure we did the right thing in adding this second location. Business is great!" West Elm and Smith & Hawken are both prominent retail presences in Quarry Villages and both report that business, for a down year, is reasonable. A great little

boutique, Cork, where you can find the Pellamonda line of products, shares a retail space with The Shoe Club; both of these retail outlets were previously located in the Collection on the corner of Broadway and Sunset. Nancy's, a boutique which first opened its doors in Alice, Texas, sells both Brighton and Yellow Box shoes, along with exciting women's clothing and jewelry lines. The Quarry Village is also home to a new-to-San Antonio- hamburger place: Five Guys and a Burger. Other restaurants, among them the famous Eddie V's seafood establishment, are set to open within the next few months.

When asked about the current efforts that retail landlords are offering to attract and retain tenants, Suzanne White, of Embry Development responded:

“Across the country, and especially in Texas, the retail climate appears to be looking up.”

"Across the country, and especially in Texas, the retail climate appears to be looking up. Despite numerous store closings in 2008 and the first quarter of 2009, particularly

stores in the big box category such as Linens and More, smaller, local, and more personalized establishments appear to be faring better. While many of the chain stores are still anticipated to close the bottom 10-15% of their performers, the smaller boutiques and retail establishments are reporting that their customers appear to be re-emerging."



the retail sector, according to Consolo. Addressing the topic of a turnaround after what she characterizes as the past 18-month period of 'issues' in retail, Consolo notes that the consumer is coming back. "We're seeing the desire for more retail," she said.

The vacancy rate in New York, which has soared, is being absorbed and Consolo feels that by the third Q retail establishments in New York and across the country are going to feel a real strengthening. She predicts an upturn by year's end, while admitting that retail won't have to do much to improve upon last December's performance.

When asked if landlords are negotiating with tenants, she notes that concessions are happening, but appear to be available on a case-by-case basis, with landlords and retailers closer together than ever and with all parties working together toward solutions. She sees significant efforts toward relief being offered, particularly in the case of the smaller retailers. She notes that she's not seeing huge concessions such as fifty percent rent reductions, but she is seeing relief offered in the form of 3 to 6 month rollbacks to get retailers through the immediate future into the holiday season. She also notes that, in New York, retailers are successfully trying a variety of innovative strategies. Stores such as Starbucks are working with their storeowners to retain their presence in the market. Landlords, she noted, don't want more vacancies. A lot of retailers are test marketing different venues, new neighborhoods or new concepts in the manner she describes as 'pop-ups', many of which she expects to survive and thrive in the coming year. She expects to see larger stores such as Target moving into markets that previously were unavailable to them due to formerly, but no longer, prohibitive rent structures in the New York City area.

Bottom line according to Consolo: Retail is not dead; this is just the wake-up call! Even New York is now affordable, and business is picking up! Of course, in Texas, business never descended to that dismal a state, and here in Texas, the consumers do appear to be venturing back into the stores!

Development Tract | Leander | Fastest Growing City in Texas

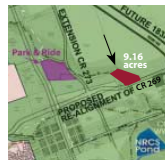
9361 183A Toll Road, Leander, TX 78641

Property Overview

- 9.16 Acres on future frontage of CR 269 Extension between US Hwy 183 and US Hwy 183A
- Zoned: High Density Commercial, Hotel, Retail, Mixed Use, Office, Multi-Family
- Capital Metro's Transit Train Terminal within ±1/2 mile of site
- Additional amenities: Spring-fed Brushy Creek | Pecan Trees | Oak Trees and Meadows for a building site
- With the new rail station that will connect Leander to Austin, city planners are developing a city that will be a destination all its own



Stanberry Commercial
REALTORS®
DAN S. STEAKLEY
REALTOR®
(512) 422-9345
Office: (512) 327-9310
dan@stanberry.com
www.stanberry.com



A recent report covering the U.S. services economy (SA Express News 7-7-09) noted that the service sector (retailers, restaurants, real estate brokers) contracted less than expected in June and brought forth its best showing since before this financial crisis began last fall. Capital economics analyst, Paul Ashworth, projected growth in the U.S. economy in the coming months, but said that it could be 2011 or 2012 before the economy rebounds to the point that wages will begin to increase.

Faith Hope Consolo, chairman of Prudential Douglas Elliman's retail sales and leasing division, spoke with GlobeSt's national online editor, Ian Ritter, on the topic of what's happening in retail at the present time (New York, July 2009). It's not all doom and gloom in