

MID-YEAR RETAIL REPORT

THE  
TEXAS

SNAPSHOT  
2018

weitzman®



# AUSTIN

---

# AUSTIN MAINTAINS HIGH OCCUPANCY RATE DESPITE SOME ANCHOR CLOSINGS

AUSTIN SAW ITS ALREADY HEALTHY OCCUPANCY INCREASE SLIGHTLY TO 96.1 PERCENT AS OF MID-YEAR 2018, THANKS TO LEASING THAT HAS BACKFILLED SOME OF THE MARKET'S LARGEST VACANCIES. THROUGHOUT THE METRO AREA, RETAIL PROJECTS ARE SEEING SOME OF THEIR HIGHEST OVERALL OCCUPANCY RATES AS THE CONSTRUCTION OF NEW SPACE REMAINS NEAR RECORD LOWS.

The metro area's occupancy rate of 96.1 percent also means that Austin remains the strongest major-metro retail market in Texas, and one of the strongest in the United States in terms of occupancy.

The market remains healthy despite some high profile closings. These include four metro-area locations of Toys "R" Us and Babies "R" Us.

However, a review of landlord representatives indicates that key stores already received LOIs before the closings, so we expect the national retailer's liquidation to have only a short-term impact on the Austin market's vacancy rates. The retailer is closing three area stores totaling approximately 116,500 square feet of GLA, as well as a 29,960-square-foot location for Babies "R" Us in Sunset Valley. If these stores remain unleased, they will result in an increase in vacancy of a small fraction of a percentage point (approximately 0.009).

The best-located stores should find new occupancy fairly quickly. A big reason for this is that little new space is being added to a market that ranks as the tightest in Texas in terms of available space.

FOR 2018, THE AUSTIN MARKET IS ON TRACK TO ADD APPROXIMATELY 700,000 SF OF NEW RETAIL SPACE.

For calendar-year 2018, the market is on track (based on scheduled openings) to add approximately 700,000 square feet of retail space in new and expanded projects. The total is exceptionally low, especially for a major metro area that reports high retail occupancy, a strong housing market and the lowest unemployment rate in Texas. The 2018 total would be a slight increase compared to the 640,000 square feet

added in 2017, which itself was historically low for the market.

These findings are based on Weitzman's review of retail market conditions for the greater Austin area as of mid-year 2018. The market's occupancy rate is based on an inventory of approximately 49.5 million square feet of retail space in projects with 25,000 square feet or more.

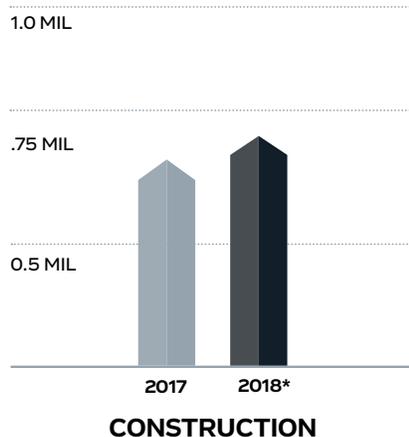
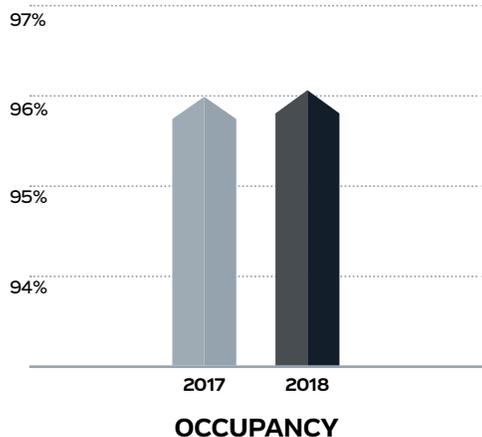
The market's healthy occupancy is aided by demand-based new construction, which comes online significantly or fully occupied, and key redevelopment projects.

In the Austin area's strongest retail districts, demand greatly exceeds supply. This imbalance is leading to redevelopments, and a number of retailers have expanded by backfilling existing spaces. Details on new and redevelopment construction can be found later in this report.

## BACKFILLED | REDEVELOPED SPACE

Examples of backfilled or redeveloped space include:

- Leading retailers Party City and Old Navy, which leased two adjacent spaces totaling 27,500 square feet in Southpark Meadows at 9500 S. IH-35 at W. Slaughter Lane. The 27,500 square feet was previously occupied by Sports Authority;
- St. Elmo Public Market, which is developing and redeveloping space in a former industrial area served by Ben White Boulevard, South Congress Avenue and St. Elmo Road. The first phase of retail, which represents the redevelopment of a mid-century industrial building and totals approximately 40,000 square feet, is set for 2019. Additional phases of mixed-use space are planned for the project;



\*year-end estimate



Jugo joined Tacodeli at 4200 N Lamar in Austin.

- Crossing Point, a multi-tenant shopping center that represents the redevelopment of a former home decor superstore at IH-35 and SH-45 in Round Rock. Concepts including Crunch Fitness have opened at the project;
- Petco, which will open in the second half of 2018 in 13,108 square feet in Center of the Hills, a community center anchored by H-E-B at 7010 W. Highway 71;
- H Mart, which backfilled two adjacent boxes totaling nearly 69,000 square feet in a center located at 11301 Lakeline Boulevard. The Asian grocery store, the first in Austin for the chain, opened in early 2018;
- The Crescent, a major redevelopment of an existing center at Airport Boulevard and IH-35 in North Austin, which wrapped up with the opening of its grocery anchor, 99 Ranch Market. The location is the Asian-themed grocer's first in Austin;
- The Blueprint Building, a 36,000-square-foot, four-story restaurant and entertainment project at 501 W. Sixth Street at the site of a former commercial building;
- Fareground at One Eleven, a food hall that opened in early 2018 in former plaza and lobby space at 111 Congress Avenue

in downtown Austin. The food hall opened with several local dining concepts;

- The ACC (Austin Community College) Highland campus, which will soon see two smaller mixed-use projects add a total of 30,000 square feet of retail space. The ACC campus opened several years ago after renovating the closed Highland Mall, and the new projects include 25,000 square feet of retail beneath multi-family units. The mixed-use space is currently under construction;
- AMC, which in 2019 will open a 45,000-square-foot cinema in part of a Sears department store that closed in 2018 at N. IH-35 and Parmer Lane;
- Music Lane, a mixed-use project with approximately 163,000 square feet of retail, restaurant and office space, which is being developed on South Congress at the site of Twomey's Auto Works. Adjacent to Music Lane, a mixed-use office-and-retail project is underway at the site of the CityView at SoHo apartments at 1007 S. Congress Avenue. The apartment project's demolition is making way for a four-story building with three stories of office space and street-level retail space. Completion is set for 2019;
- A former Bealls, which closed in early 2018, in Windsor Village retail center on

Berkman Drive in northeast Austin. The former anchor store is being redeveloped for multi-tenant space;

- Punch Bowl Social, an entertainment concept that plans to redevelop 22,000 square feet of street-level retail space in the Scarborough Building in downtown Austin for its second Austin location. The space formerly was occupied by Brooks Brothers and Gold's Gym.

With retail space that typically doesn't reach our 25,000-square-foot minimum to be counted in the construction totals, it's notable that a number of mixed-use multi-family and retail projects are opening in South Austin. These include Post South Lamar Phase Two, with street-level retail beneath apartments, and two PSW Development mixed-use projects at 900 S. 1st Street and 1600 S. 1st Street with street-level retail.

## RESTAURANT MARKET

The Austin area's restaurant market remains extremely active, and if concepts close, their spaces are typically re-leased quickly if they are in strong locations.

Active local concepts include Ramen Tatsu-Ya, with a location in East Austin; T22 Chicken Joint on Burnet Road as the brick-and-mortar location for food truck Tumble 22; Jugo juice bar, with a new location at 4200 North Lamar; Lucy's Fried Chicken with a new location in Cedar Park;

## EXPANDING RETAIL CONCEPTS

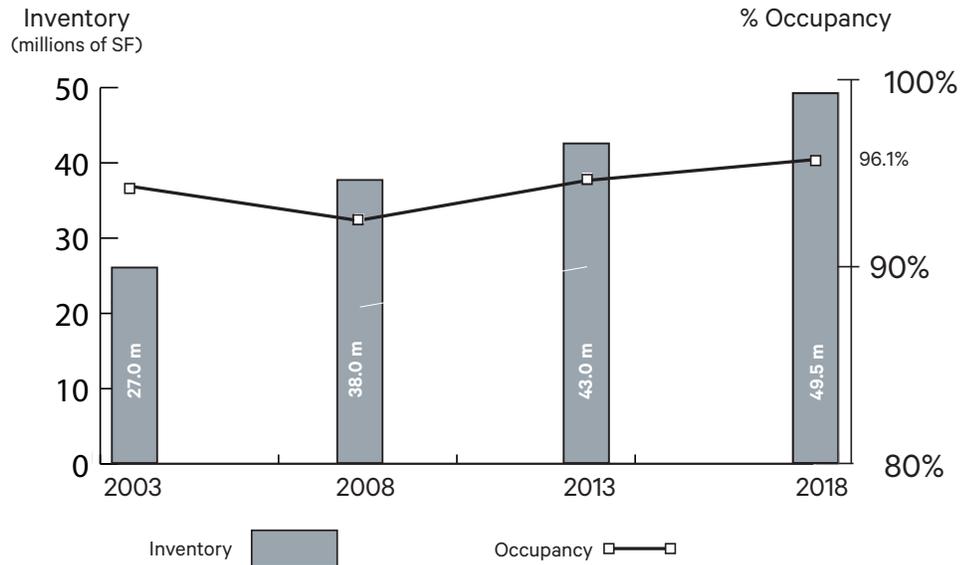


and Home Slice, with a new location on East 53rd Street. Numerous other deals include the first area location for Rise Biscuits and Donuts on Guadalupe.

Notable restaurant deals also include the first downtown location for Torchy's Tacos, which will open in street-level retail space in an apartment complex at 110 San Antonio Street. Torchy's also leased its largest location to date, a 5,400-square-foot location in Escarpment Village, an H-E-B-anchored center at Slaughter Lane at Escarpment Boulevard.

Also in downtown, North Italia opened its second area location in early 2018 at 500 W. 2nd Street. North Italia is a concept from Phoenix-based Fox Restaurant Concepts, which is also behind Austin's popular Flower Child healthy-eating concept.

Also downtown, the city's tallest building, apartment tower, The Independent, will open with 13,000 square feet of restaurant and retail space later this year. Austin Proper, a hospitality and residential tower, will open on Nueces Street downtown with multiple restaurant and bar locations. And a new high-rise apartment building at 300 Colorado Street is now being built at the former site of the longtime downtown steakhouse, Sullivan's Steakhouse. However, the tower will open with street-level retail space that will include a restaurant from Sullivan's parent company. And Trammell Crow Company plans a mixed-use project for the 1.75-acre downtown block bordered by West Seventh, Colorado, West Sixth and Lavaca Streets. The block is scheduled for



completion in 2021 and will be home to an office tower and about 11,000 square feet of retail and restaurant space.

### AUSTIN RETAIL RATES

The limited supply of quality retail space continues to boost rental rates in the Austin market, with Class A properties leading the way. Gross rental rates, which include base rent and triple nets, are showing higher increases on average than asking rents. Triple nets, representing tenants' negotiated pro rata share of operating expenses, and sharp increases in appraised property valuations continue to increase the valuation on which landlords are taxed. Further, increasing construction and labor costs typically mean that new projects are required to charge higher rental rates.

Actual rates for specific centers and spaces can go notably lower or higher than the

rates listed below due to factors including anchors, traffic, demographics and location within a center.

- For small-shop space in anchored Class A projects, rates range from the lower to mid-\$30s per square foot per year to \$40 per square foot or higher. However, small-shop space in well-located new construction is reaching rates that are considerably higher, often in the \$50-per-square-foot range or more;
- Averages for Class B small-tenant rates are posting from the low-to-high-\$20-per-square-foot per year range;
- Averages for Class C rates for small-tenant in-line spaces typically range from the teens to the low \$20s on a per-square-foot-per-year basis.

### OUTLOOK FOR GROWTH

The greater Austin market currently reports one of the strongest economies in the country, with an unemployment rate of under 3 percent, a strong single- and multi-family housing market and an investment market that the Urban Land Institute dubbed the best real estate investment and development market in the U.S. Based on this economic strength and the continued balance of supply and demand, all signs point to continued health for the Austin-area retail market.

For descriptions of new construction opening in 2018 and 2019, see Appendix A.

Party City and Old Navy leased adjacent spaces at Southpark Meadows in Austin



A grayscale photograph of the Dallas skyline, featuring several skyscrapers and the prominent Reunion Tower with its spherical top. The text 'DALLAS - FORT WORTH' is overlaid in the center, with a horizontal line under the hyphen.

DALLAS - FORT WORTH

# D-FW'S RETAIL MARKET POSTS NEAR-RECORD OCCUPANCY AS LEASING NEGATES EFFECTS OF STORE CLOSINGS

DALLAS-FORT WORTH'S RETAIL MARKET AS OF MID-YEAR 2018 REPORTED AN OCCUPANCY RATE OF 92.5 PERCENT, A SLIGHT INCREASE OVER YEAR-END 2017'S 92.4 PERCENT OCCUPANCY. THE OCCUPANCY RATE IS ONE OF THE MARKET'S HIGHEST IN MORE THAN THREE DECADES, SECOND ONLY TO 92.7 PERCENT OCCUPANCY D-FW REPORTED AT YEAR-END 2016.

The mid-year 2018 occupancy rate is based on Weitzman's review of a total D-FW retail market inventory of 198.1 million square feet of space in projects with 25,000 square feet or more, the largest retail inventory for any metro area in Texas.

The market has been able to maintain steady occupancy in the face of some major store closings because the closures are being largely offset by pre-leased new construction and the backfilling of large retail vacancies.

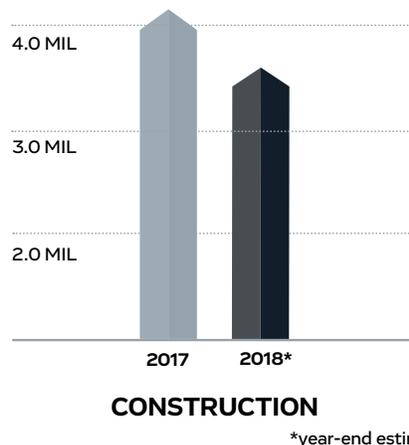
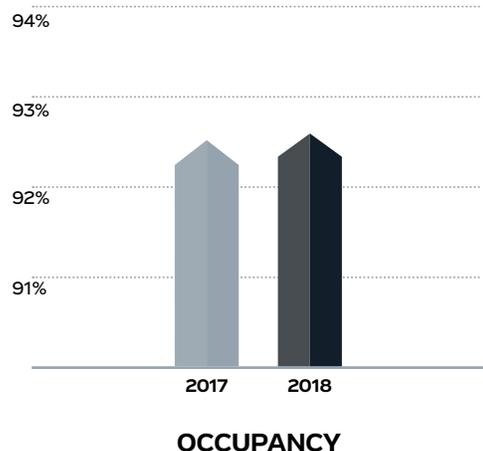
During 2018, the market is seeing two major legacy retailers close stores, resulting in more than 1 million square feet of vacancy; these closings involve three Sears mall-anchor stores and closed Toys "R" Us stores totaling approximately 600,000 square feet.

However, based on interest from concepts ranging from fitness uses to multi-tenant

redevelopment, we expect to see the best located of these vacancies absorbed or redeveloped within the next 18 months. The Sears stores are set to close by fall 2018, and operators are seeing interest in the locations as anchor or multi-tenant space.

Together, these closed stores represent only about one-half of one-percent of vacancy, based on D-FW's retail inventory, which limits their overall negative impact on the market's health.

For 2018, leasing in existing centers is boosting occupancies by eliminating vacancies both large and small from the market. Many of these projects involve renovations and redevelopments, with examples including The Shops at Willow Bend in Plano, The Hill in northeast Dallas, a new Central Market in the Preston Hollow neighborhood of Dallas and sister centers Trinity Valley and Trinity Plaza in Carrollton.



Examples of redevelopments and back-filled vacancies include:

- WinCo Foods, which demolished a vacant anchor space and opened during the first half of the year in a new 85,000-square-foot store at Trinity Valley Shopping Center, located at SH-190 and Josey Lane in Carrollton;
- Market Street, which opened its second Frisco location on Legacy Drive near Lebanon in early 2018. The Market Street, totaling 62,000 square feet, opened after redeveloping a former Walmart Neighborhood Market;
- Altitude Trampoline Park, which will open in 2019 in backfilled junior anchor space in Cityview Centre, located at the southwest corner of Loop 820 and Bryant Irvin Road in Fort Worth;
- GlowZone, a family entertainment concept which should open by year-end in a 46,000-square-foot space in Lakepointe Crossing, a Lewisville center on IH-35 anchored by Academy Sports + Outdoors and At Home;
- Punch Bowl Social, a Colorado-based bowling and 'entertainment' concept, which plans to open two new area locations in backfilled space, including:
  - A 12,500-square-foot location in a former Times Ten Cellars space at 1100 Foch Street in the West Seventh corridor in Fort Worth. The Times Ten space closed during the first half of 2018, and the quick re-tenanting is an example of the demand for space in the market's strongest retail districts;
  - A 23,000-square-foot space in the urban Deep Ellum district at 2600 Street at North Good-Latimer Expressway. The space, vacant for

Representative photo: Kroger Marketplace in Lewisville



A new Kroger Marketplace is opening in the second half of 2018 in Arlington

several years, formerly housed Copper Tank Brewery and club.

- Gander Outdoors, an outdoors-focused sporting goods store, which back-filled a 45,000-square-foot space at 6001 Quebec Street in northwest Fort Worth, near the city's border with Lake Worth. The space was vacated in 2017 by Gander Mountain after it filed for bankruptcy;
- CVS, which opened a two-story location in downtown Fort Worth in a space formerly occupied by a sports bar;

- Sam's Club, which will open a new concept in an approximately 32,000-square-foot vacancy at Greenville Avenue and Richmond Street in Dallas. The smaller-format Sam's, designed to be high-tech and primarily focused on food, will occupy a site vacated by Walmart Neighborhood Market several years ago;
- Alamo Drafthouse, which opened during the first quarter of 2018 in a former grocery store space at Abrams Road and Skillman Street in East Dallas;

- Junior anchor concepts, ranging from approximately 20,000 to 35,000 square feet, like Home Zone Furniture, Duluth Trading Co., Chair King and Dirt Cheap discount stores, which have been expanding in markets like Arlington, Denton, Garland, McKinney and Richardson by leasing existing vacancies;
- Central Market, the upscale concept from H-E-B, with a scheduled 2018 location opening in a former Albertsons at Northwest Highway and Midway Road.

In terms of new space, D-FW is seeing notable development activity, with the space expected to open by year-end on track to approach the 4.1 million square feet that came online in 2017.

Based on projects underway or with announced openings, the market currently is on track to add approximately 3.5 million square feet of retail space during calendar-year 2018.

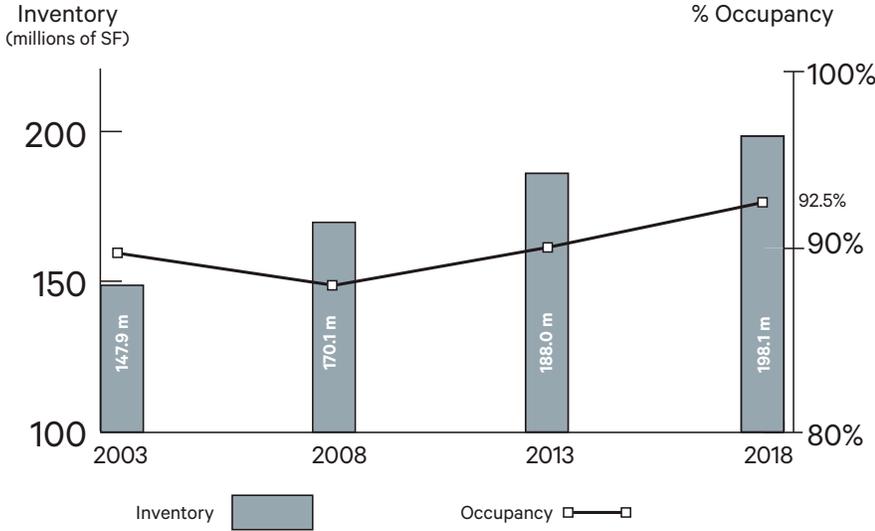
However, as the space comes online, the D-FW retail market inventory at year-end

METRO MARKET	POPULATION 2017	POP GROWTH 2010 - 2017	UNEMPLOYMENT RATE 2018
AUSTIN	2,115,827	399,507	2.8%
<b>D-FW</b>	<b>7,399,662</b>	<b>973,431</b>	<b>3.4%</b>
HOUSTON	6,892,427	971,941	4.2%
SAN ANTONIO	2,473,974	331,458	3.2%

2018 will hit the 200-million-square-foot market for the first time.

The outlook for the D-FW retail market in 2018 and going into 2019 remains strongly positive, as retail is supported by growth in the key areas of population, job gains and single- and multi-family housing deliveries.

EXPANDING RETAIL CONCEPTS



Existing centers are finding new anchors, such as this Winco Foods, which demolished a vacant Target to build a new store at Trinity Valley in Carrollton





# HOUSTON

---

# HOUSTON REPORTS HEALTHY OCCUPANCY AS NEW CONSTRUCTION ADDS MAJOR NEW RETAIL PROJECTS

HOUSTON'S RETAIL MARKET AS OF MID-YEAR 2018 REPORTS AN OCCUPANCY RATE OF 95.1 PERCENT, AN EXTREMELY HEALTHY RATE THAT REMAINS STABLE COMPARED TO THE 95.0 PERCENT RATE POSTED AS OF YEAR-END 2017.

The retail market is benefiting from the continued strength of the Houston economy, which continues to see strong population growth and a pace of job growth that exceeds the national average. As noted in recent report from Federal Reserve, the current situation and forward-looking outlook for Houston's job market is ranked positive.

Notably, the metro Houston market has continued to report back-to-back months of positive growth, despite the fears from some market watchers that the downturn in energy prices would negatively impact the larger economy.

Weitzman reviews a Houston-area retail market inventory of approximately 160 million square feet in multi-tenant retail centers with 25,000 square feet or more.

The market's outlook remains positive thanks to Houston's strong leasing at new retail projects and healthy demand for existing-center retail locations

Anchors backfilling existing retail space for 2018 include:

- The Outlet at West Oaks, which placed an outlet retail concept in the

243,337-square-foot Macy's at West Oaks mall;

- Gander Outdoors, which took an 87,596-square-foot vacancy at 19302 IH-45 that was previously occupied by Gander Mountain, which closed stores after it filed for Chapter 11 bankruptcy protection in 2017;
- Nordstrom Rack, which in the first quarter of 2018 opened in a

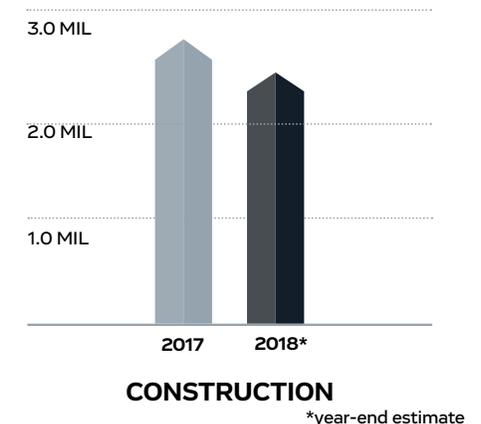
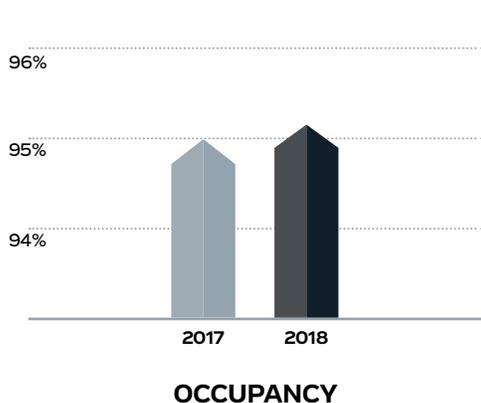
**THE HOUSTON OCCUPANCY RATE IS STABLE AT 95.1%, CLOSE TO THE HIGHEST EVER RECORDED.**

27,252-square-foot space in Portofino Shopping Center, located on IH-45;

- El Rancho Supermercado, which backfilled a 47,000-square-foot former furniture store vacancy at 11210 North Freeway for its first Houston-area location. El Rancho also plans to backfill two former Randalls locations, which the grocer closed

in Garden Oaks and Stafford during the first half of 2018;

- El Ahorro, a specialty grocer, which took the space at Airline Drive and Parker Road that was vacated by Kroger in 2017;
- Aldi, which leased a former Hancock Fabrics store at El Camino Real and Bay Area Boulevard in the Clear Lake market. Aldi also took space in Garden Oaks Shopping Center, a renovation project at North Shepherd at 38th Street;
- The former Sears Midtown, which closed in January 2018 and was quickly acquired for the site of the main campus of Houston's innovation district;
- Urban Air Adventure Park, which leased 37,000 square feet in the Sam Moon Center at 17943 IH-45 S. The space was formerly occupied by two Sam Moon concepts;
- Sixty Vines, a popular Dallas-based restaurant, which leased an 8,703-square-foot space formerly occupied by Gymboree at 2540 University Boulevard;
- A number of destination restaurants, including Nobu, Fig & Olive, Musaafer, Spice Route and Blanco Tacos + Tequila, locating in the multi-tenant redevelopment of the former Saks Fifth Avenue at The Galleria.



In terms of new space either completed or underway for completion this year, the Houston-area retail market is on track to add approximately 2.3 million square feet of retail space in new and expanded projects. The new construction would bring Houston's retail market inventory to approximately 160.2 million square feet.

The 2018 construction is a decline from space deliveries during 2017 that



The market is seeing a number of smaller centers built to satisfy the demand for small shop space (Aliana Retail pictured)

totaled 2.8 million square feet of retail space and represent the second consecutive year of declining deliveries since the market's recent high of 3.4 million square feet added in 2016. The market views conservative, demand-based construction as a key way to keep supply and demand in balance.

GROCCERS, ESPECIALLY H-E-B, DRIVE NEW DEVELOPMENT

For 2018, however, grocery-anchored community centers are dominating new

construction, with H-E-B being the most active grocer in the market. Other 2018 grocery-anchored retail projects include new stores for Kroger Marketplace, Walmart Supercenter and 365 by Whole Foods. New construction also features entertainment anchors such as Alamo Drafthouse, Star Cinema Grill, AMC and others. Construction in 2019 also should remain active, but total new-space deliveries are likely to decline compared to 2018. New construction is listed in Appendix C.

per square foot per year in the strongest and most affluent retail submarkets. For small-shop in-line space in well-located, anchored projects:

THE RETAIL MARKET IS BENEFITING FROM THE CONTINUED STRENGTH OF THE HOUSTON ECONOMY.

- Class A rates ranged from \$30 to the high \$30s on a per-square-foot-per-year basis, with rates for quality space inside the Loop typically rising above \$40 per square foot or more.

EXPANDING RETAIL CONCEPTS



RENTAL RATES

Demand for the Class A space, especially inside the Loop, can result in small-shop rates in the best-located and newly constructed projects going as high \$50 to \$60

METRO MARKET	POPULATION 2017	POP GROWTH 2010 - 2017	UNEMPLOYMENT RATE 2018
AUSTIN	2,115,827	399,507	2.8%
D-FW	7,399,662	973,431	3.4%
HOUSTON	<b>6,892,427</b>	<b>971,941</b>	<b>4.2%</b>
SAN ANTONIO	2,473,974	331,458	3.2%

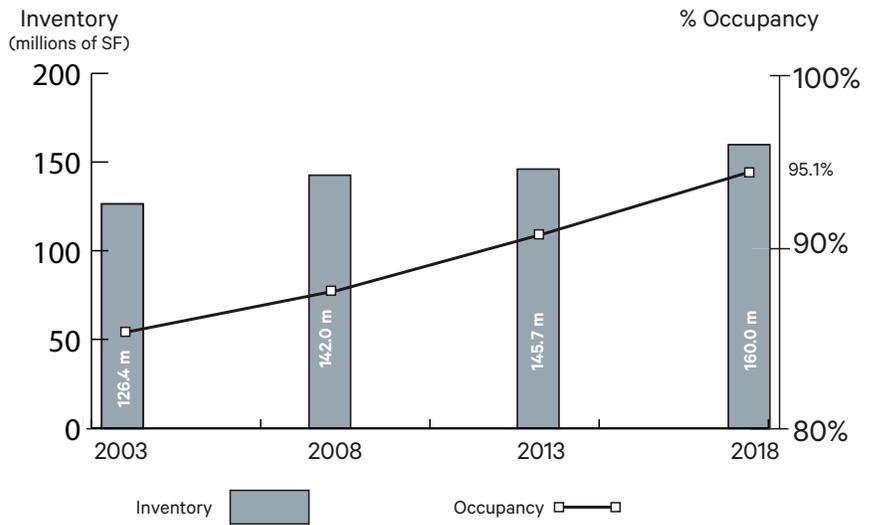
- Class B small-shop space average rates ranged from the low to the high \$20-per-square-foot-per-year range.

- Class C small-shop rates typically were in the \$15- to \$20-per-square-foot-per-year range.

These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

### OUTLOOK REMAINS POSITIVE

For the remainder of 2018 and going into 2019, the outlook for the Houston-area retail market remains strong. Leasing demand continues to backfill vacancies that come onto the market, with the only exception being poorly located or outmoded space. And with the outlook for economic growth remaining positive, we expect to see a continuation of Houston's healthy retail market.



### EXPANDING ENTERTAINMENT CONCEPTS



H-E-B is dominating new construction in Houston with six new stores in metro-Houston

Representative Photo: The Junction at Deer Park





SAN ANTONIO

---

# SAN ANTONIO RETAIL MARKET MAINTAINS HEALTHY OCCUPANCY DESPITE ANCHOR CLOSINGS

SAN ANTONIO'S RETAIL MARKET AS OF MID-YEAR 2018 CONTINUED TO REPORT HEALTHY OCCUPANCY OF 95 PERCENT, BUT IT FACES A POSSIBLE INCREASE IN VACANCY DUE TO LARGE-FORMAT STORE CLOSINGS EXPECTED BY YEAR-END.

THE MARKET DID SEE MAJOR-RETAILER CLOSINGS DURING THE FIRST HALF OF 2018. SAM'S CLUB CLOSED A 145,000-SQUARE-FOOT STORE AT 12919 SAN PEDRO AS PART OF MORE THAN 60 CLOSINGS NATIONWIDE. AND TARGET CLOSED AN ANCHOR STORE AT WOODLAKE CROSSING, AT 7914 W. FM 78.

The national failure of Toys "R" Us is leaving three local Toys "R" Us and/or Babies "R" Us stores vacant. However, two of the stores are the retailer's small format, with about 30,000

square feet each, and the three closings all together will account for only 130,289 square feet of new vacancy.

San Antonio was on the nationwide-closings list for Sears, which will close a 214,000-square-foot Sears at Park North during the second half of 2018. The store closing, the largest on track for 2018, will leave three local Sears remaining open.

## NEW SPACE CONSTRUCTION REACHES RECORD LOWS

In terms of new space, San Antonio is on track to see one of its lowest annual construction totals ever. While several major retail centers are under construction or in

the works, they are not scheduled for completion until 2019 or 2020.

All told, Weitzman expects to see less than 300,000 square feet of new retail space –

IN SAN ANTONIO, LIMITED CONSTRUCTION PLUS STRONG RETAIL DEMAND EQUALS STRONGER EXISTING CENTER LEASING.

not even a 1 percent addition to the market's total inventory - open by year-end.

The total includes a handful of small strip centers now underway to meet demand for small-shop space in tight retail areas. While Weitzman surveys centers with 25,000 square feet or larger, these strips are added if they are part of a larger retail center's footprint.

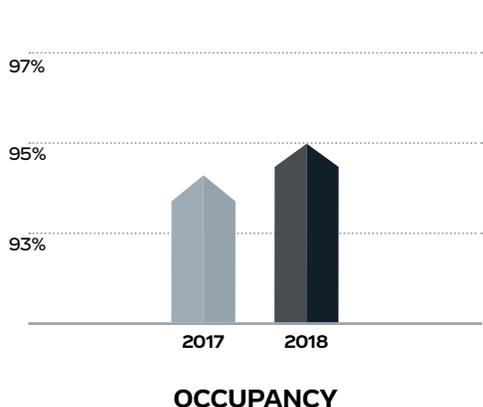
For 2018, the largest projects involved entertainment and large-format single-focus retail. The largest new retail projects scheduled for 2018 openings are listed in Appendix D.

In the convenience store category, Quik-Trip is expanding aggressively in San Antonio. The first metro area location opens in the third quarter, one of about 60 stores planned for San Antonio.

The forecast total for 2018 construction would represent a new low for the market, which reported a previous low point of 301,000 square feet added during the recessionary year of 2011.

The total also would come in below retail construction of 360,000 square feet in 2017, another year of extremely conservative construction, especially for a market with high occupancy and a healthy overall economy.

For 2019 and 2020, construction is on track to increase. New construction highlights for these years are listed in Appendix D.



COMPARISON TO 2003 SHOWS IMPROVED MARKET HEALTH

To illustrate exactly how low new construction is, we compared the current market to 15 years ago.

The market's occupancy at year-end 2003 was 88.6 percent on a retail inventory of

THE MARKET WILL SEE CONSTRUCTION INCREASE THROUGH 2020 WITH PROJECTS INCLUDING LIVE OAK TOWN CENTER.

Today the inventory has grown to 46.1 million square feet. Despite the inventory increase of nearly 44%, today's occupancy of 95% is notably higher than it was 15 years ago.

In today's market, the low construction environment continues to drive demand to

existing retail projects. This is a key reason we expect to see the market maintain healthy occupancy, even in the face of some high-profile closings.

EXISTING CENTER LEASING REDUCES VACANCY

The market is well positioned to absorb any additional vacancy due to the lack of major new construction at a time when retail demand remains in the healthy range and the strongest intersections report a lack of available space.

EXPANDING RETAIL CONCEPTS



METRO MARKET	POPULATION 2017	POP GROWTH 2010 - 2017	UNEMPLOYMENT RATE 2018
<b>AUSTIN</b>	2,115,827	399,507	2.8%
<b>D-FW</b>	7,399,662	973,431	3.4%
<b>HOUSTON</b>	6,892,427	971,941	4.2%
<b>SAN ANTONIO</b>	<b>2,473,974</b>	<b>331,458</b>	<b>3.2%</b>

Boerne Stage Crossing, anchored by Walmart Supercenter, is on track to start a new phase in 2019



## RETAILERS EXPAND

That lack of new space is driving retail demand to existing space. Examples include:

- Burlington, which is opening during the second half of the year in Stone Ridge Market, located at U.S. Highway 281 at Evans Road in Stone Oak. Burlington will open in a 42,000-square-foot former Sports Authority;
- 54th Street Restaurant and Drafthouse, which in 2019 is expected to open its fifth area location on IH-10 near Wurzbach Parkway. The Missouri-based chain is demolishing a former bank site to build the new 8,600-square-foot restaurant;
- Walk-On's Bistreaux & Bar, which during the first half of the year opened a 10,000-square-foot location in Heubner Oaks Center on IH-10 West in second-generation space. The location is the second in the market for the concept;
- Spec's, which is preparing to open in part of a former JCPenney HomeStore at Ingram Festival, a center peripheral to Ingram Park Mall;
- Legoland Discovery Center and SEA LIFE Aquarium, which together will occupy approximately 65,000 square feet when

they open in early 2019 at Rivercenter Mall in downtown San Antonio.

Expanding retailers today are often in categories like service, fitness or medical-dental, which all can be considered largely Internet-resistant. This is especially true for food, with restaurants offering convenience or experience leading the way. Key new restaurant locations include:

- Buddy V's Ristorante, a concept named after famed "Cake Boss" Buddy Valastro, which opened a 7,500-square-foot location at The Shops at La Cantera at 15900 La Cantera Parkway;
- Pluckers Wing Bar, a chicken restaurant with locations in Texas and Louisiana, which will open its first area location in a freestanding building in Forum Pointe, along IH-35 in Selma. The location will open in the second half of 2018. A second location, at North Loop 1604 and IH-10, is scheduled to open in 2019.

## RENTS REMAIN STEADY BUT INCREASED TRIPLE-NET COSTS RAISE EFFECTIVE RATES

In terms of rents, the market reported that asking rents, exclusive of triple nets, remain

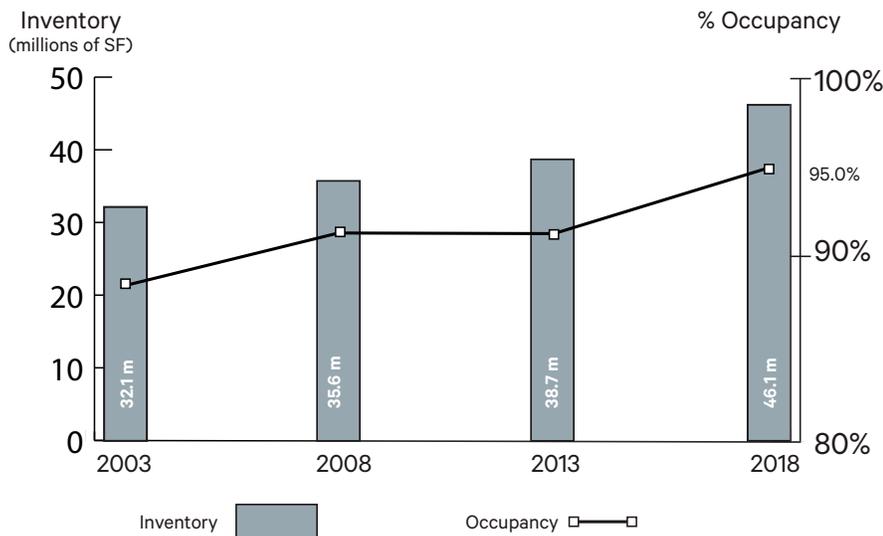
steady with increases for the best-located spaces when compared to a year ago. For centers by grade:

- Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including new construction, ranged from \$28 to \$38 per square-foot per year, and can reach into the \$40s for end-cap spaces in the best centers. These rates are for small-shop space in the newest and/or strongest anchored projects;
- Class B asking rates typically were in the \$18-to-\$25-per-square-foot range;
- Class C asking rates were in the \$12-to-\$16-per-square-foot range.

The reported rates are average asking rates and do not take into consideration concessions or triple nets. Higher property valuations and higher property taxes can significantly increase triple-net costs for tenants, which raises effective rates.

Asking rates also can be higher or lower depending on location, co-tenancy, center condition and other factors.

For the remainder of 2018, we expect to see occupancy flatten and possibly decrease, based on the market's planned closings. In terms of construction, 2018 will again see a limited number of new projects, but projects scheduled to start in 2019 should result in a notable increase in new retail space coming online in 2020.



An aerial photograph of a modern, multi-story building with a prominent glass facade. The word "weitzman" is written in a large, white, lowercase sans-serif font across the upper portion of the glass. The building's structure is a mix of concrete and glass, with a grid-like pattern of window panes. The surrounding area includes some greenery and a paved area at the base of the building.

weitzman

APPENDICES

---

## APPENDIX A: AUSTIN CONSTRUCTION

### NEW CONSTRUCTION FOR 2018

**Belterra Village I & II**  
W US 290 and Nutty Brown Rd  
Austin

Retail concepts that opened in this center during the first half of 2018 include Sky Cinemas, Great Clips, Mattress Firm and The Switch, a local restaurant specializing in barbecue and Cajun food.

**Oak Meadows Marketplace**  
Jim Hogg Rd and Williams Dr  
Georgetown

This approximately 77,000-square-foot community center anchored by Randalls and featuring small-shop tenants like Great Clips opened in Georgetown, north of Austin.

**Living Places**  
SH-45 and Heatherwilde Blvd  
Pflugerville

This big-box furniture concept opened a 500,000-square-foot facility in Pflugerville. The project's retail store footprint covers 150,000 square feet and includes an interior Beck's Prime restaurant, as well as retail pad sites.

**Costco**  
SH-130 and SH-45 N  
Pflugerville

The warehouse club plans to open a 150,200-square-foot new store in Pflugerville during the second half of 2018

**LA Fitness**  
Cedar Park Plaza  
Whitestone Blvd and Bagdad Rd  
Cedar Park

The fitness concept plans to open a 34,000-square-foot facility in Cedar Park Plaza by year-end 2018.

**Lantana Place**  
Southwest Pkwy & William Cannon  
Austin

This retail center is anchored by a 39,000-square-foot Moviehouse & Eatery that opened during the second quarter of 2018. Additional retail, restaurant and medical space will total approximately 60,000 square feet and is planned for completion in the second half of 2018.

### NEW CONSTRUCTION FOR 2019 OR LATER

**Plaza Saltillo**  
Comal St near Plaza Saltillo Station  
Austin

This mixed-use project now underway in East Austin near downtown includes retail space anchored by a 30,000-square-foot 365 by Whole Foods store. Completion is set for 2019.

**H-E-B South Congress**  
IH-35 near West Slaughter Ln  
Austin

Construction of this large-format store with more than 130,000 square feet is currently underway for an opening in late 2019 or early 2020.

**South Congress Station**  
S Congress near Slaughter Ln  
Austin

This 53,000-Square-foot project with Gold's Gym and Pet Supermarket is peripheral to the South Congress H-E-B listed above. The project lists an estimated delivery to tenants during the first quarter of 2019.

**Music Lane**  
S Congress near Academy Dr  
Austin

This 163,000-square-foot project, set to open in 2019, has announced a line-up that includes Equinox, a high-end gym, and Soho House, an upscale, members-only club

**Presidio**  
West Parmer Ln south of RM 1431  
Cedar Park

The first phases of this mixed-use project, with office space and residential lofts, has opened. In terms of retail space, the first phase is on track to total just under 25,000 square feet, and Mandela's Italian Market opened at Presidio during the first half of the year. Additional phases call for more mixed-use space, as well as additional retail with the up-scale movie theater Alamo Drafthouse as an entertainment anchor set for a 2019 opening.

**The Grove at Shoal Creek**  
45th St & Bull Creek Rd  
Austin

A mixed-use project for the intersection is set to include residential and office space, as well as plans for 140,000 square feet of retail space.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### NEW CONSTRUCTION FOR 2018

#### **Gates of Prosper**

US 380 & Preston Rd  
Prosper

This project opened its first phase, anchored by Dick's Sporting Goods and Field & Stream, in 2017. Major anchors opening in 2018 include an approximately 194,000-square-foot Walmart Supercenter, which opened in January, as well as T.J.Maxx, PetSmart, Kirkland's, a number of restaurants and shops and more.

#### **McKinney Retail**

Hardin Blvd and US 380  
McKinney

A number of major anchor retailers are opening at this intersection in McKinney, where Stein Mart opened during the first half of 2018. Other anchors set to open by year-end include Costco, Petco, Hobby Lobby, 24 Hour Fitness and Cinemark. Restaurants slated for the intersection include a number of local, regional and national concepts. When built out over the next few years, the intersection is on track to have 1 million square feet of retail, restaurant and entertainment space.

#### **Texas Live!**

E Randol Mill Rd near Stadium Dr  
Arlington

The 200,000-square-foot development, focused on entertainment and dining, is located between the Texas Rangers' Globe Life Park and the Dallas Cowboys' AT&T Stadium in Arlington will open its first phase in August 2018. The complex will include a Loews hotel and other uses.

#### **Kroger Marketplace**

Sublett at US 287  
Arlington

Kroger's 123,000-square-foot large-format superstore is on track to open during the second half of 2018 in the Arlington | Kennedale market.

#### **The Shops at Willow Bend**

Dallas North Tollway and Park Blvd  
Plano

The new entertainment-and-dining expansion at this upscale mall in West Plano began opening during the first half of 2018. The open-air new phase includes a 60,000-square-foot The Crayola Experience, an Equinox fitness center and a restaurant district with a number of chef-driven destination-dining restaurants. Cinépolis is also in the works with a luxury cinema.

#### **Broad Street Marketplace**

Broad St and SH-360  
Mansfield

The Market Street grocery occupies 80,000 square feet, and the center also features Pet Supermarket and several services and restaurants.

#### **The Shops at Broad**

E Broad St and US 287  
Mansfield

This mixed-use development with approximately 430,000 square feet will open in 2018 and 2019. Anchors, many of which are on track to open during the second half of 2018, include Academy Sports + Outdoors and At Home. Other concepts opening in late 2018 or 2019 include Belk department store and Flix Brewhouse.

#### **High Point Crossing**

E Northwest Hwy and Abrams Rd  
Dallas

This approximately 180,000-square-foot project at the site of a former car dealership is scheduled to open by year-end and features Academy Sports + Outdoors, Marshalls and Burlington.

#### **Glade Parks**

SH-121 & Glade Rd  
Eules

This regional retail project is expanding, adding a 2018 "lifestyle" expansion totaling 180,000 square feet. Retailers opening this year include Old Navy, Forever 21 Red, Francesca's, Total Wine and Hopdoddy. 54th Street Grill and others open in 2019.

#### **At Home**

Three locations  
Garland, Plano, Mansfield

The home furnishings superstore is scheduled to open three new-construction locations by year-end. The three stores, which together total 314,000 square feet of new space, are opening in Garland and Plano in the Dallas area and Mansfield in the Fort Worth-area market.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### NEW CONSTRUCTION FOR 2018

#### **The Shops at Clearfork**

Chisholm Trail Pkwy near S Hulen St  
Fort Worth

This open-air luxury retail project from Simon located in southwest Fort Worth opened in 2017 with anchor Neiman Marcus. In 2018, the project added large-format entertainment anchors AMC Clearfork 8 and Pinstripes Bistro, Bowling & Bocce. Restaurants include Mesero and Doc B's Fresh Kitchen and others.

#### **Irving Music Factory**

300 Las Colinas Blvd  
Irving

This mixed-use dining and entertainment project near the Irving Convention Center opened its first phase in 2017. For 2018, the additions included an eight-screen Alamo Drafthouse Cinema and numerous restaurants.

#### **Town East Mall**

Town East Blvd and IH-635  
Mesquite

Dick's Sporting Goods joined the super-regional project as a fifth anchor.

#### **Tom Thumb**

Field St and Cedar Springs Rd  
Dallas

The grocer is on track by year-end to open a 60,000-square-foot urban store in street-level retail space in The Union in Uptown Dallas. The project also will feature a number of restaurants.

#### **Victory Park**

Stemmons Fwy and Woodall  
Rogers Fwy  
Dallas

An 85,000-square-foot retail expansion of this mixed-use project is opening in 2018 and includes Cinépolis luxury cinema.

#### **Alamo Drafthouse Rooms to Go**

W University Dr near IH-35  
Denton

Alamo Drafthouse and Rooms to Go opened as part of the expansion of a retail district in Denton.

#### **Main Marketplace**

NW corner FM 423 & King Rd  
Little Elm

Flix Brewhouse opened as the anchor for this center, which also features around 35,000 square feet of multi-tenant space. The location is the first of several planned in D-FW for the Austin-based Flix concept. A Mansfield location is set to open by year-end.

### NEW CONSTRUCTION FOR 2019 OR LATER

#### **Scheels**

SH-121 near W Spring Creek Pkwy  
The Colony

A 325,000-square-foot supersized sporting goods store is underway near Nebraska Furniture Mart at Grandscape in The Colony. The store is set to open in 2020.

#### **Alamo Drafthouse**

8380 Davis Blvd  
North Richland Hills

The cinema plans a 42,000-square-foot location with eight screens for a site in North Richland Hills.

#### **Trophy Club Town Center**

SH-114  
Trophy Club

This long planned mixed-use project along SH-114 in the affluent Trophy Club market is underway with plans to open 50,000 square feet of retail, as well as apartment and hotel space, by year-end 2019.

#### **Stacy Green**

US 75 and Stacy Rd  
Allen

This mixed-use project underway at US-75 and Stacy Road in Allen will open its first phase in 2019 with a retail line-up dominated by restaurants. The project will open across the street from Allen Premium Outlets.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### NEW CONSTRUCTION FOR 2019 OR LATER

#### **Stonebriar Centre**

SH-121 and Dallas North Tollway  
Frisco

The mall is adding the entertainment concept Kidzania. The 80,000-square-foot experiential learning experience for children has set its opening for spring 2019.

#### **The Realm at Castle Hills**

SH-121 near Josey Ln  
Lewisville

This mixed-use project in the Castle Hills market is under way with a first phase with office and retail space.

#### **Tom Thumb**

Live Oak St and Texas St  
Dallas

An urban Tom Thumb store will open near downtown Dallas in late 2019. The 55,000-square-foot store will occupy street-level retail space in a 10-story apartment tower.

#### **Future Mixed-use Project**

Dallas North Tollway and US 380  
Frisco

A future Frisco mixed-use project will have a major retail component along with office, hotel and residential space. No timing, however, has been announced by the developer, Lesso Group.

Costco will open in McKinney this year (Frisco store is pictured)



## APPENDIX C: HOUSTON CONSTRUCTION

### NEW CONSTRUCTION FOR 2018

<p><b>H-E-B Richmond Market</b> 23500 Berry Pkwy Richmond</p>	<p>An approximately 100,000-square-foot store opened in Richmond in January.</p>
<p><b>H-E-B</b> NWC of Fulshear Dr and FM 1463 Fulshear</p>	<p>The store anchors the first phase of The Market at Cross Creek, which totals approximately 140,000 square feet</p>
<p><b>H-E-B Market at Gosling</b> FM 2920 at Gosling Rd Spring</p>	<p>A 105,000-square-foot store opened in the second quarter of 2018 in Spring. The center also includes small-shop space.</p>
<p><b>H-E-B Mont Belvieu</b> IH-10 &amp; Eagle Dr Mont Belvieu</p>	<p>A grocery store with approximately 87,000 square feet opened in Mont Belvieu. The store anchors Mont Belvieu Crossing, which upon completion will total 287,000 square feet.</p>
<p><b>H-E-B</b> 5130 Cedar Bellaire</p>	<p>A 70,000-square-foot two-level store opened during the first half of 2018 at the site of a smaller H-E-B that was demolished in March 2017..</p>
<p><b>H-E-B</b> 2300 N Shepherd Dr Houston</p>	<p>A 92,000-square-foot store opened in Houston's urban Heights neighborhood.</p>
<p><b>Yale Marketplace</b> IH-610 &amp; Yale Houston</p>	<p>This 61,000-square-foot center is anchored by a 365 by Whole Foods Market, which is set to open in summer 2018.</p>
<p><b>336 Marketplace</b> Loop 336 and IH-45 Conroe</p>	<p>The line-up for this center includes a 125,000-square-foot Kroger Marketplace, as well as combo store for Marshalls and HomeGoods (42,000 square feet), Ross Dress for Less (25,000 square feet), Michaels (21,000 square feet) and others. The project is designed to have as much as 700,000 square feet of retail space upon completion.</p>
<p><b>The Village at Riverstone</b> University Blvd and LJ Pkwy Sugar Land</p>	<p>The 165,000-square-foot center will be anchored by a 100,000-square-foot Kroger set to open during the second half of the year.</p>
<p><b>LaCenterra at Cinco Ranch</b> 23501 Cinco Ranch Blvd Katy</p>	<p>A new phase at this center features a 37,000-square-foot Alamo Drafthouse Cinema set to open in the second half of 2018.</p>
<p><b>Crossing at Katy Fulshear</b> FM 1093 &amp; FM 1463 Katy</p>	<p>Anchor Walmart Supercenter, with approximately 190,000 square feet, is set to open in summer 2018 in this large power-anchored project. A 52,000-square-foot Xscape Theaters is set to open by year-end.</p>
<p><b>At Home</b> 3000 Kirby Dr Pearland</p>	<p>The home decor superstore opens a 108,000-square-foot store in 2018.</p>
<p><b>Katy Ranch Crossing Phase 4</b> IH-10 and Katy Fort Bend Rd Katy</p>	<p>The newest and final retail phase of the 750,000-square-foot regional-draw center opens this year.</p>

## APPENDIX C: HOUSTON CONSTRUCTION

### NEW CONSTRUCTION FOR 2018

#### **Pet Supplies Plus**

Highland Knolls Dr & Westgreen Blvd  
Katy

The pet supplies retailer opened in a newly constructed 9,000-square-foot location in retail anchored by Walmart .

#### **The Market at Houston Heights**

N Shepherd Dr  
Houston

This approximately 30,000-square-foot urban project is underway at the site of a used car lot, among other uses, in the Heights. The small-shop specialty center should open during the second half of 2018.

#### **The Crossing at Telfair**

SH-6 and US 90  
Sugar Land

A new 45,000-square-foot phase is opening in the second half of 2018 in Sugar Land. Tenancy includes Pet Supermarket.

#### **The Shoppes of Kemah**

Deke Slayton Hwy near SH 146  
Kemah

This 79,000-square-foot center's tenant mix includes Marshalls, Rack Room Shoes, Petco, Ross Dress for Less and others

#### **Katy Grand**

Grand Pkwy & Katy Fwy  
Katy

A new 36,000-square-foot phase during the second half of 2018 at Grand Parkway and Katy Freeway. Tenancy includes Kula Revolving Sushi and Kinokuniya, a Japanese book-store that will occupy 4,000 square feet for its first location in metro Houston.

#### **Lifetime Fitness**

9922 Fry Rd  
Cypress

A 248,000-square-foot fitness complex opened during the first half of the year.

#### **MetroPark Square**

IH-45 and SH-242  
Shenandoah

This mixed-use entertainment-focused project with retail is set to open its first phase during the second half of 2018. Entertainment options include an AMC 10-screen cinema and Dave & Buster's..

### NEW CONSTRUCTION FOR 2019 OR LATER

#### **H-E-B Meyerland Plaza**

W Loop 610 & Beechnut Dr  
Houston

A two-story Inner Loop store in the historic Meyerland Plaza, which first opened in the 1950s. The new store, set to start construction in 2019, will replace an H-E-B at Chimney Rock and South Braeswood that flooded in Hurricane Harvey.

#### **Stableside at Falcon Landing**

Gaston Rd and Falcon Landing Blvd  
Katy

Phase II of this project comprises approximately 270,000 square feet with concepts including a 121,000-square-foot VillaSport Athletic Club and Spa.

#### **University Commons Phase II**

US 59 and University Blvd  
Sugar Land

A 100,000-square-foot expansion of this center will include a 30,000-square-foot Sprouts Farmers Market.

#### **Lake Woodland Crossing**

Lake Woodlands Dr & Grogan's Mill Rd  
The Woodlands

The tenant mix of this planned 62,565-square-foot center inside The Woodlands Town Center includes Ulta, Total Wine and several others.

#### **Costco**

Gulf Fwy near FM 528  
Webster

The warehouse club plans to open a 158,000-square-foot new store in Webster.

## APPENDIX C: HOUSTON CONSTRUCTION

### NEW CONSTRUCTION FOR 2019

#### **The Hub at Harvest Green**

Grand Pkwy and W Airport Blvd  
Fort Bend County

The first entertainment anchor announced at this upscale project is a 38,750-square-foot Flix Brewhouse. Opening is on track for 2020.

#### **District West**

Westpark Tollway near Peek Rd  
Katy

The center's first phase includes concepts such as Star Cinema Grill, which will open a 12-screen theater in early 2019. The project is designed for as much as 500,000 square feet of mixed-use space.

#### **H-E-B Buffalo Heights**

Washington Ave and S Heights Blvd  
Houston

This urban store will open in 2019 as part of the mixed-use Buffalo Heights project. The 96,000-square-foot store will anchor the street-level retail in the multi-family first phase of Buffalo Heights.

#### **Katy Asian Town**

23119 Colonial Pkwy  
Katy

This community center near Grand Parkway and IH-10 will open in 2019 and will be anchored by Houston's third H Mart grocery store.

#### **American Furniture Warehouse**

IH-10 and Pin Oak Rd  
Katy

American Furniture Warehouse, based in Colorado, plans superstores, each with more than 200,000 square feet of warehouse space attached to an approximately 150,000-square-foot retail showroom.

IH-45 near NASA Bypass  
Webster

Kroger will open a large-format Marketplace store in Conroe (representative photo)



## APPENDIX D: SAN ANTONIO CONSTRUCTION

### NEW CONSTRUCTION FOR 2018

#### **Andretti Indoor Karting and Games**

5527 N Loop 1604 near IH-10  
San Antonio

An entertainment concept set to open adjacent to TopGolf at 5527 N. Loop 1604 W. near IH-10 is under way with a 100,000-square-foot indoor location set to open during the second half of 2018. The addition also will include two retail strips with small-shop space.

#### **Living Spaces**

N Loop 1604 W  
San Antonio

The California-based furniture store is expected to open a Northwest San Antonio location in late 2018. The retailer, which operates large showrooms of around 150,000 square feet, also is underway with an Austin-area store.

#### **Stevens Ranch**

Potranco Rd at SH-211  
San Antonio

This retail project will have 20,000 square feet of small-shop space and additional free-standing retail buildings to be shadow-anchored by a planned grocery. The tenancy for the small-shop retail, set to open in the fourth quarter 2018, includes services and dental.

### NEW CONSTRUCTION FOR 2019 AND BEYOND

#### **IKEA**

SWC of IH-35 & Loop 1604  
Live Oak

The first South Texas location for the famed furniture retailer is scheduled to open with a 289,000-square-foot store in spring 2019. The store will serve as the anchor for a planned regional retail project, Live Oak Town Center

#### **Sprouts**

Bulverde and E Evans Rd  
San Antonio

A Sprouts-anchored center is planned on the Northeast Side. The project, slated to open in first quarter 2019, also will include small-shop space.

#### **University Village**

San Antonio

Construction is now underway on this mixed-use project on the Northwest Side, which is designed with approximately 57,000 square feet of retail. The project is also designed for multi-family, office and hotel uses.

#### **The Shops at Dove Creek**

Potranco Rd and Loop 1604  
San Antonio

The first phase of this regional retail center in Far West San Antonio is under construction. The center, adjacent to a Walmart Supercenter, is designed for a tenant mix of power-center junior anchor tenants.

#### **Boerne Stage Crossing**

IH-10 W at Boerne Stage Rd  
Boerne

A new phase of retail is expected to start in 2019 with completion set for 2020. Boerne Stage Crossing currently features a Walmart Supercenter.

#### **Cibolo Crossing**

SEC Wiederstein Rd and IH-35  
Cibolo

The retail anchor for this mixed-use project will be a Santikos entertainment complex with a 12-screen cinema, bowling, a bar and an arcade.

#### **Wiederstein Ranch**

SEC Wiederstein Rd and IH-35  
Cibolo

At the same intersection as Cibolo Crossing a mixed-use development called Wiederstein Ranch, to be anchored by EVO Entertainment, has been announced.

# COMPANY OVERVIEW



Weitzman, one of the largest retail-focused commercial real estate services firms based in Texas, offers a full range of services, including general brokerage, tenant representation, project representation, investment sales, property management, asset management and development services. Weitzman operates offices in Dallas-Fort Worth, Austin, Houston and San Antonio.

# ACKNOWLEDGMENTS

**WE WOULD LIKE TO THANK THE FOLLOWING PEOPLE FOR THEIR VALUABLE CONTRIBUTIONS.**

## **SURVEY DATA & PRODUCTION**

---

Leisa Barger  
*Chief Marketing Officer*

Karin Jones-Moore  
*Senior Designer*

Ian Pierce  
*Vice President of Communications  
Writer-Editor-Researcher*

We extend special recognition to our Weitzman Research Division.

Our 2018 Texas Snapshot would not be possible without valuable input from our retail real estate associates who provided in-depth knowledge of the retail markets in Dallas, Fort Worth, Austin, Houston and San Antonio.

## **METHODOLOGY OVERVIEW**

Each market is reviewed for conditions relating to occupancy, leasing, new and expansion construction, tenant and user activity, rental rates and historical comparisons.

[WEITZMANGROUP.COM](http://WEITZMANGROUP.COM)

# weitzman<sup>®</sup>

## AUSTIN

4200 North Lamar, Ste 200  
Austin, Texas 78756  
512.482.0094

## DFW

3102 Maple Ave, Ste 350  
Dallas, Texas 75201  
214.954.0600

## HOUSTON

1800 Bering Dr, Ste 550  
Houston, Texas 77057  
713.781.7111

## SAN ANTONIO

70 NE Loop 410, Ste 450  
San Antonio, Texas 78216  
210.366.3500

[WEITZMANGROUP.COM](http://WEITZMANGROUP.COM)



SHOPPING CENTER

2018

REVIEW & FORECAST

---

**TEXAS' MOST IN-DEPTH  
AND RESPECTED RETAIL  
MARKET INSIGHT.**

---

## TABLE OF CONTENTS

---

<b>04</b>	AUSTIN REVIEW
<b>08</b>	DALLAS - FORT WORTH REVIEW
<b>16</b>	HOUSTON REVIEW
<b>20</b>	SAN ANTONIO REVIEW
<b>23</b>	APPENDICES
<b>23</b>	APPENDIX A: AUSTIN CONSTRUCTION
<b>25</b>	APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION
<b>28</b>	APPENDIX C: HOUSTON CONSTRUCTION
<b>32</b>	APPENDIX D: SAN ANTONIO CONSTRUCTION
<b>33</b>	MAJOR TEXAS METROS 2017
<b>34</b>	DEFINITIONS
<b>35</b>	COMPANY OVERVIEW
<b>35</b>	ACKNOWLEDGMENTS

A grayscale photograph of the Austin skyline, featuring several prominent skyscrapers and a bridge with multiple arches spanning a river. The scene is viewed from a low angle, with trees in the foreground. The word "AUSTIN" is centered in the image, underlined.

# AUSTIN

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



ALDRICH STREET, ANCHORED BY ALAMO DRAFTHOUSE, ADDED ENTERTAINMENT AND LOCALLY FOCUSED CONCEPTS TO THE MUELLER COMMUNITY IN 2017.

## AUSTIN MAINTAINS HIGH OCCUPANCY RATE AS RETAIL SPACE DELIVERIES STAY AT NEAR-RECORD LOWS

Austin continues to report an overall retail occupancy rate of 96 percent as the tight market for space means that box, shop and restaurant vacancies are often re-leased within weeks or months.

With an occupancy rate of 96 percent, Austin remains the strongest major-metro retail market in Texas, and one of the strongest in the United States, in terms of occupancy.

During 2017, the market added approximately 640,100 square feet of retail space in new and expanded projects. The total is exceptionally low, especially for a major metro area that reports high retail occupancy, a strong housing market and the lowest unemployment rate in Texas. The 2017 total is a drop from the 1.1 million square feet added in 2016, which itself was historically low for the market.

To understand how much the delivery of new space in the market has declined, we reviewed our report for 2007. A decade ago, the Austin retail market reported occupancy of 92 percent, which is healthy but well below the current rate. New construction in 2007 included the first phase of The Domain and anchors like JCPenney, Walmart, SuperTarget and

Lowe's, and new deliveries totaled 4.2 million square feet. That high total came on the heels of the 2006 construction, which reached 3 million square feet of new space.

Those two years alone represented an increase in retail inventory of 7.2 million square feet. That two-year total also exceeds the eight-year construction total of slightly less than 6 million square feet (5,900,000 square feet added from January 2010 through year-end 2017).

These findings are based on a review of retail market conditions for the greater Austin area for calendar year 2017 by Weitzman, a statewide retail-focused commercial real estate services firm. The market's occupancy rate is based on an

inventory of approximately 48.8 million square feet of retail space in projects with 25,000 square feet or more.

The occupancy rate is on par with mid-year 2017, and is one of the highest ever recorded for the Austin metro-area retail market. However, it represents a slight occupancy decrease compared to year-end 2016 due to the closure of a handful of anchor tenants.

The market's healthy occupancy is aided by demand-based new construction that came online significantly or fully occupied and a redevelopment project that created a multi-tenant retail center at the site of a closed home furnishings superstore in Round Rock. Details on new and redevelopment construction can be found later in this report.



## KEY CONCEPTS BACKFILL VACANCIES IN 2017

TARGET	PET SUPERMARKET
TOTAL WINE & MORE	PETCO
HMART	CRUNCH FITNESS
GOLF GALAXY	AMC

In the Austin area's strongest retail districts, demand greatly exceeds supply. This imbalance had led to redevelopments and a number of retailers that have expanded by backfilling existing spaces.

### BACKFILLED OR REDEVELOPED RETAIL SPACE INCLUDES:

- **Crossing Point**, a multi-tenant shopping center that represents the redevelopment of a former home decor

UPDATES ARE UNDERWAY AT CENTER OF THE HILLS IN AUSTIN TO PREPARE FOR PETCO, WHICH RECENTLY LEASED JUNIOR ANCHOR SPACE AT THE CENTER.

superstore at IH-35 and SH-45 in Round Rock. Concepts locating in the project include Crunch Fitness, The Tile Shop, Salon Suites and others;

- **Dobie Twenty21**, the redeveloped Dobie Mall at West 21st and Guadalupe on "The Drag" adjacent to the University of Texas. Target anchors the redevelopment with a 22,000-square-foot "small-box" store that opened in November 2017;
- **Total Wine**, which leased Austin area locations by backfilling junior boxes in the Arboretum, Mueller Regional Retail and a power center peripheral to Lakeline Mall. The spaces previously were occupied by concepts like Office Depot and Chair King;
- **Twin Liquors**, which opened a 15,000-square-foot location in backfilled junior-anchor space on S Lamar near Ben White Boulevard;
- **Petco**, which leased 13,108 square feet in Center of the Hills, a community center anchored by H-E-B at 7010 W. Highway 71;
- **Pet Supermarket**, which backfilled a former grocery store space at 3563 Far West Boulevard in Austin;
- **HMart**, which backfilled two adjacent boxes totaling nearly 69,000 square

feet in a center located at 11301 Lakeline Boulevard. The Asian grocery store, the first in Austin for the chain, is set to open in January 2018;

- **AMC**, which backfilled the closed Regal Lakeline Mall cinema, a nine-screen cinema at 11200 Lakeline Mall Drive. AMC opened at Lakeline Mall after completing a significant upgrade of the cinema;
- **Golf Galaxy**, which backfilled a former Golfsmith at the Arboretum;
- **The Crescent**, a redeveloped center with approximately 116,000 square feet at Airport Boulevard and Lamar Boulevard, is anchored by a 37,239-square-foot 99 Ranch market, the Asian grocer's first location in Austin;
- **Fitness Connection** and **Floor & Décor**, which together backfilled a former 133,000-square-foot Target (closed in 2016) at 12901 North IH-35 in the Shops at Tech Ridge;
- **Fareground at One Eleven**, a food hall that is opening in early 2018 in former plaza and lobby space at 111 Congress Avenue in downtown Austin. The food hall, considered the first in the city, will open with six distinct concepts from well-known local operators.



Additionally, a vacant multi-screen cinema was removed from the retail market inventory to be redeveloped as a car dealership.

The retail market also continues to see expansions from concepts that can be categorized as “food, fitness, beauty and fun,” categories that continue to gain traction in an omnichannel retail environment.

#### EXPANSION HIGHLIGHTS INCLUDE:

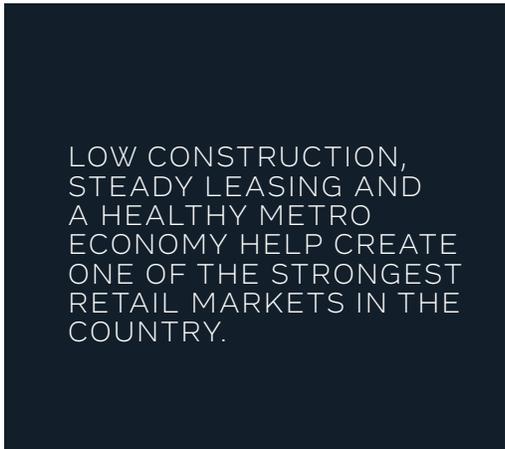
- **Salons by JC**, a San Antonio-based salon suites concept, which leased in The Homestead, a center peripheral to Lakeline Mall;
- **School of Rock**, a music school, which located in Palm Valley Plaza, located on Highway 79 at Red Bud Lane in Round Rock;
- **Flower Child** and **North Italia**, two concepts from Fox Restaurant Concepts of Phoenix, with locations in the former Greenwater Treatment Plant, being redeveloped on West 2nd Street. In Austin, Fox also has opened Culinary Dropout and Flower Child in Rock Rose at Domain Northside;
- Houston-based Tex-Mex concept **Cyclone Anaya’s**, which opened in Domain Northside;
- **Aldi**, a Germany-based discount grocer, which opened its first Austin-area location at 1415 FM 685 in Pflugerville;
- **Rudy’s Country Store & Bar-B-Q**, which in 2018 will open at the site of a former EZ’s Brick Oven location at 3918 N. Lamar Boulevard. The EZ’s closed following a fire in 2016;
- **The Halal Guys**, a famed New York City-based fast-casual Middle Eastern concept, which opened its first Austin location in the second half of 2017 at Guadalupe Street along “The Drag” retail district peripheral to the University of Texas at Austin;
- North Carolina-based **Rise Biscuits Donuts**, which will open early next year on Guadalupe Street on The Drag;
- **Taco Ranch**, a concept from Austin favorite P. Terry’s founders, which is backfilling a former Burger King at 5033 U.S. 290 W. at MoPac Boulevard for its first location;

- Small-shop concepts, with expansions through 2018 from concepts like **Nēkter, Bishops, Baked Bear, Stiles Switch B-B-Q, Massage Heights, Orangetheory Fitness, Little Caesars, Great Clips, Juiceland, Wingstop, Summer Moon Coffee, It’s Italian Market & Café, Snap Kitchen, Eat.Fit.Go**, several Hawaiian poke concepts and others.

#### AUSTIN RENTAL RATES

The tight space market in Austin has resulted in several consecutive years of rental rate increases. For 2017, however, asking and effective rents remained stable or even slightly lower, due largely to downward pressure caused by steep increases in retail triple nets (NNN). Triple nets, representing tenants’ negotiated pro-rata share of operating expenses, are rising largely due to steep increases in property valuations.

These higher valuations result in higher property taxes, and property taxes are factored into NNN rates, which creates expense issues for tenants and landlords when it comes to leases and renewals.



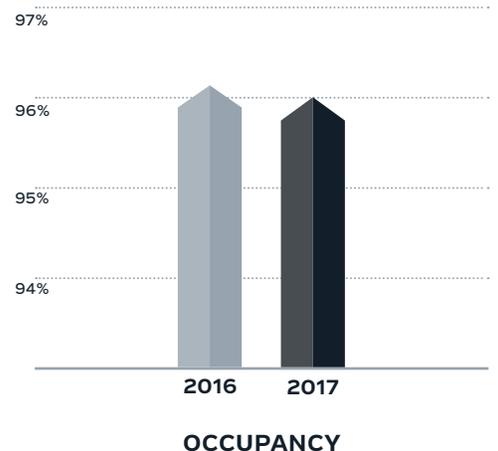
For all classes of space, actual rates for specific centers and spaces can go notably lower or higher than the rates listed above due to factors including anchors, traffic, demographics and location within a center.

- For small-shop space in anchored Class A projects, rates range from the lower to mid-\$30s per square foot per year to \$40 per square foot or higher for the best-located centers with strong traffic and co-tenancy. However, small-shop space in well-located new construction is reaching rates that are considerably higher, often in the \$50-per-square-foot range or more;

- Averages for Class B small-tenant rates are posting from the low-to-high-\$20-per-square-foot per year range;
- Averages for Class C rates for small-tenant in-line spaces typically range from the teens to the low \$20s on a per-square-foot-per-year basis.

#### THE BEST REAL ESTATE INVESTMENT AND DEVELOPMENT MARKET IN THE U.S.

The greater Austin market currently reports one of the strongest economies in the country, with an extremely low unemployment rate of under 3 percent, a strong single- and multi-family housing market and an investment market that the prestigious Urban Land Institute dubbed the best overall real estate investment and development market in the U.S. Based on this economic strength and the continued balance of supply and demand, all signs point to continued health for the Austin-area retail market.



A grayscale photograph of the Dallas skyline. The Reunion Tower, a tall tower with a spherical top covered in lights, is the most prominent feature on the right. To its left are several other skyscrapers of varying heights and architectural styles. In the foreground, there is a multi-level highway interchange with some vehicles and streetlights. The overall scene is captured in a monochromatic, slightly desaturated style.

# DALLAS - FORT WORTH

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



**WINCO FOODS IS UNDER CONSTRUCTION AT TRINITY VALLEY SHOPPING CENTER AT PRESIDENT GEORGE BUSH TURNPIKE AND JOSEY LANE IN CARROLLTON FOR A 2018 OPENING.**

## D-FW RETAIL MARKET OCCUPANCY REMAINS STEADY AS RETAIL CONSTRUCTION INCREASES

### MARKET SEES SLIGHT VACANCY UPTICK AS SEVERAL MALL ANCHORS CLOSE

Dallas-Fort Worth's retail market ended 2017 with 92.5 percent occupancy, an extremely healthy rate for the market and the second highest occupancy in more than three decades. However, the rate is a slight decline from 92.7 percent at year-end 2016, reflecting an uptick in vacancy largely due to continued weakness in the area's oldest malls, three of which saw department store anchors go dark.

The market in 2017 saw new retail space deliveries reach the 4-million-square-foot mark for the first time in nearly a decade. It's noteworthy, however, that the space is being added to a much more vibrant market today. In 2007, D-FW's new construction also reached 4 million, but occupancy was weaker at 89.3 percent based on an inventory of 166.2 million square feet. The following year, 2008, saw space top 4.6 million square feet.

The 2017 occupancy rate is based on Weitzman's review of a total D-FW retail market inventory of approximately 197.9 million square feet of space in projects with 25,000 square feet or more – the largest retail inventory for any metro area in Texas. Weitzman surveys 1,417 centers in 42 submarkets, of which 30 submarkets are in the Dallas-area market, and 12 submarkets are in the Fort Worth-area market.

For year-end 2017, the occupancy rate in the Dallas area was 92.4 percent (92.6 percent at year-end 2016). The rate is based on a review of 989 projects with a total market inventory of 137 million square feet.

The occupancy rate in the Fort Worth area also ended the year at 92.5 percent, compared to occupancy of 92.7 percent at

year-end 2016. The rate is based on 428 retail projects with a total inventory of 60.9 million square feet.

### FOR D-FW'S MAJOR SHOPPING CENTER CATEGORIES, THE SURVEY REPORTED THE FOLLOWING OCCUPANCY RATES:

**Community Centers** – 92.7 percent (compared to 92.4 percent at year-end 2016) based on an inventory of 74.8 million square feet.

- This category, typically anchored by a grocer, is the market's largest in terms of inventory, which makes the continued health and improvement of its occupancy especially important. Due to the lack of development options in built-out markets, grocers such as WinCo Foods, Tom Thumb and Central Market are adding stores by backfilling vacancies in existing community centers. The category's small-shop space also remains well leased due to the continued health of Internet-resistant categories like restaurants, services, fitness, health, beauty and medical tenants designed to serve community needs.

**Neighborhood Centers** – 88.8 percent (89.4 percent at year-end 2016) based on an inventory of 40.9 million square feet.



- Neighborhood centers are typically unanchored centers of 25,000 square feet to 100,000 square feet or more. The category has many healthy projects, but also contains some of the oldest and most outdated projects in D-FW. Vacant space increased from 4.3 million at year-end 2016 to 4.6 million square feet at year-end 2017 as older, outdated unanchored centers saw tenants close or relocate to stronger retail projects. The overall occupancy still represents a significant improvement from vacant space of 6.9 million square feet at year-end 2010.
- The strongest neighborhood centers in this category continue to report healthy occupancies, and half of D-FW's submarkets report neighborhood-center occupancy above 90 percent.

**Power Centers** – 94.5 percent (95.5 percent at year-end 2016) based on an inventory of 42.4 million square feet.

- This category reports one of its healthiest occupancy rates since the recession, although the rate dropped slightly compared to 2016 as the national failure of Gander Mountain created power-box vacancies in 2017. The outlook for the category is healthy due to tenant demand that continues to absorb the limited power vacancies on the market. The power category also has broadened its reach beyond category killers to a broader tenant mix that includes users ranging from gyms to grocery stores. As a result, power

retail remains one of the healthiest categories in Dallas-Fort Worth.

**Mixed-use** – 94.3 percent (95.6 percent at year-end 2016) based on an inventory of 7.1 million square feet of retail space in projects with other commercial and residential space.

- This category, with retail at its core, typically also features residential and office space, as well as other uses such as hospitality or entertainment.
- This category, while among the healthiest in D-FW, saw a handful of small vacancies.
- In terms of new space during 2017, mixed-use was the most active non-community-retail category, adding major mixed-use projects such as Legacy West in Plano.

**Malls** – 93.6 percent (93.8 percent at year-end 2016) based on an inventory of 24.0 million square feet.

- Mall occupancy, while still in the healthy range, declined during 2017 as the Neiman Marcus store in Fort Worth went dark as it relocated from an older mall to a brand-new project, and Macy's closed two stores, in Dallas and Plano. The three department store closures created nearly half a million square feet of vacancy.
- Plans are already in the works to redevelop the space vacated by Macy's and Neiman's, possibly for either multi-tenant or entertainment space.

## STRONG ABSORPTION CONTINUES IN 2017

The occupancy in D-FW is able to maintain near-record healthy levels due to strong absorption. Steady leasing in existing retail projects, along with new projects opening full or essentially full, proved to be a big driver for strong absorption in D-FW during 2017. Absorption measures net leasing demand by using a formula to determine the net change in existing plus new space.

For 2017, the market reported 3,383,215 square feet of net leasing (absorption). While the total represents a slight decline over the 3.8 million square feet absorbed in 2016, it still represents the third-strongest retail leasing market in 17 years.

A total of 2,316,321 square feet of space was absorbed in the Dallas area, and in the smaller Fort Worth-area retail market, a healthy 1,066,894 square feet of space was absorbed.

To make locations and existing centers as attractive as possible for expanding retailers, many sites are undergoing renovations or redevelopments to attract expanding anchors and active smaller tenants. In downtown Dallas, for example, mixed-use project Victory Park is seeing a major redevelopment of its retail space for new tenancy including a number of restaurants and an anchor, luxury multi-screen cinema Cinépolis.

REDEVELOPMENTS CONTINUE TO BREATHE NEW LIFE INTO OLD RETAIL. CAMPBELL WAY CENTER IN RICHARDSON TOOK A MOSTLY VACANT CENTER AND CREATED A RESTAURANT HAVEN.



Other anchors expanding in existing space include WinCo Foods with new 85,000-square-foot stores created through redevelopments.

The improved health and occupancy of existing centers is a major reason that the D-FW market continues to report its highest occupancy rates in years.

For 2017, leasing in existing centers boosted occupancies by eliminating vacancies both large and small from the market.

#### EXAMPLES OF REDEVELOPMENTS AND BACKFILLED VACANCIES INCLUDED:

- WinCo Foods, which demolished a vacant anchor space and is building a new 85,000-square-foot store at Trinity Valley Shopping Center, located at SH-190 and Josey Lane. The new WinCo is now under construction and will open in 2018.
- The Hill, the redevelopment of the center at the northeast corner of US-75 and Walnut Hill Lane. The center is now anchored by the Austin-based, 35,000-square-foot green home improvement store called TreeHouse.
- Tom Thumb, which opened in a vacant grocery anchor space at Texas 121 and Hall-Johnson Road in Grapevine;
- Central Market, with renovations in the works for existing, vacant grocery store anchor sites in Dallas, at McKinney Avenue and Lemmon Avenue and at Northwest Highway and Midway Road. The Northwest Highway site is now underway for a planned mid-2018 opening;
- SeaQuest Interactive Aquarium, an Idaho-based entertainment concept, which opened an approximately 28,000-square-foot location at Fort Worth's Ridgmar Mall. The new concept backfilled multiple vacancies on the mall's lower level;
- Alamo Drafthouse, which backfilled a former Tom Thumb grocery space at

Skillman Abrams Shopping Center in East Dallas for a nine-screen location. Alamo anchors an existing center, now renamed Creekside, which is being renovated in conjunction with the new anchor;

- Studio Movie Grill, which opened in early 2017 in a backfilled box vacancy when Stein Mart relocated within the large Lincoln Square center at I-30 and Collins in Arlington;
- Fieldhouse USA, a 106,000-square-foot sports-themed entertainment concept, which backfilled a vacant JCPenney outlet store at Grapevine Mills mall on SH-121 in Grapevine;
- The complete redevelopment of the vacant, 125,000-square-foot Saks store at The Shops at Willow Bend, an upscale mall in Plano. The razed Saks store site is being redeveloped for an open-air entertainment, restaurant and retail district. Opening for the 56,000-square-foot first phase is set for 2018 and will include Knife steakhouse, Terra Mediterranean, Mexican Bar Company and others.
- Tom Thumb, which opened small-format urban-style stores in former Fresh Market locations in East Dallas and in the Oak Lawn area of Dallas.

For calendar-year 2017, D-FW retail construction reached its highest point since 2008. Historically, though, the total amount of new construction is conservative for a healthy retail market located in what is arguably the strongest metropolitan area in the country.

Overall, new space totaled 4,225,728 million square feet in 27 new and expanded retail or mixed-use projects. The Dallas area reported 2,860,532 million square feet of new space, and the Fort Worth area reported 1,365,196 million square feet.

Community centers, anchored by grocers or discount department stores, were the most active construction category with new projects adding around 1.5 million square feet.

The market's three largest new projects, however, were all in non-community categories: the open-air, Fort Worth project The Shops at Clearfork, anchored by Neiman Marcus, with approximately 500,000 square feet; Legacy West Urban Village, the retail component of a major mixed-use project that brought online approximately 390,000 square feet; and Tanger Outlets in Fort Worth, which opened in late 2017 with approximately 350,000 square feet.

The remainder of projects included retail in new mixed-use and neighborhood center projects, as well as existing center expansions where developers added new space to projects like Allen Premium Outlets in Allen and Glade Parks in Euless.

For 2018 and beyond, several major new projects are in the works, but we expect most to come online in phases, which will ensure strong occupancy and keep overbuilding in check.

In terms of future construction, it's notable that Fargo, N.D.-based Scheels is on track to enter the D-FW market with a 300,000-square-foot sporting goods megastore in the Nebraska Furniture Mart-anchored Grandscope development in The Colony.

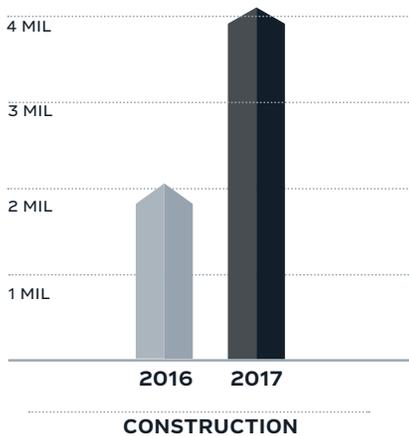
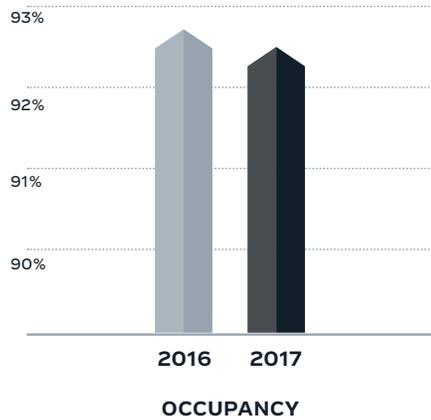
The D-FW retail market activity, especially retail leasing demand and store growth, is boosted by the metro area's economy, which ranks as one of the strongest in the country. In terms of population, the D-FW metro area ranks as one of the fastest-growing in the country. Currently, the D-FW market's population totals 7.4 million people, an increase of 41.8 percent since 2000.

The outlook for the D-FW retail market in 2018 remains strongly positive as retail is supported by growth in the key areas of population, jobs, and single- and multi-family housing construction.

	PROPERTIES	2017 GLA	2017 VACANCY	2017 % VACANCY	2017 ABSORPTION
Neighborhood	690	40,875,060	4,562,152	11.16%	-349,547
Mixed-Use	42	7,149,881	408,612	5.71%	1,002,453
Malls	19	23,990,097	1,540,075	6.42%	419,883
Power	141	42,362,771	2,328,298	5.50%	-39,783
Community	476	74,776,631	5,454,915	7.29%	1,527,223

# DFW RENTAL RATES

RENTAL RATES TABLE REFLECTS ASKING RATES BEFORE CONCESSIONS FOR TYPICAL SMALL SHOP SPACE. TOTALS ARE NOT WEIGHTED.

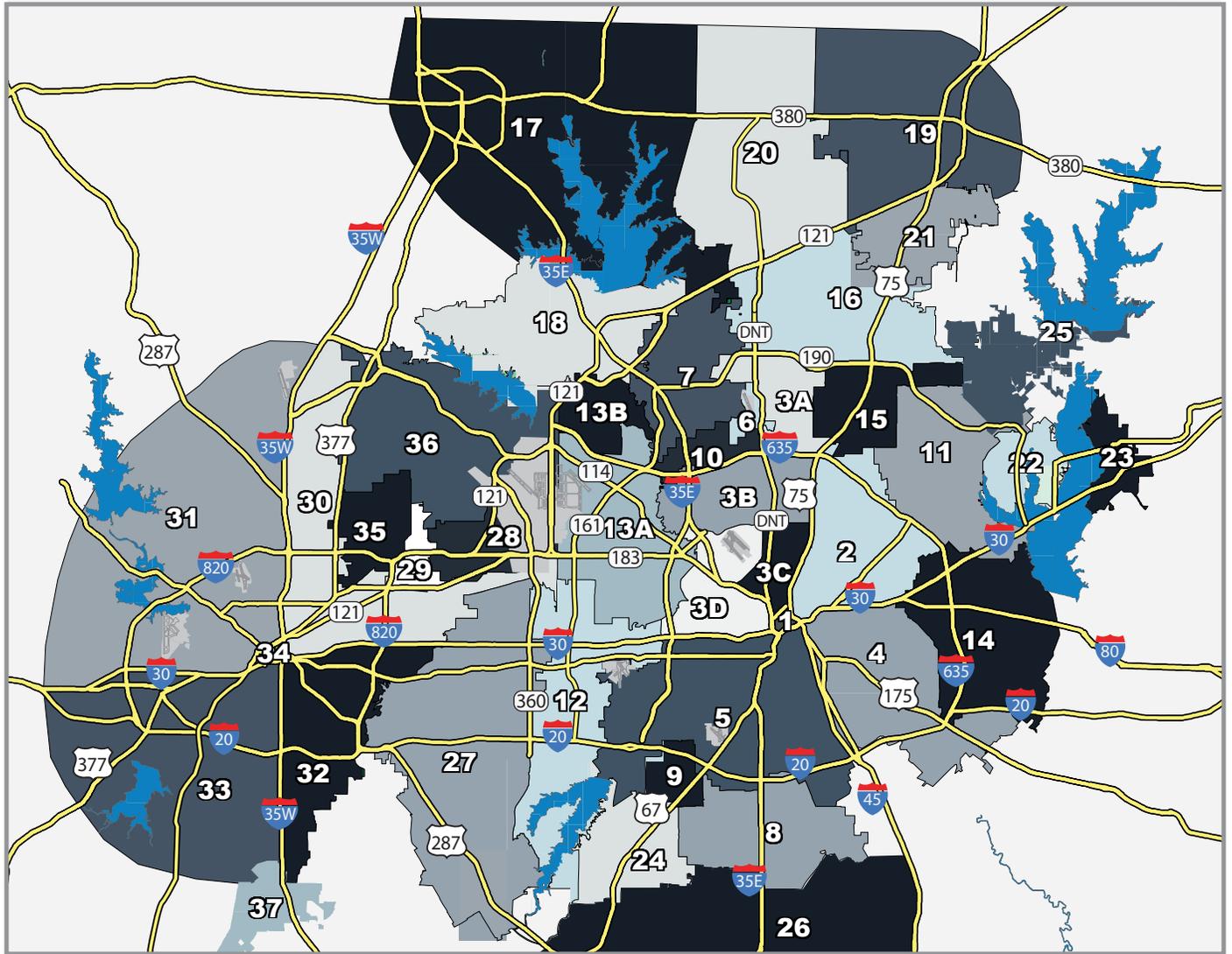


SECTOR	NAME	CLASS A	CLASS B	CLASS C
1	Dallas CBD	\$40	\$24	\$12
2	Northeast Dallas	\$33	\$23	\$10
3A	Far North Dallas	\$25	\$19	\$14
3B	North Dallas	\$42	\$25	\$17
3C	Park Cities/Oak Lawn	\$59	\$35	\$23
3D	West Dallas	\$32	\$18	\$10
4	Southeast Dallas	\$15	\$10	\$7
5	Southwest Dallas	\$18	\$14	\$7
6	Addison	\$32	\$22	\$11
7	Carrollton	\$27	\$17	\$10
8	DeSoto/Lancaster	\$18	\$10	\$6
9	Duncanville	\$15	\$10	\$7
10	Farmers Branch	\$24	\$14	\$8
11	Grand Prairie	\$30	\$18	\$10
12	Irving	\$30	\$16	\$10
13A	Coppell	\$30	\$19	\$12
13B	Mesquite/Balch Springs	\$25	\$15	\$8
14	Richardson	\$32	\$22	\$12
15	Plano	\$42	\$28	\$12
16	Denton	\$32	\$25	\$12
17	Lewisville/Flower Mound	\$32	\$22	\$12
18	McKinney	\$30	\$21	\$15
19	Frisco	\$40	\$28	\$17
20	Allen	\$30	\$20	\$12
21	Rowlett	\$27	\$15	\$9
22	Rockwall	\$31	\$19	\$11
23	Cedar Hill	\$26	\$16	\$11
24	Murphy/Wylie/Sachse	\$28	\$18	\$10
25	Garland	\$28	\$16	\$10
26	Northern Ellis County	\$26	\$16	\$10
DALLAS AVERAGE		\$30	\$19	\$11
27	Arlington	\$26	\$20	\$12
28	Bedford/Euless	\$29	\$18	\$10
29	Hurst	\$29	\$15	\$10
30	Northeast Fort Worth	\$27	\$15	\$8
31	Northwest Fort Worth	\$28	\$16	\$8
32	Southeast Fort Worth	\$18	\$14	\$7
33	Southwest Fort Worth	\$34	\$22	\$12
34	Fort Worth CBD	\$32	\$22	\$13
35	North Richland Hills	\$28	\$19	\$8
36	Northeast Tarrant County	\$38	\$25	\$15
37	Burleson	\$25	\$18	\$12
38	Weatherford	\$25	\$16	\$8
FORT WORTH AVERAGE		\$28	\$18	\$10
DFW AVERAGE		\$29	\$19	\$11

# DALLAS-FORT WORTH SUBMARKET SUMMARY

	NAME	YE 2016 GLA (SF)	YE 2016 VACANCY (SF)	YE 2016 % VACANCY	YE 2017 GLA (SF)	YE 2017 VACANCY (SF)	YE 2017 % VACANCY
1	Dallas CBD	513,030	116,784	22.76%	513,030	100,784	19.64%
2	Northeast Dallas	9,303,235	388,897	4.18%	9,519,235	719,550	7.56%
3A	Far North Dallas	8,813,421	584,245	6.63%	8,813,421	551,990	6.26%
3B	North Dallas	5,747,739	124,008	2.16%	5,747,739	164,043	2.85%
3C	Park Cities/Oak Lawn	3,216,025	70,036	2.18%	3,216,025	69,290	2.15%
3D	West Dallas	550,849	59,115	10.73%	550,849	48,413	8.79%
4	Southeast Dallas	1,862,920	21,340	1.15%	1,861,017	78,310	4.21%
5	Southwest Dallas	7,509,289	597,518	7.96%	7,509,289	739,805	9.85%
6	Addison	1,283,377	230,198	17.94%	1,283,377	238,774	18.61%
7	Carrollton	3,142,455	342,036	10.88%	3,142,455	294,874	9.38%
8	DeSoto/Lancaster	2,076,711	247,233	11.91%	2,076,711	126,880	6.11%
9	Duncanville	1,444,174	229,424	15.89%	1,444,174	225,255	15.60%
10	Farmers Branch	1,086,528	86,777	7.99%	1,086,528	81,600	7.51%
11	Garland	7,245,310	432,324	5.97%	7,245,084	592,731	8.18%
12	Grand Prairie	3,486,058	114,949	3.30%	3,983,058	140,493	3.53%
13A	Irving	7,877,627	919,526	11.67%	8,042,927	897,772	11.16%
13B	Coppell	853,480	86,381	10.12%	853,480	42,352	4.96%
14	Mesquite/Balch Springs	5,387,815	437,357	8.12%	5,428,815	536,480	9.88%
15	Richardson	4,100,976	351,358	8.57%	4,100,976	327,513	7.99%
16	Plano	15,217,379	1,639,165	10.77%	15,607,379	1,713,394	10.98%
17	Denton	6,540,142	369,880	5.66%	6,540,142	351,084	5.37%
18	Lewisville/Flower Mound	10,346,489	918,659	8.88%	10,346,489	902,204	8.72%
19	McKinney	3,902,840	90,815	2.33%	4,258,385	202,197	4.75%
20	Frisco	6,980,464	201,797	2.89%	7,588,486	296,981	3.91%
21	Allen	4,994,221	391,133	7.83%	5,116,221	381,117	7.45%
22	Rowlett	1,394,735	91,603	6.57%	1,423,235	84,430	5.93%
23	Rockwall	2,089,061	164,109	7.86%	2,089,061	57,363	2.75%
24	Cedar Hill	2,665,273	190,849	7.16%	2,665,273	106,494	4.00%
25	Murphy/Wylie/Sachse	2,324,049	125,623	5.41%	2,324,049	129,418	5.57%
26	Northern Ellis County	2,358,605	189,861	8.05%	2,633,294	119,886	4.55%
	<b>DALLAS</b>	<b>134,314,277</b>	<b>9,813,000</b>	<b>7.31%</b>	<b>137,010,204</b>	<b>10,321,477</b>	<b>7.53%</b>
27	Arlington	13,773,741	881,204	6.41%	13,794,443	967,047	7.01%
28	Bedford/Euless	2,948,406	234,188	7.94%	3,037,406	220,369	7.26%
29	Hurst	3,678,524	232,780	6.33%	3,678,524	250,121	6.80%
30	Northeast Fort Worth	3,865,456	332,187	8.59%	4,280,456	385,192	9.00%
31	Northwest Fort Worth	6,835,802	335,327	4.91%	7,002,802	425,039	6.07%
32	Southeast Fort Worth	1,736,560	189,899	10.94%	1,736,560	147,955	8.52%
33	Southwest Fort Worth	9,925,455	961,099	9.68%	10,555,625	956,160	9.06%
34	Fort Worth CBD	391,800	37,900	9.67%	391,800	44,768	11.43%
35	North Richland Hills	3,249,011	487,425	14.08%	3,249,011	495,552	15.25%
36	Northeast Tarrant Co	9,248,542	482,132	5.21%	9,386,036	545,884	5.82%
37	Burleson	2,078,016	44,874	1.60%	2,078,016	53,267	2.56%
38	Weatherford	1,676,770	90,728	5.41%	1,676,770	75,050	4.48%
	<b>FORT WORTH</b>	<b>59,372,083</b>	<b>4,268,102</b>	<b>7.19%</b>	<b>60,867,449</b>	<b>4,566,404</b>	<b>7.50%</b>
	<b>GRAND TOTAL</b>	<b>190,686,360</b>	<b>14,081,102</b>	<b>7.27%</b>	<b>197,877,653</b>	<b>14,887,881</b>	<b>7.52%</b>

# DALLAS/FORT WORTH SUBMARKET MAP



## Shopping Center Sectors

	1 - Dallas CBD		18 - Lewisville / Flower Mound
	2 - Northeast Dallas		19 - McKinney
	3A - Far North Dallas		20 - Frisco
	3B - North Dallas		21 - Allen
	3C - Park Cities / Oak Lawn		22 - Rowlett
	3D - West Dallas		23 - Rockwall
	4 - Southeast Dallas		24 - Cedar Hill
	5 - Southwest Dallas		25 - Murphy / Wylie / Sachse
	6 - Addison		26 - Northern Ellis County
	7 - Carrollton		27 - Arlington
	8 - DeSoto / Lancaster		28 - Bedford / Euless
	9 - Duncanville		29 - Hurst
	10 - Farmers Branch		30 - Northeast Fort Worth
	11 - Garland		31 - Northwest Fort Worth
	12 - Grand Prairie		32 - Southeast Fort Worth
	13A - Irving		33 - Southwest Fort Worth
	13B - Coppell		34 - Fort Worth CBD
	14 - Mesquite / Balch Springs		35 - North Richland Hills
	15 - Richardson		36 - Northeast Tarrant County
	16 - Plano		37 - Burleson
	17 - Denton		38 - Weatherford*

\*not shown on map

# DALLAS-FORT WORTH - ABSORPTION & CONSTRUCTION

	NAME	2017 ABSORPTION (SF)	2017 CONSTRUCTION* (SF)
1	Dallas CBD	16,000	
2	Northeast Dallas	-114,653	216,000
3A	Far North Dallas	32,255	
3B	North Dallas	-40,035	
3C	Park Cities/Oak Lawn	746	50,000
3D	West Dallas	10,702	
4	Southeast Dallas	-58,873	
5	Southwest Dallas	-142,287	
6	Addison	-8,576	
7	Carrollton	47,162	
8	DeSoto/Lancaster	120,353	
9	Duncanville	4,169	
10	Farmers Branch	5,177	
11	Garland	-160,633	
12	Grand Prairie	471,456	497,000
13A	Irving	187,054	165,300
13B	Coppell	44,029	
14	Mesquite/Balch Springs	-58,123	41,000
15	Richardson	23,845	
16	Plano	315,771	390,000
17	Denton	18,796	
18	Lewisville/Flower Mound	16,455	
19	McKinney	244,163	355,545
20	Frisco	666,964	770,498
21	Allen	132,016	122,000
22	Rowlett	35,673	28,500
23	Rockwall	106,746	
24	Cedar Hill	84,355	
25	Murphy/Wylie/Sachse	-3,795	
26	Northern Ellis County	319,409	274,689
	<b>DALLAS</b>	<b>2,316,321</b>	<b>2,860,532</b>
27	Arlington	-29,141	56,702
28	Bedford/Euless	102,819	89,000
29	Hurst	-17,341	
30	Northeast Fort Worth	361,995	415,000
31	Northwest Fort Worth	77,288	167,000
32	Southeast Fort Worth	41,944	
33	Southwest Fort Worth	504,939	500,000
34	Fort Worth CBD	-6,868	
35	North Richland Hills	-38,127	
36	Northeast Tarrant Co	73,742	137,494
37	Burleson	-20,034	
38	Weatherford	15,678	
	<b>FORT WORTH</b>	<b>1,066,894</b>	<b>1,365,196</b>
	<b>GRAND TOTAL</b>	<b>3,383,215</b>	<b>4,225,728</b>

\* New construction of 25,000 square feet or more; some construction represents expansion space



# HOUSTON

---

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



**THE JUNCTION AT DEER PARK**, ANCHORED BY H-E-B, ADDED NEW SMALL-SHOP SPACE IN 2017. PLANNED FUTURE PHASES WILL BRING THE CENTER TO MORE THAN 400,000 SF.

## HOUSTON EMERGES POST-HARVEY WITH STRONG ECONOMY THAT HELPS MAINTAIN RETAIL MARKET BALANCE

Houston's retail market as of year-end 2017 reports an occupancy rate of 95.0 percent, a healthy rate that remains in line with the year-end 2016 rate of 95.6 percent rate, evidence that the third-quarter economic disruption caused by Hurricane Harvey proved to be of relatively short duration.

The occupancy rate remains near the highest ever recorded for the market, thanks to a stable retailing environment, a healthy economy and few major closures (other than a handful of anchor stores, which together accounted for nearly 1 million square feet).

The retail market is benefitting from the continued strength of the Houston economy, which even in the months following the significant flooding caused by Hurricane Harvey, continues to see a pace of job growth that exceeds the national average. As noted in a November 30, 2017, report from Federal Reserve, the current situation and forward-looking outlook for Houston's job market is ranked positive.

One reason for the continued positive job growth is that the energy downturn continues to have only a moderate effect on the economic growth, since several segments of the local industry actually

benefit from lower oil prices and the overall economy has greatly diversified since the oil crisis of the 1980s.

As a result, the Houston metro area enjoys one of the strongest housing markets in the country, as well as notable job and population growth.

Weitzman reviews a Houston-area retail market inventory of approximately 158.1 million square feet in multi-tenant retail centers with 25,000 square feet or more.

To illustrate exactly how healthy the current market is, we compared it to a decade ago, when the Houston economy also enjoyed a positive economic cycle. In 2007, the overall occupancy of 88.5 percent was 6.5 percent lower than the market's current 95.0 percent. Yet construction added 4.6 million square feet of new space to the market. The current combination of conservative construction and healthy occupancy is helping the market maintain strength and stability.

Hurricane's Harvey's flooding did cause some retail closures, from concepts like the H-E-B at Kingwood and Lake Houston Parkway, but much of the space has been rebuilt and reopened.



The market's outlook remains positive thanks to Houston's steady economic performance and track record for re-leasing vacancies with good retail locations. In 2017, for example, Macy's closed three mall anchor stores. Before year-end, the 314,000-square-foot Macy's vacancy at Greenspoint Mall is already off the market for a planned non-retail redevelopment.

## KEY CONCEPTS BACKFILL VACANCIES IN 2017

AT HOME	T.J.MAXX
TOTAL WINE & MORE	NORDSTROM RACK
HOMEGOODS	LIFETIME FITNESS
PET SUPERMARKET	DIRT CHEAP

**WOODSHORE MARKETPLACE**, A KROGER MARKETPLACE-ANCHORED CENTER IN CLUTE, ADDED NEW SPACE THAT INCLUDES PET SUPERMARKET AND DISCOUNT TIRE.

Anchors backfilling existing retail space for 2017 included: At Home, with a 135,000-square-foot redeveloped location in Katy, as well as Nordstrom Rack (2018 opening in Shenandoah), T.J.Maxx, HomeGoods, Total Wine & More, Life Time Fitness, Pet Supermarket, Dirt Cheap (three new locations totaling nearly 78,000 square foot total) and others. Spaces being backfilled include former Fresh Market stores and vacant junior anchor boxes.

In terms of new space, the Houston-area retail market in 2017 added approximately 2.8 million square feet of retail space in new and expanded projects, bringing the total inventory to approximately 158.1 million square feet.

The 2017 construction is a decline from space deliveries during 2016 that totaled 3.4 million square feet of retail space, a recent construction high point for the market.

## GRAND PARKWAY DRIVES NEW CONSTRUCTION

The majority of recent major new retail developments have largely been located along new retail intersections created by the completion of the Grand Parkway. The major thoroughfare's completion opened access and visibility to suburban markets such as Katy and The Woodlands. As a result, the Grand Parkway corridor is seeing new retail districts created almost overnight to serve existing residential and commercial density.

Houston's denser close-in neighborhoods also are seeing a large amount of activity, including several projects in The Heights, EaDo (East Downtown), Bellaire and similar dense, built-out districts where redevelopments often are the best option for new space.

## KEY REDEVELOPMENT PROJECTS INCLUDE:

- Heights Mercantile, with approximately 40,000 square feet for restaurants and shops like Warby Parker, Local Foods, Cloud 10 Creamery, Museum of Fine Arts Houston and Lululemon;
- East Village, where the first phase with approximately 60,000 square feet of retail and office space, opened in EaDo with a mix of restaurants, bars and creative office space. Tenants include Agricole Hospitality, Rodeo Goat, and Chapman & Kirby. The project represents the assemblage of several land parcels and industrial buildings for the redevelopment;
- Retail and mixed-use redevelopments anchored by H-E-B, as noted in Appendix C in the section on 2018 space deliveries.

For 2017, however, suburban power and grocery-anchor community centers dominated new construction. Among these, the largest new project is Valley Ranch Town Center, designed to total approximately 1 million square feet upon completion.





KROGER WAS ONE OF THE MOST ACTIVE ANCHORS IN TERMS OF NEW DEVELOPMENT IN 2017.

For 2018, we expect to see overall retail construction decline from 2017's level, which itself was a drop from the deliveries in 2016. However, the market will continue to see new retail projects prompted by the expansions of major anchors in the market, reflecting ongoing demand for key Houston retail locations.

New construction for 2017 and 2018 is listed in Appendix C.

HOUSTON'S RETAIL MARKET IS SEEING AVERAGE QUOTED RENTS REMAIN STEADY, INSTEAD OF INCREASING, AS THEY MAINTAIN THE LEVELS THEY REACHED A YEAR OR SO AGO.

Demand for the Class A space, especially inside the Loop, can result in small-shop rates in the best-located and newly constructed projects going as high \$50 to \$60 per square foot per year in the strongest and most affluent retail submarkets.

For small-shop in-line space in well-located, anchored projects:

- Class A rates ranged from \$30 to the high \$30s on a per-square-foot-per-year basis, with rates for quality space

inside the Loop typically rising above \$40 per square foot or more.

- Class B small-shop space average rates ranged from the low to the high \$20-per-square-foot-per-year range.
- Class C small-shop rates typically were in the \$15- to \$20-per-square-foot-per-year range.

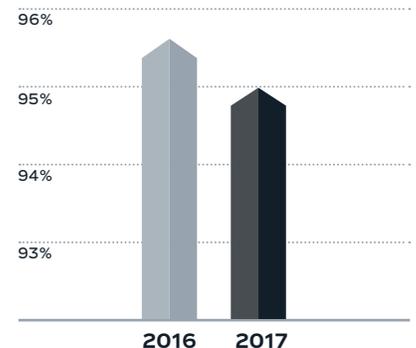
These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

### 2008 OUTLOOK REMAINS POSITIVE

Going into 2018, the market shows itself on track to maintain its healthy occupancy, thanks to economic growth, notable leasing activity and new construction that remains primarily demand-based.



CONSTRUCTION



OCCUPANCY



# SAN ANTONIO

---

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



IN 2017, **IKEA** CLOSED ON THE LAND FOR ITS FIRST SOUTH TEXAS STORE. THE STORE WILL ANCHOR **LIVE OAK TOWN CENTER** AND OPEN BY 2019.

## SAN ANTONIO RETAIL MARKET CONTINUES TO PERFORM

San Antonio's retail market maintained its healthy occupancy rate of 94.0 percent as of year-end 2017, thanks to steady demand for existing retail space and extremely limited retail construction.

The market's limited retail construction was dominated by H-E-B, which opened two new stores in 2017. The locations came online either freestanding or with limited peripheral small-shop space, further tightening the market for available space.

To illustrate exactly how low new construction is, we compared the current market to a decade ago, when the economy was in a similar positive cycle.

The market's occupancy at year-end 2007 was 91.2 percent, healthy but notably below the current 94-percent mark. At the time, the retail market inventory totaled 33.9 million square feet (compared to 45.8 million square feet as of year-end 2017).

Construction in 2007 added 3.5 million square feet of new space, increasing the inventory by 10.3 percent. By comparison, 2017's retail construction of approximately 360,000 square feet represents less than 1 percent of the total retail inventory.

The current level of retail construction, the lowest since 301,000 square feet was added during the recession year of 2011, is extremely conservative for a market with high occupancy and a healthy overall economy.

The market's existing retail centers benefit from a low-construction environment, since the lack of new space drives leasing demand to consider vacancies on the market.

For example, when regional retailer Bob Mills Furniture entered the San Antonio market this year, it did so by redeveloping a former Target vacancy at regional-draw center Fiesta Trail, located at De Zavala Road and IH-10. The lease absorbed a major vacancy in the process.

### NOTABLE CONCEPTS IN BACKFILLED SPACE IN 2017 INCLUDED:

- Old Navy, with a new store in Alamo Ranch Shopping Center, a large regional-draw project, in a space formerly occupied by a national bookstore;
- Sea Life Aquarium and Legoland Discovery Center, which together took approximately 65,000 square feet in the redeveloped historic Joske's building

at Rivercenter Mall in downtown. The locations are set to open in 2018;

- Famed East Coast burger restaurant Shake Shack, which plans a second area location at Broadway and Mulberry at the site of a former convenience store. The first Shake Shack area location opened in 2017 on San Pedro Avenue near North Star Mall at Park North Shopping Center;
- Local Mexican cuisine favorite La Fogata, which in late 2017 opened in a freestanding second-generation restaurant space at Dominion Ridge, a specialty retail-mixed-use project at IH-10 West at Dominion Drive;
- Saltgrass Steakhouse, which opened in late 2017 in a former Texas Land & Cattle location on NE Loop 410 near North Star Mall;
- H&M, which opened its fourth area location in 20,000 square feet at Rolling Oaks Mall, located on N Loop 1604 at Nacogdoches Road;



- Chipotle, with a new location to open in a former Carl's Jr. at Alamo Ranch. Chipotle also opened a location at U.S. Highway 281 N and Bitters Road.

## KEY CONCEPTS BACKFILL VACANCIES IN 2017

OLD NAVY	H&M
SEA LIFE AQUARIUM	LEGOLAND DISCOVERY CENTER
SHAKE SHACK	LA FOGATA
SALTGRASS STEAKHOUSE	CHIPOTLE

Other notable new locations included:

- Louisiana-based Walk-On's Bistreaux & Bar, which entered the market with freestanding location at 1400 Pantheon Way at southbound U.S. Highway 281;
- Pappadeaux Seafood Kitchen, a Houston-based restaurant, which opened its second area location at 15715 IH-10 W at Loop 1604;
- 54th Street Bar Grill & Bar, with a new location on the Highway 281 access road at Jones Maltsberger;
- Pluckers Wing Bar, a chicken restaurant with locations in Texas and Louisiana, which will open its first area location in a freestanding building in Forum Pointe, along IH-35 in Selma. The location will open in 2018.

BRINGING AN EXISTING POWER CENTER TO FULL OCCUPANCY, SPEC'S WINE, SPIRITS & FINER FOODS LEASED MORE THAN 18,000 SF IN **INGRAM FESTIVAL**.

## GROCERY CONSTRUCTION DOMINATES NEW SPACE

In terms of new space, as noted, grocery construction led the pack, followed by smaller retail projects and center expansions.

The approximately 360,000 square feet of new construction for calendar-year 2017 represents a significant decline in space deliveries compared to the 1.2 million square feet of new space added in 2016. (One key factor that resulted in higher development in 2016: Walmart was completing a major market expansion that added a number of new stores.)

In terms of construction, 2018 appears to be another year of extremely limited deliveries. Few if any major projects are on the books, although international grocer Lidl may open multiple locations in the metro area during 2018. However, although the grocer has committed to sites, no timing has been announced.

Activity will ramp up in a big way in 2019 with major projects like The Shops at Dove Creek, planned for a site at Potranco Road and Loop 1604. The project could include as much as 500,000 square feet of retail space.

Most notably, 2019 will also be the year that South Texas gets its first location of famed international retailer IKEA. IKEA will serve as the anchor for Live Oak Town Center, which will bring more than 800,000 square feet to 111 acres at the southwest quadrant of IH-35 and Loop 1604 in Live Oak. In addition to IKEA, an additional 530,000 square feet of anchor and shop space is planned by Weitzman.

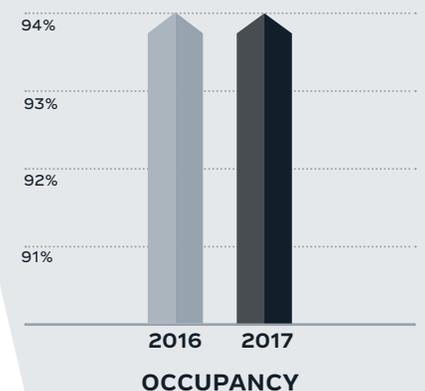
Detailed information on new projects can be found in the New Construction report in Appendix D.

## RENTS REMAIN STEADY BUT INCREASED TRIPLE-NET COSTS RAISE EFFECTIVE RATES

In terms of rents, the market reported that rents remain flat and steady compared to 2016. Higher property valuations and higher property taxes significantly increased triple-net costs for tenants, which raised effective rates. The higher effective rates hamper landlords' ability to raise retail-space rents.

- For centers by grade: Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including new construction, ranged from \$28 to the mid-\$30s per square-foot per year. These rates are for small-shop space in the newest and/or strongest anchored projects. For leading Class A retail centers, rates reached the \$40-per-square-foot or higher level.
- Class B asking rates typically were in the \$17-to-\$23-per-square-foot range, and Class C asking rates were in the \$12-to-\$16-per-square-foot range.

The reported rates are average asking rates and do not take into consideration concessions or triple nets. Rates can be higher or lower depending on location, co-tenancy, center condition and other factors.



## APPENDIX A: AUSTIN CONSTRUCTION

### KEY NEW RETAIL FOR 2017

#### **The Parke**

FM 1431 & Hwy 183A  
Cedar Park

With 400,000 square feet of retail, The Parke is the largest new project for 2017. Anchors at the Parke include Field and Stream and the market's first 365 by Whole Foods. The project also includes a power-retail line-up with Nordstrom Rack, Dick's Sporting Goods, Buy Buy Baby, Petco, World Market, Michaels, Marshalls, F21 Red, DSW and others.

#### **Aldrich Street**

IH-35 & Airport Blvd  
Austin

The specialty retail portion of the massive Mueller master-planned community along IH-35 and Airport Boulevard at the site of the former Robert Mueller Municipal Airport includes Alamo Drafthouse, B.D. Riley's Irish Pub, J.T. Youngblood's fried chicken, Lick Honest Ice Creams, Stella Public House, Orangetheory Fitness and several others; (56,000 square feet).

#### **Sky Cinemas**

Hwy 290 & Nutty Brown Rd  
Austin

This 14-screen cinema from the locally based Violet Crown Cinema team opened in late 2017 as the first concept for Belterra Village, a major retail project that will open additional retail in early 2018.

#### **LA Fitness**

East Palm Valley Blvd & North AW  
Grimes Blvd  
Austin

A new 37,000-square-foot facility opened in a center anchored by H-E-B Plus.

#### **Rooms to Go**

Greenlawn Blvd  
Round Rock

The big-box furniture retailer opened this new location in mid-2017.

### KEY NEW SPACE ANNOUNCED FOR 2018 OR LATER

#### **Belterra Village I & II**

US-290 at Nutty Brown Rd  
Dripping Springs

The 200,000-square-foot first phase of this project is set to open in early 2018 with a line-up that includes Stiles Switch BBQ, Hat Creek Burger Co., Torchy's Tacos, JuiceLand and Pieous Mecca. Sky Cinemas opened at the center in 2017.

#### **Oak Meadows Marketplace**

Jim Hogg Rd & Williams Dr  
Georgetown

The Marketplace, an approximately 77,000-square-foot community center anchored by Randalls, officially opens in January 2018.

#### **Plaza Saltillo**

5th St between IH-35 & Onion St  
Austin

This mixed-use project in East Austin near Downtown includes 110,000 square feet of retail space and is now under way.

#### **LA Fitness**

S Bagdad & FM 1431  
Cedar Park

The gym plans to open a new Cedar Park location in 2018.

#### **Equinox**

1123 S Congress Ave  
Austin

This high-end gym is set for a site formerly occupied by Doc's Motorworks Bar & Grill.

## APPENDIX A: AUSTIN CONSTRUCTION

### **Costco**

SH-130 & SH-45N  
Pflugerville

The warehouse club is set to open a store in Pflugerville in 2018 or early 2019.

### **South Congress Station**

S Congress Ave near Slaughter Ln  
Austin

This project with Gold's Gym and Pet Supermarket will open in 2018 or later.

### **Lantana Place**

Southwest Pkwy & William Cannon  
Austin

A planned retail center will be anchored by Moviehouse & Eatery. All told, the retail will total approximately 99,000 square feet and is planned for a 2018 completion.

### **The Grove at Shoal Creek**

45th St & Bull Creek Rd  
Austin

This mixed-use project will include residential and office space, and is slated for approximately 140,000 square feet of retail space.

### **Presidio**

West Parmer Ln, S of RM 1431  
Cedar Park

Since the first phase of retail for this mixed-use project totals approximately 24,000 square feet, just below our 25,000-square-foot minimum, the project's retail space will be added to the inventory when the second phase comes online. Presidio also includes office and multi-family space.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### KEY NEW RETAIL FOR 2017

#### **Legacy West Urban Village**

SWC of SH-121 & Dallas North Tollway  
Plano

The major retail component of the \$3 billion mixed-use Legacy West, home to the new corporate campus for Toyota's North American headquarters. The mixed-use project's retail component ranks as the largest Dallas-area retail project opened in 2017. The retail space, with concepts such as Barnes & Noble and Tommy Bahama, includes the Euro-style 55,000-square-foot Legacy Food Hall. Legacy West is located in West Plano.

#### **Tanger Outlet Mall**

SWC IH-35W & SH-114  
Fort Worth

The 350,000-square-foot outlet mall opened in late 2017.

#### **The Shops at Clearfork**

Chisholm Trail Pkwy near S. Hulen St  
Fort Worth

This open-air luxury retail project from Simon, located in southwest Fort Worth, ranks as the largest project opening in the Fort Worth area. The Shops at Clearfork opened its largest anchor, a 90,000-square-foot Neiman Marcus, during the first half of 2017. Other key retailers include Burberry, Tiffany and Louis Vuitton. Clearfork also features large-format entertainment anchors AMC Clearfork 8, as well as Pinstripes Bistro, Bowling & Bocce, both of which will open in 2018. Dining concepts in the high-end open-air project include B&B Butchers, Fixe, Rise No. 3, Cru Food & Wine Bar and several others.

#### **IKEA**

SH-161 & Mayfield Rd  
Grand Prairie

The second D-FW location for the retailer, with 290,000 square feet, opened in late 2017 and acts as the shadow anchor for peripheral retail.

#### **Walmart**

2650 S SH-161  
Grand Prairie

355 Stonebrook Pkwy  
Frisco

US-75 & FM 455  
Anna

Military Pkwy & Peachtree Rd  
Mesquite

Three new large-format Supercenter locations and one smaller Neighborhood Market location opened in D-FW in 2017. The Supercenters were in Grand Prairie, Frisco and Anna, and the Neighborhood Market was in Mesquite.

#### **Toyota Music Factory**

SH-114 just N of O'Connor Blvd  
Irving

The mixed-use dining and entertainment project near the Irving Convention Center, with an indoor/outdoor concert venue, Alamo Drafthouse Cinema and numerous restaurants. The project's first phase features approximately 250,000 square feet of entertainment and retail space.

#### **The Star**

Warren Rd & Dallas North Tollway  
Frisco

This Frisco mixed-use development is anchored by the Dallas Cowboys. The Star's retail space includes locally based concepts like Mi Concina, Tri Tip Grill, Neighborhood Services and many others. The majority of this retail space opened in 2017, but several concepts are on tap for 2018.

#### **Glade Parks**

SH-121 & Glade Rd  
Euless

The power and lifestyle retail project expanded in 2017 with Cinépolis, which opened a 12-screen cinema. Also in 2017, Glade Parks added a 37,000-square-foot 24 Hour Fitness.

#### **The Gates of Prosper**

US-380 & Preston Rd  
Prosper

This regional-draw retail center opened its first phase with anchors such as Dick's Sporting Goods and Field & Stream, along with multi-tenant retail space. Walmart Supercenter opens at the project in January 2018.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### **Costco**

Coit Rd near North Central Expy  
Dallas

The warehouse club opened its first store within Dallas city limits. The 146,000-square-foot store was built at the site of a former DART transit center.

### **Sam's Club**

201 Golden Triangle Blvd  
Keller

The warehouse club opened a 137,494-square-foot store in Keller.

### **Lake Highlands Town Center**

Skillman St & Walnut Hill Ln  
Dallas

A 28,000-square-foot Sprouts anchors this approximately 70,000-square-foot urban-style center located in a mixed-use setting.

### **Kroger Signature**

Lake Forest & US-380  
McKinney

This 90,000-square-foot store operates under the grocer's Kroger Signature brand.

### **TopGolf**

2201 E 4th St  
Fort Worth

The golf, dining and entertainment concept opened an approximately 65,000-square-foot entertainment facility in Fort Worth.

### **Left Bank**

W 7th St at Stayton St  
Fort Worth

The major retailer for this urban mixed-use project in the West 7th District, a 53,000-square-foot urban Tom Thumb grocery, opened in the second quarter of 2017. Left Bank incorporates 110,000 square feet of retail space.

### **Champions Park**

IH-30 & Collins St  
Arlington

Approximately 80,000 square feet of multi-tenant retail came online in early 2017 at this project in Arlington's entertainment district.

### **West Towne Center**

Eldorado Pkwy & Teel Pkwy  
Frisco

The Sprouts anchor at this approximately 65,000-square-foot retail center in Frisco opened in the second quarter of 2017.

### **Windsong Ranch Marketplace**

Gee Rd & US-380 (University Dr)  
Prosper

A 125,000-square-foot Kroger Marketplace opened as anchor at this Prosper center. Additional anchor, shop and pad retail is under way at the center, located north of Dallas.

### **Kroger Marketplace**

1653 Basswood Blvd at Blue Mound Rd  
Fort Worth

The grocer opened this store in north Fort Worth.

### **Midlothian Towne Crossing**

FM 663 & US-287  
Midlothian

This Kroger Marketplace-anchored development opened this year; junior anchors include Petco, ULTA, Ross Dress for Less and several others.

### **Allen Premium Outlets**

Stacy Rd & US-75  
Allen

An approximately 122,000-square-foot expansion at the outlet center opened at year-end for 30 new and expanded stores.

### **Pinstack**

2750 W IH-635  
Irving

A 50,000-square-foot entertainment concept that includes bowling and dining opened in Irving's Las Colinas master-planned community.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### KEY NEW SPACE ANNOUNCED FOR 2018 OR LATER

**Tom Thumb**

Akard & Cedar Springs  
Dallas

This new urban grocery store will open in street-level space in the Union high-rise and mixed-use project at the edge of downtown Dallas in 2018.

**Tom Thumb**

Live Oak St & Texas St  
Dallas

This urban grocery is planned for a site just east of downtown Dallas in the City Lights apartment tower.

**High Point Crossing**

Northwest Hwy & Abrams  
Dallas

This center, located at the site of the former Steakley Chevrolet, is designed to total approximately 170,000 square feet. No opening date has been announced.

**Victory Park**

Stemmons & Woodall Rogers Fwys  
Dallas

The new 85,000-square-foot retail component will bring online a new Cinépolis luxury cinema and small shop space for 2018 in this major mixed-use project just off two major freeways in downtown Dallas.

**Alamo Drafthouse**

W. University Dr (US-380) near IH-35  
Denton

The theater chain will open a 41,000-square-foot multi-screen cinema in an existing center in Denton.

**Main Marketplace**

NWC FM 423 & King Rd  
Little Elm

This new center will open in 2018 with anchor Flix Brewhouse, an Austin-based meal-and-a-movie entertainment concept.

**Marketplace at Craig Ranch**

Stacy Rd at Custer Rd  
McKinney

A Walmart Neighborhood Market-anchored community center is set to open in 2018. Other concepts include Freddy's Frozen Custard and Kwik Kar automotive center.

**Costco**

Hardin Blvd & W University Dr (US-380)  
McKinney

The warehouse club plans a location in McKinney as an anchor in a new development.

**Wade Park**

Dallas North Tollway & Lebanon Rd  
Frisco

The mixed-use development announced that its major retail component will open in 2019.

**Scheels**

Grandscape  
The Colony

Set to open in 2020, the Fargo, N.D.-based sporting goods superstore Scheels will enter the D-FW market with a 300,000-square-foot megastore in the Nebraska Furniture Mart-anchored Grandscape development.

## APPENDIX C: HOUSTON CONSTRUCTION

### KEY NEW RETAIL FOR 2017

#### **Valley Ranch Town Center**

US-59 N & Grand Pkwy  
Porter

Kroger Marketplace and Sam's Club opened during the first half of 2017 at this major regional-draw project designed for retail and entertainment space. A new large second phase completed in the fourth quarter added Burlington Coat Factory, T.J. Maxx, Rack Room Shoes and PetSmart, all of which opened in time for the 2017 holiday season. Ross Dress for Less, ULTA and others will follow in 2018. The new phase brings the center to a total of 600,000 square feet. Upon completion, the project will total more than 1 million square feet. Academy Sports & Outdoors opened at Valley Ranch Town Center in 2016.

#### **Market Center at Aliana**

Grand Parkway & Harlem Rd  
Richmond

The first anchors in this massive, 438,000-square-foot retail project include a 124,000-square-foot Target. Target joined a 102,000-square-foot H-E-B, which opened in late 2016. The center's 2018 expansion will also have concepts like Marshalls, PetSmart and Ross. In addition, a future project in the Aliana community, called The Grand at Aliana, is in the planning stages to bring 500,000 square feet to the site at Grand Pkwy and Airport Blvd by 2019.

#### **Grand Parkway Marketplace**

Grand Pkwy near Spring Steubner &  
Kuykendahl  
Spring

This center opened during the first half of 2017 with Target (126,000 square feet), Burlington Coat Factory, DSW, PetSmart, T.J.Maxx, Michaels and several others. The center is located within The Woodlands trade area.

#### **Grand Parkway Marketplace II**

Grand Pkwy & Kuykendahl  
Spring

Hobby Lobby and Academy Sports & Outdoors opened in this center, which is peripheral to Grand Parkway Marketplace. .

#### **Woodshore Marketplace**

Oyster Creek Dr & Dixie Dr  
Clute

Additional small-shop retail space joined a 123,000-square-foot Kroger Marketplace anchor and other small-shop space that opened in 2016 at this community retail center. The 2017 expansion includes new space for Pet Supermarket, which opened in late 2017, and Bahama Bucks, which will open in early 2018. Discount Tire opened a freestanding location on a pad site.

#### **Kroger Marketplace**

3731 Riley Fuzzel Rd  
Spring

The grocer opened a 123,000-square-foot store in Spring.

#### **Westlake Marketplace**

14359 E Sam Houston Parkway North  
Houston

Dick's Sporting Goods opened a 50,000-square-foot location, its ninth in the Houston metro area, at the center, which opened its first phase in 2016. The center also added small concepts like Chick-fil-A and Olive Garden in 2017, and a Lowe's Home Improvement store is under construction.

#### **Grand Morton Town Center**

Grand Pkwy & Morton Ranch Rd  
Katy

A 186,902-square-foot Walmart Supercenter joined anchors like Kroger Marketplace at this regional-draw center.

#### **The Market at Springwoods Village**

Grand Pkwy & Holzwarth Rd  
Spring

This community center is anchored by a 100,000-square-foot Kroger store. Shop space users includes Tarka Indian Kitchen, Edible Arrangements, Torchy's Tacos and others.

#### **Gleannoch Crossing**

Grand Pkwy & Champions Forest Dr  
Spring

This new H-E-B-anchored community center includes Pet Supermarket, Smoothie King, AT&T and other neighborhood-oriented tenants in addition to the 103,000-square-foot H-E-B.

## APPENDIX C: HOUSTON CONSTRUCTION

### **Birnam Woods Marketplace**

Grand Pkwy & Birnam Woods Dr  
Spring

The center is anchored by a 125,000-square-foot Kroger Marketplace. Shop-space tenants include GNC, Sprint, Great Clips and others.

### **Buffalo Springs Shopping Center**

SH-105 W & Lone Star Pkwy  
Montgomery

This community center is anchored by a 123,000-square-foot Kroger Marketplace.

### **Miramesa Town Center**

Fry Rd & West Rd  
Houston

Shop and pad space for concepts like AT&T, Pizza Hut, Taco Bell and others joined a new 45,000-square-foot Star Cinema Grill, which opened in November 2017, at this center.

### **Walmart Supercenter**

25800 Kuykendahl Rd  
Tomball

This Walmart Supercenter totals 186,000 square feet.

### **Stableside at Falcon Landing**

Gaston Rd & Falcon Landing Blvd  
Katy

The center's first phase includes a 102,473-square-foot Kroger, which opened in June 2017, and limited small-shop space and pad users like Raising Cane's. More phases are set for 2018 and 2019.

### **University Commons Shopping Center Phase I**

US-59 & University Blvd  
Sugar Land

This center opened with its anchor, a 50,000-square-foot Burlington Coat Factory, in April 2017. Additional retail, including Sprouts Farmers Market, is planned.

### **The Kirby Collection**

3300 Kirby Dr near Richmond Ave  
Houston

This mixed-use project with high-end retail is designed for residential, office and approximately 65,000 square feet of upscale retail, restaurant and entertainment space. Pinstripes entertainment venue is set to open in 2018.

### **The Junction at Deer Park**

NWQ Spencer Hwy & East Blvd  
Deer Park

The center added new small-shop space that joined an existing 83,000-square-foot H-E-B grocery. The new space includes MOD Pizza, AT&T, Deca Dental, Yo Yo's Chinese Café and Nails America. The center plans future phases that will bring the total space to more than 400,000 square feet.

### **Main Event Entertainment**

20945 Spring Creek Crossing  
Humble

The entertainment venue, offering bowling, games and dining, opened a 50,000-square-foot location.

### **The Shoppes at Cinco Ranch**

FM 1093 & Spring Green Blvd  
Katy

A 100,000-square-foot Lowe's opened at this Katy retail project.

### **Fairfield Town Center**

28644 Northwest Frwy  
Cypress

This power-anchored project expanded in 2017 with small shop space that joined Academy, Marshalls, Ross and others that opened in 2016. A 2018 phase is planned for Cinemark and others and will total approximately 200,000 square feet.

### **Baytown Shops**

Garth Rd & Hunt Rd  
Baytown

A 104,000-square-foot H-E-B opened as the anchor at the center, with MOD Pizza and Sprint among the small-shop tenants.

### **Joe V's Smart Shop**

2929 FM 1960  
Houston

Joe V's Smart Shop, a concept from H-E-B, opened its eighth Houston-area location in a project on FM 1960 during the first half of 2017.

## APPENDIX C: HOUSTON CONSTRUCTION

### KEY NEW SPACE ANNOUNCED FOR 2018 OR LATER

#### **Buffalo Heights**

Washington Ave & South Heights Blvd  
Houston

This urban mixed-use project in The Heights is designed with a street-level, 96,000-square-foot H-E-B that sits beneath several stories of multi-family.

#### **H-E-B**

2300 N. Shepherd Dr  
Houston

A 92,000-square-foot H-E-B store is under way in The Heights for a 2018 opening.

#### **Yale Marketplace**

NEC Loop 610 & Yale St  
Houston

This new center will be anchored by one of the country's first locations for Whole Foods new value-shopping concept, 365 by Whole Foods Market; the grocery store has announced plans to open in 2018.

#### **H-E-B**

5130 Cedar St  
Bellaire

This new store is replacing a smaller H-E-B that was demolished in March 2017 to make way for the larger store. The new 75,000-square-foot store incorporates two stories of retail space, reflecting the tight market for new development sites in Houston's dense and built-out neighborhoods.

#### **336 Marketplace**

Loop 336 near the west side of IH-45  
Conroe

The announced line-up for this planned center includes a 125,000-square-foot Kroger Marketplace, as well as HomeGoods (42,000 square feet), Ross Dress for Less (25,000 square feet), Michaels (21,000 square feet) and others. The project is designed to have as much as 700,000 square feet of retail space upon completion.

#### **The Village at Riverstone**

University Blvd & LJ Pkwy  
Sugar Land

This 165,000-square-foot center is set to open in spring 2018. The center will be anchored by a 100,000-square-foot Kroger.

#### **H-E-B Mont Belvieu**

IH-10 & Eagle Dr  
Mont Belvieu

An approximately 84,000-square-foot store is set to open in 2018.

#### **Grand Parkway Town Center**

Grand Pkwy & Boudreaux  
Spring

This retail project, anchored by Sam's Club, is set to open in 2018.

#### **LaCenterra at Cinco Ranch**

Grand Pkwy & Cinco Ranch Blvd  
Katy

The center broke ground on its final retail phase, to be anchored by a 37,000-square-foot Alamo Drafthouse Cinema, in June 2017.

#### **Crossing at Katy Fulshear**

FM 1093 & FM 1463  
Katy

Anchor Walmart Supercenter is set to open in summer 2018 in this large power-anchored project.

#### **At Home**

FM 518 & Kirby Dr  
Pearland

The home decor superstore is set to open this new-construction location in 2018.

#### **District West**

Westpark Tollway near Peek Rd  
Katy

The project, redesigned for as much as 500,000 square feet of mixed-use space, will open a new phase with approximately 70,000 square feet in 2018.

## APPENDIX C: HOUSTON CONSTRUCTION

### **Katy Asian Town**

Grand Pkwy & IH-10  
Katy

This community center with a scheduled 2018 or later completion will be anchored by Houston's third HMart grocery store.

### **MetroPark Square**

IH-45 & SH-242  
Shenandoah

The retail at this mixed-use entertainment-focused project is set to open between 2018 and 2020. AMC will open a 41,500-square-foot 10-screen cinema in early 2018 as the first major entertainment anchor.

### **H-E-B Meyerland Plaza**

W Loop 610 at Beechnut Dr  
Houston

H-E-B plans a two-story, 95,000-square-foot, Inner Loop store in the historic Meyerland Plaza, first opened in the 1950s. The store will replace an H-E-B at Chimney Rock and South Braeswood, that flooded in Hurricane Harvey. Construction is set to begin in 2019.

## APPENDIX D: SAN ANTONIO CONSTRUCTION

### NEW RETAIL FOR 2017

#### **Bulverde Marketplace**

SWC of Loop 1604 & Bulverde Rd  
San Antonio

H-E-B, the anchor of this mixed-use project, incorporates 118,000 square feet and opened in the second half of 2017. The center offers limited small-shop space totaling approximately 10,000 square feet for concepts including Mama Fu's, AT&T and Supercuts.

#### **H-E-B**

Lone Star Pkwy & Alamo Ranch Pkwy  
San Antonio

H-E-B opened a new 93,000-square-foot freestanding store on the far west side of the city. Currently, multi-tenant small-shop development peripheral to the H-E-B is on track to open in 2018.

#### **Culebra Commons**

W Loop 1604 N at Culebra  
San Antonio

The 53,500-square-foot first phase opened in 2017, although some tenants may open in 2018. Concepts in the center include Stone Werks Big Rock Grill, Taco Palenque, La-Z-Boy, Texas Roadhouse and others.

#### **Shaenfield Ranch Shopping Center**

Schaenfield & Loop 1604  
San Antonio

The first phase of the center opened in 2017 with 45,000 square feet and a restaurant-focused tenant mix that includes Smokey Mo's BBQ, Stout's Pizza Co., an international buffet and others. The center is designed to have as much as 100,000 square feet upon completion.

#### **The Rustic**

La Cantera Pkwy at IH-10  
San Antonio

The Dallas-based restaurant, bar and entertainment venue opened in approximately 27,000 square feet as part of a restaurant-focused phase at The Rim. Other 2017 restaurants in the phase, which opened its first concepts in 2015, include Gloria's Latin Cuisine and Yellowfish Sushi. Lupe Tortilla also opened in a 7,000-square-foot freestanding building.

### KEY NEW SPACE ANNOUNCED FOR 2018 OR LATER

#### **The Shops at Dove Creek**

Potranco Rd & Loop 1604  
San Antonio

This project, planned for 2019, could include as much as 500,000 square feet of retail space.

#### **IKEA**

Live Oak Town Center  
IH-35 & Loop 1604  
Live Oak

IKEA will serve as the anchor for Live Oak Town Center, which will bring more than 800,000 square feet to 111 acres at the southwest quadrant of IH-35 and Loop 1604 in Live Oak. In addition to IKEA, an additional 530,000 square feet of anchor and shop space is planned by Weitzman.

# MAJOR TEXAS METROS 2017

## AUSTIN MSA

### POPULATION OVERVIEW

2017 population: 2.1 million  
2022 population (est.): 2.4 million  
2000-2017 growth: 69.3%

### RETAIL MARKET OVERVIEW

Retail inventory: 48.8 million SF\*  
Occupancy rate: 96.0%  
2017 construction: 640,000 SF\*

\*Multi-tenant 25,000-SF-plus



## D-FW MSA

### POPULATION OVERVIEW

2017 population: 7.4 million  
2022 population (est.): 8.2 million  
2000-2017 growth: 41.8%

### RETAIL MARKET OVERVIEW

Retail inventory: 197.9 million SF\*  
Occupancy rate: 92.5%  
2017 construction: 4.2 million SF\*

\*Multi-tenant 25,000-SF-plus



## HOUSTON MSA

### POPULATION OVERVIEW

2017 population: 6.9 million  
2022 population (est.): 7.7 million  
2000-2017 growth: 47.4%

### RETAIL MARKET OVERVIEW

Retail market: 158.1 million SF  
Occupancy rate: 95.0%  
2017 construction: 2.8 million SF\*

\*Multi-tenant 25,000-SF-plus



## SAN ANTONIO MSA

### POPULATION OVERVIEW

2017 population: 2.5 million  
2022 population (est.): 2.8 million  
2000-2017 growth: 44.8%

### RETAIL MARKET OVERVIEW

Retail market: 45.8 million SF  
Occupancy rate: 94.0%  
2017 construction: 360,000 SF\*

\*Multi-tenant 25,000-SF-plus



# DEFINITIONS

## NEIGHBORHOOD SHOPPING CENTER

<b>Concept</b>	Convenience
<b>SF</b>	25,000-100,000
<b>Acreage</b>	3-15
<b>Typical Retailers</b>	Convenience store, services, QSR

## COMMUNITY SHOPPING CENTER

<b>Concept</b>	General merchandise
<b>SF Including Anchors</b>	100,000-300,000
<b>Acreage</b>	10-40
<b># of Typical Anchors</b>	1 or more
<b>Typical Retailers</b>	Discount department store, supermarket, drugstore, home improvement, large specialty   discount apparel

## REGIONAL SHOPPING MALL

<b>Concept</b>	General merchandise. fashion (mall, typically enclosed)
<b>SF Including Anchors</b>	400,000-800,000
<b>Acreage</b>	40-100
<b># of Typical Anchors</b>	2 or more
<b>Typical Retailers</b>	Full-line department store, junior department store, mass merchant, fashion apparel, restaurants

## SUPER-REGIONAL SHOPPING MALL

<b>Concept</b>	Similar to regional center but has more variety
<b>SF Including Anchors</b>	800,000+
<b>Acreage</b>	60-120
<b># of Typical Anchors</b>	3 or more
<b>Typical Retailers</b>	Full-line department store, junior department store, mass merchant, fashion apparel, restaurants

## POWER SHOPPING CENTER

<b>Concept</b>	Category-dominant anchors, as well as an evolving mix
<b>SF Including Anchors</b>	250,000-800,000
<b>Acreage</b>	25-80
<b># of Typical Anchors</b>	3 or more
<b>Typical Retailers</b>	Category killer, home improvement, discount department store, warehouse club, off-price, fitness, entertainment

## MIXED-USE RETAIL

<b>Concept</b>	Retail in a multi-use projects along with multi-family, office, hotel or other uses
<b>SF</b>	Typically 25,000-300,000
<b>Typical Retailers</b>	Destination restaurant, entertainment, service uses, health, wellness and beauty

## OUTLET SHOPPING CENTER

<b>Concept</b>	Manufacturers' outlet stores
<b>SF Including Anchors</b>	50,000-400,000
<b>Typical Retailers</b>	Manufacturers' outlet stores

# COMPANY OVERVIEW



Weitzman, one of the largest retail-focused commercial real estate services firms based in Texas, offers a full range of services, including general brokerage, tenant representation, project representation, investment sales, property management, asset management and development services. Weitzman operates offices in Dallas-Fort Worth, Austin, Houston and San Antonio.

## ACKNOWLEDGMENTS

**WE WOULD LIKE TO THANK THE FOLLOWING PEOPLE FOR THEIR VALUABLE CONTRIBUTIONS.**

### **SURVEY DATA & PRODUCTION**

---

Leisa Barger  
*Chief Marketing Officer*

Karin Jones-Moore  
*Senior Designer*

Ian Pierce  
*Vice President of Communications  
Writer-Editor-Researcher*

Susan Rasberry  
*Director of Brokerage Operations*

Cheryl Sodders  
*Research Associate*

We extend special recognition to our Weitzman Research Division and our IT team.

Our 2018 Shopping Center Survey and Forecast would not be possible without valuable input from our retail real estate associates who provided in-depth knowledge of the retail markets in Dallas, Fort Worth, Austin, Houston and San Antonio.

### **METHODOLOGY OVERVIEW**

Each market is reviewed for conditions relating to occupancy, leasing, new and expansion construction, tenant and user activity, rental rates and historical comparisons.

Note: Results prior to 2017 may reflect adjustments made to previous reports.

[WEITZMANGROUP.COM](http://WEITZMANGROUP.COM)

weitzman®

**AUSTIN**

4200 North Lamar  
Austin, Texas 78756  
512.482.0094

**DFW**

3102 Maple Ave, Ste 350  
Dallas, Texas 75201  
214.954.0600

**HOUSTON**

1800 Bering Dr, Ste 550  
Houston, Texas 77057  
713.781.7111

**SAN ANTONIO**

70 NE Loop 410, Ste 450  
San Antonio, Texas 78216  
210.366.3500

MID-YEAR RETAIL REAL ESTATE REVIEW

THE  
TEXAS

SNAPSHOT

weitzman™

2017

AUSTIN | DALLAS | FORT WORTH | HOUSTON | SAN ANTONIO



AUSTIN

# A SMALL BUMP IN VACANCY STILL LEAVES AUSTIN AT HEAD OF THE PACK

AUSTIN'S MARKET AS OF MID-YEAR 2017 SHOWED A SLIGHT DROP IN OCCUPANCY DUE TO THE CLOSURE OF SEVERAL MAJOR BOX STORES, AS WELL AS CHURN IN SMALL-SHOP SPACE IN TERMS OF RESTAURANTS AND OTHER USES. EVEN WITH THE DECLINE, TO RIGHT AT 96 PERCENT, AUSTIN REMAINS THE STRONGEST MAJOR-METRO RETAIL MARKET IN TEXAS IN TERMS OF OCCUPANCY.

Based on deals in the works for some of the larger box spaces, we expect overall occupancy to maintain its high levels through the remainder of 2017 and into 2018.

For 2017, the market is on track to add approximately 890,000 square feet of retail space in new and expanded projects. (See appendix.) Based on that total, the market should see a notable drop from the 1.1 million square feet added in 2016. This level of construction, which typically opens full or nearly full, actually helps keep occupancy steady by driving retail demand to existing retail (as noted below in the section on redevelopments and backfilled retail spaces).

These findings are based on a review of retail market conditions for the greater Austin area as of mid-year 2017 by Weitzman, a statewide retail-focused commercial real estate services firm. The market's occupancy rate is based on an inventory of approximately 48.9 million square feet of retail space in projects with 25,000 square feet or more.

Overall, Austin's core market reports the highest occupancy rates, center by center. Because the core area is largely built out in terms of retail space, it is creating opportunities to create new retail experiences through redevelopments.

FOR 2017, THE AUSTIN MARKET IS ON TRACK TO ADD APPROXIMATELY 890,000 SF OF RETAIL SPACE IN NEW AND EXPANDED PROJECTS.

Key redevelopments opening or underway in Austin include:

- Dobie Twenty21, the redeveloped Dobie Mall at West 21st and Guadalupe on "the Drag" adjacent to the University of Texas. Target will anchor the redevelopment with a 22,000-square-foot "small-box" store set to open in fall 2017;

- The Crescent, a redeveloped center with approximately 116,000 square feet at Airport Boulevard and Lamar Boulevard, which will be anchored by specialty grocer 99 Ranch Market. The 37,239-square-foot location will be the grocer's first in Austin;

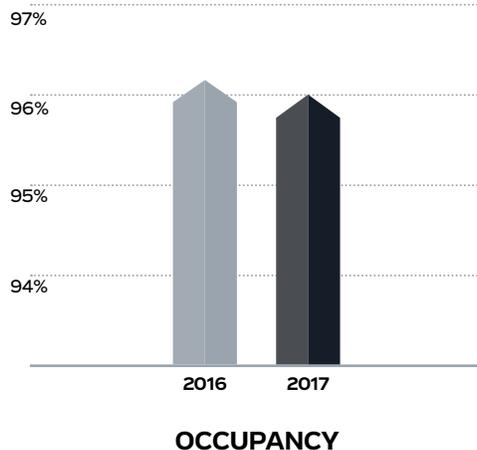
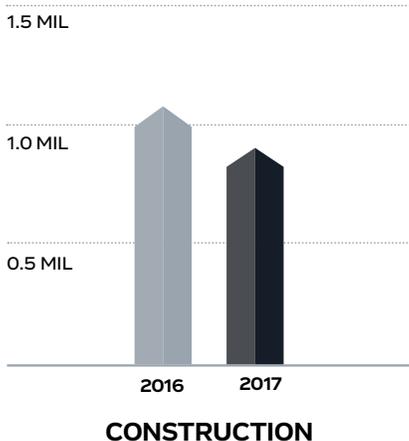
- The redevelopment of the former 133,000-square-foot Target (closed in early 2016) at the Shops at Tech Ridge into multi-tenant space. Fitness Connection and Floor & Décor together backfilled the anchor space, located at 12901 North IH-35.

- The Linc, the redevelopment of an aging retail center at 6406 N. IH-35 in North Austin. New concepts for The Linc include Easy Tiger Bake Shop and Beer Garden, with approximately 10,000 square feet; Pluckers Wing Bar, with 8,200 square feet; and AFS Cinema, with approximately 18,000 square feet.

While Austin remains the tightest retail market in Texas, it is not immune from closings. During 2017, a number of small-shop spaces have been vacated by concepts like My Fit Foods, Payless, Verts and one-location local restaurants, shops and services that failed to gain traction in the competitive market.

In terms of box spaces, the bankruptcy of Gander Mountain created a 50,882-square-foot vacancy at Round Rock Crossing, and the junior box space for OfficeMax at the mixed-use The Triangle also is available. Additionally, the 42,000-square-foot former Sports Authority at Southpark Meadows, which closed in 2016, remains vacant. Fortunately, deals are in the works to absorb all or most of these spaces in the near term.

The outlook for these and other vacancies in Austin is strong, since lower construction drives expanding tenants to open in existing-center vacancies.





Golf Galaxy in Grapevine (D-FW)



Petco at The Homestead in Austin

Examples of backfilled or redeveloped retail space include:

- Petco, which leased approximately 13,000 square feet at Center of the Hills, a center anchored by H-E-B located at 7010 W. State Highway 71 in Oak Hill;
- Total Wine & More, which leased three area locations by backfilling junior boxes in the Arboretum, Mueller Regional Retail and a power center peripheral to Lakeline Mall. The spaces previously were occupied by concepts like Office Depot and Chair King;
- HMart, which backfilled adjacent boxes once occupied by Bed Bath & Beyond and Sports Authority on Lakeline Boulevard;
- AMC, which backfilled the closed Regal Lakeline Mall cinema, a nine-screen cinema at 11200 Lakeline Mall Drive. AMC should open at Lakeline Mall in the second half of the year after completing a significant upgrade of the cinema;
- Golf Galaxy, which backfilled a former Golfsmith at the Arboretum.

Additionally, the retail market continues to see a high level of activity from local, regional and national restaurant concepts and other non-anchor tenants. Leasing highlights include:

- Aldi, a Germany-based discount grocer, which is under way with its first Austin-area location at 1415 FM 685 in Pflugerville. The store, set to open in late 2017, is the first of several planned for the area;
- Pet Supermarket, which entered the market with approximately 7,000-to-9,000-square-foot locations in Austin, Georgetown, Hutto and Marble Falls;
- The Halal Guys, a famed New York City-based fast-casual Middle Eastern concept, which will open its first Austin location in the second half of 2017 on Guadalupe Street along “The Drag”;
- Small-shop concepts, with expansions from concepts like Massage Heights, Orangetheory Fitness, Little Caesars, Great Clips, Juiceland, Wingstop, Summer Moon Coffee, It’s Italian Market & Café, Snap Kitchen and others.

METRO MARKET	POP GROWTH 2016	JOB GROWTH MAY 2016-MAY 2017	UNEMPLOYMENT RATE MAY 2017
<b>AUSTIN</b>	<b>58,301</b>	<b>23,314</b>	<b>3.2%</b>
<b>D-FW</b>	143,435	96,104	3.8%
<b>HOUSTON</b>	125,005	30,623	5.1%
<b>SAN ANTONIO</b>	47,906	20,811	3.6%

For descriptions of new construction opening in 2017 and 2018, see Appendix A.

The tight space market in Austin has resulted in several consecutive years of rental rates increases. For 2017, however, asking and effective rents remain stable or even slightly lower, due largely to downward pressure caused by steep increases in retail triple nets (NNN). Triple nets, representing tenants' negotiated pro-rata share of operating expenses, are rising largely due to steep increases in property valuations. These higher valuations result in higher property taxes, and property taxes are factored into NNN rates.

For all classes of space, actual rates for specific centers and spaces can go notably lower or higher than the rates listed below due to factors including anchors, traffic, demographics and location within a center.

- For small-shop space in anchored Class A projects, rates range from the lower to mid-\$30s per square foot per year to \$40 per square foot or higher for the best-located centers with strong traffic and co-tenancy. Small-shop space in the market's well-located new construction is reaching \$42 per square foot;

- Averages for Class B small-tenant rates are posting from the low-to-high-\$20-per-square-foot per year range;

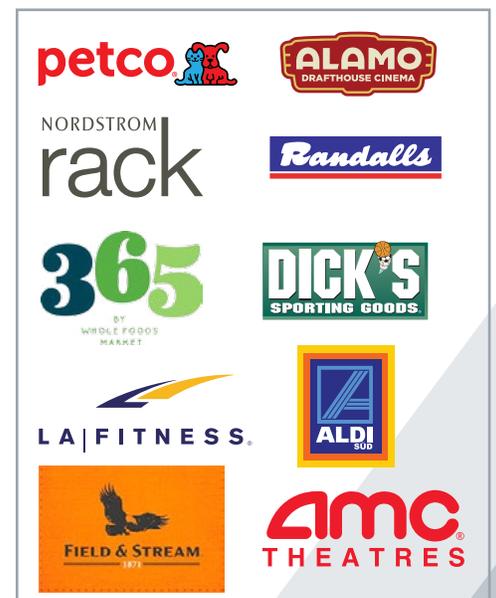
- Averages for Class C rates for small-tenant in-line spaces typically range from the teens to the low \$20s on a per-square-foot-per-year basis.

The greater Austin market currently reports one of the strongest economies in the country, with an extremely low unemployment rate of only 3.2 percent as of mid-year 2017, steady housing activity and

an investment market that the prestigious Urban Land Institute dubbed the best overall real estate investment and development market in the U.S. The Austin metro area also ranks as the fastest-growing large metro market in the country, with a population increase of 2.9 percent in the most recent one-year survey period, according to a report released by the U.S. Census Bureau in April 2017.

Based on this economic strength and the continued balance of supply and demand, all signs point to continued health for the Austin-area retail market.

#### EXPANDING RETAIL CONCEPTS



Aldi at Northstar Center in Garland (D-FW)





DALLAS - FORT WORTH

# D-FW RETAIL MARKET MAINTAINS HIGH OCCUPANCY AS CONSTRUCTION, RETAIL LEASING JUMP

DALLAS-FORT WORTH'S RETAIL MARKET AS OF MID-YEAR IS MAINTAINING ITS RECORD-HIGH OCCUPANCY RATE OF 92.7 PERCENT, DESPITE SOME HIGH-PROFILE CLOSINGS. FORTUNATELY, EXISTING CENTER LEASING, THE ABSORPTION OF VACANT ANCHOR SPACES AND NEW PROJECTS OPENING SIGNIFICANTLY LEASED ARE KEEPING THE RETAIL MARKET STRONGLY POSITIVE.

THE MID-YEAR 2017 OCCUPANCY RATE FOR THE MARKET, IN FACT, TIES THAT OF 2016 AS THE HIGHEST OCCUPANCY FOR D-FW RETAIL IN MORE THAN THREE DECADES.

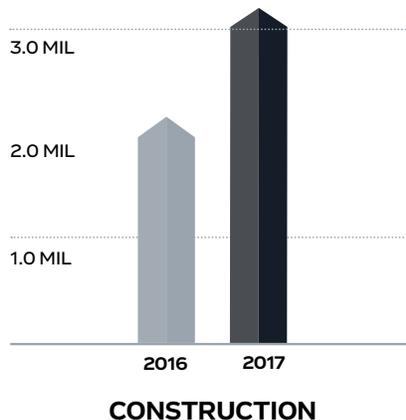
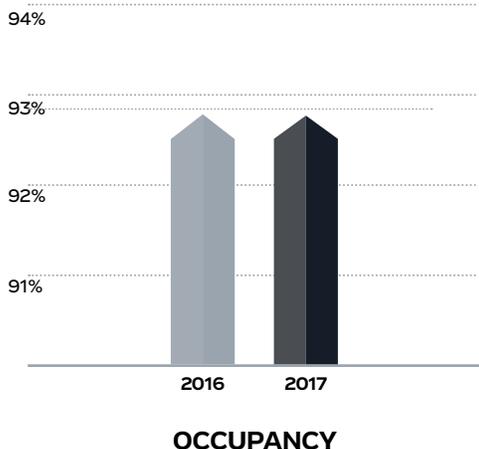
Occupancy remains extremely healthy due to:

- a metro-area economy that ranks as one of the strongest, if not the strongest, in the nation based on housing, population and employment growth;
- a demand-based construction market that opens new projects significantly or fully leased;
- retail demand that continues to absorb existing retail space, including box-store vacancies;
- new and renovated projects coming onto the market with significant space dedicated to food, entertainment, services,

fitness and other experiential-type uses, all of which help drive customer traffic on a regular basis during a time of increasing ecommerce competition.

While the market reports strong leasing and active retail demand, it is not immune to the recent wave of store closings. The most significant increase in vacancy, by category, occurred in shopping malls. While most malls in D-FW report high occupancy of 95 percent or more, a handful of older, outdated malls saw notable vacancy increases.

Vacancies were created by Macy's closing at Plano's Collin Creek Mall (approximately 199,000 square feet) and Dallas' Red Bird Mall (approximately 148,000 square feet).



Neiman Marcus (with approximately 119,000 square feet) closed at Fort Worth's Ridgmar Mall as it relocated to a new open-air retail project. (Sears, the last department store standing at Far North Dallas' Valley View Mall, also closed this year. However, the mall's vacancy is no longer surveyed and included in market numbers because it's being razed for a massive mixed-use project.)

The occupancy rate is based on Weitzman's review of a total D-FW retail market inventory of approximately 195 million square feet of space in projects with 25,000 square feet or more – the largest retail inventory for any metro area in Texas.

For 2017, leasing in, and redevelopment of, existing projects is boosting occupancy and taking spaces both large and small from the market. Examples of the larger backfilled locations include:

- The Hill, the redevelopment of a vacated center at the northeast corner of US-75 and Walnut Hill Lane. The center is anchored by Austin-based, 35,000-square-foot green home improvement store called TreeHouse, which opened in the second quarter;
- Tom Thumb, which in May 2017 opened in a vacant grocery anchor space at Texas 121 and Hall-Johnson Road in Grapevine;
- Central Market, which has announced plans to renovate existing, vacant grocery store anchor sites, at McKinney Avenue and Lemmon Avenue and at Northwest Highway and Midway Road. No firm completion dates have been set for the stores, both in Dallas proper, but the Northwest Highway site is now underway for an early 2018 opening;

Kroger Marketplace in Lewisville



- SeaQuest Interactive Aquarium, an Idaho-based entertainment concept, which in the second half of 2017 will open an approximately 28,000-square-foot at Fort Worth's Ridgmar Mall. The new concept, which will backfill multiple shop spaces on the mall's lower level, opens in October;
- WinCo Foods, with a new store totaling approximately 85,000 square feet that will open at the site of a closed Target store in Trinity Valley Shopping Center, located at SH-190 and Josey Lane. The new WinCo is now under construction;

- Alamo Drafthouse, which backfilled a former grocery space at Skillman Abrams Shopping Center in East Dallas for a 46,000-square-foot, nine-screen location scheduled to open by year-end. Alamo anchors an existing center, now renamed Creekside, which is being renovated in conjunction with the new anchor. New tenants at the center include Fuzzy's Taco Shop, My Salon Suites and Bahama Bucks;
- Studio Movie Grill, which opened in early 2017 in a backfilled box vacancy when Stein Mart relocated within the large

Lincoln Square center at I-30 and Collins in Arlington;

- Fieldhouse USA, a 106,000-square-foot sports-themed entertainment concept, which backfilled a vacant JCPenney outlet store space at Grapevine Mills mall on SH-121 in Grapevine;
- The complete redevelopment of the vacant, 125,000-square-foot Saks store at The Shops at Willow Bend, an upscale mall located at the Dallas North Tollway and Park Boulevard in Plano. The razed Saks store site is being redeveloped for an open-air entertainment, restaurant and retail district. Opening for the 56,000-square-foot first phase is set for the second half of 2017 for the new space, which will include Knife steakhouse, Terra Mediterranean, Mexican Bar Company and others.

For calendar-year 2017, thanks to rising retail demand created by an incredibly strong economy, D-FW is on track to add approximately 3.2 million square feet in new and expanded projects with 25,000 square feet or more. The total represents a notable increase from 2016's construction total of

METRO MARKET	POP GROWTH 2016	JOB GROWTH MAY 2016-MAY 2017	UNEMPLOYMENT RATE MAY 2017
AUSTIN	58,301	23,314	3.2%
<b>D-FW</b>	<b>143,435</b>	<b>96,104</b>	<b>3.8%</b>
HOUSTON	125,005	30,623	5.1%
SAN ANTONIO	47,906	20,811	3.6%

2.1 million square feet. The new space on track for 2017 would also represent the most active new-space market since 2008, when 4.9 million square feet of new retail product came online.

Based on projects currently in the pipeline for 2018 and later, we expect that the 2017 construction will mark the high point for this decade. Key projects set to open in 2018 or later include the completion of several of the centers listed in the 2017 construction. Major projects opening or in the works for completion in 2017 and 2018 are listed in Appendix B.

The strong D-FW retail market activity is a reflection of the metro area's economy, which ranks as one of the strongest in the country. In terms of population, the D-FW metro area ranks as one of the fastest-growing in the country. Currently, the D-FW market's population totals 7.1 million people, an increase of 36.2 percent since 2000.

In terms of job growth, the market saw its unemployment rate drop from 4 percent in January to 3.8 percent as of May 2017. The housing market also is reaching new levels, with more than 25,000 multi-family units and a single-family housing market that can't keep up with the demand created by population growth that leads that nation. During 2016, the D-FW area added more than 143,000 new residents, according to the U.S. Census Bureau.

With powerful growth expected to continue in the key areas of jobs, population and residential growth, the outlook for the D-FW retail market for the remainder of 2017 is for a year with steady gains that will help repeat 2016's record performance.

## EXPANDING RETAIL CONCEPTS



WinCo Foods in Lewisville



# HOUSTON

---

# HOUSTON'S RETAIL MARKET MAINTAINS BALANCE AS CONSTRUCTION LEVELS, DEMAND REMAINS ACTIVE

HOUSTON'S RETAIL MARKET AS OF MID-YEAR 2017 REPORTS AN OCCUPANCY RATE OF 95.1 PERCENT, AN EXTREMELY HEALTHY RATE THAT REMAINS STABLE COMPARED TO THE 95.6 PERCENT RATE POSTED AS OF YEAR-END 2016.

WHILE THE OCCUPANCY RATE REMAINS NEAR THE HIGHEST EVER RECORDED FOR THE MARKET, VACANCY REPORTED A SLIGHT INCREASE DUE TO SOME BOX CLOSURES, INCLUDING THREE MACY'S AND THREE GANDER MOUNTAIN STORES, WHICH TOGETHER ACCOUNTED FOR NEARLY 1 MILLION SQUARE FEET OF VACANCY.

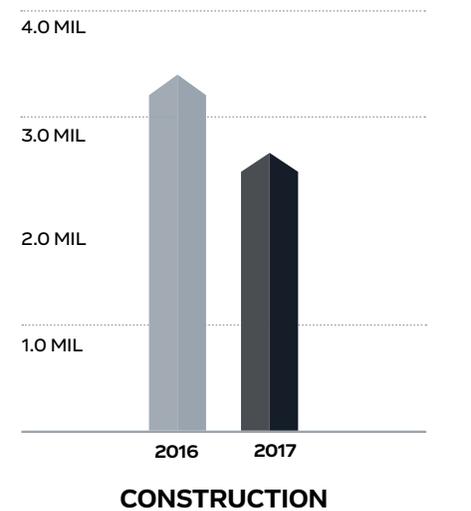
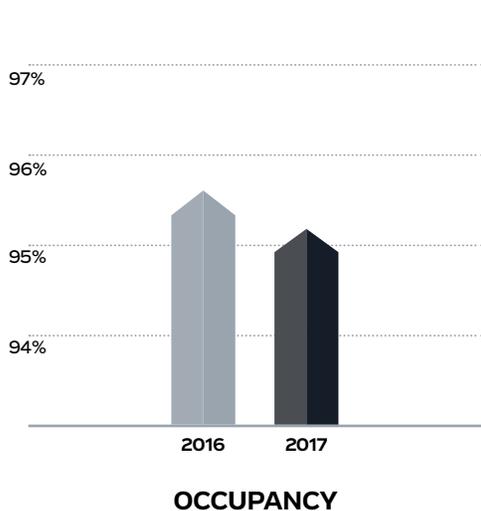
The outlook for these properties is strong, as Houston has an excellent track record of backfilling vacant boxes. Further, the closings represented only a rounding error for a market with more than 150 million square feet of retail inventory.

Key leases in existing retail space for 2017 include:

- T.J.Maxx and HomeGoods, which are backfilling the Sears vacancy at Brazos Mall in Lake Jackson;
- Total Wine & More, which is expanding in the Houston area, often with back-filled junior boxes such as the former Fresh Markets on San Felipe near the Galleria and at 12516 Memorial Drive;

**THE HOUSTON OCCUPANCY RATE IS STABLE AT 95.1%, CLOSE TO THE HIGHEST EVER RECORDED.**

- Life Time Fitness, which is backfilling the Houston City Club space in Greenway Plaza and the Galleria Tennis & Athletic Club at the top of the Galleria mall;
- Pet Supermarket, a pet supplies superstore, which entered the Houston market in 2017 with 10 stores, and which is expanding via a mix of new and existing junior anchor space.



- Nordstrom Rack, which is backfilling a 27,000-square-foot former Sports Authority space in Portofino Shopping Center, located in The Woodlands area in Shenandoah. The store will open in 2018;
- Dick's Sporting Goods, which entered the market in 2016 with six locations. For 2017, Dick's opened in a 42,085-square-foot former Sports Authority in Pearland Town Center in April and, during the second half of 2017, Dick's will open on S. Post Oak Boulevard in a 50,727-square-foot former Sports Authority;
- Dirt Cheap, a discounter based in Mississippi, which entered the Houston market with three new stores that are absorbing a total of approximately 77,000 square feet.

Despite the oil market's well-publicized weakness, which has resulted in significant amounts of office sublease space in submarkets serving energy-exploration firms, the overall metro area's economy has remained in the positive column, with job, housing and population growth.

Currently, the Houston-area retail market is well-occupied and, among Texas' major metros, is second only to D-FW in terms of new construction. The new space is resulting in part because of the completion of the Grand Parkway, which opened access and visibility to the suburban markets such as Katy and The Woodlands. Due to this new access, the majority of ground-up construction is occurring in the Grand Parkway corridor.

Weitzman reviews a Houston-area retail market inventory of approximately 155.3 million square feet in multi-tenant retail centers with 25,000 square feet or more.



The retail market is benefiting from the continued strength of the Houston economy, which despite the loss of numerous energy-sector jobs, still reports an unemployment rate of only 5.1 percent as of mid-year 2017, according to the Texas Workforce Commission. The rate actually represents an improvement over the 5.7 percent rate posted as of January 2017.

Additionally, the Houston metro area added more than 125,000 new residents in 2016, according to the U.S. Census Bureau, making it the second-fastest growing metro area in the country.

Another reason for the continued positive growth is that the segments of the economy that work in the “downstream” market of refineries and chemical plants actually benefit from lower oil prices.

For calendar year 2017, the Houston-area retail market is on track to add approximately 2.7 million square feet of retail space in new and expanded projects, bringing the total inventory close to 160 million square feet.

The 2017 construction total would represent a decline in new space when compared to 2016’s 3.4 million square feet of new retail space.

The appeal of Houston’s densest neighborhoods is generating a new round of redevelopment projects. Highlights include:

- Buffalo Heights District, a project set for the intersection of Washington Avenue and Heights Boulevard in urban Houston. H-E-B, with 96,000 square feet, will anchor

THE RETAIL MARKET IS BENEFITING FROM THE CONTINUED STRENGTH OF THE HOUSTON ECONOMY, WHICH REPORTS AN UNEMPLOYMENT RATE OF ONLY 5.1%.

a complex with street-level retail, office and multi-family. The project, which replaces aging apartments, broke ground during the second quarter 2017;

- East Village, a redevelopment project in the East Downtown area, which is planned for as much as 100,000 square feet of retail and mixed-use space. The first retail tenant, the 10,000-square-foot Chapman & Kirby bar, restaurant and event space, opened in June 2017. Other concepts planned for the redevelopment include Dallas-based burger concept Rodeo Goat, as well as a multi-restaurant space for Houston-based Agricole, the firm behind Eight Row Flint and others;

- The redevelopment of the old circa-1920s-1940s waterworks buildings in the Heights. The retail redevelopment, announced in mid-2017, will redevelop the old buildings to create restaurant and retail spaces at the historic site, located at the northeast corner of 19th Street and Nicholson near downtown;

METRO MARKET	POP GROWTH 2016	JOB GROWTH MAY 2016-MAY 2017	UNEMPLOYMENT RATE MAY 2017
AUSTIN	58,301	23,314	3.2%
D-FW	143,435	96,104	3.8%
<b>HOUSTON</b>	<b>125,005</b>	<b>30,623</b>	<b>5.1%</b>
SAN ANTONIO	47,906	20,811	3.6%

- Rice Village, where an ongoing re-development project started a new phase during the second quarter of 2017. The newest phase is renovating retail space along Amherst Street between Kelvin Drive and Kirby Drive. The revamped space is expected to open later this year and includes Austin-based Hopdoddy Burger Bar, which opened in the first half of 2017, and New York-based Shake Shack, which will open its second area location;

- The redevelopment of Bellaire Town Center, a redevelopment project that will involve demolishing an aging shopping center on Bellaire Boulevard and South Rice, for the development of a new ground-up retail project. The planned 72,000-square-foot two-story project will replace the old 37,000-square-foot center. Completion is set for 2019;

- Even the tony Galleria, Houston's top shopping destination, is experiencing redevelopment. The Galleria's former Saks department store building, which became available after the department store opened last year in a new store at the mall, has been redeveloped for approximately 110,000 square feet, created multi-tenant space for luxury concepts including Ted Baker, Tadashi Shoki and others opening this year. The mall also in April opened the only U.S. location besides Honolulu for Yauatcha, a

London-based dim sum tea house and patisserie. Famed sushi restaurant Nobu also plans to open in the mall later this year.

For 2017, the majority of new retail centers are dominated by power and grocery store anchors. For 2018, we expect to see overall retail construction decline over 2017's level. But it will still represent the expansions of major anchors in the market, reflecting ongoing demand for key Houston retail locations. New projects are listed in Appendix C.

In terms of rent, the Houston retail market is seeing average quoted rents remain steady, instead of increasing, as they maintain the levels they reached a year or so ago. Demand for the Class A space, especially inside the Loop, can result in small-shop rates in the best-located and newly constructed projects going as high \$50 to \$60 per square foot per year in the strongest and most affluent retail submarkets.

For small-shop in-line space in well-located, anchored projects:

- Class A rates ranged from \$30 to the high \$30s on a per-square-foot-per-year basis, with rates inside the Loop typically rising above \$40 per square foot or more.
- Class B small-shop space average rates are posted from the low to the high \$20-per-square-foot-per-year range.

- Class C small-shop rates typically were in the \$15- to \$20-per-square-foot-per-year range.

These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

For the remainder of 2017 and going into 2018, the market shows itself on track to maintain its healthy occupancy, thanks to economic growth, notable leasing activity and new construction that remains primarily demand-based.

#### EXPANDING RETAIL CONCEPTS



Woodshore Marketplace, Clute



A dark, monochromatic photograph of a city street scene in San Antonio. In the foreground, a river flows from the bottom center towards the middle ground, its surface reflecting the buildings and trees. The middle ground shows a wide street with a sidewalk on the left lined with trees and a building on the right. In the background, several tall buildings are visible, including a prominent one with a rounded top and a smaller one with a pointed top. The overall scene is dimly lit, with a dark blue and black color palette.

# SAN ANTONIO

---

# ALAMO CITY RETAIL MARKET SEES GAINS, CONSTRUCTION REACHES TWO-YEAR HIGH AS MARKET TIGHTENS

SAN ANTONIO'S RETAIL MARKET MAINTAINED ITS HEALTHY OCCUPANCY RATE OF 94 PERCENT AS OF MID-YEAR, THANKS TO STEADY DEMAND FOR EXISTING RETAIL SPACE, LIMITED CONSTRUCTION OF NEW SPECULATIVE SPACE AND A NOTABLE LACK OF STORE CLOSINGS. IN ADDITION, NEW SPACE TENDED TO OPEN SIGNIFICANTLY OR FULLY LEASED.

THE OCCUPANCY RATE IS BASED ON A REVIEW OF SAN ANTONIO AREA MULTI-TENANT SHOPPING CENTERS WITH 25,000 SQUARE FEET OR MORE CONDUCTED BY WEITZMAN. THE REVIEW IS BASED ON A SAN ANTONIO INVENTORY OF 45.4 MILLION SQUARE FEET OF RETAIL SPACE.

The market for Class A space remains tighter than the overall market, and centers at the best-performing intersections and retail districts throughout San Antonio are often completely full.

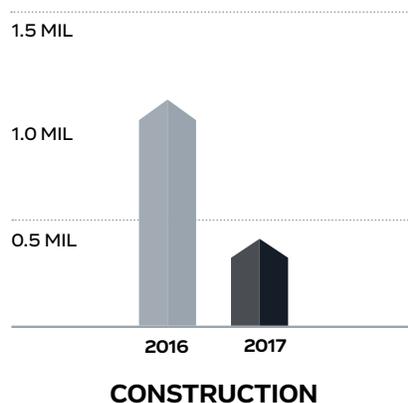
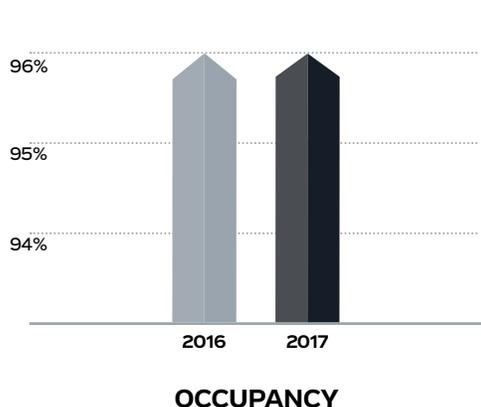
The market's limited retail construction is dominated by H-E-B, which is anchoring new community retail centers. These locations open with limited small-shop space, further tightening the market for available space.

One big reason that occupancy remains strong is to what we term the Weitzman Formula for higher occupancy: limited construction plus retail demand equals stronger existing center leasing.

A major example of this involves the former Target vacancy at regional-draw center Fiesta Trail, located at De Zavala Road and IH-10. Bob Mills Furniture leased 62,840 square feet of the vacant space.

**IN SAN ANTONIO, LIMITED CONSTRUCTION PLUS STRONG RETAIL DEMAND EQUALS STRONGER EXISTING CENTER LEASING.**

Bob Mills Furniture, which operates several locations in Texas and in Oklahoma, is entering the San Antonio market with the location.



Other notable concepts committing to or opening in 2017 include:

- The Rustic, a Dallas-based restaurant, bar and entertainment venue, which plans to open at The Rim;
- Old Navy, with a new store in Alamo Ranch Shopping Center, a large regional-draw project;
- Sea Life Aquarium and Legoland Discovery Center, which together took approximately 65,000 square feet in the redeveloped historic Joske's building at Rivercenter Mall in downtown. The locations are set to open in 2018;
- Shake Shack, which is entering the market with a location at 7427 San Pedro Avenue, near North Star Mall;
- Chipotle, which is backfilling a former Carl's Jr. at Alamo Ranch;
- La-Z-Boy, Stone Werks Big Rock Grille, Texas Roadhouse and Taco Palenque, well-known concepts opening at new retail center Culebra Commons.

For calendar-year 2017, retail construction is expected to reach a new recent low, largely because of no new projects from major anchors like Walmart. Over the past several years, Walmart has driven construction as it expanded marketwide.

All told, only about 360,000 square feet of new construction, in centers with 25,000 square feet or more, is on track to open during calendar-year 2017. During 2016, the market added approximately 1.2 million square feet of space in new and expanded projects. During 2015, the market added less than 900,000 square feet.

For 2018 and beyond, however, construction is set to ramp up. New construction highlights are listed in Appendix D.

In terms of shopping center rents, the market is seeing rents remain flat after several quarters of rising rates. Higher property taxes, which result in higher triple-net costs for tenants, are causing downward pressure on rental rates.

- For centers by grade: Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including

THOUGH IT WON'T OPEN UNTIL 2019, THE IKEA-ANCHORED LIVE OAK TOWN CENTER WILL MAKE NOTABLE PROGRESS IN 2018.

new construction, ranged from \$28 to the mid-\$30s per square-foot per year. These rates are for small-shop space in the newest and/or strongest anchored projects. For leading Class A retail centers, rates can reach the \$40-per-square-foot or higher level.

- Class B asking rates typically were in the \$17-to-\$23-per-square-foot range, and Class C asking rates were in the \$12-to-\$16-per-square-foot range.

The reported rates are average asking rates and do not take into consideration concessions. Rates can be higher or lower depending on location, co-tenancy, center condition and other factors.

San Antonio's retail market continues to benefit from the continued soundness of the metro area's economy, which ranks as one of the better-performing major markets in Texas and the country.

## EXPANDING RETAIL CONCEPTS



METRO MARKET	POP GROWTH 2016	JOB GROWTH MAY 2016-MAY 2017	UNEMPLOYMENT RATE MAY 2017
AUSTIN	58,301	23,314	3.2%
D-FW	143,435	96,104	3.8%
HOUSTON	125,005	30,623	5.1%
<b>SAN ANTONIO</b>	<b>47,906</b>	<b>20,811</b>	<b>3.6%</b>





weitzman

APPENDICES

---

## APPENDIX A: AUSTIN CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

#### **The Parke**

FM 1431 and Hwy 183A  
Cedar Park

With 400,000 square feet of retail, The Parke is the largest new project for 2017. Anchors at The Parke include the market's first 365 by Whole Foods and Field & Stream. The project also includes a power-retail line-up with Nordstrom Rack, Dick's Sporting Goods, Buy Buy Baby, Petco, World Market, Michaels, Marshalls, F21 Red, DSW, Ulta and others. The project opened nearly full, with only a couple of small-shop spaces available.

#### **Belterra Village Phase I**

W. U.S. Hwy 290 & Nutty Brown Rd  
Austin

The project is on track with its 200,000-square-foot first phase by year end and an additional 100,000 square feet in 2018. Belterra Village will include Sky Cinemas, Pet Supplies Plus, Breed & Co. Hardware, Spec's, Stein Mart, Gold's Gym and a large number of restaurants.

#### **Aldrich Street**

IH-35 and Airport Boulevard  
Austin

The specialty retail portion of the massive Mueller master-planned community at the site of the former Robert Mueller Municipal Airport includes Alamo Drafthouse, B.D. Riley's Irish Pub, J.T. Youngblood's fried chicken, Lick Honest Ice Creams, Stella Public House, Orangetheory Fitness and several others.

#### **Oak Meadows Marketplace**

Jim Hogg Rd and Williams Dr  
Georgetown

This 77,000-square-foot community retail center anchored by a 57,655-square-foot Randalls grocery store is located in the far northern Austin market in Georgetown and is scheduled to open by year-end 2017;

#### **LA Fitness**

East Palm Valley Blvd and North  
A.W. Grimes Blvd  
Round Rock

A new 37,000-square-foot facility is under construction in a center anchored by H-E-B Plus.

#### **Rooms To Go**

3589 Greenlawn Blvd  
Round Rock

The big-box furniture retailer opened a new location in May.

#### **Harker Heights Plaza**

Knights Way & Stillhouse Lake Dr  
Harker Heights

This 14,000-square-foot multi-tenant project joins an existing Walmart Neighborhood Market in this Austin suburb. The center includes Great Clips and Express ER.

### NEW CONSTRUCTION FOR 2018 OR LATER

#### **H-E-B**

Austin, Dripping Springs & Marble  
Falls

The grocer has stores planned for 2018 in Dripping Springs and Marble Falls. H-E-B also is expected to open a store on South Congress Avenue in 2019, near Southpark Meadows.

#### **Costco**

SH-30 & SH-45 N  
Pflugerville

Costco is set to open a 2018 store in Pflugerville.

#### **South Congress Station**

South Congress near Slaughter Ln  
Austin

A project with Gold's Gym and Pet Supermarket.

#### **Lantana Place**

Southwest Pkwy & William Cannon  
Austin

This planned retail center will be anchored by Moviehouse & Eatery. All told, the retail will total approximately 99,000 square feet and is planned for a 2018 completion.

#### **The Grove at Shoal Creek**

45th St & Bull Creek Rd  
Austin

A mixed-use project for the intersection is set to include residential and office space, as well as plans for 140,000 square feet of retail space.

#### **Plaza Saltillo**

IH-35 between 4th & 5th Streets  
Austin

A planned transit-oriented mixed-use development in East Downtown is proposed to include multi-family and office space along with 115,000 square feet of retail space.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

#### **Legacy West Urban Village**

SH-121 & the Dallas North Tollway  
Plano

The retail space in this \$3 billion mixed-use project is opening throughout the year. Legacy West, a massive project with several new corporate campuses, including the North American headquarters for Toyota, is located in West Plano. The mixed-use project's retail space, at more than 400,000 square feet, ranks as the Dallas area's largest retail project opening in 2017. The line-up includes a number of well-known retailers and restaurants, including the first Texas location for specialty food store Dean & DeLuca and a Barnes & Noble that is one of the few in the nation that includes a restaurant and bar.

#### **The Shops at Clearfork**

Clearfork Main St & Edwards  
Ranch Rd  
Fort Worth

This open-air luxury retail project from Simon, located in southwest Fort Worth off of the new Chisholm Trail Parkway near S. Hulen Street, ranks as the largest project opening in the Fort Worth area. The Shops at Clearfork opened its largest anchor, a 90,000-square-foot Neiman Marcus, during the first half of 2017. Other key retailers are opening in fall 2017 as well as in 2018. In addition to Neiman's, luxury concepts include Burberry, Louis Vuitton and Tiffany & Co. Entertainment anchors include AMC Clearfork 8, which will total 36,000 square feet upon completion, as well as Pinstripes Bistro, Bowling & Bocce. Dining concepts in the high-end open-air project include B&B Butchers, Fixe, Rise No. 3, Cru Food & Wine Bar, Mesero and several others. Upon completion in 2018, The Shops at Clear Fork's retail space will total approximately 500,000 square feet.

#### **IKEA**

SH-161 & Mayfield Rd  
Grand Prairie

The second D-FW location for the retailer will open in fall 2017. The store incorporates 290,000 square feet of retail space.

#### **Walmart Supercenter**

2650 S SH-161  
Grand Prairie

This location opened during the first half of 2017.

#### **Walmart Supercenter**

521 S Central Expy  
Anna

This location opened during the first half of 2017.

#### **Irving Music Factory**

300 Las Colinas Blvd W  
Irving

This mixed-use dining and entertainment project near the Irving Convention Center, will have an indoor/outdoor concert venue, Alamo Drafthouse Cinema and numerous restaurants. The project, opening in phases through December 2017, will feature approximately 250,000 square feet of entertainment and retail space.

#### **The Star**

Warren Pkwy & Dallas North  
Tollway  
Frisco

The Frisco mixed-use development anchored by the Dallas Cowboys in Frisco is designed to feature 200,000 square feet of retail space that will include local concepts like Dee Lincoln Prime, Cane Rosso, Liberty Burger, The Common Table, Neighborhood Service, Roti Grill, Mi Cocina and many others. The majority of the retail space is set to open during the second half of 2017.

#### **Glade Parks**

SH-121 & Glade Rd  
Euless

This power and lifestyle retail project is expanding in 2017 with Cinépolis, a cinema exhibitor that is opening a 12-screen cinema in the second half of 2017. In early 2017, Glade Parks added a 37,000-square-foot 24 Hour Fitness.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

#### **Gates of Prosper**

US-380 & Preston Rd  
Prosper

Anchors set to open at this regional-draw retail center during the second half of 2017 include Walmart Supercenter, Dick's Sporting Goods and Field & Stream, along with multi-tenant retail space.

#### **Costco**

Coit Rd near North Central Expy  
Dallas

In May, Costco opened its first store within Dallas city limits on Coit Road near North Central Expressway. The 146,000-square-foot store was built at the site of a former transit center.

#### **Lake Highlands Town Center**

Skillman St & Walnut Hill Ln  
Dallas

This approximately 70,000-square-foot urban-style center is anchored by a 28,000-square-foot Sprouts Farmers Market.

#### **TopGolf**

2201 E 4th St  
Fort Worth

The golf, dining and entertainment concept opened an approximately 65,000-square-foot entertainment facility, its first in Fort Worth.

#### **Left Bank**

W 7th St at Stayton St  
Fort Worth

The first major retailer, a 53,000-square-foot urban Tom Thumb grocery, opened in the second quarter in this mixed-use project in the West 7th District. Upon completion, Left Bank will include 110,000 square feet of retail space that, in addition to Tom Thumb, will include a Hopdoddy Burger Bar scheduled to open in fall 2017.

#### **West Elm**

2869 W 7th St  
Fort Worth

West Elm will open an 11,000-square-foot store in Fort Worth's mixed-use project Crocket Row at West 7th.

#### **Sam's Club**

201 Golden Triangle Blvd  
Keller

The warehouse club opened a 137,494-SF store in the first quarter of 2017.

#### **Champions Park**

NE corner of IH-30 & Collins St  
Arlington

Approximately 80,000 square feet of multi-tenant retail opened in early 2017 at this retail project within Arlington's entertainment district.

#### **Main Marketplace**

NW corner FM 423 & King Rd  
Little Elm

Completion on this center, anchored by Flix Brewhouse, a meal-and-a-movie entertainment concept based in the Austin area, is set for winter 2017.

#### **Victory Park**

Stemmons & Woodall Rogers Fwys  
Dallas

A redevelopment at this major mixed-use project in downtown Dallas is adding a new retail component with approximately 123,000 square feet for several restaurants, a 44,000-square-foot Cinépolis cinema and small-shop space. The Victory Park team has set the opening for late 2017.

#### **West Towne Center**

Eldorado Pkwy & Teel Pkwy  
Frisco

Sprouts Farmers Market anchors this approximately 65,000-square-foot retail center. The Sprouts opened in the second quarter of 2017.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

**Windsong Ranch Marketplace**

Gee Rd & US-380  
Prosper

A 125,000-square-foot Kroger Marketplace is opening in July 2017 as anchor for Windsong Ranch Marketplace. Additional anchor, shop and pad retail is underway at the center.

**Kroger Marketplace**

1653 Basswood Blvd  
Fort Worth

The grocery opened in April at Basswood Blvd at Blue Mound Rd.

**Midlothian Towne Crossing**

FM 663 & US-287  
Midlothian

This Kroger Marketplace-anchored development is under construction, with Kroger slated to open in the second half of 2017.

**Allen Premium Outlets**

Stacy Rd & US-75  
Allen

The outlet mall will open an approximately 122,00-SF expansion by year-end 2017 for 30 new and expanded stores.

**Water Street**

NEC Las Colinas Blvd & O'Connor  
Blvd  
Irving

This mixed-use project with approximately 50,000 square feet of retail space is located on Lake Carolyn in the midst of the Las Colinas Urban Center.

**Pinstack**

2750 W IH-635  
Irving

A 50,000-square-foot entertainment concept that includes bowling and dining announced a summer 2017 opening in Irving's Las Colinas master-planned community.

**Shops of Prosper Trail**

Prosper Trail & Preston Rd  
Prosper

An existing center anchored by Kroger is expanding for concepts including Hollywood Feed, Mooyah burgers and others. Opening is scheduled for the second half of 2017.

### NEW CONSTRUCTION FOR 2018 OR LATER

**Walmart Supercenter**

Park Vista & Golden Triangle Blvd  
Fort Worth

An approximately 183,000-square-foot store, now underway, is set for a spring 2018 opening.

**Tom Thumb**

Akard & Cedar Springs  
Dallas

Urban grocery stores include a Tom Thumb grocery to open in street-level space in the Union high-rise project, an urban mixed-use project with 87,000 square feet of retail space at the edge of downtown Dallas. The project is set to open in 2018.

**Costco**

NEC US-380 & Hardin Blvd  
McKinney

The warehouse club is planned as the anchor for a future project.

**Grandscape**

SH-121 between Plano Pkwy &  
Destination Dr  
The Colony

The massive mixed-use project anchored by Nebraska Furniture Mart is opening new phases where the anchors include Galaxy Theatres, which will open an 85,000-square-foot 16-screen cinema in 2019, and Fargo, N.D.-based sporting goods superstore Scheels, which plans to open a 300,000-square-foot megastore in 2020.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

<b>IKEA</b> SWC IH-35W & N Tarrant Pkwy Fort Worth	The retailer announced plans to open a 289,000-square-foot store – its third in D-FW – in summer 2019.
<b>Wade Park</b> Dallas North Tollway & Lebanon Rd Frisco	The development team for Wade Park, a \$1.6 billion mixed-use project, has announced a 2018 opening date for the retail component of the project and its approximately 600,000 square feet of retail space.
<b>Midtown</b> IH-635 & Preston Rd Dallas	This mixed-use project with a large retail component is planned to open by the end of the decade in Far North Dallas, at the site of the former Valley View Mall.

Costco in Frisco



## APPENDIX C: HOUSTON CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

**Valley Ranch Town Center**  
US-59 N at Grand Pkwy  
Porter (Montgomery County)

This major regional-draw project saw its first anchors, a Kroger Marketplace and a Sam's Club, open during the first quarter of 2017. A new phase is now underway for T.J.Maxx, Burlington Coat Factory, PetSmart, Ross Dress for Less and others. The new phase brings the center to 600,000 square feet. Upon completion, it will total more than 1 million square feet. Academy Sports & Outdoors opened at the center in 2016.

**Market Center at Aliana**  
Grand Pkwy & Harlem Road  
Richmond

The first anchors in this 438,000-square-foot project include a 124,000-square-foot Target, set to open this fall. Target joined a 102,000-square-foot H-E-B, which opened in late 2016. The center's 2018 expansion will also have concepts like Marshalls, PetSmart and Ross.

**Grand Parkway Marketplace**  
Grand Pkwy near Spring Steubner  
Rd & Kuykendahl Rd  
Spring

During the first half of the year this center opened with Target (126,000 square feet), Burlington Coat Factory, DSW, PetSmart, T.J.Maxx, Michaels and several others. The center is located in The Woodlands trade area.

**Grand Parkway Marketplace II**  
Grand Pkwy near Spring Steubner Rd  
& Kuykendahl Rd  
Spring

Peripheral to Grand Parkway Marketplace, this center has Hobby Lobby and Academy Sports & Outdoors under construction.

**Woodshore Marketplace**  
SW Corner of Oyster Creek Dr &  
Dixie Drive  
Clute

11,200 SF of additional small-shop retail space joined a 123,000-square-foot Kroger Marketplace anchor and small-shop space that opened in 2016. The 2017 expansion includes Pet Supermarket and Bahama Bucks, plus Discount Tire on a pad..

**Grand Morton Town Center**  
Grand Pkwy & Morton Ranch Rd  
Katy

During May 2017 a 186,902-square-foot Walmart Supercenter joined anchors like Kroger Marketplace at this regional-draw center.

**The Market at Springwoods  
Village**  
Grand Pkwy & Holzwarth Rd  
Spring

This Kroger-anchored community center is slated for a second-half 2017 opening. Shop space opening this year includes Tarka Indian Kitchen, Zoe's Kitchen, Edible Arrangements, Jinya Ramen Bar and others.

**H-E-B**  
5130 Cedar St  
Bellaire

A new H-E-B is replacing a smaller H-E-B that was demolished in March 2017 to make way for a larger store. The planned 75,000-square-foot store, set for a late 2017 opening, will offer two stories of retail space, reflecting the tight market for new development sites in Houston's dense and built-out neighborhoods.

**H-E-B**  
Grand Pkwy & Champions Forest Dr  
Spring

A grocery store incorporating 103,000 SF opened during the first half of 2017..

**Birnam Woods Marketplace**  
Grand Pkwy & Birnam Woods Dr  
Spring

This center is set to open in the second half of 2017 with a 125,000-square-foot Kroger Marketplace. Shop-space tenants will include GNC, Sprint, Great Clips and others.

**Miramesa Town Center**  
Fry Rd & west Rd  
Houston

This Northwest Houston center's shop and pad space should open in the second half of 2017 with concepts like AT&T, Pizza Hut, Taco Bell and others. The center will also include a 42,000-square-foot Star Cinema Grill, which started construction during the first half of 2017.

## APPENDIX C: HOUSTON CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

**Walmart Supercenter**

25800 Kuykendahl Rd  
Tomball

The 186,000-SF store opened in February 2017.

**Stableside at Falcon Landing**

NEC Gaston Rd & Falcon Landing  
Blvd  
Katy

New phases are underway in this center. The center's first phase includes a 102,473-square-foot Kroger, which opened in June 2017, and limited small-shop space and pad users like Raising Cane's. More phases are set for 2018 and 2019.

**University Commons Shopping Center Phase I**

US-59 & University Blvd  
Sugar Land

In April 2017 this center opened with its anchor, a 50,000-SF Burlington Coat Factory. Additional retail, including Sprouts Farmers Market, is planned.

**The Kirby Collection**

3300 Kirby Dr near Richmond Ave  
Houston

This mixed-use project is now underway for a second-half 2017 opening. The Kirby Collection, which encompasses a block along Kirby Dr, will include residential, office and approximately 65,000 square feet of upscale retail, restaurant and entertainment space.

**The Junction at Deer Park**

Spencer Hwy & East Blvd  
Deer Park

The center expanded with 14,600 square feet in 2017. The new space joined an existing 83,000-square-foot H-E-B grocery. The new space includes MOD Pizza, AT&T, Deca Dental, Yo Yo's Chinese Café and Nails America. The center, at the northeast quadrant of Spencer Highway and East Boulevard in Deer Park, plans future phases that will bring the center to more than 400,000 square feet.

**Main Event Entertainment**

20945 Spring Creek Crossing  
Humble

The entertainment center, offering bowling, games and dining, opened a 50,000-square-foot location in May 2017.

**The Shoppes at Cinco Ranch**

FM 1093 & Spring Green Blvd  
Katy

A 100,000-SF Lowe's store opened in January 2017 at this Katy retail project.

**Fairfield Town Center**

28644 Northwest Fwy  
Cypress

This power-anchored project, designed to have as much as 600,000 square feet upon completion, opened its Phase I in late 2016 with Academy, Marshalls, Ross, Ulta and others. Additional small-shop space opened during 2017. A phase planned for completion in 2018 will add Cinemark and others and total approximately 200,000 square feet.

### NEW CONSTRUCTION FOR 2018

**Yale Marketplace**

IH-610 & Yale  
Houston

This center is to be anchored by one of the country's first locations for Whole Foods new value-shopping concept, 365 by Whole Foods Market; the grocery store has announced plans to open in 2018.

**The Village at Riverstone**

University Blvd & LJ Pkwy  
Sugar Land

A 165,000-SF center, anchored by a 100,000-square-foot Kroger, is set to open in spring 2018.

**Baytown Shops**

Garth Rd & Hunt Rd  
Baytown

The project is slated for a 2018 opening with a 104,000-square-foot H-E-B as the anchor.

## APPENDIX C: HOUSTON CONSTRUCTION

### NEW CONSTRUCTION FOR 2018

#### **H-E-B Mont Belvieu**

IH-10 & Eagle Dr  
Mont Belvieu

A grocery store with approximately 84,000 SF will open in 2018.

#### **Grand Parkway Town Center**

Grand Pkwy & Boudreaux  
Spring

This retail project, anchored by Sam's Club, is set to open in mid-2018.

#### **LaCenterra at Cinco Ranch**

23501 Cinco Ranch Blvd  
Katy

In 2017 this center broke ground on its final retail phase, to be anchored by a 37,000-SF Alamo Drafthouse Cinema.

#### **Crossing at Katy Fulshear**

FM 1093 & FM 1463  
Katy

Anchor Walmart Supercenter is set to open in summer 2018 in this large power-anchored project.

#### **District West**

Westpark Tollway near Peek Rd  
Houston

The center will open a new phase with approximately 70,000 square feet in 2018. The project is designed for as much as 500,000 square feet of mixed-use space.

#### **City Place**

IH-45 at Grand Parkway  
Houston

This north Houston mixed-use project is under construction near the new ExxonMobil corporate campus. CityPlace is designed to have 400,000 square feet of retail upon completion

#### **Imperial Market**

US-90 & Ulrich St  
Sugar Land

This 850,000-SF mixed-use center is a redevelopment of the old Imperial Sugar factory; Alamo Drafthouse will anchor the retail space.

#### **Katy Asian Town**

23119 Colonial Pkwy  
Katy

This community center near Grand Parkway and IH-10 has a scheduled 2018 completion and will be anchored by Houston's third H Mart grocery store.

The Junction at Deer Park, Deer Park



## APPENDIX D: SAN ANTONIO CONSTRUCTION

### NEW CONSTRUCTION FOR 2017

#### **Bulverde Marketplace**

SWC of Loop 1604 & Bulverde Rd  
San Antonio

The anchor, H-E-B, of this mixed-use project incorporates 118,000 square feet and is set to open in the second half of 2017. The center offers limited small-shop space totaling approximately 10,000 square feet for concepts including Mama Fu's, AT&T and Supercuts, which opened during the first half of 2017. Future phases of the project are planned to bring the retail and multi-use space to a total of as much as 500,000 square feet, plus multi-family units.

#### **H-E-B**

Alamo Pkwy & Alamo Ranch Pkwy  
San Antonio

A new 93,000-SF grocery store will open in fall 2017.

#### **Schaenfield Road Shopping Center**

Shaenfield Rd & Loop 1604  
San Antonio

This center is designed to have as much as 100,000 square feet upon completion. The first phase, set for 2017 completion, incorporates approximately 40,000 square feet.

#### **Culebra Commons**

W Loop 1604 & Culebra  
San Antonio

The 53,160-SF first phase of this center opens in the second half of 2017. Also for the second half of 2017, the project is adding retail and restaurant space in three freestanding buildings. One, with 14,500 square feet, is for La-Z-Boy furniture, and two restaurant buildings are for Texas Roadhouse and Taco Palenque.

### NEW CONSTRUCTION FOR 2018 AND BEYOND

#### **The Shops at Dove Creek**

Potranco Rd & Loop 1604  
San Antonio

The project could include as much as 500,000 square feet of retail space

#### **Live Oak Town Center**

IH-35 & Loop 1604  
Live Oak

Construction plans should be under way for South Texas' first IKEA, which will open in 2019 as the anchor for Live Oak Town Center. IKEA plans a 290,000-square-foot furniture store as anchor for the center, located at the southwest quadrant of IH-35 and Loop 1604 in Live Oak. In addition to IKEA, an additional 480,000 square feet of anchor and shop space is planned at Live Oak Town Center.

Representative Photo



# COMPANY OVERVIEW



Weitzman, one of the largest retail-focused commercial real estate services firms based in Texas, offers a full range of services, including general brokerage, tenant representation, project representation, investment sales, property management, asset management and development services. Weitzman operates offices in Dallas-Fort Worth, Austin, Houston and San Antonio.

# ACKNOWLEDGMENTS

**WE WOULD LIKE TO THANK THE FOLLOWING PEOPLE FOR THEIR VALUABLE CONTRIBUTIONS.**

## **SURVEY DATA & PRODUCTION**

---

Leisa Barger  
*Chief Marketing Officer*

Karin Jones-Moore  
*Senior Designer*

Ian Pierce  
*Vice President of Communications  
Writer-Editor-Researcher*

We extend special recognition to our Weitzman Research Division.

Our 2017 Texas Snapshot would not be possible without valuable input from our retail real estate associates who provided in-depth knowledge of the retail markets in Dallas, Fort Worth, Austin, Houston and San Antonio.

## **METHODOLOGY OVERVIEW**

Each market is reviewed for conditions relating to occupancy, leasing, new and expansion construction, tenant and user activity, rental rates and historical comparisons.

[WEITZMANGROUP.COM](http://WEITZMANGROUP.COM)

**AUSTIN**

4200 North Lamar  
Austin, Texas 78756  
512.482.0094

**DFW**

3102 Maple Ave, Ste 350  
Dallas, Texas 75201  
214.954.0600

**HOUSTON**

1800 Bering Dr, Ste 550  
Houston, Texas 77057  
713.781.7111

**SAN ANTONIO**

70 NE Loop 410, Ste 450  
San Antonio, Texas 78216  
210.366.3500

SHOPPING CENTER

2017

SURVEY & FORECAST

weitzman

---

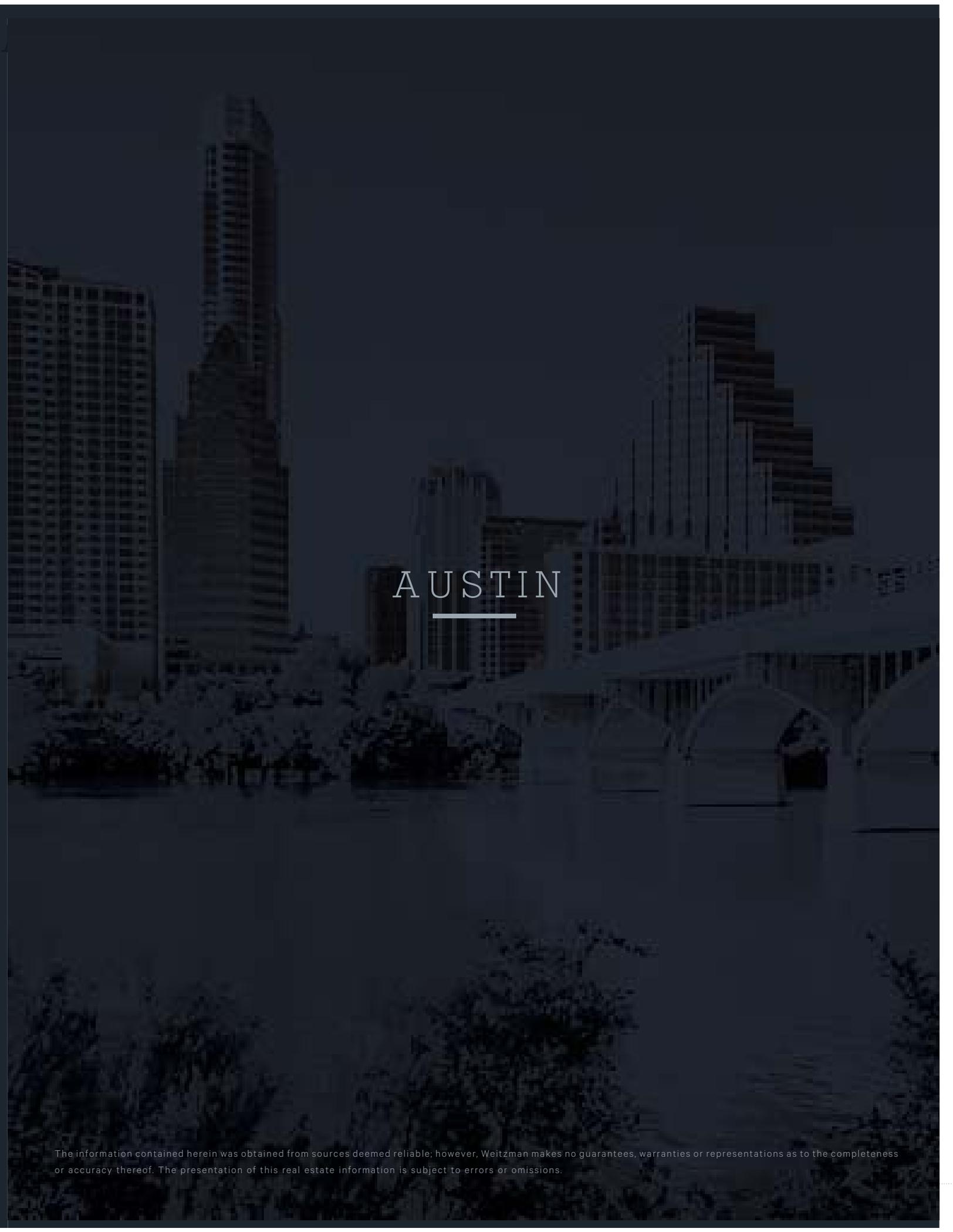
**TEXAS' MOST IN-DEPTH  
AND RESPECTED RETAIL  
MARKET INSIGHT.**

---

## TABLE OF CONTENTS

---

<b>04</b>	AUSTIN REVIEW
<b>08</b>	DALLAS - FORT WORTH REVIEW
<b>16</b>	HOUSTON REVIEW
<b>20</b>	SAN ANTONIO REVIEW
<b>23</b>	APPENDICES
<b>23</b>	APPENDIX A: AUSTIN CONSTRUCTION
<b>25</b>	APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION
<b>29</b>	APPENDIX C: HOUSTON CONSTRUCTION
<b>32</b>	APPENDIX D: SAN ANTONIO CONSTRUCTION
<b>34</b>	DEFINITIONS
<b>35</b>	COMPANY OVERVIEW
<b>35</b>	ACKNOWLEDGMENTS

A dark, atmospheric photograph of the Austin skyline at dusk or dawn. The city lights are visible against a dark sky. In the foreground, a bridge with several arches spans across the frame. The overall tone is moody and professional.

# AUSTIN

---

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



HOPDODDY BURGER BAR IS ONE OF THE MANY LOCAL DINING CONCEPTS EXPANDING IN AUSTIN. A NEW LOCATION IN MIXED-USE PROJECT **THE TRIANGLE** OPENED IN 2016, JOINING OTHER LOCAL CONCEPTS LIKE MAUDIE'S TEX-MEX.

## AUSTIN: AS AVAILABLE SPACE SHRINKS, SO DOES NEW DEVELOPMENT

For calendar-year 2016, the Austin retail market again recorded a year at essentially full occupancy. Despite the lack of available space, developers remain conservative in terms of new development, although the market is seeing a number of large new centers come online.

As of year-end, the market reported occupancy at 96.2 percent, one of its highest levels ever. We foresee this high occupancy continuing through 2017 due to new development that opens well-leased, as well as steady leasing that is absorbing the market's shrinking supply of available space.

No other Texas market has maintained occupancy above 90 percent as consistently as Austin. During the recession that started in 2007, when retailers like Linens 'n Things failed and closed stores, Austin managed to keep its occupancy above 90 percent.

Even with the tight market, new construction has remained constrained, largely due to high land and construction costs that require record-high rents. These rents are one reason why new space is being delivered in what are largely sure-shot locations that have the density and affluence to deliver retail sales high enough to support current

Class A-plus rent levels that can hit \$40 per square foot per year or more for small-shop space.

Occupancy remains highest in Central Austin, where density and active mid- and high-rise residential construction helps boost population and retail sales. The area also is essentially built out in terms of retail space, creating barriers to entry except through redevelopments.

Thanks to some large new leases and the backfilling of long-vacant boxes, many suburban markets are enjoying their strongest retail occupancy rates in recent memory. In Georgetown, on S. Austin Avenue near IH-35, a number of leases helped absorb the vacant space in a former Albertsons that had been empty for a decade.

The market also benefits from limited store closings. During 2016, few junior-anchor boxes closed. After Sports Authority went out of business nationwide, it closed its store in Southpark Meadows at IH-35 and Slaughter Lane. The site is currently being actively marketed.

Due to low construction, many expanding tenants open in existing-center vacancies or redevelopments.

### BACKFILLED OR REDEVELOPED RETAIL SPACE INCLUDES:

- **Target**, which took a 22,000-square-foot space in Dobie Twenty21, the redeveloped Dobie Mall at West 21st and Guadalupe adjacent to the University of Texas. The store, to open in mid-2017, will be the first in Texas for Target's "small-box" concept, which it has been rolling out in select markets;
- **H&M**, the popular fast-fashion apparel retailer, which opened in 20,000 square feet of existing space in Bee Cave's mixed-use Hill Country Galleria. The location is its second in Austin;
- **Saks Fifth Avenue Off 5th**, which opened an approximately 50,000-square-foot store in a former furniture store in Gateway Shopping Center, located on Research Boulevard in North Austin;
- **99 Ranch Market**, a specialty grocer that will open in the Crescent, the newly branded name for Highland Village. 99 Ranch Market will open in the renovated center in 2017; the location is its first in Austin;
- **The Spot**, an entertainment venue with a bar, bowling alley, movie theater and more, which opened at 1180 Thorpe Lane in San Marcos in a space that

formerly housed Target. The Spot joined a Gold's Gym that opened in the first half of 2016 in the power center;

- **Society of St. Vincent de Paul**, which renovated a vacant 25,000-square-foot grocery store into offices, thrift retail, storage and a small restaurant at 901 W. Braker Lane in North Austin;
- **STK**, a high-end steakhouse from New York-based The One Group, which leased nearly 11,000 square feet in a building formerly occupied by The Melting Pot at 305 East 3rd Street in downtown Austin. Opening has been pushed to 2017.

Additionally, Austin continues to see a high level of activity from local, regional and national restaurant concepts and other non-anchor tenants. The velocity of the leasing makes Austin one of the most active leasing markets in the country.

#### HIGHLIGHTS INCLUDE:

- **Boiler Nine Bar + Grill**, a multi-level locale that opened in 11,000 square feet in the Seaholm mixed-use project downtown along Lady Bird Lake;
- **Hopdoddy Burger Bar**, which opened at 2800 North IH-35 in Round Rock and in The Triangle, a mixed-use project in Central Austin;
- **Grand Lux Café**, the sister restaurant to The Cheesecake Factory, which

backfilled the former Jasper's location in The Domain;

- **P. Terry's**, with new locations that include a 2016 restaurant on Research Boulevard, a location north of Capital Plaza on IH-35, and one along North Lamar;
- **Torchy's Tacos**, which opened a flagship location in the former Fran's location on South Congress;
- **Pollo Tropical**, which opened a new freestanding location on IH-35 in Kyle;
- **Chi'lantro**, which opened its third area location on Burnet Road near The Domain. Chi'lantro gained fame this past year after winning an investment on the ABC reality show, Shark Tank;
- **Via 313** at 31st and Guadalupe;
- Other expanding small-tenant concepts include **Juiceland**, which opened in Parmer McNeil and Frost Tower, and which will open in Georgetown's Republic Square in 2017; local favorite **Jack Allen's Kitchen**, which will open on Anderson Lane in 2017; **Mama Fu's**; **AT&T** and other wireless retailers; Denver-based **Snooze**, a Denver-based brunch-and-breakfast specialist, which opened in Lamar Central, a mixed-use project; **Moe's Southwest Grill**, with several new locations; **Blenders & Bowls**, with two new locations; **Modern Market**, whose new locations include

the high-profile street-level space in downtown's Frost Tower; **Bufulina Due**, a specialty pizzeria, with a second location on Burnet Road; **Picnik**, **Citizen**, **Tino's**, **DeSano Pizza Bakery** and, soon, **Flyrite**, with new locations on Burnet Road; Flyrite, a fast-casual chicken concept also opened on E. Seventh St.; and ELM Group's new concept, **Irene's**, with a location on West Ave., and **Easy Tiger**, with its second location. ELM Group is known for **24 Diner** and others;

- Houston-based **Cyclone Anaya's**, **MAD Greens**, **The Dogwood**, **Salvation Pizza**, **Tarka Indian Kitchen**, **East Side King Thai Kun**, **Second Bar + Kitchen**, **Sway** (which also has a new location in Westlake), **Velvet Taco** and others located in Rock Rose in The Domain;
- Small-format health and fitness concepts, including **Massage Heights**, with two new locations, **Cyclebar**, **Soul Cycle** and **Orangetheory Fitness**.

During calendar-year 2016, the Austin market added approximately 1,106,000 square feet of space in new and expanded retail projects. This marks the first time since 2014 that the market has topped 1 million square feet, which is still an extremely conservative total for a growth market with a strong economy and the highest retail occupancy in Texas. (During calendar-year 2015, the market added approximately 900,000 square feet of space.)

SMALL SHOP LEASING REMAINED ACTIVE IN 2016. AT SOUTHPARK MEADOWS, FOR EXAMPLE, NEW TENANCY INCLUDED MASSAGE HEIGHTS, AMERICA'S BEST CONTACTS & EYEGLASSES, DOLLAR TREE & OTHERS.



A handful of new retail projects, including one that accounted for 60 percent of the construction total, came online in 2016. A number of projects also are underway or planned to open in 2017 or later. These are detailed in the Construction Report in Appendix A, on page 23.

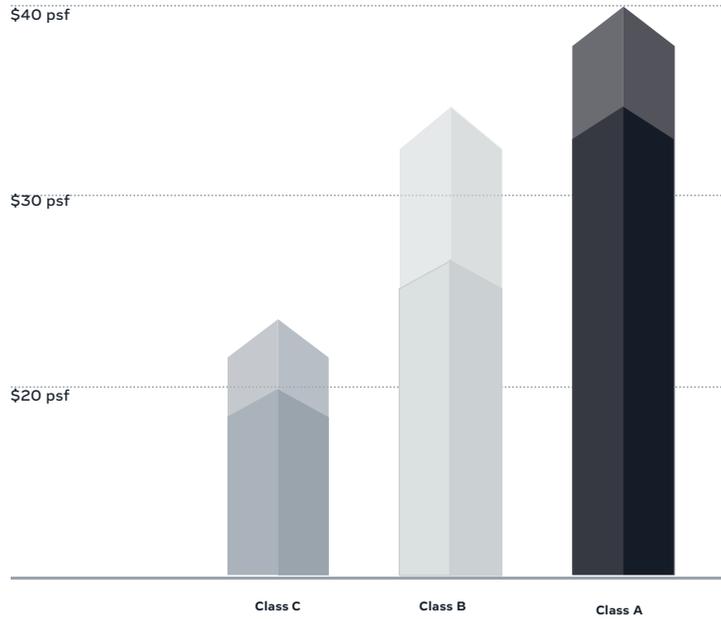
### RENTS REMAIN HIGH

In terms of rents, Austin-area rental rates are at or near all-time highs, but they are not showing notable increases.

- For small-shop space in anchored Class A projects, rates range from the mid-\$30s per square foot per year to \$40 per square foot or higher;
- Averages for Class B small-tenant rates are posting from the mid-\$20s to around \$33 per square foot per year;
- Averages for Class C rates for small-tenant in-line spaces typically range from around \$20 to \$24 per square foot, though some Class C rates are in the teens.

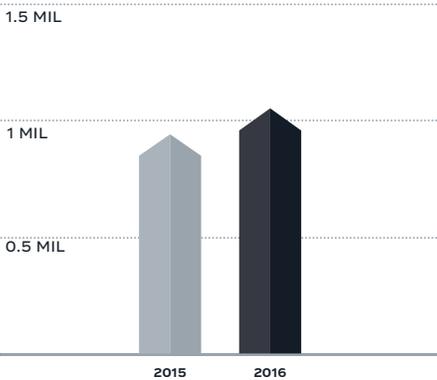
For all classes of space, rates can go notably lower or higher than the rates listed above due to factors including anchors, traffic, demographics and location within a center.

The outlook for 2017 remains strongly positive, thanks to current leasing and development trends and a booming economy that is resulting in an unemployment rate that ranks as the lowest for any of Texas' major metros.

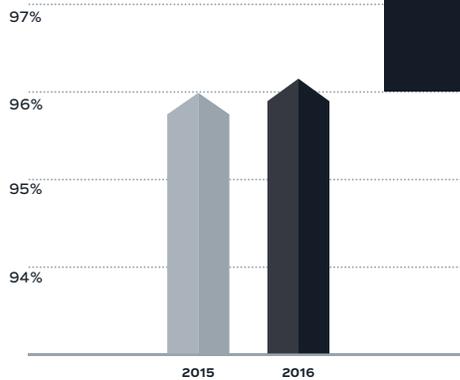


**RENTS**

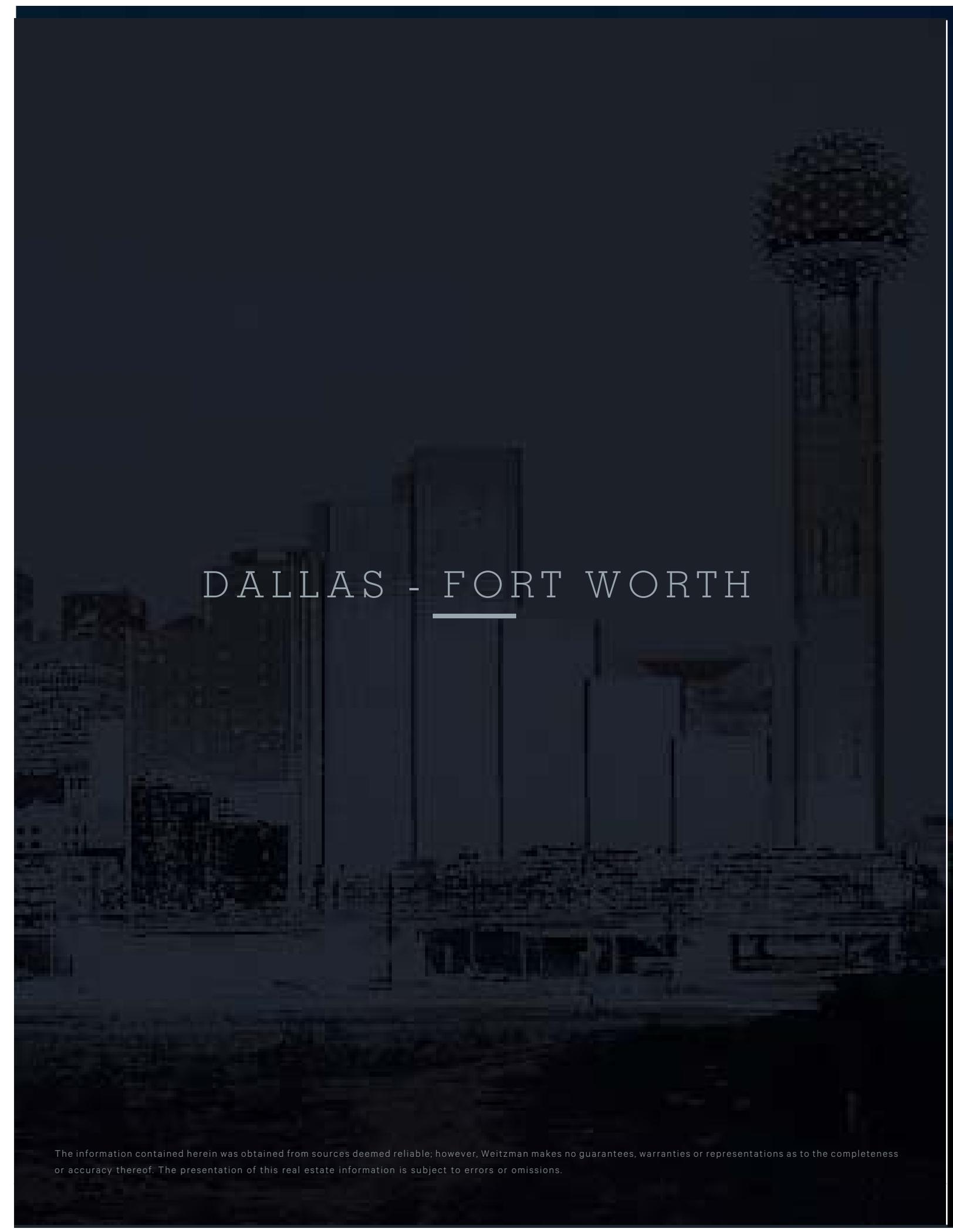
LOW CONSTRUCTION, STEADY LEASING AND A STRONG METRO ECONOMY HELP CREATE ONE OF THE STRONGEST RETAIL MARKETS IN THE COUNTRY.



**CONSTRUCTION**



**OCCUPANCY**



# DALLAS - FORT WORTH

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



## D-FW RETAIL MARKET ACHIEVES RECORD-HIGH OCCUPANCY AS LEASING CLIMBS, NEW SPACE DROPS

Dallas-Fort Worth's retail market ended 2016 with 92.6 percent occupancy, an increase of a full percentage point over year-end 2015's 91.6 percent occupancy. The occupancy rate exceeds the previous 32-year record for the market, a 92-percent occupancy rate achieved in the boom year of 1984.

The new occupancy rate is a result of overall market vacancy dropping to 7.4 percent. As recently as 2009, around 13 percent of the market's space was vacant, and since then, total vacant space has declined from 23.1 million square feet in the depths of the recession to 14.2 million square feet of vacant space today, a reduction of nearly 10 million square feet over the past seven years.

### THE OCCUPANCY GAIN WAS LARGELY DUE TO:

- Demand from expanding concepts, including anchors, that created high leasing activity levels for the market's existing centers;
- New space development that was primarily anchor driven with extremely limited small-shop space that was built in line with demand;
- New market entrants that expanded primarily via existing space.

The occupancy rate is based on Weitzman's review of a total D-FW retail market inventory of 193,001,080 square feet of space in projects with 25,000 square feet or more – the largest retail inventory for any metro area in Texas. Weitzman surveys 1,406 centers in 42 submarkets, of which 30 submarkets are in the Dallas-area market, and 12 submarkets are in the Fort Worth-area market.

For year-end 2016, the occupancy rate in the Dallas area was 92.6 percent, an improvement over year-end 2015's 91.3 percent. The rate is based on a review of 979 projects with a total market inventory of 133.9 million square feet in the Dallas area.

The occupancy rate in the Fort Worth area was even better: 92.7 percent, compared to 92.4 percent at year-end 2015. The rate is based on 427 retail projects with a total inventory of 59.1 million square feet.

### FOR D-FW'S MAJOR SHOPPING CENTER CATEGORIES, THE SURVEY REPORTED THE FOLLOWING OCCUPANCY RATES:

- **Community Centers** – 92.3 percent (Compared to 91.5 percent at year-end 2015) based on an inventory of 74.4 million square feet.

### MALL OCCUPANCY

CLIMBED IN 2016, THANKS TO CONCEPTS THAT LEASED OR EXPANDED SPACE. AT DENTON'S GOLDEN TRIANGLE MALL, BOTH VICTORIA'S SECRET AND BATH & BODY WORKS INCREASED THEIR STORE SIZE.

- This category, typically anchored by a grocer, is the market's largest in terms of inventory. Community centers feature some of the strongest projects in D-FW. In addition to grocery and discounter anchors, the category features a mix of tenants designed to serve community needs.
- **Neighborhood Centers** – 89.3 percent (86.7 percent at year-end 2015) based on an inventory of 40.6 million square feet.
  - This category represents smaller, typically unanchored centers of 25,000 square feet to as much as 100,000 square feet. The occupancy rate for year-end 2016 represents an improvement of 8.3 percent since the category's low point in 2010, which occupancy declined to only 81 percent. Since that time, vacant space in neighborhood centers has declined from 6.9 million square feet at year-end 2010 to 4.3 million square feet today.
  - The strongest neighborhood centers in the category continue to report healthy occupancies, and 23 submarkets report neighborhood-center occupancy ranging from 90 to 100 percent, compared to just 13 submarkets in 2015.

- **Power Centers** – 95.3 percent (95.2 percent at year-end 2015) based on an inventory of 40.5 million square feet.

- The occupancy in this category remains healthy as the category transforms from one with only power “category killer” retailers to an expanded focus with uses ranging from gyms to discounters, grocers to medical uses, as well as entertainment and restaurants. The Power category, which reported fast-rising vacancy during the recession when power tenants like Circuit City and Linens ‘n Things failed, is today one of the healthiest categories in Dallas-Fort Worth, even with the closing of several stores by Sports Authority.

- **Mixed-use** – 95.5 percent (95.4 percent at year-end 2015) based on an inventory of 5.8 million square feet of retail space in projects with other commercial and residential space.

- This category, with retail at its core, typically also features residential and office space, as well as other uses such as hotel or entertainment.
- This category saw strong activity from restaurant, service and shop tenants.
- During 2016 and moving into 2017, mixed-use is the most active non-community category, with major

mixed-use projects underway including Legacy West in Plano.

- **Malls** –93.8 percent (93.1 percent at year-end 2015) for an inventory of 23.5 million square feet.

- These numbers remain healthy, even taking into consideration Macy’s closing a mall anchor store in Fort Worth. For 2017, we’ll see another department store go dark after Neiman’s relocates its Ridgmar store to Shops at Clearfork.
- Mall owners do not take these vacancies lightly. Plans are already in the works to redevelop the Macy’s and the Neiman’s spaces, possibly for multi-tenant or entertainment space.

### ABSORPTION STEADY IN 2016

Steady leasing in existing retail projects and new projects opening full or essentially full proved to be big drivers for strong absorption in D-FW. Absorption measures net leasing demand by using a formula to determine the net change in occupied space.

For 2016, the market reported 3,802,546 square feet of absorption. While the total represents a decline over the 4,531,480 square feet absorbed in 2015, it still represents the second-highest activity in 16 years. A total of 2,609,687 square feet were absorbed in the Dallas area, almost as much as the 2.6 million square

feet absorbed in the entire D-FW market in 2014. In the smaller Fort Worth retail market, a healthy 1,192,858 square feet of space was absorbed.

The overall market did see some new key vacant spaces, most notably the nine closed Sports Authority stores, which created more than 411,000 square feet of new vacancy, plus four Fresh Market stores (altogether totaling less than 90,000 square feet) and four area Goldsmith stores, which were closed after the chain’s acquisition by Dick’s Sporting Goods. Fortunately, D-FW has a stellar track record of backfilling retail vacancies, and 2016 was no exception, with Tom Thumb already open in three of the former Fresh Markets.

To make locations and existing centers as attractive as possible for expanding retailers, many sites are undergoing renovations. In Uptown Dallas, even high-profile mixed-use project The Crescent completed a \$33 million renovation that helped its retail space sign new concepts like New York-based Shake Shack and Canada-based Moxie’s. As expanding grocers, like WinCo with new 85,000-square-foot stores, open in existing centers, many projects are reporting their highest occupancy in decades thanks to the shopper traffic and the service and shop co-tenancy new anchors attract.



**MIXED-USE RETAIL**  
RECORDED OVERALL OCCUPANCY GAINS IN 2016. PROJECTS LIKE WEST PLANO VILLAGE, SHOWN HERE, SAW STEADY OPENINGS FROM SPECIALTY RESTAURANTS, SERVICES AND SHOPS.

For 2016, leasing in existing centers is boosting occupancy and taking spaces both large and small from the market.

**KEY BACKFILLED LOCATIONS IN EXISTING CENTERS DURING THE YEAR INCLUDED:**

- At Home, the home accessories superstore, which at mid-year 2016 opened in a 140,167-square-foot former Walmart box at 13307 Midway Road in Farmers Branch. At Home also leased a former Kohl's at North Central Expressway and Parker Road to relocate its East Plano store;
- H&M, the popular fast-fashion retailer, which opened during the first half of 2016 in a 31,000-square-foot vacancy created when Barnes & Noble closed in downtown Fort Worth. H&M also opened in 22,000 square feet of backfilled space at Hulen Mall in Fort Worth;
- WinCo Foods, with new stores totaling approximately 85,000 square feet that opened in or are redeveloping large vacancies in D-FW, including:
  - o A store that opened in September 2016 at the site a former Sports Authority in Arlington's Bardin Place Shopping Center, located at 4620 S. Cooper Street;
  - o The site of a closed Target store in Trinity Valley Shopping Center, located at SH-190 and Josey Lane. The new 85,000-square-foot WinCo is now under construction and will open in 2017.
- Saks Fifth Avenue OFF 5th, J. Crew and Nordstrom Rack, which leased a total of 68,000 square feet of existing space in Preston Ridge, a shopping center at Gaylord Parkway and Preston Road in Frisco;
- Alamo Drafthouse, which backfilled a 46,000-square-foot former grocery

space at Skillman Abrams Shopping Center in East Dallas for a nine-screen location to open in 2017;

- Burlington Coat Factory, which leased approximately 48,000 square feet in formerly multi-tenant space in Cedar Hill Shopping Center, located on FM 1382 in Cedar Hill;
- Guitar Center, which took 13,349 square feet of a former Best Buy vacancy at Cedar Hill Pointe in Cedar Hill;
- F21 Red, an apparel retailer, which opened in 17,484 square feet of existing space in Cedar Hill's Hillside Village open-air mall;
- Tom Thumb, which opened in backfilled space in three former Fresh Market stores in East Dallas, in the Oak Lawn area of Dallas and in the University District of Fort Worth. Fresh Market exited the D-FW market in the second quarter of 2016;
- Gold's Gym, which opened a new location in 38,500 square feet in a long-vacant Bally's Fitness at North Central Expressway and Campbell in Richardson. The existing space was expanded by 9,500 square feet for the Gold's;
- The complete redevelopment of the vacant, 125,000-square-foot Saks store at The Shops at Willow Bend, an upscale mall in Plano. The razed Saks store site is being redeveloped for an open-air entertainment, restaurant and retail district. The mall's owner is also in the works with plans for an office tower and a hotel at the site, located at the Dallas North Tollway and Park Boulevard;
- Dirt Cheap, which leased a 34,265-square-foot former Conn's on South Cherry Lane in White Settlement, near Fort Worth.

For calendar-year 2016, despite what could be considered its healthiest balance of supply and demand in history, D-FW added only 2,027,122 square feet in new and expanded projects with 25,000 square feet or more. The Dallas area reported 984,649 square feet of new space, and the Fort Worth area reported 1,042,473 square feet.

The construction total represents a decline from 2015, when the market reported new construction of 2.7 million square feet of new retail space. While millions of square feet remain in the pipeline, limited shop space is being developed in conjunction with anchors like Kroger Marketplace, and phased developments taking longer than first announced are among the key reasons for the drop in new space compared to 2016.

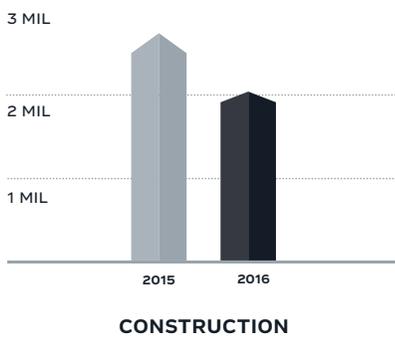
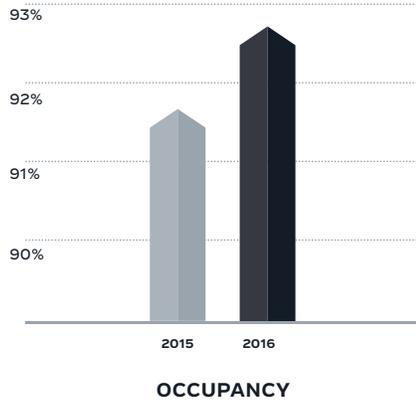
New space in major retail projects for 2016 and 2017 is highlighted in the Construction Report in Appendix B on page 25.

Although it's not set to open until 2020, it's notable that Fargo, N.D.-based Scheels is on track to enter the D-FW market with a 300,000-square-foot megastore in the Nebraska Furniture Mart-anchored Grandscape development in The Colony.

The D-FW retail market activity, especially retail leasing demand and store growth, is boosted by the metro area's economy, which ranks as one of the strongest in the country. In terms of population, the D-FW metro area ranks as one of the fastest-growing in the country. Currently, the D-FW market's population totals 7.1 million people, an increase of 36.2 percent since 2000.

With powerful growth expected to continue in the key areas of jobs, population and residential growth, the outlook for the D-FW retail market in 2017 is for a year with steady gains building on the strength seen in 2016.

	PROPERTIES	2016 GLA	2016 VACANCY	2016 % VACANCY
Neighborhood	698	40,571,544	4,321,603	10.65%
Mixed-Use	34	5,763,214	256,963	4.46%
Malls	18	23,490,097	1,459,958	6.22%
Power	135	40,475,079	1,888,515	4.67%
Community	473	74,405,844	5,697,561	7.66%



## DFW RENTAL RATES

SECTOR	NAME	CLASS A	CLASS B	CLASS C
1	Dallas CBD	\$40	\$24	\$12
2	Northeast Dallas	\$32	\$20	\$10
3A	Far North Dallas	\$25	\$19	\$14
3B	North Dallas	\$40	\$25	\$17
3C	Park Cities/Oak Lawn	\$55	\$31	\$23
3D	West Dallas	\$28	\$15	\$10
4	Southeast Dallas	\$15	\$10	\$7
5	Southwest Dallas	\$18	\$14	\$7
6	Addison	\$31	\$20	\$11
7	Carrollton	\$22	\$15	\$10
8	DeSoto/Lancaster	\$16	\$10	\$6
9	Duncanville	\$15	\$10	\$7
10	Farmers Branch	\$18	\$14	\$8
11	Grand Prairie	\$28	\$15	\$10
12	Irving	\$28	\$16	\$10
13A	Coppell	\$27	\$19	\$12
13B	Mesquite/Balch Springs	\$24	\$15	\$8
14	Richardson	\$30	\$22	\$12
15	Plano	\$36	\$25	\$12
16	Denton	\$34	\$25	\$12
17	Lewisville/Flower Mound	\$30	\$22	\$12
18	McKinney	\$28	\$21	\$15
19	Frisco	\$38	\$25	\$17
20	Allen	\$28	\$18	\$12
21	Rowlett	\$25	\$15	\$9
22	Rockwall	\$27	\$18	\$11
23	Cedar Hill	\$22	\$16	\$11
24	Murphy/Wylie/Sachse	\$26	\$18	\$10
25	Garland	\$27	\$16	\$10
26	Northern Ellis County	\$21	\$16	\$10
<b>DALLAS AVERAGE</b>		<b>\$26</b>	<b>\$18</b>	<b>\$11</b>
27	Arlington	\$26	\$18	\$10
28	Bedford/Euless	\$27	\$14	\$10
29	Hurst	\$26	\$15	\$10
30	Northeast Fort Worth	\$27	\$15	\$8
31	Northwest Fort Worth	\$25	\$14	\$8
32	Southeast Fort Worth	\$18	\$14	\$7
33	Southwest Fort Worth	\$32	\$20	\$12
34	Fort Worth CBD	\$30	\$20	\$13
35	North Richland Hills	\$24	\$14	\$8
36	Northeast Tarrant County	\$36	\$22	\$15
37	Weatherford	\$25	\$16	\$8
38	Burleson	\$25	\$18	\$12
<b>FORT WORTH AVERAGE</b>		<b>\$27</b>	<b>\$17</b>	<b>\$10</b>
<b>DFW AVERAGE</b>		<b>\$28</b>	<b>\$18</b>	<b>\$11</b>

TABLE REFLECTS ASKING RATES BEFORE CONCESSIONS FOR TYPICAL SMALL-SHOP SPACE. TOTALS ARE NOT WEIGHTED.

# DALLAS-FORT WORTH SUBMARKET SUMMARY

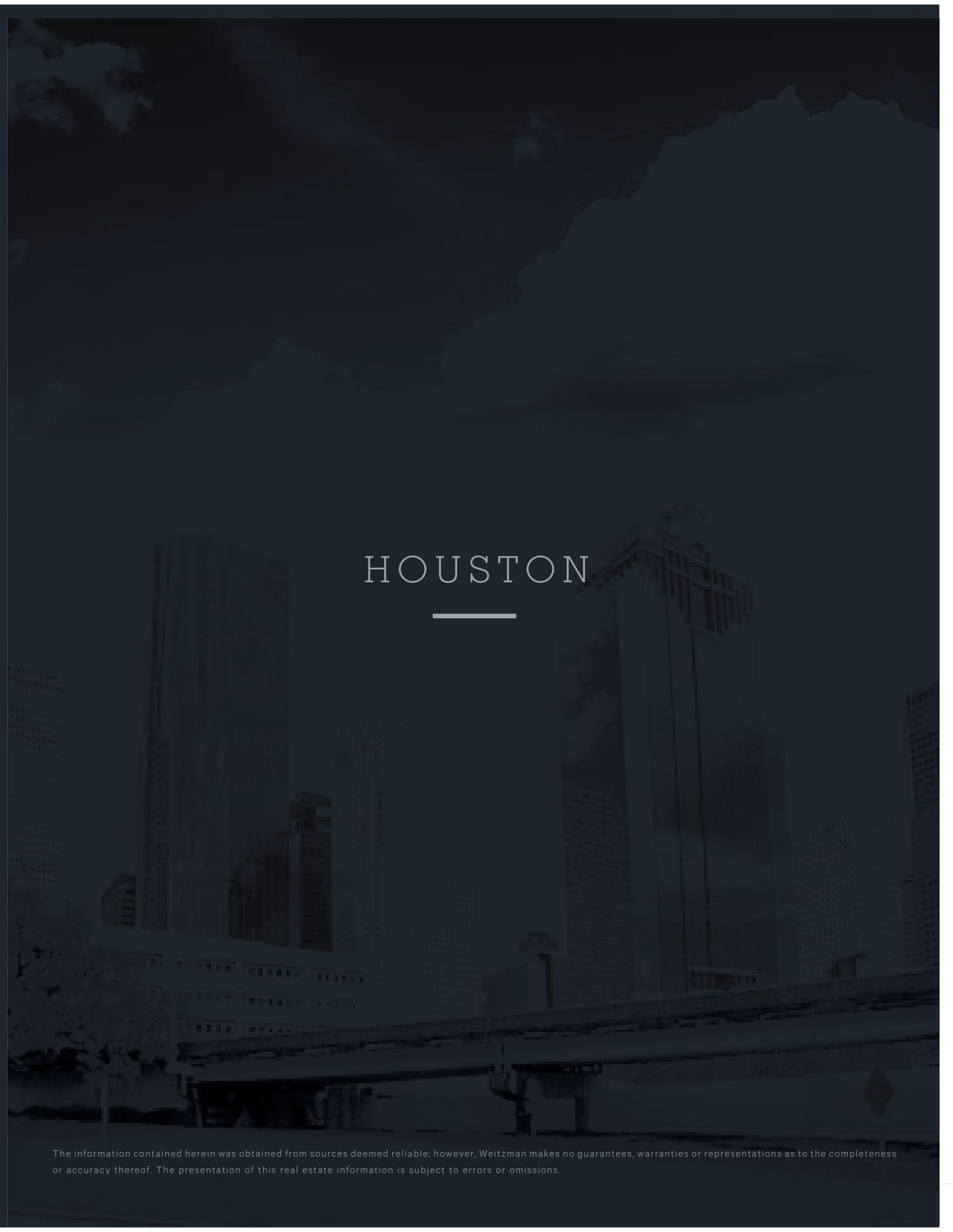
	NAME	YE 2015 GLA	YE 2015 VACANCY	YE 2015 % VACANCY	YE 2016 GLA	YE 2016 VACANCY	YE 2016 % VACANCY
1	Dallas CBD	536,492	118,957	22.17%	536,492	116,784	21.77%
2	Northeast Dallas	9,429,535	1,002,933	10.64%	9,429,535	388,897	4.12%
3A	Far North Dallas	8,791,116	620,951	7.06%	8,791,116	584,245	6.65%
3B	North Dallas	5,747,739	165,376	2.88%	5,747,739	124,008	2.16%
3C	Park Cities/Oak Lawn	3,169,973	80,438	2.54%	3,207,692	70,036	2.18%
3D	West Dallas	567,492	122,350	21.56%	567,492	59,115	10.42%
4	Southeast Dallas	1,924,034	213,800	11.11%	1,924,034	34,840	1.81%
5	Southwest Dallas	7,506,301	1,116,556	14.87%	7,500,189	597,518	7.97%
6	Addison	1,482,111	201,385	13.59%	1,482,111	232,198	15.67%
7	Carrollton	3,352,321	439,444	13.11%	3,352,321	367,507	10.96%
8	DeSoto/Lancaster	2,076,711	221,435	10.66%	2,076,711	247,233	11.91%
9	Duncanville	1,444,174	255,397	17.68%	1,444,174	229,424	15.89%
10	Farmers Branch	1,086,528	101,545	9.35%	1,086,528	86,777	7.99%
11	Garland	7,071,524	763,103	10.79%	7,071,524	432,324	6.11%
12	Grand Prairie	3,486,058	153,958	4.42%	3,486,058	114,949	3.30%
13A	Irving	8,163,653	874,683	10.71%	8,231,653	983,409	11.95%
13B	Coppell	853,480	129,120	15.13%	853,480	86,381	10.12%
14	Mesquite/Balch Springs	5,237,819	517,756	9.88%	5,237,819	437,357	8.35%
15	Richardson	4,000,976	477,057	11.92%	4,100,976	351,358	8.57%
16	Plano	15,178,222	1,539,192	10.14%	15,178,222	1,639,165	10.80%
17	Denton	6,300,142	358,534	5.69%	6,540,142	369,880	5.66%
18	Lewisville/Flower Mound	10,138,781	867,361	8.55%	10,138,781	926,263	9.14%
19	McKinney	3,661,840	194,494	5.31%	3,902,840	90,815	2.33%
20	Frisco	6,875,488	224,099	3.26%	7,017,722	203,210	2.90%
21	Allen	4,961,761	327,793	6.61%	4,961,761	391,133	7.88%
22	Rowlett	1,327,542	76,524	5.76%	1,327,542	101,215	7.62%
23	Rockwall	2,078,141	114,978	5.53%	2,078,141	164,109	7.90%
24	Cedar Hill	2,656,273	167,808	6.32%	2,665,273	190,849	7.16%
25	Murphy/Wylie/Sachse	1,962,451	44,515	2.27%	1,962,451	111,061	5.66%
26	Northern Ellis County	1,880,589	65,475	3.48%	1,994,762	181,284	9.09%
	<b>DALLAS</b>	<b>132,949,262</b>	<b>11,557,017</b>	<b>9.14%</b>	<b>133,915,281</b>	<b>9,913,344</b>	<b>7.40%</b>
27	Arlington	13,877,553	942,250	6.79%	13,877,553	918,312	6.62%
28	Bedford/Euless	2,728,478	250,259	9.17%	2,948,406	234,188	7.94%
29	Hurst	3,678,524	350,834	9.54%	3,678,524	232,780	6.33%
30	Northeast Fort Worth	3,742,411	357,466	9.55%	3,865,456	332,187	8.59%
31	Northwest Fort Worth	6,284,119	353,539	5.63%	6,783,619	335,327	4.94%
32	Southeast Fort Worth	1,736,560	176,510	10.16%	1,736,560	189,899	10.94%
33	Southwest Fort Worth	9,351,542	883,840	9.45%	9,551,542	969,299	10.15%
34	Fort Worth CBD	393,300	54,824	13.94%	391,800	37,900	9.67%
35	North Richland Hills	3,249,011	615,245	18.94%	3,249,011	457,425	14.08%
36	Northeast Tarrant Co	9,248,542	367,175	3.97%	9,248,542	482,132	5.21%
37	Burleson	2,078,016	44,874	2.16%	2,078,016	33,233	1.60%
38	Weatherford	1,676,770	68,480	4.08%	1,676,770	90,728	5.41%
	<b>FORT WORTH</b>	<b>58,044,826</b>	<b>4,465,296</b>	<b>7.69%</b>	<b>59,085,799</b>	<b>4,313,410</b>	<b>7.30%</b>
	<b>GRAND TOTAL</b>	<b>190,994,093</b>	<b>16,022,313</b>	<b>8.39%</b>	<b>193,081,080</b>	<b>14,226,754</b>	<b>7.37%</b>



# DALLAS-FORT WORTH - ABSORPTION & CONSTRUCTION

NAME	2016 ABSORPTION	2016 CONSTRUCTION*
1 Dallas CBD	2,173	
2 Northeast Dallas	614,036	
3A Far North Dallas	36,706	
3B North Dallas	41,368	
3C Park Cities/Oak Lawn	48,121	50,000
3D West Dallas	63,235	
4 Southeast Dallas	178,960	
5 Southwest Dallas	512,926	
6 Addison	-30,813	
7 Carrollton	71,937	
8 DeSoto/Lancaster	-25,798	
9 Duncanville	25,973	
10 Farmers Branch	14,768	
11 Garland	330,779	
12 Grand Prairie	39,009	
13A Irving	-40,726	68,000
13B Coppell	42,739	
14 Mesquite/Balch Springs	80,399	
15 Richardson	225,699	100,000
16 Plano	-99,973	
17 Denton	228,654	240,000
18 Lewisville/Flower Mound	-58,902	
19 McKinney	344,679	241,000
20 Frisco	163,123	162,426
21 Allen	-63,340	
22 Rowlett	-24,691	
23 Rockwall	-49,131	
24 Cedar Hill	-14,041	
25 Murphy/Wylie/Sachse	-66,546	
26 Northern Ellis County	-1,636	114,173
<b>DALLAS</b>	<b>2,609,687</b>	<b>984,649</b>
27 Arlington	23,938	
28 Bedford/Euless	235,999	219,928
29 Hurst	118,054	
30 Northeast Fort Worth	148,324	123,045
31 Northwest Fort Worth	517,712	499,500
32 Southeast Fort Worth	-13,389	
33 Southwest Fort Worth	114,541	200,000
34 Fort Worth CBD	15,424	
35 North Richland Hills	157,820	
36 Northeast Tarrant Co	-114,957	
37 Burleson	11,641	
38 Weatherford	-22,248	
<b>FORT WORTH</b>	<b>1,192,859</b>	<b>1,042,473</b>
<b>GRAND TOTAL</b>	<b>3,802,546</b>	<b>2,027,122</b>

\* New construction of 25,000 square feet or more; some construction represents expansion space



# HOUSTON

---

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



**THE JUNCTION AT DEER PARK, ANCHORED BY H-E-B, OPENS A NEW PHASE IN 2017.**

## HOUSTON RETAIL MARKET CONTINUES TO PERFORM IN FACE OF ENERGY INDUSTRY WEAKNESS

Houston's retail market as of year-end 2016 reports a healthy occupancy rate of 95.5 %, which ranks as one of the strongest rates recorded for the market; occupancy showed a slight decrease over year-end 2015.

The retail market to date has shown little to no ill effect from the oil market's weakness. The market remains healthy due to weaker but positive employment growth, as well as healthy population and residential growth. The market is seeing more new retail construction than any other major metro in Texas, but the new space is reacting to increased density inside the Loop and strong suburban residential growth, which is creating new demand that is being met by a large number of new grocery stores.

During the first half of 2016, the market saw the closure of 11 Sports Authority stores, four Fresh Market grocery stores and two Walmart stores, a Supercenter on FM 1960 West and a Neighborhood Market on Gessner. Sports Authority's 11 area stores ranged in size from 35,000 square feet to more than 65,000 square feet, creating well over a half a million square feet of vacancy in the process. Fresh Market's failure did not have as large an impact, but its closure of four area stores added close to 90,000 square feet of vacant space, and the Walmart

closings further added more than 272,000 square feet of vacancy to the market.

Weitzman reviews a Houston-area retail market inventory of approximately 155.3 million square feet in multi-tenant retail centers with 25,000 square feet or more.

While high profile, the closings represented only a rounding error for a market with more than 150,000 million square feet of retail inventory; as they are marketed, the vacant boxes are likely to find new tenancy within a reasonable amount of time due to the fact that the metro area has a strong track record of backfilling vacant existing space.

The retail market is benefitting from the continued strength of the Houston economy, which despite the loss of numerous energy-sector jobs, still reports an unemployment rate of only 4.9 percent as of November 2016, according to the Texas Workforce Commission. The rate actually represents an improvement over the 5.8 percent rate posted as of July 2016.

Thanks to positive job growth combined with strong population growth, the ongoing oil price downturn that began in mid-2014 has had few negative effects on the retail market; however, segments of the office and industrial markets have

seen vacancy increase due to its heavy concentration of "upstream" energy firms, particularly in the Downtown and Energy Corridor submarkets. The segments like refineries and petrochemical plants that make up Houston's "downstream" market, however, continue to perform strongly due to the fact that they benefit from lower oil prices. This is boosting the residential and retail markets in Houston areas like Baytown, Pasadena and Deer Park. The strong economies in these areas are leading to higher residential and retail construction, and the jobs

### KEY CONCEPTS BACKFILL VACANCIES IN 2016

DICK'S SPORTING GOODS	FIESTA MART
H•E•B	NORDSTROM RACK
WHOLE FOODS	ACADEMY SPORTS & OUTDOORS
PGA SUPERSTORE	

created by the downstream boom are seen as one key factor that is keeping the Houston market out of negative job-growth territory.

For calendar-year 2016, the Houston-area retail market added approximately 3,415,000 square feet of retail space in new and expanded projects, an increase over the 2.7 million square feet that came online in 2015. The current construction total marks the highest new construction since 2008, when 4.9 million square feet came online. Construction dropped sharply during the recent recession, with the lowest point being 600,000 square feet of new space in 2011.

Based on projects underway and planned, the market in 2017 should see construction remain active but with lower total space.

For 2016, the majority of new retail centers are dominated by grocery-anchored retail with some very high-profile exceptions. New retail space in new and expanded projects is detailed in the Construction Report in Appendix C on page 29.

**THE MARKET IS ALSO SEEING STRONG DEMAND FOR SPACE IN EXISTING CENTERS. LEASING HIGHLIGHTS INCLUDED:**

- Dick's Sporting Goods stores, which opened new-construction locations as mentioned previously, as well as new stores in backfilled space at Deerbook Mall, First Colony Mall, The Woodlands

Mall and Willowbrook Mall. The stores, in the 50,000-square-foot to 80,000-square-foot range, are among the national chain's first six stores in the Houston market, all of which opened in 2016;

- PGA Superstore, which opened in a 45,500-square-foot former Sports Authority location at 19075 IH-45 North in The Woodlands Shopping Center;
- Nordstrom Rack, which is backfilling a 27,000-square-foot former Sports Authority space in Portofino Shopping Center, located in The Woodlands area in Shenandoah. The store will open in 2018;
- Whole Foods Market, which opened a 40,000-square-foot store at 11041 Westheimer Road in a former Randalls;
- H-E-B, which opened a 62,000-square-foot store at the site of a vacant Kmart at Highway 146 near Palmer Highway in Texas City;
- Fiesta Mart, which backfilled three vacant grocery store boxes located at 2877 S. Richey and at 11035 East Freeway in Houston and at 5101 Avenue H in Rosenberg;
- Academy, which opened a 63,000-square-foot store at 1461 Spring Cypress and IH-45, which represents the redevelopment of a former Kroger location;
- Boot Barn, which leased 13,250 square feet in Federal East Shopping Center,

located along IH-10 in East Houston. The retail property is being renovated;

- Fitness Connection, which leased 44,200 square feet in Jones Plaza in Northwest Houston;
- El Mercado, a Hispanic-themed grocery store, with a 42,130-square-foot space in Fairmont Junction Shopping Center on Fairmont Parkway in Pasadena.

**RESTAURANTS REMAIN ONE OF THE HOUSTON AREA'S MOST ACTIVE CATEGORIES FOR NEW LOCATIONS. NEW AND EXPANDING CONCEPTS INCLUDE:**

- Mellow Mushroom, a specialty pizza concept that opened its second Houston location at 1919 N. Shepherd in the Heights area. Also in the Heights, Dallas-based specialty pizza concept Cane Rosso opened its first Houston location during the first half of the year at 1835 N. Shepherd;
- Fast-casual Malawi's Pizza, which entered the market with a location at 8731 Highway 6 in Sienna Plantation. A second location soon opens in Central Square Midtown, a mixed-use project located at 2100 Travis Street in the Midtown district;
- Tacodeli and Hopdoddy Burger Bar, favorites out of Austin, which are opening new Houston locations;
- Snooze, a Denver-based breakfast-and-brunch concepts, which is opening several locations throughout the market;
- Maggiano's, an upscale Italian chain, which opened its third area location in Memorial City Mall;
- Roka Akor, a high-end Japanese steak, sushi and seafood restaurant that will open in 2017 in the 2929 Wesleyan luxury residential tower in the River Oaks area of Houston;
- Fast-casual and quick-serve chicken concepts, which are expanding marketwide and include Pollo Loco, Chick-fil-A, Chicken Express and Slim Chickens;
- Specialty dessert concepts, including Sub Zero Ice Cream and Steel City Pops. Sub Zero has a total of seven area locations to date, many of which are in new retail centers. Steel City Pops opened in Heights Plaza at 420 E. 20th Street in summer 2016.

**WOODSHORE MARKETPLACE, A KROGER MARKETPLACE-ANCHORED CENTER IN CLUTE, OPENED IN 2016.**





URBAN RETAIL INCLUDED THE PLANNED STREET-LEVEL SPACE IN **THE IVY LOFTS** IN HOUSTON'S EAST DOWNTOWN (EADO) DISTRICT.

HOUSTON'S RETAIL MARKET IS SEEING AVERAGE QUOTED RENTS REMAIN STEADY, INSTEAD OF INCREASING, AS THEY MAINTAIN THE LEVELS THEY REACHED A YEAR OR SO AGO.

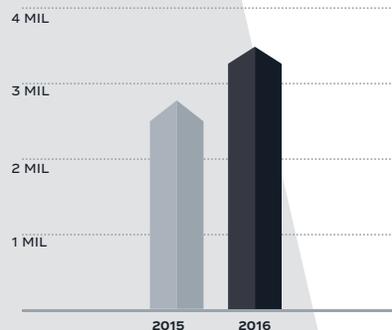
Demand for the Class A space, especially inside the Loop, can result in small-shop rates in the best-located and newly constructed projects going as high \$50 to \$60 per square foot per year in select areas like Galleria, River Oaks and Midtown.

For small-shop in-line space in well-located, anchored projects:

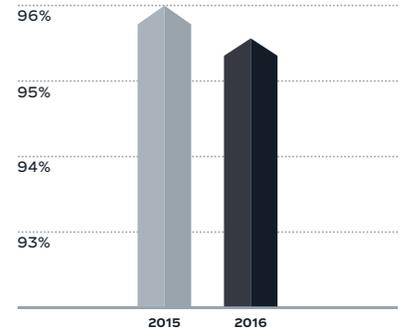
- Class A rates ranged from \$30 to the high \$30s on a per-square-foot-per-year basis, with rates for quality space inside the Loop typically rising above \$40 per square foot or more.
- Class B small-shop space average rates ranged from the low to the high \$20-per-square-foot-per-year range.
- Class C small-shop rates typically were in the \$15- to \$20-per-square-foot-per-year range.

These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

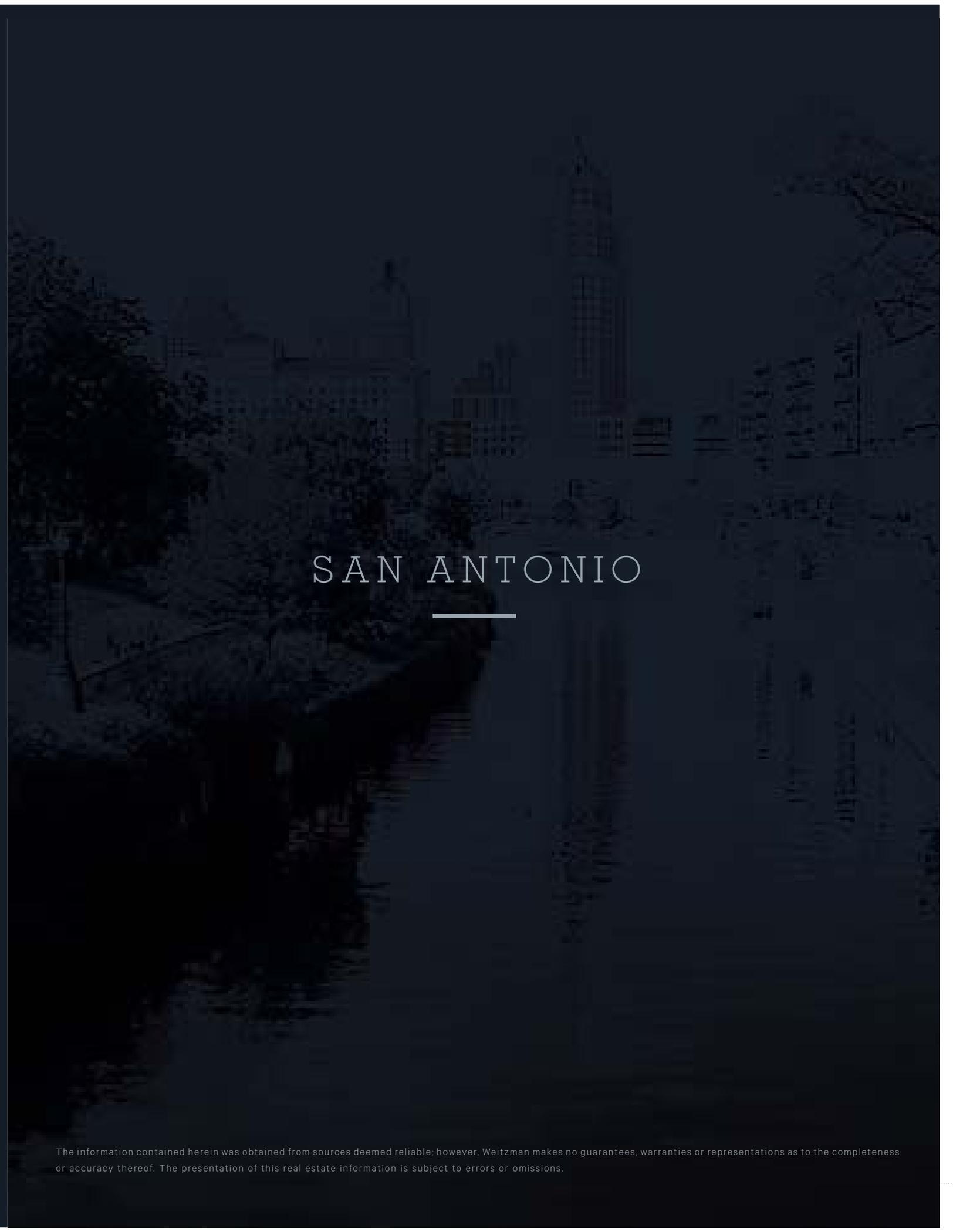
Going into 2017, the retail market appears poised to repeat the strong performance of 2016, based on steady leasing activity and new construction that remains primarily demand-based



CONSTRUCTION



OCCUPANCY



# SAN ANTONIO

---

The information contained herein was obtained from sources deemed reliable; however, Weitzman makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors or omissions.



**IKEA** ANNOUNCED ITS FIRST SOUTH TEXAS STORE IN 2016. THE STORE WILL ANCHOR **LIVE OAK TOWN CENTER** AND OPEN BY 2019.

## SAN ANTONIO RETAIL MARKET REMAINS HEALTHY IN 2016

San Antonio's retail market maintained its healthy occupancy rate of 94 percent as of year-end 2016, thanks to steady demand for existing retail space that continues to absorb vacancies on the market. In addition, the market benefits from limited construction of new space, which tends to open significantly or fully leased.

The occupancy rate is based on a review of San Antonio area multi-tenant shopping centers with 25,000 square feet or more conducted by Weitzman. The review is based on a San Antonio inventory of 45.1 million square feet of retail space.

The market for Class A space remains tighter than the overall market, and centers at the best-performing intersections and retail districts throughout San Antonio are often completely full.

The market's limited retail construction is dominated by anchor stores, most notably Walmart and H-E-B, as well as space for power anchors like Academy and a junior-anchor box for Macy's Backstage. These anchors come online with limited or even no small-shop space, further tightening the market for available space.

In terms of construction, the biggest news during 2016 involved a store that won't open for at least two years:

IKEA. In November, the Swedish retailer announced its plans to develop a 290,000-square-foot furniture store at the southwest quadrant of IH-35 and Loop 1604 in Live Oak for its first location in South Texas. In addition to the anchor of the center, to be named Live Oak Town Center, an additional 480,000 square feet of anchor and shop space is planned by Weitzman.

### CONSTRUCTION INCREASES IN 2016

During 2016, the San Antonio market added approximately 1.2 square feet of space in new and expanded projects. The past year's construction total remains conservative, but it still marks the biggest addition to retail inventory since 2014, when 1.4 million square feet came online. During 2015, the market added less than 900,000 square feet.

A number of major retail projects are on the drawing board that could add millions of square feet to the market. Of these, we expect to see several underway and opening in 2017 and 2018.

For 2016, more than any other retailer, Walmart dominated new development. As it grows its market share in the Alamo City market, Walmart opened both large-format Supercenters and smaller Neighborhood Markets.

Other active concepts include H-E-B, the market's leading grocer in terms of market share, as well as other anchors like Academy Sports + Outdoors.

Detailed information on new projects can be found in the New Construction report in Appendix D on page 32.

### THE MARKET'S HEALTHY OCCUPANCY IS MAINTAINED BY RETAIL CONCEPTS TAKING LARGE VACANCIES IN EXISTING SPACE. EXAMPLES OF BACKFILLED SPACE INCLUDE:

- Floor & Décor, which backfilled a 65,000-square-foot former Sports Authority in La Plaza Del Norte at Loop 410 and San Pedro Avenue;
- At Home, a Texas-based home décor superstore, which absorbed one of San Antonio's largest remaining vacancies by leasing 118,000 square feet of a former Target store at 8421 U.S. 281 North, near North Star Mall. Tuesday Morning opened in the balance of the Target space this past year;
- F21 Red, a family apparel concept, which leased 22,000 square feet of existing retail space in Ingram Festival, peripheral to Ingram Park Mall;
- J. Crew Mercantile, a new concept from J. Crew, which opened in existing space in the high-profile Alamo Quarry Market;

- The multi-tenant redevelopment of the historic Joske's building, circa 1887, in downtown San Antonio's Rivercenter. The space, branded Shops at Rivercenter, features a 33,000-square-foot Dave & Buster's and a two-story H&M. In addition, new concepts at the mall include Texas' first Jimmy Buffet's Margaritaville, as well as Yard House and Johnny Rockets;

- West Elm, the upscale home furnishings chain, which opened an 11,000-square-foot store at 201 E. Grayson Street, near downtown, in existing space that most recently served as a haunted house;

- YMCA of Greater San Antonio, which opened in a 53,570-square-foot former grocery store located at Potranco Road and Highway 151;

- Small-format concepts expanding in existing centers, which include specialty fitness uses like CycleBar, Orangetheory, Title IX Boxing and Nine Rounds, as well as restaurants such as Hopdoddy Burger Bar, Mashed, Raising Cane's, Wing Daddy's, Moe's Southwest Grill, Lion & Rose Pub and Gloria's, which is new construction at The Rim. Breakfast-and-brunch eateries Eggspectations and Snooze are also expanding.

For 2017, a number of projects are slated to open or to break ground, including high-profile mixed-use projects. Detailed information on these planned projects can be found in the New Construction report in Appendix D on page 32.

**ASKING RETAIL RENTS REMAIN STABLE, WITH RENTS FOR THE MARKET'S STRONGEST CLASS A RETAIL CENTERS SEEING INCREASES OVER THE PAST 18 MONTHS.**

While Class A rents are steady, the tight market for space is resulting in increases in rates for Class B and C retail space.

For centers by grade:

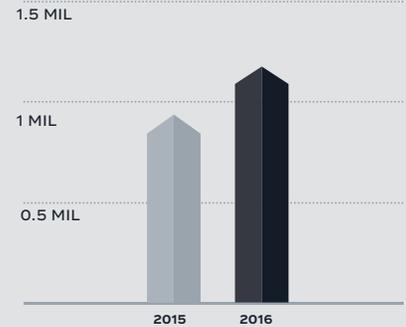
- Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including new construction, ranged from \$28 to the mid-\$30s per square-foot per year. These rates are for small-shop space in the newest and/or strongest anchored projects. For leading Class A retail centers, rates can reach the \$40-per-square-foot or higher level.

- Class B asking rates typically were in the \$19-to-\$23-per-square-foot range.

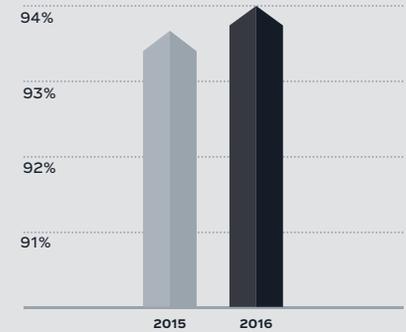
- Class C asking rates were in the \$12-to-\$18-per-square-foot range.

The reported rates are average asking rates and do not take into consideration concessions. Rates can be higher or lower depending on location, co-tenancy, center condition and other factors.

San Antonio's retail market continues to benefit from the continued soundness of the metro area's economy, which ranks as one of the better-performing major markets in Texas and the country.



**CONSTRUCTION**



**OCCUPANCY**

**THE VILLAGES @ HERFF, TO BREAK GROUND IN 2017, WILL BE THE FIRST MAJOR MIXED-USE PROJECT IN BOERNE, A SAN ANTONIO-AREA TOWN.**



## APPENDIX A: AUSTIN CONSTRUCTION

### KEY NEW RETAIL FOR 2016

#### **Domain Northside & Rock Rose**

MoPac near W Braker Ln  
Austin

Domain Northside and Rock Rose are the newest retail components of the massive Domain mixed-use project, which has opened in phases over several years. A total of 620,000 square feet came online in 2016 in Domain Northside, anchored by a 127,500-square-foot full-line Nordstrom and a four-story RH Austin from Restoration Hardware, and locally focused Rock Rose, where restaurants and retailers include Tarka Indian Kitchen, Birds Barbershop, Salvation Pizza and more.

#### **Star Ranch**

Gattis School Rd at SH-130  
Hutto

Star Ranch, anchored by H-E-B Plus, is the largest grocery-anchored project to open in 2016. In addition to the 121,000-square-foot H-E-B Plus that opened in November, the center includes Five Star ER and Gold's Gym. Star Ranch retail is located in Hutto near its border with Pflugerville.

#### **Crystal Falls Town Center**

SWC Lakeline Blvd & Crystal Falls Pkwy  
Leander

This 93,642-square-foot community retail center in Leander is anchored by a 63,182-SF Randalls grocery store.

#### **High 5**

1502 RR 620 S  
Lakeway

This 46,000-square-foot entertainment venue with bowling, an arcade, a restaurant and bar, and more, opened in January 2016 in the Oaks at Lakeway.

#### **LA Fitness**

1824 W Slaughter Ln  
Austin

A new 45,000-square-foot facility opened in March 2016.

#### **H-E-B**

4500 Williams Dr  
Georgetown

H-E-B expanded its Georgetown store by 12,500 square feet added to the existing 84,000 square feet to create a 96,500-square-foot store.

### KEY NEW SPACE ANNOUNCED FOR 2017 OR LATER

#### **The Parke**

SWC of Toll Road 183A & New Hope Rd  
Cedar Park

This 370,000-square-foot center will feature Austin's first 365 by Whole Foods grocery and its first Field & Stream, as well as Nordstrom Rack, Dick's Sporting Goods, DSW, Michaels, Marshalls and several others.

#### **Belterra Village**

US-220 at Nutty Brown Rd  
Dripping Springs

This mixed-use project, adjacent to a proposed H-E-B set to open in 2018, will open its 200,000-square-foot first phase in fall 2017, bringing online retail and a mix of uses including a hotel, medical offices and a senior-living community. In terms of retail space, the first phase will bring online 85,000 square feet and will include a 14-screen Sky Cinemas, Total Wine, Pet Supplies Plus, Great Clips and Breed & Company hardware store.

#### **Aldrich Street**

IH-35 between 51st St & Airport Blvd  
Austin

The new retail phase of this multi-phased retail addition to the Mueller master-planned community will be anchored by Alamo Drafthouse, nearing completion and on track for an early 2017 opening. Aldrich Street's retail is designed with a focus on local concepts and will feature as much as 1.2 million square feet of mixed-use space (which includes an existing museum, apartments and offices). The project includes a specialty retail component called the Diamond Building, which will house concepts like Lick Ice Creams and several others.

## APPENDIX A: AUSTIN CONSTRUCTION

### **Oak Meadows MarketPlace**

Jim Hogg Rd & Williams Dr  
Georgetown

This community center will be anchored by a 57,000-square-foot Randalls grocery store, which is set to break ground in early 2017. The center is slated to open in fall 2017.

### **Harker Heights Plaza**

SWC FM 2410 & Stillhouse Lake Dr  
Harker Heights

This planned retail center will join anchor Walmart Neighborhood Market. Concepts in the small-shop space include Express ER and Great Clips

### **Cross Creek Market**

Toll 183A & E Whitestone Blvd  
Austin

This 37,500-square-foot neighborhood center is scheduled to open in 2017.

### **The Grove at Shoal Creek**

45th St & Bull Creek Rd  
Austin

This planned major mixed-use development, which could break ground in 2017, is designed to have approximately 140,000 square feet of retail space, as well as approximately 1,500 residential units and 185,000 square feet of office space.

### **H-E-B**

2017 S Congress Ave  
Austin

This new store is expected to open within the next two years on South Congress near Slaughter and IH-35, across from Southpark Meadows, Austin's largest power center. Plans are in the works for adjacent retail space.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### KEY NEW RETAIL FOR 2016

#### **The Shops at Prosper Trail**

1250 Preston Rd  
Prosper

This 251,000-square-foot center saw its first phase, anchored by a 123,000-square-foot Kroger Marketplace, open in 2016.

#### **Highland Station**

Blue Mound Rd near IH-35W  
Fort Worth

This Kroger Signature-anchored center opened in late 2016. The Kroger totals approximately 102,500 square feet, and the project also includes 17,000 square feet of shop space and a freestanding CVS store.

#### **Glade Parks**

SH-121 & Glade Rd  
Euless

This mixed-use project added a 95,000-square-foot Belk department store, a 24 Hour Fitness and small-shop space in its newest phase.

#### **Presidio Towne Crossing**

IH-35W & N Tarrant Pkwy

This center in the Presidio Junction mixed-use development added a newly constructed WinCo Foods with approximately 85,000 square feet and a 49,000-square-foot Main Event during the year.

#### **Rayzor Ranch**

U.S. Highway 380  
Denton

The Towne Center phase of this project opened with WinCo Foods. The site, across Highway 380 from the power retail component of the center, also features Chili's and other tenants.

#### **Teasley Town Square**

Teasley Ln & Ryan  
Denton

A 75,000-square-foot Walmart Neighborhood Market-anchored community center.

#### **Sprouts Village**

4930 Teasley Ln  
Denton

The grocery store Sprouts opened along with limited shop space.

#### **Waterside**

Bryant Irvin & Arbor Lawn  
Fort Worth

This mixed-use project with retail opened with Whole Foods Market, REI, retail space and a number of restaurants.

#### **Walmart Supercenter**

US-380 near Creekview Dr  
Princeton

Walmart's large-format Superstore concept.

#### **Kroger Marketplace**

North Tarrant Pkwy & Ray White Rd  
Fort Worth

An approximately 123,000-square-foot Kroger store in North Fort Worth.

#### **Kroger Marketplace**

N. Old Decatur Rd & W. Bailey Boswell Rd  
Fort Worth

An approximately 123,000-square-foot Kroger store.

#### **Kroger Marketplace**

1653 Basswood Blvd  
Fort Worth

An approximately 123,000-square-foot Kroger store.

#### **CityLine Market**

NEC Renner Rd & Plano Rd  
Richardson

This mixed-use project opened with an approximately 100,000-square-foot community retail component anchored by Whole Foods Market. A small shop expansion is also underway.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### Waxahachie Marketplace

1700 N HWY 77  
Waxahachie

Approximately 115,000 square feet, largely for junior anchors, joined an Academy Sports that opened in 2015.

## KEY NEW SPACE ANNOUNCED FOR 2017 OR LATER

### Legacy West Urban Village

SWC of SH-121 & Dallas North Tollway  
Plano

The retail space in the \$3 billion mixed-use project is set for a March 2017 grand opening. The mixed-use project's retail space, at approximately 300,000 square feet, ranks as one of the largest retail projects opening in 2017. The line-up includes a 9,000-square-foot Barnes & Noble that will be one of only a handful in the nation that will include a restaurant and bar. Other concepts in Legacy West include Tommy Bahama's, Del Frisco's Double Eagle Steak House, Fogo de Chao, Shake Shack and others. The Euro-style 55,000-square-foot Legacy Food Hall at the project is also set to open at Legacy West in 2017.

### The Shops at Clearfork

Chisholm Trail Pkwy near S. Hulen St  
Fort Worth

This luxury retail project from Simon located in southwest Fort Worth is slated to open its first retailers in the first quarter of 2017. The retail space will be anchored by Fort Worth's only Neiman Marcus, which will open in 90,000 square feet after relocation from Ridgmar Mall. In addition to the department store, the project will feature 380,000 square feet of luxury and specialty retail, as well as office space and multi-family units.

### The Star

Warren Rd & Dallas North Tollway  
Frisco

This mixed-use development is anchored by the Dallas Cowboys. The Star is designed to feature 200,000 square feet of retail space that will include Dee Lincoln Prime, Liberty Burger, Mi Cocina and others. Opening is set for 2017.

### Cinepolis

SH-121 & Glade Rd  
Euless

The leading world-class cinema exhibitor will open in summer 2017 at Glade Park, a power and lifestyle retail project.

### The Gates of Prosper

US-380 & Preston Rd  
Prosper

This retail center will open an approximately 300,000-square-foot first phase. It is anchored by Walmart Supercenter, which is now under construction.

### Windsong Ranch Marketplace

US-380 & FM 423  
Prosper

This Kroger Marketplace-anchored center is expected to open in 2017.

### Tom Thumb

Akard & Cedar Springs  
Dallas

This new urban grocery store will open in street-level space in the Union high-rise project at the edge of downtown Dallas in 2017.

### Tom Thumb

Live Oak St & Texas St  
Dallas

This urban grocery is planned for a 2018 opening just east of downtown Dallas in the City Lights apartment tower.

### Tom Thumb

Denton Dr & Maple Ave  
Dallas

This 55,000-square-foot store is planned, but no opening date has been confirmed.

### Kroger

Hall St near Ross Ave  
Dallas

Kroger plans an urban location just east of downtown Dallas to anchor a new mixed-use development.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### **Midlothian Towne Center**

SEC FM 663 & US-287  
Midlothian

This 2017 project in Ellis County will be anchored by Kroger Marketplace. Future phases are designed to add an additional 122,000 square feet of space at the site.

### **Lake Highlands Town Center**

7100 Wildcat Way  
Dallas

A 22,000-square-foot Sprouts will anchor this center, now under construction in the Lake Highlands area of East Dallas.

### **TopGolf**

2201 E 4th St  
Fort Worth

The golf, dining and entertainment concept will open in approximately 65,000 square feet of new space in the spring of 2017.

### **High Point Center**

Northwest Hwy & Abrams  
Dallas

This center, located at the site of the former Steakley Chevrolet, is designed to total approximately 160,000 square feet. No opening date has been announced.

### **Tager Outlet Mall**

SWC IH-35W & SH-114  
Fort Worth

The 350,000-square-foot outlet mall is expected to open in late 2017.

### **Kroger Marketplace**

Custer Rd & US-380  
McKinney

This 123,000-square-foot Kroger Marketplace should open during the first half of 2017. Additional anchor retail is planned for a future phase of the site.

### **Kroger Signature**

Lake Forest & US-380  
McKinney

This 90,000-square-foot Signature store has an opening set for late 2017.

### **West Town Center**

NWC Eldorado Pkwy & Teel Pkwy  
Frisco

This Sprouts-anchored center is opening in early 2017. In addition to Sprouts, the center will have 38,000 square feet of space and pad sites.

### **Allen Premium Outlets**

Stacy Rd & US-75  
Allen

This premium outlet mall plans to expand by 122,000 square feet.

### **Victory Park**

Stemmons & Woodall Rogers Fwys  
Dallas

The new retail component will bring online a new Cinopolis luxury cinema and small shop space for late 2017 in this major mixed-use project just off two major freeways in downtown Dallas.

### **Irving Music Factory**

Near the Irving Convention Center  
Irving

This mixed-use music-oriented project near the Irving Convention Center is set to open in late 2017 or 2018. The project is designed to incorporate nearly 207,000 square feet of retail and restaurant space.

### **Village 121**

SH-121 & Preston Rd  
Plano

This mixed-use project is designed for as much as 500,000 square feet of retail space near Stonebriar Centre Mall. Some retail space opened in 2016.

### **Costco**

Coit Rd near N Central Expy (US-75)  
Dallas

The warehouse club plans to open its first store within the Dallas city limits in May 2017. The 146,000-square-foot store is to be built at the site of a former transit center.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### **Costco**

NEC US-380 & Hardin  
McKinney

The warehouse club is planned as the anchor for a future project in McKinney.

### **Champions Park**

IH-30 & Collins St  
Arlington

Approximately 80,000 square feet of multi-tenant retail will come online in 2017. The project is located within Arlington's entertainment district.

### **Main Marketplace**

NWC FM 423 & King Rd  
Little Elm

This new center is anchored by Flix Brewhouse, a meal-and-a-movie entertainment concept based in the Austin area. Completion is set for mid-2017.

### **Wade Park**

Dallas North Tollway & Lebanon Rd  
Frisco

The delayed retail component of Wade Park, a \$1.6 billion mixed-use project, is slated to open in 2017 or later.

### **Scheels**

Grandscape  
The Colony

Although it's not set to open until 2020, it's notable that Fargo, N.D.-based Scheels is on track to enter the D-FW market with a 300,000-square-foot megastore in the Nebraska Furniture Mart-anchored Grandscape development.

## APPENDIX C: HOUSTON CONSTRUCTION

### KEY NEW RETAIL FOR 2016

#### **Baybrook Mall**

IH-45 & Bay Area Blvd  
Friendswood

The 555,000-square-foot expansion of the mall in late 2016 wrapped up an open-air power-retail expansion that added anchors such as a 105,000-square-foot Dick's Sporting Goods that houses Field & Stream and Golf Galaxy under the same roof, as well as REI, Total Wine, Barnes & Noble and others. The new expansion, which resulted in Baybrook becoming one of the largest malls in Texas, is essentially fully leased.

#### **The Galleria**

Post Oak Blvd  
Houston

The expansion and renovation of this leading mall saw its relocated, 198,000-square-foot Saks store open in the first half in 2016. The redeveloped former Saks department store building, which will open in 2017, created multi-tenant space for luxury concepts including Ted Baker, Tadashi Shoki and others. The expansion is adding approximately 110,000 square feet for new retailers and restaurants.

#### **Woodshore Marketplace**

SWC Oyster Creek Dr & Dixie Dr  
Clute

This community retail center opened with a 123,000-square-foot Kroger Marketplace anchor and an additional 16,450 square feet of small-shop retail space.

#### **Clear Lake Marketplace**

Clear Lake City Blvd & El Dorado Blvd  
Houston

This new center, anchored by an approximately 100,000-square-foot H-E-B, opened in the first half of 2016.

#### **Fairfield Town Center**

28644 Northwest Frwy  
Cypress

This power-anchored project, designed to have as much as 600,000 square feet upon completion, opened its Phase I in late 2016 with Academy, Marshalls, Ross, Ulta and others. More retail in the first phase will open in early 2017. A phase planned for completion in 2018 will add Cinemark, Burlington and others and total approximately 200,000 square feet.

#### **Fairfield Marketplace**

NEC Hwy 290 & Mason Rd  
Cypress

This community center with Kroger Marketplace and approximately 30,000 square feet of shop space opened in the first half of 2016 in the master-planned Fairfield community.

#### **Grand Morton Town Center**

Grand Pkwy & Morton Ranch Rd  
Katy

The regional-draw center opened its first phase anchored by a 125,531-square-foot Kroger Marketplace in 2016. In 2017, Walmart will open a 186,902-square-foot store in the center, planned to total more than 600,000 square feet upon completion.

#### **Westlake Marketplace**

Beltway 8 E & West Lake Houston Pkwy  
Humble

This retail center that is designed to total 450,000 square feet upon completion in 2017. The first phase, opened in 2016, is anchored by a 123,800-square-foot Kroger Marketplace. Other retailers for the project include Old Navy, Marshalls, Ross, Michaels, Petsmart and Ulta.

#### **Main Street Kingwood**

West Lake Houston Pkwy & Kingwood Dr  
Kingwood

This center, anchored by a 107,000-square-foot H-E-B grocery, also features a number of restaurants.

#### **Cypress Creek Plaza**

NEC Fry Rd & Tuckerton  
Cypress

Anchor H-E-B opened a 100,000-square-foot store at this retail center in fall 2015. An additional 51,000 square feet in multi-tenant buildings opened in 2016.

#### **The Shops at Katy Reserve**

FM 1463 & Spring Green Blvd  
Katy

This center opened its fully leased first phase of nearly 160,000 square feet, including anchor Kroger Marketplace, in 2015. A small-shop Phase II delivery with 16,000 square feet and a 37,000-square-foot 24 Hour Fitness opened in 2016.

## APPENDIX C: HOUSTON CONSTRUCTION

### **Summerwood Marketplace**

14221 E. Sam Houston Parkway  
Atascocita

This new center is anchored by a 124,000-square-foot Kroger Marketplace. Future phases will add as much as 180,000 square feet.

### **Walmart Supercenter**

2901 Riley Fuzzel Rd  
Spring

This Walmart Supercenter totals 187,000 square feet.

### **Walmart Neighborhood Market**

FM 518 W & Landing Blvd  
League City

This Walmart Neighborhood Market, a smaller grocery concept from the retail giant, anchors The Shoppes at Landing in League City.

### **Trader Joe's**

11683 Westheimer Road  
Houston

The 9,500-square-foot store joined a center on Westheimer Road. The location is the specialty grocer's fifth in Houston.

### **H-E-B**

SH-99 & Harlem Rd  
Richmond

The 102,000-square-foot store opened in the Aliana master-planned community in Richmond.

### **H-E-B**

FM 1488 & Tamina Rd  
Magnolia

This H-E-B grocery store opened at FM 1488 and Tamina Road in Magnolia.

### **Marketplace at Ninety-Six**

League City Pkwy & Hobbs Rd  
League City

This community center, anchored by Kroger Marketplace, opened with an additional 25,900 square feet of space in addition to the 123,000-square-foot Kroger.

### **Kroger Marketplace**

Garth Rd & Hunter Rd  
Baytown

The Kroger Marketplace-anchored community center, with approximately 170,000 square feet, opened in Baytown.

### **The Market at Crenshaw**

Beltway 8 between Fairmont Pkwy &  
Crenshaw Rd  
Pasadena

The first phase of this regional project opened in 2015 with Burlington, Party City and Tuesday Morning. A second, approximately 60,000-square-foot phase opened in late 2016.

### **The Center at Pearland Parkway II**

NWC FM 518 & Pearland Pkwy  
Pearland

A new phase for the existing power retail center. The expansion space brought online approximately 108,000 square feet of new retail space anchored by a 62,000-square-foot Academy Sports + Outdoors.

### **The Boardwalk at Towne Lake**

Barker Cypress Rd & Tuckerton Rd  
Cypress

This lakeside mixed-use project with approximately 150,000 square feet features a number of restaurants, as well as concepts like Sub Zero Ice Cream, Orangetheory, Massage Heights and others.

### **Cabela's**

IH-45 & Big League Dreams Pkwy  
League City

The 72,000-square-foot store opened in 2016. The location is the first in the Houston area for outdoors superstore Cabela's.

### **Costco**

Townsen Blvd & IH-69 | Hwy 59  
Humble

The 148,000-square-foot Costco, the eighth in the Houston market, opened during the first half of 2016 in Townsen Landing Village in Humble.

## APPENDIX C: HOUSTON CONSTRUCTION

### **The Shoppes at Parkwest**

NEC IH-10 & Katy Ford Bend Rd  
Houston

This 255,000-square-foot power center opened near Katy Mills Mall. The first phase includes one of the Houston area's first Dick's Sporting Goods. The 105,000-square-foot Dick's is one of only two out of six in Houston that also houses Golf Galaxy and Field & Stream stores under one roof. Other retailers in the project include Bed Bath & Beyond, DSW and PetSmart.

## KEY NEW SPACE ANNOUNCED FOR 2017 OR LATER

### **The Junction at Deer Park**

NEQ Spencer Hwy & East Blvd  
Deer Park

This center opened its first phase – an 83,000-square-foot H-E-B grocery – in 2015. A second phase, with 14,600 square feet, opens in 2017, and future phases will bring the center to more than 400,000 square feet.

### **Valley Ranch Town Center**

US-59 N & Grand Pkwy  
Porter

This major regional-draw project designed for retail and entertainment space is on track for completion in 2017; some tenants, like a 62,000-square-foot Academy, opened in 2016. The project is located in Porter (Montgomery County) and includes Kroger Marketplace, Sam's Club and a 40,000-square-foot Cinemark, among others.

### **Grand Parkway Marketplace**

Grand Pkwy & Kuykendahl  
Spring

This planned 450,000-square-foot center, which will be anchored by Target, is set to open in the first half of 2017 and will include Burlington, DSW, TJMaxx, Michaels and several others. The center, which is located within The Woodlands trade area, is set to be completed by year-end 2017.

### **Grand Parkway Marketplace II**

Grand Pkwy & Kuykendahl  
Spring

This center is set to open adjacent to the already mentioned Grand Parkway Marketplace. The Phase II center will be anchored by Hobby Lobby and Academy.

### **The Market at Springwoods Village**

Grand Parkway & Holzwarth Rd  
Spring

This community center is slated for a 2017 opening. The first phase of the center is set to total approximately 170,000 square feet and will be anchored by a 100,000-square-foot Kroger, along with additional space for concepts including Zoe's Kitchen, Torchy's Tacos, Mod Pizza, Supercuts and others.

### **Grand Parkway Town Center**

Grand Pkwy & Hwy 289  
Spring

This 63-acre project at the parkway's intersection with Highway 249 will be anchored by Sam's Club.

### **Star Cinema Grill**

Westpark Tollway & Grand Pkwy  
Katy

The 42,000-square-foot multi-screen cinema will open in 2017.

### **Kroger & Sam's Club**

Grand Pkwy & Boudreaux  
Tomball

The retail project anchored by Kroger & Sam's Club is set to open in 2017.

### **Spring Pines Shopping Center**

Spring Cypress & Holzworth  
Spring

The new community center is located along Grand Parkway in Spring and planned for a grocery anchor and approximately 50,000 square feet of shop space. Completion is set for 2017.

### **CityPlace**

IH-45 & Grand Pkwy  
Spring

A north Houston mixed-use project is under construction near the new ExxonMobil corporate campus. CityPlace is designed to have 400,000 square feet of retail upon completion.

## APPENDIX D: SAN ANTONIO CONSTRUCTION

### NEW GROCERY CONSTRUCTION 2016

**Walmart Supercenter**

510 Kitty Hawk Rd  
Universal City

This Supercenter with 187,000 square feet opened in July.

**Walmart Supercenter**

Cibolo Valley Dr & Borgfeld Rd  
Cibolo

This approximately 182,000-square-foot store opened during the first quarter of 2016.

**Walmart Supercenter**

Boerne Stage Rd & IH-10  
Boerne

This approximately 155,000-square-foot store anchors Boerne Stage Crossing, which plans future phases.

**Walmart Neighborhood Markets**

- 3418 E Southcross, San Antonio
- 3847 Pleasanton Rd, San Antonio
- 6938 Walzem, San Antonio
- 9005 FM 1560 North, San Antonio
- 10781 Toepperwein Rd, Converse

Walmart opened several smaller Neighborhood Market stores during 2016. The concept averages around 42,000 square feet.

**H-E-B**

2965 IH-35 & FM 306  
New Braunfels

This 120,000-square foot H-E-B Plus! store opened in June.

**H-E-B**

1368 East Court St  
Seguin

This 100,000-square-foot store represents the relocation and expansion of an adjacent smaller location that was demolished for parking.

**Natural Grocers by Vitamin Cottage**

- 13310 NW Military Hwy, San Antonio
- 6514 N New Braunfels Ave, San Antonio (2017)

This Colorado-based specialty grocer entered the market in 2016 with two new stores, with one to open in 2017.

### KEY NON-GROCER RETAIL CONSTRUCTION 2016

**Macy's Backstage**

5811 Worth Pkwy  
San Antonio

This new outlet concept from Macy's department store opened one of its first freestanding Backstage stores in the country in The Rim. The store incorporates 26,000 square feet. The Rim also expanded space for several other concepts.

**Academy Sports & Outdoors**

7503 S Zarzamora & IH-35  
San Antonio

The newly built store is 62,942 square feet.

**Rooms To Go**

15339 IH-35 N  
San Antonio

This newly constructed store opened in early 2016.

**Santikos Theaters**

11210 Alamo Ranch Pkwy  
San Antonio

This new 16-screen location called Casa Blanca includes approximately 110,000 square feet and includes a bowling alley, a café, a gelato station and bar service.

## APPENDIX D: SAN ANTONIO CONSTRUCTION

### **The Plaza at Vance Jackson**

SEC of Vance Jackson & UTSA Blvd  
San Antonio

A 28,000-square-foot retail strip center.

## KEY NEW SPACE ANNOUNCED FOR 2017 OR LATER

### **Bulverde Marketplace**

SWC of Loop 1604 & Bulverde Rd  
San Antonio

This center, under construction in phases and planned for as much as 500,000 square feet of retail space, will be anchored by H-E-B.

### **H-E-B**

Alamo Pkwy & Alamo Ranch Pkwy  
San Antonio

Construction on this new store is planned to begin in early 2017 and expected to open by year-end.

### **H-E-B**

Potranco Rd near Talley Rd  
San Antonio

This location is one of several stores H-E-B has in the works for 2017 or later.

### **Shaenfield Road Shopping Center**

Schaenfield & Loop 1604  
San Antonio

This new center is designed to have as much as 100,000 square feet upon completion. The first phase should come online in early 2017.

### **Culebra Commons**

W. Loop 1604 N & Culebra  
San Antonio

This 53,160-square-foot neighborhood center opens in mid-2017.

### **Lone Star Brewery District**

Proband St & Lone Star Blvd  
San Antonio

This mixed-use project is planned at the site of the former Lone Star Brewery along the San Antonio River. The Southtown site has landed Cinemark and first area location for the Punch Bowl Social entertainment venue, with groundbreaking in 2017 and completion by late 2018.

### **The Shops at Dove Creek**

Potranco Rd & Loop 1604  
San Antonio

This project planned for 2018 is expected to include as much as 500,000 square feet of retail space.

# DEFINITIONS

## NEIGHBORHOOD SHOPPING CENTER

<b>Concept</b>	Convenience
<b>SF</b>	25,000-100,000
<b>Acreage</b>	3-15
<b>Typical Retailers</b>	Convenience store, services, QSR

## COMMUNITY SHOPPING CENTER

<b>Concept</b>	General merchandise
<b>SF Including Anchors</b>	100,000-300,000
<b>Acreage</b>	10-40
<b># of Typical Anchors</b>	1 or more
<b>Typical Retailers</b>	Discount department store, supermarket, drugstore, home improvement, large specialty   discount apparel

## REGIONAL SHOPPING MALL

<b>Concept</b>	General merchandise. fashion (mall, typically enclosed)
<b>SF Including Anchors</b>	400,000-800,000
<b>Acreage</b>	40-100
<b># of Typical Anchors</b>	2 or more
<b>Typical Retailers</b>	Full-line department store, junior department store, mass merchant, fashion apparel, restaurants

## SUPER-REGIONAL SHOPPING MALL

<b>Concept</b>	Similar to regional center but has more variety
<b>SF Including Anchors</b>	800,000+
<b>Acreage</b>	60-120
<b># of Typical Anchors</b>	3 or more
<b>Typical Retailers</b>	Full-line department store, junior department store, mass merchant, fashion apparel, restaurants

## POWER SHOPPING CENTER

<b>Concept</b>	Category-dominated anchors, few small tenants
<b>SF Including Anchors</b>	250,000-800,000
<b>Acreage</b>	25-80
<b># of Typical Anchors</b>	3 or more
<b>Typical Retailers</b>	Category killer, home improvement, discount department store, warehouse club, off-price

## MIXED-USE RETAIL

<b>Concept</b>	Retail in a multi-use projects along with multi-family, office, hotel or other uses
<b>SF</b>	Typically 25,000-300,000
<b>Typical Retailers</b>	Destination restaurant, entertainment, service uses, health, wellness and beauty

## OUTLET SHOPPING CENTER

<b>Concept</b>	Manufacturers' outlet stores
<b>SF Including Anchors</b>	50,000-400,000
<b>Typical Retailers</b>	Manufacturers' outlet stores

# COMPANY OVERVIEW



Weitzman, one of the largest retail-focused commercial real estate services firms based in Texas, offers a full range of services, including general brokerage, tenant representation, project representation, investment sales, property management, asset management and development services. Weitzman operates offices in Dallas-Fort Worth, Austin, Houston and San Antonio.

## ACKNOWLEDGMENTS

**WE WOULD LIKE TO THANK THE FOLLOWING PEOPLE FOR THEIR VALUABLE CONTRIBUTIONS.**

### **SURVEY DATA & PRODUCTION**

---

Leisa Barger  
*Chief Marketing Officer*

Karin Jones-Moore  
*Senior Designer*

Ian Pierce  
*Vice President of Communications  
Writer-Editor-Researcher*

Jennifer Britton  
*Listing Coordinator-Broker Assistant*

Cheryl Sodders  
*Research Associate*

We extend special recognition to our Weitzman Research Division.

Our 2017 Shopping Center Survey and Forecast would not be possible without valuable input from our retail real estate associates who provided in-depth knowledge of the retail markets in Dallas, Fort Worth, Austin, Houston and San Antonio, along with technical support from our IT team.

### **METHODOLOGY OVERVIEW**

Each market is reviewed for conditions relating to occupancy, leasing, new and expansion construction, tenant and user activity, rental rates and historical comparisons.

Note: Results prior to 2016 may reflect adjustments to the database compared to previous reports

[WEITZMANGROUP.COM](http://WEITZMANGROUP.COM)

weitzman™

**AUSTIN**

4200 North Lamar  
Austin, Texas 78756  
512.482.0094

**DFW**

3102 Maple Ave, Ste 350  
Dallas, Texas 75201  
214.954.0600

**HOUSTON**

1800 Bering Dr, Ste 550  
Houston, Texas 77057  
713.781.7111

**SAN ANTONIO**

70 NE Loop 410, Ste 450  
San Antonio, Texas 78216  
210.366.3500

[WEITZMANGROUP.COM](http://WEITZMANGROUP.COM)

# 2016

## Shopping Center Survey & Forecast



Austin      Dallas      Fort Worth  
Houston      San Antonio



The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.



**Herbert D. Weitzman**  
Chairman/Executive

Looking back on 2015 and forward to 2016, we see a retail market in balance in our key metro markets. On the following pages, you will read about the positive trends that are benefitting our shopping centers.

We look forward to a successful 2016 working with you, our clients and friends.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Weitzman". The signature is fluid and cursive.

Herbert D. Weitzman

***We're bringing the town square back to the neighborhood.®***

*Austin*

*Dallas*

*Fort Worth*

*Houston*

*San Antonio*

---

# Table of Contents

## A Tradition of Real Estate Excellence

1.	Austin Overview .....	4
	Major Mall Map .....	9
2.	Dallas/Fort Worth Overview .....	10
	Submarket Summary .....	17
	Submarket Map .....	18
	Absorption and Construction .....	19
	Major Mall Map .....	20
3.	Houston Overview .....	21
	Major Mall Map .....	27
4.	San Antonio Overview .....	28
	Major Mall Map .....	33
5.	Appendix .....	34
	Definitions	
	Company Descriptions	
	Acknowledgements	



The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# AUSTIN

## Austin Retail Market Sees Demand Outpacing Supply as Construction Remains Low

AUSTIN – Austin’s retail market as of year-end 2015 is maintaining its low vacancy rate of only 4 percent, largely because demand for quality space continues to outpace supply.

The 96 percent occupancy rate is one of the highest recorded for the market, which has traditionally maintained healthy occupancy rates in the low-to-mid-90-percent range.

These findings are based on a review of retail market conditions for the greater Austin area as of year-end 2015 by The Weitzman Group and Cencor Realty Services. The market’s occupancy rate is based on an inventory of approximately 47.2 million square feet of multi-tenant retail space in centers with 25,000 square feet or more.

Occupancy remains highest in Central Austin, where density continues to increase due to active mid- and high-rise residential construction. The area also is essentially built out in terms of retail space, creating barriers to entry except through redevelopments.

The suburban markets, such as Cedar Park and Kyle, have also seen occupancy stabilize at healthy levels and are seeing the majority of the new space being built.

While Weitzman/Cencor does not review centers below 25,000 square feet, a number of centers with around 10,000 square feet or so are being built throughout the market. Most open fully leased, but some have issues in terms of mid-block locations or other access problems, which could spell trouble in the long run.



Hopdoddy Burger Bar is one of the many local dining concepts expanding in Austin. A new location in mixed-use project **The Triangle** will open in 2016, joining other local concepts like Maudie’s Tex-Mex.

Retailers leasing existing space and backfilling the few remaining large-format vacancies on the market have further improved the overall healthy occupancy.

**Examples included:**

- **Saks Fifth Avenue Off 5th**, which will open a 50,000-square-foot store – its first in Austin – in spring 2016 at **Gateway Shopping Center**, located at 9607 Research Boulevard. The space previously was a **Star Furniture** store;
- **Goodwill** and **Fitness Connection**, which backfilled a total of approximately 82,000 square feet of vacant anchor space in the **Market at Lake Creek**, a redevelopment project at Lake Creek Parkway and U.S. Highway 183 in northwest Austin. The location will be the first in Austin for **Fitness Connection**, based in North Carolina;
- **EVO Entertainment** and **Gold’s Gym**, which will occupy a total of 76,000 square feet in **The Spot**, the redevelopment of a former **Target**-anchored center in San Marcos. The **Target** had been vacant since 2009;
- **Total Wine**, with a 31,000-square-foot store at 11617 Research Boulevard in Cedar Park and a 28,600-square-foot store at 5601 Brodie Lane in Sunset Valley. The locations are the first for Maryland-based **Total Wine** in the Austin market;

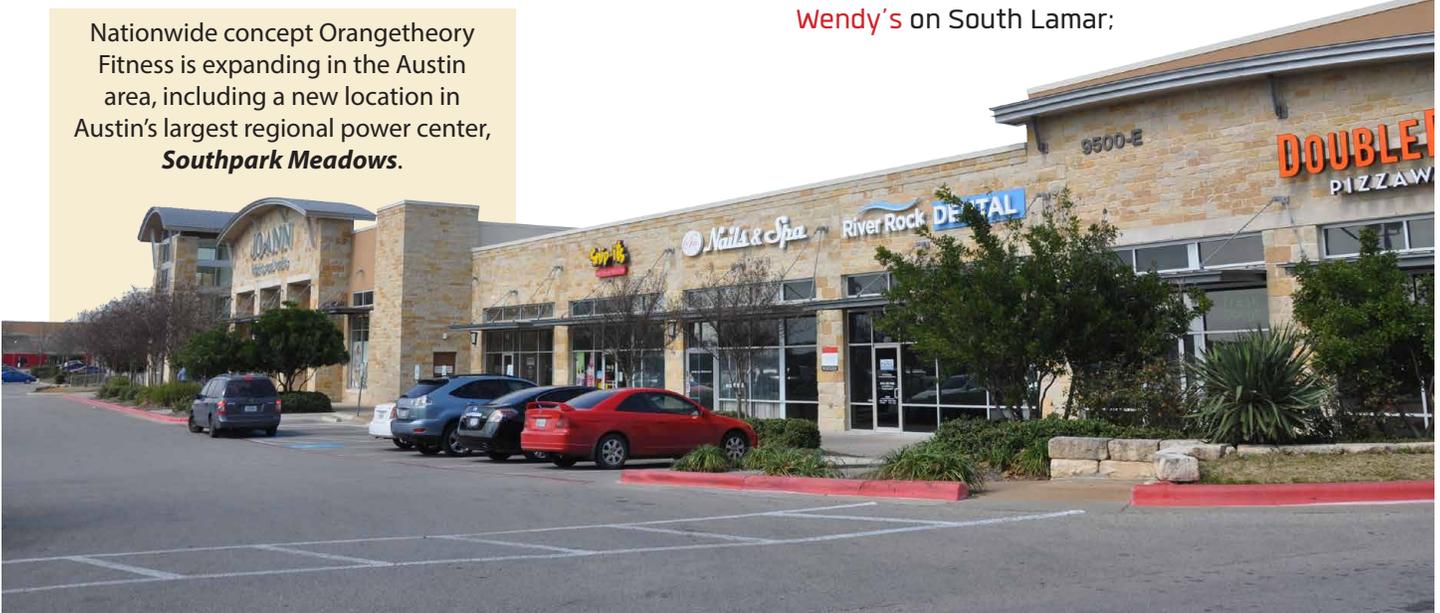
- **Mega Furniture**, a Phoenix-based concept, which entered the market with two stores in 2015: a 31,736-square-foot store at 13945 Research Boulevard near **Lakeline Mall**, and a 29,000-square-foot store at 12611 N. MoPac Boulevard (Loop 1) at Parmer. **Mega Furniture**, founded in 2002, is also entering the San Antonio market;
- **Gold’s Gym**, which opened in approximately 30,000 square feet of existing space at 6th Street and Brazos in downtown Austin;
- **LA Fitness**, which opened a location (approximately 40,000 square feet) in redeveloped retail space at 4001 S. Lamar Boulevard.

Austin also experienced a good level of smaller-format retail and restaurant activity, with many concepts expanding in existing center space.

**New and expanding concepts opening or committing to space during 2015 included:**

- **Shake Shack**, a famed burger joint that opened in **The Domain** and in **Lamar Union**;
- **Pollo Tropical**, which will open a new location in 2016 on IH-35 in Kyle, on a pad site fronting **Lowe’s** and **Walmart**;
- **True Food Kitchen**, which is set to open its first Austin location at 222 West Avenue in Seaholm;
- **In-N-Out Burger**, at the site of a former **Wendy’s** on South Lamar;

Nationwide concept Orangetheory Fitness is expanding in the Austin area, including a new location in Austin’s largest regional power center, **Southpark Meadows**.



- **STK Rebel**, a high-end steakhouse, which is taking 7,000 square feet at 305 East 3rd Street in downtown Austin for a location to open in 2016;
- **World of Beer**, a Florida-based tavern, which opened its first Austin location in a 3,400-square-foot space at 3121 S. Lamar Boulevard;
- **Orangetheory Fitness**, which is entering the market with three locations, including **Southpark Meadows**;
- **Mellow Mushroom**, which located in Round Rock;
- **Panera Bread**, **Five Guys** and **Masala Wok**, which located in Round Rock;
- **Jersey Mike's**, specializing in submarine sandwiches, with several new area locations.

Additionally, the retail market continues to see a high level of activity from Austin-based restaurant favorites. These include:

- **Hopdoddy Burger Bar**, with new leases in Round Rock and at **The Triangle**, a mixed-use project in Central Austin;
- **Jack Allen's Kitchen**, which leased in **San Clemente**, across from **Davenport Village**;

- **VertsKebab**, a locally based chain specializing in döner kebab, with several new locations in 2015;
- **Pinthouse Pizza**, with a location at **Brodie Oaks**;
- **P. Terry's**, with new locations including a 2016 restaurant on Research Boulevard;
- **Torchy's Tacos**, which leased in San Marcos and Lakeway and which is opening a flagship location on South Congress in 2016;
- **Tacodeli**, with locations in Westlake and on Burnet Road;
- **Via 313**, which leased in Oak Hill;
- **Blenders and Bowls**, which leased in Westlake and East Austin;
- **Chi'lantro**, **Barley Swine**, **Buffalina Pizza** and **Lick Ice Creams**, all of which located on Burnet Road.

Other retailers/restaurants that expanded with multiple locations in 2015 and/or have similar plans for 2016 include: **Sway**, **Via 313**, **Moe's Southwestern Grill**, and **Mama Fu's Kitchen**, just to name a few.

For close-in Austin, retail space availability is extremely limited, which is driving up rates for small-shop space into the mid-\$30s-per-square-foot range and higher. In addition to restaurants, space demand is coming from fitness, beauty and discount concepts, and to a lesser extent medical-space users.



Austin Burrrito Company, a new concept offering all-natural ingredients, opened in late 2015 at Bee Cave's **Shops at the Galleria**, joining power and specialty retailers and local concepts like Mandola's Italian Market, Maudie's, Woody's and more.

For calendar-year 2015, the Austin market added approximately 900,000 square feet of space in new and expanded retail projects, a decline from the 1.2 million square feet added in 2014. The 2015 construction remains notably low, especially for a market with such high occupancy. However, other than grocery stores and a handful of other anchors, much of the new retail activity involved redevelopments or backfilled space.

Due to development costs and demand for new space, new-construction small-shop space can go for rates as high as \$40 per square foot per year or more. However, especially in Austin's most urban markets, the density and traffic justifies the rates to retailers.

#### **New projects for 2015 include:**

- **Oaks at Lakeway**, a 175,000-square-foot community center located at RR 620 South and Main Street in Lakeway, which opened a 100,000-square-foot **H-E-B**, as well as additional retail space;
- **Sam's Club**, a warehouse shopping club concept from **Walmart**, with a new approximately 135,000-square-foot location at 10900 Lakeline Mall Drive in Cedar Park;
- **Walmart**, with a 156,000-square-foot **Supercenter** that opened at 5754 Kyle Parkway in Kyle. The location also features small-shop space;
- **H-E-B**, with a 46,000-square-foot store on RR 12 in Wimberley;
- **Bass Pro Shops**, which opened a 120,000-square-foot location at the northeast corner of IH-35 and University Drive in Round Rock, adjacent to the **Round Rock Premium Outlets**;
- **Spare Time Texas**, a 50,000-square-foot indoor entertainment venue, which opened in late 2015 adjacent to **Walmart** at 1724 FM 685 in Pflugerville;
- **Lamar Union**, a mixed-use redevelopment project located on S. Lamar Boulevard, with 86,000 square feet of retail space and 422 apartments. The retail is anchored by **Alamo Drafthouse Cinema** and

includes **The Highball**, New York-based **Shake Shack** and others;

- **Seaholm**, the major residential, office and retail redevelopment of the art deco Seaholm power plant on Lady Bird Lake, with the retail anchored by a 11,500-square-foot **Trader Joe's** that opened during the first half of the year. **Seaholm** is designed to incorporate approximately 48,000 square feet of retail space;
- **Lamar Central**, a four-level mixed-use project at the site of the former Lamar Village Shopping Center on N. Lamar Boulevard at 38th Street. **Lamar Central** features 34,000 square feet of street-level retail space;
- **Burleson Crossing** in Bastrop, which expanded with a 55,000-square-foot **Hobby Lobby**.

#### **Several new projects are in the works for 2016, including:**

- New **H-E-B** grocery stores scheduled to open in locations including Hutto, New Braunfels and on South Congress;
- **High 5**, a 46,000-square-foot entertainment venue with bowling, an arcade, a restaurant and bar and more, which will open in January 2016 at 1502 RR 620 S in the **Oaks at Lakeway** in Lakeway;
- **Harker Heights Plaza**, a planned retail center to join anchor **Walmart Neighborhood Market** at the southwest corner of FM 2410 and Stillhouse Lake Drive in Harker Heights;
- Phase III of **Round Rock Crossing**, a regional center with **Target**, **Gander Mountain**, **Best Buy** and others. The third phase, designed to add as much as 90,000 square feet to the approximately 460,000-square-foot project, is scheduled to start in 2016;
- **Belterra Village**, a power retail project at U.S. Highway 220 at Nutty Brown Road in Dripping Springs. The project, adjacent to a proposed **H-E-B**, is designed for anchor and junior anchor space (such as **Pet Supplies Plus**, **Spec's**), as well

as a cinema, and is set for delivery in 2016;

- **Crystal Falls Town Center**, a community retail center to be anchored by a 59,000-square-foot **Randalls** grocery store. The center, at the southwest corner of Lakeline Boulevard and Crystal Falls Parkway in Leander, will total 94,000 square feet and open in the fourth quarter of 2016;
- The new specialty-retail phase of **The Domain**, called **Rock Rose**, which opens in early 2016 with space for local restaurants and retailers. Also at **The Domain** in 2016, **Nordstrom** will open a 123,000-square-foot luxury department store;
- New fitness facilities, including an **LA Fitness** to open on Slaughter Lane in South Austin and a **Gold's Gym** on FM 1431 in Cedar Park, adjacent to **Randalls**;
- **Aldrich Street**, with new retail planned for the existing space in the town center in the Mueller master-planned community. The retail in the town center, located in Central Austin off of IH-35, is designed with a focus on local concepts and will feature as much as 1.2 million square feet of mixed-use space (which includes an existing museum, apartments and offices). The first announced retail tenant is **Alamo Drafthouse Cinema**, which plans a six-screen theater.

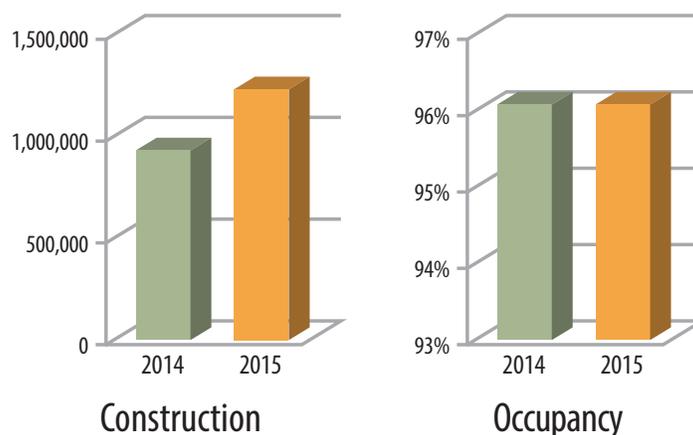
The tight market for well-located Class A retail space is resulting in average rates above \$30 per square foot for shop space in newly constructed projects. For the best-located new-construction projects and existing retail centers, rates have reached the \$40-per-square-foot level.

As Class A space fills up, the resulting demand for Class B and some C spaces has resulted in rental rate increases for select properties in those categories. However, there still remains a significant gap between Class A and other classes of rents.

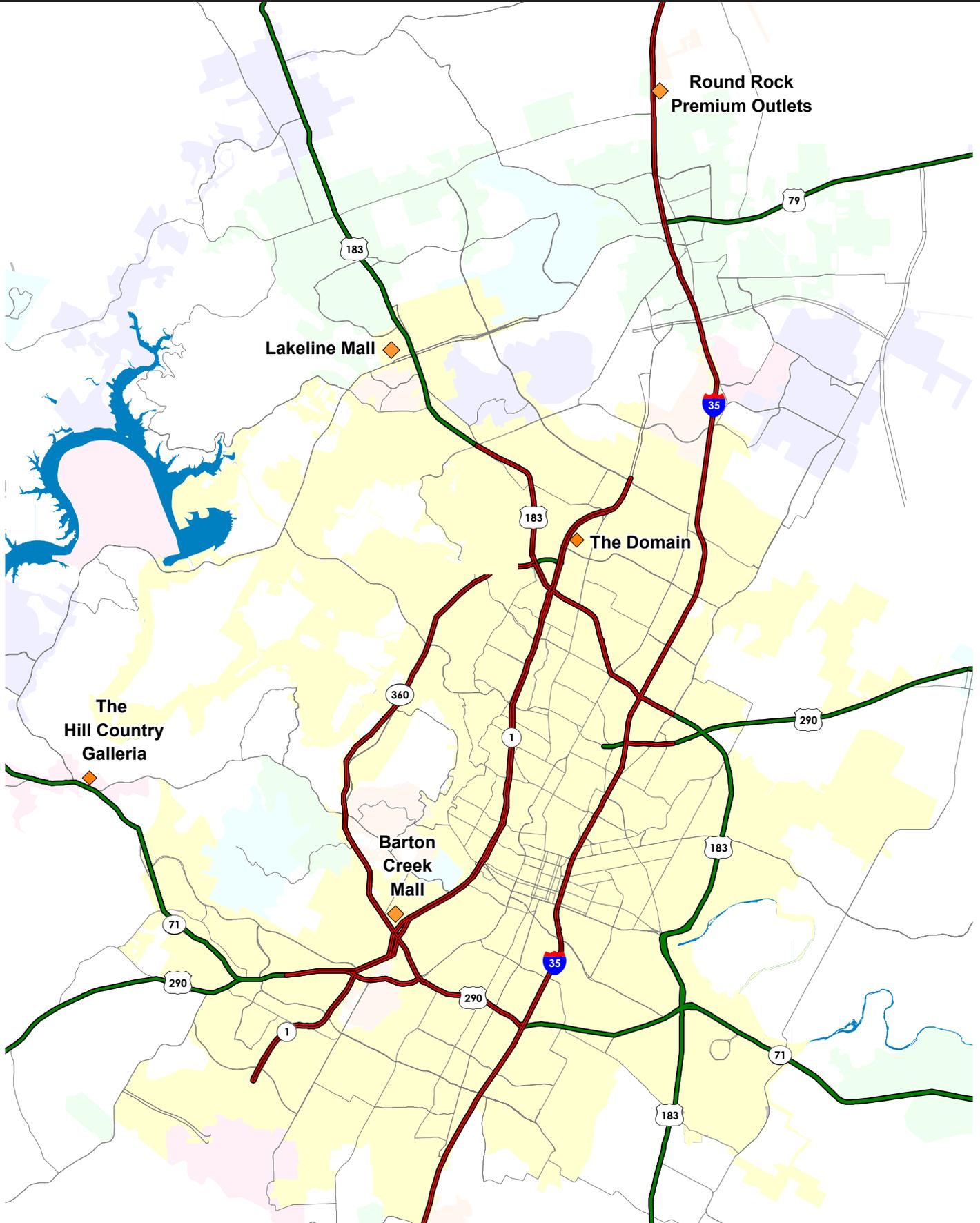
- For small-shop space in anchored Class A projects, rates range from the mid-\$30s per square foot per year to \$40 per square foot or higher;
- Averages for Class B small-tenant rates are posting from the mid-\$20s to around \$33 per square foot per year;
- Averages for Class C rates for small-tenant in-line spaces typically range from around \$20 to \$24 per square foot, though some Class C rates are in the teens.

For all classes of space, rates can go notably lower or higher than the rates listed above due to factors including anchors, traffic, demographics and location within a center.

## AUSTIN



# AUSTIN MALL MAP





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# DALLAS FORT WORTH

## D/FW Retail Market Reaches Highest Occupancy in 31 Years

DALLAS – Dallas/Fort Worth’s retail market ended 2015 with 91.6 percent occupancy, an increase of more than 1 percent over year-end 2014’s 90.5 percent occupancy rate. The 1.1 percent improvement represents a reduction in marketwide vacant space of approximately 1.8 million square feet.

This past calendar year marks only the third time in the past decade that the market breached the important 90-percent threshold. It also marks the highest overall market occupancy in 31 years years. The 91.6 percent rate is second only to 1984, when 92 percent of the market’s multi-tenant space was leased.

The occupancy gain during the past year was largely due to:

- Demand from expanding concepts, including anchors, that created high new occupancy levels for the market’s existing centers;
- New space development that was primarily anchor driven with extremely limited small-shop space that was built in line with demand;
- New market entrants that expanded primarily via existing space.

The D/FW occupancy rate is based on a total market inventory of 193,016,108 square feet of retail space in shopping centers with 25,000 square feet or more – the largest retail inventory for any metro area in Texas. Weitzman/Cencor surveys 1,383 centers in 42 submarkets, of which 30 submarkets are in the Dallas-area market, and 12 submarkets are in the Fort Worth-area market.

For year-end 2015, the occupancy rate in the Dallas area was 91.2 percent, a notable improvement over year-end 2014’s already healthy 90.2 percent. The rate is based on total market inventory of 134.7 million square feet in the Dallas area.

The occupancy rate in the Fort Worth area was even better: 92.4 percent, compared to 91.4 percent at year-end 2014. The rate is based on a total inventory of 58.3 million square feet.

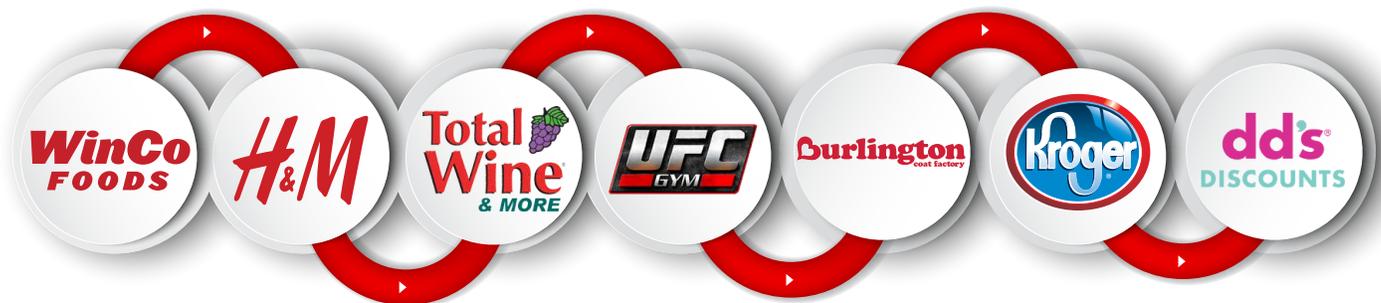


**Castle Hills Marketplace**, at SH-121 and Josey in Lewisville, opened its first phase in 2015 with a 123,000 -square-foot Kroger Marketplace.

For D/FW's major shopping center categories, the survey reported the following occupancy rates:

- **Community Centers** – 91.7 percent (compared to 90.6 percent at year-end 2014) for an inventory of 74.6 million square feet.
  - This category, typically anchored by a grocer, is the market's largest in terms of inventory. Community centers feature some of the strongest projects in D/FW. In addition to grocery and discounter anchors, the category features a mix of tenants designed to serve community needs.
- **Neighborhood Centers** – 86.6 percent (85.1 percent at year-end 2014) for an inventory of 40.7 million square feet.
  - This category represents smaller, typically unanchored centers of 25,000 square feet to as much as 100,000 square feet. The category continues to improve after falling to an occupancy low point of 81 percent during the recession. Since that time, vacant space in neighborhood centers has dropped from 6.9 million square feet at year-end 2009 to 5.5 million square feet today.
  - The strongest neighborhood centers in the category continue to report healthy occupancies, and 13 submarkets report neighborhood-center occupancy ranging from 90 to 100 percent.
- **Power Centers** – 95.2 percent (94.2 percent at year-end 2014) for an inventory of 40.8 million square feet
  - The occupancy in this category – which features power “category killer” retailers – reported gains as existing power retailers stabilized and concepts from gyms to discounters to grocers to medical uses backfilled box vacancies. As a result, power retail – a category that suffered fast-rising vacancy during the financial crisis as many power tenants failed – is today one of the healthiest categories in Dallas/Fort Worth.
- **Mixed-use** – 95.4 percent (92.4 percent at year-end 2014) for an inventory of 5.2 million square feet of retail space in projects with other commercial and residential space.
  - This category, with retail at its core, typically also features residential and office space, as well as other uses such as hotel or entertainment.
  - This category saw occupancy jump thanks in part to the active restaurant market and the lease-up of projects that opened just as the 2007-2009 recession hit.
  - During 2015 and moving into 2016, mixed-use is the most active non-community category, with major mixed-use projects under way or opening in markets like Plano and Frisco.
- **Malls** – 93.1 percent (92.7 percent at year-end 2014) for an inventory of 23.4 million square feet.
  - This category, which includes regional and super-regional malls, saw its stable occupancy improve further thanks to junior anchors like H&M, which opened in Denton's **Golden Triangle Mall**, Cedar Hill's **Hillside Village mall**

#### Key concepts backfill vacancies in 2015



and Fort Worth's **Ridgmar Mall**, and expanding mall tenants like **Francesca's**, **Torrid** and other apparel retailers.

- o D/FW reports two of the 18 submarkets with malls reporting 100-percent mall occupancy; an additional 11 submarkets report occupancies well above 90 percent. Only four submarkets – Allen, Irving, Plano and Southwest Dallas – report notable vacancy, largely due to either vacant department stores or higher-than-typical small-shop vacancy.

The improvement seen in the retail market during 2015 is due to steady demand for lease space in D/FW's existing shopping centers, as evidenced by the strong absorption posted during the year. The market posted its highest absorption total since 2000, when the market absorbed 8.3 million square feet. However, that total largely represented leasing in new construction, which totaled 8.8 million square feet. It's important to note that the 2000 absorption total was 500,000 square feet less than the new-space total, which means new construction added half a million square feet of vacancy to the market.

This past year, absorption easily surpassed the 2015 construction total.

The leasing activity in 2015 helped the retail market post total absorption – defined as the **net** increase or decrease in occupied space – of 4,531,480 square feet: a total of 3,151,898 square feet were absorbed in the Dallas area, and 1,379,582 square feet were absorbed in the smaller Fort Worth area.

During 2015, leasing in existing centers boosted absorption by removing large vacant retail spaces from the market.

### Key backfilled locations in existing centers during the year included:

- **H&M**, the famed fast-fashion retailer, which leased several new locations in existing space, including in the former **Barnes & Noble** in downtown Fort Worth, at **Hillside Village** in Cedar Hill and in **Golden Triangle Mall** in Denton;
- **WinCo Foods**, with approximately 85,000-square-foot stores at:
  - o The site for a former **Sports Authority** in Arlington's **Bardin Place Shopping Center**;
  - o The site of a closed **Target** at Centerville and LBJ and Garland;
  - o The site of a closed **Kroger** in **Orchard Village** in Lewisville.

- **Total Wine & More**, which leased 24,000 square feet in a junior anchor vacancy at **Denton Crossing**, located on Loop 288 in Denton. **Kroger** also expanded its store in **Denton Crossing** by 18,300 square feet by backfilling a site formerly filled by **World Market**;



H&M helped improve mall occupancy with new stores in existing space. Denton's **Golden Triangle Mall** location is pictured.

- **Burlington Coat Factory**, which leased approximately 50,000 square feet in a long-vacant **Mervyns** in a center adjacent to Fort Worth's **Ridgmar Mall**;
- **UFC Gym**, which backfilled a 12,962-square-foot space in **Dal-Rich Towne Square**, at 101 S. Coit Road in Richardson.
- The complete redevelopment of the vacant, 125,000-square-foot **Saks** store at **The Shops at Willow Bend**, an upscale mall in Plano. The project, starting in 2016, is razing the **Saks** store for open-air entertainment, restaurant and retail district. The mall's owner is also in the works to add an office tower and a hotel at the site, located at the Dallas North Tollway and Park Boulevard.

During 2015, the market reported new construction of 2,719,584 square feet of retail in new and expanded projects.

The 2015 annual construction, while representing an increase over the previous year's total of 2,056,926 square feet, is very conservative for a market that ranks as one of the healthiest in the country. Other than a select handful of retailers, few national concepts opened new-construction anchor stores during the year as national retailers focused on the seamless merger of their existing brick-and-mortar locations with their digital capabilities to create strong omnichannel success.

The majority of new space for 2015 was developed for retail anchors, with one store alone accounting for 20 percent of the new space added to the market during the year.

The construction, basically a blip on a market with 193 million square feet, represents only the second time since 2009 for new space to surpass the 2-million-square-foot level.

## Retail space in new and expanded projects opening in 2015 included:

- **Nebraska Furniture Mart**, a 433-acre development with more than 560,000 square feet of retail space at SH-121 and FM 423 in The Colony. The project is sparking peripheral development such as a new 52,000-square-foot **Rooms To Go**;
- **West Plano Village**, a mixed-use project that opened in late 2015 with 90,000 square feet of retail space and 60,000 square feet of second-floor office space above the retail buildings. In addition, leading developer AMLI Residential opened 264 apartments in a four-story configuration in 2014. The first phase of **West Plano Village**, located at Dallas North Tollway and Parker Road, opened in September 2013 and brought online the retail component's anchor, an **eatZi's Market and Bakery**. Well-known national and local concepts in the project's retail space include **Kona Grill**, **Princi Italia**, **Mi Dia From Scratch**, **Pakpao**, an **AT&T** flagship store and others;
- **Glade Parks**, one of the largest non-grocery-anchored projects to come online in 2015, which opened its first phase with a mix of power retailers including **Dick's Sporting Goods**, **Michaels**, **HomeGoods**, **Tuesday Morning**, **Dave & Buster's**, **Ulta** and **Boot Barn** at SH-121 and Glade in Euless;
- **Preston Hollow Village**, the retail in a mixed-use project at US-75 and Walnut Hill Lane, with the retail featuring **Trader Joe's** and a number of restaurants;
- **Park Lane**, a mixed-use project at US-75 and Park Lane, across from **NorthPark Center** mall, which expanded by 37,000 square feet for a number of soft-goods concepts;

	Properties	2014 GLA	2014 Vacancy	2014 % Vacancy	2015 GLA	2015 Vacancy	2015 % Vacancy
Neighborhood	695	39,997,037	5,673,764	14.19%	40,656,816	5,456,680	13.42%
Mixed-Use	25	3,865,873	294,714	7.62%	5,165,286	238,392	4.62%
Malls	18	23,410,574	1,703,279	7.28%	23,410,574	1,603,063	6.85%
Community	461	73,832,376	6,969,752	9.44%	74,554,990	6,222,984	8.35%
Power	135	40,811,812	2,358,228	5.78%	40,840,133	1,958,000	4.79%

- **Castle Hills Marketplace**, a regional-draw shopping center that opened its first phase with a 123,000-square-foot **Kroger Marketplace**. The center, located at the southwest corner of SH-121 and N. Josey Lane in Lewisville, is in proximity to the massive **Nebraska Furniture Mart** complex;
- **North Tarrant Marketplace**, a community center that features a 123,000-square-foot **Kroger Marketplace** and approximately 16,000 square feet of small shop space at N. Tarrant Parkway and Precinct Line Road in North Richland Hills;
- **Lantana Town Center**, a retail center on FM 407 at Jeter Road in Bartonville (Denton County) that is anchored by a 120,000-square-foot **Kroger Marketplace**. The center also features small-shop space and pad sites for concepts including **Starbucks**, **Marble Slab** and others;
- **Burleson Commons**, a retail center anchored by **Premiere Cinemas** in Burleson (Fort Worth area), which added a 114,800-square-foot **Kroger Marketplace** that opened in late December 2015;
- The expansion of **Lewisville Towne Crossing**, which added space for a **Studio Movie Grill** and multi-tenant retail space. The project, first opened in 2009 and anchored by **SuperTarget**, is located at SH-121 and Josey Lane;
- **Whole Foods Market**, with a new store in Uptown Dallas, where it serves as the retail anchor for a residential tower at McKinney Avenue and Routh Street. For 2016, **Whole Foods** is scheduled to open in the Las Colinas area of Irving and at 3400 Bryant Irvin Road in Fort Worth. The Bryant Irvin Road location will be the grocer's first within the Fort Worth city limits;
- A 34,000-square-foot **REI** store, the anchor of a 55,000-square-foot project on East Northwest Highway, adjacent to **Half Price Books** Dallas flagship store;
- **Walmart**, with new 2015 stores that included a **Supercenter** at Coit Road and Arapaho in Dallas and smaller (approximately 45,000 square feet) **Neighborhood Market** stores in suburban markets such as DeSoto, Lancaster, Wylie, Burleson and Rowlett;
- **Presidio Towne Crossing**, a center planned along I-35W in the **Presidio Junction** mixed-use development. **Presidio Towne Crossing** is by a **Target** store and features other concepts like **At Home**;



Grocer WinCo Foods opened in redeveloped anchor space at **Orchard Village** in Lewisville

- **The Village at Camp Bowie**, a retail center at Camp Bowie Boulevard and Bernie Anderson Avenue in Fort Worth anchored by a new **Sprouts** grocery;
- **WestBend**, a mixed-use project on University Drive in Fort Worth anchored by a 21,000-square-foot **Fresh Market**;
- **Lakeside DFW**, a mixed-use project at the northwest corner of FM 2499 and Lakeside Parkway in Flower Mound, with the retail anchored by a 45,000-square-foot **Moviehouse & Eatery** cinema;
- **Southlake Town Square** in Southlake, which added a new **Trader Joe's** specialty grocery;
- **H-E-B** in Burleson, which expanded to a total of 115,000 square feet, thereby creating the first **H-E-B Plus!** location in the greater Dallas/Fort Worth area.

**Several major projects are in the works for completion in 2016 or later. These include:**

- **CityLine Market**, a mixed-use project at the northeast corner of Renner Road and Plano Road in Richardson that will feature a **Whole Foods Market**-anchored center. The community center is set for completion in 2016;
- **Waterside**, located at Bryant Irvin Road at the Trinity River in Fort Worth, which will come online with Fort Worth proper's first **Whole Foods** location;

- **Walmart** and **Sam's Club** at US-380 and Preston Road in Prosper. **Sam's Club** also will open as the anchor for **East Village**, a retail center under way in the CityPlace area near downtown Dallas at US-75 and Haskell;
- A **Walmart Neighborhood Market** planned as the anchor for **Teasley Town Square**, a project at Teasley Lane and Ryan Road in Denton;
- The expansion of Fort Worth's **Presidio Towne Crossing**, which will add **WinCo** and other concepts;
- The expansion of **Eules' Glade Parks**, which will add retail including a 95,000-square-foot **Belk** department store, **Cinepolis** luxury cinema and several other junior anchors.
- The retail component of **Wade Park**, a \$1.6 billion mixed-use project under construction at the Dallas North Tollway at Lebanon Road in Frisco. The retail will include **Whole Foods Market**, **iPic Theaters** and a number of shops and restaurants, including **Torchy's Tacos** and the second location for popular Uptown Dallas venue **The Rustic**. The first phase is slated to open in 2017;

The D/FW retail market activity, especially retail leasing demand and store growth, is boosted by the area's economy, which ranks as one of the

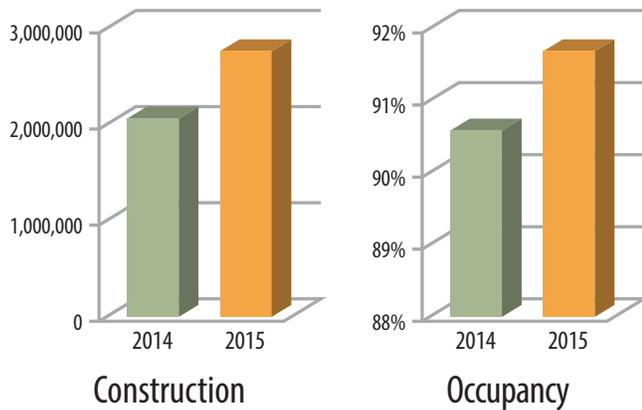
Mixed-use is one of D/FW's hottest construction categories. **West Plano Village**, at the Dallas North Tollway and Parker, completed its final phase of retail, office and multi-family in 2015.



strongest metro economies in the country. In terms of population, the D/FW metro area ranks as one of the fastest-growing in the country, adding more than 100,000 people annually.

With powerful growth expected to continue in the key areas of population, jobs and residential growth, the outlook for the D/FW retail market in 2016 is a year of steady gains to build on 2015's outstanding performance.

## DALLAS/ FORT WORTH

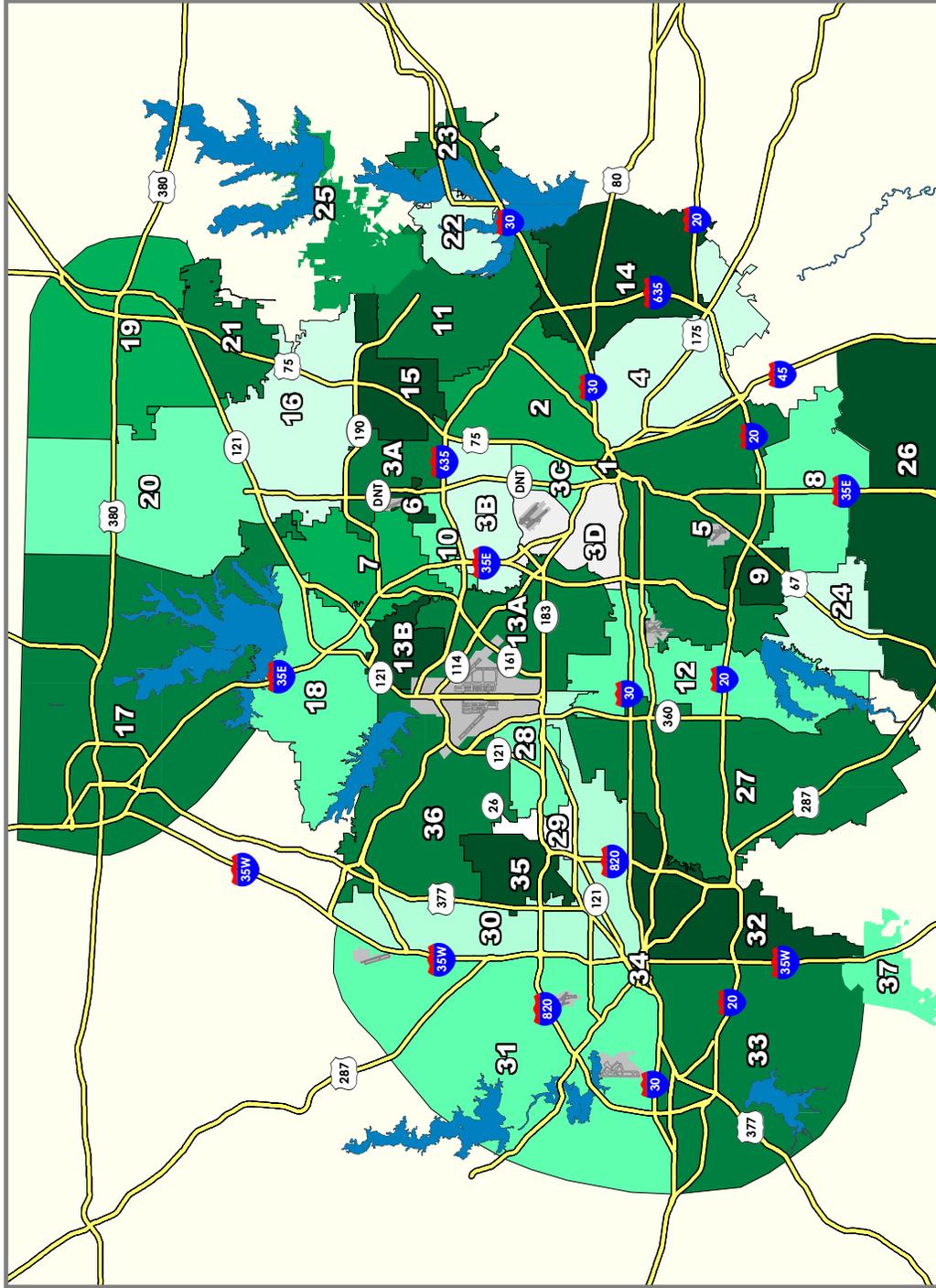


D/FW RENTAL RATES				
Sector	Name	Class A	Class B	Class C
1	Dallas CBD	\$38	\$22	\$12
2	Northeast Dallas	\$32	\$20	\$10
3A	Far North Dallas	\$28	\$16	\$12
3B	North Dallas	\$35	\$18	\$13
3C	Park Cities/Oak Lawn	\$45	\$28	\$17
3D	West Dallas	\$28	\$15	\$10
4	Southeast Dallas	\$15	\$10	\$7
5	Southwest Dallas	\$16	\$10	\$7
6	Addison	\$30	\$18	\$11
7	Carrollton	\$22	\$13	\$8
8	DeSoto/Lancaster	\$16	\$9	\$5
9	Duncanville	\$14	\$10	\$5
10	Farmers Branch	\$18	\$14	\$6
11	Garland	\$27	\$16	\$10
12	Grand Prairie	\$24	\$13	\$10
13A	Irving	\$24	\$14	\$8
13B	Coppell	\$25	\$17	\$12
14	Mesquite/Balch Springs	\$22	\$15	\$8
15	Richardson	\$28	\$20	\$10
16	Plano	\$36	\$25	\$12
17	Denton	\$29	\$21	\$11
18	Lewisville/Flower Mound	\$30	\$22	\$12
19	McKinney	\$26	\$20	\$15
20	Frisco	\$35	\$21	\$15
21	Allen	\$26	\$18	\$10
22	Rowlett	\$22	\$14	\$9
23	Rockwall	\$26	\$18	\$11
24	Cedar Hill	\$22	\$16	\$11
25	Murphy/Wylie Sachse	\$25	\$16	\$10
26	Northern Ellis County	\$21	\$16	\$10
	<b>Dallas Average</b>	<b>\$26</b>	<b>\$17</b>	<b>\$10</b>
27	Arlington	\$26	\$18	\$8
28	Bedford/Euless	\$24	\$13	\$9
29	Hurst	\$24	\$14	\$9
30	Northeast Fort Worth	\$27	\$15	\$8
31	Northwest Fort Worth	\$24	\$13	\$8
32	Southeast Fort Worth	\$18	\$14	\$7
33	Southwest Fort Worth	\$30	\$18	\$12
34	Fort Worth CBD	\$27	\$17	\$13
35	North Richland Hills	\$24	\$14	\$6
36	Northeast Tarrant County	\$32	\$20	\$14
37	Burleson	\$25	\$18	\$12
38	Weatherford	\$22	\$12	\$6
	<b>Fort Worth Average</b>	<b>\$25</b>	<b>\$16</b>	<b>\$9</b>
	<b>D/FW Average</b>	<b>\$26</b>	<b>\$16</b>	<b>\$10</b>

# DALLAS/FORT WORTH SUBMARKET SUMMARY

Sector	Name	YE 2014 GLA	YE 2014 Vacancy	YE 2014 % Vacancy	YE 2015 GLA	YE 2015 Vacancy	YE 2015 % Vacancy
1	Dallas CBD	471,546	141,590	30.03%	471,546	146,822	31.14%
2	Northeast Dallas	9,495,443	1,113,264	11.72%	9,565,920	1,002,933	10.48%
3A	Far North Dallas	8,409,993	696,137	8.28%	8,622,668	620,951	7.20%
3B	North Dallas	5,479,628	198,407	3.62%	5,709,745	165,376	2.90%
3C	Park Cities/Oak Lawn	3,202,126	88,818	2.77%	3,240,126	126,113	3.89%
3D	West Dallas	575,833	135,901	23.60%	575,833	122,350	21.25%
4	Southeast Dallas	1,976,418	214,504	10.85%	1,976,418	213,800	10.82%
5	Southwest Dallas	7,970,594	1,049,613	13.17%	7,997,071	1,131,556	14.15%
6	Addison	1,542,927	337,307	21.86%	1,542,927	206,885	13.41%
7	Carrollton	3,204,344	487,472	15.21%	3,204,344	427,316	13.34%
8	DeSoto/Lancaster	1,994,749	210,142	10.53%	2,084,226	221,435	10.62%
9	Duncanville	1,444,174	267,201	18.50%	1,444,174	245,910	17.03%
10	Farmers Branch	1,087,528	84,900	7.81%	1,087,528	101,545	9.34%
11	Garland	7,114,523	825,789	11.61%	7,114,523	763,103	10.73%
12	Grand Prairie	3,486,058	294,946	8.46%	3,486,058	153,958	4.42%
13A	Irving	8,245,366	1,052,796	12.77%	8,245,366	999,683	12.12%
13B	Coppell	980,836	167,338	17.06%	980,836	167,760	17.10%
14	Mesquite/Balch Springs	5,518,780	531,656	9.63%	5,518,780	517,756	9.38%
15	Richardson	3,991,540	650,196	16.29%	3,991,540	477,057	11.95%
16	Plano	15,265,493	1,727,817	11.32%	15,335,483	1,548,155	10.10%
17	Denton	5,903,114	395,499	6.70%	6,645,200	358,534	5.40%
18	Lewisville/Flower Mound	9,774,757	887,173	9.08%	10,014,317	867,361	8.66%
19	McKinney	3,561,927	202,485	5.68%	3,641,814	194,494	5.34%
20	Frisco	6,996,142	273,980	3.92%	6,996,142	215,136	3.08%
21	Allen	4,961,771	501,922	10.12%	4,961,761	327,793	6.61%
22	Rowlett	1,258,154	75,624	6.01%	1,303,154	76,524	5.87%
23	Rockwall	2,168,606	129,955	5.99%	2,168,606	114,978	5.30%
24	Cedar Hill	2,653,170	175,797	6.63%	2,653,170	167,808	6.32%
25	Murphy/Wylie/Sachse	2,251,972	50,015	2.22%	2,296,972	44,515	1.94%
26	Northern Ellis County	1,818,496	88,000	4.84%	1,818,496	65,475	3.60%
	<b>Dallas</b>	<b>132,806,008</b>	<b>13,056,244</b>	<b>9.83%</b>	<b>134,694,744</b>	<b>11,793,082</b>	<b>8.76%</b>
27	Arlington	14,458,563	978,048	6.76%	14,485,563	947,853	6.54%
28	Bedford/Euless	2,801,831	323,181	11.53%	3,032,622	250,259	8.25%
29	Hurst	3,521,398	305,655	8.68%	3,521,398	350,834	9.96%
30	Northeast Fort Worth	3,733,579	359,007	9.62%	3,733,579	357,466	9.57%
31	Northwest Fort Worth	6,176,624	486,008	7.87%	6,351,468	357,180	5.62%
32	Southeast Fort Worth	1,428,948	154,510	10.81%	1,428,948	171,310	11.99%
33	Southwest Fort Worth	9,628,184	1,189,897	12.36%	9,694,859	883,840	9.12%
34	Fort Worth CBD	393,300	80,856	20.56%	393,300	54,824	13.94%
35	North Richland Hills	3,027,388	579,715	19.15%	3,176,388	568,968	17.91%
36	Northeast Tarrant Co	9,420,992	383,204	4.07%	9,434,301	368,734	3.91%
37	Burleson	1,882,624	36,282	1.93%	2,069,416	44,874	2.17%
38	Weatherford	999,522	79,430	7.95%	999,522	68,480	6.85%
	<b>Fort Worth</b>	<b>57,472,953</b>	<b>4,955,793</b>	<b>8.62%</b>	<b>58,321,364</b>	<b>4,424,622</b>	<b>7.59%</b>
	<b>Grand Total</b>	<b>190,278,961</b>	<b>18,012,037</b>	<b>9.47%</b>	<b>193,016,108</b>	<b>16,217,704</b>	<b>8.40%</b>

# DALLAS/FORT WORTH SUBMARKET MAP



**Shopping Center Sectors**

- 1 - Dallas CBD
- 2 - Northeast Dallas
- 3A - Far North Dallas
- 3B - North Dallas
- 3C - Park Cities / Oak Lawn
- 3D - West Dallas
- 4 - Southeast Dallas
- 5 - Southwest Dallas
- 6 - Addison
- 7 - Carrollton
- 8 - DeSoto / Lancaster
- 9 - Duncanville
- 10 - Farmers Branch
- 11 - Garland
- 12 - Grand Prairie
- 13A - Irving
- 13B - Coppell
- 14 - Mesquite / Balch Springs
- 15 - Richardson
- 16 - Plano
- 17 - Denton
- 18 - Lewisville / Flower Mound
- 19 - McKinney
- 20 - Frisco
- 21 - Allen
- 22 - Rowlett
- 23 - Rockwall
- 24 - Cedar Hill
- 25 - Murphy / Wylie / Sachse
- 26 - Northern Ellis County
- 27 - Arlington
- 28 - Bedford / Euless
- 29 - Hurst
- 30 - Northeast Fort Worth
- 31 - Northwest Fort Worth
- 32 - Southeast Fort Worth
- 33 - Southwest Fort Worth
- 34 - Fort Worth CBD
- 35 - North Richland Hills
- 36 - Northeast Tarrant County
- 37 - Burleson
- 38 - Weatherford\*

\*not shown on map

# DALLAS/FORT WORTH ABSORPTION & CONSTRUCTION

Sector	Name	2015 Absorption	2015 Construction*
1	Dallas CBD	-5,232	
2	Northeast Dallas	180,808	71,000
3A	Far North Dallas	287,861	192,000
3B	North Dallas	263,148	230,117
3C	Park Cities/Oak Lawn	705	38,000
3D	West Dallas	13,551	
4	Southeast Dallas	704	
5	Southwest Dallas	-55,466	27,000
6	Addison	130,422	
7	Carrollton	60,156	
8	DeSoto/Lancaster	78,184	90,000
9	Duncanville	21,291	
10	Farmers Branch	-16,645	
11	Garland	62,686	
12	Grand Prairie	140,988	
13A	Irving	53,113	
13B	Coppell	-422	
14	Mesquite/Balch Springs	13,900	
15	Richardson	173,139	
16	Plano	249,652	70,000
17	Denton	779,051	742,086
18	Lewisville/Flower Mound	259,372	239,560
19	McKinney	87,878	79,887
20	Frisco	58,844	
21	Allen	174,119	
22	Rowlett	44,100	45,000
23	Rockwall	14,977	
24	Cedar Hill	7,989	
25	Murphy/Wylie/Sachse	50,500	45,000
26	Northern Ellis County	22,525	
	<b>Dallas</b>	<b>3,151,898</b>	<b>1,869,650</b>
27	Arlington	57,195	27,000
28	Bedford/Euless	303,713	230,791
29	Hurst	-45,179	
30	Northeast Fort Worth	1,541	
31	Northwest Fort Worth	303,672	174,844
32	Southeast Fort Worth	-16,800	
33	Southwest Fort Worth	372,732	66,675
34	Fort Worth CBD	26,032	
35	North Richland Hills	159,747	150,000
36	Northeast Tarrant Co	27,779	13,832
37	Burleson	178,200	186,792
38	Weatherford	10,950	
	<b>Fort Worth</b>	<b>1,379,582</b>	<b>849,934</b>
	<b>Grand Total</b>	<b>4,531,480</b>	<b>2,719,584</b>

\* New construction of 25,000 square feet or more; some construction represents expansion space





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# HOUSTON

## Houston Retail Market Continues to Perform in Face of Energy Industry Weakness

**HOUSTON** - Houston's retail market as of year-end 2015 maintained its healthy occupancy rate of just under 96 percent, largely due to a stable metro area economy, construction largely limited to space built for anchor stores and strong leasing in existing retail centers that continues to absorb market vacancies.

The retail market is benefitting from the continued strength of the Houston economy, which despite the loss of numerous energy-sector jobs, still reports an unemployment rate of only 4.9 percent as of November 2015, according to the Texas Workforce Commission. The rate is not much changed from 4.5 percent in January 2015, thanks to a metro area economy that has greatly diversified over the past three decades.

Due to the diverse job market, the oil price downturn that began in mid-2014 has had few negative effects on the retail market; however, the office market has been adversely affected due to its heavy concentration of energy firms, particularly in the Downtown and Energy Corridor submarkets.

The Weitzman Group and Cencor Realty Services review a Houston-area retail market inventory of approximately 152 million square feet in multi-tenant retail centers with 25,000 square feet or more.

For calendar year 2015, the Houston-area retail market added retail space in new and expanded projects totaling approximately 2,656,000 square feet. That represents an increase of nearly 1 million square feet over the 1.7 million square feet of new space that came online in 2014.

Even with the increase, the total remains relatively low for a huge retail market with high occupancy and notable retail demand.

**New projects in 2015 were dominated by grocery-anchored retail centers. These included:**

- **The Junction at Deer Park**, which opened its first phase – an 83,000-square-foot **H-E-B** grocery -

Key concepts backfill vacancies in 2015



at the northeast quadrant of Spencer Highway and East Boulevard in Deer Park. Future phases will add more than 400,000 square feet;

- **H-E-B Spring Creek Market**, a 96,000-square-foot grocery store located at 3540 Rayford Road in Spring, just south of The Woodlands;
- **H-E-B**, which opened a 91,000-square-foot store at San Felipe and Fountainview in the affluent Tanglewood community. In addition to the grocer, the center is designed with 30,000 feet of small-shop space as well as pad space;
- **Cypress Creek Plaza**, a retail center at the northeast corner of Fry Road and Tuckerton in Cypress, where anchor **H-E-B** opened a 100,000-square-foot store in September 2015. An additional 51,000 square feet is under way for a mid-2016 opening;
- **Joe V's Smart Shop**, a discount grocery concept from **H-E-B**, with a new-construction store totaling 57,000 square feet at Beltway 8 and Fuqua in Houston;
- **Yale Street Market**, an approximately 150,000-square-foot grocery-anchored center located at Yale Street and I-10, inside the Loop. The center is anchored by a 27,529-square-foot **Sprouts Farmers Market**, which opened in March. Other concepts include **LA Fitness**, **World Market** and others;
- **The Shops at Katy Reserve**, which opened its fully leased first phase of nearly 160,000 square feet at FM 1463 and Spring Creek Boulevard in Katy. The center is anchored by an approximately

123,000-square-foot **Kroger Marketplace**. Phase II delivery is set for mid-2016;

- **Whole Foods**, which opened a 46,532-square-foot store at 1407 South Voss Road for the relocation of its Woodway store;
- The 175,000-square-foot retail component of the mixed-use **Hughes Landing** development in The Woodlands. Anchor **Whole Foods** opened a 40,000-square-foot store in March, and other concepts in the retail space include **Truluck's**, **Del Frisco's Grille**, **California Pizza Kitchen**, **Local Pour**, **Starbucks**, **Pier 1 Imports**, **KB Kasuals** and others;
- A center at FM 518 and Cullen in Pearland anchored by a 28,000-square-foot **Sprouts Farmers Market**;
- **Trader Joe's**, which opened a 12,500-square-foot store in early 2015 in **LaCenterra at Cinco Ranch** in Katy;
- **Fry-529 Retail Center**, located at the southeast corner of North Fry Road and FM 529 in Cypress. The first phase of the center, with 115,000 square feet, features a 60,000-square-foot **Fiesta Mart** that opened in January;
- **Walmart**, which opened a 41,000-square-foot **Neighborhood Market** at 24919 Westheimer Parkway in Katy;
- **Walmart Neighborhood Market**, with a new 40,000-square-foot store that opened at 12631 Broadway Street in Pearland;

The H-E-B anchor in **The Junction at Deer Park** opened during the second half of 2015



- **Walmart Neighborhood Market**, with a new 41,000-square-foot store for the northeast corner of Barker Cypress Road and Longenbaugh Drive;
- **Chambers Town Center**, located at I-10 and Highway 146 in Baytown. The center, anchored by a **Walmart** that opened in 2014, has a new phase with tenants including **Showbiz Cinemas**, **Whataburger**, **Chick-fil-A** and others.

**Non-grocery-anchored retail for 2015 included:**

- The 285,000-square-foot open-air, lifestyle expansion of **Baybrook Mall**, which celebrated its grand opening in November; an additional 270,000 square feet of power retail will open as part of the mall's expansion in late 2016, according to the mall. The 2015 openings include a 42,000-square-foot **Star Cinema Grill** flagship, a 40,000-square-foot **Dave & Buster's**, more than 30 retailers and 10 new restaurants, including **Maggiano's**, **Perry's Steakhouse & Grille**, **Yard House** and **Kona Grill**. When the second phase is completed in 2016, the expansion brings the mall to a total of 1.7 million square feet;
- **The River Oaks District**, a high-end mixed-use project that held its grand opening this fall, unveiling a collection of luxury retailers and high-end restaurants, many new to the Houston market. The project, at 4444 Westheimer Road, is designed for approximately 250,000 square feet of retail space, along with other uses. Concepts include a 33,000-square-foot **Equinox** gym, the first in the

Houston area, as well as **iPic luxury cinema**, **Cartier**, **Dior**, **Hermès** and several other luxury purveyors. For the **River Oaks District**, existing buildings between two of the busiest streets in Houston were demolished to create a mega-complex with planned future phases;

- **The Market at Crenshaw**, a regional project located along Beltway 8 between Fairmont Parkway and Crenshaw Road in Pasadena. The first phase of the center incorporates approximately 169,000 square feet for a 55,000-square-foot **Burlington**, along with a number of smaller concepts. A second, 60,000-square-foot phase is in the works;
- **Nordstrom Rack**, with a 31,000-square-foot store at Baybrook Square at I-45 and West Bay Area Boulevard in Webster;
- **Costco**, with a 150,000-square-foot store in Pearland at the northwest corner of Highway 288 and CR 59;
- **Burlington**, with a 60,000-square-foot Houston store at 9751 South Post Oak Road in **Meyer Park** shopping center;
- **Academy**, with a 63,000-square-foot store in Missouri City and a 72,000-square-foot store in Cypress;
- **Gallery Furniture**, a 165,000-square-foot furniture store located in **The Market at Long Meadows Farm** on the Grand Parkway in Richmond. The store also features a restaurant and a bar, as well as other attractions;
- **The Shops at Boulder Creek**, located at Beltway 8 and Pearland Parkway, which is anchored by an

**Woodshore Marketplace**, a Kroger Marketplace-anchored center in Clute, is set for a 2016 opening.



approximately 42,000-square-foot **Studio Movie Grill**;

- **Costco**, with a 153,000-square-foot store at the northeast corner of Highway 242 and I-45 in The Woodlands;
- **Grand Crossing**, a center anchored by a **Costco** that opened in 2014, where small-shop space was added for tenants including **Mattress Firm**, **Sleep Number**, **T-Mobile** and others. **Grand Crossing** is located at I-10 and Grand Parkway in Katy.

The market is also seeing strong demand for space in existing centers.

#### Leasing highlights included:

- **H-E-B**, which demolished a long-vacant, 87,000-square-foot former **Kmart** for a new 62,000-square-foot grocery store at Highway 146 near Palmer Highway in Texas City;
- **Academy**, with a 63,000-square-foot store at 1461 Spring Cypress and I-45, which represents the redevelopment of a former **Kroger** location;
- **H&M**, which opened a 28,000-square-foot store in **Pearland Town Center** and a 20,000-square-foot store in **CityCentre**, a mixed-use development located near the intersection of I-10 and Beltway 8.

The market is also seeing an incredible level of restaurant activity, largely from small chains or regional players like **Texas de Brazil**, which opened in late 2015 in **First Colony Mall** in Sugar Land; **Mellow Mushroom**, at 28th and Shepherd in the Heights; **Cane Rosso** at 19th and Shepherd; **Fuzzy's Taco Shop** at Kuykendahl and Highway 290; and **PDQ** at I-10 and Spring Cypress.

#### Many of the new restaurants are concepts that are entering the Houston market. These include:

- **Roka Akor**, a high-end Japanese steak, sushi and seafood restaurant that will open in the **2929 Wesleyan** luxury residential tower in the River Oaks area in Houston in mid-2016;
- **Tacodeli**, a favorite out of Austin, which is entering the market in 2016;
- **Velvet Taco**, a small chain out of Dallas, which will open on Washington Avenue;
- **Slim Chickens**, which is under way with its first area location at Grand Parkway and I-10.

For 2016 or later, several retail projects are already in the works. These again are dominated by grocery-anchored retail, including:

- **Woodshore Marketplace**, a community retail center at the southwest corner of Oyster Creek Drive and Dixie Drive in Clute, with a 123,000-square-foot **Kroger Marketplace** anchor and an additional 16,450 square feet of shop space. The center is scheduled to open in 2016;
- **Yale Marketplace**, to be anchored by one of the country's first locations for **Whole Foods** new value-shopping concept, **365 by Whole Foods Market**; the grocery store is to open at I-610 and

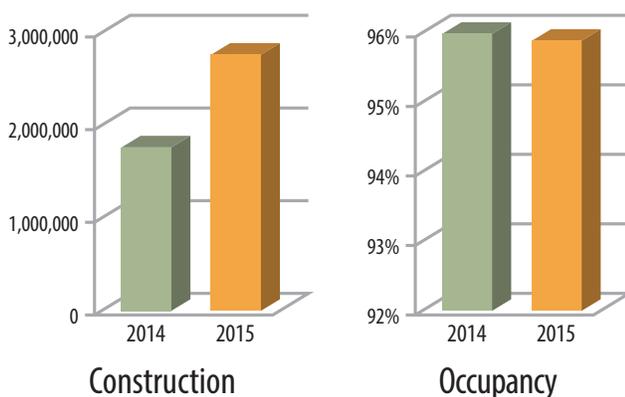


Roka Akor, a high-end restaurant, will open its first Houston location in the street-level retail space in luxury residential tower **2929 Wesleyan**.

- Yale near the close-in Heights area in late 2016;
- **Clear Lake Marketplace**, anchored by **H-E-B**, set to open in 2016 on Clear Lake City Boulevard at El Dorado Boulevard;
  - **Main Street Kingwood**, a center at West Lake Houston Parkway at Kingwood Drive, to be anchored by **H-E-B** grocery. The center also features a number of restaurants;
  - A **Walmart Supercenter**-anchored project at FM 1093 and FM 1463 in Katy. The **Walmart** is set to open in fall 2016;
  - A **Walmart Neighborhood Market**, with an early 2016 opening at FM 518 West and Landing Boulevard in League City. The **Walmart**, a smaller grocery concept from the retail giant, anchors **The Shoppes at Landing**, where a second phase will open by mid-year 2016 with 16,200 square feet;
  - **Trader Joe's**, which will open in **Royal Oaks**, a center anchored by **Kohl's**;
  - **H-E-B**, with a store set to open in the second half of 2016 at Tamina Road and FM 1488 in Magnolia;
  - **Magnolia Commons**, a mixed-use project planned for a 2017 opening at FM 1488 near FM 149. The retail will be anchored by **H-E-B**;
  - **Marketplace at Ninety-Six**, a community center anchored by **Kroger Marketplace** at the intersection of League City Parkway and Hobbs Road in League City. In addition to the 123,000-square-foot **Kroger**, the center will open

- in fall 2016 with an additional 25,900 square feet of space;
- **Miramesa Town Center**, a **Walmart**-anchored center at Fry and West in Northwest Houston. The center will also include a 45,000-square-foot **Star Cinema Grill**;
- A **Kroger Marketplace**-anchored community center, to total approximately 170,000 square feet, set to open in the first half of 2016 at Garth Road and Hunter Road in Baytown;
- **Star Cinema Grill**, with a 42,000-square-foot multi-screen cinema near the intersection of the Westpark Tollway and Grand Parkway in Katy;
- **Cabela's**, with a 72,000-square-foot store at I-45 and Big League Dreams Parkway. The location will be the first in the Houston area for outdoors superstore **Cabela's** and is set to open in the first half of 2016;
- **Stableside at Falcon Landing**, a center planned for a late 2016 or early 2017 opening at the northwest corner of Gaston Road and Falcon Landing Boulevard in Katy. The center will be anchored by a 102,473-square-foot **Kroger** and is designed for a cinema and shop space;
- A retail project with **Kroger** and **Sam's Club** at Grand Parkway and Boudreaux set to open in late 2016;
- **Fairfield Marketplace**, a community center with **Kroger Marketplace** and approximately 30,000 square feet of shop space in the master-planned Fairfield community in Cypress;
- **Valley Ranch Town Center**, a project designed for up to 1.8 million square feet of retail and entertainment space anchored by **Kroger Marketplace** located at U.S. 59 North at Grand Parkway in Porter (Montgomery County). The center's first phase is on track to open by early 2017;
- New **Kroger** stores set to open in 2017 at Grand Parkway and Morton, at Loop 336 and I-45 and at Grand Parkway and Holzworth.

## HOUSTON



Other retail projects include power, mall and discount retail, as well as the market's first new **Target** store in years.

**These projects include:**

- The expansion and renovation of leading mall **The Galleria**, which is adding new retail space and a newly renovated 198,000-square-foot **Saks** store opening in 2016 adjacent to its existing store. The **Saks'** relocation creates 110,000 square feet that is being subdivided for restaurants and retail space. The expansion will include a small "jewel box" building;
- **The Shoppes at Parkwest**, a power center at the northeast corner of I-10 and Katy Ford Bend Road, near **Katy Mills Mall**. The first phase will feature **Bed Bath & Beyond**, **Buy Buy Baby** and others;
- **Grand Parkway Marketplace**, a power center designed to have 400,000 square feet, which is planned for the intersection of Spring Stuebner Road and Kuykendahl Road in The Woodlands area. The center is slated to open in late 2016 or early 2017 and will be anchored by the first new Houston-area **Target** store in years;
- Cinemas, including a **Cinemark** on Beltway 8, an **Alamo Drafthouse Cinema** in the **Imperial Market** mixed-use redevelopment in Sugar Land and a **Flix Brewhouse** at **The Crossing at Telfair**. The cinemas have opening dates of 2016 and 2017;
- A 150,000-square-foot **Costco**, set to open in the first half of 2016 at Townsen Boulevard and I-69/Highway 59 in Humble. The store is the warehouse-club retailer's eighth in the Houston area;
- **Mid-Main**, a mixed-use project in Midtown Houston, which will open in 2016 with approximately 29,000 square feet of retail, in addition to multi-family space;
- **CityPlace**, a north Houston mixed-use project on I-45 at Grand Parkway near the new ExxonMobil corporate campus. **CityPlace** is designed to have 400,000 square feet of retail upon completion;

- New **Dick's Sporting Goods** stores, set to open at locations including **Baybrook Mall**, **Deerbook Mall**, **First Colony Mall**, **The Woodlands Mall** and **Willowbrook Mall**. The stores are the chain's first in the Houston market;
- A new **H-E-B**-anchored center, planned to incorporate 285,000 square feet of retail space, slated for a 2018 opening at the northwest corner of IH-10 and Eagle Drive in Mont Belvieu.

In terms of rent, the Houston retail market is seeing average quoted rents remain steady and show slight increases over the levels they reached in 2014.

Demand for the Class A space, however, can result in small-shop rates in the best-located and newly constructed projects going as high \$50 to \$60 per square foot per year in select areas like Galleria, River Oaks and Midtown.

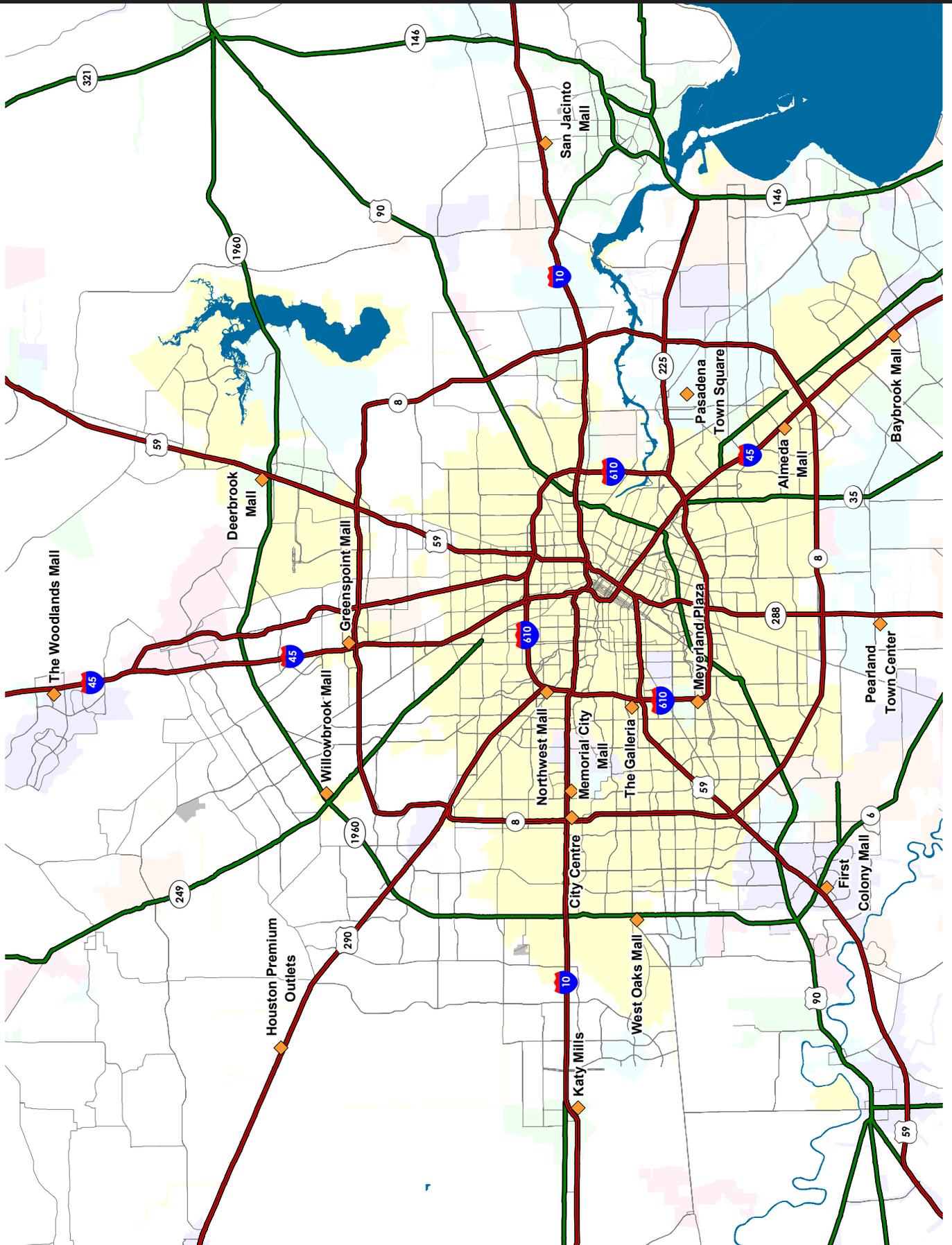
**For small-shop in-line space in well-located, anchored projects:**

- Class A rates ranged from \$30 to the high \$30s on a per-square-foot-per-year basis, with rates for quality space inside the Loop typically rising above \$40 per square foot or more.
- Class B small-shop-space average rates are posted from the low to the high \$20-per-square-foot-per-year range.
- Class C small-shop rates typically averaged in the \$15- to \$20-per-square-foot-per-year range.

These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

For 2016, the retail market will proceed with caution as it watches the energy sector performance, but we expect to see 2016 on a strong note.

# HOUSTON MALL MAP





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# SAN ANTONIO

## Alamo City Retail Market Remains Healthy in 2015

**SAN ANTONIO** – San Antonio’s retail market maintained its healthy occupancy rate of 93.5 percent as of year-end 2015, representing the steady nature of the market. The Alamo City benefits from continued demand for retail, restaurant and service space as construction remains dominated by spaces built for anchors like grocers, power retailers and large-format fitness concepts.

The occupancy rate is based on a review of San Antonio area multi-tenant shopping centers with 25,000 square feet or more conducted by The Weitzman Group and Cencor Realty Services. The review is based on a San Antonio retail market inventory of 43.8 million square feet.

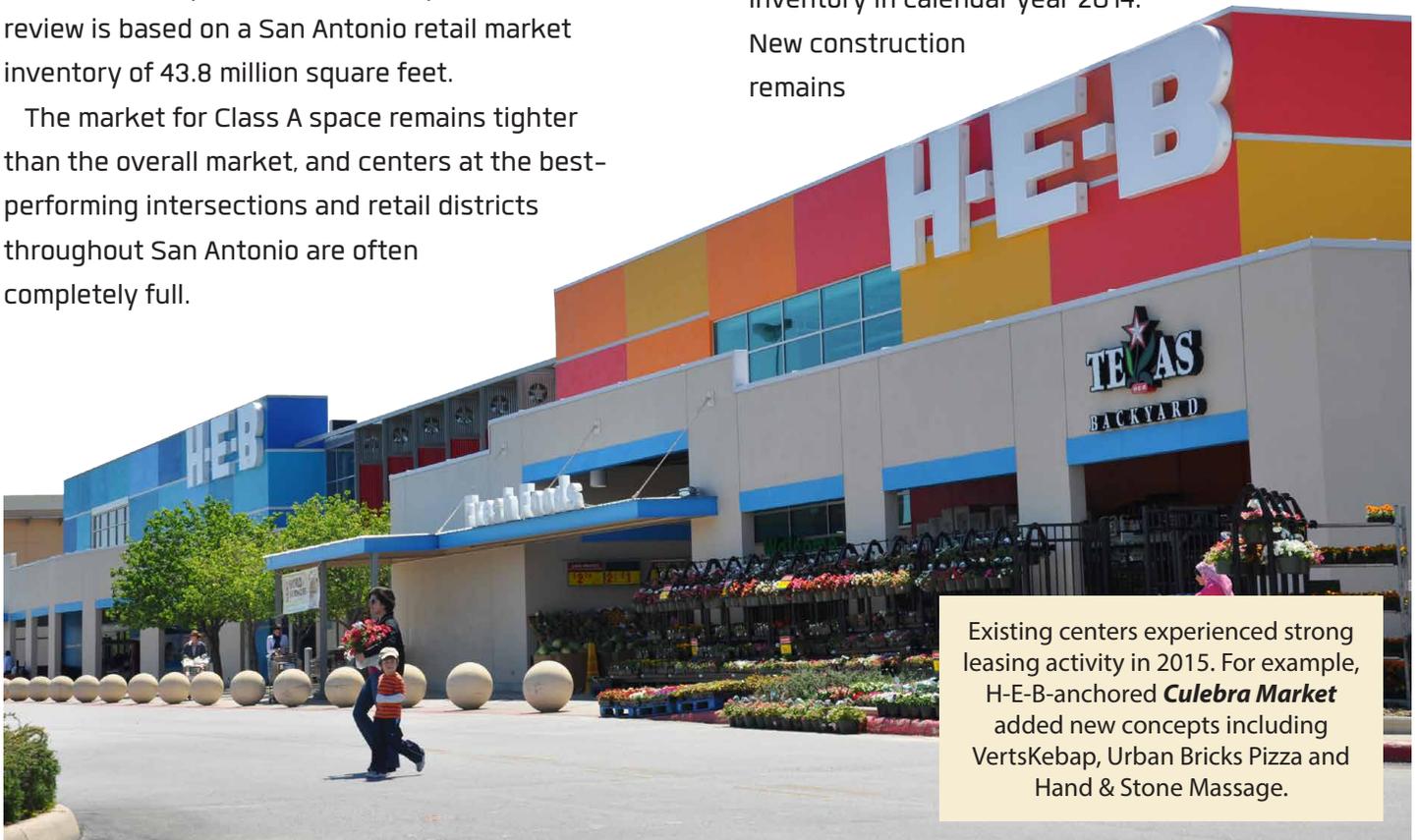
The market for Class A space remains tighter than the overall market, and centers at the best-performing intersections and retail districts throughout San Antonio are often completely full.

The market’s limited retail construction is dominated by anchor stores. Little small-shop space is being built along with these anchors, which ensures continued high occupancy.

The construction market for 2015 reflects what was seen during 2014 and the previous few years – new space is for grocery stores and a limited number of other user types. Grocery stores are expanding to meet the need of a growing population and increased residential growth, which is on track to gain even more traction in 2016.

New space in new and expanded retail projects added approximately 893,000 square feet of new retail space, a notable decrease from the 1.4 million square feet added to the San Antonio retail market inventory in calendar year 2014.

New construction remains



constrained due to very limited speculative space coming online.

The new expansion of **The Rim**, with approximately 260,000 square feet, represents the largest multi-tenant project in 2015. The expansion added new retail space for concepts including **Hemispheres**, **PetSmart**, **Bassett Furniture Direct**, **Off Broadway**, **Sun & Ski Sports** and restaurants including **Lupe Tortilla**, **The Lion & Rose pub**, **Potbelly**, **Russo's**, **Zoës Kitchen**, **IHOP** and several others. The expansion also added entertainment concept **Bowl & Barrel**, a 15-lane upscale bowling alley with a full-service restaurant and European-style beer hall.

In 2015, **Walmart** added more space than any other single retailer in the market. **Walmart's** new San Antonio stores include both its mega-format **Supercenters** and its smaller **Neighborhood Markets**.

#### **For 2015, new Walmart Supercenter and Neighborhood Market locations included:**

- An approximately 180,000-square-foot store as anchor for a development called **Singing Hills**, at the intersection of U.S. Highway 281 and SH-46 in Bulverde. In addition to **Walmart**, the center features in-line space and pad sites. The **Walmart** opened in September 2015;
- An approximately 153,000-square-foot **Walmart Supercenter** at 918 Bandera Road on the city's West side, which opened in August 2015;
- A 38,000-square-foot **Walmart Neighborhood Market** at 3175 Nacogdoches Road just north of

Loop 410, which opened during the first half;

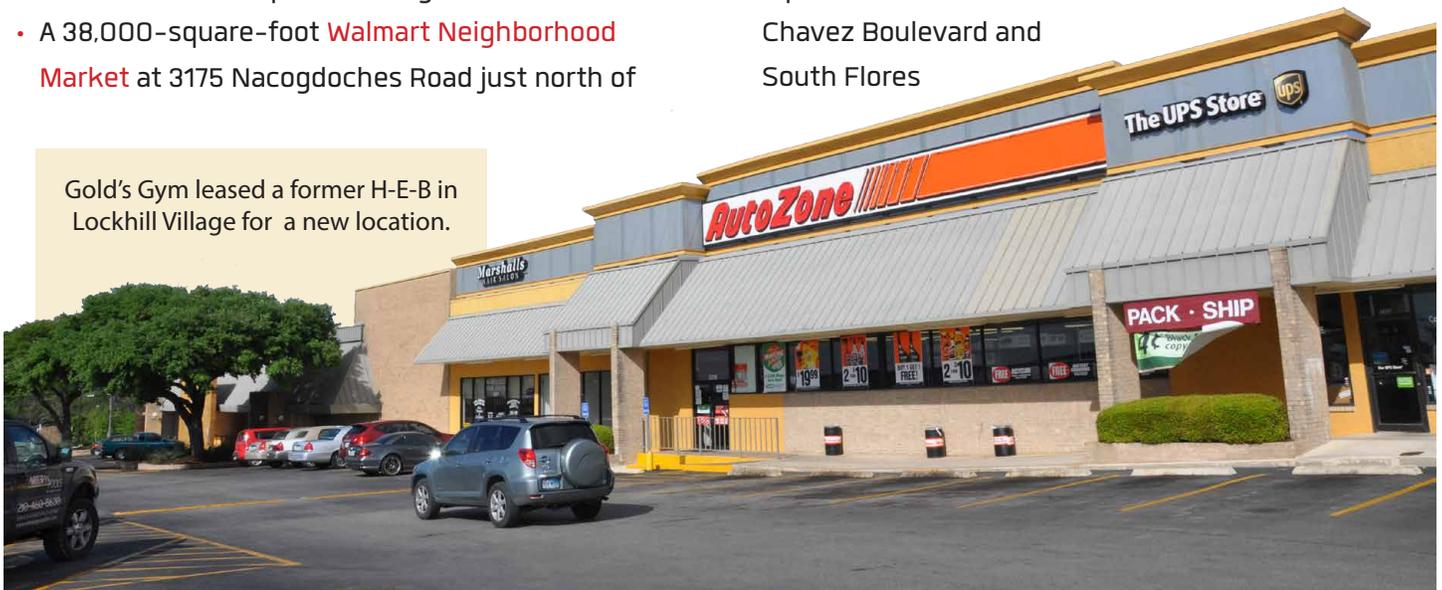
- A 42,000-square-foot **Neighborhood Market** at 9006 Guilbeau in northwest San Antonio, which opened during the first half of the year.

#### **Other new retail space built in 2015 included:**

- **LA Fitness**, with a new location at Bulverde and Loop 1604. **LA Fitness** opened in the first half of 2015. A second **LA Fitness** for 2015, with 40,000 square feet, opened at **The Vineyard**, a retail center at Loop 1604 and Blanco Road;
- **Gold's Gym**, with a new 38,000-square-foot freestanding location in **Bulverde Crossing**, a shopping center located at 17934 Bulverde Road;
- **H-E-B**, which opened a 62,000-square-foot store at Nogalitos and Park streets at the site of smaller, 26,000-square-foot **H-E-B**. The new store represents the first two-story location in Texas for **H-E-B**;
- **Forum Pointe**, a 40,000-square-foot center with concepts including **Brident Dental** and others. The project is located across IH-35 from **The Forum at Olympia Parkway**.

Although its square footage falls below the 25,000-square-foot level for our review, it's notable that San Antonio's leading grocer, **H-E-B**, opened its first downtown location in December 2015. The store, called **H-E-B Flores Market**, occupies 12,000 square feet at the corner of Cesar Chavez Boulevard and South Flores

Gold's Gym leased a former H-E-B in Lockhill Village for a new location.



Street. The downtown market is designed to serve the growing residential population in the area.

Several retail concepts leased space in existing centers during 2015, which helped boost overall occupancy. These included:

- **Northern Tool + Equipment**, which leased a 15,000-square-foot space in **The Village at Forum Parkway** at 14565 IH-35 North for its second area location;
- **YMCA of Greater San Antonio**, which leased a 53,570-square-foot former grocery store located at Potranco Road and Highway 151. The new location will open in 2016;
- **Planet Fitness**, which leased a 20,000-square-foot location in **Encino Park Center** at 20760 N. U.S. Highway 281 North at Evans Road;
- **Gold's Gym**, which took approximately 30,000 square feet in a former **H-E-B** at **Lockhill Village**, a community center located at 2323 Lockhill Selma Road, as well as a 26,000-square-foot former **Bally's** location at **Alamo Quarry Market**;
- **Blow Dry Bar**, which leased its first area location in **Dominion Ridge**, located at I-10 and Dominion Drive. The lease brought the mixed-use project to 100-percent occupancy;
- **H&M**, a famed "fast-fashion" apparel retailer, which in October opened a 24,000-square-foot store in **North Star Mall** at NW Loop 410 at San Pedro;
- **Ross Dress for Less**, which opened an approximately 25,000-square-foot location in **Nacogdoches Village** at Nacogdoches and O'Connor roads;
- **Mega Furniture**, which took a 34,000-square-foot location in a former **Kmart** located at 3150 W. Pat Booker Road on San Antonio's far Northeast side as part of the vacant store's redevelopment for multi-tenant retail;
- **Mega Furniture**, which also leased a 26,250-square-foot former **Bassett Furniture**

**Dominion Ridge**, a high-end mixed-use project, reached full occupancy in 2015; the center features Silo Elevated Cuisine, Di Frabo Ristorante Italiano, Aldaco's, Salons by JC, Blow Dry Bar and many others.



location at I-10 and De Zavala;

- **ULTA Beauty**, which opened in 11,000 square feet at **South Park Mall**, at 2310 S.W Military Drive;
- **Culebra Meat Market**, which backfilled a 13,000-square-foot former **Walgreens**, part of a strip center at Bandera Road and Hillcrest.

**The restaurant market remains extremely active. Some 2015 highlights included:**

- **Ruth's Chris Steakhouse**, which opened its third San Antonio location in approximately 7,800 square feet at mixed-use project **Eilan**;
- **Di Frabo Ristorante Italiano**, a high-end concept from **Monterrey**, which opened at the mixed-use project, **Dominion Ridge**, in June 2015. Other dining concepts opened during 2015 in **Dominion Ridge** including **Posh Sushi**, a Laredo-based concept, joining already open **Silo Terrace Oyster Bar** and **Aldaco's Mexican Cuisine**, among others;
- **Pappadeaux Seafood Kitchen**, with a 15,000-square-foot restaurant in **The Landmark** on I-10 West near **The Shops at La Cantera**. The location, opening in 2016, is the concept's second in San Antonio;
- **In-N-Out Burger**, which opened in a new retail project in the works at 8202 North IH-35 in Windcrest;
- **Pollo Tropical**, a fast-expanding casual dining chain that is sister chain to **Taco Cabana**, with a location at 6515 W. Loop 1604 North;
- **VertsKebap**, a fast-casual restaurant, which opened its second location in **Culebra Market**, a project anchored by **H-E-B** at Loop 1604 and Culebra Road.

Dining concepts expanding in San Antonio also include **Whataburger**, **Taco Bell**, **Raising Cane's**, **Zoës Kitchen**, **Chick-fil-A**, **Shipley Do-Nuts**, **Dunkin' Donuts** and others.

For 2016 and beyond, retail activity will again add a number of new grocery store locations. **H-E-B's** future locations include stores planned for Potranco

Road near Talley Road, Culebra Road at Highway 211 and Culebra Road at Alamo Parkway.

**Walmart** has a number of stores in the works for 2016, including a 150,000-square-foot **Supercenter** at I-10 and Autumn Stage Road and a **Supercenter** at North Loop 1604 and Kitty Hawk Road. An approximately 180,000-square-foot **Supercenter** is set to open in January 2016 in Cibolo, northeast of San Antonio, at Cibolo Valley Drive and Borgfeld Road.

**Walmart** also plans to open at least four smaller **Neighborhood Market** stores – each with approximately 42,000 square feet – in 2016, including new stores at:

- 3418 East Southcross
- 3837 Pleasanton Road
- 6938 Walzem Road
- 9005 FM 1560 North

**Natural Grocers by Vitamin Cottage**, a specialty grocer, will enter the market in 2016 with two new stores, the first a 15,000-square-foot store at 13310 NW Military Highway and the second a store of the same size at 6514 N. New Braunfels Avenue.

**Non-grocer retail on top for 2016 includes:**

- **Academy Sports & Outdoors**, which will open a newly built 62,942-square-foot store at 7503 S. Zarzamora;
- **Rooms To Go**, which will open a newly constructed store at 15339 IH-35 North in early 2016. **Rooms To Go's** new store format averages approximately 40,000 square feet;
- **Santikos Theaters**, with a new 16-screen location called **Casablanca** at 11210 Alamo Ranch Parkway;

The largest redevelopment project for existing space involves the historic **Joske's** building at **Rivercenter Mall**. The multi-tenant redevelopment, set to open in early 2016, is branded **Shops at Rivercenter** and will feature **Dave & Buster's**, which will open in 33,000 square feet, and a two-story **H&M**. In addition, new concepts will include **Jimmy Buffet's Margaritaville**, **Yard House** and **Johnny**

**Rockets.** The redevelopment is creating multi-tenant space out of the interior of the former department store while preserving the historic façade of the building, which opened in 1887.

Asking retail rents remain stable in San Antonio, with rents for the market's strongest Class A retail centers maintaining the increases they've experienced over the past 18 months. Rents for shop space in key Class A retail centers can reach the \$40-per-square-foot level.

**For centers by grade:**

- Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including new construction, ranged from \$26 to the mid-\$30s per square-foot per year. These rates are for small-shop space in the newest and/or strongest anchored projects.

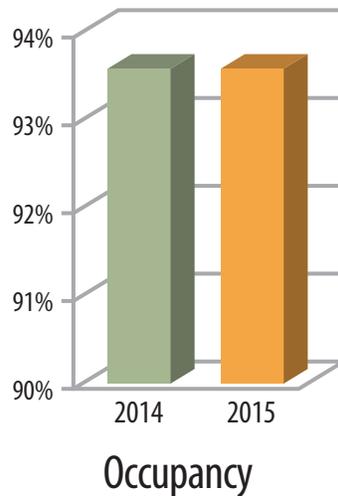
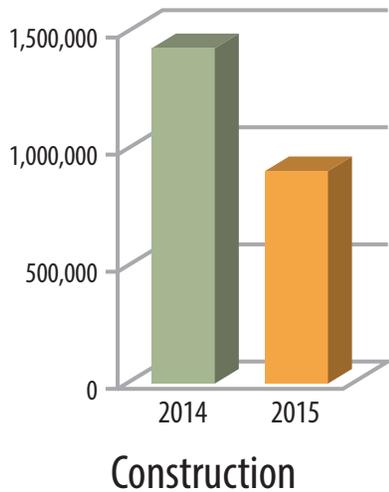
- Class B asking rates typically are in the \$18-to-\$22-per-square-foot range.
- Class C asking rates are in the \$12-to-\$16-per-square-foot range.

The reported rates are average asking rates and do not take into consideration concessions. Rates can be higher or lower depending on location, co-tenancy, center condition and other factors.

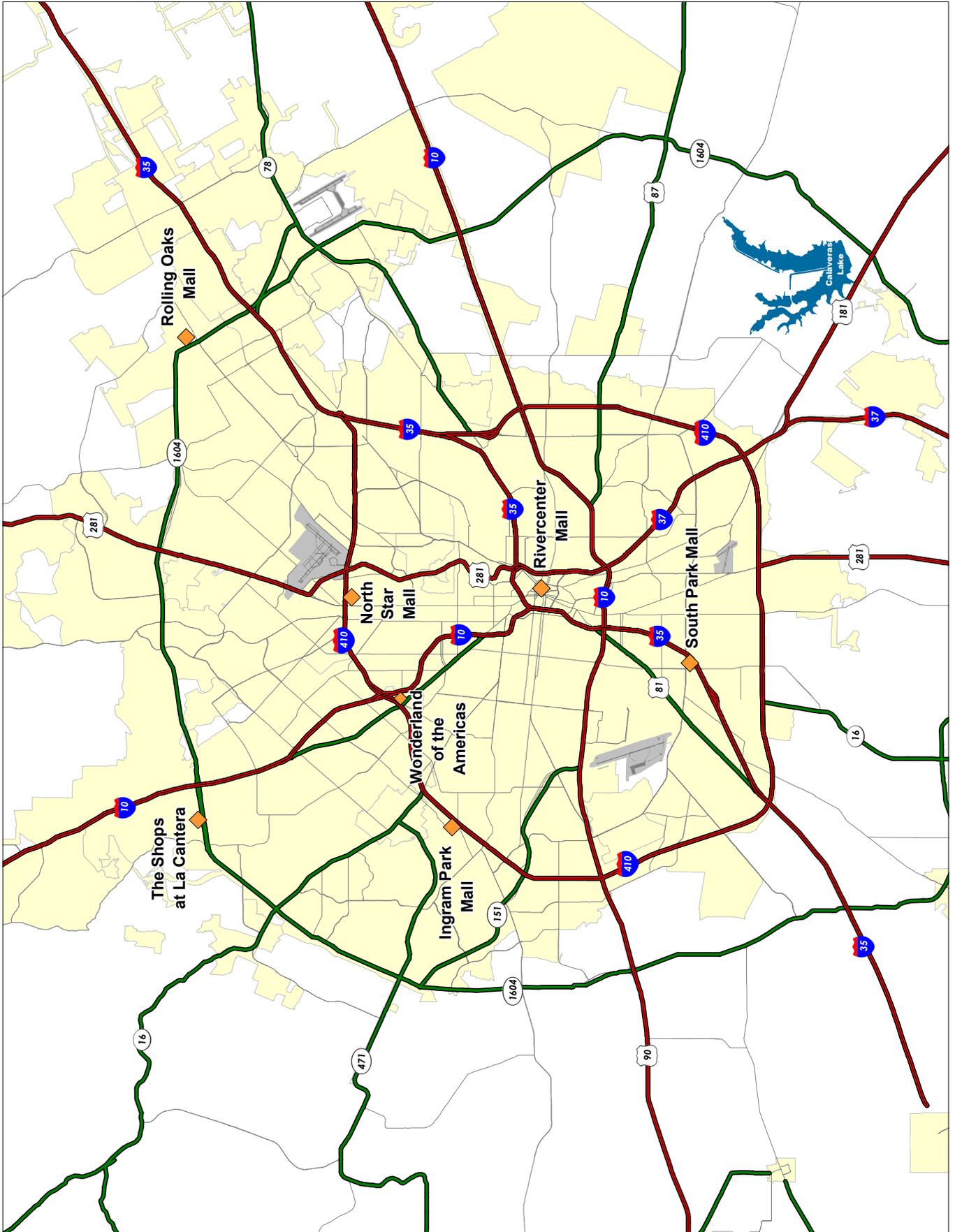
San Antonio's retail market continues to benefit from the continued soundness of the metro area's economy, which ranks as one of the better-performing major markets in Texas and the country.

For example, the metro area's unemployment rate was a low 3.9 percent as of November 2015, compared to 4.0 percent at the start of 2015.

# SAN ANTONIO



# SAN ANTONIO MAJOR MALL MAP





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# DEFINITIONS

## Neighborhood Shopping Center

<b>Concept</b>	Convenience
<b>SF Including Anchors</b>	25,000-100,000
<b>Acreage</b>	3-15
<b># of Typical Anchor(s)</b>	0-1 or more
<b>Type of Typical Anchor</b>	Convenience store
<b>Anchor Ratio</b>	30-50%

## Community Shopping Center

<b>Concept</b>	General merchandise
<b>SF Including Anchors</b>	100,000-300,000
<b>Acreage</b>	10-40
<b># of Typical Anchor(s)</b>	2 or more
<b>Type of Typical Anchor</b>	Discount department store, supermarket, drug store, home improvement, large specialty/discount apparel
<b>Anchor Ratio</b>	40-60%

## Regional Shopping Mall

<b>Concept</b>	General merchandise, fashion (mall, typically enclosed)
<b>SF Including Anchors</b>	400,000-800,000
<b>Acreage</b>	40-100
<b># of Typical Anchor(s)</b>	2 or more
<b>Type of Typical Anchor</b>	Full-line department store, junior department store, mass merchant, fashion apparel
<b>Anchor Ratio</b>	50-70%

## Super-regional Shopping Mall

<b>Concept</b>	Similar to regional center but has more variety
<b>SF Including Anchors</b>	800,000+
<b>Acreage</b>	60-120
<b># of Typical Anchor(s)</b>	3 or more
<b>Type of Typical Anchor</b>	Full-line department store, junior department store, mass merchant, fashion apparel
<b>Anchor Ratio</b>	50-70%

## Power Shopping Center

<b>Concept</b>	Category-dominant anchors, few small tenants
<b>SF Including Anchors</b>	250,000-800,000
<b>Acreage</b>	25-80
<b># of Typical Anchor(s)</b>	3 or more
<b>Type of Typical Anchor</b>	Category killer, home improvement, discount department store, warehouse club, off-price
<b>Anchor Ratio</b>	75-90%

## Lifestyle Shopping Center

<b>Concept</b>	Caters to consumers' "lifestyle" pursuits and needs in an upscale setting
<b>SF Including Anchors</b>	Typically 150,000 to 500,000 plus
<b># of Typical Anchor(s)</b>	N/A
<b>Type of Typical Anchor</b>	Fashion department store, national specialty chain, destination restaurant
<b>Anchor Ratio</b>	N/A

## Outlet Shopping Center

<b>Concept</b>	Manufacturers' outlet stores
<b>SF Including Anchors</b>	50,000-400,000
<b># of Typical Anchor(s)</b>	N/A
<b>Type of Typical Anchor</b>	Manufacturers' outlet stores
<b>Anchor Ratio</b>	N/A

## Fashion/Specialty Shopping Center

<b>Concept</b>	Higher-end, fashion oriented
<b>SF Including Anchors</b>	80,000-250,000
<b>Acreage</b>	5-25
<b># of Typical Anchor(s)</b>	N/A
<b>Type of Typical Anchor</b>	Fashion
<b>Anchor Ratio</b>	N/A

# COMPANY DIVISIONS

## THE WEITZMAN GROUP

The Weitzman Group ranks as one of the largest full-service regional commercial real estate firms in the United States. The company ranks as a leader in the Texas real estate market, with offices in Dallas/Fort Worth, Austin, Houston and San Antonio.

The company specializes in leasing and selling commercial and retail properties and representing commercial space tenants. Through its divisions, The Weitzman Group fields one of the largest commercial real estate brokerage forces in Texas and has a leasing portfolio of more than 44 million square feet.

### Commercial Retail Division

The Commercial Retail Division is comprised of three main specialties:

- General commercial brokerage
- Tenant representation
- Project leasing

### Corporate Services Division

The Corporate Services Division specializes in the representation of office space users in Dallas/Fort Worth and other Texas markets. The division handles all aspects of:

- Tenant representation
- Office building site selection
- General lease negotiations
- Lease re-negotiations (renewals)

### Investment Properties Group

The Investment Properties Group offers investment opportunities and services for buyers and sellers in five major categories:

- Retail properties
- Industrial properties
- Office buildings
- Land
- Disposition properties

## CENCOR REALTY SERVICES

Cencor Realty Services is one of the largest regional commercial real estate management and development services firms in the United States. The Company is headquartered in Dallas/Fort Worth and also operates offices in Austin, Houston and San Antonio. Cencor's services include property management, asset management, construction services, renovation and redevelopment services, as well as related services.

Cencor currently manages a retail portfolio of more than 22 million square feet, making it one of the largest retail property management services firms in the U.S. Cencor's properties are primarily located in Dallas/Fort Worth, Austin, Houston and San Antonio.

# ACKNOWLEDGEMENTS

Our 2016 Shopping Center Survey and Forecast would not be possible without valuable input from our retail real estate associates who provided in-depth knowledge of the retail markets in Dallas, Fort Worth, Austin, Houston and San Antonio.

Each market is surveyed for conditions relating to occupancy, leasing, new and expansion construction, tenant and user activity, rental rates and historical comparisons.

**We also would like to thank the following people for their valuable contributions.**

## **Survey Data**

**Michael Meyers**

*Vice President - Operations*

**Tammy Jerpi**

*Research Director*

**Blake Fadem**

*Research Analyst*

**Kevin Jerpi**

*Executive Assistant to the  
President of Corporate Services*

## **Survey Production**

**Von Pearce**

*Graphics Communications Director  
Production Coordination*

**Ian Pierce**

*Director of Corporate Communications  
Writer/Editor/Researcher*

**Blake Nors**

*Marketing Associate  
Production Design*

### Copyright

Copyright 2016. The data in this report is gathered from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof.



# 2015

## ***Shopping Center Survey & Forecast***

Austin • Dallas • Fort Worth • Houston • San Antonio



The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.



**Herbert D. Weitzman**  
Chairman/Executive

Our 2015 Shopping Center Survey & Forecast marks the 25th time we have produced this Texas retail report for you. On the following pages, you'll read about key trends in our major Texas retail markets. We look forward to many more successful years with you, our clients and friends.

Sincerely,

A handwritten signature in black ink, appearing to read "Herb Weitzman".

Herbert D. Weitzman

***We're bringing the town square back to the neighborhood.®***

*Austin*

*Dallas*

*Fort Worth*

*Houston*

*San Antonio*

---

# Table of Contents

## A Tradition of Real Estate Excellence

1. Austin Overview .....	4
Major Mall Map .....	9
2. Dallas/Fort Worth Overview .....	10
Submarket Summary .....	17
Submarket Map .....	18
Absorption and Construction 2014 .....	19
Major Mall Map .....	20
3. Houston Overview .....	21
Major Mall Map .....	25
4. San Antonio Overview .....	26
Major Mall Map .....	31
5. Appendix .....	32
Definitions	
Company Descriptions	
Acknowledgements	



The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# AUSTIN

## Austin Retail Market Continues to Report Tight Occupancy, Extremely Limited Construction

AUSTIN – Austin’s retail market ends 2014 with occupancy at approximately 96 percent, representing one of the tightest retail markets in Texas. Demand from multiple users is driving rates for the best-located spaces to record levels. And the Austin economy continues to perform in terms of job growth, population growth and steady housing gains.

The 95.8 percent rate represents the best occupancy number for the market in a decade. The market reached its previous high point – 95.5 percent – at year-end 2004. The market has maintained an

envious overall occupancy above 90 percent throughout the economic downturn, with the low point



Salons by JC’s expansion in the Austin market included a location in **Round Rock Crossing**

being 90.5 percent in 2006.

These findings are based on a review of retail market conditions for the greater Austin area as of year-end 2014 by The Weitzman Group and Cencor Realty Services. The market’s occupancy rate is based on an inventory of approximately 45.3 million square feet of multi-tenant retail space in centers with 25,000 square feet or more.

The improving retail occupancy has led to a tight market for space in key trade areas, as well as an extremely limited supply of end-cap locations and pad sites at Class A locations. To meet demand for small-shop space, the market has seen a number of new-construction strip centers in the 10,000-square-foot range. These typically open fully leased.

While the market reports high occupancy overall, demand is weaker for small-shop space in older and existing suburban locations. However, as residential construction in the suburbs continues to pick up, demand for these existing suburban centers should pick up as well over the next year to 24 months.

The market's strong occupancy can be attributed to retailers continuing to lease existing space and backfill the few remaining large-format vacancies on the market.

**Examples included:**

- **Trader Joe's**, which opened in the first half of the year in the former Saks Fifth Avenue box space in Arboretum Market. Plans are also under way for Trader Joe's to anchor the retail space in the mixed-use redevelopment of the former Seaholm Power Plant in downtown Austin;
- **The Tile Shop**, which leased 34,776 square feet in a former Star Furniture in Gateway Shopping Center at 9607 Research Boulevard, and in a former Roomstore at Highway 290 and MoPac in South Austin;
- Also in Gateway Shopping Center, **Paul Mitchell The School Austin** opened in 16,000 square feet of backfilled space, and the Whole Foods store at the center – the oldest in Austin – underwent a major renovation;
- **DD's Discounts**, an off-price concept from Ross Dress for Less, which opened two locations in existing space for its first stores in the Austin market. DD's leased at 7112 Ed Bluestein Boulevard in Northeast Austin and 1819 S. Pleasant Valley in Southeast Austin;
- **Salons by JC**, which opened in existing space in Round Rock Crossing, anchored by Target, Best Buy and Gander Mountain, among others;
- **Gold's Gym**, which opened in Westlake and at RR 2222 and I-35;
- **HomeGoods**, which opened a 24,000-square-foot location, and **Ulta**, which leased 10,000 square feet, in Walden Park at 10900 Lakeline Mall Drive;
- **Southwest Theaters**, a concept new to Austin, which backfilled the space at 13729 Research Boulevard vacated in summer 2013 by Alamo Drafthouse when it relocated to a new facility. The new concept, a discount movie house, upgraded the 29,000-square-foot building.



Maudie's, an Austin Mexican food favorite, opened in mixed-use project **The Triangle**.

Austin also experienced a good level of smaller-format retail and restaurant activity, with many concepts expanding in existing center space.

**New and expanding concepts opening or committing to space during 2014 included:**

- **Heartland Dental**, which leased its first three area locations in Round Rock, Cedar Park and Kyle;
- **Hasler Brothers Steakhouse**, an upscale local concept that opened a new 6,100-square-foot location in Hill Country Galleria in Bee Cave;
- **Capital Grille**, a high-end concept from Darden, which opened in downtown Austin;
- **Gus's Fried Chicken**, with a downtown location near the convention center;
- **Smoothie King**, which opened in Cedar Park as part of its marketwide expansion;
- **Jack Allen's Kitchen**, **Kerby Lane Cafe** and **Tacodeli**, among the restaurants with new locations in Westlake;
- **Chavez**, a chef-driven restaurant, which opened in the former T.G.I.Friday's space downtown;

- **Vert's**, a local restaurant chain specializing in döner kebab, with several new locations in 2014;
- Austin favorite **Torchy's Tacos**, with several new locations in 2014;
- Dallas-based **Fuzzy's Taco Shop**, with two new Austin-area locations;
- **Maudie's Cafe**, an Austin tradition since 1954, which opened its seventh location in The Triangle, a mixed-use landmark located at North Lamar and Guadalupe;
- California-based **Pieology**, a high-quality pizzeria with a focus on healthy custom pies, which opened in 3,000 square feet in Cedar Park Town Center, anchored by Costco. The location will be the first of several planned in the Austin area for the restaurant;
- **PDQ**, a fast-casual concept specializing in chicken tenders and more, which opened two area locations in 2014;
- Minneapolis-based American-cuisine concept **CRAVE**, which opened in early 2014 in 8,500 square feet at 340 E. Second Street in downtown;
- Local favorite **P. Terry's Burger Stand**, which opened in the former Extreme Pita space at 6th Street and Congress downtown;
- **In-N-Out Burger**, which expanded in 2014 and which plans a 2015 location on South Lamar;

Fuddrucker's opened a new restaurant in 2014 in **Shops at the Galleria** in Bee Cave.



- **Fuddruckers**, with a new burger location in the Shops at the Galleria in Bee Cave;
- The restaurant market is also seeing a number of new locations from national and local quick-serve and fast-casual concepts like **Jersey Mike's**, **Dunkin Donuts**, **Raising Cane's**, **Smashburger**, **Five Guys Burgers and Fries**, **In-N-Out Burger**, **Carl's Jr.** and others.

For close-in Austin, retail space availability is extremely limited, which is driving up rates for small-shop space into the mid-\$30s-per-square-foot range and higher. In addition to restaurants, space demand is coming from medical, fitness, beauty and discount concepts.

For calendar-year 2014, the Austin market added approximately 1.2 million square feet of space in new and expanded retail projects. The projected total, while relatively low, exceeds 2013's construction number of 631,700 square feet, largely due to Walmart, which accounted for about half of 2014's new space.

Due to development costs and demand for new space, new-construction small-shop space can go for rates as high as \$40 per square foot per year. However, especially in Austin's most urban markets, the density and traffic justifies the rates to retailers.

#### **New projects in 2014 included:**

- **Walmart**, with large-format Supercenters and a smaller **Neighborhood Market**. The new stores include:
  - A 152,000-square-foot store at 1320 W. Highway 290 in Elgin;
  - An approximately 150,000-square-foot store at 11923 US Highway 290 E in Manor;
  - A 185,000-square-foot store that opened at 2801 E. Whitestone Boulevard in Cedar Park;
  - A 41,000-square-foot **Walmart Neighborhood Market** at 960 E. FM 2410 in Harker Heights.
- **Whole Foods**, which opened a 65,000-square-foot location in the mixed-use The Domain project;
- **H-E-B**, which expanded its Bastrop store by approximately 27,000 square feet;
- **At Home**, a home decor superstore that formerly operated as Garden Ridge, with two new locations in 2014. A 107,000-square-foot store opened at 4801 183A Toll Road in Cedar Park Town Center, and a 101,000-square-foot store opened at 19000 Limestone Commercial Drive in Stone Hill Town Center in Pflugerville;
- **LA Fitness**, with an approximately 40,000-square-foot location on RR 620 in Round Rock;
- **Sprouts**, which opened a new store encompassing 27,000 square feet at 1530 Cypress Creek Road in Cedar Park;
- **Academy Sports and Outdoors**, which opened a 63,000-square-foot store in Burleson Crossing in Bastrop;
- The expansion of **Cedar Park Town Center**, located at 4601 183A Toll Road in Cedar Park, which in 2014 added the above-mentioned **At Home**, as well as new space for concepts including **In-N-Out Burger**, **BJ's Restaurant & Brewhouse**, **Pieology**, **Lupe Tortilla**, **PDQ** and **Mattress Firm**.

Based on projects in the pipeline, retail construction in 2015 is on track to exceed the level seen in 2014.

#### **New projects include:**

- **Sam's Club**, a warehouse shopping club concept from **Walmart**, with a new 136,500-square-foot location at 10900 Lakeline Mall Drive in Cedar Park in early 2015;
- **Walmart**, with a new Supercenter in Kyle set for 2015 opening;
- **H-E-B**, with a new 65,000-square-foot store in Cedar Park and a 46,000-square-foot store in Wimberly;
- **LA Fitness**, which is opening locations (approximately 40,000 square feet) in 2015 at 4001 S. Lamar and at 2020 W. Anderson Lane, as well as one in southwest Austin;
- **Lamar Union**, a mixed-use redevelopment project on urban S. Lamar Boulevard, which will open its 86,000 square feet of retail space in 2015, along

with 422 apartments. The retail is anchored by **Alamo Drafthouse Cinema** and features a mix of food concepts, soft goods and services. Notably, New York-based **Shake Shack** is one of the restaurants;

- **Seaholm**, a major residential, office and retail redevelopment of the art deco Seaholm power plant on Lady Bird Lake, with the retail anchored by **Trader Joe's** and featuring the first Austin location of **True Food Kitchen**;
- The redevelopment of the former Round Rock Garden Ridge on I-35 into approximately 100,000 square feet of multi-tenant retail;
- **Lamar Central**, a four-level mixed-use project at the site of the former Lamar Village Shopping Center on N. Lamar at 38th Street. Lamar Central will feature 34,000 square feet of street-level retail space;
- **Burleson Crossing in Bastrop**, which will expand with a 55,000-square-foot **Hobby Lobby**.

The availability of well-located Class A retail is the most constrained, and therefore, this class of rents is leading the market in terms of gains, with average rates above \$30 per square foot for shop space in

newly constructed projects. For the best-located new-construction projects, rates have reached the \$40-per-square-foot level.

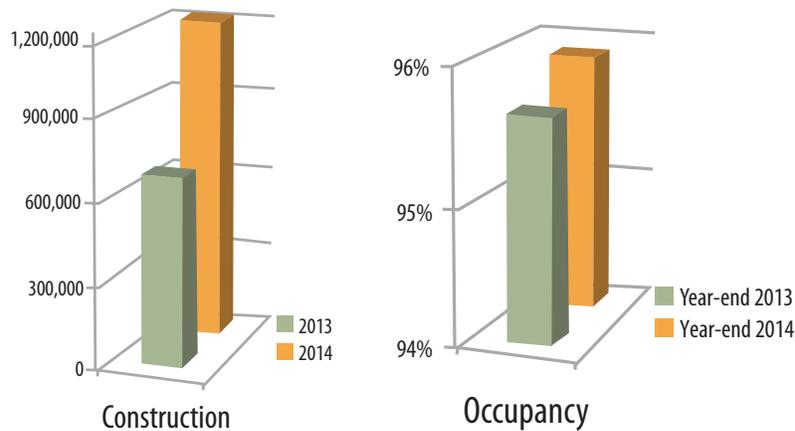
As Class A space fills up, the resulting demand for Class B and some C spaces has resulted in rental rate increases for select properties in those categories. However, there still remains a significant gap between Class A and other classes of rents.

- For small-shop space in anchored Class A projects, rates range from the low \$30s per square foot per year to \$40 per square foot;
- Averages for Class B small-tenant rates are posting from \$18 to the mid-\$20s-per-square-foot range;
- Averages for Class C rates for small-tenant in-line spaces typically range from around \$14 to \$18 per square foot or higher.

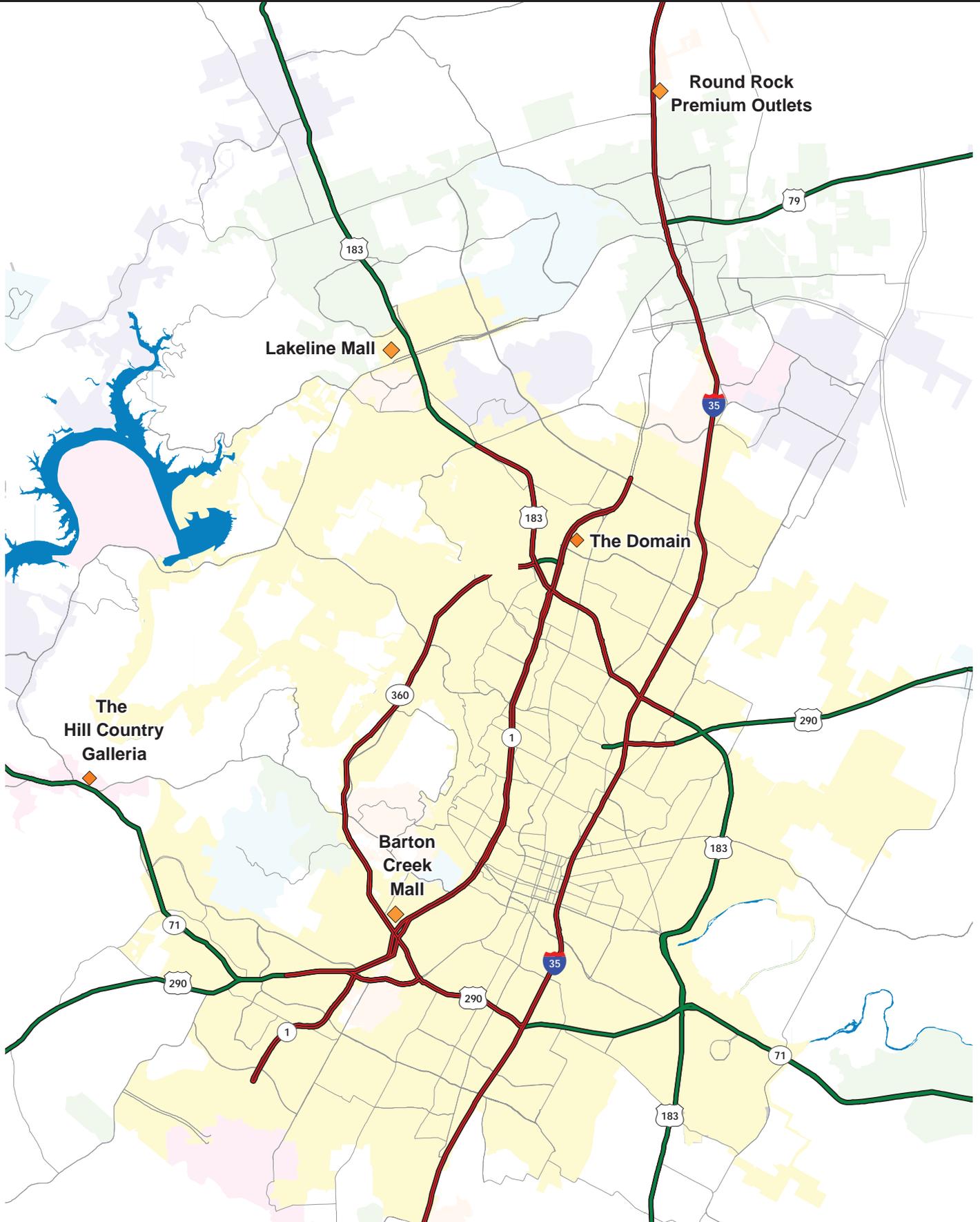
For all classes of space, rates can go notably lower or higher than the rates listed above due to factors including anchors, traffic, demographics and location within a center.

Austin's retail market continues to benefit from an economy that remains one of the healthiest in the country.

## AUSTIN



# AUSTIN MALL MAP





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# DALLAS FORT WORTH

## D/FW Retail Market Occupancy Continues To Surpass The 90-Percent Mark

DALLAS - Dallas/Fort Worth's retail market ended 2014 with 90.5 percent occupancy, only the second time the market has breached the important 90-percent threshold since 2004. The occupancy of 90.5 percent is a full half-percent higher than year-end 2013's rate of 90.0 percent. While a half-percent might not sound significant, consider that D/FW's retail market inventory now exceeds 190 million square feet, and that half-percent translates into a reduction in vacant space of approximately 500,000 square feet.

The market begins 2015 with a vacancy rate of 9.5 percent, a significant improvement over the recent vacancy high point of 12.4 percent at year-end 2011.

The improved occupancy also brings the massive

D/FW retail market closer to the market's most recent high point, a 92 percent rate reported for 2000.

**The occupancy gain during the past year was largely due to:**

- Steady leasing that filled vacancies in the market's existing centers
- Expanding anchors like WinCo that grew throughout the market by taking over previously vacant box sites
- New space development that was primarily anchor driven with extremely limited small-shop space
- Few store closings in 2014

The D/FW occupancy rate is based on a total market inventory of 190,115,486 square feet of retail space in shopping centers with 25,000 square feet or more – one of the largest retail inventories in the country. Weitzman/Cencor surveys 1,383 centers in 42 submarkets.

For year-end 2014, the occupancy rate in the Dallas area was 90.2 percent, compared to 90.0 percent at year-end 2013. The rate is based on total market inventory of 132.7 million square feet in the Dallas area.

The occupancy rate in the Fort Worth area was even better: 91.2 percent, compared to 90.4 percent at year-end 2013. The rate is based on a total inventory of 57.4 million square feet.



**WinCo**, an Idaho-based grocer, is expanding throughout D/FW by redeveloping box vacancies in community centers. Here, WinCo is shown under development in Lewisville's **Old Orchard East** shopping center in a photo taken January 5, 2015

For D/FW's major shopping center categories, the survey reported the following occupancy rates:

- **Community Centers** – 90.4 percent (compared to 89.8 percent at year-end 2013) for an inventory of 73.9 million square feet. 2014 was the first time since 2005 that community center occupancy has exceeded the important 90-percent mark.
  - This category, typically anchored by a grocer, is the market's largest in terms of inventory. Community centers feature some of the strongest projects in D/FW and represented the majority of new space during 2014. In addition to grocery and discounter anchors, the category features a mix of tenants designed to serve community needs.
- **Neighborhood Centers** – 86.0 percent (84.9 percent at year-end 2013) for an inventory of 39.9 million square feet
  - This category represents smaller, typically unanchored centers of 25,000 square feet to as much as 100,000 square feet. The category continues to improve after falling to an occupancy low point of 81 percent during the recession. Since that time, vacant space in neighborhood centers has declined from 7.1 million square feet at year-end 2009 to 5.6 million square feet today.
  - The strongest neighborhood centers in the category continue to report healthy occupancies, and 13 submarkets report neighborhood-center occupancy of 90 percent or better.
- **Power Centers** – 94.2 percent (93.9 percent at year-end 2013) for an inventory of 40.6 million square feet
  - The occupancy in this category – which features power “category killer” retailers – reported gains as concepts from gyms to discounters to grocers to medical uses backfilled box vacancies. As a result, power retail – a category that suffered rising vacancy during the recession as many power tenants failed – is today the healthiest category in Dallas/Fort Worth.
- **Mixed-use** – 91.7 percent (92.2 percent at year-end 2013) for an inventory of 3.9 million square feet of retail space
  - This category, with retail at its core, typically also features residential and office space, as well as other uses such as hotel or entertainment.
  - This category saw occupancy remain stable during the past year as lifestyle retail and restaurants staged a healthy performance.
  - During 2014 and moving into 2015, the market is seeing several new mixed-use projects as the booming multi-family market continues to add projects with space for restaurants, fitness and services.
- **Malls** – 92.6 percent (93.5 percent at year-end 2013) for an inventory of 24.9 million square feet
  - This category, which includes regional and super-regional malls, has three of the 18 submarkets with malls reporting 100-percent mall occupancy; an additional 11 submarkets

#### Key concepts backfill vacancies in 2014



report occupancies above 90 percent. Only four submarkets – Allen, Irving, Plano and Southwest Dallas – report notable vacancy, with much of this due to weak occupancy at older, out-of-date malls.

### Absorption tops 2 million square feet

The improvement seen in the market during 2014 is due to limited new construction and steady demand for lease space in D/FW's existing shopping centers. The leasing activity helped the retail market post total absorption – defined as the net increase or decrease in occupied space – of 2,257,875 square feet. This is on par with 2013's strong absorption of 2,675,919 square feet.

Of the 2.3 million square feet absorbed in 2014, a total of 1,235,898 square feet were absorbed in the Dallas area, and 1,021,977 square feet were absorbed in the Fort Worth area.

During 2014, leasing in existing centers boosted absorption by removing vacant retail spaces from the market.

### Key backfilled locations in existing centers during the year included:

- Grocers and other retailers actively absorbing space in existing centers, further boosting occupancy. For example:
- **Bealls**, a leading Texas-based department store, which leased 25,000 square feet of anchor space in Grapevine Towne Center, located at SH-114 and William D. Tate in Grapevine;
- **John Peter Smith (JPS) Health Network**, which opened in a 60,000-square-foot former grocery store space at Cooper Street Commons, located at 1020 South Cooper at Arkansas Lane in Arlington;
- **IndoPak World Market**, which leased a 45,056-square-foot anchor building at Matlock Oaks, a community center located at the southwest corner of Matlock Road and Green Oaks Boulevard, north of I-20 in Arlington. The store is an internationally focused grocery store;
- **Whole Foods Market**, which opened a 40,000-square-foot store in Colleyville Downs Center at Glade Road and SH-26 in July. The store took a vacancy created by a closed Albertsons;
- **Studio Movie Grill**, which opened a 51,035-square-foot location at



New tenancy in backfilled space included this Bealls department store, which took a box vacancy in **Grapevine Towne Center** in the Northeast Tarrant County submarket.

5655 Colleyville Boulevard in a space formerly occupied by Colleyville Cinema Grill;

- **Crunch Fitness**, which leased 19,920 square feet of retail space in Addison Town Center, a **Kroger**-anchored center located at 3756 Belt Line Road at Midway in Addison;
- **99 Ranch Market**, an Asian supermarket, which leased a 50,000-square-foot store to anchor the redevelopment of Carrollton Town Center at the southeast corner of President George Bush Turnpike and Old Denton Road in Carrollton;
- **Plaza Central**, a Hispanic-themed mall, which will occupy the 163,166-square-foot Macy's building at the former Six Flags Mall in Arlington;
- **Shepler's Western Wear**, which leased 18,898 square feet of space in Preston Valley Shopping Center, located at the southwest corner of LBJ Freeway and Preston Road in Far North Dallas;
- The expansion of **Kroger's** store at 7505 N. MacArthur Boulevard in Irving, which increased to 102,000 square feet by expanding into a site formerly occupied by Barnes & Noble.

### New construction dominated by grocers

During 2014, the market reported new construction of 2,012,308 square feet of new space in new and expanded retail projects. The annual total is essentially a repeat of what was added in 2013: 1,890,783 square feet. The 2014 annual construction, while representing an increase over the previous year, is very conservative, reflecting the fact that, other than a select handful of retailers, few national concepts opened new anchor stores during the year. Many major retailers, despite healthy sales gains, are focusing on the seamless merger of their existing brick-and-mortar locations with their digital

capabilities to create strong omnichannel success.

The majority of new space for 2014 included grocers, entertainment concepts and food service, along with limited small-shop space.

### New projects that opened during calendar-year 2014 included:

- **Forney Marketplace**, a new regional-draw center along U.S. Highway 80 in Forney. The center's **Kroger Marketplace** anchor opened its 123,000-square-foot store in January 2014. Future phases of the center will include up to 150,000 square feet of anchor and junior anchor spaces, as well as retail and restaurant pad sites;
- **Kroger**, which also added approximately 54,000 square feet of new space through store expansions in Irving and Rockwall;
- **Alliance Town Center**, with a new phase totaling approximately 115,000 square feet with concepts including **Haverty's**, **DSW**, **Shepler's Western Wear**, **Five Below** and **Sleep Experts**. A phase of the project set for 2015 will add another 175,000 square feet;
- **Costco Wholesale Club**, which opened an approximately 154,000-square-foot store in Presidio Junction, a mixed-use project on the west side of I-35W and south of North Tarrant Parkway in the Alliance area of North Fort Worth;
- **Whole Foods Market**, which opened a 38,000-square-foot store in the Shops at Highland Village, located at FM 2499 and Justin Road (FM 407) in Highland Village;
- **Sylvan I Thirty**, a mixed-use development located at Sylvan Avenue and I-30 in the Oak Cliff/West Dallas area that, in addition to residential space, features 49,134 square feet of retail space for

	Properties	2013 GLA	2013 Vacancy	2013 % Vacancy	2014 GLA	2014 Vacancy	2014 % Vacancy	2014 % GLA
Neighborhood	693	39,745,587	6,023,471	15.16%	39,942,037	5,599,823	14.01%	21.00%
Mixed Use	25	3,627,089	283,373	7.81%	3,920,783	324,714	8.28%	2.06%
Malls	18	23,411,765	1,475,657	6.30%	23,419,377	1,703,279	7.27%	12.32%
Community	462	72,838,259	7,406,551	10.17%	73,852,374	7,093,717	9.61%	38.85%
Power Center	135	40,197,051	2,455,393	6.11%	40,604,951	2,358,228	5.81%	21.36%

tenants including **Cox Farms Market** specialty grocery, **Ten** ramen restaurant, and **CrossFit**;

- **West Village**, where the new phase called 3700M opened with approximately 37,000 square feet of retail space and a line-up that includes **J. Crew**, **Suitsupply**, **Eureka! Burger** restaurant and others. The retail is part of a mixed-use phase that includes high-rise and mid-rise residential buildings. **West Village** is located along McKinney Avenue and Lemmon Avenue in Uptown Dallas;
- **Arboretum Village**, an approximately 100,000-square-foot community retail center at Gaston Avenue and Garland Road/East Grand in East Dallas. The center is anchored by a **Fresh Market** grocery store and **PetSmart**. Concepts such as **Luke's Locker**, **Starbucks** and others are opening in 2015;
- **Gander Mountain**, which in the first half of the year opened in a new 52,000-square-foot space in Highlands East Shopping Center, located near the intersection of I-20 and Matlock Road in Arlington. **Gander Mountain** also opened a 45,600-square-foot store in Lake Worth's Landmark Quebec shopping center at Quebec Street and Northwest Center Drive;
- **Sprouts**, with a 28,000-square-foot store at 316 Grapevine Highway in Hurst, and with a 26,000-square-foot store at 5711 W. Interstate 20

**West Plano Village**, located at the Dallas North Tollway and Parker Road, will be completed in early 2015. The project features AMLI apartments, office space and street-level retail space for concepts including **eatZi's Market & Bakery**, **Kona Grill**, **AT&T Flagship**, **Princi Italia** and others

Highway in Arlington;

- **WinCo Foods**, a grocery chain that entered the market with new stores in McKinney, Fort Worth and Duncanville. The **WinCo** locations, which average around 90,000 square feet, represent new construction at what are typically redevelopment locations;
- **Sam's Club**, with a 136,000-square-foot store off of I-35W in Burleson;
- **Academy Sports & Outdoors**, which opened a 72,000-square-foot store at SH-380 and I-35 in Denton;
- **Southlake Park Village**, a shopping center at Southlake Boulevard and S. Carroll Avenue in Southlake that opened its first phase in 2014 with a 22,500-square-foot **REI** outdoor-gear store. Other retail includes **Fresh Market** grocery store, which will occupy approximately 24,000 square feet and will open early 2015;
- **Walmart**, with several new stores in the D/FW area, including:
  - A 185,000-square-foot Supercenter at I-35 and Ledbetter in southern Dallas, which opened in January 2014;
  - An approximately 42,000-square-foot Neighborhood Market, which opened in March at 1855 S. Garland Avenue in Garland. The store, new construction, represents the redevelopment of a vacant strip center that was demolished;
  - A 152,000-square-foot Supercenter at 8015 Woodbridge Parkway in Sachse;



- o A 182,000-square-foot Supercenter at Jacksboro Highway and River Oaks Boulevard in Fort Worth.

For 2015, the market is on track to see another round of retail construction, and again grocery stores will dominate the new space. If all of the planned retail opens as scheduled, D/FW could see its most active retail construction market since 2008, when new space totaled 4.7 million square feet.

All told, approximately 3 million square feet is in the works for 2015.

#### Projects planned for 2015 and later include:

- **Nebraska Furniture Mart**, a 433-acre development with more than 560,000 square feet of retail space at SH-121 and FM 423 in The Colony. The project, set to open in early 2015, is sparking peripheral development such as a new 52,000-square-foot **Rooms To Go**;
- **West Plano Village**, a mixed-use project with 90,000 square feet of retail space and 60,000 square feet of second-floor office space above the retail buildings. In addition, leading developer **AMLI Residential** has apartments in a four-story configuration. The first phase of **West Plano Village**, located at the Dallas North Tollway and Parker Road, opened in September 2013 and brought online the retail component's anchor, a 10,500-square-foot **eatZi's Market and Bakery**. Well-known national and local concepts opening in the first half of 2015 include **Kona Grill**, **Princi Italia**, **Mi Dia From Scratch**, **Pakpao**, an **AT&T** flagship store and others;
- **Castle Hills Marketplace**, a 300,000-square-foot shopping center to be anchored by a 123,000-square-foot **Kroger Marketplace**. The center, located at the southwest corner of SH-121 and N. Josey Lane in Lewisville, is in proximity to the massive **Nebraska Furniture Mart** complex;
- **Kroger**, which in addition to the Castle Hills Marketplace store, plans additional Marketplace stores, including ones in Burleson, Bartonville, North Richland Hills and Granbury. **Kroger** also has a site at the northeast corner of SH-380 and FM 423, though the timing of the opening is not yet available;
- **WinCo Foods** with new locations at Old Orchard Village East in Lewisville, at Rufe Snow Drive and NE Loop 820 in North Richland Hills and at the site of the former Target on Centerville Road near LBJ Freeway in Garland;
- **CityLine Market**, a mixed-use project at the northeast corner of Renner Road and Plano Road in Richardson that will feature a **Whole Foods Market**-anchored center. The community center is set for completion in 2016;
- **Whole Foods Market**, which plans new stores including one in Uptown Dallas, where it will serve as the retail anchor for a residential tower at McKinney Avenue and Routh Street. For 2016, **Whole Foods** is scheduled to open at 3400 Bryant Irvin Road in Fort Worth. The location will be the grocer's first within the Fort Worth city limits;
- A 55,000-square-foot project on East Northwest Highway, adjacent to **Half Price Books** Dallas flagship store, that will be home to a 34,000-square-foot **REI** store. The center, now under construction, is set for a spring 2015 opening;
- **Walmart**, with planned locations that include:
  - o A Supercenter scheduled to open at Coit Road and Arapaho in Dallas in spring 2015;
  - o A 182,000-square-foot Supercenter planned for the southeast corner of Golden Triangle and Park Vista Boulevards in Fort Worth;
  - o A 41,000-square-foot Neighborhood Market planned as the anchor for Teasley Town Square, a project at Teasley Lane and Ryan Road in Denton;
  - o Additional Neighborhood Market stores set for markets including McKinney, Sachse, Lancaster, DeSoto and Cedar Hill;

- **Presidio Towne Crossing**, a center planned along I-35W in the Presidio Junction mixed-use development. **Presidio Towne Crossing** will be anchored by a **Target** store that is expected to open in 2015;
- **The Village at Camp Bowie**, a retail center at Camp Bowie Boulevard and Bernie Anderson Avenue in Fort Worth, where **Sprouts** is expected to open in early 2015;
- **WestBend**, a mixed-use project on University Drive in Fort Worth that will be anchored by a 21,000-square-foot **Fresh Market** and also feature the first Fort Worth location for **Grimaldi's Pizza**;
- **Wade Park**, a mixed-use project planned for the Dallas North Tollway at Lebanon Road that will feature retail space anchored by **Whole Foods Market**;
- **Lakeside DFW**, a mixed-use project planned for the northwest corner of FM 2499 and Lakeside Parkway in Flower Mound. The retail will be anchored by a 45,000-square-foot **Moviehouse & Eatery** cinema;
- A **Cinemark Movie Bistro**, the third in Texas, which is set to open in Denton in 2015;
- **Southlake Town Square** in Southlake, which will add a new **Trader Joe's** specialty grocery in the first quarter of 2015;
- **H-E-B** in Burleson, which will expand by approximately 27,000 square feet to a total of

115,000 square feet, thereby creating the first **H-E-B Plus!** location in the greater Dallas/Fort Worth area.

The D/FW retail market activity, especially retail leasing demand and store growth, is boosted by the area's economy, which ranks as one of the strongest metro economies in the country. In terms of population, the D/FW metro area ranks as one of the fastest-growing in the country, adding more than 100,000 people annually.

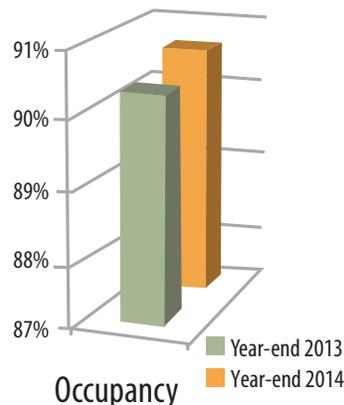
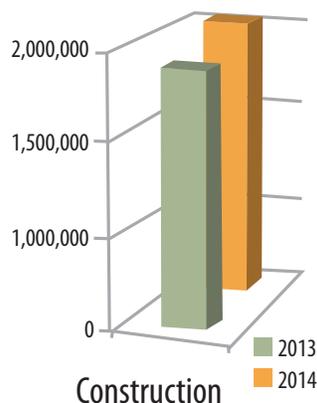
The market added approximately 112,000 net new jobs in 2014, according to a BLS December 2014 report that also noted that the employment growth of 3.6 percent exceeded the national average of 2.0 percent.

During 2014, the market added approximately 23,000 new single-family homes for the 12 months ended Third Quarter 2014, eight percent higher than the same period in 2013 and 69 percent higher than the low point in 2011. The market is also seeing significant multi-family construction.

For 2015, MetroStudy predicts that D/FW will rank second in the nation in homebuilding with 28,000 new homes.

With powerful growth expected to continue in the key areas of population, jobs and residential growth, the outlook for the D/FW retail market in 2015 is for another year of sturdy gains.

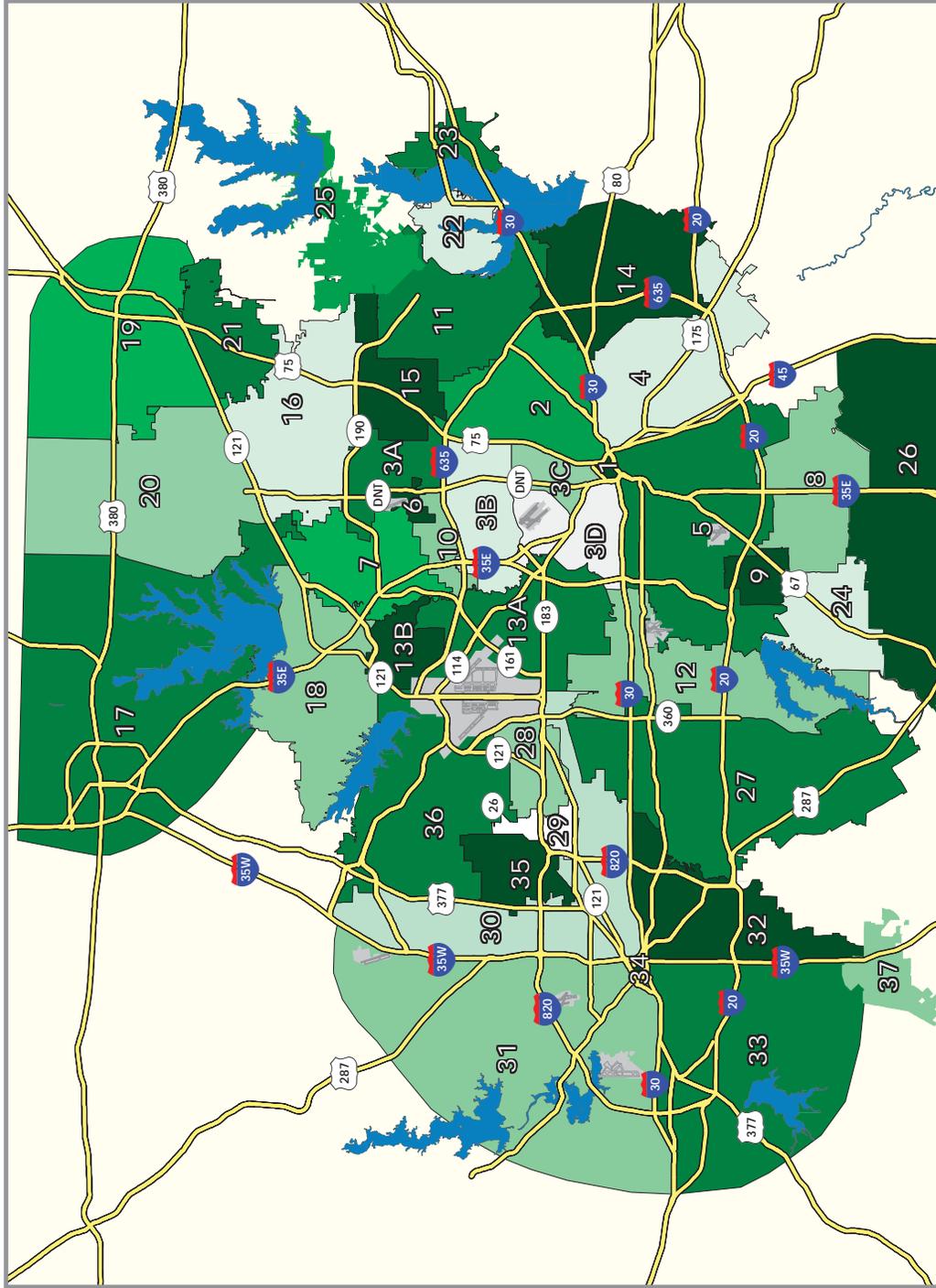
## DALLAS/FORT WORTH



# DALLAS/FORT WORTH SUBMARKET SUMMARY

Sector	Name	YE 2013 GLA	YE 2013 Vacancy	YE 2013 % Vacancy	YE 2014 GLA	YE 2014 Vacancy	YE 2014 % Vacancy
1	Dallas CBD	471,546	138,555	29.38%	471,546	141,590	30.03%
2	Northeast Dallas	9,362,699	1,003,754	10.72%	9,463,318	1,113,264	11.76%
3A	Far North Dallas	8,409,993	749,141	8.91%	8,409,993	696,137	8.28%
3B	North Dallas	5,479,628	251,911	4.60%	5,479,628	198,407	3.62%
3C	Park Cities/Oak Lawn	3,165,126	120,518	3.81%	3,202,126	88,818	2.77%
3D	West Dallas	575,833	135,901	23.60%	575,833	135,901	23.60%
4	Southeast Dallas	1,976,418	187,350	9.48%	1,976,418	214,504	10.85%
5	Southwest Dallas	7,681,764	930,672	12.12%	8,075,094	1,049,613	13.00%
6	Addison	1,542,927	280,250	18.16%	1,542,927	337,307	21.86%
7	Carrollton	3,204,344	556,124	17.36%	3,204,344	487,472	15.21%
8	Desoto/Lancaster	1,994,749	215,703	10.81%	1,994,749	184,142	9.23%
9	Duncanville	1,355,174	234,482	17.30%	1,444,174	267,201	18.50%
10	Farmers Branch	1,087,528	150,100	13.80%	1,087,528	84,900	7.81%
11	Garland	7,068,523	882,855	12.49%	7,114,523	807,848	11.35%
12	Grand Prairie	3,500,643	313,155	8.95%	3,500,643	294,946	8.43%
13A	Irving	8,208,366	970,295	11.82%	8,245,366	1,052,796	12.77%
13B	Coppell	980,836	183,631	18.72%	980,836	167,338	17.06%
14	Mesquite/Balch Springs	5,518,780	592,658	10.74%	5,518,780	531,656	9.63%
15	Richardson	3,991,550	693,824	17.38%	3,991,540	650,196	16.29%
16	Plano	15,265,493	1,609,412	10.54%	15,265,493	1,727,817	11.32%
17	Denton	5,780,653	393,650	6.81%	5,908,565	395,499	6.69%
18	Lewisville/Flower Mound	9,565,373	944,162	9.87%	9,603,373	887,173	9.24%
19	McKinney	3,476,927	202,485	5.82%	3,561,927	202,485	5.68%
20	Frisco	6,996,142	336,719	4.81%	6,996,142	273,980	3.92%
21	Allen	4,961,771	501,922	10.12%	4,961,771	501,922	10.12%
22	Rowlett	1,258,154	75,624	6.01%	1,258,154	75,624	6.01%
23	Rockwall	2,151,606	97,711	4.54%	2,168,606	129,955	5.99%
24	Cedar Hill	2,653,170	175,797	6.63%	2,653,170	175,797	6.63%
25	Murphy/Wylie/Sachse	2,099,775	45,800	2.18%	2,251,972	50,015	2.22%
26	Northern Ellis County	1,788,496	120,992	6.77%	1,818,496	88,000	4.84%
	<b>Dallas</b>	<b>131,573,987</b>	<b>13,095,153</b>	<b>9.95%</b>	<b>132,727,035</b>	<b>13,012,303</b>	<b>9.80%</b>
27	Arlington	14,370,563	1,041,749	7.25%	14,280,676	954,038	6.68%
28	Bedford/Euless	2,801,831	325,249	11.61%	2,801,831	323,181	11.53%
29	Hurst	3,521,398	365,751	10.39%	3,521,398	305,655	8.68%
30	Northeast Fort Worth	3,618,579	393,258	10.87%	3,733,579	359,007	9.62%
31	Northwest Fort Worth	5,938,999	634,801	10.69%	6,324,599	633,983	10.02%
32	Southeast Fort Worth	1,428,948	181,153	12.68%	1,428,948	154,510	10.81%
33	Southwest Fort Worth	9,543,184	1,236,827	12.96%	9,628,184	1,189,897	12.36%
34	Fort Worth CBD	393,300	82,356	20.94%	393,300	80,856	20.56%
35	North Richland Hills	2,977,738	558,122	18.74%	3,027,388	579,715	19.15%
36	Northeast Tarrant Co	9,366,402	461,286	4.92%	9,366,402	383,204	4.09%
37	Burleson	1,746,624	38,463	2.20%	1,882,624	36,282	1.93%
38	Weatherford	999,522	101,357	10.14%	999,522	79,430	7.95%
	<b>Fort Worth</b>	<b>56,707,088</b>	<b>5,420,372</b>	<b>9.56%</b>	<b>57,388,451</b>	<b>5,079,758</b>	<b>8.85%</b>
	<b>Grand Total</b>	<b>188,281,075</b>	<b>18,515,525</b>	<b>9.83%</b>	<b>190,115,486</b>	<b>18,092,061</b>	<b>9.52%</b>

# DALLAS/FORT WORTH SUBMARKET MAP



**Shopping Center Sectors**

- 1 - Dallas CBD
- 2 - Northeast Dallas
- 3A - Far North Dallas
- 3B - North Dallas
- 3C - Park Cities / Oak Lawn
- 3D - West Dallas
- 4 - Southeast Dallas
- 5 - Southwest Dallas
- 6 - Addison
- 7 - Carrollton
- 8 - DeSoto / Lancaster
- 9 - Duncanville
- 10 - Farmers Branch
- 11 - Garland
- 12 - Grand Prairie
- 13A - Irving
- 13B - Coppell
- 14 - Mesquite / Balch Springs
- 15 - Richardson
- 16 - Plano
- 17 - Denton
- 18 - Lewisville / Flower Mound
- 19 - McKinney
- 20 - Frisco
- 21 - Allen
- 22 - Rowlett
- 23 - Rockwall
- 24 - Cedar Hill
- 25 - Murphy / Wylie / Sachse
- 26 - Northern Ellis County
- 27 - Arlington
- 28 - Bedford / Euless
- 29 - Hurst
- 30 - Northeast Fort Worth
- 31 - Northwest Fort Worth
- 32 - Southeast Fort Worth
- 33 - Southwest Fort Worth
- 34 - Fort Worth CBD
- 35 - North Richland Hills
- 36 - Northeast Tarrant County
- 37 - Burleson
- 38 - Weatherford\*

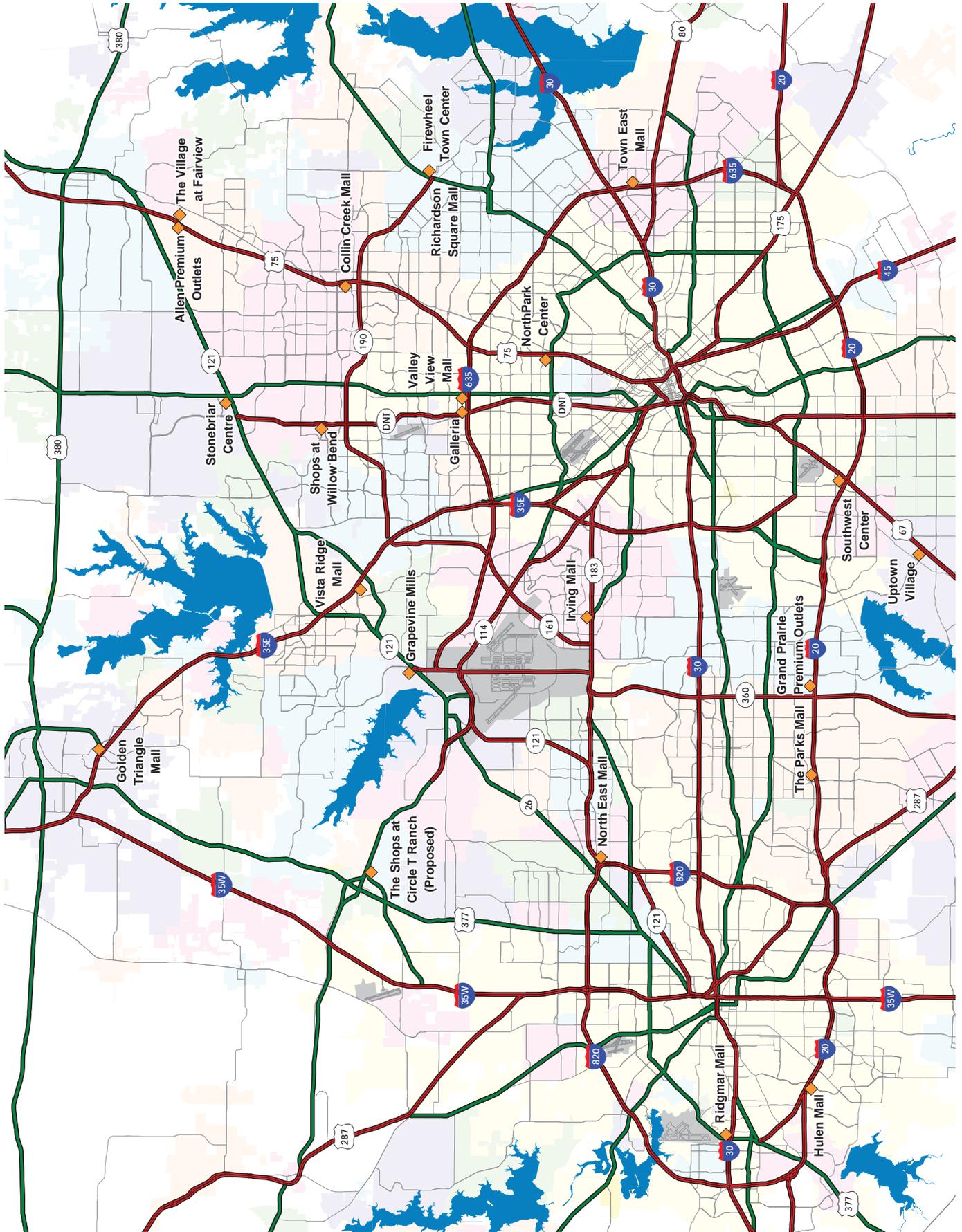
\*not shown on map

# DALLAS/FORT WORTH ABSORPTION & CONSTRUCTION

Sector	Name	2014 Absorption	2014 Construction*
1	Dallas CBD	-3,035	
2	Northeast Dallas	-8,891	100,619
3A	Far North Dallas	53,004	
3B	North Dallas	53,504	
3C	Park Cities/Oak Lawn	68,700	37,000
3D	West Dallas	0	
4	Southeast Dallas	-27,154	
5	Southwest Dallas	274,389	393,330
6	Addison	-57,057	
7	Carrollton	68,652	
8	Desoto/Lancaster	31,561	
9	Duncanville	56,281	89,000
10	Farmers Branch	65,200	
11	Garland	121,007	46,000
12	Grand Prairie	18,209	
13A	Irving	-45,501	37,000
13B	Coppell	16,293	
14	Mesquite/Balch Springs	61,002	
15	Richardson	43,618	
16	Plano	-118,405	
17	Denton	126,063	127,912
18	Lewisville/Flower Mound	94,989	38,000
19	McKinney	85,000	85,000
20	Frisco	62,739	
21	Allen	0	
22	Rowlett	0	
23	Rockwall	-15,244	17,000
24	Cedar Hill	0	
25	Murphy/Wylie/Sachse	147,982	152,197
26	Northern Ellis County	62,992	30,000
	<b>Dallas</b>	<b>1,235,898</b>	<b>1,153,058</b>
27	Arlington	-2,176	88,000
28	Bedford/Euless	2,068	
29	Hurst	60,096	
30	Northeast Fort Worth	149,251	115,000
31	Northwest Fort Worth	386,418	385,600
32	Southeast Fort Worth	26,643	
33	Southwest Fort Worth	131,930	85,000
34	Fort Worth CBD	1,500	
35	North Richland Hills	28,057	49,650
36	Northeast Tarrant Co	78,082	
37	Burleson	138,181	136,000
38	Weatherford	21,927	
	<b>Fort Worth</b>	<b>1,021,977</b>	<b>859,250</b>
	<b>Grand Total</b>	<b>2,257,875</b>	<b>2,012,308</b>

\* New construction of 25,000 square feet or more; some construction represents expansion space

# DALLAS/FORT WORTH MAJOR MALL MAP





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# HOUSTON

## Houston Retail Market Continues to See High Occupancy

HOUSTON - Houston's retail market continues to post its strongest retail market occupancy numbers in years, with only four percent of the market's 149 million square feet vacant. But the rapid drop in the price of oil is leading some to question whether the market can maintain that high level of occupancy in 2015. However, the economy today is far less dependent on energy than in the 1980s, so the impact should be lessened, and lower gas prices are increasing consumers' disposable income.

The occupancy rate shows the retail market is benefitting from the strength of the Houston metro economy, which created more than 125,000 jobs in 2014 for its strongest employment market since 1981.

The Weitzman Group and Cencor Realty Services review a Houston-area retail market inventory of approximately 149 million square feet in multi-tenant retail centers with 25,000 square feet or more.

Even as the market tightens, the new construction in 2014 remained constrained due to the limited expansions by anchor tenants other than grocers. However, several key projects are expanding, and Houston is seeing two major mall expansions under way, despite the fact that the category remains all but dormant nationwide.

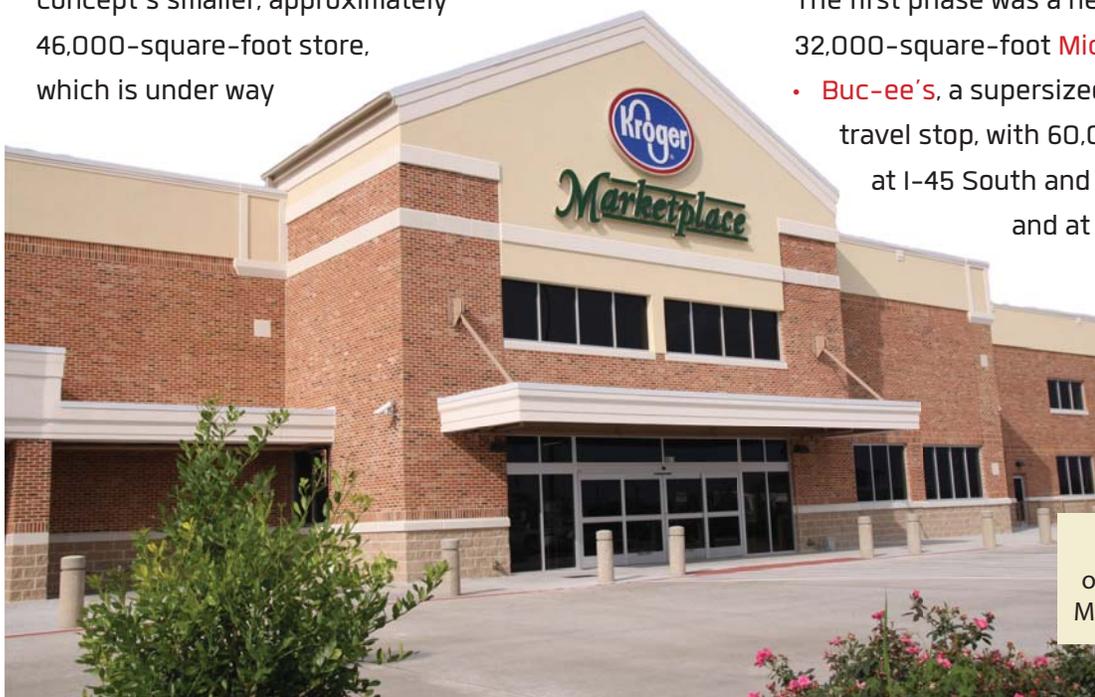
For calendar year 2014, the Houston-area retail market saw new space in new and expanded retail projects that totaled approximately 1,740,400 square feet. The total is considered low for a market with high occupancy in the midst of a strong economy. The new space is on par with the approximately 1.6 million square feet added in 2013.

### New projects for 2014 included:

- **Kroger**, with multiple locations including:
  - A 124,000-square-foot **Marketplace** store that opened at 9703 Barker Cypress Road in the Towne Lake community in Cypress;
  - A 123,000-square-foot **Kroger Marketplace** that opened at Kuykendahl and West Rayford in Spring as the anchor for Spring Marketplace;
  - A 100,000-square-foot store at Highway 59 and FM 1960 in Humble. The store is designed to replace a smaller location in Humble.
- **H-E-B**, with multiple locations including:
  - a 100,000-square-foot grocery store at Spring Cypress Road and Grant Road in Cypress;
  - an 80,000-square-foot store at 2710 Pearland Parkway. The location is the second for **H-E-B** in the Pearland market;
  - a 100,000-square-foot store at League City Parkway and Highway 96 in League City;
  - a 90,900-square-foot store at San Felipe and Fountainview, which opened in the Galleria area at the site of an old multi-family project;



- o the fifth Woodlands-area H-E-B, which opened in October in Creekside Park Village Center, located on Kuykendahl Road between Creekside Forest and Creekside Greens drives. The new store incorporates 100,000 square feet. **Walgreens** also opened in 2014 in the center;
- **Vintage Marketplace**, an approximately 71,000-square-foot center anchored by a 40,443-square-foot **Whole Foods** that opened in June. The project is at the southeast corner of Louetta and Cutten roads in North Houston;
- **Whole Foods**, with an approximately 48,500-square-foot store in the newest phase of mixed-use project BLVD Place at 1700 Post Oak Boulevard in the Uptown/Galleria area;
- **Walmart Supercenter**, with an 185,000-square-foot store near the intersection of I-45 and Wayside Drive;
- **Walmart Supercenter**, with an 185,989-square-foot store in Chambers Town Center, located at I-10 and Highway 46 in Baytown. A new phase will add **ShowBiz Cinemas**, as well as additional retail, for 2015 or later;
- **Walmart Neighborhood Market**, the concept's smaller, approximately 46,000-square-foot store, which is under way with eight new locations. The location in Katy opened in 2014;
- **Sam's Club**, which opened a 136,000-square-foot store in the Shops at Bella Terra off Grand Parkway in Richmond;
- **Nordstrom**, which built a new 138,000-square-foot, two-level store at The Woodlands Mall at the site of a former Sears store;
- **LaCenterra** at Cinco Ranch Phase III in Katy. The retail space in the mixed-use phase totaled 37,000 square feet anchored by a 12,500-square-foot **Trader Joe's**;
- **Academy Sports & Outdoors**, with a 2014 store in the Village at West Oaks at Westheimer and Highway 6;
- **Gander Mountain**, which opened a 52,000-square-foot store in Market Square on Eldridge Parkway, located at Eldridge Parkway and Westheimer Road;
- **TopGolf**, a golf-focused entertainment center, which opened an approximately 65,000-square-foot facility at 560 Spring Park Boulevard;
- **Costco**, which opened a 152,000-square-foot store at I-10 and Grand Parkway in the Katy area;
- The first phase of the Shops at Uptown Crossing, which will feature **Walmart** and other concepts. The first phase was a new-construction, 32,000-square-foot **Microcenter**;
- **Buc-ee's**, a supersized convenience store and travel stop, with 60,000-square-foot locations at I-45 South and Holland Road in Texas City and at I-10 and John Martin Road in Baytown;
- **Sprouts**, with a new-construction 28,000-square-foot store at 20708 Kuykendahl.



Kroger Marketplace opened two large-format Marketplace stores in 2014

The market is also seeing strong demand for space in existing centers.

**Leasing highlights included:**

- **Fitness Connection**, which backfilled 46,000 square feet of existing space in Fondren Road Plaza;
- Discounter **Five Below**, with eight new locations
- **Floor and Décor**, which backfilled a former Kroger in Sugar Land;
- **World Gym** and **Palais Royal**, which leased the majority of space in vacant former **Macy's** in Texas City;
- **Bravo Ranch Supermercado**, which backfilled a 42,000-square-foot former **Kroger** in Pasadena;
- **H&M**, with 20,000-square-foot-plus stores in the Galleria and in Katy Mills Mall;
- **Toby Keith's I Love This Bar & Grill**, which opened a 28,000-square-foot location at West Oaks Mall;
- **Golfsmith**, with a 26,000-square-foot store at 5319 FM 1960 West;
- **Pet Club**, which leased approximately 6,000 square feet in Cullen Crossing Shopping Center in Pearland for its first area location. **Pet Club** is just one of several pet-focused retailers expanding in Houston;
- A vacant Circuit City at 9950 Kleckly, which was converted for medical users.

**For 2015, several retail projects are already in the works. These include:**

- The 555,000-square-foot expansion of **Baybrook Mall**, which will be anchored by a 42,000-square-foot **Star Cinema Grill**. (The cinema is relocating). The expansion brings the mall to a total of 1.7 million square feet and is set to open by the end of 2015;
- The expansion and renovation of leading mall **The Galleria**, which is

adding new retail space and a newly renovated 198,000-square-foot **Saks** store adjacent to its existing store. The **Saks'** relocation creates 110,000 square feet that will be subdivided for restaurants and retail space. The mall also will add a new multi-family tower;

- **Yale Market**, a 125,000-square-foot center under construction at the intersection of I-10 and Yale near the close-in Heights neighborhood. The center's line-up will include **Sprouts Farmers Market**, **LA Fitness**, **World Market** and **Mattress Firm**;
- **Nordstrom Rack**, which announced a 31,000-square-foot store to open in spring 2015 at Baybrook Square at I-45 and West Bay Area Boulevard in Webster. The store will replace a current **DSW**, which will relocate within the center;

The **Central Square Midtown** redevelopment will feature 25,000 square feet of street-level retail for Houston's strong Midtown/Downtown market.



- **Whole Foods**, which plans a 40,000-square-foot store at 1407 S. Voss Road, between Woodway and San Felipe, for a 2015 opening. The store, a relocation of the **Whole Foods** Woodway location, is at the site of a **Randalls** Flagship store that closed in mid-2013;
- Also for 2015, **Whole Foods** plans a 40,000-square-foot store as anchor to the Hughes Landing mixed-use complex located near the intersection of Lake Front Circle and Lake Woodlands Drive in The Woodlands. Dallas-based **Whiskey Cake Kitchen & Bar** also will open its first Houston-area location in the project;
- **Costco**, with a 153,000-square-foot store to open in early 2015 at the northeast corner of Highway 242 and I-45 in The Woodlands;
- **Walmart Neighborhood Market**, with a new 41,000-square-foot store for the northeast corner of Barker Cypress Road and Longenbaugh Drive;
- **Cabela's**, which will open a 72,000-square-foot store in 2015 at I-45 and Big League Dreams Parkway. The location will be the first in the Houston area for outdoors superstore **Cabela's**;
- **Fry-529 Retail Center**, located at the southeast corner of North Fry Road and FM 529. The first phase of the center, with 115,000 square feet, will feature **Fiesta Mart** and **Goodwill Select Store**. **Fiesta** opens in January 2015;
- **Gallery Furniture**, with a new 165,000-square-foot

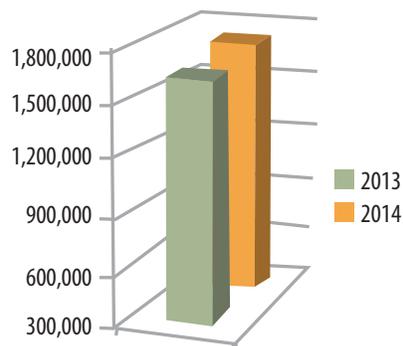
store set to open in 2015 on West Grand Parkway South in Richmond;

- **CityPlace**, a north Houston mixed-use project on I-45 at Grand Parkway near the new ExxonMobil corporate campus. **CityPlace** is designed to have 400,000 square feet of retail upon completion. The first mixed-use building, with 27,000 square feet of retail space, is set for completion in late 2015, with the next phase coming online in 2016. In terms of rent, the Houston retail market is seeing average quoted rents remain steady after showing notable gains in 2013. Demand for the best-located space, however, is resulting in Class A small-shop rates in newly constructed projects going as high at \$60 per square foot per year.

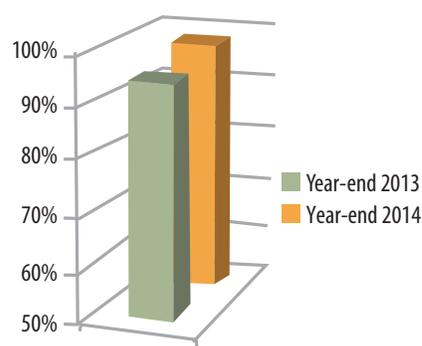
For small-shop in-line space in well-located, anchored projects:

- Class A rates ranged from approximately \$30 to \$40 on a per-square-foot-per-year basis.
- Class B small-shop space average rates ranged from approximately \$22 per square foot to \$28 per square foot.
- Class C small-shop average rates typically were in the \$15 to \$20-per-square-foot-per-year range. These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

## HOUSTON

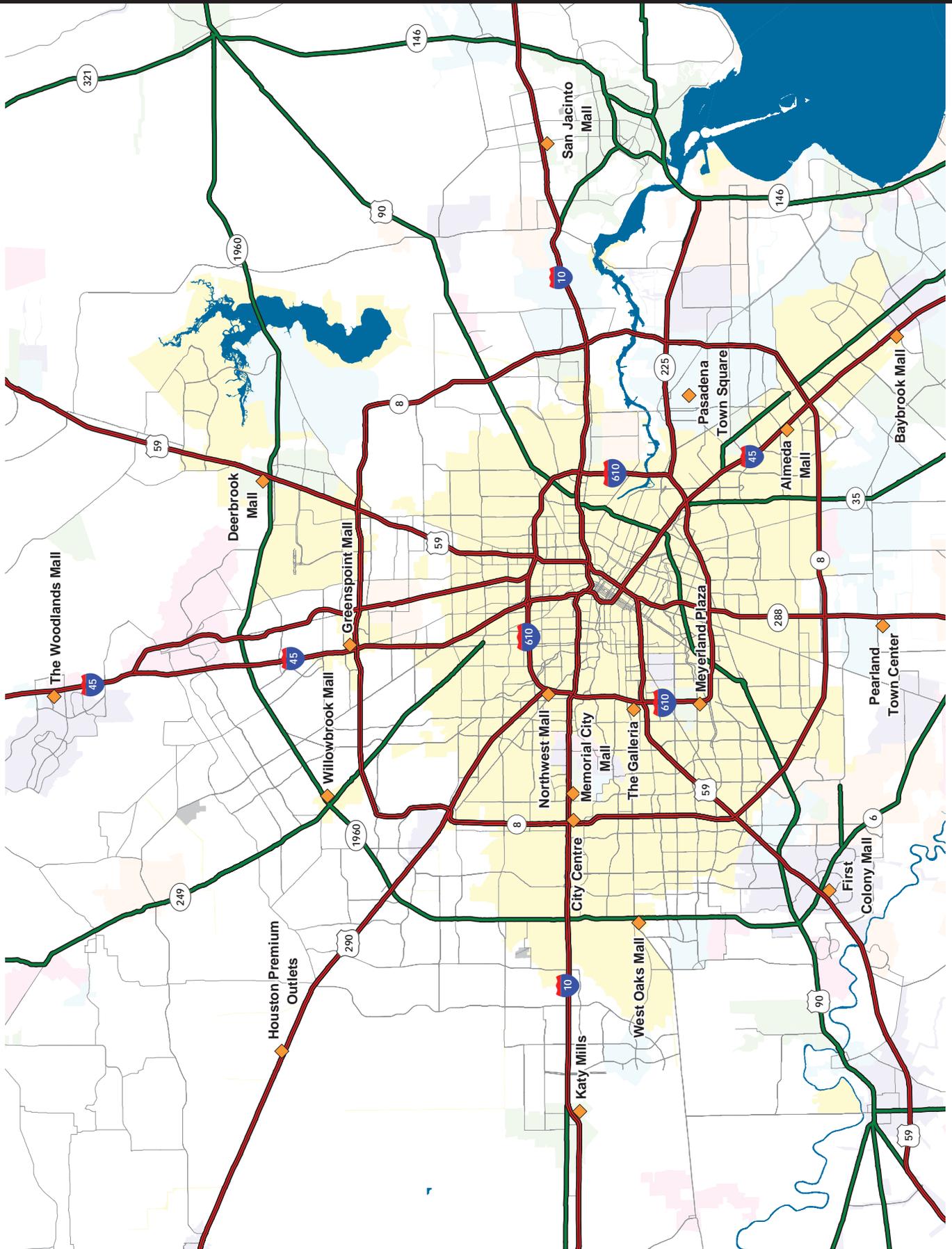


Construction



Occupancy

# HOUSTON MALL MAP





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# SAN ANTONIO

## San Antonio Retail Market Continues to Make Strides

**SAN ANTONIO** – San Antonio’s retail market posted an occupancy rate of 93.0 percent at year-end 2014, a notable gain over the 91.4 percent rate posted at year-end 2013.

Retail occupancy continued to make gains due to steady demand for retail space at a time when the market’s limited construction is primarily for users, and little speculative space is coming online.

The occupancy rate is based on a review of San Antonio area multi-tenant shopping centers with 25,000 square feet or more conducted by The Weitzman Group and Cencor Realty Services. The review is based on a San Antonio retail market inventory of 41.7 million square feet.

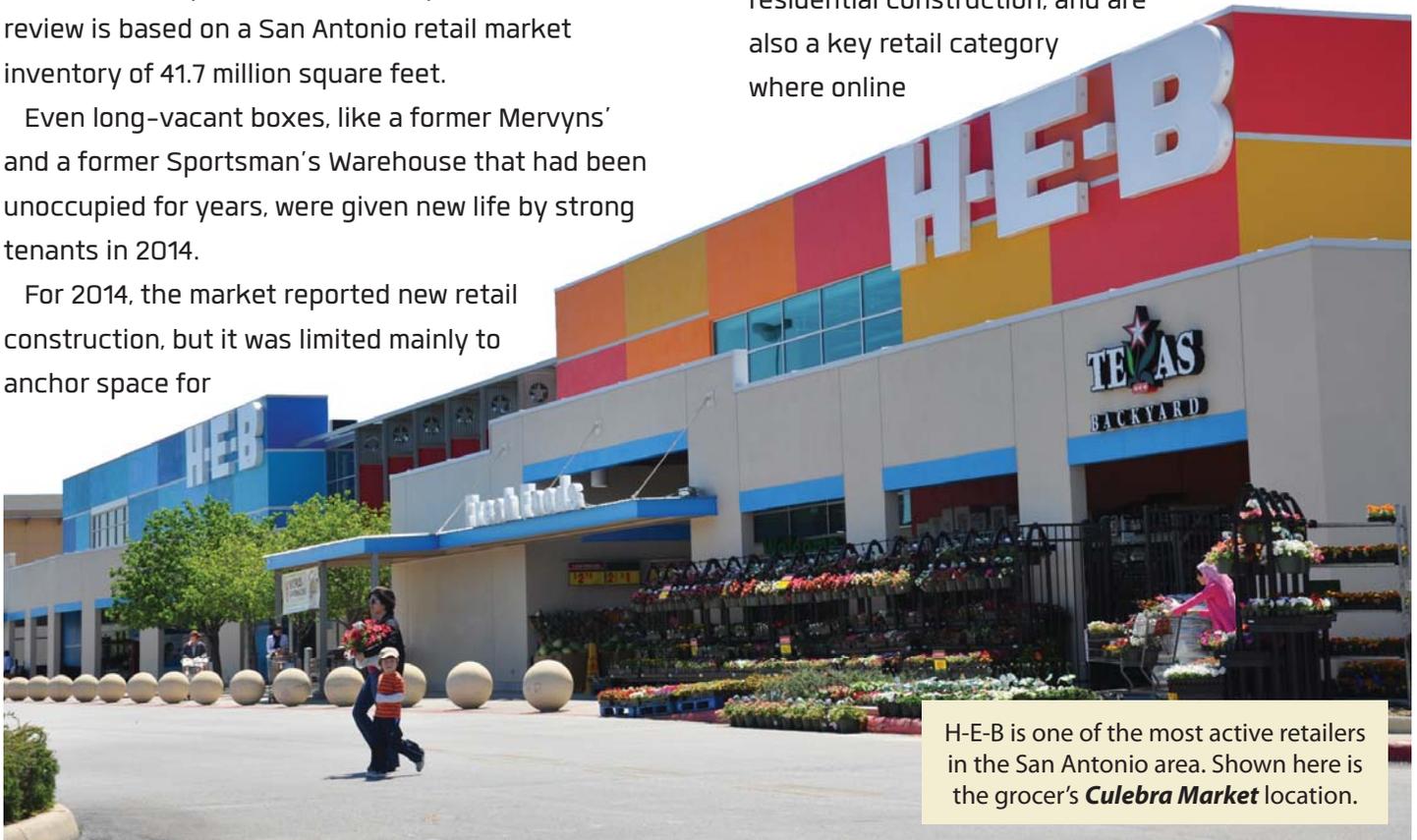
Even long-vacant boxes, like a former Mervyns’ and a former Sportsman’s Warehouse that had been unoccupied for years, were given new life by strong tenants in 2014.

For 2014, the market reported new retail construction, but it was limited mainly to anchor space for

users. Construction of small-shop speculative space continued to be limited, reflecting developers’ desire to ensure that retail construction did not outpace retail demand.

As a result, the market’s available space tightened as leasing continued during a time of constrained construction. Several areas, including the retail along S.W. and S.E. Military and key retail districts along Loop 1604 and Loop 410, now report little availability of either small-shop or end-cap locations.

During 2014, grocery stores dominated the new space added to the San Antonio metro area, reflecting the situation in Texas’ other major markets. Grocery stores are expanding to meet the need of a growing population and increased residential construction, and are also a key retail category where online



H-E-B is one of the most active retailers in the San Antonio area. Shown here is the grocer’s **Culebra Market** location.

competition has failed to get much traction.

New space in new and expanded retail projects added approximately 1.4 million square feet to the San Antonio retail market inventory. The total, while relatively constrained for a market with high occupancy in a strongly performing metro area, was still double the 704,000 square feet of new space added during 2013.

During 2014, no other retailer added more space in San Antonio than Walmart. The world's largest retailer is expanding in the Alamo City with both large-format Supercenters and smaller Neighborhood Market stores. Walmart also added two new Sam's locations during the year.

**For 2014, new Walmart Supercenter locations included:**

- A store at 12639 Blanco Road;
- A store at Nacogdoches Road and Thousand Oaks Drive;
- A store at Wurzbach Parkway and Blanco Road;
- A store at Walzem Road and Parkcrest Drive;
- A store at Loop 410 and Ray Ellison Boulevard.



High-end mixed-use project **Dominion Ridge** opened in 2014 with a mix of high-profile restaurants, shops and office space.

Several **Walmart Neighborhood Markets**, the grocer's smaller concept with footprints in the 40,000-square-foot range, opened in the San Antonio market in 2014.

**New Neighborhood Markets for 2014 included:**

- 1515 South Ellison Drive, on the far West Side;
- Hunt Lane and Military Drive, also on the far West Side;
- Guilbeau and Tezel Roads, on the Northwest Side;
- DeZavala and Lockhill-Selma Roads, on the Northwest Side.

**Sam's Club**, a wholesale-club store from **Walmart**, opened new stores at 2530 Marshall Road on the far North Side and at 3239 Goliad Road in the Brooks City Base project.

**The most active traditional grocer for 2014 was market leader H-E-B, with new stores that included:**

- a new 97,000-square-foot store at 368 Valley Hi Drive in South San Antonio;
- an upscale, 70,000-square-foot **H-E-B** store at Hardy Oak and Wilderness Oaks in the Stone Oak area. The new store features **H-E-B's** first in-store full-service restaurant.

**The market also saw some key specialty projects come online in 2014, including:**

- **Dominion Ridge**, an upscale mixed-used project at IH-10 and Dominion Drive, which brought online 57,000 square feet of retail

space. The project is now home to **Salons by JC**, **Silo Elevated Cuisine**, **Aldaco's Mexican Cuisine**, **Di Frabo Italian**, **Posh Sushi**, **Neva Face** and **Body spa**, **Moda Bebe** children's boutique, **Toy Zone**, **First American Title**, **CuppenCake** espresso bar and bakery lounge and others. **Dominion Ridge** also features existing freestanding **CVS** and **Chase Bank** locations, which opened in 2012;

- **Sonterra Village**, a new retail center with approximately 40,000 square feet anchored by a 12,500-square-foot **Trader Joe's** specialty grocery. The center, at 403 North Loop 1604 West, also includes **Zoë's Kitchen**, **Tarka** Indian restaurant and **Orange Theory Fitness**;
- **The Rim**, a power/regional project that is adding new space through 2015 in its fifth phase. For 2014, new space was added for concepts like **Bassett Furniture**, **Hobby Lobby**, **Hemispheres**, **PetSmart**, **Total Wine**, **Mattress Firm**, **Boot Barn**, **Fleet Feet**, **Carl's Jr.**, **Popeye's**, **Zoe's** and **54th Street Bar & Grill**. Concepts for 2015 include **Lion & Rose**, **Off Broadway Shoe Warehouse**, **Guitar Center**, **Top Golf**, **Beauty Brands**, **Toby Keith's I Love This Bar & Grill**, **Bowl & Barrel** and many other shops and restaurants, as well as a **Hilton Garden Inn**;
- **Main Event Entertainment**, which opened a 58,000-square-foot facility in Monterrey Village at SH 151 and Cable Ranch Road. The location is the second in the metro area for **Main Event**.

For 2015, several new retail projects are in the works, with Walmart and H-E-B again among the most active concepts.

#### **New space set for 2015 or later includes:**

- A **Walmart Supercenter** with 150,000 square feet at Bandera and Woodlawn set to open in the first half of 2015;
- A 185,000-square-foot **Supercenter** planned for Cibolo, northeast of San Antonio, at Cibolo Valley Drive and Borgfield Road;
- A **Walmart Neighborhood Market** at MacArthur View and Nacogdoches on the Northeast side opening January 2015;
- The completion of the newest phase of **The Rim**, as mentioned previously. **Top Golf**, an entertainment concept, will open a 65,000-square-foot location at **The Rim**, its first location in San Antonio;
- **Singing Hills**, a mixed-use development located at Hwy 281 and SH 46 in Bulverde anchored by a **Walmart Supercenter** slated for a 2015 opening;
- **H-E-B** and **LA Fitness**, which will anchor a project at Bulverde and Loop 1604. **LA Fitness** opens in the first half of 2015, and **H-E-B** is set for a 2016 completion. **Gold's Gym** is under construction at a different corner of the intersection;
- **Forum Pointe**, a 40,000-square-foot center with concepts including **Western Dental**, **Select Comfort**, **Pasha Mediterranean Cuisine**, **Salon Suites** and others. The project, near The Forum at Olympia Parkway, is set to open in the first half of 2015.

Retailers and restaurants continue to use existing centers to expand, which is boosting occupancy.

#### **For 2014, expanding retailers in existing space included:**

- **Gander Mountain**, an outdoors superstore, which backfilled the former **Sportsman's Warehouse** in Westover Hills Marketplace at 8203 SH 151;
- **Dick's Sporting Goods**, which opened its third area location in former **Mervyn's** space at South Park Mall;
- **DSW** and **ULTA**, which backfilled part of the former **Best Buy** space at Ingram Festival, a power center peripheral to Ingram Park Mall. **DSW** took 18,600 square feet, and **Ulta** took 12,000 square feet. The space became available when **Best Buy** relocated within the center;
- **Gold's Gym**, which took the 26,000-square-foot former **Bally's** location at Alamo Quarry Market. The location opens in early 2015;

- **Blast Fitness**, which opened its third metro area location in Westpark Plaza in Northwest San Antonio;
- **H&M**, a famed “fast-fashion” apparel retailer, which opened a 27,000-square-foot store at The Shops at La Cantera mall during the first half of the year. **H&M** also will open in redeveloped space in the former **Dillard’s** department store at Rivercenter Mall downtown. **Dave & Buster’s** also is scheduled to open in the redeveloped space, with completion set for 2015;
- **Total Wine** and Phoenix-based **Mega Furniture**, which opened in La Plaza del Norte;
- **Concentra**, which took an 8,000-square-foot former restaurant space in Fiesta Trail Shopping Center for a new medical office location;
- **Norris Conference Centers**, which took 33,000 square feet in the Park North retail/entertainment project along Loop 410 at Blanco Road and San Pedro Avenue;
- **Bowlero**, which backfilled the former **AMF Country Lane** at 1330 San Pedro Avenue. **Bowlero** is a bowling alley/bar/restaurant concept;
- Urgent care facilities, which continue to expand into existing space, including former **Blockbusters** on Nacogdoches and at Culebra and Tezel and a 3,200-square-foot former bank endcap space in Deerfield Shopping Center;

The restaurant market is also seeing expansions from

quick-serve, fast-casual and fine dining concepts.

**New restaurant locations for 2014 include:**

- **Silo Elevated Cuisine**, ranked as one of the country’s top restaurants, which opened its third location in Dominion Ridge. The new restaurant lives up to the “elevated” name with rooftop dining and fantastic views;
- **Whiskey Cake**, a popular Dallas-based concept, which opened in the Shops at La Cantera in Northwest San Antonio;
- **Torchy’s Tacos**, a popular Austin-based concept, which entered the San Antonio market with a new location in The Shops at Lincoln Heights;
- **Twin Peaks**, which opened its second area location in Westover Hills in May. **Twin Peaks** also opened at Blanco and Loop 410 in the Park North project;
- **Pollo Tropical**, a fast-expanding casual dining chain that is sister chain to **Taco Cabana**, with a location at 838 Bitters Road at Highway 281 and a location at 6819 North Loop 1604 West at Chase Boulevard. A location at 281 and Evans is also on track for a 2015 opening;
- **Kneaders Bakery & Café**, a restaurant with locations in several states, which entered the Texas market with a San Antonio location at Stone Oak and Hardy Oak;



A vacant office building at IH-35 and Walzem Road was demolished in 2014 for a project set to open with concepts such as In-N-Out and others.

- **Pappadeaux Seafood Kitchen**, with a 15,000-square-foot restaurant in The Landmark on I-10 West near The Shops at La Cantera. The location, when it opens, will be the concept's second in San Antonio.
- **McAlister's**, which relocated to a new free-standing location at Northwest Military and Loop 1604. A new **Starbucks** is adjacent;
- **Salata**, a salad-bar concept, which opened its second metro area location on the far North Central Side;
- Quick-service restaurants, including **Chick-fil-A** and **Popeye's**;
- **In-N-Out Burger**, which opened its first of several planned locations.

Asking retail rents remain stable in San Antonio, with rents for the market's strongest Class A retail centers maintaining the increases they've experienced over the past 18 months.

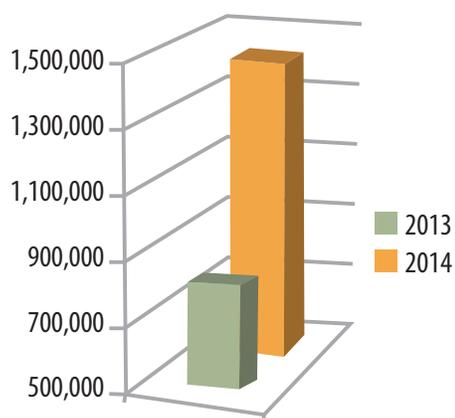
#### For centers by grade:

- Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including new construction, ranged from \$25 to the mid-\$30s per square-foot per year. These rates are for small-shop space in the newest and/or strongest anchored projects.
- Class B asking rates typically are in the \$18-to-\$22-per-square-foot range.
- Class C asking rates are in the \$12-to-\$16-per-square-foot range.

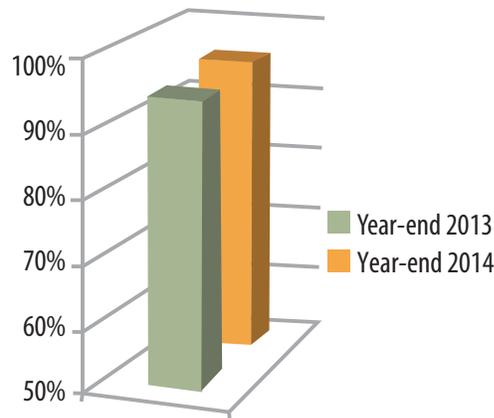
The above are average asking rates and do not take into consideration concessions. Rates can be higher or lower depending on location, co-tenancy, center condition and other factors.

San Antonio's retail market continues to benefit from the continued soundness of the metro area's economy, which ranks as one of the better-performing major markets in Texas and the country.

## SAN ANTONIO

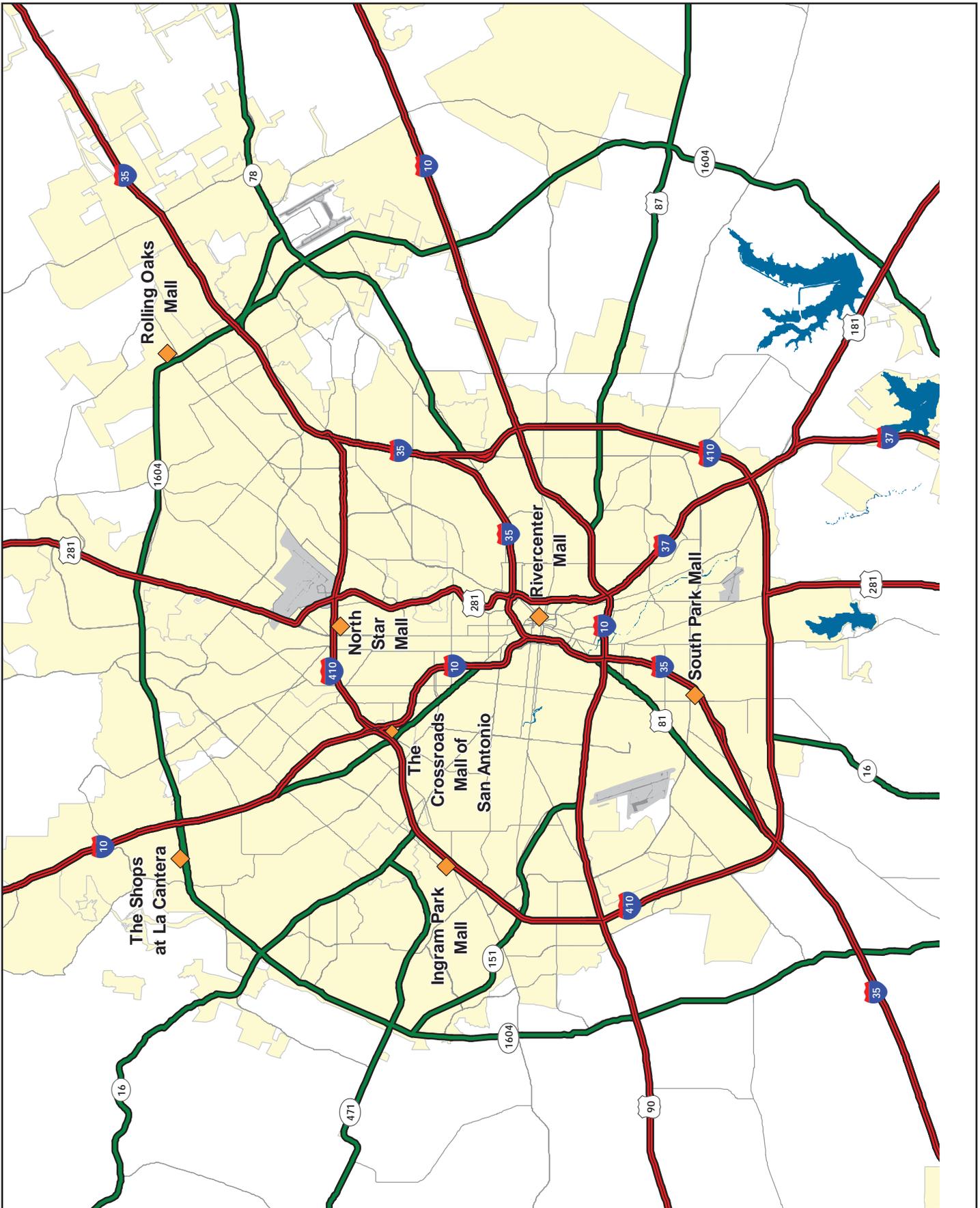


Construction



Occupancy

# SAN ANTONIO MAJOR MALL MAP





The information contained herein was obtained from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this real estate information is subject to errors; omissions; change of price; prior sale or lease; or withdrawal without notice. The Weitzman Group, which provides real estate brokerage services, and Cencor Realty Services, which provides property management and development services, are divisions of Weitzman Management Corporation, a regional realty corporation.

# DEFINITIONS

## Neighborhood Shopping Center

<b>Concept</b>	Convenience
<b>SF Including Anchors</b>	25,000-100,000
<b>Acreage</b>	3-15
<b># of Typical Anchor(s)</b>	0-1 or more
<b>Type of Typical Anchor</b>	Convenience store
<b>Anchor Ratio</b>	30-50%

## Community Shopping Center

<b>Concept</b>	General merchandise
<b>SF Including Anchors</b>	100,000-300,000
<b>Acreage</b>	10-40
<b># of Typical Anchor(s)</b>	2 or more
<b>Type of Typical Anchor</b>	Discount department store, supermarket, drug store, home improvement, large specialty/discount apparel
<b>Anchor Ratio</b>	40-60%

## Regional Shopping Mall

<b>Concept</b>	General merchandise, fashion (mall, typically enclosed)
<b>SF Including Anchors</b>	400,000-800,000
<b>Acreage</b>	40-100
<b># of Typical Anchor(s)</b>	2 or more
<b>Type of Typical Anchor</b>	Full-line department store, junior department store, mass merchant, fashion apparel
<b>Anchor Ratio</b>	50-70%

## Super-regional Shopping Mall

<b>Concept</b>	Similar to regional center but has more variety
<b>SF Including Anchors</b>	800,000+
<b>Acreage</b>	60-120
<b># of Typical Anchor(s)</b>	3 or more
<b>Type of Typical Anchor</b>	Full-line department store, junior department store, mass merchant, fashion apparel
<b>Anchor Ratio</b>	50-70%

## Power Shopping Center

<b>Concept</b>	Category-dominant anchors, few small tenants
<b>SF Including Anchors</b>	250,000-800,000
<b>Acreage</b>	25-80
<b># of Typical Anchor(s)</b>	3 or more
<b>Type of Typical Anchor</b>	Category killer, home improvement, discount department store, warehouse club, off-price
<b>Anchor Ratio</b>	75-90%

## Lifestyle Shopping Center

<b>Concept</b>	Caters to consumers' "lifestyle" pursuits and needs in an upscale setting
<b>SF Including Anchors</b>	Typically 150,000 to 500,000 plus
<b># of Typical Anchor(s)</b>	N/A
<b>Type of Typical Anchor</b>	Fashion department store, national specialty chain, destination restaurant
<b>Anchor Ratio</b>	N/A

## Outlet Shopping Center

<b>Concept</b>	Manufacturers' outlet stores
<b>SF Including Anchors</b>	50,000-400,000
<b># of Typical Anchor(s)</b>	N/A
<b>Type of Typical Anchor</b>	Manufacturers' outlet stores
<b>Anchor Ratio</b>	N/A

## Fashion/Specialty Shopping Center

<b>Concept</b>	Higher-end, fashion oriented
<b>SF Including Anchors</b>	80,000-250,000
<b>Acreage</b>	5-25
<b># of Typical Anchor(s)</b>	N/A
<b>Type of Typical Anchor</b>	Fashion
<b>Anchor Ratio</b>	N/A

# COMPANY DIVISIONS

## THE WEITZMAN GROUP

The Weitzman Group ranks as one of the largest full-service regional commercial real estate firms in the United States. The company ranks as a leader in the Texas real estate market, with offices in Dallas/Fort Worth, Austin, Houston and San Antonio.

The company specializes in leasing and selling commercial and retail properties and representing commercial space tenants. Through its divisions, The Weitzman Group fields one of the largest commercial real estate brokerage forces in Texas and has a leasing portfolio of more than 44 million square feet.

### Commercial Retail Division

The Commercial Retail Division is comprised of three main specialties:

- General commercial brokerage
- Tenant representation
- Project leasing

### Corporate Services Division

The Corporate Services Division specializes in the representation of office space users in Dallas/Fort Worth and other Texas markets. The division handles all aspects of:

- Tenant representation
- Office building site selection
- General lease negotiations
- Lease re-negotiations (renewals)

### Investment Properties Group

The Investment Properties Group offers investment opportunities and services for buyers and sellers in five major categories:

- Retail properties
- Industrial properties
- Office buildings
- Land
- Disposition properties

## CENCOR REALTY SERVICES

Cencor Realty Services is one of the largest regional commercial real estate management and development services firms in the United States. The Company is headquartered in Dallas/Fort Worth and also operates offices in Austin, Houston and San Antonio. Cencor's services include property management, asset management, construction services, renovation and redevelopment services, as well as related services.

Cencor currently manages a retail portfolio of more than 22 million square feet, making it one of the largest retail property management services firms in the U.S. Cencor's properties are primarily located in Dallas/Fort Worth, Austin, Houston and San Antonio.

# ACKNOWLEDGEMENTS

Our 2015 Shopping Center Survey and Forecast would not be possible without valuable input from our retail real estate associates who provided in-depth knowledge of the retail markets in Dallas, Fort Worth, Austin, Houston and San Antonio.

Each market is surveyed for conditions relating to occupancy, leasing, new and expansion construction, tenant and user activity, rental rates and historical comparisons.

**We also would like to thank the following people for their valuable contributions.**

## **Survey Data**

**Michael Meyers**

*Vice President - Operations*

**Tammy Jerpi**

*Research Director*

**Blake Fadem**

*Research Analyst*

**Kevin Jerpi**

*Executive Assistant to the  
President of Corporate Services*

## **Survey Production**

**Von Pearce**

*Graphics Communications Director  
Production Coordination*

**Ian Pierce**

*Director of Corporate Communications  
Writer/Editor/Researcher*

**Blake Nors**

*Marketing Associate  
Production Design*

### Copyright

Copyright 2015. The data in this report is gathered from sources deemed reliable; however, The Weitzman Group makes no guarantees, warranties or representations as to the completeness or accuracy thereof.