

# RETAIL OVERVIEW

## Solano County Real Estate Round-Up 2008

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# Solano County Real Estate Round-Up 2008

## Vallejo Retail Overview

- **Tesco – Fresh & Easy**  
Opening a store on Springs Road
- **Linens ‘N Things**  
Closing Vallejo store
- **Mervyn’s**  
Keeping Vallejo store open

**No new retail developments planned for 2008 through early 2009.**



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## Benicia Retail Overview

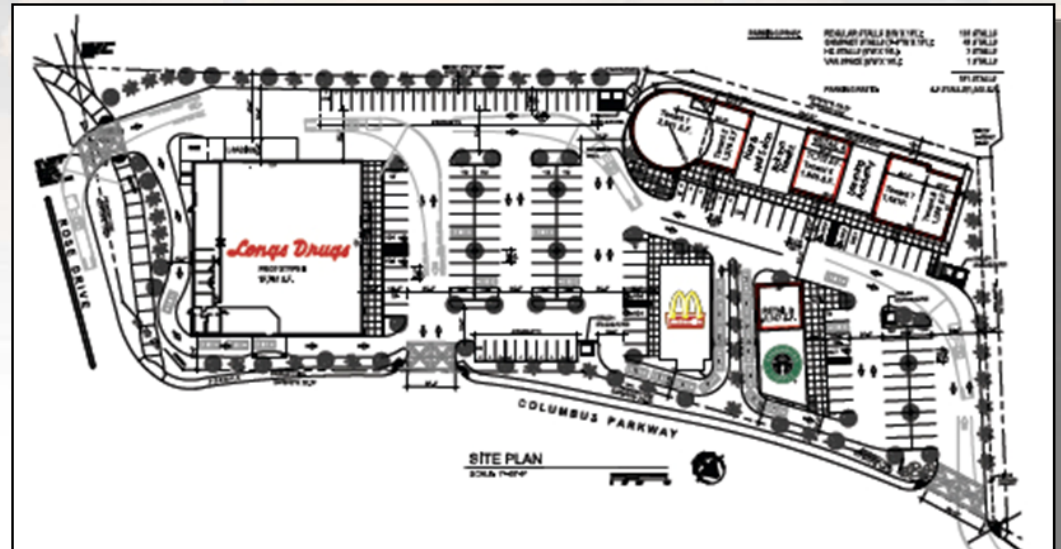
### Rose Center

Rose Dr. & Columbus Pkwy.

Developer: Dick Fulton

33,450 SF Neighborhood Center anchored by Longs Drugs (15,790 SF), McDonalds and Starbucks. No new retail development planned.

This center is fully leased.



## Fairfield Retail Overview

- **Tesco – Fresh & Easy**  
Opening a store on Beck Avenue
- **Development**  
RFP: 11.5-acre site at Nelson Road/Lyon Road. The city is interviewing developers.
- **Linens ‘N Things**  
Closing Fairfield store
- **Mervyn’s**  
Closing Fairfield store



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## Fairfield Retail Overview

Market Place @ Green Valley

I-80 & Suisun Valley Rd.

43 acres

Developer: Garaventa Properties

Broker: Cornish & Carey Commercial

Proposed 433,669 SF Community Center with a planned opening for Q3 2010.



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## Suisun City Retail Overview

Wal-Mart

North of Highway 12 @ Walters Rd.  
23 acres

Developer: Wal-Mart

Wal-Mart has a hearing on October 14<sup>th</sup> for the lawsuit filed against the development.



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## Suisun City Retail Overview

### Suisun City Old Town Redevelopment

14 parcels throughout “Old Town” Suisun  
±16 acres

Developer: Main Street West

Harbor Square is a waterfront commercial development with  
“centerpiece/anchor” feature.

Mixed-use along Main Street.

Main Street West has signed several food  
users.



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## Vacaville Retail Overview

- **Tesco – Fresh & Easy**  
Opening a store at Regency Park Plaza
- **Circuit City**  
Opened in the former CompUSA space
- **Korwasser project**  
(I-80 & I-505) on hold
- **The Nut Tree**  
Phase II on hold

**No new retail development planned for 2008 through early 2009.**





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## Dixon Retail Overview

Nothing new to report in Dixon.





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## Rents (New Construction) - 2008

**Big Box: \$14 - \$18 psf (NNN)**

**Shops: \$28 - \$40 psf (NNN)**

**NNN: \$6 psf (average)**

**Land Values (5 - 10 acres, unimproved): \$15 - \$18 psf**

**Pad Values (ready-to-build pad): \$20 - \$22 psf**





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## Today's Headlines

*“Retail Construction Hits a Red Light”*

*“Big Retailers May Close or Downsize”*

*“Chain Store Closures: 3,681 and Counting”*

*“Mrs. Fields to File For Bankruptcy”*

*“Big Lots Profit Rises, But American Eagle, Chico's Drop”*

*“Target Misses July Sales' Goal”*

*“Mall Owners File Chapter 11 to Regain Control”*

*“Weak Economy Spurs Shift to Value at American Eagle”*

*“More Stores to Close, But Vacancy Declines”*

*“Same-Store Sales Continue to Dwindle at Sears”*

*“Gap's Same-Store Sales Slump 11%”*

*“Mervyn's May Be Forced to File Chapter 11”*

*“Retailers Report Mixed Sales Results in July”*

*“Hard Times Help Sales at Ross Stores”*

*“Gymboree Raises Q2 Guidance After Sales Bounce Up”*

*“July Sales Figures Drag Down Retail Sector”*

*“Olive Garden's Parent Warnings on Profit”*

*“Target to Open Designer-Focused Stores in New York”*



## Retail Stores Closing Doors

- **Linens 'N Things**  
Plans to close 120 under-performing stores in its chain of 589
- **Disney Stores**  
98 stores closing
- **Foot Locker**  
140 stores closing  
Income down 78% in 2007
- **Wilson's Leather**  
160 stores closing



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## Retail Stores Closing Doors

- **Home Depot**  
15 stores closing  
Cutting 1,450 corporate jobs and closing 15 under-performing US stores
- **Ann Taylor**  
117 stores closing  
Times are tough for luxury clothes brands
- **Pac Sun 'Demo' Stores**  
154 stores closing
- **Lone Star Steakhouse**  
27 stores closing



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## Retail Stores Closing Doors

- **Zales**  
105 stores closing  
The poor economy is taking its toll on luxury vendors
- **Pier 1 Imports**  
25 stores closing.  
After shedding 79 stores in 2007, sales are still declining
- **Friedman's Jewelers**  
120 stores closing
- **Dell**  
140 stores closing



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## Retail Stores Closing Doors

- **84 Lumber**  
12 stores closing
- **Sharper Image**  
90 stores closing  
The company will still operate 94 stores
- **Pep Boys**  
31 stores closing
- **Rite Aid**  
28 stores closing



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## Retail Stores Closing Doors

- **Sprint/Nextel Corp.**  
125 stores closing  
The nation's third largest wireless carrier struggles to compete with AT&T and Verizon Wireless
- **Movie Gallery**  
1,000 stores closing
- **Furniture Stores**  
Sofa Express – 27 stores closing  
Levitz Furniture – 76 stores closing  
Ethan Allen – 12 stores closing  
Wickes Furniture – 38 stores closing



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## Retail Stores Closing Doors

- **Macy's**  
9 stores closing  
Macy's is closing 9 locations due to declining sales. However, it expects to open 5 new stores in 2008 and 6 to 8 new locations are currently planned for 2009
- **CompUSA**  
103 stores closing
- **Kirkland's**  
30 to 130 stores closing  
Considering closing up to 100 more stores in the next 18 months



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## Retail Stores Closing Doors

- **Big Dollar**  
10 stores closing
- **Fashion Bug, Lane Bryant & Catherine's**  
150 stores closing
- **Talbot's & Sigrid Olsen**  
Talbot's Kid's, Men's – 78 stores closing  
Sigrid Olsen – 54 stores closing
- **Barbeques Galore**  
65 stores closing  
Filed for bankruptcy



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## Big Retailers at Risk of Store Closures

- **Sears**

Sears is the most likely candidate for mass store closings. Between the combined Sears and K-Mart brands, Sears operates in 3,800 locations.

- **Circuit City**

The company's share price is \$2, down from over \$25 less than two years ago. The company has approximately 700 stores.

- **Pier 1 Imports**

Pier 1 Imports, Inc. is expected to lose money for fiscal Feb-2009 and has posted losses over the last three years.



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## Big Retailers at Risk of Store Closures

- **Tuesday Morning**  
Tuesday Morning is another at-risk liquidation retailer that sells many in-home items that overlap products sold at larger retailers.
- **Cost Plus**  
Cost Plus, Inc. is thought of by many as “The Other Pier 1”.
- **Gap**
- **Blockbuster, Inc.**  
Blockbuster, Inc. has been a perpetual saga which many would have called a race to zero. Netflix is one of its major problems.



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## Big Retailers at Risk of Store Closures

- Rite Aid
- Starbucks  
Closing 600 stores.



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## Changes in the Market

Store Type	Change
Wholesale Clubs	+8.9%
Apparel stores	-4.9%
Department stores	-5.8%
Luxury retailers	-5.6%
Drug stores	+0.2%
Discount stores	+1.7%

SOURCE: International Council of Shopping Centers





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## East Bay Shopping Centers Keep Vacancies Low

County	Powers Centers		Leasable Space		Vacancy Rate		
	2006	2008	2006	2008	2006	2008	Change
Alameda	37	38	9,270,953	9,270,953	3.37%	4.96%	<b>+1.59</b>
Contra Costa	35	38	7,660,175	8,420,488	2.59%	2.75%	<b>+0.16</b>
Marin	7	7	1,699,341	1,699,341	3.50%	3.72%	<b>+0.22</b>
San Francisco	4	4	740,071	740,071	0.48%	1.76%	<b>+1.28</b>
San Mateo	13	13	4,665,004	4,665,004	5.13%	5.18%	<b>+0.05</b>
Santa Clara	20	25	4,785,261	6,481,897	5.61%	6.15%	<b>+0.54</b>
<b>Solano</b>	<b>10</b>	<b>13</b>	<b>1,983,141</b>	<b>2,723,141</b>	<b>6.34%</b>	<b>6.08%</b>	<b>-0.26</b>
<b>TOTALS</b>	<b>126</b>	<b>138</b>	<b>34,124,797</b>	<b>38,428,557</b>	<b>4.45%</b>	<b>4.39%</b>	<b>-0.06</b>

SOURCE: SF Business Journal

