

SURVEY REPORT

SHOPPING CENTER

2021

REVIEW & FORECAST



The year 2020 will forever be remembered as one that challenged retail real estate at every level. Our markets of Austin, Dallas-Fort Worth, Houston and San Antonio all ended the year with healthy occupancy on a percentage basis, but we know that even seemingly successful retail concepts can struggle as they transition their business models to address pandemic changes.

Many of our retailers have remained opened due to innovations, government assistance programs, the continued economic strength of our markets and the support and forbearance of their landlords.

But many of our state's retail concepts have experienced sales declines due to greatly reduced shopper traffic. However, we remain optimistic that the market will have a quick recovery once the vaccine takes hold.

That said, we welcome you to join Weitzman in supporting your local shops and restaurants to help them weather this storm as we await the return to normal.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Weitzman', with a long horizontal flourish extending to the right.

**HERBERT D. WEITZMAN**

Executive Chairman



A dark, monochromatic photograph of the Austin skyline. The image features several tall skyscrapers, including the Frost Tower on the left, and a large bridge with multiple arches spanning a body of water in the foreground. The scene is reflected in the water, and the overall tone is dark and atmospheric.

# AUSTIN

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DAISO JAPAN OPENED ITS FIRST AUSTIN LOCATION AT **THE CRESCENT** ON AIRPORT BLVD AT LAMAR BLVD.

## OCCUPANCY DECLINE IN AUSTIN'S RETAIL MARKET LIMITED BY MARKET'S UNDERLYING STRENGTHS

Austin's retail market ended 2020 with an occupancy rate of 95.0 percent, a healthy percentage even though the year-end number represents the market's lowest occupancy rate since 2013.

Despite the increase in overall vacancy caused largely by the COVID-19 pandemic's effect on retail traffic, Austin remains the strongest major-metro retail market in Texas in terms of occupancy.

For nearly 20 years, the market has maintained enviable occupancy above 90 percent (considered healthy for a major-market inventory), with the low point being a rate of 90.5 percent in 2006.

The year-end 2020 rate represents a decline from the 96.0 percent occupancy rate posted at year-end 2019.

The occupancy decline resulted due to increased small-concept vacancies and closings from national concepts such as Stein Mart, 24 Hour Fitness, Pier 1 and Tuesday Morning.

The limited number of store closings, combined with continued economic stability at a time of limited new space deliveries, means that Austin's ended

2020 in far better shape occupancy-wise than predicted during the onset of the pandemic in March.

Weitzman reviews an Austin-area retail space inventory of approximately 51 million square feet in retail projects with 25,000 square feet or more.

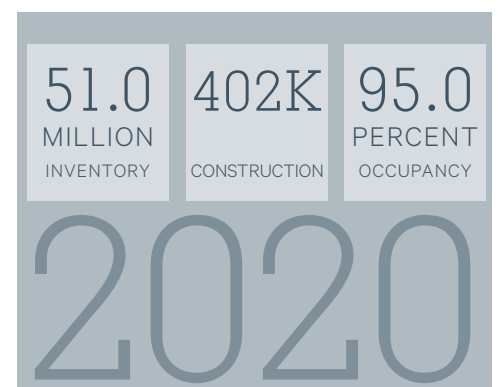
The occupancy decline remains kept in check due to several key factors, including a tight retail market that means there is demand for quality space when it comes available.

For example, even as some restaurants close, many are being backfilled with new tenancy by concepts with programs to generate business through take-out,

delivery and limited-capacity in-person dining. Demand exists for larger vacancies as well. For example, Skechers backfilled a former Pier 1 near Lakeline Mall, and a Cowboys Fit fitness facility opened in 57,000 square feet of second-generation space in Pflugerville.

The tight retail market is a result of continued retail demand, even at the reduced level reported due to COVID, in a market with extremely limited deliveries of new retail space.

Due to the continuing economic strengths, even in the midst of the pandemic, the Urban Land Institute recently named Austin the country's No. 2 market for real estate investment for 2021.



## KEY VACANCIES FIND NEW TENANCY

During 2020, existing market vacancies were leased for new locations by several retail concepts, another reason for relative stability in the overall occupancy.

## BACKFILLED OR REDEVELOPED RETAIL SPACES FOR 2020 INCLUDE:

- **Skechers**, a footwear retailer, which leased a 9,400-square-foot building formerly occupied by Pier 1 at The Homestead, located at 14010 Highway 183 near Lakeline Mall;
- **Cowboys Fit**, a fitness concept patterned after the Dallas Cowboys' workouts, which opened in a backfilled 57,000-square-foot space at 1401 Town Center Drive in Pflugerville;
- **EVO Entertainment Group**, which backfilled the 14-screen cinema space formerly occupied by Sky Cinemas in Belterra Village in Dripping Springs;
- **Pinstack**, a bowling-focused concept that opened a 49,300-square-foot location during the first half of the year in Tech Ridge Center, an H-E-B

anchored center located at 500 Canyon Ridge Drive at IH-35. The location is the first for the concept in the Austin market;

- **Harbor Freight Tools**, which leased approximately 17,000 square feet and backfilled a former CVS in Republic Square, a center at IH-35 and Williams Drive in Georgetown;
- **Five Below**, which leased just over 11,000 square feet in existing space at Wolf Ranch Town Center in Georgetown.
- **Furniture Mall of Texas**, which is slated to open in the 95,000 square feet of retail space formerly occupied by Target in The Shops at Tech Ridge off IH-35 in North Austin;
- **Daiso Japan**, a popular Japanese retailer, which took a 6,820-square-foot space in The Crescent, an Asian-focused specialty center located at 6929 Airport Boulevard in Austin;
- **Main Street**, a food hall at H-E-B Mueller, which includes multiple concepts offering dine-in or takeout meals;
- **Pavement**, a vintage shop, which leased 10,000 square feet at 2932 Guadalupe Street for its second area store. The location previously was Centennial Liquor Stop.

## RESTAURANT MARKET

Restaurants opening in second-generation space are active during 2020, with demand generated largely by local or regional concepts.

New restaurants leasing in second-generation space include Easy Tiger Bake Shop and Beer Garden, which backfilled the former Old Red's Porch on South Lamar; Another Broken Egg in the former Mangia Pizza at 8012 Mesa Drive; Qi Austin, which opened downtown in street-level retail on W. 6th Street; Buddy's Burger, a new fast-casual concept that opened at 9001 Cameron Road and which already is seeking a second location; Bishop Cidercade, which opened in the former Joe's Crab Shack space on East Riverside; Hold Out Brewing, a brewery and restaurant that opened in mid-2020 at 1208 W. 4th Street; Stiles Switch BBQ & Brew, which opened a new location on Whitestone Boulevard in Cedar Park; Tumble 22, which leased the space on Lake Austin Boulevard formerly occupied by Magnolia Cafe; The Well, a health-focused casual concept that opened in the former She's Not Here space on 2nd Street downtown; Lola's Donuts, which opened on Manor Road in the former Sugar Mama's space; and numerous others.

Additionally, Kitchen United Mix, Austin's first shared kitchen-as-a-service company built to serve off-premise dining, opened

**SKECHERS** LEASED A NEW LOCATION AT THE HOMESTEAD SHOPPING CENTER, BACKFILLING A FORMER PIER 1 SPACE.





**HARBOR FREIGHT TOOLS**  
BACKFILLED A FORMER  
CVS IN GEORGETOWN'S  
REPUBLIC SQUARE.

at 8023 Burnet Road. The facility houses several restaurants serving food for delivery, pick-up and catering.

## CONSTRUCTION DURING 2020 REMAINS ON THE LOW SIDE

Austin's limited and demand-based new retail construction over the past decade has enabled the market to perform during the current pandemic-induced downturn without an overhang of new, unleased space.

During the 1990s and into the early 2000s, Austin typically saw annual construction in the millions of square feet, reaching as high as 4 million square feet annually. However, space deliveries began declining in the mid-2000s, and deliveries have not reached the 1-million-square-foot threshold since 2016.

During 2020, metro Austin added a total of approximately 402,000 square feet of space in new and expanded retail projects.

The total is in line with 2019, which reported new construction totaling approximately 400,000 square feet.

Details on new construction can be found later in this report.

## AUSTIN RENTAL RATES

Like every other aspect of the economy and the retail market, the COVID-19 crisis has impacted retail rental rates. Asking rents overall remain stable, based on retail renewals and lease volumes since the pandemic hit. Effective rents, however,

can be lower due to concessions such as free rent and finish-out allowances.

For all classes of space, actual rates for specific centers and spaces can go notably lower or higher than the rates listed here 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 low-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;
- Averages for Class B small-tenant rates are posting from the low-to-high-\$20-per-square-foot-per-year range and can climb in the low \$30s;
- 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 IMPROVEMENT

Austin benefits from key corporate moves. For example, Tesla is now underway with a gigafactory just outside Austin in southeastern Travis County that is expected to open its first phase by mid-2021. Tesla is slated to build its electric truck, along with other vehicles, at the factory. Additionally, Oracle announced in late 2020 that it would relocate its headquarters from California to Austin, and Apple is underway on its new \$1 billion, 3-million-square-foot campus, which is expected to open in 2022.

The Austin area's housing market also remains extremely active, supporting the rule that retail benefits from rooftops. Metro Austin reported one of its most robust years ever for residential construction during 2020.

Going into 2021, the outlook for retail growth is dependent upon the curtailment of the COVID-19 virus. A portion of the current occupancy, for example, is maintained by landlords offering rent concessions and deferrals designed to keep tenants in place through the downturn.

If the vaccines currently being distributed dramatically reduce infections and create a sense of safety for shopping, dining and entertainment, we expect to see a year of recovery in 2021 and a return to the pre-pandemic retail occupancy rates and overall economic health by 2022.



# DALLAS - FORT WORTH

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**TOP FITNESS STORE**  
OPENED IN SHOPS OF  
SOUTHLAKE IN 2020  
TO TAKE ADVANTAGE  
OF DEMAND FOR HOME  
FITNESS EQUIPMENT

## PANDEMIC RESULTS IN OCCUPANCY DECLINE, BUT D-FW RETAIL REMAINS ABOVE 90 %; CONSTRUCTION REMAINS REMARKABLY CONSERVATIVE

Dallas-Fort Worth's retail market ended 2020 with 91.7 percent occupancy, a drop from year-end 2019's rate of 93.7 percent occupancy.

Even in light of the occupancy decline, the 91.7 percent rate still represents one of the better results for the market, which has only exceeded the 90 percent occupied rate 11 times (including 2020) during the past 31 years.

In fact, occupancy dropped as low as 82.1 percent and never climbed higher than 89.3 percent during the entire 1990s decade.

At year-end 2020, D-FW's retail market inventory reached approximately 200.4 million square feet in retail projects with 25,000 square feet or more. The inventory is the largest for any Texas metro area and is found in 42 submarkets that incorporate the Dallas market and its suburbs and the Fort Worth market and its suburbs.

The market took a hit during 2020 as the pandemic resulted in numerous closings (including some from concepts that were already struggling pre-pandemic) from chains such as Belk, JCPenney, 24 Hour Fitness, Pier 1, Tuesday Morning and Stage Stores.

For example, closings include JCPenney at Music City Mall location in Lewisville, Belk at Dallas Galleria in March, Nordstrom at North East Mall, Tuesday Morning with six stores shuttered, Pier 1 with all 14 area locations shuttered, 24 Hour Fitness with 11 closings and Gold's Gym with five closings.

The overall vacancy hit is reduced somewhat because many of the shuttered stores are smaller-format; for example, Microsoft closed two stores, but together they accounted for less than 9,000 square feet of total space.

Prior to the pandemic, the retail market reported one of its longest streaks ever of growing occupancy, which began when occupancy reached 90 percent in 2013.

While 2020 is the eighth consecutive year for occupancy above 90 percent, it still represents a significant increase of 4,024,032 newly vacant space during calendar-year 2020.

At year-end 2020, the market reported a total of 16,675,744 million square feet of vacant space, compared to 12,615,882 million square feet at year-end 2019.

By contrast, during the previous down cycle of 2008-2009, overall occupancy

dropped to 86 percent, based on a vacant space that exceeded 21 million square feet.

Submarket by submarket, more than half of D-FW's 42 submarkets reported occupancy above 90 percent. All told, 24 submarkets reported the 90-percent-plus level; a decade ago, at the end of the recession, only 17 submarkets reported occupancy that reached or exceeded 90 percent.

Even in light of nearly a year of pandemic-induced issues, the market's overall occupancy stability continued in 2020,

### KEY CONCEPTS BACKFILL VACANCIES IN 2020

KIDS EMPIRE	DTLR
SPEC'S	FITNESS CONNECTION
LOWE'S OUTLET	TESO LIFE
EATALY	TOP FITNESS STORE
CONN'S	PLANET GRANITE

thanks to a combination of PPP loans, landlords' willingness to offer concessions such as deferred rent and aggressive digital marketing to promote open stores, their hours and their offerings. Restaurants were further helped by services such as delivery, takeout, curbside and outdoor dining, as well as a new state ruling that allowed alcohol to go.

The market also benefitted from the backfilling of vacant anchor vacancies and an extremely conservative development climate that limited the overhang of vacant space.

## LEASING IN EXISTING RETAIL CONTINUES

Leasing in existing retail projects continued thanks to an economy that created demand through residential and population growth. The leasing in existing retail projects stabilizes occupancy, since these leases represent the absorption of existing space. Notable new backfilled occupancy for 2020 includes:

- Spec's Wine Spirits & Finer Foods, which leased a 16,770-square-foot junior anchor space at Cedar Hill Pointe, located at the northwest corner of U.S. Highway 67 and Pleasant Run Road in Cedar Hill;

- Kids Empire, a secure indoor playground for children, with two locations for 2020 that backfilled existing space. One involved a lease for 18,669 square feet in Firewheel Town Center, an open-air mall located at SH-190 (President George Bush Turnpike) and SH-78 in Garland, and the other involved a lease for 15,850 square feet at Hillcrest Village, located at 6959 Arapaho in Dallas. A third lease in 2020, for 14,650 square feet at Wynnewood Village on W. Illinois near IH-35, is for a location set to open in 2021;
- Fitness Connection, which opened during the second quarter in 55,600-square-foot space formerly occupied by DSW at Golden Triangle Mall in Denton;
- Fitness Connection, which also leased a 58,500-square-foot former Albertsons space at Shops at Westchester, a retail center located at 4126 South Carrier Parkway in Grand Prairie;
- Lowe's Outlet, the first outlet store in Texas for the concept, which in 2021 will open in an approximately 163,000-square-foot box at 3500 West Airport Freeway in Irving. The space formerly was occupied by a full-line Lowe's, which closed in 2019;
- Club4Fitness, with a 38,000-square-foot location in Craig Crossing at Eldorado and US-75 in McKinney, as well as a 35,000-square-foot location in Valley Ranch Center on S. MacArthur Boulevard

in Coppell. The chain also plans a Grand Prairie location at Jefferson and Carrier Parkway, as well as a location at East FM 544 and Murphy Road in Murphy;

- Conn's Home Plus, which opened at Golden Triangle Mall during the second quarter, in 41,000 square feet in the former Sears anchor space at the regional mall;
- Planet Granite rock climbing studio, which in 2021 will open in 37,000 square feet of junior anchor space vacated by home improvement retailer Treehouse at The Hill, a shopping center at Walnut Hill Lane and North Central Expressway. Planet Granite in 2021 will also open a 42,000-square-foot studio in the Design District near Dallas' Oak Lawn and Uptown neighborhoods;
- Cavender's Boot City, a western wear retailer, which opened in May 2020 in a 17,400-square-foot former Golf Galaxy located at 9390 N. Central Expressway in Dallas;
- Teso Life, which sells kitchen and office supplies among other primarily Japanese-brand items, which leased more than 14,000 square feet in Carrollton Town Center for its first location outside of New York.

The market is also seeing a number of small-shop leases, including dozens of new restaurant leases. Some notable small-shop leases include:

NOTABLE MALL LEASES IN 2020 INCLUDED **FITNESS CONNECTION**, WHICH OPENED IN MORE THAN 55,000 SF IN GOLDEN TRIANGLE MALL IN DENTON.





**A MAJOR RENOVATION AT TOM THUMB-ANCHORED FIELDER PLAZA IN ARLINGTON HELPED ATTRACT NEW TENANCY LIKE HAND & STONE MASSAGE AND ICONIC AL'S HAMBURGERS.**

- Lucky's Hot Chicken, which opened in the 1960s-era building on Gaston Avenue in East Dallas that was once home to famed restaurateur Norman Brinker's first concept, Brink's;
- Velvet Taco, which opened in a former service station along US-75 in Richardson;
- Out-of-state restaurants entering the market for the first time, like Memphis-based Gus's World Famous Fried Chicken and New England-based The Flatbread Company;
- Top Fitness Store, a retail of home fitness equipment, which opened in approximately 5,700 square feet in Shops of Southlake, a Central Market-anchored center;
- Coffee concepts like Scooter's, a Nebraska-based concept that leased in Farmers Branch, and Oregon-based Dutch Bros., which located its first area location in Plano;
- Old Republic Title, which leased 3,010 square feet in Firewheel Market, a specialty retail center located at SH-78 and SH-190 in Garland.
- DTLR, Your Fashion...Your Lifestyle!, a lifestyle fashion retailer, which opened

in early 2020 in 9,000 square feet in Buckingham Plaza, located at the northwest corner of North Garland Avenue and Buckingham Road. DTLR also opened a store in Trinity Valley Shopping Center, located at Josey Lane and SH-190 in Carrollton.

### CONSTRUCTION REMAINS REMARKABLY CONSERVATIVE

During 2020, construction in new and expanded retail centers totaled only 1,701,273 square feet, a decline from 1,823,374 square feet in 2019 and 3,501,897 square feet in 2018.

The new space deliveries in 2020 represent the lowest construction since 2012, when 1.2 million square feet were delivered as the market emerged from the financial crisis.

D-FW's limited space deliveries reflect the nationwide and statewide trend of limited anchor expansions, existing project redevelopments and smaller mixed-use and unanchored retail projects.

For example, the average size for a new retail project in 2020 was 70,890 square feet. A decade earlier, the average size of a new center was nearly double that at approximately 125,000 square feet.

The 2021 Survey & Forecast is based on Weitzman's review of a total D-FW retail market inventory of 200,376,396 square feet of space in projects with 25,000 square feet or more – the largest retail inventory for any metro area in Texas. (The inventory represents approximately 20 smaller projects that we removed from the database due to redevelopments for non-retail uses.)

Weitzman surveys 1,428 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 2020, the occupancy rate in the Dallas area was 91.6 percent, compared to 93.8 percent at year-end 2019. The rate is based on a review of 1,000 projects with a total market inventory of 137.5 million square feet.

The occupancy rate in the Fort Worth area was 91.9 percent, compared to 93.3 percent at year-end 2019. The rate is based on 428 retail projects with a total inventory of 62.9 million square feet.



THE NEIGHBORHOOD CENTER CATEGORY ENDED 2020 WITH NEAR-RECORD OCCUPANCY. SHOWN HERE IS **TRINITY PLAZA**, A NEIGHBORHOOD CENTER IN CARROLLTON.

## OCCUPANCY BY CENTER CATEGORY

**Community Centers** – 93.2 percent (compared to 94.4 percent at year-end 2019) based on an inventory of 74.7 million square feet.

This category, typically anchored by a grocer, is the market's largest in terms of inventory, which makes its continued strong occupancy especially important. A decade ago, the category posted only 86 percent occupancy. But the transition to service-focused, Internet-resistant tenancy like restaurants, services, fitness, health, beauty and medical tenants has stabilized the category into one of the strongest in D-FW.

Even during the pandemic, this tenancy remained consistently stable due to the essential nature of its anchors, typically grocery stores, and through a focus on the digital marketing of safety protocols in-store and services like delivery, takeout and curbside.

Community centers reported limited construction, with a new 55,000-square-foot Tom Thumb that opened in East Dallas, a 109,000-square-foot community

center anchored by a Korean grocery store in Carrollton, and a 28,000-square-foot Sprouts in Mesquite that opened its doors in early 2020.

**Neighborhood Centers** – 90.4 percent (91.4 percent at year-end 2019) based on an inventory of 40.8 million square feet.

Neighborhood centers are typically unanchored centers of 25,000 square feet to around 100,000 square feet. A decade ago, this was D-FW's worst-performing category with only 82 percent occupancy.

For 2020, despite a decline compared to 2019, this category reported its second-highest-ever occupancy thanks to the demand for small-shop space coming from restaurant, service, medical and dental, beauty and boutique fitness tenants, among others. These categories are for the most part Internet-resistant, and a combination of lease workouts, PPP loans and aggressive digital marketing is enabling this tenancy to remain largely in place.

**Power Centers** – 92.4 percent (95.2 percent at year-end 2010) based on an inventory of 44.6 million square feet.

The Power category, traditionally anchored by big-box category-killer power retailers, saw vacancy increase by more than 700,000 square feet. The largest power vacancy occurred in Northeast Dallas, where JCPenney closed its 100,000-square-foot store at Timber Creek Crossing.

However, occupancy remained in the healthy range due to power anchors involved in home furnishings and general merchandise, categories that experienced strong sales as remote work and stay-at-home orders resulted in residents focusing on home improvements and the like. The year saw many power retail anchors, such as Target, achieve double-digit sales gains through initiatives such as curbside and ship-from-store order fulfillment. Power anchors such as Floor & Decor, Home Depot and Lowe's benefited from stellar demand for home improvement projects and home appliances.

**Malls** – 87.8 percent (91.6 percent at year-end 2019) based on an inventory of 20.9 million square feet.

During 2020, the mall category saw the biggest percentage drop in occupancy of any of the shopping center categories we track. The focus on social distancing and avoiding indoor groups resulted in a significant decline in mall traffic

As a result, 2020 saw the reversal of the occupancy gains malls experienced in 2019, when occupancy climbed during the year from 87.8 percent to nearly 92 percent. After the closure of several department store spaces, the category returned to its fairly weak 2018 occupancy level.

During 2020, the largest mall vacancies occurred due to JCPenney, which closed at Music City Mall in Lewisville; Belk, which closed its flagship store at Dallas Galleria; and Nordstrom, which announced the 2021 closing of its North East Mall store in Hurst. Another large vacancy involved the cinema box at The Shops at Willow Bend mall in Plano. These four vacancies alone resulted in nearly 520,000 square feet of mall vacancy.

The category will take a further hit in 2021 when Macy's closes its anchor stores in Denton and Lewisville.

The mall category did report some occupancy gains, fortunately. For example, during 2020, Golden Triangle Mall in Denton reported that Conn's HomePlus opened in 41,000 square feet of a former Sears anchor space, Fitness Connection opened in an approximately 56,000-square-foot junior anchor space, and Hawaiian Bros, a fast-casual concept, leased a vacant freestanding restaurant building at the front of the mall;

At North Dallas' NorthPark Center mall, famed food hall concept, Eataly opened in December 2020 in 46,000 square feet in space that was formerly occupied by home furnishings retailer Pirch;

At open-air Firewheel Mall in Garland, Kids Empire opened in junior anchor space formerly occupied by World Market.

However, one key reason mall performance has remained fairly stable, despite ongoing challenges that existed pre-COVID, is that the category today is concentrated in stronger malls due to the demolition of the market's weaker malls.

Twenty years ago, for example, D-FW

had 25 mall properties. That number has since declined to 13 enclosed malls due to failed malls being demolished or slated for redevelopment. Two recent projects removed from the mall category, for example, include Dallas' RedBird Mall and Plano's Collin Creek Mall, both of which are being redeveloped into mixed-use developments with limited retail space and a heavy focus on residential and other non-retail uses.

**Mixed-use Retail** – 92.2 percent, compared to 94.2 percent at year-end 2019, based on an inventory of 10.9 million square feet of retail space in projects that include retail components of 25,000 square feet or more along with other commercial and residential space.

The Mixed-use category is the smallest of D-FW's shopping center categories, but it's also one of the more active in terms of construction. This is due to the fact that the multi-family boom of recent years has added projects with retail space. Examples of this include the new Tom Thumb grocery store on Live Oak Street in Old East Dallas, which opened in street-level space in The Gabriela, a 14-story residential tower.

The largest new vacancy in mixed-use space occurred when Harkins Theatres closed its 16-screen cinema in Southlake Town Square, one of the most successful mixed-use projects in Texas.

ABSORPTION TURNS NEGATIVE

Not surprisingly, given the sharp increase in total vacant square footage at a time of low construction, absorption turned negative in 2020. In a nutshell, absorption measures net leasing demand by using a formula to determine the net change in occupancy for existing plus new space.

For 2020, absorption was a negative

2,692,109 square feet of space. By comparison, the market reported positive absorption of 3,183,723 square feet in 2019.

The 2020 total was -2,277,768 square feet absorbed in the Dallas area, and - 414,341 square feet absorbed in the Fort Worth area.

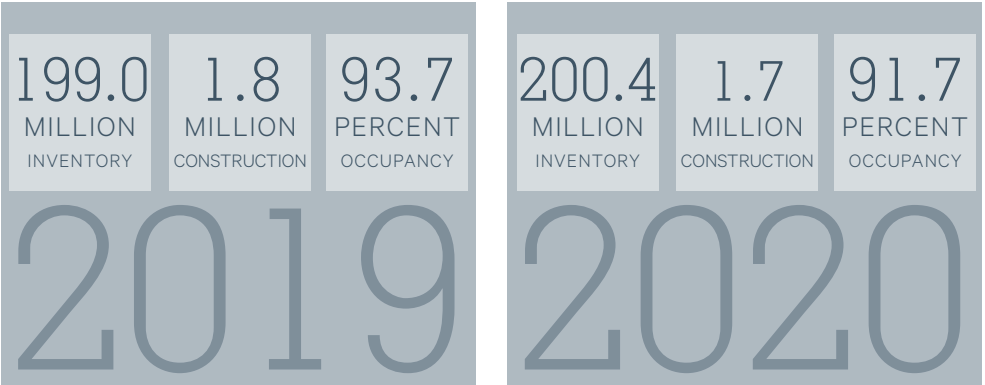
While most of D-FW's 42 submarkets reported basically flat leasing, only 15 reported positive absorption.

OUTLOOK FOR 2021 INCLUDES INCREASED OCCUPANCY, SLIGHT INCREASE IN RETAIL CONSTRUCTION

For 2021 and beyond, several major new projects are in the works, but we expect most of these centers to come online in phases, based on leasing. Overall, we expect 2021 to see construction of approximately 1.4 million square feet. A majority of the space will occur in the expansions of existing projects like The Gates of Prosper in Prosper.

The D-FW retail market activity, especially retail leasing demand and store growth, is boosted by the metro area's residential market. For 2020, residential single-family home starts reached a level not seen in more than a decade, for example.

Finally, and most importantly for our 2021 outlook: The availability of the COVID-19 vaccine. With a widely distributed vaccine, we expect that by the third or fourth quarter of 2021, shoppers will again feel safe at entertainment and retail destinations. Barring further economic disruptions, and based on how well the market has performed in the midst of the pandemic, we expect modest absorption of approximately 1 million square feet in 2021 and 92.5 percent occupancy, with occupancy exceeding 94 percent in 2022.



## D-FW RENTAL RATES

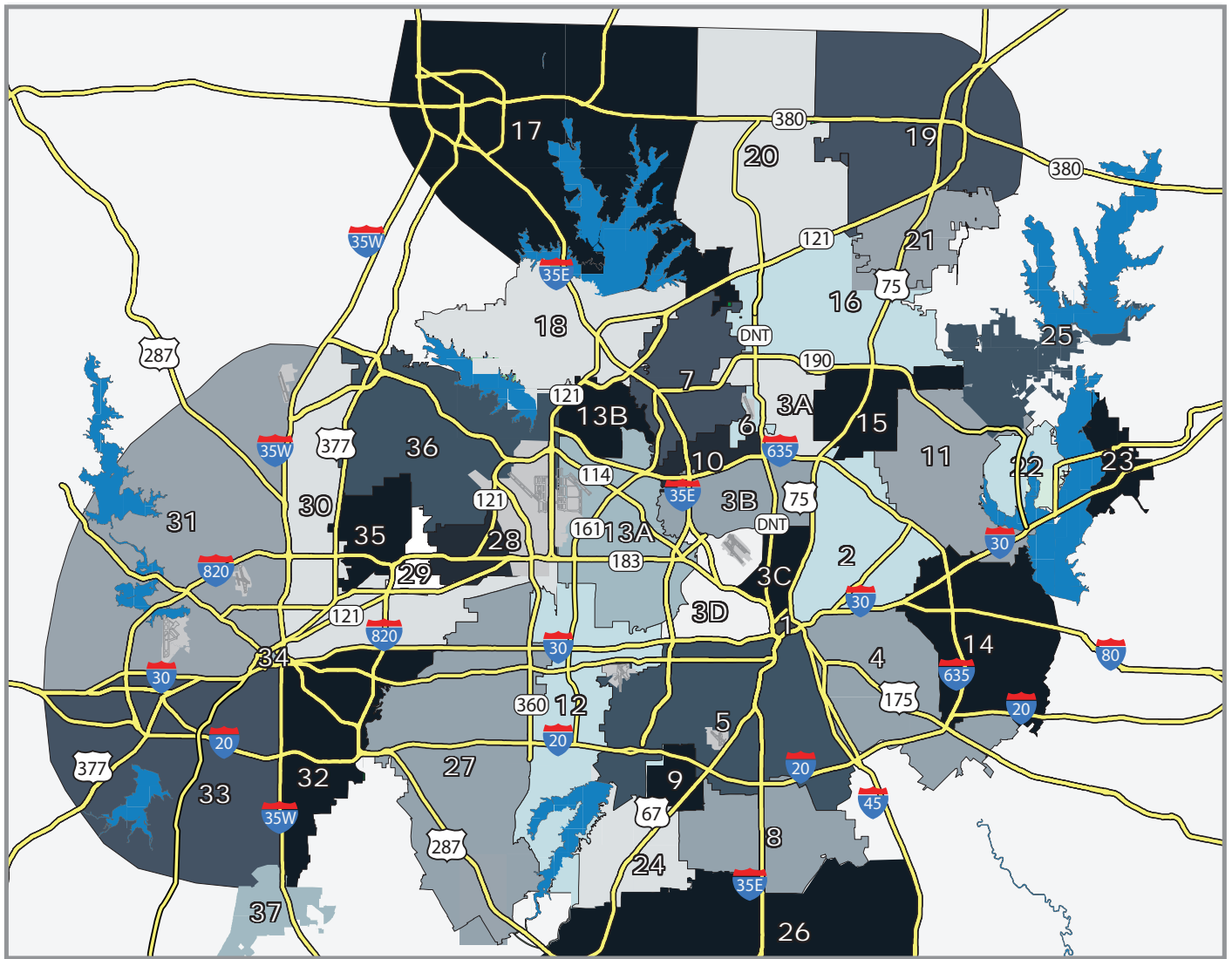
SECTOR	NAME	CLASS A	CLASS B	CLASS C
1	Dallas CBD	\$35	\$24	\$12
2	Northeast Dallas	\$36	\$23	\$10
3A	Far North Dallas	\$29	\$19	\$14
3B	North Dallas	\$43	\$26	\$17
3C	Park Cities/Oak Lawn	\$58	\$30	\$24
3D	West Dallas	\$32	\$18	\$10
4	Southeast Dallas	\$16	\$10	\$7
5	Southwest Dallas	\$20	\$14	\$7
6	Addison	\$37	\$22	\$11
7	Carrollton	\$30	\$18	\$12
8	DeSoto/Lancaster	\$18	\$12	\$8
9	Duncanville	\$20	\$14	\$9
10	Farmers Branch	\$28	\$17	\$10
11	Grand Prairie	\$34	\$20	\$10
12	Irving	\$34	\$22	\$13
13A	Coppell	\$31	\$22	\$12
13B	Mesquite/Balch Springs	\$25	\$16	\$10
14	Richardson	\$34	\$19	\$15
15	Plano	\$46	\$30	\$12
16	Denton	\$30	\$23	\$12
17	Lewisville/Flower Mound	\$34	\$23	\$12
18	McKinney	\$37	\$25	\$15
19	Frisco	\$38	\$25	\$17
20	Allen	\$34	\$21	\$12
21	Rowlett	\$30	\$19	\$9
22	Rockwall	\$33	\$19	\$11
23	Cedar Hill	\$30	\$18	\$12
24	Murphy/Wylie/Sachse	\$30	\$17	\$10
25	Garland	\$35	\$21	\$11
26	Northern Ellis County	\$32	\$16	\$10
DALLAS AVERAGE		\$32	\$20	\$12
27	Arlington	\$33	\$20	\$11
28	Bedford/Euless	\$27	\$20	\$12
29	Hurst	\$28	\$15	\$10
30	Northeast Fort Worth	\$27	\$16	\$8
31	Northwest Fort Worth	\$29	\$18	\$9
32	Southeast Fort Worth	\$22	\$14	\$7
33	Southwest Fort Worth	\$33	\$23	\$12
34	Fort Worth CBD	\$30	\$22	\$13
35	North Richland Hills	\$26	\$19	\$8
36	Northeast Tarrant County	\$36	\$24	\$14
37	Burleson	\$26	\$16	\$11
38	Weatherford	\$24	\$16	\$8
FORT WORTH AVERAGE		\$28	\$19	\$10
DFW AVERAGE		\$31	\$20	\$11

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

# DALLAS-FORT WORTH SUBMARKET SUMMARY

	NAME	YE 2019 (GLA (SF))	YE 2019 VACANCY (SF)	YE 2019 % VACANCY	YE 2020 GLA (SF)	YE 2020 VACANCY (SF)	YE 2020 % VACANCY
1	Dallas CBD	683,204	119,519	17.49%	803,204	153,039	19.05%
2	Northeast Dallas	9,890,095	783,280	7.92%	9,890,095	1,002,506	10.14%
3A	Far North Dallas	6,138,064	479,029	7.80%	6,138,064	802,911	13.08%
3B	North Dallas	5,636,708	201,158	3.57%	5,636,708	305,353	5.42%
3C	Park Cities/Oak Lawn	3,267,791	106,772	3.27%	3,267,791	210,690	6.45%
3D	West Dallas	550,849	36,144	6.56%	550,849	34,338	6.23%
4	Southeast Dallas	1,303,814	30,033	2.30%	1,303,814	54,586	4.19%
5	Southwest Dallas	5,907,622	299,288	5.07%	5,907,622	370,977	6.28%
6	Addison	1,307,639	135,320	10.35%	1,307,639	219,320	16.77%
7	Carrollton	3,142,455	264,554	8.42%	3,250,490	425,712	13.10%
8	Desoto/Lancaster	1,856,961	110,274	5.94%	1,867,838	228,293	12.22%
9	Duncanville	1,364,174	70,097	5.14%	1,364,174	207,773	15.23%
10	Farmers Branch	987,615	70,199	7.11%	1,027,615	99,456	9.68%
11	Garland	7,451,668	496,004	6.66%	7,451,668	409,628	5.50%
12	Grand Prairie	4,413,354	221,541	5.02%	4,413,354	264,904	6.00%
13A	Irving	7,693,174	531,431	6.91%	7,693,174	623,111	8.10%
13B	Coppell	880,480	69,048	7.84%	880,480	71,310	8.10%
14	Mesquite/Balch Springs	5,315,277	535,654	10.08%	5,315,277	515,197	9.69%
15	Richardson	4,011,935	300,925	7.50%	3,947,615	516,085	13.07%
16	Plano	15,077,361	1,152,096	7.64%	14,810,461	1,365,523	9.22%
17	Denton	6,783,766	149,565	2.20%	7,318,386	713,514	9.75%
18	Lewisville/Flower Mound	10,299,314	741,558	7.20%	10,299,314	1,063,855	10.33%
19	McKinney	5,156,011	106,766	2.07%	5,230,002	196,874	3.76%
20	Frisco	10,236,135	533,674	5.21%	10,492,335	809,504	7.72%
21	Allen	5,264,782	411,719	7.82%	5,264,782	340,466	6.47%
22	Rockwall	2,438,364	101,882	4.18%	2,438,064	113,282	4.65%
23	Rowlett	1,406,989	92,517	6.58%	1,431,689	104,347	7.29%
24	Cedar Hill	2,665,273	111,301	4.18%	2,665,273	214,514	8.05%
25	Murphy/Wylie/Sachse	2,729,714	116,594	4.27%	2,729,714	63,597	2.33%
26	Northern Ellis County	2,816,237	78,494	2.79%	2,824,530	78,735	2.79%
	DALLAS	136,676,825	8,456,436	6.19%	137,522,021	11,579,400	8.42%
27	Arlington	14,429,974	1,079,882	7.48%	14,466,974	1,456,747	10.07%
28	Bedford/Euless	2,940,750	164,670	5.60%	2,940,750	114,735	3.90%
29	Hurst	3,799,159	308,982	8.13%	3,809,596	472,586	12.41%
30	Northeast Fort Worth	4,470,049	212,212	4.75%	4,470,049	82,868	1.85%
31	Northwest Fort Worth	7,449,265	601,699	8.08%	7,609,265	667,604	8.77%
32	Southeast Fort Worth	1,578,917	97,813	6.19%	1,578,917	102,828	6.51%
33	Southwest Fort Worth	10,451,550	893,684	8.55%	10,683,488	1,250,072	11.70%
34	Fort Worth CBD	391,800	27,811	7.10%	391,800	54,210	13.84%
35	North Richland Hills	3,241,606	178,564	5.51%	3,241,606	148,662	4.59%
36	Northeast Tarrant Co.	9,694,739	478,510	4.94%	9,744,739	602,923	6.19%
37	Burleson	2,078,016	38,272	1.84%	2,113,198	49,895	2.36%
38	Weatherford	1,803,993	75,347	4.18%	1,803,993	93,214	5.17%
	FORT WORTH	62,329,818	4,157,446	6.67%	62,854,375	5,096,344	8.11%
	GRAND TOTAL	199,006,643	12,613,882	6.34%	200,376,396	16,675,744	8.32%

# 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	2020 ABSORPTION (SF)	2020 CONSTRUCTION* (SF)
1	Dallas CBD	86,480	120,000
2	Northeast Dallas	-219,226	
3A	Far North Dallas	-323,882	
3B	North Dallas	-104,195	
3C	Park Cities/Oak Lawn	-103,918	
3D	West Dallas	1,806	
4	Southeast Dallas	-24,553	
5	Southwest Dallas	-71,689	
6	Addison	-84,000	
7	Carrollton	-53,123	108,035
8	Desoto/Lancaster	-107,142	10,877
9	Duncanville	-137,676	
10	Farmers Branch	10,743	40,000
11	Garland	86,376	
12	Grand Prairie	-43,363	
13A	Irving	-91,680	
13B	Coppell	-2,262	
14	Mesquite/Balch Springs	20,457	
15	Richardson	-279,480	
16	Plano	-480,327	
17	Denton	-29,329	534,620
18	Lewisville/Flower Mound	-322,297	
19	McKinney	-16,117	73,991
20	Frisco	-19,630	256,200
21	Allen	71,253	
22	Rockwall	-11,700	
23	Rowlett	12,870	24,700
24	Cedar Hill	-103,213	
25	Murphy/Wylie/Sachse	52,997	
26	Northern Ellis County	8,052	8,293
	DALLAS	-2,277,768	1,176,716
27	Arlington	-339,865	37,000
28	Bedford/Euless	49,935	
29	Hurst	-153,167	10,437
30	Northeast Fort Worth	129,344	
31	Northwest Fort Worth	94,095	160,000
32	Southeast Fort Worth	-5,015	
33	Southwest Fort Worth	-124,450	231,938
34	Fort Worth CBD	-26,399	
35	North Richland Hills	29,902	
36	Northeast Tarrant Co.	-74,413	50,000
37	Burleson	23,559 sf	35,182
38	Weatherford	-17,867	
	FORT WORTH	-414,341	524,557
	<b>GRAND TOTAL</b>	<b>-2,692,109</b>	<b>1,701,273</b>

\* New construction of 25,000 square feet or more; some construction represents expansion space. Submarket totals under 25,000 square feet represent expansions of larger projects.





MANVEL TOWN CENTER, TO BE ANCHORED BY **H-E-B**, IS ONE OF THE MOST SIGNIFICANT PLANNED PROJECTS IN METRO HOUSTON AND WILL HAVE AS MUCH AS 1 MILLION SF UPON COMPLETION.

## HOUSTON RETAIL MARKET REMAINS STABLE DESPITE PANDEMIC; NEW SPACE DELIVERIES REACH RECORD LOW

Houston's retail market reported lower occupancy at year-end 2020, ending the year with 93 percent occupancy compared to 95 percent at year-end 2019.

The drop in occupancy occurred largely due to closings from box retailers, such as Sears, already struggling prior to the onset of the pandemic. Even with the occupancy decline, however, Houston's market occupancy remains stable, and occupancy above 90 percent for a major retail market is considered healthy.

The occupancy rate is based on a retail market inventory of 162,595,000 square feet of retail projects with 25,000 square feet or more.

Retailers announcing closures for 2020 included concepts that already had reported struggles prior to the pandemic. These include department stores Sears, with two area closings; Randalls grocery store, with five area closings; and Stage Stores (Gordman's, Bealls, Palais Royal), which began going-out-of-business sales during the second half of 2020 at 30 area stores. Closings from smaller-format retailers include Pier 1, with 13 closings, and Tuesday Morning, with three closings. Additionally, 24 Hour Fitness closed 12 of its Houston-area locations as part of

its Chapter 11 bankruptcy, and the AMC Studio 30 cinema at 2949 Dunvale closed permanently.

All together, these closings account for approximately 3.1 million square feet.

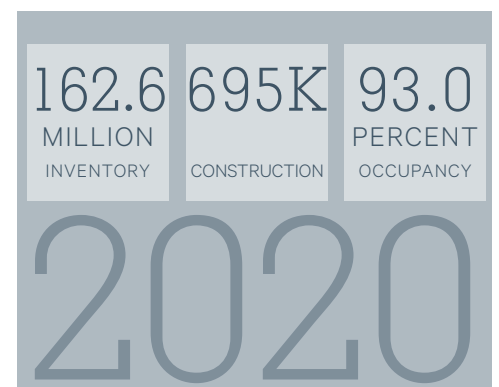
Additional 2021 closings include Kroger, whose 3300 Montrose Boulevard store is going dark in early 2021, and Randalls, which will close its store at 5130 Bellaire.

Retailers leasing in existing space are helping counter vacancies such as those created by the above-mentioned retailers. These new backfilled spaces include:

- Target, which opened in a 63,000-square-foot former Randalls store location inside the loop at 2075

Westheimer in the Shepherd Square Shopping Center;

- Ross Dress for Less, which opened in backfilled junior-anchor space in a Fidelis center at 9728 Katy Freeway in Houston;
- iTile, which opened in 26,584 square feet in Baybrook Gateway, an Ashley Furniture-anchored center at IH-45 and Bay Area Boulevard in Webster;
- dd's Discounts, which leased 23,146 square feet at 10-Federal Shopping Center, a grocery-anchored center at Interstate 10 and Federal Road in east Houston;
- Kids Empire, a children's activity center,



which will open three new locations in 2021, including one in 26,152 square feet of retail space in Corum Station, at Kuykendahl Road and Louetta Road in Spring. The other locations are in the Maplewood and Willowbrook retail districts;

- West Elm, a home furnishings retailer, which leased approximately 11,500 square feet formerly occupied by Urban Outfitters in Rice Village, located at 2501 University Boulevard;
- Texans Fit, with two approximately 36,000-square-foot fitness facilities in Katy and Rosenberg. The Katy location is 1719 Spring Green, and the Rosenberg location is at 4112 FM 762;
- World Gym International, which will open its second area location in 40,000 square feet formerly occupied by a YMCA at 7904 South Loop East near IH-45;
- Greentown Labs, which is moving into a converted 42,000-square-foot former Fiesta grocery store at 4200 San Jacinto Street in Midtown Houston;
- Northern Tool + Equipment, which took approximately 22,000 square feet of existing space in League City Plaza, located at the Gulf Freeway South at FM 518 in League City;
- Floor & Décor, a home improvement center, which leased approximately 91,000 square feet in Clear Lake Center, located at the IH-45 and NASA Parkway in Webster;

- Interactive alien-themed concept Seismique, which opened in a former 40,000-square-foot Bed Bath & Beyond space in the Village at West Oaks at 2306 S. Highway 6;
- The Rustic, a restaurant and live music venue, with a second Houston location in 27,000 square feet in Uptown Park, near The Galleria;
- A former 62,500-square-foot Randalls on Highway 332 in Lake Jackson, which was backfilled for a technology and administration facility for Olin Corp.

Restaurants, one of the most challenged retail categories during the pandemic, have seen closings throughout the market. However, the closings are offset in part by concepts that continue to expand as quality second-generation spaces become available. The expanding concepts typically operate with a mix of takeout, delivery, curbside and other innovative dining options, which help to counter the capacity issues caused by the pandemic. Restaurants backfilling second-generation vacancies included:

- Tumble22, an Austin-based hot chicken concept, which leased a former PDQ space at 10723 Louetta Road in Vintage Park;
- Velvet Taco, a Dallas-based chain opening several new Houston-area locations, including an approximately 3,400-square-foot space formerly occupied by Buffalo Wild Wings at 2525 Rice Boulevard;
- Katz's Deli and Bar, which opened in September 2020 after constructing a space at the site formerly occupied by an automotive sales facility at 2200 N. Shepherd Drive, near a recently developed H-E-B in the Heights;
- Kenny & Ziggy's New York Delicatessen, which backfilled a former Luby's Cafeteria at 1743 Post Oak, in the Galleria area. The restaurant in 2021 will relocate from 2327 Post Oak, and the new location will allow it to double capacity;
- Whiskey Cake Kitchen & Bar, a Plano-based concept, with a new 9,055-square-foot location built at the site of a demolished building at 27800

N. Freeway Service Road near The Woodlands Mall;

- Good Vibes, a burger joint, which is opening in space formerly occupied by King's Biergarten, which closed in late 2020 at 1329 E. Broadway Street in Pearland;
- Shake Shack, which opened its first Houston-area location in late 2020 in the courtyard area of The Woodlands Mall;
- Jollibee, a popular Filipino fried chicken chain, with its second Houston-area location in second-generation space at 6127 Highway 6 in Missouri City. Jollibee is also in the works to open in the former Pollo Tropical space in a Target-anchored center at 13347 Westheimer Road in Houston.
- Killen's Texas Barbecue, an award-winning concept, which will open its second location in the former Culver's restaurant building at 8800 Six Pines Drive near The Woodlands;
- Voodoo Doughnut, the popular Portland, Oregon-based concept, which opened its first area location in a strip space at 3715 Washington Avenue at Waugh;
- Prince's Hamburgers, a longtime Houston favorite, which opened at 6600 Harbor Town Drive at the Sharpstown Golf Course clubhouse;
- Scooter's Coffee, a Nebraska-based concept that in 2021 will open its first Houston-area location at Creekside Park Village Center in The Woodlands;
- BORI, a South Korean steakhouse, which plans to open its second Houston location in an approximately 5,500-square-foot freestanding building at 501 Lovett Boulevard;
- Dutch Bros. Coffee, an Oregon-based drive-thru concept, which sited its first two Houston-area locations in the Bryan-College Station market. The College Station location opened in 2020, and a 2021 location is planned at Colony Park, a Kroger-anchored center.

## KEY CONCEPTS BACKFILL VACANCIES IN 2020

TARGET	NORTHERN TOOL + EQUIPMENT
ROSS DRESS FOR LESS	KIDS EMPIRE
WEST ELM	TEXANS FIT
FLOOR & DECOR	ITILE

## NEW CONSTRUCTION DURING 2020 REACHED HISTORIC LOW

Over the past decade or longer, the development of new space in the metro Houston market has remained on the conservative side, in line with demand and with extremely limited speculative space.

That trend continued during 2020, as new space deliveries established a new record low. In the three decades that Weitzman has reported on the market, Houston has never before seen the deliveries of new space dip below 700,000 square feet.

In terms of newly developed space in new and expanded projects opening during calendar-year 2020, the Houston-area retail market added approximately 695,200 square feet in retail projects of 25,000 square feet or more.

This total represents a drop of more than half over 2019's construction total of 1,645,500 square feet, which itself was conservative and represented a decline from 2018.

By keeping the development of new space in check, the Houston area retail market is weathering the current pandemic without the oversupply of new space that has occurred in most previous market downturns.

Even before the pandemic hit, the market was experiencing a slowdown in new space due in part to the limited number of new anchor stores (other than H-E-B) opening in market.

New construction for 2020 is detailed later in this report.

## CONSTRUCTION SLOWDOWN COMPARISON

To see the scope of Houston's construction slowdown, we compared the five-year period ending 2020 with the five-year period ending 2010, as both of these periods encompass a market slump toward the end. The trend of limited construction is also due in part to new projects often being limited expansions joining existing anchors, smaller infill retail projects or retail space in mixed-use projects, which tend to feature small-shop service- and convenience-oriented retail.



AUTOMOTIVE CONCEPTS CONTINUED TO EXPAND IN THE HOUSTON MARKET IN 2020, WITH **VALVOLINE** RANKING AS ONE OF THE MOST ACTIVE IN TERMS OF NEW LOCATIONS.

From 2016 to 2020, the market added 11.1 million square feet during the five-year period, and occupancy remained in the mid-90-percent range.

From 2006 to 2010, the market added 16.3 million square feet. During this period, occupancy never climbed higher than 88.5 percent.

## RENTAL RATES

Retail rental rates, of course, have been impacted by the COVID-19 crisis. However, the impact has been limited to a flattening in asking rents for lease space. Effective rates, however, are typically lower due to concessions such as free rent and finish-out allowances.

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

Demand for Class A space, especially inside the Interstate 610 Loop, can result in small-shop rates in the best-located and newly constructed projects going as high as \$50 per square foot per year or more in the strongest and most affluent retail submarkets.

Average asking rates for small-shop in-line space in well-located, anchored projects throughout the Houston area were as follows:

- Class A rates ranged from just at \$30 to the high \$30s on a per-square-foot-per-year basis, with rates for quality space inside the Loop typically higher.

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

- Class C small-shop rates typically were in the \$13- to \$20-per-square-foot-per-year range.

## OUTLOOK REMAINS CAUTIOUSLY OPTIMISTIC

The outlook for Houston's retail market for 2021 is cautiously optimistic, especially in light of the COVID-19 vaccine. Based on a return to positive job growth, as well as a strong housing market, we expect to see the market continue to grow through 2021 and into 2022.

The market's economic strengths include metro Houston's current strong housing market, which is experiencing strong existing-home sales and new starts.



# SAN ANTONIO

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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.



**OLIVE GARDEN** OPENED DURING 2020 AT THE IKEA-ANCHORED LIVE OAK TOWN CENTER. ADDITIONAL RETAIL WILL OPEN AT THE PROJECT IN 2021.

# SAN ANTONIO RETAIL MARKET SEES OCCUPANCY DECLINE, BUT REMAINS STABLE AS IT DEALS WITH PANDEMIC

San Antonio's retail market as of year-end 2020 reported steady occupancy of 93.6 percent, down only slightly from the 94.5 percent rate posted at year-end 2019 despite the massive challenges faced by retailers and restaurants during the current pandemic.

The occupancy rate is based on Weitzman's review of a total San Antonio retail inventory of approximately 47.3 million square feet of retail space in multi-tenant shopping centers with 25,000 square feet or more.

The retail market benefits from San Antonio's continued economic stability, as well as back-to-back years of healthy performance and low retail construction that have kept oversupply to a minimum. These factors, combined with area landlords' willingness to work with tenants are what have enabled San Antonio to post only a smaller-than-predicted decline in overall retail occupancy.

In fact, after a weak spring and early summer, tenant activity and retail demand showed an upswing, which continued through the rest of the year.

In terms of closings, Sears closed its 150,000-square-foot store at South Park

Mall and its approximately 134,000-square-foot store at Rolling Oaks Mall. With these store closings, Sears – once the nation's largest retailer – no longer has a presence in the market.

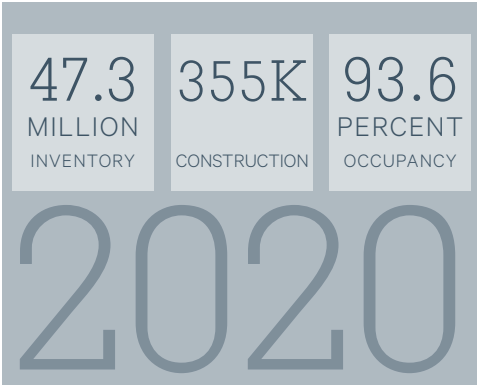
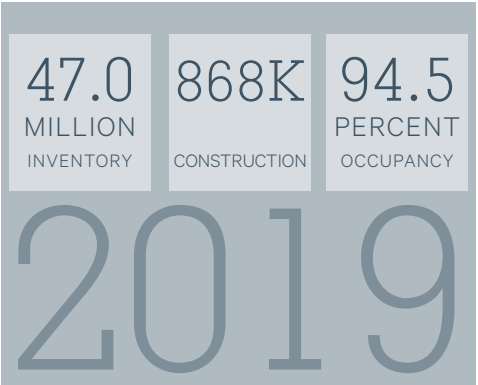
Other closures include Stein Mart (three box vacancies), Pier 1 (five closed stores), Gold's Gym (three closed locations), and Tuesday Morning, with one closed location. Combined, these closings resulted in approximately 564,000 square feet of total vacancy.

Additional large vacancies will be created in 2021 when Macy's closes its anchor stores at the Rivercenter and Rolling Oaks malls.

The closings were partially offset by

new tenancy for several of the market's existing vacant spaces. Notable leases that backfilled existing vacancies included:

- Nike, which opened its new "Nike Unite" concept in existing space in Alamo Quarry Market;
- Dick's Sporting Goods, which opened in a 60,000-square-foot former Toys "R" Us/Babies "R" Us space at San Pedro Crossing at 125 NW Loop 410;
- Goodwill Industries of San Antonio, which is redeveloping a vacant 124,500-square-foot former Walmart at 7702 N. IH-35 as an outlet store and operations center. Goodwill also backfilled approximately 15,000 square feet of space in a retail center located at 4949 Northwest Loop 410;
- Burlington, which opened in the former Babies "R" Us location at The Rim, a major regional-draw center located along IH-10 near The Shops at La Cantera;



- Pinstack, an entertainment venue, which backfilled a 52,290-square-foot space in a former Sears at Park North Shopping Center, located at 842 NW Loop 410, for a location to open in 2021.

Restaurants, one of the more challenged categories due to the pandemic's capacity restrictions, nevertheless reported steady activity, particularly in the second half of the year. Concepts that saw second-generation space as an opportunity to expand include:

- Red Hook Seafood, which leased a 6,500-square-foot restaurant building at The Village at Forum Parkway;
- Green Vegetarian Cuisine, which will open in a 2,800-square-foot former wine bar space in Alamo Quarry Market;
- Señor Fish Seafood Bar, an Austin-based concept that will open its first area location in second-generation space at 1915 Broadway near Pearl;
- Gus's World Famous Fried Chicken, a Tennessee-based concept, which will debut in San Antonio at 812 South Alamo St;
- Hook & Reel, an East Coast chain that will open at 4903 NW Loop 410;

- Jollibee, a popular Filipino quick-service chain that will open its first area location fronting a Walmart-anchored center at 5033 NW Loop 410;
- French brasserie Mon Chou Chou, which is backfilling the former Culinary Institute of America's NAO in Pearl at 312 Pearl Parkway;
- Bovino's Churrascaria, a Mexico-based Brazilian steakhouse, which leased its first area location in the Shops at La Cantera mall;
- Jimmy Buffett's LandShark Bar & Grill, which opened its first area location at downtown's Shops at Rivercenter mall;
- The latest concept from local operator Southerleigh Restaurant Group, Southerleigh Haute South, with a new location at The Rim.

Restaurants remain one of the hardest-hit retail categories due to pandemic-mandated capacity restrictions and related issues. However, a combination of lease workouts and initiatives such as curbside, takeout, delivery and meal kits (as well as the newly legal alcohol to go) has enabled many to maintain income flows to sustain them until the end of the current downturn.

San Antonio has reported COVID-related restaurant closings, but the level remains below what was predicted by restaurant trade groups going into the pandemic. And as noted above, leasing activity continues, with notable demand coming from local and regional concepts.

## SAN ANTONIO REPORTS MAJOR DECLINE IN CONSTRUCTION

Conservative construction, steady leasing and a healthy metro economy have boosted San Antonio's retail market strength. While the pandemic challenges both retail leasing and the metro economy, the benefit of low construction continued during 2020.

## NEW DELIVERIES DECLINE SIGNIFICANTLY

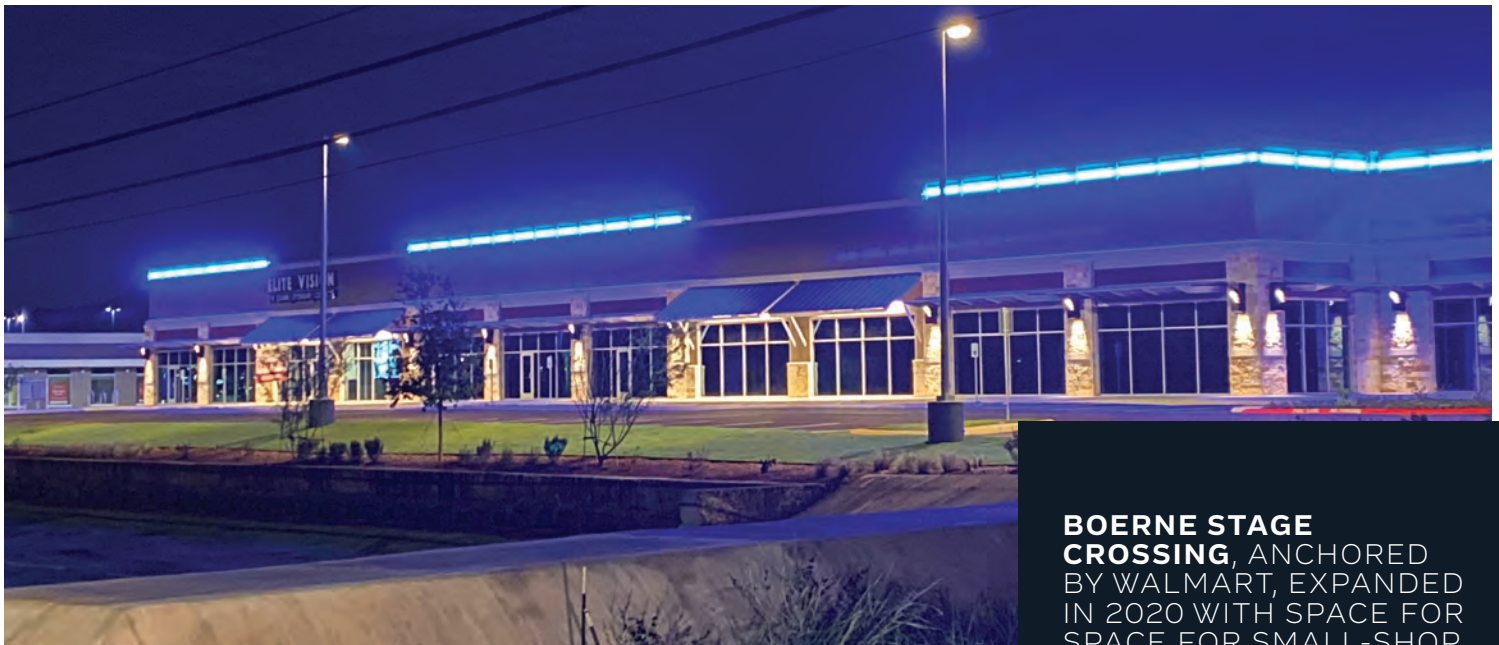
San Antonio reported a notable decline for retail construction of new and expanded space during calendar-year 2020. For the year, approximately 355,000 square feet of retail space opened in new and expanded projects with 25,000 square feet or more.

The 2020 deliveries represent a big drop from 2019, when approximately 868,400 square feet came online. That total, however, included the 289,000-square-foot IKEA at Live Oak Town Center.

Details on new retail projects can be found later in this report.

**RED HOOK SEAFOOD**  
BACKFILLED A  
6,500-SQUARE-  
FOOT FREESTANDING  
RESTAURANT BUILDING AT  
THE VILLAGE AT FORUM  
PARKWAY, LOCATED AT IH-35  
AND LOOP 1604.





**BOERNE STAGE CROSSING**, ANCHORED BY WALMART, EXPANDED IN 2020 WITH SPACE FOR SPACE FOR SMALL-SHOP CONCEPTS.

## RENTS REMAIN FLAT IN TERMS OF ASKING RATES

San Antonio's asking retail rental rates have remained flat in terms of asking rates, although effective rates can be lower due to concessions such as free rent periods and finish-out allowances. Asking rates, exclusive of triple nets, 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 \$38 per square-foot per year, and reached into the \$40s for endcap 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 \$17-to-\$25-per-square-foot range;
- Class C asking rates were in the \$10-to-\$16-per-square-foot range.

The reported rates are average asking rates and do not reflect concessions, nor the impact on effective rental rates due to some tenant lease deferrals necessitated by the pandemic. Asking rates can be higher or lower depending on location, co-tenancy, center condition and other factors.

## OUTLOOK FOR THE REMAINDER OF 2020

The outlook for the San Antonio retail market in 2021 is continued stability, especially if the promised curtailment of the COVID-19 virus occurs due to the distribution of the new vaccines.

However, if the effects of the pandemic linger in 2021, occupancy may decline further if tenants granted deferred rents in 2020 prove unable to pay in 2021. Any possible tenant fall-out depends, though, on landlords' and lenders' ability to extend any rent deferrals. We expect to see deferrals continue for quality tenants, but any such actions remain specific to each tenant and each landlord

The deferrals, of course, are designed to be short-term to limit vacancies and enable tenants to survive until the retail economy returns in full.

With 2021 promising a greater re-opening of the economy, we expect the current year to be one of recovery, with a return to the pre-pandemic economic health by 2022.

## APPENDIX A: AUSTIN CONSTRUCTION

### KEY RETAIL PROJECTS FOR 2020

**Saltillo**

5th St between IH-35 & Onion St  
Austin

During 2020, the newest retail phase of this mixed-use East Austin project opened with a 30,000-square-foot Whole Foods store and a 26,000-square-foot small-format Target store.

**H-E-B**

West Slaughter Ln & IH-35  
Austin

H-E-B opened an approximately 130,000-square-foot store at this location south of downtown during the first half of 2020. In proximity to the H-E-B, work is underway on a small-shop retail project, The Oaks at Slaughter, for retail, restaurant and service tenants, with opening set for 2021.

**Belterra Village**

Highway 290 W & Nutty Brown Road  
Dripping Springs

The existing community center expanded with approximately 25,000 square feet of service-and-retail space, with additional small-tenant space scheduled for 2021.

**St. Elmo Public Market**

South Congress Ave & Industrial Blvd  
Austin

This 40,000-square-foot specialty marketplace features multiple small spaces for local restaurant and retail uses.

**Shops on Main**

NWQ Main Street & Cabela's Drive  
Buda

Shops on Main, an approximately 20,000-square-foot center shadow-anchored by Walmart, is 2020 construction with a line-up that includes Shipley Do-Nuts, Marble Slab Creamery, Marco's Pizza and others, evidence of steady demand for well-located retail space in metro Austin.

**Music Lane**

South Congress Ave near Academy Dr  
Austin

This 163,000-square-foot mixed-use project, with a number of retailers set to open in 2021, came online in 2020 with restaurants such as Aba, Sweetgreen, Two Hands and Sunlife Organics, as well as members-only Soho House. Concepts to open soon include Madewell Men's, Lululemon and several others. The mixed-use project incorporates approximately 52,000 square feet of office space in addition to retail.

### KEY RETAIL PROJECTS FOR 2021 OR LATER

**H-E-B Bar W Marketplace**

19348 Ronald W. Reagan Blvd  
Leander

H-E-B in 2021 will open a 102,000-square-foot store, its second in Leander. Additional retail is in the works for the center, with approximately 40,000 square feet in the first phase.

**H-E-B Lake Austin**

715 S Exposition Blvd  
Austin

H-E-B is scheduled to open this 110,000-square-foot store in 2021.

**H-E-B**

SEC U.S. Highway 290 & FM 1826  
Austin

The H-E-B, in Austin's Oak Hill community, will bring online a 90,000-square-foot store to replace the existing Oak Hill store, which remains open in the meantime.

**H-E-B**

South Congress Ave & Oltorf  
Austin

This planned 100,000-square-foot store is designed to replace a smaller existing store that opened in 1957. In addition to H-E-B, a substantial multi-tenant retail component is planned.

**Hummingbird**

1608 South Congress Ave  
Austin

This three-story mixed-use project includes street-level and second-story retail space, as well as other uses.

**The Grove at Shoal Creek**

45th St & Bull Creek Rd  
Austin

This mixed-use project will include residential and office space, with plans for as much as 140,000 square feet of retail space to join the project's existing and future residential component.

## APPENDIX A: AUSTIN CONSTRUCTION

### **Northline**

U.S. Highway 183A & San Gabriel Pkwy  
Leander

This major transit-oriented mixed-use project is planned for space to begin coming online in 2022 or later. The multi-year project is designed for approximately 120,000 square feet of retail space. The first retail anchor announced is the Hub, a family-oriented food and entertainment venue that incorporates a central lawn. Northline's retail also is designed to include a cinema, a fitness facility and a grocery store, among other options that will join residential, office and civic space.

### **Costco**

NWC IH-35 & Lakeway Dr  
Georgetown

Costco has agreements with the city to open a new 158,000-square-foot store in Georgetown. No timing has been set for the store.

### **Arbor Park Shopping Center**

NEC FM 1431 (Whitestone  
Blvd) & Scottsdale Dr  
Cedar Park

This planned retail center with multiple small-shop buildings is shadow-anchored by a Walmart Supercenter and also features pad sites.

### **Alpha Building**

1900 Aldrich St  
Austin

The Alpha Building is located within the master-planned Mueller community. The office tower is designed to include 26,000 square feet of street-level space and is under construction for a planned opening in 2021.

### **Brodie Oaks Mixed-use Redevelopment**

S. Lamar Blvd. & Capital  
of Texas Highway  
Austin

A local developer has announced plans to redevelop the 38-acre Brodie Oaks shopping center site as a major mixed-use project that would incorporate 140,000 square feet of retail space, along with office, residential and hotel space.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### KEY RETAIL PROJECTS FOR 2020

**Shops at Chisholm Trail Ranch**

SEC Chisholm Trail Pkwy & McPherson  
Blvd, Fort Worth

This power center, with approximately 225,000 square feet of retail space, opened with concepts including Ross, Old Navy, Marshalls, Ulta, Petco and several others.

**Grandscape**

5600 Nebraska Furniture Mart Dr  
The Colony

The regional-draw project, anchored by Nebraska Furniture Mart, added a new sporting goods anchor, the 331,000-square-foot Scheels, and Andretti Indoor Karting & Games, which occupies an 110,000-square-foot location. An 85,000-square-foot Galaxy Theatres 16-screen venue opened in the second half of 2020, along with a number of restaurants including Barley & Board and Davio's.

**Tom Thumb**

Live Oak St & Texas St  
Dallas

An urban Tom Thumb store opened near downtown Dallas in 2020. The 55,000-square-foot store occupies street-level retail space in a new apartment tower.

**Sprouts Mesquite**

1220 North Town East Blvd  
Mesquite

The 28,000-square-foot Sprouts Farmers Market opened in March 2020.

**AT&T Discovery District**

208 S Akard Street  
Dallas

The new retail component, a redevelopment project for street-level space at AT&T's headquarters in downtown Dallas, offers space for numerous restaurants, as well as a fitness club and other amenities. The 65,000-square-foot retail destination opened with pandemic protocols in place.

**Living Spaces**

10900 SH-121, Frisco  
8640 Tehama Ridge Parkway, Fort  
Worth

Living Spaces, which entered the market in 2019, opened in 135,000 square feet Frisco and 150,000 square feet in Fort Worth in 2020. The furniture and home furnishings concept has several locations in Texas and other states.

**Mustang Station Restaurant  
& Retail Park**

2500 Pepperwood Street  
Farmers Branch

The 40,000-square-foot project is anchored by Cox Farms Market grocery store.

**K Towne Plaza**

4060 SH-121  
Carrollton

The 109,000-square-foot center is anchored by Korean grocer Galleria Mart.

## APPENDIX B: DALLAS-FORT WORTH CONSTRUCTION

### KEY RETAIL PROJECTS FOR 2021 OR LATER

**The Gate**

DNT & John Hickman Pkwy  
Frisco

The newest retail phase of this mixed-use project is scheduled to open in 2021 with 35,000 square feet of retail space.

**Gates of Prosper Phase 2**

NEC Preston Road & U.S. 380  
Prosper

The second phase will join Walmart, DSW, Dick's Sporting Goods, Ross and others at the regional-draw center.

**Frisco Trails**

SEC Dallas North  
Tollway & Eldorado Pkwy  
Frisco

Frisco Trails, anchored by Costco and Home Depot, is in the planning stages for the final phase of this 400,000-square-foot regional draw project at one of D-FW's strongest intersections. The expansion, to total approximately 33,000 square feet, is designed as a restaurant park to serve the exploding West Frisco population.

**Field Street District**

Field Street at McKinney Ave  
Dallas

This planned major mixed-use project in Downtown Dallas is designed to have as much as 40,000 square feet of retail and restaurant space, in addition to office, residential and hotel space.

**Central Market Mixed-use**

McKinney Ave & Lemmon Ave  
Dallas

The redevelopment of a long-closed Albertsons for a high-rise office development will incorporate approximately 150,000 square feet of retail anchored by Central Market. No groundbreaking date has been set.

## APPENDIX C: HOUSTON CONSTRUCTION

### KEY RETAIL PROJECTS FOR 2020

**H-E-B Meyerland Plaza**  
W Loop 610 & Beechnut Dr  
Houston

A two-story Inner Loop store is located in the historic Meyerland Plaza, which first opened in the 1950s. The store incorporates more than 90,000 square feet.

**H-E-B Fulshear**  
FM 359 (Main Street) & FM 1093  
Fulshear

The 101,000-square-foot location is H-E-B's second store in the Fulshear area.

**H-E-B Spring Green Market**  
9211 FM 723  
Richmond

The new 101,000-square-foot grocery store opened during the second half of 2020.

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

The center expanded with approximately 66,000 square feet of retail space for Michaels, Petco, HomeGoods and others.

**Copperfield Marketplace**  
16343 FM 259  
Houston

The center expanded with Dick's Sporting Goods, which in the second half of 2020 opened a 45,200-square-foot store.

**Fairfield Town Center**  
29030 Northwest Freeway  
Cypress

The existing center expanded with a 37,000-square-foot Burlington store and CUT By Cinemark Dine-In Theater, Kitchen and Bar. The cinema is only the second location for the concept, which opened during the second half of 2020, utilizing safety protocols and limited capacities.

**American Furniture Warehouse**  
IH-10 & Pin Oak Rd  
Katy

This large-format retailer's Katy facility totals approximately 500,000 square feet with an approximately 100,000-square-foot retail showroom.

**M-K-T**  
North Shepherd St at  
Sixth & Seventh Streets  
Houston

This urban redevelopment project in the Heights transformed aging warehouse buildings into a 200,000-square-foot mixed-use project with approximately 100,000 square feet of retail and restaurant space. While portions of the retail will open in 2021, a number of specialty lifestyle concepts such as Flower Vault, June & Co., Cariloha, Birdlife and others opened in late 2020.

**The Market at Houston Heights**  
N Shepherd Dr  
Houston

This approximately 30,000-square-foot urban project in the Heights is a small-shop specialty center with Phoenix-based Flower Child restaurant, CycleBar and Hemline specialty apparel.

**Memorial City**  
Gessner & Katy Freeway  
Houston

This mixed-use project will include food concepts Kirby Ice House, Mia's Table and Torchy's Tacos.

### KEY RETAIL PROJECTS FOR 2021 OR LATER

**POST Houston**  
401 Franklin St  
Houston

The mixed-use project represents the redevelopment of downtown's Barbara Jordan Post Office. The project's mix of uses will incorporate approximately 60,000 square feet of retail space. A large food hall will house concepts like Salt + Time Butcher Shop, Lea Jane's Hot Chicken and Taco Fuego. Opening is set for late 2021.

**Manvel Town Center**  
SH-288 & SH-6  
Manvel

Manvel Town Center is designed to incorporate as much as 1 million square feet of retail space to be developed in phases. The anchor for the first phase is H-E-B, which plans a 90,000-square-foot store. Other concepts in the first phase include pad users such as Whataburger, McDonald's and Heartland Dental.

## APPENDIX C: HOUSTON CONSTRUCTION

**Regent Square Phase II**  
West Dallas & Dunlavy Streets  
Houston

This mixed-use apartment-and-retail development is on track to open with approximately 50,000 square feet of retail space.

**Katy Grand**  
Grand Pkwy & Katy Freeway  
Katy

Katy Grand is expanding with two buildings totaling approximately 29,000 square feet. Concepts include Gloria's Latin Cuisine, a Dallas-based concept that will open its third Houston-area location at the project. The new phase joins a restaurant-focused 2019 phase and a Cinemark movie theater.

**Fulshear Marketplace**  
NEQ FM 1093 & FM 359  
Fulshear

This lifestyle center is to include approximately 70,000 square feet of retail, restaurant and other space.

**The Grand at Aliana**  
NEC W Grand Pkwy S & W Airport Blvd  
Richmond

This 200,000-square-foot project features a line-up that includes Michaels, Burlington and others.

**The Allen**  
Allen Parkway  
Houston

The Allen will be an upscale mixed-use project near Buffalo Bayou Park with high-rise residential, hotel, office and other uses. The project, with its first phases under construction, is designed to feature 86,000 square feet of retail upon completion.

## APPENDIX D: SAN ANTONIO CONSTRUCTION

### KEY RETAIL PROJECTS FOR 2020

**H-E-B**

14235 Potranco Rd  
San Antonio

H-E-B opened an approximately 112,000-square-foot store at the intersection of Potranco Road and Stevens Parkway in the Stevens Ranch development.

**Boerne Stage Crossing**

IH-10 West & Boerne Stage Rd  
Boerne

Boerne Stage Crossing expanded in 2020 with a 21,900-square-foot multi-tenant building, along with a freestanding 15,000-square-foot building for Spec's and a freestanding 4,900-square-foot Bank of America. For 2021 or later, additional retail is planned, including a 2021 opening for a 3,500-square-foot Chick-fil-A. The project is anchored by Walmart Supercenter.

**Live Oak Town Center**

SWQ Loop 1604 & IH-35  
Live Oak

Live Oak Town Center, anchored by IKEA, expanded in 2020 with a freestanding 7,794-square-foot Olive Garden. A 5,465-square-foot LongHorn Steakhouse is under construction for a 2021 opening.

**Cibolo Crossing**

FM 3009 and Wiederstein Road  
Cibolo

The phased project, near entertainment anchors, came online with small-shop space. The project's future phases include Living Spaces furniture store anchor.

**La Cantera Heights**

La Cantera Pkwy & IH-10  
San Antonio

This restaurant-focused center, peripheral to The Rim, features restaurant-focused small-shop space. Concepts include Thirsty Lion, La Panaderia and Redlands Grill, with several of the openings delayed until 2021.

**Flix Brewhouse**

345 Loop 1604 & Potranco Rd  
San Antonio

Flix completed an approximately 39,000-square-foot dine-in movie theater and brewery at The Shops of Dove Creek.

**The Shops at South Rim**

Loop 1604 & Vance Jackson  
San Antonio

This approximately 40,000-square-foot center is located near the entrance to The Rim regional-draw center.

**Gateway**

Wurzbach Rd & Fredericksburg Rd  
San Antonio

This mixed-use project with retail space, as well as office and medical services space, is located at the site of the former Aldo's restaurant, which relocated to Dominion Ridge.

## APPENDIX D: SAN ANTONIO CONSTRUCTION

### KEY RETAIL PROJECTS FOR 2020 OR LATER

**H-E-B Redevelopment**

651 S. Walnut Ave  
New Braunfels

H-E-B plans to build a new 122,222-square-foot store to replace a smaller existing store. Construction will start in early 2021.

**Planned Community Retail Center**

SWC Highway 151 & Hunt Lane  
San Antonio

The planned center, to be anchored by a 23,280-square-foot specialty grocery, is designed for approximately 70,000 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>	Grocery store, discount department store, drugstore, home improvement, restaurants

## POWER SHOPPING CENTER

<b>Concept</b>	Category-dominant anchors, with an evolving mix of uses
<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 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

# MALLS

## REGIONAL SHOPPING MALL

<b>Concept</b>	General merchandise, fashion (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

## 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

## SUPER-REGIONAL SHOPPING MALL

<b>Concept</b>	Similar to regional mall 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

# 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

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### **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 2020 may reflect adjustments made to previous reports.

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