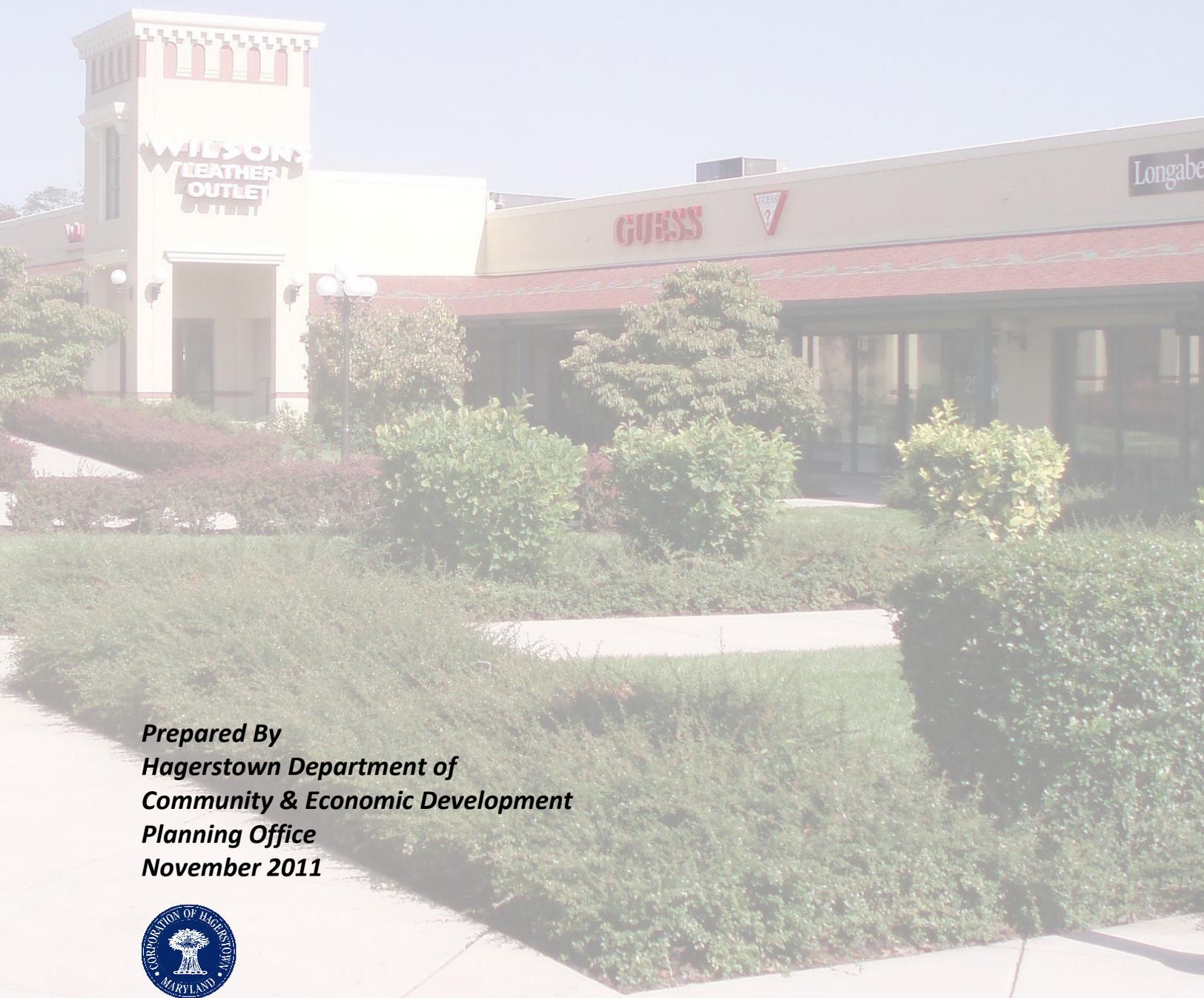


# ***Retail Shopping Center Occupancy Study of the Greater Hagerstown Area 2011***



***Prepared By  
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## **Overview**

This Major Retail Shopping Center Occupancy & Study is a continuation of the analyses performed by the City of Hagerstown Planning Office since 2008. As the economy continues to struggle through 2011, it is important to recognize if the economic downturn has had a significant impact on commercial retail centers in the greater Hagerstown area. The update for 2011 provides retail occupancy data and whether shopping centers saw an increase or decrease in occupancy from the previous year.

Occupancy levels of the shopping centers were determined using a variety of methods, including windshield surveys of vacant units, GIS data and aerial image analyses to determine size of units, utilization of online building permit data from Washington County, and utilization of zoning certificate data from the City of Hagerstown. In conjunction with these “traditional” methods, the 2011 Study, for the first time, was able to take advantage of online marketing by the property owners of available retail spaces for several of the shopping centers. The trend of online marketing of shopping centers, which has led to more accuracy and better reporting for 2011, is likely to increase in the future.



It is also important to note that while adjustments were made in how occupancies were calculated for several shopping centers this year because of more accurate data, their affect on the Study and its findings is negligible.

Included in the study are major retail centers over 40,000 square feet. Each center has a mix of retail shopping and eating places, and a few centers also include office space. Included in the study are outparcels that are associated with the larger shopping center, which often include restaurants, banks, and fuel stations. The shopping centers in this study include those centers that are both neighborhood in nature and destination in nature. A neighborhood retail shopping center is typically anchored by grocery stores, but often with personal care businesses, banks, small offices, and restaurants. A destination retail shopping center may contain the same type of retail venues as a neighborhood shopping center, but its focus is to have retail that attract consumers from a larger geographical and/or demographical area (i.e – Valley Mall; Premium Outlets). It is also important to note that this study does not include retail occupancy rates for Hagerstown’s City Center. Attached is Map 1 showing the centers included in this study. The following tables (Table 1 and Table 2) are linked with Map 1 with center numbers.

## **Major Shopping Centers within the City of Hagerstown**

There are 13 shopping centers within the corporate boundary that were included in this table. Geographically speaking, all 13 major retail shopping centers are located less than one

(1) mile from the Corporate Boundary. None of the shopping centers included in this study are located in the City's urban core, and all have either the General Commercial (C2) or the Regional Shopping Center (C4) zoning classifications. **Table 1** analyzes the square footage, occupancy rate, and rate of change in occupancy from 2010 of those retail shopping centers within the City that are over 40,000 square feet.

**Table 1: Major Retail Shopping Centers within the City of Hagerstown**

Map #	Shopping Center Name	Location	Total Area (Sq. Ft.)	Occupied Retail Space				Rate of Change (2010-2011)
				2010		2011		
				Area (Sq. Ft.)	(%)	Area (Sq. Ft.)	(%)	
6	The Centre at Hagerstown	Garland Groh Boulevard	668,633	666,133	99.6%	643,339	96.2%	-3.4%
5	Shoppes at Hagerstown	Garland Groh Boulevard	122,214	87,577	71.7%	106,587	87.2%	21.7%
8	Longmeadow Shopping Center	Leitersburg Pike	263,250*	114,906	43.6%	118,510*	45.0%	3.1%
9	Stone House Square	Leitersburg Pike	265,000	243,517	91.9%	244,359	92.2%	0.3%
21	Former Ames Shopping Center	Dual Highway	116,985	95,980	82.0%	91,663	78.4%	-4.5%
11	Former Furniture & More Shopping Center	Wesel Boulevard	163,868	92,147	56.2%	92,147	56.2%	0.0%
22	Center at Antietam Creek	Dual Hwy & Eastern Blvd	107,546	102,296	95.1%	100,546	93.5%	-1.7%
24	Hagerstown Commons	Dual Hwy & Edgewood Dr	105,602	98,002	92.8%	98,002	92.8%	0.0%
20	Kenly Square Shopping Center	Wilson Ave & Frederick St	54,029	38,695	71.6%	41,885	77.5%	8.2%
17	South End Shopping Center	Maryland Avenue	98,933	65,338	66.0%	66,723	67.4%	2.1%
18	Big Lots Shopping Center	Maryland Avenue	147,423	133,939	90.9%	143,134	97.1%	6.9%
7	Former Giant Eagle Shopping Center	Burhans Boulevard	75,212	7,123	9.5%	7,123	9.5%	0.0%
10	Valley Park Commons	Wesel Boulevard	444,727*	387,375	87.1%	410,353*	92.3%	5.9%
<b>Totals</b>			<b>2,633,422</b>	<b>2,133,478</b>	<b>81.0%</b>	<b>2,164,371</b>	<b>82.2%</b>	<b>1.4%</b>

Sources: Hagerstown Planning Office; CES Properties LLC; Cedar Shopping Centers; RD Management

\*Shopping Center increased in size due to new construction on site.

### **Statistics & Trends**

- ◆ The average occupancy rate for retail shopping centers within the City of Hagerstown is 82.2%, or 2,164,371 square feet. This represents a 1.4% increase in occupancy since 2010 and the first increase in overall occupancy inside the City since reporting began in 2008.
- ◆ Both the Longmeadow Shopping Center and Valley Park Commons increased in overall occupancy due to new construction for retail on outparcels. The Longmeadow Shopping Center added a fast food restaurant (which relocated from an existing location inside the City) and the Valley Park Commons added an automotive service business.

- ◆ The largest gains in occupancy occurred at the Shoppes at Hagerstown, which saw nearly a 22% increase since last year.
- ◆ In 2011, all 13 major retail shopping centers experienced vacancies of varying degrees, which is unchanged since 2009.

## ***Shopping Centers outside the City of Hagerstown***

Because available retail shopping for the Greater Hagerstown area is not limited to the City's Corporate Boundary, it is important to take a look at major retail shopping centers beyond just those that are located within the City. **Table 2** identifies 11 retail shopping centers over 40,000 square feet that are outside the City of Hagerstown, but are within the Medium-Range Growth Area (MRGA), as identified in the 2008 City Comprehensive Plan.

**Table 2: Retail Shopping Center within the Medium-Range Growth Area (MRGA)**

Map #	Shopping Center Name	Location	Total Area (Sq. Ft.)	Occupied Retail Space				Rate of Change (2010-2011)
				2010		2011		
				Area (Sq. Ft.)	%	Area (Sq. Ft.)	%	
14	Crosspoint Shopping Center	Cole Road	348,367	338,647	97.2%	338,647	97.2%	0.0%
4	Fountainhead Plaza	Pennsylvania Avenue	118,387	74,117	62.6%	74,117	62.6%	0.0%
23	Foxshire Plaza	Dual Highway	47,083	41,783	88.7%	41,783	88.7%	0.0%
1	North Village Shopping Center	Longmeadow Road & Pennsylvania Avenue	68,710*	62,710*	91.3%	62,710	91.3%	0.0%
2	Hagerstown Towne Square	North Pointe Drive	103,914	91,594	88.1%	86,077	82.8%	-6.0%
3	North Pointe Shopping Center	North Pointe Drive	60,613	42,211	69.6%	40,040	66.1%	-5.1%
18	Premium Outlets	Sharpsburg Pike	517,800	503,876	97.3%	477,069	92.1%	-5.3%
19	South Pointe Center	E. Oak Ridge Drive	79,135	75,335	95.2%	79,135	100.0%	5.0%
15	Old Orchard Centre	Virginia Ave & Halfway Blvd	52,905	52,905	100.0%	27,470	51.9%	-48.1%
13	Valley Mall	Halfway Boulevard	912,603	897,552	98.4%	898,064	98.4%	0.1%
11	Valley Plaza	Massey Boulevard	196,127	196,127	100.0%	196,127	100.0%	0.0%
<b>Totals</b>			<b>2,505,644</b>	<b>2,376,857</b>	<b>94.9%</b>	<b>2,321,239</b>	<b>92.6%</b>	<b>-2.3%</b>

Sources: Hagerstown Planning Office; Washington Co. Accela Permits Manager; Pennsylvania Real Estate Investment Trust; Glimcher Group

\* Values revised from 2010 to more accurately reflect total size of shopping center.

### **Statistics & Trends**

- ◆ The overall occupancy rate for retail shopping centers outside the City but within the MRGA is 92.6%, or 2,321,239 square feet, in 2011. This represents a slight decrease in occupancy since

2010; however, occupancy rates remain significantly higher than shopping centers in the City (82.2%) during the same time period.

- ◆ The largest decrease in occupancy occurred at Old Orchard Centre. With the loss of its anchor tenant, this shopping center significantly impacted the overall occupancy rates for the County.
- ◆ Of the 11 shopping centers, only 2 saw a net increase in occupancy in 2011. South Pointe Centre increased in occupancy in 2011 and became 1 of only 2 major retail shopping centers in the area that is fully occupied (the other being Valley Plaza).
- ◆ Five of the shopping centers in the MRGA saw no change in occupancy; however, some of these centers had active permits for interior renovations that would allow existing tenants to expand into and redevelop the vacant spaces in these centers.



## Overall Occupancy

**Table 3** shows the total and occupied square footages and rates in 2011 for all the shopping centers in the City of Hagerstown and the MRGA identified in Tables 1 and 2.

**Table 3: Retail Space of all Shopping Centers in Study Area, 2011**

Shopping Center Study Area	Total Retail Space Area (Square Feet)	Retail Space Occupied (Sq. Ft.)	Occupancy Rate
City of Hagerstown	2,633,422	2,164,371	82.2%
Washington County (outside the City but within the MRGA)	2,505,644	2,321,239	92.6%
<b>Totals</b>	<b>5,139,066</b>	<b>4,485,610</b>	<b>87.3%</b>

### Statistics & Trends

- ◆ The overall occupancy rate for all shopping centers in the study area is 87.3%, or 4,485,610 square feet, for 2011. This is a net decrease in the overall occupancy rate from the rate of 87.8%, or 4,495,805 square feet, in 2010.

## Performance Factors for Shopping Centers

Several key factors can affect how successful or unsuccessful a shopping center can be. These key factors, or performance, can greatly affect the “health” of a retail center both positively and negatively. They are not constant – they can change over time as demographics

and transportation infrastructure alters the urban and suburban landscape. For this study, four (4) performance factors have been identified:

- ◆ Recently Constructed – New retail shopping centers can bring in new retail venues that were not previously in the region, but may also entice existing retail places to leave other local retail shopping centers for newer and improved space. The shopping centers included in this category generally have been constructed within the last 5 to 6 years.
- ◆ Management Issues – These types of shopping centers are often characterized by lower occupancy rates, poorly maintained buildings and parking facilities, and generally lacking in appearance (i.e. – façade, deteriorating pavement, lack of landscaping).
- ◆ Site Issues – This performance factor would include those centers that are not located near major arterial intersections or are located along old transportation corridors. According to the Congress for New Urbanism, this category would also include shopping centers that are located along heavily traveled corridors that have a limited number of major arterial intersections. Experts said optimal location for retail is as cluster or node at major transportation intersections, as strip development along a roadway has fallen out of favor. Those centers which are disadvantageously located are vulnerable to disinvestment.
- ◆ Optimally Sited – This factor would include those shopping centers that are located on major arterials near major intersections, especially interstate interchanges.

**Table 4** lists those shopping centers by the performance factors outlined above and shows the rate of change in occupancy from 2011.

**Table 4: Performance Factors for Shopping Centers**

Performance Factor	Shopping Centers Included	Retail Space Occupied (Square Feet)		Rate of Change
		2010	2011	
Optimally Sited	Center at Antietam Creek, Centre at Hagerstown, Hagerstown Commons, Prime Outlets, Valley Mall, Valley Park Commons, & Valley Plaza	2,759,361	2,823,500	2.32%
Recently Constructed	Crosspoint Shopping Center, Hagerstown Towne Square, North Pointe Shopping Center, Shoppes at Hagerstown, Stone House Square, & South Pointe Centre	887,881	894,845	0.78%
Management Issues	Former Furniture & More Shopping Center & Longmeadow Shopping Center	138,964	141,964	2.16%
Site Issues	Big Lots Shopping Center, Fountainhead Plaza, Former Giant Eagle Shopping Center, & South End Shopping Center	280,517	291,097	3.77%

### **Statistics & Trends**

- ◆ Each performance category saw an increase in occupancy in 2011. “Site Issues” saw the greatest increase in occupancy from 2009 of any other performance factor. The value of rents could also be a factor.
- ◆ It is likely that recent land development of outparcels at Valley Park Commons and Longmeadow Shopping Center contributed in the increase of “Optimally Sited” and “Management Issues” centers, respectively.

### **Conclusions**

While the overall occupancy rate (87.3%) of the major retail shopping centers in the greater Hagerstown area in 2011 has decreased slightly from 2010, more shopping centers in the study area increase in occupancy than last year. It should be noted that several shopping centers had



active permits for interior renovations of vacant spaces with the anticipation of new tenants. Two examples of this include renovations of the former Furniture & More site and the Former Giant Eagle site (the Former Giant Eagle Shopping Center is expected to transition to predominantly office use next year). While it is recognized that these activities could significantly increase occupancy over the next year, it is also expected that lower than normal overall occupancy rates could persist through 2012.

