

# ***Retail Shopping Center Occupancy Study of the Greater Hagerstown Area 2010***



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## ***Overview***

This Major Retail Shopping Center Occupancy & Study is a continuation of the analyses performed by the Planning Office in 2008 and 2009. As the economy continues to struggle through 2010, 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 2010 provides retail occupancy data and whether shopping centers saw an increase or decrease in occupancy from the previous year.

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 2008 of those retail shopping centers within the City that are over 40,000 square feet.

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

Map #	Shopping Center Name	Location	Total Area (Sq. Ft.)	Occupied Retail Space						Rate of Change (2008-2010)
				2008		2009		2010		
				Area (Sq. Ft.)	(%)	Area (Sq. Ft.)	(%)	Area (Sq. Ft.)	(%)	
6	The Centre at Hagerstown	Garland Groh Boulevard	668,633	668,633	100.0%	666,133	99.6%	666,133	99.6%	-0.4%
5	Shoppes at Hagerstown	Garland Groh Boulevard	122,214	94,241	77.1%	80,044	65.5%	87,577	71.7%	-7.1%
8	Longmeadow Shopping Center	Leitersburg Pike	259,346*	144,722*	56.6%*	126,397*	49.4%*	114,906	44.3%	-21.7%
9	Stone House Square	Leitersburg Pike	265,000	250,104	94.4%	249,008	94.0%	243,517	91.9%	-2.6%
21	Former Ames Shopping Center	Dual Highway	116,985	112,785	96.4%	111,891	95.6%	95,980	82.0%	-14.9%
11	Former Furniture & More Shopping Center	Wesel Boulevard	163,868	92,147	56.2%	92,147	56.2%	92,147	56.2%	0.0%
22	Center at Antietam Creek	Dual Hwy & Eastern Blvd	107,546	107,546	100.0%	103,346	96.1%	102,296	95.1%	-4.9%
24	Hagerstown Commons	Dual Hwy & Edgewood Dr	105,602	105,602	100.0%	103,922	98.4%	98,002	92.8%	-7.2%
20	Kenly Square Shopping Center	Wilson Ave & Frederick St	54,029	54,029	100.0%	51,282	94.9%	38,695	71.6%	-28.4%
17	South End Shopping Center	Maryland Avenue	98,933	85,551	86.5%	50,628	51.2%	65,338	66.0%	-23.6%
18	Big Lots Shopping Center	Maryland Avenue	147,423	112,779	76.5%	119,091	80.8%	133,939	90.9%	+18.8%
7	Former Giant Eagle Shopping Center	Burhans Boulevard	75,212	7,123	9.5%	7,123	9.5%	7,123	9.5%	0.0%
10	Valley Park Commons	Wesel Boulevard	442,879	422,871	95.5%	412,160	93.1%	387,375	87.5%	-8.4%
<b>Totals</b>			<b>2,627,670</b>	<b>2,261,952*</b>	<b>86.2%</b>	<b>2,173,172*</b>	<b>82.8%</b>	<b>2,133,478</b>	<b>81.2%</b>	<b>-5.8%</b>

Source: Hagerstown Planning Office, 2010

\*Values determined prior to expansion of shopping center.

**Statistics & Trends**

- ◆ The average occupancy rate for retail shopping centers within the City of Hagerstown is 81.2%, or 2,133,478 square feet. Overall, the City saw a 1.8% decrease in occupancy since 2009, and a 5.8% decrease since 2008.
- ◆ At least 2 of the 13 major retail shopping centers within the City had anchor stores that were vacant in 2009, including the Big Lots Shopping Center, Former Giant Eagle Shopping Center, and the Former Furniture & More Shopping Center.

- ◆ In 2010, all 13 major retail shopping centers experienced vacancies of varying degrees, which is unchanged since 2009. However, in 2008, 4 shopping centers had no vacancies.
- ◆ The Shoppes at Hagerstown, South End Shopping Center, and Big Lots Shopping Center all saw an increase in occupancy in 2010.

## ***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 (2008-2010)
				2008		2009		2010		
				Area (Sq. Ft.)	%	Area (Sq. Ft.)	%	Area (Sq. Ft.)	%	
14	Crosspoint Shopping Center	Cole Road	348,367	246,492*	96.4%*	338,647	97.2%	338,647	97.2%	+0.8%
4	Fountainhead Plaza	Pennsylvania Avenue	118,387	74,117	62.6%	72,117	60.9%	74,117	62.6%	0.0%
23	Foxshire Plaza	Dual Highway	47,083	43,333	92.0%	43,333	92.0%	41,783	88.7%	-3.6%
1	North Village Shopping Center	Longmeadow Road & Pennsylvania Avenue	58,430	53,050	90.8%	46,630	79.8%	52,430	89.7%	-1.2%
2	Hagerstown Towne Square	North Pointe Drive	103,914	91,414	88.0%	95,871	92.3%	91,594	88.1%	+0.2%
3	North Pointe Shopping Center	North Pointe Drive	60,613	52,638	86.8%	44,481	73.4%	42,211	69.6%	-19.8%
18	Premium Outlets**	Sharpsburg Pike	517,800	502,652	97.1%	490,440	94.7%	503,876	97.3%	+0.2%
19	South Pointe Center	E. Oak Ridge Drive	79,135	77,285	97.7%	79,135	100.0%	75,335	95.2%	-2.5%
15	Old Orchard Centre	Virginia Ave & Halfway Blvd	52,905	52,905	100.0%	52,905	100.0%	52,905	100.0%	0.0%
13	Valley Mall	Halfway Boulevard	912,603	907,698	99.5%	892,086	97.8%	897,552	98.4%	-1.1%
11	Valley Plaza	Massey Boulevard	196,127	196,127	100.0%	196,127	100.0%	196,127	100.0%	0.0%
<b>Totals</b>			<b>2,495,364</b>	<b>2,297,711*</b>	<b>95.6%</b>	<b>2,351,772</b>	<b>94.2%</b>	<b>2,362,327</b>	<b>94.7%</b>	<b>-0.9%</b>

Sources: Hagerstown Planning Office, 2010; Washington Co. Accela Permits Manager, 2010;

Pennsylvania Real Estate Investment Trust, 2010 \*Values determined prior to expansion of shopping center. \*\*Formerly “Prime Outlets”

**Statistics & Trends**

- ◆ The average occupancy rate for retail shopping centers outside the City but within the MRGA is 94.7%, or 2,362,327 square feet, in 2010. While there is a net decrease in occupancy since 2008, the shopping centers outside the City saw an overall increase in occupancy of 5.3% for 2010.
- ◆ While the overall occupancy rate of shopping centers in the MRGA decreased from 2008, the rate (94.7%) is still well below that of shopping centers within the City limits (81.2%) in the same time period.
- ◆ Of the 11 shopping centers, 4 saw a net increase in occupancy in 2010. These shopping centers include Fountainhead Plaza, North Village Shopping Center, Premium Outlets, and the Valley Mall. Two (2) shopping centers – Old Orchard Centre and Valley Plaza – were completely occupied in 2010 and experienced no change in the last 2 years.
- ◆ The Fountainhead Plaza Shopping Center increased occupancy in 2010 due to the opening of non-retail, professional office uses.

***Overall Occupancy***

Table 3 shows the total and occupied square footages and rates in 2010 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, 2010**

Shopping Center Study Area	Total Retail Space Area (Square Feet)	Retail Space Occupied (Sq. Ft.)	Occupancy Rate
City of Hagerstown	2,627,670	2,133,478	81.2%
Washington County (within the MRGA)	2,495,364	2,362,327	94.7%
<b>Totals</b>	<b>5,123,034</b>	<b>4,495,805</b>	<b>87.8%</b>

**Statistics & Trends**

- ◆ The overall occupancy rate for all shopping centers in the study area is 87.8%, or 4,495,805 square feet, for 2010. This is a decrease in the overall occupancy rate from the rate of 88.3%, or 4,521,012 square feet, in 2009.

## ***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 3 to 4 years. A number of centers constructed within the last year or so in the MRGA are very slow to fill.
- ◆ 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 2009.

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

Performance Factor	Shopping Centers Included	Retail Space Occupied				Rate of Change
		2009		2010		
		Sq. Ft.	%	Sq. Ft.	%	
Optimally Sited	Center at Antietam Creek, Centre at Hagerstown, Hagerstown Commons, Premium Outlets, Valley Mall, Valley Park Commons, & Valley Plaza	2,864,214	97.2%	2,759,361	93.7%	-3.66%
Recently Constructed	Crosspoint Shopping Center, Hagerstown Towne Square, North Pointe Shopping Center, Shoppes at Hagerstown, Stone House Square, & South Pointe Centre	887,186	90.6%	887,881	90.7%	0.08%
Management Issues	Former Furniture & More Shopping Center, Former Giant Eagle Shopping Center, & Longmeadow Shopping Center	225,667	45.6%	214,176	43.0%	-5.09%
Site Issues	Big Lots Shopping Center, Fountainhead Plaza, Former Giant Eagle Shopping Center, & South End Shopping Center	248,959	62.9%	280,517	70.9%	12.68%

***Statistics & Trends***

- ◆ Shopping Centers in the “Optimally Sited” and “Management Issues” performance factor categories saw a decrease in occupancy from 2009 to 2010.
- ◆ Centers in the “Management Issues” category saw the greatest decline in occupancy in 2010. However, centers with “Site Issues” saw the greatest increase in occupancy from 2009 of any performance factor. The value of rents could also be a factor.

***Conclusions***

While the overall occupancy rate (87.8%) of the major retail shopping centers in the greater Hagerstown area has decreased slightly from 2009, several shopping centers in the City of Hagerstown as well as in the MRGA saw modest gains. The decreases in occupancy from 2009-2010 were not as drastic as those experience from 2008-2009 which could suggest a “bottoming out” effect. It is expected, however, that lower than normal occupancy rates will continue through 2011 as the local and national economies continue to struggle.

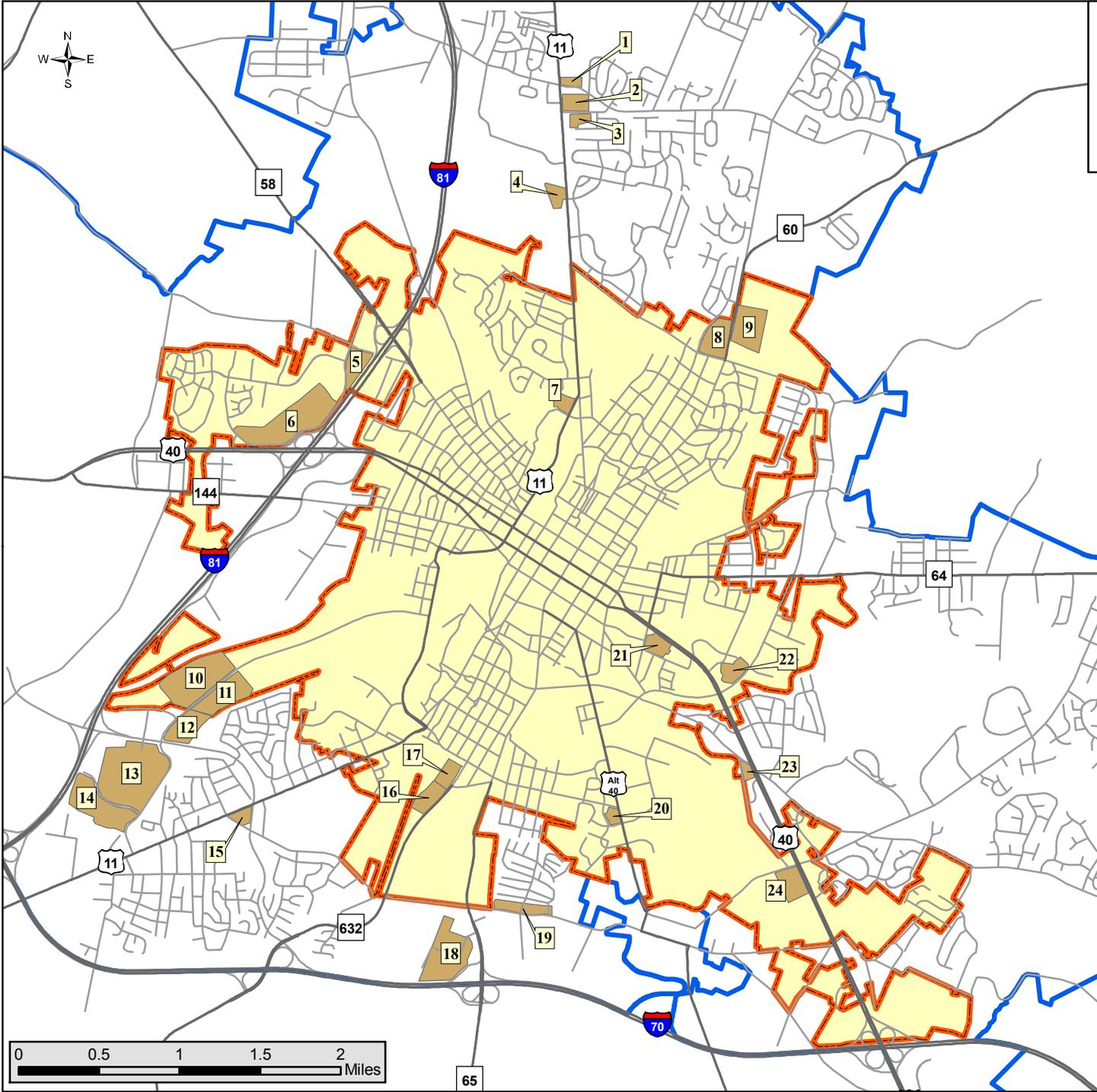
# Map 1: Location of Major Retail Shopping Centers

City of Hagerstown  
& Washington County

 Major Route  
 Street  
 City Corporate Boundary  
 Medium-Range Growth Area (MRGA)  
 Shopping Center

Shopping Center Name	
1	North Village Shopping Center
2	Hagerstown Towne Square
3	North Pointe Shopping Center
4	Fountainhead Plaza
5	Shoppes at Hagerstown*
6	The Centre at Hagerstown*
7	Former Giant Eagle Shopping Center
8	Longmeadow Shopping Center
9	Stone House Square
10	Valley Park Commons*
11	Former Furniture & More Shopping Center
12	Valley Plaza
13	Valley Mall*
14	Crosspoint Shopping Center*
15	Old Orchard Centre
16	Big Lots Shopping Center
17	South End Shopping Center
18	Prime Outlets*
19	South Pointe Centre
20	Kenly Square Shopping Center
21	Former Ames Shopping Center
22	Center at Antietam Creek
23	Foxshire Plaza
24	Hagerstown Commons

\* Considered destination shopping center



Map Projection: NAD83 State Plane Maryland (feet)  
 Data Source: City of Hagerstown, 2010  
 Prepared By: Hagerstown Planning Office, 10/28/10  
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