

### **Corpus Christi Retail Market**

Many changes have occurred in the Corpus Christi retail market over the past 2 to 3 years. While some owners of the area's older establishments are renewing and rehabbing their developments to maintain pace with the influx of new construction, many of the older shopping centers are suffering. South Padre Island Drive remains the main retail corridor, but developments and properties in the Saratoga area will continue to increase in popularity, especially since a majority of new homes built in Corpus Christi reside in this area.

Corpus Christi currently is seeing several trends in its retail market. Many developers have been strategically placing smaller shopping centers at key intersections. The new Padre Commons Center at Airline and South Padre Island Drive and the Starbucks Center at the corner of Staples Street and South Padre Island Drive are prime examples of these types of developments. In addition, developers are also constructing anchor-driven retail centers directly off the main expressway, such as the Saratoga Town Center at Saratoga and Staples Street.

While there is significant growth in the areas on the south side of town near Saratoga and South Staples, the Corpus Christi malls are seeing increased vacancy rates. For example, Sunrise Mall is approximately 50 percent to 60 percent occupied as compared to some of the larger, newer centers that, although charging higher rental rates, maintain roughly 90 percent occupancy. Many of the older mom-and-pop-anchored neighborhood centers are seeing vacancy rates as high as 20 percent to 30 percent. Needless to say, development trends are swinging toward the power center-type complexes placed strategically in high-traffic areas.

Along the Saratoga Corridor from Staples Street to Weber Road and also along the main expressway of South Padre Island Drive from Roddfield Road to Weber Road, the south side of town has become the major development corridor in Corpus Christi. On the Crosstown Expressway at South Padre Island Drive, a regional shopping area is well underway. Currently this area features Wal-Mart Supercenter, Golden Corral, Payless Shoes, IHOP, Cato Fashions, Cinemark Theater, Buffalo Wild Wings, Texas Roadhouse and others. With the impending completion of the Crosstown Expressway that will link the south side to the downtown area — and thanks to the availability of land in this area — many retail opportunities will arise and new developments will flourish.

On its rapidly expanding south side, Corpus Christi is seeing several significant projects developing, including the Saratoga Town Center, located at the northeast corner of Saratoga Boulevard and Staples Street. The retail center sits on 17 acres anchored by an 88,000-square-foot Kohl's, and the rest of the retail space encompasses roughly 57,000 square feet. Petco is the other large development in the complex, which includes a free-standing Wendy's restaurant and additional room for other outparcels fronting Saratoga Boulevard. In the same area, H.E.B. Grocery has developed a prototype for another major project. It plans to design and construct H.E.B. Plus to replace its store currently located on Saratoga at Everhart. Finally, the 20,000-square-foot Padre Commons Center is planned for the intersection of Airline and South Padre Island Drive

adjacent to the newly opened Lowe's Home Improvement Center. The complex is scheduled to open for business in early to mid-fall.

Several developers are active in the area. Houston-based NewQuest Properties owns the Saratoga Town Center in addition to controlling design and construction of the property. Kimco Realty and Weingarten Realty have significant ownership in the market, while the H.E. Butt Company is an increasingly active developer in the Corpus Christi area.

The Corpus Christi retail market has been significantly expanding, as is demonstrated simply by the large number of retailers and restaurants new to the area. Kohl's Department Store, Lowe's Home Improvement, Cost Plus World Market, E.C. Barton Supply Warehouse, Jos. A. Banks, Ann Taylor Loft, David's Bridal, Petco, Gattitown, Krispy Kreme, Cold Stone Creamery, Quiznos, Starbucks, Keva Juice and Jamba Juice have all opened in the Corpus Christi market since late 2003.

On the flipside, new retail projects in the up-and-coming south Corpus Christi area have strained some of the older developments. K-mart along South Padre Island Drive closed its doors to business during the corporation's bankruptcy filings. Home Depot, which sits adjacent to the closed property, purchased the building's lease and has already expanded its garden center up to the old K-mart space, which covers approximately 177,000 square feet. Academy Sport and Outdoors will be leaving its 43,000-square-foot store at 4914 South Padre Island Drive in order to relocate to a portion of the old K-mart building. And Luby's Cafeteria has recently closed its store in the Padre Staples Mall. Although this location served the community for nearly 35 years, Luby's management decided that decreasing activity in the mall would damage its business and that its other three local locations would adequately serve its customer base and the market.

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