

Corpus Christi Retail Market

Corpus Christi is continuing its growth pattern in the retail market, according to Lynann Pinkham, broker associates with Corpus Christi, Texas-based NAI Cravey Real Estate Services. "South Padre Island Drive has remained fairly constant, and the biggest movement was the expansion of Academy Sporting Goods into a portion (approximately 80,000 square feet) of the old Kmart building," Pinkham says. "This was positive absorption although Academy vacated an approximate 50,000 square foot store at Everhart Road and South Padre Island Drive." The former Academy location of approximately 50,000 square feet is available for lease, and OfficeMax may be closing its doors on about 29,000 square feet. "The above empty big box spaces are all located on South Padre Island Drive, creating an opportunity for new retailers to find quality space in this market," Pinkham says.



Lynann
Pinkham,
NAI Cravey
Real Estate
Services

Saratoga Boulevard continues to be the hottest retail corridor in the city, according to Pinkham. H.E.B. Grocery opened a 178,000-square-foot H.E.B. Plus Store on Saratoga Boulevard at Staples Street as a part of the Huntington Square Shopping Center. "This was the first H.E.B. Plus store to open," Pinkham says. "It definitely has changed the traffic pattern for that area. In opening this new store, H.E.B. Grocery vacated their 66,000-square-foot store on Saratoga Boulevard at Everhart Road, opening a new development opportunity on the growing south side."

One retail trend in Corpus Christi includes the growth of the non-corner, unanchored shopping center. "We are seeing these centers that will

average between 10,000 square feet to 25,000 square feet springing up all over Corpus Christi, but particularly on the south side of town along Saratoga Boulevard from Airline Road to Weber Road and south of Saratoga on Staples Street to Yorktown and along Roddfield Road," Pinkham says. "This is all exciting, and the retail market has definitely been positive, but how many centers can the market support? Typically, the more retail added the slower the absorption. I believe these new centers will offer the retailer more choices, and provided they are well located, they will lease, but it will be over a longer period of time."

Older shopping centers can have a hard time surviving the onslaught of the newer shopping centers in Corpus Christi. However, the sales of two older centers that are well located occurred last year. Parkdale Plaza, located in the 4000 block of South Staples, was built in the 1950s. As retail moved closer to South Padre Island Drive in the 1970s and '80s, Parkdale saw a decline in growth, even though the area around it is very well-populated, Pinkham says. The second center, Town & Country Center, was built in phases beginning in the late '50s and ending the '70s. Town & Country has a great location, but it suffered from the new growth that occurred in the late '90s and early 2000s. "Renovations are planned for both of the above centers," Pinkham says. "This is a very good thing for our market."

The completion of the new road system for Crosstown Expressway at South Padre Island Drive sometime in 2006 will only enhance the retail growth for this corridor, according to Pinkham. Retailers in this area currently include Wal-Mart, Cinemark Theater, IHOP, Texas Roadhouse, Buffalo Wildwings, Cato, Quiznos Sub, Dollar Tree and Johnny Carinos. "Development land is available and it is becoming more apparent this area is accessible to all parts of the city and is somewhat centralized between the north side and south side of Corpus Christi," Pinkham says. "This should be a major

retail growth area during the next 5 to 10 years and will potentially attract major developers to this market.”

The malls in Corpus Christi continue to struggle with their occupancy rates. The Montgomery Ward building at the Sunrise Mall has yet to be filled, and Mervyn's, which is another Sunrise Mall tenant, has closed its doors. “Padre Staples Mall continues to be the premier mall with the strongest tenant mix, although many small retailers are closing their doors,” Pinkham says.

The restaurant industry has seen some changes in 2005 and early 2006, and some of these changes can be attributed to a normal cycle. Black Eyed Pea closed in Corpus Christi, which is consistent with its overall strategy. Tony Roma's for Ribs closed, but this location will give way to Logan's Roadhouse. A local restaurant, Crystal's Confectionary, closed its doors after more than 20 years of successful operation. Several other smaller “Mom and Pop” restaurants decided to call it quits after this past year. “Yet, we are still experiencing restaurant growth in the stronger parts of the city,” Pinkham says. “Some of this new growth is local, with the new Niko's Steakhouse and the expansion of La Playa Mexican Restaurants.”

New retailers to the area include McAlister's Deli, Warehouse Pools, Advanced Auto Parts and H.E.B. Plus. “There are many companies that have expanded and are continuing to look at expansion in our market,” Pinkham says. “These include Wal-Mart, Dollar Tree, Dollar General, Circle, H.E.B. Grocery, Academy Sporting Goods and Starbucks Coffee, among others.”

The developer market has been fairly stable in Corpus Christi. “NewQuest sold Saratoga Town Center in 2005, and they no longer have a presence,” Pinkham says. “Weingarten Realty is the major REIT developer in this market.”

Overall, Corpus Christi's retail occupancy rate is mixed, depending on the area. "Many of the newer and newly remodeled, well-anchored shopping centers located at key intersections have a healthy occupancy of 90 percent and above," Pinkham says. "The smaller centers in less strategic locations are only around 50 percent occupied, but absorption is increasing on a slow basis. The older centers have declined from 80 percent to 90 percent occupancies to down around 50 percent to 60 percent, but they are anticipated to increase as renovations occur."

— Lynann Pinkham is broker associate with Corpus Christi, Texas-based NAI Cravey Real Estate Services.

©2006 France Publications, Inc. Duplication or reproduction of this article not permitted without authorization from France Publications, Inc. For information on reprints of this article contact Barbara Sherer at (630) 554-6054.