

Retail Shopping Center Occupancy Study of the Greater Hagerstown Area 2013



*Prepared By
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Community & Economic Development
Planning & Code Administration Division
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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 Staff since 2008. The update for 2013 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, marketing brochures provided by the shopping center owners, and utilization of various real estate web sources. 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.



This study evaluates major retail centers over 40,000 square feet. Each center has a mix of retail shopping and eating places, and several centers also include office space. Included in the study are outparcels that are associated with the larger shopping center – often, these are 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 3) 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 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 (CG) or the Commercial Regional (CR) zoning classifications. **Table 1** analyzes the square footage, occupancy rate, and rate of change in occupancy from 2012 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 Space				Rate of Change (2012-2013)
				2012		2013		
				Area (Sq. Ft.)	(%)	Area (Sq. Ft.)	(%)	
6	The Centre at Hagerstown	Garland Groh Boulevard	668,633	639,601	95.7%	663,065	99.2%	+3.7%
5	Shoppes at Hagerstown	Garland Groh Boulevard	122,214	112,537	92.1%	112,537	92.1%	0.0%
8	Longmeadow Shopping Center	Leitersburg Pike	253,770	105,939	41.7%	108,739	42.8%	+2.6%
9	Stone House Square	Leitersburg Pike	265,000	240,892	90.9%	240,892	90.9%	0.0%
21	Former Ames Shopping Center	Dual Highway	123,801 ¹	114,503	97.9%	121,319	98.0%	+6.0%
11	Former Furniture & More Shopping Center	Wesel Boulevard	163,868	163,868	100.0%	163,868	100.0%	0.0%
22	Center at Antietam Creek	Dual Hwy & Eastern Blvd	107,546	106,046	98.6%	103,046	95.8%	-2.8%
24	Hagerstown Commons	Dual Hwy & Edgewood Dr	105,602	99,602	94.3%	105,602	100.0%	+6.0%
20	Kenly Square Shopping Center	Wilson Ave & Frederick St	54,029	40,385	74.7%	39,635	73.4%	-1.9%
17	South End Shopping Center	Maryland Avenue	98,933	64,913	65.6%	73,661	74.5%	+13.5%
18	Former Nichols Shopping Center ²	Maryland Avenue	147,423	112,538	76.3%	110,601	75.0%	-1.7%
7	Former Giant Eagle Shopping Center	Burhans Boulevard	75,212	37,123	49.4%	37,123	49.4%	0.0%
10	Valley Park Commons	Wesel Boulevard	444,727	444,727	100.0%	444,727	100.0%	0.0%
Totals			2,630,758	2,282,674	87.0%	2,324,815	88.4%	+1.8%

Sources: Hagerstown Planning & Code Administration Division; CES Properties LLC; Cedar Shopping Centers; H&R Retail

¹Shopping Center increased in size due to the development of an outparcel.

² Shopping Center renamed for original tenant

Statistics & Trends

- ◆ The average occupancy rate for retail shopping centers within the City of Hagerstown is 88.4%, or 2,324,815 square feet. This represents a 1.8% increase in occupancy since 2012 and the third consecutive year of increase inside the City since reporting began in 2008.
- ◆ In 2013 three shopping centers have full occupancy. This is the most fully occupied centers since reporting began in 2008.
- ◆ The largest gain in occupancy from 2012 occurred at The Centre at Hagerstown, or 23,464 square feet. This substantial gain in occupancy comes at the arrival of 2nd and Charles, a used book and media store that replaced the former Borders.

- ◆ Two shopping centers gained occupancy through redevelopment and new construction. Hagerstown Commons gained occupancy through the redevelopment of the former Blockbuster Video into a local Mexican restaurant chain, and the Former Ames Shopping Center saw an increase through the construction of an AutoZone store on a newly created outparcel.
- ◆ Despite a slight decrease in occupancy from 2012, the Center at Antietam Creek is in the process of adding a 6,255 square foot building for additional retail.

Table 2 shows the number of units in each shopping center that are occupied and vacant.

Table 2: Major Retail Shopping Centers within the City of Hagerstown (Units)

Map #	Shopping Center Name	Location	Total Area (Sq. Ft.)	Shopping Center Units		
				Total Units	Units Occupied	Units Vacant
6	The Centre at Hagerstown	Garland Groh Boulevard	668,633	33	31	2
5	Shoppes at Hagerstown	Garland Groh Boulevard	122,214	24	19	5
8	Longmeadow Shopping Center	Leitersburg Pike	253,770	29	19	10
9	Stone House Square	Leitersburg Pike	265,000	23	12	11
21	Former Ames Shopping Center	Dual Highway	123,801	15	14	1
11	Former Furniture & More Shopping Center	Wesel Boulevard	163,868	9	9	0
22	Center at Antietam Creek	Dual Hwy & Eastern Blvd	107,546	15	12	3
24	Hagerstown Commons	Dual Hwy & Edgewood Dr	105,602	11	11	0
20	Kenly Square Shopping Center	Wilson Ave & Frederick St	54,029	10	6	4
17	South End Shopping Center	Maryland Avenue	98,933	25	16	9
18	Former Nichols Shopping Center	Maryland Avenue	147,423	9	7	2
7	Former Giant Eagle Shopping Center	Burhans Boulevard	75,212	3	2	1
10	Valley Park Commons	Wesel Boulevard	444,727	21	21	0
Totals			2,630,758	227	179	48

Source: Hagerstown Planning & Code Administration Division

While the overall occupancy rate in terms of square footage for shopping centers in the City was around 88% for 2013, the overall occupancy rate by number of units was approximately 79% for the same period. The difference between the two occupancy rates suggests that many, if not, most, of the vacancies at the shopping center tend to be smaller units as opposed to larger, anchor spaces.

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 3** 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 defined in the 2008 City Comprehensive Plan.

Table 3: Retail Shopping Center within the Medium-Range Growth Area (MRGA)

Map #	Shopping Center Name	Location	Total Area (Sq. Ft.)	Occupied Space				Rate of Change (2012-2013)
				2012		2013		
				Area (Sq. Ft.)	%	Area (Sq. Ft.)	%	
14	Crosspoint Shopping Center	Cole Road	348,367	318,034	91.3%	346,034	99.3%	+8.8%
4	Fountainhead Plaza*	Pennsylvania Avenue	61,619 ¹	60,463	52.5%	60,463	98.1%	0.0%
23	Foxshire Plaza	Dual Highway	47,083	36,283	77.1%	36,283	77.1%	0.0%
1	North Village Shopping Center	Longmeadow Road & Pennsylvania Avenue	68,710	65,210	94.9%	59,490	86.6%	-8.8%
2	Hagerstown Towne Square	North Pointe Drive	103,914	92,414	88.9%	92,414	88.9%	0.0%
3	North Pointe Shopping Center	North Pointe Drive	60,613	49,551	81.7%	40,563	66.9%	-18.1%
18	Premium Outlets	Sharpsburg Pike	517,800	516,724	99.8%	510,066	98.5%	-1.3%
19	South Pointe Centre	E. Oak Ridge Drive	79,135	79,135	100.0%	74,335	93.9%	-6.1%
15	Old Orchard Centre	Virginia Ave & Halfway Blvd	52,905	27,470	51.9%	27,470	51.9%	0.0%
13	Valley Mall	Halfway Boulevard	917,233 ²	883,846	96.8%	899,574	98.1%	+1.8%
11	Valley Plaza	Massey Boulevard	196,127	196,127	100.0%	196,127	100.0%	0.0%
Totals			2,453,506	2,325,257	92.9%	2,342,819	95.5%	+0.6%

Sources: Hagerstown Planning & Code Administration Division; Washington Co. Accela Permits Manager; Pennsylvania Real Estate Investment Trust; Loopnet.com, Remax Realty

¹ Demolition of a former grocery anchor occurred in 2012 and a separate 55,000 +/- square foot office building was constructed in its place. Total area does not account for the new office building.

² Construction occurred in 2012-2013 for 3 exterior-facing restaurants in the Valley Mall

Statistics & Trends

- ◆ The overall occupancy rate for retail shopping centers outside the City but within the MRGA is 95.5%, or 2,342,819 square feet, in 2013. This represents an increase in occupancy since 2012, but overall occupancy remains higher than in the City (88%) despite a significant up-tick for City shopping centers.
- ◆ The largest increase in occupancy occurred at Crosspoint Shopping Center (+8.8%); however, the increase is due to a seasonal Halloween costume store and likely will not remain through the entire year.

- ◆ The largest decrease occurred at the North Pointe Shopping Center (-18.1%). This large decrease comes as a result of the Washington County Free Library relocating to its newly constructed facility in downtown Hagerstown. The shopping center was the temporary home of the library while the new facility was being constructed.
- ◆ Valley Plaza was the only shopping center in the MRGA to experience full occupancy in 2013.
- ◆ Two shopping centers altered their total square footages – Valley Mall and Fountainhead Plaza. Valley Mall is in the process of adding a total of 3 exterior-facing restaurants, and Fountainhead Plaza reduced its retail space with the demolition of a former grocery anchor space and addition of a separate office building.

Table 4 shows the number of units in each shopping center that are occupied and vacant.

Table 4: Major Retail Shopping Centers within the MRGA (Units)

Map #	Shopping Center Name	Location	Total Area (Sq. Ft.)	Shopping Center Units		
				Total Units	Units Occupied	Units Vacant
14	Crosspoint Shopping Center	Cole Road	348,367	19	18	1
4	Fountainhead Plaza	Pennsylvania Avenue	61,619 ¹	10	9	1
23	Foxshire Plaza	Dual Highway	47,083	20	14	6
2	Hagerstown Towne Square	North Pointe Drive	103,914	12	10	2
3	North Pointe Shopping Center	North Pointe Drive	60,613	8	4	4
1	North Village Shopping Center	Longmeadow Road & Pennsylvania Avenue	68,710	11	4	7
18	Premium Outlets	Sharpsburg Pike	517,800	102	100	2
19	South Pointe Centre	E. Oak Ridge Drive	79,135	27	25	2
15	Old Orchard Centre	Virginia Ave & Halfway Blvd	52,905	10	9	1
13	Valley Mall	Halfway Boulevard	917,233 ²	99	92	7
11	Valley Plaza	Massey Boulevard	196,127	7	7	0
Totals			2,453,506	325	292	33

¹ Demolition of a former grocery anchor occurred in 2012 and a separate 55,000 +/- square foot office building was constructed in its place. Total area does not account for the new office building.

² Construction occurred in 2012-2013 for 3 exterior-facing restaurants in the Valley Mall

Source: Hagerstown Planning & Code Administration Division

While the overall occupancy rate in terms of square footage for shopping centers outside the City was around 95.5% for 2013, the overall occupancy rate by number of units is lower at about 89.5% for the same period.



Overall Occupancy

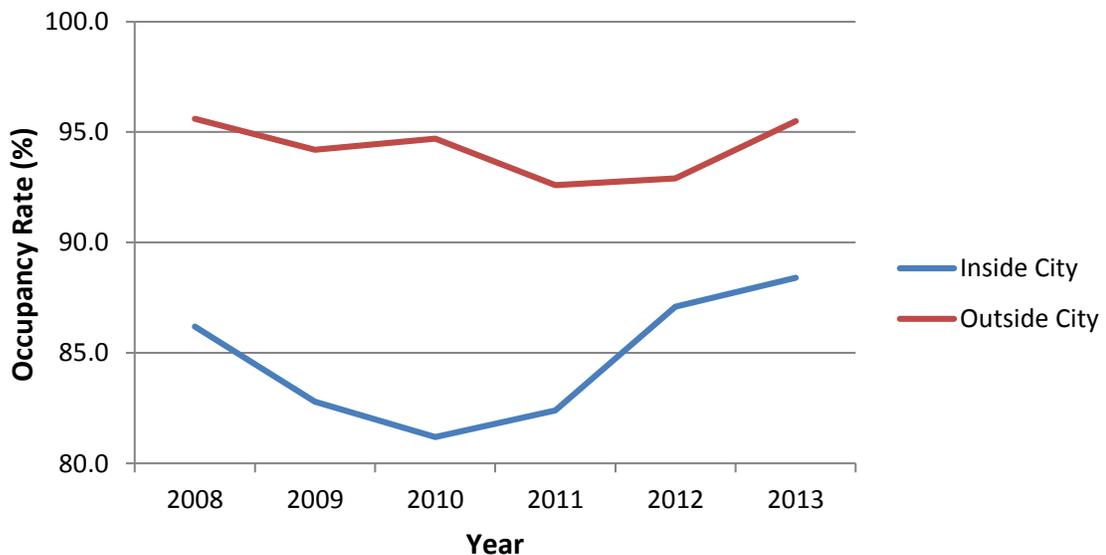
Table 5 shows the total and occupied square footages and rates in 2013 for all the shopping centers in the City of Hagerstown and the MRGA identified in Tables 1 and 3.

Table 5: Retail Space of all Shopping Centers in Study Area, 2013

Shopping Center Study Area	Total Retail Space Area (Square Feet)	Retail Space Occupied (Sq. Ft.)	Occupancy Rate
City of Hagerstown	2,630,758	2,324,815	88.4%
Washington County (Outside the City but within the MRGA)	2,453,506	2,342,819	95.5%
Totals	5,077,448	4,667,634	91.9%

Figure 1 shows the occupancy levels of both study areas in the period from 2008 to 2013.

Figure 1



Statistics & Trends

- ◆ The overall occupancy rate for all shopping centers in the study area is 91.9%, or 4,667,634 square feet, for 2013. This is a net increase in the overall occupancy rate from the rate of 87.3%, or 4,607,931 square feet, in 2012.
- ◆ **Figure 1** shows that shopping center occupancy in the City has returned to and even exceeded its 2008 levels, having bottomed out in 2010. While the occupancy level of centers outside the City have been higher overall it is still down from when this annual study began in 2008.

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 10 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 6 lists those shopping centers by the performance factors outlined above and shows the rate of change in occupancy from 2012.

Table 6: Performance Factors for Shopping Centers

Performance Factor	Shopping Centers Included	Retail Space Occupied (Square Feet)		Rate of Change
		2012	2013	
Optimally Sited	Center at Antietam Creek, Centre at Hagerstown, Hagerstown Commons, Premium Outlets, Valley Mall, Valley Park Commons, & Valley Plaza, & Former Furniture & More Shopping Center	3,050,541	3,086,075	+1.2%
Recently Constructed	Crosspoint Shopping Center, Hagerstown Towne Square, North Pointe Shopping Center, Shoppes at Hagerstown, Stone House Square, & South Pointe Centre	892,563	906,775	+1.6%
Management Issues	Longmeadow Shopping Center	105,939	108,739	+2.6%
Site Issues	Former Nichols Shopping Center, Fountainhead Plaza, Former Giant Eagle Shopping Center, & South End Shopping Center, Former Ames Shopping Center, Kenly Square Shopping Center, Foxshire Shopping Center, North Village Shopping Center, Old Orchard Centre	558,888	566,045	+1.3%

Statistics & Trends

- ◆ All performance factors saw increases in occupancy since 2013. The large increases in occupancy were shopping centers in the “Management Issues” and “Recently Constructed”, 2.6% and 1.6%, respectively. The value of rents could be a factor of these increases.
- ◆ Challenges in gaining occupancy for centers in the “Recently Constructed” category could be due to higher lease rates.

Conclusion

The overall rate of nearly 92% for the major retail shopping centers in the greater Hagerstown area in 2013 represents the third consecutive year of gains in occupancy since 2008. The gains in occupancy continued to build on the successes from 2012. Some shopping centers, including Valley Mall and Former Ames Shopping Center, are increasing occupancy through development of exterior-accessed businesses and development of outparcels, respectively. It is that existing centers will slowly be reoccupied as the economy improves and the fact that there is few new major retail centers being planned for the greater Hagerstown area at present.



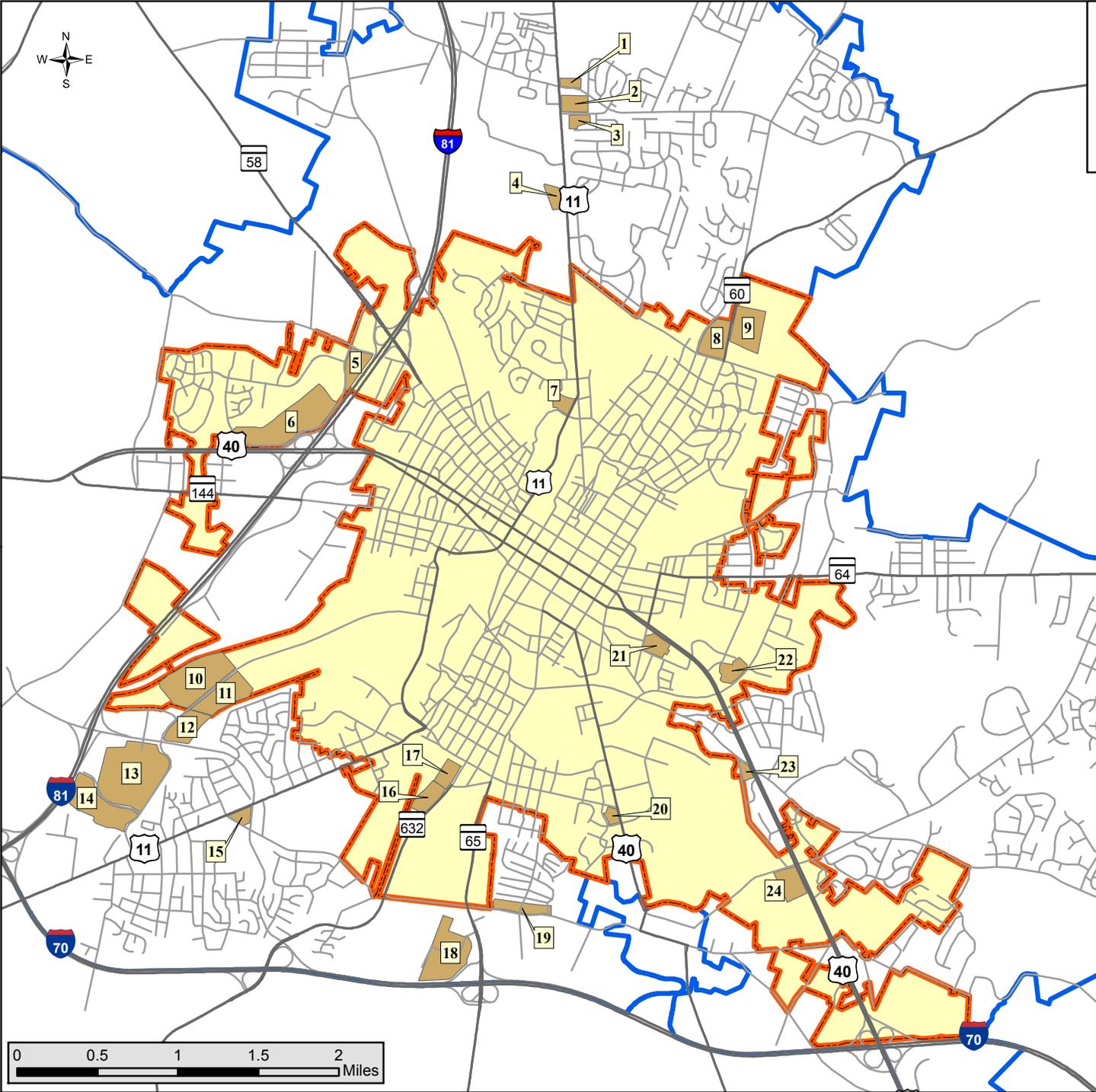
Map 1: Location of Major Retail Shopping Centers

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	Former Nichols 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, 10/25/13
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