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Market Comments for:

The Gentilly Town Center Retail Concept

**The Unified New Orleans Plan
(UNOP)**

By:

**Economics Research Associates
(ERA)**

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Introduction

Economics Research Associates (ERA) was retained to evaluate an initial retail concept in the Gentilly area of New Orleans as part of the Unified New Orleans Plan (UNOP) process. The concept is that of a retail oriented town center at the Gentilly Boulevard and Elysian Fields intersection. The goal would be to create a more vibrant hub and gateway for the area neighborhood.

Town center concepts are not new and are a common template for “New Urbanist” developments. As noted later in this report, well planned town centers can act as community anchors, and provide vital services and goods, as well as provide public goods to the surrounding community – a community asset from which non-financial benefits can be derived. From an implementation and market perspective, there are a few obstacles to be overcome and issues to be resolved before the concept can become a reality.

In general, this particular development would be perceived as much more risky than most developers are typically comfortable with. Main reasons for this include: 1) the continued, significant uncertainty relating to the city and neighborhood environs, 2) such developments are more costly to build than other retail developments (as they are often of higher quality and include streetscaping and other components which contribute directly to financial costs but not directly to revenues), 3) the elevated costs to construct require a higher expected rate of return by developers, 4) the necessity of achieving higher sales per sq. ft. because it is the primary driving factor for rent (i.e. return for developer/ landowner), and 5) the likely difficulty of obtaining national tenancing commitments for the area in the near future. As a result of these and other considerations, the proposed development is likely to be a complex undertaking, and given the uncertainty of the marketplace, should probably be phased.

The designation of a public/ community based organization to acquire land (or potentially joint venture to acquire property) and financially contribute to the process is a central element of an implementation process. The concept calls for redevelopment of a property which is owned by a company without the capacity or commitment to enable the development program. Reportedly some \$9 million is being sought by the current landowner (which may be a high value for the site) and some entity may need to acquire the property from the current owner. Additionally, infrastructure alterations – such as moving and upgrading some roads – will likely need to be financed through a public/ community entity or organization.

ERA’s main recommendations include:

- Designate a public/ community based entity (existing or new) to be the custodian, champion, and authority of the town center concept. The entity would be responsible for planning the development and related infrastructure, site acquisition or acting as part of a joint venture group, and potentially other financial contributions to the project;
- Phase the Town Center concept with between 70,000 and 100,000 sq. ft. of retail in the early stage (opening December 2008) focused on neighborhood and community oriented retail. However, if a developer agrees to develop the entire concept in an early phase, the idea should be entertained (though we do not anticipate this will happen given the uncertainty of the situation);
- Plan to have the city/ neighborhood shoulder the costs of:



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- Infrastructure changes and improvements;
- Land acquisition;
- Demolition of selected buildings/ structures;
- Take the concept to several developers via an RFP to gauge interest. Allow developers to alter elements of the proposed development to include different sizing and use mixes;
- Begin early stages of detailed market research and financial analysis, infrastructure planning/ changes, and land acquisition;
- Make clear to potential private partners (developers) that the steering group will work to secure favorable GO Zone terms (including a GO Zone bond), and will support later use of public/ private financing (perhaps TIF) for the complete buildout.

In any event, the development is likely to require significant subsidy in the immediate term to bring the project to fruition. The potential for another phase including larger retail and entertainment development is possible at a later date after infrastructure improvements have been made, and the redevelopment process has a greater track record. Nevertheless, the initial steps outlined can help to progress towards the intended concept and related goals.

Next, ERA outlines two potential scenarios through which the development can be brought closer to implementation. Both require the designation of a managing entity as well as up-front financial costs, though one is more aggressive in the development process than the other. ERA notes that continued market research and financial estimates will be needed as the process progresses. We reiterate that if a developer agrees to develop the entire concept in an early phase, the idea should be entertained (though we do not anticipate this will happen given the uncertainty of the situation and market conditions). The two scenarios are given next.

Scenario 1

Designate an **entity as a vehicle for early stage subsidy**. The entity would need resources for market research and financial planning, land acquisition, infrastructure alterations, and demolition costs. The entity would need to begin implementing these tasks as soon as is possible, and solicit developers' proposals for repositioning the site as part of a public/ private venture.

Scenario 2

Designate an **entity that could be a Community Development Corporation (CDC) as the primary investor of the proposed project**. In addition to the financial resources of the entity under Scenario 1 – market research and financial planning, land acquisition, infrastructure alterations, and demolition costs – this entity would need the additional financial capacity to actually fund the construction of the new town center. The entity would solicit proposals for an operator of the retail component, and potentially other components that are eventually developed.



Gentilly Retail

Gentilly is a neighborhood with a distinct population and culture. It is a uniquely diverse community encompassing a large range of races, backgrounds, and income levels. According to U.S. Census data from 2000, Gentilly was home to 44,133 people prior to Katrina, or some 17,205 households. The average persons per household had been roughly 2.6, which is very close to the national average of 2.59, indicating a normal household size. Median household income in the area was \$37,996, significantly higher than the city-wide 2000 median household income of \$31,207. Residents in Gentilly also had a high level of disposable income. The neighborhood had a high rate of owner-occupied housing, with 12,321 owner-occupied units, or 72%, of the 17,162 total occupied housing units. The national average was only 66.2% of housing occupied by owners, and the local average was 46.5%.

Pre-Katrina Retail Status

According to U.N.O.'s Real Estate Market Analysis, Gentilly did not house any Class A retail space. UNO defines Class A space as "superior, open-air retail facility, usually over 100,000 square feet with a national anchor tenant". None of the retail in the area would qualify under ULI's (Urban Land Institute) Regional or Super Regional Shopping Center Classifications, either. Instead, the majority of retail space in Gentilly was ageing and neighborhood service oriented (i.e. little or no national tenant presence). The area was home to several older strip malls and low-end retail spaces. Even pre-Katrina, there was an identified need for an upgrade of the 638,892 square feet of total available retail space in Gentilly.

Geographically, much of the available space in Gentilly pre-Katrina was concentrated in a few areas. The most central retail area was located at the intersection of Elysian Fields Avenue and Gentilly Blvd (which will be discussed further in the next section). This shopping concentration was home to a variety of locally-owned businesses including hair and nail salons, a dollar store, gas stations, bank branches, fast food outlets, etc. The major national stores were Radio Shack, Blockbuster, and Walgreens. There was also a Zuppardo's grocery store, which had been located in the area for decades. The center was noticeably run-down in appearance, but it was still an extremely important part of the culture and daily life in Gentilly. According to The Times-Picayune, over 28,000 cars drove past the shopping complex each day in 2004.

Another significant pre-Katrina retail area in Gentilly was located on Elysian Fields Avenue between Robert E. Lee and Leon C. Simon Boulevard. This section of the neighborhood housed businesses similar to the ones listed above. However, in this case, the average condition and appearance of the buildings was comparatively better. Along the commercial strip, there were gas stations, fast food, bank branches, a grocery store, a Walgreens, and a few small offices. The area was frequented by the many students in the vicinity from The University of New Orleans and Ben Franklin High School. In addition, there was a substantial population of middle (and some high) income residents in the surrounding neighborhood.

Not far from the aforementioned shopping area was another retail complex of somewhat higher quality. This was located at the intersection of Paris Avenue and Robert E. Lee. The shopping center contained a coffee shop, hardware store, and some office space. There were two gas stations-one on either side of Paris Avenue. The immediately surrounding neighborhood



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consisted of upper-middle class residents and students. The buildings and stores in this conglomeration were in good condition and more aesthetically appealing than the two previously described complexes.

There was another shopping center at Leon C. Simon Boulevard and Franklin Avenue, across the street from U.N.O.'s Lakefront Arena. This center housed a Save-A-Center as its major anchor tenant. Surrounding the grocery store were a number of national chains such as Subway, Smoothie King, and Kinko's. The complex was surrounded to the north by an upper-middle income area and to the south by middle income households. It was reportedly in good condition before Katrina.

Besides the areas described previously, there were a number of freestanding retail stores in the Gentilly area (mostly restaurants), as well as smaller complexes, and The Gentilly Woods Shopping Center. The Gentilly Woods Shopping Center was one of the first of its kind in New Orleans. It housed 190,000 square feet of retail space. Once a prominent commercial area, the center had been in decline prior to Hurricane Katrina, especially since the opening of major retail developments in New Orleans East and elsewhere. However, it was still a substantial area, housing a Piccadilly restaurant and two dozen other leaseholders on its 12-acre site.

Post-Katrina Observations

Katrina devastated Gentilly and wiped out nearly all of the area's residential and commercial infrastructure. The destruction was almost total, save for a few lucky residents on the Gentilly ridge and even fewer living very close to Lake Pontchartrain. Of the available occupied housing stock, only 6% had less than 2 feet of flooding, and a significant 81.5% had 4 feet of flooding or more. Gentilly's residents (like many others in the city) were scattered across the country and few have been able to return. The post-Katrina population for Gentilly is estimated at only 24% of the pre-Katrina number. Nonetheless, Gentilly residents have indicated a strong desire to return to their homes when possible, as shown by the neighborhood estimates shown on the following page. Based on data collected for the UNOP process, ERA uses a current repopulation figure to estimate of 54 percent by 2011, reflecting the severity of the neighborhood flood damage. This figure is later used to estimate potentially supportable retail space over the next five years.

Gentilly Neighborhood Survey



Gentilly Neighborhood Survey		
Residents	Number	Percent
Coming Back	586	80.1%
Not Coming Back	31	4.2%
Unlikely To Come Back	115	15.7%
Total	732	100.0%

Data Sources:
 CUIPA GIS Database
<http://atlas.lsu.edu/>
 GNOCDC
 Regional Planning Commission
 Orleans Parish Communication District

Legend

Residents
 Coming Back
 Not Coming Back
 Unlikely To Come Back

Roads
 Highway
 Major Road
 Minor Road
 Freeway
 Water
 Pipeline

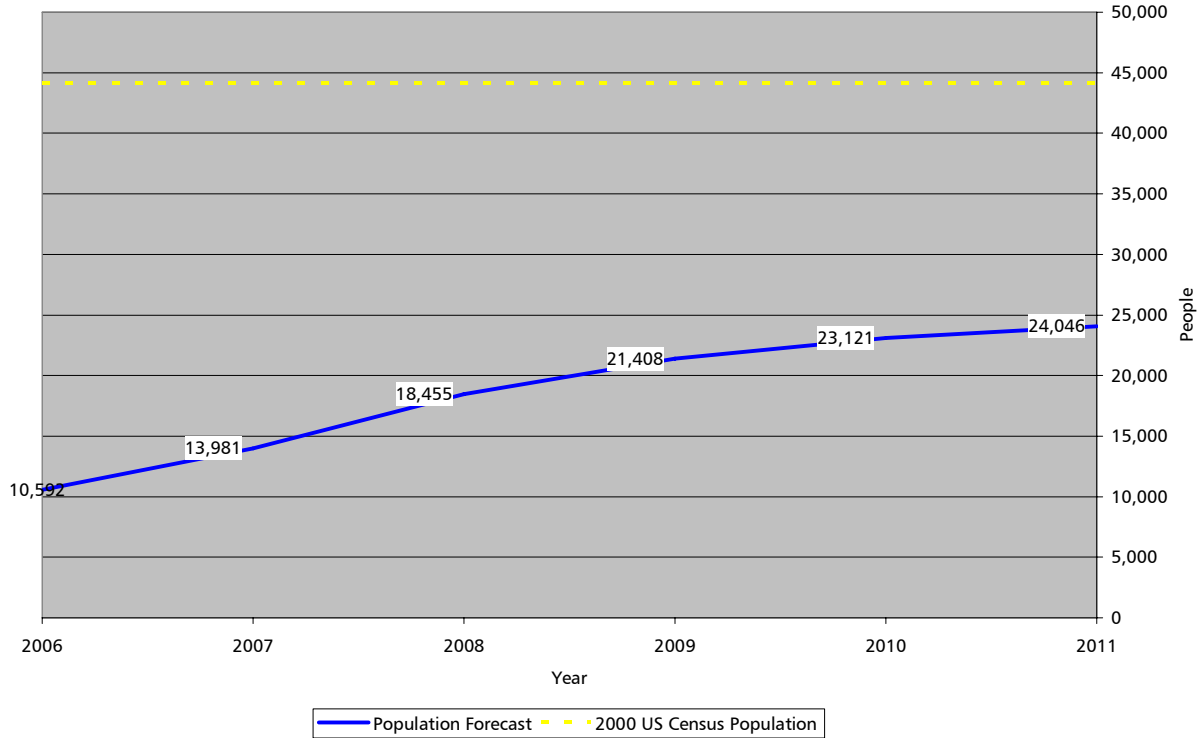
LAND USE
 Commercial
 Institutional
 Residential
 Public
 Industrial
 Single-Family
 Multi-Family

THE UNIVERSITY OF NEW ORLEANS

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Gentilly Population Forecast



In the aggregate, as of May 2006 Gentilly businesses occupied retail space was roughly 11.7% of pre-Katrina status, or a dismal 75,000 operating square feet, according to U.N.O. research. Most of the shopping complexes are nearly empty, save for one or two stores. In general, the stores that have re-opened target the necessities of the few residents who have returned to the area and the booming number of construction workers who work in Gentilly now. These few stores, informally, indicated to ERA that they are experiencing decent sales at or near pre-Katrina levels. Based on these and other observations, Gibbs Planning Group has estimated that based on pre-Katrina estimates, Gentilly could have had the opportunity to attract up to 276,000 square feet of new (post-Katrina) retail development. This square footage could potentially have resulted in around \$81 million in annual sales, according to Gibbs. Targeted new retail stores would include apparel, department stores, electronics, grocery, and restaurants.

The shopping area at Gentilly Boulevard and Elysian Fields Avenue has a few stores open, around one-third of the pre-Katrina amount according to The Times-Picayune. The major damage to the complex was caused by looting, not wind or water. The largest open store is the Family Dollar depicted below, which has reported brisk business since re-opening June 29. However, many of the complex's previous tenants will not reopen in their previous location. This includes Blockbuster, McDonald's, Walgreens, and myriad others. The complex is owned by Texas-based Gentilly LLC, who has not listed it for sale but would reportedly entertain offers. Gentilly LLC maintains that they are primarily focused on allowing previous tenants to return, a goal that does not seem in line with either the plans of the previous tenants or the desires of the neighborhood and community.



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Gentilly residents have generally supported the idea of redeveloping Gentilly Blvd and Elysian Fields shopping area. This desire has been supported by noted urban planner Andres Duany who has proposed a number of ideas for the area. Mr. Duany envisions a 24-hour town center surrounded by “quality retail”. The plans include a town square as a “front door” for Gentilly. In addition, residential units could be built above and around the retail spaces – a standard “New Urbanist” template for development.

One thriving retail area in Gentilly is the complex anchored by Save-A-Center on Leon C. Simon Boulevard. This shopping area was relatively untouched by the hurricane. Many of the previous tenants have re-opened their stores including national franchises such as Subway and Smoothie King, and the stores here have reported sales between 60 and 90 percent of their pre-Katrina levels. There is some vacancy in the complex, but not nearly as much as others in the area. We expect this shopping center to thrive in the near-term, as the surrounding population slowly returns.

On the other hand, the retail center at the intersection of Robert E. Lee and Paris Avenue is vacant, with very little activity. All of the stores in the complex remain closed at the present time. The same is true for the Elysian Fields Ave. and Robert E. Lee area, with the exception of the Walgreens store. In addition, the Gentilly Woods Shopping Center is closed and for sale at the present time.



Proposed Town Center Retail Concept

As the Gentilly planning process has evolved, the concept of a Gentilly Town Center was proposed, and recommended as one of four primary infrastructure recommendations. The concept would involve reshaping the Gentilly Boulevard and Elysian Fields intersection into a more vibrant hub and gateway for the area neighborhood. The project would also help to remedy an historical problem in the neighborhood, namely, poorly devised streetscape and retail not well aligned to neighborhood needs nearby the intersection.

Town Center concepts are not new per se, though they have been more visible in “New Urbanist” planning techniques over the last several years. Well planned town centers can act as community anchors, and provide vital services and goods, as well as provide public goods to the surrounding community – a community asset from which non-financial benefits can be derived. From an implementation and market perspective, there are a few obstacles to be overcome and issues to be resolved before the concept can become a reality.

With respect to the underlying markets which support these developments there are some commonalities – typically, the surrounding resident base is wealthier than other area population centers, the centers achieve significant sales per sq. ft. premiums as compared to average area shopping centers, the developments often have a greater amount of entertainment and dining options than standard retail developments, and retail tenants are often specialty mid-to-high end retailers. The ability to achieve higher than average sales per sq. ft. is an important attribute of town center retail for three main reasons: 1) such developments are more costly to build than other retail developments (as they are often of higher quality and include streetscaping and other components which contribute directly to financial costs but not directly to revenues), 2) the elevated costs to construct require a higher expected rate of return by developers, and 3) the necessity of achieving higher sales per sq. ft. is important because it is the primary driving factor for rent (i.e. return for developer/ landowner). And so, without the ability to achieve higher than average sales per sq. ft., developers are unlikely to shoulder the increased expense of developing such town centers.

It is important to note is the fact that not all tenants can generate elevated sales per sq. ft. National retailers (clothing and electronics especially) and restaurants, some select local retailers and restaurants, and national/ international specialty retailers are generally the most likely tenants with the ability to produce above-par sales on a per sq. ft. basis. For retailers and restaurants from outside of New Orleans, making a decision to move into the city (or expand current presence) is unlikely over the next few years for three primary reasons:

- Given the uncertainty of the local situation regarding the level and rate of repopulation, as well as the area’s household income distribution, it will likely be difficult to encourage large, national retailers to expand to the site over the next several years – as these are important variables for consideration;
- This fact is exacerbated by the tendency of national retailers to tenant either large regional or super regional malls in Jefferson Parish, or in Canal Place or other tourist corridors;
- This is further complicated by the fact that many retailers have expanded their presence in Baton Rouge post-Katrina, and may not want to extend their brands further in southern Louisiana.



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Thus, it is likely the case that tenanting the proposed facility with retailers common to such developments (namely, well-known, national retailers) will be a difficult issue to overcome for the next several years. As a result, early phases of the development should NOT include all of the potential retail area which could be achieved in later years.

Early phases of retail development should likely be geared towards neighborhood services, convenience retail, grocery, and perhaps home furnishings (mainly middle-market retail price points). A later phase could be more oriented towards significant national retail tenanting. However, ERA notes that should a developer express interest in developing all spaces in a near-term phase 1, the idea should be entertained (though we do not anticipate that this will happen). We do suggest that the project move towards an RFP to gauge potential developer interest in the concept and site once public financial support is in place. Solicited developers should include local and regional ones, as well as larger national developers with experience in town center/ lifestyle center/ mixed use/ retail oriented projects. Specific emphasis should be given to the prospects of tenanting the development.

Evaluation of Initial Development Scale

ERA has made some preliminary retail estimates with regards to the proposed concept, though we note that this is simply an initial finding, and the concept should be studied further and in greater detail – which is beyond ERA’s scope in this project. No guarantees or warranties are made regarding these preliminary estimates.

Given ERA’s previously stated assumption that national tenants are unlikely to find the area attractive for several years, ERA has estimated potentially supportable neighborhood retail in terms of square feet, as well as potential developer considerations. Primary assumptions include:

- No national high end or specialty tenants until after 2011;
- A neighborhood oriented retail concept;
- A Gently trade area excluding other neighborhoods and parts of the city;
- Repopulation of 54 percent by 2011;
- Household income characteristics similar to pre-Katrina;
- Sales per sq. ft. consistent with a neighborhood market in the southeast;
- Site penetration of 25 – 30 percent for competitive goods.

These assumptions result in 40,000 – 50,000 sq. ft. of supportable sq. ft. in the near term, and closer to 70,000 – 100,000 sq. ft. of retail area assuming an opening of two years from now (December 2008). By December 2011, initial estimates of supportable space are in the area of 100,000 – 140,000 sq. ft.



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Site Retail Potential - Near Term

Year	2006	2007	2008	2009	2010	2011	
Key Metrics							
Households	4,074	5,377	7,098	8,234	8,893	9,248	
Household Income	\$38,000	\$39,140	\$40,314	\$41,524	\$42,769	\$44,052	
Retail Sales (% of HH Income)	50%	\$19,000	\$19,570	\$20,157	\$20,762	\$21,385	\$22,026

Retail Estimates							
Aggregate Market Size		\$77,406,000	\$105,227,890	\$143,075,096	\$170,952,768	\$190,173,847	\$203,698,366
Itemized Retail Estimates	% of Spend						
Apparel	14.32%	\$11,084,539	\$15,068,634	\$20,488,354	\$24,480,436	\$27,232,895	\$29,169,606
Entertainment	13.71%	\$10,612,363	\$14,426,744	\$19,615,596	\$23,437,625	\$26,072,834	\$27,927,046
In Home F&B	24.75%	\$19,157,985	\$26,043,903	\$35,411,086	\$42,310,810	\$47,068,027	\$50,415,346
Out of Home F&B	17.92%	\$13,871,155	\$18,856,838	\$25,639,057	\$30,634,736	\$34,079,153	\$36,502,747
Furnishings And Equipment	10.33%	\$7,996,040	\$10,870,041	\$14,779,657	\$17,659,421	\$19,644,958	\$21,042,041
Gifts	7.78%	\$6,022,187	\$8,186,730	\$11,131,242	\$13,300,125	\$14,795,525	\$15,847,733
Miscellaneous Expenses	2.96%	\$2,291,218	\$3,114,746	\$4,235,023	\$5,060,202	\$5,629,146	\$6,029,472
Personal Care	4.43%	\$3,429,086	\$4,661,596	\$6,338,227	\$7,573,208	\$8,424,701	\$9,023,838
Reading	1.39%	\$1,075,943	\$1,462,668	\$1,988,744	\$2,376,243	\$2,643,416	\$2,831,407
Tobacco	2.41%	\$1,865,485	\$2,535,992	\$3,448,110	\$4,119,962	\$4,583,190	\$4,909,131

Site Goods (Phase 1 - Neighborhood Oriented)							
In Home F&B		\$19,157,985	\$26,043,903	\$35,411,086	\$42,310,810	\$47,068,027	\$50,415,346
Out of Home F&B		\$13,871,155	\$18,856,838	\$25,639,057	\$30,634,736	\$34,079,153	\$36,502,747
Furnishings And Equipment		\$7,996,040	\$10,870,041	\$14,779,657	\$17,659,421	\$19,644,958	\$21,042,041
Personal Care		\$3,429,086	\$4,661,596	\$6,338,227	\$7,573,208	\$8,424,701	\$9,023,838
Tobacco		\$1,865,485	\$2,535,992	\$3,448,110	\$4,119,962	\$4,583,190	\$4,909,131
Available Market Size		\$46,319,750	\$62,968,369	\$85,616,137	\$102,298,137	\$113,800,030	\$121,893,102



Site Potential

		Neighborhood Oriented Retail					
		<u>Penetration</u>					
High	30%	\$13,895,925	\$18,890,511	\$25,684,841	\$30,689,441	\$34,140,009	\$36,567,931
Low	25%	\$11,579,938	\$15,742,092	\$21,404,034	\$25,574,534	\$28,450,008	\$30,473,276
Potentially Supportable Sq. Ft.		<u>Sales PSF</u>			Sq. Ft.		
High	\$260	53,446	72,656	98,788	118,036	131,308	140,646
Low	\$290	39,931	54,283	73,807	88,188	98,103	105,080
National Retail Tenants							
Potential Unknown							

		Developer Financial Considerations					
		2006	2007	2008	2009	2010	2011
Potential Rent Revenue	% of Gross Rev.						
High	8%	\$1,111,674	\$1,511,241	\$2,054,787	\$2,455,155	\$2,731,201	\$2,925,434
Low	7%	\$810,596	\$1,101,946	\$1,498,282	\$1,790,217	\$1,991,501	\$2,133,129
Operator's Net Income*	% of Rev.						
High	85%	\$944,923	\$1,284,555	\$1,746,569	\$2,086,882	\$2,321,521	\$2,486,619
Low	80%	\$648,477	\$881,557	\$1,198,626	\$1,432,174	\$1,593,200	\$1,706,503
Supportable Debt (Before IRR)**							
High		\$13,048,935	\$17,739,089	\$24,119,289	\$28,818,846	\$32,059,094	\$34,339,028
Low		\$8,955,152	\$12,173,885	\$16,552,453	\$19,777,640	\$22,001,339	\$23,566,000

* Assuming expenses are pass-through

** Before IRR, assuming a debt-coverage ratio of 1.6 and GO Zone bond terms, and assuming NI = 7.2% of total bond



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Assuming a cost to build of \$150+ per sq. ft. – which is possible given roughly 35 percent post-Katrina inflation – a developer could likely support this much space **if**:

- Infrastructure improvements and changes are carried by someone other than the developer;
- The land is given to the developer free of charge;
- Costs to demolish existing structures are borne by someone other than the developer;
- The developer receives favorable GO Zone financing terms (bond and/or accelerated depreciation).

These assumptions would require a high level of commitment by the local governing agency/agencies, as this could potentially be a substantial infrastructure and land subsidy (roads, plus land, plus demolition, etc.). Land and roads alone could cost perhaps \$20 million in the very near term. The potential for another phase including larger retail and entertainment development is possible at a later date after infrastructure improvements have been made, and the redevelopment process has a greater track record. Nevertheless, the initial steps outlined can help to progress towards the intended concept and related goals.



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Appendix

Southern Retail Trends

Regional trends are general data pulled from Dollars and Cents (a retail trade publication) for the Southeastern area of the U.S. The 2006 version of this publication has not been released as of yet, so ERA uses the 2004 (most recent) publication.

Southern Region

The Urban Land Institute – ULI, a well-known, nonprofit land use research institute, classifies standard shopping centers into five distinct categories: Convenience, Neighborhood, Community, Regional, and Super Regional. These categories form the backbone of their benchmark Dollars and Cents of Shopping Centers publication that analyzes and presents standards for shopping center in the United States. These figures are used by ERA to form the retail estimates presented in this appendix. The definitions are presented next.

Urban Land Institute – ULI Shopping Center Classifications

- **Convenience Centers** typically sell the same types of goods found in a Neighborhood Center. Containing a minimum of three stores and anchored by a personal/convenience service such as a quickie mart, total GLA for this classification is up to 30,000 square feet;
- **Neighborhood Centers** sell convenience goods, such as food, drugs, and sundries and personal services like laundry and dry cleaning, shoe repair and haircuts. Usually anchored by a supermarket, these centers provide for the day-to-day living needs of the immediate neighborhood with a total GLA of about 60,000 square feet. Size of this classification may range from 30,000 to 100,000 square feet;
- **Community Centers**, in addition personal/convenience items, deals in clothing and hardware/appliances. Centers of this classification are built around a junior department store, variety store, super-drugstore or discount drugstore in addition to a supermarket with a total GLA around 150,000. Total GLA of this center class is from 100,000 to 500,000+ square feet;
- **Regional Centers** provide general merchandise such as clothes, furniture along with services typical of a business district and possible recreational facilities. Anchors here are one or two full-line department stores of 50,000 square feet or more with a total GLA typically in the 500,000 square foot range. Size of Regional Centers goes from 250,000 to 900,000 square feet;
- **Super Regional Centers** have an extensive variety of offerings along the lines of those in a Regional Center. Centered around three or more full-line department stores greater than 75,000 square feet in area, the typical GLA of a Super Regional Center is about 1,000,000 square feet. Centers in this category range have from 500,000 to 1,500,000+ square feet in gross leasable area.

Shopping centers in the regional, Southern market are shown next. Grouped by their ULI designations, shopping centers increase in size from Convenience Centers to the Super Regional.



Statistics for both average and median gross lease-able area, sales per square foot, and average rent per square foot for Southern shopping centers are presented in following tables.

Not surprisingly, sales per sq. ft. tend to decline as gross area increases – showing the difficulty in maintaining high per sq. ft. sales over a much larger retail area. This trend holds for all but Super Regional shopping centers, which tend to have significant drawing power and can pull retail sales from a greater distance than other more locally oriented retail centers. The range from one retail center to the next can be significant as indicated in the variance of rent ranges in the following table.

Southern Shopping Centers - Average Size, Sales, Rent

Center Type	GLA (Square Feet)	Sales /sq. ft.	Avg. Rent / sq. ft.	Rent Range	
Convenience	17,239	--	9.39	5.63	18.56
Neighborhood	59,005	\$262.82	7.76	4.05	12.56
Community	169,066	\$226.20	7.92	2.84	15.81
Regional	491,889	\$151.49	14.23	8.75	27.99
Super Regional	1,024,778	\$188.11	24.10	13.48	42.47

Source: ULI- Urban Land Institute, 2004 Dollars & Cents of Shopping Centers

Average figures for Southern shopping centers are largely consistent with the median figures shown in the following table. These 2004 figures indicate the wide variance in sales that shopping centers can experience and are likely to have inflated somewhat. Older shopping centers in lower income, less densely populated areas would generally fall within the lower end of this range, and the opposite could be true for newer centers in high income areas with a dense population base.

Southern Shopping Centers - Median Size, Sales, Rent

Center Type	GLA (Square Feet)	Sales /sq. ft.	Rent / sq. ft.
Convenience	18,264	--	9.33
Neighborhood	57,338	\$270.62	7.77
Community	155,212	\$229.26	7.41
Regional	538,514	164.59	14.02
Super Regional	1,088,242	193.68	24.47

Source: ULI- Urban Land Institute, 2004 Dollars & Cents of Shopping Centers