



AMARILLO, TEXAS RETAIL MARKET SURVEY OCTOBER 2017

Introduction:

This is the thirty-first annual survey of multiple-tenant retail properties 10,000 square feet or larger conducted by **Coldwell Banker Commercial First Equity, Realtors**. This survey is for use by real estate professionals including brokers, appraisers, lenders, property managers, property owners, and investors in their evaluation of the Amarillo retail market. It is not intended for consumer use and, therefore, contains no consumer-related disclosures and/or disclaimers. Careful attention has been paid to methods of collection and verification of the data contained in this survey and the comments and conclusions drawn thereon. However, Justin Kite CCIM, and Coldwell Banker Commercial First Equity, Realtors make no representations and/or warranties with respect to the data, comments, or projections contained in the survey. All of the data collected for this survey is subject to change without notice.

Scope:

The survey was conducted during early October 2017. Justin Kite CCIM, retail specialist, with Coldwell Banker Commercial First Equity, Realtors contacted owners, leasing agents and property management companies directly, in person or by telephone. All of the properties were personally inspected in order to verify occupancy.

Findings: Occupancy

The overall retail occupancy rate in Amarillo is 93% with 238,450 vacant square feet available for lease, but that doesn't tell the whole story as we break the market into two distinct products; (1) Westgate Mall as the only true enclosed retail shopping venue in Amarillo, and (2) all other retail space which is commonly referred to as "open air" or "retail strip" space.

- Westgate Mall – 99% occupied
- Open air retail space – 91% occupied

Total vacant square footage in the Amarillo retail market is the lowest amount previously recorded in this annual survey. However, comparisons to vacancy totals from surveys past are skewed because of properties being removed from the survey due to changes in use; that is, from traditional retail tenants to uses such as office, service, church, and education-type tenants. Bottom line, the Amarillo retail market remains tight from an occupancy rate perspective, especially Class A space, challenging both tenants and their broker-reps.

Findings: Rental Rates

Because of the diversity of condition, age, location, and management of the retail property inventory, it is difficult to quantify a precise percentage of change in retail rental rates. Rental rates have increased across the entire Amarillo retail market over the past twelve months. Rates in Class A centers range from \$21.00 to \$30.00/sf NNN. Class B centers range from \$15.00 to \$20.00/sf NNN. Class C centers have rents less than \$14.00/sf NNN.

2017 Outlook:

National and regional tenants interest in the Amarillo retail market is a very high level. That interest spans the entire spectrum of the retail market including fast food, fast casual food, full service restaurants, traditional soft goods retailers, and big boxes. National and regional tenants prefer Class A space near Interstate 40. However, little, if any, Class A is currently available. Additionally, there are currently no Class A projects in the works for the I-40/Soncy corridor.

Development activity in Amarillo over the past two years has been focused on smaller, neighborhood locations that often include an owner-occupant in the tenant mix along with no national or regional tenants. The total square footage developed in these projects is 56,556 square feet with 33% of the space occupied. These small neighborhood centers are not included in the overall market numbers.

The I-40/Georgia to 26th Street corridor remains a desired location for national and regional tenants. Multiple offers to lease the former Hastings and Ruby Tequila's were received by landlords. Crunch Time Fitness is now open in the former Hastings location and renovation of the former Ruby Tequila's is underway for Georgia Street Tap House. Additionally, the major renovations of The Shops at Woflin Square (formerly Woflin Square) and Woflin Village are complete with national and regional tenants including DXL, Jimmy's Egg, and Jason's Deli either open or scheduled to open in early 2018.

Based on the current activity level and limited amount of new space coming to the market in 2018, retail landlords should expect even tighter occupancies throughout 2018 and into 2019.

Summary

<u>Market Area</u>	<u>Total Square Feet</u>	<u>Occupied Square Feet</u>	<u>Percent Occupied</u>	<u>Vacant Square Feet</u>
Southwest	3,554,768	3,316,318	93%	238,450
Open Air Centers	2,668,229	2,438,644	91%	229,585
Mall Properties	886,539	877,674	99%	8,865
Southeast	196,819	187,455	95%	9,364
Northwest	26,400	26,400	100%	0
Northeast	144,844	116,803	81%	28,041
TOTAL	3,922,831	3,646,976	93%	275,855