

Retail Newsletter



SECOND QUARTER 2011 > CENTRAL VALLEY, CA



QUARTERLY REVIEW

“Things do not change; we change.”

Henry David Thoreau

The first quarter of 2011 started slowly, yet optimistically. For the first time in two and a half years we are beginning to see national tenants considering opening new locations in the Central Valley, something that has been non-existent since mid-2008. The Central Valley has seen big and mid-box vacancies increase dramatically and had very few takers over the past couple of years. With the recent improvement of the economy, national tenants are now beginning to tour the market and looking to sign deals and open new locations.

Today's tenants are a new breed and driven mostly by the discount concept with tenants like Dollar General, Dollar Tree, Citi Trends and the Salvation Army. Rental rates are now at a place where it makes sense for these tenants to expand again, because such tenants have entered themselves in places like the bay area, they are now able to focus on markets such as the Central Valley.

These interested tenants will fill large holes in the market and lead to increased activity in shop space leasing, which has been virtually non-existent. Even with falling rental rates, deal volume remains very light as there are few mom-and-pop tenants looking for space. Although, since the first of the year, tenant inquiries have picked up and there is more energy in the market, which should translate into more business openings in the next few months.

As of the end of the first quarter of 2011, we have more reason to be optimistic than we have had for a long time and with different expectations than in 2008, the market seems to have stabilized.

RUMORS & DEALS

CVS/pharmacy®

CVS has purchased the former Boston Market in Lodi. Plans are to relocate their inline location.

Chipotle. Chipotle has signed a 10-year lease for 2,500sf in Lodi.



Buffalo Wild Wings has signed a 10-year lease for 7,325sf at the corner of March Lane and Pacific Avenue in Stockton.

Hollywood Beauty has signed a 6-year lease for 18,856sf at the corner of March Lane and West Lane in Stockton.

Jalapenos has signed a 5-year lease for 2,400sf at Park West Place in Stockton.

Dollar General is looking for 15,000sf locations in Northern California.

Dollar Tree is looking around for 10-15,000sf in Stockton and Manteca.



Reynolds Ranch in Lodi is nearing completion of their Costco anchored-center and has recently announced deals with Home Depot and Best Buy.



Krispy Kreme has signed a 3-year lease for 1,627sf at the corner of West Lane and Hammer Lane in Stockton.

Citi Trends is looking for 12,000sf in Stockton.

The Salvation Army is looking for 15-25,000sf family stores in the Central Valley.

Harbor Freight is looking for 12-15,000sf locations in the Central Valley.

CONSTRUCTION PROJECTS

San Joaquin County will undergo some major construction projects over the next few years that will have a positive effect on the employment and housing sectors. The projects can be broken down into two groups: Major Public Construction and Major Highway Construction. Both will help facilitate growth economically and socially for San Joaquin County residents in the years to come. A look at the projects:

Major Public Construction & Operating Facilities

SAN JOAQUIN COUNTY SUPERIOR COURTS

Will be expanding their Hunter Square Plaza by adding a 306,443sf, 30 court-room building. The cost of the project is estimated to be \$279.9 Million. Construction begins in the third quarter of 2011.

VETERANS FACILITY

The VA facility will be a 120 bed facility and clinic planned for either University Park or off of French Camp Rd. Total construction cost is expected to reach \$250 Million.

CALIFORNIA DEPARTMENT OF CORRECTIONS

CA DOC has plans to build a 1.2 million square foot, 1,722 bed Medical and Mental Facility off of Arch Road in Stockton. Estimated cost of construction is \$1.95 Billion.

CALIFORNIA DEPARTMENT OF CORRECTIONS

CA DOC will rehabilitate their current Women's Facility and add a 500 bed re-entry clinic adjacent to their current women's facility on Arch Road.

Major Highway Construction Projects

PROJECT DESCRIPTION	PROJECTED COST	BEGIN CONSTRUCTION
Highway 12 Improvements	\$27.7MM	May 2011
Bouldin Island Rehab	\$56.33MM	December 2012
West Extension Highway 4	\$193.64MM	July 2013
Route 99 South Stockton	\$250.5MM	June 2012
Route 99 Manteca	\$250MM	May 2012
I-5 North Stockton Widening	\$260MM	Spring 2011
I-205 Auxiliary Lanes	\$52MM	October 2010
I-5 French Camp Interchange	\$37MM	Spring 2011
French Camp/ Sperry Road.	\$52MM	Spring 2011
Maritime Highway (Port of Stockton)	\$30MM	October 2010

FEATURED LISTING



MORADA RANCH STOCKTON, CA 95212

Morada Ranch is a Raley's anchored neighborhood shopping center totaling over 105,000sf located at the intersection of Highway 99 and Morada Lane in Stockton, CA. The center benefits from its easy access to and from the highway and also close proximity to regional softball and soccer complexes. Current tenants include River City Bank, Golden One Credit Union, Subway, and Panda Express.

For more information contact an exclusive broker:

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