

# Winston-Salem Shopping Center Survey

## October 2016

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We are pleased to present our recently completed shopping center survey for metropolitan Winston-Salem. Since 1993, we have conducted this survey twice each year in order to keep our staff and clients abreast of the local shopping center market. This survey provides a broad sampling of asking rents and vacancy data that reflect the health of our market.

This survey includes 59 shopping centers containing over 5 million square feet of space. It includes mostly neighborhood and community centers ranging in size from about 25,000 to 300,000 square feet. A large majority of the centers in this survey are anchored by grocery stores whereas the rest are anchored by other types of retailers, such as office supply stores.

*This survey does not include free-standing "big box" stores, large power centers, enclosed malls, and any shopping centers that are under construction.*

This survey also focuses on the asking rents and vacancies for local tenant (non-anchor) shop space within the area's shopping centers. Although vacancies for anchor tenant spaces are reported, these type spaces are normally under long-term lease commitments and, as a result, are not good indicators of current supply/demand conditions. On the other hand, the rental and vacancy data for local tenant shop spaces provide a better indication of current supply/demand conditions because local tenant spaces are typically leased short term (3 to 5 years).

This survey includes most of the anchored neighborhood and community shopping centers in the Winston-Salem market. However, it does not include every center in the area because some owners or managers decline to participate. Thus, it serves as a broad index rather than an all-inclusive survey of every center in our market.

We appreciate the cooperation of all of the respondents to our survey. As always, we welcome any comments or suggestions on how we can improve the survey, and we look forward to working with you on future surveys.

Sincerely,

Paul G. Carter, Jr., MAI, SRA

## Local Shop Space Vacancies Increase Slightly

According to our survey of 59 shopping centers in the Winston-Salem market during October 2016, the average vacancy rate for local tenant (non-anchor) shop space was 19.2%, which was slightly higher than the 18.8% rate reported in our previous survey in April 2016. Generally, the results were mixed but a few more centers reported higher vacancies than lower vacancies.

Since early 2014, our surveys have revealed that average shop vacancies in the overall Winston-Salem market have been in a fairly consistent range of about 18% to 20%. During the previous four years of 2009 to 2013, the average shop vacancies were in a higher range of 20% to 23%.

## Asking Rents Edge Down Slightly for Local Shop Space

Between April 2016 and October 2016, the average asking rents for local tenant shop space in the overall market edged down from \$14.94 to \$14.88 per square foot. Most of our survey respondents did not change their asking rents, while fewer respondents raised or lowered rents.

Since 2014, the average asking rents for shop space in the overall market have fluctuated around \$15.00 per square foot. However, since reaching a high of \$15.33 per square foot in April 2015, the average asking rent for shops has gradually fallen about 3%.

## Six-Year Trend in Vacancies and Average Asking Rents

Survey Date	Centers Surveyed	Average Local Tenant Space Vacancy %	Average Asking Rents per SF for Local Tenant Space
Oct-10	56	21.7%	\$13.52
Apr-11	58	23.4%	\$13.88
Oct-11	58	21.7%	\$13.85
Apr-12	58	21.4%	\$14.35
Oct-12	58	20.9%	\$14.33
Apr-13	58	21.0%	\$14.02
Oct-13	58	20.8%	\$13.99
Apr-14	59	17.7%	\$14.29
Oct-14	59	18.0%	\$14.81
Apr-15	59	19.6%	\$15.33
Oct-15	59	19.7%	\$15.03
Apr-16	59	18.8%	\$14.94
Oct-16	59	19.2%	\$14.88

## Additional Survey Comments

Practically all the centers we surveyed have "triple net" leases in which tenants reimburse landlords for their full pro-rata share of real estate taxes, insurance, and common area maintenance expenses. Detailed results of our October 2016 survey are on the next two pages.

**Winston-Salem Shopping Center Survey - October 2016**  
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	Name of Center	Location	Anchor Tenants	Year Built/ Renovated	Total Size (SF)	Anchor Space (SF)	Vacant SF Anchors	Local Shop Space (SF)	Vacant SF Local Shops	% Vacant Local Shops	Asking Rents Local Shops
<b>North Winston-Salem Rural Hall, King</b>	52 Plaza	NC-65, Rural Hall	Food Lion	1983-1996	63,000	32,775	0	30,225	4,900	16.2%	\$8.00
	Colony Centre	S. Main St., King	Food Lion, Badcock, Family \$	1976-2000	84,069	30,280	0	53,789	3,000	5.6%	\$13.00
	Five Forks Village	S. Main St., King	Lowe's Foods	1986-2009	67,911	44,711	0	23,200	1,200	5.2%	\$11.00
	Northchase	University Parkway	Wal-Mart is shadow anchor	1988-2014	36,296	0	0	36,296	13,171	36.3%	\$16.00
	Northside	Patterson Avenue	Food Lion	1958-1997	234,965	45,009	14,729	189,956	40,166	21.1%	\$10.00
	North Summit	University Parkway	Lowe's Foods, Sam's Club	1992-2003	224,530	167,777	0	56,753	12,800	22.6%	\$17.50
	Plaza North	University Parkway	Big Lots	1977	51,700	42,000	0	9,700	6,000	61.9%	\$6.50
	University Plaza	North Point Boulevard	Food Lion, OfcDepot, BurlCoat	1972-2001	215,854	156,000	11,969	59,854	10,660	17.8%	\$10.00
	Village Square	NC-65, Rural Hall	Tractor Supply, Dollar General	1974-1990	54,260	32,280	0	21,980	0	0.0%	\$9.00
<b>Subtotals &amp; Averages</b>					<b>1,032,585</b>	<b>550,832</b>	<b>26,698</b>	<b>481,753</b>	<b>91,897</b>	<b>19.1%</b>	<b>\$11.48</b>
<b>Northwest Winston-Salem, Lewisville</b>	Centre Stage Jonestown	Jonestown Road	None	1988	27,029	0	0	27,029	3,602	13.3%	\$16.25
	Club Haven	Country Club & P-haven	Ollie's Bargain Outlet	1981	82,454	32,960	0	49,494	11,751	23.7%	\$15.00
	Grandview Plaza	Yadkinville Road	Food Lion, Dollar General	1997	54,600	42,600	0	12,000	0	0.0%	\$19.00
	Harper Hill Commons	Country Club & P-haven	Harris Teeter	2004	96,914	41,520	0	55,394	20,034	36.2%	\$13.50
	Lewisville Commons	Shallowford Road	Lowe's Foods	1999	75,951	46,024	0	29,927	15,153	50.6%	\$11.00
	Lewisville Corners	Lewisville-Clemmons Rd.	None	1976-2003	38,924	0	0	38,924	3,988	10.2%	\$12.75
	New Town	Jonestown Road	None	1971-1995	45,000	0	0	45,000	6,000	13.3%	\$14.00
	Oaks at Lewisville	Shallowford Road	Food Lion, Rite Aid	1975-2008	63,430	38,000	0	25,430	2,000	7.9%	\$11.50
	Old Town	Reynolda Road	Food Lion	1972-1990	101,486	35,105	0	66,381	33,837	51.0%	\$8.50
	Pine Ridge Plaza	Reynolda Road	Harris Teeter	1972-1988	88,170	53,288	0	34,882	12,050	34.5%	\$22.00
	Reynolda Commons	Yadkinville Road	CVS	1989-1990	85,597	32,960	32,960	52,637	26,092	49.6%	\$10.00
	Reynolda Manor	Reynolda Road	Lowe's, Planet Fit, Pet Supply	1963-1998	150,437	41,889	0	108,548	11,410	10.5%	\$18.00
	River Ridge - Main Part	Lewisville-Clemmons Rd.	Food Lion, Dollar General	2003	55,047	45,447	0	9,600	0	0.0%	\$15.00
	River Ridge - Front Part	Lewisville-Clemmons Rd.	None	2003	11,200	0	0	11,200	1,400	12.5%	\$17.50
	River Ridge Station	River Center Drive	None	2008	6,360	0	0	6,360	1,600	25.2%	\$18.00
	Shattalon Station	Shattalon Drive	None	1993	47,650	29,000	29,000	18,650	11,150	59.8%	\$10.00
	Sherwood Plaza	Robinhood Road	Lowe's Foods, TJ Maxx	1963-1994	128,006	88,892	0	39,114	0	0.0%	\$20.00
	Summit Station	Jonestown Road	None	1990	37,216	0	0	37,216	3,291	8.8%	\$13.00
	Village at Robinhood	Robinhood Road	Harris Teeter, Walgreens	2008	135,115	71,385	0	63,730	14,863	23.3%	\$17.00
	Whitaker Square	Peacehaven Road	Harris Teeter, Tuesday Morn.	1995	82,760	63,890	0	18,870	1,750	9.3%	\$25.00
<b>Subtotals &amp; Averages</b>					<b>1,413,346</b>	<b>662,960</b>	<b>61,960</b>	<b>750,386</b>	<b>179,971</b>	<b>24.0%</b>	<b>\$14.90</b>

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Name of Center	Location	Anchor Tenants	Year Built/ Renovated	Total Size (SF)	Anchor Space (SF)	Vacant SF Anchors	Local Shop Space (SF)	Vacant SF Local Shops	% Vacant Local Shops	Asking Rents Local Shops	
<b>Southwest Winston-Salem, Clemmons</b>	Brewer Crossing	Peters Creek Parkway	Planet Fitness, Harbor Freight	1978-2013	119,230	97,380	0	21,850	1,600	7.3%	\$16.00
	Clemmons Village	US-158, Clemmons	Wal-Mart is shadow anchor	1964-2014	29,961	0	0	29,961	20,138	67.2%	\$13.50
	Cloverdale Plaza	Cloverdale Avenue	Harris T., CVS, Ace, \$ Tree	1968-2011	132,190	78,836	0	53,354	3,520	6.6%	\$19.00
	Hanes Mall Cir. 114-128	Hanes Mall Circle	None	2006	10,000	0	0	10,000	0	0.0%	\$25.00
	Kester Mill Village	Hanes Mall Boulevard	Natural Health Food Superst.	1999	23,989	4,000	0	19,989	2,400	12.0%	\$15.00
	Kinnamon Village	US-158 & Kinnamon Rd.	Food Lion	2007	64,000	35,000	0	29,000	14,400	49.7%	\$12.00
	New Town Center	Lewisville-Clemmons Rd.	Lowe's Foods, Staples	1988	129,618	86,392	0	43,226	7,700	17.8%	\$19.00
	Oliver's Crossing	Peters Creek Parkway	Lowe's Foods, Dollar Tree	2003	76,512	50,362	0	26,150	1,200	4.6%	\$20.00
	Parkway Plaza	Silas Creek Parkway	Compare Foods, Ofc Depot	1960-1991	283,830	113,642	0	170,188	29,436	17.3%	\$13.00
	Parkway Village	Peters Creek Parkway	Gamestop	2008	12,999	2,200	0	10,799	1,200	11.1%	\$20.00
	Pavilions	Hanes Mall Boulevard	Chuck E Cheese	1987	126,109	40,524	28,069	85,585	29,490	34.5%	\$18.50
	Shoppes at Oliver's Crs.	Peters Creek Parkway	None	2008	7,800	0	0	7,800	0	0.0%	\$17.50
	Shoppes at Somerset	Stratford Rd @ Somerset	Food Lion	2006	54,051	33,764	0	20,287	11,528	56.8%	\$15.50
	Silas Creek Crossing	Silas Creek Parkway	Marshalls, Toys-R-U's, AC Mr.	1987	205,240	100,499	0	104,741	11,425	10.9%	\$20.00
	South Park	Peters Creek Parkway	Food Lion, Family Dollar	1987	112,422	98,022	27,000	14,400	1,200	8.3%	\$15.00
	Stratford Village	Stratford Road @ Bus-40	None	1995-2009	72,924	0	0	72,924	2,500	3.4%	\$17.50
	Tanglewood Commons	US-158 & Harper Road	Harris Teeter	1997-2006	78,897	46,120	0	32,777	6,600	20.1%	\$18.00
	Towers	Stratford Road	None	1994	29,215	0	0	29,215	0	0.0%	\$26.00
West Salem	Peters Creek Parkway	Family Dollar	1968-1987	77,350	19,493	8,730	57,857	9,860	17.0%	\$10.00	
Westwood Village	Lewisville-Clemmons Rd.	Big Lots, Aaron Rents	1979-1999	65,023	29,523	0	35,500	0	0.0%	\$9.50	
<b>Subtotals &amp; Averages</b>					<b>1,711,360</b>	<b>835,757</b>	<b>63,799</b>	<b>875,603</b>	<b>154,197</b>	<b>17.6%</b>	<b>\$16.36</b>

<b>Kernersville, Walkertown</b>	Centre Stage Walkertn.	NC-66, Walkertown	Food Lion, Roses, \$ Tree	1987	102,080	80,695	0	21,385	0	0.0%	\$15.00
	Charlestown	S. Main St., Kernersville	Rite Aid, Planet Fitness	1983-2003	36,439	29,640	0	6,799	0	0.0%	\$12.00
	Kerners Village	S. Main St., Kernersville	Aldi, Dollar Tree	1979-2003	76,500	45,480	0	31,020	9,840	31.7%	\$12.00
	Kernersville Marketplace	S. Main St., Kernersville	Harris Teeter	1997	72,590	57,590	0	15,000	3,900	26.0%	\$20.00
	New Market Plaza	S. Main St., Kernersville	Food Lion, Rugged Warehse	1987	120,178	67,009	0	53,169	11,213	21.1%	\$19.00
	Northwood Plaza	N. Main St., Kernersville	Food Lion	1985-2002	50,408	33,558	0	16,850	0	0.0%	\$15.00
	Piney Grove Plaza	Piney Grove Rd., K'ville	Lowe's Foods	1987-2003	59,426	43,858	0	15,568	0	0.0%	\$12.00
	Southside Square	S. Main St., Kernersville	Target, Petco, Rack Room	1987-2006	205,240	138,735	0	66,505	4,150	6.2%	\$18.00
	Union Cross Station	Union Cross Rd. @ I-40	Food Lion	1993-1995	57,894	29,053	0	28,841	1,200	4.2%	\$12.00
	Walkertown Commons	US-158 @ NC-66	Lowe's Foods	2004	81,447	51,004	0	30,443	4,010	13.2%	\$17.00
<b>Subtotals &amp; Averages</b>					<b>862,202</b>	<b>576,622</b>	<b>0</b>	<b>285,580</b>	<b>34,313</b>	<b>12.0%</b>	<b>\$16.06</b>

<b>Survey Prepared By</b>	<b>Paul G. Carter, Jr., MAI, SRA</b> <b>Assisted By: Robert Brown</b> <b>Michael S. Clapp &amp; Associates, Inc.</b> <b>Real Estate Appraisers &amp; Consultants</b> <b>2990 Bethesda Place, Suite 603-C</b> <b>Winston-Salem, North Carolina 27103</b> <b>Phone: 336-760-3163</b> <b>E-mail: paul@michaelclappappraisals.com</b>									
	<b>Total Market Summary - October 2016</b>									
	Total SF Space Surveyed	Anchor Space Surveyed	Total SF Vacant Anchors	Local Shop Space Surveyed	Total SF Vacant in Local Space	Total % Vacant in Local Space	Avg. Asking Rent for All Local Space			
	<b>5,019,493</b>	<b>2,626,171</b>	<b>152,457</b>	<b>2,393,322</b>	<b>460,378</b>	<b>19.2%</b>	<b>\$14.88</b>			