

Winston-Salem Shopping Center Survey

October 2015

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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 Remain Stable

According to our survey of 59 shopping centers in the Winston-Salem market during October 2015, the vacancy rate for local tenant (non-anchor) shop space was 19.7%, which was nearly the same as the 19.6% rate reported in our previous survey in April 2015.

Between April 2015 and October 2015, the changes in shop vacancies varied across Winston-Salem's submarkets. The shop vacancies fell from 20.9% to 17.4% in the North Winston-Salem/Rural Hall/King submarket and were nearly unchanged in Northwest Winston-Salem/Lewisville. The shop vacancies rose 17.4% to 19.5% in the Southwest Winston-Salem/Clemmons submarket and rose from 13.2% to 14.1% in Kernersville/Walkertown.

Asking Rents Decline for Local Shop Space

Our previous survey in April 2015 revealed some of the sharpest increases in asking rents we have seen since we started doing this survey over twenty years ago. However, for our latest survey, many of the respondents retreated and made modest reductions in their asking rents. Thus, between April 2015 and October 2015, the average asking rents for local tenant shop space in the overall market fell from \$15.33 to \$15.03 per square foot.

Between April 2015 and October 2015, the average asking rents per square foot for shop space fell from \$12.81 to \$11.71 in North Winston-Salem/Rural Hall/King, from \$15.16 to \$14.90 in Northwest Winston-Salem/Lewisville, and from \$16.78 to \$16.52 in Southwest Winston-Salem/Clemmons. Only Kernersville/Walkertown had an increase in asking rents for shop space, rising from \$15.77 to \$16.37 per square foot.

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-09	55	20.5%	\$13.47
Apr-10	57	21.0%	\$13.57
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

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 2015 survey are on the next two pages.

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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
North Winston-Salem Rural Hall, King	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	3,500	6.5%	\$13.00
	Five Forks Village	S. Main St., King	Lowe's Foods	1986-2009	67,911	44,711	0	23,200	0	0.0%	\$11.00
	Northchase	University Parkway	Wal-Mart is shadow anchor	1988-2014	36,296	0	0	36,296	13,671	37.7%	\$16.00
	Northside	Patterson Avenue	Food Lion	1958-1997	234,965	45,009	14,729	189,956	37,076	19.5%	\$10.00
	North Summit	University Parkway	Lowe's Foods, Sam's Club	1992-2003	224,530	167,777	0	56,753	11,600	20.4%	\$17.50
	Plaza North	University Parkway	Big Lots	1977	51,700	42,000	0	9,700	0	0.0%	\$12.00
	University Plaza	North Point Boulevard	Food Lion, OfcDepot, BurlCoat	1972-2001	215,854	156,000	11,969	59,854	10,743	17.9%	\$11.00
	Village Square	NC-65, Rural Hall	Tractor Supply, Dollar General	1974-1990	54,260	32,280	0	21,980	2,520	11.5%	\$9.00
	Subtotals & Averages				1,032,585	550,832	26,698	481,753	84,010	17.4%	\$11.71
Northwest Winston-Salem, Lewisville	Centre Stage Jonestown	Jonestown Road	None	1988	27,017	0	0	27,017	2,400	8.9%	\$16.00
	Club Haven	Country Club & P-haven	CVS, Ollie's	1981	82,454	32,960	0	49,494	12,085	24.4%	\$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	100,076	41,520	0	58,556	20,482	35.0%	\$13.00
	Lewisville Commons	Shallowford Road	Lowe's Foods	1999	75,951	46,024	0	29,927	17,162	57.3%	\$11.00
	Lewisville Corners	Lewisville-Clemmons Rd.	None	1976-2003	38,924	0	0	38,924	2,026	5.2%	\$14.00
	New Town	Jonestown Road	None	1971-1995	45,000	0	0	45,000	6,300	14.0%	\$13.00
	Oaks at Lewisville	Shallowford Road	Food Lion, Rite Aid	1975-2008	63,430	38,000	0	25,430	0	0.0%	\$11.50
	Old Town	Reynolda Road	Food Lion	1972-1990	101,486	35,105	0	66,381	41,510	62.5%	\$8.50
	Pine Ridge Plaza	Reynolda Road	Harris Teeter	1972-1988	88,170	53,288	0	34,882	2,500	7.2%	\$22.00
	Reynolda Commons	Yadkinville Road	CVS	1989-1990	85,597	45,568	32,920	40,029	26,132	65.3%	\$10.00
	Reynolda Manor	Reynolda Road	Lowe's, Planet Fit, Pet Supply	1963-1998	150,437	41,889	0	108,548	1,840	1.7%	\$18.00
	River Ridge - Main Part	Lewisville-Clemmons Rd.	Food Lion, Dollar General	2003	55,047	45,447	0	9,600	2,400	25.0%	\$15.00
	River Ridge - Front Part	Lewisville-Clemmons Rd.	None	2003	11,200	0	0	11,200	0	0.0%	\$17.50
	River Ridge Bus. Park	Utility Drive	None	2008	6,360	0	0	6,360	0	0.0%	\$20.00
	Shattalon Station	Shattalon Drive	None	1993	47,650	29,000	29,000	18,650	13,850	74.3%	\$10.00
	Sherwood Plaza	Robinhood Road	Lowe's Foods, TJ Maxx	1963-1994	128,006	88,892	0	39,114	4,000	10.2%	\$19.00
	Summit Station	Jonestown Road	None	1990	37,216	0	0	37,216	4,281	11.5%	\$13.00
	Village at Robinhood	Robinhood Road	Harris Teeter, Walgreens	2008	135,115	71,385	0	63,730	18,189	28.5%	\$17.00
	Whitaker Square	Peacehaven Road	Harris Teeter, Rugged Wearh.	1995	82,760	63,890	0	18,870	0	0.0%	\$25.00
	Subtotals & Averages				1,416,496	675,568	61,920	740,928	175,157	23.6%	\$14.90

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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	
Southwest Winston-Salem, Clemmons	Brewer Crossing	Peters Creek Parkway	Planet Fitness, Harbor Freight	1978-2013	119,230	97,380	60,180	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	22,500	75.1%	\$13.50
	Cloverdale Plaza	Cloverdale Avenue	Harris T., CVS, Ace, \$ Tree	1968-2011	132,190	78,836	0	53,354	1,920	3.6%	\$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	3,800	14.5%	\$17.00
	Parkway Plaza	Silas Creek Parkway	Compare Foods, Ofc Depot	1960-1991	283,830	113,642	0	170,188	30,500	17.9%	\$16.00
	Parkway Village	Peters Creek Parkway	Burger King	2008	12,999	2,200	0	10,799	1,467	13.6%	\$14.00
	Pavilions	Hanes Mall Boulevard	Office Depot, Chuck E Chees	1987	126,109	40,524	0	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	53,814	33,764	0	20,050	13,152	65.6%	\$15.50
	Silas Creek Crossing	Silas Creek Parkway	Marshalls, Toys-R-U's, AC Mr.	1987	205,240	100,499	0	104,741	13,259	12.7%	\$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	78,520	46,186	0	32,334	6,360	19.7%	\$15.00
	Towers	Stratford Road	None	1994	29,215	0	0	29,215	1,600	5.5%	\$24.00
	West Salem	Peters Creek Parkway	Family Dollar	1968-1987	79,496	10,760	0	68,736	14,262	20.7%	\$10.00
	Westwood Village	Lewisville-Clemmons Rd.	Big Lots, Aaron Rents	1979-1999	65,023	29,523	0	35,500	4,311	12.1%	\$9.50
Subtotals & Averages					1,712,892	827,090	87,180	885,802	172,421	19.5%	\$16.52

Kernersville, Walkertown	Centre Stage Walkertn.	NC-66, Walkertown	Food Lion, Roses, \$ Tree	1987	102,080	80,695	0	21,385	1,200	5.6%	\$12.00
	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	11,770	37.9%	\$15.00
	Kernersville Marketplace	S. Main St., Kernersville	Harris Teeter	1997	72,590	57,590	0	15,000	1,200	8.0%	\$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	8,450	50.1%	\$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%	\$14.00
	Southside Square	S. Main St., Kernersville	Target, Petco, Rack Room	1987-2006	204,100	138,735	0	65,365	1,200	1.8%	\$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	4,007	13.2%	\$18.00
	Subtotals & Averages					861,062	576,622	0	284,440	40,240	14.1%

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	Total Market Summary - October 2015									
	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			
	5,023,035	2,630,112	175,798	2,392,923	471,828	19.7%	\$15.03			