

Clark County's Reluctant Retail

By Nicholas Shannon Kulmac

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It's clear to just about everyone in the commercial retail real estate arena that when it comes to Clark County, the area surrounding Southeast 192nd Boulevard is on fire. From Plaza 192nd (anchored by Applewood Restaurant and Bar) to Lacamas Crossing (close to the new Costco), construction is ongoing and spaces are filling up.

However, outside of 192nd, experts say Clark County's retail market is showing few signs of life – at least, in terms of new retail development.

“We don't think we're going to see a whole lot of new retail type development projects going on [in Clark County] for the next couple of years,” said Jim West, a Vancouver commercial real estate broker with Coldwell Banker Commercial. “I think we'll continue to see things happening along 192nd, but I don't know if we're going to see much new ground broken because everything is pretty much laid out and there's still enough vacancy out there where people can fill in.”

West pointed to areas such as the Hazel Dell Town Center (anchored by Target and Kohl's), the Westfield Vancouver Mall and Padden Crossing near I-205 (anchored by Costco and Home Depot) where a significant amount of vacancy still exists.

“We really haven't seen any pockets (other than 192nd) where I thought wow, there's a lot of momentum getting generated out there,” said West. “Even when I look at the Costco and Home Depot at Padden Parkway, both of those centers have fairly high vacancy. That is, to me, kind of a central hub where you'd think something would be happening, but you really haven't seen it.”

Deborah Ewing, a Vancouver commercial real estate broker with Eric Fuller & Associates, echoed West's concerns about new retail activity.

“There's just so little going on in terms of retail construction because of the economy,” said Ewing. “In past years, we would hold our forecast breakfast and it would include millions of square feet in projects either underway or planned for that year. Now, it's not even a blip.”

Despite the lack of new retail development, Ewing said she's optimistic about where the market is headed.

“I've been in commercial real estate for 25 years and we've gone through cycles of up and down before,” she said. “This has certainly been far more damaging to businesses because of the

economy than any other time, but since we fell off a cliff I've seen signs that we're starting to come out of it. We're definitely turning the corner."

One of those signs, Ewing said, is the decision by Walmart to move forward with plans to build a new store on the corner of Northeast 143rd Avenue and Fourth Plain Boulevard. The project, part of a planned shopping center that's expected to include a number of smaller retailers, had been on hold for a number of years, according to Ewing.

"I think they [Walmart] downsized the scale of that building from what the original intent was, but we've been told by people in the know that the company is moving forward to build," said Ewing. "And once Walmart starts making some vertical improvements on the land, that will generate interest in getting phase two (the supporting retailers) of the development underway."

Another positive sign Ewing noted in the market is that people are really starting to feel good about the path we're on. Part of that, she said, boils down to the media.

"I think it [the optimism] is because we're not hearing how XYZ Company just laid off 10,000 people and then the next day 5,000 people, and it just sounds like the world really is coming to an end," she said. "I think that's helped a lot."

Roger Qualman, executive vice president and manager for the Vancouver office of the commercial real estate firm NAI Norris Beggs and Simpson, said he, too, has noticed a change in people's attitudes. Evidence of that change, he said, has come in the last six to eight months with an increasing interest in existing retail property vacancies.

"I think that [increased interest] represents a real change in people's outlook," said Qualman, adding that retail vacancies are a good bellweather for the commercial real estate business in general because that activity is fueled by entrepreneurs and people who want to get into business for themselves.

"What it shows is that people have more confidence in the recovering economy and in the ultimate growth of the area and they're interested in getting positioned for the rebound," Qualman explained.

While the filling up of existing retail vacancies might not be as robust of an economic generator as new retail construction, Ewing said it's important to understand that every little bit helps.

"It may be a five year plan [to retail recovery], but at least it's not getting worse," she said.

"Every little bit really does help," added Qualman.

Is Portland a predictor?

If the retail market in Portland is any indication of things to come on the North side of the river, Ewing said we should continue to see increasing activity here.

“We’ve never led the charge [in commercial real estate growth] compared to Portland,” explained Ewing, “so I was so optimistic hearing from brokers in Portland that things are have started to turn around over there. Even though rental rates are less than what people want, that was really encouraging to me.”

While he’d like to think that the things happening in Portland will eventually trickle to Southwest Washington, West said the market is still very much driven by population density.

“That’s our biggest challenge compared to Portland,” said West.

Meanwhile, Qualman acknowledged the Rose City’s close market ties to Vancouver, but believes we shouldn’t read too much into it. Instead, he said the increased activity in Downtown Vancouver is a more important sign.

“Downtown Vancouver has a little more life in it now because of new tenants,” said Qualman. “They’ve also got a good strong downtown association that’s active and doing things and planning events. So as you come into the summer season, with as much stuff as we’ve got going on in the park and so forth, downtown Vancouver is starting to feel pretty good.”

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