

Retail



Kohl's sales associate Katy Alexander arranges a new line of Food Network kitchen products in preparation for last year's grand opening of the company's second store in Clark County.

Files, The Columbian

Say hi to places to go buy, buy

Retail options are increasing despite concerns over consumer confidence

By **PAM LINDLOFF**
Columbian forecaster

Clark County shoppers have shown their approval of new and expanding retailers in this market by increasing the amount of retail spending they do at home, and retailers are responding with even more new stores and shopping centers.

During 2007, major new openings included two new Best Buy stores; Steve and Barry's, which opened for the first time in this market; a second Kohl's department store in Hazel Dell; and LA Fitness, which also entered this market for the first time. A total of 310,000 square feet of new retail space was added during the year, bringing with it 800 new retail jobs.

Steady population growth in Clark County continues to create demand for new retail stores and services. Estimates are that at the end of 2007 the county's population had increased for the year by 2.8 percent, reaching 403,000. Retail sales have outpaced population growth for the past several years, increasing by 6.2 percent to \$4.87 billion (\$2.15 billion in store-only sales) at the end of 2006. Although the rate of increase in sales slowed from the prior three years, the annual sales growth percentage is still outpacing population growth.

During the second quarter of 2007, sales increased in the categories of motor vehicles and parts, home furnishings, and sporting goods. A big increase occurred in grocery and beverage sales, and restaurants and drinking establishments — sales were up almost 7 percent for the quarter.

2008 FORECAST

- The weakening economy will slow retail sales growth. Look for total retail sales to increase at 4.5 percent to 6 percent during 2008, reaching a total of \$5.4 billion (\$2.39 billion in store-only sales).
- New retail development will add 821,000 square feet of space to the market. Another 1.1 million square feet, including The Village at Evergreen and Eastgate Plaza, could be under construction by the end of the year.
- The percentage of growth in retail sales will continue to outpace the population growth percentage as Clark County residents shop closer to home.
- The largest number of retail projects to be proposed and commence construction during 2008 will be in the Orchards and North Orchards market areas.
- New national apparel stores will commit to Clark County retail developments, including at Clark County's first lifestyle center, The Village at Evergreen.

have begun to affect retail spending across the nation and will also be a factor in our area in the coming year. In the recent period of rapidly increasing property values, many homeowners refinanced or borrowed against the equity in their homes, providing dollars for retail spending. That source of spending cash has stalled, with properties' occasionally losing value or increasing too little to provide additional cash upon refinancing. That, like the rising cost of fuel, puts pressure on retail purchases.

show a total of 890,000 square feet of new retail space under construction and over 1.6 million square feet in the proposed project pipeline for the next three years.

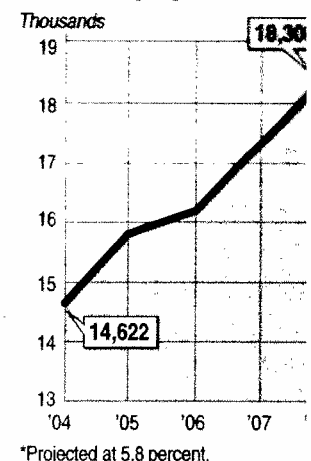
According to CoStar, existing gross leasable retail space in Clark County totals 27.64 square feet per capita. Based upon a national per capita average of 43.3 square feet per person as reported by the International Council of Shopping Centers, there remains opportunity for retail expansion to continue in Clark County.

New projects

New retail projects are sprouting up in almost every submarket of the county. Salmon Creek has seen some new development with the lifting of the moratorium, but demand for new stores and restaurants to serve this growing population remains very high. Fisher's Landing along Southeast 164th and 192nd Avenues continues to be the hotbed of new retail centers and has brought a variety of nationally recognized stores. New stores announced along 192nd Avenue include a second Lowe's and a freestanding J.C. Penney store at Columbia Tech Center. The Orchards and newly designated North Orchards market areas (as recently labeled by the Clark County Commissioners) are experiencing redevelopment along with several new projects proposed to serve the expanding population there. The Village at Evergreen expects to host an exciting mix of national apparel retailers making their first appearances in Vancouver.

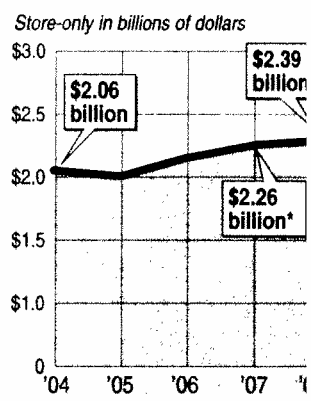
Fitness facilities are grabbing their places in the market, too, with a second

Clark County retail employment



SOURCE: Washington Employment Security Department

Clark County taxable retail sales



“The good news for Clark County is that higher gas prices may result in shoppers’ being more reluctant to travel to Oregon for shopping and therefore may decrease the sales leakage (to Oregon) even further



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During the second quarter of 2007, sales increased in the categories of motor vehicles and parts, home furnishings, and sporting goods. A big increase occurred in grocery and beverage sales, and restaurants and drinking establishments — sales were up almost 7 percent for the quarter.

Consumer spending fell in electronics and appliance sales and took a solid dip of almost 9 percent in building materials and garden supplies, likely reflecting the slowdown in new home construction and home sales, off 20 percent last year from 2006.

Depending upon how long the credit crunch affects the economy, consumers may find themselves becoming more focused on necessities, with less discretionary spending.

The housing industry's circumstances

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Less sales leakage

The good news for Clark County is that higher gas prices may result in shoppers' being more reluctant to travel to Oregon for shopping and therefore may decrease the sales leakage even further.

Developers and retailers still show a strong belief in Clark County shoppers and in the area's growing population. This market anticipates many proposed retail projects in the coming year. Reports

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Fitness facilities are grabbing their places in the market, too, with a second LA Fitness due to open at Orchards Market Center and a relocation of the Orchards 24-Hour Fitness facility.

Eastgate Plaza, which did not materialize during 2007, is expected to provide the area with its fourth Wal-Mart this year. In addition, Westfield Vancouver mall has announced plans to convert the former Mervyn's space to a shopping "lifestyle experience," similar to the changes recently seen at Clackamas Town Center. WinCo and Fred Meyer are building replacements for existing stores in the community.

Shoppers now can find multiple locations to purchase items here. With increasing fuel prices, many will turn to local stores rather than spend cash and time driving to Portland for items which are available here.

Cascade Station

Finally, have you checked out the new Cascade Station open near Portland International Airport and anchored by Ikea? Easily accessible by residents on the east side of Vancouver, it's likely that our local stores will experience some loss of shopping dollars to these retailers.

However, the interest and excitement generated by Cascade Station may actually spill sales back to Clark County from those who comparison-shop or find they can purchase similar items here. So long as developers and retailers continue to open new stores in Clark County, people will have fewer reasons to travel south of the Columbia River to make retail purchases.

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PAM LINDLOFF

Associate vice president, NAI Norris, Beggs & Simpson

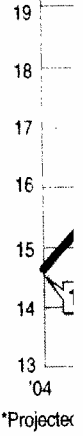


Files, The Columbian

The Cost Plus World Market store in east Vancouver.

Clark retail

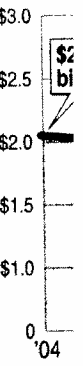
Thousands



SOURCE: WA Employment

Clark taxabl

Store-only



SOURCE: W Department