

U.S. Shopping Center Industry Statistical Sources

In search of data on rents, vacancies, absorptions, transactions and cap rates

Where can you find industry statistics? This update of a 1997 article¹ focuses on rent, vacancies, absorptions, transactions and capitalization (“cap”) rate statistics. (See Table 10-1.) The discussion that follows is divided into sections according to the type of data, with vendors listed in alphabetical order.

RENT, VACANCY AND ABSORPTION RATE DATA

CB Richard Ellis (Market View)

CB Richard Ellis is one of the world’s largest commercial real estate services firms. Most, but not all, CB Richard Ellis offices publish separate reports for their own regional retail markets, along with other property types. We examined one typical *Market View* for Chicago, which features a tally of existing retail space in area submarkets, along with vacancy rates, new construction and average gross asking lease rates. Data on vacancy rates—which the firm defines as vacant building feet divided by gross building square feet (sf)—are updated at least quarterly.

Users should understand that the company’s method for collecting data consists mostly of Internet and phone research. Vacancy rate data include shop space only, and exclude unanchored open-air centers of less than 50,000 sf. Moreover, even for a company as large as CB Richard Ellis, there are limits to the range of coverage. Reports are not standardized across states, and there are gaps in metro coverage. Currently, for instance, even a city as large as Atlanta was missing a retail report. For further information, please contact: CB Richard Ellis, 865 S. Figueroa St., 34th Floor, Los Angeles, CA 90017; (213) 438-4880; www.cbre.com

Clayton-Fillmore Ltd.

This real estate publishing and marketing research firm publishes the *Clayton-Fillmore Report*, a 12-page monthly newsletter that encompasses retail, office, industrial and residential markets. Issues typically cover markets in three metro areas in a particular region of the United States. Major markets are reviewed every year, with smaller markets covered occasionally.

Reports carefully blend analyses of larger economic trends with recent developments and outlooks for the different property sectors. Several aspects of the reports, however, need to be weighed in considering how they can be used to scrutinize retail conditions. To start, rent and vacancy rate data are often obtained from local sources such as Reis (discussed below) or CB Richard Ellis, so the definition of those items varies, depending on the outside source. Second, although the text often alludes to past market conditions, there are no tables to enable closer scrutiny of trends. Third, and perhaps most importantly, retail is not examined as frequently as the other property sectors. Out of six major cities examined in the December 2004 and January 2005 issues, only two of them featured discussions of retail. For further information, please contact: Clayton-Fillmore Ltd., P.O. Box 480894, Denver, CO 80248; (303)-663-0606; www.clayfil.com

Colliers International

Colliers International is a global real estate firm with 247 offices in 50 countries, including 136 offices in the Americas. Its four-page report *North America Retail Real Estate Highlights* covers 41 metro areas across the United States and 10 in Canada, including rents, sales prices and cap rates.

¹ Tom Dwyer and Michael Tubridy, “Selected Industry Performance Measures: What They Are and How to Find Them,” *ICSC Research Quarterly* Vol. 4, No. 2, (Summer 1997), pp. 6-11.

SELECTED U.S. INDUSTRY PERFORMANCE MEASURES

VENDOR/PUBLICATION	COVERAGE							PUBLICATION FREQUENCY	HISTORICAL	COLLECTION METHODOLOGY
	RENTS	VACANCY RATES	CAP RATES	TRANSACTIONS	NATIONAL	REGIONAL	METRO AREA			
Advantis/GVA <i>(Richmond Retail Report)</i>	Yes	Yes	No	Yes	No	No	Yes	Quarterly	Yes	From available property lists for firms listed in Metro Richmond
CB Richard Ellis <i>(Market View for individual metros)</i>	Yes	Yes	No	No	No	No	Yes	Quarterly	Yes	Survey-based
CB Richard Ellis <i>(Retail Insight Year-End)</i>	Yes	No	Yes	Yes	Yes	No	No	Annual	Yes	Data often derived from other sources
Clayton-Fillmore Ltd. <i>(Clayton-Fillmore Report)</i>	Yes	Yes	No	No	No	No	Yes	Monthly	No	Data compiled from outside sources
Colliers International <i>(North America Retail Real Estate Highlights)</i>	Yes	No	Yes	No	No	No	Yes	Annual	No	Submitted by local offices, which derive data from various sources
<i>Institutional Real Estate Newsline</i>	No	No	No	Yes	Yes	No	No	Weekly	No	Results based on a proprietary database; results broken out by division in quarterly "Transaction Analysis" special reports
International Council of Shopping Centers <i>(SCT Xtra)</i>	No	No	No	Yes	Yes	No	No	Weekly	No	Data drawn from reports rather than surveys or proprietary database
Marcus & Millichap <i>(National Retail Report)</i>	Yes	Yes	Yes	Yes	Yes	No	Yes	Annual	Yes	Company subscribes to national and local data providers; company also surveys many of its 900 nationwide agents on a consistent basis
NAI Global <i>(Global Market Report)</i>	Yes	Yes	No	No	Yes	Yes	Yes	Annual	Yes	Data are submitted by local brokers who are part of the network
National Real Estate Index/ Global Real Analytics <i>(Value Monitor)</i>	No	No	Yes	Yes	Yes	Yes	Yes	Quarterly	No	CB Richard Ellis is the largest contributor of property-level data; nearly 70 other companies also provide information for local markets Global Real Analytics
Price Edwards	Yes	Yes	No	No	No	No	Yes	Semi-annual	Yes	Survey-based
PricewaterhouseCoopers <i>(Korpacz Real Estate Investor Survey)</i>	Yes	No	Yes	Yes	Yes	No	No	Quarterly	Yes	Survey-based
Real Capital Analytics <i>(Retail Capital Trends Monthly)</i>	No	No	Yes	Yes	Yes	Yes	Yes	Monthly	Yes	Transaction-based
Real Estate Reporting Corp. <i>(RERC Real Estate Report)</i>	No	No	Yes	No	Yes	Yes	Yes	Quarterly	No	Company conducts a real estate investment survey
Reis Inc. <i>(Reis Observer - Local Retail Markets)</i>	Yes	Yes	No	No	No	No	Yes	Quarterly	Yes	Rent/vacancy data are collected by company's team of surveyors/researchers



All rents are given on an annual, triple-net per sf basis. Rents for upscale retail strips (called “premier fashion streetfronts” in the report) such as New York’s 57th Street and Los Angeles’ Rodeo Drive/Wilshire Boulevard are included, along with a chart showing rent increases for the nation’s five most expensive retail streets. Cap rates are going-in cap rates, based on multi-tenant institutional grade buildings that are fully leased at market rents. Readers should be aware of some subtle differences between the rent and the cap rate tables. For instance, although both the rent and cap rate tables cover neighborhood and power centers, only the rent table includes data on community centers.

Colliers has issued the annual *Highlights* since 2000. Although the latest report only includes data for the last year, the company maintains the data back to 2000 on an internal database. Data are derived locally from a variety of sources—some from large national data providers, such as CoStar Group Inc. or Real Capital Analytics, or, in the case of other markets, from an individual office’s canvassing of the area. For further information, please contact: Colliers International, 50 Milk St., 20th Floor, Boston, MA 02109; (617) 722-0221; www.colliers.com

Marcus & Millichap

With 38 offices nationwide, Marcus & Millichap’s National Retail Group specializes in providing investment advisory and transaction services for all types of retail real estate. This broad coverage is reflected in its *National Retail Report*, which includes a National Retail Index, a ranking of 41 markets based on forecasted supply and demand conditions. Cumulative weighted average scores take into account such indicators as forecasted employment growth, household formation, retail sales, and—most important, for purposes of our analysis—vacancies and rent growth.

Vacancy and annual asking rent are expressed as year-end figures; the asking rent data exclude concessions. Reports analyze peer properties to determine rent, vacancy and other factors relating to valuation. Also examined are retail construction projects, recent property sales and comparable properties on the market.

Marcus & Millichap subscribes to a number of major national data providers as well as several local data providers. Since each provider uses a different methodology, the company derives its rent and vacancy figures from a compilation of various sources. It also surveys many of its approximately 900 nationwide agents on a consistent basis.

In the 2005 report, asking rent and vacancy trend data were included from 2001 through 2005, with 2004 numbers estimated and 2005 figures forecast. (The company maintains these numbers further back in time in its internal databases.) When weighing these historical numbers, though, pay attention to the report’s warning that changes in geographic market boundaries, survey samples, methodologies and data may affect compatibility with past reports. Average cap rate data are also included for single-tenant and multi-tenant properties. For further information, please contact: Marcus & Millichap, 2398 E. Camelback Rd., Suite 550, Phoenix, AZ 85016; (602) 952-9669; www.MarcusMillichap.com

NAI Global

The annual guide *Global Market Report* (formerly known as the *Real Estate Planning Guide*) is based on local reports and analyses by members of NAI Global, a managed network of commercial real estate firms. Members contact landlords in each market (204 in the latest edition, covering the United States, Canada, Latin America and the Caribbean, Europe, the Middle East, Africa, and Asia Pacific). In addition to these foreign markets, *Global Market Report* provides a narrative and statistical overview of U.S. office, retail and industrial markets, and the Northeast, Southeast, Midwest, Southwest and West regions. Each metropolitan review contains an economic overview; a market overview; “At-a-Glance” tables with high, low and effective average rental rates per sf per year; and high and low ranges for land development costs. Rental rates are expressed in dollars per sf for high, low and effective average rents (i.e., net present value rate, with concessions such as free rent and escalations taken into account). Regional reviews summarize metro area data.



Because local brokerage firms that are members of the NAI network contribute data for particular metros, results are not always uniformly complete. Sometimes, for instance, one metro report will contain a full set of vacancy data for the four types of space covered (downtown, service centers, power centers, and regional malls); another might be missing one or two space types; and a third might not have any vacancy data at all. Each member typically has a different method of data collection. However, using key terms and definitions, NAI Global assembles and organizes the information and presents it in a consistent manner throughout the publication.

NAI Global was founded as New America Network in 1978, before becoming New America International in 1997 and changing its name again in March of this year. It has collected data on rents and vacancies since the 1980s, but data reporting has not been uniform over this time span. The latest edition reports data for the last four years. Generally, four types of retail space are covered in the United States: downtown space, neighborhood service centers, community power centers, and regional malls. Another category exists for stores defined as stand-alone large supermarkets or hypermarkets from 50,000 sf and up, which are covered far more extensively abroad. NAI indicates that a majority of its readers usually requests rent and vacancy rate data on specific markets and that, currently, the data have not been collected in one historic database.

Another consideration in evaluating the company's data is the time element. Information is current as of December of the prior year so as to keep the data within a consistent window of time each year. However, NAI has implemented quarterly online updating and is in the first phase of this process. Members will be able to provide updated information every quarter, and it will be available on NAI Global's public site. As of now, though, online data are still in keeping with the printed version.

All things considered, many users will find this report helpful because of its wide scope of coverage and ready accessibility. (Individual market data are available on the

company Web site.) For further information, please contact: NAI Marketing Department, 4 Independence Way, Princeton, NJ 08540; (609)448-4700; www.naiglobal.com

Reis Inc.

Reis Inc., a real estate market research and forecasting firm, monitors U.S. office, shopping center, industrial and apartment markets. Historical trends, current market indicators and forecasts of supply, demand, vacancies and rents are available for more than 80 metropolitan markets and thousands of submarkets. Reis provides several kinds of information online and especially through its ad hoc reports, including, most importantly for this discussion: 1) national, regional, market and submarket trends of supply, demand, rent and vacancy rates; and 2) building-level statistics for statistically similar peers to assets in Reis's market/sector coverage. An in-house team of surveyors collects the data by calling on a minimum of 40% of the known supply in each market each quarter.

We received a sample of one quarterly report, *Reis Observer*, focusing on the San Diego retail market. It features charts showing average vacancy and rental rates dating back to 1990 and, unusually for the reports covered elsewhere in this article, projected to 2009. Rent and vacancy rate data are collected by the company's team of surveyors-researchers. The report also gives absorption numbers for the last few years. Average asking and effective rents are provided, even down to the submarket level. No data are reported, however, for regional or superregional malls, power centers or lifestyle centers. (The company is looking into the possibility of adding these in the future.) Altogether, analysis of the retail real estate market comprises half of this eight-page report, with the rest of the material covering general economic conditions of the metro.

Reis states on its Web site that retail trend data before 2001 look different from later series, a result of its database overhaul of retail properties during that year. For further information, please contact: Reis Inc., 5 W. 37th St., New York, NY 10018; 212-921-1122; www.reis.com



The following two vendors, though without the widespread coverage of the previously discussed companies, illustrate the capabilities of firms that specialize in particular metros.

Advantis/GVA

Following a series of acquisitions in 1999, Advantis/GVA became the commercial real estate services division of the St. Joe Company.

The Web site of Advantis/GVA features market reports for property types in several major metros in the Southeast, the company's bailiwick. Richmond, Va., is the only metro with retail data. A representative of the company notes that retail is not covered in most other regions due either to insufficient data or the lack of a retail department. However, a multi-year license agreement with CoStar Group, Inc., enhances information capabilities.

The four-page Richmond retail report (posted quarterly on the company's Web site since the beginning of 2004) combines text analysis with charts and tables for such data as absorption, inventory, direct vacancy (defined by the report as the percentage of existing direct space that is unoccupied and being actively marketed for lease), deliveries year to date and space under construction. Transaction data include property name, sales price, square footage of the property, price per sf and buyer. The report also provides a forecast of demand, vacancy and rental rates for the next quarter.

Historical trend lines extend only back to 1999, when Advantis began to collect data on Richmond. Following this, results were based upon gathering all available property lists from all firms that listed properties in Metro Richmond, and then inputting those data into the company's proprietary database system. Now, however, data are being compiled by CoStar.

The year-end report provides cumulative space numbers only. However, data can be further segmented upon

request. For further information, please contact: Advantis Real Estate Services, 707 E. Main St., Suite 1400, Richmond, VA 23219; (804) 644-4066; www.advantisgva.com

Price Edwards

Price Edwards provides commercial real estate services in Oklahoma, Kansas, Missouri, Arkansas and Texas. It issues market summaries for four core property types, including retail. One such report, *Oklahoma City Retail Market Summary* (Year-End 2004), evaluates the occupancy of 190 centers in excess of 25,000 sf, containing over 23.1 million sf, along with freestanding properties that are not part of shopping centers. The results include vacancy rates for each center in the survey. Five classes of centers are evaluated, ranging in size from "A" (superregional centers in excess of 900,000 sf) to "E" (open-air, or "strip," centers with 25,000 to 30,000 sf).

Seven submarkets in the Oklahoma City metropolitan statistical area are profiled, with charts showing annual inventory, vacancy and absorption data extending back to the mid-1990s. Centers are also listed in each submarket, along with GLA, vacancy rates, and lowest and highest rental rates for each. For further information, please contact: Price Edwards & Company, Oklahoma Tower, 210 Park Ave., Suite 1000, Oklahoma City, OK 73102; (405) 843-7474; www.priceedwards.com

CAP RATES AND/OR TRANSACTION DATA

The Albert Sussman Library continually receives questions on cap rate data from callers hoping to establish value for individual transactions and to determine broader market directions. Recently, more firms have taken great strides in improving the scope and reliability of sources of this information.² Despite these improvements, it is still useful to bear in mind, however, how these companies compile and report this information in order to gain a realistic idea of their usefulness.



CB Richard Ellis (Retail Insight Year-End)

Retail Insight Year-End provides an analysis of regional and superregional malls, lifestyle centers, neighborhood centers, community/power centers, as well as bigbox/stand-alone and urban retail. Coverage is national, rather than regional or local.

In major instances, data come from other sources. Average cap rates and price per sf, to cite one area, originate from Real Capital Analytics. Charts with historical data are limited: average cap rate data, going back four years, only encompass neighborhood centers, while price per sf numbers for the same period only measure neighborhood centers against malls. For further information, please contact: CB Richard Ellis, 865 S. Figueroa St., 34th Floor, Los Angeles, CA 90017; (213) 438-4880; www.cbre.com

Institutional Real Estate Newslite (IREN)

Most of this e-mailed six-page newsletter consists of a news digest, focusing on topics such as mergers, joint ventures, legislation, development and new business units, along with real estate investment trust (REIT) data. One feature of some use to retail real estate trend watchers is a table that lists commercial real estate transactions. Data—which include the buyer, seller, property size, location, and price per thousand and per unit—are based on the Institutional Real Estate Universe, a proprietary database that tracks capital flows in the commercial real estate industry.

Retail is only one of five property types here, and not always a large component of the table. (In the April 18, 2005 issue, retail transactions made up only 3 of the 31 properties tracked in the prior week.) Moreover, some detective work in other sources is necessary because the report does not name buildings that change hands. (Special “Transaction Analysis” reports, issued quarterly, include this information.) Without this identification, it can be difficult

to tell, in the case of smaller acquisitions, for example, if a deal involves a single grocery-anchored center or a large restaurant or retailer. Despite these limitations, however, for anyone keeping tabs on retail properties changing hands, this report can be a good place to start. For further information, please contact: Institutional Real Estate, Inc., 1475 N. Broadway, Suite 300, Walnut Creek, CA 94596; (925) 933-4040; www.irei.com

International Council of Shopping Centers (SCT Xtra)

This weekly newsletter, written by a staff writer for ICSC’s magazine *Shopping Centers Today*, provides breaking news on the retail real estate industry. One feature can function as a tool for industry trend watchers: the “Transactions” box on the first page of each issue. This cites several centers that have changed hands over the last week or so, along with such data as size of center, buyer and seller of the property, location, and price.

Because these data are drawn from reports rather than from a survey or proprietary database, the “Transactions” box provides a picture of deals that is, by necessity, limited. Part of this relates to the nature of such acquisitions: Not all deals in the industry are publicly reported, and not all details of transactions—even on those involving public companies—are always disclosed. (A press report might divulge a seller of a property, for instance, but not the buyer.) Subsequent disclosures in public companies’ quarterly or annual reports occasionally help fill in some of these gaps.

SCT Xtra, therefore, is best used as a means of providing a general idea of transactional trends, rather than a complete list of all deals that have occurred in a given period. For further information, please contact: SCT Xtra, International Council of Shopping Centers, 1221 Avenue of the Americas, (646) 728-3485; www.icsc.org/srch/sctxtra/current/index.php

² For broader background on the use of such data, see Tom Dwyer, “Understanding Retail Cap Rate Measurement,” *ICSC Research Quarterly*, Vol. 11, No. 2. (Summer 2004). Also see, in the same issue, Hans Nordby and Margaret Harbaugh, “Retail Real Estate Pricing: Methods and Misconceptions in the Madness.” www.icsc.org/cgi/memberprint?datafile=rsrchquarterly/current/summer2004/index.html



OTHER INDUSTRY SOURCES OF DATA

Korpacz Real Estate Investor Survey (PricewaterhouseCoopers)

The *Korpacz Real Estate Investor Survey*, published by PricewaterhouseCoopers, is a source for capitalization and discount rates, cash-flow assumptions, and actual criteria of active investors, as well as property market information.

In addition to office, industrial, multi-family, and net lease markets, the quarterly survey looks at retail space, focusing on three types of centers: regional mall, power center and strip center. Tables provide data for both overall and residual cap rates for the current quarter, the last quarter and a year ago, along with the range of cap rates, the average, and change in basis points. In the case of regional malls, readers will find further breakdowns in average overall capitalization rates by class, from C+ (which the report defines as inline retail sales per sf of \$200-\$249) to A+ (\$450 and up). For further information, please contact: PricewaterhouseCoopers LLP, Publications Dept., 615 Franklin Turnpike, Ridgewood, NJ 07450; (201) 689-3130; www.pwcreval.com

National Real Estate Index (Global Real Analytics)

National Real Estate Index (NREI) is owned by Global Real Analytics, the successor entity to the CB Richard Ellis Global Capital Markets Group. NREI maintains a proprietary time-series of local market property prices, rental rates and cap rates. We will focus on the cap rate component here.

Value Monitor, an NREI quarterly newsletter, offers recent price and cap rate benchmarks in nearly 60 local markets and six property sectors. Reported values reflect what NREI calls “Class A properties”—which, for this report, is a neighborhood or community center rather than an enclosed mall. The focus of the data narrows further because a typical center ranges from 75,000 to 250,000 sf and contains at least one major tenant, usually what the report calls a “high-quality” national or regional grocery/drug store. The supplemental value monitor

section also reports average prices per sf for other property categories and classes of properties—e.g., a “class A power retail center.” Average prices are reported only in those markets and property types where the publisher believes that enough actual sales transactions have occurred. For that reason, markets and property sectors will vary, with no two successive issues necessarily reporting the same thing.

While CB Richard Ellis is the largest contributor of property-level data to NREI, nearly 70 other major players in the real estate industry also provide information for particular markets, ranging from Advantis to Woodbury Corp. For further information, please contact: National Real Estate Index, 505 Montgomery St., 6th Floor, San Francisco, CA 94111, (800) 992-7257, ext. 2; www.nrei.info

Real Capital Analytics

Real Capital Analytics, Inc., a national research and consulting firm, focuses on the investment market for commercial real estate. Besides collecting current property sales transaction information, the firm analyzes and interprets the data. *Retail Capital Trends Monthly* is one of four reports issued by the company covering a core property type (the other types are office, flex/industrial and apartment). We examined the October 2004 issue, on volume and pricing.

Data for this report are compiled from properties and portfolios of \$5 million and greater. Moreover, because only asset sales are tracked, mergers and acquisitions among entire REITs or other real estate entities are not covered. Consequently, the report is best read to assess the performance of larger national and regional shopping center companies.

The report includes transaction volume and pricing data for nearly 60 metro areas, as well as nationally. Breakouts are available by division; by primary, secondary and tertiary markets; and by mall and open-air (or, in the report’s usage, “strip center”) formats. Report users can also track movements in volume and pricing by markets as well as by quarter for the last few years. For further information,



please contact: Real Capital Analytics, Inc., 32 Union Square East, Suite 1100, New York, NY 10003; 1-866-REAL-DATA (1-866-732-5328); www.rcanalytics.com

Real Estate Research Corp. (RERC)

An investment advisor registered with the Securities and Exchange Commission, RERC provides fairness opinions, appraisal management and other independent fiduciary services for pension funds, trustees and money managers. It conducts the *RERC Real Estate Report*, a real estate investment survey that summarizes regional rates of return, property selection criteria, and investment outlook of large institutional investors and regional respondents across the country. The results report required returns—not actual or historical performance. A typical quarterly report runs 40 pages.

Among the data are going-in (overall) cap rates and terminal (residual) cap rates. At the metro, regional and national levels, the report summarizes data for regional

malls, power centers and neighborhood/community centers, in addition to apartment, hotel, CBD, suburban, warehouse and research and development components. For further information, please contact: Real Estate Reporting Corp., Attn.: Publications, 99 E. Bremer Ave., Waverly, IA 50677; (319) 352-1500; www.erc.com

This is not an all-inclusive list of industry sources related to rents, vacancies, cap rates, and transaction data, but should give the reader a good sense of the range of data sources available. Moreover, these sources are continually evolving, with new data collection projects in the pipeline.

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