

# Napa Valley Register

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## Napa shopping centers suffered during recession

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The recession was a doozy for Napa shopping centers. Out of 11 major retail, only one, Bel Aire Plaza, saw an increase in taxable sales between 2008 and 2010, according to new data from the city.

Bel Aire Plaza reported the only increase over that recessionary period, with taxable sales rising 2.6 percent.

All other Napa shopping zones, including downtown, South Napa Marketplace, the factory outlets, Silverado Plaza and Redwood Plaza, saw declines in taxable sales from .02 percent to 28 percent over the two-year period.

Among centers with lower sales, the Trancas-Jefferson corridor saw the smallest decrease — just .02 percent. But sales were sharply higher in the first quarter 2011 — up 12.6 percent — suggesting better days ahead.

"We're definitely going to see some changes there," Robin Klingbeil of the city's economic development office said. Walgreens will open early in 2012, followed by other merchants in Napa Crossing which is under construction.

The opening of Napa Crossing will attract more shoppers to Trancas, boosting business in the area she said.

Craig Semmelmeier with Main Street Properties, the manager of Bel Aire Plaza, agreed.

"It will increase revenue (at Bel Aire Plaza) because it will increase the amount of traffic on Trancas," he said.

"We're fortunate that our efforts have created a momentum that the recession wasn't able to undo," Semmelmeier said. "The shopping center is on a roll and continuing to improve."

Semmelmeier said the mall plans to remodel several storefronts currently home to a Hallmark store, Pure Beauty and Umpqua Bank.

The downtown business district, which recorded the greatest amount of taxable sales, saw a 4.9 percent decrease in taxable sales from 2008 to 2010, the report said.

Restaurants took a huge hit during the recession, Craig Smith of the Napa Downtown Association said. "The fact that we are only down 4.88 percent is incredibly positive," he said.

Based on figures for early 2011, Craig predicts downtown taxable sales will increase 15 percent from 2010 to 2011. "The real proof of the pudding will be what happens at Christmas time," he said.

The Soscol Gateway area, anchored by Napa's car dealers, saw a 7.15 percent drop over the two-year period.

Sales should improve in 2011, Klingbeil said. Because many shoppers put off vehicle purchases during the recession, sales should increase due to pent-up demand, she said.

In addition, the proposed Ritz-Carlton resort development and the south Napa movie theater project will both fall in the Soscol Gateway area, Klingbeil said. "That will be a huge sales tax generator when the hotel and theater open," she said.

The movie house is under construction and scheduled to open in 2012,



Bel Aire Plaza was the only shopping center in Napa to show an increase in sales during the year ending 2010, compared to 2008 and 2009. Jorgen Gulliksen/Register

while the developer of the Ritz-Carlton project continue to seek financing.

The Gasser Foundation will be adding more than 200,000 square feet of leasable space next to South Napa Marketplace, said Jim Henry of commercial brokers Strong & Hayden. Tenants will start opening in 2012, he said.

"I would think by the end of 2013 we would substantially increase the sales tax revenue in that area, comparable to what Target and Home Depot bring to town," Henry said.

Within the South Napa Marketplace, home to chain stores such as Target, Home Depot and Applebee's, taxable sales overall dropped 5.7 percent between 2008 and 2010, the report noted.

Taxable sales declined 11.6 percent within the Grapeyard Center/Jefferson Street corridor, which stretches from just below Trancas to Lincoln Avenue and includes Buttercream Bakery and adjacent businesses.

Unlike some areas, Napa's factory outlets, which saw a 6.34 percent decline in taxable sales, relies almost entirely on retail shopping, Klingbeil noted.

"That center is somewhat narrow in its offerings," she noted. "It could come back more slowly."

The River Park area saw a 7.7 percent decline in taxable sales from 2008 to 2010.

The new CVS store near River Park shopping center opened in July 2009. "Those numbers helped with the small increase in 2010," Klingbeil noted.

"CVS has made a small impact, and we expect that Fresh & Easy will too when those numbers come in," Klingbeil said. The Fresh & Easy Market opened in River Park in April.

When comparing taxable sales from the first quarter 2010 to first quarter 2011 sales, reports show slight increases in taxable sales in most shopping areas, but slight declines at South Napa Marketplace, Bel Aire Plaza and Napa Valley Corporate Park.

"There is still a concern about the distressed housing market and labor market, another wave of foreclosures and the impact from all of that," Klingbeil said. "The outlook is tempered by these indicators which are expected to continue for a while."