

## Retail picture brightens as ‘coming soon’ signs begin to pop up

Report cites 12th consecutive quarter without a rise in retail vacancy rates



Dennis McCoy | Sacramento Business Journal

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Across the Sacramento region, scatterings of retail construction, redevelopment and “coming soon” signs for retailers have become more evident in recent months.

[Donahue Schriber](#), for example, is building a big shopping center in Rocklin and is redeveloping its **Town & Country Village** shopping center in Sacramento. Petco is opening stores in West Sacramento and East Sacramento. **Hobby Lobby** opened in Elk Grove and is about to open in the Arden area. And Palladio at Broadstone in Folsom is finding tenants for its space.

The Fresh Market, meanwhile, will open next to the Pavilions center. And across from Town & Country, some of the Mueller Corner shopping center was demolished to make room for CVS and McDonald's.

Perhaps it's no surprise that by the end of the second quarter, the vacancy rate for the Sacramento region's shopping centers was 12.7 percent, according to a new report by **Terranomics Retail Services**.

That marks “the 12th consecutive quarter in which vacancy has either stayed the same or declined,” according to the report, prepared by Terranomics research director [Garrick Brown](#) and research analyst [James Masuda](#).

“The energy is starting to turn around,” [Aaron Marchand](#), a broker with **Turton Commercial Real Estate**, speaking not only of retail activity. “The development community as a whole is starting to feel more optimistic.”

In Marchand's specialty area — retail and office in the central city — “a lot of people are looking,” but deals take much, much longer than they used to. “Everyone's trying to protect themselves,” he said.

The current vacancy level “still represents a trade area with challenges,” the Terranomics report said. “Recovery is taking place, but it is continuing to take place at a painfully slow pace.”

The best shopping centers are performing much better these days, but the Class B and C properties are still struggling with vacancies, Terranomics found.

The improving housing market is “the most important factor influencing the retail marketplace in Sacramento right now,” the report said.

“The return of home equity (local homeowners lost over 50 percent of their value during the crash) will lead to more consumer spending and more mom-and-pop retailers.”

Kelly Johnson covers retail, insurance, marketing and media, manufacturing and distribution, sports business, nonprofits and education for the Sacramento Business Journal.