

State of the Outlet Industry, Part 2

U.S. Outlet Center and Owners Report



Driven by top performers like Prime Outlets-Orlando (above) total sales at Prime Retail centers increased to an average of \$378 psf in 2008.

Between April 1, 2008 and Aug. 1, 2009, outlet GLA grew by 1.6 million sf.

By **LINDA HUMPHERS**
Editor in Chief

It's hard to imagine that any retail sector could actually have grown in the last 18 months, but the proof is in the numbers.

Total outlet-center GLA has grown by 1.6 million sf since April 1, 2008, to 58.6 million sf from 57 million sf. The growth was led by eight center openings and several expansions to existing projects in the period.

Some of that growth was offset by a net loss of two outlet centers – to 216 by the end of this year from 217 in April 2008. The net loss was caused by changing tenancy in the centers. To explain, VRN defines an outlet center as one with at least 50 percent outlet tenancy, so every year, there are centers that either become outlet

12 Oldest U.S. Outlet Centers

76 outlet centers totaling 17.2 million sf have been open for 20 years or longer

Center	Location	Developer	Year Opened	GLA
*VF Outlet Center	Reading, Pa.	VF Outlet Inc.	1970	734,000
Lakeland Station Outlets	Lakeland, Tenn.	Gilad Development, Inc.	1979	305,000
*VF Outlet Mall	North Dartmouth, Mass.	VF Outlet Inc.	1979	166,152
Burlington Outlet Village	Burlington, N.C.	Anthony & Co	1981	300,000
*Liberty Village Premium Outlets	Flemington, N.J.	Chelsea Property Group	1981	168,000
Prime Outlets Orlando	Orlando, Fla.	Prime Retail Inc.	1981	775,297
Factory Stores of America	Boaz, Ala.	Chelsea Property Group	1982	112,000
Fashion Outlets of Niagara Falls USA	Niagara Falls, N.Y.	AWE Talisman Companies	1982	533,000
Preferred Outlets at Lake Park	Lake Park, Ga.	Ariel Preferred Retail Group	1982	245,646
*Harmon Cove Outlet Center	Secaucus, N.J.	Hartz Mountain Industries, Inc.	1983	156,000
Kittery Premium Outlets	Kittery, Maine	Chelsea Property Group	1983	264,000
The Williamsburg Outlet Mall	Lightfoot, Va.	6401 Richmond Road LLLP	1983	180,790

*still owned by original developer

3,939,885 sf

or revert to value-oriented. There is nothing alarming in that changing tenancy, because a few centers are perennial fence-sitters, going back forth every couple of years.

One everyone's mind, though, is how have outlet occupancy and sales done in the last 18 months. Although VRN doesn't collect that data from developers, Tanger Factory Outlet Centers and Chelsea Property Group quarterly filings do provide some numbers, and Prime Retail voluntarily contributes sales and occu-

(Continued on page 10)

Industry Snapshots, as of June 30, 2009

Number of U.S. outlet centers: 216
Total Outlet Center GLA: 58,570,379 sf
Average Outlet Center GLA: 271,159 sf

Planned Outlet Center Projects:

- **Planned Phase 1 outlet centers:** 34 projects planned by 2011 totaling 10.6 million sf plus 4 lifestyle or value-oriented projects totaling 965,000 sf
- **Planned expansions to existing outlet centers:** 8 expansions totaling 978,085 sf to existing outlet centers plus 3 expansions totaling 171,650 sf to existing value-oriented centers

Outlet Center Demographics

Average Population and Average Household Income for Outlet Centers

Developers provided market data on 201 centers:

- within a 60- to 100-mile radius, the average population is 3.2 million and the AHI is \$58,490
- within a 50-mile radius, the average population is 5.8 million and the AHI is \$56,132
- within a 10- to 45-mile radius, the average population is 1.9 million and the AHI is \$59,135

Outlet Center Ownership

- 73 developers own 216 outlet centers
- Seven companies have outlet portfolios of more than 1 million sf; those seven companies own a total of 131 centers and 43.4 million sf, or more than 75 percent of the outlet GLA and 61 percent of the centers
- 17 developers own two or more centers for a total of 159 centers accounting for 48 million sf
- 56 centers totaling more than 10 million sf are the only outlet projects in their owners' portfolios.

25 largest U.S. Outlet Centers

Outlet Center	Developer	GLA (sf)	Opened
Woodbury Common Premium Outlets	Chelsea Property Group	844,000	1985
Central Valley, NY			
Prime Outlets Orlando	Prime Retail	775,297	1981
Orlando, FL			
Prime Outlets-San Marcos	Prime Retail	748,237	1990
San Marcos, Texas			
VF Outlet Center	VF Outlet	734,000	1970
Reading, PA			
Tanger Outlet Center	Tanger Factory Outlet Centers	729,314	1994
Riverhead, NY			
Prime Outlets - Birch Run	Prime Retail	689,232	1986
Birch Run, MI			
Camarillo Premium Outlets	Chelsea Property Group	674,000	1995
Camarillo, Calif.			
Atlantic City Outlets, The Walk	Cordish Co.	670,000	2003
Atlantic City, N.J.			
Wrentham Village Premium Outlets	Chelsea Property Group	616,000	1997
Wrentham, MA			
Miromar Outlets, Southwest Florida	Miromar Development	605,537	1998
Esterro, Fla.			
Rio Grande Valley Premium Outlets	Chelsea Property Group	580,000	2006
Mercedes, Texas			
Gilroy Premium Outlets	Chelsea Property Group	577,000	1990
Gilroy, CA			
Rockvale Outlets	PA Outlet Management	565,000	1986
Lancaster, PA			
Tanger Outlet Center	Tanger Factory Outlet Centers	557,235	1988
Foley, AL			
Louisiana Boardwalk	O&S Holdings	550,000	2005
Bossier City, La.			
Orlando Premium Outlets	Chelsea Property Group	550,000	2000
Orlando, Fla.			
Philadelphia Premium Outlets	Chelsea Property Group	550,000	2007
Limerick, PA			
Las Vegas Premium Outlets	Chelsea Property Group	540,000	2003
Las Vegas, NV			
North Georgia Premium Outlets	Chelsea Property Group	540,000	1996
Dawsonville, GA			
Prime Outlets - Grove City	Prime Retail	533,603	1994
Grove City, PA			
Fashion Outlets of Niagara Falls USA	AWE Talisman Companies	533,000	1982
Niagara Falls, NY			
Las Americas Premium Outlets	Chelsea Property Group	525,000	2001
San Diego, CA			
Prime Outlets-Williamsburg	Prime Retail	524,522	1988
Williamsburg, Va.			
Tanger Outlets at the Arches	Tanger Factory Outlet Centers	511,149	2008
Deer Park, N.Y.			
Desert Hills Premium Outlets	Chelsea Property Group	500,000	1990
Cabazon, CA			

The 25 largest U.S. Outlet projects are in 13 states and operated by 9 developers

Total GLA of the 25 largest is 15,222,126 sf.

Source: 2009 Global Outlet Project Directory

(Continued from page 9)

pancy data to VRN. However, 3rd quarter 2009 earnings for both Chelsea and Tanger weren't available until after VRN's press date, so the most recent available for this issue are 2nd quarter 2009 results. Prime offers yearend results on total sales rather than comp sales.

In the last outlet-center report, published in VRN's May 2008 issue on page 12, we posted the yearend 2007 numbers for Tanger Factory Outlet Centers, Chelsea Property Group and Prime Retail.

- Chelsea's 2007 occupancy was 99.7 percent and comp sales were \$504 for 38 Premium Outlet Centers totaling 15 million sf; through the 2nd quarter 2009 (ended June 30), Chelsea's occupancy was 97 percent and comp sales were \$493 for 40 centers totaling 16.8 million sf.

- For 2007 Tanger's occupancy was 97.6 percent and comp sales were \$342 for 33 centers totaling 9.1 million sf; through the 2nd quarter 2009 (ending June 30), Tanger's occupancy was 95 percent and comp sales were \$335 for 31 centers totaling 9.2 million sf.

- Prime Retail's 2007 occupancy was 97 percent and total sales were \$363 for 22 centers totaling 7.9 million sf; Prime's 2008 occupancy was 93.5 percent and total sales increased to \$378 for 22 centers totaling 8.4 million sf. ■

State of the Outlet Industry, Part 3, the value megamalls, will be published in the December VRN.

Multiple-Center Ownership

As of June 30, 2009

Developer	No. of centers	Portfolio GLA
Chelsea Property Group	50	18,383,000
Tanger Factory Outlet Centers	35	9,970,371
Prime Retail	22	8,360,800
Craig Realty Group	10	2,877,332
Ariel Preferred Retail Group	6	1,290,051
DPI Group	6	571,930
Horizon Group Properties	5	1,461,940
Northwest Outlets	4	630,034
AWE Talisman Companies	3	1,060,000
Gilad Development	3	734,635
Cobra Properties	3	598,750
Greenridge Management	3	127,700
VF Outlet	2	900,152
The Cordish Company	2	870,000
SugarOak Management Services	2	289,554
Howard Realty Group	2	280,000
L & M Associates	2	99,460
Totals	159	48,505,709 sf

12 Smallest U.S. Outlet Centers (50,000 sf or less)

Center and location	Developer	Opening	GLA
*Kittery Outlet Center			
Kittery, Maine	*Newmarket Properties Ltd.	Oct. 1984	50,000
French Mountain Commons Outlet Center			
Lake George, N.Y.	L & M Associates	Nov. 1987	46,800
*Highridge Plaza			
Manchester Center, Vt.	*Greenridge Management Corp.	Oct. 1988	46,200
Mammoth Luxury Outlets			
Mammoth Lakes, Calif.	Mammoth Luxury Outlets	July 1991	35,000
*Tanger Outlet Center II			
Kittery, Maine	*Tanger Factory Outlet Centers, Inc.	June 1989	24,619
*Equinox Square Shopping Center			
Manchester, Vt.	*Manhattan Skyline Management Corp.	June 1992	23,500
St. Helena Marketplace			
St. Helena, Calif.	Baywood Capital Corporation	Nov. 1992	23,000
*Kittery Place			
Kittery, Maine	*The Stern Company, Inc.	1989	22,250
Maine Gate Outlets			
Kittery, Maine	Maine Gate Outlet	1985	20,000
*The Outlet Mall of Kittery			
Kittery, Maine	*Bradford Realty Trust	Jan. 1989	17,100
*Battenkill Plaza			
Manchester, Vt.	*Greenridge Management Corp.	July 1985	16,500
*Flemington Station Outlet Center			
Flemington, N.J.	*L and L Properties Group LLC	Oct. 2007	16,000
	11 owners		340,969

*Project is still owned by the original developer

Outlet Center Openings

Number of U.S. outlet center openings between April 1, 2008 and Sept. 1, 2009 :

- **Outlet Marketplace***, Orlando, Fla.; Prime Retail; **July 2008; 205,873 sf**
- **Tanger Outlet Center**; Washington, Pa.; Tanger Factory Outlet Centers; **Aug. 2008; 323,317 sf**
- **Tanger Outlets at the Arches**, Deer Park, N.Y.; Tanger Factory Outlet Centers; **Oct. 2008; 511,149 sf**
- **Jersey Shore Premium Outlets**, Tinton Falls, N.J.; Chelsea Property Group; **Nov. 2008; 435,000 sf**
- **Freeport Village Station**, Freeport; Maine; Berenson Associates; **May 2009; 118,000 sf**
- **Cincinnati Premium Outlets**, Monroe, Ohio; Chelsea Property Group; **Aug. 2009; 400,000 sf**
- **The Legends at Sparks Marina**, Sparks, Nev.; RED Development; **June 2009; 350,000 sf**

Total GLA of the outlet-center openings: 2,343,339 sf

Average size of the outlet-center openings: 334,763 sf

* Re-opening of existing center

Outlet Portfolio Snapshots

Chelsea Property Group's Premium Outlet Centers

June 30, 2009

40 Premium Outlet Centers totaling **16.8 million sf**
Occupancy: **97 percent**
Comp sales psf: **\$493**

Tanger Factory Outlet Centers

June 30, 2009

31 centers totaling **9.2 million sf**
Occupancy: **95 percent**
Average sales psf: **\$335**

Prime Retail

yearend 2008

22 centers totaling **8.4 million sf**
Occupancy: **93.5**
Average sales psf: **\$378**

7 Largest U.S. Outlet Portfolios (more than 1 million sf)

As of June 30, 2009

Developer	No. of centers	Portfolio GLA
Chelsea Property Group	50	18,383,000
Tanger Factory Outlet Centers, Inc.	35	9,970,371
Prime Retail Inc.	22	8,360,800
Craig Realty Group	10	2,877,332
Horizon Group Properties	5	1,461,940
Ariel Preferred Retail Group	6	1,290,051
AWE Talisman Companies	3	1,060,000
Totals	131	43,403,494 sf