

All Up In Your Business | A hot market is helping fill vacant properties
Jay Socol, Aubrey Nettles
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Jay Socol:

Welcome to All Up In Your Business, I'm Jay Socol.

Aubrey Nettles:

I'm Aubrey Nettles.

Jay Socol:

And on today's show, Aubrey and I will be talking about infill development; specifically, the work that College Station's Economic Development team is doing to backfill vacant spaces throughout the city. So, like so many cities, College Station ended up losing some businesses during the pandemic — even ones that were able to take advantage of some various funding sources, and that was a horrible scenario for a whole lot of folks. But we are clearly emerging as a healthier nation, state and city. And we're seeing a healthier economy right here in CSTAT. So Aubrey, talk about the economic state of the city as it relates to backfilling these empty spaces and all the things that you and Natalie and Stacey have been working on.

Aubrey Nettles:

Yes. Jay, you are right on point.

Jay Socol:

Thank you.

Aubrey Nettles:

You've been listening to the things I've been telling you?

Jay Socol:

Yes. Get a little closer to the microphone for me.

Aubrey Nettles:

I appreciate it. COVID-19 was really difficult on the nation as a whole and on retail. And we did lose some of our retailers and it was really tough. And for a while it seemed like people just weren't getting out, and understandably. So it just wasn't very safe. And so businesses really took a hit from that. But now as vaccine production is ongoing and the university has announced that they are open at 100% capacity and football will be back at 100% capacity. College Station is on fire and our retail market is really hot in College Station. People that we were talking to pre-COVID about locating in our market are now calling us and saying we're ready. We're going to make the decision to locate, help us make that call. And we're here to make that move.

Jay Socol:

So, so many probably pumped the brakes during the pandemic but a lot of them are now calling you back again. Yeah.

Aubrey Nettles:

Yes. And so it's been really exciting. Many projects that we felt we had lost and Gringo's was one that we felt we had lost.

Jay Socol:

Yeah, that's right. They were a thing. And then they disappeared and we're blessed that they came back.

Aubrey Nettles:

That's a prime example of one we thought that we had lost and now is coming back. But some of those that now that are coming back are helping us to fill those vacant spaces. And it's so tough when you lose businesses in College Station because it's not just tough from a consumer standpoint but it's tough knowing that these are our neighbors' jobs, these are people's livelihoods. And so it's tough all around when you lose a business, when you lose a retailer and College Station and to start seeing some of those get filled. It's just really uplifting and it gets people excited. And so we really wanted to take some time to talk about that today.

Jay Socol:

Yeah. Some of these folks who just weren't able to make it for one reason or another, I mean, in some cases that's their life savings, this was their dream. I mean, it's really tough to watch happen. And for College Station, there is so much growth, especially moving to the south, new structures, new tenants, the whole thing is very exciting. But there are these vacant spaces around the city and I know those were still a priority for you pre-COVID, but explain what that scenario is for you and your team now.

Aubrey Nettles:

So now that things have picked back up and the retail market is hot, we're really working with the various brokers around town who represent the vacant spaces and we're working with national retailers to help locate. And so we are constantly on calls and having site visits to help basically service matchmakers. So we'll talk to a national retailer who's looking for so many square feet and they want to be either on Highway-6 or University Drive and we help fill their need and match them with the right fit. And so we've been able to help facilitate some of those deals and we have a fantastic real estate, commercial real estate agents here in College Station. And talking to them, they're telling me that they are the busiest they have been in the past seven years.

Jay Socol:

Really?

Aubrey Nettles:

Yes. So it's not only great for them professionally but it's just great for the whole community. And we're starting to see a lot of that, some of which we can announce today and talk about and some of which isn't quite there. All of these transactions take time and some of them just aren't quite ready to announce. But I can say that everything is moving and it's forward progress. And it's really great to see.

Jay Socol:

So explain to me how much involvement do you guys typically have? Is the market is so hot that some of this stuff happens without the need to engage your economic development team, or really are you guys brought into the loop more often than maybe we would even suspect?

Aubrey Nettles:

Sometimes the City of College Station isn't needed at all. Sometimes we are called by the national retailer, we work with a retail consulting group called The Retail Coach and they are so well connected to all of the national retailers. So sometimes we get that immediate contact from the tenant saying they're interested in our market. And so we'll start delivering that out to the different brokers in town to see that you have sites that meet need. And then sometimes we're just not needed because the market is so hot and they've got it taken care of.

Jay Socol:

And I've even wondered, okay, you guys see or you learn that a space is going to be vacated. How often do you guys jump in? Like, let's make the call. We know this thing's coming open and let's jump on it. Or do you kind of sit back and wait for somebody to call you?

Aubrey Nettles:

It just depends on the site. There are certain sizes that we know are prime sizes and certain locations that we know our top priority locations, like the Highway-6 frontage and like University Drive. That when they become available, we know exactly who has been interested in them and we know to send them their way. And so some of them we'll wait and see if they get some movement on their own but others we're ready to dive right in and make those initial contacts. A lot of what we do is all about relationship building. And so we want to make sure that the real estate brokers know that we are here to help them if they need our help. And we are here to stay out of their way if that's what they need as well.

Jay Socol:

Right. I guess you are playing the long game. Gringo's is a great example of playing the long game and building those relationships and hopefully they pay off.

Aubrey Nettles:

Absolutely. This is absolutely the long game. And we're starting to see a lot of that payoff. Gringo's was absolutely a long game, Costco is an even longer game.

Jay Socol:

That's right! Who could forget that?!

Aubrey Nettles:

And so, we'll see some development next to Costco and I'm sure we'll see some players that we've been going after for a long time locate there as well.

Jay Socol:

Do you primarily focus on our major corridors, 6, University, Texas, Harvey — are those your main areas of focus or do you really...is that not a thing? You're, you're actually working all areas of the thing.

Aubrey Nettles:

We work all the areas of town. When I first started an economic development, retailers were only interested in University Drive in Texas Avenue. They wanted to be next to campus. We had to establish South College Station as a market to them and really create something as a marketing technique that wasn't there before. So now it's amazing to see people come in asking for locations in South College Station. And so retailers, based on how large they are, will gravitate towards student-driven areas or family-driven areas. But for the most part, we are representing the whole city and there's need everywhere.

Jay Socol:

So can you talk to me about any particular areas where you have been focusing and maybe some successes that you have seen, or even some successes we don't yet know about that, or good enough for you to actually talk about?

Aubrey Nettles:

Sure. So on University Drive, we saw a couple of retail restaurants go out of business during COVID-19. And just recently we've learned that the old Pei Wei space is going to be Cook Shack, which is a really awesome wing concept that will be coming in next to Grub Burger Bar.

Jay Socol:

Did we just break some news?

Aubrey Nettles:

I think so. (JS: My gosh. Okay. Keep talking.) And so I'm really excited about Cook Shack and we mentioned it at our last podcast but also on University Drive where Joseph A. Bank used to be. We'll be getting 5.11 Tactical. So we'll have more clothing, technical, tactical gear there. And that will be great to fill in that vacant space as well. There continues to be some vacant space there at that Red Lobster on University Drive. There has been some interest, but no nothing to announce yet, but we are absolutely watching it like a hawk and continue to send different restaurant options to folks for the Red Lobster.

Jay Socol:

There are people kicking the tires to their location.

Aubrey Nettles:

Absolutely. They're very much are. And then there's Abuelo's. So Abuelo's is also a vacant space and we have sent that to many restaurants that there has been interest there as well. So that's another one. Both of those are represented by great brokers in town and we help facilitate however we can. And when we hear of national restaurants that are interested in our market, we send that information over to them as well.

Jay Socol:

Oh, that's great news. Any other parts of town that you feel confident talking about in a backfilling sort of fashion?

Aubrey Nettles:

Let's see, also on University Drive with the Genghis Grill that was vacated. That is going to be the Toasted Yolk.

Jay Socol:

Now, we've talked about that, haven't we?

Aubrey Nettles:

I think I've mentioned it and they're going to be opening late summer. And so another great brunch option in College Station. I'm so excited about our brunch cuisine here in College Station that I'm working with our events coordinator on creating a brunch dine around because the brunch we have here and are getting it's just next level.

Jay Socol:

A brunch crawl...

Aubrey Nettles:

Brunch crawl. Brunch and brunch and brunch.

Jay Socol:

I like the way you think, because doesn't like a good brunch?

Aubrey Nettles:

Right?

Jay Socol:

Yeah.

Aubrey Nettles:

So that's another good one to mention. And then the Taco Cabana that was vacated has transitioned to Las Palapas and that was a great backfill. That one, we did not have to get involved in. Clint Cooper with Oldham Goodwin Group. I mean, he hands us wins after win and makes us look great all the time.

Jay Socol:

Well, and these are important properties I'm sure to feel as quickly as possible because they're so visible and you don't want these visible vacant spaces, especially on your main corridors — which brings me to some more complicated locations. Can we talk about a few of them?

Aubrey Nettles:

Sure.

Jay Socol:

Because there some places that just seem to chronically stay vacant and I know there are reasons for that. And months, probably years ago, Natalie and I talked about that a little bit but maybe you can talk about it too. So I'll start with what originally came in as a Randall's grocery story. I think it later became an

Albertsons, it's on University Drive right across from Fire station-6, that thing is forever empty. What's the reason. And what are the challenges from your office's standpoint?

Aubrey Nettles:

Yes. So that property will be a phenomenal redevelopment project at some point. What is delaying the project is that H-E-B is currently paying the lease on the property to the owner as a non-compete. And so the owner really isn't as motivated until that leases up to go ahead and redevelop it right. There is just under four years remaining on that lease. And so they're still open to having conversations currently, but until the lease is up and they're no longer receiving money from H-E-B, there's no fire under them really pushing them to move as quickly on redeveloping or selling it for redevelopment.

Jay Socol:

As long as the money's coming in, why bother doing anything else?

Aubrey Nettles:

Right. But I think at some point that will be an incredible redevelopment.

Jay Socol:

Yeah, for sure. Now a similar situation in the old Academy space, correct?

Aubrey Nettles:

Yes. So you're absolutely right. The former Academy is still paying the lease on that site as well. And so they have a little under a year remaining which is good news. Meaning that now the owner of that site is going to take offers that they receive a little more seriously because that lease is coming due. And so they will no longer be receiving payments from Academy. And so there'll be ready to work with someone new on that site which is great news. But up until this point, they had been receiving payments from Academy. So they weren't quite as motivated to move forward with a new tenant.

Jay Socol:

And do you guys expect to be involved when the time comes to help move that property?

Aubrey Nettles:

Gladly. We've been in touch with the broker and touch base, how much time is left, how much time's left on that lease because we've known that that's really been what has made the property stay vacant as long as it has because this is a phenomenal property on Highway-6. It really is.

Jay Socol:

Yes. Do you want to tackle any aspects of Post Oak Mall? I know, I know Natalie and I've talked to in the past about how unique that is because the big boxes are sort of owned and operated, and the land, I guess, is owned by those actual stores, whether it's JC Penney's or it's a Macy's or Dillard's — it's not the Post Oak Mall folks who own those things.

Aubrey Nettles:

Right. So CBL does not own the former Sears and they also do not own the former Macy's. And so the Macy's has recently vacated that property and it is now on the market. SRS is representing them and I

know the broker well and have been in contact. They have had people reach out, it's for sale now. And so it's a really big property. And so properties that large or are harder to move, but we have it listed on our website now that it's active on the market and are going to stay involved in hopes of getting it sold and hopefully getting it sold quickly. And I'm really excited to see what happens there. And then with the former Sears building, half of that was sold to Conn's. And so we'll see what happens with the other half of that building,

Jay Socol:

But you guys are actively involved in trying to again assist with filling some of those spaces. Correct?

Aubrey Nettles:

Yes. So just like with the former Macy's building, we've been in touch with CVRE who represents the former Sears building and they're interested in selling the other half or leasing it. And we have it on our website when we get prospects that are larger, we send that information to them. We've had a few really large retailers recently that are interested in our market. And so we know we have some big boxes that are empty now and sending that information to them, they have a few to choose from in our market right now. And so we really are facilitating those conversations and serving as the objective party knowing that there are a few different options to choose from currently in College Station.

Jay Socol:

Okay. You ready to tackle an old topic that people still ask all of us about all the time?

Aubrey Nettles:

Sure.

Jay Socol:

You ready?

Aubrey Nettles:

Yes.

Jay Socol:

Pappadeaux — Pappadeaux on University Drive that we felt so good about years ago. And it is what it is. The family still owns the property, and — what do you know about it?

Aubrey Nettles:

Yeah. So the family does still own the property. And my understanding is that when Hurricane Harvey hit Houston, it had very big financial implications to several of their restaurants there in Houston. And so that really diverted their attention back to those restaurants and kind of delayed their forward progression on new restaurants, including this one. I think it is a good sign that they still own the property and they're paying property taxes on that prime University Drive property in College Station. And so I think it's a good sign that they still own it and they haven't sold it, meaning that their intentions must be that at some point they will move forward on it, but we don't have a start date on when they will move forward.

Jay Socol:

I guess if it was, we shall never build there, they would get rid of the property.

Aubrey Nettles:

They would sell it, right. Because they're paying the taxes on it. So why would they assume those costs if they don't have intentions to move forward?

Jay Socol:

And there are Aggie connections with that family, right?

Aubrey Nettles:

Absolutely.

Jay Socol:

Okay. So anybody who's listening, go lean on our friends in the Pappas family and tell them the time is now. Like, they need to come on and build something special here in Aggieland. What other locations maybe did you want to talk about that I haven't asked you about?

Aubrey Nettles:

There's a few other boxes that we lost in town during the pandemic, like the World Market space, like the Steinmart that we are actively working with the folks that own or represent those sites. And they're having really good conversations with great national retailers. But I don't have anything I can announce just yet, but I will tell you that there has been tremendous forward progress. And I'm really excited about where we are in College Station and the retail market. And I really think that things are going to continue opening up, we're going to continue having more and more diversity in our retailers and what we have to offer our citizens and our visitors in College Station.

Jay Socol:

Oh, that sounds great. Now I wanted to shift gears just a little bit and talk about the latest sales tax report. And so I jotted down a few notes here and you can give more context and any other thoughts you have about it. But we recently received the March sales tax report from the state comptroller's office, which always is two months behind. So March — that's the latest month that we have figures for. And I understand this is the first month where the prior year's figures reflect some of the COVID-19 period. I think the shutdown was initiated mid-March of 2020. So the net receipts that I see will be around \$3.2 million for that month. That's 44.2% higher than March of 2020 and 33.3% higher than the sales taxes received in March of 2019, which is a huge deal. So, Aubrey, I'm told that folks in finance, they're still studying the figures and all the factors that contributed to this, but it's amazing news. And year to date, our current receipts are up 6.86% over last year. Your thoughts?

Aubrey Nettles:

I think it's absolutely incredible. I think it speaks to our great variety in College Station. I think it speaks to the loyalty that the people in College Station have to our retailers in knowing that when they shop in College Station, that it truly is benefiting the local economy. And it goes back into the local economy and that we have a ton of options and that it continues to grow. But it's wonderful to see the return on that investment and that we are flourishing. And I think that it will continue to grow and increase in great ways

as we bring more opportunity for our residents and visitors and as we continue backfilling, these spaces, totally.

Jay Socol:

Totally concur. And by the way, things are positive all over. It's been pretty good for our friends in the City of Bryan as well. They are up 16.7% from March, 2020. Again, College Station was up 44% but, year to date, Bryan is down a little bit. They're down 3%. College Station was up nearly 7%, but we need to point out that the cities aren't necessarily built the same in terms of sales tax generators. But March 2021 looked pretty good for both cities, so that's really good.

Aubrey Nettles:

Great.

Jay Socol:

What did I forget? Anything you want to throw in?

Aubrey Nettles:

I think I would just add that this summer, we have a tremendous amount of visitors that will be coming to town through sports, tourism, and conventions that will add to the sales tax. Meaning that I think we all get a little nervous when A&M graduation occurs. After that's done, we worry will all the students go home for the summer and things die down. It's really not the case anymore. We have so many people coming to the community for tourism during the summer that it really helps with the fact that some of our students are going home for summer break. And I think we have upward of 40,000 people coming in for sports tournaments and conventions just this summer.

Aubrey Nettles:

And so I think that's going to be fantastic for our restaurants and retailers and we in economic development and tourism are doing everything we can to communicate with our restaurants, retailers, and entertainment venues to make sure they are aware of the upcoming events and adequately prepared. Because they are going to benefit from tourism and they're going to see increased sales. And we want them to feel just as strong during the summer as they do year round.

Jay Socol:

Yep. Totally agree with that. So if someone wants to do business in College Station, how can they learn more? How can they get in touch with you guys?

Aubrey Nettles:

Absolutely. Check us out at grow.cstx.gov. We would love for you to do business in College Station, and myself, Aubrey, Stacey, or Natalie would be more than happy to discuss it with you.

Jay Socol:

Perfect. Aubrey, thanks a bunch.

Aubrey Nettles:

Thank you.

Jay Socol:

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