

Tanger Outlets

SAN MARCOS, TX

Tanger Outlets San Marcos, TX

History of Tanger Outlet Center San Marcos

In 1993 Tanger Properties Limited Partnership (“Tanger”) constructed Phase I of the Tanger Outlet Center-San Marcos which was ultimately completed with approximately 220,396 square feet. Phase II was completed in 2001 bringing the total size of the center to 441,833 square feet.

Currently, this center is home to 101 stores representing some of the most upscale, designer brands in retail. The center contributes approximately \$15 million in sales taxes and over 1.3 million in annual property taxes. With an estimated 1600 employees, the center is also responsible for a payroll over \$20 million, the vast majority of which stays within the local community.

Since Tanger’s inception in 1993, **Tanger and its retail partners have generated over 200 million dollars in sales tax revenue representing over 2.5 billion dollars in retail sales and has also paid approximately 13.5 million dollars in real estate taxes.**



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A 380 Agreement with the City of San Marcos

The City is authorized by Chapter 380 to make loans or grants of public funds for the purpose of promoting local economic development and stimulating business and commercial activity within the City, which is clearly applicable to the building addition and capital improvements now proposed by Tanger. The funds received from the grant will be used solely for future tenant allowance and capital improvements to the Center to further enhance the beauty, tenant mix and retail shopping experience, so as to continue to be one of the top tourist destinations in the State of Texas.

To assist Tanger in upgrading our development to remain competitive and to attract future top retailers, Tanger respectfully requests a ten (10) year economic development grant under Chapter 380 of the Texas Local Government Code in an amount equal to 75% of the sales tax increase and property tax increase beginning in 2015 continuing through 2025 as compared to 2014 figures and not to exceed 2.5 million dollars cumulatively. By our calculations the dollar figures for this grant would equal to approximately \$ 157,500 per year (\$45,000 annual property tax (75% of 60K) + \$ 112,500 annual sales tax (75% of 150K).

For the duration of the 10 year term of the 380 Agreement, Tanger will contribute funds to or for the benefit of the Tanger Outlet Center - San Marcos in an amount not less than that contributed by the City through the 380 Agreement, up to an aggregate total expenditure for Tanger of \$ 2.5 million. Following execution and ratification of the 380 Agreement, any funds expended by Tanger to or for the benefit of the Center prior to the collection of, rebate, or contribution of funds pursuant to the 380 Agreement, shall be credited to Tanger and applied against the \$ 2.5 million aggregate total but shall not diminish or modify the City's obligations and required contributions pursuant to the 380 Agreement.

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Research and Statistics Tanger Outlets San Marcos Texas

The November 2014 Greater San Marcos Vision 2020 Target Business Analysis provided by Market Street Services, Inc. named the San Marcos Outlets as a Destination Attraction ranking as one of the top regional advantage sectors and opportunities for San Marcos.

- Destination Attractions seeks to leverage world-class shopping concentrations at the region's outlet malls, natural assets, downtowns, historical districts, and activity centers in the City of San Marcos and other Hays and Caldwell municipalities to draw travelers for multi-day stays and generate national attention for the region.
- A key component of the Destination Attractions target is the presence of two adjacent San Marcos outlet malls, *San Marcos Premium Outlets* and the *Tanger Outlets of San Marcos*, located off Interstate 35. Together, these outlets comprise over 200 stores that attract approximately 6 million visitors annually. (*Tanger traffic counts estimate over 10 million visitors)
- The outlet mall complex is consistently ranked among the top five most popular tourist attractions in the state and enjoys close proximity to major visitor destinations in Austin, the state capital, and San Antonio, home of the Alamo and River walk.
- *Market Street* believes that Destination Attractions warrants inclusion as a Greater San Marcos target sector because of the visibility and exposure provided to the region that can be leveraged for follow-on marketing as well as the dynamic investment opportunities represented by adjacent properties. In addition to hospitality development – **the most logical category to capitalize on based on the mall's visitation totals– the potential exists to attract a wide variety of retail, entertainment, dining, and even cultural amenities that public input respondents said are lacking in Greater San Marcos.**

Dense mixed-use development with residential components could also be viable investments that would add to the housing product mix in the region. In these ways, benefits generated by the outlet malls are accrued beyond just the City of San Marcos itself and, eventually, can spread beyond activity centers into neighborhood and strip commercial districts. Coordinated marketing between the outlets and other regional attractions could be impactful for growing the Destination Attractions sector.

- There are 14,500 workers in Greater San Marcos employed in the region's Destination Attractions subsectors, which include the region's strongest areas of retail along with entertainment, lodging, and foodservices categories.
- The region has a significant concentration of employment in these subsectors, with an overall target location quotient of 1.61. **The retail component alone has a concentration of 2.96, nearly triple the nationwide figure**, with nearly 6,000 workers employed in retail subsectors.
- Nationwide, this group of subsectors took a hit in both sales and employment during and after the Great Recession and has bounced back since then, achieving 10 percent overall growth over a 10-year period. However, **this target has thrived in Greater San Marcos, experiencing 86 percent employment growth over time. The two outlet malls are among the region's top employers and helped to buffer the region from the impacts of the Great Recession**

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Staying Competitive, Vibrant and Ahead of the Competition

San Marcos must remain competitive and a first choice shopping destination for local, regional, tourist and International shoppers. With 2 new outlet centers underway to our south and knowing that 40% to 50% of our trade comes from that area inclusive of the Mexican National shopper, we must stay ahead of the game.

Currently a new outlet center is underway in Corpus Christi, TX. Dolphin Ventures is investing 90 million dollars in Phase I of their project and is slated to open with 70 stores on September 25th of 2015.

Another competitive venture in the works is “The Outlet Shoppes at Laredo,” This Horizon Group project is set to open in 2015 and will feature 75 to 90 retail shops in its first phase. This particular location is at the gate of the US/Mexican International Bridge and could attract a significant portion of our International trade.

The cost of maintaining and repairing an aging structure requires the majority of Tanger’s available CAP funds to provide an inviting and safe environment, not leaving additional funding for added amenities that will further enhance the shopping experience and keep our shoppers coming back and attracting the next generation.

Tanger has invested in excess of 5 million CAP dollars over the past 5 years for major repairs and improvements to the property. This is in addition to the day to day costs of maintenance and marketing expenses which amount to over 5 million dollars annually.

Tanger’s ten year asset management plan indicates that these costs will continue to rise as aging systems become obsolete and in need of total replacement, leaving even less available CAP funding for any added amenities.

Tenant build out allowances and structural building modifications are a substantial expense in attracting top retailers to set up shop in our center. Aging centers are challenged to modernize facilities to meet the demands of top retailers and many deals depend on an allowance to subsidize the cost of the tenant’s initial construction expense.

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Current Project Underway

Tanger is currently investing over 6 million dollars to provide a suitable 24,000 SF space for our newest retailer, H&M, one of the Nation's leading retailers. This project involves extraordinary expenses inclusive of moving underground utilities, existing structure demolition, modification of parking areas and extensive modifications to the underground storm water drainage system. The added expenses amount to over 20% of the cost of this project, something traditional new construction would not require. Conservative estimates project that this new store will contribute additional sales tax revenue for the City of San Marcos in an amount of \$150,000.00 per year, property taxes of an additional \$60,000.00 per year and create approximately 40 new jobs. However, the positive economic impact on both the center and the City of San Marcos is not limited to that of this one store, as we expect all stores to experience sales growth through cross sales and increased traffic precipitated by the H & M store, which will consequently increase sales tax revenue generated by the center and paid to the city exponentially. *Requested funds will not be used towards this project.

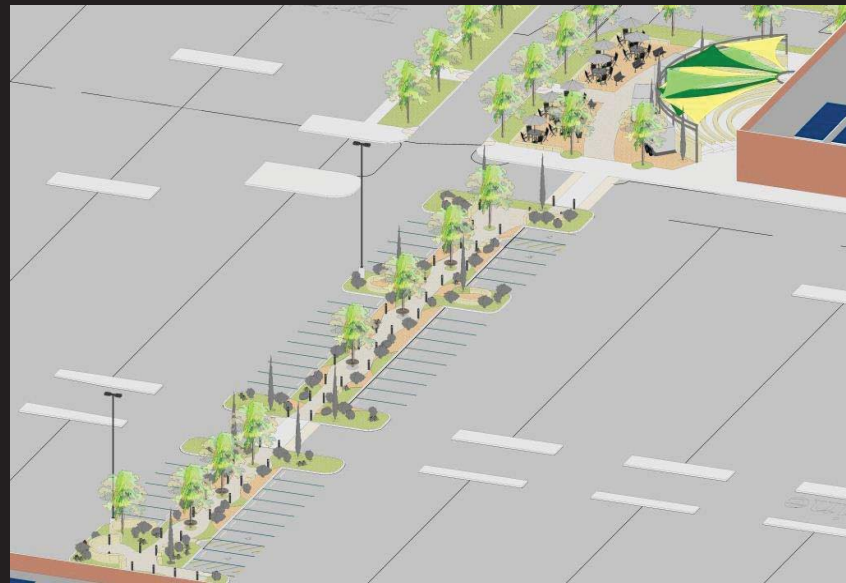


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Proposed Added Amenities

*Estimated costs of proposed new center amenities and future tenant allowances are in excess of 5 million dollars.

3 meandering crosswalks providing safe pedestrian passage across vast parking areas. #1 request and comment on social media sites and by our on-site shoppers.



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Additional shaded refresh,
rest and relax areas.....
2nd most requested amenity
by our shoppers



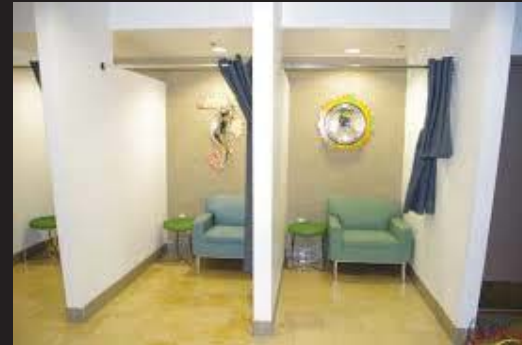
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International VIP Lounge providing amenities, bus check-in and exclusive services to our foreign visitors



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Baby nursing lounge to
accommodate new mothers and
their infants



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Remodeled state-of-the-art
restrooms providing a clean and
pleasant experience



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Electric Car Charging Stations



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Digital Directories



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Ipad bars, tables, and charging stations in Shopper Services Lounge

