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Landlords are more flexible and reasonable and tenants are leaner and more cost-efficient

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Rhode Island's retail market has begun its recovery. The number of retailers looking for retail space has increased significantly since the economic slowdown began several years ago. There are deals being completed when landlords are willing to be flexible by lowering rental rates from previous years, provide a reasonable period of free rent and when needed, conduct upgrades to their shopping centers. In return, the landlords will receive multi-year deals and keep a consistent rental stream coming in. Having just returned from the International Council of Shopping Centers (ICSC) Conference in Hartford, there are several examples of retailers showcasing their concepts for expansion. This year, supermarket real estate executives were invited as guest speakers. They delivered the message that they are open for business as it relates to finding locations to expand their concepts. We heard from Stop & Shop, Big Y and Price Chopper Supermarkets and how they plan on growing their chains.

We are seeing value driven retailers in the forefront looking for expansion opportunities like Dollar Tree, Family Dollar, high volume mattress stores, pawn shops and cash advance retailers. For example, in 2010 Family Dollar opened in Chepachet on Putnam Pike and Mattress World opened at 185 Washington St. in Attleboro, Mass. In addition, automotive retailers such as Advance Auto and several tire retailers like Sullivan Tire and Tire Pro are walking the pavement to find new locations. There is also a continued effort on the part of cellular phone retailers to expand. A steady flow of local and regional small and mid-sized restaurants want to continue their expansions throughout Rhode Island as well. For example, Not Your Average Joe's Restaurant is looking at higher-end markets including shopping centers. Also, a Massachusetts based restaurant concept called Egg Roll Café and several other Asian and Indian style restaurants are looking throughout Rhode Island. What all these groups have in common is that they continue to see themselves in the driver's seat when it comes to dictating rental rates. They are expecting the landlords to offer reduced rates in the initial years with modest increases throughout the term. Most landlords are willing to offer concessions on the rental rates, but expect increases throughout the term. The deals that are being completed are done by local and regional retailers and for the most part, are 6,000 s/f and smaller. Missing in the equation are national retailers and those retailers closer to 10,000 s/f or larger in size. These folks are focusing on renewals, expanding and undertaking capital improvements to their existing sites.

While it is good news to report that deals are being done, the question remains; are these prospective local and regional tenants enough to get us out of the retail funk we have been experiencing? Unfortunately, Rhode Island did experience the closings of several national chain retailers over the last few years and I see very little evidence of their desire to come back to the Ocean State. I think it is fair to say a full recovery would need to include a mix of national, regional

and local business opening in Rhode Island.

The retail vacancy rates throughout RI did not fluctuate significantly over the last five years, staying in between 5% and 7%. On the other hand, the vacancy rates for big box users, especially along Rte. 2, seem to have increased at a higher rate. The recent closing of Shaw's Supermarket and the continued vacancy of Comp USA, Boaters World, Petco and Linen's N Things are examples of this plight. We can come to the conclusion that the smaller tenants have been key in keeping the retail landscape active.

Lastly, since the economic slow-down started in 2008, both landlords and tenants have grown accustomed to living within this "new reality." Both are more battle-tested, operating more efficiently and are able to come to an agreement on the terms and conditions more quickly than when the economic downturn began. As a result, landlords are more willing to work within these new parameters and tenants are leaner and more efficient with their cost-savings. It appears that both parties are now focused on completing deals going forward and not looking back. These factors considered, I am confident that we are now in the recovery stage and look forward to a bright future. Dan Feiner is a senior vice president with MG Commercial Real Estate, Providence, R.I.

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